



LAUNCH OF **MISSION EVOLVE** - *Always one step ahead*
THE NEW 2019-2021 UNIPOL GROUP STRATEGIC PLAN

- Reinforce leadership in the insurance business using its distinctive assets as leverage:
 - ✓ Biggest distribution network in Italy with over 8,500 points of sale and 30,000 brokers
 - ✓ Excellent claims settlement model
 - ✓ Extensive use of telematics and data
- Confirm its pre-eminence beyond the life span of the Plan through its evolution from Italian market leader in the Non-Life insurance business to leader in the Mobility, Welfare and Property ecosystems. To be always one step ahead
- The Mobility ecosystem will launch new mobility solutions including long-term leasing and online payments; further developments in telematics will also be made in the Motor area.
- The Welfare ecosystem will develop new solutions through the flexible benefit platform, Internet of Things and telemedicine, in addition to solutions to optimise the private healthcare expenses of Italian families.
- Finally, there will be an evolution in the Property ecosystem through the integration between insurance, home automation and assistance through open architecture and the development of utilities.
- A new market proposal that offers solutions to the many needs of customers, adding the protection of persons and businesses to innovative services related to mobility, health and capital.

2019-2021 FINANCIAL TARGETS

- Cumulative net profit: €2.0bn
- Cumulative dividends: €600m
- Solvency Ratio: 140%-160%

2021 INDUSTRIAL TARGETS

- Non-Life premium income: €8.7bn (+€750m vs. 2018)
 - Motor: €4.4bn
 - Non-Motor: €4.3bn
- Combined ratio 93%, net of reinsurance (-1.2% vs. 2018)
- Life Income: €5.0bn (+€750m vs. 2018)

UNIPOL GROUP: CONSOLIDATED RESULTS AS AT 31 MARCH 2019 APPROVED

- Consolidated net profit of €171m (compared to a normalised profit of €144m on a comparable basis¹ in the first quarter of 2018, +18.7%)
- Direct insurance income of €3.3bn
 - ✓ Non-Life business: €2.0bn (+3.3%)
 - ✓ Life business: €1.3bn (+5.7% compared to 31 March 2018, not including Popolare Vita)
- Direct business combined ratio 93.4%, an improvement on 94.1% recorded at 31 March 2018

¹Not including the effects of extraordinary operations, the contribution of Unipol Banca and changes in the Group perimeter.

Milan, 10 May 2019

MISSION EVOLVE - Guidelines for the Strategic Plan

The Board of Directors of Unipol Gruppo S.p.A, which met yesterday under the chairmanship of Pierluigi Stefanini, approved the “MISSION EVOLVE - Always one step ahead” Strategic Plan for the 2019-2021 three-year period and the consolidated results as at 31 March 2019.

The Strategic Plan aims to reinforce Unipol’s leadership over the next three years, laying the groundwork to consolidate its pre-eminence even beyond the life span of the plan.

The new Plan will unfold in a scenario of profound change in the insurance market in terms of customer expectations, technology and digital evolution, new competitors and ongoing developments in the legal area. In this environment, **the Unipol Group intends to reinforce its pre-eminence in Italy:**

- 1) in the Non-life insurance sector in terms of customer base, market share, distribution network and in the number of black boxes installed (leader in Europe);**
- 2) extending its leadership to the Mobility, Welfare and Property ecosystems.**

Today, Unipol is a market position leader in the insurance business both by number of customers (16 million) and market share (25% Motor classes and 23% Healthcare); in terms of capacity to evolve, Unipol has always been able to devise strategies to allow it to create value and build distinctive assets:

- geographic coverage and professional competence of the leading **distribution network** in Italy, with over 8,500 points of sale and 30,000 brokers who operate under an integrated Insurance Company / Agent Agreement based on a unique partnership model in the insurance business: “UnipolSai 2.0 Agreement”;
- quality and speed of the **claims settlement model**, with excellent customer compensation speed;
- use of **telematics/data** as a distinctive element to serve customers in terms of products and services, efficiency of the claim settlement processes and evolution of pricing models.

MISSION EVOLVE - Strategic guidelines

Using the distinctive assets as leverage, the “MISSION EVOLVE - Always one step ahead” Plan is based on **five strategic guidelines**:

1) Technical excellence evolution

2021 Target:

- **Combined Motor Ratio² of 92.5%**
- **Combined Non-Motor Ratio³ of 90%**
- **Present Value Future Profit Margin of 3%**

In the challenging competitive environment of the Motor business, the Unipol Group has set a target of achieving a **Motor Combined Ratio² of 92.5% by 2021**, up by about 2.4 percentage points from 2018, also thanks to telematics and data. This target will be pursued as follows:

- other innovative pricing models leveraging new variables and machine learning techniques;
- more efficient claims settlement processes thanks to technology with internalisation of the telematics-related margins;
- promotion of best practices and convergence of the network's performance on settlements for personal and material losses.

In the Non-Motor segment, the Unipol Group intends to confirm its leadership thanks to its underwriting ability and the quality of the service offered, with a target of achieving a **Non-Motor Combined Ratio³ of 90.0% in 2021**, up by about 3.8 percentage points from 2018. This target will be pursued as follows:

- development of the high-profit retail segments;
- dynamic pricing management to improve cover of the real risk insured;
- greater use of direct repair for Property and in the management of electrical event claims;
- innovative protection of Group P&L with respect to frequent medium-level natural events due to climate change.

In the Life business, the Unipol Group intends to transcend traditional product-based logic by taking an integrated approach to developing products and services in the Life and Welfare areas to meet the growing protection and security needs of Italians, through:

- development of the advisory model 'from product to portfolio';
- development of a pure risk range of products and services with additional coverage for the risks of illness and lack of self-sufficiency;
- development of the home insurance and payment system platform to intensify relations with customers;
- systematic monitoring of the product catalogue and dynamic pricing.

² Combined Ratio Non-Life Motor Direct Business Unipol Group.

³ Combined Ratio Non-Life Non-Motor Direct Business Unipol Group.

2) Distribution Excellence Evolution

2021 Target:

- **Non-Life premium income UnipolSai⁴: €7.3bn**
- **Life income UnipolSai⁴: €3.4bn**
- **UniSalute income:> €500m**
- **Non-Life Premium Income Bancassurance (Arca and Incontra) and Partnership (Linear): €680m**
- **Bancassurance Life Income (Arca): €1.6bn**

With respect to distribution, the Unipol Group intends to confirm its pre-eminence as the **leading Italian agency network** in the Group strategy, through:

- enhancement of the commercial agency mechanism through the specialisation of the sales force and the operating model;
- intensification of customer contacts and sophisticated commercial proposals based on progressive customer profiling;
- use of remote contact channels that are fully integrated with the agency network;
- investments in communications to capitalise on the UnipolSai brand as a leader in innovation and service;
- development of the Welfare model through specific healthcare insurance coverage for the retail and SME areas;
- digital evolution of the customer service model with a focus on assistance, chronic illnesses and prevention;
- growth of life income by boosting the agency network.

Unipol also intends to attain a distinctive position in the **development of the Bancassurance and Partnership channels** through:

- capitalising on the distribution agreement with the BPER Group and Popolare di Sondrio through **Arca Vita** and **Arca Assicurazioni**, focusing on developing a multi-channel approach to support sales in order to increase commercial penetration;
- enhancing the value of the distribution agreement with UniCredit through **Incontra**, expanding the range of distinctive Health and Protection products for the Bank's customers;
- development of distribution agreements with players operating in other product sectors through the Insurance Company **Linear** to capitalise on the reciprocal customer bases.

The aim of the Group is to achieve consolidated income in 2021 of €8.7bn in the Non-Life Business (+€750m vs. 2018) and €5bn in the Life Business (+€750m vs. 2018).

⁴Direct Business Income at individual UnipolSai S.p.A. level.

