

# Working on a healthy, safe and future-proof society

**Willem van Duin**  
*Chief Executive Officer*

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**Achmea's operational result increases to €284 million**  
Achmea Interim Results 2019

**achmea** 

# Contents



## General overview

1. Group results
  2. Progress on strategy 'Delivering Together'
- 



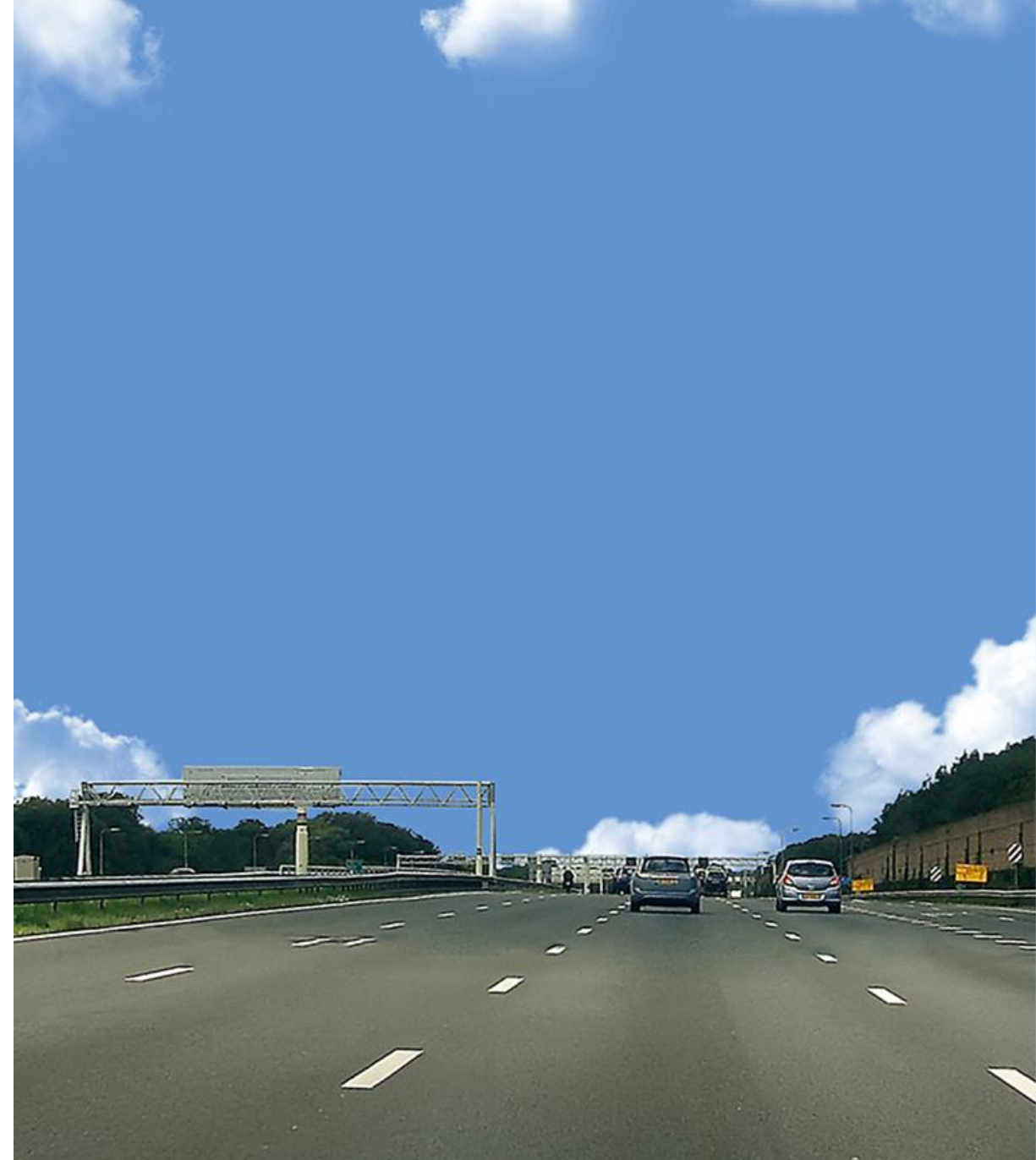
## Financial overview

1. Results by segment
  2. Capital position and solvency
- 



## Appendix

1. Sensitivities
  2. Investments
- 



# Operational result increases to €284 million

## Strategic direction

- Through our cooperative identity we contribute to a healthy, safe and future-proof society
- As a trendsetting and customer-relevant service provider we have personal relevance to our customers on a daily basis
- Continuously investing in customer focus and (strategic) innovation

## Financial ambitions 2020:

- Reduce structural costs by €200 million
- Grow operational result to €600 million
- Increase FCCR to > 4.0x
- Increase Free Capital Generation to €400 million
- Maintain current credit ratings

## Strong progress in the first half of 2019:

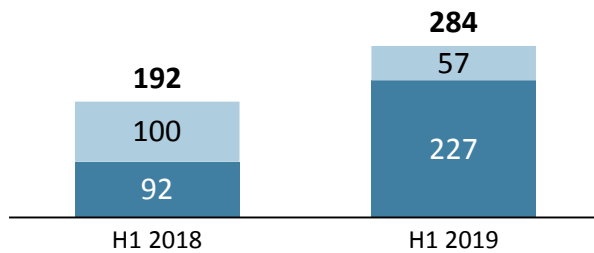
- On track to achieve strategic targets of 'Delivering Together'
- Increased operational result to €284 million and net profit to €234 million
- Premium growth due to basic health and Non-Life
- Reduction of structural costs of €200 million achieved
- Solid capital position with a solvency ratio of 195%
- Standard & Poor's (S&P) upgraded outlook of credit rating 'A' to 'Stable'



# Operational result increases to €284 million

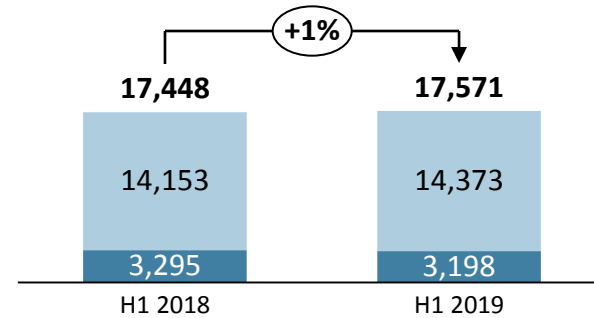
**Operational result**  
(in € million)

Health  
Non-Health

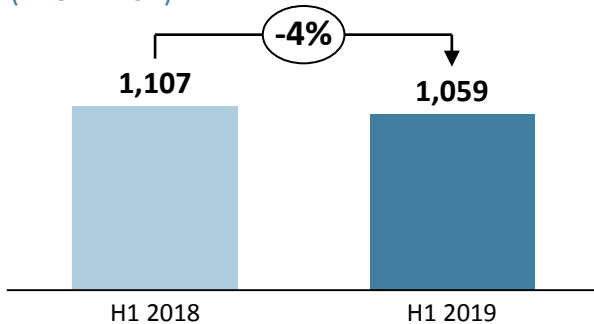


**Gross written premiums**  
(in € million)

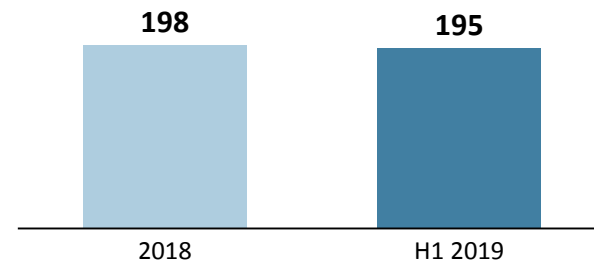
Health  
Non-Health



**Operating expenses**  
(in € million)



**Solvency (SII)**  
(in %)



- Operational result increased to €284 million due to improved performance in Non-Life and Pension & Life
- Gross written premiums increased due to growth in basic health and Non-Life Netherlands
- Operating expenses reduced by €48 million (-4%), despite investments in growth
- Cost reduction target of €200 million in the current planning period already achieved
- Solid Solvency II ratio 195% despite interest rates and spread developments

# Result supported by improved results Non-Life and Pension & Life

Segment results	H1 2018	H1 2019
Non-Life	4	89
Pension & Life	190	204
Retirement Services	10	0
International activities	19	7
Other activities	-131	-73
<b>Operational result (Excl. Health)</b>	<b>92</b>	<b>227</b>
<hr/>		
Health	100	57
Basic	34	23
Supplementary	66	34
<b>Operational result</b>	<b>192</b>	<b>284</b>

## Non-Life

- Strongly improved result with a combined ratio of 95.8% due to claims management and premium measures. Last year's result impacted by January storms

## Pension & Life

- Higher technical and investment result with continued investments in future efficiency

## Retirement Services

- Investments in growth and an adjusted allocation of costs result in lower result over first half of 2019

## International activities

- Growth in core business lines Non-Life and Health in Slovakia and Greece. Increased claims in Health and Australia lead to lower result

## Other activities

- Improved result due to higher result Achmea Reinsurance and lower reorganisation provisions

## Health

- Result current underwriting year improved and successful integration of De Friesland into Zilveren Kruis





# Strategy until 2020: Delivering Together

## Strategic direction

- Through our cooperative identity we contribute to a healthy, safe and future-proof society
- Active focus on Non-Life, Health and Retirement Services, including banking services and asset management
- We excel in direct and banking distribution and invest in digitisation, innovation and customer focus

## Unique features

- Strong brands with high customer satisfaction
- Active via multiple distribution channels: direct, online, bancassurance through Rabobank and intermediaries for retail and commercial
- Large customer base and market leadership in Non-Life and Health
- Leading asset manager
- Trendsetting in online services and innovation

