

Allianz Capital Markets Day

# Simplicity wins



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Telephone Conference  
for Journalists  
November 30, 2018

**Allianz** 



# Agenda





# Allianz to deliver on its ambitious targets

Target	Actual <sup>1</sup>
3y EPS CAGR	<b>7.1%</b>
RoE	<b>13.8%</b>
Businesses with NPS above market Ø	<b>~71%</b>
Inclusive Meritocracy Index	<b>71%</b>

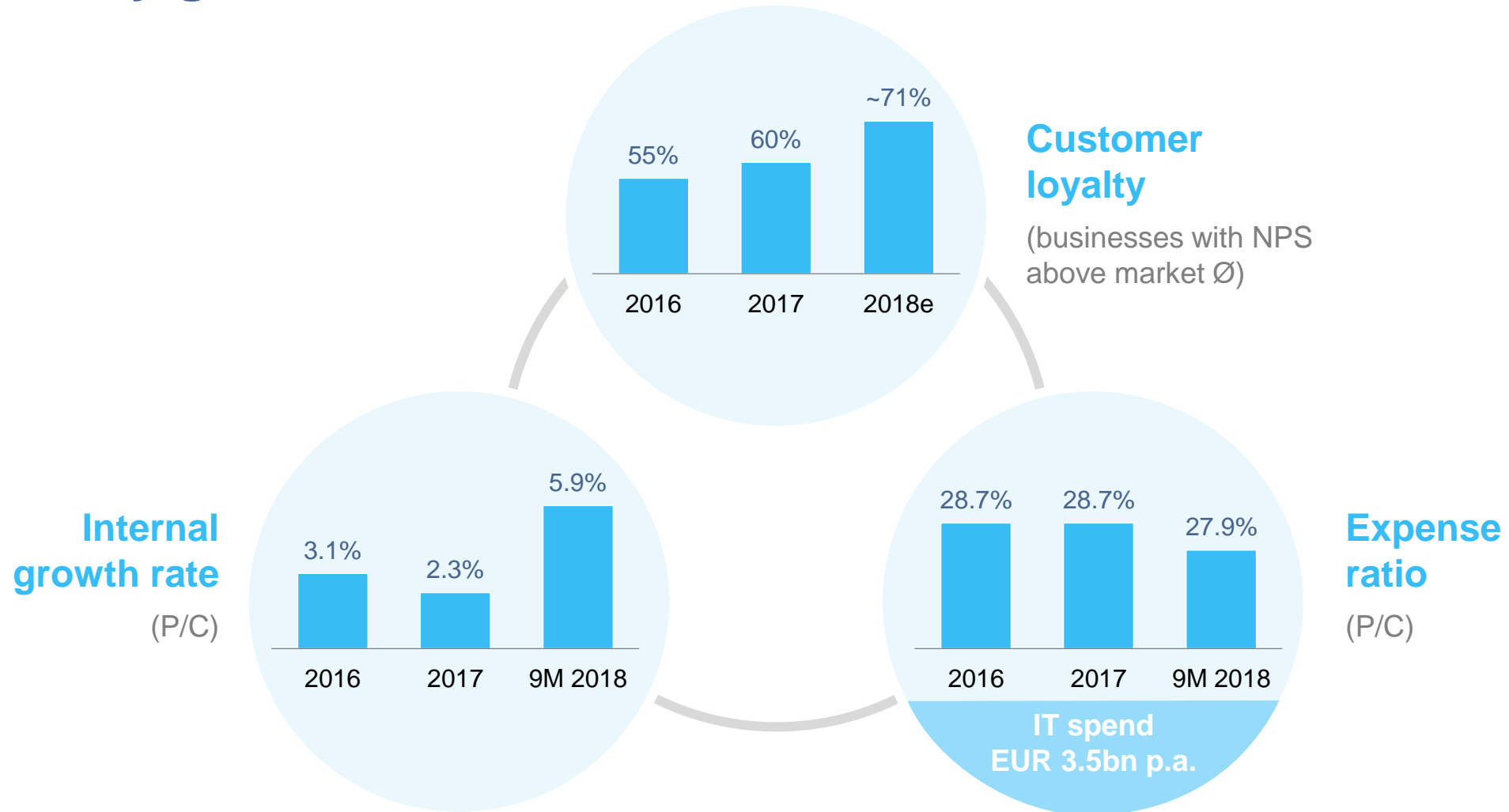


P/C CR 94%	<b>94.0%</b>	PIMCO CIR 60%	<b>58%</b>
L/H share of preferred lines 80%	<b>82%</b>	Alternative assets EUR 110bn	<b>127bn</b>
L/H NBM 3.0%	<b>3.4%</b>	SII interest rate sensitivity <11%-p	<b>7%-p</b>
L/H OEs with RoE ≥10% at 100%	<b>93%</b>	Launched digital products 100%	<b>96%</b>

1) 9M 2018 or annualized, if appropriate



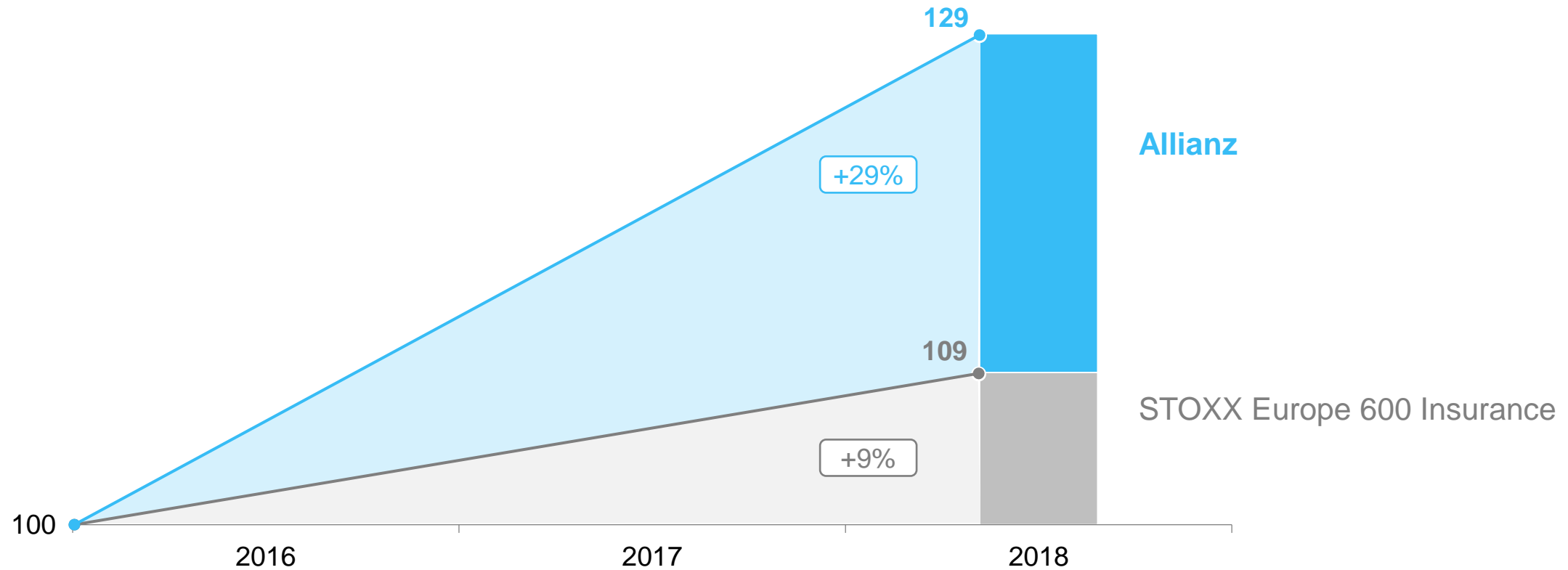
# While customer satisfaction and growth improve, productivity gains materialize





