Quarterly results as of 31 March 2024 – Conference Call Transcript
(Please carefully read the disclaimer on page 16 of this document)

21/05/2024

Group General Manager Introductory Remarks

Our First Quarter results confirm the Group's delivery and the positive effects of commercial actions implemented in 2023 to address macro environment challenges. In Life, we are very pleased by the return to positive net inflows. The first quarter figures confirm what we told you throughout the second half of 2023, that the situation was under control. It also demonstrates our ability to meet customer demand for Protection and Unit Linked products. Protection net inflows reached 1.5 billion Euro, while Unit Linked net flows were close to 1 billion Euro. Protection continues to generate over 40 % of our New Business Value. Outflows from savings were limited, a significant improvement compared to last year, and were very much related to low value products.

In fact - the commercial actions implemented since 2023 underpinned the strong production seen in Life overall. Our Business Units have adapted to meet changing customer appetite and preserve market competitiveness, by continuing to update existing products and launch new products that are more attractive in these new market conditions. The strong Life production also reflects positive seasonality in the first quarter, especially in China. As such we expect some moderation in the in the coming quarters.

We maintain our strong focus on new business underwriting discipline for the Protection & Health businesses, and on capital light products enhanced by protection riders. The share of capital light products has remained stable, while the average guarantee for the European Life business has continued to decline. In line with our plan ambition, our strategy will continue to be oriented to bundled solutions that address multiple customer needs within a single product. As overall market conditions continue to normalize and improve, we plan to gradually scale back some of the commercial incentives introduced last year to support production. This is expected to have a beneficial effect on margins.

Moving to P&C, business growth in the first quarter confirmed the trends seen in 2023, with gross written premiums growing 10.9%, or over 6% when excluding the impact of hyperinflation in Argentina. At the full year 2023 presentation we disclosed an increase in the average premium in our retail and SME book of 6.1%. At the end of the first quarter 2024, the average premium was up 6.3% compared to the same period of last year, with growth supported in particular by the motor segment. Tariff strengthening above market inflation remains a key management focus, especially in Germany, Spain and Italy. We are also continuing to implement the technical measures aimed at pursuing profitable growth, especially in terms of portfolio enhancing and claims management. The strategy on pricing and technical excellence is bearing fruit, with the first quarter attritional Current Year undiscounted combined ratio confirming the positive trends already visible in the fourth quarter. We are also seeing a stabilization in frequency and a moderation of claims inflation, which serve wellthe trend in technical profitability.

Let me however flag that at the start of the second quarter we had a specific man made accident in the GC&C book with a preliminary estimate in the range of 25-30 million Euros.
Returning to the first quarter, where we saw the consolidation of Liberty Seguros into our numbers. Integrating Liberty in an efficient and effective way will further strengthen our platform as we enter a new strategic cycle in 2025.
Asset Management saw its recurring revenues increase by 3% year on year thanks to higher average AUM. These numbers do not yet reflect the consolidation of Conning, since the closing of the transaction took place in April. In the Press Release we have provided some elements to assist the comparison to the first quarter 2023 from an Operating and Net result basis given the difference in timing in the booking of variable costs, costs related to the Conning transaction as well as tax payments. When you neutralize for these effects, the operating result was basically at the same level of last year and the net result reduction would be between 4 and 5%.
Moving to Investments, our reinvestment yield remains very good versus the In Force book, at 3.7% in Life and 3.5% in P&C. Looking at the different asset classes, On listed equities we maintain a prudent approach. In credit, we confirm our conservative approach, with low exposure to more cyclical sectors and highly levered companies. We experienced negligible rating downgrades in the portfolio. On private debt we have been more selective in terms of new commitments, balancing attractive opportunities especially in private debt valuations with ALM constraints.
In conclusion, our first quarter results confirm the Group's continued ability to deliver solid growth and execute on our strategic plan in line with our Lifetime Partner purpose. As we move forward through the last year of this strategic cycle, we are confident about the direction of the Group.

Group Chief Financial Officer Introductory Remarks

The numbers we released today show a strong and resilient performance. The operating result has increased by 5.5%, with positive contribution from all segments. The adjusted net result increased by 8%, once we exclude the 193 million net capital gain realized in the first quarter of last year from the disposal of a building in London. Remittance has flown to the Parent Company in a very satisfactory way. As of today we have already received around 4 billion of remittance from subsidiaries, which is roughly 90% of the total amount expected for this year. The capital position is solid. The Solvency 2 ratio is todayestimated at 216%, including the impact of the LTI buyback announced this morning. Please note that we will deduct the 500 million share buyback from the Solvency 2 ratio once we receive the approval from the regulator, which should come before we report our half year results.

