

Investor Day

Company Participants

- Alfredo Castillo, 'CEO of North America'
- Antonio Huertas Mejias, 'Chairman and Chief Executive Officer'
- Eduardo Perez de Lema, 'CEO MAPFRE RE'
- Fernando Mata Verdejo, 'Chief Financial Officer and Member of the Board'
- Fernando-Perez Serrabona, 'Chief Executive Officer of MAPFRE Brazil'
- Jose Antonio Arias, 'Chief Innovation Officer'
- Jose Luis Jimenez Guajardo-Fajardo, 'Group Chief Investment Officer'
- Natalia Nunez Arana, 'Investor Relations & Capital Markets Director'
- Unidentified Speaker, ''

Other Participants

- Analyst
- Andrew Sinclair
- Ivan Bokhmat
- Michael Huttner
- Paco Riquel

Presentation

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay, thank you very much. Hello everybody, thank you for coming. I would like to give you a warm welcome to this event and also warm welcome to all of you that are following or joining us online. I would like to take a couple of minutes to talk about the logistics and the agenda of the day.

We will have two blocks of presentations. First one will end more or less around 10:30, then we will have a break for coffee. The break for coffee is just outside the weather is wonderful today, so it's going to be great. And afterwards, we will start again at 11:00 more or less, with the next panel, that will be focused mainly ingredients and business like MAPFRE And after this panel, we have the second Q&A After the Q&A we'll join -- we'll enjoy the presentation from innovation.

And finally, our CEO Antonio Huertas will do the closing remarks. We will receive questions in the Q&A online and also on the floor. So, I encourage you, because we will do our best to answer all of them. But I encourage you to send the questions online, mainly for you that are outside are following on in streaming.

Because we expect to answer all of them, I think there's nothing matters, if we -- can receive questions in Spanish or English, as you feel more comfortable. And also you ask in Spanish, we will answer in Spanish, you ask in English, we will answer in English or Spanish. Okay. So --

Unidentified Speaker

(Non-English)

Natalia Nunez Arana {BIO 19480994 <GO>}

Also Portuguese.

Okay.

Unidentified Speaker

(Non-English)

Natalia Nunez Arana {BIO 19480994 <GO>}

What Ivan [ph] is said, every everyone feels comfortable, and to take the most of this event today. So without any further due, Antonio Huertas, CEO of MAPFRE The floor is yours.

Antonio Huertas Mejias {BIO 15896108 <GO>}

So, good morning everybody.

Especially from to these people who come from outside of Spain, you are enjoying this beautiful spring Madrid, and it is a very good weather to stay outside and to walk around and to have the opportunity to know better Madrid. Good morning, ladies and gentlemen, thank you for being here with us today. It's a great pleasure to us have the opportunity to share with you these Third Investor Day. It is Third MAPFRE's Investor Day.

We are very happy for having this opportunity to share our main strategic approach with you and its main drivers, which will leave MAPFRE for the next three years. We have -- as Natalia said, we have divided the session in two different blocks. The first one that we will talk about our corporate strategy, finance and investments. The second one, we will speak out about some specific business units, like MAPFRE RE, -- MAPFRE which, we -- we think they always arise quite dangerous, because of its complicity and its profitability.

The others are very important as well, and I suppose you have many concerns about it some of them, like US., Brazil, Turkey and Italy. Finally, we'll -- have time to hear about our innovation platform, MAPFRE Open Innovation. Of course [ph] -- after each block of presentation you'll have time to the Q&A session.

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I hope you can find interesting these topics. So let's get started. I'd like to -- I need the -- I'd like to start by briefly talking stock of the strategic plan, of 2016, 2018 period, which has just finished during which we had single objective mind, profitable growth as you know. During this period, we faced many strong challenges and we were affected by some circumstances that will be our direct control.

Hurricanes, earthquakes, trade wars, hyperinflation to rural markets, however the 2018 risk accounts again highlighted the sustainability of our operating results. The company capacity to continue generating, high recurrent profits with growing turnover even in very adverse scenarios like those of these recent years. It's true, that under these circumstances, we didn't meet all of our objectives. But it doesn't bother me to acknowledge this, because it is only when we are demanding ourselves, that we can improve it, we can overcome the challenges we face.

Nevertheless we are very optimistic now, the period that just ended has provided us along with many other things, with the chance to leverage the company's transformation with an eye to an eye toward the future. We are absolutely, convinced that the changes that we implemented in the last few years, are going to be essential for the future of MAPFRE These changes includes among others things like improvements in governance, risk management, standard internal control, digitization, the commitment to innovation, the development of multi-channel capabilities et cetera. In that sense and a strong organizational, operational and cultural transformation. That will lead [ph] the foundation [ph] for MAPFRE's development in coming years.

We are clear, that today profitability, prevails our geography, footprint. I said, in the last AM., we have discussed these intensively and we are convinced now that we need to be even more prevalent. I have stated publicly, that we are in the countries with which we wish to be present.

But that's not entirely accurate as, we have begun a process of important divestments, in the past year, we exhibit from five states in the US You know I'm -- we may exit in the future, if we -- in other states. If we don't see a medium term path of profitability, additionally as MAPFRE's assistance [ph] here we have proceeded to sell off, partially or totally eight operations. Over cities and next countries and we will continue monitoring our activities and putting on under review. These businesses, which we want meet the principal of profitable growth.

Currently, we are being very proactive in looking for new opposition, we've not been solved, we've not been very proactive looking for new acquisitions. The last one has been very logical, because it come from the organization in Brazil and the bankassurance alliance in Spain. In any case, I do assure you that we are going to be very prudent and consistent with our profitable business growth. Maintaining our website foundation -- solid foundation, we are innovating in everything that we -- that will help us to become a better more agile, more advanced and more efficient company, without roasting focus on the two main drivers of our activity clients and business profitability.

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Based on these, we have conducted depth analysis for our business and the current environment and we have just designed a new strategic plan for the next three years. So (inaudible) way were ahead [ph] of study. And I'm unable [ph] to provide you more details later on. Under the new slogan.

We are transforming ourselves for growth and improved profitability. We have strengthened our static approach, Prioritizing actions and initiatives that will enable us to achieve our main objectives. Digitalization and Transformation, are key in this evolution. Transformation will be part of everything we do.

In other words, it will be company wise, and will act as a true accelerator, in all the areas of our company. Within the new strategic plan, we have to sentence our change agenda with which presents the points that we have identified as priorities which will play a crucial role in our strategy in our strategic agenda in the coming years. The new plan will continue having the same pillars, playing orientation excelling in technical and operational management and culture and talent with transformation as the exist that drives them all. Letter on the Heads of Strategy will get into the details -- more details.

Now, I feel like to highlight, my fresh spinach journal of your fees, for these three -- for this new three years period. As far as, profitable growth is concern, we want to create more value for the shareholder generating an average ROE of 10% for the next three years. We will grow sustainably and prudently reaching EUR30 million in revenues, by '21 -- 2021 or having a chief average premium growth, of 5% during the three-year period, on a comparable basis. And we will profitable role in the Life business, growing in those countries with more potential.

We going to reach an 8% of average annual growth in Life-Protection premiums over the next three years on a compatible basis as well. We will achieve a combined ratio -- an average combined ratio from 96 in non-life business, and we have -- we tried in the last strategic plan. Referring to operational management, we will keep enhancing efficiency and provisions results in key contact points with clients. We will further leverage our provided networks, we'll launch our new digital capabilities and we'll boost robot sensations by more than 10 million.

Over the next three years, we will progress towards more opening analytical, flexible and global technology that is easily scalable with different in -- within our different operations. In advanced analytics we have to work in the platform that will allow us to move from making decisions based on a researcher information to incorporating, new sources of unstructured information. This will facilitate understanding a meeting our clients' needs more effectively. And Client Orientation, we face this new three-year periods with many challenges to continue improving our relationship with our clients.

To do so, we will focus our efforts on first being able to build a differential value proposition adapted to each client type, and second making our clients experience. The cornerstones of our business. We can only ensure that our clients keep thinking of MAPFRE as their trusted insurance company by ensuring a satisfactory experience. To achieve this, we will continue mission quality as perceived by the client through then NPS

and commit at least 73% of measured business of receiving a higher NPS that our competitors average score.

We will increase digital business revenue by 41% by the end of the next three years. And finally, we will benefit more than one million people, clients with solutions originated in the MAPFRE open innovation platform. The third pillar, the cultural and talent is very -- still very much present in our plan. We are going to continue developing the technical, digital, entrepreneurship analysis, skills of MAPFRE employees.

Committing to internal promotion inclusion and learning, among others our aspirations for this pillar power. With regard to diversity, we want to reach at least 3% of our global workforce with disabilities in 2020, 2021. We will also continue to work to increase the commitment of all of our employees and collaborators to our company's values. To do these we have just defined our own indicator, the culture and talent index CTI to measure, our progress in this aspect.

We expect, to achieve a CT index of 80% with 63% being the starting point. Also for the next three years we will continue to promote gender equality. We want women to feel at least 45% of Banco's leadership promotions. Going through the main businesses, I want to say something about this Spain -- ESPANA MAPFRE will continue on get the most out of our leading market position with excellent operational management.

We think that, we have room for healthy growth in many products. Even, in motor being by far the leading company in the market at the most profitable group. During the last year's in Spain, we have improved our technical performance, improving margins and getting excellence combined ratios. We'll continue on the same path beating the market in profits and growth.

MAPFRE Spain will continue to rely on the strength of its own sales network. Our network of agents remain the main source of MAPFRE's redistribution and services. And we will continue adapting them to a new social and market reality is making it by hitting our agents increasingly digital. In addition, as part of the need to respond our multi-channel distribution, we are strengthening the bancassurance channel through this function of our agreement with Bankia, having incorporated gaming network and the agreement that we have recently signed with Banco Santander.

We will get closer to our clients improving their experience through a customer focused model and we develop -- we are developing the families and business strategy to gain competitiveness, we will take steps to work price optimization process automation and expanded self-service. Regarding Brazil, I can't say that 2019 this year, it's the beginning of a new era of MAPFRE in this country. In 2018, we signed a new agreement with the bank having already conclude -- concluded the risks [ph] operation there are certain processes which will enable us to simplify management and allocate the necessary resources to improve profitability. We are optimistic about, our business in Brazil.

Thanks to the company's strengths -- company's strengthen technical control. The opportunity presented by the new political and economic scenarios and the changes

made by the company's management. We have in Brazil two main challenges, the reduction of the delta combined ratio and the optimization of cost and the structure. That's all.

And then completely convinced that we are going to make the mass the growth environment and expectation in this great country. Fernando Perez-Serrabona, CEO of Brazil will go over in more detail later on today. In LATAM In general, we will continue to invest in the most profitable distribution channels and products. Such as, our agent network or impulse protection life insurance.

For that reason, we'll seek out more agreements, with financial institutions. This specific example in this agreement that we recently signed with Achtenberg leading Mexican asset management company. With regard to presence in operations, we will reinforce our efforts for the using the combined ratio for alto [ph] and general expenses as well. In addition, we will also expand our digital and self-service offering by clearance and we will strengthen the digital skills of our agent.

In this case, I'd like to highlight in particular, the success of one operation our company in Peru. Which has achieved continuous growth and excellent results, in the last 15 years. Most countries in the region are very profitable and, we will continue growing and having profitable business. Colombia, Argentina and Chile are challenging markets for us, and we have to do better in these ones.

Moving on the US., As MAPFRE, we will focus on phase one maintaining our leadership position leading Massachusetts, improving this region capabilities and implementing a new technological platform. We have to improve profitability in key states for MAPFRE, we have to continue our digital transformation to improve a client experience and operational efficiency. And we have to increase digital sales in MAPFRE, being MAPFRE or Verti.

In Puerto Rico, we will make at the most of the currency economic -- boosting economic, recovery taking place of island following the devastation caused by Hurricane Maria in 2016. The digitization of operations and the sales, network must be priorities for our development in Puerto Rico. Alfredo Castelo, CEO North America we will give you more detail shortly. In Europe, our main expectations for 2019 are in Turkey, we will continue focusing on profitability and controlling technical underwriting, premiering in the auto and health insurance.

We will continue to push for distribution channel diversification with an special emphasis on the development of our own network and the Bank Chairman. In Germany, we hope to expand our market share in the digital segment with more aggressive sales proposals. In Italy, we will continue working on the stabilization plans aiming to achieve breakeven this year. Mr.Tamayo, CFO of our international operations, will get into more details about these countries.

Regarding MAPFRE, we'll have more time to know better this unit, but we want to maintain its capacity to assure the volatility of its business as demonstrated many times, following the restructuring of MAPFRE global risk operations, MAPFRE RE will take

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advantage of the -- its greater capitalization and the new underwriting thing that has been just incorporated. Also it were -- it will in first MAPFRE companies catastrophe risk management and control models. Equipping them with a capacity needed to compete efficiently in their markets, Eduardo Perez de Lema, the MAPFRE RE CEO [ph] will take a -- will talk a Spanish information about this excellent business unit. About MAPFRE Global risk activities, I can't say that the next three year, we will be focused, on first one consulate, in the implementation of the unit transformation process is still ongoing and improving, the value per position for Global MAPFRE (inaudible) in order to achieve an excellence in service.

Turning now over to the MAPFRE Asistencia. We consider successfully finalize the reorganization process, that is started in 2000 -- in 2016 and left to the closure of operations in eight countries. A project that will continue in three more countries this year. In 2018, the company almost reached the break even points in terms of growth result.

In 2019, we began a new phase of profitable growth in strategic markets and in businesses with capacity for sustainable growth. We are developing this new solutions with focus on the client's needs supported by innovation and digitization differentiating MAPFRE's value proposition. Regarding financial expeditions, our capital positions remained strong and we want to maintain our solvency ratio at the current target level of 200% with already public a tolerance levels. Regarding our dividend policy, we want to keep these (inaudible) range, between 50% to 65% and we will feel very comfortable with our current debt levels with issuance change substantial.

Fernando Mata, member of the Board and CFO of the group, will be give more color in a minute. Overall MAPFRE has a highlight of flexibility with a diverse capital base, and net privilege investment portfolio that has been able to generate gains even in adverse financial scenarios, Jose Luis Jimenez, our Group Chief Investment Officer, will discuss this in more detail. The last thing, I want to do to talk it today, before we move on the rest of presentation is innovation, which will be presented more in more detail by Jose Antonio, MAPFRE's Chief Innovation Officer. In 2018, you know we launched MAPFRE Open Innovation plan for.

If an annual budget of over EUR100 billion, with which needs to be considered, in light of the EUR600 million. We are spent on technology every year. We also launched, the first intrapreneurship program internally, MAPFRE Nova, which ends to capitalize on our employees knowledge and experience in order to take to tackle the strategic challenges using the signs, thinking and agile methodologies. It was -- it has been an excellent and great success with more than 400 projects submitted.

Throughout the year, we also implemented projects based on cutting-edge trends, such as Artificial intelligence, the Internet of things, digital health, block [ph] chain, virtual reality and cyber security. At the end of the year, we announced the launch of insurance space as open innovation plan for, that aims to promote collaborations between startups linked to the insurance sector and MAPFRE These accelerated launch of innovation, has occurred in just nine months, the rapid succession, of the decisions, and activities has been driven by a transformation and innovation committee. Shared by myself, which brings together

some of the company's main exhibit. At the moment this is the main information I want to talk with you we are going to continue with the other person (inaudible).

Thank you very much.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much, Antonio. Our next speaker is Jose Luis Gurtubay. He will give us more color about strategic initiatives for service whenever you want.

Jose Luis Jimenez Guajardo-Fajardo

Thank you very much. Good morning to everyone. The objectives are roadmap for MAPFRE for the next few years served by Antonio comes as a result of a mature and consolidated strategy process carried out by our top executive management, in the company. We have been working, for the last few months in defining, the proper strategy to accomplish, a strong position in our market footprint based on the strategy results last cycle analysis.

