

Triglav Group

Investor Presentation

November 2014



Vse bo v redu.

triglav

www.triglav.si

Triglav Group

- **Key Figures**

9M 2014

- **Financial Highlights**
- **Markets**

- **Goals for 2014**

- **Strategy
2013 - 2017**

Triglav Group

Key Figures



About Triglav Group

Triglav Group

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

Core Business

- Insurance
- Third-party asset management

Position

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

Ratings

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



Triglav Group Management Team



Andrej Slapar, President of the Management Board, BSc in Law

- CEO



Benjamin Jošar, Member of the Management Board, MBA

- In charge of the Triglav INT company, Subsidiary Management Department and the Strategic Planning and Controlling Department.



Uroš Ivanc, CFA, Member of the Management Board, MScBA

- CFO



Tadej Čoroli, Member of the Management Board, BSc in Law

- In charge of Sales, Marketing and Distribution of insurance, Non-life insurance and Non-life claims insurance divisions, the Marketing Department.



Marica Makoter, Member of the Management Board, BSc in Law

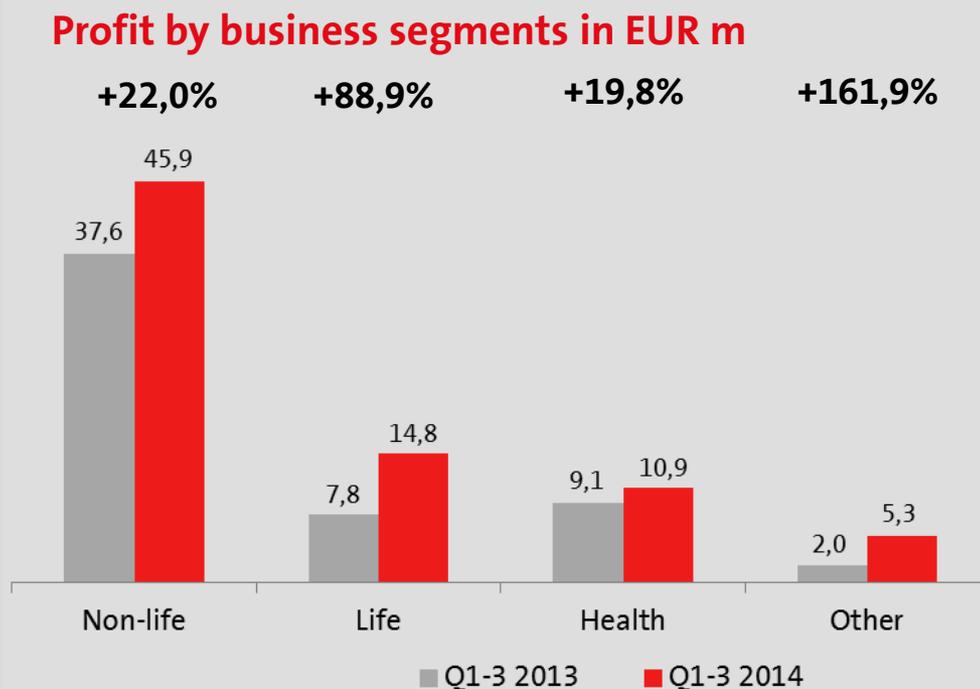
- Employee representative; in charge of the Headquarters Fraud Prevention, Detection and Investigation Department, the Project Office, the IT Division and the Back Office Division.



Triglav Group

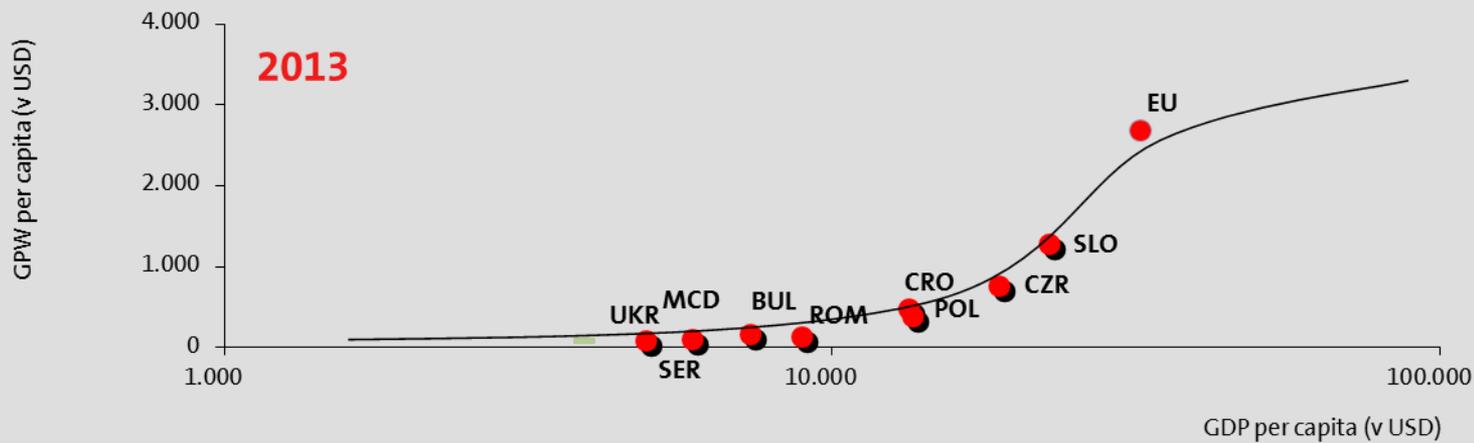
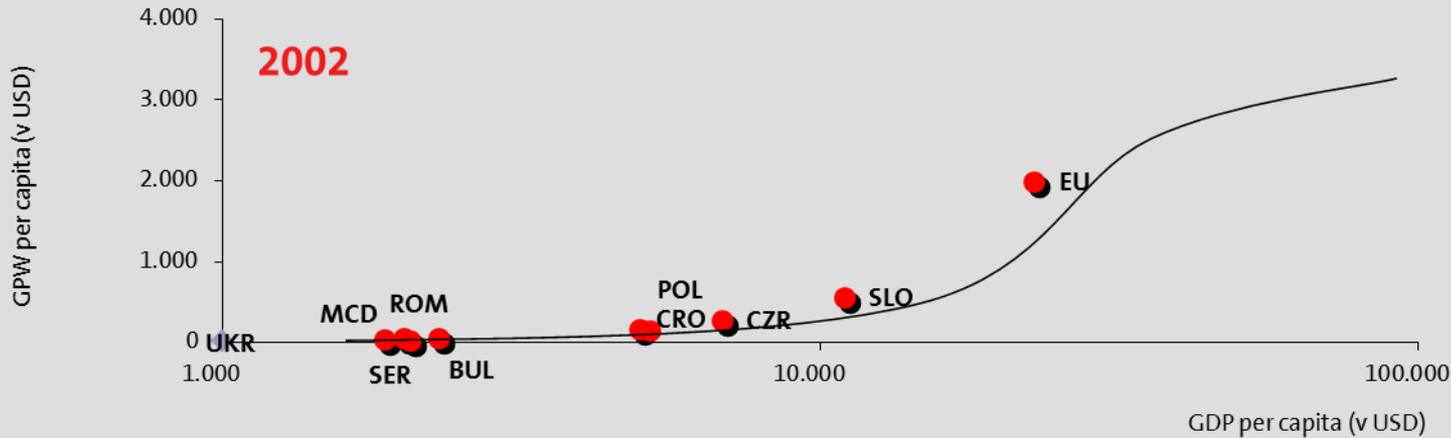
The core business is insurance