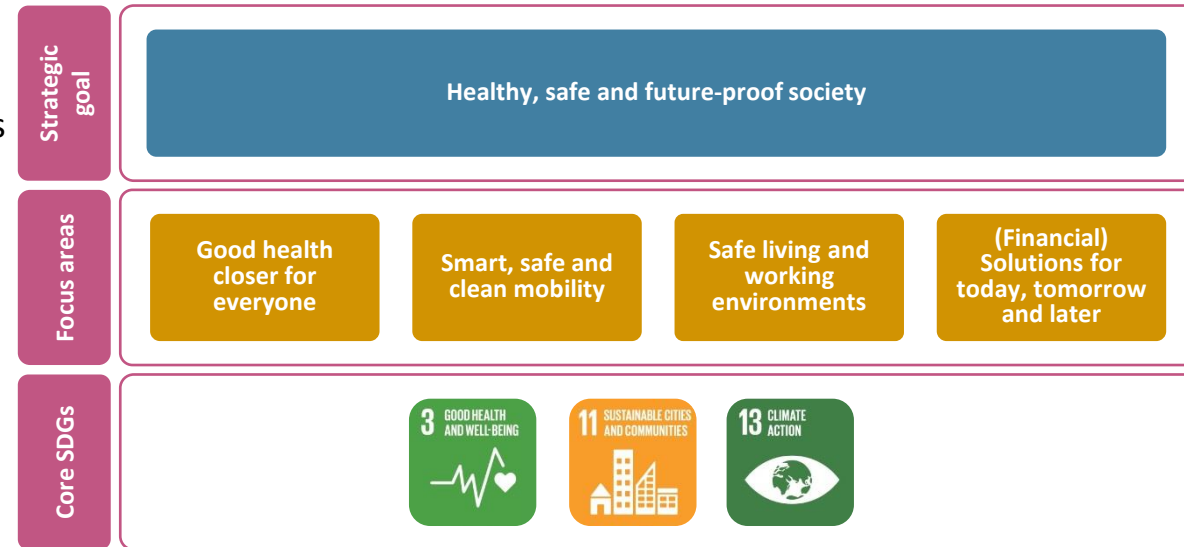


# Good progress on strategic plans in 2019

- Achmea contributes to a Healthy, safe and future-proof society
- With our insurances and services we facilitate solidarity and provide solutions for those risks which are too large to bear alone
- We focus on four themes with impact:
  - Good health closer for everyone
  - Clean, safe and smart mobility
  - Safe home, living and working environments
  - (Financial) Solutions for now, tomorrow and later
- Sustainability as a fundamental pillar; committed to climate agreement
- Three international sustainable development goals (SDG's) are embedded in the heart of our strategy
- Cooperative identity solidified further with Vereniging Achmea
- Achmea, as the first Dutch insurer, entered a credit facility agreement with sustainability targets
- Innovation and modernisation at the center with:
  - Climate risk scan 'BlueLabel' offers insights in heat stress and flood risk for each house
  - Social alarm system 'Homies' sold through Hema to promote social cohesion and neighbourhood safety
- Achmea launches innovation fund with initial size of €100 million

## Good employership crucial to find and keep the right employees

- Achmea Favourite Employer among insurance companies and pension funds according to 'Intermediar'





# Non-Life: Safe living and entrepreneurship as well as smart, safe and clean mobility

## Strategic fundamentals

- Centraal Beheer and Interpolis actively commit to reducing accidents on the road and around the house
- Sustainable returns through adequate pricing, efficiency, prevention and claims management

## Achievements in H1 2019

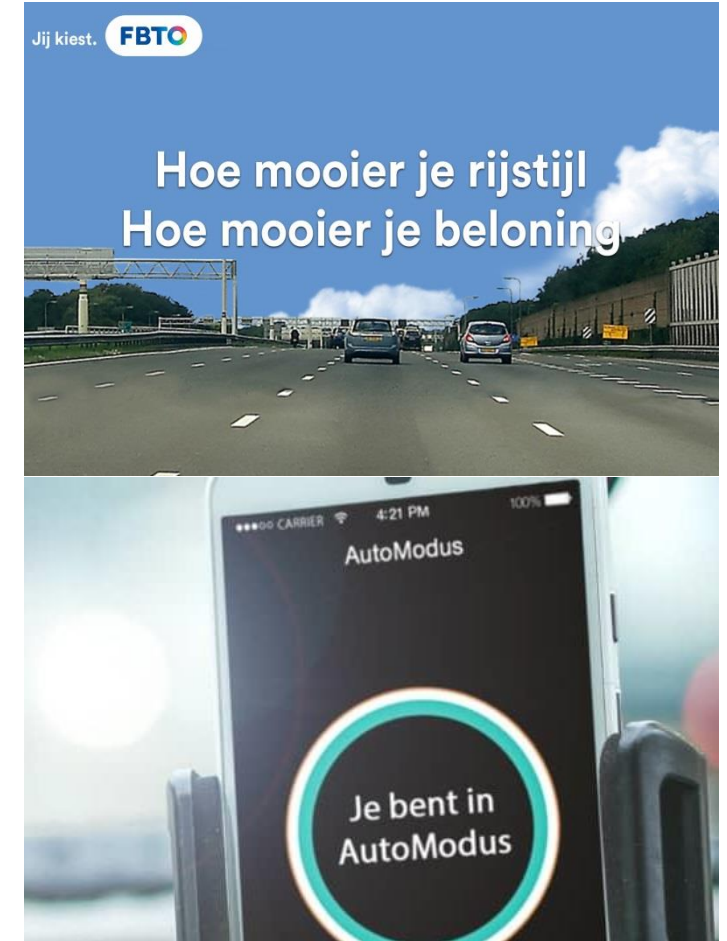
- Strong growth of operational result with a combined ratio of 95.8%
- Premium growth due to new customers and premium measures

## Highlights customer relevance and trendsetting in H1 2019

- Successful launch 'Convenience services strategy' Centraal Beheer with:
  - ✓ 'Juridische Hulp', also offered without insurance
  - ✓ 'KlusHulp', quickly find a reliable craftsman
  - ✓ 'PechHulp' RoadGuard, without subscription
  - ✓ 'Duurzaam Woongemak', helps make homes sustainable
- FBTO offers innovative 'pay as you drive' car insurance for a maximum of 30% premium discount via an app
- Interpolis AutoModus best app against driver distractions according to ANWB
- Strong start new Interpolis corporate product 'ZekerInBedrijf' en 'ZekervanJeZaak' for SME's

## 100% online insurer InShared offers best car insurance according to Consumentenbond

- InShared has been growing for ten years and is the digital scale-up insurer, enjoying global interest







# Health: Zilveren Kruis works on bringing good health closer for everyone

## Strategic fundamentals

- Maintain the balance between solidarity, market share and solvency
- Zilveren Kruis aims to offer healthcare in the safety and comfort of patients' own home with 'Zorg Veilig Thuis'

## Achievements in H1 2019

- Operational result current underwriting year Health improved
- Integration of De Friesland and Zilveren Kruis was successfully completed

## Highlights customer relevance and trendsetting in H1 2019

- Transferred more care to the home environment with 'Zorg Veilig Thuis' through tele-monitoring, videocalls and home treatment
- Reduction of admissions, emergency visits and ambulance rides for i.e.:
  - chemo- and immunotherapy, mental health care, COPD and HeartGuard
- Healthy entrepreneurship: smart sensor against sleep apnea for corporate clients
- First prize for swift response time online and through social media for Zilveren Kruis (DDP research)





# Pension & Life: Optimal service to customers and growth in term-life insurance

## Strategic fundamentals

- Service organisation with a stable result, positive capital generation and continued high customer satisfaction
- Focus on growth of open-book with term-life insurance and annuities

## Achievements in H1 2019

- Result increased due to improved technical and investment results
- Enhancement of operational efficiency through recently initiated centralisation of service organisations 'Pension' and 'Life'

## Highlights customer relevance and trendsetting in H1 2019

- Current and complete overview of insurance products via portal [mijncentraalbeheer.nl](http://mijncentraalbeheer.nl)
  - high customer satisfaction with regards to online communication: over 25,000 customers opted for digital
- Proactive approach of 100,000 customers by Centraal Beheer and FBTO to check whether their funeral insurance still fits their personal situation through the 'Zorgbeheer'-campaign







# Retirement Services: Integral pension solutions together with customers

## Strategic fundamentals

- Optimising and realising growth in Pension Services, Achmea Bank and Achmea Investment Management
- Centraal Beheer (CB) General Pension Fund as the second pillar pension solution for funds and employers
- CB becomes an all-round financial services provider with banking, investment and life products

## Achievements in H1 2019

- Growth Achmea Investment Management to €142 billion Assets under Management
- The Green Bond Fund, introduced in 2018, surpasses €100 million threshold

## Highlights customer relevance and trendsetting in H1 2019

### *Achmea Pension Services*

- All contracts nearing expiry have been renewed in multi-year agreements
- Growth APS as Centraal Beheer General Pension Fund grows to 850 employers and 21,000 participants
- Delta Lloyd APF transfers liabilities to Centraal Beheer General Pension Fund

### *Achmea Investment Management (AIM)*

- Pension fund Vervoer selects AIM as integral asset manager
- Pension fund Horeca & Catering chooses AIM to carry out sustainable voting and engagement with a mandate of € 10 billion

### *Achmea Bank*

- Integration a.s.r. bank on track: Centraal Beheer welcomes 125,000 new banking clients as of October





