



# ***Net Insurance: company in evolution with a look to the digital innovation***

Virtual AIM Italia Conference, 25th May 2020

*Investor Presentation*

# AGENDA

Overview

Business Model

Financial Highlights  
2019

Analyst coverage

Outlook 2020

Annex

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# Who we are



We are an insurance Group composed by a **P&C Company** and a **Life Company** with 20 years story on italian insurance market



We are a **multispecialist** Group that, by means of diversification of its business, creates **operative synergy for each line of business** with **high potential and profitability**, according to a principle of “economies of scope”



We offer agile and innovative solutions on **Protection**, dedicated to **Individuals**, to **Households** and **SMEs**



NET is a reality that wants to fill «insurance needs» with **high quality services**



**Specialization, Innovation and Simplicity** are our common values, through which we develop business plans and confirm, every day, our **identity**

## OUR NUMBERS

**4**  
Line of business

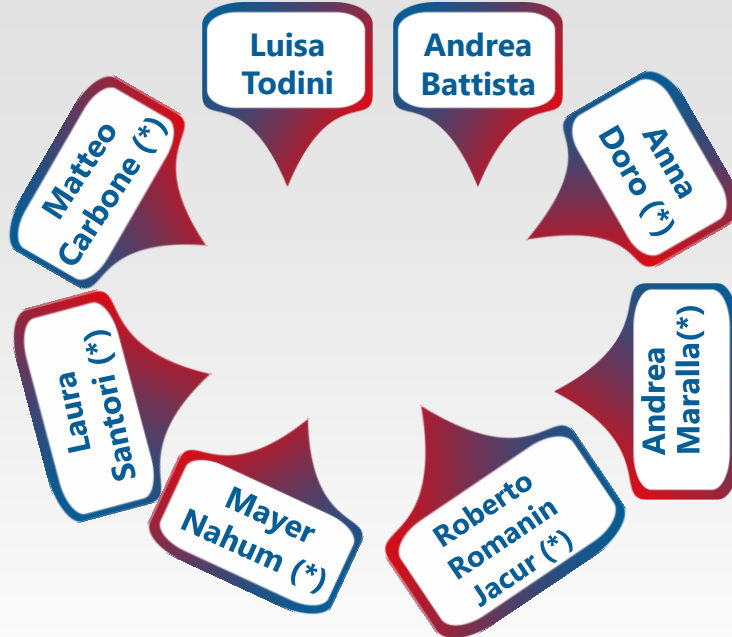
**> 100**  
Employees

**20**  
Years on insurance market

**84,4 mln**  
GWP in FY2019

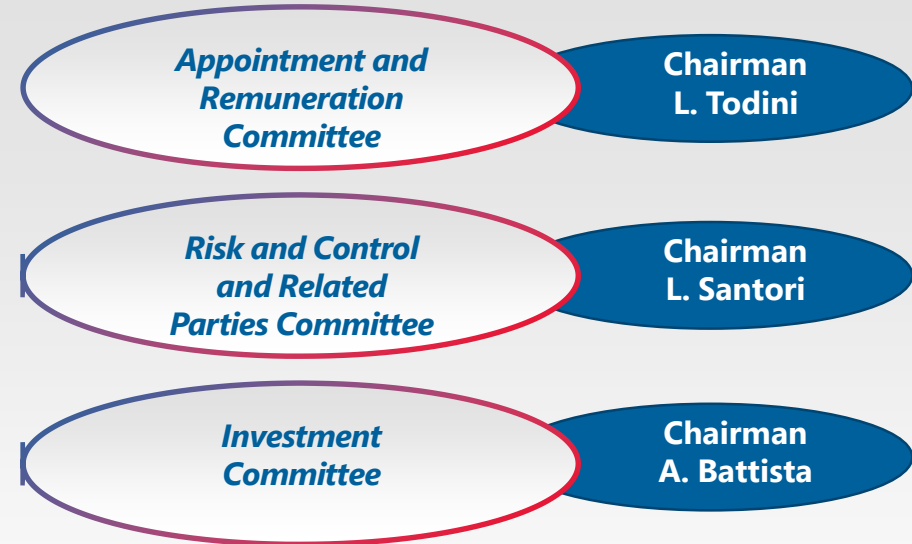
# Who we are – organisational and management structure

## Board of Directors



- Directors of recognized prestige and consolidated experience and gender balance
- High level of diversity among Board members and prevalence of Independent Directors

## Board Committees



- Developed and strengthened governance in line with the practices of listed companies
- Establishment of endoconsiliar committee to assist the Board of Directors and management team

\* Independent Directors

# Who we are – organisational and management structure

Strong governance  
scheme model

## Innovation Advisory Board

*Innovation Advisory  
Board  
(IAB)*

**Chairman  
M. Carbone**

- Independent professionals, experts in fintech and innovation
- Strengthening the «Insurtech Inside» philosophy of NET
- Support for the Company's innovation activities and strategies
- Signal startups of the galaxy insurtech more interesting according to an «affinity» logic of Group

## Top Management



**Andrea Battista**  
*Chief Executive Officer*



**Luigi Di Capua**  
*CFO*



**Stefano Longo**  
*CBO*



**Fabio Pittana**  
*COO*

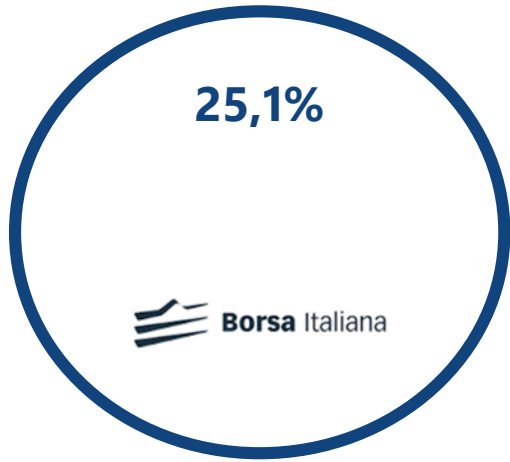


**Rossella Vignoletti**  
*CMO*

- A consolidated experience and know-how on insurance market of all executive team
- A team completely defined and in action since January 2019

