
APRIL

Half-year results

7 September 2017



Business overview

Emmanuel Morandini



Highlights of the first half



Progress in line with expectations and ongoing in-depth work

BROKER DISTRIBUTION

Reinforced foothold in brokerage

- Dynamic business in **individual self-employed health insurance**
- Strong performances in **loan insurance**
- Continued growth in **wholesale Property & Casualty brokerage**

Market changes

- Preparing for annual termination of loan insurance policies
- Transformation of the group health insurance market into a policy transfer market

INTERNATIONAL

International expansion of our expertise

A significant acquisition was carried out during H1 2017:

- Brazil-based Public Broker, specialising in **group health insurance**

Strong growth in travel insurance

Continued roll-out of action plans at certain subsidiaries

PARTNERSHIPS / KEY ACCOUNTS

21 new agreements signed in H1

After 26 partnerships and extensions signed in 2016, APRIL signed:

- 8 new partnerships
- 13 product line extensions

Diversification of partnerships

- Agreements including **loan insurance** and **Property & Casualty**
- Partnerships signed with insurers, mutuelles, banks and provident institutions

DIRECT DISTRIBUTION

Optimisation of existing structures

Operational merger of companies specialising in direct corporate brokerage

Continued roll-out of action plans in the APRIL Mon Assurance network

Encouraging results generated by customer loyalty campaigns rolled out during the first half

H1 2017: Key financial figures



Results in line with our expectations

Sales

€457.7m
+ 6.4%

Gross margin

€213.1m
+ 0.6%

Current EBIT

€38.1m
+ 2.7%

Net income (Group share)

€23.9m
- 8.6%

Business trends: Health & Personal Protection

 An encouraging first half



ACHIEVEMENTS

- **Individual health insurance**
 - Controlled attrition of residual portfolios in individual employee health
 - Launch of a new version of Santé Globale, our best-selling product for seniors
- **Group health insurance**
 - Acquisition of Public Broker in Brazil
- **Personal Protection**
 - Portfolio up by over 3% compared to H1 2016
- **Digitalisation**
 - Upgrade of loan insurance digital application experience
 - Self-care implemented for health insurance customers



CHALLENGES

- **Loan insurance**
 - Slowdown in Q2 after a strong Q1
- **Digitalisation**
 - Back-office optimisations in loan insurance
 - Extension of policy digitalisation to online offers, then to personal protection
- **Europe**
 - Considering stronger ties between our Italian activities
- **Group health insurance**
 - Add-ons and cover extensions: subscription rate between 25-30%, in line with the market
 - Operational merger of direct brokerage subsidiaries: encouraging first results

Business trends: Property & Casualty

 Ongoing growth



ACHIEVEMENTS

- **Wholesale brokers in France**
 - Strong performance in car, two-wheeled vehicle and boat insurance
 - Positive trends in specialised liability
- **Growth in travel business**
 - United States: strong sales momentum in price-comparison websites
 - Brazil: sales up 18%, driven by a booming corporate market and an increase in sales volumes
- **Digitalisation**
 - Canada: deployment of a digital management tool, with a positive impact on the quality and reactivity of policy and claims handling



CHALLENGES

- **Canada**
 - 3% decrease in the portfolio: highly competitive environment in transport and arrival of an aggressive newcomer in home insurance
 - Ongoing cost-controlling measures, continued digitalisation and product line extensions
- **Europe**
 - Pondering sale of certain Eastern European subsidiaries
- **APRIL Mon Assurance agency network**
 - Increase in customer loyalty (23% fewer policy terminations in H1); additional actions planned for H2
 - Growth in direct sales

