



The Allstate Corporation

Second Quarter 2019 Earnings Presentation
July 31, 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 2018 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's Strategy is to Protect People from Life's Uncertainties

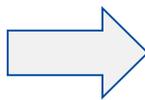
Grow Personal Property-Liability Market Share



- Highly Recognized Brands
- Sophisticated Pricing
- Differentiated Products
- Claims Expertise
- Telematics
- Integrated Digital Enterprise



Brands, Customers, Investment Expertise, Distribution, Claims 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's Profitable Growth Continues in Second Quarter

- Progress continues on five 2019 Operating Priorities
- Total revenues increased to \$11.1 billion in the second quarter of 2019
 - Property-Liability net written premium growth of almost \$500 million for the quarter
 - Service Businesses revenue grew 26.6% over prior year quarter to \$405 million
- Net income of \$821 million and adjusted net income* of \$2.18 per share
- 2019 Property-Liability underlying combined ratio* outlook improved by 1.5 points to 84.5 – 86.5⁽¹⁾
- Adjusted net income return on equity* of 13.5% in the second quarter of 2019

(\$ in millions, except per share data and ratios)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Total revenues	\$11,144	\$10,099	10.3%	\$22,134	\$19,869	11.4%
Total revenues (excl. realized capital gains and losses)	10,820	10,124	6.9%	21,148	20,028	5.6%
Property-Liability insurance premiums	8,681	8,189	6.0%	17,188	16,208	6.0%
Net investment income	942	824	14.3%	1,590	1,610	(1.2)%
Realized capital gains and losses	324	(25)	NM	986	(159)	NM
Income applicable to common shareholders:						
Net income	821	678	21.1%	2,082	1,655	25.8%
<i>per diluted common share</i>	2.44	1.91	27.7%	6.17	4.63	33.3%
Adjusted net income*	735	710	3.5%	1,511	1,818	(16.9)%
<i>per diluted common share*</i>	2.18	2.00	9.0%	4.48	5.09	(12.0)%
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				11.2%	18.5%	(7.3) pts
Adjusted net income*				13.5%	17.0%	(3.5) pts

NM = not meaningful

⁽¹⁾ A reconciliation of this non-GAAP measure to the combined ratio, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast of catastrophes, and prior year reserve reestimates are expected to be zero because reserves are determined based on our best estimate of ultimate loss reserves as of the reporting date.



Allstate Delivering on 2019 Operating Priorities

Better Serve Customers

- Enterprise Net Promoter Score increased
- Renewal ratio improved in Allstate and Encompass brands, but increases have slowed

Achieve Target Economic Returns on Capital

- All businesses performing well except Annuities
- Strong results in Property-Liability insurance

Grow Customer Base

- Total policies in force reach 129.8 million, a 46.8% increase from prior year
- SquareTrade policies grew to 84.0 million, reflecting substantial expansion in third quarter of 2018
- Property-Liability policies grew to 33.6 million, a 2.4% increase

Proactively Manage Investments

- Proactive risk and return positioning resulted in a total return of 7.0% for the latest 12 months
- Performance-based income increased significantly from low first quarter of 2019

Build Long-Term Growth Platforms

- Increased telematics usage and greater sophistication at Arity
- SquareTrade expanding markets and achieving acquisition goals
- Integrating InfoArmor identity protection into strategies



Property-Liability Results Remain Strong

- Net written premium increased by 5.9% in the second quarter, \$985 million for first 6 months
- Allstate and Esurance brand policy growth of 2.2% and 8.4% in the quarter, respectively
- Underlying combined ratio* of 84.4 in the second quarter
 - Improved outlook range to 84.5 – 86.5⁽¹⁾ for the full year 2019

Property-Liability Results

(\$ in millions)	Q2	Var PY	2019	Var PY
Net Premiums Written	\$9,043	5.9%	\$17,370	6.0%
Premiums Earned	8,681	6.0%	17,188	6.0%
Catastrophe Losses	1,072	18.3%	1,752	38.3%
Underwriting Income	367	(19.3)%	1,067	(26.9)%
Policies in Force (in thousands)			33,585	2.4%
<i>(% to premiums earned)</i>				
Loss Ratio	72.3	2.9 pts	69.8	3.6 pts
Expense Ratio	23.5	(1.5) pts	24.0	(0.8) pts
Combined Ratio	95.8	1.4 pts	93.8	2.8 pts
Underlying Combined Ratio*	84.4	(0.6) pts	84.3	-

