

# TRIGLAV GROUP



**INVESTOR PRESENTATION FOR LSE WEBCAST**

H1 2019 RESULTS

3 SEPTEMBER 2019

# HIGHLIGHTS

2019 Triglav Group's corporate video  
available on web site [www.triglav.eu](http://www.triglav.eu)



# H1 2019 KEY FINANCIALS

Solid performance, annual profit guidance confirmed, taking into account the business conditions anticipated until the end of 2019

## GROSS WRITTEN PREMIUM

€ 630.2M

GWP up 10% y-o-y

## PROFIT BEFORE TAX

€ 41.7M

Increased by 17% y-o-y

## COMBINED RATIO NON-LIFE

93.2%

95.2% in H1 2018

Growth in almost all markets:

- Slovenia: +8%
- Other markets: +10%

Growth in all insurance segments:

- Non-life: +10%
- Life & Pensions: +0%
- Health: +21%

Influenced by growth of net premium income (+6% y-o-y) at a higher rate than growth of net claims incurred (+2% y-o-y).

Higher return on financial investments as a result of higher net gains on the sale of financial assets and higher net income from changes in fair value.

PBT from underwriting +19% y-o-y, PBT from investment activities -8% y-o-y, as expected. 84% of regular PBT came from underwriting (+4 p.p. y-o-y), 16% from investment activities.

In lower range of its long term average target value i.e. around 95%



# HIGHLIGHTS IN H1 2019

**AGM:** AGM passed all proposed resolutions of Management and Supervisory Boards. Dividend paid for 2018 in the amount of € 2.5 gross per share (70% pay-out)

In line with dividend policy of Triglav Group

**S&P Global**  
Ratings

S&P affirmed “A” financial strength and credit ratings with a stable medium-term outlook.  
*S&P GR Research Update available on [www.triglav.eu](http://www.triglav.eu)*

In line with strategic goal – maintaining »A« credit ratings

**Expansion activities:**



Takeover of Slovenian AM company ALTA Skladi. Triglav with 34% market share leading position in Slovene mutual fund market (AUM € 1,022M in investment funds & discretionary mandate assets)



Establishment of pension company in North Macedonia

In line with strategy: Long-term focus on the existing markets. Organic growth, potential takeovers not excluded. New business models for entering markets outside region.

**New bond:**

Issue of 30.5-year subordinated bond (replacement of existing issued subordinated bond with maturity in 2020)

*Total issue size € 50M, fixed annual interest rate 4.375% until the first call date in 2029. Traded on Luxembourg SE*

Part of regular capital management activities of Triglav Group, aimed at ensuring optimal capital structure and its cost effectiveness

**Corporate Governance:**

Management Board: Appointment of David Benedek as a member of MB, responsible for subsidiaries and investments.

Supervisory Board: Appointment of two members, employee representatives, due to expiration of term of office of existing members

Two tier governance system, Triglav focused on high level of corporate governance



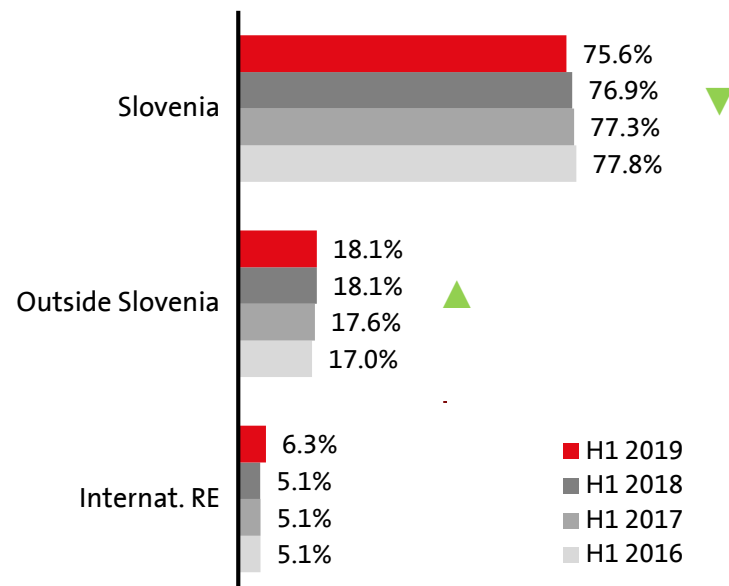
# GWP DIVERSIFICATION BY MARKETS

GWP BY MARKETS (H1 2019)

% TOTAL GWP

Slovenia		Slovenia	75.6%
Other markets		Croatia	6.2%
		Serbia	4.8%
		Montenegro	2.9%
		Bosnia and Herz.	2.4%
		North Macedonia	1.9%
International RE			6.3%

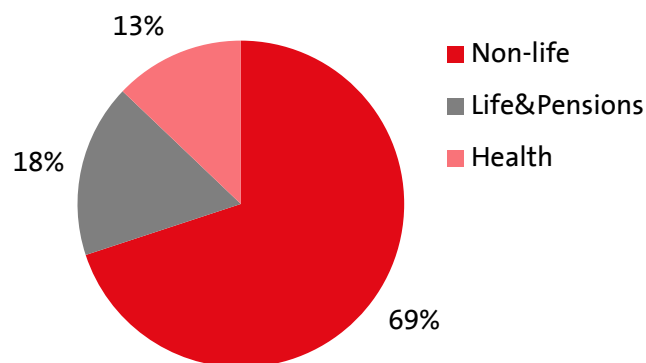
FOCUSED ON INCREASING % GWP OUTSIDE SLOVENIA