# Result: outstanding total shareholder return

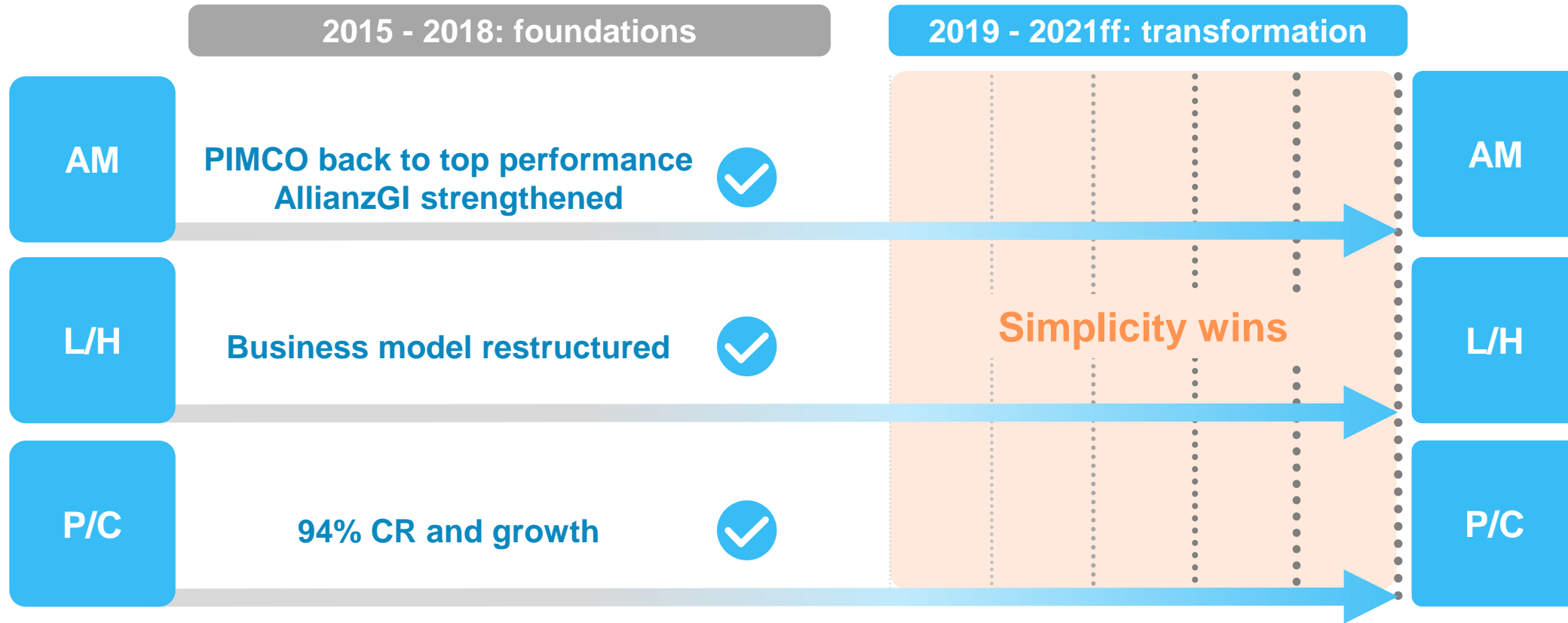
Total shareholder return<sup>1</sup> in %  
Indexed to 100



1) Period 01.01.2016 - 23.11.2018  
Source: Bloomberg



# Groundwork done, real transformation next



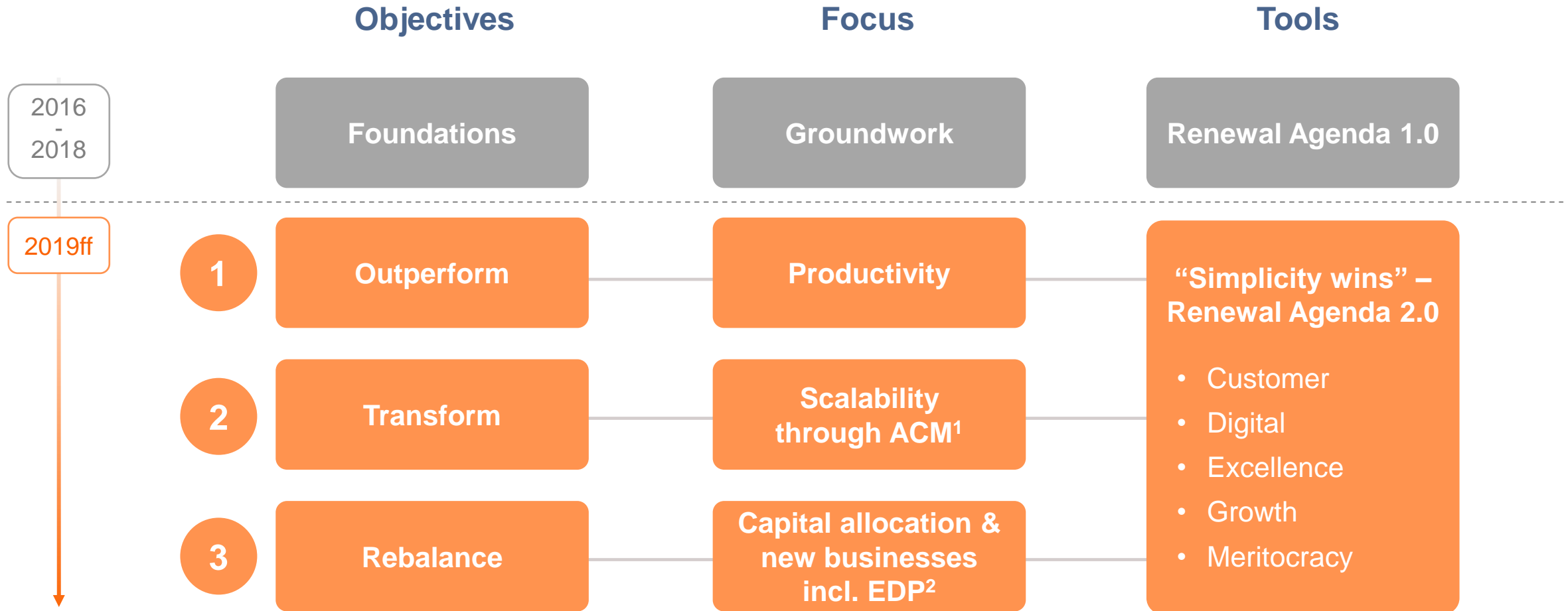


# Agenda

<b>Taking stock</b> Bäte	<b>Simplicity wins</b> Bäte	<b>Simplicity at scale</b> De la Sota	<b>Capital Management</b> Terzariol	<b>Targets and outlook</b> Bäte
2016 - 2018	Outperform, transform, rebalance	Allianz Customer Model	Generating value	2019 - 2021



