

# Triglav Group

## 9M 2015 Results Presentation

November 2015



Vse bo v redu.



## **Triglav Group**

- **Key Figures**

## **9M 2015**

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

## **Goals for 2015**

**Strategy 2013 - 2017**



# Triglav Group

## Key Figures



# About Triglav Group

## Triglav Group

- Parent company Zavarovalnica Triglav d.d., 37 subsidiaries and 5 associated companies
- Market presence in 6 countries and 7 markets
- 5.373 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-/positive 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, the Subsidiary Management Department, the Strategic Planning, the Controlling Department and the Risk Management Department.



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

- CFO



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

- In charge of the Sales, Marketing and Distribution of insurance, the 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.

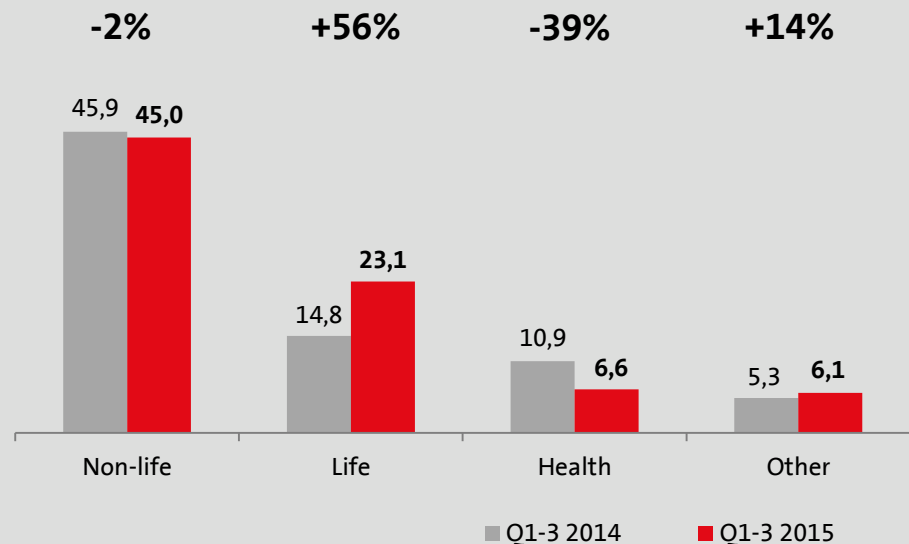


# Triglav Group

The core business is insurance

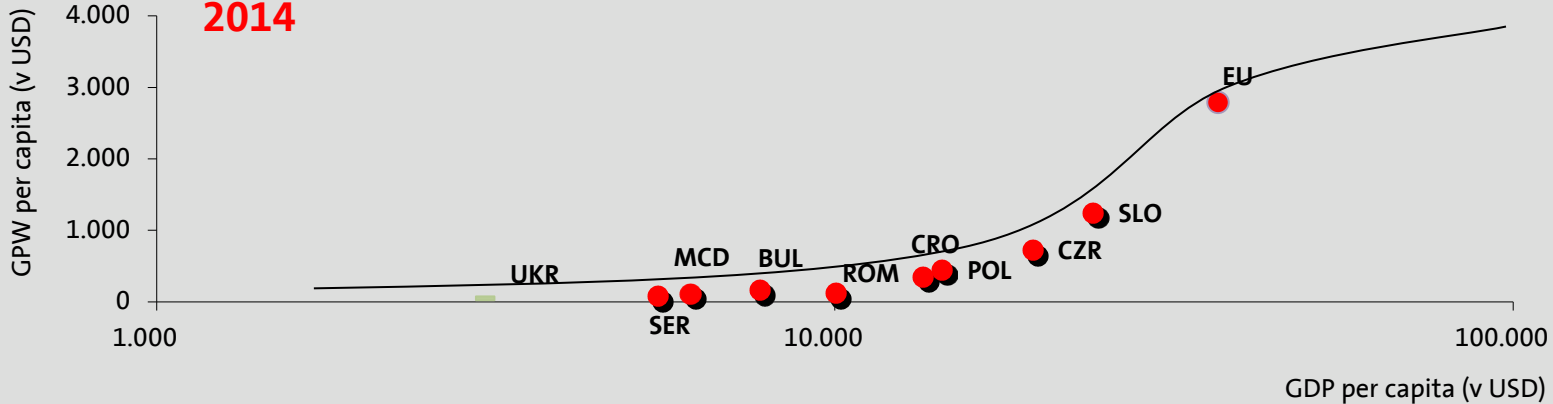
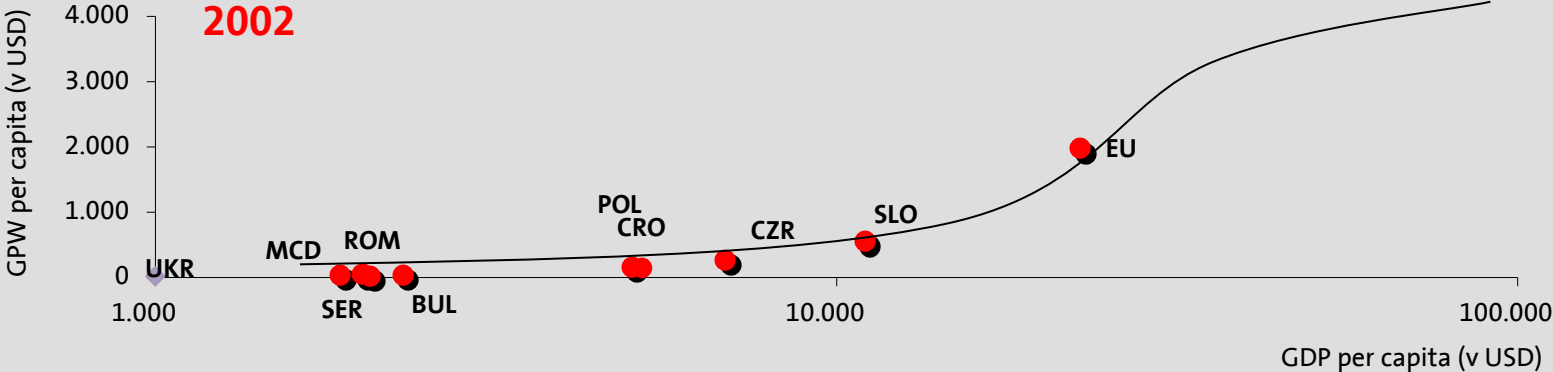
- **Insurance**
  - Non-life
  - Life
  - Supplementary pensions
  - Health
  - Reinsurance
- **Asset management**
  - Mutual funds
  - Investment companies
  - Investment holdings
  - Real Estate

