

# AMB Generali

## Financial Results H1 2007

August 8, 2007  
Investor Relations



AMB GENERALI

## Ongoing profitable growth in first half of 2007 – increase of profit target to at least € 400 m

- **Total premiums** <sup>1</sup> grow by **+1.4%** across all segments, which is **above** the **+1% market growth** expected for **2007**
  - **Life gross premiums** go up **+0.5%** (single -20.0%, regular +3.0%)
  - **Health gross premiums** increase by **+4.6%**
  - **P&C gross premiums** improve by **+1.9%** with the business policy remaining oriented at **profitability**
- **Net profit influenced** by **positive** and **negative one-off effects**, the impact of which will (mostly) **level off** in the **course of the year**
  - **Net investment income** increases by **+14.6%** due to the very positive capital market development
  - **Reduced cost volume** mainly as a result of accounting effects (lower write-downs DAC)
  - **CR rises** to **97.8%** due to **winter storm Kyrill** with a **net claims expenditure** of about **€ 70 m**
  - **Contribution** of **German asset-management unit** into the **joint asset-management company** "Generali Investments S.p.A." resulted in an **extraordinary profit item** of about **€ 35 m**

**Net profit of € 224 m**  
**in line with new full-year 2007 target of > € 400 m (old target > € 380 m)**

1 gross premiums German GAAP, direct business



## Business development overview

€	H1 2006	H1 2007	Δ
<b>Total premiums (German GAAP) <sup>1</sup></b>	<b>6,885 m</b>	<b>6,978 m</b>	<b>1.3%</b>
<b>Consolidated gross premiums (IFRS) <sup>1</sup></b>	<b>6,088 m</b>	<b>6,046 m</b>	<b>-0.7%</b>
• Life	3,426 m	3,311 m	-3.4%
• Health	828 m	867 m	4.6%
• P&C	1,834 m	1,868 m	1.9%
<b>Life new business regular premiums</b>	<b>536 m</b>	<b>471 m</b>	<b>-12.1%</b>
<b>Claims &amp; benefits</b>	<b>-5,661 m</b>	<b>-6,018 m</b>	<b>6.3%</b>
<b>Operating expenses</b>	<b>-1,124 m</b>	<b>-887 m</b>	<b>-21.0%</b>
<b>Investment income (net)</b>	<b>1,799 m</b>	<b>2,063 m</b>	<b>14.6%</b>
<b>Earnings before tax and finance costs</b>	<b>334 m</b>	<b>442 m</b>	<b>108 m</b>
Finance costs	-3 m	-9 m	-6 m
Tax	-159 m	-209 m	-50 m
<b>Net profit</b>	<b>172 m</b>	<b>224 m</b>	<b>52 m</b>
• Attributable to minority interests	0 m	3 m	3 m
<b>Shareholders' equity</b>	<b>3,989 m <sup>2</sup></b>	<b>3,984 m</b>	<b>-0.1%</b>