# Our strategic priority: “simplicity wins”



1) Allianz Customer Model  
 2) European Direct Platform





# Renewal Agenda to be continued and accelerated

## KEY ELEMENTS

### New incentives and skills

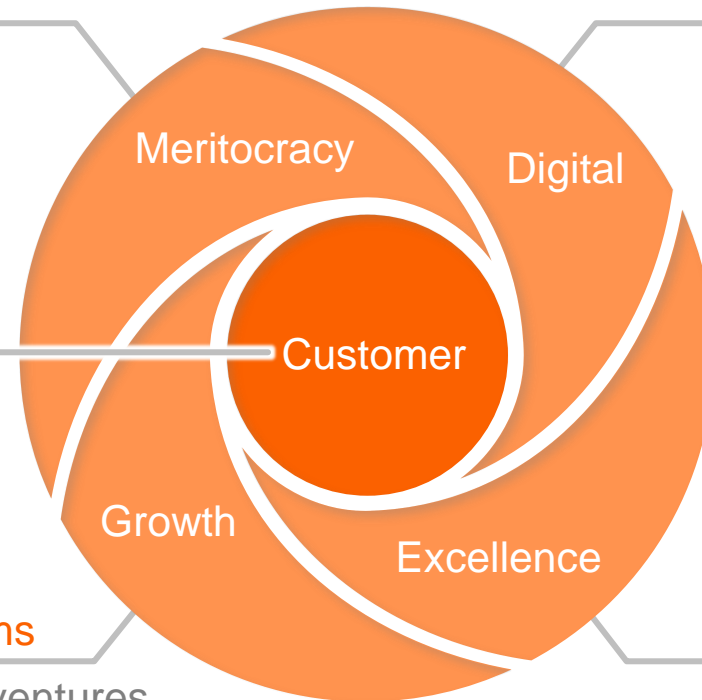
- Aspiration to become best practice
- Inclusive leadership / mobilization

### Loyalty leadership

- Simple and intuitive products
- Empathic service and frontline empowerment

### Focus on profitable growth and new platforms

European direct platform (EDP) and digital ventures and partnerships (Allianz X)



### Allianz Customer Model (ACM)

Continuous productivity gains through simplification, harmonization and legacy reduction

### Superior data analytics

Leveraging of Artificial Intelligence (AI) especially in retail, SME and Allianz Investment Management (AIM)

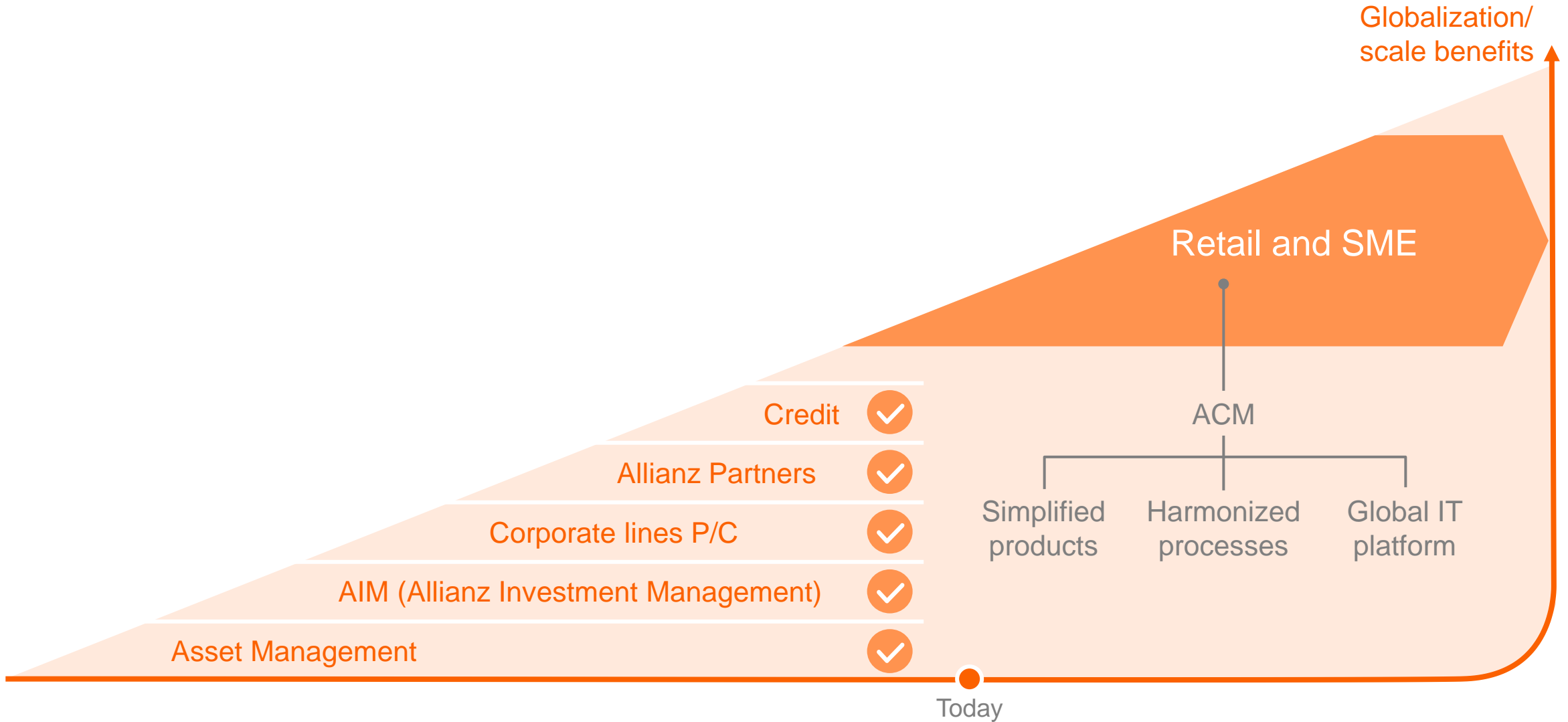


# Transform: turn complexity into superior scale ...





# ... now moving from institutional to retail lines





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# Simplicity at scale





“Which ONE thing bothers you most about insurance?”



