



## UBS Debt Insurance Conference

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*Head of Investor Relations*

London – 26 September 2008



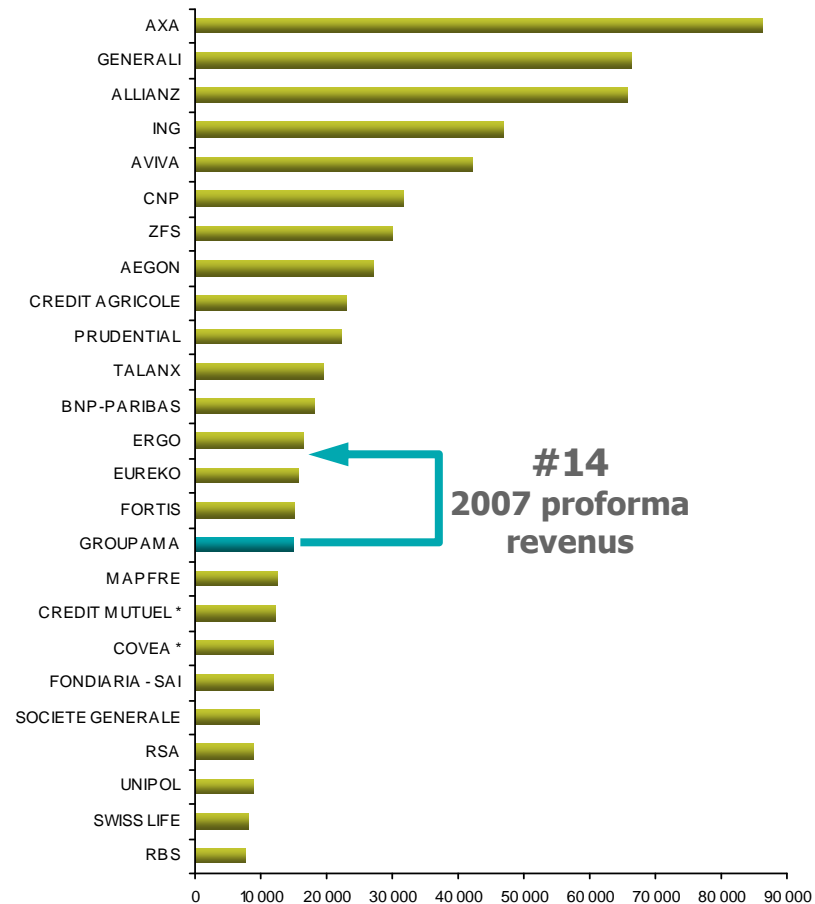
## **A. Groupama at a glance**

- B. Strategy
- C. Achievements
- D. 1H 2008
- E. Focus on international diversification
- F. Conclusion

# Groupama at a glance

- ▶ A 100-year old mutual group with agricultural origins
- ▶ 16th European insurance group
- ▶ €14.9bn insurance revenue in 2007
  - **Balanced insurance business model between Life & Health and Property & Casualty**
  - **11 million members & customers**
  - **19.5% of revenues generated outside the domestic market**
- ▶ Leading positions in France:
  - **#1 in Individual Health, Agricultural Risks, Local Authorities and Legal Protection**
  - **#2 in Home Insurance and Individual Provident Insurance**
  - **#3 in Motor Insurance, Transport and SME**

Top 25 European insurers in 2007 (GWP in €m)



Source: Direction Stratégie Groupe - companies' Annual reports 2007 & press releases 2008



# Groupama's key figures

Groupama  
Group

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In €m	2006	2007	Change
Revenues	14,165	<b>14,859</b>	+4.9%
Operating profit <sup>(1)</sup>	351	<b>398</b>	+13.4%
Net profit	753	<b>938</b>	+24.6%
P&C combined ratio	98.9%	<b>99.7%</b>	+0.8 pts
Total equity	7,447	<b>8,511</b>	+14.3%
Solvency margin <sup>(2)</sup>	311%	<b>277%</b>	-34 pts
Unrealized capital gains <sup>(3)</sup>	10,291	<b>8,335</b>	-61.4%
Debt-equity ratio (excluding Silic)	14.4%	<b>17.1%</b>	+2.7 pts
ROE (excluding fair value adjustment) <sup>(4)</sup>	15.0%	<b>16.4%</b>	+1.4 pts

<sup>(1)</sup> Profit from operations (fc. Definition in appendices)

<sup>(2)</sup> According to Solvency I, with partial inclusion of future life insurance benefits

<sup>(3)</sup> Portions attributable to shareholders: €-0.38 billion at end June 2008 vs. €1.2 billion at end 2007

<sup>(4)</sup> Calculated on average equity

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# Strategic vectors announced in 2006

Strategic plan  
2007-2009

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- ▶ Consolidate and expand positions in France
  - ▶ Increase market shares in Life & Health,
  - ▶ Consolidate positions in the main Property and Casualty lines,
  - ▶ Develop bancassurance operations
  
- ▶ Speed up the pace of growth (organic and external) in International markets
  - ▶ Invest in distribution,
  - ▶ Capitalise on best practices,
  - ▶ Pursue acquisitions and partnerships
  
- ▶ Achieve further profitability gains through even greater efficiency
  - ▶ Sustain the contribution of the different divisions at a high level
  - ▶ Reduce expense ratios (France)