# GWP DIVERSIFICATION BY PRODUCTS

## GWP BY MAIN INSURANCE SEGMENTS

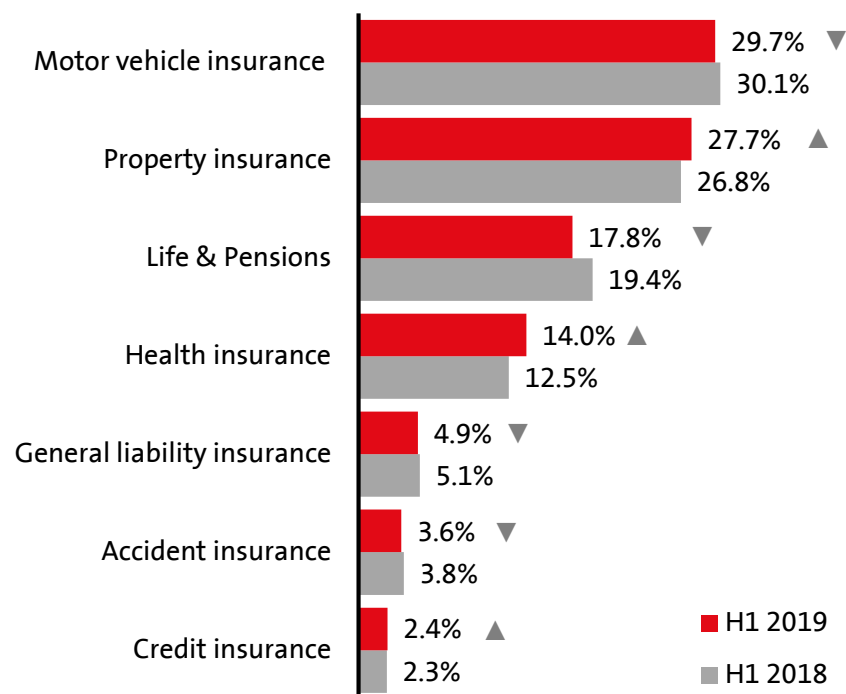
Total (H1 2019): € 630M



		H1 2019	H1 2018	H1 2017
Non-life	▲	68.9%	68.5%	67.9%
Life&Pensions	▼	17.8%	19.4%	20.4%
Health	▲	13.3%	12.0%	11.7%

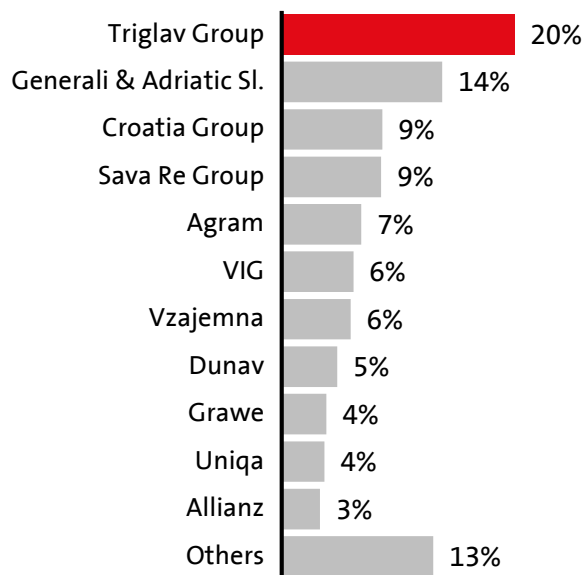
## WELL BALANCED STRUCTURE OF GWP

Total (H1 2019): € 630M

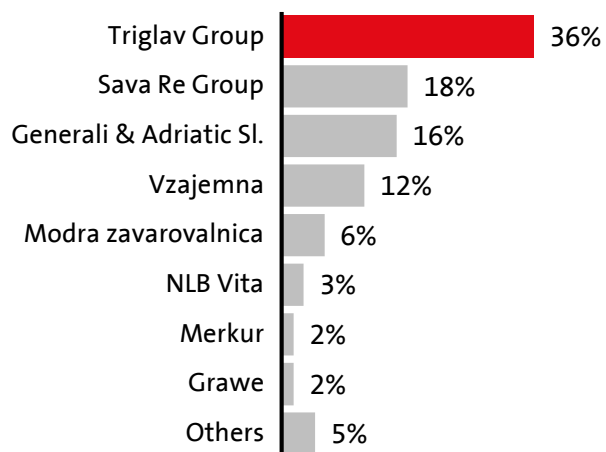


# DOMINANT MARKET POSITION BOTH IN SLOVENIA AND ADRIA REGION

ADRIA REGION<sup>1</sup> (% market share; 2018):



SLOVENIA<sup>2</sup> (% market share; H1 2019):



In Slovenia by segments (H1 2019):  
 44% in non-life  
 28% in life  
 29% in health

TRIGLAV ON ITS MARKETS (H1 2019):

Market	Market share	Position
Slovenia	36.1%	1
Croatia	5.0%	8
Serbia	6.7% <sup>1</sup>	5 <sup>1</sup>
Montenegro	38.8%	1
Bosnia and Herz.	7.7% <sup>2</sup>	6 <sup>2</sup>
North Macedonia	14.1% <sup>1</sup>	1