Survey with 500 participants; conducted in October 2018 in Germany



# Transform: the Allianz Customer Model

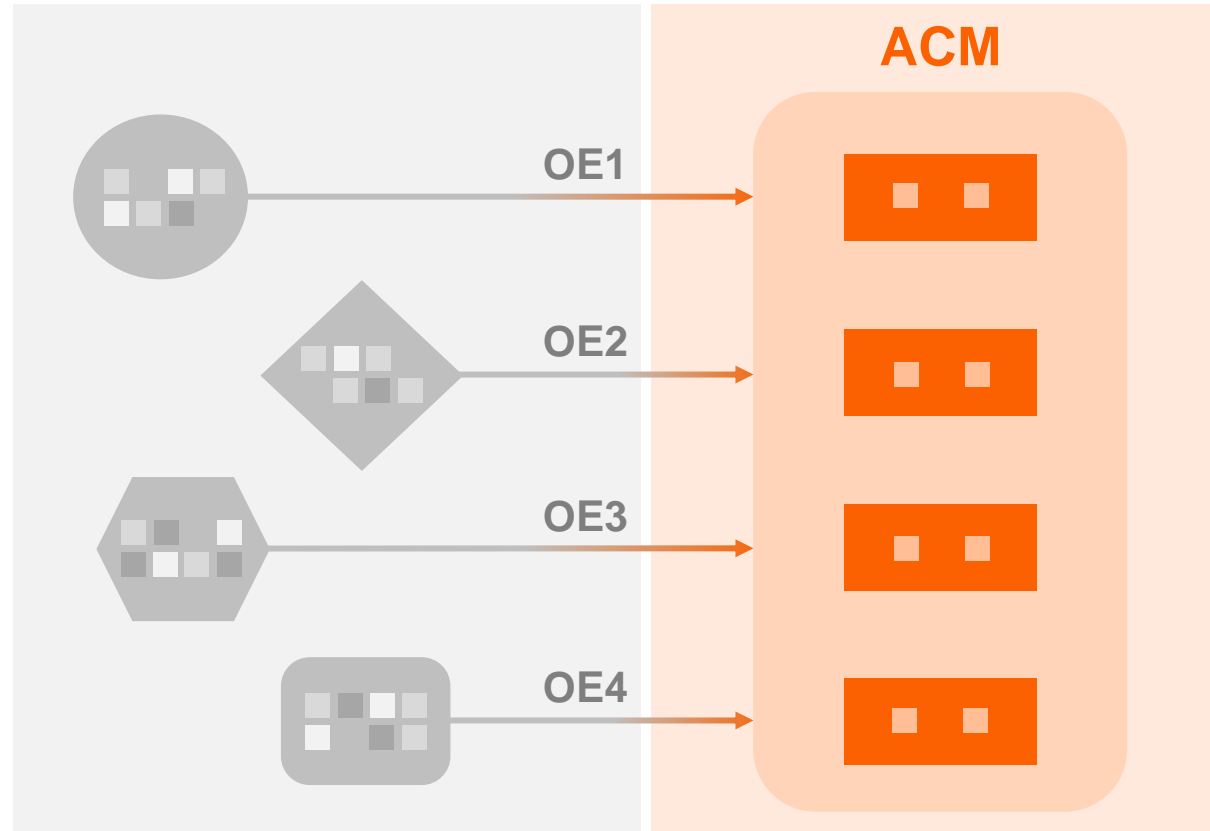
## Allianz Group

Organic growth<sup>1</sup>  
> 2%

Profitability<sup>2</sup>  
94% CR

Customer satisfaction<sup>3</sup>  
n.a.

## Allianz Customer Model (ACM) - Simplification and harmonization -



## Allianz best practice

Organic growth<sup>1</sup>  
> 5%

Profitability<sup>2</sup>  
< 92% CR

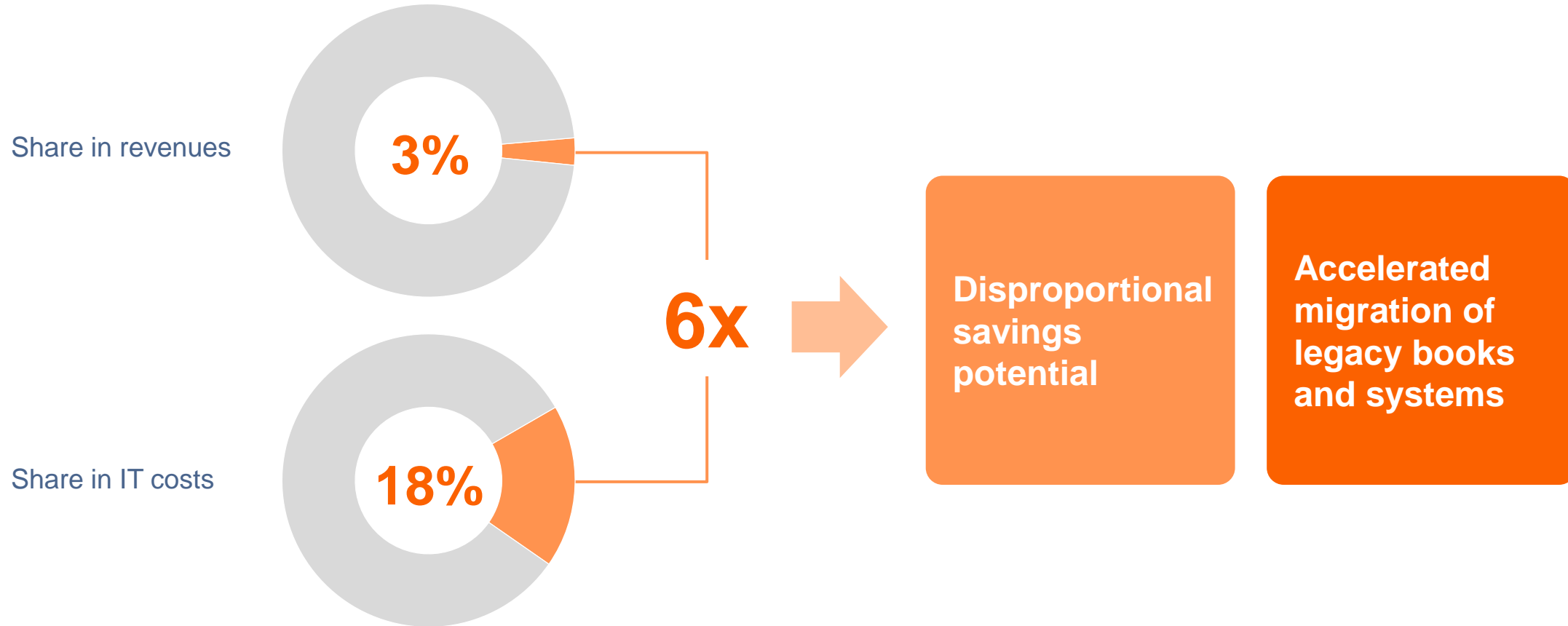
Customer satisfaction<sup>3</sup>  
> 20%

1) P/C CAGR internal growth 2017/2015  
 2) Combined ratio 9M 2018  
 3) P/C absolute NPS 2017. Group: KPI not calculated on aggregated basis  
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# Transform: simplicity potential even in best practice OEs