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



Development of Insurance Markets

GDP growth and low insurance density key growth drivers on target markets



Triglav Group in 9M 2014



Financial Highlights for Triglav Group in 9M 2014

Further profit growth in core business

- 9M 2014 net profit 36% higher than the same period last year
- A high level of financial stability maintained, as confirmed by »A-« credit ratings from Standard & Poor's and A.M. Best with stable/positive outlook
- The Triglav Group increased its leading market share by 0.4 p.p., while its market share in Slovenia accounted for 36.3% in the reporting period
- Closing price of Zavarovalnica Triglav's shares increased by 34%
- Dividends at EUR 1.70 gross per share
- Intention to strengthen the presence in the pension insurance market in Slovenia (takeover intention for Skupna Pokojninska družba)
- Term sheet agreement on sale of the subsidiary Triglav pojišt'ovna, Brno concluded



Triglav Group in 9M 2014

Consistent implementation of strategic guidelines reflected in higher profit

In EUR million

	Q1-3 2014	Q1-3 2013	INDEX
Gross written premium	688,6	702,8	98
Net premium income	611,7	629,7	97
Gross claims paid	440,8	470,5	94
Net claims incurred	438,3	443,4	99
Gross operating costs*	170,7	166,5	103
Profit before tax	89,7	65,4	137
Net profit for the accounting period	77,0	56,6	136
Gross insurance technical provisions	2.396,4	2.261,4	106
Total equity	684,0	590,5	116
Number of employees	5.368	5.351	100
Expense ratio non-life	28,7%	28,1%	
Net claims ratio non-life	66,7%	64,3%	
Combined ratio non-life	95,4%	92,3%	

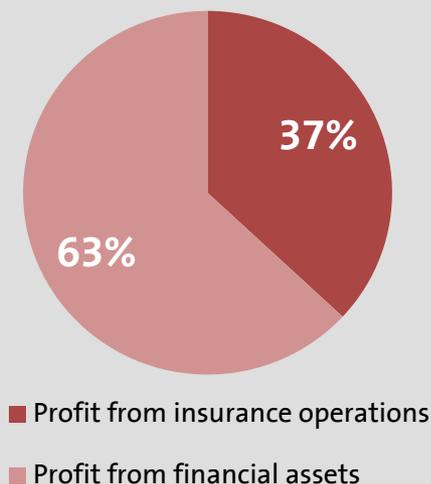
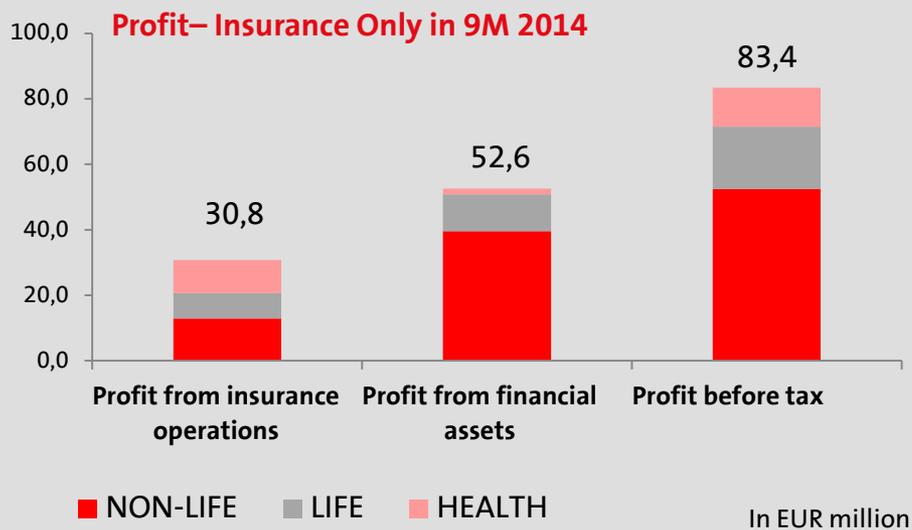
*Insurance business gross operating costs



Structure of Profit of Triglav Group

In EUR million

	Q1-3 2014				Q1-3 2013			
	NON-LIFE	LIFE	HEALTH	TOTAL	NON-LIFE	LIFE	HEALTH	TOTAL
Profit/Loss from insurance operations	12,9	7,8	10,1	30,8	28,2	5,9	8,4	42,5
Profit/Loss from financial assets	39,6	11,2	1,8	52,6	16,4	2,9	0,7	20
Profit (Insurance only) before tax	52,5	19	11,9	83,4	44,6	8,8	9,1	62,5
Other income				6,3				2,9
Total Profit before tax				89,7				65,4

