



# Capital Markets Day

December 14, 2020

**UNIQA 3.0**

# Our mission

We have what it takes to be the leading provider of services that create a better life for our customers

**UNIQA – Living better. together.**

## **1. Strategy UNIQA 3.0**

- Delivered on UNIQA 2.0 targets
- Seeding the future with UNIQA 3.0
- Ensuring improved return to shareholders

**Andreas Brandstetter**  
CEO

page 4

## **2. Austria**

- Market leadership in Health and P&C
- Increasing efficiency
- Reducing costs significantly

**Andreas Brandstetter**  
CEO

page 19

## **3. Central and Eastern Europe**

- Displayed strong, profitable growth
- Top five player through AXA CEE acquisition
- Strong earnings contribution

**Wolfgang Kindl**  
C&M International

page 32

## **4. Financials**

- 2020 as a transition year
- Solid capital position not affected
- Increasing ROE enables dividends and deleveraging

**Kurt Svoboda**  
CFRO

page 42



# Capital Markets Day

December 14, 2020

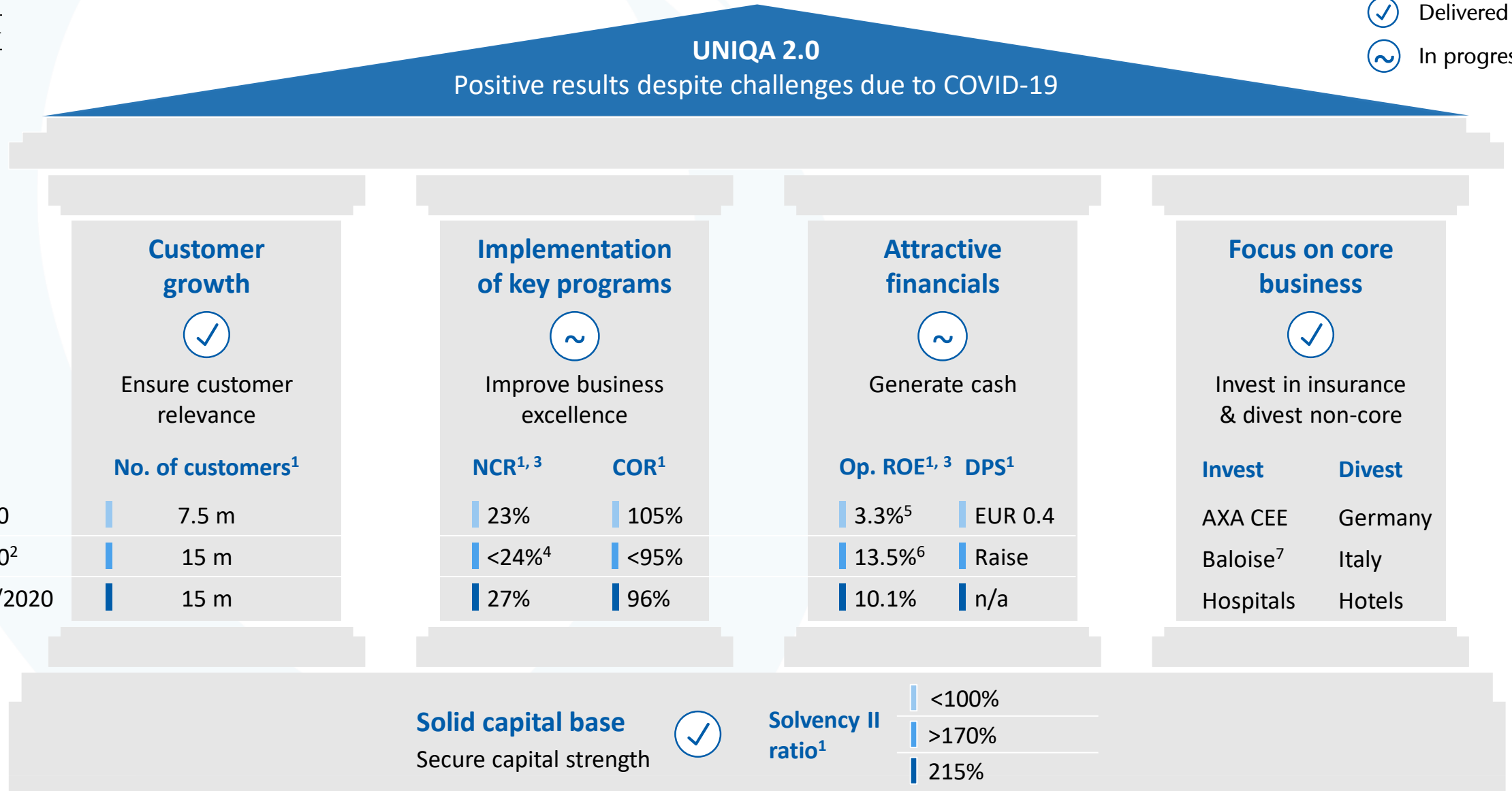
## 1 Strategy UNIQA 3.0

Andreas Brandstetter, CEO

# Review: UNIQA 2.0 – we built a stable foundation!

INCL. AXA CEE<sup>1</sup>

✓ Delivered  
 ~ In progress



1 Figures including AXA CEE - NCR, COR, op. ROE and Solvency II not yet consolidated | 2 Communicated in 2016 | 3 Significantly impacted by COVID-19 | 4 Target adjusted after the sale of Italy business | 5 ROE | 6 Average 2017-20  
 7 In HR and RS

# Review: Homogeneous and balanced portfolio!

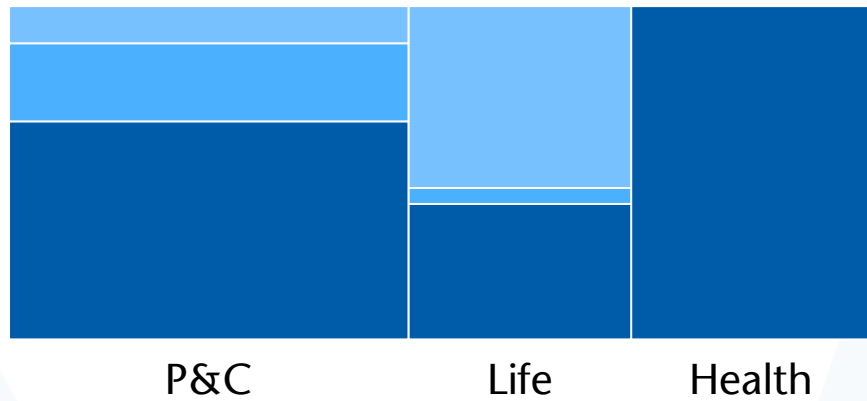
● High ○ Low FIGURES ROUNDED

## Austria

Σ 3,800

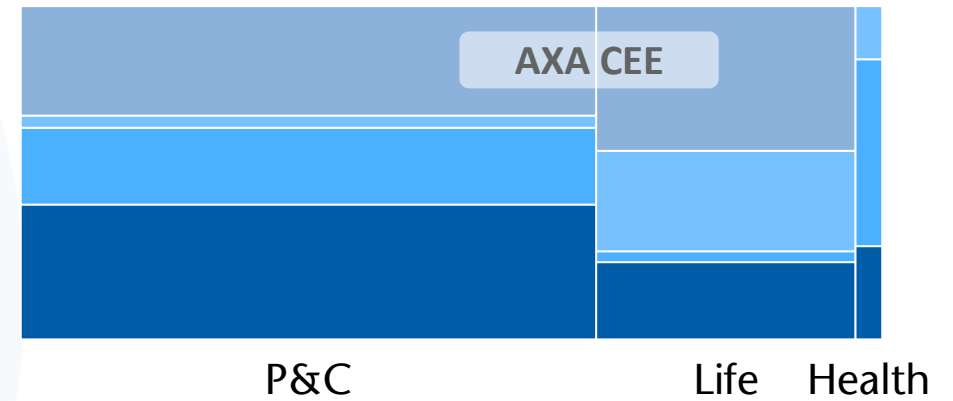
**GWP**  
2019, EUR millions

Bank  
Corporate  
Retail



## CEE<sup>1</sup>

Σ 2,400



## Earnings<sup>2</sup>

Contribution rel. to GWP



- **P&C: Continuous growth** with healthy COR in AT and strong trajectory in CEE
- **Life: Strong profits in CEE** – in AT further **profit improvement measures** due to low-interest environment required
- **Health: Constant high profitability** and steady regulatory environment

# Key messages

## UNIQA 3.0

## Customer-centric excellence program for seeding the future

<b>A</b>	<b>Two core markets established</b>	Established CEE as second core market – boosted by AXA CEE acquisition – leading to balanced earnings contribution in 2025
<b>B</b>	<b>Core business improvement</b>	Strong underwriting; further increase of technical result: cost reduction and Life profit improvement in Austria; synergies in CEE
<b>C</b>	<b>Capital strength maintained</b>	Continued disciplined capital management and conservatively managed balance sheet
<b>D</b>	<b>Shareholder return increasing</b>	Sustainably increasing underlying earnings enabling reliable dividends growth and attractive return to shareholders

# UNIQA 3.0: Holistic strategy approach of UNIQA 3.0

## WHY

### MEGATRENDS



LOW INTEREST RATES AND THE SHIFT OF ECONOMIC POWER



DEMOGRAPHIC AND SOCIAL CHANGE



INNOVATION AND DIGITIZATION



CLIMATE CHANGE AND SUSTAINABILITY

## WHAT

### VISION & MISSION

UNIQA.  
Living better. together.

Our business goals  
2021-2025

1. Best service provider
2. Market leader in Austria
3. Top 5 in international focus markets
4. Cost effectiveness and profitability
5. Most attractive employer

+  
New business models

  
CUSTOMER FIRST  
It's our DNA

  
OWNERSHIP  
It's our future

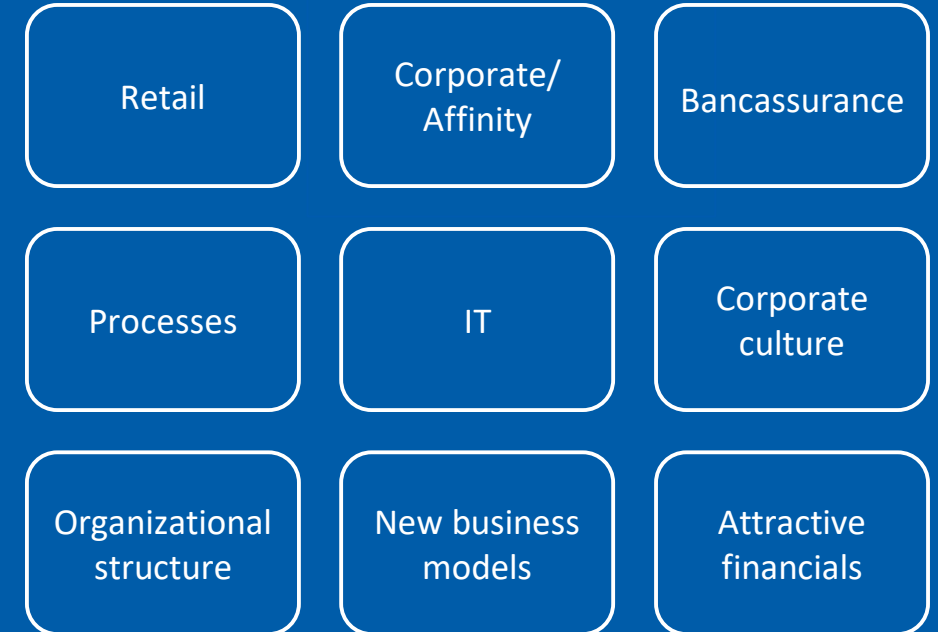
  
COMMUNITY  
It's our life

  
SIMPLICITY  
It's our time

  
INTEGRITY  
It's our reputation

## HOW

### CRITICAL INITIATIVES



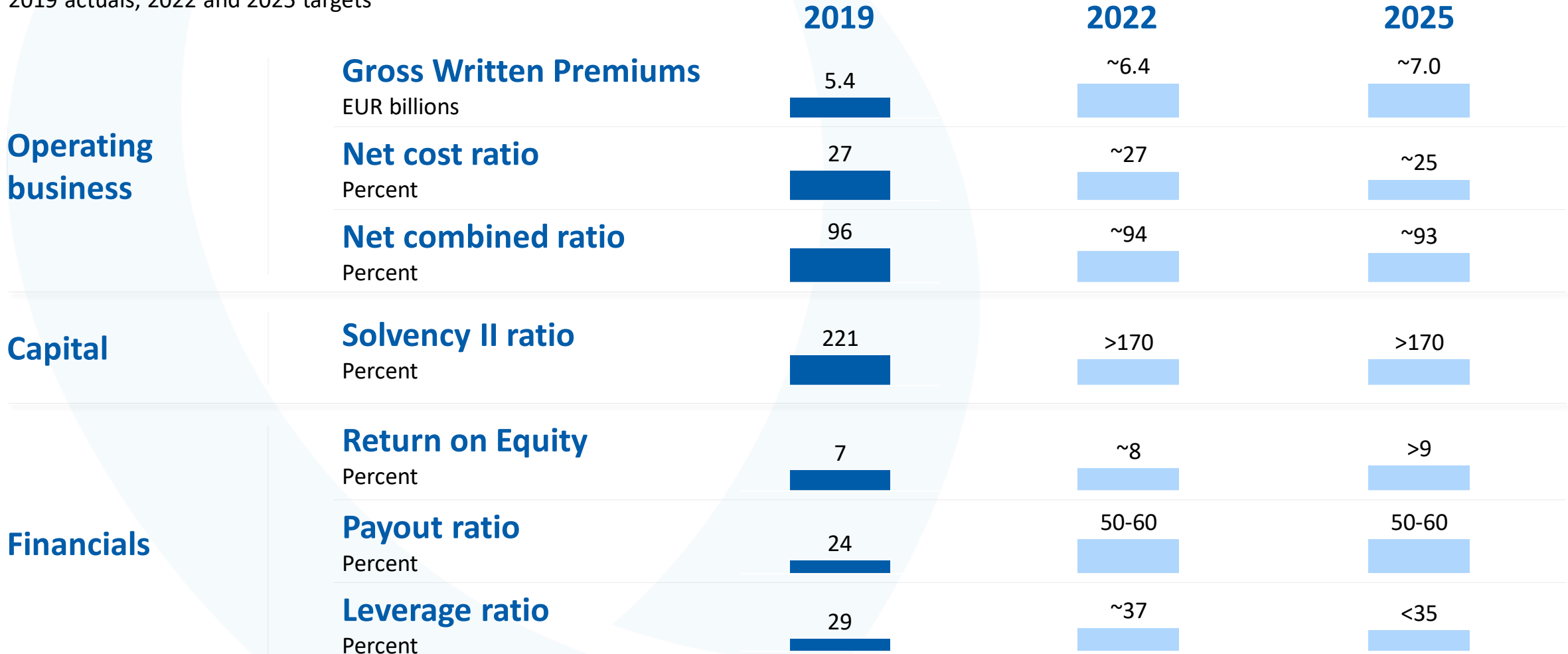


# UNIQA 3.0: Ambitious targets!

## UNIQA Group targets

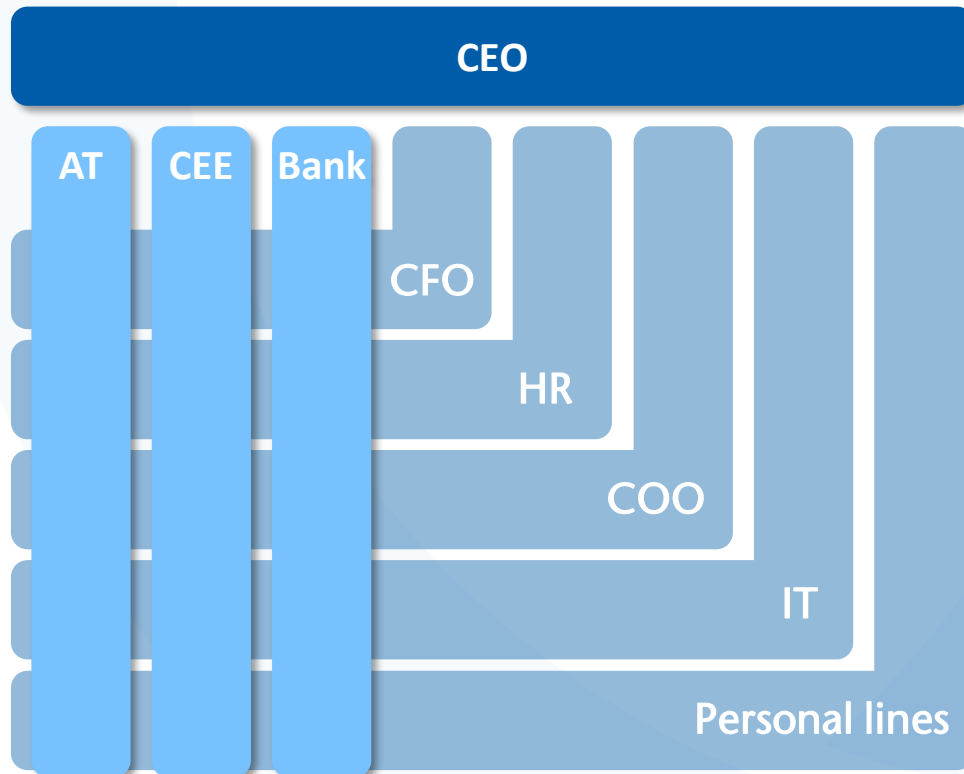
2019 actuals, 2022 and 2025 targets

■ Excl. AXA CEE   ■ Incl. AXA CEE



# UNIQA 3.0: HOW – fully customer-centric across all markets!

## Organizational structure



Clear **customer-centric** E2E responsibilities

**New target operating model** unlocks growth and admin cost saving potential

**Inspiring coach** to support better life of customers – target "4.5 Star rating"<sup>1</sup>

**Improved employee satisfaction** including up- and re-skilling to accelerate change

# UNIQA 3.0: Digital and innovative for the future!



Expand internationally as **digital attacker**

- Develop **CHERRISK ecosystem**<sup>1</sup>
- **Start in HU** and roll out in DE
- **Further expand to four countries** in 2024



