



Half Year results as of 30 June 2024 – Conference Call Transcript
(Please carefully read the disclaimer on page 19 of this document)

09/08/2024

Group CEO Introductory Remarks

Today we present Generali's Half-Year financial results for 2024, which include the positive contributions from Liberty Seguros as well as Conning and its affiliates. As you know, these acquisitions were fully in line with the priorities of our "Lifetime Partner 24: Driving Growth" strategic plan: to further strengthen our insurance leadership in Europe and keep building a truly global asset management platform. Before we open the call for questions, I want to highlight five key messages.

First. These results highlight once more Generali's continued growth in Operating Result, up 1.6% from Half Year 2023 to over 3.7 billion Euro. This growth was driven by the Life business, up 7.8% to over 1.9 billion Euro, by Asset Management, up 5.5% to 255 million Euro and by Wealth Management, which rose to 311 million euro, up by 33.8%.

Our Group's total Assets Under Management stood at 821 billion Euro, with a 25.2% increase from Full Year 2023 that mainly reflects the inclusion of the assets managed by Conning and its affiliates. This brought third party clients assets managed by our Asset Management companies to 252 billion Euro up from 105 billion at year end 2023.

The Adjusted Net Result stood at 2 billion Euro. The 13.1% decrease compared to the first half of 2023 was primarily due to capital gains and other one-offs that were recorded over that period, including, for example, that of a real estate disposal in London. Excluding these effects, the Adjusted Net Result would have been stable.

The Solvency 2 position remained solid, even after deducting around 9 percentage points for the acquisition of Liberty Seguros and 2 percentage points for the share buyback we announced this morning.

The second key message is that we returned to sizeable positive net collection in the Life business. When we presented our Full Year results for 2023, I stated that this would be one of our key priorities for 2024.

We achieved over 5.1 billion Euro of positive net inflows in the first half of this year, driven entirely by Protection and Unit Linked, our preferred capital light lines of business. We also recorded a very significant reduction in Savings outflows. We are confident this trend will continue in the second half of the year, with Italy expected to return to positive net collection.

We made the tactical decision to reduce our margins temporarily to pursue significant volume growth and this result demonstrates our ability to successfully steer our Life business, also thanks to our proprietary distribution network.



Higher net inflows in Life also mean higher inflows to our new Asset Management platform, something that will be even more the case in future quarters following the acquisition of Conning and its affiliates.

My third message is about Property & Casualty. Our tariff strengthening measures have driven higher P&C premiums which grew by 10.5% to 17.4 billion Euro or by 5.7% excluding the contribution of Argentina.

This is happening at a time when frequency is stable, and we are seeing improving claims inflation across all markets. These trends and the strong focus of our management team on technical excellence give us the confidence to reaffirm our undiscounted combined ratio guidance of below 96%, even after the consolidation of Liberty Seguros.

I would also like to emphasize that the underlying technical result excluding the impact of discounting, prior year and natural catastrophes improves by over 50% in the first half of 2024 compared to the same period of last year. This tangible improvement underscores the effectiveness of technical discipline.

Fourth. With only a few months left before the conclusion of our “Lifetime Partner 24: Driving Growth” strategic plan period, we are now very close to its full delivery. I would like to highlight how the continued diversification of our profit sources throughout the current cycle is also proving the soundness of our long-term vision for Generali as a global Life and P&C insurer and Asset Manager.

Beside this, we are very proud of the strong progress we have made on our Lifetime Partner journey, and in the first half of 2024 we further reinforced our peer group leadership position on a Relationship Net Promoter Score basis.

Furthermore, we continued to deliver on our environmental and social sustainability priorities, with a particular focus on tackling the causes of climate change and fostering the resilience of our communities.

To position the Group for continued, sustainable growth, we are working on our new strategic plan for the next three years, that we will present on January 30, 2025. We look forward to welcoming you all in Venice for this very important occasion.

As a fifth and final message, let me emphasise again that today we announced that our 500 million Euro share buyback will begin shortly, following also the implementation of the Long-Term Incentive Plan buyback. As I said at our last Investor Day in January, we will continue to look for the most efficient balance between shareholder remuneration and M&A on a yearly basis, possibly even with annual buybacks.

I thank you once more for your attention and for your interest in our Group.



Group General Manager Introductory Remarks

As Philippe highlighted, we are very pleased by the return to significant positive net collection. This proves the attractiveness of our products, the power of our franchise and the effectiveness of our distribution strategy. These net flows also show the positive impact of the commercial actions we put in place last year to proactively manage the increase in lapses experienced at that time. We expect further improvement in net flows, especially in Italy. We plan to gradually reduce the commercial incentives we put in place, as soon as we observe a consistent return to positive net collection in Italy. Unit linked, Protection, and capital light Savings continue to be the preferred lines of business with Protection generating around 40% of our New Business Value. Assuming stable market conditions, after the recent decline in interest rates, we target a New Business Margin between 4.5% and 5% on a quarterly basis for the remainder of the year. Margins are important but what also matters is the actual value generated and as you can see the New Business Value continues to grow. While the third quarter is usually seasonally slower, the fourth quarter tends to be seasonally stronger, so on this basis, we expect a positive evolution in the second half in terms of volumes, margins and new business value.

The strong increase in volumes was achieved without compromising on underwriting discipline. Just to give you a frame of reference, the weight of capital light products as a share of new business has remained at 89%, in line with 1H 2023. The New Business Guarantee has decreased to 0.25% from 0.50% last year and in the Euro Area it has declined from -0.17% to -0.27%. The weight of business without guarantees has declined from 72.5% to 70.2% but this merely reflects the effect of one single large pension fund in Italy with a 0% guarantee at maturity, so extremely capital efficient.

Our actions, also on the inforce business, continue to drive a continuous improvement in the quality of the Life book. Since the beginning of the year the share of capital light products on the overall Life reserves has increased by 1.4 percentage points to almost 71%.

As a primarily retail and SME insurer, customer is of paramount importance at Generali. As we continue to march forward on our journey to be the Lifetime Partner of all our customers, we are pleased with the further progress that we recorded in the first half of 2024 as far as our key customer targets. As Philippe mentioned, we confirmed once more the leadership position in our peer group thanks to the focus on our three key customer promises:

- personalized value propositions
- effortless and caring experiences
- And physical and digital advice



At first half 2024, 52% of our customers rely on our products to cover at least two of their insurance needs; this percentage keeps on growing quarter after quarter, above our ambition for year-end 2024 that was at 50%. This will continue to be a key priority for us.

Moving on to P&C. Top-line growth is continuing, thanks to proactive repricing and to selective business growth. Gross Written Premium increase versus last year is equal to 5.7% if netted by the impact of Argentina.

Underscoring our focus on profitable growth, we continue to implement thorough portfolio pruning and claims management actions to make the P&C portfolio stronger and its forward-looking profitability higher. This explains why, for example, in Italy and France we have recorded somewhat slower paces of growth in Motor. Average annual premium for our main ten markets is growing at 6.6%; in particular for Motor this increase is equal to 6.9% and reflecting into an annual earned premium of 6.2% overcoming the increase of the risk premium of 3.9%. This is translating into rising margins as time goes by; in fact, looking at profitability, when we discard the impact from discounting and natural catastrophes, and we focus on the pure attritional current year technical profitability, we are seeing already a solid growth. I am optimistic for an acceleration of this trend, also supported by the stable frequency and declining impact of inflation on claims costs we observe.

As Philippe said, we confirm our below 96% undiscounted combined ratio guidance, even after the consolidation of Liberty Seguros, but also taking into consideration the new Milan Tables and the natural catastrophe events that happened in 1H 2024.

The third quarter is historically when we have the largest losses from weather events. During July we already recorded more than 100 million of Nat Cat claims. However, we remain on track to stay within our Nat Cat budget for the year.

In the SME and GC&C segments, we have further heightened the focus on underwriting discipline and the Man-Made losses trend looks promising, although characterized by an embedded volatility. On this front we expect very limited impact from CrowdStrike event in the third quarter.

Moving to Investments, our reinvestment yield remains very good versus the In Force book, at 3.8% in Life and 3.6% in P&C, including the contribution of Private Debt. The figure is lower than last year because market yields are lower, especially on European credit and China, where in our Life companies reinvestment volume were higher. Our investment policy remained prudent, especially on listed equity and most cyclical sectors, so we are not particularly concerned on the impacts from the recent volatility in financial markets, which actually present some opportunities. The decrease in interest rates reduces unrealized losses on bonds and creates more flexibility for portfolio turnover. In credit, we confirm appetite for European investment grade due to good fundamentals and attractive yield. We keep a disciplined approach, with low exposure to more cyclical sectors and highly levered



companies. We experienced negligible rating downgrades in the portfolio. In conclusion, our first half results confirm the Group's ability to deliver solid, sustainable growth and execute on our strategic plan.

Q&A Session

Peter Eliot, Kepler Chevreaux: *Thank you very much and congratulations, especially on the very strong net flows. My first question was on Liberty, please. You seem to have reported a combined ratio of well below 100%. You do make it clear that it benefited from no Nat Cats or man-made losses, but that still seems a much stronger performance than you expected it. So I'm just wondering, if you could comment on that and whether that underlying performance is sustainable. The second question was, you mentioned the Milan tables in your introductory comments. I'm just wondering if you could talk a little bit more about those and in particular the extent to which they were already in your numbers and pricing or what adjustments you may have to make or either have made as a result of them or will have to make to sort of pricing or reserves. I think it was sort of expected that there would be an increase. So I'm just interested to know how much of it was a surprise what the impact is. And then the third one, I apologize in advance for this one, but IFRS 17 changed the way you report most of your private equity, but I think it didn't change it for asset management. And that segment, I think you're right that you still include the dividends that Lion River receives. Before the accounting change, we were getting sort of high double digit, I think per year, and we were told that the run rate of the result was higher and that dividends should catch up. So I'm just wondering if you can give us an update on what dividends you're currently receiving in Lion River and whether there is still catch up potential there. Thank you very much.*

Cristiano Borean, Group Chief Financial Officer: Hi Peter. So, starting from Liberty, first point: yes, Liberty experienced an overall 94.8% combined ratio during the first half of the year and discounted 96.8%. For sure, you are observing a positive prior year development - which I would like to highlight is also linked to a phenomenon related to the so-called purchase price allocation ("PPA"), where you need to allocate the liability value, including the cost of capital, which is increasing them, and then this released through time over the duration of the liabilities. So, there is this extra effect which is, I would say, valuation-driven more than fundamentally technical-driven, which would stay up to the duration of the liabilities into this, and you should try to embed it in your, let's say, next two to three years projections. There is no Nat Cat registered by Liberty in the first half.

I go directly to the third question, which is related to private equity. In the first half of 2024, private equity contribution to Asset Management through the



dividend was 35 million Euro. I would like to highlight that there is another element of contribution, which is not only the private equity result of the investment which is held by our companies, but there is also the so-called performance element, which is affecting Assicurazioni Generali. And last year, this kind of performance-driven dividend was impacting 52 million Euro of accounting investment result in the P&C, which was not repeated this year.

Giulio Terzariol, CEO of Insurance: Thank you, Peter. Part of your question was whether this is a surprise: not really. So, clearly, we did not anticipate necessarily the Milano table, but we were clearly anticipating that there would be increases. And also, as you know, when you have the inflation environment, you know that you might get here and there some special points from that point of view. We couldn't specifically predict this one, but we were ready anyway for some increase in inflation driven by the intervention of regulators or this update to the table Milano. So, overall, we had clearly put a cushion in our reserves. On top of that, as you see, we are taking strong rating action, so from that point of view, we are very well prepared. And what we did anyway, on a prudent basis, in the six months of this year, we put about one percentage point of combined ratio in Italy for the Milano table, but I can tell you that that's been more out of prudence and not because we had a need to strengthen the reserve. We have already enough buffer to offset the inflation impact.

Peter Eliot, Kepler Chevreaux: *That's great. Thank you very much both. Cristiano, is it possible to quantify the accounting impact on Liberty?*

Cristiano Borean, Group Chief Financial Officer: Yes. The extra return coming from the PPA release is in the order of slightly above 10 millions Euro: it is 11 to 12 million Euro in the first half of this year.

David Barma, Bank of America: *Hello. Thank you for taking my questions. I have three on the Life business, please. The first one is on the investment result, which was very strong in the second quarter. You flagged some items in your slide pack that sounded like that may not be a sustainable level. What would be an underlying view of your Life investment result, please? Secondly, on the new business margin, I expected that to recover a bit more in the second quarter. Is the 4.8% of Q2 now a clean number or are there other scope and mix effects like we had in Q1 to have in mind? And then lastly, on lapses, can you talk a little bit about the lapse environment? Because I've been quite surprised to see lapses in Italy remain fairly high, at least in the market as a whole. We're still double digits on an annualized basis and actually increasing again this year, which I guess explains your operating variances, which are continuing in the CSM. But can you give us a bit more color on the lapse environment, please? Thank you.*



Marco Sesana, Group General Manager: Yes, so I can start talking about the lapse environment. I would say that what we see at the moment is a lapse environment in Italy that is still going on. I think you've seen the numbers on the industry. We are better than the industry, but the lapses are still there. We have started to see a decline. I think most of the situation will be also depending on the financial condition that we will see in the next months. In France, the situation is actually much better. In France, the situation has improved. As you remember, we have always discussed these two portfolios, the one that were more keen to have lapses. These were the two. And so I would say France is improving. I think actually has improved, France. And Italy is still high, but on a better trajectory.

David Barma, Bank of America: *Can I ask what kind of lapse rate you have?*

Marco Sesana, Group General Manager: So I would say 1.5% non-annualized in the second quarter. So that is the lapse rate. On the new business margin in the second quarter, we had around 4.8%. As I highlighted in my speech, we are targeting between 4.5% and 5.0% on a quarterly basis for the remainder of the year. So, we really are focusing on a trade-off between getting volumes and the new business margin. As you remember, we decided to put some actions in place, especially in Italy, to make sure we had good inflows. And we actually are very happy with the inflow that we are having at this moment. So we are really targeting an improvement of the new business value that we create in the market. And therefore, we are on that level. So I think you mentioned in your question the accounting for France: it will stay there until the end of the year.

Cristiano Borean, Group Chief Financial Officer: On the investment result Life about the sustainability of this delta, as I think you heard there is part of it which is related to our evaluation equity method accounting of our participation we have in our German business, which is the participation to our distribution partner company where we are minority shareholder. And I would say this is less of a recurring term which you should project half of the investment result improvement as a recurring one.

William Hawkins, KBW: *Okay, thank you. Yes, it's William at KBW. I've got two questions, please. Maybe the first one is a slightly strategic question for you. The first half result still had a negative in Life from the Loss Component on onerous contracts. And I think, if I'm right, that's mostly from China. And so, I'm thinking that onerous contracts structurally are still zero. But I wanted to check that as an accounting point. But then more strategically, can you just remind me kind of what's going on with China? Because I know it depressed the margin in the first half, but we're still a positive new business*



value but I think you're saying it's an onerous contract. And I'm not really sure sort of strategically what the value proposition is of the Chinese business that you're writing, please. So, if you could help me understand the Chinese angle, that would be kind. And then secondly, when I'm looking at the mix of the combined ratio by country, there's a really low figure for the undiscounted combined ratio at the group center. It's historically been not a million miles from your overall figure. Last year, it was 88%, but in the first half of this year, it was only 70%. So there's something weird going on there. And I don't know if I extrapolate it or if there's some adjustment for the future. Those are my two questions. Thank you.

Philippe Donnet, Group CEO: Thank you, William; I start on China and I will let Marco to add his comments as he went recently in China together with Giulio and Cristiano. Our Chinese business is definitely becoming quite significant in terms of volume. As you know, it's part of the positive Life net inflow. I think this is quite positive. Definitely, we need to work to improve the quality of this business. We are fully aware of it and we're already started working hard on it. And we had a very positive outcome from the interaction that we had recently with the Chinese management team and the Chinese regulators. Maybe, Marco, you can add some flavor on this.

Marco Sesana, Group General Manager: Yes, I would say, clearly the interest rate environment in China had an impact, but I would say we remain pretty confident on the future on this, because what we are seeing from the regulator is pretty good movement and so we think the environment in the next months could improve. Coming to your second question on the undiscounted in corporate center, I think the main benefit is coming from the man-made that we account in Global Corporate & Commercial – and this is highlighted also in the slide – that is accounted in the corporate center.

Cristiano Borean, Group Chief Financial Officer: On the effect of the loss component in China and the new business margin related eventually to that, first of all, there is an increase in loss component in China on a half year over half year basis, we are talking about something in the order of 38 million Euro extra compared to the previous year, which was already experiencing some loss component in products which are not related to new business margin, but old products which are with profit sold years ago when the rates were much higher and now the guaranteed rate is above the actual market rate, which triggered the loss component part. As you heard, the Chinese interest rate dropped the minimum of 10 year govies, the 2.1% recently, and the good news is that we understand there is a very swift and strong movement from the regulator asking companies to decrease materially the guaranteed rate which is giving more stability to the system, also if there is a prolonged interest rate down as we, for example, experienced in Europe. So,



these are good, positive news. We should see positive trends in the second half as well of the year.

Iain Pearce, BNP Paribas Exane: *Thanks for taking my questions. The first one was just on premium growth, mainly focusing on motor here. I think the slides talk a little bit about some pruning in Italy and France, in Q1 there was talk around some pruning in Germany. Just trying to understand how long you expect this pruning process to go on, and if you're expecting sort of an uptick in risk exposure overall or expecting premiums to grow more in line with rate in the motor and the non-motor segment. My second one was just on Conning and if there's been any disruption to flows or some negative outflows as a result of the acquisition, and sort of what you think about the run-rate of flows for Conning going forwards, and what you're doing to drive flows there. And then just a final one on one of the slides in the presentation, flagged lower inter-group dividends from France. I don't remember there being any one-offs in France last year on remittance, so just wondering what that relates to. Thank you.*

Marco Sesana, Group General Manager: Okay, I will start with the topic of premium growth and pruning. As we always said, basically we adjust our rate based on the risk premium and also we try to exit some specific risks to reshaped the risk portfolio, so that we can have a better - and I would say a more effective portfolio - coming to the bottom line. So, in particular, in Italy and in France, we have done some portfolio pruning. I think some of the portfolio pruning is an ongoing effort that we always do. It is part of the technical excellence journey that we have, so we always look at the portfolio, we always try to improve the risk mix. So, at the moment, we have done more in Italy and in France, but it's really something that we would do, every time we see the need. If you see the motor, the rate increase that we had in motor, I think overall in the different countries we are pretty happy about the development that we had. The rates increase, we see, are starting to come in into the earned premium and I would say that this is a very positive news. In term of non-motor, clearly the situation is slightly different: the profitability is very good, we are improving that, but we have started with rate increase much earlier, and so it's normal that we see a lower average increase in rates in this segment.

Philippe Donnet, Group CEO: On Conning, obviously, for any asset management company, it's difficult to predict the flows. We are expecting anyway positive inflows, because we believe that the decline in interest rates should boost the positive inflow on fixed income asset classes, and as you know, Conning is very much specialized in fixed income.

Talking about the lower dividends coming from Generali Investment Holding, don't forget that in 2022 we had a record result and Generali Investment



Holding paid a high dividend in 2023. The lower result in 2023 translates into a lower dividend from Generali Investment Holding. Definitely, we expect the Asset Management will improve, then the dividend from GIH will get back on track and it will start growing again. This is the answer on the dividend of Generali Investment Holding.

Michael Huttner, Berenberg: *Thank you very much. I have three questions. The first one is on deals versus buybacks. The second one, if you can give us a feel maybe of how big your cash pile is. And the third one is a bit technical but it relates to the answer that Giulio was beginning to make on the Milan court. I remember from the past you had a kind of inflation buffer. I'm just wondering whether that's the same which you've used or which you've kind of allocated or whatever to this Milan court. Thank you.*

Philippe Donnet, Group CEO: On the balance between M&A and buyback, I think that we always try to strike the best possible balance between M&A and remuneration for shareholders. We started doing this on a yearly basis. And we will continue doing this on a yearly basis with a very strict discipline on the M&A. We've been so far very selective on M&A. We will continue very being selective on M&A: without a strong and solid industrial logic, without a strong strategic and cultural fit and without strong and solid financials in place for deals, we'll definitely consider the capital management and the shareholder remuneration as a priority.

Cristiano Borean, Group Chief Financial Officer: Hello Michael. I go back to your question on the HoldCo position at first half. We have including some short-term treasury portfolio something in the order of 5.9 billion Euro which has to be used to refinance 1.75 billion of September 2024 senior bond that we already refinanced, the 500 million buyback, 1 billion of liquidity buffer and what is basically left is mainly the cash of our branches and some more volatile operating cash for something in the order of slightly more than 2 billion which is the usual treasury operating cash which should not be considered available apart from simple operations as we always said.

Michael Huttner, Berenberg: *And then on the inflation buffer which we had before and my guess is, this is the bit which you recycled for the Milan court. And then the last thing if I may ask because I think first you gave us the figure is the guaranteed fund cost.*

Cristiano Borean, Group Chief Financial Officer: Yes. So for what regards also the Milan table I think that we have already embedded a first part of it on top of the already prudent - as Giulio was telling already you - very prudent prior year reserving. You have seen that this quarter and first half in general we have been overall with very low prior year; I would like to underline the



high-quality of the results which were developed. Clearly, the inflation buffer we have in our assumptions of the best estimate being prudent allowed for the absorption for it especially in the part of prior year. Notwithstanding that, we put something in the mid-double-digit million Euro in the first half already to be prudent out of that which will be seen at the end of the year according to the very healthy evolution of the profitability what we are observing as well in Italy because of the increase of rate and the pruning. For the contribution of the guarantee fund in the first half of the year we observe for Italy Life 25 million Euro.

James Shuck, Citigroup: *Good morning, everybody. So my first question is on Global Corporate & Commercial; the question is about the undiscounted combined ratio in corporates at H1, which seem to be around 70%, and Marco helpfully answered that that was due to a low level of man-made in Global Corporate & Commercial. But perhaps you can just flash that out a little bit for me. My kind of question though was really on that was just a request if you could give us the actual premium base and the combined ratio for Global Corporate & Commercial in H1 and perhaps identifying the man-made, because I think that division has actually been the cause of some of the problems on man-made, so I'm just keen to get some insight into that. Second question, it looks like Switzerland had a combined ratio of 108% at 1H. I presume there's an adverse prior year happening there, but if you could just elaborate on that for me. And then my third question: Giulio's old shop had quite a big focus on something called "target operating model", which was a very innovative approach to the tied agency approach set up and has been very successful in Italy. I'm really keen to get his views of how that target operating model works for a company like Allianz and what you might take and what features you might learn from that when you're looking to modernize and continue to modernize your own tied agency networks.*

Cristiano Borean, Group Chief Financial Officer: Hi James. So, I'll start with the global corporate commercial part. First of all, we have approached the global commercial business with our reinsurance in the Assicurazioni Generali parent company. The vast majority of it, and for the first half of 2024, we are talking about of something in the order of 1.5 billion of gross insurance revenues were concentrated there. We had a low experience of man-made place for almost 100 million Euro improvement, which is driving this piece of the business. In the holding, there is also the group reinsurance business overall, which we are managing as a centralized reinsurance, which experienced a better result because all the events so far were experienced only at the business unit level as an impact because they were not triggering, the threshold for the centralized reinsurance, which is experiencing this positive result. So, the two effects are the ones explaining the movement. The second topic is regarding Switzerland: last year there was a positive prior



year development because of the close of some larger claims, which were affecting in a positive way the combined ratio. The underlying current year one is above 100%, and this is something that, together with Giulio and Marco, we have already discussed and there is an improvement plan underway with the local management to get them back to the desired level of profitability.

Giulio Terzariol, CEO of Insurance: I can take the question about the target operating model, which I believe was specific to the agency model in Italy. So, let's start saying that our agency network here in Italy is a big asset. So, if you ask me about the great things I found coming to Generali, I will say the quality of the agency network that we have in Italy. You can see that also when we think about the flows in Life. You can see that on the Life side, on the agency network, we have basically positive flows as we speak. So from that point of view, that's an asset. As we think about these assets, clearly the point is always to make it even stronger and more productive. So, the focus is going to be clearly on productivity moving forward, and also what is very important, that's something that we will have to analyze and discuss. There are right now also pieces of the value chain, which are under the responsibility of the agents. So we can definitely try to get some of these services on our side when it's more efficient also for the for the agency network. This is not something that's where we had a concrete plan right now but we are going to look how to make our agency force in Italy more productive, more effective by avoiding that they need to make administrative tasks that can be done in a different way. But fundamentally, we are starting from a position of strength with the big assets and we will work on making these assets even more productive.

