

# Triglav Group

## Investor Presentation for LJSE Webcast

### 2017 Unaudited Results

March 2018



Everything will be alright.

**triglav**

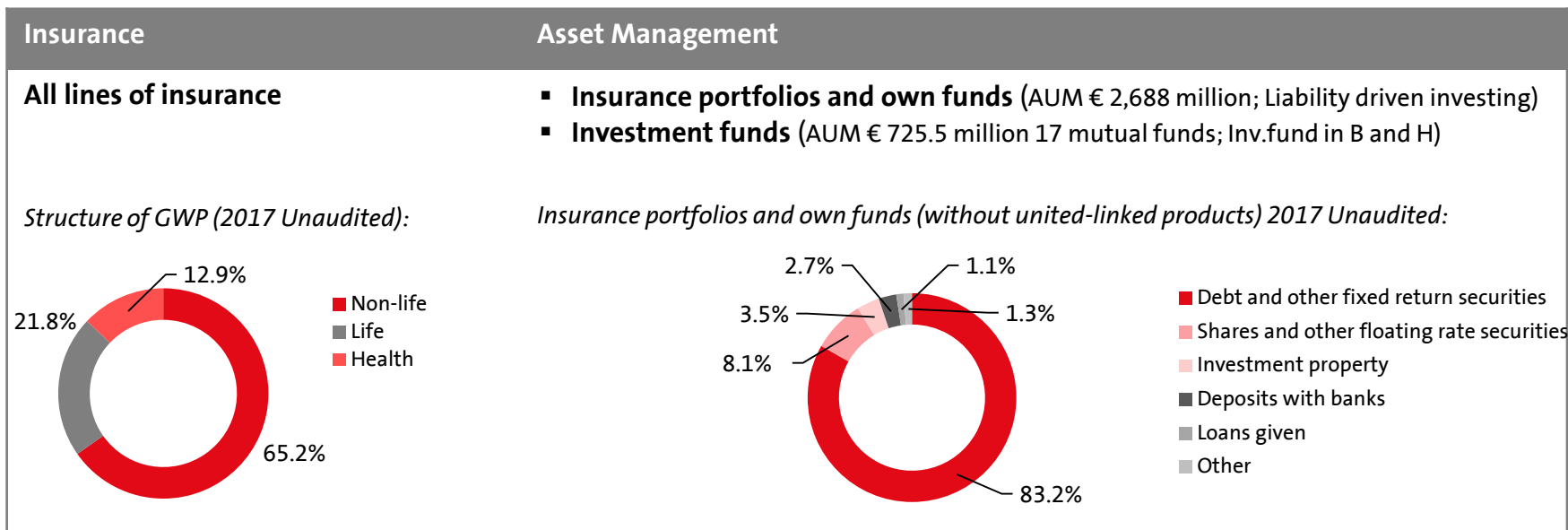
[www.triglav.eu](http://www.triglav.eu)

## **Triglav Group**

**Modern, innovative and dynamic insurance-financial group, firmly remaining the leader both in Slovenia and Adria region.**

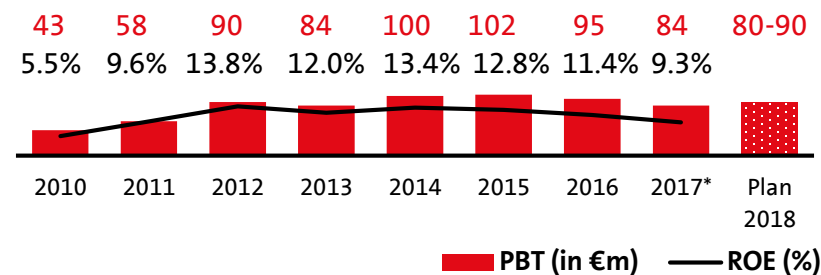


- Parent company Zavarovalnica Triglav (founded 118 years ago) and 37 subsidiaries
- Core business:



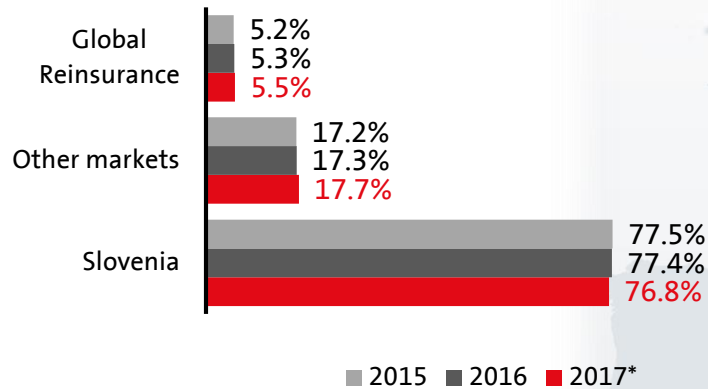
- Focus on profitability, safety of operations and greater value of Triglav Group.

**Strategic goal: ROE over 10% in 2020.**

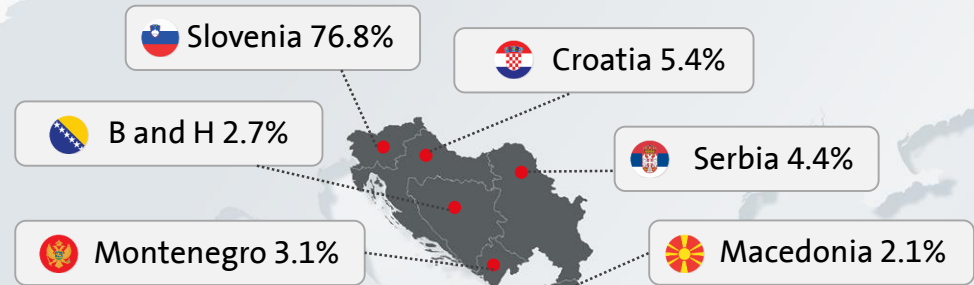


# Leading position in Adria region and in Slovenia

Gradually increasing share of GWP in the markets outside Slovenia

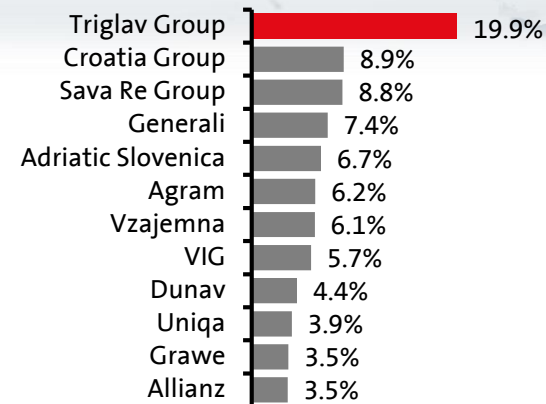


% GWP of Triglav Group by markets (2017 unaudited):



