



# Sava Insurance Group presentation



May 31, 2020



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- Overview
- Profile of business pillars
- 2019 results
- 2020 plan
- Strategy 2020-2022

# Business profile

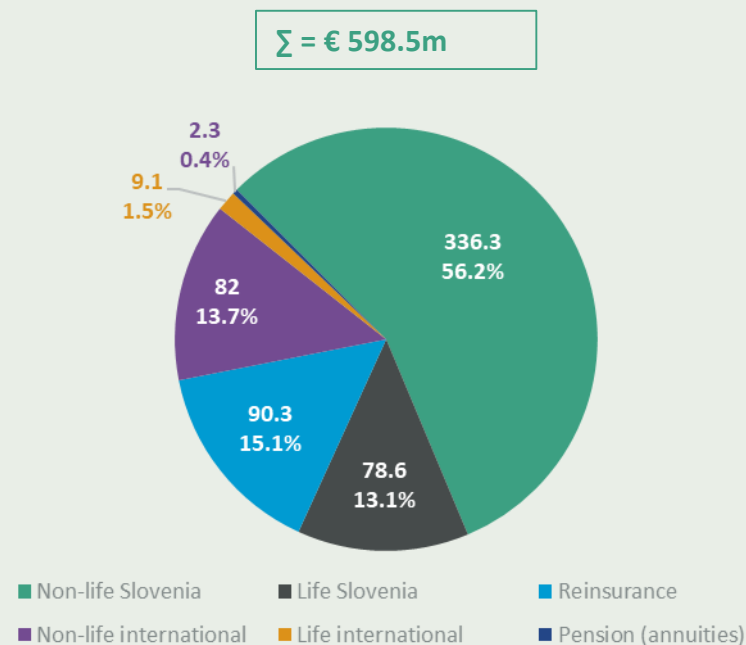
## Sava Insurance Group GPW and market shares (insurance) 2019 by country



### Key facts

- The 3rd largest insurance group in the Adria region (total GWP of € 598 million in 2019).
- 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 fund management company in 2019 Sava Insurance Group has over € 2.5 billion assets under management.

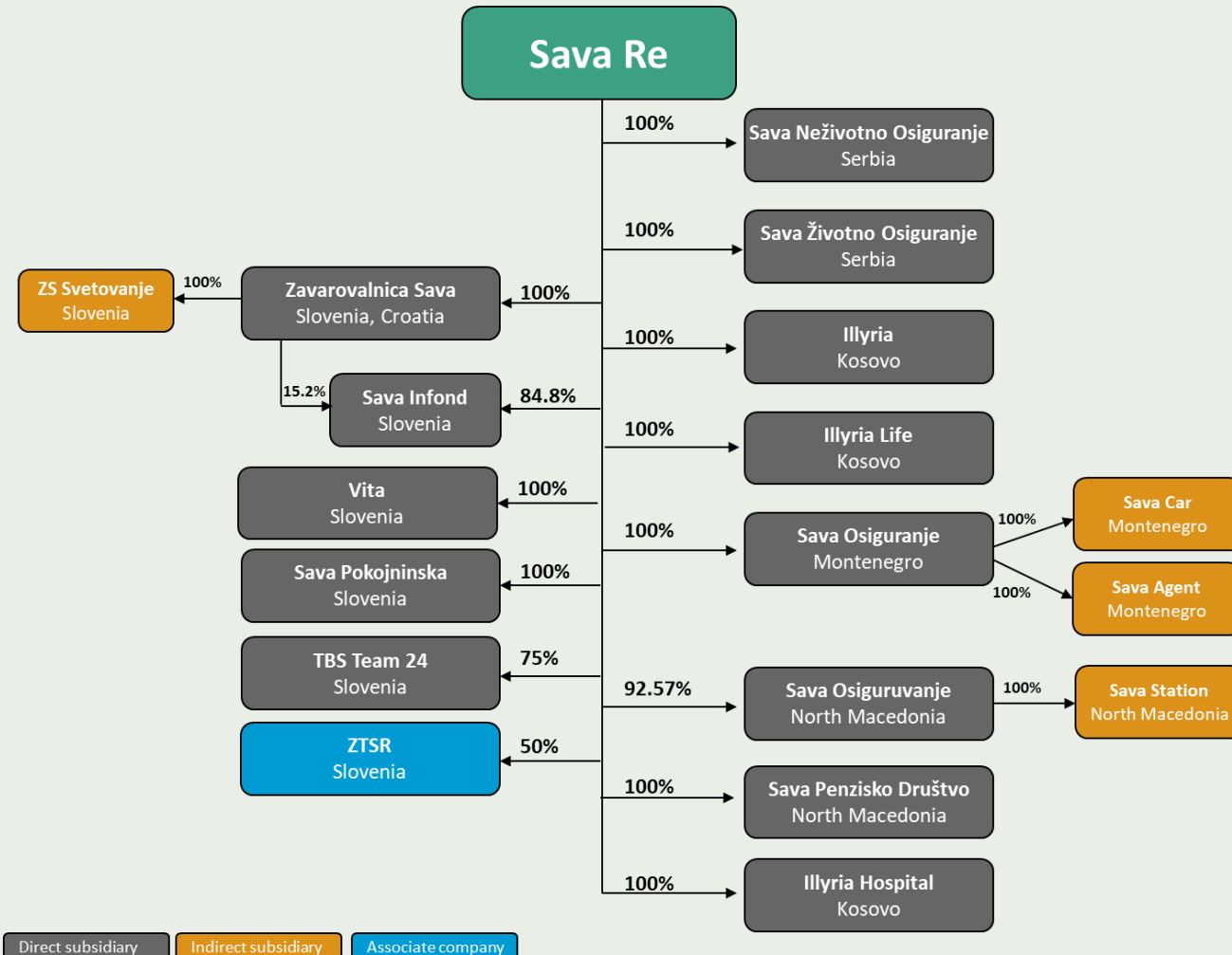
## Breakdown of 2019 consolidated GPW by segments



- Rating: S&P A, stable outlook (Jul 2019), AM Best A, stable outlook (Nov 2019)
- Listed on the prime market of the Ljubljana Stock Exchange (POSR symbol)
- Solvency position of Sava Insurance Group at 31 Dec 2019: SII: 220%

# Sava Insurance Group

## Composition of the Sava Insurance Group as at May 31, 2020



# Equity story full outline

1

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

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: **220%** (31.12.2019)
- rating: S&P **A** (Jul 2019), AM Best **A** (Nov 2019)

7

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

6

Well positioned to capture growth on the reinsurance markets

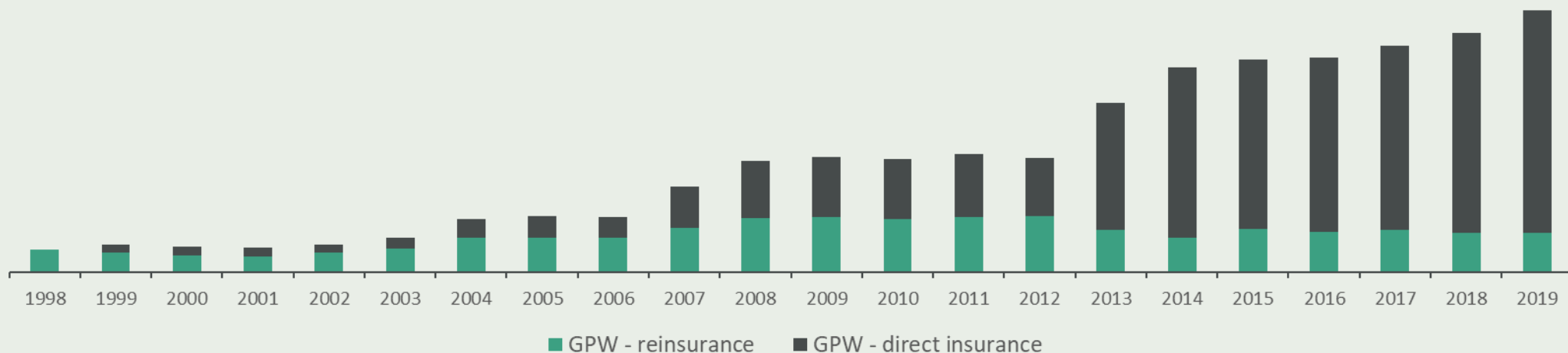
5

Commitment to shareholder return

- dividend policy: 10% yoy growth (from 35% to 40% of consolidated net profit)



# Sava Insurance Group growth through acquisitions



1998

2006 - 2009

2013

2015

2016

2018

2019

2020

Entry into Slovenian direct insurance market through acquisition of Zavarovalnica Tilia

Entry into insurance markets of:

- N. 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

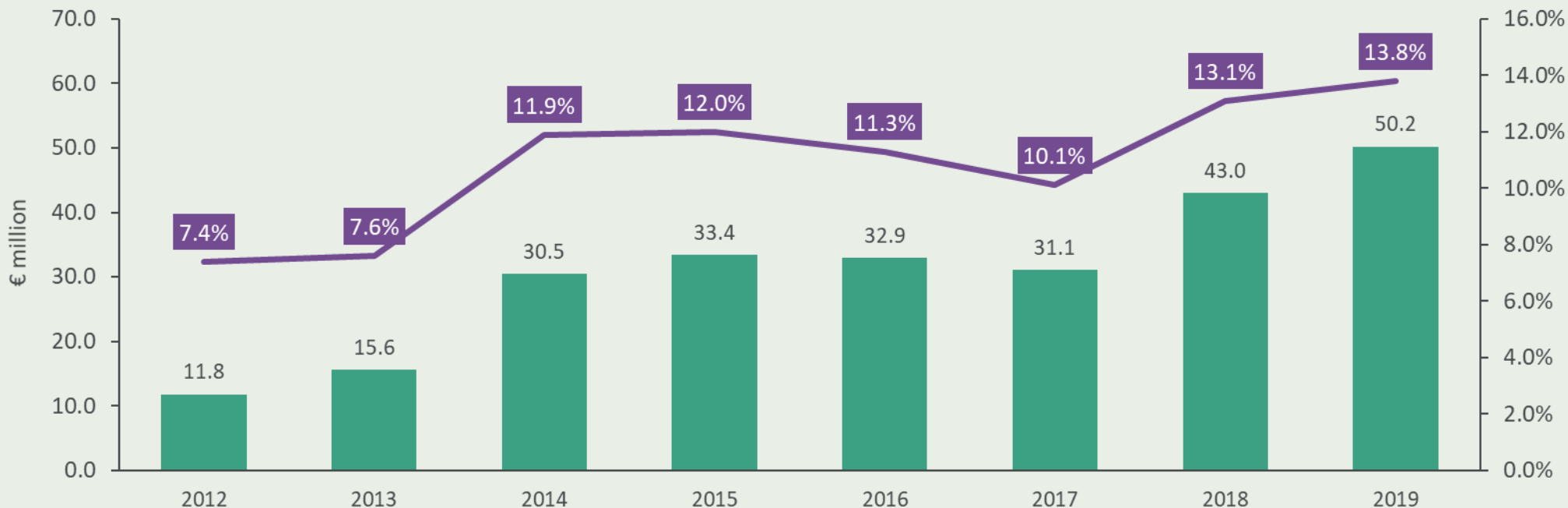
Merger of EU-based companies (Slovenian Zavarovalnica Tilia and Zavarovalnica Maribor and Croatian Life and Non-life)

- 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 KBM Infond

- Acquisition of Slovenian health-care provider Diagnostic Centre Bled
- Acquisition of Slovenian life insurance company NLB Vita

# 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.



**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.

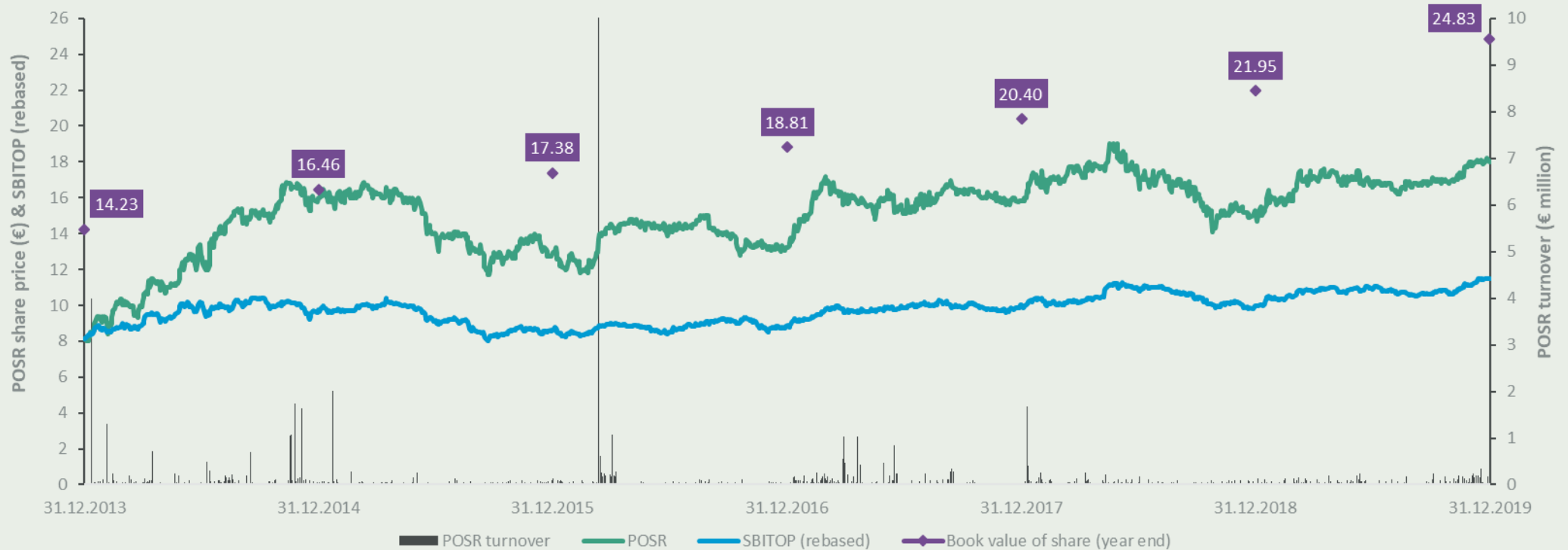


# Growth in book value of share

Book value of share (2019 year end)

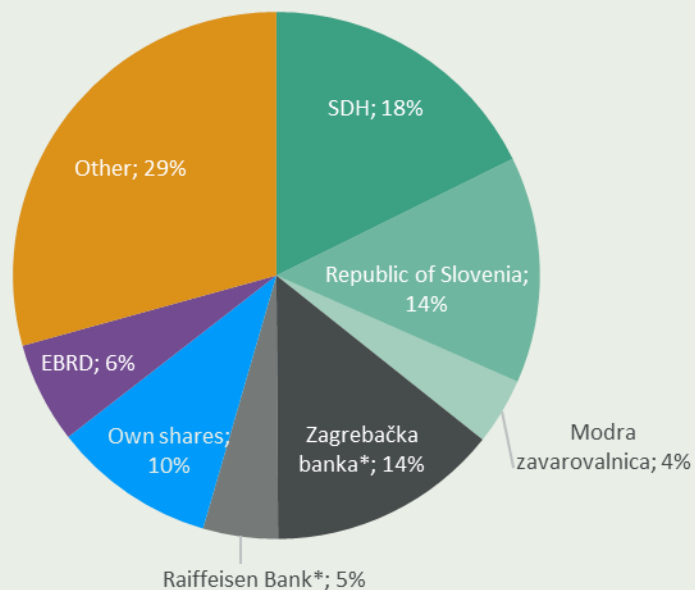
**€24.83**

2019/18: + 13.1%



# Ownership structure

## Shareholders as at 31 December 2019



\* Fiduciary account.

\*\* Sava Re was informed on 2 June 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.

	31/12/2019
Share capital (€ million)	71.9
Market capitalisation (€ million)	310.0
Trading symbol	POSR
No. of shares	17,219,662
No. of own shares	1,721,966
No. of shareholders	4,110

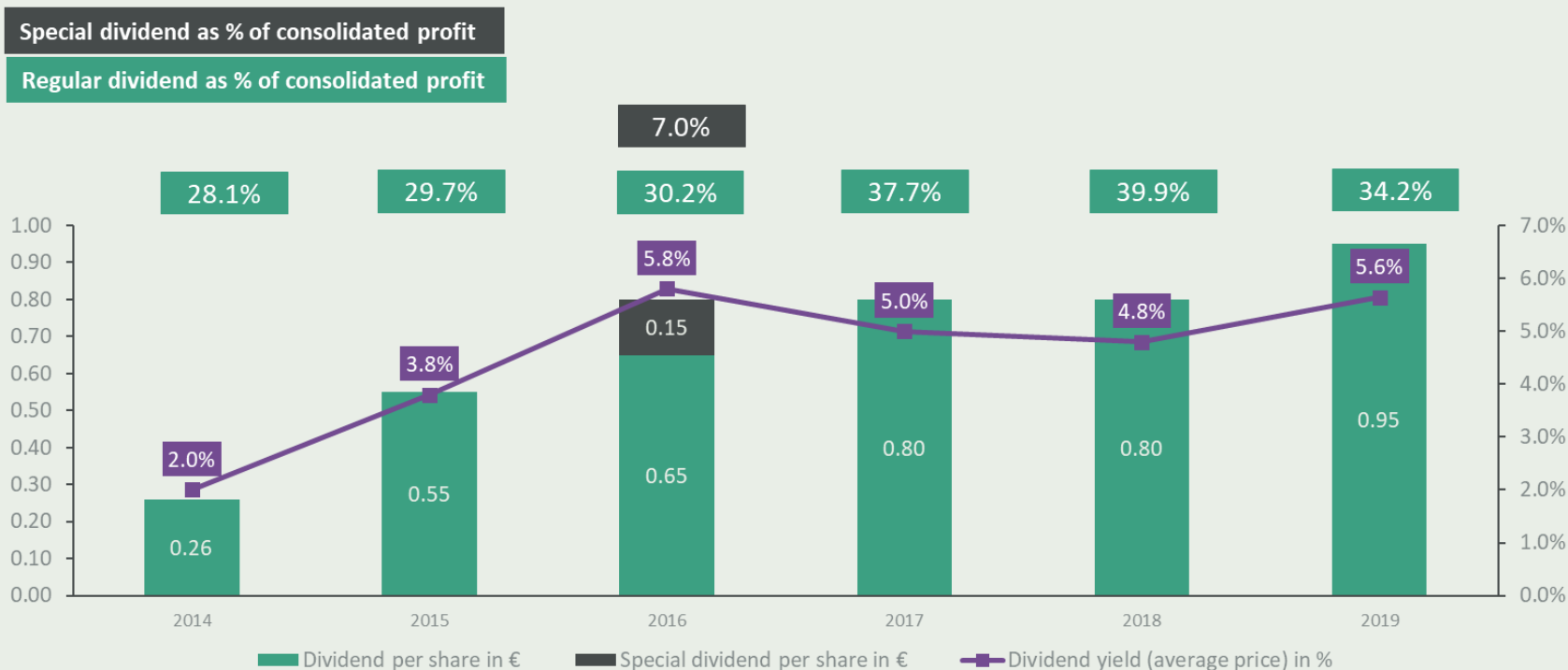
Investor type	Local investor	Foreign investor
Insurance undertakings and pension companies	18.2%	0.0%
Other financial institutions*	17.9%	0.3%
Government	13.9%	0.0%
Individuals	9.7%	0.1%
Investment companies and mutual funds	3.8%	2.8%
Banks	0.1%	29.6%
Other non-financial corporations	2.4%	1.1%
<b>Total</b>	<b>66.0%</b>	<b>34.0%</b>

\* Within other financial institutions SDH holds 17,7% of all shares with voting rights.

# Dividend policy

Sava Re has set itself the goal of increasing its dividend by an average of 10% per year over the period 2020–2022, thus distributing from **35%** to **45%** of the net profit of the Sava Insurance Group each year.

On 31 March 2020, Sava Re received a letter from the Slovenian Insurance Supervision Agency calling on insurance, reinsurance and pension companies to temporarily suspend dividend payments and refrain from making any irrevocable commitments to pay dividends.

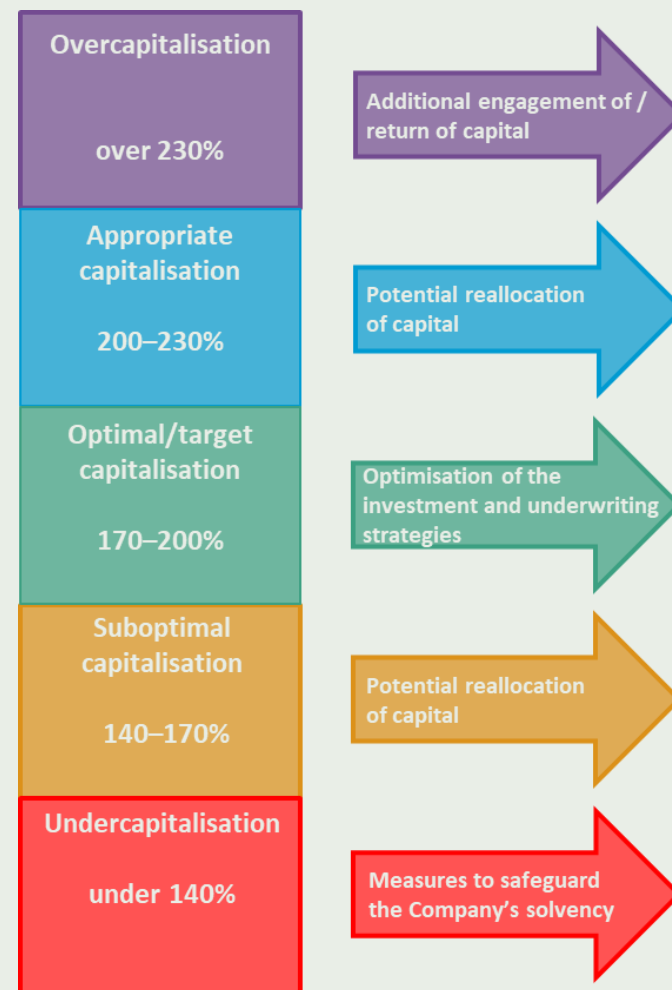


# Capital adequacy

€ million	31 Dec 2018 (audited)
Eligible own funds	471.9
Solvency capital requirement (SCR)	216.7
<b>Solvency ratio</b>	<b>218%</b>

€ million	31 Dec 2019 (audited)
Eligible own funds	522.0
Solvency capital requirement (SCR)	237.7
<b>Solvency ratio</b>	<b>220%</b>

The Sava Insurance Group's Solvency and financial condition report 2019 (Group SFCR) was posted on the Sava Re website and that of the Ljubljana stock exchange (Seonet) on 19 May 2020.

