



Generali Investor Day

London – May 27, 2015

Agenda of the Day


10:30	Mario Greco Group CEO	Page 3
11:00	Isabelle Conner Group CMO	Page 23
11:30	Carsten Schildknecht Group COO	Page 48
12:00	Lunch	
13:30	Alberto Minali Group CFO	Page 71
14:00	Mario Greco – Closing remarks Group CEO	
14:05	Q&A Session	
15:30	END	



Introductory remarks

Mario Greco, Group Chief Executive Officer

Initial turnaround priorities delivered one year early




**Organizational
and governance
issues addressed**

- Head office established and matrix organization introduced
- New Group Management Committee
- New regional structure based on 3 main countries (Italy, Germany and France) and 4 regions (EMEA, CEE, Asia, Americas) and Global Business Lines
- Minorities in Argentina, CEE and Germany bought-out



**Capital position
restored and
“strategic”
investments
eliminated**

- About Euro 4 billion non-core assets disposed (e.g. BSI), contributing ~20pp of Solvency I
- Solvency I increased and above 160% target
- Leverage reduced



**Operational
discipline
consistently
embedded**

- Central governance established in Procurement, Infrastructure services and Facility management
- Operations in Italy successfully restructured
- >Euro 750 million gross cost savings achieved in 3 years
- On track to keep 2015 cost base flat vs. 2012 with further Euro 250 million gross cost savings (totalling Euro 1 billion since 2012)

Our financial performance has been revived

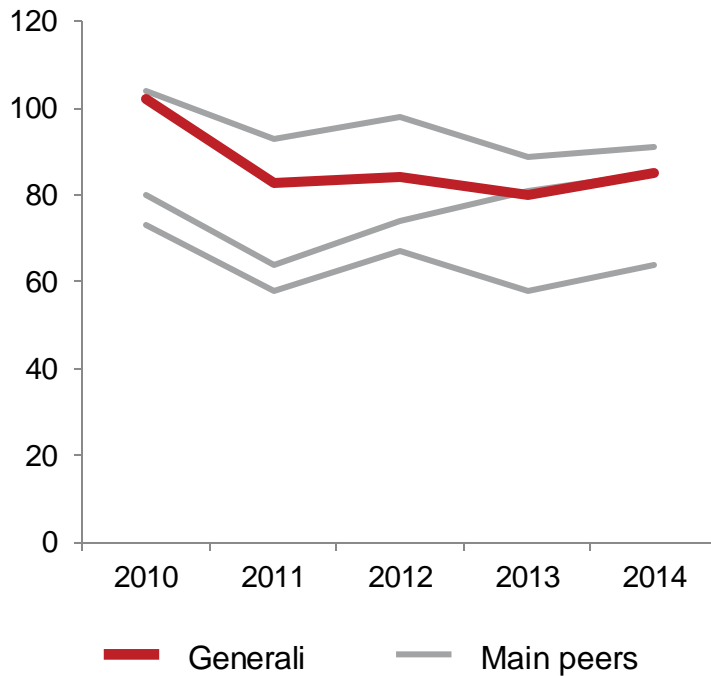
- Strong improvements in profitability, capitalization and dividends
- Key financial targets achieved one year ahead of plan

	2011	2014
Operating RoE %	9.6	13.2
Solvency I %	117	164
Debt interest cover (x)	4.0	5.3
Dividend per share (€)	0.20	0.60

Operating performance is strong, and in line or better than benchmarks

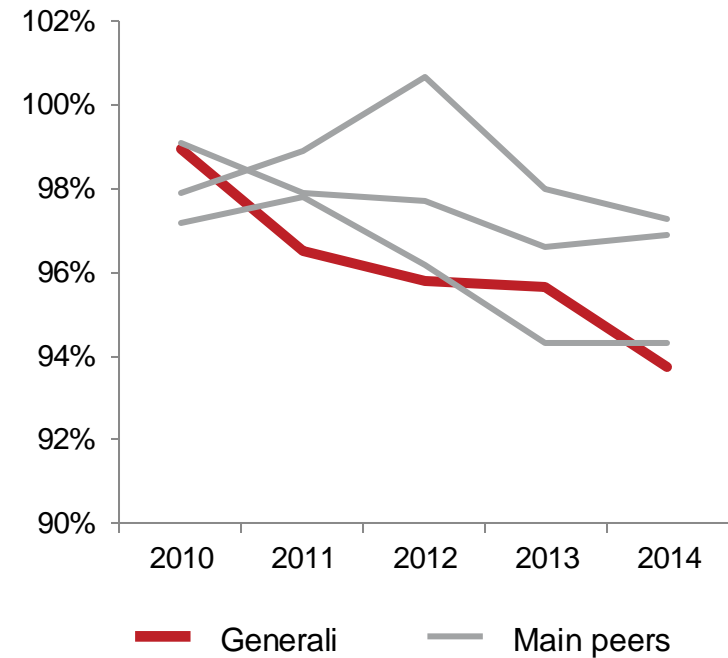
Life operating margins

(Operating result in bps of average reserves)



P&C combined ratio

(%)



Our capital position is solid

- Internal Economic Capital Model Based on SII principles
- Further progress to be made
- December 2014 ratio at 186%
- Initial SII application will be on a partial perimeter

Since end of 2014 we started developing our new journey

Strategy and 3 year business plan developed 100% internally:

- Team of \approx 40 young talents coming from the whole group
- Senior management steering
- 5 months of very exciting work



LEAVE
YOUR MARK

Our new strategy

Starting from a solid base...

Retail Leader in Europe

- 50 million customers in Europe
- Recognized leadership in the European retail space
- Strong partnerships with our agent distribution networks

Fast, Lean, Agile

- New stronger but still lean governance and organization
- Focus on cost and efficiency

Simple and Smart

- Strong technical capabilities
- Strong position in direct business

Leveraging on technology and partnerships

- Leadership in telematics
- Partnership in Europe in the Health (Discovery) and in the motor space (Renault)

... we want to develop

- Best insights on customers
 - A distinctive brand
 - Stronger relationship with distributors
-
- Further rationalization of cost base to invest in business transformation and leading edge platforms
 - Focus on cash generation
-
- Solutions instead of products
 - Simple and interchangeable access modes focused on improving client satisfaction while maximising efficiency
-
- Further develop telematics solutions
 - New partnerships to complement current capabilities (e.g. in data analytics to enhance customer insights and inform decision making)

And we will deliver by end 2018

**> Euro 7 billion
of cumulative Net Operating Cash (2015-2018)**

(vs. Euro 1.2 billion in 2014)

**> Euro 5 billion
of cumulative Dividends (2015-2018)**

(vs. Euro 0.9 billion in 2014)

**Total Gross Expense Reductions of
Euro 1.5 billion since 2012**

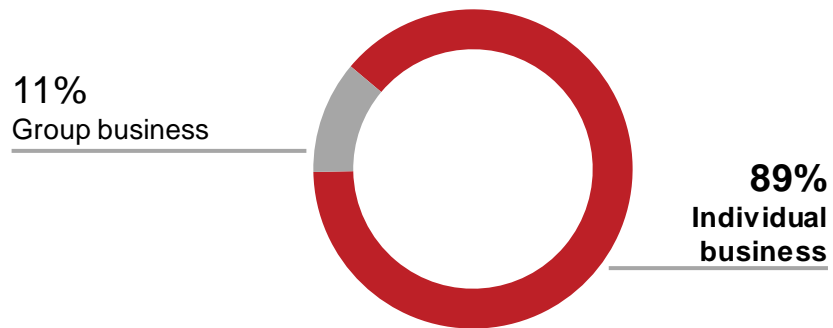
(i.e. additional 500 million vs. old plan)

The strategy builds on our strengths in retail...

A strong, European retail centred franchise, with powerful distribution

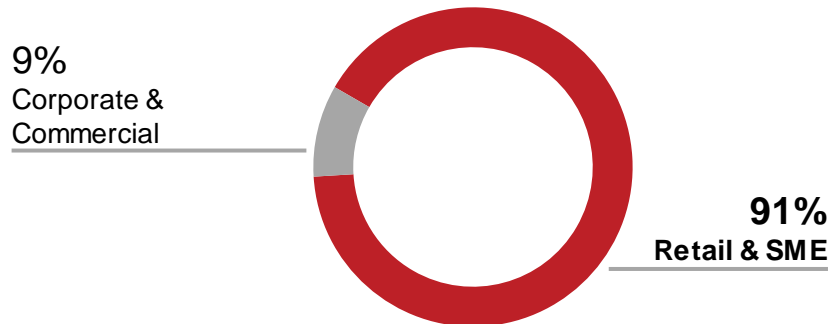
Life Insurance Reserves

(FY14, % of total)



P&C gross premiums

(FY14, % of total)

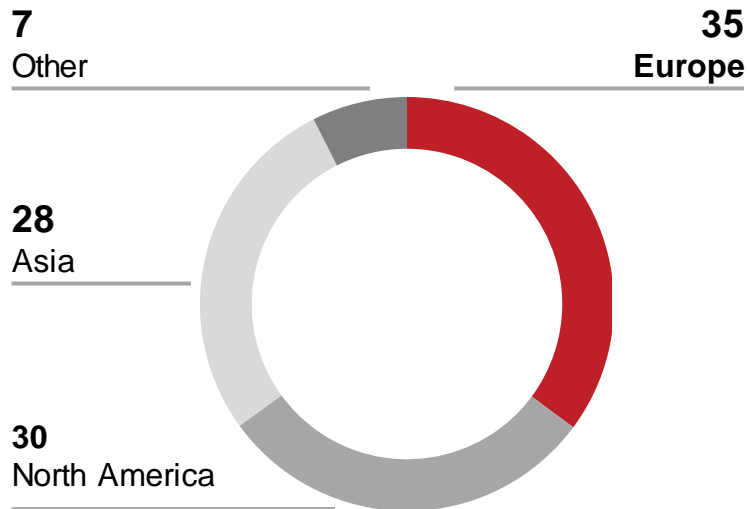


- ~90% of our business is retail/SME
- Powerful distribution capabilities

... and in Europe

Europe is the biggest insurance market in the world...

(% of worldwide premiums)



... and in Europe Generali is positioned as market leader



(1) Of traditional players

...where today we already have **strong market positions, customer and distribution partnerships, and operational scale**

Financial market and regulatory challenges are widely understood...

**Ultra-low
interest
rates**

Weak economic
growth

G-SII

Fiscal /
political risk

Solvency II

Financial
market volatility

ZZR

Consumer
protection

Long-dated life
guarantees

...but we also face a revolution in customer behaviour

Increasingly demanding customers

- Decreasing loyalty
- Demand for transparency
- Expectation for multi-access
- Dissatisfaction with “one size fits all” offerings

Distribution models need to adapt

- Challenges in selling traditional products
- Often mono-product or limited product offering
- Poor sales & support tools and services provided from insurance companies to distributors

Technology driven changes

- Customers increasingly self-informed
- Ease of access to independent opinion, advice, and shared experience
- Reduced barriers to entry / risk of new entrants

Demographic changes

- Aging population
- Increasing dependency ratio
- Expanding middle class in emerging markets
- Increased mobility

Time for a revolution

- We have the scale to succeed
- We have a large customer base
- We have more data than anyone could dream of
- We are fast, agile, connected



- Euro 1.25 billion total investment by 2018
- 6 deals with VC founding technology all over the world

It will be a **new game** on:

- **Customer** service and loyalty
- Use of **Data**
- Use of **Technology**

- New Chief Data Officer position introduced
- Exclusive ongoing negotiation in the data management space

All actions to generate more cash are embedded in the strategy

...bringing Discipline, Simplicity and Focus to the task

Build on success in selling distinct but strain-efficient life products

Optimize life in-force cash generation

Embed value added and fee based services into our offers

Improve customer experience to increase persistency

Costs and operating platform efficiency

Restructuring of Italy is a remarkable success



From...

Networks, brands and products

- **10 brands**
- **Redundant and fragmented product offering** among different companies (270 products)

Operations

- 3 platforms with **280 applications**
- **3 segregated operating models**

Organizational structure

- **Scattered and duplicated activities** across geographies
- **7 insurance** and 2 services companies

...to

- **3 brands**



- **Simple and best-practice based products** (80 products, -70%)

- 1 platform with **48 applications**
- **1 common operating model**

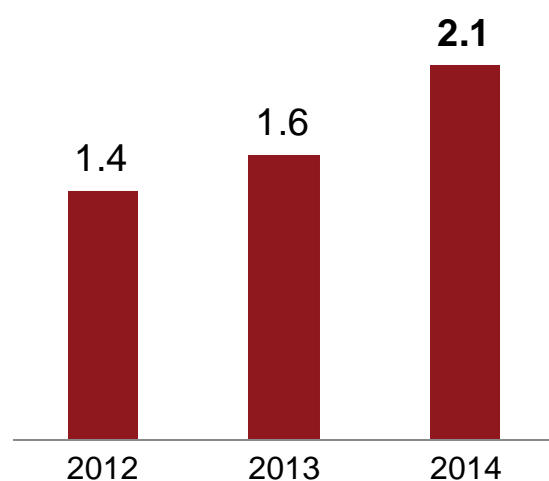
- **4 centres of Excellence** (Turin, Rome, Mogliano, Milan)
- **3 insurance and 1 service companies**

Business results in Italy

While deeply restructuring the business, Italy has consistently delivered outstanding results over the last 3 years:

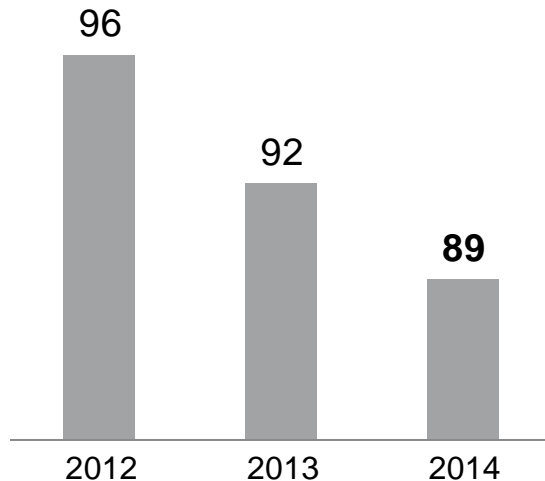
Operating results

Euro bn



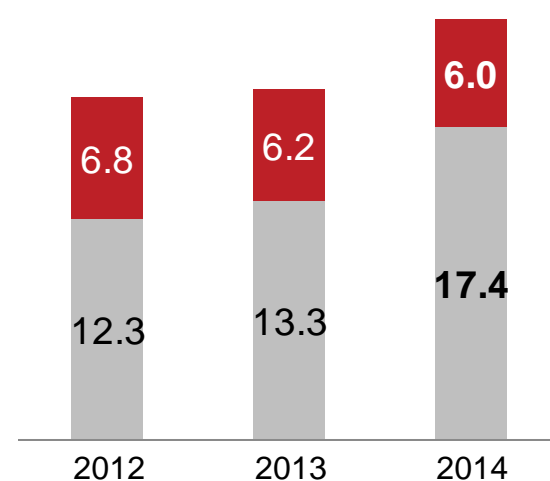
CoR

%



GWP

Euro bn



Generali Deutschland will also begin a similar, radical reshaping...



Our German business is relevant for our results

#2

Market ranking

8.8%

Market share

€693m

2014 op. result

- **Resilient performance**
- **Diversified distribution power**
- **AachenMunchener (AM) /DVAG most powerful sales network**
- **Cosmos undisputed leader in direct/digital**
- **Generali: Top market position in corporate pension business**

...but market trends drive need to adapt

Ultra low interest rates

Increased regulation

Changing customer behaviour

Increased competition



Action plan for Germany designed after Italian experience

...to become a simpler, leaner, customer focused organization



From...