# Key objectives published in 2006

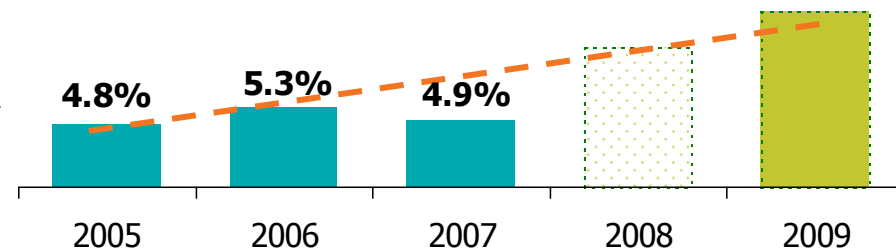
Strategic plan  
2007-2009

## Objectives 2007/2009

Group three-year plan 2007/2009

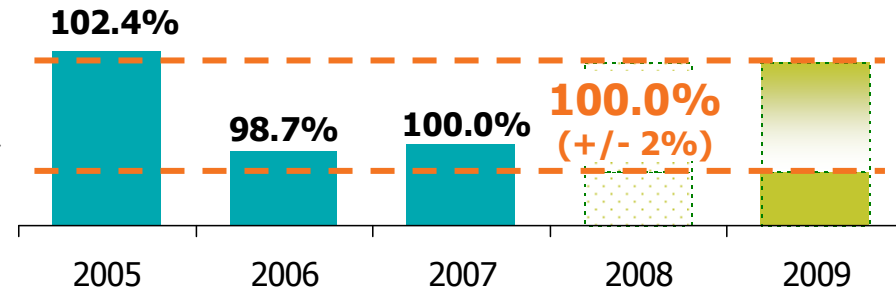
Overall premium  
income growth rate

+ 7% en 2009



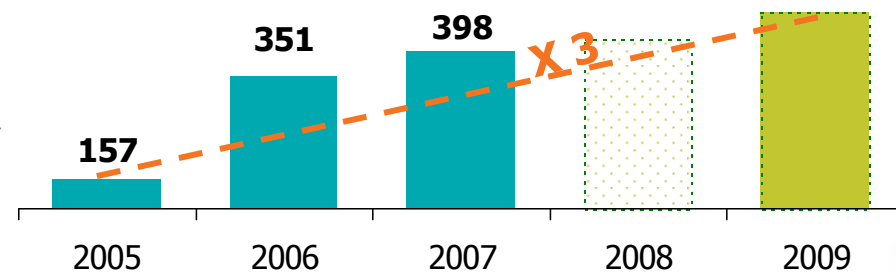
Non-life combined  
ratio over cycle

100% (+/-2%)



Operating profit  
(€ million)

X 3 / 2005



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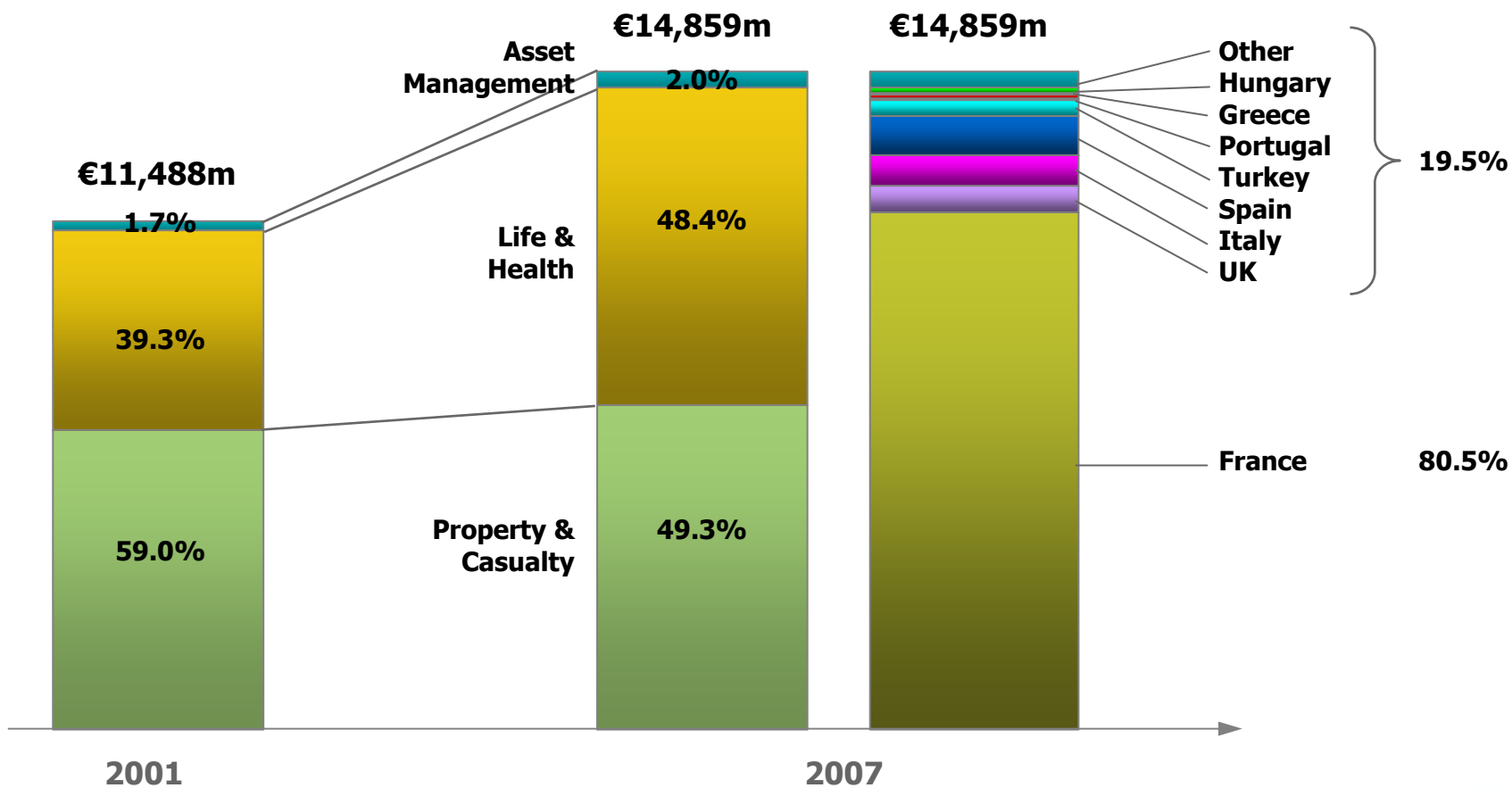
E. Focus on international diversification

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# An increasingly diversified insurance company...