# Shareholders

A diversified shareholding structure with high standing investors



Free Float on AIM



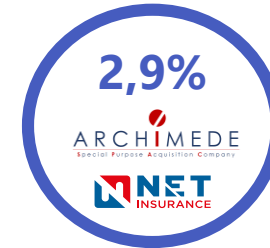
Funds



Banks and Insurance



Treasury shares



Promoters SPAC and management

Significant stake of industrial Partners (banks and insurance), to oversee and support the business





# Business Model

## Mission

*Building an open and independent B2B2C platform specialising in people and property protection business, by capitalising on every opportunity provided by digital technologies*

## Strategic Pillars



Salary-backed loan (Cessione del Quinto) business development



Non-life bancassurance development



Non-life retail brokers development



Digital platforms and Insurtech

Business Model

Business model and driver of Archimede's business Plan confirmed to date

# Salary/Pension backed – loan (CQ business)

- Twenty years history with consolidated **leadership** that will be further enhanced
- The credit market grows and is expected to grow in the medium term, even thanks to the regulation on **capital charge**
- NET has with a historical **database**, used to valuate the risk/reliability of employers during underwriting phase
- NET has a **diversified portfolio** depending on the sector of (private/public/parapublic) built using high accurate scoring risk criteria
- The Group achieved in 2019 a **combined Ratio** on CQ business lower than estimates of the Plan
- **Specialization, quality of service, knowledge** of the CQ market and its regulatory aspects, are points of strengths that historically make NET a reference for all operators of the CQ business
- **Immaterial impact (only 2.1%) of insurance claims received in 2019** compared to those of the CQ market(\*)

## OUR NUMBER

20

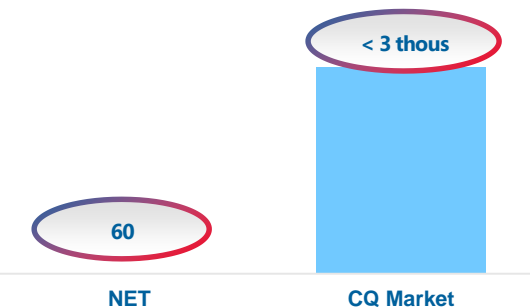
Years on insurance market

> 20%

Market share

around 70%

Weight on GWP FY2019



\* Sources: Assofin data

# Bancassurance

- Bancassurance is the distribution channel with the **highest growth rate** of recent years
- Has still a **significant potential for growth** in non-life (non-motor) and a **profitability** of the Bancassurance business is consistently very high
- In Italy on 4rd quarter 2019 **banks** represents the **second channel on distribution** with a weight of 11.3% on total premiums income on **non-life business (non –motor)**
- We offer **Protection solution** to Person, SMEs and credit protection to respond to «insurance needs» **with high quality services**
- It is a «**high growth high return**» business – thanks to the consistently high profitability, growth projections and the distinctive skills of management – and replicable in its product creation and distribution processes also in the retail broker channel

## OUR NUMBERS

**6** Agreement

**> 450**  
Branches where collocate  
our Insurance products

**10%**  
Weight of bancassurance  
on GWP FY2019

Partnership with regional importance

## Distribution agreements



105 branches



104 branches



54 branches



25 branches



106 branches



60 branches

## Protection solution



**Protection Family/Person**  
(Multirisk, Home, Health, Accident)



**CPI**  
(Mortgages, Loans, business)



**Protection Business**  
(Enterprise multirisk, Agricultural risk)



**PET Insurance**

to these agreements, protection policies dedicated to Person, SMEs are now placed...other agreements in pipeline (Health)

# Broker retail channel

- **Over ten new agreements** have started between 2019 and the first part of 2020 for distribution of NET products and **continuous dialogues** are underway with **medium and large brokers**
- niche **suretyship** class is now well under development - highly selected and diversified small risks and an innovative product is available (**rent protection**)
- Ongoing **agricultural risk activities** with strong reinsurance protection
- Interesting opportunities - still not fully reached - on many segments like **Home, Person** (Health/Accidents/Term life insurance), **Sports Risks, SMEs** and **Cyber risk**; business all fully in coherence with our business model
- It's a channel where the Company act with a «**tailor made approach**» to develop affinity Group offers, with great flexibility on selling models (web services or NET front-end platform)

## OUR NUMBERS

over **30**

Agreement in force

Ca. **20%**

Weight on GWP FY2019

**1**

Front-end platform fully digital

# Digital/Insurtech world

- **Relevant potential number** of digital policies on short - medium term
- Important agreement signed with **Nexi** through which NET becomes the insurance partner in the ecosystem of services in the field of **open banking (Nexi Open)**
- **Strategic partnership with Yolo and Neosurance**, with whom the first products have launched (sport and travel) and acquisition of minority stake in digital/Insurtech enterprises partner to oversee the business
- It's a tool to **increase** and **optimize operational and process models**, as well as new sales borders to access unexplored markets (*i.e.* freedom to provide «digital» service)
- **Development of the digital claims system**, prompt settlement and future use of artificial intelligence mechanisms for the evaluation of damages