Business model & governance

- Multiple companies requiring heavy layer of coordination

Business mix

- Generali Leben focused on traditional life
- Underweight in P&C

Leaner operating Platform

- Fragmented customer facing and back-office operations
- Complex and fragmented IT

...to

- **Organizational integration** of the German Holding with Generali Versicherungen and Generali Leben
- Severe **reduction of overhead** functions
- 3 shared **product factories**
- Radical **cost discipline**

- More **capital light** products
- Active **in-force management**
- Profitable **P&C growth**

- **Customization** of client-facing operations and **consolidation** of back-office operations
- **Simplified and modern IT**

Cultural change is fundamental

Radical shift in mindset and culture required to deliver the change

Performance culture

- Define new performance management and reward systems aligned to strategic objectives
- Redefine our competency model

Customer focus

- Instill client oriented mindset throughout the organization
- Increase cross-functional interaction

Talent attraction and retention

- Invest in required skills (e.g. data analytics)
- Develop partnerships

Clear financial ambitions

Cash & Dividends

(Cumulative 2015-2018)

- **Net Operating Cash generation of Euro 7 billion in total by 2018**
- **Progressive, sustainable dividends, Euro 5 billion in total by 2018**

Funding transformation

- Maintain pace of gross cost savings at **Euro 250 million, cumulative each year** to fund inflation and produce total investment of Euro 1.25 billion in business transformation over the period
- Nominal mature market cost base expected to remain flat overall



Transforming a 184-year old brand into a 21st century retail leader

Isabelle M. Conner – Chief Marketing Officer

Becoming Retail leader means putting our Customers at the centre

What it takes
to become a
Retail Leader?



**Know their customers
better than anyone else**

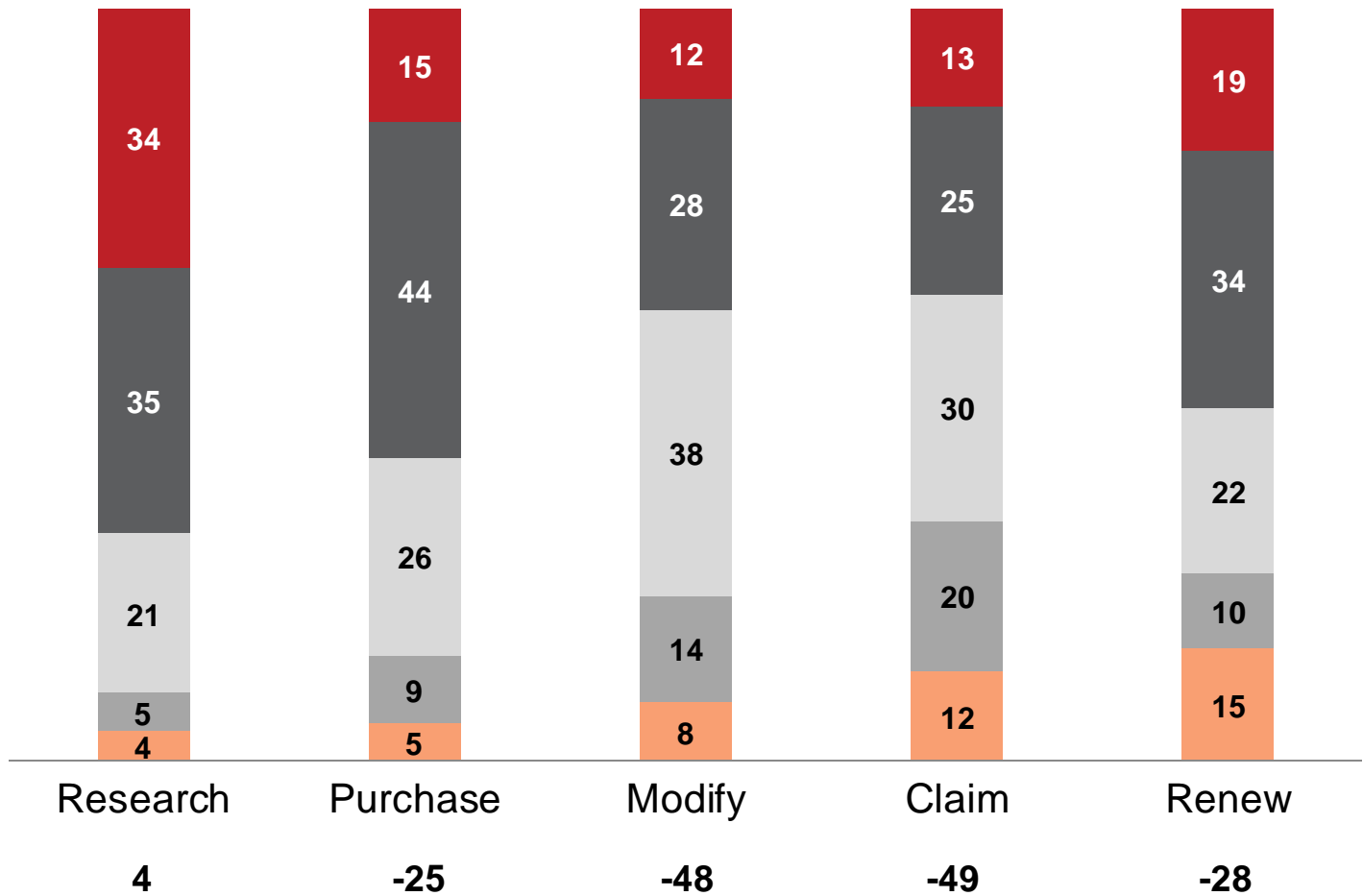
**Design seamless client
experiences**

Deliver consistently

The insurance industry is far from excellence in customer delight...

% of respondents

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied



Source: Morgan Stanley / BCG Global Consumer Survey 2014, Sigma, EIU

Customers are frustrated...

The top painpoints are the same all across Europe

1. **“Language is full of jargon”**
2. **“I don’t know exactly what’s covered”**
3. **“Too complex and difficult to understand”**
4. **“Slow and inflexible”**
5. **“Cold and distant”**
6. **“Don’t take into account my individual needs”**



Sources: Brand Positioning research 2015, Brand Tracking 2014

It's no surprise customers are leaving – Industry churn rates are high



~20%

Churn rate in
European Insurance market

A virtuous cycle to deliver improved retention, driving value and growth

From a “vicious cycle”...



...to a “virtuous cycle”



Customer retention

Cross sell

Profitability & cash



Our starting point: our large, existing customer base



72 Million Clients

LISTEN and ACT!



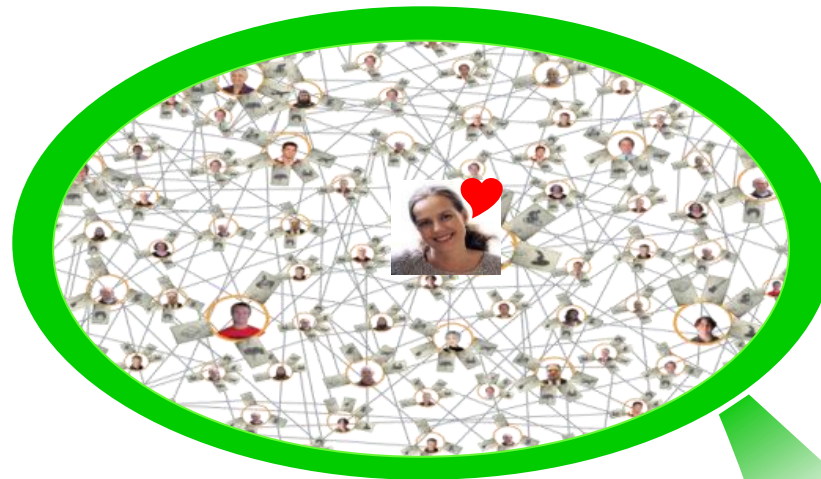
Net Promoter Score helps us categorise our clients into promoters, passives and detractors

1 How likely would you be to recommend Generali to your friends, colleagues and family members?

2 ...and why?

Detractors

tell us where we failed or did not deliver on promises



Promoters

confirm where we excel and motivate our staff to reach new heights



For us, NPS is not just a metric, it's an approach

NPS is a mind-set shift



Key differentiators of NPS at Generali

Local CEO is the driver

“What’s important to my boss is important to me”

Cross-functional team

Dedicated Cross-functional team
“Customer feedback doesn’t come in silos”

‘Closing the Loop’

- **Individual:** Resources to call back detractors
- **Structural:** Implement systemic improvements

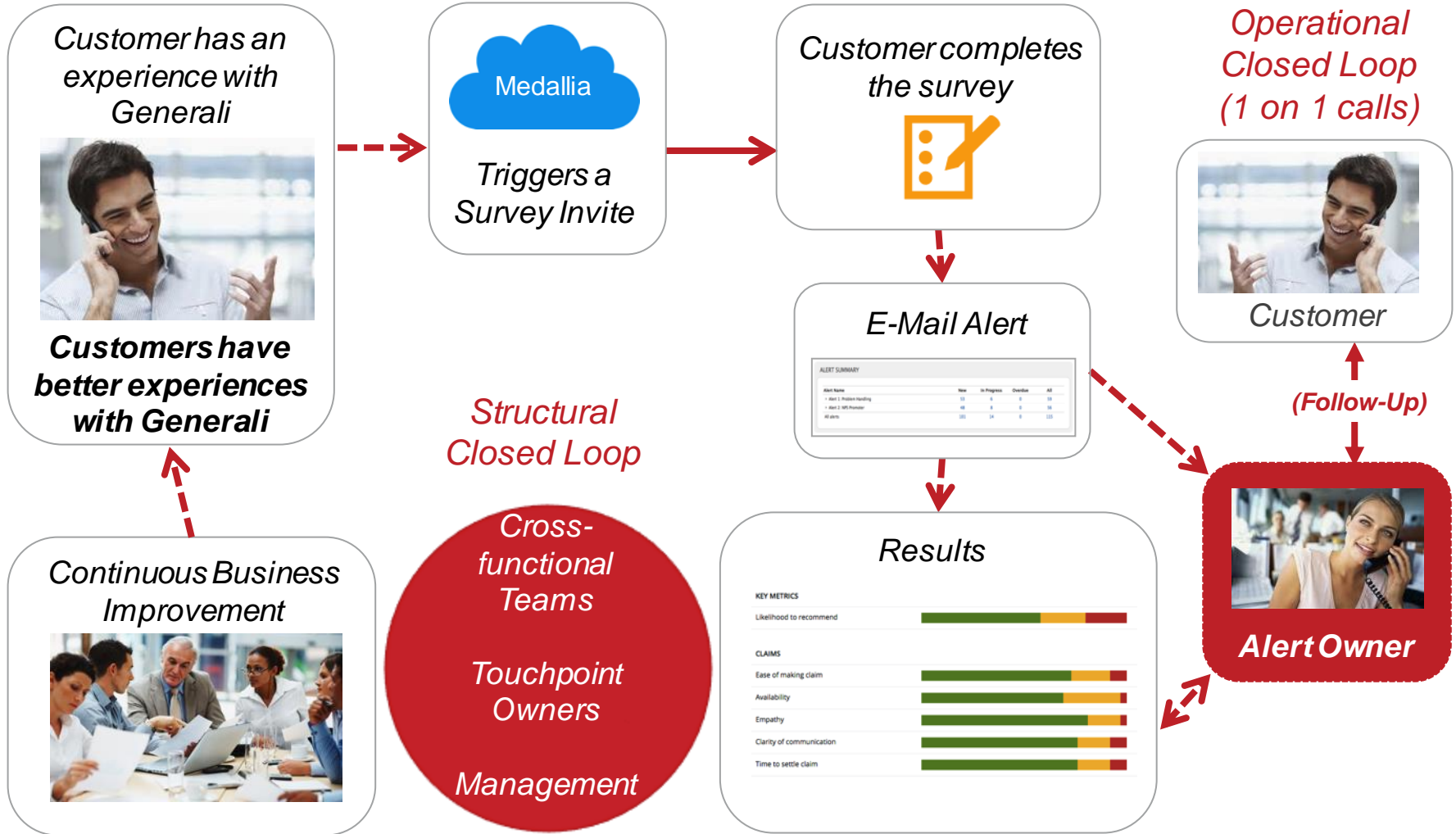
People

Drive cultural transformation (behaviours and attitudes)

Strategic link

- Integrate with business strategy
- Drives retention and growth

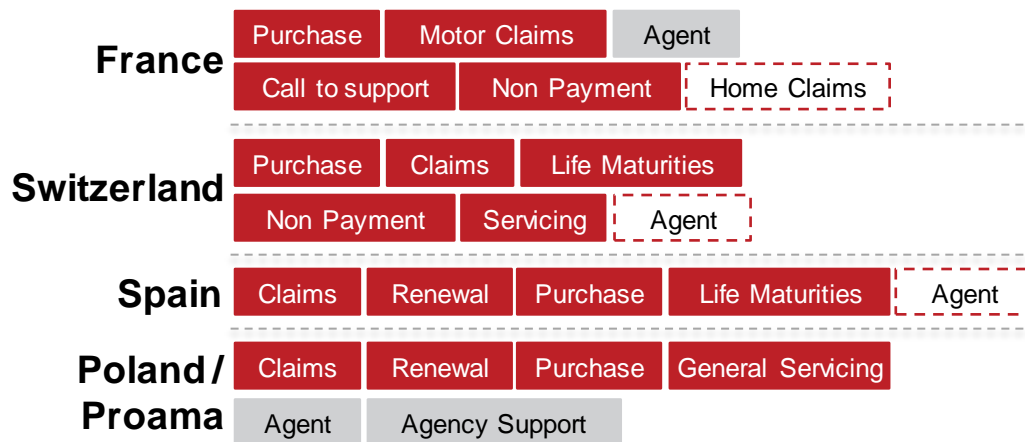
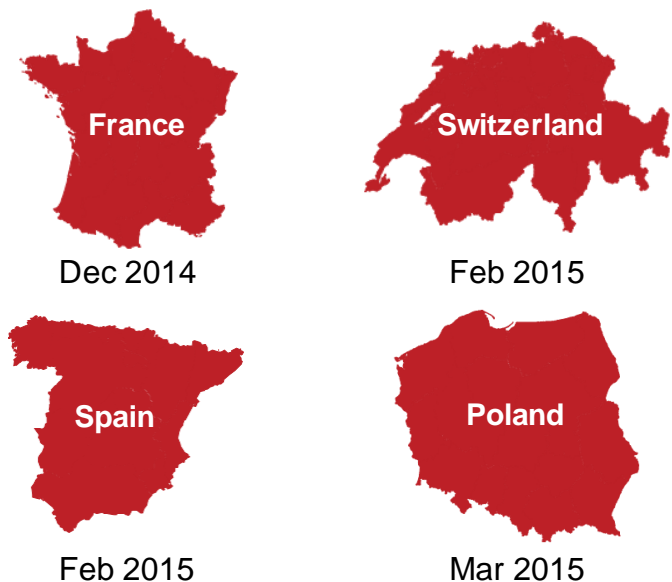
Generali's Transactional NPS (T-NPS) in action



We have decisively rolled out the program since December 2014

11.5million customers in scope

20 Touch points are live



█ Customer touch point launched
 █ Agent touch point launched
 █ Launch imminent

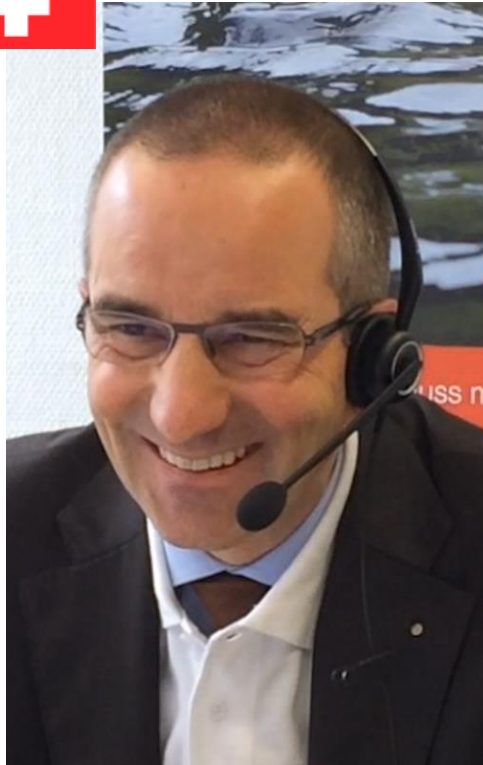
180,016
surveys sent ...