H1 2017 consolidated earnings

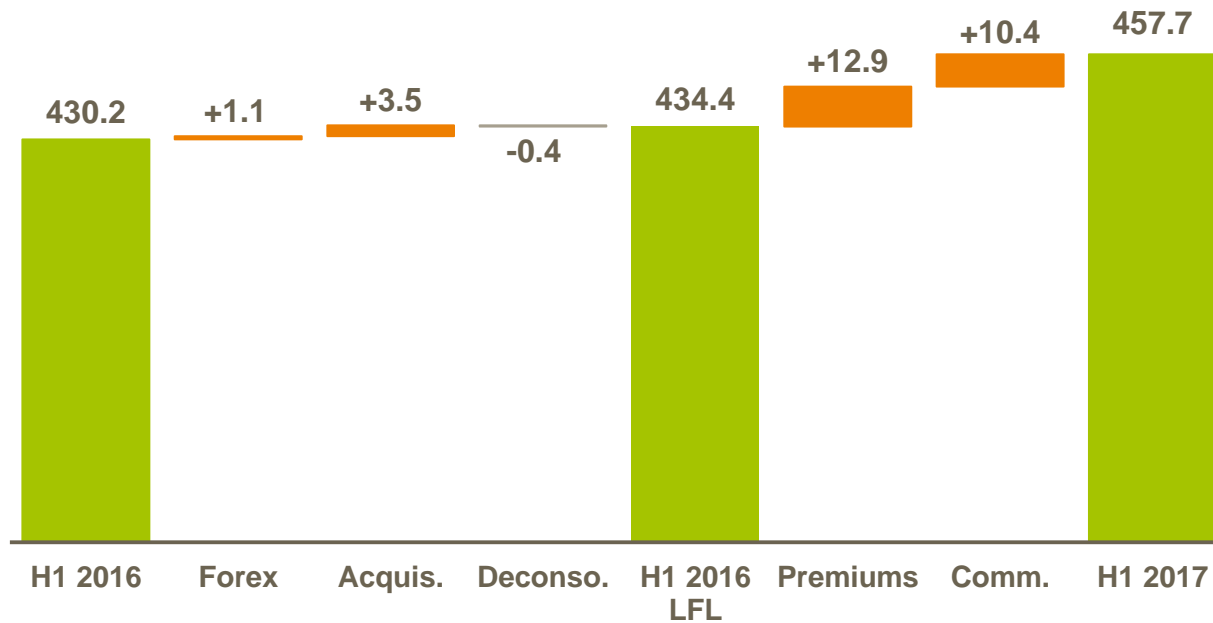
Emmanuel Maillet



H1 2017 sales

 Like-for-like growth in brokerage and insurance

H1 2017 sales: +6.4%



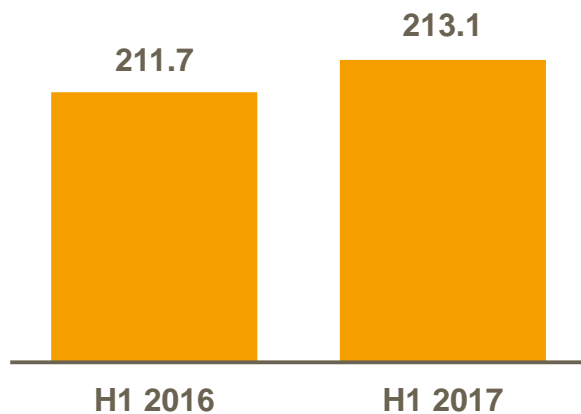
Change H1 2017/ H1 2016, like-for-like: + 5.4%

H1 2017 gross margin

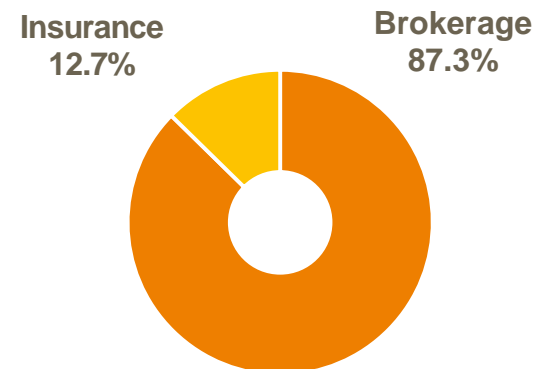
 Brokerage remains the main contributor to the gross margin

H1 2017 gross margin: +0.6%

Change in gross margin
(in €m)



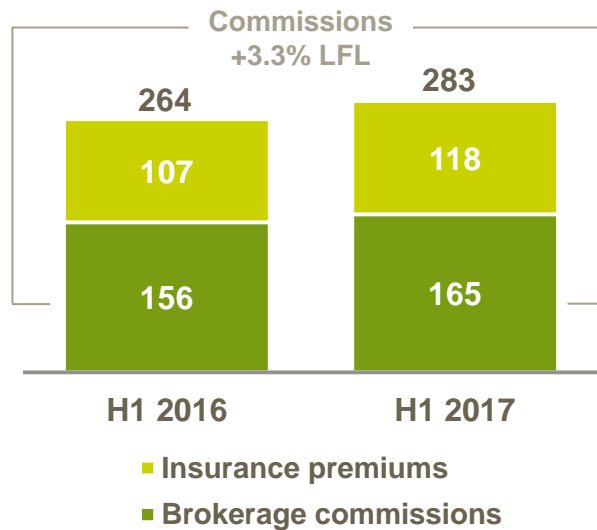
Gross margin split
H1 2017



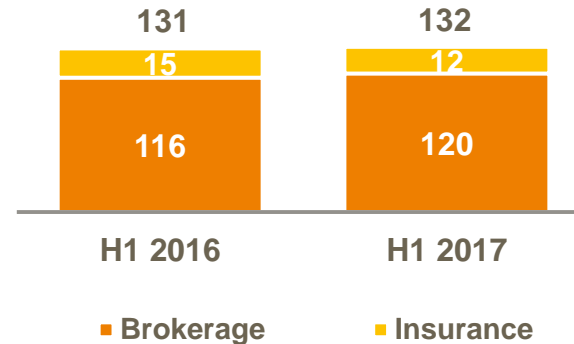
- **Brokerage:** increase driven equally by Health & Personal Protection and Property & Casualty
- **Insurance:** impacted by portfolio run-off

Health & Personal Protection

H1 2017 sales – H&PP division
(in €m)



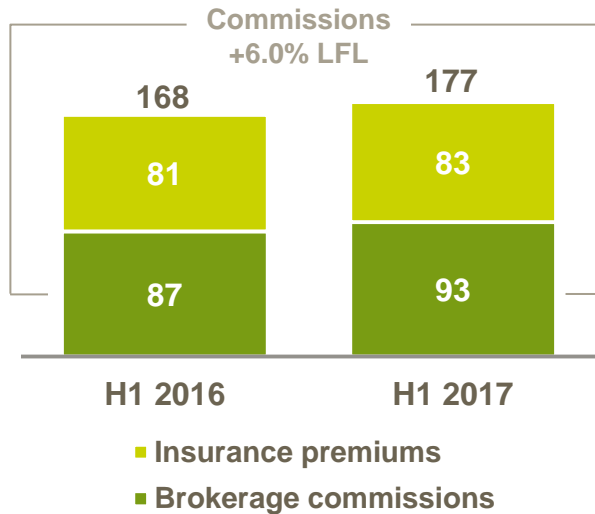
H1 2017 gross margin - H&PP division
(in €m)



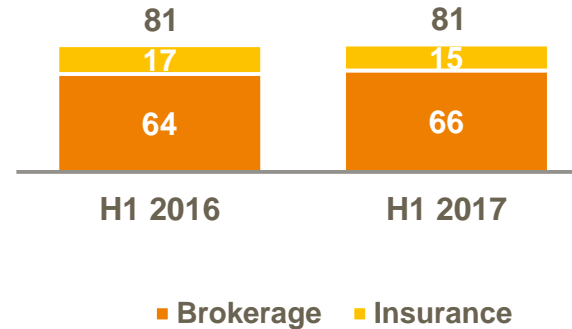
- **Employee private health insurance:**
 - Individual: Portfolio down 11.4% due to the extension of group private health insurance
 - Group: portfolio up 7.9%, driven by sector agreements
- **Seniors and self-employed health:** portfolio up 10.0%
- **Loan insurance:** portfolio up 3.0%

Property & Casualty

H1 2017 sales – P&C division
(in €m)



H1 2017 gross margin - P&C division
(in €m)



- **Wholesale broker activities** portfolio continued to grow, up 5.3%
 - Substandard car: + 8.0%
 - Two-wheeled vehicle: + 18.6%
 - Professional range: + 7.9%
- **AMA agency network:** P&C portfolio up 9.0%
- **Travel / Assistance** posted growth, driven by a more favourable primary market

H1 2017 consolidated income statement

 Gradual improvement in financial indicators

€m	H1 2017	H1 2016	Change (%)	Change (€m)	2016
Sales	457.7	430.2	+6.4%	+27.5	861.2
Gross margin ¹	213.1	211.7	+0.6%	+1.3	420.6
Net financial income	4.5	6.7	-32.3%	-2.2	16.4
Current EBIT	38.1	37.1	+2.7%	+1.0	65.4
EBIT	37.7	37.4	+0.6%	+0.2	42.1
Net income (Group share)	23.9	26.1	-8.6%	-2.3	20.1

¹ The gross margin calculation is described in the notes to the consolidated financial statements published on www.april.com (in French only).

