



The Allstate Corporation

Third Quarter 2020 Earnings Presentation
November 5, 2020

Allstate[®]
You're in good hands.



Forward-Looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. This presentation also contains 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.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2019 Form 10-K, Form 10-Q for September 30, 2020, 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.



Allstate's Strategy Drives Profitable Growth

Increase Personal Property-Liability Market Share

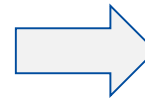


Transformative Growth

- Expand Customer Access
- Improve Customer Value
- Invest in Marketing and Technology



Leveraging Allstate Brand, Customer Base and Capabilities



Expand Protection Businesses

- Circle of Protection for Customers
- Innovative Growth Platforms
- Broad Distribution



Third Quarter Results

- Adjusted net income* of \$2.94 per share and ROE of 17.7%
- Generated strong underwriting results in auto insurance; homeowners insurance impacted by elevated catastrophe losses
- Implementing Transformative Growth Plan
- Performance-based income returned to prior year level
- Annual review of actuarial assumptions negatively impacted Allstate Life, Benefits and Annuities results
- Allstate Protection Plans continued strong growth and profitability



Allstate Delivers Strong Operating Results

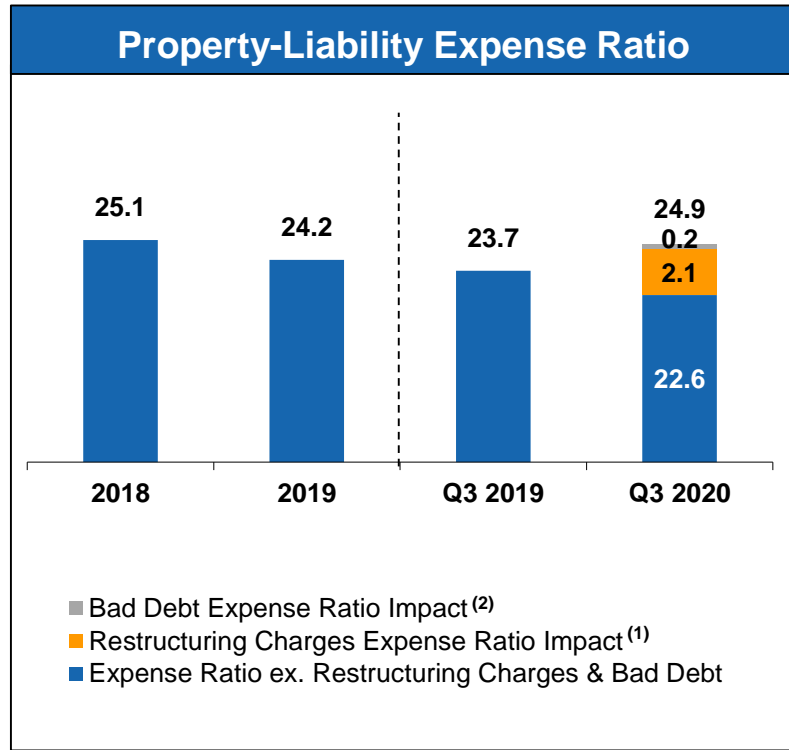
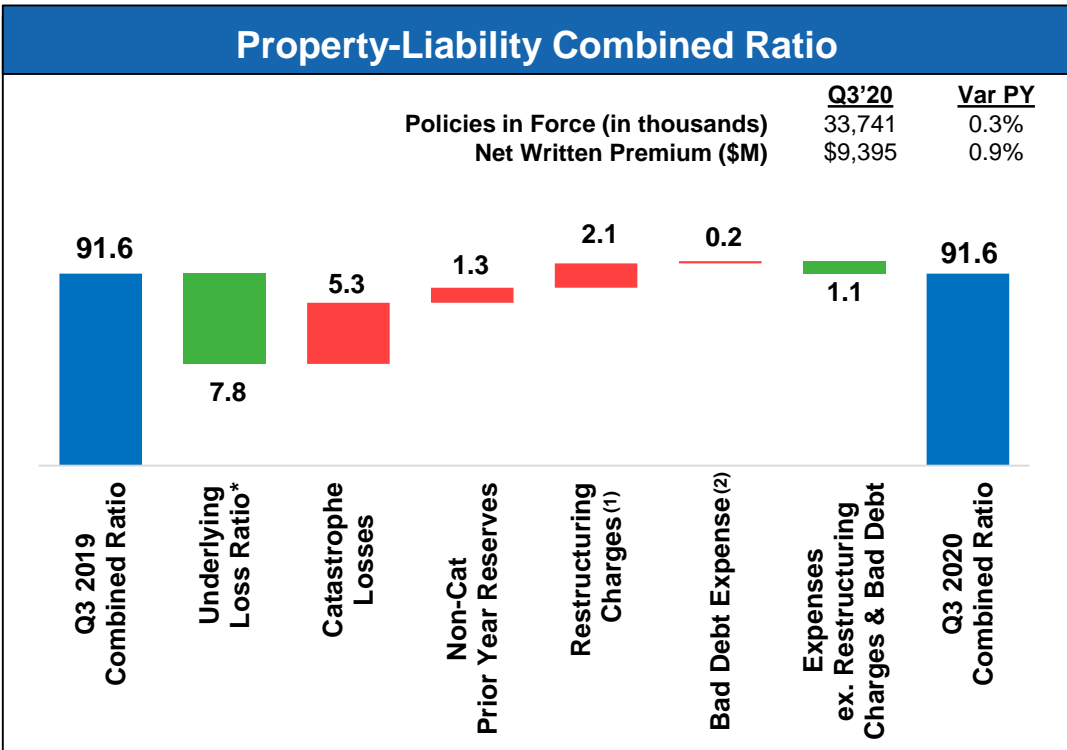
- Revenues of \$11.5 billion
- Net income of \$1.1 billion and adjusted net income* of \$923 million (\$2.94 per share)
- Adjusted net income return on common shareholders' equity* of 17.7% for the latest 12 months

