



Groupama



## 2006 Results

*Press Presentation*

*15 March 2007*

- Groupama, reaffirmed goals

*Jean-Luc Baucherel*

- Accelerated revenue and earnings growth

*Jean Azéma*

- Consolidated results

*Helman le Pas de Sécheval*

Higher Domestic and International profits

- Outlook

*Jean Azéma*



Groupama



## 2006 Results

*Reaffirmed Goals*

Jean-Luc Baucherel  
*Chairman*

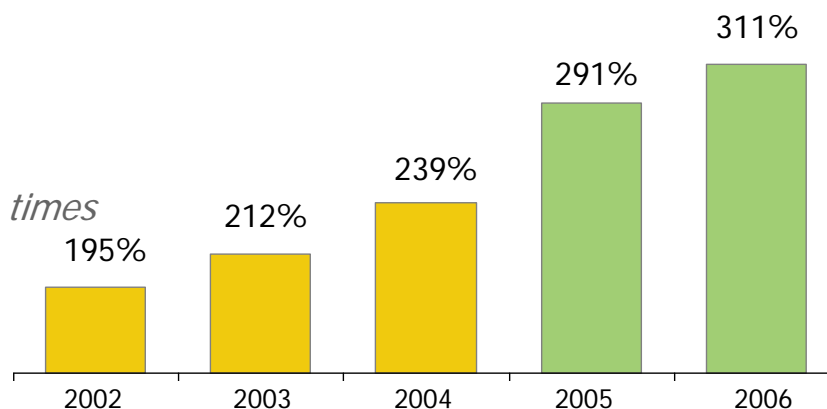
# A leadership position strengthened by excellent results

## 2006: ongoing growth and a further sharp rise in profit

- Sustained growth in France and in International markets
  - Combined revenue up 5.3% at €14.2 billion
    - *France: 7.0% growth in Life & Health premiums*
    - *International: 17.5% growth*

- Combined profit up 38.4% at €753 million

- A solid financial position
  - *Group net assets: €7.4 billion*
  - *Minimum solvency requirement covered 3 times*



# Robust results that validate our growth model

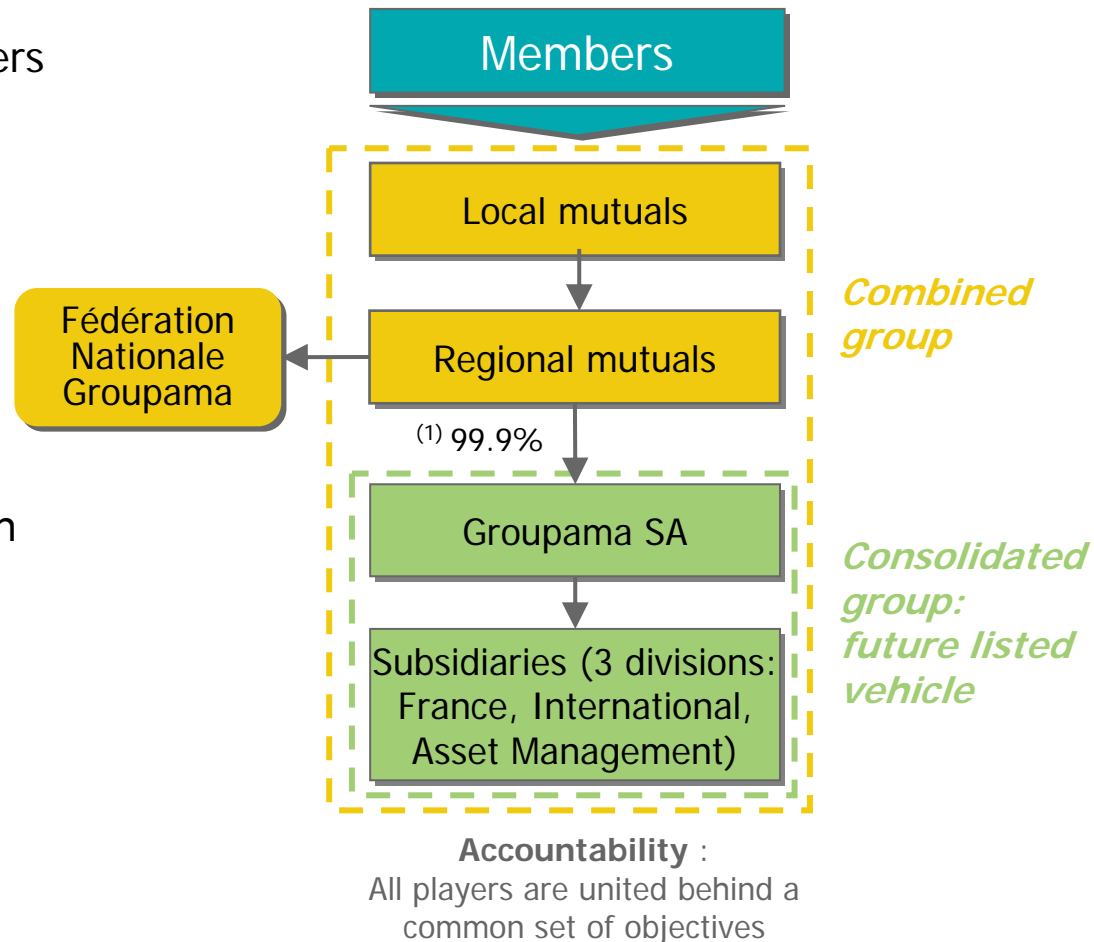
## **A growth model based on a pragmatic vision and the Group's traditional business principles**

- Serving members locally, through a dense commercial distribution network and a dense network of elected members
- Adherence to the principles of responsibility and solidarity at all levels of the organisation

**Our business performance ensures that we offer members and customers a competitive service and guarantees Groupama's long-term prosperity**

# An efficient corporate governance structure

- ▶ Our mission: to satisfy our members and customers
- ▶ Shared responsibility between the members of the mutuals' boards, representing members, and executive management, made up of insurance professionals
- ▶ Corporate governance aligned with market standards
  - Independent directors
  - Committees of the Board



1) 0.1% of Groupama SA's capital is held by employees and agents.  
The regional mutuals' interest in Groupama SA is held through controlling holding companies

# A strong commitment to our community of members in line with our business principles

## **A long-term commitment to our community of members, reflected in...**

- **Our active risk prevention policy**
  - Prevention of road accidents, in particular through our Centaure centres
  - Prevention of health risks, in particular through our Santé Active programme
  - Prevention of agricultural risks, leveraging the expertise acquired over more than 50 years
  
- **Our scientific and cultural sponsorship**
  - Fondation Groupama pour la Santé, contributing to the fight against rare diseases (web-based information resources, Espoir research grants, etc.)
  - Fondation Groupama Gan pour le Cinéma, providing financial assistance for the creation, production, distribution and restoration of movies
  
- **Sustainable development**
  - Expression of support for the United Nations Global Pact in 2006
  - Signature of France's Diversity Charter in 2007

## The Board of the Fédération Nationale has confirmed the Group's strategic goals for the next five years

- Consolidate and expand our positions in France
- Speed up the pace of organic and external growth in International markets
  - In existing host markets
  - In new markets, focusing mainly on Southern, Central and Eastern Europe

*The stock market listing of Groupama S.A.: a financing means to support our growth strategy*

*Our Group is in good shape, in financial, business and organisational terms, to make this important move*





Groupama



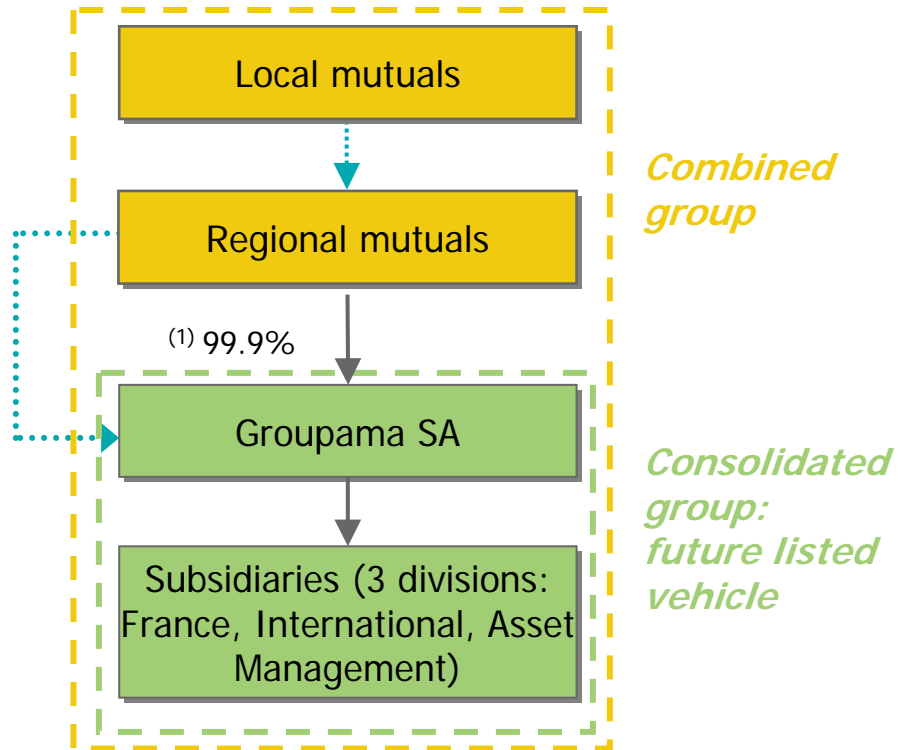
## 2006 Results

*Accelerated Revenue and Earnings Growth*

Jean Azéma  
*Chief Executive Officer*

# The combined and consolidated groups

- Capital ties
- ▶ Reinsurance ties



1) 0.1% of Groupama SA's capital is held by employees and agents.  
The regional mutuals' interest in Groupama SA is held through controlling holding companies