Profit by business segments in EUR m



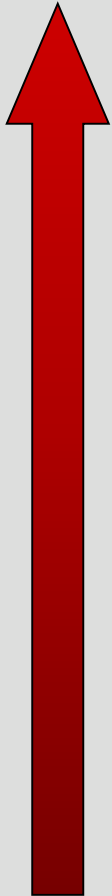
# Development of Insurance Markets

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



# 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
- 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

### 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 present in Croatia, Czech Republic and Montenegro



# Triglav Group in 9M 2015



# Financial Highlights for Triglav Group in 9M 2015

## Focus on core insurance business

- 9M 2015 gross written premium 4% higher than the same period last year
- 9M 2015 net profit EUR 80.9 million (5% higher compared to 9M 2014)
- 67% of net profit of Triglav Group for the 2014 dividend payments
- Triglav Group market share in Slovenia accounted for 36%
- In 2015 takeover of Skupna Pokojninska družba, the second largest provider of voluntary supplemental pension insurance in Slovenia
- In 2015 the sale of the subsidiary Triglav pojišt'ovna, Brno completed



# Triglav Group in 2015

Consistent implementation of strategic guidelines reflected in higher GWP

In EUR million

	Q1-3 2015	Q1-3 2014	Index 2015/2014
Gross written premium	718.3	688.6	104
Net premium income	629.6	611.7	103
Gross claims paid	435.1	440.8	99
Net claims incurred	427.4	438.3	98
Gross operating costs*	170.8	167.5	102
Profit before tax	94.9	89.7	106
Net profit for the accounting period	80.9	77.0	105
Gross insurance technical provisions	2,606.8	2,333.7	112
Total equity	690.0	688.1	100
Number of employees	5,373	5,406	99
Expense ratio non-life	29.2%	28.7%	102
Net claims ratio non-life	62.5%	66.7%	94
Combined ratio non-life	91.7%	95.4%	96

SPD data consolidated in 2015 only

\*Insurance business gross operating costs



# Structure of Profit of Triglav Group 9M 2015

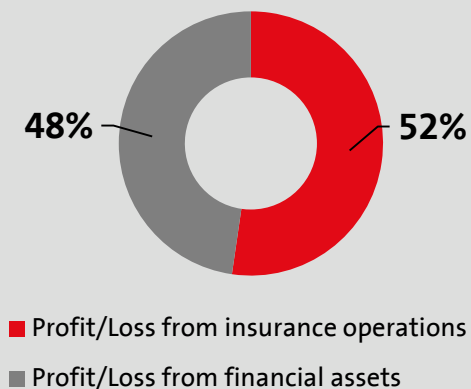
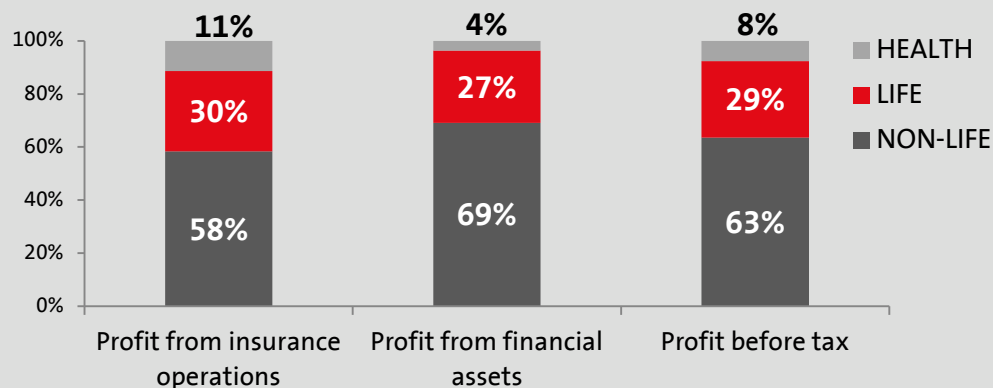
## Growth of the profit from the insurance operations

In EUR million

	Q1-3 2015			Q1-3 2014*				
	NON-LIFE	LIFE	HEALTH	TOTAL	NON-LIFE	LIFE	HEALTH	TOTAL
Profit/Loss from insurance operations	26.9	14.0	5.2	46.1	12.9	7.8	10.1	30.7
Profit/Loss from financial assets	29.0	11.5	1.5	42.1	39.6	11.2	1.8	52.6
Profit (Insurance only) before tax	56.0	25.4	6.8	88.2	52.5	19.0	11.9	83.4
Other income				6.8				6.3
<b>Total Profit before tax</b>				<b>94.9</b>				<b>89.7</b>

