



# Continuing the **GROWTH JOURNEY**

## Speakers



**Bart De Smet**  
Chief Executive Officer



**Christophe Boizard**  
Chief Financial Officer



**Antonio Cano**  
Chief Operational Officer  
*as of October 1, 2015*



**PART 1****WHAT WE HAVE DONE**

Achievements Vision 2015

**PART 2****WHAT WE SEE**

Challenges for the Insurance sector

**PART 3****WHAT WE WILL DO**

Our Strategy going forward



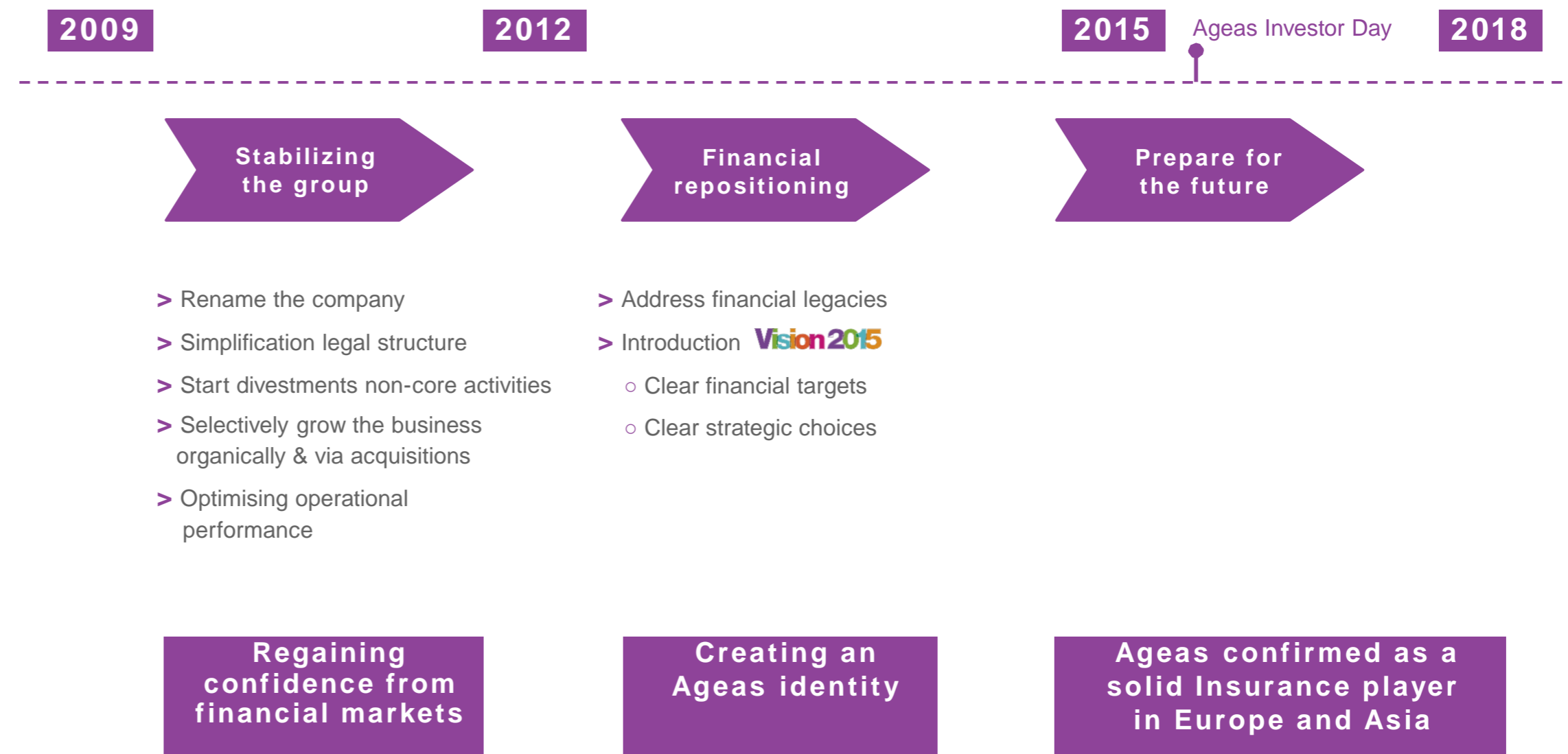
# PART 1

## WHAT WE HAVE DONE

**PART 1**  
**WHAT WE**  
**HAVE DONE**

> Achievements Vision 2015

## Main achievements since 2009



PART 1

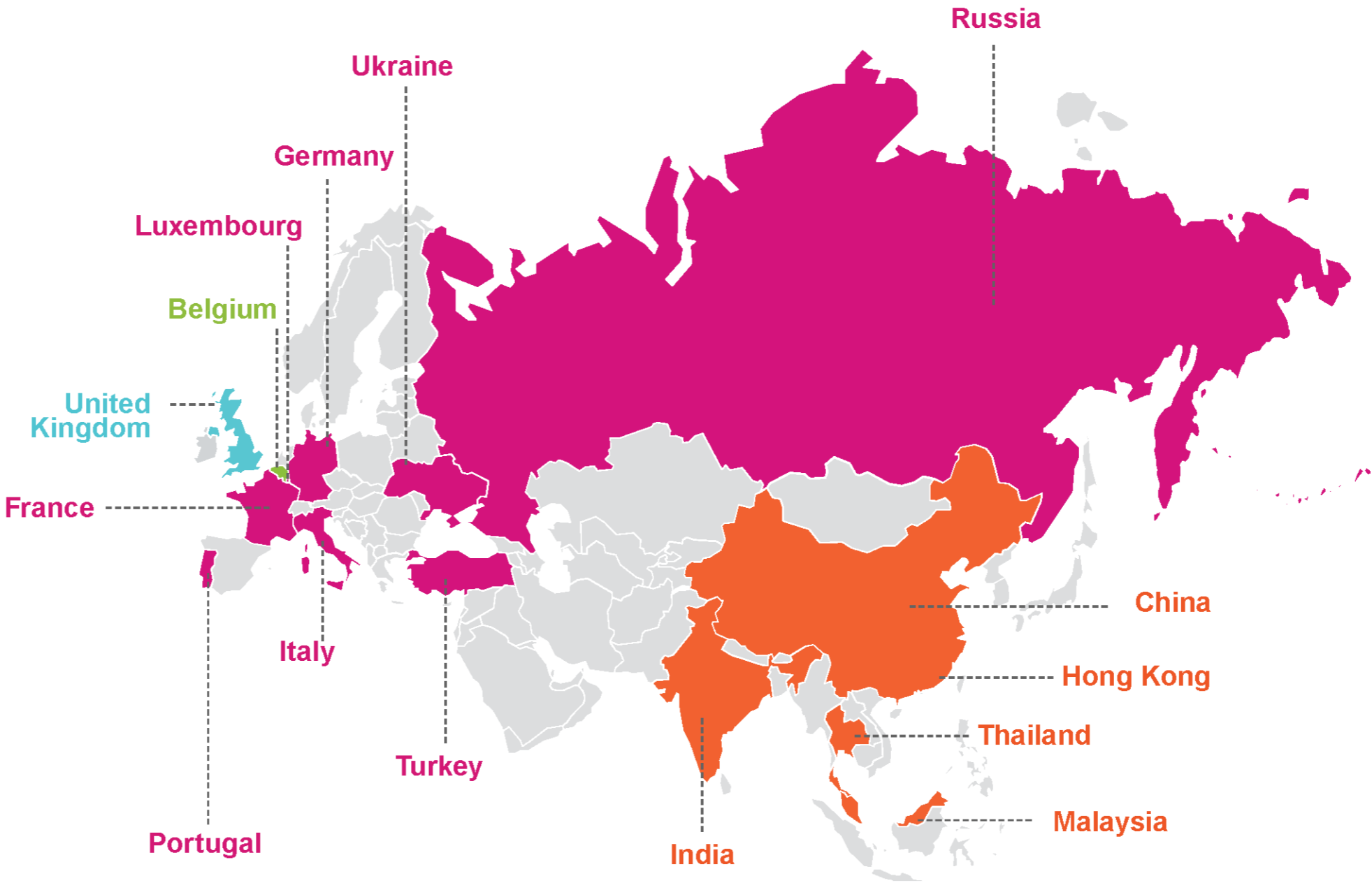
WHAT WE HAVE DONE

> Achievements Vision 2015



# Ageas in 2009

Active in 15 countries  
Focus on Europe & Asia



**PART 1**  
**WHAT WE**  
**HAVE DONE**

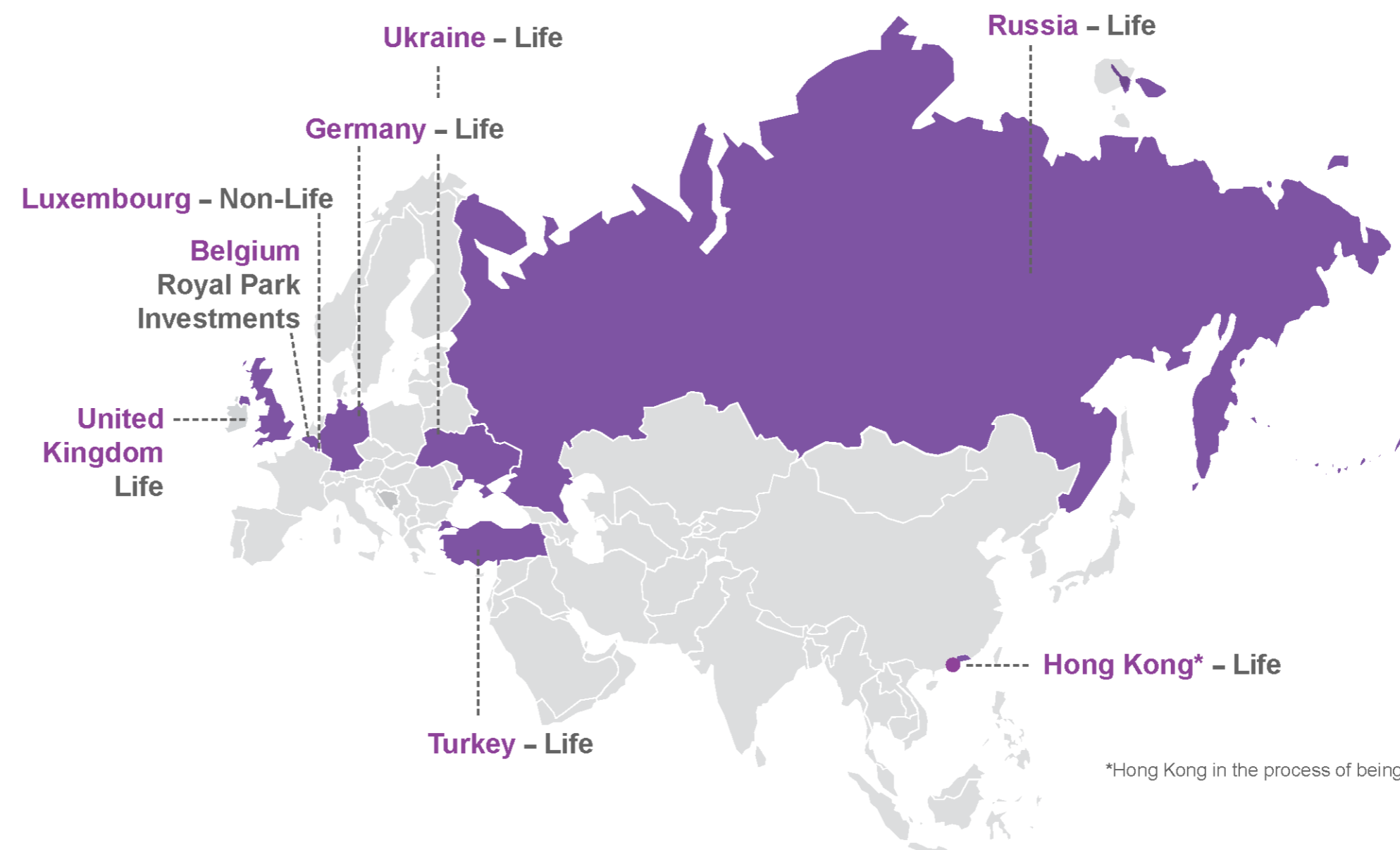
> Achievements Vision 2015



## Divestments since 2009

Active in 15 countries  
Focus on Europe  
& Asia

Divestments since 2009



\*Hong Kong in the process of being sold

PART 1

WHAT WE HAVE DONE

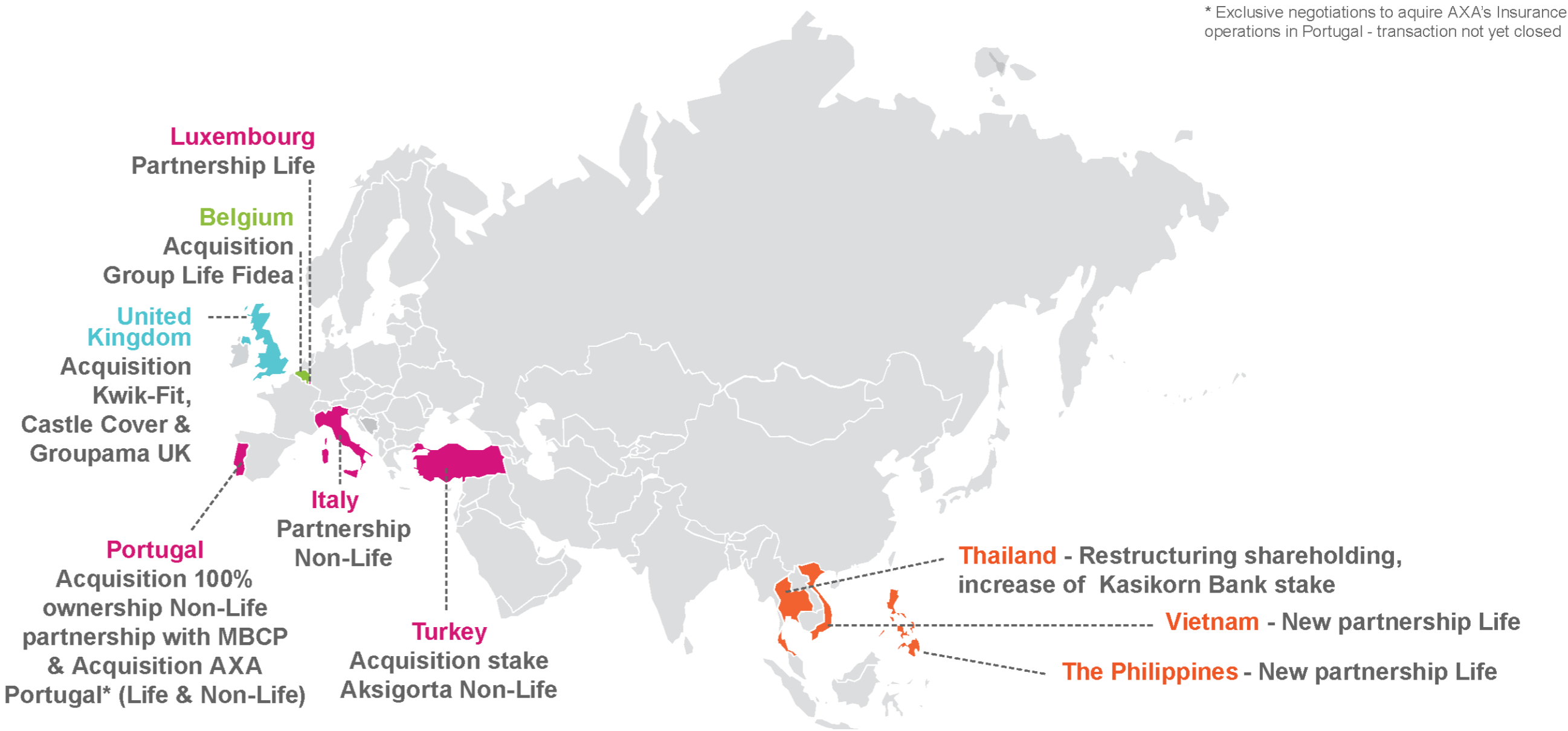
> Achievements Vision 2015



# Acquisitions/ changes in partnership since 2009

Active in 15 countries  
Focus on Europe & Asia

Acquisitions/ changes in partnership since 2009



## PART 1

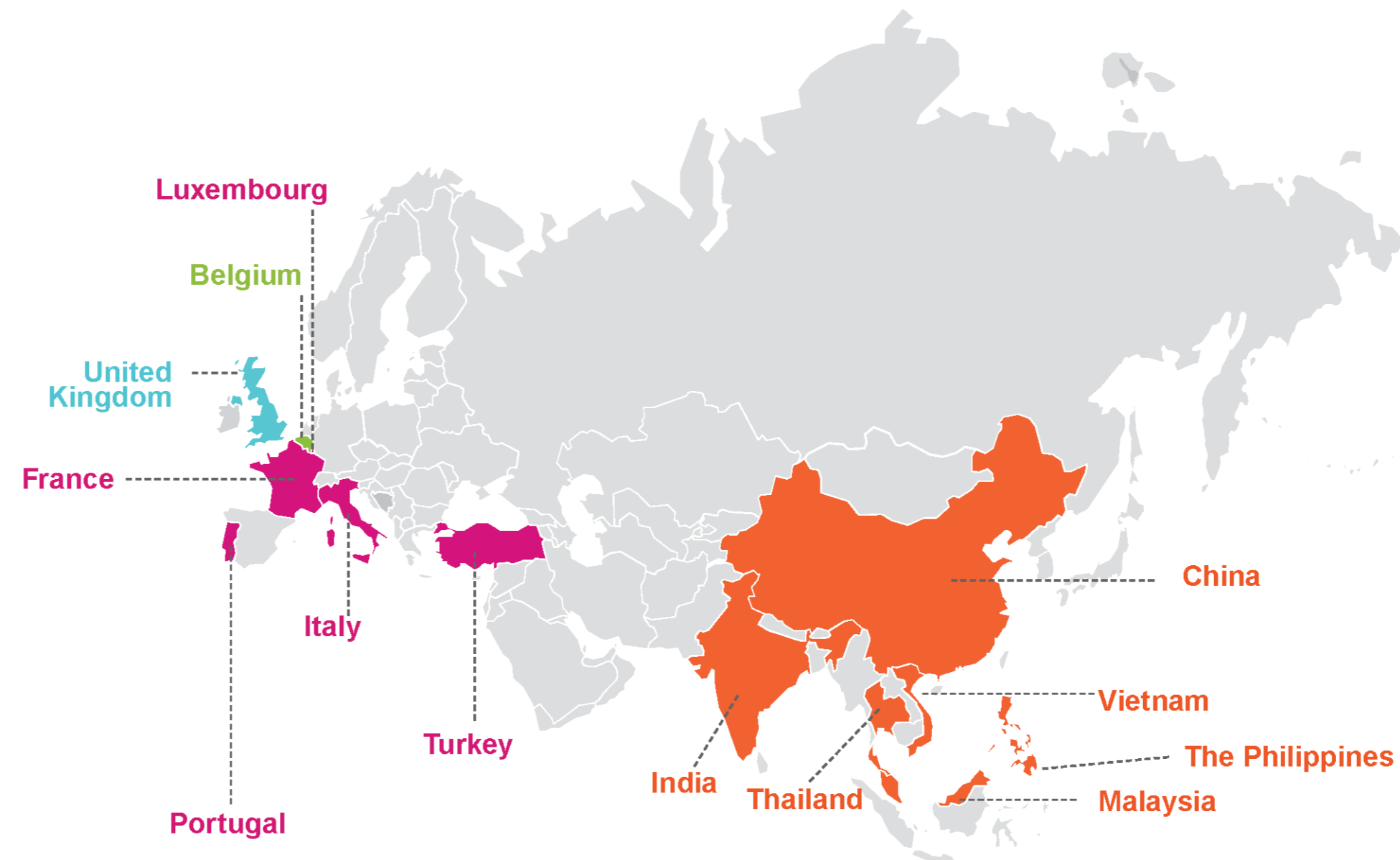
WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015

