

# SAVA RE GROUP AND SAVA RE, D.D. UNAUDITED 2016 RESULTS AND 2017 PLAN



9 MARCH 2017



# CONTENTS

## 1. Preliminary Unaudited Results 2016

## 2. 2017 Plan

## 3. Strategic Orientation

# 2016 – A SUCCESS YEAR FOR THE SAVA RE GROUP

Gross profit

**€ 40,7 million**

up 1,4 % y-o-y

GPW

**€ 490,2 million**

up 0,8 % y-o-y  
above plan

ROE

**11,3 %**

-0,7 p.p. y-o-y  
better than long-term target

Investment return

**2,4 %**

down 0,3 p.p. y-o-y  
above plan

Shareholders' equity

**€ 297,0 million**

up 3,7 % y-o-y  
above plan

Net combined ratio

**95,0 %**

-0,8 p.p. y-o-y  
broadly as planned

Book value per share

**€ 19,17**

up 10,8 % y-o-y

Comprehensive  
income

**€ 37,7 million**

up 36,4 % y-o-y

## Confirmed stable credit rating:

AM Best **A-** (with a stable outlook); November 2016

Standard & Poor's **A-** (with a stable outlook); July 2016

## Major Sava Re Group goal reached:

The merger of four Group EU-based insurers was completed in November 2016. Four insurers (Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje) merged to form **Zavarovalnica Sava**.

