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**KUALA LUMPUR
HIGH LEVEL DIALOGUE
ON ASEAN ITALY
ECONOMIC RELATIONS**

HIGH LEVEL DIALOGUE ON ASEAN ITALY ECONOMIC RELATIONS

Sixth Edition

Mandarin Oriental Hotel, Kuala Lumpur
Wednesday, July 5 and Thursday, July 6, 2022

JOHN SPENCE
Regional Head of M&A and Strategy
Generali ASIA

Main Partner



Official Carrier



With the Patronage of



*Ministry of Foreign Affairs
and International Cooperation*



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IMBA
Italy Malaysia Business Association

Partner



Junior Partner



With the support of



Strategic Partner





MALAYSIA AS GATEWAY TO ASEAN OPPORTUNITIES

**HIGH LEVEL DIALOGUE ON
ASEAN-ITALY ECONOMIC RELATIONS**

**Sixth Edition
Mandarin Oriental,
Kuala Lumpur Tuesday,
July 6, 2022**



One of the leading insurers in the world

Gross Written Premiums	Market Capitalisation¹	International Premiums
€ 75.8 billion	€ 27.6 billion	€ 47.8 billion <i>63% of premiums outside Italy</i>
Operating Result	Combined Ratio	Life Premiums
€ 5.9 billion	90.8%	€ 48.6 billion <i>64% of total premiums</i>
Net Result	Solvency 2 Ratio	Total AuM
€ 2.8 billion	227%	€ 710 billion

FY 2021 financials



Our decentralized corporate culture leaves ample space for local initiative to profitable BUs, within a global framework of prudent Group Policies and Guidelines

A strategy focused on three pillars

DRIVE SUSTAINABLE GROWTH

Redeploy capital in growth market with a particular focus on Asia
Focus on fast-growing segments – SMEs, Healthcare and Travel
Expand ESG solutions proposition

ENHANCE DIVERSIFICATION PROFILE

Target capital light products such as Health and Protection
Increase share of fee businesses – Senior care and Asset management
Undertake in-force optimisation to reduce capital intensity

LEAD INNOVATION

Increase customer value by scaling digitally-enabled advisory model
Develop a powerful digital distribution platform
Accelerate innovation as a data-driven company

Deliver strong financial performance, best-in-class customer experience and an even greater social and environmental impact thanks to our empowered people