<sup>1</sup>Q1 2019    <sup>2</sup>Q4 2018



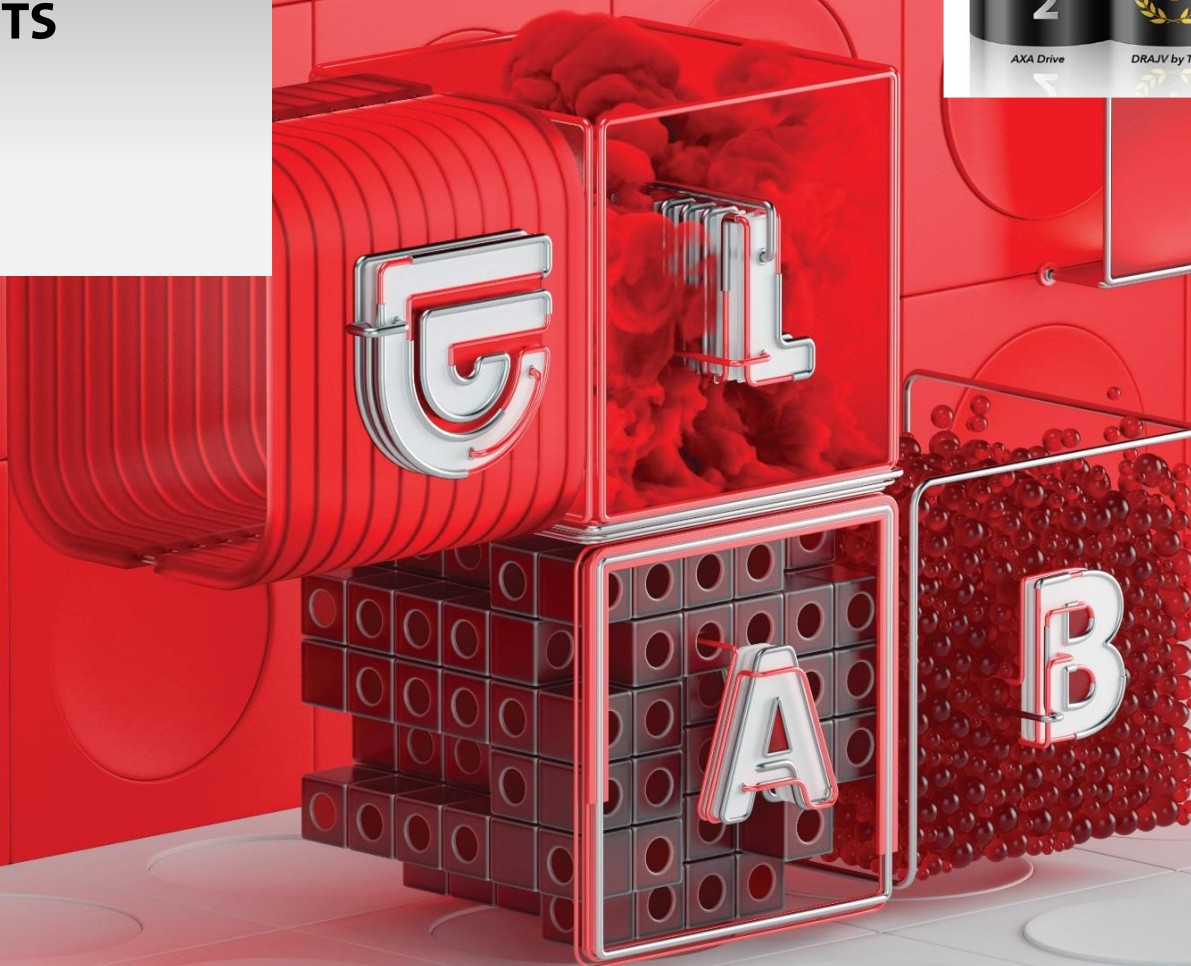
<sup>1</sup> Source: Calculation based on the data of regional regulators and insurance associations  
 Adria region: Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia

<sup>2</sup> Source: Slovenian Insurance Association



# H1 2019 RESULTS

## FINANCIALS & INVESTMENTS





## H1 2019 PERFORMANCE AT A GLANCE

	In €M		
	H1 2019	H1 2018	Index
Gross written premium	630.2	574.8	110
Net premium income	491.8	465.9	106
Gross claims paid	334.8	326.8	102
Net claims incurred	330.1	324.8	102
Insurance business gross operating costs	133.3	128.1	104
Profit before tax	41.7	35.6	117
Net profit	34.7	30.0	116
Expense ratio non-life	28.1%	28.6%	
Net claims ratio non-life	65.1%	66.5%	
Combined ratio non-life	93.2%	95.2%	

GWP increased by 10% y-o-y. Premium growth in almost all markets, average premium growth in Slovenia 8% in markets outside of Slovenia 10%

PBT increased by 17% y-o-y, which can primarily be attributed to higher growth of net premium earned compared to growth of net claims incurred in non-life insurance, and the higher realised return on financial investments

Combined ratio non-life in lower range of its long term average target value i.e. around 95%

