



## UNIPOL GROUP: CONSOLIDATED RESULTS AS AT 31 MARCH 2020 APPROVED

- The quarter was marked by the Group's strong commitment to tackling the Covid-19 emergency
- Consolidated net profit of €134m (€171m in the first quarter of 2019, -21.5%)
- Direct insurance income of €3.1bn
  - ✓ Non-life business: €2.0bn (-1.5%)
  - ✓ Life business: €1.1bn (-13.2%)
- Combined ratio net of reinsurance 92.0%, an improvement on 94.6% recorded as at 31 March 2019

Bologna, 15 May 2020

The Board of Directors of Unipol Gruppo S.p.A. met yesterday under the chairmanship of Pierluigi Stefanini and approved the consolidated results of the Group as at 31 March 2020. In a quarter marked by the outbreak of the Covid-19 emergency, the Group supported significant projects in favour of the **customers**, the **agency distribution network**, the **employees** and the **community**.

With regard to its **customers**, the Group took substantial action: it extended the daily allowance to any insured parties put into quarantine at home after testing positive for Covid-19 at no additional cost; it also established a Coronavirus medical consultation service available 24/7 for its policyholders through the UniSalute Medical Centre, and set up a specialist video consultation service to help people directly in their homes.

UnipolSai created the **#AndràTuttoBene** healthcare protection product which provides a daily hospitalisation allowance of €100 and €3,000 in compensation for employees of subscriber companies who need intensive care. Ten thousand companies had subscribed to this product by the end of April, providing coverage against Covid-19 to over 600,000 employees.

UniSalute also registered subscription to the new insurance cover by a number of healthcare funds, insuring over 5 million people against the effects of the pandemic.

Following the lockdown and resulting reduction in mobility, the Unipol Group was the first company on the Italian insurance market to decide to pass on the benefits to the community.

In that light, at the beginning of April, the *#UnMesePerTe* campaign was launched to reimburse each of the 10 million UnipolSai customers with an amount equal to a month's car insurance through a discount-voucher to be used when renewing their policies already in place. The campaign will last for a full year to enable all the policyholders to use their vouchers when renewing their policies.

With regard to the **agency distribution network**, significant financial support measures were introduced to cope with the reduction in liquidity generated by the temporary reduction in takings.

Medical services were also implemented for the agents, sub-agents and employees of the agency networks and to contribute financially to the supply of healthcare materials for the agencies, and to make masks and disinfectants available.

These measures involved over 2,500 agencies and 30,000 business partners.

Remote working mechanisms were also introduced for the Group's **employees** to safeguard their health, with technological solutions implemented in just a few weeks to enable about 9,000 people to work from home.

In the first quarter of 2020, UnipolSai Assicurazioni donated €20m to the **community** to help combat the Coronavirus emergency.

In the areas most affected in Italy - Lombardy, Piedmont, Emilia Romagna and Marches - Unipol, in close cooperation with the authorities and the civil protection authority, allocated said resources to increase the number of beds in hospitals, especially in intensive care and semi-intensive care units, and to purchase the necessary healthcare equipment to help stop the epidemic from spreading.

Further donations were also made to the State Police, the Carabinieri, the Finance Police and the Firefighters in order to support their important activities in the territory.

## Approval of the consolidated results

### Summary of the main Group figures

	<i>Amounts in €m</i>	<b>31/3/2020</b>	<b>31/3/2019</b>	<i>% Change</i>
<b>Direct insurance income</b>		<b>3,119</b>	<b>3,322</b>	<i>(6.1%)</i>
Non-life direct insurance income		1,980	2,010	<i>(1.5%)</i>
Life direct insurance income		1,139	1,312	<i>(13.2%)</i>
<b>Combined ratio non-life - direct business</b>		<b>90.0%</b>	<b>93.4%</b>	
<b>Combined ratio non-life - net of reinsurance</b>		<b>92.0%</b>	<b>94.6%</b>	
<b>Consolidated results</b>		<b>134</b>	<b>171</b>	<i>(21.5%)</i>
	<i>Amounts in €m</i>	<b>31/3/2020</b>	<b>31/12/2019</b>	<i>% Change</i>
<b>Investments and cash and cash equivalents</b>		<b>64,978</b>	<b>67,757</b>	<i>(4.1%)</i>
<b>Shareholders' equity attributable to the Group</b>		<b>5,655</b>	<b>6,687</b>	<i>(15.4%)</i>
<b>Solvency II ratio</b>		<b>155%</b>	<b>187%</b>	