## 2006: an eventful year...

11

- Authorisation to seek a stock market listing for Groupama S.A.
- Presentation of the 2007-2009 strategic plan

### France: sustained growth in Life & Health Insurance

- Personal services: launch of Fourmi Verte
- Partnership with Dexia

### International: accelerated growth

- Acquisitions in Spain, Turkey, the UK
- All subsidiaries united under the Groupama banner

# A year of progress towards our strategic goals...

Consolidated  
results

12

(€m)	Consolidated group	
Premium income - France	8,826	+ 3.7%
Premium income - International	2,372	+ 17.5%*
Asset Management and Finance	282	+ 36.9%
<b>TOTAL</b>	<b>11,480</b>	<b>+ 6.7%</b>
<b>Profit from operations <sup>(1)</sup></b>	<b>324</b>	<b>+ 159.4%</b>
<b>Combined ratio (P&amp;C)</b>	<b>98.0%</b>	<b>- 6.2 pts</b>
<b>NET PROFIT</b>	<b>600</b>	<b>+ 52.3%</b>
<b>ROE <sup>(2)</sup></b>	<b>20.0%</b>	<b>+ 2.4 pts</b>

1) Recurring profit before realised capital gains and losses, net of tax, attributable to share holders

2) Return on average equity

\* Excluding discontinued operations

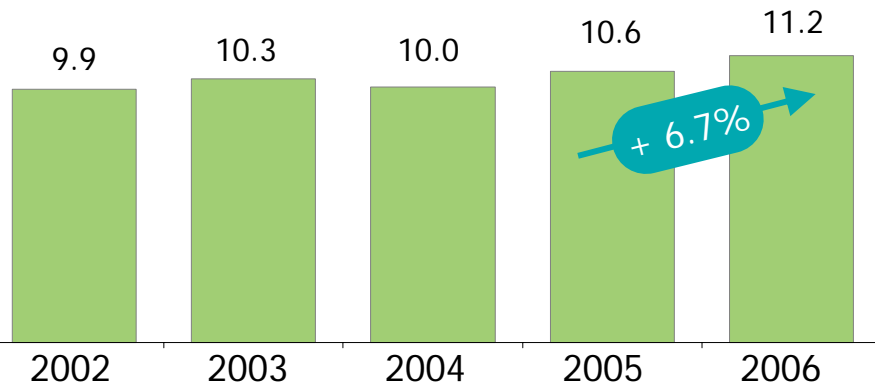
## ...after five years devoted to optimising our business model

- ▶ Regional mutuals have been merged
- ▶ Corporate structures have been reorganised and preparations made for a stock market listing
- ▶ Common tools and procedures have been deployed to fully leverage Group synergies
- ▶ International operations have been rationalised and their margins restored
- ▶ Gan Assurances has a new marketing dynamic
- ▶ A retail banking offer has been launched, supported by an innovation-led product strategy

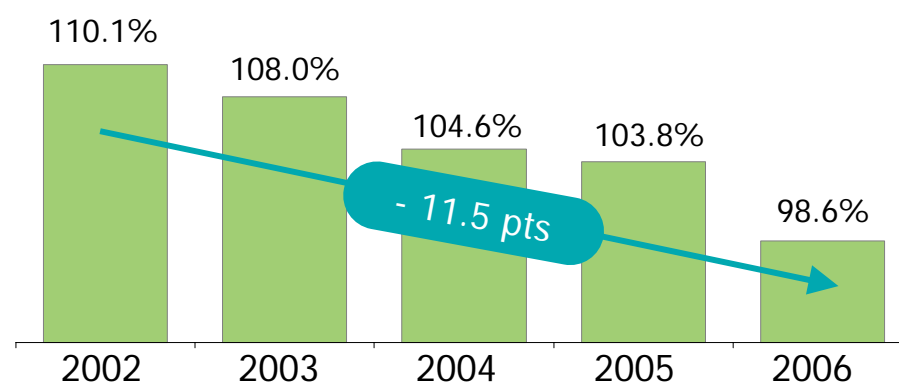
# Accelerated growth in 2006 and a steady improvement in margins over the last five years

Consolidated results

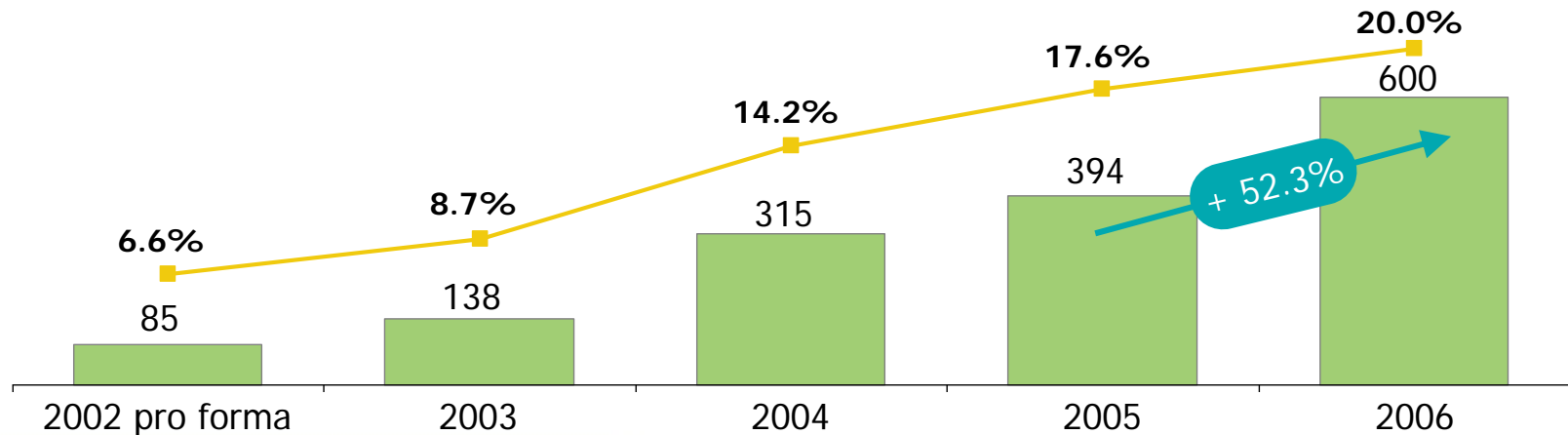
Premium income: France + International (€bn)



Combined ratio



Net profit (€m) et ROE (based on average equity)



# France: a robust performance leading to stronger positions

## Life & Health Insurance

- ▶ Extended leadership in individual health insurance
- ▶ Significant advances in savings-pensions (doubling of the proportion of unit-linked revenue)
- ▶ Development of unforeseen events cover
- ▶ Development of employees savings

## Property & Casualty Insurance

- ▶ Growth in motor insurance
- ▶ Development of weather damage insurance, confirming our leadership in the agricultural sector
- ▶ Rapid growth in legal expenses insurance

## Retail Banking

- ▶ Ongoing development of the banking services offer

## Services

- ▶ Increasing sales of bolt-on services: accident management (over 100,000 interventions), operational launch of Fourmi Verte (7,000 customers), assistance

2006	Performance vs. market
+ 23,000 contracts	↗
Revenue up 8.4%	↗
+ 42,000 contracts	↗
+ 22% (new money)	
+ 37,000 vehicles	↗
Premiums up 27.5%	↗
Premiums up 19.6%	↗
+ 80,000 customers	
Revenue up 26.5% (assistance)	

# International: continued growth dynamic

2006

## ▶ **Operational integration of:**

- ▶ Basak in Turkey
- ▶ Clinicare in the UK
- ▶ Azur subsidiaries in Spain

## ▶ **Investment in distribution**

- ▶ Agencies opened in Spain
- ▶ Brokerage in the UK
- ▶ Online connection with agencies in Italy
- ▶ Partnership with Cora in Hungary

Turkey's largest agent network  
Most Innovative New Product  
Revenues in Spain: €790m

34 exclusive agents appointed  
Acquisition of Carole Nash  
Growth in a flat market  
Distribution agreement



# Asset Management: a fast-growing business

- Rapid growth in assets under management, particularly managed funds
  - **€79.0bn (up 10.7%)<sup>(1)</sup>, for Groupama Asset Management**  
of which managed funds: €12.2bn (up 23.7%)
  - **Groupama Asset Management revenue up 19.6%**
- Rapid growth in private equity
  - **€1.1bn (up 62.3%)**
- Prize-winning performances
  - Five Lipper Fund Awards  
(recognizing the best European fund managers)
  - Several prizes at the 2006 Le Revenu awards
  - 2nd place in the Grand Prix organised by Agefi magazine
  - 2nd highest score for Groupama Alternative Equilibre in the La Tribune/L'EDHEC hedge fund rankings