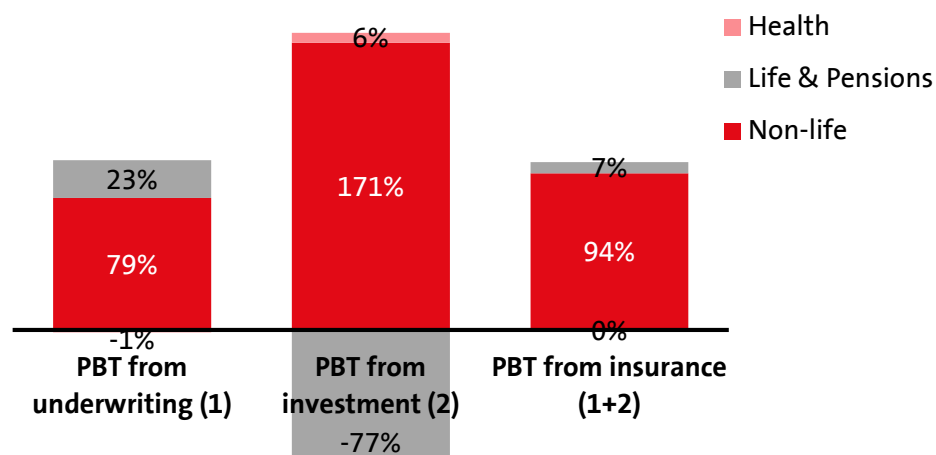


## STRUCTURE OF PROFIT BEFORE TAX

In €M

	H1 2019					H1 2018				
	Non-life	Life & Pensions	Health	Total	In %	Non-life	Life & Pensions	Health	Total	In %
PBT from underwriting activities (1)	26.3	7.6	-0.4	33.4	84%	18.3	10.0	-0.4	28.0	80%
PBT from investment activities* (2)	10.9	-4.9	0.4	6.4	16%	9.4	-2.7	0.3	6.9	20%
<b>PBT from insurance (1+2)</b>	<b>37.2</b>	<b>2.7</b>	<b>-0.1</b>	<b>39.8</b>	<b>100%</b>	<b>27.7</b>	<b>7.3</b>	<b>-0.1</b>	<b>34.9</b>	<b>100%</b>
<b>PBT from non-insurance (3)</b>				<b>1.9</b>					<b>0.7</b>	
<b>Total PBT (1+2+3)</b>				<b>41.7</b>					<b>35.6</b>	

*\*Life investment result net of guarantees and additionally formed mathematical reserves and other investment-related provisions*



(1) The higher result of non-life insurance business primarily caused by higher growth of net premium income compared to growth of net claims incurred. Lower result of life insurance business mainly due to decrease in interest rates on financial markets.

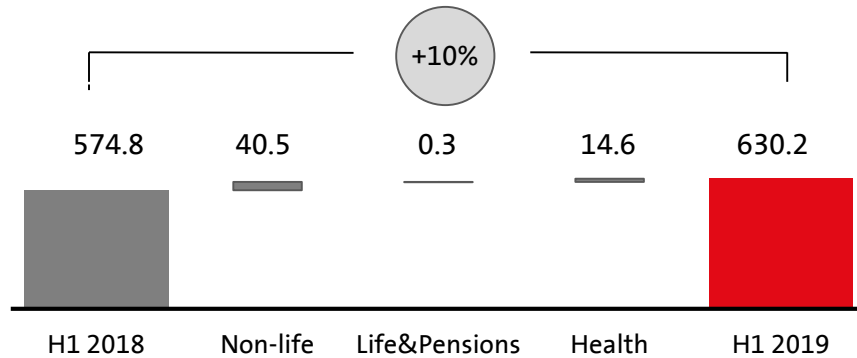
(2) Investment result under influence of higher net gains on the sale of financial assets. Net interest income continued to decrease due to the low interest rate environment. Due to lower interest rates on financial markets Triglav formed € 8.6M additional provisions for life insurance policies (€ 5.5M more than in H1 2018).

(3) Increase in result from non-insurance activities due to solid performance of AM company and some one-offs.

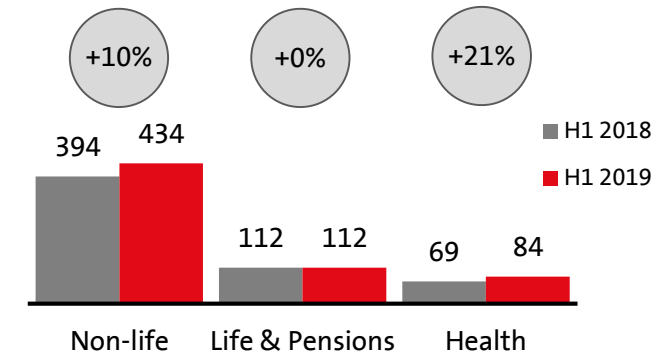


# GWP GROWTH OF 10% Y-O-Y

GWP DEVELOPMENT FROM H1 2018 TO H1 2019 (in €M)



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

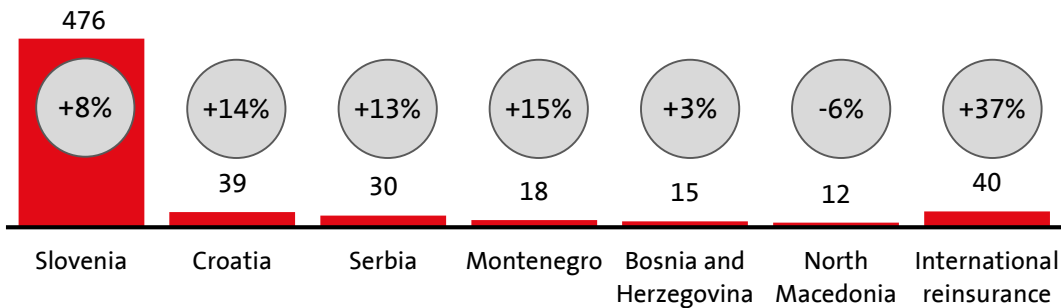


Non-life: Growth in all insurance classes

Life & Pensions: Stable topline in a challenging environment

Health: Growth of supplemental health insur. premium (increased number of concluded policies and price increase). Successful marketing of additional health insurance products.

