



Sava Insurance Group

1Q 2019 results

16 May 2019



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- Sava Insurance Group – Performance
- Sava Insurance Group – Segment reporting
- Sava Insurance Group – Investment structure and return
- Sava Insurance Group – POSR share and dividend policy
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Highlights 1Q 2019

Growth in GPW of **2.8%**; growth in total income of **7.2%**.

Net profit of **€10.9 m** (25.4% of the lower limit planned for 2019), and ROE of **12.2%**.

Net combined ratio (excluding FX differences) of **93.0%** is in line with planned.

On 27 February 2019, Zavarovalnica Sava fulfilled all the conditions and became 100% owner of companies ERGO Osiguranje d.d. and ERGO Životno Osiguranje d.d., Croatia.

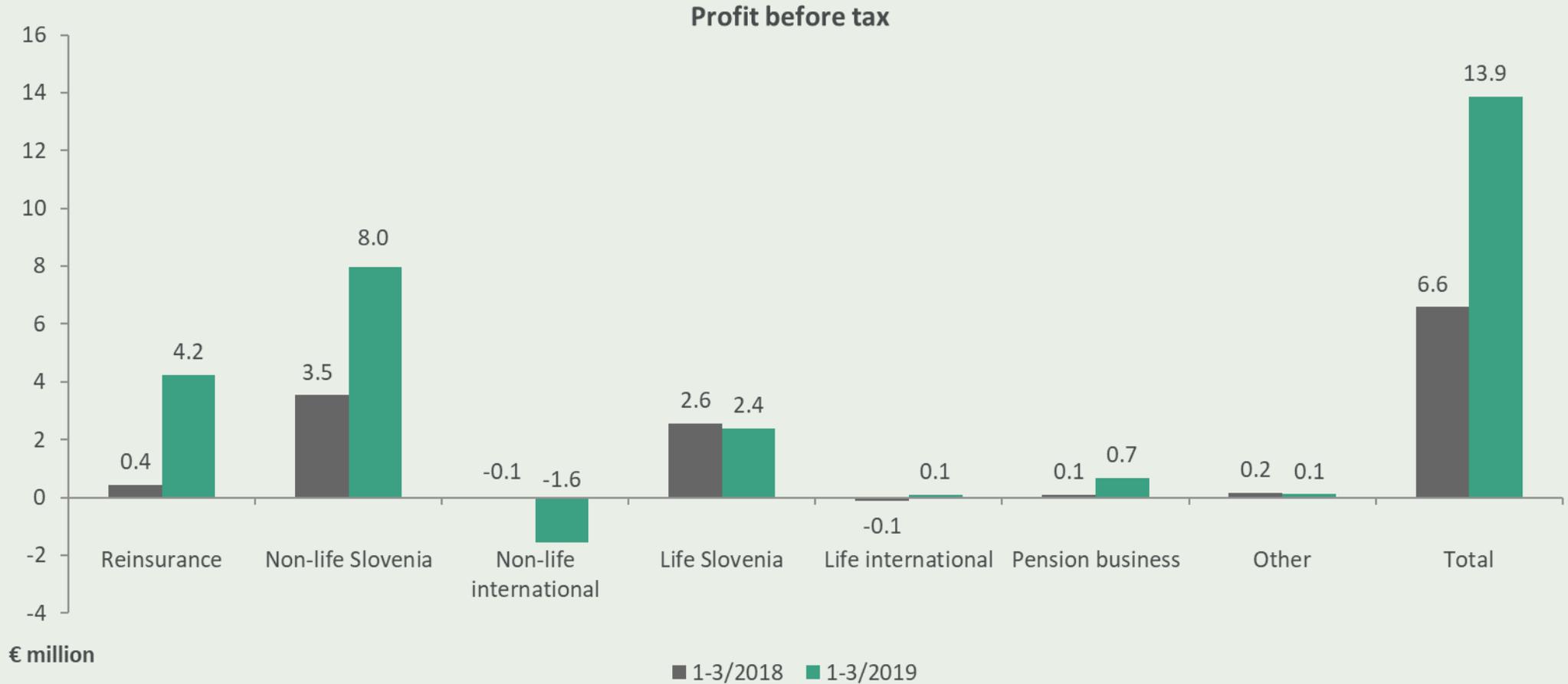
Sava Insurance Group - Results

€ million	1-3/2018	1-3/2019	Plan 2019	Change 2019/2018
Gross premiums written	167.0	171.6	> 555	2.8%
Net expense ratio *	34.1%	32.4%	32.4-33.0%	-1.7 p.p.
Net combined ratio ** (excluding FX differences)	98.9%	93.0%	93.6-94.1%	-5.9 p.p.
Return on financial portfolio (excluding FX differences)	1.9%	1.8%	1.7%	-0.1 p.p.
Net profit/loss	4.6	10.9	at least 43	135.7%
Annualized ROE	7.3%	12.2%	> 12%	+4.9 p.p.
	31/12/2018	31/3/2019	P 31/12/2019	
Shareholders' equity	340.2	357.7		5.1%
Total assets of the investment portfolio	1.082.8	1.120.8		3.5%
Funds for the benefit of policyholders who bear the inv. risk	215.9	218.9		1.4%
Assets in pension company savings funds	638.2	644.0		0.9%

* The expense ratio includes data for the reinsurance, non-life and life operating segments.

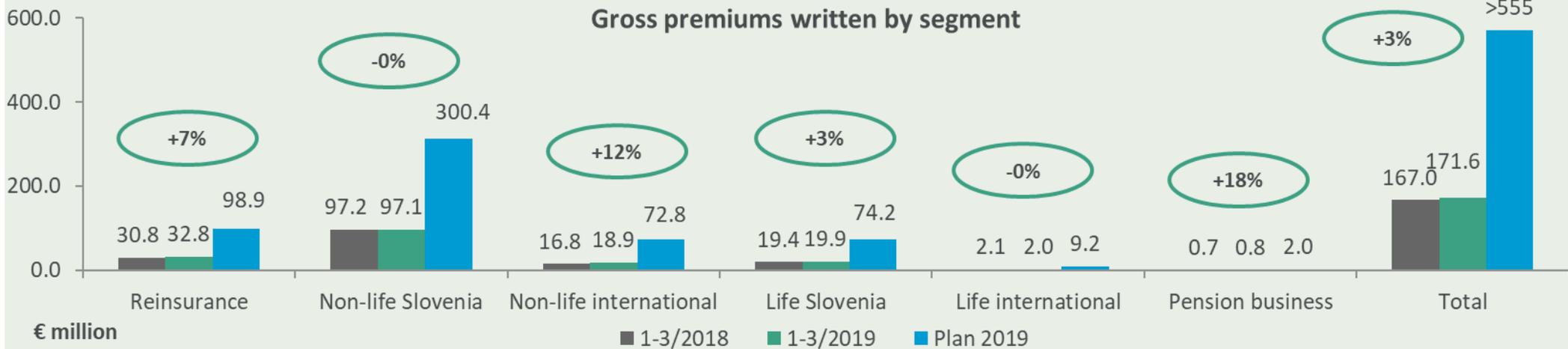
**The combined ratio covers only the reinsurance and non-life insurance segments.