Drive innovation as **internal entrepreneur**

- Focus on **future of health**
- **COVID-19** accelerates demand
- **Augment with M&A projects**

**Both CHERRISK and SanusX with limited capital investment**

<sup>1</sup> Online marketing, CHERRISK GO, comparison platform

# UNIQA 3.0: Focus on sustainability!

## Investment policy

EUR 1 bn sustainable investments until 2025

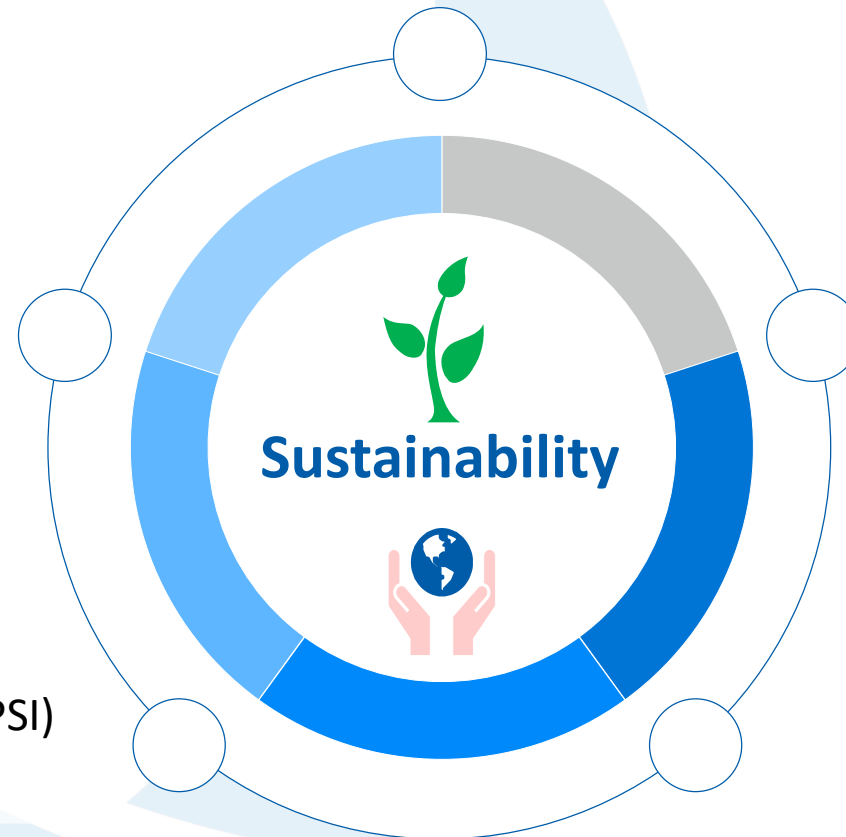
Carbon neutral 2040

## Stakeholder management

Set up ESG governance  
Stakeholder commitment

## Communication

Transparency of memberships (UNGC, PSI)  
Improvement of ESG ratings



## Product policy

Sustainable investment products  
Promote sustainable lifestyle

## Management

Reduction of carbon footprint  
Certificates for suppliers

# A. Two core markets established: Core region focus!

## Focus region AT

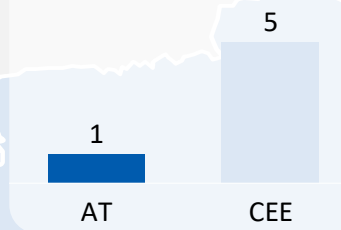
- **Health with strongest LoB growth** and substantial profit contribution
- **Profitable growth in P&C**
- **Restructuring Life business** to increase profitability

## Focus region CE (CZ, SK, PL, HU)

Expansion of growing markets in CE – additionally supported by AXA CEE integration

Growth in CE supported by AXA CEE acquisition

**Organic growth**  
2019-22, CAGR, percent



Stronger **organic growth** in CEE than in AT

Increased relevance of **CEE as second geographical foothold**

	AT	CEE	Of which CE
Customers, 2020, millions	~3.8	~11.5	~7.9
GWP, 2020, EUR billions	~3.8	~2.3 <sup>1</sup>	~1.7 <sup>1</sup>
Market share, 2020, percent	~20.5	~6.5 <sup>2</sup>	~6.7
GWP growth p.a. per capita, 2020-25, perc.	~1.4 <sup>3</sup>	~5.2 <sup>2</sup>	~5.0

1 AXA CEE annualized | 2 CEE excl. Russia and Switzerland | 3 Growth 2020-21

# A. Two core markets established: Scalability in three core segments!



**Retail**



**Bank**



**Corporate / Affinity**

**Simplification, standardization  
and scalability**

**Customization of product  
portfolio**

**P&C**

**Simplification and standardization**

**Digital integration  
into bank journeys**

**Portfolio optimization**

**Health**

**Foster market leadership in  
Austria (ecosystem)**

**Roll out of health solutions**

**Broaden employee  
benefit offers**

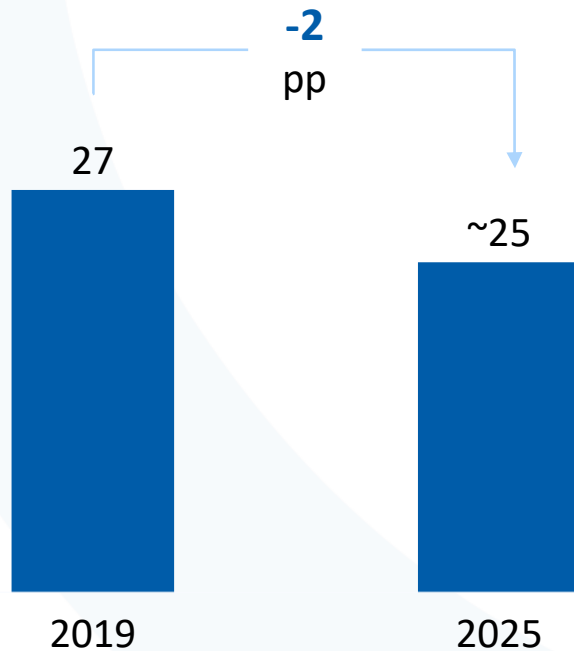
**Life**

**Improve profit of inforce and acceleration of capital-light  
and biometric products, digitization of processes**

## B. Core business improvement: Decreased cost ratio in 2025!

### Net cost ratio,

Planned reduction, percent



**Restructuring** with significant headcount reduction (600 FTE) in Austria, facilitated by automation

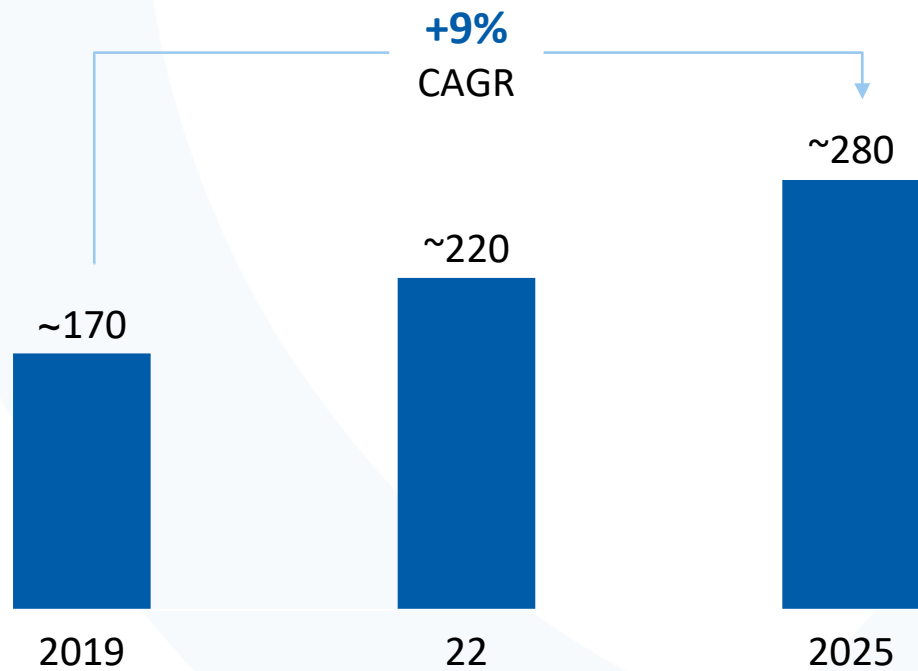
**Synergies in CEE up to EUR 45m** driven by increased cost efficiencies and economies of scale

**Optimization, digitization and streamlining of E2E sales and after sales process**

## B. Core business improvement: Significant profit improvement!

### Insurance technical result P&C and Health

EUR millions



#### Significant cost reductions

- Efficiency improvements in Austria
- Strong synergies from AXA CEE integration

#### Improved pricing combined with portfolio optimization in Corporate and CEE

Further loss ratio improvement driven by claims excellence program

Continued profitable growth of P&C and Health, profit improvement of Life

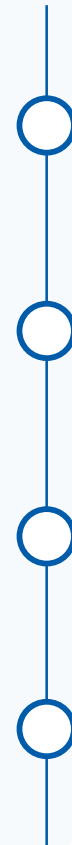
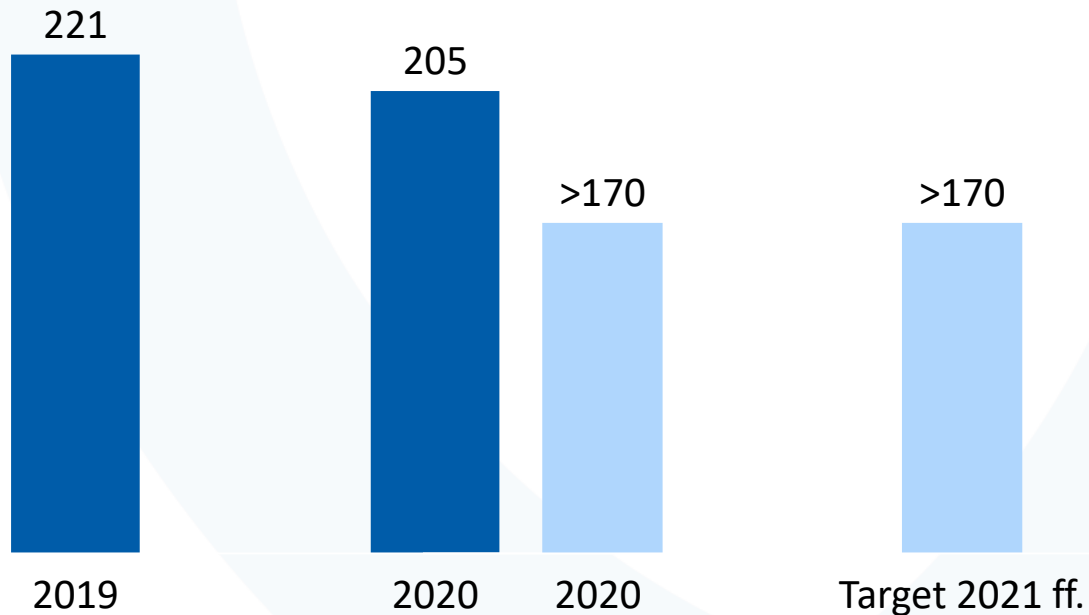


# C. Capital strength maintained: Strong capital position!

## Solvency II development<sup>1</sup>

Percent

■ Excl. AXA CEE    ■ Incl. AXA CEE



**One-off decrease in 2020** following AXA CEE acquisition and planned restructuring provisions

**Positive future effects** from cost reduction and capital optimization, especially in Life insurance

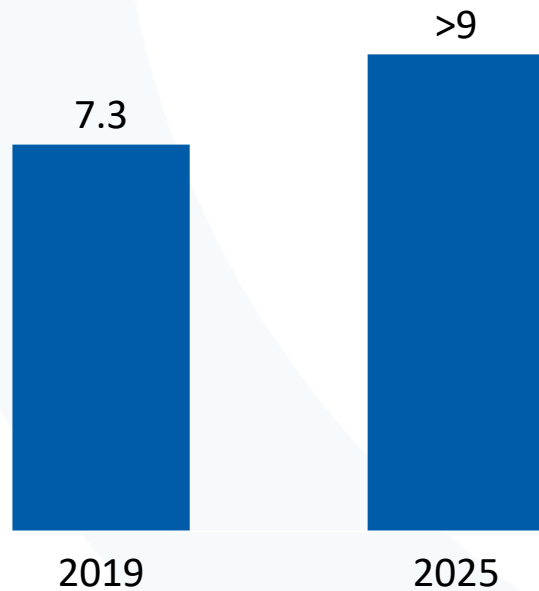
Further uplift expected by **implementation of full internal model**

**Conservative balance sheet management** supporting solid capital base

<sup>1</sup> Incl. cost savings and full internal model

# D. Shareholder return increasing: UNIQA 3.0 – attractive dividends

**ROE development**  
Percent



Attractive and steady dividends  
for shareholders

**50-60%**  
*Payout ratio*

Stable, low-risk balance sheet

**<35%**  
*Leverage*

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## 2 Austria

Andreas Brandstetter, CEO

# Key messages

**A**

## **Market leadership**

Foster top position in Health and as most trusted insurer and achieve market leadership in P&C by becoming best service provider

**B**

## **Improve efficiency**

Increase technical margins by reducing admin costs, achieving claims excellence and improved pricing

**C**

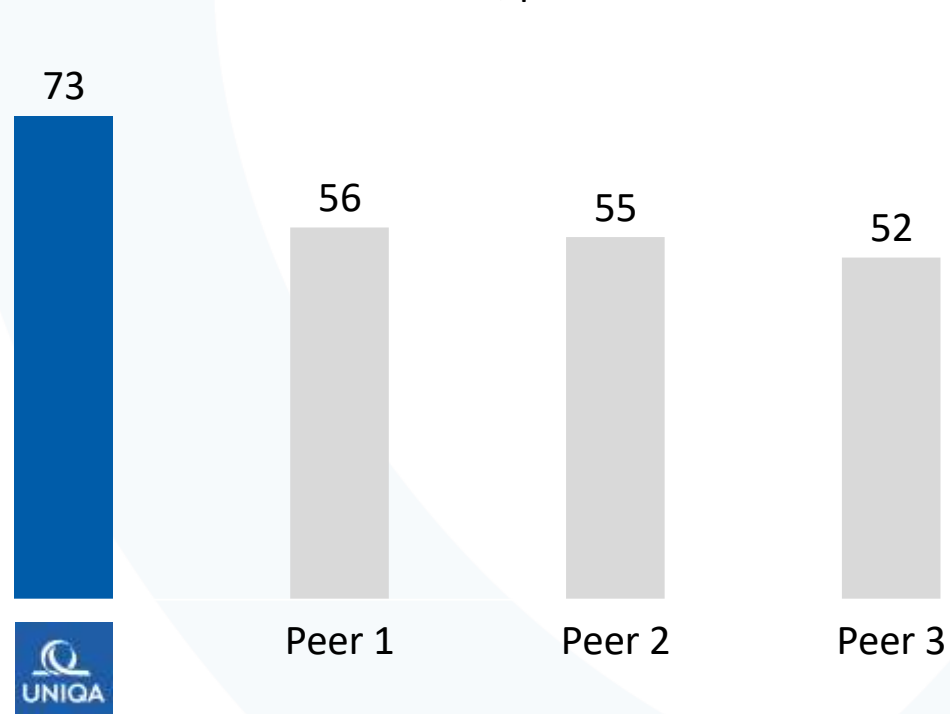
## **Initiate Life restructuring**

Accelerate shift of product portfolio towards more capital-light and biometric products accompanied by inforce optimization