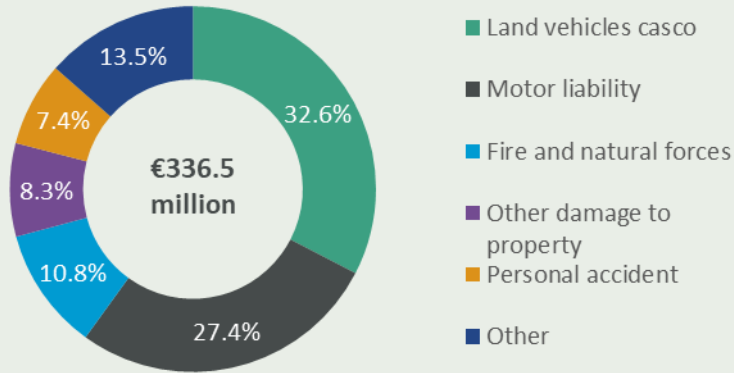


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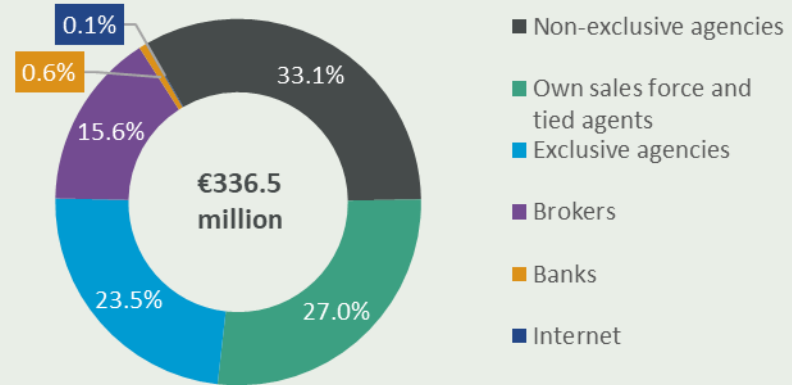
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# Slovenian insurance business – non-life (non-consolidated)

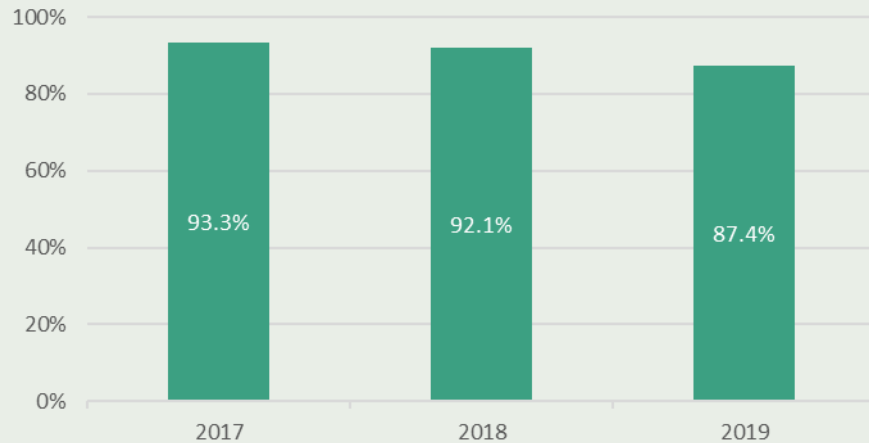
Structure of GWP 2019 by class of insurance



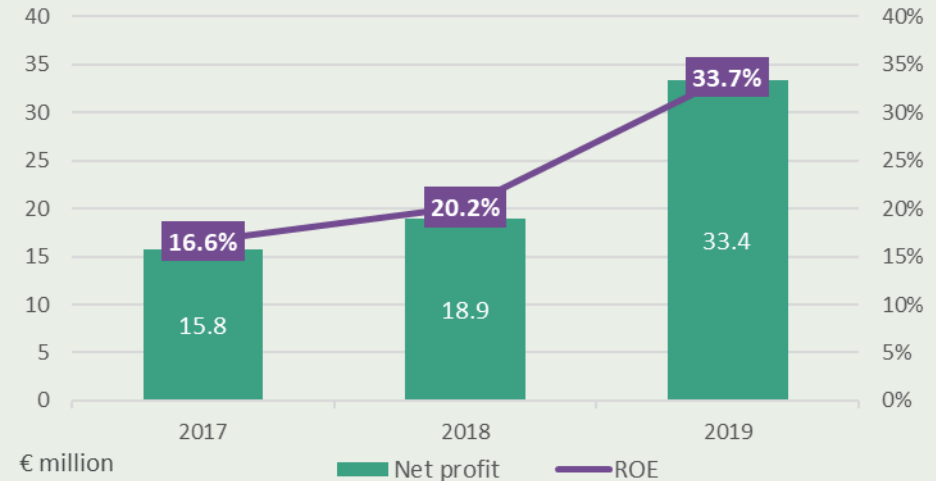
Structure of GWP 2019 by sales channel



Combined ratio (non-life)

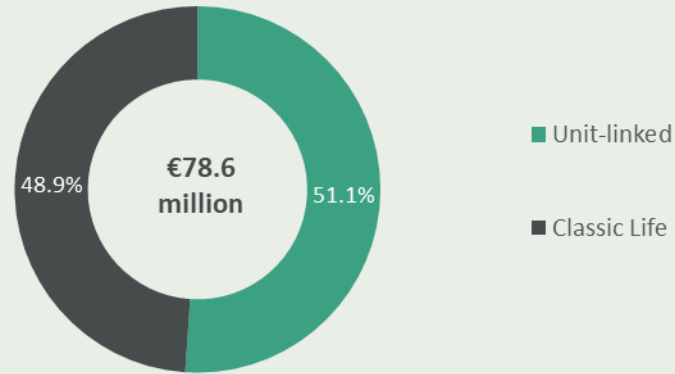


Net profit and ROE

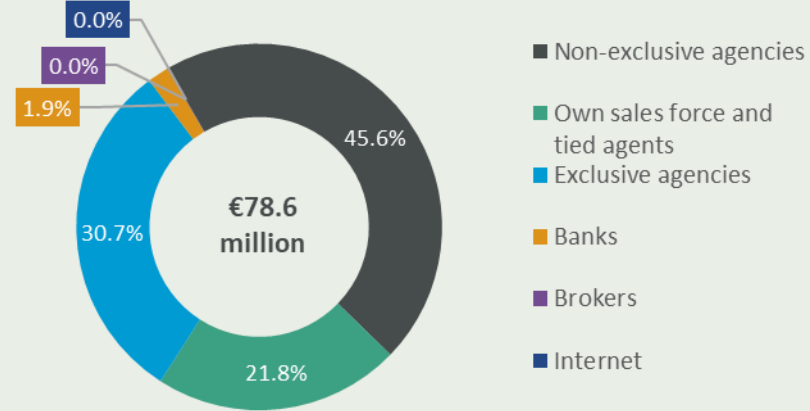


# Slovenian insurance business – life (non-consolidated)

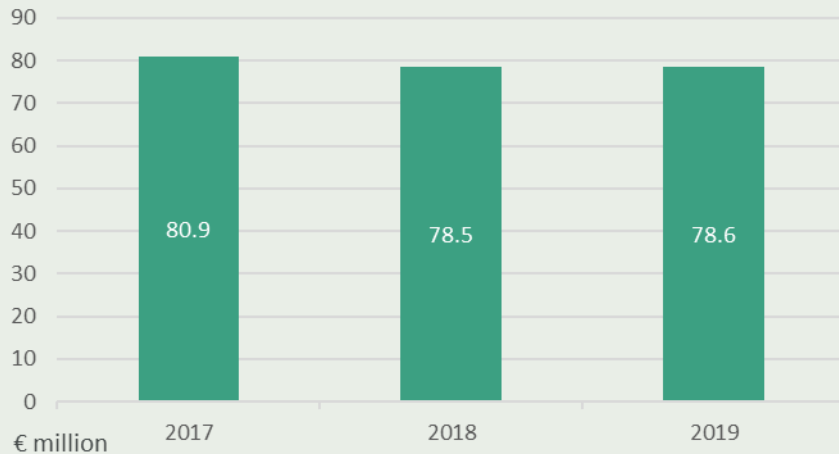
Structure of GWP 2019 by class of insurance



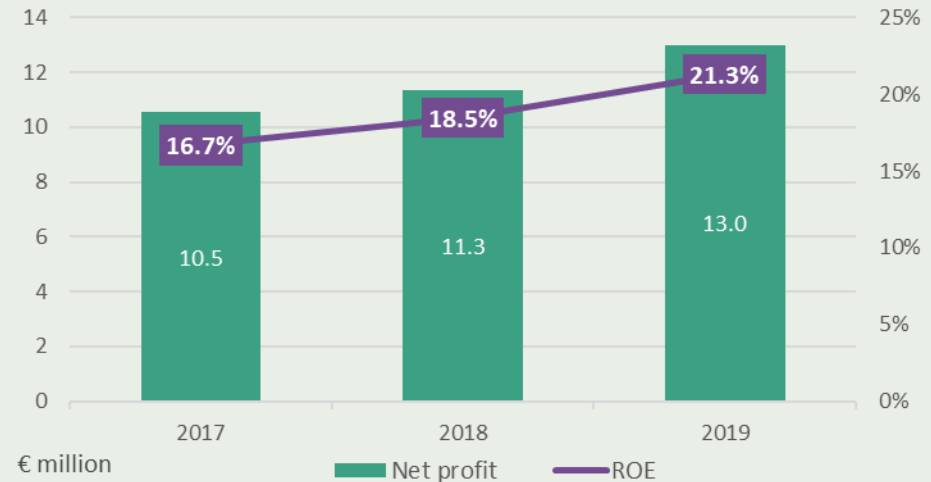
Structure of GWP 2019 by sales channel



Gross premiums written

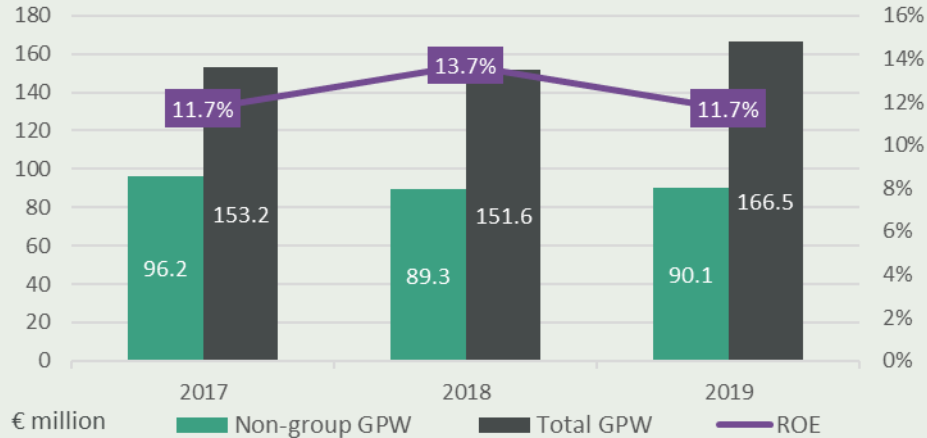


Net profit and ROE

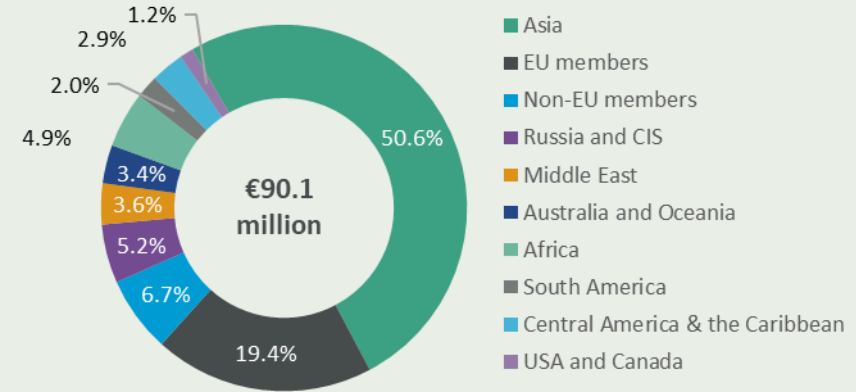


# Sava Re (non-consolidated)

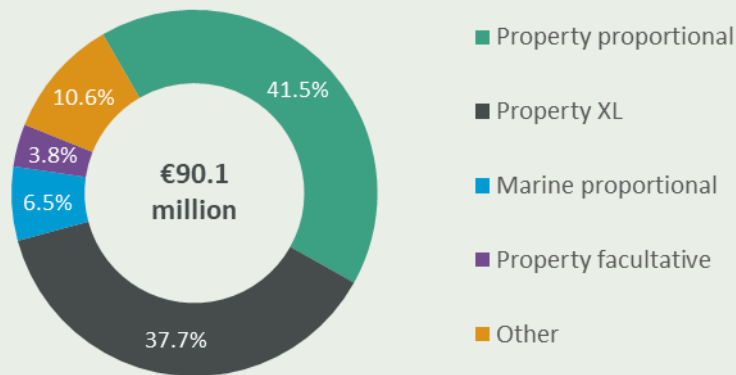
Gross premiums written and ROE



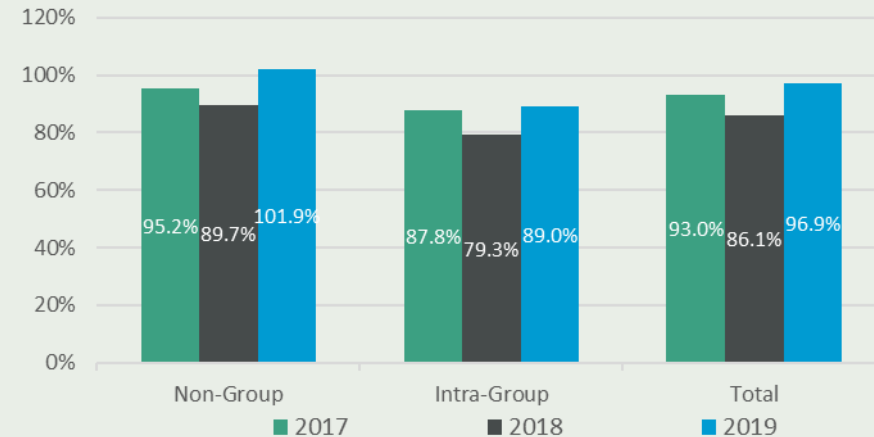
Geographical split of non-group GPW 2019



Split of GPW 2019 by type



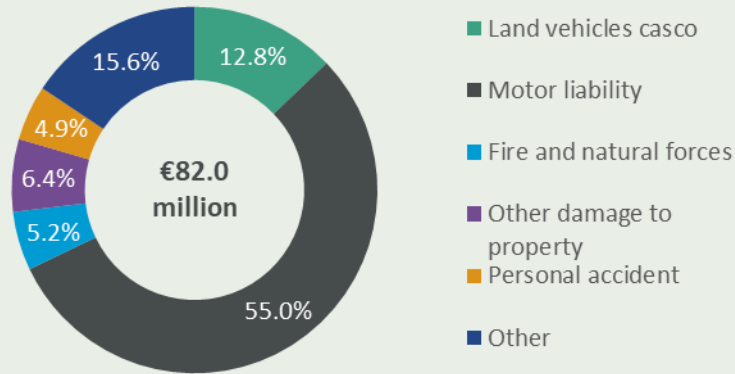
Combined ratio (excl. FX diff. and holding expenses)



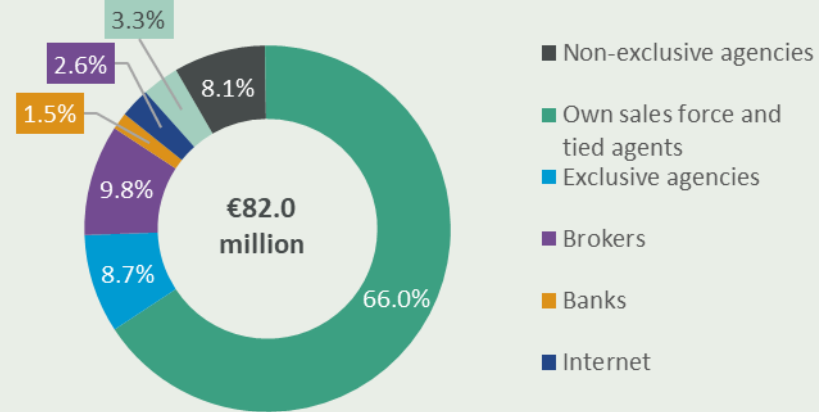


# International insurance business – non-life (non-consolidated)

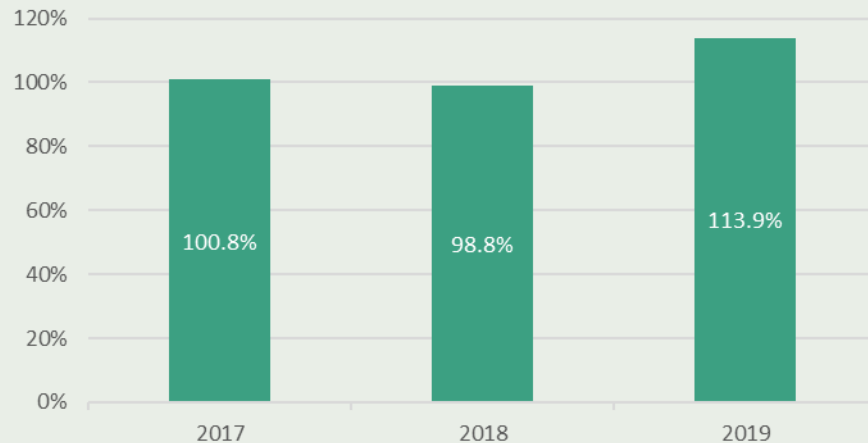
Structure of GWP 2019 by class of insurance



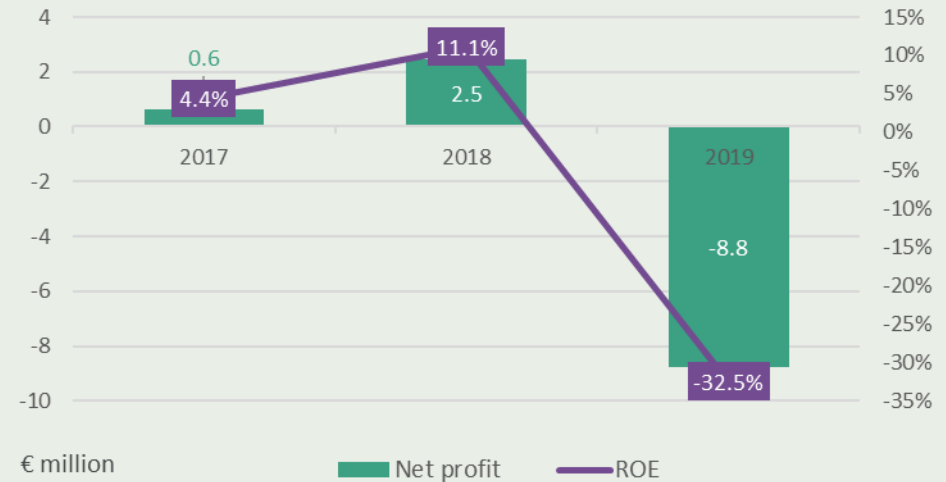
Structure of GWP 2019 by sales channel



Combined ratio (non-life)

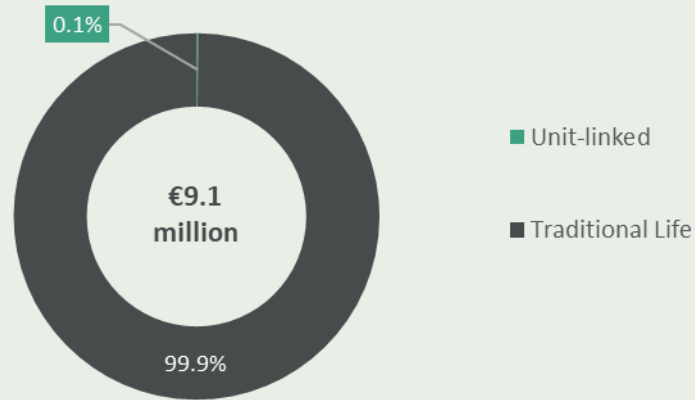


Net profit and ROE

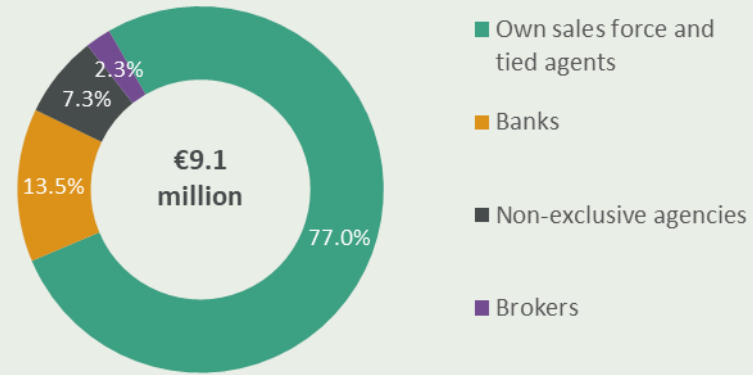


# International insurance business – life (non-consolidated)

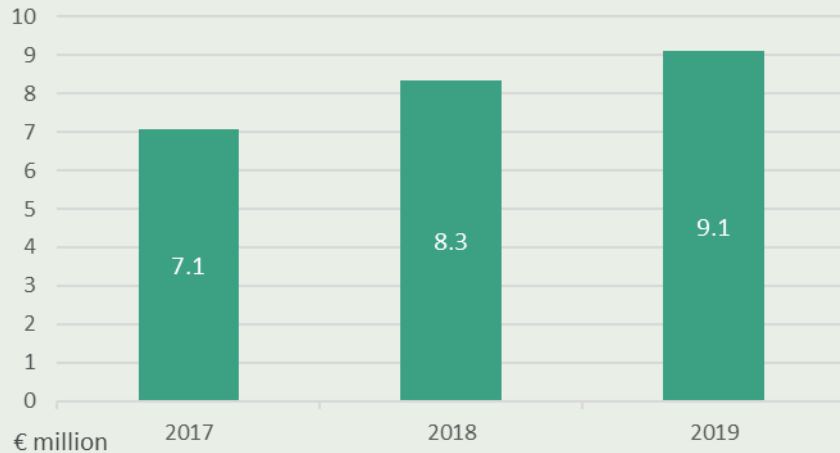
Structure of GWP 2019 by class of insurance



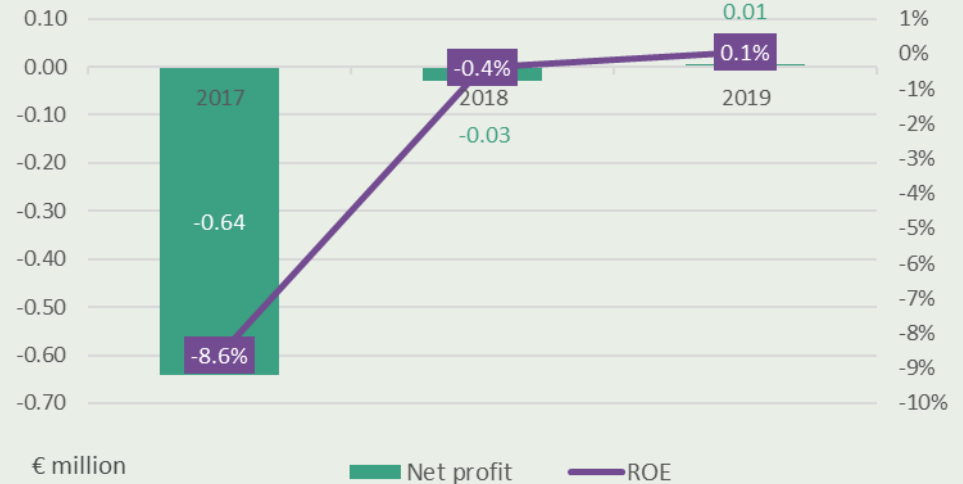
Structure of GWP 2019 by sales channel



Gross premiums written



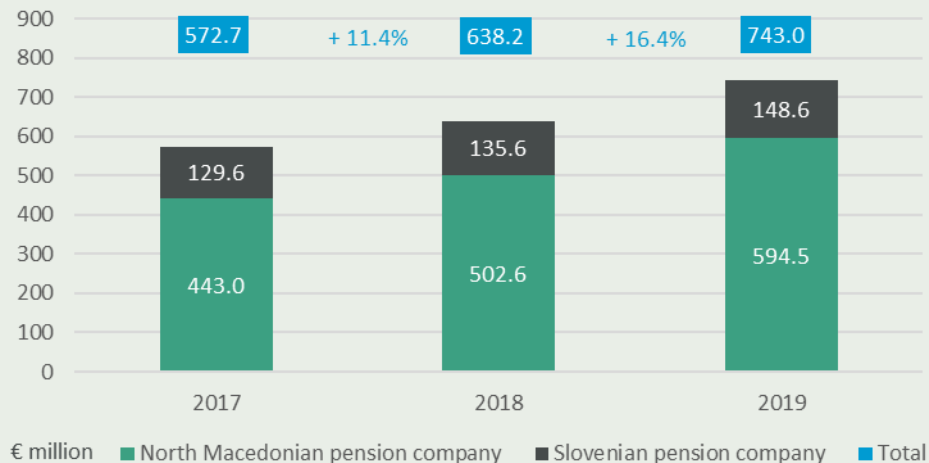
Net profit and ROE



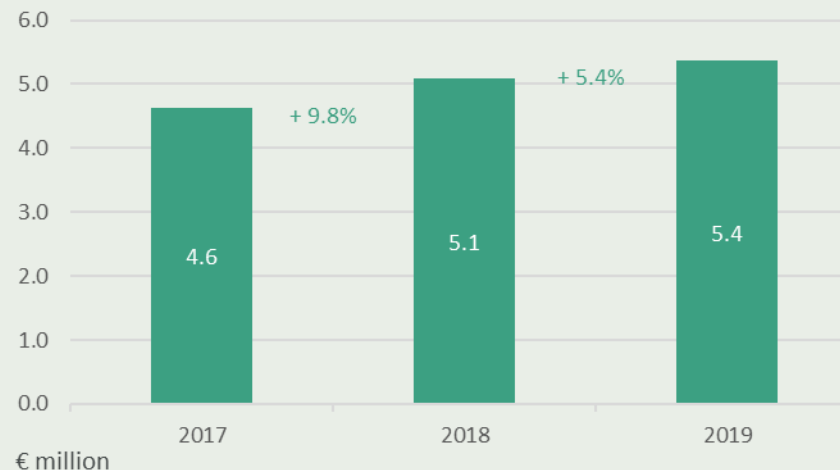
# Pension business (non-consolidated)

Sava Penzisko from North Macedonia has been included in all years, even though it was included in the consolidated in April 2018.

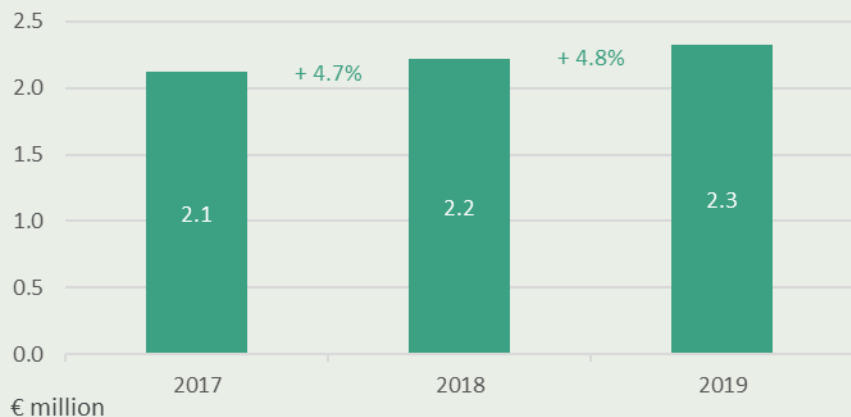
## Pension fund assets



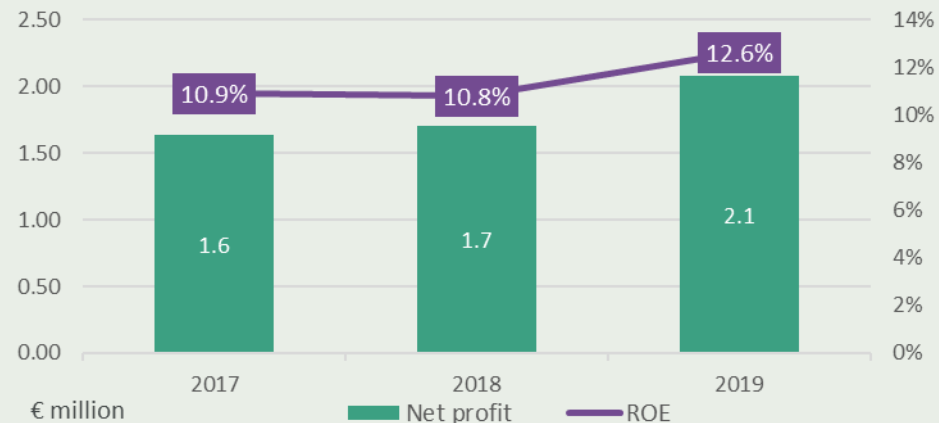
## Revenues from managing funds



## Gross premiums written (Slovenian company annuities)



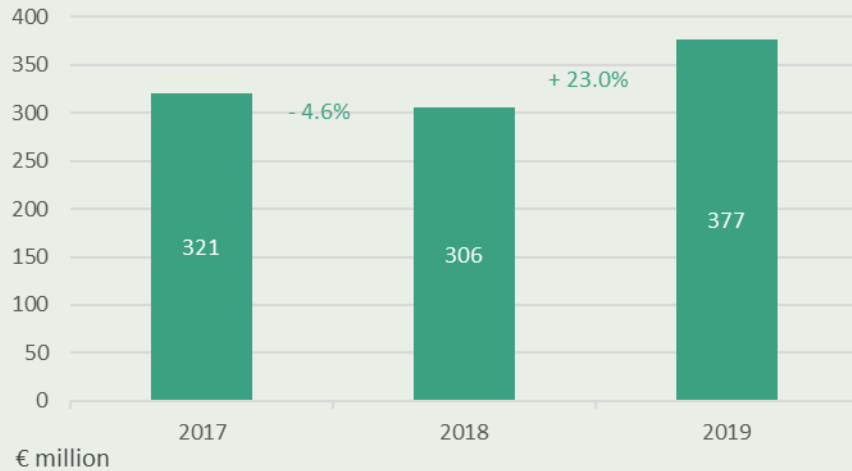
## Net profit and ROE



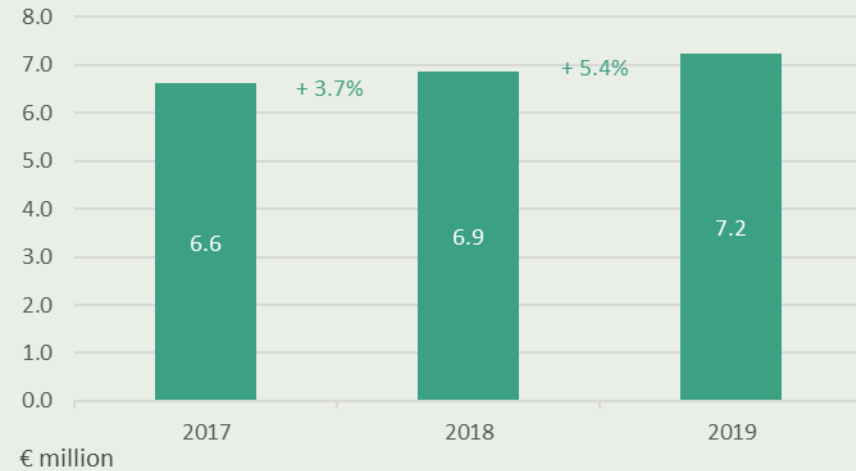
# Mutual fund management (non-consolidated)

Data shown for all years, even though Sava Infond was included in the consolidated accounts in July 2019.

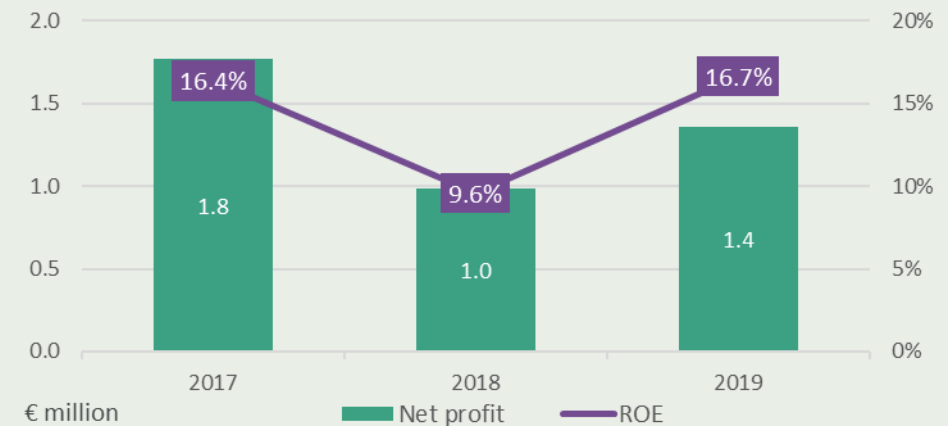
### Mutual fund assets



### Revenues from managing funds



### Net profit and ROE



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# Highlights of 2019

Growth in GPW of **9.6%**, growth in operating revenues of **9.9%**

Net profit of **€50.2 million** and ROE of **13.8%**, which includes a one-off positive effect on the reversal of badwill relating to the acquisition of Ergo of €7.5 million

Net combined ratio (excl. FX) of **93.8%**, which is within the target range

**First consolidation** of new companies:

- **Ergo** Osiguranje and **Ergo** Životno Osiguranje on 31 March 2019 (both portfolios were part of the Croatian branch of Zavarovalnica Sava in December 2019) and
- **Sava Infond** on 30 June 2019

Issue of 20NC10 **subordinated bonds** worth €75 m with first call date in 2029

**Signed deals** to acquire **Bled Diagnostic Centre** and **NLB Vita**

# Record profit for the year

Gross result

**€60.7 m**

2019/18: + 9.9%

Net result

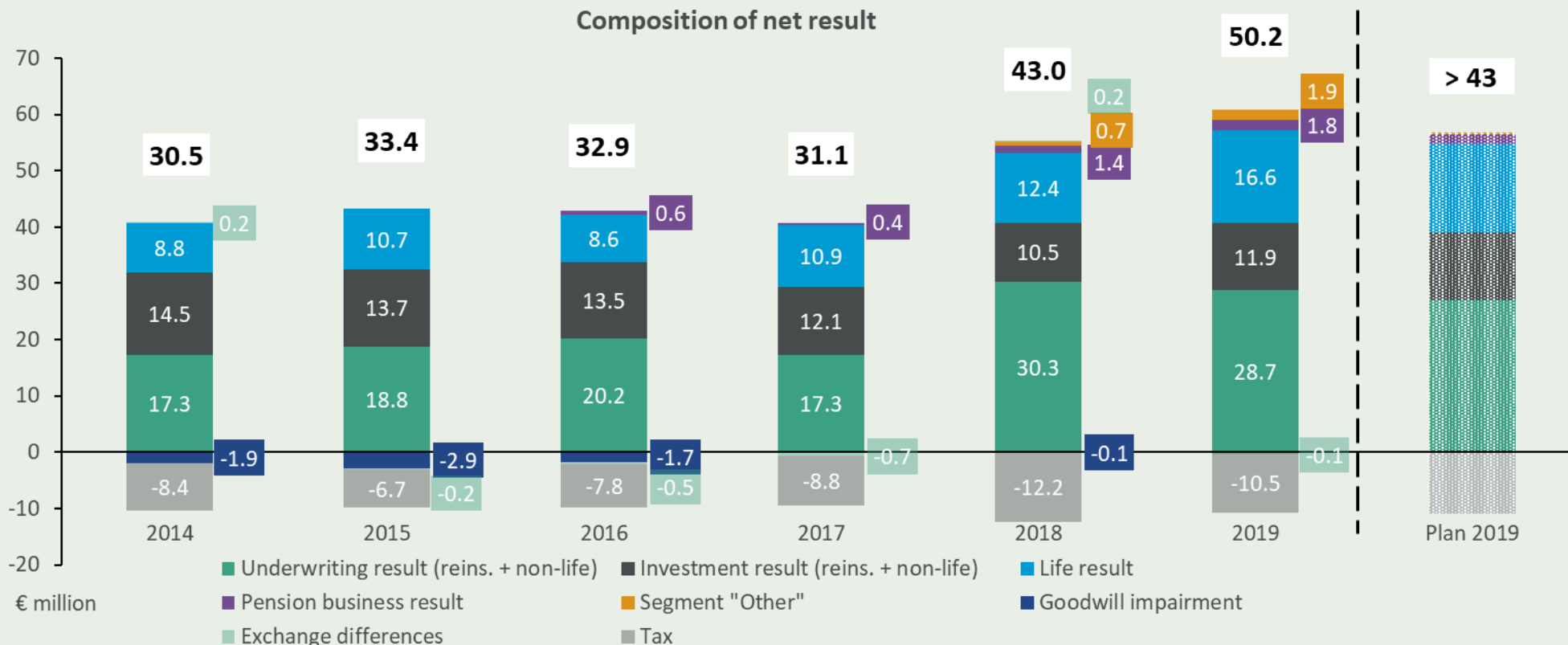
**€50.2 m**

2019/18: + 16.7%

Plan achieved



Composition of net result



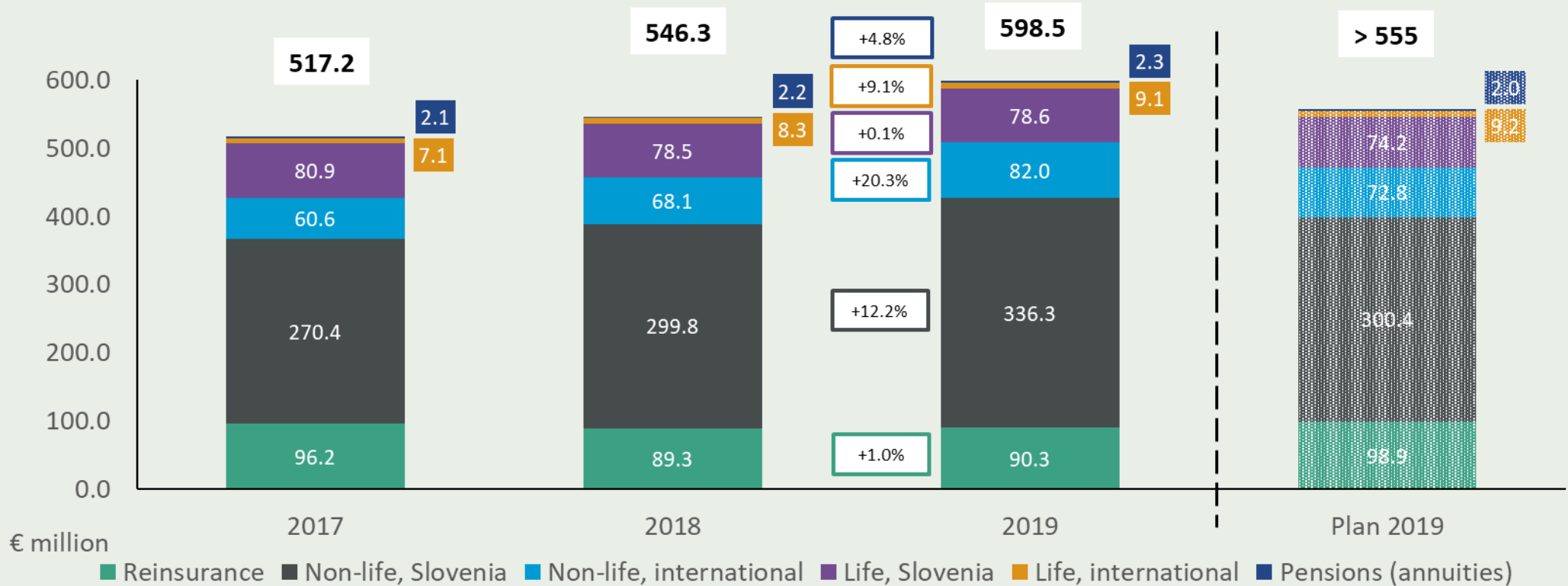
# Development of consolidated gross premiums written

Consolidated gross premiums written in 2019

**€598.5 m**

2019/18: + 9.6%

Plan achieved





# Strong growth in GPW in all insurance markets in 2019

## Insurance and pension companies

### Slovenia

Insurance company  
Premiums: €415.0 m  
2019/18: +9.7%  
Pension company  
Pension fund inflows:  
€12.0 m  
2019/18: +4.1%

### Croatia

Premiums: €24.9 m  
2019/18: +49.0%\*

### Montenegro

Premiums: €13.8 m  
2019/18: +7.5%

### Serbia

Premiums: €25.4 m  
2019/18: +17.8%

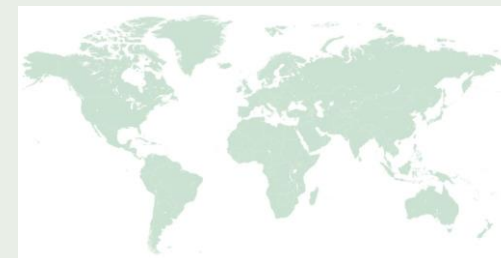
### Kosovo

Premiums: €12.7 m  
2019/18: +10.3%

### North Macedonia

Insurance company  
Premiums: €14.4 m  
2019/18: +10.4%  
Pension company  
Pension fund inflows: €71.5 m

## Reinsurance company



### Global markets

Sava Re reinsurance  
business

Non-Group premiums:  
€90.3 m  
2019/18: +1.0%

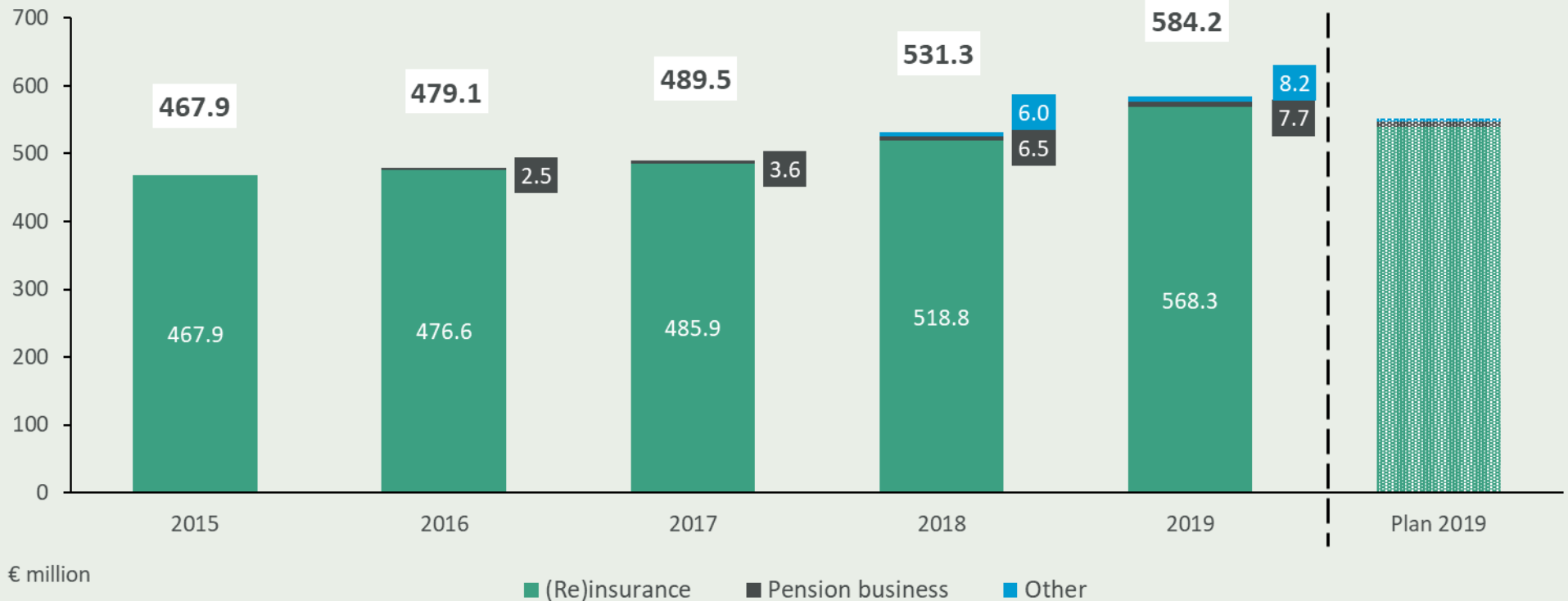
\* Inclusion of Ergo companies.

# Higher operating revenues reflecting expanded non-insurance activities

## Operating revenues

€584.2 m

2019/18: + 9.9%



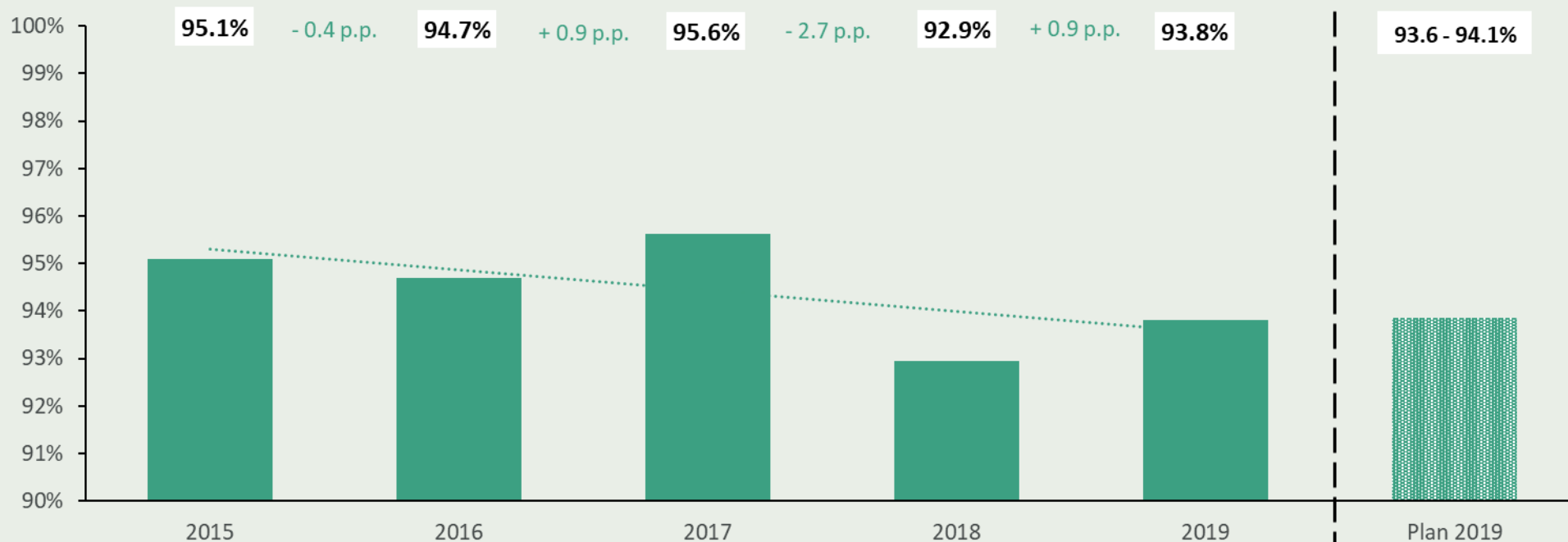
# Combined ratio within the target range

Net combined ratio\*

**93.8%**

2019/18: **+ 0.9 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) - calculated for the non-life and reinsurance segments.

# High return on equity

Equity

**€384.8 m**

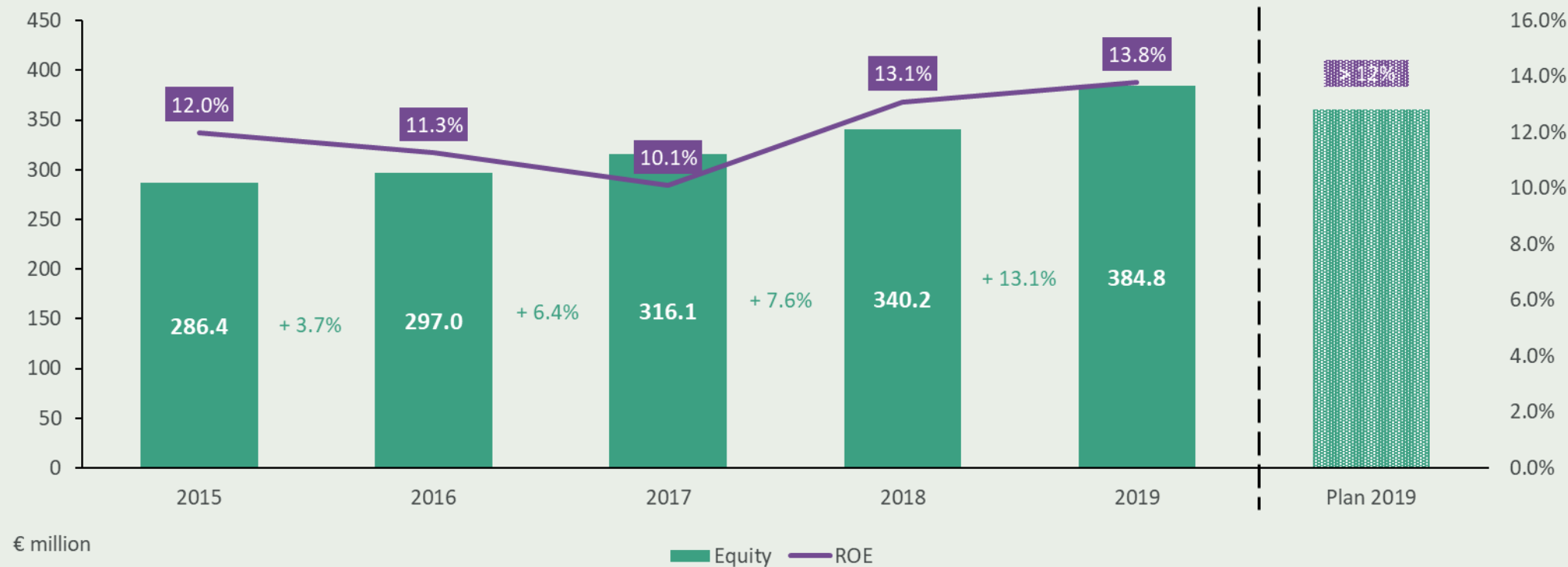
2019/18: + **13.1%**

ROE

**13.8%**

2019/18: + **0.7 p.p.**

Plan achieved



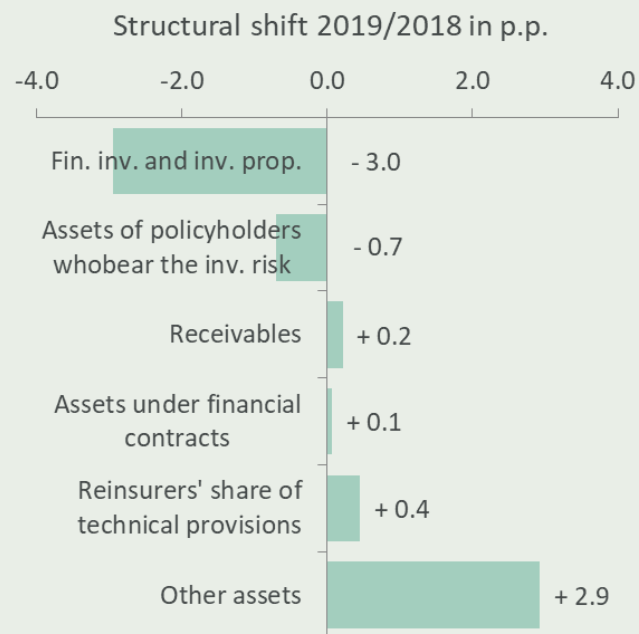
# Assets structure

## Assets

€1,886.0 m

2019/18: + 10.5%

	2018	2019
<b>Total assets (€ million)</b>	<b>1,706.0</b>	<b>1,886.0</b>
Financial investments and investment property	60.3%	57.3%
Assets of policyholders who bear the investment risk	12.0%	11.3%
Receivables	8.2%	8.5%
Assets under financial contracts	7.9%	8.0%
Reinsurers' share of technical provisions	1.6%	2.0%
Other assets	9.9%	12.8%
<b>Total assets structure</b>	<b>100.0%</b>	<b>100.0%</b>

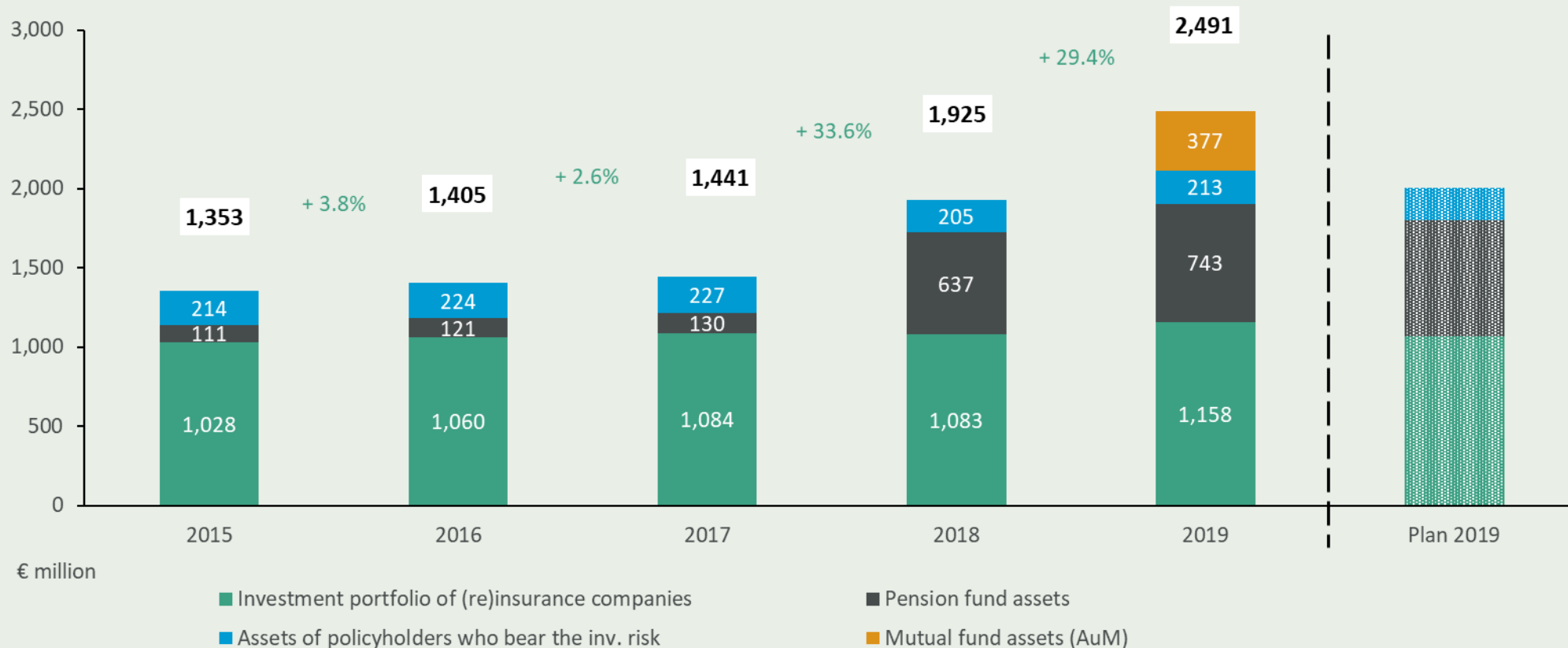


# Growth in assets under management

## Assets under management

€2.491 m

2019/18: + 29.4%



# Changes in investment portfolio structure

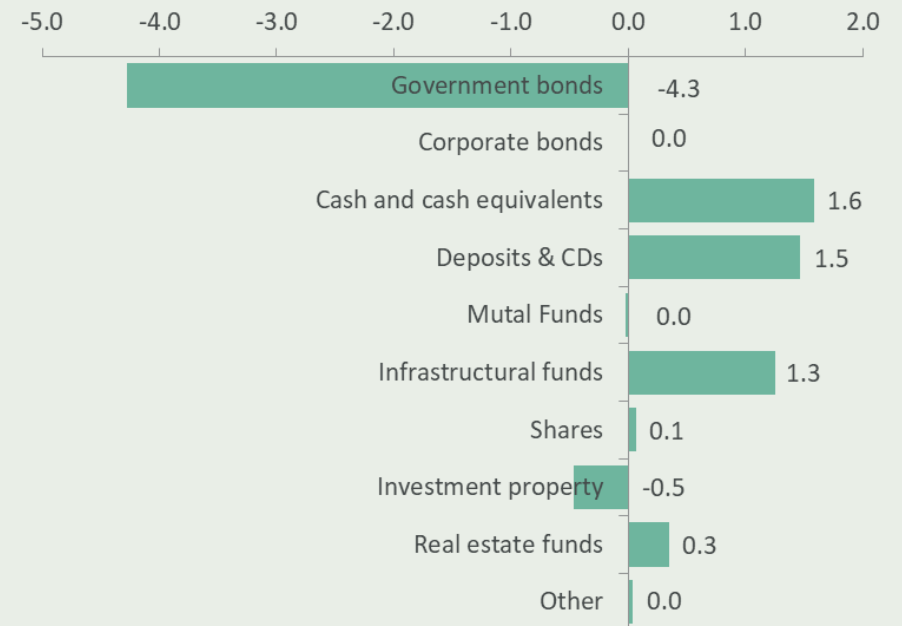
## Investment portfolio

€1.157,8 m

18/17: +6.9%


	31/12/2018	31/12/2019
<b>Investment portfolio (€ million)</b>	<b>1,082.8</b>	<b>1,157.8</b>
Government bonds	50.9%	46.6%
Corporate bonds	34.1%	34.1%
Cash and cash equivalents	4.9%	6.5%
Deposits & CDs	2.6%	4.0%
Mutal Funds	3.0%	3.0%
Infrastructural funds	0.5%	1.7%
Shares	1.4%	1.5%
Investment property	1.9%	1.4%
Real estate funds	0.0%	0.3%
Other	0.7%	0.8%
<b>Total investment portfolio</b>	<b>100.0%</b>	<b>100.0%</b>