# 2016 – IMPROVED UNDERWRITING RESULT

Gross profit for the period

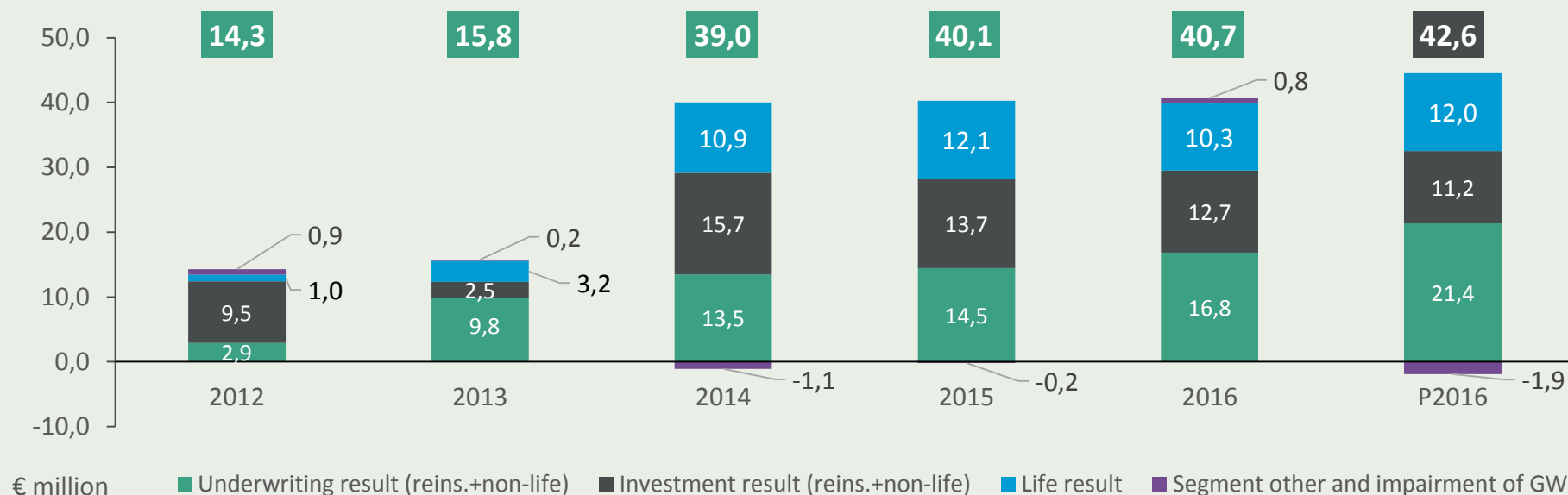
**€ 40,7 million**

up 1,4 % y-o-y

Net profit for the period

**€ 32,9 million**

down 1,3% y-o-y

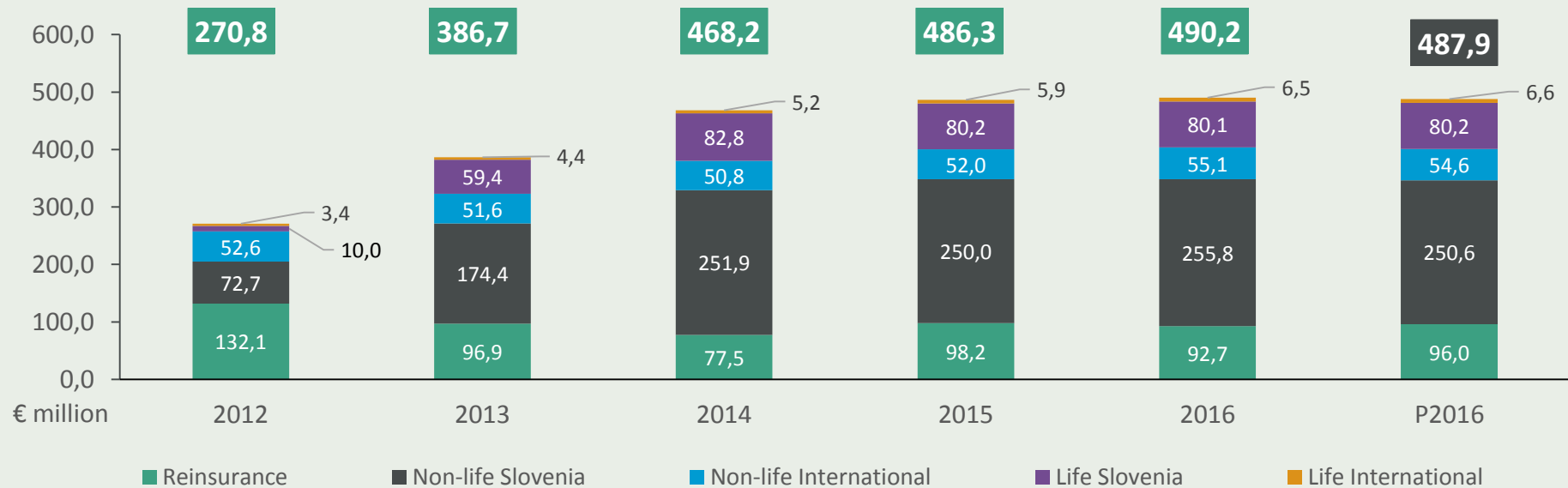


# 2016 – GROSS WRITTEN PREMIUMS ABOVE PLAN

Gross written premiums

**€ 490,2 million**

up +0,8 % y-o-y  
above plan



# 2016 – GROWTH IN SHAREHOLDER'S EQUITY

Shareholders' equity

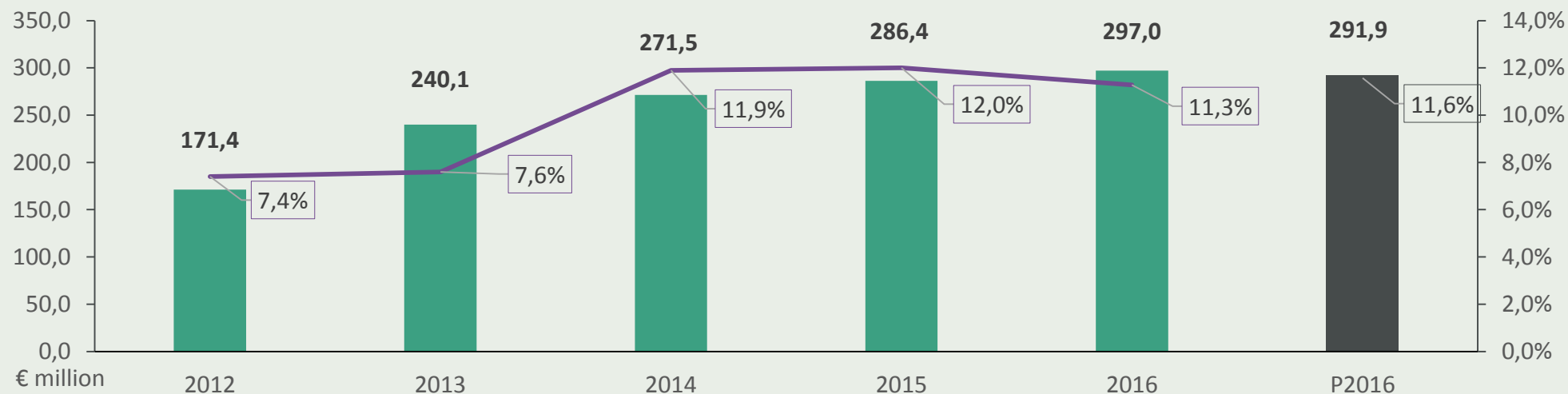
**€ 297,0 million**

16/15: up +3,7 %  
