



# Focused on turnaround to core

*Sharp Focus. Better Results.*

**Ant Middle, UK CEO**

Investor Day | 21 November 2023

1. Pre 2020 - a snapshot situational analysis

2. Transforming the UK business: the ingredients to win

3. Reaching new heights: delivering our priorities

4. The power of focus: a confident outlook

As we started our strategic review in 2020, we were facing into a demanding market...

**Limited growth (~2%),** at best in line with GDP

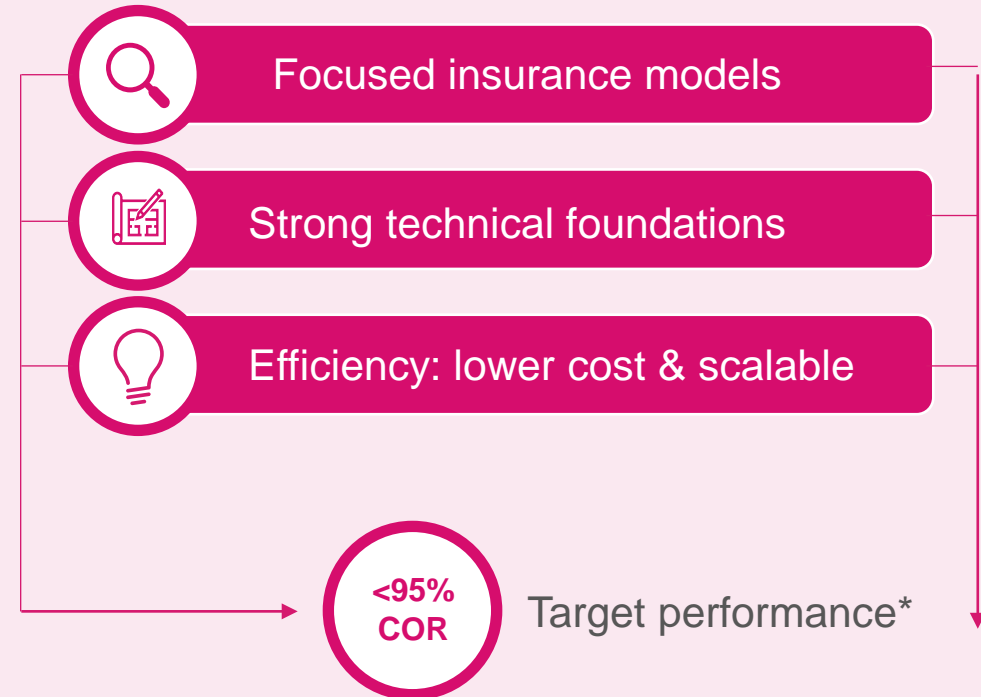
**Challenging profitability** with CORs greater than **97%** in Personal lines and **~98%** in Commercial lines

**Fragmented distribution** with price comparison websites dominating Personal lines and driving increasing sophistication in pricing

**Rapidly evolving regulatory environment** causing some market uncertainty

...but there were clear structural outperformers

Winning characteristics:



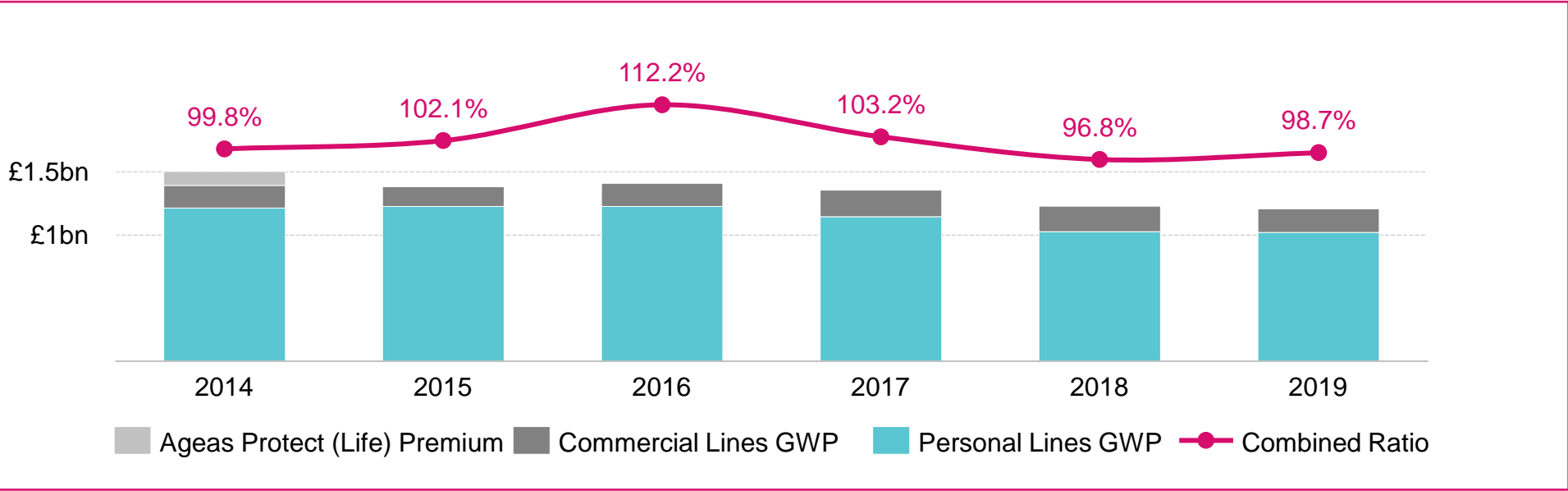
*\*Based on average COR 2017-2019*

# Reflecting on Ageas UK over the years

## A complex business



## With market average performance





Customer service excellence

**Loyal customers** with above sector average Net Promotor Score

**Ageas: +40.5\***  
**Insurance sector average: +26.9\*\***



Loyal & engaged workforce

**Energised** workforce, above Financial Service industry **engagement** benchmark

**Employee Net Promoter Score: +10**



Time-tested, effective broker partnerships

**Supportive broker distribution franchise** founded on very strong and long-established relationships

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Demanded a fundamental reassessment  
of the Ageas UK business  
with three key considerations



