



GROUPAMA SA
2010 Half Year Results

Analysts & investors conference call
5 August 2010



A photograph of three business professionals in a modern office setting. A man in a dark suit and a woman in a red top are seated at a table, looking at a laptop. Another man in a grey suit is standing and leaning over the table, pointing at the screen. The background shows a large window with a view of a building. A yellow banner is overlaid on the top left of the image.

Christian Collin

Executive Vice President, Finance & Risk



Key figures and key messages



Key figures

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In €m	1H 2009	1H 2010	Change
Revenues	8,358	8,639	+3.4% (*)
Operating profit ⁽¹⁾	115 (**)	104 (**)	-9.6%
Adjusted profit ⁽²⁾	132 (**)	188 (**)	+42.4%
Net profit	166 (**)	127 (**)	-23.6%
P&C combined ratio	108.0%	104.5%	-3.5 pts
<i>excluding storms</i>	<i>101.2%</i>	<i>100.9%</i>	<i>-0.3 pt</i>
In €m	FY 2009	1H 2010	Change
Shareholder's equity	4,572	3,905	-14.6%
Group solvency margin	181%	153%	-28 pts
Unrealized capital gains ⁽³⁾	2,691	1,395	-48.2%
Debt-equity ratio (excluding Silic)	31.4%	31.2%	-0.2 pt
Annualized ROE (excluding fair value adjustment) ⁽⁴⁾	16.9%	8.3%	-8.6 pts

⁽¹⁾ Income from operations (cf. definition in appendices)

⁽²⁾ Adjusted profit is non-GAAP measure and as such non audited

⁽³⁾ Portions attributable to shareholders: €-1.2bn at end June 2010 vs. €-0.5bn at end 2009

⁽⁴⁾ Calculated on average equity

(*) +3.4% on a reported basis and +4.4% like-for-like over 1H 2009

(**) negative impact of the storms after tax: 1H 2009 €-135m, 1H 2010 €-75m



Key messages

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Strong resilience in a difficult environment Results in line with our three-year strategic plan

- ▶▶ Solid growth in insurance premium income in a context of the economic crisis
- ▶▶ Adjusted profit up +42.4%
- ▶▶ International results in line with objectives
- ▶▶ Net profit of €127 m despite a combination of negative events such as Xynthia and the financial crisis
- ▶▶ Solvency I has stabilized at more than 150% for almost one year and exceeds 120% without unrealised capital gains
- ▶▶ Significant flexibility and room for improvement





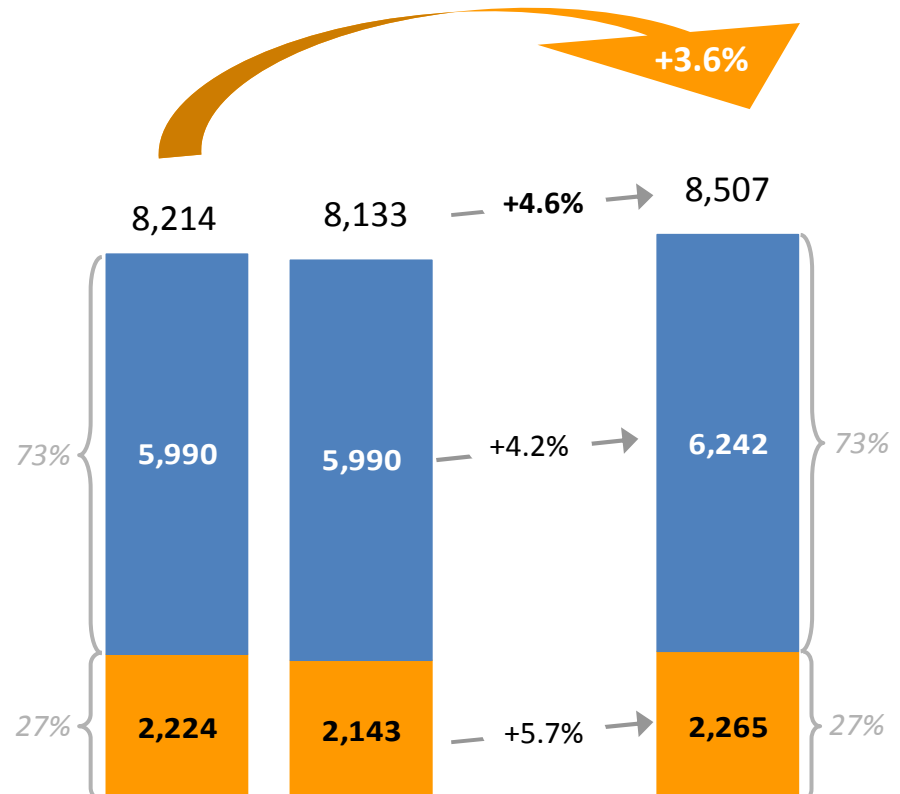
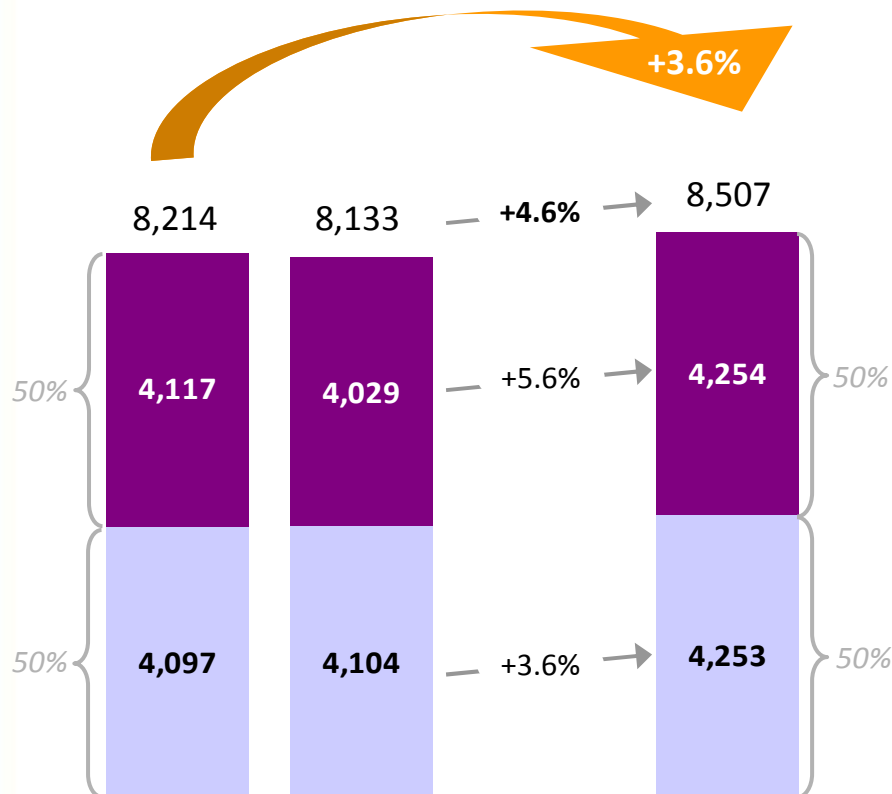
Premium income