above plan

ROE

**11,3 %**

16/15: -0,7 p.p.  
better than long-term target



# 2016 – GROWTH IN SHAREHOLDER'S EQUITY

Shareholders' equity

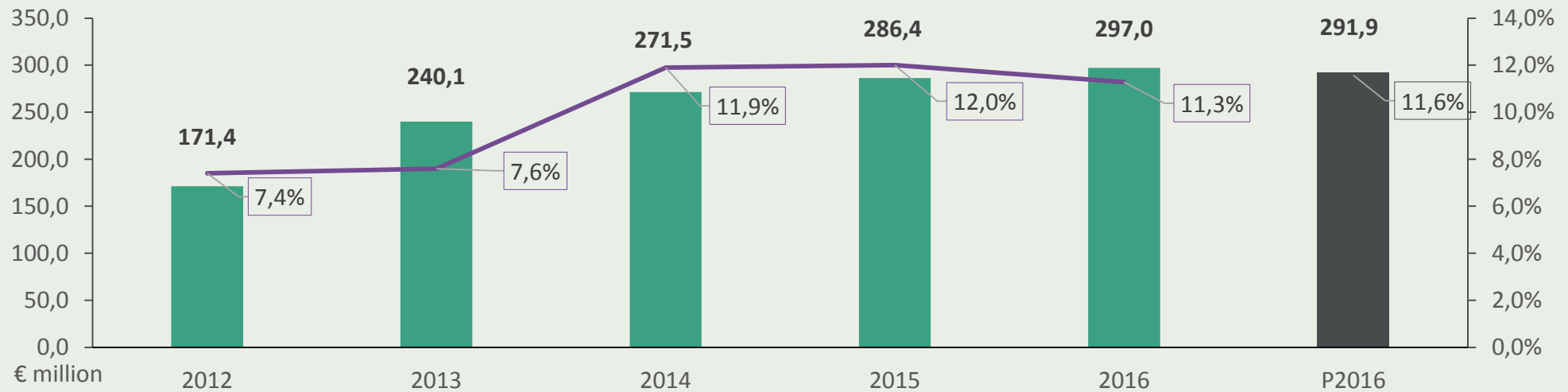
**€ 297,0 million**

16/15: up +3,7 %  
above plan

ROE

**11,3 %**

16/15: -0,7 p.p.  
better than long-term target

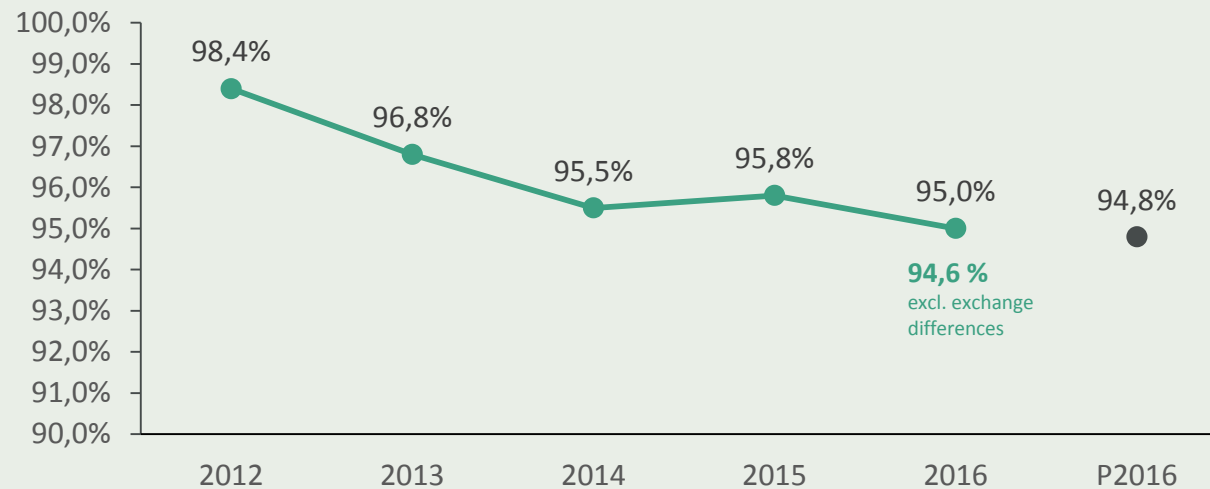


# 2016 - IMPROVED COMBINED RATIOS

Net combined ratio

**95,0 %**

16/15: -0,8 p.p.  
close to plan





# 2016 – INCREASED SHARE PRICE

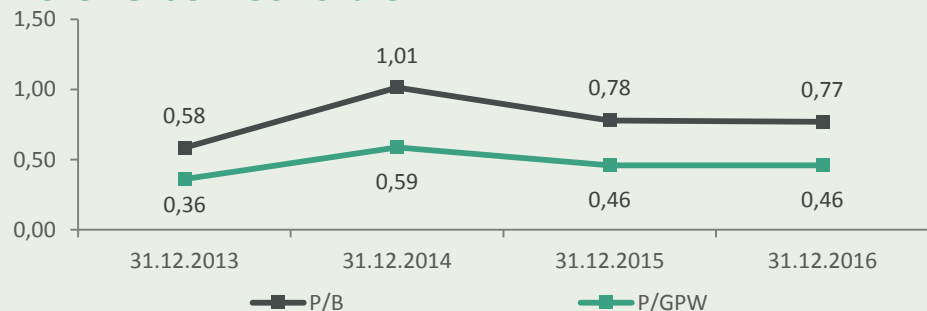