# International: Capitalising on knowledge and experience with digital insurance

## Strategic fundamentals

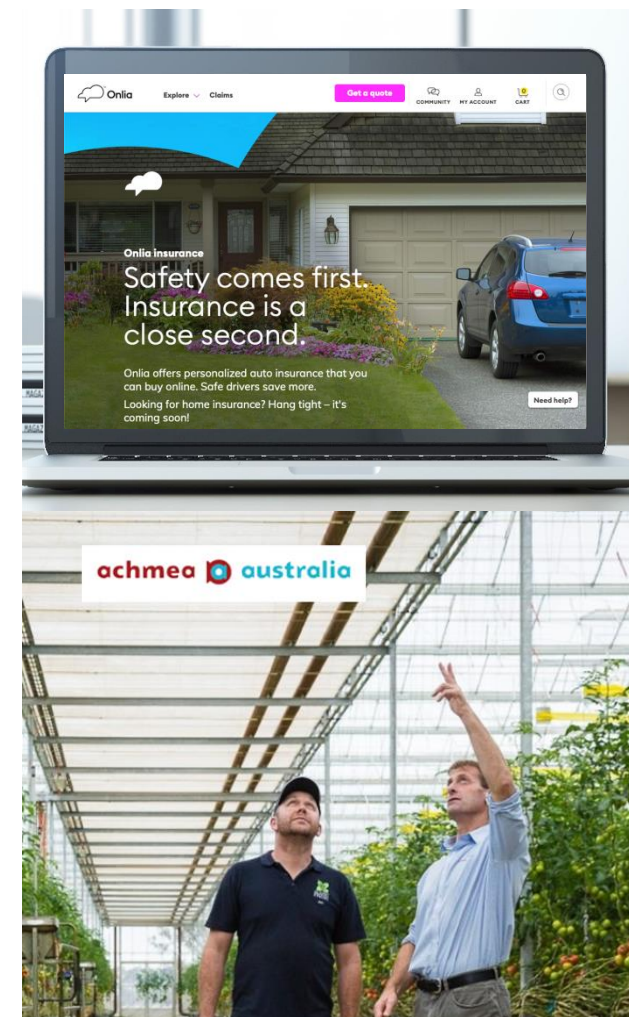
- Growth through use of digital competencies: Non-Life and Health distribution via online and bancassurance channels

## Achievements in H1 2019

- Strong premium growth Non-Life (6%) and Health (7%) in Slovakia and Greece
- Operational result Turkey stable despite challenging circumstances

## Highlights customer relevance and trendsetting in H1 2019

- Launch of online insurance sales in Canada via InShared platform
- Deployment of new technology and robotisation for improved customer services in Slovakia
- Interamerican has introduced its modular health product BeWell in Greece
- Strong growth in local currency in Australia thanks to the 'All-in-One-Farm-Pack' with Rabobank and Angus



# Contents



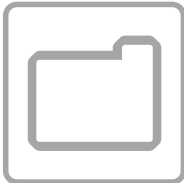
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1. Group results
  2. Progress on strategy 'Delivering Together'
- 



