

# S1 2021 Earnings Call

## Company Participants

- Carsten Stolz, Chief Financial Officer
- Gert De Winter, Chief Executive Officer
- Markus Holtz, Head, Investor Relations
- Matthias Henny, Head of Corporate Division Asset Management

## Other Participants

- Farquhar Murray, Analyst
- Jimmy Fan, Analyst
- Peter Eliot, Analyst
- Rene Locher, Analyst
- Simon Fossmeier, Analyst
- Thomas Bateman, Analyst

## Presentation

### Operator

Ladies and gentlemen, welcome to the Baloise Group Half Year Results 2021 Analyst Conference Call and Live Webcast. I am Sandra, the Chorus Call operator. I would like to remind you that all participants will be in listen-only mode and the conference is being recorded. The presentation will be followed by a Q&A session. (Operator Instructions)

At this time, it's my pleasure to hand over to Markus Holtz, Head of Investor Relations. Please go ahead, sir.

### Markus Holtz {BIO 20240672 <GO>}

Good morning and welcome to Baloise Q&A call on our half year results 2021. On our call today, we have our CEO, Gert Winter; our CFO, Carsten Stolz; and our CIO, Matthias Henny.

Now I would like to hand over to Gert. He will give you a quick overview of our results before we open for Q&A.

### Gert De Winter {BIO 19720616 <GO>}

Many thanks, Markus. Good morning, everybody. A warm welcome from Carsten, Matthias, and my side. And welcome to our half year 2021 discussion.

Let me summarize our feeling as follows. We are proud and we are very satisfied with our half year results '21. Proud, because once again we stand by our clients when they need us most. We have helped and are helping our clients to cope with the actual consequences of the extraordinary natural catastrophes that have happened in June and July. But besides being proud, we are also very satisfied because despite these exceptional circumstances we have delivered a very strong half year result.

Our bottom line exceeds CHF300 million which is 70% higher than half year 2020. Our growth is strong in non-life, over 8%, and in the capital-light investment type life business over 30%. The underlying quality of our non-life and life portfolio is very strong. The combined ratio in non-life is despite, as I said, the extreme and the extraordinary storms life by 92.3%, which is clearly in the bandwidth of our targets 90 to 95. And in life, we have achieved an EBIT of almost CHF200 million. Our innovation strength and power remains unchanged and high. We are digitizing and digitalizing our core business stronger and faster. We have entered with FRIDAY in France. We have concluded additional partnerships in the ecosystem Home and started many initiatives in the ecosystem Mobility.

Given our strong half year results '21, we are and I am convinced that we will reach all our strategic goals in the current strategic phase Simply Safe: Season 1 until the end of this year. We're also very confident for the outlook of this year and we will start Simply Safe: Season 2 as of 2022 with tailwind. Again, summarizing, proud and very satisfied.

And having said that, I would like to open for the Q&A together with Carsten, Matthias, the colleagues and Markus. Please go ahead. It's too early to promise a beer for the first question, but anyway we are waiting for the first question.

## Questions And Answers

### Operator

We will now begin the question-and-answer session. (Operator Instructions) The first question comes from Peter Eliot from Kepler Cheuvreux. Please go ahead.

### Q - Peter Eliot {BIO 7556214 <GO>}

Thank you very much. The first question was on the nat cats that you've experienced. I mean, you've guided to CHF40 million for June and high double-digit for July. So I guess over CHF100 million in total. Could you just remind us how your reinsurance cover works for these? What your exposure is per event, reinstatement premium, maximum exposure? That would be very helpful. The second question is, if I look at your EBIT metrics on Slide 39, I guess the other result of minus 38 is a bit higher than usual. And also if I look within non-life, there is an other of minus 80 million, which is a bit higher than usual. Speaking to IR, it seems some of that was due to FX and maybe investments in FRIDAY. But I'm just wondering and I apologize, I've asked this question before, but are you able to give us any guidance on what you consider a sort of underlying normal level or, I mean, if you are now positioned, how you would model those two numbers in particular going forward? And then maybe finally, on costs, could you just remind us sort of to what extent any

integration costs are affecting these results and if there is any left to come? Thank you very much.