Asia is core for Generali's growth strategy

8,300,000+ Customers

50+ Banca partnerships

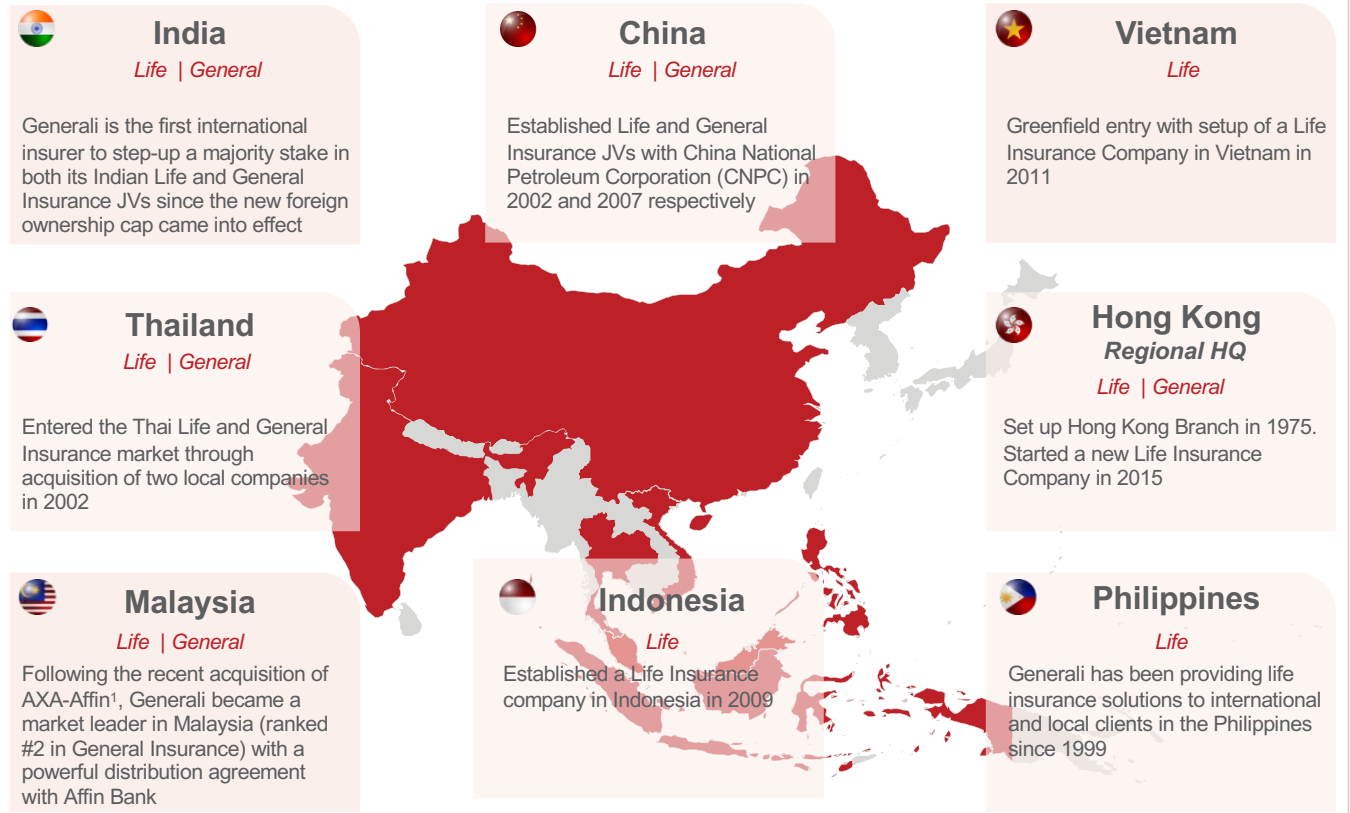
€14+ bn AUM

11,000+ Employees

92,000+ Agents

€4 bn GWP (6.1% of Group)

14% of Group net inflows



Drivers to invest in Malaysia

Malaysia is a strategic market for further growth:

- Robust economy: real GDP expansion expected at ~4% CAGR (2020-24)
- Favorable demographics: steady growth in its middle-class and affluent population,
- P&C insurance market developing at a steady pace

The transaction is in line with Generali's strategic objectives:

- Strengthen its leadership position in high potential markets
- Increase its presence in non-life segment
- To become a controlling shareholder
- Generali to access conventional bancassurance agreement with the 10th largest bank

Transforming Generali's activities in Malaysia

Generali signs agreement in Malaysia to acquire majority stake in AXA Affin joint ventures and plans to purchase 100% of **MPI Generali**



22 June 2021 Announcement

The total consideration for the combined transactions is of RM 1,290 million (€ 262 million) subject to closing adjustments.