In order to meet transformation and achieve our 2021 goals, we have enforce our change agenda including the topics, we identify as priorities. The key points of our next change agenda are to drive profitable growth with a more efficient capital allocation and in consequence as satisfactory payment of dividends. To reduce internal costs with a more efficient (inaudible) organization, this way we are going to keep competitive -- competitiveness of our business models in the medium and long term. To improve our acquisition and development processes.

Assuring, the value generated and the alignment with our strategy. To have a more customer centric organization re-enforcing our structure and processes and taking, our clients experience to the next level. To have a more agile and flexible governance model combining, greater control and time to market delivery. To put more focus on innovation providing competitive advantages in terms of clients, products, services and processes.

To have more global analytical and flexible technology, always meeting the needs of the business, to take advantage of the multiple 12 [ph] teams and their skills. In order to align them with our transformational goals, to focus towards an efficient and properly planned work. This allows us to achieve predictable and satisfactory results and emphasizing technical aspects. Finally, to work more on reputation and sustainability during forcing our transformational purposes.

As part of our strategy process and in order to make the Eames real [ph] we set a suitable initiatives portfolio. This initiatives means the execution that will allow us to reach the change agenda objectives and therefore our Aspirational objectives. Let us take a look in depth of the a strategic initiatives that we will continue to develop during this in three-year period. First focus on the client, which will allow us to adapt ourselves offering and enhance the client experience with MAPFRE The objective of this strategic initiative is to facility sales and clients retention.

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Optimizing client experience through, the right value proposition. In addition, we aim to encourage business development with distributor. The initiative focuses into in two major programs customer client and distributor client. The main benefits will be to increase the number of clients, maximize the level of clients retention.

Improve client experience and strengthen the business relationship and volume of distributors. We have shared knowledge and best practices, generating common basis in terms of intelligent management and commercial relationships. Improvements in terms of clients identification to apply it in retention processes, benefits and cross-selling. We have new global agreements including those with renewal Factory Mutual or (inaudible) The main key challenge impacted by this initiative is growth.

The second initiative Digital Business Plan, strengthening the operations carried out by Verti, (inaudible) and MAPFRE digital. We want to develop the digital business with a focus on the profitability of its operations, implementing concrete actions than contribute to their compliance of the established objectives and analyze the evolution of markets and operations to detect new digital development opportunities. We pursued to increase income in digital business and primary improve the digital business results. We have achieved excellent results, thanks to action such as optimizing investment in digital marketing improving dynamic positioning in comparison engines, and implementing new online code generators.

In addition, we have developed sophisticated price optimization techniques to attract the most profitable risk and retain more clients. The main key challenge impacted by this initiative is profitability. First, global operational efficiency model, focused on improving efficiency and productivity and increasing the quality of service provision. We intense to increase efficiency, productivity and further reduce operating costs.

We will develop operational models that struggle among others standardization, integration and process improvement and shared service solutions. So as to enhance MAPFRE competitiveness, our targets for this initiative will be in terms of cost savings, improvements in clean cost, customer service and reuse assets and technological components. The global provider model is already present in 23 countries, enhancing MAPFRE as a brand, with an increasingly broad and qualified network of service providers. We would like to highlight 2018 improvements related to Robot transaction, which exceed 20 million operations.

These technologies are helping to improve efficiency. Practically, eliminating errors and making it possible to dedicate human resources to tasks of greater value to the client. The main key challenge impacted by this initiative is transformation. Fourth, Advanced analytics which encompasses, developing predictive models based on knowledge and data intelligence.

That will allow us to gain speed, agility and precision in decision-making. Especially in Spain, Brazil and the US We want to transform the way we address the business today so that our knowledge and intelligence, to discover new approaches bill predictions and generate recommendations through machine learning models. Neural networks, text

mining, emotions and graph analysis, and through the construction of interactive dashboards. The main benefit of this initiative is to contribute to MAPFRE competitive leadership within the company transformation process.

We've been working in building a predictive model global inventory, setting the governance model, creating new specialized organizational structure and defining proceedings. The main key challenge impacted by this initiative is transformation. The fifth initiative is auto insurance 3.0, order invention of auto insurance policies in response to new trends. Cars that are connected, Autonomous cell [ph] and electrical.

The objective here is to develop our capacity in the Automobile arena. So as to become a key player in the realm of new mobility. Among other things, we are going -- working on current rating based on pay as you drive insurance models. Leveraging opportunities, coming from telematics, UVI, and the value proposition for manufacturers.

We will become a benchmark partner with manufacturers, with a differentiated offering. We will have an aftermarket solution for the B2C business model, and new mobility models, and we will generate periodic touch points with our clients, boosting the value of our insurance client relations. In auto insurance 3.0, the incorporations of free new ADAS is a significant achievement alone with the definition of the UVI strategy. The development of the value proposition with manufacturers and the Car -- and the Connected car.

The main key challenge impacted by this initiative is growth. Our six initiative is digital health, we have just launched SAVIA, our digital health platform, which is going to positioned us, as benchmark for digital Health in Spain. We are developing a new business model to be a benchmark in digital Health and achieve a leadership position in the market. This project is based on health 4.0, with agile and scalable technology and two key elements, customer experience and the power of data.

We want to achieve a better positioning in the field, improving customer loyalty and providing income from the Health arena. SAVIA as I mentioned, has been launched in Spain. The main key challenge impacted by this initiative is growth. Seven large cities, where we will continue to improve MAPFRE's position in large cities, reaching global with higher disposable incomes, SMEs, foreign residents, and incorporating new work areas for users related to the (inaudible) and wellness.

MAPFRE's aim is to improve its position in major cities in Spain. Starting with Madrid and Barcelona. Developing adequate solutions to satisfy the -- needs arising in large metropolitan areas. As a result of new lifestyle and consumption habits.

Our goal is to increase market share in these environments. Gamers is our collaboration agreement with the main market players that gives us the chance to explore each [ph] to other operations. The main key challenge impacted by this initiative is transformation. And finally, digital challenge, adopting new behaviors and new ways of working that will allow us to adapt two new digital requirements.

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Initial, geographical scope will be Spain, Brazil, the US., Peru and Turkey. We want to manage the change that our organization requires. To adapt to new digital requirements, providing flexibility and agility and tools to the work environment that allows for collaborative work and knowledge sharing.

In addition, we want to promote new behaviors the development of digital and strategic profiles and new forms of leadership. To this end, work is being performed in four areas, work environment, collaborative work and knowledge management, cultural in the digital world and new ways to reward and recognize. Through the digital challenge, we are going to be more agile and flexible company, adapted to requirements of the business and society and relying on talent and commitment. We measure global satisfaction and organizational commitment, we have just been recognized in Spain as the best place to work in the category of companies with 5,000 or more employees.

As of the end of the year more than 40%, of position of responsibility at MAPFRE worldwide were occupied by women exceeding our target commitment, the main key challenge impacted by this initiative, is transformation. That's our portfolio, and many significantly keys achieve, our poll process. Finally, we would like to remark that, we missile every initiative and project through KPIs, that impact in business. Thank you very much for your attention.

And now we are going to hear from our CFO Fernando Mata.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Thank you, (inaudible), thank you Antonio as well. Good morning everyone, especially those of you as always said, getting up earlier in the Americas, I mean it's difficult to schedule an investor day, that seeks everybody's schedules but anyway we'll try it next time. First of all I -- my apologies for visitors, Madrid is the one of the greenest city in Europe, this is very good for the planet and no complaints.

But they have for people like me, who are suffering from allergies in spring time, I mean this fall. But anyway, I mean I'm trying to -- but it is our great City anyway. I'm trying to keep my voice at in with enough volume, I mean during the percentage. Okay, thank you everyone here in person.

And everyone watching the webcast for the Arena's after Antonio opening remarks and also the presentation of colors, regarding the new strategic plan. It is my pleasure to talk to you about capital management. The fundamental focus of MAPFRE is a capital management is to maintain strong capital levels and consistent dividends. This policy is based on four pillars.

The first pillar is financial flexibility current low leverage together with room for further issuance gives us a lot of flexibility. Our goal is to keep leverage around 22%, it is also important to mention we have around EUR500 million undrawn from our one billion credit facility. At the close of December 2018. This allows us to adapt our debt position, to the current market conditions and with a low current cost of debt.

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Finally, I would like to point out the high liquidity of our investments. Second pillar is strong solvency and ratings levels. Our solvency to ratio with provisional data at December 2018, is 190% which is in line with the largest European insurance. We have maintained our solvency two ratio at 200% for the next three years with the same tolerance elements.

I'll determine [ph] said. How to see really say ratings continued to be a firm by the main credit agencies A plus from Fitch and A from S&P, Moody's, AM Best. The third pillar is the generation of cash flows, remittances from operating units are stable in recent years and supported by diversified cash flow, mostly coming from mature and stable markets. In addition this come from subsidiaries with high solvency levels.

Which is a full guarantee for future payments. The fourth and less pillar is our commitment to our shareholders. MAPFRE's Spain stable and growing dividends in line with our strategy of a payout between 50% and 65%, while maintaining a solid capital position. And finally, as Antonio said, on target for the average are we, over the next three years is 10%.

Here you can see the breakdown of our capital structure, which amounted to almost EUR12 billion at the close of 2018. 78% of which corresponds to equity. The decline is mainly due to currency movements and the following the value of the available-for-sale portfolio. Which had a larger impact in the last quarter of 2018.

The decreasing non-controller -- non-controlling interest and the parallel increase in debt in 2018. Was basically due to the Banco de Brasil transaction. As we have discussed in previous presentations. On the right side you can see the breakdown of the different components of the shareholders equity.

The largest component is capital retained earnings and reserves. In 2018, shareholders equity fell by approximately 7% to around EUR8 billion. Basically, as a result of Foreign Exchange differences, as well as market volatility affecting the financial investment portfolio. Specifically the drop in equity market in Europe and the rising deals in the US Lower the value of our portfolio, a year in despite the cyclical short-term volatility.

We are confident, that our balance sheet is sufficiently solid and diversify to protect us from risks. Here you can see the yearly variations of our shareholders equity. You can see that retain earnings performer is goodwill write-downs when excluding goodwill have been relatively stable, whereas currency conversions differences and changes in value of the available for sale portfolio, have been more volatile during the period. Let me explain a little bit more about the goodwill impairment and the impact of Brazil Acquisitions.

We decided in 2018 to reflect in our P&L The goodwill right down in the US., Italy and Indonesia in line with the economic outlook. Regarding the Brazil acquisitions, the amount of EUR197 million, corresponds to the difference between the price, state and the value of the shareholders equity at courts. And was book again reserves according to IFRS Regarding market movements in 2019 is more positive as you see on the right.

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To the end of February currency conversions differences improved EUR102 million, is good news and net unrealized gains increased EUR191 million, good news too. Showing where we call a change in trend. Taking now closer look at our currency conversion differences. We can again see the benefits of diversification.

Historically the US dollar has played an important role, as a natural hedge on our balance sheet. Its appreciation has helped offset all the negative currency movements principally from Brazil and Turkey. The situation changed in 2017, when all currencies without exception, depreciated against the Euro. 2018 has been strongly impacted by the significant depreciation of both the Brazilian real 10% approximately and the Turkish lira 25%. However, the US Dollar recovery in 2018 offsetting the impact of foreign exchange differences.

The Mexican peso is also on the right path. Appreciating 5% against the Euro in 2018. The second two last column on the right, shows the equity sensitivity analysis for the main currencies. With the US Dollar, again being the most relevant.

And the far right column shows consensus analysts estimate, this is the last date published last week for currencies, 40% [ph] in 19. The market is still expecting a depreciation for our main currencies, except for the Brazilian real, virtual assistants that previous years. All-in-all the outlook seems quite stable and let's say that the rocky [ph] growth of currencies differences seems to be over. On the left, you can see the breakdown of our standard debt instruments, our credit metrics remain quite strong with leverage around 22% and interest coverage of 18 times earnings before interest and tax.

Total financial debt stood at under EUR2.7 billion, at December 2018, and you see the net increase of EUR343 million in 2018, corresponds basically to the two following operations. First, the EUR250 million for the capital increase at monthly Brazil, to finance the acquisition of Banco de Brasil subsidiaries. And second EUR120 million capital increase in VERTI Italy, to improve our solvency two position. The current average cost of debt you got on the right is around 2.6% and we have also additional debt capacity, in Tier one of around EUR1.5 billion and almost one billion in Tier two and Tier three.

So we can see two figures confirm, MAPFRE's strong capital position and low volatility. Provisional figures, as a provisional figures because we haven't presented yet to the board and not to the safety committee will take place this month, stand at a 190% for the solvency two ratio 174% fully loaded with 87% of eligible own funds in Tier one. The main reason for the decrease in the solvency two ratio is the fall in the IFRS net equity in 4Q, 2018 as I mentioned before. A full disclosure of 2018 solvency two ratio and the related sensitivity analysis will be represented by our CRO, in the first quarter 2019, results presentation next month.

The exceptional Solvency two ratios -- our key units are the backbone of our dividend capacity with MAPFRE Vida is spending out at the 380%, this figure correspond to individual basis calculations. MAPFRE USA and Brazil also have a strong local solvency equivalent ratios of 180% and over a 140%, respectively. Now, let's talk about cash flow up streaming in MAPFRE group. Our policy governing dividends is based on first dividends

from operating units should be sufficient to cover A MAPFRE SA dividends to shareholders.

B holding expenses and other payments interest expenses basically. And C capital needs of loss-making units. And second operating units should retain enough capital to finance their organic growth. Cash inflow in 2018, comprise over EUR640 million, you get on the right side, upstream from subsidiaries.

As you can see dividends pay from MAPFRE Spain, MAPFRE Vida and MAPFRE RE are correct units. Were quite stable and based on solid underlying results and cash generation. I will also like to point out, the opportunistic payments of dividends from the US and Turkey in 2018. When currencies were at the highest value, regarding outflow EUR447 million, were used to pay 2018 calendar year dividends.

And around EUR130 million were to cover overhead payments and interest expenses. Leaving a positive balance of approximately EUR5 million. There is a proper diversification of dividend contribution, from different regions and units with a Spain being the most important. These slide shows our dividends pay for the last three years -- the information were well, which has been stable in a challenging and volatile period.

We have continued demonstrating our commitment to investors by maintaining our payout range, while at the same time maintaining Solvency two ratio comfortably within our target. In closing, I want to summarize the key takeaways. We expect shareholders equity to move in a range of approximately EUR8 billion to EUR9 billion. Closing, hopefully the three-year period at the higher limits (inaudible) of the range.

The main drivers for this growth will be retained earnings based on the improved earnings outlook. We expect no relevant changes in the unrealized gains on the available-for-sale portfolio. Since, higher gains from equities should offset losses from fix income cost by the slide potential increase in yields in Europe. We'll discuss with Jose Luis later on.

Currency conversions differences are expected to be less of a drag, than in previous years. Based on a slide depreciation of the US dollar and Brazilian real. Regarding the Solvency two ratio, to recent bancassurance agreements with BMN Bankia & Santander will trim approximately two percentage points in 2019, and they say south of transitional will reduce it 1.7 percentage points per year. On the other hand, we spent the past internal models to be fully implemented after approving by the Spanish supervisory body during the three year period.

Which will have obviously a positive impact on our solvency two ratio. Regarding leverage a financial needs are fully covered. The next debt maturity is or credit facility in 2024. All in all I want to reaffirm, our dividend policy of stable and growing dividends, based on earnings growth.

In line with the ROE improvement already mentioned by our CEO That's all from me. Thank you and now it is Jose Luis presentation.

Jose Luis Jimenez Guajardo-Fajardo

Many thanks, Fernando and good morning, to everyone. During the coming minutes, I would like to go through the following subjects.

First what kind of economic outlook is bad and how it will affect our financing. Second, what are the main features of our investment portfolio, and third what have the key guidelines to optimize return of financial income. So let's jump to the next slide. Starting with the economic outlook, it is fair to point out that you in the last few years.

We had several on headwinds that probably has reached a turning point. For the next three years, we do not expect an economic recession. But some kind of the slow growth in mature economies and an economic recovery in emerging markets. Last year, these countries were severely affected.