**A - Gert De Winter** {BIO 19720616 <GO>}

Thank you, Peter. Let me hand over the question on reinsurance to Carsten and I will try to pick up the other two questions, of course, I would say, amended by comments of forecast and then Matthias afterwards. But firstly, up to you Carsten on reinsurance and cat nat events.

**A - Carsten Stolz** {BIO 6055047 <GO>}

Yeah. Good morning, Peter, and thank you for your questions. So it's right, we have CHF40 million in H1 and we expect a high double digit on top of that for H2 as of today. So the reinsurance program or the reinsurance coverage is based on excess of loss. Nat cat coverage, it depends on the lines of business. What it will imply in the end, I think we need to wait a little bit until we see the structure of the events to be able to quantify this. But as we speak, we are expecting a high double-digit number on top of the CHF40 million that we already have accounted for in the first half. The second question was on EBIT.

**A - Gert De Winter** {BIO 19720616 <GO>}

Yeah. So let me first handle the others, the group business if you want or the others. I think that the large part of that number is indeed affected by FRIDAY results. That is clear. FRIDAY is still prioritizing growth over profitability. So it's still an investment. So that's the bigger part of the others in EBIT. If you look at non-Life EBIT, couple of things maybe. Of course, there has been the exceptional storms in June, which account for net CHF40 million approximately, which has an impact. It's also the fact that the half year 2020 has of course known somewhat -- not somewhat, deeper frequency in claims. So that has, I would say, normalized in the half year 2021. So that also plays a role. And what is certainly also the case is that from a capital market size, from a financial income point of view, we have been a bit holding back on non-life, maybe a bit more on life then to compensate, but that certainly also has its effect.

And then the third question on costs. Belgium is still integrating of course Fidea and the ex-Generali, so the Athora business, that will last until 2023. So there are indeed some integration cost going on until 2023. There are -- we are expecting actually CHF40 million to CHF50 million additional benefit P&L in Belgium, given the integration after 2023. In the costs in Belgium, especially, there is also one-off we should take into account, which was actually the activation of the acquisition costs in Fidea last year. So that's a one-off we need to account for. And of course, we have a lot of digitalization, digitization projects going on. Also, the IFRS 79 project, of course, which is absorbing a lot of capacity and needs investment. So that projects are influencing certainly the cost side.

Not -- just, Carsten, anything to add to the questions of Peter? No? Fine? Okay.

**Q - Peter Eliot** {BIO 7556214 <GO>}

Could I -- thank you very much. It's very helpful. Could I perhaps just quickly come back on the reinsurance in the nat cat and just maybe to help us understand, if we get further events, how should we think about any likely exposure? Are you able to help us there on how reinsurance may or may not kick in going forward?

**A - Carsten Stolz** {BIO 6055047 <GO>}

Well, that's at this stage hypothetical, but if we get further events, that qualify for reinsurance coverage, then reinsurance will take its fair share according to the contracts and the limits. But we will -- even with further events, we will stay within our 90% to 95% net combined ratio bracket. And it doesn't have an impacts on the ambition going into Simply Safe: Season 2. It always depends...

**Q - Peter Eliot** {BIO 7556214 <GO>}

Thank you.

**A - Carsten Stolz** {BIO 6055047 <GO>}

So it always depends, Peter. It always depends on what's the nature of the event and which are the lines of business that are affected. And that's why we would need to know how this event look like. We had a fair share of event already this year. I'd say this with a twinkle in my eye, so we had our share and are not unhappy if we don't have further, but if we have further events, of course, then we are going to cover the clients' needs first and then talk to the reinsurers as we do now.

**Q - Peter Eliot** {BIO 7556214 <GO>}

Okay. Carsten, appreciate it. Thank you very much.