# A. Market leadership: Austria – strongest insurance brand!

## Brand awareness<sup>1</sup>

Spontaneous brand awareness, percent



**One-brand strategy** with strong regional presence and branded locations across the country

Deep understanding of brand attributes and strengths enables **consistent long-term brand strategy**

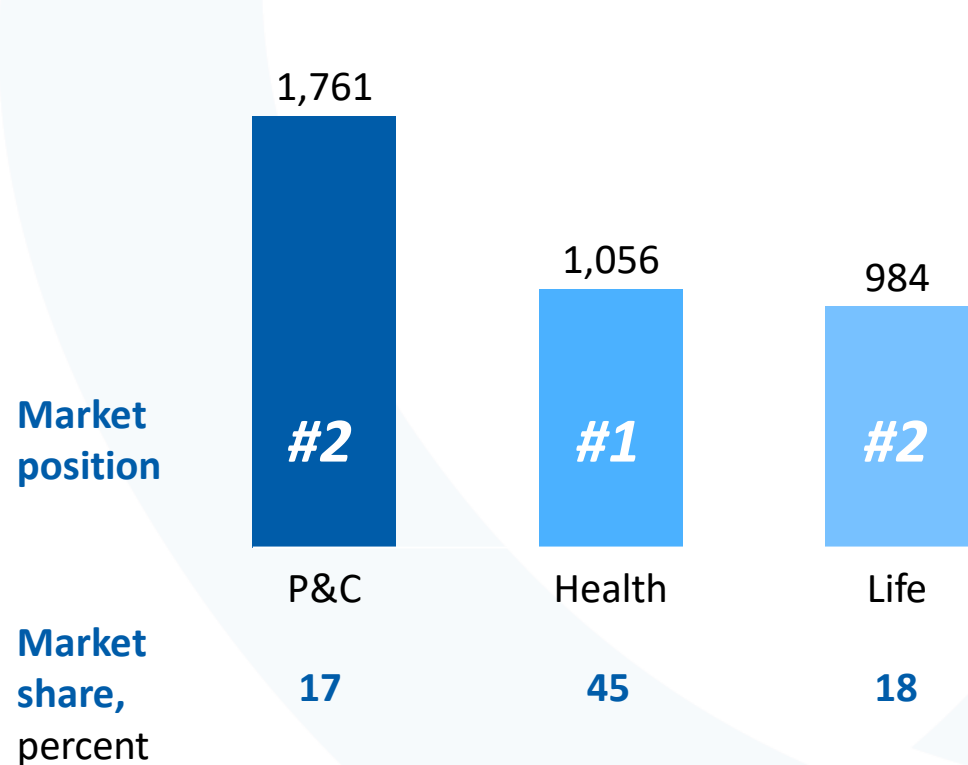
Strong brand provides base for customer loyalty and **increased customer lifetime value**

<sup>1</sup> Ø Jan 2019 - Jul 2020; peers include Allianz, Generali and Wiener Städtische (VIG)

# A. Market leadership: Austria – market leader!

## GWP Austria 2019

EUR millions



Focus on **profitable growth in Retail P&C** and profitability of commercial lines / Affinity

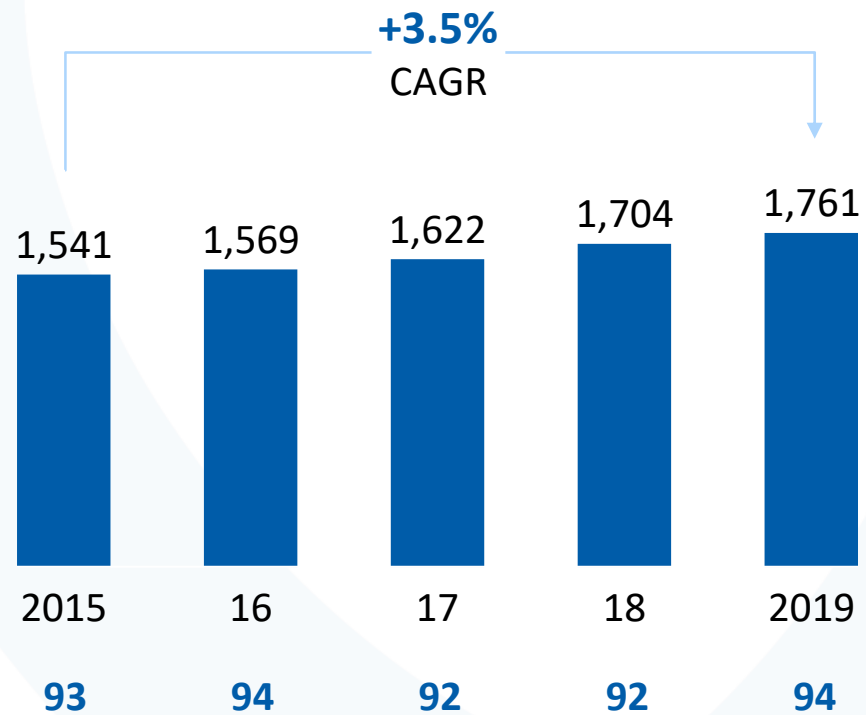
**Strengthen market leadership in Health** with innovative offering beyond insurance

**Focus on portfolio profit improvement in Life**

# A. Market leadership: Austria – aiming for market leadership in P&C

## GWP P&C

EUR millions



## COR

Percent



## Future focus

**Standardization of product portfolio** to accelerate profitable growth in Retail

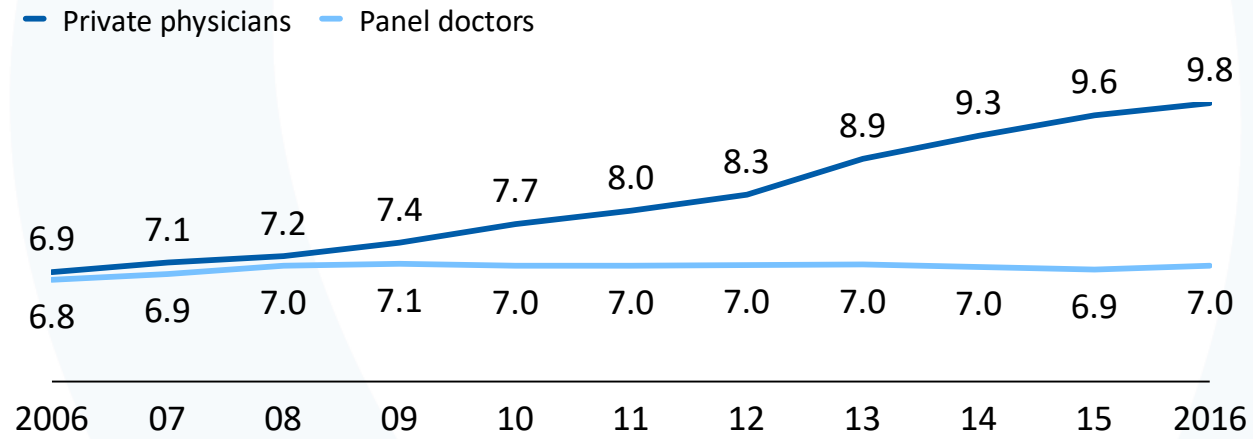
**Portfolio restructuring** to improve profitability in Corporate

**Further digital product integration** into Bancassurance processes to foster growth

# A. Market leadership: Austria – future potential in Health!

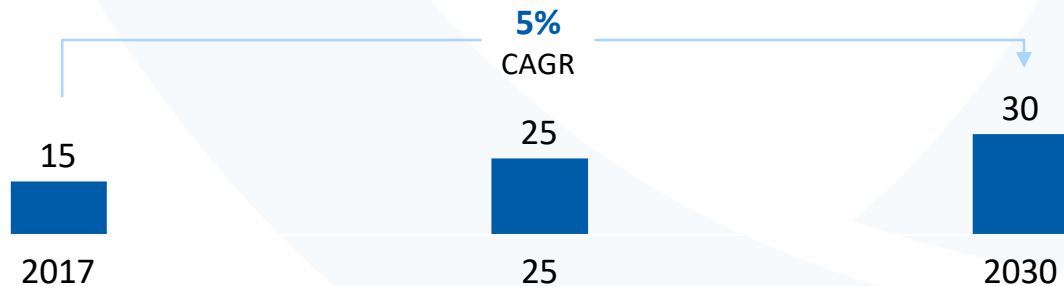
## Overview of healthcare sector

Development of number of physicians in Austria, thousands



## Personal health care services (age 60+) expenditure

EUR thousands



## Future focus

**Strong historical growth** in the number of private physicians implies high demand for private health insurance

**Future growth potential in health insurance** due to strong projected increase in healthcare expenditure

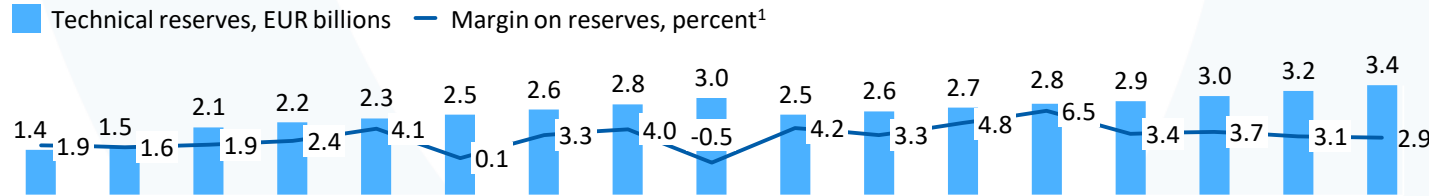
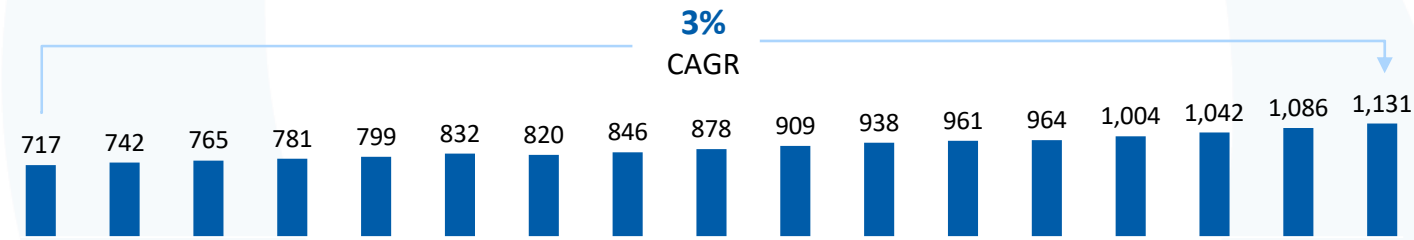
**UNIQA's innovative offer beyond insurance** fosters market leadership: private hospitals, telemedicine, Vitalcoaches



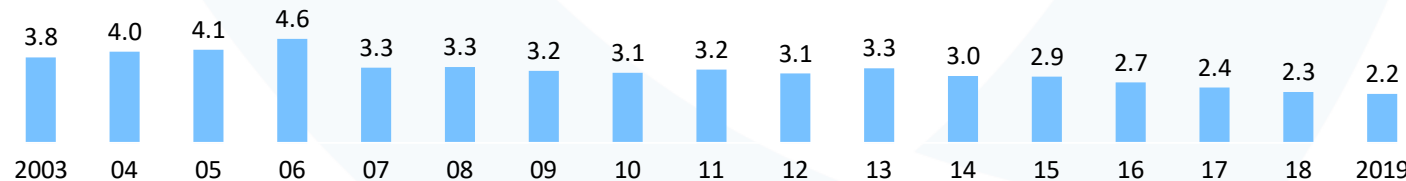
# A. Market leadership: Austria – continued success story in Health!

## Profitable growth (Group figures)

GWP, EUR millions



## Lapse rate, percent



**Long-term profitability supported by Austrian market specifics**

**Contracts priced and valid** “for the rest of the customer’s life”

**Ability to adjust premiums** based on health cost development

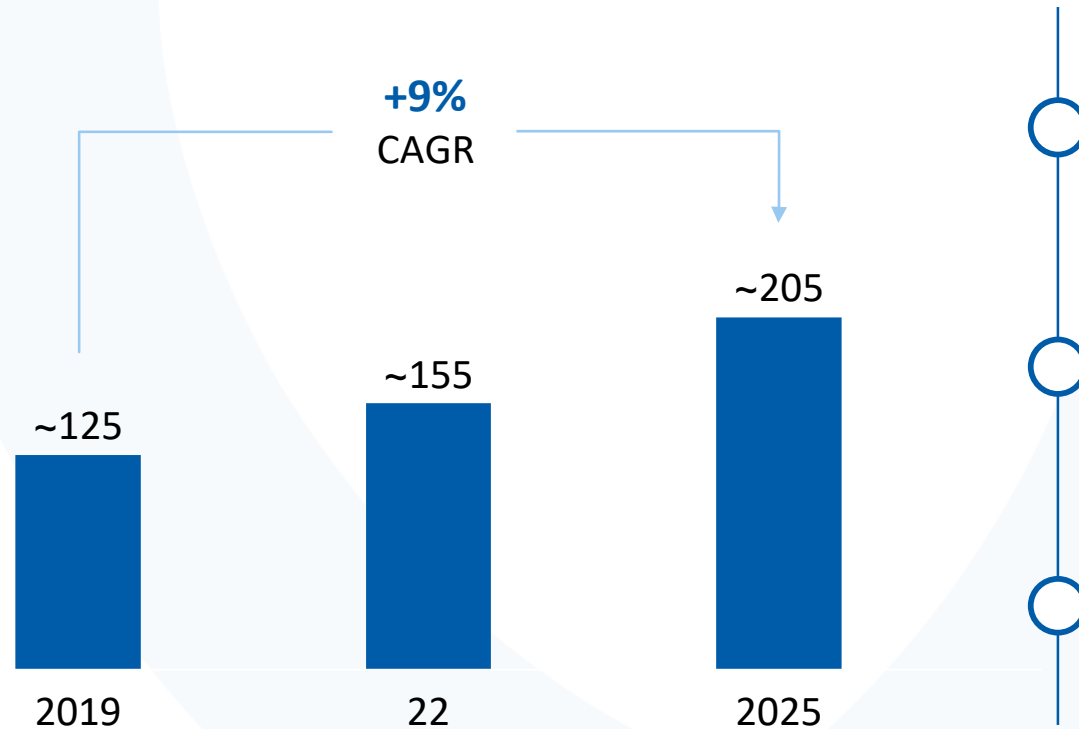
**Continuously low and decreasing lapse rate** driven by market environment and strong customer loyalty

<sup>1</sup> Calculated as operating profit / average technical reserve

## B. Improve efficiency: Austria – profitabilization!

### Insurance technical result P&C and Health

EUR millions



Ambitiously lower costs driven by **E2E process redesign, simplification and digitization**

**Claims excellence program** to lower cost ratio

**Portfolio optimization** and pricing excellence

## B. Improve efficiency: Austria – significant cost reduction!

### Impact

EUR p.a. from 2022

~ -40m

*Personnel costs*

~ -85m

*Non-personnel costs*

### Selected cost initiatives

**Optimization and streamlining of E2E sales and after-sales process**, e.g. through process redesign, bundling and streamlining

**Strong simplification of product portfolio** leveraging modularization, enabling significant reduction of discretionary expenses (e.g. marketing, legal, IT)

**Significant digitization and automation** of service offerings, facilitated by migration to new and shutdown of old core system