In terms of growth effects and investors' expectations. Looking forward, it seems that whatsoever and we foresee [ph] some tailwinds coming from emerging markets. In Brazil's for instance, (inaudible) ahead. It will boost economic activity and the real cool appreciate significantly.

There is an important consensus in Brazil. I would say a quite positive one. In Turkey, we spend more instability and at the end of the amount. Once we have the local elections.

We think that probably will be the beginning of some kind of economic reforms for the next year's that good economy on track again. In Mexico, I have to say it's more difficult to assess, but you inflation has significant observations in the middle term and interest rates two. However (inaudible) with the US has decreased and I think this is a very good sign for the economy. Finally called into bloom this consensus full-time interest rates are expected to rise a bit from a not to master the bid is the next reviews, and I think this is good news for us.

In terms of the balance sheet. I think it's quite solvent and we have a very good investment portfolio, very cautious, around 56% is our sovereign bonds, with a breakdown that you might see on the corner. We have increased our position in Italian debt last year to profit the paid for the political instability. We have set up a maximum level of Italian debt in EUR3 billion.

But since last December, the amount has decreased by around EUR200 million. Around EUR800 million more will reach maturity during the next three years. This amount that we have in Italian bonds, we have EUR2 billion and margin adjustment to market volatility shouldn't be significant in terms of SEO despite the good start of the year for equity as well as for credit. We are positioning our portfolio -- our credit portfolio in a more defensive way, in terms of secure location, rating, duration are level of seniority.

Due to our exposure to stocks, mutual funds and real estate and the flexibility, with -- which we manage this part of the portfolio in the absence of external shocks, on average we in for a similar level of capital gains than in previous years. Looking forward, we have

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started to invest in different bin ventures of alternative assets, in order to diversify our sources of investment return and capital gains. One way to enhance returns and whether, a low interest rate environment is through better diversification in our balance sheet. As you may see on the left hand side of the chart, we keep a low level of alternative in our portfolio, compared to our peers in Europe.

So far, we have managed this assets with the high level of caution, (inaudible) partnerships ongoing investment deals, we have successfully moving forward with this investments. We started two years ago, with a public commitment of almost EUR500 million, our most of it will be fully invested along this year. These investments will help us to improve our book yield. It is world while saying, that we target a very prudent rate over time of these asset classes, most of investments will be allocated to Eurozone real estate mainly prime office in many European cities.

But also in profitability [ph]. And there are prudent approach, we have margin to increase the location to this type of investment, is the low interest rates environment persist in the Eurozone. This is why, we showed the booked yield and the reinvestment yield of our assets portfolios from fees income. Life and long life, as well as the Bloomberg consensus on 10 years deals that probably most of you contribute to.

What is important to point out is that assuming a very conservative reinvestment rate of food assets reaching maturity, during the next few years. Our book deal to decrease around 20 basis points, and this is assuming that we will not do any after management in this portfolios, which is not the case, and that we do not expect any political risks in the Eurozone that could increase interest rates too. probably, I would say in the case of the US And the Brazilian portfolios, we could experience some kind of tailwinds. Despite, the recent announcements of the fed, we will not be surprised if in six month to 12 month interest rates continue with the absent trend.

Once most of the incentives are clarified. We have seen big change in terms of expectation during the last three years, and this is a phenomenon that probably will happen again. In Brazil, the absent trend in dangerous wave is clear. And if this finally materialize, we will try to increase duration in order to keep a more stable source of income.

Last but not least, we will like to show you the environmental social and governance analysis of our portfolio. On the left hand side, we have classified all the securities we hold in our European, US unprecedented portfolio, we are talking around 90% of the total. And most of these securities has been analyzed some of them has been skewed, and here I'm talking about sovereign some municipals, but it will be included soon, as soon as finalize our own methodology on these type of issues and the rest has not yet been analyzed, which represent around 12% over assets under management. For those securities, where we have outscored in about ECG footprint the vast majority, I'm talking about 90% are with the highest scorings or on first or second for time, something that we are really proud of.

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For those securities in the fourth quartile, less than EUR 1.5 billion of our total assets under management, we have set up a watch list that require a deeper analysis of this issues and a periodic review in our risk committees. The ECG profile of our portfolio is an area of continuous improvement and we are actively involved in different working groups on the subject. Finally, we have to talk about challenge on objectives[ph]. I will say that regarding the challenge, we have had it is really very straight forward.

Our first challenge is to optimize income in a low interest rate environment. We hope for the best, but we plan for the worst. We know that we probably have some headwinds and some tailwinds, depending on the economic outlook. FX and interest rates, but we've seen that we margin to (inaudible).

On the other hand, we want to increase our fee business model. Within the last three years, we've laid the foundations for growth, we have transformed my MAPFRE AM and revamp our full range. We have set up our (inaudible) by using cap for national and international distribution we have launched several real estate funds, a MAPFRE Christian patrimonial, which is an open architecture we will manage here in Spain. Furthermore we have broader stake in a small French Boutique La Financiare Responsable very much specialized in ECG research and we are launched, a complete range of is ECG funds and pension funds.

We aim to grow, at least around 5 to 10% a year. During the next three years and I would say that's all from my side. Thank you very much.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Thank you Jose Luis.

Natalia it's time to start with the Q&A session please.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay, thank you. Now we have two questions from online for Niccolo Dalla-Palma, Exane BNP Paribas and we come -- we are going to try to share, the questions between the floor and the online questions. So as a breaking ice, I will start with Niccolo Dalla-Palma and then Paco Riquel, okay.

The first one from Niccolo Dalla-Palma is solvency of series. Can you clarify the US solvency ratio. Is this an RBC ratio and if so it is a company action level ratio or is this how you integrate it in equivalence. What's caused that dropped?

Fernando Mata Verdejo {BIO 19676348 <GO>}

Thank you Niccolo, two questions, first the way we plug in the US Capital model in the buffer group is through equivalent from USA and the data or the ratio is a result of applying three times what we call I'm not sure is the standard the base level risk capital, a risk-based capital requirements.

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So, it's 3 times base level, the RBC Regarding the drop Nicolas as you know, last year was a little bit -- was (inaudible) waters[ph] in terms of results in the US The net income amounted to 8 million. But on the other hand, if we had a lot of cash a basically due to the exit of five states, that the money was collected last year and also we've a -- we had excess of capital. So in the end and then taking into consideration a great value of the dollar at that point. We decided and was disclosed in the presentation to pay a dividend of above \$70 million which is equivalent to \$80 million average dollar sorry, EUR70 million.

\$80 million last year. So this is basically the reason for the drop in the solvency ratio and more dividend, higher dividend and quite small net income retained in his contribution. That's it.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay.

Thank you. There is one more in this line from Niccolo Dalla-Palma. I would like to ask you before we move to another question, regarding debt you mentioned you have 1.5 billion, tier 1 capacity, 0.8 million tier 2 capacity, but if your target is 22 leverage, 22% leverage you are already there. So in which cases would you consider using the additional capacity and one more question regarding M&A Can you share your key financial criteria for M&A decisions.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Let me illustrate with the second one talking about the our strategic approach about the acquisitions. Our M&A policy is clear. I said before that we are not proactive, currently trying to do grow with new acquisitions. Nevertheless, if we are always waiting for opportunities, if they can be accretive for our shareholders.

The last acquisitions that we made were due to the logical development of our current alliances with banks, Brazil and Spain. In any case, as you know that we have already sent a letter to the board of castle the Spanish platform originated with the former city banks in Spain and we showed our interest to talk about potential operation with this insurance company, because we think that MAPFRE could create a new platform to integrate these operations in MAPFRE but we are not looking for new (inaudible) for banks we think that we know well then, we have excellent successful operations with some banks in Spain, like Bankia, like Bankinter, like others. Now with Banco Santander, and if -- would find a possibility to develop these multi-channel capabilities using a new bank insurance agreement. We should try to do it but in case, it should be accretive for our shareholders and it has to have sense for our strategic development in the country.

We think -- as I said in the annual presentation of our results a couple of months ago. That I said that our current bancassurance presence and our bancassurance footprint is excellent and we have a wide room to develop this channel, in order operations, we are not active at the moment and we don't want to make more money overseas.

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Fernando Mata Verdejo {BIO 19676348 <GO>}

Yeah, and regarding the capacities -- Sorry, regarding the capacity you're right. And we got additional room for the (inaudible) in both Tier 1 and Tier 2 into 2018, but I mean, we MAPFRE and our former entity was a mutual entity and we (inaudible) capital allocations you know very well and we increase our leverage to 22% and we don't think is going to increase.

I mean in the future, so the only chance could be a replacement of some non-hybrid debts, I mean senior debt or just a credit line, switched -- it being switched by a hybrid debt, but the I don't really think it will be very likely to happen in the future. And only in the case and we will need it to increase our capital position for great again -- rating agencies or just to keep this obviously to a level of the current, a 100% that I don't see. As I said in our financial needs are fully covered and I guess, it's time to focus on profitable growth, more than trying to even optimize, our capital position, we quite happy with the current 22% leverage and 87% of Tier 1 (inaudible) is obviously to Capital instruments.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much really, Paco Riquel has a question.

You can introduce yourself.

Paco Riquel

In Spanish or English.

Natalia Nunez Arana {BIO 19480994 <GO>}

Spanish or English whatever you rather, Spanish then just for a change.

Paco Riquel

I'm Francisco Riquel from Atlanta and I have two questions, first it's about.

Natalia Nunez Arana {BIO 19480994 <GO>}

Can you ask the question in English? When we have to confirm. Yeah, okay sorry. We need a headphone. Sorry, in English.

Antonio Huertas Mejias {BIO 15896108 <GO>}

In English, doing in English. Yeah.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Yeah.

Paco Riquel

Yeah.

Okay. So first question, It's about capital allocation and your 10% ROE, target is signing at covering the cost of capital of the group, over the next three years. However this is the group average in 2018, over 50% of the businesses were delivering returns below, the cost of equity. So, I know that you are not giving a Iberia business areas but, I wonder, if you can help us build the (inaudible) what is the Delta to watch the 10% ROE, without the businesses with positive or negative Delta.

In particular, Brazil, you mentioned at the time of the acquisition a 12% ROE target, just to see you're confirming it or not, the remaining underperforming areas like the USA, EURASIA assistance et cetera. How far shall reveal from the cost of equity of these units, if you are considering any strategic alternatives for these assets and then Lastly, on a Spain, there is not a presentation but just wondering, if you can also mentioned a few words about the Spain, if you think that they are reintroducing anything sustainable. or not for the Spanish business.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Okay, Let's start with the second one, talking about Spain, general about our early commitment, you know we didn't -- we didn't meet the goal to reach 11% we were very ambitious, during the last strategic plan and we had many incidents in our development during the last three years, don't allowing us to reach -- to meet our goals.

Nevertheless, we have many operations. Overcoming the corporate ROE target and we think as we have said many times that we can improve it. We have three operations[ph], Spain, Brazil, and US That this represents more than 60% for operations, and if they go well we can reach it with 10% of ROE we will cover the cost of capital, and we think that it probably in the states is more challenging. It's PNC -- the personal PNC markets in the US Doesn't see frequently ROE like that over 10% it's always between 7%, 8% and 9%, but we need time to improve it in the US But in Brazil, we are very more positive.

We think, we have started a year ago the changes in our region, we have made many -- we have started new initiatives to improve the (inaudible) development and then the results from the technical side, the reduction of interest rates in two countries has affected us it's hitting our -- is sitting over our results, but from the from the technical side we have a room to do better. Doing or achieving the main goals in the main countries, we can overcome the cost of capital, and we can reach the 10% of ROE We think the ROE target is achievable. In Spain, the model is sustainable. We -- I said in my presentation, that we have a room to increase our market share in order even having the largest market position by far.

And we are making many initiatives to gain market to beat in the market and to maintain were our margins combined ratio between 92 from 92 to 94 in Spain is sustainable, is good and with these more[ph] ratio, we can get this goal.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Yeah, thank you Antonio, If I may, something I will differentiate Paco. Improvement in ROE in the short run and in the long run. As Antonio said in the short run I mean the Delta will come from Brazil, Brazil is a very dynamic economy and we've got a very good expectations and they're from Brazil.

Yes Looking at the numbers in the past -- in the past five years, I mean there are a lot of up and downs and it's time for the upside and just to reach the levels that we had in the past. In the long run, I fully agree with you I mean, the is like half of the capital allocated to particular group, which is in Latam, let to later to Latam. My MAPFRE ESPANA and MAPFRE RE, I mean they're practically is like 80% of net income more less. So in the long run we should expect, I'm sorry in the short run as well.

We should expect an improvement in the US In that case is not (inaudible) because of the expansion of the economy not the entity but the reduction of loss-making operations particularly some states. In the long run, we should improve obviously our performance, in what we call the international business, which is practically like it for a billion allocated for capital allocated. So we're quite optimistic in Italy, and also in Germany, the two operations acquired years ago. As the states here is practically zero, I mean it's a break-even, so we will spend a just a small value in the in the future.

And the only country I'm seeing risk and it will be covered by Jaime Tamayo -- because of the current social economic environment is Turkey. But basically this is the summary. Short run Brazil and the reduction in loss-making states in the US and in the long run Europe and international division as a whole.

Antonio Huertas Mejias {BIO 15896108 <GO>}

So around two, three years.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Two, three years this is (inaudible), yeah.

Natalia Nunez Arana {BIO 19480994 <GO>}

(inaudible) Michael Huttner

Michael Huttner {BIO 1556863 <GO>}

Yes, second question on the financial income for the plan just to -- we can express this your array target to the low interest rate environment. The point is in negative territory, so what happens if they yields in United State during the time frame of the coated plant at current levels -- how sensitive is your ROE to the low interest rate environment. I heard that you have long duration, so how affected you are? And then I -- just to see, what level

of capital gains are you assuming in the plan, I understood it's a similar level to the last year.

Fernando Mata Verdejo {BIO 19676348 <GO>}

So, regarding interest rates I think is a very good question and, I would like to know what's going to happen, but the truth is that probably interest rate has slowed a bit, so we will not have an interest rates increase this year, hopefully next year, but we assume that the trend will continue as they happen to in the US You will stress the portfolio and that's what we did in the analysis, probably we can lose around 20 basis points, if nothing happens, so we think this is not a big issue. On the other hand, as I try to point it out. Here, we started to invest in alternatives and alternative, if we consider a rate of return between 4% to 6%, which I think is very cautious all these first -- I would say vintage of alternative will start to deliver this year. So, probably we will compensate a little bit to decrease in the book (inaudible), so that's what we have in terms of interest rates.

In terms of capital gains. I think we have enough flexibility, with this flexibility, despite to continue in the absence of external shocks, with the same level of capital gains. We know, we have some pressure on that, but every year more or less is the same thing.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Yep if I may say something, I mean this is current low deal scenarios is new remember when we launched a few years ago, the first 30 years of deep learning, we were discussing the same, and we talked about the deal hike, everybody says after the summer, that's again and we live in the same world.

I mean the summer but, nobody knows the year and next year will be after the summer. The thing is historically you see the track of a Maverick. I mean in the last three years, I mean we're extremely difficult, but the answer to this challenging period, I mean was the proper one and practically there is no decrease on the financial income and it was compensated by other sources of financial income particularly capital gains. I'm quite confident, we can repeat the same level of capital gains, I mean we got a quite flexible portfolio, combining both capital gains -- unrealized capital gains from real estate and also from financial investments.

We have the currently compelled some units worldwide and in the market. And this is the normal rotation of units in our real estate portfolio, and we think we will able to keep the same capital gain level in the next three-year period.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much next question comes from Michael Huttner. Michael is this regarding Brazil, we can answer that later on.

Okay, in the second (inaudible) so, Thank you.

Michael Huttner {BIO 1556863 <GO>}

Thank you. And on CASAR uncertain I didn't understand whether you said -- you wanted to buy it or you just want to do a joint venture, or you just wanted to talk to them. On the US I was wondered if you can be a little bit clearer.