Results by Brand

(\$ in millions)	Q2	Var PY
Net Premiums Written		
Allstate Brand Auto	\$5,472	5.0%
Allstate Brand Homeowners	2,076	6.5%
Esurance Brand	503	9.6%
Encompass Brand	278	1.1%
<i>(% to premiums earned)</i>		
Underlying Combined Ratio*		
Allstate Brand Auto	91.1	(1.2) pts
Allstate Brand Homeowners	62.1	(0.8) pts
Esurance Brand	96.2	0.3 pts
Encompass Brand	89.8	4.6 pts

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Additional Investment in Allstate Brand Property-Liability Growth

- **Attractive margins support increased investment in growth**
 - **Auto and homeowners insurance generating attractive returns on capital**
 - **Annual underwriting profitability for 8 consecutive years**
 - **Recorded combined ratio of 93.7 for the latest twelve months**
 - **Operational strength; pricing sophistication, branding and expanded distribution**
 - **Alternative growth initiatives successfully tested in 6 markets over last 9 months**

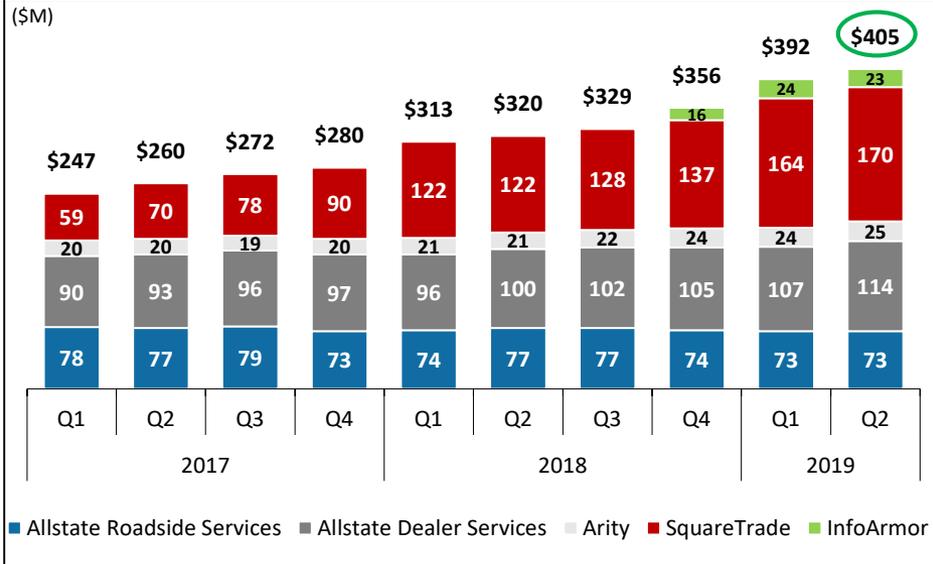
- **Investment in comprehensive growth plans will create additional shareholder value**
 - **Policy in force growth consistent with strategy of increasing market share**
 - **Modest impact on policy growth in 2019 but increasing in 2020 and 2021**
 - **Targeted growth markets have attractive returns**
 - **Improved outlook on 2019 underlying combined ratio includes growth investments**
 - **Longer-term initiatives to reduce expenses should provide flexibility to manage margins or competitive position**
 - **Remain focused on producing strong returns with rapid response to emerging market conditions**



Service Businesses Segment Growing with Higher Adjusted Net Income

- Policies in force grew 82.8% to 89.7 million, primarily due to SquareTrade
- Consumer protection plans will be sold using the Allstate Protection Plan name in the U.S.
- Revenues increased 26.6% in the quarter, primarily through growth at SquareTrade, the acquisition of InfoArmor and increased premiums at Allstate Dealer Services
- Adjusted net income of \$16 million in the quarter due to improved loss experience at SquareTrade

Service Businesses Revenues



Service Businesses Results

(\$ in millions)

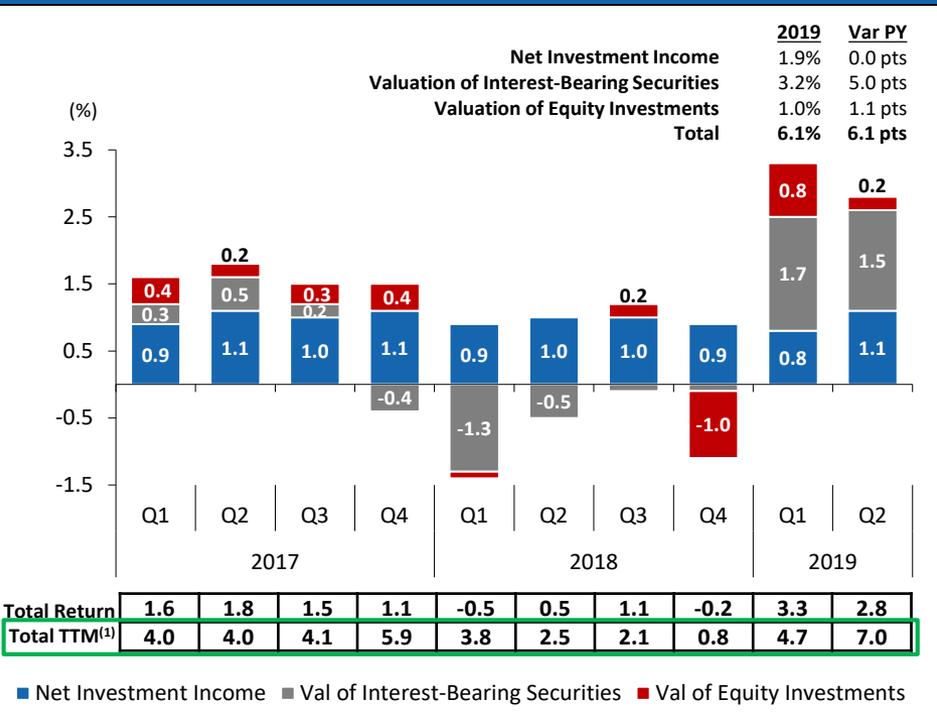
	Q2	Var PY	2019	Var PY
Revenues	\$405	26.6%	\$797	25.9%
Adjusted Net Income	\$16	\$14	\$27	\$28
SquareTrade	19	14	33	26
Arity	(1)	2	(3)	3
Allstate Roadside Services	(3)	1	(9)	-
Allstate Dealer Services	7	3	13	6
InfoArmor	(6)	NA	(7)	NA
Policies in Force (in thousands)			89,736	82.8%



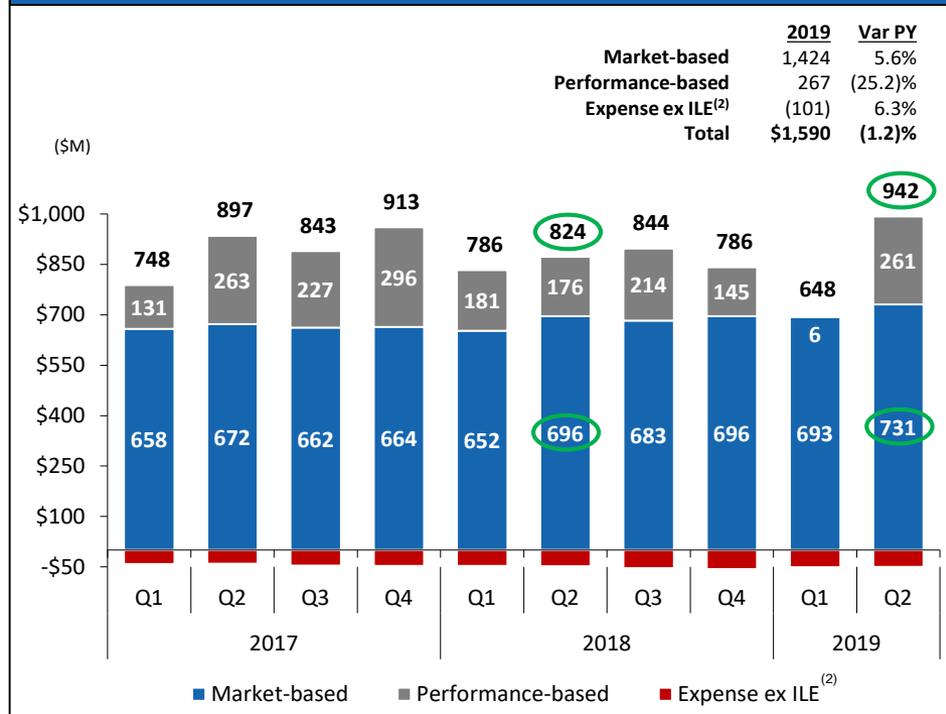
Portfolio Return Reflects Proactive Risk and Return Positioning; Market-based and Performance-based Income Increased