\*SPD data consolidated in 2015 only

## Structure of Profit 9M 2015

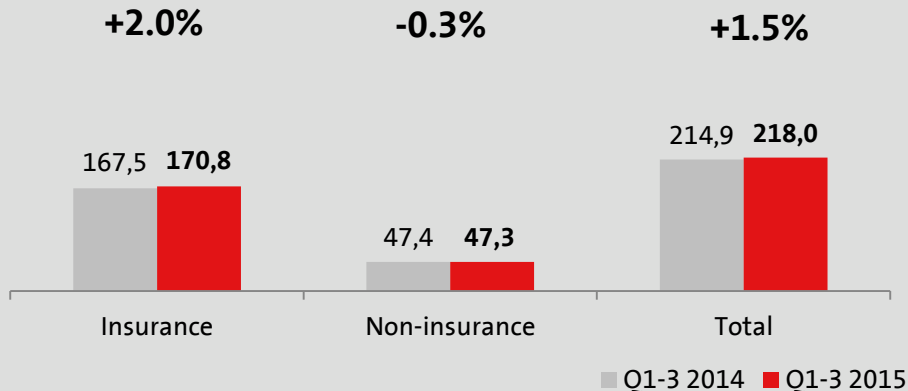


# Triglav Group in 9M 2015 – Insurance Only

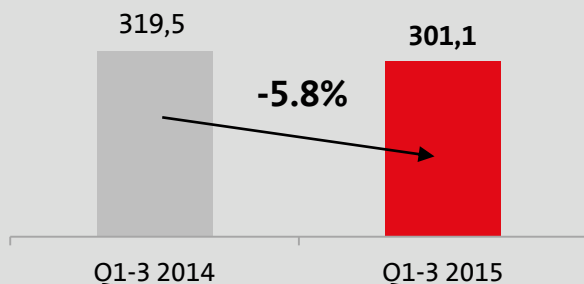
Further profit growth in core business

	In EUR million		
	Q1-3 2015	Q1-3 2014	INDEX
Gross written premium	718.3	688.6	104
Net premium income	629.6	611.7	103
Gross claims settled	435.1	440.8	99
Net claims incurred	427.4	438.3	98
Gross operating costs	170.8	167.5	102
Profit before tax	88.2	83.4	106
Net profit	74.8	71.6	104

