



MAPFRE

INVESTORDAY

2019

March 25, 2019

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Certain numerical figures included in the Investor Presentation have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

AGENDA



- | | |
|--------------------------------------|---------------------|
| 01 OPENING REMARKS | Mr. HUERTAS |
| 02 2019-2021 STRATEGIC PLAN | Mr. GURTUBAY |
| 03 CAPITAL MANAGEMENT | Mr. MATA |
| 04 INVESTMENT MANAGEMENT | Mr. JIMÉNEZ |
| 05 MAPFRE RE | Mr. PÉREZ DE LEMA |
| 06 BRAZIL | Mr. PÉREZ-SERRABONA |
| 07 INTERNATIONAL CORE MARKETS | Mr. TAMAYO |
| 08 MAPFRE USA | Mr. CASTELO |
| 09 MAPFRE OPEN INNOVATION | Mr. ARIAS |
| 10 CLOSING REMARKS | Mr. HUERTAS |

Speakers



Antonio Huertas
Chairman & CEO

Fernando Mata
CFO & Member of
the Board



José Luis Gurtubay
Head of Strategy and
M&A



José Luis Jiménez
Chief Investment
Officer



**Eduardo Pérez
de Lema**
CEO MAPFRE RE



Jaime Tamayo
CEO
International



Alfredo Castelo
CEO North America



Fernando Pérez-Serrabona
CEO Brazil



José Antonio Arias
CInO



Natalia Núñez
Head of Investor Relations



01

OPENING
REMARKS

Antonio Huertas

WE'RE TRANSFORMING
OURSELVES

For growth and improved
profitability

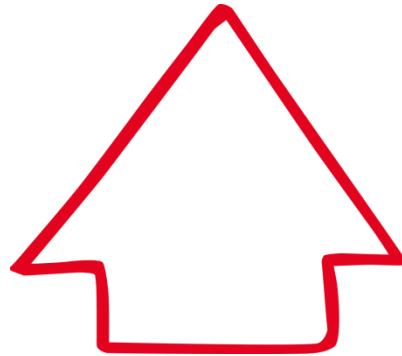
2016 – 2018 Strategic Plan

Focus on profitable growth



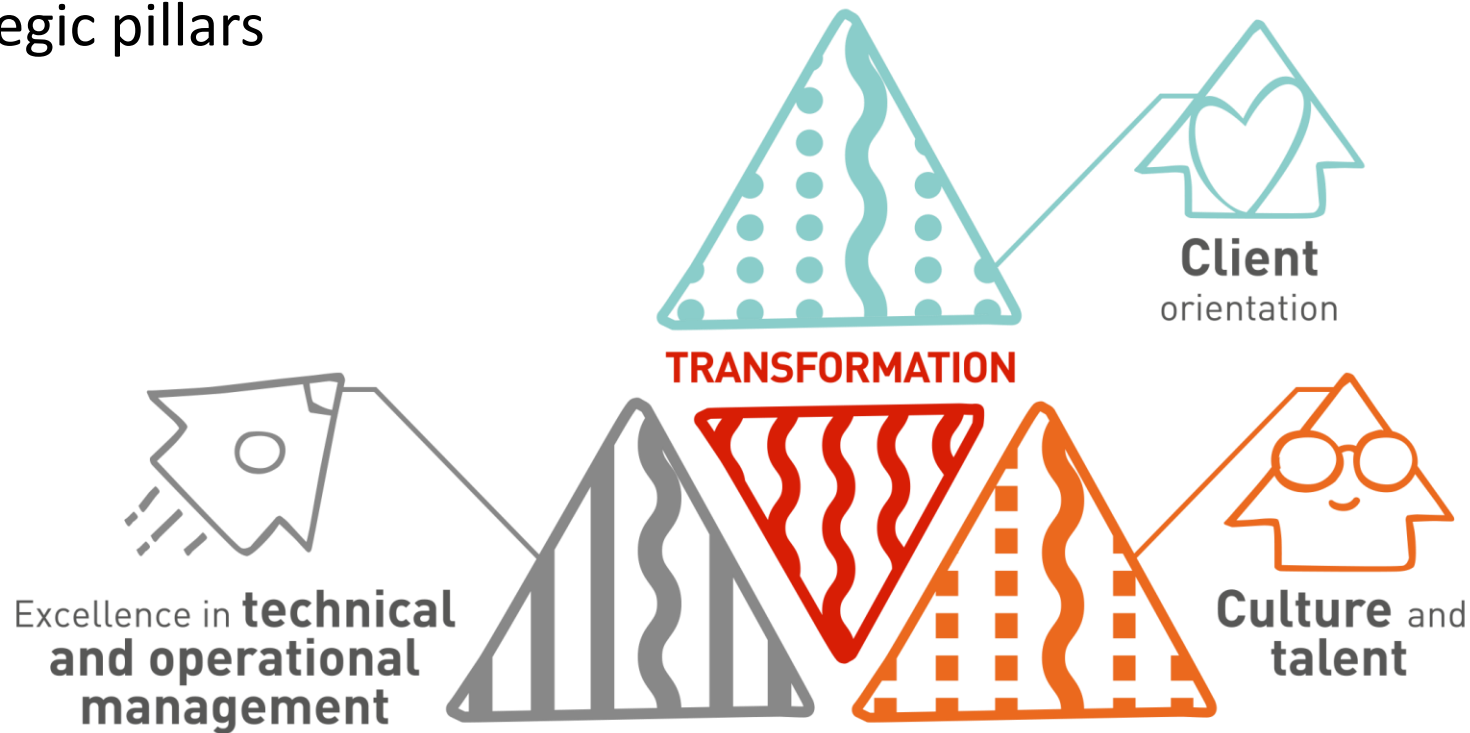
2019 – 2021 Strategic Plan

*We're transforming ourselves
for growth and improved profitability*



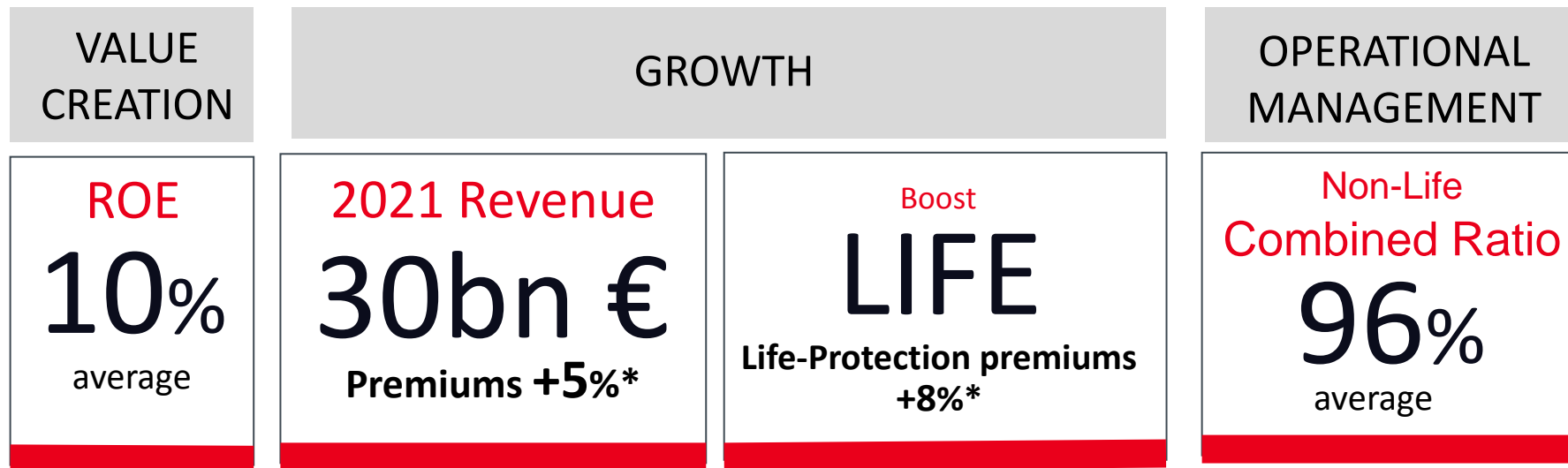
2019 – 2021 Strategic Plan

Strategic pillars



2019 – 2021 Strategic Plan

Aspirational objectives



2019 – 2021 Strategic Plan

Excellence in
TECHNICAL AND OPERATIONAL MANAGEMENT

- › Open, flexible and global technology
- › Advanced analytics platform



Increase
RPA*
transactions
+10mn

Client Orientation

- › Differential value proposition
- › Client experience



73%
of businesses
with **NPS®**
outperforming
competitors

+41%
Digital business
In the 3-year period

Solutions for
1mn clients

Culture and Talent

- › More commitment
- › Gender Equality: openings in leadership positions
- › Improve employees' capacities
- › Sustainability, innovation and confidence



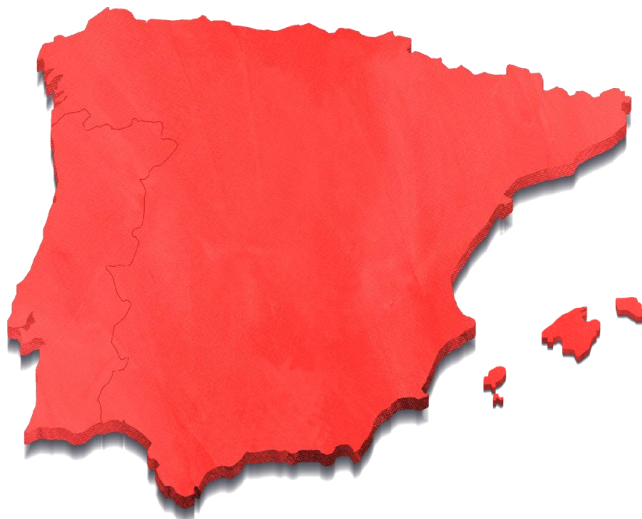
75%
Culture and talent index 2021

45%
Positions filled by women

3%
of workforce with disabilities
2021

* Robotic Process Automation

2019 – 2021 Strategic Plan IBERIA



Grow and improve profitability:

- › Strengthen the MAPFRE network
- › Reinforce bancassurance channel
- › Distribution channels
- › Improve client experience
- › Family-oriented strategies
- › Companies segment

2019 – 2021 Strategic Plan BRAZIL



Optimistic about business development in Brazil

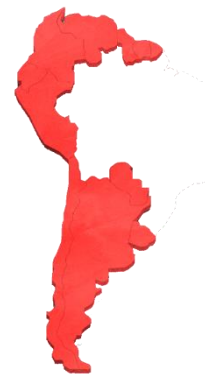
- › New agreement
- › Final stage of business restructuring process
- › Better discipline and technical control
- › Strengthened management team

2019 – 2021 Strategic Plan LATAM NORTH & SOUTH



Mexico

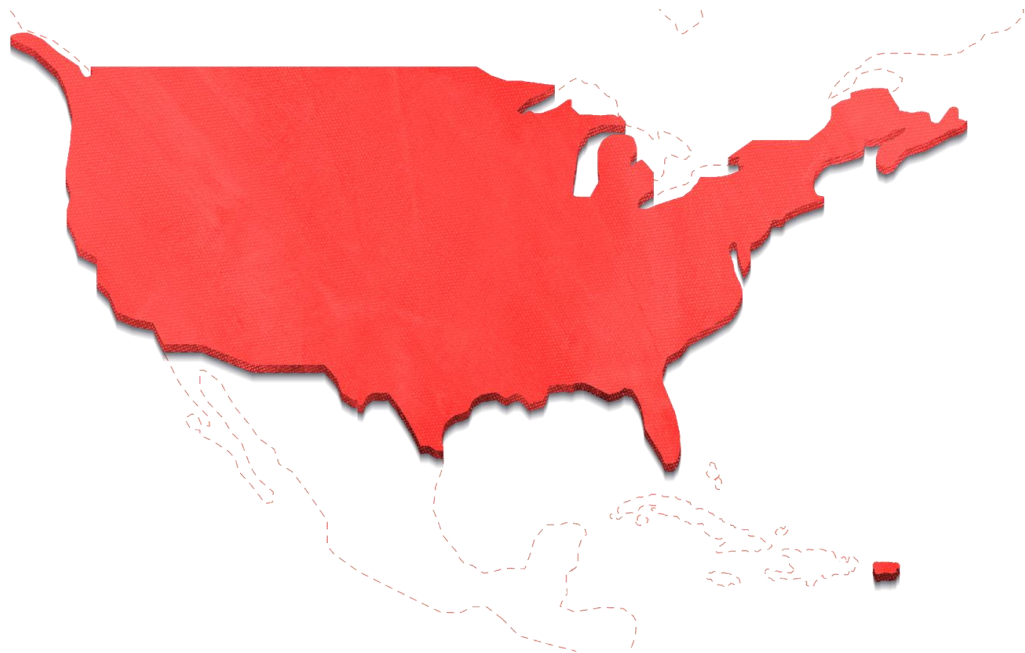
- › Growth in most profitable lines
- › Invest in distribution channels
- › Boost agent and digital networks
- › Bancassurance agreements



Multichannel & diversification of product portfolio

- › Reduced Combined Ratio
- › Life business
- › New sales agreements
- › Digital services and self-service

2019 – 2021 Strategic Plan NORTH AMERICA



United States

- › Leadership in Massachusetts
- › Profitability in key states
- › Digital business

Puerto Rico

- › Digitalization of operations

2019 – 2021 Strategic Plan EURASIA

Technological transformation and process modernization



Italy and Germany

- › Boosting the Verti brand

Turkey

- › Diversification of products and channels
- › Improved technical profitability