- Total return of 7.0% on \$86 billion portfolio for the last 12 months included stable market-based investment income and higher fixed income valuations
- Net investment income for the quarter was \$942 million
 - Performance-based income higher, reflecting increased private equity asset appreciation and gains on sales of underlying investments

GAAP Total Return



Net Investment Income



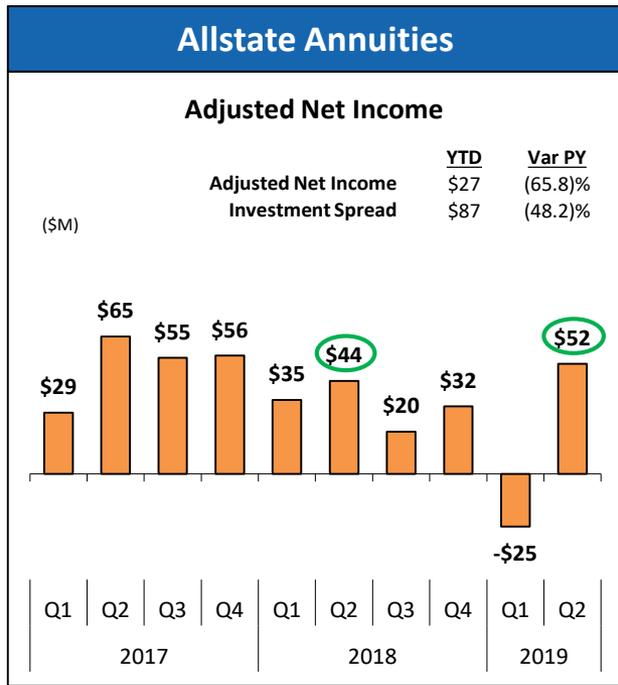
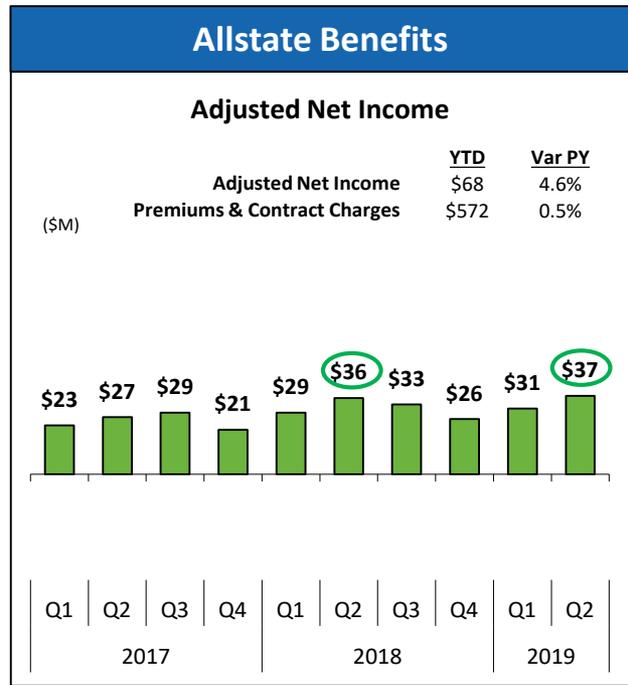
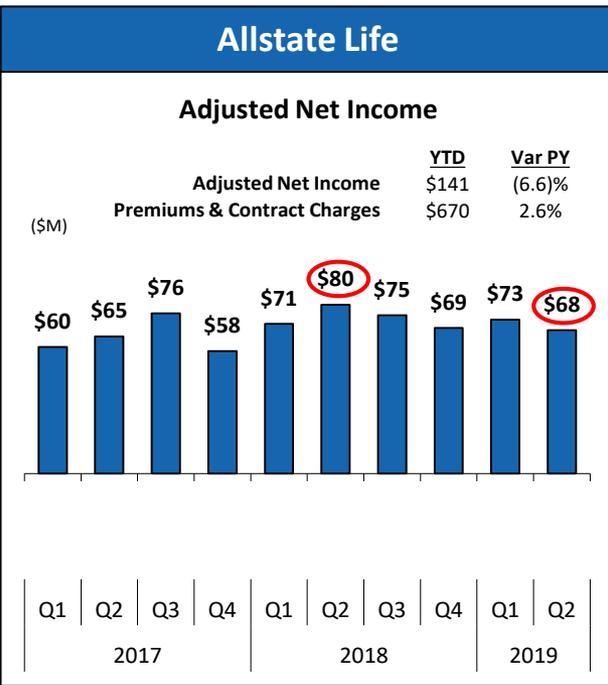
⁽¹⁾ Trailing twelve months