3) Beyond Insurance

2021 ecosystem target:

- **Mobility:**
 - 5 million UniBoxes installed
 - 60,000 cars on long-term leases
 - >250,000 customers who use Apps for payments
- **Welfare:**
 - 3,000 companies on the Flexible Benefit platform
 - 300,000 cards for healthcare service brokerage
- **Property:**
 - 5 million property units for which technological solutions can be developed

Unipol intends to establish itself as a **reference point for requirements in the Mobility, Welfare and Property ecosystems, offering customers** professional competence and integrated solutions.

The Mobility ecosystem will launch new mobility solutions including long-term leasing, online car broking platform and payments; there will also be further developments in telematics in the Motor area.

The Welfare ecosystem will develop new solutions through the flexible benefit platform, Internet of Things and telemedicine, in addition to solutions to optimise the private healthcare expenses of Italian families.

Finally, the Property ecosystem will develop integration between insurance, home automation and assistance, including through open architecture, and further developments in other synergic areas for the Group (e.g. real estate) and the development of utilities.

4) People and Technology

2021 Target:

- **People:**
 - 300 new hires
 - Reduction of average age by 2 years
 - +10% of premium income per employee
- **Technology:**
 - > €200m in IT investments

Unipol intends to continue to invest in people and technology to speed up its evolution, by:

- integration of the professional competence and skills of its Business partners with new digital skills and emotional intelligence needed for the insurance of the future;
- the use of technology and automation to **simplify the Insurance Company operating model.**

Over the life of the Plan, the Group expects to allocate approximately €90m to the Solidarity Fund with about 600 people expected to join in order to reduce the average age of employees by about 2

years; the company will also hire about 300 new professionals to enrich it with new skills to help the Group develop and evolve. With regard to technology, over €200m is earmarked for investments in IT over the lifetime of the Plan, including over €50m to digitise and optimise the processes and develop core systems; the 100 most important Group processes will also be automated.

5) Shared values and sustainable development

2021 Target:

- **30% of products with social and environmental impact**
- **€600m in investments for the Sustainable Development Goals (SDGs)**

In 2019, Unipol was the Italian leader in terms of reputation in the financial sector for the third year in a row; it intends to continue creating shared value with its stakeholders to help **achieve the UN 2030 Agenda sustainable development goals**. The Group intends to increase the penetration of products with social and environmental impacts on the total insurance portfolio by 30% (from 22.7% in 2018), and increase the amount of thematic investments by up to €600m for the SDGs.

Other areas of activity

- **UNA Group**

2021 Target:

- **EBITDA €15m**

The leading Italian hotel chain with over 5000 rooms in 40 facilities has devised a development strategy to expand the portfolio both through direct management and through management/franchising contracts in prestigious metropolitan areas and the main tourist destinations in Italy, with planned investments of about €28m to further improve the quality standards of the service and the product. The goal for 2021 is to increase its EBITDA from the current level of €4m (2018 figure) to €15m.

- **UnipolReC**

2021 Target:

- **Gross Book Value Run-off: €1.5bn**
- **Coverage ratio: 85%**
- **Recovery ratio: 30%**

UnipolReC confirms its target to maximise and internalise the value of the NPL loan portfolio through various recovery strategies in accordance with the type of loan and the counterparty, the size and the recovery method, on the basis of an operating model that combines skills in the areas of credit management, real estate and information and transaction Intelligence.

CONSOLIDATED RESULTS AS AT 31 MARCH 2019

The Unipol Group ended the first quarter of 2019 with a consolidated net profit of €171m, significantly up on the normalised profit on a comparable basis¹ of €144m for the corresponding period of the previous year. The book profit of €472m in the first quarter of 2018 was influenced by the capital gain of €309m generated by the sale of UnipolSai's investment in Popolare Vita S.p.A. on 29 March 2018.

Direct insurance income, including reinsurance ceded, stood at €3,322m in the first quarter of 2019 (€3,292m as at 31 March 2018, +0.9%). Excluding the income from Popolare Vita S.p.A. and its subsidiary Lawrence Life in the first quarter of 2018, Group income was up by 4.2%.