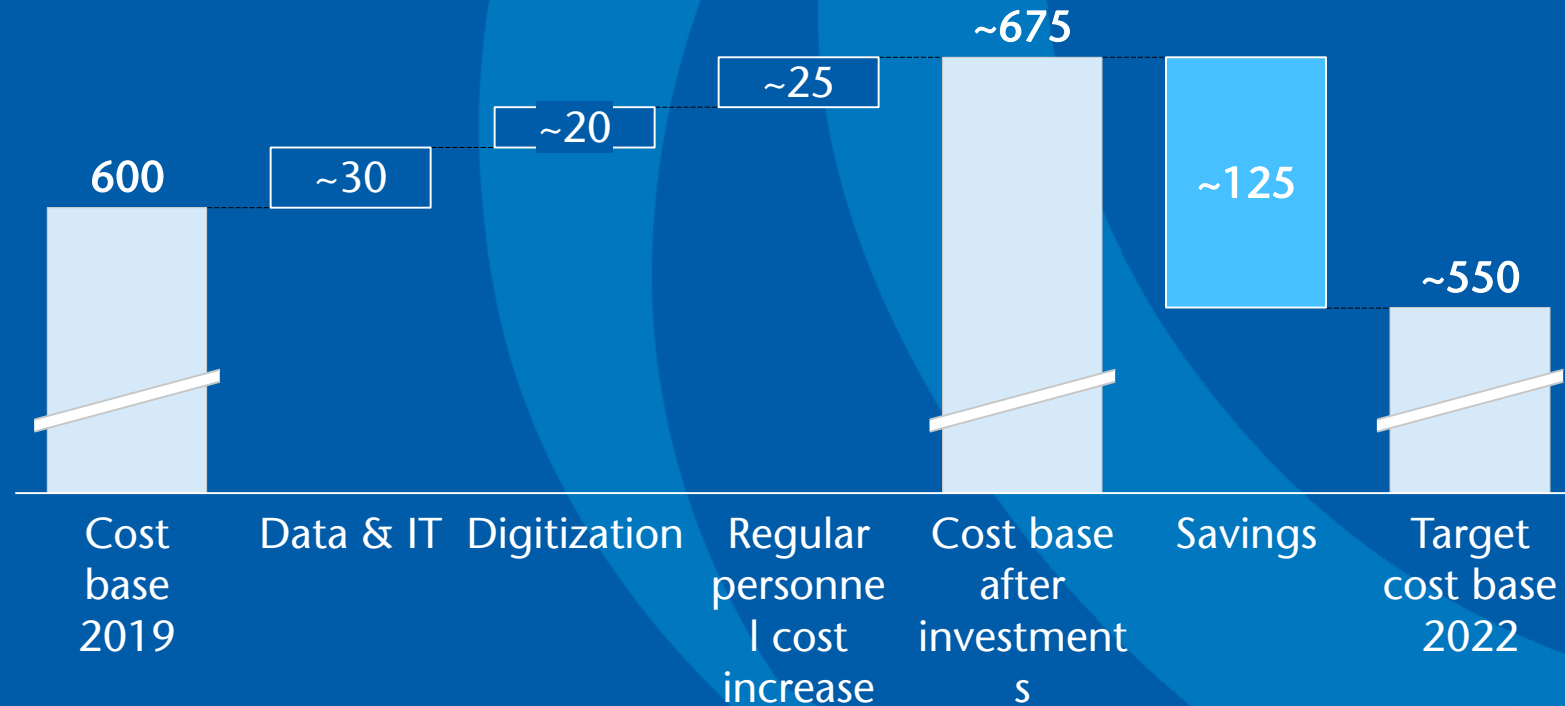


... investments in the future, e.g. core IT, digitization and operational excellence

## B. Improve efficiency: Austria – high investments into the future!

### Internal cost perspective

EUR millions



**~ 30m**

*Data & IT*

E.g. investments in IT security and UIP

**~ 20m**

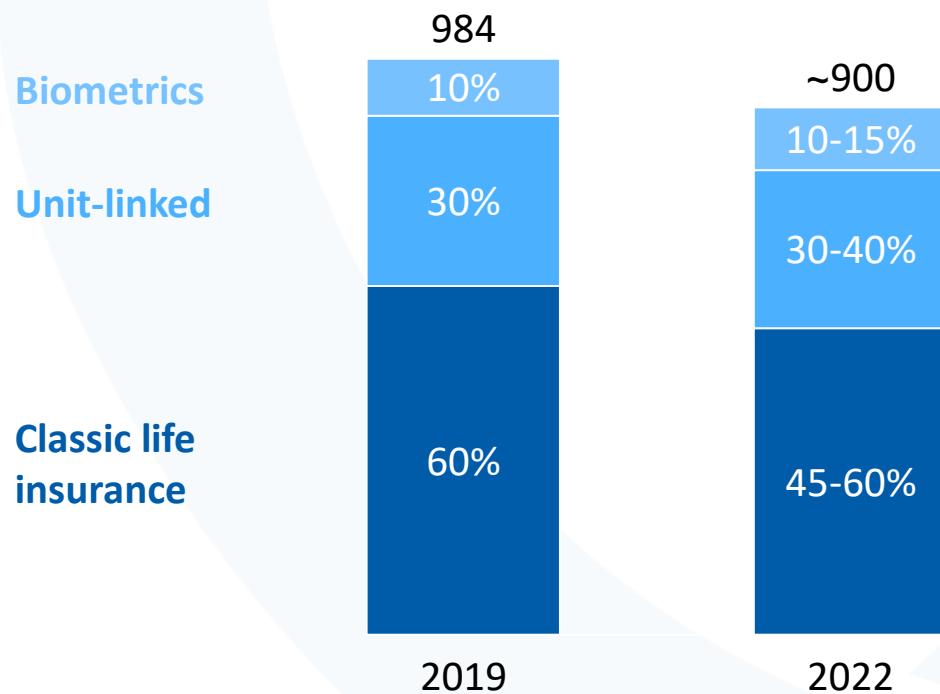
*Digitization*

E.g. investments in front-end and content channel

# C. Initiate Life restructuring: Austria – refocus of portfolio!

## GWP development

EUR millions



## Measures

**Optimize product portfolio to increase profitability**  
– focus on biometrics and unit-linked life products

**Significantly reduce admin costs to create scope for savings product returns**

**Improve asset management** to cater for low-interest environment

**Introduce new competitive capital-light products** with better returns and lower guarantees

## C. Initiate Life restructuring: Austrian Life insurance generally attractive



**Austria**



**Germany**

### General remarks

Various similarities between Austrian and German traditional life business  
Key differences due to new regulations or overall market development

### Ø guarantee

Market average 2019: 2.38%

Market average 2019: 2.73%

### HRZ<sup>1</sup>

New business 2020: 0.50%

New business 2020: 0.90%

### Profit sharing

All profit sources are aggregated, at least 85% of aggregated gross surplus shared with policyholder (10y look back)

All profit sources are shared independently of each other (90% investment result, 90% risk result, 50% cost result)<sup>3</sup>

### ZZR<sup>2</sup>

Based on factor approach, started in 2013  
New calculation method in 2016  
Current ZZR level of EUR 1.1 bn

Based on a single contracts, started in 2011  
New calculation method in 2018, the 'corridor method'  
Current ZZR level of EUR 75 bn

# Austria: Summary – we deliver results

Continuous GWP growth driven by P&C

~ **+300**

*GWP growth  
2019-25, EUR millions*

Significant administration cost reduction

~ **-3**

*Net cost ratio  
2019-25, percent*

Strong earnings growth  
in Austria

~ **+35-50**

*Earnings growth 2019-25,  
percent*

# Capital Markets Day

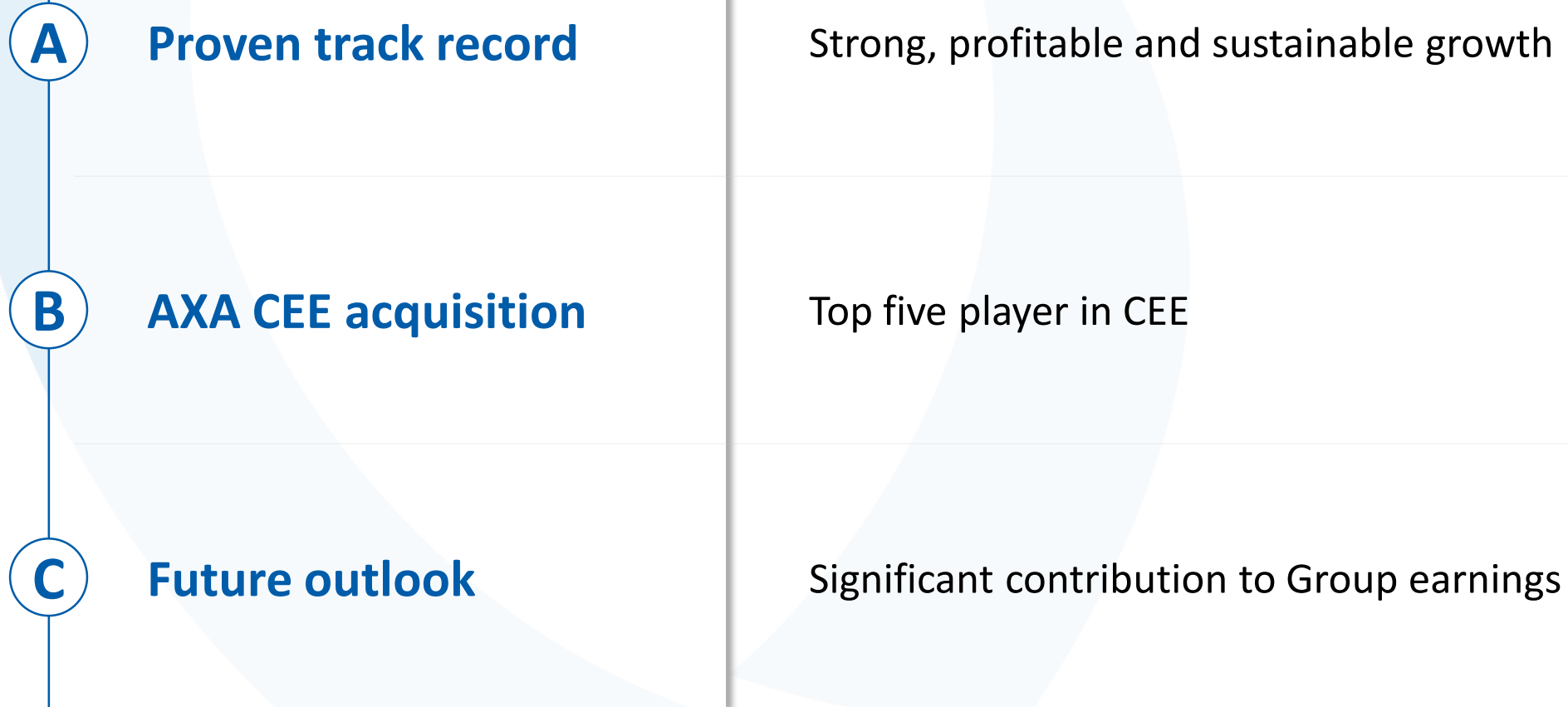
December 14, 2020

## 3 Central and Eastern Europe






Wolfgang Kindl, C&M International



# Key messages



# A. Proven track record: CEE – sustained growth!

	GWP per capita		Growth GWP p.a., percent	Penetration GWP/GDP 19, perc.
 AT	1,961	2,002	0.3	4.5
CEE excl. Russia	195	233	2.3	2.3
 CZ	545	542	-0.1	2.6
 SK	384	478	2.8	2.8
 PL	363	391	0.9	2.8
 HU	294	368	2.9	2.6
	2011	2019		



**CEE is growing faster**  
CEE GWP per capita growth substantially higher than AT 2011-19

**High potential for future growth**  
CEE still with low penetration of GWP/GDP compared to AT

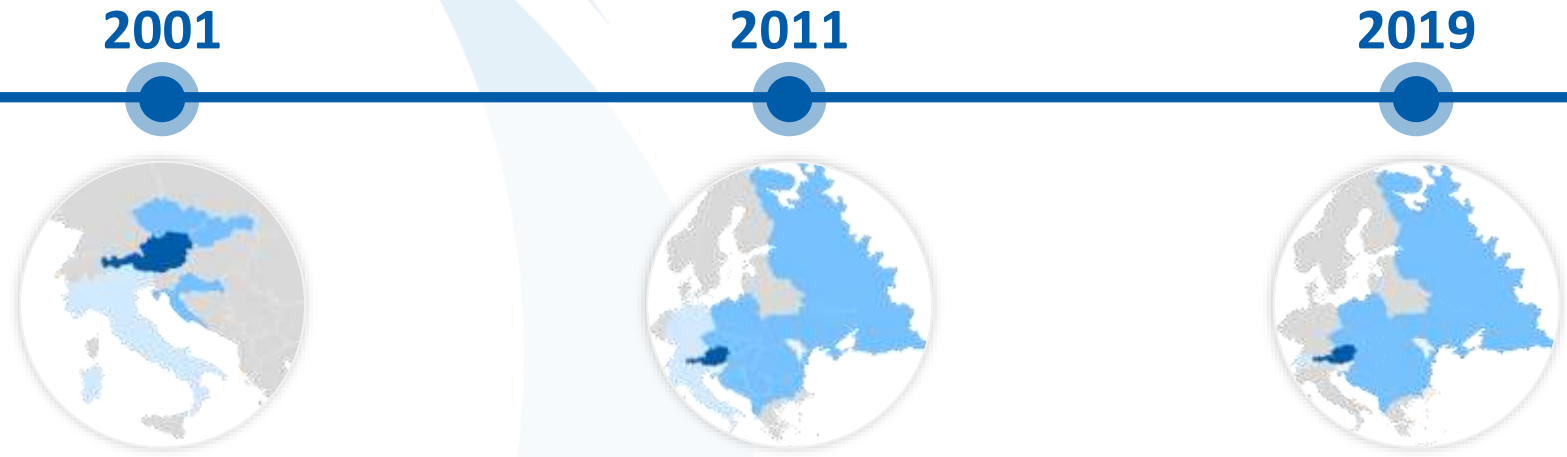
**CE as international focus market**  
Further strengthening of the strategic relevance in CZ, SK, PL, HU

# A. Proven track record: CEE – broadened footprint and relevance!

EXCLUDING AXA CEE

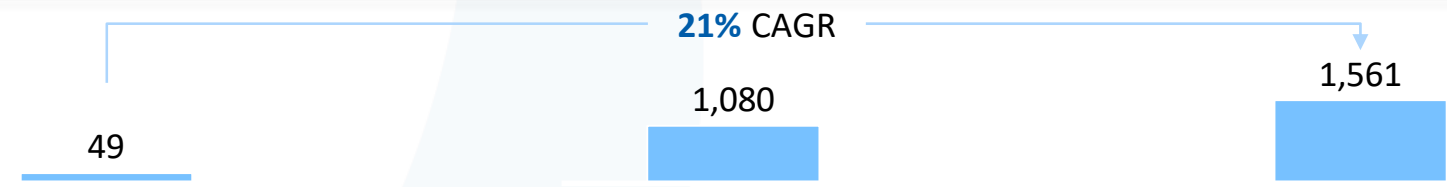
■ AT ■ CEE

## Regional presence



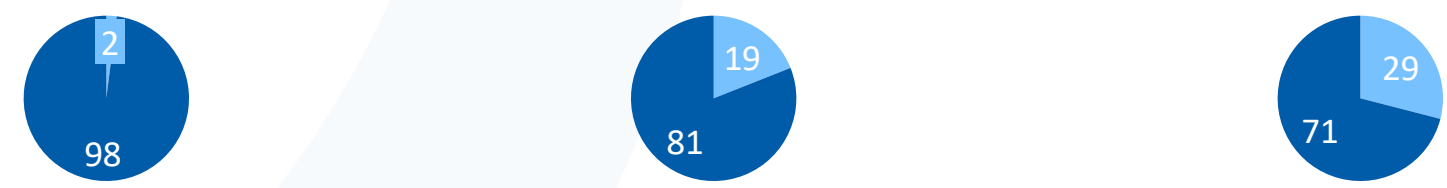
## GWP

EUR millions



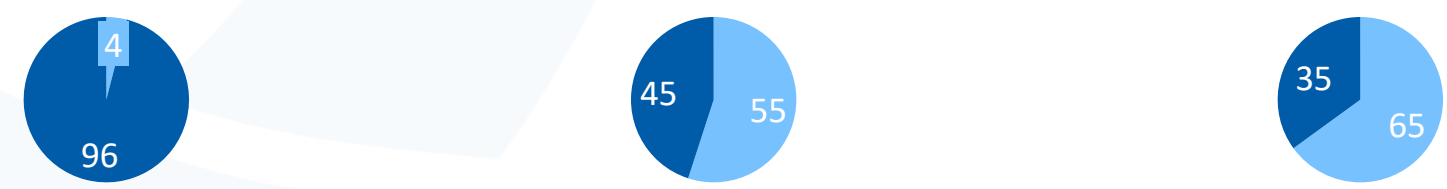
## Share of GWP

Percent of Group



## Share of customers

Percent of Group



# A. Proven track record: CEE – strong premium and profit growth!

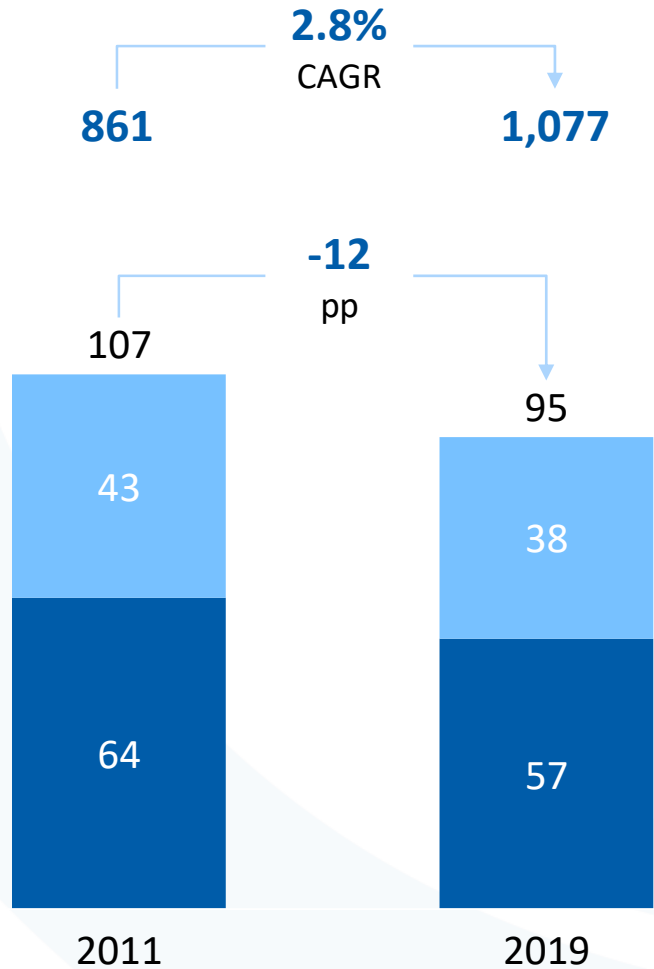
## P&C segment

**GWP**  
EUR millions

**COR**  
Percent

**Cost ratio**

**Claims ratio**



### Refocus of retail business

Penetration in non-motor and restructuring of motor business

### Strong GWP contribution of non-retail

Introduction of corporate business and strong steady contribution of bancassurance

