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PRESS RELEASE

Investor Day 2015: Generali unveils its new financial targets

- Increased focus on cash generation with >€7 bln of total aggregate Net Free Cash Flow by 2018
- Cumulative dividends in excess of €5 bln by end 2018
- Additional €0.5 bln gross expenses savings by 2018 adding to €1 bln already committed by 2016

Solid capital position: FY2014 pro-forma Economic Solvency ratio at 186%

New strategy to become the retail insurance leader in Europe

- Deep business model transformation aimed at delivering customer persistency and superior customer experience
- New Chief Data Officer position to drive the integration of data-led decision making in the development of processes and products
- €1.25 bln of total investments funded through cost savings and budget reallocation to support execution and further innovation based on data analytics and technology

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2018 financial targets

Net Free Cash Flow*	>€7 bln
Dividends*	>€5 bln
Cumulative gross expenses reduction 2017-2018	€0.5 bln (€1.5 bln since 2012)
Total investments*	€1.25 bln

*Cumulative total 2015-2018

The **Generali Group CEO, Mario Greco**, said: “Our strategy sets out an entirely new business model for Generali and for the insurance sector focused on customer service and loyalty, data analytics, extensive use of technology and superior cash generation. The goal is to set ourselves apart from competitors and manage challenges facing the industry by making Generali the retail insurance leader in Europe. To reach this ambitious target we will build on our unique strengths including a large customer base in Europe, one of the world’s largest agency distribution networks and best-in-class technical capabilities. Furthermore, we will act fast with the confidence that derives from the successful completion, one year ahead of time, of the turnaround strategy we launched in 2013.”



London – The Generali Group hosts today an Investor Day to set out its new strategic priorities. The day will outline how Generali is going to transform its business model with leaner and more efficient operating platforms to deliver a superior customer experience and a distinctive brand positioning.

The Group is committed to new, challenging financial targets focused on generating more cash and increased dividends. All actions to generate more cash are embedded in the strategy: build on success in selling distinct but strain-efficient life products; optimize life in-force cash generation; embed value added and fee based services into our offers; cost and operating platform efficiency. These actions will ultimately translate into higher customer persistency.

FINANCIAL TARGETS TO 2018: CASH, DIVIDEND, COST SAVINGS

With the new strategy the Group aims for a cumulative Net Free Cash Flow generation of more than €7 billion by 2018. The current level of cash generation (2014) is €1.2 billion. Cumulative dividend by 2018 will amount to over €5 billion. The current level of dividend related to FY2014 is €930 mln. Whilst achieving these targets, Generali commits to maintain, over the cycle, an Operating Return on Equity of more than 13%, which represents the reference benchmark for the Group.

Generali has identified several levers of value generation to reach its financial targets. They include new value-added services embedded in the offering, new business opportunities through partnerships, data analytics to improve pricing with beneficial effect on profit and higher customer persistency resulting in higher profitability for existing customers, lowering acquisition costs, cross and up-selling opportunities and improved underwriting. Overall, the Group will shift from traditional, guarantee-based products to innovative, fee-based offering, consisting in protection coverage, Unit-Linked instruments and hybrid products that provide higher margins and add more value to both the company and the customers. Finally, Generali will seek to optimise the current in-force book's profitability.

The current cost efficiency programme will continue with annual cost savings of €250 million extended through to 2018, resulting in total savings of €1.5 billion from the beginning of 2012. A total of €1.25 billion will be reinvested in technology, data analytics and more flexible operating platforms.

SOLID CAPITALIZATION UNDER ECONOMIC CAPITAL VIEW

In the occasion of the Investor Day, the Generali Group will give the market an update on the development of the Economic Capital Ratio. The pro-forma Economic Solvency Ratio for 2014 at 186% (computed with internal Model, based on Solvency II principles). The Group has been running the application process according to planned timeline in order to obtain the approval from the Regulators to use the internal model to report Solvency II ratios on 1 January 2016¹.

LEADERSHIP IN RETAIL INSURANCE

The Generali Group aims to be recognized as a leader in retail insurance, consistent with its history, business approach and expertise. It is one of the largest retail franchises with 72 million insured persons in the world and has one of the largest retail shares of business in its peer group. It counts on a powerful global physical network of agents and on a market leading direct business in Europe.

Generali will develop its distinctive and differentiated brand positioning based on simple and smart products and services. Strong attention will be paid to the customer experience

¹ In this early stage, on a regulatory basis, the internal model will not be used for all the Group's Companies. Within the next 2 years, the Group intends to extend the internal model also to the companies now not yet included.



throughout the whole journey from information search to contract renewal. The Group has already started to roll out an innovative approach to the Transactional Net Promoter Score throughout the group, by designing new procedures to establish immediate reactive measures, with full involvement of the business units' CEOs.

Generali will enrich its operating platform with enhanced connectivity and data analytics to ensure higher technical efficiency. An example of this is the exclusive ongoing negotiation for MyDrive Solutions, the UK based company, specialized in client profiling by means of cutting-edge data analytics. In addition, Generali plans to strengthen its existing capabilities by introducing the new position of Chief Data Officer to report directly into the Group CEO.

Generali will build global operating platforms, for example centralized factories for Unit-Linked products and data analytics, to exploit the full potential of economies of scale and scope for selected activities along the value chain.

The coordination with Europ Assistance will be tightened to leverage its global footprint and its leading position in the care services sector and to join forces in complementary areas.

Furthermore, the Group intends to inject new capabilities by soliciting internal and external innovation and establishing centres of competence to serve multiple geographies. In particular, the Group has invested in six of the world's leading Venture Capital firms focused on financial technology based across the globe, including in US, Europe and Asia.

Also, the Operating Excellence initiatives launched under the framework of the 2013-2015 strategy will be further expanded. The new projects will complement those already in place. As previously said, the Group expects this to free potential for €1.25 billion of new investments by 2018 to support its strategic vision.

THE GENERALI GROUP

The Generali Group is one of the largest global insurance providers with 2014 total premium income of €70 billion. With 78,000 employees worldwide serving 72 million insured persons in more than 60 countries, the Group occupies a leadership position on West European markets and an increasingly important place on markets in Central Eastern Europe and Asia.