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

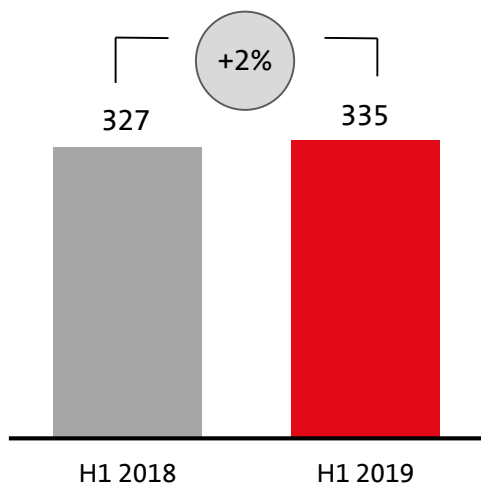


Premium growth in most markets of Triglav Group, mainly exceeding growth of the whole market



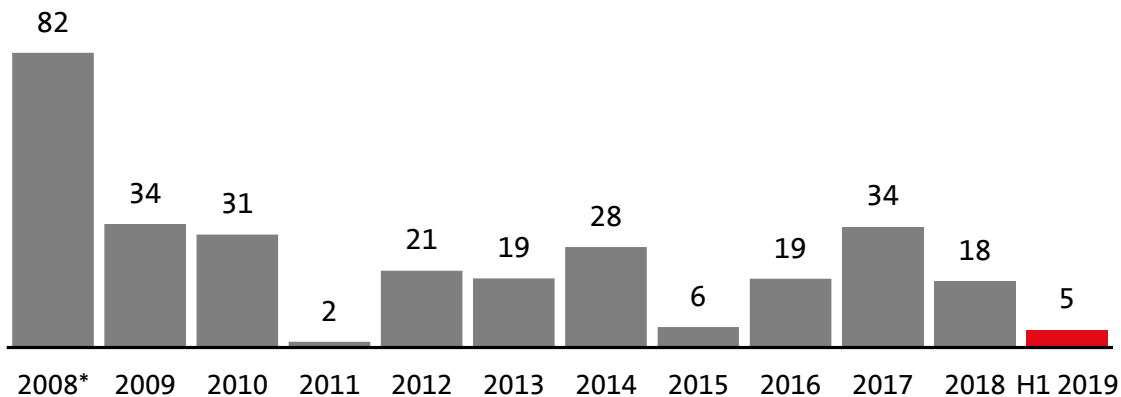
# GROSS CLAIMS PAID

GROSS CLAIMS PAID (in €M, change in %)



Relatively favourable claims experience in H1 2019

CAT LOSSES SINCE 2008 (in €M)



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

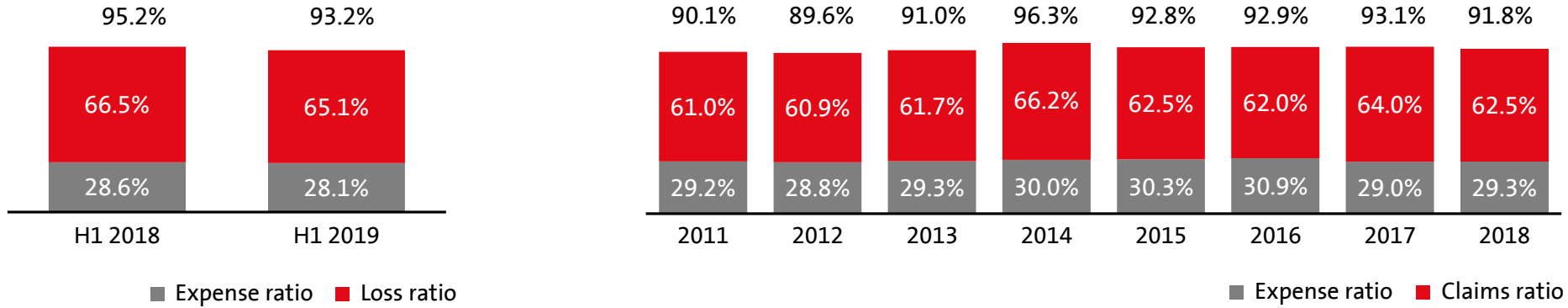
In H1 2019: June storms with hail in Slovenia (€ 3.9M damage on cars, crops and buildings; February storms in Montenegro (€ 0.2M); in Q2 2019 storms with hail in North Macedonia (€ 0.7M). CAT losses figures are estimates.