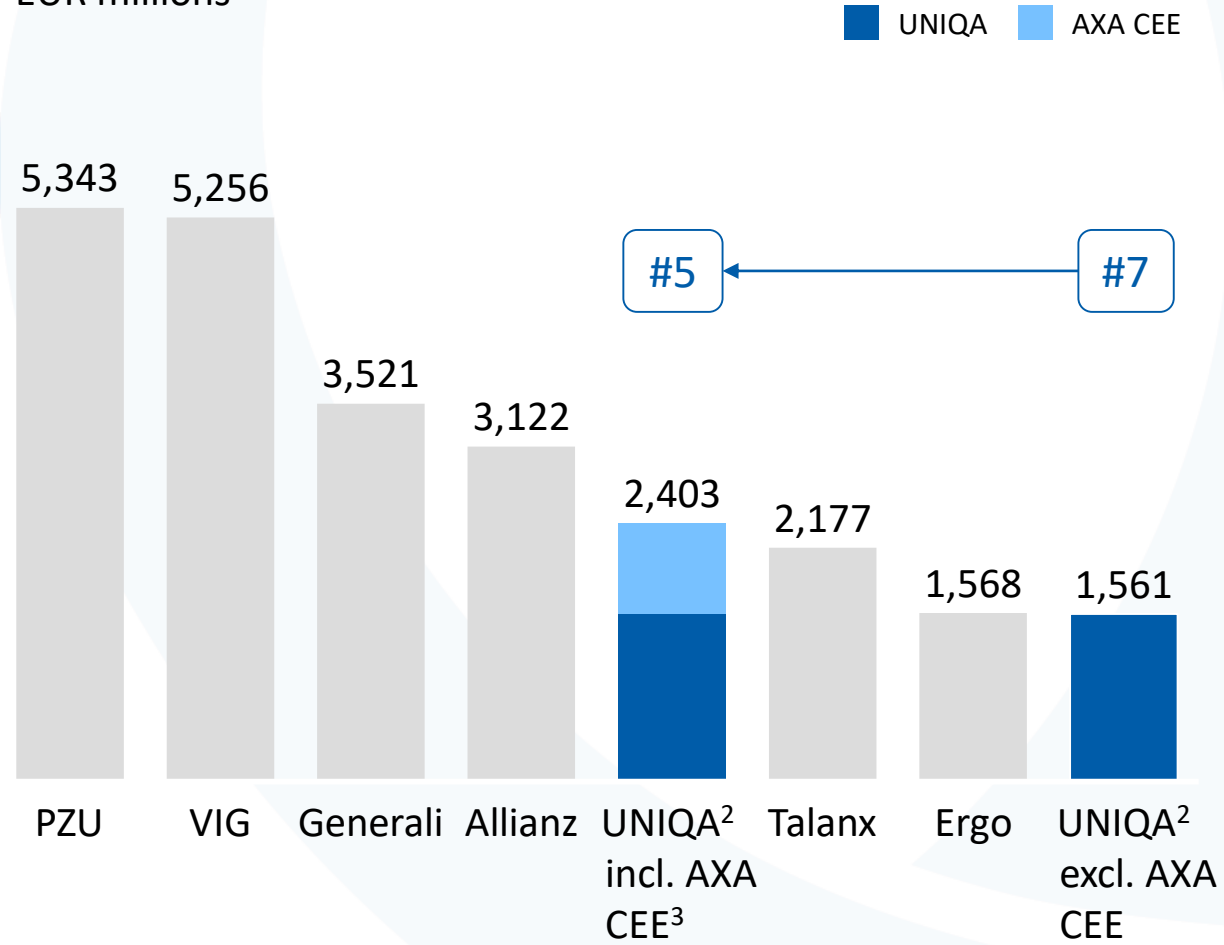
### Reduction of unit costs

Stable absolute admin costs driven by harmonization of operating model and bottom slicing

# B. AXA CEE acquisition: CEE – top five player!

## GWP in CEE<sup>1</sup> 2019

EUR millions



### Top five player in CEE

5th biggest insurer in CEE by GWP through additional 4.8m customers

### Optimized cost structure

Increased cost efficiencies and economies of scale through EUR 45m synergies

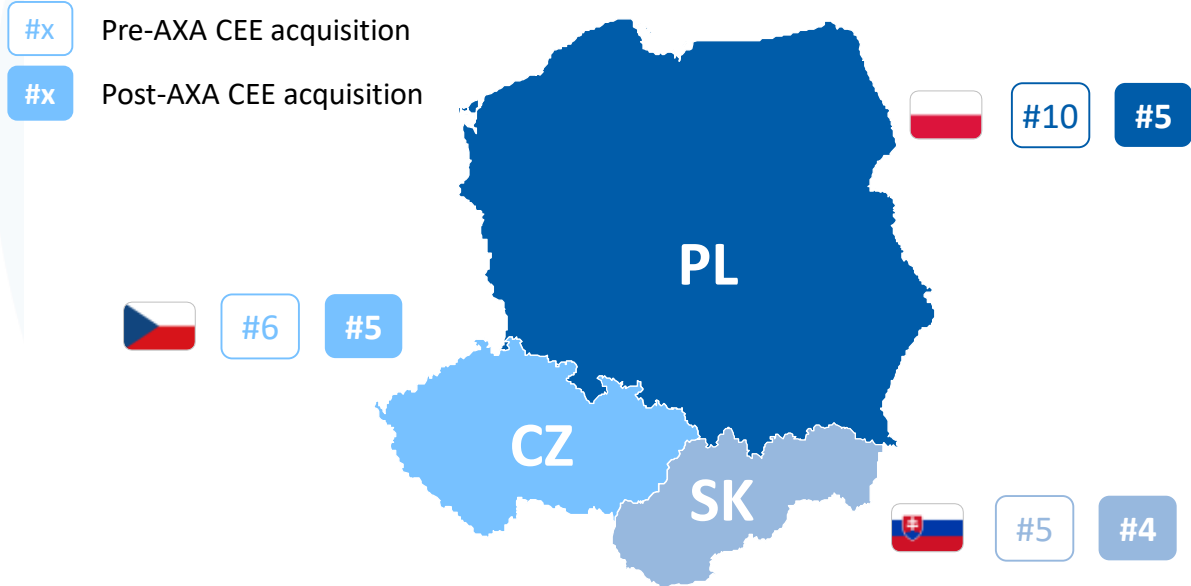
### Complementary assets

Strengthened operations through complementary assets and capabilities

1 Excl. Russia, F/X adjusted | 2 Including Russia | 3 Including pensions

# B. AXA CEE acquisition: CEE – strengthening core markets!

## Market position



Countries	GWP <sup>1</sup>	Net income	#Customers
PL	573	40	3.2m
CZ, SK	269	40	1.6m
<b>Total</b>	<b>842</b>	<b>81<sup>2</sup></b>	<b>4.8m</b>

### Substantial GWP growth

UNIQA seized top market position in all three countries

### Considerable income contribution

Contribution of net income complemented with significant synergies

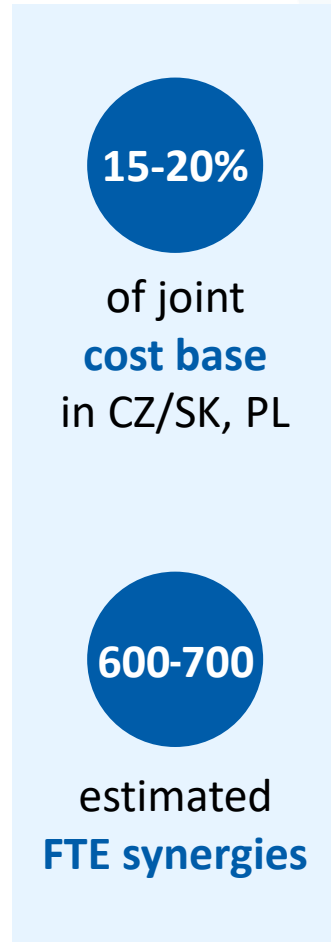
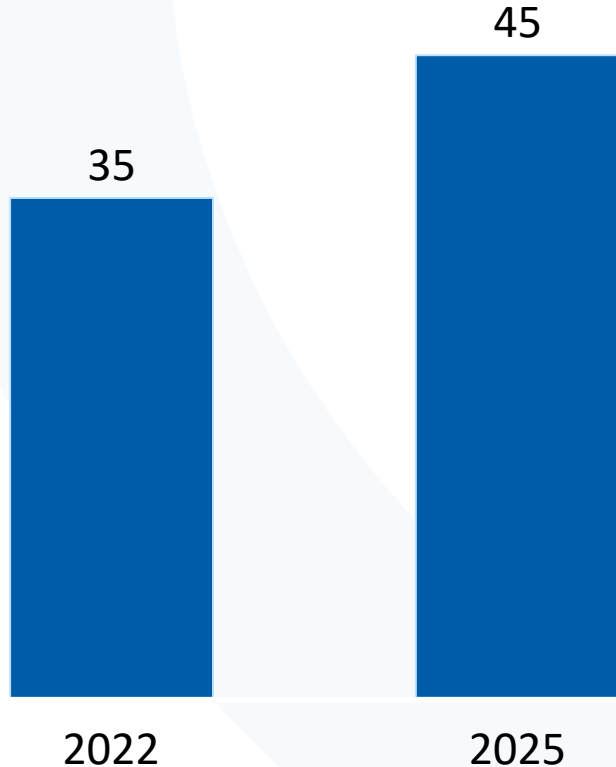
### Short-term investments required

Realization of synergies requires significant investments up to 2022

## B. AXA CEE acquisition: CEE – synergies of scale and skill!

### Planned synergies

EUR millions



#### Reorganization

Relocate and consolidate functions as well as adopt new operating model

#### Complementary products and know-how

Integrate alternative product solutions and leverage expertise

#### Digitization and automation

Consolidate systems and projects as well as enable harmonization of IT platform

# C. Future outlook: CEE – significant contribution!

## Critical initiatives

### Retail

Simplification of product portfolio by factor 10

### Corporate/Affinity

State-of-the-art modular risk engineering and insurance solutions

### Bancassurance

Expansion of banking partnership with RBI, Adikko and mBank

### Processes

Digitization of processes (e.g. digital sales platform)

### IT

Enhancement of Corporate Business Navigator IT-platform

### Corporate culture

Aspiration of inspiring coaches and most attractive employer

### Organizational structure

Customer-centric organizational structure and governance adaptation

### New business models

Expansion of digital attacker CHERRISK

### Attractive financials

Significant GWP and earnings growth through AXA CEE acquisition



# CEE: Summary – we deliver results

Accelerated GWP growth driven by AXA CEE acquisition

~ **+1.4**  
*GWP growth  
2019-25, EUR billions*

Significant cost reduction driven by acquisition synergies and portfolio profit improvement

~ **-5**  
*Combined ratio P&C  
2019-25, percent*

Strong earnings growth in CEE

~ **+240-260**  
*Earnings growth 2019-25, percent*



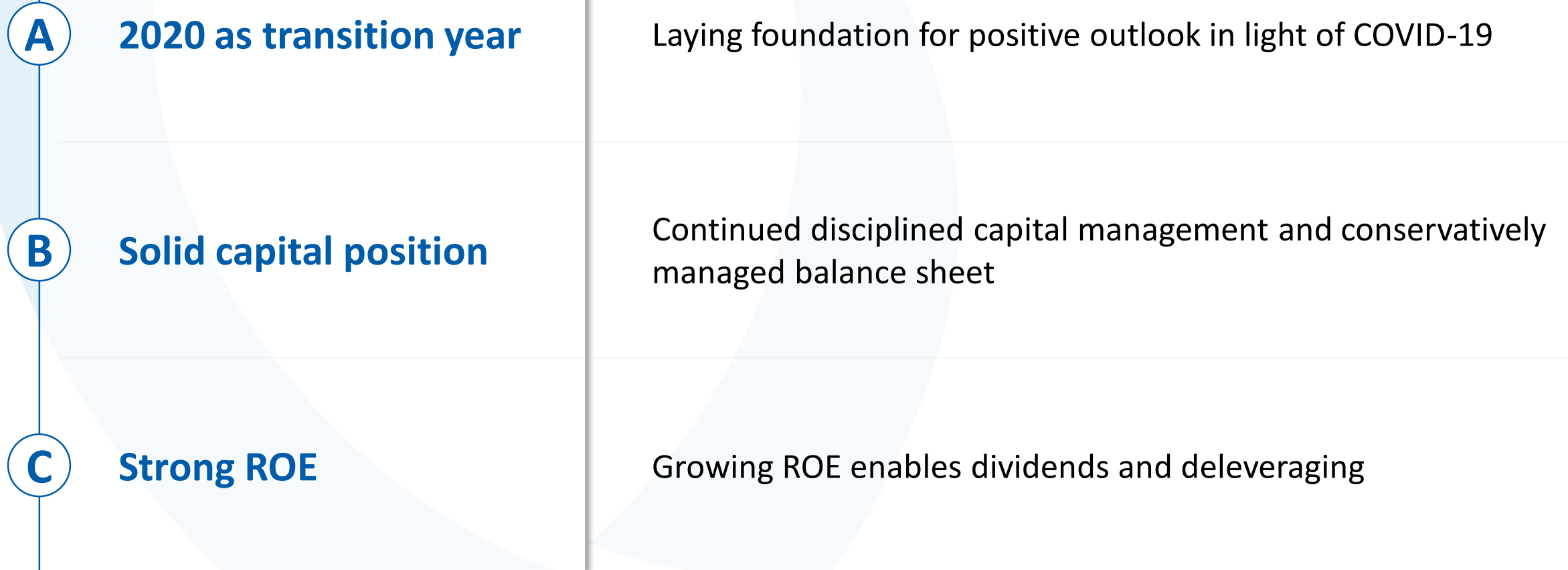
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## 4 Financials

Kurt Svoboda, CFRO

# Key messages



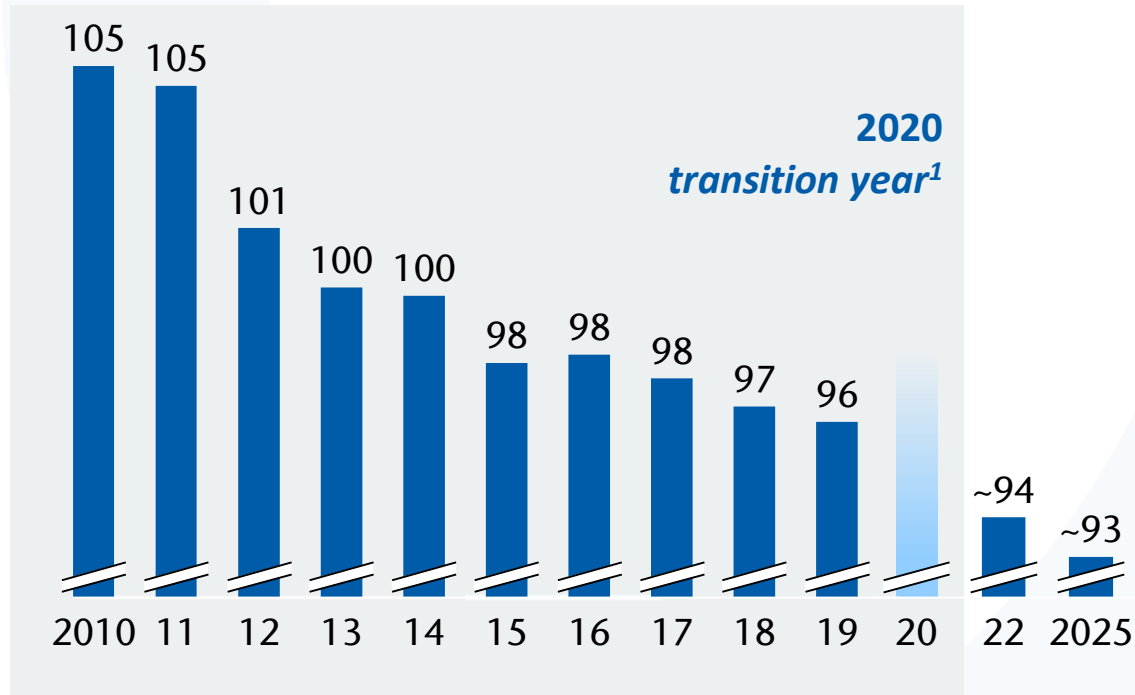


# A. 2020 a transition year: COR on decline!

## Net COR P&C development

Percent

Excl. AXA CEE



Continuous decrease in COR from 2010 to 2020 due to underwriting and operational improvements