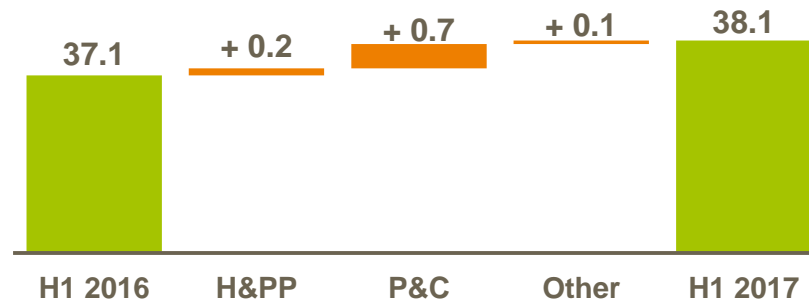
H1 2017 income statement by division

☞ Increase in current EBIT driven by both divisions

€m	Health & PP		P&C		Other	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Sales ²	282.5	263.5	176.6	167.8	-	-
Gross margin	131.8	130.7	81.3	81.0	-	-
Net financial income	2.8	4.1	1.3	2.1	0.4	0.5
Current EBIT	37.8	37.6	5.4	4.7	(5.1)	(5.2)
EBIT	37.5	37.6	5.3	5.1	(5.1)	(5.2)

² Excluding inter-branch eliminations: -€1.5m for H1 2017 and -€1.2m for H1 2016

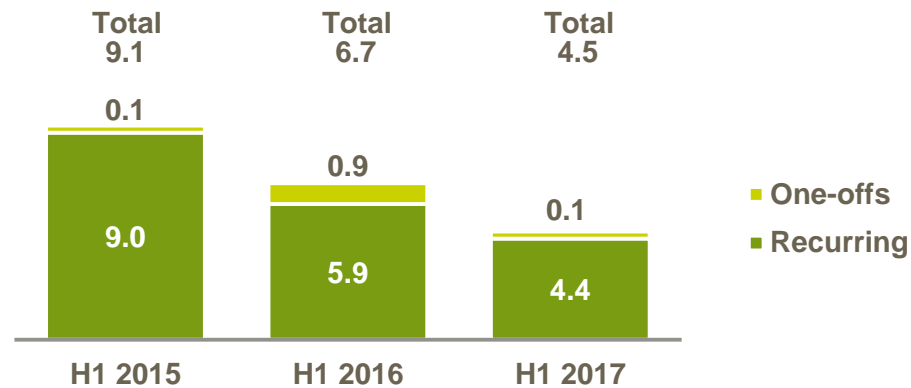
Current EBIT bridge



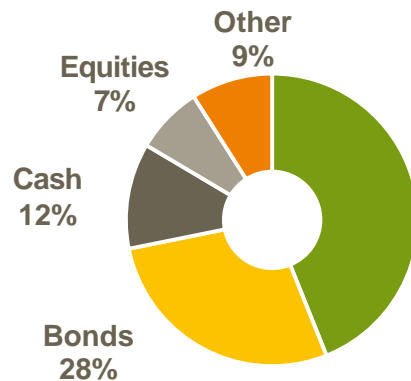
Financial income & assets

Stable and prudent portfolio

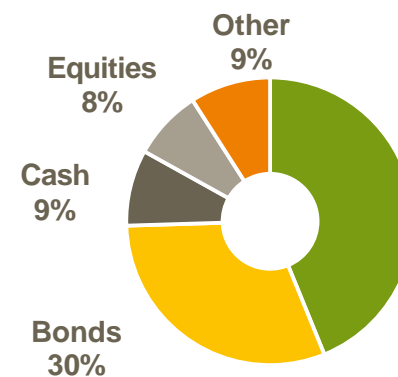
Net financial income (in €m)