**A - Carsten Stolz** {BIO 6055047 <GO>}

You are welcome.

**Operator**

The next question comes from Simon Fossmeier from Vontobel. Please go ahead, sir.

**Q - Simon Fossmeier**

Good morning and thank you for taking my question. It's Simon from Vontobel. And I will take the beer if nobody else claims it. My question is on life insurance. The EBIT is pretty strong. If I look at the half year result in 2019 and 2020, half year EBIT is less than half of the full year. So if I just double the 195, you would end up being substantially above your guidance of having at least CHF200 million. So any special effects in the first half year that influenced the EBIT in life? Thank you.

**A - Gert De Winter** {BIO 19720616 <GO>}

Thank you, Simon. Couple of points maybe on the life result. The guidance we are giving is a minimum of CHF200 million. So it's a floor, that has always been the case. Even in

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difficult capital markets and interest rate environments, that said, the CHF200 million is the guidance as a floor. That's one. Secondly, the strategy in life for years has been hard work. So on the active side, we are trying of course to optimize the yield on one side. On the passive side, in life, we have been working with capital-light new business and balancing our portfolio. We have been lowering guarantees. We have from time to time also deliberately reserved in order to bring the guaranteed interest rate down. So it's hard work. That's one point.

Of course, in the first half year of '21, what you see with the interest rates rising have allowed us not to reserve and that's certainly an advantage. And the core capital market conditions in the first half year have been also favorable. So that's why we see -- if interest rate environment and capital markets are, I would say, favorable, then we get tailwind in the life business and then indeed we clearly exceed then the CHF200 million floor guidance that we have given. Looking forward to the end of the year, it is -- as I said, it's hard work and we continue the hard work on the active and the passive side, but it also depends, of course, on the interest rate environment in the capital market.

### **Q - Simon Fossmeier**

Okay. Understood. Thank you.

### **Operator**

Next question comes from Thomas Bateman from Berenberg. Please go ahead.

### **Q - Thomas Bateman** {BIO 21707516 <GO>}

Good morning. Thank you for taking my question. Just first one on innovation investments. I know that Simply Safe: Season 2 isn't going to begin [ph] until next year. But it feels like you are already investing here in 2021. So can you give us any indication of how much was invested thus far and how much you may this year? The second question is just on the loss ratio in Switzerland. I understand there was COVID in 2020, the hailstorms in 2021, but this is a slight uptick on sort of underlying trends in Switzerland. So is there anything that's driving this? And final question, just on the improvement in the new business margin in life, up to 47.6%. How much better can this get as the business mix improves? Thank you.

### **A - Gert De Winter** {BIO 19720616 <GO>}

Thank you, Thomas. Let me try to start answering the question. Innovation is of course not new. I think since we started Simply Safe: Season 1 back in 2017, we have been focusing on innovation and not only on innovation beyond insurance, but also very importantly innovating within our core business to make it more efficient and more easy for our partners and clients to work with us. So innovation is certainly not a new event that will start as of next year with Season 2. We have invested indeed over the last couple of years in innovation, have also done so in 2021. If you take the innovation, I would say, budget in the core business, so really investing in IT and so forth. We have -- we are around CHF100 million a year more or less. If you look going forward, we have said, from the cash that we will generate, we will actually invest 10% to 30% in innovation in the core business and in initiatives beyond insurance.

If you look at Switzerland and the loss ratio, I will hand over to Carsten.

**A - Carsten Stolz** {BIO 6055047 <GO>}

Yeah. Thank you, Thomas, for this question. If we look at Switzerland, the last few years, there was an alternation of years of normal years, but also years with, in the first half, very benign claims environment or years with high load of claims like, for example, last year. And bearing this in mind, the underlying book is technically very strong. But there have been fluctuations, especially from large claims loads and nat cat events over the last few years. But having said that, we don't see particular trends as we speak.

