

MAPFRE S.A.

Bank of America Merrill Lynch
22nd Annual Financials CEO Conference
The Financial Crisis – 10 Years On

September 27th, 2017

Antonio Huertas
Chairman and CEO

➤ **FIRST THINGS FIRST...**
IMPACT OF RECENT NATURAL CATASTROPHES ON MAPFRE

- **Net impact of €150-200 million on 2017 net earnings**
- **As a result: ROE and Combined Ratio targets for 2018 may not be achieved**

THE FINANCIAL CRISIS – 10 YEARS ON

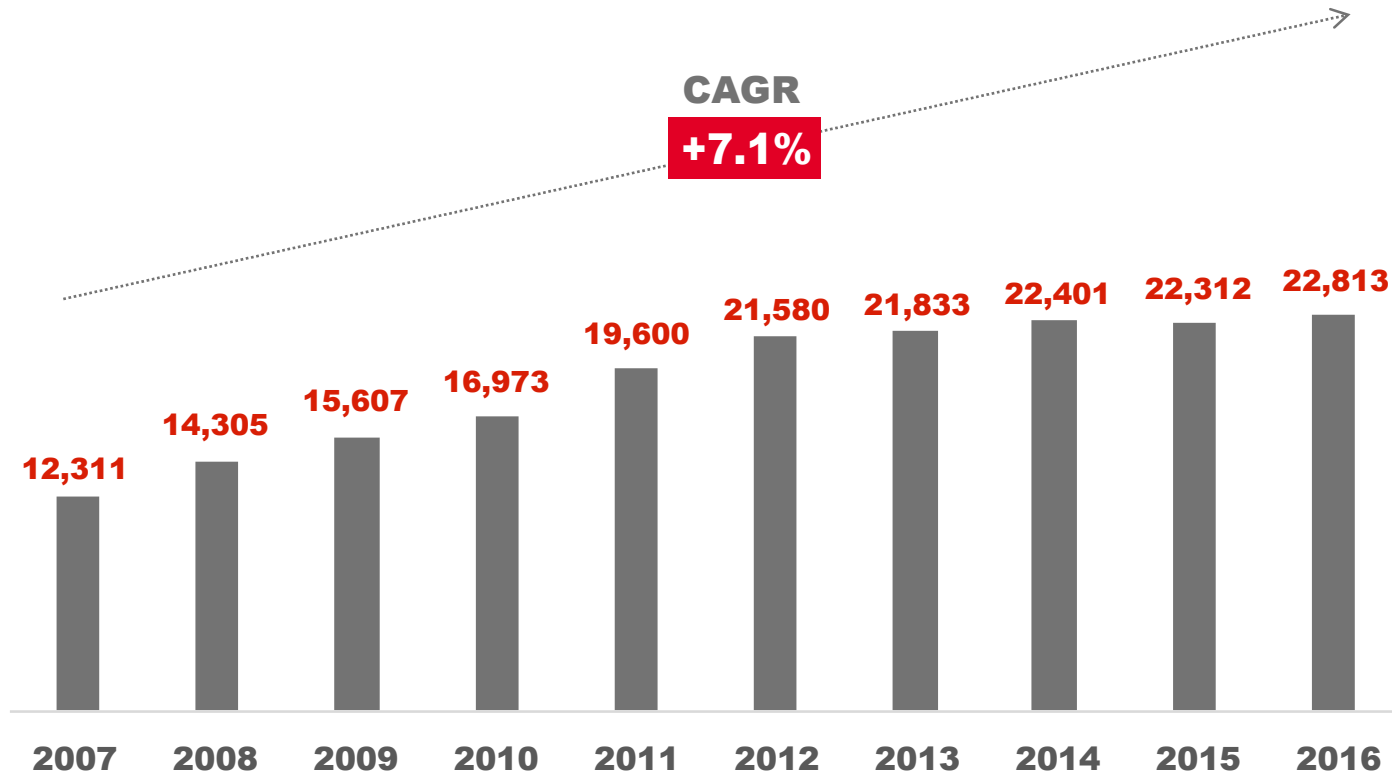


01 HOW HAVE WE WEATHERED THE CRISIS?

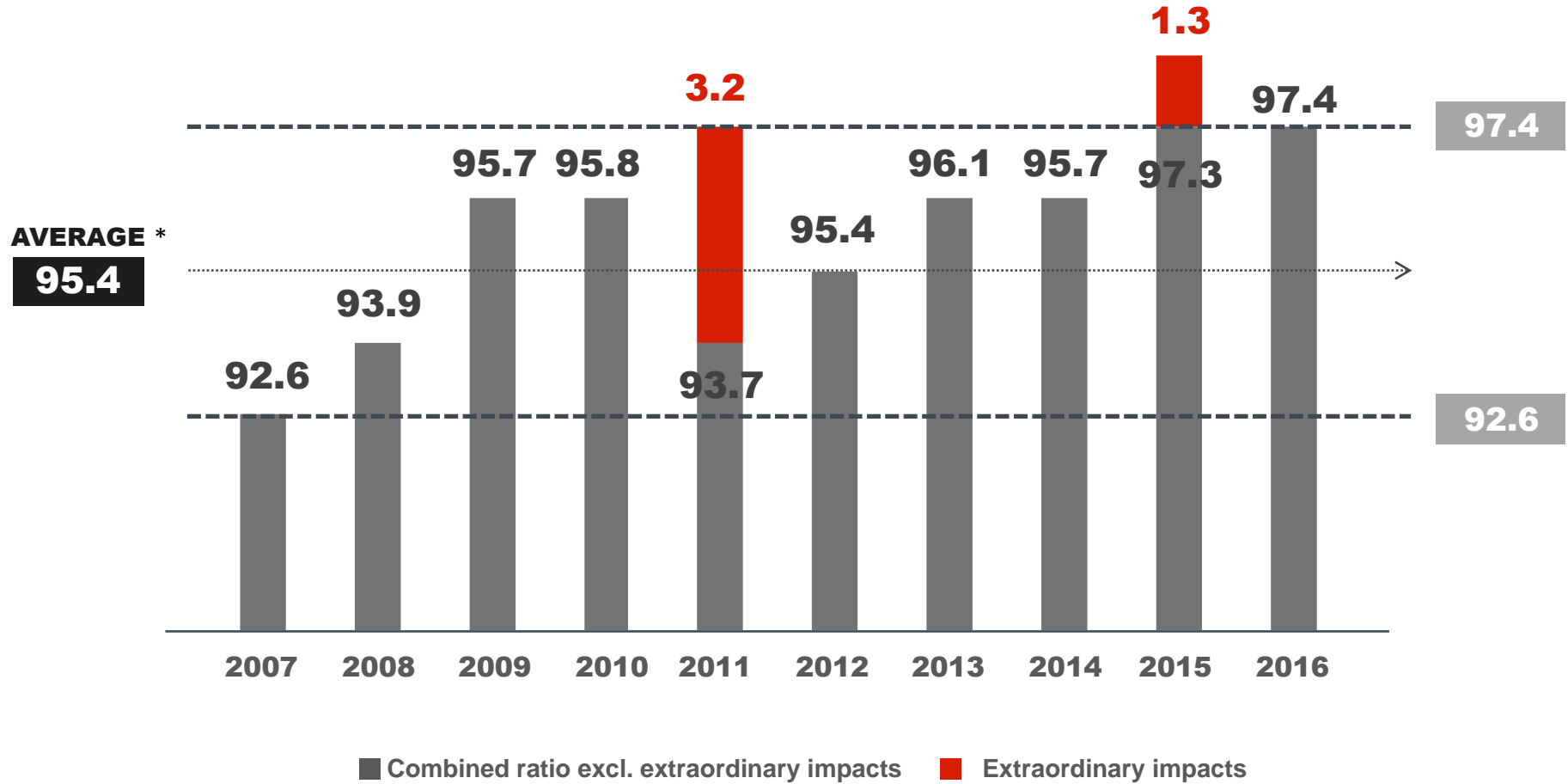
02 WHERE ARE WE NOW?

03 WHAT NEXT?

➤ **GROSS WRITTEN PREMIUMS:** steady increase reflects solid business growth

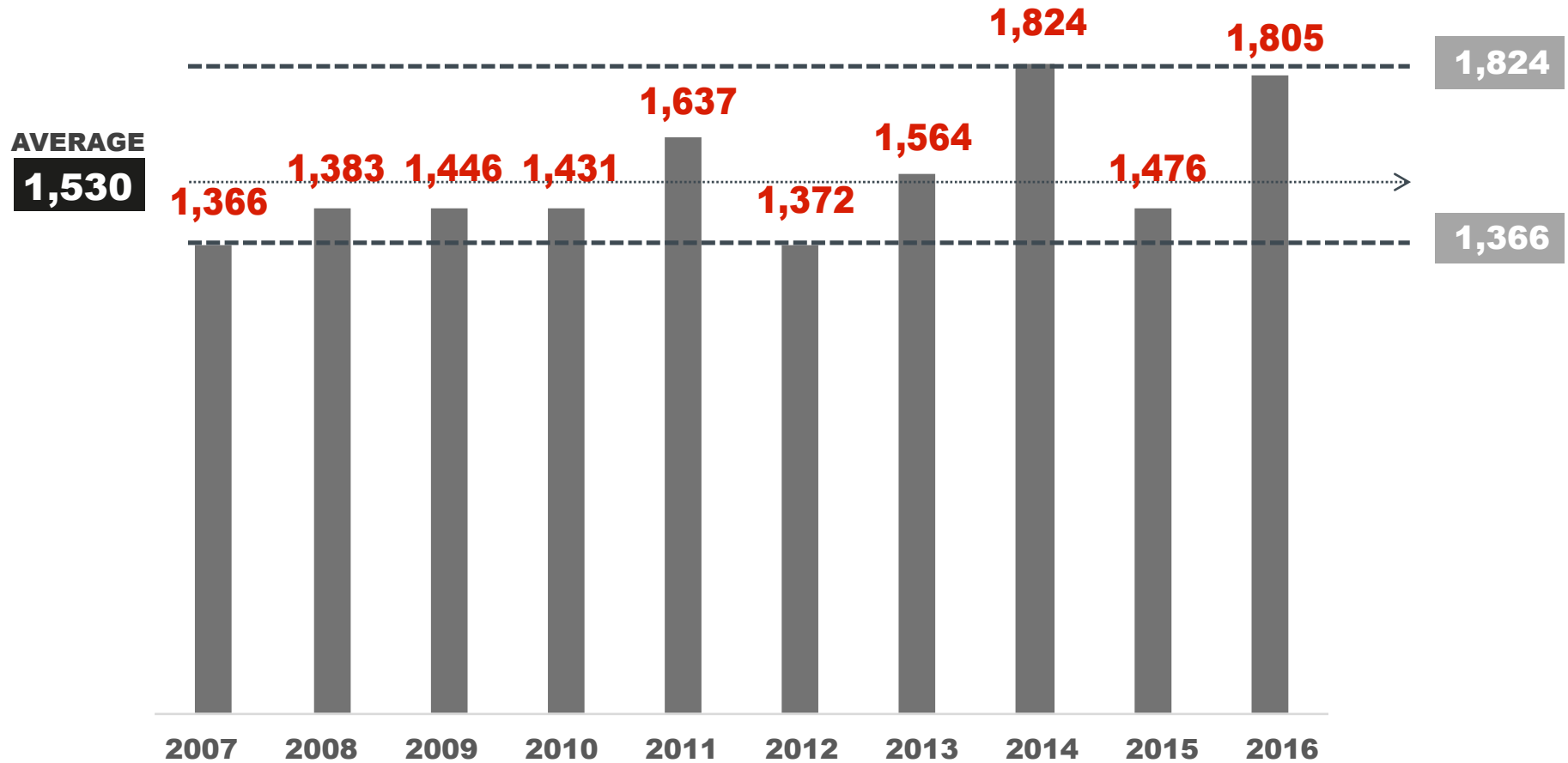


➤ **COMBINED RATIO (%)**: low volatility thanks to a well-diversified Non-Life portfolio

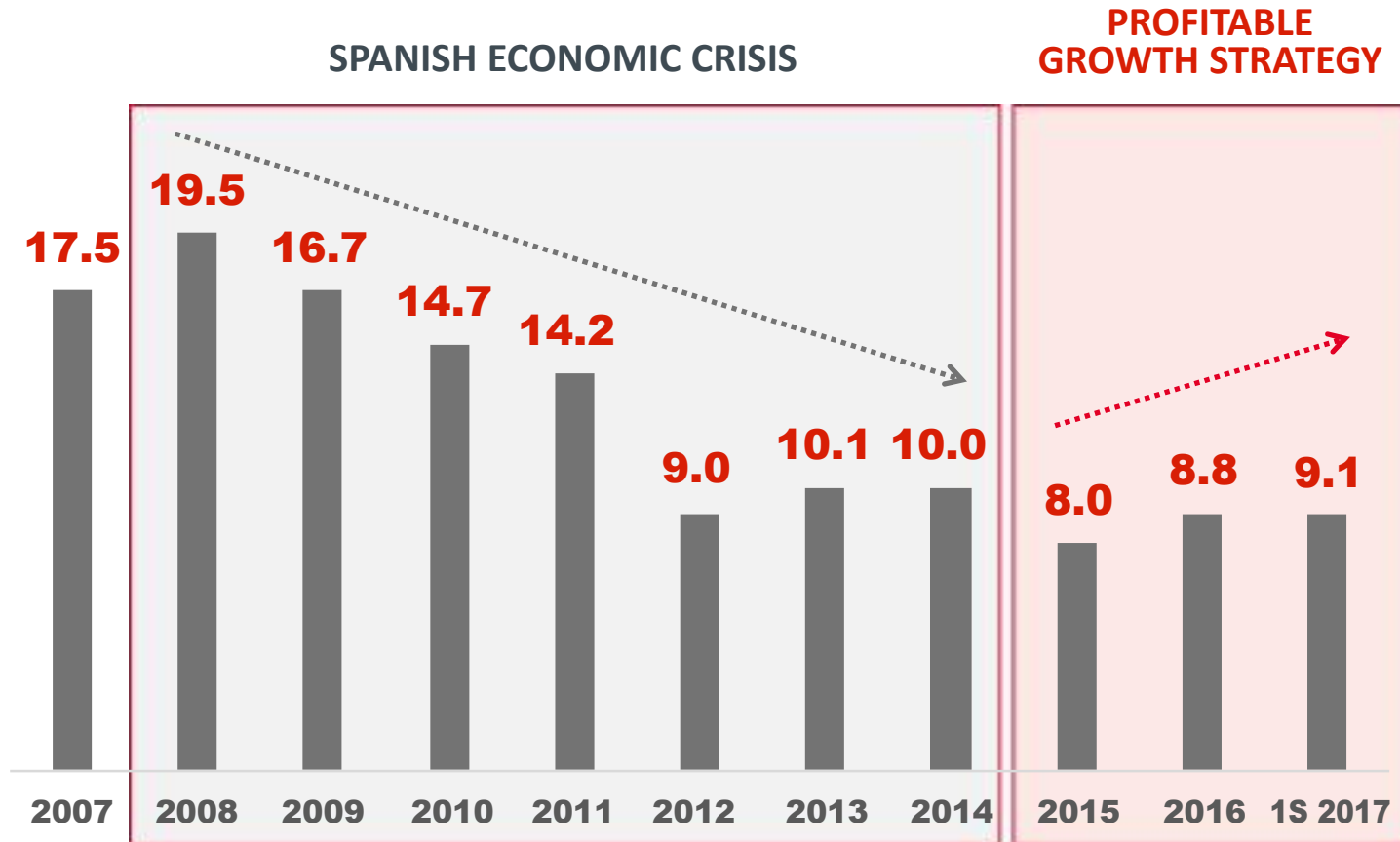


* Excluding extraordinary impacts

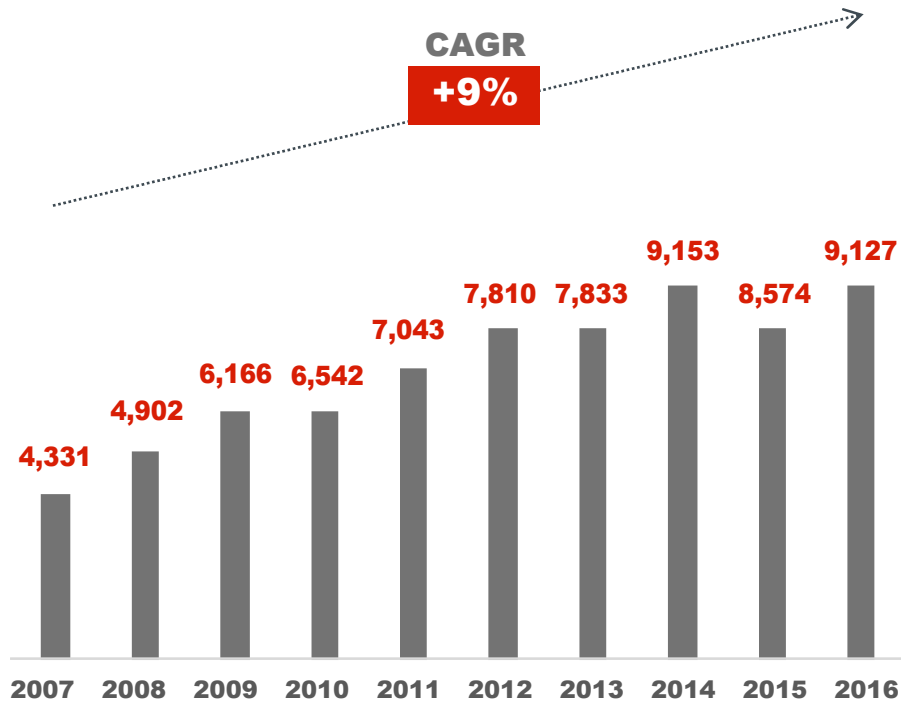
➤ **Gross result:** stable path due to high geographic diversification



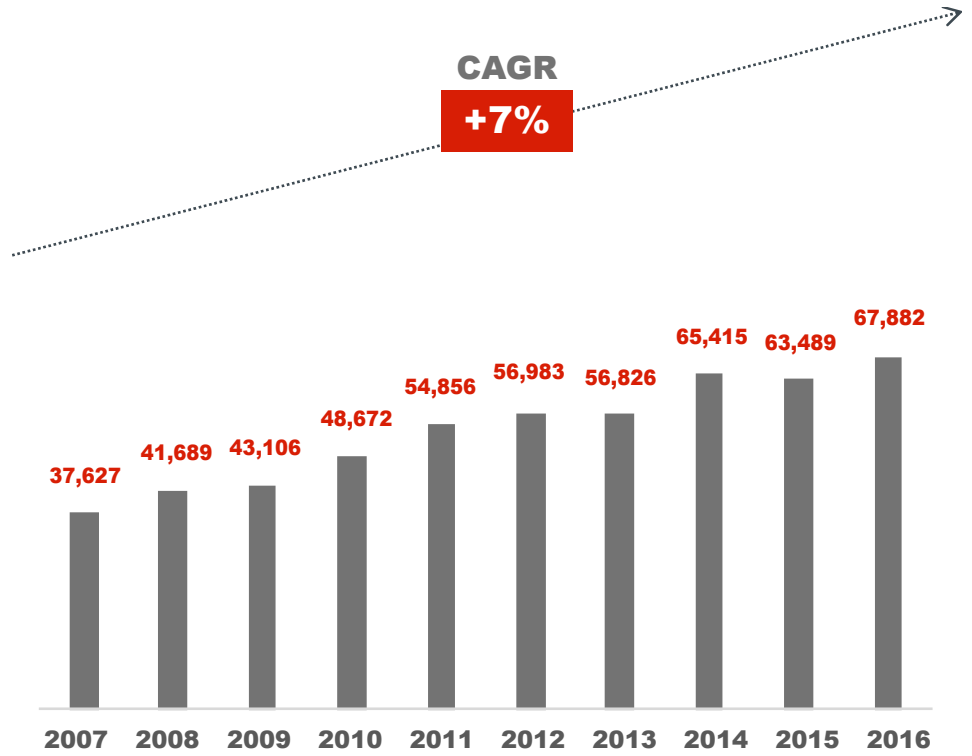
➤ **ROE (%): strong focus on the improvement of the ROE**



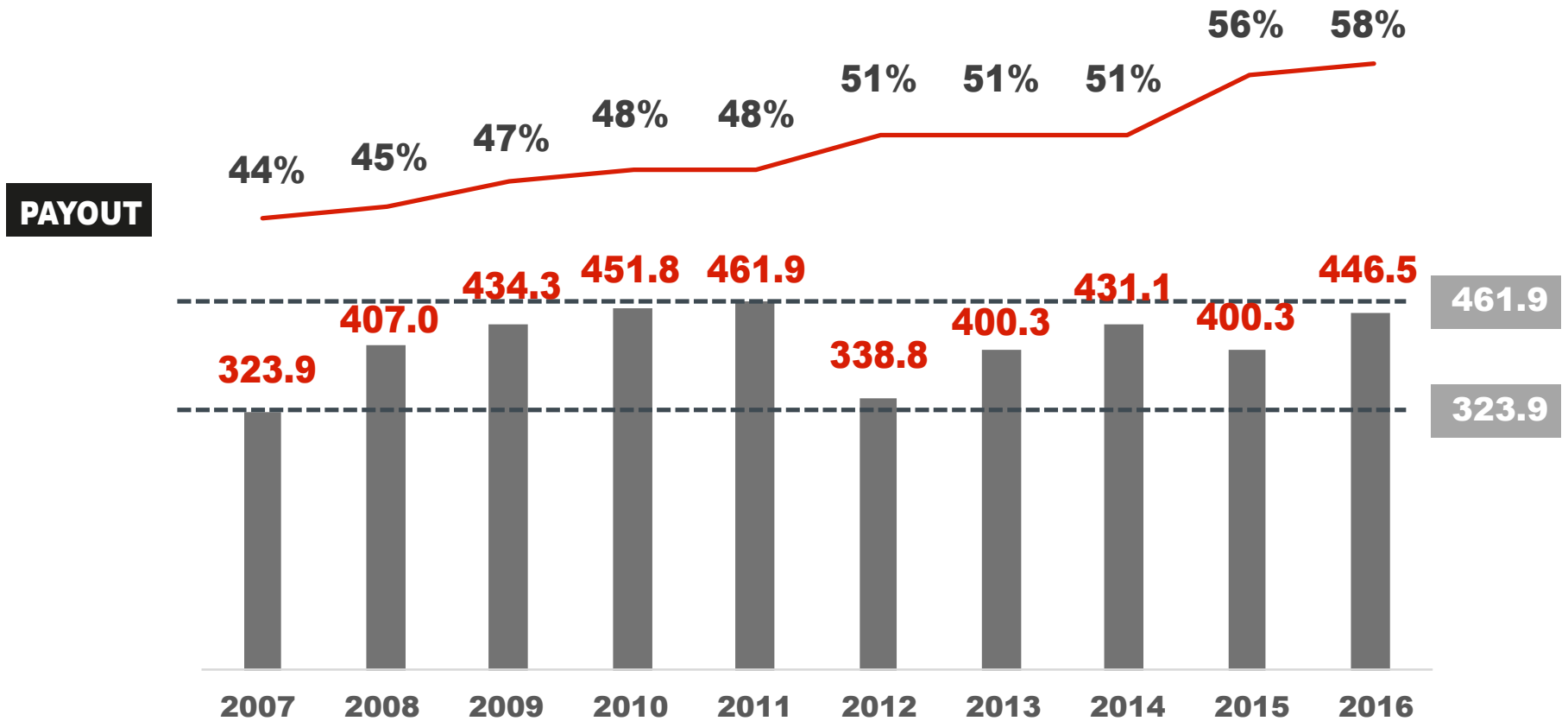
GROWING SHAREHOLDERS' EQUITY



TOTAL ASSETS

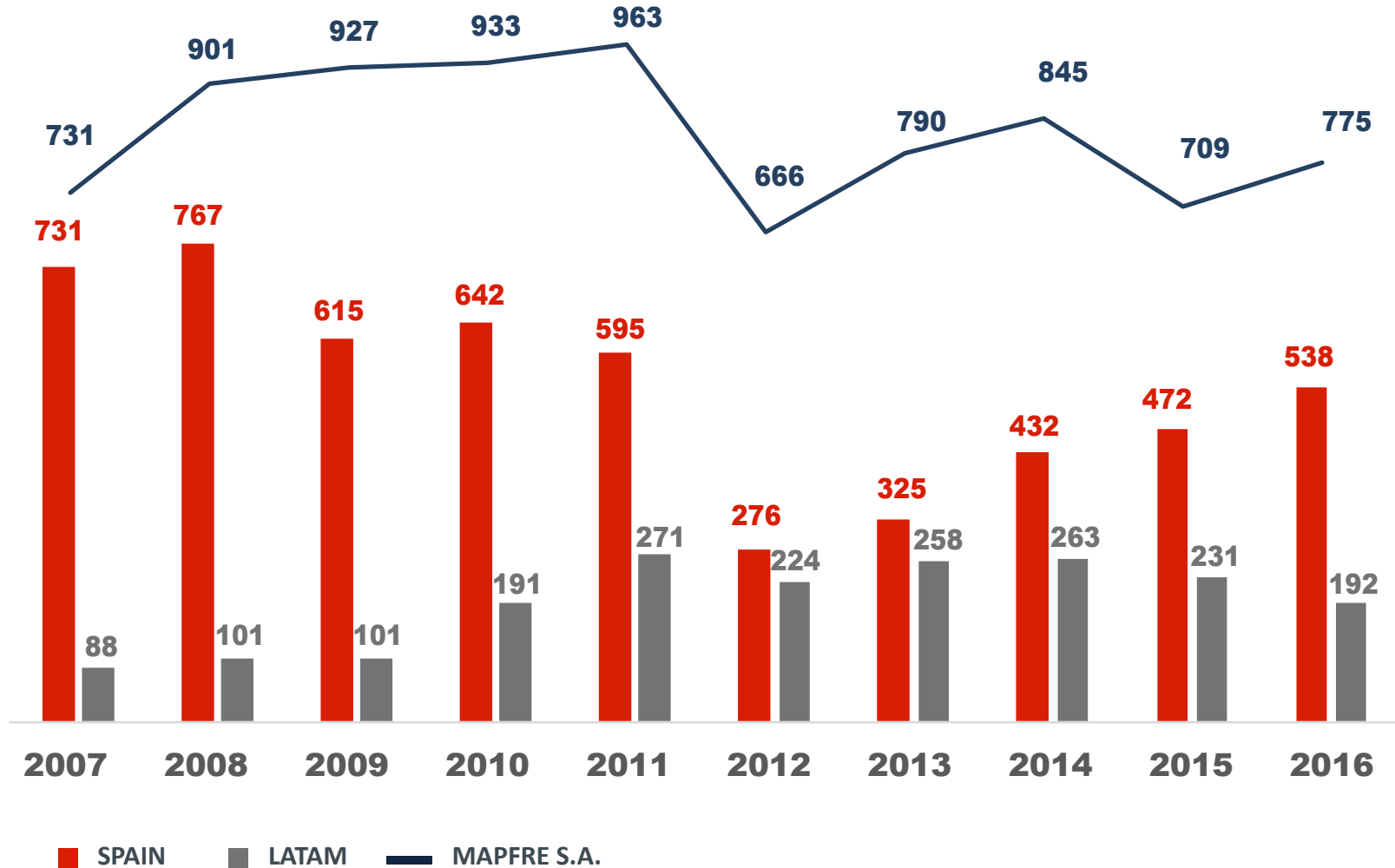


➤ **DIVIDENDS PAID IN THE LAST 10 YEARS:**
stable shareholder remuneration with growing payout

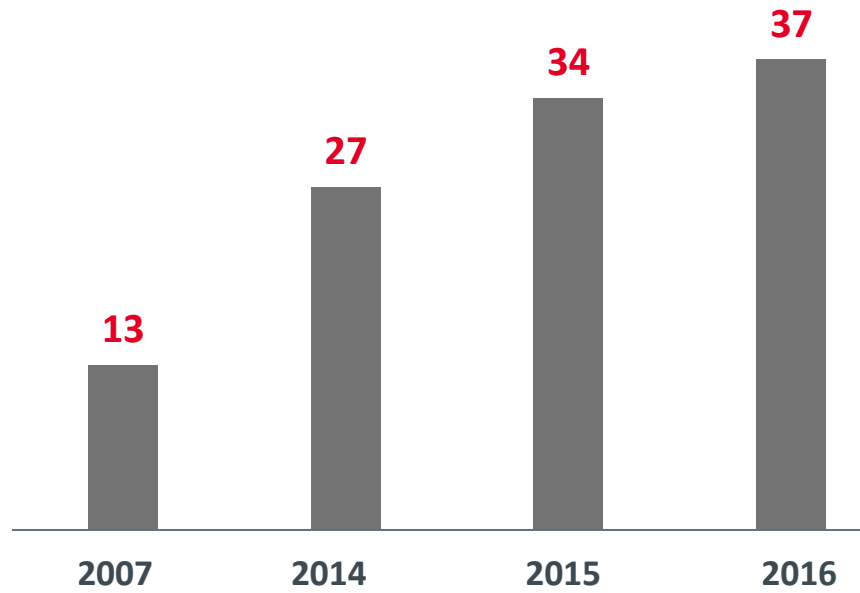


Million euros

➤ **DIVERSIFICATION BENEFITS:**
LATAM contribution to solid results



➤ **TOTAL CLIENTS**



■ **MILLION CLIENTS**

 **ACCOMPLISHMENTS FROM THE LAST DECADE**

- **Demutualization**
- **Global strategy, structures and governance**
- **Geographic diversification**
- **Benchmark insurer in Spain. Agent network**
- **Digital business push**
- **Global Risks. Reinsurance business**
- **Investments Area**
- **Research department**

THE FINANCIAL CRISIS – 10 YEARS ON

01 HOW HAVE WE WEATHERED THE CRISIS?



02 WHERE ARE WE NOW?

03 WHAT NEXT?

➤ **LEADING MARKET POSITIONS**

NORTH AMERICA

Top **20** in US Motor

IBERIA

Benchmark company in Spain

#1 Non-Life
#2 overall

MAPFRE RE

Top **16** worldwide

BRAZIL

#1 Total Insurance (excluding Savings)
#2 Motor

LATAM

Leading **multinational insurance company**
#1 Non-Life

EMEA & APAC

#5 Non-Life in Europe

Leading positions in Turkey, direct Motor market in Italy and Germany, and Malta



➤ HIGHLIGHTS OF 2017 H1

1

Premiums

Spain +4%	Mexico +111%
Brazil +14%	Global Risks +14%
USA +3%	

2

Result

Spain +17%
RE +13%

3

Solvency II Ratio

As of 31/3/17

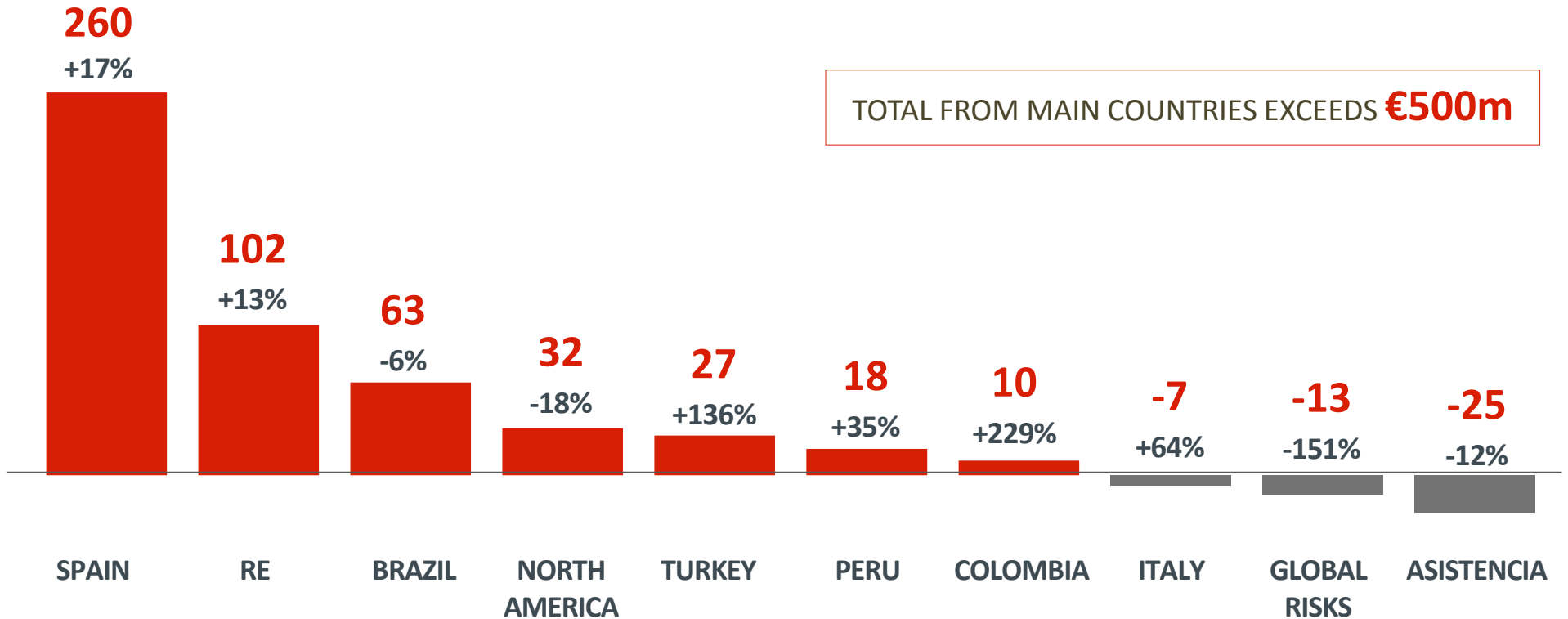
211.5%

Focus on profitable growth

Best H1 premiums in history
Second best H1 result in history

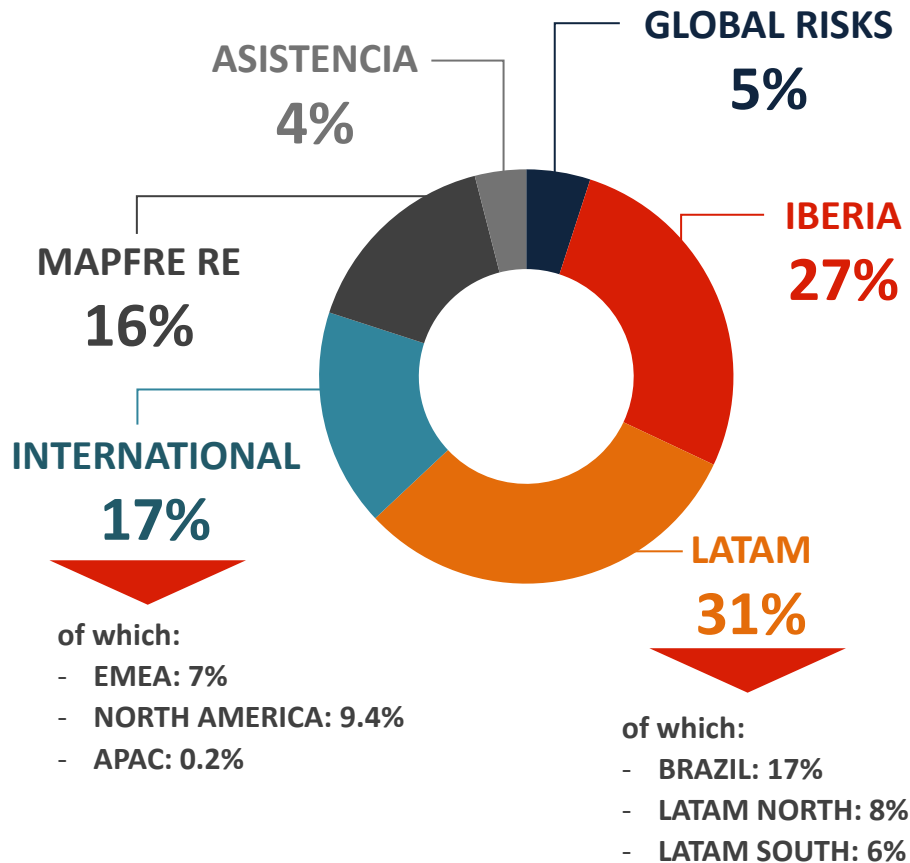
Financial strength

➤ CONTRIBUTION TO NET RESULT IN 2017 H1



WELL-BALANCED BUSINESS MIX

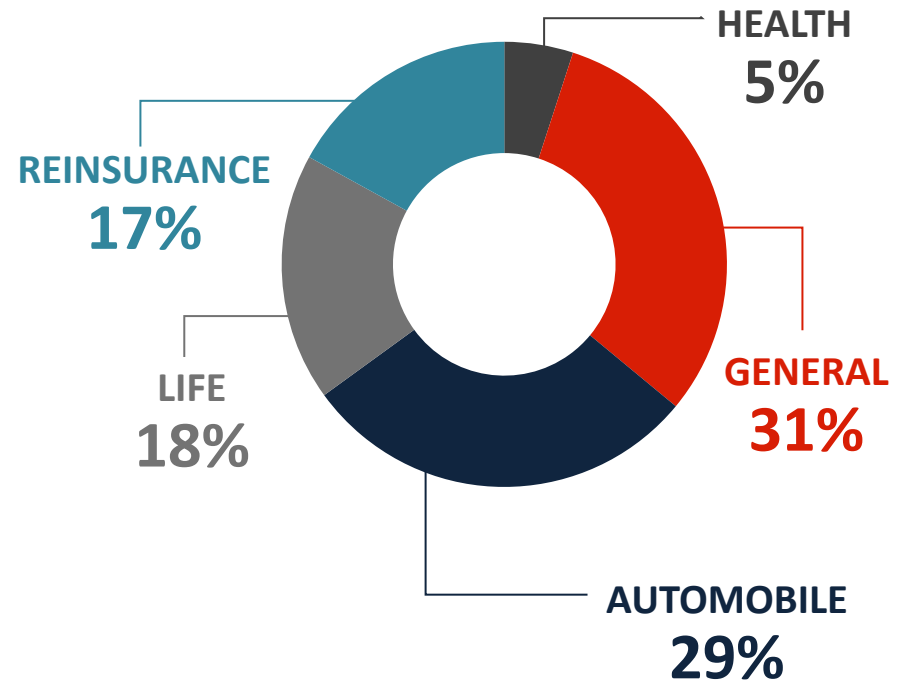
PREMIUMS – DISTRIBUTION BY BUSINESS UNIT



Data as at June 30th, 2017

*Mainly includes MAPFRE RE's Non-Life business and consolidation adjustments

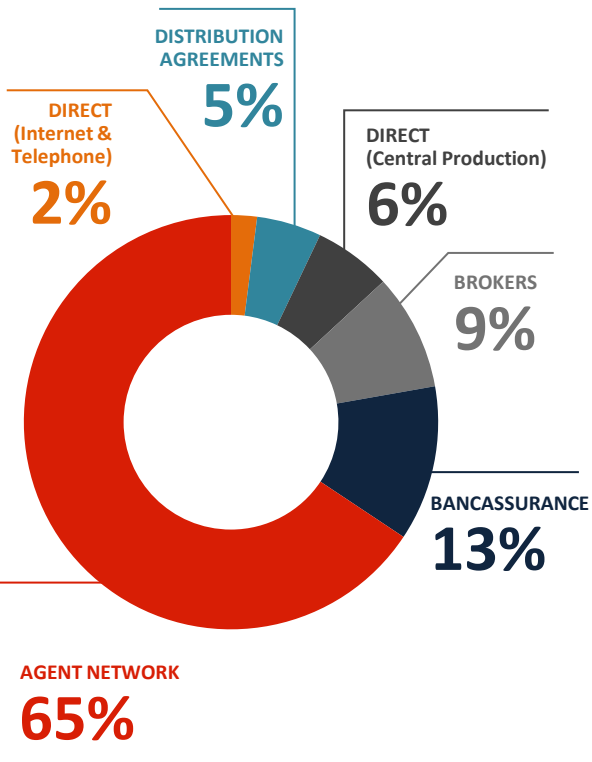
PREMIUMS - DISTRIBUTION BY LINE OF BUSINESS



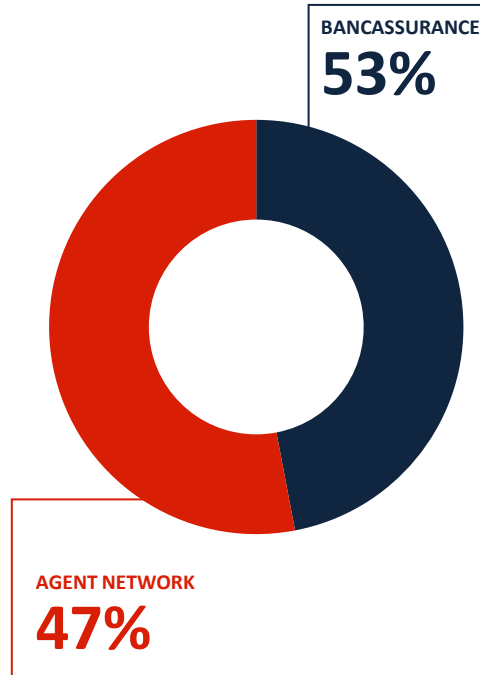
Data as at December 31st, 2016

MULTI-CHANNEL DISTRIBUTION STRATEGY

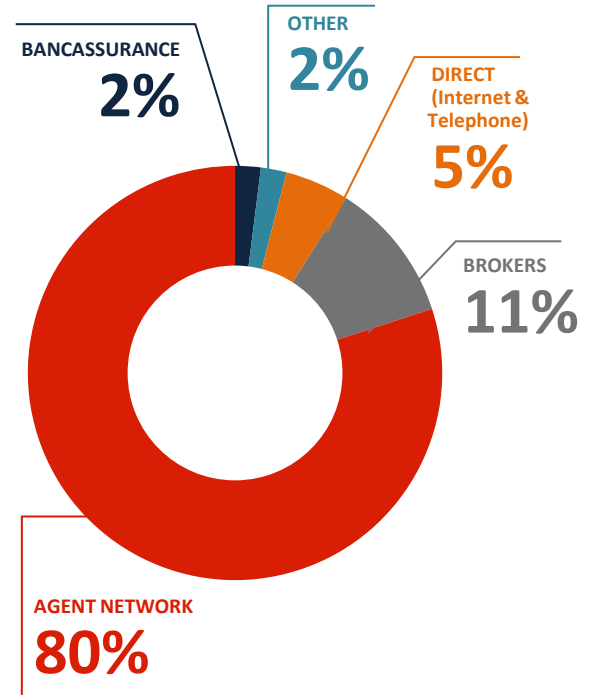
IBERIA



BRAZIL

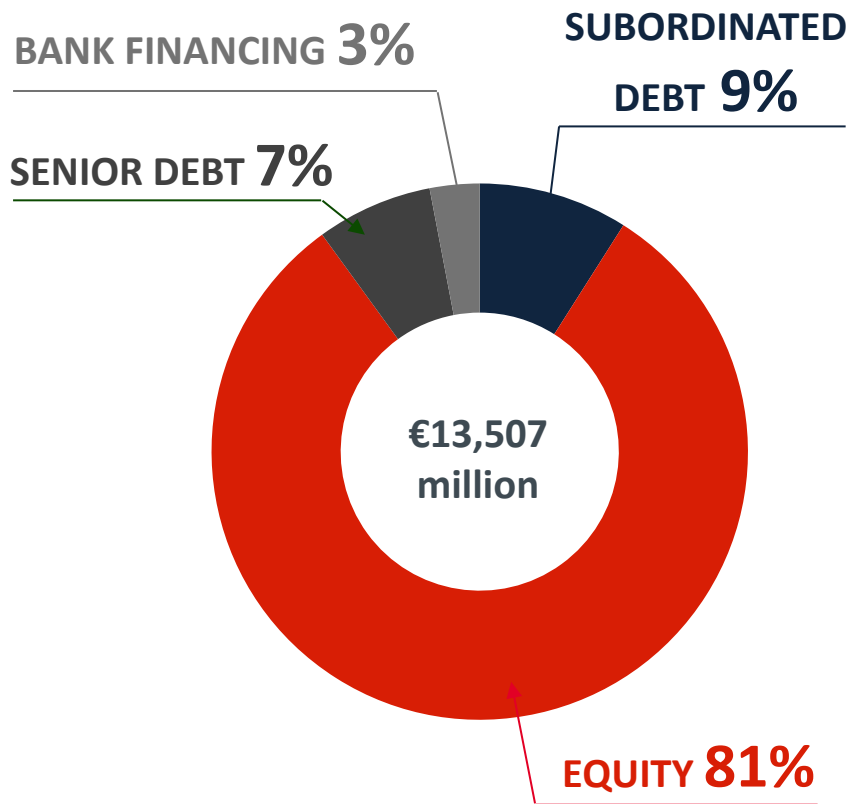


NORTH AMERICA

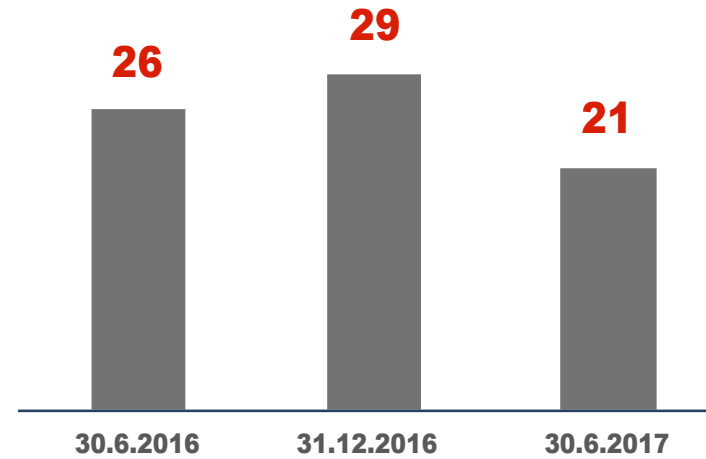


➤ HIGH QUALITY CAPITAL STRUCTURE AND FINANCIAL FLEXIBILITY

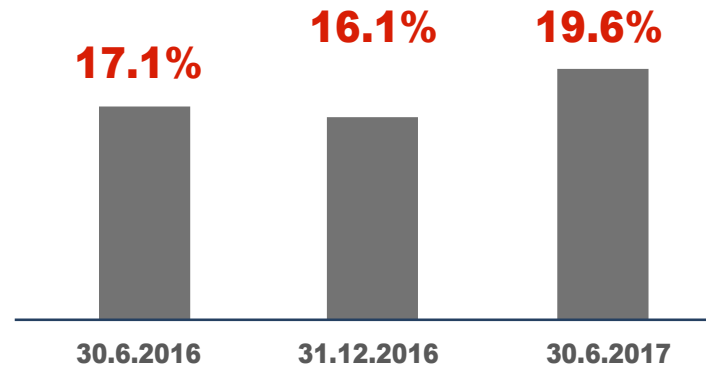
CAPITAL STRUCTURE



INTEREST COVERAGE (X) ⁽¹⁾



LEVERAGE (%) ⁽²⁾

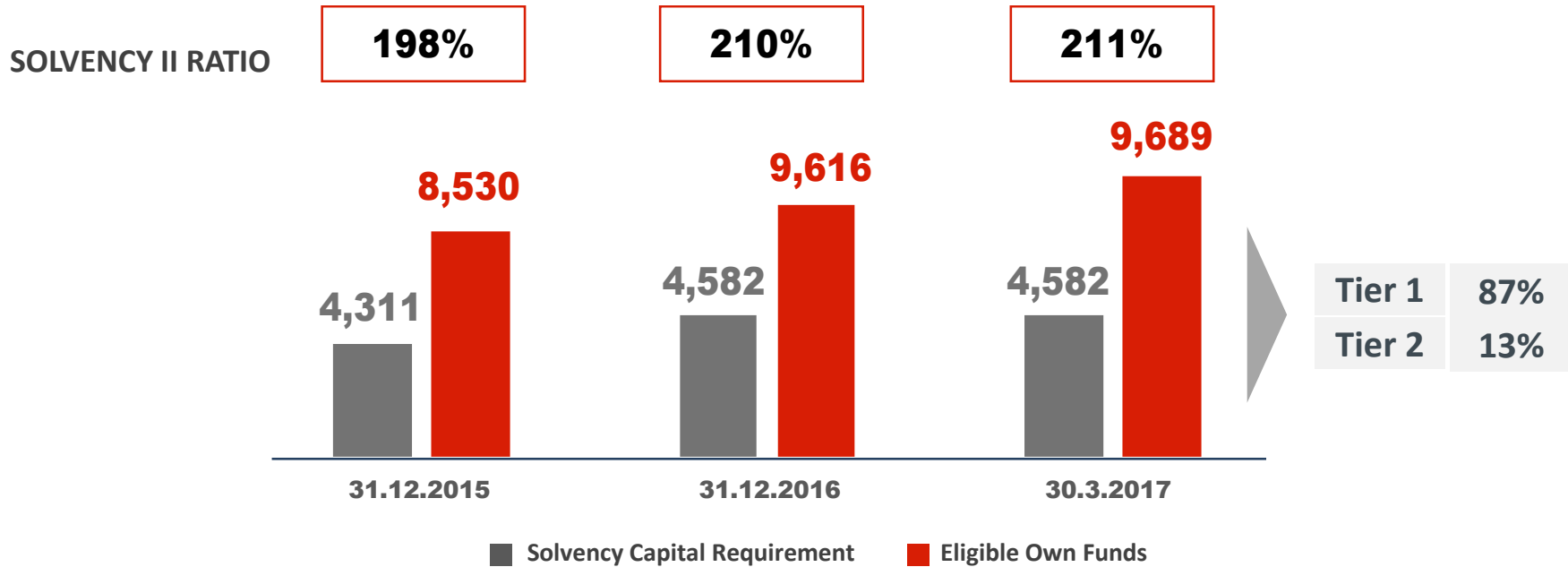


Data as at June 30th, 2017

(1) Earnings before tax & financial expenses (EBIT)/ financial expenses

(2) Total Debt/ (Total Equity + Total Debt)