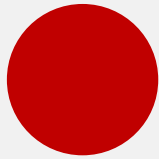
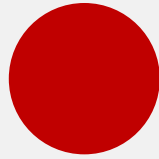



**1.**  
**MARKET SEGMENT CHOICES**  
for participation




**2.**  
**DIFFERENTIATING CAPABILITIES**  
to enable Ageas UK to win for the long term

**3.**  
**EXECUTION APPROACH**  
to ensure transformation  
success

# 1. Smart market choices: strengthen & grow, or exit

Segment	Ageas GWP 2019 (£m)	Market Share	Ageas COR 3yr average
<b>Personal Lines Broker Standard</b> <ul style="list-style-type: none"> <li>Core products &amp; established channel</li> <li>Ageas pricing, products &amp; claims</li> <li><b>Instant data availability</b></li> </ul>	647	12%	
<b>Personal Lines Direct</b> <ul style="list-style-type: none"> <li>Owned brands via web &amp; aggregators</li> <li>Ageas pricing, products &amp; services</li> <li><b>Instant data availability</b></li> </ul>	203	2%	
<b>Personal Lines Affinity</b> <ul style="list-style-type: none"> <li>White label product &amp; service</li> <li><b>Cost base too high</b></li> </ul>	53	2%	
<b>Personal Lines Non-standard</b> <ul style="list-style-type: none"> <li>Delegated pricing/claims authority to 3rd party</li> <li><b>Delayed data availability</b></li> </ul>	84	7%	
<b>Commercial Lines</b> <ul style="list-style-type: none"> <li>SME sold through brokers</li> <li><b>Subscale</b></li> </ul>	214	5%	

**COR RAG status**

-  <97%
-  97-100%
-  >100%

**Creating sharp focus to drive better results**



### Invest in differentiating capabilities

#### Data & Analytics

Insightful business decisions

- Single data **platform**
- Data science **tooling**
- Centre of **Excellence**
- **Full value chain** deployment

#### Efficiency

Truly competitive cost base

- Better **value** to customers
- **Reinvestment** opportunities
- Performance **resilience**

#### Technical Insurance Capabilities

Outstanding core skills

- **Underwriting & Pricing**
- **Claims** (inc. supply chain)
- **Fraud** prevention
- **Actuarial**

#### Technology

Infrastructure fit for tomorrow

- Single, digital native **core platform**
- **End-to-end digital solutions** for first class customer experience



### 3. Setting up for **successful transformation**



**70+ leaders engaged** in strategy development & delivery



A **broad, flat & agile** leadership structure offering maximum control



**Reinforced leadership composition** to ensure the transformation is delivered in full and on time

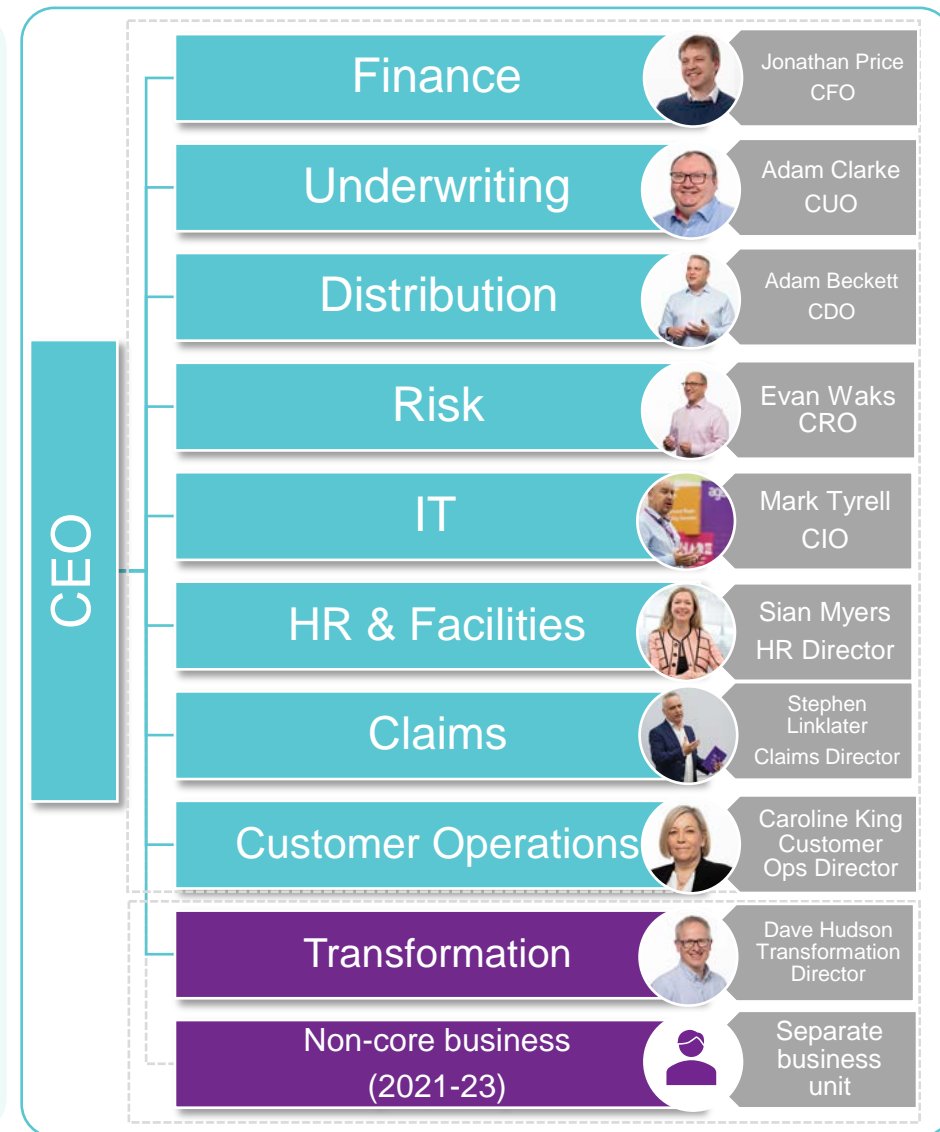
- Specific transformation capability
- Segmented underperforming business



Combining **c. 200 years'** UK retail insurance expertise



Clear & complimentary **accountabilities**



# Our strategy 2020-2024: *Sharp Focus. Better Results.*



Clear market choices

Strengthen & grow core **Personal lines**.  
Partner with current & future winners.

