



## First quarter 2019 results

16 May 2019

# Highlights

Lard Friese, CEO

# Highlights 1Q19

## Financial results

### Operating result

**EUR 468m**

(1Q18: EUR 313m)

### Net result

**EUR 512m**

(1Q18: EUR 399m)

### Expense savings<sup>1</sup>

**EUR 310m**

(4Q18: EUR 289m)

## Capital

### Solvency II ratio

**213%**

(4Q18: 230%)

### Holdco cash capital

**EUR 2.0bn**

(4Q18: EUR 2.0bn)

### Free cash flow

**EUR 183m**

(1Q18: EUR 198m)

## Commercial performance

### New sales (APE)

**EUR 945m**

(1Q18: EUR 547m)

# Business developments



## Commercial momentum in the Netherlands

- Higher volume of group pension contracts at Netherlands Life
- Premium increases and strict pricing discipline on active renewals in Motor and Fire
- Stricter acceptance, pricing and claims handling in D&A



## New products launched in Europe

- NN Romania launched new protection products offering financial protection in the event of critical illness or permanent disability
- NN Belgium launched a new tax-efficient unit-linked product for the affluent/high net worth segment



## Responsible investing

- NNIP 2018 Responsible Investment Report published detailing engagement and voting results and how ESG factors are integrated into NNIP's investment strategies
- NNIP to jointly manage a range of sustainable enhanced equity index strategies with Irish Life Investment Managers



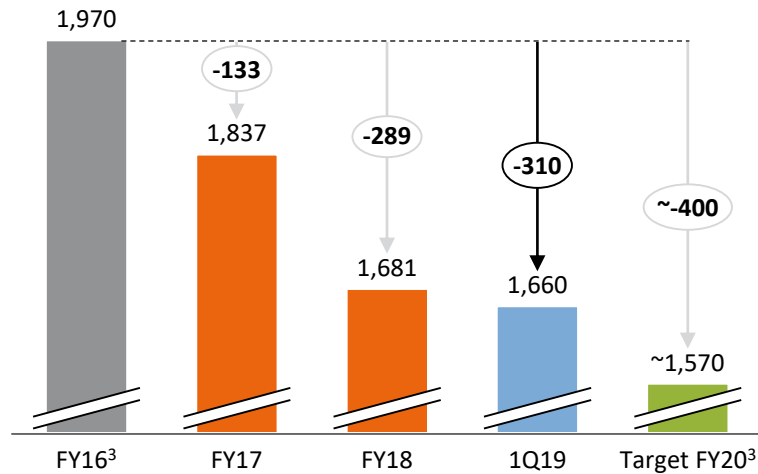
## Regulatory changes

- Japanese National Tax Agency published a proposal for a revision of the tax treatment of certain COLI products
- Pension system reforms announced in Romania and Poland

# Additional cost savings of EUR 20m in 1Q19

## Administrative expense base<sup>1,2</sup>

(EURm)



## Total administrative expense savings

by segment<sup>1,2</sup> (EURm)

1Q19

Netherlands Life	110
Netherlands Non-life	96
Belgium	15
Asset Management	33
Banking	33
Corporate/holding	23
<b>Total</b>	<b>310</b>

