



The Allstate Corporation

Fourth Quarter 2018 Earnings Presentation
February 6, 2019

Allstate[®]
You're in good hands.



Company Participants

Tom Wilson, Chair, President and Chief Executive Officer
Steve Shebik, Vice Chair
Mario Rizzo, Chief Financial Officer
Glenn Shapiro, President of Allstate Personal Lines
Don Civgin, President of Service Businesses
John Dugenske, Chief Investment and Corporate Strategy Officer
Mary Jane Fortin, President of Allstate Financial Businesses
Eric Ferren, Controller and Chief Accounting Officer
John Griek, Director of Investor Relations

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2017 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.

This presentation also contains some non-GAAP measures that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release or investor supplement. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.



Allstate Delivers Strong Growth and Attractive Returns in 2018

- Allstate continues to deliver strong operating results while building the future
- Achieved all five 2018 Operating Priorities
- Adjusted net income return on equity* of 14.8% for 2018
- Property-Liability underlying combined ratio* of 85.8 for the full year 2018 is within revised annual outlook range of 85-87
 - 2019 annual Property-Liability underlying combined ratio* outlook of 86-88

(\$ in millions, except per share data and ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2018	2017	Change	2018	2017	Change
Total revenues	\$9,481	\$10,062	(5.8)%	\$39,815	\$39,407	1.0%
Total revenues (excl. realized capital gains and losses)	10,375	9,935	4.4%	40,692	38,962	4.4%
Property-Liability insurance premiums	8,422	7,971	5.7%	32,950	31,433	4.8%
Net investment income	786	913	(13.9)%	3,240	3,401	(4.7)%
Realized capital gains and losses	(894)	127	NM	(877)	445	NM
Income applicable to common shareholders:						
Net income	(312)	1,220	NM	2,104	3,073	(31.5)%
<i>per diluted common share</i>	(0.91)	3.35	NM	5.96	8.36	(28.7)%
Adjusted net income*	430	762	(43.6)%	2,851	2,467	15.6%
<i>per diluted common share*</i>	1.24	2.09	(40.7)%	8.07	6.71	20.3%
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				10.5%	15.5%	(5.0) pts
Adjusted net income*				14.8%	13.4%	1.4 pts

NM = not meaningful



Allstate Delivered on 2018 Operating Priorities; Operating Priorities Remain Unchanged for 2019

Better Serve Customers

- Net Promoter Score increased for all major businesses
- Renewal ratio improved across Allstate, Esurance and Encompass brands

Achieve Target Economic Returns on Capital

- Adjusted net income return on equity* of 14.8% for 2018

Grow Customer Base

- Policy growth accelerated in Allstate and Esurance brands
- SquareTrade policies grew 29.9 million, or 77.1%, compared to the prior year

Proactively Manage Investments

- Net investment income of \$3.2 billion in 2018, and total return on \$81 billion investment portfolio of 0.8%

Build Long-Term Growth Platforms

- Expanding telematics offerings, Arity collecting 10 billion miles of data per month
- SquareTrade achieving acquisition performance targets
- Acquired InfoArmor, a fast-growing identity protection provider



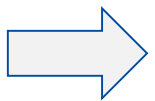
Grow Personal Property-Liability Market Share



- 4 Customer Segments
- Differentiated Products and Brands
- Analytical Expertise
- Telematics
- Integrated Digital Enterprise



Brands, Customers, Investment Expertise, Distribution and Capital



Expand Protection Businesses

- Life Insurance
- Workplace Benefits (Allstate Benefits)
- Protection Plans (SquareTrade)
- Transportation Network Companies (Allstate Business Insurance)
- Identity Protection (InfoArmor)

Shareholder Value
▪ Customer Satisfaction
▪ Unit Growth
▪ Attractive Returns on Capital
▪ Sustainable Profitability
▪ Diversified Business Platform



Allstate Has Nine Years of Telematics Experience with Customer Value Propositions Across Our Brands