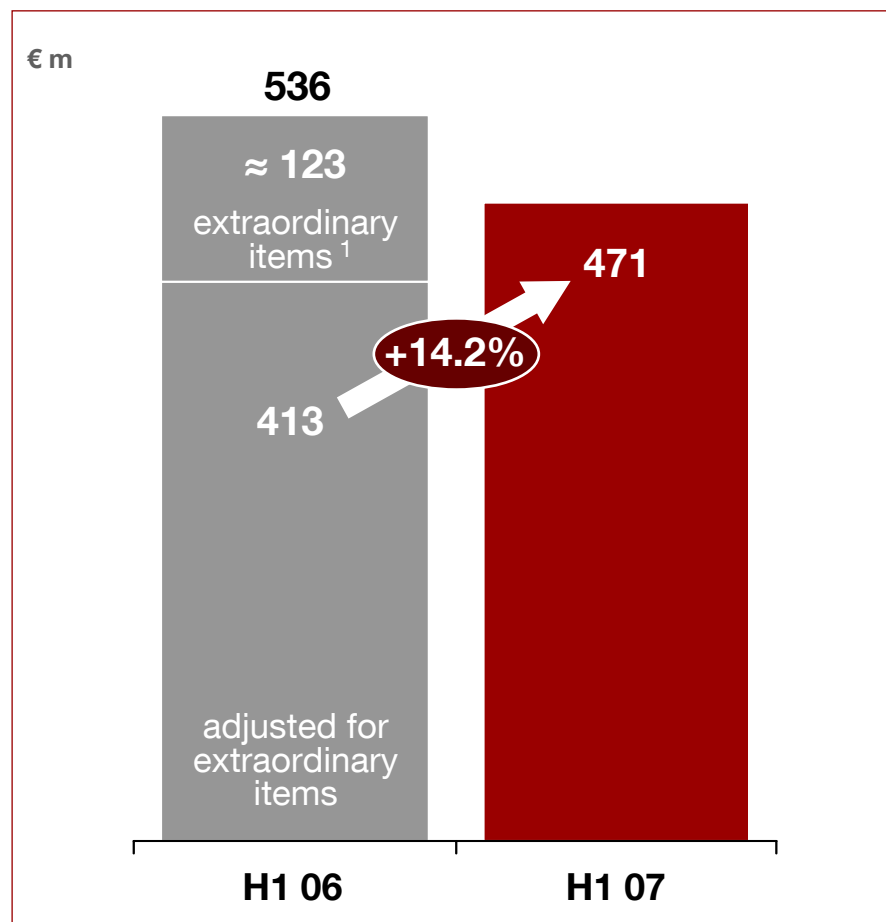
<sup>1</sup> German GAAP incl. / IFRS excl. the savings portions of the life insurance products concerned and the premiums of investment contracts

<sup>2</sup> balance-sheet position shown as at 31.12.2006



# Without extraordinary items, life new business regular premiums improve significantly

## Life new business regular premiums



<sup>1</sup> mainly 3rd Riester step

## Development

### H1 2007:

- **After elimination of extraordinary items, increase of +14.2%** compared to first six months 2006
- **About 140,000 Riester contracts** already sold in first half year. **Market leader with 1.3 million Riester contracts in force**
- **Rising sales of basic pension** – already more than **34,400 contracts** in the first six months

### Outlook FY 2007:

- **Life new business regular premiums will exceed the 2006 volume without extraordinary items**

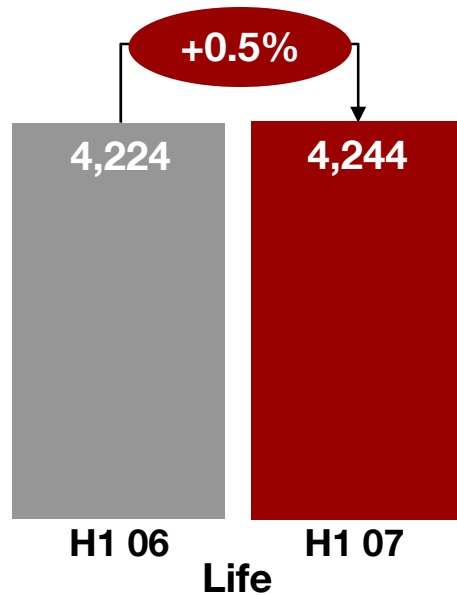


## Growth above market in all segments

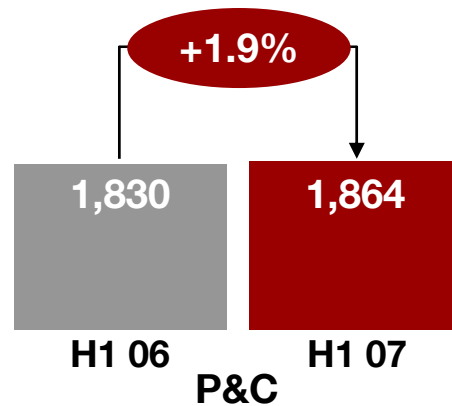
€ m	H1 2006	H1 2007	Δ
<b>Total premiums (German GAAP) <sup>1</sup></b>	<b>6,881</b>	<b>6,974</b>	<b>+1.4%</b>

- **Further positive impulses for growth** expected from:
  - Flexible unit-linked products
  - Riester and basic pension products
- **Better than market** (-0.1% <sup>2</sup>)

