

Zavarovalnica Triglav (ZVTG SV)

ALTA

NEW
INVESTMENT
CULTURE

12M Target price: 30.7 EUR Recommendation: BUY

Previous target price: 28.5 EUR, HOLD (10.4.2017)

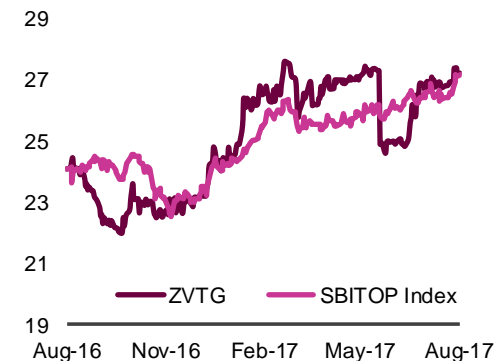
KEY MARKET DATA:

Stock data as of 28.08.2017 :		Price performance:		3M	12M
Market price (EUR)	27.2	Price change in %		0.4%	13.0%
52 week range (EUR)	22.0 - 27.6	SBI 20 index change in %		4.9%	12.7%
Market Cap (EUR)	618.9	Relative to SBI 20 index in %		-4.2%	0.3%
		Valuation multiples:		TTM	Forward
Avg. daily trade vol., EUR(k)	122	P/GWP		0.6	0.6
Average daily % of stock traded	0.021%	P/E		7.4	8.5
No. of Shares in millions	22.7	P/B		0.9	0.8
Dividend yield	9.2%				

KEY COMPANY DATA & ESTIMATES:

million €	FY2015	FY2016	TTM	2017F	2018F
GPW	919.1	936.0	977.2	980.1	1,010.8
NPE	839.2	849.6	874.0	903.2	931.6
Claims paid	570.3	577.1	595.3	634.7	654.8
Net income	88.8	81.9	84.2	72.7	71.4
ROE	12.8%	11.2%	11.9%	9.7%	9.1%
EPS	3.9	3.6	3.70	3.20	3.14
DPS	2.5	2.5		1.6	1.6
Equity Inv	189.1	238.4	223.5		
Fin. Assets	2,959.9	3,077.0	3,062.5		
Tech. Prov.	2,600.4	2,660.8	2,765.5		
Equity	692.9	734.0	708.9	749.8	784.9
Assets	3,493.5	3,574.9	3,655.3	3,766.1	3,916.4
Equity/Assets	20%	21%	19%	20%	20%
P/E	7.6	7.2	7.4	8.5	8.7
P/B	0.8	0.8	0.9	0.8	0.8

SHARE PRICE DYNAMIC:



KEY CURRENT DEVELOPMENT:

- Zavarovalnica Triglav Group reported very strong growth of GWP that was driven by all segments and all markets. The contraction of premiums was reported only for Croatian non-life. **Consequently top line exceeded our expectations.**
- On the **bottom line**, however, Group reported net profit of EUR 35.7m which **was below our expectations**; note we mainly expected weaker second half of the year in accordance with past seasonal dynamic. The reason were higher claims, higher amount of ceded premiums and elevated operating expenses. If second half results will be similar to the first half, end year guidance of EUR 70m to 80m is still reachable.
- Due to stability of capital adequacy ratio, we adjusted our future dividend policy projections** which is now in line with Group's guidance. More optimal capital use **positively affected ROE and hence our valuations.**
- Therefore we increased our price target and upgraded the recommendation from hold to buy.**

1H17 Results

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- Growth of operating expenses were driven by higher acquisition costs, however, given the growth of premiums, it was also affected by divestment of non-core activities during 2016.
- Higher returns on investments are the result of permanent impairments of financial investments and other financial expenses incurred in 2016.
- At the end of march Shareholders' equity stood at EUR 708.2m while book price per share EUR 31.2. Note that EUR 2.5 dividend per share was paid out in June 2017.
- Given the reported net profit, TTM 12 month ROE on average equity now stands at 11.5%.

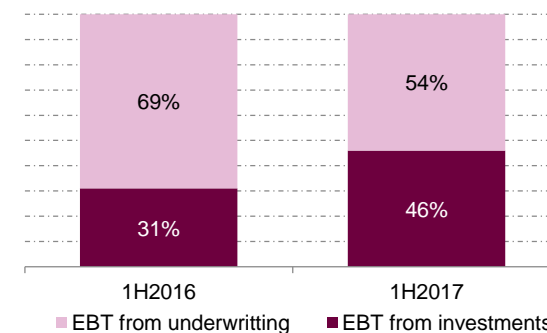
Income statement	1H2016	1H2017	YoY
Gross written premiums	506.6	547.8	8.1%
Reinsured premiums	-50.4	-61.2	21.5%
Net written premiums	456.2	486.6	6.7%
Net claims	-294.2	-312.4	6.2%
Net operating expenses	-105.0	-115.1	9.6%
Net income from investments	32.6	36.9	13.2%
Profit/(loss) before tax	43.2	42.4	-1.8%
Net profit	33.5	35.7	6.6%
Total Assets	3,551.9	3,655.3	2.9%
Total investment assets	2,968.9	3,055.0	2.9%
Technical reserves	2,674.0	2,765.5	3.4%
Shareholders' equity	681.5	708.9	4.0%