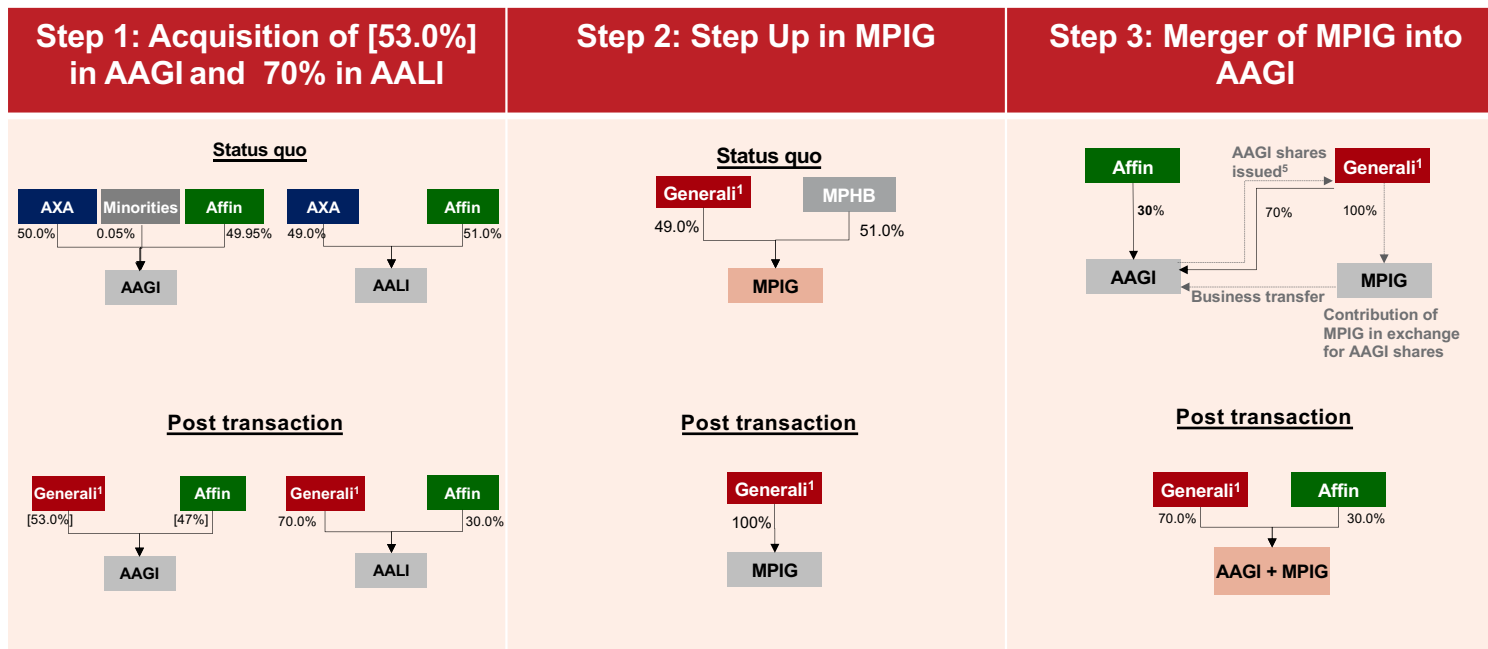
The transactions transform **Generali's activities in Malaysia to become the #2 P&C insurer** in the country, in line with its strategy to strengthen its leadership position in high potential markets:

- Generali to increase its **current 49% stake in MPI Generali Insurans Berhad to 100%**
- Generali to acquire a **70% stake in AXA Affin Life Insurance** joint venture (49% from AXA and 21% from Affin) and approximately a **53% stake in AXA Affin General Insurance** joint venture (49.99% from AXA and 3% from Affin and minorities)
- **AXA Affin General Insurance and MPI Generali to be merged** following the acquisitions creating one of Malaysia's leading general insurance operations, with **Generali holding a 70% stake**

