



3M 2020 Results

Analyst & Investor
presentation

May 18th, 2020



MAPFRE

Your trusted global insurance company

EDIFÍCIO MAPFRE

11711

COVID-19 strategy

MAPFRE and COVID-19 > €200 mn mobilized

- **PEOPLE** > Business continuity plan implemented in all countries and units, with close to 90% of employees working from home, in order to protect their health as well as the health of brokers and clients. At the same time, essential services for clients have been maintained through our provider network.
- **BUSINESS** > Evaluation of risks caused by the crisis, protecting the balance sheet and preserving capital and liquidity. €115 mn dedicated to financing insurance for self-employed clients and advance payment to providers
- **SOCIETY** > Mobilization of resources and transfer of funds to the economy through donations, as well as through aid and additional financing, in coordination with Fundación MAPFRE's continuous contribution to society

Economic impacts

The COVID-19 crisis has had asymmetric economic impacts on the balance sheet and P&L >

- The asset side is already reflecting the impact of the crisis
- Impacts on the liability side should be manageable
- Business volumes have been affected by lower economic activity and confinement measures
- Technical margins should be resilient as direct impacts are expected to be mitigated by indirect ones

First quarter results > only reflect a reduction of activity at the end of March, and therefore it is still too soon to evaluate the longer term impacts, which will depend on the final duration and severity of the crisis

NatCat events > the earthquake in Puerto Rico and storm Gloria in the Northeast of Spain during early 2020 have had a €67.5 mn combined impact on the attributable result

Capital position > continues to be excellent with a high degree of financial flexibility and liquidity, as well as prudent balance sheet management

Key Figures > 3M 2020

	3M 2020	Δ	Δ at constant exchange rates	
Revenue	7,333	-4.5%	-1.6%	
Total written and accepted premiums	6,097	-4.7%	-1.5%	
- Non-Life	4,898	-2.0%	0.6%	
- Life	1,200	-14.3%	-9.1%	
Non-Life Combined Ratio - MAPFRE S.A.	100.0%	4.1 p.p		
Non-Life Loss Ratio	70.8%	3.5 p.p		
Non-Life Expense Ratio	29.2%	0.6 p.p		
Non-Life Combined Ratio - Insurance units	97.2%	0.9 p.p		
Attributable result	126.8	-32.6%	133.0	-29.3%
			excluding goodwill writedowns ⁽³⁾	
ROE ⁽¹⁾	6.8%	-0.4 p.p	7.6%	-0.4 p.p
Balance sheet ⁽¹⁾				
Assets under management	59,271	-6.9%		
Shareholders' equity	7,860	-11.2%		
	12M 2019	Δ		
Solvency ratio ⁽²⁾	186.8%	-2.7 p.p		

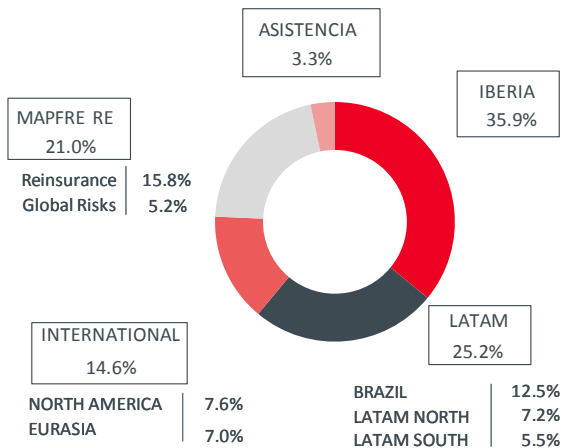
(1) Variation calculated against data at December 31st, 2019

(2) Variation calculated against data at December 31st, 2018

(3) Excluding 2019 goodwill writedowns

Key figures > by business unit

Premiums – Breakdown by business unit



	Attributable result			Premiums		Combined ratio		ROE ⁽²⁾	
	3M 2020	Δ mn	Δ %	3M 2020	Δ %	3M 2020	Δ p.p.	3M 2020	Δ p.p.
IBERIA	103.2	(16.4)	-13.7%	2,415	-4.4%	96.5%	3.9 p.p	12.2%	-0.4 p.p
LATAM	65.0	16.8	34.8%	1,693	-4.3%	94.4%	-1.2 p.p	--	--
BRAZIL	28.8	4.4	17.9%	838	-13.3%	95.0%	-0.4 p.p	10.9%	1.3 p.p
LATAM NORTH	23.1	9.9	74.1%	484	19.9%	90.9%	-5.3 p.p	16.9%	1.8 p.p
LATAM SOUTH	13.1	2.6	24.4%	371	-6.7%	97.3%	1.8 p.p	10.6%	0.7 p.p
INTERNATIONAL	28.9	17.6	154.3%	984	-8.7%	101.6%	-1.2 p.p	--	--
NORTH AMERICA	24.0	10.6	79.0%	510	-7.3%	101.7%	1.8 p.p	6.7%	0.6 p.p
EURASIA	5.0	7.0	--	473	-10.3%	101.5%	-7.0 p.p	3.3%	1.1 p.p
TOTAL INSURANCE	197.1	17.9	10.0%	5,092	-5.2%	97.2%	0.9 p.p	--	--
Reinsurance	(21.5)	(76.1)	-139.3%	1,064	-17.8%	107.7%	17.4 p.p	--	--
Global Risks	(8.0)	(4.8)	-152.2%	349	41.6%	128.3%	14.4 p.p	--	--
ASISTENCIA	(11.9)	(8.0)	--	220	-5.6%	110.2%	5.2 p.p	-51.8%	-7.4 p.p
OTHER ⁽¹⁾	(29.0)	9.6	24.9%	-628	15.9%	--	--	--	--
TOTAL	126.8	(61.3)	-32.6%	6,097	-4.7%	100.0%	4.1 p.p	6.8%	-0.4 p.p

(1) "Other" includes Corporate Areas and consolidation adjustments

(2) Variation calculated against data at 12M 2019

Adjusted attributable result

	3M 2019	3M 2020	Δ (mn)	Δ (%)
Attributable result	188.1	126.8	(61.3)	-32.6%
Weather related and NatCat claims	0.0	(67.5)	(67.5)	
<i>Direct insurance operations ⁽¹⁾</i>	<i>0.0</i>	<i>(32.8)</i>	<i>(32.8)</i>	
<i>MAPFRE RE ⁽²⁾</i>	<i>0.0</i>	<i>(34.7)</i>	<i>(34.7)</i>	
Attributable result excluding Weather related and NatCat claims	188.1	194.3	6.2	3.3%
Financial Gains & Losses ⁽³⁾	18.2	38.2	20.0	
Attributable result (adjusted)	169.9	156.2	(13.9)	-8.1%

- (1) 3M 2020
- Impact of Puerto Rican earthquake at insurance unit (-€21.5 mn after tax and minorities)
 - Impact of severe rain and storms in Spain at insurance unit (-€11.3 mn after tax and minorities)

- (2) 3M 2020
- Impact of Puerto Rican earthquake in the reinsurance and global risks segments (-€24.8 mn and -€7.6 mn after tax and minorities, respectively)
 - Impact of severe rain and storms in Spain at MAPFRE RE (-€2.3 mn after tax and minorities)

- (3) 3M 2019
- Sale of real estate in the Philippines (€0.9 mn)
 - Financial gains & losses in actively managed financial investment portfolios in the euro area (IBERIA & MAPFRE RE), net of writedowns and after tax and minorities (€17.3 mn)

- 3M 2020
- Mainly sale of real estate at MAPFRE USA (€14 mn)
 - Financial gains & losses in actively managed financial investment portfolios in the euro area (IBERIA & MAPFRE RE), net of writedowns and after tax and minorities (€21.5 mn)

Shareholders' equity

Change in shareholders' equity (€ mn)

Balance at 12/31 previous year	8,854
Result for the period	127
Dividends	-262
Net unrealized capital gains of AFS portfolio*	-526
Currency conversion differences	-328
Others	-5
Balance at period end	7,860

*Net of shadow accounting adjustments

Net unrealized capital gains - AFS portfolio (€ bn)

	12.31.2019	03.31.2020
Net unrealized gains	1.0	0.5
Unrealized gains	3.6	2.7
Shadow accounting adjustments	-2.6	-2.2

Currency conversion differences (€ mn)

	03.31.2020	Δ	% Δ currency
Total	-1,569**	-328	-
<i>of which:</i>			
US dollar	530	40	1.7%
Brazilian real	-868	-219	-21.2%
Turkish lira	-321	-12	-8.5%
Mexican peso	-160	-56	-18.8%

**Currency conversion differences include -€538 mn of adjustments in Venezuelan and Argentine currencies (hyperinflationary economies)

AFS portfolio – IBERIA – breakdown by portfolio type (€ bn)

	Immunized	Actively managed		Total
		Free	Conditioned	
Net unrealized gains	0.0	0.4	0.2	0.6
Unrealized gains	1.6	0.4	0.8	2.8
Shadow accounting adjustments	-1.6	0.0	-0.6	-2.2
Market Value	13.4	6.7	6.3	26.4

Solvency II

Solvency II position (2019 figures)

	12.31.2018	12.31.2019
Eligible Own Funds (EOF)	8,819	8,976
Solvency Capital Requirement (SCR)	4,653	4,805
EOF-SCR	4,166	4,171
Solvency II ratio	190%	187%
<i>Fully loaded *</i>	173%	172%

- › Increase in SCR: increase in exposure to equity, mutual funds and real estate as well as higher capital charge applied to equity due to lower symmetric adjustment
- › Impact of phase out of transitional measures, mainly for technical provisions, as well as equity
- › Higher value of AFS portfolio driven by the fall in rates

* Excluding impacts of transitional measures for technical provisions and equity

**Regulatory developments currently in progress:

- Credit risk diversification benefit for matching adjustment portfolios
- Spanish Life business internal model for longevity risk: approved by local regulator for MAPFRE VIDA and in process for MAPFRE Group calculations

Solvency II sensitivities

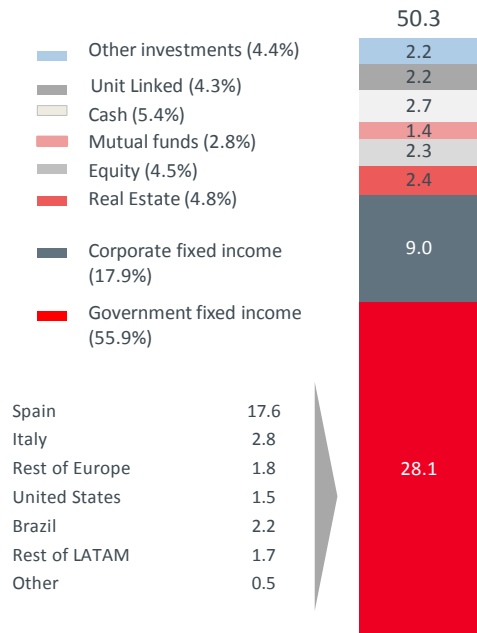
	Ratio	Impact
Ratio at 12.31.2019	186.8%	-
Interest rate +100bp	177.3%	-9.5%
Interest rate -100bp	195.5%	8.7%
UFR 3.55%	186.5%	-0.3%
EUR appreciation +10%	186.2%	-0.6%
Equity markets -25%	179.8%	-7.0%
Corporate spreads +50bps	184.7%	-2.1%
Corporate and Sovereign spreads +50bps	175.1%	-11.7%

Solvency II position (2019 pro-forma, including regulatory developments**)