▪ Strong growth of GWP in all segments:

- Non-life: +7.9% (EUR 372m);
- Health insurance: +14.2% (65m);
- Life insurance: +5.8% (EUR 111m).

▪ Net written premiums growth was lower than in case of GWP due to higher amount of ceded written premium in non-life segment.

Structure of net profit/loss before tax



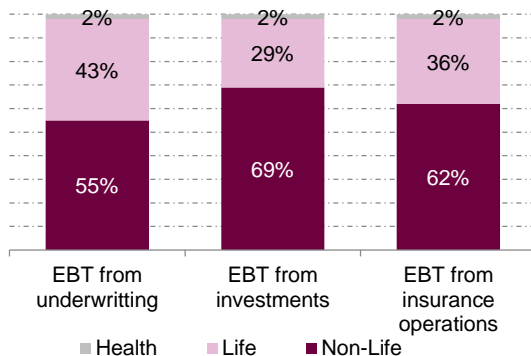
Unconsolidated GWP	1Q2016	1Q2017	YoY
Zavarovalnica Triglav	329.8	352.1	6.8%
Triglav, Zdravstvena zav.	56.6	64.6	14.2%
Skupna pokojninska družba	14.4	14.7	1.9%
Triglav Osiguranje, Zagreb	28.8	32.0	11.2%
Triglav Osiguranje, Sarajevo	11.0	11.6	5.5%
Lovćen Osiguranje, Podgorica	14.5	15.0	3.0%
Triglav Osiguranje, Belgrade	17.1	22.9	33.4%
Triglav Osiguranje, Banja Luka	2.7	2.8	3.6%
Triglav Osiguranje, Skopje	11.5	11.7	2.0%
Lovćen životna osig., Podgorica	0.6	0.7	6.1%
Consolidated	506.6	547.8	8.1%

▪ Non-life combined ratios are below 100%, with exception of Croatia (107.5%).

▪ In Serbia a higher volume of life insurance contracts were sold via banking sales channels.

▪ Structure of financial investments remained relatively unchanged. Namely there was only a slight increase of equity and bond funds position in exchange for lower exposure to money market funds.

Structure of net profit/loss before tax



1H17 Group Financial Asset Allocation

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Financial investments	Index		Structure		
	1H17	1H16	1H17	1H16	
Investment property	95.5	90.5	106	3.1%	3.0%
Shares in associates	7.6	6.7	114	0.2%	0.2%
Shares and other floating rate securities	223.5	209.5	107	7.3%	7.0%
Debt and other fixed return securities	2,135.2	2,097.5	102	69.7%	70.5%
Loans given	29.1	27.3	107	0.9%	0.9%
Deposits with banks	91.0	82.2	111	3.0%	2.8%
Other financial investments	26.2	27.4	96	0.9%	0.9%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5.3	4.6	115	0.2%	0.2%
Unit-linked ins. contract invest.	449.0	429.8	104	14.7%	14.4%
Total	3,062.5	2,975.6	103	100%	100%

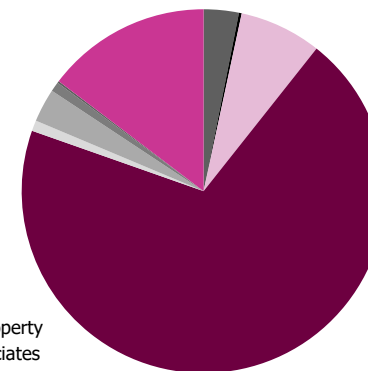
Debt securities	Index		Structure		
	1H17	1H16	1H17	1H16	
Issuer sector					
Government	1,058.3	1,098.6	96	49.6%	52.4%
Corporate	547.3	549.9	100	25.6%	26.2%
Financial	516.6	432.8	119	24.2%	20.6%
Structured	13.1	16.2	81	0.6%	0.8%
Total	2,135.2	2,097.5	102	100%	100%

Debt securities	Index		Structure		
	1H17	1H16	1H17	1H16	
Credit rating					
AAA	220.4	216.2	102	10.3%	10.3%
AA	117.4	113.9	103	5.5%	5.4%
A	570.0	277.6	205	26.7%	13.2%
BBB	751.2	1,000.5	75	35.2%	47.7%
Below BBB	376.9	406.8	93	17.7%	19.4%
Not rated	99.4	82.6	120	4.7%	3.9%
Total	2,135.2	2,097.5	102	100%	100%

