UnipolSai ASSICURAZIONI

Unipol GRUPPO

Company profile

Unipol Group Profile

The leading insurance group in the Italian Non-Life business market, with:

- a market share of 21% in the Non-Life business and one of the top ten in Europe
- €12.4bn of premiums collected (2018), of which €8.0bn in Non-Life business and €4.4bn in Life business.

One of the leaders in pension funds in the Italian market with €3.8bn in managed assets.

It uses an integrated strategy to provide the widest range of insurance and financial products and services, and is particularly active in the areas of supplementary pensions and health insurance. Real Estate, Hotels and Agriculture are other important macro business sectors alongside the insurance core business.

One of the main Italian institutional investors: managing over €53bn in financial assets and real estate.
Listed on the Italian Stock Exchange, alongside its main subsidiary UnipolSai, with a market cap of €2.5bn (Unipol) and €5.6bn (UnipolSai) at 31 December 2018.

The leading Italian company in terms of reputation in the financial sector (banking and insurance) with a score of 67.1/100 according to the 2019 Italy RepTrak® ranking (general public perception index) run by the Reputation Institute.

Excellent track record in consolidation:
the current structure is the result of a series of acquisitions made over the past 20 years: Aurora e Meie (2000), Winterthur Italia (2003), and Fondiaria-SAI (2012) are the most significant.

Adopts a multichannel strategy:

- 2,753 agencies in Italy (over 33,000 agents/sub-agents) and approx. 100 branches in Serbia;
- 5,489 bancassurance branches (bancassurance distribution agreements);
- direct channel (telephone/internet) and company agreements (e.g. health business).

European leader in motor vehicle black box policies with 4m devices installed and a market share of approx. 50% in Italy.

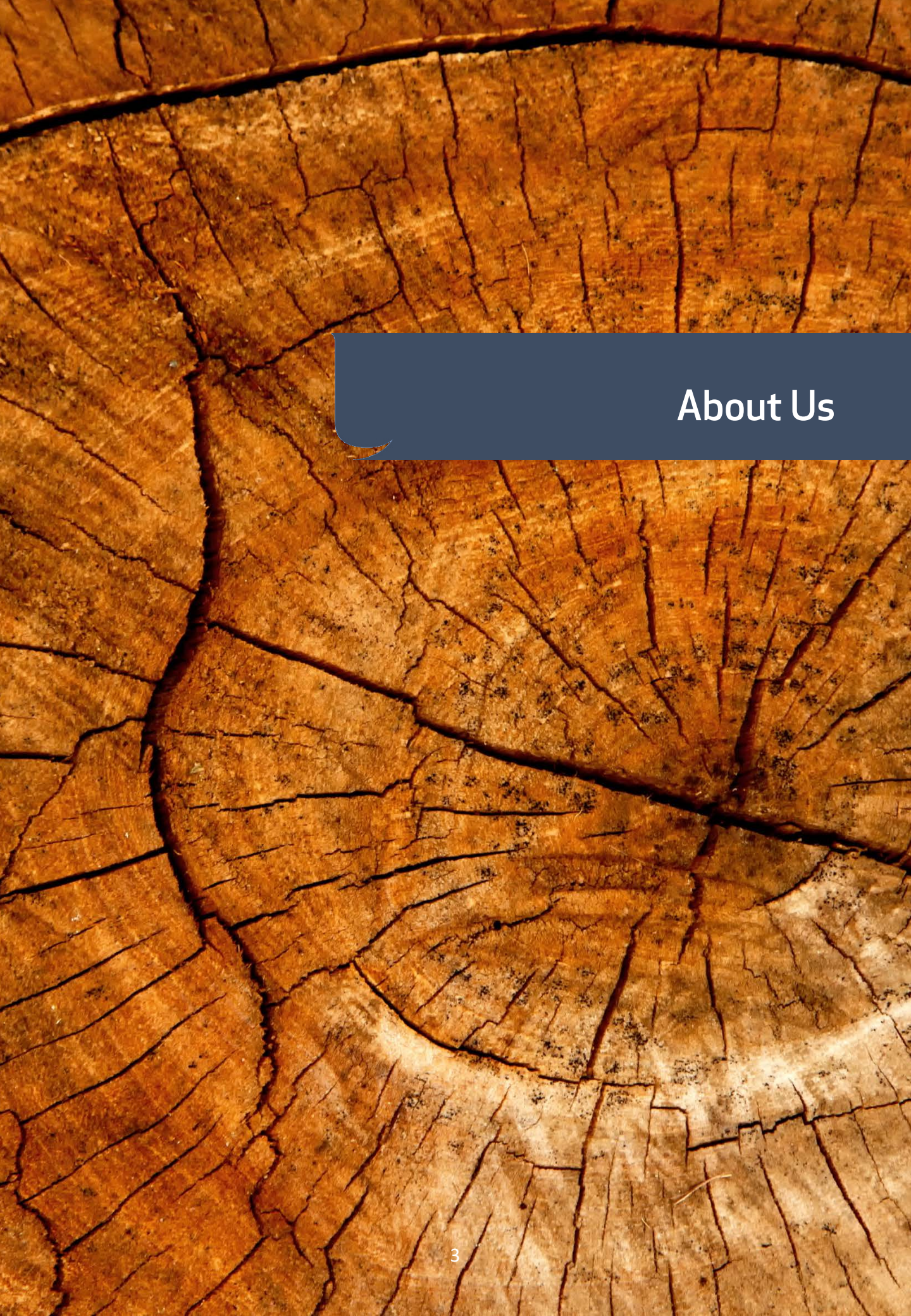
Operates with 14,241 employees to satisfy 15m customers.

Rated by different agencies:

- Unipol, long term issuer rating: Fitch BBB (negative), Moody's Ba2 (stable), Dagong BBB- (stable);
- UnipolSai, insurance financial strength rating: Fitch BBB+ (negative), Moody's Baa3 (stable), AM Best A- (stable).