(\$ in millions, except per share data and ratios)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Total revenues	\$11,500	\$11,069	3.9%	\$32,773	\$33,203	(1.3%)
Total revenues (excl. realized capital gains and losses)	11,060	10,872	1.7%	32,091	32,020	0.2%
Property-Liability insurance premiums	8,952	8,782	1.9%	26,696	25,970	2.8%
Net investment income	832	880	(5.5%)	1,662	2,470	(32.7%)
Realized capital gains and losses	440	197	123.4%	682	1,183	(42.3%)
Income applicable to common shareholders:						
Net income	1,126	889	26.7%	2,863	2,971	(3.6%)
<i>per diluted common share*</i>	3.58	2.67	34.1%	9.01	8.85	1.8%
Adjusted net income*	923	946	(2.4%)	2,843	2,457	15.7%
<i>per diluted common share*</i>	2.94	2.84	3.5%	8.94	7.32	22.1%
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				18.9%	10.7%	8.2 pts
Adjusted net income*				17.7%	14.2%	3.5 pts



Property-Liability Results Remain Strong

- Modest policy and premium growth continued in Allstate brand auto and homeowners insurance
- Underwriting income of \$753 million increased \$16 million compared to the prior year quarter
 - Increase driven by improved underlying loss costs in auto insurance, largely offset by higher catastrophe losses and restructuring charges related to the Transformative Growth Plan
- Expense ratio, excluding the restructuring charge⁽¹⁾ and increased bad debt⁽²⁾, was 22.6 and improved by 1.1 points compared to the prior year quarter



⁽¹⁾ Reflects restructuring and related charges during the third quarter 2020 related to the Transformative Growth Plan.

⁽²⁾ Reflects increase in bad debt expense during the third quarter 2020 related to the Special Payment plan offered to customers as a result of the Coronavirus.