## OUR NUMBERS

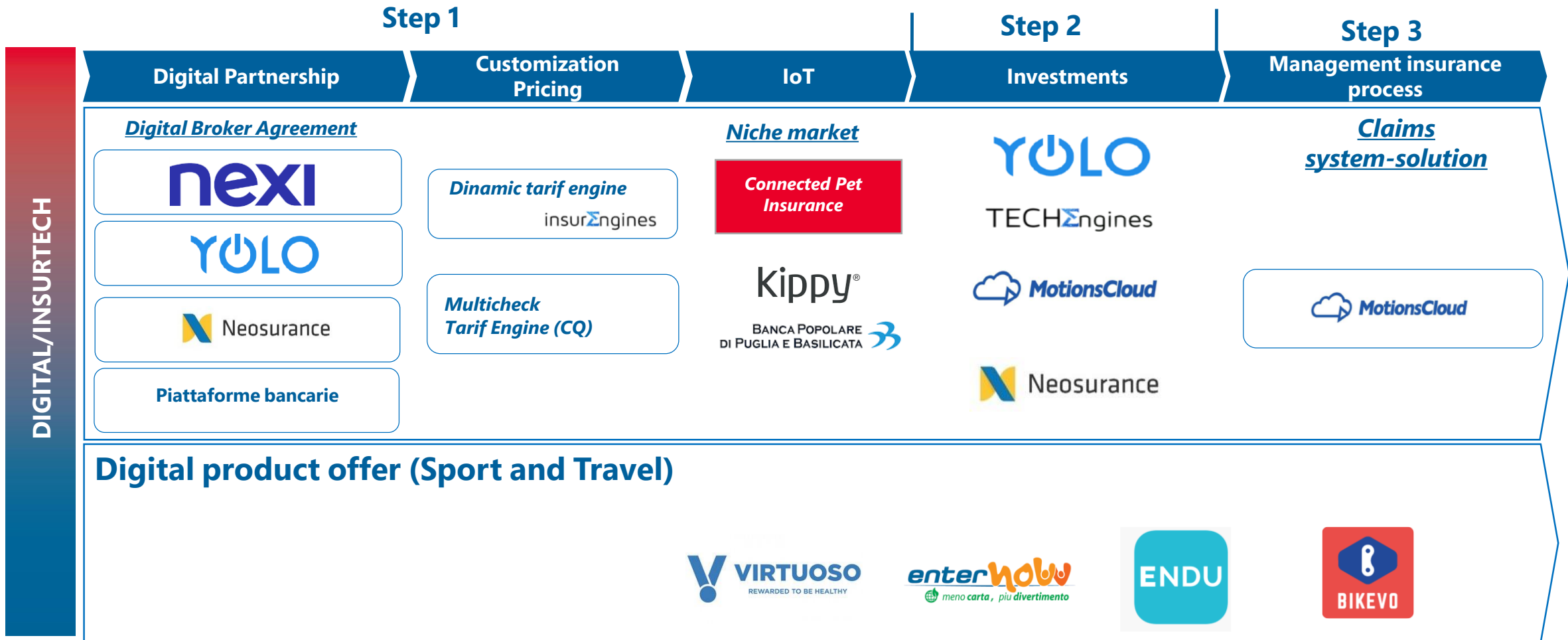
**2** Agreements with main Italian player

**> 38,000**  
Digital contracts issued on 2019

**1,7 mln**  
Investments on Digital and Insurtech (during Plan)

# Main Digital/Insurtech initiatives

Strengthen the innovativeness of the insurance offer and NET's value proposition



NET will progressively complete the product range (e.g. Pet, Shared mobility, device protection)



# Business Plan 2019 - 2023

The estimates include the dividend payment throughout the Plan

	Forecast 2019	2020E	2023E
GWP € Min	83,4	112,9	170,3
General expenses € Min	19,6	20,2	23,5
Net technical result € Min	7,1	6,6	19,7
Net profit € Min	4,5	6,2	17,5
Normalised net profit* € Min	6,5	6,3	17,5
Shareholders' equity ** € Min	58,3	63,3	92,0
ROE %	8,0	10,2	20,2
Combined Ratio %	87,8	87,9	81,4
Solvency Ratio %	~ 160-170	~ 165-175	~ 170-180



FY	Pay-out	Payable term
2020	20%	2021
2021	25%	2022
2022	30%	2023
2023	40%	2024

**Subject to SCR Ratio ≥ 150%**

\* The normalized net income is equal to the net result adjusted by income and expenses related to extraordinary/non-current events

\*\* Net of gradually paid dividends

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# Have we kept the Plan's promises?