Very attractive dividend policy:

- Unipol distributed € 129bn in 2019 (approx. 5% of current market cap)
- UnipolSai distributed € 410bn in 2019 (approx. 7% of current market cap)



About Us

History of the Group

1963 Unipol Assicurazioni begins operations after Federcoop takes over control of the company from Lancia

1969 Operations expand to Life business

1986 Listed on the Stock Exchange with preference shares

1990 Listed on the Stock Exchange with ordinary shares

1995 UniSalute is established, followed by Linear in 1996

1998 Unipol enters the banking sector with the acquisition of BANEC (later transformed into Unipol Banca)

2000 Unipol acquires Meie, Aurora, Navale and BNL Vita

2003 Unipol acquires the Winterthur Italia Group

2006 Launch of corporate restructuring for the creation of the holding company Unipol Gruppo Finanziario S.p.A. (in 2007) and later UGF Assicurazioni S.p.A. (in 2009, subsequently renamed Unipol Assicurazioni) resulting from the merger of Unipol and Aurora

2010 Carlo Cimbri is appointed CEO
The acquisition of the Arca Group is completed

2011 Unipol sells BNL Vita to the BNP Paribas group

2012 Unipol acquires control of Premafin, Fondiaria-Sai and Milano Assicurazioni

2014 UnipolSai is created with the merger of Unipol Assicurazioni, Milano Assicurazioni and Premafin into Fondiaria-Sai

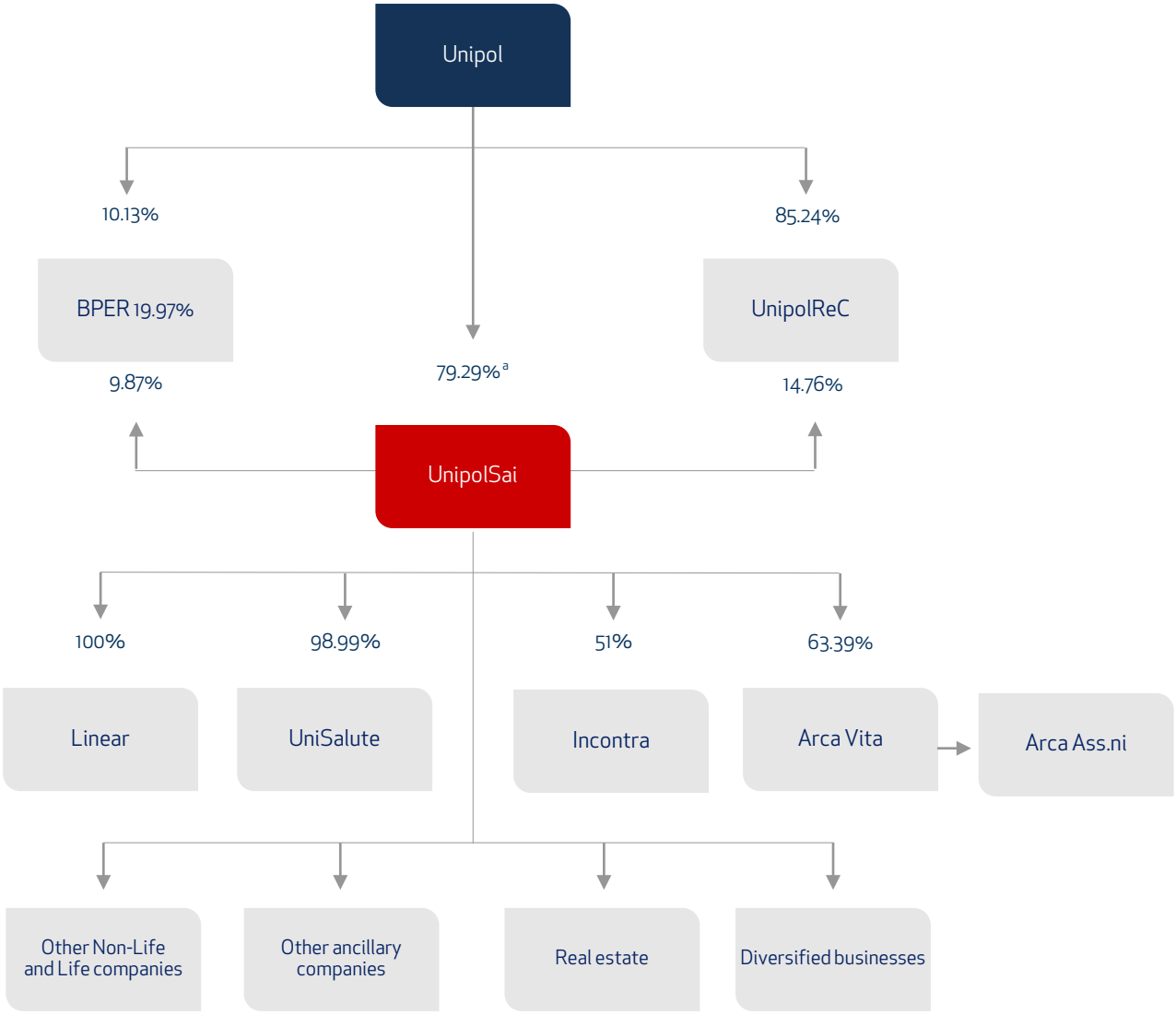
2016 UnipolSai Assicurazioni, through the subsidiaries Atahotels S.p.A. and UnipolSai Investimenti S.G.R. S.p.A., completes the acquisition of the hotel management and real estate activities of "UNA Hotels & Resorts"

2017 The Board of Directors of Unipol approves the insurance business streamlining project and the guidelines of the banking sector restructuring plan.
UniSalute and Linear pass under the direct control of UnipolSai

2018 UnipolRec, the company specialised in non-performing loan recovery created by the Group as part of the banking sector restructuring plan, becomes operative.
Unipol sells Popolare Vita to the Banco BPM Group.
Arca Vita passes under the direct control of UnipolSai