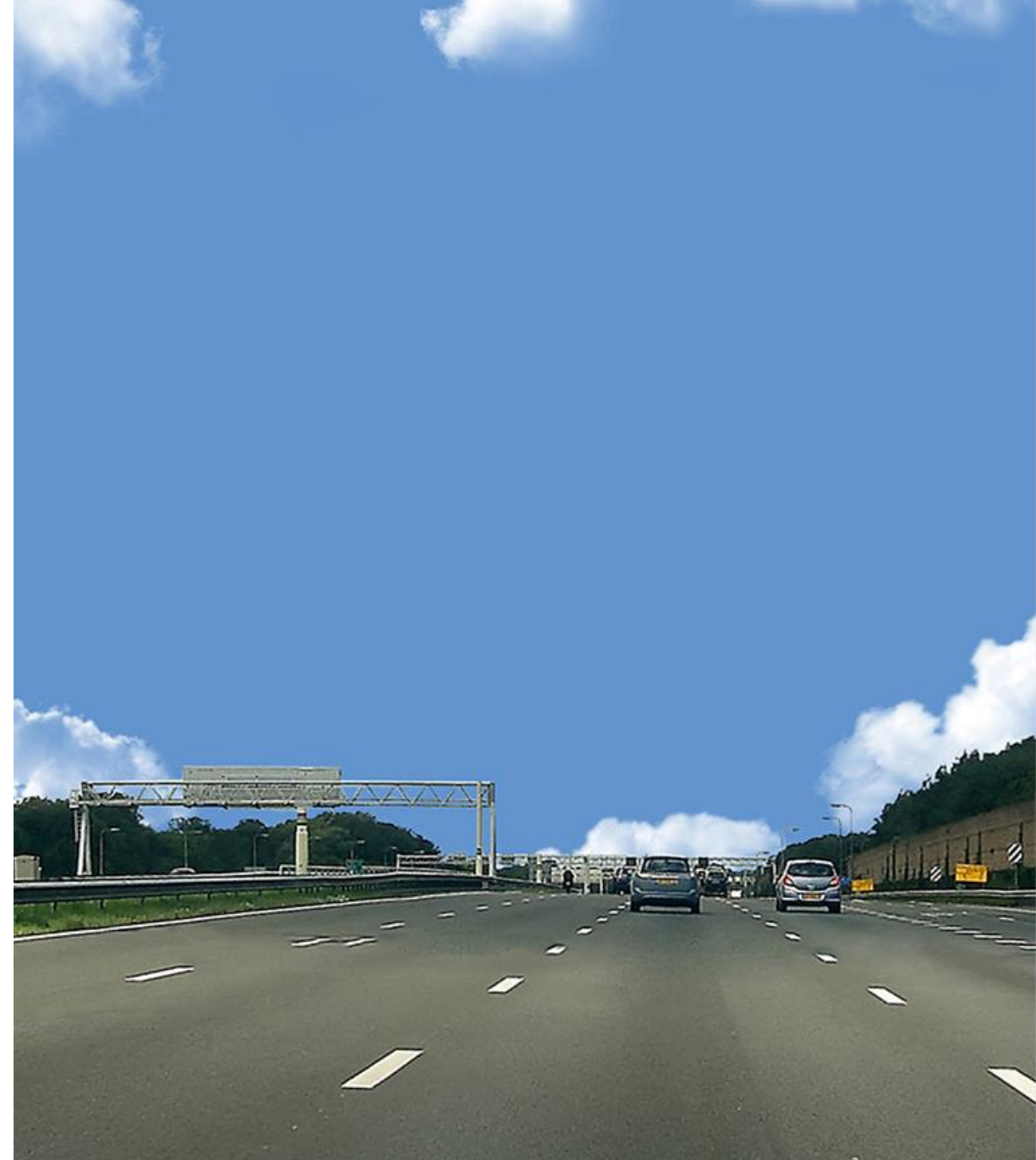
## Financial overview

1. Results by segment
  2. Capital position and solvency
- 



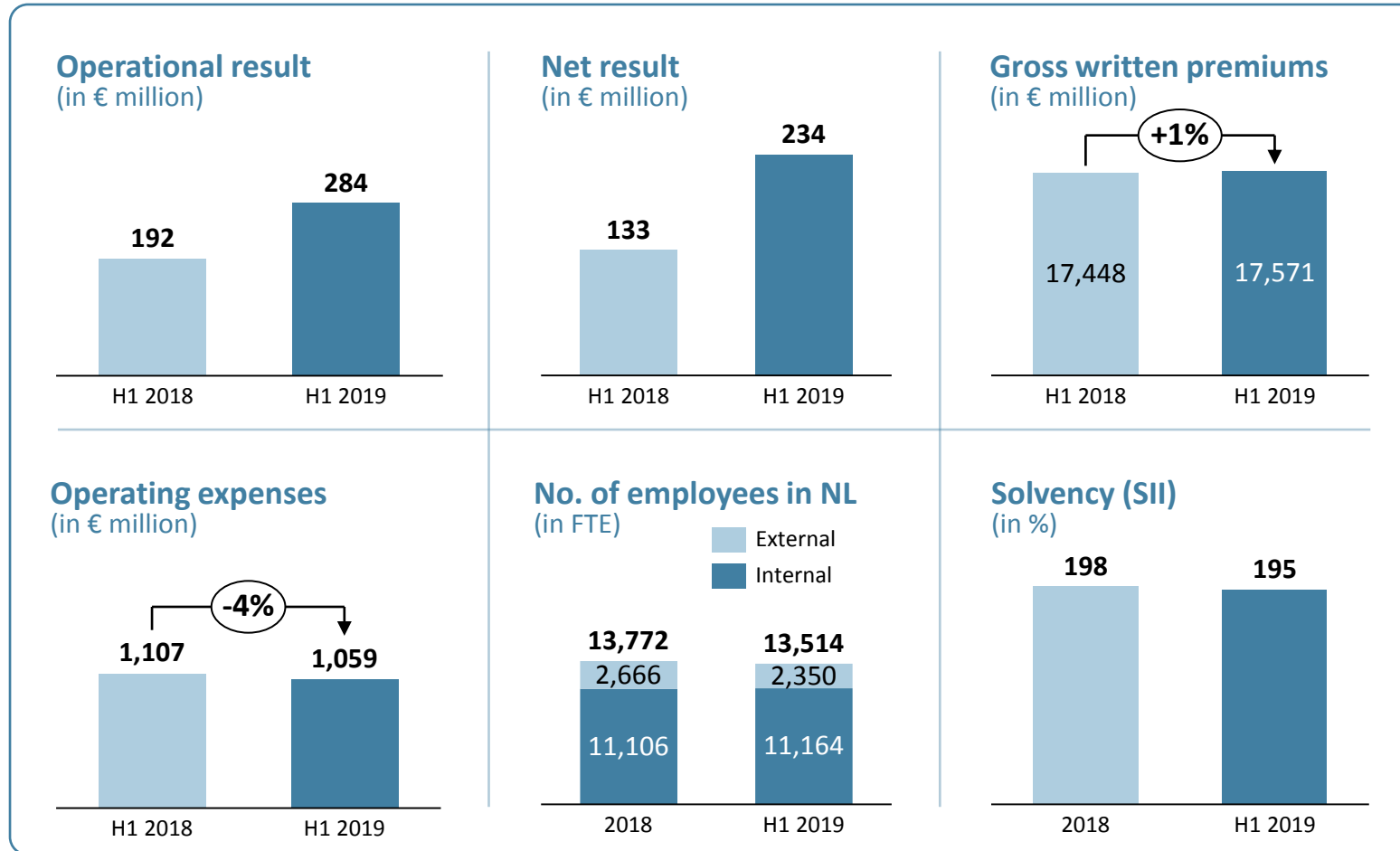
## Appendix

1. Sensitivities
  2. Investments
- 





# Improved results, premium growth and stable solvency ratio

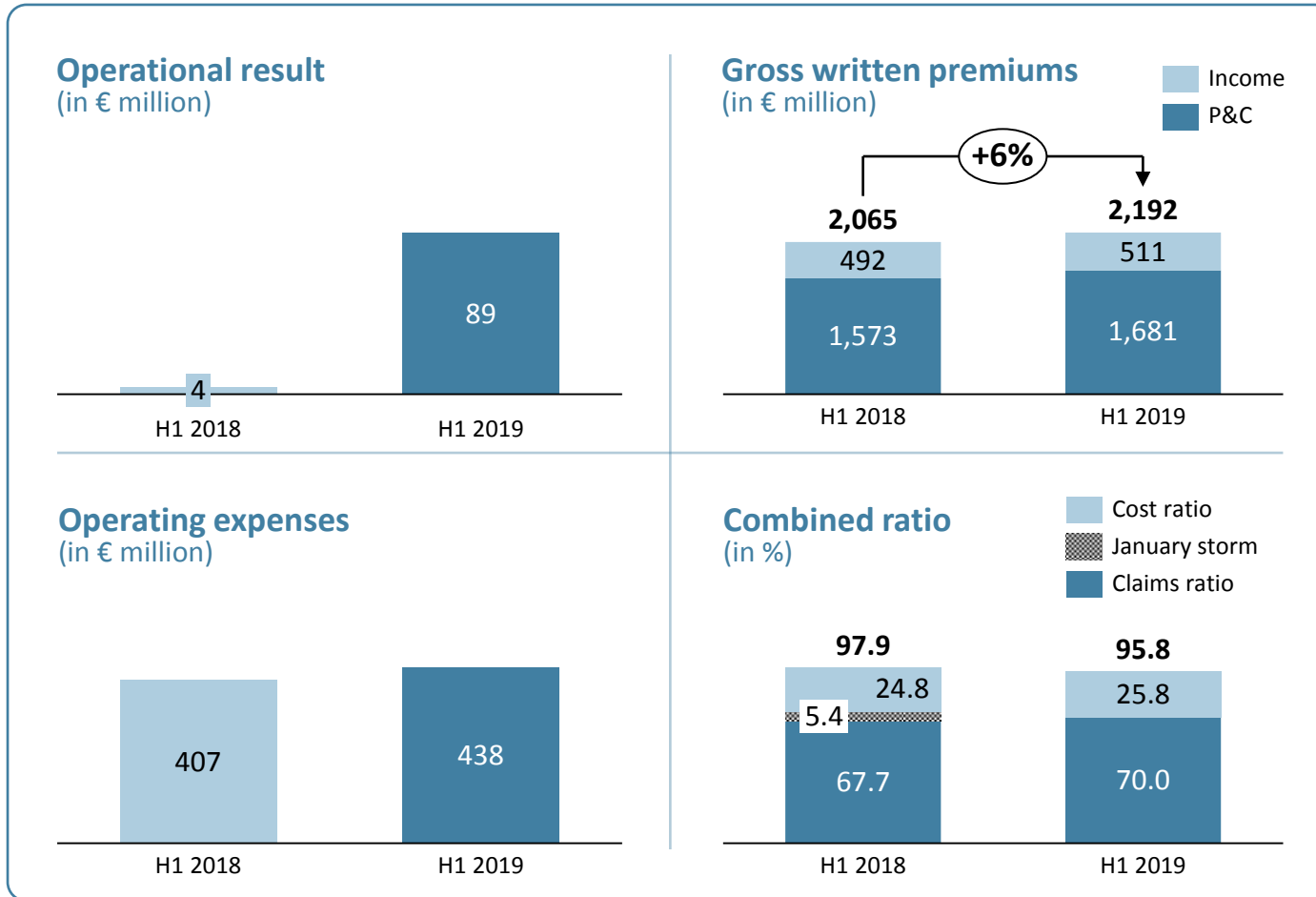


## Operational and net result improved

- Operational result supported by strong results in Non-Life and Pension & Life as well as a substantial contribution from Health
- Net result improved due to the increase of the operational result and an additional tax provision in H1 2018 related to the sale of PZU
- Gross written premiums increased due to growth in basic health and Non-Life Netherlands while pension and life premiums decreased in line with our service-book strategy
- Operating expenses reduced by €48 million, despite investments in growth
- Solid Solvency II ratio 195% despite a sharp decrease in interest rates and spread developments



# Non-Life: Strongly improved operational result with a combined ratio of 95.8%



- Combined ratio strongly improved due to premium measures and claims management as well as higher investment results
- Gross written premiums increased due to growth of our retail customer base and premium measures
- Slight increase of cost ratio due to timing effects related to marketing expenses

## Property & Casualty

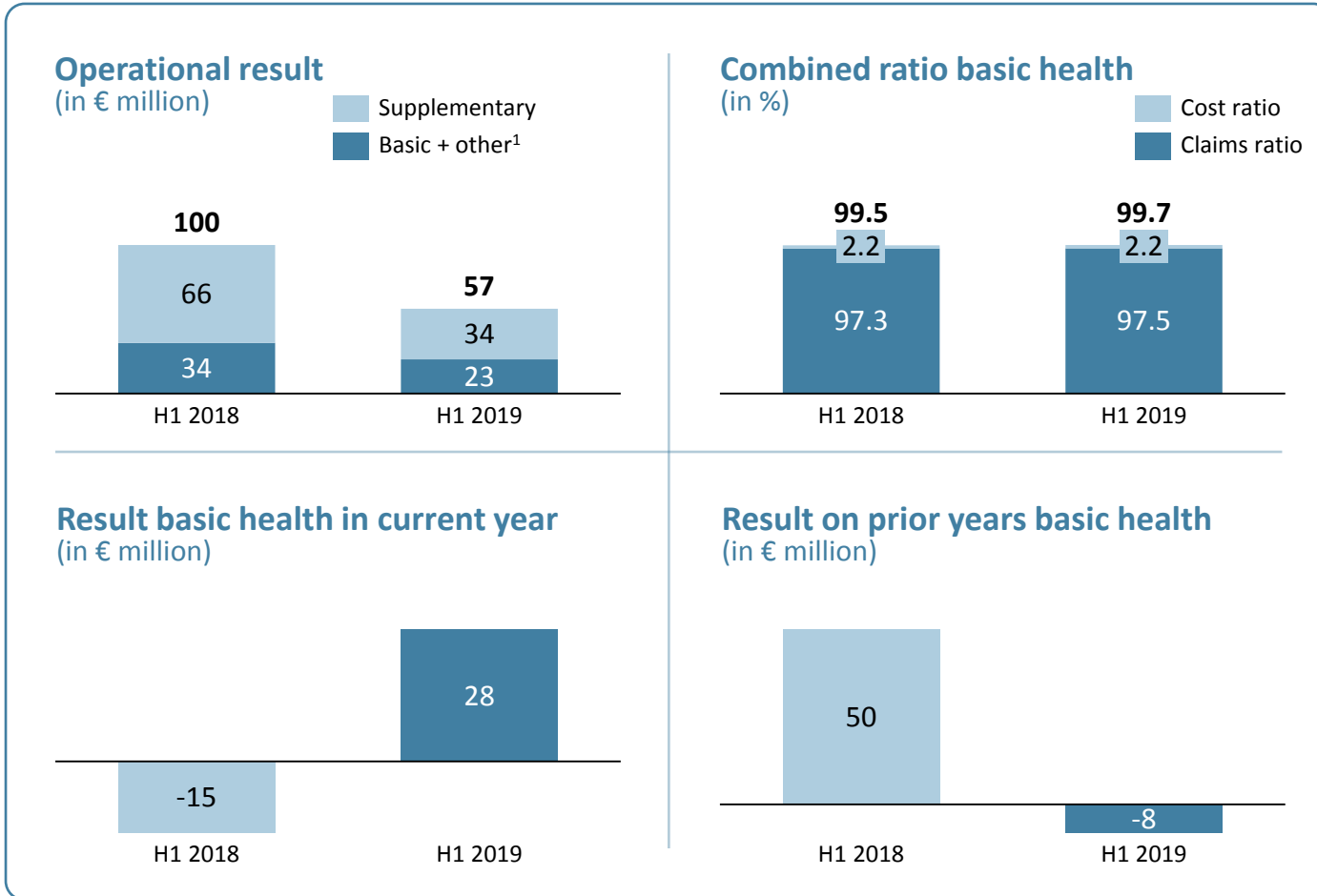
- Result of P&C increased to €80 million (H1 2018: €-12 million) due to premium measures and claims prevention. The 2018 result was impacted by the January storms
- Increased frequency of weather-related damages throughout the year (e.g. €25 million in June)
  - Premium measures and growth mitigate this effect

## Income Protection

- Result Income Protection amounts to €9 million (H1 2018: €16 million) and decreased due to increased claims for absenteeism, in line with national trends
- Continuous focus on recovery and re-integration accelerates the return to the labour market and limits the increased cost of claims



# Health: Result on current underwriting year improved. Integration of De Friesland and Zilveren Kruis was successfully completed



- Operational result decreased due to lower results on prior years
- Harmonisation of systems and processes and the integration of De Friesland completed successfully. This will lead to a structural reduction of operating expenses

## Basic health insurance

- Result basic health on current underwriting year improved while the result on past years was slightly negative
- Gross written premiums have increased to €12,885 million (H1 2018: €12,589 million) as a result of higher premiums and a higher contribution from the Health Insurance Equalisation Fund due to inflation of the healthcare costs

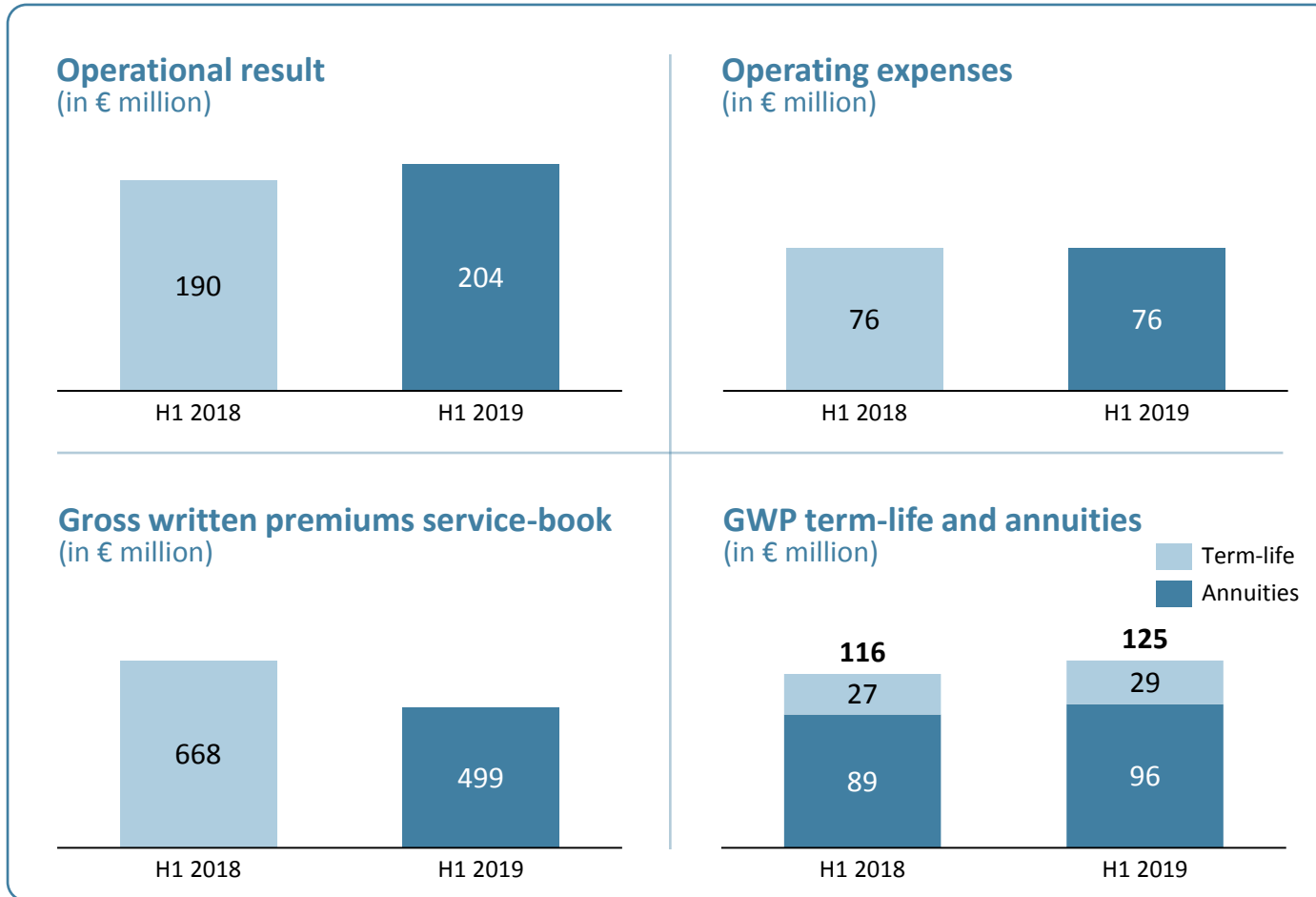
## Supplementary health insurance

- Result supplementary insurance decreased to €34 million (H1 2018: €66 million) due to higher claims and an additional reorganisation provision
- GWP decreased slightly to €1,248 million (H1 2018: €1,321 million) due to customer outflow
- Percentage of customers with supplementary insurance stable at app. 80%

<sup>1</sup> Care offices



# Pension & Life: Increased result due to better technical and investment result



- Operational result increased by €14 million due to improved technical and investment results
- Investment result increased due to improved equity and FX-results
- Technical result improved due to higher mortality result
- Continued investments in rationalisation and migration contribute to (future) cost reductions

## Service-book Pension & Life

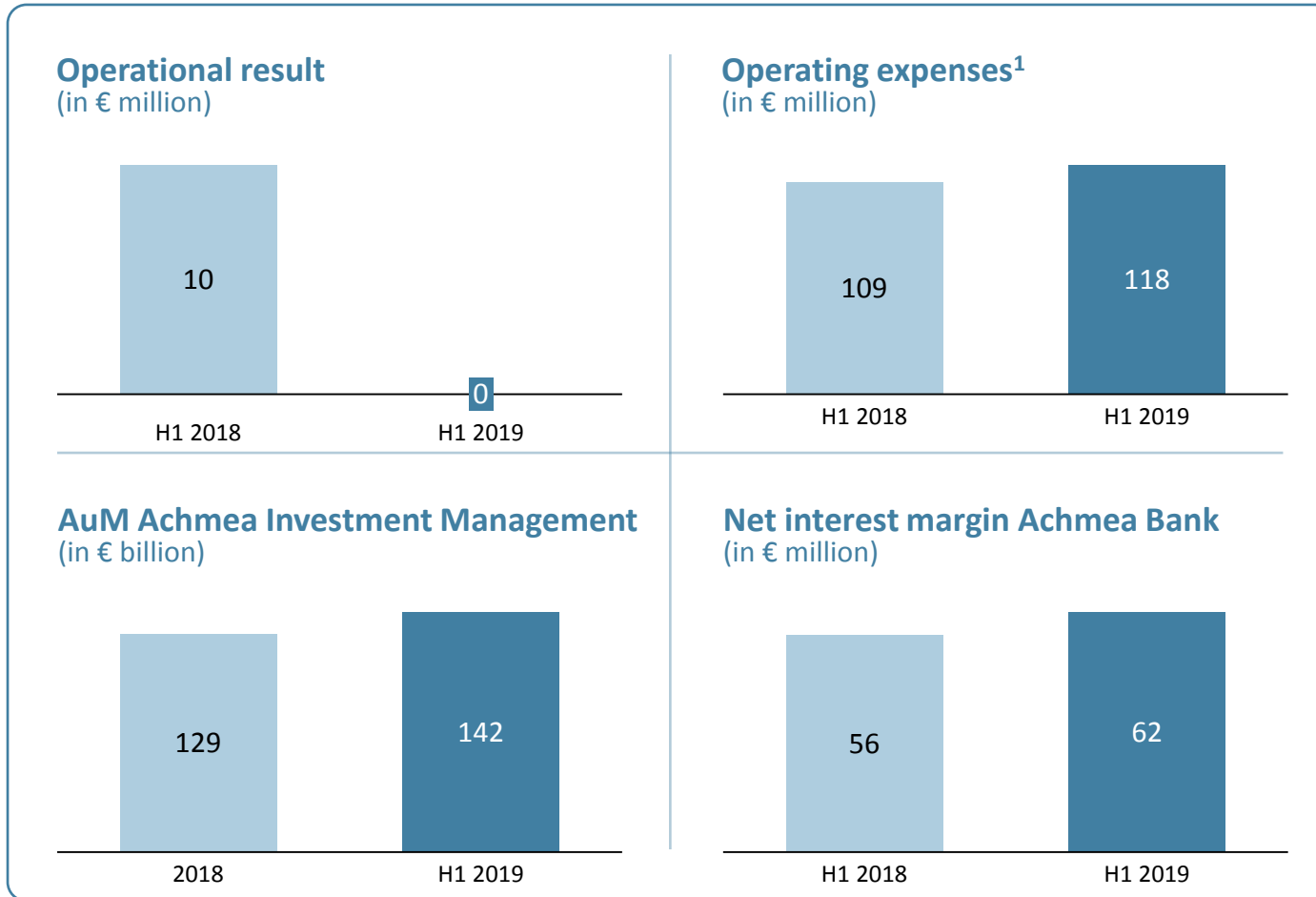
- Pension & Life service-book with a long duration
- Premium-lapse and decline in technical provisions in line with service-book strategy

## Term-life and annuities

- Continued growth of open-book in both term-life and annuities



# Retirement Services: Further growth of Assets under Management and participants. Result affected by investments in growth and cost allocation



<sup>1</sup>Operating expenses including other expenses

## Achmea Bank

- Improved interest margin and revenue from fees support the result. Higher costs, due to a change in cost allocation, lead to lower operational result
- Interest result improved due to lower financing expenses
- Part of banking and asset management activities a.s.r. Bank acquired

## Achmea Investment Management

- AuM increased to €142 billion
- Pension fund Vervoer chooses AIM as its integral asset manager from 2020 onwards (€28 billion AuM)
- Result decreased, despite higher revenues, as a result of investments in growth