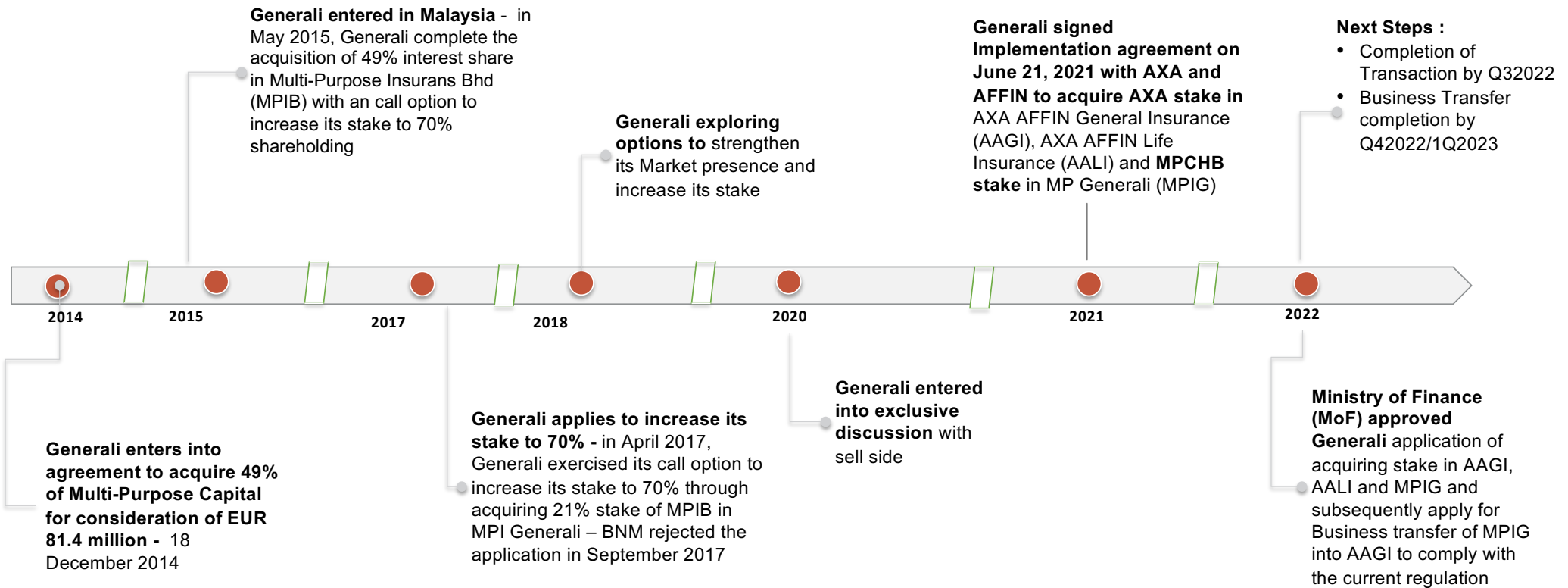


Transaction Structure

Three step transaction structure to comply with Malaysia's single presence policy and shareholding capped at 70% (FDI investment cap)



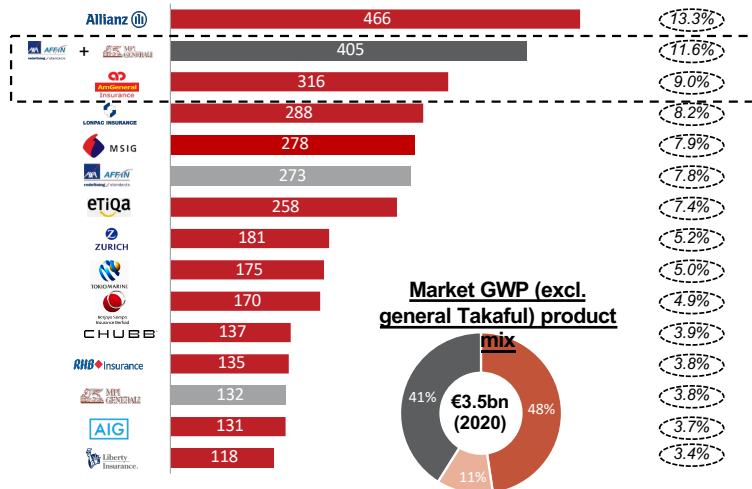
Evolution of Generali's presence in Malaysia



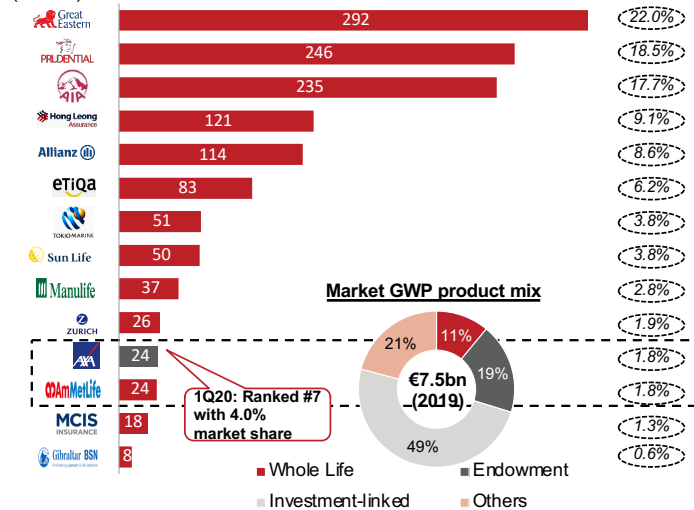
Pro-forma market position and business mix

Creating the 2nd largest P&C insurance group and offers entry into the Life market

Major P&C insurers in Malaysia (ranked by 2020 GWP)
(Euro m)