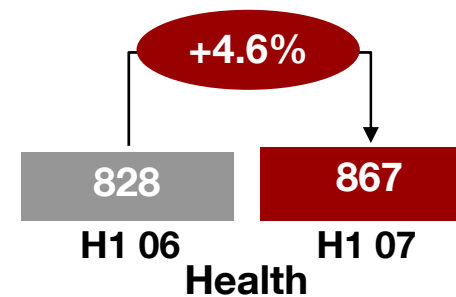
€ m <sup>1</sup>



- Profit-oriented underwriting
- Better than market



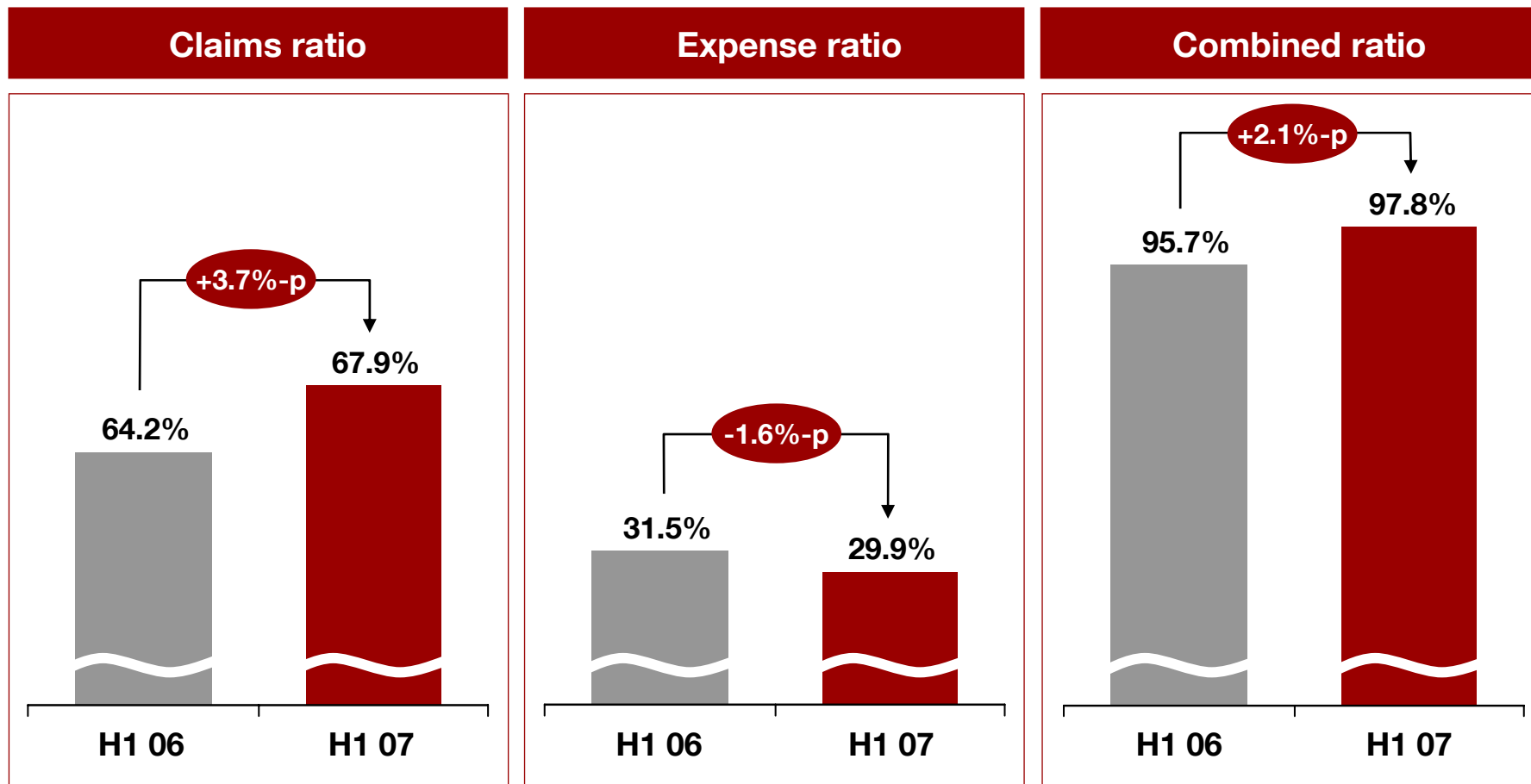
- New business
- Premium adjustments



<sup>1</sup> gross premiums German GAAP, direct business  
<sup>2</sup> GDV figure as at June 30, 2007