With very high response rates vs. industry norms

- France 26% (48% for intermediaries)
- Switzerland 29%
- Spain, Poland 17%




By end of 2015, **70%** of our customers will be in scope

We've embarked on a massive transformation, let's hear from our senior country leaders



Examples of actions taken so far




Claims & Renewal

-  Problems with external repair services
-  Lack of info around premium increases
-  Lack of contact with company

- ➔ **1** Coaching external repair professionals on customer service
- ➔ **2** Improve customer information at renewal
- ➔ **3** Customer strategy is developed to ensure regular contact





Motor Claims

-  Lack of information on claim status
-  Deductible and Generali rates
-  Reluctance to go to approved garages

- ➔ **1** SMS alerts to inform customers on claim status
- ➔ **2** Inform customers about deductible immediately at claims' opening
- ➔ **3** Better inform customers about approved garages & improve garage image



Claims and Generali Servicing

-  Lack of empathy at claims announcement
-  Lack of information on the status of their request

- ➔ **1** Employee coaching intensified using customer feedback
- ➔ **2** Automatic confirmation email to customers after a case is closed



Delighted Customers bring substantial value



Stay longer (higher retention)



Buy more



Less likely to shop around



Are less price sensitive



Refer Generali to others



Increased retention = Higher profits, and more cash

Customers are clear about what they expect

What do
our
customers
demand?



Leading retail brands deliver consistently superior client experiences



**Today brands are 'owned'
and shaped by customers**

New, distinctive Brand Positioning to attract customers and differentiate

AUTHENTIC Company DNA



RELEVANT Customer Needs



DISTINCTIVE Competitive Landscape

- Simplicity
- Easy to deal with
- Warm & approachable
- Empower customers
- Innovation

**Delivered
by employees**

**Desired
by clients**

**Differentiated
on the market**

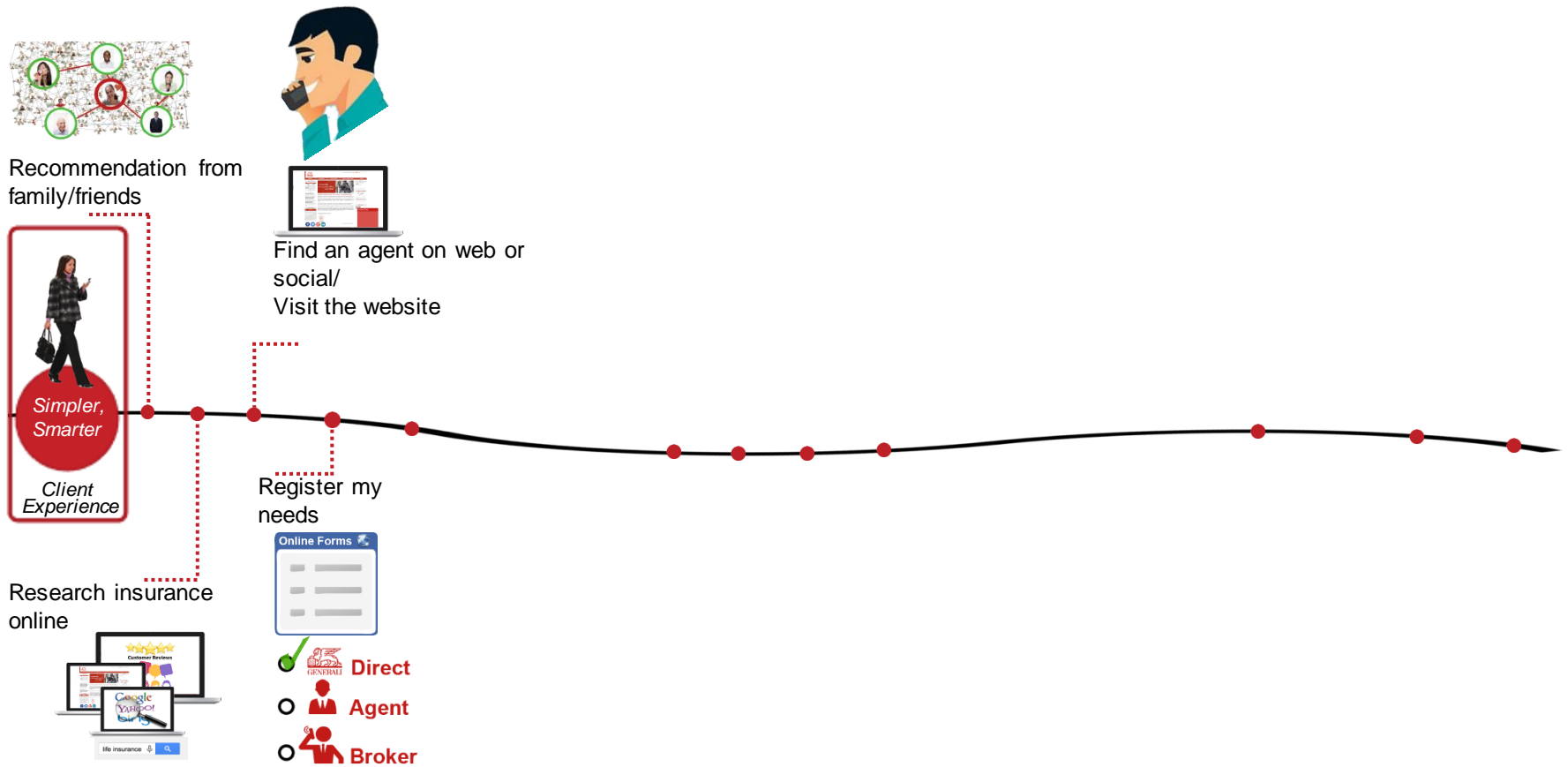
Simpler, Smarter

‘Simpler, Smarter’
Our *new*
normal

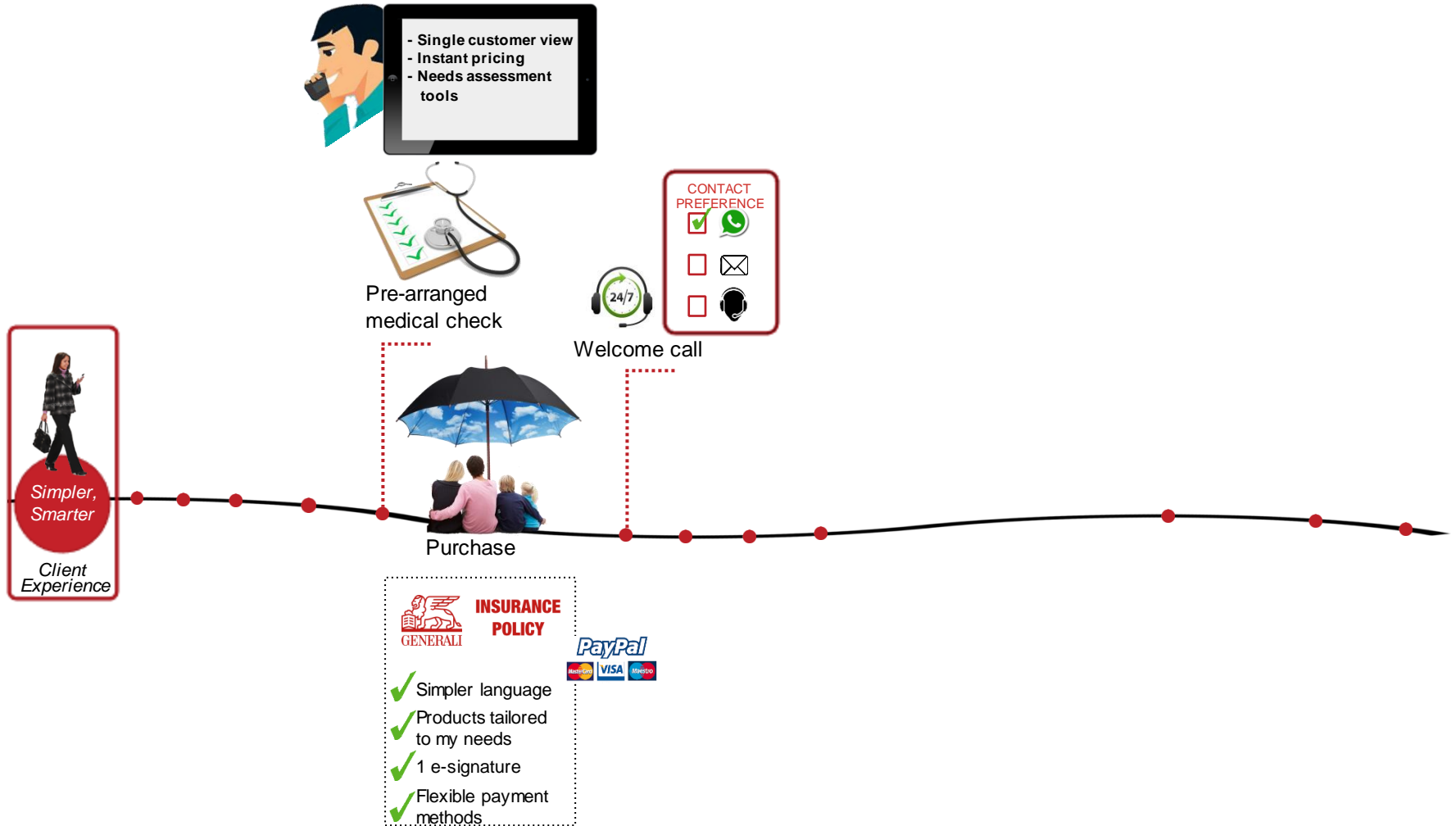


CHANGE
AHEAD

Let's look at a *Simpler, Smarter* life insurance experience starting with the 'Consideration' phase

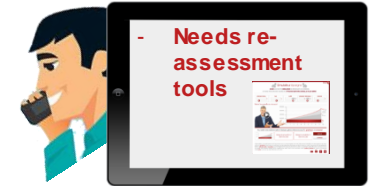


... followed by the 'Purchase' touchpoint



We must deliver a "Simpler, Smarter" Customer and Distributor Experience at each touchpoint, product and channel

Distributors



Annual performance report



Agent visit & Online reports

Maturity notice: Personalized next steps

New contracting



Use



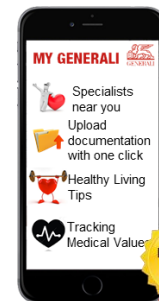
Protection advice and rewards



Pay out



New offers/options for investments



Design a Simpler, Smarter Generali Mobile Experience



1 For clients

Connectivity

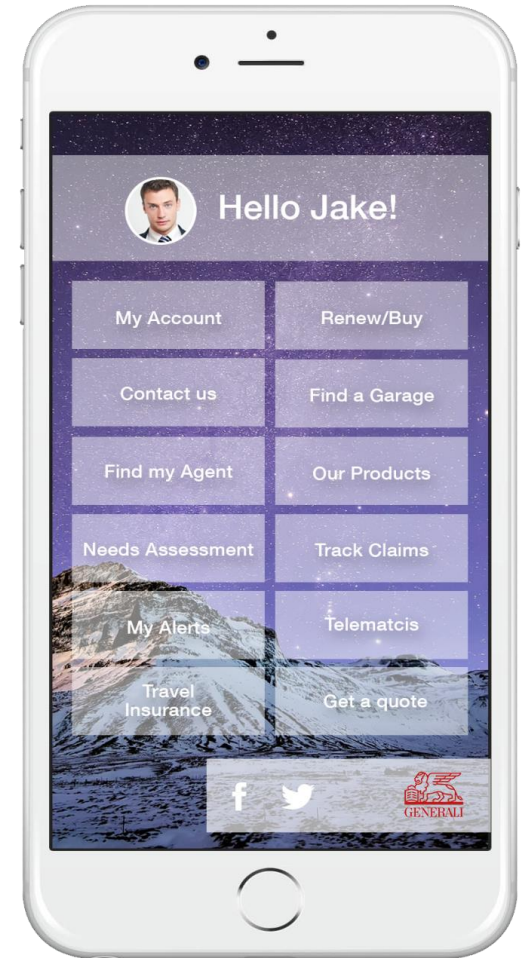
e.g. Telematics, Vitality

My Policies

Easy Payment

Claims Tracking

**Design Generali
Mobile Framework**



2 And distributors



- Web and mobile
- Social media
- Lead Generation tools

Conclusion – Transforming a 184-year old brand into a 21st century retail leader



Becoming a **Retail Leader**

- using data & insights to deliver on customer preferences
- listen and act upon customer feedback
- consistently deliver a seamless experience



Empower our **distributors** with digital tools for greater **commercial reach**



Through discipline & focus, we'll scale the best of our local expertise & capabilities globally and design the **Generali Mobile Experience**



Generali's differentiated *Simpler, Smarter* experience



Higher retention and accelerate customer & revenue growth



Generali Operating Platform Strategy

Carsten Schildknecht – Group Chief Operating Officer

Agenda

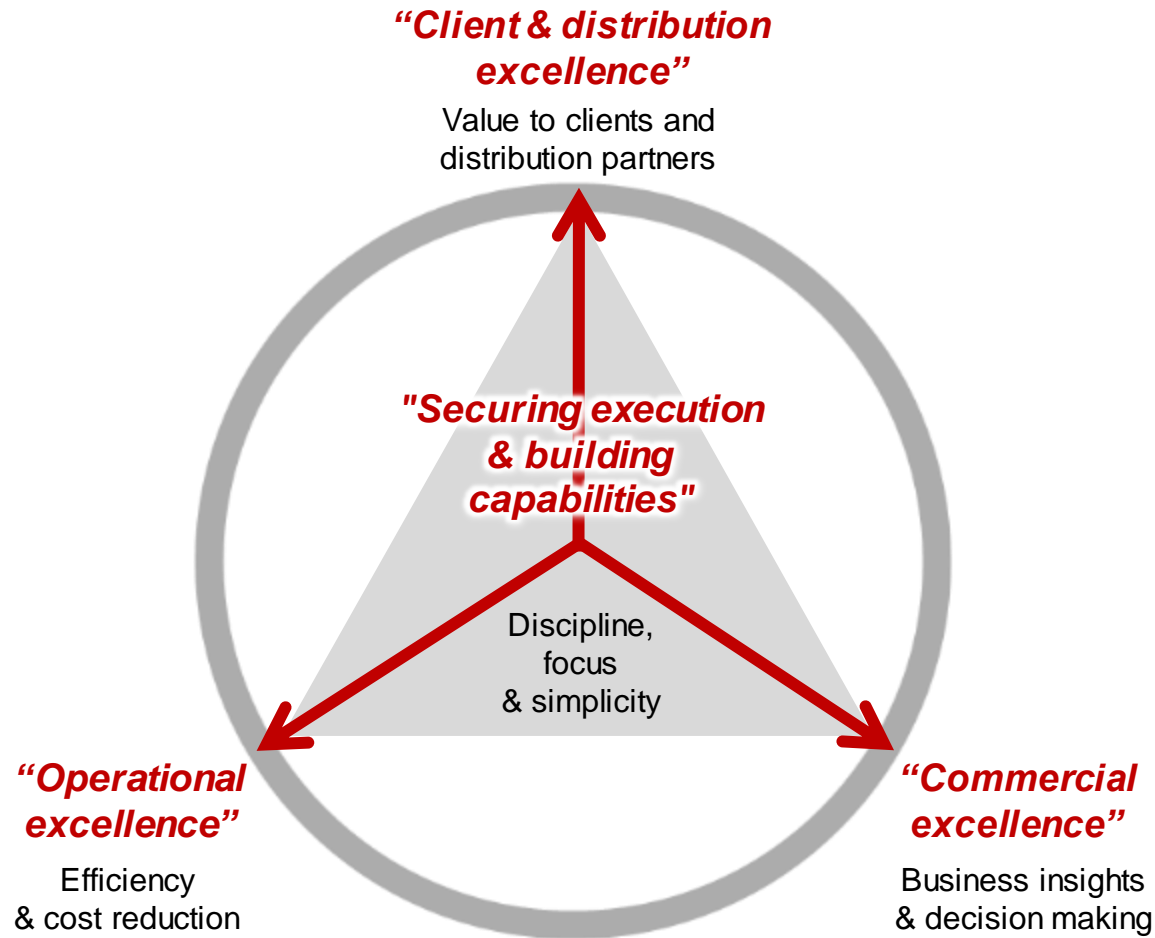
Journey and achievements to date

Objectives and program going forward

Financial benefits and investments

Wrap-up

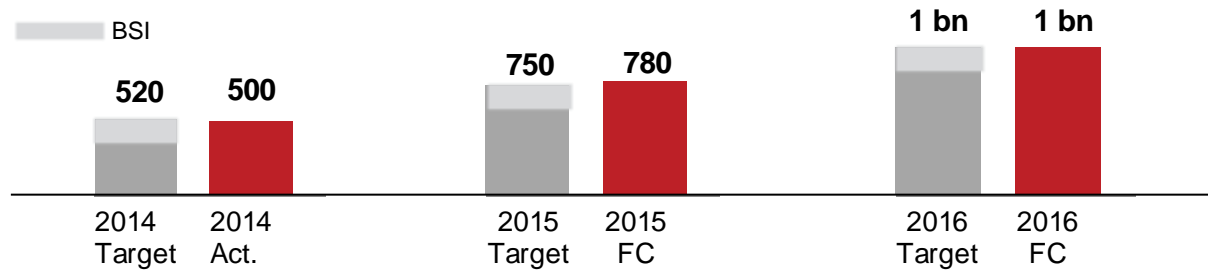
Strong progress along all strategic imperatives



