



Ageas UK

-

Delivering on our  
Non-Life strategy

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CEO Ageas UK

INVESTOR DAY 2012

An abstract graphic consisting of numerous thin, curved lines in various colors (yellow, orange, green, blue, purple, and grey) that sweep across the top and left side of the page, creating a sense of motion and flow.

## Company profile

Delivering our strategy

Conclusions

# Company profile

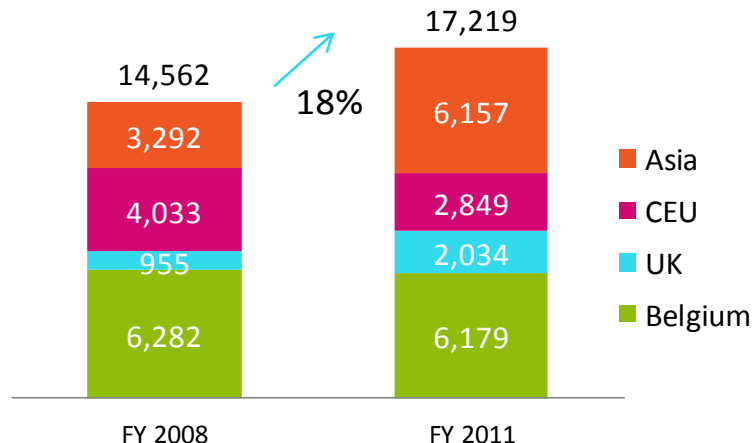
## Strategic fit within Ageas



- Supports Ageas's Non-Life portfolio balance
- COR below 100%
- Targeting customers through multi-channel distribution
- Offering increasing contribution in inflows & profit

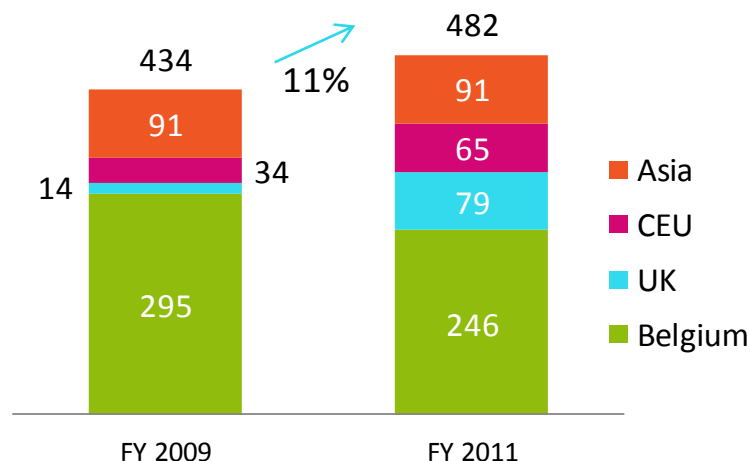
### Gross Inflow

in EUR mio



### Net profit\*

in EUR mio

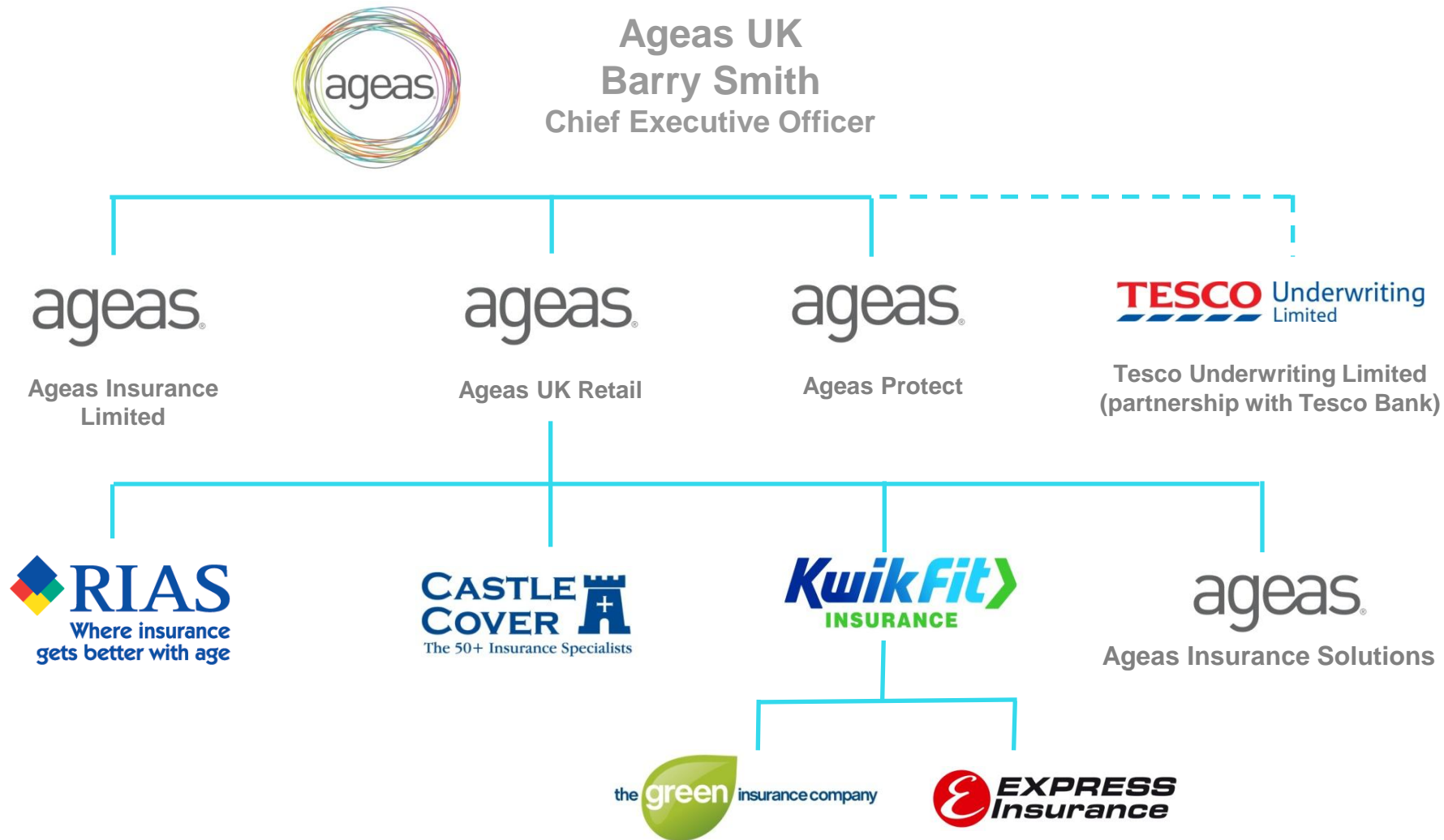


\* Adjustments made on net result EUR 71 mio one off tax adjustment in Belgium (FY 09) & EUR 795 mio impairments & capital gains on bonds & equities FY 11)

# Company profile

## Ageas UK structure reflecting our multi-distribution strategy

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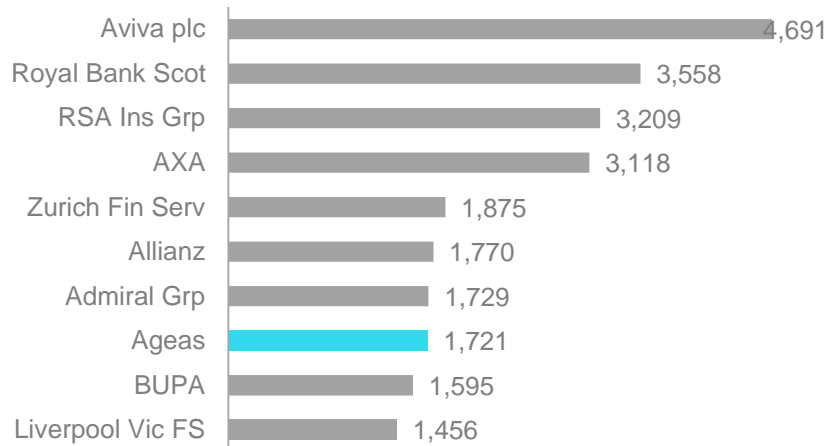
# Company profile

## Ageas UK: a major force in key UK insurance markets



### Top 10 Non-Life insurer

GWP in £ mio – 2011 data



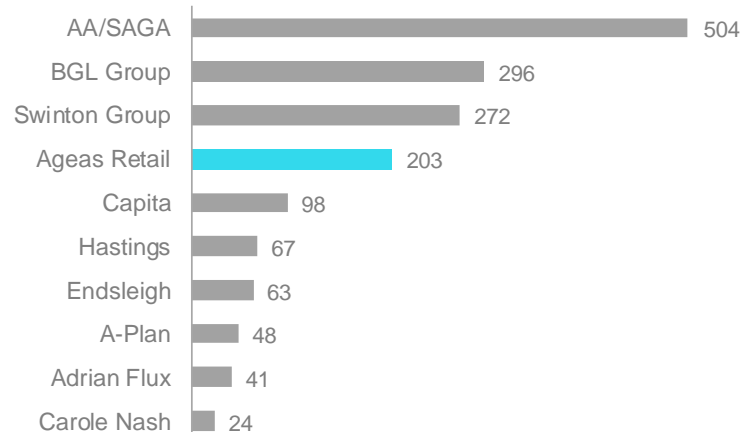
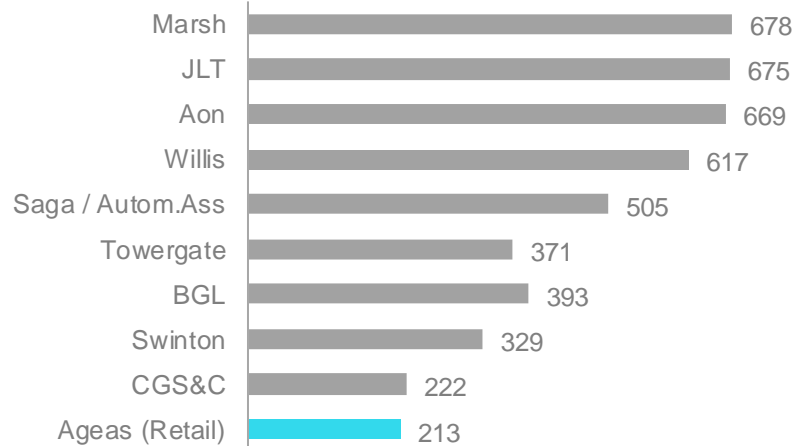
### 4<sup>th</sup> largest Personal Lines broker

GWP in £ mio – 2011 data

Sources: Ageas UK internal analysis of FY 2011 FSA Returns, Insurance Times & Insurance Age

### Top 10 Broker

GWP in £ mio – 2011 data



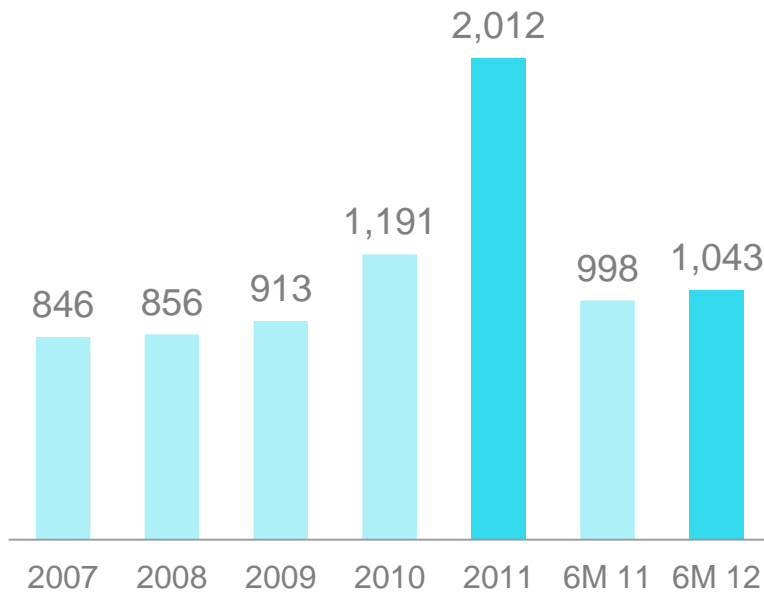
# Company profile

Ageas UK: growing our business while improving our returns

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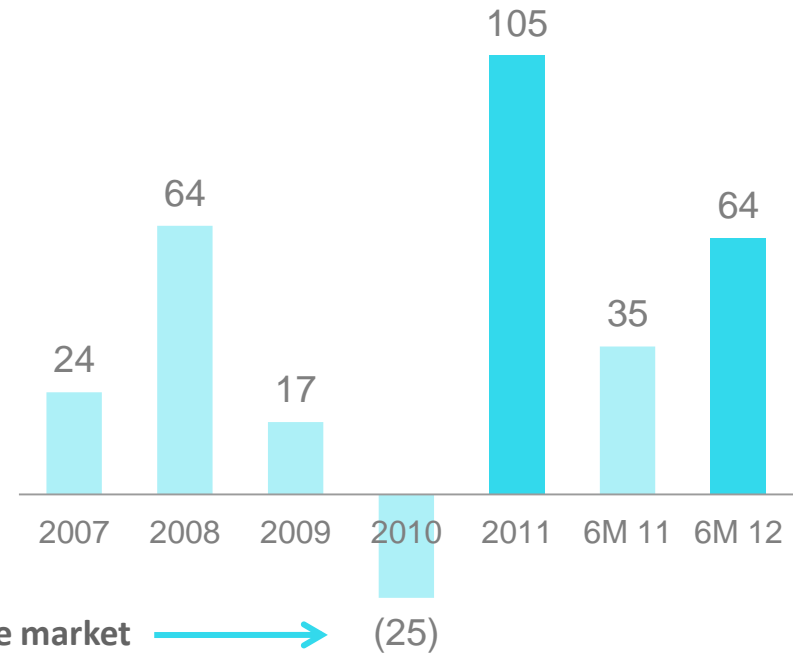
## Gross Inflow

in £ mio



## Profit before tax

in £ mio



Big freeze impacting whole market

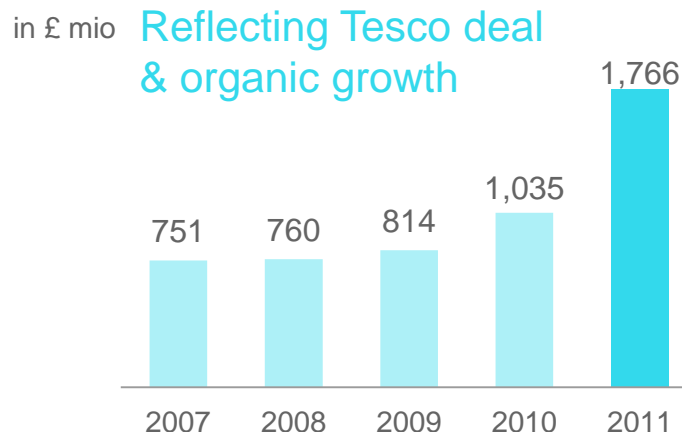
# Company profile

## Insurance & Retail

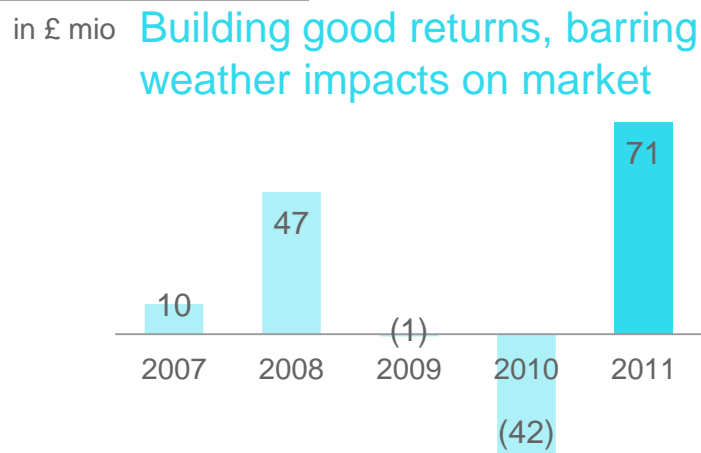
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### Insurance