Exit non-standard, affinity & Commercial lines business



How we win:  
Invest in differentiating capabilities

Data & Analytics

Technical Insurance Capabilities

Technology

Efficiency



Deliver for stakeholders

Great place to grow for our people

Brilliant customer service where it matters

Long-term sustainable growth  
>£1bn GWP  
<95% COR

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# A focused Personal lines insurance business

A simplified & focused business



Personal lines	~100 products
Personal lines	2 brands
SME Commercial <i>Run-off only</i>	>700 FTE reduction
Life	5 offices with 55% sublet space

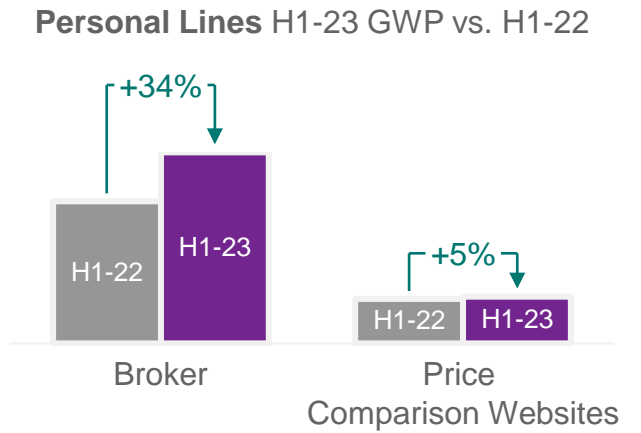
## Leveraging core motor expertise...



## ...with full market reach...



## ...growing in resilient channels



\*Internal industry benchmark

# Underpinned by leading data-driven capabilities

**One core platform**

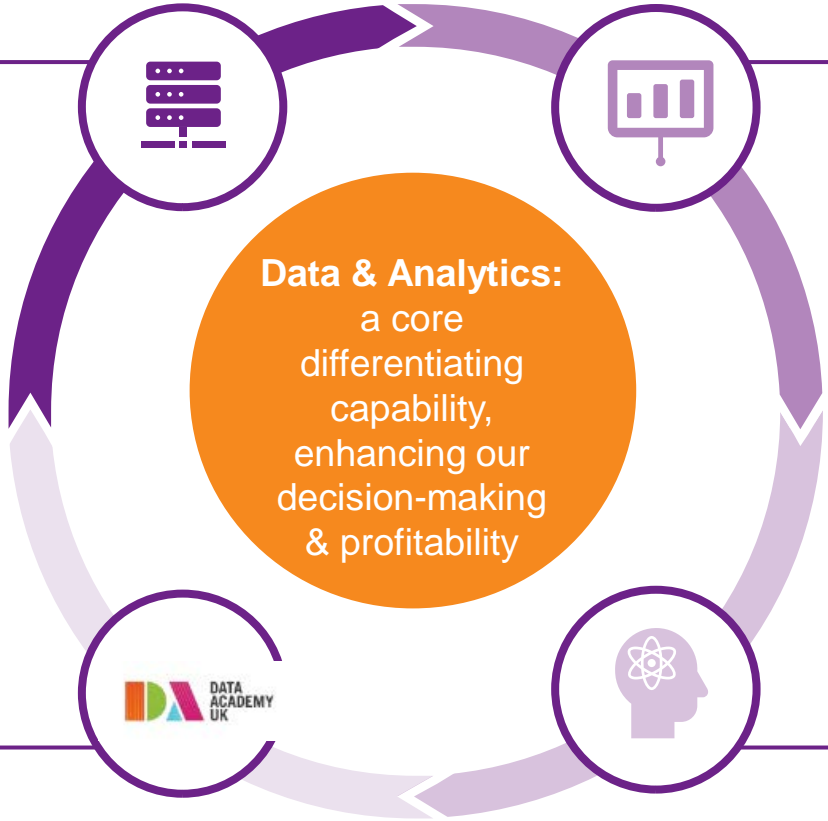
Single source of truth at speed with consistent, clean & trusted data

950+ data sources documented managed through central catalogue

**Enterprise-wide data-driven mindset**

Significant investment in data learning

~1,000 employees active in data literacy development programme



**Cloud-based Data Science**

Ability to quickly and effectively productionise Machine Learning & cutting edge AI models

**Top quartile Advanced Analytics & Data Science Centre of Excellence**

Accelerating capability development, aiding business wide decision-making & enhanced understanding of customers

**Benefits:**



Sophistication of risk selection using machine learning



Speed of deployment



Early detection of trends e.g. inflation for competitive advantage



Automation of processes for improved efficiency & service



AI enhanced decision-making

# Outstanding core technical insurance skills

## Investing in outstanding Technical Insurance Capabilities



### Accelerating Underwriting & Pricing sophistication

**Dynamic real-time data analytics & technology** providing best possible risk selection & technical pricing

New pricing hub unleashing the power of machine learning with enhanced personalisation, agility & rapid speed to market