	12.31.2019
Solvency II ratio	186.8%
Matching adjustment - diversification	12.1%
Longevity internal model	9.9%
Solvency II ratio (pro-forma, combined impact)	203.9%

Investment portfolio

Investment portfolio – Breakdown by asset class



Fixed income portfolios – Euro area - actively managed (IBERIA & MAPFRE RE)

	Non-Life		Life	
	12.31.2019	03.31.2020	12.31.2019	03.31.2020
Market value (€bn)	7.27	6.85	6.82	6.58
Accounting Yield (%)	1.95	1.89	3.53	3.51
Market Yield (%)	0.78	1.08	0.33	0.70
Modified duration (%)	8.25	8.03	6.89	6.81

Fixed income portfolios – other main regions & units

		Market value (€bn)	Accounting Yield (%)	Modified duration (%)
BRAZIL - MAPFRE SEGUROS	12.31.2019	1.99	5.25	1.24
	03.31.2020	1.31	4.20	1.28
LATAM NORTH	12.31.2019	0.95	6.44	2.96
	03.31.2020	0.80	6.41	3.08
LATAM SOUTH	12.31.2019	1.89	7.09	7.06
	03.31.2020	1.60	7.63	6.77
NORTH AMERICA	12.31.2019	2.03	2.88	5.06
	03.31.2020	2.02	2.86	5.12

Closing remarks

- **Insurance business (€197 mn net result, +10%)** > outstanding performance with combined ratio of 97.2%, despite impact of Puerto Rico earthquake on insurance unit
 - IBERIA (€103 mn, -14%) > positive premium and underlying profitability trends, in a competitive market
 - LATAM (€65 mn, +35%) > profitable growth, with outstanding performance in Mexico, Central America, and Colombia and resilient results in Brazil, despite currency headwinds
 - INTERNATIONAL (€29 mn, +154%) > improving results in USA, Italy, and Turkey
- **MAPFRE RE** > prudent approach and financial strength will allow it to manage limited COVID-19 exposures, although there will be some claims activity, during a challenging year
- **Focused on business continuity and protecting stakeholders** > top priority right now is the health, safety and well-being of our employees, clients and providers
- **Defensive financial position** > strong capital base, financial flexibility and high levels of liquidity
- **Proven commitment to shareholders** > final dividend to be paid on June 25, 2020. The Board of Directors will continue to monitor the current situation and will assess future dividends during the third quarter of the year

Revenue	Top line figure which includes premiums, financial income, and revenue from non-insurance entities and other revenue
Combined ratio – Non-Life	Expense ratio + Loss ratio
Expense ratio – Non-Life	(Operating expenses, net of reinsurance – other technical revenue + other technical expenses) / Net premiums earned
Loss ratio – Non-Life	(Net claims incurred + variation in other technical reserves + profit sharing and returned premiums) / Net premiums earned
Result of Non-Life business	Includes technical result, financial result and other non-technical result of the Non-Life business
Result of Life business	Includes technical result, financial result and other non-technical result of the Life business
Corporate Areas and Consolidation Adjustments	Includes expenses from Corporate Areas, consolidation adjustments, as well the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Other business activities	Includes the Group's non-insurance activities undertaken by the insurance subsidiaries, as well as by other subsidiaries, including activities of the holding companies of MAPFRE S.A. and MAPFRE INTERNACIONAL
Solvency II ratio	Eligible Own Funds (EOF) / Solvency Capital Requirement (SCR)
ROE (Return on Equity)	(Attributable result for the last twelve months) / (Arithmetic mean of equity attributable to the controlling company at the beginning and closing of the period (twelve months))
Other investments	Includes interest rate swaps, investments in associates, accepted reinsurance deposits and others

Alternative Performance Measures (APM) used in this report correspond to those financial measures that are not defined or detailed within the framework of the applicable financial information. Their definition and calculation can be consulted at the following link:

<https://www.mapfre.com/corporate/institutional-investors/financial-information/>

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