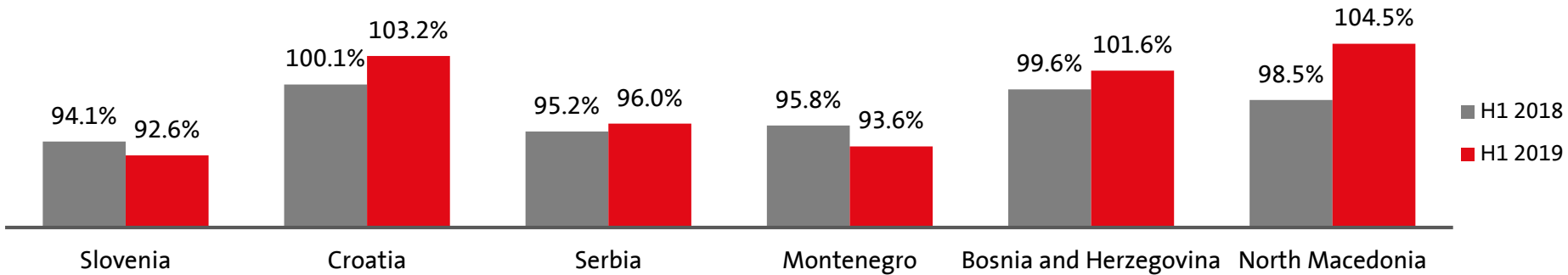
# CONTINUED UNDERWRITING DISCIPLINE

STRATEGY: Average target combined ratio NL at around 95%

## TRIGLAV GROUP COMBINED RATIO NL

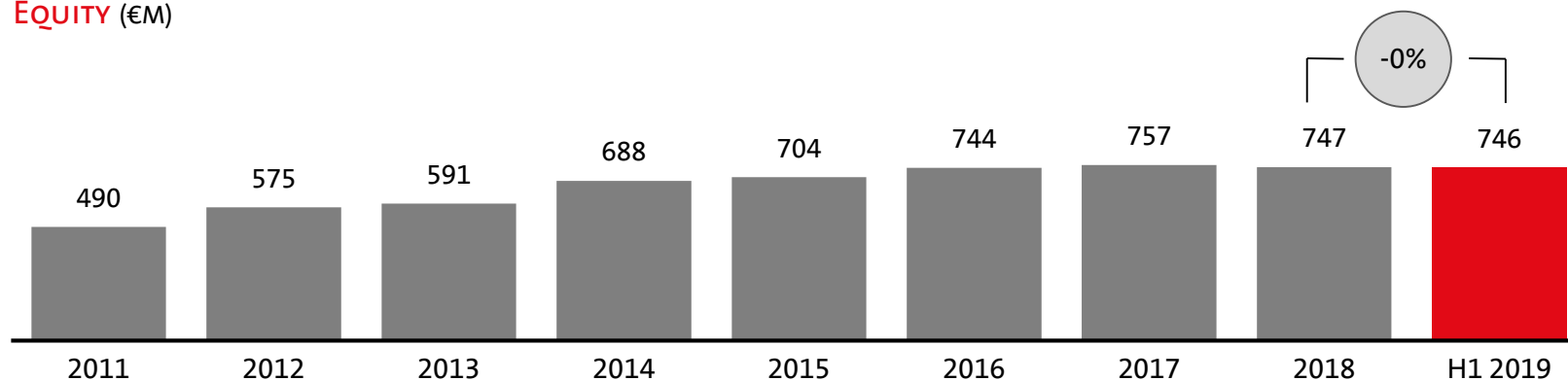


## TRIGLAV GROUP COMBINED RATIO NL BY MARKETS

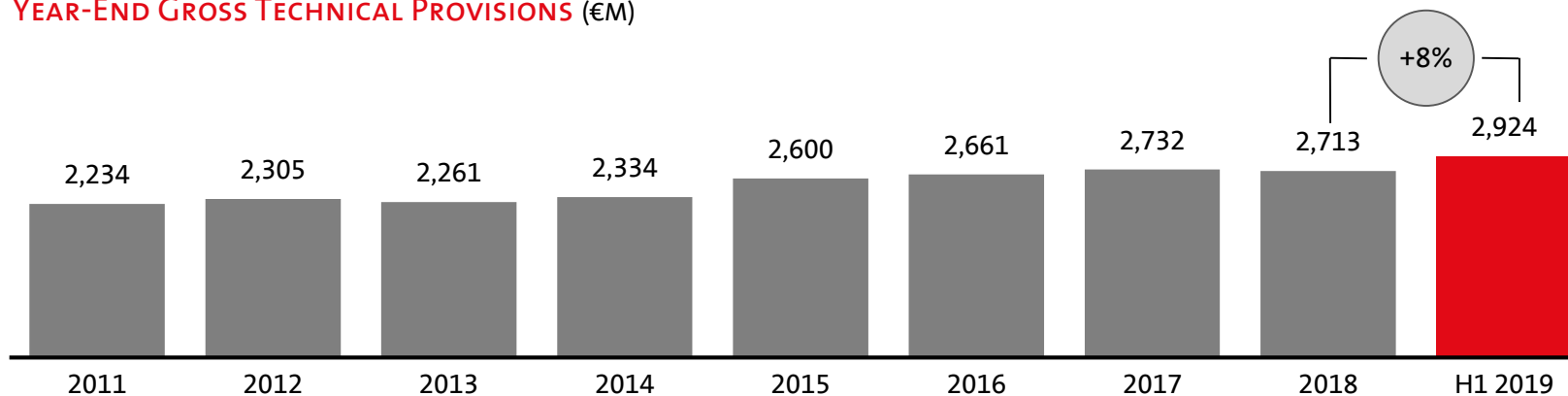


## FINANCIAL STRENGTH, PRUDENT MANAGEMENT OF PROVISIONS

### EQUITY (€M)



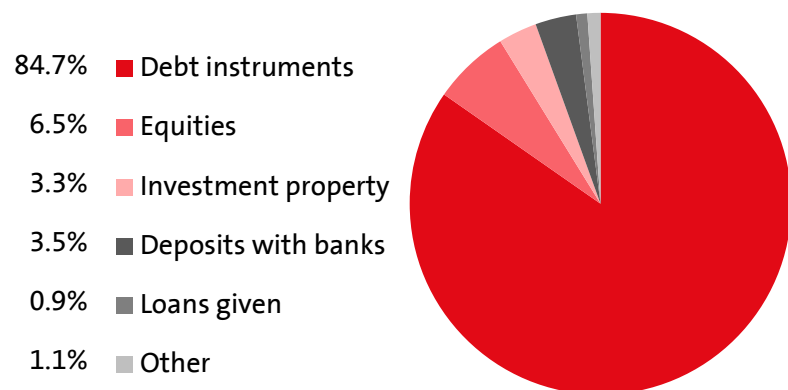
### YEAR-END GROSS TECHNICAL PROVISIONS (€M)