2019 Finalisation of the agreement to sell the entire shareholding in Unipol Banca to BPER Banca for €220m

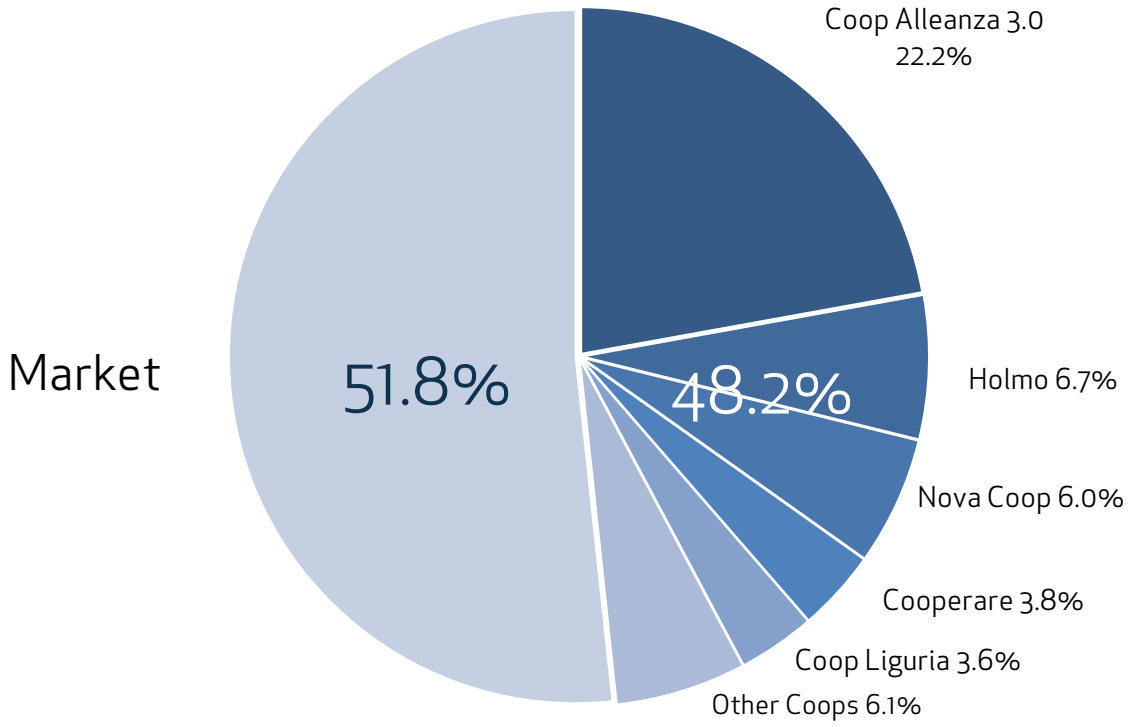
The Group structure



[a] Including the shares held by Unipol Investment and UnipolPart Investment

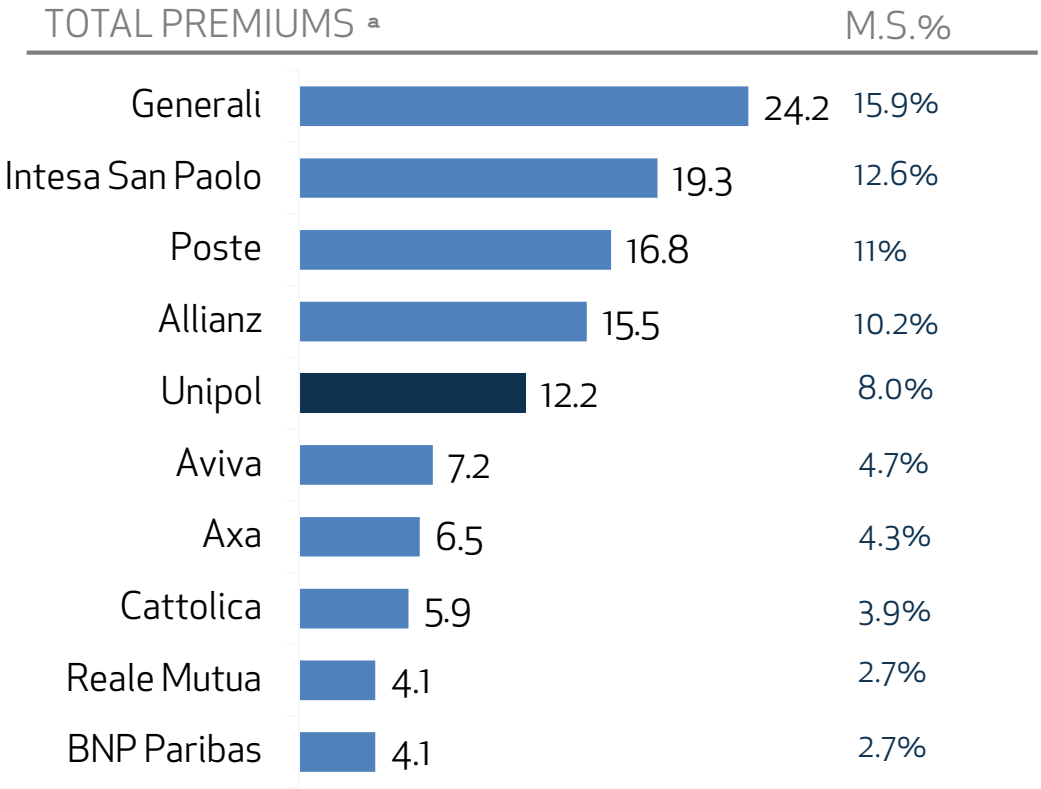
Figures as at 30 June 2019

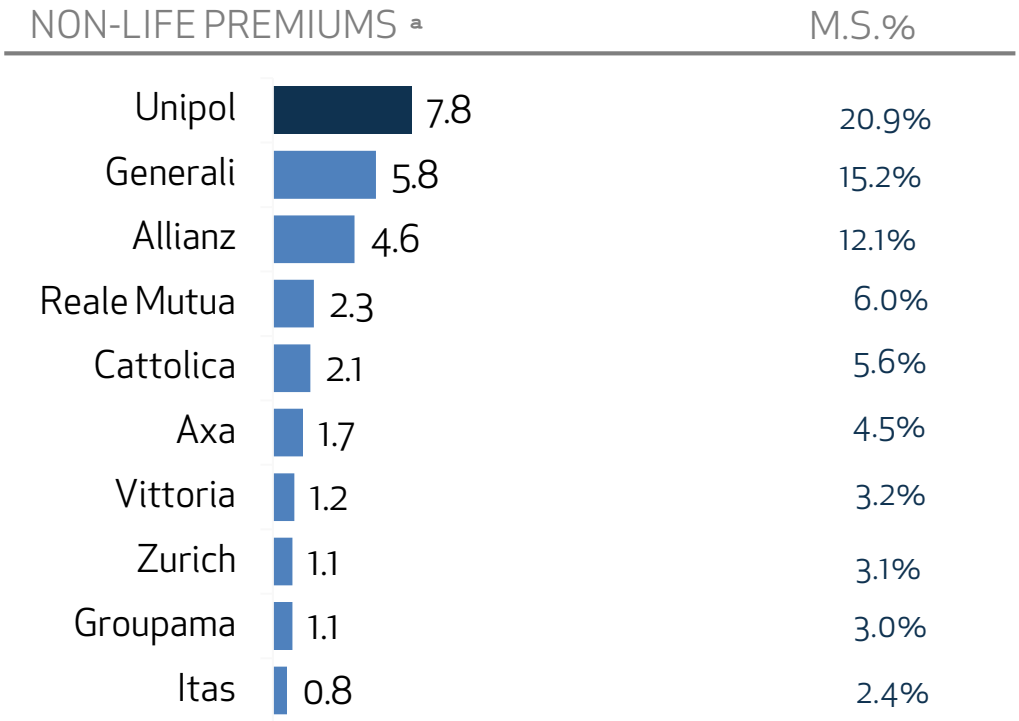
Unipol Shareholders



30% of Unipol share capital is held by investors that have entered into a specific shareholders' agreement

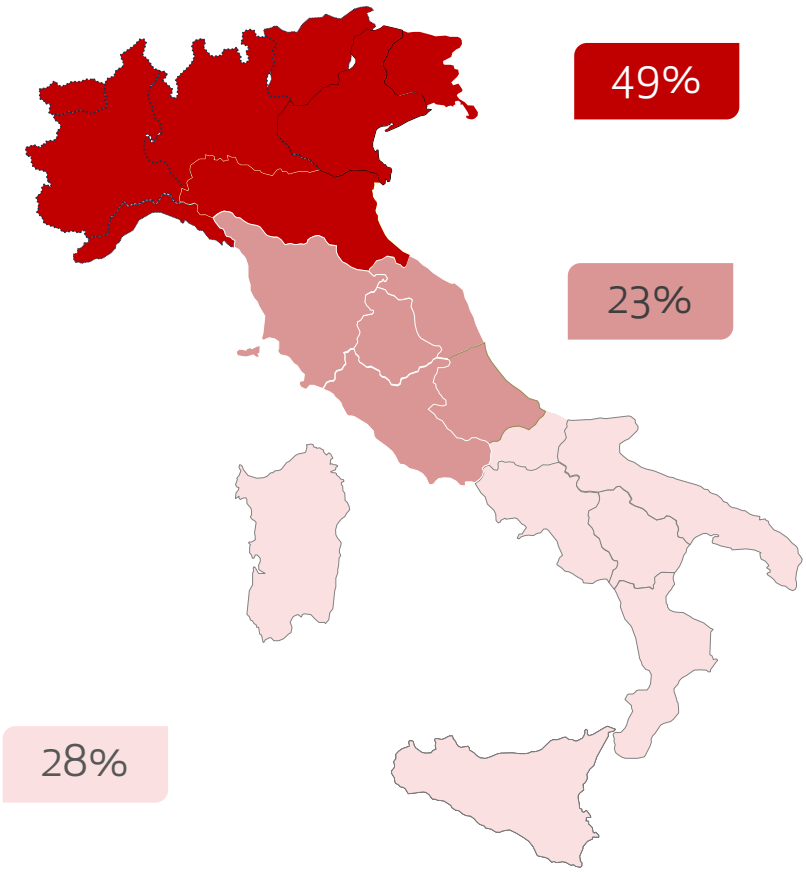
Ranking in Italy and sales network





[a] Figures at 18YE. Source: ANIA

UnipolSai sales network



2,753 agencies in Italy

Vision & Mission

Mission

We are responsible for improving our customers' quality of life by offering solutions for the protection, support and realisation of their projects.

We pursue business management that is efficient, profitable and sustainable over time, based on the contribution and empowerment of our people.

We strive to work with simplicity, effectiveness and organisational and operational transparency to remain close to stakeholder needs.

We are committed to promoting an innovation culture focused on greater benefits for customers. We undertake to contribute to the creation of new solutions and instruments to improve social wellbeing.

Vision

We want to be a great Italian group, proud of its journey, that knows how to be close to people and their needs, a market leader able to offer and receive trust, to work competently, simply and fast, creating value for all stakeholders.

We want to bring more security into the lives of people and trust for the future, accompanying them in choices regarding protection, savings and quality of life thanks to the active presence of our networks across the country.

We want to listen to and value our people, in an inclusive environment, by supporting their growth and development through choices based on merit.

We want to present ourselves as an innovative partner for development matters in our country, offering the skills, resources and tools to address economic and social change and oversee their effects.

We want to give value to the social aspects of our business by supporting initiatives and projects that may promote a more cohesive, sustainable society.

Corporate Social Responsibility

Shared values and sustainable development

Accessibility, farsightedness, respect, solidarity, and responsibility: these are the five key values identified in the Group Charter of Values.

In order to put them into daily practice, Unipol is committed to establishing business strategies that can create shared value with the stakeholders that make a real contribution towards the sustainable development of persons, businesses and territories.

Unipol is thereby committed to significantly contributing to the achievement of its Sustainable Development goals through the realisation of its strategies with a specific impact on nos. 3, 8 and 11 of the SDGs.

In order to achieve this, the Group defines distinctive solutions that can have a positive social impact in order to help prevent and reduce risks to customers (for example risks connected to climate change) and to fill any gaps in the protection of underinsured categories (for example due to limits in public health spending) while increasing Group profitability.

The results obtained by Unipol in this area are reported every year in the Group Integrated Report that combines traditional financial information with the representation of the company's environmental, social and governance performance. In 2018, the Group distributed stakeholder value of over €13bn, of which €9,220m in payments to the policyholders and €3,908m to the other stakeholders (employees, agents, suppliers, public administration, shareholders, lenders and the community).

Unipol Board of Directors and Statutory Auditors

BOARD OF DIRECTORS

CHAIRMAN

Pierluigi Stefanini

DEPUTY CHAIRMAN

Ernesto Dalle Rive

CEO EXECUTIVE OFFICER, GENERAL MANAGER AND GROUP CEO

Carlo Cimbri

DIRECTORS

Paolo Alemagna
Gianmaria Balducci
Francesco Berardini
Patrizia De Luise
Massimo Desiderio
Daniele Ferrè
Giuseppina Gualtieri
Pier Luigi Morara
Antonietta Mundo
Milo Pacchioni
Maria Antonietta Pasquariello
Annamaria Trovò
Adriano Turrini
Rossana Zambelli
Carlo Zini

SECRETARY OF THE BOARD OF DIRECTORS

Roberto Giay

BOARD OF STATUTORY AUDITORS

Chairman: Mario Civetta
Standing auditor: Roberto Chiusoli
Standing auditor: Silvia Bocci
Alternate auditor: Rossella Porfido
Alternate auditor: Massimo Gatto

Key Performance Indicators

FY18 Key Performance Indicators

Unipol

€m

	FY17	FY18
Premium income [a]	12,291	12,349
Non-Life	*7,867*	*7,953*
Life	*4,424*	*4,396*
Combined Ratio [b]	96.4%	94.2%
Consolidated net result	-169	628
Norm. consol. net result	*598*	*645*
Group net result	-346	401
EPS (€)	n.s.	0.56
Norm. Group net result	*409*	*472*
Norm. EPS (€)	*0.57*	*0.66*
Dividends	129	129
DPS (€)	0.18	0.18
Shareholders' equity	7,453	6,327
Group Shareholders' Equity	5,486	5,032
BVPS (€)	7.65	7.01

[a] direct business
[b] net reass.

FY18 Key Performance Indicators

UnipolSai

€m

	FY17	FY18
Premium income [a]	11,068	11,718
Non-Life	*7,355*	*7,892*
Life	*3,713*	*3,826*
Combined Ratio [b]	97.2%	94.3%
Consolidated net result	537	948
Norm. consol. net result	*690*	*703*
Group net result	504	905
EPS (€)	0.18	0.32
Norm. Group net result	*664*	*657*
Norm. EPS (€)	*0.23*	*0.23*
Dividends	410	410
DPS (€)	0.145	0.145
Shareholders' equity	6,194	5,697
Group Shareholders' Equity	5,869	5,448
BVPS (€)	2.07	1.93

[a] direct business
[b] net reass.

Business description

Group Activities

Insurance business

The Group offers a complete range of risk coverage solutions: on the move (vehicles, marine, travel), homes and buildings, business (products dedicated to enterprises, retailers, professionals and legal protection), personal protection (accident insurance and health protection in particular), investments and social security.

Bancassurance business

The Group is active in the bancassurance channels thanks to agreements with the BPER Banca Group and Banca Popolare di Sondrio, Banca Intermobiliare and the UniCredit Group.

Other businesses

UnipolReC is the Group company dedicated to non-performing loan recovery.

The Group is one of the leading Italian real estate operators by assets and is active in the hotel management, agricultural, healthcare and port industries.

Business services and new projects

The Group has developed business initiatives aimed at supporting insurance activities in the mobility ecosystem, regarding the repair of vehicles, car windows and black boxes.

Insurance

Insurance

UnipolSai Assicurazioni
is the multi-branch insurance company of the Group, established on 6 January 2014 as a result of the merger of Unipol Assicurazioni, Milano Assicurazioni and Premafin (the financial holding company of the former Fondiaria-SAI Group) into Fondiaria-SAI.

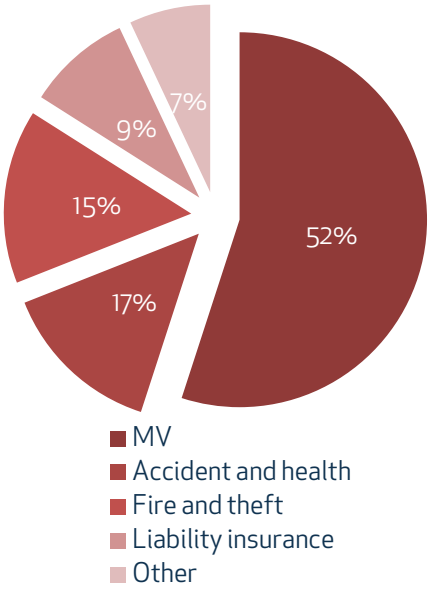
UnipolSai is the parent company of the UnipolSai Group.

Key consolidated figures at 2018 year end:

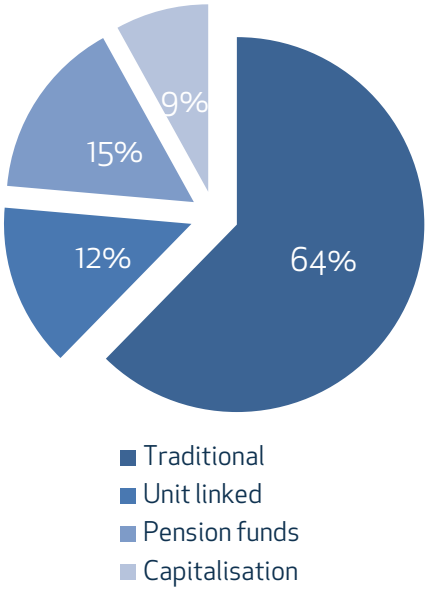
> €11.7bn total premiums (2018)
> Market leader in motor insurance (€4.2bn)
> Largest distribution network in Italy

Technology and innovation are key pillars of the Group's strategy.
Since 2003, it has been the Italian forerunner in MV black box policies, now the European leader, with an estimated market share of over 50% in Italy and 4 million devices installed.

