

**MAPFRE GENERATES 609 MILLION IN 2019, A 15.2 PERCENT INCREASE**

**HIGHLIGHTS OF THE FISCAL YEAR**

- Revenues grow 7.1 percent, to 28.47 billion euros, and premiums increase by 2.2 percent, to 23.04 billion.
- Earnings at insurance units, MAPFRE's core business, rise 17.7 percent, exceeding 806 million euros.
- Notable increase seen in the three main markets (Spain, Brazil and the United States).
- The Reinsurance business produces 77 million euros, despite the impact of extraordinary claims.
- Financial dividend: MAPFRE maintains its dividend and will pay its shareholders 0.145 euros per share against the 2019 results.
- Social dividend: The Group contributes 324 million euros in corporate tax, with an effective rate with respect to earnings of 25 percent.

MAPFRE's net earnings in 2019 came in at 609 million euros, 15.2 percent better than the previous year, while Group revenues rose 7.1 percent to 28.47 billion euros. Premiums were up by 2.2 percent to 23.04 billion euros, thanks, among other things, to the solid performance of the business in Spain, in the LATAM North regional area and in the Reinsurance business. Currency conversion rates were not a significant factor in the year (+0.2 percent).

## 2019 RESULTS

The results for 2019 were heavily marked by the cost of the Faxai and Hagibis typhoons in Japan (107 million euros), the damage caused by riots in Chile (24 million) and the damage caused by heavy rain and storms in Spain (17 million), among other events. The accounts for 2019 also show an impairment of MAPFRE ASISTENCIA's goodwill in the amount of 66 million euros net. Excluding the catastrophes and goodwill impairment in both 2018 and 2019, MAPFRE's earnings would have risen by 1 percent to 822 million euros.

This goodwill impairment has no effect on MAPFRE's cash flow, nor does it affect the Group's financial strength and flexibility or the capital models on which the ratings and high solvency margins are based, as goodwill is excluded from their calculation.

MAPFRE's combined ratio stands at 97.6 percent, reflecting the improvement of this indicator in Brazil, LATAM North and the United States, thanks to the measures taken within the profitable growth framework.

The Group's attributable equity at the 2019 fiscal year-end stood at 8.85 billion euros, up 10.8 percent, and total assets grew 7.8 percent, reaching 72.51 billion euros.

Group investments increased by 8.6 percent in the last year to 53.52 billion euros, with 56.2 percent of these investments in sovereign debt and 17.5 percent in corporate fixed income, while 5.2 percent are equity investments and 4.7 percent are cash.

At the close of September 2019, the Solvency II ratio stood at 195 percent, compared to 198 percent in June, with 87 percent high-quality capital (Tier 1). It is important to note that the solvency ratio remains both robust and stable, thanks to a high level of diversification and a stringent investment and management policy.

### **1. Business performance**

Insurance Unit premiums in 2019 totaled 19.29 billion euros, showing a rise of 3 percent from the previous year, and attributable earnings were up 17.7 percent to 806 million euros.

### **Spain: Ten quarters beating the market**

- In the Iberia Regional Area (Spain and Portugal), premiums increased by 0.8 percent to 7.72 billion euros, with results also improving by 3.6 percent to 498 million euros, despite the impact of heavy rain and storms costing an estimated 17 million euros.

In Spain, premiums stood at 7.58 billion euros, up 0.8 percent, compared to a 0.4 percent drop for the market as a whole. In the Automobile line, the premium volume of 2.31 billion euros was 1.3 percent better than last year, and in line with the market. Also noteworthy is the good performance of the Homeowners business, which grew 4.8 percent (half a point more than the market) and the Communities business, with an increase of 8.5 percent (almost three times the market growth). Health and Accident premiums also performed positively, increasing by 3.7 percent, contributing to an improved combined ratio.

MAPFRE VIDA premiums amounted to 2.47 billion euros, 5.8 percent less than a year earlier. This decline was caused by the difficulties arising from low interest rates, which hampers the sale of savings insurance, as well as by a reduction in Bancassurance business, due to one-off income tax campaigns for collectives and savings products launched in 2018 that were not repeated in 2019. The strong performance of Life Protection insurance, which grew 10 percent, is worthy of mention. Similarly, it is also important to highlight the increase in pension funds, which rose 12.4 percent to 5.48 billion euros, while mutual funds increased by 11.1 percent to almost 3.6 billion euros.

### **Brazil: Earnings grow 79 percent**

- In Brazil, premiums amounted to 3.98 billion euros, up 0.1 percent and up 2.1 percent in local currency. General P&C insurance contributed the most to the Group, with 1.63 billion euros, while the Life business totaled 1.5 billion euros and the Automobile line came in at 843 million euros. Attributable earnings in this regional area soared 79.1 percent, to 97 million euros, thanks to positive progress in the General P&C and Automobile businesses, where the combined ratio improved notably by more than 6 percentage points, as a result of the measures taken to improve the profitability of this line.

## 2019 RESULTS

### **LATAM North: Earnings grow 44.6 percent**

- The LATAM North Regional Area business grew 50.7 percent to 1.97 billion euros. This increase is due in part to the renewal of the PEMEX multi-year policy for 450 million euros and the good performance of the main markets in the region. Mexico grew 84.2 percent, to 1.33 billion euros, Guatemala 18.3 percent (to 74 million), the Dominican Republic 13.9 percent to 149 million euros, and Panama 9.3 percent to exceed 223 million euros. The result for this regional area grew 44.6 percent, to 63 million euros, and its combined ratio improved by 3.4 percent, to 94.7 percent, with positive performances in all countries.

### **LATAM South: Peru is the region's driving force**

- In the LATAM South Regional Area, premium volume was 1.6 billion euros, a 0.6 percent decrease. Peru's progress is worthy of note, where premiums increased by 12.3 percent, to 552 million euros. Virtually all countries grew in local currency, including Argentina (+32.8 percent), Peru (+8 percent) and Paraguay (+5.3 percent). It is important to underline the recovery in Colombia, which went from losing 10 million euros in 2018 to posting 5 million euros in earnings for 2019.

### **North America: US earnings increase sevenfold**

- In the North American Regional Area, premiums at the 2019 fiscal year-end were 2.33 billion euros (-3.9 percent). This decrease is explained by the underwriting measures taken—affecting both existing portfolio renewals and new business—and the withdrawal from some states, with the aim of enhancing overall business profitability. However, US earnings increased sevenfold to 57 million euros. The 1.7 percent improvement in the combined ratio of this regional area should also be highlighted.

### **EURASIA: Earnings grow 21 percent**

- In the EURASIA Regional Area, recorded premium volume was 1.7 billion euros (-4 percent), while earnings increased by 21 percent to 15 million euros. Progress in Germany was notable, with growth of 4.7 percent to 343 million euros. Italy maintained its business volume stable (471 million euros). In Turkey, premiums amounted to 448 million (-7.7 percent), strongly influenced by the depreciation of the Turkish lira (-13.1 percent) and

## 2019 RESULTS

the strict underwriting policy aimed at reducing the weight of the Automobile line, within the framework of the Group's profitable growth policy.

### **Reinsurance unit: Earnings of 77 million, despite the increase in disasters**

- Reinsurance unit premiums at the close of 2019 were 4.52 billion euros, 19.4 percent higher than in the previous year. Net earnings for the Reinsurance business stood at 77 million euros, down 48 percent due to the affects of the Faxai and Hagibis typhoons (107 million euros) and the riots in Chile (20 million euros).

MAPFRE GLOBAL RISKS premium volume stood at 1.06 billion euros (-9.7 percent) and the negative result (19 million euros) was heavily affected by several large claims, with a net cost of 27 million euros.

Finally, revenues at the Asistencia unit dropped by 0.4 percent to 979 million euros. The result was strongly affected by the goodwill impairment in the UK (48 million) and in the US and Canada (17 million), and by the cost of restructuring the business in several countries (10 million euros).

## **2. Financial dividend: Commitment to shareholders**

The Board of Directors has agreed to propose to the Annual General Meeting a final dividend against the 2019 results of 0.085 euros gross per share. Thus, the total dividend against the 2019 results amounts to 0.145 euros per share gross, representing a 73.3 percent payout, and a return on the average share price of 5.7 percent. MAPFRE will pay its shareholders a total of 447 million euros against the 2019 results.

## **3. Social dividend**

The main indicators of the Group's social commitment are as follows:

- **Tax contribution:** In addition to fulfilling all legal and fiscal obligations in the respective countries, the Group's contribution in taxes for the 2019 fiscal year will be 324 million euros, which is equivalent to an effective rate of 25 percent with respect to earnings.

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- **ESG commitment:** Approximately 90 percent of all assets in the MAPFRE portfolio, excluding sovereign debt, have high or very high ESG (environmental, social and governance) scores.
- **Commitment to employment:** 97 percent of MAPFRE's 34,000 employees worldwide have a permanent contract.
- **Commitment to diversity:** By the close of 2019, 48.3 percent of vacancies in job positions of responsibility were filled by women. With regard to inclusion, progress is being made to ensure that by the end of 2021, people with disabilities represent at least 3 percent of the workforce. By the close of the last fiscal year this figure was 2.9 percent.
- **Commitment to society:** 125,000 people have benefitted from the work of more than 10,300 employees and their families, through the Corporate Volunteering Program.
- **Environmental commitment:** The Group is committed to reducing its carbon footprint with a view to achieving global emissions neutrality by 2030, with the most immediate objective being achieving zero emissions in Spain and Portugal by the end of 2021.

## 2019 RESULTS

### MAIN CONSOLIDATED FIGURES

Results	€ million		% Var.
	2018	2019	2018 / 2019
<b>GROSS WRITTEN AND ACCEPTED PREMIUMS</b>	<b>22,537.1</b>	<b>23,043.9</b>	<b>2.2%</b>
Non-Life	17,060.9	17,559.1	2.9%
Life	5,476.2	5,484.8	0.2%
<b>TOTAL CONSOLIDATED REVENUES</b>	<b>26,589.7</b>	<b>28,472.2</b>	<b>7.1%</b>
<b>RESULTS BEFORE TAX</b>	<b>1,330.5</b>	<b>1,279.2</b>	<b>-3.9%</b>
<b>RESULTS AFTER TAX AND NON-CONTROLLING INTERESTS</b>	<b>528.9</b>	<b>609.2</b>	<b>15.2%</b>
<b>EARNINGS PER SHARE (euro cents)</b>	<b>17.17</b>	<b>19.78</b>	<b>15.2%</b>

Balance Sheet	€ million		% Var.
	2018	2019	2018 / 2019
<b>TOTAL ASSETS</b>	<b>67,290.8</b>	<b>72,509.9</b>	<b>7.8%</b>
<b>ASSETS UNDER MANAGEMENT (1)</b>	<b>58,484.6</b>	<b>63,637.8</b>	<b>8.8%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>7,993.8</b>	<b>8,854.3</b>	<b>10.8%</b>

Premiums	€ million		% Var.
	2018	2019	2018 / 2019
IBERIA	7,657.9	7,717.8	0.8%
LATAM	6,887.3	7,547.3	9.6%
INTERNATIONAL	4,191.0	4,027.3	-3.9%
<b>TOTAL INSURANCE</b>	<b>18,736.2</b>	<b>19,292.4</b>	<b>3.0%</b>
REINSURANCE AND GLOBAL RISKS	4,960.9	5,580.5	12.5%
ASISTENCIA	911.0	861.0	-5.5%
Holdings, eliminations and other	(2,071.1)	(2,690.0)	-29.9%
<b>MAPFRE S.A.</b>	<b>22,537.1</b>	<b>23,043.9</b>	<b>2.2%</b>

Attributable Result	€ million		% Var.
	2018	2019	2018 / 2019
IBERIA	480.6	497.8	3.6%
LATAM	156.9	214.9	36.9%
INTERNATIONAL	47.4	93.7	97.6%
<b>TOTAL INSURANCE</b>	<b>684.9</b>	<b>806.4</b>	<b>17.7%</b>
REINSURANCE AND GLOBAL RISKS	168.7	57.5	-65.9%
ASISTENCIA	(10.1)	(88.0)	--
Holdings, eliminations and other	(314.6)	(166.7)	47.0%
<b>MAPFRE S.A.</b>	<b>528.9</b>	<b>609.2</b>	<b>15.2%</b>

The Alternative Performance Measures (APMs) used in the report, which refer to financial measures not defined or specified in the applicable financial reporting framework, along with their definition and method of calculation, can be found on our website at the following address: <https://www.mapfre.com/corporate/institutional-investors/financial-information/alternative-performance-measures/>

For more information, please visit <https://noticias.mapfre.com/>

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