

PRESS RELEASE

RESULTS FOR THE FIRST HALF OF 2013 APPROVED

- **CONSOLIDATED NET PROFIT TOTALLED €171.5M (€24.9M AT 30 JUNE 2012)**
- **TOTAL DIRECT INCOME OF €5,333M (UP BY 6.4% ON THE FIRST HALF OF 2012)**
- **COMBINED RATIO AT 92.6% (99.6% AT 30 JUNE 2012)**
- **WITH THE IVASS APPROVAL TO THE MERGER, THE INTEGRATION WITH THE UNIPOL GROUP MOVES FORWARD**

Bologna, 7 August 2013 - The Board of Directors of Fondiaria-SAI S.p.A., in a meeting today chaired by Fabio Cerchiai, approved the first half of 2013 consolidated results.

The first half-year reported a **consolidated net profit** of €171.5m (€24.9m in the first half of 2012), thanks to the positive Non-Life technical performance and the success of the actions taken to streamline operations as the company came under the management of the Unipol Group.

Total direct income (including Life business investment policies), amounted to €5,333m - up by 6.4% compared to €5,015m in the first half of 2012.

Non-Life business

Non-Life business direct premiums reached €3,049m, compared to €3,401m in the first half of 2012 (-10.4%).

MV class premiums of €1,974m (-14% compared to the first half in 2012), of which €1,713m in the **MV TPL** class (-13.9%) and €261m in the **Land Vehicle** class (-14.9%), continued to be affected by the drop in new vehicle registrations (-10% in the first half of 2013), by the accounting-related effects following the abolition from December 2012 of tacit renewal, as well as by the heightened market competition impacting on the average premium.. From a commercial viewpoint, although in line with the stringent selection criteria, actions were taken to protect and re-launch the contracts portfolio. Against the reduction in premiums, the considerable drop-off in the number of claims reported continued, causing a reduction in claims frequency; the level of prior years' claims provisions proved to be sufficient.



Non-MV class¹ direct premiums amounted to €1,075m (-2.7% on the first half of 2012). The claims cost significantly reduced on the first half of 2012, which was impacted by the extraordinary effects of adverse weather events and the earthquake in Emilia Romagna.

Overall, the strong technical performance of the business resulted in a **combined ratio**², calculated on direct business, of 92.6% - a significant improvement on 99.6% in the first half of 2012.

A reduction in the **loss ratio** from 77.1% to 70.2%³ is particularly highlighted.

The business reported therefore a **pre-tax profit** of €251m, considerably improving on €80m recorded in the first half of 2012.

Life business

Total direct income, including life investment policies, amounted to €2,284m, up by 41.6% on €1,614m in the first half of 2012, thanks to the bancassurance business, which in the half-year contributed 73% of total income.

These results enabled the business to post a **pre-tax profit** of €129.1m (€44.4m in the first half of 2012).

Real Estate business

Real estate operations, in light of the challenging economic conditions, focused on cost control and the restructuring and streamlining of the existing portfolio.

Overall, the business reported a **pre-tax loss** of €26m, in line with the first half of 2012.

Other businesses

Other businesses reported a pre-tax loss of €36m, principally due to the results of Atahotels and the healthcare businesses, in which a series of restructuring and reorganisation initiatives are being rolled out in order to recover profitability and financial equilibrium. This compares with a pro-forma loss of €26.7 in the first

¹ Includes Maritime TPL (Class 12)

² Combined ratio: sum of the Loss Ratio (claim and technical charges on earned premiums) and Expense Ratio (general and acquisition charges on written premiums).

³ Includes other technical charges



half of 2012, which included the negative impact from Atahotels (-€13m), previously not included as classified under assets held-for-sale.

Financial Management

Net income on investments totalled €432.6m (€410.6m in the first half of 2012).

Balance Sheet

Consolidated Equity totalled €2,866m (€2,763 at 31 December 2012).

The **consolidated solvency margin** amounted to 1.2 times the regulatory requirement (1.1 at 31 December 2012).

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On 25 July 2013, IVASS approved the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, eventually, Milano Assicurazioni S.p.A..

With the approval of IVASS, the actions already taken concerning the integration with the Unipol Group will be boosted in the coming months, in accordance with the conditions previously communicated to the market.

The merger is a fundamental and integral part of this operation, undertaken in order to establish a leading player in the insurance sector, with a greater focus on the insurance business and strengthening the capital and solvency structure.

The synergies gained from the merger will allow the new entity to benefit from the effects of sharing and strengthening those areas and processes which represent its best practice.

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Massimo Dalfelli, Manager in charge of financial reporting, hereby declares, pursuant to Article 154-bis, second paragraph, of the Consolidated Law on Finance, that the accounting information contained in the press release matches the companies' documentary evidence, accounting books and records.

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Presentation of results to the financial community

The Fondiaria-SAI results for the first half of 2013 will be presented to the financial community via webcasting as part of the Unipol Group presentation (from the site www.fondiaria-sai.it) and in conference call on Thursday, August 8 at 6.30pm. The phone numbers to dial to attend the event are: +39.02.805.88.11 (from Italy), +1.718.7058794 (from the U.S.), +44.1212.818003 (from other Countries). Financial analysts and institutional investors may ask questions at the end of the presentation following the instructions given by the operator. Other technical details for access to the event are available on the homepage of the website www.fondiaria-sai.it.

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The Income Statement and the Statement of Financial Position concerning investments, technical provisions and financial liabilities are attached.

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STATEMENT OF FINANCIAL POSITION - ASSETS

(in Euro thousands)

		30/06/2013	31/12/2012
1	INTANGIBLE ASSETS	1,052,084	1,160,227
1.1	Goodwill	1,002,940	1,101,715
1.2	Other intangible assets	49,144	58,512
2	PROPERTY, PLANT & EQUIPMENT	339,384	373,111
2.1	Property	289,874	304,203
2.2	Other property, plant and equipment	49,510	68,908
3	TECHNICAL PROVISIONS – REINSURERS SHARE	689,967	807,304
4	INVESTMENTS	30,104,037	33,859,082
4.1	Investment property	1,997,647	2,200,774
4.2	Investments in subsidiaries, associates and interests in joint ventures	129,936	125,799
4.3	Held to maturity investments	606,712	718,119
4.4	Loans and receivables	3,404,551	3,527,030
4.5	Available-for-sale financial assets	17,762,788	20,848,041
4.6	Financial assets at fair value through profit or loss	6,202,403	6,439,319
5	OTHER RECEIVABLES	1,599,700	2,090,995
5.1	Receivables relating to direct insurance business	873,620	1,322,826
5.2	Receivables relating to reinsurance business	62,742	64,750
5.3	Other receivables	663,338	703,419
6	OTHER ASSETS	5,397,997	1,534,590
6.1	Non-current assets held for sale or disposal groups	3,989,676	3,335
6.2	Deferred acquisition costs	58,111	52,250
6.3	Deferred tax assets	798,617	954,429
6.4	Current tax assets	283,907	299,485
6.5	Other assets	267,686	225,091
7	CASH AND CASH EQUIVALENTS	672,426	560,228
	TOTAL ASSETS	39,855,595	40,385,537

STATEMENT OF FINANCIAL POSITION – EQUITY & LIABILITIES

(in Euro thousands)

		30/06/2013	31/12/2012
1	EQUITY	2, 865, 789	2, 762, 674
1.1	attributable to the owners of the Parent	2, 216, 810	2, 115, 707
1.1.1	Share capital	1, 194, 573	1, 194, 573
1.1.2	Other equity instruments	0	0
1.1.3	Equity-related reserves	198, 883	669, 626
1.1.4	Income related and other reserves	611, 999	898, 822
1.1.5	(Treasury shares)	-68, 197	-68, 197
1.1.6	Translation reserve	-67, 764	-65, 970
1.1.7	Gains or losses on available-for-sale financial assets	226, 557	257, 597
1.1.8	Other gains or losses recognised directly in equity	2, 853	-21, 027
1.1.9	Profit (loss) for the period attributable to the owners of the Parent	117, 906	-749, 717
1.2	attributable to non-controlling interests	648, 979	646, 967
1.2.1	Share capital and reserves attributable to non-controlling interests	574, 363	673, 611
1.2.2	Gains and losses recorded directly in equity	21, 011	23, 236
1.2.3	Profit (loss) for the period attributable to non-controlling interests	53, 605	-49, 880
2	PROVISIONS	283, 259	271, 877
3	TECHNICAL PROVISIONS	29, 759, 757	33, 657, 899
4	FINANCIAL LIABILITIES	2, 116, 145	2, 315, 626
4.1	Financial liabilities at fair value through profit or loss	569, 225	568, 575
4.2	Other financial liabilities	1, 546, 920	1, 747, 051
5	PAYABLES	638, 755	764, 922
5.1	Payables arising from direct insurance business	78, 128	96, 388
5.2	Payables arising from reinsurance business	63, 683	67, 876
5.3	Other payables	496, 944	600, 658
6	OTHER LIABILITIES	4, 191, 890	612, 539
6.1	Liabilities associated with disposal groups	3, 726, 786	0
6.2	Deferred tax liabilities	118, 435	178, 189
6.3	Current tax liabilities	23, 934	54, 101
6.4	Other liabilities	322, 735	380, 249
	TOTAL EQUITY AND LIABILITIES	39, 855, 595	40, 385, 537

INCOME STATEMENT

(in Euro '000)