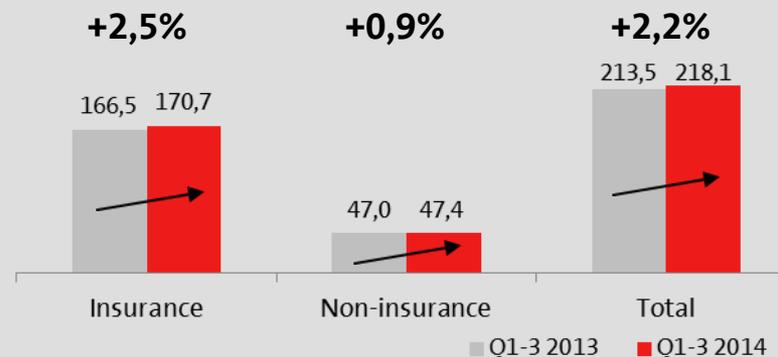


Triglav Group in 9M 2014 – Insurance Only

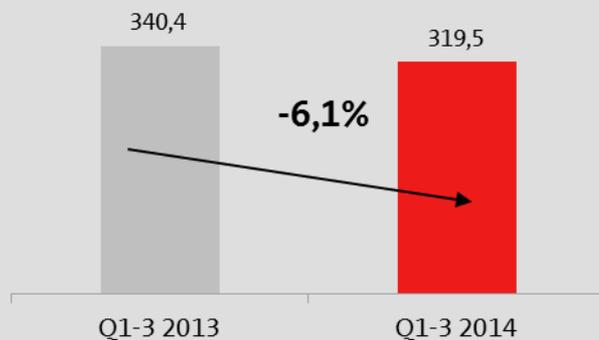
Further profit growth in core business

	In EUR million		
	Q1-3 2014	Q1-3 2013	INDEX
Gross written premium	688,6	702,8	98
Net premium income	611,7	629,7	97
Gross claims settled	440,8	470,5	94
Net claims incurred	438,3	443,4	99
Gross operating costs	170,7	166,5	103
Profit before tax	83,4	62,5	133
Net profit	71,6	54,6	131