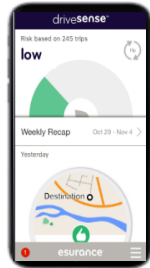
Customer experience with built-in tools and insights to encourage safety and savings

drivewise
from Allstate



49 states + D.C.

drivesense
from esurance



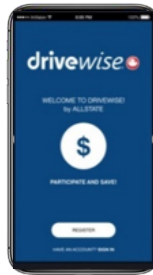
32 states

Encompass
Creating protection around you



4 states

drivewise
My_BRIDGE



4 Canadian provinces

- Discounts for participation and/or safe driving
- Connection provides post-trip driving feedback, historical view of driving and safe-driving tips

Upgraded customer experience providing control, transparency and personalization

Milewise
from Allstate

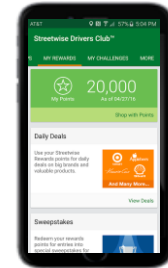


6 states

- Control and transparency of insurance costs with option to pay per mile
- Connection enables personalization of experience with additional features, including vehicle diagnostics

Consumer mobile app targeting insurance prospects through driving behavior

streetwise
drivers club



50 states + D.C.

- Identification of better risks
- Provides feedback on driving behavior and rewards for reaching driving milestones

arity
founded by Allstate

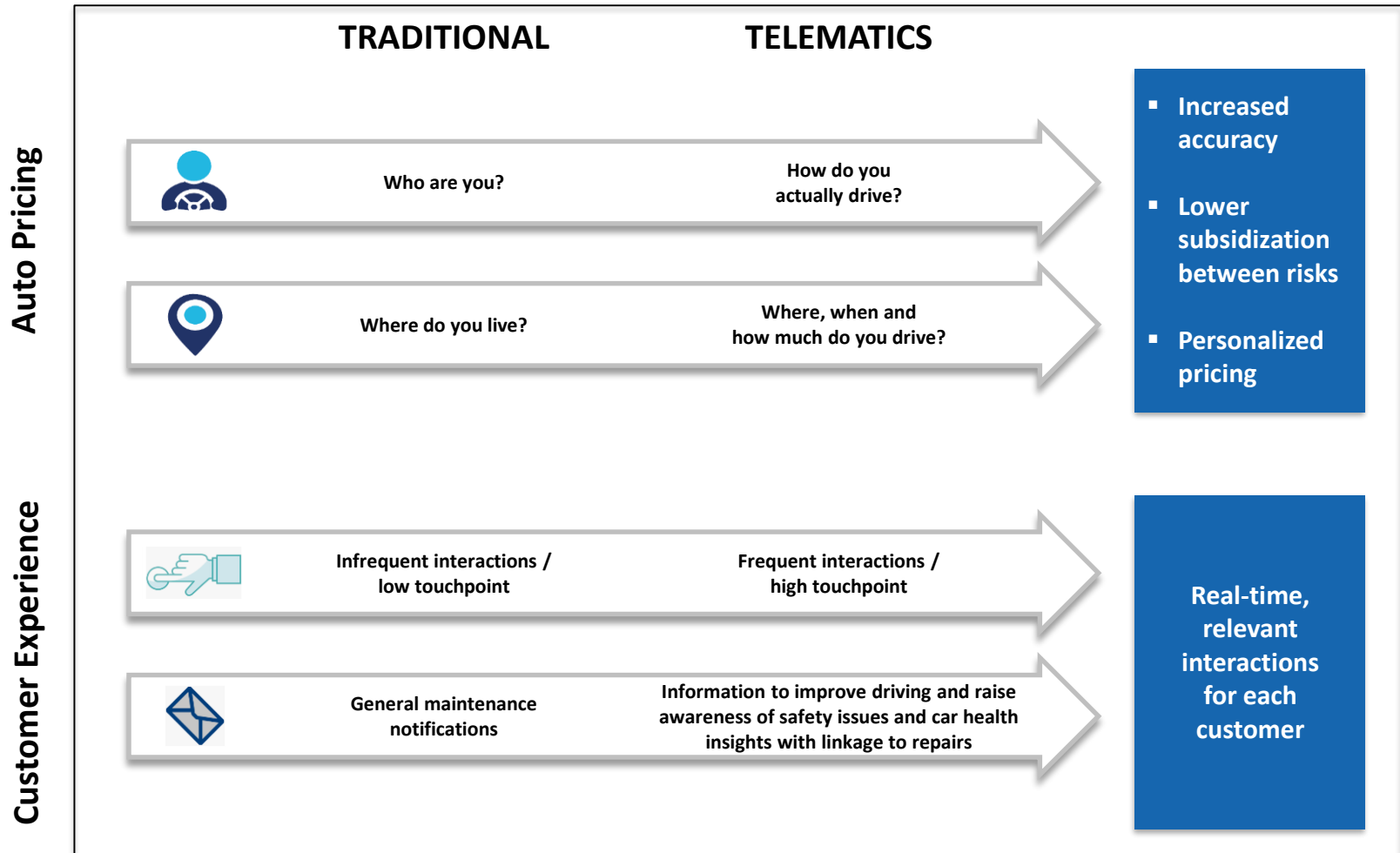
- Telematics service provider for Allstate telematics programs
- Continual development of telematics capabilities and features