Insurance Premium Income: +3.6%

Breakdown of insurance premium income by business line (€ million)

Breakdown of insurance premium income by geographic area (€ million)



Property & Casualty Life & Health

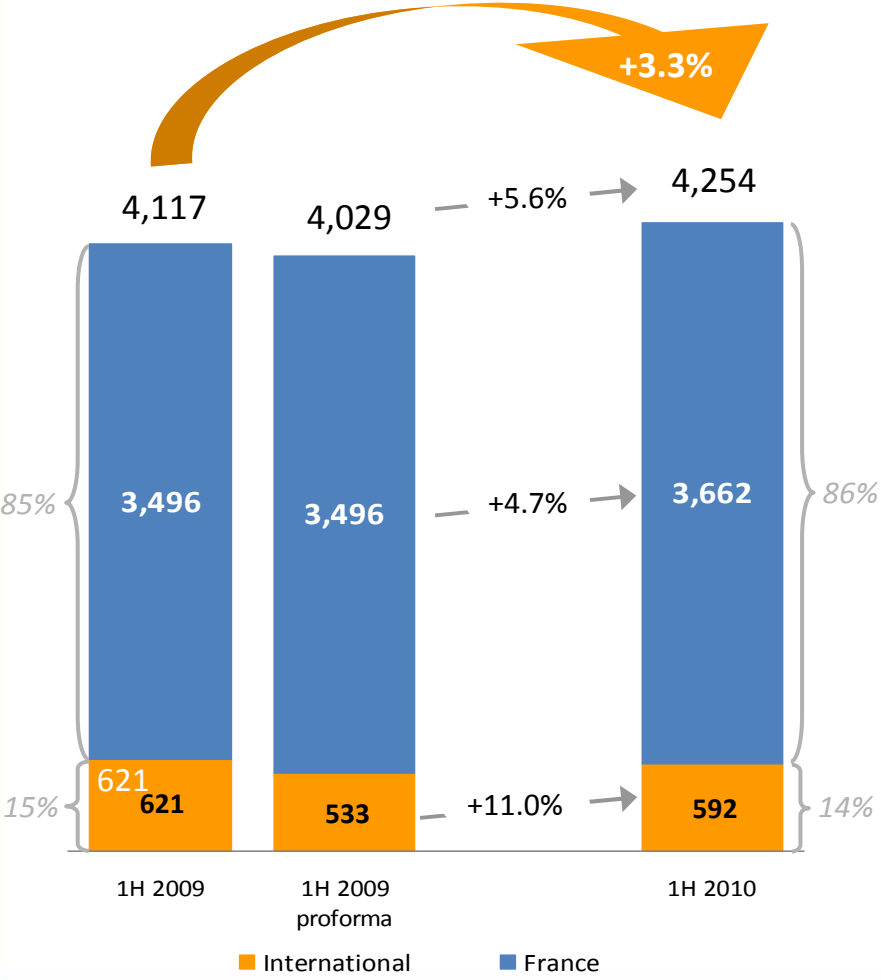
International France



1H 2009 proforma calculations: 1H 2010 portfolio perimeter, conversion using 1H 2010 average exchange rates

Life and Health Insurance: solid growth

Breakdown of L&H insurance premium income by geographic area (€ million)



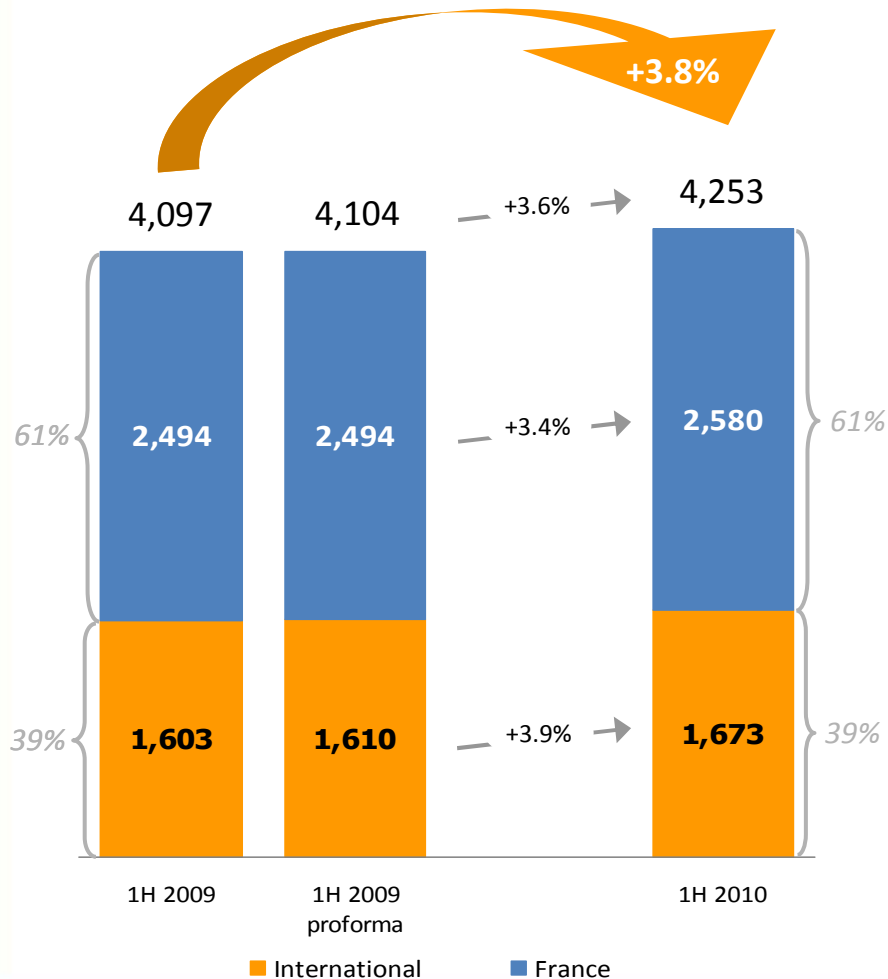
- ▶ Growth in individual savings & pensions: +7.7% ⁽¹⁾
- ▶ Growth in net inflows +4.2%
- ▶ Strong growth in health (personal + group) in France: +6.1%