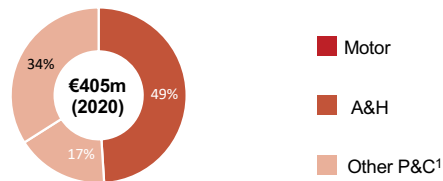


Major Life insurers in Malaysia (ranked by 2019 APE)
(Euro m)

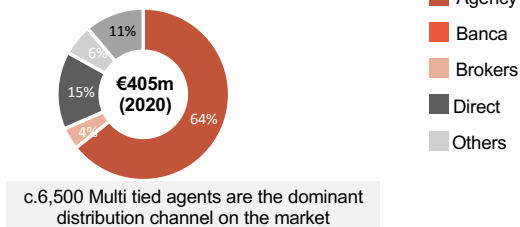


Creating a diversified company with critical size in Motor, A&H and P&C Commercial Lines

Pro-forma product mix (GWP)



Pro-forma distribution mix (GWP)



Source: ISM, BMI
Note: FX: EUR / MYR: 5.038 (MYR / EUR FWD closing Mar-22)
1. Other P&C includes Property, Travel, Marine and Other Commercial



Partnership with the No.10 banking franchise

15-year exclusive conventional⁴ product bancassurance partnership

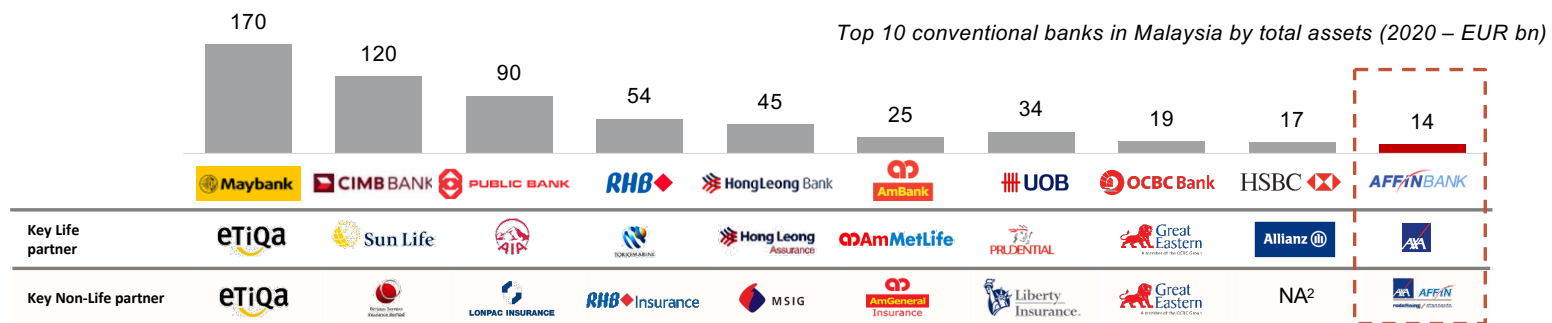
Overview of Affin

Main shareholders –

- Malaysia’s Armed Forces Fund Board (“LTAT³”) (c.**48%** holding, direct and indirect) has prominent **government links**.
- Bank of East Asia (24%) and
- Employees Provident Fund (7%) – national compulsory saving scheme for individuals employed in the Malaysian private sector under the purview of the Malaysian Ministry of Finance

Euro 9.6bn 2020 gross loans	Euro 9.9bn 2020 Customer deposit	Euro 1.9bn 2020 Equity
Euro 117m 2020 Normalized PBT	59.7% 2020 Cost:Income ratio	2.9% 2016-20 CAGR of gross loans