## Allianz best practice retail motor legacy book<sup>1</sup>

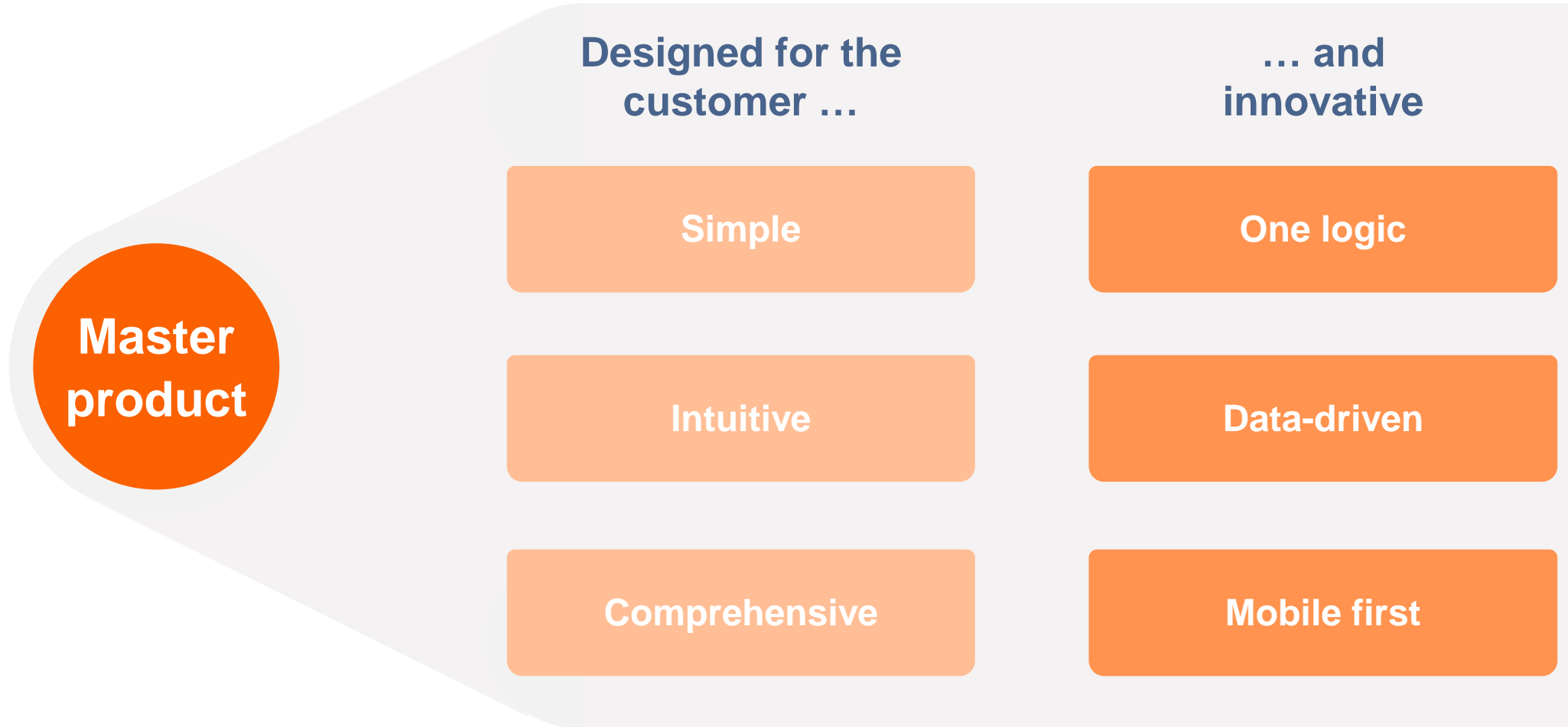


1) Third product generation and older





# Demystifying products, enhancing service and performance



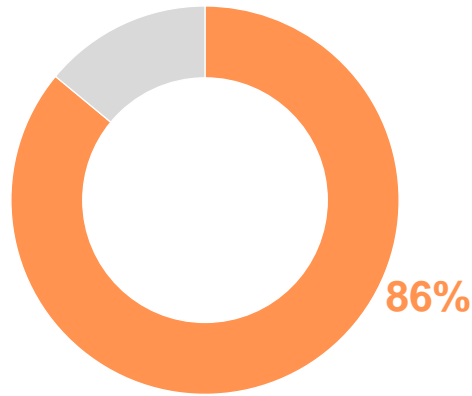


# Products are already the same

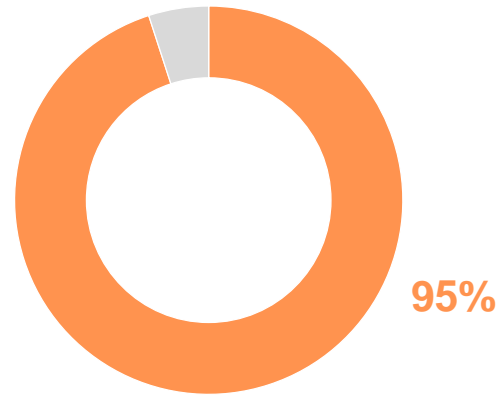
## Potential commonalities<sup>1</sup>

Commonalities and standardizable elements  
Non-commonalities

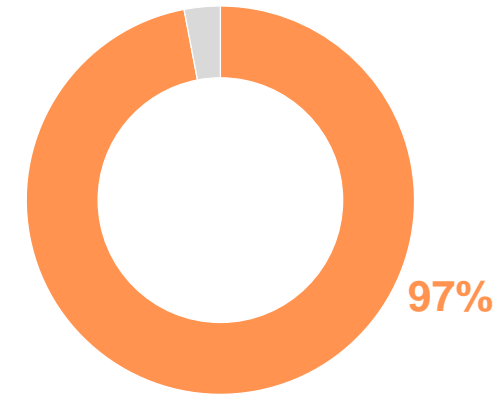
### Home



### Motor



### Non-motor SME

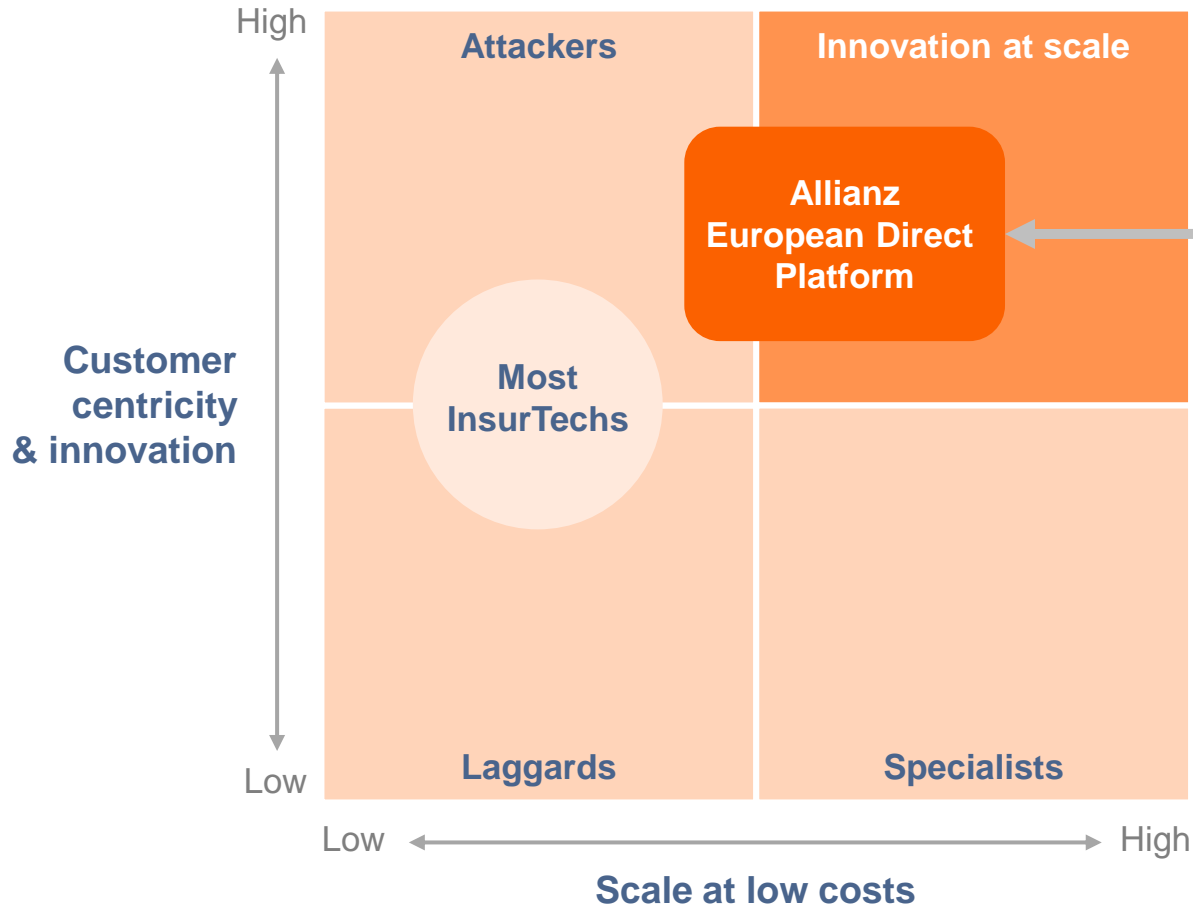


1) Commonalities (e.g. technical components, covers or technical items) among at least 2 out of the 3 OEs (resp. 3 out of the 5 OEs for SME) that participated in mapping