2019 – 2021 Strategic Plan



Minimize the volatility of the catastrophe business



Capacity for growth, maintaining efficiency



Europe and LATAM: benchmark reinsurer



Group reinsurance manager



Better capacity after MGR reorganization

2019 – 2021 Strategic Plan



› Transformation of internal structure



› Aspires to excellence with MAPFRE clients



› Focus on STRATEGIC markets for MAPFRE



› New phase of PROFITABLE growth

2019 – 2021 Strategic Plan

Capital stability and strength, while maintaining dividend momentum

Financial
flexibility



Strong solvency
position



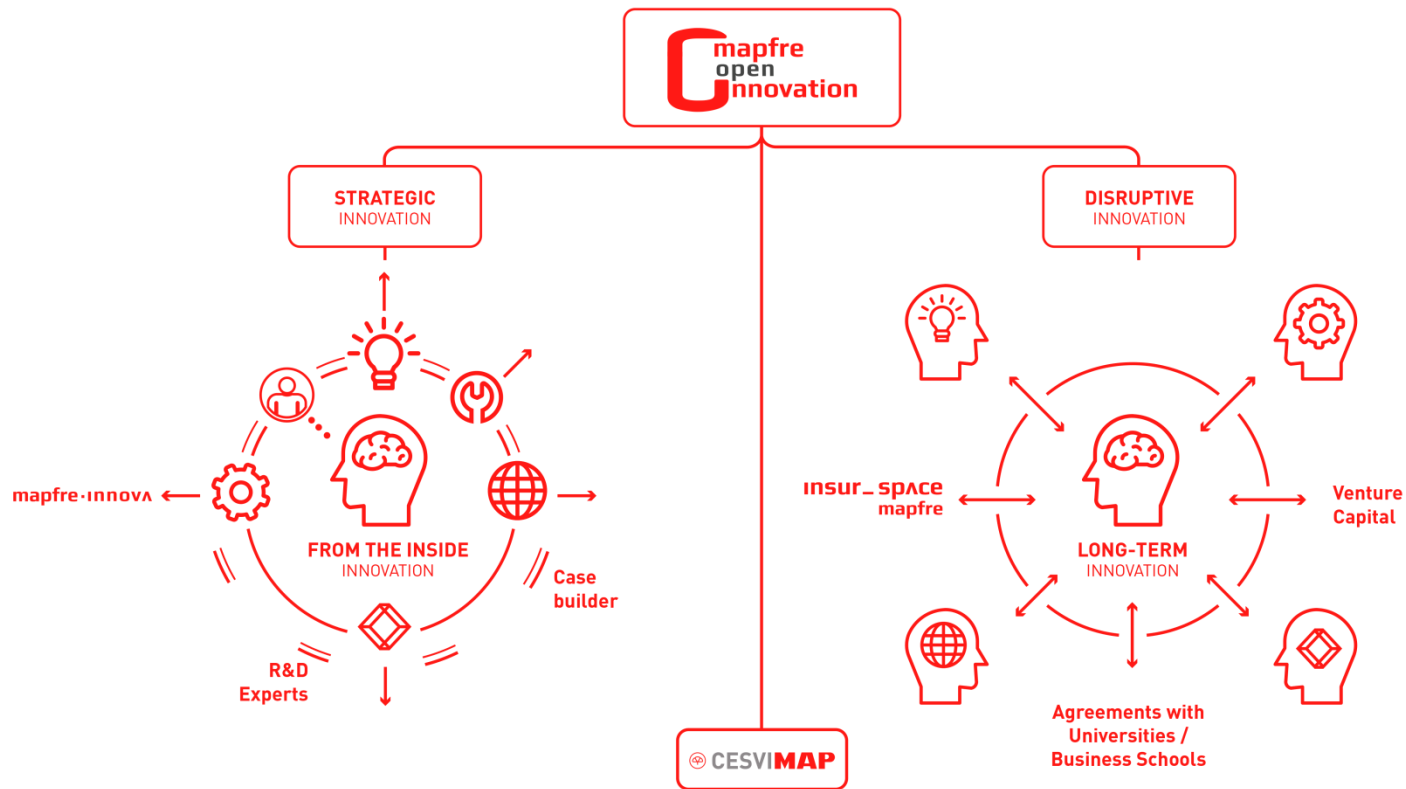
Cash flow
generation



Commitment
to investors



2019 – 2021 Strategic Plan



02

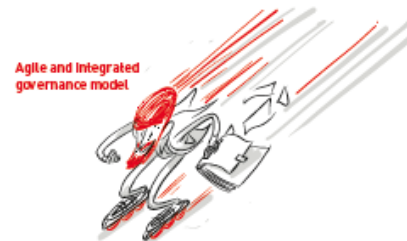
2019-2021

STRATEGIC PLAN

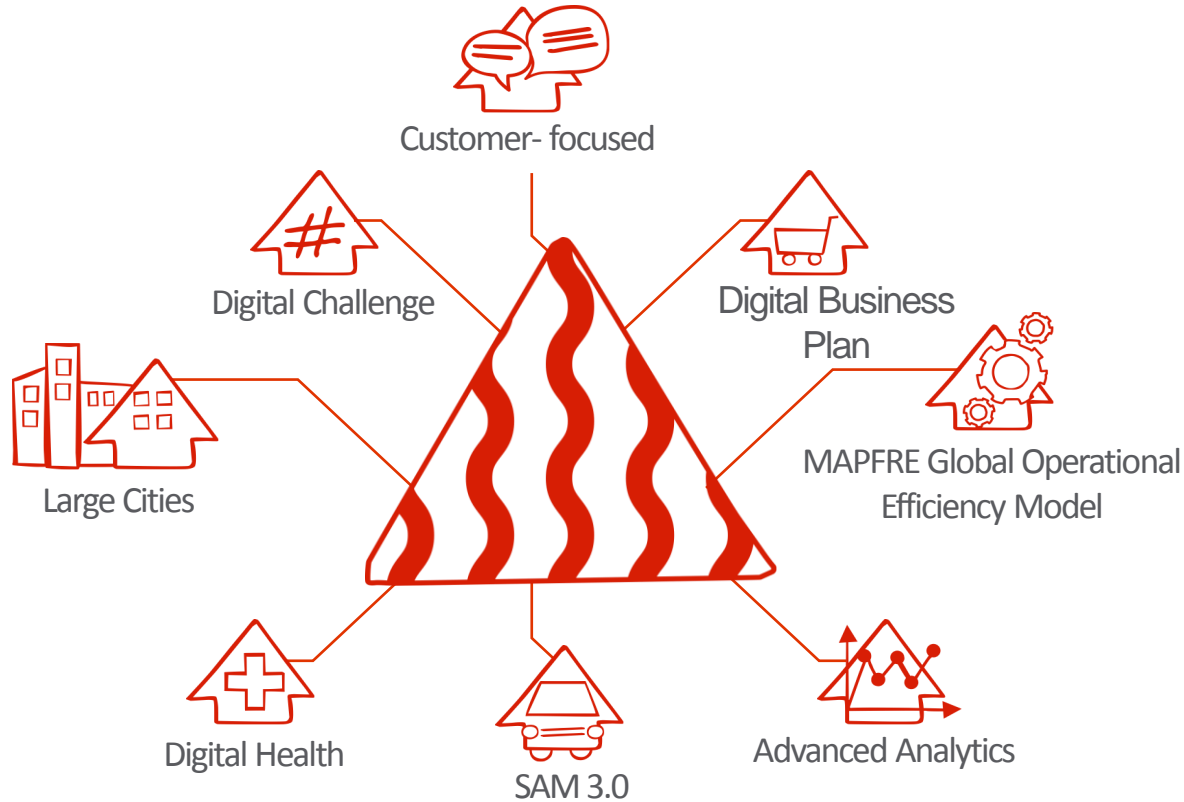
José Luis Gurtubay

Strategic Initiatives

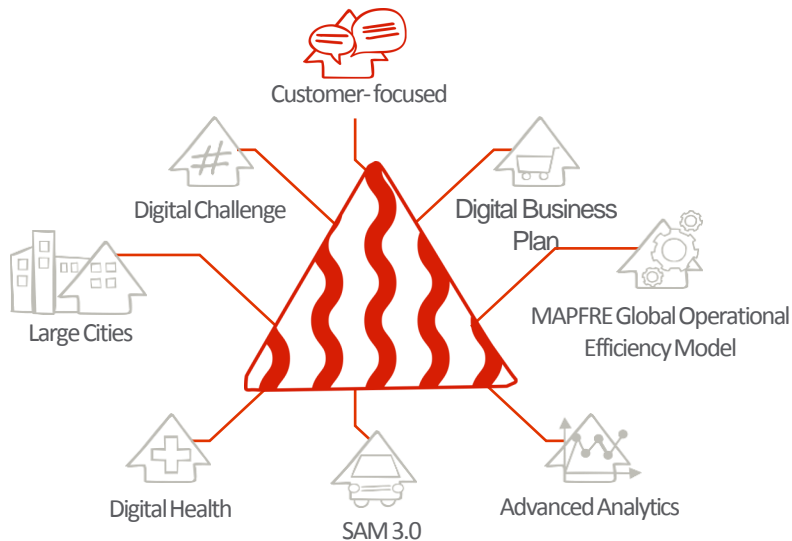
2019 – 2021 Strategic Plan – Change Agenda



Strategic Initiatives – Strategic Plan 2019 - 2021



Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Sales
- Client retention
- Encourage distributors

Benefits

- Client growth and retention level
- Client experience
- Distributor relationship

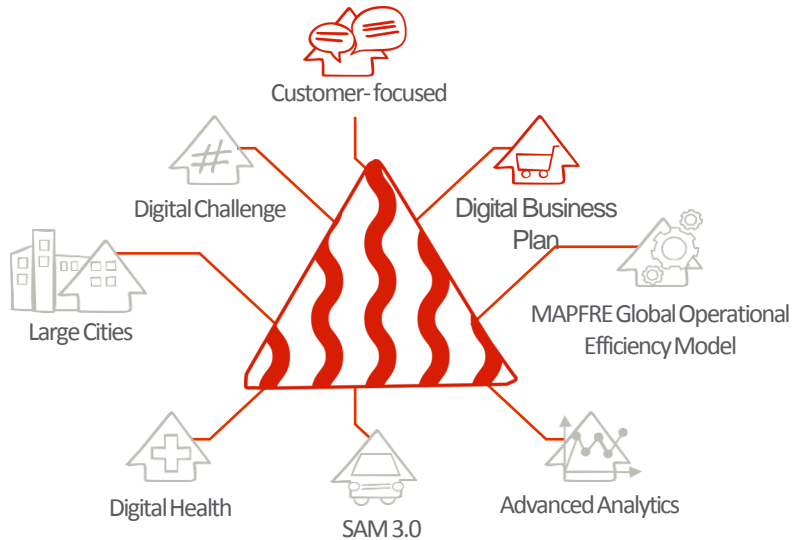


- Shared knowledge
- Client identification
- New global agreements

73% of businesses with **NPS®** outperforming competitors

GROWTH

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Profitability
- Digital business

Benefits

- Increase digital business
- Improve results

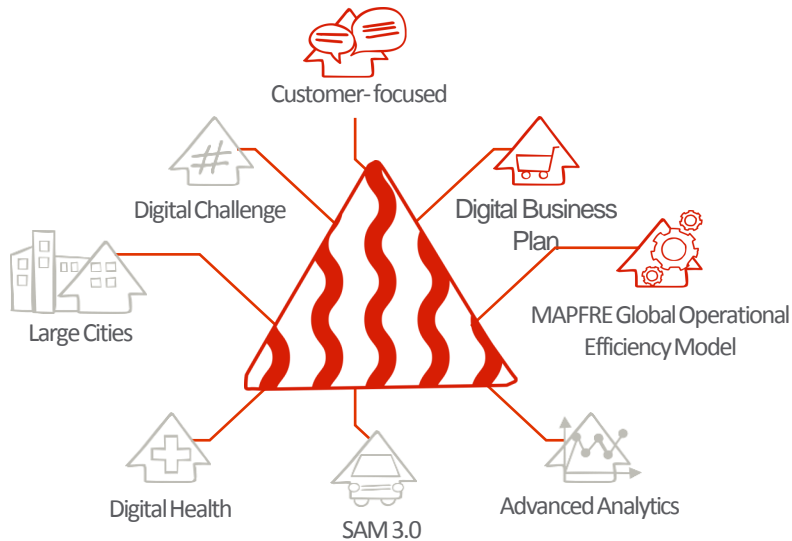


- Dynamic positioning in comparison engines
- New online quote generators and recruiters
- Sophisticated price optimization techniques

+41% Digital business
in the 3-year period

PROFITABILITY

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Develop operational models
- Enhance MAPFRE competitiveness

Benefits

- Cost savings
- Improve claim costs
- Customer service

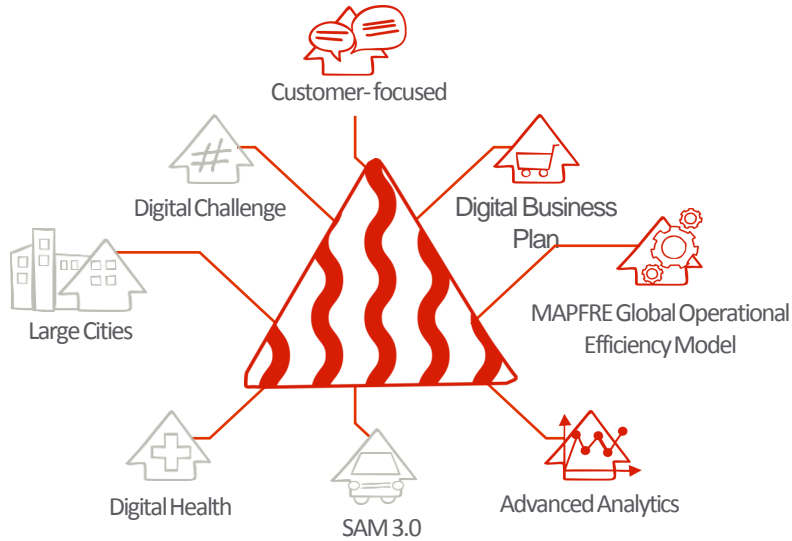


- Global Provider Model
- Robo-transactions

+10_{mn} Increase RPA (Robotic Process Automation) transactions

TRANSFORMATION


Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

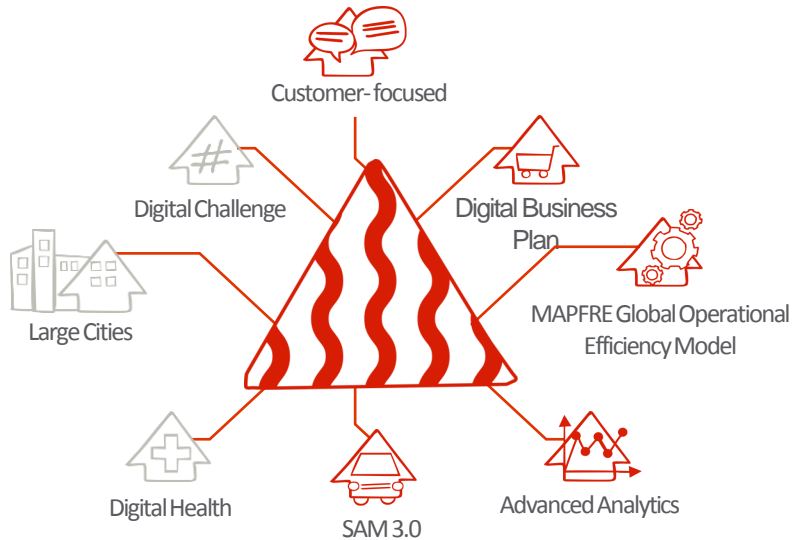
- Discover new approaches
- Build predictions
- Generate recommendations

Benefits

- Competitive leadership
- 
 - Global inventory
 - Governance model
 - Specialized structure
 - Procedure defining

TRANSFORMATION

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

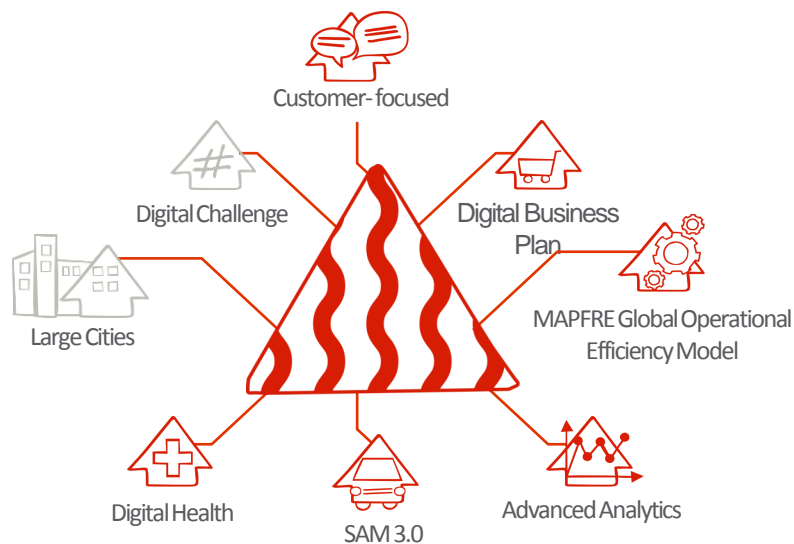
- Key players
- Opportunities from telematics

Benefits

- Benchmark partner
- Differentiated offering
-  • ADAS
- UBI strategy
- Manufacturer value proposition

GROWTH

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Leadership position in health digital market in Spain

Benefits

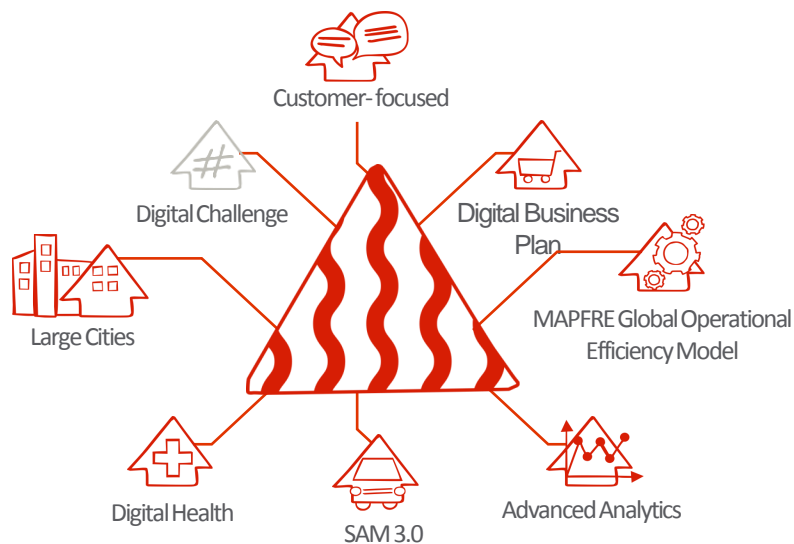
- Better positioning
- Improved customer loyalty



- SAVIA

GROWTH

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Improve position in Spain: Madrid and Barcelona

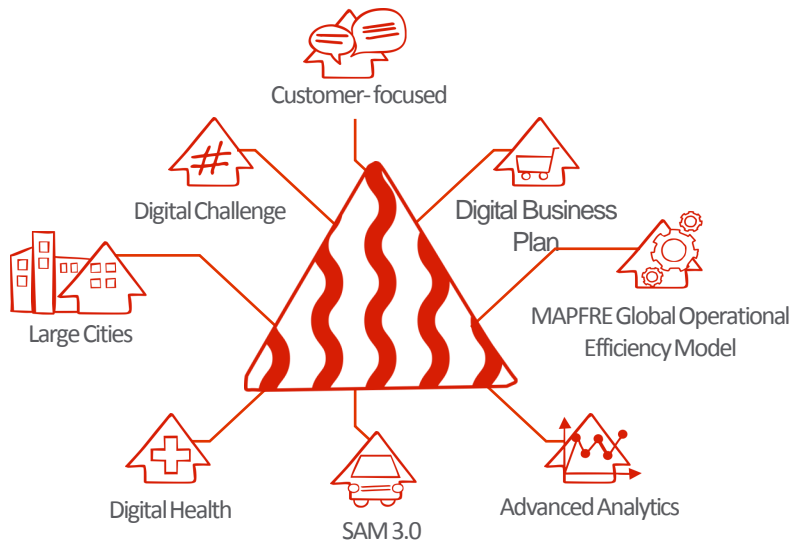
Benefits

- Increase market share



TRANSFORMATION

Strategic Initiatives – Strategic Plan 2019 - 2021



Objective

- Adapt
- Collaborative work
- New behaviors

Benefits

- Flexibility
- Agility



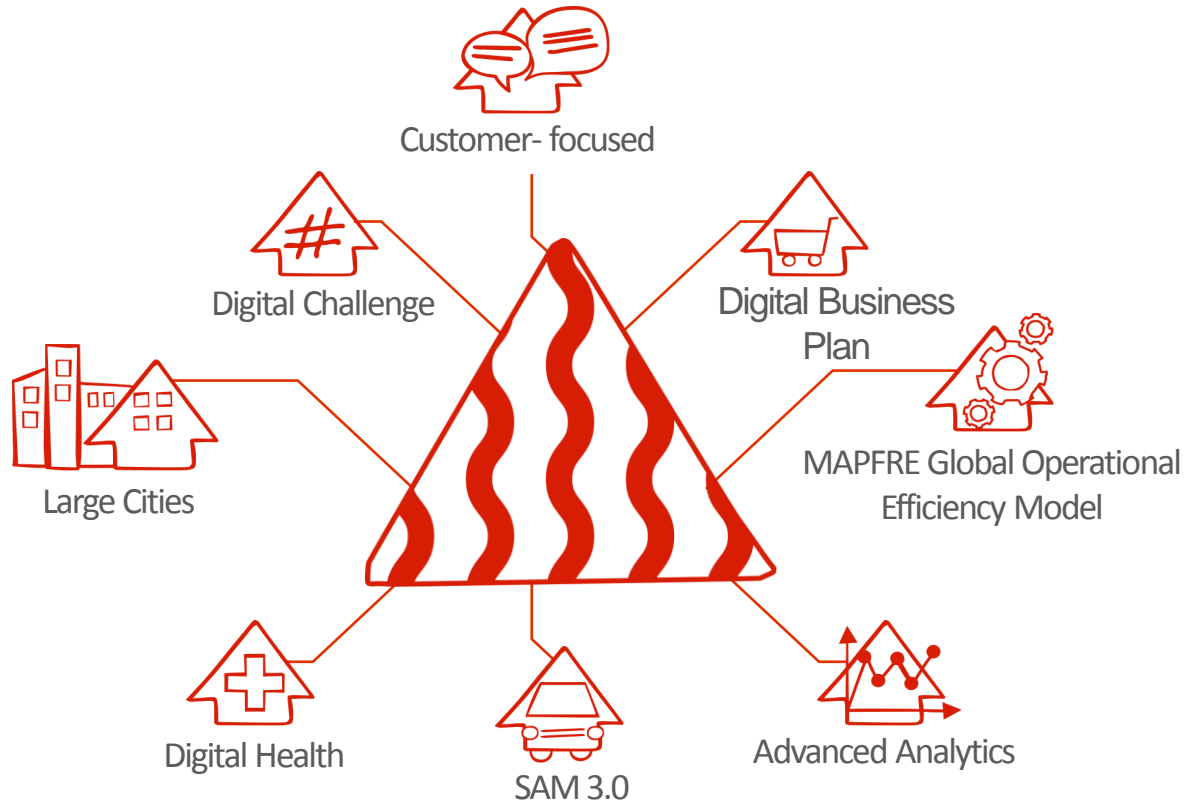
- Best Place to Work award in Spain
- Equality policies

45% Positions filled by women

75% Culture and talent index 2021

TRANSFORMATION

Strategic Initiatives – Strategic Plan 2019 - 2021



03

**CAPITAL
MANAGEMENT**

Fernando Mata

Creating value for investors
Through effective capital
allocation

Capital management focused on stability, while maintaining dividend momentum

Financial flexibility



- › Leverage target: ~22%
- › Room for further issuance: 1.5 bn€ Tier 1 and 0.8 bn€ Tier 2
- › Low cost of debt: ~ 2.6%
- › Credit facility: €510 mn available at 12.31.2018
- › Highly liquid investment portfolio

Strong solvency position



- › Solvency II ratio: 200% target, including transitionals (+/- 25 p.p.)
- › High quality capital base: 87% Tier 1
- › Prudent balance sheet and low market sensitivities
- › Financial Strength ratings: “A+” from Fitch and “A” from S&P, Moody’s and A.M. Best

Cash flow generation



- › Diversification of cash flows, large share coming from mature and stable markets
- › Sustainable cash flows from subsidiaries with high solvency levels

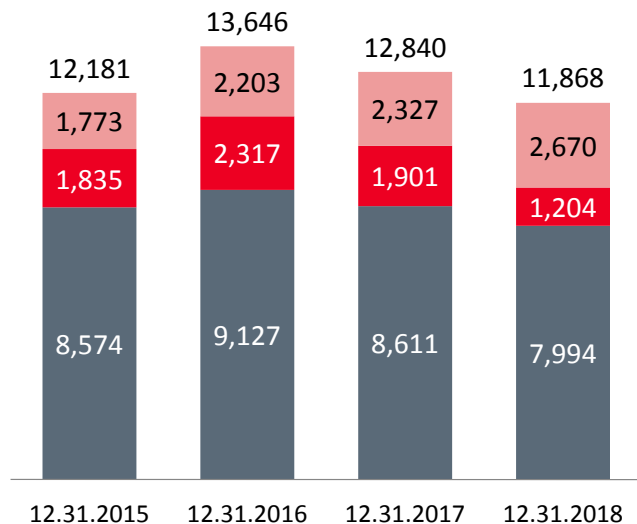
Commitment to investors



- › Dividends: stable and growing, 50-65% target range
- › ROE target: 10% (average 2019-21)

Diversified capital base

Capital structure



- Debt (22%)
- Non-controlling interests (10%)
- Shareholders' equity (68%)

Breakdown – shareholders' equity

	12.31.2015	12.31.2016	12.31.2017	12.31.2018
Capital, retained earnings and reserves	8,300	8,614	8,764	8,482
Net unrealized capital gains of AFS portfolio*	628	651	620	291
Currency conversion differences	-356	-92	-731	-738
Treasury stock and other adjustments	2	-47	-41	-41
Attributable shareholders' equity	8,574	9,127	8,611	7,994

Retained earnings growth mitigates market movements





Changes in shareholders' equity

	12.31.2016	12.31.2017	12.31.2018	02.28.2019
Opening balance	8,574	9,127	8,611	7,994
Retained earnings - ex goodwill writedowns	375	254	255	
Currency conversion differences	264	-639	-103	102
Net unrealized capital gains - AFS portfolio*	3	-31	-328	191
Goodwill writedowns (USA, Italy, Indonesia)			-173	
Impact of Brazil acquisition			-197	
Others	-90	-99	-72	
Attributable shareholders' equity	9,127	8,611	7,994	

*Net of shadow accounting adjustments

Diversified currency exposures with limited sensitivities

Currency conversion differences

	12.31.2018	Δ 2018	% Δ currency 2018	Sensitivity to 1 p.p Δ in currency	% Δ currency 2019E*
Total	(738)	(103)	-	-	-
<i>Of which:</i>					
 US dollar	443	95	4.8%	20	-2.0%
 Brazilian real	(630)	(119)	-10.6%	11	0.0%
 Turkish lira	(295)	(52)	-25.1%	2	-10.7%
 Mexican peso	(121)	12	4.9%	2	-1.2%

*Source: Bloomberg analyst consensus estimates

Strong credit metrics

Total debt

12.31.2016 12.31.2017 12.31.2018

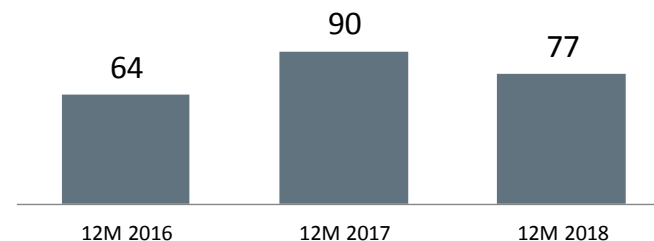
Total debt	2,203	2,327	2,670
<i>of which:</i>			
senior debt - 5/2026	1,003	1,003	1,004
subordinated debt - 7/2017	594	-	-
subordinated debt - 3/2047 (First Call 3/2027)	-	617	618
subordinated debt - 9/2048 (First Call 9/2028)	-	-	503
syndicated credit facility - 02/2024 (€ 1,000 mn)	480	600	490
bank debt	126	107	56
Leverage	16.1%	18.1%	22.5%
Interest coverage (x)	29.2	17.7	18.4

› Additional debt capacity:

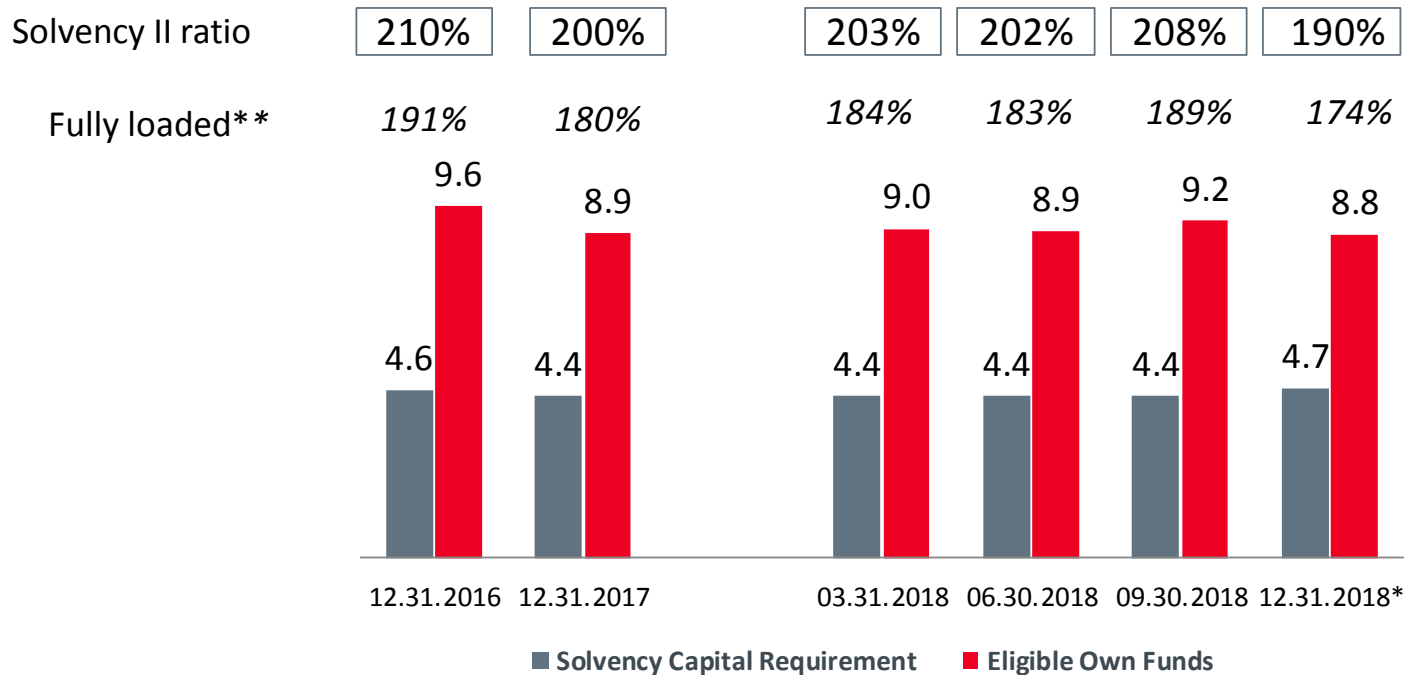
- › Tier 1: 1.5 bn€
- › Tier 2: 0.8 bn€

Financial expenses

Current average
cost of debt (%) ~2.6%



Robust solvency position, despite high market volatility

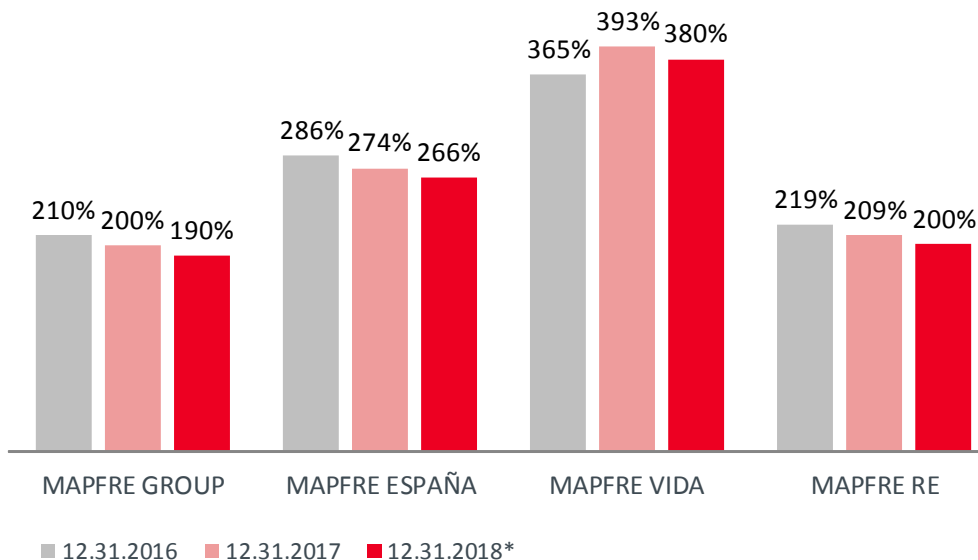


* Provisional data

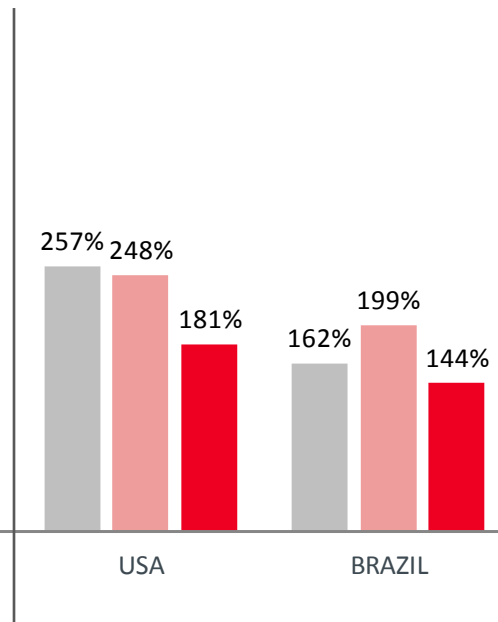
** Excluding impacts of transitional measures for technical provisions and equity

Strong solvency position at main dividend contributing units

Solvency II ratios



Local Solvency ratios



* Provisional data

2018: Capital management and cash flow upstreaming in MAPFRE Group

MAPFRE S.A. - Net cash flows

	2018
Dividends upstreamed from subsidiaries	647
Dividends paid to shareholders (2018 calendar year)	-447
Interest and other payments at holding companies	-127
Capital increases for loss making entities	-68

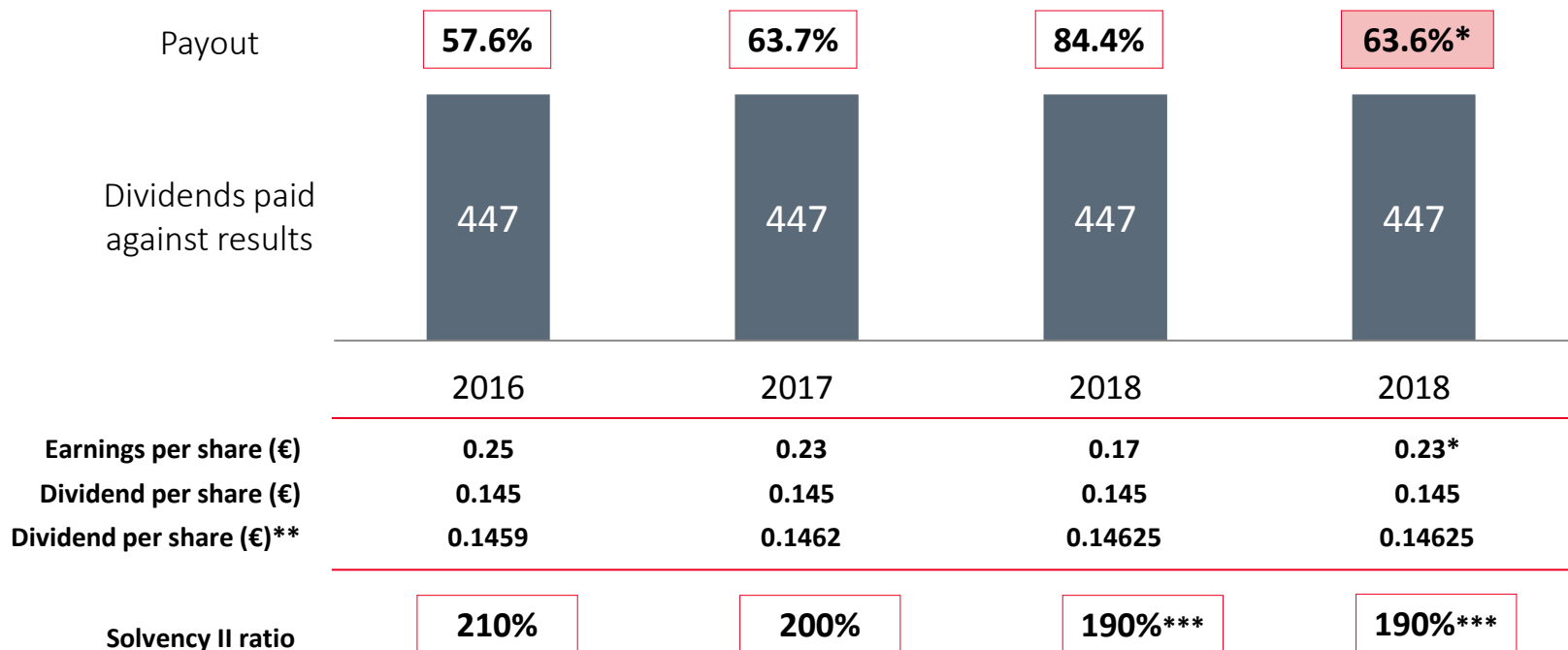
Dividends upstreamed from subsidiaries

	2016	2017	2018
SPAIN	365	398	355
MAPFRE ESPAÑA	243	244	231
MAPFRE VIDA (1)	122	154	124
INTERNATIONAL	114	189	153
of which:			
BRAZIL	70	90	0
LATAM (Ex Brazil)	23	49	51
USA	10	26	71
Turkey	0	20	25
MAPFRE RE	83	95	93
GLOBAL RISKS	84	39	46
TOTAL	646	721	647

- > Dividends upstreamed from Operating Units to Holding Company should cover:
 - > MAPFRE S.A. dividend, holding expenses and capital needs of loss-making Units
- > Operating Units should retain enough capital to finance their organic growth

(1) Ordinary dividends. Total dividends amounted to €372 mn and include €248 mn paid to cancel outstanding intercompany balances

Stable and growing dividend policy, while maintaining strong solvency levels



* Excluding goodwill writedowns

** Adjusted for treasury stock. 2018 dividend includes €0.0605 interim dividend , and €0.08575 final dividend, considering treasury stock position at March 18th, 2019

*** Provisional data

High level of financial flexibility and improving profitability will underpin stable and growing dividends, as well as protect our current capital base

Outlook

Shareholders' equity		› Expected to move in a range of 8-9 bn€
AFS portfolio	≈	› Movements across different asset classes expected to be neutral
Currency conversion differences	↘	› Lower drag than previous years, in line with consensus currency forecasts
Retained earnings	↗	› Positive contribution to capital base, driven by current payout target and improved earnings outlook
<hr/>		
Bancassurance agreements (Bankia & Santander)	↘	› ~2 p.p. impact on Solvency II ratio
<hr/>		
Phase out transitionals	↘	› ~1.7 p.p impact on Solvency II ratio per annum
<hr/>		
Leverage	≈	› Comfortable with current leverage, which supports our current financial needs
<hr/>		
Dividend upstreaming	↗	› ROE improvement to be driven by higher results at business units with flexibility to upstream cash flow (Brazil, USA)

04

INVESTMENT MANAGEMENT

José Luis Jiménez

Optimizing returns
in a low interest rate environment

Economic Outlook: Low growth and low interest rates but a more positive environment

2019 GDP growth outlook (% y-o-y)

	Previous (2018)	OECD	IMF	Bloomberg Consensus*
Global	3.6	3.3	3.5	3.4
Eurozone	1.8	1.0	1.6	1.4
Spain	2.5	2.2	2.2	2.2
USA	2.9	2.6	2.5	2.5
Latam	1.9	-	2.0	2.0
Brazil	1.1	1.9	2.5	2.3
Updated		March 06, 2019	January 7, 2019	March 7, 2019

Source: Mapfre / Bloomberg / IMF / OECD

Expected currency evolution vs EUR

	2016 year end	2018 year end	18/16 Var	2019* year end	19/18 Var
USD	1.05	1.15	-8.3%	1.17	-2.0%
BRL	3.43	4.45	-22.9%	4.45	0.0%
MXN	21.81	22.53	-3.2%	22.82	-1.2%
TRY	3.71	6.07	-38.9%	6.80	-10.7%

*Bloomberg consensus outlook at March 18, 2019, calculated indirectly through USD exchange

Source: MAPFRE / Bloomberg

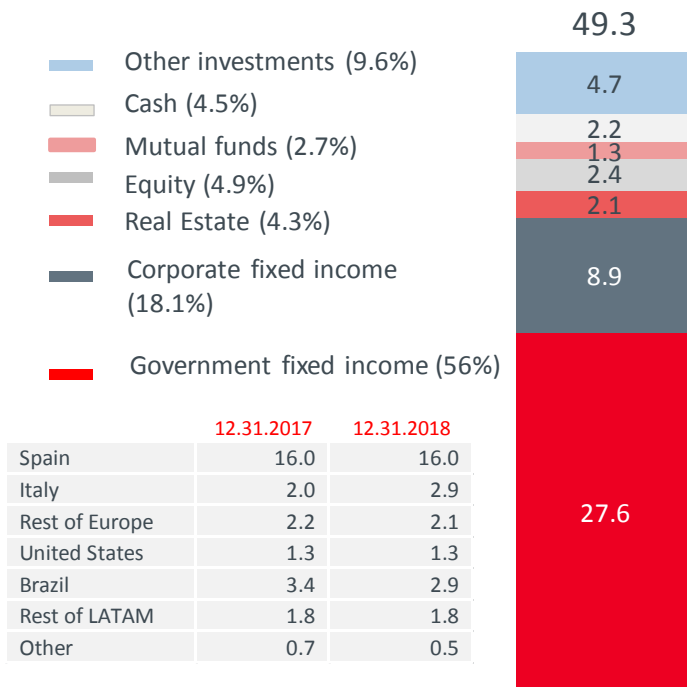
Consensus* for 3-month interest rates at various horizons (%)

	Dec 19	Dec 20	Jun 21
3M Eur	-0.14	0.11	0.25
3M USD	2.95	2.80	2.76

*Bloomberg consensus at March 18, 2019

Solvent and cautious investment portfolio

Investment portfolio – Breakdown by asset class



	12.31.2017	12.31.2018
Spain	16.0	16.0
Italy	2.0	2.9
Rest of Europe	2.2	2.1
United States	1.3	1.3
Brazil	3.4	2.9
Rest of LATAM	1.8	1.8
Other	0.7	0.5

Main guidelines

- Sound asset allocation in the balance sheet with a bias to sovereign bonds. Increased allocation to Italy has been opportunistic. During the next 3 years, 1/3 of our Italian exposure will reach maturity.
- The credit portfolio is very prudent and we do not foresee an increase in its risk profile. Nowadays we tend to position our portfolio more defensive in terms of sector allocation, duration, rating and level of seniority.
- Our Equity and Real Estate exposure gives us confidence to continue with a similar level of financial capital gains, in the absence of external shocks.
- With a cautious approach and in a low interest rate environment, we will continue searching for yield through a better diversification of the investment portfolio.

There is margin of improvement by portfolio diversification

2018	European listed insurers (*)	Spanish sector (**)	MAPFRE
Fixed income	69.3%	75.3%	74.1%
Equity	8.9%	5.2%	4.9%
Liquidity	4.6%	7.6%	4.5%
Real Estate	6.0%	3.6%	4.3%
Alternative investments	2.7%	0.6%	0.6%
Other	8.5%	7.7%	8.9%
	100.0%	100.0%	100.0%

Asset type	Yield target	Allocation %
Real Estate	4%-6%	60.0%
Private Debt	5%-7%	20.0%
Private Equity	8%-12%	20.0%

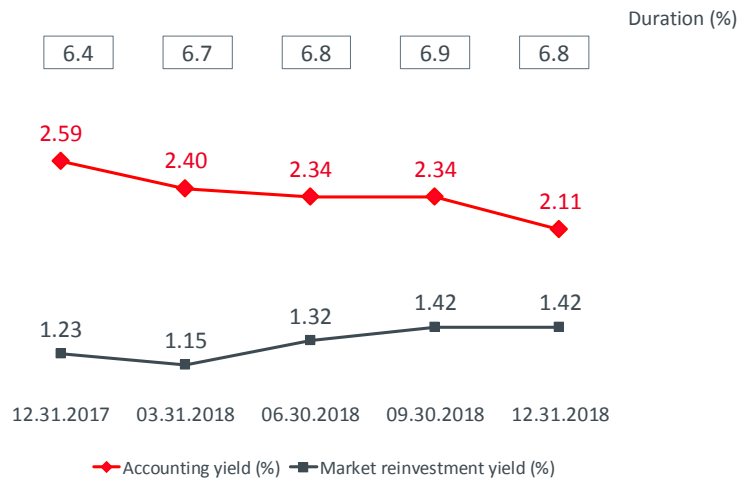
- During the last 2 years we have committed close to 500 millions euros in alternative investments.
- There is margin to increase this allocation if low interest rates persist.

(*) Top European listed insurers: MAPFRE, Allianz, Munich Re, Hannover, Axa, CNP Assurances, SCOR, Sampo OYJ, Generali, Cattolica Assicurazioni, NN Group NV, Aegon NV, Ageas, Zurich, Swiss RE, Baloise, Helvetia, Prudential, Standard Life

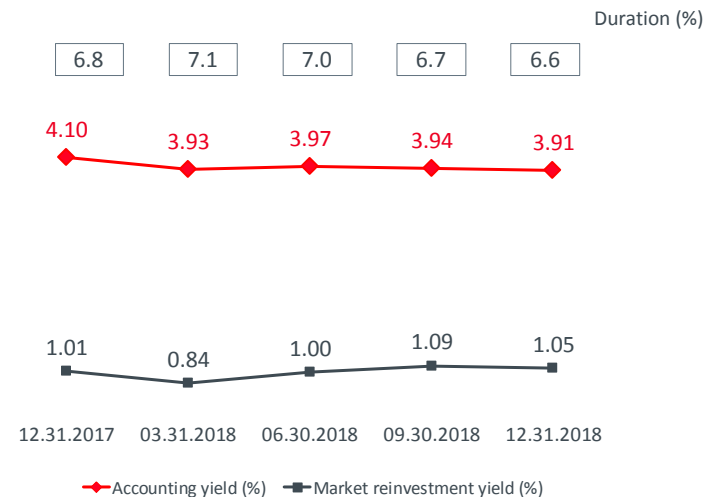
(**) ICEA Data

Stable income in our Euro Fixed Income portfolios

Actively managed portfolios¹ - Non-Life (€7.2 bn)



Actively managed portfolios¹ - Life (€6.2 bn)



10-year rate outlook – Spain government

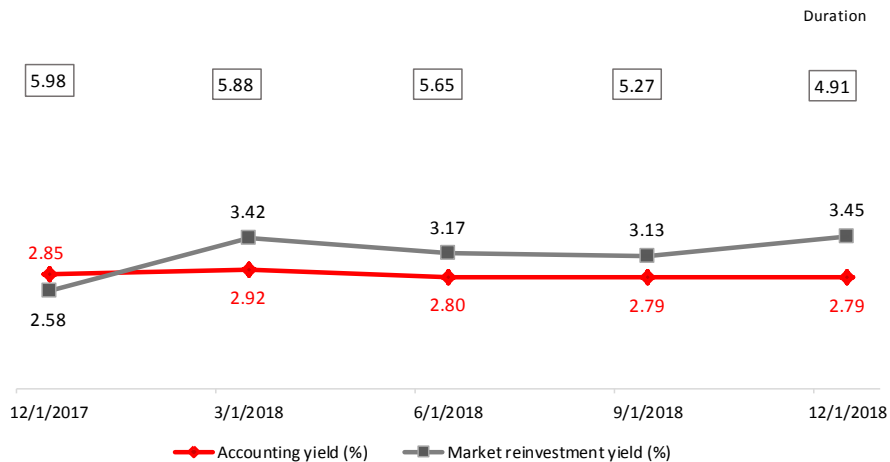
	Current 18/03/2019	2019	2020
Bloomberg consensus ^(*)	1.16	1.63	1.87

(*) Consensus at March 18, 2019

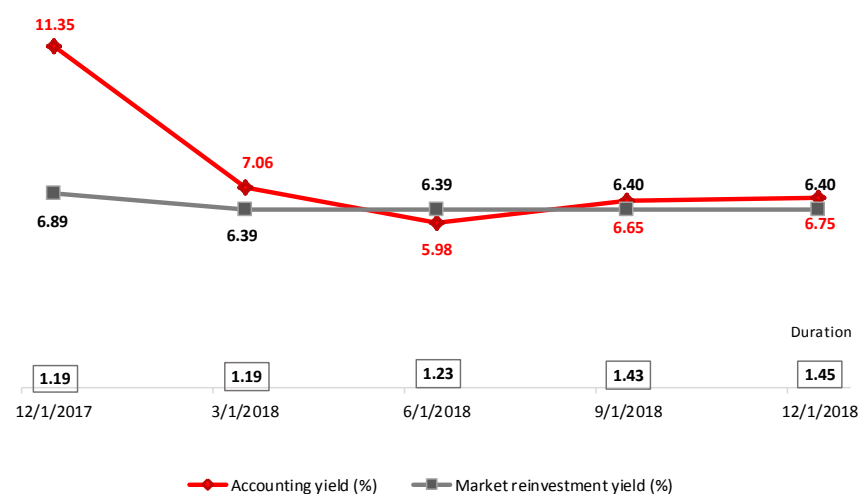
1) Fixed income portfolios in the Euro area (IBERIA, MAPFRE RE & GLOBAL RISKS)

Positive outlook in the US and Brazilian Fixed Income portfolios

USA



Brazil



10-year rate outlook

	Current 18/03/2019	2019	2020
Bloomberg consensus (*)	2.59	2.98	3.02

(*) Consensus at March 18, 2019

Selic rate outlook (Brazil Central Bank)

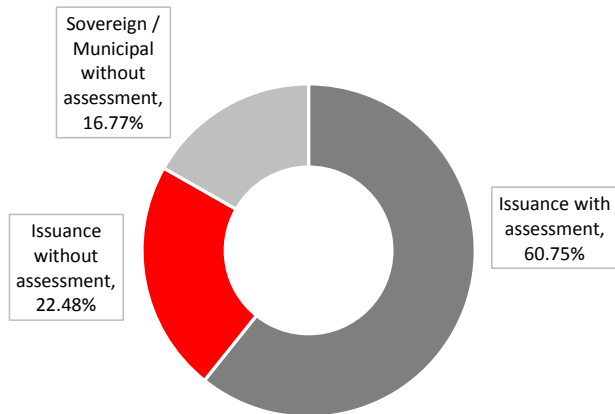
	Current 18/03/2019	2019	2020
Bloomberg consensus (*)	6.5	6.9	7.85

(*) Consensus at March 18, 2019

ESG Analysis of our Investment Portfolio

Classification of issuers by market value (Europe + USA + Brazil)

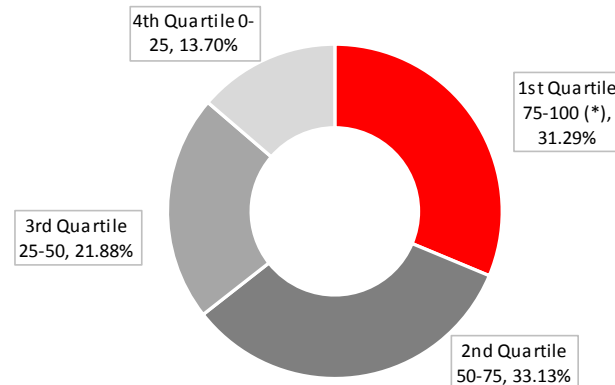
Europe aggregate + USA + Brazil	Issuers	%	Market value (€)	%
Issuance with assessment	489	60.75%	10,651,999,591	25.03%
Issuance without assessment	181	22.48%	5,428,864,548	12.76%
Sovereign/Municipals w/o assessment	135	16.77%	26,470,853,435	62.21%
TOTAL	805	100.00%	42,551,717,574	100.00%



Issuers in portfolio with ESG assessment (Europe + USA + Brazil)

Europe aggregate + USA + Brazil	Issuers	%	Market value(€)	%
1st Quartile 75-100 (*)	153	31.29%	5,780,785,801	54.27%
2nd Quartile 50-75	162	33.13%	3,996,908,476	37.52%
3rd Cuartile 25-50	107	21.88%	719,574,253	6.76%
4th Quartile 0-25	67	13.70%	154,731,061	1.45%
TOTAL	489	100.00%	10,651,999,591	100.00%

(*) Note: 100 is the maximum classification and 0 is the lowest



Challenges:

- Optimizing returns in a low interest rate environment without increasing significantly the risk profile of the portfolio.
- To boost the fee based business through saving and investment products.
- Make ESG analysis and integral part of our investment process at MAPFRE.

Objectives:

- To protect returns in our fixed income portfolios.
- Increase our balance sheet diversification.
- Keep similar level of capital gains to previous years.
- Target a 5%-10% CAGR in asset management and unit linked business.

Q&A

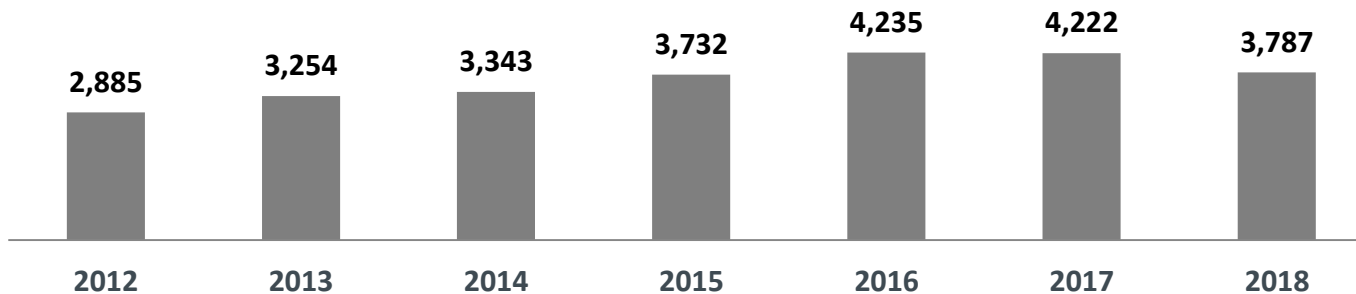
05

MAPFRE RE

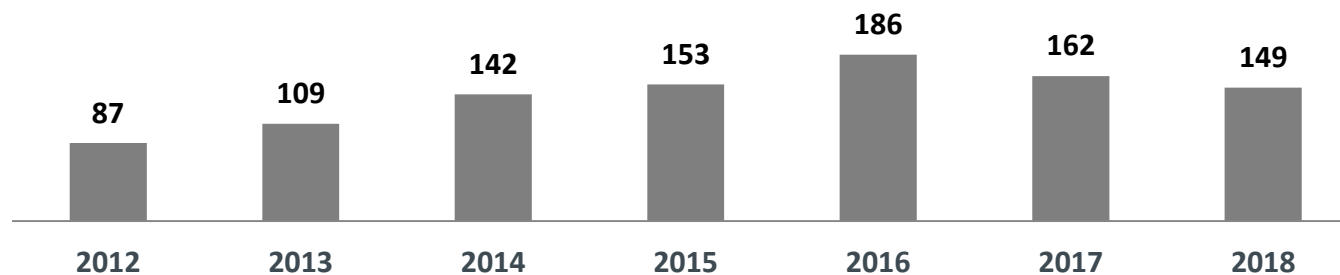
Eduardo Pérez de Lema

MAPFRE Group Reinsurance

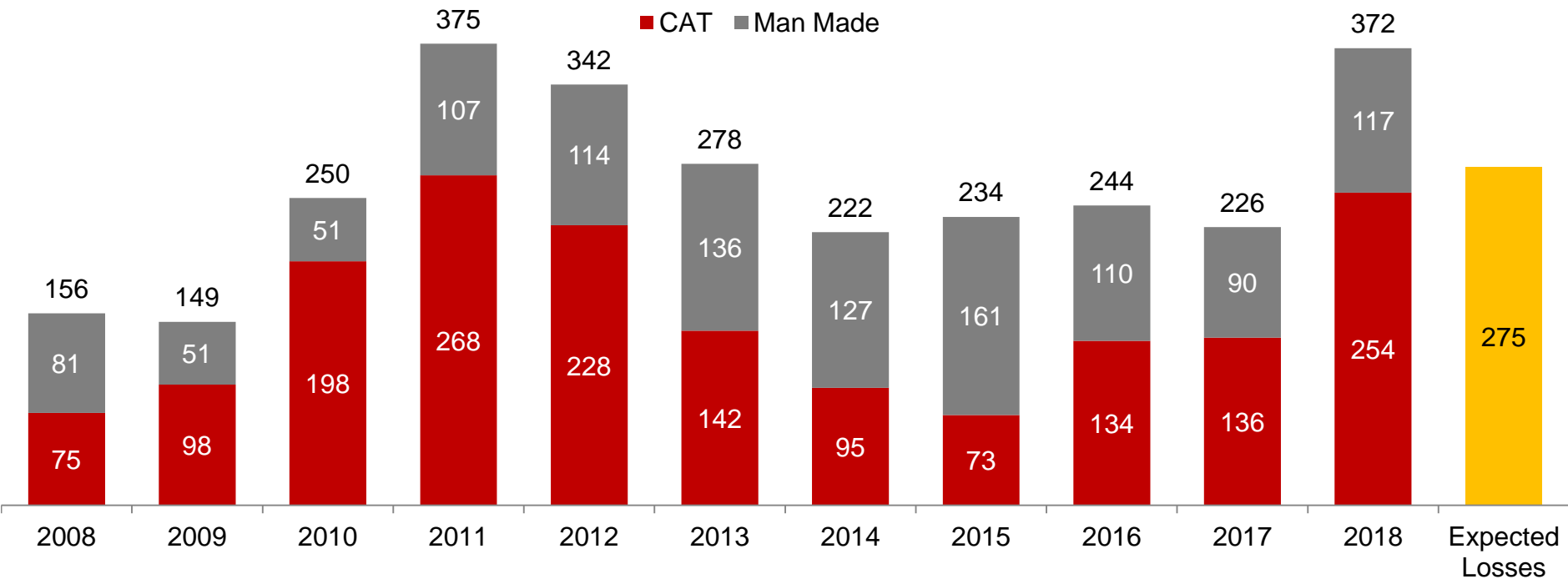
Premiums



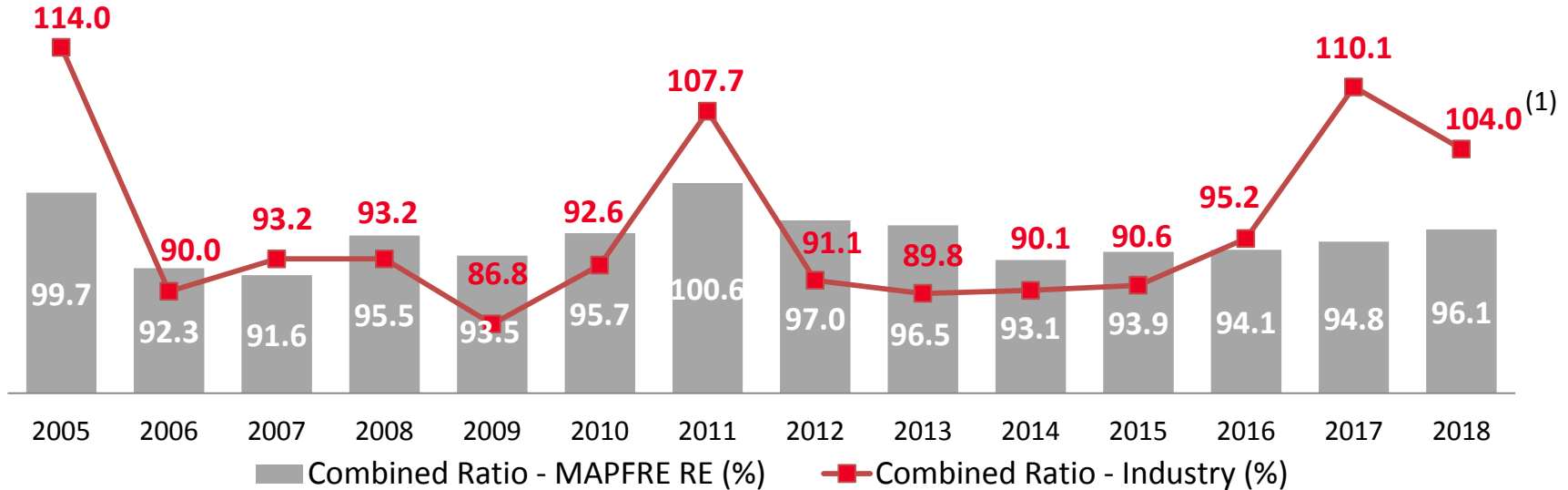
Attributable result



Large loss impact on MAPFRE RE (Pre-tax and minority interests)



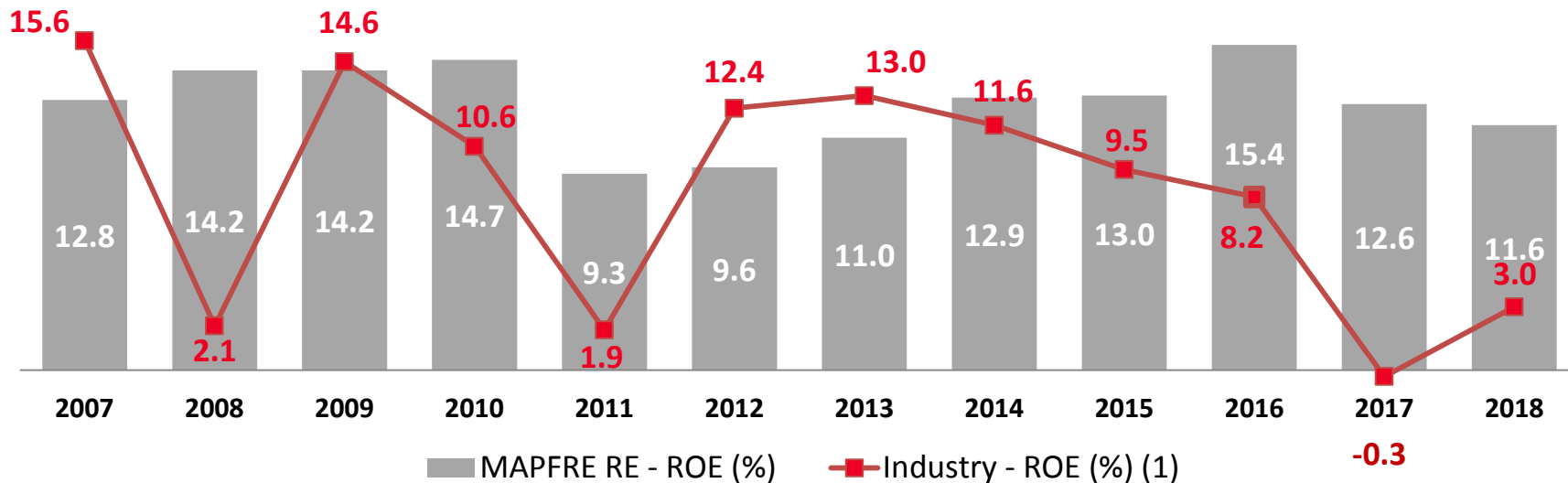
MAPFRE RE continues achieving good underwriting results, with reduced volatility . . .



	MAPFRE RE	Industry
Average Combined Ratio (2005 - 2018)	95.3%	96.3%
Standard Deviation Combined Ratio (2005 - 2018)	2.6%	8.8%

(1) Source: AM Best, except 2018, MAPFRE RE estimate

... generating attractive returns, above the industry average



	MAPFRE RE	Industry
Average ROE (2007- 2018)	12.6%	8.5%
Standard Deviation ROE	1.9%	5.5%

(1) Source: AM Best, except 2018, MAPFRE RE estimate

Strategic priorities

- › Maintain the current **level of profitability**, with reduced volatility, a solid financial structure and risk management framework, that guarantees the solvency and stability of the entity.
- › **Profitable growth** of Non-Group operations, by strengthening positions in key markets, geographical diversification, broadening the range of products and innovative solutions.
- › Manage MAPFRE's reinsurance under conditions that allow it to be **competitive** in the market and maintain risk at appropriate levels.
- › Maintain the **expenses ratio** at the lowest levels of industry, through efficient structures and processes.

Main rules of the reinsurance policy of MAPFRE

- › MAPFRE RE will underwrite 100% of any **reinsurance treaty** of any MAPFRE Company
(Excluding facultative)
- › **Compulsory cession** of a minimum share of every facultative placement to MAPFRE RE
- › Every **fronting placement** must be reported to MAPFRE RE for control
- › Any other placement facility must be known and authorized by MAPFRE RE
- › Any placement has to be done with reinsurers included in the “**security list**” approved by the Group and comply with specific limitations by reinsurer

Main goals of MAPFRE RE with respect to Group reinsurance

- › Provide adequate coverage for risks that exceed the Group **risk appetite**
- › Obtain the **underwriting capacities** necessary for the different MAPFRE companies to be competitive in the market
- › **Capital management** of MAPFRE companies
- › Manage **relationships** with the **reinsurance market** and the Group's counterparty risk
- › Optimize **Group retentions**
- › Generate **adequate returns** on the capital deployed for Group business

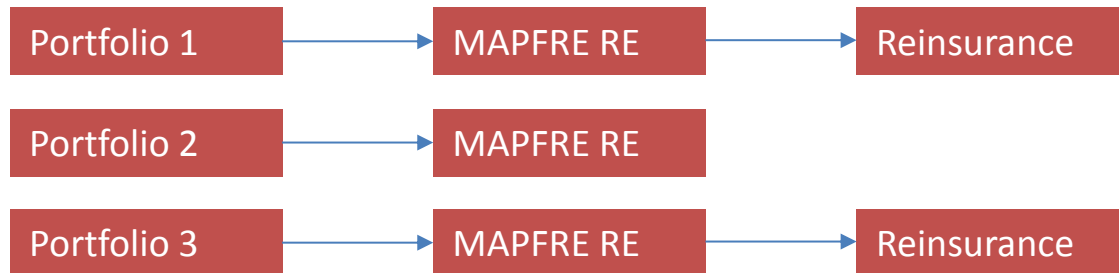
Options for Group reinsurance buying

> Group Covers:



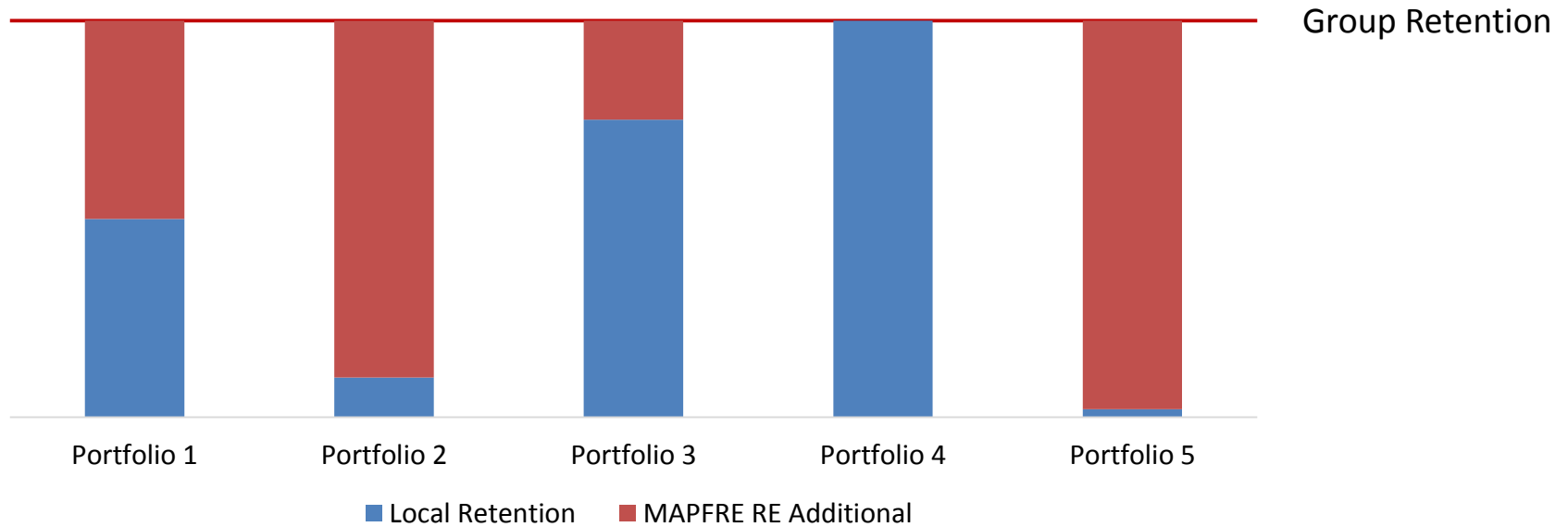
Preferred option in most of the cases, where portfolios are similar in various countries / companies (e.g. CAT, Property, Marine, Engineering, Agricultural, etc.)

> Specific Covers:



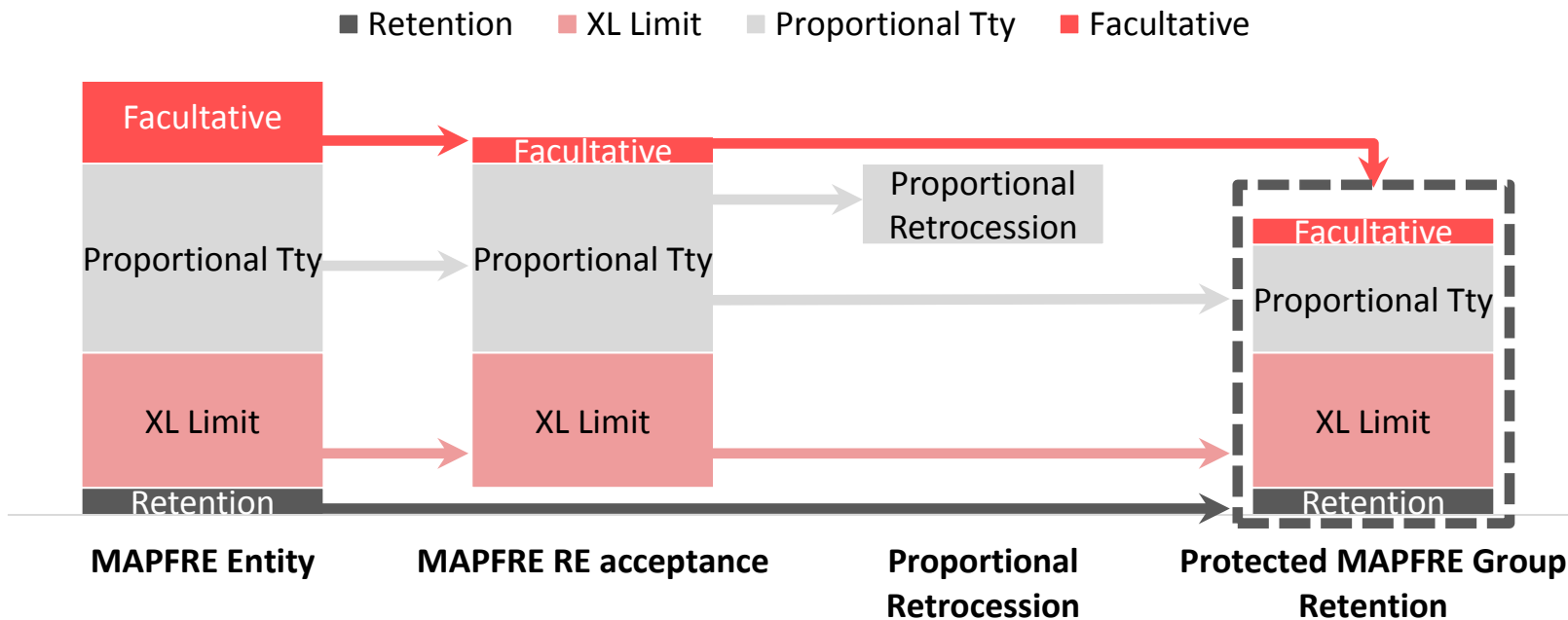
Used for specific portfolios where the risk characteristics are different to most other portfolios (e.g. MGR) or there are technical reasons

Optimization of retentions

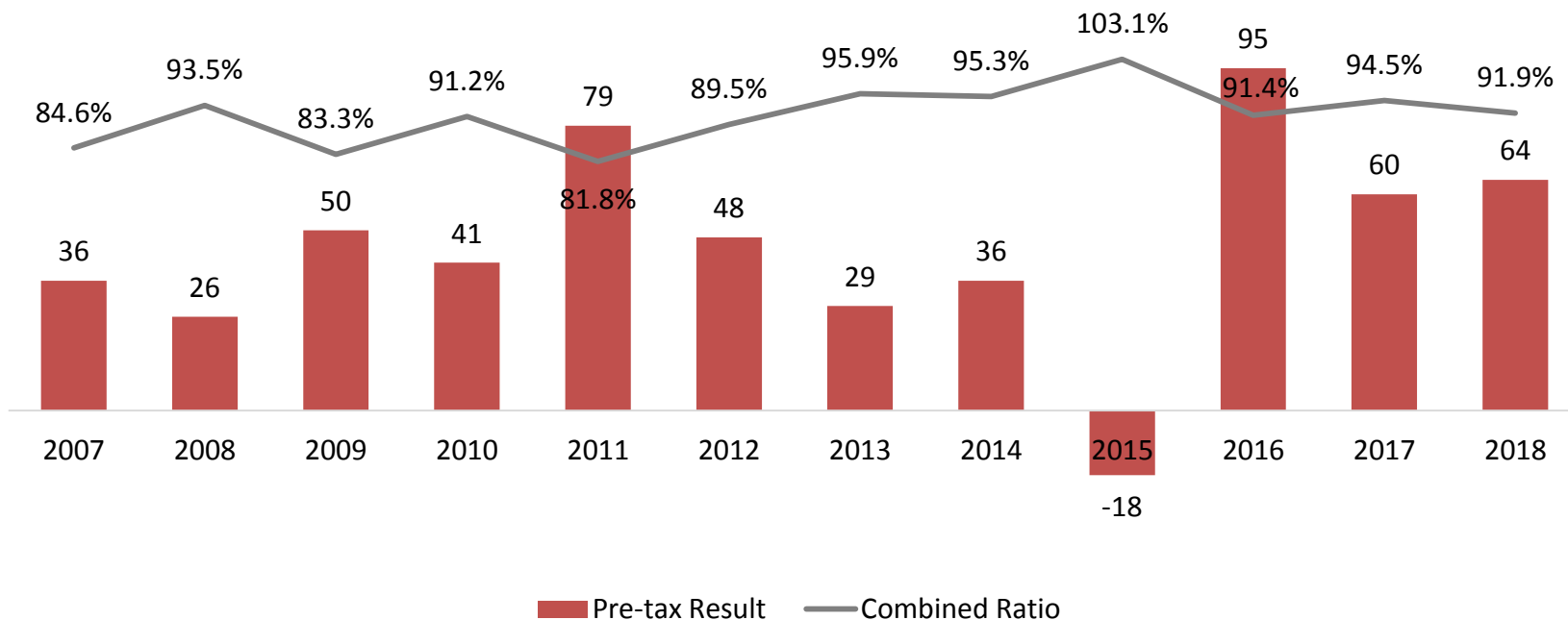


Reinsurance design

> Determination of Group's retentions protected under XL Treaties



Group reinsurance returns to MAPFRE RE



Key takeaways

- › MAPFRE RE continues delivering solid and stable results and dividend flow
- › Ambition and ability to grow profitably
- › Risk appetite and reinsurance program largely unchanged
- › Group reinsurance fully aligned with MAPFRE strategy
- › Centralized reinsurance management provides competitive protection for the Group and additional retained earnings

06

MAPFRE BRAZIL
BUSINESS

Fernando Pérez-
Serrabona

BRAZIL

An opportunity for growth

BRAZIL: AN OPPORTUNITY FOR GROWTH

- › The recent change in government and expected structural reforms have substantially improved Brazil's **economic outlook** for the coming years
- › This improvement will come with better development of the **insurance market**, according to the MAPFRE-GIP index, which measures global insurance potential
- › The **new agreement** with Banco do Brasil and MAPFRE's leading position in the risk market will **allow us to maximize our growth** in the coming years
- › With over 25 years in Brazil, we know how to re-launch operations in the country

BUSINESS POSITIONING IN BRAZIL

Number 1 Insurer **not linked to the banking sector** in the country

Number 1 Group in the country in the **Risks Market** with a 15.5% market share

2nd Position in **Auto** with an 11.6% market share



MAPFRE IN BRAZIL

- › MAPFRE's **second largest insurance** operation
- › In the **Top 5** insurance companies in Brazil
- › Present for more than **25 years**
- › More than **5,800** employees
- › More than **19,000** brokers

BUSINESS POSITIONING IN BRAZIL – NEW AGREEMENT WITH BB

MAPFRE SEGUROS

- > Business from the traditional channel
- > Auto business from the bank channel

BBMAPFRE

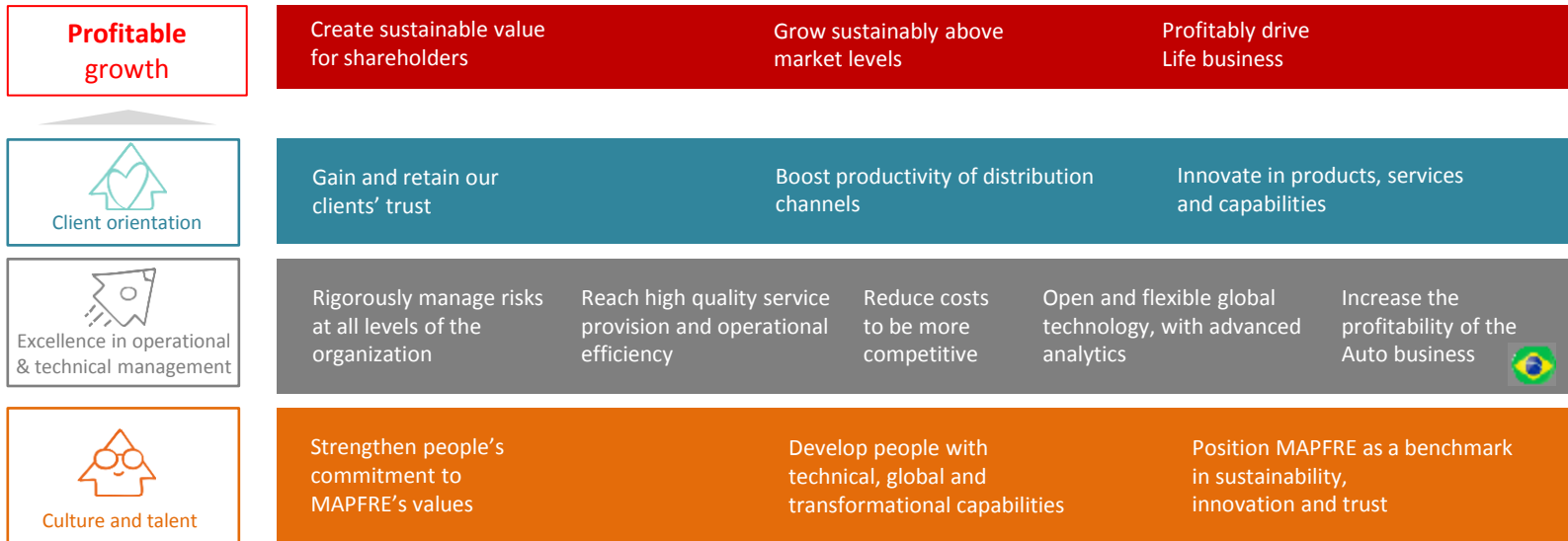
- > Life, Agro, Mortgage Life, SMEs and Homeowners insurance lines for BB clients

DURATION OF THE AGREEMENT AND EXCLUSIVITY

- > The duration of the agreement (until 06.30.2031) and the exclusivity in product distribution through the BB channel will not change for MAPFRE, for Life or Non-Life

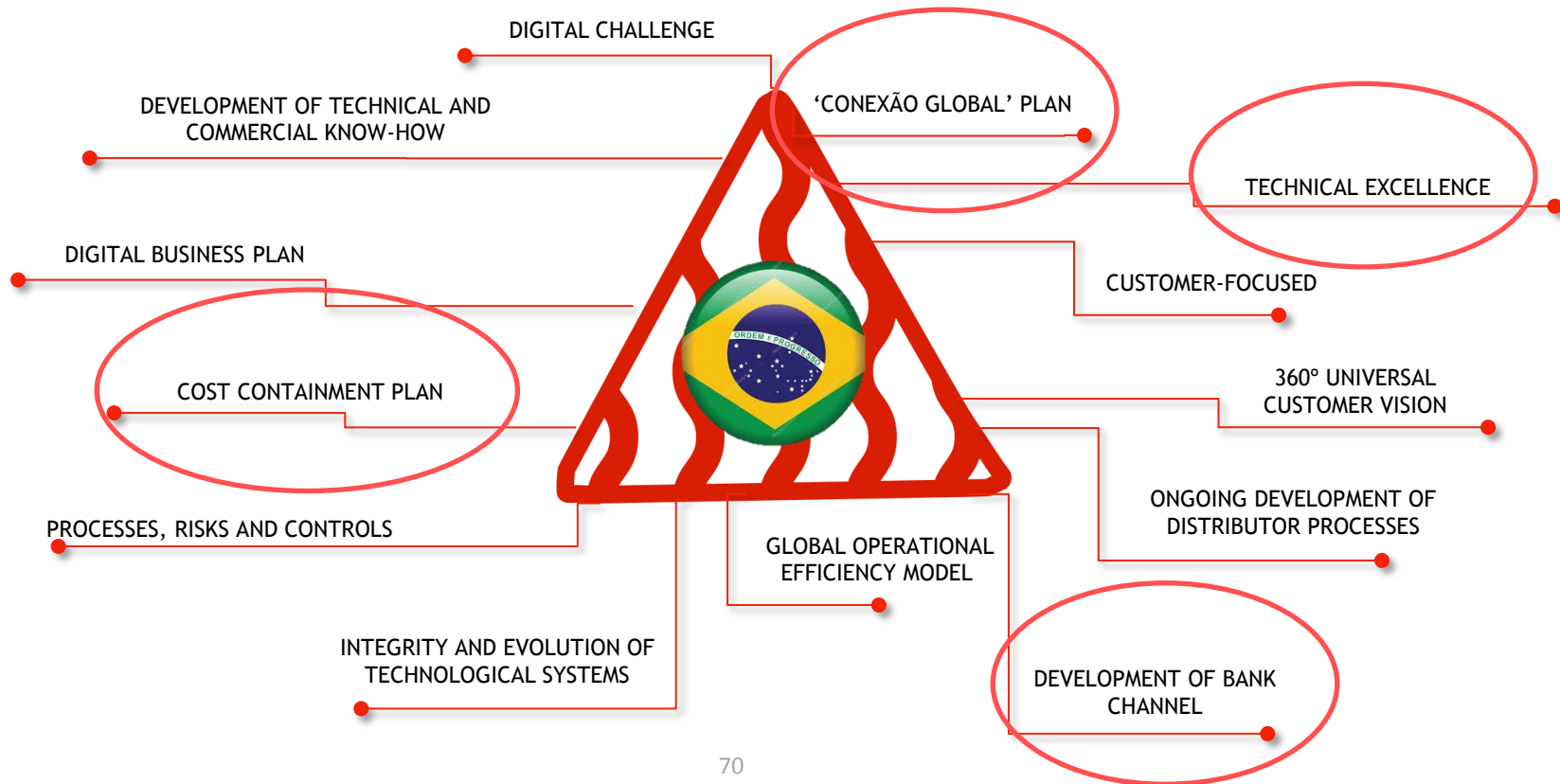
		SHAREHOLDING			
		ENTITY	PREVIOUS	NEW	VARIATION
MAPFRE SEGUROS	}	MAPFRE VIDA	25%	100%	75%
		BRASIL VEÍCULOS	50%	100%	50%
		MAPFRE SEGUROS GERAIS	50%	100%	50%
BBMAPFRE	}	BRASILSEG	25%	25%	0%
		ALIANÇA DO BRASIL SEGUROS	50%	25%	-25%

2019 – 2021 STRATEGIC PLAN MAPFRE BRAZIL



MAPFRE BRAZIL REGIONAL AREA

STRATEGIC INITIATIVES

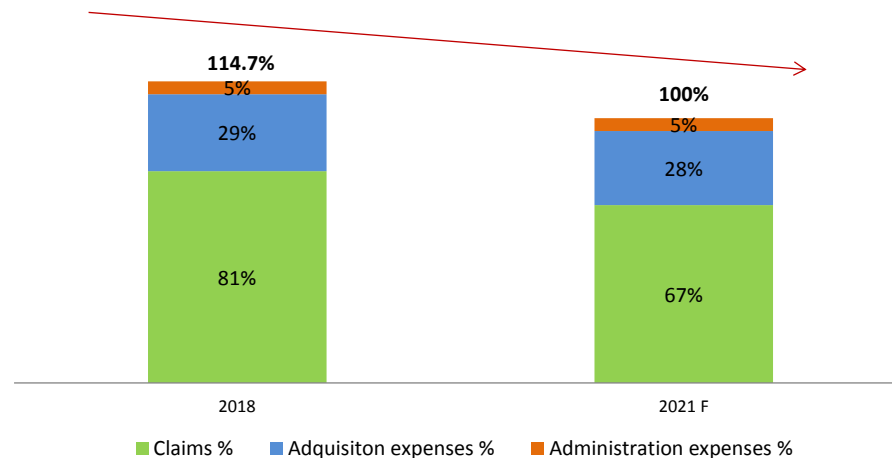


INITIATIVES: 'CONEXÃO GLOBAL' PLAN

> OBJECTIVE: Reduction of Auto Combined Ratio



REDUCTION OF COMBINED RATIO	
2019	105%
2020	103%
2021	100%
CR OUTLOOK	100% ↓



Actions defined in strategic plan

- > Improve the Combined Ratio in Motor with tariff model review
- > Improve claims management
- > Greater efficiency in operating processes
- > Greater effectiveness in the fight against fraud

'CONEXÃO GLOBAL' PLAN



1. ACTUARIAL	2. LEGAL	3. ISSUE	4. FRAUD
<ul style="list-style-type: none"> › Monitoring › Pricing management › Renewal tariff optimization › Tariff model › Claims model › Technical provisions calculation methodology 	<ul style="list-style-type: none"> › Legal claims management › Legal network 	<ul style="list-style-type: none"> › Collections management › Portfolio protection › Redesign of renewal process › Data quality › Operating cost methodology 	<ul style="list-style-type: none"> › Fight against fraud (PLATEA)
5. ADJUSTERS	6. CLAIMS	7. SUPPLIERS	8. AUTO TECHNICAL
<ul style="list-style-type: none"> › Loss adjustment management 	<ul style="list-style-type: none"> › General claims process › Specific theft process › Specific process of reprocessing › Specific salvaging process 	<ul style="list-style-type: none"> › New workshop management model › Optimization of spare parts › Tow truck management 	<ul style="list-style-type: none"> › Modular Marketing Pricing product › Control and supervision › Fleet management model › Technical control and issuing quality

> OBJECTIVE

To achieve an efficient operation and high quality service delivery

> BENEFITS FOR MAPFRE

Improvement of results and profitability of Auto portfolio

TOTAL SAVINGS



380 million Reals

> TIMING



12/2020 (End)

INITIATIVES: BANK CHANNEL DEVELOPMENT

BBMAPFRE

TO GROW SUSTAINABLY, ABOVE THE MARKET



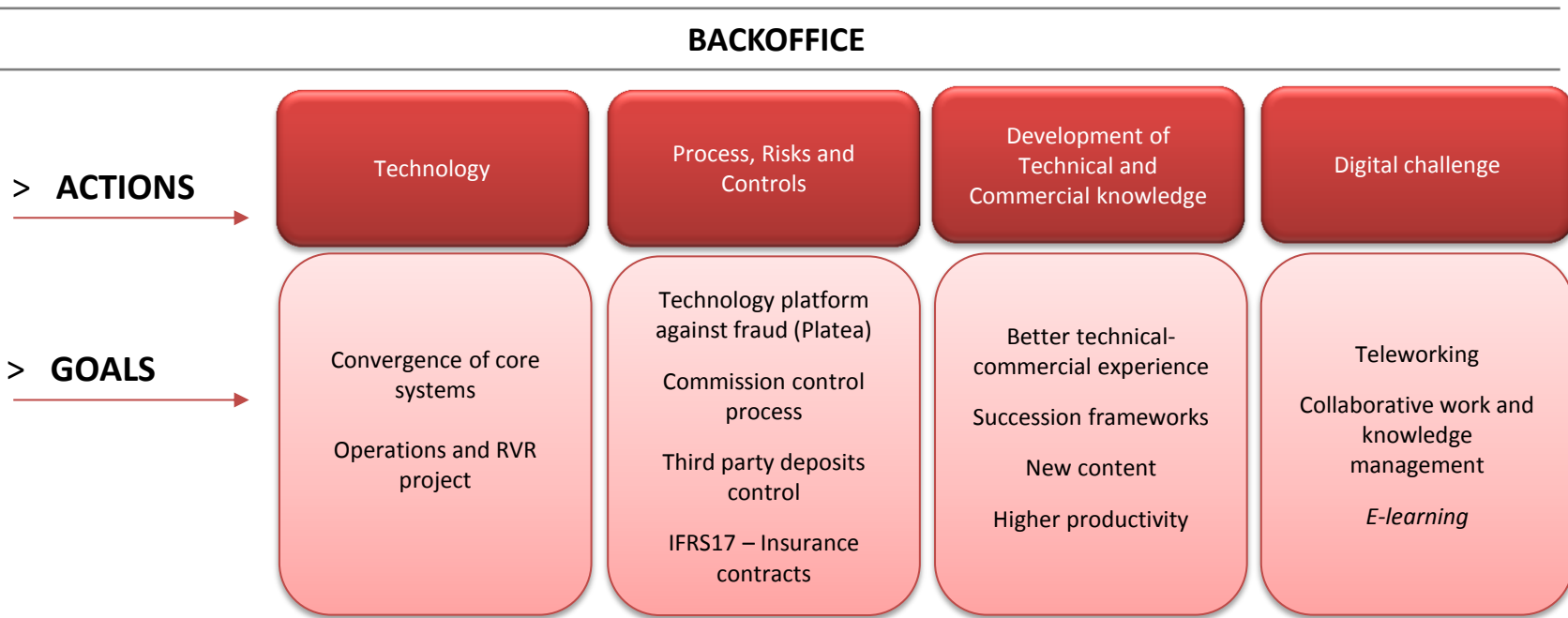
MAPFRE BB CHANNEL

YEAR	PREMIUMS
2021	+9%

Actions defined in the strategic plan

- > **Customizable sales platform:** improvement in customer experience. Products adapted to customers needs
- > **Digital sales platform:** Policy issuing time reduced. Monitor operations in real time
- > **New product development:** Acquire and absorb technical knowledge for IT teams in insurance processes

INITIATIVES: TECHNICAL EXCELLENCE



INITIATIVES: COST CONTAINMENT

EXPENSE SAVINGS

- 
- Internal Expenses**
- Contract review
 - Review of overhead
-

- External expenses**
- Marketing expense reduction
 - Review of distribution expenses (MAPFRE channel)
-

Actions defined in strategic planning

- Review of technology and positioning in general
- Overhead review (corporate credit card, transportation, refunds, Human Resources actions and administrative contracts in general)
- Reduce marketing and distribution expenses
- Review of policies and awareness campaigns

MAIN OBJECTIVES 2019 - 2021

- › Development of traditional insurance business: 7% **growth** in Auto; Multi-risks, 4%; Life, 13%
- › **Development of bank channel** with Banco do Brasil **to increase sales volume** by 9%
- › Better discipline and **technical control**, with a **combined ratio reduction** in 3 years in Auto from 114% to 100%, as well as **improvements** in **Life Protection** business profitability
- › **Strengthened** management **team**

FINANCIAL TARGETS 2019 - 2021

MAPFRE BRAZIL – FINANCIAL OBJECTIVES 2019 - 2021

ROE**>12%****AVERAGE PREMIUM
GROWTH****>6%****COMBINED RATIO****Life <89%****Non-Life <96%****Auto <100%**

WRAP UP

➤ POSITIVE ECONOMIC GROWTH OUTLOOK IN BRAZIL

➤ GOOD INSURANCE MARKET GROWTH OUTLOOK

➤ EXCELLENT BUSINESS OUTLOOK FOLLOWING THE NEW AGREEMENT WITH BANCO DO BRASIL

➤ IMPROVED MANAGEMENT AND BUSINESS CONTROL

GOOD OUTLOOK FOR BUSINESS IN BRAZIL FOR THE NEXT THREE-YEAR PERIOD

07

INTERNATIONAL
BUSINESS

Jaime Tamayo

International Core Markets
Overview

INTERNATIONAL AREA IN 2018



USA

- › Completed restructuring plan 2018: Positive Impact (e) \$15.8 million in 2019
- › Improvement of \$24 million in the adjusted result in 2018
- › Continuous leadership in Massachusetts Personal Auto market with a 25% Market share and results of \$81 million
- › Distributed dividends in 2018 amounting to €71 million and accumulated €576 million
- › Launch of VERTI US brand
- › **PUERTO RICO:** Strong Return to Profitability in 2018



EURO ZONE

- › **ITALY:** Results approaching value creation mode up by €10 million in 2018 vs 2017
- › Improvement of direct business: +12.5% in net earned premiums and 5 point lower net combined ratio
- › Launch of VERTI brand
- › **GERMANY:** +5.3% premiums growth vs. 3.2% market growth
- › Continue to maintain the second private auto direct player position
- › **MALTA:** The multichannel strategy continues delivering strong growth in both life and non-life: #1 market position
- › Payment of dividend €5.7 million in 2018



TURKEY

- › MAPFRE SIGORTA has “weathered the storm” and remains strong and profitable in the volatile Turkish market €14.2 million in Attributable Result in 2018
- › Payment of dividend €25 million for a total accumulated since acquisition of €154 million

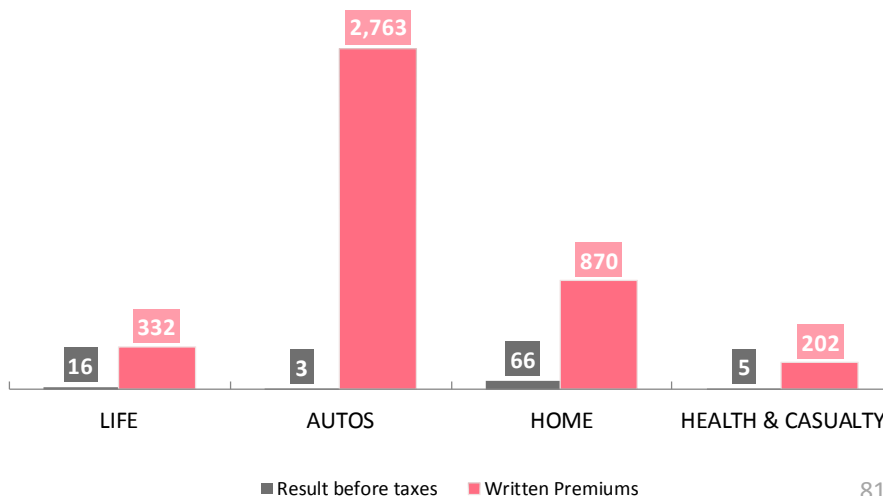
ASIA

- › **INDONESIA-PHILIPPINES:** Business Model Analysis underway

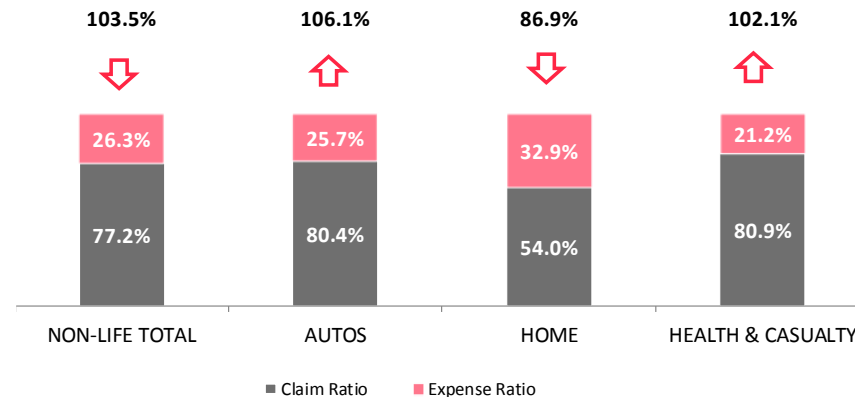
TERRITORIAL AREA – INTERNATIONAL

	Written Premiums			Attributable Result		
	Dec-17	Dec-18	Δ Actual	Dec-17	Dec-18	Δ Actual
North America	2,529	2,425	-4%	49	35	-29%
Eurasia	1,870	1,766	-6%	44	13	-70%
INTERNATIONAL	4,398	4,191	-5%	92	48	-48%

PREMIUM/RESULT BY BUSINESS LINE



COMBINED RATIO BY BUSINESS LINE

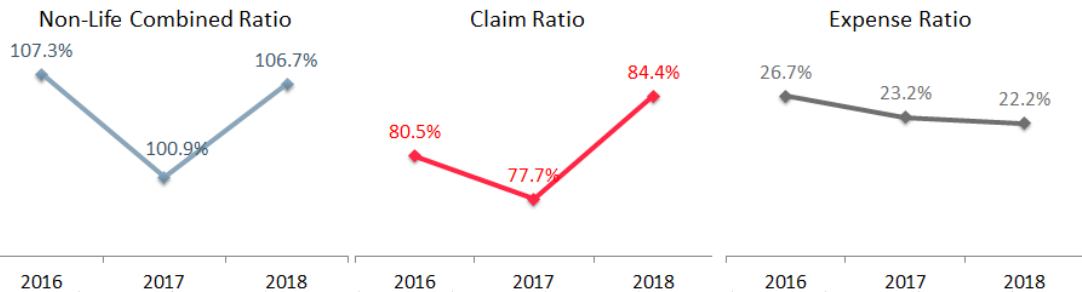
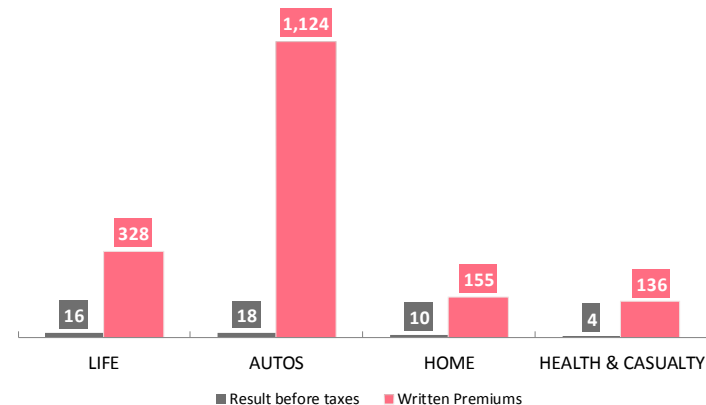


Million euros

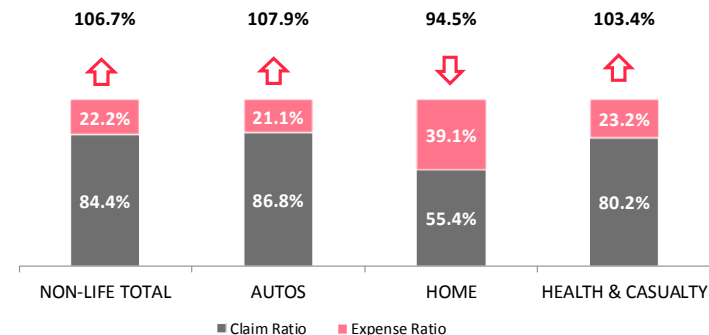
EURASIA REGION

	Written Premiums	Δ Actual	Attributable Result	Δ Actual
Turkey	486	-26%	14.2	-71%
Germany	327	5%	2.7	0%
Italy	474	1%	-3.9	72%
Malta	390	11%	4.3	6%
Philippines	27	-32%	0.2	19%
Indonesia	62	42%	-2.2	-155%
EURASIA	1,766	-6%	12.5	-68%

PREMIUMS & RESULT



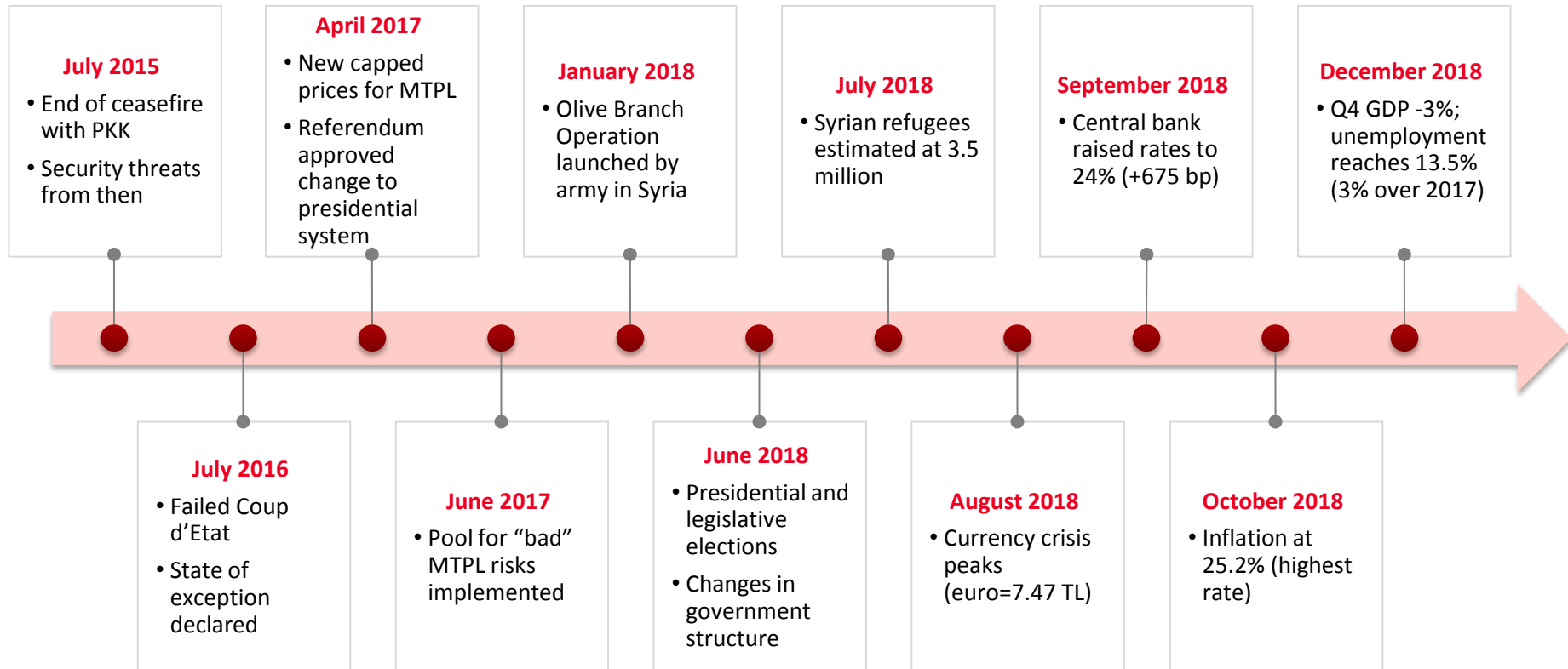
COMBINED RATIO



Million euros



TURKEY = VOLATILITY





MAPFRE SIGORTA HAS “WEATHERED THE STORM” AND REMAINS STRONG AND PROFITABLE IN THE VOLATILE TURKISH MARKET 14.2 MILLION IN ATTRIBUTABLE RESULTS IN 2018

IMPACTS TO OUR OPERATIONS:

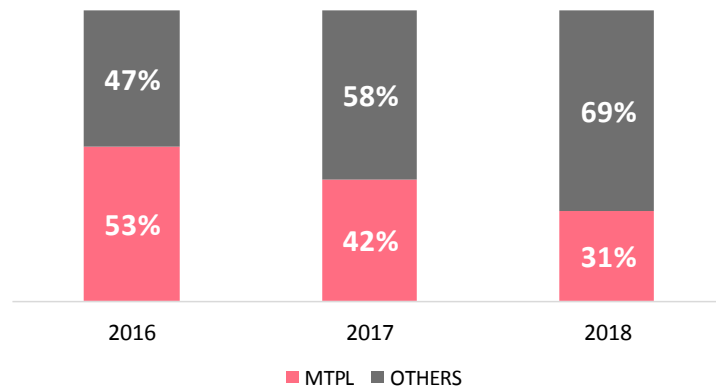
- › Deterioration of the MOTOR Combined Ratio to 117.3%
 - Currency depreciation (25% on average vs. euro 2018) is causing an unprecedented increase in spare part costs (circa 70% Q4): €27 million increase in motor claims
 - High inflation levels impacting our expense ratios
 - Lack of price flexibility since April 2016 with the caps on AUTO MTPL business
 - Unprofitable mandatory “ AUTO MTPL POOL” assigned business: €8.8 million loss in 2018
- › Financial Income
 - Interest rate increases during 2018 (1,600 basis points) not enough to cover the COR deterioration
 - Currency fluctuations hedging strategy has produced €53.7 million FX gain 2018 (positive impact of 3 p.p. in net combined ratio)



STRATEGIC APPROACH: MANAGING VOLATILITY

- › Continuous focus on **technical profitability** and average costs
- › Client-oriented: **channel** diversification following the MAPFRE model: 5% of Total DPW through Own Network
- › **Cross-selling** into higher-profitable segments: AUTO CASCO Coverages
- › Sustained **investment in technology** both client-facing and back-office

SHARE OF MTPL BUSINESS IN TOTAL PORTFOLIO



Decrease of 1 million policies in 3 years

ACTIONS - MOTOR BUSINESS

TARGET 2021: Decrease **10.5 points** in COR

Pricing & Underwriting

- › Continuous management and segmentation of Auto MTPL book of business
- › Launch of New Multivariant Tariff for Motor Own Damage (MOD)
- › Minimize adverse selection and improving risk selection through external data bases
- › Strengthening of technical area with new head of actuarial area and motor director

Claims management & operational efficiency

- › Implementation of special negotiation unit focused on spare parts and labor costs
- › New spare parts management technological platform to be fully implemented across all repair shops in Turkey
- › Implementation of Corporate Anti Fraud solution/tool: PLATEA

Agency Management

- › Improve the quality of intermediaries/agencies: shedding of low quality business via agency evaluation committees and continuous portfolio monitoring

Financial

- › Balance sheet: Continue to hedge currency fluctuations and high spare parts costs through EURO and US Dollar investments



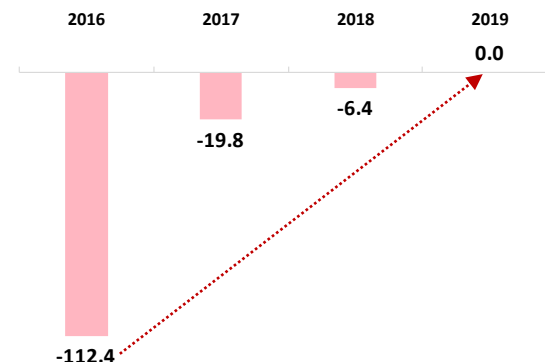
STRATEGIC APPROACH: VALUE CREATION

- > Italy's Auto market amounts to €16 billion part of a €32 billion Non Life market
- > VERTI is in the process of consolidating its brand after the launch in March 2018
- > Total focus on Direct Digital
- > 5.3 point improvement in loss ratio in 2018 in Direct Digital
- > Increase investment in technology: €22 million in new core system
- > Continuous focus on expense reduction: delivering tangible results

KEY FINANCIAL HIGHLIGHTS

	FY 2017	FY 2018	Δ
PREMIUMS	471.4	474.1	0.6%
<i>Direct</i>	218.1	194.3	-10.9%
<i>Partnerships</i>	253.3	279.8	10.5%
COMBINED RATIO	113.0%	107.5%	-5.5 p.p.
<i>Direct</i>	111.7%	106.4%	-5.3 p.p.
<i>Partnerships</i>	116.1%	109.6%	-6.5 p.p.
ATTRIBUTABLE RESULT	-13.9	-3.9	-71.7%

PRE-TAX RESULT – GROUP VIEW



VERTI ITALY 2017





ACTIONS TO TRANSFORM OPERATIONAL PROCESSES ALIGNED WITH MAPFRE'S OPERATING MODEL

Growth

- › Optimize digital capabilities for improved user experience & NPS
- › Strengthen visibility on web, mobile and social networks.
- › Focus on growing customer base with new retention model.

