



 **120years**

# TRIGLAV GROUP

**INVESTOR PRESENTATION FOR LSE WEBCAST**  
**Q1 2020 RESULTS**

JUNE 2020

# Q1 2020 KEY FINANCIALS

## GROSS WRITTEN PREMIUM

€ 348.9M

GWP up 10% y-o-y

Slovenia: +6%  
Other markets: +17%  
Non-life: +8%  
Life & Pensions: +11%  
Health: +21%

## PROFIT BEFORE TAX

€ 26.4M

Decreased by 12% y-o-y

Decrease primarily due to major CAT events.  
€ 15.3M PBT from underwriting (-22% y-o-y).  
€ 10.8M PBT from investment activities (+32% y-o-y)  
€ 0.2M PBT from non-insurance (-91% y-o-y)

## COMBINED RATIO NON-LIFE

93.9%

91.6% in Q1 2019

Favourable, below 95%

## HIGHLIGHTS IN 2020:

- Proposal of MB and SB to AGM that 2019 accumulated profit remains undistributed (AGM on 2 June 2020)
- The end of Q1 2020 marked by the COVID-19 pandemic
- Impact of major CAT events (earthquake in Zagreb and hailstorms in Slovenia in total estimated amount of EUR 13.6M)

**CURRENT  
CORONAVIRUS  
SITUATION**



# CORONAVIRUS SITUATION

## IN CORONAVIRUS SITUATION TRIGLAV ACTIVATED ITS BUSINESS CONTINUITY PLAN:

- Protection of employees, clients and partners
- Client services continuity
- Efficient risk management
- Transparently informing shareholders, investors and analysts (announcements, published on 16 March 2020 and 22 April 2020)



For 1.5 months

## ASSESSED IMPACT OF PANDEMIC:

Underlying assumptions of Group's business plan for 2020, published in December 2019, have changed due to the pandemic and the situation on international financial markets. As the future development of the pandemic and its impact on the economy and financial markets remain uncertain and because the financial markets are highly volatile, it is currently difficult to reliably assess the impact on Triglav's operations.

Triglav therefore **assesses the impact on its operations based on various scenarios** that it considers most likely in the current situation.

**Triglav Group assesses that its insurance and investment portfolios are sufficiently resilient and that its capital position is appropriately strong to effectively cope with increased risks arising from the COVID-19 pandemic situation.**

# SCENARIO ANALYSIS OF POSSIBLE IMPACTS OF PANDEMIC ON OUTLOOK 2020<sup>1</sup> AS AT 22 APRIL 2020

Various scenarios based on different estimates of expected standstill of economic activity in Slovenia and in wider region and speed of recovery following the lifting of restrictions (Analysis of Bank of Slovenia - March 2020): Expected GDP decline at 6–16%. Due to fiscal measures, actual decline was assumed in slightly lower range.

Shocks of varying intensity in international financial markets. Higher baseline shocks, followed by gradual easing of situation by 2020 YE.

CATEGORY	RANGE OF VALUES IN SCENARIOS IN RELATION TO 31 DEC 2019
<b>Average credit spreads (government bonds, 10-year)</b>	Baseline shock: from +75 bp to +200 bp 2020 year-end: from +40 bp to +135 bp
<b>Average credit spreads (corporate bonds, 10-year)</b>	Baseline shock: from +140 bp to +250 bp 2020 year-end: from +70 bp to +170 bp
<b>Equity</b>	from –20% to –35%
<b>Real Estate</b>	from 0% to –15%

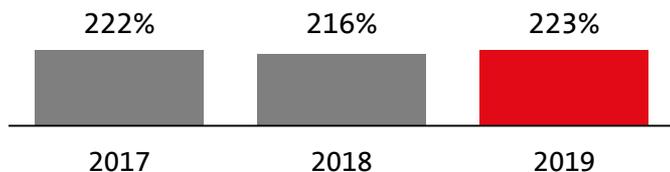
MAIN CATEGORIES	PLAN FOR 2020 <sup>1</sup>	LIKELY IMPACT OF SCENARIOS OR THE PLANNED VALUE
<b>Profit before tax</b>	between EUR 95 and 105 million	<b>decrease of 10–25%</b>
<b>Insurance premium</b>	around EUR 1.2 billion	<b>decrease of 3–5%</b>
<b>Combined ratio</b>	below 95%	<b>below 95%</b>

<sup>1</sup>Outlook 2020 published on 20 December 2019

## SCENARIO IMPACT ON SOLVENCY POSITION

Triglav Group's capital position is appropriately strong to effectively cope with increased risks arising from the COVID-19 pandemic situation.

### 2019 CAPITAL ADEQUACY WITHIN THE TARGET RANGE



Virtually all capital is Tier 1 eligible. Capital management centralised at Group level (capital concentration at the parent company).

### ASSESSED IMPACT OF PANDEMIC

According to various scenarios (see page 5), assessed impact on Triglav Group's capital adequacy is a **decline of 15–30 percentage points in 2020**, in case of extreme scenario (comparable to the situation in the last financial crisis of 2008 and with risk-free interest rate term structure further decreased) it would be further reduced, but still likely to remain above 175%.

> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200 - 250%	Target capital adequacy	Regular performance of risk management activities
150 - 200%	Sub-optimum level of capital adequacy	Analyzing possible medium and long-term measures to improve capital adequacy and emphasized monitoring of risks
130 - 150%	Warning level of capital adequacy	Implementation of measures to improve capital adequacy
< 130%	Insufficient capital adequacy	

## DISTRIBUTION OF 2019 ACCUMULATED PROFIT

Proposal by MB and SB to regular AGM is to keep 2019 accumulated profit undistributed and thus to be allocated for the future payment of dividends or for other purposes. Proposal is in line with the Insurance Supervision Agency's call upon insurance companies in Slovenia to suspend payout of dividends and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020.

Triglav is not changing its dividend policy (see below), which is not only attractive to shareholders but has to be and is sustainable therefore subordinated to achieving the medium-term sustainable target capital adequacy of Triglav Group. Due to novel coronavirus pandemic, the financial and operating conditions have deteriorated in 2020 and Triglav's various scenarios of assessed impacts on performance in 2020 among other things show potential decrease of Group's capital adequacy.

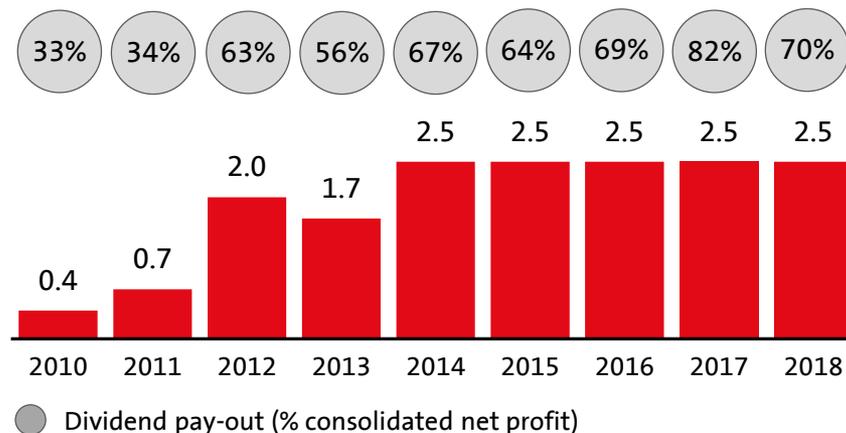
AGM of Zavarovalnica Triglav will be held on 2 June 2020; more information is available on the website [www.triglav.eu](http://www.triglav.eu).

### DIVIDEND POLICY OF TRIGLAV

Minimum dividend pay-out is set to 50% of consolidated net profit for the previous year. Triglav will strive not to reduce its dividend payment below the level of the previous year. **Dividend policy subordinated to achieving the medium-term sustainable target capital adequacy of Triglav Group.** Three objectives are followed in a balanced manner:

- to ensure prudent capital management of Triglav Group and its financial stability,
- to reinvest net profit in the implementation of the strategy of growth and development of Triglav Group and
- to pay out attractive dividends to the shareholders.

### GROSS DIVIDEND PAID PER SHARE (IN €) AND PAY-OUT RATIO

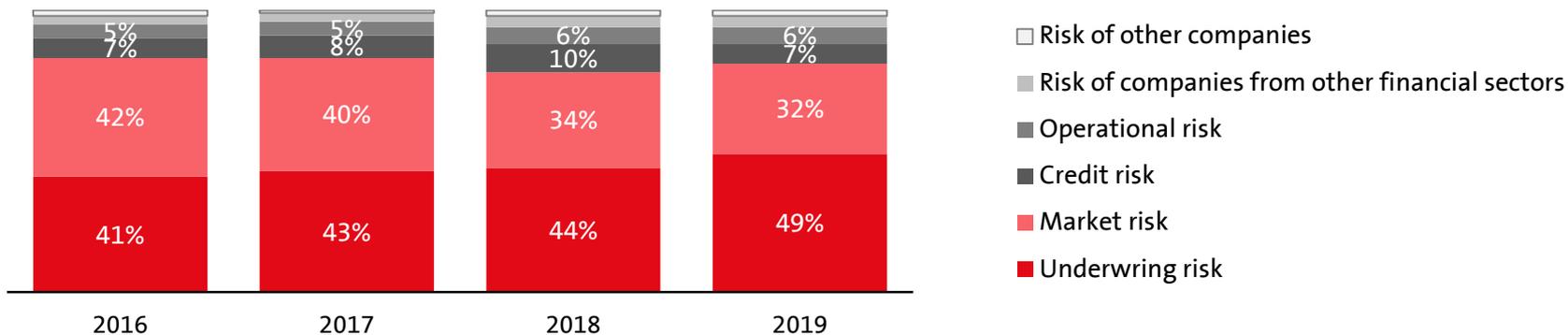


# DISCIPLINED CAPITAL MANAGEMENT

## RISK EXPOSURE IN LINE WITH THE DEFINED RISK APPETITE (AS AT 31 DEC 2019)



## CONSISTENTLY DECREASING EXPOSURE TO MARKET RISK AND PRUDENTLY INCREASING UNDERWRITING RISKS



**Q1 2020  
RESULTS**

**FINANCIALS &  
INVESTMENTS**



## Q1 2020 PERFORMANCE AT A GLANCE

In € million

	Q1 2020	Q1 2019	Index
Gross written premium	348.9	317.2	110
Net premium income	261.1	235.2	111
Gross claims paid	177.8	166.2	107
Net claims incurred	185.7	160.7	116
Insurance business gross operating costs	64.3	61.0	105
Profit before tax	26.4	29.9	88
Net profit	22.4	25.5	88
Gross insurance technical provisions	2,849.6	2,878.9	99
Total equity	778.6	792.0	98
Number of employees	5,261	5,281	100
Expense ratio non-life	27.1%	26.8%	
Net claims ratio non-life	66.9%	64.8%	
Combined ratio non-life	93.9%	91.6%	

Deterioration of economic situation did not significantly affect Q1 2020 underwriting performance.

Net claims incurred increased by 16% y-o-y. Net claims related to the Zagreb earthquake<sup>1</sup> in the amount of EUR 6.7M reduced PBT in Q1 2020.

PBT down by 12% y-o-y primarily due to major CAT events<sup>1</sup>.

Equity down by 2% y-o-y, gross provisions down by 1% y-o-y.

CoR at 93.9% as result of higher net claims ratio (CoR up by 2.3 pp y-o-y).

<sup>1</sup> Individual CAT events can cause volatility of interim results, especially if they occur in Q1, but on annual basis operating results are much more predictable and stable due to Triglav's annual aggregate reinsurance programme.

## STRUCTURE OF PROFIT BEFORE TAX

In € million

CONSOLIDATED	Q1 2020					Q1 2019				
	Non-life	Life & Pen.	Health	Total	In % total PBT	Non-life	Life & Pen.	Health	Total	In % total PBT
PBT from:										
Underwriting activities	8.9	3.3	3.2	15.3	58%	15.0	4.3	0.3	19.6	66%
Investment activities <sup>1</sup>	4.5	6.2	0.2	10.8	41%	7.1	0.9	0.2	8.2	28%
Insurance	13.4	9.5	3.3	26.2	99%	22.2	5.1	0.5	27.8	93%
Non-insurance <sup>2</sup>				0.2	1%				2.0	7%
<b>Total PBT</b>				<b>26.4</b>	<b>100%</b>				<b>29.9</b>	<b>100%</b>

In € million

NON-CONSOLIDATED	Q1 2020					Q1 2019				
	Non-life	Life & Pen.	Health	Total	In % total PBT	Non-life	Life & Pen.	Health	Total	In % total PBT
PBT from:										
Underwriting activities	9.1	2.5	2.8	14.4	55%	15.2	3.6	-0.1	18.7	63%
Investment activities <sup>1</sup>	4.5	6.2	0.1	10.8	41%	7.3	0.9	0.2	8.3	28%
Insurance	13.6	8.7	2.9	25.2	96%	22.5	4.5	0.1	27.1	91%
Non-insurance <sup>2</sup>				1.1	4%				2.8	9%
<b>Total PBT</b>				<b>26.4</b>	<b>100%</b>				<b>29.9</b>	<b>100%</b>

<sup>1</sup> Life investment result net of guarantees and additionally formed mathematical reserves and other investment-related provisions.

<sup>2</sup> PBT from non-insurance consists mainly from results of performance of Triglav AM company, Triglav real estate management company and holding company TINT.

### Q1 2020 CONSOLIDATED PBT:

**Underwriting results** down by 22% y-o-y due to CAT events (higher claims provisions).

**Investment results** up by 32% y-o-y due to one-off events in 2020 and 2019 (realised capital gains, LAT tests). Continued deterioration of regular investment income.

### PBT by segments:

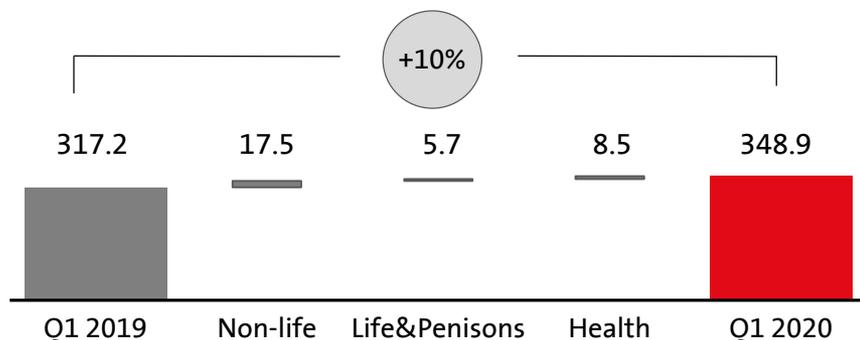
- From non-life business down by 40% y-o-y due to higher growth of net claims incurred and lower gains on the sale of financial investments.

- From life & pensions business up by 85% y-o-y due to higher investment result. Lower profit from underwriting activities (pension investment guarantees).

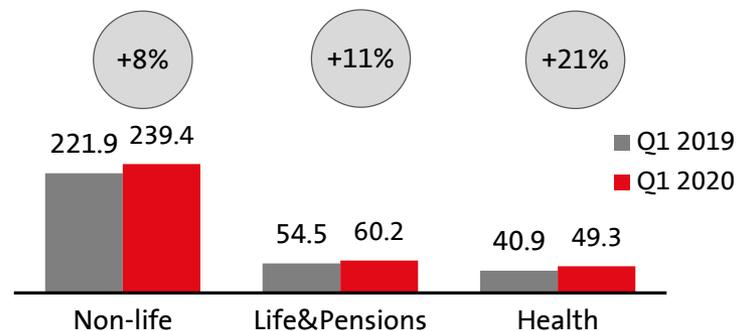
- From health insurance business up due to higher growth in net premium income and lower operating expenses.

## GWP GROWTH OF 10% Y-O-Y

GWP DEVELOPMENT FROM Q1 2019 TO Q1 2020 (in €M)



GWP GROWTH BY SEGMENTS  
(GWP in €M; GWP growth y-o-y in %)



Triglav Group quickly and effectively adapted to COVID-19 pandemic situation. Priority was given to protecting the **health of all stakeholders** and to **maintaining business continuity in all markets**. Triglav used solutions, systematically developed over the years, such as the omni-channel sales approach and digital and other remote business solutions, therefore the impact on Q1 sales was limited.

Q1 2020 performance by insurance segments:

**Non-life:** Growth in most insurance classes with the exception of accident and credit insurance

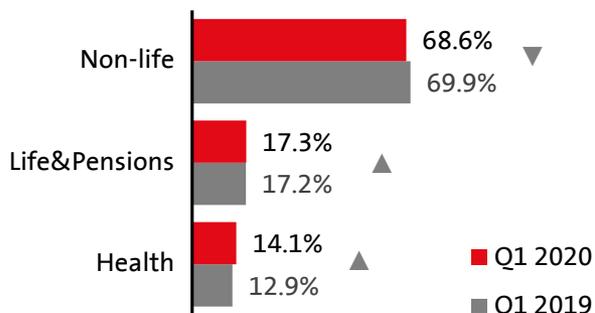
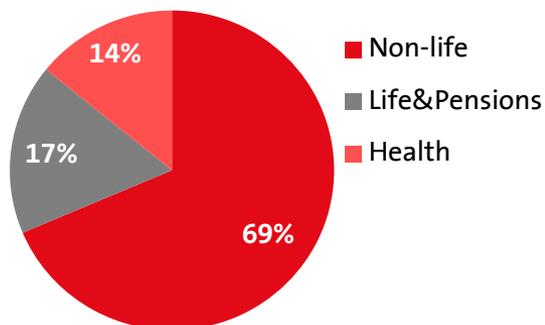
**Life & Pensions:** Higher single premium payments, increased sale through bank sales channels

**Health:** Growth of supplemental health insur. premium (stable number of policies and carry-on impact of price increases in 2019). Successful marketing of additional health insurance products in and outside Slovenia.

# GWP DIVERSIFICATION BY PRODUCTS

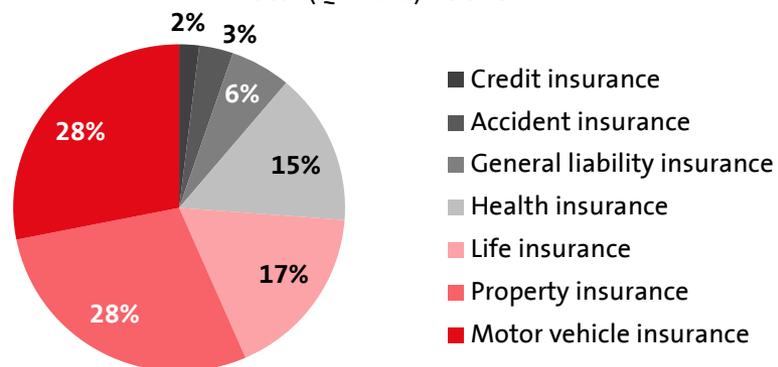
## GWP BY MAIN INSURANCE SEGMENTS

Total (Q1 2020): € 349M



## WELL BALANCED STRUCTURE OF GWP

Total (Q1 2020): € 349M

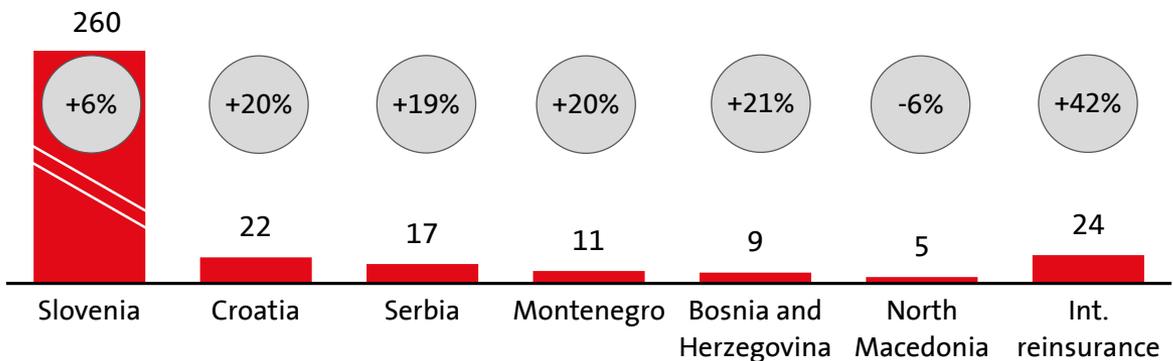


Efficient and intensive sales activities by using **omni-channel sales approach** (internal sales network, external network, online sales, partnerships with banks and companies selling cars and providing telecommunication services).

**Upgrading product/service mix** (i.e. cyber insurance for businesses), to be more flexible and understandable. Any identified risks (i.e. those related to climate change) is prudently managed in the processes.

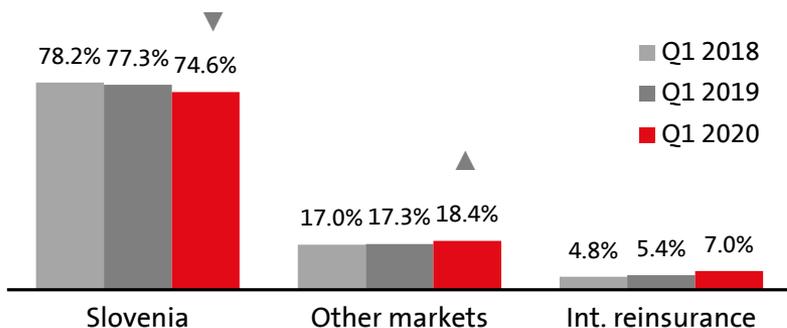
# GWP DIVERSIFICATION BY MARKETS

Q1 2020 GWP BY MARKETS (GWP in €M; GWP growth y-o-y in %)

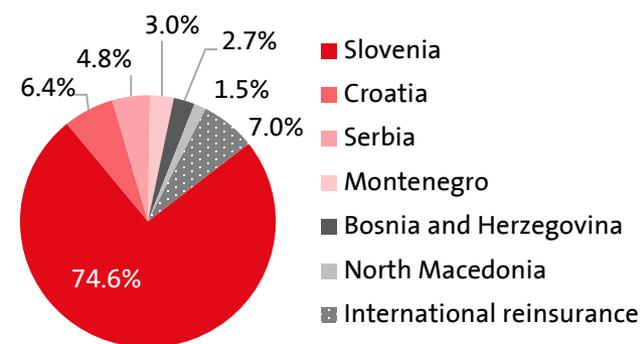


The average premium growth:  
Slovene market +6%  
Markets outside Slovenia +17%

GWP SHARE FROM OUTSIDE SLOVENIA CONSISTENTLY INCREASING (% GWP)

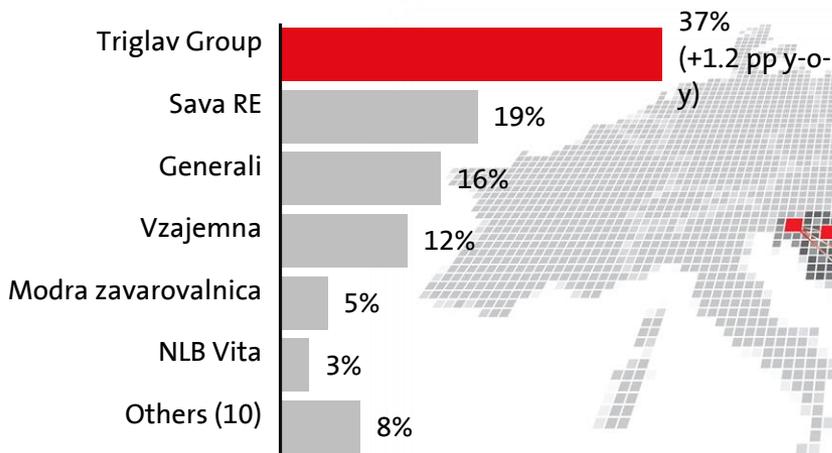


STRUCTURE OF GWP BY MARKETS (Q1 2020; % GWP)



# LEADING INSURANCE /FINANCIAL GROUP IN ADRIA REGION

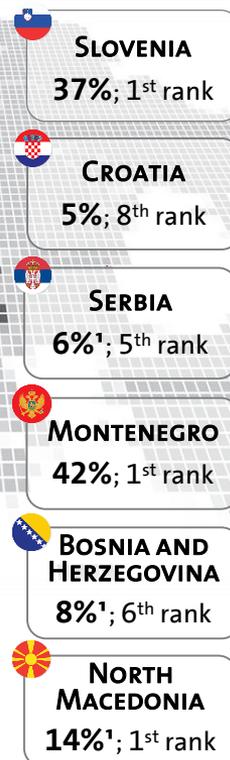
## SLOVENIA (% market share; Q1 2020)



TRIGLAV MARKET SHARE IN SLOVENIA BY SEGMENTS (Q1 2020):  
44% in non-life, 30% in life and in health

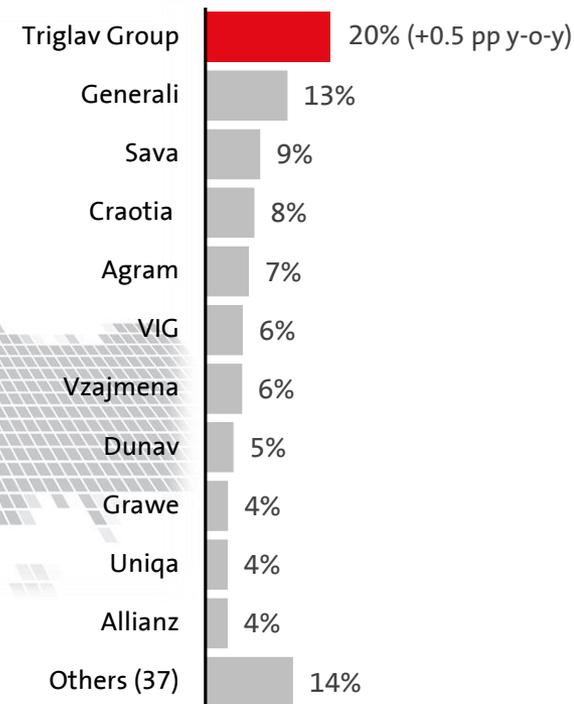
**STRONG COMPETITIVE ADVANTAGES** – good knowledge of regional markets, trustworthy brand, capital strength, comprehensive client portfolio, quality and comprehensive services, developed sales channels (strong own sales network), quick settlement of claims, focus on excellent client experience.

## POSITIONS ON MARKETS (% market share; Q1 2020)



<sup>1</sup>Q4 2019

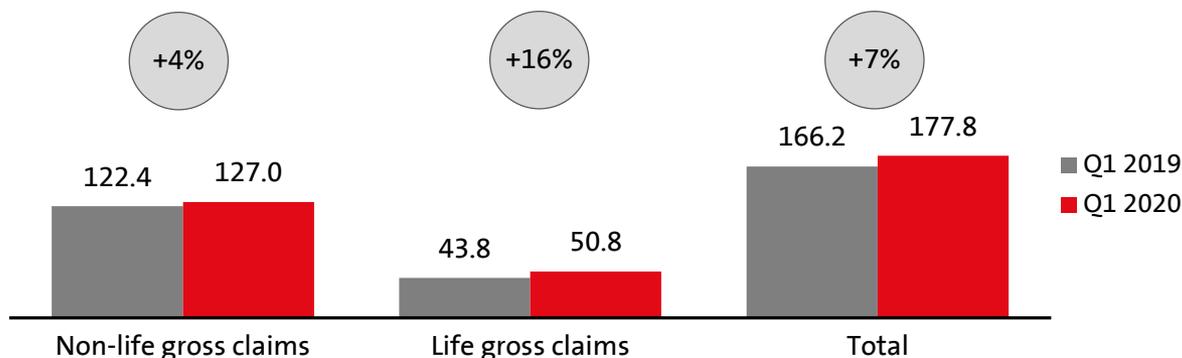
## ADRIA REGION (% market share; 2019)



Source: Calculation based on the data of regional regulators and insurance associations

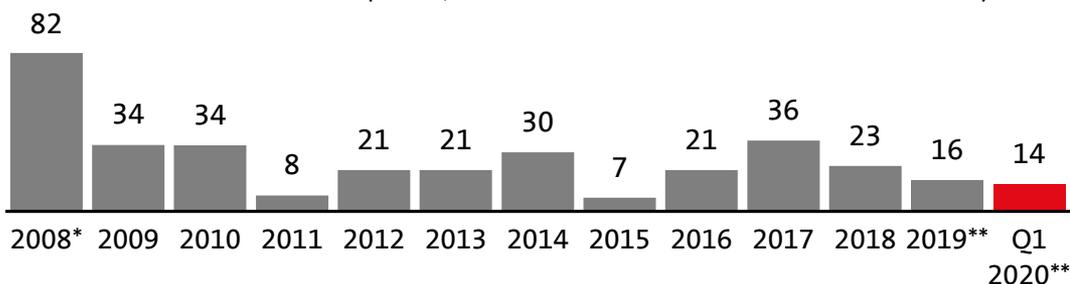
# CLAIMS EXPERIENCE

## GROSS CLAIMS PAID (IN €M, CHANGE IN %)



Gross claims paid up by +7% y-o-y due to increased business volume in past few years, CAT events, active approach to payouts of capitalised life policies with high guarantees, and higher surrenders.

## CAT LOSSES SINCE 2008<sup>1</sup> (IN €M; TRIGLAV RE'S NON-GROUP CAT LOSSES INCLUDED)



Most frequent CAT loss events are **flood, storm, hail and frost**.

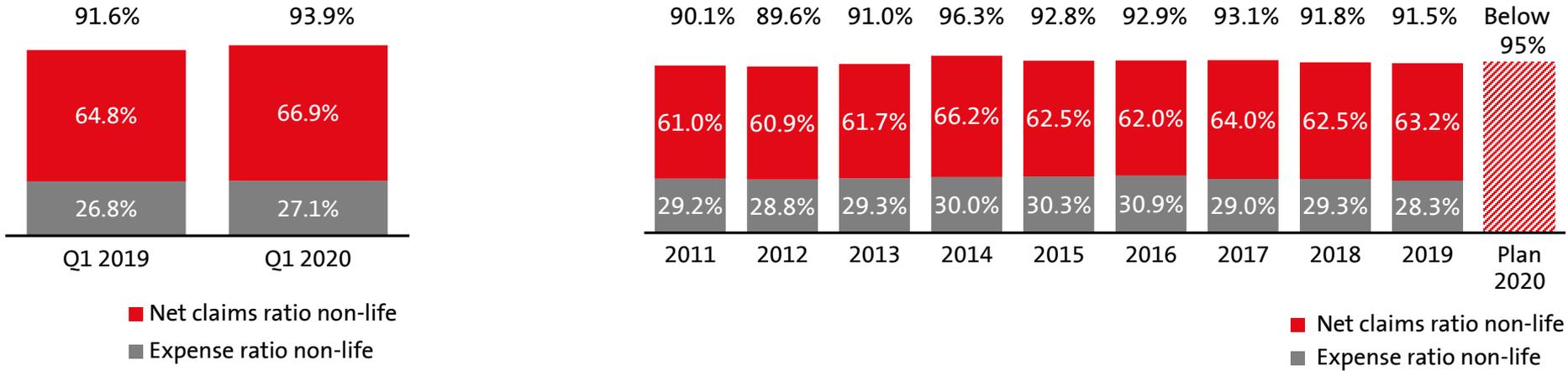
Q1 2020 major CAT events (*estimated value*): Earthquake in Zagreb (EUR 8.6M) and hail storms in Slovenia (EUR 5.0M of which claims of EUR 2.2M already reported and settled).

\*In 2008: Summer storms in Slovenia (over 35,000 claims) \*\* Estimated value

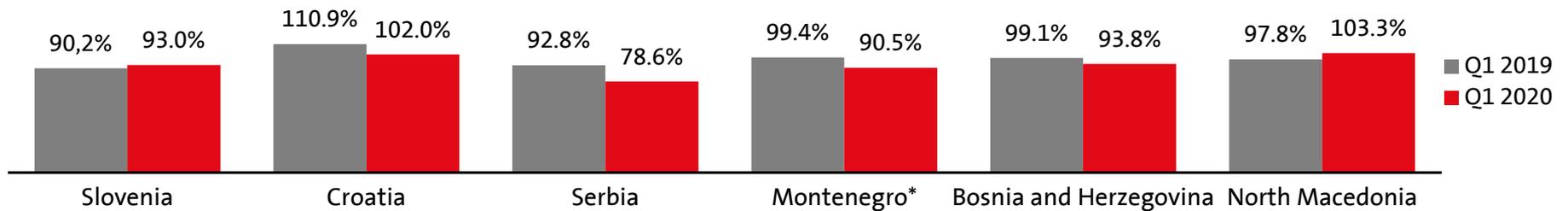
# CONTINUED UNDERWRITING DISCIPLINE

## TRIGLAV GROUP COMBINED RATIO NL

STRATEGY: Average target combined ratio NL at around 95%



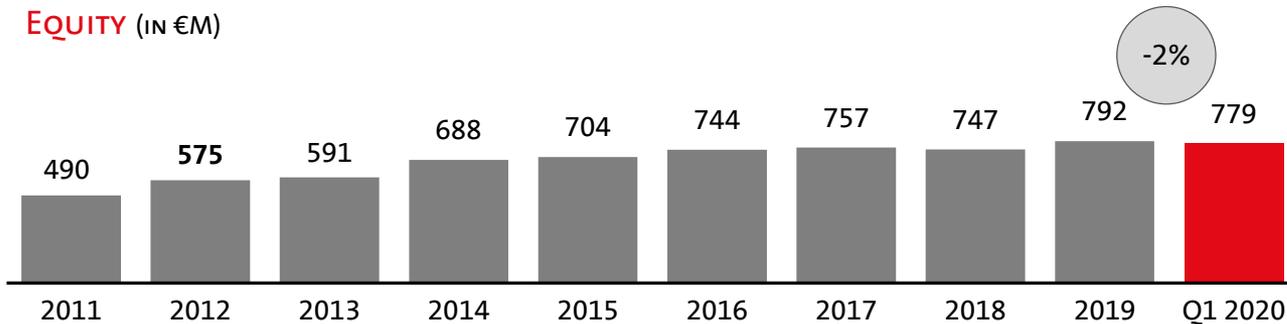
## TRIGLAV GROUP COMBINED RATIO NL BY MARKETS



\*Does not include results of Lovćen Auto, d.o.o.

# IMPACT OF DOWNTURN IN CAPITAL MARKETS ON EQUITY AND MATHEMATICAL RESERVES

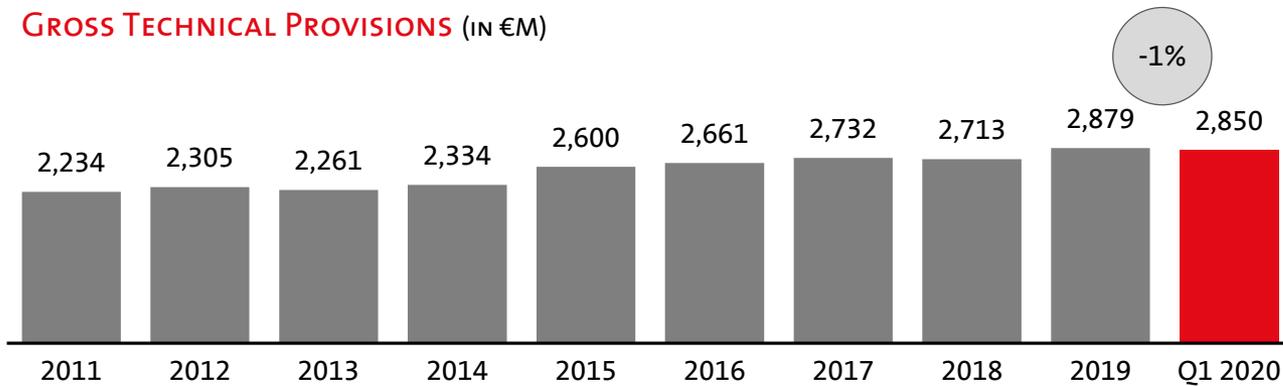
## EQUITY (IN €M)



High level of financial stability.

Impact of downturn on financial markets and Q1 seasonality.

## GROSS TECHNICAL PROVISIONS (IN €M)

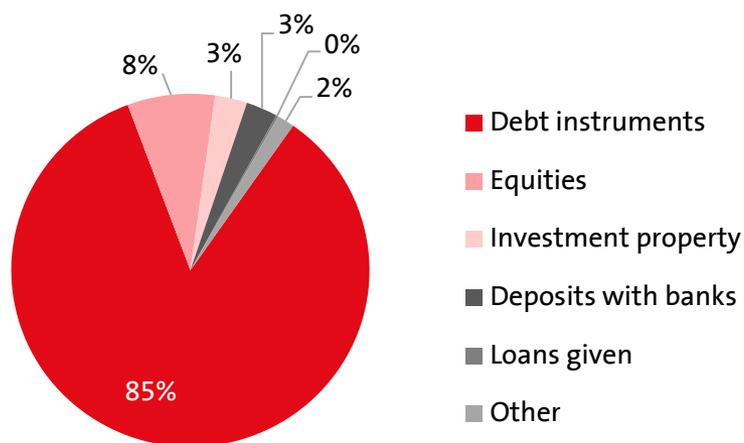


# HIGH-QUALITY INVESTMENT PORTFOLIO

Asset allocation subject to ALM on portfolio basis and ERM principles (relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability; key objective is to maintain a high overall rating of the whole investment portfolio).

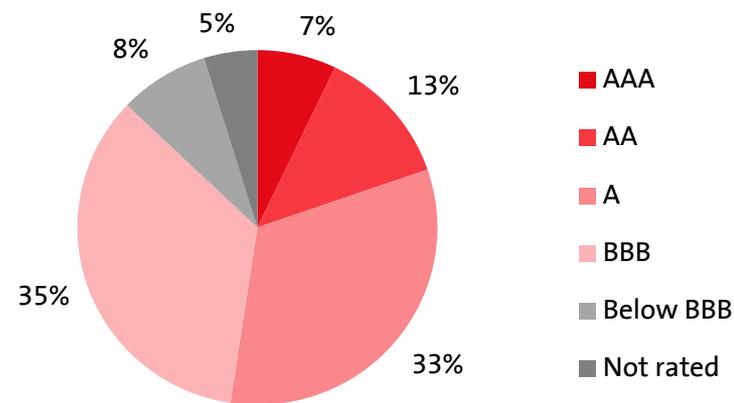
## ASSET ALLOCATION<sup>1</sup> SIMILARLY CONSERVATIVE AS AT 2019 YE

TOTAL (Q1 2020): € 2,727M



## DEBT INSTRUMENTS BY RATING

TOTAL (Q1 2020): € 2,307M



<sup>1</sup> Unit-linked insurance contract investments excluded

# TRIGLAV GROUP ASSET ALLOCATION

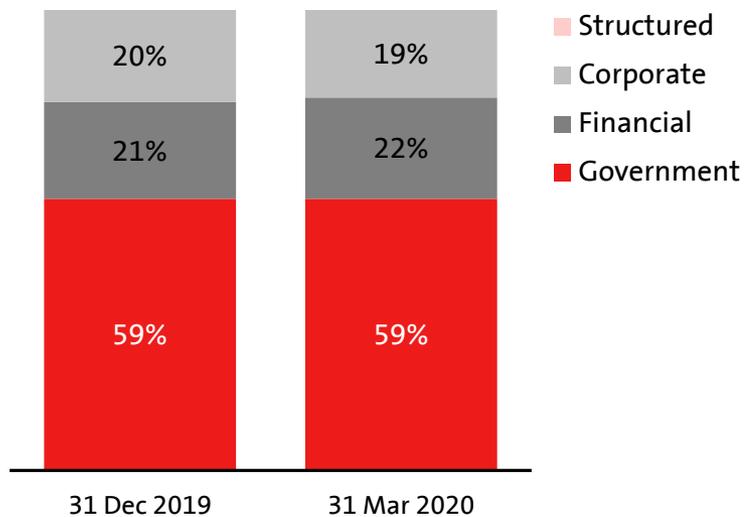
31 March 2020	NON-LIFE & HEALTH <sup>1</sup>		LIFE & PENSIONS <sup>1</sup>		TOTAL	
	In €M	In %	In €M	In %	In €M	In %
<b>Investment property</b>	77.6	6%	1.9	0%	79.5	3%
<b>Investments in associates<sup>2</sup></b>	26.5	2%	0.5	0%	27.0	1%
<b>Shares and other floating rate securities</b>	125.3	10%	89.8	6%	215.0	8%
<b>Debt and other fixed return securities</b>	912.9	76%	1,393.8	92%	2,306.6	85%
<b>Loans given</b>	1.9	0%	3.4	0%	5.3	0%
<b>Bank deposits</b>	57.7	5%	19.9	1%	77.6	3%
<b>Other financial investments</b>	6.3	1%	0.4	0%	6.6	0%
<b>Investments</b>	1,208.2	100%	1,509.6	100%	2,717.7	100%
<b>Financial investments of reinsurance companies in reinsurance contracts with cedents</b>	8.9		0.0		8.9	
<b>Unit-linked insurance contract investments</b>	0.0		408.9		408.9	
<b>Group financial investments</b>	1,217.0		1,918.5		3,135.5	

<sup>1</sup> Includes investments of own funds of the Group    <sup>2</sup> Investment in associates are mainly additional real estate exposure

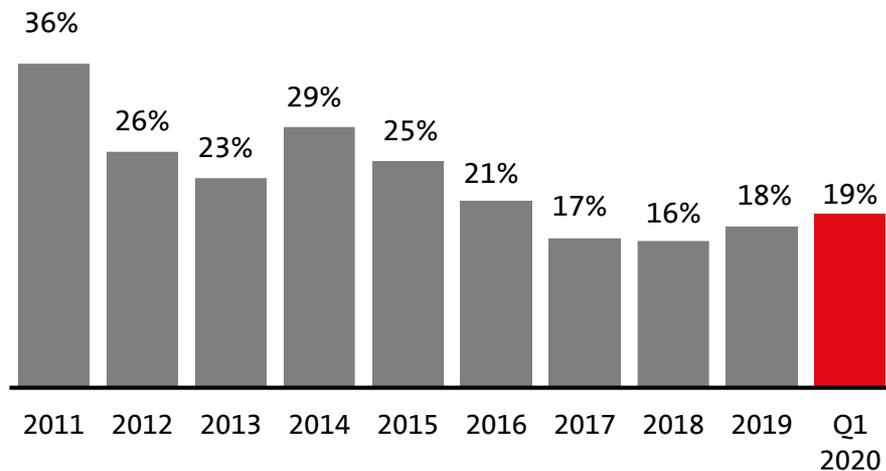
# BOND PORTFOLIOS

## BOND PORTFOLIO STRUCTURE BY TYPE OF ISSUERS

TOTAL: € 2,307M



## EXPOSURE TO SLOVENIAN BONDS IN TOTAL BONDS



## DISCLAIMER

THE INFORMATION, STATEMENTS OR DATA CONTAINED HEREIN HAS BEEN PREPARED BY TRIGLAV CORPORATE OFFICERS. ZAVAROVALNICA TRIGLAV, D.D., OR ANY MEMBER OF TRIGLAV GROUP, OR ANY ZAVAROVALNICA TRIGLAV EMPLOYEE OR REPRESENTATIVE ACCEPTS NO RESPONSIBILITY FOR THE INFORMATION, STATEMENTS OR DATA CONTAINED HEREIN OR OMITTED HERE FROM, AND WILL NOT BE LIABLE TO ANY THIRD PARTY FOR ANY REASON WHATSOEVER RELATING TO THE INFORMATION, STATEMENTS OR DATA CONTAINED HEREIN OR OMITTED HERE FROM. SUCH INFORMATION, STATEMENTS OR DATA MAY NOT BE PREPARED ACCORDING TO THE SAME STANDARDS AND REQUIREMENTS THAN THE INFORMATION, STATEMENTS OR DATA INCLUDED IN TRIGLAV'S OWN REPORTS AND PRESS RELEASES ARE PREPARED TO, AND ACCORDINGLY THE LEVEL OF INFORMATION AND MATERIALITY AND NATURE OF THE DISCLOSURES MAY BE DIFFERENT. UNDUE RELIANCE SHOULD NOT BE PLACED ON THE INFORMATION, STATEMENTS OR DATA CONTAINED HEREIN BECAUSE THEY ARE SUBJECT TO KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES AND CAN BE AFFECTED BY OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN SUCH INFORMATION, STATEMENTS OR DATA. MOREOVER, THE INFORMATION, STATEMENTS AND DATA CONTAINED HEREIN HAVE NOT BEEN, AND WILL NOT BE, UPDATED OR SUPPLEMENTED WITH NEW OR ADDITIONAL INFORMATION, STATEMENTS OR DATA.



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