The Unipol Group ended the first quarter of 2020 with a **consolidated net profit** of €134m compared to a profit of €171m in the corresponding period of the previous year, reflecting the ongoing healthcare emergency.

**Direct insurance income**, including reinsurance ceded, stood at €3,119m in the first quarter of 2020 (€3,322m as at 31 March 2019, -6.1%).

### Non-Life Business

**Non-life** direct income as at 31 March 2020 amounted to €1,980m, reflecting the effects of the healthcare emergency with a drop of 1.5% from the figure of €2,010m as at 31 March 2019. MV premiums amounted to €1,022m, down 2.0% on the figures for the first quarter of 2019, while non-MV premiums amounted to €958m (-1%). UnipolSai S.p.A. recorded non-life premiums of €1,665m, down 1.1% compared to 31 March 2019.

The **combined ratio** of the Group direct business stood at 90.0% (92.0% net of reinsurance), an improvement on the figure of 93.4% as at 31 March 2019 (94.6% net of reinsurance), with a loss ratio of 63.1% compared to 66.6% in the first quarter of 2019, and an expense ratio of 27.0% (26.8% as at 31 March 2019). The stop put on manufacturing activities and consequent significant reduction in road traffic from the second week of March influenced these figures.

### Life Business

In the first three months of this year, the Unipol Group registered a fall in revenue of 13.2% in the **life business**, with direct income of €1,139m as at 31 March 2020.

UnipolSai S.p.A. reported €832m in direct income (-3.0%), while in the bancassurance channel, Arca Vita S.p.A., along with its subsidiary Arca Vita International reported direct income of €293m (compared to €430m in the first quarter of 2019).

### **Real Estate, Holdings and Other Businesses**

There were no significant changes in **real estate operations**, while activity involving the construction or renovation of buildings has been delayed due to the healthcare emergency.

Regarding the **other businesses** in which the Group operates, UnipolReC recorded a net profit of €1.9m in the first quarter of 2020 (€1.5m in the first quarter of 2019), with takings of over €36m in the face of a drop in gross non-performing loans of €122m. The healthcare emergency is having an adverse effect on the hotel business and so most of the hotels under management were ordered to close in March 2020. The Gruppo UNA reported a loss of €5.8m as at 31 March 2020 (compared to a loss of €4.4m in the first quarter of 2019).

### **Financial Management**

The gross return on the Group's financial insurance investment portfolio in the first quarter of 2020 amounted to 3.3% of the invested assets even though adversely affected by the negative performance of the financial markets (3.9% as at 31 March 2019).

### **Balance Sheet**

The **consolidated shareholders' equity** amounted to €6,979m as at 31 March 2020 (€8,305m as at 31 December 2019). The drop was mainly due to the effects of the negative performance of the financial markets which influenced the reserve for profits or losses on financial assets available for sale. The shareholders' equity attributable to the Group amounted to €5,655m (€6,687m as at 31 December 2019).

As at 31 March 2020, the **Group solvency ratio**, (the ratio between own funds and capital requirements) amounted to 155%<sup>1</sup>, compared to 187% as at 31 December 2019 reflecting the effects of the drop in value of the Group financial investments.

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<sup>1</sup> This is a preliminary figure; the Supervisory Authority will be notified of the definitive figure in accordance with the timescales set out under prevailing law.