⁽²⁾ Investee level expenses (ILE) comprise depreciation and asset level operating expenses and are netted against market-based and performance-based income



Allstate Life and Benefits Generated Attractive Returns; Allstate Annuities Managed for Long-term Economics

- Allstate Life adjusted net income was lower than the prior year quarter, primarily driven by higher contract benefits
- Allstate Benefits adjusted net income was slightly higher than the prior year quarter as increased revenue was offset by higher operating costs and expenses
- Allstate Annuities adjusted net income was higher than prior year quarter, driven by increased performance-based investment income

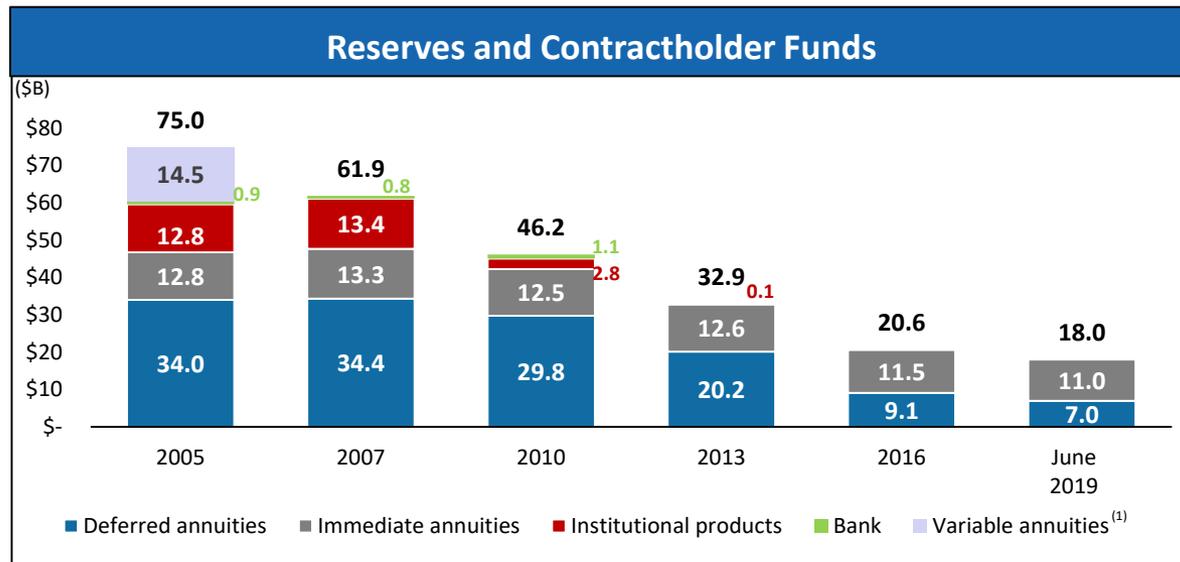




Annuity Businesses Have Been Significantly Reduced

- Strategy has been to reduce annuity businesses through a series of specific actions based on unfavorable risk and return profile
 - Variable annuities reinsured to Prudential in 2006 reflecting assessment of underlying equity risks
 - Stopped issuance of institutional products in 2008
 - Exited broker-dealer and bank distribution channels of annuities in 2010
 - Stopped issuing structured settlements in 2013
 - Stopped issuance of all remaining annuity products in 2014
 - Sold Lincoln Benefit Life in 2014

- Existing liabilities managed for long-term economic results
 - Operational improvements and cost reductions
 - Risk managed through asset-liability management strategy
 - Invest longer-term assets in performance-based portfolio
 - Active capital management



⁽¹⁾ Represents variable annuity separate account funds sold via reinsurance to Prudential in 2006.