Consolidated profit before tax by segment

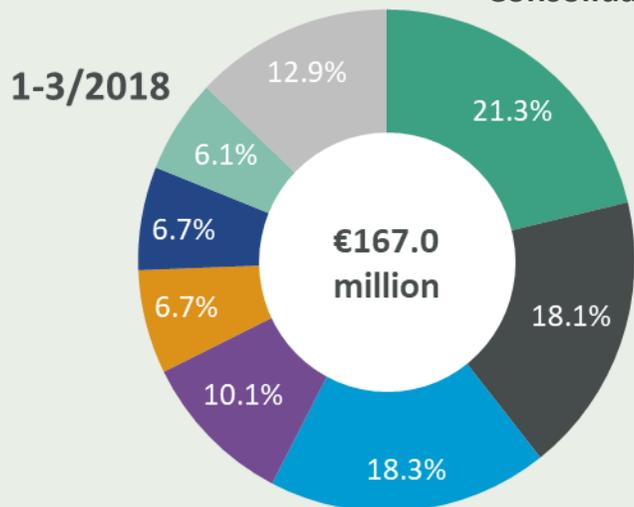


Breakdown of the consolidated GPW

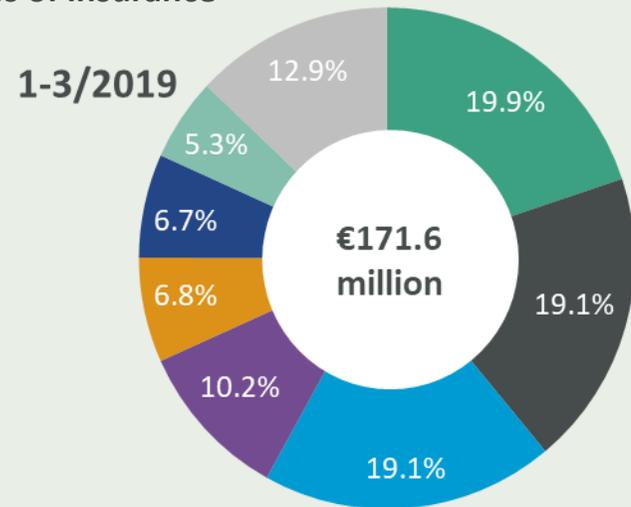
Growth/ decline compared to the previous period



Consolidated gross premiums written by class of insurance



- Fire and natural forces
- Land vehicles casco
- Motor liability
- Other damage to property
- Traditional life insurance business
- Unit-linked life
- General liability
- Other

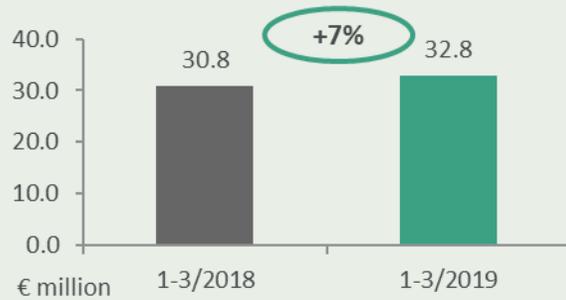


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Results by operating segment – reinsurance

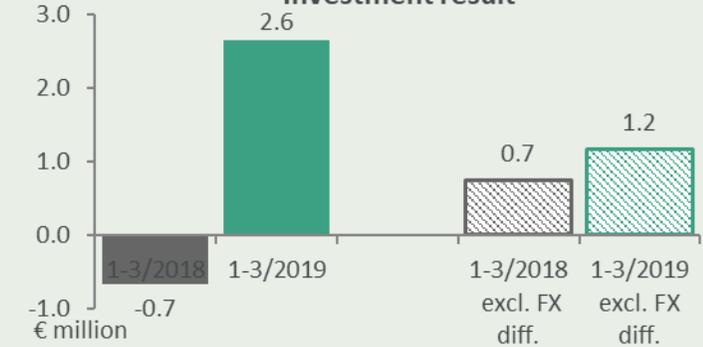
Gross premiums written



Underwriting result



Investment result

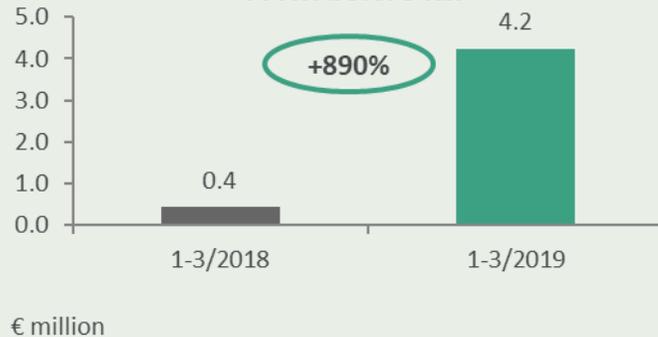


- Growth in non-proportional reinsurance premiums mainly in Asian markets (organic growth of the business and new contracts)

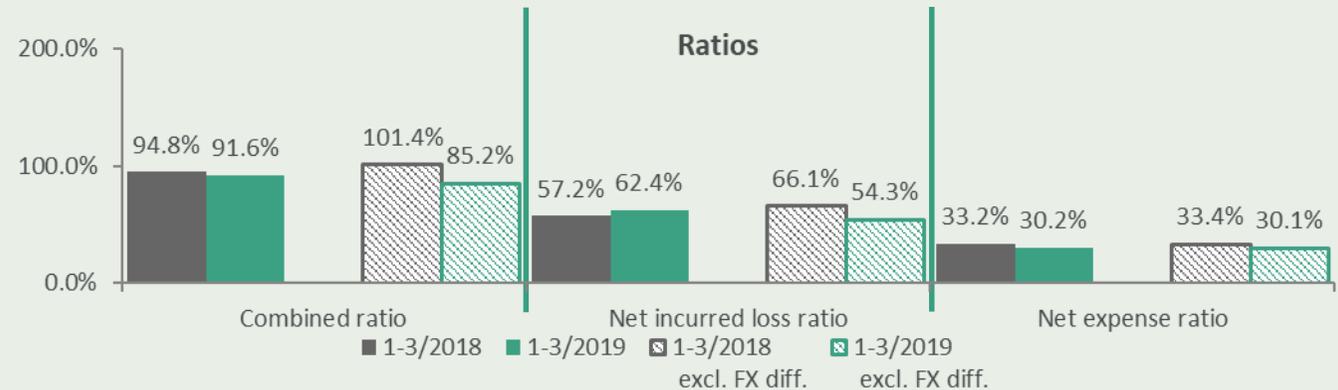
- Lower other operating costs
- Lower claims incurred - without FX differences (1Q 2019 without major exceptional claims)
- Unfavourable loss events in 1Q 2018

- Higher income from investment property
- Income from partial repayment of business bonds impaired in the past

Profit before tax



Ratios



Results by operating segment – non-life Slovenia

Gross premiums written



Underwriting result



Investment result

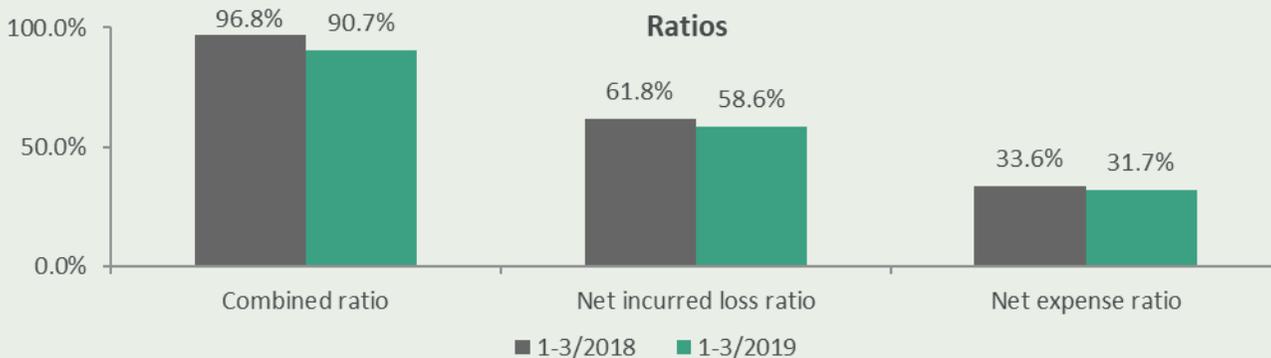
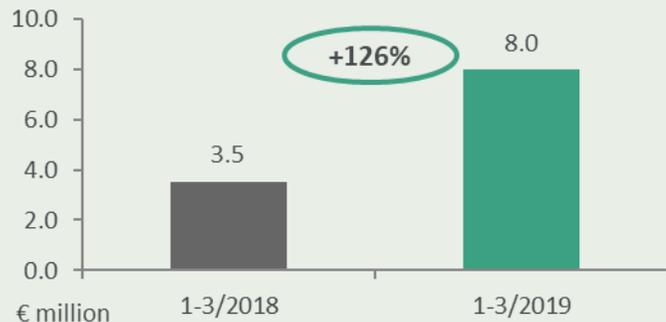