Financial assets



31/12/2016: €743m



30/06/2017: €762m

Balance sheet

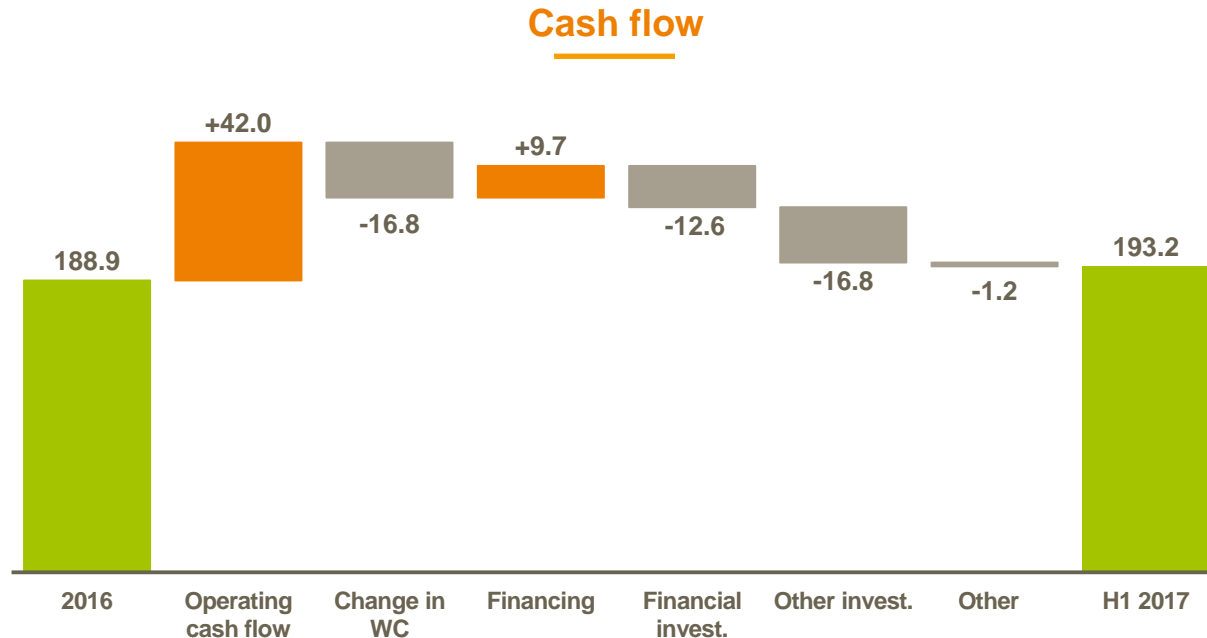


Financial structure remains strong

€m	30.06.2017	31.12.2016	Change
Shareholders' equity (Group share)	617.9	614.5	+3.3
Debt-to-equity ratio	5.7%	1.1%	+4.6 pp
Net cash	91.3	88.0	+3.3
<i>Adjusted net cash</i>	<i>193.2</i>	<i>188.9</i>	<i>+4.3</i>
ROE	7.7%	3.3%	4.4 pp
<i>ROCE after tax</i>	<i>7.5%</i>	<i>3.3%</i>	<i>+4.2 pp</i>
GW	221.5	217.0	+4.5
<i>% of equity</i>	<i>35.8%</i>	<i>35.3%</i>	<i>+0.5 pp</i>

- €20m bank loan taken out under favourable market conditions

Cash flow generation supporting investments



- Change in net cash flow: +€3.3m
- Change in net cash adjusted for deposit accounts: +€4.3m

NB: adjustments to these figures are detailed in the Appendix on slide 23

Conclusion

Emmanuel Morandini



OUR CHALLENGES



Strengthen our expertise in Health and keep up international expansion



Expand our presence in niche P&C



Increase our development in loan insurance



Keep up our development while staying client-focused



Continue to digitalise our operations

2017 OUTLOOK



The Group announced its goal to stabilise current EBIT in 2017.



At this stage, APRIL confirms this objective.

Questions

Appendices

Definition of specific indicators

Sales

Sales consist of insurance premiums and brokerage commissions. Insurance premiums comprise the specific remuneration generated from risk-carrying activities. Brokerage activities are remunerated in the form of commissions and services provided.

Where the risk carrier and the broker belong to the same group, intra-group transactions are eliminated by reducing insurance premiums in favour of brokerage commissions, which remain the sole item under consolidated sales.

Financial income

Financial income is an integral part of the risk-carrying cycle. It consists of interest received and accrued as well as net capital gains on sale of financial assets.