It sounds to me like, you're actually not going to do anything this year in 2019. And if you reach any decision in disposing more states, more likely to be 2020 and I just wondered if my understanding is about right. On their dividend about cash flow that was Brazil I skip that the 10% average are we it's memory we starting at 8%. So we're missing about a 160 million, I'm guessing Brazil is somewhere around 60 million, I wondered where the remaining hundred is coming from.

And then finally, this 10% average is it back-end loaded, or should we expect it to be a real average in other words around 10% of the year. Thank you.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Thank you, Michael. I'll just start with the CASAR trying to clarify our position.

As far as I know CASAR is not in selling process. CASAR is owned by some old saving banks, and they are -- some of them are in merger process. And we have thought that probably they want to be part of a big insurance operation to have a better strategic development in the branches. But we haven't get any information coming from the owners.

We have only send a letter to the board saying that we would like to start conversations for a potential acquisition but we haven't had any specific answer from the owners. So, the process is not earnings is not working. And we will continue doing our -- daily basis operations without this thinking.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Michael regarding the USA just clarify because he the topic will be covered (inaudible) Castelo and there is no list of states to be exit.

And what we done is we exited five states and quite quickly, I mean at the beginning we thought it was difficult to get rid of these states and with the new strategic planning then it will (inaudible) but Castelo. There is a period of time probably a couple of quarters of and we had to see how the loss making states are performing on let's say you're no longer a period of observation. And then in that case, -- I am being committed to say that probably after the summer, in that case the summer of this year. We got a better look -- outlook of the US.

Regarding ROE you're right I mean, as I said if the capital base on the three-year period is 9 billion, we have -- we should achieve average net income close to 900 million. So, we had to improve our earnings in approximately personally 200 million, that's correct. I think

for the three people [ph], but we expect this to be quiet a smooth, I mean so little by little and I wouldn't say proportional, but they say that, we expecting growing earnings year-by-year and that's basically your three questions. Natalia?

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay.

Thank you. I have another one that came online, Andrew -- do you want to answer -- do you want to ask sorry.

Andrew Sinclair {BIO 17749036 <GO>}

Hi, it's Andrew Sinclair from BA Merrill Lynch, three for me that's, okay. Firstly was on auto insurance 3.0 that you're talking about you're mentioning that MAPFRE will become a benchmark partner for manufacturers as part of that can you reminder us for manufacturer partners MAPFRE has at the momentum, and do you think that MAPFRE can become a global partner for major car manufacturers.

Secondly, we just on goodwill, just remain -- just wondered if you could remind us what goodwill remains on the balance sheets and if there's any possibility of further goodwill right tones effectively reducing that denominator and the ROE calculation. And thirdly was just building on Niccolo's question from earlier about M&A criteria. You're mentioning that your acquisition and divestment process has been improved, I wasn't really still clear on what the key metrics are for evaluating any acquisition that were to come just if you could clarify all those metrics? Thanks.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Thank you Andrew, it was starting with the first, when talking about the car manufacturers and the positions of MAPFRE trying to do business with ending [ph].

Is not a -- it's not future, as you know MAPFRE has any strategic agreement with (inaudible) or the French car manufacturer, actually a couple weeks ago, we signed the agreement to Laurent [ph] the third phase of our agreement, the development of research center for cars between MAPFRE and renew. The agreement between both group's has three parts. The first one is a sponsorship of the Formula One car. We are part of this interesting projects.

The second one is to be the privilege issuer, or the third option for ensure Renault properties in the world, and as well Renault cars selling bye -- bye dollars in worldwide. In the countries where we want to be sure and we are increasing our volume of premiums with Renault in many countries, in Spain, in Brazil, in Turkey, in Colombia doing many operations together. And the third one has been specifically the development of innovation lab working together between phase [ph] map our internal Auto Car Research Center and renewal labs in Paris. And we are creating now the first themes that the work that they are going to work together.

Going to the other questions about the money criteria (inaudible) will give more information about the how we evaluate potential acquisitions that is awesome.

Unidentified Speaker

Yeah, well I mean we have a strict process to analyze potential opportunities. First of all I would like to say that as Antonio mentioned, we are not considering a priority and inorganic growth, but obviously any case that comes to our table is analyzed under this process. This process is based on two major phases, one of them is a technical analysis, story about the money department that is submitted to the acquisition has position committee to evaluate technically from a value perspective.

The assessments made by the potential opportunity value created. And, secondly there is approval submission to our executive committee, to analyze the strategic fit with our current strategic front for the next three years. Basically, this is the process that we follow in any single opportunity that comes to us to be evaluated. Regarding investments, as Fernando said I mean there is no list what we are saying is monitoring every opportunities -- sorry every businesses that we are running and analyzing if this businesses and operations are achieving our goals in terms of scale and profitability.

And apart from that point, we consider any message that we have to take in place.

Analyst

Yeah, thank you. Andrew, regarding goodwill there is approximately a 101.7 billion left outstanding in the balance sheet. The most relevant is the MAPFRE USA over EUR600 million.

And the second by importance is MAPFRE VIDA 200 million, it comes from the -- is like, it was like a 15 years ago perhaps, when we delisted MAPFRE Life that there was a listed company in the Spanish market. And the third one is (inaudible) life. So there only which is I mean because of the size is not a concern. But we're closely monitoring this goodwill is the one coming from MAPFRE USA But also as I said, I mean the writedown that was including our P&L covered, let's say that any potential goodwill writedown for the next say 2 to 3 perhaps years.

And we were pretty enough in order to avoid any additional goodwill impairment in the short run. What else, I mean all the intangibles -- we sometimes, I mean you are looking at the balance sheet is like a 1.3 billion this and in our balance sheet like it's 300 million or so forth which is being amortized usually in 4 to 5 years. And the remaining is the future profits coming from acquisition is what we call BBVA [ph], and in that case, and it's important to bear in mind that the majority are coming from Brazil, the first acquisition, of Banco do Brasil and all three quarters of this BBVA [ph] is we will reflect it as well in minority interest, because it's accounting for the gross value, assets and liabilities. So only from this BBVA [ph] 25% which is our shareholding in MAPFRE Brazil will be really the net intangible for balance sheet purposes.

Operator

Thank you. We have another one from Ivan Bokhmat from Barclays.

Ivan Bokhmat {BIO 15378004 <GO>}

I am Ivan Bokhmat from Barclays. Few questions for me.

So, first of all on the strategic plan, obviously there is the revenue growth target and there's a profitability target, and I think the theme that you're pushing us transforming for profitable growth. But if you had to -- I know it's an unfair question. But if you had to pick one, what will be the priority for three years strategy? Would you rather exceed the 10% ROE targets or get all the transformation strategies targets through? And secondly just following on that transformation, you've mentioned that some several projects, some help growth, some help operational targets or perhaps cost-saving. Could you try to quantify them a little bit? How much of your 5% growth should come from those new initiatives or how much of the of the combined ratio improvements would come from those new initiatives and then the final question on that.

What companies would you consider a benchmark for where you aspire to be and then in which countries, in which markets, will -- do you plan to focus.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay thank you.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Thank you. I'll take the first one it's not easy to say which one you love more transformation or profitability, I think it's -- a company like MAPFRE thinks always in a medium or long-term decision, we can't stay only thinking about profits because in the short term, we can do more things it's true and we can avoid expenses of our investments or new projects to create a feature value for the group.

The last -- In the last strategic plan, we said that we wanted to have a profitable growth and we didn't speak out about transformation at the beginning of the plan, because we thought, that we had many things to do in order to improve the technical side but we made it, we made many things in transformation. We started new strategies, new initiative and during the running of the last plan, we started with five or six strategic initiatives and during the process -- during the plan we incorporated the large cities initiative, that the new insurance, the new auto insurance policy and another and even the health initiatives, because of the transformation, is not an option we have to do and we have to run both projects, both initiatives, at the same time transformation, and profitability and probably there is not a -- they're not so far from each one because we need in medium term in three-five years' time, we have to move on other states in terms of organization. If we don't reduce expenses, if we don't create more avenues for growth, if we don't work more on digital environment if we don't change our internal culture with our employees and our agents, be more digital, be more agile, trying to look for a new approach or to

come up with a new initiatives probably in three, four years we can't, we are going to have a possible good ROE But we will lose many opportunities for being a leading insurance company in the world. Related to the last part of your question about the company, which could be a benchmark for MAPFRE there are many companies doing well, projects many international insurance are there and we work every day in seeing them and we have in our radar many good and excellent developments but it's -- the perfection doesn't exist.

Many companies are doing good things but probably they don't have the good diversification, that MAPFRE has in Latin America, in Spain and even in the States. We think with our current footprint having 50% in mature countries and 50% of business in emerging countries, with the possibility that we have to invest more innovation to seek out more new channels, the privilege relationship that we have with many some retailers and banks in the countries where we have a solid market position. We think we have many advantages compared with our competitors. But we are analyzing every day what our competitors are doing and we try to do our best to overcome them.

The second one --

Unidentified Speaker

Okay, regarding your second question about how our initiatives and what aspects of our plan is going to be focused on. I would say that obviously we have defined all of them paying attention to the three main aspects that we have defined as a part of our future study plan, transformation growth and profitability. Clearly it depends on which one you are talking about. Just to give you an example, for example digital business plan is clearly focused on both growth and profitability.

But here I've to say one of them probably profitability is going to be there and we should grow, but always paying current attention about the profitability. Obviously, other new initiatives like could be large cities (inaudible) digital health are probably more focused on transformation or growth clearly and in both cases. So, this is basically the case that we are defining any initiative that we want to develop in the near future.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay.

Thank you. We have another question that came online and is from an investor. In your current collaboration with other fully digital players example with Amazon in Spain, in distribution. What do you aim to learn or to gain in a sense for this? What do you offer to your partner? How did you calculate with CTI Culture and Talent Index mentioned by the Chairman to be 63 at present.

Please explain with some details.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Although we'll explain later that for me all this CTI Index. Talking about our ribbons [ph] with some digital platforms like Amazon in Spain, as well with a (inaudible) and others that we can develop. We are very proud of being the first ensure doing that.

If you analyze the evolution of the distribution in MAPFRE the last 10 years, you can see clearly the change coming from mono lying -- mono channel insurer [ph] to multi-channel company. Sharing title and network with the Banco insurance agreement with high success, and like Banco among others and introducing new capabilities in the market in the digital side. 10 years ago, we launched Verti as you know and due to the development of this platform we have learned many things in the last few years. To improve the digital presence of our additional companies in the world on the digital side.

Spain, Brazil, in the US, in Peru, in many countries we have developed our own skills in terms of digital marketing, pricing, new ways to improve the service with our clients, as well as the improving of internal operations. The launch of the agreement with Amazon is actually new and the market is the inclusion of these to our shop insurance -- shop in the market place of (inaudible). And of course we'd like to learn because this is new (inaudible) and we think we can't work together with big players on the digital side. I have said, I have stated that we don't feel fear from then we think we can create a collaborative spaces within with Google, with Amazon, with Facebook and we not with Amazon.

Amazon is first phase to do more to integrate our traditional sales force with the new technologies using the leads that we get from this platform and using this information with our agents to create more sales opportunities. But we haven't found still the right way to do that. There are different options and we have to test them in order to know where we can't have more success. Nevertheless, we will continue on this fact trying to increase our digital presence, being or acting as direct from the insurer with Verti and MAPFRE in general your and as well trying to help our partners, banks agents, and other distributors is in the presence.

Unidentified Speaker

Yeah. Regarding how we calculate this CTI, Culture and Talent Index. We've different indicators that we balance to measure these aspirational objectives. First, regarding culture, we are going to use a rotation.

We're going to use years of service in the company, and we are going to use an internal survey within our employees, it is very well known in this world that is called Gaalu [ph]. And regarding talent, we are going to use this indicator regarding mobility, regarding career plans, regarding internal promotions within the workforce. Basically with this some index, we are going to calculate this CTI indicator that we mentioned.

If you'd like to other that we have a non-public transformation index where we measure the evolution of the transformation process in the company and the group, and CTI is part

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of this transformation index.

We want to measure the evolution or the increase of the engagement of our employees with the CTI index inside or within the transformation process in the company. We think that without this improvement, we wouldn't reach our objectives on the transformation side, both culture and talent measured by the CTI index are absolutely relevant in the transformation of the group. We have to join both together and to improve the relationship, the relation between businesses, growth and internal culture in a positive ways in terms of better capabilities on the other side of our people.

The transformation index is not a public target, that is very important because you see my bonus in and diversity bonus as well this guy.

So, he's very important form of, I think you were going to stop and we have a 15 minutes break perhaps.

Natalia Nunez Arana {BIO 19480994 <GO>}

15 minutes break, we can come back 10 past 11 for the second panel. I'm sorry about the weather, but this is the only thing we can't organize. The other thing is easier, sorry about that but, I hope that you're in the land the weather will be great.

Because its upstairs and much better place. Sorry about that, so our next block will start with a Eduardo Perez De Lema, CEO MAPFRE Eduardo, whenever you want.

Eduardo Perez de Lema {BIO 20385404 <GO>}

Thank you Natalia, and good morning. It's once again, a pleasure to have the opportunity to be here with you and talk a little bit about MAPFRE and about what we do in reinsurance at MAPFRE As in previous -- occasion in the presentation will have two parts.

The first one talking about the recent development of MAPFRE, which has been very pleasing so far. And, the second one is to talk a little bit about how we manage reinsurance in MAPFRE, as you remember on last Investors Day, we talked a little bit about cut risk management, including also our country insurance program. Today, we talk a little bit more about our reinsurance policies overall, and so, let me just say before we begin and before we change to the figures that all figures will be related to MAPFRE reinsurance business and it's not including the business of MAPFRE global risk they which as will be consolidated into our balance sheet already, but it's managed and measured separately. So, the figures will be presented separately.

So, let's go for to the numbers of MAPFRE, as you can see 2018, we saw a significant drop in our gross premiums of 10.3%, which was exclusively due to reductions in the sessions of some business coming from MAPFRE companies from the Italy, Germany and the US These previous were not seated to MAPFRE, but they were retained on the local company. So effectively on the consolidated income of MAPFRE group didn't have any impact at all. One part of that session will be resumed in 2019, those coming from the US

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Premiums coming from Non-Group business grew very nicely by 5%, which is very pleasing outcome. In terms of results in the results you see again there is also a decrease of 8% in 2018.

Which we still considered to be a very good outcome especially compared to the rest of the industry and our competitors and also having in mind that it was a very intensive year for us in terms of large losses as we will see right now on the next slide. So as you can see in the chart 2018, was almost our worst year in history in terms of large losses. Yes it was just short what happened in 2018 by 3 million. So it was a really challenging year for us in terms of large losses, the impact of them was EUR372 million before taxes and minority interest.

So by fast surpassing what we had in the previous years, as you see for example if they exceed by a 147 million to figures that we suffered in 2017. So under these circumstances we are especially satisfied with our very good very good combined ratio of 96.1%, showing again a less volatile behavior than the industry average which is as we said before one of our key objectives in the long run. Also when we look at it from a return on equity point of view, actually the picture looks even a little bit better, where we are having a very positive return of 11.6%, we don't know yet how the industry would perform, we estimate it won't be much better than what we are saying there of 3%. But overall again we show that we have a very good and stable flow of returns.

And when we look at it from a return equity point of view, we even perform a little bit better, because also our risk profile is a little bit more conservative than most of the industries. So, we have a reduced capital requirements compared to other peers and also the return is very stable. So, again very pleased with that outcome. Talking about our strategy, we start from a very basic, a very solid foundation of the company and all developments will and future growth will build on these strengths.

And on four key strategic priorities that I will comment now. First of all our biggest, our more important goal is to maintain the current level of profitability and the reduced volatility that we have been showing which will allow us to remunerate our shareholders and maintain the dividend flow to MAPFRE This has always been our priority and will continue to be so going forward. But in addition to that, we still think that we've the opportunity to profitably grow our non-group operations where our reputation in the market with clients and brokers and the high quality of our underwriting allow us to reach profitable business opportunities if we have been getting in the past. The third one is to manage the reinsurance of the group, providing the risk cover that we need to maintain our stability, but also to provide to the MAPFRE companies conditions that allow them to compete in the market and we will talk a little bit more about that in a few minutes.