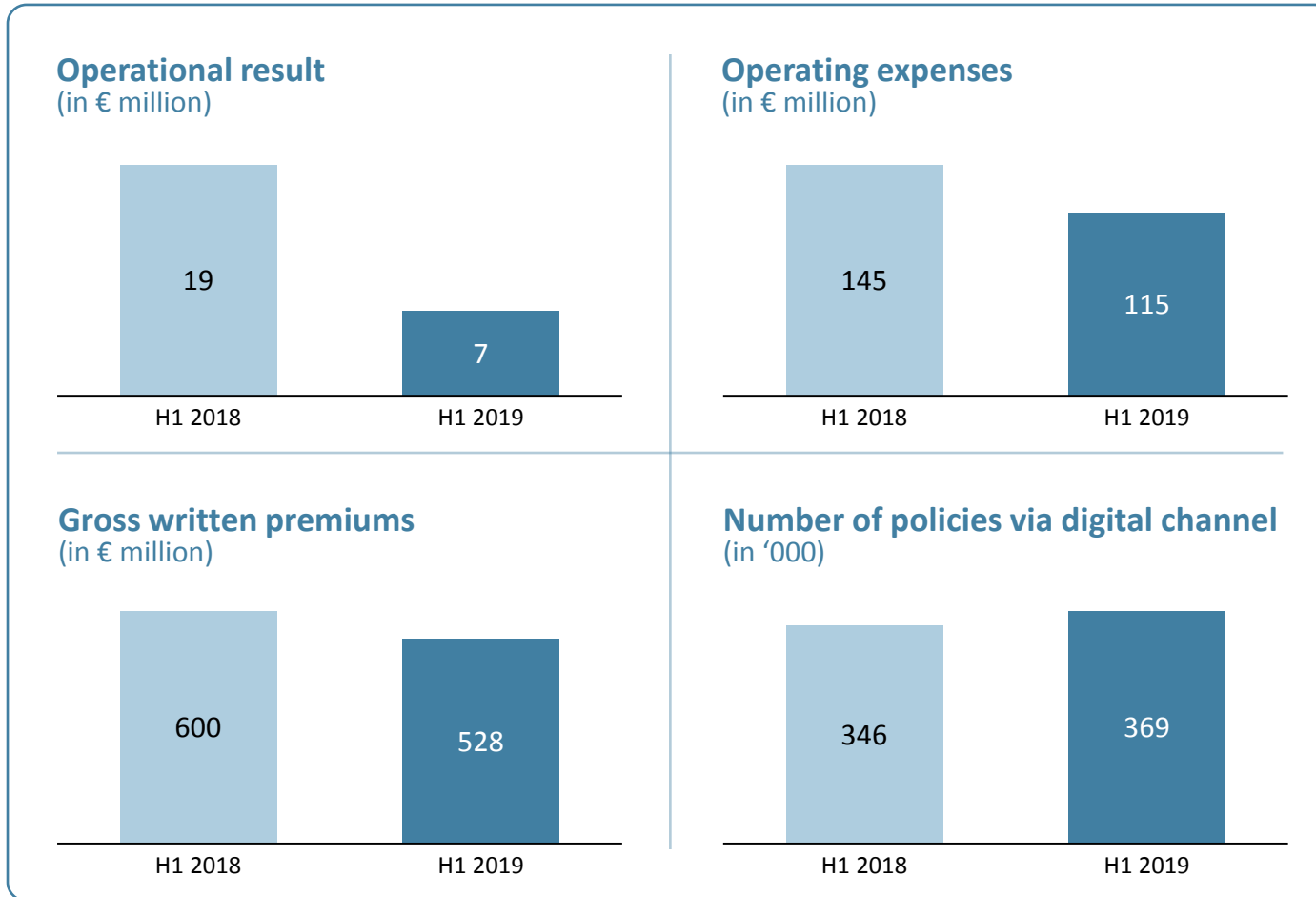
## Achmea Pension Services

- Growth supported by company pensionfunds Alliance and Metro and new business through the Centraal Beheer General Pension Fund
- Services to mandatory sectoral company pension funds successfully phased out
- Negative result due to investments in long-term growth and optimisation of processes and systems





## International: Growth of Non-Life (6%) and Health (7%) in Slovakia and Greece. Decreased result due to higher Health claims and Townsville flood Australia



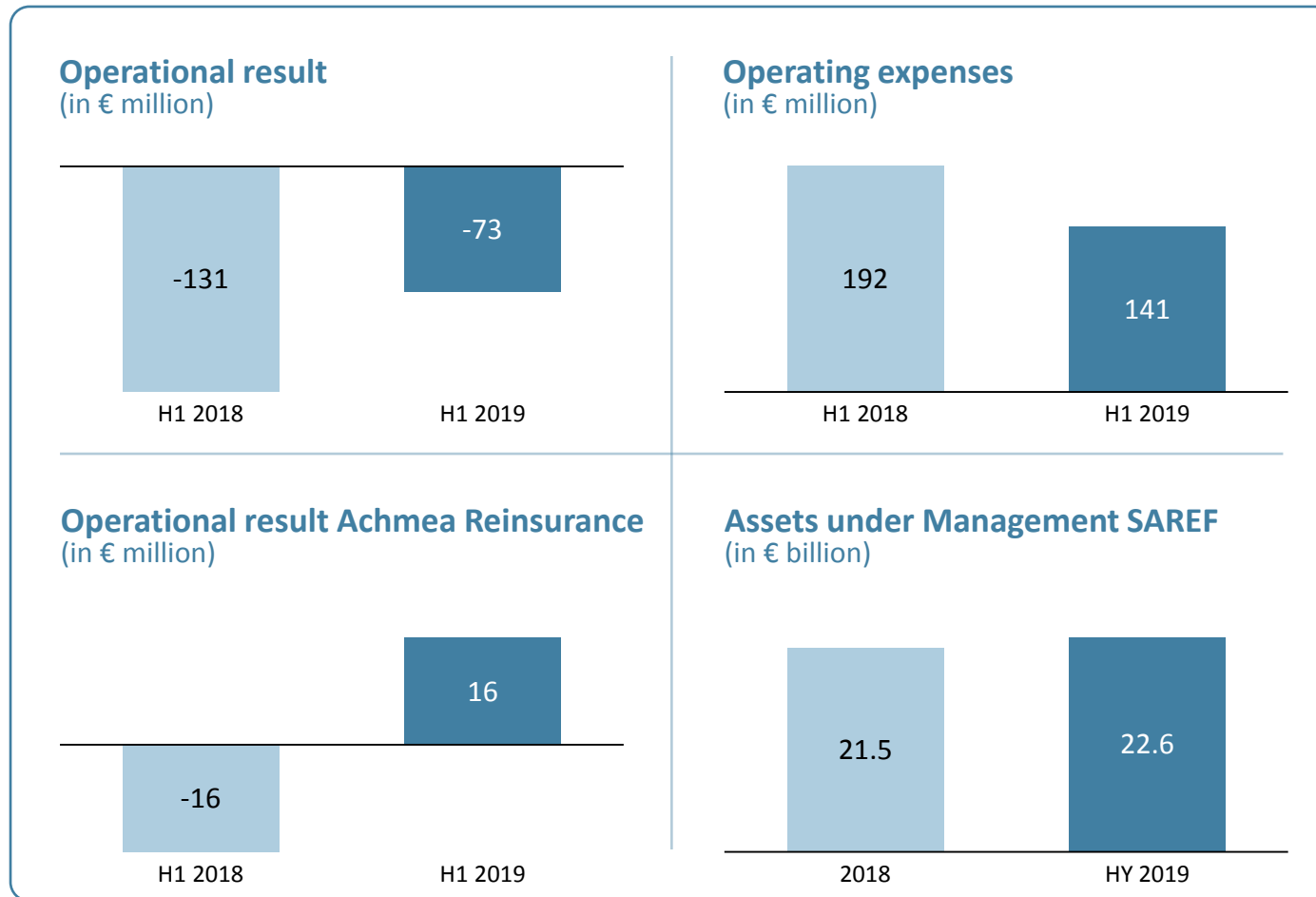
### International activities

- Result decreased due to lower Health results in Greece and Slovakia as well as a flood in Australia
- Operating expenses decreased due to sale of Friends First and lower costs in Turkey as a result of the depreciation of the Turkish lira

Adjusted for this, the operating expenses increased slightly with 1% due to investments in the digital channel, the launch of Onlia in Canada and premium growth

- Gross written premiums decreased due to sale of Friends First and currency-effects. All countries showed premium growth in local currency
- Number of policies sold through the digital channel grown further to 369,000
- Online insurance proposition 'Onlia' launched in Canada. As of January 2019 policies are being sold

# Other activities: Improved result due to higher results Achmea Reinsurance and lower reorganisation provisions



## Other activities - Holding

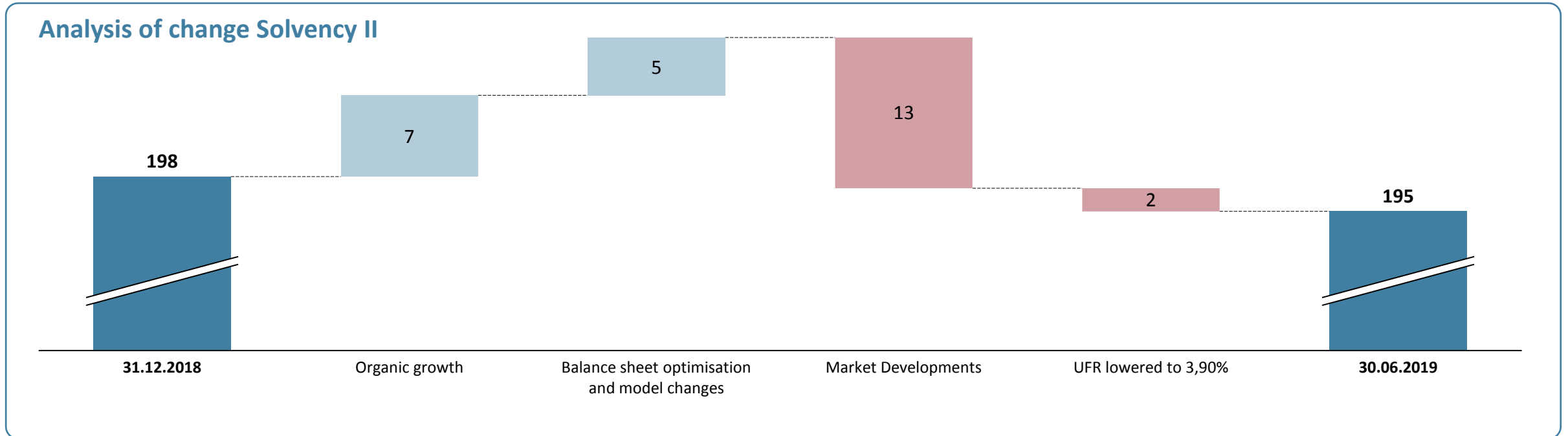
- Other activities includes the results of our other group companies<sup>1</sup>, activities at holding company level and financing expenses
- Improved result primarily due to increased operational result Achmea Reinsurance and lower reorganisation provisions