**10%** increase average premium

**15%** increase quote conversations



### Ground-breaking Fraud prevention

**Sophisticated fraud tools** protecting valued customers

First-to-market identity theft model declining concerns at point of quote

**~£1m p.a.** saving based on declines

**72.5%** reduced exposure (Ageas Direct)



### Best-in-class Claims management

**Digital & data-led** service, indemnity, cost & fraud outcomes

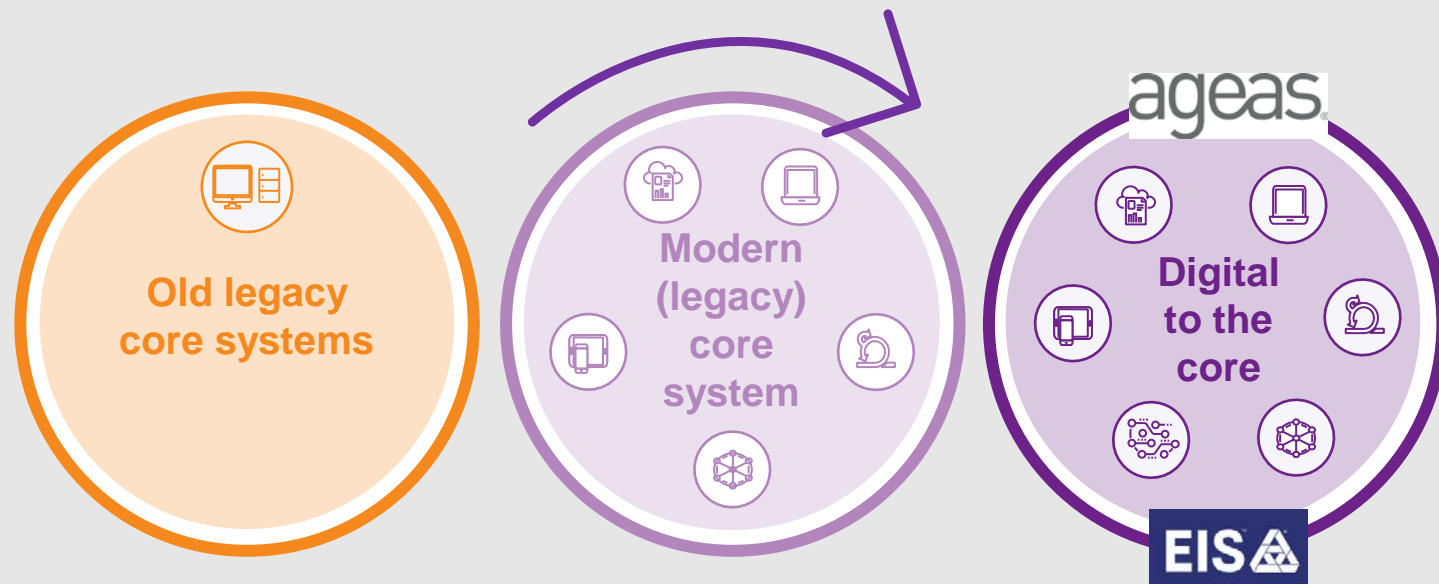
12 new AI models strengthening claims decision-making

**~£2m** Motor, Home, Injury fraud saving

**>£1m** Recovery model benefit 2023

## A single cloud-based, next-generation platform fit for the future

- **Broader customer proposition** breadth with new product and embedding capability
- **Market-leading speed** to market of tailored insurance solutions
- **Removes duplication** of IT architecture
- Rapidly develops **end-to-end digital-first** customer interface



**Leapfrogging competitor technologies to become digital to the core**

## Brilliant front end digital solutions

- Top-quartile customer journeys to increase conversion, value & retention
- Customer experience is faster & easier
- Continued upper quartile NPS scores

Chat



With positive progress:

- ~ 90% digital new business fulfilment
- ~ 60% call centre transactions without human intervention
- ~ 70% renewals via the Voice Bot or online self-serve

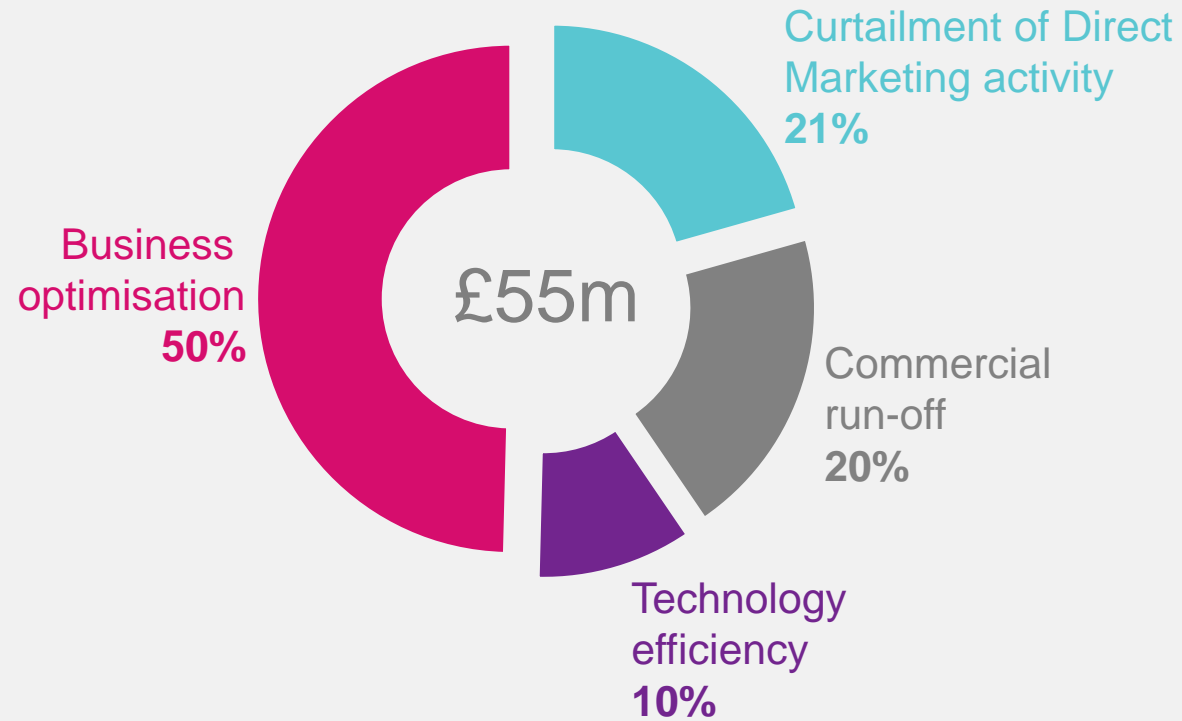
Claims first notification of loss now accessible online



# Top quartile cost efficiency to drive competitive advantage

**£55m** opex savings achieved

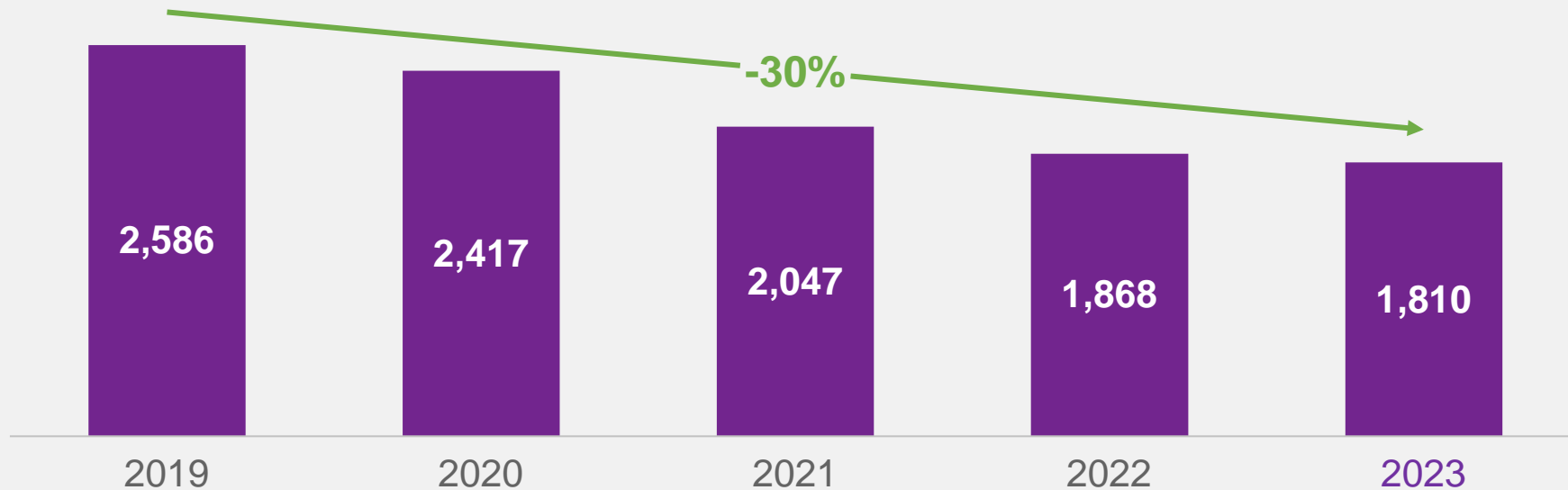
Key contributors:



Further material cost efficiencies expected from benefit of replatforming the business

**30%** reduction in FTE (vs. pre-strategy position 2019)

Includes impact of investment initiatives in areas such as advanced analytics and data science.



Shift to hybrid working also driving lower property costs, with 55% sublet space of Ageas owned buildings.

# Deepening stakeholder advocacy

## Loyal & engaged workforce

Above benchmark  
Employee  
Net Promoter Score  
**+53**



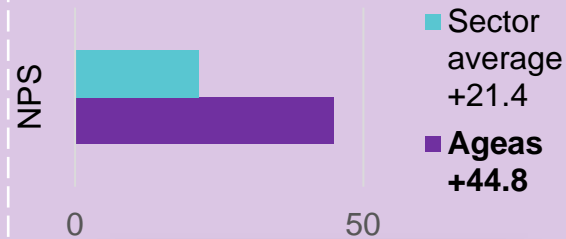
Top Employer 2022 & 2023



5\* Best Employer Rankings

## Customer service excellence

Above sector  
customer sentiment\*



ServiceMark accredited



2023 number of customers

**4 million**

## Supportive distribution franchise



Personal Lines Insurer  
of the Year 2021



Personal Lines Insurer  
of the Year 2022



Personal Lines Insurer  
of the Year 2023

## Committed to sustainability

### Sustainable operations



Leading the way on  
Green car parts



A pioneer on Flood Re  
Build Back Better



Carbon Neutral

### Inclusive employer



40% senior female roles



### Responsible business



AA MSCI rating for  
Bond portfolio

\*Institute of Customer Service

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# A pivotal point for UK Personal lines insurance

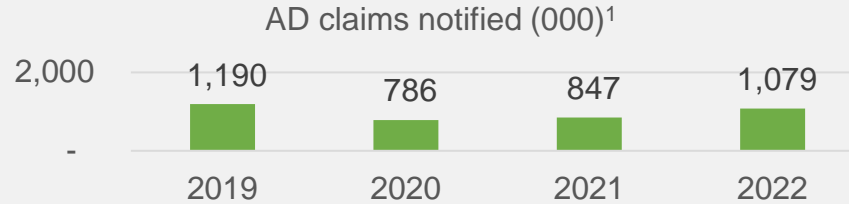
## Recent history

## Outlook

Market challenges

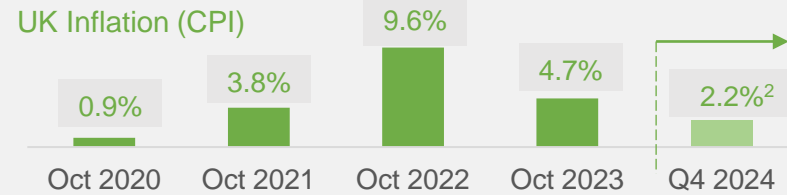
Positive outlook

Covid impact on claims frequency



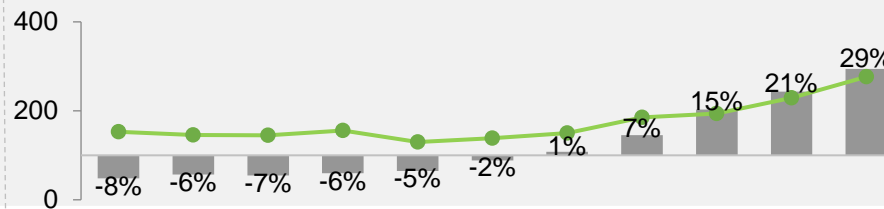
Claims frequency stabilised and understood

Rapid inflationary impact



Motor peak inflation expected to normalise in 2024, with home inflation improvement to follow

Slow market pricing response to pressure on margins. Household pricing action later than motor.



Strong rate correction alongside more consistent pricing post GIPP

Heightened regulatory scrutiny



Requirements established and embedding across the sector

Low investment returns



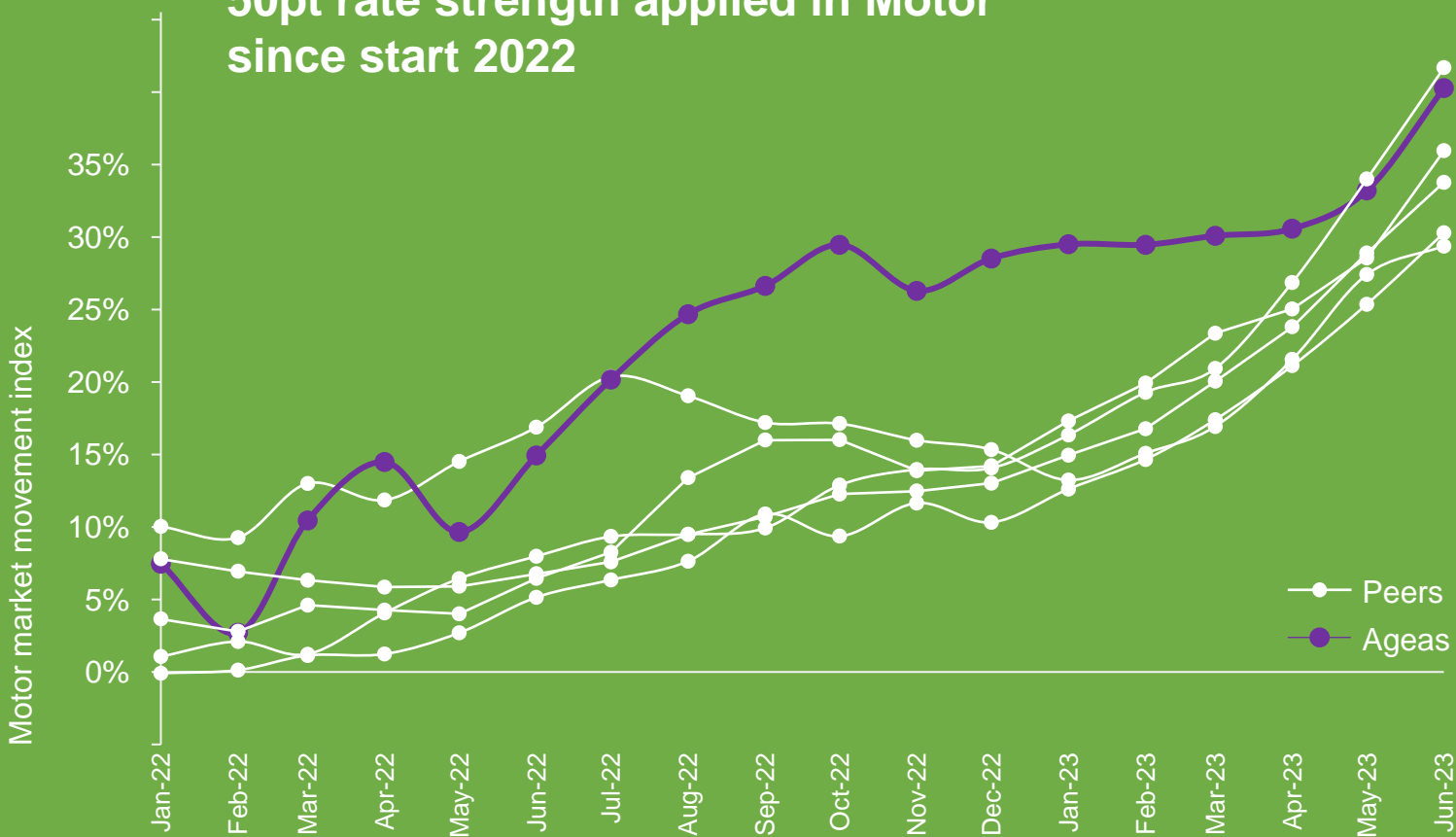
Higher interest rates supporting investment returns

<sup>1</sup>ABI Claims data 2022 | <sup>2</sup>OECD data | <sup>3</sup>Morgan Stanley forecast (November 2023)



# Early action on pricing provided enhanced competitive position in 2023

## 50pt rate strength applied in Motor since start 2022



Source: Pearson Ham market movement (Indexed to start of 2022)