- Larger volume of motor business (increased number of policies and higher average premium with individuals) and decline in core property insurance and general liability insurance business

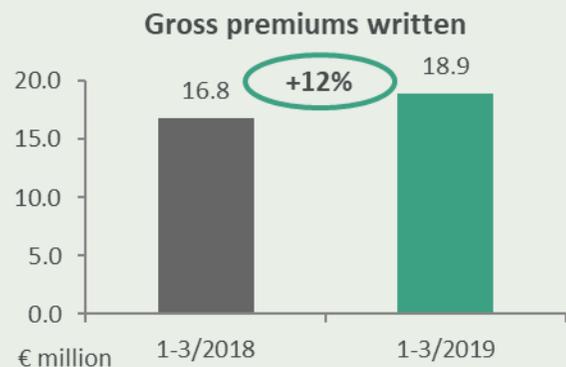
- Higher net premium income

- Lower interest income due to lower interest rates in capital markets

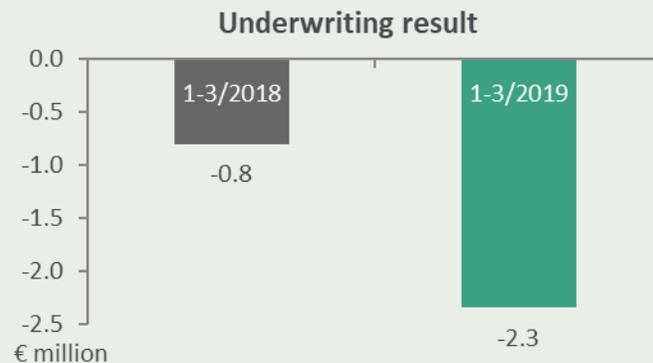
Profit before tax



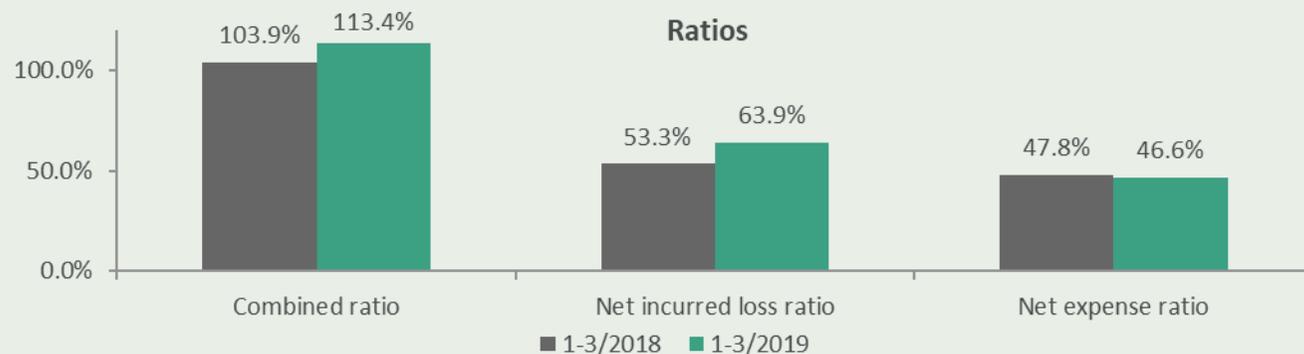
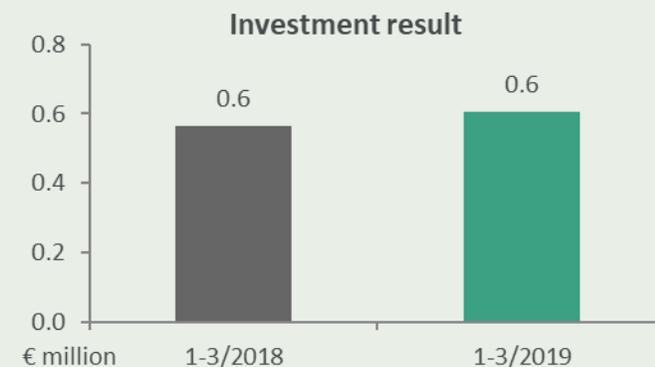
Results by operating segment – non-life international



- Increase in most non-Slovenian non-life insurers
- Largest growth seen in Croatian branch (change in insurance terms of motor business), Serbian insurer (inclusion of Energoprojekt Garant) and Montenegro insurer (airline insurance premium from new major client)

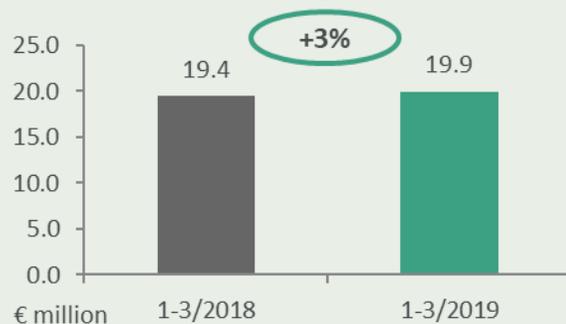


- Large fire damage in Kosovo
- Higher net claims incurred by Croatian and Serbian non-life insurance companies due to larger loss burden and some larger claims in motor vehicle liability insurance



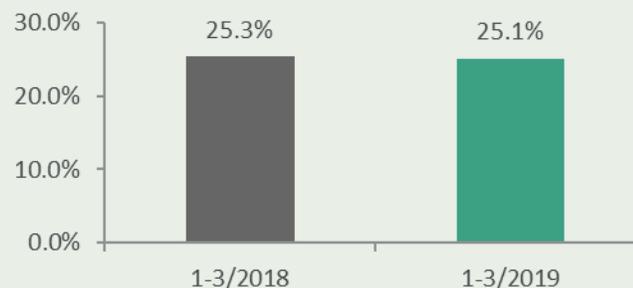
Results by operating segment – life Slovenia

Gross premiums written



- Premiums from new business more than sufficient to fully compensate for lost premiums relating to maturing life policies
- More single-premium payments in unit-linked business

Net expense ratio



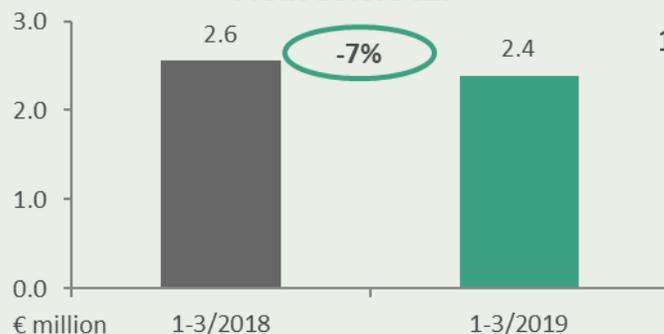
- Lower expense ratio as a result of premium growth and decrease in other operating expenses (by 2.4 %)

Investment result



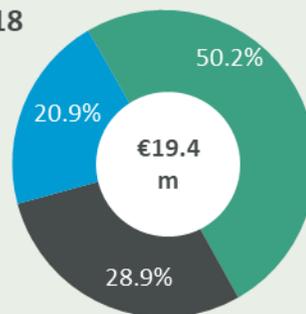
- Lower interest income due to lower interest rates in capital markets and lower capital gains