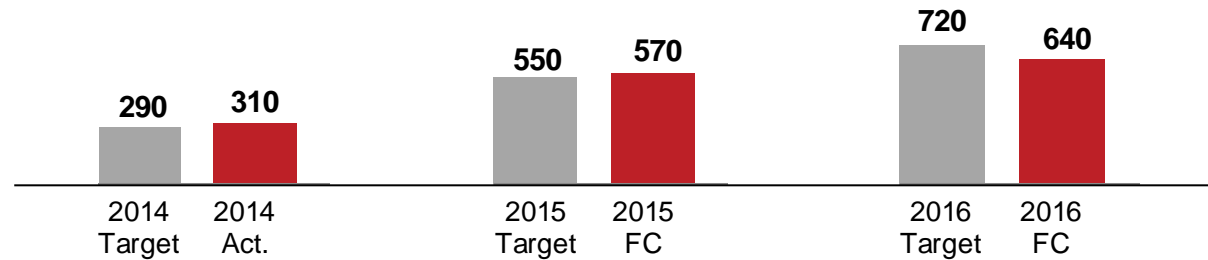
- Euro 1 bn gross savings by 2016
- Best-in-class solutions for clients and distributors
- Data and analytics
- Strong governance and functional capabilities

Fully on track to meet Euro 1 bn savings target

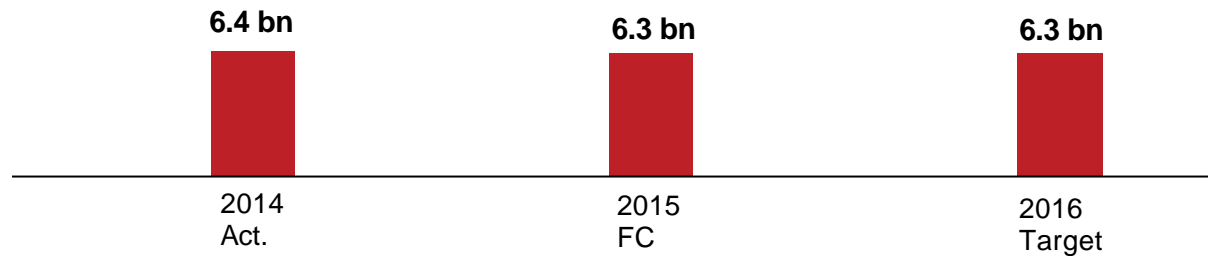
Gross cost savings (Euro m)



Cost-to-achieve (cumulated – cash view) (Euro m)



Cost containment and resource re-balancing (Euro m)



Strong contribution from all functions and programs as originally planned



TOTAL

Core Operations

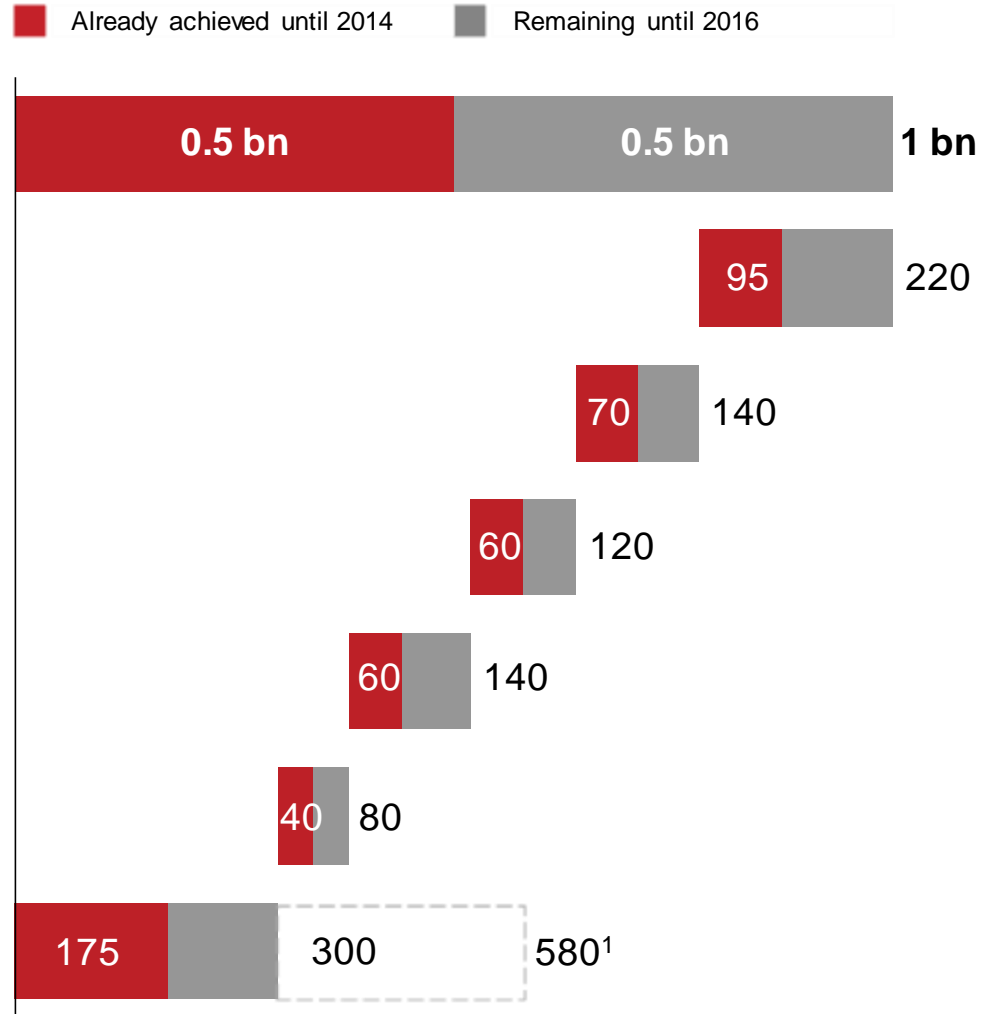
Support & Corporate services

Information Systems

IT Infrastructure

Premises & Facilities

Procurement/
Indirects



¹ Including procurement-related savings which also belongs to the other programs

Agenda

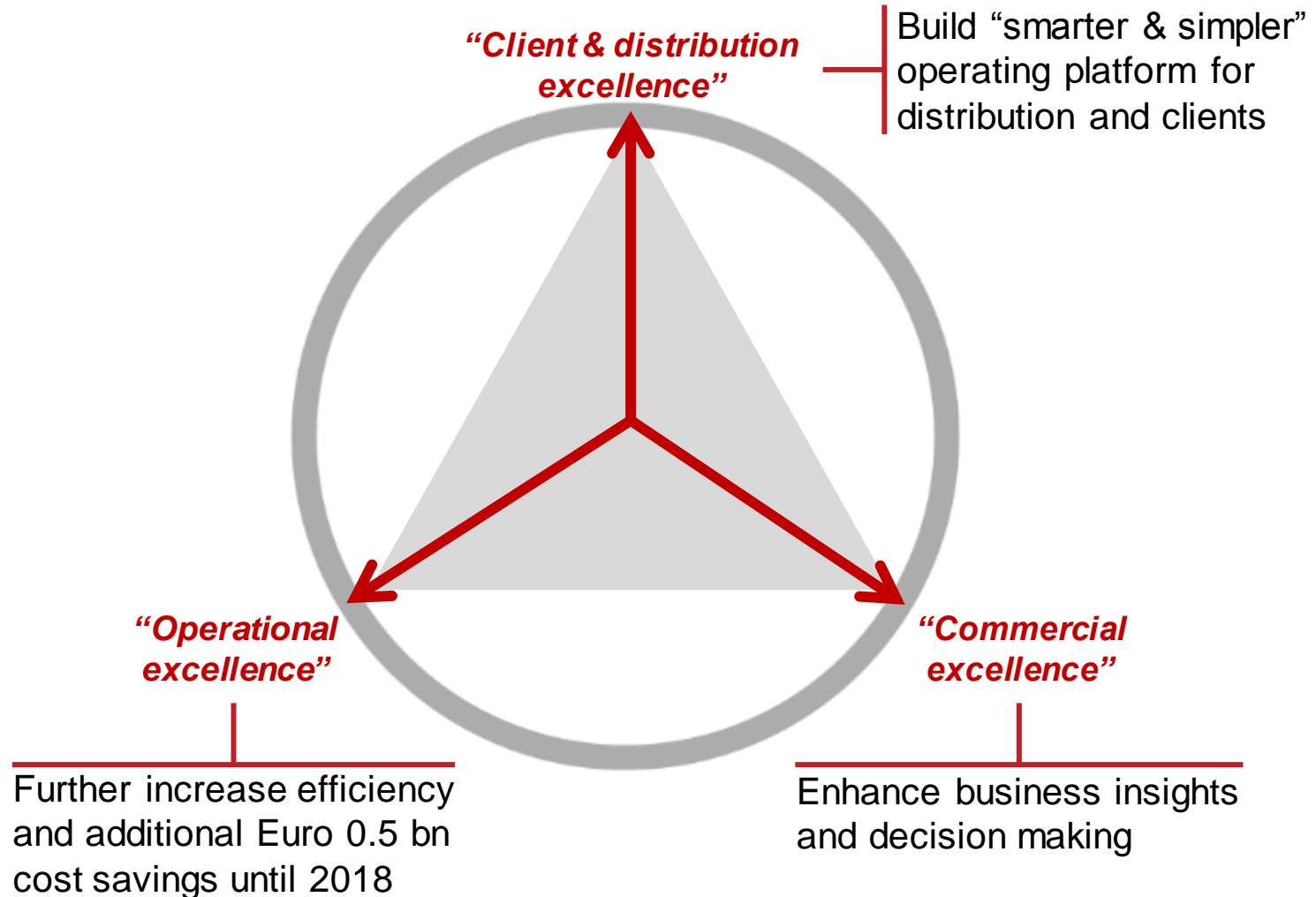
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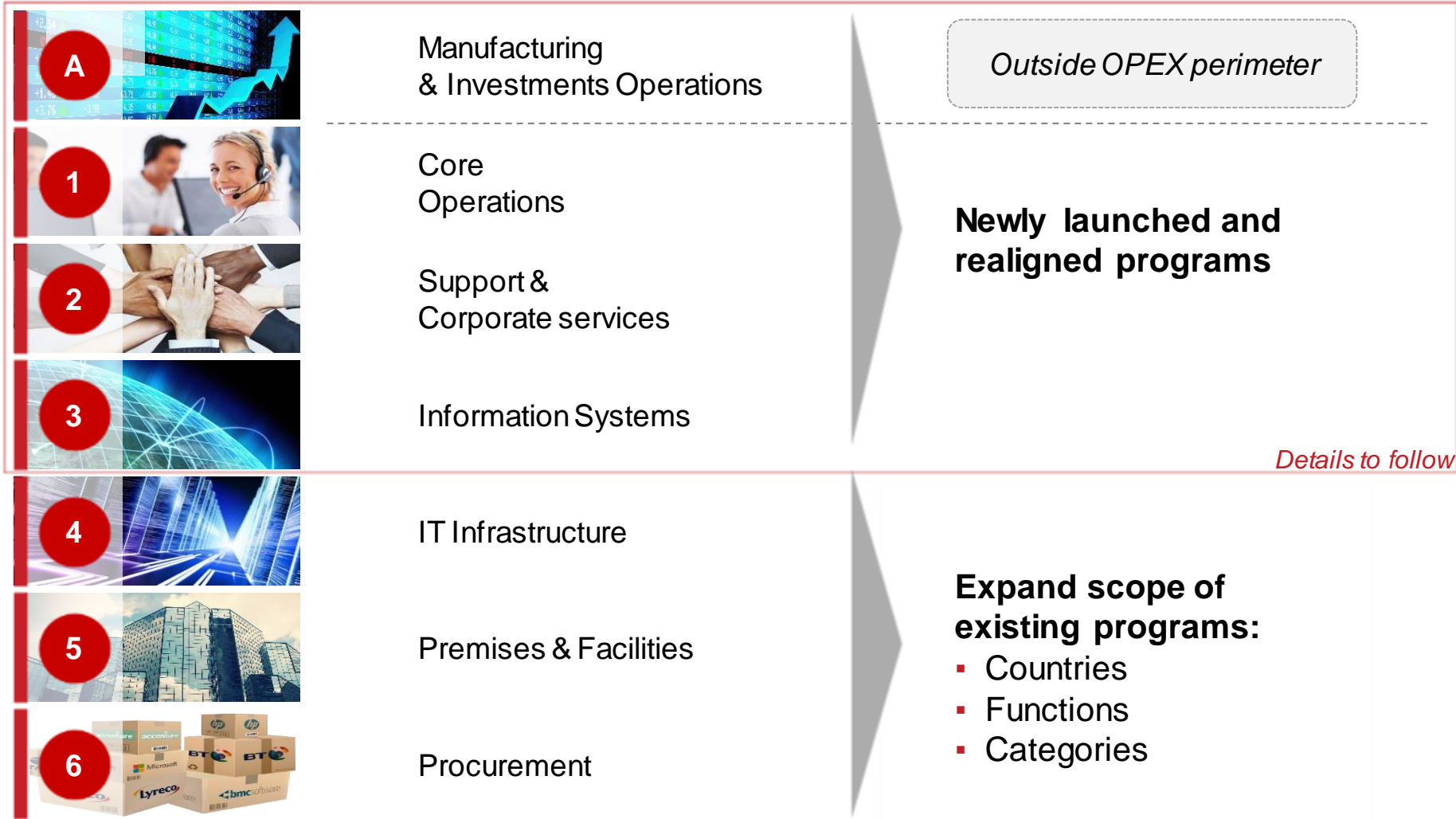
Financial benefits and investments

Wrap-up

Strong cost focus to be complemented with client & distribution as well as commercial excellence

