



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

Midcap Event, 20th october 2020

Investor Presentation

AGENDA

1. Overview

2. Business model

3. Financial Highlights

4. Wrap Up and Outlook 2020

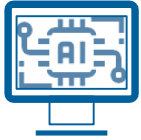
5. Analyst report

6. Annex

Overview



We are an insurance Group composed by a **P&C** Company (founded in 2000) and a **Life** Company (founded in 2007)



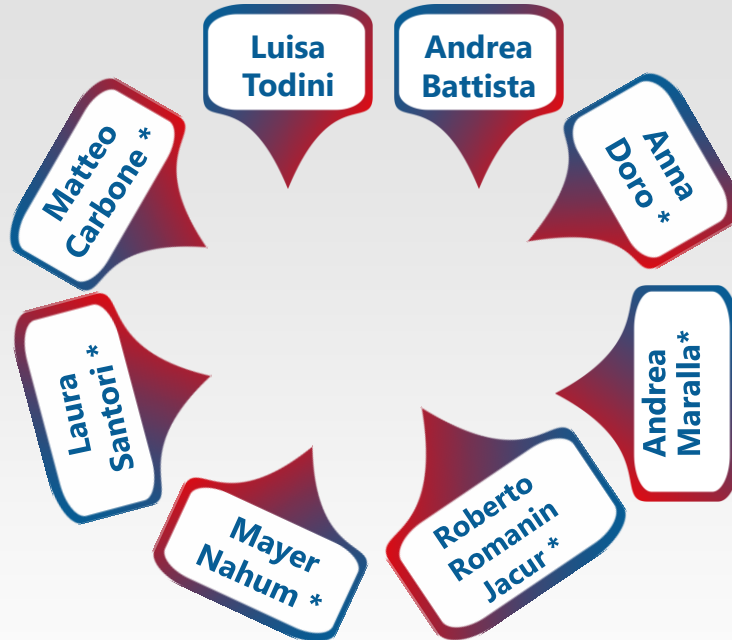
We offer agile and innovative solutions on **Protection**, dedicated to **Individuals**, to **Households** and **SMEs**



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

Overview: governance and management structure

Board Members

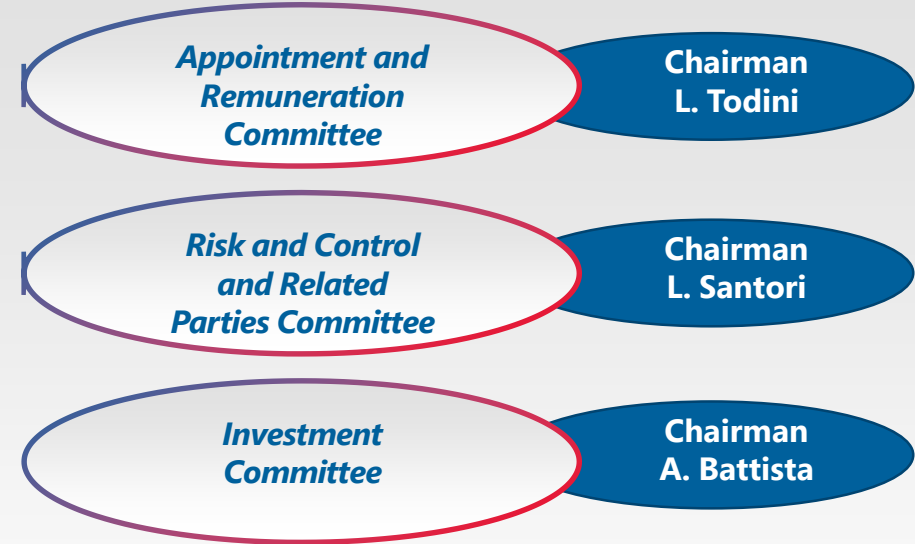


Directors of recognized prestige and consolidated experience and gender balance



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

Overview: governance 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

Business model

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

A business model based on a multi-specialist approach, where protection and digital add up to make NET a reference player in the insurance market

Business Plan 2019 - 2023

	Actual 2019	Forecast 2019	2020E	2021E	2023E
GWP € Min	84,4	83,4	112,9	134	170,3
General expenses € Min	20,4 ⁽³⁾	19,6	20,2	21,6	23,5
Net technical result € Min	7,8	7,1	6,6	12,7	19,7
Net profit € Min	12,5	4,5	6,2	11	17,5
Normalised net profit ⁽¹⁾ € Min	7	6,5	6,3	11,3	17,5
Shareholders' equity ⁽²⁾ € Min	71,8	58,3	63,3	71,5	92,0
ROE %	19,7	8,0	10,2	16,4	20,2
Combined Ratio %	85,9	87,8	87,9	84,5	81,4
Solvency Ratio %	165,6% ⁽⁴⁾	~ 160-170	~ 165-175	~ 165-175	~ 170-180

The estimates include the dividend payment throughout the Plan



FY	Pay-out	Payable term
2020	20%	2021
2021	25%	2022
2022	30%	2023
2023	40%	2024
Subject to SCR Ratio ≥ 150%		

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

(2) Net of gradually paid dividends

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

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

Salary – backed loan (CQ business)

- NET has a stable **market share above 25%** and maintains the offer of services according to **high standards quality and specialization**
- **Diversified portfolio by employers sector (private/public/parapublic) and built using accurate underwriting criteria and scoring systems**
- Business subject to «**hedging**» through severance indemnity (“TFR) and reinsurance (2/3 of the business ceded to reinsurance)
- **Very low level of exposure in sectors most affected by pandemic**

Distribution agreements



Over 600 branches where NET products are located... and other agreements in pipeline

Protection solution



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



CPI (Mortgages, Loans, business)



Protection Business (Enterprise multirisk, Agricultural risk)



PET Insurance

Protection solution offer dedicated to Person, Family and SMEs

Broker and Digital

Broker

- ✓ signed new agreements with brokers in a very targeted way (i.e. MAG JLT, Wide Group, Winn Broker and, in particular, Marsh) and as to the products to be distributed
- ✓ **Launching new insurance solutions** (TCM and a health product)
- ✓ Continuing business in niche markets (**rents, agricultural risks, suretyship**)
- ✓ In pipeline new solution within this year, like **PET** and **dental** products or **catastrophe risk** on real estate

Digital

- ✓ The agreement with **Nexi** is a fundamental milestone of the project to make NET a digital player of reference
- ✓ **Development agreement with Yolo**
- ✓ **NET** enabled to operate in freedom of service **in Spain**
- ✓ Important partnership with **Fabrick** within the "Payment & Collection Engine" and also with **Plick** on digital "claims system payment"
- ✓ **Full digital tool** to optimize and accelerate **claims management system**

Are we tendentially in line with the Plan's targets?

	Actual 2019	Target 2019	Actual 1H2020	Target 2020
Gross written Premiums (€/mln)	84,4	83,4	54,6	112,9
General expenses (€/mln)	20,4(*)	19,6	9,3	20,2
Net technical result (€/mln)	7,8	7,1	3,8	6,6
Net income (€/mln)	12,5	4,5	2,6	6,2
Normalised net income (€/mln)	7	6,5	3	6,3
Shareholders' equity (€/mln)	71,8	58,3	72	63,3
ROE (%)	19,7	8,0	7,2	10,2
Combined Ratio (%)	85,9	87,8	76,5	87,9
Solvency Ratio (%)	165,7	~ 160-170	161,2	~ 165-175