## Book value per share

**€ 19,17;**

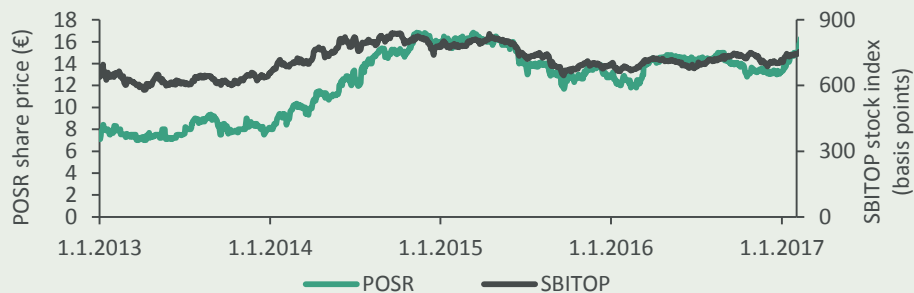
**up +10,8 %**

In 2016 it was paid € 0,8 dividend per share.

## Movement of POSR share

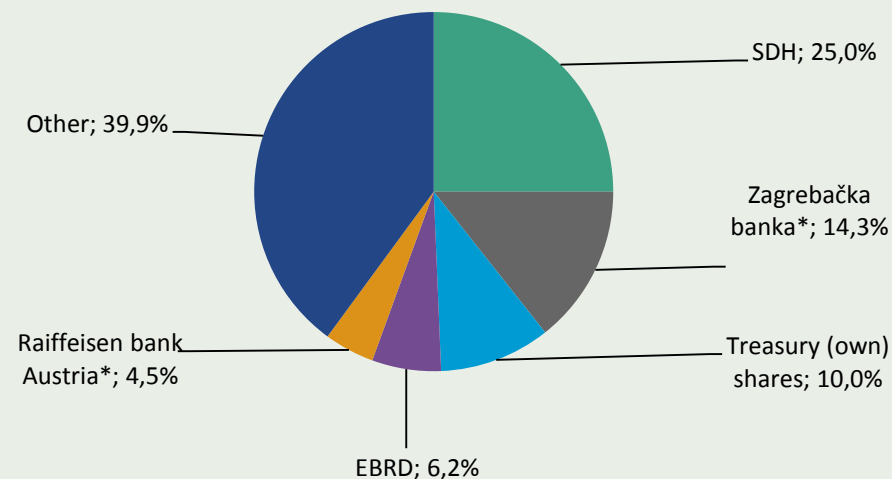


## Sava Re price performance vs SBI TOP benchmark



(€ million)	31/12/2016
Share capital	71,9
Market capitalization	227,6
Trading Symbol	POSR
Number of shares	17.219.662
Number of treasury shares	1.721.966
Number of shareholders	4.308

## Shareholders on 31 December 2016



\*Custody account.