Affin Bank amongst the top 10 Banks in Malaysia



Selected Asian non-Life trading comparable

Asian non-life trading comparables

	Market Cap (Euro m)	P/BV			P/E			RoAE		
		2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
Malaysia										
LPI Capital	1,094	2.64x	2.60x	2.39x	16.2x	15.7x	15.6x	16.7%	16.3%	16.2%
Allianz Malaysia	467	0.55x	0.57x	0.56x	8.8x	8.2x	8.1x	7.2%	7.1%	7.3%
MPHB Capital	176	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tune Protect	65	NA	NA	NA	17.6x	9.6x	9.0x	NA	NA	NA
Pacific & Orient	51	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vietnam										
Bao Minh	93	NA	NA	NA	NA	14.0x	13.5x	NA	NA	NA
Hong Kong										
PICC P&C	18,491	0.78x	0.76x	0.65x	7.6x	6.4x	6.2x	12.0%	11.6%	11.6%
Japan										
Tokio Marine	28,866	1.08x	1.07x	1.00x	20.4x	12.0x	11.9x	5.3%	8.8%	8.8%
MS&AD	14,794	0.65x	0.64x	0.60x	12.3x	9.4x	9.2x	5.5%	6.7%	6.8%
Sompo Japan Nipponkoa	12,014	0.85x	0.83x	0.75x	10.8x	8.3x	8.1x	8.1%	9.8%	10.0%
Median		0.81x	0.80x	0.70x	12.3x	9.5x	9.1x	7.6%	9.3%	9.4%
Average		1.09x	1.08x	0.99x	13.4x	10.5x	10.2x	9.1%	10.1%	10.1%

South East Asian non-life transaction comparables

	Date announced	Target(s)	Acquirer(s)	% acquired	Transaction Value (USD m)	P/GWP	P/BV	P/E
Indonesia	11-Dec-18	PT QBE General Insurance Indonesia	Great Eastern General Insurance Limited	95.0%	30	1.18x	0.97x	n.m.
	19-Jun-18	80% of PT Asuransi Parolamas Indonesia 98.6% of Safety Insurance (Thai)	Tokio Marine Holdings, Inc.	80% / 98.6%	395	1.39x	4.02x	45.5x
	27-Sep-18	PT Asuransi Adira Dinamika	Zurich Insurance Group	80.0%	414	3.27x	3.82x	22.1x
Singapore	28-Dec-17	First Capital Insurance Limited	Mitsui Sumitomo	97.7%	1,600	4.08x	3.33x	24.7x
China	16-Apr-18	Allianz China General Insurance	Group investors	50.0%	128	n.a.	1.33x	n.a.
Thailand	26-Mar-20	Indara Insurance	Thai Group Holdings	100.0%	11	1.01x	2.74x	n.m.
	25-Sep-18	Allianz General Insurance Public Co. Ltd.	Sri Ayudhya Capital	100.0%	23	0.35x	2.04x	n.m.
	19-Jun-18	Safety Insurance	Tokio Marine Holdings	98.6%	380	1.38x	4.09x	n.m.
Korea	14-Feb-20	The-K Non-Life	Hana Financial Group	70.0%	65	n.m.	0.69x	n.m.
	24-May-19	Lotte Non-Life Insurance Co Ltd	JKL Partners	53.5%	314	n.m.	1.21x	7.6x
Median of Malaysia ¹							1.71x	
Median of SEA (excl. Malaysia ²)							2.39x	
Average of SEA (excl. Malaysia ²)							2.42x	

Lack of recent comparable transactions in Malaysia.¹


Note:

1. Median of 18 transactions took place between 2004 and 2014
2. Excluded due to transactions being outdated

John R Spence Regional Head, M&A and Strategy, Asia



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John Spence is responsible for formulating, originating and executing mergers and acquisitions transactions; fostering strategic alliances; crafting digital ecosystems partnerships; curating impactful and executable business strategies and leading regional corporate development initiatives to achieve Generali's ambitious growth targets in Asia.

John has been based in Hong Kong since 2000, and prior to joining Generali, provided independent strategic advisory services for Asian cross border insurance and asset management transactions at Asian Capital Advisors and Keefe, Bruyette & Woods (KBW). At Macquarie Funds Group, he had responsibility for Asian acquisitions and led a Korean asset management joint venture. At Manulife Financial, his region-wide responsibilities included mergers and acquisitions, strategic partnerships and wealth management. John has held senior executive roles in Canada with Manulife Financial and in Australia with National Australia Bank and AMP.

John is a Chartered Accountant (CA ANZ), holds a Masters of Business Administration from Australian Graduate School of Management, Bachelor of Economics from Sydney University, is a Certified Financial Planner and a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance. He is a Fellow of the Taxation Institute of Australia, Australian Institute of Banking and Finance, Governance Institute of Australia, Australian Institute of Company Directors and the Hong Kong Institute of Directors.



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