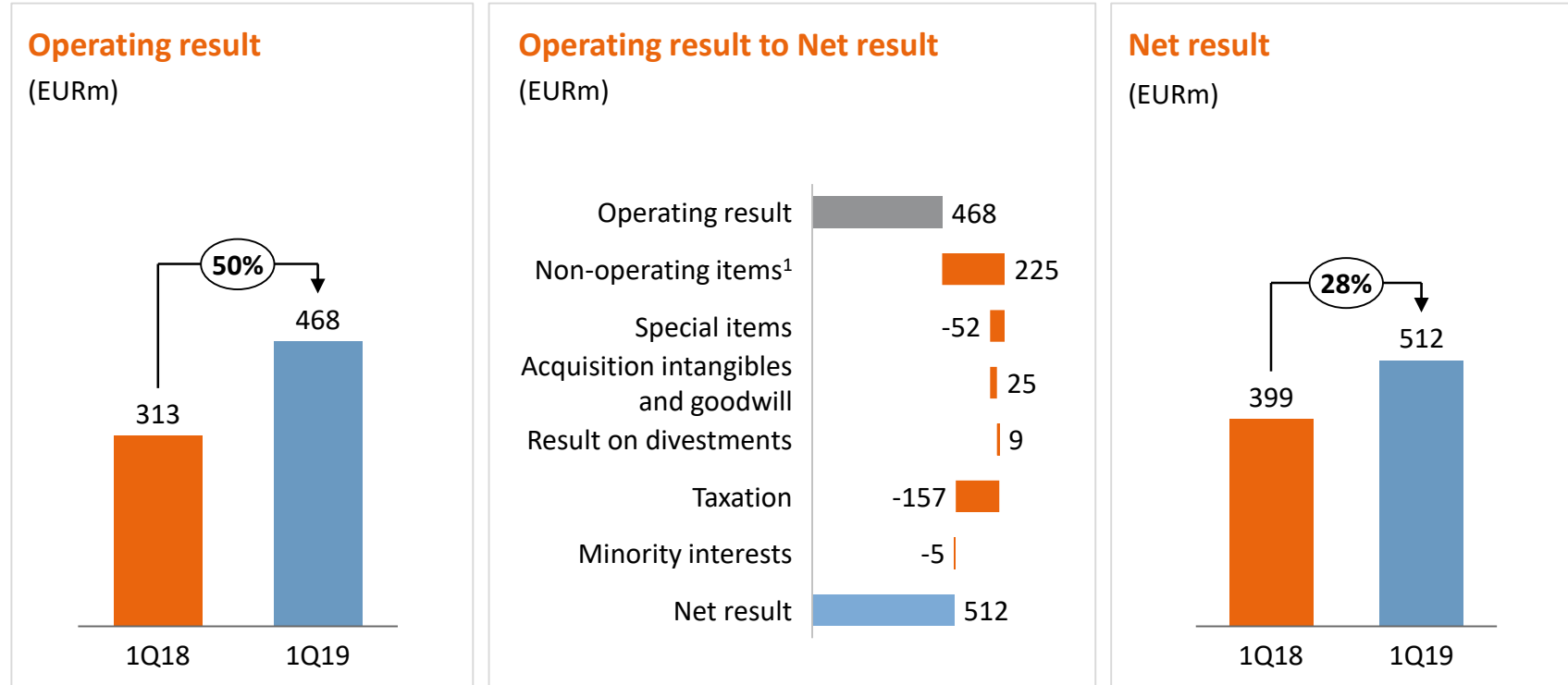


1. Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking and Corporate/holding entities (including NN Re)
2. Cost reductions calculated on a last 12-month basis
3. The original 2016 cost base of EUR 2,024m and target FY20 cost base of EUR 1,625m have been adjusted for the reclassification of the Fixed Service Fee expenses from Administrative expenses to Fees within Asset Management and the transfer of certain investment administrative activities from Asset Management to segment Other

# 1Q19 results

Delfin Rueda, CFO

# 1Q19 operating result and net result

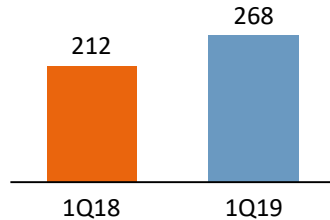


1. Includes realised capital gains/losses and impairments, revaluations and market & other impacts

# 1Q19 operating result by segment

## Netherlands Life

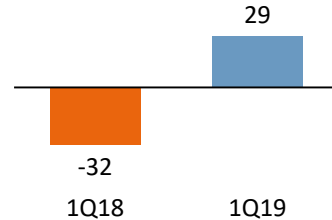
Operating result (EURm)



- 1Q19 reflects a EUR 63m dividend from an indirect stake in the former ING Life Korea and lower expenses, partly offset by lower fees and premium-based revenues
- New sales (APE) up 92% on 1Q18 reflecting higher volume of group pension contracts

## Netherlands Non-life

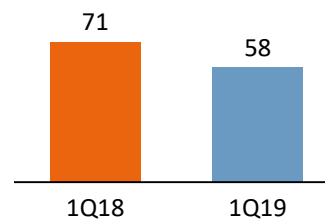
Operating result (EURm)



