



# First quarter 2018 results

17 May 2018

# Highlights

Lard Friese, CEO

# Highlights 1Q18

Operating result

**EUR 313m**

(1Q17: EUR 406m)

Net result

**EUR 399m**

(1Q17: EUR 435m)

Solvency II ratio

**213%**

(4Q17: 199%)

Holdco cash capital

**EUR 1.6bn**

(4Q17: EUR 1.4bn)

- Operating result of the ongoing business reflects EUR 89m impact of the January storm
- Net result reflects the lower operating result and higher special items, partly compensated by higher revaluations
- Cost reductions at business units in scope of integration of EUR 42m in 1Q18; total cost reductions to date of EUR 175m
- Solvency II ratio at 213%; holding company cash capital at EUR 1,631m
- Total new sales (APE) of EUR 547m, down 7.8% from 1Q17 at constant currencies, reflecting lower volume of group pension contracts up for renewal at Netherlands Life, partly compensated by higher sales at Insurance Europe

# Integration on track while delivering on strategy



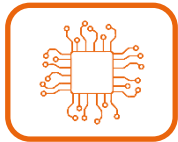
**Integration** progressing well; legal mergers of banking businesses, asset management companies and Belgian life businesses completed and cost reductions well ahead of schedule



Focus on **customer experience**; most claims relating to January storm settled within one month, leading to increase in customer satisfaction as measured by NPS score

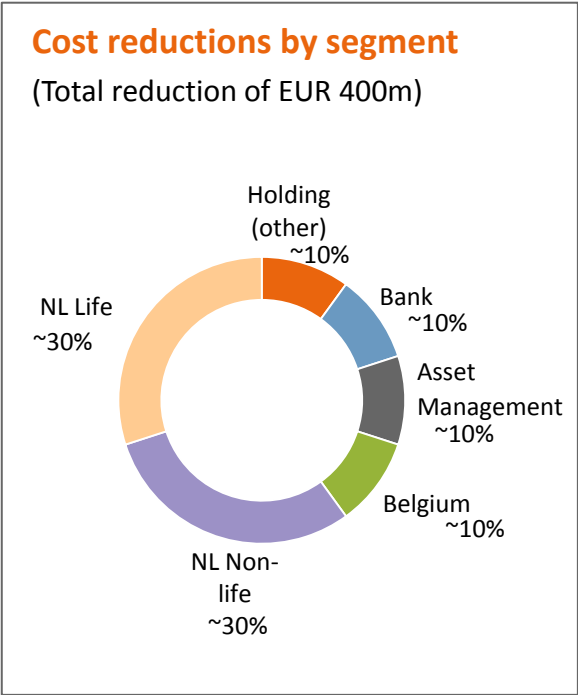
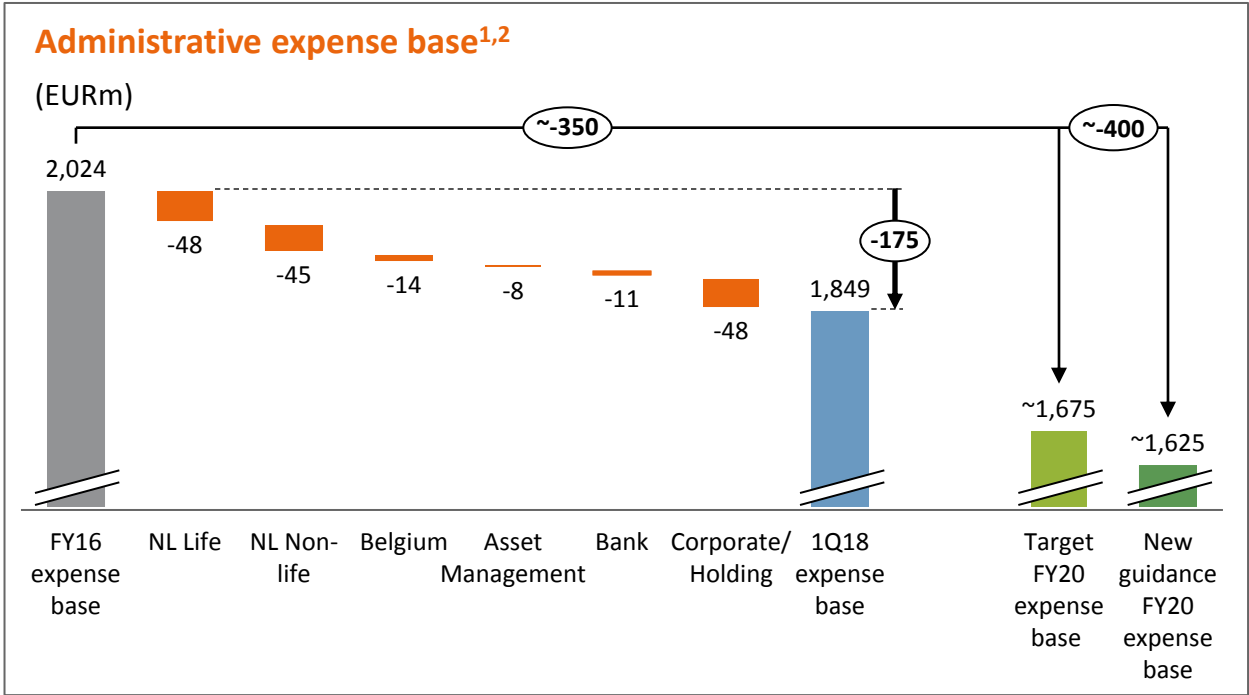