## P&C combined ratio still affected by Kyrill

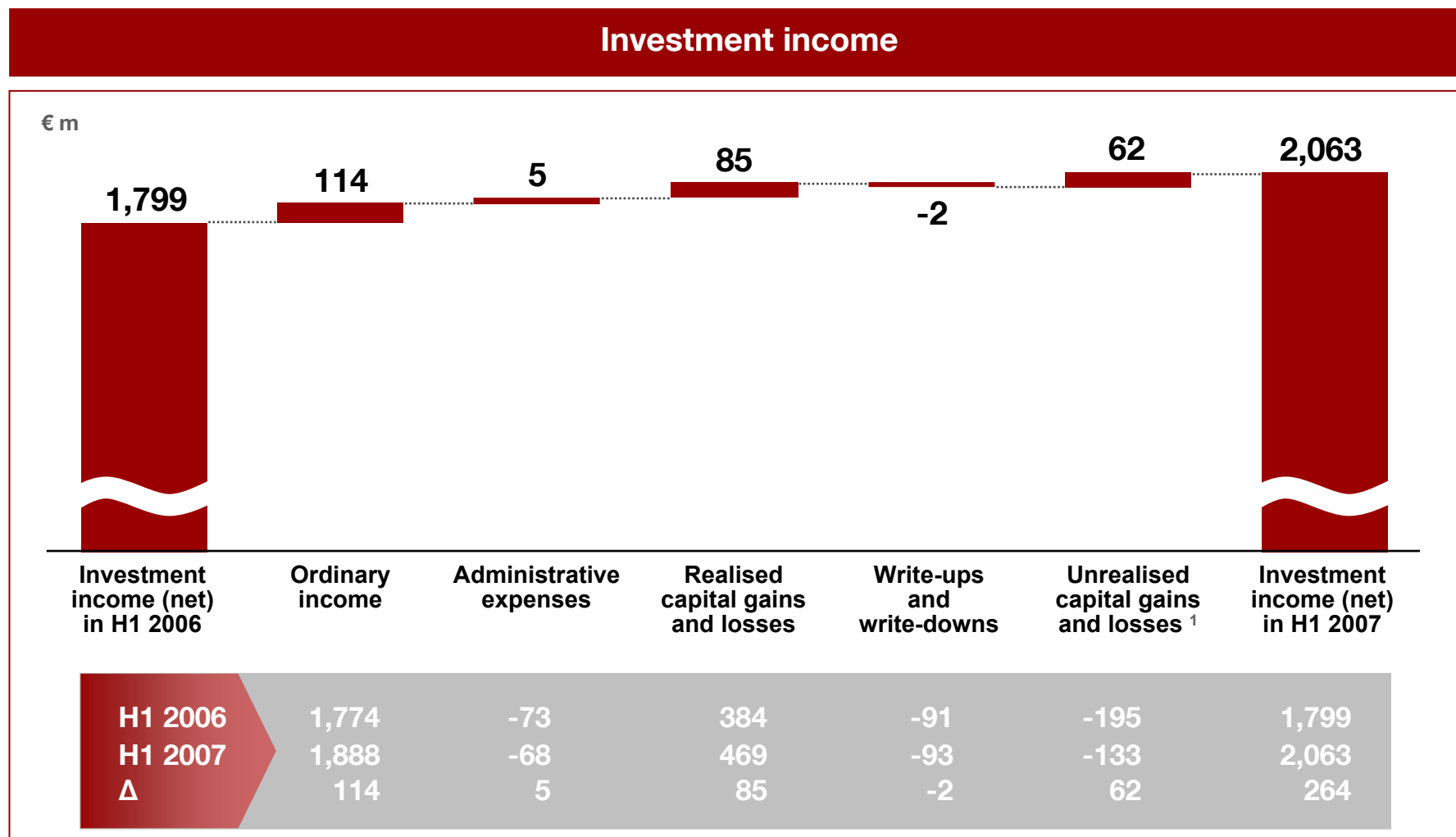


Despite Kyrill we confirm our ambitious 2007 target <sup>1</sup>

<sup>1</sup> provided there are no further major or catastrophe claims