- 1Q18 included EUR 56m impact of January 2018 storm, while 1Q19 reflects more favourable claims experience in P&C and lower administrative expenses, partly offset by lower underwriting results in D&A
- 1Q19 combined ratio of 97.9%

## Insurance Europe

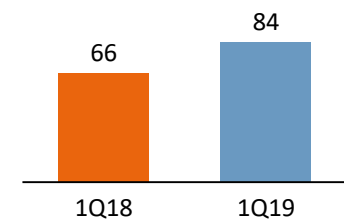
Operating result (EURm)



- 1Q18 included EUR 9m of non-recurring benefits, while 1Q19 reflects the impact from the pension reforms in Romania
- New sales (APE) up 7% on 1Q18 at constant currencies

## Japan Life

Operating result (EURm)



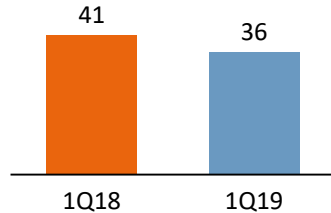
- Operating result up 23% excluding currency effects, reflecting the contribution of higher sales
- New sales (APE) up 110% on 1Q18 at constant currencies reflecting customer expectations of a revision of tax rules for COLI products



# 1Q19 operating result by segment

## Asset Management

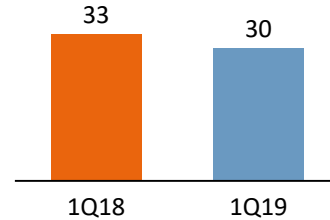
Operating result (EURm)



- 1Q19 reflects lower fees, partly compensated by a decrease of administrative expenses
- Assets under Management up at EUR 260bn, primarily driven by positive market performance

## Banking

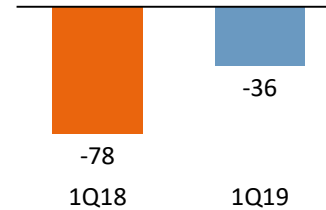
Operating result (EURm)



- 1Q19 reflects lower interest result, partly compensated by lower administrative expenses

## Other

Operating result (EURm)

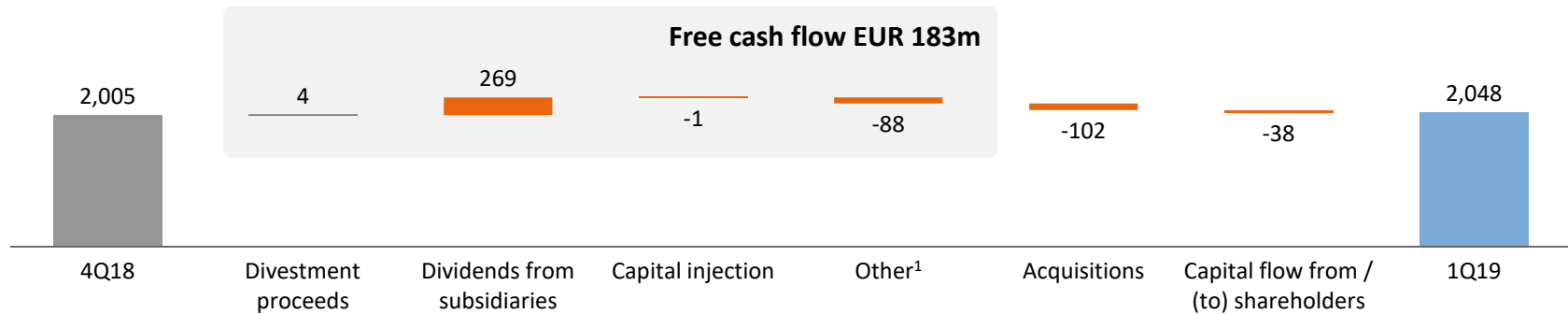


- 1Q18 included EUR 33m of claims relating to the January 2018 storm and non-recurring items of EUR -15m

# Free cash flow 1Q19

## Movement in holding company cash capital

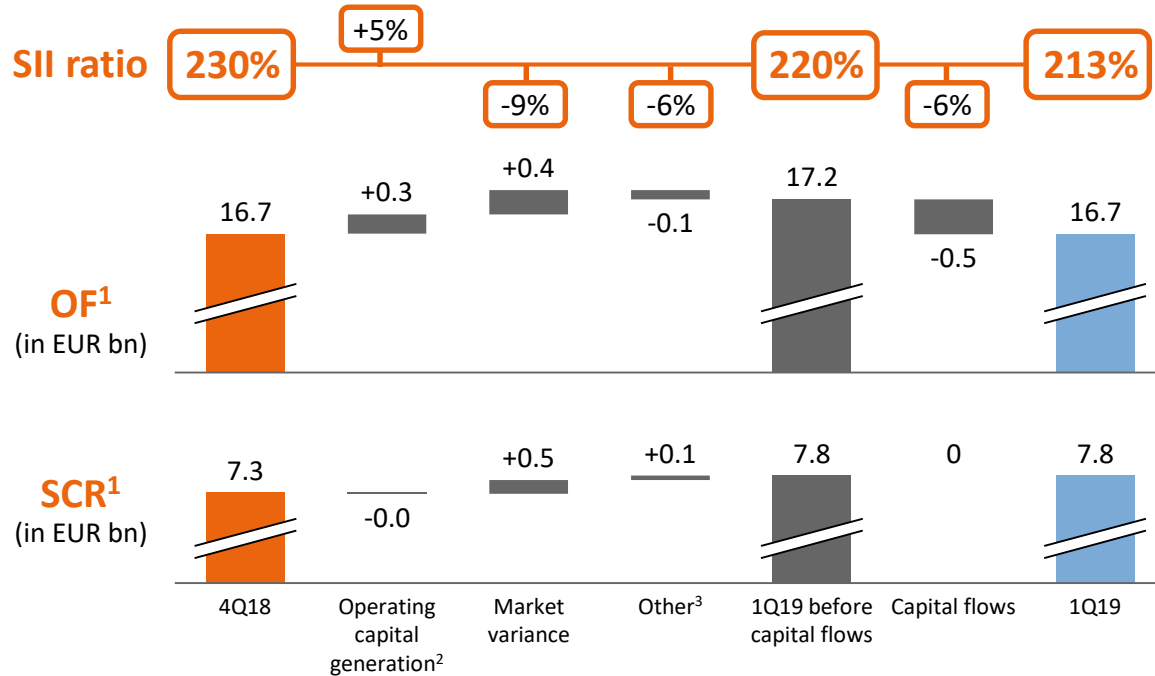
(EURm)



- Free cash flow to the holding of EUR 183m, driven by EUR 269m of dividends from subsidiaries
- Acquisitions relate to the consideration paid for the acquired Slovak businesses
- Capital flow to shareholders reflects the shares repurchased under the EUR 500m share buyback programme which commenced on 1 March 2019

1. Other includes holding company expenses and other holding company cash flows

# Solvency II movement 1Q19



- Solvency II ratio of 213% reflects operating capital generation offset by market variance and the EUR 500m share buyback
- As of this quarter, operating capital generation includes the accruals of qualifying debt
- Market variance mainly driven by movements in credit spreads and interest rates, partly offset by positive equity revaluations
- Other includes the impact of the UFR reduction from 4.05% to 3.90% and the update of the reference portfolio

# Wrap up

Lard Friese, CEO

# Key takeaways

1

1Q19 operating result of EUR 468m

2

Further cost reductions; administrative expense reductions achieved to date of EUR 310m

3

Strong capital position: Solvency II ratio of 213%; holding company cash capital of EUR 2.0bn

# Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

# Appendix

# Dividends upstreamed

## Dividends upstreamed by segments/subsidiaries

(EURm)

	1Q19	2018	2017
Netherlands Life <sup>1</sup>	200	837	1,035
Netherlands Non-life <sup>1</sup>	1	108	100
Insurance Europe <sup>1,2</sup>	2	299	230
NN Japan Life	-	-	57
Asset Management	44	177	96
Banking <sup>1</sup>	20	10	2
NN Re Netherlands	-	150	200
Other	2	12	98
<b>Total</b>	<b>269</b>	<b>1,593</b>	<b>1,818</b>



1. Includes interest on subordinated loans provided to subsidiaries by the holding company

2. Refers to Insurance Europe entities' consolidated totals excluding Czech Life insurance business (branch of NN Life)



# Important legal information

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 on the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim accounts for the period ended 31 March 2019.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.



**NN**