FY18 Non-Life premiums
€7.9bn



FY18 Life premiums
€3.8bn



UniSalute

SPECIALISTI NELL'ASSICURAZIONE SALUTE

UniSalute, established in 1995, is the Group company specialised in health insurance, and operates through a network of affiliated health centres, clinics and hospitals.
At these facilities, policyholders are provided with quality healthcare services with reduced waiting times and payment of benefits directly by the Company.
The company was the first in Italy to apply this approach, and its innovative business model has allowed the company to steadily grow its customer base.

- Direct premium income: €410m (+10.5% y/y)
- Excellent technical performance: Combined ratio 90.4% (direct business)
- 3rd largest health insurer in Italy (1st including UnipolSai premiums)

Siat

ASSICURAZIONI

SIAT is the Group company specialised in hull and cargo insurance and it expanded into aviation insurance in 2017 to diversify its business.
SIAT's business mix is geographically diversified as 75% of hull premiums and 26% of cargo premiums have international exposure.
It distributes its business through its direct network (195 brokers, 18 agents and 5 foreign agencies - 88% of GWP) and the UnipolSai agencies (12% of GWP).
SIAT's long-term growth strategy involves cross-selling from UnipolSai agencies given its role as the hub for marine insurance within the group.
SIAT was the market leader in Italy in 2018 in the hull sector with a market share of 32% and is fifth in the cargo sector with an 8% share.

Linear

Linear Assicurazioni, established in 1996, is a company that specialises in the direct sale, over the phone and online, of motor vehicle policies and multi-risk home policies.
Linear is focused on the loyalty of existing customers, who are offered quality products at reasonable prices with a high degree of customisation.

> Direct premium income: €180m

DDOR

NOVI SAD

DDOR is the Group company focused on the Serbian insurance market, where it is the third largest insurer.

Through a strong and extensive business network, DDOR provides services to more than half a million clients in Serbia.

It is the number 1 non-state insurer by number of agencies in Serbia, with over 100 points of sale located across the country and over 600 internal salespersons, in addition to a well-developed external distribution network. The company offers insurance services in both the Life and Non-Life businesses. The company collected €95m in premiums in 2018

UnipolRE is the Group company specialised in reinsurance.

Its headquarters are in Dublin, Ireland. It provides reinsurance coverage to small and medium-sized insurance companies based in Europe.

UnipolRE offers cost effective and efficient reinsurance proposals structured on a multiclass, overall participation basis, including Motor and General Liability, Property, Personal Accident, Theft and Life coverage.

Pronto Assistance sells policies for home, health, motor, tourism and workplace insurance, which can be customised on the basis of customer needs 24 hours a day, worldwide.

Bancassurance business
Other Businesses

Bancassurance business

Arca Vita (joint venture between UnipolSai 63.4%, BPER Banca 19.7%, Banca Popolare di Sondrio 14.8%, other banks 2.1%) operates in the Life insurance business. Arca Assicurazioni, its subsidiary, sells Non-Life products. These products are distributed through over 2,800 branches of affiliated banks.

Unipol recently renewed its strategic partnership, extending the agreement up to 2022. In 2018, the total premium income of Arca Vita amounted to €1077m, while Arca Assicurazioni collected €120m.

Incontra Assicurazioni has sold Fire and Credit Protection Non-Life products through UniCredit's central and southern branches, and since 2018, has enriched its product offering with health cover distributed through all of UniCredit's branches.

Premium income FY18: €136m

BIM VITA is a private insurance company resulting from the joint venture with Banca Intermobiliare which sells Life insurance products, with a focus on pension schemes and savings. Premium income in FY18: €71m

Other Businesses

UnipolReC

UnipolReC is the Group company dedicated to non-performing loan recovery.

UnipolReC held €2.6bn in gross non-performing loans at 2018 year-end, with 81% covered.

Since it became operational (1 February 2018) UnipolReC has managed to reduce its non-performing loans by €0.3bn, recovering 31% of gross book value.

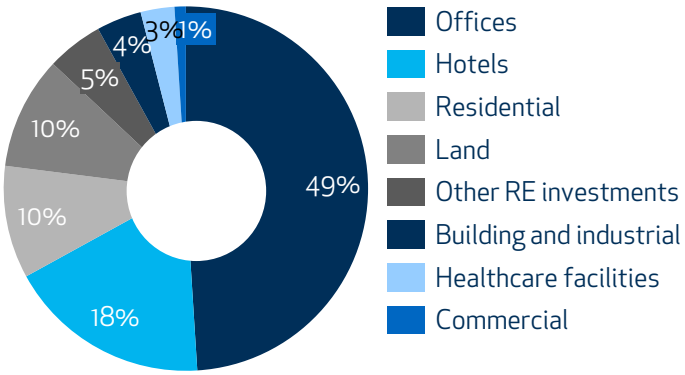
Real Estate

The Group is one of the main operators in Italy in terms of assets under management in the real estate sector (€4bn at 31 December 2018).
This category includes buildings of great historical and architectural value such as the Velasca Tower in Milan.

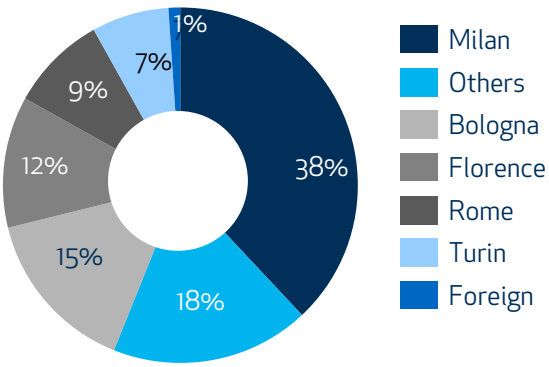
In this business, we can count on:

- more than 20 years experience in promoting and coordinating urban regeneration projects with 7 large construction sites currently in the city of Milan;
- Property Company and Service Provider with consolidated experience in ordinary and extraordinary management of both individual assets and real estate portfolios aimed at maximising the earnings and financial capacity of the real estate in the portfolio;
- Asset management company, with a management philosophy in line with market best practices and a series of decision-making tools and activities to promptly support strategic choices of owners;
- an internal department that ensures an extensive knowledge of the property market and that provides support to the teams in managing portfolios and achieving objectives to create continuous and sustainable value.

Breakdown by use



Breakdown by area



Hotels

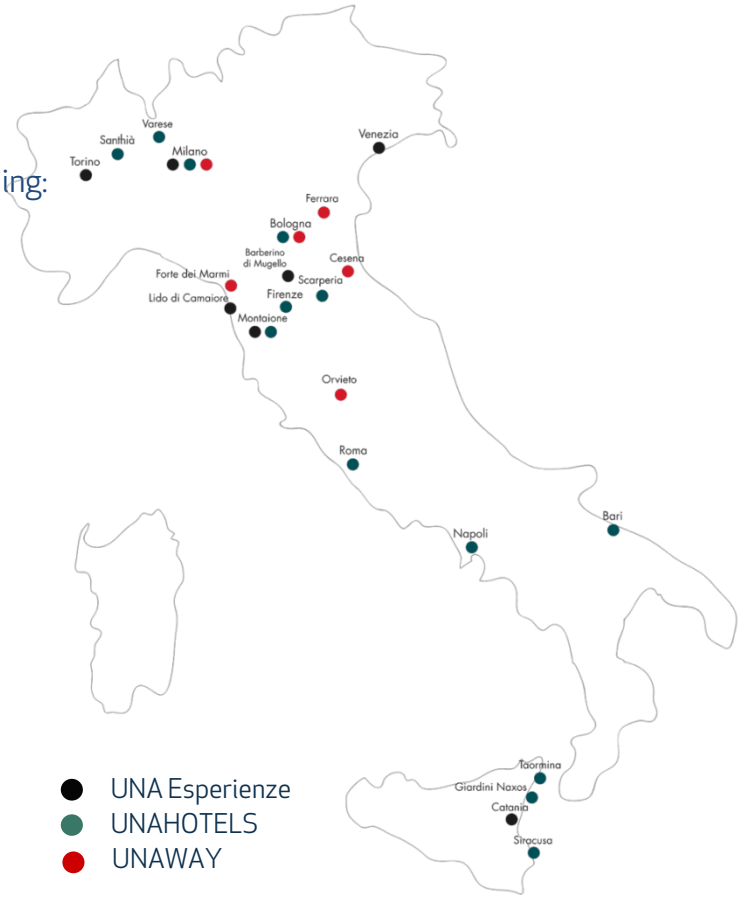
Unipol is an important player in the Italian hotel industry - thanks to Gruppo UNA, established in 2016 by the merger of Atahotels and UNA Hotels and Resorts.

With its newly launched rebranding, the portfolio of 40 hotels and resorts are represented by 3 separate brands, UNA Esperienze, UNAHOTELS and UNAWAY, which target three different market segments: upper-upscale, upscale, and smart

In this way, UNA looks to consolidate its position as a leading Italian operator, and grow the number of structures it manages in upmarket metropolitan areas and the main tourist destinations.

The UNA Group is in 10 regions in Italy, covering 22 different destinations and provides 5,000 rooms across its 40 hotels and resorts, including:

- 26 urban hotels:
  one 5-star and twenty-five 4-star
- 10 resorts:
  one 5-star and twenty-five 4-star
- 4 Aparthotels:
  all 4-star



Agriculture, Marine and Clinics: the other businesses

TENUTE DEL CERRO

In the agriculture business, Unipol operates through Tenute del Cerro, owner of close to 4,300 hectares of land in Tuscany and Umbria, including 300 hectares of vineyards among the most suitable for the production of high quality wine.

MARINA DI LOANO

Marina di Loano, the port facility owned by the Unipol Group, enjoys a central position on the Western Ligurian coast and can accommodate 980 boats between 8 and 82 metres long. It was the first in Italy to offer its customers loans for the subscription of mooring contracts.

VILLA DONATELLO
CENTRO FLORENCE

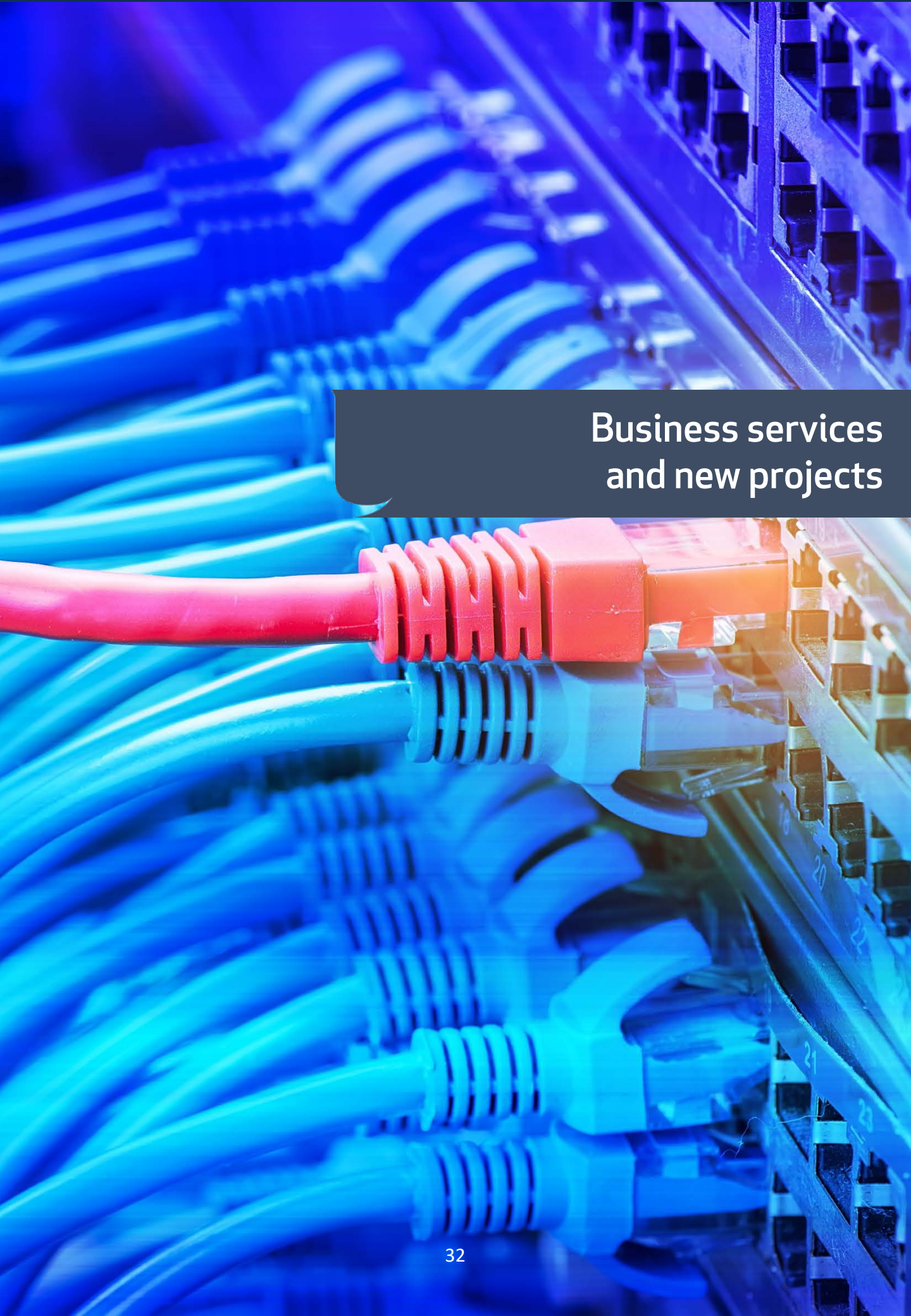
The Villa Donatello and Centro Florence clinics operate in Florence. Villa Donatello provides both inpatient and outpatient diagnostic and care services.

Significant investments: BPER Banca

On 29 June 2018, subject to obtaining the necessary authorisation, Unipol Gruppo acquired a total of 25,000,000 shares of BPER Banca S.p.A., about 5.2% of the Bank's capital.

This transaction was finalised using a reverse accelerated book building procedure, aimed at qualified investors and foreign institutional investors, and other market acquisitions, resulting in the Unipol Group holding a total - direct and indirect - investment in BPER of 96,250,000 shares, equal to 19.97% (as at 30 June 2019) of the share capital of the Bank.

In its capacity as an institutional investor, Unipol intends to contribute towards the medium-long term development plans of the Bank, with which it also has a long-term industrial partnership in the life and non-life bancassurance business.



Business services and new projects

Business services and new projects

Auto Presto & Bene is the Group company dedicated to the repair of vehicles insured by UnipolSai.

It manages the entire repair process, from the technical assessment of damage and cost (consistency, fairness of estimate, etc.) to the centralised supply of spare parts, guaranteeing the use of original brands only.

Auto Presto & Bene allows the Group to achieve an average cost of claims that is significantly lower than the market, increasing both client satisfaction and loyalty.

Today, the company has a network of over 2,700 bodyshops with nationwide coverage and aims to process over 140,000 claims in 2019 (there were over 130,000 by 2018 year end).

MyGlass is a brand owned by APB Car Service S.r.l., which in turn is 70% controlled by UnipolSai and 30% by DIRA, a car window provider. It operates through a network of 200 centres spread throughout Italy, which are specialised in the installation, repair and replacement of vehicle windows and serves both UnipolSai and non-UnipolSai customers.

MyGlass provides several benefits to the Group, such as significant reduction of the average cost of claims compared to the market, differentiation of the commercial offer compared to competitors, reduced fraud thanks to specific control tools, excellent customer satisfaction (76.8% NPS)) and higher customer loyalty.

120,000 claims were managed in 2018, with 77.2% of claims channelled (+5.5 percentage points over 2017 year-end) and cost savings of almost €10m.

AlfaEvolution Technology was established in 2016 and is the technologies and telematics service competence centre for the Group to guarantee its competitiveness in the IoT area. It is the vehicle used by the Group to offer Motor and Non-Motor policies using the black box.

Key figures at 2018 year end:

- approx. 4m telematics customers (40% of the retail portfolio)
- Big Data collection: 72.8 TB
- journeys recorded: 70.8bn GPS positions
- worldwide leader in telematics in terms of number of black boxes installed

Leithà is the Group company focused on maximising the value of the vast quantity of data held by the Group, through the intensive use of algorithms and innovative computing-based solutions, in order to gain and maintain a competitive advantage over competitors and react to a continuing changing market.

Glossary
Disclaimer

Glossary

Combined ratio net of reinsurance:
Indicator which measures non-life technical performance, represented by the sum of the loss ratio and expense ratio, including any effect of reinsurance.

Expense ratio:
Ratio of non-life operating expenses and earned premiums.

Loss ratio:
Ratio of non-life claims for the period and other technical items and earned premiums.

Solvency:
The solvency ratio measures an insurance company's ability to meet its long-term financial obligations, and is calculated as available capital (own funds) versus required capital (solvency capital requirement).

Coverage Ratio:
The coverage ratio in banking is the percentage of the gross value of a non-performing loan which has been provisioned.

Disclaimer

Maurizio Castellina, Senior Executive responsible for drawing up the corporate accounts of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. declares, in accordance with Article 154-bis, paragraph 2, of the 'Consolidated Finance Act", that the accounting information reported in this document corresponds to the document contents, books and accounting records.

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Unipol GRUPPO

Insurance / Real estate / Hotels / Agriculture

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Italy