



# Sava Re Group

Presentation of 2014 Unaudited Results,  
the 2015 Plan and of Strategic Objectives  
up to 2019

# Contents

## **1 Unaudited results for 2014**

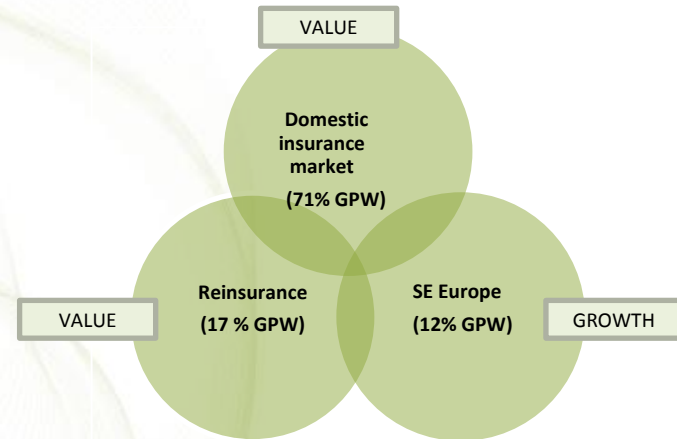
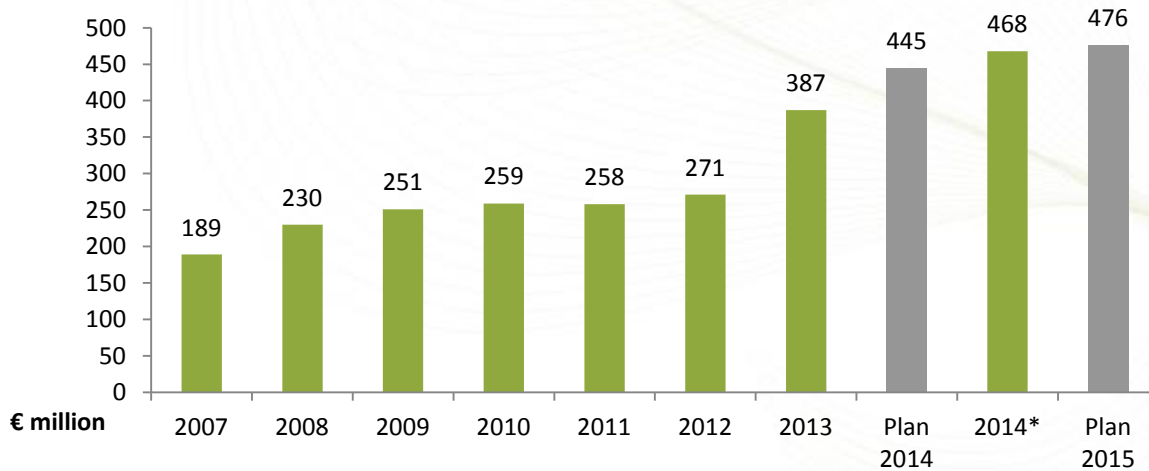
2 Plan 2015

3 Strategy 2015–2019

4 Integration of Zavarovalnica Maribor

- ▶ Net profit of €30,5 million and 11,9 % return on equity - exceeded planned expectations and results of previous years

**Consolidated GPW**



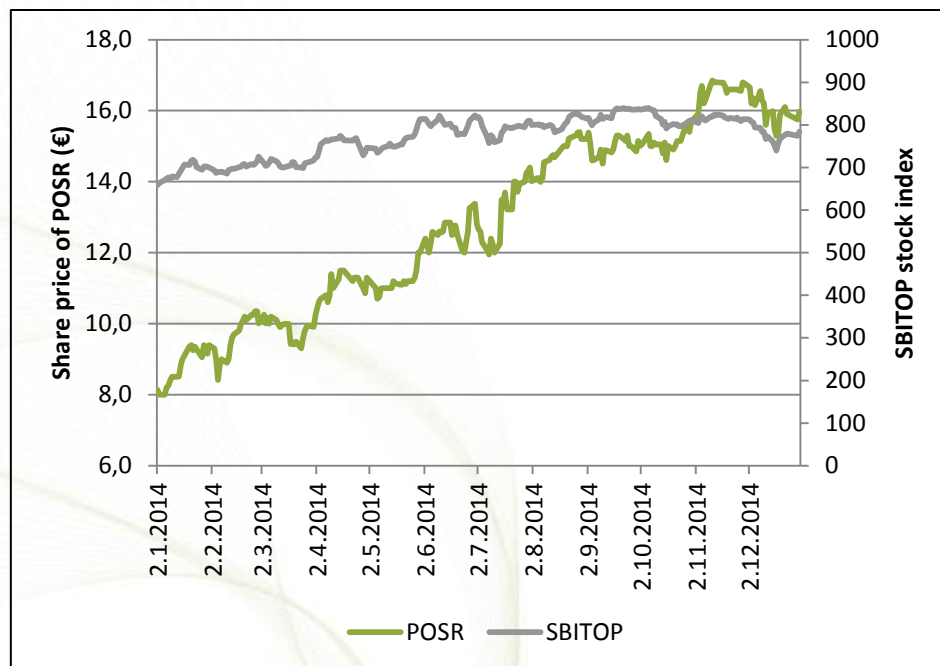
\*Unaudited results 2014

### Basic details about the POSR share

	31.12.2013	31.12.2014
Share capital (€)	71.856.376	71.856.376
No. of shares	17.219.662	17.219.662
Number of treasury shares	346.643	727.830
Trading symbol	POSR	POSR
No. of shareholders	4.995	5.134
Market capitalization (€)	140.168.049	275.170.199
Price to book value (P/B)	0,58	1,01
Price to premium (P/GPW)	0,36	0,59

P/B = market capitalization/ value of equity at year end

### The movement in the POSR share price compared to the SBI TOP stock index



\*SBI TOP Slovene Blue-chip index.

Consolidated results

ZM 1.5.2013

(€ million)	2013	2014*	Index/change in p.p. 2014/ 2013
Gross premiums written	386,7	468,2	121,1
Net combined ratio**	96,8%	95,5%	-1,3 p.p.
Net expense ratio	33,6%	32,8%	-0,8 p.p.
Net incurred loss ratio**	61,2%	59,5%	-1,7 p.p.
Net profit/loss	15,6	30,5	195,5
	<b>31/12/2013</b>	<b>31/12/2014*</b>	
Total assets	1.378,3	1.454,4	105,5
Shareholders' equity	240,1	271,5	113,1
ROE***	7,6%	11,9%	+4,3 p.p.