⁽¹⁾ on reported basis



P&C Insurance: premium income largely outperforming the market

Breakdown of P&C insurance premium income by geographic area (€ million)

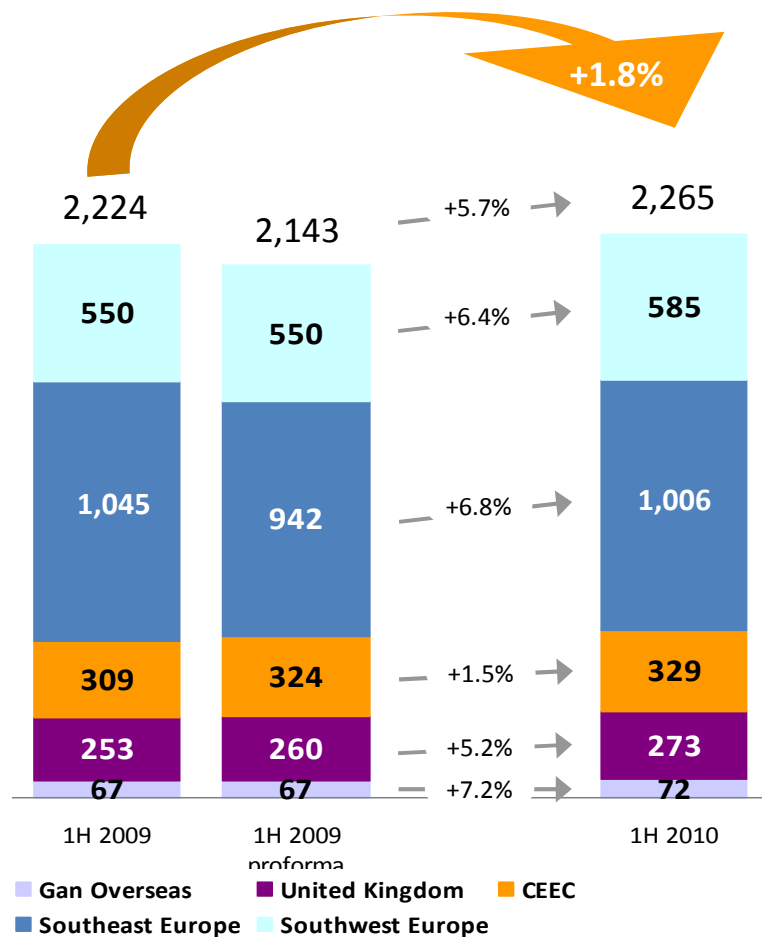


- ▶ Strong motor insurance growth
- ▶ Gain of market share in multi-risk home insurance
- ▶ Growth of Amaguiz exceeded initial ambitions
- ▶ Continued penetration into urban markets



International business: sustainable growth

Breakdown of International premium income by geographic area (€ million)



- ▶ +5.7% growth in International premium income
- ▶ Growth in all the geographic areas
- ▶ Strengthened performance in the CEECs in comparison to the markets strongly hit by the crisis

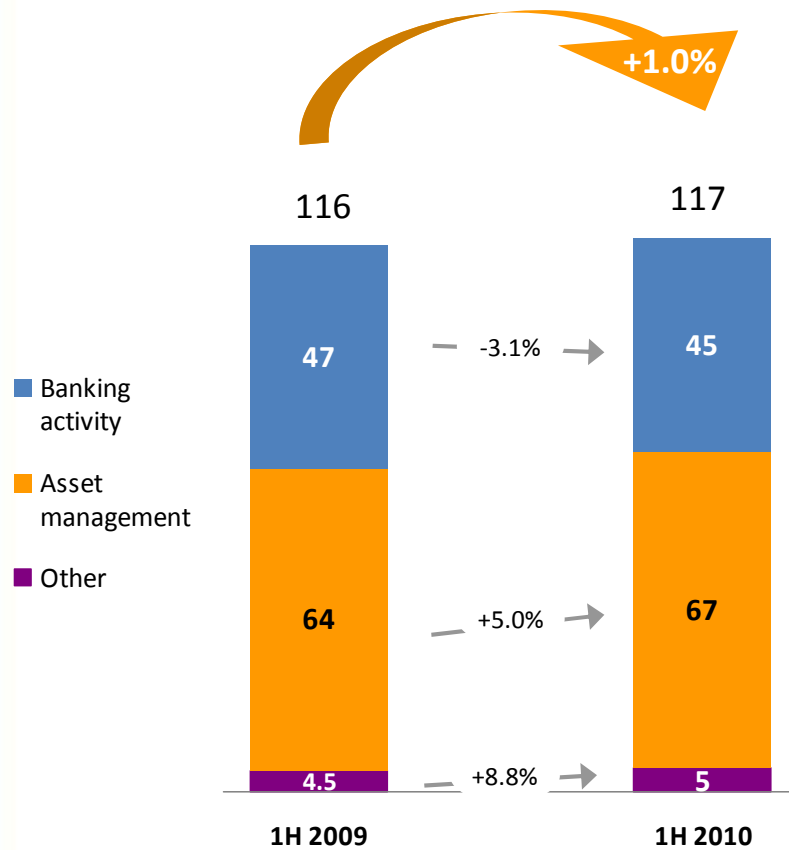




Financial Activities: stable Net Banking Income

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Breakdown of net banking income (€ million)



- ▶ Net banking income of asset management branch, carried by Groupama Asset Management +8.2%
 - Positive net inflows
 - Assets under management of €91.5 billion at end June 2010, an increase of +€2.7 billion
 - Third-party asset management accounts for 19%



Underlying results

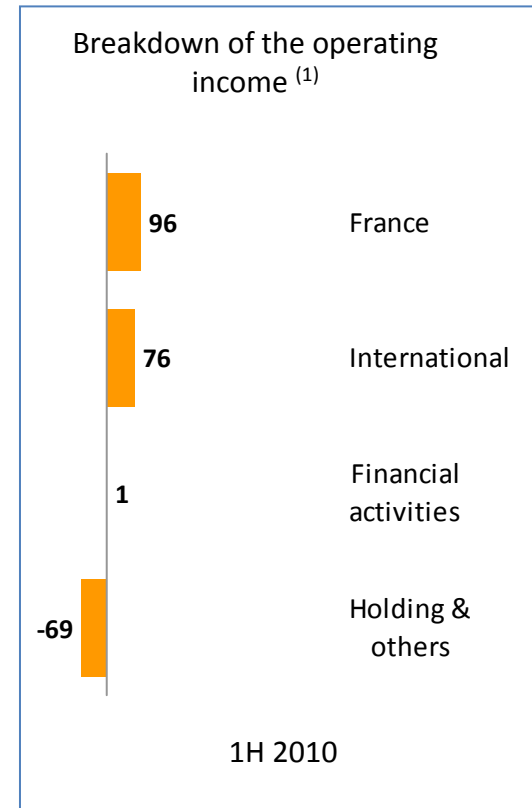




Operating profit ⁽¹⁾ supported by international business

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In €m	1H 2009	1H 2010	Change
Operating profit ⁽¹⁾ , L&H insurance	240	155	-35.4%
Operating profit ⁽¹⁾ , P&C insurance excluding storms	94	92	-2.1%
Operating profit ⁽¹⁾ , financial activities	4	1	NA
Operating profit ⁽¹⁾ , holding companies	-88	-69	+21.6%
Total operating profit ⁽¹⁾ excluding storms	250	179	-28.4%
Storms	-135	-75	
Total operating profit ⁽¹⁾	115	104	-9.6%