* States and Canadian provinces as of year-end 2018.



Drivewise/DriveSense Products Use Advanced Pricing Sophistication and Improve the Customer Experience

- Customers are getting increasingly more comfortable with telematics, particularly when they see value in the connection





Allstate Created Arity as an Independent Platform Company

- **Strategic platform is a system of capabilities, assets, information and shared intelligence**
- **Platform businesses generate high economic returns**
- **The transportation system can benefit from a telematics/scoring platform**
 - **Companies can increase their speed to market**
 - **Data sharing will result in network effects**
 - **Companies can refine and customize their models to specific business needs**
 - **Lower costs of collecting information**

Arity Platform by the Numbers

- **12.5 million active telematics connections**
- **Over 300 driving trips analyzed every second**
- **Proprietary driving score including distracted driving approved for use by insurers in 32 states**
- **Licensed to operate as a Ratings Services Organization**
- **85 billion miles of driving data analyzed through 2018, with 10 billion more added each month**





Property-Liability Results Remain Strong

- Written premium increased 6.0% in 2018 from growth in Allstate and Esurance brands
- Underlying combined ratio* of 85.8 in 2018 within revised annual outlook range
- Allstate brand auto insurance policies increased while maintaining underlying margins
- Allstate brand homeowners grew policies while continuing to generate attractive returns
- Esurance growth accelerated; Encompass premium stabilizing

Property-Liability Results

(\$ in millions)	Q4	Var PY	2018	Var PY
Net Premiums Written	\$8,370	6.8%	\$33,555	6.0%
Premiums Earned	8,422	5.7%	32,950	4.8%
Catastrophe Losses	963	61.0%	2,855	(11.6)%
Underwriting Income	249	(65.2)%	2,097	4.2%
Policies in Force			33,264	2.4%
(% to premiums earned)				
Loss Ratio	71.3	6.2 pts	68.2	(0.4) pts
Expense Ratio	25.7	(0.2) pts	25.4	0.4 pts
Combined Ratio	97.0	6.0 pts	93.6	0.0 pts
Underlying Combined Ratio*	86.8	1.1 pts	85.8	0.9 pts