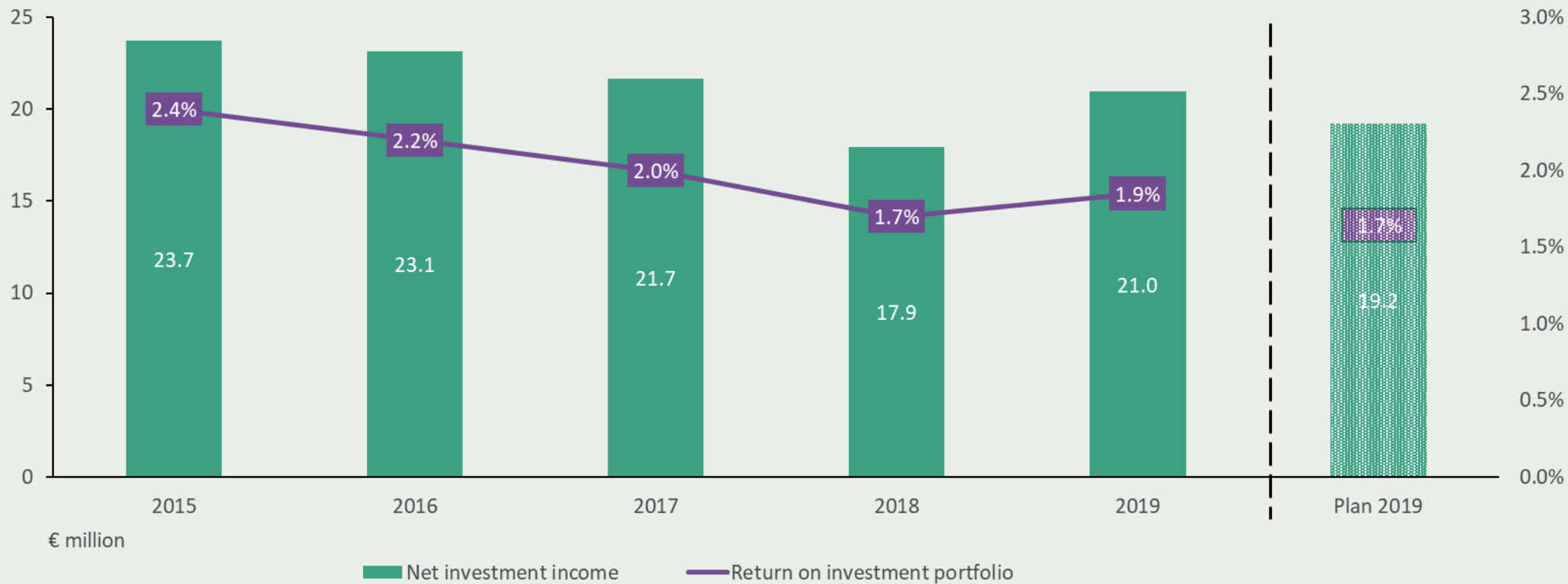
Structural shift in 2019 in p. p.



# Development of return on investment portfolio

**Return on investment portfolio\***  
**1.9%**  
 2019/18: + 0.2 p.p.

Plan achieved  




\* Excluding FX differences and expenses of subordinated debt.



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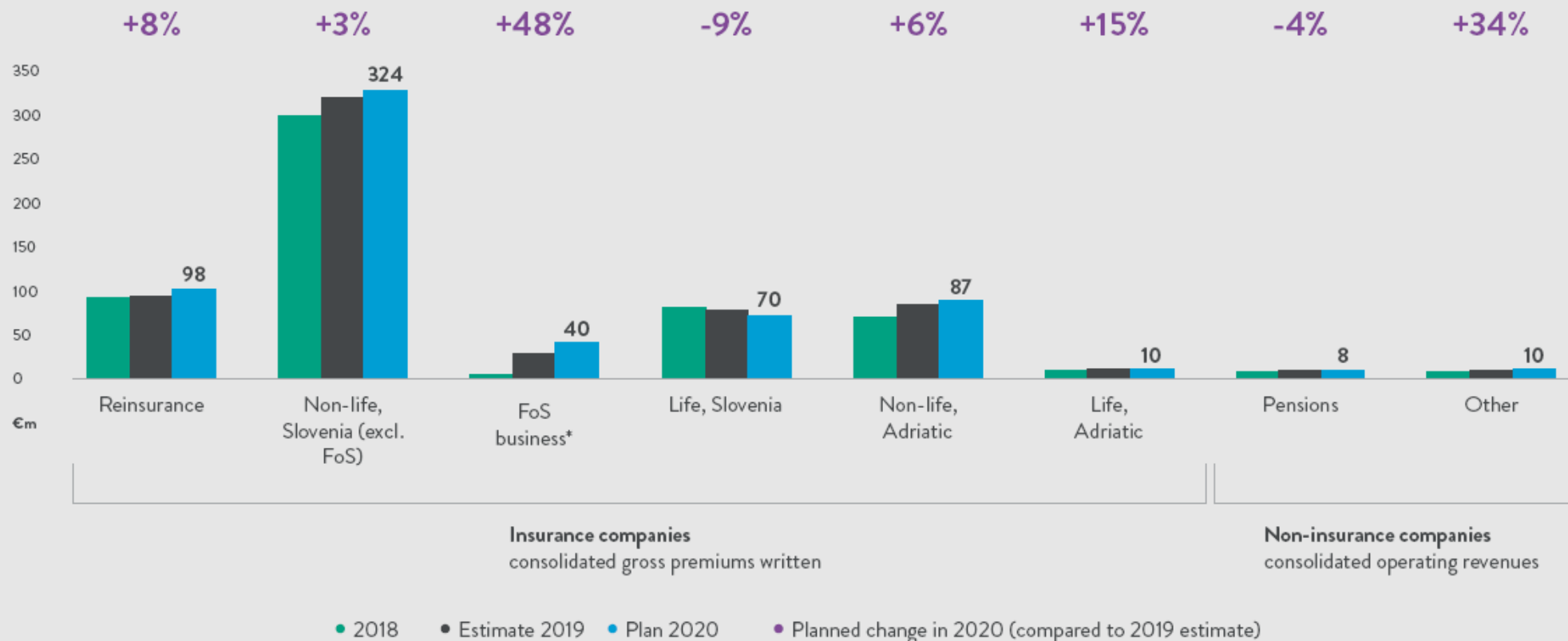
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# Key performance indicators of the 2020 Group plan

	Actual 2018	Actual 2019	2020 plan
<b>Group</b>			
Operating revenues	€536.8 million	€584.2 million	> €610 million
Profit or loss, net of tax	€43.0 million	50.2 million	> €45 million
Return on equity (ROE)	13.1%	13.8%	> 11%
Investment return*	1.7%	1.9%	1.3%
<b>(Re)insurance part</b>			
Gross premiums written	€544.1 million	€598.5 million	> €620 million
Net incurred loss ratio (reins. + non-life)*	57.0%	61.7%	59–60%
Net combined ratio (reins. + non-life)*	92.9%	93.8%	< 94%

\* Impact of exchange rate differences excluded. The return on financial portfolio does not include the cost of subordinated debt.

# Consolidated gross premiums written / operating revenues by segment



\* FoS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.

# Contents

- Overview
- Profile of business pillars
- 2019 results
- 2020 plan
- Strategy 2020-2022

## KEY TARGETS FOR 2020–2022

**GROWTH IN REVENUES**

> 4% annually

**SOLVENCY RATIO**

180–220%

**HITTING THE TOTAL REVENUES MARK**

of €650 m by 2022

**COMBINED RATIO**  
(NON-LIFE + REINSURANCE)

< 95%

**RETURN ON EQUITY**

> 11%

**RETURN ON INVESTMENT**  
(EXCL. COST OF SUBORDINATED DEBT)

> 1.2%

**KEY GROUP STRATEGIC FOCUS  
AREAS 2020–2022**



**DIGITAL  
TRANSFORMATION &  
PLACING THE CUSTOMER  
AT THE CENTRE**



**IT TRANSFORMATION**



**ACQUISITIONS-  
BASED GROWTH**

## AREAS OF DIGITAL TRANSFORMATION



### CUSTOMER AT THE CENTRE

- Omni-channel approach
- Web
- Innovative products
- New sales channels
- Business process modelling tools
- Sales process development
- Business intelligence



### OPTIMISATION

- Core reinsurance business IT solution
- Core insurance business IT solution
- Document management system



### REGULATORY

- IFRS 17
- IFRS 9

## IT FOCUS AREAS 2020–2022

SHARED SERVICES/  
SOLUTIONS  
& THEIR  
CONSOLIDATION

INTEGRATED  
DATA & QUALITY  
MANAGEMENT/  
BUSINESS  
REPORTING

INTERNAL &  
EXTERNAL  
DIGITALISATION

HUMAN  
RESOURCES

CYBERSECURITY  
&  
DATA PROTECTION

VALUE-FOCUSED  
IT MANAGEMENT

TARGET TIME	REQUIRED CAPACITY
Up to 7 years	Capacity to gradually re-engineer the applications in terms of technology and generations
Up to 2 years	Capacity to integrate an elaborate core business solution in a particular company (up to two at the same time)
Up to 14 months	Capacity to introduce major process synergies arising out of the Group level
Up to 4 months	Capacity to computerise ownership control over and management of an acquired company
Up to 3 months	Capacity to develop a complex market product
Up to 45 days	Capacity to analyse in detail and to make IT decisions regarding new initiatives
Up to 5 days	80% of upgrades to processes, products or new services are chiefly configurable by qualified users
24/7	Implementation of active defence of the Company's cyberspace
Ongoing task	Adequacy and organisation of expert IT staff and IT processes for providing IT support to strategic objectives
Ongoing task	IT management with a view to achieving value-added inputs in IT



## ACQUISITIONS-BASED GROWTH

	GOALS
ADRIATIC REGION INSURERS	Strengthening market shares in existing markets (Slovenia, Serbia, Croatia)
NEW EU MARKET INSURERS	Entry into new markets
PENSION COMPANIES	Strengthening market position in existing markets to achieve economies of scale
HEALTH BUSINESS	Comprehensive range of health services in Slovenia; expanding to other markets where the Group is present
SUPPORTIVE ACTIVITIES	Companies that could take the customer-insurer relationship to a higher level
ASSET MANAGERS	Achieving economies of scale; keeping pace with the development of capital markets in the region
SUSTAINABILITY PROJECTS	Improving energy efficiency, development of renewable sources, advancing quality of life & promoting social cohesion

## PILLARS OF BUSINESS OPERATIONS

### INTEGRAL RISK MANAGEMENT

#### INSURANCE & PENSIONS

Slovenia non-life  
Slovenia life  
Adria non-life  
Adria life  
FoS business\*  
Assistance and other supportive activities  
Pensions

#### REINSURANCE BUSINESS

Extra-Group  
Group

#### OTHER ACTIVITIES

Sale of mutual fund units  
Health business  
Other

#### ASSET MANAGEMENT

Insurance company portfolios  
Management of mutual fund assets  
Pension portfolios

#### CAPITAL GROWTH & USE

Organic growth  
Acquisitions  
Dividend policy

### SUPPORTING ACTIVITIES

\* FoS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.

**Thank you for your attention.**

# 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 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 adjust any forward-looking statements or other information contained in this document to future events or developments.