- Revenues balanced between L&H and P&C, and internationally diversified



... leveraged in France by various action plans,

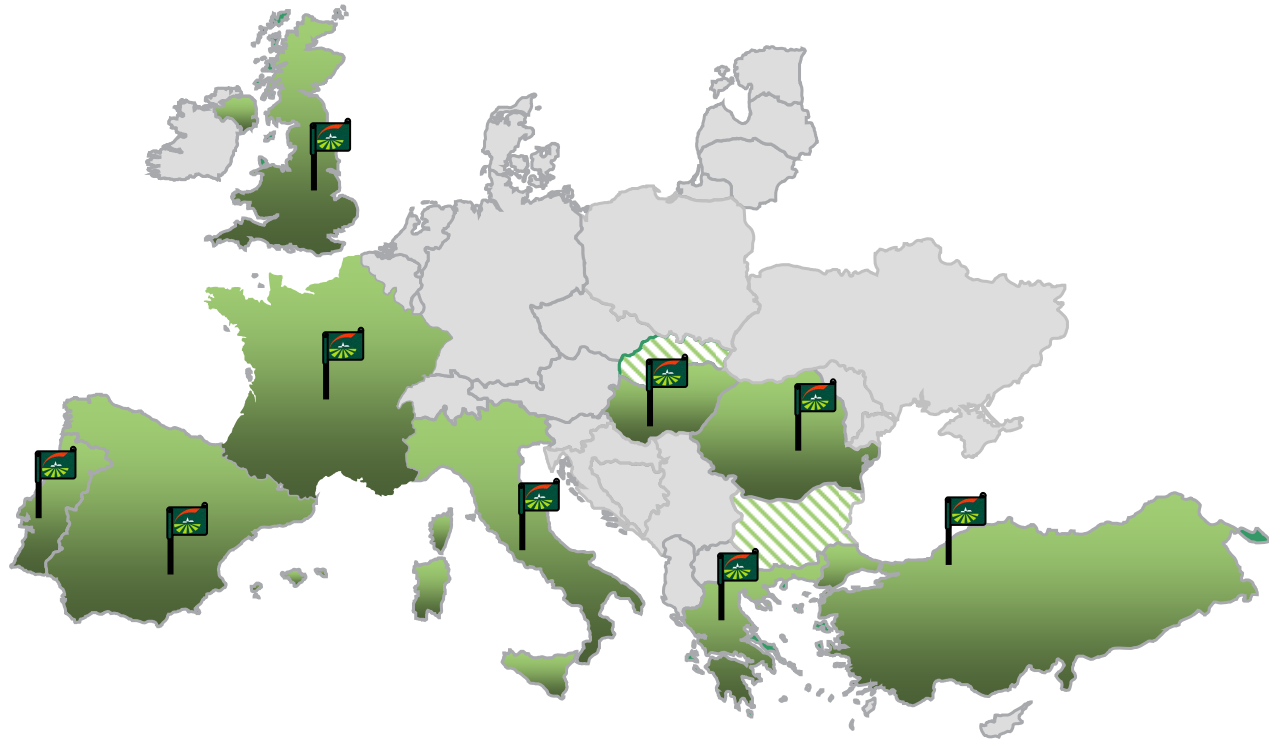
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- ▶ Offer / quality of services
  - ▶ CAP 2008
  - ▶ “Objectif Entreprises”
  - ▶ H9 plan
  
- ▶ New distribution channels
  - ▶ Recent partnerships (Cegid, Réunima)
  - ▶ Low cost initiative
  
- ▶ Process and synergies
  - ▶ Apogee project
  - ▶ Cost reduction plan

# ...and well positioned in high growth potential markets

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- ▶ Latest acquisitions in Hungary, Romania and Turkey
- ▶ Strategic stake in STAR's capital (Tunisia)
- ▶ Still positioned in Asian markets (China, Vietnam) in order to take advantage of potential long term growth opportunities



Next diversification steps:

- ▶ Focusing on integration of the newly acquired subsidiaries
- ▶ Monitoring opportunities to strengthen our current platforms in the European emerging markets



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**D. 1H 2008 results**

✓ **Key figures**

✓ Revenues and earnings

✓ Active management of balance sheet and risk profile

E. Focus on international diversification

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# Key highlights

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- ▶ Strong growth in revenues reflecting the strength of a well-balanced and rock solid business-model with recurrent flows
- ▶ Significant increase in operating profit driven by L&H business and strict control of expenses
- ▶ Very limited impairments resulting from the drop in equity markets and very high quality of asset portfolio reflecting the cautious financial strategy of the group
- ▶ Very strong solvency position: 215% Solvency I ratio
- ▶ International diversification strictly controlled and in line with our strategy