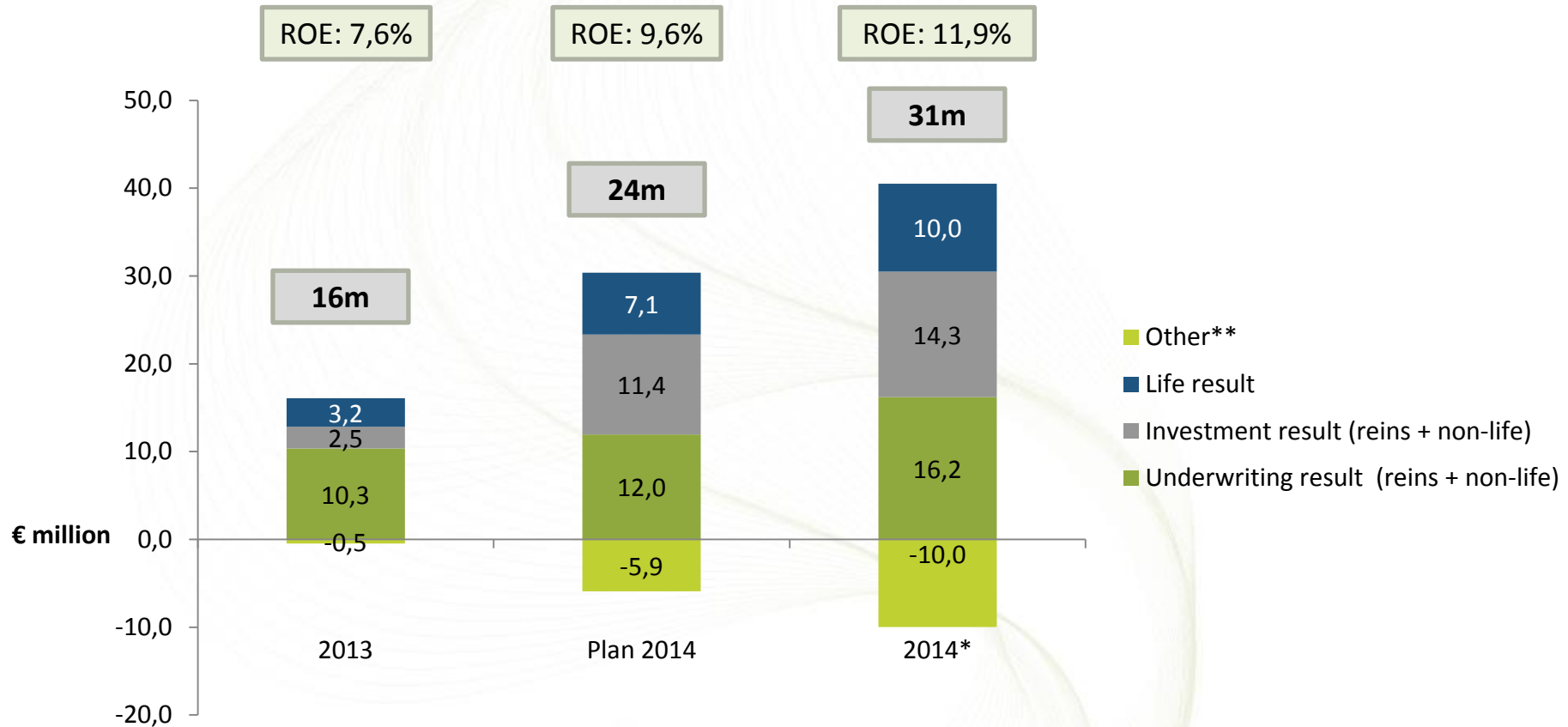
\*Unaudited results 2014

\*\*The combined and incurred loss ratios do not include life business

\*\*\*ROE: net profit per the period / average equity in the period

- S** Growth in gross premiums written is primarily due to the inclusion of Zavarovalnica Maribor into the consolidated accounts for the full year (first consolidation 1 May 2013).
- S** The improvement in the incurred loss ratio is mainly due to the favorable development of this ratio in Sava Reinsurance Company on international reinsurance markets.
- S** The expense ratio improved mainly due to the optimization of ZM operations and synergies achieved in Slovenia.

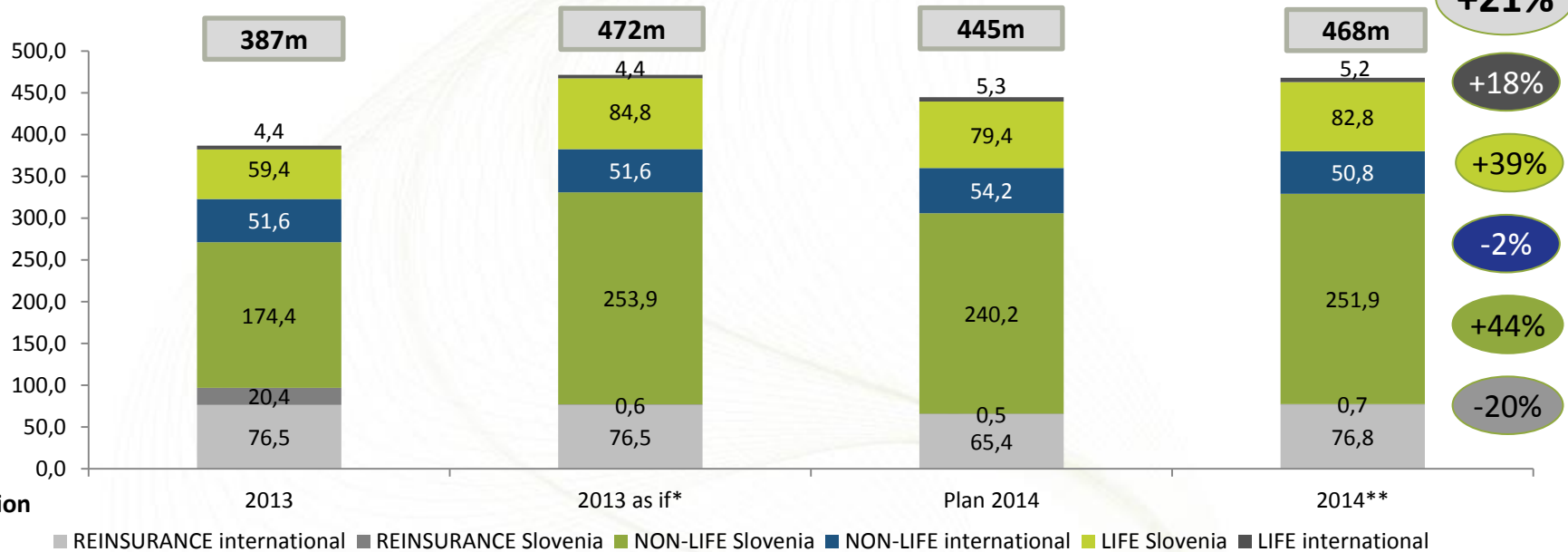
Consolidated net profit/loss



\*Unaudited results 2014

\*\*The "other" item includes consolidated tax and the "other" operating segment

**Consolidated gross premiums written by operating segment**



\*Premiums for 2013 if ZM had been consolidated the full year 2013

\*\*Unaudited results 2014

\*\*\*Growth/decline 2014/2013

**Reinsurance business:**

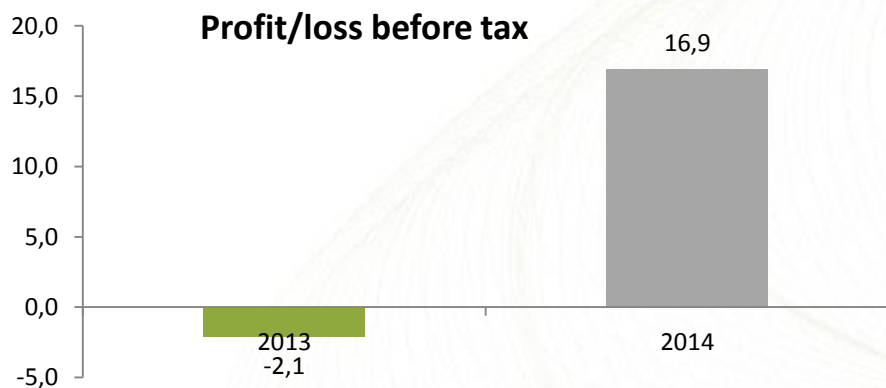
- ZM was not included in the consolidated accounts for the full year 2013 (in 2013, premiums were eliminated from the consolidated results as from 1 May)
- Compensation of lost international premiums in mid-year 2014 renewals; premium loss was due to announced rating review which had an impact on the January 2014 renewal

**Non-life business:**

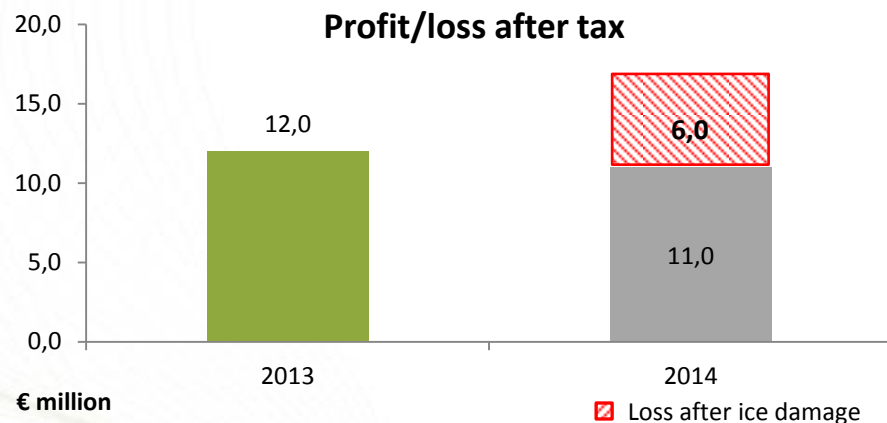
- Slovenia: ZM was not included in the consolidated accounts for the full year 2013 (only from May–December)
- International: premiums shrank in Velebit osiguranje (liberalization of the MTPL market), Illyria (announced new law on public health)

**Life business:**

- Slovenia: ZM was not included in the consolidated accounts for the full year 2013 (only from May–December), by 3,1 %, ZM maintained its market share, while Tilia recorded a decline in life insurance premiums
- International: growth in all markets

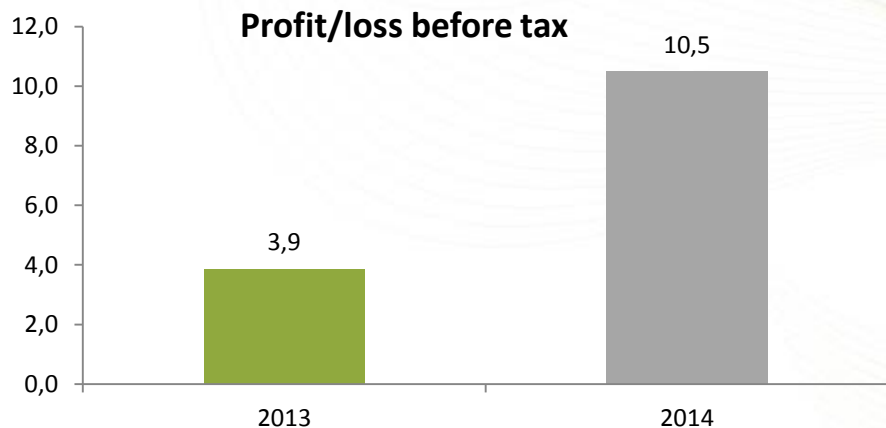
**Reinsurance**
**Profit/loss before tax**