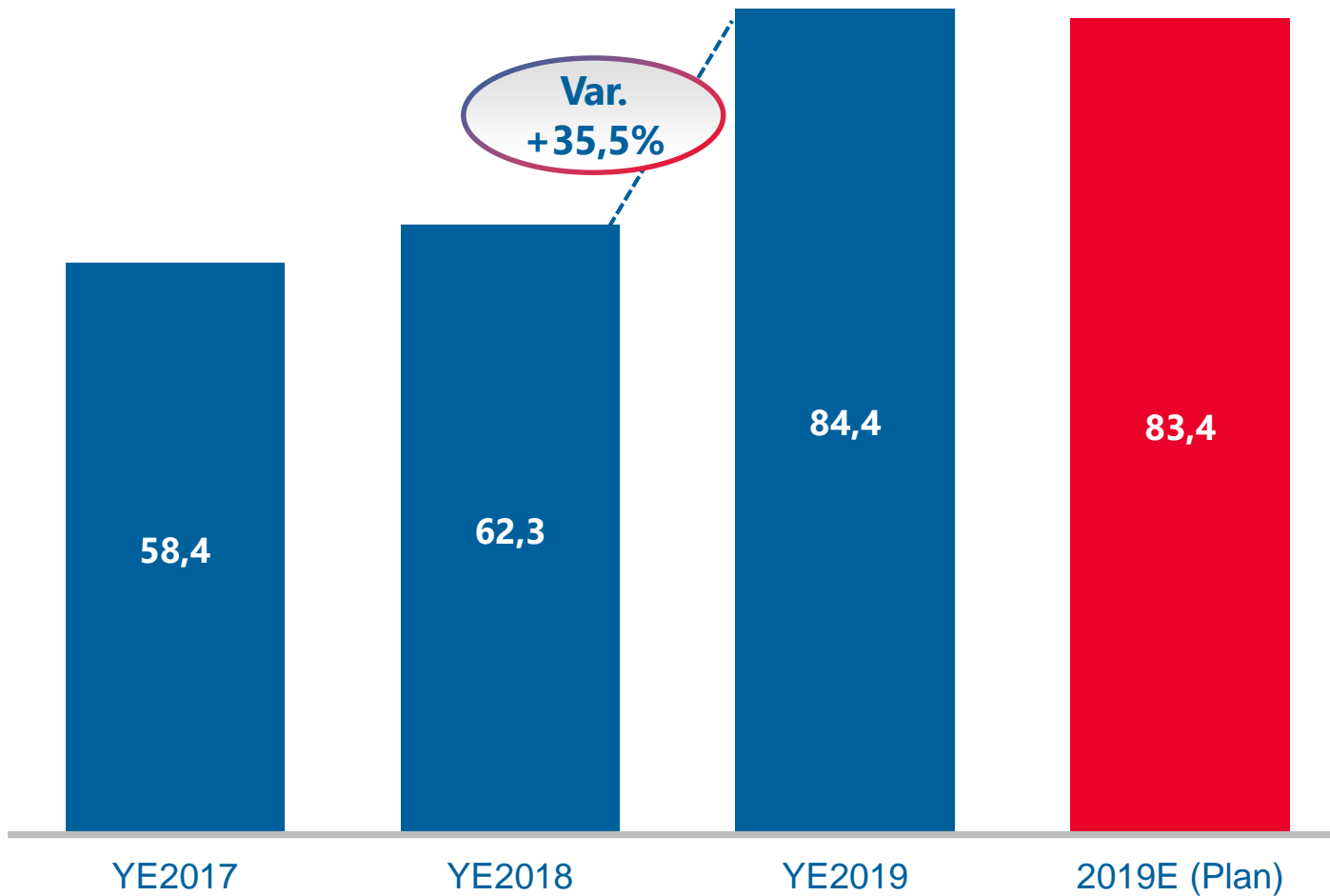
	Actual 2018	Target 2019	Actual 2019	
<b>Gross written Premiums</b> (€/mln)	62,3	83,4	84,4	
<b>General expenses</b> (€/mln)	12,9	19,6	20,4 (*)	
<b>Net technical result</b> (€/mln)	8,6	7,1	7,8	
<b>Net income</b> (€/mln)	4,1	4,5	12,5	
<b>Normalised net income</b> (€/mln)	6,7	6,5	7	
<b>Shareholders' equity</b> (€/mln)	53,8	58,3	71,8	
<b>ROE</b> (%)	11,3	8,0	19,7	
<b>Combined Ratio</b> (%)	77,9	87,8	85,9	
<b>Solvency Ratio</b> (%)	162,9%	~ 160-170	165,7%**	

(\*) The target, to the net of the extraordinary expenses incurred in relation to the event of the fraud (stolen financial assets), is fully achieved

(\*\*) SII Ratio 2019 data based on solvency reporting (4Q 2020). Annual data solvency 2 Group not available yet

# Gross written premiums

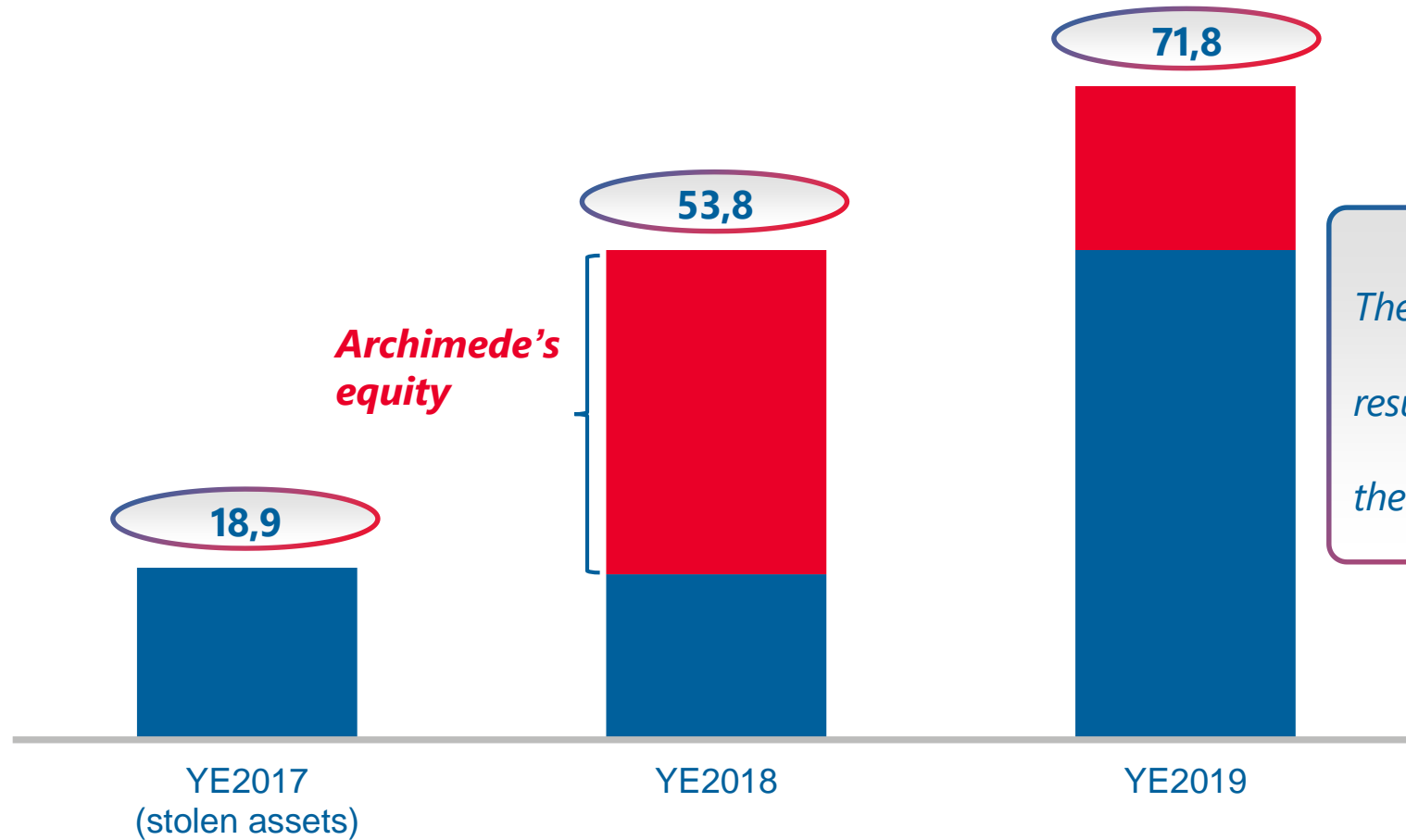
(€/ mln)



- *All lines of business have been started*
- *Bancassurance contribution already 10% of GWP*
- *Over 38,000 «digital» contracts issued*

# Shareholders' Equity

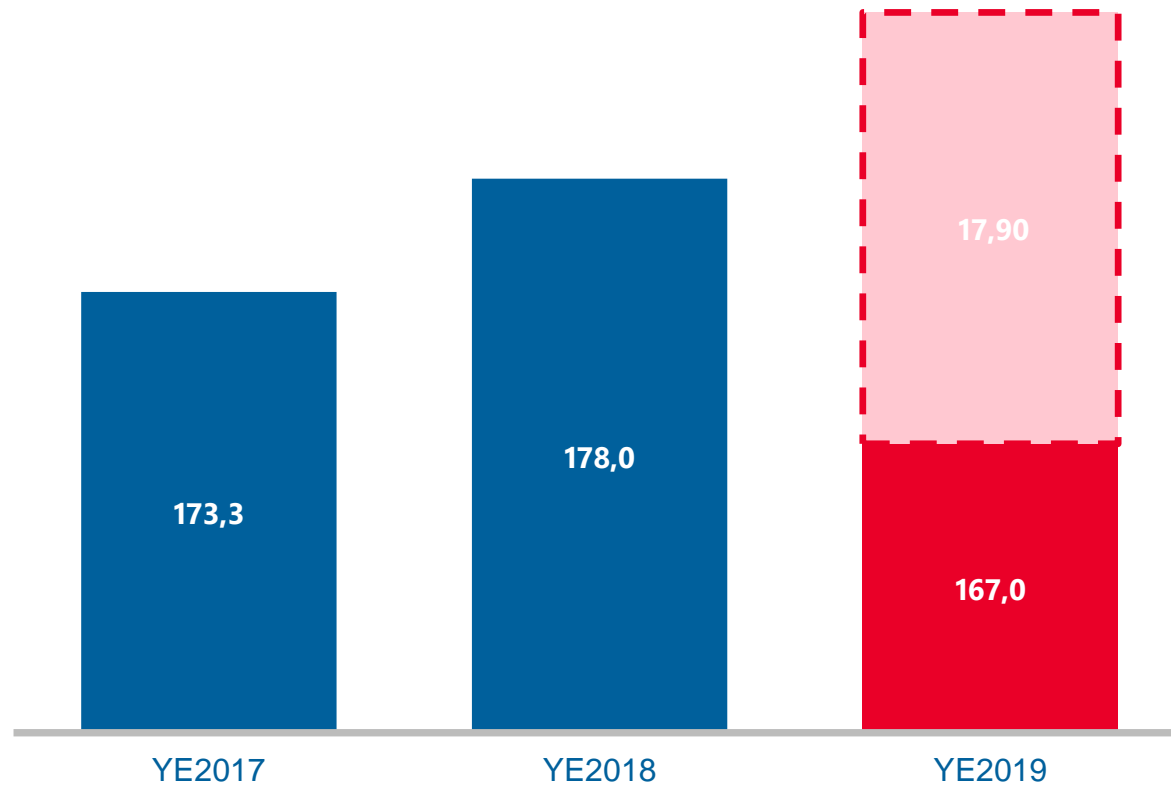
(€/ mln)



*The shareholders' equity benefits of the period result, settlement agreements and benefits of the increase in the value of the assets*

# Investments (1/2)

(€/ mln)