Let me share with you some specific colour on Life and on P&C to complement what already reported in the press release.

On the Life side, the comparison of the New Business Margin versus last year reflects some peculiar factors. I think that the best way to look at it is to divide it in three components:

1. There is a pure accounting component
2. There is a business mix component
3. And there is a market effect

As already explained in the Press Release, there is an "optical" negative impact of around 90 bps stemming from the IFRS-17 accounting of the French collective Protection Business. This business, with relatively low profitability, generally allows for a one-year coverage, from January 1st until December 31st, with the contracts being issued in December of the previous year. The major part of the contracts issued in 2022 was deemed as onerous and was therefore recognized in the fourth quarter of 2022, as required by the accounting standard. This implies that the first quarter 2023 new business margin at the Group level was higher because of the lower volume of the French collective Protection Business.

Conversely, the contracts issued in December 2023 were considered profitable - albeit with a low profitability - and hence are entirely recognized in first quarter 2024. The high volumes and low margins of this business explain around 90 basis points of the difference between first quarter 2023 and first quarter 2024 new business margin. Such accounting effect will gradually decline as the year progresses.

Let me now focus on the mix component and on the market effects. The commercial actions implemented in Italy to attract customers have been particularly successful at Genertellife, which was where the vast majority of the Italian lapses took place last year. The rebound in new production at Genertellife has been very strong in the first quarter of 2024. The share of the Italian PVNBP attributable to Genertellife has increased from around 12% last year to around 21% this year, driven by the savings business. Since Genertellife has an average new business margin that is roughly half the average of Country Italy, this different mix also affected the Group's New Business Margin. Please also consider that starting from the second quarter of 2023 we have implemented commercial actions in order to support the volume growth, which resulted in a lower New Business Margin. The effect of these commercial actions is still present in the 2024 new production, making the first quarter of 2023 a tough comparison.

On top of this, as highlighted by Marco, the first quarter volumes in China have been exceptionally strong, in anticipation of the regulatory changes which came into effect in April. As a matter of fact, the PVNBP in China has more than doubled year on year and China's weight in the Group's PVNBP has increased from around 5% to over 8%. This was led entirely by the savings business, which has a new business margin below the Group's average, also because of the current market conditions in China.The combination of these effects together explain around 60 bps of the contraction in the new business margin between first quarter 2023 and first quarter 2024.

Furthermore, the change in financial markets variables, in particular the decline in interest rates, has reduced the Group New Business Margin in the first quarter of this year by around 30 bps compared to the same period of 2023.

To sum up, the 179bps contraction in the New Business margin reflect 90bps pure accounting impact from the French Protection business, 60bps from Mix with more savings and more China and 30bps from market variables. Looking ahead, most of these factors will normalize and I expect the new business margin to increase in a visible way already in the second quarter of 2024.

Moving to P&C, this was the first time we consolidated Liberty Seguros, specifically for 2 months in the quarter. Liberty has contributed to the top line with 219 million premiums, and to the operating result for almost 20 million. Liberty has increased our first quarter Combined Ratio by around 0.1 percentage points. At our half year results I will provide you an updated guidance on our undiscounted combined ratio, on the current year discounting and on the insurance finance expenses for the full year 2024, also embedding the consolidation of Liberty Seguros. This is also because we need to wait for the final Purchase Price Allocation exercise on insurance assets and liabilities of Liberty to be completed in accordance to IFRS 3 before providing a new guidance.

Sticking to P&C, in our P&C combined ratio, Prior Year Development has been broadly in line with our 2 %age points indication. As you've seen, our first quarter PYD - at 1.8 % - has not been impacted by late claims or revised claims costs from the 2023 Italian Hailstorm. This reflects the conservative initial loss picks that I mentioned to you at our full year results.