Transformative Growth Plan Will Generate Personal Property-Liability Growth at Attractive Returns

Expand Customer Access

Progress to Date

- Combined direct sales operations
- Improved online and call center sales flow in Allstate direct
- Enhancing local agent sales model

Improve Customer Value

- Implementing cost reduction plan
- Expanded telematics offerings leveraging Milewise® (pay-per-mile insurance)
- Improved competitive price position of auto insurance

Invest in Marketing and Technology

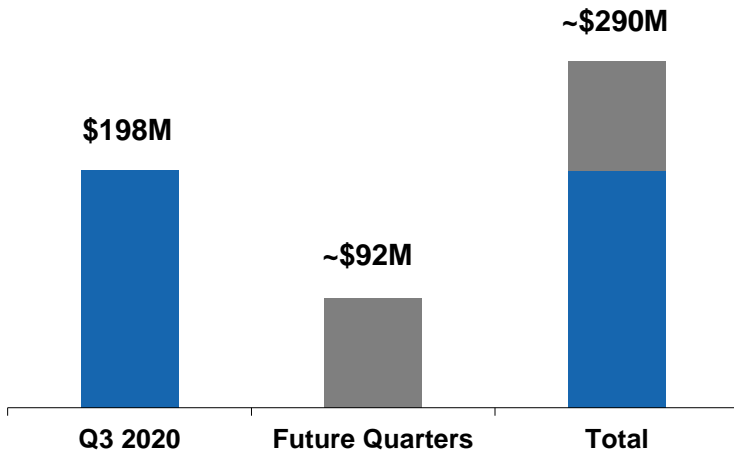
- Introduced new Allstate advertising
- Launched new Allstate OneApp



Lowering Cost Structure Through Restructuring and Increasing Investments in Growth

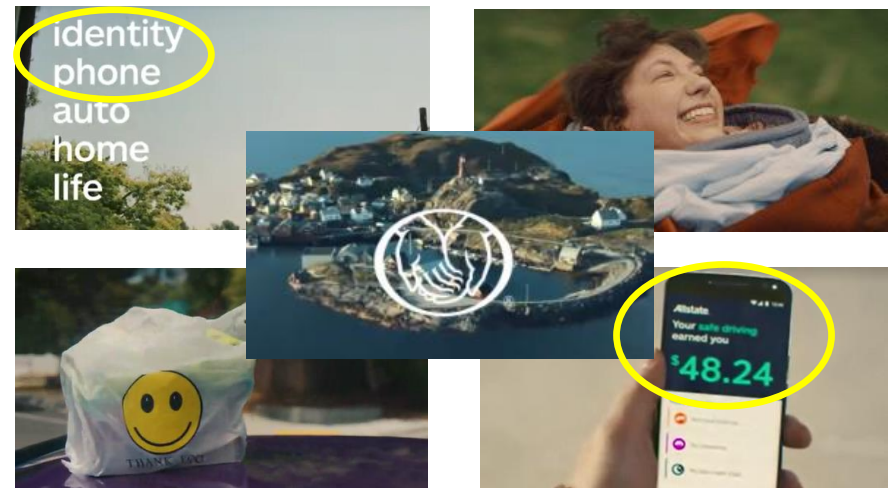
Announced Restructuring Plan

- Improving competitive price position by reducing cost structure
- Involves streamlining operations and processes in claims, sales, service and support functions impacting approximately 3,800 employees in 2020
- Expect to incur approximately \$290 million in charges, including \$198 million in the third quarter



Debuted New Brand Marketing

- Launched new brand campaign built on the belief that we all deserve to live life well protected
 - “You’ve never been in better hands”
- Updated messaging to generate demand for broader, more innovative portfolio of products
- Adapting media mix to support brand building and direct channel growth
- Focus on our connected experience, emphasizing telematics capabilities