#### Gross Inflow

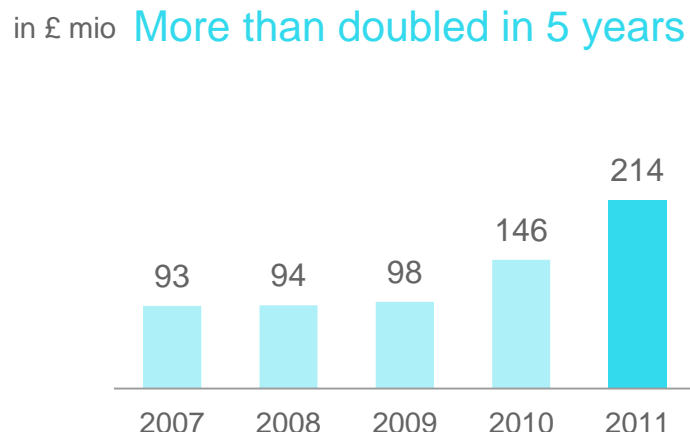


#### Profit before tax



### Retail

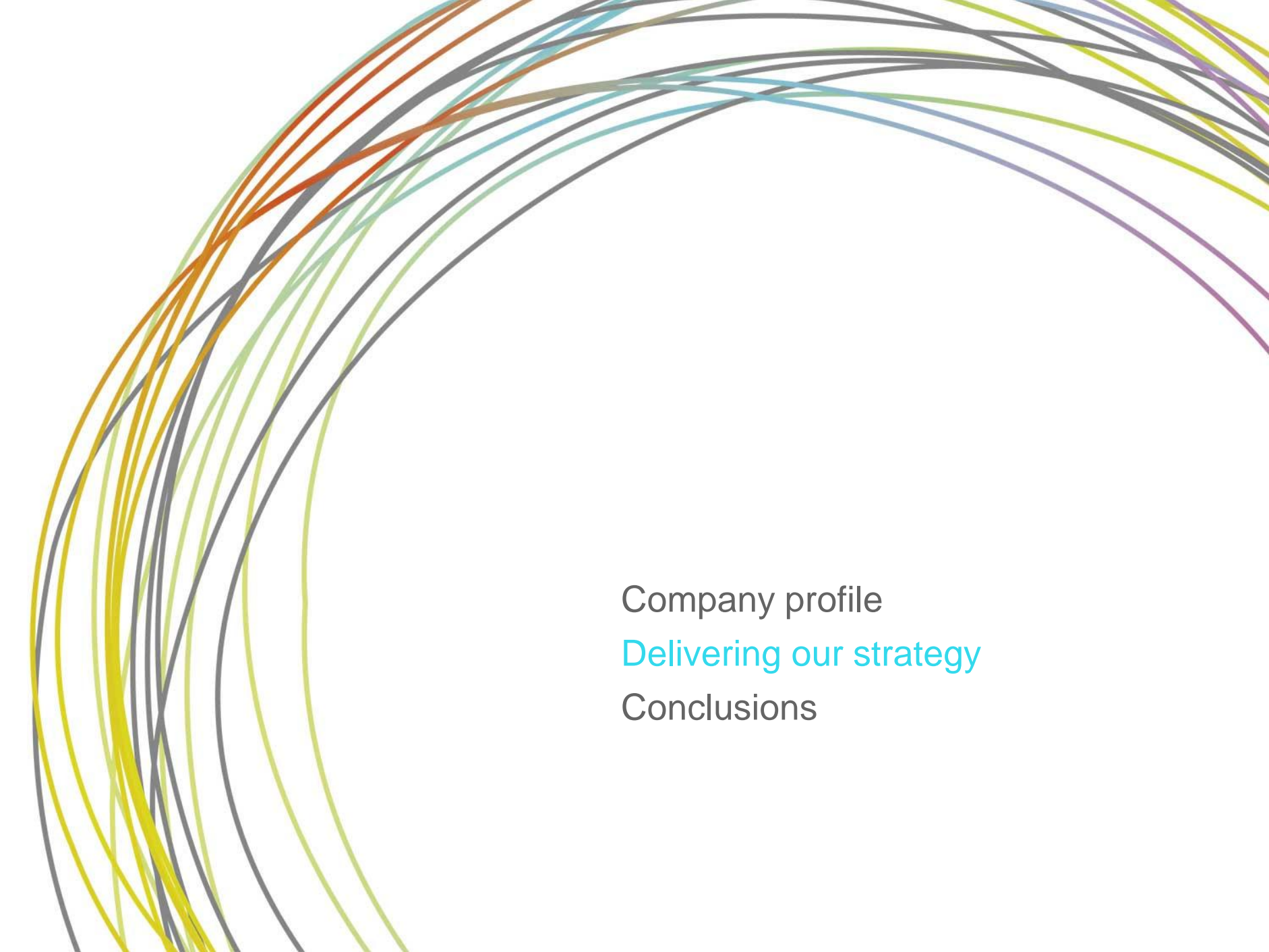
#### Gross Inflow



#### Profit before tax





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Conclusions



# Delivering our strategy – our 3 axes of growth

## Delivering innovation propositions that meet customer needs

Ageas UK will become a **leading manufacturer & retailer** of insurance solutions accessing customers through **a range of distribution routes**.

This will result in the **delivery** of **consistent, competitive & sustainable** propositions direct to **customers, brokers** and those **businesses** seeking intermediated insurance solutions for their customers.

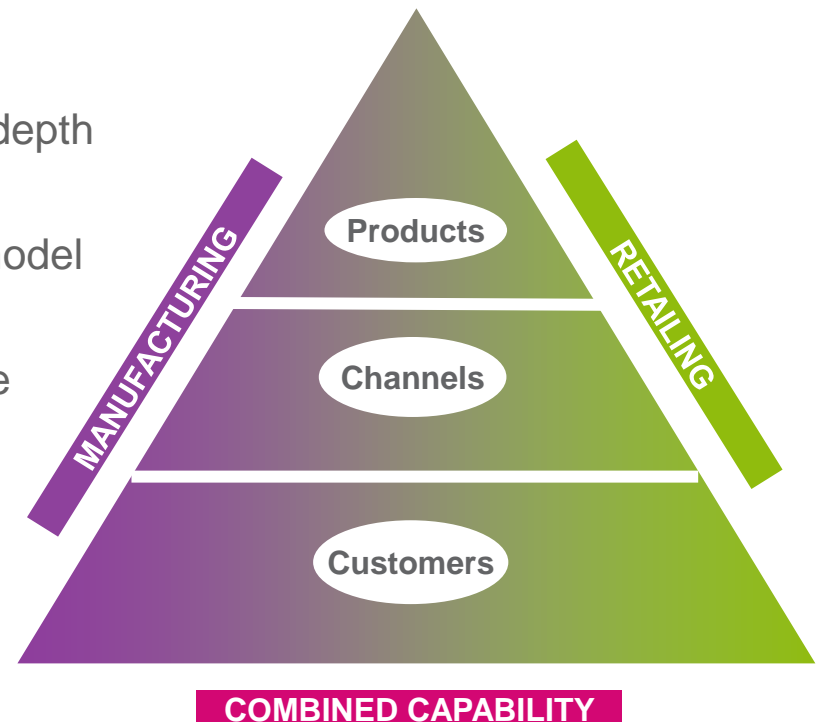
**Product:** Increase product / service breadth & depth

**Distribution:** Build multi-channel distribution model

**High-Service:** Provide highest levels of service

**Low-Cost:** Operate at lowest level of cost

**People:** Building our knowledge & expertise



# Delivering our strategy

## Product: Increase breadth and depth of products

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### Strong product positions

GWP (in £ 000s)	Market	Growth 10-11	Ageas	% share	Position
Household*	6,360	4.5%	395	6.2%	6
Private Car*	9,243	9.7%	1,028	11.1%	5
Travel	583	(5.5%)	61	10.4%	5
Van (Commercial Motor)	3,015	13.4%	71	3.3%	6

\* includes Ageas Insurance Ltd & Tesco Underwriting inflow



Motor and Household  
product suite

**DONE DEAL**

Aggregator Motor Product



Young Driver Telematics  
Motor Insurance



Commercial Vehicle Product



Mid-net worth Buildings  
and Contents Insurance

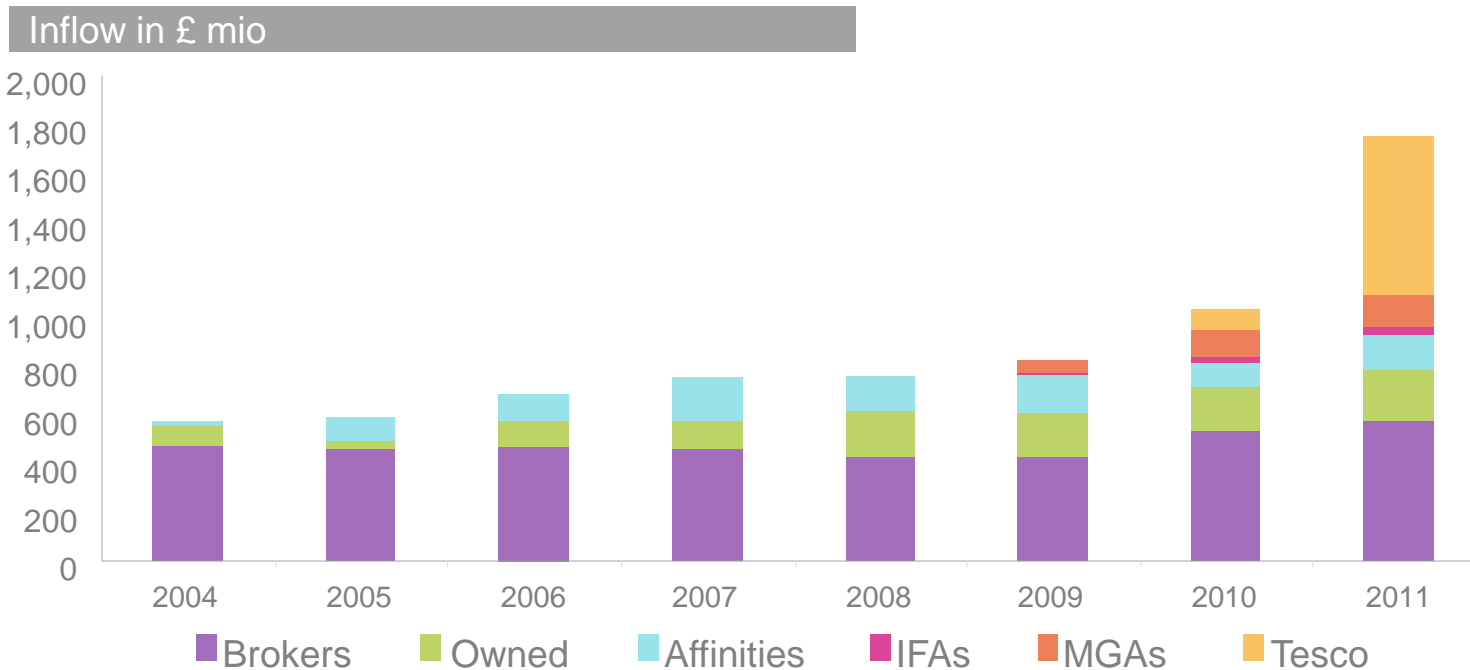


Legal Protection Cover

# Delivering our strategy

## Distribution: Build a multi-channel distribution model

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Implementation of the UK's multi-channel strategy has delivered:

- A significant growth in distribution via Affinities and owned distribution
- Entry into new segments such as Managed General Agents (MGAs) and Protection

# Delivering our strategy

## High-service: A lot of awards to prove Ageas delivers



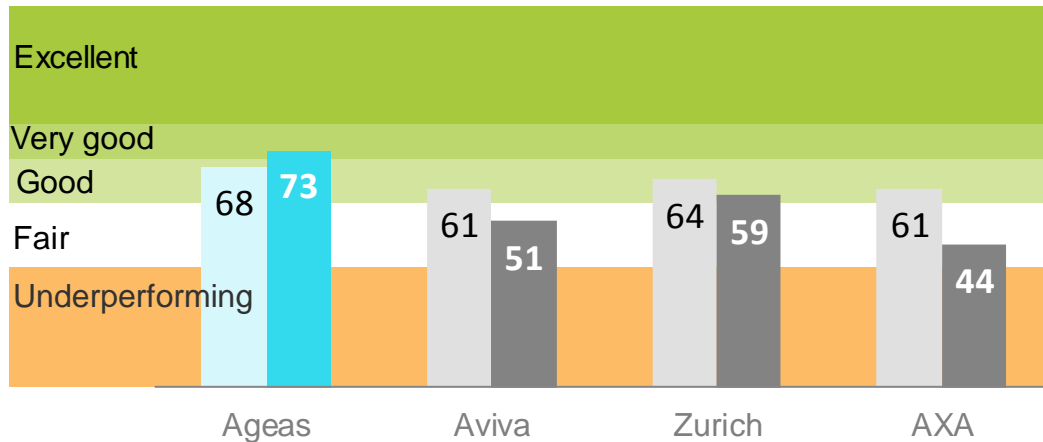
- **Business Transformation** Award 2012
- **Claims Innovation awards** 2012
- **Gold Standard** Award for Insurance 2008, 2009, 2010, 2011
- **“World Class”** status, Institute of Customer Services
- Insurance Times Awards 2010 & 2011
- ABP Awards 2010 & 2011
- UK Broker Awards 2010 & 2011
- North West Contact Centre Awards 2011
- British Insurance Awards 2011 & 2010
- Money Wise Awards 2011
- Protection Review Awards 2011
- Post Magazine Claims Awards 2011
- Insurance Times Claims Awards 2011
- Financial Services Technology Awards 2011
- LifeSearch Protection Awards 2011, 2010 & 2012



# Delivering our strategy

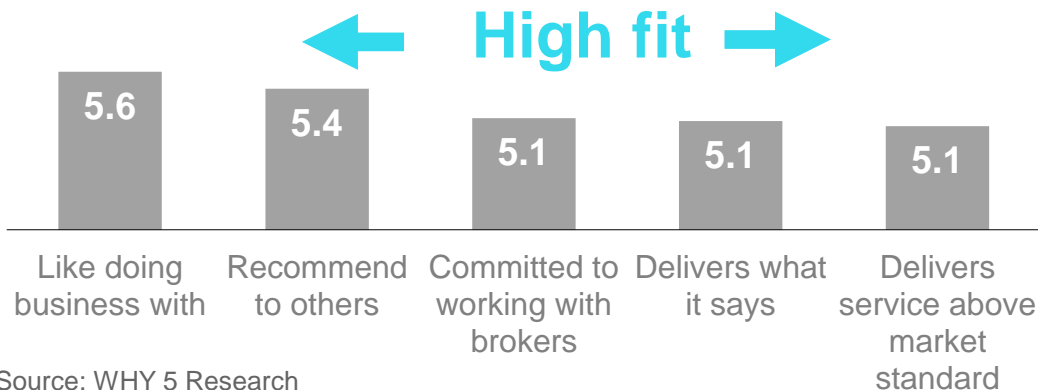
## A strong brand among brokers and partners

Ageas UK rebrand tracker survey results 2010 → 2011



Positive reputation gap between Ageas and competitors is **growing**

Brand essence Ageas business partners/brokers



Performing strongly with clients on **delivery, service & partnership**

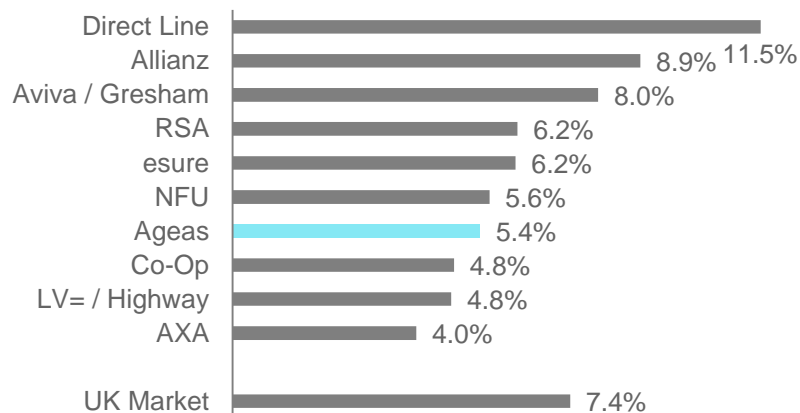
# Claims excellence

Low cost: Operate at lowest level of cost

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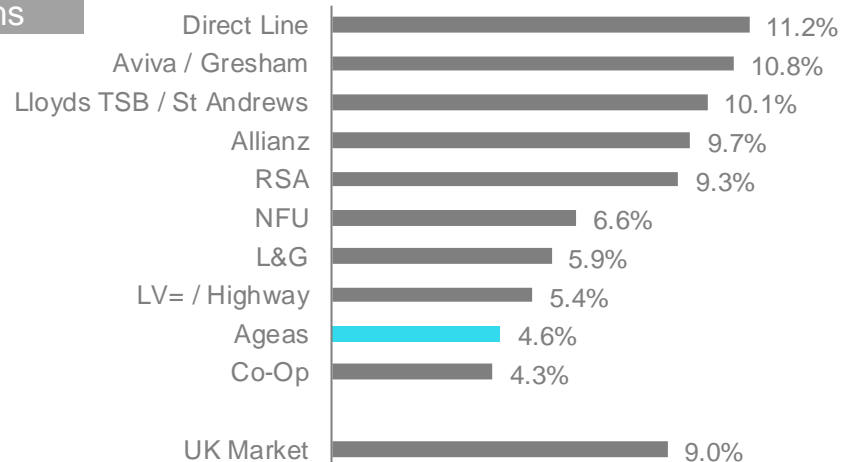
Incurred claims handling expense / net incurred claims

→ One of the most efficient for claims operations



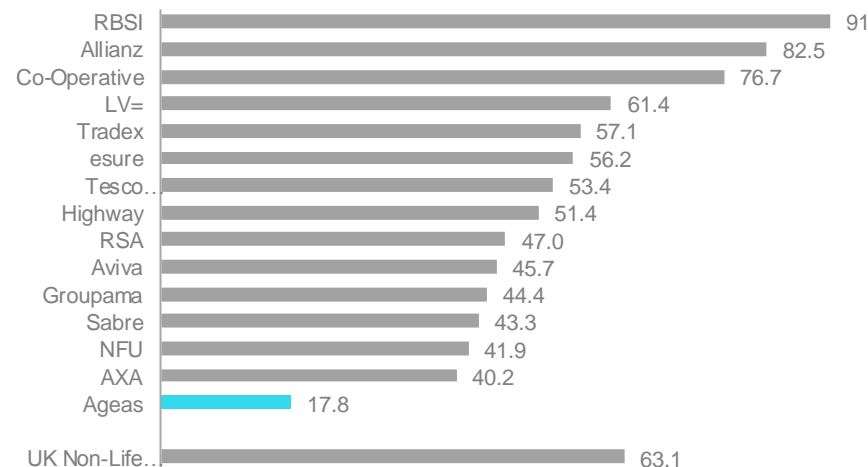
Household claims mgmt costs / net incurred claims

→ Ageas almost half that of UK Market average



Estimated Unit Cost Production (Private Motor 2011)

→ Lowest unit costs of production in Motor



Source: FSA 2010 returns and Ageas internal analysis  
Figures concern Ageas Insurance Limited



# Delivering our strategy

## Building our people knowledge & expertise

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### Focused on the customer

- Design solutions to meet individual needs
- Listen, empower and do what we say we'll do

### Passionate to deliver

- Take decisions and follow through on our actions
- Be dedicated and flexible

### Working together

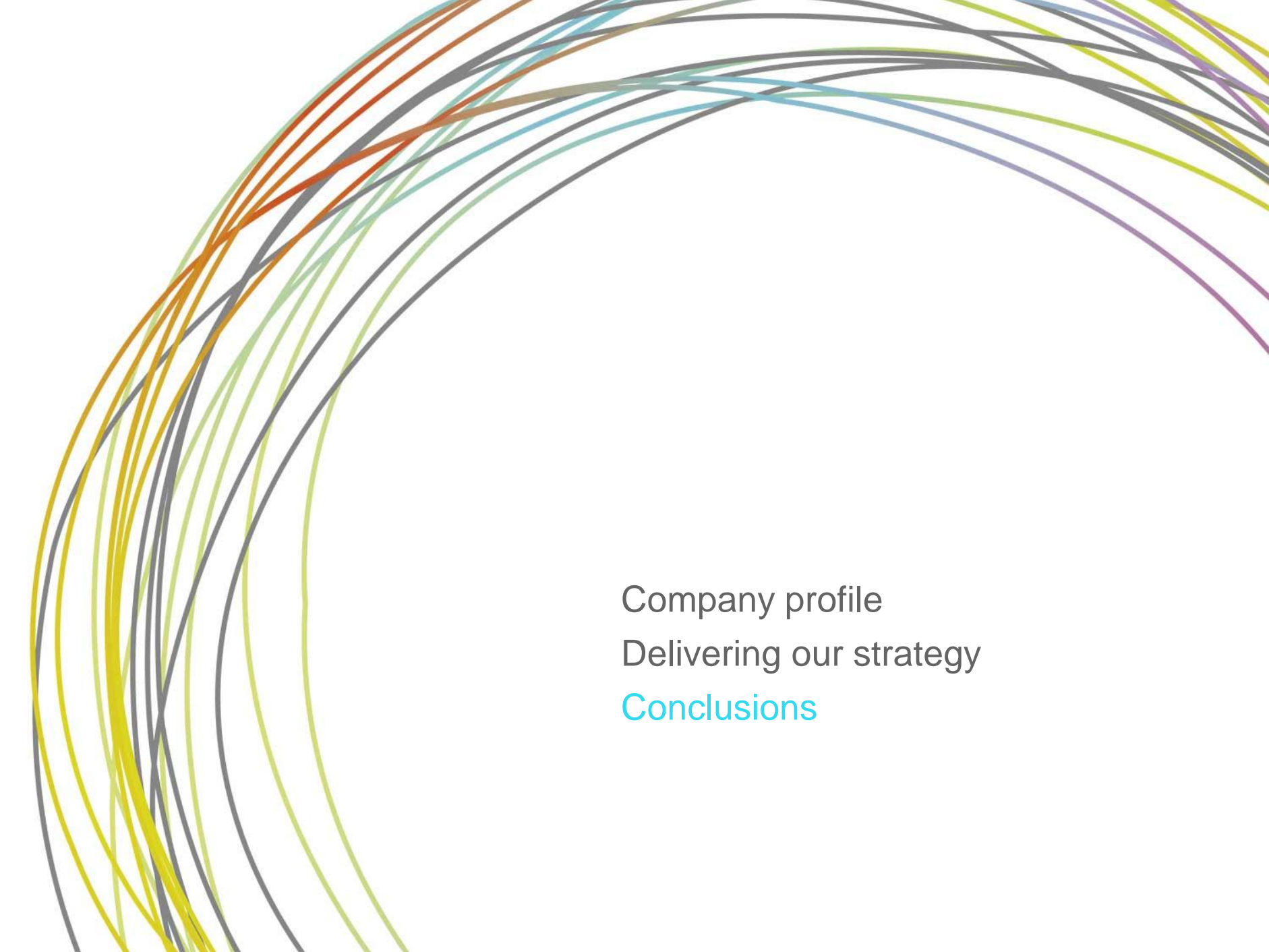
- Work in a collaborative way with common goals
- Be open and build a common approach

### Energised

- Respond quickly, pro-actively and strive to make a difference
- Be enthusiastic with a 'Can do' attitude to get the job done

### Trusted

- We believe in honesty and transparency
- Be professional, straightforward and demonstrate and understanding of each other, our clients and customers

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# Ageas announced the acquisition of GICL

## Further strengthening of Non-Life UK activities

### Key transaction terms

- **7 September:** Ageas UK & Groupama SA announce **exclusive negotiations**
- **20 September:** they announce **signing of the acquisition** of Groupama's UK Non-Life business, **Groupama Insurance Company Ltd**
- **Excluded** from scope: Groupama's UK broking operations & GICL's DB Pension Liability, significantly de-risking the transaction
- Transaction subject to **Regulatory Approvals** & expected to be closed in **Q4 12**
- **Price of EUR 145 mio** fully funded through existing capital resources  
book value of **EUR 252 mio**
- Expected to operate as Ageas UK **subsidiary**, in short term as standalone entity

### Key transaction highlights

- **Acceleration** of a powerful **UK Non-Life franchise** → Ageas will become **n°5 UK Non-Life insurer** & **n°4 private motor insurer**
- **Highly complementary** business fit → strengthened offering in **core** business & addition of **profitable new niche** product lines
- Compelling **strategic rationale** → complements Ageas UK's **multi-channel** distribution strategy, strengthens our reach in the **UK broker market** & adds key **skills** & **talent** to the Ageas UK team
- Compelling **financial rationale** – price represents P/BV multiple of **0.53x\*** & P/E multiple of **5.86x\*** → expected to exceed Ageas's minimum return thresholds

\* based on 6M 12 figures

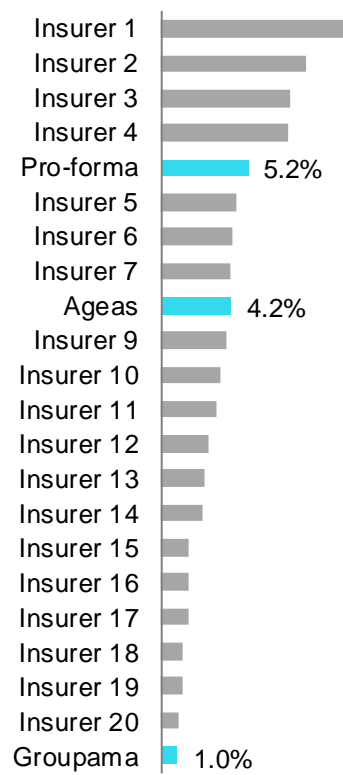
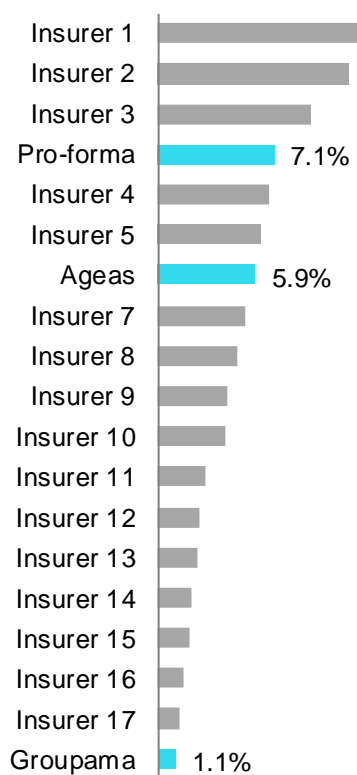
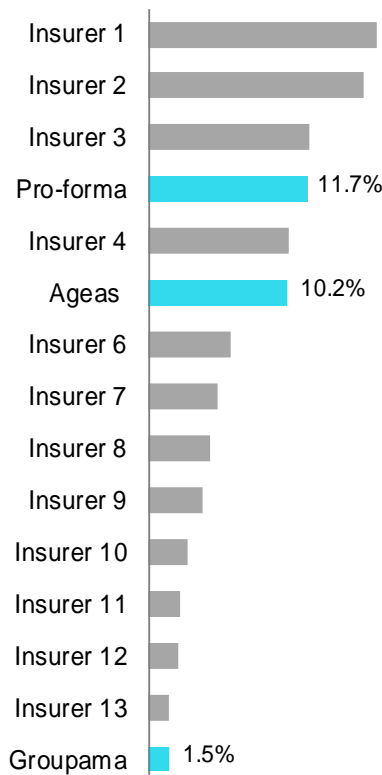
# Acceleration of a powerful UK Non-Life franchise

## Creating N°4 in Private Motor



2011 UK market share (%)

N°4 Private Motor... N°4 Personal lines... N°5 overall...



- Increased size and presence in key private motor, household and commercial SME lines
- Enhanced growth potential through expanded product capabilities in new product areas
- Revenue streams not at risk from potential regulatory reforms – GICL has no reliance of referral fees

Source: Datamonitor, Group accounts

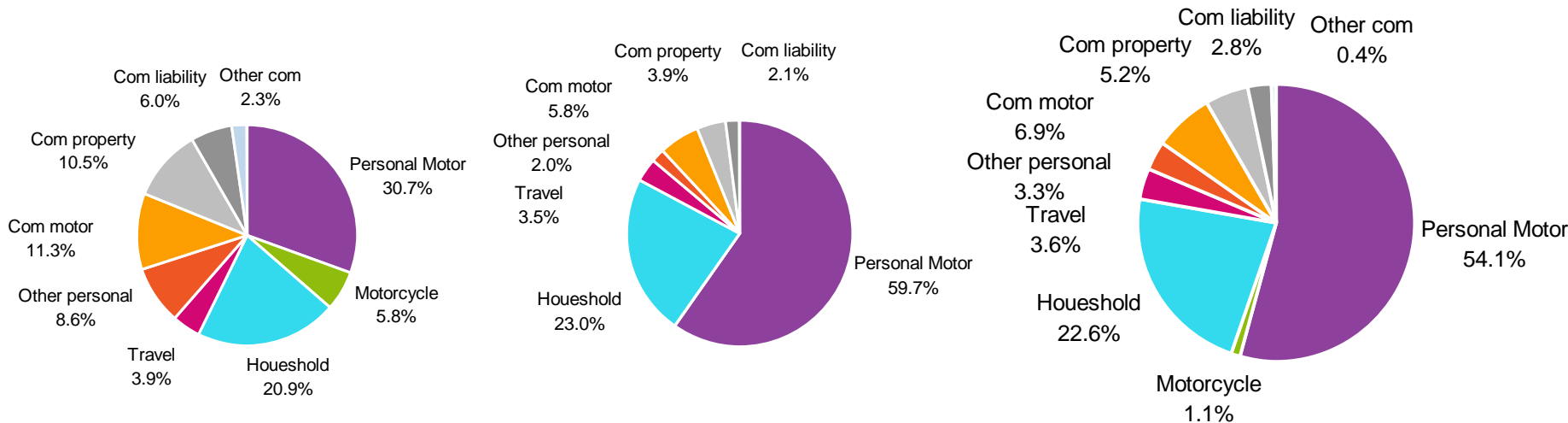
Note: Based on FSA regulated entities. Admiral volumes based on total premiums written including premiums written by co-insurers. [GICL premiums adjusted for sale of PMI portfolio]

# Highly complementary business fit

## CIGL & Ageas UK have complementary business mixes



- Strong overlap in personal motor & household markets  
→ **strengthened** offering in **core** business lines
- Addition of GICL areas of strength to Ageas UK's platform (eg Motorcycle insurance)  
→ **diversification** of product mix
- Enhanced offering** for key commercial partners
- Additional product niches** with superior underwriting margins and strong growth potential



**GICL GWP £408 mio**  
70% personal lines / 30% commercial lines

**Ageas UK GWP £1,721 mio**  
88% personal lines / 12% commercial lines

**Pro-forma GWP £2,130 mio**  
85% personal lines / 15% commercial lines

Source: Datamonitor (via FSA returns). GICL excludes PMI portfolio sold in 2011

### Strengthens multi-channel distribution strategy

- Acquisition **complements** Ageas UK's **multi channel distribution strategy**, strengthening its reach in the UK broker market
- Acquisition provides **security** for **Groupama UK's existing intermediary relationships** and **reinforces Ageas UK's** ongoing commitment to its **broker relationships**
- Transaction **enhances e-trading** offering, including e-fleet and e-commercial combined products

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### Enhances skills & talent

- Depth and experience of **GICL management talent** with proven operational and financial track records will help drive the business as it is integrated into the Ageas Group
- Addition of **expertise in niche** and specialty lines to complement Ageas UK's existing underwriting talent
- Ability to draw on GICL's strong **claims & operational management** capabilities, together with Ageas UK's existing strengths in these areas



## Financial rationale of transaction

- Beneficial outcome **for both parties**
  - security & immediate capital release for Groupama
  - compelling financial rationale for Ageas & its shareholders
- GICL **strongly capitalised** & well positioned for **Solvency II**
- GICL reported net **combined** ratio of **97.8%** & post tax profit for business acquired of **EUR 29.8 mio** (FY11)
- Defined Benefits Pension Liability excluded (liabilities retained by Groupama SA ), significantly **de-risking transaction**
- **Metrics materially below** recent sector acquisition multiples
- In-market consolidation in geographies & lines of business that **Ageas UK knows well** & would give rise to **synergies**.
- Expected to be **highly cash generative**, supporting growth in Ageas UK

## Strong outcome for Ageas shareholders

- Expected to **exceed** Ageas's minimum return on investment threshold of **11%**
- Expected to result in **immediate shareholder value** creation post completion
- Represents **excellent opportunity** to profitably deploy Group capital

- Significant **scale** change
- **Good balance** of manufacturing & retail distribution
- Contributing to increase in **GWP**, **net profit** & **ROE**
- With **distinct attributes** recognised in the UK market:  
**partnership**, **delivery** & **service** above market norms
- Mark will talk through the **insurance** story
- Andy will cover **customers & distribution**



MULTI-CHANNEL  
DISTRIBUTION



WELL BALANCED  
PORTFOLIO  
LIFE & NON-LIFE



## Disclaimer

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