2020 as a transition year – COR negatively impacted by restructuring charge in Q4 and high exposure to hospitality business (compensation agreement excludes further damages)

Ambitious target to further reduce COR with rigorous cost restructuring program

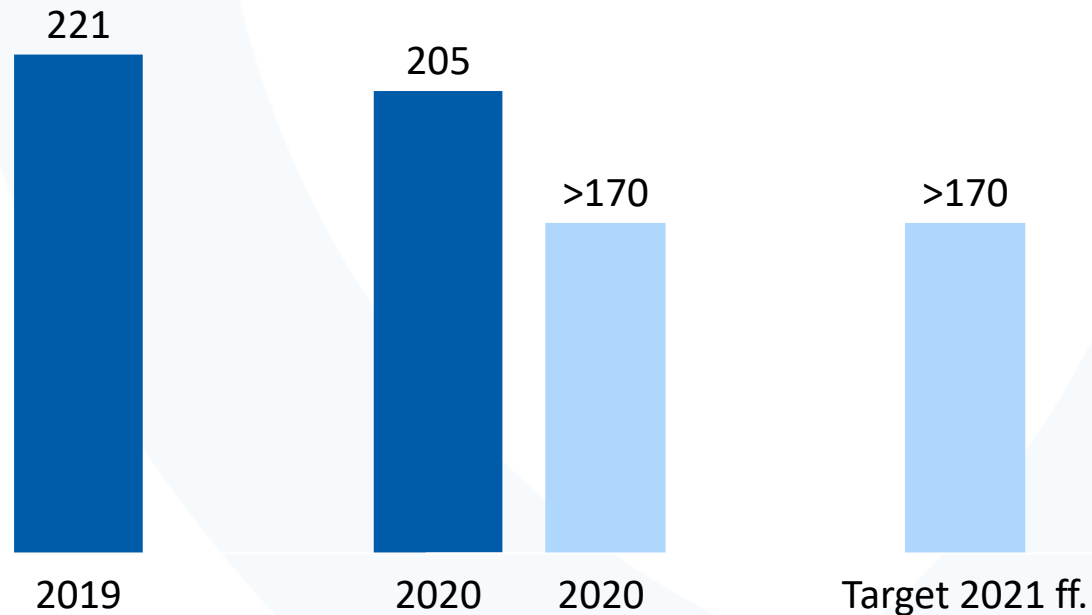
1 E.g. AXA CEE, COVID-19, restructuring, etc.

# B. Solid capital position: Solvency – solid capital position!

## Solvency II development<sup>1</sup>

Percent

■ Excl. AXA CEE   ■ Incl. AXA CEE



**One-off decrease in 2020** following AXA CEE acquisition and planned restructuring provisions

**Positive future effects** from cost reduction and capital optimization, especially in Life insurance

Further uplift expected by **implementation of full internal model**

**Conservative balance sheet management** supporting solid capital base

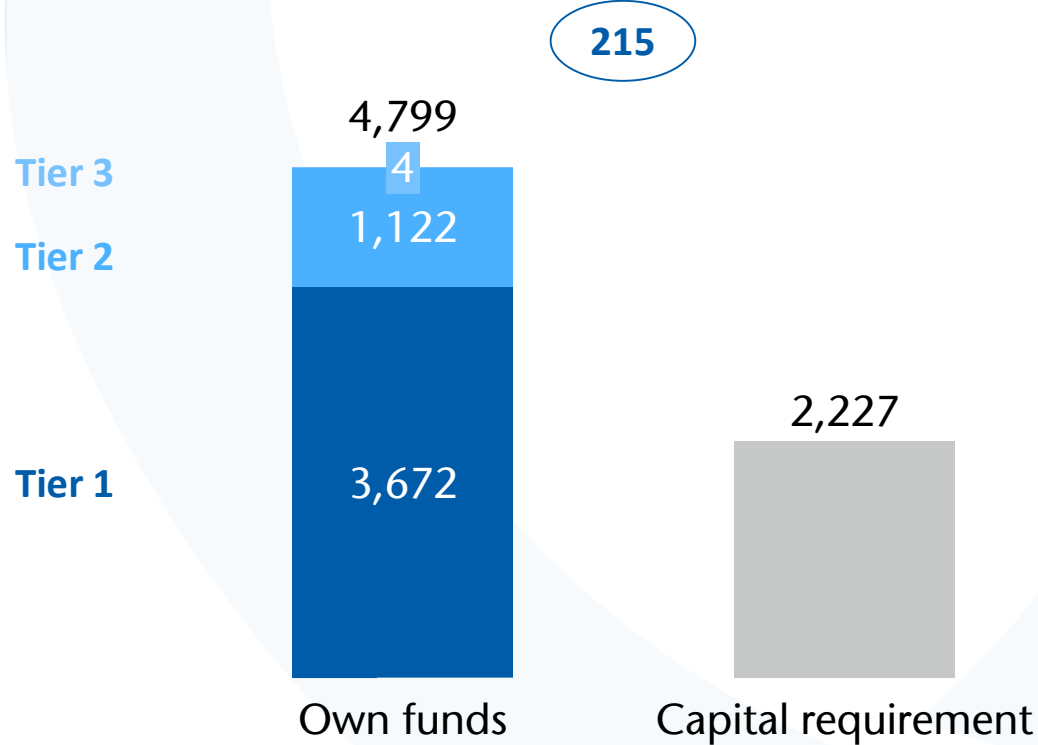
<sup>1</sup> Incl. cost savings and full internal model

# B. Solid capital position: Solvency – solid capital position!

## Solvency II Q3 2020

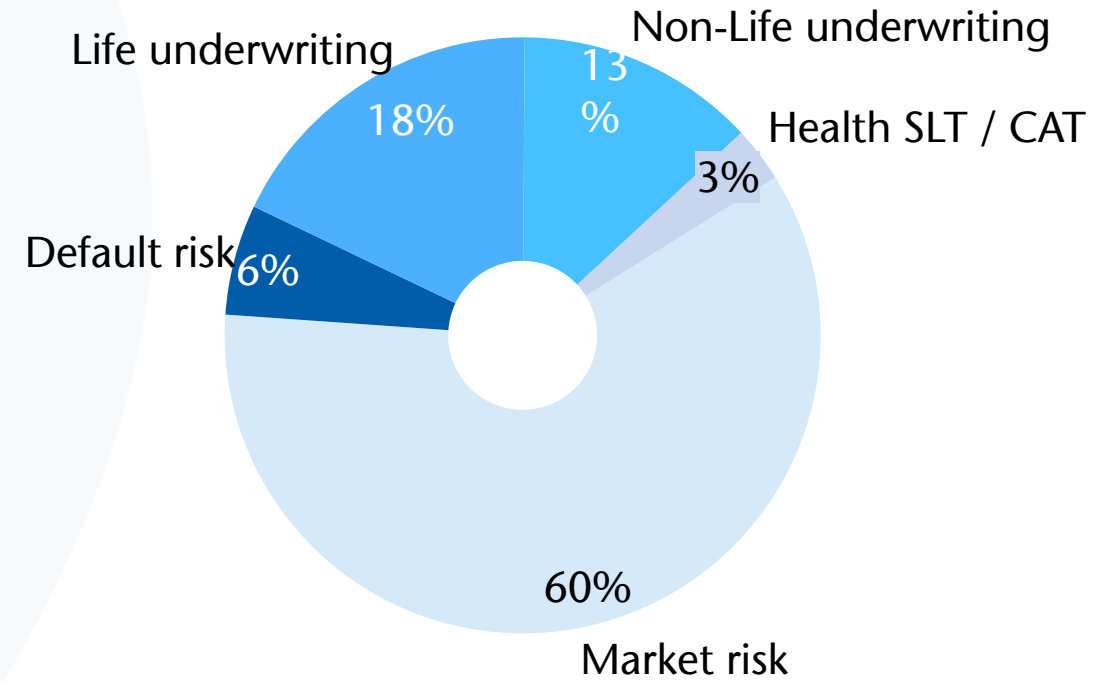
EUR millions

**xx** Solvency II, percent



## Split by risk module

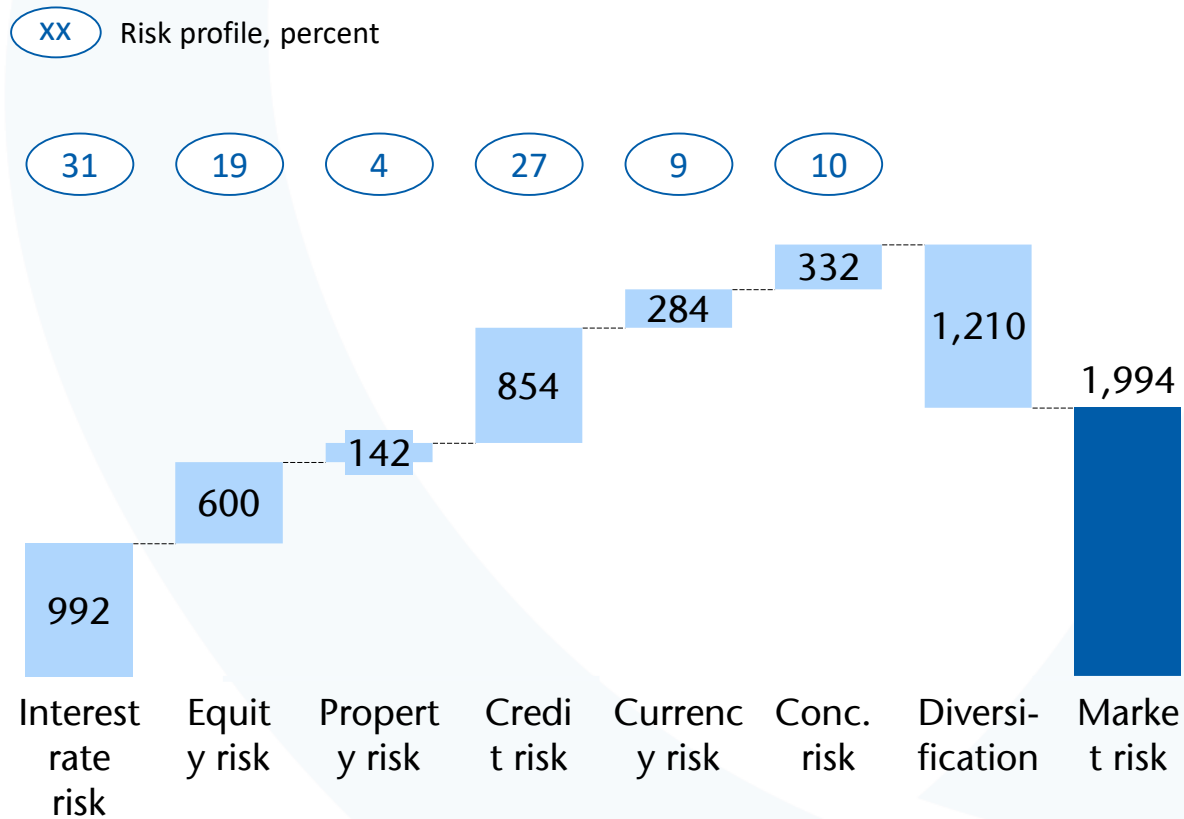
Percent



# B. Solid capital position: Solvency – interest rate and credit risk are driving market risk requirement!

## SCR PIM market risk profile Q3 2020

EUR millions



- **Interest rate risk driven by long-term business** from Life and especially Health SLT

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- **Equity risk is driven by equity investments** and participations

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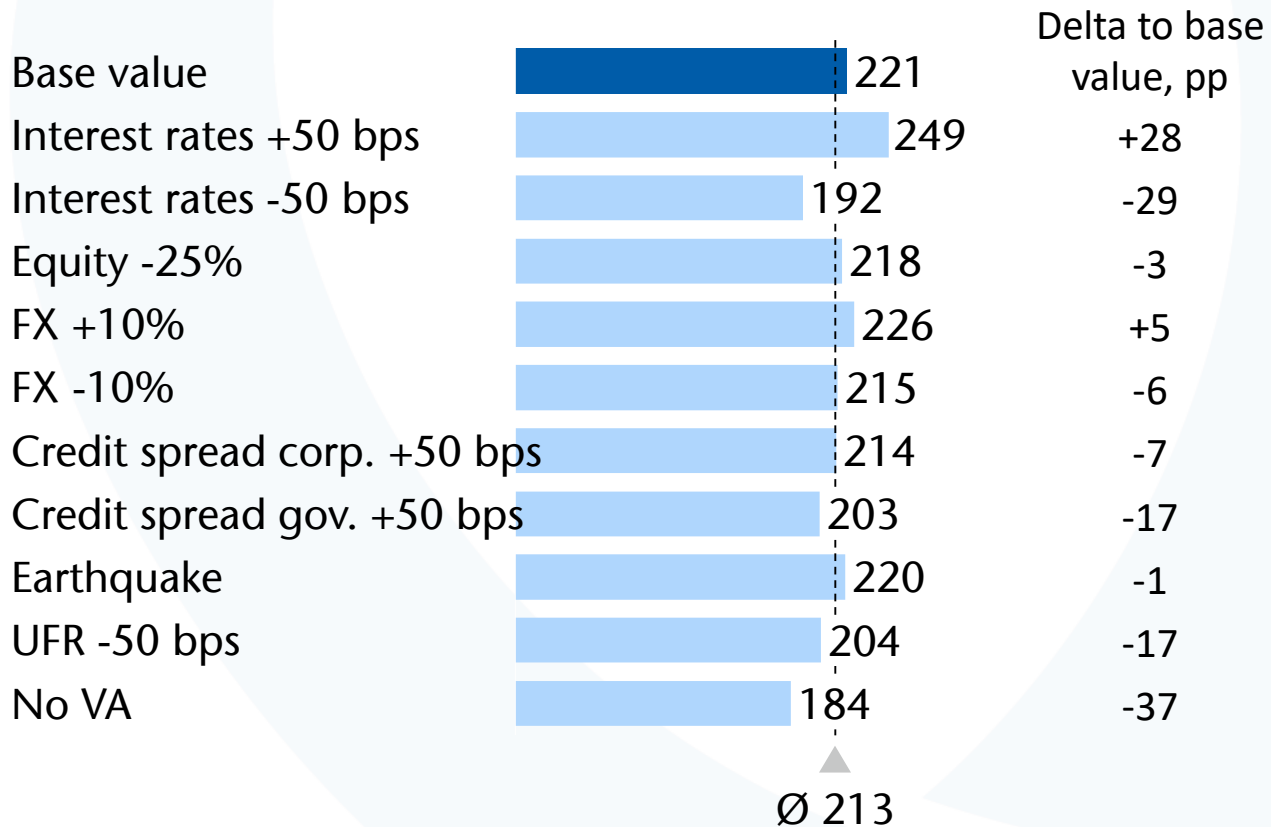
- **Credit risk resulting from high share of fixed income investments** necessary for the long-term business



## B. Solid capital position: Solvency – high resilience!

### Impact of sensitivities on SCR-ratio 2019

Percent



**Sensitivity of Solvency ratio regarding interest rate movements and credit spreads** driven by business with long duration liabilities – mainly profitable Health business in Austria