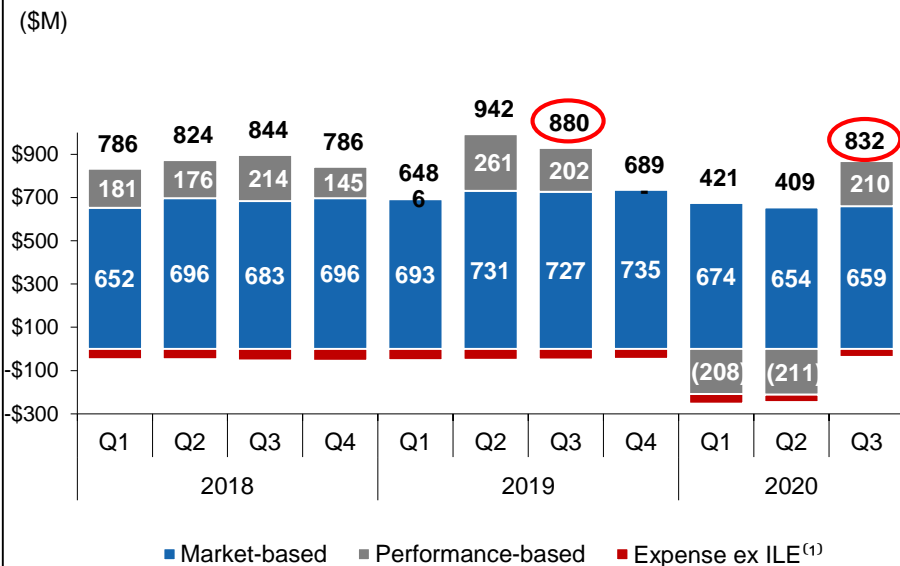




Net Investment Income Impacted by Market-based Yield Decline; Performance-based Income of \$210 Million in the Third Quarter

- Net investment income totaled \$832 million
 - Market-based income reflects yield decline due to lower reinvestment rates
 - Performance-based income totaled \$210 million, partially reversing valuation declines in the first and second quarter
- Total return of +5.7% for last 12 months reflects higher fixed income and public equity valuations

Net Investment Income



GAAP Total Return

	Return (%)				
	Q3 '20	YTD	LTM ⁽³⁾	Annualized	
				3 Year	5 Year
Total portfolio ⁽²⁾	1.8	4.4	5.7	5.2	5.0
Market-based	1.8	5.3	6.7	5.4	5.0
Performance-based	2.4	(2.1)	(1.9)	6.5	7.2

⁽¹⁾ Investee level expenses (ILE) comprise asset level operating expenses are netted against market-based and performance-based income. Beginning January 1, 2020, depreciation previously included in ILE is reported as realized capital gains or losses

⁽²⁾ Total portfolio return includes non-ILE expenses of 0.1% for Q3, 0.2% for YTD, 0.2% for LTM, and 0.3% and 0.2% for the annualized trailing 3 and 5 year periods, respectively