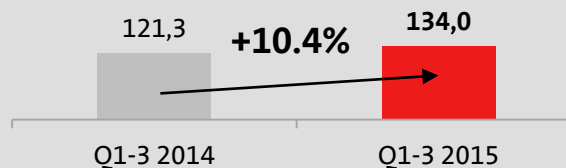
## Costs in EUR million



## Non-life gross claims in EUR million



## Life gross claims in EUR million

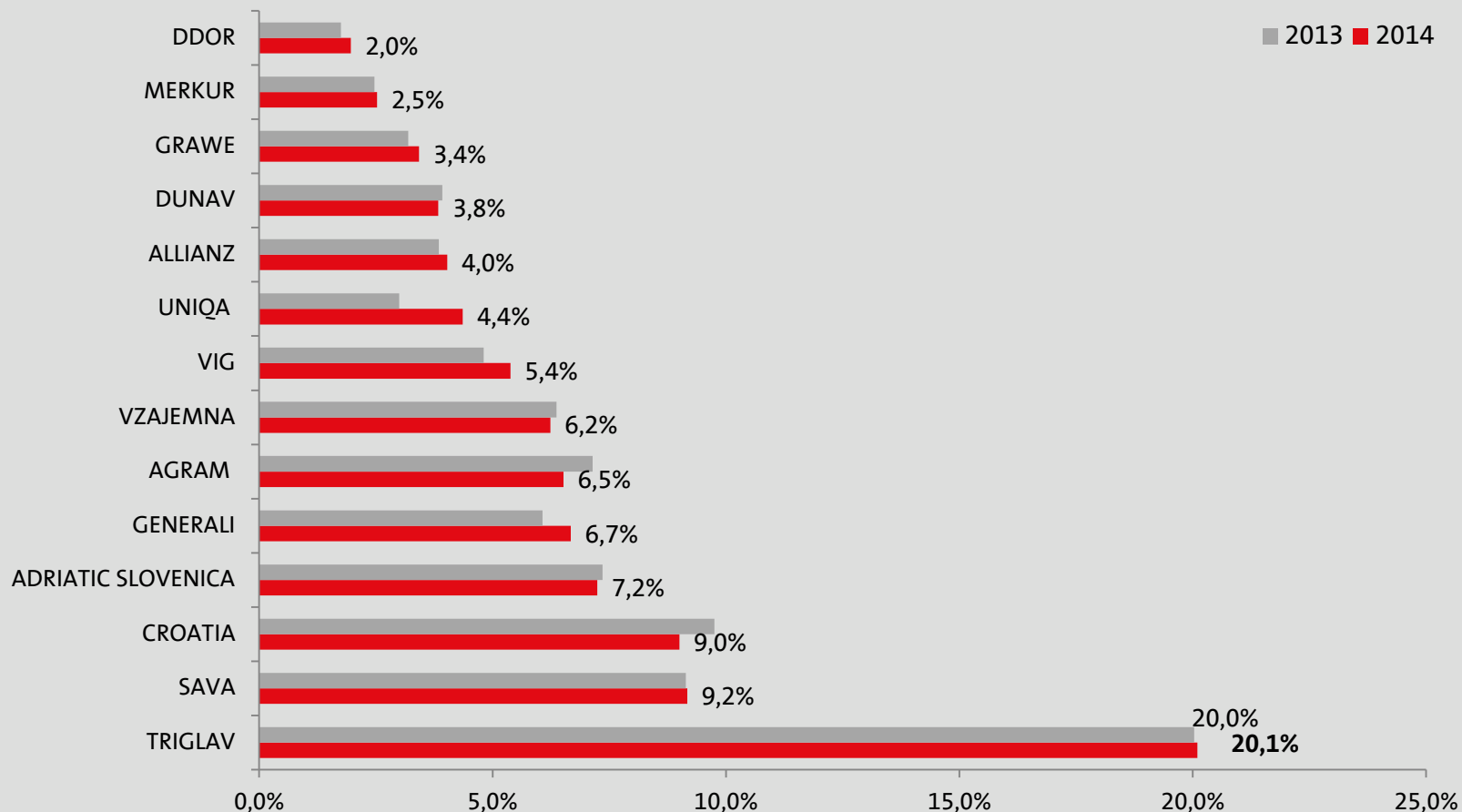


SPD data consolidated in 2015 only



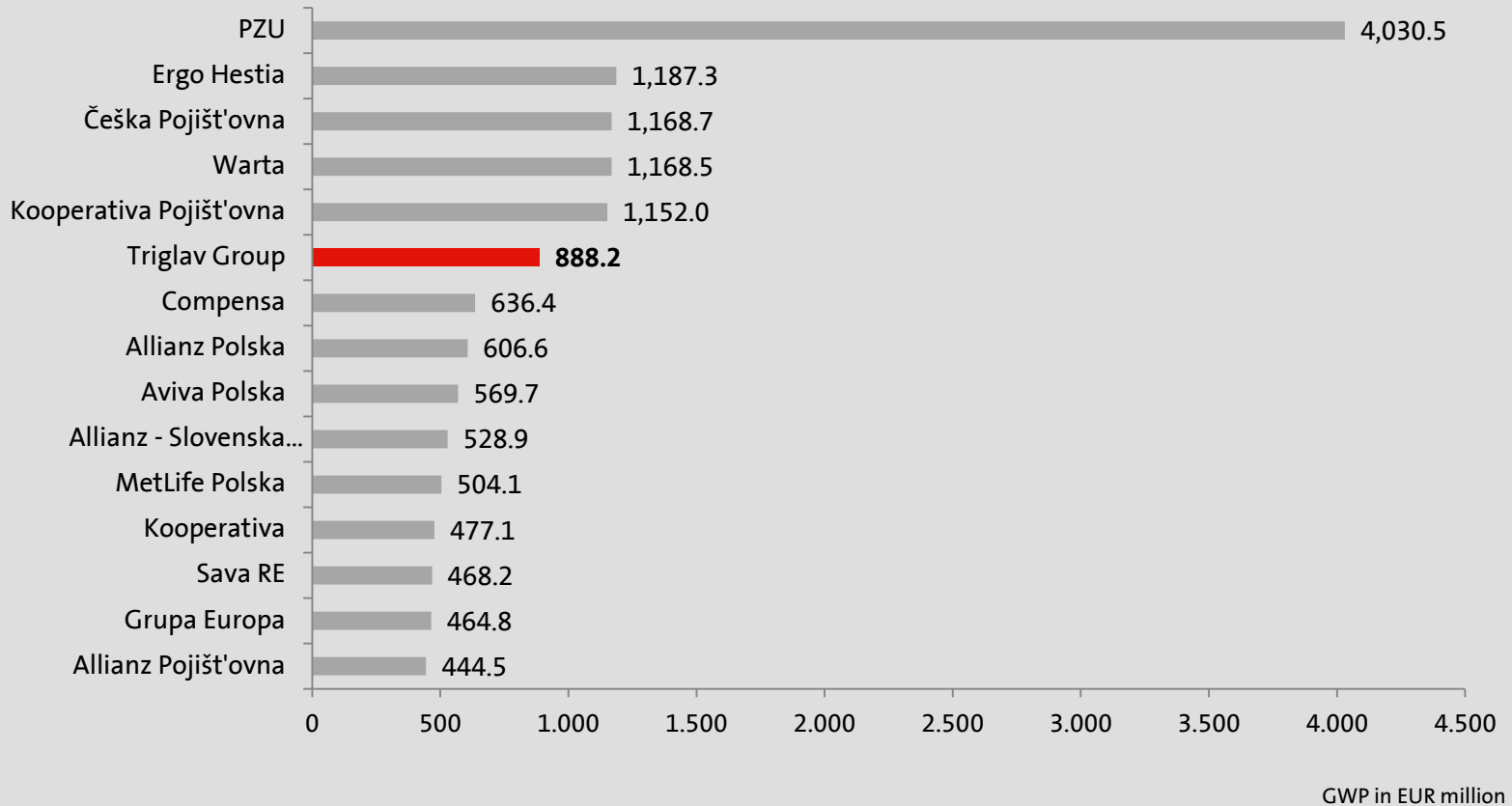
# Triglav Group first in Adria region

## 20.1 % market share of Triglav Group



# Top Insurance Companies by GWP in CEE

## Triglav Group ranks in sixth place in 2014

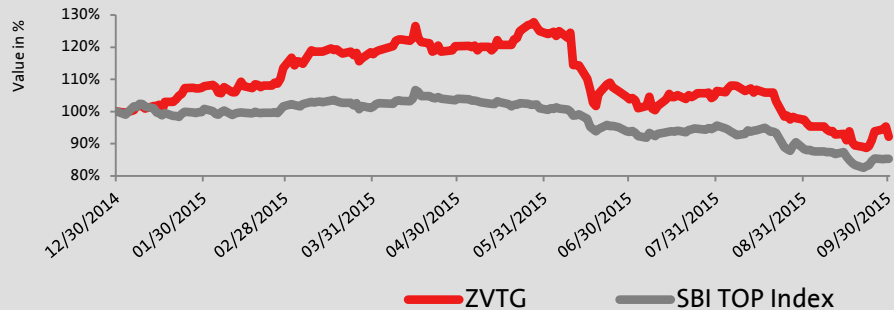


Deloitte, September 2015



# Share Price Performance in 9M 2015

## Listed on the Prime Market of Ljubljana SE



- ZVTG price decreased by 8 % (SBI TOP Index decreased by 15%)
- The fifth most traded share on the LJSE
- The average daily turnover EUR 143,301

	30 Sept. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012
Book value per share (in EUR) *	29,85	30,0	25,7	25,0
Earnings per share (in EUR)	2,37	2,01	2,12	2,22
Share market price (in EUR)	21,8	23,6	19,0	16,5
Market capitalization (in EUR million)	494	537	432	375
Dividend per share (in EUR)		2,5	1,7	2,0