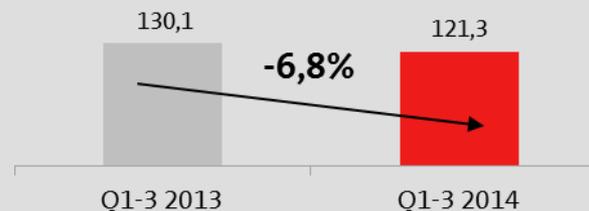
Costs in EUR million



Non-life gross claims in EUR million

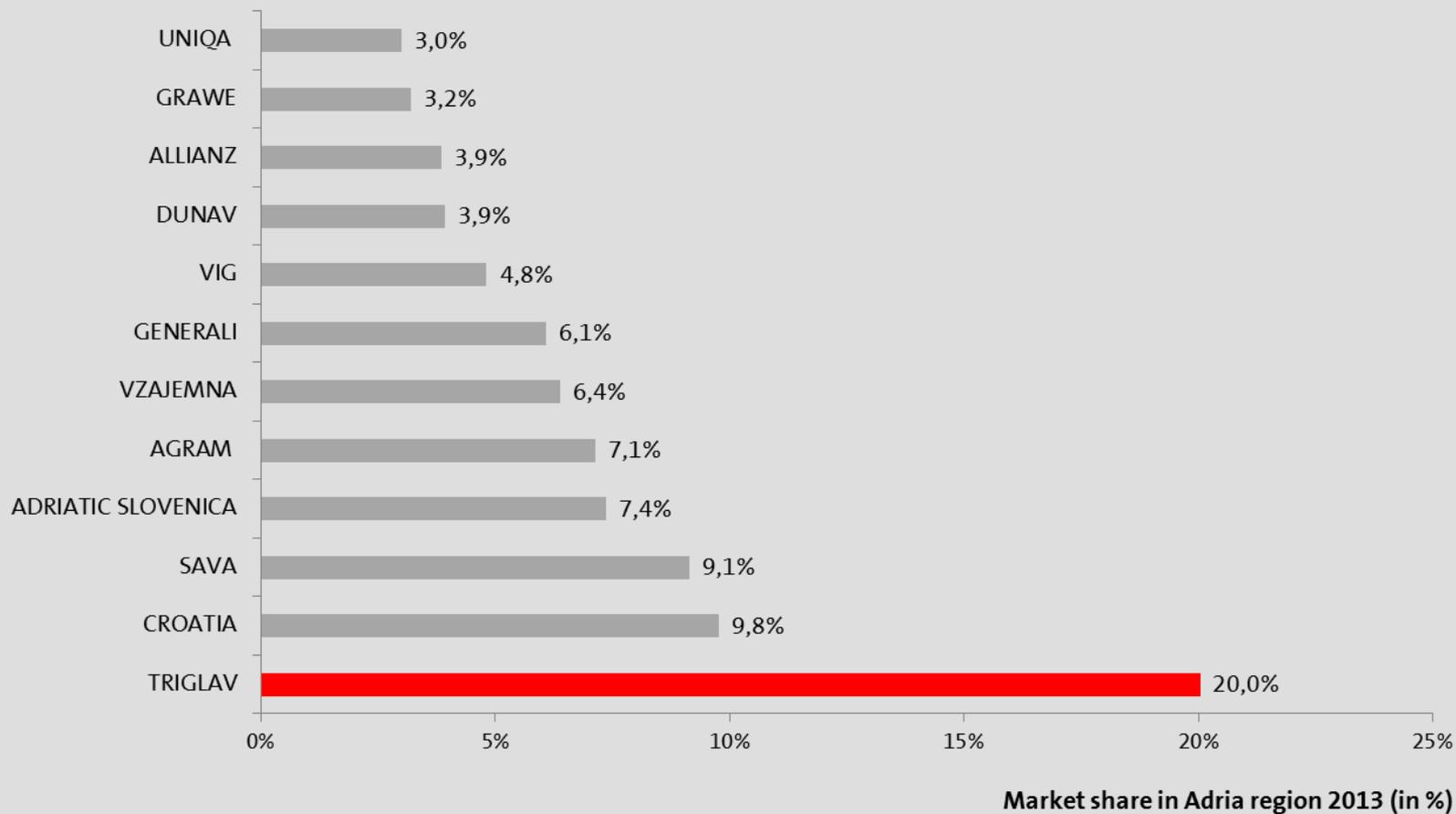


Life gross claims in EUR million



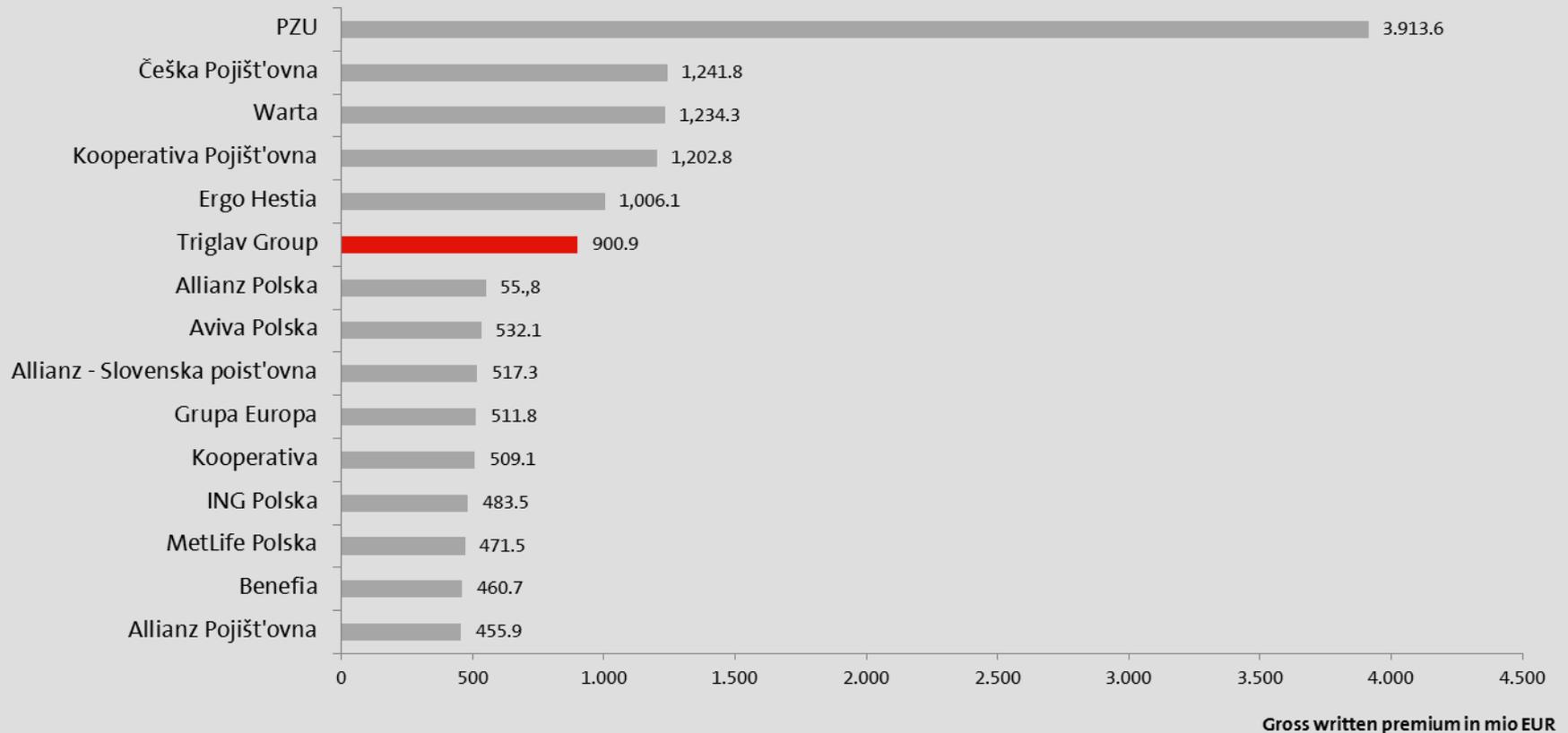
Market Shares in 2013

Triglav Group ranks first in Adria region



Top Insurance Companies by GWP in CEE

Triglav Group ranks in sixth place in 2013

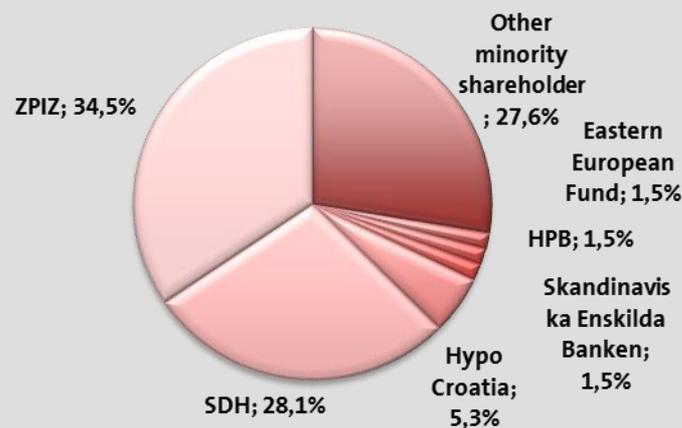


Deloitte, September 2014



Ownership and Share Price Performance

Closing price of shares increased by 34%, government predominant shareholder



	30 Sept. 2014	31 Dec. 2013	31 Dec. 2012
Book value per share (in EUR) *	29,8	25,7	25,0
Earnings per share (in EUR)	2,5	2,1	2,2
Share market price (in EUR)	25,6	19,0	16,5
Market capitalization (in EUR million)	580,9	432,0	375,1
Dividend per share (in EUR)		1,7	2,0
Stock Exchange	Ljubljana Stock Exchange, Prime Market, Trading Symbol ZVTG		
ISIN code	SI0021111651		
Bloomberg	ZVTG.SV		
Reuters	ZVTG.LJ		

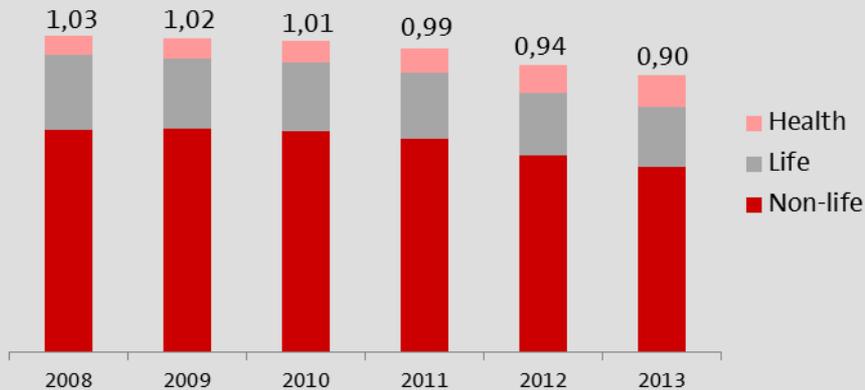
*Equity attributable to the controlling company / Number of shares excluding treasury shares