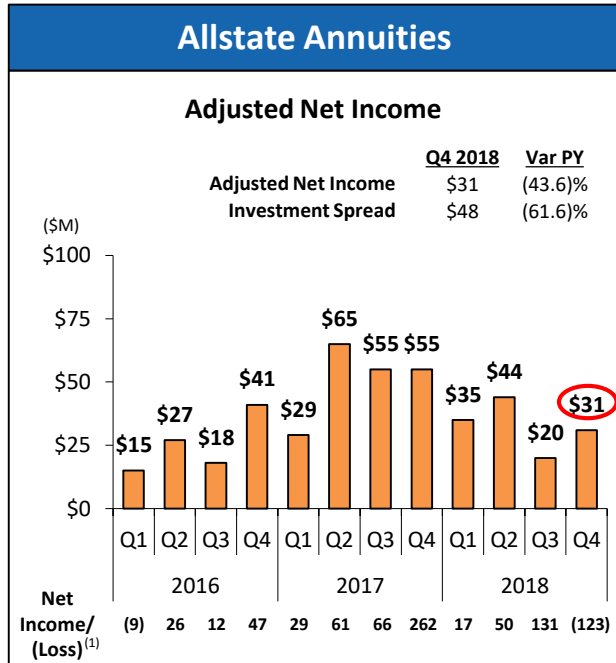
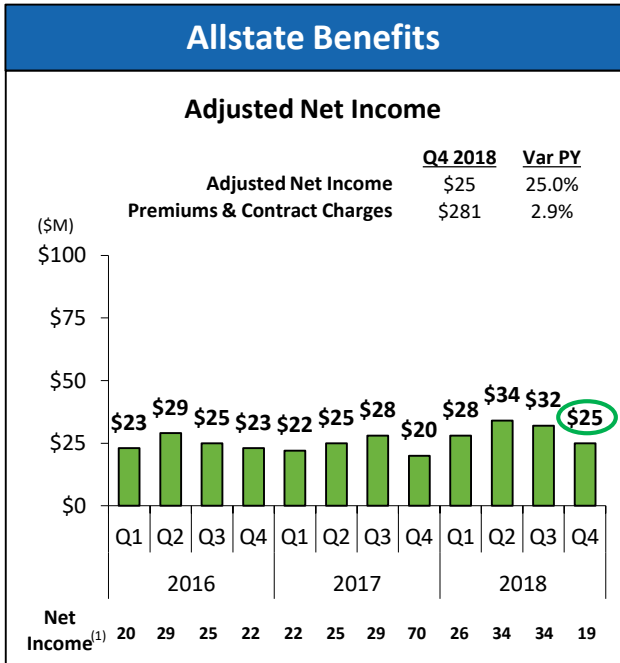
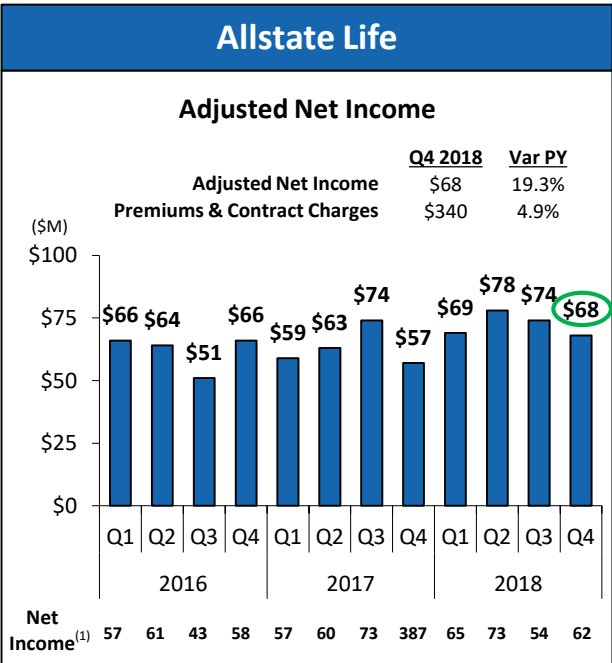
Results by Brand

(\$ in millions)	2018	Var PY
Net Premiums Written		
Allstate Brand Auto	\$20,991	5.7%
Allstate Brand Homeowners	\$7,199	4.9%
Esurance Brand	\$1,948	12.7%
Encompass Brand	\$1,016	(1.8)%
(% to premiums earned)		
Underlying Combined Ratio*		
Allstate Brand Auto	92.2	0.0 pts
Allstate Brand Homeowners	63.5	3.0 pts
Esurance Brand	98.3	(1.9) pts
Encompass Brand	91.0	4.5 pts



