

# SHAREHOLDERS' MEETING 2024

## ADDRESS BY THE GROUP CFO Cristiano Borean

Trieste, 24 April 2023

Thank you Philippe, thank you Chairman.

Good morning everybody.

As usual, in this speech I'm presenting you the main performance of the Group and the Parent Company Generali, whose Financial Statements we are submitting for your approval today.

As already anticipated by Philippe, despite a very challenging general context, Generali achieved excellent results, confirming a strong performance. I would like to highlight that from 1<sup>st</sup> January 2023 the consolidated results of the Generali Group are presented under the new accounting standards IFRS 17 and 9 and that the 2022 comparative data have been restated according to the new principles. The new standards allow to significantly improve the visibility of profit sources and provide a more accurate and more predictable representation of the value embedded in our Life business.

### **Key Group Indicators: Volumes**

The gross written premiums reached 82.5 billion EUR, up by 5.6%, thanks to significant P&C segment growth.

The gross written premiums in the Life segment rose to 51.3 billion EUR (+2.0%). The protection line confirmed its healthy growth trajectory (+6.4%), driven by France and Italy. The savings line also improved significantly (+10.0%), mainly driven by Italy and Asia. The unit-linked line was down (-13.1%), in particular in Italy and France.

The P&C gross written premiums grew to 31.1 billion EUR (+12.0%), thanks to the positive performance of both business lines.

Non-motor improved by 8.7%, achieving widespread growth across all main areas in which the Group operates. Europ Assistance premiums grew by 23.5%, thanks to the continued volume expansion in the travel business.

The motor line rose by 17.5%, across all the main geographies and especially in Italy, France, Central Eastern Europe and Argentina. Excluding the

contribution from Argentina, a country impacted by hyperinflation, motor line premiums increased by 6.3% at homogeneous terms.

Life Net inflows were -1,313 million EUR. The protection and unit-linked lines demonstrated their resilience and recorded positive net inflows, respectively at 4,552 million EUR and at 4,357 million EUR. Net outflows from savings were in line with the Group's strategy to reposition its Life business portfolio, also reflecting the trends in surrenders observed across banking channels in Italy and in France.

The Group's Total Assets Under Management grew to 656 billion EUR (+6.6%).

### **Key Group Indicators: Profitability**

The results confirm the excellent Group performance, with an operating result increased strongly to reach a record 6,879 million EUR (+7.9%), thanks to the growth across all lines of business, reflecting the resilience and the diversification of profit sources.

The New Business Margin on present value of new business premiums reached an excellent 5.78% (+0.09 p.p.). Focusing on the line of business, the remarkable enhancement of protection and the improvement of saving business were partially counterbalanced by the contraction of unit-linked margin.

The Combined Ratio was 94.0%, an improvement of 1.4 p.p., thanks to the positive development in the loss ratio to 64.9% (-2.1 p.p.) despite higher impact of natural catastrophes. The positive dynamics in the loss ratio benefitted from a higher discounting effect and an improvement in the attritional loss ratio and confirms the focus to fight claims inflation with tariff strengthening and other technical measures. The expense ratio slightly increased at 29.2% (+0.7 p.p.) due to higher acquisition costs.

The operating result of the Asset & Wealth Management segment stood at 1,001 million EUR (+4.9%), driven by the strong contribution of Banca Generali at 441 million EUR (+39.6%), thanks to the positive contribution of the net

interest margin and the continuous diversification of fee income sources. The Asset Management result stood at 559 million EUR (-12.3%), reflecting market effect on average Assets Under Management, lower performance fees and higher operational costs.

The operating result of the Holding and Other Businesses segment improved to -320 million EUR (-339 million EUR at FY2022).

The non-operating result was -1 billion 262 million EUR (-2 billion 434 million EUR in 2022) which reflected an improved non-operating investment result, mainly thanks to the performance of the financial markets and the gains from the disposals of a London real estate development and of Generali Deutschland Pensionskasse, also reflecting the impact from the impairments on Russian fixed income instruments recorded at FY2022. Also net other non-operating expenses improved.

The net result improved to 3,747 million EUR (+67.7%), highest level recorded by the Group, benefitting from the positive performance of the operating and non-operating result, as well as from the lower tax rate.