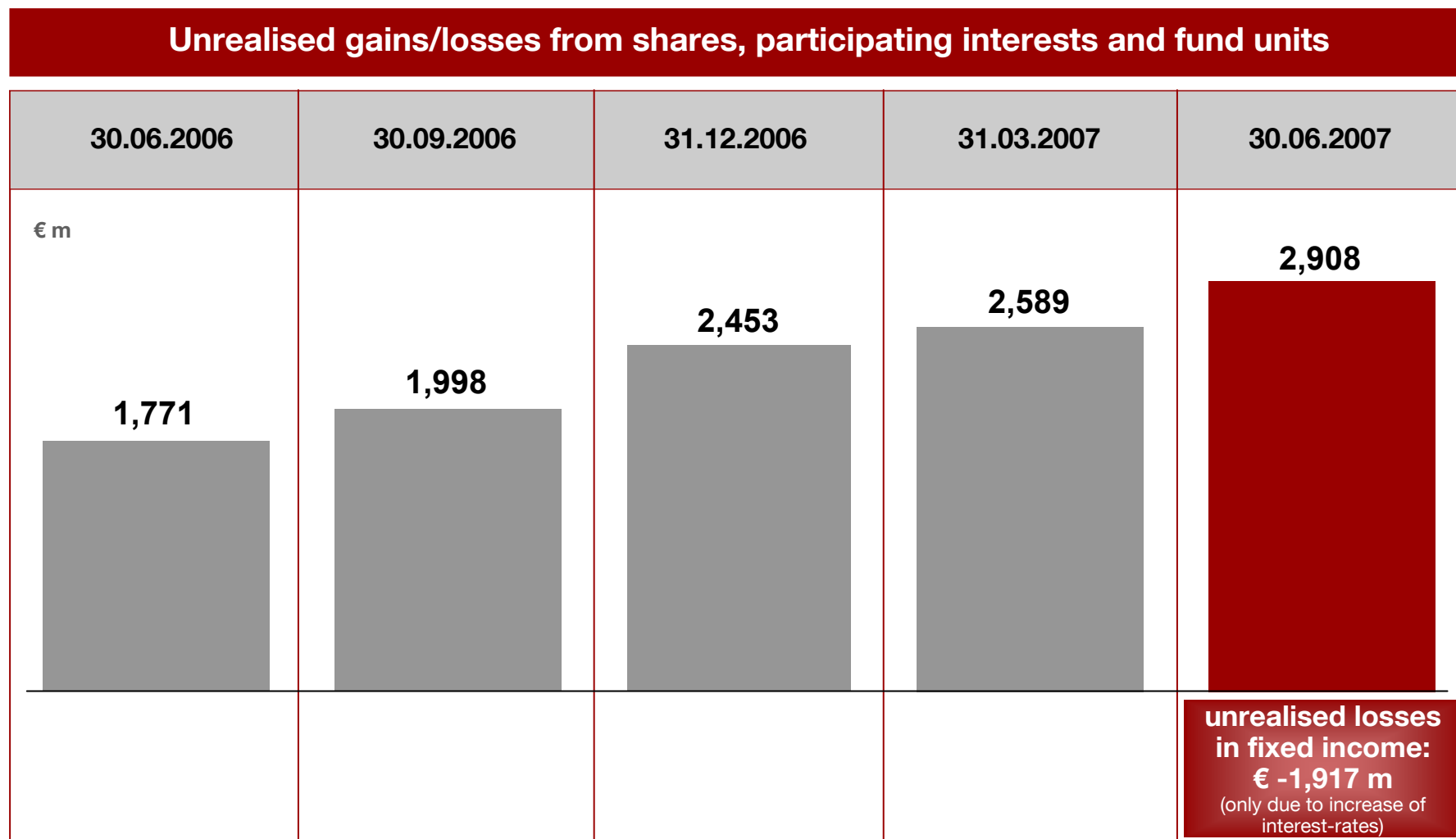
## Increase of investment income driven by capital market development



<sup>1</sup> mainly unit-linked products and forward transactions in fixed income

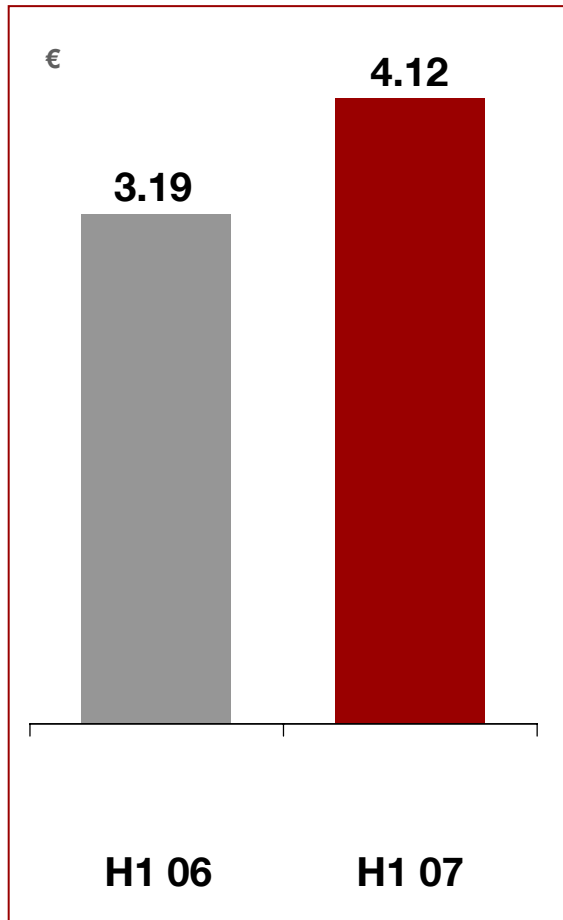


## Continuation of long-term upward trend in dividend-bearing securities

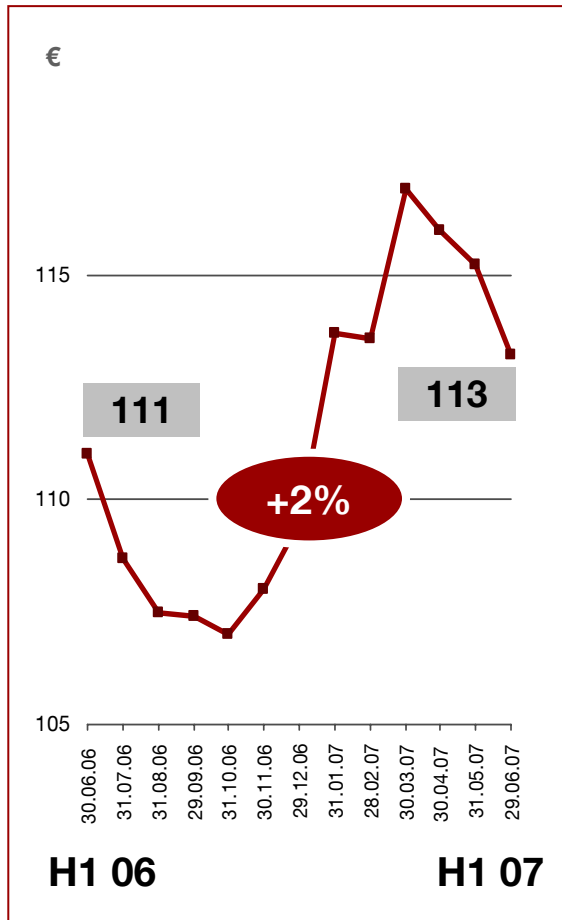


# Share price development lags behind earnings increase

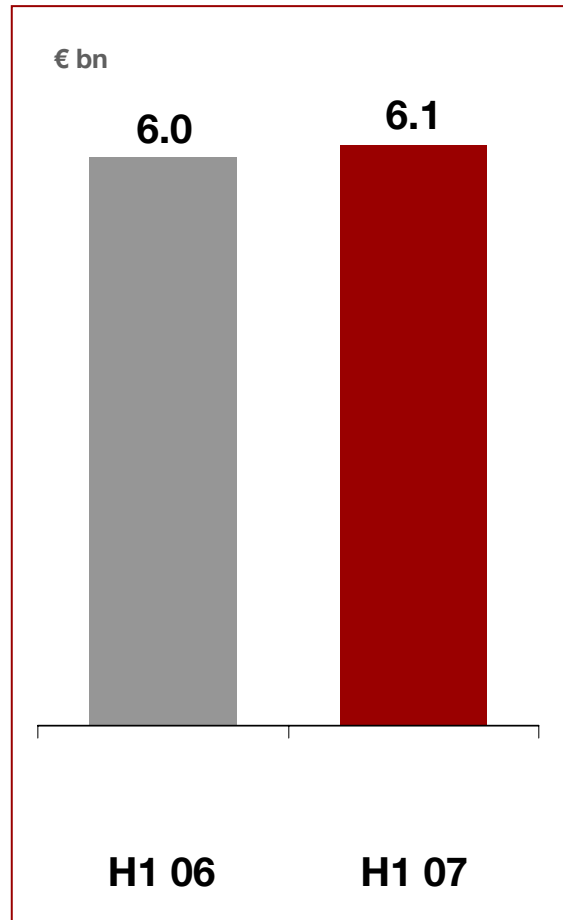
**Earnings per share**



**Share price**



**Market capitalisation**



## Ambitious targets 2007

	Targets 2007	Achievements H1 2007
<b>Premium growth <sup>1</sup></b>		
- Life	above market level	+0.5%
- Health	above market level	+4.6%
- P&C	at market level	+1.9%
<b>General expenses <sup>2</sup></b>	< € 1,800 m	€ 875 m
<b>Combined ratio</b>	< 97% <sup>3</sup> against difficult market environment	97.8%
<b>Net profit</b>	> € 400 m <sup>3</sup>	€ 224 m

<sup>1</sup> gross premiums German GAAP, direct business

<sup>2</sup> German GAAP figures, excluding commissions and one-off restructuring costs

<sup>3</sup> provided the current year is not affected by additional extraordinary claims or negative capital market developments



# Corporate Tax Reform Act 2008



**Corporate Tax Reform Act 2008** passed by the **Bundesrat** (upper house) on **July 6, 2007**

- **Corporation Tax Rate reduced** from **25% to 15%**
- **As a whole, reduction of tax rate** (corporation and trade tax) from **about 40% to about 32%** starting from 2008
- **Measures of counter-financing** (among others)
  - Introduction of a so-called interest threshold
  - Extended application of trade tax
  - Changes of write-down rules

## Result impact for AMB Generali

**Reduction of tax rates already has an impact on deferred tax in 2007**

- Very difficult to estimate the **final impact** which will have to be calculated **on the basis of deferred tax as at Dec. 31, 2007**
