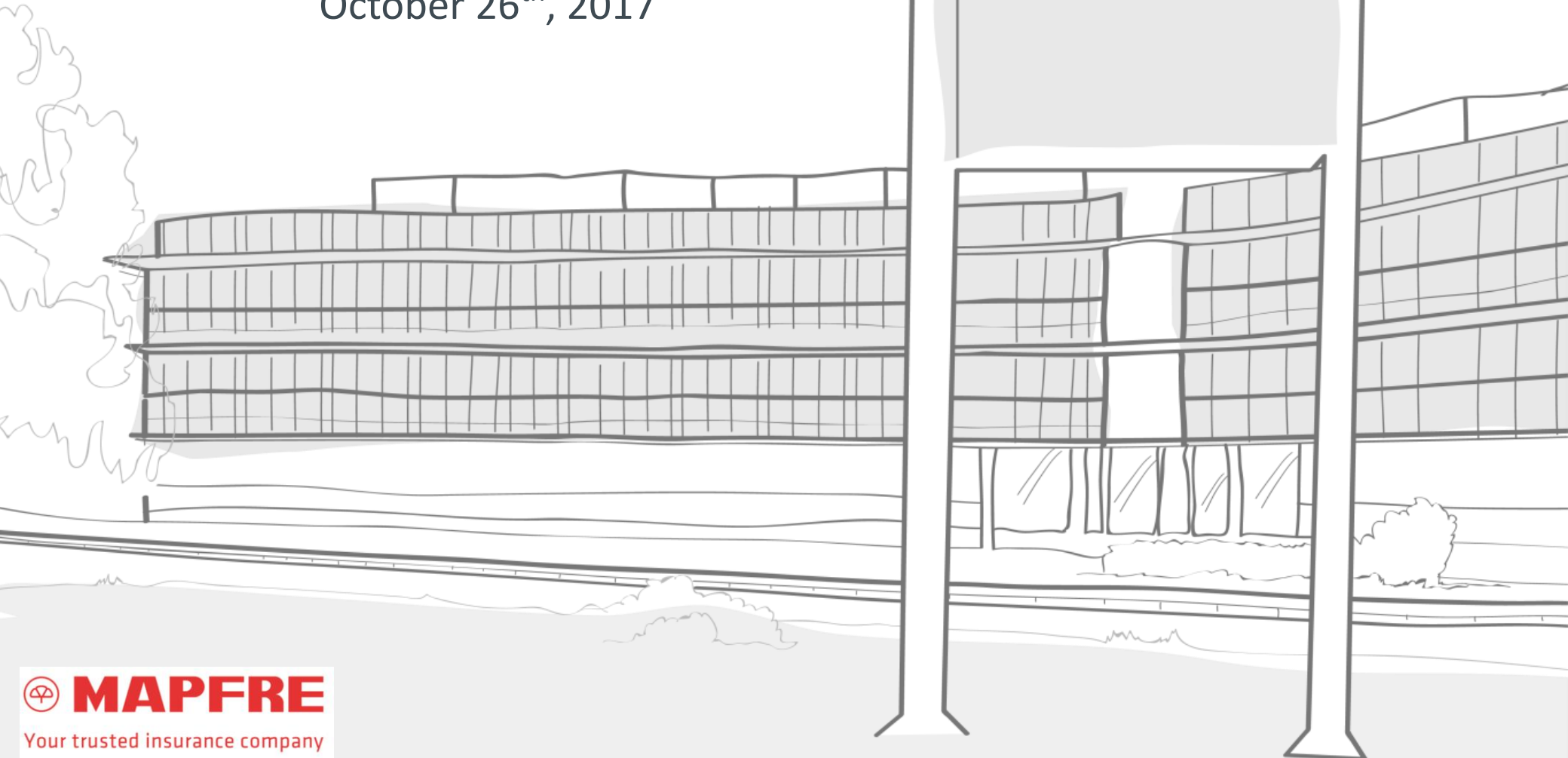


# Financial results

## Nine months 2017

Analyst and investor presentation

October 26<sup>th</sup>, 2017





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## 01 KEY HIGHLIGHTS

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## 02 FINANCIAL OVERVIEW

- › Profit & Loss
  - › Balance sheet & Solvency
-

## Main highlights > 9M 2017

- › Estimated impact of extraordinary catastrophic events: €150-200 mn on MAPFRE's attributable result

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- › Best estimate is €176.4 mn for third quarter reporting purposes

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- › Too early to have an accurate estimate of the gross loss of these events

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- › Very effective catastrophic reinsurance protection

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- › Profitable growth strategy is still in place and delivering results
  - › MAPFRE RE and IBERIA are main drivers for profitable growth
  - › Turkey, Peru, Colombia and Italy are showing relevant improvements

## Key Figures > 9M 2017

	9M 2017	Δ
<b>Revenue</b>	<b>21,292</b>	<b>1.6%</b>
Total written and accepted premiums	17,987	5.1%
- Non-Life	14,094	4.7%
- Life	3,893	6.9%
<b>Non-Life Combined Ratio</b>	<b>98.7%</b>	<b>1.5 p.p</b>
Non-Life Loss Ratio	70.6%	1.4 p.p
Non-Life Expense Ratio	28.1%	0.1 p.p
<b>Net result</b>	<b>444.6</b>	<b>-22.3%</b>
<b>Balance sheet</b>		
Assets under management	59,596	1.2%
Shareholders' equity	8,781	-3.8%
<b>ROE</b>	<b>7.2%</b>	<b>-1.6 p.p</b>
<b>Solvency ratio</b>		
	<b>205.6%</b>	<b>-4.2 p.p</b>

9M 2017	Δ
<b>Ex - NatCat*</b>	
<b>96.3%</b>	<b>-0.9 p.p</b>
68.3%	-0.9 p.p
<b>621.0</b>	<b>8.6%</b>
<b>9.1%</b>	<b>0.3 p.p</b>

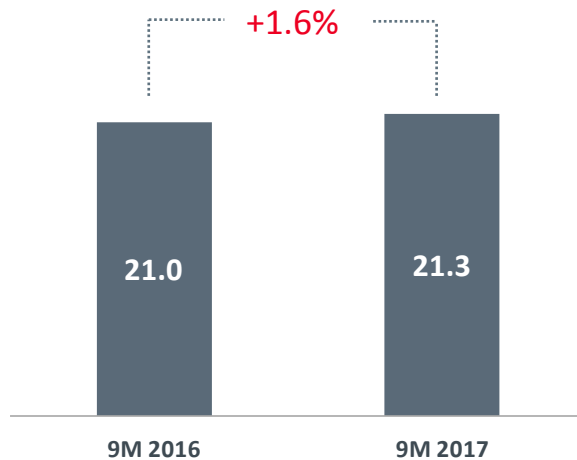
Balance sheet, ROE and Solvency ratio variations calculated compared to data at December 31<sup>st</sup>, 2016

\*Excluding impacts from hurricanes Maria, Irma and Harvey, and Mexican earthquakes; other minor events have been considered part of the recurring business