Profit before tax

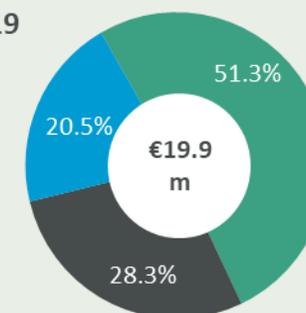


Gross premiums written by class of insurance

1-3/2018



1-3/2019



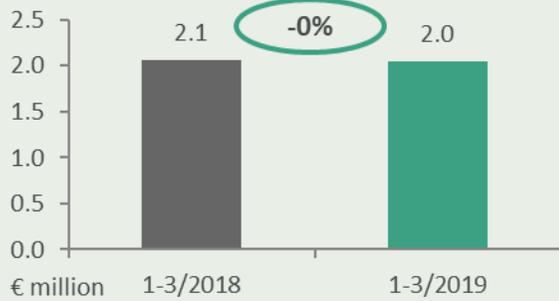
■ Unit-linked life

■ Traditional life

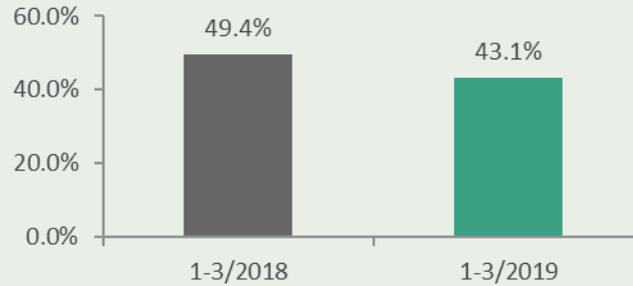
■ Additional personal accident

Results by operating segment – life international

Gross premiums written



Net expense ratio



Investment result



- Decrease in gross premiums of the Croatian branch due to lost premiums relating to maturing life policies
- High growth in the Kosovan and Serbian life insurers (increased productivity of sales network)

- Improved expense ratio as a result of high premium growth and decline in other operating costs (by more than 10%)

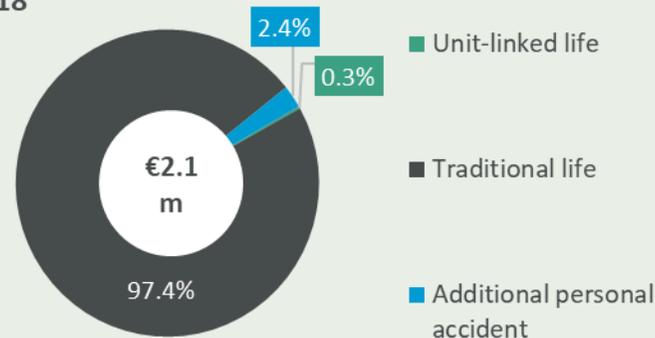
- In 1Q 2019 lower expenses from negative exchange rate differences in Croatia

Profit before tax

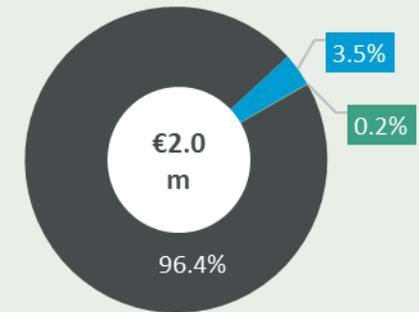


Gross premiums written by class of insurance

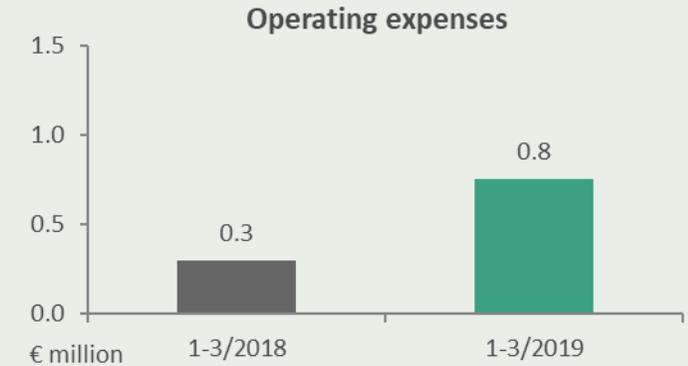
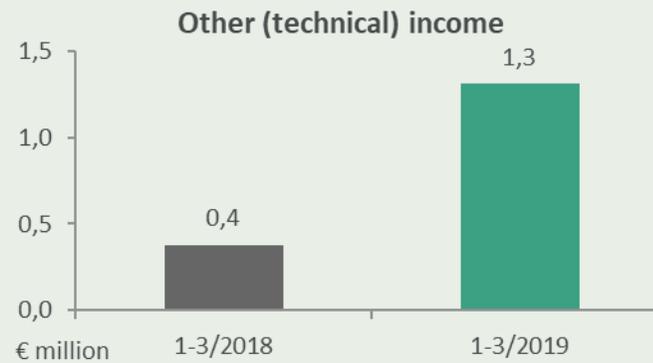
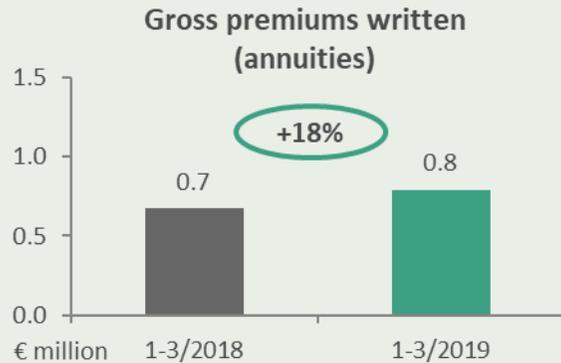
1-3/2018



1-3/2019



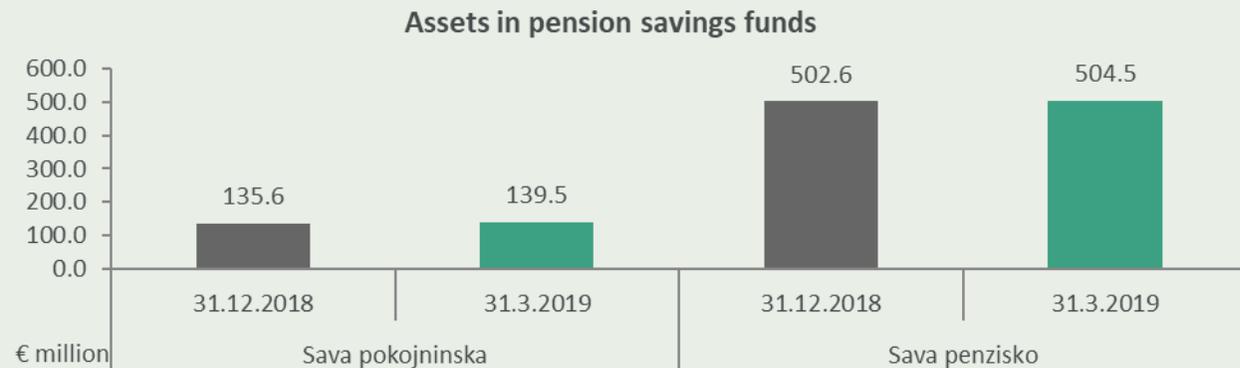
Results by operating segment – pension business



- More policyholders opting for pension annuities upon retirement

- Inclusion of company based in North Macedonia into the consolidated accounts from 31 March 2018
- Other (technical) income increased due to growth of assets under management

- Inclusion of company based in North Macedonia into the consolidated accounts
- Other operating expenses of the Slovenian pension company increased by 7.9%

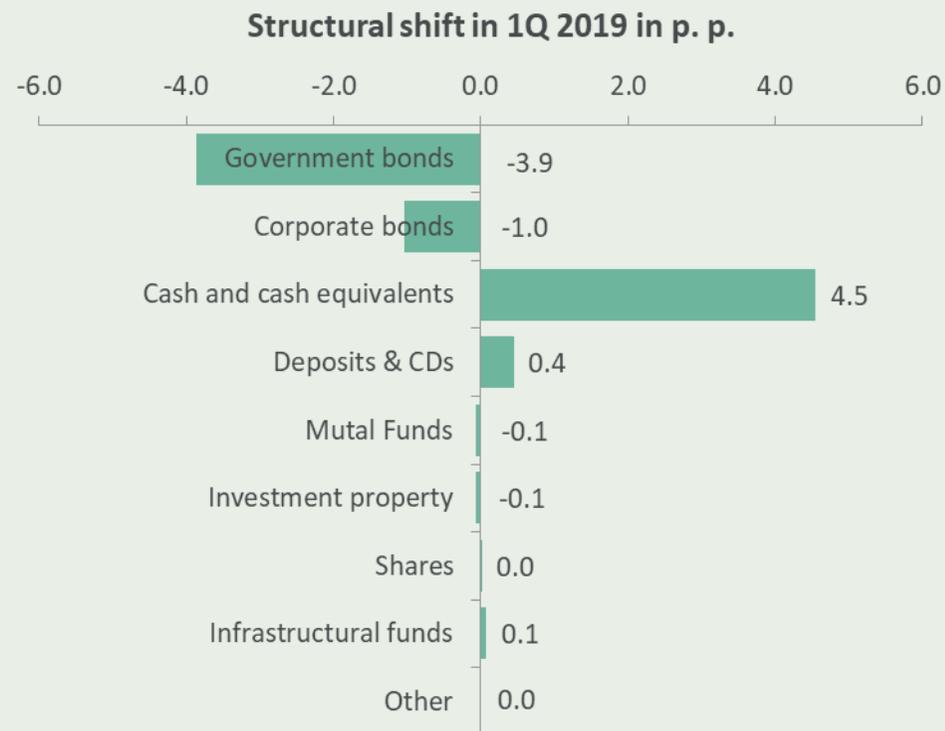


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Structure of the investment portfolio