Utilizing Multifaceted Approach to Improve Long-Term Economics of Remaining Annuity Business

Proactive Operational Management

- Managed crediting rates through declining rate environment
- Simplifying administrative platforms to efficiently manage run-off business
- Expanded data sources to improve detection of deaths to reduce overpayments

Tailored Asset-Liability Practices

- Portfolio positioned to provide ample liquidity for at least seven years
- Expected cash requirements beyond seven years are invested in performance-based portfolio to achieve optimal risk adjusted returns

Economically Invested

- Investment strategy requires substantial capital leading to adjusted net income return on equity below cost of capital

Public Market Results ⁽¹⁾				
Horizon	Return ⁽²⁾		Volatility ⁽³⁾	
	Stocks	Bonds	Stocks	Bonds
1Y	12.3%	5.6%	20.8%	5.6%
10Y	10.1%	5.5%	5.6%	3.0%
20Y	10.5%	5.6%	3.5%	2.8%

Capital Management Initiatives

- Allstate is leading an industry effort to “right-size” regulatory capital requirements using horizon-based investment risk metrics
- Ongoing review of strategic options to reduce exposure and improve returns

⁽¹⁾ US equity and US corporate bond market performance since 1920.

⁽²⁾ Represents average annual return.

⁽³⁾ Represents standard deviation.



Attractive Corporate Adjusted Net Income Return on Equity

- Strong return profile across core growth businesses

Allstate Annuities Impact on Corporate ROE ⁽¹⁾			
<i>(\$ in millions)</i>	Equity ⁽²⁾	Adjusted Net Income ⁽³⁾	ROE ⁽¹⁾
Allstate Corporation	20,829	2,822	13.5%
Allstate Annuities	4,846	79	1.6%
Allstate Corp. x Annuities	15,983	2,743	17.2%

Allstate Annuities impact on ROE⁽¹⁾ = 3.7 pts

Adjusted Net Income Return Profile By Segment	
Allstate Corporation x Annuities	
Allstate Protection	Mid to High Teens
Allstate Life	Low Teens
Allstate Benefits	Mid to High Teens
Service Businesses	Investing in Growth

- Beginning in 2020, Allstate will establish long-term return on equity targets that will replace the annual Property-Liability underlying combined ratio outlook

1. Broader long-term measure
2. Greater focus on non-Property-Liability businesses
3. Factors in capital management actions
4. Highly correlated to stock price
5. Consistent with peers

⁽¹⁾ Adjusted net income return on common shareholder equity for trailing twelve months as of June 30, 2019.

⁽²⁾ Average adjusted common shareholders' equity determined using a two-point average, with the beginning and ending adjusted common shareholders' equity for the twelve-months ended June 30, 2019 as data points.

⁽³⁾ Adjusted net income reflects a trailing twelve month period as of June 30, 2019.



Excellent Capital Position and Cash Returns to Shareholders

- Returned \$664 million to common shareholders in the second quarter
 - Repurchased \$498 million of common shares, including accelerated share repurchase settlement
 - As of June 30, 2019, \$1.6 billion remaining on the common share repurchase program
- Paid \$166 million in common shareholder dividends in the second quarter

Capital Position		
	<u>6/30/19</u>	<u>6/30/18</u>
Total Shareholders' Equity (\$ in millions)	\$24,476	\$23,122
Debt-to-Capital Ratio	21.3%	21.8%
Book Value per Common Share	\$67.28	\$59.16
Deployable Holding Company Assets (\$ in billions)	\$2.8	\$3.4
Common shares outstanding (millions)	329.9	346.6



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 businesses; (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 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 on our business; (22) failure in cyber or other information security controls, as well as the occurrence of events unanticipated in our disaster recovery systems and business continuity planning; (23) misconduct or fraudulent acts by employees, agents and third parties; (24) the impact of a large scale pandemic, the threat or occurrence of terrorism or military action; (25) loss of key vendor relationships or failure of a vendor to protect confidential, proprietary and personal information; (26) intellectual property infringement, misappropriation and third party claims; (27) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) regulatory reforms and restrictive regulations; (29) changes in tax laws; (30) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (31) changes in accounting standards; (32) losses from legal and regulatory actions; (33) our participation in indemnification programs, including state industry pools and facilities; (34) impacts from the Covered Agreement, including changes in state insurance laws; (35) competition in the insurance industry and impact of new or changing technologies; (36) market convergence and regulatory changes on our risk segmentation and pricing; (37) acquisitions and divestitures of businesses; and (38) 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.