# Rebalance: putting scale to work

## Archetypes of direct businesses

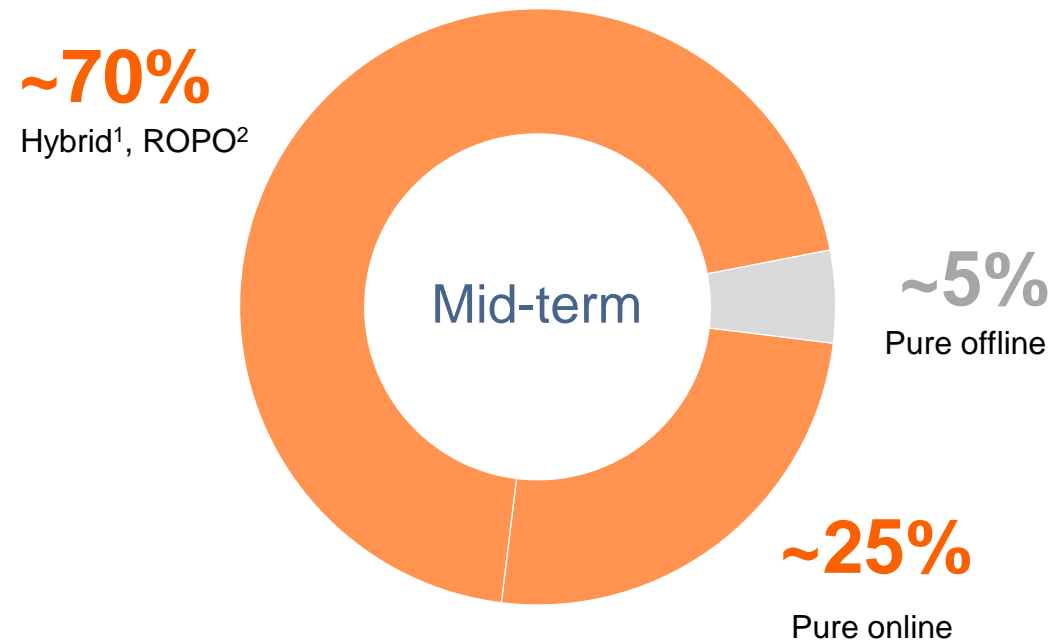


- Scope: Initially European
- Brand: Allianz Direct
- Platform: ABS and new cloud-based micro-services architecture for best in class cost and agility
- Offering: ACM master product and process design



# Customers only one click away from buying insurance online

Share of customers by distribution approach (Germany)



1) Information online and/or offline, purchase online, but still preference for personal formats (e.g. for claims handling)

2) Research online, purchase offline

Source: GfK; McKinsey



# Global and disruptive

## Design principles

One brand





One common platform

One master product




One insurance carrier

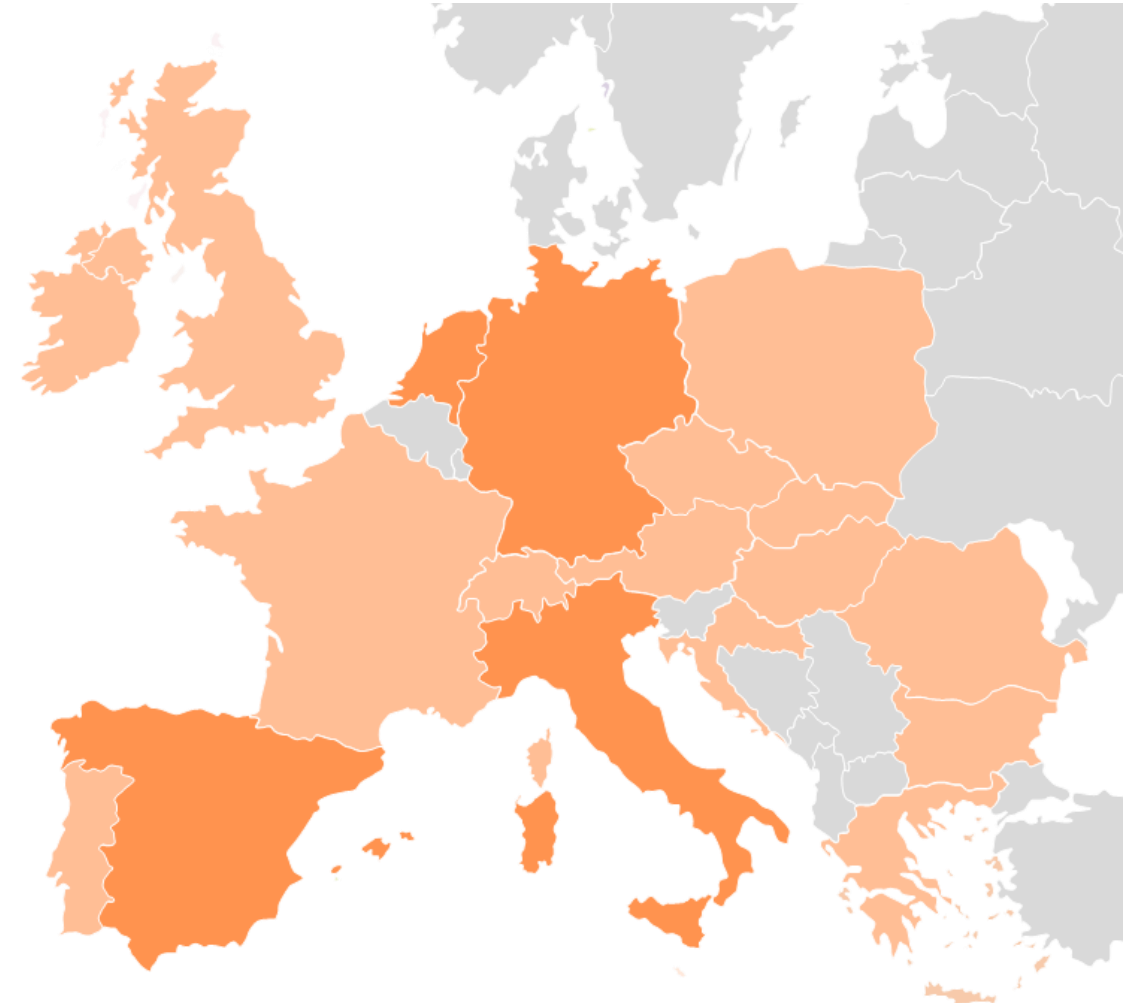
One steering

### Wave 1

-  Germany
-  Netherlands
-  Italy
-  Spain

### Later waves

-  France
-  Switzerland
-  Austria
- ...

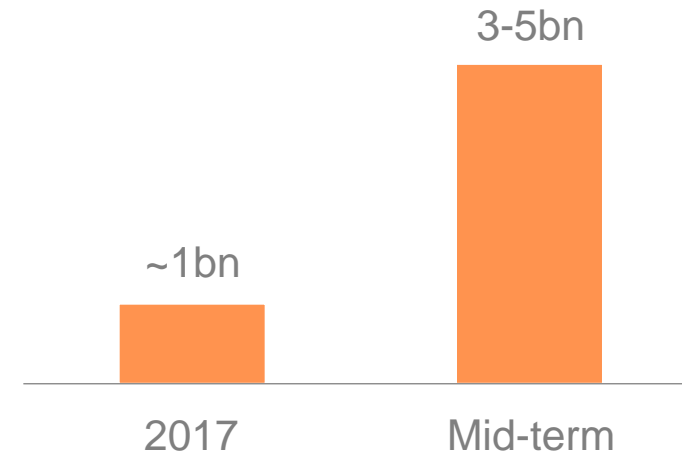




# Ambitious targets to get to the top

Claims paid in 24h	90%	Exclusions	≤5
Market leading expense ratio	~12%	Claims rejected	<1%
Straight-through processing	95%	Handovers during process	0

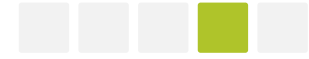
## Our ambition (GPW in EUR)



