



## The Allstate Corporation

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Raymond James Institutional Investors Conference

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**Allstate**<sup>®</sup>  
You're in good hands.



## Forward-Looking Statements and Non-GAAP Financial Information

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 2019 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](http://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](http://www.allstateinvestors.com), under the “Financials” link.



# Allstate's Strategy Drives Profitable Growth

## Increase Personal Property-Liability Market Share



- Differentiated Products
- Sophisticated Pricing
- Claims Expertise
- Integrated Digital Enterprise



Leveraging Allstate Brand and Capabilities



## Expand Protection Businesses



- Circle of Protection for Customers
- Innovative Growth Platforms
- Broad Distribution
- Support Property-Liability Businesses



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



# Allstate Delivers Excellent Results in 2019

- Allstate’s strategy is working: grow personal property-liability market share and expand protection businesses
- Achieved all five 2019 Operating Priorities
- Total revenues of \$44.7 billion and net income of \$4.7 billion in 2019
- Adjusted net income\* per diluted share of \$10.43 in 2019
- Adjusted net income return on common shareholders’ equity\* improved to 16.9% in 2019

	Twelve months ended Dec. 31,		
	2019	2018	Change
<i>(\$ in millions, except per share data and ratios)</i>			
<b>Total revenues</b>	<b>\$44,675</b>	<b>\$39,815</b>	<b>12.2%</b>
Total revenues (excl. realized capital gains and losses)	42,790	40,692	5.2%
Property-Liability insurance premiums	34,843	32,950	5.7%
Net investment income	3,159	3,240	(2.5)%
Realized capital gains and losses	1,885	(877)	NM
<b>Income applicable to common shareholders:</b>			
Net income	<b>4,678</b>	2,012	132.5%
<i>per diluted common share</i>	<i>14.03</i>	<i>5.70</i>	<i>146.1%</i>
Adjusted net income*	3,477	3,129	11.1%
<i>per diluted common share*</i>	<b>10.43</b>	8.86	17.7%
<b>Return on common shareholders’ equity (trailing twelve months)</b>			
Net income applicable to common shareholders	21.7%	10.0%	11.7 pts
Adjusted net income*	<b>16.9%</b>	16.2%	0.7 pts

NM = not meaningful



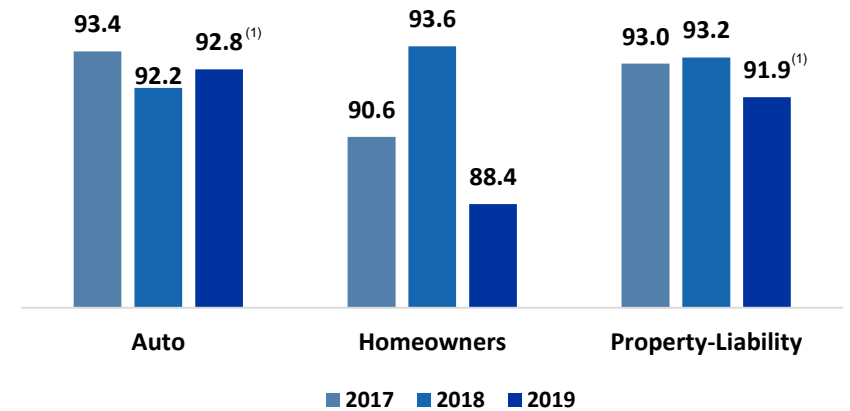
# Property-Liability Results Remain Strong

- Policy and premium growth continued with strong underlying profitability across businesses
- Underwriting income of \$2.8 billion in 2019 driven by lower catastrophe losses and strong underlying results
  - Auto and homeowners insurance profitability generating excellent returns
  - Expense ratio declined driven by continued focus on lowering cost structure

## Property-Liability Results

(\$ in millions)	2019	Var PY
Net Premiums Written	\$35,419	5.6%
Premiums Earned	34,843	5.7%
Policies in Force	33,692	1.3%
(in thousands)		
Underwriting Income	2,804	24.5%
Catastrophe Losses	2,557	(10.4)%
(% to premiums earned)		
Loss Ratio	67.8	(0.3) pts
Expense Ratio	24.2	(0.9) pts
Combined Ratio	92.0	(1.2) pts
Combined Ratio ex. Impairment <sup>*(1)</sup>	91.9	(1.3) pts
Underlying Combined Ratio*	85.0	(0.3) pts