## Ageas confirmed as a solid Insurance player in Europe & Asia

Active in 13 countries  
Focus on Europe & Asia

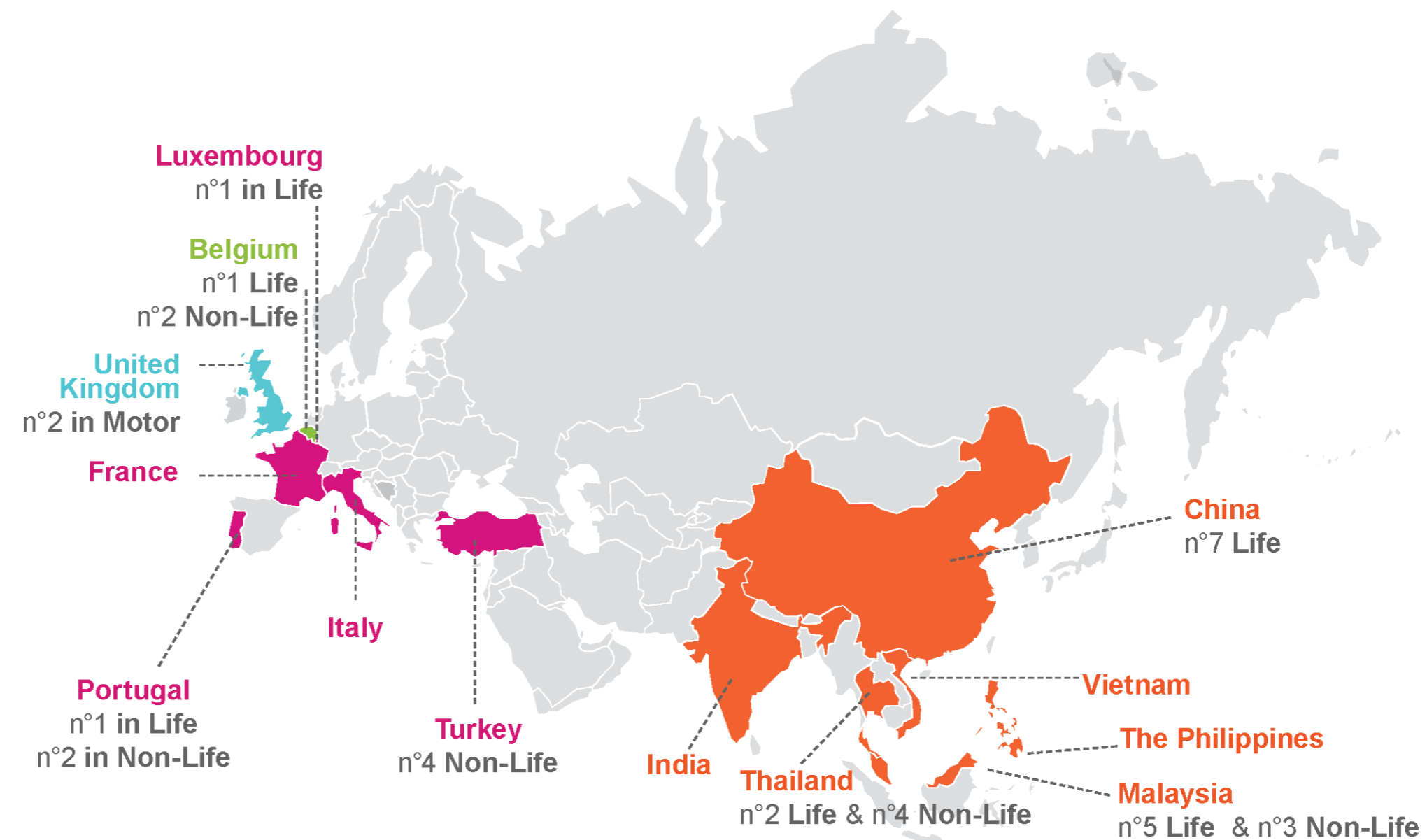
Ageas confirmed as a solid Insurance player in Europe & Asia



## PART 1

WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015

Strong  
positions in  
main countriesActive in 13 countries  
Focus on  
Europe & AsiaStrong positions  
in main countries

PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Vision 2015

What were the  
conclusions?

6 Values

Passionate  
Focused to deliver. Entrepreneurial.  
on customers. Teamwork.  
Trusted. Local.

5 Strategic  
Choices



FOCUS ON  
INSURANCE



PARTNERSHIPS



EUROPE & ASIA



MULTI-CHANNEL  
DISTRIBUTION



WELL BALANCED  
PORTFOLIO  
LIFE & NON-LIFE

4 Targets



PART 1





WHAT WE HAVE DONE

> Achievements Vision 2015

What did we say in 2012?

Our Vision 2015 Targets



		2011	2014	H1 2015	H1 2015 pro forma sale Hong Kong	
	Inflow at Ageas' part	66 / 34	67 / 33	69 / 31	68 / 32	To <b>balance our portfolio</b> between Life and Non-Life towards 60/40 in terms of inflows
	Non-Life	100.1%	99.6%	95.2%	95.2%	To be <b>efficient in Non-Life</b> with a combined ratio structurally below 100%
	Insurance Insurance excl. UG/L		8.8% 11.4%	10.6%* 14.9%	11.0%* 16.0%	To increase our <b>Return On Equity</b> in Insurance to a minimum of 11%
		15.2%	17.5%	20.0%	22.2%	To deploy <b>at least 25%</b> of our capital in emerging markets in Europe and Asia
<div> <div>In 2013 other objectives were set:</div> <div> <div>&gt; Improve profitability consolidated Life activities through better operating margin</div> <div>&gt; Increase profits from non-consolidated markets</div> <div>&gt; Cash upstream to fund regular dividend &amp; corporate costs</div> </div> </div>						

\*ROE H1 2015 provides an estimation of FY 2015 ROE and uses as numerator the H1 2015 net profit multiplied by two

## PART 1 WHAT WE HAVE DONE

> Achievements Vision 2015

# Results Vision 2015

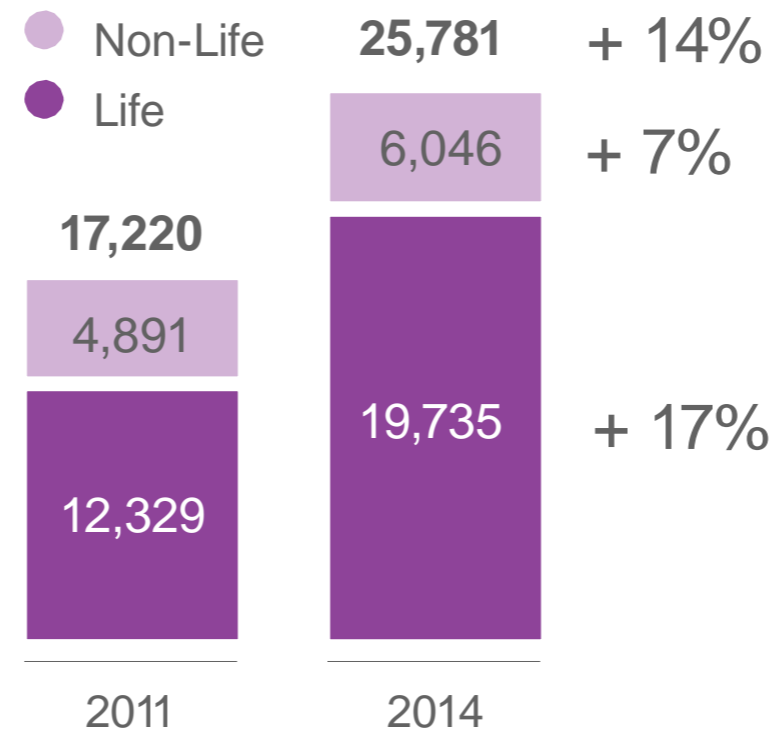
## Major achievements since 2011

Strong inflow growth  
driven by Asia in Life and  
acquisitions in Non-Life

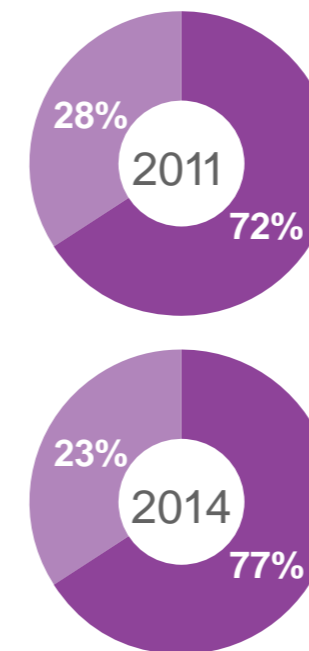


Inflow @ 100%  
in EUR mio

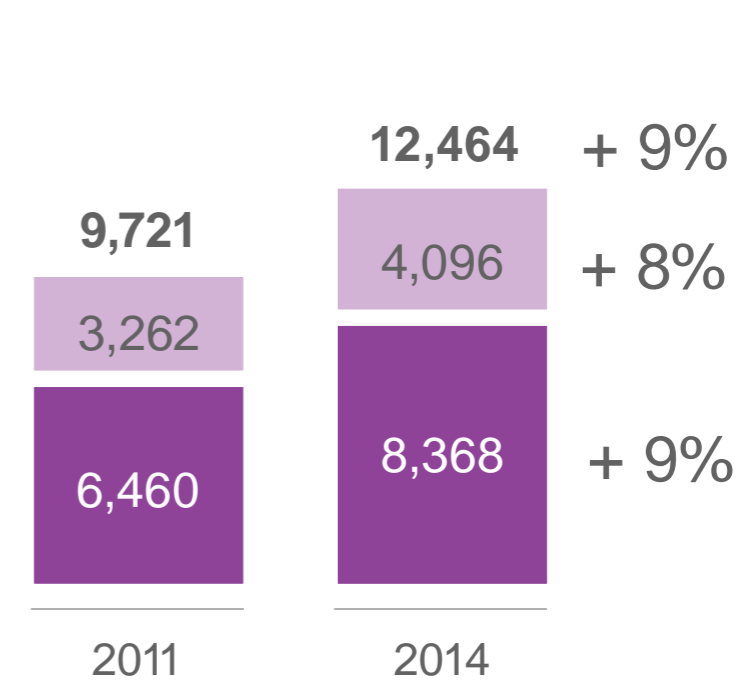
● Non-Life  
● Life



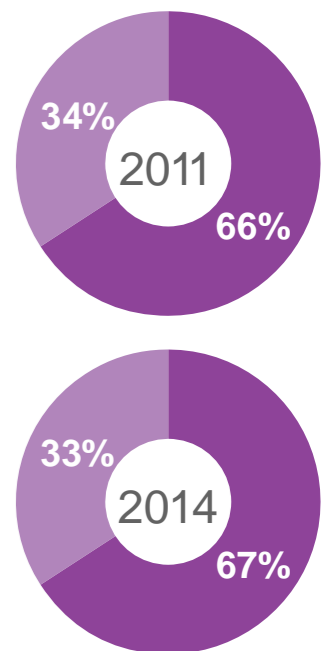
Ageas Total  
Inflows  
In %



Inflow @ Ageas' share CAGR  
in EUR mio



Ageas Total  
Inflows  
In %



> Asia – Life inflows tripled since 2011

> CEU Life inflows doubled

> CEU Non-Life inflows nearly  
doubled

> H1 2015 inflows grow year  
on year by 21%



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results Vision  
2015

Major achievements  
since 2011

Steep growth in Asian Life  
markets

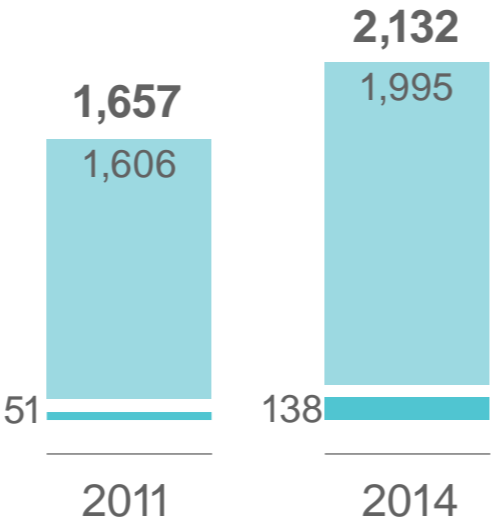
Equally strong growth in  
Continental Europe  
Non-Life supported by  
selective investments



UK

Inflow in EUR mio  
at Ageas's part

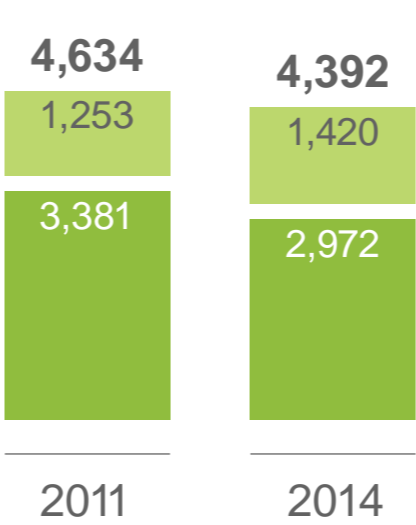
- Non-Life
- Life



Belgium

Inflow in EUR mio  
at Ageas's part

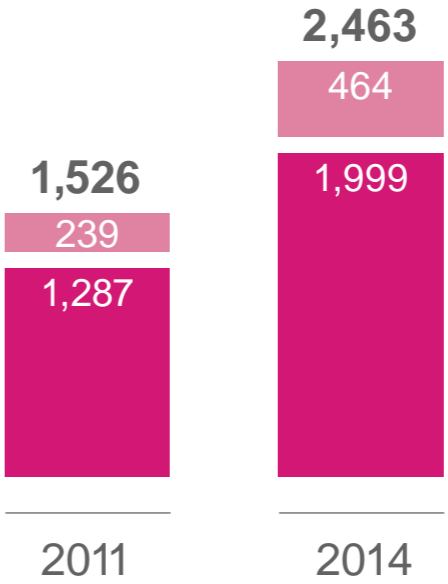
- Non-Life
- Life



Continental Europe

Inflow in EUR mio  
at Ageas's part

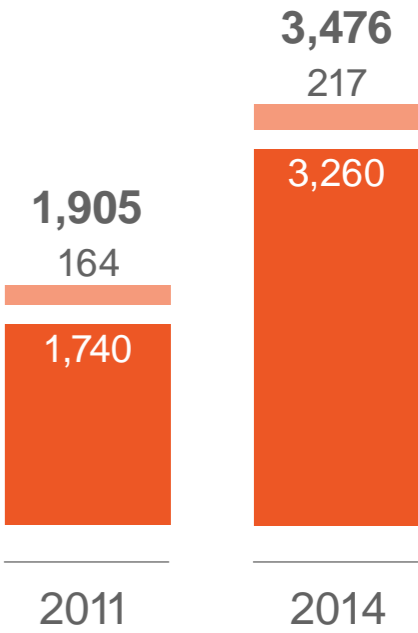
- Non-Life
- Life



Asia

Inflow in EUR mio  
at Ageas's part

- Non-Life
- Life



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

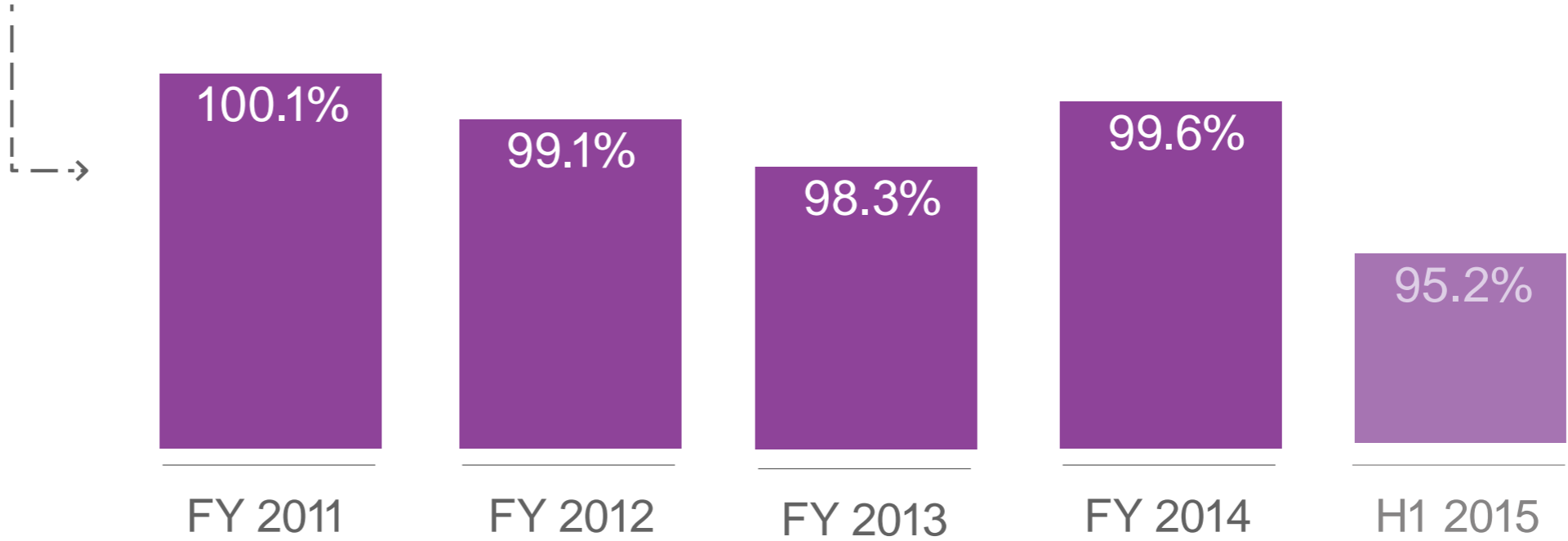
Major achievements  
since 2011

Combined ratio brought  
structurally below 100%

Constant drive to further  
improve Combined Ratio  
in each segment, country  
and product category



Combined Ratio  
In % Net earned premium



> Our objective communicated in 2012 was to have a Combined Ratio structurally below 100%

> In 2013, we refined our objective to an overall combined ratio of 97% in the current interest rate environment

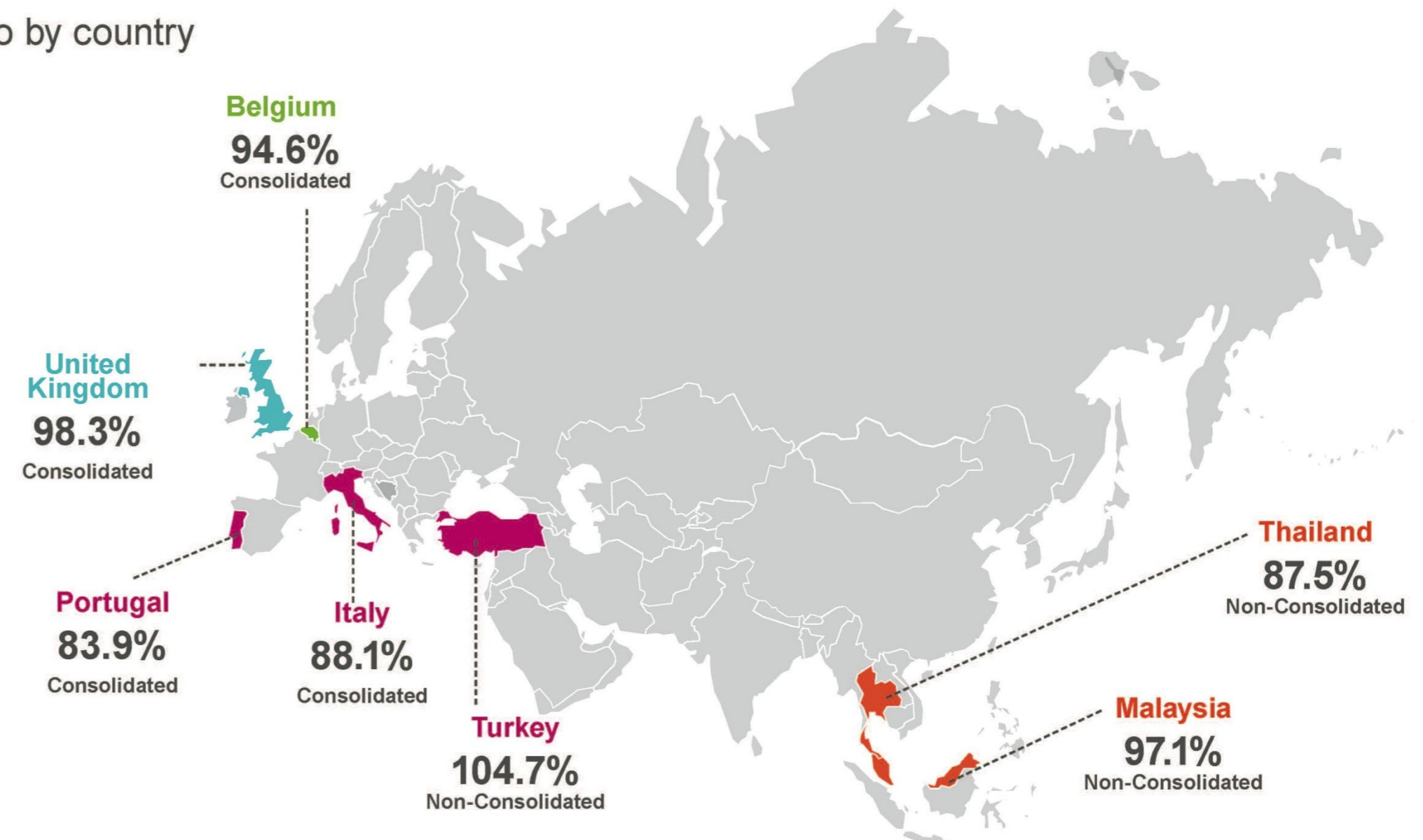
## PART 1

WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015

Results  
Vision 2015Major achievements  
since 2011Combined Ratio  
by country based on H1 2015

Combined Ratio by country



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015



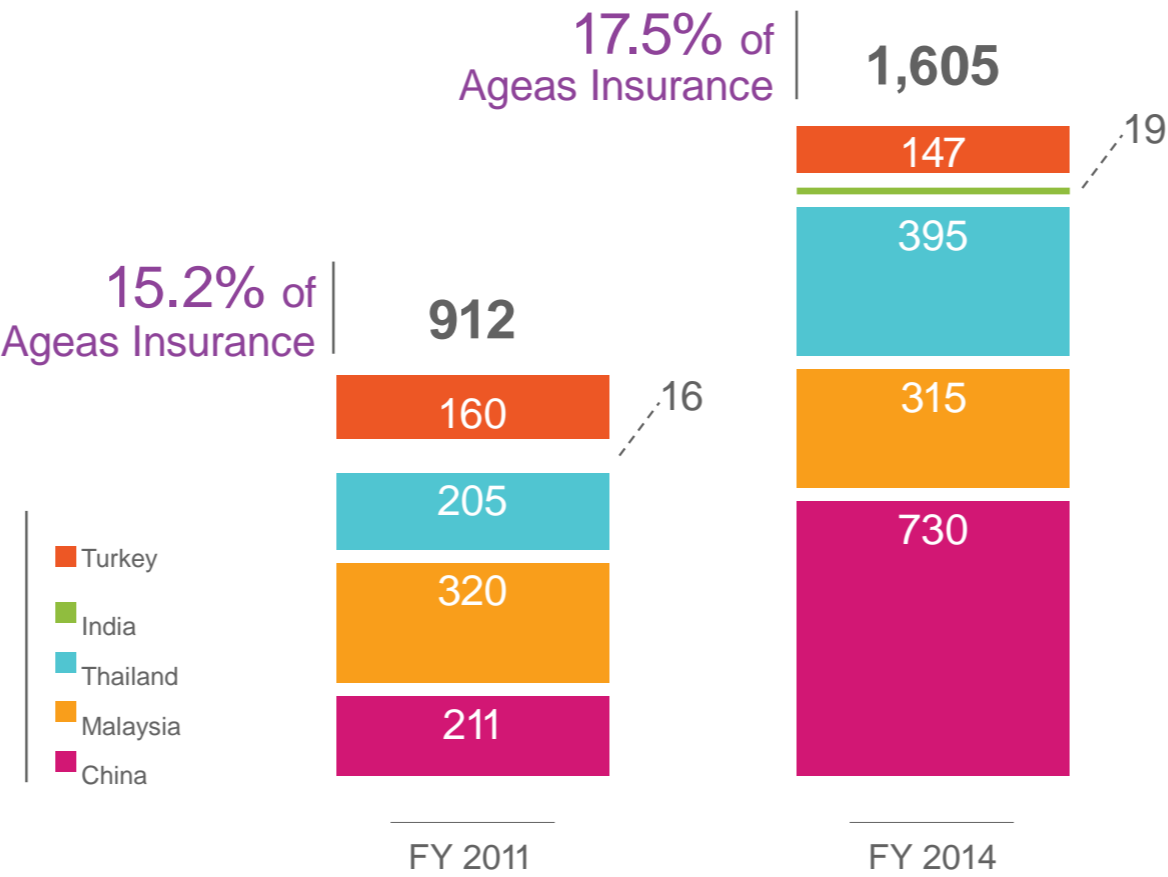
Results  
Vision 2015

Major achievements  
since 2011

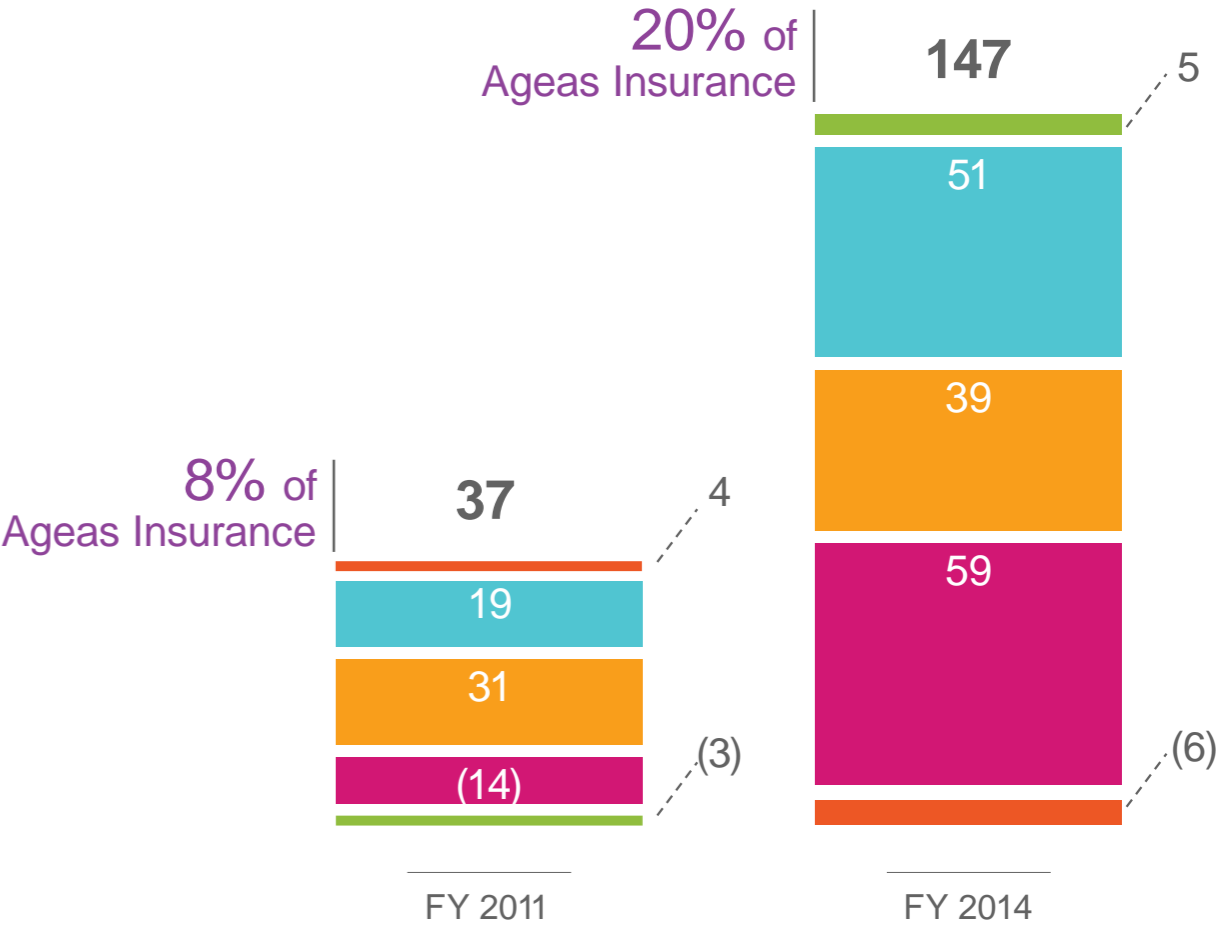
Net result contribution  
emerging market grew from  
8 to 20%



Total Equity emerging markets vs.  
Total Equity Insurance Ageas  
in EUR mio



Total Net result Emerging Market vs.  
Total Net Insurance result Ageas  
in EUR mio



## PART 1 WHAT WE HAVE DONE

> Achievements Vision 2015

# Results Vision 2015

## Major achievements since 2011

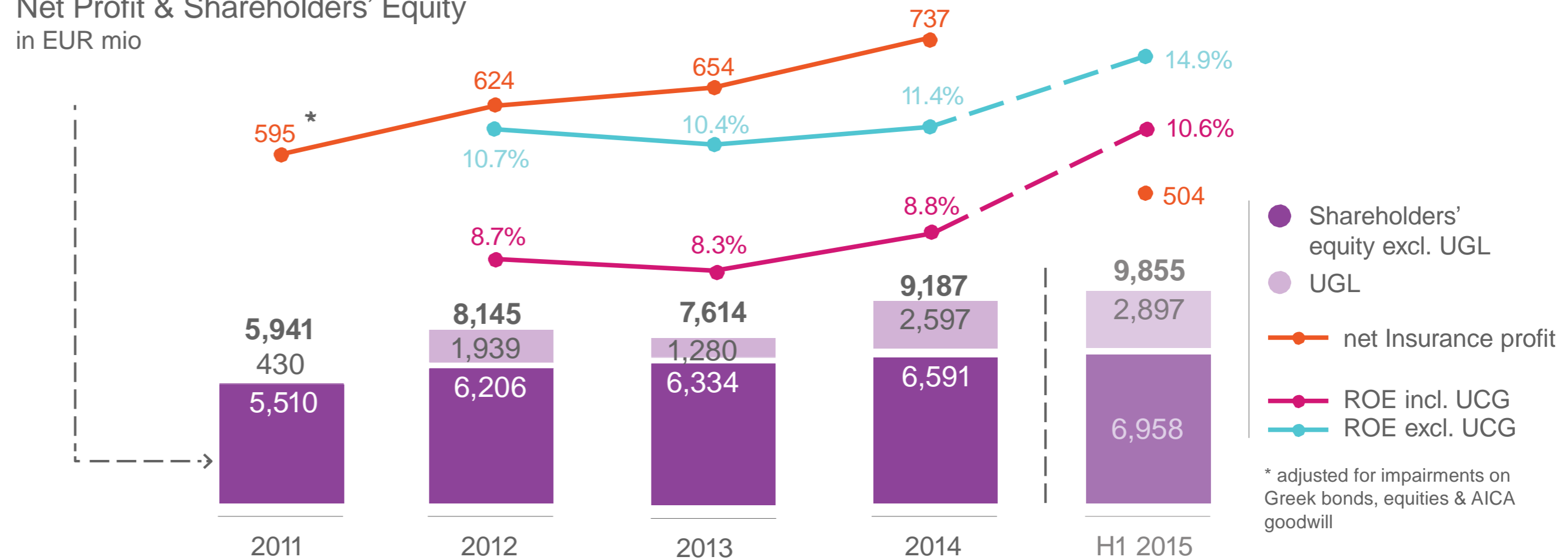
Net profit up by 24%

Net equity inflated by i-rate  
movement

ROE still up



Net Profit & Shareholders' Equity  
in EUR mio



> Introduction ROE target led to increased focus on capital management

> Balance sheet & +/- EUR 500 mio of capital upstream with positive impact on ROE

PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

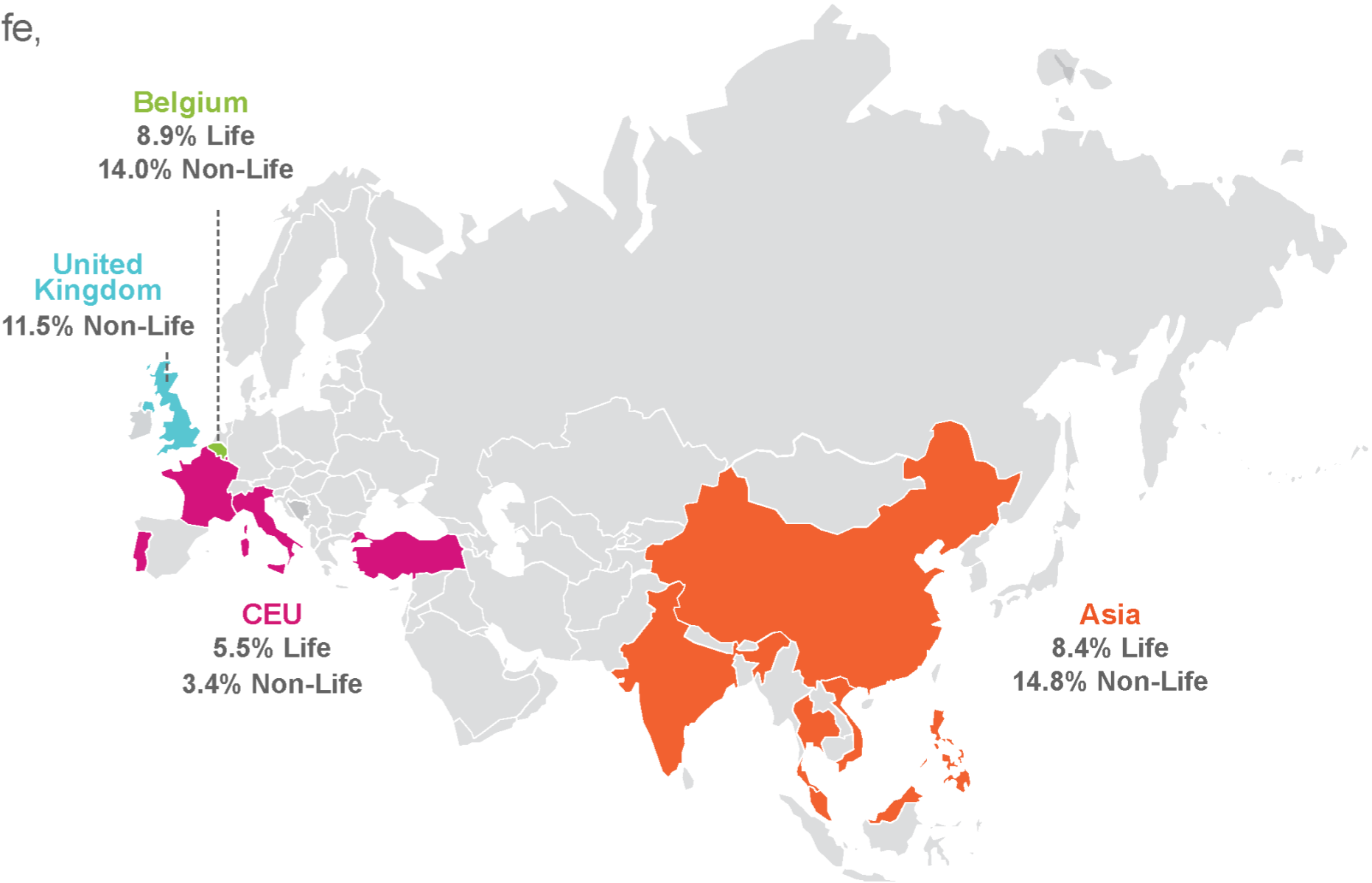
Results  
Vision 2015

Major achievements  
since 2011

Strong ROE in Non-Life,  
Life ROE impacted by  
high unrealized gains on  
investment portfolio



Overall strong ROE in Non-Life,  
Life ROE impacted by high  
shareholders' equity  
FY 2014



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

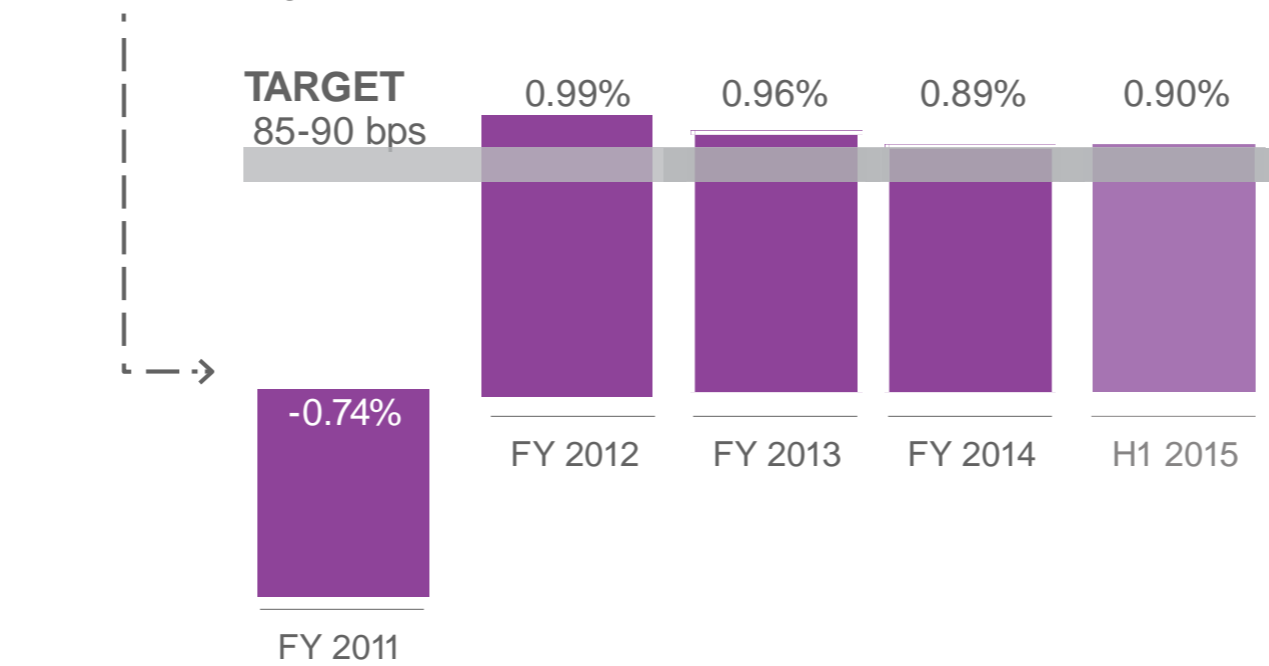
Major achievements  
since 2011

Guaranteed Margin moved  
to high end of the 85-90 bps  
target range

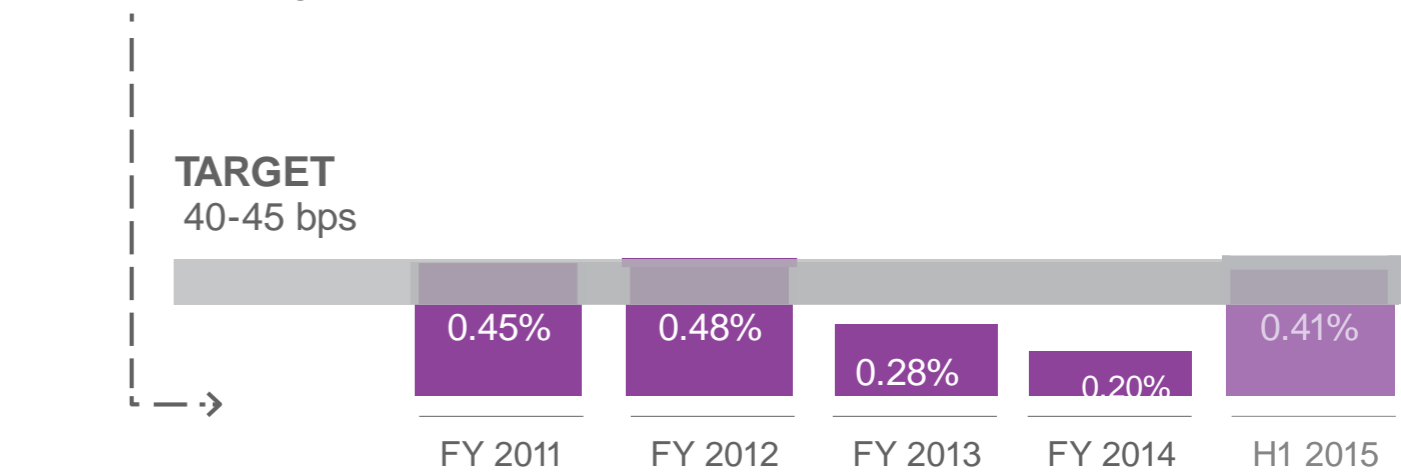
Maintain profitability consolidated Life activities through better  
operating margin in a continued low i-rate environment



Operating margin  
**Guaranteed** products  
in % average technical liabilities



Operating margin  
**Unit-Linked** products  
in % average technical liabilities



> Targets on major Life businesses introduced in 2013 to clarify our  
financial objectives by major product category



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

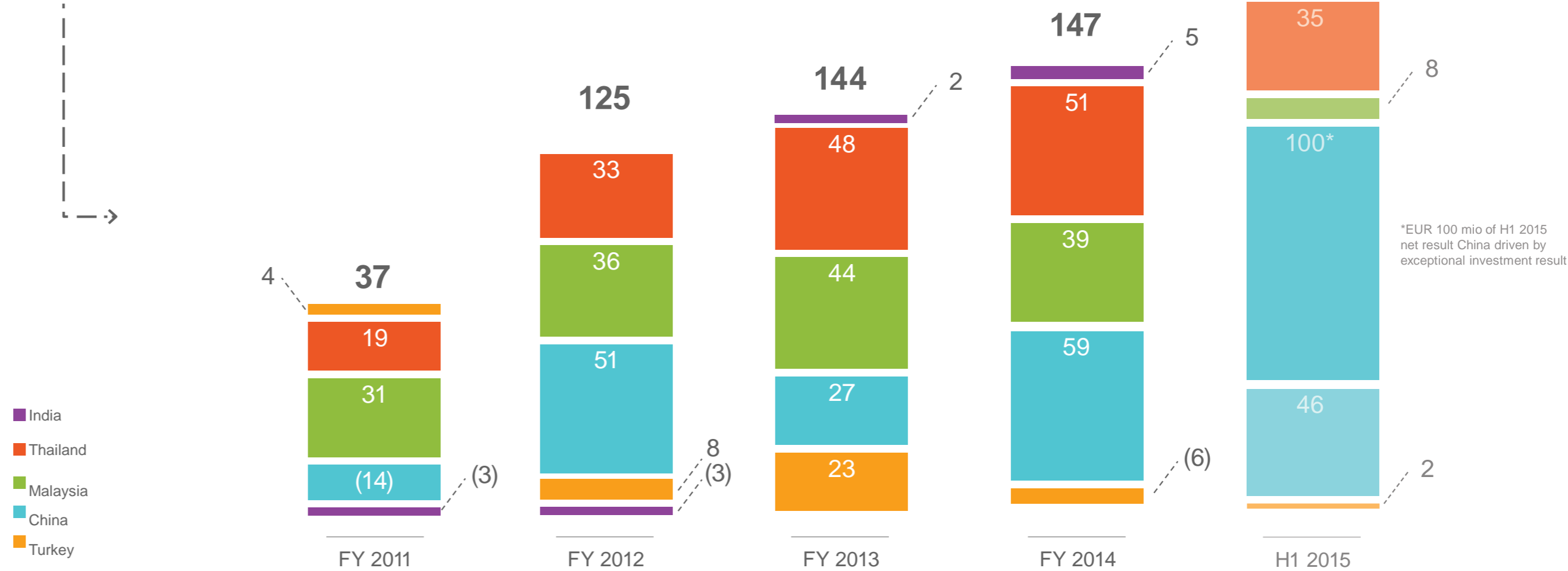


Results  
Vision 2015

Major achievements  
since 2011

Net profit evolution Non-Consolidated entities (not included in operating margin) multiplied by 4 in 4 years time

Increase profits from non-consolidated markets  
in EUR mio



PART 1  
WHAT WE  
HAVE DONE

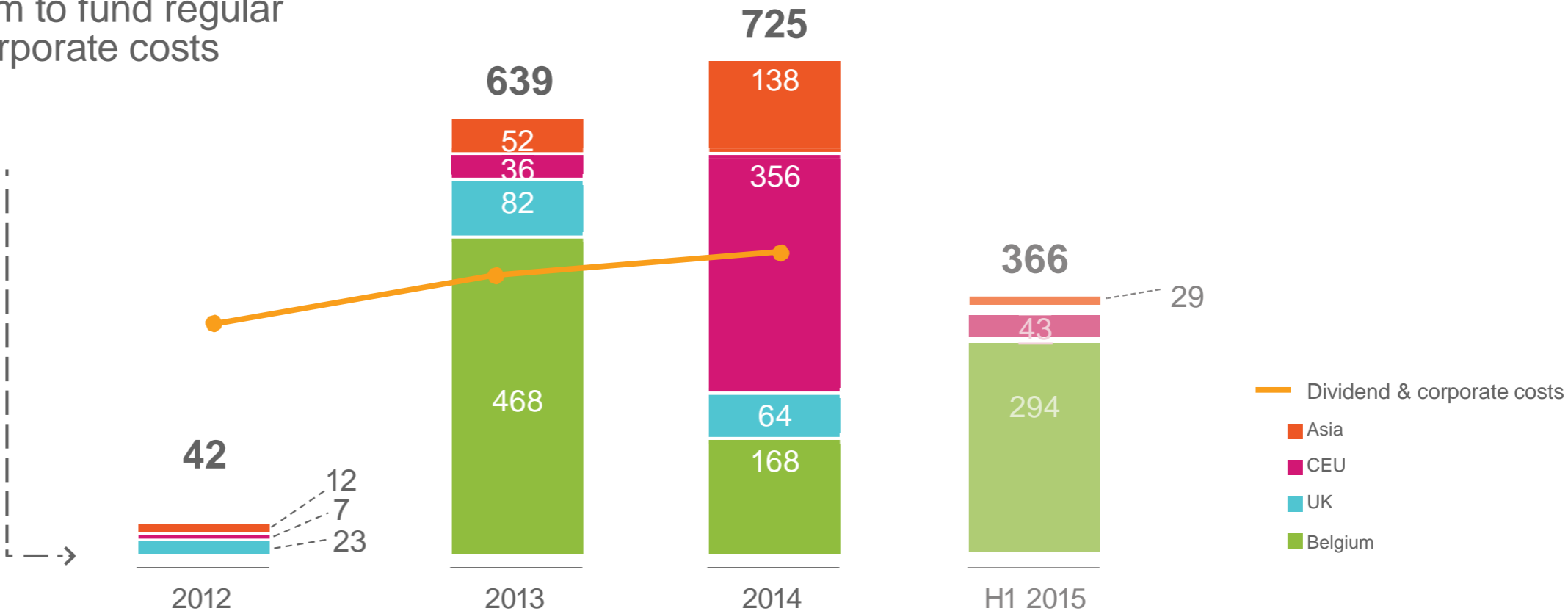
> Achievements Vision 2015

Results  
Vision 2015

Major achievements  
since 2011

Regular annual cash  
upstream substantially  
up over past years to an  
average level of EUR 450-  
500 mio

Cash upstream to fund regular  
dividend & corporate costs  
in EUR mio



- > Group policy aims to upstream min 50% of generated cash per year subject to yearly assessment local risk appetite and capital situation
- > Optimization of capital structure has lead to one-off upstreams



## PART 1

### WHAT WE HAVE DONE

> Achievements Vision 2015



## Vision 2015

### 5 strategic choices

What have we delivered?



Resolution of numerous General Account legacies and divestment of smaller entities along with investments in several existing European markets led to an increased **focus on our insurance capabilities**



Additional distribution channels (Portugal, Cargeas (Italy)) & by striking new affinity deals (Volkswagen, Virgin Money) led Ageas **to be where our customers want us to be**



Extension of existing partnerships and entering into new Partnerships in Vietnam and The Philippines showed **our commitment to our partners and their customers**



Acquisitions in Non-Life in UK, Portugal and Italy and divestments of UK Life & Hong Kong Life. Diversification within Life (shift from single to regular premium and Unit-Linked) led to a **better balance and a diversified** product offering



New market entries in Asia (Philippines and Vietnam) & strengthening of existing in Europe (Portugal, Italy) led Ageas **to capture growth in mature and emerging markets in Europe and Asia**

PART 1  
WHAT WE  
HAVE DONE

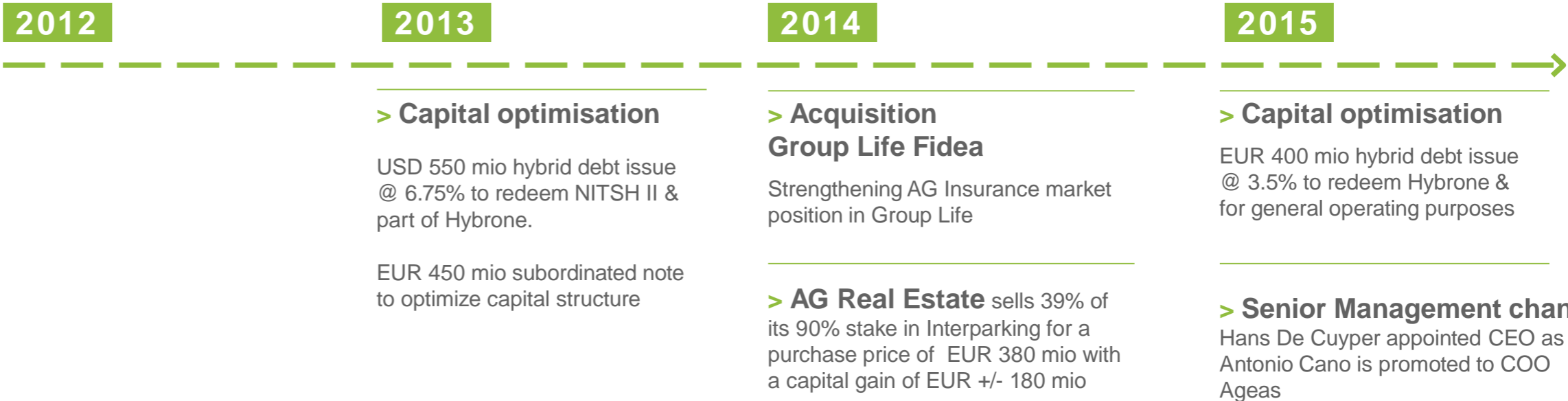
> Achievements Vision 2015

Results  
Vision 2015

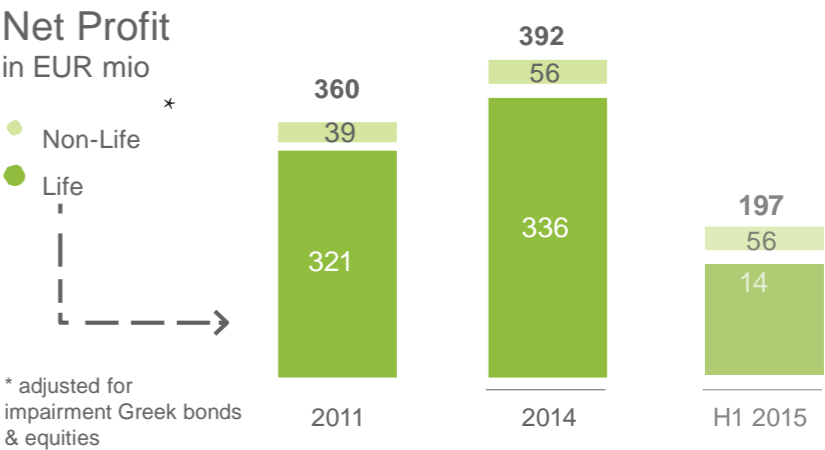
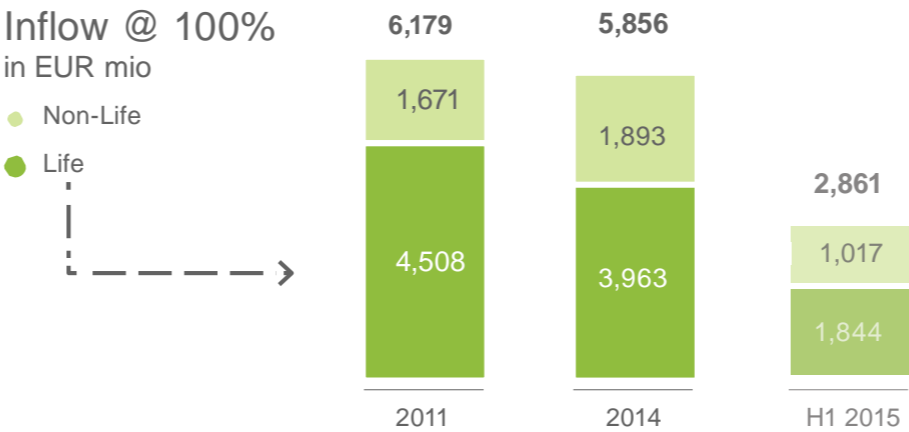
Major achievements  
since 2011

Belgium

Solidifying financial &  
operational performance,  
successful refinancing



Life inflows under pressure due to low interest rate and 2% premium-tax for individual Life products



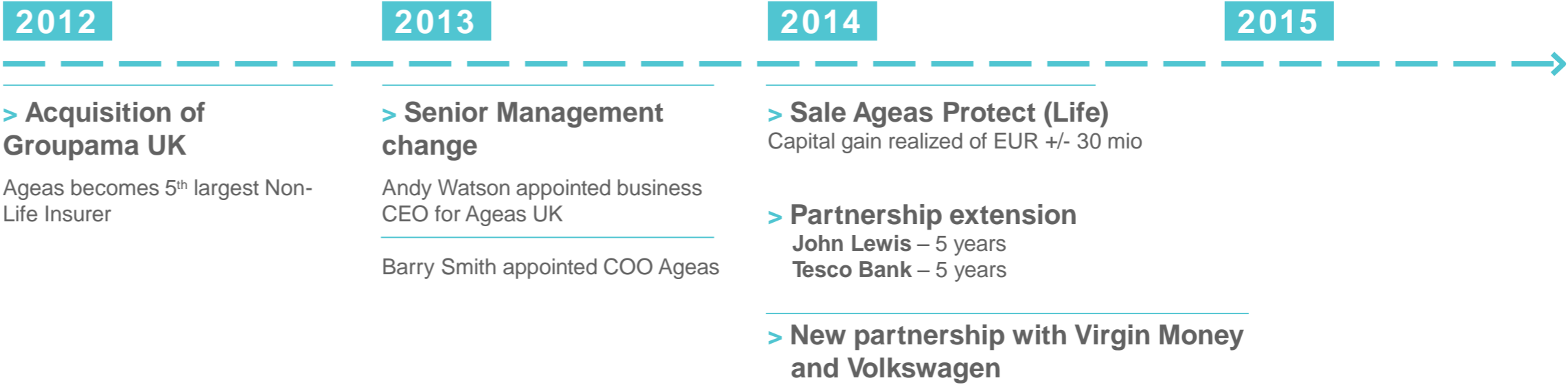
PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

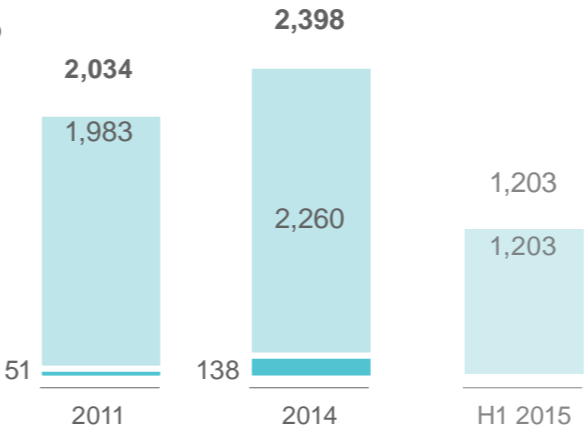
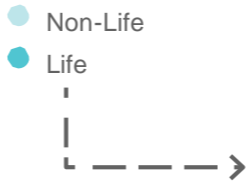
Major achievements  
since 2011  
United Kingdom

Exclusive focus on  
development Non-Life  
activities

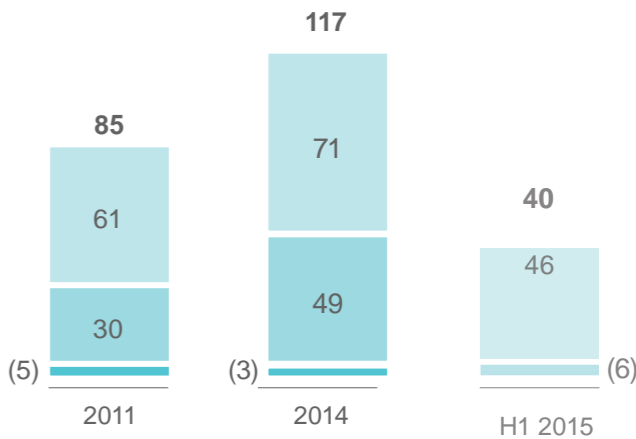
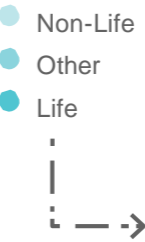


Inflows & organic  
profit evolution in local  
currency under pressure

Inflow @ 100%  
in EUR mio



Net Profit  
in EUR mio



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

Major achievements  
since 2011  
Continental  
Europe

Non-Life strengthening in  
core European markets

2012

> Increase stake in  
Aksigorta from 31 to 36%

2013

> Partnership with Avenir  
Finance

Increasing the distribution power by  
investing in the Sicavonline platform  
to enhance direct sales

2014

> Portugal – Non-Life

Full ownership in Portuguese Non-Life  
activities for EUR 123 mio

> Italy – Non-Life

Full ownership of UBI Assicurazioni (Ageas’  
part 50% + 1 share) for an amount of EUR 75  
mio together with BNPP Cardif

2015

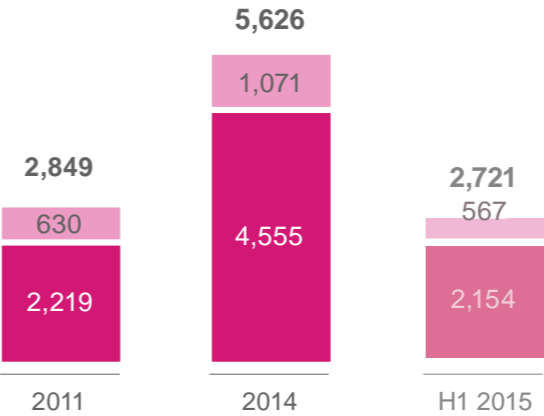
> Acquisition AXA Portugal  
aimed at positioning Ageas  
as clear n°2 Non-Life player

Increasing sales in  
Luxembourg

Portuguese Life business  
temporarily trimmed  
down due to a response  
to lower customers  
appetite

Inflow @ 100%  
in EUR mio

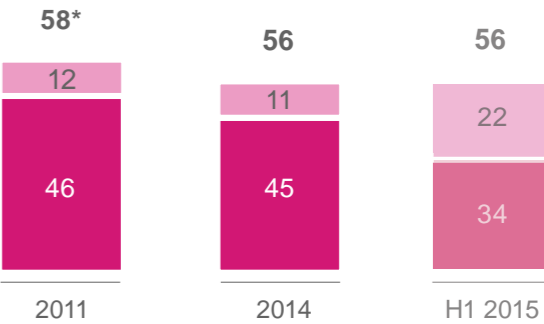
● Non-Life  
● Life



Net Profit  
in EUR mio

● Non-Life  
● Life

\*Adjusted for impairment Greek bonds & equities



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015



Results  
Vision 2015

Major achievements  
since 2011  
Continental  
Europe - Portugal

Acquisition AXA Portugal,  
aimed at positioning Ageas  
as clear n°2 Non-Life player

Transaction  
details

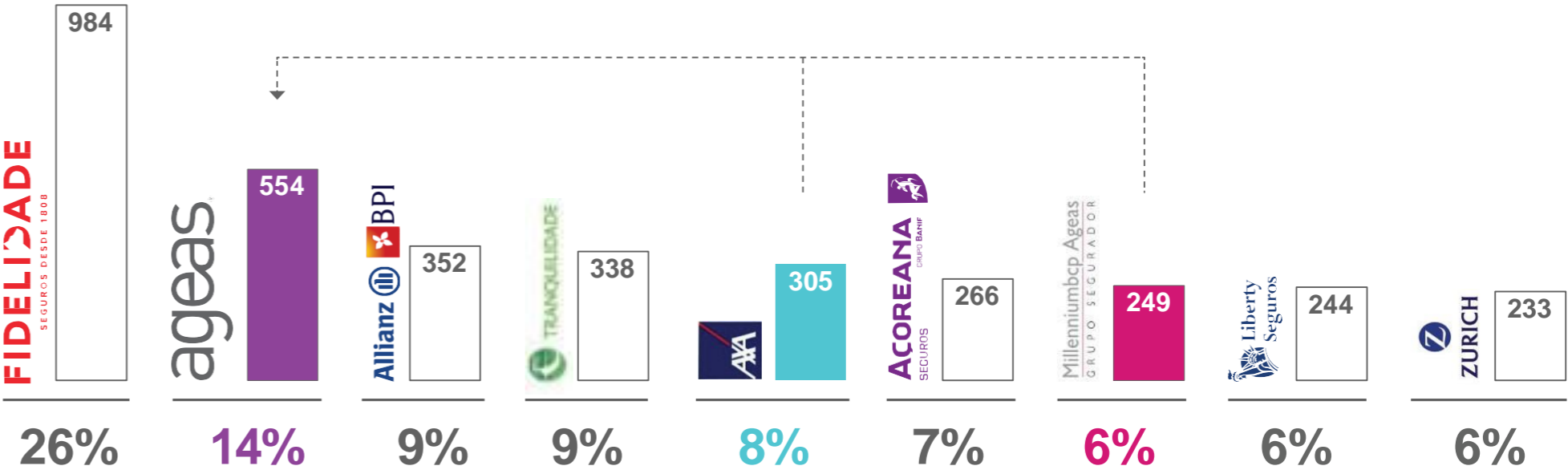
Business  
details

Rationale

FY 2014 Market  
shares Non-Life  
(Incl. Direct)

Total GWP:  
EUR 3.9bn

- > Exclusive negotiations to acquire AXA's insurance operations in Portugal
- > Total consideration of **EUR 191 mio**
- > Implied 1.2 book value multiple as per 30 June 2015
  
- > The transaction should be finalised in **the first half of 2016**
- > Subject to approval of regulator and consultation of AXA works council
  
- > **Ageas clear n°2 in Non-Life** with +/-14% market share
- > Existing leading position in **Life strengthened**



PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

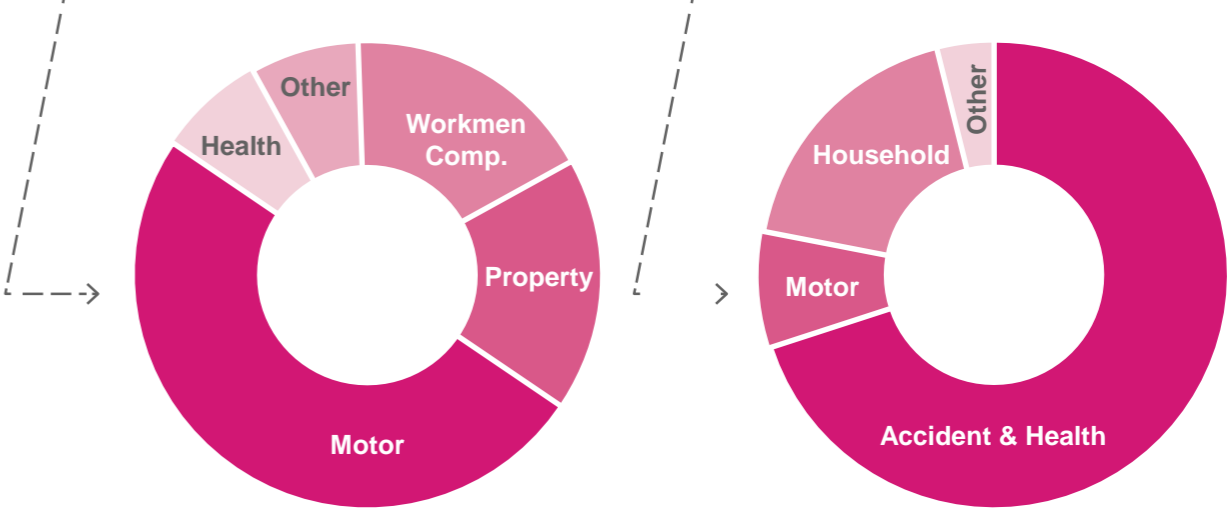
Major achievements  
since 2011

Continental  
Europe - Portugal

Acquisition AXA Portugal,  
aimed at positioning Ageas  
as clear 2<sup>nd</sup> Non-Life player

Rationale

- > Fully in line with the Vision 2015 strategy
- > Further strengthens Ageas’s position in one of our core markets
- > Direct distribution channel added, ranked 2nd with 24% market share in the Portuguese Direct Motor market
- > **Diversification** from banc-assurance with additional distribution capacity of **3,400 agents** & partners (Volkswagen, Barclays, ...)
- > **Complementary business mix** : **AXA Portugal** strong in Motor, **Occidental** (Ageas) is strong in Health



PART 1  
WHAT WE  
HAVE DONE

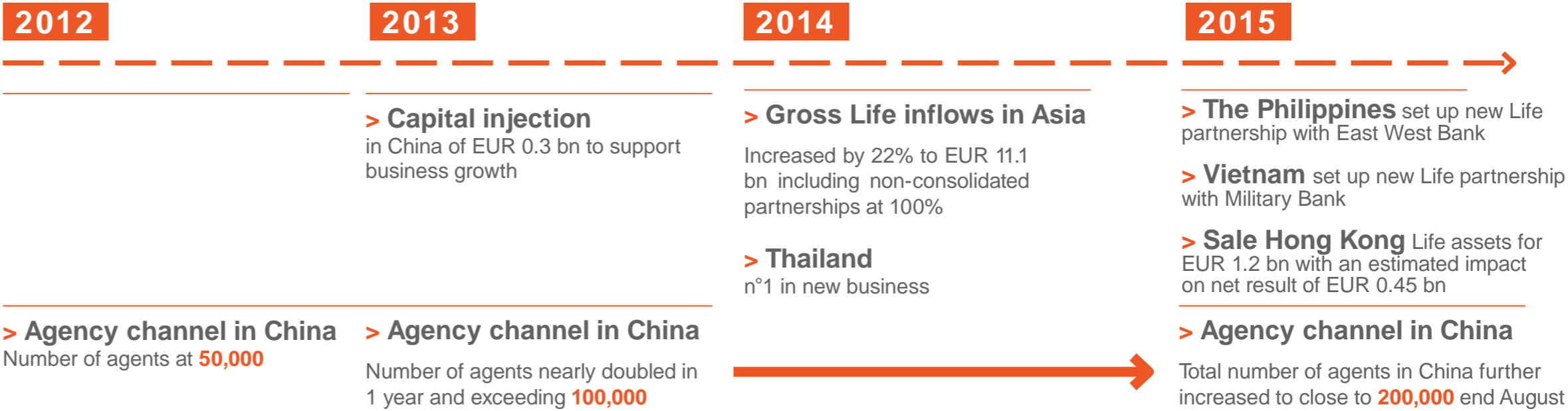
> Achievements Vision 2015

Results  
Vision 2015

Major achievements  
since 2011

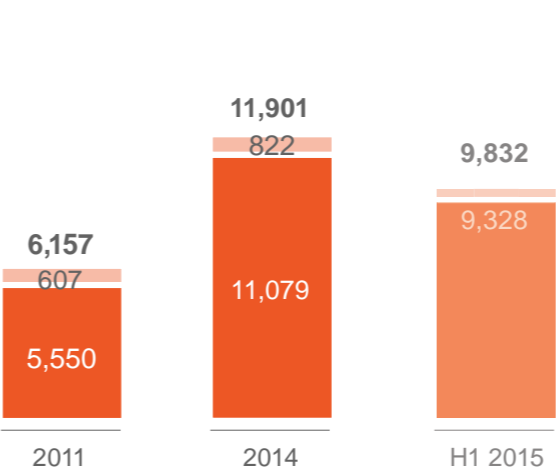
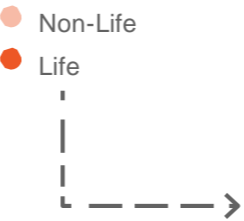
Asia

Further expansion  
into new Asian growth  
markets  
Gross inflows exceed  
EUR 10 bn mark in 2014

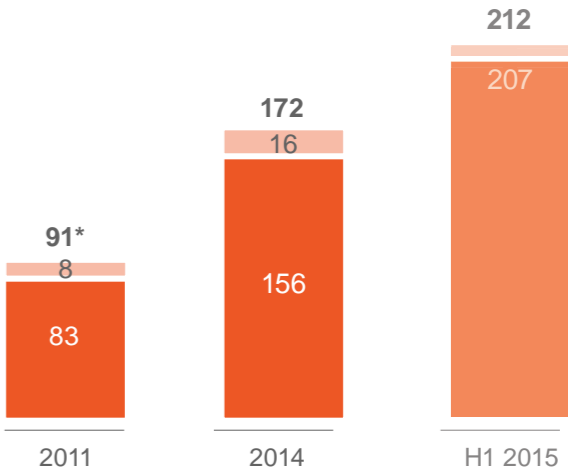
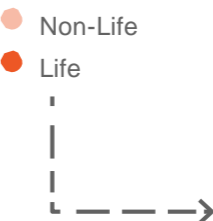


Both inflows & net profit almost doubled in 3 years

Inflow @ 100%  
in EUR mio



Net Profit  
in EUR mio



\*Adjusted for impairment Greek bonds, equities & AICA goodwill

## PART 1

WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015

Results  
Vision 2015Major achievements  
since 2011

## Asia - The Philippines

Towards desired  
company profile  
Ageas & EastWest Bank  
establish Life JV in The  
Philippines

Transaction  
details

- > **Start-up** of Life insurance company **EastWest Ageas Life**
- > Ageas holds **50% + 1** share
- > Capital & funding in first 12 months of around EUR 60 mio assuring 200% regulatory solvency ratio
- > Future funding dependent of business performance

## Rationale

- > Further expand Asian exposure in **fast growing Philippine market** with huge potential
- > Currently **lowest Life insurance penetration** in Asia (1.02%)

Business  
details

- > Offer insurance products **tailor-made** to specific EastWest Bank customer segments with high quality service & technology with focus on **regular** premium
- > **20-year exclusive** distribution agreement with EastWest Bank
- > Solid top 10 Life Insurer

About  
EastWest Bank

- > 7<sup>th</sup> largest bank distribution network in the Philippines
- > 400 branches
- > Fast growing customer base



## PART 1

WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015

Results  
Vision 2015Major achievements  
since 2011

## Asia- Vietnam

Towards desired  
company profile  
Ageas & Military Bank  
establish Life JV in Vietnam

Transaction  
details

## Rationale

Business  
detailsAbout  
Military Bank> **Start-up** of Life insurance company **MB Ageas Life**> Ageas holds **29%**<sup>1</sup> in MB Ageas Life> Total capital investment of EUR 46 mio - **@ Ageas's share EUR 13.4 mio**<sup>1</sup> Ageas holds an 29% direct and an additional 3.1% indirectly through Muang Thai Life Assurance> Further expand Asian exposure by entering **the fast growing Vietnamese market** with huge potential

&gt; Life insurance penetration rate of 0.6%

> Expected to start operations **in 2016**> Offer **innovative** insurance products to MB Ageas Life customer **tailored** to their specific savings, investment and protection needs> **15-year exclusive** distribution agreement with Military Bank> Ambition to achieve a **top 5 market position** in five years> **Top 3** private sector bank by assets in Vietnam

&gt; 217 branches

&gt; 2 mio customers

&gt; Leverage insurance expertise of both Muang Thai Life and Ageas

PART 1  
WHAT WE  
HAVE DONE

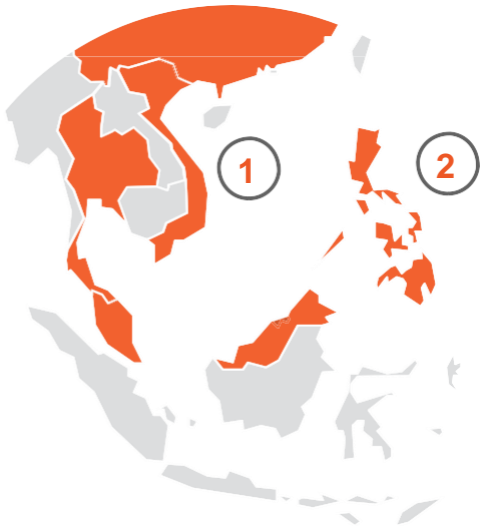
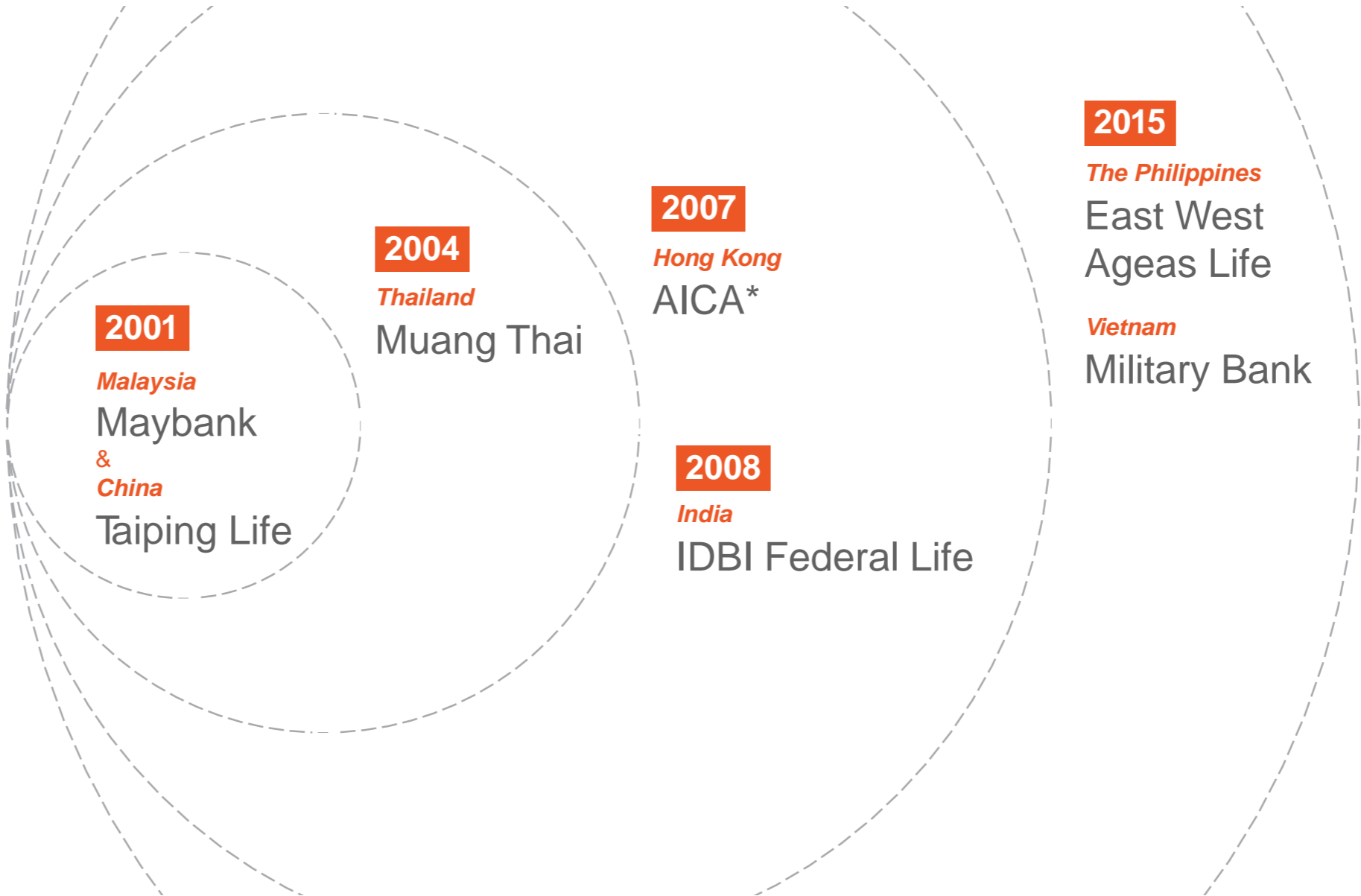
> Achievements Vision 2015



Results  
Vision 2015

Major achievements  
since 2011  
Asia

Asian Geographical  
Expansion  
Presence in 7 major  
Asian markets



1	Vietnam	2014**	2017***
	Inhabitants	91 m	95 m
	Real GDP/capita	USD 2,053	USD 2,566
	Life GWP	USD 1.1 bn	USD 1.8 bn
	Penetration	0.60%	

2	The Philippines	2014**	2017***
	Inhabitants	99 m	105 m
	Real GDP/capita	USD 2,865	USD 3,565
	Life GWP	USD 3.5 bn	USD 9.9 bn
	Penetration	1.02%	

\* Hong Kong in the process of being sold  
\*\* Monetary Fund – World Economic Outlook Database, April 2015  
\*\*\* Swiss Re – Getting together – the ASEAN Economic Community

PART 1  
WHAT WE  
HAVE DONE

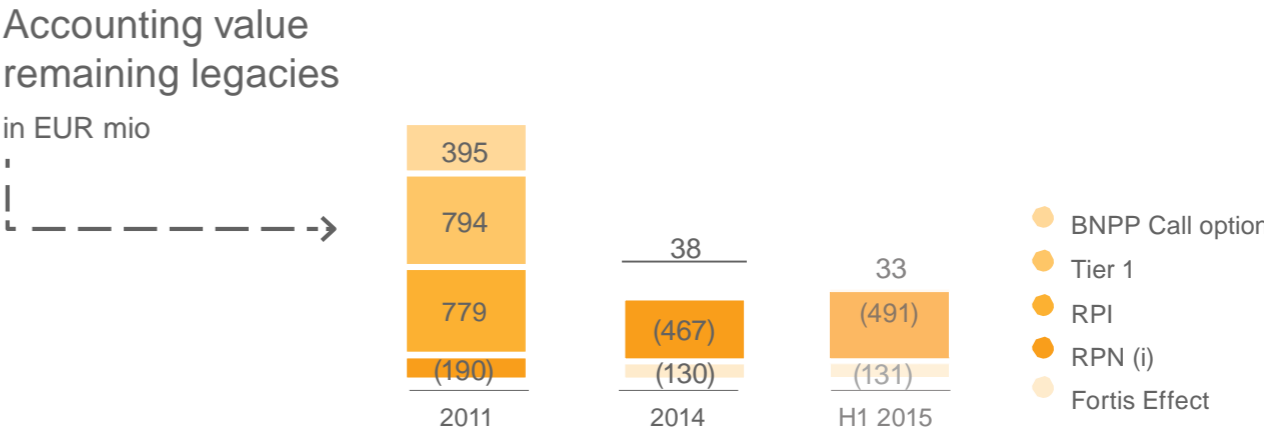
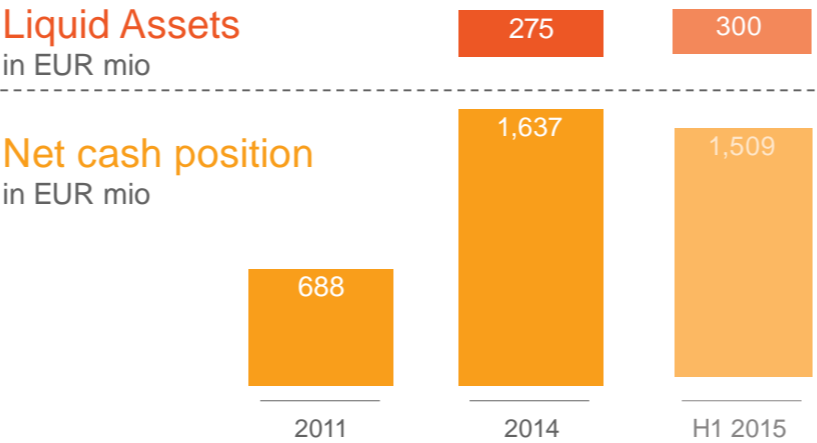
> Achievements Vision 2015

Results  
Vision 2015

Major achievements  
since 2011

General Account

Good progress made in solving legacies, Substantial strengthening Net cash position



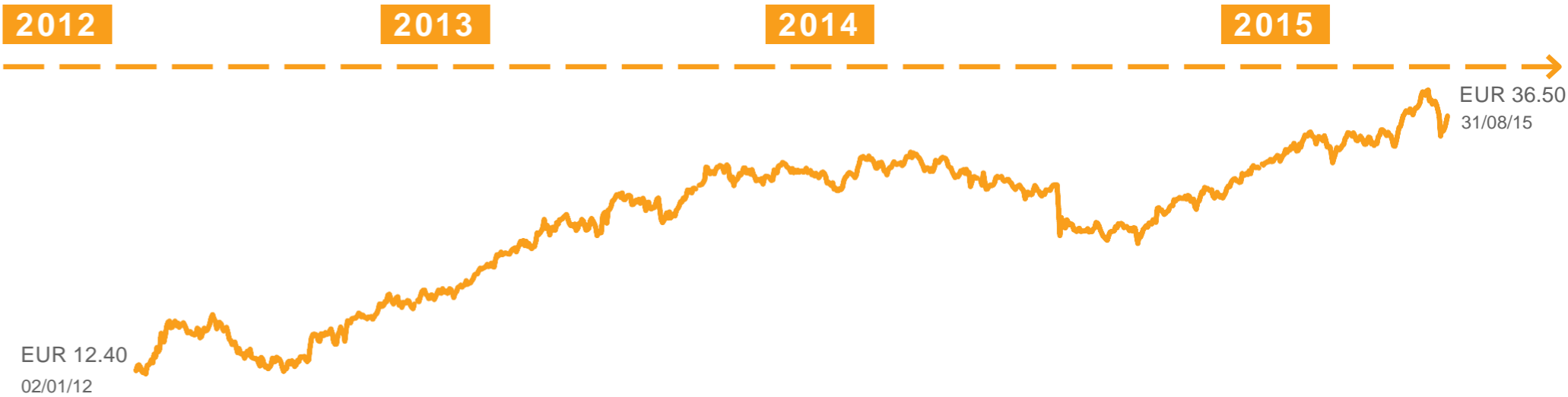
PART 1  
WHAT WE  
HAVE DONE

> Achievements Vision 2015

Results  
Vision 2015

Ageas  
Shareholder  
Return  
since 2011

Simple  
shareholder  
return **204%**



Total  
shareholder  
return **282%**  
(Return including reinvestment of dividend)

≈ EUR 1.3 bn  
dividends & capital reduction

- > ≈ EUR 770 mio dividend paid in 2012, 2013 & 2014
- > EUR 222 mio capital reduction paid in 2013
- > ≈ EUR 330 mio dividend paid in 2015

4 buy back plans successfully completed for  
a total amount of EUR 900 mio

- > +/- 15% of outstanding shares bought back and cancelled
- > Launch 5<sup>th</sup> buyback plan of EUR 250 mio in August 15



## PART 1

WHAT WE  
HAVE DONE

&gt; Achievements Vision 2015



## Results Vision 2015

**Re-establishing & repositioning Ageas since 2009 has been successful**

- > Substantial progress made in reorganisation insurance portfolio
- > Partnerships further deepened out, solidified and secured for the long term
- > Market positions in core markets strengthened
- > Financial and operational performance strongly improved in a sustainable way
- > Focus to manage balance sheet & upstream excess capital
- > Ageas has delivered upon its promises

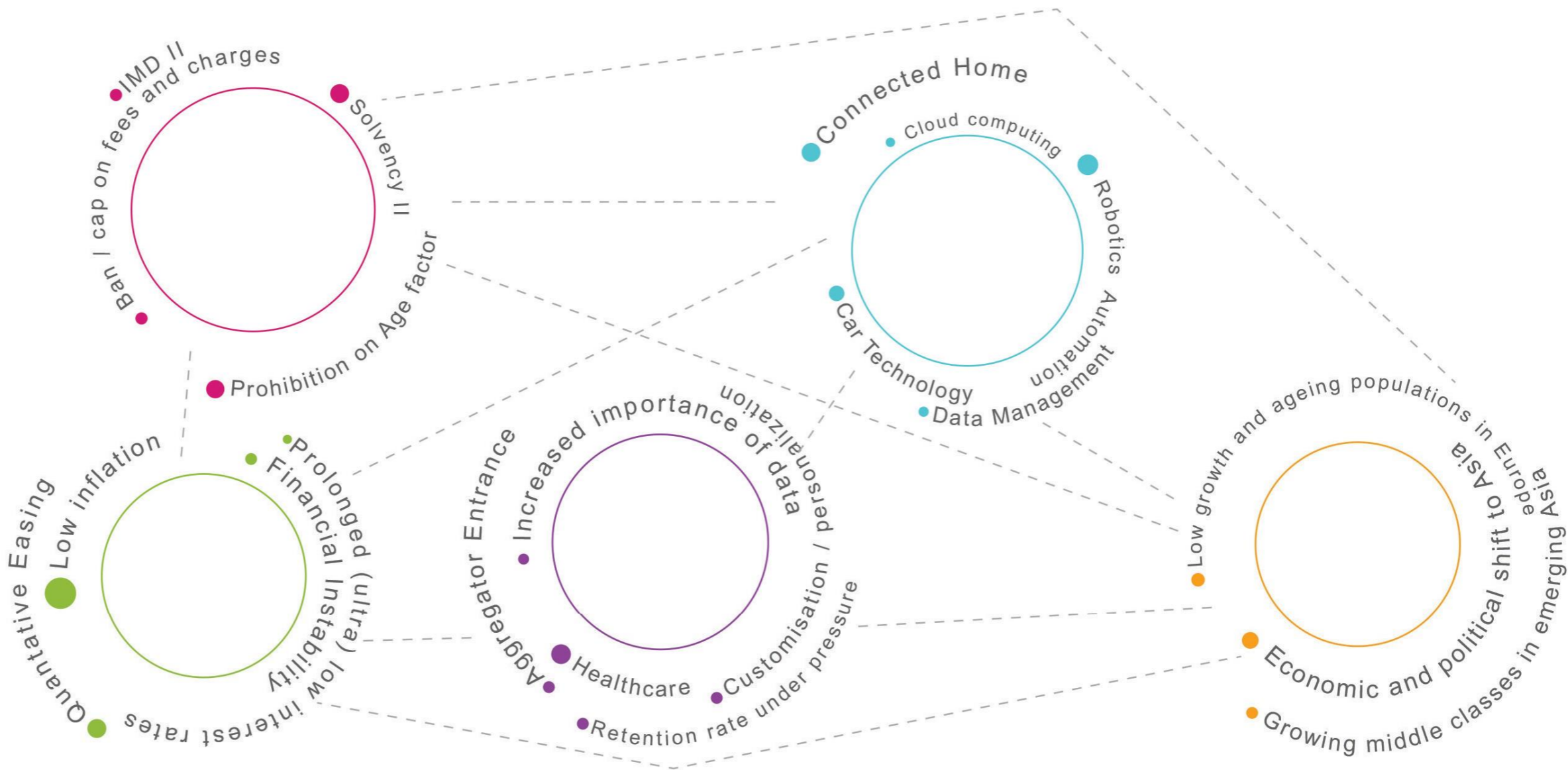
**Repositioning** Ageas has been  
**successful** & Ageas **ready** to take up  
**next challenge**

# PART 2

## WHAT WE SEE

# What we see today

A fast changing world. The insurance sector faces major challenges



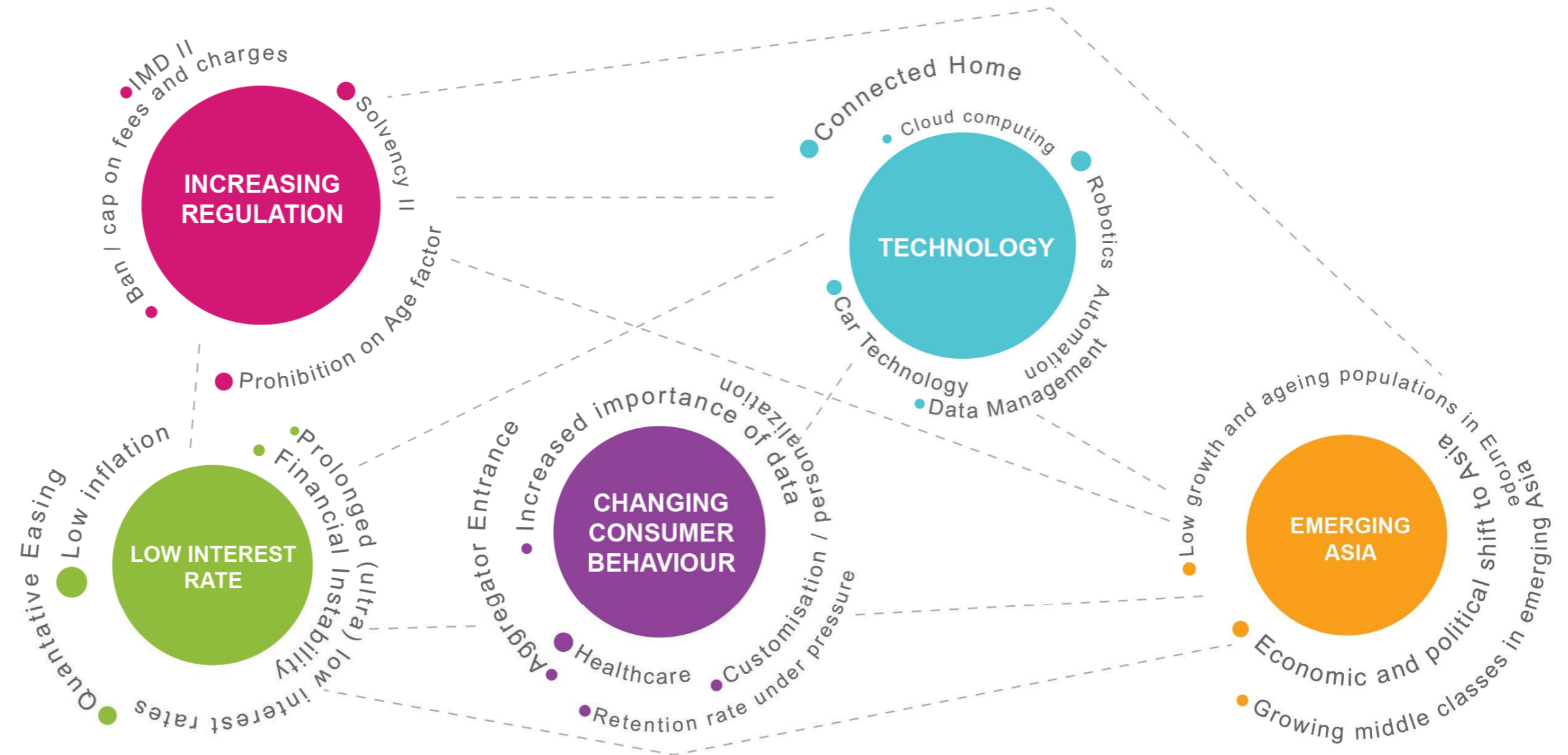
## PART 2

## WHAT WE SEE

&gt; CHALLENGES

# What we see today

A fast changing world. The insurance sector faces major challenges



PART 2

WHAT WE SEE

> CHALLENGES



## PART 2

## WHAT WE SEE

## &gt; CHALLENGES

# 1.

## Increasing regulation

Material challenge  
for the insurance  
industry

Regulations with an impact on the Insurance industry – Existing regulations

- > **Solvency 2:** Implementation as of January 2016
- > **FATCA (Foreign Account Tax Compliance Act):** In force since 1st of July 2014
- > **Market Abuse II Regulation:** Issued in June 2014 by the EU as a proposition for criminal sanctions in case of market abuse
- > **Twin Peaks II:** Implemented (Belgium and UK) to increase consumer protection – the role of the regulator is strengthened
- > **LASPO (UK):** Legal Aid, Sentencing and Punishment of Offenders – impact on claims and referral fees
- > **Ban on “price parity” agreements (UK):** between price comparison websites and insurers



## PART 2

## WHAT WE SEE

## &gt; CHALLENGES

# 1.

## Increasing regulation

Material challenge  
for the insurance  
industry



Regulations with an impact on the Insurance industry – **Upcoming regulations**

- > **IMD 2 (Insurance Mediation Directive):** Increase consumer protection and transparency requirements relating to remuneration and cross-selling
- > **PRIPS (Packaged Retail Investment Products):** EU Directive addressing disclosure rules for retail investment products (Status: Draft)
- > **MIFID II:** Implementation expected in the Q3 16 + specific MIFID for Non-Life (Belgium)
- > **EU Data Protection Regulation:** Increase the protection of personal data individuals
- > **Asia:** Various regulations by country with respect to product regulation and pricing
- > **C-Ross (China):** Solvency II like, profit sharing regulation on par funds

PART 2

WHAT WE SEE

> CHALLENGES



PART 2  
WHAT WE SEE

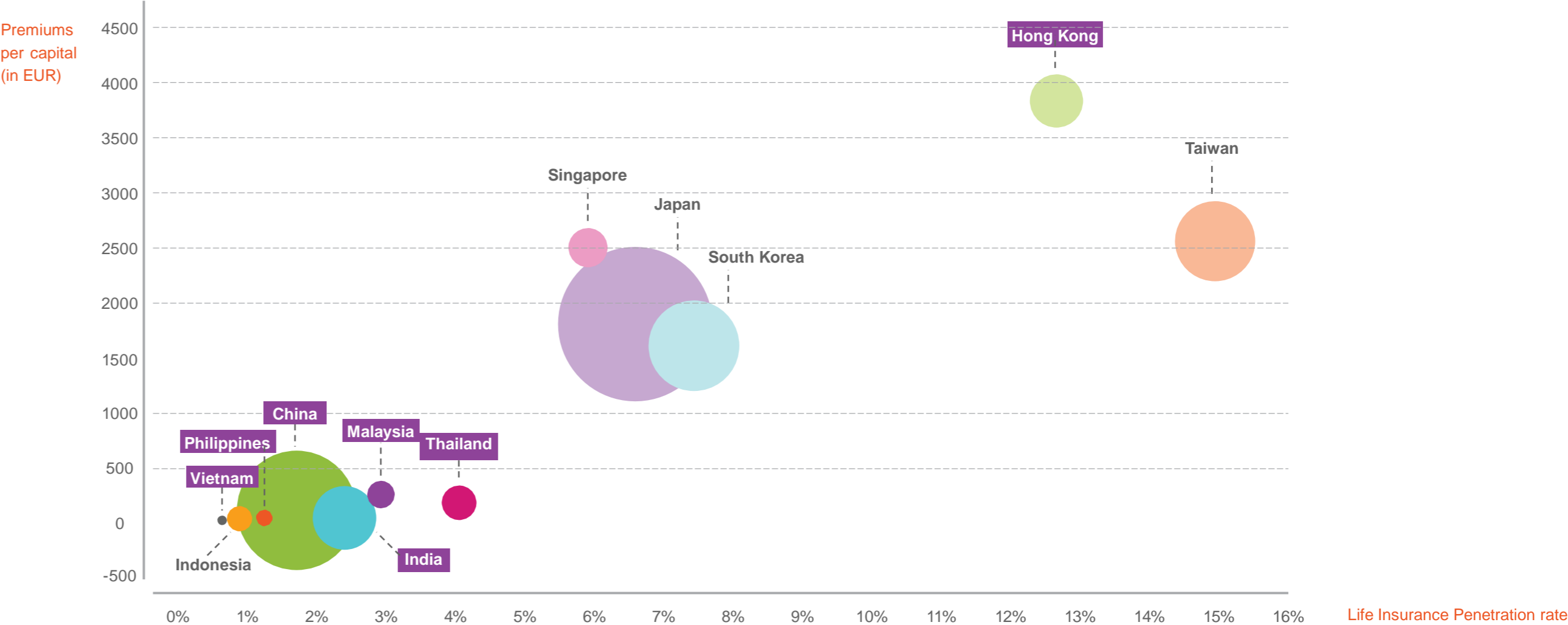
> CHALLENGES

2.  
Increasing  
Importance Of  
Emerging Asia



After sale Hong Kong full focus on low Insurance penetration rate markets

source: Axco Global Statistics



2.  
Increasing  
Importance Of  
Emerging Asia  
  
Positions in  
growth market  
strengthened  
+/- 70% of inflows  
comes from regular  
premiums



Market position  
AT START

- |      |  |        |
|------|--|--------|
| 2001 | > <b>Malaysia:</b> # 7 overall, JV with Maybank                                      | -----> |
|      | > <b>China:</b> Greenfield start-up with a national license<br>JV with China Taiping | -----> |
| 2004 | <b>Thailand:</b> # 7 (Life); # 15 (Non-Life),<br>JV with Muang Thai & Kasikornbank   | -----> |
| 2007 | <b>Hong Kong</b> *: # 12 in new business   | -----> |
| 2008 | <b>India:</b> Greenfield start-up JV with IDBI and Federal Bank                      | -----> |
| 2015 | > <b>The Philippines:</b> Greenfield start-up JV with EastWest Bank                  |        |
|      | > <b>Vietnam:</b> Greenfield start-up JV with Military Bank                          |        |

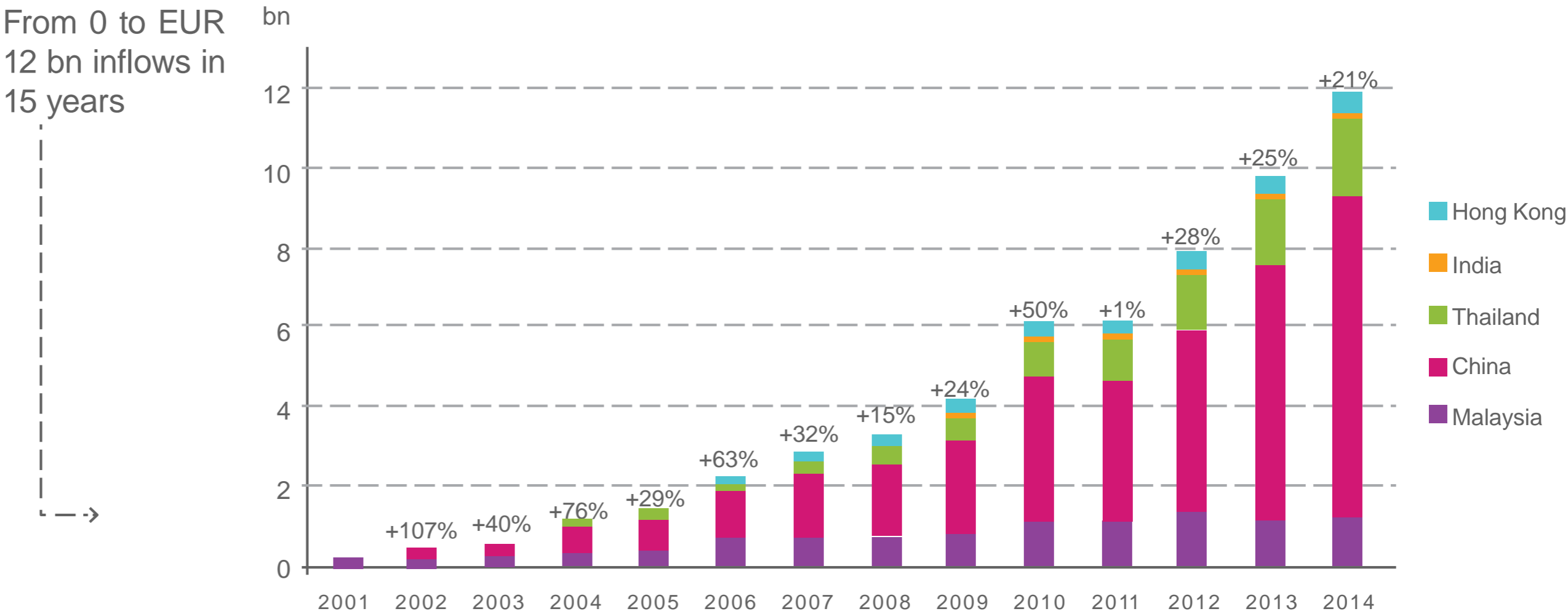
Market position  
END 2014

- |   |
|---|
| # 5 Life; # 3 Non-Life                          |
| # 7 Life  |
| # 2 Life; #1 Life in new business; # 4 Non-Life |
| # 12 in new business                            |
| # 15 in new business premium                    |

\* Hong Kong, in the process of being sold

2.  
Increasing  
Importance Of  
Emerging Asia  
  
Positions in  
growth market  
strengthened  
China & Thailand main  
drivers for growth

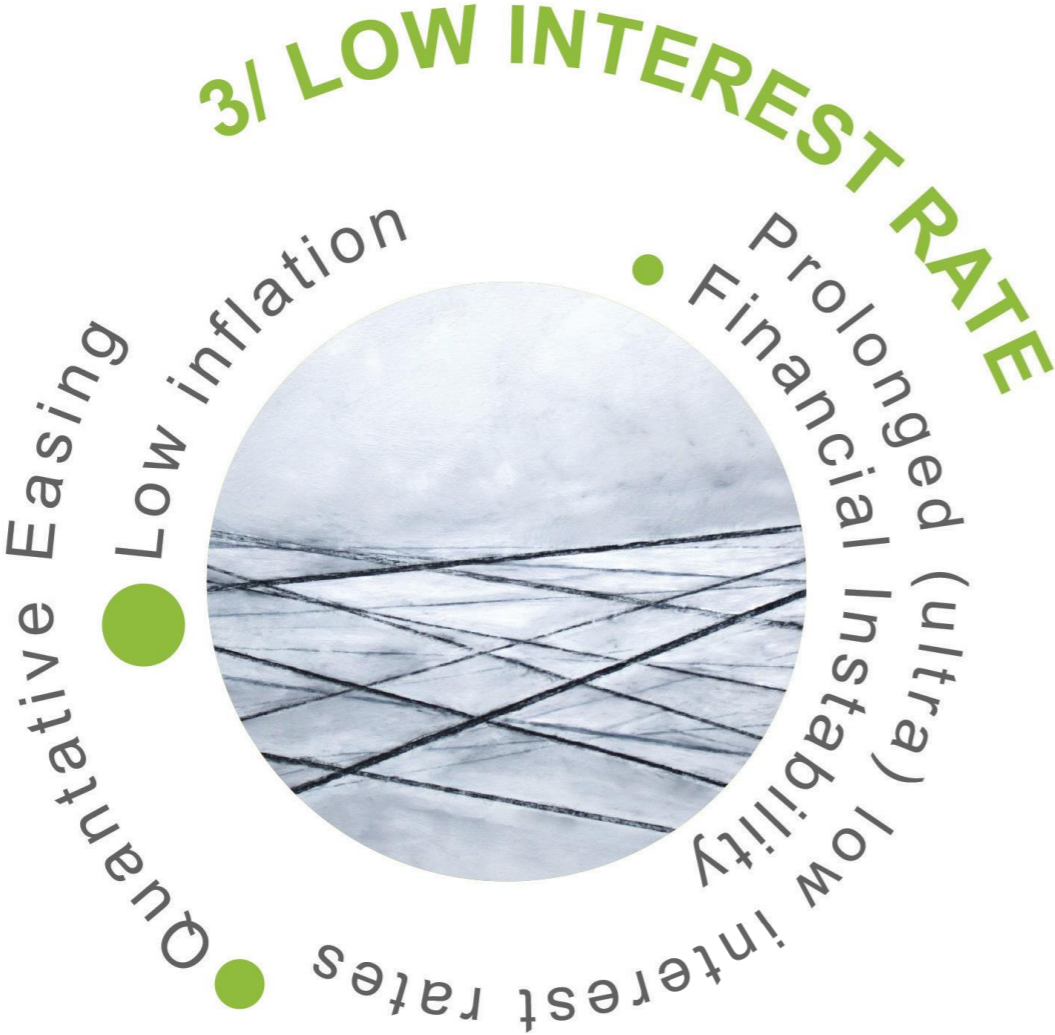
China & Thailand main drivers for growth



PART 2

WHAT WE SEE

> CHALLENGES



## PART 2

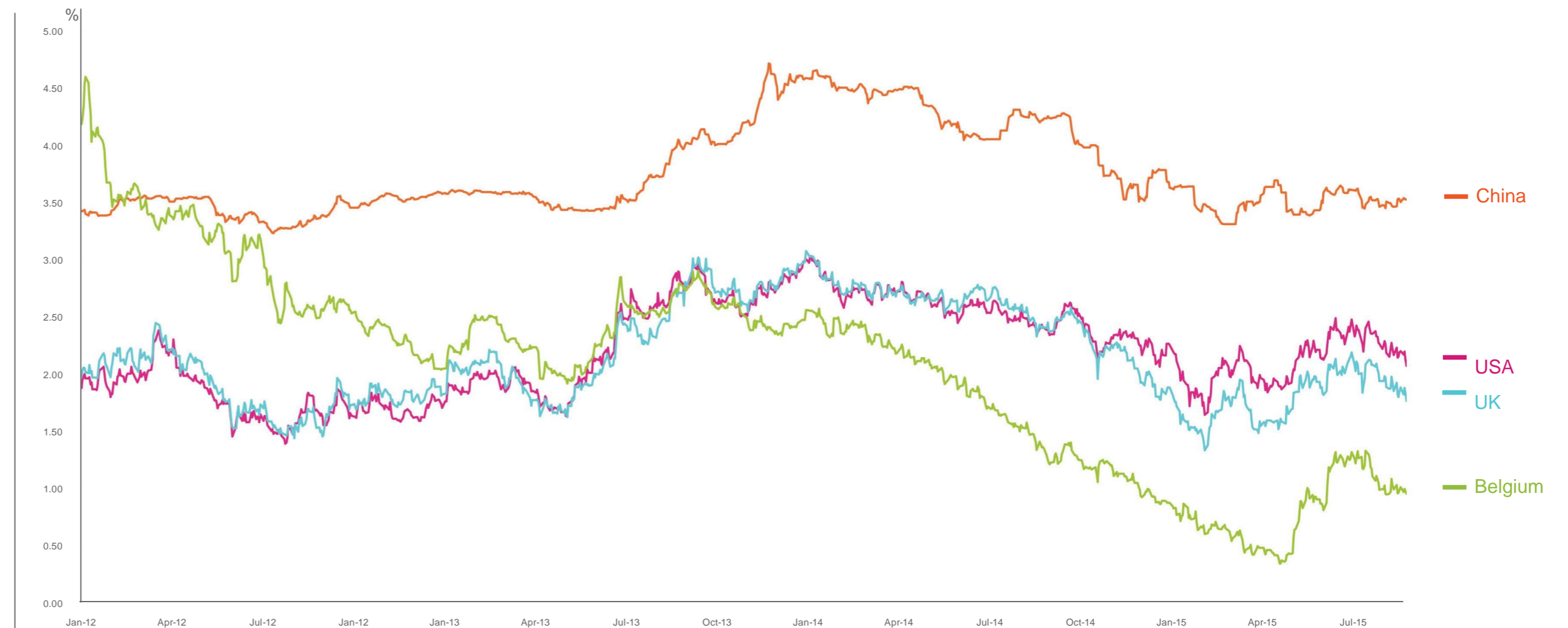
## WHAT WE SEE

&gt; CHALLENGES

## 3.

## Low Interest Rate Environment

Interest rates have decreased substantially over the past years in particular in Europe



- > Protracted low interest rates increase the liabilities of insurance companies and reduce future investment returns
- > Re-risking of assets to improve investment yields is complex in a Solvency II environment

PART 2

WHAT WE SEE

> CHALLENGES



## PART 2

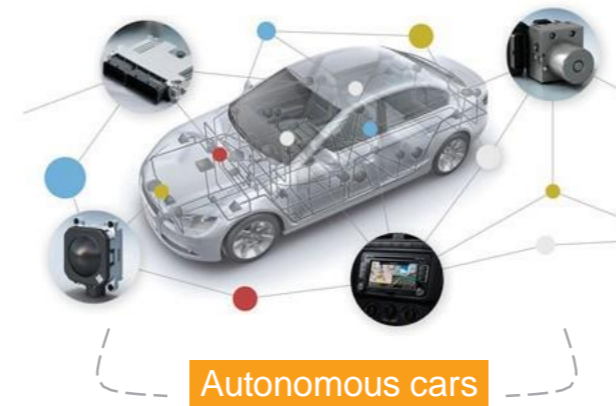
## WHAT WE SEE

## &gt; CHALLENGES

# 4.

## Technology

The world is changing rapidly through new technologies and digitalization



- > **Technological developments** come quickly and in many shapes and forms
- > They **affect** many parts of the **insurance value proposition** and may disrupt the industry as a whole

4.

Technology

New technologies  
& digitalisation

Present risks  
& opportunities for the  
Insurance sector



INNOVATION

AUTONOMOUS CARS

RISK / OPPORTUNITY

- > Reduction claims cost & frequency
- > Downward pressure on premium
- > Long Term : personal car insurance replaced by manufacturers product liability insurance

WEARABLE TECHNOLOGY

- > Mainly Health Care related
- > Increased Life expectancy
- > Increasing health costs will make correct pricing even more important

24/7 CONNECTED/  
SOCIAL MEDIA

- > The “social adept” customer : crowd sourcing, risk sharing

3D PRINTING

- > Replace items at home or enable spare parts “on site”
- > Impact on claims supply chain & claims settlement time
- > Efficiency gains

CONNECTED HOME

- > Offer reduced premium levels
- > “Sensor” users give access to useable data
- > Competitive advantage with respect to relationships & upgrade systems

DATA ANALYTICS

- > Increased personalisation
- > Data management becomes key for marketing & underwriting



## PART 2

## WHAT WE SEE

## &gt; CHALLENGES

## 5.

Changing  
Consumer  
BehaviourWhat do we  
observe?

> Customers' behaviour has significantly evolved over the past 3 years

- Tailored offerings
- Higher service levels: convenience, speed
- Peer to Peer feedback
- More interaction, prevention
- Impact of regulation
- Shared economy

> Customers increasingly **interact digitally** and **seize control** of the **purchasing decision** process

> **Redefinition** of the **value proposition** of insurers in savings and investments

> Nature of **underlying risks** is evolving

> Emergence of new **eco-systems**



## PART 2

## WHAT WE SEE

## &gt; CHALLENGES

## Challenges for the insurance sector

### Conclusion



The insurance industry is faced with **technological, economic, regulatory** and **social developments** which put pressure on incumbent insurance companies and force them to **rethink their business models**

We believe that **Ageas** is well placed to adapt to this challenging environment and benefit from these trends and increase technological capabilities:

- > Strong solvency and profitability
- > Strong market positions in mature and growth markets
- > An increasing number of strong partnerships
- > Increasing technological capabilities via own investments and links with non-traditional partners

# PART 3

## WHAT WE WILL DO

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets

Strategy  
2018

“

Our **2018 strategy** builds on achievements  
**Vision 2015** and strives for **continuity**.

We **maintain our values** and will **sharpen** our  
**strategic choices** and **financial targets**  
where possible and will **focus more** on the  
**qualitative goals**”

PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD



Stakeholders

Ageas will behave as a stakeholder driven insurance company.  
Success depends on how all stakeholders value their long term relationship.



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets



## Strategy 2018

### 1. Increasing Regulation

**Ageas's approach  
on Solvency II and  
other regulation**



## Solvency II

- > Ageas uses Solvency II<sub>ageas</sub> for capital management & risk appetite
- > Target Insurance Solvency II<sub>ageas</sub> 175%
- > Risk appetite 40% Own Funds
- > Continuation of Ageas's policy on upstream & dividend pay-out

## Other Regulation

- > Ageas, present in a limited number of countries mainly with leading positions, can quickly implement any upcoming regulation

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets



# Strategy 2018

## 2. Growth Markets

**Ageas remains  
focussed on  
Europe and Asia**



- > Ageas will build on its position as **a credible insurer** in Europe and Asia
- > We will continue to explore opportunities to **strengthen existing core markets**
- > We **maintain** our **goal of investing 25% of the Insurance Equity** (excl. UCG) in growth markets
- > The recent entry in The Philippines and Vietnam illustrates Ageas' capability to conclude new partnerships in **growth markets in Asia**
- > We will focus on opportunities to enter **high growth markets in Europe** and Asia.
- > **Stable cash flows** from mature (European) entities should ensure funding for expansion and finance dividend payments
- > Future opportunities should respond to strict criteria of growth potential, distribution reach and financial criteria

PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD

- I Answers to the challenges
- I Organizational response
- I 2018 Targets

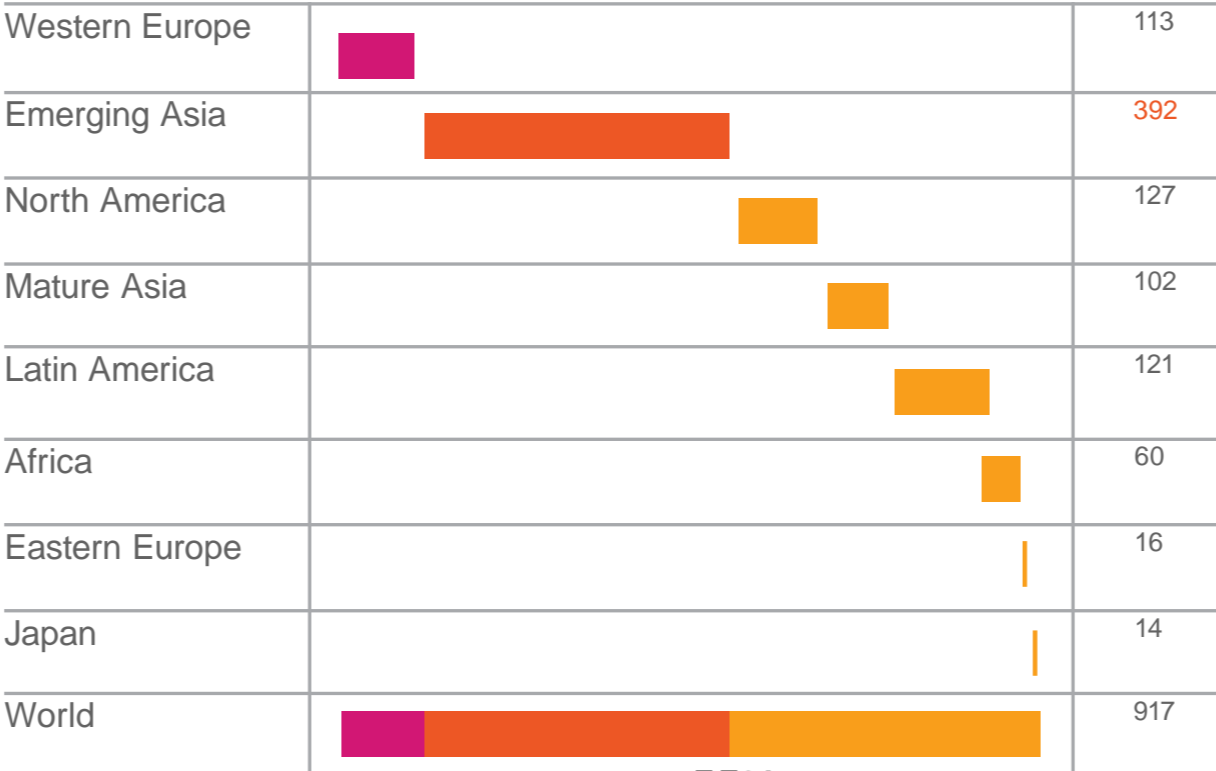


Strategy  
2018  
*2. Increasing  
Importance  
Of Emerging  
Asia*

Emerging Asia & Western Europe together will account for **55%** of absolute growth in Life and **44%** in Non-Life in 2010-2020.

LIFE GDDPW \*  
ABSOLUTE GLOBAL GROWTH

2010-20, EUR bn

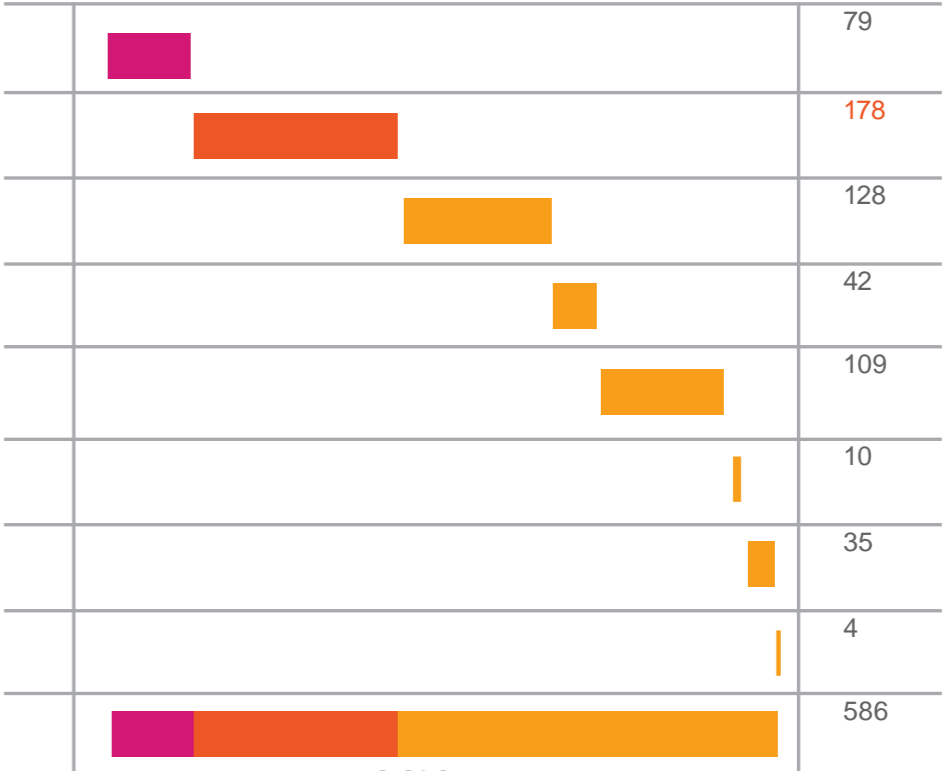


55%

\* Gross Domestic Direct Premium Written source: McKinsey

P&C GDDPW  
ABSOLUTE GLOBAL GROWTH

2010-20, EUR bn



44%

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets



## Strategy 2018

### 3. Low Interest Rate Environment

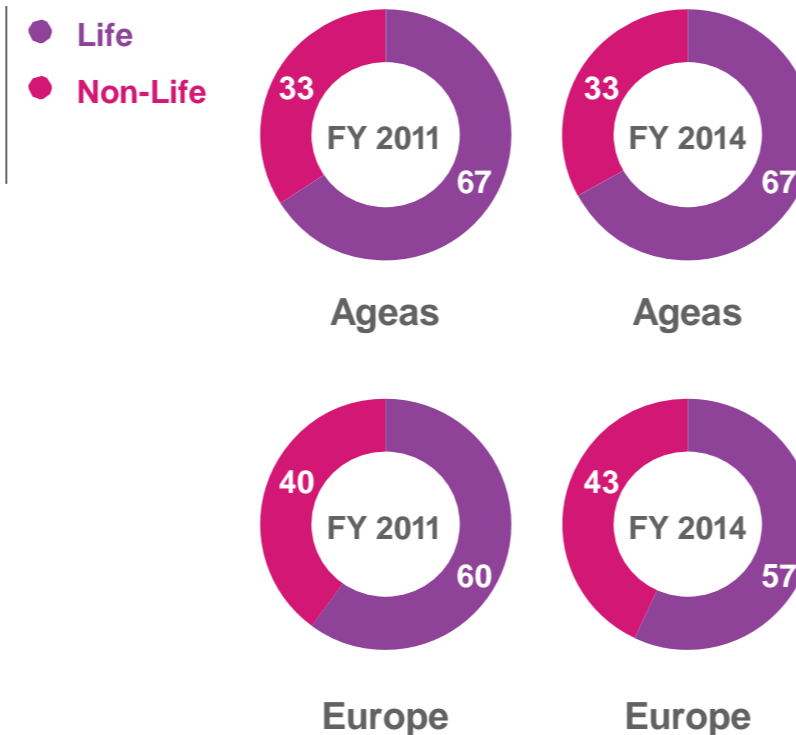
Ageas wants to decrease its dependence on short term investment products

*Further focus on Non-Life*

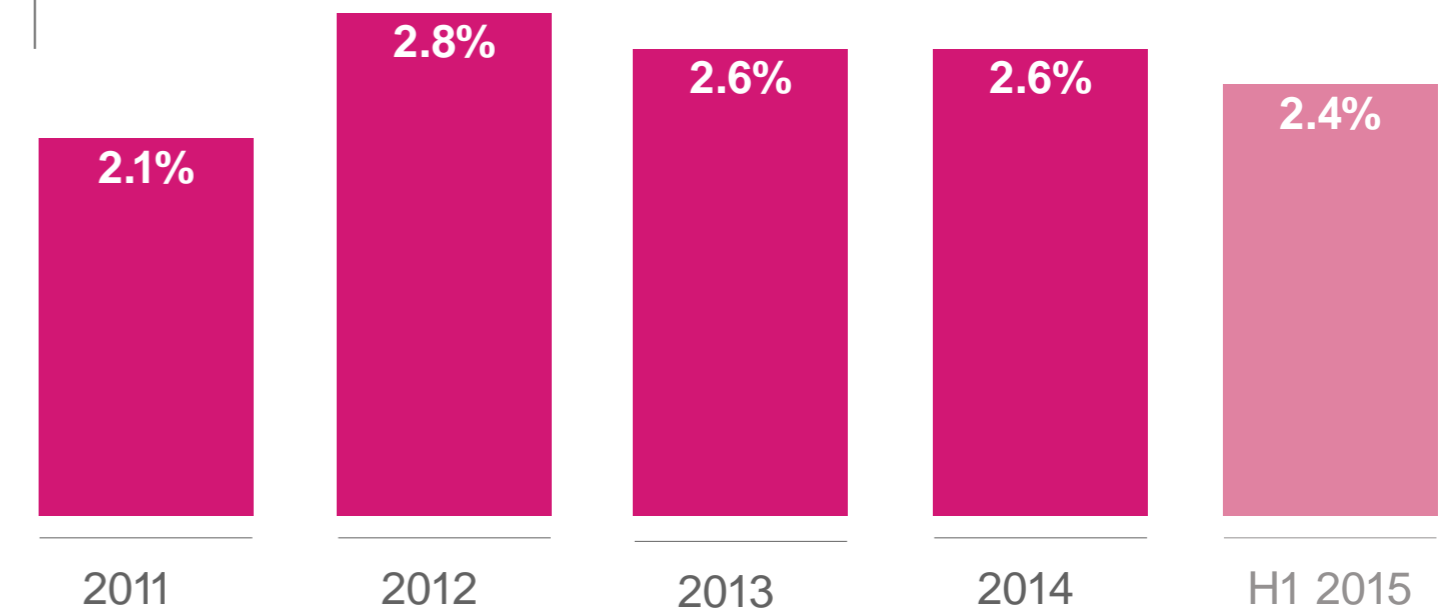


In a protracted low yield environment in mature markets in Europe, short term investment products will remain under pressure. Therefore Ageas aims to decrease its dependence on these products

< 1 > **Further strengthen our Non-Life franchise** : increase volumes, improve operating performance while benefiting from sustainable investment income



### Investment yield Non-Life



PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD

I Answers to the challenges

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Strategy 2018  
3. *Low Interest Rate Environment*

Ageas wants to decrease its dependence on short term investment products

*Further diversify away from Traditional Savings*



< 2 > Share **more risk with the policyholder:**

- Unit-linked insurance
- Alternative profit-sharing mechanism for guaranteed business

< 3 > **Increase sales of Life Insurance products** that rely more on insurance risks (**protection**) and less on investment income. Higher volumes of insurance products that address the protection gap should compensate for the loss of income from short term investment products

Ageas already has started a number of **initiatives** to shift the business mix away from short term investement products

Belgium

- > New USD-denominated investment product
- > Unit - Linked umbrella product with wide choice of funds for private banking clients
- > Life risk covers with high amount for estate planning
- > Over time introduction of new and simple protection products

Portugal

- > New Life risk stand alone product
- > New Unit - Linked offer for retirement

France

- > Adapting the product mix
- > Adapting the profit sharing policies

PART 3

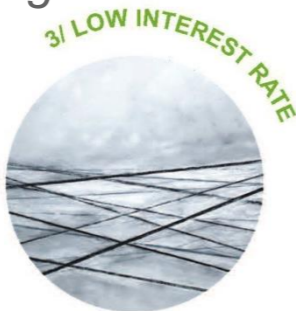
WHAT WE  
WILL DO

- > STRATEGY GOING FORWARD
- I Answers to the challenges
- I Organizational response
- I 2018 Targets



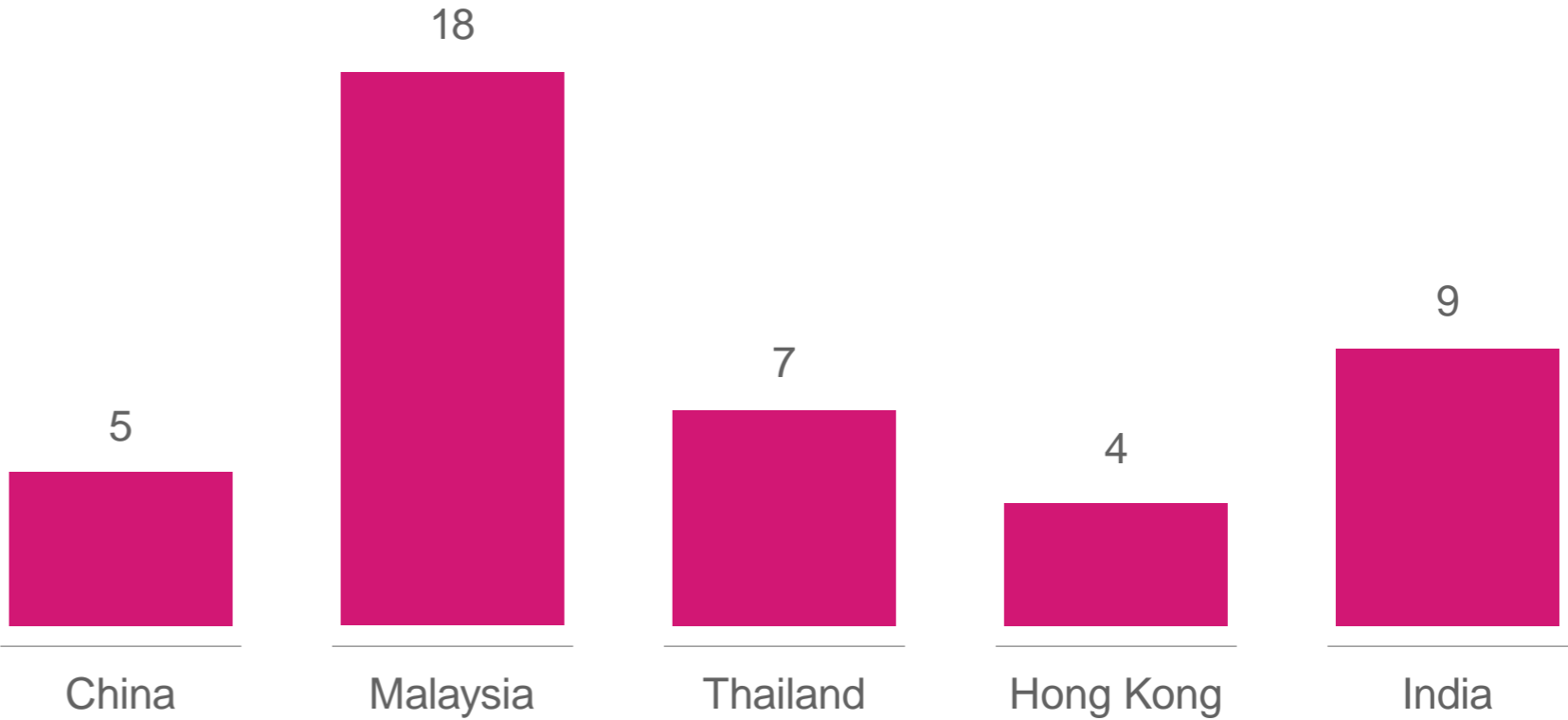
Strategy 2018  
3. *Low Interest Rate Environment*

Ageas wants to decrease its dependence on short term investment products.  
*Further diversify away from Traditional Savings*



<4> Further focus on Asian regions not affected by the low i-rate environment with a high priority on Protection related products

Sum Assured over technical liabilities



PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD

- I Answers to the challenges
- I Organizational response
- I 2018 Targets



Strategy 2018  
3. Low Interest  
Rate  
Environment

Maintain a close  
match between  
Assets and  
Liabilities



Back book\*  
vs fixed income investments

\* Based on figures end November 2014



- > Ageas has chosen for a **matched portfolio** in Belgium, its main European Life business
- > **AG Insurance Assets** and **Liabilities** are fully **matched**, a yield decrease does not affect cash flows
- > A **further yield decrease** will **not affect future cash flows** on the existing book

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets

Strategy  
20184. *Technology*

Ageas embraces technology as an opportunity to improve & enlarge its product offering



> New type of partnerships could help us to connect to new eco systems and to provide know how

> To remain competitive in this environment Ageas fosters a culture of innovation and entrepreneurship and:

- Invests in skills and capabilities
- Invests in R&D
- Experiments and proto-types

PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD

- I Answers to the challenges
- I Organizational response
- I 2018 Targets

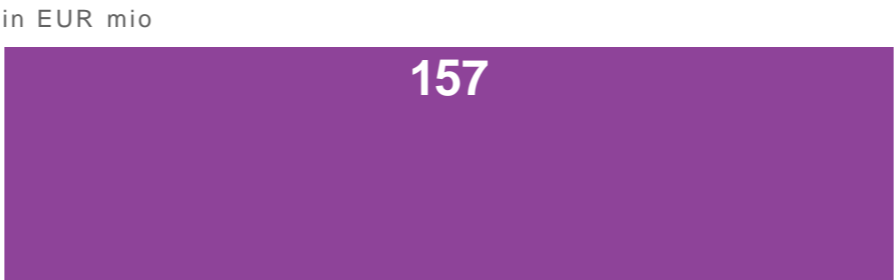


Strategy  
2018  
*4. Technology*

Ageas’ investments  
in innovative  
projects



2013  
2015



2016  
2018



Main innovation themes

- > Data analytics
- > Customer Loyalty
- > Health Care
- > Direct distribution channels
- > De-tariffication / New price mechanisms

> Ageas currently already commits more than **EUR 300 mio** in new technological developments in 2013-2018, or **EUR 50 mio a year**

> As of 2016 Ageas commits an additional **EUR 25 mio per year** is made available for innovative products

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

I Answers to the challenges

I Organizational response

I 2018 Targets



## Strategy 2018

### 5. Changing Consumer Behaviour

**Ageas Ambition:  
Getting closer to  
the customer**



Ageas wants to come closer to the customer within the existing distribution mix and by adding new channels

- < 1 > We will build a closer relationship with our customers by delivering personalised products and convenience
- < 2 > We will interact with our customers whenever and however they want
- < 3 > Data & customer analytics will play an increasingly important role

To get closer to our customers, many initiatives are ongoing. A few examples:

**Belgium - AG Insurance** : cross and upsell campaigns in close cooperation (co-branded) with distributor, using the 'Familis' and 'Modulis' approaches, combining bundling with additional advantages

**UK - Kwik-Fit** : integrated use of social media to communicate (marketing to service, e.g. weather alerts), including apps, Facebook and Twitter

**Asia – Muang Thai Life** : Dedicated team to facilitate all online marketing activities on Facebook, Twitter, YouTube and LINE. MTL is number 1 in insurance with over LINE 22 million followers. The loyalty club, "Smile Club", engages policyholders by various activities

## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

How we will  
organise  
ourselves

- 1 Ageas as **synergy manager** to empower local teams and supported by strong partnerships
- 2 **Partnership** model to be continued and extended
- 3 Local approach, **central COO department** pivotal to enhance cross-segmental co-operation
- 4 Our organization builds on a strong set of **local and central skills and expertise**
- 5 Creation **Ageas Academy** to prepare current and future higher management level for new challenges



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

# 1. Ageas as synergy manager to empower local teams

Ageas believes in the power of local autonomy but we can do more and better  
Ageas positions itself as a '**synergy manager**'

- > In an **increasingly dynamic competitive environment**, Ageas **must** be **more agile** and quickly react to **changes in customer behaviour, competition, regulations etc.**
- > More **coordination between the operating entities** is key
- > Our position as a '**partnership company**' permits us to provide our partners with **added value ideas and solutions**



PART 3

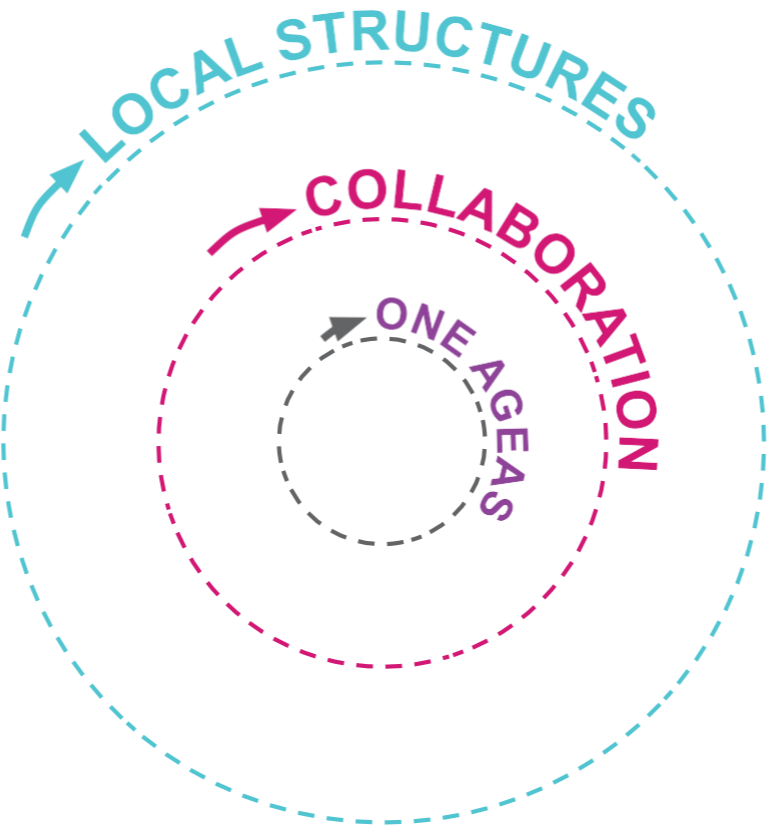
WHAT WE  
WILL DO

> STRATEGY GOING FORWARD

- I Answers to the challenges
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- I 2018 Targets

1. Ageas as synergy manager to empower local teams

Ageas believes in the power of local autonomy but we can do more and better



LEVEL 1 - CENTRES OF EXPERTISE

↓ ↑ a limited number of group-wide initiatives, (globally managed, delivering added value for all opco's)

LEVEL 2 – PLATFORMS

↓ ↑ permanent and structural forms of collaboration (between different Opco's at the level of support functions or transversal business areas)

LEVEL 3 – LOCAL

↓ ↑ initiatives under local autonomy, (exchange will be enhanced to identify leverage for other opco's or Ageas as a whole)

Ageas believes in the power of local autonomy but the Group's success and the performance of the individual operating companies can be significantly enhanced by optimizing synergies in a more structured way and sharing knowledge across the entire organisation



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

## 2. Partnership model continued & extended

### Partnerships will remain the core of Ageas's strategy

- > Partners are faced with **challenges** similar to Ageas's : **changing customer behavior** in combination with **digital** and **mobile developments**
- > Ageas's partners have become more sophisticated over the years and expect **higher-level (insurance) knowledge** from Ageas
- > **New initiatives will support Ageas's opco's** in delivering **added value** to its **distribution partners**
  - **Data analytics skills**
  - **Skills to support the partner** with changes in **client behaviors** and **expectations**:
    - More mobile
    - Less face to face
    - More personalised value propositions
    - Increased service levels
    - More interaction between insurer and policy holder



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

## 2. Partnership model continued & extended

> Ageas's traditional partners primarily deliver access to a customer base to the partnership

**While this remains key, increasing importance is attributed to:**

1. Access to **data**
2. Participation in '**ecosystems**' such as driverless cars, connected homes or health monitoring
3. Understanding impact of **new technologies**. Could lead to relationships with new types of partners



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

### 3. COO pivotal to enhance cross- segmental co-operation

Role of COO expanded to drive knowledge sharing, innovation and experimenting in business development

- > **Strengthen and develop the COO**—role and organization to increase innovation, to monitor and enhance CoE and Platforms and ensure alignment of local initiatives with the strategic agenda;
- > **Level 1 Centres of Expertise** (Data Analytics, Autonomous Cars) to report to COO
- > **COO office** to provide co-ordination, resources to drive innovation and experimenting; manage ties with third parties



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

## 4. Our organization builds on a strong set of skills and expertise

Ageas will set up **a Centre of Expertise (CoE) for Customer and Data Analytics**.

This Centre will support Ageas's operating entities in their development of Data Analytics by:

- > **Delivering additional capacity.** Accelerate the realisation of benefits through the provision of supplementary resource to existing local capability
- > **Knowledge skills transfer** between Ageas's operating entities
- > Acting as a **safety** net for **short-term resource gaps**
- > **Fostering innovation** and **experimenting**

Ageas aims to **strengthen its digital and technical capabilities** that allow for a better understanding of the customer, improved customer propositions and added value to Ageas's distribution partners



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets



## 5. Creation Ageas Academy to support achievement Ambition 2018



- > Offering **innovative and high level leadership** development to Ageas senior management
- > Offering a **structural and visible platform for knowledge sharing initiatives** at Ageas group level
- > Supporting the leverage of our **expertise to our partnerships**



Through use of all state-of-art education techniques :

- > On site program portfolio
- > Networking and knowledge sharing events
- > External partnerships and expertise with management schools
- > Online & virtual programs
- > Website

PART 3

WHAT WE  
WILL DO

> STRATEGY GOING FORWARD





I Answers to the challenges

I Organizational response

I 2018 Targets

What did we  
say in 2012?

Our Vision  
2015 Targets

		2011	2014	H1 2015	H1 2015 pro forma sale Hong Kong	
	Inflow at Ageas' part	66 / 34	67 / 33	69 / 31	68 / 32	To <b>balance our portfolio</b> between Life and Non-Life towards 60/40 in terms of inflows
	Non-Life	100.1%	99.6%	95.2%	95.2%	To be <b>efficient in Non-Life</b> with a combined ratio structurally below 100%
	Insurance Insurance excl. UG/L		8.8% 11.4%	10.6%* 14.9%	11.0%* 16.0%	To increase our <b>Return On Equity</b> in Insurance to a minimum of 11%
		15.2%	17.5%	20.0%	22.2%	To deploy <b>at least 25%</b> of our capital in emerging markets in Europe and Asia

\*ROE H1 2015 provides an estimation of FY 2015 ROE and uses as numerator the H1 2015 net profit multiplied by two

In 2013 other objectives  
were set:

> Improve profitability consolidated Life activities through better operating margin

> Increase profits from non-consolidated markets

> Cash upstream to fund regular dividend & corporate costs



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

## Our 2018 targets *Return on Equity*

11-13%  
RETURN  
ON EQUITY



> We **maintain** ROE as **main** financial target

> ROE calculated at Insurance level

> As **numerator**, we maintain the reported Insurance **net profit**

> As **denominator**, we report on shareholders' equity **including AND excluding** unrealized gains on investment portfolio (equities and fixed income)

> We switch the order and define **the target on ROE excluding UCGs**

—————→ We set the **target level** at a **range of 11 to 13%**, excluding UCG's

**PART 3****WHAT WE  
WILL DO**

## &gt; STRATEGY GOING FORWARD

| Answers to the challenges

| Organizational response

| 2018 Targets

## Our 2018 targets *Non-Life Combined Ratio*

**<97%  
COMBINED  
RATIO  
NON-LIFE**

> We **keep** the Combined Ratio as key **Non-Life** target> The target is calculated for **consolidated companies** only> We **report consistently** on the combined ratio of the **non-consolidated** JVs

➔ We set the **target unconditionally and structurally below 97%**

## PART 3

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# Our 2018 targets

*Life New  
formal targets  
to assess  
consolidated  
Life  
performance*



> **Operating margin** as metric to assess performance of our **current Life book** of business

> The **different characteristics** of the various product families oblige us to set a target range by relevant product family and in line with the current objectives:

➔ **Guaranteed: 85-90 bp**

➔ **Unit-Linked: 40-45 bp**

> The value creation aspect of **new business** will be reported via the **VANB**

## PART 3

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## Our 2018 targets *Capital management*

SOLVENCY II  
RATIO  
175%

40-50%  
DIVIDEND  
RANGE

> Capital management is considered as **crucial** by financial markets to **assess attractiveness & appeal** of the company

> Capital management consists of **various components**:

1. Solvency (I and II) ratio
2. Dividend upstream by Opco's + Free cash flow
3. Dividend paid to shareholders
4. Use of net available cash

> We add dividend **payout** (40-50%) & **Solvency II Insurance** (175%) as a formal **target**

> **Going forward** we will continue to report on a semi-annual basis on the cash upstream by the operating companies

PART 3

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Our 2018  
Insurance  
targets



To increase our Return On Equity in Insurance to a minimum of 11%



To be efficient in Non-Life with a combined ratio structurally below 100%



To balance our portfolio between Life and Non-Life towards 60/40 in terms of inflows



To deploy at least 25% of our capital in emerging markets in Europe and Asia

2015



2018



To increase our Return on Equity in Insurance excl. UCG (equities & fixed income) to a range of 11-13%



To be efficient in Non-Life with a combined ratio below 97%

INCORPORATED IN STRATEGIC CHOICES  
(60/40 split and 75/25 split remain)



To be efficient in Life with an operating margin of 85-90 bps for guaranteed and 40-45 bps for unit-linked



To Target a Solvency II Insurance ratio of 175%



To pay out 40 to 50% of the insurance net profit as a dividend

Vision 2015

Ambition 2018

PART 3

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Ambition 2018

What are the  
conclusions?

Same  
6 Values

Extend to  
7 Strategic  
Choices

Extend to  
5 Targets

Passionate  
Focused *to deliver.* Entrepreneurial.  
on customers. Teamwork.  
Trusted. Local.



## PART 3

WHAT WE  
WILL DO

## &gt; STRATEGY GOING FORWARD

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## Conclusion



## We are ...

- > **A top insurer in Europe and Asia**; growing in our existing markets and exploring new opportunities
- > Experts in insurance; offering **Retail and Business** customers **personalised** solutions in **Life** and **Non-Life** insurance
- > **Evolving as an insurer** by constantly investing in relevant skills and capabilities with a strong **entrepreneurial** culture
- > **A partner in insurance**; with a proven competence in developing strong and dynamic partnerships with leading companies in the local market
- > Organised in a way that allows us to reap the benefits of **local autonomy**; **adding value** by **sharing** group-wide best practices
- > **Well diversified** with a **balanced portfolio** spanning both the **mature** and **growth** markets of Europe and Asia

## We deliver on our promises

Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Future actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in Ageas’s core markets, (ii) performance of financial markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) increasing levels of competition, (ix) changes in laws and regulations, including

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