	31/12/2018	31/3/2019
Investment portfolio (€ million)	1.082.8	1.120.8
Government bonds	50.9%	47.0%
Corporate bonds	34.1%	33.0%
Cash and cash equivalents	4.9%	9.5%
Deposits & CDs	2.6%	3.0%
Mutal Funds	3.0%	2.9%
Investment property	1.9%	1.8%
Shares	1.4%	1.5%
Infrastructural funds	0.5%	0.6%
Other	0.7%	0.7%
Total investment portfolio	100.0%	100.0%



Decrease in the percentage of government bonds of 3.9 p. p.: decrease as a result of maturing of A-rated government bonds.

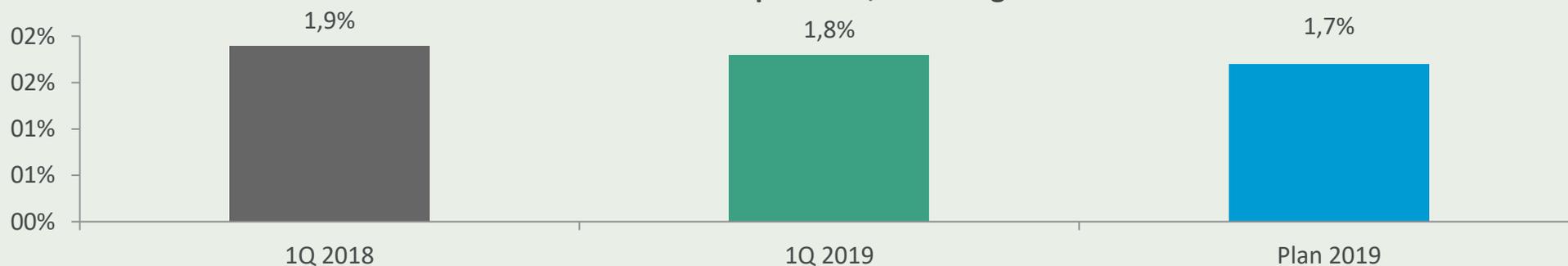
Decrease in the percentage of corporate bonds of 1.0 p. p.: decrease as a result of maturities and sales of regular and covered bonds.

Increased allocation to cash and cash equivalents of 4.5 p. p.: increase (short-term) mainly in Sava Re and Zavarovalnica Sava due to expected payments for acquisition of the asset manager Infond and payment of dividends to shareholders in 2Q 2019.

Net inv. income of and return on the investment portfolio

(€ million)	1Q 2018	1Q 2019	Absolute change 2019 - 2018
Net investment income relating to the investment portfolio	3.5	6.4	2.9
Net investment income of the investment portfolio, excluding FX differences	5.0	5.0	0.0
Return on the investment portfolio, excluding FX differences (%)	1.9%	1.8%	-0.1 p. p.

Return on the investment portfolio, excluding FX differences



- The Group's net investment income from its investment portfolio in 1Q 2019, excluding exchange differences, totalled €5.0 million, which is approx. the same level as in the same period of last year.
- Net investment income relating to investment property increased by €0.14 million.
- The realised investment return, excluding the effect of exchange differences, decreased by 0.1 p. p. to 1.8%.

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Shareholders and share performance

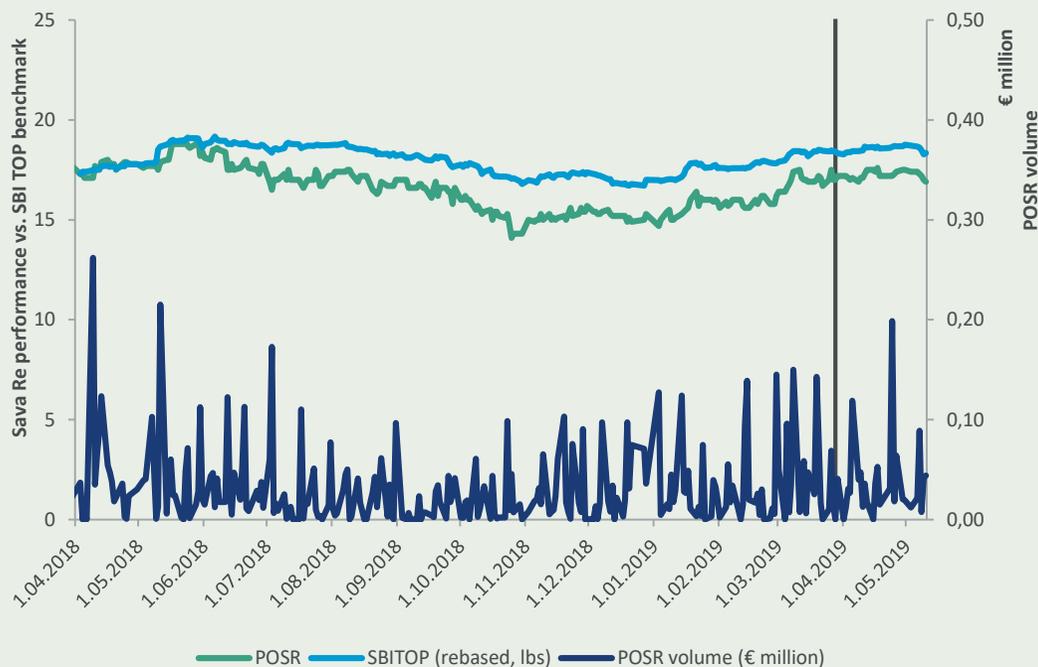
Book value per share

€23.08

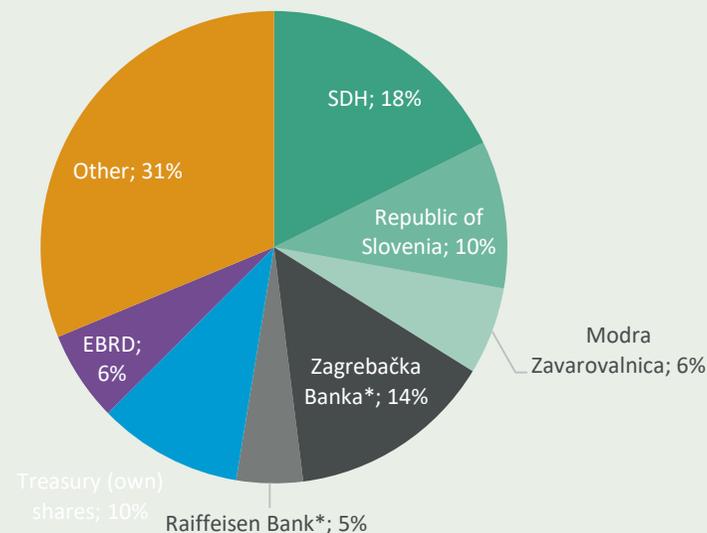
1Q 2019 / 1Q 2018: **up 12.2%**

	31/3/2019
Share capital (€ million)	71.9
Market capitalisation (€ million)	296.2
Trading symbol	POSR
Number of shares	17,219,662
Number of own shares	1,721,966
Number of shareholders	4,042

Sava Re share price performance vs SBI TOP benchmark



Shareholders as at 31 March 2019



* Custody account.

** On 2 June 2016, Sava Re received a notice from Adris Grupa, d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia via its legal representative Rojs, Peljhan, Prelesnik & partnerji, o.p., d.o.o., advising the Company of a change in major holding in Sava Re. Adris grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04 % of issued and 21.15 % of outstanding shares.

Dividend policy

Sava Re aims to ensure that its shareholders see a 10% growth in dividends but that the dividend distribution does not exceed 40% of the Group's net profit in the period 2017–2019.

When designing any dividend proposal, the company will take into account:

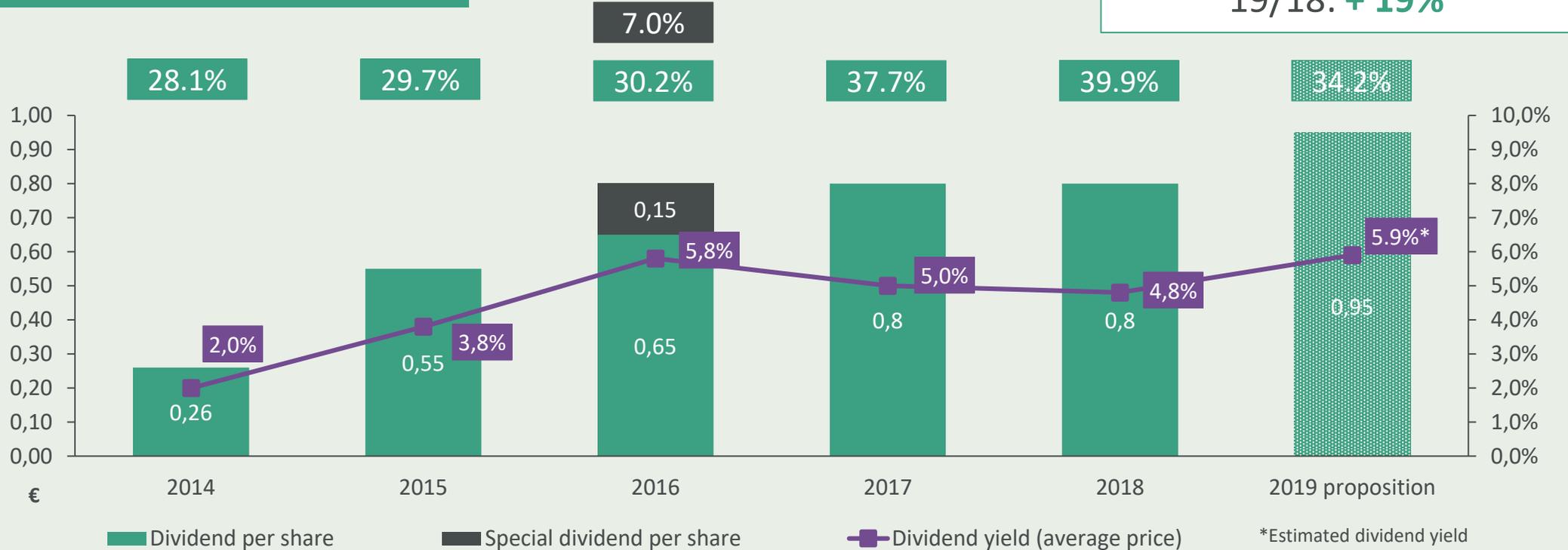
1. the estimated excess of eligible own funds over solvency capital requirement under Solvency II
2. the Group's own risk and solvency assessment
3. capital models of rating agencies Standard & Poor's and AM Best
4. approved annual and strategic plans of the Group and the company
5. new development projects that would engage additional capital
6. other relevant factors affecting the financial condition of the company

Dividend policy

Special dividend as % of consolidated profit

Regular dividend as % of consolidated profit

Proposed dividend growth
19/18: + **19%**



Important dates for dividend payment

- **21 May 2019:** General meeting of shareholders of Sava Re
- **12 June 2019:** Ex dividend date
- **13 June 2019:** Record date
- **14 June 2019:** Payment date

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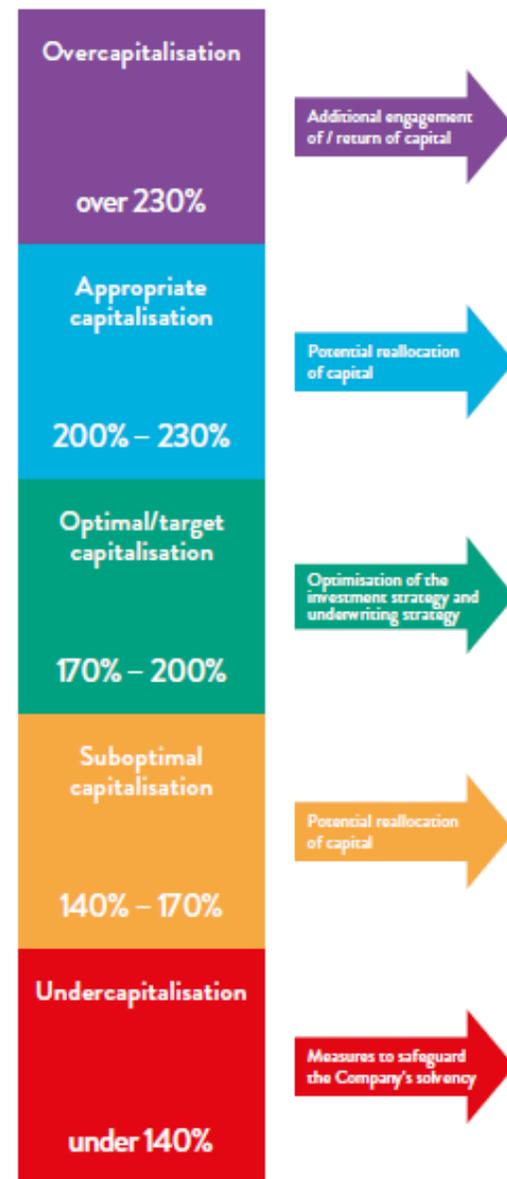
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Capital adequacy

(€ million)	31 Dec 2017 (audited)
Eligible own funds	451.4
Solvency capital requirement (SCR)	205.0
Solvency ratio	220%

(€ million)	30 Sep 2018 (unaudited)
Eligible own funds – 30 Sep 2018	458.8
Solvency capital requirement (SCR) – 31 Dec 2017	205.0
Solvency ratio	218%

The Sava Re Group's Solvency and financial condition report 2018 (Group SFCR) will be posted on the Sava Re website and that of the Ljubljana stock exchange (Seonet) on 3 June 2019.



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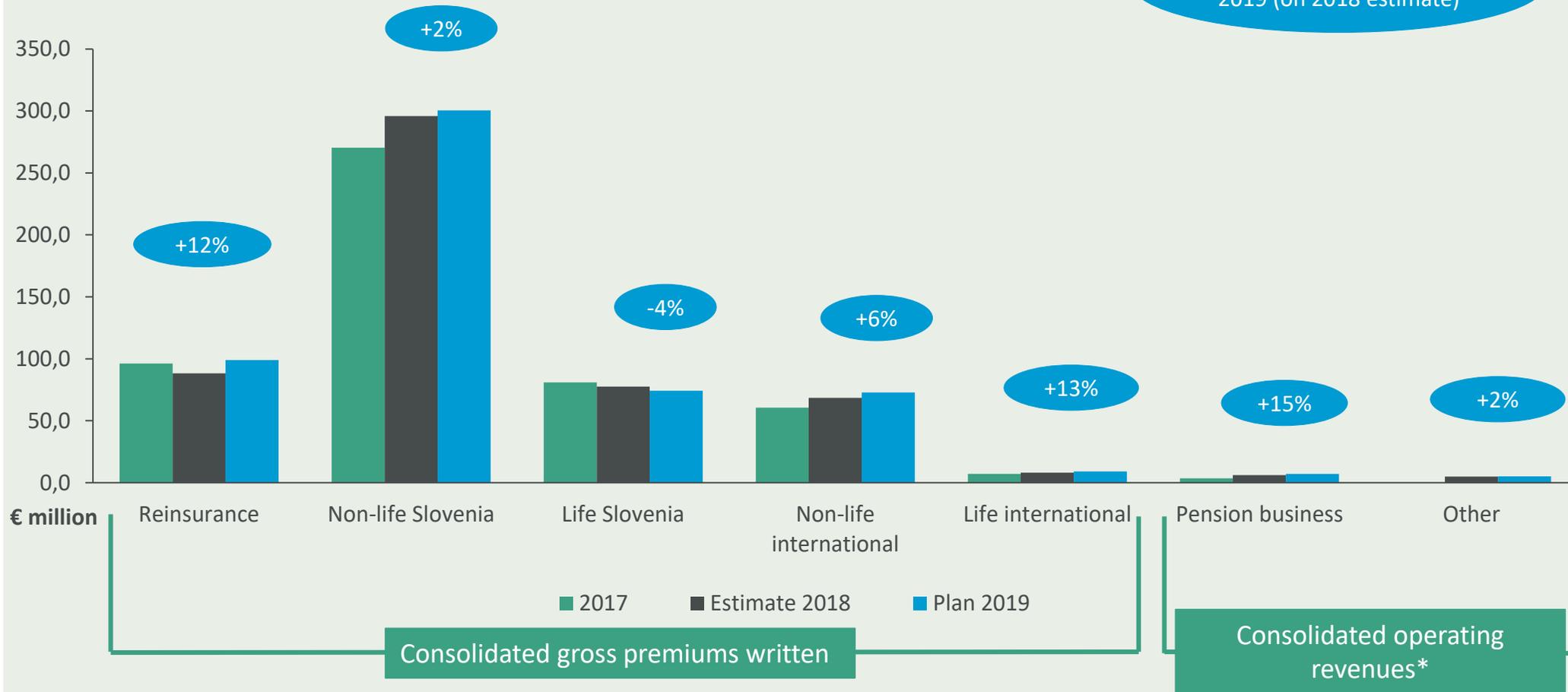
Plan 2019 – main targets (consolidated)

€ million	2017	2018	2019 plan
Group			
Operating revenues	492.4	540.5	> 4.5% growth
Profit or loss, net of tax	31.1	43.0	at least €43 m; > 10% growth based on 2018 estimate
Return on equity	10.1%	13.1%	> 12%
Return on investments*	2.0%	1.7%	1.7%
Re/insurance part (+ annuities)			
Gross premiums written	517.2	546.3	> €555 m
Net premiums earned	470.9	504.7	> €515 m
Net expense ratio (reins. + non-life + life)	32.6%	33.1%	32.4–33.0%
Net incurred loss ratio* (reins. + non-life)	60.5%	57.0%	59.2–59.7%
Net combined ratio* (reins. + non-life)	95.6%	92.9%	93.6–94.1%

* Excluding the effect of FX differences.

Consolidated gross premiums written and revenues of non-insurance companies

Planned growth/decline in 2019 (on 2018 estimate)



* Total revenues excl. investment income

Thank you for your attention.

Disclaimer

Forward-looking statements

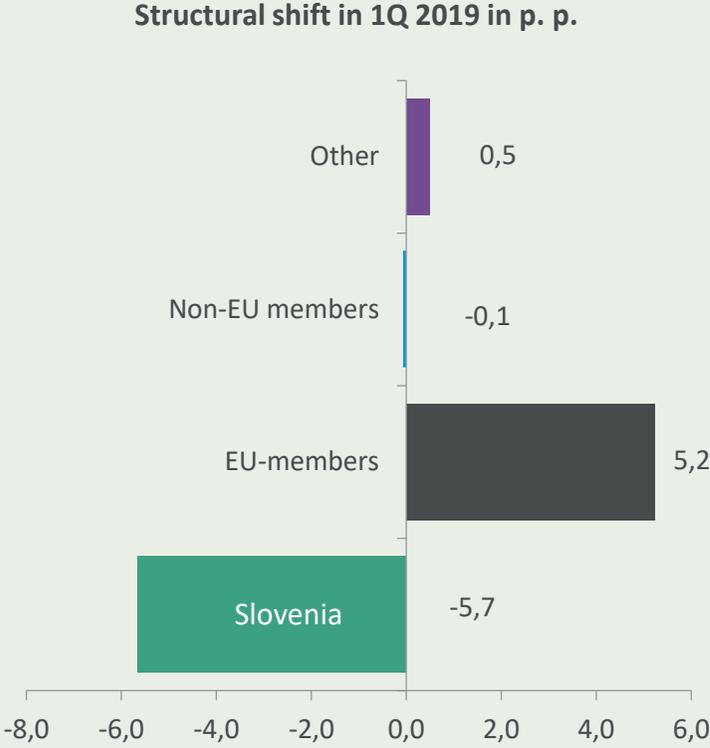
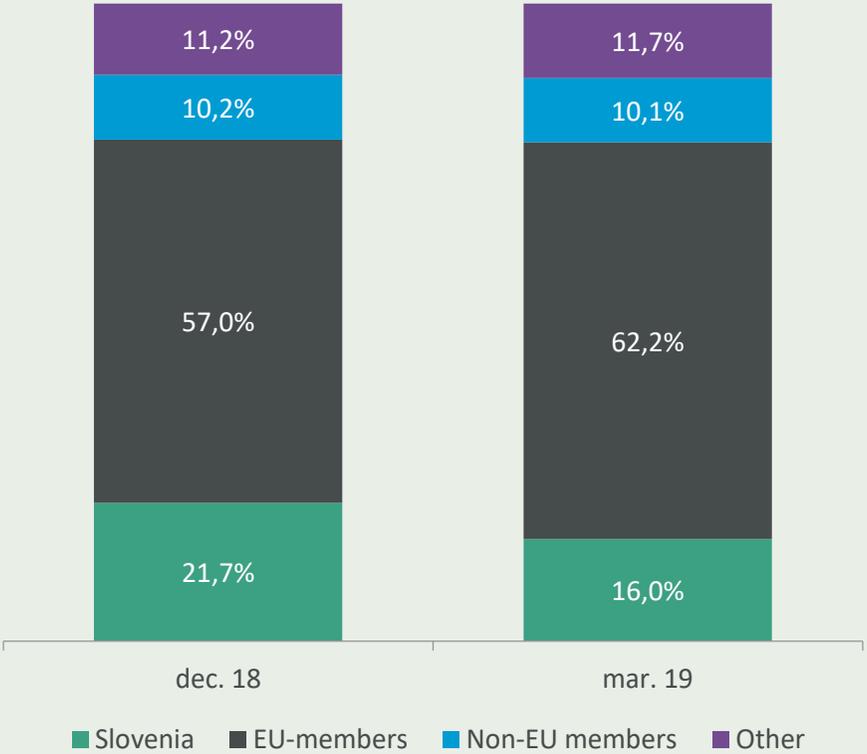
This document may contain forward-looking statements relating to Sava Re's expectations, plans or goals, which are based on assumptions made by Sava Re management. By their nature, forward-looking statements involve risk and uncertainty. As a result, actual developments, in particular performance, may differ materially from the expectations, plans and goals set out in this document; therefore, persons should not rely on forward-looking statements.

Duty to update

Sava Re assumes no obligation to adjust any forward-looking statements or other information contained in this document to future events or developments.

Group exposure by region

Lower exposure to Slovenia in 1Q 2019 is in line with investment policy; larger exposure to EU member states.