1) Including funds of funds and Italian subsidiaries



## Consolidated Results

*Higher Domestic and International Profits*

Helman le Pas de Sécheval  
*Chief Financial Officer*

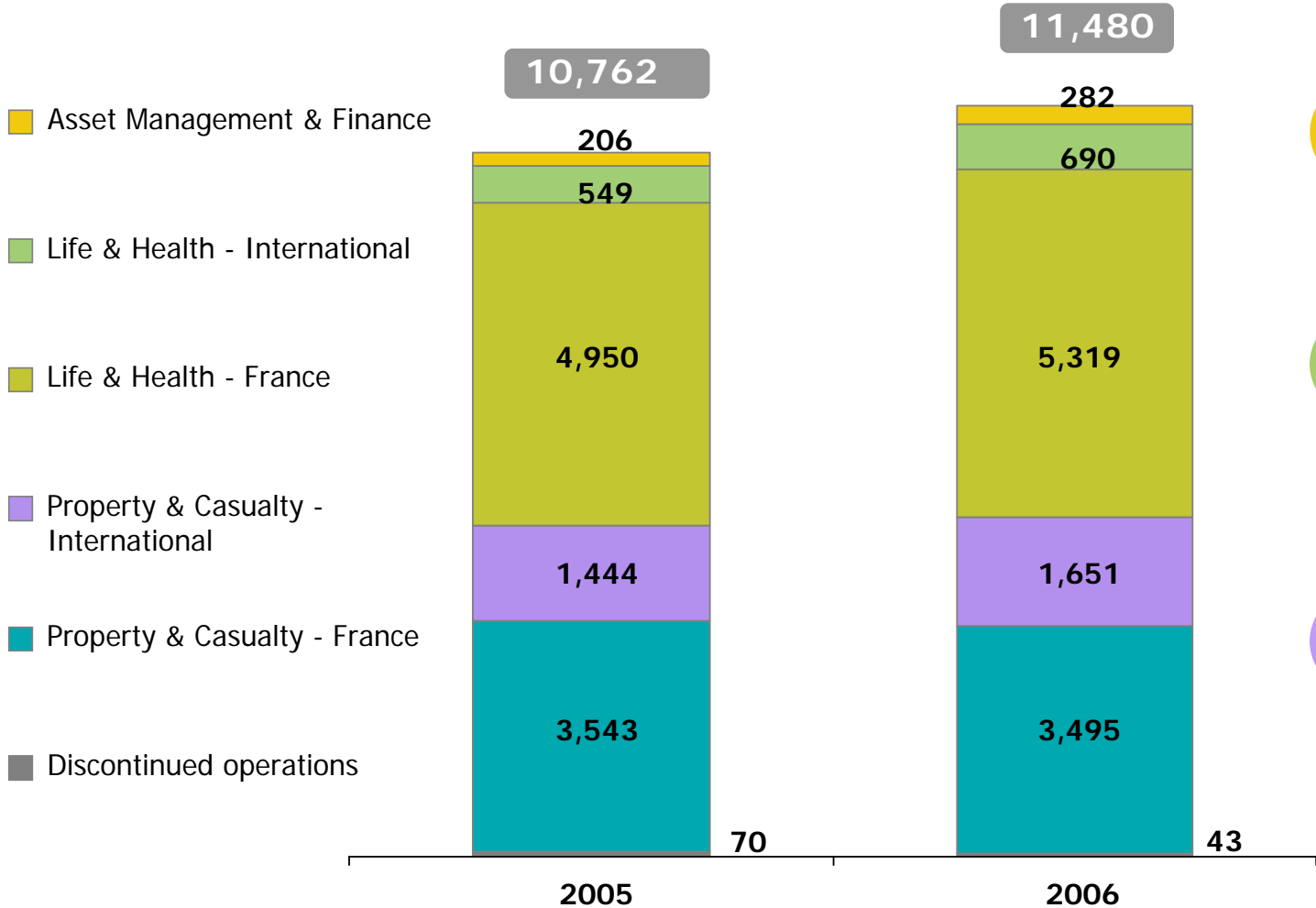
# Revenue up 6.7%

Consolidated results

IFRS

19

## Revenue by Business Segment (€m)



**Asset Management & Finance up 36.9%**

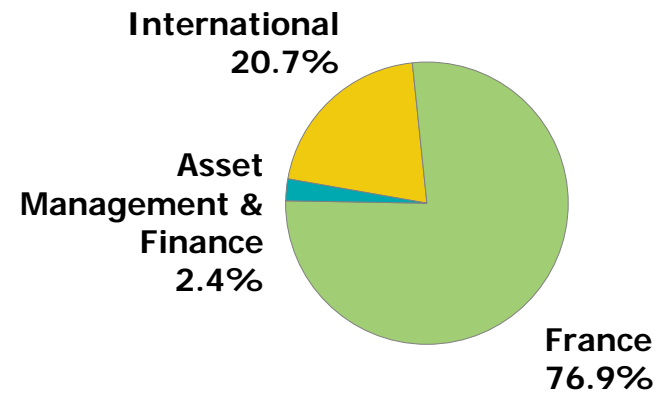
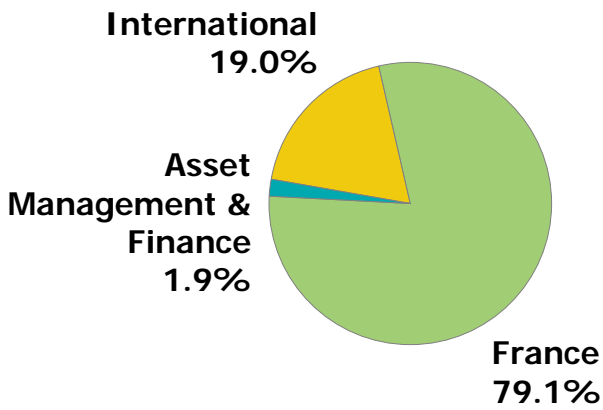
**Life & Health up 9.3%**

**Property & Casualty up 3.2%**

# Growth in high-potential businesses: International and Life & Health

Consolidated results

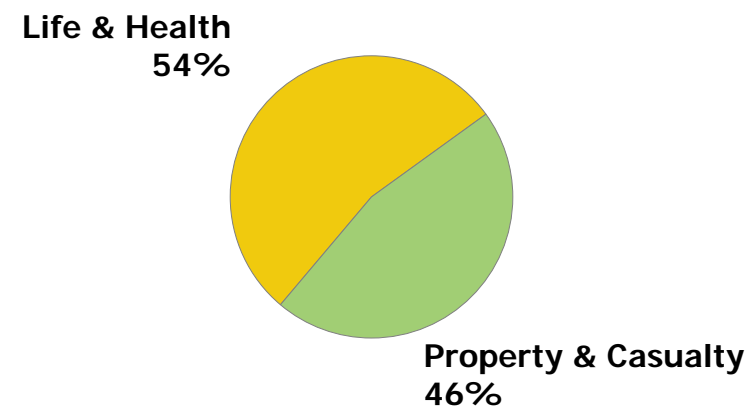
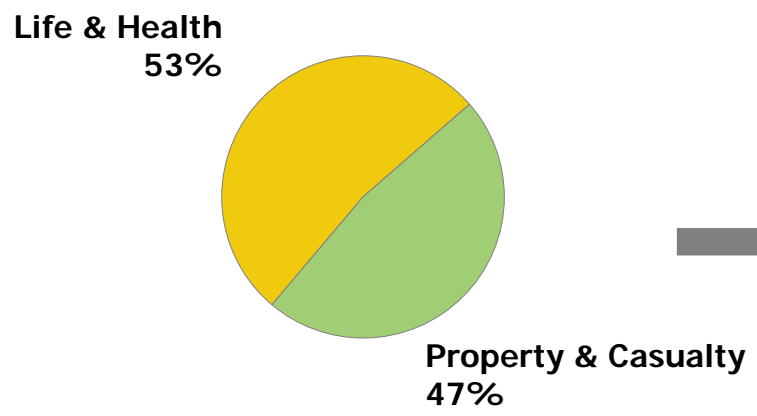
Breakdown France/International



