

Press Release

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Milano, 27 February 2020

About Vittoria Assicurazioni

Vittoria Assicurazioni is an independent insurance company, founded in Milan in 1921. The company is active in all life and non-life lines, covering the whole of Italy via an extensive commercial network. Vittoria's mission is to be the elective insurer of families and small and medium sized enterprises.

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APPROVED THE 2019 FINANCIAL STATEMENTS

Achieved all the targets of 2017-2019 plan 2019 Results:

- Total Premiums growth by 3.3%
- Non-Life technical result amount to € 119.5 million (+30.2% vs 2018)
- Non-Life Retained Combined Ratio improves to 89.7%
- Net consolidated result equal to € 79.2 million
- Consolidated Net Equity amount to € 659.6 million
- Consolidated ROE equal to 13.9¹%
- Solvency II ratio at 191.5%

Proposed dividend per share of 0.3 euro Shareholders meeting scheduled for April 29, 2020

Today the Company Board of Directors, held in Milan, approved the 2019 Financial Statement.

The 2019 closes for Vittoria Assicurazioni with more than positive results, despite the current year was characterized by a higher incidence of serious claims and deriving from atmospheric event compared to the previous year.

All the targets indicated in the 2017-2019 plan have been fully achieved.

Overview of Vittoria Assicurazioni 2019 Results

Non-Life Premium (direct business) increase by 2.1% and Life Premium (direct business) increase by 9.4%.

Non Life Loss Ratio² (retained business) is 65.1% (67.6% in 2018) and the **Combined Ratio**³ is 89.7% (92.5% in 2018).

Net Profit amount to € 74.4 milioni (ITA-Gaaps) and increases compared to the result of the previous year (not considering the extraordinary investment income deriving from the sale of the Camfin S.p.A which influenced the previous year).

Net Equity at 31 december 2019 amount to € 569.2 million.

On 28 June 2019, the merger by incorporation of Vittoria Capital S.p.A. into Vittoria Assicurazioni S.p.A., authorized by IVASS on 13 February 2019, became effective (accounting date 1 January 2019). The main effects were the elimination of the intercompany loan equal to € 300 million and the respective interest paid and the reduction in the equity of Vittoria Assicurazioni as of January 1, 2019 (Italian-GAAP), decreasing from € 810.3 million to € 514.3 million.

The **Solvency II Ratio** is 191.5% (Standard Formula and Undertakings Specific Parameters calculations).

¹ Based on Net Equity 2018 pro-forma

² Claims / earned premiums (retained business)

³ (Claims + operating expenses + intangibles amortisation + net technical accounts) / earned premiums (retained business)

Financial Statements Vittoria Assicurazioni S.p.A. (Italian accounting standards)

The net profit of Vittoria Assicurazioni S.p.A. amounts to € 74.4 million vs € 99.6 million of last year that benefited of extraordinary capital gain from the sale of Camfin S.p.A..

Total premium are € 1,470.7 million (€ 1,424.2 million) with an increase of 3.3%.

Non-Life Business

Total non-life premium, (direct and indirect business) increase by +2.1% and amount to € 1,220.9 million (€ 1,195.8 million in 2018).

Motor volumes reach € 883.4 million (+1.8%) and Non Motor premium amount to € 337.4 million and increase by +2.9% on the previous year (€ 327.9 million in 2018).

The retained combined ratio is 89.7% (92.5% in 2018) and reflects a loss ratio of 65.1% (67.6% in 2018) although during 2019 there was a higher incidence of claims related to atmospheric event that affected the Italian territory and claims of a significant amount that mainly affected the fire guarantee and related to risks already existing in portfolio.

The Non-life technical result growth by 30.2% respect the previous year and amount to € 119.5 million (€ 91.8 million in 2018)

Life Business

Direct Life premium amount to € 249.8 million, increasing by 9.4% vs last year with a consequent improvement in the life business result compared to the previous year.

Investments Result

Total Investments increased by 3.9% and amount of € 3,704.0 million. Investments with risk borne by the policyholders amount to € 91.4 million (+33.6%) while € 3,612.6 million are investments with risk borne by the Group (+3.3% vs 2018 that included an intercompany loan granted to Vittoria Capital of € 300 million, eliminated following the reverse merger).

Net income from investments with risk borne by the Group amounts to € 54.1 million vs € 83.7 million of the previous year (2018 included the extraordinary capital gain following the sale of Camfin S.p.A of € 38.6 million, gross of tax) and includes write-downs on equity investments of approximately € 10 million.

