



The Allstate Corporation

First Quarter 2018 Earnings Presentation
May 2, 2018

Allstate[®]
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 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 Executing Profitable Growth Plan

- **Excellent execution of 2018 operating plan**
 - Progress on all five Operating Priorities
 - Benefited from unexpected decline in auto accident frequency, lower catastrophe losses and reduced federal taxes
- **Net income applicable to common shareholders of \$946 million, or \$2.63 per diluted share**
 - Adjusted net income* of \$1.07 billion, or \$2.96 per diluted share
- **Adjusted net income return on common shareholders' equity* was 15.0% for the 12 months ended March 31, 2018**

(\$ in millions, except per share data and ratios)	Three months ended March 31,		
	2018	2017	Change
Total revenues	\$9,770	\$9,644	1.3%
Property-Liability insurance premiums	8,019	7,759	3.4%
Net investment income	786	748	5.1%
Policies in force (in thousands)			
Allstate Protection	32,554	32,611	(0.2)%
Service Businesses	46,524	34,800	33.7%
Income applicable to common shareholders:			
Net income	946	666	42.0%
<i>per diluted common share</i>	2.63	1.79	46.9%
Adjusted net income*	1,066	608	75.3%
<i>per diluted common share*</i>	2.96	1.64	80.5%
Return on common shareholders' equity			
Net income applicable to common shareholders	16.6%	11.6%	5.0 pts
Adjusted net income*	15.0%	11.9%	3.1 pts



Allstate Makes Good Progress on 2018 Operating Priorities

Better Serve Customers

- Net Promoter Score increased as customer satisfaction improved
- Retention improved in both Allstate and Esurance brands

Achieve Target Economic Returns on Capital

- Property-Liability recorded combined ratio of 88.0 in the first quarter
 - Auto insurance underlying margins improved across all three underwritten brands
 - Allstate brand homeowners insurance continued to perform within targeted levels
- Achieved good returns in Allstate Life and Allstate Benefits, partially reflecting lower taxes

Grow Customer Base

- Allstate and Esurance brands growing policies in force
- Allstate Benefits policy growth of 6.7%
- SquareTrade policies grew to 41.8 million, or 39.8%

Proactively Manage Investments

- Net investment income benefited from performance-based investment results
- Total return of -0.5% as the contribution from investment income was more than offset by lower-fixed income valuations and a decline in equity markets

Build Long-Term Growth Platforms

- SquareTrade made progress on the objectives supporting the acquisition
- Arity supporting expansion of Allstate and Esurance telematics utilization



Allstate and Esurance Brands Increased Growth and Profitability

2018 Property-Liability Results		
(\$ in millions)	<u>Q1</u>	<u>Var PY</u>
Net Written Premium	\$7,844	5.0%
Recorded Combined Ratio	88.0	(4.9) pts
Catastrophes	\$361	(53.8)%
Underlying Combined Ratio*	84.2	0.1 pts

