



## **Investor Dinner 2016 speech**

26 September 2016, Andaz Hotel, London

### **Agenda**

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| ▪ <b>Before Starter:</b>     | Jozef De Mey      |
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## **Speech**

[Frank Vandenberghe:](#)

Good evening everyone and thank you for being with us.

It is my pleasure to welcome you on behalf of our chairman and the management team to this annual gathering. A lot has happened since we last met and we know you will have a lot of questions. We will try to answer as many as we can in the time we have together.

We have once more chosen an Investor Dinner formula for this event as it hopefully offers more opportunity for personal contact, and at the same time it allows us to proactively exchange ideas on a number of burning issues around Ageas and the sector as a whole.

Before we take the starter, Filip Coremans will provide you with an update on two of his main domains of responsibility, the legal procedures and Solvency II. As you can imagine it has been quite a busy time for Filip!

Our CEO, Bart De Smet, will touch upon some of the topics that have emerged from recent roadshows and investor conferences, so that you have enough food for thought and discussion during the dinner.

Maybe good to know that you will be able to ask all your questions after the speeches and just before dessert.

But first, I would like to invite our chairman Mr Jozef De Mey to welcome you on behalf of Ageas. We wish you an excellent dinner and fruitful discussions.

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### The Chairman:

Good evening to all of you and a warm welcome to this Ageas Investor Dinner.

Those who were present at our Investor Day last year will remember that I ended my speech with the wise words of Winston Churchill: “Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”.

I could never have imagined 12 months later that I would be standing here not only with the sale of our Hong Kong activity behind us, but our acquisition in Portugal completed, a smooth transition to Solvency II but also a settlement agreement reached with all significant claimants’ organisations!

Ladies and Gentlemen, when I accepted in 2009 to become chairman of what is now Ageas, my ultimate hope was to help get the company back on the rails and to put my expertise and network at the disposal of the management.

The legal procedures against Ageas were by far the biggest threat to Ageas’s survival. Even though I remain convinced that we had and have strong arguments before court, I always felt that we could not just pursue one avenue and that we also had a duty to explore alternative solutions to put a real end to this major risk for the company. After some years of legal actions I felt the organisations were at the stage where they were willing to talk and to seek an amicable solution. It took a lot of time to find a way through this legal quagmire, but we found it in the Dutch WCAM procedure. This allowed everyone to agree to acceptable compensation levels that represented a good compromise between the original claims, the amount Ageas could afford to pay and an offer that would be acceptable to the claimants. Of course, I realise we aren’t there yet; It is a lengthy and very structured process allowing all parties to be heard before the transaction is executed.

I hope however that the main work has been done and that within some 18 months from now we can finally draw a line under this painful period in the history of our company. I’m convinced that all in all this is a fair and reasonable transaction both for those impacted by the Fortis events in 2007 and 2008 as well as for Ageas.



However with the benefit of hindsight, which is of course my role as a chairman, there is no doubt that a crisis such as the one in 2008, whilst a real challenge, is also something from which the company can emerge even stronger. There are always positive notes to a crisis, although I am of course not suggesting that there are more to come!

Crises force you to act, to leave your comfort zone and deeply reflect how you will continue.... Well.... I believe we did this thoroughly. The management of Ageas made the fundamental choice that there is only one strategy possible for Ageas and that is a strategy of sustainable growth. We are a stakeholder driven company and our success is a reflection of how ALL stakeholders value their relationship with us over the long term.

We deliver for the long term, not for the short term

and this, ladies and gentlemen, is deeply rooted in the genes of our people. This is also why our company culture is based on the philosophy that “Actions speak louder than words”

And this brings me to my second main message:

“Ageas is back to normal”.

Barring unexpected news around the legal settlement in the coming months, all legacy issues should be solved, and the uncertainties that have plagued us for so long removed. Ageas has regained its full financial and strategic flexibility. This implies that even more than before, there is now full focus on our insurance activities, on the execution of our strategy and of course most importantly, consistent and continued delivery against our promises both from an operational excellence perspective and in terms of our financial performance.



So what should an investor or an analyst read into this? Well, first of all, I would hope that even more than before you are willing to consider Ageas as a good investment opportunity, liberated from life threatening risks and uncertainties. It is fair to say that the Board has been somewhat surprised at the behaviour of the share since the beginning of the year, especially since the announcement of the legal settlement. Furthermore some of the concerns that have been raised about Ageas and its business model need to be clarified. So Bart will elaborate further on this in his speech.

I am not blind of course to the issues and challenges created by the volatile economic environment, which make the life of an insurance company not easy to say the least:

From low interest rates and our capacity to achieve an attractive yield going forward

... to the operational performance of our Non-Life operations

.... clarity around our relationship with our partner BNP Paribas Fortis in Belgium

.... the integration of our recent acquisition in Portugal

... or the use of our excess cash.

Every company has its challenges and this is the beauty of life. The story is never finished and there are constantly new challenges on the horizon.

From this I conclude that:

*You are never rewarded for past achievements, you need to constantly deliver, perform and stay on top of things.*

And that in a nutshell summarises for me the strength of the management team of Ageas. On behalf of my colleagues on the Board, I can confirm that we have the deepest appreciation for their professionalism and hands on attitude.



This gives me confidence that this team is able to solve in the best way the issues and challenges that will inevitably come by in coming months and years. I have no crystal ball to predict the future but their track record over the past years should also give you the comfort to be optimistic about Ageas and its future. And while I am disappointed in the short term share price performance I am also someone as I have said who focuses on the long term and we will continue to do the things we believe have to be done. The rest will follow.

As a Board we will of course play our role in challenging but also supporting the management team whenever needed.

And now that we have regained our flexibility, more than ever we need to think about our future. For this there can only be one guiding rule:

“Maximizing the value for the shareholder”

Ladies and gentlemen on that positive note, I wish you an excellent dinner and pleasant discussions at your table.

I give now the floor to Filip Coremans.

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Filip Coremans (CRO):

Ladies and gentlemen,

Good evening and I hope you have enjoyed the discussions so far.

It is fair to say that my first two years as Chief Risk Officer have been quite entertaining.

Indeed, it is about exactly two years ago since we first met here in my new role as CRO of Ageas. That summer we had just received the negative judgement in appeal of the FortisEffect case, one of the many civil cases brought against Ageas for alleged miscommunication by Fortis over the years 2007-2008 and which in all fairness this took us a bit by surprise as the initial case went in our favour.

More importantly I believe is that it confirmed our conviction and intensified our effort to explore alternative routes to seek closure on the legal overhang. Clearly markets found it very difficult to judge relevance and potential impact of our legacy on the valuation of Ageas resulting in extreme volatility in our share price, an inheritance that did not resonate well with our investor brand building efforts to install reliability, transparency and trust. Jozef sometimes refers to the beauty of boring although I'm not convinced that I would qualify us as a boring company if you look at the achievements of the last year.

This dichotomy of installing trust by reliability and transparency in times of volatility also underpins the challenges we and our sector at large have been -and still are- facing with respect to Solvency II disclosures. Indeed, this was the main theme of our investor day last year when we met again here in London.

In February we published for the first time our capital adequacy numbers under the Solvency II framework, pretty much in line with what we announced at the 2015 Investor Day, and just one month later we announced the settlement regarding the Fortis legal legacies.



On the one hand we are on the path towards removing the uncertainties created by the legacies that have plagued us for such a long time, and on the other hand our disclosures confirm that as a Group we have a solid financial base.

So, on both aspects I believe it is fair to state that we made significant and material progress in the second half of 2015 and first half of 2016, and I insist on mentioning that this is thanks to exceptional efforts made by our legal and risk teams.

I trust that both events indeed brought some comfort and moved us closer to become the Ageas we want to be. Obviously this is not the end of these stories so allow me to briefly summarize where we are today and what you can expect in the coming year.

After a long and winding road of talks and negotiations with the various claimant organisations, with the 13 D&O and POSI insurers, the former D&O's and various other institutions involved in the legacy proceeding in Belgium and the Netherlands, finally, in March this year, we reached an agreement with the four major claimant representatives, Deminor, VEB, Stichting Investor Claims Against Fortis (SICAF) and Stichting FortisEffect. Since then as announced in subsequent joint press releases the agreement has also received the support of two Brussels based attorneys, Mr. Arnauts and Mr. Lenssens, and their respective claimants. Together these parties represent over 95% of the estimated number of claimants active in legal proceedings against our company.

So a quick recap of what was agreed. Ageas has put aside EUR 1.2 billion to compensate eligible shareholders who meet the criteria, holding shares between the period of February 2007 and October 2008. Within this long period we identified three sub-periods to determine the compensation. Different levels of compensation have been proposed for each of these three periods, and for holders and for buyers, and active and non-active claimants. In parallel with this agreement, we also agreed a settlement with the D&O insurers who subscribed the 2007 and 2008 policies and who were refusing coverage based on mismanagement and criminal allegations. The amount Ageas with the support of the insured Directors, officers and financial institutions such as BNP Paribas Fortis recuperated through this agreement amounted to EUR 290





million. Hence this reduces the net total cash out for Ageas to 1 billion euro.

For the settlement we used a legal framework of the Netherlands, the so-called WCAM-law, which makes it possible to have the settlement declared binding to all eligible shareholders, except for those who explicitly opt out.

Aside from the EUR 1.2 billion provision we also put aside a provision of EUR 62 million for any tail risk; this covers those we may be obliged to pay in the context of court cases continued by shareholders who decide to opt out from this settlement. With the new parties expressing their support to the settlement, the tail risk might become less significant. We will continue to monitor the possibility to limit the provision for tail risk on a regular basis.

In the meantime we started the proceedings which should lead to the binding declaration with the Amsterdam Court of Appeal. The agreement was filed in May and we appeared before the Court for the first time at the end of August to discuss some procedural matters, mainly related to notification and timings. The next step will be a public hearing before the Court, during which any interested party can put forward arguments against or in favour of the settlement. The date for this hearing has in the meantime been fixed on 24 March 2017.

Based on this hearing, the court will have to decide whether it considers the agreement reasonable in terms of the amounts and the differentiation of shareholders and whether the signing parties are representative enough to negotiate the settlement on behalf of all eligible shareholders. This means that a – hopefully positive – judgement can be expected at the earliest by mid-2017.

After this judgement it will still take some time for the agreement to be closed. As Ageas has a termination right if too many eligible shareholders would opt out, the distribution of compensation will only start after the opt-out period. Shareholders have a year as from the notification of the Court's binding declaration to enter their claim for compensation. But at least at that moment we will have absolute certainty about the future.



Anyway, the first big task now is to make the agreement officially known to all shareholders that could be eligible to participate in this settlement. It has been quite a task to identify as many individual shareholders and institutions as possible who were shareholders back in 2007! All known shareholders will receive a letter or e-mail. So if you or your clients were a shareholder during this period you should receive one too. In addition, there will also be announcements in newspapers in various countries to inform eligible shareholders we have not been able to identify.

A result of all this is that in the Netherlands, all civil proceedings covered by the settlement are now suspended by the WCAM-law awaiting the Court's decision. In Belgium the parties supporting the settlement have also suspended their proceedings. But of course while this settlement aims to offer a solution to all outstanding civil proceedings, some procedures still remain outstanding,

Such as the criminal procedure in which Ageas so far as not been referred to court, the civil action brought by Mr. Modrikamen aimed at annulling the sale of the Belgian banking activities to BNP Paribas, which is out of scope of the settlement, but on which the Brussels court decided to suspend this proceeding awaiting the outcome of the criminal procedure. And finally the civil proceeding initiated by Patrinvest in Belgium, currently in appeal, is also continuing. In case the court declares the settlement binding, Patrinvest will have to decide whether it opts out and continues the proceeding or whether it participates in the settlement and terminates the proceeding.

So, ladies and gentlemen, I dare to conclude this part of my speech by confirming that we are well on track to put the legacy history of Ageas behind us. This significantly increases the financial clarity around the company as all necessary provisions have been accounted for, the cash-out related to the legacies has become clear and the cash needed is ring-fenced within our cash position of the General Account and last but not least, all this is recognised in our Group Solvency II numbers.



This brings me smoothly to my second topic of this evening, **Solvency II.**

This time last year Manu Van Grimbergen and I gave you a quite detailed insight into our vision for the interpretation of the Solvency II principles. I assured you at that time that we were confident about a smooth transition and that, although Solvency II would bring more volatility in the numbers, our overall target of 175% Solvency II<sub>ageas</sub> for the Insurance activities was realistic and well considered. We deliberately stuck to the Insurance level at that time among others because of the impossibility to estimate the capital charge for the legacies. Today of course this has changed and thus we are considering to put more focus on our Group Solvency ratio.

At the Investor day last year we reported an Insurance solvency ratio of 186% for full year 2014, still including some 3% of uncertainties as we explained at that time and a Group solvency ratio of 216%.

This year, and this in spite of the negative impact Brexit had on spreads in Portugal, the further drop in interest rates, the material impact of the settlement, our investments in Portugal and the continuation of our buy-back program, and of course off-set by the transaction in Hong Kong, we were very pleased indeed to be able to report an Insurance solvency ratio of 183% and 209% on the level of Ageas group during our half year result announcements.

In summary this means that we are quite steady at about 7 percentage points above our target ratio even after the deduction of the expected dividend to be up-streamed over the current accounting period, another example of our prudent approach.

This stability is due in a very material way to the fact that we have always been disciplined in our ALM and deliberate in our risk appetite and clear in our risk preference decisions.



It is also good to remember some of the prudence aspects of our internal solvency view at Ageas group level. The most important points to make here are as follows:

- Firstly, we did not make use of transitional measures temporarily lifting up the ratio at the level of Ageas. The latter does by the way not exclude that our local operating entities do make use of transitional measures.
- Secondly, we stayed prudent in calculating the capital requirements by limiting the Loss Absorption Capacity of Deferred Taxes, sometimes indeed in anticipation of the locally expected limitations.
- Thirdly, we limited the impact of credit spread risk to fundamental spread on corporate bonds, but we also apply this on government bonds.
- Fourthly, we are probably conservative by deducting the diversification benefits included in the SCR from our own funds and in recognition of the limitations to transferability of own funds due to of non-controlling minority stakes in Belgium, Portugal and Italy.
- Besides that the put option from BNPP on AG Insurance is treated as if the put option is exercised (similar to IFRS), the exercise of the put will not impact the Group Solvency Ratio.
- Moreover, the Non-European Non-Controlled Participations, which are basically mainly our Asian JV's, are not included in the Solvency II ratio.
- Finally, as already mentioned, we also deduct the expected dividend upstream in line with our capital management policy from our reported own funds.

So we are confident that the way we report on our solvency situation but more importantly the way we have aligned our target capital levels, our risk appetite and our management actions will allow us to continue to deliver on our promises despite the obvious volatility that is inherent in the new solvency regime.

There is work to be done here. Special attention will go to improving the information and clarity on concepts such as value creation, sustainable capital and/or cash generation, the analysis of change in own funds and SCR and transparency on our sensitivities.



We note with you the confusion that currently reigns in the industry where all players and the investment community at large are indeed struggling to come to terms with the new reality and has yet failed to come up with standards and norms in this regard.

We are working on our disclosures on these important matters in the months to come and we appreciate and will take at heart all your feedback and suggestions. Let it be clear that this is an absolute priority for us.

A first disclosure can be expected together with the year-end disclosures. Bart will elaborate further on this subject in his talk this evening.

In any case, I feel comfortable that in both files we have been delivering on our promises or even more and that, ladies and gentlemen, ladies and gentlemen, is an illustration of the genes of Ageas!

With this conclusion I'd like to thank you for your attention and...Bon Appetit!

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[Bart De Smet \(CEO\):](#)

So Ladies and Gentlemen,

Let me add my own word of welcome to this year's Investor dinner. Jozef and Filip have already set the scene, providing a high level view of the current status of Ageas. I have structured my own remarks into three distinct blocks:

**Firstly**, I'd like to look back to our Half year results, take some distance from the bare figures and look at the broader themes that came up.

**Secondly**, a brief update on our Ambition 2018 strategic plan.

**And thirdly**, based on the previous two topics, I will share what is keeping the Management Committee (including myself) busy these days and what we see in the near future.

## **HALF YEAR RESULTS**

So, let me start by reminding you the headlines from the half year results:

1. A net Insurance result of EUR 608 million including part of the capital gain realized on the sale of the Hong Kong assets, and underlying a strong set of operating margins both in Life and Non-Life.
2. Our Solvency II Insurance and Group ratio remained stable amounting to 183% and 209% respectively. Our non-controlled non-EU participations also reported a strong solvency ratio of 261%.
3. Strategically, we announced the closing of the sale of the Hong Kong activities and of the acquisition of the AXA activities in Portugal.
4. And last but not least, we launched our sixth consecutive share buy-back programme. In this context, let me highlight the up-streamed cash from our operating companies which at the end of June stood at around EUR 400 million.



Ladies and gentlemen, I believe this is a strong set of financials, in fact the best since the start of Ageas in 2009. But while I'm satisfied with the results, I'm not satisfied with the performance of our share since the beginning of the year. The recent share price evolution has surprised us as it is in contrast to previous years when we have significantly outperformed the markets and where in fact the uncertainty around a number of very important files was much higher.

It is difficult to argue with the facts:

1. Our performance relative to the Insurance STOXX index since the start of the year, is -23% vs. -16%.
2. Since the announcement of the settlement -10% vs. -6% for the sector

So disappointing..., but it is something we feel as a management team compelled to reflect upon and analyse, to see how we can best respond.

The recent contacts with investors and research notes have been helpful in this regard and could let us conclude that maybe in some cases we should better explain things. I selected a couple of them and will try to further clarify our view:

1. Firstly our dividend expectation for 2016 : as already mentioned, our half year insurance results included an exceptional capital gain of EUR 200 million related to the sale of Hong Kong. Given that our dividend policy states that between 40 and 50% of our net Insurance profit will be distributed to shareholders, you can rightly assume that our next dividend, all things being equal, will include an extra dividend of EUR 80 to 100 million, on top of the so called recurrent one. Divided by 200 million shares, this could represent some EUR 0.4 to EUR 0.5 per share.





2. The second topic focuses on the level and the sustainability of the cash upstreamed from our operating entities. This is a topic which also relates to a theme that is more broadly covered by the analysts with new concepts like capital (or free capital) and cash flow generation under Solvency II. Here I have a few comments to make :

In 2013 we began disclosing our up-streamed cash by segment. Since then, we have consistently up-streamed between EUR 400 and 450 million a year on a recurring basis. The decision about the amount of cash that will be up-streamed is based on our capital management policy which is based on target operating solvency ratios we want to have by company. Taking into account the forecasted risk/return levels, the agreed up-streamed amount of cash can go as high as 100% of the net annual result, for instance for Belgium, the main contributor, where, in principle, no additional capital is needed to fund its business. It obviously averages out with fast growing entities which need to fund their capital needs however if we take Thailand and Malaysia, we respectively extracted already around EUR 140 million and EUR 100 million out of those countries. In China the story is slightly different but the rule that obliges state owned companies to pay out 10% of their net profit as a dividend is a positive. And on top of that, we were very pleased that earlier this year Taiping Life decided to upstream a generous dividend of EUR 60 million for us, following the excellent 2015 net result. This brings the total dividend extracted from China since the start close to EUR 100 million. As an aside you may be interested to know that including the receipts of the sale of Hong Kong we have recovered all of the cash we have invested in Asia since 2001, including the recent investments in Vietnam and the Philippines.

All in all, we feel pretty comfortable to stick to our guiding principle which says that the up-streamed cash should cover the annual dividend and the corporate costs. But please note that we have no objective to fund a share buyback with the up-streamed cash.





Ladies and gentlemen, this is part one of the answer.

I recognize that Solvency II has resulted in a renewed and in my view fair focus on the balance sheet of an insurance company and its long term commitments. We need to pay indeed more attention to this.

It is why we are working hard on improving our disclosures around capital generation, free capital generation or free cash flow, the link with the evolution of the own funds, the value of new business, value in force and all related concepts.

In this context I would certainly like to refer to the recent research note of Autonomous, which we fully support and that concludes that there is a lot of confusion today around the topic and that it is time to harmonise and make disclosures more consistent. This is also in the best interest of the insurance sector as a whole. I have instructed our teams to give priority to this topic but at the same time to think carefully before producing any new type of disclosure.