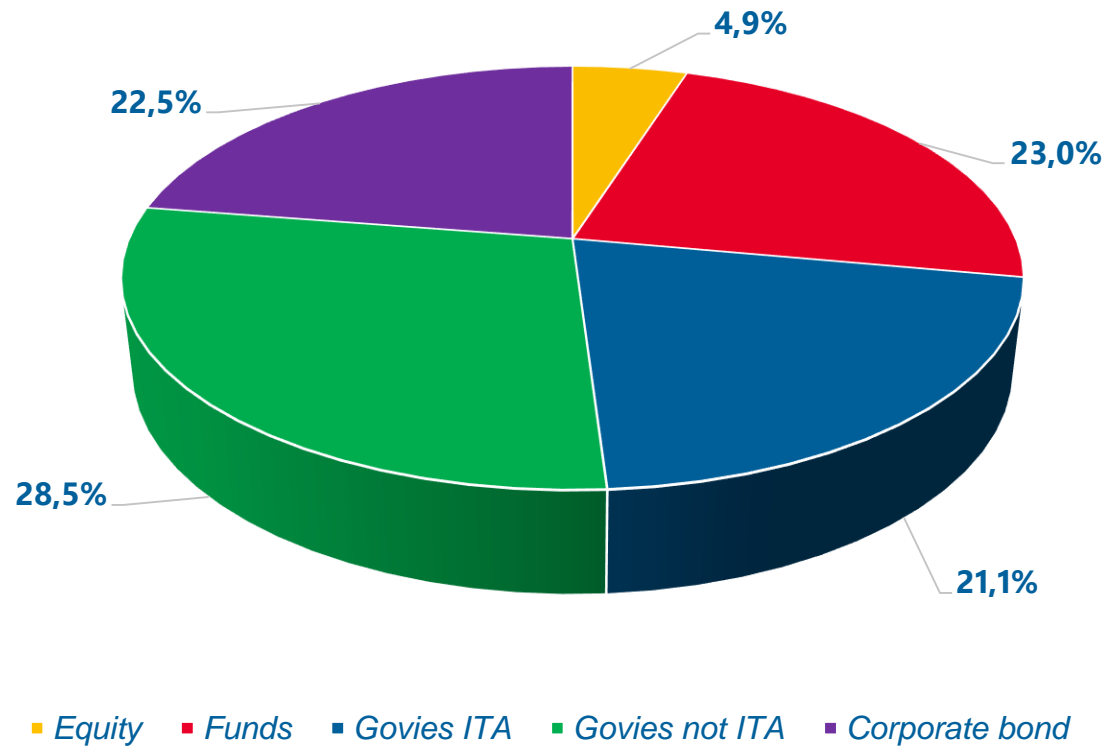


Financial result amounted to 1,9 mln euro

- Financial result integrates technical results into value creation
- Assets in slight decline for the repayment of reinsurance deposits (17,9 mln) paid at high rates