STABLE SOLVENCY POSITION IN A VOLATILE MARKET AND STRONG CAPITAL GENERATION



- ✓ Fully loaded Solvency II ratio¹: ≈ 192%
- ✓ Pro-forma Solvency II ratio²: ≈ 198%

Million euros

(1) Excluding impacts of transitional measures for technical provisions and equity
 (2) Excluding subordinated bond called on July 24th 2017

THE FINANCIAL CRISIS – 10 YEARS ON

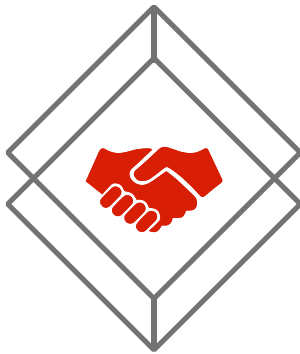
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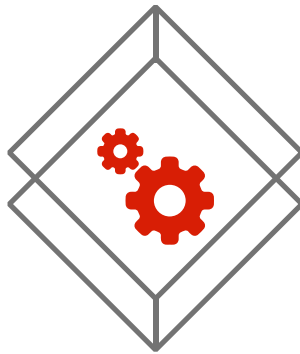


03 WHAT NEXT?

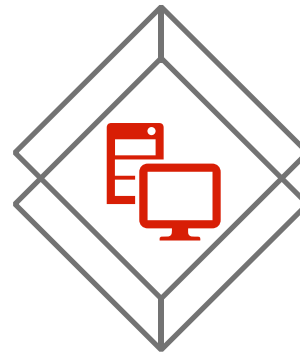
➤ **STRATEGIC PLAN 2016-2018: Focus on profitable growth**



Client orientation



Digital transformation



Excellence in technical management



Culture and human talent

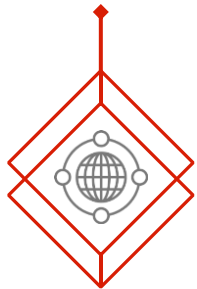
In 1H of the period, satisfactory progress was made in executing our strategy

100% of projects

85% of indicators

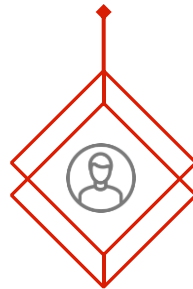
GROWTH LEVERS

Multi-channel approach



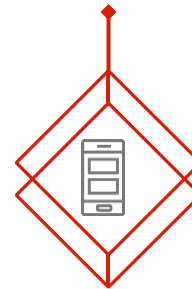
Reinforced **internal structure**
(local, regional, corporate)

Client focus



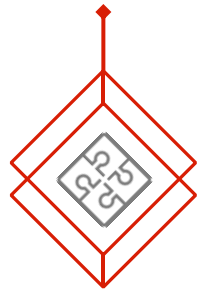
Secure **information, systems** and professional **teams** to achieve excellence

Technology and digital service as allies



More **self-governance** and **control**

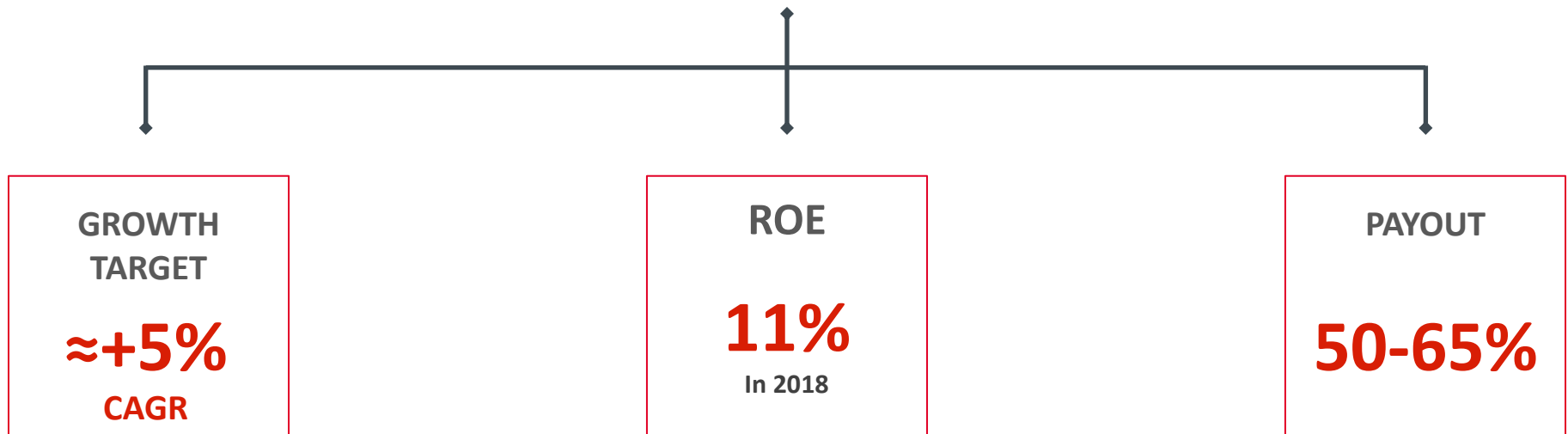
Agent challenge



➤ **FULFILLMENT OF STRATEGIC OBJECTIVES 2016 - 2018**

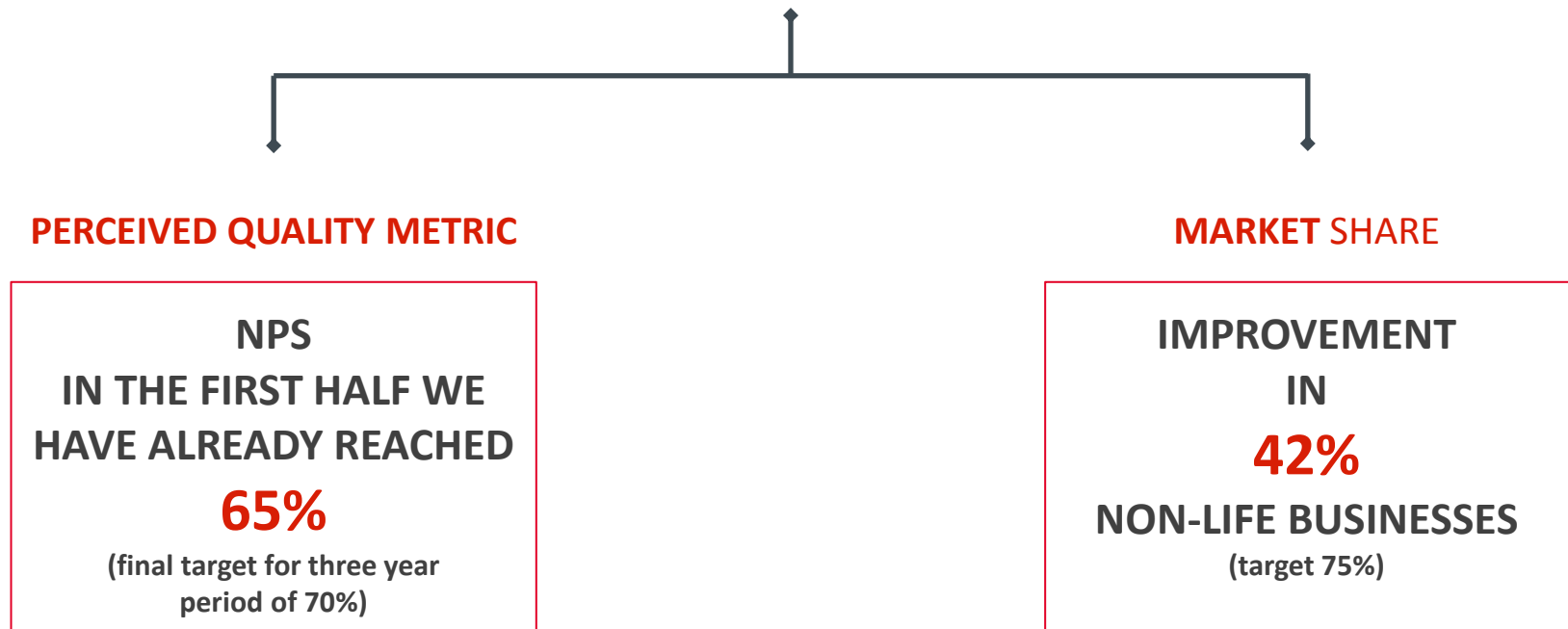
FINANCIAL OBJECTIVES

CREATION OF SUSTAINABLE VALUE FOR SHAREHOLDERS



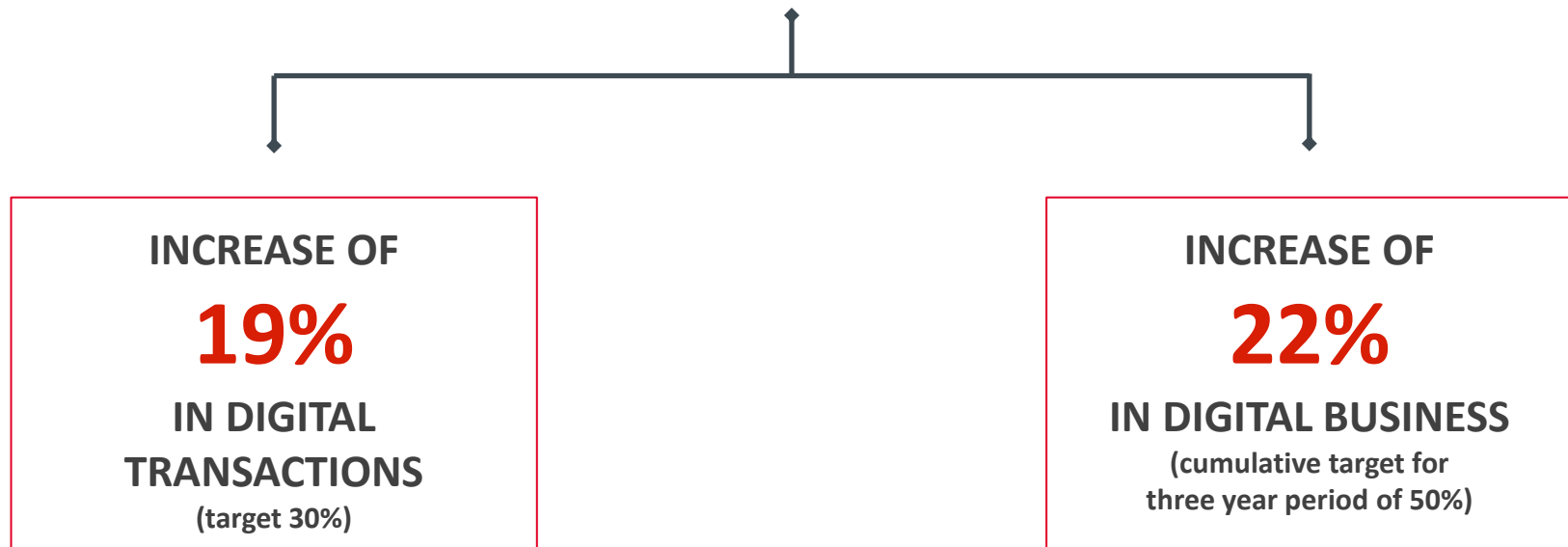
➤ **CORE STRATEGIC OBJECTIVES 2016 - 2018**

CLIENT ORIENTATION



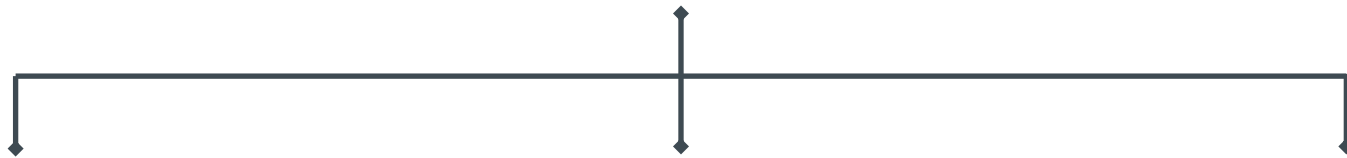
➤ **CORE STRATEGIC OBJECTIVES 2016 - 2018**

DIGITAL TRANSFORMATION



➤ **CORE STRATEGIC OBJECTIVES 2016 - 2018**

EXCELLENT TECHNICAL AND OPERATIONAL MANAGEMENT



GROUP COMBINED RATIO

97.2%

(target <96%)

EXPENSE RATIO

27.4%

(target <28%)

Cost savings: €60m first year

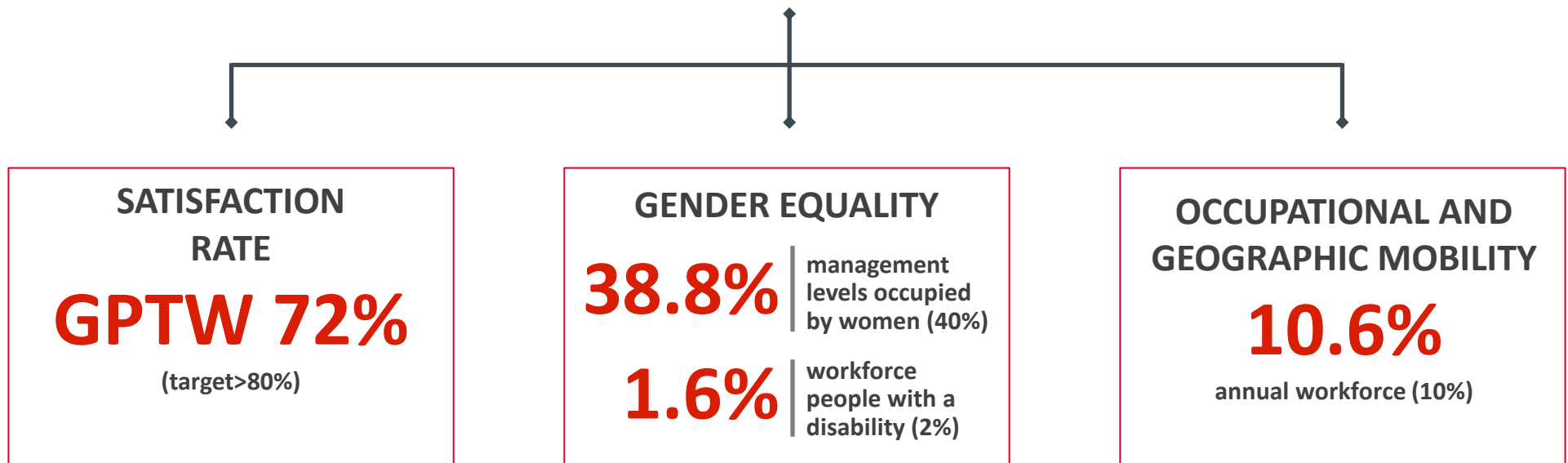
SERVICE PROVIDER MANAGEMENT

73.6%

automated assignments (target 60%)

➤ CORE STRATEGIC OBJECTIVES FOR THE NEXT THREE YEARS

CULTURE AND TALENT



➤ **THE FUTURE OF OUR BUSINESS:**
 PREPARED FOR THE DIGITAL TRANSFORMATION THAT IS TO COME

- **Changes in the essence of the insurance model**
- **Empowerment of the connected client**
- **Human element**

➤ **NEW STRATEGIC INITIATIVES**



SAM 3.0
NEW AUTO INSURANCE

Different & simple
mobility insurance
solutions



PREDICTIVE MODELS

Automatization of
simple insurance
processes



BIG CITIES

Taylor made
products & services
for the urban client

➤ **NEW STRATEGIC INITIATIVES**



DIGITAL HEALTH

Simple & low-cost digital health insurance



DIGITAL CHALLENGE

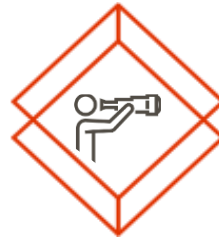
Cultural and organizational transformation

ALL ONGOING

The first phase of these initiatives should be finalized in 2018



Our **goals**
are ambitious



The world is
changing very fast



We need to guarantee
sustainability
to survive

MAPFRE aspires to be a **winner** in this global, connected, digital world.

➤ CONCLUSIONS

- We are **sustaining revenue growth**
- **Enhanced efficiency**, automation and cost reduction
- **Financial returns**

The MAPFRE business model and the **strategy of focusing on profitable growth ensure recurring growing in the coming years**

Thank you

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