Steven Haywood, HSBC: *Good afternoon. Thank you very much. Three questions, please. One is on the lapses. Obviously thank you to Marco for explaining the trend. My question is mainly on whether you took any assumption changes in the first half or whether you need to take any assumption changes going forwards. The second question is on Solvency 2 ratio mark-to-market since the end of the first half. Can you give us a kind of indication? I know you mentioned that you are not worried about volatility as it provides opportunities and then your results, but if you could give us an indication on the solvency move, that would be quite helpful. And then finally, if you can answer this on your sort of yearly cash generation expectations, can you give us an indication of what you think your yearly cash remittances generation is and then net of the dividends, holding expenses, debt costs, what does this give you on a yearly basis to potentially deploy.*

Cristiano Borean, Group Chief Financial Officer: Hello, Steven. So the first point related to lapses. I think that the major trend in lapses observed



was more concentrated in Italy. The operating variances lapses-related are slightly above 400 million Euro out of the 540 million that you have seen in the first half of the year. I would say the change in assumption is just slightly between 100 and 150 million. All the rest is really experience part related a little bit on some portfolio in France because of some slightly higher value product lapses within the mix, as well as a higher amount of lapses compared to what projects so far in Italy. Going forward to look what we are planning to do, clearly it is very much dependent on the market environment. So far we are observing a little bit of trending down, especially in France, and of this behavior, which is giving some more reassurance. We will make the final evaluation for Italy in the end of the year, according also to the combination of the commercial actions which are underway, also to manage the phenomenon. To go to the second element: update on solvency. This morning, in the media call, we gave the latest number as of August 6 closing business day and we had something more than 209% of solvency ratio as of August 6. The sensitivity you were asking, we have observed in the health year, especially in the interest rate, a reduction of the sensitivity to have slightly less than 2% for 50 basis points of interest rate up, and slightly less than 3% point of solvency for interest rate down of 50 bps.

Regarding the third question of yearly cash generation expectation, we are running at usually something more than 900 million to 1 billion of excess cash out of the dividend payment, which is very important to keep in mind that our first priority, when we have recurring remittance, and in general, recurring net holding cash flow increase, it is allocated firstly to the growth of the dividend for remuneration of the shareholders, and the remaining part for the capital allocation, according to the principle that Philippe was telling you before, much more focused on an yearly basis of an M&A versus a buyback benefit as we already declared at end of January this year.

Elena Perini, Intesa San Paolo: *Hello, everyone, and thank you for taking my questions. I've got actually two questions on the Asset Management. It is clear that this business is a strategic one for you, on the contrary of some other competitors of yours. I would like you to remind, please, the main reasons why you consider it as a strategic business for your group, and this is the first one. The second one is on the sustainability of the second quarter result, operating result, for the Asset & Wealth Management, which was around EUR300 million. Can we consider it as a recurring run rate going forward? And in this respect another detail concerning the Slide Number 40 because I saw an increase in the cost-to-income ratio for the Asset Management in the first half '24 compared to last year if you can give some explanations on this trend? Thank you very much.*

Philippe Donnet, Group CEO: Hello Elena. As of today, Generali is already a top-10 asset manager in Europe when you look at assets under



management. We, as you know, have a long-term strategy to become a leading insurance and asset manager. By the way, most of the top 20 largest life insurance companies in the world, including the U.S. market, have an Asset Management business so we want to continue building this pillar. We want to continue building a global asset management firm. We want to enhance our customer-centric culture, and I'm convinced that, thanks to the Conning acquisition we will continue to increasing the third-party business you have seen that we went from 100 billion up to 230 billion of third party AUM. I just wanted to add that there are strong synergies between the Life insurance and Asset Management. These businesses are helping each other. It's good for the Asset Management to have the safety of stable long-term liabilities of the Life insurance. And it's good for the Life insurance to have the benefit of professional asset management in-house obviously. And you can be very professional and provide strong capabilities if you are also in the third-party asset management business: being only captive doesn't work the same way. So, the strategy is good. What's really important is the execution of the strategy. I am very confident that under the new leadership of Woody Bradford and his team, we will be able to execute very well this strategy. Thank you.

Cristiano Borean, Group Chief Financial Officer: I'll start with the second question on the sustainability of the Asset & Wealth Management. 303 million of the 2Q benefitted from 311 million contribution at half year from Wealth Management, embedding something in the order of 94 million of performance fees, which you should not project at the same rate for the second half of the year also due to the actual market volatility and the strong first part. For what regards the overall second-half projection, this number should be materially reduced in the Wealth Management sector of Banca Generali. For what regards the cost-to-income ratio, the driver of the increase are for sure when you take as a merge between our Generali Investment component and the Conning, Conning Group is running at something slightly less than 81% of cost-to-income ratio, which is clearly on the full average of the merge group increasing naturally. So, this is a kind of striking of the level due to their nature of third-party business. Having said that, there are some small increases in the operating expenses also in the perimeter of the Generali Investment, which are affecting the cost-to-income and are related to the anticipation in accounting of the variable benefit to the employees, which is in a certain sense this year, double charging it to align also to the process we are using in the group. And at the same time, there are some small projects also on integration and a project to transform the company which are underway, which explains part of this increase.