Debt securities	Index		Structure		
	1H17	1H16	1H17	1H16	
Country of issuer					
Slovenia	432.2	500.4	86	20.2%	23.9%
Germany	167.7	156.8	107	7.9%	7.5%
Spain	132.9	120.0	111	6.2%	5.7%
France	165.0	156.3	106	7.7%	7.5%
Netherlands	167.5	166.5	101	7.8%	7.9%
Italy	111.8	119.3	94	5.2%	5.7%
Other	958.2	878.1	109	44.9%	41.9%
Total	2,135.2	2,097.5	102	100%	100%

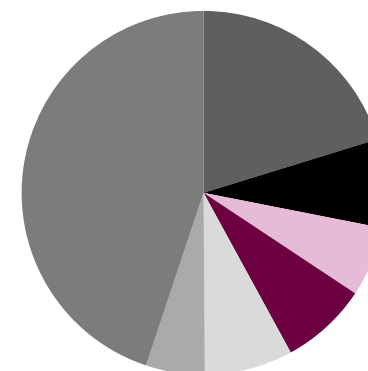
Equity investments	Index		Structure		
	1H17	1H16	1H17	1H16	
Geographic area					
Slovenia	59.8	59.2	101	25.9%	27.4%
Developed markets	147.6	130.1	113	63.8%	60.2%
Developing markets	12.7	15.6	81	5.5%	7.2%
Balkans	11.1	11.3	98	4.8%	5.2%
Total	231.1	216.2	107	100%	100%

Financial investments









- Investment property
- Shares in associates
- Shares and other floating rate securities
- Debt and other fixed return securities
- Loans given
- Deposits with banks
- Other financial investments
- Financial investments of reinsurance companies in reinsurance contracts with cedents
- Unit-linked ins. contract invest.

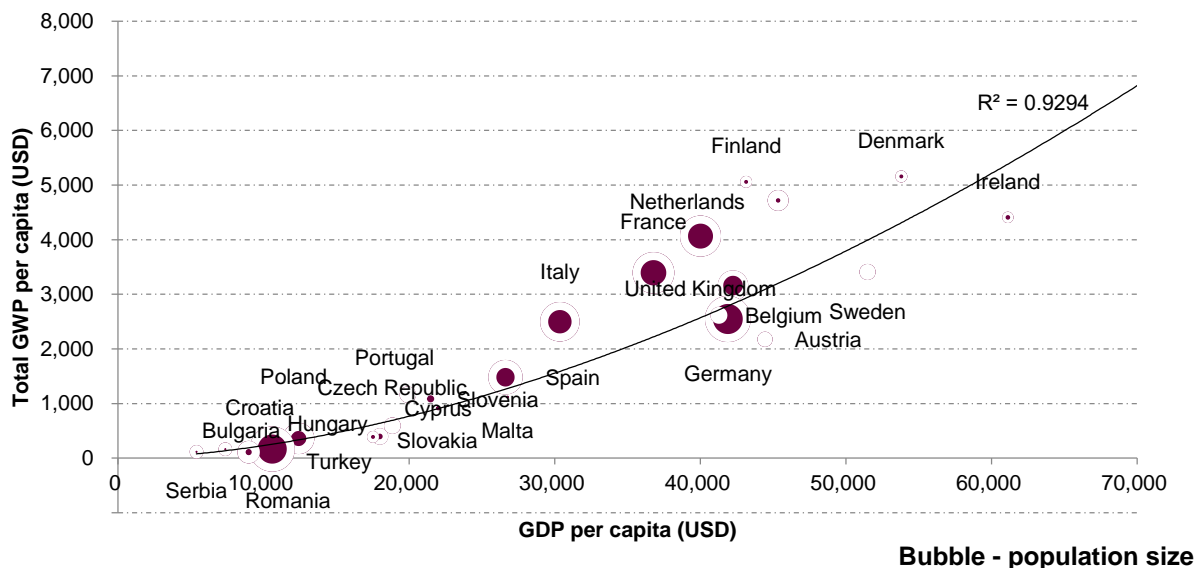
Debt securities



- Slovenia
- Germany
- Spain
- France
- Netherlands
- Italy
- Other

Market overview

1H2017		Insurance penetration 2016	GWP 1H2016 in EURm	Insurance density in EUR per capita 2016	Market Share 1H2017 (*1Q2017)	Change in p.p.	Combined ratio
Slovenia		5.0%	431.4	980	36.6%	-0.1	94.4%
Croatia		2.6%	32.0	278	4.8%	+0.3	103.4%
Bosnia & Herzegovina		2.2%	14.4	92	8.1%	-0.3	98.3%
Serbia		2.1%	22.9	103	5.7%*	+1.2	100.8%
Montenegro		2.1%	15.6	129	39.1%	-0.1	96.9%
Macedonia		1.4%	11.7	68	17.8%*	+0.9	99.9%