# Key indicators: a solid 1st half year

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In €m	1H 2007	<b>1H 2008</b>	Change
Revenues	9,367	<b>10,249</b>	+9.4% <sup>(1)</sup>
Operating profit <sup>(2)</sup>	210	<b>256</b>	+21.9%
Net profit	558	<b>327</b>	-21.0%*
P&C combined ratio	100.7%	<b>100.4%</b>	-0.3 pt
In €m	FY 2007	<b>1H 2008</b>	Change
Equity	8,511	<b>6,948</b>	-18.4%
Solvency margin <sup>(3)</sup>	277%	<b>215%</b>	-62 pts
Gross unrealized capital gains <sup>(4)</sup>	8,335	<b>3,406</b>	-59.1%
Debt-equity ratio (excluding Silic)	17.1%	<b>16.8%</b>	-0.3 pts
Annualized ROE (excluding fair value adjustment) <sup>(5)</sup>	16.4%	<b>12.0%</b>	-4.4 pts

<sup>(1)</sup> 9.4% on a reported basis and 4.2% like-for-like over 1H 2007

<sup>(2)</sup> Profit from operations (cf. Definition in appendices)

<sup>(3)</sup> According to Solvency I, with partial inclusion of future life insurance benefits

<sup>(4)</sup> Portions attributable to shareholders: €-0.28 billion at end June 2008 vs. €1.52 billion at end 2007

<sup>(5)</sup> Calculated on average equity

\* Excluding disposal of Scor

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**D. 1H 2008 results**

✓ Key figures

✓ **Revenues and earnings**

✓ Active management of balance sheet and risk profile

E. Focus on international diversification

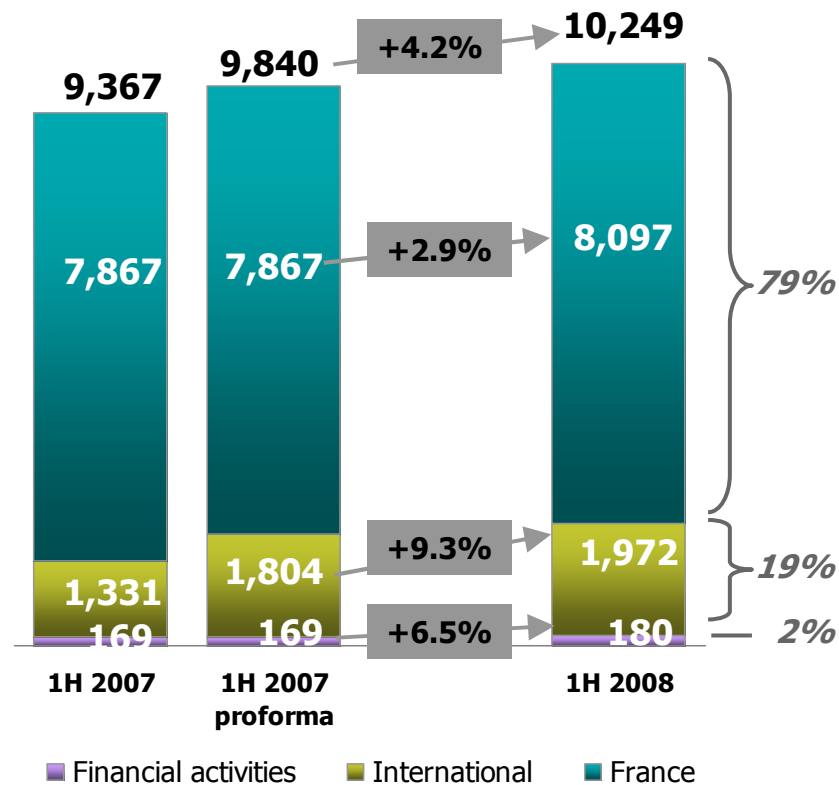
F. Conclusion

# Revenues: sustained growth in all business lines

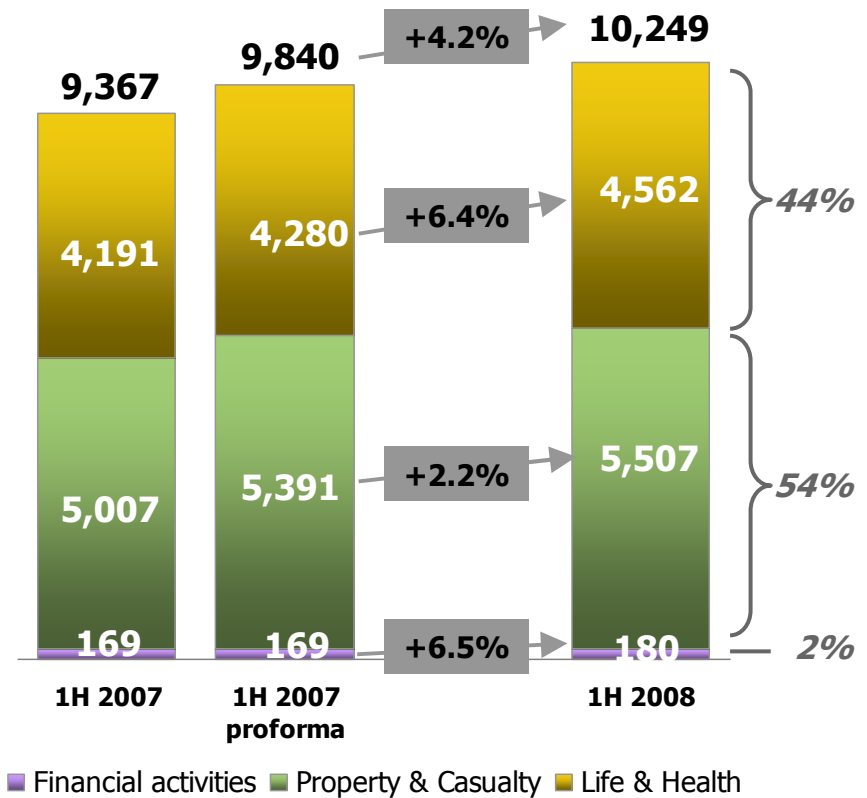
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## Breakdown of revenues by geographic areas