## Other activities - Companies

- Favourable claims development in 2019 and severe impact of January storm in 2018 (€30 million) drive the improvement of the result
- AuM SAREF grew to €22.6 billion (FY 2018: €21.5 billion) as a result of new mandates from institutional investors and higher valuations of existing portfolios. Operational result grew to €5 million (H1 2018: €4 million)

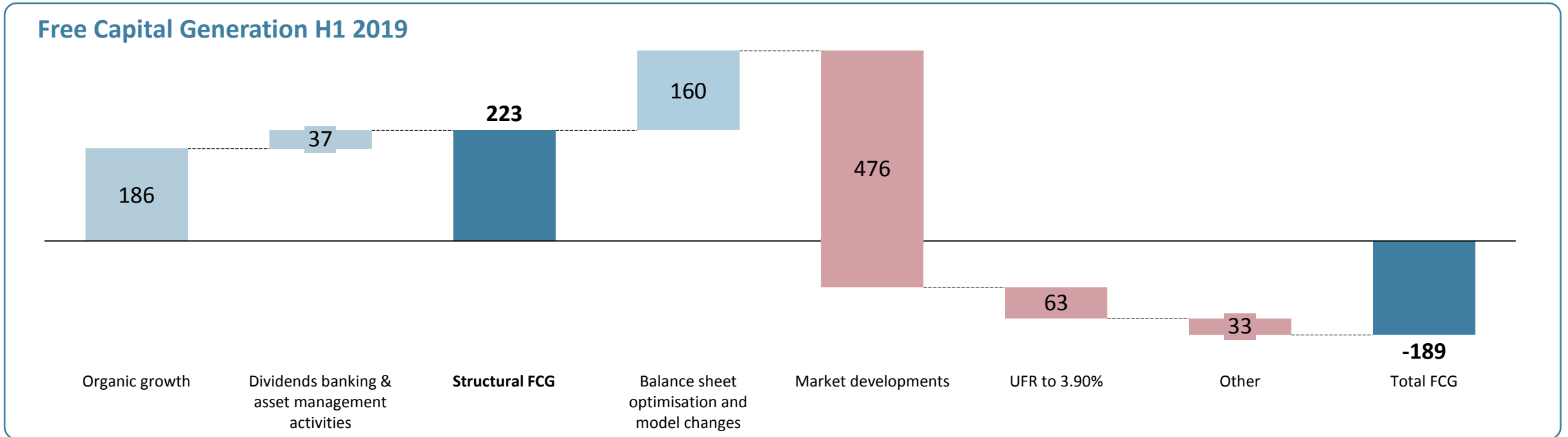
<sup>1</sup> Achmea Reinsurance Company, Syntrus Achmea Real Estate & Finance, and Independier until december 2018

# Solvency II remains solid despite market developments



- Organic growth driven by increased operational result and investment results as well as dividends from banking and asset management activities
- Market developments have a negative impact due to lower interest rates, widening spreads on mortgages and tightening credit spreads in Italy leading to a lower Volatility Adjustment. Excess returns on the investment portfolio partially mitigate these developments

# Structural Free Capital Generation in line with target due to improved operational performance. Incidental FCG negative due to market developments



## Structural FCG

Driven by:

- Increased operational result
- Investment results
- Dividends from banking and asset management activities

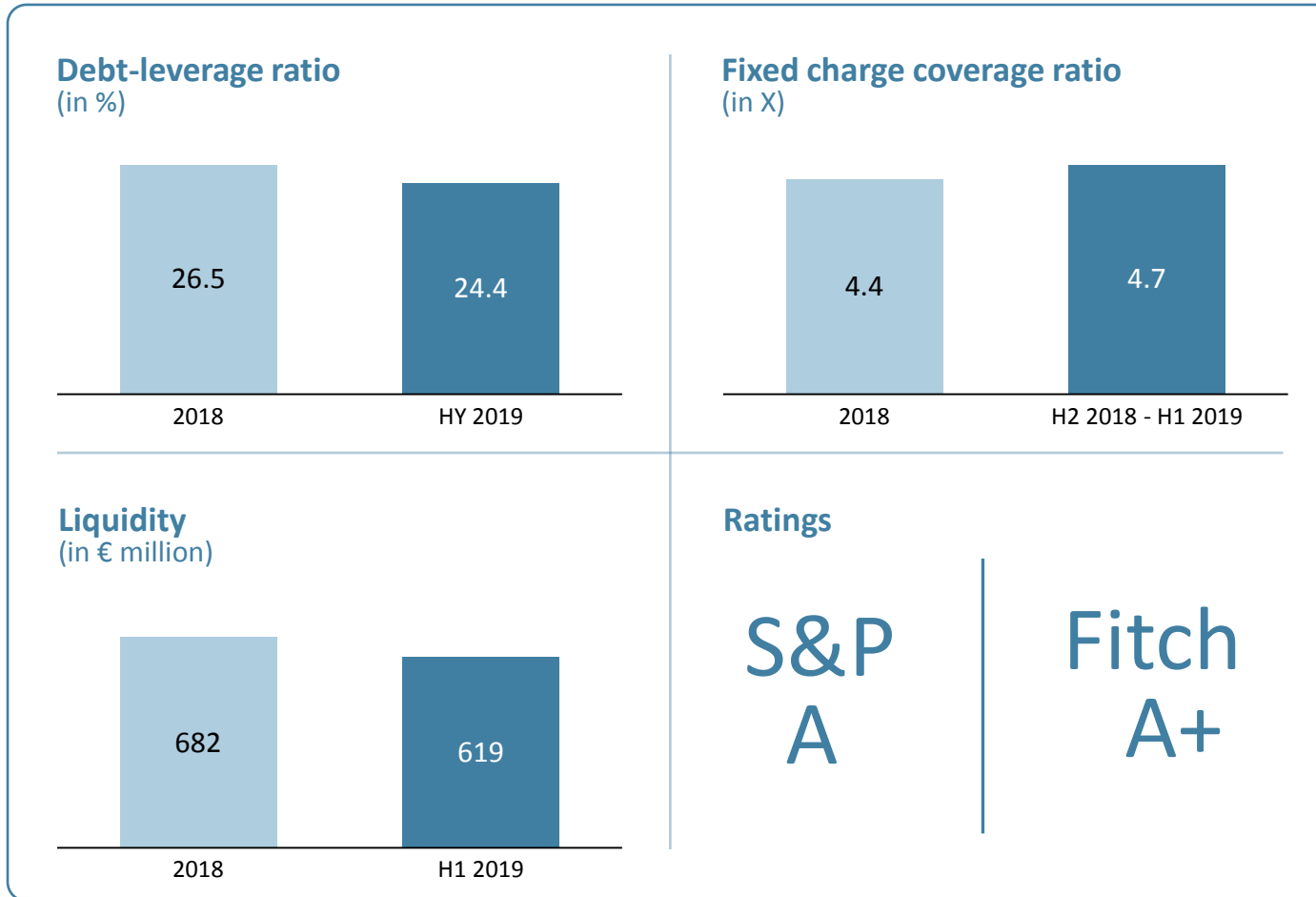
## Incidental FCG

Influenced by:

- Balance sheet optimisation: refinement of assumptions related to internal model for market risk leads to lower capital requirements
- Market developments are negative due to widening mortgage spreads, declining interest rates, tightening spreads and a lower Volatility Adjustment



# Fixed charge coverage ratio improved to 4.7x and rating outlook adjusted to 'Stable'



## Financial ratios

- Decrease of debt-leverage ratio due to redemption of a CHF 200 mln loan and improved results
- Upward trend of FCCR continued to 4.7x due to an improved operational result

## Liquidity

- Liquidity at holding level robust
- Slight decrease in liquidity due to redemption of a CHF 200 million loan

## Ratings

- S&P rating core insurance activities affirmed at 'A' and outlook upgraded to 'Stable'
- Fitch rating core insurance activities affirmed at 'A+' with a 'stable outlook'



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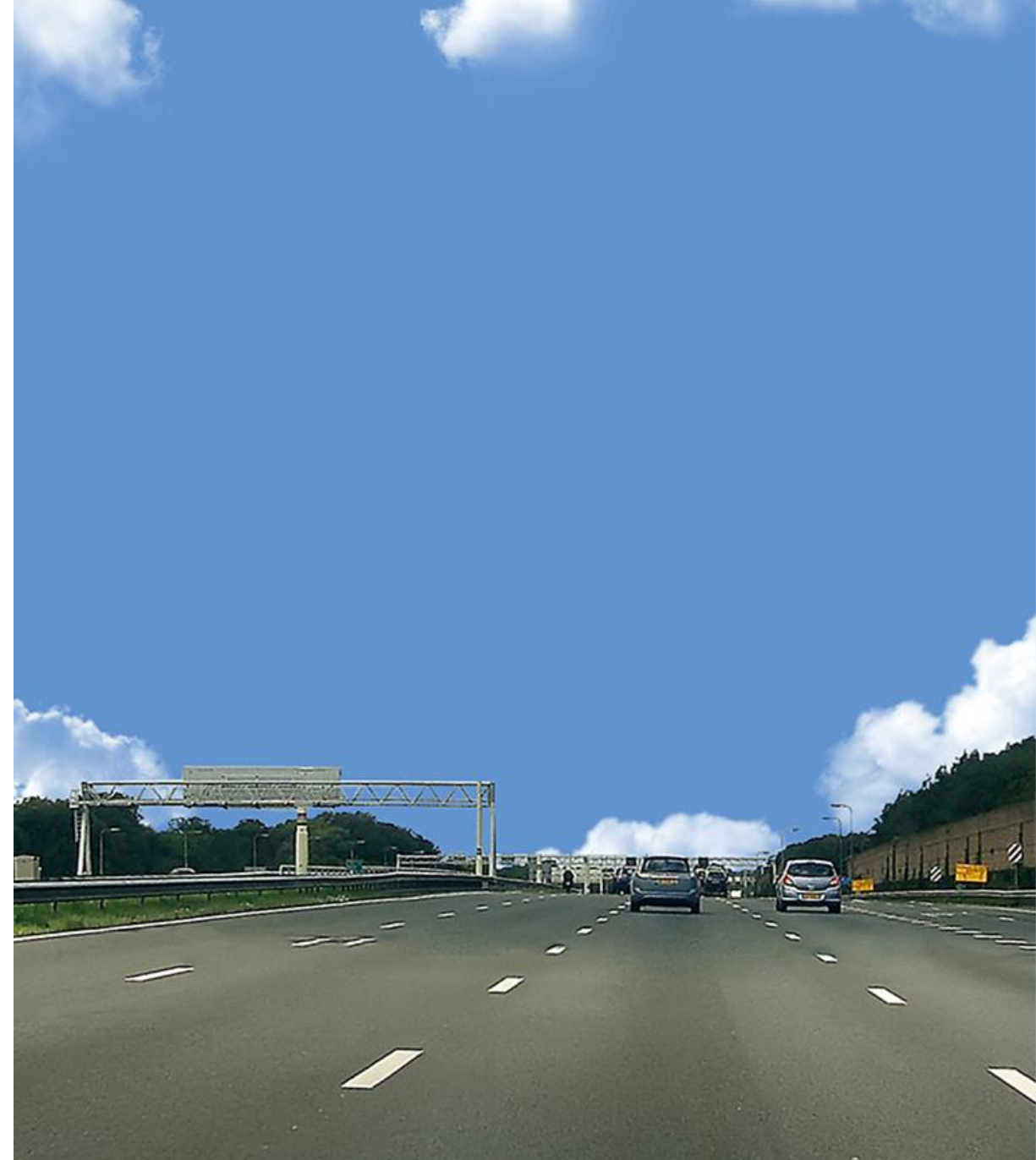
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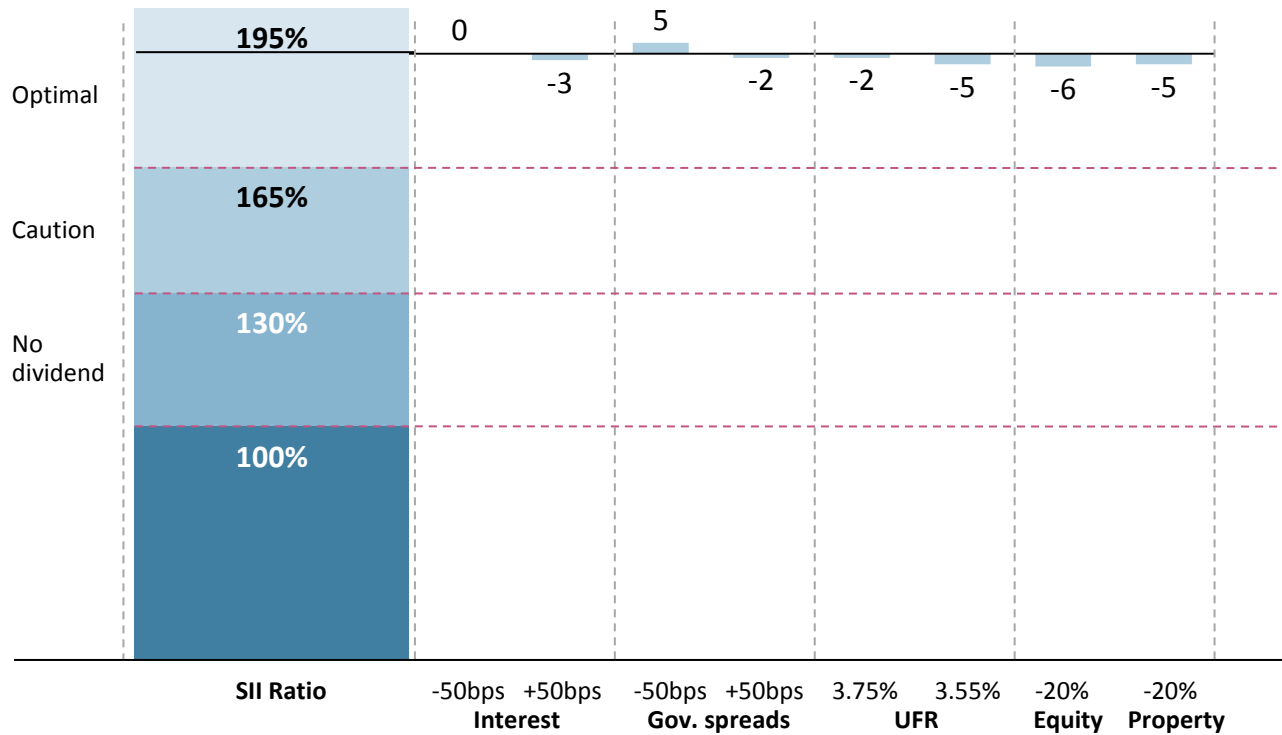
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  2. Investments
- 



# Sensitivities Solvency II ratio

## Solvency II Sensitivities H1 2019

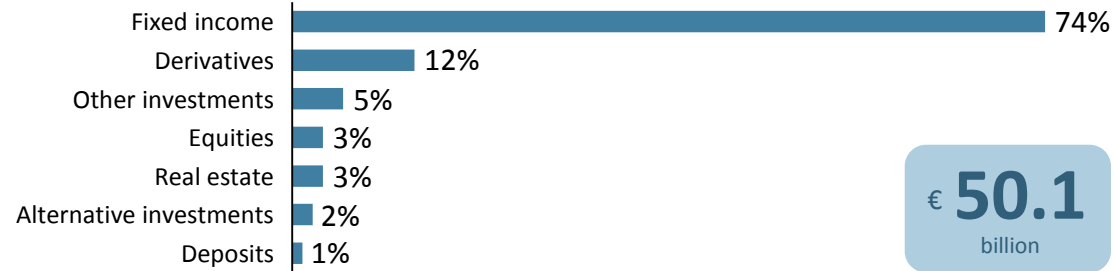


- The sensitivities are calculated based on the partial internal model which includes market risk since 1 July 2018
- Sensitivities are calculated using parallel shocks. Actual movements may differ due to non-parallel shifts in the spread movements

# Gradual optimisation of our portfolio using our recently implemented internal model for market risk

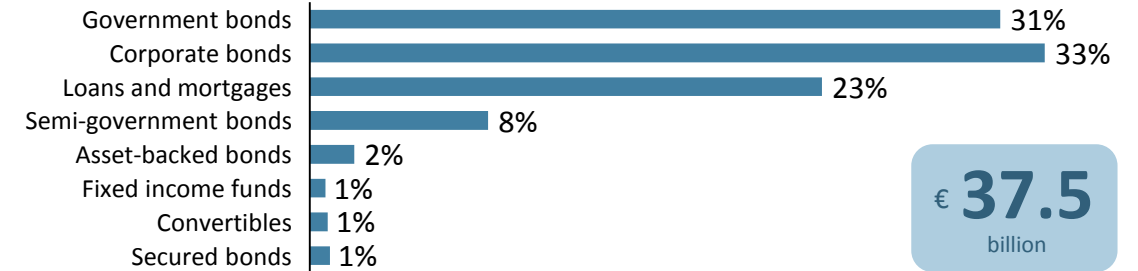
## Total investment portfolio

(H1 2019, in %)



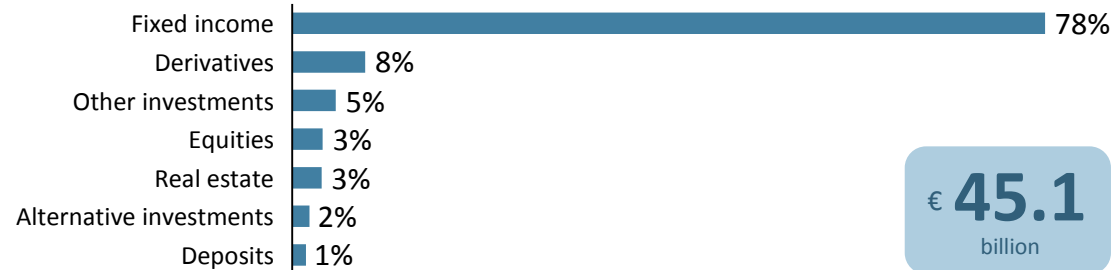
## Fixed income portfolio

(H1 2019, in %)



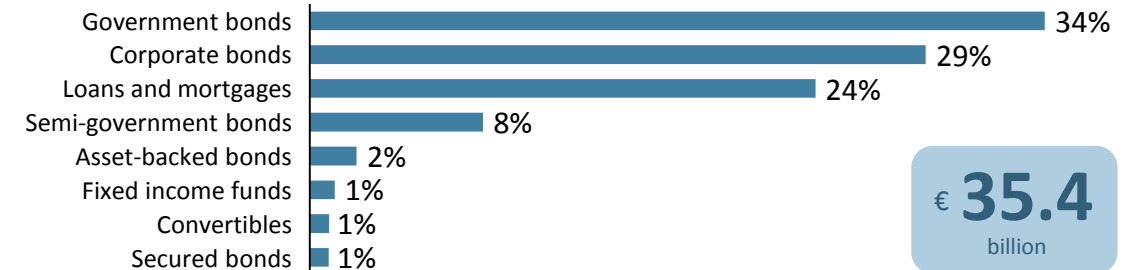
## Total investment portfolio

(FY 2018, in %)



## Fixed income portfolio

(FY 2018, in %)



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