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PRESS RELEASE

Generali 2021: Leveraging strengths to accelerate growth

Generali unveils new three-year strategic plan to investors

Being a life-time partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

Generali 2021 – Financial Targets

- **GROWING EARNINGS PER SHARE:** 6%-8% EPS CAGR RANGE¹ 2018-21
- **GROWING DIVIDEND:** 55%-65% DIVIDEND PAY-OUT RANGE² 2019-21
- **HIGHER RETURN FOR SHAREHOLDERS:** >11.5% AVERAGE RETURN ON EQUITY³ 2019-21

Generali 2021 – Strategic Priorities & Targets

Profitable Growth

- **STRENGTHEN LEADERSHIP IN EUROPE:** REINFORCE #1 MARKET POSITION⁴
- **FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:** 15%-25% EARNINGS CAGR 2018-21⁵
- **DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM:** 15%-20% EARNINGS CAGR 2018-21

Capital Management and Financial Optimization

- **INCREASE CAPITAL GENERATION:** > €10.5 BILLION CUMULATIVE CAPITAL GENERATION 2019-21
- **ENHANCE CASH REMITTANCE:** +35% CUMULATIVE CASH REMITTED TO HOLDING⁶ 2019-21
- **REDUCE DEBT LEVEL AND COST:** €1.5-2.0 BILLION DEBT REDUCTION BY 2021; €70-140 MILLION REDUCTION IN ANNUAL GROSS INTEREST EXPENSE BY 2021⁷

Innovation and Digital Transformation

- **BECOME LIFE-TIME PARTNER TO CUSTOMERS**
 - **ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION**
 - **TRANSFORM AND DIGITALIZE OPERATING MODEL**
- c. €1 BLN TOTAL INVESTMENT INTERNAL STRATEGIC INITIATIVES 2019-21*

Milan - The Board of Directors of Assicurazioni Generali S.p.A (“Generali” or the “Group”), chaired by Gabriele Galateri di Genola, has approved Generali’s new three-year strategic plan, *Generali 2021: Leveraging Strengths to Accelerate Growth*.

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¹ 3 year CAGR; adjusted for impact of gains and losses related to disposals

² Adjusted for impact of gains and losses related to disposals

³ Based on IFRS Equity excluding OCI and on total Net Result

⁴ Based on IAS-IFRS gross written premiums in Europe for 2017

⁵ Depending on country/segment

⁶ Compared to period 2016-18

⁷ Vs 2017



The plan is aligned with the Group's stated ambition to be a life-time partner to its customers, offering innovative, personalized solutions thanks to its unmatched distribution network and to lead the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets.

Generali today is the market leader for insurance in Europe with €63 billion of premiums⁸ and is able to leverage on a powerful distribution network comprising more than 150,000 agents and salespeople across its major markets. Following a comprehensive and successful financial (2012-2015) and operational (2016-2018) turnaround, Generali has delivered best-in-class technical and operational performance, achieving a P&C combined ratio of 92.8% and a Life new business margin of 39.2%⁹ in 2017. Generali also successfully launched a focused asset management strategy in 2017, with €487 billion in Assets Under Management. Generali is on track to achieve all its 2018 financial and industrial targets.

The *Generali 2021* strategy will continue the evolution of the business and is centered around four key differentiating convictions:

- **European insurance markets will remain attractive.** High private wealth accumulation will support the sale of Life and Asset Management products, while demographic trends and reduced public spending will drive the development of pension, health and welfare services.
- **The Retail and SME markets are driving profitable growth.** Retail customers will play a key role in future insurance markets, while the SME segment is a key opportunity in core markets like Italy and Germany.
- **An integrated Insurance and Asset Management offer is key for customers worldwide.** Customers are seeking integrated Life and Asset Management products to protect and grow their assets, while macro and demographic shifts are increasing demand for innovative P&C and Health solutions. This integration reflects the shift in focus from 'products' to 'customers' and from "protection and indemnity" to "prevention and servicing."
- **Physical distribution is empowered and not replaced by digital platforms.** Physical distribution networks will remain a competitive advantage in the industry as they are increasingly enabled by digital tools, which will allow for the delivery of higher customer satisfaction, productivity and efficiencies.

Commenting on the announcement, the Generali Group CEO Philippe Donnet said: *"Today, Generali unveils an ambitious strategy – Generali 2021 – which will accelerate the Group's growth and deliver superior returns to our shareholders. Our primary ambition is to become a life-time partner to our customers, offering innovative and personalized solutions thanks to an unmatched distribution network.*

"This clear and distinctive strategic vision leverages on our strengths to consolidate leadership in Europe on retail and SME customers, expand operations in high-potential markets and develop a global asset management platform. At the same time, Generali will continue to focus on generating and managing capital to fund growth opportunities in key markets and drive innovation and digital transformation wherever we operate. Thanks to this set of actions, Generali will achieve between 6 and 8 per cent Earnings per Share average annual growth over the plan horizon.