⁽¹⁾ profit from operations (cf. definition in appendices)

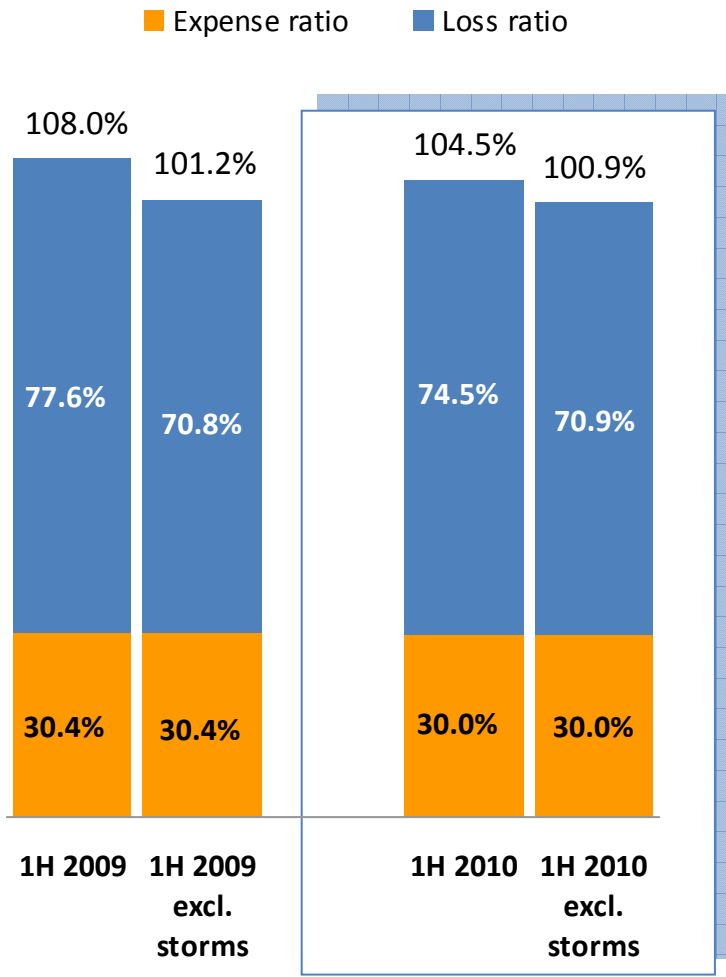




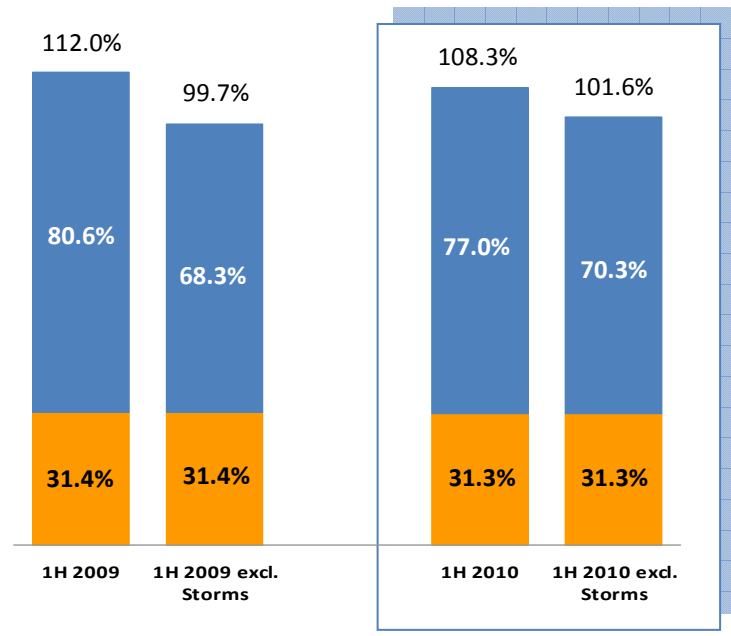
P&C combined ratio :

