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6 May 2015

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Macquarie Australian Investment Conference Presentation – 6 May 2015

Please find attached a copy of QBE's presentation to be delivered today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "P Horton", with a stylized flourish at the end.

Peter Horton
Company Secretary

Encl.

QBE Insurance Group

Macquarie Australian investment conference

Pat Regan • Group Chief Financial Officer

Wednesday 6 May 2015

All figures in US\$ unless otherwise stated



Pat Regan

Group Chief Financial Officer

Agenda

- About QBE
- Recap of 2014 financial results and transformation
- Focus for the next 12 months
- 1Q15 trading update

About QBE

P&C pure play

- Top 20 global P&C insurer
- Large enough to influence but small enough to remain flexible/nimble
- No life insurance or external asset management distractions/complexities
- Specialty and commercial focus (minimal personal lines)
- Intermediary distribution: global and regional brokers, agents and banks

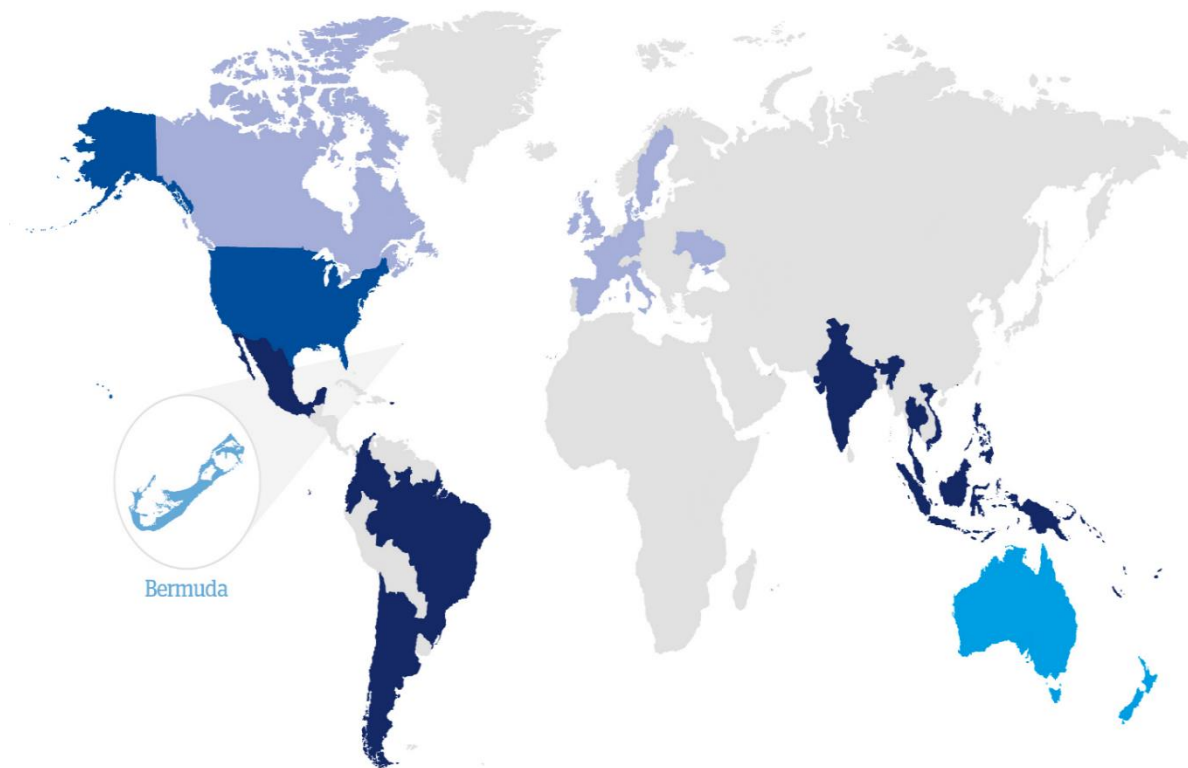
Unique global footprint

- Operations in 38 territories
- Leading industry positions in Australia and Lloyd's/London markets
- Strongly growing Emerging Markets division: 13% of Group GWP

Underwriting and ROE discipline

- Underwriting discipline
- ROE focus

About QBE (continued)