Allstate Life and Benefits Generated Attractive Returns; Allstate Annuities Impacted by Lower Performance-based Investment Income

- Allstate Life adjusted net income was higher than the prior year quarter as a lower effective tax rate and higher premiums more than offset higher contract benefits
- Allstate Benefits adjusted net income was higher than the prior year quarter due to increased premiums and a lower effective tax rate
- Allstate Annuities adjusted net income was impacted by lower performance-based investment income



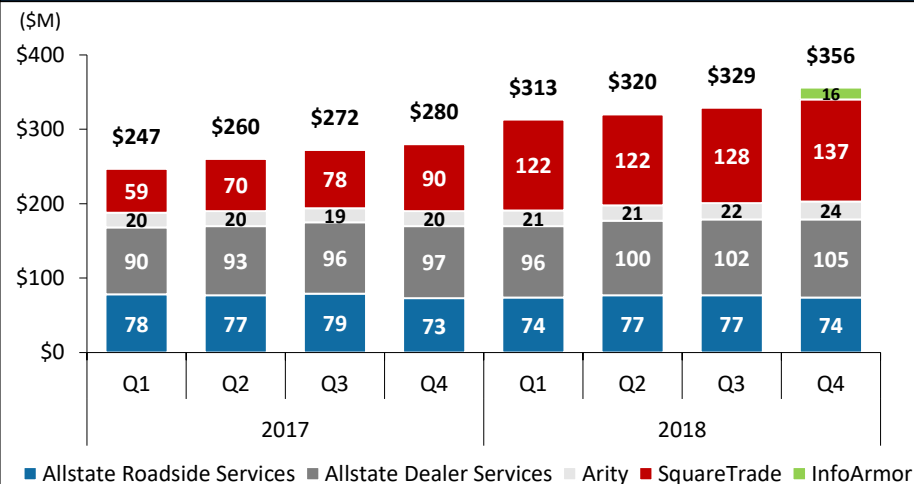
⁽¹⁾ Q4 2017 net income for Allstate Life, Benefits and Annuities includes a benefit of \$332 million, \$51 million and \$182 million, respectively, related to the Tax Cuts and Jobs Act of 2017 (the "Tax Legislation"). In Q3 2018, net income for Allstate Life includes a Tax Legislation expense of \$16 million, and Allstate Annuities includes a Tax Legislation benefit of \$69 million.



Service Businesses Rapidly Growing; Completed Acquisition of InfoArmor



Service Businesses Revenues^(1,2)



Service Businesses Results

(\$ in millions)	Q4	Var PY	2018	Var PY
Revenues^(1,2)	\$356	27.1%	\$1,318	24.5%
Adjusted Net Income	\$6	\$30	\$2	\$61
SquareTrade	\$9	\$20	\$23	\$45
Arity	\$(3)	\$3	\$(14)	\$1
InfoArmor	\$1	NA	\$1	NA
Allstate Roadside Services	\$(7)	\$-	\$(23)	\$(3)
Allstate Dealer Services	\$6	\$6	\$15	\$17
Policies in Force (in thousands)			74,187	70.5%

NA = not applicable

- Policies in force grew to 74.2 million with revenues of \$1.3 billion in 2018, led by SquareTrade
- Accelerated expansion into identity protection by completing acquisition of InfoArmor, adding over 1 million policies in force

⁽¹⁾ Service Businesses revenues include insurance premiums, intersegment insurance premiums and service fees, net investment income, other revenue and realized capital gains (losses). Intersegment insurance premiums and service fees are primarily related to Allstate Roadside Services and Arity and are eliminated in the consolidated financial statements.

⁽²⁾ As a result of the adoption of the revenue from contracts with customers accounting standard on January 1, 2018, SquareTrade recognized \$21 million, \$24 million, \$26 million and \$30 million in the fourth, third, second and first quarter of 2018, respectively, of net premiums earned with a corresponding increase in amortization of deferred policy acquisition costs related to protection plans sold directly to retailers prior to January 1, 2018, for which SquareTrade is deemed to be the principal in the transaction.



Provides consumer protection plans across wide range of products, primarily through retail relationships

SquareTrade® Measures of Acquisition Success

Domestic Growth

- **Rapidly grow new and existing domestic customers**
 - **Policies in force grew 29.9 million (77.1%) in 2018**

Profitability

- **Raise profitability and returns on capital deployed**
 - **Adjusted net income of \$23 million in 2018**

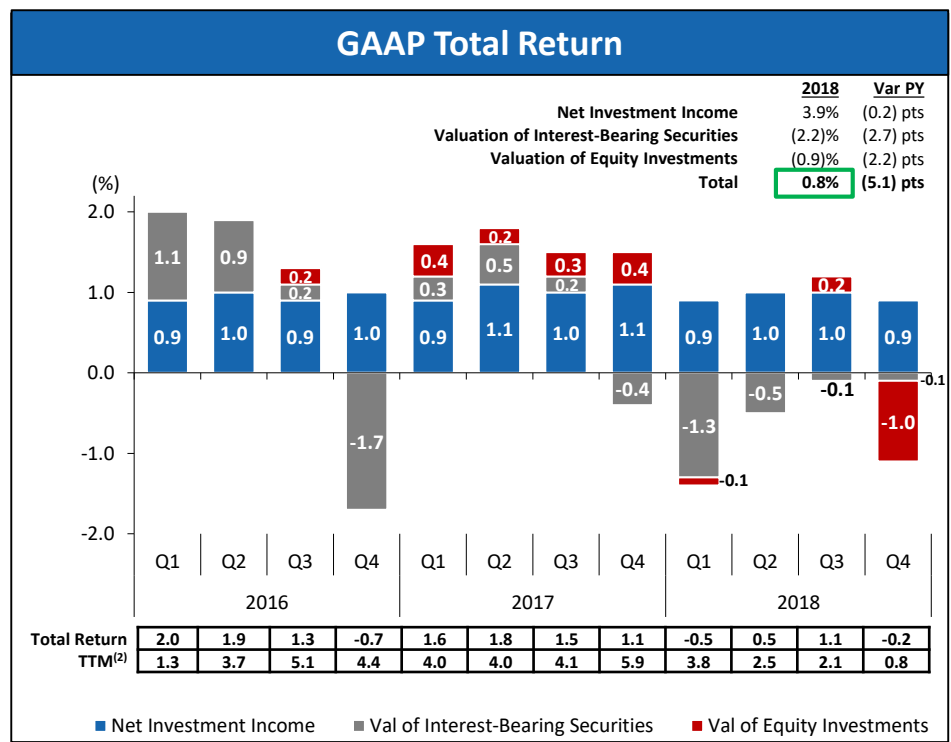
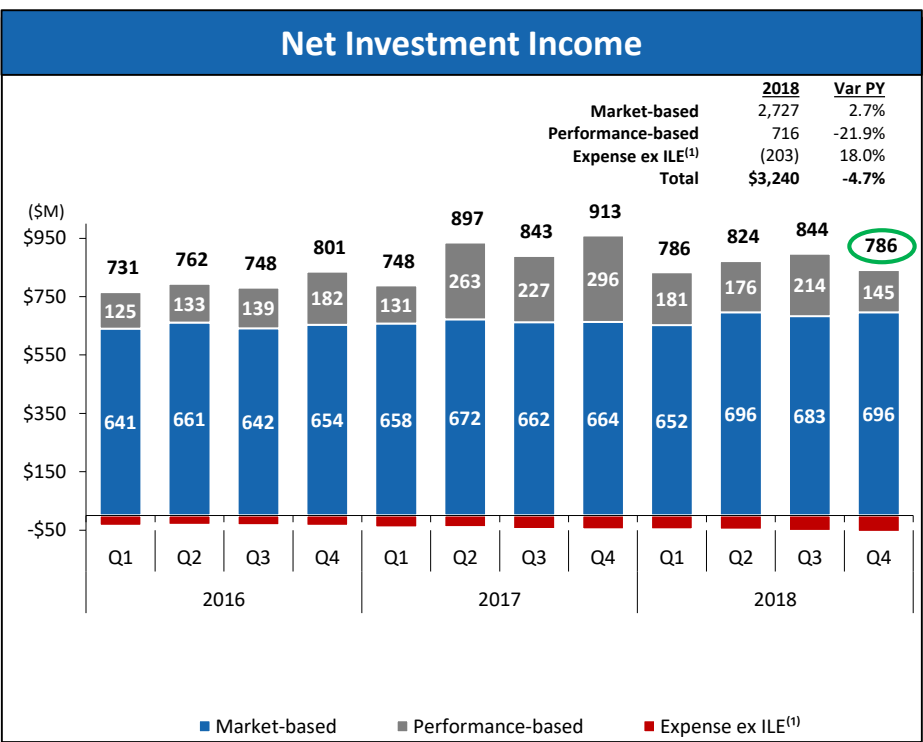
Additional Growth Levers

- **Create sustainable growth beyond U.S. retail**
 - **Continued investment and expansion in Europe**



Portfolio Return Reflects Stable Income and Lower Valuations in a Volatile Market

- Net investment income for the quarter was \$786 million
 - Market-based portfolio benefited from investment at higher market yields
 - Performance-based investment income lower compared to very strong prior year
- Portfolio total return of -0.2% for the quarter, and 0.8% for the year, included a stable contribution from net investment income but was impacted by lower fixed income and equity valuations



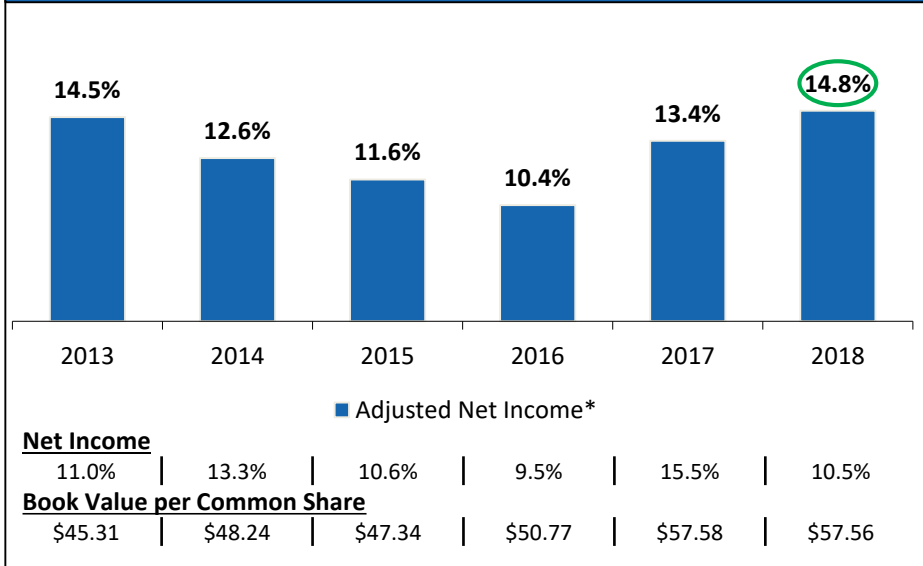
⁽¹⁾ Investee level expenses (ILE) comprise depreciation and asset level operating expenses and are netted against Market-based and Performance-based income

⁽²⁾ Trailing twelve months

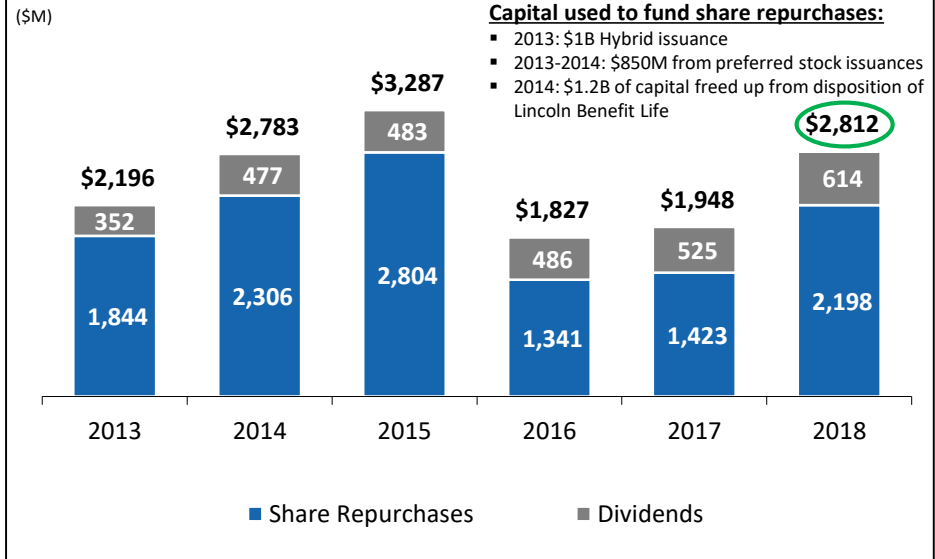


Attractive Returns and Capital Strength

Return on Common Shareholders' Equity⁽¹⁾



Cash Returned to Common Shareholders



- Returned \$1.2 billion to common shareholders in the fourth quarter of 2018; \$2.8 billion in the year
 - Repurchased 13.3 million common shares for \$1.1 billion in the quarter
 - Executed \$1 billion accelerated share repurchase program
 - Paid \$159 million in common shareholder dividends in the quarter
- Completed \$525 million acquisition of InfoArmor and \$30 million acquisition of PlumChoice
- Redeemed all of our Series C Preferred Stock for \$385 million

⁽¹⁾ Trailing twelve months



Forward-Looking Statements

This presentation contains “forward-looking statements” that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like “plans,” “seeks,” “expects,” “will,” “should,” “anticipates,” “estimates,” “intends,” “believes,” “likely,” “targets” and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to: (1) adverse changes in the nature and level of catastrophes and severe weather events; (2) our catastrophe management strategy on premium growth; (3) unexpected increases in the frequency or severity of claims; (4) the cyclical nature of the property and casualty business; (5) the availability of reinsurance at current levels and prices; (6) risk of our reinsurers; (7) changing climate and weather conditions; (8) changes in underwriting and actual experience; (9) changes in reserve estimates; (10) changes in estimates of profitability on interest-sensitive life products; (11) conditions in the global economy and capital markets; (12) a downgrade in our financial strength ratings; (13) the effect of adverse capital and credit market conditions; (14) possible impairments in the value of goodwill; (15) the realization of deferred tax assets; (16) restrictions on our subsidiaries’ ability to pay dividends; (17) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (18) market risk and declines in credit quality relating to our investment portfolio; (19) our subjective determination of the amount of realized capital losses recorded for impairments of our investments and the fair value of our fixed income and equity securities; (20) the influence of changes in market interest rates or performance-based investment returns on our annuity business; (21) impacts of new or changing technologies, including those impacting personal transportation, on our business; (22) failure in cyber or other information security, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning; (23) the impact of a large scale pandemic, the threat or occurrence of terrorism or military action; (24) loss of key vendor relationships or failure of a vendor to protect confidential, proprietary and personal information; (25) intellectual property infringement, misappropriation and third party claims; (26) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (27) regulatory reforms and restrictive regulations; (28) changes in tax laws; (29) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (30) changes in accounting standards; (31) losses from legal and regulatory actions; (32) our participation in state industry pools and facilities; (33) impacts from the Covered Agreement, including changes in state insurance laws; (34) competition in the insurance industry; (35) market convergence and regulatory changes on our risk segmentation and pricing; (36) acquisitions and divestitures of businesses; and (37) reducing our concentration in spread-based business and exiting certain distribution channels. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K. Forward-looking statements are as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.