in line with targeted ratio, excl. storms

Groupama SA P&C combined ratio



France P&C combined ratio

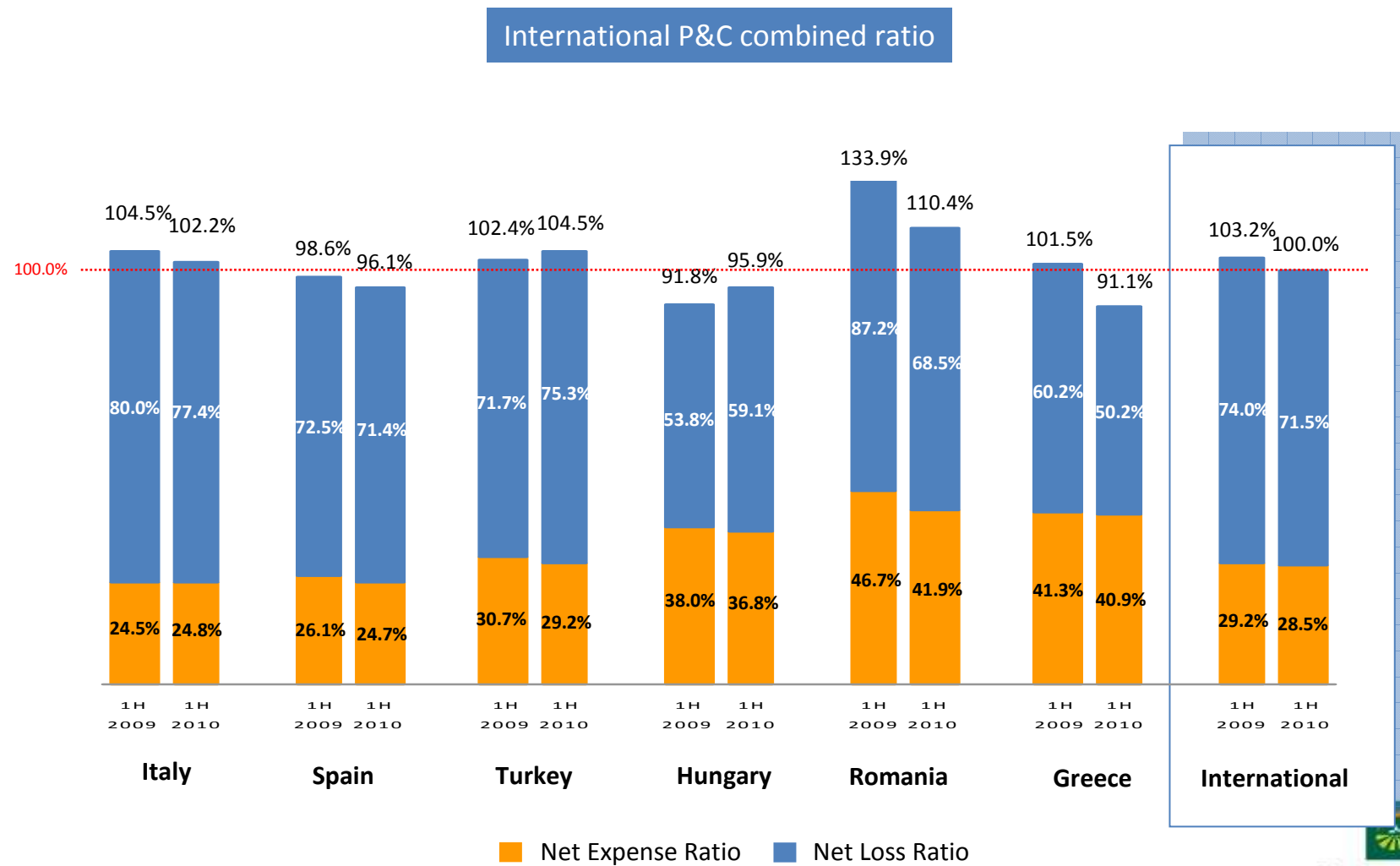


► France was hit by Xynthia at the beginning of 2010 :

Impact of Xynthia (in €m)	
Gross amount	187
Net amount after reinsurance (<i>before tax</i>)	113
Net amount (<i>after tax</i>)	75

P&C combined ratio

improved international combined ratio

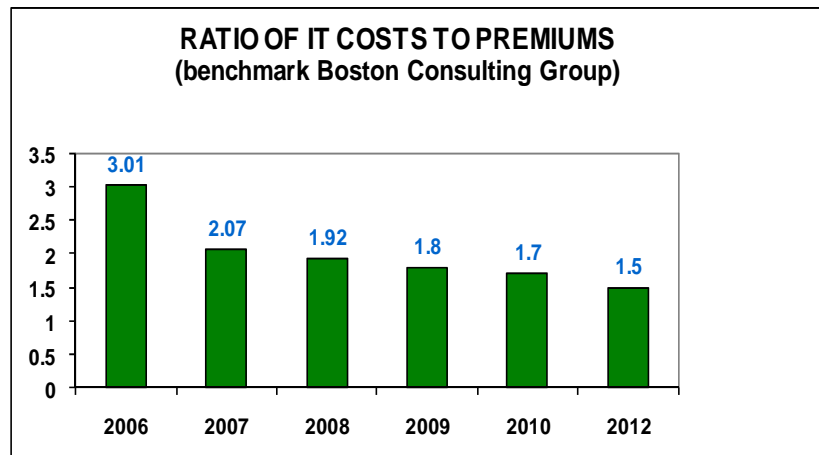




Cost reduction

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▶ IT performance:



▶ Performance of procurement/Logistics divisions

- Centralisation and optimisation of the procurement operations
- Merger of the IT and Logistics & Procurement GIEs in 2011

▶ Implementation of the “shared service centers”

- Streamline of support functions by establishing shared service centers
- Areas selected: accounting and payroll
- Projects launched since 2009
- Implementation over 2010

Expected synergies:

€60m in 2010

~€150m in 2012



Groupama



Net profit



Significant net profit in an adverse environment

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In €m	1H 2009	1H 2010	Change
Operating profit ⁽¹⁾	115	104	-9.6%
Net realised capital gains ⁽²⁾	20	90	+70 M€
Impairment losses on financial instruments ⁽²⁾	-3	-6	-3 M€
Adjusted profit	132	188	+42.4%
Gains and losses on financial assets booked at fair value ⁽²⁾	-7	-43	-36 M€
Other expenses and income	41	-18	-59 M€
Net profit	166	127	-23.6%

⁽¹⁾ profit from operations (cf. definition in appendices)

⁽²⁾ after profit sharing and taxes





Impact of the markets

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- ▶▶ On results
 - Impairments : € -6 m
- ▶▶ On shareholder's equity
 - Revaluation reserve change: € -693 m
- ▶▶ Unrealised capital gains:
 - ▶▶ Stock at the end of June 2010: €1,395 m