€ million

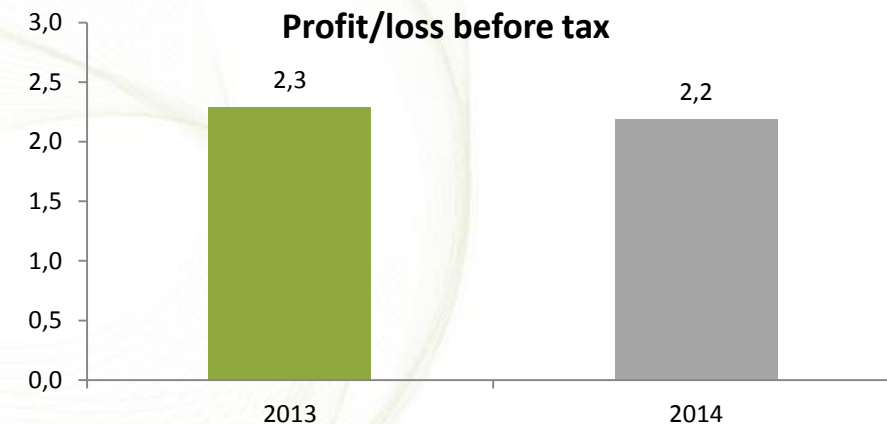
**GPW 2014\*: €77 million**
**Non-life Slovenija**
**Profit/loss after tax**


€ million

Loss after ice damage

**GPW 2014\*: €252 million**
**Life Slovenija**
**Profit/loss before tax**


€ million

**GPW 2014\*: €83 million**
**Non-life + Life International**
**Profit/loss before tax**


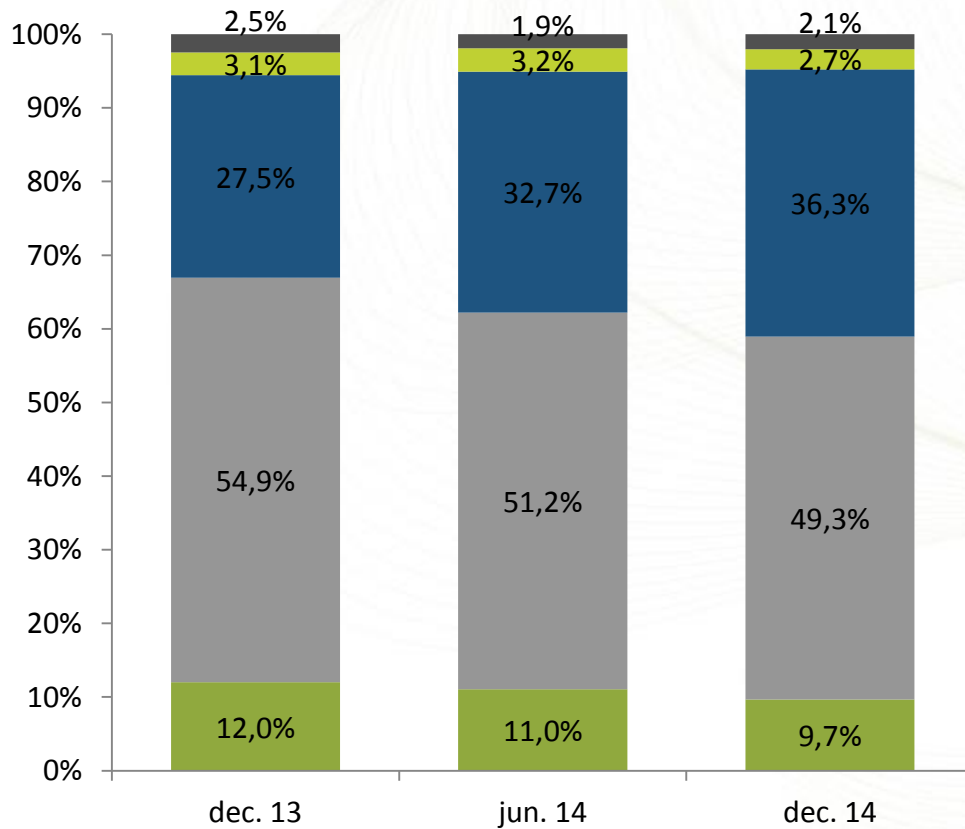
€ million

**GPW 2014\*: €56 million**

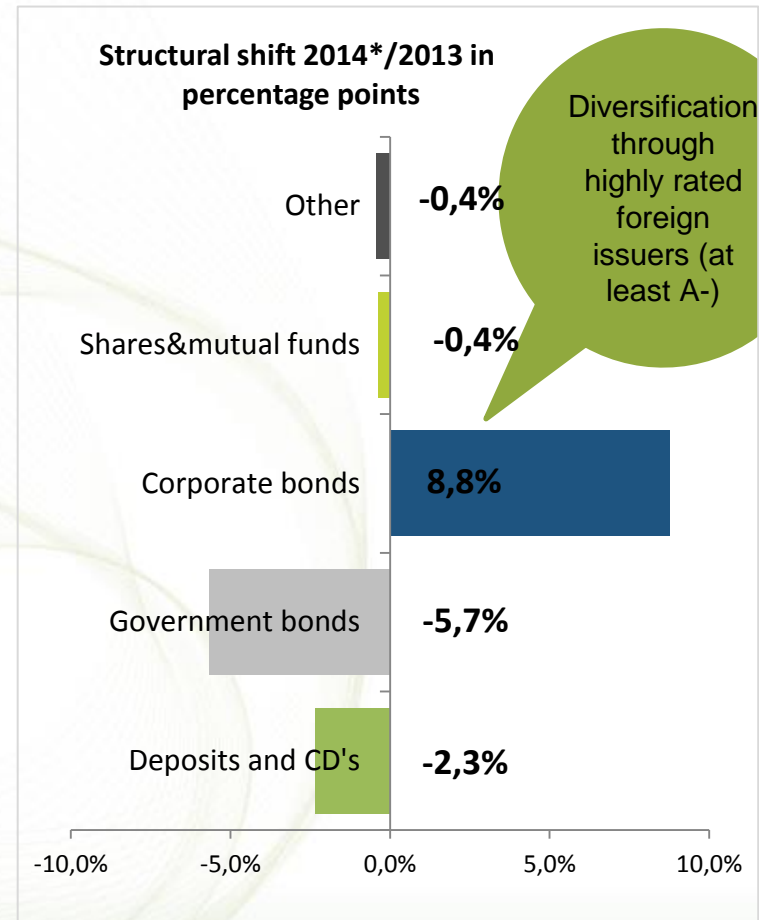


Main structural shift compared to 31 Dec 2013:

**Decreased** allocation to **government bonds** and **increased** allocation to **corporate bonds**



- Deposits and CD's
- Government bonds
- Corporate bonds
- Shares and mutual funds
- Other



\*Unaudited results 2014

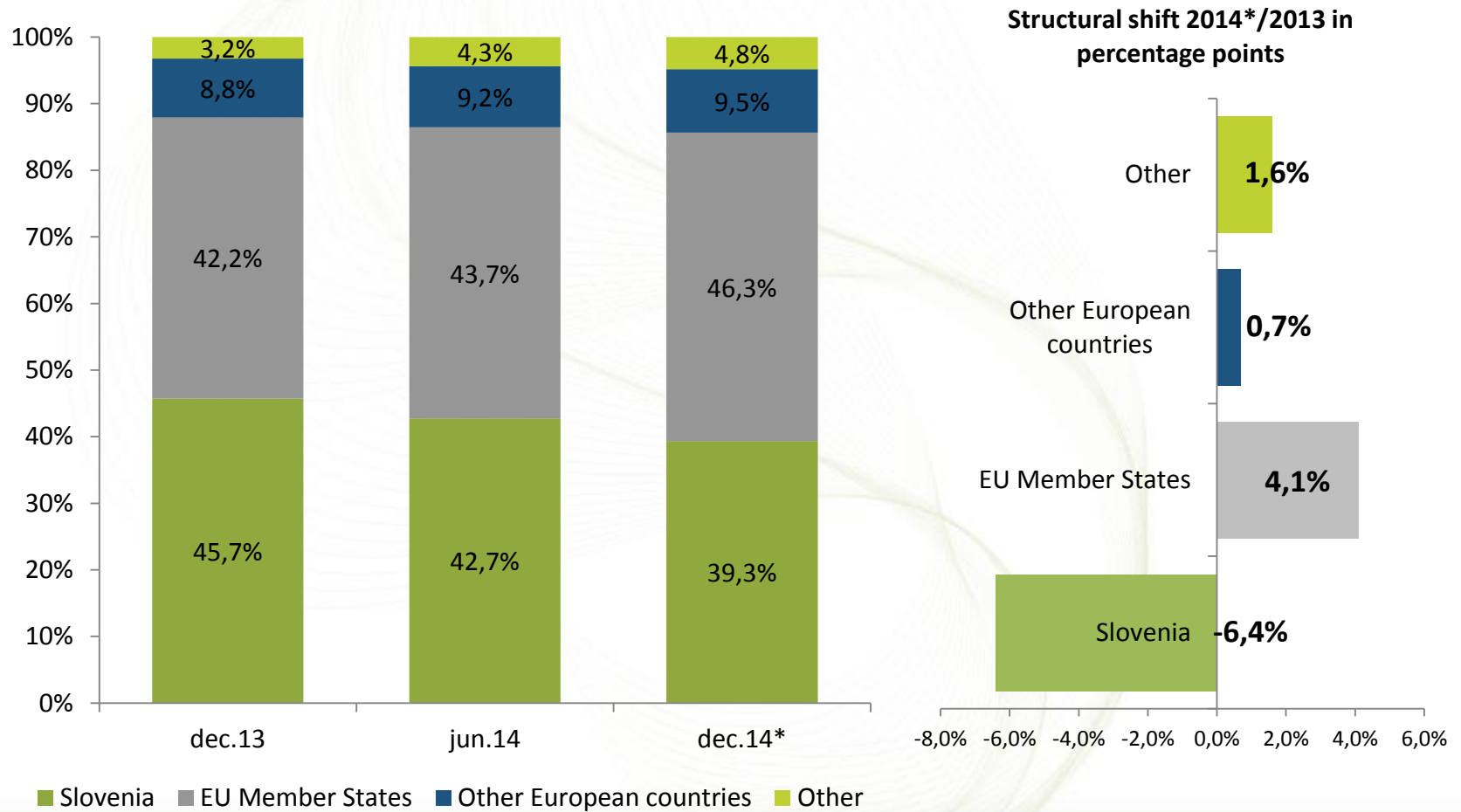
<b>(€ million)</b>	<b>31.12.2013</b>	<b>2013 (ZM 1-12/2013)*</b>	<b>31.12.2014**</b>
<b>Return on financial investments</b>	<b>-5,6</b>	<b>1,1</b>	<b>29,2</b>
Return on investments in group companies and associates	11,0	-0,9	-1,7
Return on investment property and cash and cash equivalents	-0,3	-0,3	0,1
<b>Return on financial portfolio</b>	<b>5,1</b>	<b>0,0</b>	<b>27,5</b>
Return on financial portfolio without exchange rate differences	6,1	0,9	25,2

Incomparable: ZM net investment income of the inv. portfolio – 2013: 5–12;  
2014: 1–12. Effects of fair-value revaluation of ZM stake.

\*As data are not comparable, 2013 is presented as if ZM had been included in the Group as a subsidiary since 1 January 2013.

<b>(%)</b>	<b>1-12/2013</b>	<b>1-12/2014**</b>
<b>Return on financial investments</b>	<b>-0,9%</b>	<b>3,1%</b>
<b>Return on financial portfolio</b>	<b>0,8%</b>	<b>2,8%</b>
Return on financial portfolio without exchange rate differences	0,9%	2,6%

**Reducing exposure to Slovenia in 2014 (-6,4 percentage points)**



\*Unaudited results 2014

# Contents

1 Unaudited results for 2014

## 2 Plan 2015

3 Strategy 2015–2019

4 Integration of Zavarovalnica Maribor

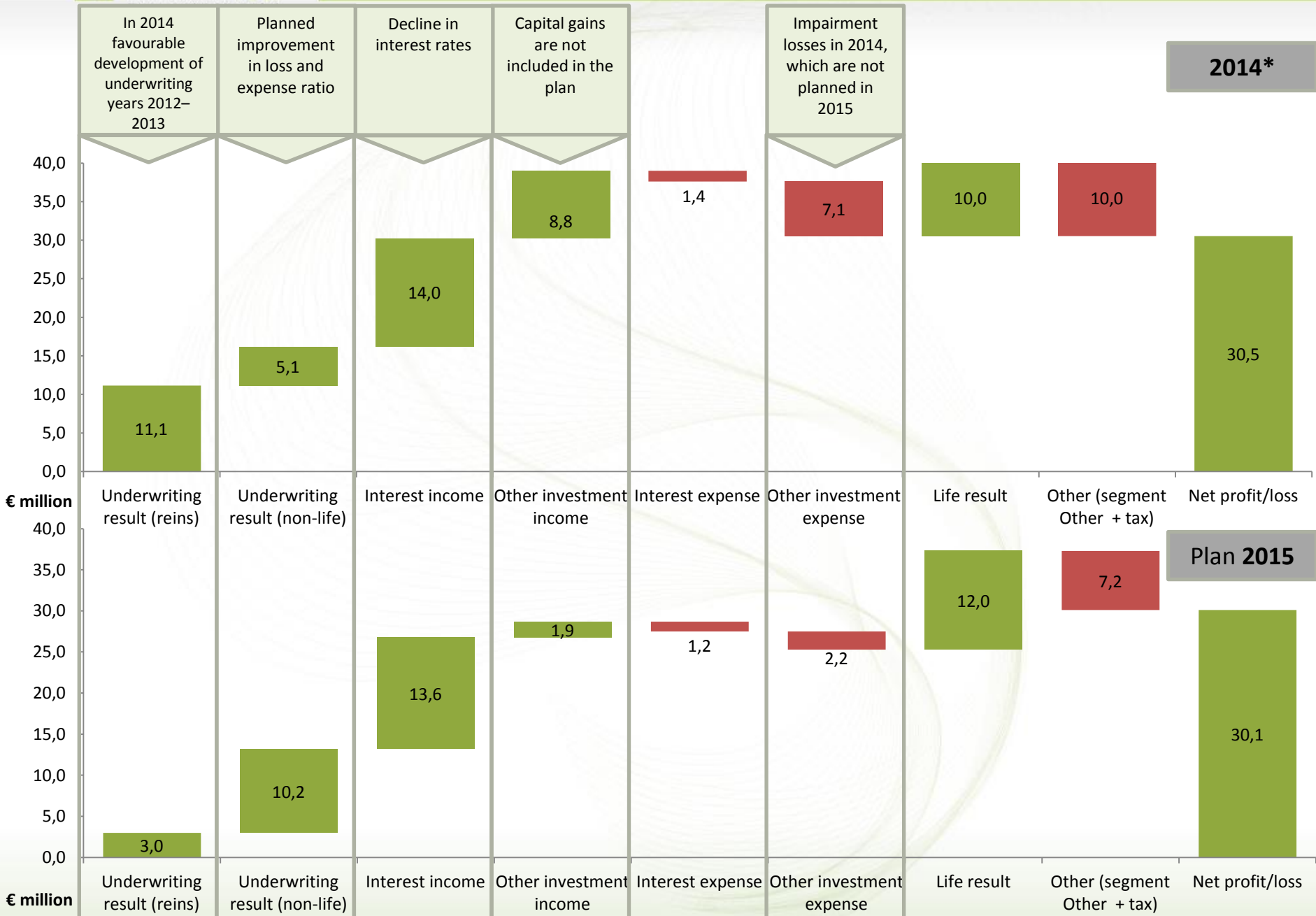
(€ million)	2013	2014*	Plan 2015	Change P2015/2014*
Gross premiums written	386,7	468,2	<b>476,5</b>	1,8%
<i>Growth/decline in premiums</i>	<i>42,8%</i>	<i>21,0%</i>	<b>1,8%</b>	
Net profit/loss	15,6	30,5	<b>30,1</b>	-1,6%
Net expense ratio	33,6%	32,8%	<b>32,4%</b>	-0,4 p.p.
Net combined ratio**	96,8%	95,5%	<b>96,5%</b>	+1,0 p.p.
Investment return	0,8%	2,8%	<b>2,3%</b>	-0,5 p.p.
Shareholders' equity	240,1	271,5	<b>282,9</b>	4,2%
ROE	7,6%	11,9%	<b>10,8%</b>	-1,3 p.p.