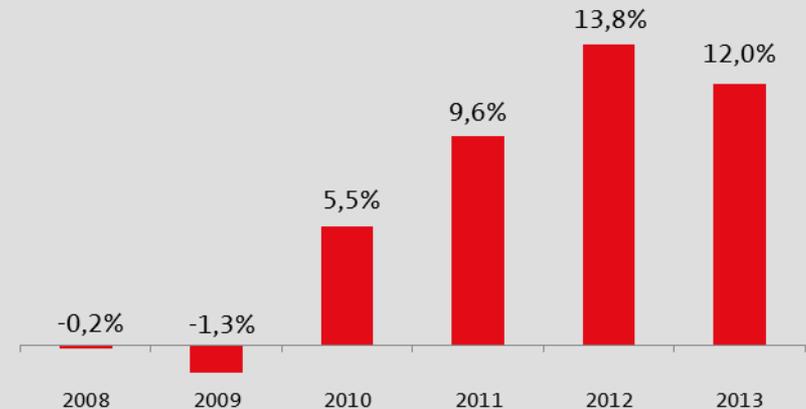
Strategy Turnround – Profitability of Core Business

Underlying performance targeting, not premium growth for any price

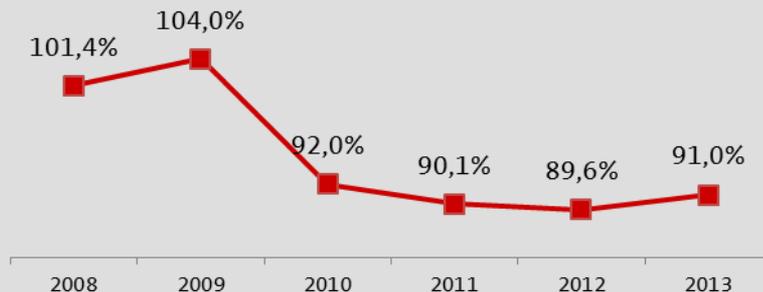
GWP Development in EUR billion



Return on Equity



Non-life combined ratio



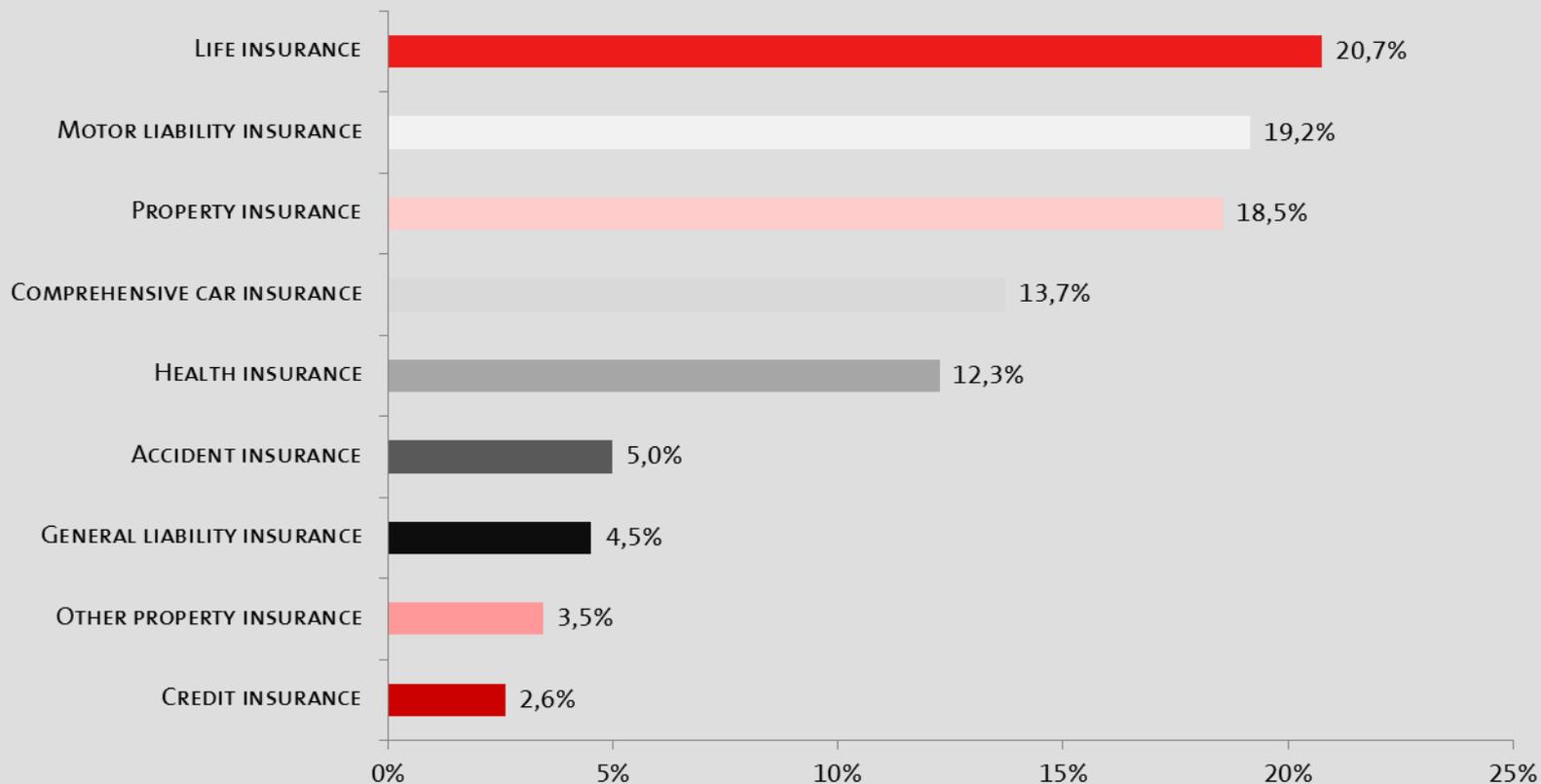
Key measures taken

- 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 9M 2014

Well balanced insurance portfolio structure



Group Asset Allocation

Fixed income prevailing

	Non-life & Health ¹		Life & Pensions ¹		Total	
	In EUR M	In %	In EUR M	In %	In EUR M	In %
Investment property	94,4	8%	2,5	0%	96,9	4%
Investments in associates ²	3,9	0%	6,8	1%	10,6	0%
Shares and other floating rate securities	114,9	10%	42,6	4%	157,5	7%
Debt and other fixed return securities	888,6	74%	976,4	90%	1.865,1	82%
Loans given	10,2	1%	22,0	2%	32,3	1%
Deposits with banks	54,8	5%	32,7	3%	87,4	4%
Other financial investments	28,2	2%	1,0	0%	29,2	1%
Investments	1.195,0	100%	1.084,1	100%	2.279,1	100%
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,7		0,0		3,7	
Unit-linked insurance contract investments	0,0		463,3		463,3	
Group financial investments	1.198,7		1.547,4		2.746,1	