\*\*On 2 June 2016, Sava Re received notification from ADRIS GRUPA, d.d., Croatia, that ADRIS GRUPA, including its subsidiaries, held 21,15 % of POSR voting rights.

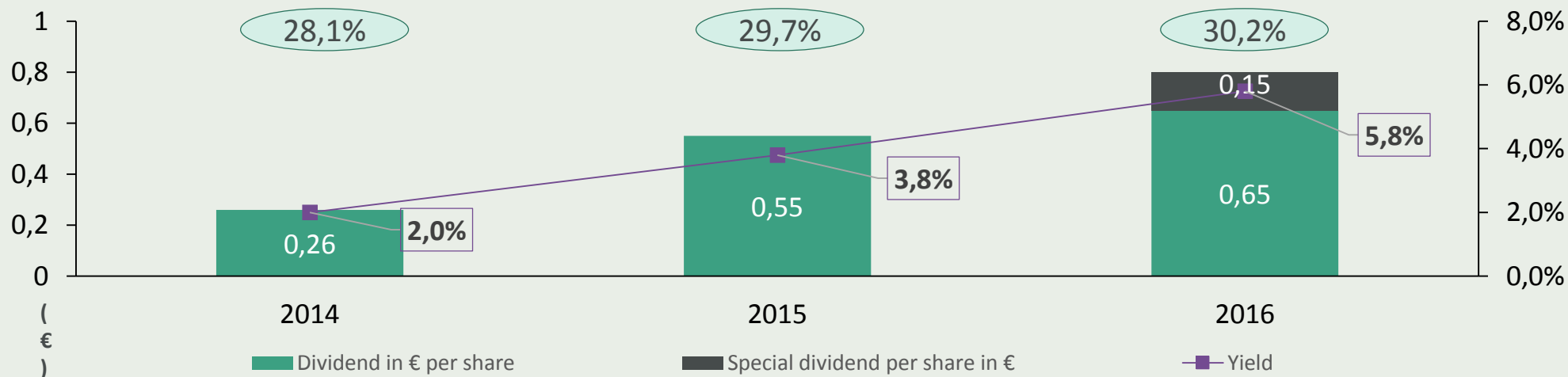
# 2016 – STABLE DIVIDEND

## Dividends

**€ 0,80** per share  
up 45,5 % y-o-y

Extraordinary dividends as % of profits

Regular dividends as % of profits



# CONTENTS

1. Preliminary unaudited results 2016

2. 2017 Plan

3. Strategic Orientation

# 2017 PLAN – MAIN TARGETS (CONSOLIDATED)

	2015	2016*	Plan 2017
Gross premiums written	€ 486 million	€ 490 million	<b>€ 494 million</b>
Net combined ratio** (reinsurance + non-life)	95,8 %	95,0 %	<b>95 %</b>
Profit/loss, net of tax	€ 33,4 million	€ 32,9 million	<b>between € 31 and € 33 million</b>