To clarify the debate we think that two things should be separately addressed: first the Free Capital Generation which reports on the increase in **potential** dividend distribution and secondly Cash Remittance, which reports on actual cash flows within the Group which largely depends on the already mentioned capital management policy and decision from the management.

I have also asked Christophe, member of the CFO Forum, and Manu, Chairman of the CRO Forum, to bring this topic to the table to develop some common views across the sector. The Solvency II sensitivity analysis also needs a better defined set of assumptions. When you compare the results of the industry there is indeed clear evidence of a lack of homogeneity in the exercise. So keep watching this space. I would like to leave it here for the time being. Rest assured that we have enough capacity to upstream the cash we need to meet the defined requirements.



3. A third and fourth topic which I will comment on together include :
- a. Thoughts on the future of our share buyback programme
  - b. And the net cash position in the General Account

Including the current recently announced share buyback programme, the total amount returned to shareholders - on top of the dividends - at the end of this buyback will amount to EUR 1.4 billion. These programmes have always been linked to the availability of excess cash in our General Account and hence the financial markets assume that at some point our buyback programme will come to an end, i.e. when this cash pool dries up or when we reach a so called minimum buffer. Let me comment on this and with the risk that what I will tell sounds very simple : we have always repeated that our first preference is to invest the cash in the business, via smart and carefully selected acquisitions.

I appreciate that for some of you stopping the share buybacks might have a significant impact on your appetite to invest in Ageas given that the buyback clearly represents a significant yield for an investor. But note that there is no value creation and that it would be smart to put that cash at work.

We are aware that stopping the share buyback programme only makes sense if there is an alternative, and attractive equity story.

Linking both concerns means that any such decision to stop a share buyback would always be made in the context of having invested our excess cash in assets that would generate profit and hence new up-streamable cash. This implies logically that the yield coming from the buyback will be replaced by more value creating higher recurring dividends.

It is worth reiterating that we chose to upgrade the importance of our dividend policy by making of it one of the targets of Ambition 2018.



4. The next item that is unavoidable is the persistently low interest rate and related to this, the sustainability of our Life operating margin. Some of you have lowered their results estimates on the back of a fear that our margins will inevitably decline in the coming years. This debate focuses essentially on Belgium, our largest Life business.

It is worth I think repeating here some of the measures we have put in place in Belgium to mitigate as much as possible the negative impact of low i-rates:

- We lowered and might lower further the guaranteed rate of our products
- We have discretion over the total client return decided at year end. As with the minimum guaranteed return, we adapt this based on the market circumstances, the realised investment yields and of course our market position and the interest of our clients.
- Our investment team actively searches out investment opportunities with a good risk/return profile and you have seen that the yield on new money remains significantly higher than the govies rates. I refer here to the 1,87% new money yield on the fixed income (!) portfolio as reported end of June. On top of this you have to add the Real Estate contribution of around 0,4%. So we benefit from the large exposure to this asset class and from our position as market leader in Belgium.
- We actively manage our equity and real estate portfolio; With respect to the latter I also understand that there are fears that the realization of sufficient capital gains is not sustainable over time. I remind you that the unrealised capital gains on our real estate portfolio are pretty stable around EUR 1.5 billion, and that we need around EUR 70 to 80 million a year to meet our target returns. You can see that we have a good visibility there. The track record is sufficiently telling and we have managed in the past to realize important sales projects every year.
- We benefit from the perfect duration match between our assets and liabilities



- And finally in the event interest rates started to rise, we have the so called market value adjustment clause in place that offers us protection against lapses.

Ladies and gentlemen, let it be clear: we price the products for the margin we want to achieve.

Therefore and taking into account the levers we have, we still feel comfortable today continuing to sell Savings Products whilst trying to strengthen our position in our other main business lines such as Group Life, Life Protection and Unit-Linked. We will of course continue to monitor the situation carefully, adapting our sales approach if and when necessary. In the event we were to conclude that there is no longer a viable business case, we might also, like other competitors, stop or at least temporarily suspend the sale of these products.

5. The last topic on which we receive a number of questions is the integration of the acquisition in Portugal. The company has been consolidated since the second quarter of this year and the integration is going smoothly. In this integration phase the P/L is roughly at break-even.

We will provide you a deep dive into our strategy and realisations for the Portuguese market and it is a good moment to announce our next full Investor Day 2017 which we plan to hold in Lisbon on June the 6<sup>th</sup>, ahead of the Goldman Sachs conference in Madrid. Besides an update on our Portuguese activities we will provide you among others with more insight into our progress with respect to Ambition 2018.



## **AMBITION 2018:**

This brings me fluently to the next topic: our Ambition 2018 strategy.

We are about one year into our new strategy and you will recall we described Ambition 2018 as very much an “evolution, not a revolution”. We outlined some additional strategic priorities to respond to the rapid technological changes that also impact the insurance landscape. And we fine-tuned our financial targets.

Ladies and gentlemen, I am confident that this is still the right approach: we need to prepare ourselves for change and we are taking a lot of initiatives to ensure we are ready for the many challenges that will confront us in the future. The new strategic direction has led to various initiatives and platforms all clustered and followed up by our COO Antonio Cano.

Some very first realizations after 12 months are the following and I will deliberately not elaborate too much on these as I’d like to give our teams some more time to come up with results before spreading the news publicly:

1. Our data analytics team that is now in full force has realized some first projects among others in Asia and is also spending a lot of time creating awareness across the entire organization about the opportunities of data analytics.
2. In the UK, we launched a new concept called “Back me up”, an innovative online and direct insurance product designed for Generation Y, with a strong emphasis on an entrepreneurial and innovative mind set. The product is now “live” and we are all very curious about the results of this experiment. More of these initiatives are in the pipeline and should hopefully illustrate but also further stimulate our internal capacity to innovate and to think differently.
3. With respect to the new technologies, we have given priority to projects around connected homes and connected cars and we are testing actively a number of concepts.



I would like to highlight the launch of our Ageas Academy, another initiative announced last year. Sponsored and implemented by our Group HR team, this initiative has developed several educational programmes around key strategic topics and training initiatives have been organised at all layers of the organisation. Collaboration around innovation across the group has accelerated considerably as a consequence, stimulating not just the thinking but also facilitating greater cooperation across internal borders.

Clearly, I would hope to share with you in June next year some interesting examples of projects that really illustrate our power to innovate and to do things differently and that contribute to the sustainability of Ageas's business going forward.

Realistically I'm conscious that not every idea and project will be successful but I do feel that the fact that we are giving space to this important topic is a great stimulus for the organisation and I'm convinced that there is enough quality amongst our teams to be successful.

## **MANAGEMENT PRIORITIES:**

This brings me to the final part of my remarks: our main management priorities as a management team.

1. Apart from the obvious focus on operational and financial performance, Preparing the company for the future is for me a high priority: ensuring we make the right choices with respect to organisation, digitisation and other innovative trends which will determine how successful we can be in the future.



2. Defining the right profile for the group and securing our market positions in each of our core countries is as important. Especially after the legal settlement and the sale of Hong Kong, everyone is now focused on how we plan to spend our cash. In this context, the upcoming discussions on the extension of our distribution contract with BNP Paribas Fortis in Belgium and the potential exercise of the put option on the remaining 25% is one of the files on my table. And of course we are following very closely the evolutions around Ethias in Belgium. As we have said previously an acquisition would be an excellent way to strengthen our position in Belgium, especially in Non-Life. However, today there is no file on the table but we need to be on the first row if an initiative is launched. And I would also like to repeat that we will of course respect our financial discipline.

All this, ladies and gentlemen, should result in an even stronger Ageas going forward; a company that is able to continue to deliver on its promises, as we have so far.

In this context, the share price of today is not my reference base. Our focus, as Jozef already said, is on tomorrow and longer term and I am convinced that we are doing the right things and that this will eventually result in the right valuation of our company.

As CEO of this company, I've always chosen to first "do" things and only "talk" thereafter. This is the DNA of our company and all its employees and I believe this is one of the key strengths of the organisation and keys for success going forward.

I'd like to thank you for your presence and support tonight and of course I remain at your disposal to provide you any further insights.

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