## Combined Ratio by Line of Business<sup>(2)</sup>



<sup>(1)</sup> 2019 results adjusted to exclude \$51 million, pre-tax, charge for impairment of the Esurance trade name in the fourth quarter of 2019. Represents a 0.6 point and 0.1 point impact on Property-Liability results in the fourth quarter and full year combined ratios, respectively

<sup>(2)</sup> Aggregated results by line for auto and homeowners include Allstate, Esurance and Encompass brands



# Transformative Growth Plan to Increase Personal Property-Liability Market Share



- **Transformative Growth Plan builds on Allstate’s strengths and reflects current market conditions**
  - **Leverage Allstate brand, pricing sophistication, claims expertise, product breadth and broad distribution platform**
  - **GEICO and Progressive are growing auto insurance market share faster through significant advertising investments and low cost structures**
  - **Consumers’ needs are changing due to increased connectivity and advanced analytics (telematics and QuickFoto claim)**
  - **Majority of consumers value personal insurance agents (Integrated Service)**



## Transformative Growth Plan Improves Competitive Position

### Expand Customer Access

- Broaden direct access to Allstate branded products by leveraging Esurance
- Transform Allstate agency distribution for effectiveness and efficiency

### Enhance Customer Value

- Lower cost structure to improve competitive win rate without impacting margins
- Redesign products

### Invest in Technology and Marketing

- Technology stack composed of microservices for adaptability and speed
- Repositioned Allstate brand supported by increased advertising



## Expanding Protection Businesses



- Circle of Protection for Customers
- Innovative Growth Platforms
- Broad Distribution
- Support Property-Liability Businesses

- Portfolio of Innovative Growth Businesses
- Leveraging Allstate Brand
- Growing and Improving Margins:
  - Policies in force of 112.3 million, increased 38.6% to prior year as of December 2019
  - Premium of \$4.9 billion in 2019
  - Adjusted net income of \$428 million in 2019, despite large growth investments