Net Equity

The Net Equity amount to € 569.2 million, and reflect the increase deriving from the result for the period, and the effects connected with the reverse merger (which became effective on 28 June 2019, with the accounting effect date on 1 January 2019).

The **Solvency Ratio** (ratio between Own Funds and S.C.R.) with Volatility Adjustment in accordance with ISVAP regulation no. 7/2008 amended and supplemented by IVASS Provision no. 53/2016, based on the standard formula and the Undertaking Specific Parameters calculation is estimated at 191.5%. (256.8% at December 2018) mainly affected by the effects of the mentioned reverse merger.

Consolidated Financial Result (IFRS accounting standards)

The consolidated results are the following:

The Consolidated Net Profit amounts to € 79.2 million vs. € 100.4 million reported in 2018 that benefited of extraordinary capital gains of c. € 44.8 million (gross of tax) from the sale of Camfin S.p.A.

ROE¹ is therefore 13.9% vs. 12.7% of the previous year.

The result of the insurance business, gross of taxes and intercompany adjustment, is € 114.7 million due to an increase of the technical result (both life and Non-life business) and a reduction of the non-technical result respect the 2018 because of the above mentioned extraordinary capital gains in the previous year.

Non-Life Business

Total non-life premium, (direct and indirect business) increase by +2.1% and amount to € 1,220.9 million (€ 1,195.8 million in 2018).

The retained combined ratio is 89.7% (92.5% in 2018) and reflects a loss ratio of 65.1% (67.6% in 2018) although during 2019 there was a higher incidence of claims related to atmospheric event that affected the Italian territory and claims of a significant amount that mainly affected the fire guarantee and related to risks already existing in portfolio.

Life Business

Direct Life premium, which do not include contracts considered to be financial instruments, amount to € 229.3 million, increasing by 12.5% vs last year, and the life business result amount to € 12.0 million, vs € 5.7 million in 2018.

Real Estate

The real estate segment reports an improvement compared to 2018, with a result of - € 3.4 million (- € 6.1 million in 2018) including prudent valuations of the properties based on market valuations.

Investments Result

Total Investments increased by 1.7% and amount of € 4,143.3 million. Investments with risk borne by the policyholders amount to € 92.1 million (+34.2%) while € 4,051.2 million are investments with risk borne by the Group (+1.1% vs 2018 that included an intercompany loan granted to Vittoria Capital of € 300 million, eliminated following the reverse merger).

Net income from investments with risk borne by the Group amounts to € 44.6 million vs € 92.0 million of the previous year (2018 included the extraordinary capital gain following the sale of Camfin S.p.A of € 44.8 million, gross of tax) and includes the interest paid on the subordinated loan issued om July 2018 calculated for 12 months, differently in 2018.

Consolidated Net Equity

The Group net equity amounts to € 659.6 million. The AFS reserve is positive and amount to € 61.4 million (€ 15.7 million) and increases due to the financial markets trend.

Dividend

The Board will propose to the Shareholders' Meeting a distribution of a dividend of 0.3 euro per share (unchanged compared to the previous year). The dividend will be paid from May 6 2020, ex-dividend date for coupon n. 38 on May 4, 2020.

Attachments

Restated Local and Consolidated Balance Sheet, Income Statement and Cash Flow Statements, pending the issuance of the External Auditor and Statutory Auditors Reports.

(€/000)

ASSETS	31/12/2019	31/12/2018
Investments		
Land and buildings	177,445	181,578
Investments in group and other companies		
- Equity investments	463,196	509,730
- Loans	11,190	310,590
Other financial investments:		
- Unit trust units	614,752	510,390
- Bonds and other fixed-interest securities	2,327,155	1,976,833
- Loans	15,886	6,267
- Other financial investments	3,000	3,000
Investments benefiting life policyholders	91,366	68,401
Total investments	3,703,990	3,566,789
Receivables		
Receivables relating to direct insurance business from:		
- Policyholders	63,802	61,338
- Insurance brokers and agents	103,398	95,988
- Current account companies	12,851	6,831
- Amounts to be recovered from policyholders and third parties	30,691	26,059
Receivables relating to reinsurance business	10,613	1,778
Other receivables	68,857	63,076
Total receivables	290,212	255,070
Intangible assets	14,181	7,470
Tangible assets and inventory	6,004	6,004
Liquid funds	6,721	194,093
Other assets	63,943	69,939
Prepayments and accrued income	35,086	34,728
TOTAL ASSETS	4,120,137	4,134,093