2005

2006

Breakdown Property & Casualty/Life & Health



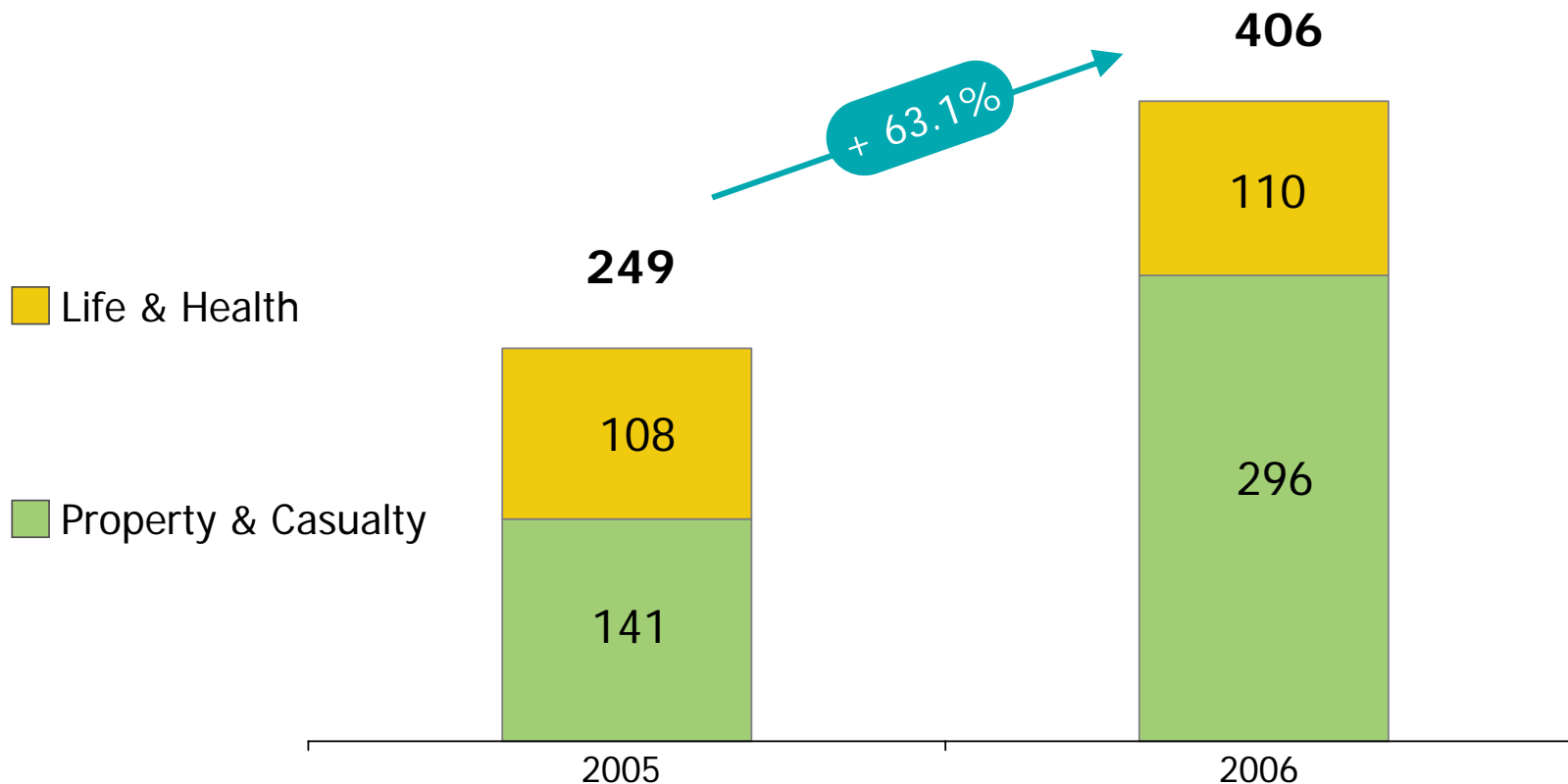
2004 pro forma: based on a comparable scope of consolidation and at constant exchange rates

# Strong growth in Insurance profit from operations: up 63.1%

Consolidated  
results

21

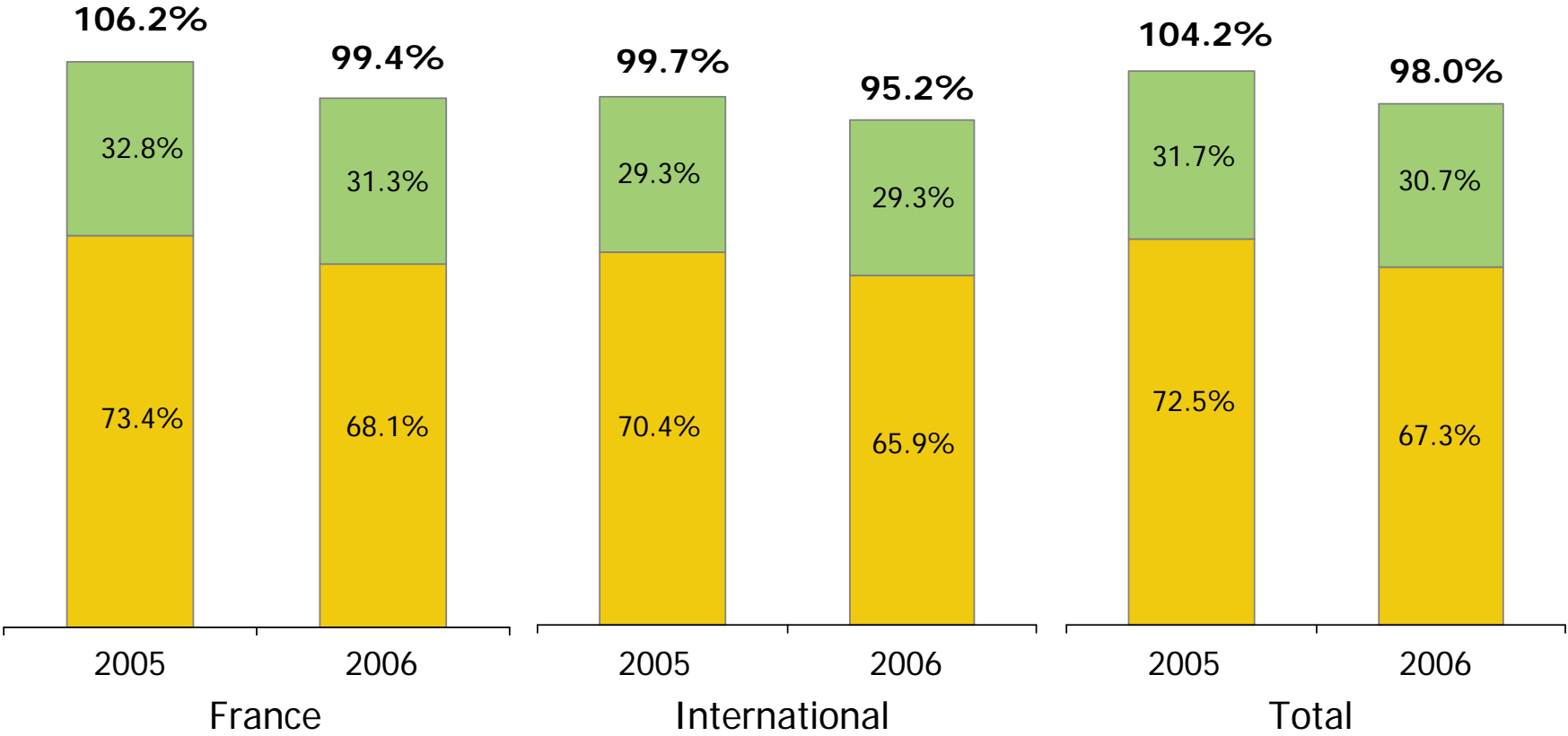
## Insurance Profit from Operations <sup>(1)</sup> (€m)



1) Corresponding to recurring profit before realised capital gains and losses, net of tax, attributable to shareholders.

# Property & Casualty: sharp improvement in the combined ratio<sup>(1)</sup>, down 6.2 points

Consolidated results



■ Expense ratio  
■ Loss ratio

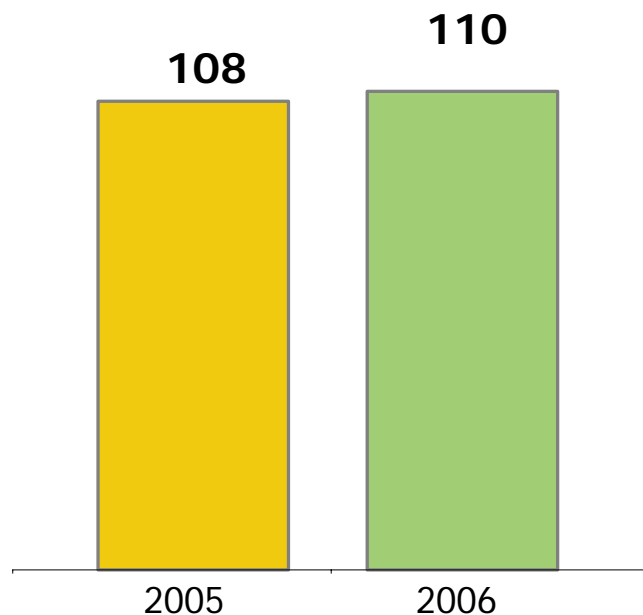
<sup>1)</sup> Combined ratio = (net claims expenses + operating expenses) / net earned premiums



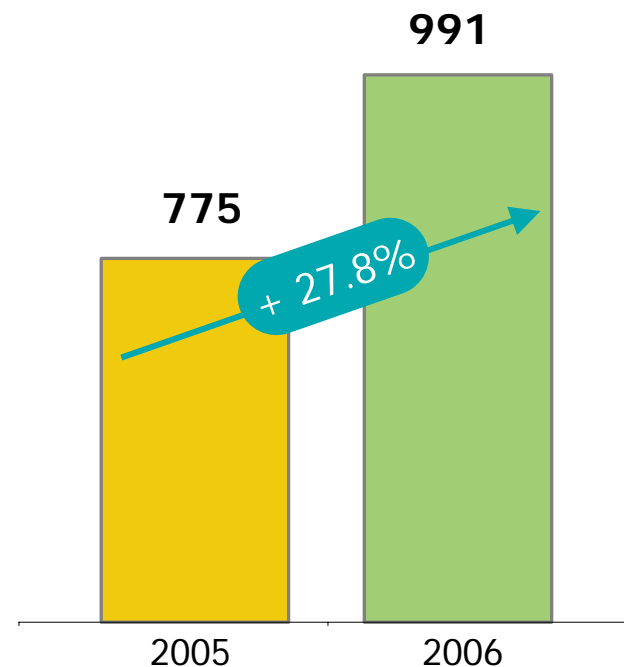
# Life & Health: continued strong profits