"We look forward to implementing this new strategic plan, knowing that our track record of delivery, driven by our talented colleagues and underpinned by our strong brand and long-term culture of sustainability, will ensure its success."

As part of Generali 2021, the Group is committed to delivering growing Earnings per Share, with a target CAGR of 6% to 8% for the period 2018-21. There will be a number of contributors to this target including increased core profitability from Generali's insurance and asset management businesses, greater efficiency with an additional expense reduction target of €200 million in mature markets by 2021, active management of interest expenses and redeployment of capital to support profitable growth initiatives.

Generali is also committed to delivering higher shareholder returns through a growing and sustainable dividend underpinned by a target pay-out ratio range of 55% to 65% over the plan

⁸ Based on IAS-IFRS gross written premiums in Europe for 2017

⁹ Annual premium equivalent basis. Coherent with the official disclosure at YE 2017 of 4.01% of NBV over PVNBP



period. Attractive profitability will be delivered through a target average Return on Equity of more than 11.5%.

Generali 2021 will be supported by three key enablers which will drive the execution of the plan:

- **Empower people for the future.** Generali will continue to foster a customer-centric and innovative culture, nurturing global and diverse leaders and talents. Operating as an agile and adaptive organization with 100% smart working, Generali will help staff acquire new digital skills (50% target by 2021) while rewarding excellence and sustainable value creation.
- **New Brand promise.** Generali will ensure a consistent and distinctive brand experience built around the promise of becoming a life-time partner for its customers. Generali is targeting the best relationship Net Promoter Score among the European International players.¹⁰
- **Continued commitment to sustainability.** *Generali 2021* is aligned with the Group's sustainability commitments. Generali also commits to grow green and social retail products by 7%-9%¹¹ and to allocate €4.5 billion to green and sustainable investments by 2021. Key initiatives with strong sustainability footprints include a Responsible Consumer scheme and the Enterprize awards for sustainable SMEs.

Generali 2021 – Strategy Outline

Generali 2021 is built on three strategic pillars which include initiatives that will each contribute towards delivery of the Group's financial targets:

Pillar 1 – Profitable Growth

STRENGTHEN LEADERSHIP IN EUROPE: REINFORCE #1 POSITION

- Consolidate leadership in Italy and Germany
- Build on successful turnaround in France
- Invest in growth markets and segments (CEE, health, benefits, assistance)
- Launch new ventures

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS: 15%-25% EARNINGS CAGR 2018-21¹²

- Deliver profitable growth in Asia and Latin America
- Upgrade SME segment offering
- Grow employee benefits capabilities
- Develop value-added insurance service proposition

DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM: 15%-20% EARNINGS CAGR 2018-21

- Become a global franchise from a strong European base
- Continue to expand multi-boutique product platform
- Invest in distribution and marketing
- Accelerate expansion with disciplined acquisitions

Pillar 2 - Capital Management and Financial Optimization

INCREASE CAPITAL GENERATION: > € 10.5 BILLION CUMULATIVE CAPITAL GENERATION 2019-21

- Improve share of capital-light Life products
- Grow fee-based revenues and P&C, health and protection businesses
- Deploy active capital allocation strategy to maximize Return on Capital Employed

¹⁰ Perimeter: Generali units in Europe, Asia, Argentina and Turkey

¹¹ By Gross Written Premiums

¹² Depending on country/segment



ENHANCE CASH REMITTANCE: +35% CUMULATIVE CASH REMITTED TO HOLDING 2019-21

- Enhance cash generation at operating entities
- Increase remittance level of fungible capital to holding

REDUCE DEBT LEVEL AND COST: €1.5-2.0 BILLION DEBT REDUCTION BY 2021; €70-140 MILLION REDUCTION IN ANNUAL GROSS INTEREST EXPENSE BY 2021¹³

- Reduction in overall quantum of debt
- Lower ongoing financing cost

Pillar 3 – Innovation and Digital Transformation

c. € 1 BILLION TOTAL INVESTMENT INTERNAL STRATEGIC INITIATIVES 2019-21

BECOME LIFE-TIME PARTNER TO CUSTOMERS

- Provide maximized flexibility through modular product offering
- Expand coverage of comprehensive 24/7 assistance proposition
- Support customers with 360° advisory

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION

- Launch pan-European mobility platform
- Develop B2B2C ecosystems
- Digitalize agent-customer relationship

TRANSFORM AND DIGITALIZE OPERATING MODEL

- Continue process and organization simplification
- Scale up automation and Artificial Intelligence in core operations
- Increase share of end-to-end digital policies

THE GENERALI GROUP

Generali is an independent, Italian insurance and asset management group, with a strong international presence. Established in 1831, it is among the world's leading insurers and is present in 50 countries with total premium income exceeding € 68 billion in 2017. With nearly 71,000 employees in the world and 57 million customers, the Group is a major player in Western Europe and has an increasingly significant presence in Central and Eastern Europe as well as in Asia.

¹³ Vs 2017