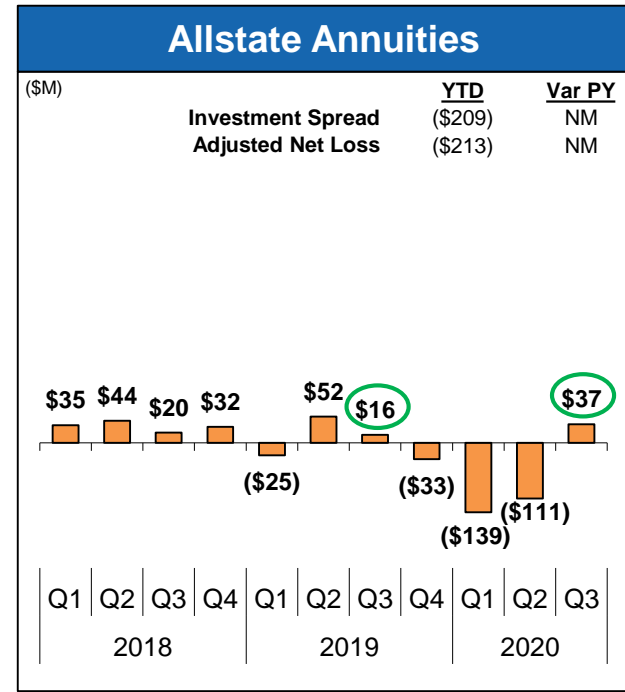
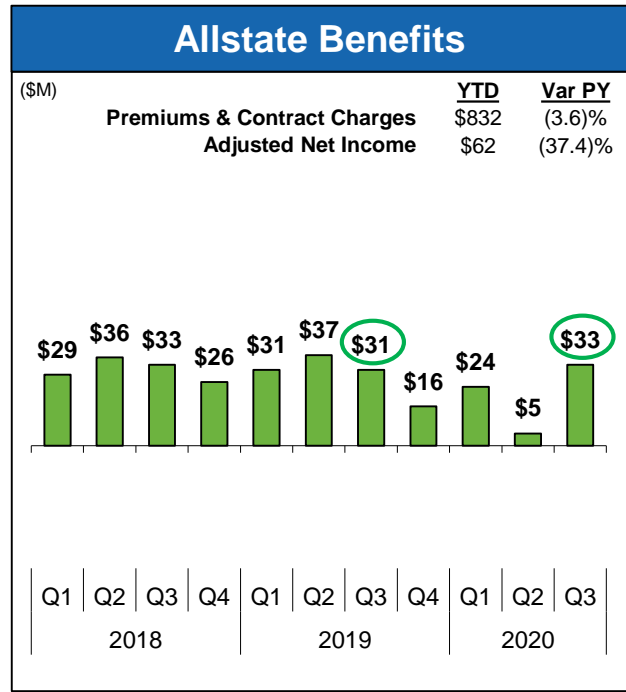
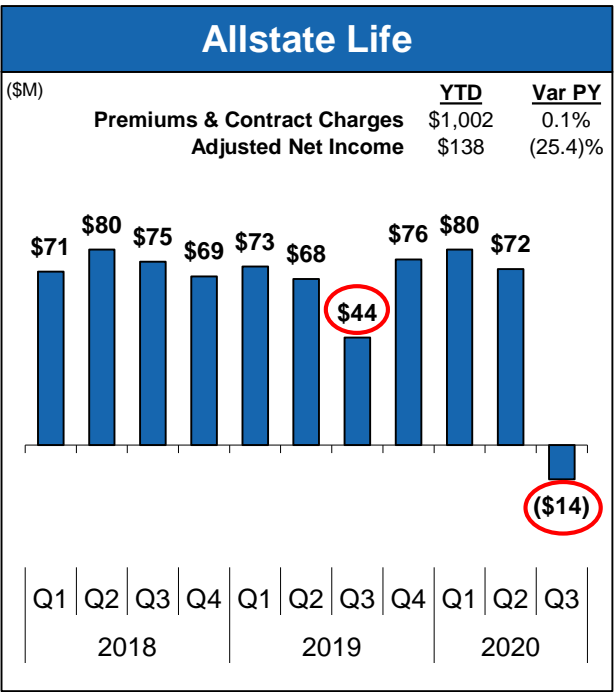
⁽³⁾ Last twelve months



Allstate Life, Benefits and Annuities Negatively Impacted by Expectation of Low Interest Rates

- Allstate Life adjusted net loss of \$14 million driven by accelerated amortization of deferred acquisition costs (“DAC”) related to our annual review of assumptions and higher contract benefits
- Allstate Benefits adjusted net income of \$33 million increased \$2 million from the prior year quarter, primarily due to lower contract benefits, partially offset by higher DAC amortization related to our annual review of assumptions
- Allstate Annuities adjusted net income of \$37 million in the third quarter increased \$21 million from the prior year quarter, primarily due to lower contract benefits. Premium deficiency reserve of \$225 million, pre-tax, reduced net income but is excluded from adjusted net income

Adjusted Net Income

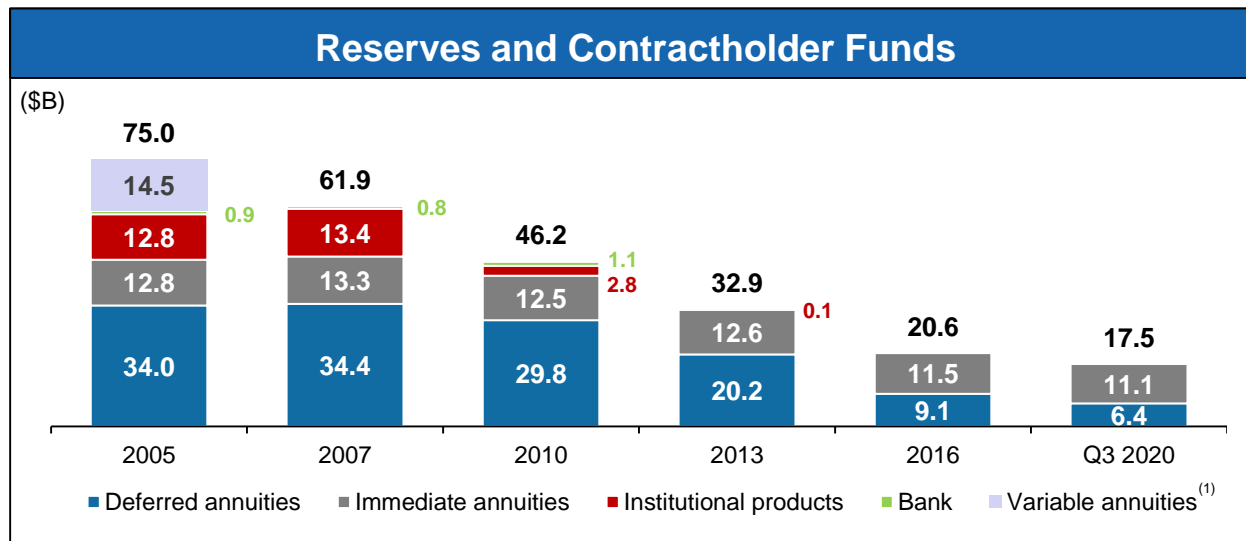


NM = not meaningful



Annuity Reserves Increased Due to Annual Actuarial Review

- Allstate has been exiting the annuity business over the last 15 years
 - Sold variable annuity business in 2006
 - Stopped issuing liabilities beginning in 2008 and completely in 2014
 - Liabilities have been reduced by 77% (\$57.5 billion) since 2005
- Remaining \$17.5 billion of annuities are largely long-dated and managed to optimize risk adjusted returns
 - Asset-liability management strategy is to cash match next 7 years and utilize higher return performance-based investments for subsequent payments
 - Approximately two-thirds of annuity payments expected to be made after 2030



- Lowered long-term asset return assumptions and mortality expectations, which resulted in a premium deficiency reserve of \$225 million, pre-tax
 - Lowered long-term forecast of treasury interest rates reflecting updated economic views
 - Premium deficiency created as current reserves and projected investment income is lower than forecasted benefit payments for immediate annuities with life contingencies

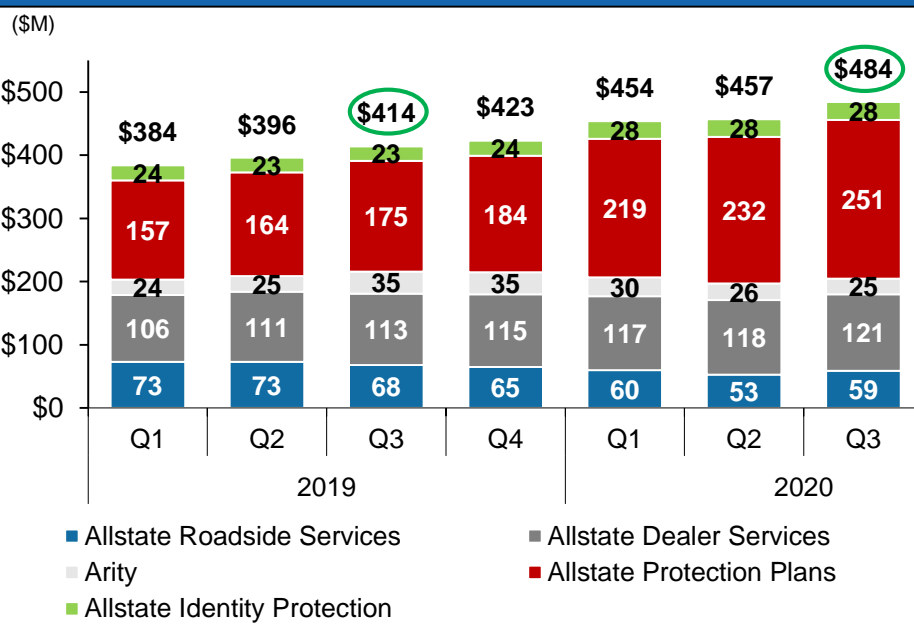
⁽¹⁾ Represents variable annuity separate account funds sold via reinsurance to Prudential in 2006.



Service Businesses Generated Growth and Profit

- Policies in force increased 38.6% to 133 million, primarily due to Allstate Protection Plans
- Revenues⁽¹⁾ of \$484 million increased 16.9% compared to the prior year quarter, driven by Allstate Protection Plans growth
- Adjusted net income of \$40 million increased \$32 million compared to prior year quarter, primarily due to Allstate Protection Plans revenue growth and improved profitability at Allstate Roadside Services

Service Businesses Revenues ⁽¹⁾



Service Businesses Results

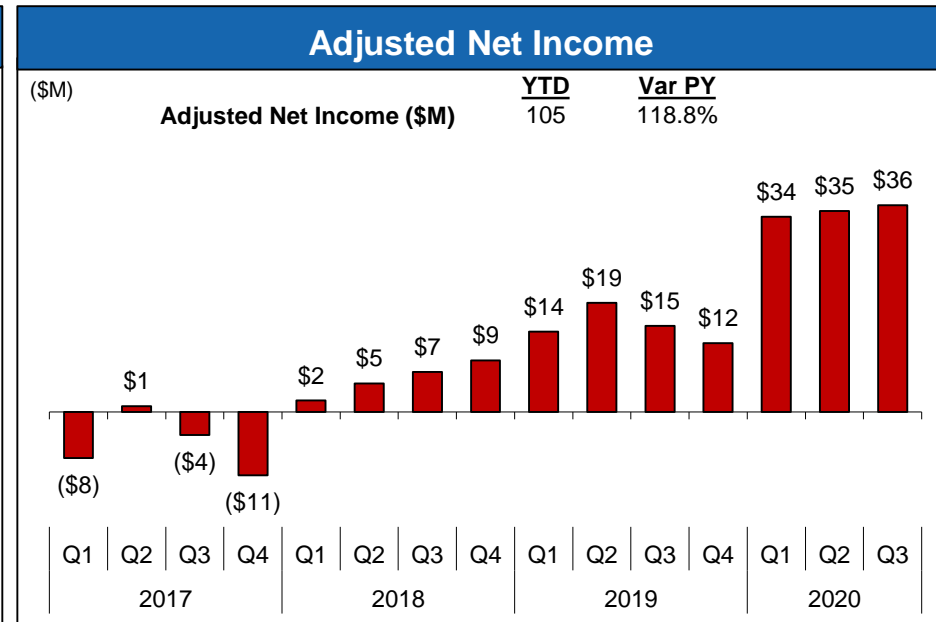
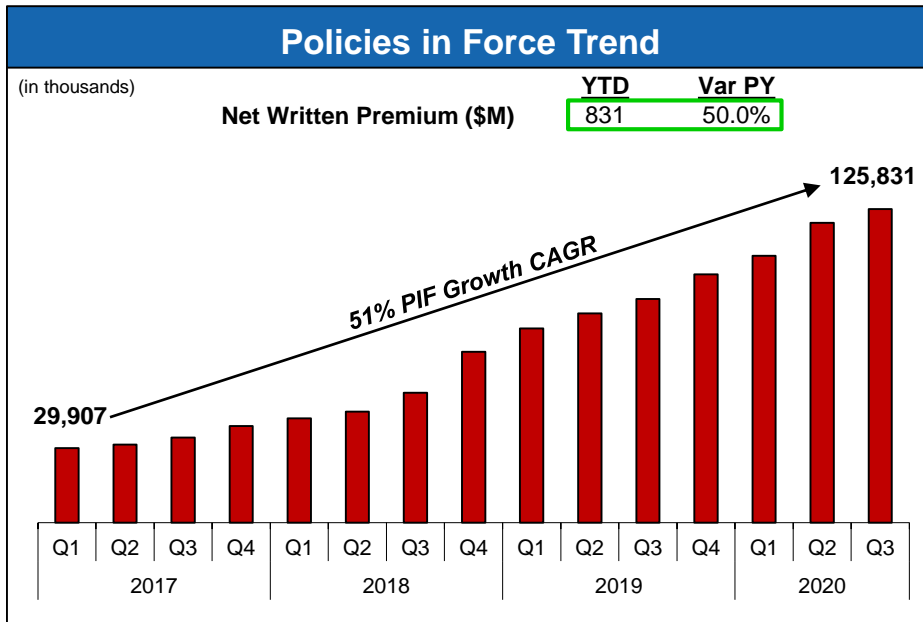
	Q3 2020	Var to PY	YTD 2020	Var to PY
(\$ in millions)				
Revenues ⁽¹⁾	\$484	16.9%	\$1,395	16.8%
Adjusted Net Income	\$40	\$32	\$115	\$80
Allstate Protection Plans	36	21	105	57
Arity	(3)	(2)	(9)	(5)
Allstate Roadside Services	4	9	8	22
Allstate Dealer Services	7	1	22	3
Allstate Identity Protection	(4)	3	(11)	3
Policies in Force (M)			133.0	38.6%

⁽¹⁾ Service Businesses revenues exclude the impact of realized capital gains and losses



Allstate Protection Plans - Technology Driven Innovation

- Acquired Allstate Protection Plans (SquareTrade) in 2017 for \$1.4 billion to further expand the circle of protection for customers



- Growth and profitability exceeding expectations
 - Expanding Total Addressable Market (appliances, furniture, cellular carriers and international)
 - Attractive unit economics
 - Scalable technology platform
 - Leveraging Allstate brand



Allstate Generates Attractive Returns

- Adjusted net income return on equity* of 17.7%
- Returned \$967 million to common shareholders through combination of share repurchases (\$798 million) and common dividends (\$169 million)
 - Executed a \$750 million accelerated share repurchase agreement in September expected to be completed on or before January 12, 2021

Capital Position			
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>Inc / (Dec)</u>
Adjusted Net Income Return on Equity*	17.7%	14.2%	3.5 pts
Common Shares Outstanding (in millions)	304.1	325.0	(6.4%)
Book Value per Common Share	\$82.39	\$69.84	18.0%
<u>Stock Valuation (Quarter End)</u>			
Price per Share⁽¹⁾	\$94	\$109	\$(15)
Price / LTM Earnings⁽²⁾	7.8	12.2	(4.4) pts
Price / Book Value	1.1	1.6	(0.5) pts

⁽¹⁾ Closing price on last closing day of period rounded to nearest dollar

⁽²⁾ Last twelve months earnings reflects adjusted net income





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. 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:
 - Insurance and Financial Services (1) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and the amount of realized capital losses recorded for impairments of our investments; (8) the impact of changes in market interest rates or performance-based investment returns on our annuity business; (9) the impact of changes in reserve estimates and amortization of deferred acquisition costs on our life, benefits and annuity businesses; (10) our participation in indemnification programs, including state industry pools and facilities; (11) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (12) a downgrade in financial strength ratings; (13) changes in tax laws;
 - Business, Strategy and Operations (14) competition in the insurance industry and new or changing technologies; (15) implementation of our Transformative Growth Plan; (16) our catastrophe management strategy; (17) restrictions on our subsidiaries’ ability to pay dividends; (18) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (19) the availability of reinsurance at current level and prices; (20) counterparty risk related to reinsurance; (21) acquisitions and divestitures of businesses; (22) intellectual property infringement, misappropriation and third-party claims;
 - Macro, Regulatory and Risk Environment (23) conditions in the global economy and capital and credit markets; (24) a large scale pandemic, such as the Novel Coronavirus Pandemic or COVID-19 and its impacts, or occurrence of terrorism or military actions; (25) the failure in cyber or other information security controls, or the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (26) changing climate and weather conditions; (27) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) losses from legal and regulatory actions; (29) changes in or the application of accounting standards; (30) loss of key vendor relationships or failure of a vendor to protect our data or confidential, proprietary and personal information; (31) our ability to attract, develop and retain key personnel, including availability and productivity of employees during the Coronavirus; and (32) misconduct or fraudulent acts by employees, agents and third parties.
- 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 speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.