PORTO SEGURO

# FACT SHEET | 2Q17

BRAZIL'S INSURER 4th

## CORPORATE PROFILE

Porto Seguro is the largest P&C insurance company in the country and a market leader in the automotive and homeowner segments. The Company has approximately 10 million clients shared among diverse insurance products. financial services and general services.

The Company is recognized for the excellent customer service provided for clients and brokers and for the quality of offered services.

Pioneer in the launching of innovative solutions and development of synergic products to serve the different needs of our clients providing greater convenience and customer loyalty.

## STRATEGY

| | |
|---|---|
| Segmentation | 3 brands to serve different needs and preferences<br>Different value propositions – service, price, specific benefits/convenience |
| Strong Relationships with Brokers and Clients | High service level based on "personal touch"<br>Focus on long term relationships<br>Higher retention rates than market average |
| Innovative Products and Services | Innovative and synergic product portfolio (cross leverage)<br>Expanded services (for home, auto and personal insurance products) – beyond the basics<br>Service as the Key value of brand recognition |
| Sophisticated Risk Selection and Pricing Model | Products pricing focused on profitability<br>Leverage of huge database and sophisticated quantitative models<br>Loss ratio historically below market average |

## BRANDS

PORTO SEGURO
- »Focus on differentiation
- »High service level
- »Value added products and services
- »Higher level of operational flexibility
- »Sophisticated risk selection

Azul SEGUROS
- »Price brand
- »Lean products and services
- »Lean manufacturing" operations
- »Sophisticated risk selection

Itaú
- »Brand loyalty
- »Specific benefits for Itau clients
- »Sophisticated risk selection
- » Convenience

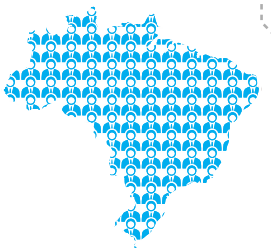
## PRODUCTS

Auto – Health – Dental – P&C - Life – Pension – Cargo – Credit Card – Financing – Consortium – Medical Services – Surveillance and Monitoring – MVNO (Mobile Operator) – Other Services

## OPERATING STRUCTURE

**15 thousand** employers

**33 thousand** active independent brokers



**5 thousand** Itaú-Unibanco branches



**18 thousand** service providers

**5.3 million** auto insured



**19 million** Items insured

**2.2 million** homes insured



**2.1 million** credit cards

## MARKETSHARE (April and May/2017)

Porto Seguro is the market leader in Auto and Homeowner insurance

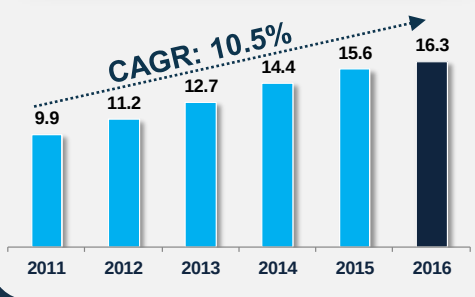
Auto Market Share: 27.5%

Homeowner Market Share: 28.3%

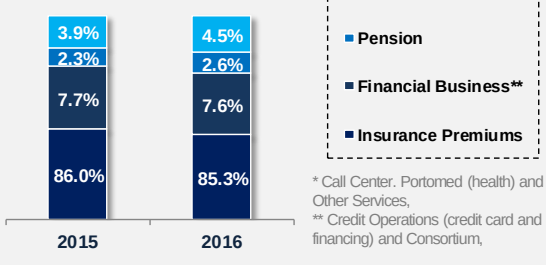
## MISSION

"Our mission is taking risks through top-notch quality services exceeding clients expectations and ensuring agility at competitive costs with social and environmental responsibility,"

### Total Revenue (R$ billion)

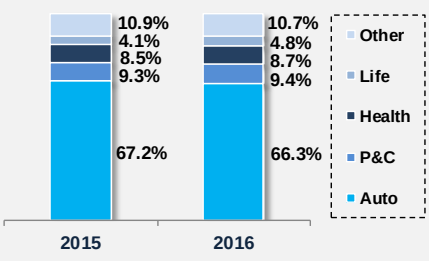



### Total Revenue Breakdown – Year (%)




* Call Center. Portomed (health) and Other Services,
** Credit Operations (credit card and financing) and Consortium,

### Premium Breakdown (%)



# OPERATING AND FINANCIAL HIGHLIGHTS

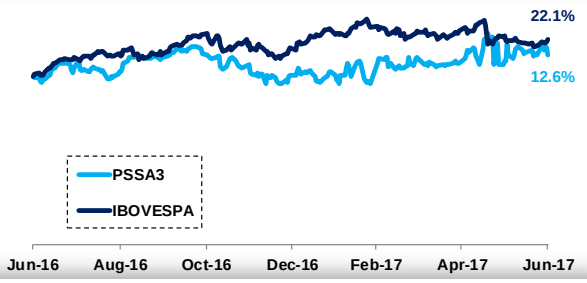
| Revenue | 2Q17 | 2Q16 | Var, % | 1H17 | 1H16 | Var, % |
|---|---|---|---|---|---|---|
| **Insurance Premiums** | | | | | | |
| Auto (Porto + Azul + Itaú) | 2,328.2 | 2,235.5 | 4.1 | 4,561.5 | 4,535.5 | 0.6 |
| Total P&C (Porto + Itaú) | 331.0 | 315.1 | 5.0 | 663.2 | 626.3 | 5.9 |
| Total Health (Health + Dental + Portomed) | 327.0 | 305.4 | 7.1 | 646.8 | 610.3 | 6.0 |
| Other Insurance | 554.0 | 550.1 | 0.7 | 1,132.2 | 1,129.7 | 0.2 |
| Total Written Premiums | 3,540.2 | 3,406.1 | 3.9 | 7,003.7 | 6,901.8 | 1.5 |
| Other Revenues | 614.0 | 533.5 | 15.1 | 1,225.2 | 1,056.0 | 16.0 |
| Total Revenue | 4,154.2 | 3,939.6 | 5.4 | 8,228.9 | 7,957.8 | 3.4 |
| Financial Result | 197.3 | 310.9 | (36.5) | 503.2 | 663.7 | (24.2) |