### Average Premium

# +28%

Sep-23 £365 vs Sep-22 £285

### Policies

# +600k

Sep-23 policies in force vs. Sep-22

### GWP

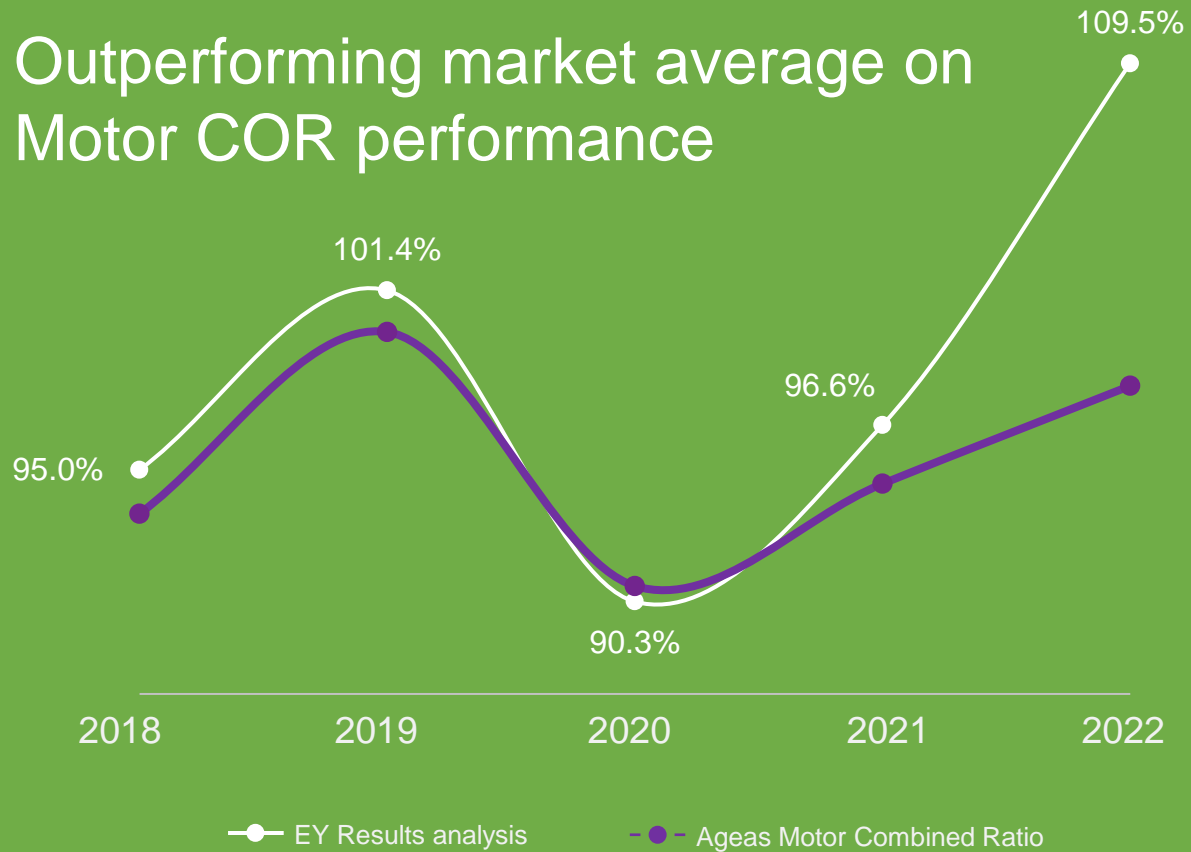
# +42%

6M23 Personal Motor GWP vs. 6M22



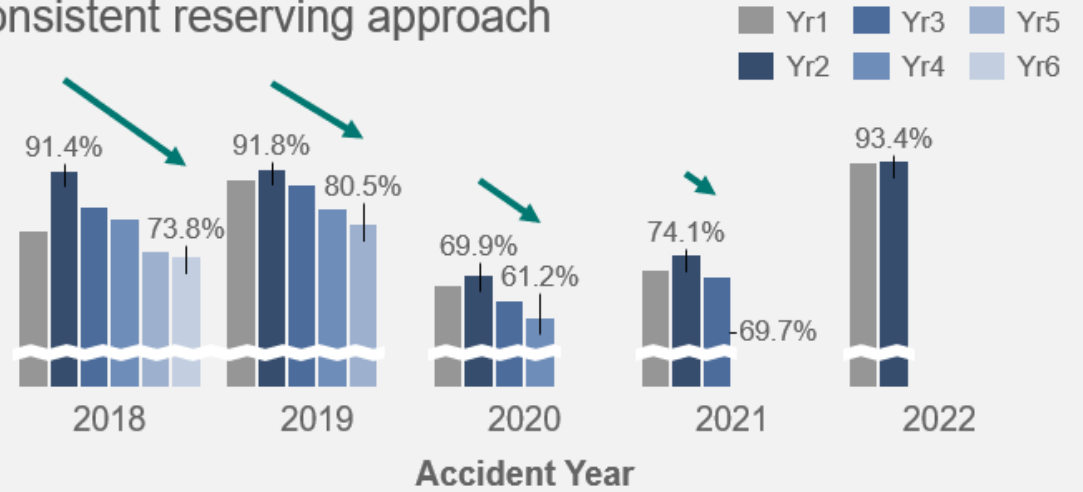
# Top quartile motor market performer

## Outperforming market average on Motor COR performance



Source: EY Motor Market Results analysis

## Consistent reserving approach



Source: Internal – Motor loss ratio progression (net of RI)