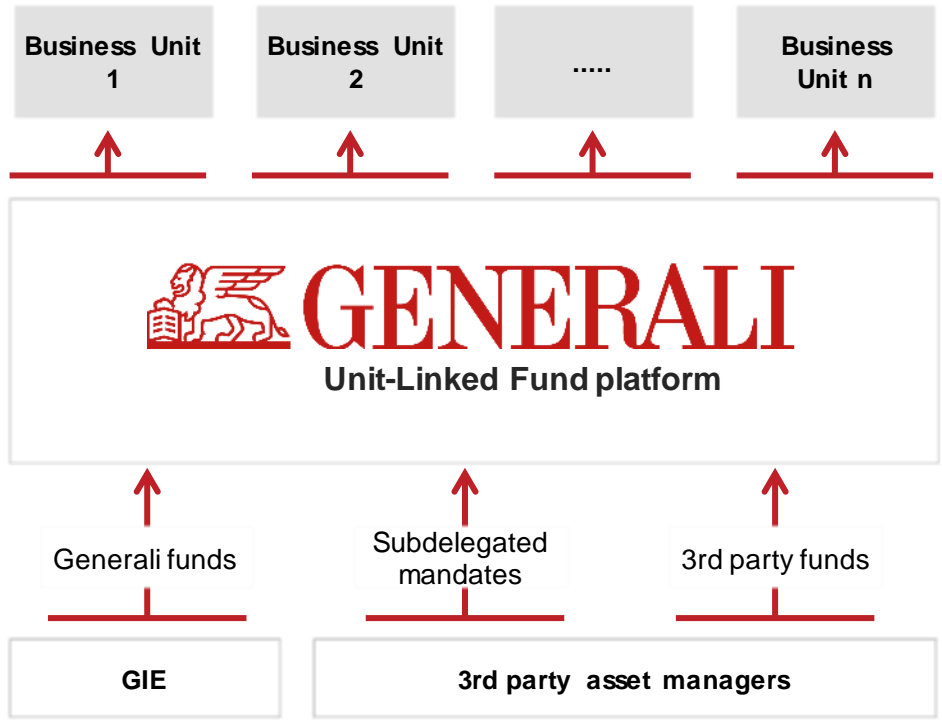


Transformation scope expanded





A Group Unit Linked fund platform: example of initiative supporting product & service strategy



Benefits

- Capturing higher share of overall revenue pool
- Support UL volume growth per Group's life strategy
- Improved offering and interactions for clients and distributors



1 Industrialization & digitalization in core operations

Core
Insurance
Operations

Industrialization

Product & service
simplification



Structural optimization



Process improvement &
automation



Right-sourcing



Digitalization

Accessibility



Connectivity



Mobility



Predictive analytics



Benefits

- “Smarter & simpler” customer journey
- Further cost savings

2 Simplifying and streamlining payments by creating a global e-payment platform



State of the art payment solutions for clients and agents



Simplification of processing with banks



Benefits

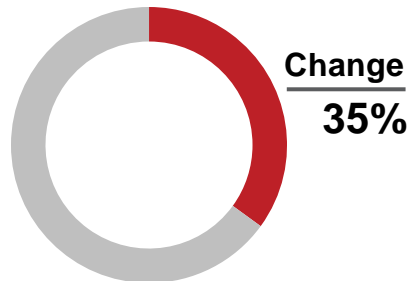
- Enhance convenience for clients and distributors
- Automate and accelerate payment processing
- Reduce costs, transaction fees and working capital



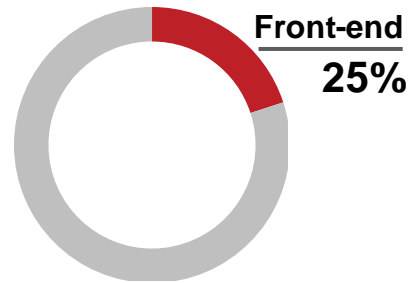
3 Transformation of IT Systems required to accelerate digitalization and industrialization

Change vs. Run

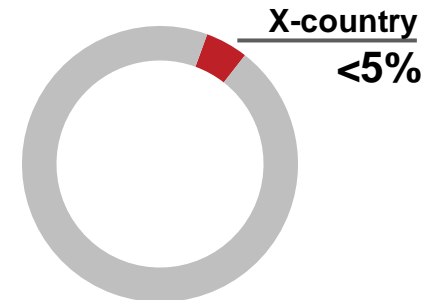
From...



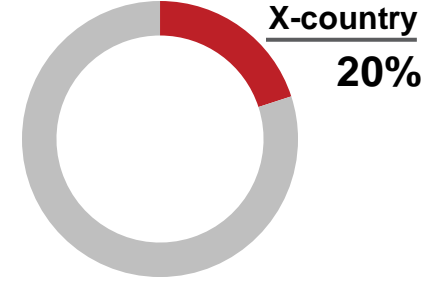
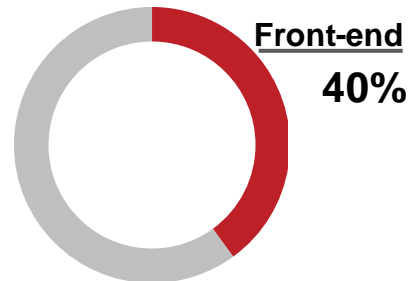
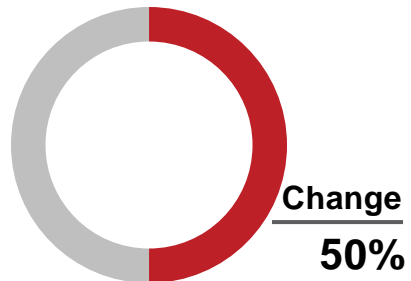
Change: Front- vs. Back-end



Change: Single- vs X-country

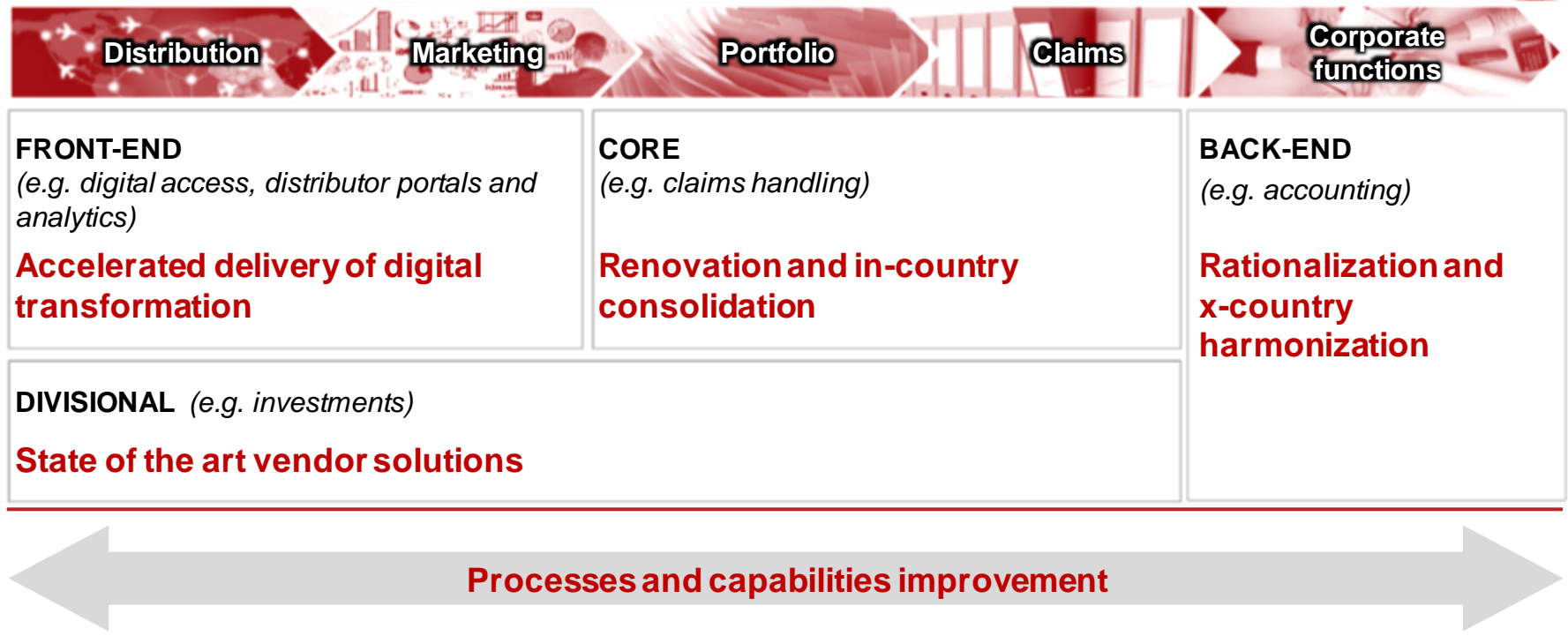


...to





3 IT Systems program tailored to the specific challenges of the architecture landscape



Benefits

- Enhanced functionality and experience for clients, distributors and staff
- Improved time to market & reduced running costs

Agenda

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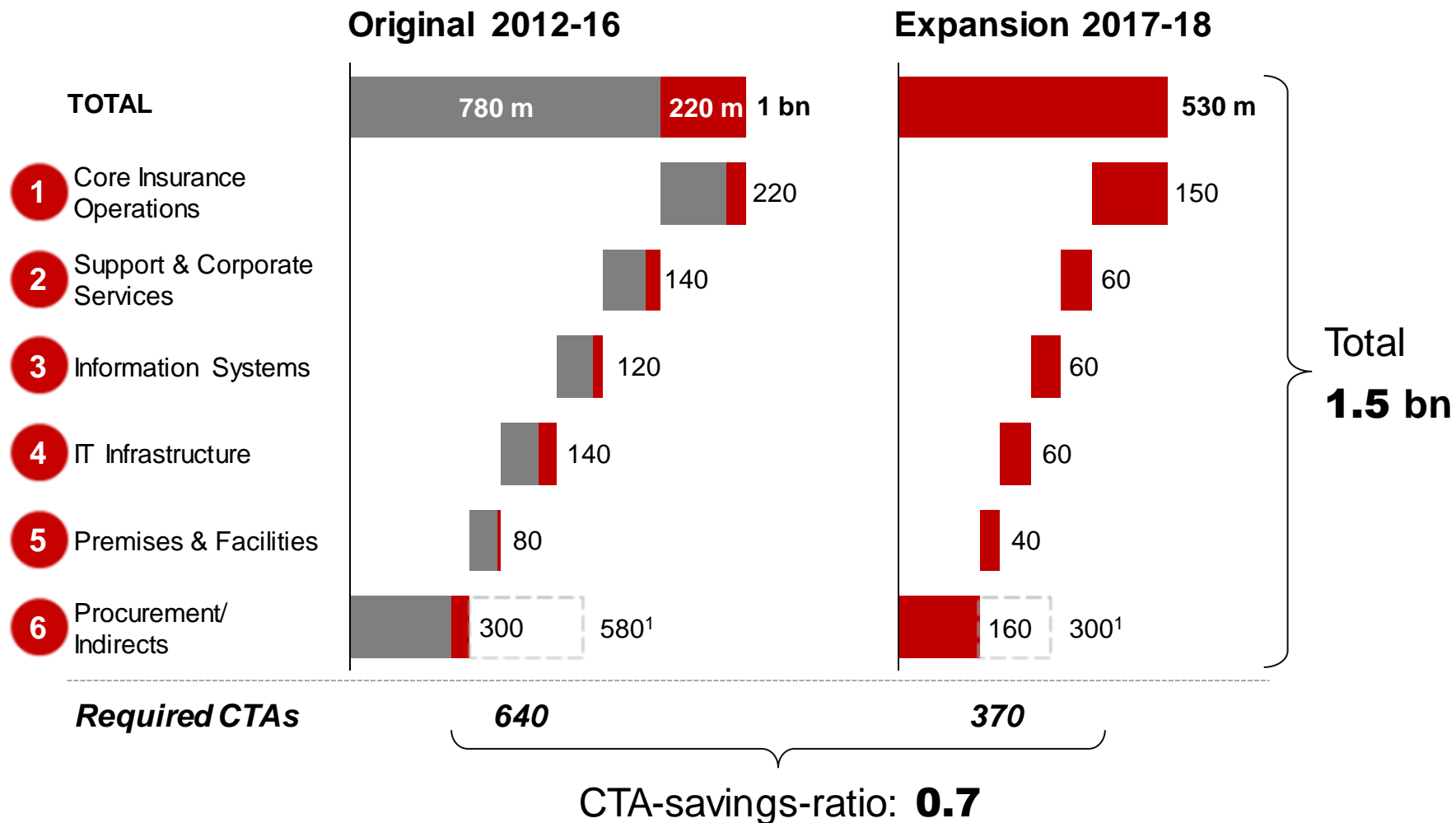
Wrap-up

All programs deliver tangible savings

(Gross savings, Euro m)

Forecasted until 2015

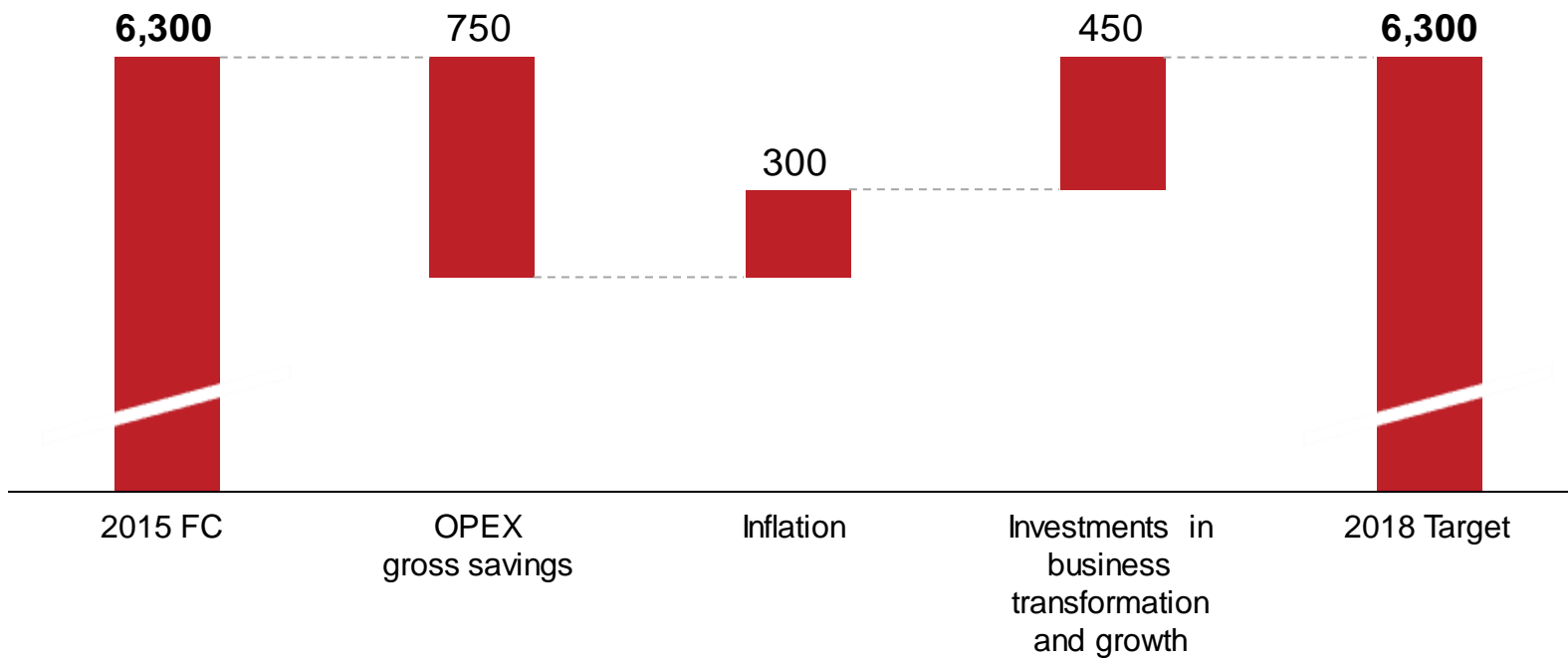
To be delivered 2016-18



¹ Including procurement-related savings which also belongs to the other programs

Savings to fund inflation & business transformation

Expense development (2015-18) (Euro m)