Stock Exchange Ljubljana Stock Exchange (LJSE), Prime Market, Trading Symbol ZVTG

ISIN code SI0021111651

Bloomberg: ZVTG.SV Reuters: ZVTG.LJ

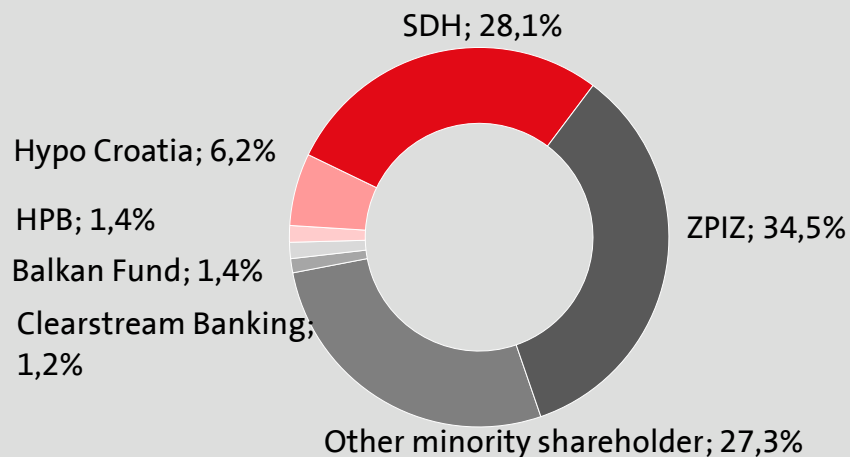
\*Equity attributable to the controlling company from consolidated financial statements/ Number of shares excluding treasury shares





# Shareholder structure as at 30 September 2015

## Government predominant shareholder



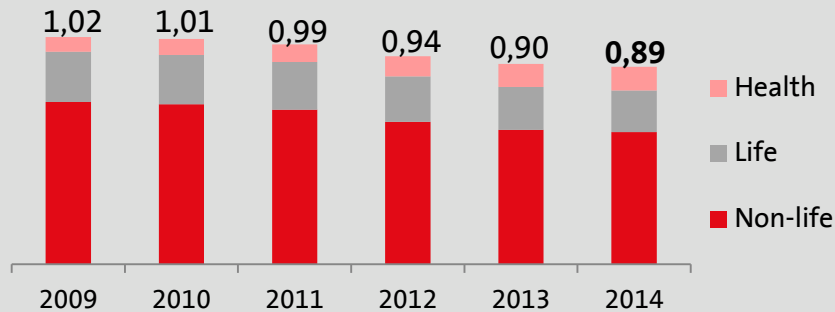
- Shareholdings of international shareholders 17.3% (2008: 4%)
- Ownership concentration (share owned by top 10) declined by 1.4 p.p.

	Domestic	Foreign	Natural persons	Legal entities	Total
Number of shares	18,805,322	3,929,826	2,077,652	20.657.496	22,735,148
Number of shareholders	27,574	482	27,412	644	28,056
Number of shares - percentage	82.7%	17.3%	9.1%	90.9%	100%
Number of shareholders - percentage	98.3%	1.7%	97.7%	2.3%	100%

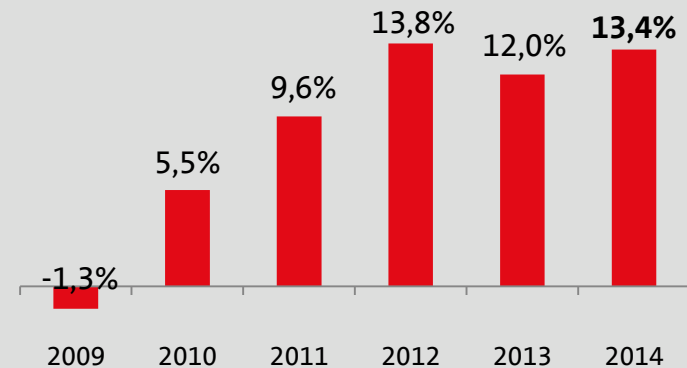
# Strategy Turnround – Profitability of Core Business