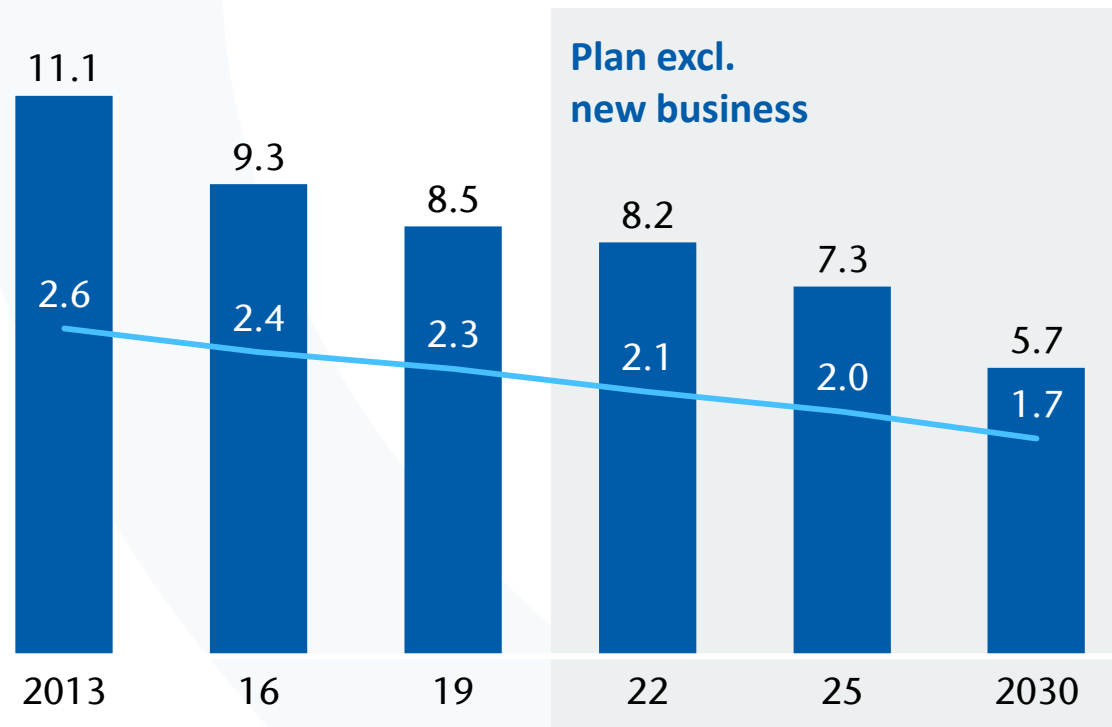
**Stable Solvency ratio** with respect to equities, FX as well as a significant earthquake

## B. Solid capital position: Freeing up capital!

### Development of Life reserves

EUR billions

■ Actuarial reserve — Actuarial interest, percent



More than 30% of the back book will be ran-off continuously over the next decade

Up to 5% of total capital requirements of the Group are to be relieved until 2025

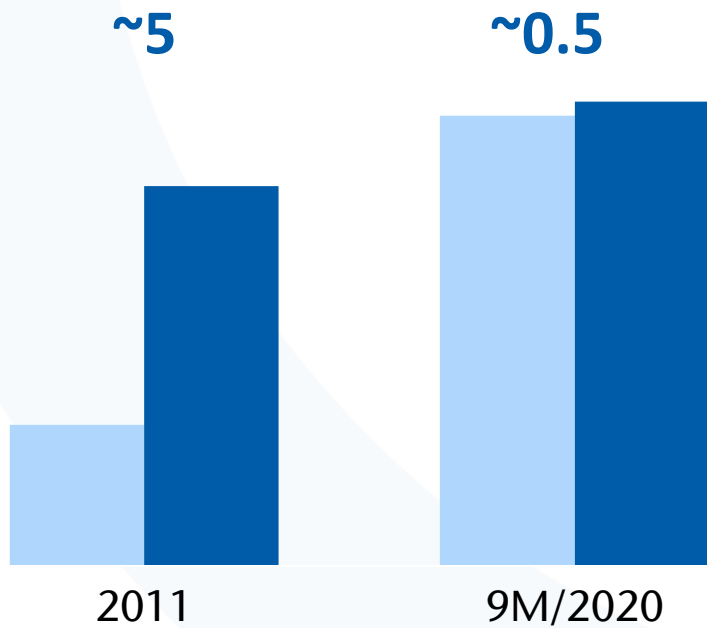
Reduction of guarantees through de-risking (e.g. increase of capital-light products)

# B. Solid capital position: Duration gap in Austrian Life has been closed!

## Duration gap in Austrian Life business

Years

Asset duration Liabilities duration



Significant reduction of duration gap by increasing asset duration in the last decade

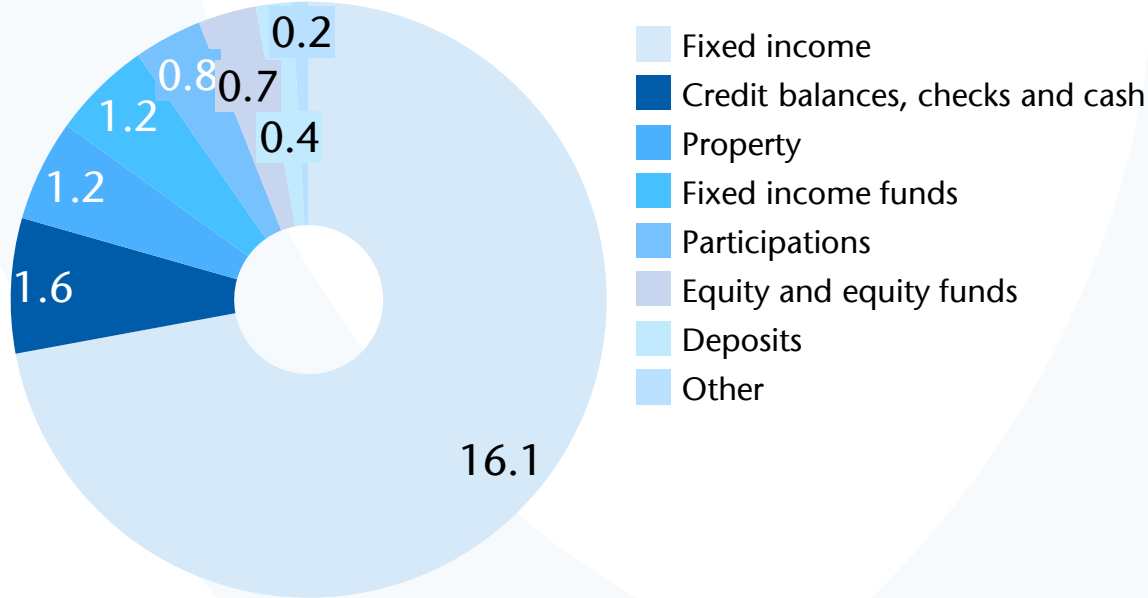
Strict ALM in Life business to be continued

# B. Solid capital position: Diversified investment strategy!

## AUM at book value Q3 2020

EUR billions

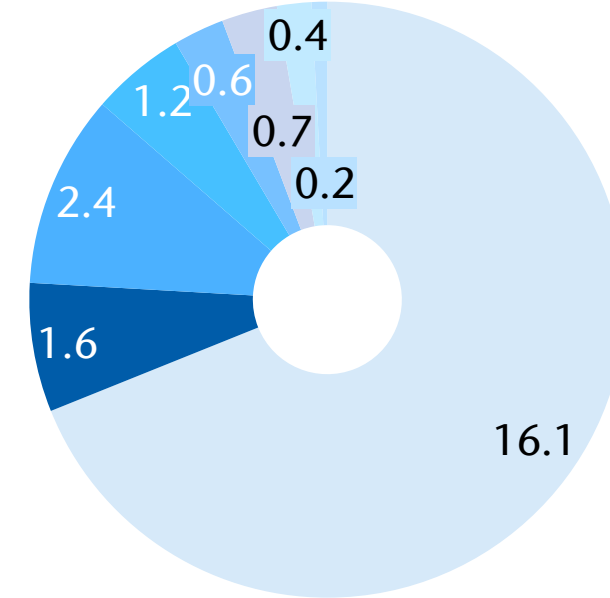
**Total = 22.3**



## AUM at market value Q3 2020

EUR billions

**Total = 23.4**

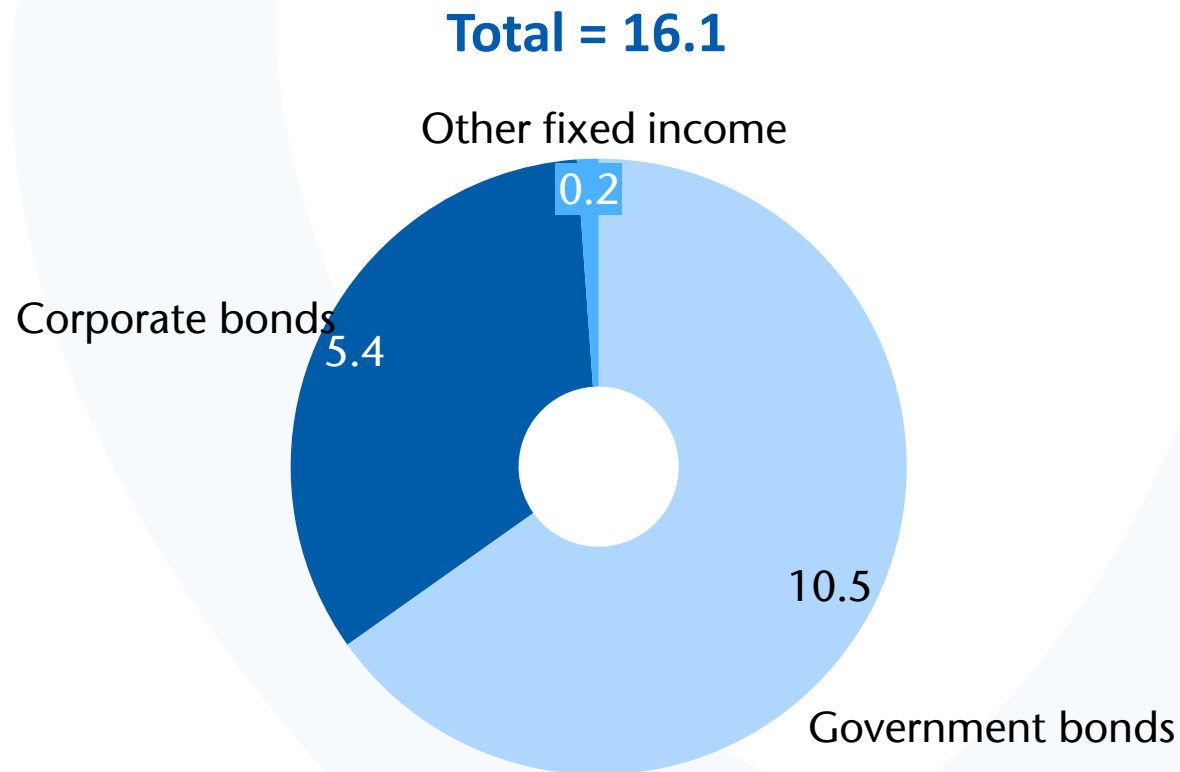


**72% of our AUM consist of fixed-income securities (bonds)**

## B. Solid capital position: Diversified bond mix!

### Composition of bonds Q3 2020

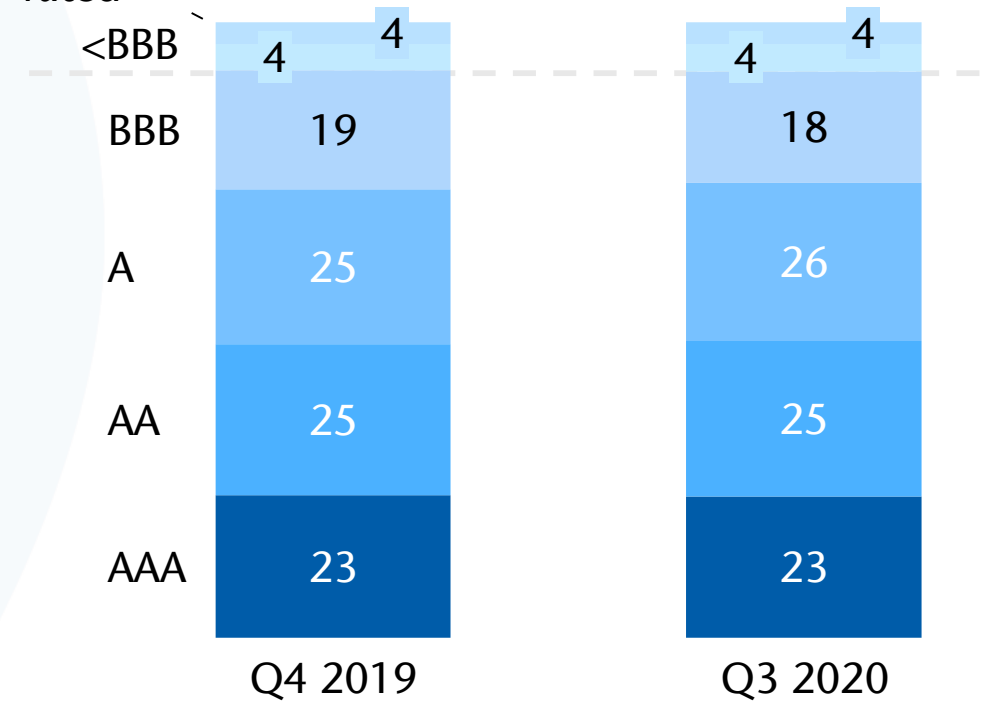
EUR billions



### Rating distribution

Percent

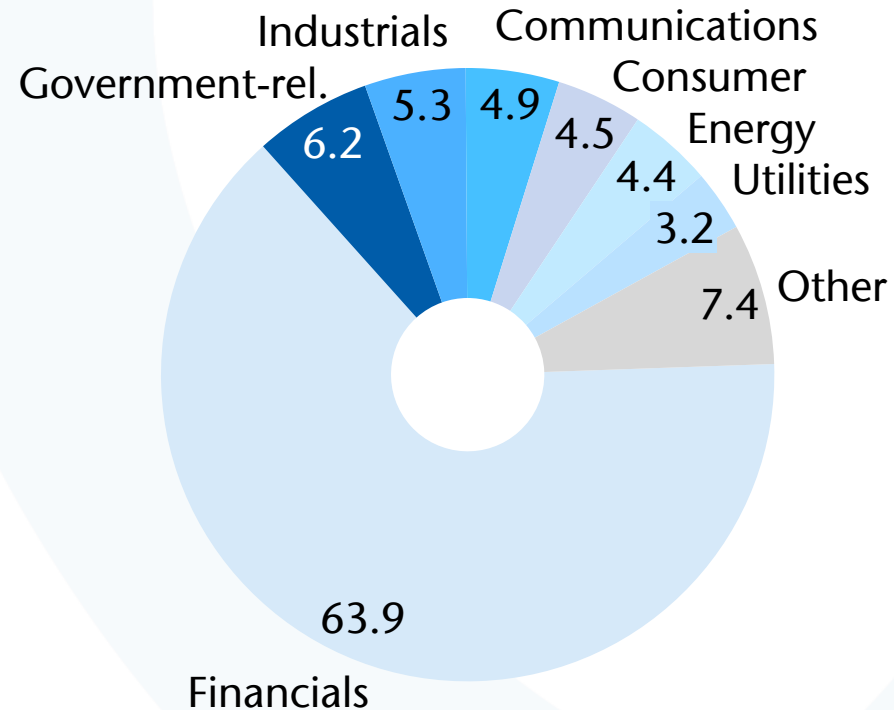
Not  
rated



## B. Solid capital position: Low risk exposure!

### Corporate bonds – sector breakdown

Percent



**Diversified corporate bond portfolio** with strong focus on Financials

Very limited exposure to **COVID-19 impacted airline and travel industries**<sup>1</sup>

Low exposure to **higher risk and cyclical energy sector**

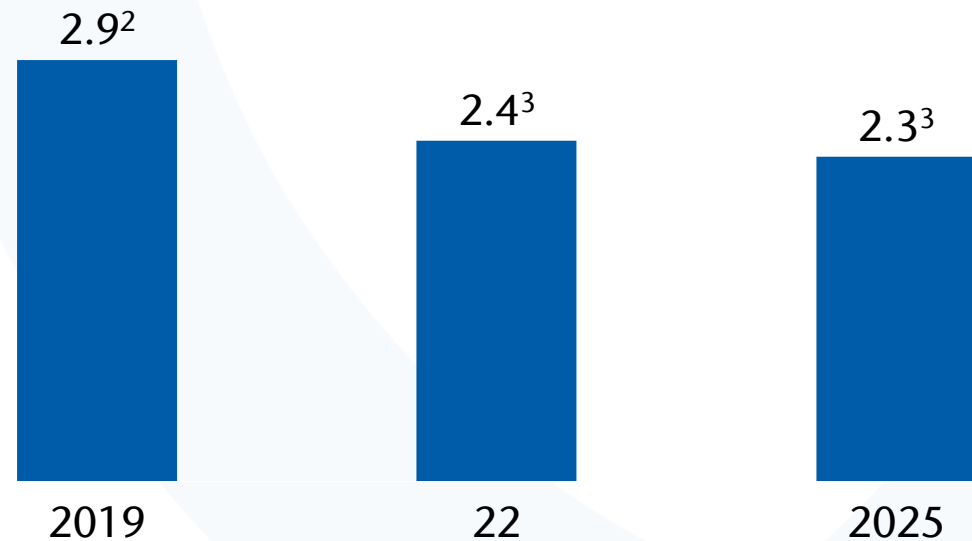
<sup>1</sup> Exposure to airline industry of EUR 51m and travel industry of EUR 22m as part of consumer segment

## B. Solid capital position: Impacted by low interest rates

### Investment yield<sup>1</sup>

Excl. AXA CEE, percent

Investment yield impacted due to high exposure to fixed-income assets and low interest environment



**Reassessment of investment strategy** targeting efficient frontier

**Required shift in investment strategy** to mitigate interest rate decline

**Higher investments in illiquid assets** (incl. real estate) to generate liquidity premiums

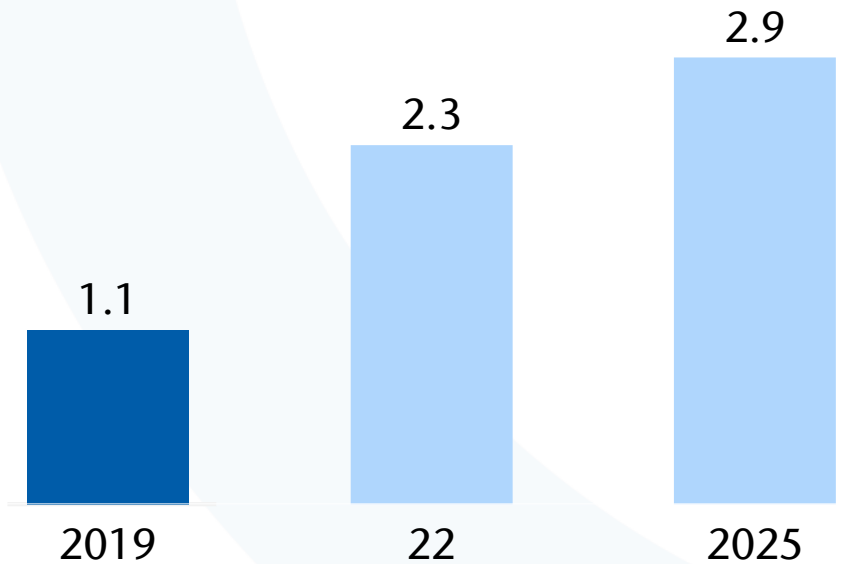
## B. Solid capital position: High reinvestments!