Gross margin

With regard to our risk-carrying operations, gross margin is the sum of the underwriting result and the financial result. It covers the other items of current EBIT: other purchases and external expenses, personnel costs, tax, amortisation and provisions.

With regard to our brokerage activities, gross margin is the difference between commissions and services provided recognised under sales and commissions paid to intermediaries recognised under purchases and external expenses. Gross margin also covers the other items of current EBIT: other purchases and external expenses, personnel costs, tax, amortisation and provisions.

Adjusted net cash

Adjusted net cash = Cash and cash equivalents - current bank loans and overdrafts + deposit accounts registered in the name of APRIL (classified under “Financial investments” on the balance sheet)

Adjusted cash flow statement

Cash flow statement in millions of euros	30.06.2017				30.06.2016			
	Reported	U/W prov.	Dep. acc.	Adjusted	Reported	U/W prov.	Dep. acc.	Adjusted
Net income (Group share)	23.9			23.9	26.1			26.1
Minority interest in consolidated companies' net income	0.2			0.2	0.0			0.0
Net income/(loss) from discontinued operations	0.0			0.0	0.0			0.0
Net income from continuing operations	24.1	0.0	0.0	24.1	26.1	0.0	0.0	26.1
Adjustments for net non-cash expenses	17.3	-10.6		6.7	5.0	-1.6		3.5
Gains/losses on disposals and other	0.6			0.6	-0.2			-0.2
Operating cash flow	42.0	-10.6	0.0	31.5	30.9	-1.6	0.0	29.3
Change in operating assets and liabilities	-16.8			-16.8	-27.3			-27.3
Operating cash flow from discontinued operations	0.0			0.0	0.0			0.0
Net cash flow from operating activities	25.3	-10.6	0.0	14.7	3.6	-1.6	0.0	2.0
Net investment in tangible and intangible assets	-8.7			-8.7	-11.7			-11.7
Net investment in financial assets	-13.6	10.6	0.9	-2.1	40.5	1.6	1.0	43.1
Investment in equity-accounted companies	0.0			0.0	0.0			0.0
Net cash flow from acquisition/disposal of consolidated companies	-8.1			-8.1	-5.5			-5.5
Investment cash flow from discontinued operations	0.0			0.0	0.0			0.0
Net cash flow from investing activities	-30.4	10.6	0.9	-18.9	23.3	1.6	1.0	25.8
Capital increase linked to exercise of stock options	0.0			0.0	0.0			0.0
Capital increase linked to minority interests in consolidated companies	0.0			0.0	0.1			0.1
Purchase and sale of own shares	0.1			0.1	0.0			0.0
Dividends paid out	-10.9			-10.9	-10.9			-10.9
Net change in borrowings	20.5			20.5	0.3			0.3
Financing cash flow from discontinued operations	0.0			0.0	0.0			0.0
Net cash flow from financing activities	9.7	0.0	0.0	9.7	-10.5	0.0	0.0	-10.5
Impact of foreign exchange rates changes	-1.3			-1.3	-0.7			-0.7
Change in net cash and cash equivalents	3.3	0.0	0.9	4.3	15.7	0.0	1.0	16.7
Cash at beginning of financial period	88.0		100.9	188.9	83.5		109.7	193.2
Cash at end of financial period	91.3	0.0	101.9	193.2	99.2	0.0	110.7	209.9

The APRIL Group

Created in 1988, listed in 1997

2016 figures:

- Turnover of €861.2m
- EBIT of €42.1m
- Net Assets (Group share) of €614.5m
- Operations based in 31 countries
- 25% of gross margin generated outside France
- 3,861 employees
- 2 divisions – turnover of:
 - Health & Personal Protection - €527.7m
 - Property & Casualty - €336.0m
- 20,000 distributors, of which 11,200 active brokers
- 168 agencies in France

OUR AMBITION:

MAKE INSURANCE EASIER AND MORE ACCESSIBLE

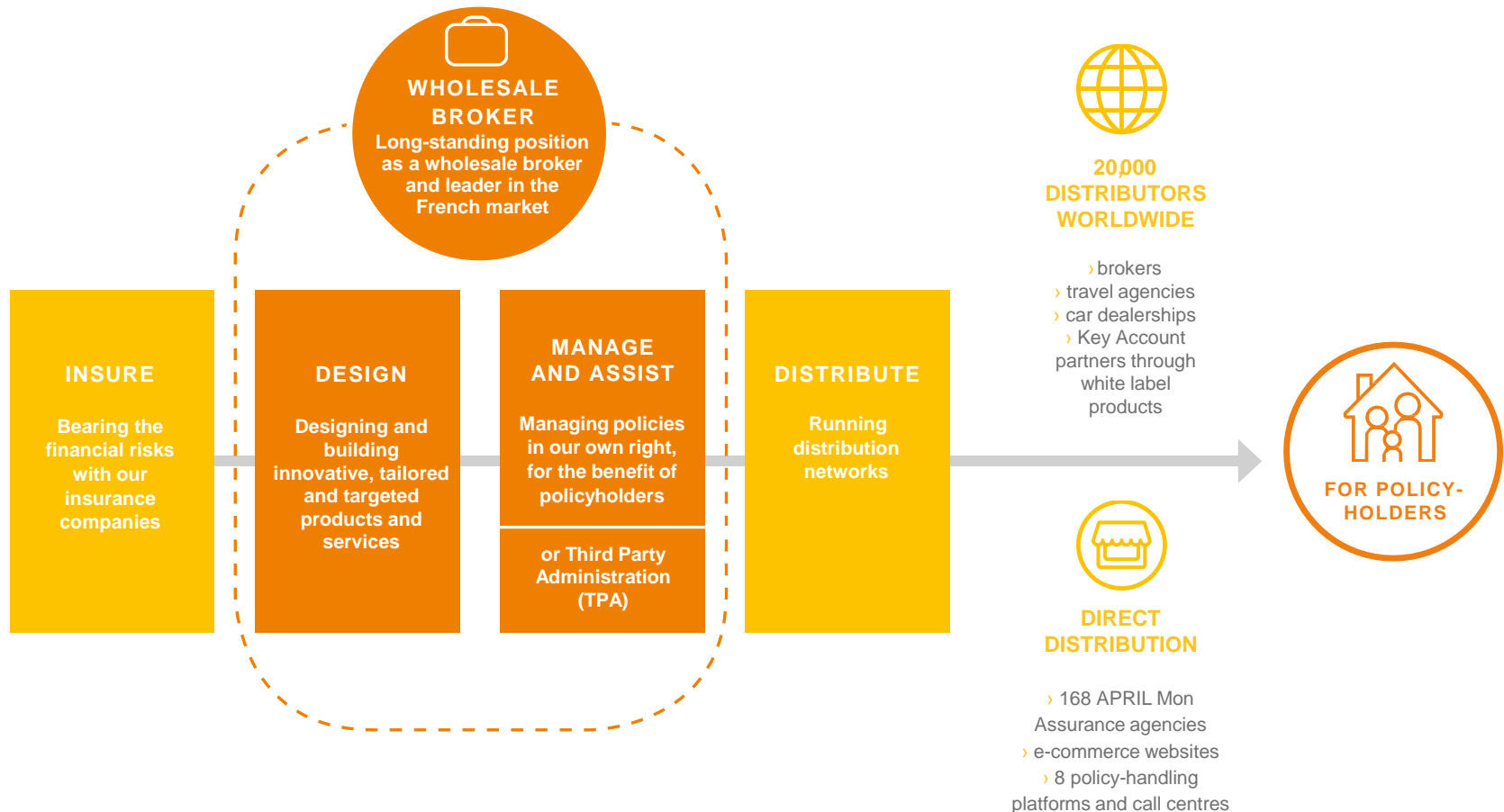
APRIL, an **international insurance services group** and leading wholesale broker in France, has centered its development around customers and innovation, setting a single ambition: to make insurance easier and more accessible to everyone.

APRIL designs, manages and distributes **specialist insurance solutions**, covering health and personal protection, property and casualty, mobility and legal protection, as well as assistance services, for private individuals, professionals and businesses.