# Investments (2/2)

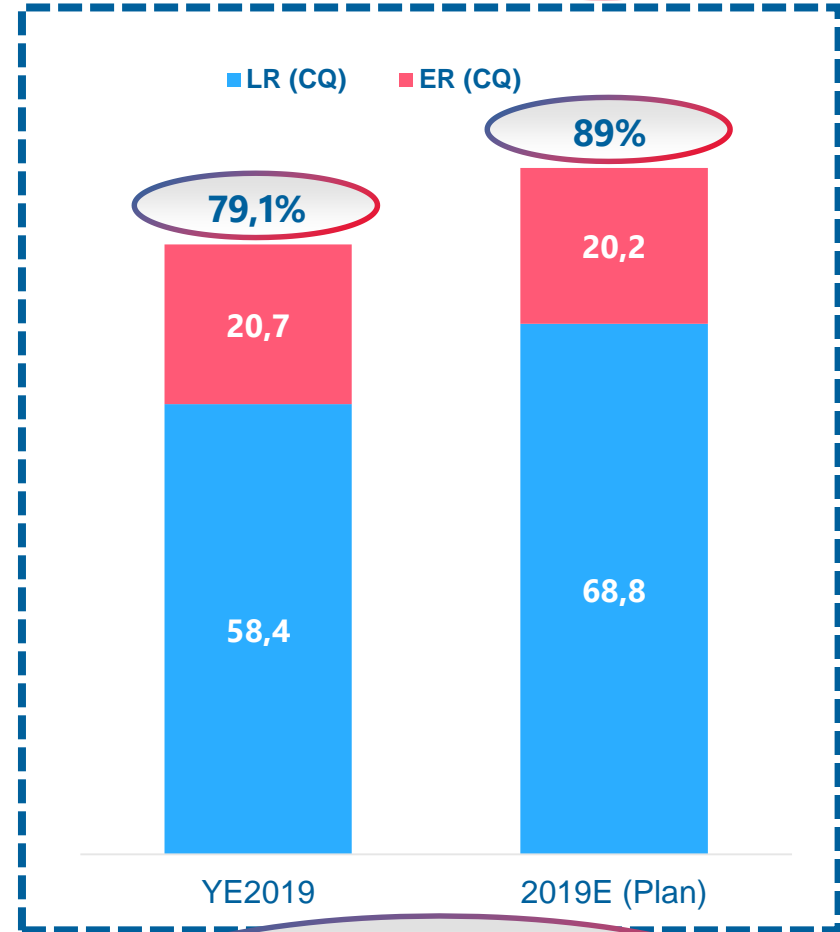
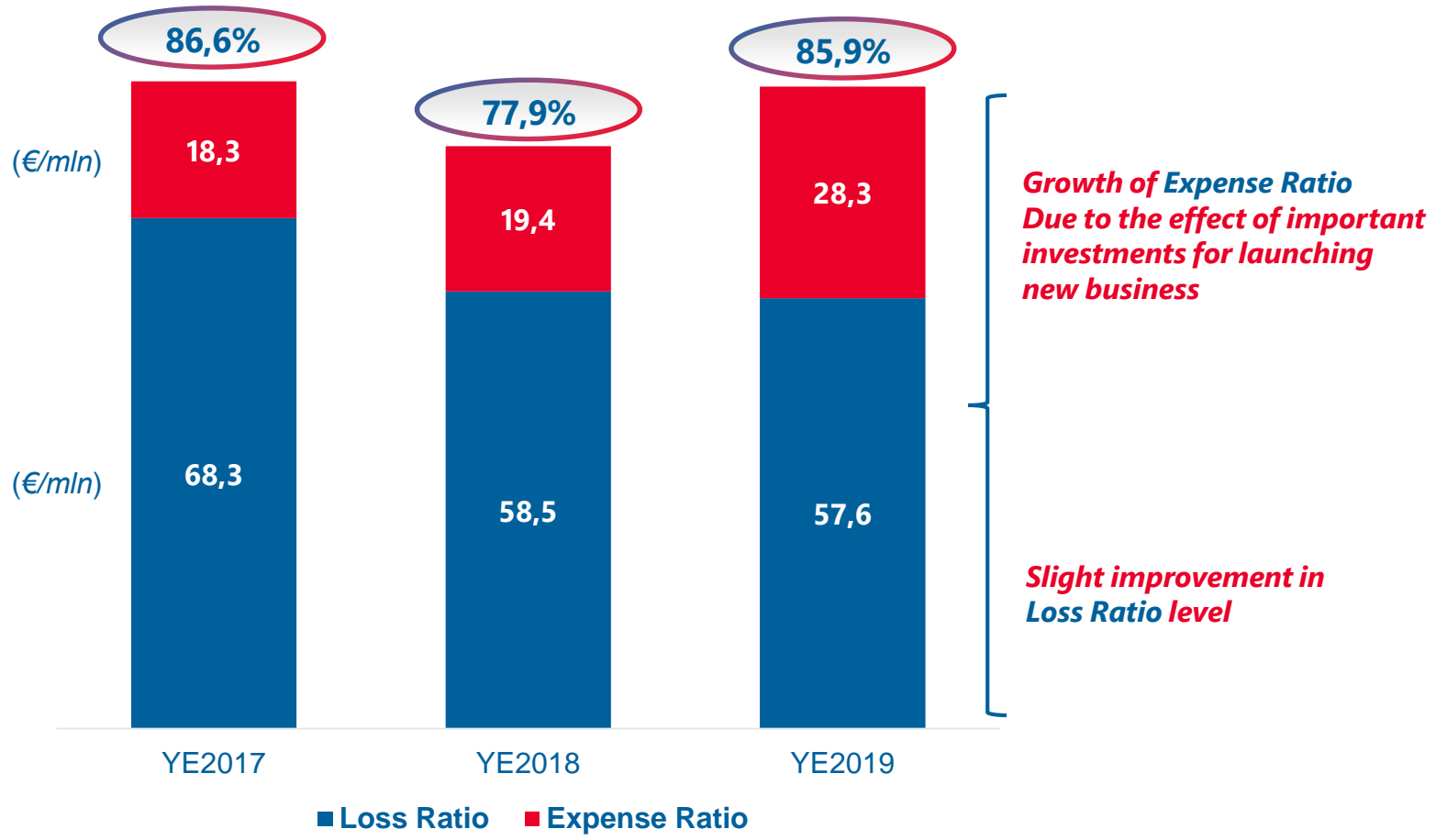
(€/ mln)



- *Asset allocation very diversified in coherence with Plan target*
- *Marginal weight of equity exposure*
- *Duration balance between assets and liabilities*