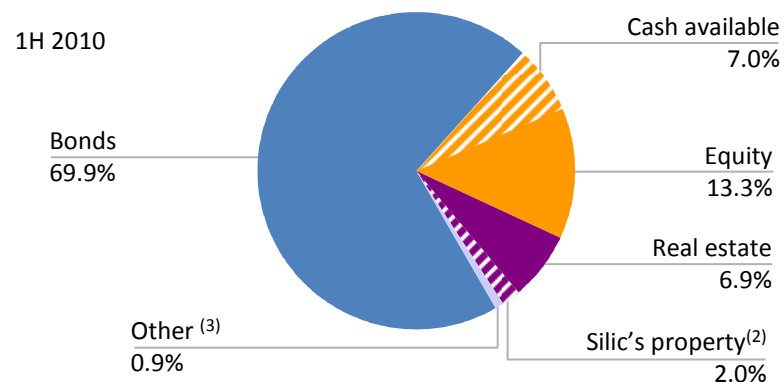
Asset portfolio



Asset portfolio

continued asset de-risking

Asset portfolio breakdown ⁽¹⁾

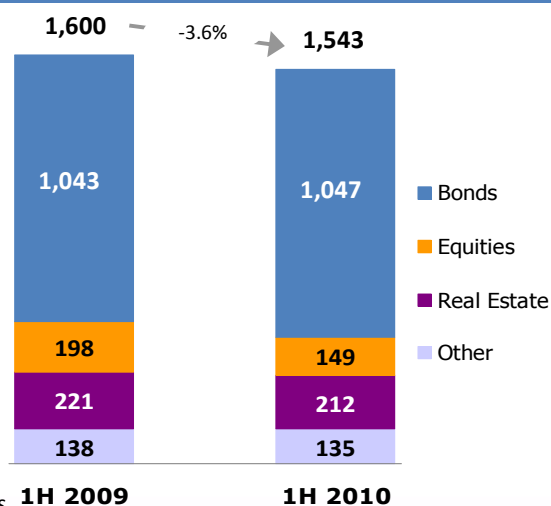


⁽¹⁾ Market value excluding unit linked and minorities

⁽²⁾ Silic's property up to Groupama's shareholding, 42.1%

⁽³⁾ "Others" derivatives and loans & receivables

Investments revenues (€m) ⁽⁴⁾



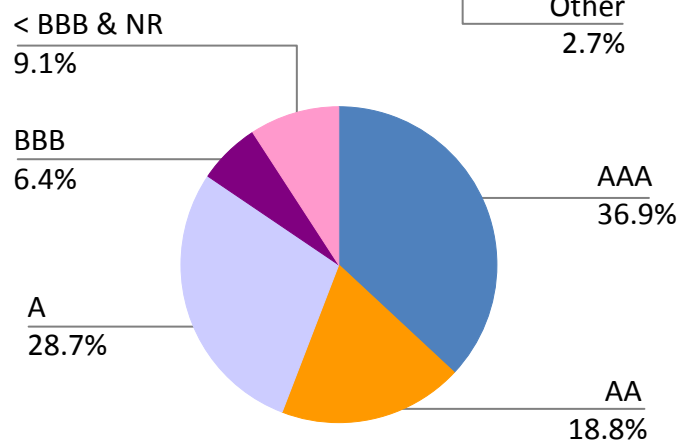
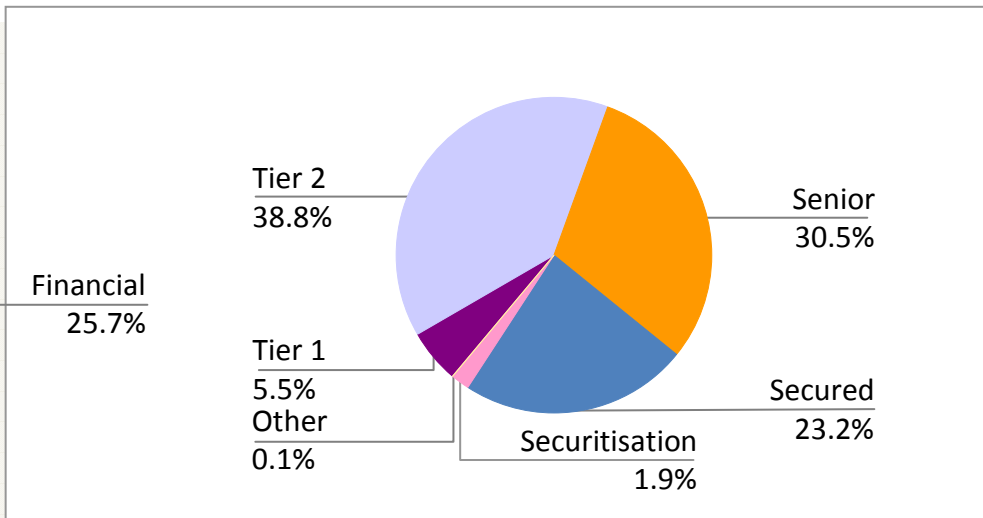
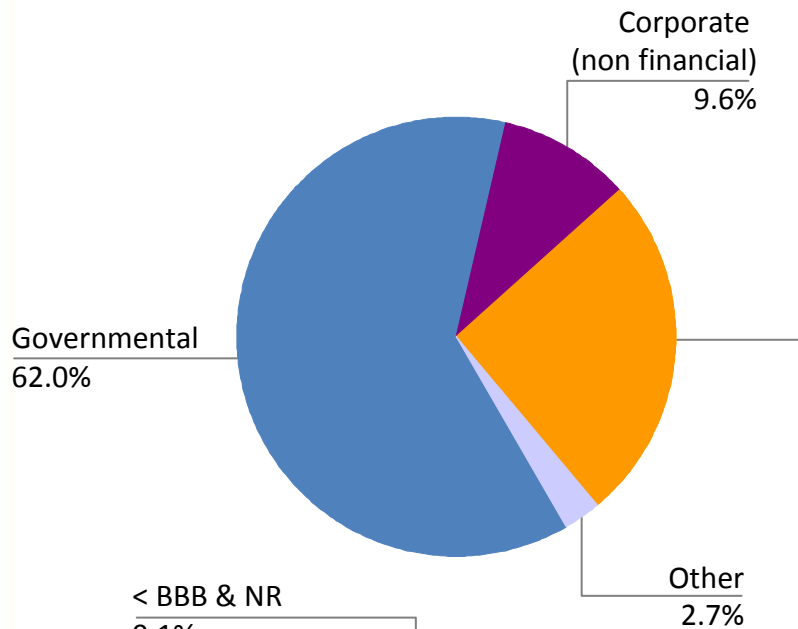
⁽⁴⁾ before management costs **1H 2009**

1H 2010

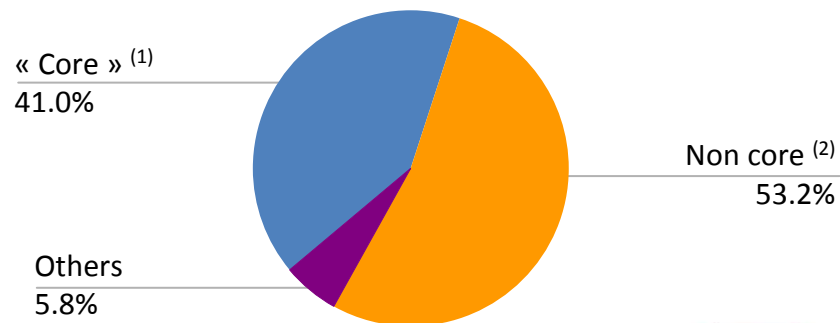
- ▶ Gradual asset de-risking in line with our strategy for 2012
- ▶ 100% of 2010 cash-flow invested in bonds
- ▶ Continuation of the prudent policy to maintain a high level of immediately available cash