The adjusted net result achieves the record level of 3,575 million EUR (+14.1%). This was primarily thanks to the improved operating result, which benefited from diversified profit sources and from the abovementioned effects of the non-operating result.

Net Holding cash flows stood at 2,936 million EUR (2,900 million EUR at FY2022), led primarily by higher recurring cash remittances.

### **Key Group Indicators: capital and assets**

The Group confirmed its solid capital position, with the Solvency Ratio at 220% (221% at FY2022), thanks to the strong contribution from normalised capital generation, offsetting the impacts stemming from the variances and the dividend of the period.

The Group's shareholders' equity increased to 28,968 million EUR (+8.7%), thanks to the net result for the period, partially offset by the dividend payment.

Emphasising the solidity of our cash and capital position, both an increase in the dividend per share and a share buyback plan will be submitted for your approval today.

## **Summary of Parent Company results**

In the second part of the speech I'm going to illustrate the main economic and financial indicators of the Parent Company.

Gross written premiums amount to 5 billion and 820 million EUR, up by 44.6%. The increase is attributable to the performance of the P&C segment (+75.8%) which mainly benefits from the new reinsurance accepted from Group companies related to the Global Corporate & Commercial business and, to a lesser extent, from further development of insurance production in the travel insurance sector of the New York Branch. Gross written premiums in the Life segment slightly decreased (-1.4 percent).

The net result of the period amounted to 1 billion 446 million EUR, decreasing compared to the previous year (-48.7 percent). This change is characterized by a decrease in the result of ordinary activities, mainly due to lower dividends from subsidiaries as result of the choice made by the Parent Company to proceed with the repayment of a subordinated loan by Generali Italia as an equivalent alternative for cash remittance to a dividend payment. In fact, if Generali Italia's remittance had taken place in the form of a dividend, the result would have been equal to 2 billion and 370 million EUR.

## **Parent Company: main balance sheet indicators**

The shareholders' equity stood at 18 billion 94 million EUR, down by 2.7 percent as a result of the payment of the dividend on the 2022 result and by the execution of the share buyback servicing the long-term incentive plan, partially offset by the profit of the year which was affected by the aforementioned choice made by the Parent Company on the remittance for the Italian subsidiary.

Total assets rose by 7.2 percent to 54.1 billion EUR. Net technical reserves increased to 10.2 billion EUR, mainly due to the new reinsurance accepted

directly by the Parent Company related to the Global Corporate & Commercial segment.

External debt amounted to 10.1 billion EUR (+7.7%). This increase constitutes a temporary effect following early debt refinancing transactions executed in 2023.

Finally, the solvency position is confirmed solid at 271%. The change compared to the previous year mainly reflects the increase in the stress applied to the Group participations for the capital requirement calculations and a greater non-life underwriting risk deriving from the centralisation of the Global Corporate & Commercial business in Assicurazioni Generali S.p.A. mentioned above.

As Philippe already mentioned, the dividend we propose to your approval is equal to 1 Euro and 28 Cents per share (+10.3%), resulting in a total maximum pay-out of 1 billion 987 million EUR. Together with the proposed share buyback of 500 million EUR, subject to your and the Regulator approvals, confirms the Group's continuous focus on shareholders remuneration supported by excellent results and a strong cash and capital position.

## **Conclusion**

Ultimately, the results achieved in 2023 confirm Generali's very positive performance with:

- continued growth in premium, with significant P&C increase;
- record operating and net results;
- a growing cash generation and a solid capital position.

Thanks to all of this and confirming the Group's focus on shareholders remuneration, we are submitting for your approval a proposal for a double-digit growth in dividend per share and an additional buyback of 500 million.

These results reflect the resilience and the diversification of the Group profits sources and demonstrate the successful execution of our 'Lifetime Partner 24: Driving Growth' strategy, focused on sustainable growth, an enhanced

earnings profile and the creation of value for all stakeholders.

Finally, I also want to address all our people for the commitment, dedication and heart shown in 2023. To them, who are the true strength of our Lion, and their families, I express my most sincere thanks.

Thanks for your attention, I will now hand the floor back to the Chairman to perform the assembly procedures.