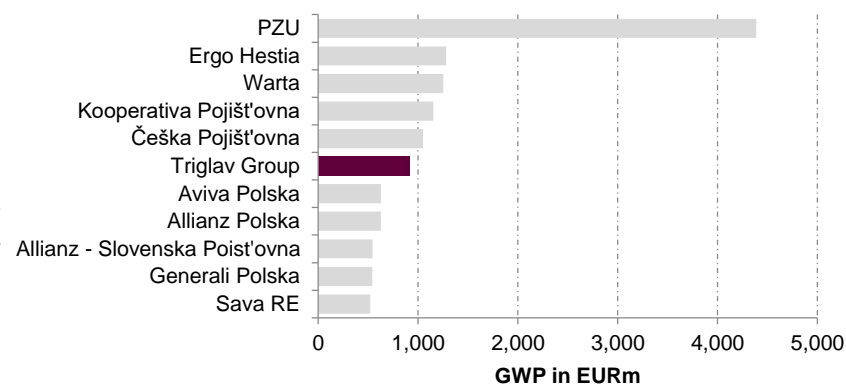


Investment Thesis

POSITIVE:

- Triglav Group is a market leader on the relatively mature Slovenian insurance market**, the largest insurance company in SEE region and also **among the largest insurers in CEE region**. While domestic market contributes the majority of GWP (~80%), Triglav Group is among Top 5 insurers also in Serbia, Montenegro, BiH and Macedonia.
- With the implementation of Solvency II regulations and hence lower uncertainty regarding capital ratios, Triglav Group dividend policy became more generous and at the same time more transparent. Given the stable profitability, high solvency ratio of 246% and slow organic growth (low capital needs), investors can expect **attractive dividend yield also in the future** (note it was a top dividend play on LJSE in the past few years).
- Due to relatively mature Slovenian market, the Group started focusing on **domestic profitability and growth on markets abroad**. SEE markets are still immature and could provide strong future GWP growth if macroeconomic conditions in the region improve.
- In the last few years Triglav Group made **positive steps regarding non-core and core investments**. Group exited unprofitable Czech market and increased its ownership in Slovenian pension insurance Skupna Pokojninska Družba. The management also decided to divest bus company Avrigo and to sell a part of the large land plot in capital city to IKEA. They are now selling also some other smaller investments (Nama, Gorenjska banka etc.). At the same time Group is not completely abandoning alternative investment space and in 2017 established a joint venture with KGAL Group. Focus will be alternative investments, mainly in real-estate space.
- Given the fact Zavarovalnica Triglav has an important domestic market share and meaningful regional presence (in terms of exposure and market shares) and around EUR 1bln of GWP, we believe it can be an interesting takeover target. Although Triglav is labelled by government as strategic investment, we believe any future privatization will appeal strong interest.

Largest insurance companies in Central Europe in 2015



Market position in 1H2017 (* 1Q2017)



Solvency 2 ratio		Dividend policy
> 300%	Excess CAR	The possibility of increasing the share of dividend payments
250 – 300%	Target CAR	Dividend payout within the target range of 30% - 50% of Triglav Group net profit.
200 - 250%	Suboptimal CAR	The possibility of reducing the share of dividend payments (lower payout ratio).
150 – 200%	Warning CAR	Reduction in the share of dividend payments.
< 150%	Insufficient CAR	No dividend payments.

Investment Thesis

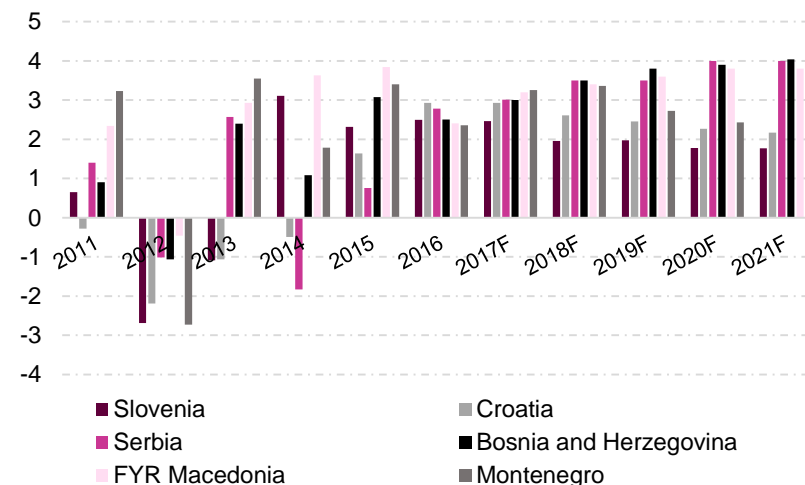
NEGATIVE:

- Although Triglav's market share in Adria region is at 19.6%, that is mainly due to the strong position in Slovenia which is also the most developed country in the region. In reality presence in the region is very uneven and the importance of **GWP outside Slovenia still relatively low** – less than one fifth of unconsolidated premiums.
- Although region presents an opportunity, **SEE region** is also highly macroeconomically and politically unstable with a legal system and controlling mechanism still in need of further development. While extreme growth of GDP is unlikely, future inclusion of countries into European alliances and subsequent convergence will enable higher growth and stable business environment.
- Triglav has health insurance exposure (11% of GWP)** – reform was proposed in Slovenia that would dispose supplementary health insurance. According to the Ministry of Health latest proposition, abolition of supplementary health insurance would be gradually implemented in the period from 2019 to 2021. Although the **Healthcare and Health Insurance Bill** has not yet been put to the vote in front of the Parliament, the pre-election period could be a optimal time for politicians to push through socialistic / populist reforms.
- During the Slovenian banking crisis insurers had an opportunity to benefit from higher interest rates on domestic market. However, currently also Slovenian insurance companies can feel the effects of zero interest rate central bank policy. **Low interest environment (reinvestment and interest rate risk) will weigh on investment returns** and consequently on profit level versus past few (excellent) years.
- With around a 63% ownership stake, the **government controlled entities are the majority shareholders** in the Triglav Group. Although some backing could be welcome in crisis times (which in the last global crisis wasn't needed), it might represent a burden for a strategic focus and management stability due to political influences. While in the **last few years this influences were less present**, we have seen multiple management changes in the period prior 2014.

Interest rate risk (Annual Report 2016)

Type of security (EURm)	+100 bp	-100 bp
Government securities	-39,339,300	42,114,784
Securities issued by financial institutions	-19,103,053	20,507,883
Securities issued by companies	-23,058,962	24,443,159
Composite securities	-588,162	1,064,514
Other	9,707,396	-10,726,699
Total	-72,382,081	77,403,641
Impact on comprehensive income	-69,840,458	74,996,286
Impact on the income statement	-2,541,623	2,407,355

Annual percentages of constant price GDP are year-on-year changes



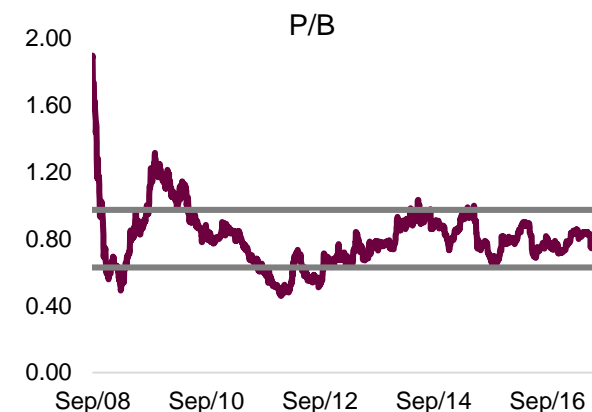
Relative valuation

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Company name	P/E			P/B			ROE TTM		
	TTM	2017F	2018F	TTM	2017F	2018F	TTM	2017F	2018F
Sava Re	7.1	8.6	8.3	0.84	0.80	0.76	11.9%	9.5%	9.4%
PZU SA	17.1	13.2	12.5	2.95	2.55	2.45	17.2%	20.7%	20.0%
VIG	11.9	11.4	10.7	0.73	0.64	0.62	6.1%	6.0%	5.9%
Generali	11.2	9.8	9.4	1.00	0.91	0.88	9.0%	9.7%	9.5%
Uniqua	26.8	11.7	11.0	0.88	0.80	0.79	3.3%	7.2%	7.3%
Aksigorta	8.0	9.1	8.3	2.08	1.85	n.a.	25.9%	21.6%	n.a.
SCOR	10.8	11.0	10.7	1.06	0.96	0.92	9.8%	9.1%	8.8%
Axa	10.6	9.6	9.1	0.98	0.82	0.78	9.3%	9.3%	8.8%
Allianz	11.1	10.8	10.5	1.28	1.13	1.09	11.5%	11.1%	10.6%
Zavarovalnica Triglav	7.4	8.5	8.7	0.87	0.83	0.79	11.9%	10.0%	9.3%
Median	11.1	10.8	10.5	1.00	0.91	0.84	9.8%	9.5%	9.1%