## Underlying performance targeting, not premium growth for any price

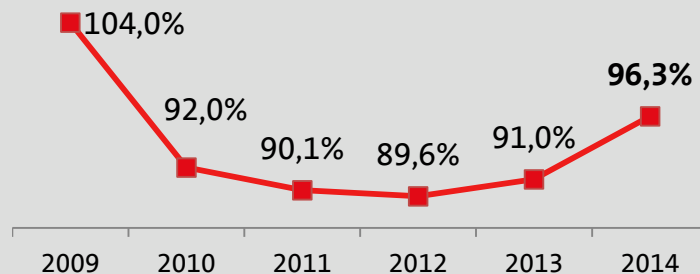
GWP Development in EUR billion



Return on Equity



Non-life combined ratio



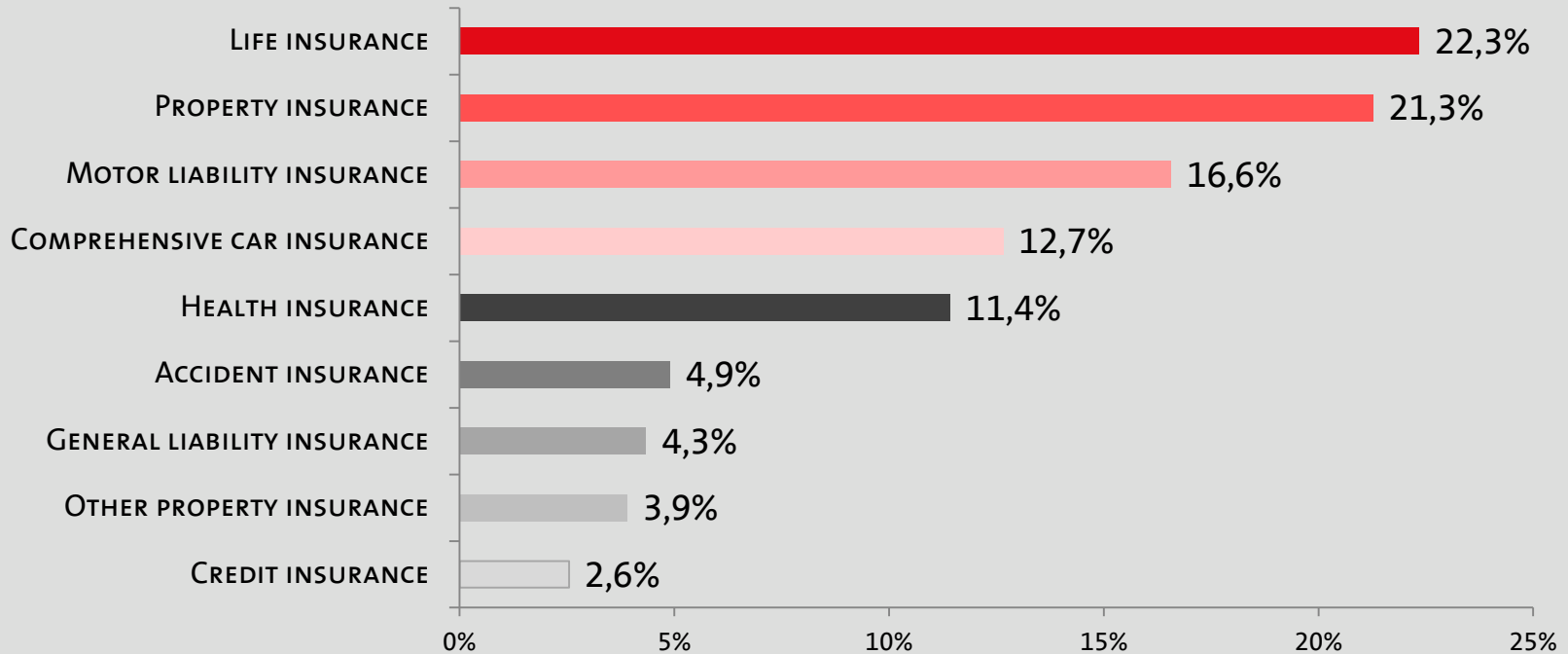
### Key measures taken

- 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 2015

## Well balanced insurance portfolio structure



# Group Asset Allocation

## Fixed income prevailing

30 September 2015

	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	84,9	7%	2,4	0%	87,2	3%
Investments in associates <sup>2</sup>	5,5	0%	4,1	0%	9,6	0%
Shares and other floating rate securities	111,2	10%	91,7	7%	202,9	8%
Debt and other fixed return securities	872,2	76%	1.183,0	87%	2.055,3	82%
Loans given	5,5	0%	22,3	2%	27,8	1%
Deposits with banks	51,8	5%	37,6	3%	89,4	4%
Other financial investments	18,4	2%	13,2	1%	31,6	1%
<b>Investments</b>	<b>1.149,4</b>	<b>100%</b>	<b>1.354,4</b>	<b>100%</b>	<b>2.503,8</b>	<b>100%</b>
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,2		0,0		3,2	
Unit-linked insurance contract investments	0,0		442,1		442,1	
<b>Group financial investments</b>	<b>1.152,6</b>		<b>1.796,5</b>		<b>2.949,1</b>	

1 Includes investments in own funds of the Group.

2 Investment in associates are mainly additional Real Estate exposure.

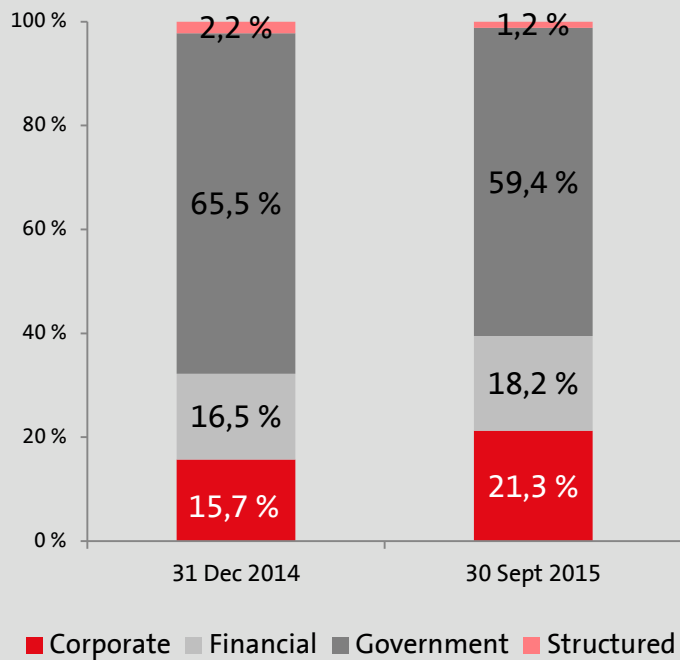


# Bond portfolios

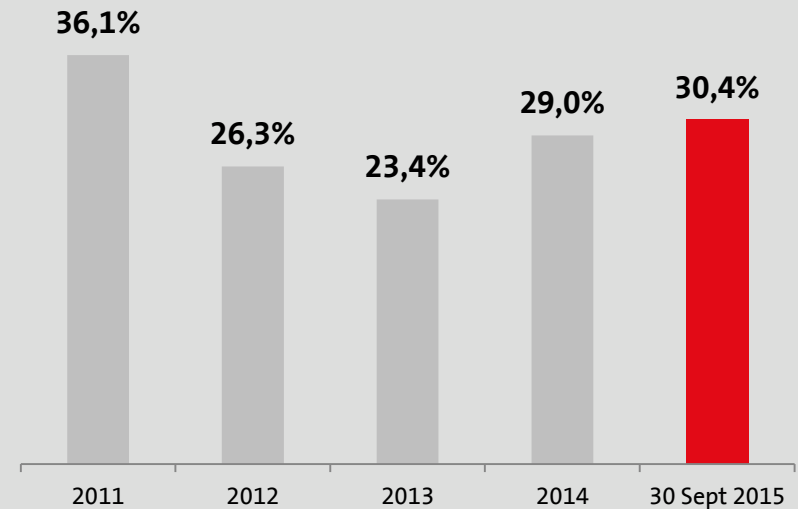
## Decreased exposure to the government bonds