		H1 2013	H1 2012
1.1	Net premiums	5,234,868	4,925,687
1.1.1	<i>Gross premiums</i>	5,402,462	5,087,222
1.1.2	<i>Ceded premiums</i>	-167,594	-161,535
1.2	Commission income	5,730	4,987
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	7,760	325,515
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	68	667
1.5	Gains on other financial instruments and investment property	615,556	636,518
1.5.1	<i>Interest income</i>	442,341	407,698
1.5.2	<i>Other gains</i>	64,126	92,474
1.5.3	<i>Realised gains</i>	106,974	129,592
1.5.4	<i>Unrealised gains</i>	2,115	6,754
1.6	Other income	236,640	175,724
1	TOTAL REVENUE AND INCOME	6,100,622	6,069,098
2.1	Net charges relating to claims	-4,374,652	-4,447,543
2.1.2	<i>Amounts paid and changes in technical provisions</i>	-4,468,435	-4,602,766
2.1.3	<i>Reinsurers' share</i>	93,783	155,223
2.2	Commission expenses	-3,106	-4,418
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-2,878	-8,567
2.4	Losses on other financial instruments and investment property	-182,981	-225,869
2.4.1	<i>Interest expense</i>	-27,476	-31,935
2.4.2	<i>Other charges</i>	-33,774	-34,300
2.4.3	<i>Realised losses</i>	-41,171	-45,627
2.4.4	<i>Unrealised losses</i>	-80,560	-114,007
2.5	Operating expenses	-800,438	-858,607
2.5.1	<i>Commissions and other acquisition costs</i>	-587,351	-645,754
2.5.2	<i>Investment management expenses</i>	-7,916	-7,085
2.5.3	<i>Other administration expenses</i>	-205,171	-205,768
2.6	Other costs	-418,431	-439,242
2	TOTAL COSTS AND EXPENSES	-5,782,486	-5,984,246
	PRE-TAX PROFIT FOR THE PERIOD	318,136	84,852
3	Income taxes	-146,625	-48,765
	NET PROFIT FOR THE PERIOD	171,511	36,087
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		-11,144
	CONSOLIDATED PROFIT FOR THE PERIOD	171,511	24,943
	attributable to the owners of the parent	117,906	7,565
	attributable to non-controlling interests	53,605	17,378

BASIC OPERATING PROFIT (LOSS) PER SHARE (in Euro)	0.09	2.34
BASIC DISCONTINUED OPERATIONS PROFIT (LOSS) PER SHARE (in Euro)	0.00	-2.55
BASIC PROFIT (LOSS) PER SHARE (in Euro)	0.09	-0.21
DILUTED PROFIT (LOSS) PER SHARE (in Euro)	0.09	-0.21



Segment Income Statement

(in Euro
'000)

		Non-Life		Life		Real Estate		Other		Inter-segment Eliminations		Total	
		H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012
1.1	Net premiums	2,976,062	3,339,781	2,258,806	1,585,906	0	0	0	0	0	0	5,234,868	4,925,687
1.1.1	Gross premiums	3,138,943	3,496,347	2,263,519	1,590,875							5,402,462	5,087,222
1.1.2	Ceded premiums	-162,881	-156,566	-4,713	-4,969							-167,594	-161,535
1.2	Commission income	0		475	1,963			10,896	11,591	-5,641	-8,567	5,730	4,987
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	-29,405	16,009	37,308	309,351	-777	-319	634	474	0		7,760	325,515
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	50	652	0		18	15	0		0		68	667
1.5	Gains on other financial instruments and investment property	213,806	228,319	365,943	367,331	29,075	25,754	27,548	29,476	-20,816	-14,362	615,556	636,518
1.6	Other income	237,235	237,716	27,772	32,149	10,406	10,852	304,985	272,019	-343,758	-377,012	236,640	175,724
1	TOTAL REVENUE AND INCOME	3,397,748	3,822,477	2,690,304	2,296,700	38,722	36,302	344,063	313,560	-370,215	-399,941	6,100,622	6,069,098
2.1	Net charges relating to claims	-2,025,430	-2,396,075	-2,349,222	-2,051,468	0	0	0	0	0	0	-4,374,652	-4,447,543
2.1.2	Amounts paid and changes in technical provisions	-2,114,933	-2,550,169	-2,353,502	-2,052,597							-4,468,435	-4,602,766
2.1.3	Reinsurers' share	89,503	154,094	4,280	1,129							93,783	155,223
2.2	Commission expenses	0		-312	-1,411			-2,794	-3,007			-3,106	-4,418
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	-2,559	-8,001	0		-102	-198	-217	-368			-2,878	-8,567
2.4	Losses on other financial instruments and investment property	-83,190	-134,301	-49,020	-51,969	-44,725	-33,856	-10,856	-14,119	4,810	8,376	-182,981	-225,869
2.5	Operating expenses	-649,331	-736,178	-106,918	-93,315	-93	-100	-162,209	-151,926	118,113	122,912	-800,438	-858,607
2.6	Other costs	-386,195	-467,918	-55,700	-54,152	-19,837	-27,954	-203,991	-157,871	247,292	268,653	-418,431	-439,242
2	TOTAL COSTS AND EXPENSES	-3,146,705	-3,742,473	-2,561,172	-2,252,315	-64,757	-62,108	-380,067	-327,291	370,215	399,941	-5,782,486	-5,984,246
	PRE-TAX PROFIT (LOSS) FOR THE PERIOD	251,043	80,004	129,132	44,385	-26,035	-25,806	-36,004	-13,731	0	0	318,136	84,852



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