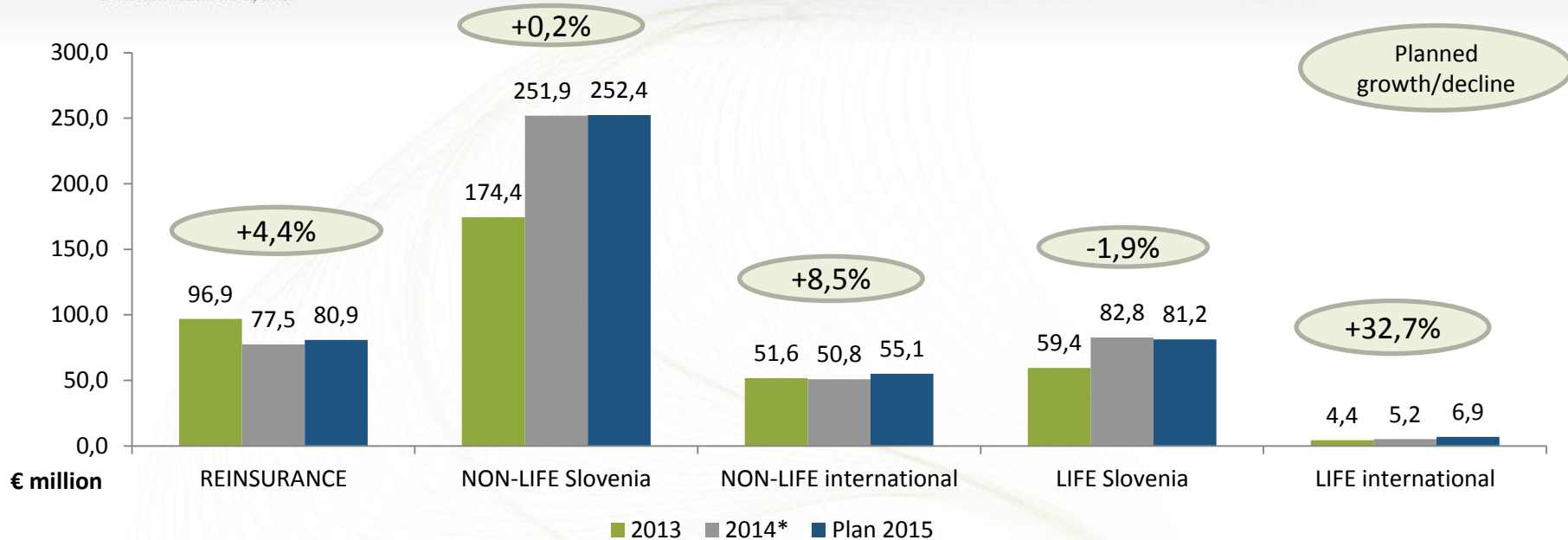
\*Unaudited results 2014

\*\*The net combined ratio includes all items except those relating to investments; excluded is life business

### Profits have been planned based on:

- premium growth: 0,4 % decline in Slovenia; 10 % growth outside Slovenia; 4 % growth in international reinsurance markets
- improved cost efficiency: further optimization of administrative costs and decrease in ratio due to premium growth
- movement of combined ratio: 2014 was a very benign year for the reinsurance segment; the loss ratio is planned based on a long-term average
- decline in investment return: impact of low interest rates on capital markets





\*Unaudited results 2014

### Reinsurance business:

- Premium growth from new business, especially from emerging markets, and a gradual expansion to markets where there is still growth potential

### Non-life business:

- Slovenia: limited growth potential in Slovenia
- International: making use of platform set up in recent years

### Life business:

- Slovenia: the life insurance market is shrinking, no signs of growth
- International: high growth rates; low base

# Contents

1 Unaudited results for 2014

2 Plan 2015

**3 Strategy 2015–2019**

4 Integration of Zavarovalnica Maribor



**OUR GOAL IS TO BECOME THE BEST PROVIDER OF INSURANCE SERVICES IN THE REGION**

**Insurance business  
in Slovenia**

**NON-LIFE BUSINESS**

- Strengthening the position of both insurance companies on the market
- Continued integration of back-office functions of Sava Re Group companies
- Further development of a Knowledge Centre for complex risks as part of Sava Reinsurance Company
- Improving results of non-life insurance segment other than motor insurance

**LIFE BUSINESS**

- Maintaining premium volume, portfolio and especially profitability of life business
- Taking advantage of cost synergies from unified development activities conducted from one knowledge centre

**Reinsurance  
business**

- Profitable growth in foreign markets

**Non-Slovenian  
business**

- Making use of established platforms (in terms of processes and products) to increase growth in gross premiums written
- Decrease in expense ratios
- Strengthening companies' brand recognition
- Increasing the productivity of the sales network and cooperation with external channels
- Focus on premium and recourse collection
- Development and focus both on selling products with a higher risk component and on more affordable products (life policies)

**Group  
enlargement**

- Growth of the Group through expansion to new markets in the region and increase in market shares
- Seeking opportunities in pension and health insurance

### Strategic goals (up until 2019)

(€ million)	Plan 2015	Plan 2019
Consolidated GPW	476,5	> 520
<i>average growth 2015-2019</i>		> 2%
Net profit/loss	30,1	> 42
Net expense ratio	32,4%	< 30%
Net combined ratio*	96,5%	< 95%
Investment return	2,3%	> 1,5%
Shareholders' equity	282,9	> 425
ROE	10,8%	> 11%

\*The net combined ratio includes all items except those relating to investments; excluded is life business

#### Dividend policy:

The Company will pay out dividends in the amount of approximately 30 % of the net profit of the Sava Re Group (consolidated profit) with the management board making adjustments to their proposal for dividend payout taking into account the Company's capitalization, new development projects to engage additional capital, capital requirements for the support of organic growth and other major factors that affect the financial position of the Company.

## **Contents**

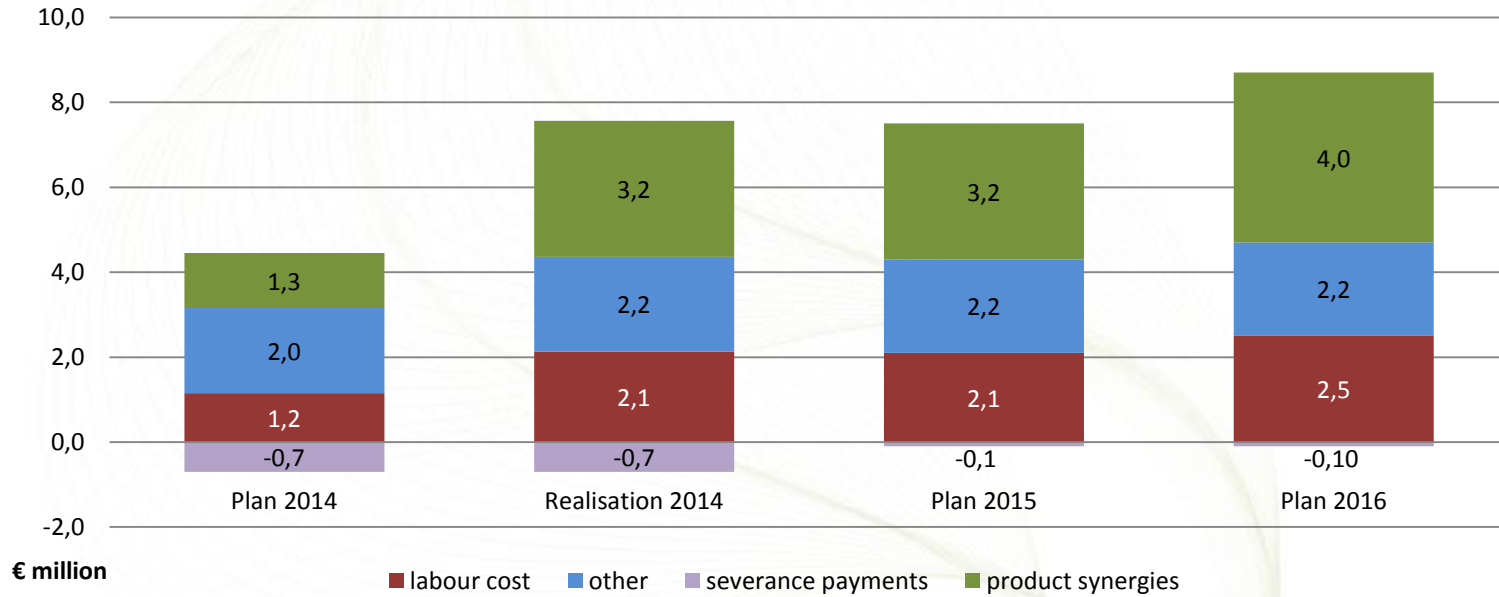
1 Unaudited results for 2014

2 Plan 2015

3 Strategy 2015–2019

**4 Integration of Zavarovalnica Maribor**

### Realised synergies



- Does not include opportunity savings
- Does not include savings on purchase of fixed assets

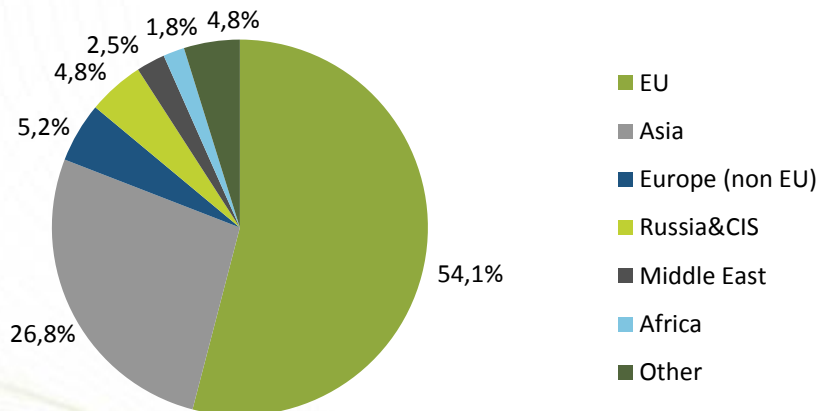
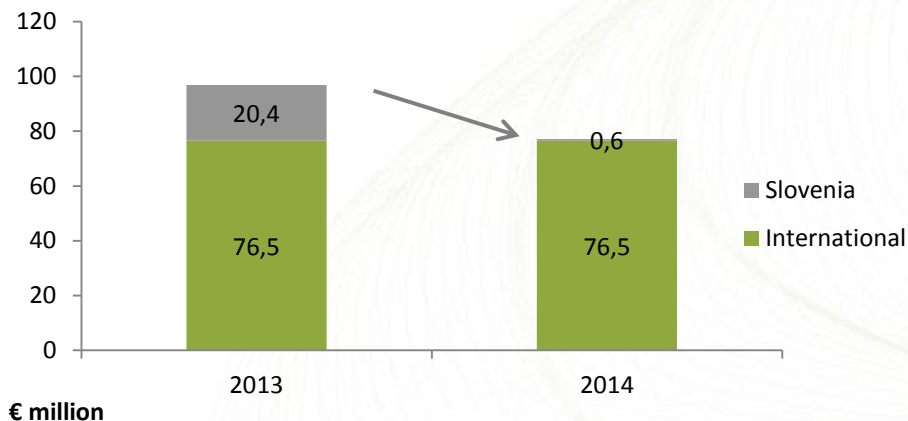


Sava Re Group

Thank you for your attention!

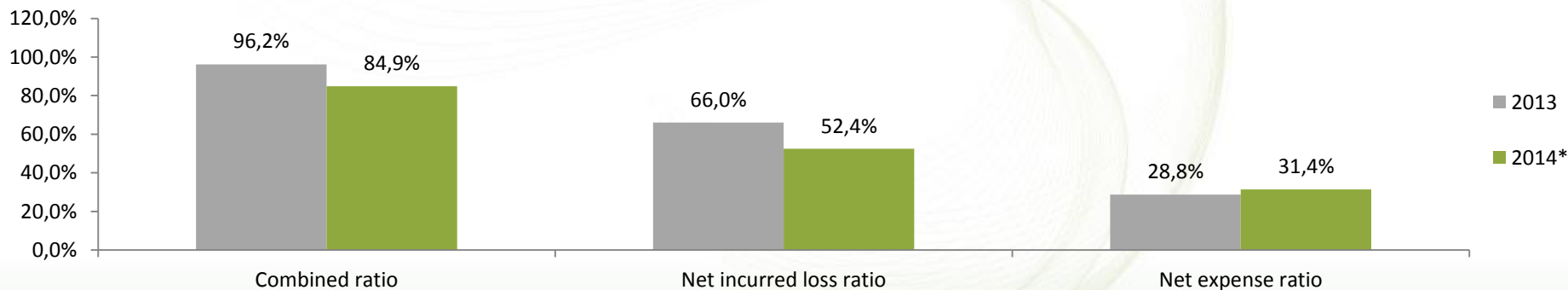
**GPW**

**GPW 2014\*: €77,4 m**



The drop in non-life premiums is due to the inclusion of Zavarovalnica Maribor into the consolidated accounts for the full year (first consolidation 1 May 2013). Sava Reinsurance Company managed to maintain its premium volume in non-Slovenian markets.

**Ratios**



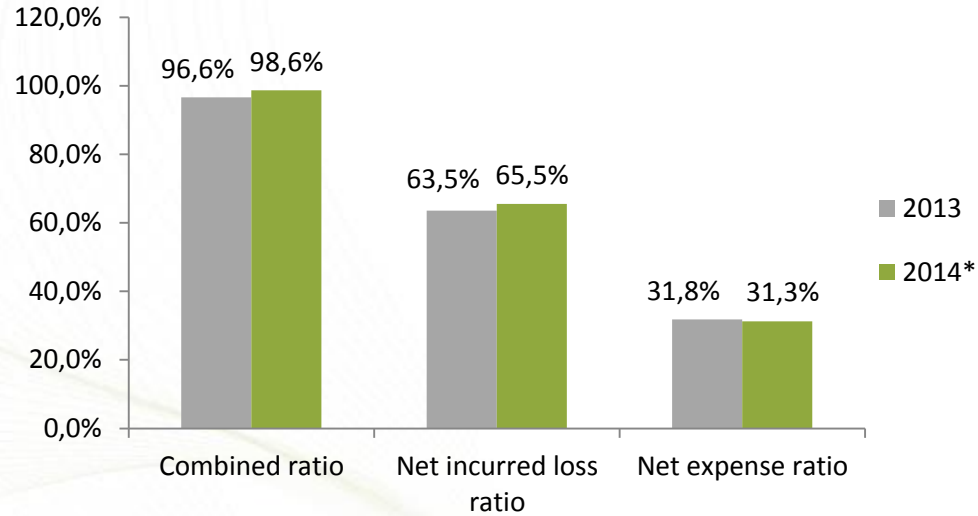
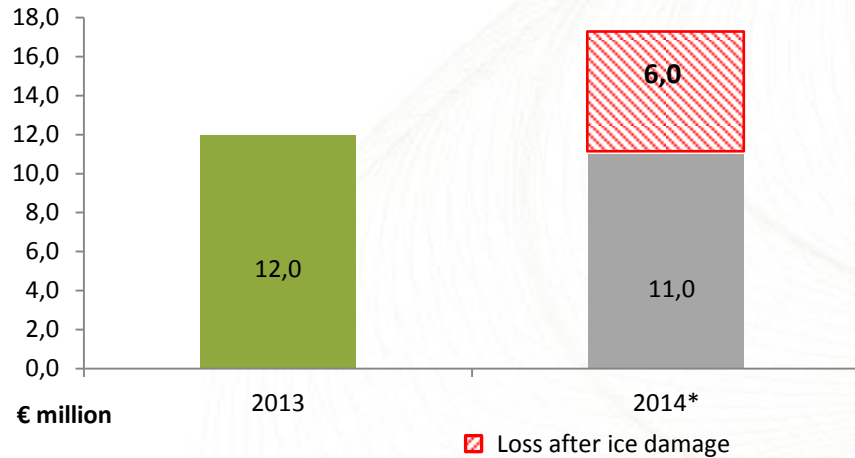
\*Unaudited results 2014

\*\*Figures are consolidated and after the transfer of reinsurance effects to operating segments

**Non-Life Slovenia**

**GPW 2014\*: €251,9 m**

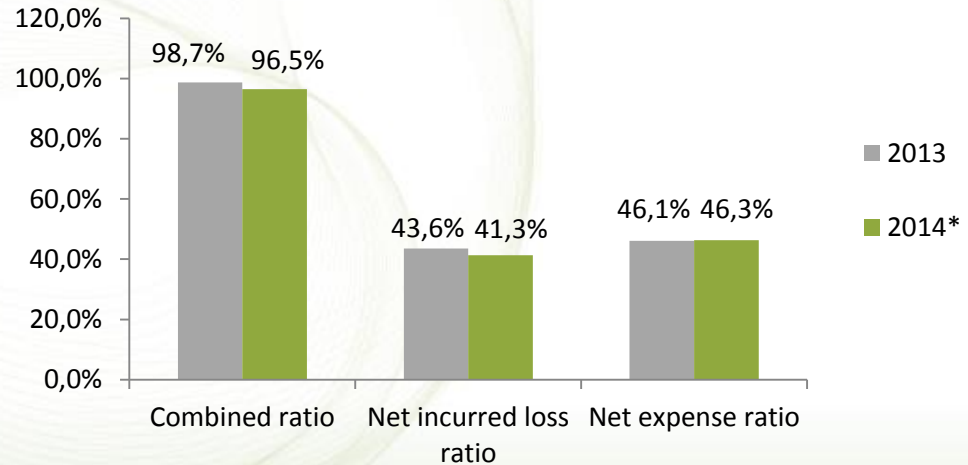
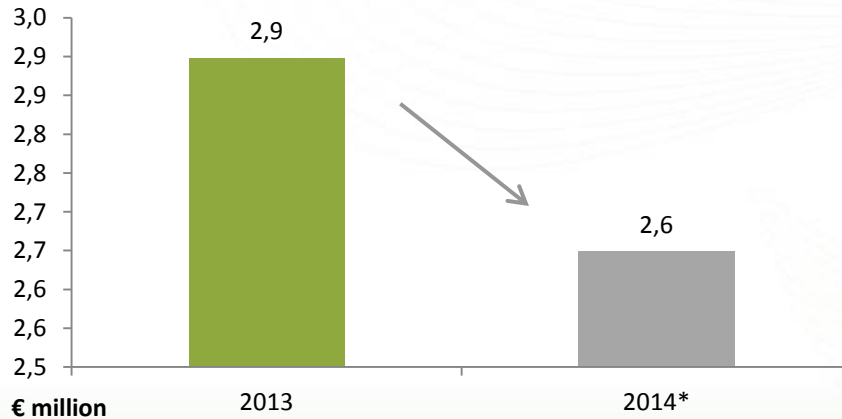
**Profit/loss before tax**



**Non-Life International**

**GPW 2014\*: €50,8 m**

**Profit/loss before tax**

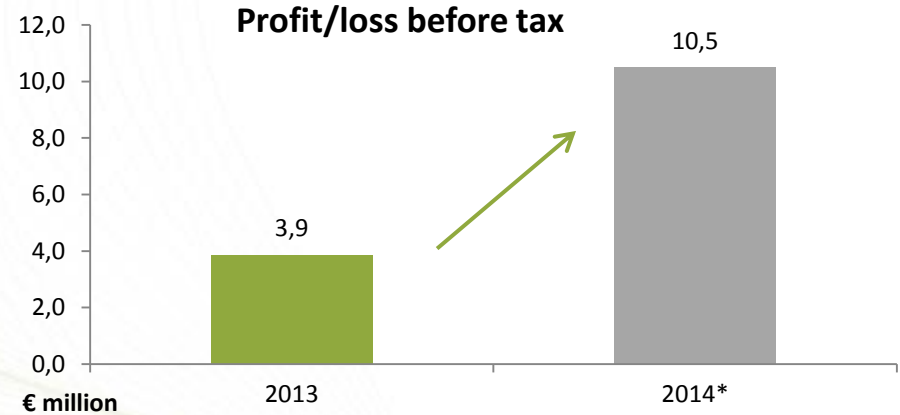
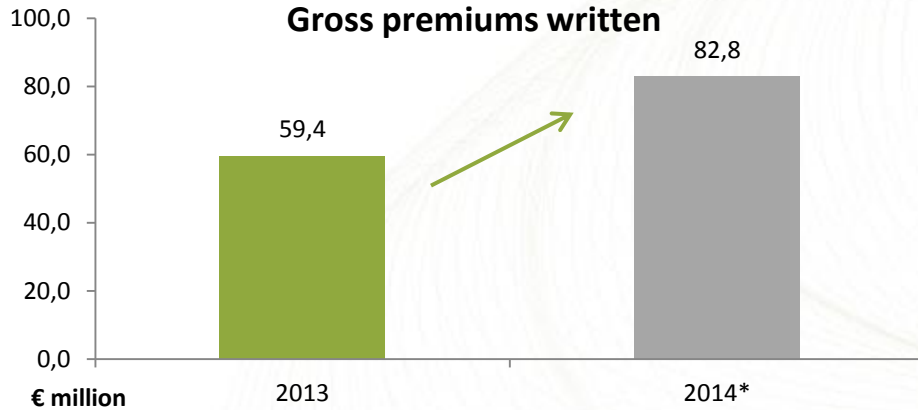


\*Unaudited results 2014

\*\*Figures are consolidated and after the transfer of reinsurance effects to operating segments

**Life Slovenia**

**GPW 2014\*: €82,8 m**



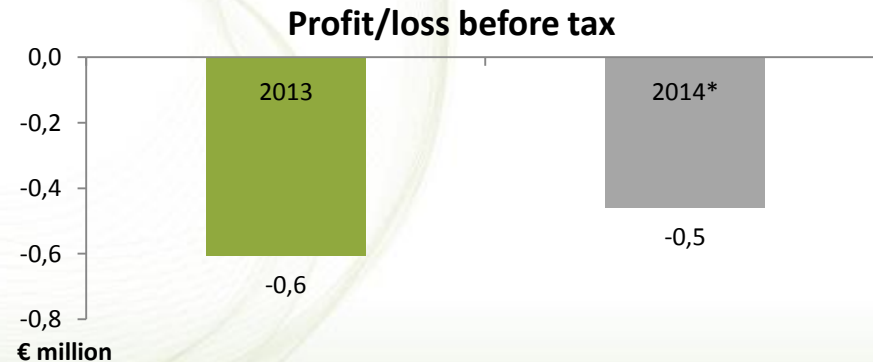
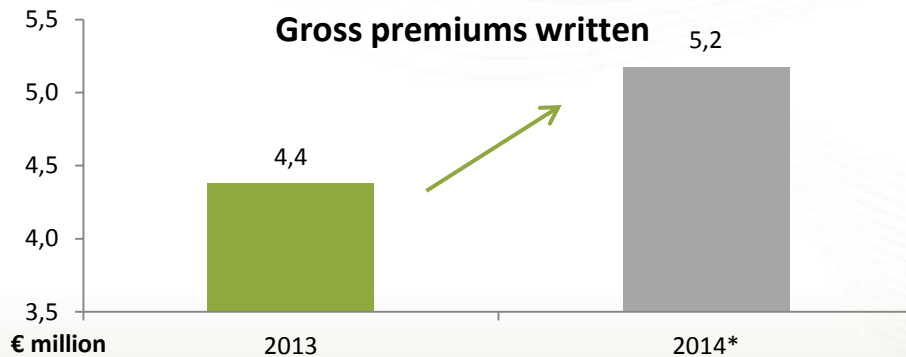
The Slovenian life market is shrinking, but Zavarovalnica Maribor is gaining market share.

Effect of improved investment result (in 2013 – impairment losses and cancellation of subordinated bonds and shares of Slovenian banks of € 13,9 million).

**Life International**

**GPW 2014\*: €5,2 m**

Growth in gross premiums written in all three non-Slovenian life insurers.

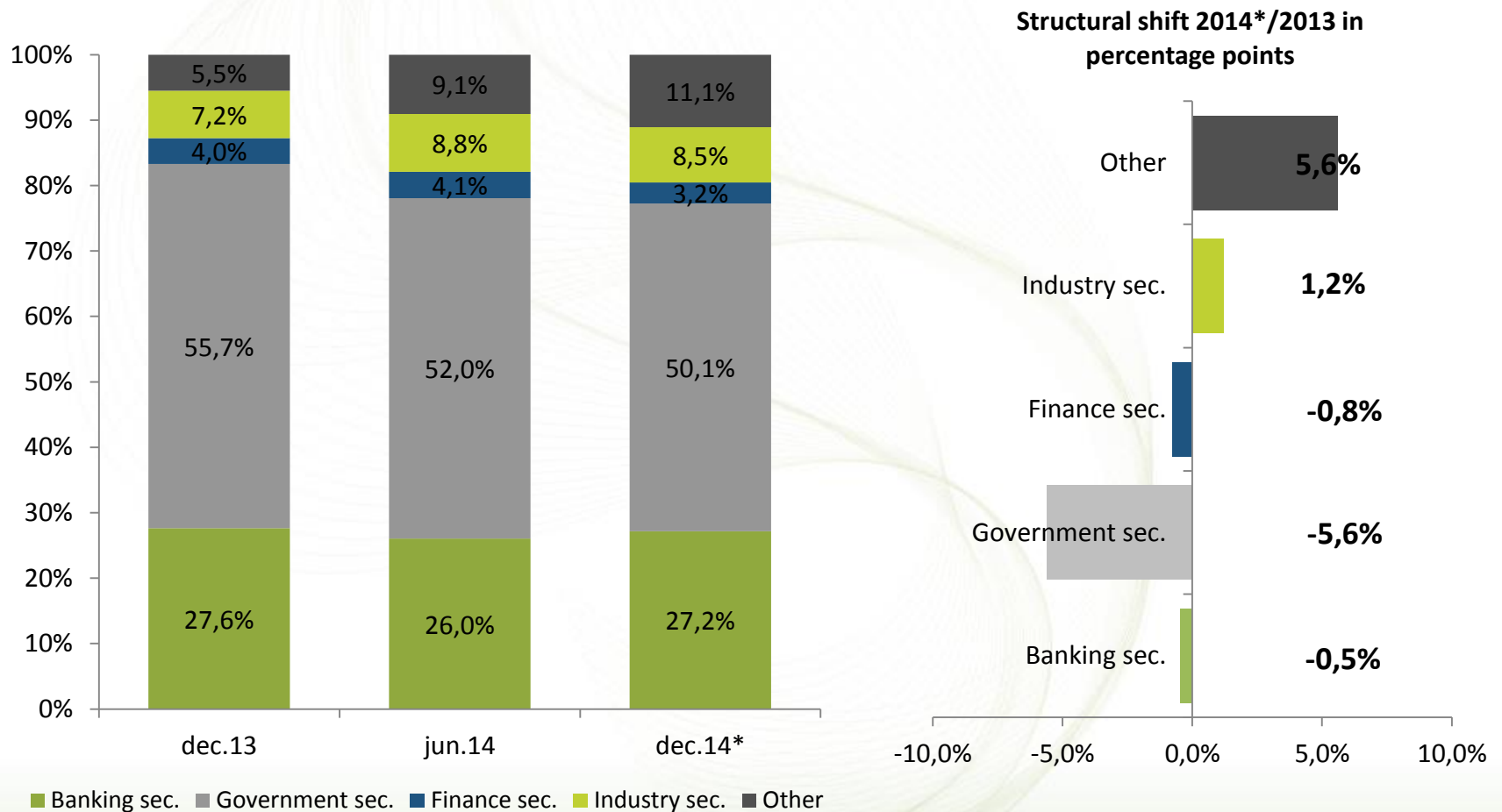


\*Unaudited results 2014

\*\*Figures are consolidated and after the transfer of reinsurance effects to operating segments