Continuing **product innovation**; latest Sparklab launched in Spain; new products launched including new insurance product for young families in Hungary



**IT migration** ongoing; DLAM portfolios onboarded onto NNIP operating systems; policy migrations started at life and non-life businesses

# Cost reductions well ahead of schedule; new guidance of EUR 400m by 2020

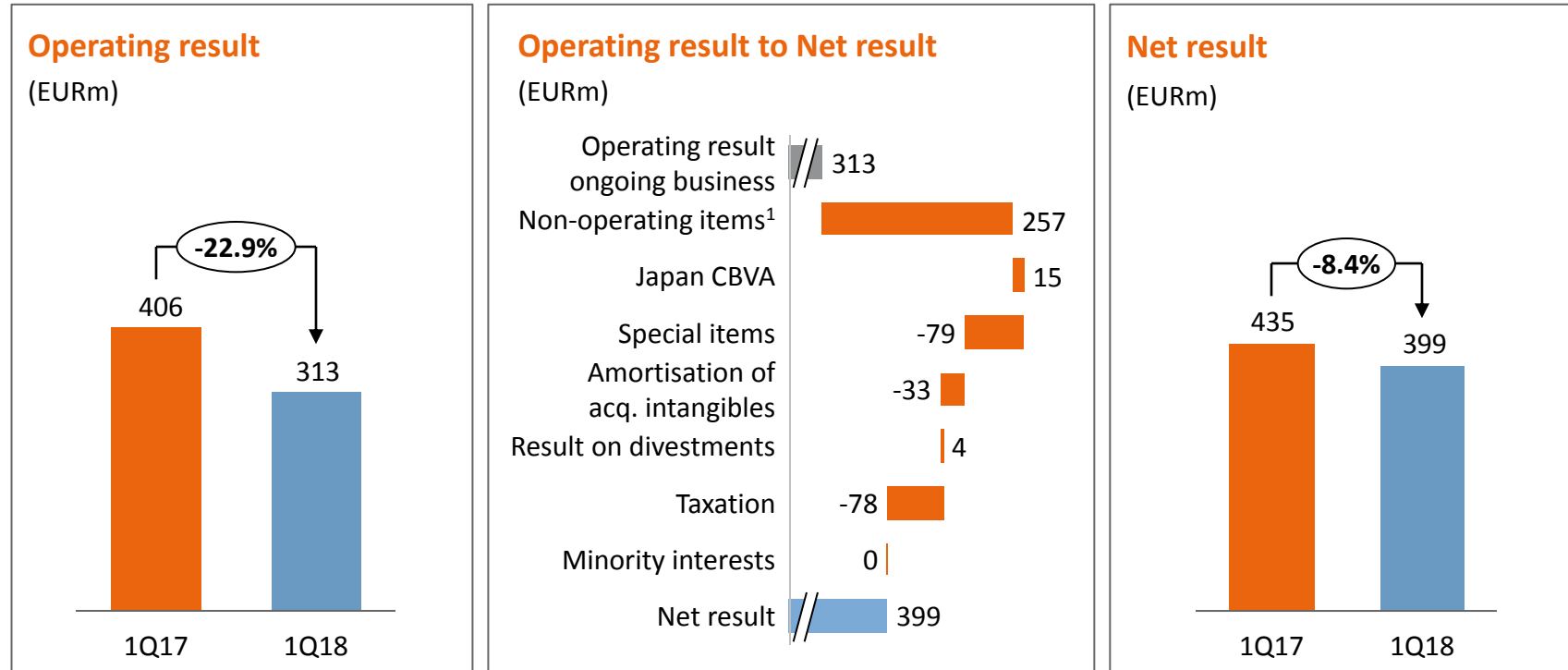


1. Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking business and Corporate/Holding entities  
 2. Cost reductions calculated on a last 12-month basis