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

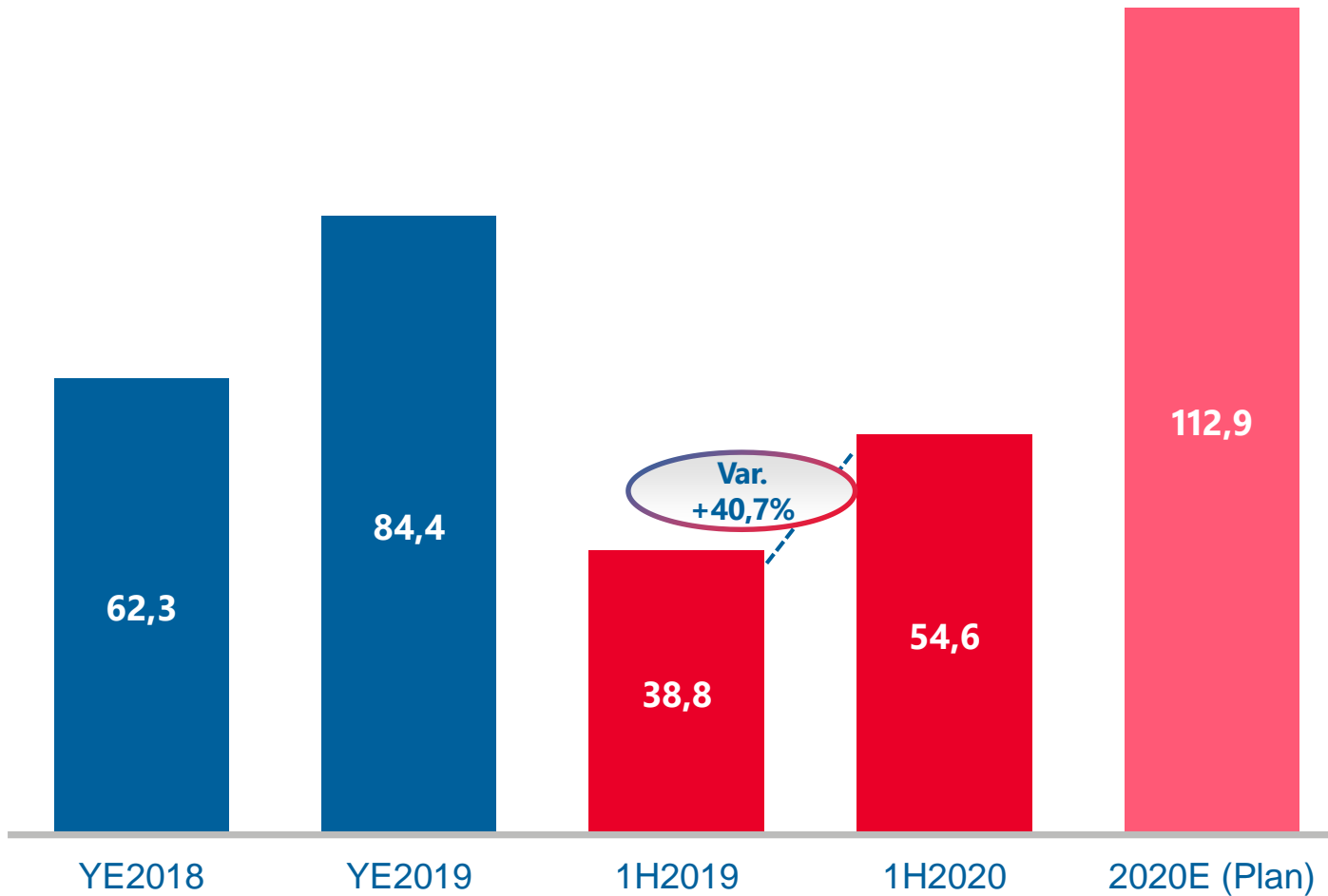
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Gross written Premiums (€/mln)	84,4	83,4	✓	54,6	112,9	✓
General expenses (€/mln)	20,4(*)	19,6	✓	9,3	20,2	✓
Net technical result (€/mln)	7,8	7,1	✓	3,8	6,6	✓
Net income (€/mln)	12,5	4,5	✓	2,6	6,2	✓
Normalised net income (€/mln)	7	6,5	✓	3	6,3	✓
Shareholders' equity (€/mln)	71,8	58,3	✓	72	63,3	✓
ROE (%)	19,7	8,0	✓	7,2	10,2	✓
Combined Ratio (%)	85,9	87,8	✓	76,5	87,9	✓
Solvency Ratio (%)	165,7	~ 160-170	✓	161,2	~ 165-175	✓