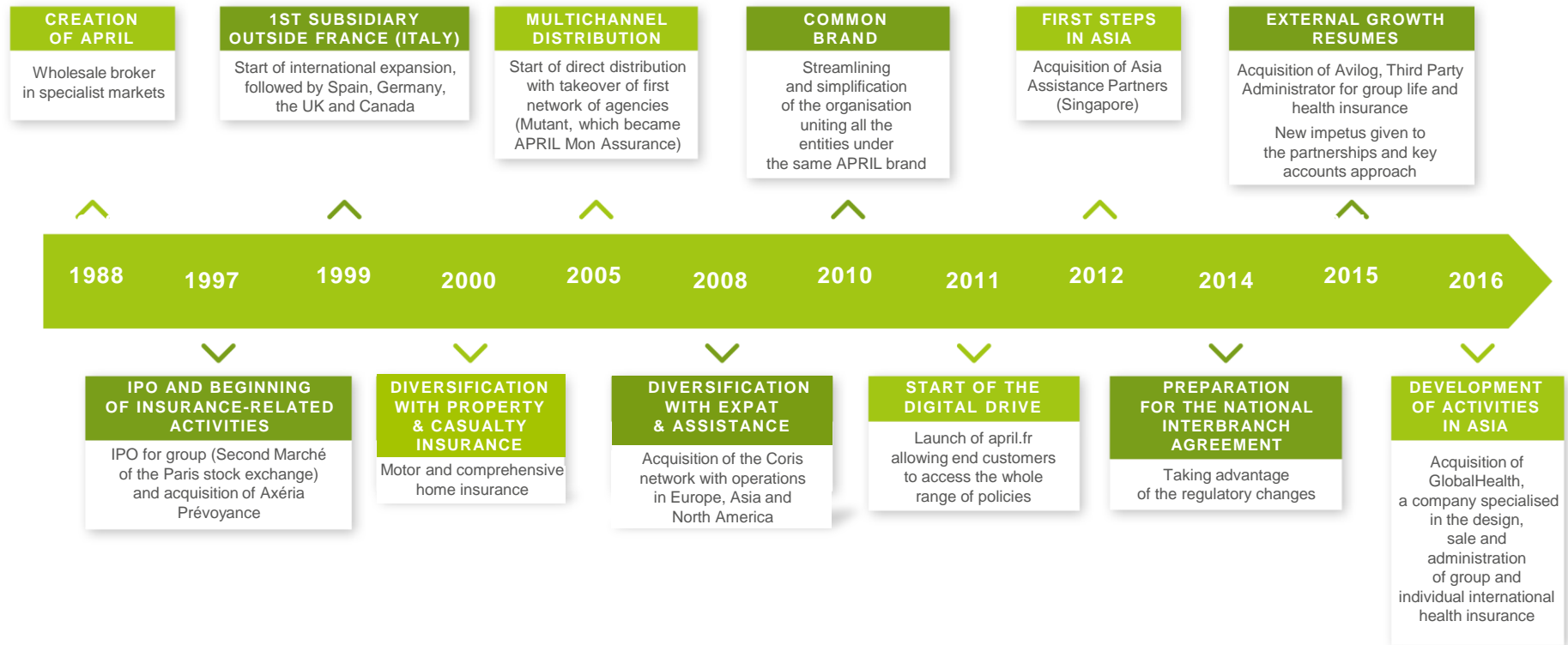
Reminder of our positioning and markets

A PRESENCE THROUGHOUT THE INSURANCE VALUE CHAIN
TO ADDRESS THE NEEDS OF ALL OUR CUSTOMERS



The history of our development

A STORY COMBINING ORGANIC GROWTH AND GROWTH THROUGH ACQUISITIONS



Corporate Social Responsibility

AN ORGANISATION WHICH IS COMMITTED
TO SUPPORTING A MORE RESPONSIBLE AND MORE ACCESSIBLE SOCIETY

STAFF MEMBERS

Involving staff in community projects and facilitating the professional integration and retention of vulnerable populations

- › Young people facing barriers to employment
- › People with disabilities
- › Volunteering: APRIL Citizen

CUSTOMERS

Facilitating access to insurance for our vulnerable customers

- › People with disabilities
- › Penalised drivers
- › Limited policyholders
- › Carers

CIVIL SOCIETY

Contributing towards a more responsible society and facilitating access to healthcare for all

- › The APRIL Foundation: clearing up fact and fiction about major health issues
- › 17 different subsidiaries offer financial support to the APRIL Foundation

THE ENVIRONMENT

Supporting a sustainable world by encouraging our stakeholders to adopt eco-friendly behaviour

- › Our customers
- › Our partners
- › Our staff



FONDATION
APRIL



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