Million euros

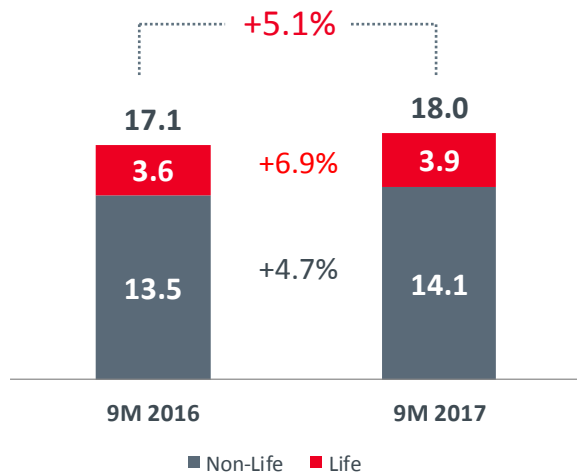
## Favorable premium trends across the majority of regions and segments

### Revenue



- > **On track to meet premium growth**, financial revenue impacted by low yields in Brazil and Europe, as well as lower contribution of unit-linked investments
- > **Significant growth in Non-Life** despite the ongoing cancellation of non-profitable business segments (>€300 mn as of 9M 2017):
  - > IBERIA: +3%
  - > BRAZIL: +9.6%, slight pick up in local currency growth
  - > LATAM NORTH: +64% including multi-year PEMEX policy
  - > MAPFRE RE: +3.3%

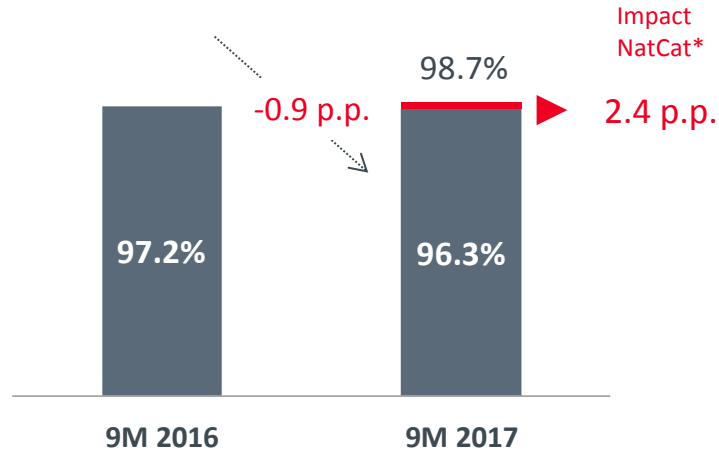
### Premiums



- > **Excellent performance of Life business**
  - > IBERIA: +5.4%
  - > MAPFRE RE: +6.3%
  - > Positive contributions from Malta, Mexico, Colombia and Peru
- > **Appreciation of the Brazilian real**

# Underlying improvements in profitability overshadowed by catastrophes

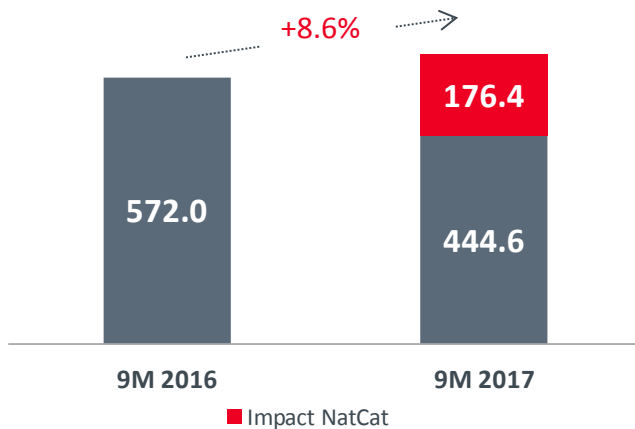
## Combined Ratio



> **Combined ratio in line with target**, excluding 3Q NatCat events, thanks to excellence in **underwriting and technical management** as well as strict **cost containment policies**

- > IBERIA: remains at excellent levels (94%)
- > BRAZIL: stable at 94.6%
- > EMEA: 5.3 p.p. improvement, expense driven
- > LATAM NORTH: 3.9 p.p. improvement
- > MAPFRE RE: 96.6%

## Net result

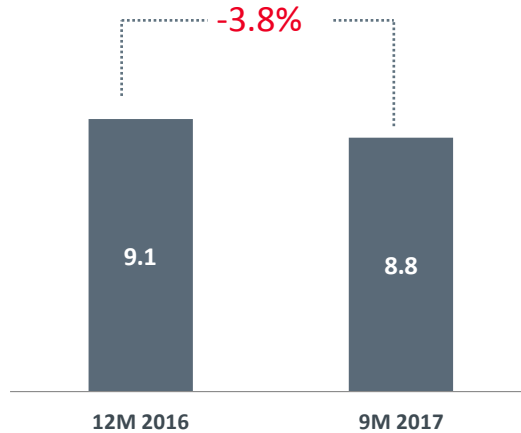


■ Impact NatCat

\*Impacts from hurricanes Maria, Irma and Harvey, and Mexican earthquakes  
 Million euros

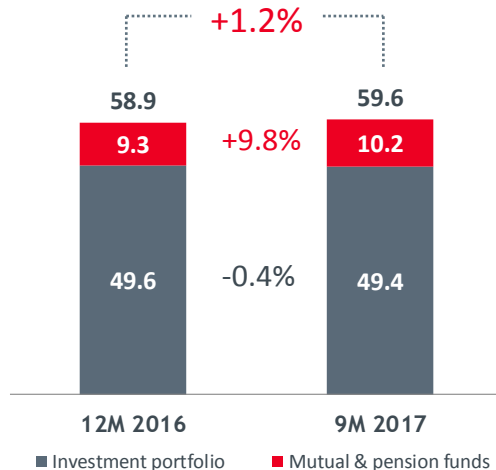
# Investment portfolio and shareholders' equity impacted by market volatility and currency movements

## Shareholders' equity



- › **Fall in shareholders' equity** due to the depreciation of several currencies during the period, mainly the Brazilian real, the US dollar and the Turkish lira, as well as several Latin American currencies

## Assets under management



- › **Steady growth in assets under management**
  - › Strong performance of mutual and pension funds, driven by strategy focused on retail Life savings products
  - › Positive performance of equity markets
  - › Reduction in the value of the investment portfolio as a result of the increase in interest rates in Europe during the year, especially at the longer end of the curve

## Exceptional size and frequency of catastrophic events during the quarter

- > Insured global catastrophe losses in 2017 have been among the largest ever
- > **Impact 3Q:** €150-200 million net loss based on a global estimate and CAT coverage and retention. For reporting purposes, best estimate is €176.4 mn. Gross loss is still difficult to estimate.
- > Affected units: **MAPFRE RE** and **MAPFRE GLOBAL RISKS**, as well as insurance business in **Puerto Rico, USA, Mexico** and the **Dominican Republic**
- > MAPFRE views catastrophes as an earnings event, **not a capital event** (≈2 % of Eligible Own Funds)
- > **Capacity remains** to protect the Group from the occurrence of further events in 2017

Impact by event	Pre-tax and non-controlling interests*	Post-tax and non-controlling interests*
Hurricane Harvey	40.0	28.5
Hurricane Irma	68.1	47.3
Hurricane Maria	90.0	60.9
Mexican earthquakes	55.1	39.7

### Impact by business unit

MAPFRE RE	105.9	72.7
MAPFRE GLOBAL RISKS	97.3	73.0
Puerto Rico	46.5	28.4
USA	1.7	1.1
Mexico & Dominican Republic	1.8	1.2

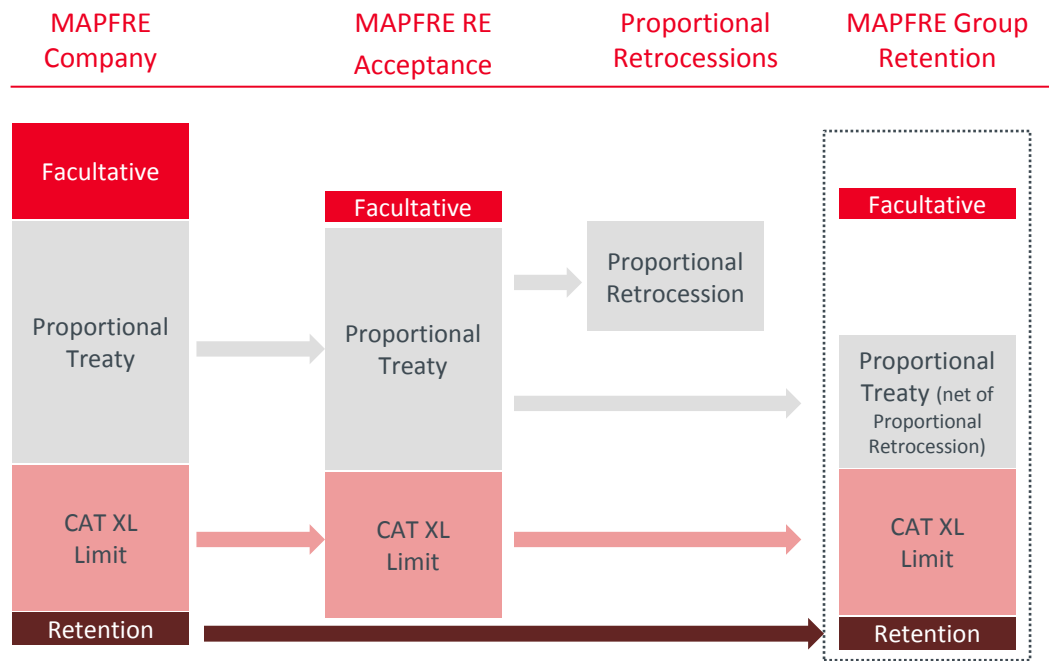
<b>TOTAL</b>	<b>253.2</b>	<b>176.4</b>
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\*Net of reinsurance and retrocessional recoveries  
Million euros

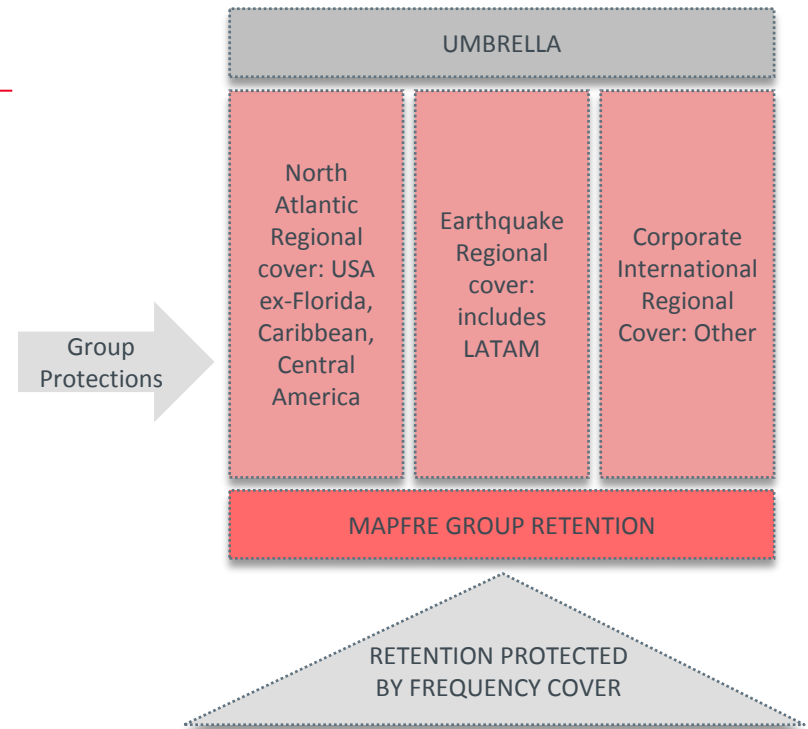


# MAPFRE RE plays an important role in the Group's risk management policy, managing and controlling CAT exposure and monitoring reinsurer credit risk

## Reinsurance structure for MAPFRE Group business\*

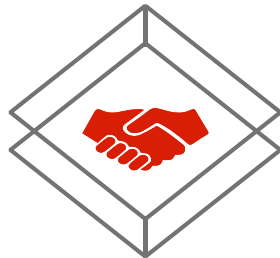


## Multi-layer global catastrophe protection

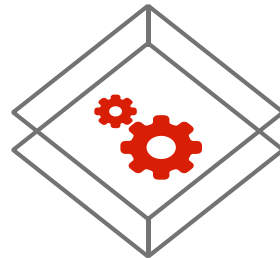


\*Parallel retrocession protection exists for the reinsurance accepted from Non Group business

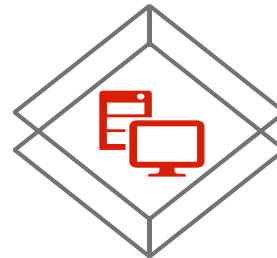
## MAPFRE continues focusing all efforts on its profitable growth strategy



**Client**  
orientation



**Digital**  
transformation



**Excellence**  
in **technical**  
management



**Culture** and  
human **talent**

### › **Key targets:**

- › Average ROE (11%) and combined ratio (<96%) target are unlikely to be achieved, due to catastrophic events during the year
- › Expense ratio (<28%) and premium targets (≈5% CAGR) are on track
- › Dividend payout target range (50-65%) is still in place

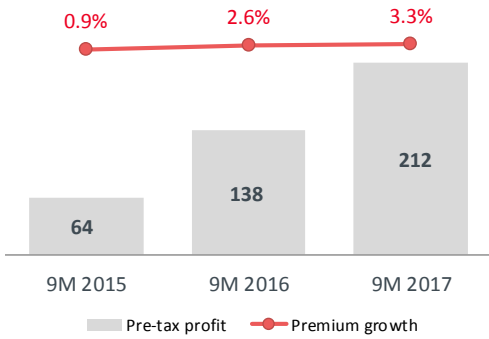
### › **Interim dividend:**

- › €0.06 per share
- › Total dividend to be paid in 2017 amounts to €0.145 per share

# Profitable growth strategy: major achievements in 2017 in several main markets

## IBERIA

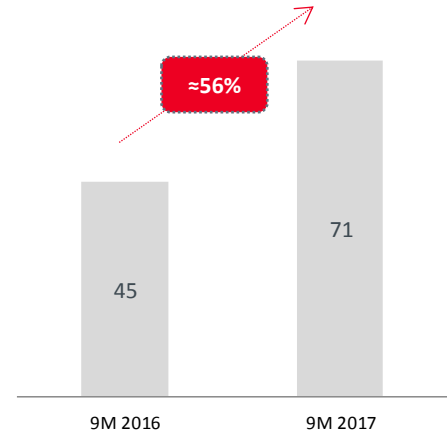
### Motor



- > Excellent Combined Ratio in Motor (91.2%), due to cancellation of unprofitable business, mainly fleets, and positive evolution of VERTI
- > Strict cost containment, while taking advantage of growing volumes
- > Growth in Life despite change in bancassurance agreements
- > Resilient financial income in low yield environment

## LATAM NORTH & LATAM SOUTH

### Attributable result



- > Mexico: Strong reduction in expense ratio, cancellation of unprofitable business, focus on retail clients
- > Combined ratio LATAM NORTH: -3.9 p.p. (98.9%)
- > Colombia: Improvement in profitability thanks to 2016 restructuring
- > Peru: Cancellation of unprofitable business
- > Central America: Solid results

## MAPFRE RE

- > Excellent net result, thanks to diversified business mix and lower impact of large non-Cat claims
- > Conservative underwriting policy in soft market
- > Low historic volatility of Combined Ratio and ROE compared to peers

**Net result ex-NatCat  
9M 2017: +38.6%**

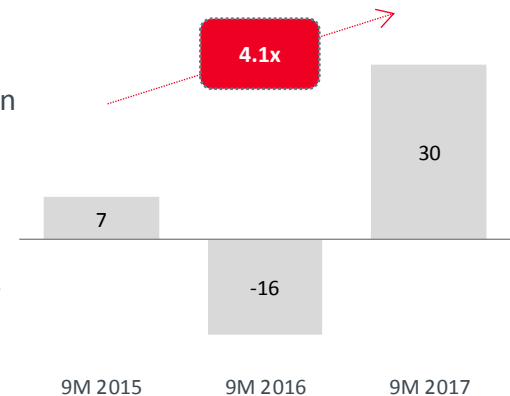
	Ave. 2007-16	9M 2017
Combined Ratio	95.1%	96.6%*
ROE	12.7%	12.3%
Premium growth	+11.4%	+3.8%

\*Excluding 3Q NatCat: 90.1%

## EMEA

- > CAGR premiums 9M 2015-17: ≈26% with positive growth trends in Germany and Italy
- > Business plan and rebranding in Germany on track
- > Strong reduction in losses in Italy, due to restructuring
- > Extraordinary performance in Turkey thanks to previous year tariff increases and stricter underwriting guidelines

### Attributable result



## Profitable growth strategy: cancellation of unprofitable business and restructuring still ongoing in some units

### Brazil

- > Competitive market environment is still affecting Motor (Combined Ratio: 107%), despite measures taken (tariff increases, cancellation of loss-making business, higher deductibles and lower covers)
- > Initiatives to improve underwriting result still ongoing
- > Resilient results due to diversified business mix (contribution of Agricultural and Life businesses)

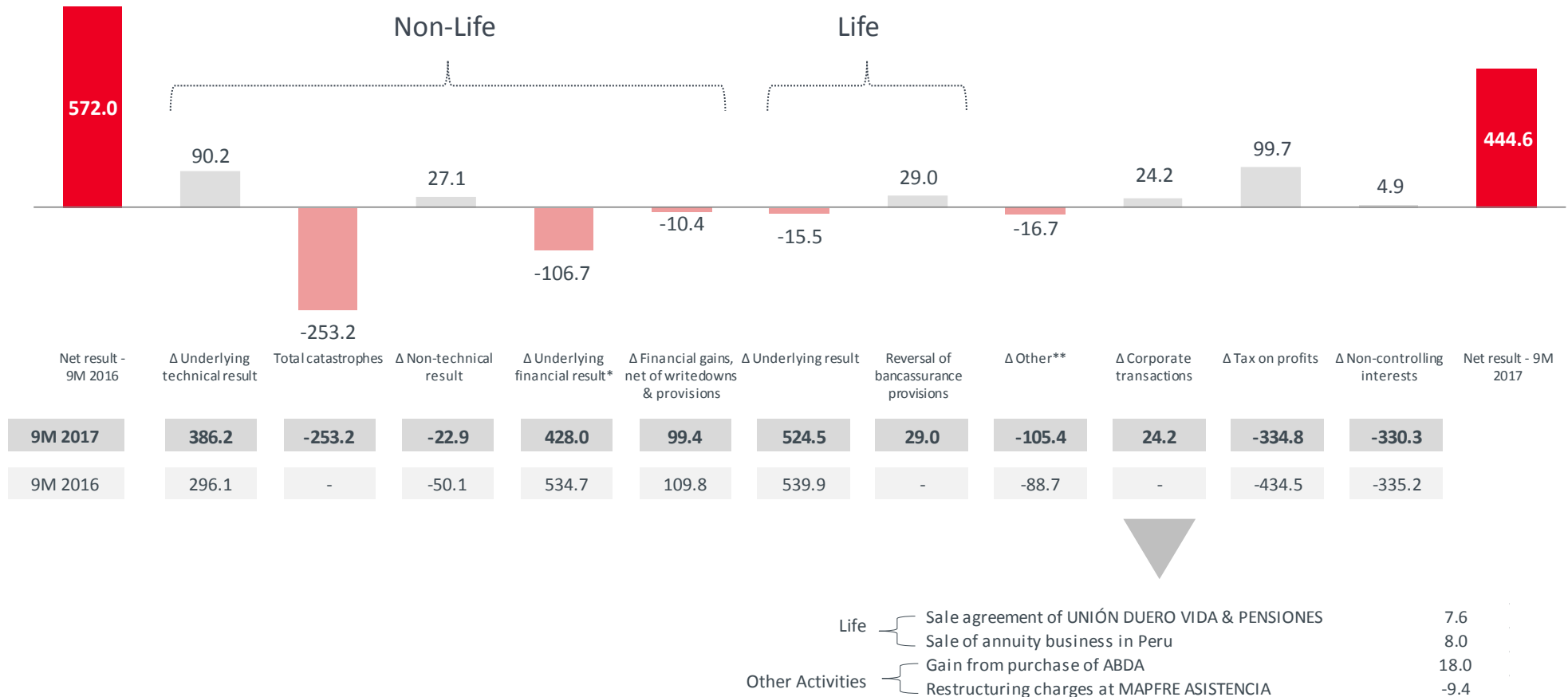
### USA

- > Reduction in business outside of Massachusetts (-7.9% in USD) and business restructuring will speed up by year end
- > Profitable and cash-flow generating business in Massachusetts (96.3% Combined Ratio)
- > Excellent Combined Ratio in Homeowners (69.4%), benefitting from previous year tariff increases and selective underwriting

### MAPFRE ASISTENCIA

- > Negative loss development of already cancelled large accounts
- > Write-downs of intangible and other non-performing assets as a result of restructuring process
- > High overhead expenses, but a significant reduction is underway