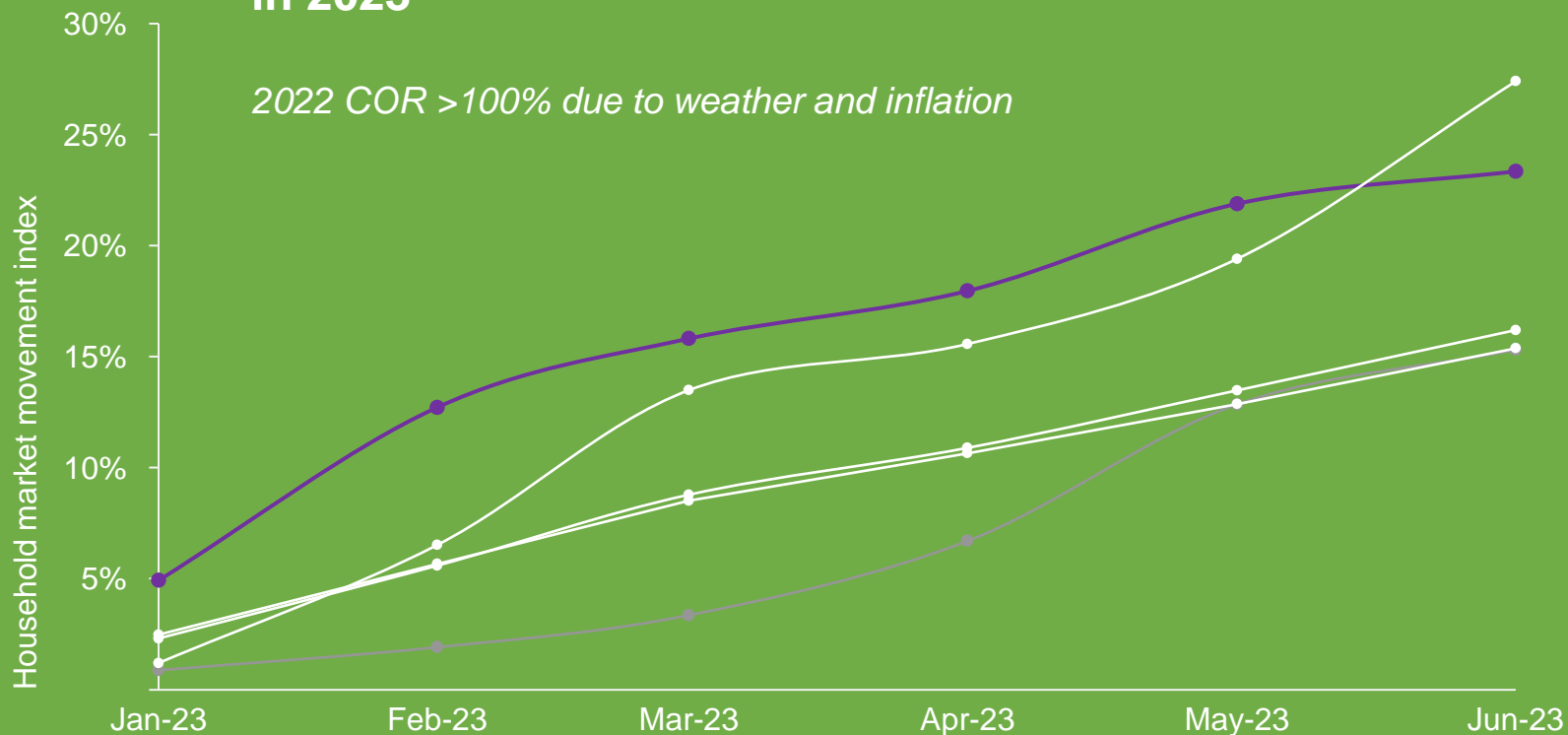
**A *disciplined pricing approach***  
 ahead of the market alongside  
 broader strategic delivery  
 driving ***top quartile motor performance***



# Enhanced Household rating in 2023 reflecting inflation & weather

**~30 points of rate applied across Household products in 2023**

*2022 COR >100% due to weather and inflation*



Source: Pearson Ham market movement (indexed to January 2023)

Average Premium

**+31%**

Sep-23 £170 vs Sep-22 £130

Policies

**-100k**

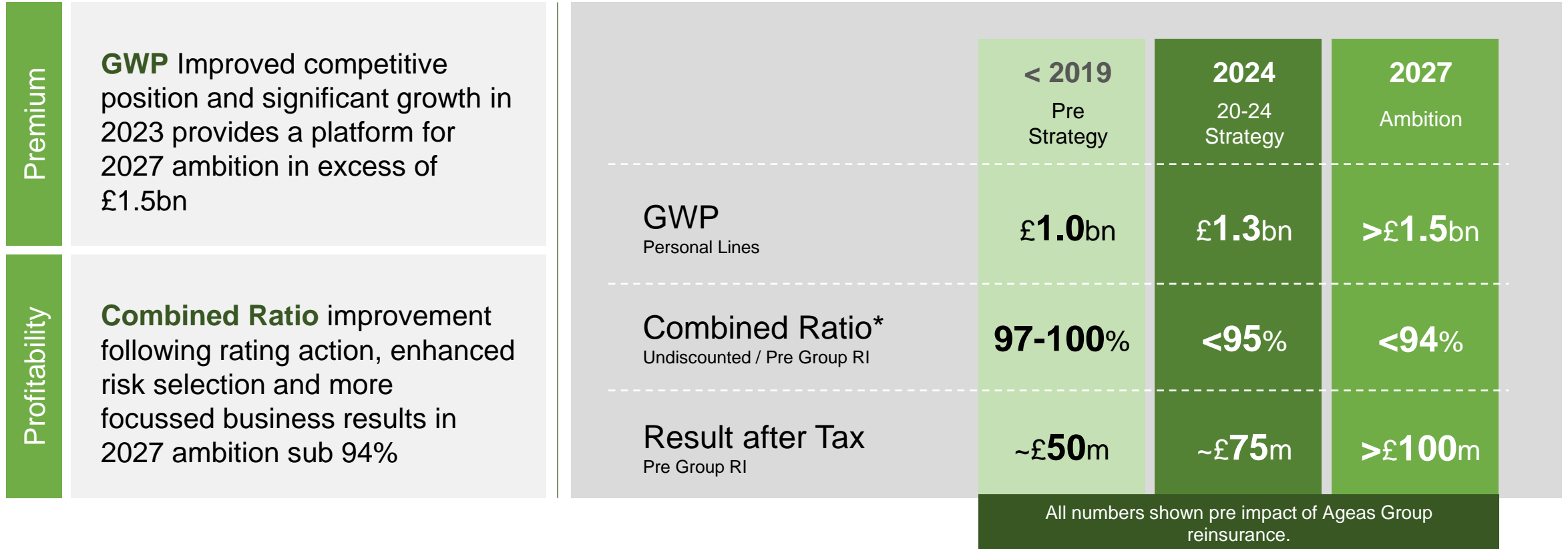
Sep-23 policies in force vs. Sep-22

GWP

**-8%**

6M23 Home GWP vs. 6M22





**Premium**  
Improved competitive position and significant growth in 2023 provides a platform for 2027 ambition in excess of £1.5bn

**Profitability**  
Combined Ratio improvement following rating action, enhanced risk selection and more focussed business results in 2027 ambition sub 94%



- **Supports Ageas Group Non-Life portfolio balance**  
*Representing 25% of Ageas non-life premium (Ageas share)*
- **Valuable knowledge & expertise synergies for Ageas Group**  
*Customer Experience | Data & Analytics | Pricing & Machine Learning*
- **Confident outlook as a key contributor to Ageas Group**
- **Strong & profitable growth opportunities**

# Investor Relations

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