### Investments in illiquid assets

EUR billions

■ Excl. AXA CEE   ■ Incl. AXA CEE

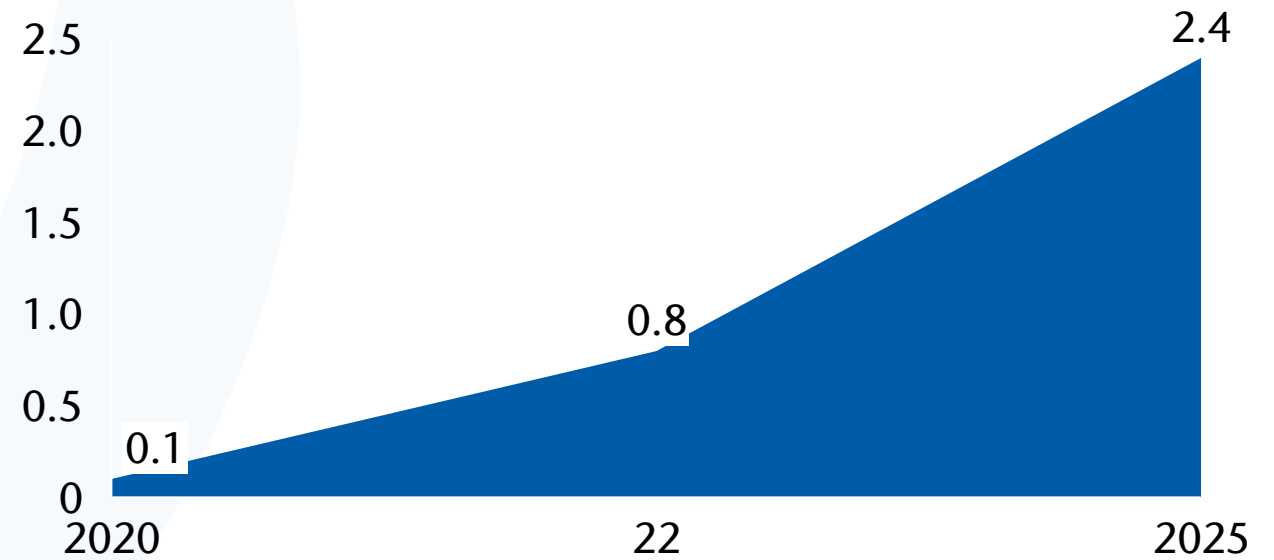
Stabilization of investment yield through new investments of EUR 1.8bn in illiquid assets



### Residual reinvestments

EUR billions

Residual reinvestments of EUR 2.4bn in AA and A rated government bonds up to 2025



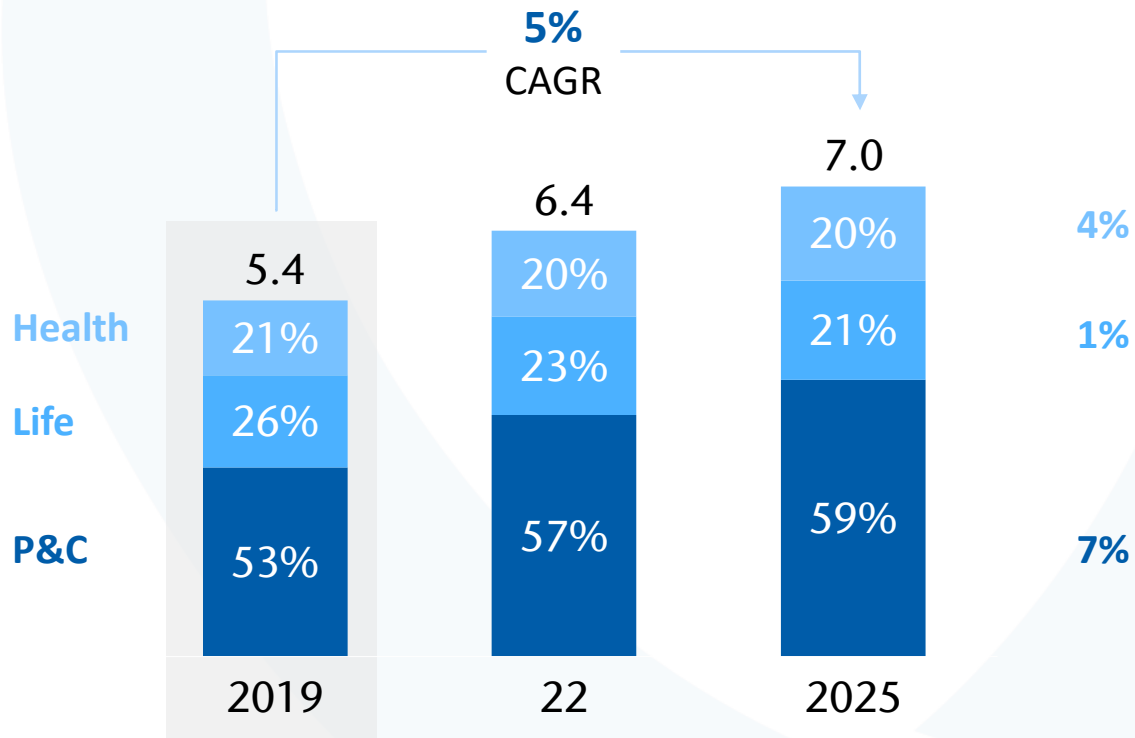


# C. Strong ROE: Strong GWP growth!

## GWP development

EUR millions

Excl. AXA CEE



## Growth

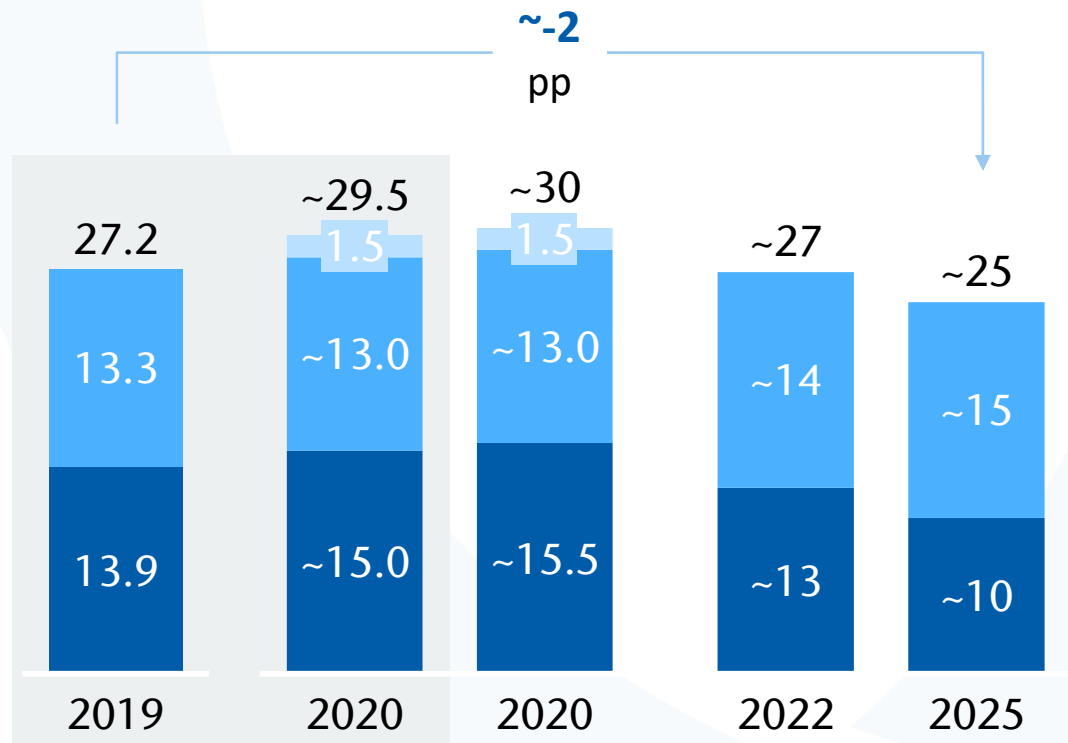
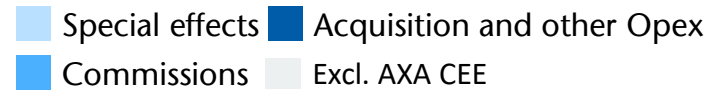
2019-2025, CAGR

- Contribution of **GWP EUR ~1bn through AXA CEE acquisition**
- **Expansion in P&C through simple products (Retail) and tailored solutions**
- **Building on strength in Health AT and consistently shifting Life to biometric and capital-light savings products**
- **Life business to grow in CEE while further focus on profitability improvement in Austria**

# C. Strong ROE: Cost ratio – reaping the benefits!

## Net cost ratio development

Percent



**Short-term increase due to significant investments** of up to EUR 145m for strategy, AXA CEE integration and restructuring in 2020

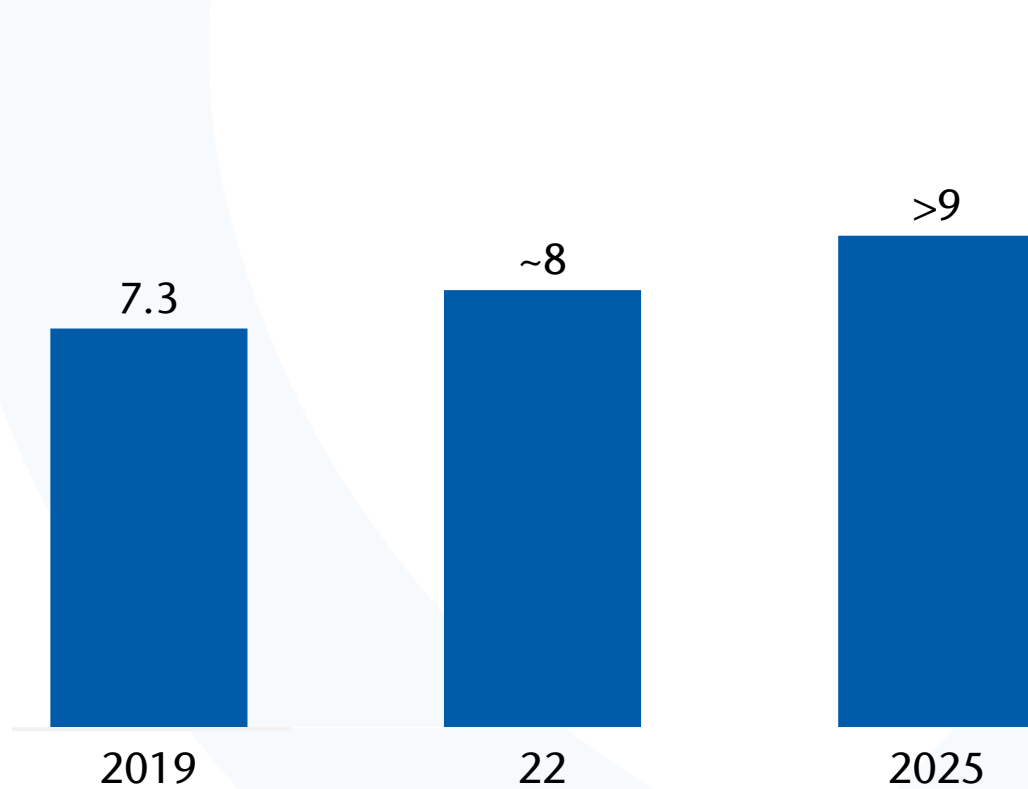
From 2021 onwards, **decrease of cost ratio due to positive effects of investments**

Positive effects include **streamlining of products and processes, economies of skill and headcount reductions**

# C. Strong ROE: ROE – significant increase!

## ROE development

Percent



- Increase in net income following GWP growth trajectory, **decreased COR and improved cost structure**

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- **Opposing trend due to decline in investment income** as a result of lower interest environment

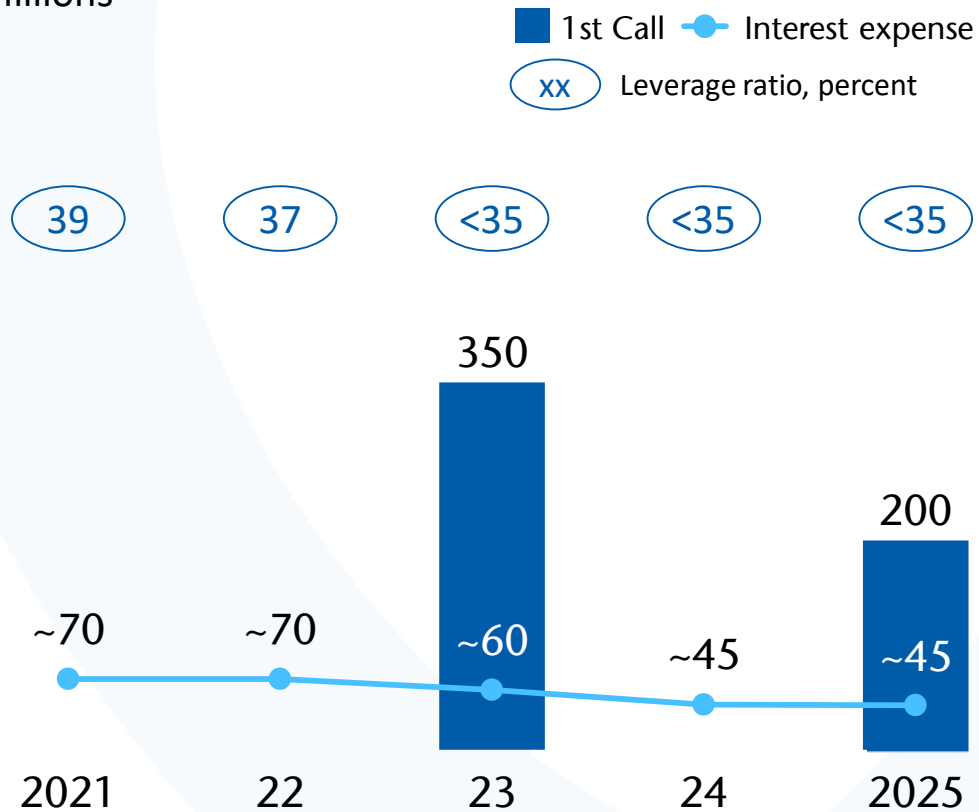
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- **Increase of CEE contribution to Group result** following AXA CEE acquisition

# C. Strong ROE: Leverage – enables high dividend payments!

## First call dates and interest expense<sup>1</sup>

EUR millions



Significant debt repayments in 2023 and 2025

Lower leverage and decrease in interest expense facilitate future dividend payout to shareholders

<sup>1</sup> Assumption: debt instruments outstanding are called at 1st Call date. This is no actual guidance. Interest expense might deviate in the future

# UNIQA 3.0: Ambitious targets!

## UNIQA Group targets

2019 actuals, 2022 and 2025 targets

■ Excl. AXA CEE   ■ Incl. AXA CEE