\*Preliminary unaudited results 2016

\*\*Includes all income/expenses other than relating to investments

## FACTORS AFFECTING THE 2017 PROFIT:

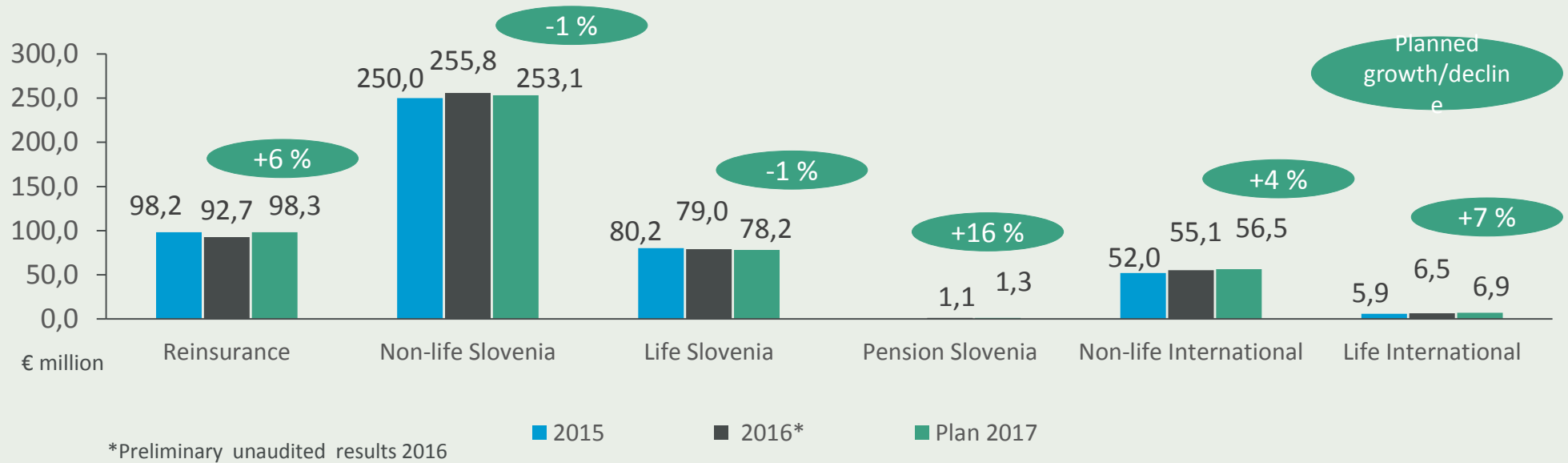


- Challenging economic environment
- Low interest rates
- Soft reinsurance market



- Measures to improve the profitability of the portfolio
- Synergistic effects of comb. portfolio
- Expected GDP growth in emerging markets

# 2017 PLAN – GROSS PREMIUMS WRITTEN (CONSOLIDATED)



## Key direction for 2017

- Focus on the insured
- Organic growth in new markets and non-Slovenian reinsurance markets
- Delivery of synergistic effects by the combined insurer

# DIVIDEND POLICY

*The Company will pay out regular 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 capitalisation, 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. Preliminary unaudited results 2016

2. Plan 2017

3. Strategic Orientation

# STRATEGIC FRAMEWORK OF THE 2017 PLAN

## Primary insurance operations:

Client-focus, digitisation of operations, achievement of synergistic effects following the merger and exploring new business segments (upgrading products with services).

## Reinsurance operations:

In international markets, Sava Re will continue to be positioned as a specialist for non-life short-tail business, seeking growth opportunities in Africa and Latin America.

## Asset management:

A key focus is to optimise the Group's knowledge and resources in order to achieve optimal investment effects.

## Capital growth and utilisation:

Exploring new growth opportunities in insurance markets as well as in ancillary business viewed by clients as additional services.



# SAVA RE GROUP STRATEGY HIGHLIGHTS

Average growth rate

> 2 %

Net expense ratio

< 30 %

Net combined ratio

< 95 %

Investment return

> 1,5 %

Return on equity

> 11 %

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

WE ARE CREATING A MODERN,  
DIGITAL, SOCIALLY- AND  
SUSTAINABLE-ORIENTED  
INSURANCE GROUP.

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

**THANK YOU FOR YOUR ATTENTION**

# APPENDICES

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€)	31 Dec 2015	31 Dec 2016
<b>ASSETS</b>	<b>1.607.281.060</b>	<b>1.671.189.179</b>
Intangible assets	30.465.315	25.508.583
Property and equipment	47.217.311	51.887.127
Deferred tax assets	2.371.857	2.326.063
Investment property	8.040.244	7.933.786
Financial investments:	1.015.056.805	1.030.235.239
Funds for the benefit of policyholders who bear the investment risk	214.189.117	224.175.076
Reinsurers' share of technical provisions	23.877.277	28.444.628
Assets under investment contracts	111.418.244	121.366.122
Receivables	130.663.929	127.408.527
Deferred acquisition costs	17.992.485	16.510.536
Other assets	1.173.159	1.366.844
Cash and cash equivalents	4.710.904	33.939.160
Non-current assets held for sale	104.413	87.488
<b>EQUITY AND LIABILITIES</b>	<b>1.607.281.060</b>	<b>1.671.189.179</b>
Equity	286.401.678	297.038.327
Subordinated liabilities	23.534.136	23.570.771
Technical provisions	887.068.500	911.221.323
Technical provision for the benefit of life insurance policyholders who bear the investment risk	207.590.086	226.994.200
Other provisions	7.389.695	8.080.877
Deferred tax liabilities	4.598.731	6.038.631
Liabilities under investment contracts	111.304.383	121.229.675
Other financial liabilities	206.047	393.996
Liabilities from operating activities	54.467.303	48.790.646
Other liabilities	24.720.501	27.830.733