And finally, our fourth key priority is to maintain our expense and efficiency as it is with an expense ratio that is probably the lowest or very close to the lowest in the industry. Changing now to talk a little bit about the reinsurance policy of MAPFRE We managed reinsurance based on a very clear policy that has been defined for the group. These are a number of rules that allow us -- that are applicable to all group companies and allow us the full vision of the group reinsurance and align this reinsurance policy with the overall strategy of MAPFRE MAPFRE mandate underwrites 100% of every reinsurance which is

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displaced by any MAPFRE company in the world. In addition to that, we take an obligatory session of a part of all facultative placements that are done by any group company, allowing us to identify what needs of additional cover are exist in the group, and optimize the structure of the country [ph] reinsurance treaties that we buy for the group.

In addition to that, the reinsurance policy of the group has a very restrictive limitation on fronting placements and how we deal which run things. Any exception on all these rules applicable to the reinsurance policy of MAPFRE has to be known and authorized by MAPFRE, so there is no autonomy in terms of breaching these rules without the group. And in addition to that, we have a very strict counterparty risk policy, whereas no placement can be done with counterparty that are not specifically approved in a security list and with an excess of certain limits approved by the Group. This combined rules allow MAPFRE to have a full picture of the reinsurance of the group on a worldwide basis.

Once we have that there are certain goals that MAPFRE has in respect of the Group reinsurance and some priorities. The first and most obvious one is that which we have always said is that the Group, and all elevate our companies of the Group have adequate cover for the risk that exceeds the group risk appetite and the one of the local companies. And that cover is provided at terms and condition that allow the different companies to compete in the market at equal conditions with the rest of the players. But in addition to that, we have an additional role in terms of efficiency of capital allocation of the group companies.

As you know, reinsurance is an additional source of risk financing, and sometimes reinsurance is more efficient than other ways of financing, and on that -- in that regard we very closely collaborate with the group on that one. The third priority is related to counterparty risk management and to manage the relationship with our reinsurers. Of course when we place reinsurers, the key priority is that our counterparts are able and willing to pay claims. When they occur but equally important for us is that we have a relationship with our reinsurance partners.

Whereas they are prepared and willing to renew their commitment also after a claim and after having losses. We have been successful with that and it's a key priority as well on our side. And finally there is an additional part of it that is talking about how we optimize the retentions in the group and the amount of profit that can be retained within the group giving our risk appetite. So once we have received all the placements that we get from the different range covers that the group wants to buy, and how we do manage that and how we see it externally, what we don't want to retain.

Mainly, we have there two options that we use, the first one is to place group covers which is the most commonly used by us. In that case what we receive is sessions from different portfolios, different countries in the world. They are all seated into MAPFRE then we consolidate that, retain a part of that, and see it into the external market through specific treaties that combine, similar risk in one placement that is eventually more attractive or is attractive to the markets, due to its larger size and diversification. Sometimes this is not possible and we talk more about specific covers.

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Under some circumstances that will be group sessions from group companies where we feel that the group doesn't need to see it externally and there are fully retained in MAPFRE And in other cases where we can't group them with other placements or we there is any reason for not doing. So, we place it specifically into the market most of the cases with exactly the same structure that we received from the company -- originally from the group companies. But when we talk about retention and how we optimize those what do we mean by that. At the end of the day, what we do is MAPFRE is to complement the difference between the local retentions of the different group companies, to the level where the group feels comfortable and this is adapted to the risk appetite of the group.

Some MAPFRE companies due to their size capitalization knowledge and market environment may decide to retain more or less risk locally. And there is a difference between and the gap between what level of retention we want to have as a group level. In those cases MAPFRE we will complement those local retentions with an additional retention at MAPFRE, of course getting a remuneration for the risk taken that is and which otherwise would be seated outside of the group. Let me put an example as you remember on last Investor Day we said that our carousel [ph] protection has a retention of \$100 million when Hurricane Maria happens (inaudible) retention of 35 million which was what they would normally take based on their capitalization, additionally MAPFRE global risk took a retention of 27 million.

And the difference up to this 100 million retention of group level is taken by MAPFRE, we take some premium for that and we take that. If that same events happened in any other territory of MAPFRE, those local retentions would be different and the impact on MAPFRE would they have bigger or smaller, depending on where the loss would affect. Overall, the net retention for the group on a consolidated basis is unchanged, but the distribution between the different companies changes, depending on different retention levels that they have. This translated in how and what we said also two years ago in terms of how we structure our group protection to the big group of potentials that we have is what we -- is how we obtain what we called the new protections which is presented exactly the same way as we did last year.

Any given company in the world has its own reinsurance treaty, what they need that will be made of non- proportional, proportional sessions or facultative placements. As we said all the treaty reinsurance is seated 100% to MAPFRE, a part of that or the facultative placements that any company does in the market institute also to MAPFRE On the business that we may receive or that we receive from the different MAPFRE companies, we may or may not to some additional sessions, let it be on group covers or on specific covers. Those are seated proportionally. And after we have done all that together we arrive to the group retention that is the addition of the local retentions of the different companies and the additional retentions taken by MAPFRE That is what we call the protective MAPFRE group retentions and that is what in turn is placed into the market.

Let it be on our group that itself covers, on our group risk itself covers or whatever we have. So, once we have thought a little bit on how we structure things and how we complement the retentions of MAPFRE in the different countries, how does it translate into our profit and loss account. Well, what I would say is it translates very positively. Overall, as you can see since 2007, the group reinsurance delivered to MAPFRE 546

million of pre-tax profits overall, which is about a quarter of the total profits generated at MAPFRE, which is a significant amount.

Of course this is very pleasing, but really important thing is that if those profits were not retained in MAPFRE, they would have been seated externally outside of the group. No reinsurance -- no company in the group is buying more reinsurance because it has to be seated into MAPFRE or at the different companies they all by the level of protection that they need but we are benefiting here for the bigger size of the group and the additional means of taking more risk and more retentions. Also it has to be noted that you will see that the margin seated to MAPFRE from the different MAPFRE companies is fully aligned with the margins that we obtain own on Group business, if you look at it and you compare to all the overall result of the MAPFRE they are similar, but of course with certain volatility around that, but the margins are absolutely comparables and that is simply because we offer to the different MAPFRE companies, absolutely market prices and arms-length reinsurance in every country, as it is on the other side compulsory by law. So, finally I would then ask you to take a little a few takeaways and the most important things, that I would personally like you to take with you First of all I think it's MAPFRE RE continues to be in a very solid position in providing good flow of profits and dividends to MAPFRE Of course by definition reinsurance is volatile business ,there will be years with ups and downs, on our results.

But overall the underlying foundation is solid and will continue to be solid. We have the opportunity and the ambition to continue growing our non-group portfolio. It's no doubt very challenging and competitive market, we are we are working in but still with our footprint with our underwriting capabilities with our expense ratios our client relationship, we think that there are development opportunities for profit for profitable growth, and please have in mind that reinsurance is a great product that is still, and will still be under strong demand going forward. The next one and important is that you take with you that, we have a very comprehensive and aligned reinsurance strategy.

We keep unchanged risk appetite and our reinsurance that has proven to be very efficient. In recent years is largely unchanged and fully supported by our reinsurance. And finally our reinsurance policy provides good protection and competitive terms and conditions to the different MAPFRE companies and allows MAPFRE to increase the retained earnings. Thank you very much for your attention and I look forward to your questions later.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much (inaudible). Now we have representation from Fernando-Perez Serrabona, CEO of Brazil. Fernando whenever you want.

Fernando-Perez Serrabona

Thank you very much Natalia, good morning everybody.

It is a pleasure to be here with you today, in order to speak about the Russian and our project in the country. We will present the situation of our project in Brazil. Paying special

attention to the external outlook for growth and the opportunity is represent for MAPFRE As you will see in the presentation, the Brazilian market is a great growth opportunity for the group. The recent change in the government, and the major reforms announced have essentially improved the economy outlook for Brazil for the coming year, this economy improvement will also result in the further development of the insurance market.

According to a recent study of MAPFRE, Brazil is one of the countries with the greatest potential for growth in the. world in the insurance market. This external factor will be complemented by the excellent starting point of MAPFRE in Brazil. The recent agreement with Banco do Brasil that I will be explaining later together with the leading position in the market.

We allow us to maximize our growth in the coming years. After 25 years in the country. We know when what we have to do, I want to see what is our position in the market and this is current situation, that I have commented before. is reflected and also in our leadership position.

We are the number one insurance in the country, now connected to the banking sector. The number one Greeks insurance with 15.5% of the market having the leaders team in agro and the second auto insurance company with 11.6% of the market. With more than 5,000 employees, we distribute our products, through more than 19,000 broker in the country. To this leadership position, we know as the agreement with Banco do Brasil.

This agreement, we allow us to weather define our instructors and to achieve greater commercial development. As a result of the new agreement, we know have two main company. I would like to clarify this. (inaudible) orders which will focus on all business from traditional channel as well as the Banco business through divine channel and the second one is BBMAPFRE, which will focus mainly on light protection and Agro for BB client, regarding two main company that we have at the moment after the new agreement in the in the county.

This new structure, will allow us to develop in a more independent way, business through traditional distribution channel through (inaudible) while maximizing the sales potential of BB in Auto, Agro and Household were this channel has better opportunities. To data advantage of this good situation that I have described, we have defined our strategy plan aligned -- totally aligned with the MAPFRE global strategy plan, but very, very focused on the outdoor business. Looking to increase our technical profitability. The main pillar of the plan are profitable growth, client orientation, excellent in operational and technical management and finally culture and talent.

The development of these regional plan is being carried out several it on a strategy initiative, connection global, that I will be explaining his later. Development of business banking Channel, technical excellence, presentation are the most important. We are going to explain this with more details in the next slides. Coming on count one action global plan, because his one of the most important initiatives that we have at the moment in Brazil.

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And we are applying just now, the main objective of this project is to reduce the combined ratio in to reduce it getting it below 100% in the next three years, applying different action. Tariff model review, improved plain management and efficiency in operating processes and whether fraud control are the most important action in which we are working. The connection global project is divided into eight major areas of Axiom [ph] as you can see in the slide, this project aims to achieve an efficient operation of high quality service in autumn with a clear improvement in profitability. As you can see the plan of all part of the business, all the process of the auto business with special measure in each of them.

For example we have already been working intensively in all the claims process, we will also implement the group and if rotate tool PLATEA as well has introduced a dynamic pricing engine with a earnings to optimize tariff is important is I would like to clarify that all the action plan have a calendar and an economy quantification of his result. The project are expected to end by 2020. And the total saving have been estimated 380 million Reals. Now we are going to speak about the dimensional development.

And the development of the business growth our company with BB is expected to growth above the market in Life and Agro. In the top you can see the part of the business especially in Life and Agro that we have in our company with the BB But we have also our channel with them, though the democracy would assist selling out of product the BB network in the country. So, we have also define several activities for the development of business with the BB channel is very important for our channel also. Focus on the development of products and system, particularly in out-house with suite enabled us to growth 9% premium in the (inaudible) here.

9% is our estimation for the growth of the channel in order to develop our products with them. So, it's very important also to fully integrate our IT system with the banks to facilitate the sales of product through the (inaudible) offices. About the technical excellence, so we have the final so taken actions for the improvement of the technical excellence of our operation. First, technology with the implementation of the term system.

Second, improving processes, focusing on commission and third-party deposit control among other. Third, development of technical knowledge and commercial experience, and finally we will be working on the digital channels in line with a marketing group strategy as part of the transformation process. These are the pillars of this initiative that it help to improve the quality of our processes and the service provided to our customer. With respect to the constant action [ph] that is one of the most important initiatives that we have.

At the moment the actual design will allow us to reduce expenses in the nursery years. By ravine, all internal and external costs in line with the measure already explained for the combined ratio in the connection global project. As a result of this initiative, we have the final our main objective for 2021. The main business target or growth in the traditional instrument business through MAPFRE Salud with 7% growth in Autos, 4% in (inaudible), and 13% in Life.

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Development of BB channel with an increase of 9% in volume, whether this steep [ph] in on technical control with our combined ratio reduction in outdoor from 114, really 111 is good in extraordinary adjustment to 100 by 2021, and further improvement in profitability in Life Protection business. All of this goal, will be supported by an improved management team. One of the most common to see what is our financial target for the next three years, and we have defined as a result of everything that I have mentioned so far. The financial targets for the next three years.

ROE of 12%, average premium growth about 6%, and lower combined ratio below 100% in outdoor. In conclusion, we face a scenario with a very positive profit for economic growth in Brazil, with also result in a significant increase in the insurance market. The new agreement will BB [ph] and improvement of business management and control will be the tools that allow us to try to take advantage of these positive situation and achieve their business objectives now we have set for the next three years. Thank you very much for your attention.

After the following presentation of my colleague, I will be at your disposal to answer any question about Brazil (inaudible). Thank you very much.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much for Fernando. Now the next presentation comes with (inaudible) CEO of Masa International.

Thank you.

Unidentified Speaker

Thank you Natalia, and good morning everyone. Pleasure to be here again, and I will be covering this morning our international operations with a specific focus in two of our core markets or key markets Turkey and Italy. My colleague Alfred Costello [ph] will then later dive into the details and I'll come expected help them of our operations in the United States after my presentation.

As an introduction of a general overview of what our international operations represent within the group, you have here in the first Slide the USA, Eurozone, our markets Turkey and Asia is essentially what forms the international territory area of MAPFRE In the US., a few comments, we just -- we have completed the restructure of that was announced last year with the exit of the five states that we announced we were exiting from. We expect that this is going to have a positive impact of close to \$16 million in 2019 in terms of savings. We continue to enjoy a very strong position as leaders of the Massachusetts market both in Auto, Home and Commercial Auto enjoying in the case of personal Auto at 25% market share.

As Fernando Mata, our CFO mentioned before we have taking an opportunities -- opportunistic approach in the US in terms of declared dividends, so we were able to declare EUR71 million in dividends this past year as well and let me give you an

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accumulated figure since we acquired the e-commerce group back in 2008. We have already declared for EUR576 million in dividends since then. Finally, we announced the launching of 30 [ph] our digital operation in Pennsylvania that was done last year. And I'm going to the second market of our North American operations Puerto Rico, after the heat of the catastrophic events that took place in 2017, hurricanes Irma and especially Maria.

We have taken or seen strong return into profitability in that market. Moving into the Eurozone. Italy, results are approaching value creation. We're up EUR10 million from the prior year.

We have improved our combined ratio by 5 points. We launched the new brand. The company was formerly known as the red line, we launched (inaudible) back in March. So, we're relatively pleased with our Italian operations in Germany.

We continue to help grow the market with 5.3% payment increase this prior year. MALTA, an important market for us, a small market but an important market for us. We continue to enjoy a privileged position being the leaders both in life and non-life. Also we have been able to upstream dividends for close to EUR6 million in 2018.

Finally Turkey, I have to say that somehow we have weather the storm, showing a positive net result of EUR14.2 million this past year. As well we took an opportunity and upstream dividends up to EUR25 million. Here in this next Slide, you have a picture of the territory -- international territory area which is formed by two regions North America and Eurasia for a total of EUR4.2 billion in size, EUR2.4 billion in North America, EUR1.8 billion in Eurasia. I call your attention in terms of the important size of the other segments of our business which accounts for EUR2.8 billion in premiums followed by the homeowners or personalized property segment.

Net results were not satisfactory last year EUR48 million, a steep decrease 48% from prior year mostly driven by the decreasing results from Turkey and the US And the combined ratio on the bottom of the right-hand side of the slide, you can see that we still have some room for improvement on the auto segment which is the biggest challenge that we're facing in the territory area. Let me move into Eurasia. Eurasia is formed by the following countries Turkey, Germany, Italy, Malta, Philippines and Indonesia. In terms of premiums you can see on the top right hand side of the slide also the importance of the auto segment followed by life and home.