- **Reduced exposure to the government**
  - **Increased exposure to "other" industries**
- (health care: +2,4 percentage points and consumer goods: +2,1 percentage points)

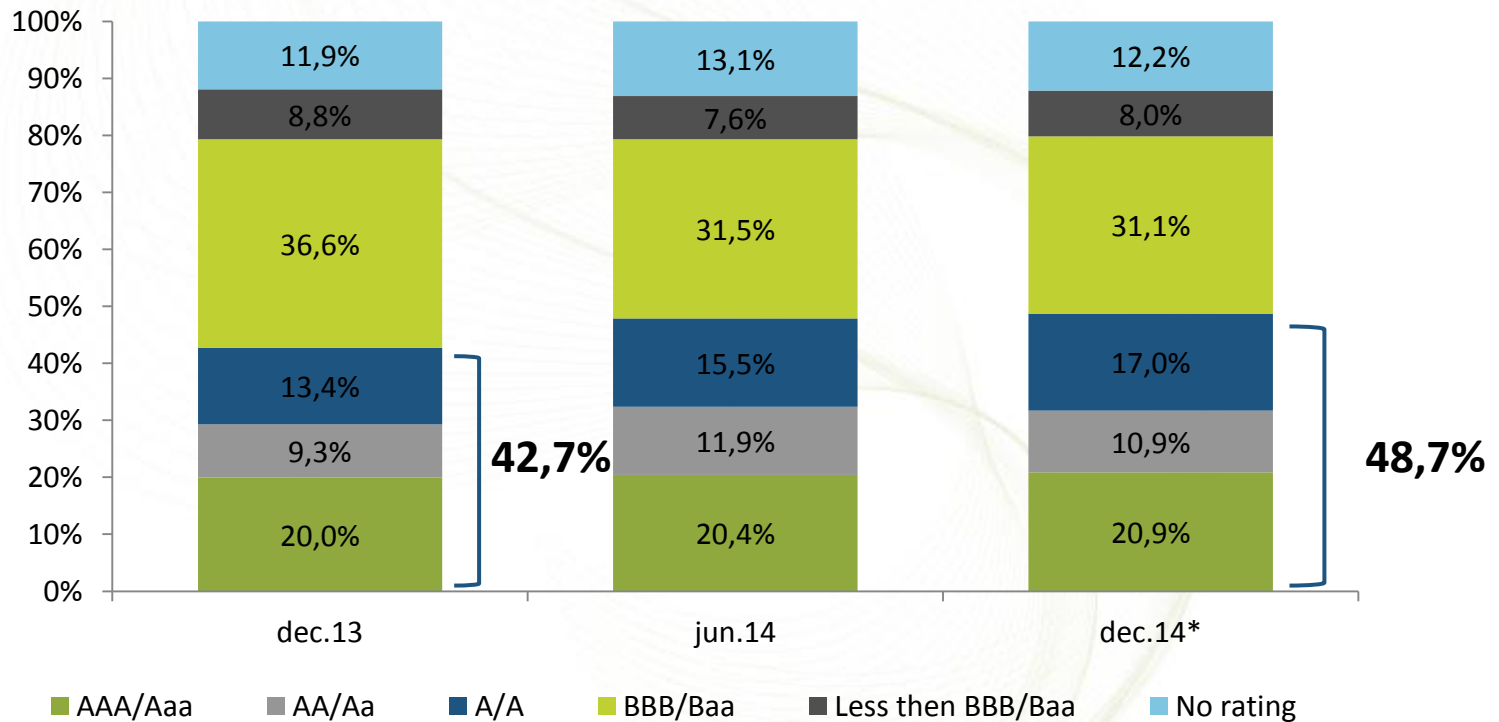


\*Unaudited results 2014

**Improved rating profile in 2014.**

**Increased investments in assets rated A- or better (+ 6 p.p.)**

- investments in covered bonds rated AAA
- corporate bonds rated A- or better

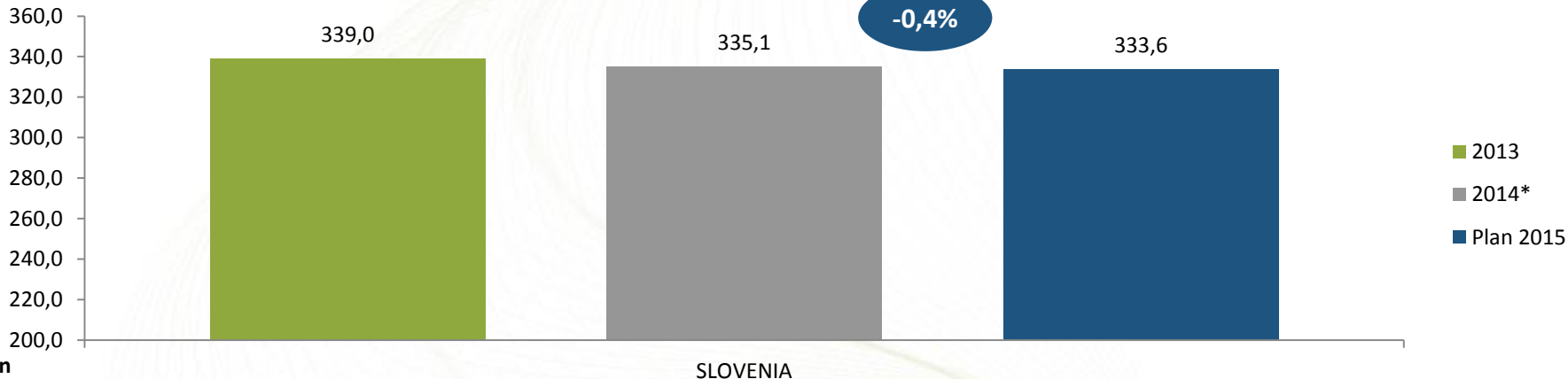


\*Unaudited results 2014

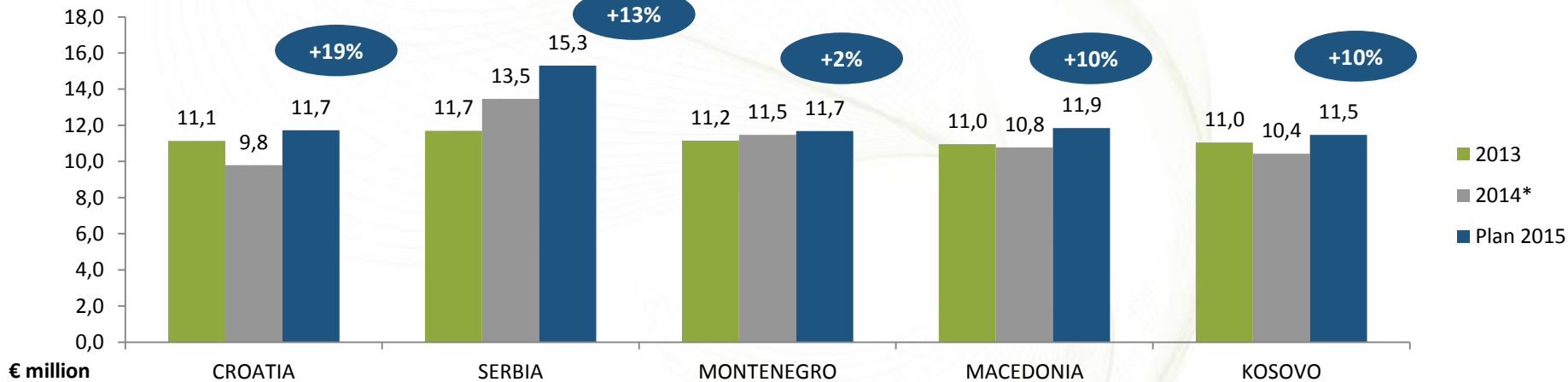
## Premium trends by market (insurance market)

ZM: -1,0%  
Tilia: +1,3%

## Slovenia (non-consolidated premiums)



## Western Balkans (non-consolidated premiums)



Markets in the region will grow – we have set up a solid basis (organization, sales network, procedures, financial stability, provisioning) for growth in all markets outside Slovenia.

\*Unaudited results 2014