1 Includes investments in own funds of the Group.

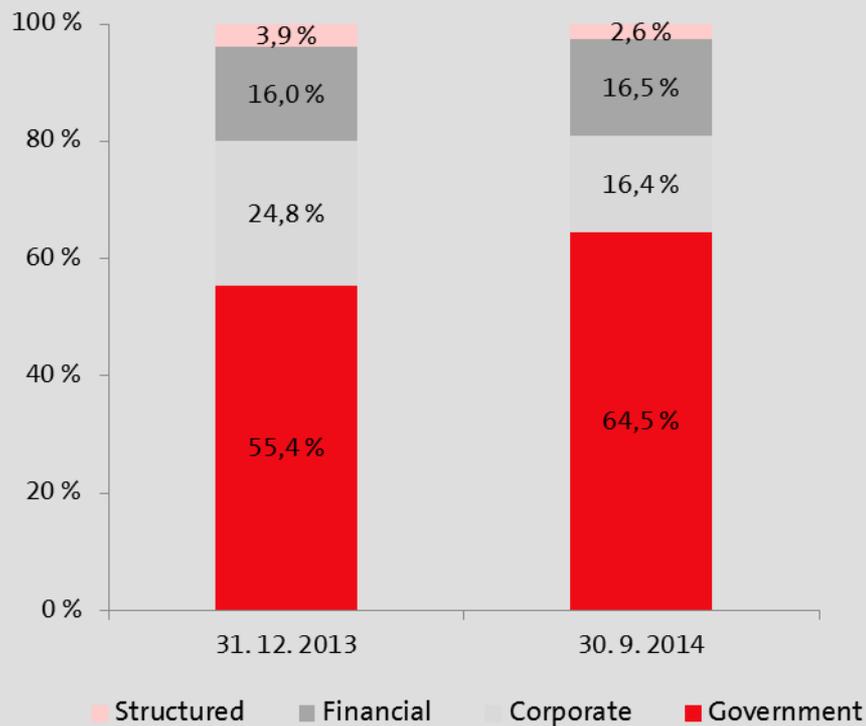
2 Investment in associates are mainly additional Real Estate exposure.



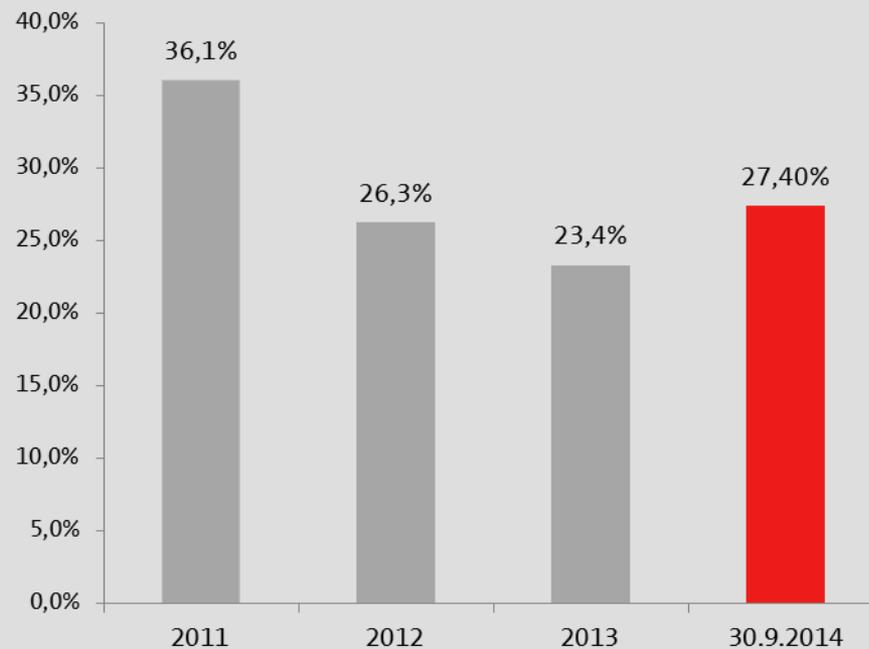
Bond portfolios

Increased exposure to the government bonds

Bond Portfolio Structure by Type of Issuers



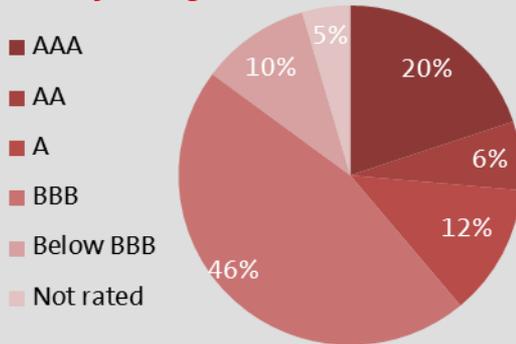
Exposure to Slovenian Bonds in Total Bonds



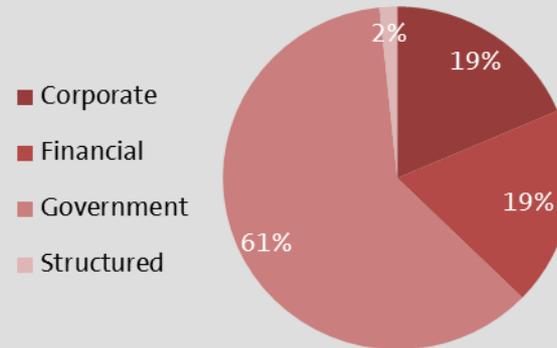
Group Investment Portfolios

Non-life and Health (as at 30 September 2014)

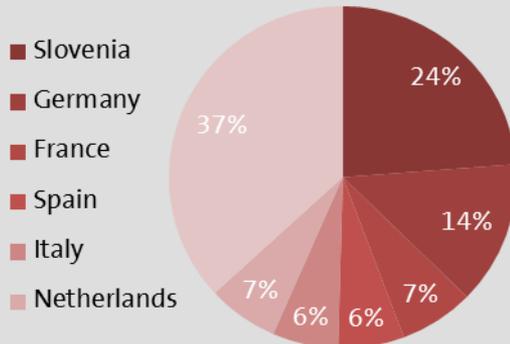
Bonds by rating



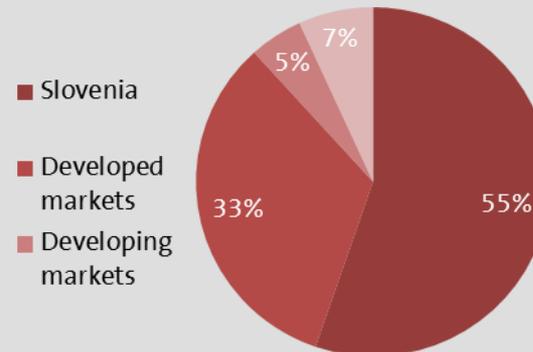
Bonds by Type of Issuer



Top Bond Exposures by Country



Equity Exposures by Region

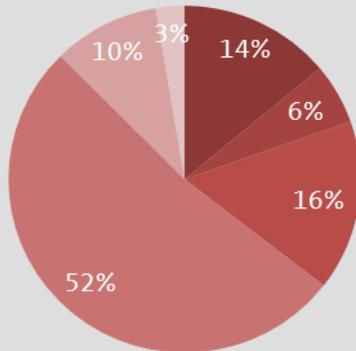


Group investment portfolios

Life¹ and Pensions (as at 30 September 2014)

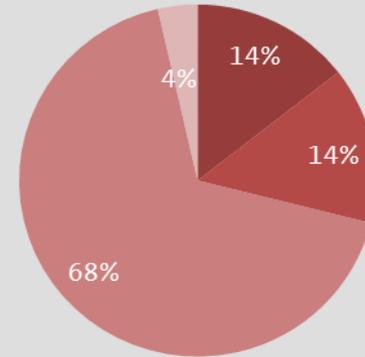
Bonds by rating

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



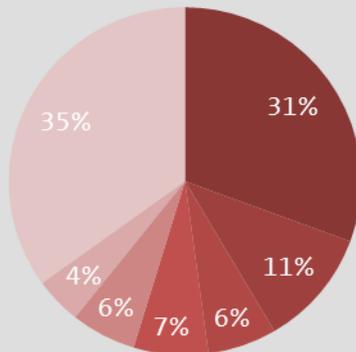
Bonds by Type of Issuer

- Corporate
- Financial
- Government
- Structured



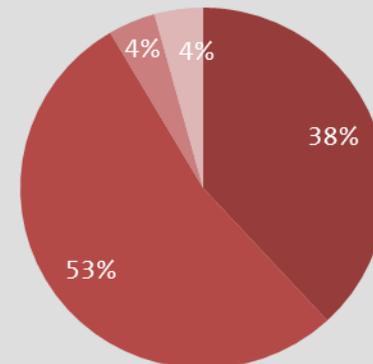
Top Bond Exposures by Country

- Slovenia
- Germany
- France
- Spain
- Italy



Equity Exposures by Region

- Slovenia
- Developed markets
- Developing markets
- Balkan



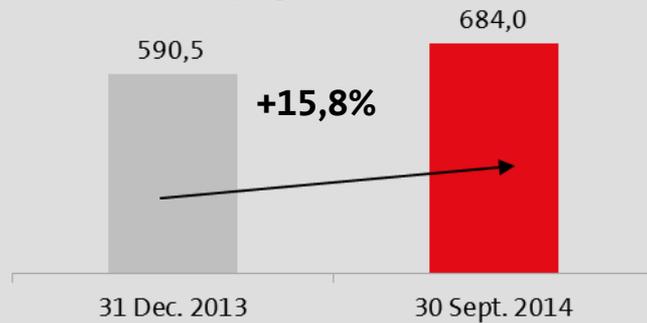
¹ Unit-linked investments excluded.