## Leading position in Adria region and in Slovenia

(market share in Adria region in 2016):



Source: Calculation based on the data of regional regulators



## 2017 Triglav Group at a glance (Unaudited Results)

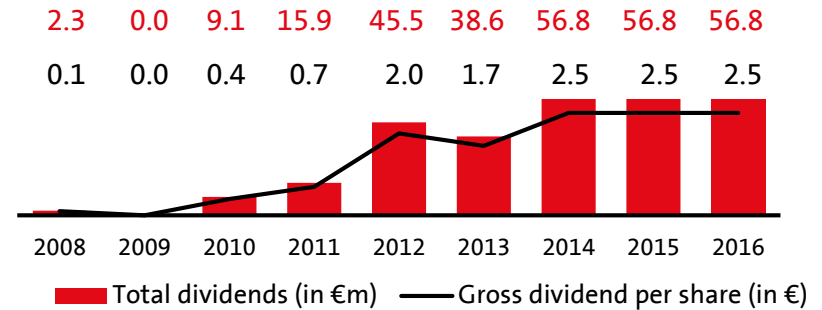
- On a global scale, impact of CAT events. CAT losses 59% above the Group's five-year average.
- The unfavourable claims experience was effectively compensated with high premium growth and higher cost efficiency.
- Returns on investment declined less than expected due to one-off events such as realised capital gains.

	Plan 2017	2017 Unaudited	Comment
Gross written premium (€m)	Around 930	<b>1,000</b>	7% growth (growth in all three premium segments and in major markets)
Profit before tax (€m)	70 - 80	<b>84.4</b>	Above planned level
Combined ratio non-life	Around 95%	<b>93.9%</b>	Favourable (higher loss ratio, lower expense ratio)
Dividend paid (in 2017)		<b>€ 2.5 p.s.</b>	69% of 2016 consolidated net profit



# Highlights for Triglav Group in 2017

- Strong credit rating “A” maintained, medium-term outlook stable.
- Dividend for 2016



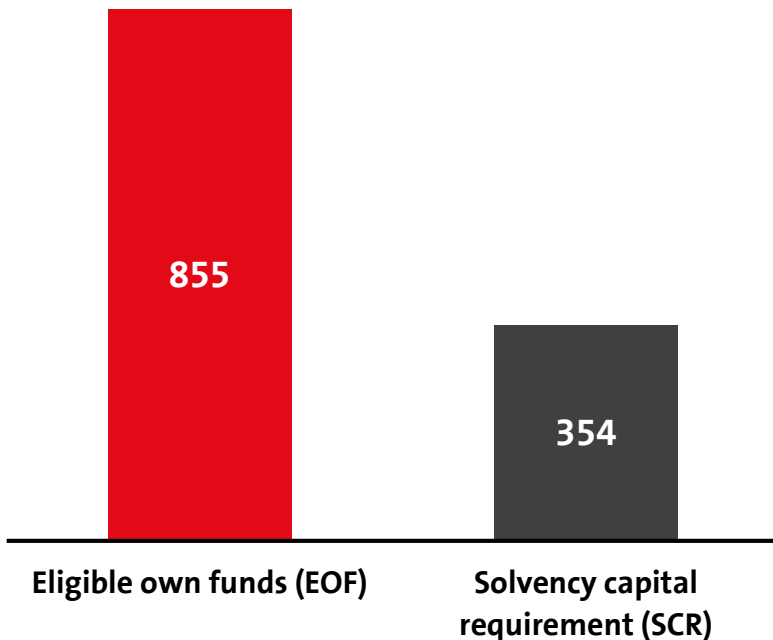
- Establishment of a regional platform for alternative investments (Trigal) in cooperation with the German KGAL Group
- Entry into life insurance market in Macedonia and pension insurance market in Bosnia and Hercegovina
- Changes in Supervisory Board and Management Board of Zavarovalnica Triglav
- CAT events
- First year of implementing the planned strategic development activities



# Financial Stability

$$\text{Solvency ratio of Triglav Group (31 Dec 2016)} = \frac{EOF}{SCR} = 242\%$$