Over the next three years an incremental Euro 1.25 bn to be re-invested to accelerate Generali's business transformation

Incremental cumulative funding (2015-18)

▪ Gross savings after inflation	Euro 900 m
	+
▪ Reallocation of discretionary spend & IT change	Euro 350 m
	=
TOTAL	Euro 1.25 bn

Expected investments (examples)

- **Innovate product offering** (e.g. telematics)
- **Expand specific market segments and product lines** (e.g. P&C growth)
- **Redesign of client-facing touch-points** (e.g. NPS)
- **Enhance distributors and sales support**

Savings generation & resource reallocation needed to deliver deep and sustainable business transformation

Agenda

Journey and achievements to date

Objectives and program going forward

Financial benefits and investments

Wrap-up

Key take aways

- **Fully on track** to deliver vs the **November 2013 ID targets**:
 - ✓ **Euro 0.5 bn** savings already delivered by YE 2014
 - ✓ **Euro 1 bn** savings target confirmed for 2016
 - ✓ **Execution** of operating platform **strategy** and **transformation programs**

- Strategy and program focus shifting towards **client & distribution** as well as **commercial excellence** whilst launching **next wave of operational excellence** programs

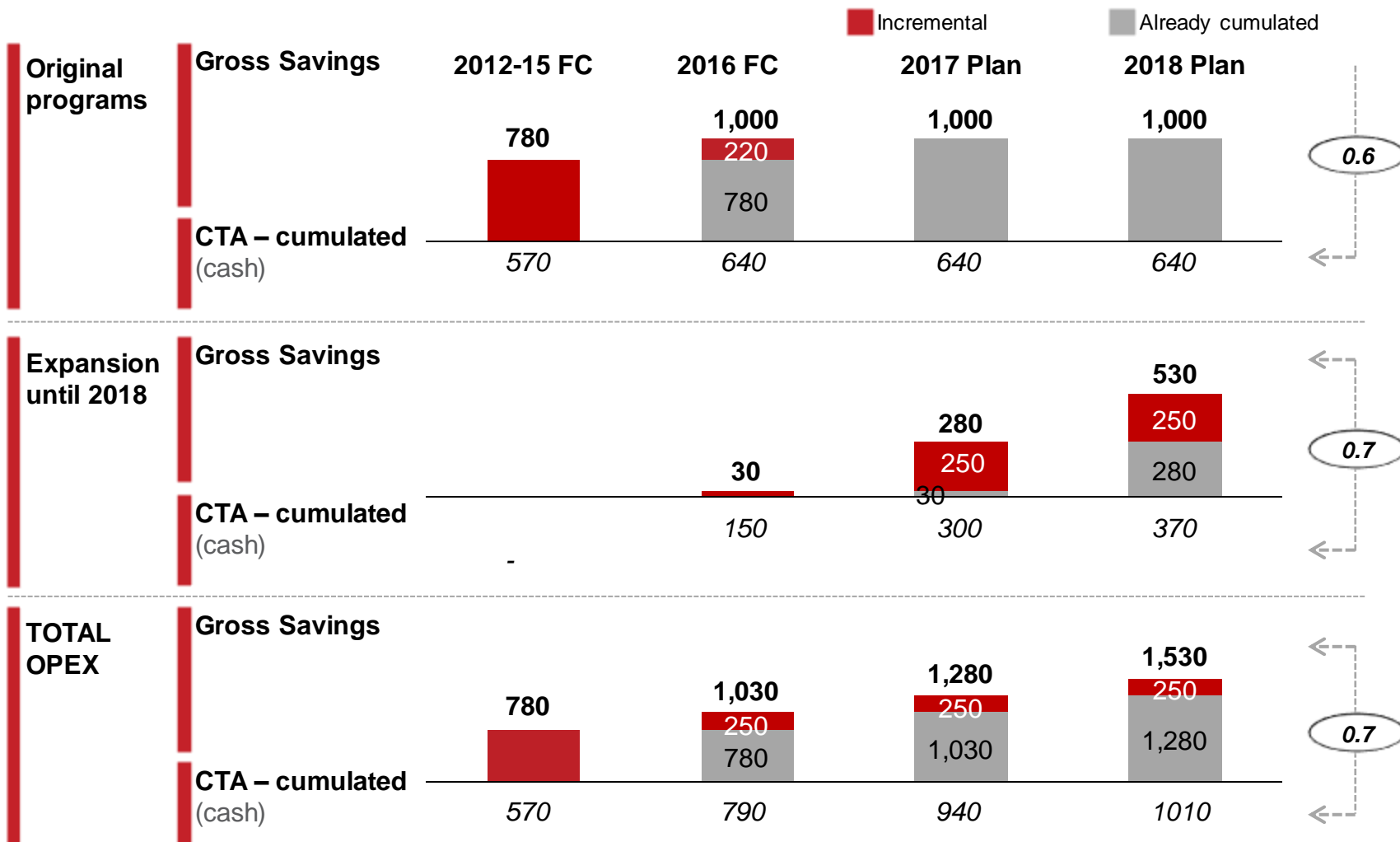
- **Additional savings 2017-18 of Euro 0.5 bn**:
 - ✓ Total savings **2012-18 of Euro 1.5 bn**
 - ✓ **Total CTA-savings-ratio of 0.7**

- Over the next three years an **incremental Euro 1.25 bn to be re-invested** to accelerate Generali's business transformation
 - ✓ **Fully funded** through **OPEX expense savings** and **rigorous budget redirection**
 - ✓ Thus, allowing to maintain **expenses flat**



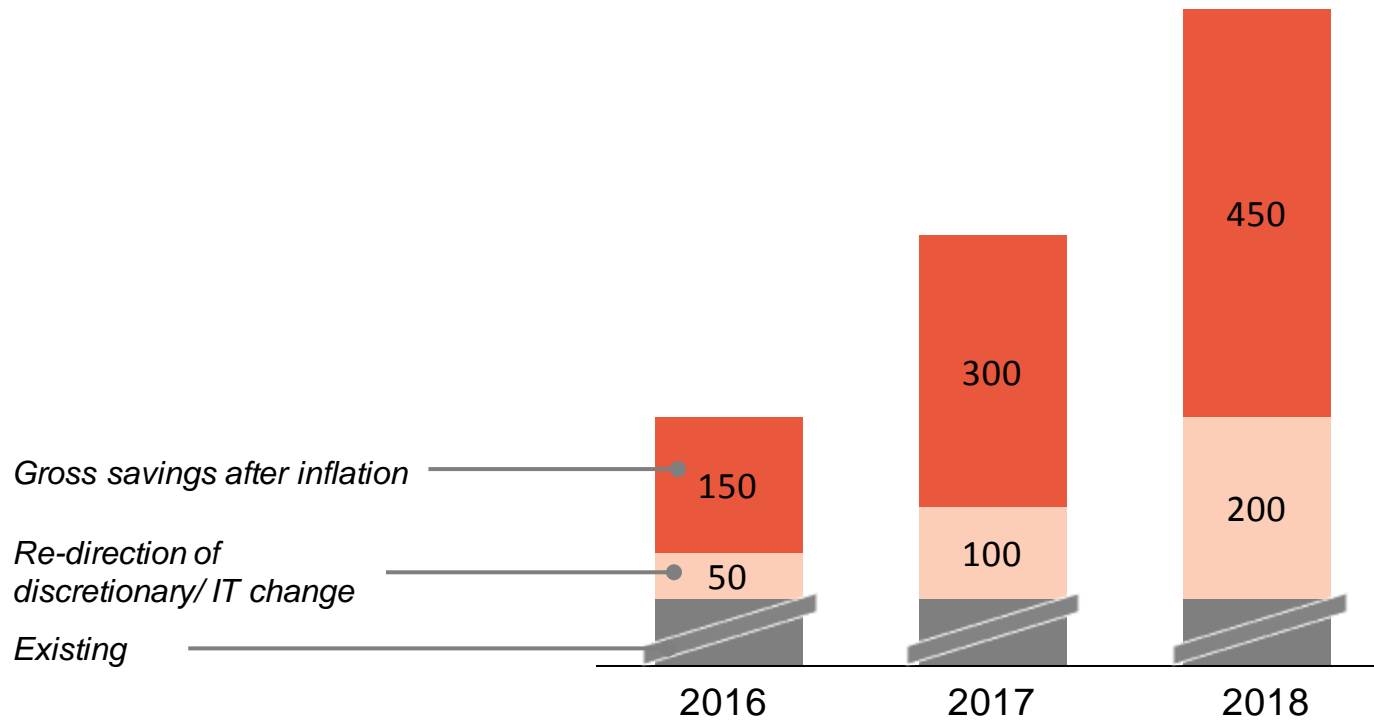
Thank you

Gross savings and CTA split by year



Incremental funding for business transformation by source and year

(Euro m)



Incremental funding

	2016	2017	2018
Per year	200	400	650
Cumulative	200	600	1,250



Focus on Cash & Capital

Alberto Minali, Group Chief Financial Officer

Agenda

External environment

Solvency II & Capitalisation

Cash generation & dividends

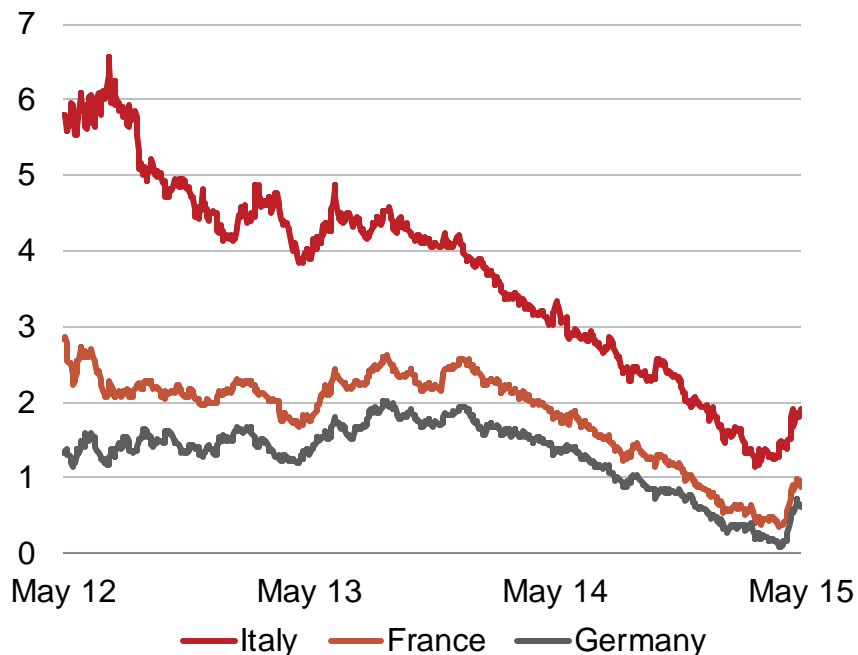
Operating RoE

Concluding remarks

The external environment remains challenging

Government bond yields

(10 Year, %)



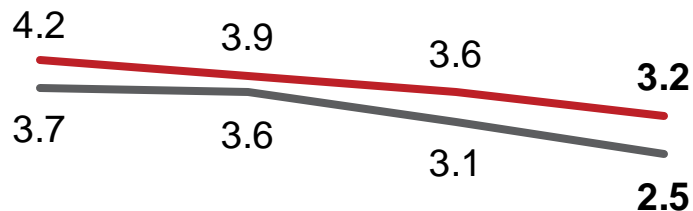
- Compression of interest rates and spreads
- Weak economic growth in Europe (though still substantial wealth)
- Regulatory challenges
- Consumers
- Taxes
- Competitive pressures in P&C

We will overcome these challenges to generate further growth in profits, cash and dividends

Low yields are pressuring investment returns...

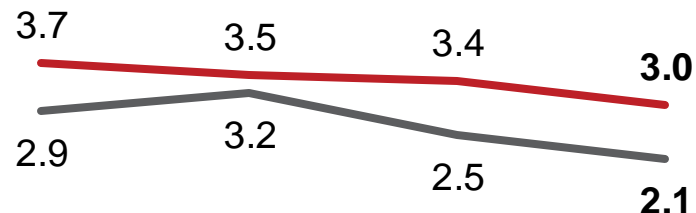
Life fixed income yields

(%)



P&C fixed income yields

(%)



— Gross current yield

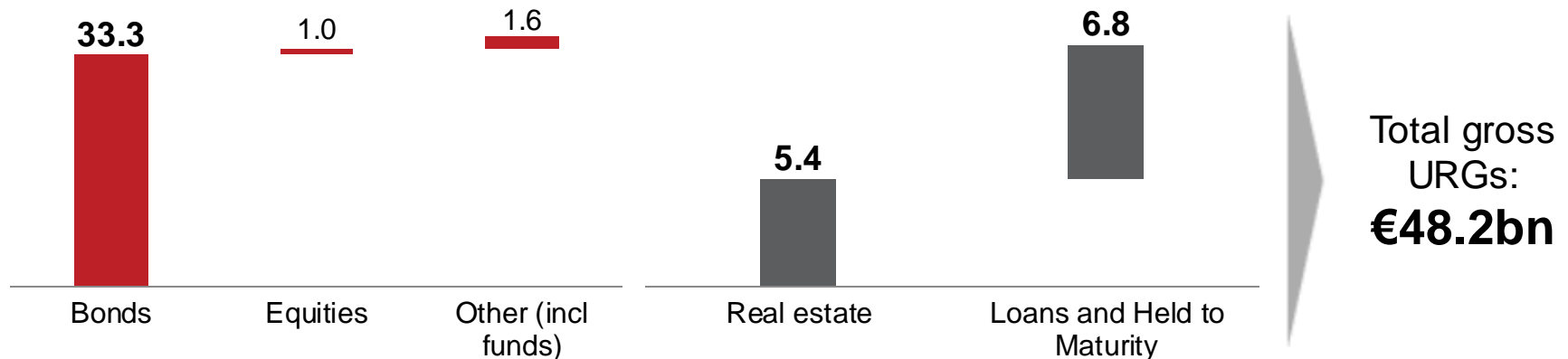
— Reinvestment rate

- Current yields falling, also driven by higher market values (in absolute terms, income is more stable)
- Reinvestment rate has continued to fall, reflecting market conditions, and will earn into current investment returns over time
- **Our hypothesis remains for a low rate environment to continue**
- **Our strategy is built to further improve performance regardless**

... but they have generated a substantial stock of unrealised gains

On balance sheet URGs: Euro 35.9 bn
(FY14, Euro bn, gross)

Off balance sheet URGs: Euro 12.3 bn
(FY14, Euro bn, gross)



- The Group has over Euro 48 bn of gross unrealised gains at FY14, mainly on bonds
- In FY14, total gross realised gains, losses and impairments taken amounted to Euro 1.9 bn, (4% of the stock)
- Shareholders' share of unrealised gains after policyholder, tax and minorities is Euro 11.1 bn
- Careful realisation of gains in an ALM context to continue, especially where valuations are high
- A comfortable cushion, **but fundamentally, our business strategy is to continue shifting business mix away from products where our profitability depends directly on financial markets**

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Internal Capital Model - Update

Current status

- New Internal Model fully running and producing results as at FY14
- **Available capital:** Based on eligible own funds compliant with the latest Solvency II regulations
- **Risk capital:** Moved to a Full Loss Distribution Model to calculate the Capital Requirement, with a complete review of the model (e.g. calibration, correlation)
- The “Old” model as previously published, is discontinued

Next updates

- We will provide an update of the new Group economic capital ratio during 2015
- We will provide more details of the model and year end position, with the FY15 results disclosure in March 2016

Our new Internal Model is running, and shows us to be well capitalised

Pro-forma internal model economic capital ratio **186%** on new model as at 31 December 2014 (vs. 157% under old model)



Main areas of difference Impact on Ratio

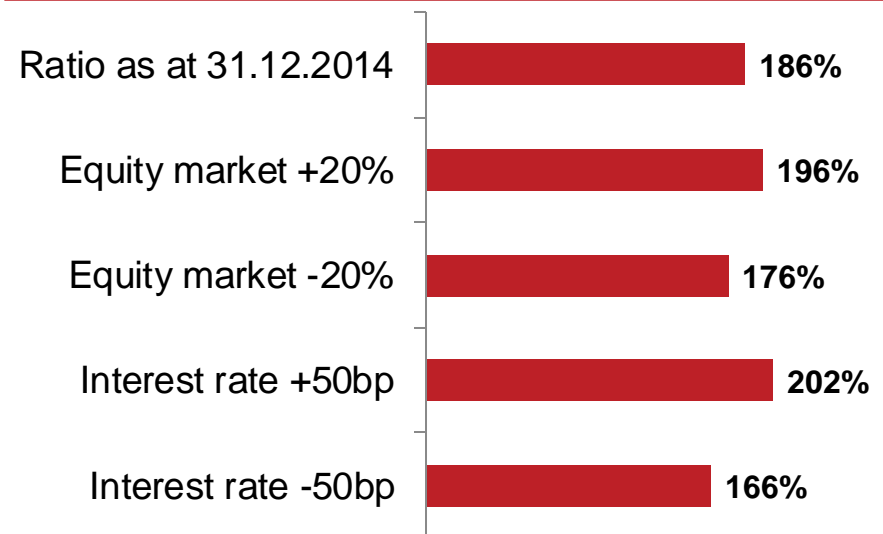
Full allowance for EEA Sovereign Credit and Spread Widening risk ↘

Stochastic volatility adjuster ↗

Operational Risk: from Standard Formula to an Internal Model ↗

Use of IORPs equivalence regime for French pension portfolio ↗

Key market sensitivities



Solvency II progress

- Initially, we will have partial internal model approval:
 - Some country units will not be in the perimeter of the approved Internal Model, and instead use Standard Formula.
 - Regulatory approval for Operational Risk under Internal Model will come later
- Pre-application / application progressing according to planned timeline
- We will work with regulators to expand the scope of the Internal Model approval as soon as possible, expected to be mostly complete over the next 2 years

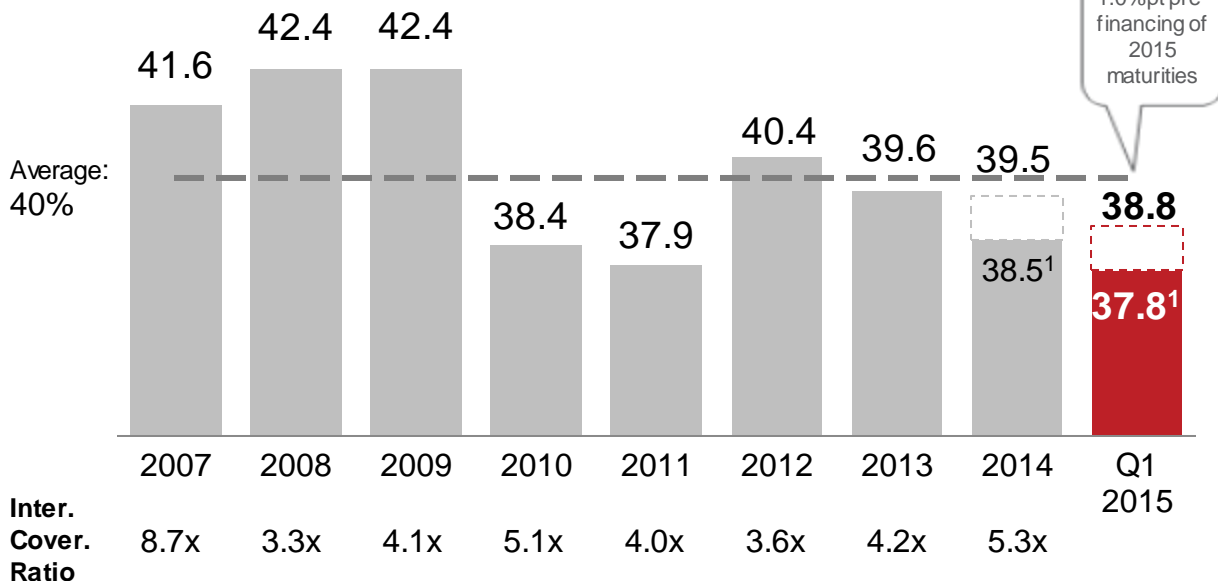


Solvency II ratio expected to converge to Internal Model view over time

Debt leverage

Financial leverage evolution

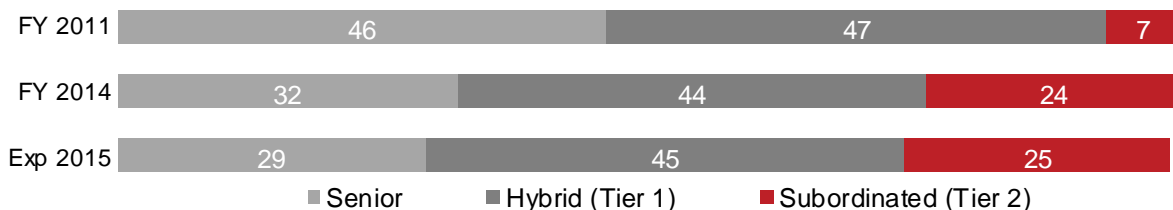
Leverage ratio, %



- Reduction of Senior debt stock by Euro 1.5 bn:
 - Euro 1 bn of net reduction
 - Euro 500 m switched into subordinated debt, improving debt structure
- Around 40% of bonds callable in 2016/2017 already refinanced through the LM transaction launched in November 2014
- 10% interest expenses reduction from YE 2013 due to debt repayment and refinancing at lower rates

Debt Structure evolution

% composition of total debt structure



Financial Leverage = Financial Debt / (Financial Debt + Adjusted Shareholders' Equity)

Adjusted Shareholders' Equity = Shareholders' Equity gross of minorities excluding gains and losses included in Other Comprehensive Income (OCI).

¹ Pro-forma excluding double-counting effect of pre-financing €500m Senior maturity due in May 2015

Achievements:

- Debt reduced by Euro 1 bn
- Debt structure rebalanced
- ICR and Leverage ratio improved

Agenda

External environment

Solvency II & Capitalisation

Cash generation & dividends

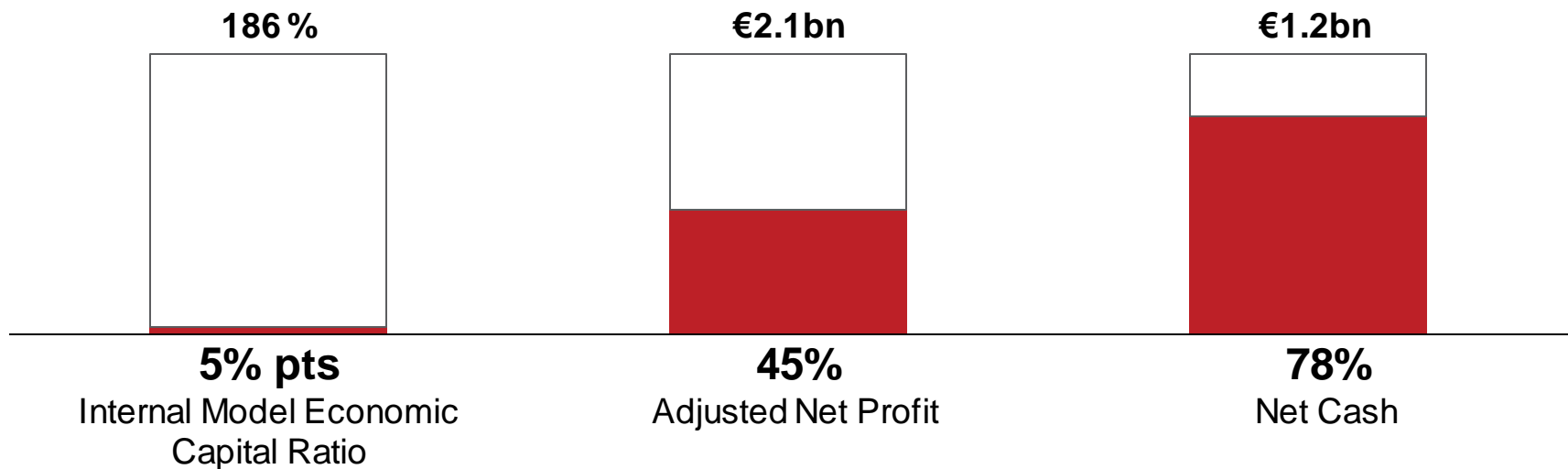
Operating RoE

Concluding remarks

Cash is the biggest constraint to dividend growth

Our strategic actions are therefore focused on increasing cash generation

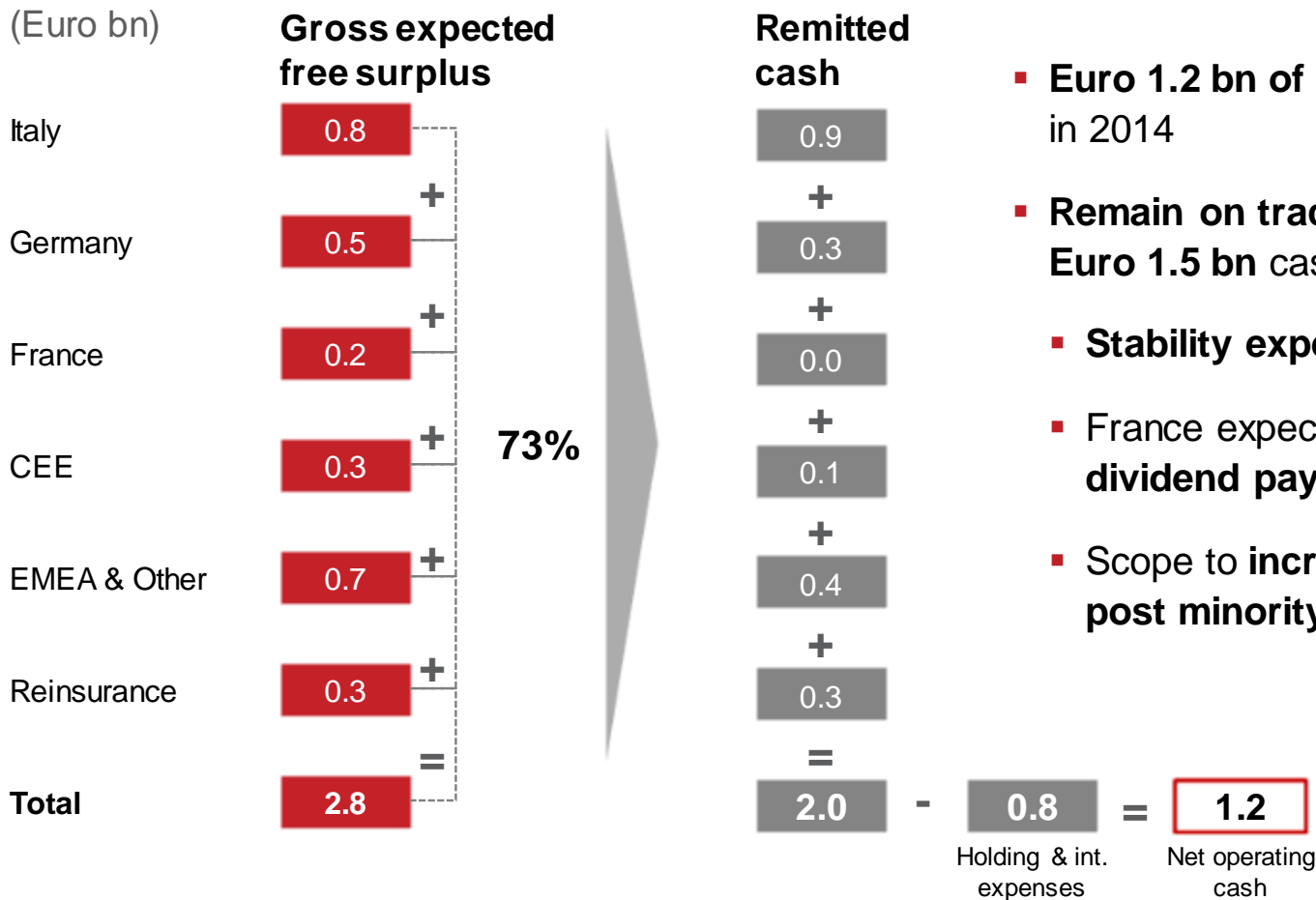
2014 dividend payout (Euro 0.60 per share) is ...



- At the margin, changes in dividend have no significant impact
- Capital becomes a constraint only at the “hard limit” of solvency
- Key to ensure local subsidiaries are sufficiently capitalised (to be able to freely pay dividends)
- 2014 dividend well covered by earnings
- 2014 dividend absorbed 78% of net cash
- There might be other calls on this cash, e.g. investments, the need to capitalise subsidiaries, minor acquisitions, etc.
- Cash is the binding constraint**

Group Cash Flow

Reminder of 2014 generation by country



- Euro 1.2 bn of cash in 2014
- Remain on track to reach ambition of Euro 1.5 bn cash in 2015
 - Stability expected from Italy
 - France expected to recommence dividend payments
 - Scope to increase CEE remittance post minority buyout

Fundamental to increasing cash, is increasing distributable profits at business unit level

Gross expected free surplus by source	FY14 (Euro bn)
Life inforce surplus generation	2.9
Life new business cash strain	(0.9)
Life new business capital strain	(0.6)
Total Life gross expected free surplus	1.4
P&C expected free surplus	1.2
Financial & other expected free surplus	0.2
Total gross expected free surplus	2.8

New business strain Euro 1.5 bn

50/50 split of Life vs. Other sources of free surplus generation

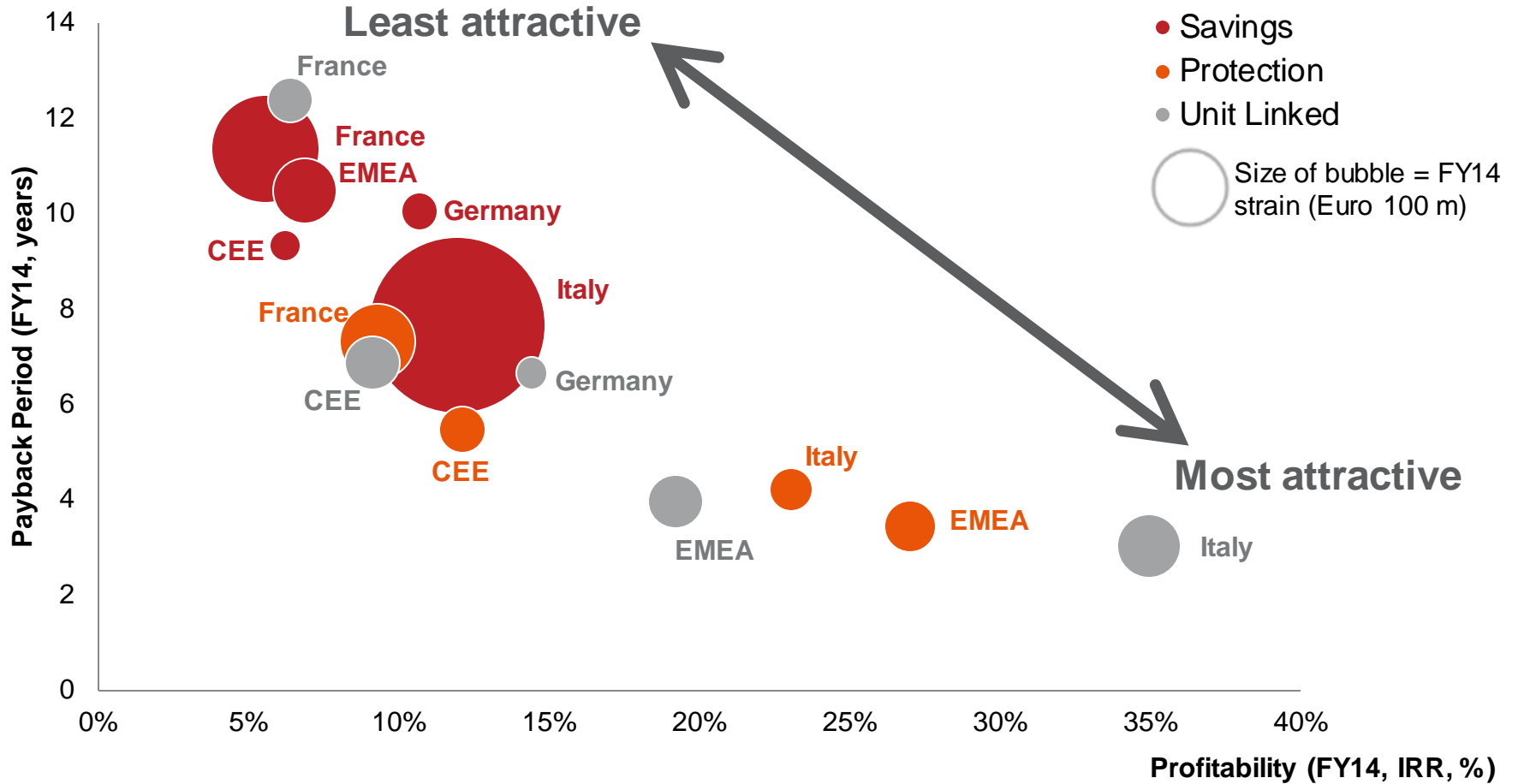
We can improve cash generation by:

- Optimizing life New Business to increase value, while reducing strain
- Life in-force management
- Customer focus to improve retention
- Enhancing P&C profitability
- Managing costs

Focus on increasing operating result while maximizing cash generation

New business: Clear economic benefits of shifting mix

Protection & unit linked: Higher profitability and shorter payback than traditional savings



Business mix is already moving significantly

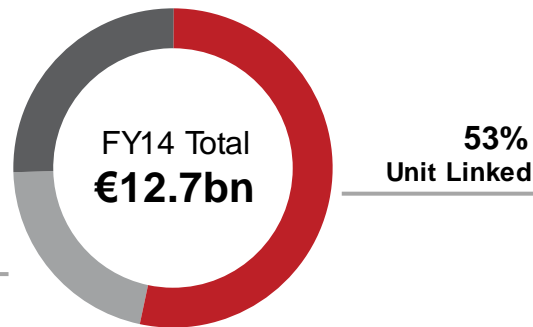
While guarantees on new traditional savings business continue to be reduced

Life Insurance net inflows

(FY14, %)

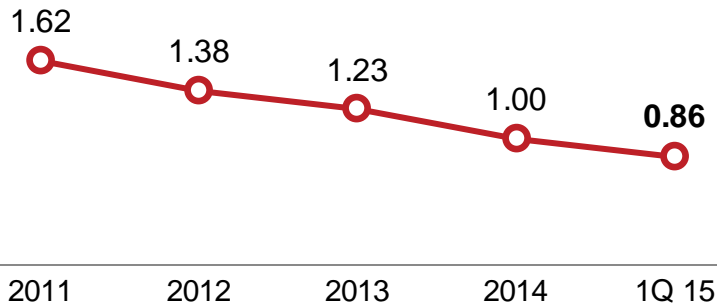
25%
Protection

21%
Traditional
Savings



Guaranteed new business

(APE weighted av. guarantee, %)



- Net inflows already biased towards unit linked and protection
- Net inflows of traditional savings business mainly relate to Italy, as part of hybrid offer
 - Fee based, and connected to production of unit linked
 - Negligible net flows of traditional business elsewhere
- Guarantees on new traditional business have been progressively reduced
 - 86bp on average in 1Q15 (71bp in Euro area)

A case in point – Managing new business in Italy

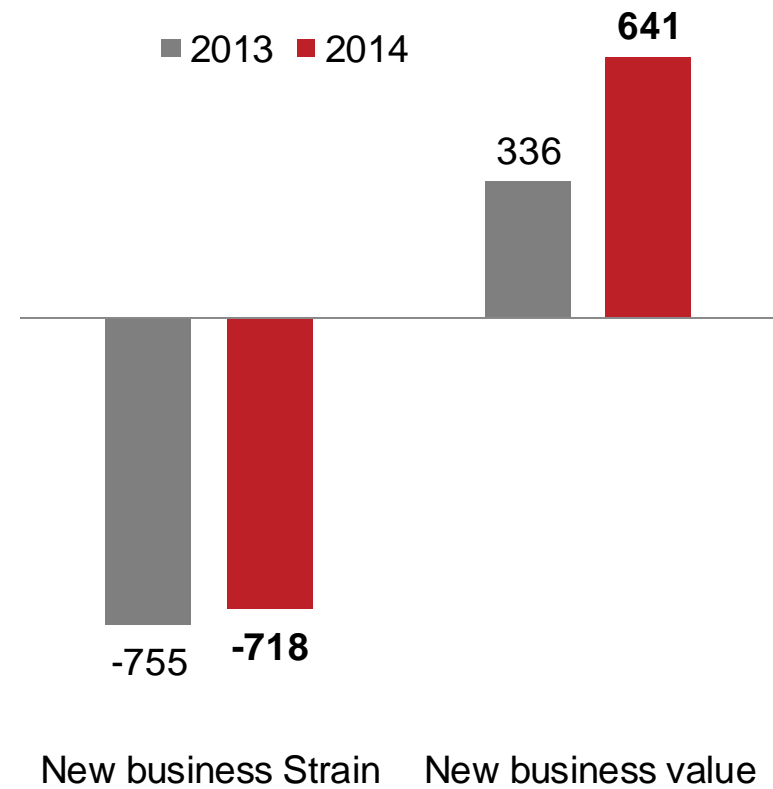


Steps taken in Italy:

- Launch of hybrid products (e.g. Valore Futuro, Stile Libero, YellowLife)
- Ongoing reduction in guarantees for traditional portion (0.51% at Q1 2015)
- Selectivity of flows into segregated funds
- Optimisation of fees
- Amended commission structures

Almost double the new business profit, for less strain invested

Italian life new business profitability and strain (€m)



Life in-force free surplus generation: key levers

Examples of available strategic actions to optimise in-force business

Customers

Surrenders & maturities
(FY14, B€)

~ €27bn

In force management

Existing Portfolio Guarantee
(FY14)

2.0%

Costs

Admin expenses / Reserves
(FY14)

0.28%

Examples of initiatives

- Surrender management through **segmentation** and **data analytics**
- Refine **maturity management** (e.g. offer UL & Protection solutions rather than automatic rollover to traditional)
- Customer satisfaction (e.g. NPS) to improve retention
- Segmented approach to In Force Management:
 - **Profit sharing optimisation** to protect existing guarantees/clients and link to retention
 - Actions on specific product clusters to **optimize margins** and **capital consumption**
- Monetisation (e.g. securitisation)
- Ongoing cost savings initiatives
- Management and rationalisation of legacy systems

Strategic actions in P&C to generate further operating results and cash

Customers

Operating result
impact of 1 p.p.
retention

>€20m

Examples of initiatives

- Increase retention
 - Simpler, smarter propositions
 - Value added products & services
 - Improved customer knowledge, e.g. through data analytics, NPS

Products & services

e.g. Telematics
policies
(FY14, Italy)

>800 K

(5%pt lower loss ratio
than non-telematics)

- Modularisation and bundling
- Innovate in pricing and products (e.g. Telematics, Domotics, Vitality, dynamic pricing) backed by further investment in data analytics
- Strengthen service component (e.g. Europ Assistance)

Costs

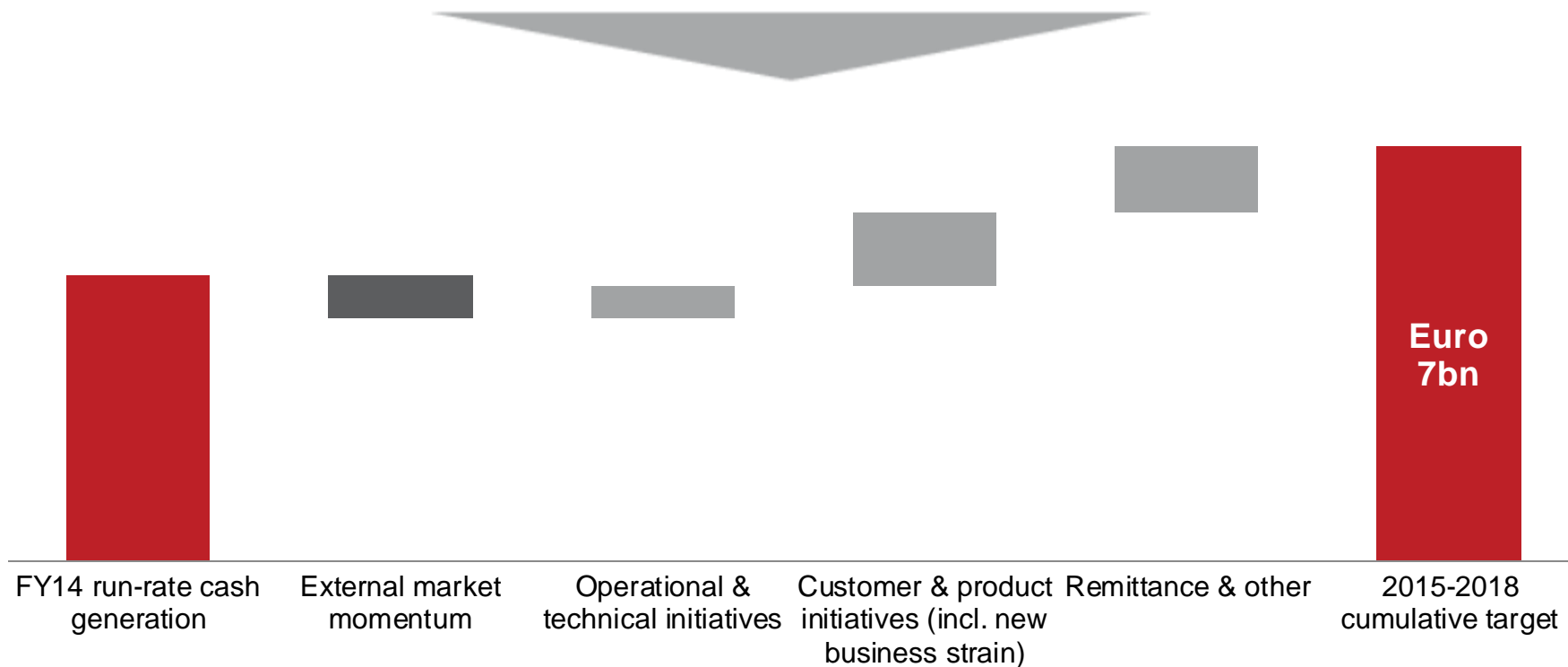
P&C admin expense
ratio
(FY14)

5.1%

- Ongoing savings initiatives as per OpEx programs

Indicative path to Euro 7 bn of net operating cash 2015-2018

- Strategic initiatives will much more than offset expected negative external pressures (inflation, lower investment returns, weakening P&C pricing)
- Additional upside to cash from improving remittance



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Cash generation & dividends

Operating RoE

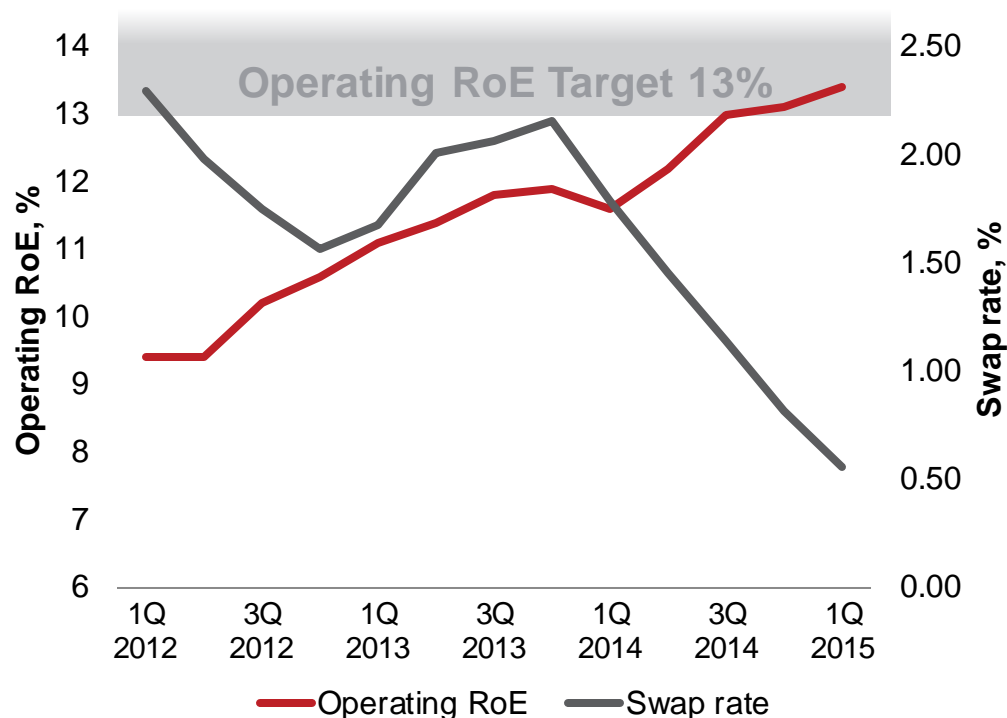
Concluding remarks

We have a cash focus, but remain committed to our Operating RoE target...

...despite significantly lower interest rates

Operating ROE, rolling average trend¹

(%)



- Improvement in operating performance has moved Operating RoE into our target range
- Committed to Operating RoE of 13%, despite the pressurised environment, and the increasing shareholders' equity of the Group

Operating RoE =

$$\frac{(\text{Operating profit} - \text{Interest} - \text{Tax} - \text{Minorities})^2}{(\text{Average shareholders' equity, excl. OCI})}$$

¹ Operating RoE has been calculated on a quarterly rolling average in the chart, to eliminate normal quarterly seasonality

² Tax assumed at normalised group rate of 34.5%. Minorities = Minority share of after tax operating result

Internal actions to counter external pressures on Operating RoE

Positive factors

	Life	P&C
Cost saving and operational initiatives	●	●
Strategic actions to boost retention	●	●
Restructuring Germany	●	●
Turnaround of underperforming P&C units (e.g. France, Brazil)		●

Negative factors

	Life	P&C
Falling investment returns	●	●
Lack of underlying economic growth (though still substantial wealth)	●	●
P&C price competition, especially Italian Motor		●
Fiscal & regulatory risks	●	●

- External factors will pressure profitability in Life and P&C
- Ongoing growth of our Shareholders' Equity base will boost the denominator and dilute returns
- We will take all strategic actions to counter these factors

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Cash generation & dividends

Operating RoE

Concluding remarks

Our targets – Summary of what we aim to achieve

We are well positioned

- Excellent operating performance in both Life and P&C
- Well capitalised: FY14 Internal model economic capital ratio at 186%

Identified strategic priorities for financial performance

- Clear product and business strategies to improve profitability and cash generation
- Aiming to reduce strain while growing value in Life
- Continued discipline on costs

To drive momentum on cash & dividends

- For 2015-2018, targeting cumulative net operating cash generation of Euro 7 bn and dividends of 5 bn

Summary of new financial targets

**Net Operating
Cash generation**



Euro >7 bn
(cumulative 2015-2018)

Dividends



Euro >5 bn
(cumulative 2015-2018)

Costs



**Further Euro 0.5bn
gross savings to reach
Euro 1.5bn by 2018**

Disclaimer

Certain of the statements contained herein are statements of future expectations and other forward-looking statements.

These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

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The manager charged with preparing the company's financial reports, Alberto Minali, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this presentation corresponds to document results, books and accounts records.

Next events

30 July 2015

1H 2015 results reporting

5 November 2015

9M 2015 results reporting

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Thank you



Generali Investor Day

London – May 27, 2015