## Breakdown of revenues by business lines



**1H 2007 proforma calculations:** 1H2008 portfolio perimeter, conversion using 2008 average exchange rates

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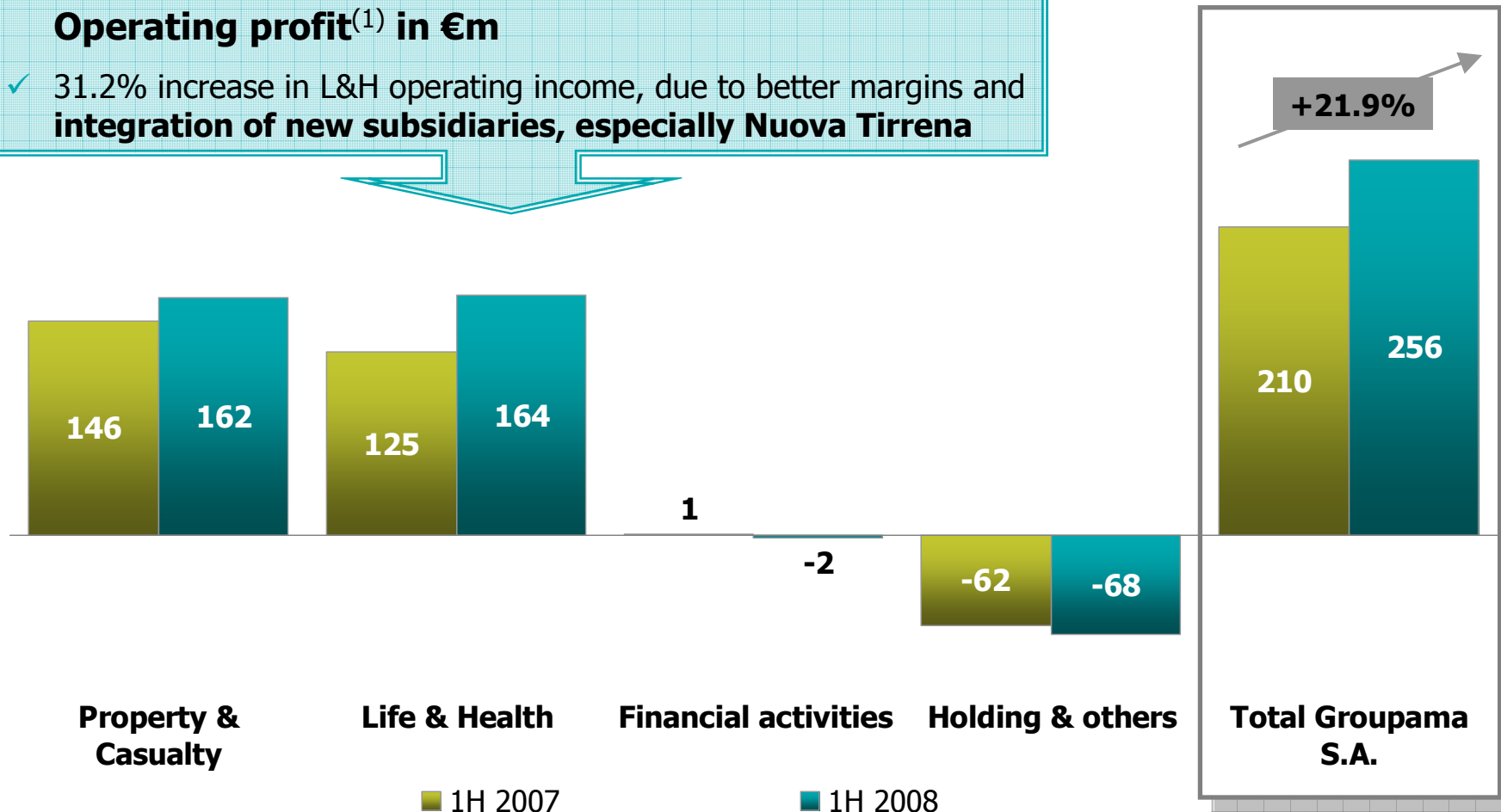


# Operating profit: up 21.9%

Groupama Group

## Operating profit<sup>(1)</sup> in €m

- ✓ 31.2% increase in L&H operating income, due to better margins and integration of new subsidiaries, especially Nuova Tirrena



<sup>(1)</sup> Profit from operations (cf. definition in appendices)

# Breakdown of net income

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In €m	1H 2007	1H 2008	Change
Operating profit, insurance	271	<b>326</b>	+20.3%
Operating loss, financial activities	1	<b>-2</b>	NA
Operating loss, holding companies	-62	<b>-68</b>	-6.5%
<b>Total operating profit</b> <sup>(1)</sup>	210	<b>256</b>	+21.9%
Net realised capital gains	323	<b>117</b>	-63.8%
Gains and losses on financial assets booked at fair value	23	<b>-41</b>	NA
Other expenses and income	2	<b>-6</b>	NA
<b>Net profit</b>	558	<b>327</b>	-41.4% (*)

<sup>(1)</sup> Profit from operations (cf. definition in appendices)

<sup>(\*)</sup> -21.0% excluding €144.5 m in capital gains from disposal of SCOR securities in 2007