Consolidated results

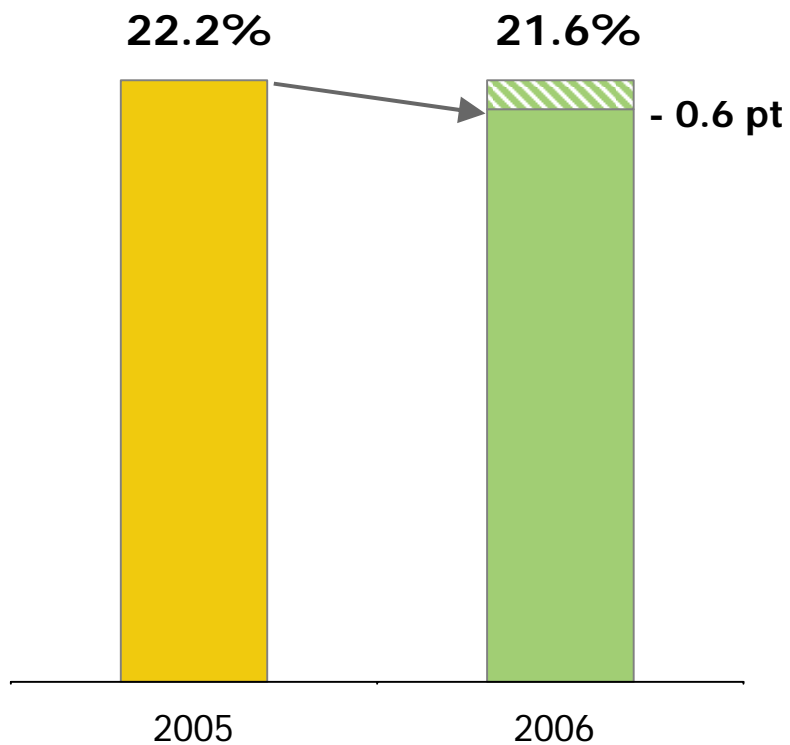
Profit from Operations - Life & Health (€m)



Savings & Pensions new money (€m)

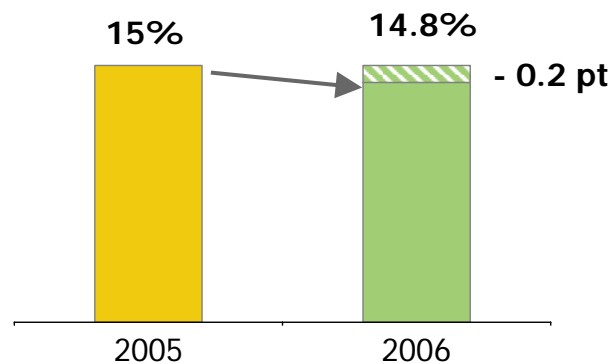


## Total Insurance

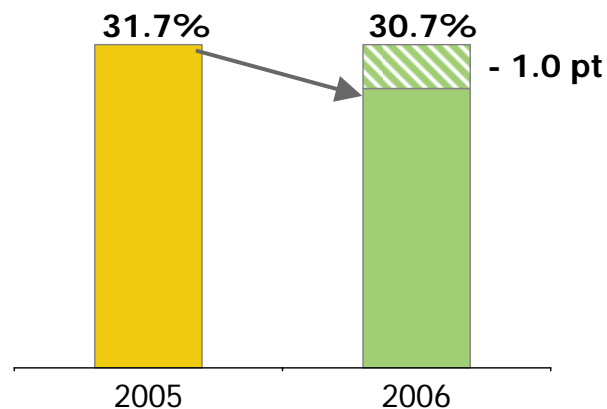


Ratio: expenses/premiums

## Life & Health



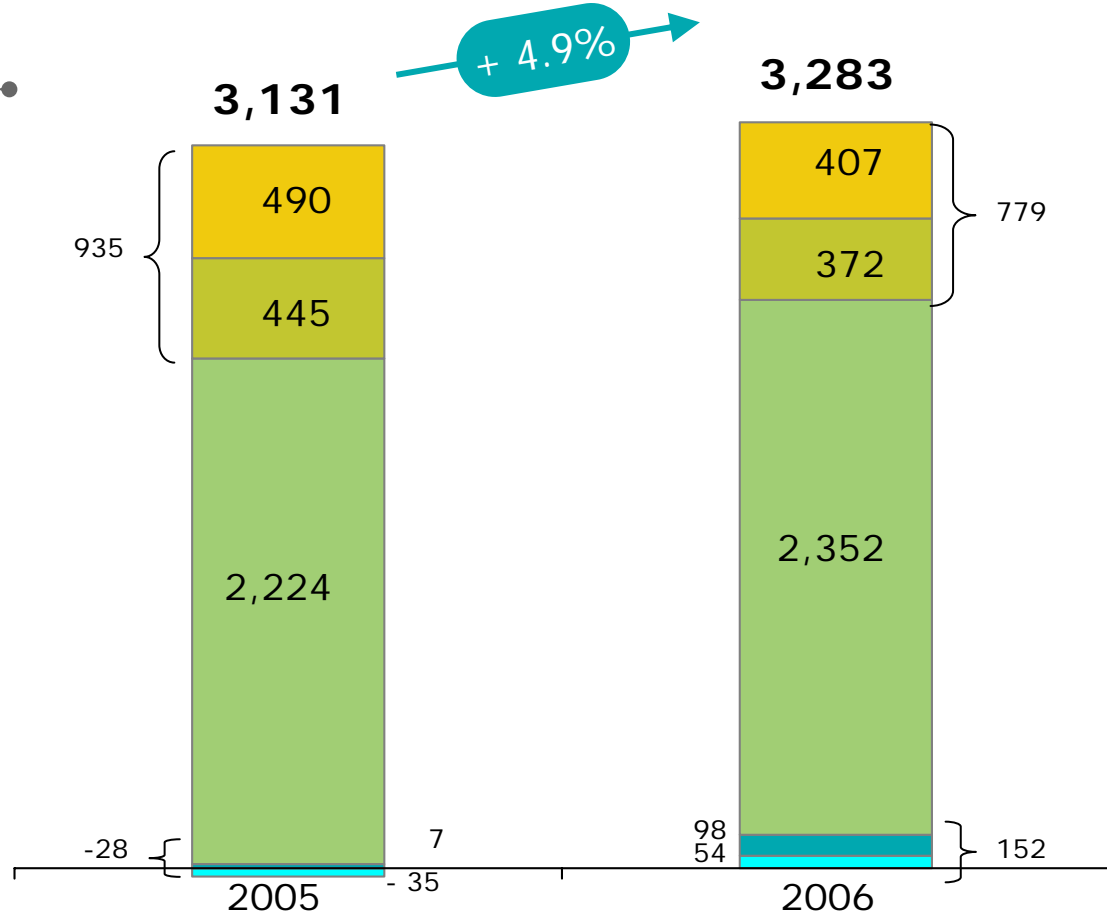
## Property & Casualty





# Net investment income<sup>(1)</sup> up 4.9%

In €m



**Higher investment income and increased positive fair value adjustments to derivative instruments**

- Net capital gains/losses (including provision movements) attributable to policyholders
- Net capital gains/losses (including provision movements) attributable to shareholders<sup>(2)</sup>
- Investment revenue
- Change in fair value of derivatives and financial assets at fair value through profit or loss (attributable to policyholders)
- Change in fair value of derivatives and financial assets at fair value through profit or loss (attributable to shareholders)<sup>(2)</sup>

1) 100% basis including minority interests and investment income attributable to policyholders, before unit-linked adjustments  
 2) Reported below profit from operations