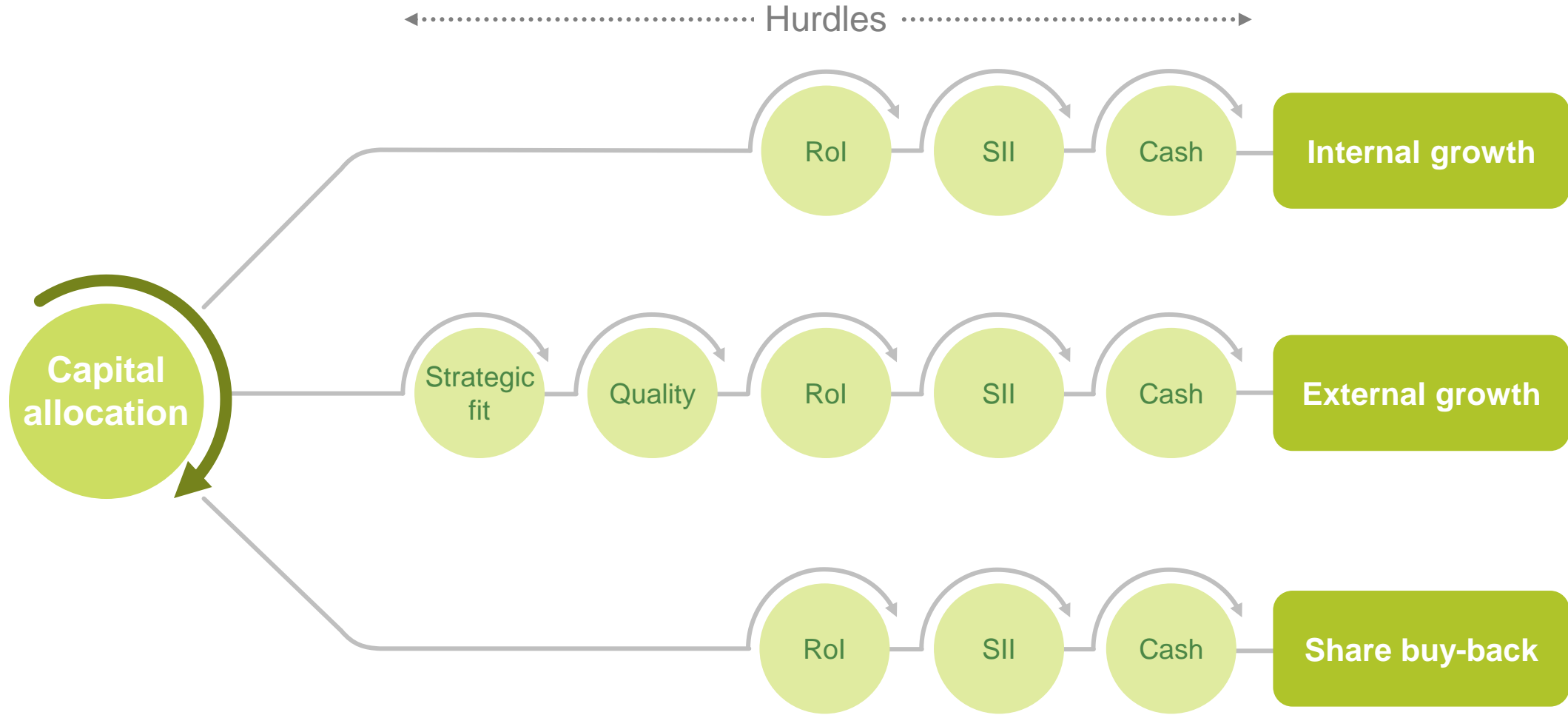


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# Discipline generates optionality