Finally, besides the impact on the top line highlighted in the Press Release, the moves in the Argentinean peso and inflation are reflected in higher Insurance Finance Expenses and an increase in the Investment Income. The insurance finance expenses were -213 million at first quarter 2024, increasing by 123 million year on year. In particular, the increase in the pure unwinding component of the liability for incurred claims has been around 80 million. This is in line with our guidance of a 250 million increase for the full year 2024 compared to the 149 million recorded in 2023. However, there are other IFIE components that are more volatile. We have always mentioned those related to IAS 29 being potentially the most relevant. In fact, they have impacted the IFIE by around 60 million in the first quarter of 2024, increasing by 40 million versus the same period of last year.
However, this is also mirrored in the higher investment income that completely offsets the higher insurance finance expenses. In the first quarter, the P&C operating investment income increased by 124 million year on year, with around 50 million of this increase coming from Argentina.
I hope that these elements were helpful to better understand the trends of our first quarter figures. As already mentioned we are very happy with these strong and resilient numbers.

Q&A Session

Will Hardcastle, UBS: *Oh, thanks for taking the questions. First of all, within motor excluding Argentina, the premium growth looks to be 5.5%. I guess this strikes me as maybe either at or below average price increases being achieved. Is that right? And I guess in which geographies are you growing volumes versus contracting? And are any of those particular geographies experienced significant pickup in competition? And just coming back to the new business margin versus the volume growth, really helpful explanations there. I think what you're saying - and correct me if I'm wrong - is that whilst it won't immediately revert back to a more normalized type level of growth and margin in Q2, it will be pretty close. And then from the second half, you'd expect it to be operating at more historical levels. Is that correct? or may it drag on a little bit longer? Thanks.*

Giulio Terzariol, CEO of Insurance: Hi, Will, this is Giulio. Yes, starting from the motor growth is exactly as you said, 5.5%, if you exclude Argentina. Now, in reality, what we see is a nice increase in the effective price change, and we see a nice increase basically across all our entities. Just to give you an idea, in Germany, Italy, Spain, Portugal, we are in the high single-digits, and then there are other markets where we are more in the middle sigle-digit. From a risk enforcement point of view, usually we are pretty flat. There is one country where we are down a little bit, which is Germany. But when you put all together, we say it is a very strong picture. What is also important is that we are looking at the effective price change and we are comparing that to the loss trend, which is basically the combination of frequency and severity. And we can see that the effective price change is well ahead of the loss trends. This is basically across all the geographies. So from that point of view, we have a really nice development on the motor side. Considering also that we are going to see somehow the net premiums earn going up because of the injected rates, we're going to see also a further positive development of the combined ratio in motor, assuming that clearly frequency and severity stay at the level we saw so far. So all in all, I would say good on the growth side coming from price changes and also effective price changes North of the loss trend also by a few percentage points.

Cristiano Borean, Chief Financial Officer: Will what I wanted to say – and I add a little bit of color out of that – is that if you just take out the group protection in France, basically the new business margin of the quarter would be 4.7% and even slightly more than 4.7%, which is telling you that notwithstanding the higher production in China, we are running at that level of marginality in this quarter with lower interest rates. And so you have for sure no more the effect of dilution. Or if you just look in isolation, the quarter

this will not impact much going forward as it will be averaged out throughout the year. So dividing this in a certain way, it will be only one-fourth in the full yearly effect, the less weight expected on China. Because as you understood, the rush or the sale in China was related to some cap in the broker channel commission, which clearly accelerated some sales before the 1st of April. So we don't think this is something that will happen again and the projections are for a slowdown on that part. On the other side, there is another positive effect of slightly higher interest increase, which stays together with the negative effect of the commercial actions on the margin. While I recall and I want to highlight, the new business value went up 5%. Last information, the market sensitivity to the new business margin in this kind of mix for 50 basis point is about 25 bps of sensitivity up and down and on the pure Savings business the sensitivity is double on the margin, so for 50 bps you have 50 bps new business margin effect. So there is an embedded slightly lower margin due to market economic consideration, something in the order of 25 bps that you can project.

Peter Eliot, Kepler Cheuvreux: *Thank you very much. Three from me, if I may. Are you able to say anything on the flows and operating variances that you've seen in Q2 to date? Just wondering how that trend is continuing. The second one was looking at asset management: you make the point on the sort of timing differences; can we assume that the Q2 cost income ratio should be a few points better than normal and the net result should also be a higher proportion of the operating than normal? And then the final one: Giulio, you mentioned the earned premiums to increase from the injected rate from here. I'm just wondering how much more is still to come on that journey, given I think quite a lot was done in Italy early last year. So I'm just wondering if you can sort of update us or remind us how far through that journey we are. Thank you very much.*

Cristiano Borean, Chief Financial Officer: Hi, Peter. So regarding the operating variances, I would like to highlight that I think part of them are mainly explained by the effect we have observed in Italy on some exits of product, where the marginality in Italy is higher than the average of the Group, plus some one-off effects of some risk margin adjustment. Overall, the operating variances accounted for slightly less than 200 million, 170 million of which one-fourth is a one-off effect while the rest is lapse experience. I think that part of this trend could slightly continue. We had some adjustments in the projected full average surrender rate over the whole runoff. So clearly this is on the present value, but can be a little bit bumpy quarter-over-quarter, year-over-year.
For the asset management side, we first need to embed one information: we need to fully embed from the second quarter, the integration of Conning. And clearly on Conning, there are some integration costs which should be

projected. In the discussion with the Business Unit, we have the confirmation that if you look at the full 2024, you should confirm and see a cost-income ratio guidance of 60% confirmed with all these effects.

Giulio Terzariol, CEO of Insurance: Okay, so your question regarding how far we can go, it always is an answer market by market. I would say where we are pushing still on rate increases as we go into the second part of the year is in Germany. So on that geography, you're going to see an additional improvement. And we already run it right now at a good combined ratio. In Italy, I would say, there is still some room, but I will say that's relatively lower compared to Germany. And then another geography where we definitely are pushing rate increases is Spain. So all in all, I would say when you look at the portfolio, there is still some room to go. And then clearly we are going to react also to the trends that we see. As I was saying before, we see a positive trend. The difference between effective rate changes and the loss trend, especially we see frequency going down and that's more or less across the portfolio. And then on the severity side, I will say this is in the below 5% in general, so we are more at 3/4%. And also we see that on spare parts there is a deceleration of inflation. So clearly we're going to react to what we see, but we feel pretty good about the actions that we are taking. On this one, Marco can add his point of view.

Marco Sesana, General Manager: Yes, Peter, Marco Sesana here. I just wanted to add that really at the Group level, we are pushing this year for additional increases. So as long as we will see risk premiums going up, we will make sure that every business unit of the Group will price in an additional rate increase. This is very important. What we are seeing, as Giulio was saying, is the effect of the work we have done in 2023. And we will push also this year, because, as we are entering into a new cycle, especially for motor, it's very important that we keep up with that and move ahead and we don't lay back just waiting for the new development of the cycle. So we will push for rate increase all of this year and then we will see, as Giulio said, the market conditions.

Michael Huttner, Berenberg: *I have 3 questions, 2 on cash and one on large losses. On cash, I take the 4 billion divided by 90% will gives me 4.4 billion. Last year it was 3.6 billion. Am I thinking the right numbers for cash remittances? In which case, it's extraordinary. This is a number I had for 2025. So we're one year early. And maybe you can, if any comment on this or where it's coming or whether they're one-offs, anything would be very helpful. The second is, if I remember when you did the announcement, Liberty mutual deal, there was a bit of excess capital, and I wondered whether you have already upstreamed that or you plan to upstream it. And also, have you got more precise ideas about the business which doesn't quite*

fit, which is Italy. And then the last point you mentioned on man-made, a large loss in April: maybe you could comment and give us a feeling on the combined ratio, both for Q1 and Q2 in terms of man-made.

Cristiano Borean, Chief Financial Officer: So thank you, Michael. Perfect calculation on cash: yes, this is the expected number for the year. Don't forget that this year was a specific year where we already cashed in 400 million from the integration of Cattolica and now this has been already paid to us, which is a kind of one-off from the capital synergies exploited. Then there is a one-off of Austria of around 200 million and 100 million from the Central Eastern Europe, with its better longer-term profitability and capital position. So I would not immediately project them as a fully recurring element. As I already commented, I would treat more, especially the Austrian one, as an over-the-cycle excess capital capability over a three-year cycle.
Second point related to cash, again you asked me on Liberty: is the excess capital coming to the parent company? You can bet on it for sure. And clearly we did some anticipation in the form of bridging already this year which as I told you at the Investor Day at the end of January is embedded in the final acquisition cost also to buy the Liberty part. The rest of the timing is that we will do it next year and if it is needed a further year, very depending on the speed acceleration that can be taken. But potentially this should be available starting from next year. On Italy, I think I already answered you about the the Cattolica part. For sure, we are continuing, as you heard, to put capital in a more fungible way. Also according to what we announced yesterday with the merger of Genertellife into Alleanza, which as you know is a very, very capitalized company and this is fostering and enhancing more from the next cycle, further consideration on capital fungibility for "Mama Headoffice". Regarding large losses, the experience I think that Marco, already told you that in the second quarter we are experiencing something in the order up to 25-30 million. The accident, I think it is the Enel one and related to the effect we had this year in the first quarter, 54 million of man-made claims compared to the around 100 million we had in the first quarter of 2023. So basically this is the positive upside versus this quarter.

William Hawkins, KBW*: Hi, thank you very much. First of all, you've answered around this a bit already, but I wondered if we could just be a bit more precise about your view that the undiscounted combined ratio should be below 96% at the full-year stage. If I take the first quarter and add back Nat Cats, the figure seems to be almost exactly 96%. So I'm just wondering, from your point of view, does that make me more bullish on the target because you've got all those rate increases still coming through, or should I temper my enthusiasm because you've had the tailwind of man-made and maybe there could be seeing more Liberty Seguros stuff to come. So if you just talk about the low 96% target, please.*

And then secondly, thanks for all the color, but can I just be simple and ask what was the PVNBP for China and this French collective protection business in the first quarter, please? Thank you.

Cristiano Borean, Chief Financial Officer: Hi, William. So I think that we are broadly band in line with this guidance, but if you just make the math and you take the 93.7% and you normalize for the expected 2.7% of Nat Cat budget for 2024 and you have 0.2% lower prior year, you end up at 95.8%. But don't forget this number embeds Liberty. The guidance was done without Liberty and the impact of Liberty is a 0.1 percentage point. Having said that, I want to recall that again, we maintain a very prudent initial loss peak as a position also in this quarter. Then moving into what is the PVNBP of China and the French protection business: so the French protection business, PVNBP on the first quarter is 3.14 billion of PVNBP, while in China we have 1.4 billion of PVNBP accounted in this quarter.

Iain Pearce, BNP Paribas Exane: *Hi, thanks for taking my questions. The first one was just on non-life and I'm really just trying to understand why you haven't been looking to deploy more capital, particularly growing the risk exposure given where rates are and the positivity you're talking about on rate increases versus loss cost trends. And if you could separate that out between Germany and non-Germany, particularly thinking shrinking in Germany. I mean, looking at your combined ratios for Germany over the last couple of years, they look pretty strong, so. Just trying to understand why there's not more growth in risk exposure in non-life. And then the second one is on the French protection business. Would you normally expect that that would be onerous in inception, or was there something specific about last year that made that onerous and that going forward, we should assume that this is included in our margin assumptions?*

Giulio Terzariol, CEO of Insurance: Yes. So I would say, first of all, that clearly P&C is an area where we deploy capital. Then I wouldn't say that you can look at that on a quarterly basis. Also, as you know, there are certain dynamics regarding inflation. So we need to take action on the pricing side. And we have been very, very firm on taking action to make sure that we don't have surprises, because now we see that severity is stabilizing, we see not in Germany, but otherwise we see also frequency going down, but we don't have a crystal ball. So from that point of view, we are taking action in order to make sure that we have a very profitable business. The combined ratio in a motor is indeed improving. As Marco was saying before, we are going to be anyway cautious to make sure that we have a very healthy book. And then the trajectory on the long-term is clearly to grow the P&C business, where I would also say that part of the strategy is any way to grow, not necessarily motor, but also in non-motor. So no change in the direction, but

clearly, we need to make choices and we need to be on the cautious side because it happened to some companies last year they got surprised by the change in frequency or severity. I think at this point in time, we want to avoid any kind of surprises. That's on the non-life side.

And for the French business, I think I can say something if you want because I had a similar experience in my previous life, and the profitability of this book. That is a book that can be marginally profitable. So that's not something specific now to us, but that's something which is relevant for the market.

I would say that if you are capable to push the combined ratio to a level of 98%, considering the marginality of the capital requirement, and also considering that in reality this business - also covering for overhead - if you can push a 98% combined ratio, you get into a situation where you can make even a double-digit ROE. In our case, in 2022, I understand that was borderline. And so that's the reason why we had this kind of accounting noise. But now, as you see, we are basically operating at a level which allows to get to this profitability. And as you can imagine, we are going to do our best to make sure that we keep this level of profitability. But Cristiano, if you want to add anything.

Cristiano Borean, Chief Financial Officer: I would just add to factor in the model going forward. Again, I think that this has always been a business we were doing. And as Giulio was telling you, it's just a matter of this technical combined ratio plus the risk adjustment that you have to put, which if you just move slightly higher from the 98% to the 99% you become onerous, or vice versa. So this was always there. So there is no change in the way we are seeing and in the economic value creation and capability of the Group: nothing changed. It is just this technicality of the accounting moment when you do it. Because if it is done, this 3.14 billion of PVNBP in the first quarter, they are very much into weighting and altering, in the end, the new business margin. But on a yearly view, it is always there. It has always been there. And that is the feature.

Farooq Hanif, JP Morgan: *Hi, everybody. Thanks very much. I'd like to just return to Liberty Seguros. So you're saying there's a 0.1% impact on the combined ratio just for two months this quarter? That doesn't seem a lot, given the commentary you made at the last investor day about the lack of profitability in Spain. Can you just tell us what the average combined ratio is for, Liberty, and whether this is actually going to make a very big difference to your combined ratio, given pricing actions in Spain? Just wondered whether you've been a little bit bearish in your guidance around that. If you could talk about that, that would be helpful.*

Secondly, could you talk about why you're giving up margin to grow Genertellife so much? It doesn't seem like a type of contract that is very open to lapses. It's hot money and it's lower margin. Just kind of wondering

whether the issue is that you weren't able to deploy capital in other growth areas. Just wondered what the strategy was around Genertellife.

Cristiano Borean, Chief Financial Officer: Okay, Farooq. So basically the 0.1, it is not so much. It is actually 13 basis point. So if you put it in basis point and it is 2 months. So 2 months, 13 basis point means 20 bps. So 0.2 on a run rate basis, which is exactly what we were telling you at the Investor Day in January. Regarding the future combined ratio calculation, I again recall you that one thing is the underlying economic point, the other thing is the effect of the PPA. The PPA rules under IFRS-17 are particularly counterintuitive in the way you need to treat the acquired premium, because there is a shift between, let's say, loss ratio and expense ratio. So overall looking at the underlying profitability, I ask you to wait for the half-year results to give you the full view with the PPA effect and with the real underlying, in order to giving you the guidance. So far, the first quarter, the first two months, we had a positive contribution in the combined ratio, both on the total discounted one and in the undiscounted. Both of them were below 100%, the undiscounted was around 97% and the other one was 99.4%.

Marco Sesana, General Manager: So, hi, good morning. On Genertellife, I think if we look back of what happened last year with the increase in interest rates, so we have seen that really the portion of the portfolio where we suffered lapses was really the banking part and I would say these types of clients that are like private or upper-affluent, where there is a more tactical view of getting some basis point better on the yield. So we have seen that trend in particular in Italy. That was the portfolio that suffered from lapses was the bancassurance portfolio. We thought that was important to maintain Assets under management into the segregated fund. And so in that particular portfolio, you remember, we introduced several new product features that helped the client to stay there, giving up few margins.
So as we said, and I said during the opening speech, we're going to see how much that is needed going forward. So we're going to evaluate quarter-by-quarter how much that is needed to help us into the segregated fund maintenance and into the asset under management maintenance. So we will look and how much we can take back about on the profitability, take back for us and we will see. So we thought at this moment was interesting to keep assets under management into those portfolios.

Andrea Lisi, Equita: Thank you for taking my questions. The first one is on performance fees. If you can provide us an indication of performance fees in the asset management division in the quarter? And the second one is if you can provide us a breakdown of the combined ratio in motor and non-motor. Thank you.

Cristiano Borean, Chief Financial Officer: Okay, Andrea. The asset management division itself got 3 million euros of performance fees while the wealth management division of Banca Generali got 54 million euros of performance fees. For what regard the asset management, I would like to recall you that it is a little bit different from the system of accounting of wealth management: the performance fees are mainly booked in the fourth quarter. So you should expect an asymmetry throughout the year for the way that part is built. So, on the breakdown of combined ratio motor versus non-motor: Combined ratio motor is 96.2% and the undiscounted is 99.5%. I recall you that this has a 2.9 percentage points improvement in the current year undiscounted component without a natural catastrophes and embeds also a very prudent prior year development, as I told you before. On non-motor, the combined ratio is 88.1%, the accounting one decreasing 0.4 percentage point for the first quarter 2023. The undiscounted one is 90.4% decreasing by one percentage point versus 2023 first quarter. So again, the numbers are strong, the margins are improving and the expected trajectory result is very well under control.