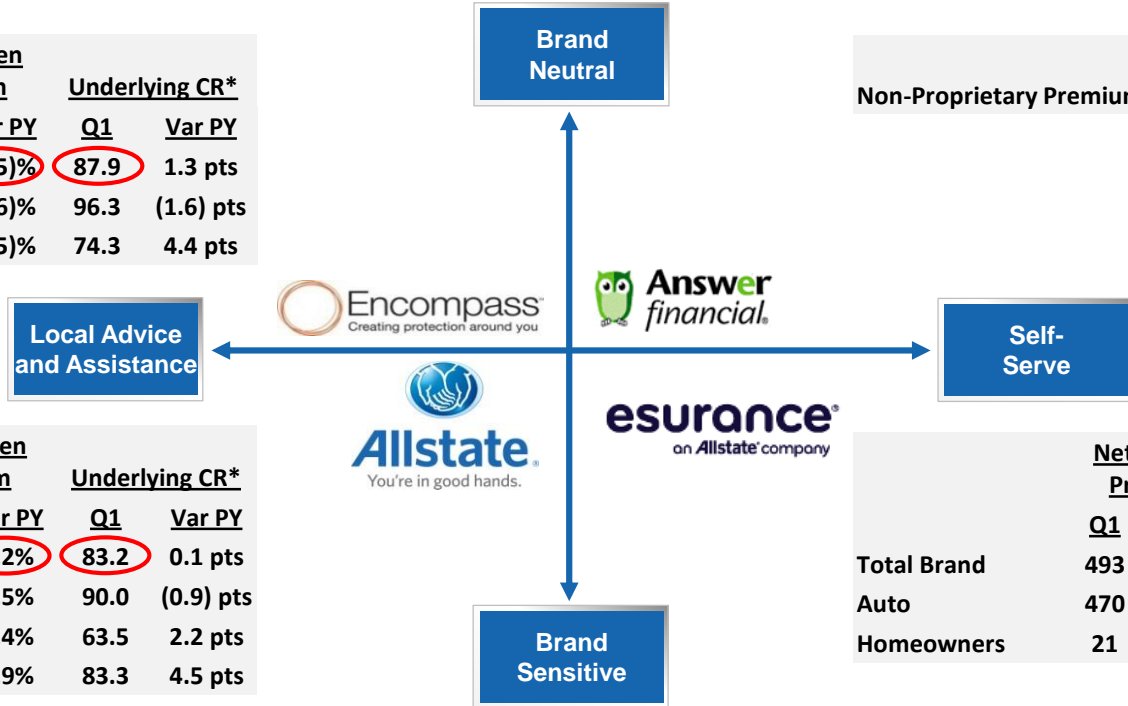
Allstate Protection Customer Segment Results

	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q1</u>	<u>Var PY</u>	<u>Q1</u>	<u>Var PY</u>
Total Brand	223	(5.5)%	87.9	1.3 pts
Auto	118	(5.6)%	96.3	(1.6) pts
Homeowners	86	(5.5)%	74.3	4.4 pts