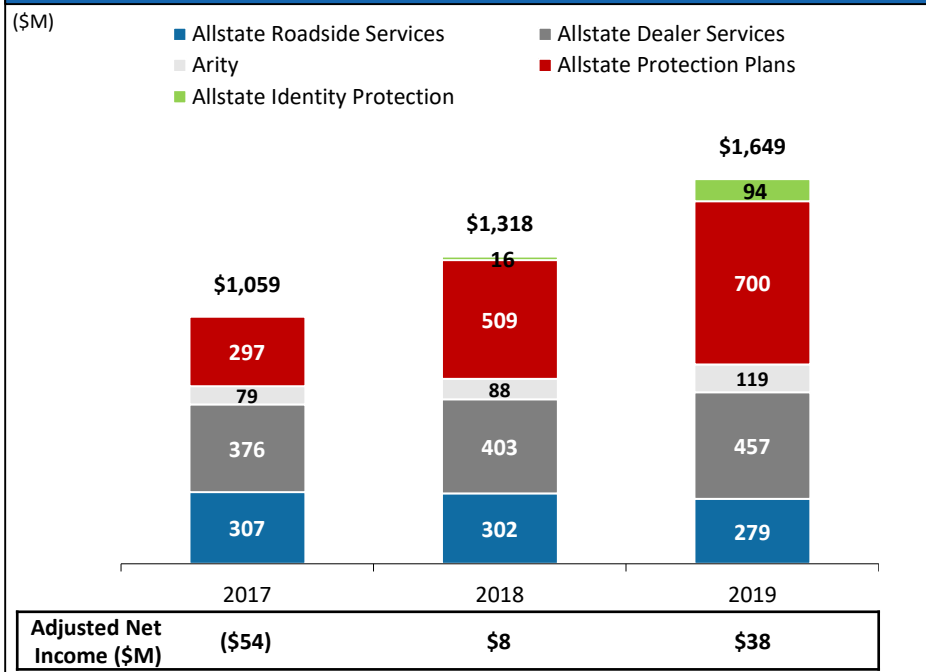




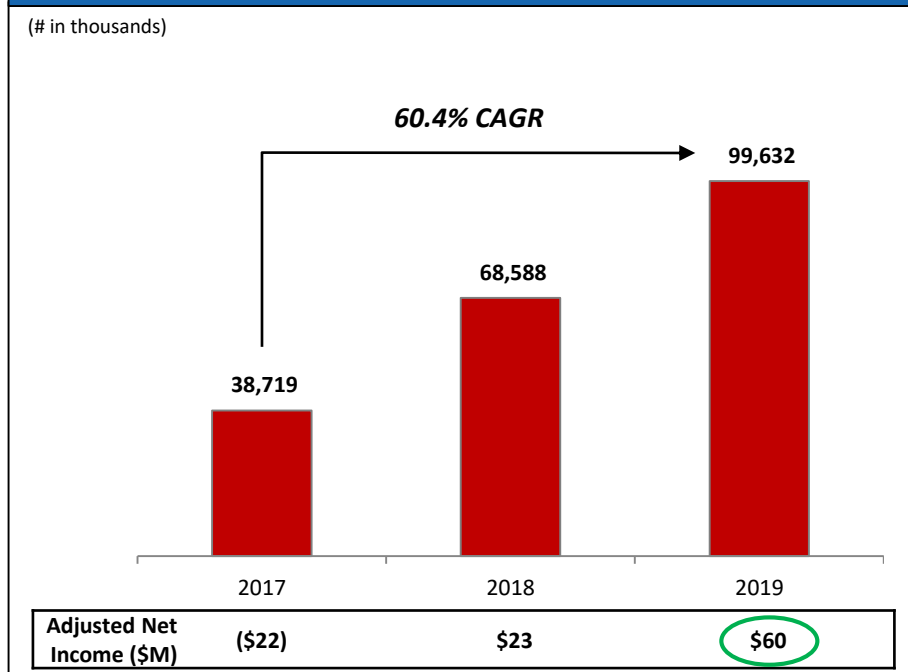
# Service Businesses Growth Continues; Adjusted Net Income Improved in 2019

- Policies in force increased 42.0% to 105.9 million, primarily due to Allstate Protection Plans
- Revenues of \$1.6 billion in 2019 were 25.1% higher than prior year
- Adjusted net income of \$38 million for the full year 2019
  - Improved loss performance in Allstate Protection Plans and Allstate Dealer Services
  - Significant investments in Allstate Identity Protection

### Service Businesses Revenues



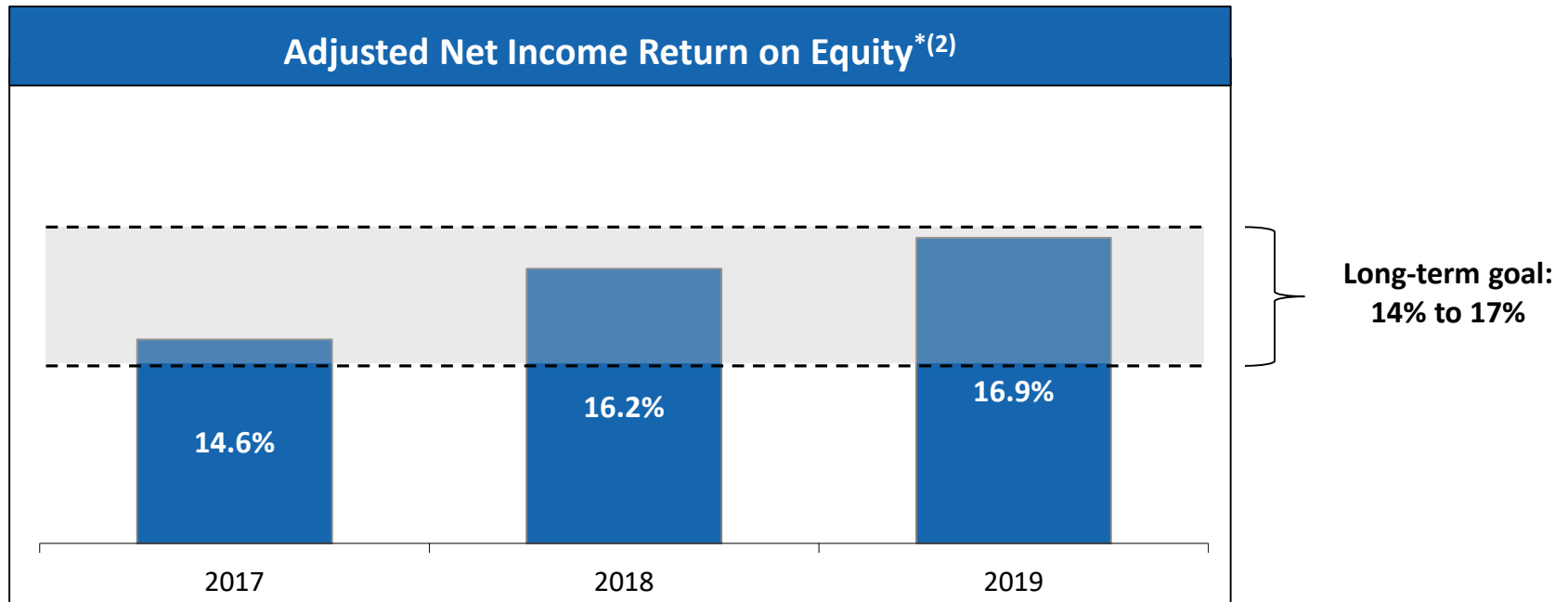
### Allstate Protection Plans Policies in Force