Group exposure to Slovenia

(€ million)	31/12/2018		31/3/2019		Change
Type of investment	Amount	Structure	Amount	Structure	
Deposits	0.9	0.1%	8.8	0.7%	0.7%
Government bonds	155.3	13.3%	92.7	7.8%	-5.5%
Corporate bonds	23.4	2.0%	23.5	2.0%	0.0%
Shares	15.1	1.3%	15.7	1.3%	0.0%
Mutual funds	0.7	0.1%	0.8	0.1%	0.0%
Cash and cash equivalents	40.6	3.5%	32.9	2.8%	-0.7%
Other	16.5	1.4%	16.4	1.4%	0.0%
Sum total	252.5	21.7%	190.8	16.0%	-5.7%

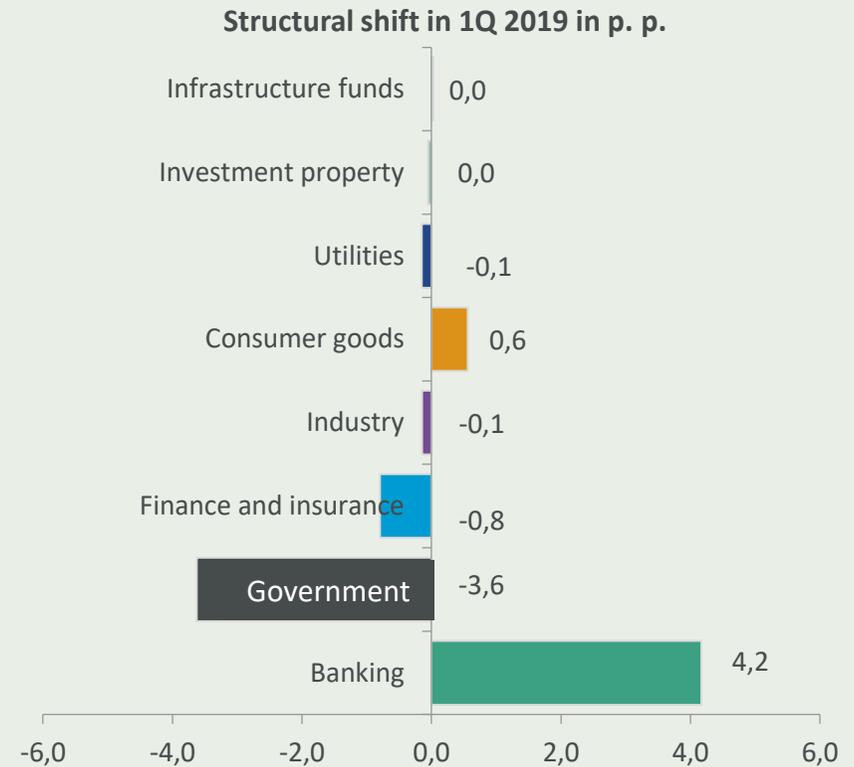
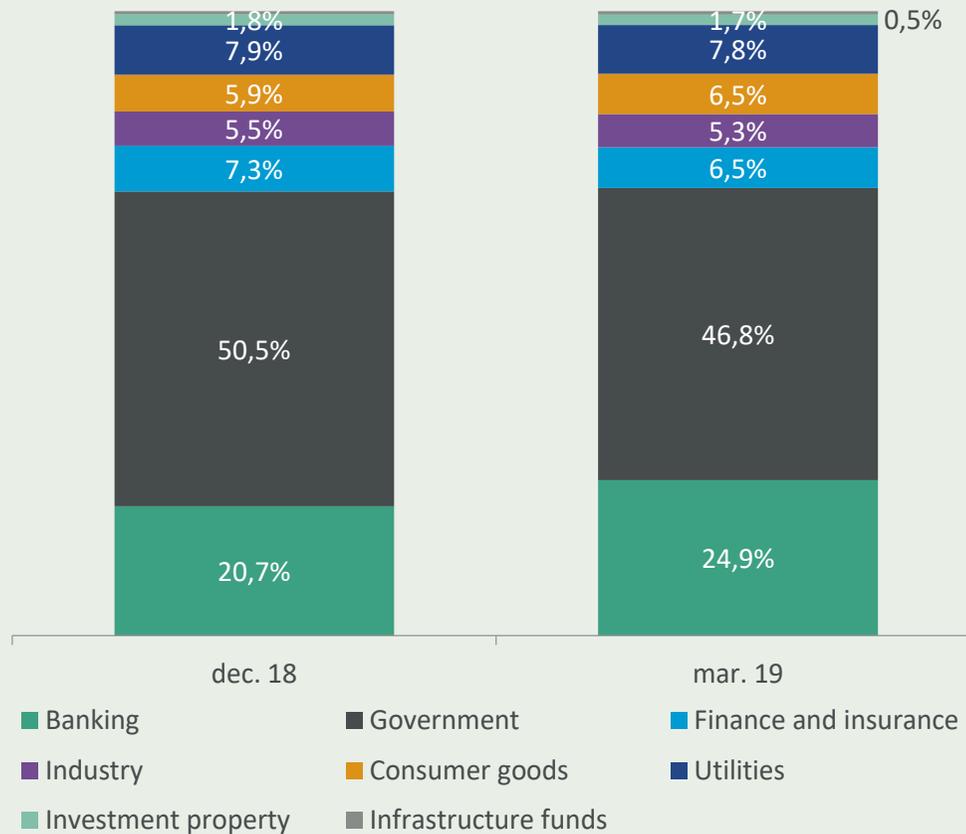
Exposure to Slovenia decreased by 5.7 p. p. in 1Q 2019.

The largest contribution to reduced exposure to Slovenia was a decline in the value of government bonds owing to maturities in the reporting period.

Group exposure by industry

Lower exposure to government securities resulting from maturities of government securities.

Larger exposure to banking sector is short-term based on increased allocation to cash and cash equivalents.



Group rating profile

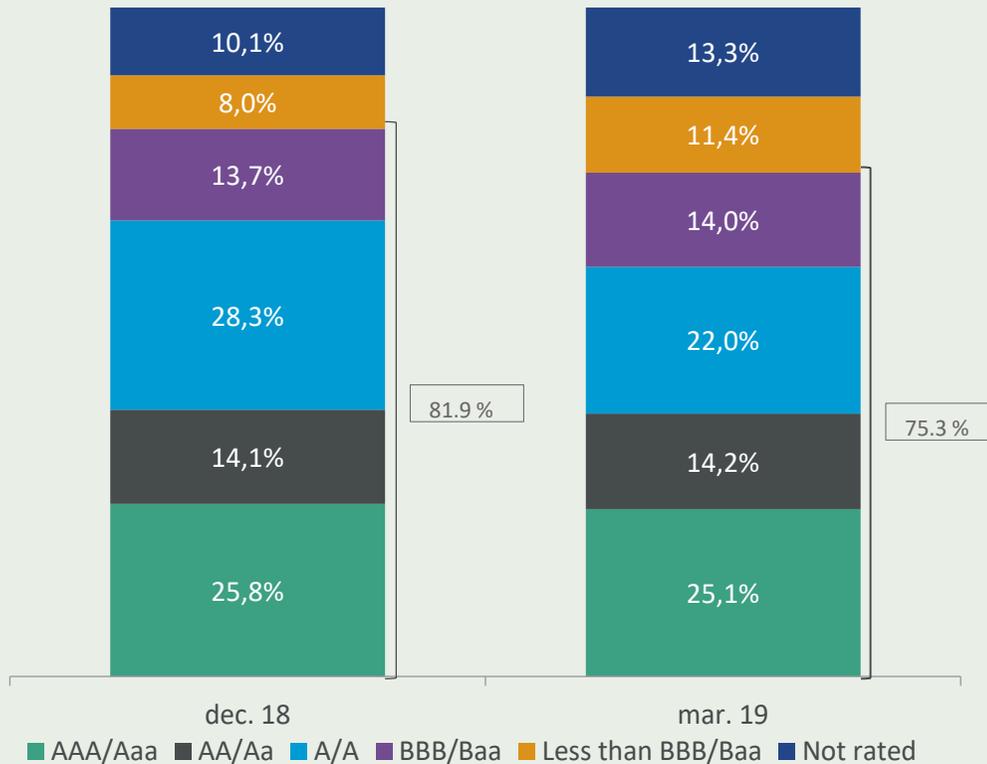
Maintaining good rating profile in 1Q 2019

Investment grade represents 75.3 % of fixed income investments and is slightly lower compared to the end of 2018.

Decrease in the percentage of A-rated category is due to maturity of government bonds.

Increase in the percentage of less than BBB-rated category is due to inclusion of ERGO in the portfolio.

Increase in the percentage of not rated category reflects increased allocation to cash and cash equivalents (short-term).



Structural shift in 1Q 2019 in p.p.