SPD data consolidated  
in 2015 only

### Bond Portfolio Structure by Type of Issuers



### Exposure to Slovenian Bonds in Total Bonds

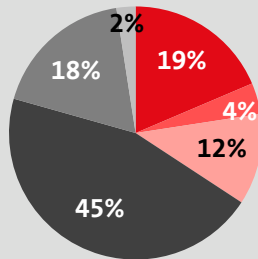


# Group Investment Portfolios

## Non-life and Health (as at 30 September 2015)

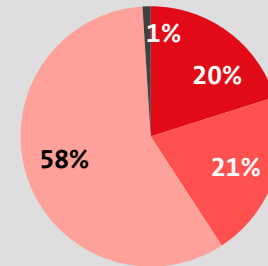
### Bonds by rating

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



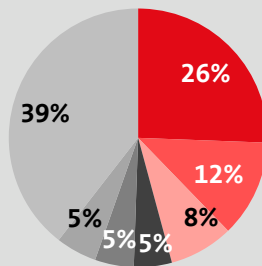
### Bonds by Type of Issuer

- Corporate
- Financial
- Government
- Structured



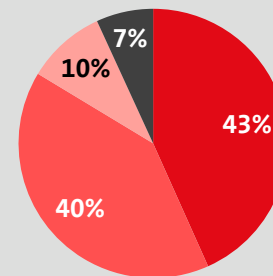
### Top Bond Exposures by Country

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



### Equity Exposures by Region

- Slovenia
- Developed markets
- Developing markets
- Balkan

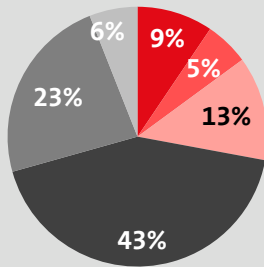


# Group Investment Portfolios

## Life<sup>1</sup> and Pensions (as at 30 June 2015)

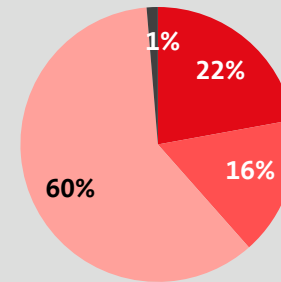
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- AAA
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- Not rated



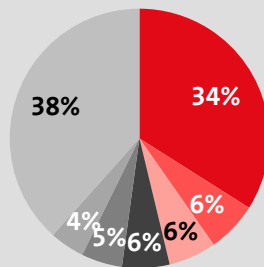
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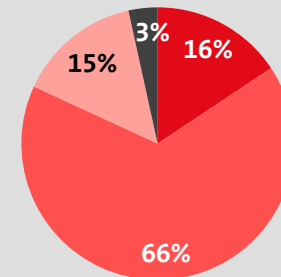
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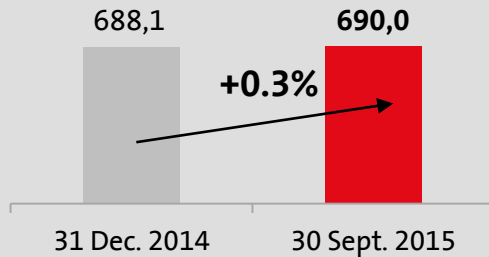
<sup>1</sup> Unit-linked investments excluded.



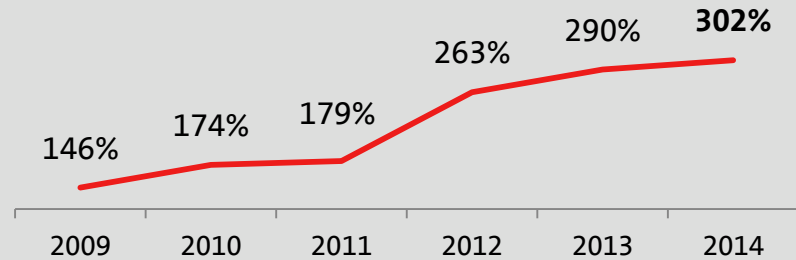
# Strong Capital Base

Following the strategy and demanding business conditions

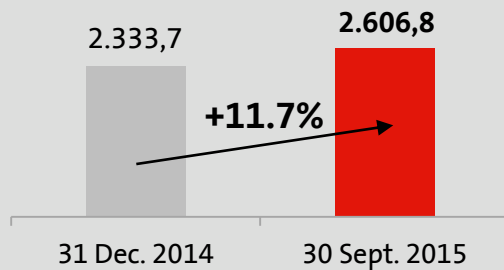
Equity in EUR M



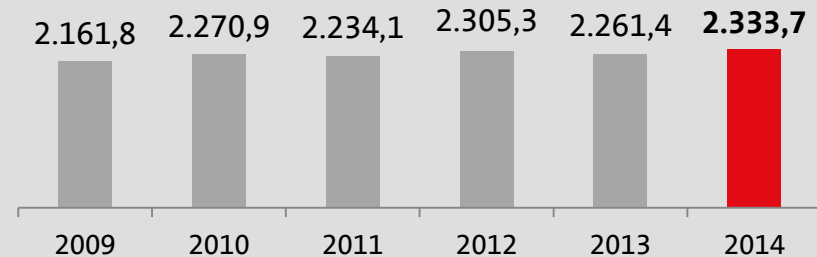
Year-End Solvency Ratios (ZT Only)