## Main drivers of variation of net result – 9M 2017 vs. 9M 2016

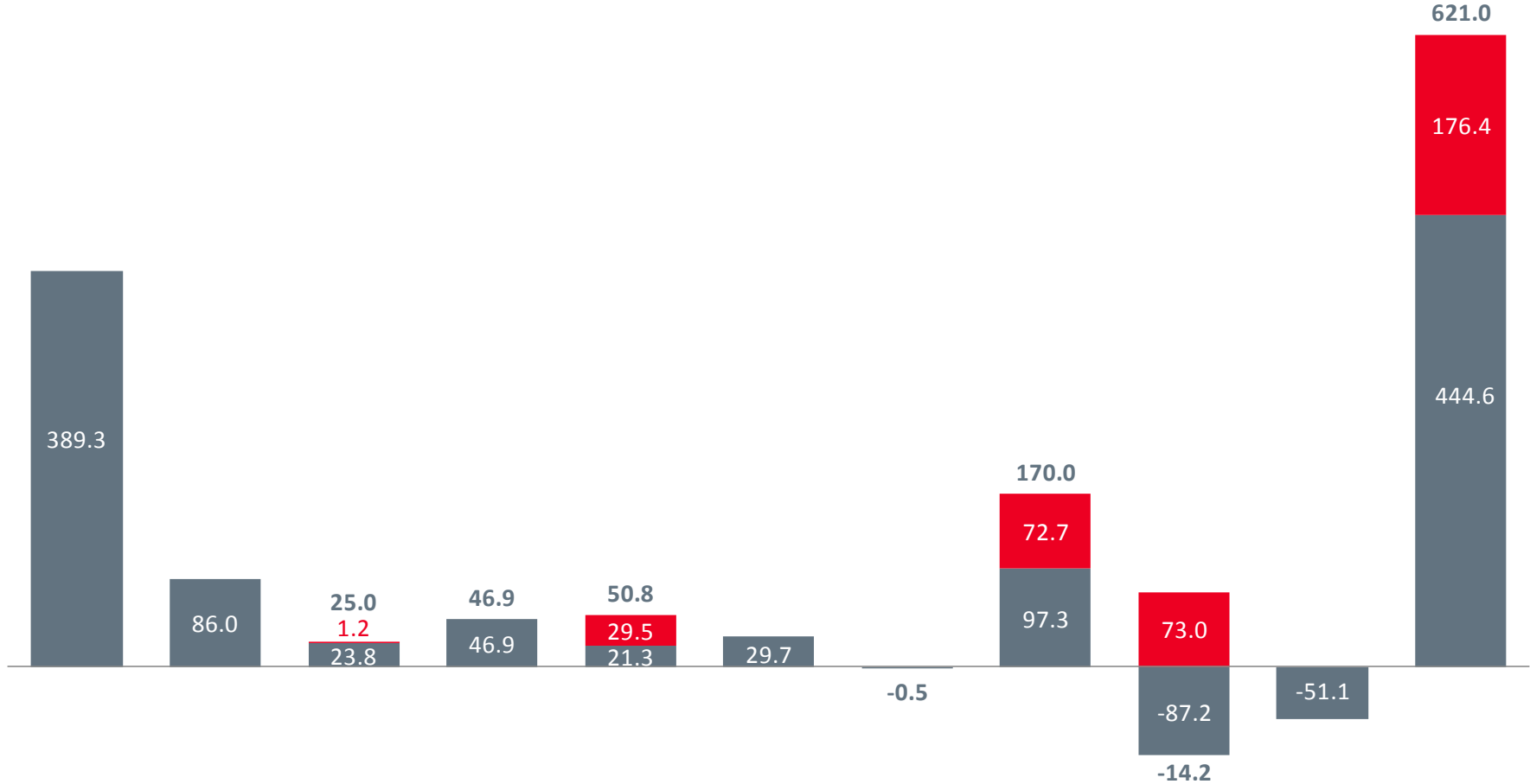


\*Includes net foreign exchange differences (€43.4 mn in 9M 2016 vs. €-15.2 mn in 9M 2017)

\*\*Other includes result from other business activities and hyperinflation adjustments, adjusted for gain from the purchase of ABDA and restructuring charges at MAPFRE ASISTENCIA

# Positive trends in main markets, excluding natural catastrophes

## Attributable result – Impact of NatCat



Δ % Attributable result ex- NatCat	IBERIA	BRAZIL	LATAM NORTH	LATAM SOUTH	NORTH AMERICA	EMEA	APAC	MAPFRE RE	GLOBAL RISKS	ASISTENCIA	TOTAL
	+8.2%	-15.6%	-14.4%	+194%	-11.7%	---	+90.1%	+38.6%	---	-78.1%	+8.6%

Million euros

■ Impact NatCat    ■ Attributable result

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**01 KEY HIGHLIGHTS**

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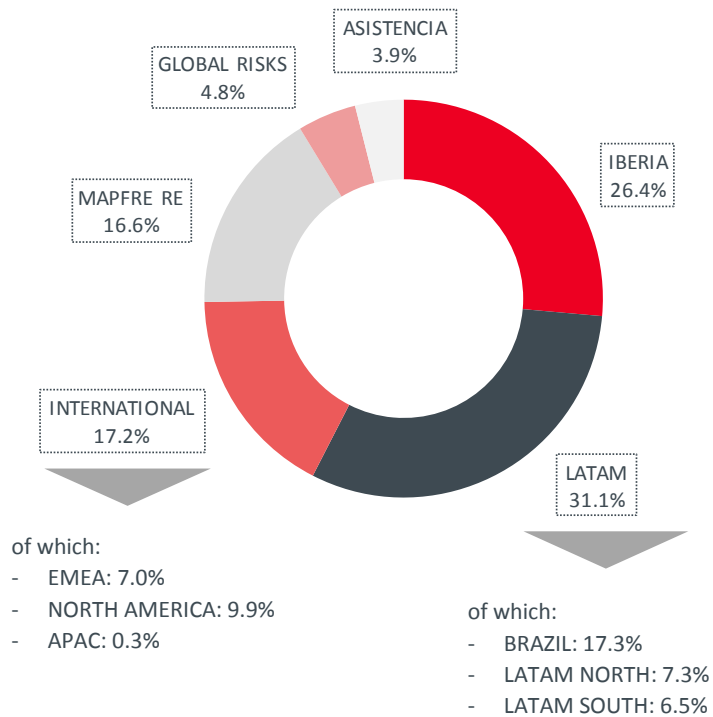


**02 FINANCIAL OVERVIEW**

- › Profit & Loss
  - › Balance sheet & Solvency
-

## Key figures by business unit

Premiums – Distribution by business unit



INSURANCE

	Attributable result		Premiums	
	9M 2017	Δ %	9M 2017	Δ %
<b>IBERIA</b>	<b>389.3</b>	<b>8.2%</b>	<b>5,258</b>	<b>3.7%</b>
<b>LATAM</b>	<b>156.7</b>	<b>6.6%</b>	<b>6,198</b>	<b>14.0%</b>
BRAZIL	86.0	-15.6%	3,449	7.8%
LATAM NORTH	23.8	-18.5%	1,458	53.4%
LATAM SOUTH	46.9	194.0%	1,290	0.3%
<b>INTERNATIONAL</b>	<b>50.5</b>	<b>36.9%</b>	<b>3,424</b>	<b>-1.8%</b>
NORTH AMERICA	21.3	-63.0%	1,977	-1.2%
EMEA	29.7	--	1,390	-4.1%
APAC	(0.5)	90.1%	56	63.5%
<b>MAPFRE RE</b>	<b>97.3</b>	<b>-20.7%</b>	<b>3,300</b>	<b>3.8%</b>
<b>GLOBAL RISKS</b>	<b>(87.2)</b>	<b>--</b>	<b>950</b>	<b>6.9%</b>
<b>ASISTENCIA</b>	<b>(51.1)</b>	<b>-78.1%</b>	<b>782</b>	<b>-4.3%</b>
<b>OTHER*</b>	<b>(110.9)</b>	<b>-15.2%</b>	<b>(1,925)</b>	<b>-8.9%</b>
<b>TOTAL</b>	<b>444.6</b>	<b>-22.3%</b>	<b>17,987</b>	<b>5.1%</b>

\*Other includes Corporate Areas and consolidation adjustments

Million euros



## Non Life: Key figures

	Result of Non-Life business		Combined ratio		Premiums	
	9M 2017	Δ %	9M 2017	Δ	9M 2017	Δ %
	<b>IBERIA</b>	<b>335.3</b>	<b>0.4%</b>	<b>94.0%</b>	<b>1.2 p.p</b>	<b>3,692</b>
<b>LATAM</b>	<b>253.5</b>	<b>-14.4%</b>	<b>96.2%</b>	<b>-0.6 p.p</b>	<b>4,615</b>	<b>16.3%</b>
BRAZIL	182.1	-19.2%	94.6%	-0.0 p.p	2,323	9.6%
LATAM NORTH	22.5	25.2%	98.9%	-3.9 p.p	1,200	64.0%
LATAM SOUTH	48.8	-7.7%	98.9%	0.2 p.p	1,092	-2.3%
<b>INTERNATIONAL</b>	<b>69.5</b>	<b>20.6%</b>	<b>102.9%</b>	<b>0.2 p.p</b>	<b>3,181</b>	<b>-2.7%</b>
NORTH AMERICA	30.2	-65.3%	104.1%	3.5 p.p	1,970	-1.0%
EMEA	35.6	245.2%	100.7%	-5.3 p.p	1,155	-7.2%
APAC	3.7	174.9%	101.2%	-29.8 p.p	56	63.5%
<b>MAPFRE RE</b>	<b>112.6</b>	<b>-15.0%</b>	<b>96.6%</b>	<b>-0.1 p.p</b>	<b>2,800</b>	<b>3.3%</b>
<b>GLOBAL RISKS</b>	<b>(116.1)</b>	<b>-404.2%</b>	<b>154.7%</b>	<b>58.7 p.p</b>	<b>950</b>	<b>6.9%</b>
<b>ASISTENCIA</b>	<b>(18.6)</b>	<b>109.7%</b>	<b>102.4%</b>	<b>1.5 p.p</b>	<b>782</b>	<b>-4.3%</b>
<b>OTHER*</b>	<b>1.2</b>	<b>-97.1%</b>	<b>---</b>	<b>---</b>	<b>(1,925)</b>	<b>8.9%</b>
<b>TOTAL</b>	<b>637.5</b>	<b>-28.4%</b>	<b>98.7%</b>	<b>1.5 p.p</b>	<b>14,094</b>	<b>4.7%</b>

\*Other includes consolidation adjustments

Million euros

## Non Life: Key highlights

### IBERIA

- › Motor:
  - › Premiums: notable growth in Retail Motor (+3.8%), with the average premium growing in line with the market (0.6%) and a 1.4% increase in number of insured vehicles
  - › Combined Ratio: excellent levels thanks to cancellation of unprofitable business and positive evolution of VERTI business. Strong improvement during the quarter (86.9% in 3Q vs. 94.9% in 2Q)
- › Health & Accidents: notable growth (+3.6%)
- › General P&C: large industrial claims and weather related events in the first half of the year
- › Non-recurring provisions: partial release of Baremo provision (€15 mn) helped offset the cost of a voluntary early retirement scheme (€35 mn), which was fully provisioned in the quarter

### BRAZIL

- › Solid growth in local currency in General P&C (+5.0%) and Agricultural (+14.0%) as well as currency effects, which helped offset the complicated situation in Motor (-5%)
- › Fall in financial income, together with stable Combined Ratio boosted by benign weather in Agricultural insurance

### MAPFRE RE

- › Premiums: positive contribution from Non-Group business
- › Combined Ratio: lower impact of large non-Cat claims, mitigating impact of catastrophes

### NORTH AMERICA

- › Premiums: positive trends in Massachusetts ( $\approx +5\%$  in USD), mainly in Motor, mitigating the fall in other states ( $\approx -8\%$  in USD), selective underwriting in Puerto Rico, and dollar depreciation
- › Combined Ratio: large impact from natural catastrophes (+3.2 p.p.), mainly affecting Puerto Rico. Massachusetts continues performing well (96.3%).

### LATAM NORTH & SOUTH

- › Premiums: excluding multi-year policy issued in 2Q (€499 mn), premiums would have fallen by 4%, mainly in Motor lines, due to stricter underwriting guidelines in Mexico, as well as cancellation of unprofitable business in Chile
- › Combined Ratio: strong improvement in LATAM NORTH (-4.3 p.p., excluding NatCat), thanks to business restructuring and cancellations in Mexico, which helped offset flooding and forest fires, as well as negative developments in Motor in Chile

### EMEA

- › Premiums: positive growth trends in Germany and Italy. Decline in Turkey as a result of currency depreciation, stricter underwriting guidelines as well as lower tariffs in Motor TPL as a result of recent regulation
- › Combined Ratio: improvement driven by expense reduction, especially in Italy, and solid performance in Turkey as a result of previous year tariff increases and selective underwriting

### MAPFRE GLOBAL RISKS

- › Impact of large industrial and catastrophic claims

## Life: Key figures

	Result of Life business		Premiums	
	9M 2017	Δ %	9M 2017	Δ %
IBERIA	196.0	33.3%	1,566	5.4%
BRAZIL	308.4	-14.5%	1,127	4.5%
OTHERS*	64.6	101.0%	1,200	11.3%
<b>TOTAL</b>	<b>569.1</b>	<b>5.4%</b>	<b>3,893</b>	<b>6.9%</b>

### IBERIA

- › Strong premium volumes in bancassurance, thanks to successful launch of new savings product and sales campaigns, especially unit-linked
- › Higher realized gains, including the gain from the sale agreement of UNIÓN DUERO VIDA and DUERO PENSIONES, as well as a €29 mn impact from the cancellation of a provision for contingent payments from bancassurance

### BRAZIL

- › Decrease in premiums in local currency (-4%) as a result of lower credit activity
- › Fall in financial income due to lower rates and inflation

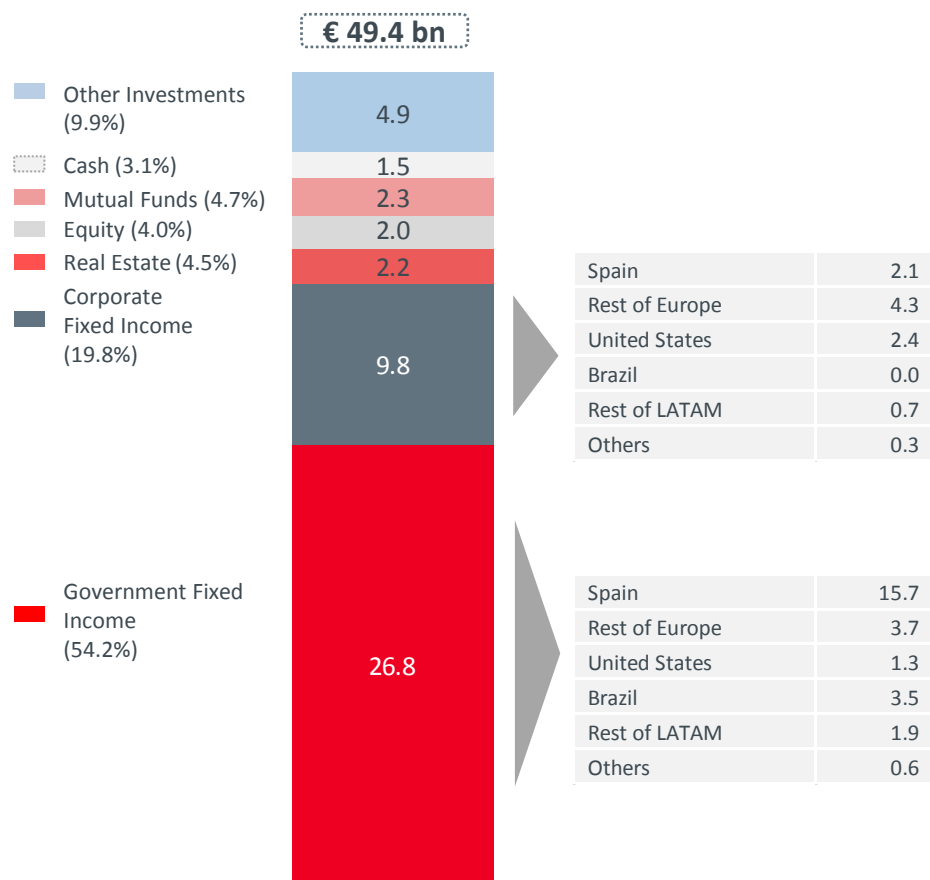
### OTHERS\*

- › Positive premium developments in Mexico, Colombia, Peru, and MAPFRE RE, as well as bancassurance channel in Malta
- › Higher profitability in Colombia and Peru

\*Includes Life business from LATAM NORTH, LATAM SOUTH, EMEA and MAPFRE RE, as well as consolidation adjustments

## Diversified portfolio benefitting from high historic yields

### Investment portfolio (bn€) – Breakdown by asset class



### Portfolio yield and duration <sup>1</sup>

		Market Value (bn€)	Accounting Yield	Market Yield	Duration
Non Life (IBERIA, MAPFRE RE, & GLOBAL RISKS)	12.31.2016	7.6	2.7%	1.3%	6.4
	09.30.2017	7.2	2.6%	1.3%	6.4
Life (IBERIA)	12.31.2016	6.7	4.1%	1.0%	7.1
	09.30.2017	6.3	4.1%	1.1%	6.9

### Realized capital gains & losses (mn€) <sup>2</sup>

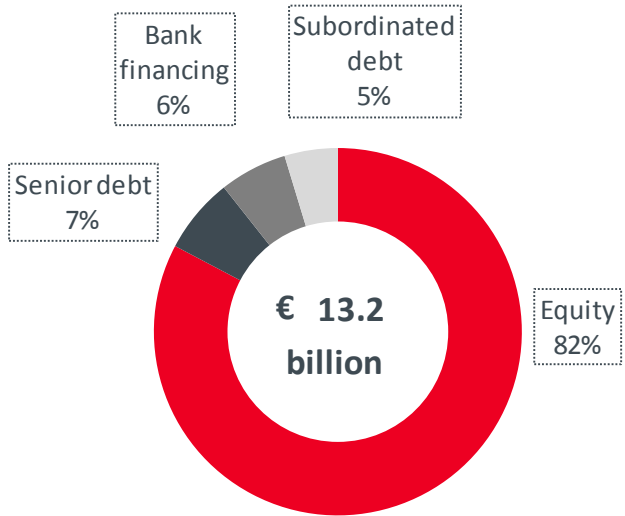
		9M 2016	9M 2017
Non Life	IBERIA	92.7	91.5
	MAPFRE RE	27.6	22.6
	GLOBAL RISKS	13.3	7.0
	<b>TOTAL</b>	<b>133.6</b>	<b>121.1</b>

- 1) Actively managed fixed income portfolios in the Euro area
- 2) Includes only actively managed portfolios in the Euro area and real estate

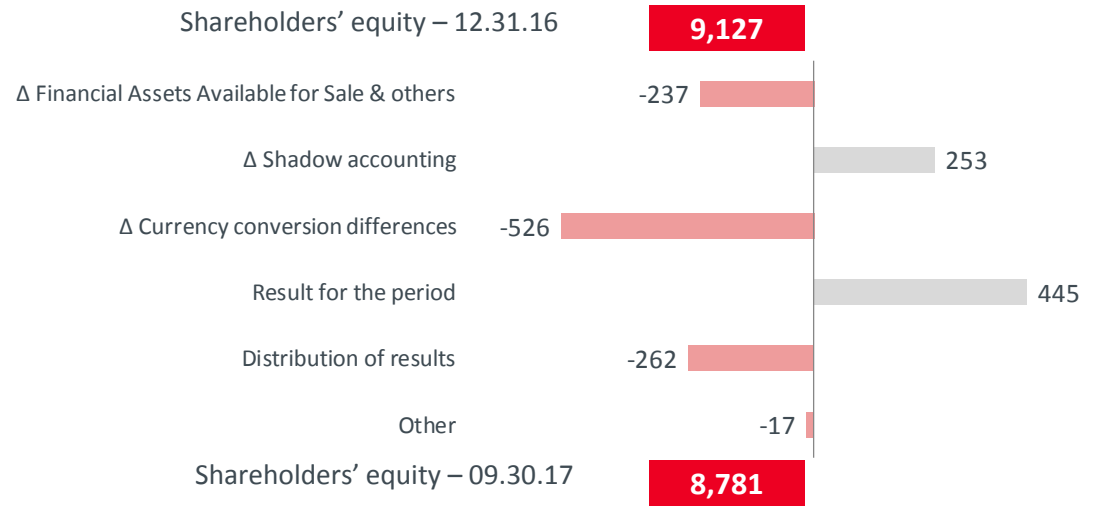
€175 mn of unrealized gains in actively managed equity and mutual fund portfolios