Technical

- › Apply advanced rating techniques, leverage from improved data collection and analysis. Enhance Group Technical Support and maximization of EARNIX and Salesforce

Claims

- › Consolidation of Group's provider management policies: repair shops
- › Strengthen antifraud detection systems through Group's solution: PLATEA

Expenses

- › Replacement of core system: Implementation of GUIDEWIRE
- › Continuous process of reengineering and automation
- › Operating cost reduction

CONCLUSIONS

CHALLENGES

- › **MTPL** regulation in Turkey has materially changed the rules of the game and the negative effects will continue in 2019

- › **Turkish** lira will likely continue to be volatile in the short term

- › **Verti Italy** will finalize its turnaround and enter value-creation mode with total focus on Direct/Digital

- › **Verti Germany's** continued growth has to keep materializing in increasing ROEs

- › **Asian subsidiaries** need to speed up their growth to deliver higher returns

OBJECTIVES

- › **TURKEY:** Continue channel and product diversification while containing the effects of the MTPL regulation. Focus on Technical Profitability

- › **ITALY:** Achieve a Net COR below 100% by 2021
 - Total Focus on Direct Digital
 - Continuous streamlining of operations
 - Increase Efficiency, cost reduction

- › **GERMANY:** Leverage the rebranding momentum to drive sustainable growth and increasing scale benefits. Exceed 400 mn € in premiums by 2021

- › **MALTA:** Defend our leadership position and value-creation profile. ROE above 10% by 2021

08

MAPFRE USA

Alfredo Castelo

Improved profitability outlook
With focused priorities for the
coming years

2018 results were affected by significant one-offs

	2017	2018
Attributable result	74.6	9.7
Cat / Weather	-1.3	-13.8
Verti	-6.3	-15.1
Compulsory pools	7.5	-8.8
Exit plan*		-8.5
Tax reform USA	43.0	
Adjusted attributable result	31.6	55.8

	2018
Combined ratio	104.1%
Cat / Weather	-0.9%
Verti	-0.9%
Compulsory pools	-0.6%
Adjusted combined ratio	101.7%

- 1.9 p.p. improvement in adjusted combined ratio vs. 2017
- 24 mn USD improvement in adjusted result

*Exit from Tennessee, Kentucky, Indiana, New York and New Jersey, as well as sale of Life business

Strong signs of improvement in several key states and lines of business . . .

Strong performance in Massachusetts

- › Premiums: +2%
- › Pre-tax profit: 81mn USD
- › Combined ratio: 100%, despite challenging weather

Turnaround in California and Ohio

- › California improved its results by 16 mn USD, while Ohio also generated higher profits in 2018 and improving profitability in 5 other states

Better results in Personal Auto

- › Largest and most important business segment
- › AY loss ratio: 65.4% in 2018 (-4 p.p. since 2015)
- › Underwriting result: increased 23.7 mn USD in 2018

Successful execution of exit plan

- › Exit of five states and the sale of the Life company will have a 15.8 mn USD ⁽¹⁾ positive impact on 2019 pre-tax profit

(1) Of which, 8.6 mn USD sale transaction loss and 7.2 mn USD technical loss

... leading MAPFRE to strengthen profitability initiatives

Pricing

- › **Comparative Raters & Underwriting Models:** improve customer selection in desired low pure premium segments
- › **2019 rate filings:**
 - › Auto: 39
 - › Homeowners: 22
 - › Commercial Lines: 13
- › **New pricing engine outside Massachusetts:** beginning with Connecticut

Claims management & operational efficiency

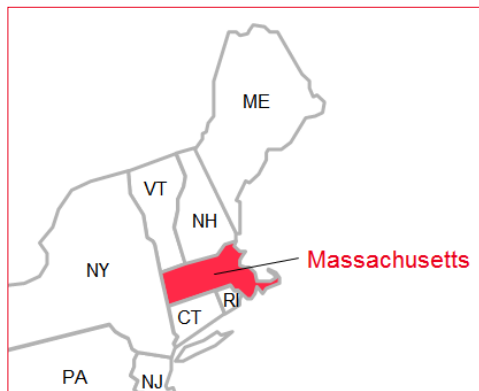
- › **Automation** to reduce expenses and improve efficiency
- › Strengthening **Claims Practices** and manage **Loss Adjustment Expenses:**
 - › Digitalization
 - › Preferred Repair Network

Products & Clients

- › **One product strategy** and clearly defined **value proposition** for MAPFRE's **target customer** segments
- › **Agency management,** focus on a reduced number of agents
- › **Digital customer**

ADVANCED ANALYTICS

Massachusetts: Mature and profitable business, with leading market position in Non-Life and strong performance in 2018 despite the weather



- › **Market shares in Massachusetts:**
 - › Private Passenger Auto: 24.6% (#1)
 - › Homeowners: 13.5% (#1)
 - › Commercial auto: 15.4% (#1)
- › **Growth driven primarily by:**
 - › Private Passenger Auto: 1.4%
 - › Personal Other than Auto: 2.8%
 - › Commercial Auto: 6.6%
- › **Distribution in traditional channels** (independent agents and AAA)

Our new IT platform will further improve our efficiency and service to customers

Massachusetts	2017	2018	Delta
Premiums	1,779.0	1,814.0	2.0%
Technical result	45.0	22.0	-52.4%
Financial Income	60.0	59.0	-1.3%
Result before tax	105.0	81.0	-23.2%
Loss ratio	74.2%	73.8%	-0.4 p.p.
Expense ratio	24.2%	26.2%	2.0 p.p.
Combined ratio	98.4%	100.0%	1.6 p.p.

The adjusted CR* was 98.5%, 0.4 pp better than in 2017

*excluding weather and pools

Priorities 2019-2021

Priority 1: Improve profitability in Personal Auto in CT, FL and WA

Contribution to MAPFRE USA:

- > ≈ 8% of premiums
- > ≈ USD 29 mn of Personal Auto technical losses

2018

	Accepted premium	Combined ratio
Connecticut	65.4	122.3%
Florida	19.7	105.6%
Washington	44.0	127.1%
Total challenging states	129.1	121.7%

Main actions

- > Comparative Rater Strategy for new business
 - > Target desirable segments
- > New Underwriting Decision Model
- > Rate Management discipline
 - > **CT:** 6% rate increase in January
12% additional in September
 - > **FL:** 7.4% rate increase in July
 - > **WA:** 15% rate increase in April
- > Improve segmentation (High Bodily Injury limits)
- > New pricing engine and product to be initially launched in CT in 2019
- > Continued termination of non-performing agents – 400 in 2018 and additional 200 in 2019 – focus on a reduced number of agents

Priorities 2019-2021

Priority 2: Challenging performance in Commercial Lines Outside of MA

Contribution to MAPFRE USA:

- › ≈19% of Commercial premiums
- › ≈USD 12 mn of Commercial technical loss

	2018	
	Accepted premium	Combined ratio
<i>of which:</i>		
Florida	34.6	120.5%
California	7.3	159.3%
Total challenging states	43.5	128.4%

Main actions

- › Commercial Auto Pricing strategy
 - › Limitation on eligible vehicles
 - › Re-underwriting of renewal accounts
 - › Rate increase +20.6% filed in CA
 - › Rate increase +19.9% in FL
- › New Underwriting Decision Model with new risk appetite
- › Continued agency management and systems improvement actions

Priorities 2019-2021

Priority 3: Expense reduction initiatives

Organizational Structure re-alignment	23.1
<i>10% reduction in workforce since 2018</i>	
Operational efficiencies	23.0
Total	46.1



Priorities 2019-2021

Combined ratio reduction

MAPFRE Insurance 2018 Combined Ratio*		103.1%
	Personal Auto technical actions: 1st priority <ul style="list-style-type: none"> - CT, FL and WA -1.5% - Rest of the states -1.6% 	
	Commercial lines technical actions: 2nd priority <ul style="list-style-type: none"> - Outside Massachusetts -0.6% - Massachusetts -0.1% 	
	Expense savings initiatives: 3rd priority <ul style="list-style-type: none"> - Structure re-alignment -1.2% - Operational efficiencies -1.1% 	
Expected 2021 MAPFRE Insurance Combined Ratio		97.0%



*Excluding Verti

Key messages: Improved profitability outlook for the coming years

- › **Massachusetts:** maintain leadership position with strong performance and implementation of new IT platform
- › **Outside Massachusetts:** focus on profitability in Personal Auto and Commercial lines
 - › **Expense and Operational Efficiency Discipline:** comprehensive savings program
 - › **Potential exits:** further analysis if we do not see a path to medium-term profitability
 - › **Digital business:** avenue for future growth, leveraging Verti/Mapfre.com



MAPFRE INSURANCE* 2021 targets**ROE****8%****Business Growth
Premiums****4%****Combined Ratio****97%**

*Excluding Verti

09

MAPFRE OPEN
INNOVATION

José Antonio Arias

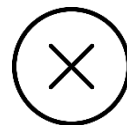


Overview

**> Certainty**

The change

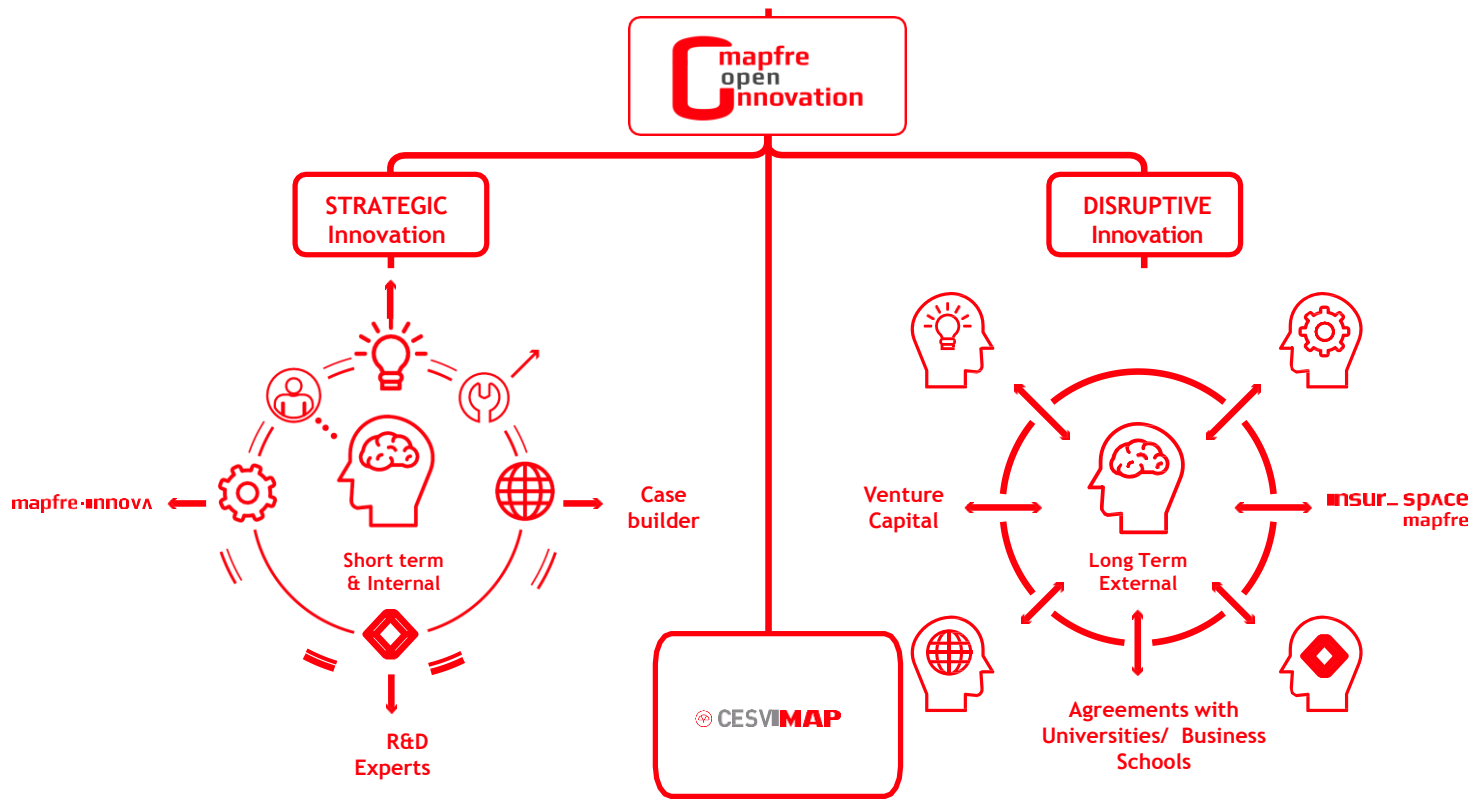
- > **Customers**
- > Environment
- > Risks
- > Business models

**> Uncertainty**

- > The speed of change

Insurtech is different...
Collaboration vs full disruption






Our lines of action

Intrapreneurship

innova

 > **34** creativity workshops

 > **17** cities, 3 countries:
Spain, Peru & USA

 > **14,490** employees
invited to participate

 > **443** ideas received

R&D experts

Expert knowledge on
new innovation
trends

- > Acceleration
lever: fast
implementation
of these trends



Case Builder

- > Design and test to verify the
robustness and market fit for
specific cases
- > Run these tests as quickly as
possible to guarantee a short
time to market





CESVIMAP



R&D

Making MAPFRE future-ready

+550

vehicles analyzed through crash tests

+2,000

different models tested

+525

research projects

Innovation as a Service



> ADAS test



> Autonomous car



> New crash test

Connecting
Autonomous
Shared
Electric

insur_space
mapfre



WHO WE ARE
THE CONCEPT

- › **WE collaborate**
- › **WE drive**
- › **WE inspire**
- › **WE are transforming ourselves**

insur_space mapfre



Created to **transform the insurance sector**

2 innovation programs

Acceleration Program

> Seed & Early stage



Adoption Program

> Market traction



Start-up applications from more than 25 countries



Identifying first mature wave of opportunities



> Deal flow & investments:

Focus, Tier 1&2

100% Insurtech value proposition & technology
Initially other industries but an interesting InsurTech “use case”

Opportunistic, (Tier 3)

Transversal value proposition or value chain improvements and/or efficiencies

- > Lifetime: 8-10 years
- > Anchor investor
- > Series “A”

...we are investing in opportunities that are applicable to our business

Strategic Innovation Our Examples



E-sports Players



INSOORE



Parametrix Index
Agro Insurance



3D Model underwriting
with drones

Business Unit

MAPFRE Spain

MAPFRE Asistencia

MAPFRE RE

MAPFRE Global Risks

Phase

Local deployment

Pilot

Pilot

Prototype

Description

Insurance products for millennial e-sports players

FNOL management in situ with photo report

Parametric Index Agro insurance Research on index or parametric insurance

Fly a drone with cameras to collect a 3D model of the terrain to evaluate risks

Innovation Trend

Virtual and augmented reality

Sharing economy

Internet of Things

AI + IoT

Strategic Innovation Our Examples



VR claims adjusters



Drone insurance



Predictive flight cancellation

Business Unit

CESVIMAP

MAPFRE Spain

MAPFRE Asistencia

Phase

Pilot

Local deployment

Pilot

Description

Training claims adjusters using VR

Insurance for professional use of drones

Prediction of flight cancellation and activation of services

Innovation Trend

Virtual Reality

IoT

Big data & AI

Takeaways

- › Innovation aligned with the business strategy
- › Limited investment, well balanced and focused on execution
- › Start-ups with proposals for insurance products and services for the present and future
- › From an in-house model to an open model
- › Combination of internal talent + external experts

Q&A

10

CLOSING REMARKS

Antonio Huertas

**WE'RE TRANSFORMING
OURSELVES**

For growth and improved
profitability

We are sustainability

Strategic Plan for Energy Efficiency and Climate Change



2030 SDG Agenda

SUSTAINABLE DEVELOPMENT GOALS

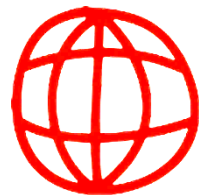


Fighting climate change:

- > All MAPFRE companies based in Spain and Portugal will be **carbon neutral** in 2021
- > This represents a **61%** decrease in the Group's current emissions
- > We will no longer invest in companies which derive **≥30%** of their revenue from energy produced from coal
- > We are not going to insure construction of new coal-powered **electric plants** or the operation of new coal mines

We are commitment

United Nations Global Compact



- › Finance Initiative of the United Nations environment program (**UNEP FI**), the UN pilot program to evaluate climate change
 - › We are the only Spanish insurer participating in the **UNEP FI**
- › Principles for Sustainable Insurance (**PSI**)
- › Paris Pledge for Action
- › United Nations Principles for Responsible Investment (**PRI**)



Social and Environmental Commitments

2019 – 2021 Strategic Plan



2019 – 2021 Strategic Plan

Focus on profitable growth



Thank you

