

# a.s.r. acquires Generali Nederland

13 September 2017

# Pursuing strategy for sustainable value creation

## Transaction highlights

- Bolt-on acquisition in line with a.s.r.'s strategy and commitment to deploy capital for sustainable value creation. Compelling opportunity to further consolidate the Dutch insurance market
- Transaction strengthens a.s.r.'s overall #3 position in the Dutch insurance market; transaction adds 2.1% market share in Non-life and 0.8% market share in Life<sup>2</sup>.
- Business synergies, diversification benefits and elimination of capital tiering restrictions generate significant synergy potential
- Cash consideration € 143m; expected fungible capital deployment approx. € 200m; attractive return of investment (>12%)
- Capitalization of Generali Non-life and Life entities to 130%. Pro forma Group Solvency II ratio<sup>3</sup> of 185% after closing including dilution

### Notes:

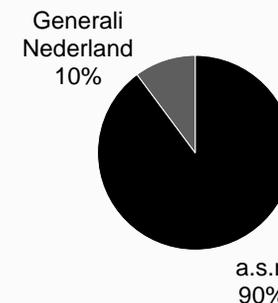
- 1 Acquisition of 98.56% of Generali Nederland
- 2 Market shares based on DNB data. Non-life market share excluding health insurance
- 3 Based on 2017HY disclosed Solvency II ratio
- 4 Adjusted for intragroup lending
- 5 Balance sheet and profit figures based on scope of transaction, which excludes the current quota share contract between Generali Nederland and Generali Group
- 6 Excluding eliminations

## Generali Nederland – overview

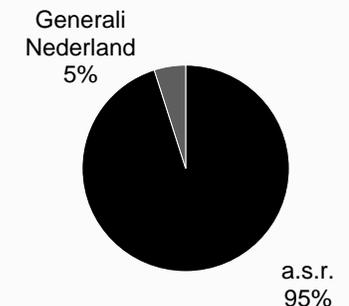
# Policies	1.5m
# Internal FTE	350
GWP 2016	€ 379m
GWP Non-life 2016	€ 275m
GWP Life 2016	€ 104m
Technical reserves 2016 <sup>5</sup>	€ 3.2bn
IFRS Equity 2016 <sup>4</sup>	€ 388m
IFRS Profit Non-life 2016 <sup>5</sup>	€ 4m
IFRS Profit Life 2016 <sup>5</sup>	- € 13m

## Combined - business mix (pro forma)

Non-life - €2,708m GWP in 2016<sup>6</sup>



Life - €2,117m GWP in 2016<sup>6</sup>



# Transaction characteristics

<b>Transaction structure and process</b>	<ul style="list-style-type: none"><li>• 100% cash deal financed from existing resources for 98.56% of the Generali Nederland shares<ul style="list-style-type: none"><li>• a.s.r. to explore alternative financing opportunities to further optimize capital structure</li></ul></li><li>• Transaction approved by Generali Group with the full support of the Generali Nederland Board, the a.s.r. Board and both local workers councils</li></ul>
<b>Integration planning</b>	<ul style="list-style-type: none"><li>• Generali Netherlands management and employees to be relocated to a.s.r.'s headquarter in 2018</li><li>• Plan to merge Life entities in 2018. Non-life entities to be merged at the latest in 1H 2019</li><li>• Cost synergy potential representing at least 50% of Generali Nederland cost base<sup>1</sup> (2016)</li><li>• Main drivers of cost synergies:<ul style="list-style-type: none"><li>• Relocation of employees of Generali Nederland and closure of its head office</li><li>• IT migration</li><li>• Scale advantages in Non-life, Life and Group functions</li></ul></li><li>• 2/3 of total cost synergies to be realized by the end of 2020 and remaining by 2021</li></ul>
<b>Next steps</b>	<ul style="list-style-type: none"><li>• Transaction is subject to approval of the Dutch Central Bank and the Dutch competition authority ACM</li><li>• Closing expected in 1Q 2018</li></ul>

Note:

1 Generali Netherlands 2016 expenses amounted to € 46m

# Higher earnings, dividends and capital creation<sup>1</sup>

Expected Return on Investment <sup>1</sup>	> 12%	<ul style="list-style-type: none"> <li>Return on Investment of &gt;12% based on operational and capital synergies</li> </ul>
Net synergy potential <sup>1</sup>	> € 17m	<ul style="list-style-type: none"> <li>Cost synergies to enhance earnings and capital generation</li> <li>EPS and capital generation accretion exceeds impact of € 200m buy back</li> </ul>
Contribution to net operating result <sup>1</sup>	~ € 30m	<ul style="list-style-type: none"> <li>Diversification benefits and usage of a.s.r.'s capital tiering headroom result in significant and certain capital synergies</li> </ul>
Contribution to capital generation <sup>1</sup>	~ € 25m	<ul style="list-style-type: none"> <li>Total expected capital deployment of c. € 200m; ~6%pts of SCR.</li> </ul>
Total capital deployment <sup>1</sup>	-6%-pts	<ul style="list-style-type: none"> <li>Difference between net capital deployment and cash purchase price represents gross capital injections, offset by cost and capital synergies<sup>2</sup></li> </ul>
- of which cash purchase price	-4%-pts	

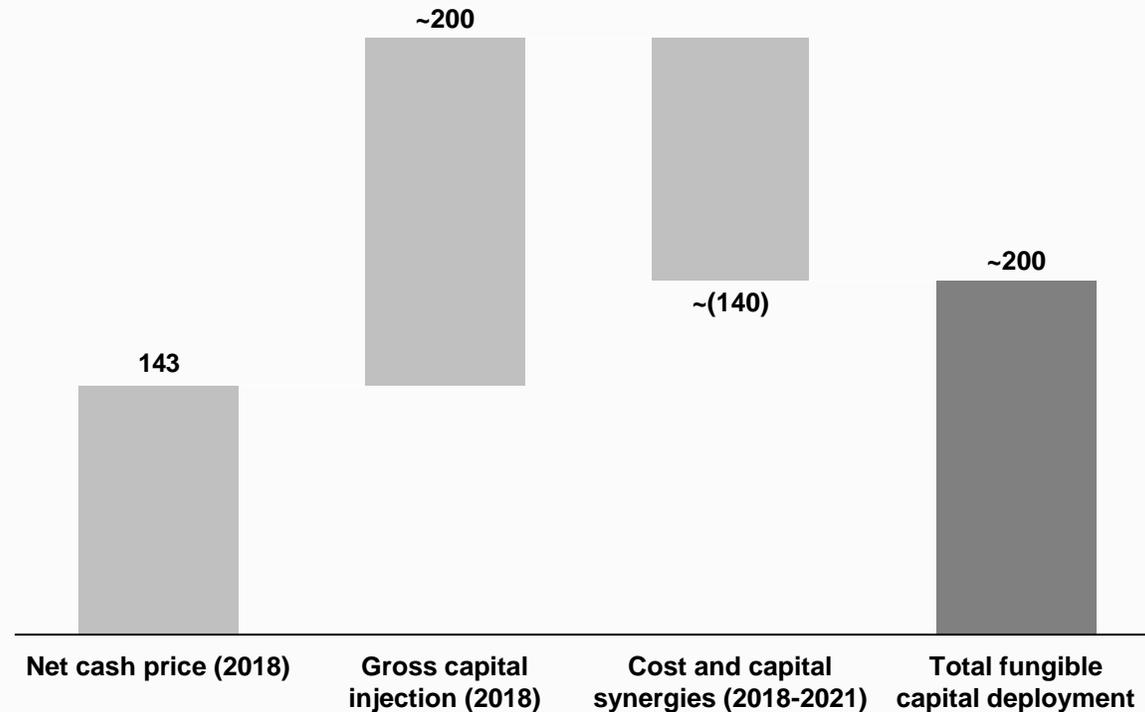
Note:

1 Numbers are per 2021 and include cost and capital synergies

2 Realization of capital synergies: 2/3 realized upon legal merger of entities in 2018/2019; 1/3 realized upon completion of integration by 2021

# a.s.r. capital investment to transaction

in € mln



- Pro forma Group Solvency II at closing 185%, reflecting net cash price, gross capital injection and dilution
- Total expected fungible capital deployed approx. € 200m, after realization of synergies including restructuring expenses

## Cautionary note regarding forward-looking statements

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements. These statements may be identified by words such as “expect”, “should”, “could”, “shall” and similar expressions.

ASR Nederland cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements.

Factors which could cause actual results to differ from these forward-looking statements may include, without limitation: general economic conditions; conditions in the markets in which ASR Nederland is engaged; changes in the performance of financial markets; behavior of customers, suppliers, investors, shareholders and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally; the frequency and severity of insured loss events; changes affecting mortality and morbidity levels and trends; changes in laws and regulations including without limitation Solvency II and IFRS; changes in the policies of governments and/or regulatory authorities; conclusions with regard to accounting assumptions and methodologies; adverse developments in legal and other proceedings; risks related to mergers, acquisitions, and divestments and the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by ASR Nederland. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results.

The foregoing list of factors should not be construed as exhaustive. Any forward-looking statements made by or on behalf of ASR Nederland speak only as of the date they are made and, except as required by applicable law, ASR Nederland disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither ASR Nederland nor any of its directors, officers, employees do make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. We qualify any and all of our forward-looking statements by these cautionary factors.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.