# Combined ratio

CoR(\*) is in line with forecasts of the Plan



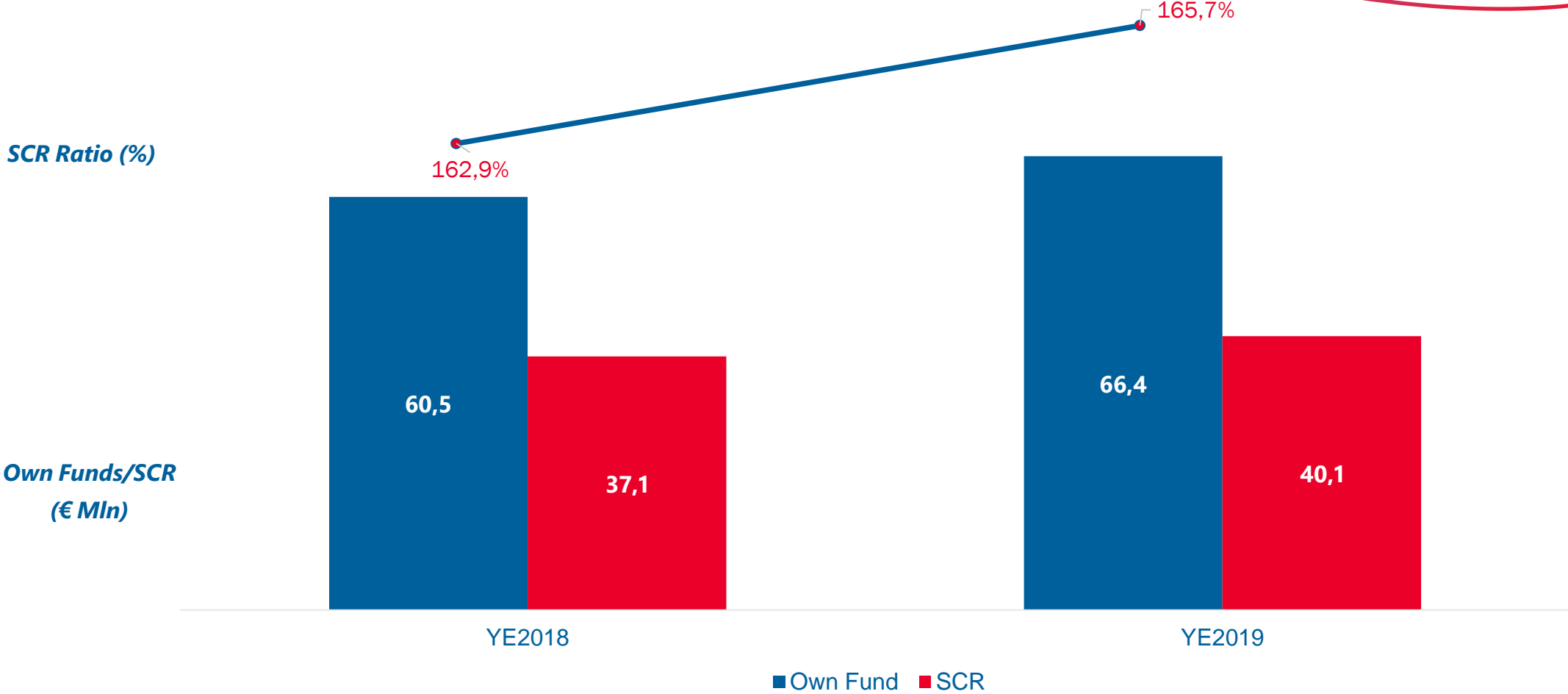
CoR of CQ business lower than Plan estimates (around 10 p.p.) thanks to run-off of previous claims years

(\*) Gross of reinsurance



# SCR Ratio – Net Insurance Group

The Group's solvency Ratio improves at Plan level



(\*) SII Ratio 2019 data based on solvency reporting (4Q 2020).

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# Analyst coverage

*Banca Akros – Iniziation coverage 10/30/2018*

*Kepler Cheuvreaux – Iniziation coverage 03/08/2019*

*KT&P – Iniziation coverage 08/01/2019*

ANALYST	PREVIOUS UPDATE	DATA UPDATE	RECOMMENDATION	CURRENT TARGET PRICE POST COVID
Kepler Cheuvreux	09/2019	09/04/2020	HOLD	€ 5,1
KT&Partners	08/2019	14/04/2020	BUY	€ 6,67
Banca Akros	07/2019	20/04/2020	ACCUMULATE	€ 5,5

## A look at 2020...

**In the first quarter we recorded premiums for 25 million (+56% YoY) and a total premium income equal to 43 million (vs 32 million of first quarter 2019)**

**As of 31 March 2020, the solvency position was 151%, well above the regulatory minimum; as of 30 April 2020 it increases to 155.6%**

**In the first quarter of the year the technical margin and the technical results are excellent**

## A look at 2020...

**The agreement with Nexi is a fundamental milestone of the project to make NET the main digital player on the insurance market**

**Signing important partnerships in full coherence with the programs of the Business (*e.g.* Banca Popolare Pugliese and Banca Popolare del Lazio)**

**From a technical side, by the current evidence determined by the phenomenon Covid-19, we expect limited impacts not only from mortality but also from unemployment risk, thanks to a portfolio that we consider very good in terms of quality, as well as widely diversified in terms of exposure**



# Annex 1 – Team management

**Andrea Battista**  
Chief Executive Officer



Graduated *cum laude* in Economics at Luiss University of Rome.

He started his career as analyst at McKinsey & Company. On January 2001 he became Director of Life Business Unit of Cattolica Group, in 2006 Managing Director of Duomo Assicurazioni and on January 2009 CEO of Aviva Group in Italy. Recently he held the role of CEO at Eurovita Assicurazioni, achieving successful financial results. Founder and Executive Chairman of Archimede SPAC, as well as CEO of Net Insurance Spa.

**Luigi Di Capua**  
CFO



Graduated in Economics at the Bocconi University of Milan.

In 2008 he started his experience in insurance at Poste Vita Group holding the position of Head of Risk Management.

He joined the management team of Eurovita Assicurazioni, contributing to the deep transformation of the entire value chain. He joined the role Chief Risk Officer at Poste Vita Group.

**Stefano Longo**  
CBO



Graduated in Industrial Sciences.

In 2008 he joined the Aviva Group as CEO of Avipop Assicurazioni and Avipop Vita and then assumed the role of CEO at Eurovita Assicurazioni and Bancassurance Director of Aviva Group in Italy.

From 2015 to 2017 he was Senior Advisor of Eurovita Assicurazioni.

**Fabio Pittana**  
COO



Graduated in Statistical Sciences at Catholic University of Milan.

He started his career in Group IMI where he worked for eight years.

From 1999 to 2005 he joined Arca Group, where he held the position of Central Director of Arca Vita and Managing Director of Arca Inlinea. In 2005 he joined BNPP Cardif Vita where he remained until 2018 with the role of Co-General Manager.

**Rossella Vignoletti**  
CMO



Graduated in Modern Languages and Literature at the University of Milan.

She joined Allianz in 1999 where she worked for ten years.

In 2010 she moved to the Aviva Group in Italy where she held the position of Communication Manager and, subsequently, Head of Marketing & Communication.

*... it will be difficult to go on in  
considering insurance a boring topic ...*

**Contacts IR**



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