# 1Q18 results

Delfin Rueda, CFO

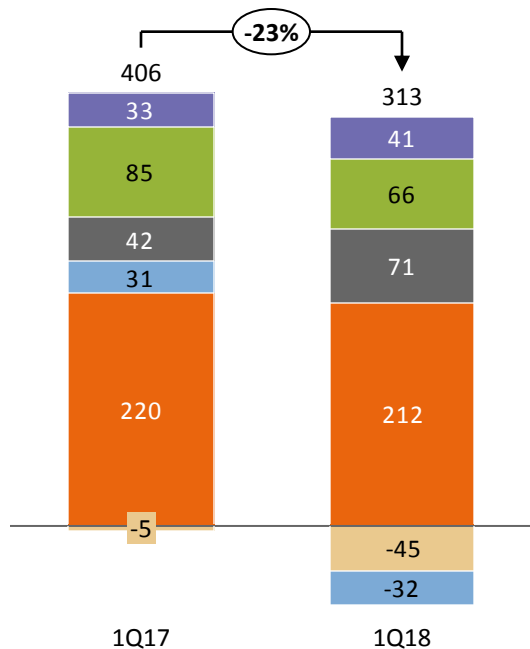
# 1Q18 operating result and net result



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

# Operating result ongoing business by segment

## Operating result of the ongoing business (EURm)



## Operating result of EUR 313m, down from EUR 406m in 1Q17 due to EUR 89m total impact of the January storm

- **Netherlands Life:** Operating result down from 1Q17 which included EUR 41m private equity dividends while 1Q18 reflects inclusion of Delta Lloyd
- **Netherlands Non-life:** Operating result down due to EUR 56m impact of January storm and less favourable underwriting performance in D&A; Combined ratio of 106.3%, or 98.6% excluding the impact of the storm
- **Insurance Europe:** Operating result up reflecting higher fees and premium-based revenues and the contribution of Delta Lloyd Belgium
- **Japan Life:** Operating result down reflecting a lower technical margin and higher expenses, partially offset by higher fees and premium-based revenues
- **Asset management:** Operating result up reflecting the inclusion of Delta Lloyd's asset management activities and expense reductions
- **Other:** Operating result down mainly due to a lower operating result of the reinsurance business reflecting EUR 33m impact of the January storm as well as EUR 8m claim from a legacy reinsurance portfolio; operating result of the banking business up, driven by the inclusion of Delta Lloyd's banking activities

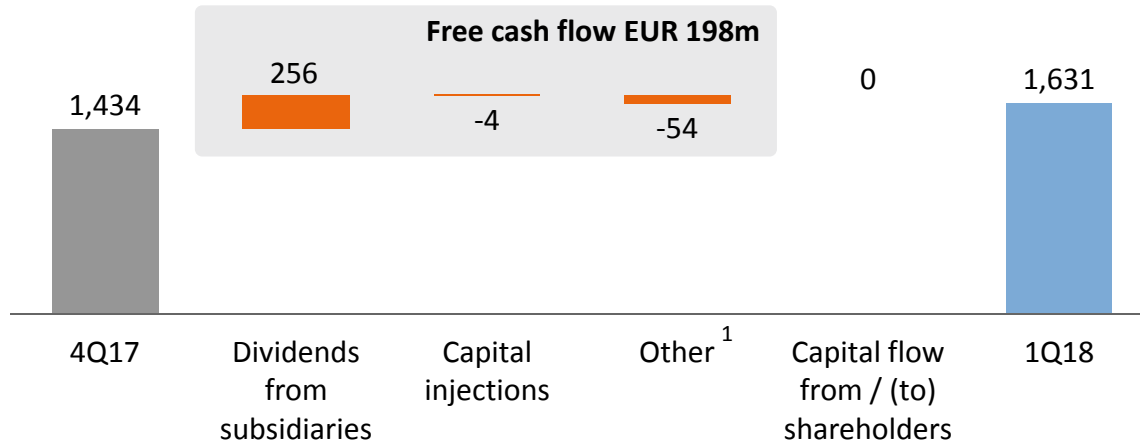




# Free cash flow 1Q18

## Movement in holding company cash capital

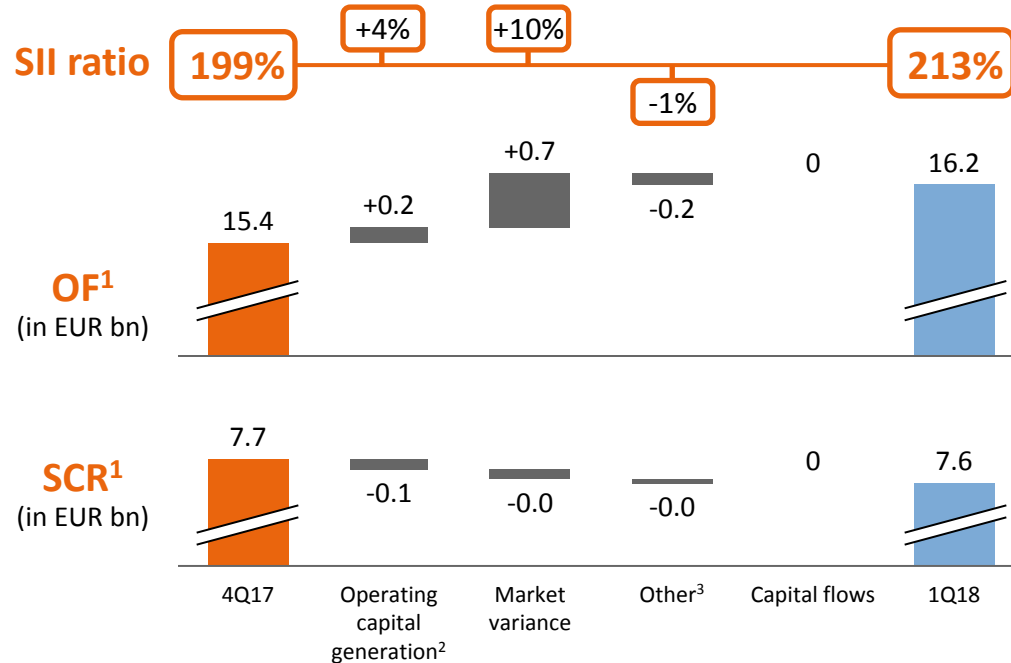
(EURm)



- Free cash flow to the holding in 1Q18 of EUR 198m, driven by EUR 256m of dividends mainly from the Dutch units

1. Other movements include holding company expenses and other holding company cash flows

# Solvency II movement 1Q18



- Solvency II ratio increased to 213% driven by a combination of operating capital generation and market movements
- Own Funds operating capital generation EUR ~0.3bn when excluding EUR 67m after-tax impact of the January storm
- Positive market variance driven by favourable movements in credit spreads and interest rates and positive revaluations of real estate investments
- Other includes the impact of the UFR reduction from 4.2% to 4.05%

# Wrap up

Lard Friese, CEO

# Key takeaways

1 1Q18 operating result of EUR 313m impacted by January storm

2 Integration progressing well: cost reductions of EUR 42m in 1Q18; total cost reductions achieved to date of EUR 175m

3 New cost reduction guidance of EUR 400m by 2020, of which at least half expected to be achieved by the end of 2018

4 Solvency II ratio of 213%; holding company cash capital of EUR 1.6bn

# Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

# Appendix

# Dividends upstreamed

## Dividends upstreamed by segments/subsidiaries

(EURm)

|                                   | 1Q18       | 2017         | 2016         |
|-----------------------------------|------------|--------------|--------------|
| Netherlands Life <sup>1</sup>     | 190        | 1,035        | 642          |
| Netherlands Non-life <sup>1</sup> | 1          | 100          | 154          |
| Insurance Europe <sup>1,2</sup>   | 2          | 230          | 251          |
| NN Japan Life                     | -          | 57           | 80           |
| Asset Management                  | 22         | 96           | 93           |
| NN Re Netherlands                 | 40         | 200          | 250          |
| Other <sup>1</sup>                | 1          | 100          | 142          |
| <b>Total</b>                      | <b>256</b> | <b>1,818</b> | <b>1,611</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 2018.

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.

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