In € million

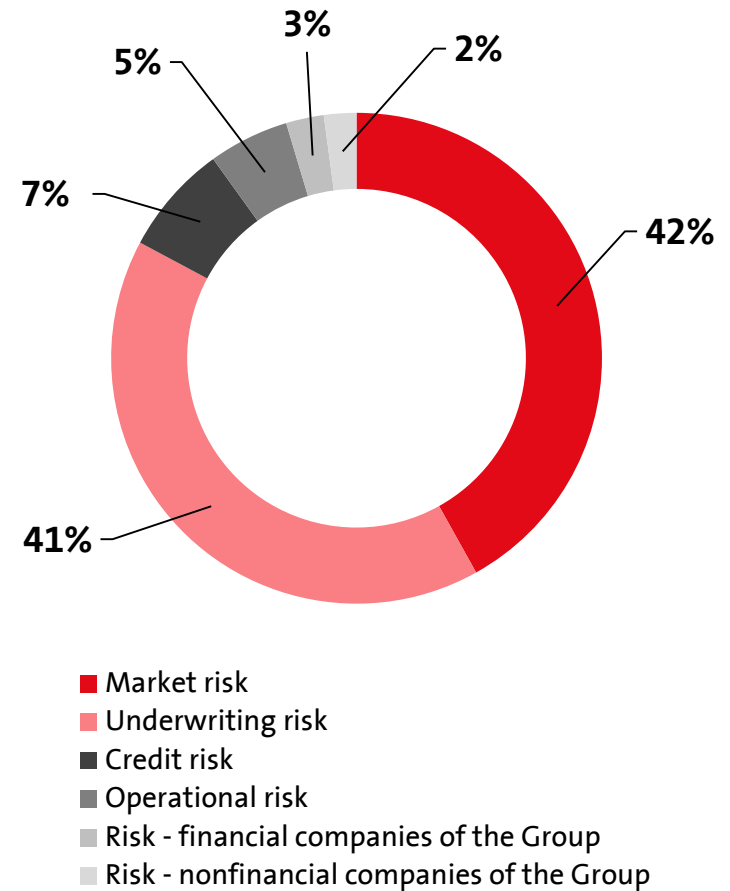


- Solvency ratio calculated in accordance with Solvency II regulation and Triglav Group's methodology, valid in 2016.
- SCR calculation based on **Standard formula**
- 98% of EOF are classified into Tier 1
- EOF and SCF calculated including ring fenced funds (*RFFs*)



## Risk profile of Triglav Group (31 Dec 2016)

- Level of risk exposure acceptable and in line with the defined risk appetite.
- The most significant and extensive are **market and underwriting risks**.
- All individual types of risks are **effectively managed** („three lines of defence” system).

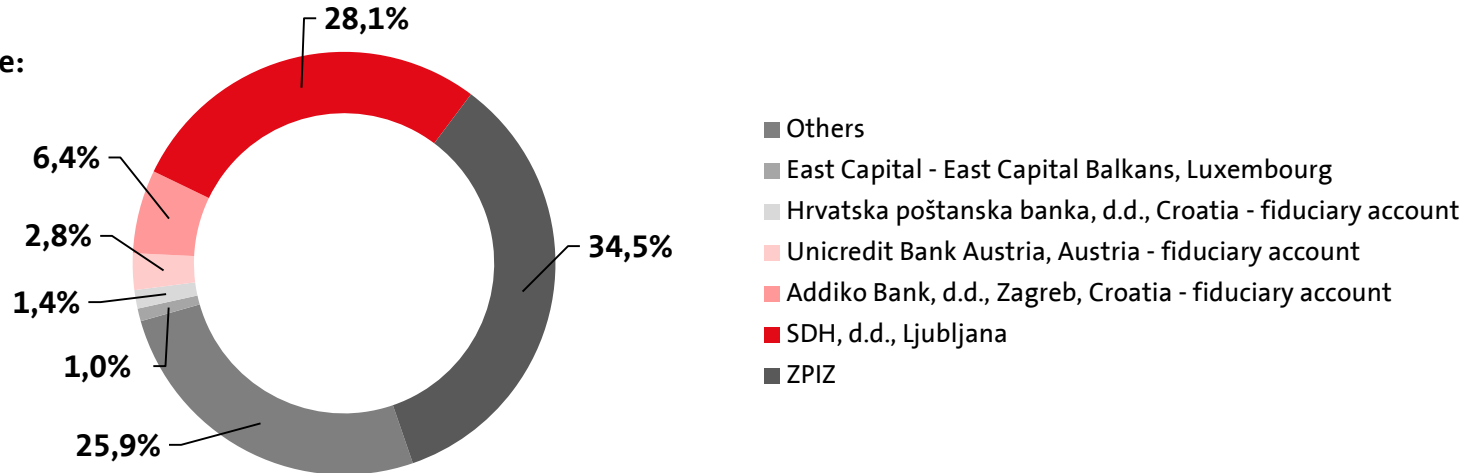




# Shareholders of Zavarovalnica Triglav (as at 31 Dec 2017)

- Shareholdings of international shareholders 18% of all shares (2008: 4%) and 37% of free float shares.
- Ownership concentration (share owned by Top 10) 76.7%, Government predominant shareholder

Shareholder structure:



	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22.,735,148	18,647,609	4,087,539	20,299,275	2,435,873
Number of shareholders	14,297	13,857	440	500	13.797
<b>Number of shares - percentage</b>	100,00%	<b>82.02%</b>	<b>17.98%</b>	<b>89.29%</b>	<b>10.71%</b>
Number of shareholders - percentage	100,00%	96.92%	3.08%	3.50%	96.50%



# Triglav Group in 2017 (Unaudited Results)

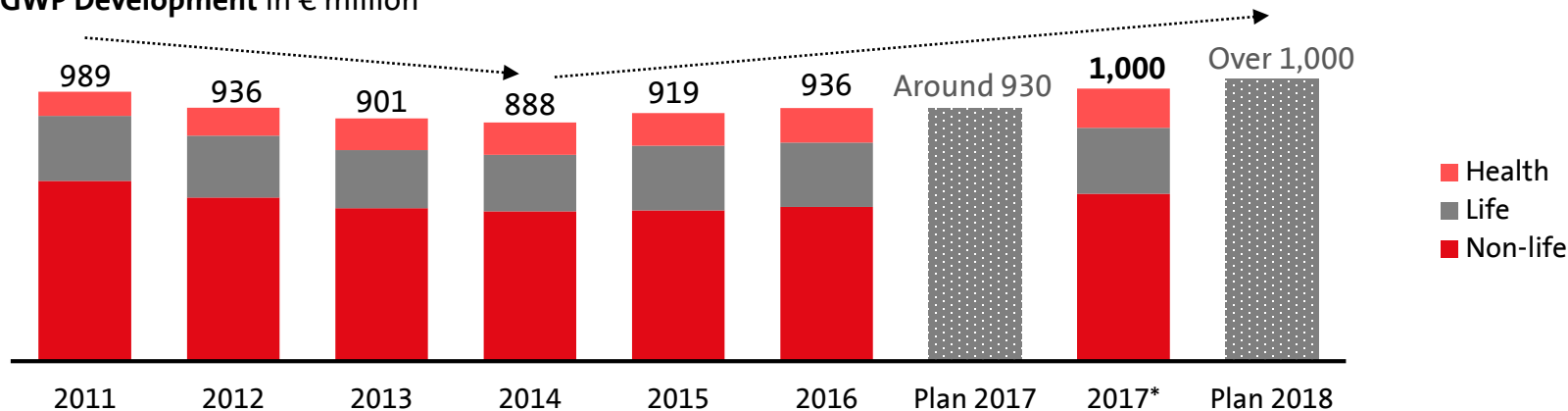
	In € million		Index
	2017*	2016	2017/2016
Gross written premium	999.9	936.0	107
Net premium income	891.2	849.6	105
Gross claims paid	642.2	606.0	106
Net claims incurred	620.0	577.1	107
Gross operating costs	274.0	277.1	99
Insurance business gross operating costs	248.4	237.0	105
Profit before tax	84.4	95.1	89
Net profit for the accounting period	69.7	82.3	85
Gross insurance technical provisions	2,732.2	2,660.8	103
Total equity	756.6	744.3	102
Number of employees	5,151	5,046	102
Expense ratio non-life	29.8%	30.9%	
Net claims ratio non-life	64.0%	62.0%	
Combined ratio non-life	93.9%	92.9%	