The life segment is mostly coming from our multi operations. There is still a lot of room for improvement on the combined ratio side of the house, autos with an 107.9% combined ratio, mostly driven by in this particular case by our Italian and Turkish operations. I'd like to call your attention on the bottom left hand side of the chart on the expense ratio. Expense ratio which last year showed that 22.2% level which is I can call it relatively or quite satisfactory.

Showing clearly the level of efficiency that these operations have so, clearly the room for improvement comes from the loss ratio side of the operation. Let me dive a little bit into

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two of our core markets Turkey and Italy. Turkey equals volatility. You have here a coronagram of the different events that have taken place in this country since July 2015.

I will not stop in every and each and every event, but I'd like to just highlight a few of them. Back in July 2016, the failed coup d'etat and the state of exception was declared. April 2017, the new capital [ph] prices for automobile motor [ph] of third-party liability coverages were enacted. These call for an average of 30% decrease, mandatory decrease in this rates in the auto segment.

Referendum approved change to presidential system June 2017. The pool for bad motor third party liability risks was implemented in Turkey mandatory. June, 2018, this was just last year. Presidential and legislative elections, changes in government structural you're all aware what happened in Turkey with the new -- with the current as we speak new presidential system.

August 2018, the currency crisis ticked, the Euro exchange, the Euro Turkish lira exchange rate beat to 7.47 TLs. Finally, October 2018 inflation reached its highest 25.2% . So this is Turkey. As I said before we believe that MAPFRE SIGORTA our company has weathered the storm and remains strong and profitable, we were able to post EUR14.2 million net last year, but, yes we had some impacts.

We have various steep impacts into the operation. The first one is deterioration of the model combined ratio, which jacked up to 117%. The currency depreciation which went down to 26% on average versus the Euro cost and an unprecedented increase in spare part costs around 70% increase. These translated in absolute numbers to EUR27 million increase in motor claims.

High inflation levels also impacted our expense ratios. Lack of price flexibility since April 2016 with the caps on AUTO motor third party liability business there were enacted. The pool, the mandatory pool, auto NPPL [ph] pool costs EUR8.8 million in losses to our operations. On the financial side of things, interest rate increases during last year around 1600 basis points, were not enough to cover the combined ratio deterioration.

Having said that -- having said this we started back in '16 with a sort of a hedging strategy. In Turkey which has produced 15 -- 53.7 million FX gains through the purchase of dollars and euros. If we were trying to translate, we did this because as I said before essentially we are collecting premiums in Turkish liras, how we're paying claims in euros or dollars. So we are -- we were to translate this into combined ratio, decrease in terms of points.

We were calling -- we are calculating it into 3 points of decrease in net combined ratio. What is our strategic approach to manage volatility, obviously continued focus on technical profitability and average costs. Client-oriented, channel diversification following the MAPFRE model. At this point of the closing of 2018, 5% of the total direct return premiums that we generate in the Turkish market comes from our own network, which is our own network which mirrors the sort of type or captive network that we have in Spain and all markets.

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Cross-selling, moving into segments that we believe are profitable and more importantly that we believe that they have price flexibility such as Casco in automobile, and sustained investment in technology. I call your attention to the graph on the right hand side of the slide, just in order to show you what we're doing in terms of managing volatility. MTPL business, important business of the company represented 53% of the total portfolio of the company back in 2016. It now represents 31% of the total business.

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We have shadow over 1 million policies of MTPL This is the business that has its prices regulated actions. We're taking the multiple approach, pricing and underwriting claims management, agency management and financial pricing and underwriting. Continuous management and segmentation of the auto MTPL book of business as I mentioned before. Launch of a new Multivariant tariff for Motor Own Damage, this is already implemented and an operational, minimize adverse selection by improving risk selection, utilizing external databases that are available in the Turkish market.

Strengthening of technical area with new head of automobiles and new head of factory re-enforcing the team. On the claim side of things, implementation of special negotiation unit focus on spare parts and labor cost. This is crucial as I said before. We collect premiums in liras, we pay claims in euros or dollars.

Utilizing technology in order to control these spare parts costs. Implementation of the corporate anti-fraud solution Plataea [ph]. This is MAPFRE solution that works both on the underwriting or position side of things, as well as on the claim side. Agency management continues reviews of the profitability of agencies in the Turkish market.

And financially, we continue to hedge -- we try to hedge the currency fluctuations as I said before. Let me move to second strategic market, core market Italy which is approaching value creation. Italy is a big market on the non-life segment EUR32 billion, out of which EUR16 billion is automobile. It's in the process of consolidating its front.

As I mentioned before, we launched the new brand, we change the brand back in March 2018. We are focusing our strategy totally on direct digital, this is essentially around 45% of the total business of the company at this point. This is the traditional direct digital auto business done through web, telephone, etcetera. Last year, we improved 5.3 points in the loss ratio in the seventh [ph].

We have already also approved a EUR22 million investment in our new core system (inaudible) which is in the currently in the process of being implemented. And we will continue -- we continuously focus on expense reduction that delivering tangible results. I call your attention to the bottom right hand side of the slide just to see the journey where we're coming from since 2016, when we posted a loss of EUR112.4 million, last year minus 6.4 and our target is breakeven in 2019 this current year. Actions, similar to what we're doing in Turkey and other markets in within MAPFRE We don't take a single driven approach, we take a multi angle approach growth, technical claims expenses.

On the growth side of things optimized digital, strength and visibility on web, mobile and social networks, focus on growing customer base with no retention model. Technically,

apply advanced writing techniques, leverage from improved data collection and analysis, and also we're implementing tools that are widely in use within the MAPFRE group such as earnings on the rating and pricing activities and salesforce on the customer and retention activities. Claims, consolidation of groups provide a management policies, repair shops, important 100% of our business is automobile. We have to control the repair shop network in Italy, it's not an easy thing to do but we are implementing our MAPFRE modular.

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Strengthened our anti-fraud detection systems, plataea [ph] I mentioned plataea [ph]. For the Turkish market we are also implementing plataea [ph] in Italy. Expenses, the replacement of our core system (inaudible), this will represent that higher level of it -- levels of efficiencies in the midterm, that's what we're doing it. Continuous process of re-engineering and automation and operation cost reduction.

So, let me finalize with a few conclusions. We have challenges in front of us, MTPL regulation in Turkey has materially change the rules. Turkish lira will continue to be volatile, Verti Italy will finalize its turnaround. Verti Germany, it didn't mention much about Germany today, but it needs to keep growing and has to keep materializing its growth into increasing ROEs.

And then Asia, I didn't talk about much about Asia because of the match reality of our operations in that region. But these two operations essentially Indonesia and Philippines need to speed up the growth process to deliver higher returns. What are our goals, specific goals. Turkey continue challenging part of the diversification, focus on technical profitability.

Italy achieved a net combined ratio below 100% by 2021. We total focus as I said before in the right digital. Streamlining of operations and increasing efficiencies and cost reduction. And finally, Germany will have a growth target which is to exceed EUR400 million in premiums by 2021.

MALTA, important market, small country but important market defend our leadership position, and obviously post ROEs in excess of 10% by 2021. And with this I finalized my comments, and I turn it over to Alfredo.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay. Thank you very much.

Now the next speaker is Alfredo Castelo, CEO of North America. Alfredo, whenever you want.

Alfredo Castillo {BIO 4038542 <GO>}

Thank you, Natalia, and good morning to everyone. I'm going to provide you with an update on the following three items.

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The first one refers to the execution of our plans as we presented them in our last Investor Day. The second one is related to the performance of our US operation in 2018. And the third one refers to our plans for the next three years. I can already anticipate that we have been very successful in the implementation of the restructuring plans we presented last year.

As I also said last year, we are very determined to improve the profitability of our operation in the US. We truly believe that we see an improved profitability outlook for our operation in the US. Allow me to start referring to our 2018 results. We have to recognize that our results were unsatisfactory, but it's also true that we are affected by a number of one-offs during 2018. Actually, we had a very challenging winter in Q1 of 2018. Verti, our detail operation is at its initial stage.

And I also have to make reference to our top participation in some compulsory pools in Massachusetts in the US and also the restructuring that has an impact in our 2018 results. The good news is that our adjusted results are showing \$24 million improvements and we have also seen a two percentage points improvement in our combined ratio. We see clear signs of improvements. Massachusetts continue to have a strong performance with a 2% growth last year and \$81 million profit with a 100% combined ratio, despite the very challenging weather we had.

We have also seen improvements in the results in seven other states. A special reference has to be made to our improvements in the state of California, where we have seen a \$16 million in improvements in our results. Our operation in California is reporting a profit of \$1.5 million in 2018. And I also want to make reference to our operation in Ohio, that has shown a 100% combined ratio for the second consecutive year.

Let me now refer to our personal auto. This is our more important line of business where we have seen a \$24 million improvements in our technical results. Our personal auto 2018 AY loss ratio of 65.4% has improved in four percentage points if we were to compare it with the one we had in 2015. And as I said before, we have successfully implemented our exit plan.

It will have a positive impact of almost \$16 million in 2019. We have been working in further strengthening our profitability initiative, and let me please refer to it. In relation to our pricing discipline, we have a schedule 39 rate filings in auto business, 22 in homeowners, and 13 in commercial lines in 2019. We've an enhanced comparative raters strategy and we've deployed a new underwriting model.

It has been developed by our advanced analytics team to improve our customer selection. We are also implementing a new pricing engine also Massachusetts and we will start having it implemented in the state of Connecticut in 2019. We also have some actions initiative related to claims management and operational efficiency. Automation and utilization are key strategies to make the company more efficient while providing a better service to our agents and customers.

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Agency management is also key to us in the US And our advanced analytics team has developed an agency scoring model to identify the agents we have to work with. As we want to focus our efforts in dealing business with a reduced number of agents outside Massachusetts. We also want to improve our digital capabilities in the US and we want to have more detailed interaction with both our customers and our intermediaries. I'd like to provide you now some additional information about our performance in 2018.

And let me first refer to our performance in Massachusetts. I do know MAPFRE insurance is the leading non-life insurance in Massachusetts, with significant marketers in Private Passenger Auto, Homeowners and Commercial Auto. The figures of Massachusetts confirmed that is a matured and profitable state to us, with a 100% combined ratio, despite the challenging weather. If we were to exclude the impact of the weather and also some compulsory pool, we have to participate in the state of Massachusetts, our combined ratio would have been 98.5%, an excellent combined ratio.

And also I want to make reference to the state-of-the-art technology we are deploying in Massachusetts, our main state in the US that is going to be bringing lot of efficiencies and will allow us to provide very good service to our agents and customers. I've seen Massachusetts, we are focusing our efforts in implementing the profitability initiative I mentioned before. This is the reason why we are showing a 16% decline in our gross return premium. As you can see and this our good news, we have improved a load ratio also Massachusetts in 5 percentage points and we have improved the technical results in \$20 million.

We have seen significant improvements in the state of California, Florida, Washington, Oregon and Arizona. In order to continue improving our profitability, we have defined three main priorities for 2019. As we want to focus our efforts in those priorities that will move the needle. The first priority refers to improving profitability in auto business in the State of Connecticut, Florida and Washington.

These three states that account for 8% of our premiums in the US produce last year a \$29 million technical loss. As I mentioned before, we have developed and enhanced comparative raters strategy and an underwriting decision model. This is to be able to target the syllable [ph] business and new business. In this three states we have filed significant rate increases in excess of 7%actually even double digits in some cases.

We are going also to continue improving our Agency Management focusing on a reduced number of agents. Our agency scoring [ph] model that the one I referred before is been instrumental in the execution of this initiative. As it has allowed us to identified good performing agents that will be terminated. Actually, as part of our plan for 2019, we are looking at terminating additional 200 agents outside Massachusetts.

The second priority refers to commercial lines outside Massachusetts. This line of business has to reduce [ph] last year \$12 million technical loss, especially in the state of California and Florida. We are going to be taking significant rate increases in commercial auto in 2019, around 20% in the state of California and a similar increase will be applied to

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Florida. In addition to that, we are having a new underwriting model and also we have strengthened our risk appetite.

I think you will agree with me that we don't have to focus just in improving our load ratio, but also we have to pay attention to as reducing our expenses and actually this is our third priority. It will mean making some difficult decisions, but as I said before we are very determined to improve our profitability in the US. Actually some of the decisions were taken last three weeks ago, we announced it in the US. We are going through an organization structure realignment just to have this as a reference. We have had a 10% reduction in workforce or 250 people since 2018. And we have also designed a very comprehensive saving plant to get it that together with our operational efficiencies will bring additional savings of \$23 million.

This is like is a kind of summary of the impact our three priorities are going to be having in the next three years in our operation in the US. The first one refers to our technical actions in personal auto as you can see we are looking at a 3.1 percentage points improvements by 2021. 1.5 of these improvements, it will be because of our actions in Connecticut, Florida and Washington. And the remaining 1.6 will be coming from the actions we are going to be taking in the rest of these days. And it was refers to the second priority and this is commercial lines outside Massachusetts.

They're impacting the combined ratio, we are estimating to be 0.7 percentage points improvement in our P&L. And our expense saving initiatives will bring 2.3 percentage points improvements in our accounts. It means that we are committing to a 97% combined ratio in 2021. I would like to conclude my presentation with five key messages. The first one is that we are maintaining our leadership position, we are very committed to it with a very strong performance in Massachusetts.

Actually Massachusetts, we will focus our profitability challenges in personal auto and commercial lines, with a special attention to the state of Connecticut, Florida and Washington. Expense management discipline is key in improving our profitability. As it has been said before, we might exit more states in the future, if we don't see path to medium term profitability. And the last key message refers to digital business, as we see digital business as avenue for growth in the US leveraging Verti/MAPFRE.com.

By 2021, MAPFRE insurance is targeting the following ratios. A growth of 4%, a combined ratio of 97%, and an 8% return on equity similar to the one of our peers in the US. This is our strategy in the US. As you can see we want to position MAPFRE USA for success through a very focused business strategy. This is what I wanted to share with you our plans in the US. Thank you very much for your attention.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much Alfredo.

Now we can start the second round of the Q&A. I will ask for (inaudible) if he wants to join us. And we can start the second Q&A. Okay, the first question comes from online is a

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clarification is for Fernando Mata Verdejo, and I guess because it's about what's the risks market that we have referred to this in one of the US Slides that we have a market share of 15.5%, what's that?

Fernando Mata Verdejo {BIO 19676348 <GO>}

Yes. Thank you very much. And in this kinds of into this market, we are including all the traditional insurance business.

How to Agro, about leased housing, life, et cetera. All the business without the pension fund is the name of prevalence in Brazil, where you know that demand has around 90%, 95% of the market so without it, without the prevalence business, so MAPFRE is the leader in the market with the 15.5% in the rig side.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay. Thank you very much.

So, now we open the floor, there are no more questions online. Ivan Bokhmat, are you there?

Ivan Bokhmat {BIO 15378004 <GO>}

Hi. Thank you very much. I have several questions to all of you.

Perhaps I could start with the reinsurance one. So, first question to ask is what do you expect to happen to reinsurance rates? At July 1, and what impact would have -- that have on MAPFRE? And then secondly for the Brazil, obviously there is slightly new structure in place. Just wondering whether there's any particular reinsurance arrangements that are instrumental to the 12% ROE ambition and how MAPFRE will participate. And I'll have another question for the US.

, I think obviously the 6.1% combined ratio improvement is an ambitious goal, and I could see that only half of it comes from something that's completely within your control which is expense reduction. Could you talk a bit about the risks that could prevent you from reaching that improvement? Thank you.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Thank you for the questions. I honestly don't know exactly yet what will happen with the rates in July.

What we have seen so far in the market is there has been some strengthening and rating very specially on of course on loss of different territories where we've seen prices picking up a bit at least. On the retro market which has improved again on more on loss of activities than on non-loss activities. What I would expect is definitely in the reliable [ph]

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renewals that prices won't go down on territories that have been affected by losses. We will see a medium-sized price increase on the rest I would see probably stable outcome.