Gianluca Ferrari, Mediobanca: *Good afternoon, everyone. I have two left. One is on Germany. It seems that your combined ratio is in a better shape compared to some of your peers. So I was wondering what is the managerial decision here is to follow the tariff increases that many others are doing or to try to cash in this competitive advantage, capturing market share vis-a-vis the others. The second and final one is on some headlines I saw on the press conference where Marco was mentioning something on retail Nat Cat protection. I was wondering if this is embedding some kind of operation, public-private, so including also involving also the government to extend the retail cut coverage, similarly to what has happened on SMEs. Thank you.*

Giulio Terzariol, CEO of Insurance: Regarding the first one, which is on the combined ratio. I would say the answer is also depending on the different countries. So, in the case of Spain, clearly, we need to have additional rate increases in motors. So that's definitely a market where we're going to push for rate increases. There are other markets. Let's take France, where we have a good level of profitability. And we see that in motor right now we are not necessarily winning customers. So that's an area where we want to look also at clearly commercial actions. Also, we want to look at more the guarantees that we give. So, in that area we will presumably press less on pure rate increases and also look at clearly what is happening to the risk in-force. So I would say in general, you cannot give a specific, a generic answer, you really need to look portfolio by portfolio. Overall, I would say that in motor, we are getting close to a level of profitability which is at our expectation, but there is still some work to do.

And then, that's very important, we need always to monitor inflation because the last thing we can do is to get complacent. So, from that point of view, we are going to monitor the situation, we are going to monitor the improvement of the loss ratio in motor and also look at what the risk in-force is doing, we are going to clarify the right action case-by-case.

Marco Sesana, Group General Manager: Maybe there is a follow-up on the Nat Cat protection that I think I can give. So maybe you are referring to the statement that I did in the press conference. So let me clarify. So, what I mean is that going forward, we consider that this is a huge protection gap that we have across all the geographies where we operate. So overall, we are developing an approach. We consider the approach that we are having like somehow in Italy, but also in other geographies on a public-private partnership, an healthy approach. So, it can take very different shape and form. But overall, I think that as an insurer, we will develop an approach in the next plan to the climate change. And I think this is going to be an important part of the development that the customers will want to see in terms of risk protection.



Michael Huttner, Berenberg: *Thank you very much. It was just a very quick follow-up. I think I saw on the screen, Cristiano, you said profits would be below 900 million in Q3 and about 900 million in Q4. And I was thinking, it's like a decline, right? 1.1 billion in Q1, 900 million in Q2, below 900 million in Q3, and then maybe a slight bounce. Can you explain a little bit your thinking here? Thank you.*

Cristiano Borean, Group Chief Financial Officer: Yes, Michael. First of all, when we compare the first half 2024 versus the first half 2023, we need to acknowledge that at first half 2023 we were at 2.33 billion Euro of adjusted net results and we closed year-end 2023 at 3.57 billion Euro of adjusted net result. So the second half 2023 was extremely smaller because 2023 was a very peculiar year where we had, in a certain sense, all the positive effects of the capital gains, some one off on the release of the pension fund in France because of the change of regulation and other effects, both concentrated in the first half and the negative effect, including capital losses realized in the last quarter, plus a restructuring charge in Italy in the last quarter, which were creating an asymmetric pattern.

So, what we are observing in the first quarter of 2024, which was a 1.1 billion Euro quarter in this quarter, which is a 900 million and something quarter adjusted net, is a more coherent run rate of the company on a more stable path. Clearly, the third quarter 2024, statistically, is expected to be lower than the other quarters because it is the quarter where we have the highest historical concentration of natural catastrophes. Marco was correctly already informing all of you that we experienced so far, up to the end of July, 104 million of natural catastrophes. So clearly, it is in line with the budget, but you should expect a higher concentration in the third quarter if we are statistically coherent with the past, because it is related to our exposure.

So what I'm saying is that compared to the year-end expected projection I'm seeing, basically, we are there, if not mildly, slightly lower compared to what is projected. It was to give a better understanding on the trajectory because 2023 was more erratic. I hope that gives clarification.

James Shuck, Citigroup: *Thanks for the opportunity to follow up. I just wanted to follow up on the remittances at 1H because Cristiano, you gave the cash figure of EUR5.9 billion. So I'm going to have to try and fill in the pieces, but perhaps you could help me of what the actual remittances were at 1H and which remittances from OEs are still expected in the rest of the year. Then on the P&C combined ratio, I appreciate there being a bit of noise in this quarter, whether it's Liberty or whether it's weather or whatever, but the Q1 to Q2 sequential, on an underlying basis, kind of excluding discounting and Nat Cats and PYD, et cetera, looked like it kind of deteriorated a little bit, about 30 basis points in Q2 versus Q1. But I think about half of that might be due to Liberty, so it's still going to get a little bit*



worse, and I was expecting to see an earn-through from the rates you put on the books in this quarter. I appreciate weather has probably had an impact, so I'm keen to get an understanding of what you think a true reflection is of that development sequentially, Q1 to Q2, please.

Finally, just quickly, I'm looking forward to the Capital Markets Day and Venice is a lovely venue, so thank you for that. I'm just interested, I don't want you to front-run too much of what you might say, but one of the targets that you don't have and is quite conspicuous relative to peers, and I think it's quite an important one, given that you always focus on solvency and cash generation and capital discipline, but you don't have an ROE target, and I'm keen to get your views on whether we might see that be introduced at the Capital Markets Day. Thank you.

Cristiano Borean, Group Chief Financial Officer: Hi, James. So, remittance in the first half, as I told you, the full-year view is the 4.4 billion Euro of remittance, which are confirmed. At the first half, we have basically collected the vast majority of it. I think we are left out with something in the order of slightly more than 300 million, already agreed with our companies to get some extra remittance, so it is almost all already there, apart from this 300 million. In the first to second quarter noise on the attritional, undiscounted loss ratio in current year, I think we need to make first, an important, really fundamental remark from the way the business is followed and made. The best comparison should always be done with the same period of the previous year and to have the right comparison, because there are seasonality impacts as well when you look at this indicator. A very simple example and an explanation to this 0.3% you were mentioning, the 30 basis points, is mainly related to the fact that during the second quarter versus the first quarter, where we basically do not have natural catastrophes and, let's call, natural events are very low, natural events in the second quarter were higher and some of them are not necessarily natural catastrophes are below the threshold, but are impacting the attritional part. Cleaning up for that and also taking into account that and don't forget that as I was saying before - Liberty has a higher loss ratio current year and it's kind of being more motor business - and having it for three months in the second quarter versus the two months in the first quarter, there is a one-third plus 50% more exposure. So three months while we have two months is slightly polluting it. What I can tell you is that the trajectory and what we see as the final earned premium, the budget, the confirmation that we are even embedding Liberty within the 96%, lower than 96% undiscounted combined ratio guidance is giving you the confidence of these results. By the way, the quality of these results again, especially because of very prudent prior year development, notwithstanding a higher amount of Nat Cat is what I wanted to highlight you because these are results on a really recurring and growing amount basis that you should start projecting going forward.



Marco Sesana, Group General Manager: Yes. So, James, I'm going to be very quick because as you correctly said, we are we're going to present the strategic plan in Venice in January and so, we are developing it. So I think it's very early to define any KPI or anything that will be defined over the next weeks, but clearly, we know that this is a topic, so we are thinking about this. Clearly, we need to reflect on the fact that we have a specific business model, we have a specific type of capital, and so an ROE target will also have to adjust for this kind of specificities that we believe we have. And so, we are thinking about it, and we will define the type of target that we will give ourselves. It's a point that we understand, and we are thinking about this.

Peter Eliot, Kepler Chevreaux: *Thank you very much also for the opportunity to follow up. Just had two follow-ups, please. One was, because you just mentioned it, Cristiano, on the Nat Cats below the cut-off falling into Q2, and because others have mentioned it, I was just wondering if you could remind us of what your cut-off is for claims before they fall into the Nat Cat bucket. The second one was on your expense ratio. I mean, ex-Liberty was down 0.4 percentage points, which was, seemed like quite a strong number. I was just wondering if you could talk about the drivers and sustainability of that. Thank you.*

Cristiano Borean, Group Chief Financial Officer: Yes, Peter. So, the threshold is 5 million Euro for the reporting. The explanation related to the driver of the expense ratio are related also to the fact that we have, net of Liberty, we have some more weight of the administration acquisition expenses because of the premium increase on a relative basis related to this. Don't forget when you talk about the driver of premium, there are seasonalities in premium. So clearly also second quarter versus first quarter movement of this indicator, net of the Liberty part, has to be taken again with the attention of the seasonality in mind.

Michael Huttner, Berenberg: *On Liberty Mutual, so you had the target excluding Liberty below 96%. Now you include Liberty. What's the improvement? I seem to remember 20 bps is the figure. And then, I didn't catch what you said about the Liberty undiscounted combined ratio. I think it's something 90%, something 0.8%, but I don't know what the big figures are. Thank you.*

Cristiano Borean, Group Chief Financial Officer: Yes, Michael. So yes, the confirmation of the undiscounted core guidance, including the Liberty is an improvement because we were expecting 20 bps deterioration because of the Liberty part. Clearly, we have also the effect, as I was mentioning before, with the PPA unwinding for the prior year. But in general, what we are finding in Liberty is in line, if not slightly better, with what was projected.



So we can embed this effect to confirm less than 96% even because of absorbing this potential 0.2%. And in general, the number of the half year combined ratio total of Liberty is 94.8% discounted, and the undiscounted one is 96.8%.

The document is the transcript of the Half Year 2024 Earnings presentation to analysts and investors held on August 9th, 2024. The webcast of this presentation is available on:

[Report Archive - Generali Group](#)

In the event of any inconsistency between the transcript and the podcast, the podcast will prevail. In addition, the transcript is not audited, and statements and figures therein are accordingly in all cases subject to those set forth in the Generali Group's most recently published quarterly or annual results. This transcript may not be 100 % accurate and may contain misspellings and other inaccuracies. This transcript is provided without express or implied warranties of any kind. The Generali Group shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities.