

# TRIGLAV GROUP

## INVESTOR PRESENTATION

August 2014



Vse bo v redu.

**triglav**

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

# TRIGLAV GROUP

## Key Features

### Core business

- Insurance
- Third-party asset management

### Triglav Group

- Parent company Zavarovalnica Triglav d.d., 37 subsidiaries and 6 associated companies
- Market presence in 7 countries and 8 markets
- 5.355 employees

### Position

- The leading insurance/financial group in Slovenia and in the Adria region.

### Ratings

- S&P rating A-/stable outlook
- AM Best rating A-/stable outlook



# TRIGLAV GROUP

## Further profit growth in core business

- H1 2014 net profit 23% higher than the same period last year
- Dividends at EUR 1.70 gross per share
- New term of the current President of the Management Board, changes in the Management Board
- Impact of financial crisis and situation in the banking sector on the value of investment portfolios
- Continuation of the ownership consolidation of the Triglav Group
- Strategy update of the Triglav Group
- Future presence in the Czech republic in dependence of the relevance of the said market for the Triglav Group and of the level to which strategic targets are met

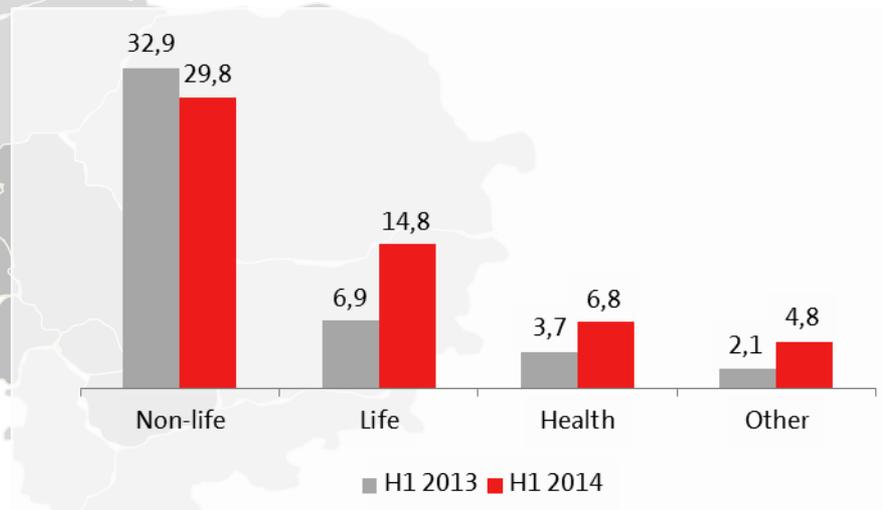


# TRIGLAV GROUP

The core business is insurance

- Insurance
  - Non-life
  - Life
  - Supplementary pensions
  - Health
  - Reinsurance
- Asset management
  - Mutual funds
  - Investment companies
  - Investment holdings
  - Real Estate

PROFIT BY BUSINESS SEGMENTS IN EUR M



# THE MANAGEMENT TEAM



## **Andrej Slapar, President of the Management Board, DOB: 1972**

- BSc in Law
- Supervisory Board membership in: Pozavarovalnica Triglav Re, Triglav Osiguranje Sarajevo, Triglav INT and Abanka Vipava



## **Benjamin Jošar, Member of the Management Board, DOB: 1973**

- MBA
- Supervisory Board membership in: Triglav Skladi Ljubljana, Triglav INT, Triglav osiguranje Sarajevo and Lovćen osiguranje Podgorica



## **Uroš Ivanc, Member of the Management Board, DOB: 1975**

- MScBA
- Supervisory Board membership in: NLB, Skupna pokojninska družba d.d., Triglav Osiguruvanje Skopje, Lovćen Osiguranje Podgorica



## **Tadej Čoroli, Member of the Management Board, DOB: 1975**

- Bachelor of Law, Slovenian State Bar Examination
- Supervisory Board membership in: Triglav Zdravstvena zavarovalnica, Skupna pokojninska družba d.d., Lovćen Osiguranje Podgorica, Triglav Osiguranje Belgrade



## **Marica Makoter, Member of the Management Board - employee representative, DOB: 1972**

- Bachelor of Law, Slovenian State Bar Examination
- Supervisory Board membership in: Triglav Osiguruvanje Skopje and Triglav INT



# FINANCIAL HIGHLIGHTS OF TRIGLAV GROUP FOR H1 2014

Consistent implementation of strategic guidelines is reflected in higher profit

	H1 2014	In EUR million H1 2013	INDEX
Gross written premium	487,8	496,4	98
Net premium income	406,7	419,0	97
Gross claims paid	295,7	322,9	92
Net claims incurred	294,1	297,7	99
Gross operating costs*	114,0	110,9	103
Profit before tax	65,4	55,9	117
Net profit for the accounting period	56,3	45,6	123
Gross insurance technical provisions	2.387,1	2.261,4	106
Total equity	653,2	590,5	111
Number of employees	5.355	5.351	100
Expense ratio non-life	29,1%	27,8%	
Net claims ratio non-life	66,7%	63,0%	
Combined ratio non-life	95,7%	90,8%	

\*Insurance business gross operating costs

# STRUCTURE OF PROFIT OF ZAVAROVALNICA TRIGLAV

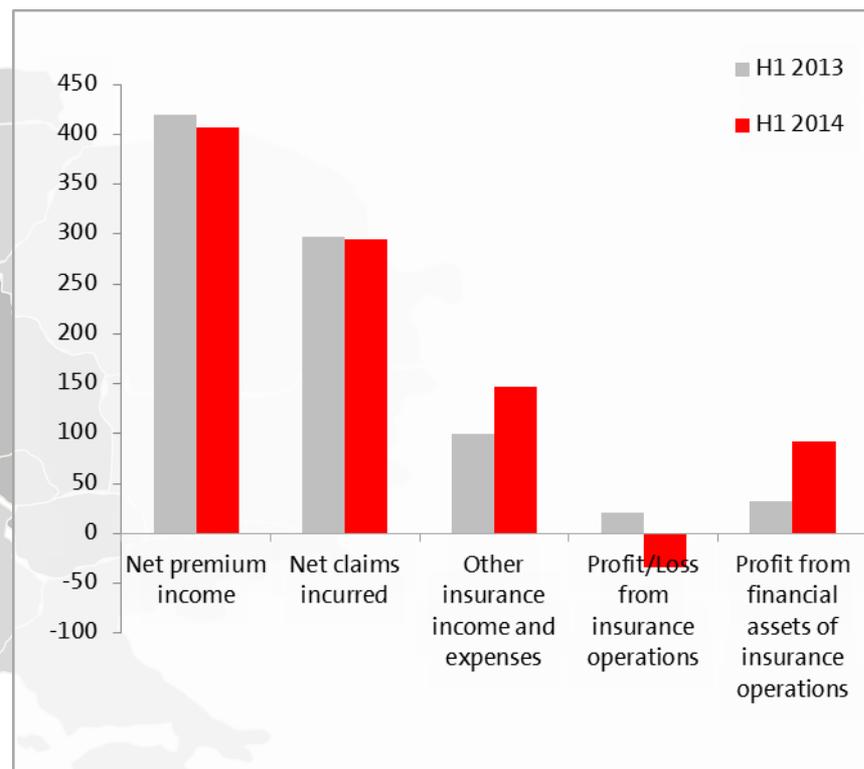
H1 2014

In EUR million

	NON-LIFE	LIFE**	HEALTH	TOTAL
Net premium income	260,0	92,4	54,3	406,7
Net claims incurred	166,5	83,8	43,9	294,1
Other insurance income and expenses*	86,6	55,8	4,0	146,4
<b>Profit/Loss from insurance operations</b>	6,9	-47,2	6,4	-33,8
<b>Profit/Loss from financial assets of insurance operations</b>	25,4	66,4	1,0	92,8

\*Include other income from insurance operations, change in other insurance technical provisions and in insurance technical provisions for unit-linked insurance contracts, expenses for bonuses and discounts, operating expenses and other insurance expenses.

\*\* Significant increase in mathematical provisions due to the increase in the investment return.

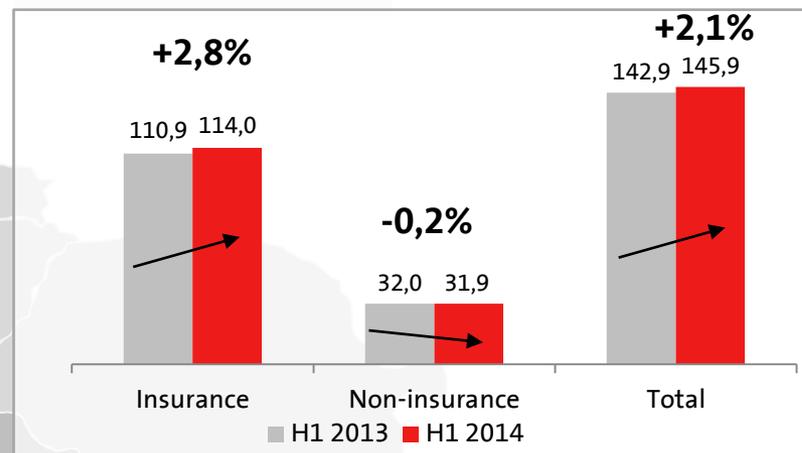


# TRIGLAV GROUP IN H1 2014 – INSURANCE ONLY

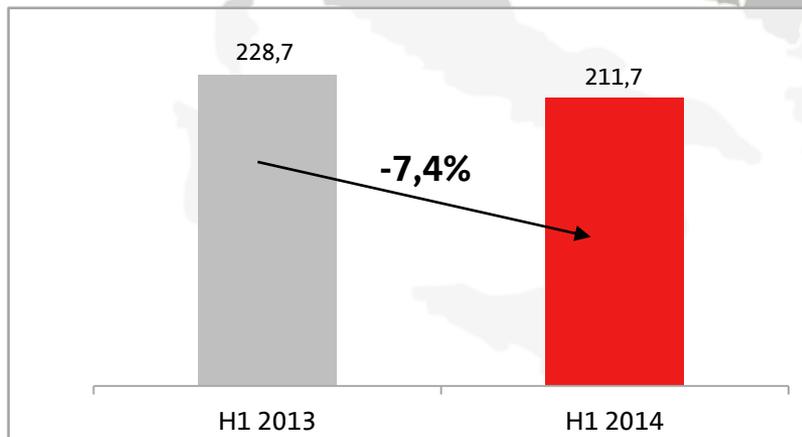
Gross claims paid decreased by 8% compared to H1 2013

	In EUR million		
	H1 2014	H1 2013	INDEX
Gross written premium	487,8	496,4	98
Net premium income	406,7	419,0	97
Gross claims settled	295,7	322,9	92
Net claims incurred	294,1	297,7	99
Gross operating costs	114,0	110,9	103
Profit before tax	60,2	53,4	113
Net profit	51,5	43,5	118

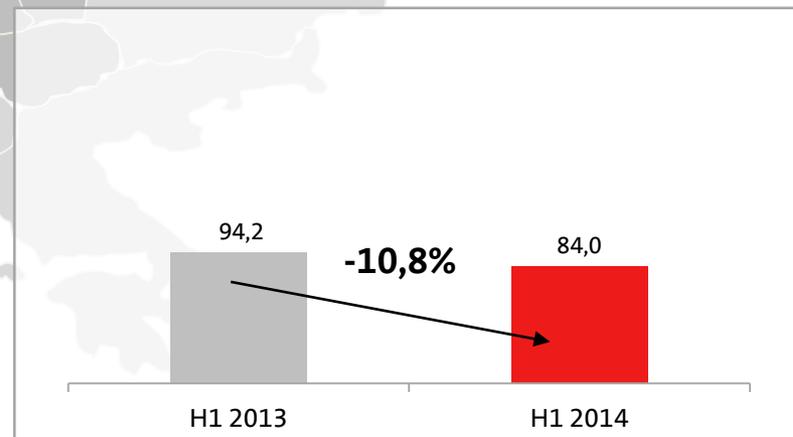
## COSTS IN EUR MILLION



## NON-LIFE GROSS CLAIMS IN EUR MILLION

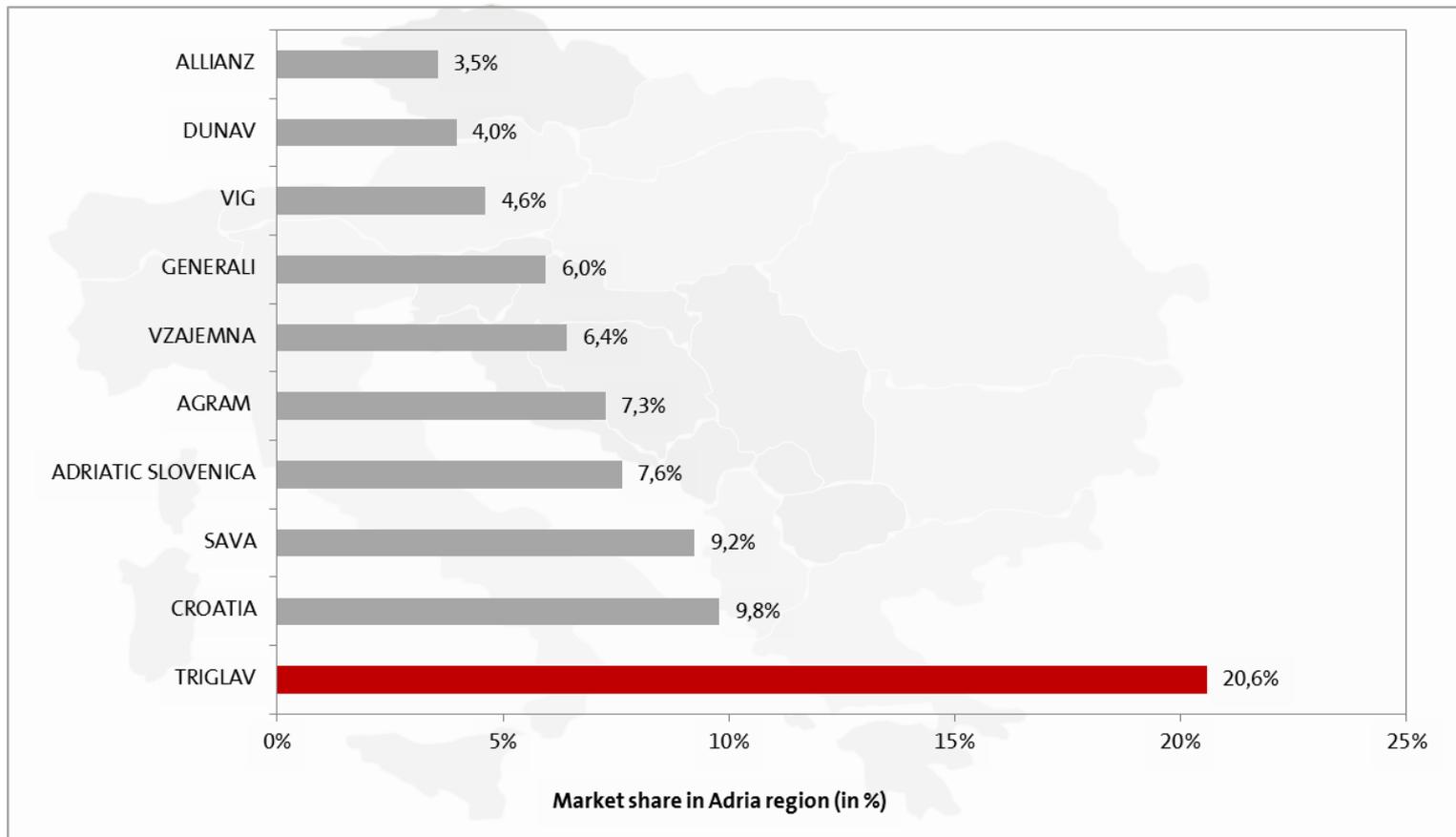


## LIFE GROSS CLAIMS IN EUR MILLION

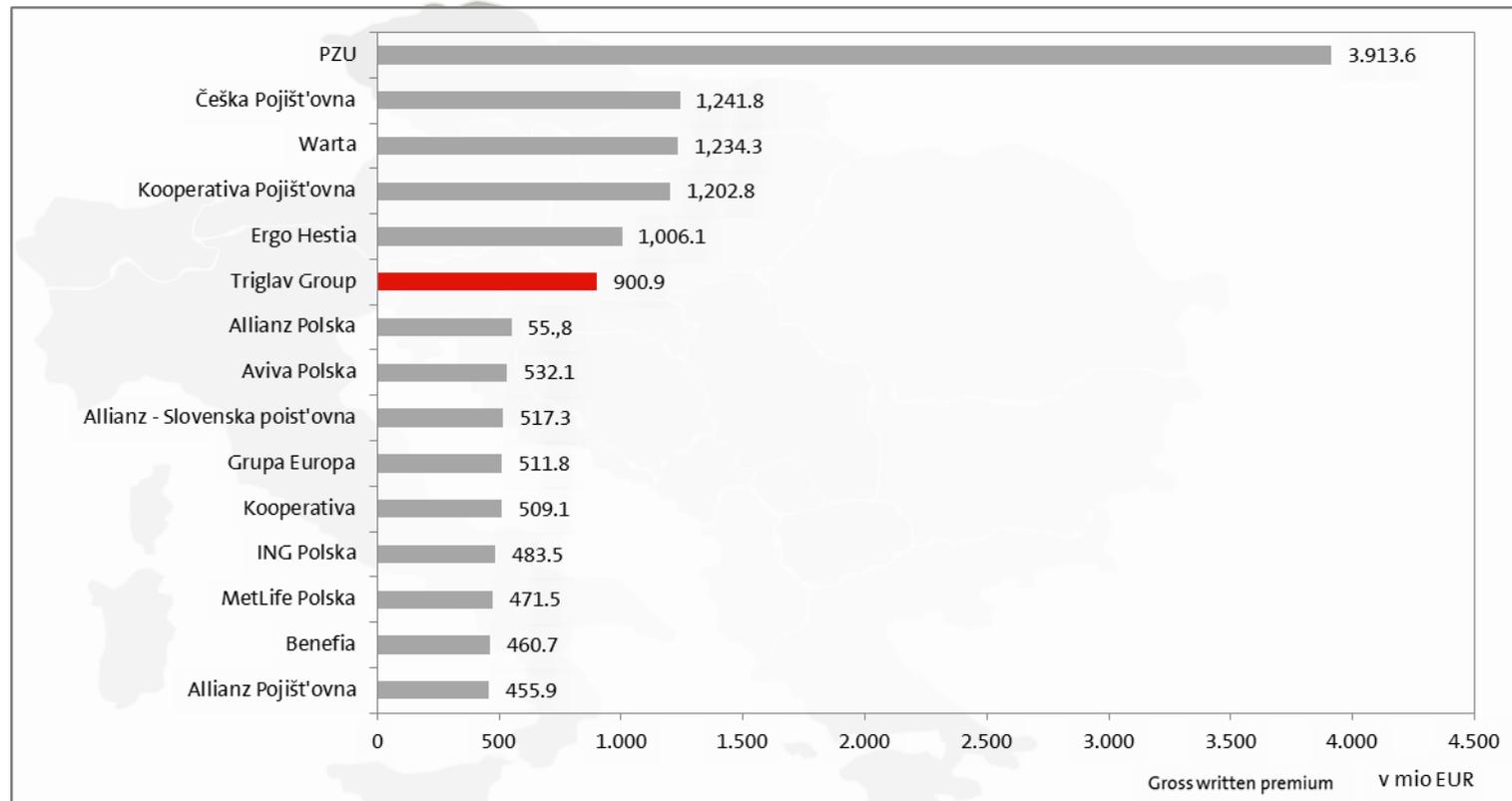


# MARKET SHARES IN 2012

Triglav Group ranks first in Adria region



# TRIGLAV GROUP IN SIXTH PLACE IN CEE IN 2013

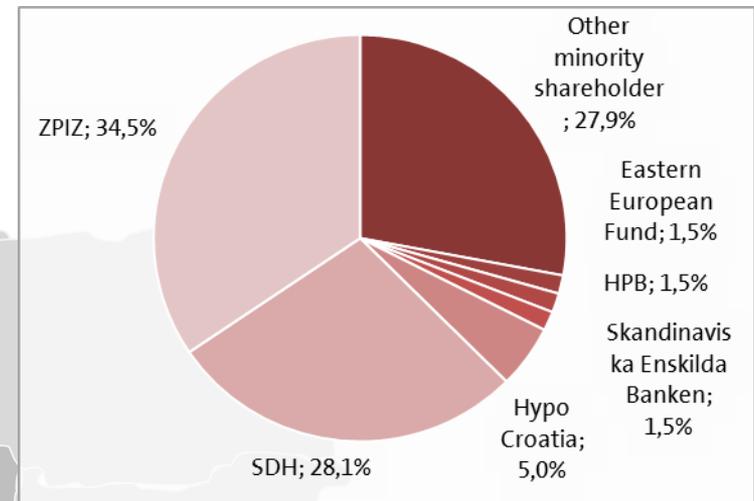
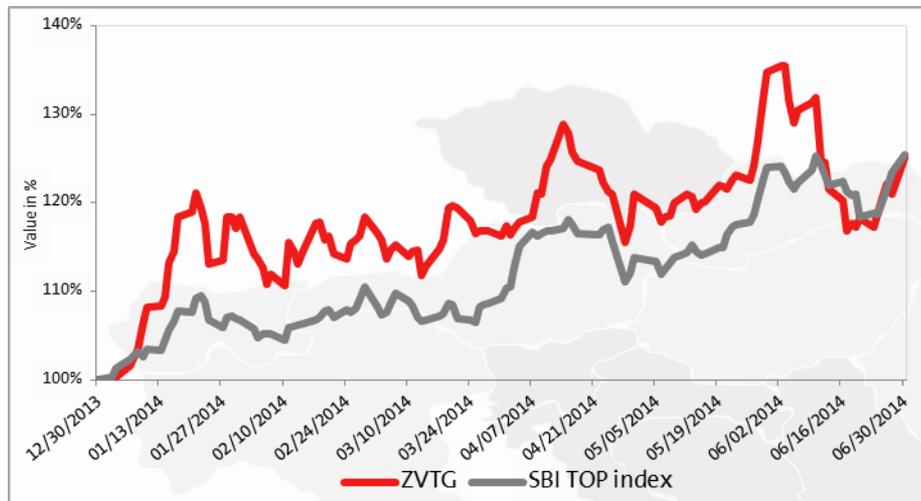


Deloitte, September 2014



# OWNERSHIP AND SHARE PRICE PERFORMANCE

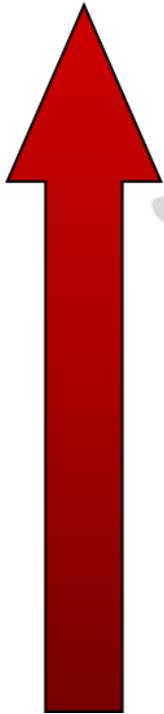
Outperformance of capital markets in 2014, Slovenian government predominant shareholder



	30 June 2014	31 Dec. 2013	31 Dec. 2012
Book value per share (in EUR)	23,7	22,0	22,3
Earnings per share (in EUR)	1,9	2,1	2,2
Share market price (in EUR)	23,8	19,0	16,5
Market capitalization (in EUR million)	540,6	432,0	375,1
Dividend per share (in EUR)		1,7	2,0
Stock Exchange	Ljubljana Stock Exchange		
Trading symbol	ZVTG		
ISIN code	SI0021111651		
Bloomberg	ZVTG.SV		
Reuters	ZVTG.LJ		

# INVESTMENT STORY

## From high growth and fast expansion to profitable operations



### Focus on profitability and selective expansion

- Profitability of the core business result of consolidation of business functions, prudent selection of insurance risks, transfer of know-how – exploiting potential of existing markets
- Growth of operations and expansion of insurance lines in existing markets, prudent entry in new insurance markets
- Efficient system of risk management compliant with Solvency II

### Fast growth in the markets of former Yugoslavia

- Limited growth potential of Slovenian insurance market
- High growth potential and knowledge level of relatively undeveloped insurance markets of former Yugoslavia – entry on all markets in former Yugoslavia region
- Biggest insurance group in Western Balkans

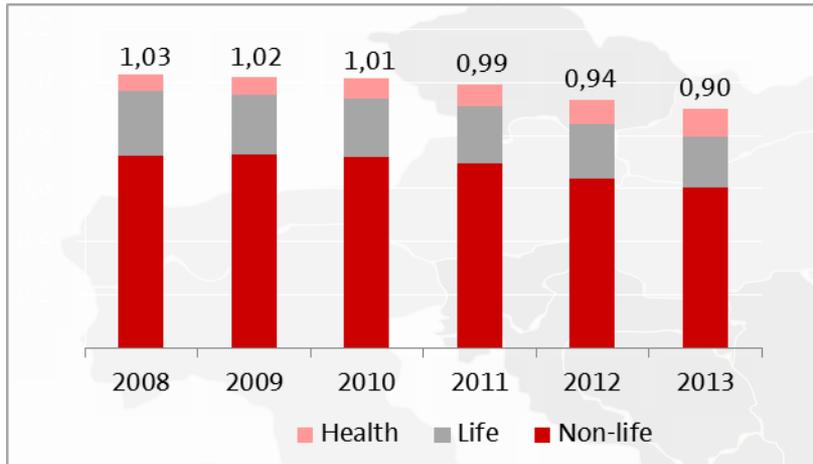
### Leading insurance company in Slovenia – expansion started in 2000

- Fast growth in Slovenia, especially life insurance
- Entry into private pension business
- In part a regional strategy – besides Slovenia also present in Croatia, Czech Republic and Montenegro

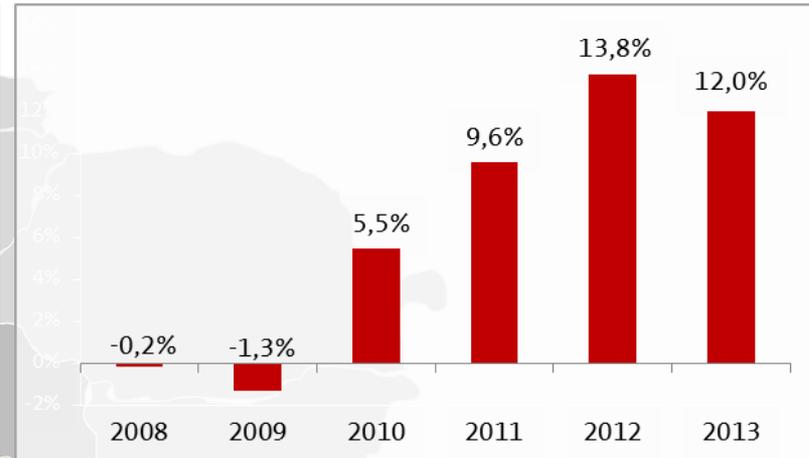
# STRATEGY TURNAROUND – PROFITABILITY OF CORE BUSINESS

Underlying performance targeting, not premium growth for any price

## GWP DEVELOPMENT IN EUR BILLION



## RETURN ON EQUITY



## NON-LIFE COMBINED RATIO

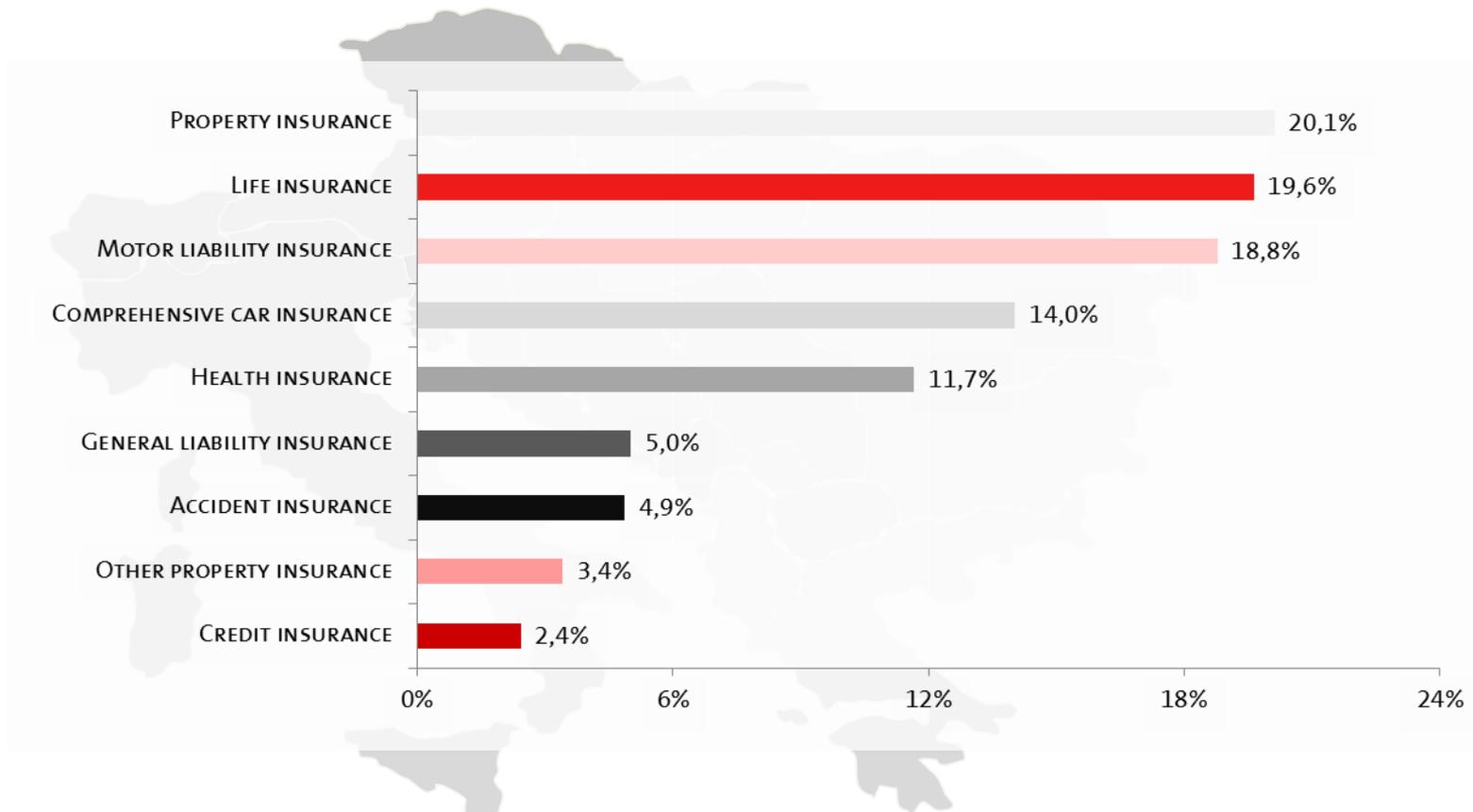


### Key measures taken

- More conservative pricing of certain products (i.e. agriculture)
- Increase of deductibles
- More conservative risk selection
- Strengthening of all underwriting activities
- Better reinsurance protection

# GROSS WRITTEN PREMIUM IN H1 2014

Well balanced insurance portfolio structure



# GROUP ASSET ALLOCATION

## Fixed income prevailing

As at 30 June 2014	Non-life & Health <sup>1</sup>		Life & Pensions <sup>1</sup>		Total	
	In EUR M	In %	In EUR M	In %	In EUR M	In %
Investment property	94,0	8%	2,5	0%	96,5	4%
Investments in associates <sup>2</sup>	3,3	0%	6,5	1%	9,9	0%
Shares and other floating rate securities	110,0	9%	47,2	4%	157,3	7%
Debt and other fixed return securities	884,0	74%	953,7	89%	1.837,7	81%
Loans given	11,7	1%	21,6	2%	33,3	1%
Deposits with banks	69,1	6%	36,1	3%	105,2	5%
Other financial investments	28,2	2%	1,0	0%	29,2	1%
<b>Investments</b>	<b>1.200,4</b>	<b>100%</b>	<b>1.068,8</b>	<b>100%</b>	<b>2.269,2</b>	<b>100%</b>
Financial investments of reinsurance companies in reinsurance contracts with cedents	4,1		0,0		4,1	
Unit-linked insurance contract investments	0,0		456,2		456,2	
<b>Group financial investments</b>	<b>1.204,5</b>		<b>1.525,0</b>		<b>2.729,5</b>	

1 Includes investments in own funds of the Group.

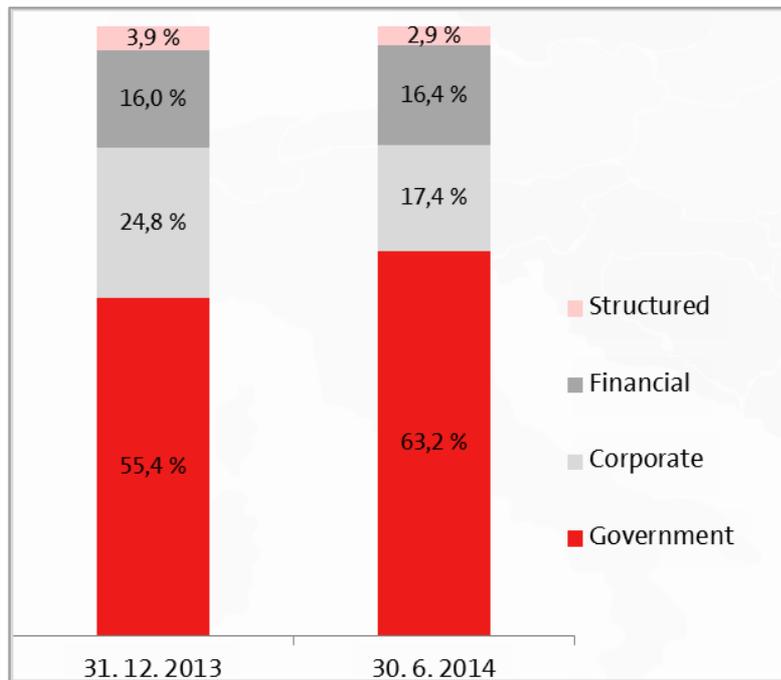
2 Investment in associates are mainly additional Real Estate exposure.



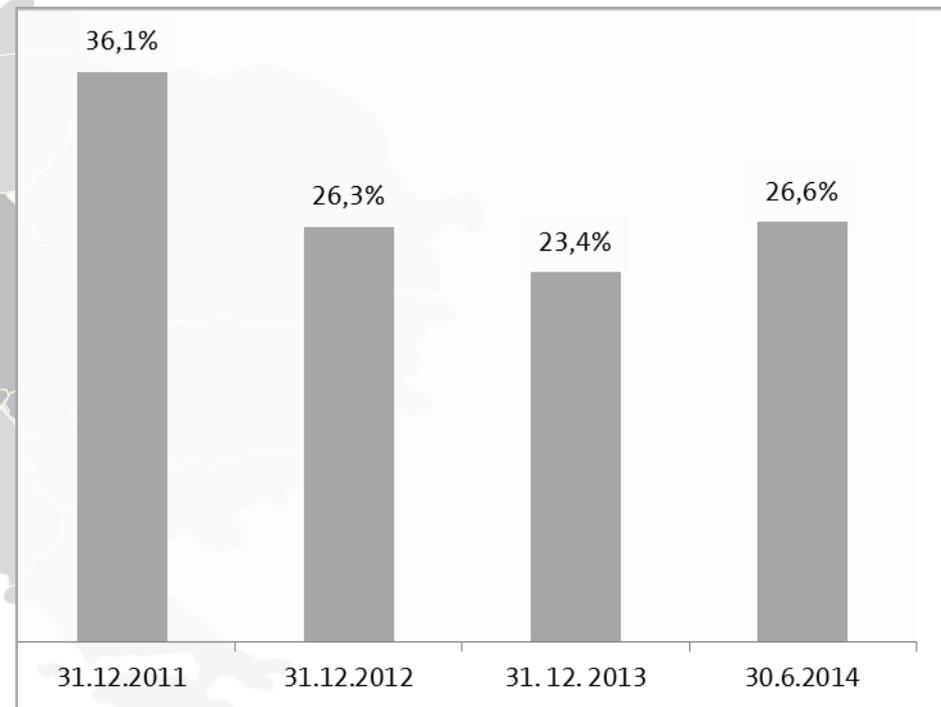
# BOND PORTFOLIOS

## Increased exposure to the government bonds

### BOND PORTFOLIO STRUCTURE BY TYPE OF ISSUERS



### EXPOSURE TO SLOVENIAN BONDS IN TOTAL BONDS

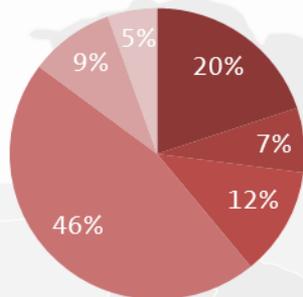


# GROUP INVESTMENT PORTFOLIOS

## Non-life and Health (as at 30 June 2014)

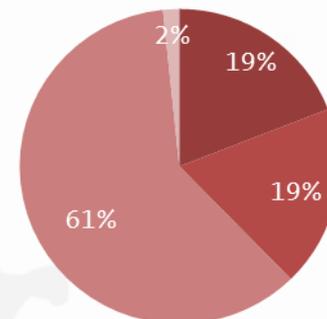
### BONDS BY RATING

- AAA
- AA
- A
- BBB
- Below BBB
- Not rated



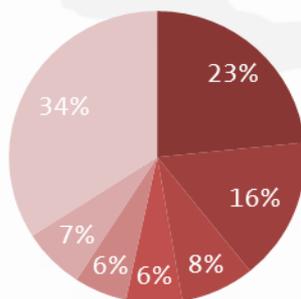
### BONDS BY TYPE OF ISSUER

- Corporate
- Financial
- Government
- Structured



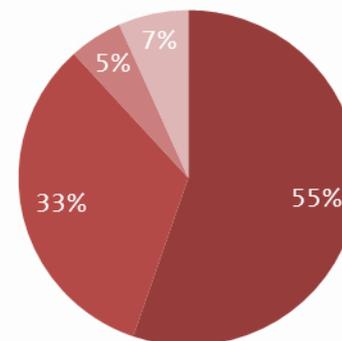
### TOP BOND EXPOSURES BY COUNTRY

- Slovenia
- Germany
- France
- Spain
- Italy
- Netherlands
- Other



### EQUITY EXPOSURES BY REGION

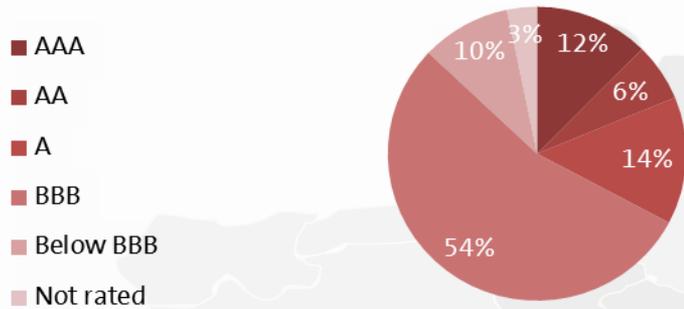
- Slovenia
- Developed markets
- Developing markets
- Balkan



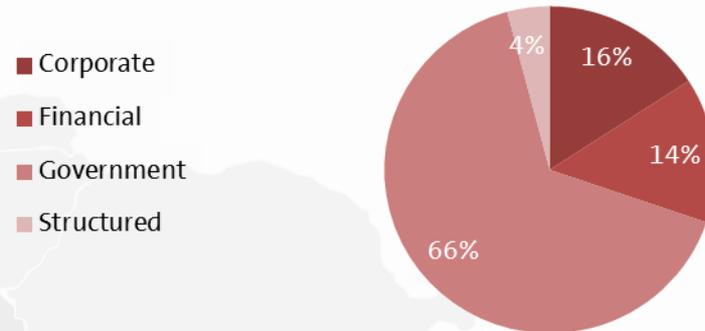
# GROUP INVESTMENT PORTFOLIOS

Life<sup>1</sup> and Pensions (as at 30 June 2014)

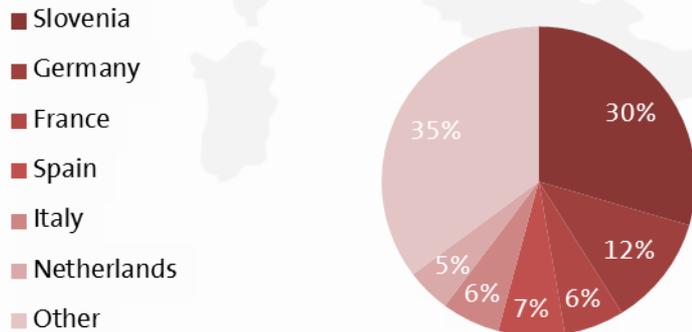
## BONDS BY RATING



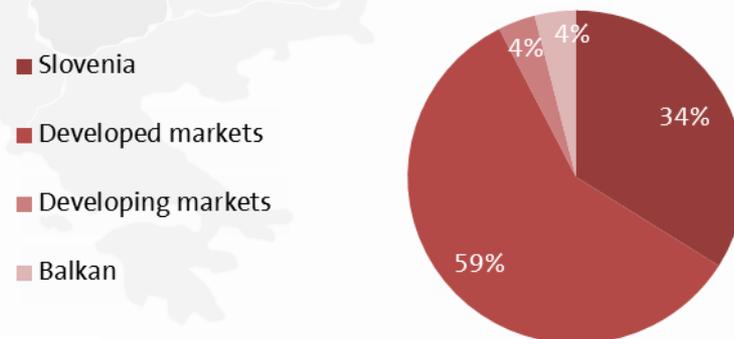
## BONDS BY TYPE OF ISSUER



## TOP BOND EXPOSURES BY COUNTRY



## EQUITY EXPOSURES BY REGION



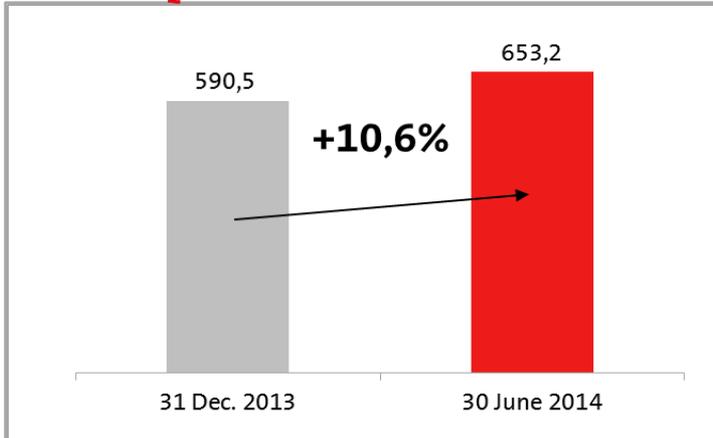
<sup>1</sup> Unit-linked investments excluded.



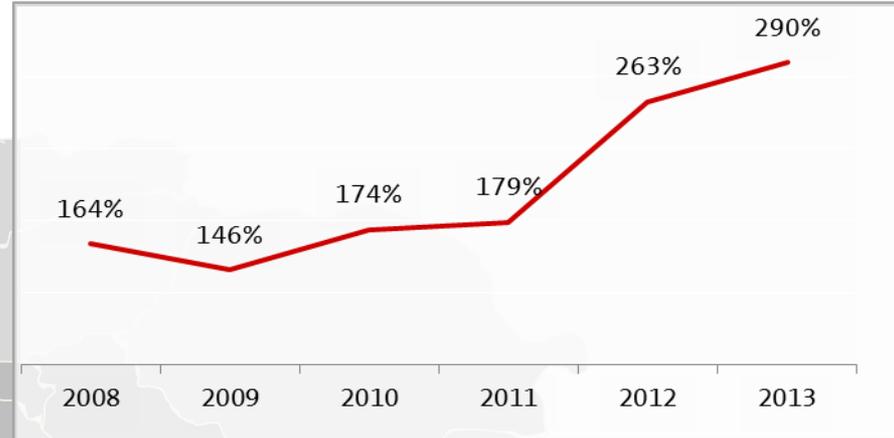
# STRONG CAPITAL BASE

Solvency ratios and technical provisions follow the strategy and demanding business conditions

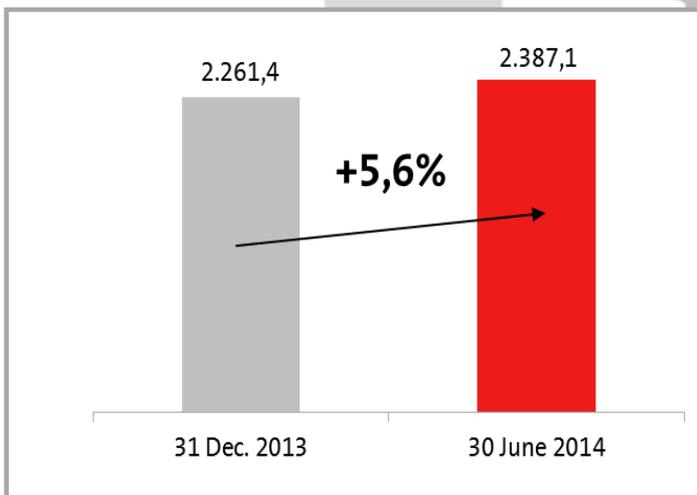
H1-END EQUITY IN EUR M



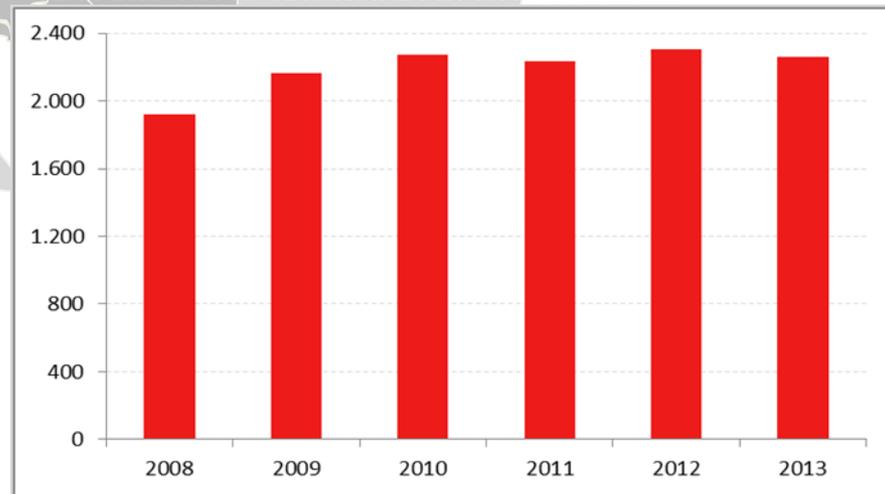
YEAR-END SOLVENCY RATIOS (ZT ONLY)



H1-END GROSS TECHNICAL PROVISIONS IN EUR M



YEAR-END GROSS TECHNICAL PROVISIONS IN EUR M



# TRIGLAV GROUP MARKETS IN H1 2014

Slovenia: Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d.

Gross premium written: -1%  
390.5 M EUR



Market share: 36,8% +0.4 p.p.



Market position: 1



Gross operating costs: +5%  
87.3 M EUR



Gross claims paid: -7%  
237.7 M EUR



Combined ratio: 93.5%  
+6.3 p.p.



## Market development:

- Insurance penetration <sup>(2013)</sup>: 5.6%
- GPW: 1.059 mio EUR (-2%)
- Insurance density <sup>(2013)</sup>: 960 EUR per capita

## Major events:

- High profit level
- Low level of combined ratio
- High growth of health GWP

# TRIGLAV GROUP MARKETS IN H1 2014

Croatia: Triglav Osiguranje d.d., Zagreb

Gross premium written: -13%  
23.8 M EUR



Market share: 3.9% -0.3 p.p.



Market position: 9



Gross operating costs: +10%  
8.6 M EUR



Gross claims paid: -33%  
13.5 M EUR



Combined ratio: 105.3%  
+2.8 p.p.



## Market development:

- Insurance penetration (2013): 2.7%
- GPW: 614 mio EUR (-5%)
- Insurance density (2013): 280 EUR per capita

## Major events:

- Liberalisation of the motor liability insurance market
- Lower growth of GPW due to strict underwriting

# TRIGLAV GROUP MARKETS IN H1 2014

## Serbia: Triglav Osiguranje a.d.o., Belgrade

Gross premium written: +18%  
10.3 M EUR



Market share (Q1 2014): 3.3% +0.5 p.p.



Market position (Q1 2014): 7



Gross operating costs: -9%  
4.4 M EUR



Gross claims paid: -6%  
4.1 M EUR



Combined ratio: 110.4%  
-20.2 p.p.



### Market development:

- Insurance penetration (2013): 1.8%
- GPW (Q1 2014): 136 mio EUR (+3%)
- Insurance density (2013): 78 EUR per capita

### Major events:

- Impact of stricter cost management
- Overhead cost restructuring
- High claim paid in court ruling
- Introduction of new products

# TRIGLAV GROUP MARKETS IN H1 2014

Bosnia and Herzegovina: Triglav Osiguranje, Sarajevo d.d., Triglav Osiguranje, Banja Luka a.d.

Gross premium written: +4%  
11.6 M EUR



Market share: 8.0% -0.4 p.p.



Market position: 5



Gross operating costs: +4%  
5.0 M EUR



Gross claims paid: +13%  
5.3 M EUR



Combined ratio: 106.4%  
+6.4 p.p.



## Market development:

- Insurance penetration (2013): 2.0%
- GPW: 145 mio EUR (+9%)
- Insurance density (2013): 71 EUR per capita

## Major events:

- Higher gross claims paid due to flood damage
- New successful distribution channel (Tri-Pro)
- GPW growth in life segment

# TRIGLAV GROUP MARKETS IN H1 2014

Montenegro: Lovćen osiguranje a.d. & Lovćen životna osiguranja a.d.

Gross premium written: -8%  
13.6 M EUR



Market share: 38.6% -3.0 p.p.



Market position: 1



Gross operating costs: -8%  
4.7 mio EUR



Gross claims paid: +15%  
8.7 mio EUR



Combined ratio: 102.5%  
+6.5 p.p.



## Market development:

- Insurance penetration (2013): 2.2%
- GPW: 35 mio EUR (-1%)
- Insurance density (2013): 117 EUR per capita

## Major events:

- Legislation changes
- Overhead cost restructuring initiated
- Lower motor liability insurance premiums

# TRIGLAV GROUP MARKETS IN H1 2014

## Macedonia: Triglav Osiguruvanje a.d., Skopje

Gross premium written: +14%  
9.7 M EUR



Market share NL (Q1 2014): 16.5% +2.3 p.p.



Market position NL (Q1 2014): 1



Gross operating costs: +6%  
2.9 M EUR



Gross claims paid: -16%  
4.1 M EUR



Combined ratio: 104.3%  
+8.1 p.p.



### Market development:

- Insurance penetration (2013): 1.5%
- GPW NL (Q1 2014): 29 mio EUR (+10%)
- Insurance density (2013): 57 EUR per capita

### Major events:

- Restructuring of distr. channels
- Lower MTPL premium through brokers - escalating commissions
- Lower claims

# TRIGLAV GROUP MARKETS IN H1 2014

Czech republic: Triglav Pojišť'ovna a.s.

Gross premium written: -21%  
12.0 mio EUR



Market share NL: 0.9% -0,2 p.p.



Market position NL: 11



Gross operating costs: -19%  
4.2 M EUR



Gross claims paid: -25%  
9.3 M EUR



Combined ratio: 115.4%  
+2.1 p.p.



## Market development:

- Insurance penetration (2013): 3.8%
- GPW NL: 1.312 mio EUR (+1%)
- Insurance density (2013): 572 EUR per capita

## Major events:

- Restructuring of insurance portfolio
- Reinsurance restructuring
- Transition to a new IT system

# TRIGLAV GROUP PLANS FOR 2014

Stable premium and profit according to hard economic conditions

	2011	2012	2013	Plan 2014	INDEX	INDEX
					In EUR million	
					Real./ plan 2013 2013/2012	
<b>Gross written premium</b>	989,4	936,3	900,9	902,1	96	96
<b>Profit before tax</b>	58	89,7	83,6	75,9	121	93
<b>Net profit</b>	47,5	73,2	69,9	65,6	127	95
<b>Equity</b>	489,5	574,6	590,5	606,1	97	103
<b>Combined ratio non-life</b>	90,1%	89,6%	91,0%	96,3%		

# THE STRATEGY OF TRIGLAV GROUP 2013 - 2017

Moderate expansion with focus on profitability

The mission and vision of the Triglav Group will maintain its focus on the profitability and safety of operations, thus ***BUILDING A SAFER FUTURE.***

## Triglav Group Goals for 2017

- Key business pillars are **insurance** and **asset management**.
- Strategic objectives for the 2013-2017 period:
  1. *profitable operations and increasing the value of the Triglav Group;*
  2. *client orientation;*
  3. *simplification of business processes and cost efficiency,*
  4. *achieving adequate growth and profitability rates on key markets and maintaining efficient corporate governance of companies within the Triglav Group.*



# THE STRATEGY OF TRIGLAV GROUP

Moderate expansion with focus on profitability

## Triglav Group Goals for 2017

- Return on equity (end of strategic period target): above **10%**
- Profitable operation of all subsidiaries
- Net combined ratio: **95% stable**
- **On the Slovene market**, focus on profitability and maintaining the largest market share (special attention to health and pension insurance products).
- **Expansion of the Triglav Group**: Further growth and development in target markets in South-East Europe by winning at least a 10% market share (organic growth, growth through acquisitions is not to be excluded).
- **Dividend policy**: Arises from the target capital adequacy and the plans for further growth and development of the Group in its target markets. In line with the policy, the Triglav Group will always have enough available capital to independently ensure its »A« rating. The dividend shall correspond to approximately one third of the net profit of the Triglav Group.

# 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.