- A **prognosis** regarding **deferred tax** at year-end can **only be very vague** and is **subject to various factors of influence** (such as capital market)
- According to a **first rough estimate**, the impact will **presumably** lead to an **increase of the net profit by approx. € 80 m in 2007**

# Back up

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## Development of segments <sup>1</sup>

€ m	Life			Health			P&C		
	H1 06	H1 07	Δ	H1 06	H1 07	Δ	H1 06	H1 07	Δ
<b>Total premiums (German GAAP)</b>	4,224 <sup>2</sup>	4,244 <sup>2</sup>	0.5%	828	867	4.6%	1,833	1,867	1.9%
<b>Gross premiums written (IFRS)</b>	3,427 <sup>2</sup>	3,312 <sup>2</sup>	-3.4%	828	867	4.6%	1,833	1,867	1.9%
<b>Investment income (net)</b>	1,363	1,604	17.7%	141	150	6.0%	209	227	8.9%
<b>Claims &amp; benefits (net)</b>	-3,906	-4,155	6.4%	-835	-872	4.4%	-922	-996	8.1%
<b>Claims ratio</b>	-	-	-	57.2%	56.3%	-0.9%-p	64.2%	67.9%	3.7%-p
<b>Expense ratio</b>	14.0% <sup>3</sup>	8.6% <sup>3</sup>	-5.4%-p	12.0%	11.1%	-0.9%-p	31.5%	29.9%	-1.6%-p
<b>Combined ratio</b>	-	-	-	69.2%	67.4%	-1.8%-p	95.7%	97.8%	2.1%-p
<b>Earnings before tax and finance costs</b>	114	216	102	23	38	15	194	172	-22
<b>Finance costs</b>	0	0	0	0	-8	-8	0	0	0
<b>Tax</b>	-55	-138	-83	-23	-13	10	-68	-55	13
<b>Net profit</b>	59	78	19	0	17	17	126	117	-9

<sup>1</sup> before elimination of intra-group transactions between segments

<sup>2</sup> German GAAP incl. / IFRS excl. the savings portions of the life insurance products concerned and the premiums of investment contracts

<sup>3</sup> expense ratio adjusted to presentation customary in the market to enhance comparability



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