# Strong growth in net profit, up 52.3%

Consolidated  
results

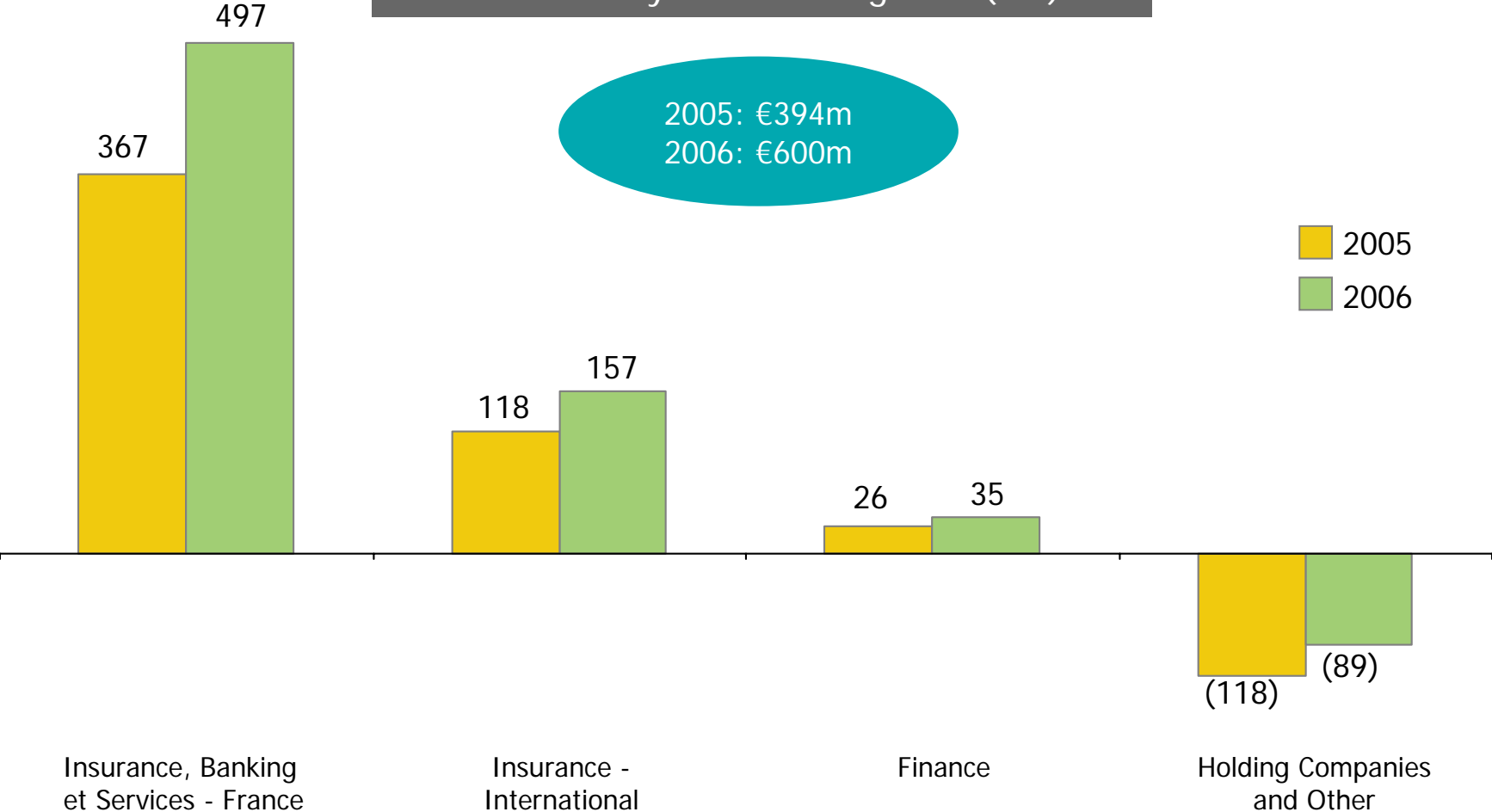
26

(€m)	2005	2006	Change
Profit from operations - Insurance	249	<b>406</b>	63.1%
Loss from operations - Holding companies	(113)	<b>(81)</b>	28.3%
Loss from operations – Asset Management and Finance	(11)	<b>(1)</b>	n.m.
<b>Total profit from operations</b>	125	<b>324</b>	159.4%
Realised gains and losses, net	292	<b>244</b>	-16.6%
Gains and losses on financial assets at fair value through profit or loss	(23)	<b>35</b>	n.m.
Other income and expenses, net	0	<b>(3)</b>	n.m.
<b>Net profit</b>	394	<b>600</b>	52.3%

# Continued increase in the contributions of all businesses

Net Profit by Business Segment (€m)

2005: €394m  
2006: €600m



### Improved profitability...

- ▶ 6.4-point fall in non-life combined ratio, including a 5.2-point fall in the expense ratio
- ▶ Contribution to net profit double that for 2005

### ...and an accelerated growth dynamic

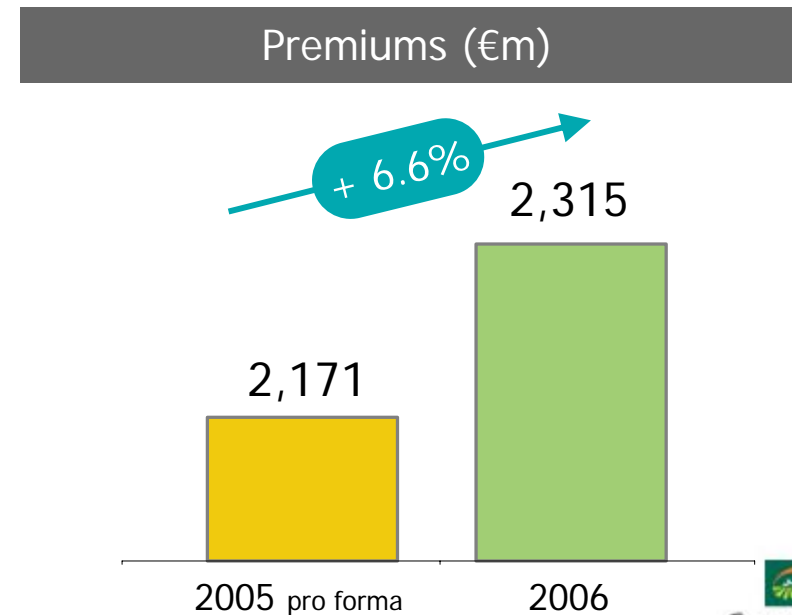
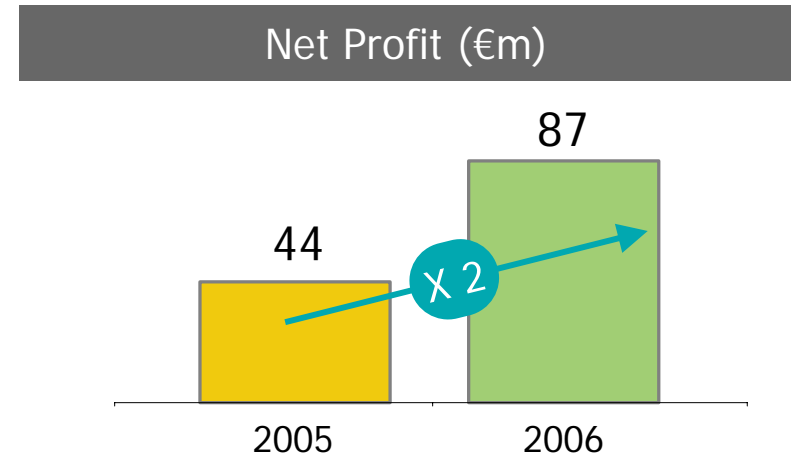
Life & Health up 10.4%

