

Investor Day 2017 - Closing remarks

Speech Mr. De Mey

6 June 2017, Lisbon

Speech foreseen at 6 PM immediately after the ExCo Q&A in the Myriad Crystal Conference Center where the presentations will be given. So there is no formal speech ahead of the informal dinner, scheduled at 7:30 PM in the Leonidas room in the hotel.

Speech

Good afternoon to all of you and on behalf of everyone at Ageas welcome to Lisbon. It has been a long day and I hope you received a lot of interesting information and new or additional insights that help you to better understand a number of topics related to Ageas.

Ladies and gentlemen, when I saw the programme for today, my first thought was, this is heavy. But at the same time I believe that this is the perfect time to bring you together for a full day. It allows us to dig deeper into the specific topics that were presented to you today as I think they do indeed deserve some additional clarification. In all honesty these are the exact same topics we as a Board are interested in.

The idea to leave our usual location in London and move to Lisbon was also a good suggestion as it gives us the opportunity to present Portugal as one of core countries in Europe.

By the way, did someone in the room notice the date today? It is indeed the 6th of June, D-day. And whilst I definitely do not want to suggest that this is D-day for Ageas, I did google a bit when preparing this speech and came across the following words from General Dwight D. Eisenhower:

“This operation is not being planned with any alternatives. This operation is planned as a victory, and that’s the way it’s going to be. We’re going down there, and we’re throwing everything we have into it, and we’re going to make it a success.”

I believe this is also true for Ageas. We have been working for almost 10 years now to make Ageas a success, not just for today but for the future. We will indeed throw everything we have into it to make that happen.

This being said let me come back on the content of today and what I as a Chairman would take away from today’s presentations.

First of all, I fully concur with the conclusion of the presentation of Bart. Everything you have heard today should confirm that we are managing this company for the future. We want to ensure and maximise our profits and our value in the most sustainable way possible. None of the decisions we take are meant to show short term benefits or to make the picture brighter than it is.

We don’t jump on new concepts or new technologies simply because it is fashionable to do so. They must firstly prove their worth, and we must be convinced of the added value this brings to our customers. This was the theme of the presentations of Antonio: “Ambition 2018, and in all probability the next strategic exercise also, is and will be a strategy of evolution and not revolution”

New financial concepts such as free capital generation need to mature before we draw real conclusions from them. I have the benefit of age and a longstanding history in the sector on my side, and I have seen many concepts and theories being brought forward: Traditional Embedded Value, European Embedded Value, Market Consistent Embedded Value and now the concept of Free Capital Generation. If it is correctly applied intellectually, and well understood both in the company and outside the company, we can surely derive interesting insights out of it but at the same time we all know that all these concepts do not necessarily help to increase the understanding of the business and its profitability drivers. Moreover, as there is no common and unique way to implement these concepts, it does not create a level playing field so that you can easily compare our performance with those of our peers. The same goes for Solvency II and probably we will face the same issues when

IFRS 17 starts to be implemented. Here we have a joint responsibility to rigorously and in all transparency implement and explain what we do. At the same time, there is only one concept that survives them all: CASH.

Cash is king Ladies and Gentlemen and that's how we as a Board look to the company.

Operationally there obviously remain some challenges, and let's be honest and accept that there are a few which are not so easy to solve and need some time. The UK is a concern and as I am also the Chairman of our UK business, I'm even more closely involved in this activity. I'm somewhat flabbergasted when I'm confronted with new regulation and how this is being imposed and implemented. The market discipline is another concern to me. This does not make it easy to find quick and simple solutions to the problems we face. But that being said, we should not seek to blame others. We have a job to do and I'm pleased with the action plan presented by Andy and his team. They know they have my full support to execute the plan and make Ageas UK once more one of the spearheads of our Non-Life activities.

With respect to Asia I remain convinced that we made the right choice more than 15 years ago to invest in the region. I hope we have managed to provide you with comfort about the additional and useful disclosures that should help you to better understand the dynamics of the Asian businesses. I would hope that we can provide a solution to the often heard remark that it is not easy to value this business properly. Obviously, and as mentioned by Gary, we need to respect the fact that we are a minority partner in all our stakes and hence that also when disclosing additional information we need to respect the timings and interests of our local partners.

In Continental Europe, it is clear that the main focus is on Portugal. We have invested quite a lot in this country and I'm more than aware that it is important for our track record that we demonstrate that we are able to integrate such an acquisition and to ensure it meets our financial criteria. It is not an easy task for the team present here but we knew that in advance. Everything I hear makes me believe we are well on track and the timings put forward should be realistic to do what we promised to do.

Lastly and deliberately we have spent less time discussing our Belgian activity. First of all operationally, Belgium is running smoothly and the performances of our respective businesses are fully in line with expectations. This is the result of hard work and discipline and a clear focus on where we want to be. Also here we are often questioned about our strategic choices and we don't have a problem with that. The only answer we can give is: Results, results, results.

Year after year Belgium proves its ability to deliver and I count on them to continue doing this. I believe that is how we prove that our choices are the right ones. Obviously we have some important challenges ahead of us with the upcoming discussions about the extension of the distribution agreement and the possibility to potentially buy back the remaining 25% stake in AG Insurance; two crucial files for Ageas. On this topic I can assure you that in any of the potential scenarios described by Bart, I feel comfortable and we are prepared for all scenarios.

Ladies and gentlemen, let me end these closing remarks with the next important date for Ageas and perhaps a little bit of a D-day:

16 of June exactly 10 days from now.

Next Friday, after close of business we will receive the decision from the Amsterdam Court regarding the Fortis' settlement. I'm hopeful that we should receive a clean binding declaration which allows us to execute the settlement as planned and leave this historical legacy behind us. The support among all the historical claimants and claimant organisations is overwhelming and I sincerely hope the Court will take this into account when taking its final decision.

As I said last year, it would bring Ageas back to normal and it would take away a big concern for both you and us with respect to the options for the future of this company.

I should extend once more my gratitude to Filip, the legal team and so many other colleagues who have worked tirelessly day after day to make sure everything is ready to start the execution of the settlement, which believe me is an enormous task.

Ladies and gentlemen on that note, I would like to close the formal part of this Investor Day and hand back to Frank for some practical information about the rest of the evening.