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

Gross written Premiums

(€/ mln)

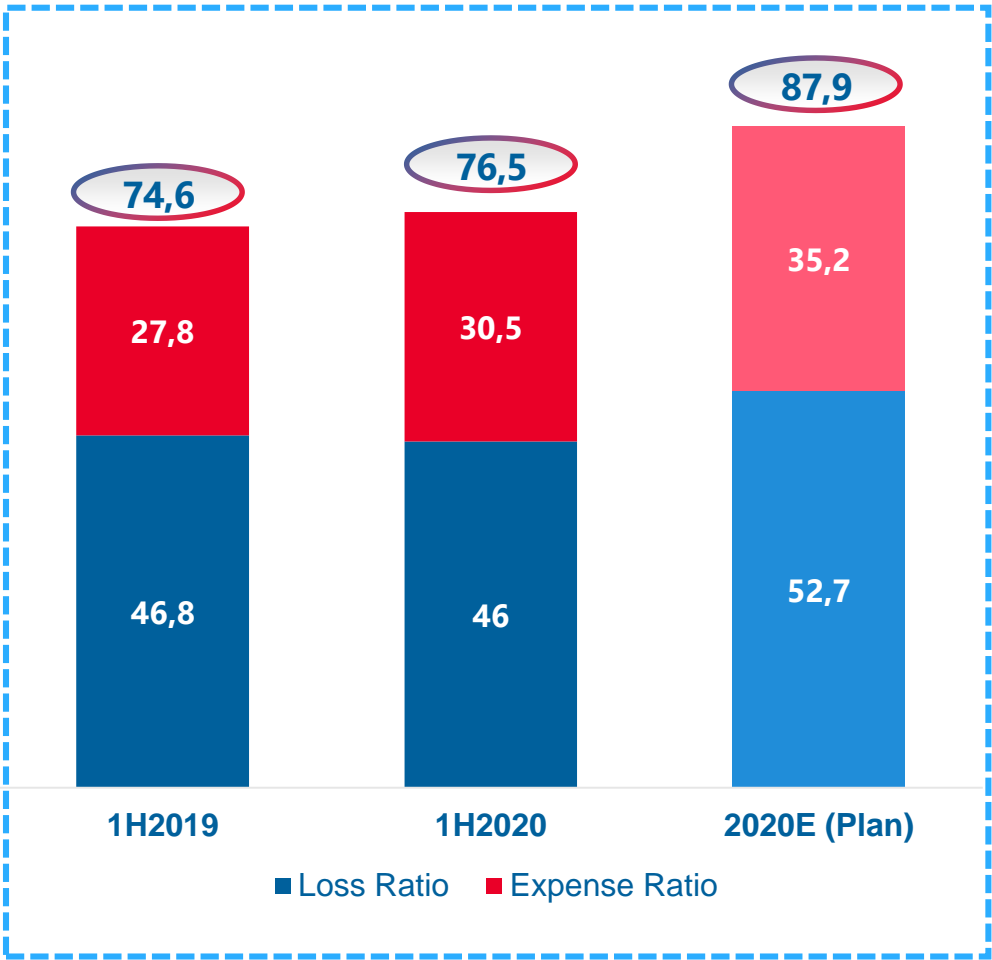
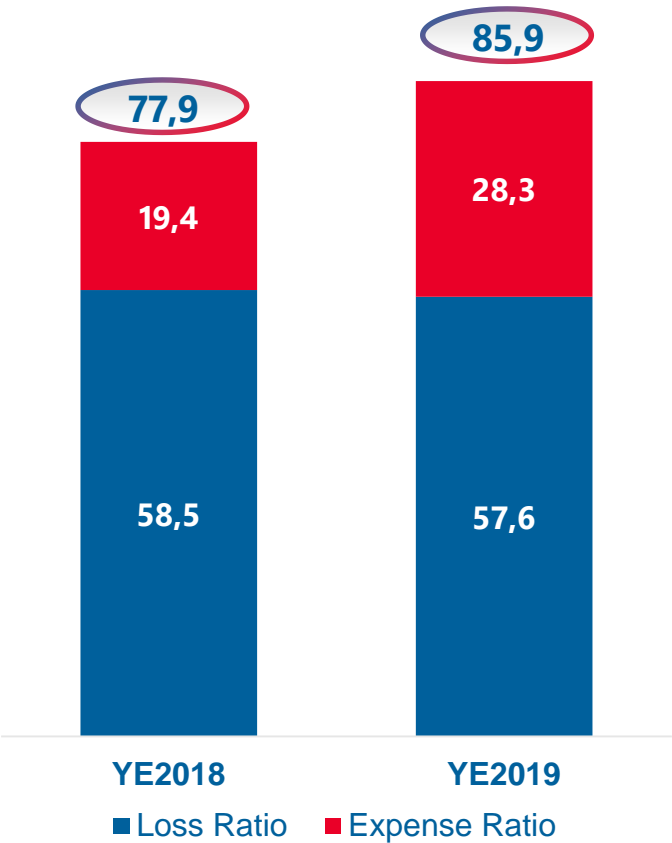