And if we take the improvement question on the new business in -- new business margin in life, obviously it depends on the market environment and on what is the business mix that we are selling to the customers. It benefited in the first half of this year again from products with low or no guarantees on the one hand and of -- from the high pickup in investment-linked products. So it's -- it depends what the market environment does with regard to customer behavior and where we put our efforts in -- with regard to new business mix from a product perspective. But certainly the level, nearly 50%, is very good and it shows that the focus -- that's the hard work also on the product design side and distribution side is paying off.

**A - Gert De Winter** {BIO 19720616 <GO>}

And maybe one more element or one more thought on the non-life underlying in Switzerland. We have said that with the combined ratio on the Group level of 92.3%, there is a 2.1% impact of the storms and the floods in June. And of course the large majority of that part was in Switzerland and Germany has also been hit partially, but the July floodings were actually, especially Germany and Belgium. So June and half year is especially Switzerland and that's why the underlying quality of the non-life book in Switzerland remains exceptionally strong.

**Q - Thomas Bateman** {BIO 21707516 <GO>}

Okay. Thank you very much for taking the questions.

**Operator**

The next question comes from Rene Locher from Stifel. Please go ahead, sir.

**Q - Rene Locher** {BIO 1921075 <GO>}

Yes, good morning. Can you hear me?

**A - Gert De Winter** {BIO 19720616 <GO>}

Yes, Rene. Good morning.

**Q - Rene Locher** {BIO 1921075 <GO>}

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Okay. Good morning, all. So again just quickly on this -- follow-up on Peter's question on reinsurance. I had a look at, let's put that way, in the Annual Report on Page 176, as you explained, your life and non-life insurance strategies and it says like the Group's maximum retention for -- towards these claims is CHF20 million and the retention for individual clients of CHF16 million for property claims and so on and so on. So I guess what will be interesting for us analysts is just to explain to us later in the year or then next year how your reinsurance cover has evolved now with the June, July nat cats we have seen. I mean, just any idea because when I'm just looking at your strategy, yeah, it's for me hard to understand how you can end up with a high double-digit net claim.

So, and then on Germany, please, as this Germany, I think, is very interesting and you have a very strong combined ratio. So, I am on Slide 37 and basically the non-life, I guess, is the other gross premiums. If I take a 90% retention, if net premiums of some 466, [ph] then if I calculate on the writing margin of 7.3%, I would end up with, on the writing, profit of CHF34 million in the non-life. And then when I look at on Slide 39, non-life EBIT is CHF4.2 million. I mean, is my thinking wrong? Do I miss something here? I guess, it has to do with the investments in non-life, but perhaps you can shed a bit more light on Germany non-life.

Then question for Mr. Henny. I have seen you have cap increase with the borrowers, this property fund I guess that was at the end of July. And interestingly, I mean, real estate is still a very hot topic. I was wondering how you see. Is it for an asset manager to find interesting real estate assets in the current market environment.

Then if I may on Slide 21, I mean, you have touched already on the life result, but I think this profit by sources is very interesting. Is there -- these high selling result, is it partly offset by higher policyholder participation, I guess, just as a clarification? And then it's just interesting in FRIDAY, I mean, strategy in France. Could you just shed a bit more light here about investments, products, what are you targeting here? Thank you.

#### **A - Gert De Winter** {BIO 19720616 <GO>}

Thank you, Rene. It's very bunch of questions. So let me start with a couple of them and then hand over to Carsten and Matthias. I'll take care Germany and FRIDAY strategy in France if you want and then distribute the rest of the questions among Carsten and Matthias.

Germany, as you have seen over the last couple of years, we've really transformed Germany. We have -- in life, we are clearly going for only biometric capital-light solutions. In non-life, we have exited the industry portfolio and focusing and growing in retail lines and SME and that pays off, because you see the combined ratio in Germany has come down and has been at the very good levels and stable since a couple of years. And that is one. Secondly, there is also of course investments going on -- heavily investments in the non-life platform in Germany with the Guidewire platform where we are really investing and part of that investment is not in the combined ratio. That's about almost 1%, I would say, of combined ratio. Then there is a very technical explanation on reinsurance and shifting from one segment to the others, but I think that's too technical for me, so I'll leave that to Carsten afterwards.

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On the FRIDAY strategy in France, we have launched FRIDAY in France in -- as of 1st of July. And actually the product we have launched there is what is called in French multi-risk (Foreign Language) So it's actually a combination, if you want, of household, home insurance, and liability insurance, which is a mandatory insurance product in France for home owners, but also renters. And it combines, as I said, the home liability and to some extent, legal assistance. This product is easier than car, so that's why we have chosen this strategy. It's also more profitable than car in France. So that's the reason why we have launched this multi-risk (Foreign Language) in France. And it also -- as FRIDAY is a multi-country, multi-channel, multi-product strategy and has been designed as such, it allows us to prepare actually liability launch in Germany. So it's actually -- that is the reason why we have chosen this path in France. If you look at FRIDAY overall, we have been growing year-on-year with 100% since the launch in 2017. I've have done so also in 2020 with over 100,000 customers and have also doubled again if you look at half year premium of FRIDAY in 2021. So overall good on track.

But for other questions on reinsurance on Germany and on the real estate side, so handing over to Carsten and Matthias.

#### **A - Carsten Stolz {BIO 6055047 <GO>}**

Yeah. Thank you, Gert. I'd pick up on your explanation with regard to Germany. One of the reasons, and you mentioned reinsurance, is the group internal reinsurance relationships between Germany and the group internal reinsurance carrier which is accounted for in the segment group business. And that's from a segmental view explains part of the missing part in your equation.

Then, with regard to your clarifying question on Page 21, it is absolutely true that the development with regards to the savings result has to be looked at hand-in-hand with the policyholder participation and there you also -- there you see that the higher results stemming from the capital market development is mirrored in the policyholder participation. So that's exactly the way you described it and that's the way it is. With regard to reinsurance, we'll get back to this later on in the year once things have settled.

And with regard to the Swiss Property Fund, I will hand over to Matthias

#### **A - Matthias Henny {BIO 17600048 <GO>}**

Yes, thank you for the question. So, indeed, we are actually doing a capital increase in the Baloise Swiss Property Fund. The response has been very good and it will be executed by the 1st of September. In this capital increase, there is a transfer of real estate from the balance sheet of Baloise to the Swiss Property Fund and the reason for that is that those properties do no longer fit into the real estate portfolio from an insurance asset perspective. So it's actually not that we have purchased those real estate on the market. It's been a transfer. In general, it's rather difficult to find real estate currently at reasonable prices and we are very selective in acquiring. We always ensure that the yield is fine, so that we can ensure that each property can contribute to the long-term investment result.

#### **Q - Rene Locher {BIO 1921075 <GO>}**

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Yeah. This is interesting. I mean, I'm always like not wondering, but I have to say, if I am a policyholder of Baloise Insurance, I shouldn't be so happy to see that part of the real estate portfolio is then like carved out and shifted to the asset management. You see my point because, it's still hard to get yield on the bonds and so on and so on. And interestingly, well, I mean, you are not the only one, but then it's very interesting to see how this works.

**A - Matthias Henny** {BIO 17600048 <GO>}

I mean, to comment on that, it's primarily driven by asset allocation consideration. So, for example, if individual life we have decreasing asset base due to maturing traditional life business with the guarantee. This means, over time, just to keep the ratio constant, we need to dispose of real estate. And of course this disposition, when we transfer it to the Fund, it's on market values.

**Q - Rene Locher** {BIO 1921075 <GO>}

Yeah, I know. That I fully understood. So it's little bit like a warehousing, right? So it's like on the insurance balance sheet and then you just carve it out and shift it over to the asset management. It's just okay. Thank you very much.

**Operator**

The next question comes from Farquhar Murray from Autonomous. Please go ahead, sir.

**Q - Farquhar Murray** {BIO 15345435 <GO>}

Morning, all. Two, possibly three questions from me, but I will try and keep it brief. They are all related to the nat cat numbers. Just starting with the first half number of CHF40 million, would you by chance have the gross amount of claims against that net figure I presume? I'm sorry if I missed that earlier. Then with regards to the higher double digit amount in the second half, is most of that Belgium or Germany just in terms of composition? And then as a subsidiary question, for Belgium, does that include an estimate for the kind of request from the Walloon government for what we might call a kind of solidarity contribution? Thanks.

**A - Gert De Winter** {BIO 19720616 <GO>}

Yeah. So thanks for the questions. On nat cat, the first half were mainly the storms and largely in Switzerland. The second half will contain also the floodings and the other jurisdictions like Germany and Belgium. So with regards to your first question, obviously it's a little higher, but it's not that much higher than the CHF40 million that we have stated.

Then the second half, where does it come from, it's certainly more stemming from other jurisdictions like Germany, Belgium, but also Luxembourg, which means that overall looking at the nat cat year 2021, all our business units and geographies will be impacted by the events so far.

And with regards to the solidarity contribution or the discussions in Belgium.

**A - Carsten Stolz** {BIO 6055047 <GO>}

We leave it over to the Belgian citizens.

**A - Gert De Winter** {BIO 19720616 <GO>}

I will leave it over to the Belgian citizens.

**A - Carsten Stolz** {BIO 6055047 <GO>}

Thank you, Gert. Maybe also a big complement -- an additional remark on the second question. If you look at the July storms and natural catastrophes and looking at the numbers, it is true that the majority is coming out. Of course all our markets are hit including Switzerland and Luxembourg, but Germany and Belgium are indeed hit the most. If you look at the recent evolutions, Germany was talking about 5.5 billion. I've seen this morning that it goes direction of 7 billion. So it's indeed -- it's -- the average claims are probably higher than initially expected. So there is still an evolution there. And also Belgium is actually moving towards the 2 billion of total claims for the overall market.

What is important for us is to stand by our clients. So that's the first priority, to help them out. Ten thousands of them have been hit also in Belgium and there are discussions going on and there has been solutions being brought to the table between the Association of Insurance companies in Belgium and the Walloon government. And we stick to that. So we are loyal to of course the agreement that has been found and are also discussing and that is part of the discussion also with reinsurance whether this part of the claims will also be covered by reinsurance or not. But it's an ongoing discussion. First priority is helping out our clients

**Q - Farquhar Murray** {BIO 15345435 <GO>}

Just to follow on, are you assuming some coverage for that voluntary contribution from the reinsurers? I presume your base assumption is zero.

**A - Gert De Winter** {BIO 19720616 <GO>}

I think it's an ongoing topic and it's too early to state.

**Q - Farquhar Murray** {BIO 15345435 <GO>}

Okay. Thanks a lot.

**Operator**

(Operator Instructions) The next question comes from Jimmy Fan from UBS. Please go ahead.

**Q - Jimmy Fan** {BIO 18288294 <GO>}

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Hi, it's Jimmy Fan here from UBS. Thank you for taking my questions. I have two, please. My first one is on the underlying performance of the non-life business. I guess, if I look at the underlying loss ratio bits, if I were to carve [ph] the adjustments also considering the COVID benefit and the real underlying level needs to be kind of back to the pre-COVID level. Also seeing on the expense side, you mentioned it was a bit elevated (inaudible) due to the one-offs. Actually could you give me a bit of color in terms of what you are planning to do or doing in terms of pricing versus claims kind of dynamic in different markets? Also on the expense side, given you are going into a new strategic phase, there is a lower core target. My second question is about Belgium and the top line. It's really good there even excluding the deal impact. Is there anything new in terms of business development there, how should we think about the momentum going forward? Thank you.

#### **A - Gert De Winter** {BIO 19720616 <GO>}

Thank you, Jimmy. Let me start with a couple of points in trying to answer your questions. If you look at the underlying performance quality non-life, what we do not see is claims inflation on one side. It is of course the competitive environment. So the pricing competition is there, especially in car business and in corporate business, I would say, corporate lines. Yes, pretty stable, competition is normal. So there is nothing special going on there, I would say. From an ambition point of view, in Simply Safe: Season 2 starting as of next year, we are actually leaving behind the bandwidth of the combined ratio of 90 to 95 and, say, we target an area of 90% combined ratio. And we also expressed the ambition to lower our costs by CHF200 million in Simply Safe: Season 2. So we are working at all different aspects of pricing claims underlying quality costs going forward. And that also, of course, in these results that we want to see and that we are working towards in non-life contribute substantially to the cash target of CHF2 billion over four years, which is 25% plus compared to Season 1.

If you look at the Belgium top line, indeed, we are not only in Belgium satisfied with the top line. If you look at the overall top line of our group, it's over 9% combining non-life, life, and the investment type of business. In Belgium, of course, there has been also a very strong growth. It's partially due also to the ex-Generali Athora integration, which was not fully integrated in the numbers in half year 2020, but also the organic growth in Belgium is very strong, with almost 8%.

It's due to a couple of factors, I would say. One is our very strong relationship and reputation with the broker community. Belgium in non-life especially is a very dominated a broker market. So we have very strong reputations in this and a very strong relationship. Secondly, we are, of course, number four in Belgium. So we cannot be ignored. So all the brokers are working with us and we have only recently over the last couple of years entered into the Walloon area. So the potential for growth is still very strong and valid in the southern part of Belgium. And as we have focused primarily on the retail markets over the last couple of years, we are getting a lot of traction in the SME market. And Belgium is an SME market. So that's where actually the growth factors and elements come from in Belgium, but not only in Belgium.

#### **Q - Jimmy Fan** {BIO 18288294 <GO>}

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Thank you.

## Operator

We have a follow-up question from Thomas Bateman from Berenberg. Please go ahead, sir.

### Q - Thomas Bateman {BIO 21707516 <GO>}

Hi, thanks for the opportunity to follow up. Just on FRIDAY, also can you give us some more details on the capital raise and maybe just an update on premiums and the loss ratio at half-year? Thank you.

### A - Gert De Winter {BIO 19720616 <GO>}

Yeah. Thank you, Thomas. Glad to do so. Since the launch of FRIDAY in 2017, we are actually pursuing a multi-country expansion and growth strategy. That's clear. That's also why we entered in France building on the synergies and the capabilities, the assets and the know-how we have built in Germany. It is indeed our strategy to expand further and therefore we need of course additional capital. And that's why we have said also a couple of weeks ago that we are open for additional strategic financial investors who would actually contribute to the strategy of FRIDAY and the growth strategy of FRIDAY throughout Europe. That's why we have said that and we are exploring all the different alternatives, I would say, or financial options that we have, so we are pretty open there for additional investors, but there are of course other alternatives.

If you look at FRIDAY, as I said before, the year-on-year premium growth has been almost 100% every year. That's also the case half year 2021. So we were up over EUR30 million premium at the end of 2020 and we have exceeded half year that same amount. And if you look at the technical profitability of FRIDAY, it is improving year-on-year. So you see the technical cohorts actually in terms of profitability, in terms of churn, in terms of loss ratio improving year-on-year. So that's a very good sign towards breakeven in the midterm.

### Q - Thomas Bateman {BIO 21707516 <GO>}

Okay. Thank you.

## Operator

(Operator Instructions) Gentlemen, there are no more questions from the phone.

### A - Markus Holtz {BIO 20240672 <GO>}

Thank you very much for the interesting debate and allowing us to try to respond and answer the questions. As I said, the summary is, we are proud and we are very satisfied and we are very confident for the remainder of 2021. Thank you very much. Have a nice day.

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## Operator

Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating in the conference. You may now disconnect your lines. Good-bye.

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