Countries in which QBE has operations

	2014 GWP(\$M)	
North American Operations	5,310	32%
European Operations	4,526	28%
Australian & New Zealand Operations	4,392	27%
Emerging Markets	2,179	13%
Equator Re		

2014 financial results summary

For the year ended 31 December		2013	2014	Change	
GWP	\$M	17,975	16,332	↓	9%
NEP	\$M	15,396	14,084	↓	9%
Underwriting profit	\$M	341	547	↑	60%
COR	%	97.8	96.1	↓	1.7ppt
Insurance profit	\$M	841	1,074	↑	28%
Insurance profit to NEP	%	5.5	7.6	↑	2.1ppt
Cash profit before tax	\$M	797	1,048	↑	31%
Net profit (loss) after income tax	\$M	(254)	742	↑	\$996M
Cash profit after tax	\$M	761	821	↑	8%
EPS diluted	US cents	(22.8)	55.8	↑	78.6 ¢
Dividend per share	AU cents	32.0	37.0	↑	16%

2014 divisional management results

2014	Australia & New Zealand	North America	Europe	Emerging Markets	Equator Re	⁽¹⁾ Group (statutory)
GWP (\$M)	4,392	5,310	4,526	2,179	642	16,332
<i>Contribution to Group GWP</i>	27%	32%	28%	13%	-	100%
GEP (\$M)	4,386	5,457	4,805	1,942	764	16,521
NEP (\$M)	3,834	4,471	3,567	1,705	525	14,084
Net claims ratio (%)	58.4	67.6	56.1	73.0	74.2	63.2
Net commission ratio (%)	13.9	15.6	20.1	21.6	3.3	16.8
Expense ratio (%)	14.7	17.6	17.6	18.1	2.4	16.1
COR (%)	87.0	100.8	93.8	112.7	79.9	96.1
Insurance profit margin (%)	17.7	0.2	9.7	(6.4)	27.7	7.6

2013

COR (%)	87.9	111.5	93.7	96.6	84.2	97.8
Insurance profit margin (%)	17.2	(10.6)	9.0	7.1	26.5	5.5

(1) Includes corporate adjustments

Transforming QBE

Underwriting excellence

- Remediation largely completed – particularly in North America and Europe
- Attritional claims ratio remains a key focus
- Reinsurance – external program restructured and improved to reduce volatility
- Crop – operational and financial initiatives to reduce volatility
- Argentine workers' compensation business sold

Financial strength

- Tangible capital increased materially
- Claims central estimate strengthened by >\$1Bn over two years – stabilised in 2014
- Debt to equity and debt to tangible equity reduced
- PCA multiple increased and in line with more demanding benchmark

Operational discipline

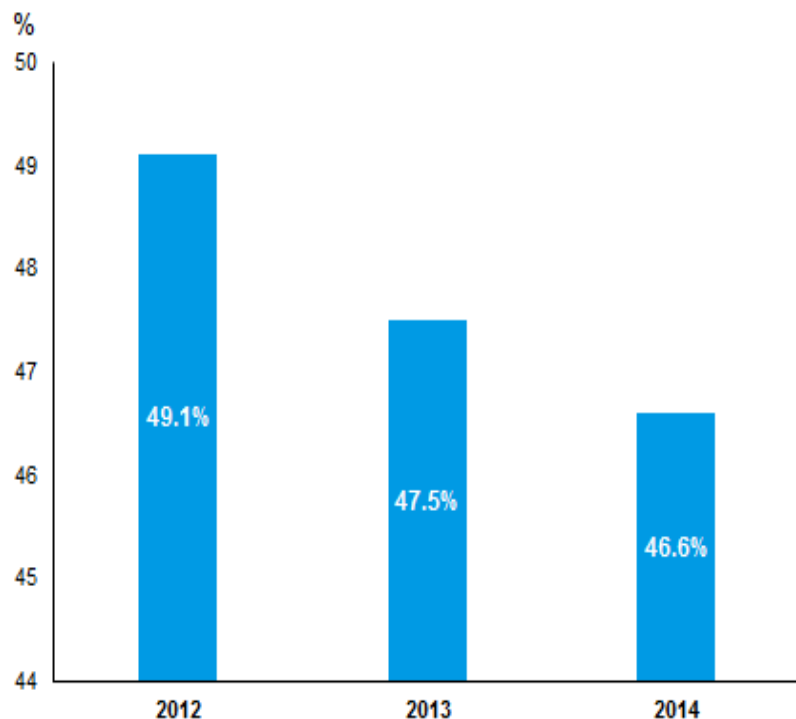
- Scalable, centralised operating model in the Philippines
- Expense and claims procurement savings on track
- Further expense initiatives under consideration

Leadership

- Significant reset of Group Executive
- Senior executives – 30% refresh in past two years

Transforming QBE – underwriting excellence

Underlying attritional claims ratio analysis



- Australian & New Zealand Operations – price increases and portfolio remediation and revised risk selection
- European Operations – significant rationalisation and remediation of underperforming portfolios
- North America – reset as a commercial specialty insurer

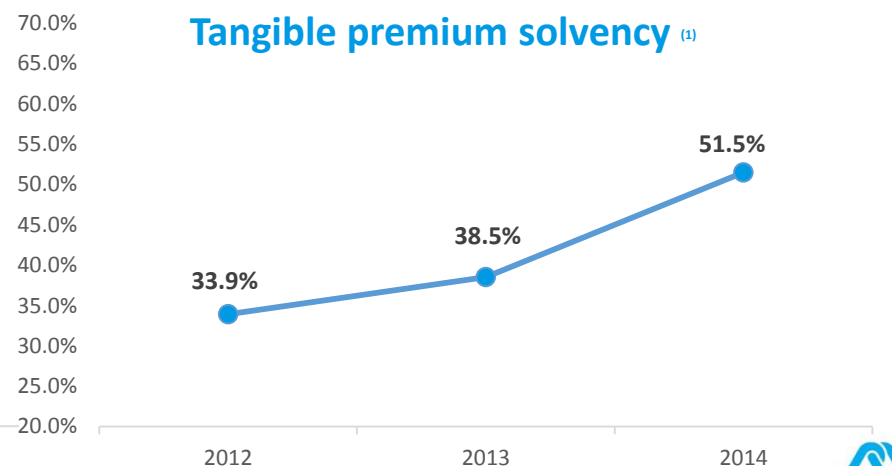
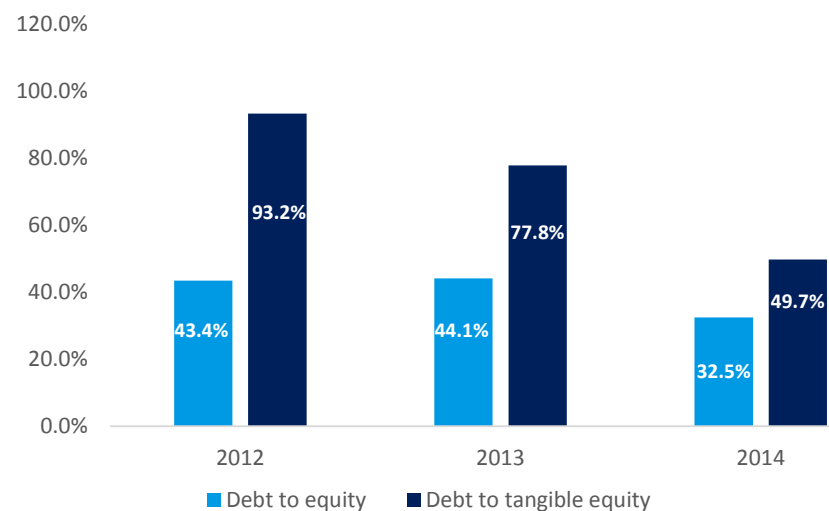
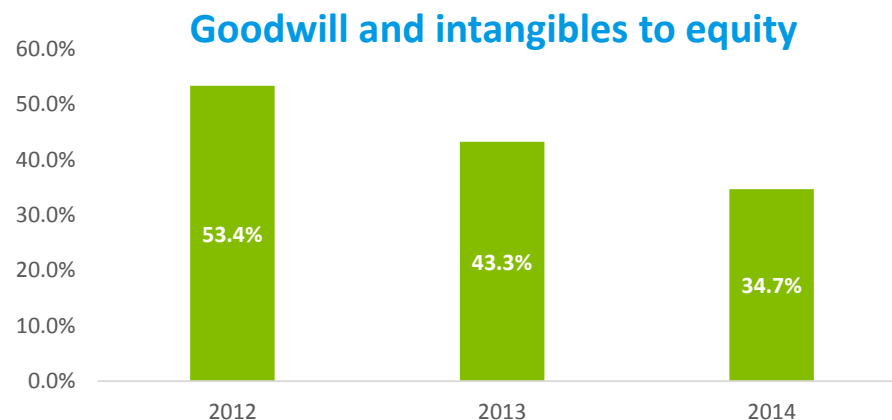
Transforming QBE - financial strength

2014 components of capital plan executed in full

- ✓ \$780M capital raising
- ✓ Repurchase and cancellation of \$500M of convertible securities
- ✓ \$700M tier 2 capital qualifying subordinated debt issue
- ✓ \$393M buyback of non-qualifying senior debt
- ✓ Sale of US agencies for \$217M plus earn out
- ✓ Sale of Australian agencies for A\$290M plus/minus earn out

Transforming QBE – financial strength (continued)

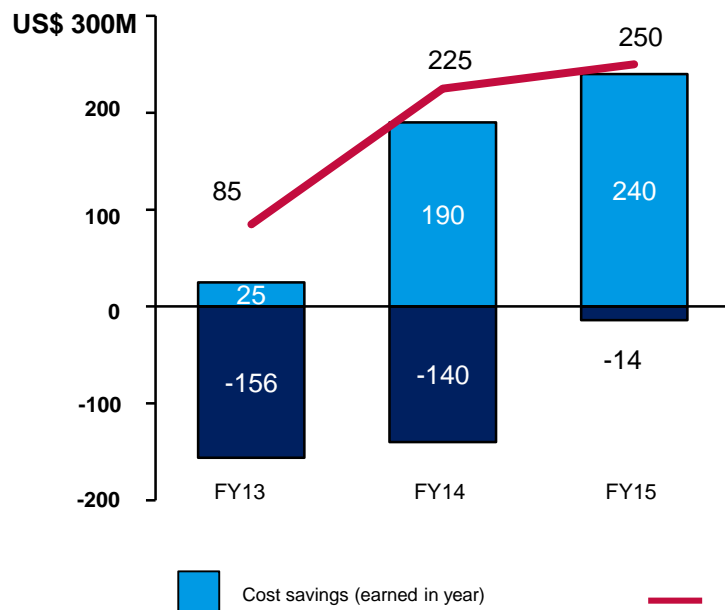
	2012 \$M	2013 \$M	2014 \$M
NEP	15,798	15,396	14,084
Goodwill and intangibles	6,068	4,480	3,831
Borrowings	4,932	4,571	3,581
Shareholders' funds	11,358	10,356	11,030
APRA capital base	8,888	8,955	10,008



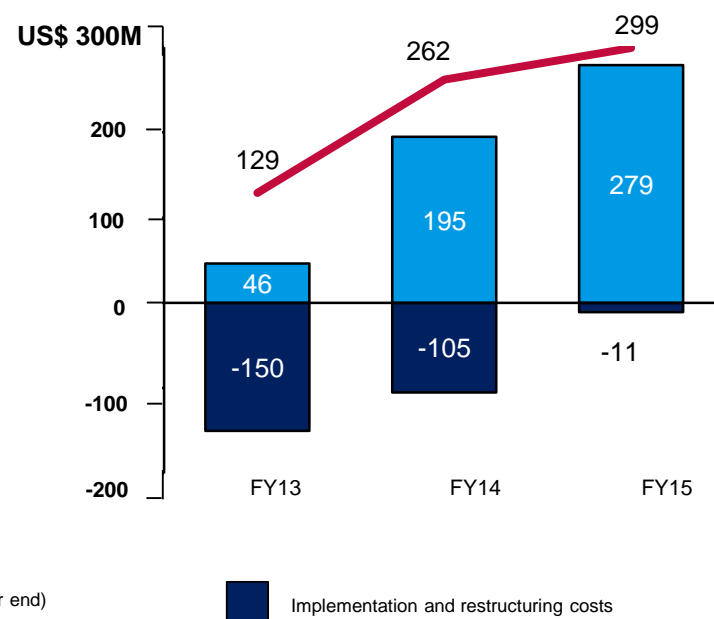
(1) Calculated as the ratio of net tangible assets to net earned premium

Transforming QBE – operational discipline

JULY 2013 ANNOUNCEMENT
ORIGINAL COST AND BENEFIT IMPACT (P&L)



2014 ACTUALS (FY15 TARGET)
COST AND BENEFIT IMPACT (P&L)



Excludes claims procurement savings of \$90m+ per annum achieved at the end of 2014

Improving financial performance - portfolio

Reinsurance

- Worldwide reinsurance treaties restructured and improved
- Aggregate covers consolidated and placed for 2015 and 2016 – single treaty provides \$960M of cover in excess of \$1,100M for large individual risk and catastrophe claims (ex crop/LMI)
- Earnings stability and capital savings

Crop

- Crop business significantly restructured
- Heightened usage of data analytics
- Exposure to crop hail extensively reduced via quota share
- Derivatives to be purchased to limit impact of volatility in corn and soy prices

Lender-placed

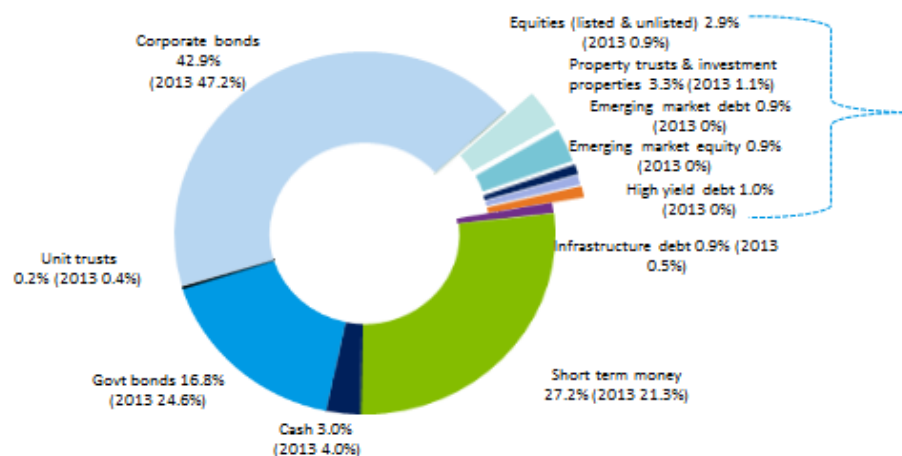
- Currently generating a significant run-rate loss
- Evaluating a range of options to mitigate impact

Argentine workers' compensation sold

- Business sold for around 1.7x book value
- Legislative changes coupled with extreme inflation have impaired margins
- Prospective return on risk adjusted capital insufficient to justify investment

Investments

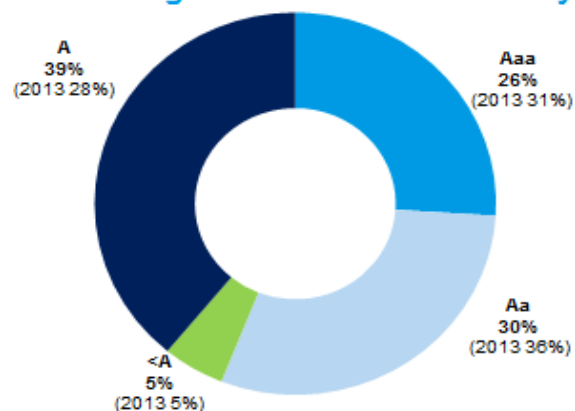
Total investments and cash at 31 Dec 2014 - \$28.6Bn



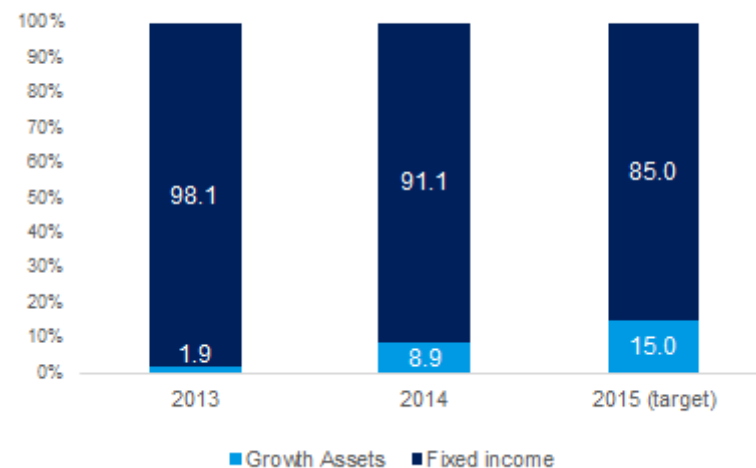
Exposure to growth assets

- Increased from ~2% to ~9% during 2014
- Increased exposure contributed 0.2% to gross investment return of 2.8%
- Increased to around 14% post year end
- Asset allocation remains conservative relative to global peers