# Targeting Attractive Long-Term Adjusted Net Income Return on Equity

- Long-term adjusted net income return on equity\* goal of 14% to 17%
  - Range aligns with long-term incentive compensation<sup>(1)</sup>



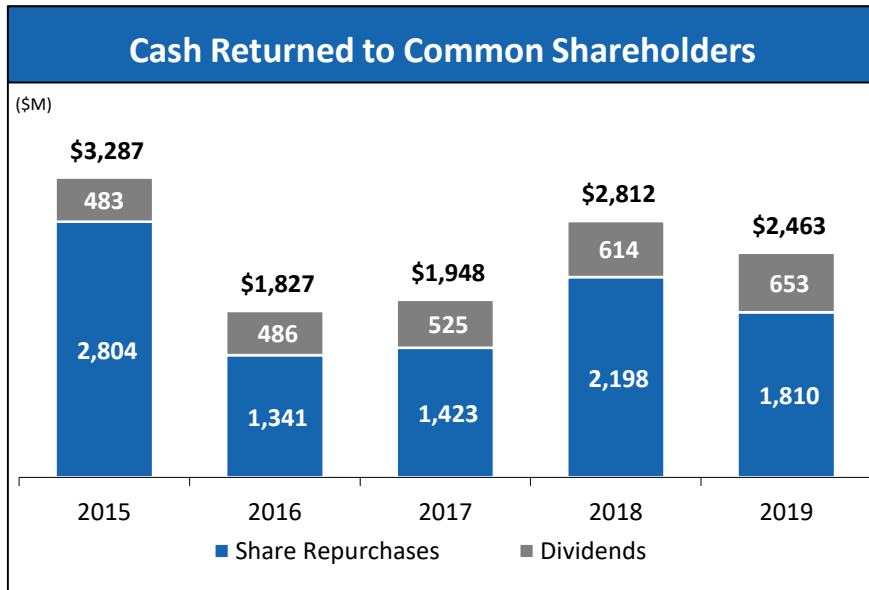
<sup>(1)</sup> Further detail on the average performance net income return on equity measure is provided in our annual proxy statement.

<sup>(2)</sup> On December 22, 2017, the Tax Legislation became effective, reducing the U.S. corporate income tax rate from 35% to 21% beginning January 1, 2018. As a result, the corporate tax rate is not comparable for periods 2017 and prior.



# Excellent Cash Returns to Shareholders

- Returned \$2.5 billion to common shareholders in 2019 through \$1.8 billion in share repurchases and \$653 million in common shareholder dividends
- The \$3 billion share repurchase program announced in October 2018 was completed in January 2020
- Announced a new \$3 billion share repurchase authorization to be completed by the end of 2021
- Increased quarterly dividend per common share 8.0% to \$0.54; paid on April 1, 2020
- Proactive capital management to reduce cost of capital



### Common Share Repurchases

	<u>Amount Repurchased (\$B)</u>	<u>% of Shares Outstanding</u>
<b>2019</b>	<b>\$1.8</b>	<b>4.9%</b>
<b>3 Years ('17 – '19)</b>	<b>\$5.4</b>	<b>15.6%</b>
<b>5 Years ('15 – '19)</b>	<b>\$9.6</b>	<b>28.7%</b>





## 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, 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; 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.