# High quality capital base with strong credit metrics and financial flexibility

## Capital structure



## Change in shareholders' equity (mn€)

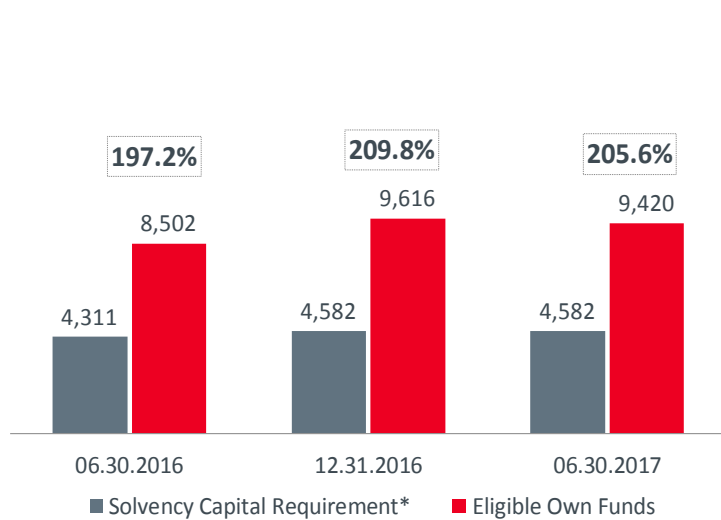


## Key highlights

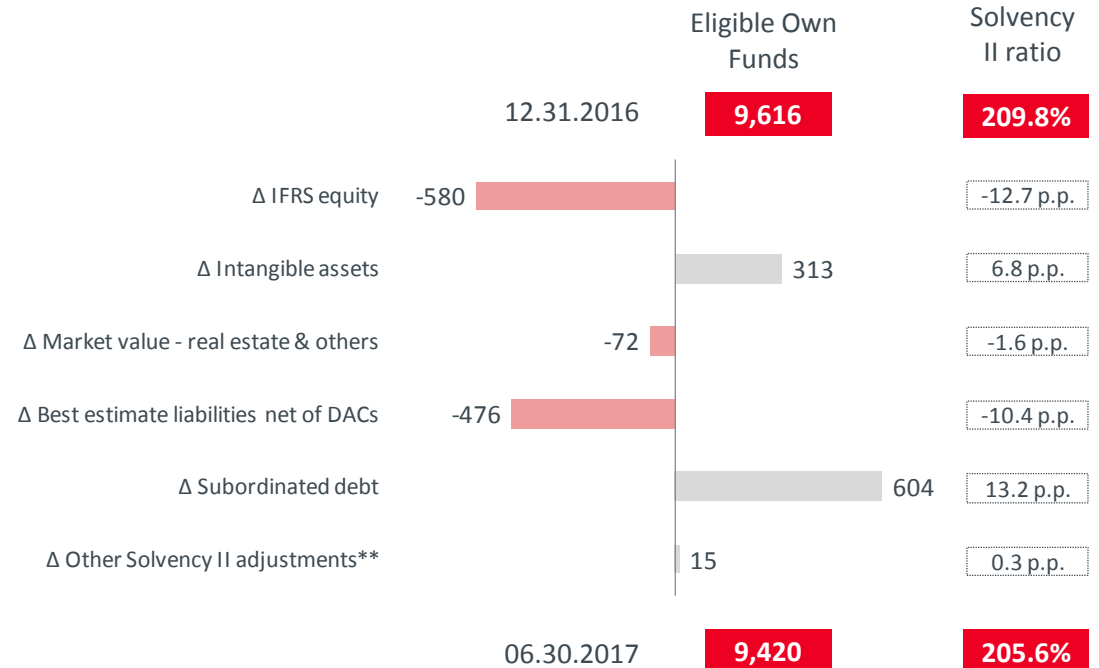
- > Fall in shareholders' equity due to the depreciation of main currencies (US dollar -11%; Brazilian real -8.4%; Turkish lira -11.8%)
- > Lower value of financial investments available for sale due to an increase in yields in Europe, largely offset by shadow accounting
- > Redemption of July 2007 outstanding subordinated bond on first call date (July 24<sup>th</sup>, 2017)
- > Syndicate credit facility: €660 mn drawn down as at September 2017
- > Strong credit metrics: leverage (18%) and interest coverage (17x)

## Stable solvency position despite market volatility

### Solvency II ratio



### Change in Eligible Own Funds (EOF)/ Solvency II ratio



- › **High quality capital base:** €8,209 mn in Tier 1 (87% of Eligible Own Funds)
- › **Fully loaded Solvency II ratio:** ≈186.5% (excluding impacts of transitional measures for technical provisions and equity)
- › **Pro-forma Solvency ratio:** ≈192% (excluding subordinated bond called on July 24<sup>th</sup> 2017)

• SCR calculated at 12.31.2016, as recalculation is not required throughout the year unless the risk profile changes significantly

\*\* Other Solvency II adjustments include participations not included under Solvency II, subsidiaries under equivalence, foreseeable dividends and others

# Terminology



Income	Top line figure which includes premiums, financial income, and income from non-insurance entities and other income
Combined ratio – Non Life	Expense ratio + Loss ratio
Expense ratio – Non Life	(Operating expenses, net of reinsurance – other technical revenue + other technical expenses) / Net premiums earned.
Loss ratio – Non Life	(Net claims incurred + variation in other technical reserves + profit sharing and returned premiums) / Net premiums earned.
Result of Non Life business	Includes technical result, financial result and other non-technical result of the Non Life business
Result of Life business	Includes technical result, financial result and other non-technical result of the Life business
Corporate Areas and Consolidation Adjustments	Includes the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Other business activities	Includes the Group's non-insurance activities undertaken by the insurance subsidiaries, as well as by other subsidiaries, including activities of the holding companies of MAPFRE S.A. and MAPFRE INTERNACIONAL
Solvency ratio	Eligible Own Funds / Solvency Capital Requirement
Interest Coverage	Earnings before tax & financial expenses (EBIT) / financial expenses
Leverage	Total Debt/ (Total Equity + Total Debt)
Payout	(Total dividend charged against earnings / Result for the year attributable to the controlling company)
ROE (Return on Equity)	(Attributable result for the last twelve months) / (Arithmetic mean of equity attributable to the controlling company at the beginning and closing of the period (twelve months))
Other investments	Includes investments on behalf of policyholders, interest rate swaps, investments in associates, accepted reinsurance deposits and others

Alternative Performance Measures (APM) used in this report correspond to those financial measures that are not defined or detailed within the framework of the applicable financial information. Their definition and calculation can be consulted at the following link:

<https://www.mapfre.com/corporate/institutional-investors/investors/financial-information/alternative-performance-measures.jsp>

# Disclaimer



This document is purely informative. Its content does not constitute, nor can it be interpreted as, an offer or an invitation to sell, exchange or buy, and it is not binding on the issuer in any way. The information about the plans of the Company, its evolution, its results and its dividends represents a simple forecast whose formulation does not represent a guarantee with respect to the future performance of the Company or the achievement of its targets or estimated results. The recipients of this information must be aware that the preparation of these forecasts is based on assumptions and estimates, which are subject to a high degree of uncertainty, and that, due to multiple factors, future results may differ materially from expected results. Among such factors, the following are worth highlighting: the development of the insurance market and the general economic situation of those countries where the Group operates; circumstances which may affect the competitiveness of insurance products and services; changes in the basis of calculation of mortality and morbidity tables which may affect the insurance activities of the Life and Health segments; frequency and severity of claims covered; effectiveness of the Groups reinsurance policies and fluctuations in the cost and availability of covers offered by third party reinsurers; changes in the legal environment; adverse legal actions; changes in monetary policy; variations in interest rates and exchange rates; fluctuations in liquidity and the value and profitability of assets which make up the investment portfolio; restrictions in the access to third party financing.

MAPFRE S.A. does not undertake to update or revise periodically the content of this document.

Certain numerical figures included in the Investor Presentation have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.