(€/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2019	31/12/2018
Shareholders' equity		
- Share capital	67,379	67,379
- Share premium reserve	13,419	33,355
- Revaluation reserves	18,193	18,193
- Legal reserve	12,938	12,848
- Other reserves	382,905	578,888
- Net profit (loss) for the year	74,370	99,607
Total shareholders' equity	569,204	810,270
Technical reserves, net of reinsurance		
- Premium reserve	409,912	398,195
- Claims reserve	1,181,473	1,150,676
- Mathematical reserves	1,411,021	1,268,991
- Reserve for amounts payable	18,427	18,617
- Other technical reserves	14,859	14,058
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	91,366	68,401
Total technical reserves	3,127,058	2,918,938
Payables		
Deposits from reinsurers	6,190	6,340
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	6,317	6,399
- Current account companies	2,204	3,050
- Guarantee deposits and premiums paid by policyholders	1,540	1,338
- Guarantee funds in favour of policyholders	1,323	1,614
Payables arising from reinsurance business	11,185	8,067
Other sums payable	69,433	62,099
Total payables	105,311	88,907
Provisions for contingencies and other charges	26,805	26,077
Employees' leaving entitlement	2,546	2,830
Other liabilities	32,387	30,229
Accrued expenses and deferred income	6,826	6,842
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,120,137	4,134,093

	(€/000)	
Reclassified individual profit and loss account	31/12/2019	31/12/2018
Technical account		
Life businesses:		
Direct insurance		
(+) Gross premiums accounted for	249,764	218,327
(-) Charges relating to claims	110,797	178,959
(-) Change in mathematical and other technical reserves	164,151	53,928
(+) Other technical captions, net	1,072	171
(-) Operating costs	15,292	15,801
(+) Return on investments where the company bears net of the portion transferred to the non-technical	37,395	26,476
(+) income on investments where policyholders bear the risk - Class D	8,367	4,238
Direct insurance result	6,358	524
Outwards reinsurance result	-625	43
Retained direct insurance result	5,733	567
Indirect and retroceded insurance result	-	-
Result of life business technical account	5,733	567
Non-life businesses:		
Direct insurance		
(+) Gross premiums accounted for	1,220,857	1,069,114
(-) Change in premium reserve	10,280	15,596
(-) Charges relating to claims	814,874	697,122
(+) Other technical captions, net	-1,790	-7,806
(-) Operating costs	288,055	246,918
Direct insurance result	105,858	101,672
Outwards reinsurance result	14,299	18,442
Retained direct insurance result	120,157	120,114
Indirect and retroceded insurance result	58	46
Total retained direct insurance result	120,215	120,160
(-) Change in equalisation reserves	681	534
(+) Income on investments transferred from the non-technical account	-	10,894
Result of non-life business technical account	119,534	130,520
Result of technical account	125,267	131,087
(+) Income on non-life business investments net of the portion transferred to the technical account	-109	3,265
(+) Income on investments transferred from the life business technical account	2,945	2,594
(+) Other income	4,284	2,914
(-) Other charges	26,303	29,373
Result of ordinary business	106,084	110,487
(+) Extraordinary income	7,057	10,166
(-) Extraordinary expense	840	550
Profit (loss) before taxation	112,301	120,103
(-) Taxation on profit for the year	37,931	53,834
Net profit (loss)	74,370	66,269

(€/000)

Statement of source and application of funds	31/12/2019	31/12/2018
Net profit for the year	74,370	99,607
Positive or negative adjustments relating to unsettled positions:		
Net increase (+) decrease (-) in:		
claims reserve	30,434	43,654
premium reserve	12,398	7,688
life business technical reserves	165,290	114,052
Increase (-) Decrease (+) in receivables from policyholders	-2,464	-4,016
Net increase (-) decrease (+) in agent, reinsurer and coinsurer balances	-20,225	-2,981
Net increase (-) decrease (+) in intangible assets	-6,711	5,145
Increase in specific provisions	728	2,435
Employees' leaving entitlement:		
accruals	2,602	2,535
utilisation	-2,886	-2,580
Increase (-) decrease (+) in other receivables, sundry assets and accrued income	-4,776	21,208
Increase (+) decrease (-) in other sums payable, other liabilities and accrued expenses	16,505	-16,158
Adjustments to securities	17,672	21,369
Adjustments to class D securities	-1,622	640
Cash flow from operating activities	281,314	292,598
Disposal of fixed assets	-	669
Subordinated loan	-	250,000
Sale of bonds and other fixed-interest securities	315,045	638,912
Sale of investments	174,511	35,226
Sale of unit trusts	25,411	31,421
Sale of class D	7,702	29,114
Repayment of loans and borrowings	310,680	4,688
Other financial disinvestments	-	2,000
Cash flow arising from disinvesting activities	833,349	992,030
Cash flow generated	1,114,663	1,284,628

(€/000)

Statement of source and application of funds	31/12/2019	31/12/2018
Buildings	1,252	1,001
Fixed-interest securities	665,889	648,030
Investments	139,129	28,610
Unit trusts	130,386	153,991
Other financial investments	-	2,000
Class D investments	29,045	21,930
Loans to third parties	20,898	300,529
Previous year's dividend distributed	19,415	18,866
Total application of funds	1,006,014	1,174,957
Increase/decrease in liquid funds	108,649	109,671
Reverse merger effect of Vittoria Capital into Vittoria Assicurazioni	-296,021	-
TOTAL	818,642	1,284,628
Liquid funds at the beginning of the year	194,093	84,422
Liquid funds at the end of the year	6,721	194,093

(€/000)

BALANCE SHEET - ASSETS	31/12/2019	31/12/2018
INTANGIBLE ASSETS	7,648	1,425
Goodwill	0	0
Other intangible assets	7,648	1,425
PROPERTY, PLANT AND EQUIPMENT	442,706	480,091
Property	435,030	473,706
Other items of property, plant and equipment	7,676	6,385
REINSURERS' SHARE OF TECHNICAL RESERVES	77,947	60,435
INVESTMENTS	3,696,002	3,364,044
Investment property	103,158	107,721
Investments in subsidiaries and associates and interests in joint ventures	20,436	22,248
Held to maturity investments	11,750	37,592
Loans and receivables	301,274	542,406
Financial assets available for sale	3,167,228	2,585,420
Financial assets at fair value through profit or loss	92,156	68,657
OTHER RECEIVABLES	248,587	216,641
Receivables relating to direct insurance	182,088	165,396
Receivables relating to reinsurance business	10,613	1,778
Other receivables	55,886	49,467
OTHER ASSETS	129,367	116,537
Non-current assets or assets of a disposal group classified as held for sale	0	0
Deferred acquisition costs	6,673	6,224
Deferred tax assets	95,673	80,208
Current tax assets	16,009	16,455
Other assets	11,012	13,650
CASH AND CASH EQUIVALENTS	12,296	236,129
TOTAL ASSETS	4,614,553	4,475,302

(€/000)

BALANCE SHEET - EQUITY AND LIABILITIES	31/12/2019	31/12/2018
EQUITY	659,698	850,541
attributable to the shareholders of the parent	659,638	850,465
Share capital	67,379	67,379
Other equity instruments	0	0
Equity-related reserves	13,938	33,874
Income-related and other reserves	437,688	633,026
(Treasury shares)	0	0
Translation reserve	0	0
Fair value reserve	61,450	15,704
Other gains or losses recognised directly in equity	-18	49
Profit for the year attributable to the shareholders of the parent	79,201	100,433
attributable to minority interests	60	76
Share capital and reserves attributable to minority interests	76	75
Gains or losses recognised directly in equity	0	0
Profit for the year attributable to minority interests	-16	1
PROVISIONS	24,901	21,343
TECHNICAL RESERVES	3,160,913	2,912,624
FINANCIAL LIABILITIES	586,613	535,240
Financial liabilities at fair value through profit or loss	92,147	68,650
Other financial liabilities	494,466	466,590
PAYABLES	86,673	87,495
Payables arising from direct insurance business	11,383	12,400
Payables arising from reinsurance business	11,185	8,067
Other sums payable	64,105	67,028
OTHER LIABILITIES	95,755	68,059
Liabilities of a disposal group held for sale	0	0
Deferred tax liabilities	46,654	27,535
Current tax liabilities	10,528	3,550
Other liabilities	38,573	36,974
TOTAL EQUITY AND LIABILITIES	4,614,553	4,475,302

(€/000)

