



6M 2020 Results

Analyst & Investor
presentation

July 24th, 2020



MAPFRE

Your trusted global insurance company

EDIFÍCIO MAPFRE

11711

Key highlights

Insurance units performing well >

- Benefitting from lower frequency as well as restructuring and profitability initiatives

COVID-19 P&L impacts >

- Largest impact has been on the top-line due to confinement measures, lower economic activity, currency movements and an unfavorable environment for Life Savings products
- Direct impacts at insurance units, mainly in Burial and Health segments, have been mitigated by lower frequency across all markets, especially in Motor
- COVID-19 related claims at MAPFRE RE (-€56.9 mn net impact)
- Travel assistance business, but with lower claims activity in the second quarter
- Updating of IBNR reserves

Conservative asset valuation approach >

- Extensive review of equity, fixed income and real estate portfolios, intangibles and accounts receivable
- Investments in undeveloped land valuations adapted accordingly (-€20.5 mn net impact)

NatCat events >

- Earthquakes in Puerto Rico and storm Gloria in the Northeast of Spain in H1 2020 (-€77.3 mn net impact)

Resilient capital position >

- Solvency ratio within target range, with a high degree of financial flexibility

Key Figures > 6M 2020

	6M 2020	Δ	Δ at constant exchange rates	
Revenue	13,277	-11.8%	-7.6%	
Total written and accepted premiums	10,983	-12.3%	-7.7%	
- Non-Life	8,763	-9.7%	-5.7%	
- Life	2,220	-21.4%	-14.6%	
Non-Life Combined Ratio - MAPFRE S.A.	96.7%	0.8 p.p		
Non-Life Loss Ratio	67.6%	0.1 p.p		
Non-Life Expense Ratio	29.1%	0.7 p.p		
Non-Life Combined Ratio - Insurance units	93.8%	-2.1 p.p		
Attributable result	270.7	-27.7%	292.6	-21.9%
			excluding goodwill writedowns ⁽³⁾	
ROE ⁽¹⁾	5.9%	-1.3 p.p	6.6%	-1.3 p.p
Balance sheet ⁽¹⁾				
Assets under management	60,890	-4.3%		
Shareholders' equity	8,342	-5.8%		
	3M 2020	Δ		
Solvency ratio ⁽¹⁾	177.2%	-9.6 p.p		
	12M 2019	Δ		
Market Consistent Embedded Value (MCEV) ⁽²⁾	7,854.5	20.5%		

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

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

(3) Excluding 2019 goodwill writedowns

Adjusted attributable result

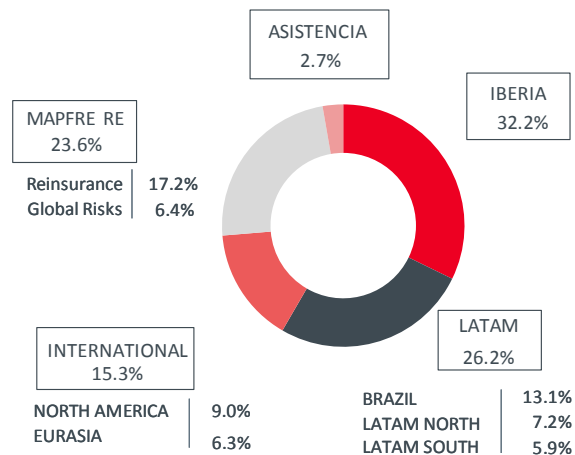
	6M 2019	6M 2020	Δ (mn)	Δ (%)
Attributable result	374.5	270.7	(103.8)	-27.7%
Weather related and NatCat claims		(77.3)	(77.3)	
<i>Direct insurance operations</i> ⁽¹⁾		(36.0)	(36.0)	
<i>MAPFRE RE</i> ⁽²⁾		(41.3)	(41.3)	
COVID related claims (MAPFRE RE)		(56.9)	(56.9)	
Attributable result excluding weather related, NatCat and COVID claims	374.5	404.8	30.3	8.1%
Reorganization of operations ⁽³⁾	4.5	(15.0)	(19.5)	
Financial Gains & Losses	37.5	13.6	(23.9)	
<i>Real estate</i> ⁽⁴⁾	0.9	(6.5)	(7.4)	
<i>Financial investments</i> ⁽⁵⁾	36.6	20.1	(16.5)	
Attributable result (adjusted)	332.5	406.3	73.8	22.2%

- (1) Puerto Rican earthquakes (-€25.8 mn) and severe rain and storms in Spain (-€10.2 mn) at insurance units
- (2) Puerto Rican earthquakes (-€35.4 mn) and severe rain and storms in Spain (-€5.9 mn) at MAPFRE RE
- (3) Organizational structure re-alignment (-€14.7 mn) and sale of related financial assets (€19.2 mn) at MAPFRE USA in 2019; provision for restructuring (-€15 mn) in 2020
- (4) Sale of real estate in the Philippines (€0.9 mn) in 2019; mainly sale of real estate at MAPFRE USA (€14 mn) as well as real estate provisions in Spain (-€20.5 mn) in 2020
- (5) Financial gains & losses, net of writedowns, in actively managed financial investment portfolios in the euro area (IBERIA & MAPFRE RE)

All impacts after tax and minorities

Key figures > by business unit

Premiums – Breakdown by business unit



	Attributable result			Premiums		Combined ratio		ROE ⁽²⁾	
	6M 2020	Δ mn	Δ %	6M 2020	Δ %	6M 2020	Δ p.p.	6M 2020	Δ p.p.
IBERIA	221.2	(10.5)	-4.6%	3,978	-8.3%	93.8%	-0.0 p.p	11.8%	-0.8 p.p
of which:									
MAPFRE ESPAÑA*	132.9	(10.6)	-7.4%	3,067	1.5%	94.5%	0.0 p.p	10.2%	-1.0 p.p
MAPFRE VIDA	88.3	0.0	0.0%	911	-30.8%	--	--	14.3%	-0.3 p.p
LATAM	131.2	27.8	26.8%	3,225	-21.6%	89.6%	-3.2 p.p	12.7%	2.1 p.p
BRAZIL	60.3	11.4	23.4%	1,612	-21.6%	88.8%	-2.8 p.p	12.0%	2.4 p.p
LATAM NORTH	43.6	14.7	50.8%	887	-29.2%	87.8%	-5.3 p.p	17.8%	2.6 p.p
LATAM SOUTH	27.3	1.6	6.4%	727	-10.0%	93.9%	-1.8 p.p	9.8%	-0.0 p.p
INTERNATIONAL	76.2	31.2	69.3%	1,892	-12.7%	98.4%	-4.3 p.p	6.0%	1.3 p.p
NORTH AMERICA	53.2	7.7	16.8%	1,116	-8.2%	99.1%	-0.9 p.p	6.3%	0.2 p.p
EURASIA	23.0	23.6	--	776	-18.4%	97.1%	-10.8 p.p	5.6%	3.4 p.p
TOTAL INSURANCE	428.6	48.4	12.7%	9,095	-14.4%	93.8%	-2.1 p.p	--	--
Reinsurance	(47.7)	(130.8)	-157.4%	2,123	-5.1%	106.5%	13.0 p.p	--	--
Global Risks	(4.0)	(5.8)	--	787	38.8%	109.1%	2.2 p.p	--	--
ASISTENCIA	(13.3)	(7.7)	-138.8%	338	-25.3%	100.3%	-2.9 p.p	--	--
OTHER ⁽¹⁾	(93.0)	(8.0)	-9.4%	-1,360	-0.9%	--	--	--	--
TOTAL	270.7	(103.8)	-27.7%	10,983	-12.3%	96.7%	0.8 p.p	5.9%	-1.3 p.p

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

(2) Variation calculated against data at 12M 2019

* MAPFRE ESPAÑA includes the business in Portugal

Shareholders' equity

Change in shareholders' equity (€ mn)

Balance at 12/31 previous year	8,854
Result for the period	271
Dividends	-262
Net unrealized capital gains of AFS portfolio*	-86
Currency conversion differences	-424
Others	-11
Balance at period end	8,342

*Net of shadow accounting adjustments

Net unrealized capital gains - AFS portfolio (€ bn)

	12.31.2019	06.30.2020
Net unrealized gains	1.01	0.92
Unrealized gains	3.57	3.36
Shadow accounting adjustments	-2.56	-2.44

Currency conversion differences (€ mn)

	06.30.2020	Δ	% Δ currency	Sensitivity to 1 pp move in currency
Total	-1,664 **	-424	-	
<i>of which:</i>				
US dollar	487	-3	-0.2%	19
Brazilian real	-917	-269	-26.1%	10
Turkish lira	-329	-20	-13.3%	1
Mexican peso	-158	-54	-17.9%	3

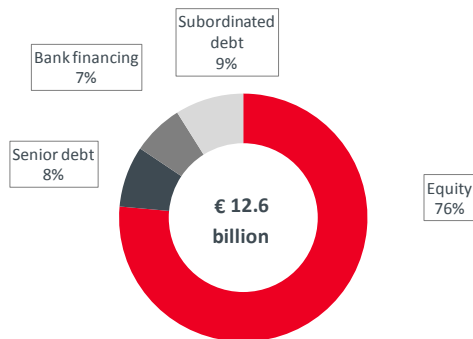
**Currency conversion differences include -€539 mn of adjustments in Venezuelan and Argentine currencies (hyperinflationary economies)

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

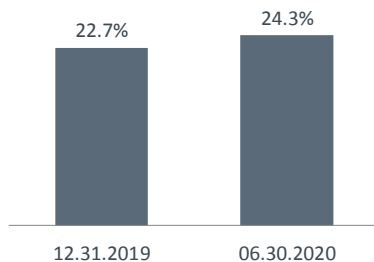
	Immunized	Actively managed		Total
		Free	Conditioned	
Net unrealized gains	-0.04	0.59	0.21	0.76
Unrealized gains	1.75	0.59	0.92	3.26
Shadow accounting adjustments	-1.79	0.00	-0.71	-2.50
Market Value	13.57	6.92	6.34	26.83

Capital structure & credit metrics

Capital structure



Leverage (%) ⁽¹⁾



(1) Total Debt / (Total Equity + Total Debt)

Solvency II position (€ mn)

	12.31.2019	03.31.2020
Eligible Own Funds (EOF)	8,976	8,197
Solvency Capital Requirement (SCR)	4,805	4,625
EOF-SCR	4,171	3,572
Solvency II ratio	186.8%	177.2%
<i>Fully loaded *</i>	172.3%	163.8%

* Excluding impacts of transitional measures for technical provisions and equity

Pro-forma impacts from regulatory developments**

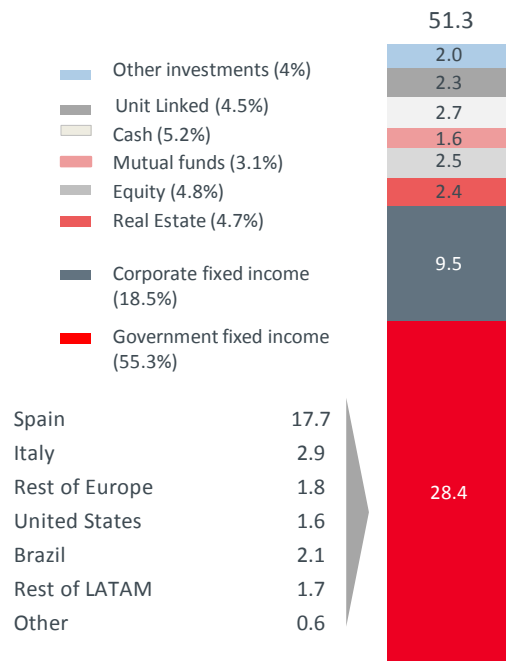
Matching adjustment - diversification	12.0%
Longevity internal model	9.9%
Pro-forma combined impacts	17.1%

**Calculations at December 31, 2019. 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

Investment portfolio & Assets under management

Investment portfolio – Breakdown by asset class



Assets under management

	12.31.2019	06.30.2020	% Δ
Assets under management	63.6	60.9	-4.3%
<i>of which:</i>			
Investment portfolio	53.5	51.3	-4.1%
Pension funds	5.5	5.3	-2.7%
Mutual funds & other	4.6	4.2	-9.2%

Financial gains & losses (€ mn)¹

	Non-Life		Life		Total	
	6M 2019	6M 2020	6M 2019	6M 2020	6M 2019	6M 2020
IBERIA	24.6	17.4	10.5	2.0	35.1	19.4
MAPFRE RE	13.2	8.1	1.6	1.5	14.8	9.6
TOTAL	37.8	25.5	12.1	3.5	49.9	28.9

1) Includes only actively managed financial investment portfolios and real estate in the Euro area, net of writedowns, before taxes and non-controlling interests

Fixed income portfolios

Euro area - actively managed (IBERIA & MAPFRE RE)

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
NON-LIFE	12.31.2019	7.27	1.95	0.78	8.25
	06.30.2020	7.15	1.78	0.62	8.22
LIFE	12.31.2019	6.82	3.53	0.33	6.89
	06.30.2020	6.56	3.56	0.34	6.77

Other main regions & units

		Market value (€bn)	Accounting Yield (%)	Modified duration (%)
BRAZIL - MAPFRE SEGUROS	12.31.2019	1.99	5.25	1.24
	06.30.2020	1.23	3.18	1.55
LATAM NORTH	12.31.2019	0.95	6.44	2.96
	06.30.2020	0.81	6.42	3.20
LATAM SOUTH	12.31.2019	1.89	7.09	7.06
	06.30.2020	1.74	6.63	6.77
NORTH AMERICA	12.31.2019	2.03	2.88	5.06
	06.30.2020	2.13	2.76	5.15

Closing remarks

Insurance units (€428.6 mn net result, +12.7%) > outstanding performance with combined ratio of 93.8%, despite impact of Puerto Rico earthquakes on insurance unit

- IBERIA (€221 mn, -4.6%) > remarkable growth in several Non-Life segments with strong profitability trends even with a prudent balance sheet approach
- LATAM (€131 mn, +26.8%) > outstanding performance in Brazil, Mexico, Panama and Colombia, despite currency headwinds, but top-line affected by lower business activity
- INTERNATIONAL (€76 mn, +69.3%) > improving results in USA, Turkey, and Italy

MAPFRE RE > manageable COVID-19 exposures, supported by prudent approach and financial strength

Defensive business positioning > top priority right now is protecting client portfolio, cost contention and streamlining of business units

Resilient financial position > strong capital base, cash generation & remittances, financial flexibility and liquidity

Proven commitment to shareholders > the Board of Directors will continue to monitor the current situation and will assess future dividends during the fourth 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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