Gross Technical Provisions in EUR M



Year-End Gross Technical Provisions in EUR M





# Triglav Group Markets in 9M 2015



# Slovenia

Zavarovalnica Triglav

Triglav Zdravstvena zavarovalnica

## Key figures

Market share	↓	-0.3 p.p.	36.0%
Market position	○		1
Gross premium written	○	+0%	545.3 M EUR
Gross operating costs	↑	+1%	128.7 M EUR
Gross claims paid	↓	-2%	347.0 M EUR
Combined ratio	↓	-5.0 p.p.	88.2%

## Market development

Insurance penetration (2014)	5.2%
GPW	1,517 M EUR (+1.2%)
Insurance density (2014)	940 EUR per capita

## Major events

- Great profitability, market position preserved
- GPW of Zav.Triglav: non-life insurance 71.4% and life insurance 28.6% (increased by 1 pp)
- 1% GPW growth by TZZ
- Aggressive price competition

# Slovenia

## Skupna pokojninska družba

### New insurance subsidiary of the Triglav Group in 2015

- Provider of voluntary supplemental pension insurance
- Acquisition on 9 January 2015, takeover bid to acquire all shares in total value EUR 11.1 million
- As at 30 September 2015 Zavarovalnica Triglav is a 71,87% owner
- The Triglav Group one of the leading pension insurance providers in Slovenia

### Key figures

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Market share (H1 2015)	19.0%
Market position (H1 2015)	2
Gross premium written	20.7 M EUR
Gross operating costs	1.8 M EUR
Gross claims paid	10.8 M EUR



# Croatia

## Triglav Osiguranje Zagreb

### Key figures

Market share	↑	+0.2 p.p.	4.0%
Market position	○		9
Gross premium written	↑	+7%	35.4 M EUR
Gross operating costs	↑	+3%	13.9 M EUR
Gross claims paid	↓	-8%	17.5 M EUR
Combined ratio	↑	+6.0 p.p.	111.1%

### Market development

Insurance penetration (2014)	2.6%
GPW	883 M EUR (+2%)
Insurance density (2014)	265 EUR per capita

### Major events

- Aggressive price competition (liberalisation of the motor vehicle liability insurance market)
- 3% decline in motor vehicle liability insurance premium despite of 19% increase in the number of concluded policies.

# Serbia

## Triglav Osiguranje Belgrade

### Key figures

Market share (H1 2015)	↑	+0.8 p.p.	4.2%
Market position (H1 2015)	↑		6
Gross premium written	↑	+30%	21.3 M EUR
Gross operating costs	↑	+24%	7.7 M EUR
Gross claims paid	↑	+13%	7.1 M EUR
Combined ratio	↓	-9.3 p.p.	102.9%

### Market development

Insurance penetration (2014)			1.9%
GPW (H1 2015)		340 M EUR (+16%)	
Insurance density (2014)		84 EUR per capita	

### Major events

- High GPW growth due to higher MTPL premium rates, new clients, strengthening of the sales network
- Overhead cost restructuring initiated

# Bosnia and Herzegovina

Triglav Osiguranje Sarajevo

Triglav Osiguranje Banja Luka

## Key figures

Market share	↑	+0.3 p.p.	8.0%
Market position	↑		4
Gross premium written	↑	+9%	18.4 M EUR
Gross operating costs	↑	+6%	7.8 M EUR
Gross claims paid	↓	-11%	8.6 M EUR
Combined ratio	↓	-5.1 p.p.	100.1%

## Market development

Insurance penetration (2014)		2.1%
GPW		227 M EUR (+4%)
Insurance density (2014)		76 EUR per capita

## Major events

- Life GPW growth via bancassurance and own insurance agency (Tri-Pro)
- 9% GPW growth by the insurer in Sarajevo, 8% by the Banja Luka insurance company



# Montenegro

Lovćen osiguranje

Lovćen životna osiguranja

## Key figures

Market share	↑	+0.9 p.p.	39.2%
Market position	○		1
Gross premium written	↑	+9%	22.5 M EUR
Gross operating costs	↑	+3%	7.4 M EUR
Gross claims paid	↓	-13%	10.8 M EUR
Combined ratio	↑	+1.5 p.p.	100.9%

## Market development

Insurance penetration (2014)	2.2%
GPW	57 M EUR (+6%)
Insurance density (2014)	116 EUR per capita

## Major events

- GPW growth
- Overhead cost restructuring initiated
- In February 2015 bonus-malus system in motor liability insurance came into force

# Macedonia

## Triglav Osiguruvanje Skopje

### Key figures

Market share NL	↑	+1.3 p.p.	18.2%
Market position NL	○		1
Gross premium written	↑	+14%	16.6 M EUR
Gross operating costs	↑	+15%	4.9 M EUR
Gross claims paid	↑	+4%	6.7 M EUR
Combined ratio	↓	-2.1 p.p.	100.7%

### Market development

Insurance penetration (2014)	1.5%
GPW NL	91 M EUR (+6%)
Insurance density (2014)	60 EUR per capita

### Major events

- High GPW growth due to new clients
- Restructuring of distribution channels
- New product introduced in the segment of voluntary private health insurance





**Plans for 2015**

**Strategy of Triglav  
Group 2013 - 2017**



# Triglav Group Plans for 2015

Stable premium and profit according to hard economic conditions

In EUR million

	2011	2012	2013	2014	2015 plan
Gross written premium	989	936	901	888	880
Profit before tax	58	90	84	100	86
Net profit	48	73	70	86	72
Equity	490	575	591	688	713
Combined ratio non-life	90.1%	89.6%	91.0%	96.3%	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 (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

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