\*Preliminary unaudited results 2016

# UNAUDITED CONSOLIDATED INCOME STATEMENT

(€)	2015	2016
Net earned premiums	447.559.605	458.101.526
Income from investments in associates	942.560	0
Investment income	39.577.855	33.136.242
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	26.631.788	17.958.678
Other technical income	19.318.601	18.237.409
Other income	4.647.977	6.489.633
Net claims incurred	-273.129.823	-268.393.776
Change in other technical provisions	-1.282.026	-5.254.856
Change in technical provisions for policyholders who bear the investment risk	-11.036.450	-17.442.161
Expenses for bonuses and rebates	-580.091	-1.263.545
Operating expenses	-148.918.373	-159.563.486
Expenses for investments in associates and impairment losses on goodwill	-2.936.678	-1.693.699
Expenses for financial assets and liabilities	-13.005.902	-8.556.415
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-25.930.786	-11.256.348
Other technical expenses	-20.113.718	-17.310.937
Other expenses	-1.646.568	-2.518.278
<b>Profit/loss before tax</b>	<b>40.097.971</b>	<b>40.669.987</b>
Income tax expense	-6.732.520	-7.751.774
<b>Net profit/loss for the period</b>	<b>33.365.451</b>	<b>32.918.213</b>

\*Preliminary unaudited results 2016

## UNAUDITED STATEMENT OF FINANCIAL POSITION – SAVA RE, D.D.

(€)	31 Dec 2015	31 Dec 2016
<b>ASSETS</b>	<b>570.886.710</b>	<b>568.147.764</b>
Intangible assets	666.490	832.567
Property and equipment	2.455.343	7.753.202
Deferred tax assets	2.285.448	1.373.436
Investment property	2.999.742	3.122.076
Financial investments in subsidiaries and associates	208.231.721	191.640.382
Financial investments:	242.633.203	249.948.775
Reinsurers' share of technical provisions	16.026.358	18.203.912
Receivables	84.425.749	79.836.627
Deferred acquisition costs	10.496.041	6.897.710
Other assets	380.665	549.258
Cash and cash equivalents	285.950	7.989.819
<b>EQUITY AND LIABILITIES</b>	<b>570.886.710</b>	<b>568.147.764</b>
Equity	263.679.403	270.355.622
Subordinated liabilities	23.534.136	23.570.771
Technical provisions	220.901.954	226.207.479
Other provisions	347.277	331.802
Other financial liabilities	91.897	104.280
Liabilities from operating activities	47.871.910	43.797.970
Other liabilities	14.460.133	3.779.840

\*Preliminary unaudited results 2016

# UNAUDITED INCOME STATEMENT – SAVA RE, D.D.

(€)	2015	2016
Net earned premiums	125.479.297	133.428.875
Income from investments in subsidiaries and associates	13.004.219	26.308.516
Investment income	18.675.409	12.880.066
Other technical income	9.809.545	9.263.194
Other income	82.496	33.974
Net claims incurred	-86.680.582	-81.781.565
Change in other technical provisions	-121.984	-88.760
Expenses for bonuses and rebates	-83.193	-162.545
Operating expenses	-40.229.226	-47.288.975
Expenses for investments in subsidiaries and associates	-4.870.049	-4.330.782
Expenses for financial assets and liabilities	-11.187.465	-7.132.879
Other technical expenses	-7.139.116	-6.033.695
Other expenses	-2	-118.284
<b>Profit/loss before tax</b>	<b>16.739.349</b>	<b>34.977.140</b>
Income tax expense	-547.447	-2.103.323
<b>Net profit/loss for the period</b>	<b>16.191.902</b>	<b>32.873.817</b>

\*Preliminary unaudited results 2016

**THANK YOU.**