Income Statement	31/12/2019	31/12/2018
Net premiums	1,381,410	1,346,311
<i>Gross premiums</i>	1,441,339	1,393,639
<i>Ceded premiums</i>	59,929	47,328
Commission income	1,968	1,249
Gains or losses on remeasurement of financial instruments at fair value through profit	2	-6
Gains on investments in subsidiaries and associates and interests in joint ventures	593	2,461
Gains on other financial instruments and investment property	71,091	118,730
<i>Interest income</i>	35,293	33,472
<i>Other income</i>	29,991	44,972
<i>Realised gains</i>	5,807	40,286
<i>Unrealised gains</i>	-	-
Other income	26,412	21,865
TOTAL REVENUE	1,481,476	1,490,610
Net charges relating to claims	998,785	989,705
<i>Amounts paid and change in technical reserves</i>	1,064,720	1,022,980
<i>Reinsurers' share</i>	-65,935	-33,275
Commission expense	733	470
Losses on investments in subsidiaries and associates and interests in joint ventures	934	547
Losses on other financial instruments and investment property	28,923	31,928
<i>Interest expense</i>	15,596	7,349
<i>Other expense</i>	4,188	3,178
<i>Realised losses</i>	139	1,659
<i>Unrealised losses</i>	9,000	19,742
Operating costs	302,339	299,639
<i>Commissions and other acquisition costs</i>	246,374	240,504
<i>Investment management costs</i>	2,081	1,814
<i>Other administrative costs</i>	53,884	57,321
Other costs	38,113	41,819
TOTAL COSTS	1,369,827	1,364,108
PROFIT FOR THE YEAR BEFORE TAXATION	111,649	126,502
Income taxes	32,464	26,099
PROFIT FOR THE YEAR	79,185	100,403
GAIN (LOSS) ON DISCONTINUED OPERATIONS	0	31
CONSOLIDATED PROFIT (LOSS)	79,185	100,434
of which attributable to the shareholders of the parent	79,201	100,433
of which attributable to minority interests	-16	1
Basic EARNINGS per share	1.18	1.49
Diluted EARNINGS per share	1.18	1.49

(€/000)

COMPREHENSIVE INCOME (LOSS)	31/12/2019	31/12/2018
CONSOLIDATED PROFIT (LOSS)	79,185	100,434
Other comprehensive income, net of taxes without reclassification to profit or loss	-67	60
Changes in the equity of investees	-	-
Changes in intangible asset revaluation reserve	-	-
Changes in tangible asset revaluation reserve	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Actuarial gains and losses and adjustments related to defined benefit plans	-67	60
Other items	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	45,746	-61,281
Change in translation reserve	-	-
Gains or losses on available for sale investments	45,746	-61,281
Gains or losses on hedging instruments	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-
Changes in the equity of investees	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Other items	-	-
TOTAL OTHER COMPREHENSIVE INCOME	45,679	-61,221
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	124,864	39,213
of which attributable to the shareholders of the parent	124,880	39,212
of which attributable to minority Interests	-16	1

(€/000)

CONSOLIDATED STATEMENTS OF CASH FLOW - INDIRECT METHOD	31/12/2019	31/12/2018
Profit for the year before taxation	111,649	126,502
Change in non-monetary items	242,214	143,885
Change in non-life premium reserve	10,393	6,274
Change in claims reserve and other non-life technical reserves	30,795	47,501
Change in mathematical reserves and other life technical reserves	189,589	88,507
Change in deferred acquisition costs	-449	12
Change in provisions	142	4,794
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-3,251	-12,882
Other changes	14,995	9,679
Change in receivables and payables arising from operating activities	-33,480	-21,607
Change in receivables and payables relating to direct insurance and reinsurance	-23,426	-6,229
Change in other receivables and payables	-10,054	-15,378
Taxes paid	-32,464	-26,099
Net cash flow generated by/used for monetary items from investing and financing activities	-2	6
Liabilities from financial contracts issued by insurance companies	23,497	-7,926
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	-23,499	7,932
NET CASH FLOW FROM OPERATING ACTIVITIES	287,917	222,687
Net cash flow generated by/used for investment property	4,563	3,519
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	1,224	-4,949
Net cash flow generated by/used for loans and receivables	-58,868	-350,280
Net cash flow generated by/used for held to maturity investments	25,842	6,459
Net cash flow generated by/used for financial assets available for sale	-532,290	-75,302
Net cash flow generated by/used for property, plant and equipment	31,162	32,524
Other net cash flows generated by/used for investing activities	31	31
NET CASH FLOW FROM INVESTING ACTIVITIES	-528,336	-387,998
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	-302	1,483
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-19,415	-18,866
Net cash flow generated by/used for share capital and reserves attributable to minority interests	0	-116
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	27,876	305,289
NET CASH FLOW FROM FINANCING ACTIVITIES	8,159	287,790
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	244,556	113,650
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-232,260	122,479
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12,296	236,129