Talking a little bit about Brazil on the reinsurance side, we don't expect any major changes or arrangement that will influence directly there improvement it will be an underlying improvement of the company and the regions wise, it's very difficult to turn around the company's regions, it's the business itself has to be turn around.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Refers to the improvements in the combined ratio in the US And we know that it is challenging, but we are very committed to deliver these improvements. Actually we have some technical actions that account for an improvement of 3.9% percentage points, and the rest 2.3% is because of expense management. Just for your information, as a company we have set up a what we are calling an execution committee and on monthly basis, we are monitoring the impact of all the actions I have summarized in today's presentation.

So, there is a very detailed analysis that is being done on monthly basis personal auto, commercial lines at a state level, giving a special attention to these three key states Connecticut, Washington and Florida. On the expense management side, we have also set up an expense committee and we are monitoring that both premiums and expenses are aligned in terms of growth or decrease. If we have to take difficult decisions, we will be taking those difficult decisions to make sure that we deliver these plans. As a matter of fact, as I said before two weeks ago we announced a significant rear [ph] in our US operation in by refers to realigning the structure to our carbon volume of premiums of this men's terminating some employees, but this is something that has to be done in order for MAPFRE USA to deliver this 97% combined ratio by 2021.

Ivan Bokhmat {BIO 15378004 <GO>}

The 4% (inaudible) to those targets on the 4% growth, that's in the strategy?

Fernando Mata Verdejo {BIO 19676348 <GO>}

The 4% growth is the growth we are looking at to have it in 2021 where most of our profitability initiatives have already been executed. But let me be very frank, we don't want to (inaudible) our growth because our main priority is to deliver the return on equity and also the improvement in the combined ratio. But we truly believe that by then we have a new IT platform in Massachusetts, we should be able to see some more growth in 2021.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much.

Next question comes from Andrew Sinclair.

Andrew Sinclair {BIO 17749036 <GO>}

Thanks. It's Andrew Sinclair from BoA Merrill. First on Brazil.

Brazil auto insurance improvement and look at the Slide 24 seems almost all of the improvements is from claims. About 14 points rather than expenses, which I think are only one point. I just wonder if you could tell us a bit more about the ways you're looking to improve that loss ratio, and is there a risk of losing volume if you're looking at pricing action in particular? Second, it's moving to MAPFRE, just wonder if you could comment on some of the large exposures are in the reinsurance market at the moment in particular Boeing and Fire Monsanto [ph] if you could give any details on those exposures. And thirdly just I wondered staying on MAPFRE, if you could give us just an idea of the geographic and currency exposures of MAPFRE just to get an understanding of that? Thanks.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Okay. Thank you very much. About Brazil, really we are going to work about in the reduction of the claim ratio because for us is the first priority that we have at the moment. So, maybe we think that the connection global plan is we are including in the plan, all the matters in which we are going to roadmap [ph] really, we think that the first action that we have we must do in regards is one reduction in the claim ratio, because it is faster to do it.

Of course we are trying to reduce also the expenses, but after the new restructuring of our operation in Brazil. So, we have defined our first priority to work in the reduction of the claim ratio.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Definitely if I mean to say something Andrew probably you remember you'll be discussing in some research presentation regarding Brazil transformation. Majority of the claims area changes was made last year.

Probably you remember we deployed over 20 people expert from different areas in Spain in order to adjust rebump all the monetary claims, manager claims, management procedures, regarding adjusted, regarding claims manager, is either a new manager. It was appointed quite simply a (inaudible). This year we had to take over underwriting risk. Let's say that we've done a lot of things regarding claims [ph] manager, but there is still a lot of things regarding some loss making corridors, and dependant (inaudible).

And also we have to work on underwriting, implementing stricter underwriting guidelines, also a new way to tariff risk. Probably we're implementing through this year, earnings as a price grading tool. There has been quite successfully implemented in Spain and also in the US So, let's say majority of trainees regarding placement and we're gone, we expect to cover -- to take the fruits of this transformation through this year. And majority the changes regarding underwriting grades will be in place, this year and will bear the fruits probably beginning of the next year.

Fernando Mata Verdejo {BIO 19676348 <GO>}

So on this major losses that you mention. We have some exposure to both of them. I would say both of them are low single-digit million amounts for us. So, pretty regular large claims for us, nothing to be material or anything that is out of scope, something relatively minor for us, not so much for the market.

Talking about our footprint, I would say that the portfolio hasn't changed that much since we reported more in detail [ph]. I think it was three years ago. Our main market still is -- talking specifically about non-group, because group businesses wherever MAPFRE is, but non-group business, our biggest market by far is Europe. It's over 50% of the total premium is Europe and the rest is pretty equally spread obviously like 15% is Asia-Pacific, 10% to 15% is Latin America, relatively small in the US about 10%.

Talking about the currency exposure. In our case there is a probably a little bit less of a problem than with the insurance group. Because, the vast majority of our capital is anyway here. So, we are not that exposed on the capital side two currencies except for some working funds that we may have on the branches and where we operate from.

And the rest the assets and liabilities are completely match in terms of currencies. So at the end of the day, if there is a depreciation of any currency, the assets will depreciate, but at the same time the liabilities with that as well. So at the end of the day of course we monitor and we hedge it, but we don't have a big concern in terms of currencies on our portfolio.

Natalia Nunez Arana {BIO 19480994 <GO>}

Next question comes from first Michael Huttner and after --

Michael Huttner {BIO 1556863 <GO>}

Thank you very much.

Just a few questions on Brazil and the 12% ROE figure. Can you say how much that is in money in euros to MAPFRE? The second question, you gave the lovely slides on the US They exclude Verti, in terms of the improvement and I just wondered can you say what the improvement would be including Verti which is clearly an investment, but that's of interest? And on the reinsurance you said the expense ratio is fantastic. I just wonder if you could give us a figure and also rough idea and you probably did say it but I missed it completely, what is a split group and non-group. And then finally on reinsurance and you mentioned that 2018 was really bad year.

2018 in fact in terms of global loss of that can of (inaudible) not large losses was actually a fairly close to average year. So, I just wondered what kind of thinking you've put into to try and address this. Is there systemic risks which we are not aware of that?

Antonio Huertas Mejias {BIO 15896108 <GO>}

And Mike regarding the first question we do not disclose the number -- but in terms of cash contribution let's say that the dividends we take back, I mean this is they (inaudible) any of the events, we stopped last year because the excess of cash was fully devoted to the acquisition of the MAPFRE Brazil, Russia, there is. So, let's say that we do not disclose, I mean net income and dividends for the three year strategic plan.

We will come back to the dividend path for sure.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Well on the questions, if I forget one please help me with that. And on the split between premiums within group and non-group, last year it was 35% group, 70% -- 65% non-group, that is reduction compared to the previous year because of this group business that we didn't renew, that impact was far less on the net side, because a big part of that was seated what we what we didn't retain. In terms of expenses and contribution to our combined ratio, it's 1.8% of expense, internal expense contribution to the combined ratio.

And in terms of the last losses, last year as you mention it, it may be average on a global basis, and then the impact on different portfolios can be different. In our case as we said 2017 was a very large year in terms of large losses, and it was a little bit less for us, because on our footprint -- depending on the footprint and to what business we write [ph] in 2017, we were affected in territories where we chose not to be much involved. But in 2018 the events happened in places where we are involved in lines of business where we are activists, specifically more in Japan and more in personal lines in the US where we are stronger. In addition to that you have to consider it, it was pretty uncommon year in terms that we had large losses, but all of them were kept very close to the (inaudible) protections.

So, even having a much worse here in terms of that events, our net impact it can be bigger we can have worse year than 2018, but it won't be a massive difference, it very much depends on how do you have the events and how the event impact into your protections. Our retro protections effectively are loss free in 2018, although it was a pretty heavy cap year. We may have a much bigger market losses in any given year and the impact for us being similar to what we had last year. So that is what has an impact.

Unidentified Speaker

And listening to the question about the US combined ratio, we were to include Verti. As you can imagine Verti's new operation, but based on our figures currently we are looking at the impact of Verti being around one percentage point. So, rather than looking at the 97%, it would be a 98% combined ratio for the operation in the US.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay, Michael.

I think your questions are already solved now. We guess they were some work -- okay some work here. But okay, thank you. So the next one is come from (inaudible).

Analyst

(inaudible) Morgan Stanley. Just one question on Brazil. Just a point of clarification, the combined ratio, I was at 2021 target but the ROE is an average, so we should be assuming an ROE higher than in 2021?

Fernando Mata Verdejo {BIO 19676348 <GO>}

The ROE will same 12%, such as I said just we talked about --

Analyst

2021 target on addressing on -- you would all over?

Fernando Mata Verdejo {BIO 19676348 <GO>}

I mean the first ROE will be published as a target for 2021 was 12%. And that will roll over for next years for 2022.

But that's average, it's average. All the ROEs are average. (inaudible). It's an average, what we disclose is the average I mean we didn't -- we haven't published the ROE at the you know the period, it's average.

Analyst

Is over it as far as I know on ratio improvement over time. We should assume that the back end of that period it would be higher than the 12%?

Fernando Mata Verdejo {BIO 19676348 <GO>}

I know -- follow you, it will depends on the dividends as well and the capital base the ROE, but we do not disclose I mean the year end to support 2022.

Analyst

Thank you.

Natalia Nunez Arana {BIO 19480994 <GO>}

(inaudible).

Analyst

Thank you. (inaudible) from (inaudible). My question is regarding about the -- if I understood well MAPFRE is going to increase in Washington premiums by 15% rate, the rate of increase is 15%?

Fernando Mata Verdejo {BIO 19676348 <GO>}

Yeah

Analyst

And how can you do that, because if -- my policy by 15% but I would probably do decide. We'd like to try to look for other insurer? So this in Florida --

Fernando Mata Verdejo {BIO 19676348 <GO>}

It's for a statement and this is something that as you have seen, we have seen a reduction in our top line, because of the profitability initiative we have taken in 2018.

But based on our analysis we have to take some additional grades not only in Washington but also in Connecticut and Florida and other states. And what we are doing is we need a very segmented ratio, so we want to rate increase, so we want to keep good customers, but those that are not bringing us good profitability. This is the one we are inviting to live our operation in Washington and the same methodology has been following the rest of the states. We are looking at having a negative growth in these three states because of the impact of our profitability initiative.

This is something we have budgeted for.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Sorry Jonathan [ph], I was wrong, I had mixed up with numbers and I was confused with ROE which is average for the group as well is 12% at year end. Sorry about that, apologies for it.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay.

Good clarifications, okay. So, (inaudible)?

Analyst

My question is for Brazil. How -- I mean could you give more color for the loss ratio is going to improve, if it's going to be through revenue increase or just there is a tackling fraud or something like that, we are exiting from some low income regions?

Antonio Huertas Mejias {BIO 15896108 <GO>}

No, as I say from here we are working as I explained in any specific plan to do it is either global connections as you can see in the slide. So, we are including all the things that we are going to do, so we are applying the new tariff.

So, we have one new tariff that we are applying now, probably with a very with increase in the prices of some kind of business, but we are going to work on both in the fraud control, in the reduction of the expenses. So, we have defined a lot of things in order to reduce this combined ratio. As I explained, so all the action has a calendar and economic impact in the combined ratio. The plan is to finalize totally this plan in 2020, but during these years so we will see a very clear improve in the combined ratio.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay. Michael, okay.

Michael Huttner {BIO 1556863 <GO>}

And you probably is in later session, it's only insurance and global risks. Can you talk a little bit about the integration of global risks and whether that's actually going to be a profitable part or profitable addition to your portfolio? Thank you.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Well, I thought really think so. It has been historically a profitable portfolio, of course it's probably the more volatile part of the business that we have in my frame. At the end of the day, it will be integrated from balance sheet point of view for operationally it will still be part of the insurance operation. But historically, it has been profitable portfolio.

We are seeing there science of improvement in the market probably, because the historical results on a worldwide basis have been tough and where there is adjustments going on. But, I think the integration is mostly finalized in terms of the balance sheet operation and the authorizations. And then going forward, we are -- each part of the acquisition is focusing mostly global risk on developing together with the insurance operations that our business. And on our side on the reinsuring of that and making the most efficient all of that.

We restructured also the reinsurance of that portfolio since July 2018, that will probably reduce a little bit normal flow of result. But definitely will reduce substantial volatility as well. So that's what we can say so far.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay.

Thank you very much. We have a question received coming from Carlos [ph] from Caixabank [ph]. What is the ROE target for Spain embedded in the 2021 target?

Antonio Huertas Mejias {BIO 15896108 <GO>}

Thank you Carlos [ph] for your question. We haven't disclosed this information in the public target for these period.

But let me elaborate a little bit longer regarding this question I mean the ROE in Spain has been quite stable for the last three, four years, it will remove extraordinary especially in life. Both entities are quite stable. We see that the largest component of the net income for either area is MAPFRE Spain, which is (inaudible) which comprise approximately two thirds of net income and the remaining for life is one third for life. And ROE for life is around 10% more or less and should be quite stable, because it's basically sound long run business with very few changes and changes in premium, that's enough how much to the P&L And regarding non-life, which is MAPFRE Spain, ROE has been quite stable as well between 15%, 14% little bit lower one year.

So, we'll remain practically the same. Both entities are paying practically over 90% payout dividend, so the capital base don't -- won't affect the ROE for the next three year period.

Analyst

Sorry. A couple of follow-ups.

Actually, I'm glad you brought up the capital question, because it was a question on the international business. You were opportunistic extracting some dividend from the US and Turkey. Just wondering whether you feel there's still a lot of fuel in the tank that you could take out the same matter even if earnings are not improved. And second one, just wanted to follow up on Guidewire.

I think you mentioned it for the two geographies, you're implementing it. Do you think there are benefits for applying a broader across the group or are you already using it?

Fernando Mata Verdejo {BIO 19676348 <GO>}

Yeah, I'll go for the first one. Let's say that the covering solvency levels of we have in both in Brazil and the US are quite normal. Let's say that we needed to keep as well our credit ratings [ph] at the current levels, and so we should anticipate I mean a lot of fuel, I mean coming from those tanks, those tanks aren't empty.

And in our current ratings are very good in both countries. We should respect this more money coming currently in the pipeline for other smaller countries particularly in LATAM and which basically is because of the majority of the countries that are still running a solvency one regimes rather than the base capital is obesity regimes. So, there's some small countries with a lot of money and which is there just because we had to cover some cash requirements in the countries.

Antonio Huertas Mejias {BIO 15896108 <GO>}

I think very well went.

The answer is yes, we do see a lot of opportunity to streamline our operations through Guidewire. There are four big migrations currently taking place in within the group, one; is already implemented which is Guidewire for Verti US, the second big one is in Massachusetts, where we are migrating the current systems into Guidewire. And then in Europe, we have both Vertis in Italy and Germany are migrating into Guidewire. The investment that we're making such within group exceeds EUR120 million for all these migrations.

I have to say that they in Italy, when we acquired the company from direct line, they already had Guidewire for the claims module so what we're doing in Italy is essentially bring it into the next version and the claim side of the house and then implementing Guidewire for policy administration. So, yes the answer is yes, we do see a lot of opportunities in terms of efficiencies utilizing Guidewire.

Natalia Nunez Arana {BIO 19480994 <GO>}

Paco?

Paco Riquel

Yes. My question for them US business.

So, I appreciate the efforts to reduce losses in some of the states outside Massachusetts and with respect to other doing there. But my question is longer-term, when you will achieve a decent profitability and I wonder if after the restructuring in those states, do you consider that you have the scale needed to deliver this entry terms. If there is a threshold in terms of scale in the states, where you operate whether there you may decide to exit. So, what's the longer-term plan and the correlation between profitability and scaling in the states where you operate?

Fernando Mata Verdejo {BIO 19676348 <GO>}

We have seen that the scale matters, but based on our analysis we have seen some companies with a -- and is modular scale than as in some states and they are able to produce a profitable business.

So of course, we are paying more attention to these three larger states as (inaudible), Washington and Florida are among the top 5 largest states for us, and this is for us the reason why we want to focus on them, because if we are improving profitability, it will move the needle and we will be able to have profitable growth in those key states. Something that is also important for us to be able to achieve the scales, and this is something we said in our last presentation and was part of -- one of the reason why we decided to stay in some states that we don't have did the scale is because of our

agreement with AAA has a brand, is similar to other assistance companies here in Europe, in Spain but it's a very well-known brand. And we can have access to their customers to offer them our auto business. AAA has independent agencies that offer the MAPFRE brand, so we have some agreements with them, so this is something that will help us in being able to get the scale that in some states we could be missing.

Natalia Nunez Arana {BIO 19480994 <GO>}

Yes, Michael.

Michael Huttner {BIO 1556863 <GO>}

So, kind of session of (inaudible). I worked out my be it may be wrong but in 2018 the total dividend paid up was about (inaudible) so that's you published. And that the profit was about 770 excluding one-offs.

So that's six, seven which is about 85% to 84%. Is that the average cash remittance ratio we should be kind of thinking about for the group? It's just I like the idea of cash from it and so far I'm asking.

Fernando Mata Verdejo {BIO 19676348 <GO>}

Well, let's say that the fortunately we got a lot of flexibility in our subsidiaries. And some years, I mean it was a big contribution from other regions for one particularly a country.

But we are flexible so means that we can move from one country to other just keeping the same level of remittances which is very important. I mean we don't want to cash in all the subsidiaries. I mean as long as they need capital to keep their business growth and also there are rating agencies the current agency. They had to keep the capital.

But the other thing is, as I discussed in previous call [ph] as well, we're suffering a lot from currency depreciation. So, for the majority of the time countries, our capital target is not to be higher than 150%. And solvency levels in the only way with the -- and in the MAPFRE should be in Euro and US Dollars particularly MAPFRE Spain, MAPFRE, (inaudible). I mean in Colombia or Brazil or such as emerging countries.

And I'm not sure if I've answered your question, but basically this right.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you, Fernando. There is no more questions -- Okay (inaudible) what.

Analyst

Hi, good morning.

Anthony (inaudible) management. My question it was very quick question about Turkey. When it's -- what's the cost of capital you apply to the business when thinking of further investments?

Fernando Mata Verdejo {BIO 19676348 <GO>}

I will not disclose, sorry about that. We do not disclose this information, sorry about that.

Natalia Nunez Arana {BIO 19480994 <GO>}

Yeah, one question there. The last. No, it's okay.

Analyst

Just it's about which most of the speakers have mentioned as being value-creating.

Is it possible to have some explanation with what is it that's so significantly proprietary about it?

Fernando Mata Verdejo {BIO 19676348 <GO>}

Could you repeat the question please?

Analyst

About Verti your brand?

Fernando Mata Verdejo {BIO 19676348 <GO>}

You mean Verti value creation?

Analyst

Well that's what you seem to say. Most of the speakers have mentioned that they did seem to say that this value creating. So, I was just wondering about this brand what is so specifically proprietary about it that others can't do it?

Fernando Mata Verdejo {BIO 19676348 <GO>}

We will discuss about the valuation creations of the brand as a whole for the world. But I'll say the Verti is giving MAPFRE benefits in two different ways.

First, I said business unit, we learnt it over the years ago in Spain and it was both I mean new port identity, but also was a sort of a digital laboratory for MAPFRE. So, let's say that the majority of the efficiencies and also the new solutions, they need to from the market, once they were pulling in place, they were up to what automatically exported to the

traditional business, and fully implemented and he was part of the success of mapfre.com in Spain. For instance, we're selling more online policies in mapfre.com than in Verti, so in both ways. Fortunately Verti Spain I mean is producing good results benefits the last year.

So, let's say that the value-add always in both ways, I mean in terms of technology and also business laboratory and also as a business appropriate contribution. For having MAPFRE as a worldwide brand, I think it's very important as well to have this yeah.

Antonio Huertas Mejias {BIO 15896108 <GO>}

I think you were referring to the one of those slides where you say that Verti was getting into the value -- should be getting into the value creation mode shortly and that was referring -- I was referring to Italy. Verti in Italy which has been producing losses for the last three years, so we should expect a breaking result this year, that's our target and then we start out getting back into profitability in the upcoming years.

So, that is what we were referring about value creation mode. So, obviously we are coming from a tremendous loss back in 2016 followed by a reasonable improvement last year in 2017. And last year we were -- we almost reached the breaking level, so I said mentioned in the presentation, Italy is a core market for us, it's a big market on the other side of things it's EUR16 billion, we are actually the second largest direct rider [ph] in Italy, and that's something that we need to protect. So, I have answered your question but it was -- thanks.

Natalia Nunez Arana {BIO 19480994 <GO>}

Okay. Thank you very much for all your questions. Now, we have the presentation from Jose [ph] Antonio Arias, Chief Innovation Officer. He will talk about innovation afterwards Antonio Huertas will do the closing remarks.

So, thank you very much Jose Antonio. Whenever you want.

Jose Antonio Arias {BIO 20858646 <GO>}

Okay, sorry -- working. Can you hear me now? Okay.

As you know the insurance sector, it has traditionally been associated with conservative outlook, but MAPFRE has always been different. Long before terms like innovation, disruption or entrepreneurship became so popular, MAPFRE was known for its capacity to transform business models and create high-value propositions for its clients. But the times are changing and it's imperative to adapt to then that from MAPFRE adapting is not enough. MAPFRE aspires to be one of the global leaders in innovation in insurance, because being on the cutting edge, remark the difference in coming years.

That before we explain how MAPFRE is approaching this transformation scenario, we want to quickly mention a few things about the basis of our innovation strategy. First the certainty of change. Insurance clients want new value propositions, we have -- we had to

choose three qualities that define these new stage of expectations. We will find that clients want faster and immediate solutions.

Clients wants solutions at the best possible price. And clients want more customized solutions adapted to their individual needs. But, in addition to the changes in the clients, we are also facing changes in the environment, legal regulations and new risks coming from new activities. And finally there are new business models that have a common denominator.

All those new technologies that open the door to developing new value propositions with very reduced operating cost, that were unthinkable a few years ago. Second, the speed of transformation will be different. We believe that the speed at which the changes are going to be implemented will vary between different countries and depending on the different types of risks. For example in the auto insurance business, there's a lot of talk about how autonomous cars, but it will be many years before this current become the majority.

However, other changes will happen first in the auto insurance business. For instance the transition of the current ownership paroline [ph] to a mobility as a service model or the electric vehicle. Third, the insurtech sector is quite different, intake and you should take have common elements that also differentiating once. So far the main difference is that insurtech look for more collaboration with traditional players.

Within that in order to create value working together with these startups we need to take an insurance based approach. Certainly 12 months ago during the 2018 Annual General Meeting, our CEO announced MAPFRE study to become a benchmark in innovation and transformation. Protecting itself against new business models entering the market and making the organization more dynamic, agile and efficient. The answer is MAPFRE open innovation MOI, a transformative open innovation platform that has been deployed in just nine months.

And today it's a reality that has begun to deliver its first results. The organization of MAPFRE open innovation is pushing for three main groups of activity. Strategic innovation has been (inaudible) and disruptive innovation. Strategic innovation is innovation that is linked to MAPFRE's internal capacities and it will continue to be key to the company's transformation.

It's highly focused on responding to business demands to find short-term solutions that strengthen our value proposition. As we map acts like calibrate to support the transformation and the disruption of business models directly linked with (inaudible) and with personal mobility. Disruptive innovation is our vision of a medium and long term innovation. It's the way to connect the corporation with the best external capacities, aiming at accelerating even more the rhythm of transformation in MAPFRE Let's take a look at each one of them.

Within the strategic innovation line, we want to highlight the activity developing intrapreneurship as a way of allowing our talented employees and collaborators to

develop ideas and make them become a reality. The first wave of MAPFRE nova program ended in March this year with almost 15,000 employees participating, 443 ideas were received in response to the three challenges presented at them. As a result the best of these ideas will be turned into real products and services. If transformation begins with having a culture of change, MAPFRE nova [ph] is proving itself to be a catalyst of change.

Research and development experts as an element of creation of a specific expertise. They are highly connected with MAPFRE's transformation and the digitalization, gathering knowledge in topics like advanced exploration of the internet of themes, artificial intelligence or block chain and its use in opportunities like the European payment service directive PSD2 [ph]. Finally the case builder theme is our first approach to corporate eventual leading. In terms of designing, testing, constructing and launching new business solutions.

SAVIA [ph] is our center for experimentation and road safety specialist in researching vehicle repair methodologies and it's highly recognized by the auto sector and factories dealerships, workshops for its strong commitment to research and development. For example, with more than 550 crash tests performed. In addition to maintaining these traditional functions has been included in the new MAPFRE open innovation platform as a differentiating element. Because we map it's research, testing and analysis of new business proposals for insurance and services for personal mobility and for the car of the future.

Right now (inaudible) is unique in the national and international insurance panorama. Leading innovation as a service today to build a safer tomorrow. Disruptive innovation is represented for by insurance space. Insurance space is our new acceleration level.

It's an open innovation platform that aims to promote collaboration between the entrepreneurial ecosystem and MAPFRE Insurance space was created with clear objectives of transforming the insurance sector. And therefore in 2018 has launched the first two way innovation program, oriented to startups in different stages of development. The acceleration program is saying that start-ups in seed [ph] or early stages to foster the creation of prototypes or minimum buyable products MVPs. The adoption program is targeted to consolidate the global startups willing to carry out proof of concept or commercial pilots with MAPFRE's different business units.

We will say that the acceleration program is looking too traditionally accelerated start-ups. While the adoption program is looking to accelerate MAPFRE's transformation. Insurance space first invitation sent out last year and currently in development, filter more than 1,400 start-ups to make a final selection of seven for the acceleration program and 11 for the adoption program. In this first batch the start-up from 25 countries represented and the final selection came from Spain, US.

, Israel, Denmark, Mexico, Brazil, Switzerland and Austria. The second level for disruptive innovation was the launch of a venture capital investment found. This found was announced in November 2018 and it's based on the characteristics in line with MAPFRE's

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innovation strategy. The opportunities we are focused on are start-ups concentrated in Tier 1 and Tier 2 of the insurance business.

They can have 100% insurtech value proposition or their development whose have begun in other sectors, but present an interesting new stage for insurance. This one has been established with a total estimated duration of 8 years to 10 years and MAPFRE acts as an anchor investor that is not the only investor, which give us a very active position in the analysis of the deal flow. And we want to highlight the focus on serious level startups with a certain level of maturity. Those that have solid market traction with some clients and our B2B business model.

As we said before, innovation makes sense in as much as it contributes to creating transformative solutions that improve the value proposition for clients. As such brilliant ideas, the methodology or the resources assigned, we would like to talk about realities. In this last month more than 12 pilots have been developed or are in development before being executed. Some examples of these projects are agreements with ESL electronics legal in Spain where in addition to MAPFRE's active participation services and solutions for millennial video game players will be developed using augmented reality.

Insure a pilot for sharing economy for phase notification of FNOL management with photo reporting. The first pilot for parametric index agro insurance based on internet of things or a prototype of a agro equipped with specific cameras to collect a 3D model of the terrain to evaluate risks, which uses a combination of artificial intelligence and internet of things. But also a prototype successfully finalized a map, making it possible to train adjusters with interactive virtual reality. This project has been awarded with a premier tool by NSA [ph] just one month ago or the first insurance product for drones designed specifically to cover the professional use of these devices.

And finally just four weeks ago, our full pilot launched by MAPFRE assistance [ph] here in Ireland to anticipate possible flight cancellations over in travel insurance policies using big data and artificial intelligence. As a close remarks in summary in a short period of time, we have gotten an innovation model aligned with the business strategy up and running. We've well balanced, limit investments and strong focus on making things happen and doing things that matter. Incorporating startups with proposals for insurance products and services that offer solutions for the present and for the future.

And we have done these, moving for a primary in-house model to a truly open model that combines the value of external experts and diversity internal talent. Thank you.

Natalia Nunez Arana {BIO 19480994 <GO>}

Thank you very much Jose Antonio. And I'll say I may -- I will ask I will see you -- Antonio Huertas to do the closing remarks.

Thank you.

Antonio Huertas Mejias {BIO 15896108 <GO>}

Thank you, Natalia. I thank you all of my colleagues for their in general presentations today and to all of you for being here whether in person or online at our third Investor Day. With about MAPFRE's new strategic plan today and our investments and capital management and several of our main business units (inaudible) and our commitment with innovation.

I do believe that all initiatives, projects and goals are achievable because personally I have been involved in the definition of communication with all the seniors executives. Our objectives in some cases are ambitious, if we take into account the current and complex environment, but I can say that all the goals are very realistic also, our people are fully committed with it. We are going to be very prudent, but the clock is ticking and we need to do more in terms of transformation, profitable business, and the decision. MAPFRE -- but MAPFRE is a group that is more than numbers, we have to be concerned with the environment and with the people where we live with them.

And talking about environment and talking about sustainability and it'll both up be remiss of me to end the day without highlighting some of the most specific significant strategic projects concerning with sustainability. We have a much work done but we have more to be done in the coming years. We are included in for good index and this year we have seen team also ranked it number ten among the insurers worldwide in the Dow Jones sustainability in this world. We are proud to be on this intersects totally compatible with our efficiency and profitability objectives.

Our stakeholders, employees, clients, management, investors are also proud of this focus on sustainability. MAPFRE group is strongly committed to the United Nations 2030 agenda, and to all of the 17 sustainable development goals and especially to the fight against the climate change. That's why we are committed to making operations of all MAPFRE company's headquarters in Spain and Portugal carbon neutral by 2021, which will represent a decrease of 61% in the group's current emissions. In addition, we have also publicly committed to carbon neutrality in order to make MAPFRE global level carbon-neutral group by 2030.

In relation to the strategic plan commitments, MAPFRE is finalizing its new sustainability plan where among other things we have already decided to stop [ph] investing in electric companies that derived 30% or more of the revenue from energy produced by coal. And we are not going to ensure the construction of new coal power electric plants over to the operation of coal, new coal mines. We are committed to our environment and safeguarding it for future generation. We have met all of our objectives for our strategic plan for energy efficiency and climate change.

We have signed the most international agreements to protect the planet, like the United Nations environment program finance initiative, which promotes that's a link sustainability and the financial industry in which we are the only Spanish insurance company. The principles for sustainable insurance, the Paris Pledge for Action in which we undertake to combat the greenhouse effect and all its consequences. And also the United Nations principles for responsible investments, which enables us to progressively align our investments policy. Additionally, we have been signatories [ph] to the United Nations

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Global Compact since 2004 in which MAPFRE was a world the highest score in the progress report.

To achieve this objective, MAPFRE has defined various lengths of action based on improving the energy efficiency of its facilities. The use of 100% renewable energy, the promotion of sustainable mobility and generating zero waste. We believe that MAPFRE business development must go hand-in-hand with absolute respect for all the groups we interact with. We must protect the social footprint that we leave behind.

It won't be possible to be relevant as a business run session in the long-term if we don't concern ourselves with the wellbeing of the people who live in our communities. Before the formal closing of these (inaudible) I'd like to remind that we have after the meeting next opportunity to share together having Spanish only for people who are present in the room because, if you don't you have interest to Madrid it has been very difficult. So, we do our work every day we set out in line with our vision, trying to improve our relationship with all of our stakeholders, clients, employees, distributors, providers and above all with society in general as you have seen. And last but not least with our shareholders, you represent them here today and they want to reaffirm our commitments to meet all of our objectives.

We develop strictly professional management, the strategic plan we just presented to you reflect our medium and long term commitment to our business model that is sustainable environmentally focused, innovative differential and profitable, that is the way that MAPFRE see the business. We are MAPFRE Thank you very much for your attention for being here for your participation in this event and good afternoon everyone. Thank you very much.

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