

# Business Update Call

## Company Participants

- Eilard Friese, Chairman & Chief Executive Officer

## MANAGEMENT DISCUSSION SECTION

### Operator

Good morning, ladies and gentlemen. This is the operator speaking. Welcome to the NN Group Analyst Conference Call on NN's intended offer for Delta Lloyd.

The telephone lines will be in listen-only mode during the company's presentation. We will not offer the opportunity for questions-and-answers.

Before handling this conference call over to Mr. Lard Friese, Chief Executive Officer of NN Group, let me first give you the following statement on behalf of the company. Today's comments may include forward-looking statements such as statements regarding future developments in NN Group's businesses, expectations for its future financial performance and any statements not involving any historical facts.

Actual results may differ materially from those projected in any forward-looking statement. Any forward-looking statements speak only as of the date they are made. And NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

Furthermore, nothing in today's comments constitutes an offer to sell or a solicitation of an offer to buy any securities. Any offer will be made only by means of an offer memorandum. Any offer and the dissemination of information on the offer may be restricted by law or regulations in certain jurisdictions including the United States, Canada, and Japan.

Any failure to comply with these restrictions may constitute a violation of the security laws of that jurisdiction. Neither NN Group, nor any of its advisors assumes any responsibility for any violation by any person of any of these restrictions. Any shareholder who is in any doubt (02:10) should consult an appropriate professional advisor.

Mr. Friese, please go ahead.

### Eilard Friese

Good morning, everyone. Thank you for dialing in to this call. My name is Lard Friese, CEO of NN Group; and I'm joined by Delfin Rueda, CFO of NN Group. This morning, we have announced an intention to make an offer to the shareholders of Delta Lloyd at a share price of €5.30 per ordinary share.

In this presentation, I will outline why we believe that this is a compelling opportunity for shareholders and other stakeholders. We have not taken a decision to make this public announcement lightly. We have repeatedly, over a longer period of time, invited Delta Lloyd to come to the table. We have shared our proposal with the Delta Lloyd's Executive Board and Supervisory Board and invited them to discuss our proposal and to negotiate our recommended transaction. To-date, they have not accepted our invitation to do so.

I need to clarify that we will not be hosting a Q&A at the end of this call. As I am sure you understand, there are limitations on what we can say regarding this transaction at this stage.

Let's turn to slide one. NN Group has a history that stretches back more than 170 years with strong Dutch roots and leading positions in many European markets and Japan. Since 1845, we have been involved in the lives of our customers doing what we do best to help them secure their financial futures. Looking ahead, and given today's highly competitive markets, scale and diversification are essential to deliver an attractive and sustainable customer proposition in the long-term.

Combining the Dutch and Belgian activities of NN Group and Delta Lloyd is a logical step to take. We believe it is financially and strategically compelling and fully consistent with our equity story and, in fact, will accelerate it. Through this transaction, we will create significant value. This will be realized through the combination of improved efficiency of our combined operations and capital base. This will require execution, but we are confident in our track record in this respect.

We intend to finance our offer using existing cash resources and new debt. And therefore, we do not anticipate issuing new shares. We expect significant accretion of earnings per share, free cash flow and dividend per share. We will maintain a strong balance sheet and solvency position, and we will continue to have sufficient cash resources available to us to withstand and manage uncertainties.

Strategically, this deal will accelerate our propositions in the Netherlands and Belgium. It will consolidate two major players in the Dutch market, and as a result, we will achieve greater scale, better allowing us to deliver attractive products to our customers. The combination will enable us to better capitalize on the growth opportunities in the pensions market. We will roughly double the size of our non-life business, facilitating improved selection of risk and underwriting capabilities. We will accelerate the strategies of our bank and our asset manager. While in Belgium, we will bring together two similarly-sized businesses that operate in different distribution channels, and thus, create an overall more balanced and sustainable business.

Finally, we, of course, recognize that successful acquisitions rest on integration. Since our IPO, NN Group has outlined its priorities and equity story and has delivered on what it has promised. This, combined with the fact that this is an in-market transaction with businesses that we know and understand, gives us confidence that we will continue to execute going forward.

So let's move to slide number two. In terms of the details of our intended offer, it is an all-cash offer at a share price of €5.30 per ordinary share for all outstanding ordinary shares of Delta Lloyd. It represents a significant premium over the market cap since Delta Lloyd's rights issue and offers certain, immediate and attractive value to Delta Lloyd's shareholders. We continue to seek to actively engage with the Delta Lloyd management team. We see this as being highly accretive, while at the same time maintaining a strong balance sheet and solvency position.

Turning to slide three. The combination of our activities in the Netherlands and in Belgium will create a very strong position with significant scale across segments. This will continue to be supported by high growth and profitable international markets. We have elaborated in the past on the trends we see in the Dutch pension market and we think that the additional scale in pensions will enable us to capitalize even more on the opportunities. Doubling in size in non-life will allow us to drive further underwriting improvement and cost efficiencies.

The combination will also accelerate our asset management and bank strategy with the addition of around €60 billion of assets under management and €6 billion of bank assets creating substantial scale benefits. It will create a more sustainable Belgium business through the combination of two similarly-sized companies operating in different distribution channels.

As this is a in-market deal, combining the activities of NN Group and Delta Lloyd in the Netherlands and Belgium will remove existing overlap and achieve cost, capital and revenue synergies. The combined business will continue to have the high cash-generative characteristics that NN Group currently has.

Turning to slide four. This transaction is fully aligned with our acquisition criteria and will bring significant benefits to both NN Group and Delta Lloyd stakeholders. As I mentioned on the previous slide, our combined strategic position will strengthen. Financially, we see a significant accretion occurring through the combination of in-market synergies and efficient use of excess capital. We expect cost synergies from making a more efficient company, given the overlapping businesses including the head office. We would also anticipate over time revenue and capital synergies through the combination.

The expected return of this acquisition will exceed our cost of capital and will, therefore, be consistent with our equity story of allocating capital to achieve attractive returns. We will remain strongly capitalized afterwards while maintaining significant financial flexibility. We will be a highly cash-generative set of businesses, but with more diversification to those cash flows and we believe more sustainability.

The creation of a better, stronger, more efficient and dynamic business will be beneficial to customers. We will be able to create more compelling propositions and offerings and further enhance our customer services and experiences. We can and will execute on delivering the benefits of this transaction. We have been dealing with the realities of the market and have an operational track record of reducing costs, so we know how to do this. This transaction is more of the same. This is an in-market deal. We understand the market and we understand the risks.

Let's turn to slide five. Our all-cash offer will provide immediate, certain and attractive value to Delta Lloyd's shareholders. Our offer will be subject to pre-offer and offer conditions, customary for transactions of this nature. We are well prepared and have considered all aspects of the proposed transaction. We are able to move quickly and are in a position to conduct a confirmatory due diligence and at the same time negotiate a transaction with Delta Lloyd in a short period of time.

The transaction between our two companies is in the interests of all NN Group's and Delta Lloyd's stakeholders. As such, we have made a proposal to the Delta Lloyd boards and we continue to invite the Delta Lloyd boards to sit down with us to discuss our proposal and negotiate our recommended transaction.

We will give the market an update within the next four weeks. We are excited about this transaction and are confident in our ability to execute on it. This transaction underpins our ambition, which is to be a company that matters to all our stakeholders.

I want to thank you and I want to wish you a very good day.

## Operator

Ladies and gentlemen, this concludes the NN Group conference call. You may now disconnect your line. Thank you.

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