Bond portfolio

A healthy bonds portfolio



Breakdown of "govies" by geographic area



- 84% of bonds are rated above A
- 91% investment grade

Market value, Groupama SA and its subsidiaries

⁽¹⁾ France, Germany, Netherlands

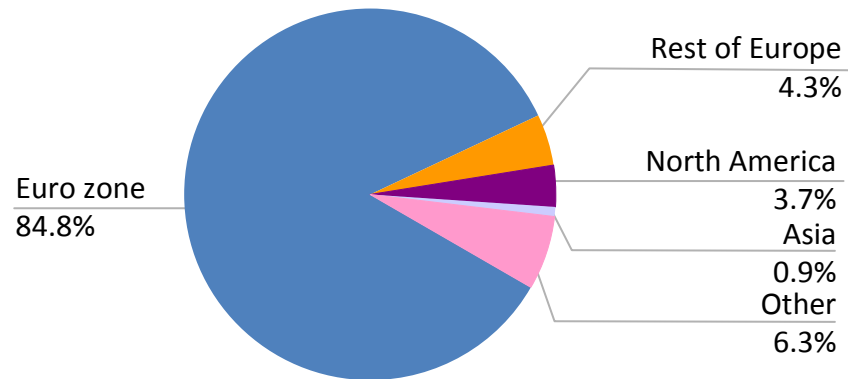
⁽²⁾ Euro zone countries excluding France, Germany and Netherlands



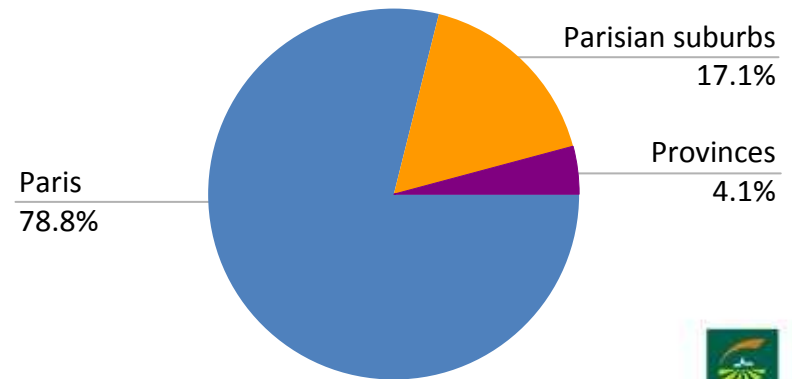
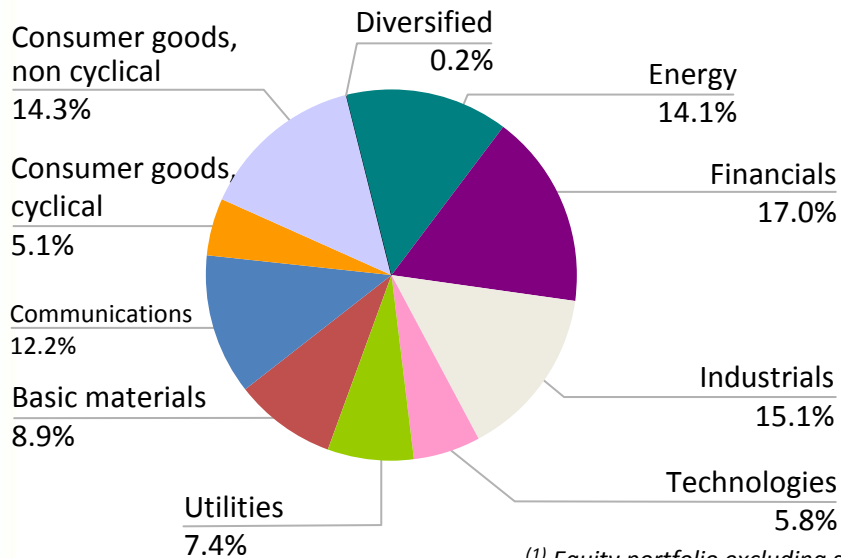
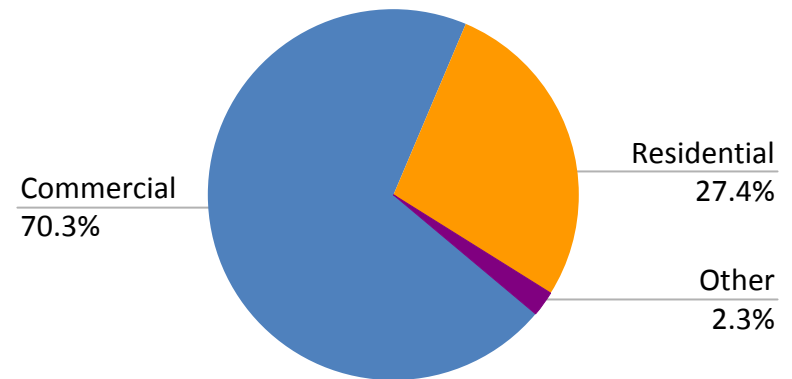


Equity & property investments portfolios at end-June 2010

Equity portfolio breakdown ⁽¹⁾ ⁽²⁾



Real estate portfolio breakdown ⁽²⁾



⁽¹⁾ Equity portfolio excluding strategic shareholdings

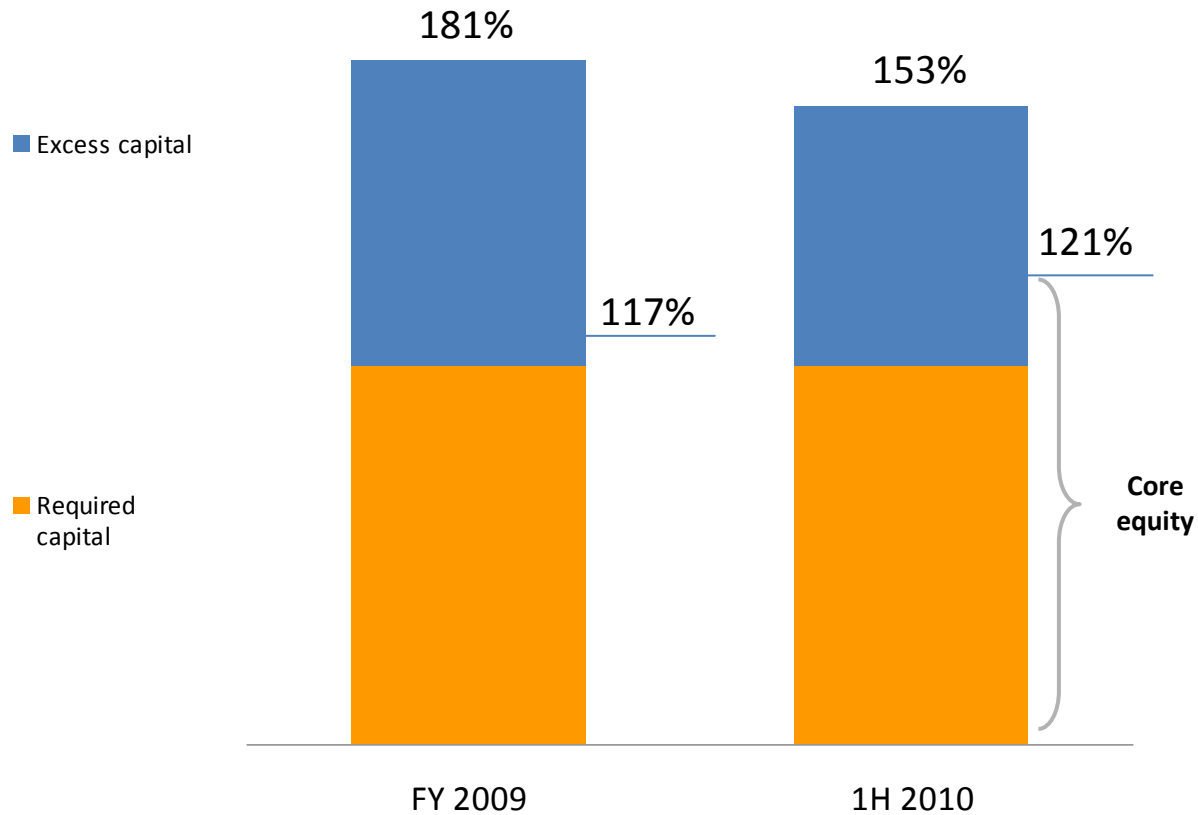
⁽²⁾ France perimeter



Capital management and financial flexibility



Statutory solvency margin stabilized at more than 150%



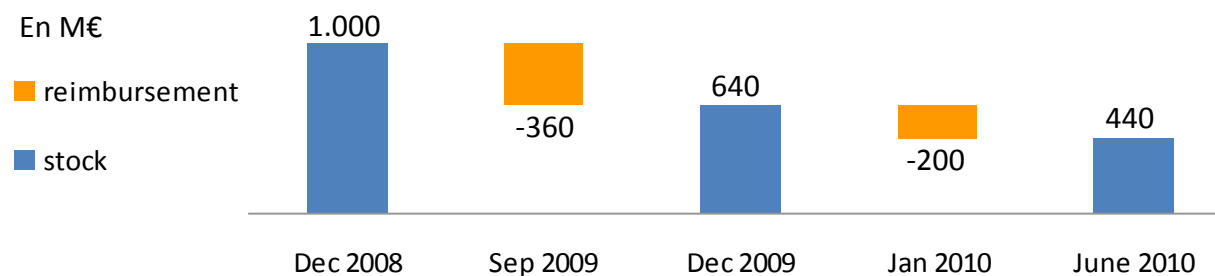
Financial flexibility

Financial debts

- ▶ Decrease in the Group financial debts at end June 2010:
 - **Stable** debt-equity ratio⁽¹⁾ of 31.2% (vs. 31.4 at end 2009)
 - €1,685m financial debts⁽¹⁾:
 - › €1,245m subordinated bonds⁽²⁾
 - › €1,000m credit facility drawn up to €440m

Credit facility

- ▶ A credit facility of €1,000m
- ▶ Sharp decrease in short term financial debts :



IPO

- ▶ From now on the Group contemplates the scenario to proceed with an IPO before any major acquisition

⁽¹⁾ excluding Silic debts

⁽²⁾ In addition, GSA issued perpetual super-subordinated bonds in October 2007 for an amount of €1bn, which are accounted as shareholders' equity instrument under IFRS.

Strategy and 2010 guidelines





The 2010 priorities

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*Controlled
organic
growth*

- ▶ Re-positioning of the GAN brand
- ▶ Development of direct networks
- ▶ White label products with our partnerships

*Increased
profitability*

- ▶ Tariffs hike in non life insurance
- ▶ Synergies and cost cutting plans

*Risk
Management*

- ▶ Decision to pass to a new step in 2010/2011 with clear objectives and priorities
 - Fully integrate risk management
 - Operational implementation at all Group levels
- ▶ Continuing de-risking of asset portfolio
- ▶ Reinsurance policy: renewal of the cat bond

*Capital
Management*

- ▶ Solvency 2 / QIS5 / Internal model
- ▶ IPO

Appendices





Group's key figures

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In €m	1H 2009	1H 2010	Change
Revenues	10,983	11,343	+3.3% (*)
Operating profit ⁽¹⁾	42 (**)	38 (**)	-9.5%
Adjusted profit ⁽²⁾	71 (**)	136 (**)	+91.5%
Net profit	110 (**)	78 (**)	-29.1%
P&C combined ratio	110.3%	106.6%	-3.7 pts
<i>Excluding storms</i>	<i>102.3%</i>	<i>101.8%</i>	<i>-0.5 pt</i>
In €m	FY 2009	1H 2010	Change
Shareholders' equity	7,233	6,593	-8.8%
Group solvency margin	181%	153%	-28 pts
Unrealized capital gains ⁽³⁾	3,291	1,958	-40.5%
Debt-equity ratio (excluding Silic)	22.8%	20.5%	-2.3 pts
Annualized ROE (excluding fair value adjustment) ⁽⁴⁾	9.3%	3.5%	-5.8 pts

⁽¹⁾ Income from operations (cf. definition in appendices)

⁽²⁾ Adjusted profit is non-GAAP measure and as such non audited

⁽³⁾ Portions attributable to shareholders: €-1bn at end June 2010 vs. €-0.3bn at end 2009

⁽⁴⁾ Calculated on average equity

(*) +3.3% on a reported basis and +4.1% like-for-like over 1H 2009

(**) negative impact of the storms after tax: 1H 2009 €-210m, 1H 2010 €-129m



Bond portfolio

decreasing exposure to toxic assets

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- ▶▶ These securities are sold opportunistically without any accounting loss
- ▶▶ In Italy and Greece, a portfolio cleaning programme has been implemented

Exposures in €m	1H 2008	FY 2008	1H 2009	FY 2009	1H 2010
US securitisations					
US subprime	0	0	0	0	0
US ABS (consumer ABS)	87	85	45	44	45
European securitisations					
CLO / CDO	12	12	4	4	3
RMBS / CMBS	471	241	164	141	145
Monolines					
Direct (debt or equity)	0	0	0	0	0
Upgraded bonds	94	90	74	62	63



Definitions

- ▶▶ The consolidated financial statements of Groupama S.A. include the financial statements of all subsidiaries and intra-group reinsurance business (representing roughly 40% of the regional mutuals' revenues ceded to Groupama S.A.). The combined financial statements of Groupama include all of the Group's businesses (corresponding to the regional mutuals and the subsidiaries consolidated by Groupama S.A.).
- ▶▶ Profit from operations corresponds to net profit before (i) net realised capital gains or losses, impairments, gains and losses on financial assets booked at fair value in any case for the portion attributable to shareholders and after tax and (ii) non recurring items, amortisation of value of business acquired (VOBA) and goodwill impairment losses all after tax.



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