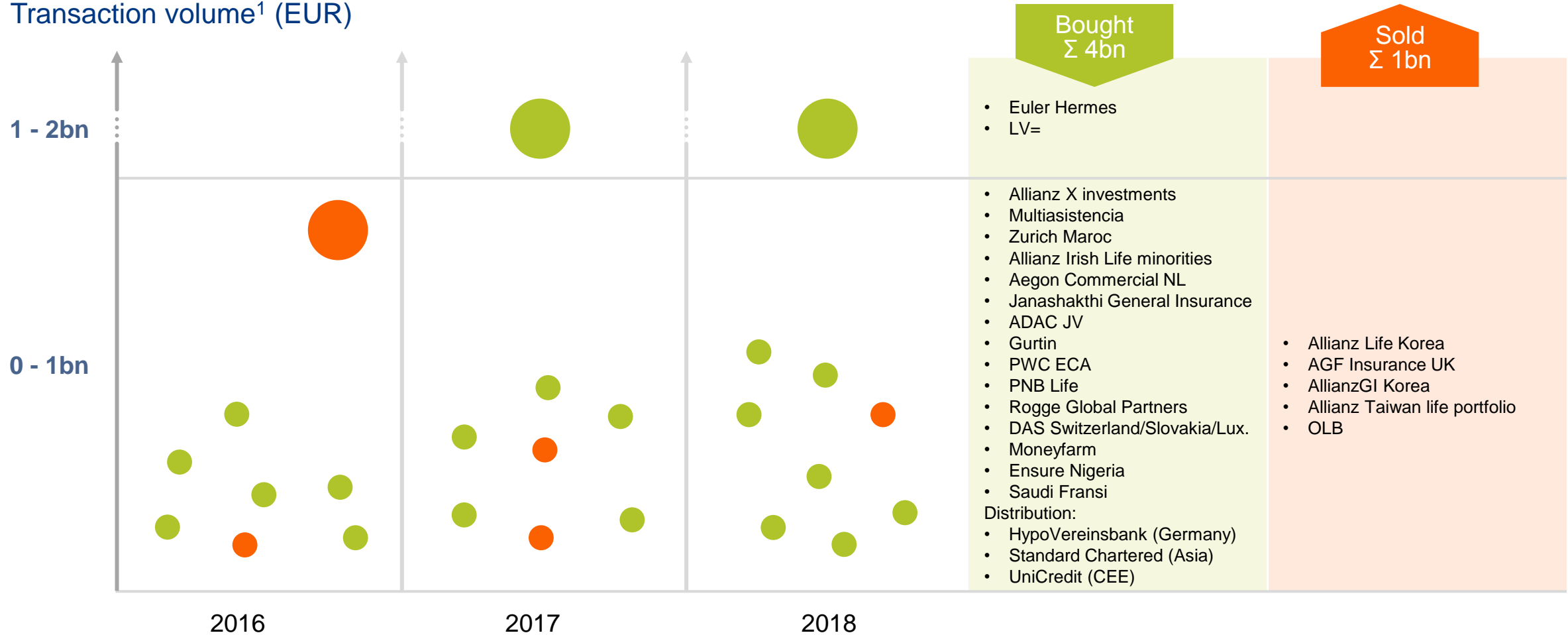






# Selective portfolio optimization

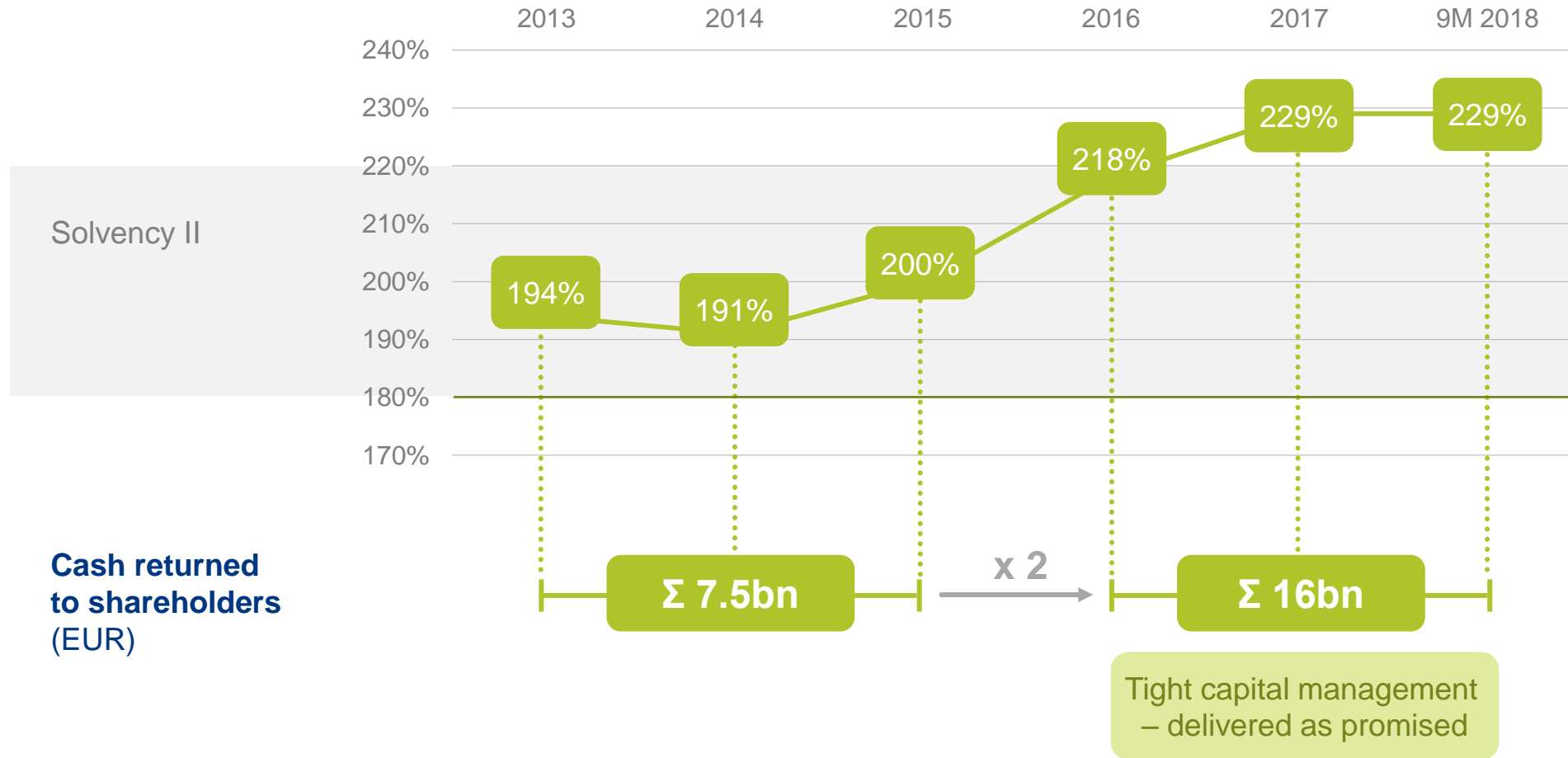
Transaction volume<sup>1</sup> (EUR)

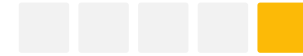


1) Net loss in case of disposals with negative P&L impact



# Result: strong solvency *and* attractive payout





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# Ambitious targets benefitting all stakeholders

	KPI	Targets <sup>1</sup> (2019 - 2021)
Earnings growth	EPS CAGR	5% plus o/w 4% plus organic
Profitability <sup>2</sup>	RoE	13% plus
Capital strength	SII ratio	180% plus
Customer centricity <sup>3</sup>	NPS > market	75% plus
Employee commitment	IMIX	73% plus

1) Actual results, performance or events may differ materially from these forward-looking statements. The company assumes no obligation to update any information or forward-looking statement contained herein  
 2) RoE calculation excludes unrealized gain/losses on bonds, net of shadow DAC  
 3) Percent value refers to share of businesses measuring retail NPS



# From discount to premium valuation

## Allianz valuation

Discount

Neutral

Premium

until 2015

2016 - 2018

2019 - 2021

Resilience



Profitability



Capital management



Organic growth



Productivity



Simplicity



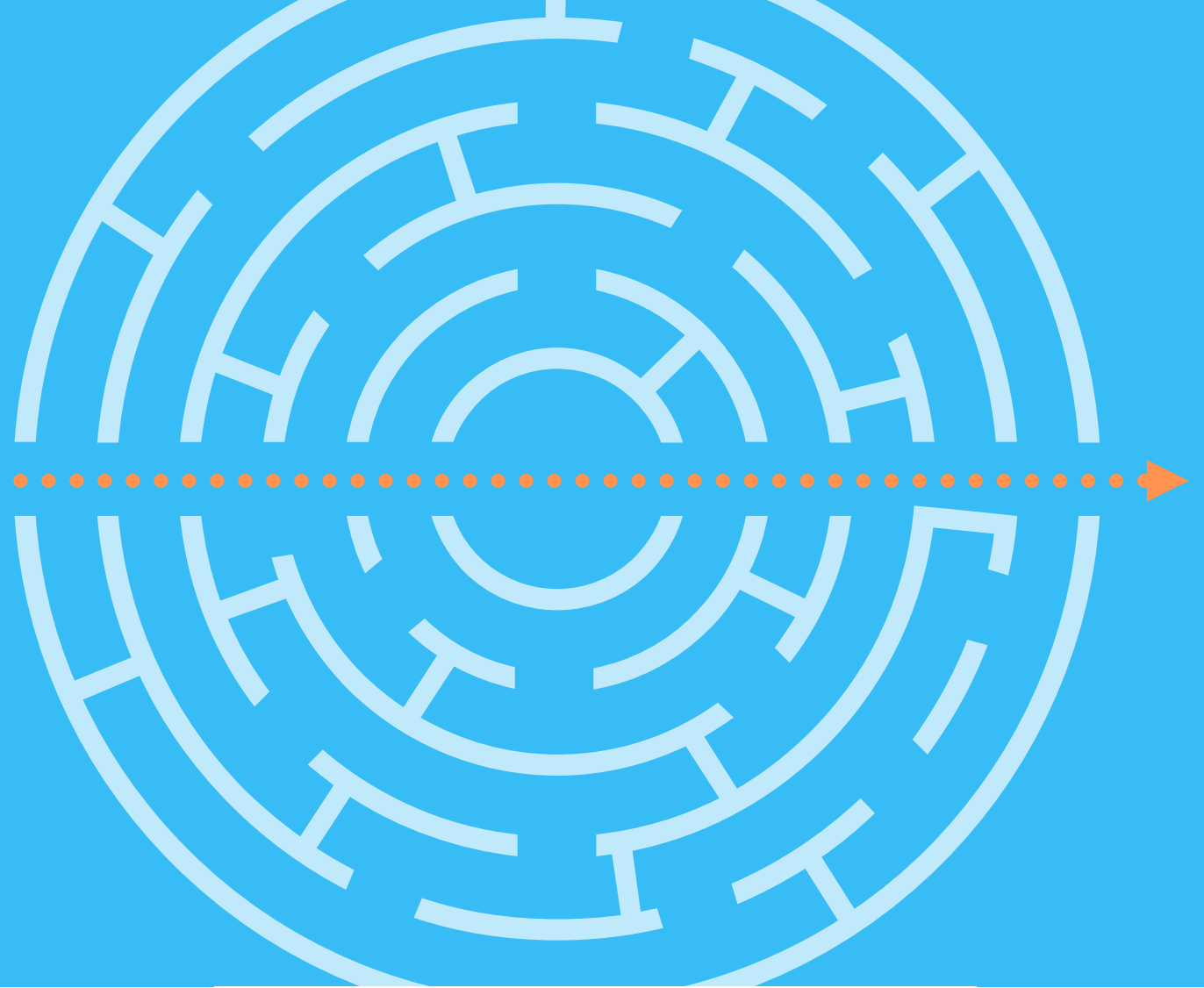
Scalability



Allianz Capital Markets Day

# Q & A

Munich, November 30, 2018





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These assessments are, as always, subject to the disclaimer provided below.

## Forward-looking statements

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