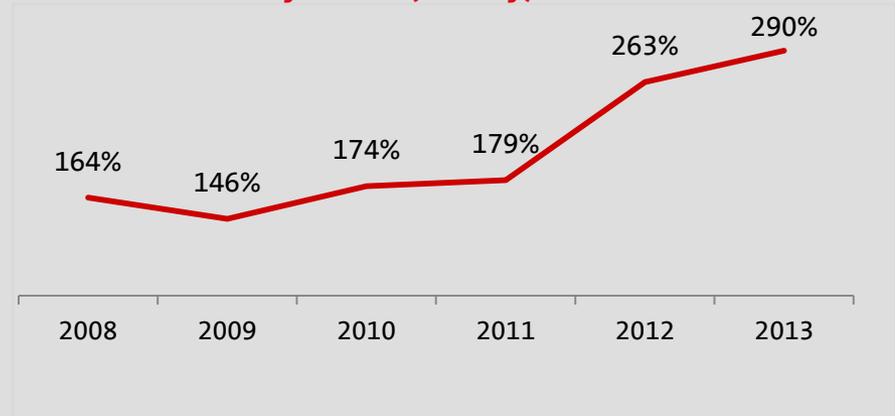
Strong Capital Base

Following the strategy and demanding business conditions

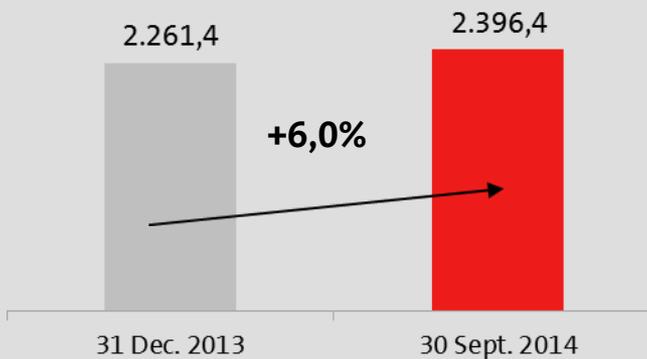
9M 2014-End Equity in EUR M



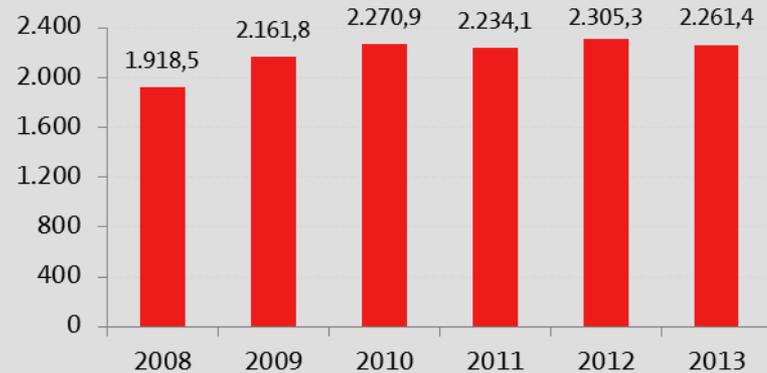
Year-End Solvency Ratios (ZT Only)



9M 2014-End Gross Technical Provisions in EUR M



Year-End Gross Technical Provisions in EUR M



Triglav Group Markets in 9M 2014



Slovenia

Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d.

Gross premium written: -2%
544.6 M EUR



Market share: 36,2% +0.3 p.p.



Market position: 1



Gross operating costs: +3%
127.1 M EUR



Gross claims paid: -4%
355.2 M EUR



Combined ratio: 93.2%
+4.7 p.p.



Market development:

- Insurance penetration ⁽²⁰¹³⁾: 5.6%
- GPW: 1.502 mio EUR (-3%)
- Insurance density ⁽²⁰¹³⁾: 960 EUR per capita

Major events:

- High profit level
- High growth of health GWP
- Some big loss events

Croatia

Triglav Osiguranje d.d., Zagreb

Gross premium written: -11%
33.0 M EUR 

Market share: 3.8% -0.3 p.p. 

Market position: 9 

Gross operating costs: +6%
13.4 M EUR 

Gross claims paid: -27%
19.0 M EUR 

Combined ratio: 105.1%
+1.0 p.p. 

Market development:

- Insurance penetration (2013): 2.7%
- GPW: 861 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

Serbia

Triglav Osiguranje a.d.o., Belgrade

Gross premium written: +28%
16.4 M EUR



Market share (H1 2014): 3.3% +0.5 p.p.



Market position (H1 2014): 7



Gross operating costs: -9%
7.0 M EUR



Gross claims paid: -34%
6.3 M EUR



Combined ratio: 111.4%
-32.8 p.p.



Market development:

- Insurance penetration (2013): 1.8%
- GPW (H1 2014): 307 mio EUR (+4%)
- Insurance density (2013): 78 EUR per capita

Major events:

- High GPW growth due to higher MTPL premium rates and new clients
- Impact of stricter cost management and overhead cost restructuring

Bosnia and Herzegovina

Triglav Osiguranje, Sarajevo d.d., Triglav Osiguranje, Banja Luka a.d.

Gross premium written: +6%
16.9 M EUR



Market share: 7.7% -0.2 p.p.



Market position: 6



Gross operating costs: +3%
7.3 M EUR



Gross claims paid: +36%
9.7 M EUR



Combined ratio: 105.2%
+5.1 p.p.



Market development:

- Insurance penetration (2013): 2.0%
- GPW: 218 mio EUR (+8%)
- Insurance density (2013): 71 EUR per capita

Major events:

- Higher gross claims paid due to flood damage
- Life GPW growth via bancassurance and own insurance agency (Tri-Pro)

Montenegro

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

Gross premium written: -7%
20.7 M EUR



Market share: 38.2% -3.2 p.p.



Market position: 1



Gross operating costs: -6%
7.2 mio EUR



Gross claims paid: +6%
12.5 mio EUR



Combined ratio: 99.5%
+4.8 p.p.



Market development:

- Insurance penetration (2013): 2.2%
- GPW: 54 mio EUR (+0%)
- Insurance density (2013): 117 EUR per capita

Major events:

- Lower motor liability insurance premiums
- Higher claims due to pensioners accidents claims and some big loss events
- Overhead cost restructuring initiated

Macedonia

Triglav Osiguranje a.d., Skopje

Gross premium written: +9%
14.5 M EUR



Market share NL (H1 2014): 16.7%
+0.5 p.p.



Market position NL (H1 2014): 1



Gross operating costs: +3%
4.2 M EUR



Gross claims paid: -21%
6.4 M EUR



Combined ratio: 102.7%
+7.5 p.p.



Market development:

- Insurance penetration (2013): 1.5%
- GPW NL (H1 2014) : 58 mio EUR (+9%)
- Insurance density (2013): 57 EUR per capita

Major events:

- Restructuring of distr. channels
- Lower MTPL premium through brokers - escalating commissions
- Lower claims paid but growth of loss reserve due to some big MTPL claims

Czech Republic

Triglav Pojišť'ovna a.s.

Gross premium written: -19%
17.6 mio EUR



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



Market position NL: 11



Gross operating costs: -26%
5.6 M EUR



Gross claims paid: -29%
14.1 M EUR



Combined ratio: 110.9%
-2.1 p.p.



Market development:

- Insurance penetration ⁽²⁰¹³⁾: 3.8%
- GPW NL: 1.920 mio EUR (+2%)
- Insurance density ⁽²⁰¹³⁾: 572 EUR per capita

Major events:

- Term sheet agreement on sale of the subsidiary concluded
- Total turnaround needed



**Plans for 2014
and
Strategy of Triglav
Group 2013 - 2017**



Triglav Group Plans for 2014

Stable premium and profit according to hard economic conditions

In EUR million

	2011	2012	2013	Plan 2014
Gross written premium	989,4	936,3	900,9	902,1
Profit before tax	58	89,7	83,6	75,9
Net profit	47,5	73,2	69,9	65,6
Equity	489,5	574,6	590,5	606,1
Combined ratio non-life	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 2013 - 2017

Moderate expansion with focus on profitability

- 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.



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