Company name	Div. yield (%)			Assets/ Equity (%)	Price to GWP	Price to Net Prem. Earned
	TTM	2017F	2018F			
Sava Re	4.9	4.9	5.2	5.7	0.50	0.54
PZU SA	4.4	4.9	5.3	9.1	1.94	2.12
VIG	3.2	3.4	3.7	11.6	0.36	0.39
Generali	5.3	5.9	6.2	22.4	0.36	0.37
Uniqua	5.8	6.2	6.6	9.6	0.58	0.56
Aksigorta	0.0	6.0	5.4	4.9	0.61	0.81
SCOR	4.6	5.3	5.5	6.7	0.66	0.51
Axa	4.7	5.2	5.5	14.6	0.63	0.67
Allianz	4.2	4.6	4.8	13.8	1.07	1.15
Zavarovalnica Triglav	9.2	9.2	5.9	5.2	0.63	0.71
Median	4.6	5.2	5.4	9.6	0.61	0.56



- Our relative analysis implies an upside as target price based on P/E, P/B, P/GWP and P/NPE stands at EUR 30.8.** In comparison to our previous analysis target price improved by EUR 2.5. The movement is partly a result of improved long term projections and also due to peer multiple expansion. Namely higher yields in the last few months contributed to a recovery of European insurance sector valuations.
- Valuation based only on P/B multiple implies target price of EUR 26.3, however, with higher ROE, more generous dividend yield and very likely higher growth potential we believe above mentioned target price is justified.
- Zavarovalnica Triglav multiples are slightly higher versus Sava RE (closest peer, quoted on LJSE), however this can be explained by higher dividend yield and even more importantly, more dominant position on the domestic market.

FCF valuation - forecasts

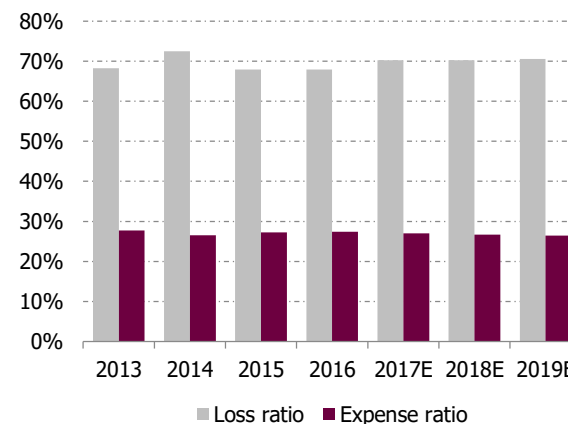
ESTIMATES:

EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Assets	3,766.1	3,916.4	4,057.5	4,220.3	4,386.4	4,556.0	4,725.1	4,893.1	5,059.4
Total investment assets	3,235.8	3,368.9	3,501.2	3,645.3	3,792.2	3,940.1	4,086.8	4,231.8	4,374.6
AFS	1,882.5	1,986.8	2,090.4	2,203.9	2,319.8	2,434.8	2,547.2	2,656.5	2,762.1
Receivables	163.1	168.2	173.5	179.0	184.6	190.2	195.9	201.6	207.4
Cash	58.2	60.6	63.0	65.6	68.3	72.2	76.3	80.4	84.6
Equity	760.5	795.9	834.2	872.6	914.3	958.0	999.7	1,039.1	1,075.7
Technical reserves	2,826.9	2,939.1	3,056.0	3,177.7	3,299.3	3,419.9	3,541.2	3,662.9	3,784.9
Other insurance liabilities	47.0	48.5	50.0	51.6	53.2	56.8	60.4	64.2	68.1
EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Gross written premiums	980.1	1,010.8	1,042.7	1,075.7	1,109.3	1,143.3	1,177.5	1,211.8	1,246.3
Net earned premiums	903.2	931.6	961.0	991.5	1,022.6	1,052.7	1,082.9	1,113.4	1,143.9
Net claims	634.7	654.8	678.0	702.3	727.0	751.2	775.9	800.9	826.2
Net operating expenses	243.8	249.0	254.2	259.7	265.3	270.0	274.4	278.6	282.5
Expense ratio*	27%	27%	26%	26%	26%	26%	25%	25%	25%
Combined ratio*	97%	97%	97%	97%	97%	97%	97%	97%	97%
Net investment result	96.1	92.4	95.8	99.2	102.8	107.0	111.2	115.5	119.9
EBT	85.8	88.5	91.5	93.0	97.7	102.6	107.7	113.0	118.3
Net profit	72.7	71.4	73.8	75.0	78.9	82.8	86.9	91.1	95.5

* calculated on Group level

MAIN ASSUMPTIONS:

- Given the higher than expected top-line growth recorded in 1H2017, we have revised our GWP expectations, however, we also adjusted projections regarding ceded premiums.
- We are remaining cautious regarding net claims for the second half of the year since we have seen numerous events of hail storms in Slovenia during the summer months. That could influence results especially for 3Q.
- We somewhat lowered tax rate for 2017, however, we maintained conservative projections of effective tax rate for the years after 2017. Note that the government increased corporate tax rate from 17% in 2016 to 19% for 2017.
- All in all we see profit gradually improving while ROE should elevate around 9% over the long haul.



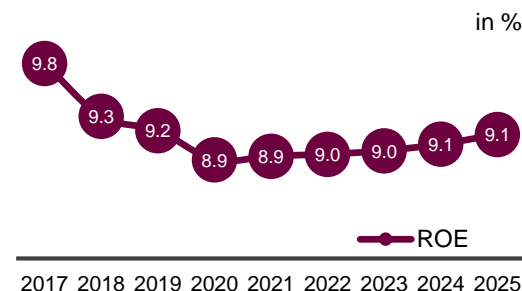
Excess return - commentary

VALUATION TABLE:

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net profit	72.7	71.4	73.8	75.0	78.9	82.8	86.9	91.1	95.5	101.8
Cost of Equity	-78.1	-79.7	-83.5	-87.5	-91.6	-93.0	-94.4	-95.4	-95.8	-92.2
Excess return	-5.4	-8.3	-9.7	-12.5	-12.7	-10.2	-7.5	-4.2	-0.3	9.6

Long-term cost of capital	
Equity Invested	677.1
Period PV of Equity Excess Return	-46.9
Terminal PV of Equity Excess Return	67.6
Value of Equity	697.8
Equity value per share	30.7

Cost of equity	2016	TV
Leveraged beta	1.0	1.0
Risk free rate	1.17%	1.17%
Premiums	9.34%	7.39%
Cost of equity	10.6%	8.7%
Perpetuity growth rate	2.0%	



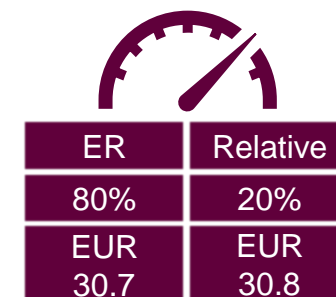
- The main change in comparison to our previous research report is an adjustment of dividend payout policy. The release and also the presentation of the Solvency and Financial Condition Report showed that solvency ratio will be relatively stabile. Given our projections, which does not include any M&A activities, we expect Group will have above target CAR, hence dividend payout could be around 50%.
- Note that dividend payout is in line with announced dividend payout policy and that payout ratio in the last two years was 64% in 2016 and 69% in 2017 respectively. Given the relatively stabile GWP growth, the continuation of higher payout would positively affect ROE and hence the valuation.

2017 2018 2019 2020 2021 2022 2023 2024 2025

Solvency 2 ratio	Dividend payout	
> 300%	Excess CAR	Increased payout
250% - 300%	Target CAR	30% - 50%
200% - 250%	Suboptimal CAR	Lower payout
150% - 200%	Warning CAR	Reduced payout
< 150%	Insufficient CAR	No dividends

WEIGHTING SCHEME & END COMMENTARY:

- Our baseline target price consists of peer (20% weight) and excess return valuation (80% weight) method. Combination of both valuation methods derives to a target price of EUR 30.7 and hence higher versus our previous research report where we set our price target at EUR 28.5 (including dividend).
- Target implied P/B ratio is at 0.98x.
- Valuation indicates that there is roughly 13% upside potential (as method is based mostly on Excess return this also encompasses high dividend yield), hence **we are upgrading our recommendation from hold to buy**.



Historic Financial Data

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in EURm	2010	2011	2012	2013	2014	2015	2016
Assets	3,024.4	2,962.0	3,123.8	3,077.1	3,275.4	3,493.5	3,574.9
Intangibles	61.2	63.3	66.9	71.7	71.8	70.1	73.8
Property, plant and equipment	142.6	128.8	130.4	122.9	123.7	121.8	107.9
Investment property	84.3	96.8	100.2	97.2	104.9	79.5	95.8
Investments in associates	117.1	20.5	14.4	10.2	10.4	6.9	6.8
Financial investments	1,904.6	1,961.3	2,027.0	1,994.5	2,153.6	2,408.7	2,514.3
Unit-linked insurance assets	377.9	364.7	418.9	437.7	465.8	464.7	460.0
Cash and cash equivalents	34.1	22.8	17.3	29.1	22.9	47.9	65.7
Equity	499.0	489.5	574.6	590.5	688.1	704.0	744.3
Equity of non-controlling interests	24.2	28.2	6.7	6.2	6.7	11.1	10.4
Subordinated liabilities	40.9	40.9	37.0	28.2	28.1	18.8	16.9
Insurance technical provisions	1,869.6	1,894.8	1,887.9	1,826.2	1,874.8	2,143.4	2,203.1
Insurance technical provisions for unit-linked insurance contracts	364.5	376.1	417.3	435.2	458.9	457.0	457.7
Book Value per share	20.9	20.3	25.0	25.7	30.0	30.5	32.3
in EURm	2010	2011	2012	2013	2014	2015	2016
GWP	1,013.6	989.4	936.3	900.9	888.2	919.1	936.0
ceded written premium	-74.4	-80.1	-75.0	-70.9	-73.3	-77.0	-79.1
change in unearned premiums	7.0	7.0	23.1	7.7	4.9	-2.9	-7.3
NPE	946.2	916.3	884.4	837.6	819.9	839.2	849.6
Net claims incurred	557.7	576.1	578.9	571.7	594.7	570.3	577.1
gross claims settled	588.3	593.9	613.8	627.5	615.7	594.8	606.0
reinsurers' and co-insurers' share	-30.1	-22.5	-22.5	-35.8	-20.3	-23.5	-21.7
changes in claims provisions	-6.3	-2.0	-19.7	-28.0	-8.4	-8.4	-14.2
equalisation scheme expenses for supplementary health insurance	5.9	6.7	7.4	8.0	7.8	7.5	7.0
Operating expenses	208.1	203.3	198.5	199.4	199.4	201.8	208.7
Acquisition cost	132.5	130.6	128.0	128.0	135.9	136.2	141.0
Investment Income	132.7	119.0	138.1	136.2	172.7	202.6	119.4
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	42.5	25.8	29.8	48.5	63.5	92.9	23.5
Expenses for financial assets and liabilities	88.3	107.0	98.2	79.2	40.7	95.8	37.9
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	28.6	75.8	0.7	33.8	19.5	83.4	1.5
EBT	43.3	58.0	89.7	83.6	100.4	102.5	95.1
Total taxes	-16.6	-10.5	-16.5	-13.8	14.7	13.6	12.8
Net profit / loss	26.6	47.5	73.2	69.9	85.7	88.9	82.3
Attributable to equity holders of the parent	27.8	47.1	72.5	69.5	85.4	88.8	81.9
in EURm	2010	2011	2012	2013	2014	2015	2016
Loss ratio	-58.9%	-62.9%	-65.5%	-68.2%	-72.5%	-68.0%	-67.9%
Expense ratio	-22.0%	-22.2%	-22.4%	-23.8%	-24.3%	-24.0%	-24.6%
Combined ratio	-80.9%	-85.1%	-87.9%	-92.0%	-96.9%	-92.0%	-92.5%
Net margin	2.7%	4.8%	7.7%	7.7%	9.6%	9.7%	8.8%
Assets Turnover	0.34	0.33	0.30	0.29	0.27	0.26	0.26
ROA	0.9%	1.6%	2.3%	2.3%	2.6%	2.5%	2.3%
Assets to Equity	6.37	6.42	5.50	5.27	4.81	5.04	4.87
ROE	5.9%	10.2%	12.8%	11.9%	12.5%	12.8%	11.2%

Company & ALTA Description

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COMPANY DESCRIPTION:

- Is a multinational corporation with two elementary business divisions (insurance and asset management) where the insurance business is its most important part.
- The Group is already present in the markets of Croatia, Bosnia and Herzegovina, Serbia, Macedonia and Montenegro. For now less than 20% of total GWP.
- 2016: 65% of total GWP tied to non-life, 23% to life and 12% to Health insurance products.
- Insurance portfolio and own funds AuM EUR 2,628m while investment funds AuM at 699m (Triglav Skladi).

OWNERSHIP STRUCTURE:

ZPIZ	34.5%
SDH d.d.	28.1%
Addiko Bank (Fiduciary)	6.4%
HPB (Fiduciary)	1.4%
Unicredit (Fiduciary)	1.4%

Source: KDD

RESEARCH REPORT:

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Analyst

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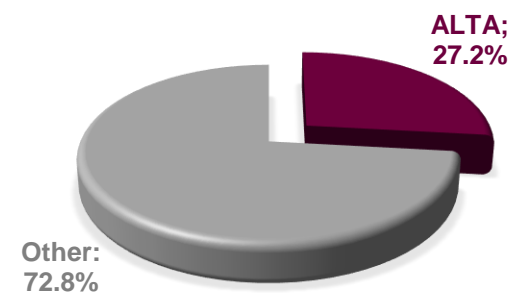
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- ✓ 38,300 brokerage clients with EUR 3.3 bn of assets.
- ✓ European Banking award: Best Broker & Best Asset Manager in 2015 and 2016.

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