# HIGH-QUALITY INVESTMENT PORTFOLIO

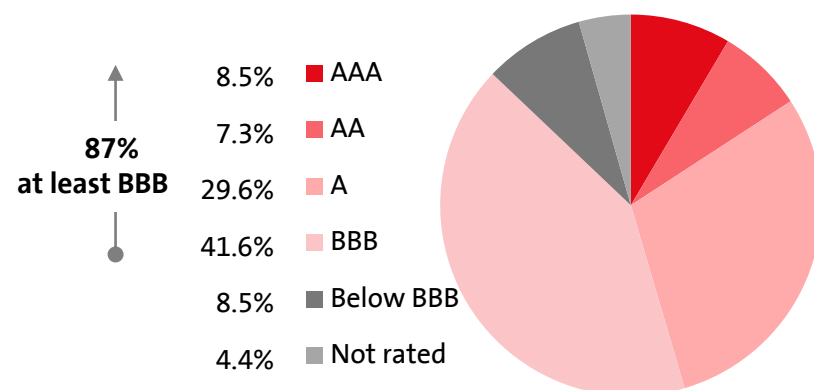
Asset allocation subject to ALM on portfolio basis and ERM principles. In H1 2019 no significant changes in portfolio structure.

**ASSET ALLOCATION** (H1 2019)<sup>1</sup> Total: € 2,751M



Triglav's investment risk profile is solid, with high-quality investments broadly diversified across the eurozone.

**DEBT INSTRUMENTS BY RATING** (H1 2019) Total: € 2,330M



**87% with credit rating at least BBB (+8 pp y-o-y)**

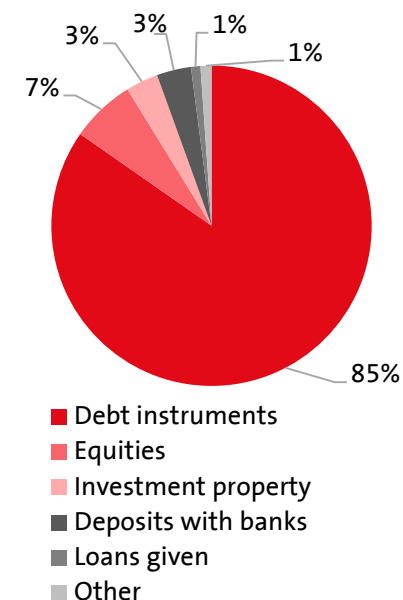
**45% with credit rating A or higher (+1 pp y-o-y)**

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



## TRIGLAV GROUP ASSET ALLOCATION

30 June 2019	Non-life & Health <sup>1</sup>		Life & Pensions <sup>1</sup>		Total	
	In €M	In %	In €M	In %	In €M	In %
Investment property	88.1	7%	2.0	0%	90.1	3%
Investments in associates <sup>2</sup>	12.7	1%	0.6	0%	13.3	0%
Shares and other floating rate securities	103.3	9%	75.6	5%	178.9	7%
Debt and other fixed return securities	922.9	77%	1,406.8	91%	2,329.7	85%
Loans given	2.6	0%	23.4	2%	26.0	1%
Bank deposits	65.2	5%	30.3	2%	95.4	3%
Other financial investments	6.8	1%	2.3	0%	9.0	0%
<b>Investments</b>	<b>1,201.5</b>	<b>100%</b>	<b>1,541.0</b>	<b>100%</b>	<b>2,742.5</b>	<b>100%</b>
Financial investments of reinsurance companies in reinsurance contracts with cedents	8.1		0.0		8.1	
Unit-linked insurance contract investments	0.0		456.3		456.3	
<b>Group financial investments</b>	<b>1,209.6</b>		<b>1,997.3</b>		<b>3,206.9</b>	



*Unit-linked insurance contract investments excluded*

### DURATION GAP (2018)<sup>3</sup>

(unit linked & Supplementary pensions excluded)

- Average weighted duration gap -0.9 y
- Average duration: Assets 5.6 y, Liabilities 9.4 y
- Average weighted duration gap: Non-life 0.5 y, Life -1.8 y

### LIFE GUARANTIES (2018)<sup>3</sup>

- The largest book at Zavarovalnica Triglav with size of € 756M
- Effective average rate of guarantee 2.5 %
- Average IFRS investment yield 2.9 %

<sup>1</sup> Includes investments of own funds of the Group <sup>2</sup> Investment in associates are mainly additional real estate exposure <sup>3</sup> Data for parent company

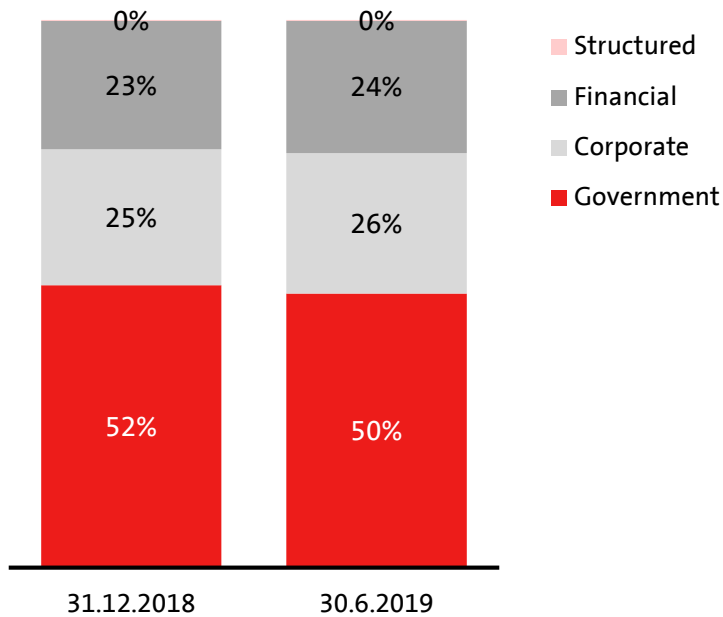




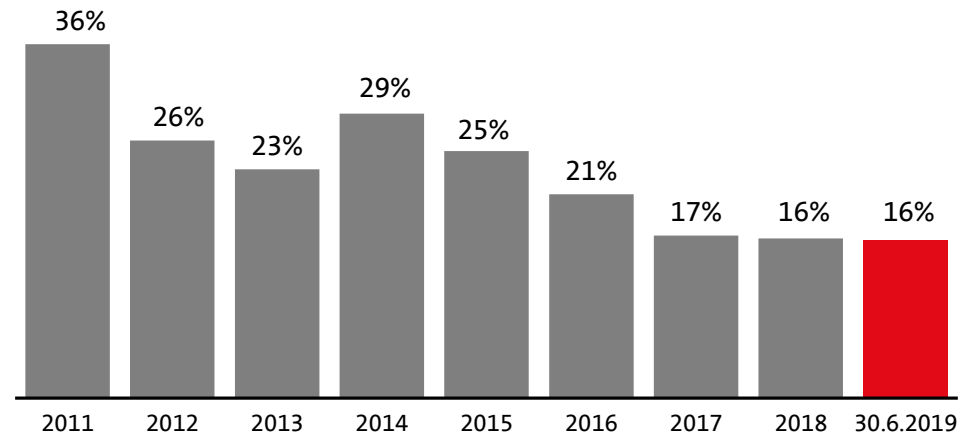
# BOND PORTFOLIOS

## BOND PORTFOLIO STRUCTURE BY TYPE OF ISSUERS

Total: € 2,330M



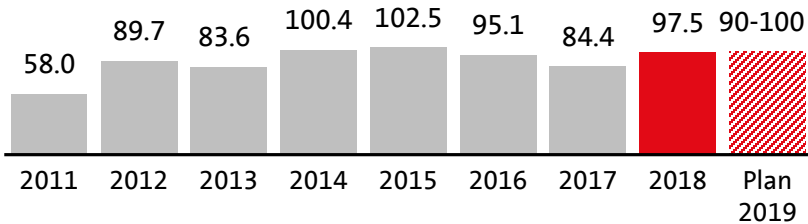
## EXPOSURE TO SLOVENIAN BONDS IN TOTAL BONDS



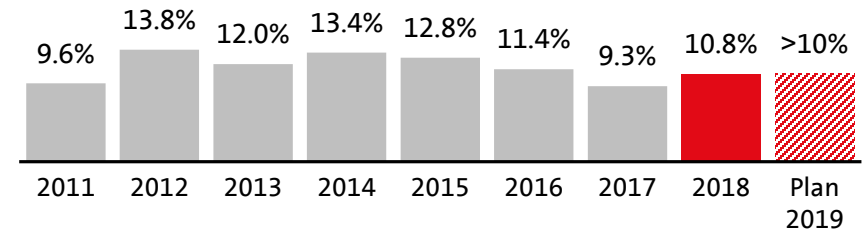
# OUTLOOK 2019

Annual profit guidance for 2019 confirmed, taking into account the business conditions anticipated until the end of 2019  
Focus on long term profitability and safety of operations

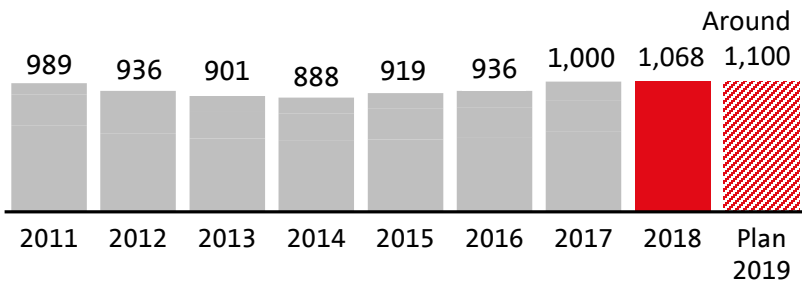
## PROFIT BEFORE TAX (in €M)



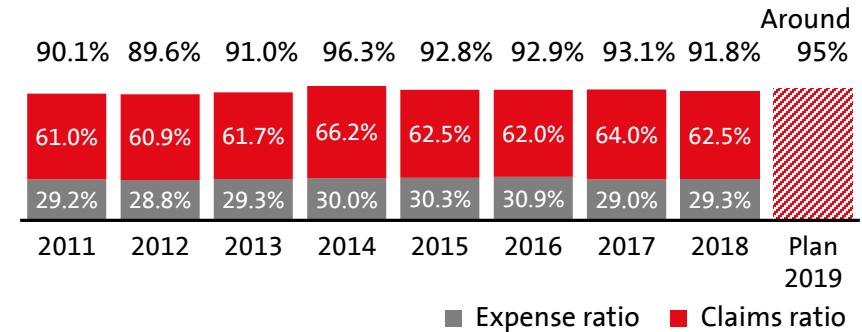
## ROE



## GROSS WRITTEN PREMIUM (in €M)



## COMBINED RATIO NL





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