Unipol

FY24 Preliminary Consolidated Results

Slide Commentary

Please refer to the presentation document for further details

UNIPOL 2022-2024 STRATEGIC PLAN
Opening New Ways

Unipol

GROUP FIGURES – slide 5

2024 is the final year of the Group strategic plan “Opening New Ways” and the year when Unipol finalized the merger by incorporation of UnipolSai.
In this year the Group reported a consolidated pre-tax profit of 922€m, before the contribution of banking associates (BPER and BPSO), of which 537€m pertaining to Non-Life sector, 325€m to Life and 61€m to the Other sector. These figures include the impact of an Employee Solidarity Fund for an overall amount of 173€m (119€m after taxes).
The reported net result stood at 1,119€m, that was 1,074€m net of minorities. The corresponding 2023 net result, excluding the badwill from the first-time consolidation of BPSO, was 1,064€m, or 834€m after minority interests.
The solvency ratio of the Group was 213% at 2024 year-end.

The 2024 *Insurance Group* net result, amounting to 860€m, was obtained by excluding the economic effect of the consolidation (based on the equity method) of the interests held by the Group in the banking associates (393€m), and including the dividends received by those banks (134€m). The *Insurance Group* net result after minorities was 815€m, compared to 578€m of the previous year.
The corresponding 2024 Solvency ratio stood at 263% (operating figure).

NON-LIFE PREMIUM COLLECTION – slide 6

Non-Life premium collection reached 9,175€m, growing by 7.7% y-o-y under the same basis of consolidation. The increase was driven by both Motor business (+9.2%) and Non-Motor business (+6.3%). Positive performances were spread on all 3 Ecosystems, namely Mobility (+8.6%), Welfare (+10.0%) and Property (+4.4%).
With respect to distribution, the majority of contracts (75%) were still intermediated by the network of agents and 6% by bancassurance.
No relevant changes were recorded in the breakdown by market segment, with the focus remaining on Retail and SMEs, amounting to 76% of the total.

COMBINED RATIO – slide 7

On a like-for like basis (excluding in 2023 the figures of Incontra, whose sale was finalized in 4Q23) total Combined Ratio was 93.6% (98.5% in 2023), resulting from 100% in Motor (97.1% in 2023) and 88% in Non-Motor (99.8% in 2023). Total Loss Ratio amounted to 67.6%, net of the impact of 7.6 p.p. coming from Atmospheric Events & Large Losses, compared to 72.1% in 2023 (much more influenced by Nat Cat). Total Expense Ratio ended to 26%, slightly better than 26.4% in 2023.

LIFE PREMIUM COLLECTION – slide 8

Life premium collection increased by 0.6% y-o-y, reaching 6,446€m. This result can be split into Traditional – accounting for 4,301€m (+7.5%), Pension Funds (1,374€m, -23.3%), Unit Linked (639€m, +37.2%) and Capitalization (132€m, -12.8%).
Unipol Assicurazioni collected 56% of the total and Arca Vita 44%.
Net inflows were positive in both traditional + capitalization (+783€m) and other products (+670€m).

LIFE YIELDS – slide 9

Life segregated funds yields increased by 8 bps compared to FY23, reaching 3.20%, of which 2.20% pertaining to policyholders (+60 bps vs FY23) and 1.00% retained by the Group (+2 bps vs FY23).
The average minimum guarantee decreased to 75 bps (-9bps compared to FY23).
With respect to the breakdown of technical reserves by minimum guarantee, 57% are related to 0% cluster and 96% have a minimum guarantee in any case under 3%.

LIFE CSM – slide 10

At 2023 year-end the opening CSM was 2,295€m; the roll-forward to FY24 showed a growth to 2,426€m given by new business (+272€m), expected return (+117€m), economic variances (+177€), operating variances (-175€m) and CSM release (-258€m).

PRESENT VALUE OF LIFE NEW BUSINESS – slide 11

Present Value of Life New Business showed a satisfying 3.7% figure. The Total New Business Value was 154€m and the Present Value of New Business Premiums 4,133€m.

INVESTMENTS – slide 12

Total investments amounted to 57.4€bn, with Bonds at 78.8%, of which Italian Govies stood at 30.3%, Non-Italian Govies at 18.5% and Corporate Bonds at 30.0%.
Equity, funds and alternative investments accounted for 9.7% of the total investments.
The duration of assets was 4.8 years and that of liabilities 5.7, with a small -0.4 mismatch.

FINANCIAL INVESTMENT YIELDS – slide 13

Moving on to financial yields, the overall return was 4.1%, of which 5.6% in Non-Life and 3.7% in Life, while the yield of Life free capital was 4.9%.
The sound result in Non-Life financial income was mainly driven by the running yield, made up of coupons and dividends, that stood at 4.2%.
The component realized/unrealized gains/losses also made a strong contribution.

REAL ESTATE – slide 14

In Real Estate the book value of the total portfolio reached 4.1€bn, with market value totaling 4.9€bn.
36% of the portfolio is now allocated to the Life accounting sector, 23% to Non-Life and 41% to the Other sector.
Worth mentioning is the growth in total gross yield of the Investment Portfolio from 4.4% at FY23 to 4.7%.

DIVIDEND PROPOSAL – slide 15

The Board of Directors of Unipol is going to propose to its Shareholders' Meeting a dividend per share of 0.85 euro, increasing considerably the dividend distributed last year. The total dividend amount is 609€m and corresponds to a pay-out ratio of 77%, calculated on the *Insurance Group* perimeter, or 58% if considering the whole Group.

SOLVENCY 2 – slide 16

Solvency remained at the excellent level of 213%, which rises to 263% (operating figure) considering the Insurance Group ratio calculated under the assumption that the banking associates (BPER and BPSO) are treated as non-strategic equity investments rather than shareholdings in credit institutions, with ensuing pro-quota consolidation of own funds and capital requirements as determined in accordance with the relevant sectoral regulations.

These ratios already consider the negative impact of the dividend proposal.

SOLVENCY 2 OWN FUNDS AND SCR DETAILS – slide 17

Looking at the Solvency 2 components, Unipol Own Funds amounted to 10.8€bn, of which 6.4€bn were classified as Tier 1 insurance, while the Solvency Capital Requirements stood at 5.1€bn, leading to an Excess Capital in the region of 5.8€bn.