\*Unaudited data

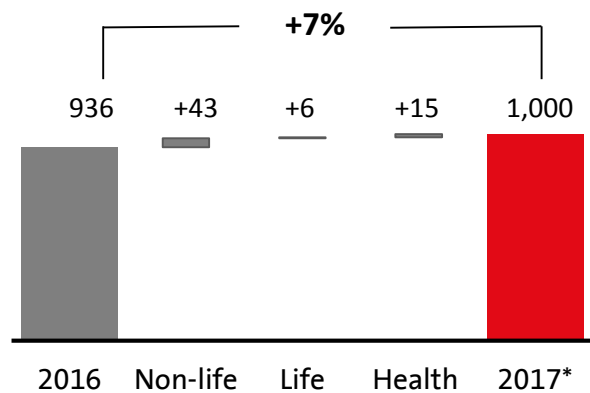


# Gross Written Premium

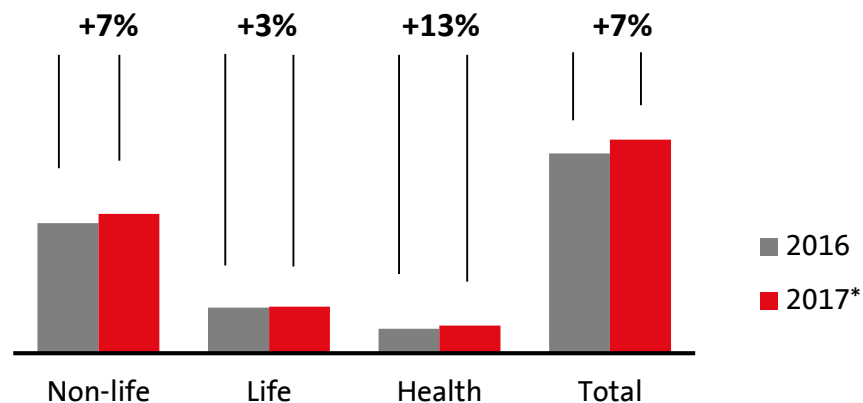
GWP Development in € million



GWP development from 2016 to 2017\* (in € M)



GWP by segments in 2016 and 2017\* (in € M)

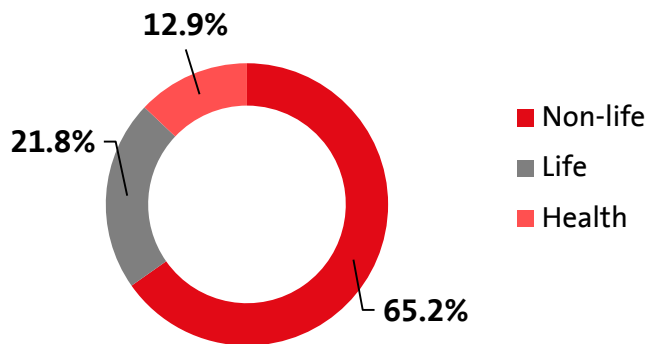


\*Unaudited data



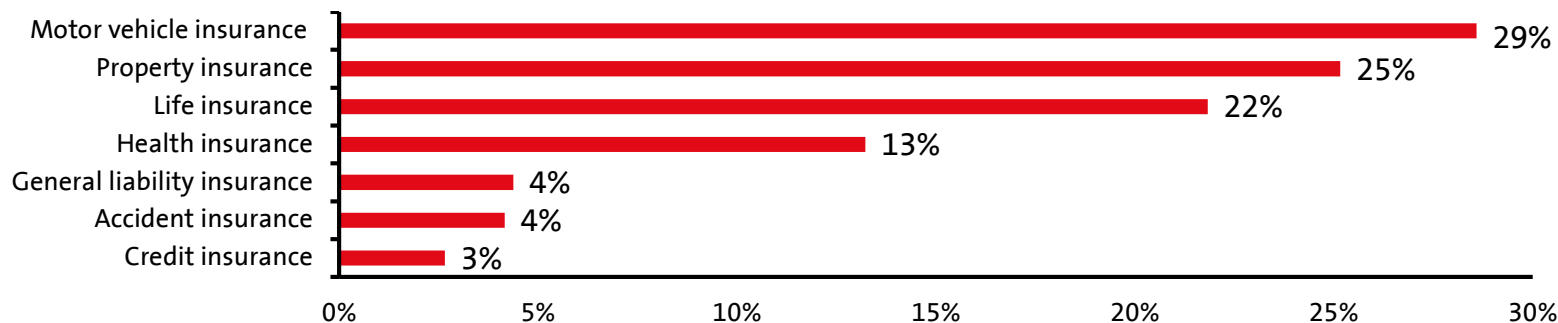
# Gross Written Premium by Segments

Structure of GWP in 2017\*



Structure of GWP		2017*	2016
Non-life	▲	65.2%	65.1%
Life	▼	21.8%	22.7%
Health	▲	12.9%	12.2%

Well balanced structure of consolidated GWP










\*Unaudited data



## Performance by Markets (2017 Unaudited results)

Average premium growth in Slovenia of 6%, on markets outside Slovenia of 10%

Country	Triglav Group by markets			% Consol. GWP by markets	Market development (2016)	
	GWP Growth Index 2017/2016	Market share	Market position		Insurance penetration** (EU 7.4%)	Insurance density € per capita
 Slovenia	▲ 106	35.6%	1	76.8%	5.2%	1.001
 Global Reinsurance	▲ 109	-	-	5.5%	-	-
 Croatia	▲ 109	4.4%	9	5.4%	2.6%	278
 Serbia	▲ 127	5.8%*	5*	4.4%	2.1%	103
 Bosnia and Herzegovina	▲ 107	7.8%	5	2.7%	2.2%	92
 Montenegro	● 100	38.2%	1	3.1%	2.1%	129
 Macedonia (NL)	▼ 99	17.5%*	1*	2.1%	1.4%	68

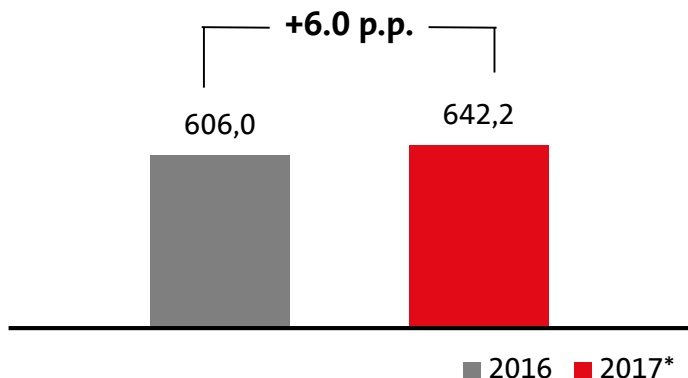
\*Q3 2017

\*\*Insurance penetration = Premium share in GDP

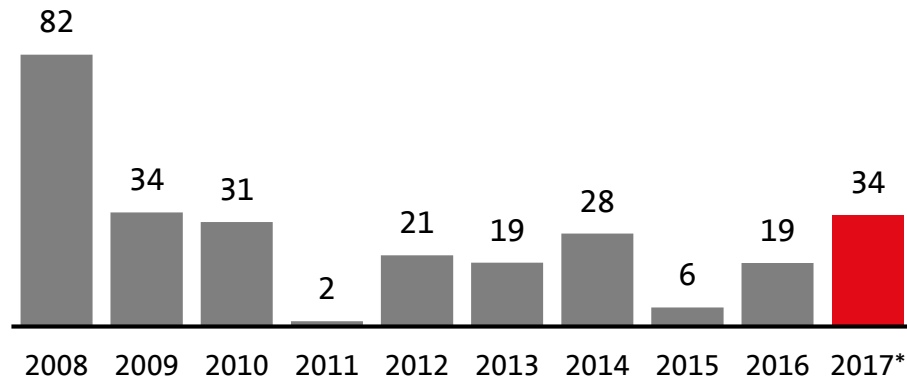


# Gross Claims Paid

Gross claims paid in € M



CAT losses in € M



## Major CAT events in 2017:

- € 16.2 m - Summer storms with hail in Slovenia (4 events)
- € 4.5 m - Hail storm with frost in Slovenia
- € 4.5 m - Strong wind and floods in Slovenia
- € 2.4 m - Irma hurricane (damage on marine vessels)
- € 2.2 m - floods and winds in vicinity of Zadar (Croatia)
- € 1.0 m - frost and hail in Macedonia (damage on crops)
- € 0.9 m - stormy wind and hail in Croatia (damage on real properties, cars, crops)

## CAT losses (€ 33,5 million)

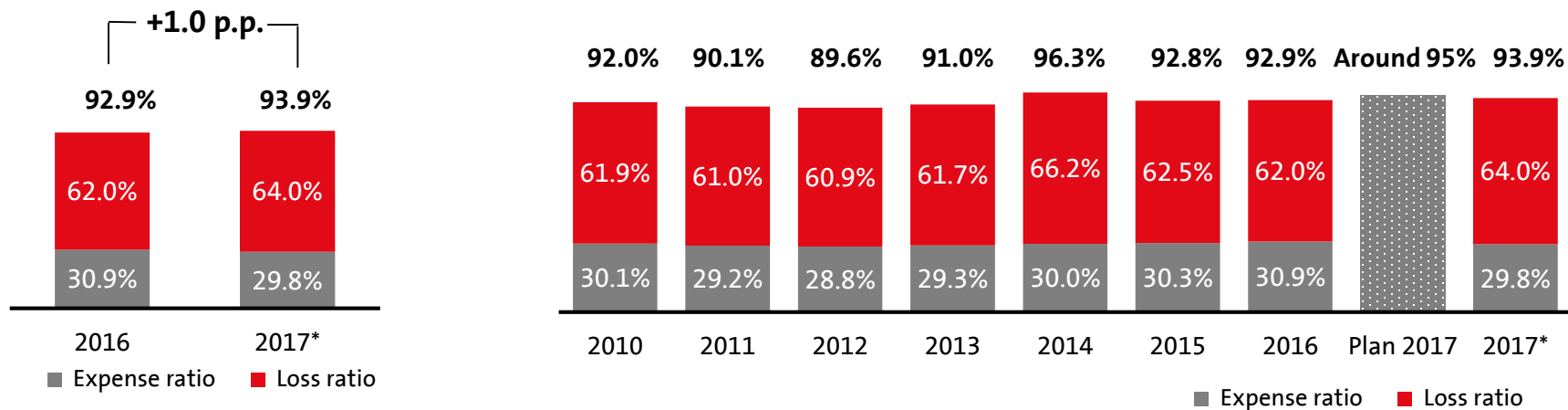
- 59% above the Group's five-year average
- 22% above the ten-year average

\*Unaudited data

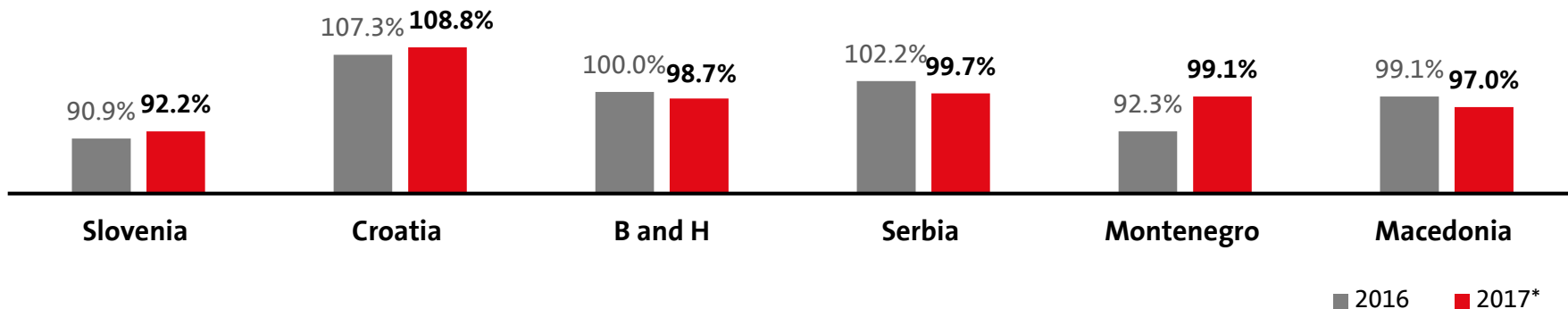


# Combined Ratio

## Triglav Group non-life combined ratio



## Non-life combined ratios by Triglav Group markets



\*Unaudited data

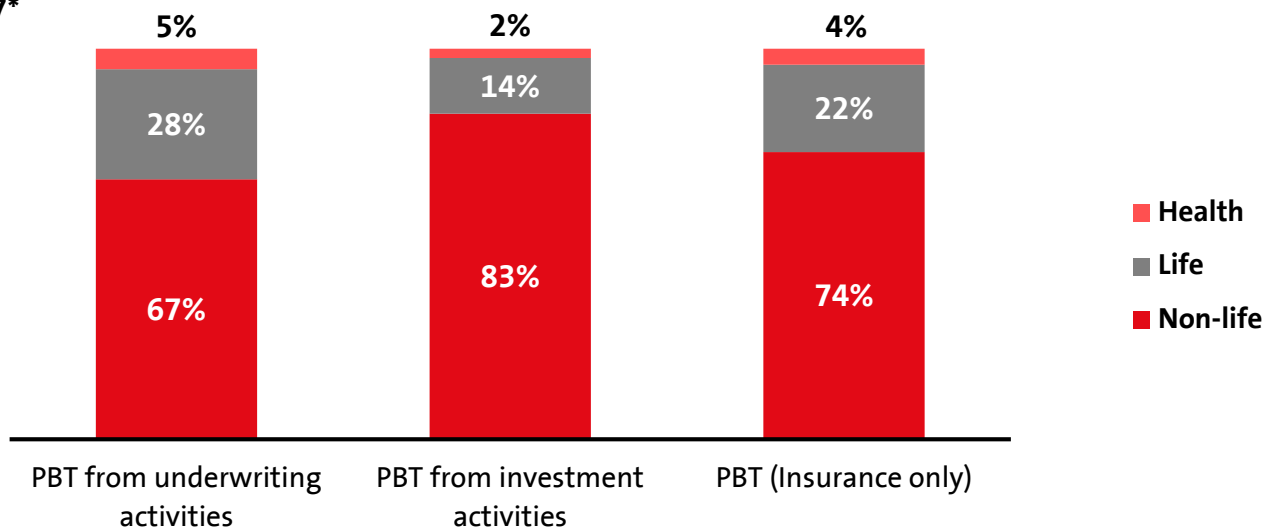


# Structure of Profit before Tax of Triglav Group

In € million

	2017*				2016			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
PBT from underwriting activities	32.8	13.9	2.6	<b>49.3</b>	38.8	13.3	2.4	<b>54.6</b>
PBT from investment activities	29.4	5.0	0.9	<b>35.2</b>	32.0	4.4	1.0	<b>37.5</b>
PBT from insurance operations	62.2	18.9	3.5	<b>84.5</b>	70.9	17.7	3.5	<b>92.1</b>
PBT from non-insurance operations				<b>-0.1</b>				<b>3.1</b>
<b>Total PBT</b>				<b>84.4</b>				<b>95.1</b>

Structure of PBT in 2017\*



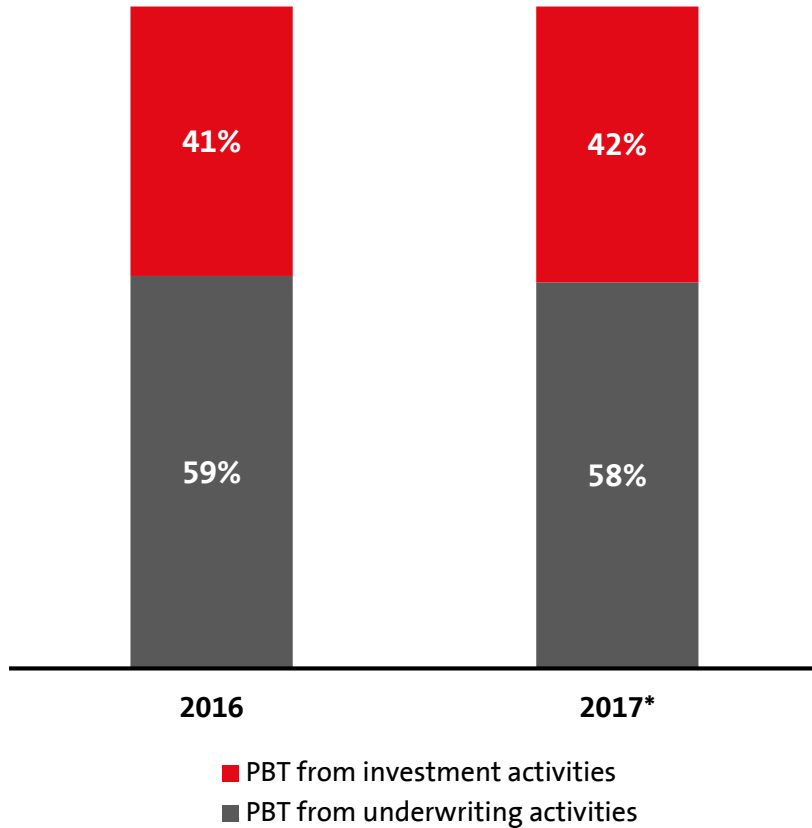
\*Unaudited data





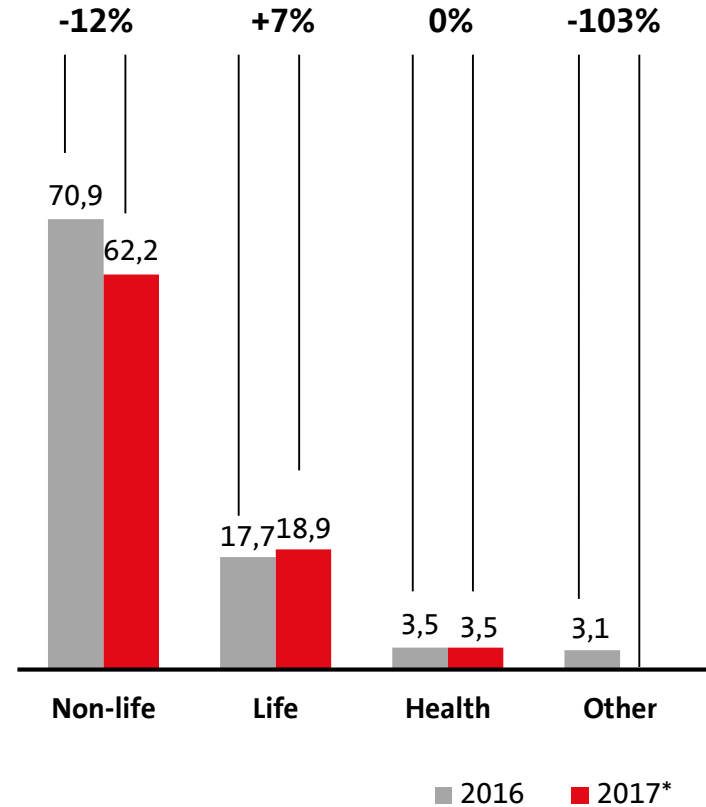
# Structure of Profit before Tax of Triglav Group

Structure of PBT



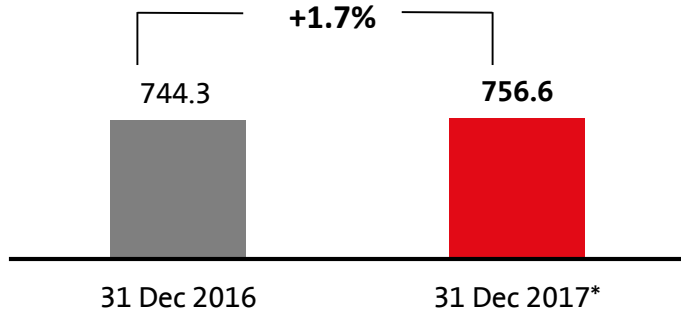
\*Unaudited data

PBT by business segments in € M

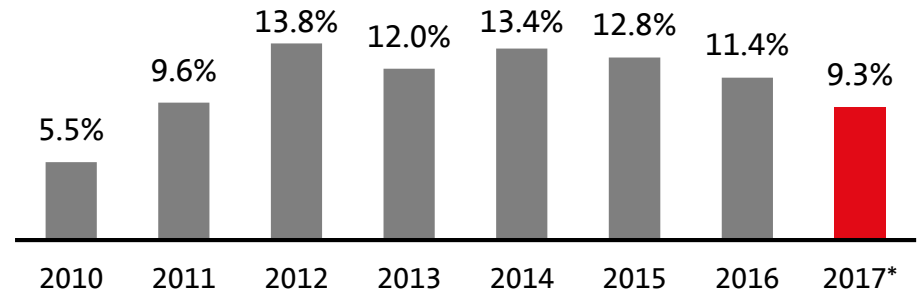


# Strong Capital Base and ROE

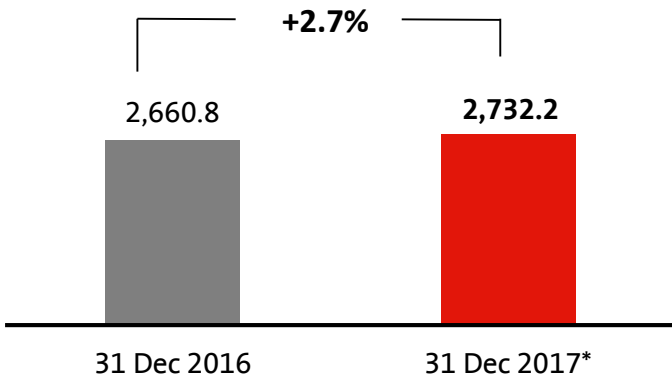
Equity in € M



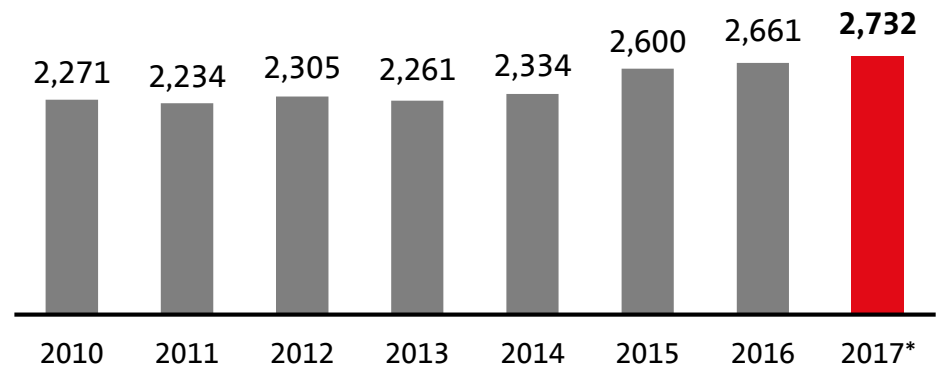
Triglav Group's Return on Equity



Gross Technical Provisions in € M



Year-End Gross Technical Provisions in € M



\*Unaudited data



## Triglav Group Asset Allocation (2017 Unaudited)

	Non-life & Health <sup>1</sup>		Life & Pensions <sup>1</sup>		Total	
	In € M	In %	In € M	In %	In € M	In %
Investment property	91.6	8%	2.4	0%	94.0	4%
Investments in associates <sup>2</sup>	5.7	0%	0.7	0%	6.4	0%
Shares and other floating rate securities	115.9	10%	101.9	7%	217.8	8%
Debt and other fixed return securities	932.3	77%	1,305.4	88%	2,237.7	83%
Loans given	6.6	1%	23.5	2%	30.1	1%
Bank deposits	35.0	3%	38.8	3%	73.8	3%
Other financial investments	19.5	2%	3.3	0%	22.8	1%
<b>Investments</b>	<b>1,206.7</b>	<b>100%</b>	<b>1,475.9</b>	<b>100%</b>	<b>2,682.6</b>	<b>100%</b>
Financial investments of reinsurance companies in reinsurance contracts with cedents	5.7		0.0		5.7	
Unit-linked insurance contract investments	0.0		450.2		450.2	
<b>Group financial investments</b>	<b>1,212.4</b>		<b>1,926.1</b>		<b>3,138.5</b>	

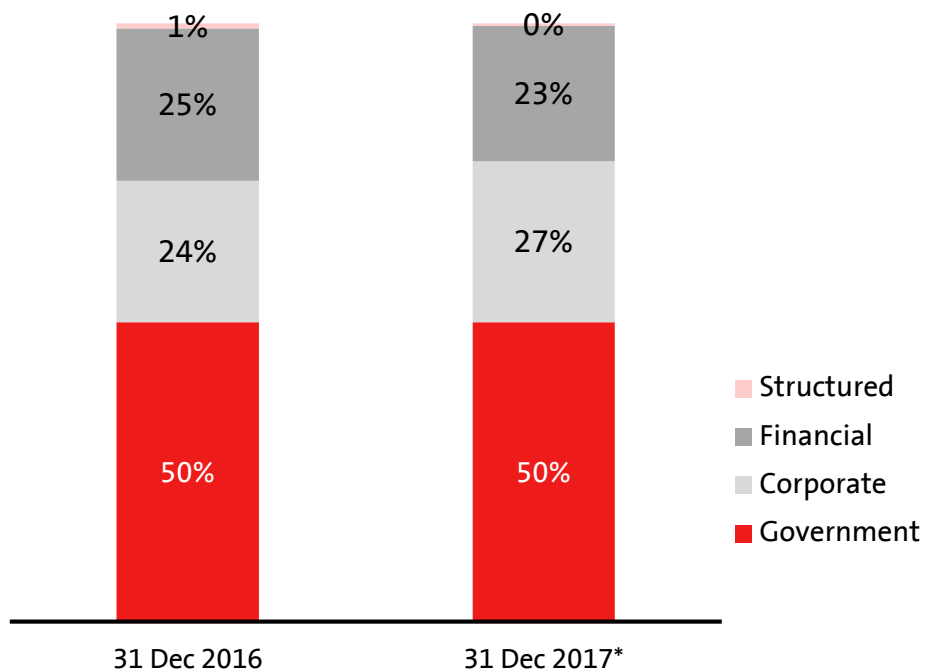
*1 Includes investments of own funds of the Group*

*2 Investment in associates are mainly additional Real Estate exposure*

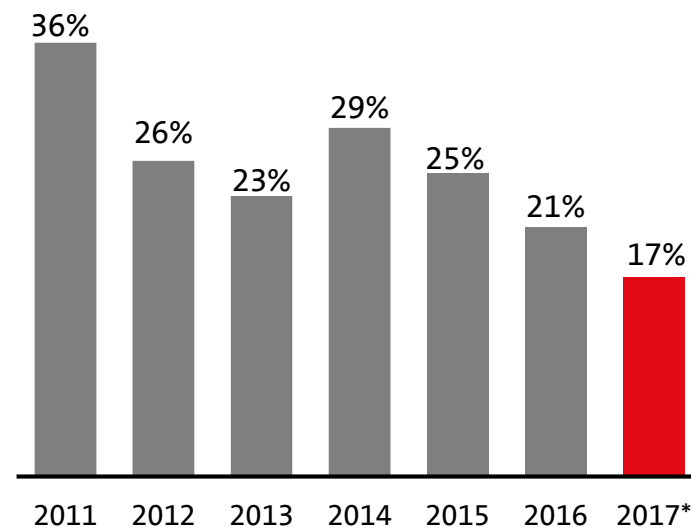


# Bond portfolios

## Bond Portfolio Structure by Type of Issuers



## Exposure to Slovenian Bonds in Total Bonds



*\*Unaudited data*



# Implementation of Triglav Group Strategy in 2017

In the first strategy year, the Group actively pursued all five strategic guidelines:

- 1. Profitable operations and greater value of the Group**
- 2. Efficient asset management**
- 3. Comprehensive client relationships**
- 4. Transformation of operations**
- 5. Development of a modern culture and dedicated staff**



# Outlook 2018

In 2018 the Group's operations will continue to be **financially sound and profitable**, while maintaining the Group's **strong financial stability and capital adequacy**.

In € million

	2011	2012	2013	2014	2015	2016	Outlook 2017	2017 Unaudited	Outlook 2018
<b>Gross written premium</b>	989	936	901	888	919	936	Around 930	1,000	<b>Above 1,000</b>
<b>Profit before tax</b>	58	90	84	100	102	95	70 - 80	84	<b>80 - 90</b>
<b>Combined ratio non-life</b>	90.1%	89.6%	91.0%	96.3%	92.8%	92.9%	Around 95%	93.9%	<b>Around 95%</b>



## **Triglav Group**

*Modern, innovative and dynamic  
insurance-financial group,  
firmly remaining the leader both  
in Slovenia and Adria region.*

*23*  
**Triglav** is the highest mountain in Slovenia and the  
highest peak of the Julian Alps (2,864 meters/9,396 ft).