| Index | 2Q17 | 2Q16 | Var, % | 1H17 | 1H16 | Var, % |
|---|---|---|---|---|---|---|
| **Loss Ratio** | | | | | | |
| Auto (Porto + Azul + Itaú) | 57.9 | 59.2 | (1.3) | 59.0 | 58.7 | 0.3 |
| Total P&C (Porto + Itaú) | 27.7 | 32.0 | (4.3) | 31.4 | 33.7 | (2.3) |
| Total Health (Health + Dental + Portomed) | 79.1 | 85.9 | (6.8) | 75.9 | 80.3 | (4.4) |
| Total Loss Ratio (including other insurance products) | 55.0 | 58.0 | (3.0) | 56.1 | 57.5 | (1.4) |
| **Comission Rate – Insurance** | **20.9** | **20.1** | **0.8** | **20.6** | **20.0** | **0.6** |
| G&A – Insurance | 15.0 | 14.9 | 0.1 | 14.9 | 14.8 | 0.1 |
| **G&A and Other Operating Revenues/Expenses – Insurance** | **19.1** | **19.1** | **-** | **19,0** | **19.2** | **(0.2)** |
| **Tax – Insurance** | **2.6** | **2.9** | **(0.3)** | **2.7** | **2.8** | **(0.1)** |
| **Combined Ratio – Insurance** | **97.6** | **100.1** | **(2.5)** | **98.4** | **99.5** | **(1.1)** |
| **Amplified Combined Ratio – Insurance** | **93.0** | **92.6** | **0.4** | **92.7** | **91.8** | **0.9** |

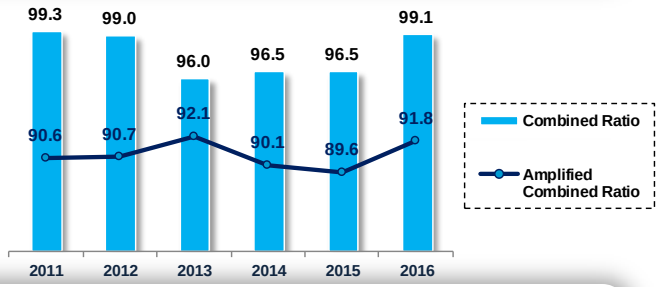
| PROFITABILITY | 2Q17 | 2Q16 | Var, % | 1H17 | 1H16 | Var, % |
|---|---|---|---|---|---|---|
| Net Earnings w/o Business Combination - (recurring) - R$ million - var, % | 237.6 | 174.7 | 36.0 | 453.8 | 415.1 | 9.3 |
| Net Earnings with Business Combination - (recurring) - R$ million - var, % | 235.7 | 172.8 | 36.4 | 450.0 | 411.3 | 9.3 |
| ROAE w/o Business Combination (recurring) - p,p, | 15.0 | 11.9 | 3.1 | 14.5 | 14.3 | 0.2 |
| ROAE with Business Combination (recurring) - p,p, | 13.3 | 10.4 | 2.9 | 12.8 | 12.5 | 0.3 |
| # of thousand shares [1] - % var, | 323,151 | 323,293 | - | 323,151 | 323,293 | - |

[1]Excluding Noncontrolling Shareholders

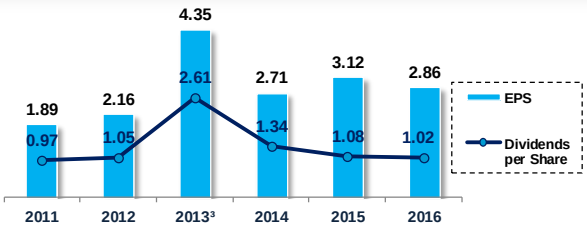
## PSSA3 vs, Ibovespa (LTM)



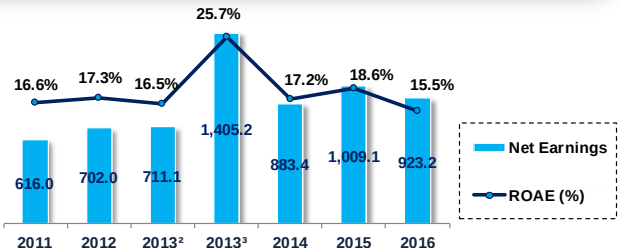

## Combined Ratio (%)




## Earnings and Dividends per Share[1] (R$)




## Net Earnings and ROAE[1]




[1]Without Business Combination/ [2]Ex recurring adjustments/ [3]Including the non-recurring effects of the tax process gain (COFINS),

## Capital Requirements – 2Q17 (R$ million)

| | Adjusted Equity | Solvency Margin | Sufficiency |
|---|---|---|---|
| **Insurance** | 4,102 | 3,201 | 901 |
| **Financial Companies** | 624 | 454 | 169 |
| **Holding** | 724 | - | 724 |
| **Total** | 5,450 | 3,656 | **1,794** |

## IR CONTACT


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Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG