



# Sava Insurance Group presentation

10 June 2019



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- Overview
- Profile of business pillars
- 2018 results
- 2019 plan
- Strategy 2017-2019

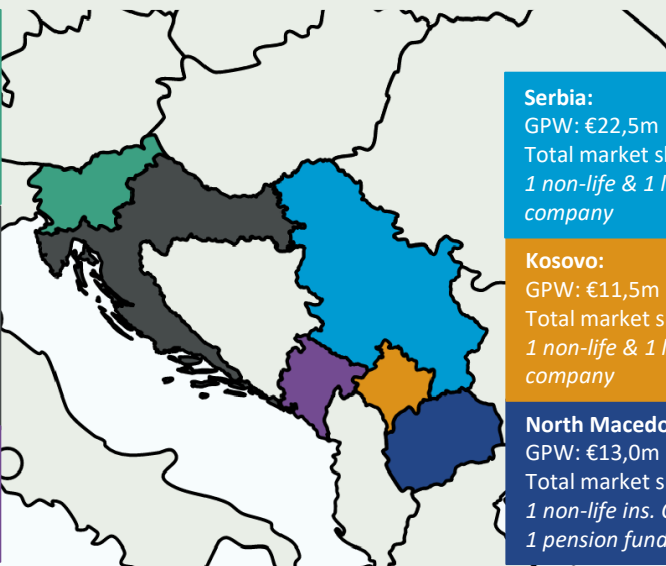
# Business profile

## Sava Insurance Group GPW and market shares 2018 by country

**Slovenia:**  
 GPW: €378,4m  
 Total market share: 16,0%  
 1 composite ins. company  
 1 reinsurance company  
 1 pension ins. company

**Croatia:**  
 GPW: €16,7m  
 Total market share: 1,2%  
 1 composite branch office of Slovenian insurer  
 1 non-life & 1 life ins. company

**Montenegro:**  
 GPW: €12,8m  
 Total market share: 14,7%  
 1 non-life ins. company



**Serbia:**  
 GPW: €22,5m  
 Total market share: 2,6%  
 1 non-life & 1 life ins. company

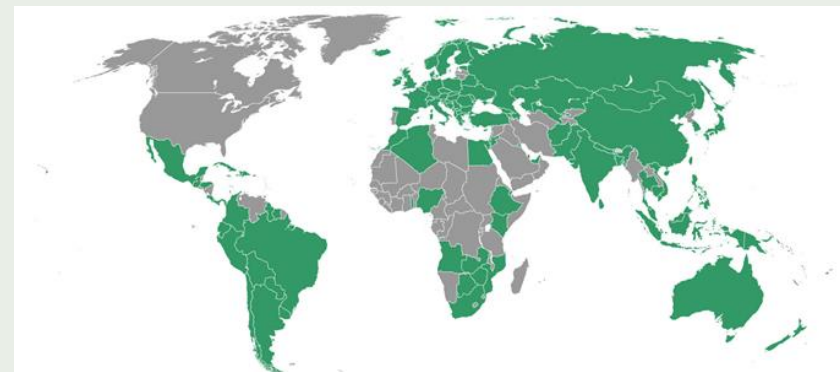
**Kosovo:**  
 GPW: €11,5m  
 Total market share: 12,3%  
 1 non-life & 1 life ins. company

**North Macedonia:**  
 GPW: €13,0m  
 Total market share: 8,1%  
 1 non-life ins. Company  
 1 pension fund

## Key facts

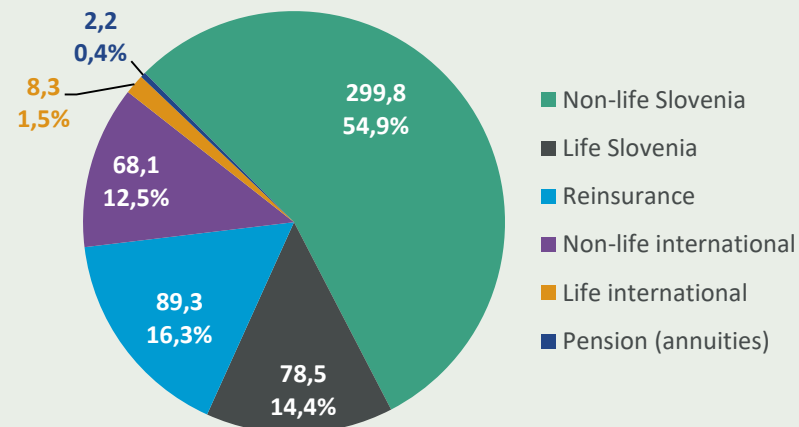
- The 3rd largest insurance group in the Adria region (total GWP of € 546m in 2018).
- Presence in 6 Adria countries with strong position in underpenetrated markets alike Montenegro, North Macedonia and Kosovo.
- The largest non-captive reinsurer in the region with business spanning worldwide.
- After the takeover of Slovenian asset management company in 2019 Sava Insurance Group has over € 900m assets under management in pension funds (combined with Slovenian and North Macedonian pension companies).
- Rating: S&P A, stable outlook (Jul 2018), AM Best A, stable outlook (Nov 2018)
- Listed on the prime market of the Ljubljana Stock Exchange (POSR symbol)
- Solvency position of Sava Insurance Group at 31 Dec 2018: SII: 218%

## Reinsurance operations in more than 100 countries

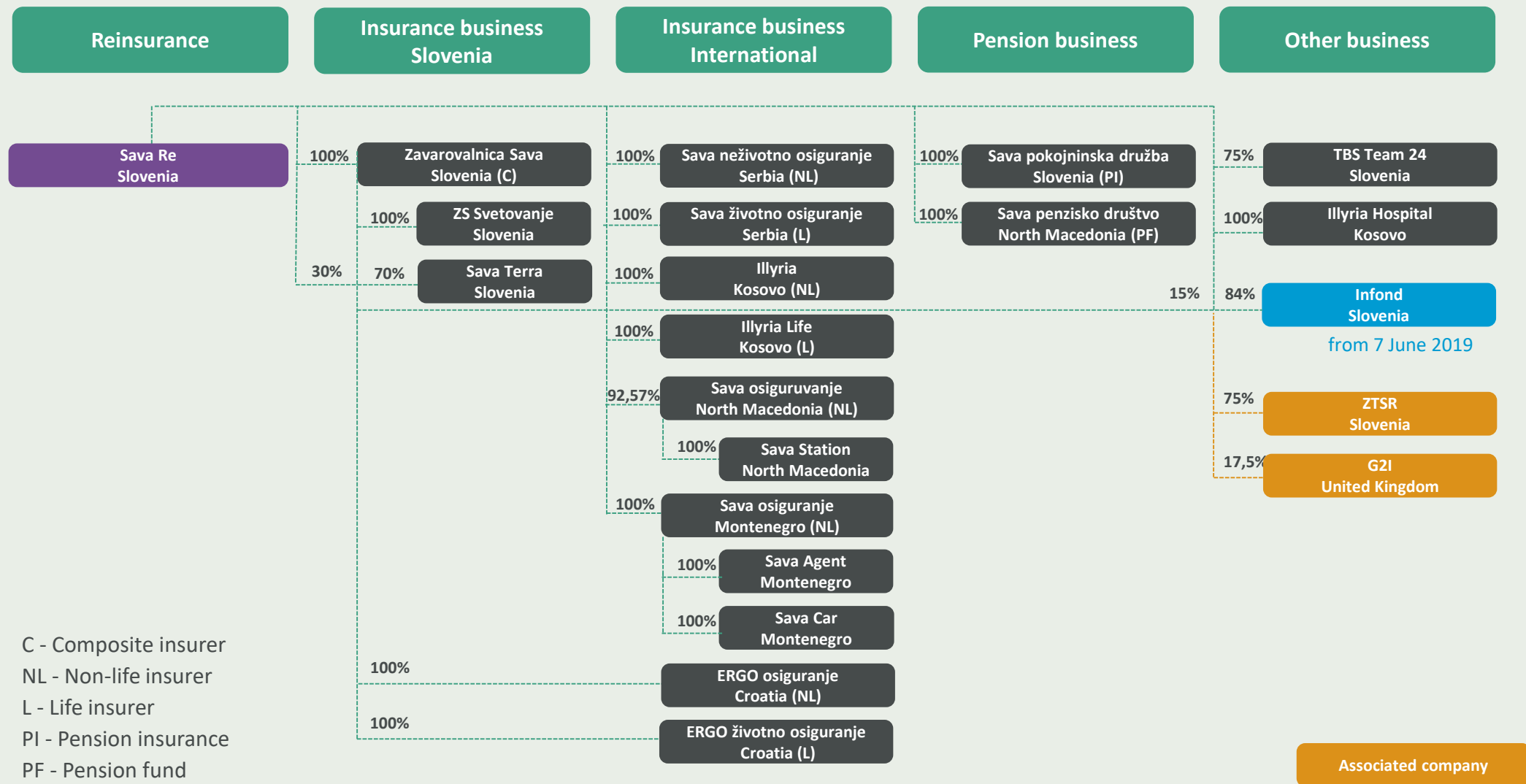


## Breakdown of 2018 consolidated GPW by segments

Σ = € 546,3m

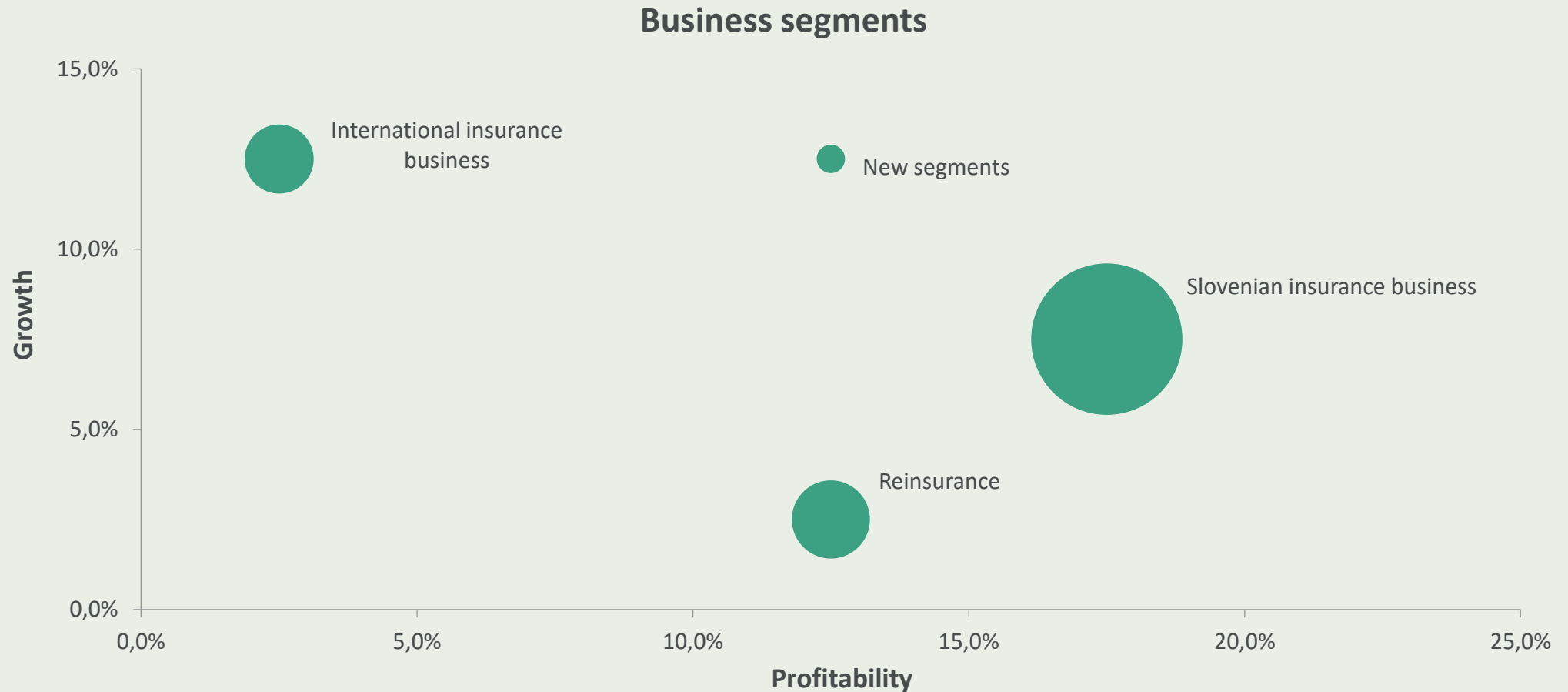


# Sava Insurance Group companies at 31 March 2019





# Business segments - balance between value & growth



Sava Insurance Group has diversification benefits coming from four segments: Non-Life, Reinsurance, Life, other businesses and from the geographical spread: Slovenia, Adria region, global reinsurance market

# Equity story full outline

1

Strong #3 market position in the region as demonstrated by the market shares

- Slovenia: 16%
- Adria region: 9%\*

2

Unique positioning to capture expected growth of Adria region insurance market

- foothold in the key markets
- track-record of successful M&A and joint venture execution
- strengthened brand resulting from merger of EU-based insurers into Zavarovalnica Sava.

3

High profitability and further potential gains

- Realizing economics of scale in insurance business
- Declining combined ratio in reinsurance segment

4

Solid solvency ratios and stable ratings outlook

- solvency ratio II: **218%** (31.12.2018)
- rating: S&P **A** (Jul 2018), AM Best **A** (Nov 2018)

7

Experienced management with clear vision and measurable business objectives in-place

6

Well positioned to capture growth on the reinsurance markets

5

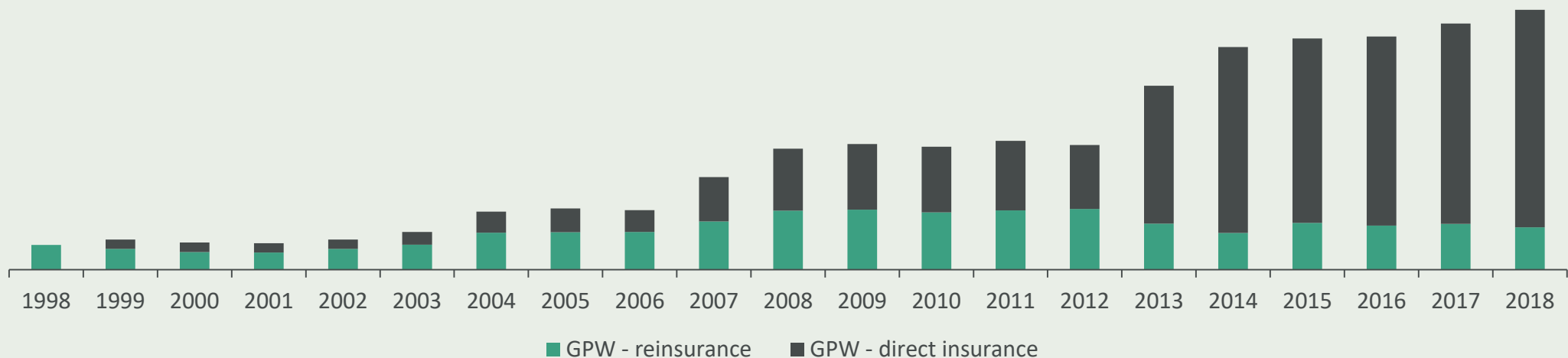
Commitment to shareholder return

- dividend policy (up to 40% of consolidated net profit); 10% yoy growth



\*2017 data.

# Sava Insurance Group growth through acquisitions



1998

2006 - 2009

2013

2015

2016

2018

2019

Entry into Slovenian direct insurance market through acquisition of Zavarovalnica Tilia

- Entry into insurance markets of:
- North Macedonia (NL)
  - Montenegro (NL)
  - Kosovo (NL + L)
  - Serbia (NL + L)
  - Croatia (NL + L)

Acquisition of Zavarovalnica Maribor in Slovenia (55 million capital increase)

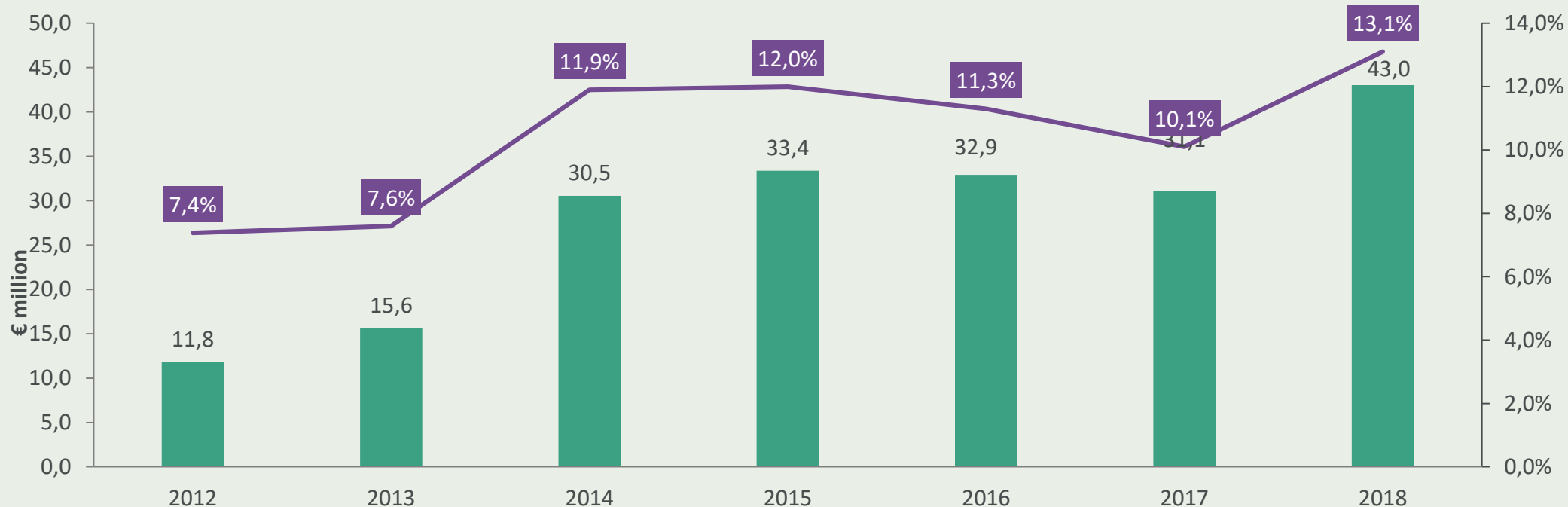
Entry into Slovenian pension market

Merger of EU-based companies (Slovenian Zavarovalnica Tilia and Zavarovalnica Maribor and Croatian Life and Non-life)

- Entry into North Macedonian pension market
- Acquisition of Slovenian based international assistance provider TBS Team 24
- Acquisition of Serbian insurance company (merged into existing Serbian insurer at the end of 2018)

- Acquisition of two Croatian insurers (NL + L)
- Entry into asset management market through acquisition of Infond

# Sava Insurance Group history - Consolidated net result & ROE



■ Net result    — ROE

A.M. Best rating: A- (stable)  
 S&P rating: BBB+ (stable)

S&P rating: A- (stable)

S&P rating: A (stable) (July 2018)  
 A.M. Best rating: A (stable) (Nov 2018)



# The management board



**Marko Jazbec**  
Chairman

- Marko Jazbec took up the leadership of Sava Re in May 2017. He has many years of experience in senior and top management positions, notably in the Bank of Slovenia; SKB banka, d.d.; Droga Kolinska, d.d.; Intereuropa, d.d.; NLB, d.d. and Hoteli Bernardin, d.d. Until mid-July 2016, he headed Slovenian Sovereign Holding, d.d.
- In his career he has gained valuable experience in corporate governance of banks and companies, and significant expertise in asset management, risk management, treasury, corporate finance and corporate banking.
- Marko Jazbec is a university graduated economist (University of Ljubljana).
- Responsible for: coordination of work of the management board, finance, general, HR, organisational and legal affairs, public relations, compliance and internal audit.



**Jošt Dolničar**  
Member

- Jošt Dolničar has been with Sava Reinsurance Company since 2006 as Senior Executive responsible for the management of subsidiaries and since December 2008 as Member of the Management Board responsible for Group support of primary insurance subsidiaries, risk management, actuarial affairs and processes & IT.
- Before joining Sava Reinsurance Company, Jošt Dolničar worked for Zavarovalnica Triglav – in his last appointment as Executive Manager of Non-life Business.
- Jošt Dolničar graduated in law from the University of Ljubljana.
- Responsible for: management of strategic investments in direct insurance subsidiaries, modelling, IT, technologies and innovations, and pension insurance.



**Srečko Čebtron**  
Member

- Srečko Čebtron has been a Member of the Management Board of Sava Reinsurance Company since February 2009. Prior to that, he was a Member of the Management Board of Zavarovalnica Maribor since 2001.
- Starting his career with Generali in Trieste, Srečko Čebtron spent much of his career in the international marketplace from Zavarovalnica Tilia (Slovenia), Unipol (Milano, Bologna and Moscow), to ICMIF (Manchester) and Euresap (Lisbon)
- Srečko Čebtron graduated in mining engineering from the University of Trieste.
- Responsible for: reinsurance operations, facultative reinsurance underwriting, and actuarial affairs.

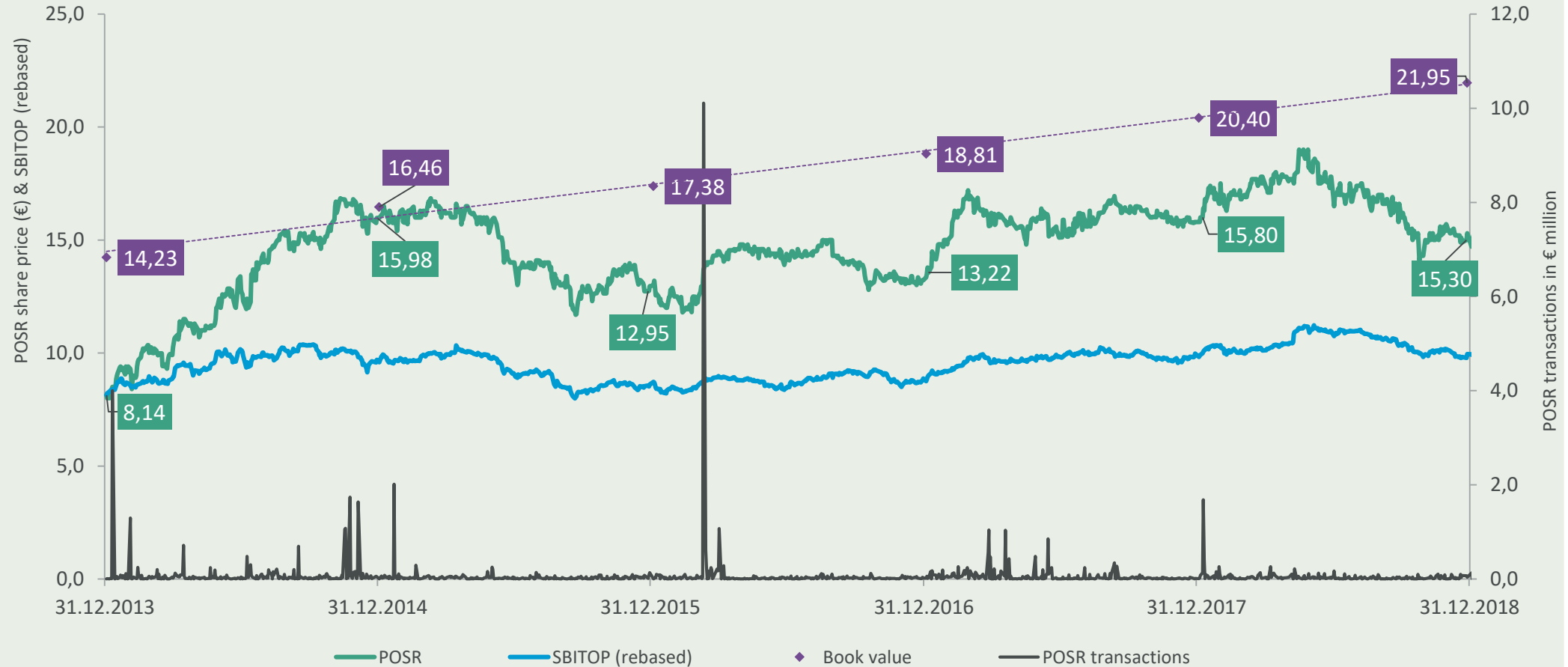


**Polona Pirš Zupančič**  
Member

- Polona Pirš Zupančič became a member of the Management Board of Sava Reinsurance Company in January 2018. Polona joined Sava Reinsurance Company in 1999 and has operated as executive director for corporate finance and controlling since 2009. Previously she was responsible for analysis and planning processes on the Group level. She started to work at Sava Reinsurance Company as a reinsurance analyst.
- Polona Pirš Zupančič holds a master's degree in economics (University of Ljubljana, Faculty of Economics, postgraduate course in actuarial science, insurance finance programme).
- Responsible for: corporate finance and controlling, accounting, investor relations, and risk management.

# POSR share price vs book value

## Movement in POSR market and book value

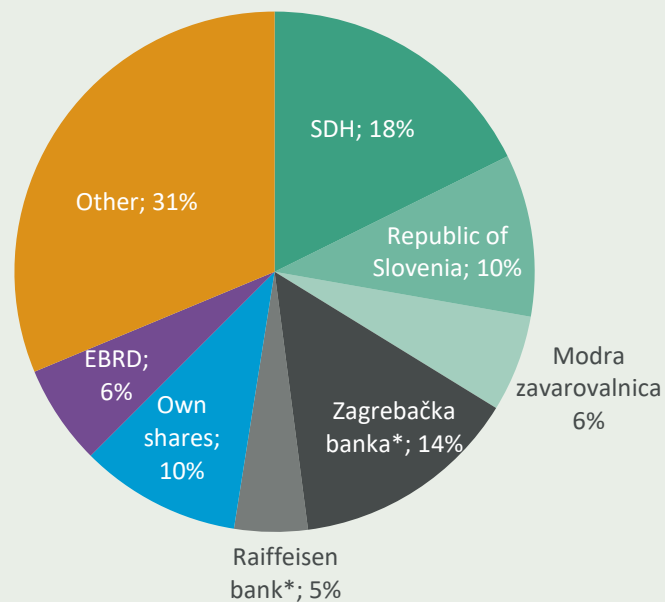


€ = share price at year-end

€ = share book price at year-end

# Ownership structure

## Ownership structure at 31/12/2018



\*Fiduciary account.

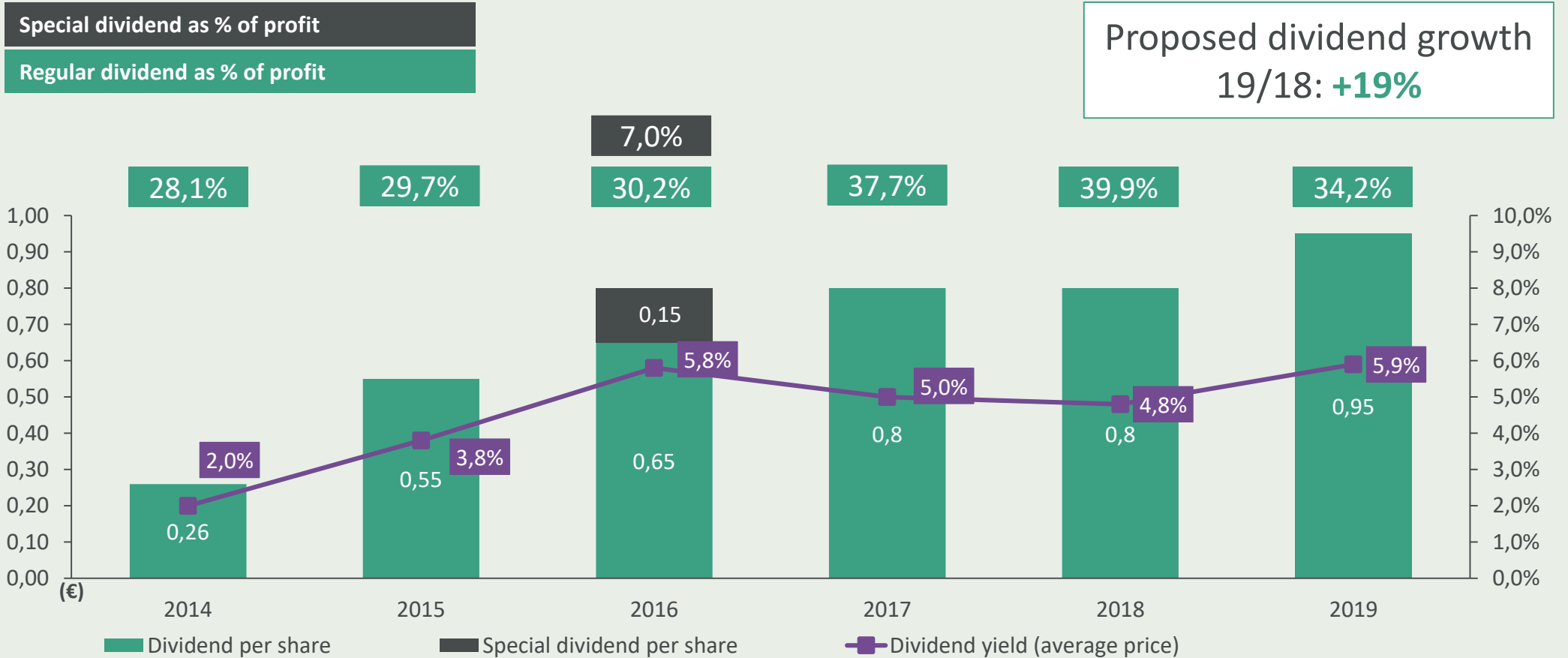
\*\* Sava Re was informed on 02/06/2016 that Adris grupa, together with its subsidiaries, holds 19.04% of shares of Sava Re's share capital (21.15% of all shares with voting rights) in fiduciary accounts.

(€ million)	31/12/2018
Share capital	71,9
Market capitalisation	263,5
Trading symbol	POSR
No. of shares	17.219.662
No. of treasury shares	1.721.966
No. of shareholders	4.073

Investor type	Local investor	Foreign investor
Insurance undertakings and pension companies	19,2%	0,0%
Other financial institutions	17,9%	0,4%
Government	10,1%	0,0%
Individuals	9,3%	0,1%
Banks	3,9%	29,3%
Investment companies and mutual funds	2,9%	3,5%
Other non-financial corporations	2,2%	1,2%
<b>Total</b>	<b>65,5%</b>	<b>34,5%</b>

# Dividend policy

The objective of Sava Re is to ensure that its shareholders see a 10% growth in dividends but do not get more than 40% of the Group's net profit in the period 2017–2019.

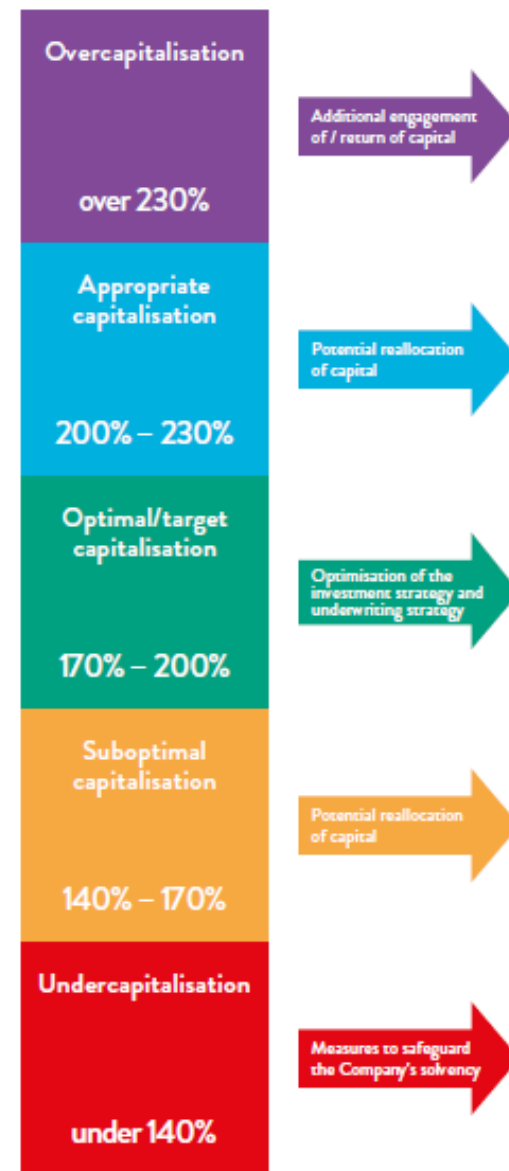


\*Dividend yield for 2019 is estimated.

# Capital adequacy

(€ million)	31 December 2018 (audited)
Eligible own funds	471,9
Solvency capital requirement (SCR)	216,7
<b>Solvency ratio</b>	<b>218%</b>

The Sava Insurance Group's Solvency and financial condition report 2018 (Group SFCR) is posted on the Sava Re website and that of the Ljubljana stock exchange (Seonet).



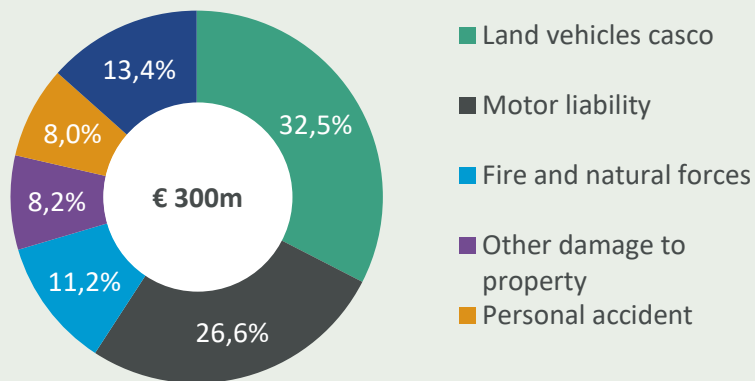
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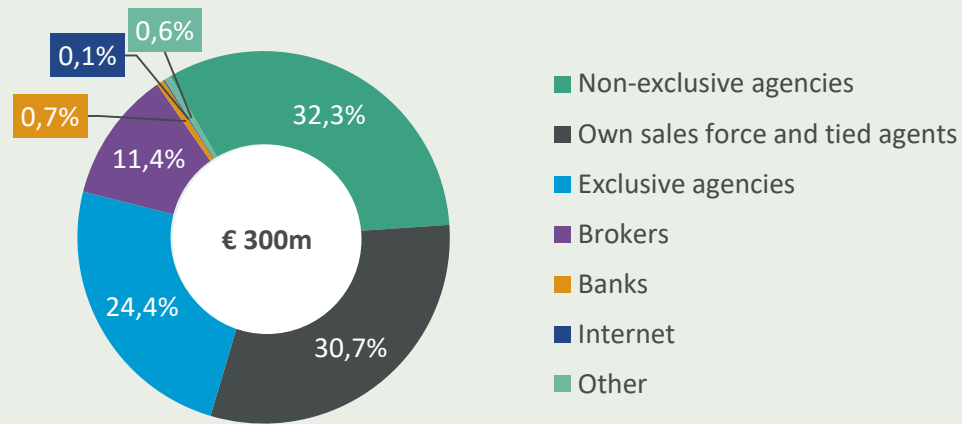


# Slovenian insurance business - non-life (non consolidated)

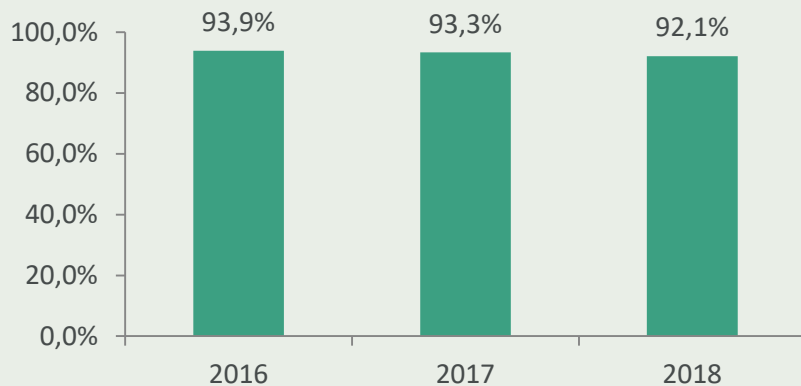
## Split of GPW 2018 by class of insurance



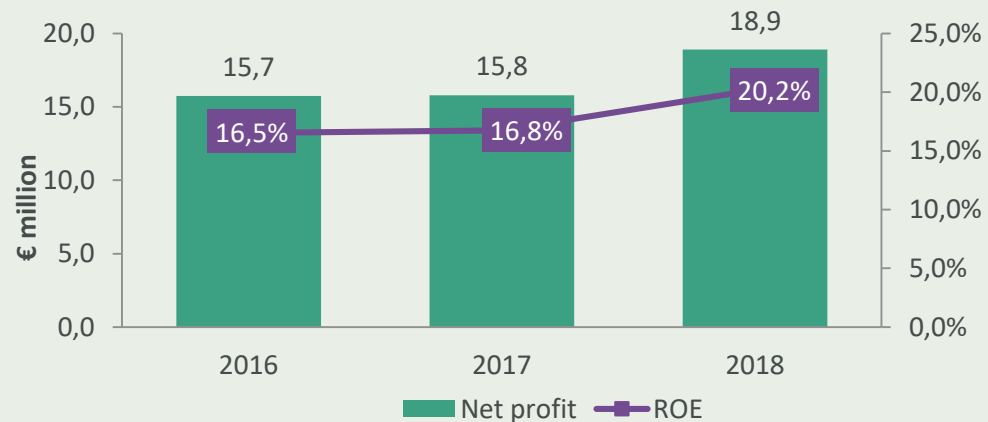
## Split of GPW 2018 by sales channel



## Combined ratio (non-life)

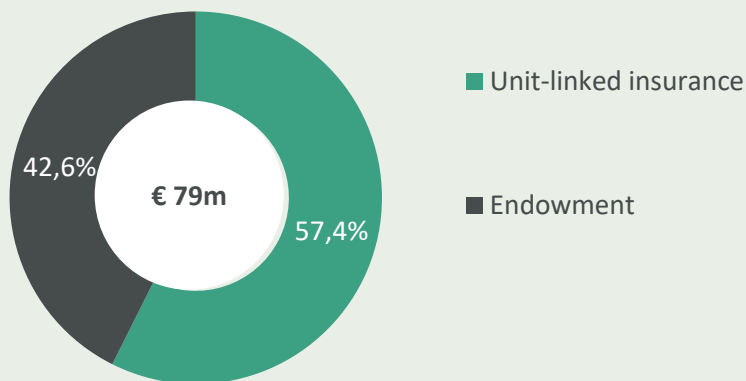


## Net profit and ROE

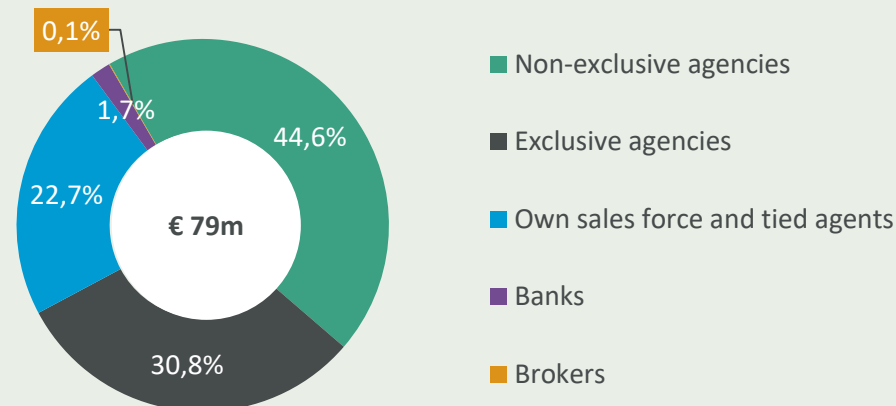


# Slovenian insurance business - life (non consolidated)

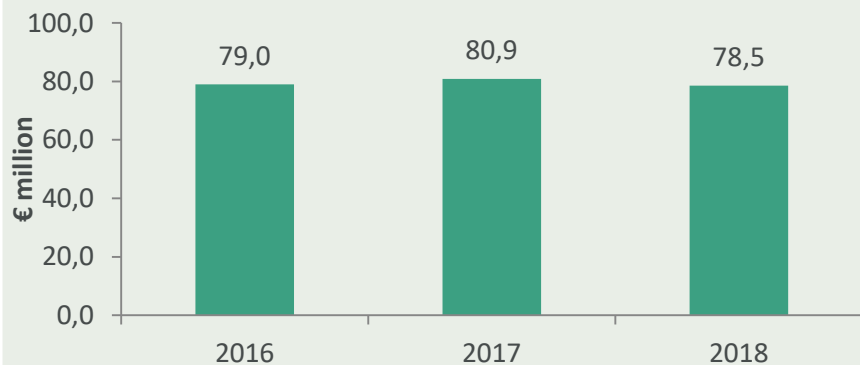
## Split of GPW 2018 by class of insurance



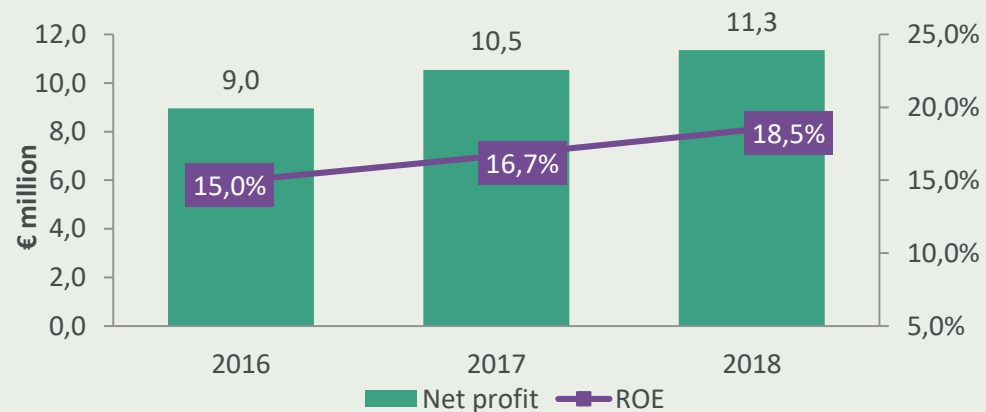
## Split of GPW 2018 by sales channel



## Gross premiums written by year

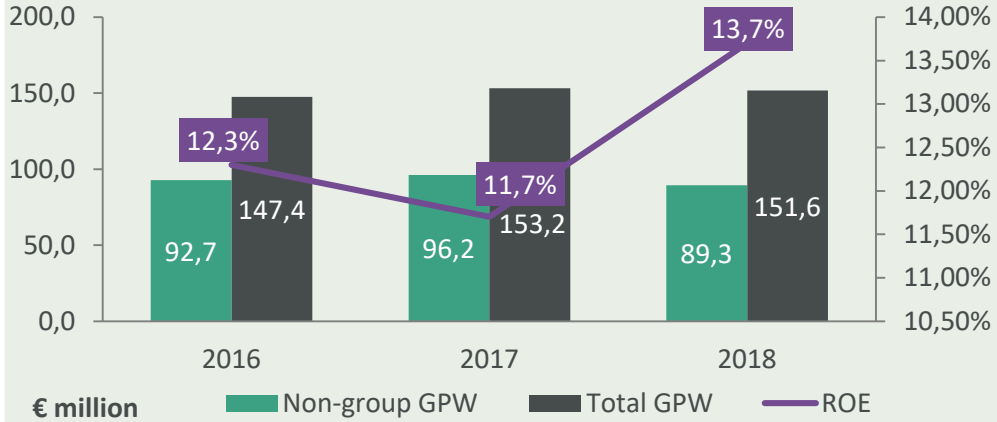


## Net profit and ROE

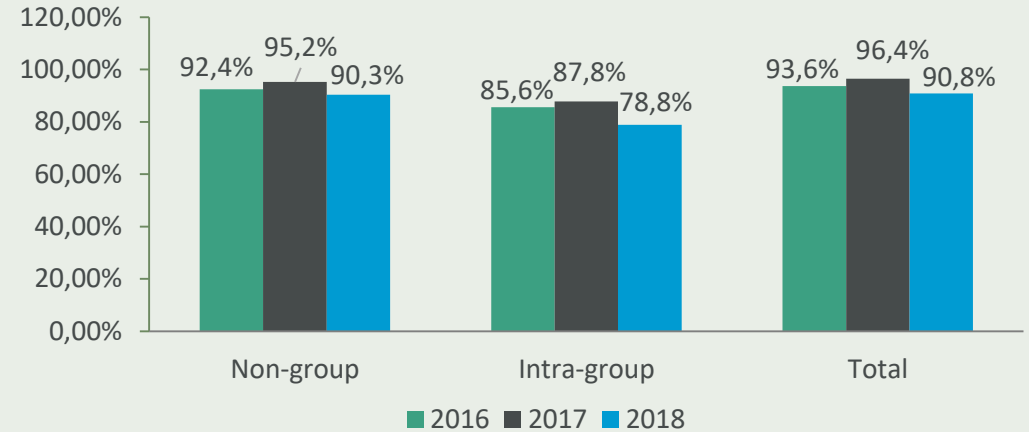


# Sava Reinsurance Company (non consolidated)

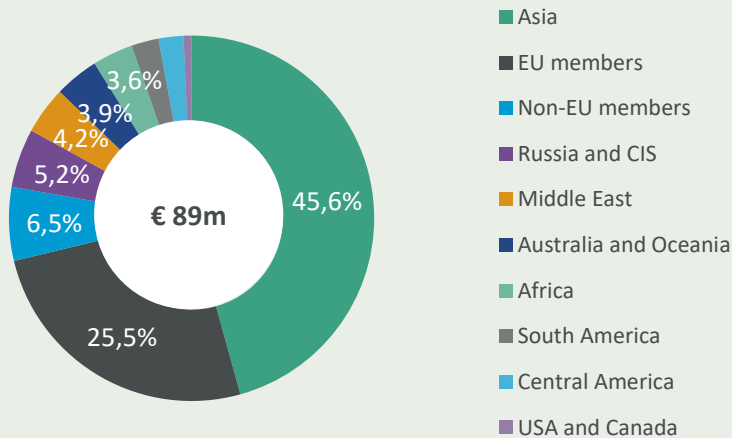
## Gross premium written and ROE



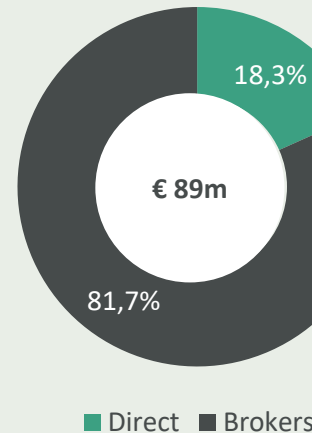
## Combined ratio (excluding FX differences)



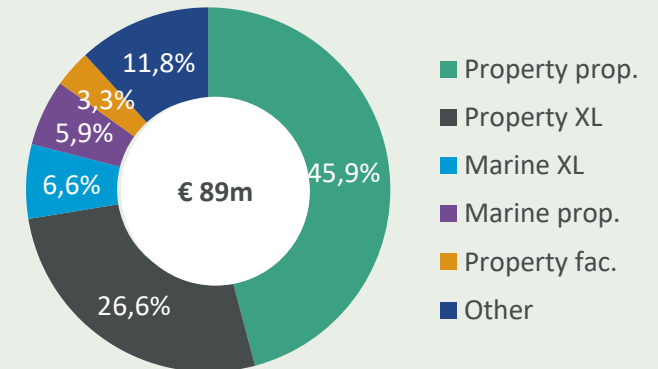
## Geographical split of non-group GPW 2018



## Split of GPW 2018 by sales channel

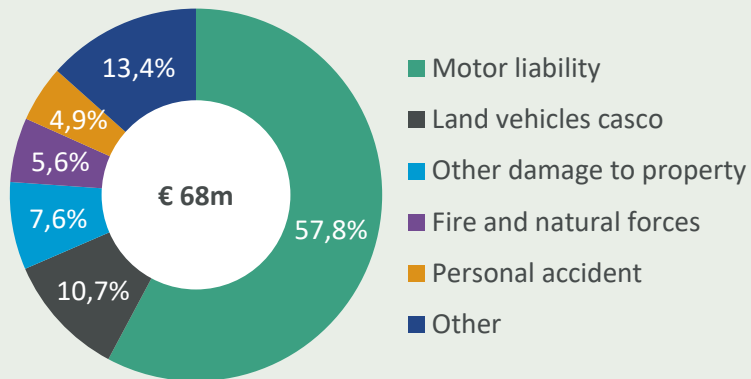


## Split of GPW 2018 by line and type

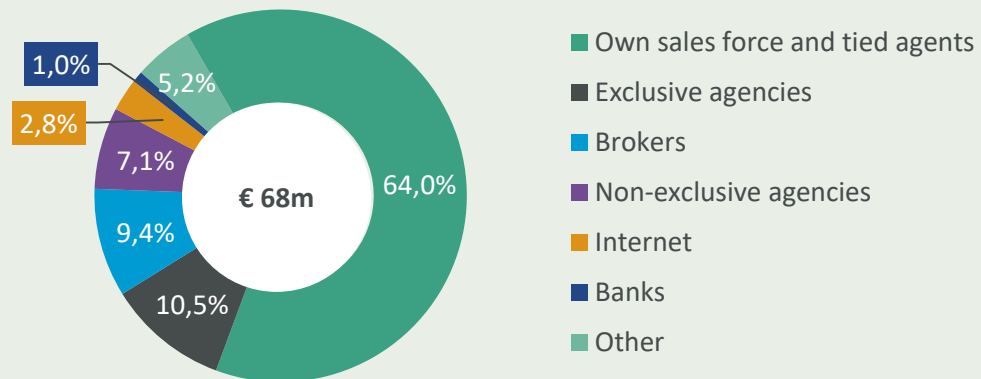


# Adria region insurance business - non-life (non consolidated)

## Split of GPW 2018 by class of insurance



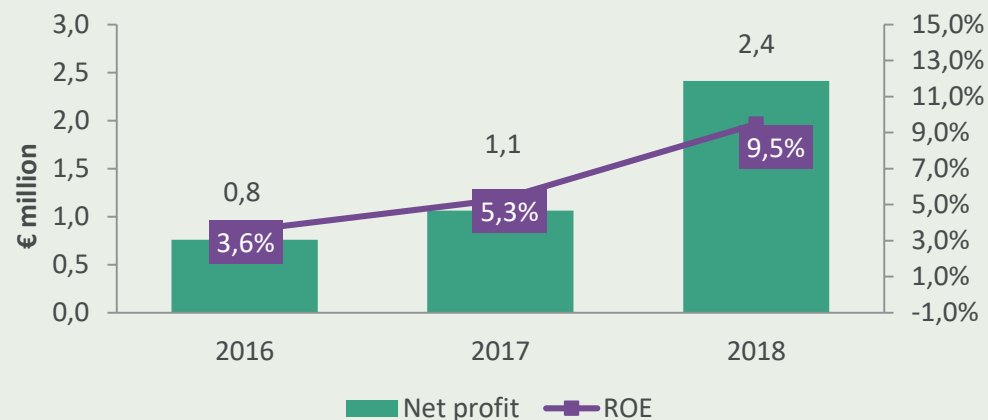
## Split of GPW 2018 by sales channel



## Combined ratio (non-life)

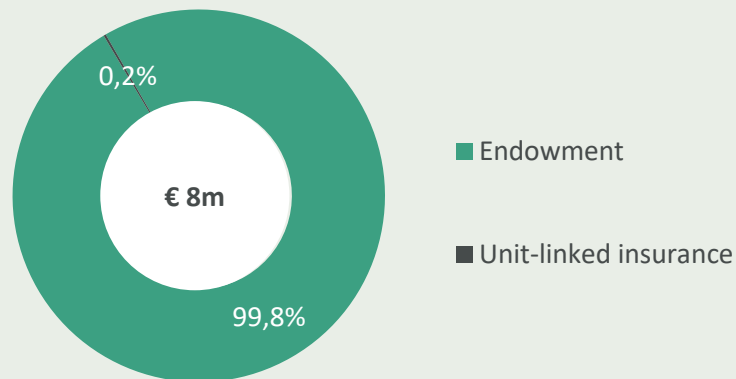


## Net profit and ROE

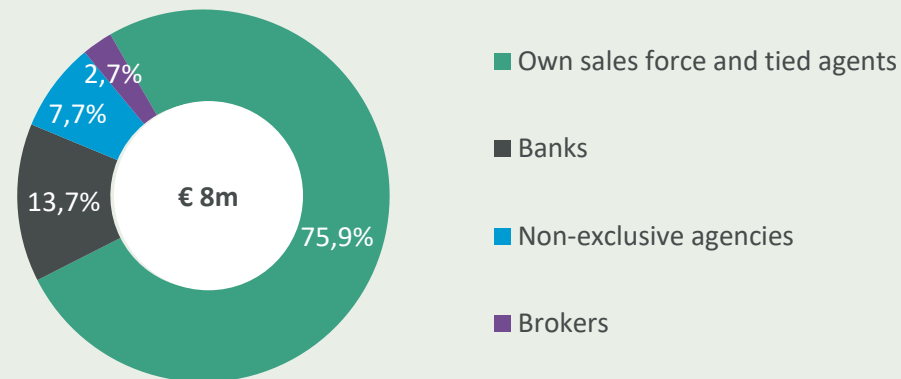


# Adria region insurance business – life (non consolidated)

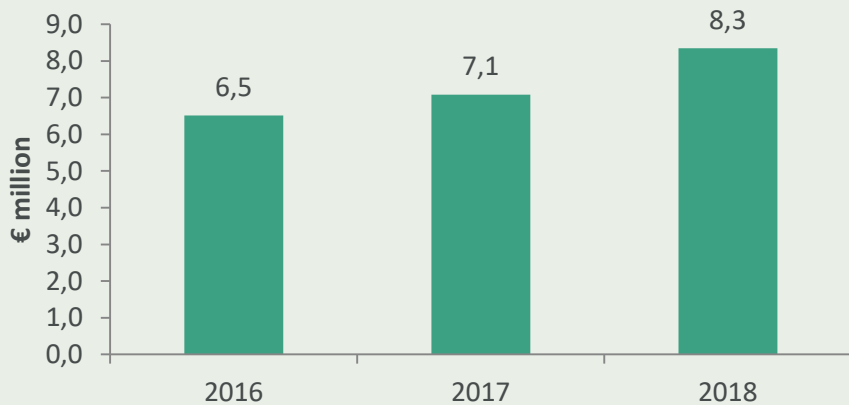
## Split of GPW 2018 by class of insurance



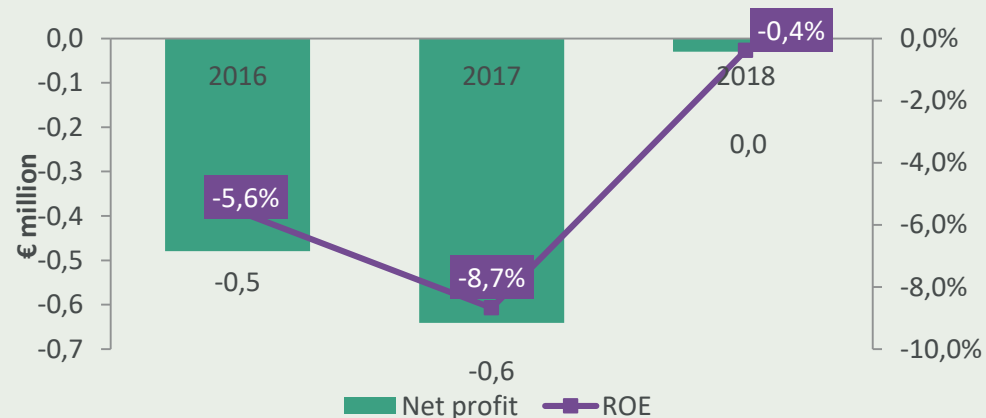
## Split of GPW 2018 by sales channel



## Gross premiums written by year

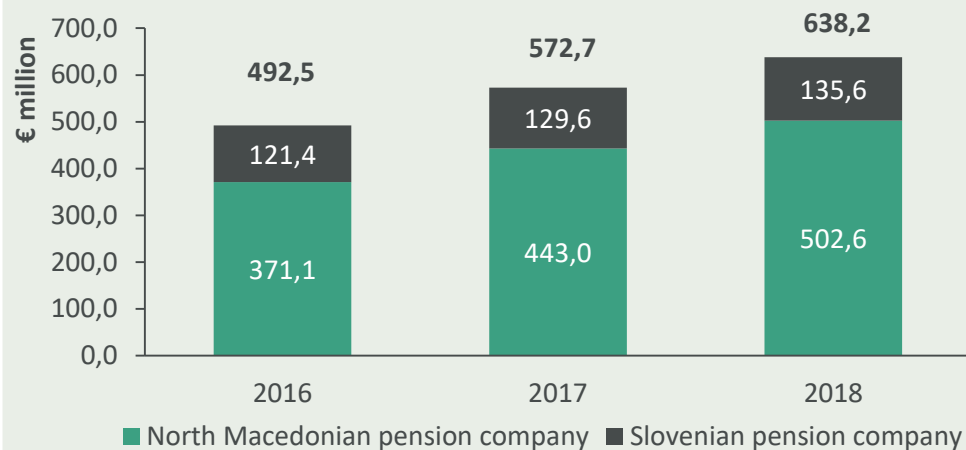


## Net profit and ROE

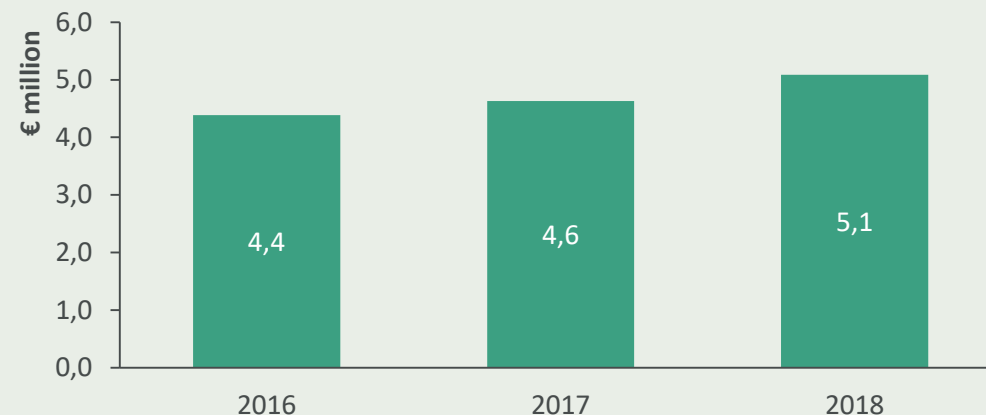


# Pension business (non consolidated)

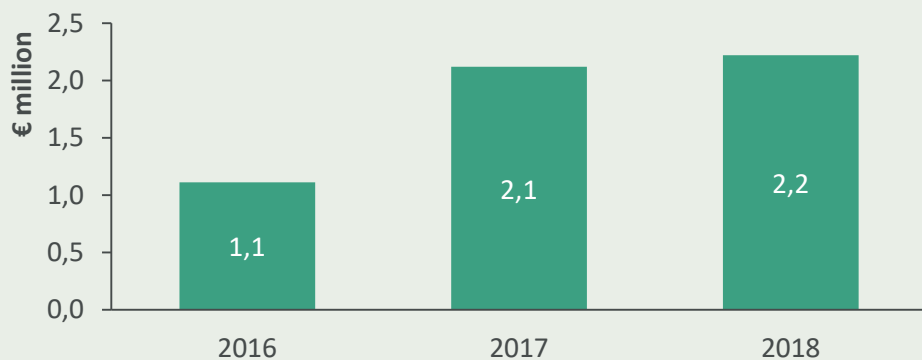
## Assets of pension funds



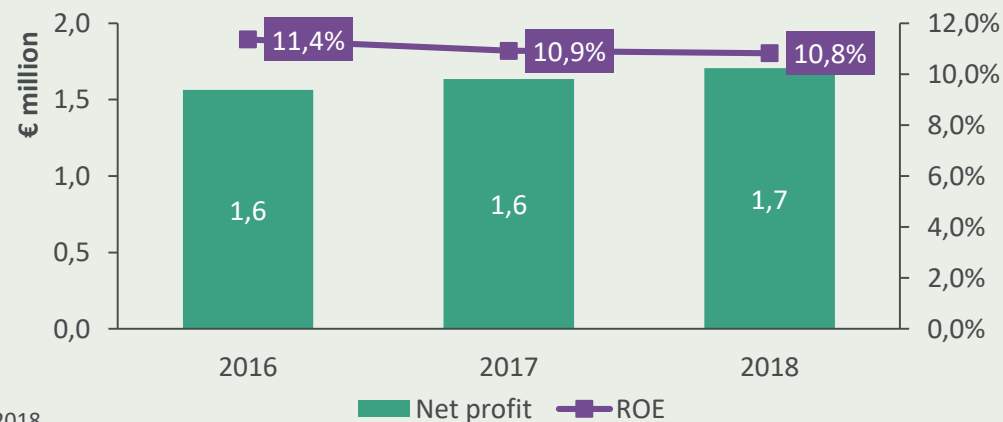
## Income from fund management



## Gross premiums written by year (annuities of Slovenian pension company)



## Net profit and ROE

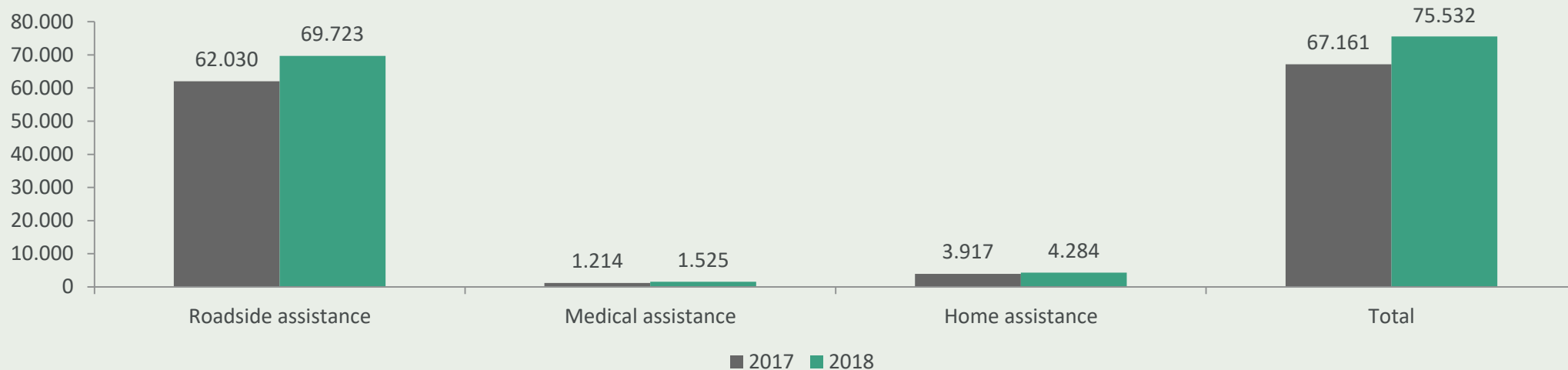


\*Sava penzisko društvo from North Macedonia is included in all years although it was first consolidated in 2018.

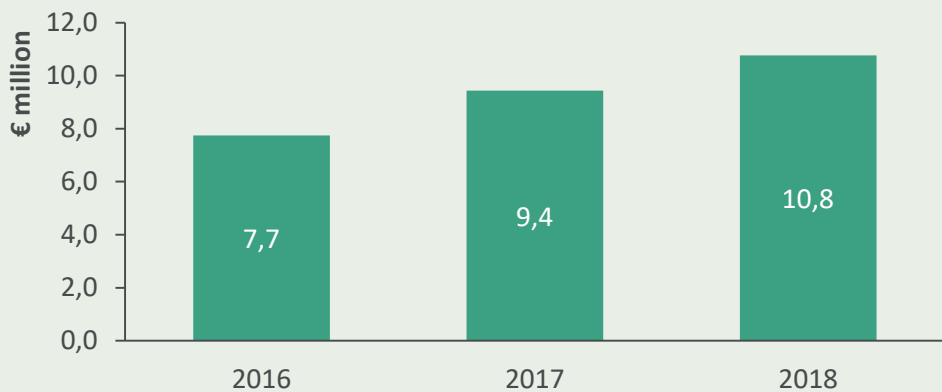


# Assistance business (non consolidated)

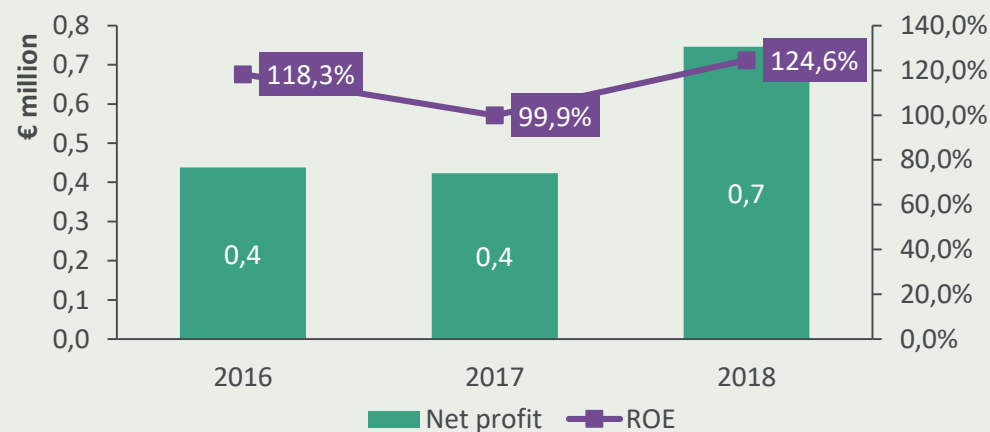
## Number of solved cases by type of assistance



## Income from solved assistance cases



## Net profit and ROE



\*TBS Team 24 is included in all years although it was first consolidated in 2018.

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# Highlights of 2018

Premium growth of **6%**, growth in operating revenues of **10%**

**Record profit of €43 million** and **13,1%** return on equity (lower end of target range exceeded by 2,1 p.p.)

Benign year in terms of claims – **combined ratio** of **92,9%** at a record low

**Improved credit ratings** by Standard & Poor's and AM Best from “A-” to “**A**”, outlook stable

**Three companies added** to the Sava Insurance Group: TBS Team 24, Sava Penzisko Društvo and Energoprojekt Garant (merged with the Serbian insurer in December 2018)

**Signed deals** for the acquisition of the Croatian companies **ERGO Osiguranje** and **Ergo Životno Osiguranje**, and Slovenia-based **Infond**

# Record profit

Gross result

**€55,3 m**

18/17: **38,6% growth**

Net result

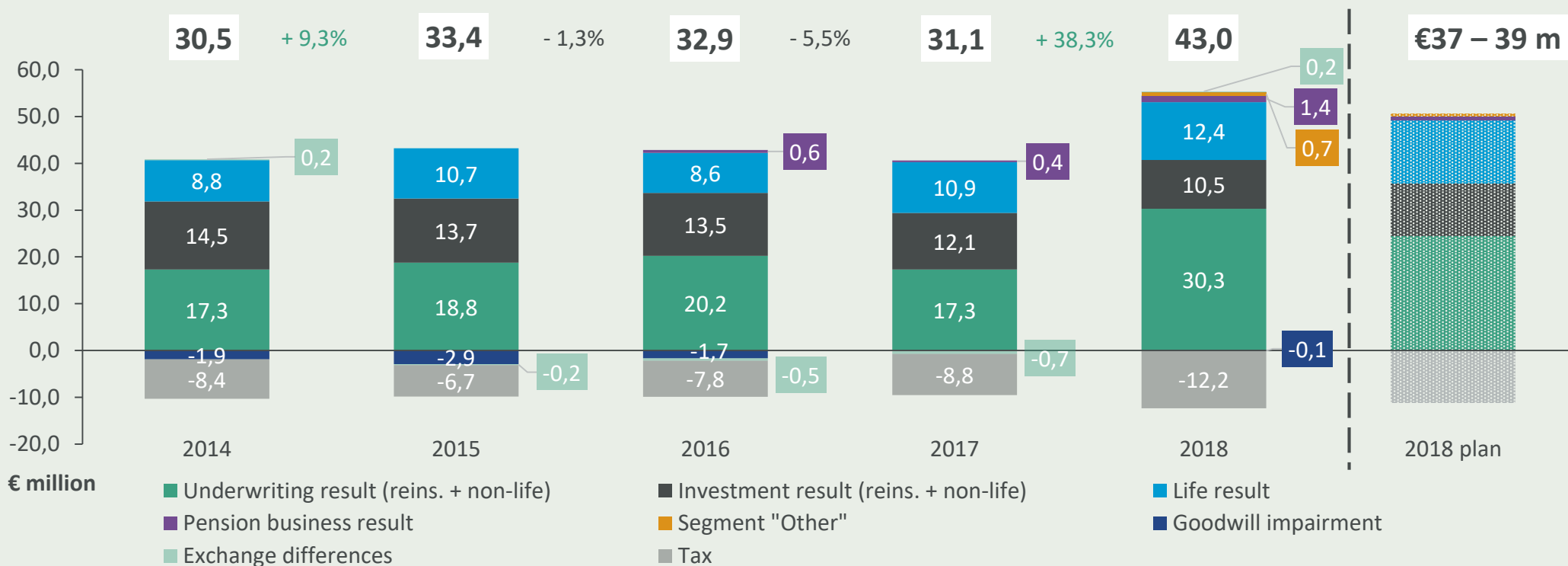
**€43,0 m**

18/17: **38,3% growth**

Plan achieved



Composition of the net result



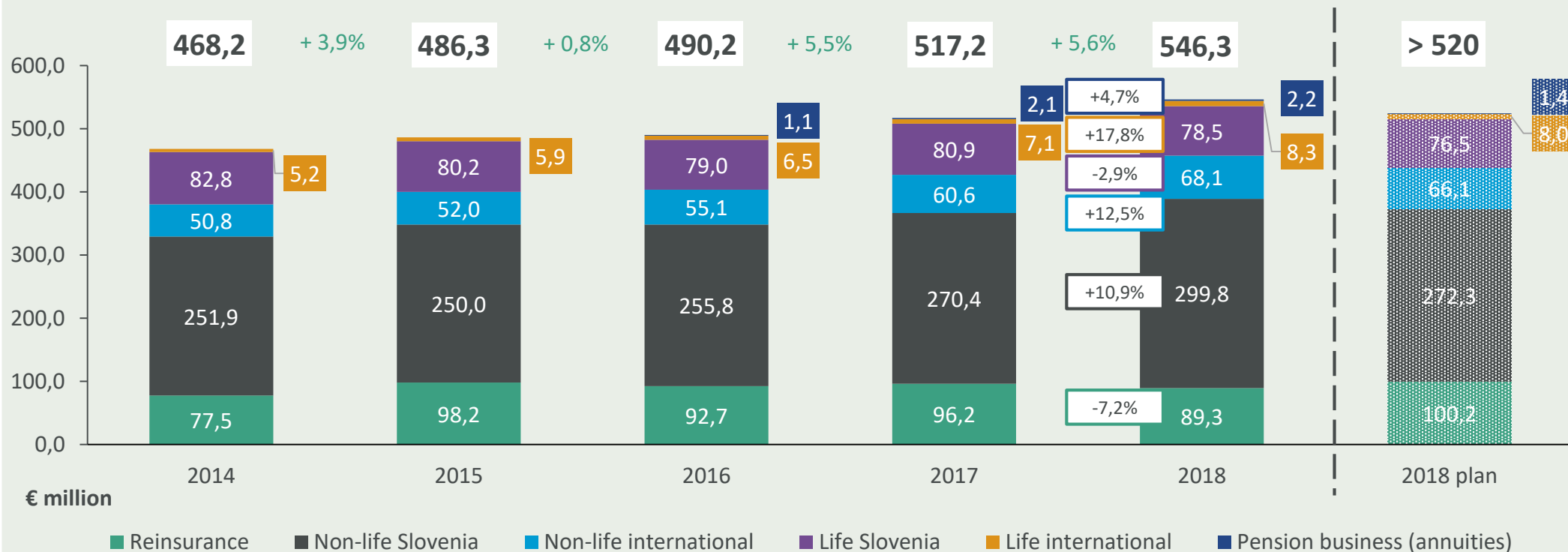
# Growth in consolidated gross premiums written

Consolidated gross premiums written

**€546,3 m**

18/17: **5,6% growth**

Plan achieved



# Strong growth in GPW in all insurance markets

## Insurance and pension companies

### Slovenia

Insurance company

Premiums: €378,4 m

18/17: + 7,7%

Pension company

Pension fund inflows: €11,5 m

18/17: + 4,6%

### Croatia

Premiums: €16,7 m

18/17: + 16,4%

### Montenegro

Premiums: €12,8 m

18/17: + 3,6%

### Serbia

Premiums: €22,5 m

18/17: + 23,4%

### Kosovo

Premiums: €11,5 m

18/17: + 14,7%

### North Macedonia

Insurance company

Premiums: €13,0 m

18/17: + 2,3%

Pension company

Pension fund inflows: €57,2 m

## Reinsurance company



### Global markets

(Sava Re reinsurance premiums in global markets)

Non-Group premiums: €89,3 m

18/17: - 7,2%

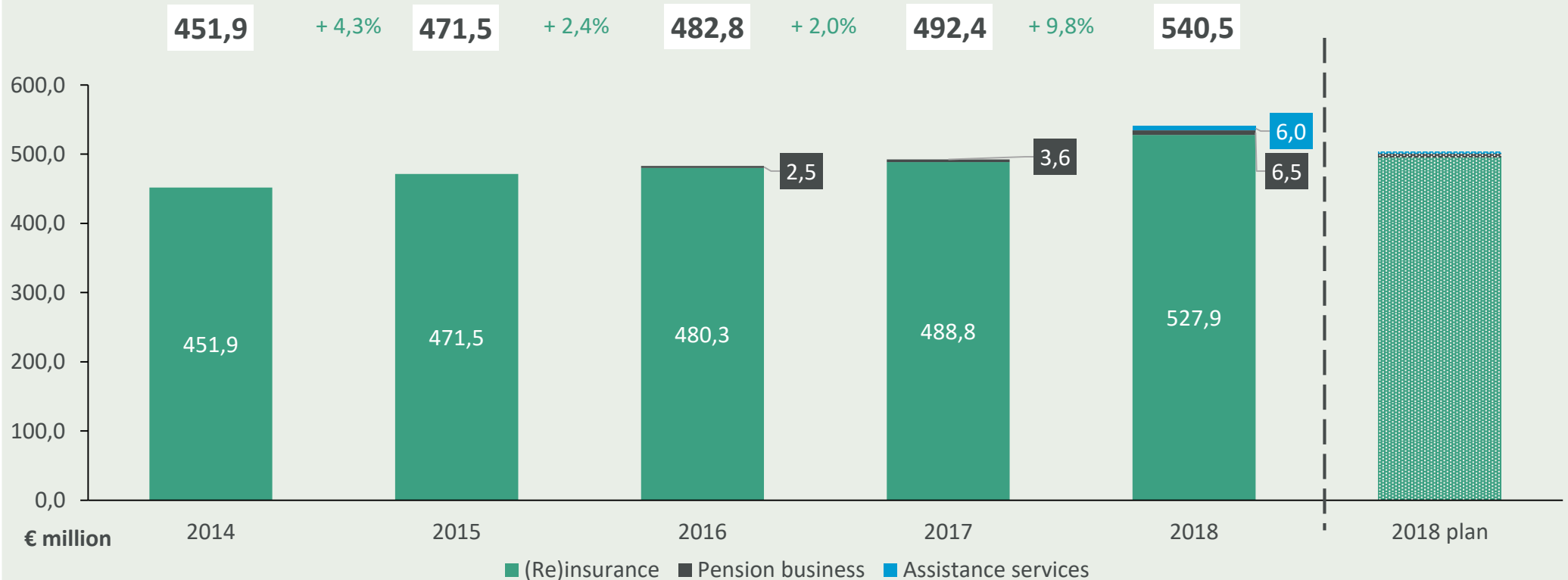


# Higher operating revenues reflecting expanded non-insurance activities

## Operating revenues

€540,5 m

18/17: 9,8% growth



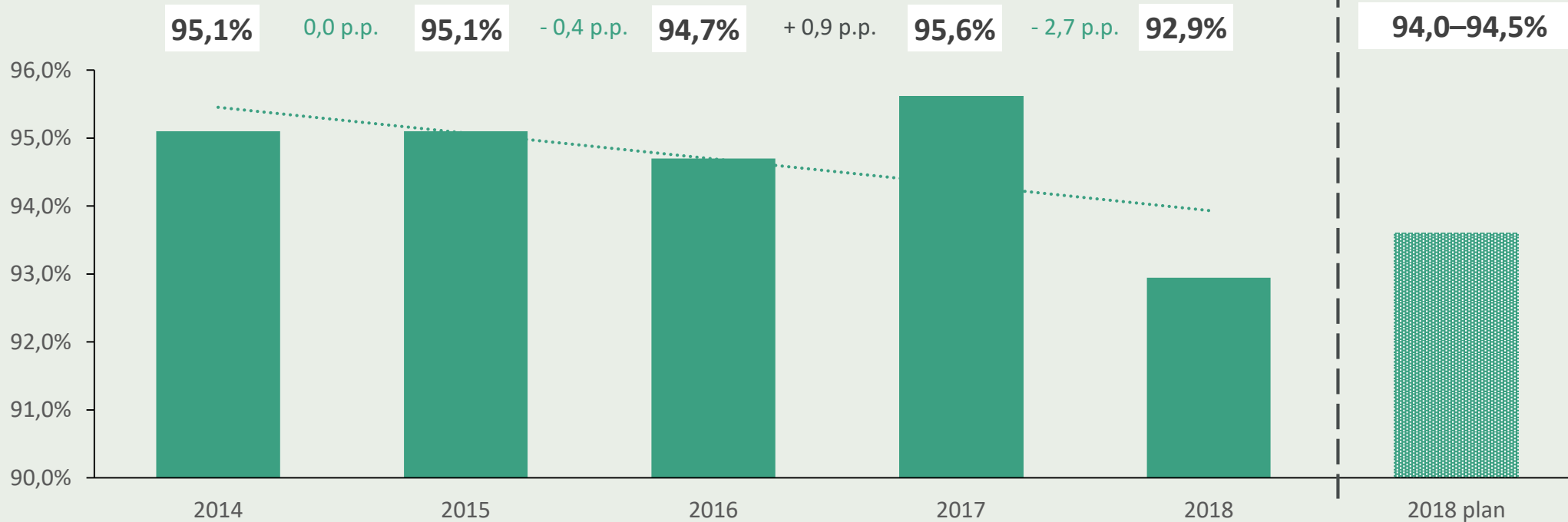
# Record low combined ratio

Net combined ratio\*

**92,9%**

18/17: - 2,7 p.p.

Plan achieved



\*Excluding the effect of exchange differences.

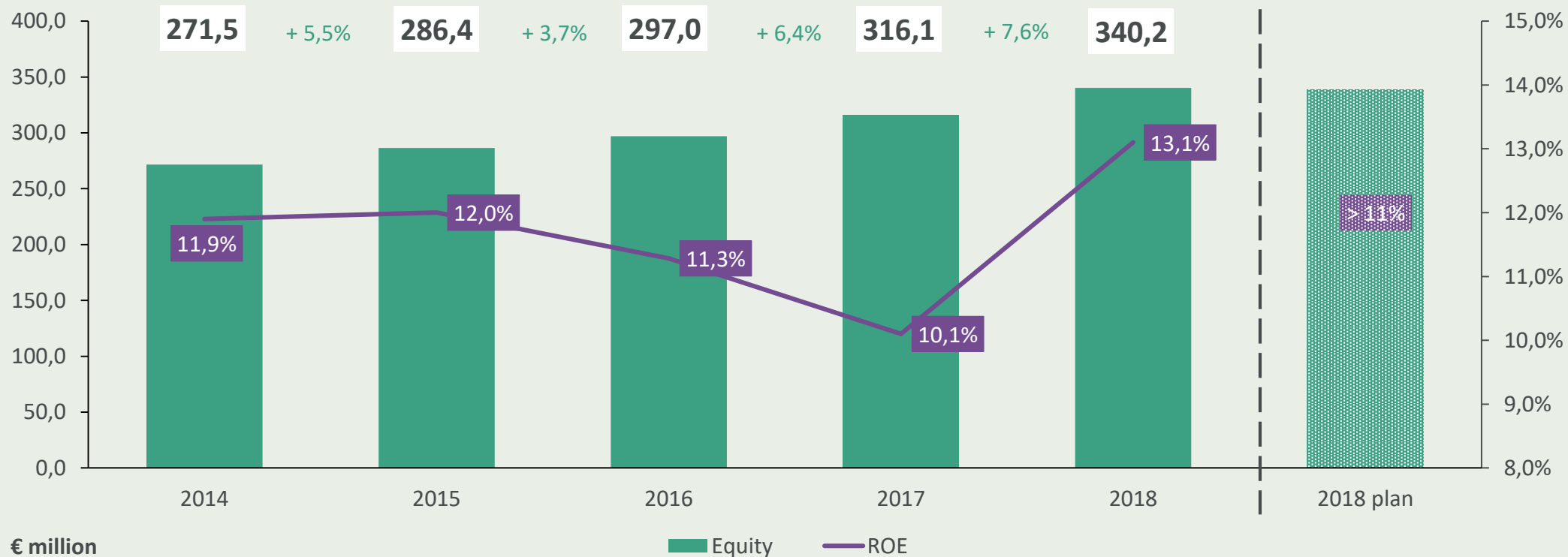
Net combined ratio: all expenses (other than from investments) as percentage of total income (other than from investments). The ratio is calculated for the non-life and reinsurance segments.

# Best ROE in 10 years

**Equity**  
**€340,2 m**  
 18/17: **7,6% growth**

**ROE**  
**13,1%**  
 18/17: **+ 3,0 p.p.**

Plan achieved

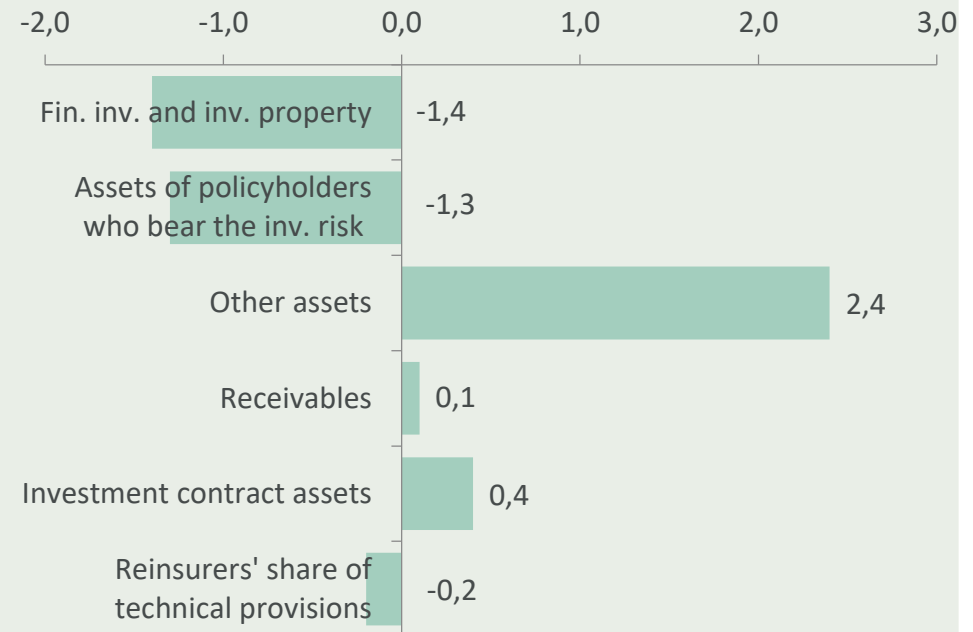


# Assets structure

**Assets**  
**€1.705,9 m**  
 18/17: - 0,1%

	2017	2018
Financial investments and investment property	1.053,5	1.028,7
Assets of policyholders who bear the inv. risk	227,2	204,8
Other assets	128,8	169,0
Receivables	138,5	140,6
Investment contract assets	129,6	135,6
Reinsurers' share of technical provisions	30,8	27,3
<b>Total assets</b>	<b>1.708,3</b>	<b>1.705,9</b>

Structural shift 2018/2017 in p.p.

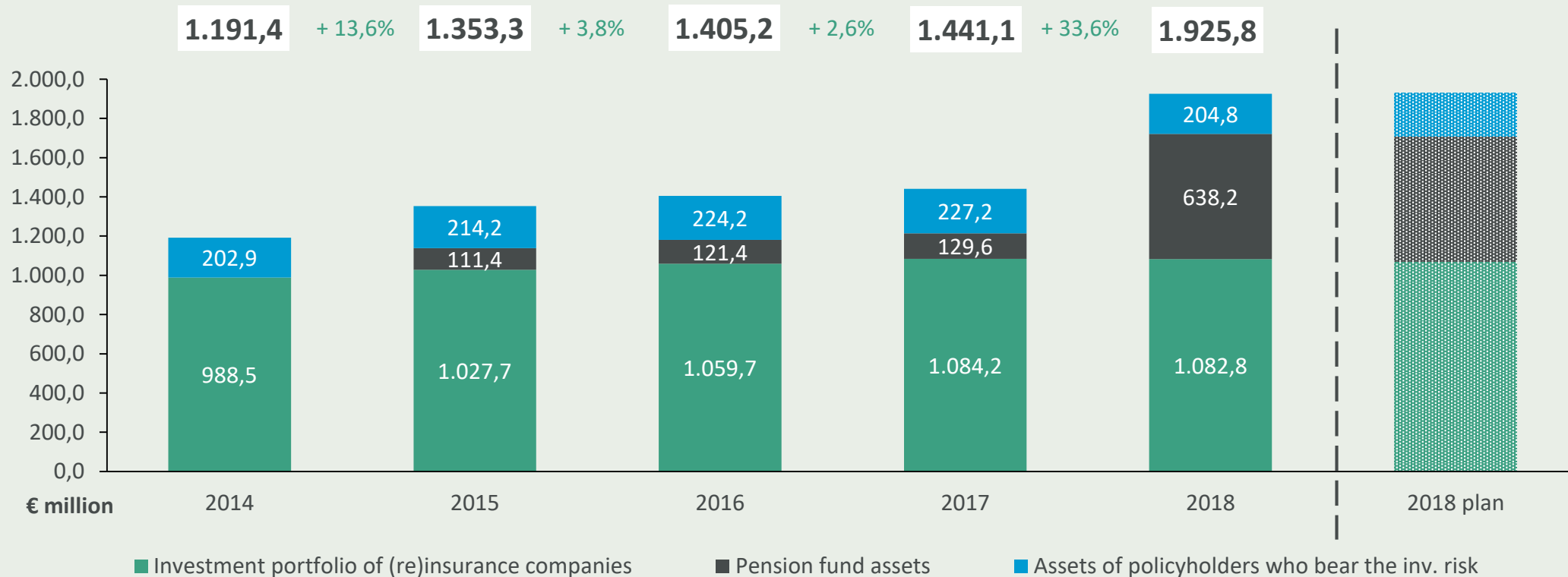


# Growth in assets under management

Assets under management

€1.925,8 m

18/17: + 33,6%



# Changes in investment portfolio structure

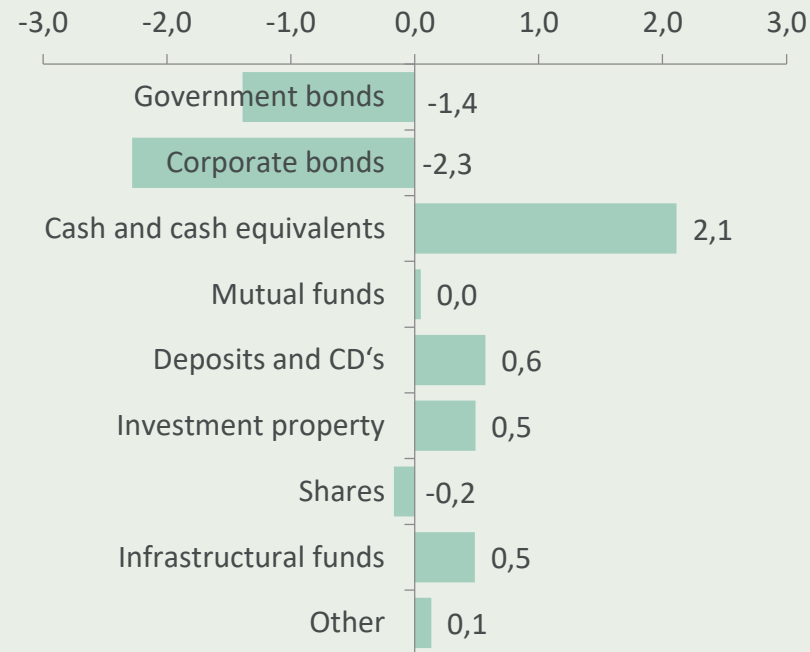
## Investment portfolio

€1.082,8 m

18/17: - 0,1%

	2017	2018
<b>Investment portfolio (€ million)</b>	<b>1.084,2</b>	<b>1.082,8</b>
Government bonds	52,3%	50,9%
Corporate bonds	36,4%	34,1%
Cash and cash equivalents	2,8%	4,9%
Mutual funds	2,9%	3,0%
Deposits and CD's	2,0%	2,6%
Investment property	1,4%	1,9%
Shares	1,6%	1,4%
Infrastructural funds	0,0%	0,5%
Other	0,6%	0,7%
<b>Total investment portfolio structure</b>	<b>100,0%</b>	<b>100,0%</b>

### Structural shift 2018/2017 in p.p.





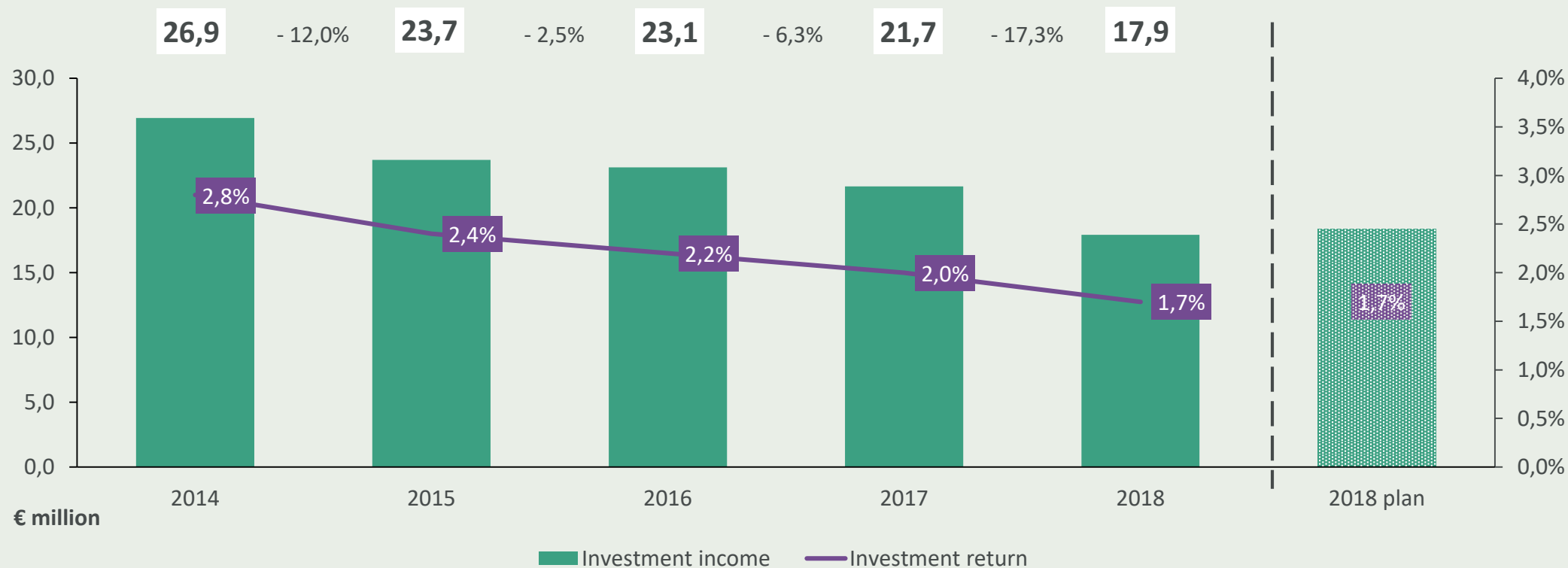
# Investment portfolio return impacted by low interest rates

Investment portfolio return\*

**1,7%**

18/17: - 0,3 p.p.

Plan achieved



\*Excluding the effect of exchange differences.

# Contents

- Overview
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# Key targets of the 2019 plan

## Insurance business

Client focus, digitisation of operations, development of innovative services and insurance products, assistance services in connection with insurance products, preparing for implementation of IFRS 9 and 17

## Reinsurance business

Growth especially in Latin American markets, preparing for implementation of IFRS 9 and 17

## Pensions

Active approach to the marketing and promotion of increasing individuals' contributions to pension funds

## Ancillary services

Development of the assistance segment in Slovenia as well as in other markets; health and home assistance in addition to motor assistance

## Capital growth and utilisation

Exploring new growth opportunities (in line with the strategy) in insurance markets and ancillary business viewed by clients as additional services

## Key performance indicators of the Sava Insurance Group plan

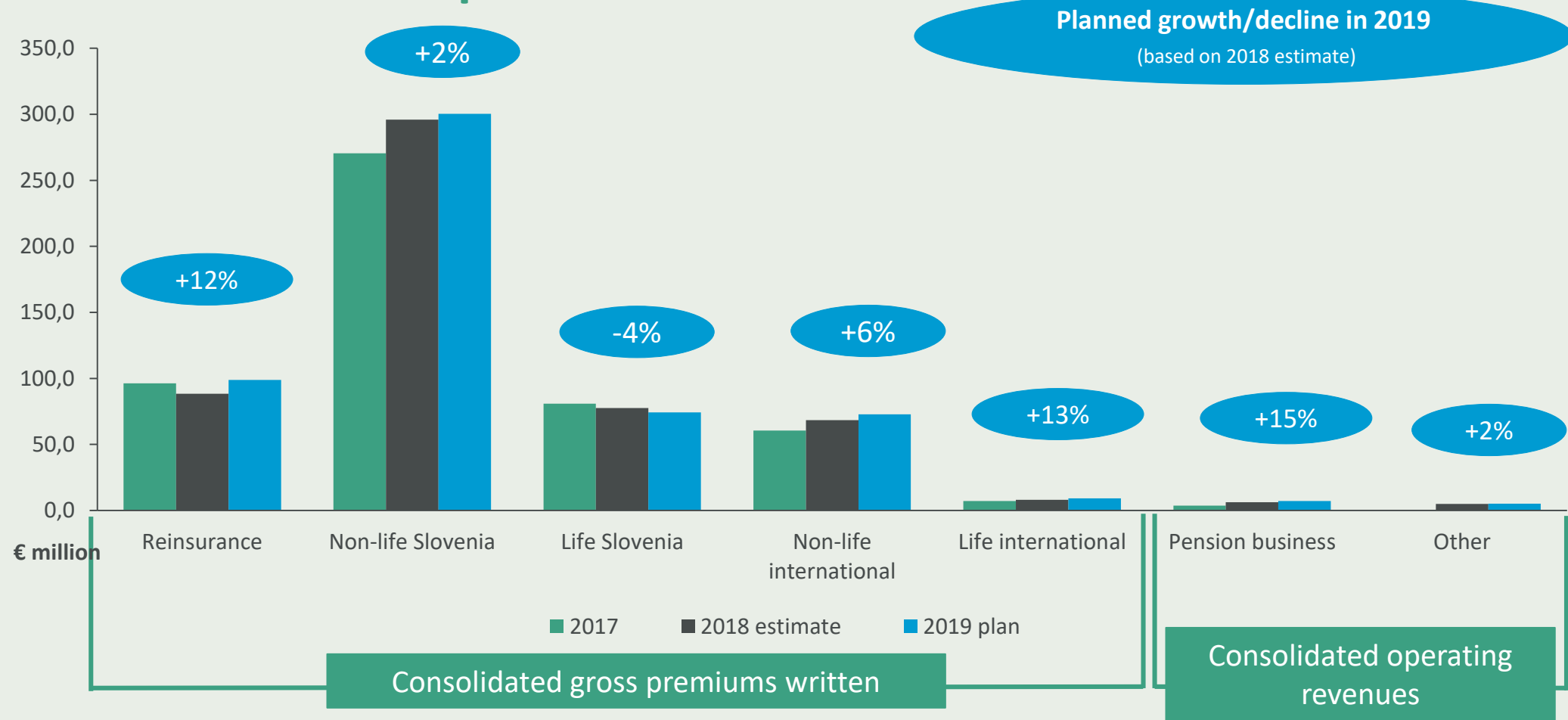
- Return on equity > 12,0%
- Growth in Group income > 4,5%
- Solvency ratio between 170% and 200%

# Key performance indicators of the 2019 Group plan

€ million	2017	2018	2019 plan
<b>Group</b>			
Operating revenues	492,4	540,5	> 4,5% growth
Profit or loss, net of tax	31,1	43,0	> €43 m; > 10% growth based on 2018 estimate
Return on equity	10,1%	13,1%	> 12%
Return on investments*	2,0%	1,7%	1,7%
<b>Re/insurance part (+ annuities)</b>			
Gross premiums written	517,2	546,3	> €555 m
Net premiums earned	470,9	504,7	> €515 m
Net expense ratio (reins. + non-life + life)	32,6%	33,1%	32,4–33,0%
Net incurred loss ratio* (reins. + non-life)	60,5%	57,0%	59,2–59,7%
Net combined ratio* (reins. + non-life)	95,6%	92,9%	93,6–94,1%

\*Excluding the effect of FX differences.

# Consolidated gross premiums written and revenue of non-insurance companies



The 2019 plan does not include the companies KBM Infond, ERGO osiguranje and ERGO životno osiguranje.

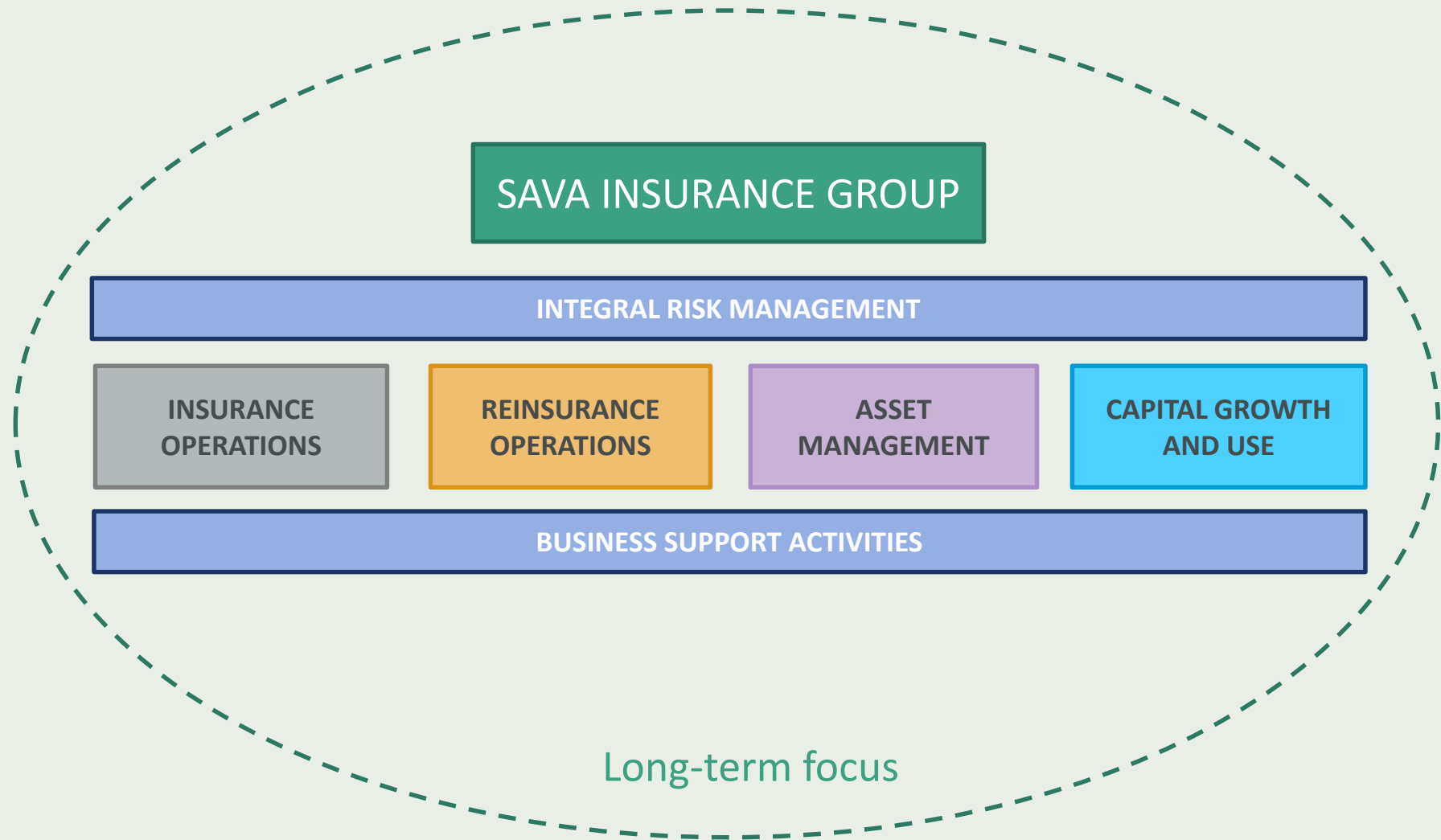
# Contents

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## **# NEVER ALONE**

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

# Scope of strategy on the group level





# Chief directions for the period 2017–2019

1. **Digitalisation and technological modernisation of operations to place the client in the centre**
2. **Growth through acquisitions**
3. **Seeking opportunities in environmental/sustainable-oriented investment projects**
4. **Closing the gap between intrinsic value and market price of shares**

## Key targets *as per risk strategy*

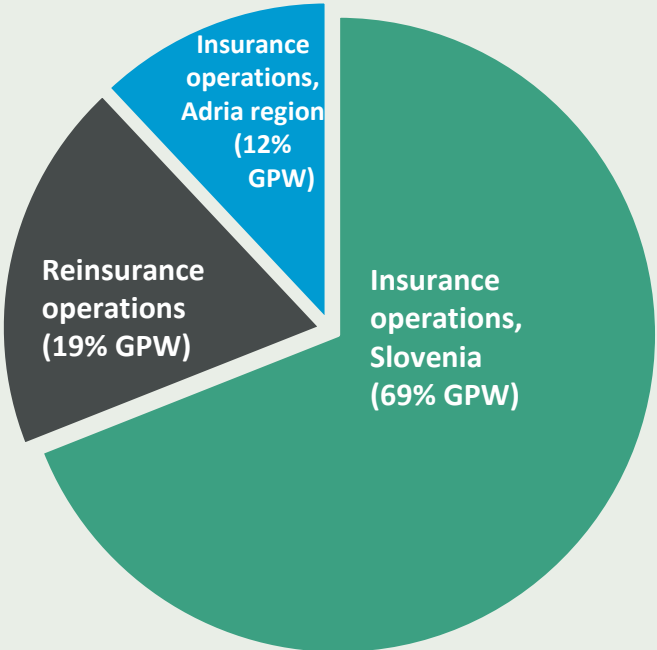
- S** Return on equity: 10,4% (+/-0,5 p.p.)
- S** Solvency ratio: between 170% and 230% (between the lower limit of the optimal range and the upper limit of the adequate range of capital)
- S** Combined ratio, non-life: < 95%  
Combined ratio, reinsurance < 93%
- S** Profitability of new life policies:
  - > 5% Slovenia
  - > 2,5% other markets

# Gross premiums written by operating segment

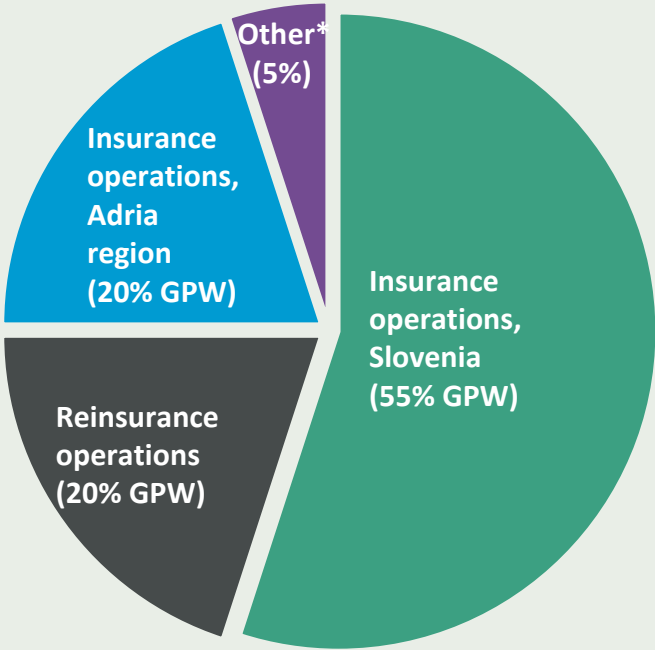
STRUCTURE

GOALS:

2016



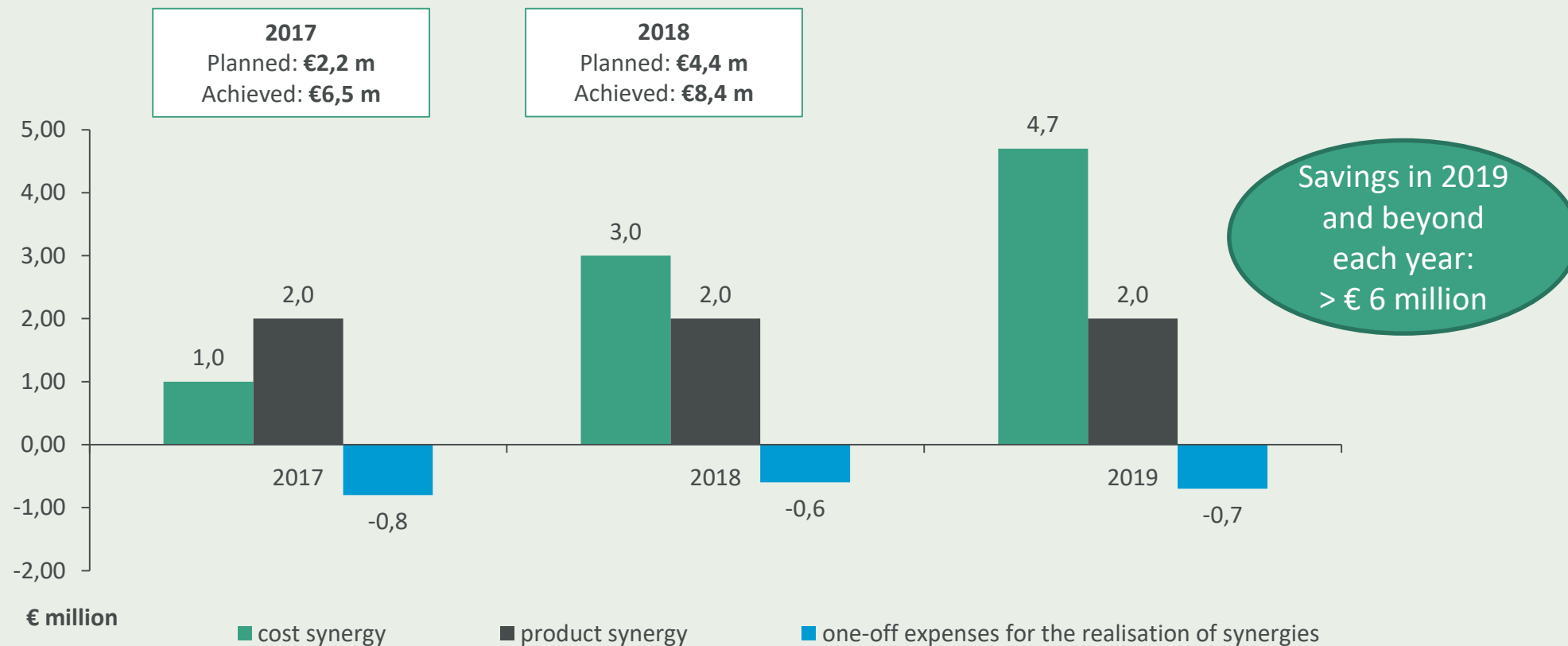
Long-term focus



\*The "other" item includes health, assistance and pension business

# Synergistic effects in the EU

Realisation of synergies by year

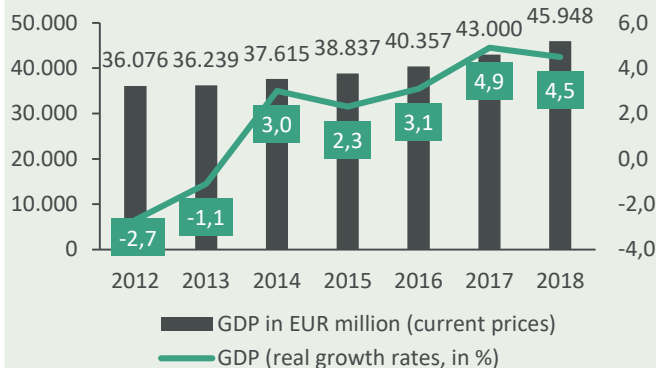


**Thank you for your attention.**

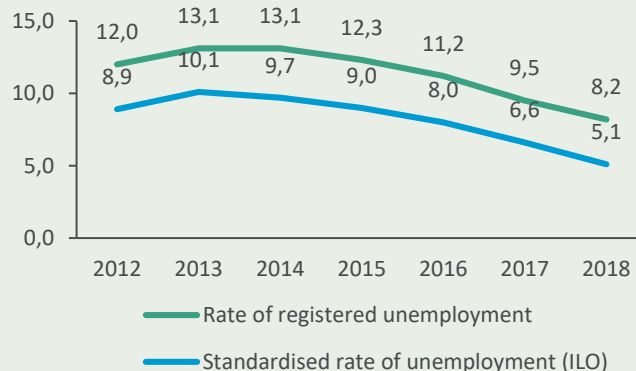
# Appendices

# Economic indicators Slovenia

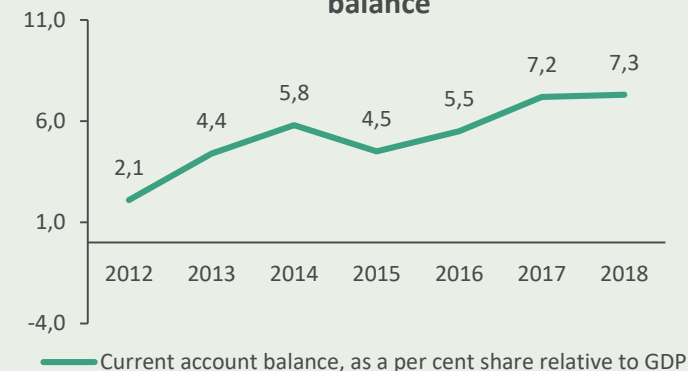
## GDP



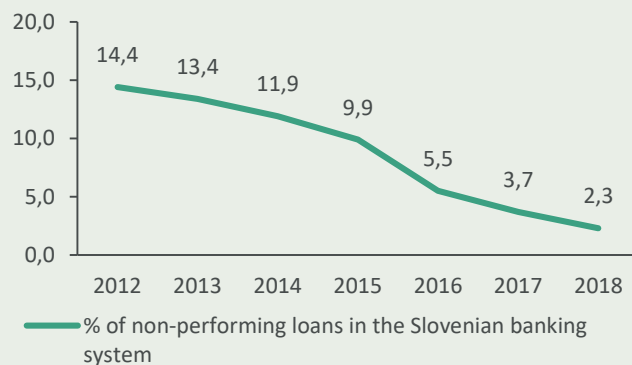
## Unemployment



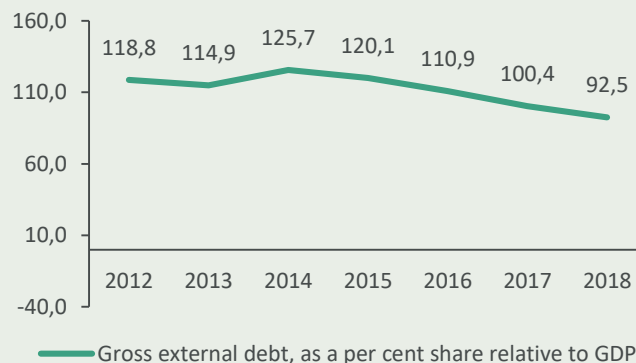
## Import & export - current account balance



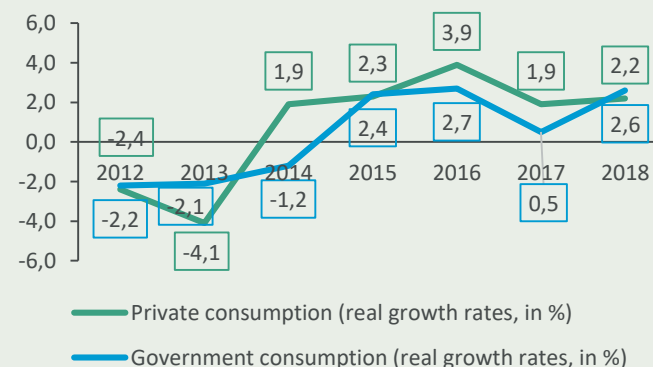
## % of non-performing loans



## Gross external debt



## Consumption



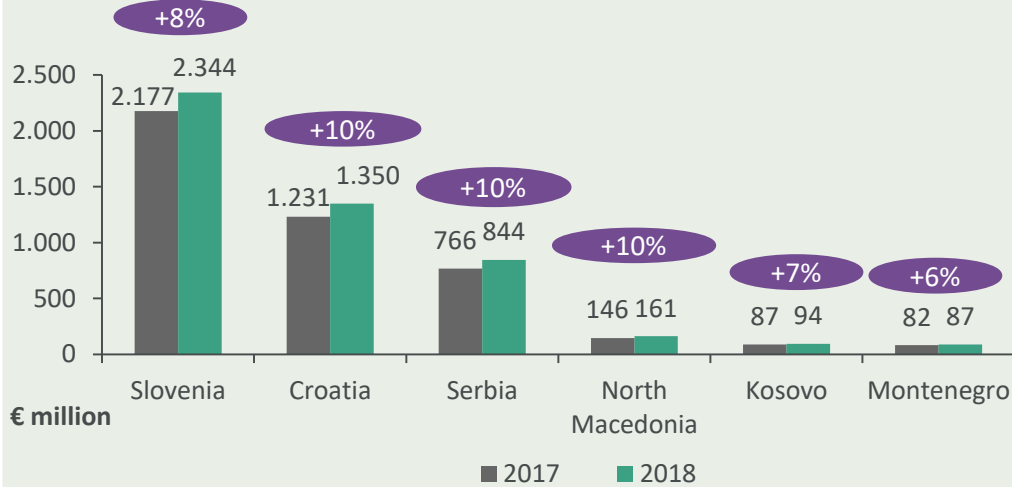
**Credit ratings of Republic of Slovenia:** S&P: A+ (positive outlook), Moody's: Baa1 (stable outlook), Fitch: A- (stable outlook)  
**Competitiveness rankings of Republic of Slovenia:** World Bank: 35., IMD: 37., WEF: 35.

**General government surplus in 2017:** 0,1% of GDP.

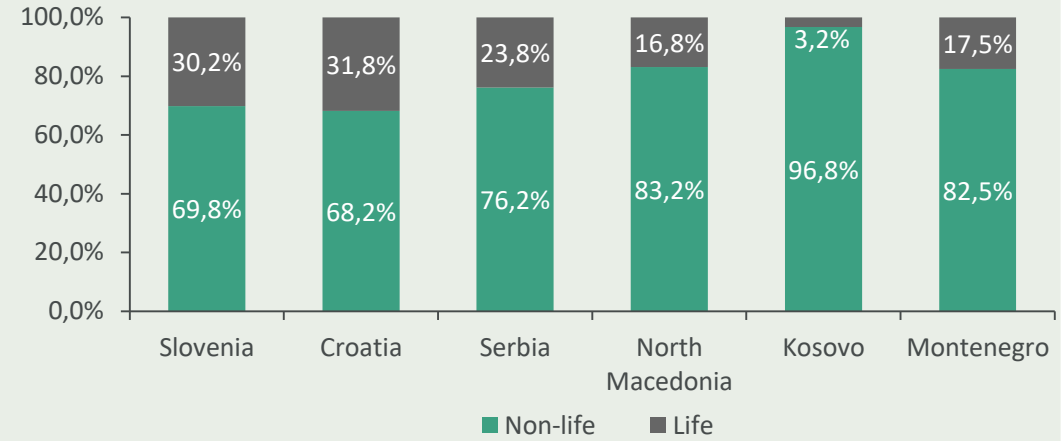
Source: UMAR and Bank of Slovenia.

# Markets indicators

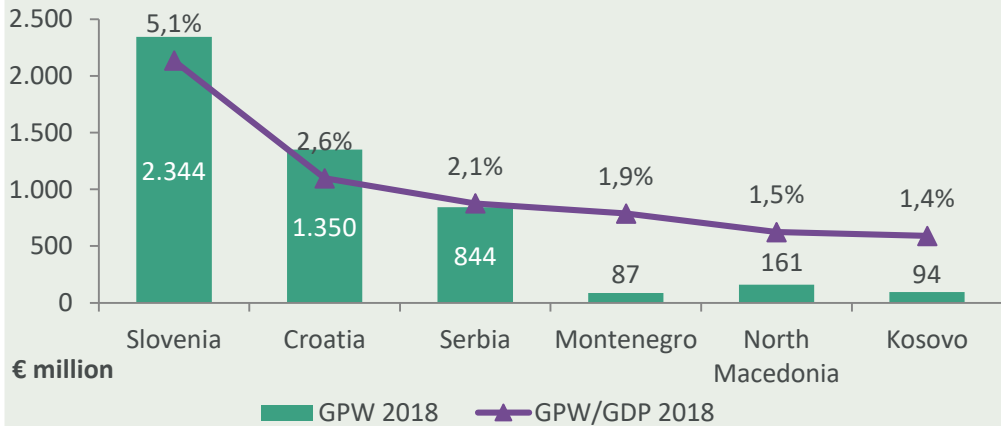
## Insurance premiums



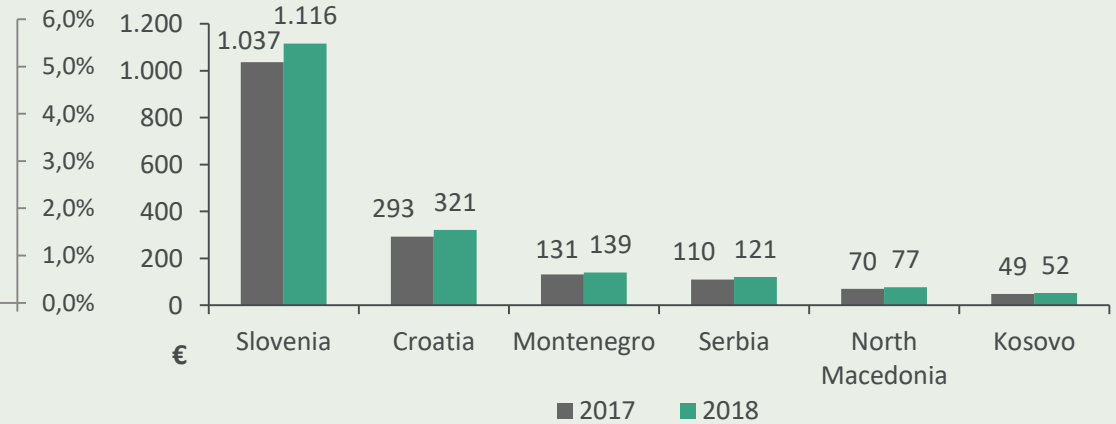
## Breakdown of insurance premiums 2018



## Insurance penetration



## Insurance density (GPW per capita)





## **Disclaimer**

### **Forward-looking statements**

This document may contain forward-looking statements relating to Sava Re's expectations, plans or goals, which are based on assumptions made by Sava Re management. By their nature, forward-looking statements involve risk and uncertainty. As a result, actual developments, in particular performance, may differ materially from the expectations, plans and goals set out in this document; therefore, persons should not rely on forward-looking statements.

### **Duty to update**

Sava Re assumes no obligation to conform any forward-looking statements or other information contained in this document to future events or developments.