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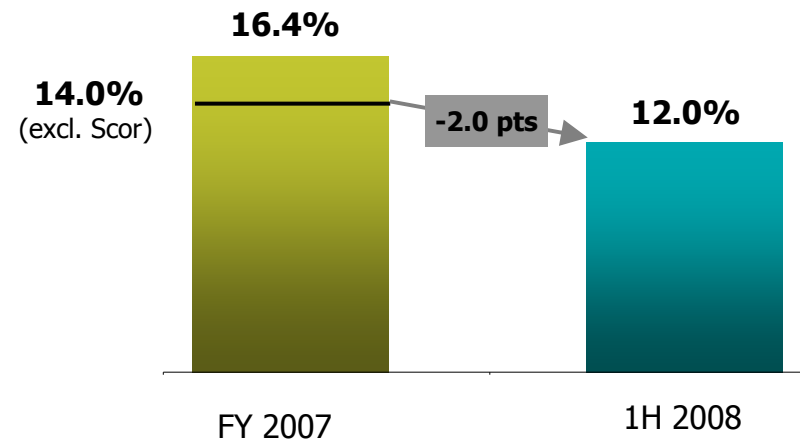
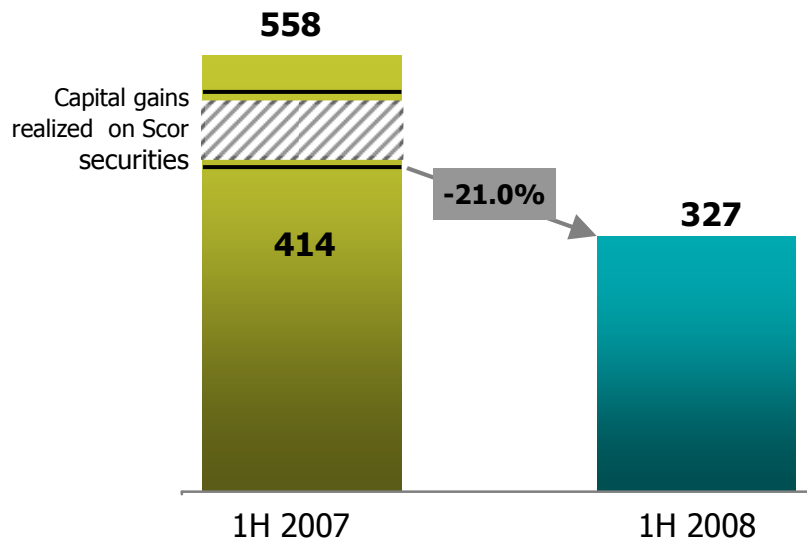
# Net income: a decrease mainly due to market turbulences

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## Net profit

## ROE

€m



✓ **Very slight impairment (€25m)**  
resulting from the drop in equity markets

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✓ Key figures

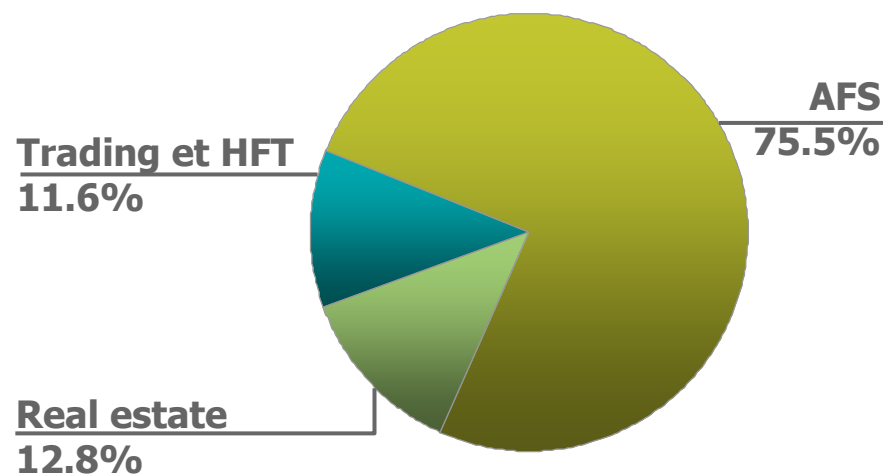
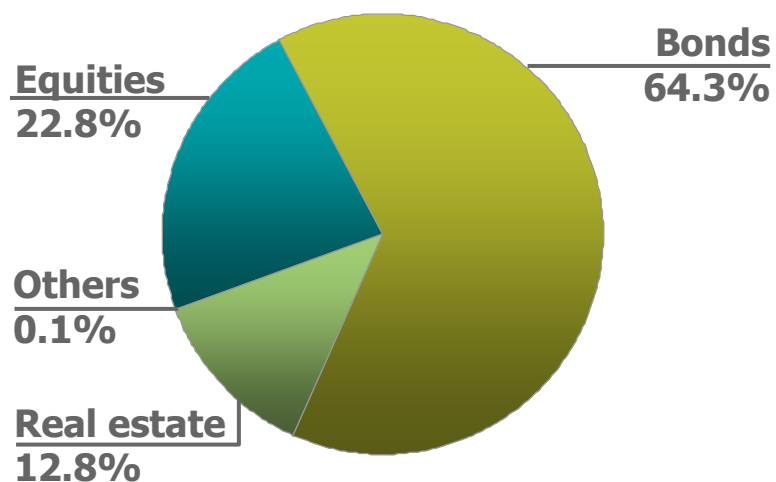
✓ Revenues and earnings

✓ **Active management of balance sheet and risk profile**

E. Focus on international diversification

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## Breakdown of investments (1)



