



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: €2.0 bn
- Cumulative dividends: €1.3bn
- Solvency Ratio: 170%-200%

## 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)

## UNIPOLSAI: CONSOLIDATED RESULTS AS AT 31 MARCH 2019 APPROVED

- Consolidated net profit of €184m (compared to a normalised profit of €166m on a comparable basis<sup>1</sup> in the first quarter of 2018, +10.9% )
- Direct insurance income of €3.3bn
  - ✓ Non-Life business: €2.0bn (+3.3% on a comparable basis<sup>2</sup>)
  - ✓ Life business: €1.3bn (+5.7% on a comparable basis<sup>2</sup>)
- Combined ratio direct business of 93.4%, an improvement on 94.3% recorded at 31 March 2018 (94.1% on a comparable basis<sup>2</sup>)

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

<sup>2</sup> Including the Arca group amounts and excluding the Popolare Vita amounts in the figures from the first quarter of 2018.

Milan, 10 May 2019

## **MISSION EVOLVE - Guidelines for the Strategic Plan**

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

The Strategic Plan aims to reinforce UnipolSai’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, **UnipolSai 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, UnipolSai 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, UnipolSai 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 Ratio<sup>3</sup> of 92.5%**
- **Combined Non-Motor Ratio<sup>4</sup> of 90%**
- **Present Value Future Profit Margin of 3%**

In the challenging competitive environment of the Motor business, UnipolSai has set a target of achieving a **Motor Combined Ratio<sup>3</sup> 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, UnipolSai 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 Ratio<sup>4</sup> 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 UnipolSai P&L with respect to frequent medium-level natural events due to climate change.

In the Life business, UnipolSai 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.

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<sup>3</sup> Combined Ratio Non-Life Motor Direct Business UnipolSai.

<sup>4</sup> Combined Ratio Non-Life Non-Motor Direct Business UnipolSai.

## 2) Distribution Excellence Evolution

### 2021 Target:

- **Non-Life premium income UnipolSai<sup>5</sup>: €7.3bn**
- **Life income UnipolSai<sup>5</sup>: €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, UnipolSai 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.

UnipolSai 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 UnipolSai 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).**

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<sup>5</sup>Direct 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 customer 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

UnipolSai 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

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

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

Over the life of the Plan, UnipolSai 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.

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### CONSOLIDATED RESULTS AS AT 31 MARCH 2019

UnipolSai ended the first quarter of 2019 with a **consolidated net profit** of €184m, significantly up (+10.9%) on the normalised profit on a comparable basis<sup>1</sup> of €166m for the corresponding period of the previous year. The book profit of €474m 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 first quarter of 2019 (€2,895m as at 31 March 2018, +14.8%; +4.2% on a comparable basis<sup>2</sup>).

**Summary of the most significant Group figures**

<i>Amounts in €m</i>	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>%</b>
<b>Direct insurance income</b>	<b>3,322</b>	<b>2,895</b>	<b>14.8</b>
Non-Life direct insurance income	2,010	1,920	4.7
Life direct insurance income	1,312	975	34.5
<b>Combined ratio Non-Life - direct business</b>	<b>93.4%</b>	<b>94.3%</b>	
<b>Combined ratio Non-Life - net of reinsurance</b>	<b>94.6%</b>	<b>95.4%</b>	
<b>Consolidated net profit</b>	<b>184</b>	<b>474</b>	<b>(61.2)</b>
<i>Amounts in €m</i>	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>%</b>
<b>Investments and cash and cash equivalents</b>	<b>62,388</b>	<b>59,718</b>	<b>4.5</b>
<b>Shareholders' equity attributable to the Group</b>	<b>5,901</b>	<b>5,448</b>	<b>8.3</b>
<b>Individual solvency ratio - Partial Internal Model</b>	<b>241%</b>	<b>253%</b>	

**Non-Life Business**

**Non-life** direct income as at 31 March 2019 amounted to €2,010m (€1,920m as at 31 March 2018, +4.7%; +3.3% on a comparable basis<sup>2</sup>), including the MV classes for €1,043m, up by 2.3% (+1.5% on a comparable basis<sup>2</sup>) and the Non-MV business for €967m, showing 7.5% growth (+5.4% on a comparable basis<sup>2</sup>). This growth was posted by both UnipolSai S.p.A. (€1,683m, +1.6%) and the other main Group companies.

The **combined ratio** of consolidated direct business stood at 93.4% (94.6% net of the reinsurance), an improvement on the figure of 94.3% at 31 March 2018 (94.1% on a comparable basis<sup>2</sup>, 95.1% net of the reinsurance), with a loss ratio of 66.6% compared to 68.1% in the first quarter of 2018 (67.6% on a comparable basis<sup>2</sup>), 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 €179m (€147m in the first three months of 2018, normalised on a comparable basis<sup>1</sup>).

**Life Business**

In the **Life business**, UnipolSai registered a 5.7% increase in revenue at consolidated level, on a comparable basis<sup>2</sup>, with direct income of €1,312m as at 31 March 2019.

UnipolSai S.p.A. earned €858m in direct income (+1.5% compared to €845m at 31 March 2018), while the bancassurance channel, Arca Vita S.p.A., along with the subsidiary Arca Vita International which was consolidated from 1/7/2018, 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 basis<sup>1</sup> of €134m as at 31 March 2018, which benefitted from a higher volume of stock gains.

## **Real Estate Business and Other Businesses**

Property management continued to focus on redevelopment activities to try and improve the value of the properties and create facilities to be used for operational purposes.

There was a **pre-tax loss** in the Real Estate and Other Businesses of €10m (-€45m as at 31 March 2018 which included €36m in write-downs of certain assets).

## **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 (4.4% as at 31 March 2018).

## **Balance Sheet**

**Consolidated shareholders' equity** amounted to €6,157m as at 31 March 2019 (€5,697m as at 31 December 2018). **The shareholders' equity attributable to the Group** amounted to €5,901m (€5,448m as at 31 December 2018).

As at 31 March 2019, the **individual UnipolSai solvency** ratio, between own funds and capital requirements, was 241%<sup>6</sup>, slightly down from 253% at 31 December 2018. The **consolidated solvency** ratio based on the economic capital, amounted to 216% (202% as at 31/12/2018).

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## **Corporate Governance**

### **Independence of the Directors**

At its board meeting, the governing body checked to ensure that the non-executive Directors appointed by the Shareholders' Meeting of the Company on 17 April 2019 fulfilled the necessary independence requirements.

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<sup>6</sup> The figure is calculated on the basis of the Partial Internal Model.

After the assessments were made, in which the positions of the individual Directors were examined, the governing body confirmed that the following 11 Directors fulfilled the independence requirements, both in accordance with the Code of Corporate Governance of listed companies, and article 148-ter 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: Lorenzo Cottignoli, Cristina De Benetti, Massimo Masotti, Maria Rosaria Maugeri, Maria Lillà Montagnani, Nicla Picchi, Giuseppe Recchi, Elisabetta Righini, Antonio Rizzi, Barbara Tadolini and Francesco Vella.

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

The Board of Directors also carried out its regular assessment to ensure that the Board of Statutory Auditors, fulfilled the independence requirements.

After the assessments - during which the positions of the individual Statutory Auditors were examined - the governing body 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: Paolo Fumagalli (Chairperson), Giuseppe Angiolini and Silvia Bocci (Standing auditors), Sara Fornasiero, Luciana Ravicini and Domenico Livio Trombone (Alternate auditors).

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.

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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 and all other countries), +1/718/7058794 (from the US) and +44/121/2818003 (from the UK). The link to the video webcast is: <http://services.choruscall.eu/links/vs190510en.html>.

The multimedia file of the presentation is available at the following link: [www.unipol.it](http://www.unipol.it) at the following link: <http://www.unipolsai.com/en/investor/presentations>.

## DISCLAIMER

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Furthermore, the company shall have no obligations with respect to the subsequent updates of this content.

Maurizio Castellina, Manager in charge of financial reporting of 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 the presentation corresponds to the figures in corporate accounting records, ledgers and documents.

Please refer to the press releases that can be downloaded from [www.unipolsai.com](http://www.unipolsai.com) 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

### UnipolSai Assicurazioni S.p.A.

UnipolSai Assicurazioni S.p.A. is the insurance company of the Unipol Group, Italian leader in Non-Life Business, in particular in vehicle liability insurance. Also active in Life Business, UnipolSai has a portfolio of 15.4 million customers and holds a leading position in the national ranking of insurance groups with a direct income amounting to approximately €12.2bn, of which €7.9bn in Non-Life Business and €4.3bn in Life Business (2018 figures). The company has the largest agency network in Italy, with more than 2,800 insurance agencies and about 6,000 sub-agencies spread across the country. UnipolSai Assicurazioni is a subsidiary of Unipol Gruppo S.p.A. and, like the latter, is listed on the Italian Stock Exchange, being one of the most highly capitalized securities.

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