Summary of the most significant Group figures

	<i>Amounts in €m</i>	31/3/2019	31/3/2018	<i>% Change</i>
Direct insurance income		3,322	3,292	<i>0.9%</i>
Non-Life direct insurance income		2,010	1,945	<i>3.3%</i>
Life direct insurance income		1,312	1,346	<i>(2.5%)</i>
Combined ratio Non-Life - direct business		93.4%	94.1%	
Combined ratio Non-Life - net of reinsurance		94.6%	95.1%	
Consolidated results		171	472	<i>(63.7%)</i>
	<i>Amounts in €m</i>	31/3/2019	31/12/2018	<i>% Change</i>
Investments and cash and cash equivalents		61,701	59,445	<i>3.8%</i>
Shareholders' equity attributable to the Group		5,396	5,032	<i>7.2%</i>
Solvency II ratio		155%	163%	

Non-Life Business

Non-life direct income as at 31 March 2019 amounted to €2,010m (€1,945m as at 31 March 2018, +3.3%), including the MV classes for €1,043m, up by 1.5% and the Non-MV business for €967m, up by +5.4%. Growth was posted in the income of both the insurance company UnipolSai S.p.A. (€1,683m, +1.6%) and the other main Group companies.

The **combined ratio** of Group direct business stood at 93.4% (94.6% net of the reinsurance), an improvement on the figure of 94.1% at 31 March 2018 (95.1% net of the reinsurance), with a loss ratio of 66.6% compared to 67.6% in the first quarter of 2018, and a direct business expense ratio of 26.8% (unchanged from 31 March 2018).

The **pre-tax result** for the Non-Life business amounted to €178m (€147m in the first three months of 2018, normalised on a comparable basis¹).

Life Business

In the **Life business**, in the first three months of this year, the Unipol Group registered growth in revenue, on a comparable basis¹ of 5.7% with direct income of €1,312m.

UnipolSai S.p.A. earned €858m in direct income (+1.5%) while the bancassurance channel, Arca Vita S.p.A., along with the subsidiary Arca Vita International, earned direct income of €430m (+16.1%).

The **pre-tax result** for the Life business amounted to €83m compared to a normalised result on a comparable basis¹ of €134m as at 31 March 2018, which benefitted from a higher volume of stock gains.

Real Estate, Holdings and Other Businesses

UnipolReC recorded a net profit of €1.5m in the first quarter of 2019 (€0.2m as at 31 March 2018), with takings of over €24m in the face of a drop in the gross non-performing loans of €78m.

There was a **pre-tax loss** in the Real Estate, Holdings and Other Businesses of €24m (-€73m as at 31 March 2018 which included write-downs on certain assets of €36m).

Financial Management

With regard to **management of financial investments**, the gross return on the Group's financial insurance investment portfolio for the period was 3.9% of the invested assets (4.1% as at 31 March 2018).

Balance Sheet

Consolidated shareholders' equity amounted to €6,778m as at 31 March 2019 (€6,327m as at 31 December 2018). **The shareholders' equity attributable to the Group** amounted to €5,396m (€5,032m as at 31 December 2018).

As at 31 March 2019, the **Group solvency** ratio, between own funds and capital requirements, was 155%⁵, down from 163% at 31 December 2018.

Corporate Governance

Independence of the Directors and Statutory Auditors

At its board meeting, the governing body checked to ensure that the non-executive Directors and members of the Board of Statutory Auditors appointed by the Shareholders' Meeting of the Company on 18 April 2019 fulfilled the necessary independence requirements.

⁵ Figure calculated in accordance with the partial internal model, to be taken as preliminary since the Supervisory Authorities will be notified of the definitive value in accordance with legally required deadlines.

After the assessments - during which the positions of the individual Directors and Statutory Auditors were examined - the governing body confirmed that:

- the following 10 Directors are independent in accordance with article 148, paragraph 3 of the Consolidated Law on Finance, also taking account of the applicable provisions of the Fit&Proper Policy adopted by the Company, and more specifically: Gianmaria Balducci, Roberta Datteri, Patrizia De Luise, Massimo Desiderio, Giuseppina Gualtieri, Pier Luigi Morara, Antonietta Mundo, Maria Antonietta Pasquariello, Annamaria Trovò and Rossana Zambelli;
- on the other hand, the following 9 Directors are independent in accordance with the Code of Corporate Governance of listed companies, also taking account of the applicable provisions of the Fit&Proper Policy adopted by the Company, and more specifically: Gianmaria Balducci, Roberta Datteri, Patrizia De Luise, Massimo Desiderio, Giuseppina Gualtieri, Antonietta Mundo, Maria Antonietta Pasquariello, Annamaria Trovò and Rossana Zambelli;
- all members of the internal control body - and more specifically, the following: Mario Civetta (Chairperson), Roberto Chiusoli and Silvia Bocci (Standing auditors), Massimo Gatto and Rossella Porfido (Alternate auditors) – fulfil the independence requirements set out under article 148, paragraph 3 of the Consolidated Law on Finance.

Finally, the Board of Directors acknowledged the results of the self-evaluation carried out by the Board of Statutory Auditors regarding the independence of its standing members, pursuant to the Code of Corporate Governance of listed companies, in accordance with the same requirements as provided for the Directors. To that end, the internal control body confirmed that all its standing members can be considered to hold the above-mentioned independence requirements.

The Strategic Plan will be presented to the financial community at 10.15 today, at the Excelsior Hotel Gallia of Milan. The presentation can also be followed via webcast and conference call. The phone numbers to dial to attend the event are: +39 02 8058811 (from Italy/other countries), +44 1212 818003 (from the UK), +1 718 7058794 (from the USA). The link to the video webcast is: <http://services.choruscall.eu/links/vs190510it.html>.

The multimedia file of the presentation is available at the following link: <http://www.unipol.it/it/investor/presentazioni>.

DISCLAIMER

The Press Release contains information and data, expectations, estimates, forecasts of results and events reflecting the current views and assumptions of company management. This content may differ, even significantly, from what may actually occur as a result of events, risks, economic conditions and market factors that are not known or foreseeable at present or that are beyond the control of management.

Furthermore, the company shall have no obligations with respect to subsequent updates of the press release.

The company perimeter covered by the information contained herein should be understood as the current one, apart from Unipol Banca with the results from the sale, currently being finalised, having been already taken into account.

Pursuant to article 154-*bis*, second paragraph, of the “Consolidated Law on Financial Intermediation”, Maurizio Castellina, Financial Reporting Manager of Unipol S.p.A. and UnipolSai Assicurazioni S.p.A., hereby declares that the information relating to the final accounting figures contained in this press release corresponds to the accounting records.

Please refer to the press releases that can be downloaded from www.unipol.it for any significant events after 31 March 2019.

Glossary

DIRECT BUSINESS COMBINED RATIO: indicator that measures the balance of Non-Life direct technical management, represented by the sum of the loss ratio (ratio between direct claims for the period + other technical charges and direct premiums earned) and the expense ratio (ratio between operating expenses and direct premiums recognised).

COMBINED RATIO AFTER REINSURANCE: indicator that measures the balance of Non-Life total technical management, represented by the sum of the loss ratio (ratio between claims for the period + other technical charges and premiums earned) and the expense ratio (ratio between operating expenses and premiums earned).

EXPENSE RATIO: ratio of Non-Life operating expenses and premiums calculated on earned premiums.

LOSS RATIO: ratio of Non-Life claims and premiums.

PRESENT VALUE FUTURE PROFIT MARGIN: forecasts calculated on the basis of the Solvency II Partial Internal Model

Unipol Gruppo S.p.A.

Unipol is one of the main insurance groups in Europe with total premiums of approximately €12.4bn, of which €8.0bn in Non-Life and €4.4bn in Life (2018 figures). Unipol adopts an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through the subsidiary UnipolSai Assicurazioni S.p.A., founded at the start of 2014 and a leader in Italy in the Non-Life Business, particularly MV TPL. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions, and maintains a presence in the bancassurance channel. It also manages significant diversified assets in the real estate, hotel and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

Unipol Gruppo

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