(1) Market value – excluding unit linked

- ▶ 95% of the portfolio has a rating >A
  - ▶ **73.0% in AAA/AA ratings**
  - ▶ **Less than 5% rated BBB**
  - ▶ **About 1% not rated or non-investment grade**

Rating	1H 2008
AAA	53.1%
AA	19.9%
A	21.7%
BBB	4.1%
NR or< BBB	1.2%

- ▶ Approximately 64% held in the form of euro govies
  - ▶ **Primarily OAT/Bund (AAA)**
  - ▶ **Financial debt: 23.5%**
  - ▶ **Credit (ex. financial debt): 12.5%**
    - ▶ Securitizations: EUR 560 m

Very tiny exposure to European securitizations,  
no direct exposure to monolines and GSE's

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In €m	FY 2007	1H 2008
<b>US subprime</b>	<b>0</b>	<b>0</b>
<b>Other</b>		
<b>US ABS (consumer ABS)</b>	<b>118</b>	<b>87</b>
<b>CLO</b>	<b>0</b>	<b>0</b>
<b>CDO</b>	<b>12</b>	<b>12</b>
<b>European RMBS</b>	<b>467</b>	<b>471</b>
<b>Monolines</b>		
<b>Direct (debt or equity)</b>	<b>0</b>	<b>0</b>
<b>Upgraded bonds</b>	<b>124</b>	<b>94</b>

# No significant exposure to Lehman Brothers

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Exposure to:	In €m
Equities	0
Bonds	5
Derivatives	1
<b>Total Lehman Brothers exposure</b>	<b>6</b>

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## ➤ Rate risk

### ➤ **Extension of programmes to hedge rate increases on life entities**

- Increase in unrealised gain on the existing IFT programmes
  - Swaps
  - Options

### ➤ **Implementation of a rate risk (decrease/increase) hedging programme on the Article 83's (defined benefits)**

- Strong desensitisation to risk

## ➤ Foreign exchange risk

### ➤ **Systematic management of the "pre-closing" exchange risk on recent acquisitions**

### ➤ **Via forward purchases of currencies or currency options**

### ➤ **Operational implementations:**

- Hedge of the EUR/HUF risk on the OTP Garancia transaction.
- Hedge of the EUR/TRY risk on the GUVEN transaction.
- Hedge of the EUR/TND risk on the STAR transaction.



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# A group focused on risk integration and management processes

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- Deployment of an integration methodology and processes
  - **group integration plan**
  - **appointments of key managers**
  - **deployment of group ERM and control to all subsidiaries acquired**
  
- Expertise and experience to be exported
  - **technology transfers**
  - **HR**

# Focus on latest consolidated entities

1H 2008	Phoenix Metrolife	Nuova Tirrena	BT Asigurari
Country	Greece	Italia	Romania
Closing effective in	June 2007	November 2007	December 2007
Revenues (€m)	73	390	44
Net income (€m)	1	36	-6
Integration steps	<ul style="list-style-type: none"> <li>▶ New management team</li> <li>▶ Voluntary departures plan</li> <li>▶ New branding: Groupama Phoenix</li> <li>▶ New sales strategy: launching of new products and marketing campaign</li> </ul>	<ul style="list-style-type: none"> <li>▶ Single management team</li> <li>▶ Processes transfer from Generali to Groupama</li> <li>▶ Implementation of a unique "business model"</li> <li>▶ Products convergence between the 2 Italian subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>▶ New CEO</li> <li>▶ Exclusive bancassurance distribution agreement with Banca Transilvania</li> <li>▶ Audit mission</li> <li>▶ 9-step strategic plan:                             <ul style="list-style-type: none"> <li>▶ Re-branding</li> <li>▶ Distribution</li> <li>▶ IT</li> <li>▶ Reporting, ...</li> </ul> </li> </ul>

# Recent developments totally in line with group's criteria

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	<b>OTP Garancia</b>	<b>Asiban</b>	<b>Güven</b>	<b>STAR</b>
<b>Country</b>	Central & Eastern Europe	Romania	Turkey	Tunisia
<b>Signing</b>	February 2008	April 2008	June 2008	July 2008
<b>Closing</b>	Bulgaria: 6 August 2008 Romania: 29 August 2008 Slovakia: 9 September 2008 Hungary: 17 & 22 September 2008	6 August 2008	October 2008	17 October 2008
<b>Revenues (2007)</b>	€323 m (Hungary)	€186 m	€128 m	€121 m
<b>Rationale</b>	Opportunity to be among leaders in the Hungarian market & access to other Central & Eastern European countries	Consolidate Groupama's presence in Romania (BT Asigurari in 2007)	Consolidate Groupama's presence in the Turkish market (Basak in 2006)	1st grade agreement with the Tunisian leader in non-life insurance (35% stake) Strategic access to a new market with high potential growth

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# International strategy for 2008-2009

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- ▶ After a period of strong development, which achieved our objectives for external growth and the efforts in integrating the new subsidiaries, the group will maintain an active watch in the following countries or zones (to complete the top 10 / top 5 strategy largely initiated) :
  - ▶ **PECO: assistance the OTP bank under our reinsurance agreements, particularly in Russia and Ukraine**
  - ▶ **strengthen our positions based on opportunities and potential synergies: Turkey and Greece**
  
- ▶ At the same time, maintain maximum financial flexibility and a high level of cautiousness
  - ▶ **Listing capacity**
  - ▶ **Room for further hybrid debt on the CAR model of S&P**
  - ▶ **Excess capital in the mutuals, shareholder of Groupama S.A**
  - ▶ **Alternative funding solution involving private investors**



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## In conclusion

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- ▶ Our well-balanced business model and our cautious portfolio management allowed us to strongly withstand the turmoil
- ▶ Actions and results completely in line with the strategy announced
- ▶ A group focused on integrating its acquisitions and on the continued deployment of group risk management
- ▶ Launch of new offers and distribution channels to strengthen our development
  - ▶ **Amaguiz.com**
  - ▶ **Urban plan**

**Achieve more and do it better to become  
one of the future European insurance leaders**

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# Appendices

# 1H 2008: Groupama S.A.'s key figures

Groupama S.A.

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In €m	1H 2007	<b>1H 2008</b>	Change
Revenues	6,878	<b>7,711</b>	+12.1% <sup>(1)</sup>
Operating profit <sup>(2)</sup>	217	<b>228</b>	+5.1%
Net profit	506	<b>279</b>	-44.9% <sup>(*)</sup>
P&C combined ratio	97.9%	<b>99.9%</b>	+2.0 pts
In €m	FY 2007	<b>1H 2008</b>	Change
Equity	5,918	<b>4,376</b>	-26.0%
Group solvency margin <sup>(3)</sup>	277%	<b>215%</b>	-62 pts
Unrealized capital gains <sup>(4)</sup>	7,463	<b>2,881</b>	-61.4%
Debt-equity ratio (excluding Silic)	23.3%	<b>23.6%</b>	+0.3 pt
Annualized ROE (excluding fair value adjustment) <sup>(5)</sup>	22.5%	<b>16.1%</b>	-6.4 pts

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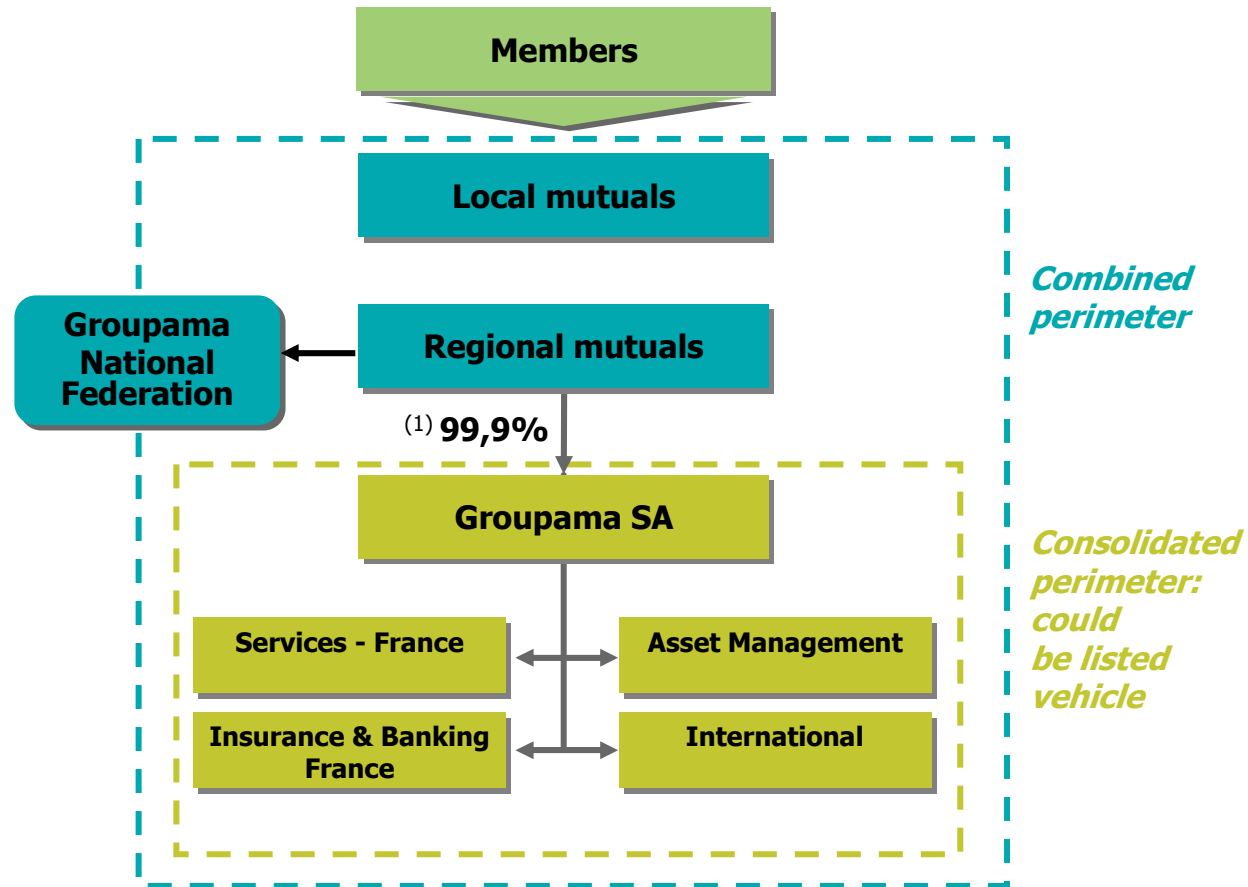
<sup>(5)</sup> Calculated on average equity

<sup>(\*)</sup> -22.9% excluding €144.5 m in capital gains from disposal of SCOR securities in 2007

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# Organizational chart



(1) Indirectly held by a control holding company and 0.1% of the capital of Groupama S.A. held by employees and agents

- ▶ 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 recurring profit before realised capital gains and losses, net of tax, attributable to shareholders. Recurring profit corresponds to net profit, before unrealised gains and losses, net of tax, or financial assets at fair value through profit or loss, attributable to shareholders, non-recurring items, net of tax, and goodwill impairment losses.

# Investor Relations contact details

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