- ▶ Individual insurance up 10.8%
- ▶ Savings revenue up 27.9%

- ▶ Group insurance up 9.8%

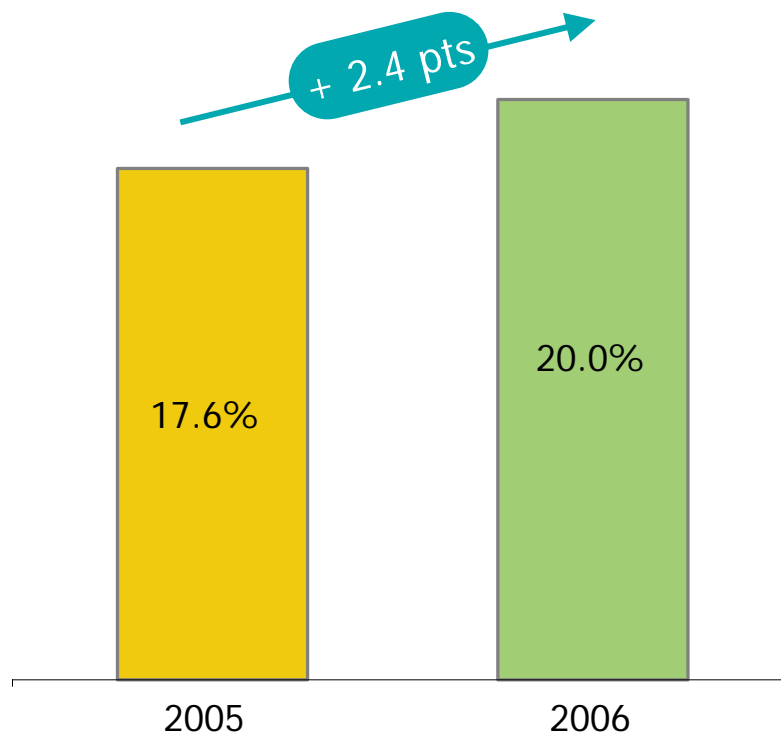
Property & Casualty up 2.4%

- ▶ Motor and homeowners' insurance:  
+ 31,400 policies

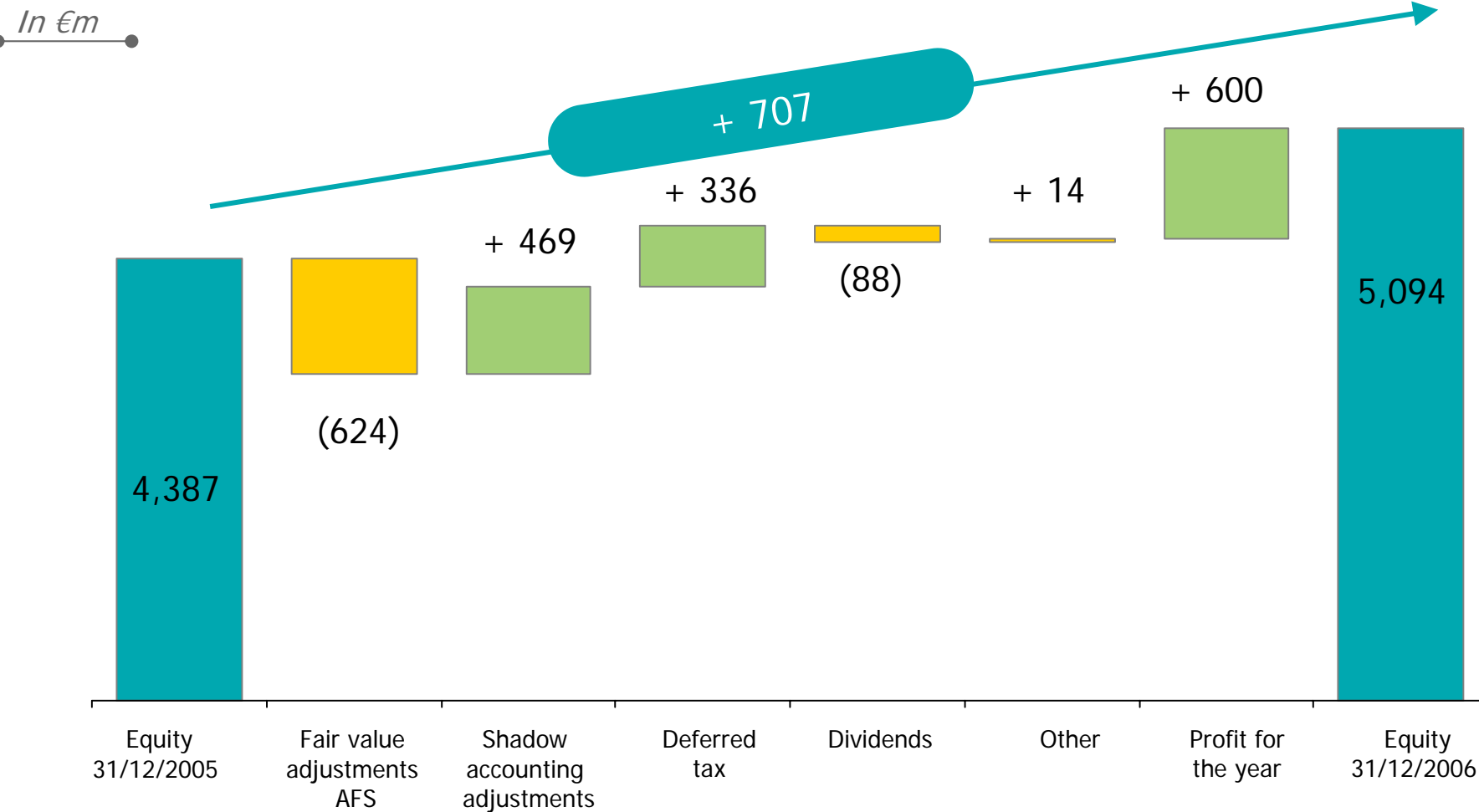


# Above-target growth in ROE

ROE (excluding fair value adjustments, based on average equity)