Interest bearing financial assets - Moody's rating⁽¹⁾



Investment portfolio mix



2015 outlook unchanged

Gross written premium **\$15.5 – 15.9Bn** ⁽¹⁾

(\$16.4 – 16.8Bn in constant currency)

Net earned premium **\$12.6 – 13.0Bn** ⁽¹⁾

(\$13.4 – 13.8Bn in constant currency)

Combined operating ratio **94% - 95%** ^{(2) (3)}

Insurance profit margin **8.5% - 10%** ^{(2) (3)}

- (1) Premium targets are based on assumed FX rates which are significantly below actual average 2014 FX rates and excludes \$238M of GWP and \$216M of NEP due to the sale of the Argentine workers' compensation business
- (2) Assumes \$1,100M cost of large individual risk and catastrophe claims (ex crop/LMI) consistent with attachment point on worldwide aggregate stop loss treaty
- (3) Assumes no change in risk free rates from 31 December 2014 levels

Our focus over the next 12 months

Earnings predictability and stability

- No surprises - achieve FY15 guidance
- Demonstrate ongoing reserve stability
- Cost of large individual risk and catastrophe claims more predictable
- Optimise asset allocation to enhance investment returns

Growing dividend

- Target strongly growing dividends
- Dividends expected to be fully franked in 2015 and 2016
- Payout policy of 'up to 50% of cash profit' under review

Underwriting performance

- Overarching focus on underwriting and claims management excellence
- Maintain attritional claims ratio in a competitive environment
- Improve profitability in North America and Latin America

Operational efficiency

- Expense ratio currently 2-3% above global peers
- Delivery of additional cost savings remain a priority
- Further leverage scalable operating platform created in the Philippines
- Investment in analytics and systems
- Enhance IT and processing efficiency

Our focus over the next 12 months (continued)

Lender-placed

- Premium income has declined from a peak of ~\$1.6Bn to ~\$400m
- Currently generating a significant run-rate loss
- Further substantial right-sizing of cost base to halve loss
- Evaluating a range of more permanent strategic options

QBE LMI

- Planned IPO on pause (but IPO preparation continues)
- Profitability remains strong
- Re-signed a major customer in March
- Currently tendering for a major new business opportunity
- Evaluating a range of strategic options to optimise value

Platform to drive longer term organic premium growth of 3-4% pa

- Structured approach to retention
- Global distribution - streamline interaction with global brokers
- Bancassurance strategy
- Products per customer
- Industry verticals
- Multinationals
- Emerging Markets

1Q15 trading update

- Pricing conditions remain competitive in all markets
- GWP trending broadly in line with expectations
- Annual cost of large individual risk and catastrophe claims capped at \$1.1Bn
 - benign 1Q15 large individual risk claims experience
 - YTD catastrophe claims dominated by Australia/Pacific Islands
- Adverse 1Q15 risk free (discount) rate impact of around \$90M
 - material reversal in April
- Previously advised \$300M cost savings initiative on track – targeting further cost out and scale efficiency
- Growth asset strategy bearing fruit - annualised 1Q15 net investment return well ahead of FY14 actual return of 2.7%

Questions

Important disclaimer

The information in this presentation provides an overview of the results for the year ended 31 December 2014 and up to 31 March 2015, 2015 outlook, focus areas for the next 12 months and first quarter 2015 trading update.

This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange ("ASX"). Copies of those lodgements are available from either the ASX website www.asx.com.au or QBE's website www.qbe.com.

Prior to making a decision in relation to QBE's securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances.

This presentation contains certain "forward-looking statements" including for the purposes of the U.S. Private Securities Litigation Reform Act of 1995. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position and performance, and focus areas are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those either expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.

Thank you