Steven Haywood, HSBC: *Thank you very much. Two questions for you. Just on some of the numbers, please. On your first quarter non-operating profit, can you give us a number that came through on the non-operating side of the profit for the group and then indicate what the percentage of minorities are and also the tax rate percentage is coming off so that we can see where this side of things were going to get to the net adjusted result? That'll be very helpful. And then secondly, can you just disclose us the Solvency Own Funds and SCR, on nominal amounts at the end of the first quarter? Thank you.*

Cristiano Borean, Chief Financial Officer: Okay, thank you, Steven. So I give you the two visions. One is the pure accounting net result. So the 1.26 billion net result effect, where you have minorities impacting 114 million and the tax rate all-in is 28.4%. If you just concentrate on the adjusted net result, which is the one where we are focusing our earning per share accretion target, this has a 113 million adjusted minorities effect and the tax rate is 28.4%. There is a slight difference between the adjusted view and the net result view, because clearly there is the effect of the sale of TUA Assicurazioni and also the effect of the last year sale of the London real estate building, which was a kind of participation exemption capital gain.
Last point on Solvency: Own Funds were 49.2 billion at first quarter 2024 while Solvency Capital Requirement was 22.9 billion for a 215% of Solvency ratio.

Farquhar Murray, Autonomous: *Afternoon, all. Just two questions, if I may. Firstly, you've mentioned conservative loss picks. Can you give us a sense of what the detail is behind those loss picks, where you think you're being conservative and what gives you some confidence around that? And then more generally, how will you approach that for the remainder of the year?*
And then secondly, just going back to Life production and the kind of reduction in the new business margin, obviously, you've mentioned product incentives to restore net inflows. Could you maybe give us a sense of how large those trade-offs are in terms of IRR outcomes being achieved as distinct from margin? And were there elements of production where Generali was accepting kind of below cost of capital or negative margin production to support inflow? Thanks.

Cristiano Borean, Chief Financial Officer: Okay. Hi Farquhar. So on the conservative initial loss picks accounting, I think it is demonstrated, starting from the point that we were not having any negative deviation in a very complex estimation of - for example - the large loss in natural catastrophes experienced last year in Italy. And I think this is - if you think compared to the market development - a very clear proof point of how this has developed. On the other side, the first quarter being very benign on the natural catastrophes, there is always an important prudence in the way both you account for the existing or you account for the prior year element. This is what I meant by saying conservativeness in the initial loss picks. And this has been applied, I would say, quite across the board in the different business units. For what, regards of the trade-off and the IRR, I would start with an important reasoning, which I think we were already starting sharing with many investors. The commercial actions, which were done starting already from 2023 to stop the outflows, are meant to have a double effect: the first effect is first of all to recover and bring new assets to be invested to allow for a faster increase of the return of the segregated fund, which is value accretive on one side. And on the other side, this is helping maintaining commercial dynamics, which is positive. On the IRR give up, the I let Giulio integrate on that, but I think that you should not look in isolation, only the new business margin component, on the profitability, but you should look the overall effect. And allowing for - for example - as in France, the more you produce, the less you are in the use of the so called PPE, which is allowing you to have a more prudence in the balance sheet.

Giulio Terzariol, CEO of Insurance: To your question, when we accept IIRs below cost of capital, I would say almost never. So from that point of view, it would be an extreme situation. And especially, this is not the situation right now. So just take Italy: we are on a 5% new business margin. And we know that what we are selling is capital light. So by definition, the IRR, in reality, should be very high. But there is a simple answer to your question. IRR below

cost of capital is something that doesn't sound a good idea. But Marco, I think you can share the same.

Marco Sesana, General Manager: I agree on your comment. I just want to add that we do have a process at Group level that looks every single product that we put on the market. It's a product approval governance. So we look at every product that we decide to put on the market, and we look at the profitability; we look at the use of capital; we look at the type of guarantees; we look at the structure. So I would say if we will make any decision on accepting an IRR which is below the cost of capital is going to be a very specific one and a very cautious one. It's not something that is coming just from somewhere for the sake of volume and, as Giulio said, in this case, I think I don't see any big issue like a big market producing under the cost of capital. So that is not the case at the moment.