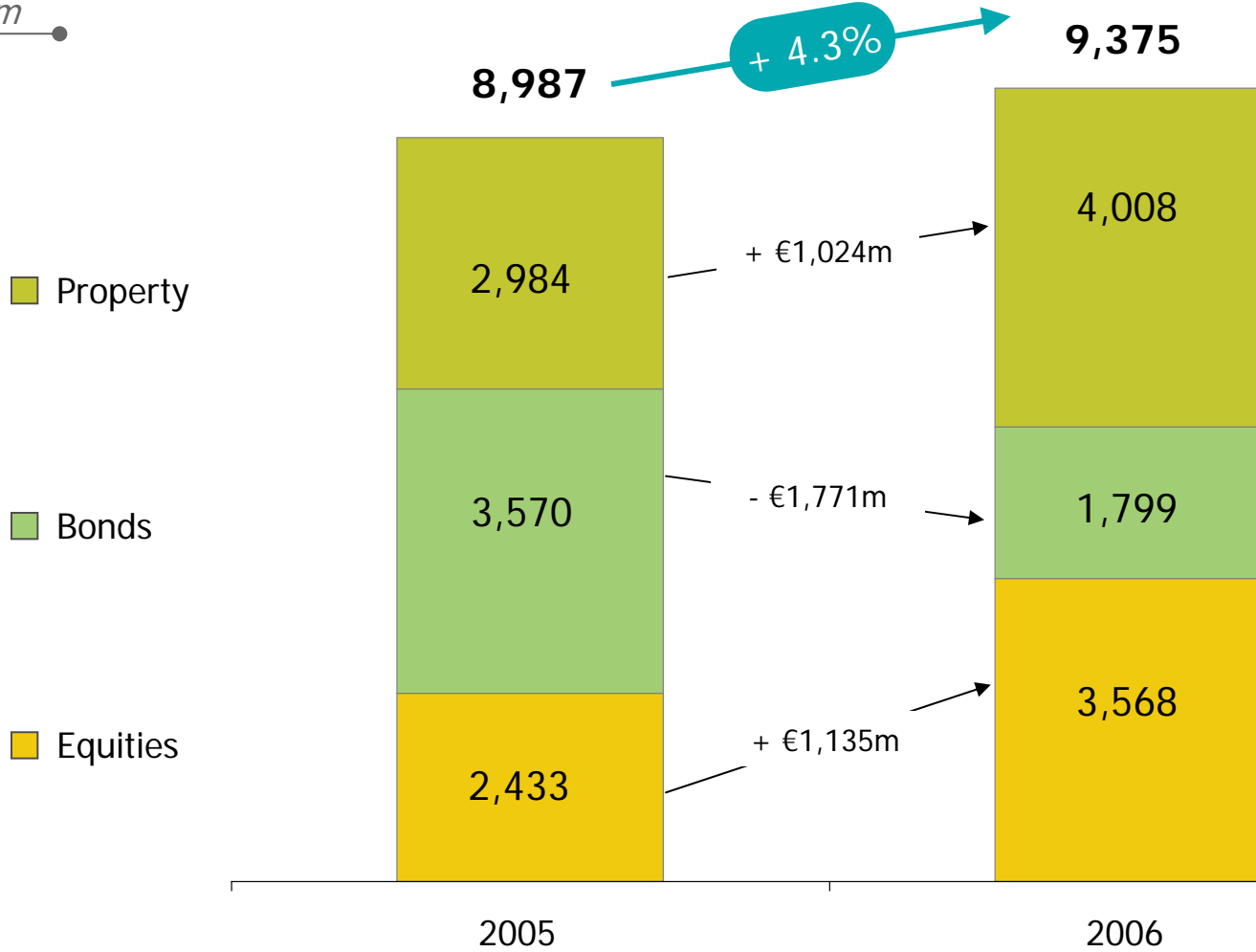


# An expanded capital base



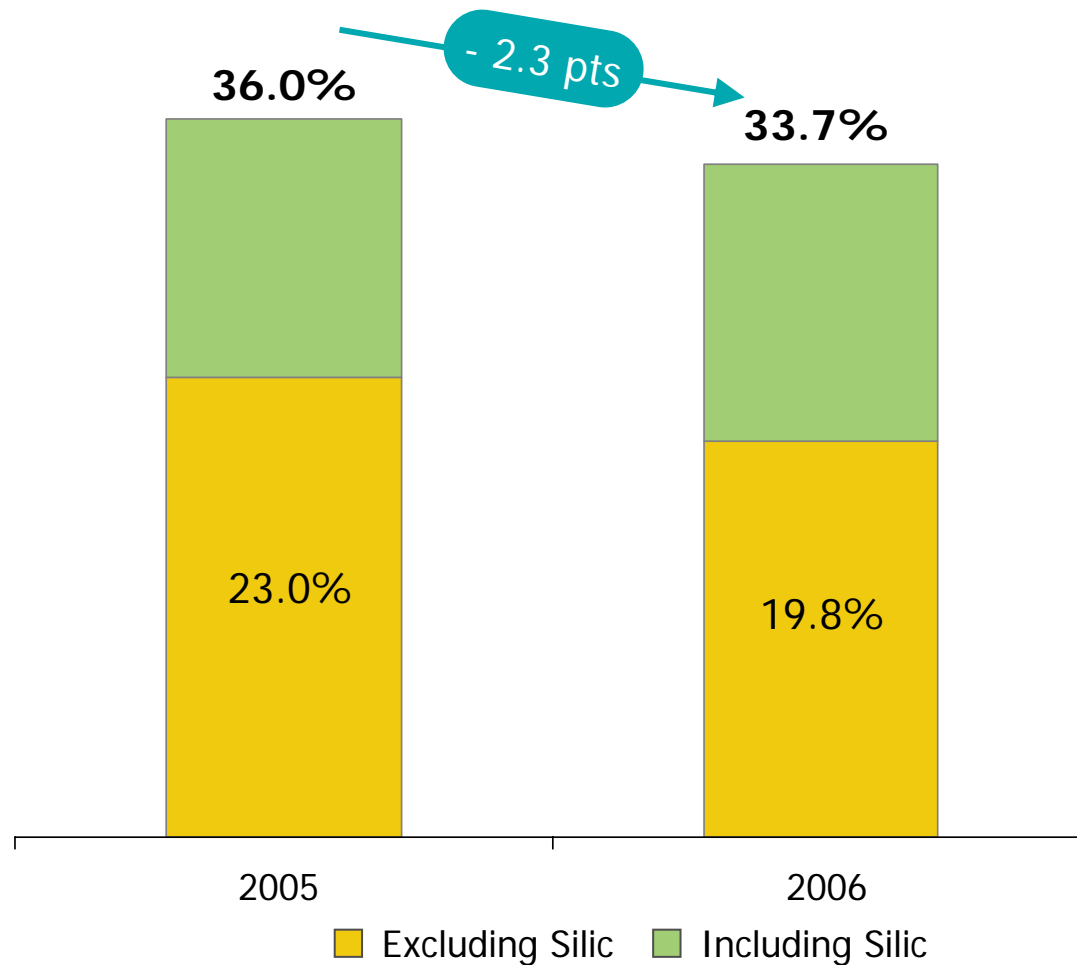
# Unrealised gains on assets up 4.3%

In €m



Unrealised gains attributable to shareholders  
2006: €3.5bn  
2005: €2.9bn

# Lower gearing (1)



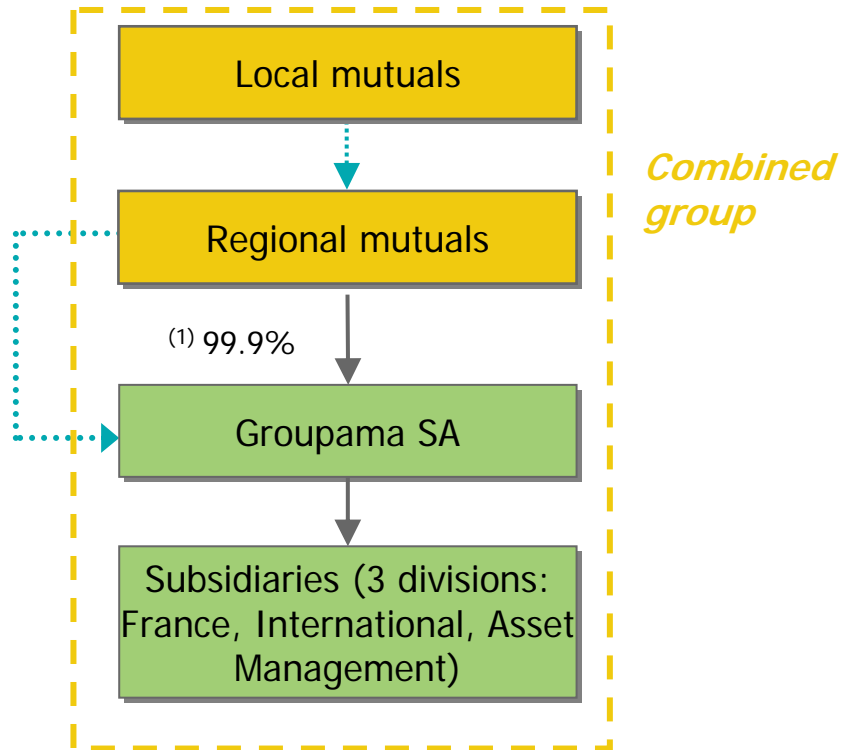
$$\frac{\text{Subordinated debt} + \text{other debt} - \text{available cash}}{\text{Equity attributable to shareholders} + \text{subordinated debt} + \text{minority interests}}$$

1) Net of available cash of the holding companies



Financial position (€m)	2005	2006	Change
<b>Equity</b>	4,387	<b>5,094</b>	+ 16.1%
<b>Subordinated debt</b>	1,245	<b>1,245</b>	-
<b>Gross technical provisions</b>	60,352	<b>62,898</b>	+ 4.2%
<b>Total assets</b>	74,384	<b>78,550</b>	+ 5.6%
<b>Unrealised gains</b>	8,987	<b>9,375</b>	+ 4.3%
<b>Gearing</b> (excluding Silic and available cash of the holding companies)	23.0%	<b>19.8%</b>	- 3.2 pts

→ Capital ties  
···→ Reinsurance ties



*Combined group*

(1) 99.9%

Subsidiaries (3 divisions:  
France, International, Asset  
Management)

1) 0.1% of Groupama SA's capital is held by employees and officers.  
The regional mutuals' interest in Groupama SA is held through controlling holding companies

(€m)	2005	2006	Change
<b>Revenue</b>	13,452	<b>14,165</b>	+ 5.3%
<b>Profit from operations</b>	157	<b>351</b>	+ 123.8%
<b>Net profit</b>	544	<b>753</b>	+ 38.4%
<b>Combined ratio (P&amp;C)</b>	103.1%	<b>98.9%</b>	- 4.2pts
<b>Equity</b>	6,459	<b>7,447</b>	+ 15.3%
<b>Solvency margin<sup>(1)</sup></b>	291%	<b>311%</b>	+ 20pts
<b>Unrealised gains</b>	9,805	<b>10,291</b>	+ 5.0%*
<b>Gearing</b> <i>(excluding Silic and available cash of the holding companies)</i>	16.1%	<b>14.4%</b>	- 1.7 pt
<b>ROE (excluding fair value adjustments)<sup>(2)</sup></b>	13.5%	<b>15.0%</b>	+ 1.5 pt

\* Attributable to equity holders: €4.1bn in 2006 vs. €3bn in 2005

1) Based on Solvency I, including partial recognition of future Life insurance profits

2) Based on average equity



Groupama



## 2006 Results

*Outlook*

Jean Azéma  
*Chief Executive Officer*

# 2007-2009 strategic plan: in line with targets

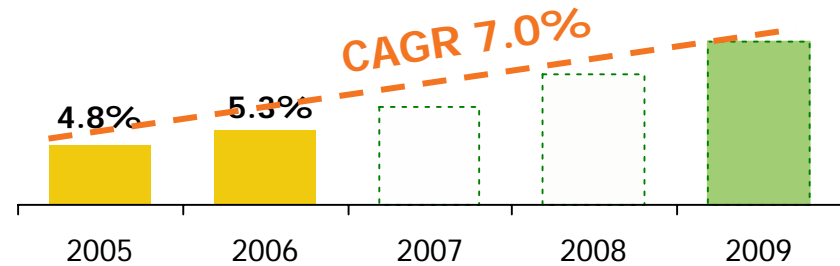
Combined  
data

Targets  
2007/2009

← 2007/2009 Strategic Plan →

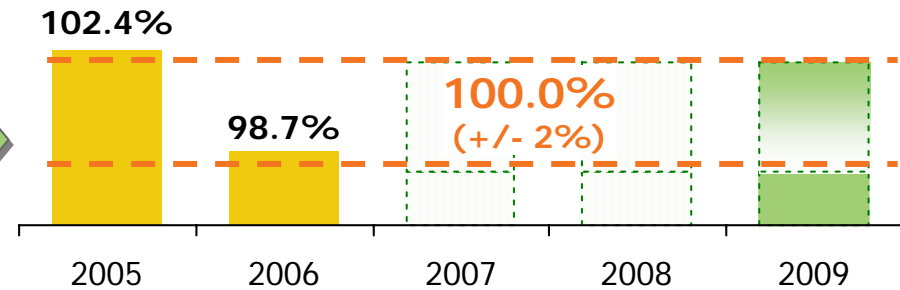
Revenue growth

7%/year



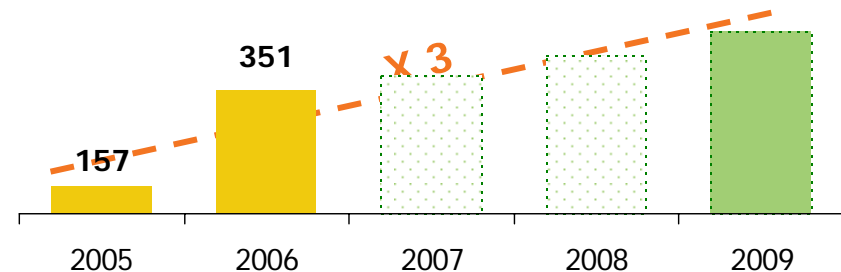
Non-life combined  
ratio over the cycle

100% (+/-2%)



Profit from operations  
(€m)

X 3 / 2005



# Groupama is poised to embark on a new phase of profitable growth

- ▶ Consolidate and expand our positions in France
  - Increase market shares in Life & Health, consolidate positions in the main Property & Casualty lines, develop bancassurance operations
  
- ▶ Speed up the pace of (organic and external) growth in International markets
  - International: invest in distribution, leverage best practices, pursue acquisitions and partnerships
  
- ▶ Achieve further profitability gains through even greater efficiency
  - Maintain the current high contributions of the various businesses, reduce expense ratios (France)

### Human resources, the driving force behind major projects

- Leveraging individual talents and creating winning career paths through:
  - New hires: 2,000 people per year (70% in customer-facing positions)
  - Mobility programmes: 2,000 positions (8% of employees) filled through internal mobility
  - Skills development: €60m invested in training (6% of the payroll)
  - Preparation of future executives, with the *Executive and Senior Executive Career Path* programme, to lead projects and run companies, particularly in International markets
- Sharing best practices, by stepping up the Groupama University initiatives

# France : four levers to meet our growth targets

## First achievements in 2006





- Commitment to reducing IT costs and external charges by €70 million
  - IT costs: €19m in cost savings in 2006
  - External charges: launch of a programme to optimise purchases and consumption
  
- Rationalisation of distribution, underwriting and loss adjustment/benefits payment processes

# International: major investment in distribution and application of Group best practices

1st lever	2nd lever	3rd lever
Distribution	Business synergies and sharing of best practices	External growth
<ul style="list-style-type: none"><li>➤ Agent network</li><li>➤ Bancassurance</li><li>➤ Brokers</li><li>➤ Online sales</li></ul>	<ul style="list-style-type: none"><li>➤ Reinsurance</li><li>➤ Asset management</li><li>➤ Transport</li></ul>	<ul style="list-style-type: none"><li>➤ Acquisitions</li><li>➤ Development of partnerships</li></ul>

To be among the top 10  
European insurers

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