- *GWP increases over 40%*
- *Excellent acceleration in the development of all line of business, despite of lockdown period*
- *Very fast recovery, since May, especially in salary backed-loan business*

Combined ratio

(%)

CoR(*) in coherence with
1H2019 and in line with
Business Plan



(*) Gross of reinsurance

Economic-technical figures

Net charges
relating to claims
(€/mln)

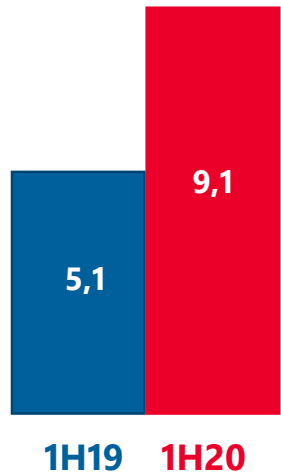
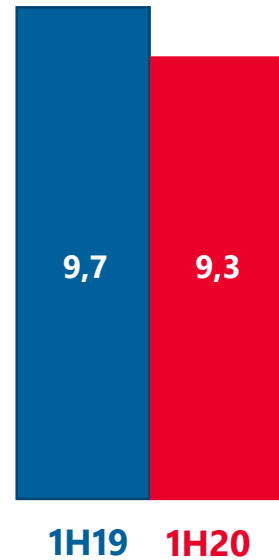


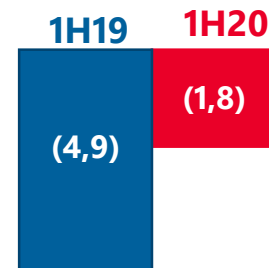
Figure increased as effect of premium increasing

General expenses
(€/mln)



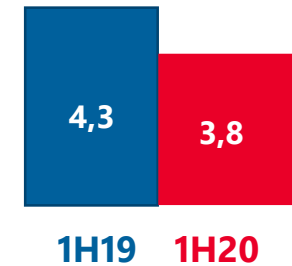
This figure takes into account important investments for business development

Reinsurance
(€/mln)



Significantly improved margin, also due to the new commissions

Net technical result
(€/mln)



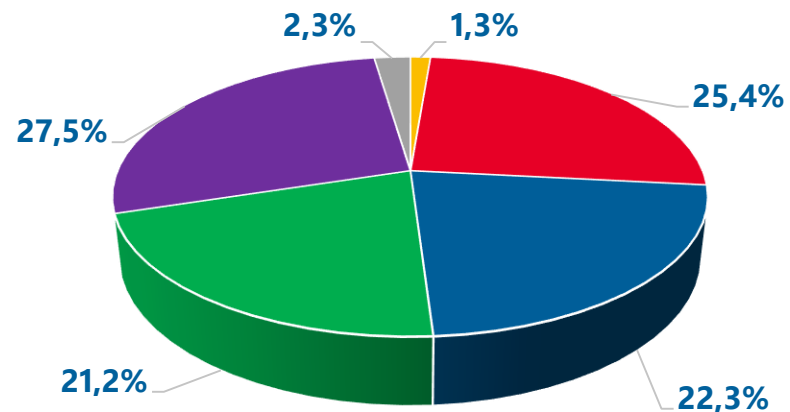
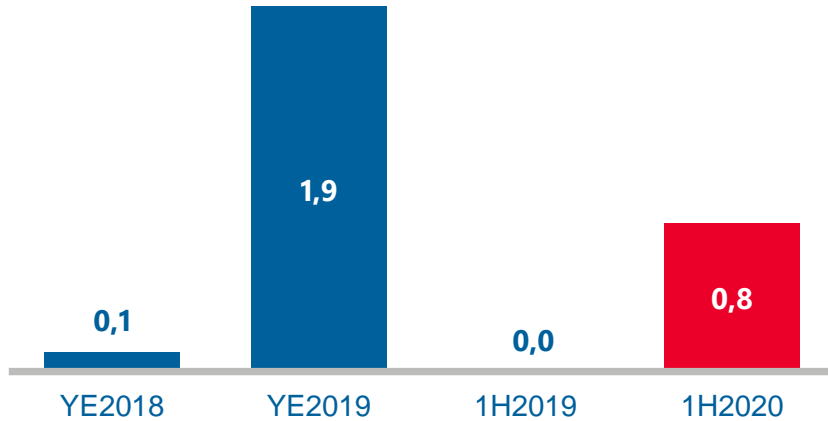
The Group maintains interesting technical margins

(*) It includes an evaluation component that uses prudential criteria, due to the current pandemic

Financial result

(€/ mln)

Financial result



■ Equity investment ■ Funds ■ Govies ITA
■ Govies not ITA ■ Corporate bond ■ Equities

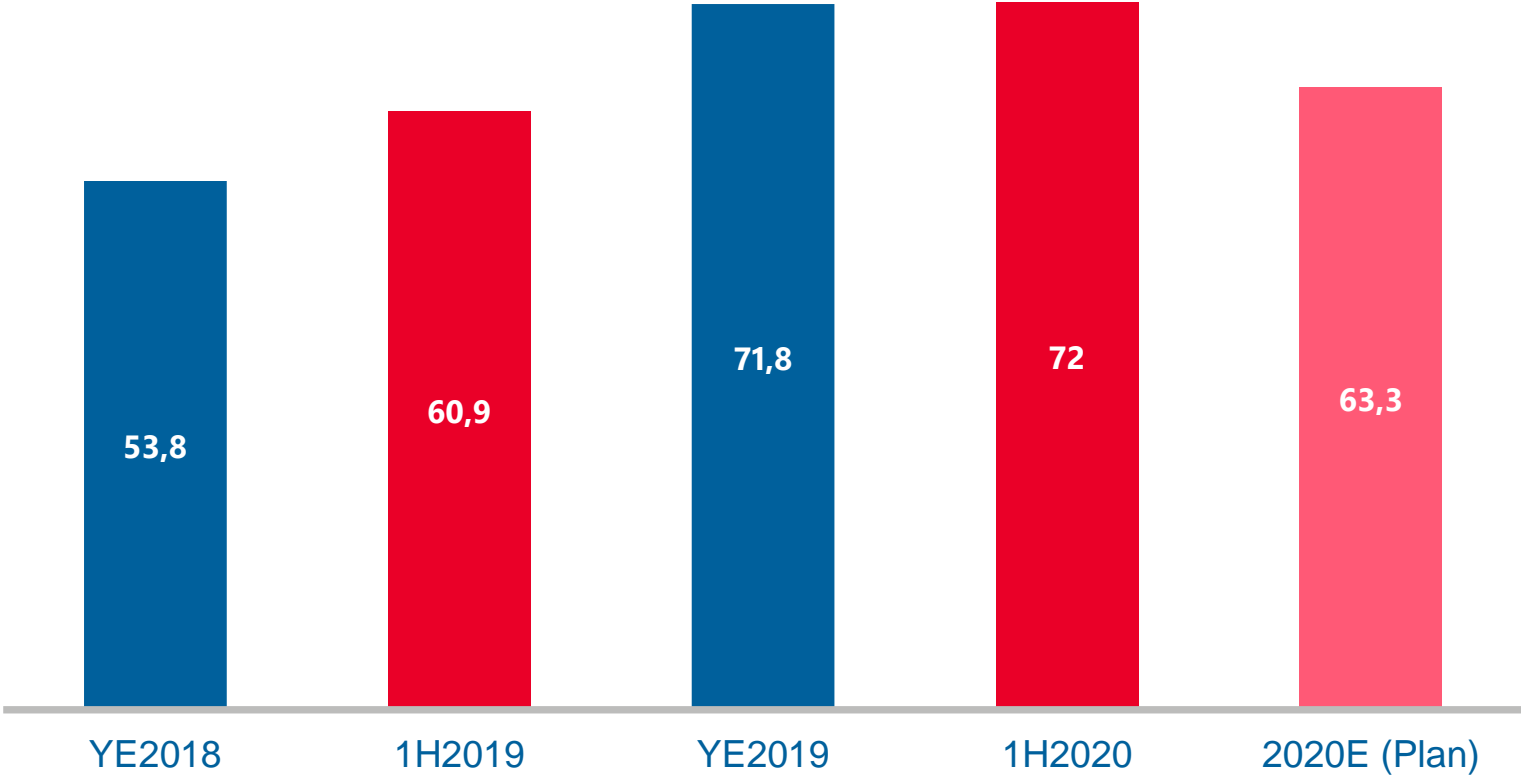
Positive result equal to 0,8 mln ,
impacted by low level of rates
and impairment of equities in portfolio

- *Very diversified asset allocation, with a moderate risk profile on asset management*
- *Over 80% bond portfolio made up of investment grade securities*
- *Activities continued to strengthen controls and governance systems in the field of investment*

Shareholders' Equity

(€/ mln)

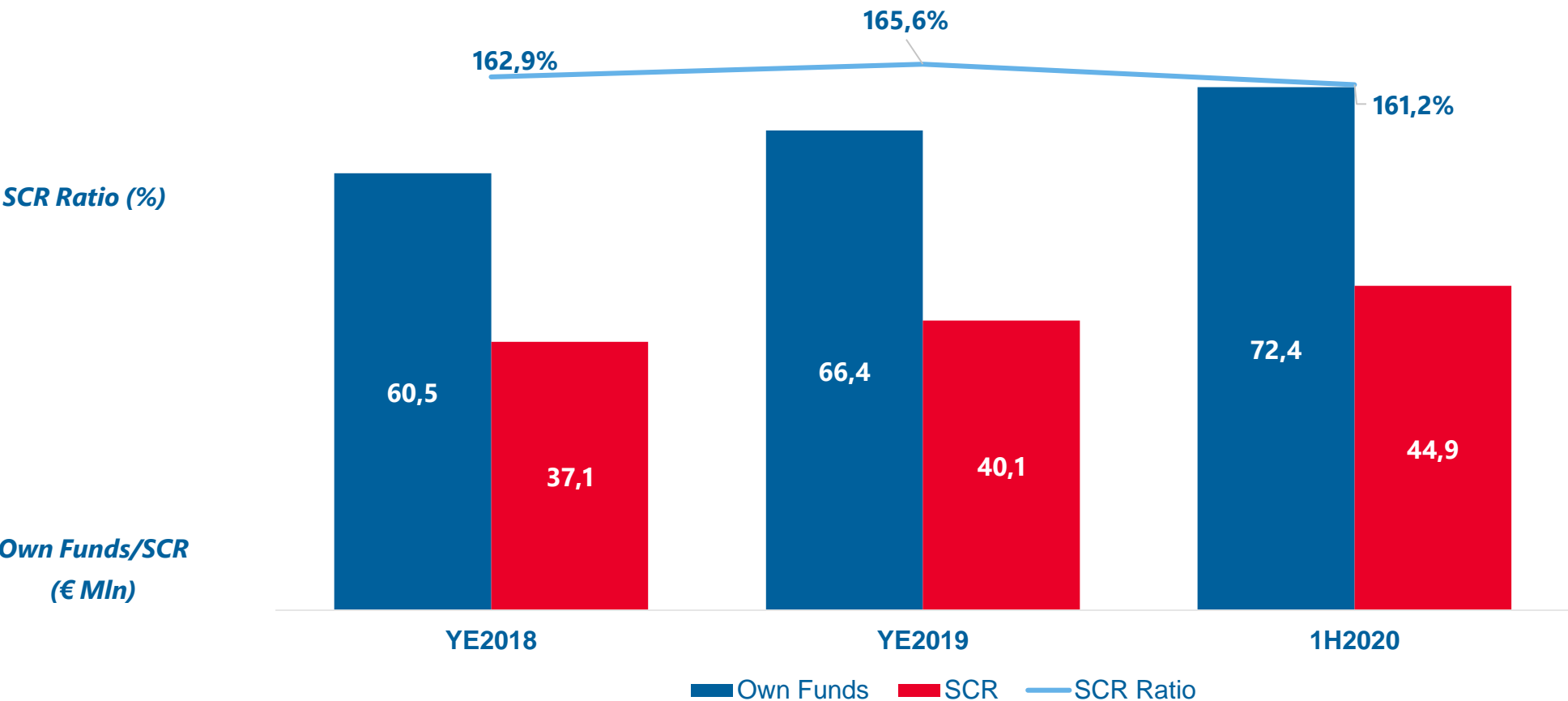
The shareholders' equity already
above Plan estimates
(up to aroun Euro 9m)



CAGR
+21,4%

SCR Ratio – Net Insurance Group

SCR Ratio data above minimum level, despite of market's shock



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

Analyst judgement

Analyst coverage

ANALYST	DATA UPDATE	RECOMMENDATION	CURRENT TARGET PRICE POST COVID
Kepler Cheuvreux	09/04/2020	HOLD	€ 5,1
KT&Partners	08/10/2020	BUY	€ 7,31
Banca Akros	08/06/2020	ACCUMULATE	€ 5,5

Rating (AM Best)



bbb-
(long-term issuer credit rating)



B+
(Financial Strength Rating)

Wrap Up and Outlook 2020

Wrap up and outlook 2020 (1/2)

Good short-term financial and capital resilience to severe shocks during Covid crisis

Capability on generating cash and maintaining interesting technical margins. The aim is to further consolidate technical and operative performance, thanks to experience and technical know-how of NET's management

Acceleration in business model development, confirming Insurtech Based approach on the strategy

The rating assigned to the Company is fully functional to the current business model. It may serve as an enabling factor to achieve the target of the Business Plan

Wrap up and outlook 2020 (2/2)

Further growth demand for insurance cover in the CQ business, thanks to the anticipation of the entry into force of the new 35% risk capital absorption level on CQ loans

Consolidation of market share in CQ and very good and diversified portfolio quality in terms of insured capital and exposure for employers' sectors. Portfolio built using accurate underwriting criteria and scoring systems

Signed important partnerships in full coherence with the Business plan (i.e. Banca Popolare Pugliese and Gruppo Banca Popolare del Lazio, Nexi and Banco Desio) and more to come

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.

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

IR Contacts



+39 06 893261



investor.relations@netinsurance.it