Elena Perini, Intesa San Paolo: *Good morning, and thank you for taking my questions. The first one is on the combined ratio. So you basically confirmed your guidance of below 96% undiscounted. I was wondering about potential guidance on the discounting impact considering that the 2.7 percentage points are in the first quarter, which is usually the highest one in terms of seasonality throughout the year. And then the second question is on your tax rate. You mentioned the tax rate of 28.4% in the first quarter, also impacted by the capital gain on TUA. Can you provide us more or less with the guidance for the full year? Thank you very much.*

Cristiano Borean, Chief Financial Officer: Yes, hello, Elena. So I would say that first of all, on the discounting side you need to understand that when we make a guidance or an estimation for the year going forward, we need to make an assumption on the behavior of the interest rate. All else equal with this kind of level of interest rates, our guidance of over 650 million discounting or slightly higher depending on the interest rate is confirmed. So there is no change around that. We are getting there for sure; an even more precise guidance will be given, including the full effect of Liberty, as I told you, in the half-year result. But this is the broad figure. Concerning the 28.4% tax rate and the guidance for final year 2024, clearly this quarter had some specificities of some positive effects. We need to wait also throughout the year to unfold the full introduction of the global minimum tax, which is imposing at minimum 15% tax rate. And for example, we have an operation, I just make an example in Bulgaria or there are some specific agreements in Luxembourg, which could bring further impact. And we already guided, for something in the order of a 50 million net result impact coming from the application of this in 2024, which confirms our range unchanged to 30% to 33%. I would be in any case more looking on the lower end of this range, according to the actual situation.

Michael Huttner, Berenberg: *So the first one is on operating capital generation, which 6%, times 4 is 24%. And I think last year you were somewhere around 21%. So maybe, any comment on this? It's a fantastic figure. And then the second one is a much broader topic. All of you are obviously a little bit experienced. I mean that, because I'm older than anybody here. But how long can this cycle go where you're producing, I mean, these are quite astounding numbers in terms of whatever you can think of combined ratio, ROE, whatever, whichever metric you look at, these are amazing figures. Is there no competition left in the market? Is nobody coming in and saying, oh, this is nice, do some of that? Thank you.*

Cristiano Borean, Chief Financial Officer: Yes, so, Michael, I would not exactly multiply by 4. We confirmed the guidance of the 21%-22% number. Don't forget that going forward, all this new change we have in the long-term incentive plan being part both of our operating result impact, it is part also of the capital generation effect, so affecting it slightly, dragging it down compared to the past, because in the past we were mainly doing capital increase, now we are using the cash. So there is this small adjustment of one point. But in any case, that is the range, and it is mainly driven by Life because of, for sure, the unwinding and the value of new production together with the real world versus risk neutral result, helped also by a little bit of a positive effect from the market on one side, but on the other side, there is also the Non-Life growing, so going above. Of the 6 point, slightly more than 2.5 percentage points are coming from the non-life. And don't forget that there is also the financial segment which is brought by our activity in Asset management and Wealth management, together with the normal cost of the holding, which is a deduction. So I would say that this 21% to 22% range could be the best projection you can make.

Marco Sesana, General Manager: Yes, so I would. So your second question is really a broad question. So I would probably give you a very short answer and then we can probably deep dive in other occasions. But I would say on Life, the type of work that we have done, transforming our business, making it capital-light, including protection, including hybrid products, so making it really resilient to different conditions, I think gives us the confidence that clearly we are, as every insurer, we are working in this environment with this financial contest and everything, but I think our resilience of the margin of our business, I think it's very strong.
On P&C, I would differentiate the cycle between motor and non-motor. Clearly motor, as we have seen, you're right. So historically there has been cycle. For non-motor cycle has been less pronounced. And I would say it's more a matter of our development of the book. On motor, anyway, I would say that as long as we look at our exposure, meaning the risk premium, so inflation and frequency development, and we price according to this type of

development, I think it's something that we will continue to do, because this is the way to protect our profitability.
And we care for more for profitability than to top line. So we really care of bringing home profitability and pricing according to the development. So overall, as we always said, so we have a portfolio that is mainly done by Retail and SME. So small risk, price according to the different exposure, capital life with protection. So overall, I think we have a very solid portfolio that is resilient to very different condition externally. So I would give you some confidence on how we can carry on in the next months.

The document is the transcript of the First Quarter 2024 Earnings presentation to analysts and investors held on May 21st 2024. The webcast of this presentation is available on

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