## **Business Outlook**

The first part of 2020 was marked by the spread of the Covid-19 pandemic all over the world. As things stand, it is difficult to estimate how long the pandemic will last, its extent, or to quantify the negative effects that it could have on the economic cycle.

With regard to insurance business trends, starting from the last week of February, there was a reduction in new business due to the increasingly stringent orders by the government in terms of mobility of persons, and a reduction in the number of claims with regard to the non-life businesses.

On the basis of the information available at the moment and current industrial trends, the Group believes that it will be capable of fulfilling the objectives of the Strategic Plan. Unless any extraordinary events occur, which cannot be predicted at the moment, or other significant effects on the financial markets due to the healthcare and economic crisis, the consolidated Group results for this financial period are expected to be positive.

## **Corporate Governance**

### **Independence of the Directors**

The board of directors checked to see whether non-executive director, Roberto Pittalis, appointed by the ordinary shareholders' meeting of the Company on 30 April 2020, fulfilled the independence requirements.

The results of that assessment showed that Mr Pittalis can be classified as a non-independent director in accordance with the code of Conduct of listed companies (the "Code") and article 148, paragraph 3 of the Consolidated Law on Finance.

At its board meeting, the board also carried out one of its periodic assessments to check whether the other non-executive directors fulfilled the independence requirements.

After the assessments - within the scope of which the positions of the individual directors were examined - the board of directors confirmed that:

- the following 10 directors (unchanged from the previous assessment) continue to be 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;

- the following 9 directors (unchanged from the previous assessment) continue to be independent in accordance with the Code, 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.

### **Independence of the Statutory Auditors**

The board of directors also carried out its periodic assessment to check whether the board of statutory auditors fulfilled the independence requirements.

After the assessments - within the scope of which the positions of the individual statutory auditors were examined - the board confirmed that all the members of the board of statutory auditors continued to fulfil the independence requirements set out under article 148, paragraph 3 of the Consolidated Law on Finance, and more specifically: Mario Civetta (chairperson), Silvia Bocci and Roberto Chiusoli (standing auditors), Massimo Gatto and Rossella Porfido (alternate auditors).

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, in accordance with the Code, meeting the same requirements as provided for the directors. To that end, the board of statutory auditors confirmed that all its standing members can be considered to hold the above-mentioned independence requirements.

### **Presentation of results to the financial community**

A conference call will be held at 12:00 pm today during which financial analysts and institutional investors may submit questions to the Group CEO and senior management on the results at 31 March 2020. The phone numbers to dial to attend the event are: +39 02 8058811 (from Italy and other countries), +1 718 7058794 (from the USA) and +44 1212 818003 (from the UK). The multimedia file with the pre-recorded comment on the results can be found in the Investors section of the website [www.unipol.it](http://www.unipol.it).

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Maurizio Castellina, Manager in charge of financial reporting of Unipol S.p.A. and UnipolSai Assicurazioni S.p.A., declares, pursuant to Article 154-bis, paragraph 2, of the “Consolidated Law on

Finance”, that the accounting information contained in this press release corresponds to the figures in the corporate accounting records, ledgers and documents.

Please refer to the press releases that can be downloaded from [www.unipol.it](http://www.unipol.it) for any significant events after 31 March 2020.

## 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

## Unipol Gruppo S.p.A.

Unipol is one of the biggest insurance groups in Europe and the leading company in Italy in the non-life insurance sector, (especially in the MV and Health businesses), with total premiums of approximately €14.0bn, of which €8.2bn in Non-Life and €5.8bn in Life (2019 figures). Unipol implements an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through the subsidiary UnipolSai Assicurazioni S.p.A. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute), supplementary pensions and also covers the bancassurance channel (Arca Vita, Arca Assicurazioni and Incontra). It also manages significant diversified assets in the debt collection (UnipolReC), real estate, hotel (Gruppo UNA), medical-healthcare and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

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