	<u>Q1</u>	<u>Var PY</u>
Non-Proprietary Premiums	148	(3.3)%

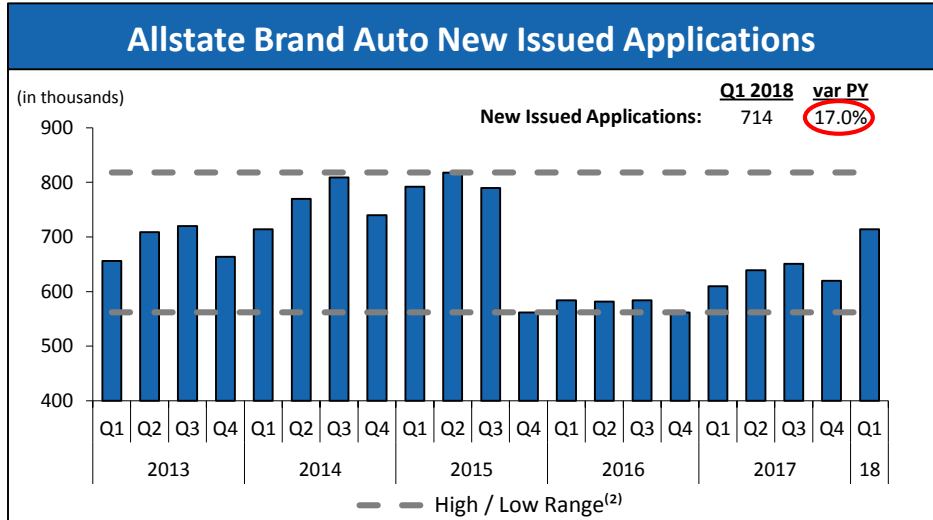
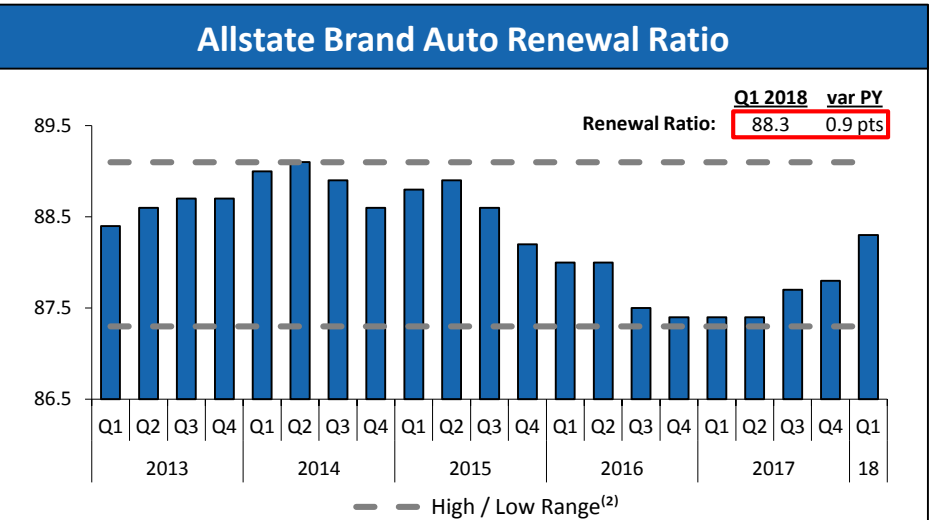
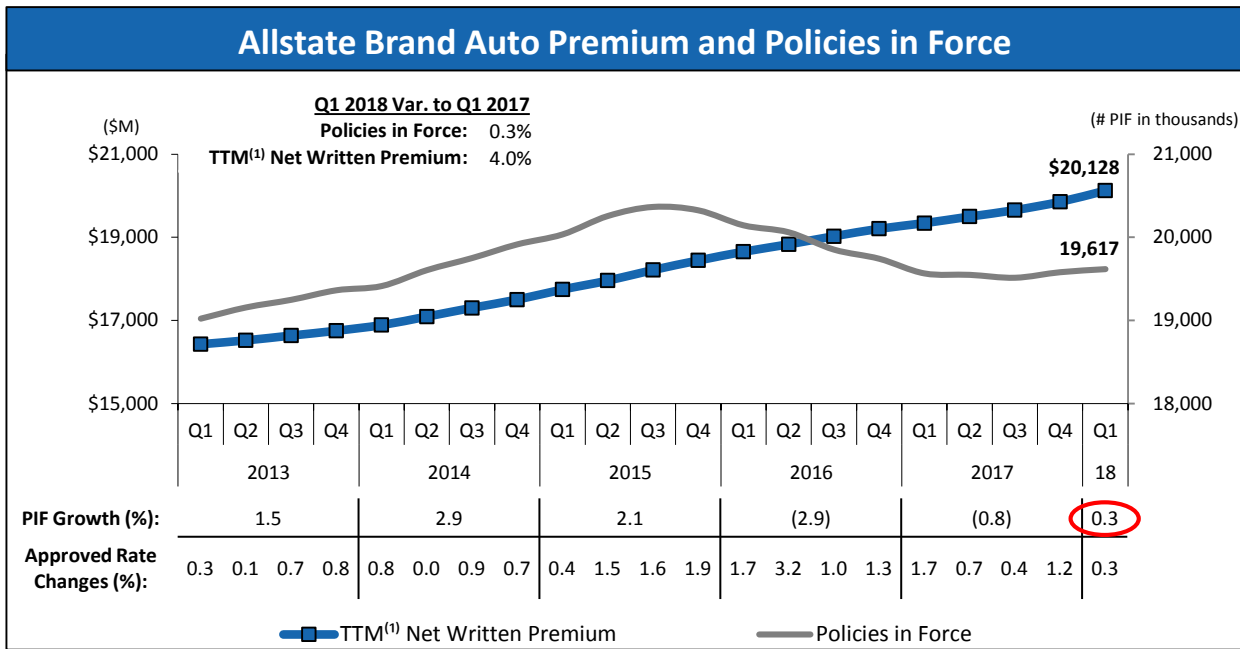
	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q1</u>	<u>Var PY</u>	<u>Q1</u>	<u>Var PY</u>
Total Brand	7,128	5.2%	83.2	0.1 pts
Auto	5,151	5.5%	90.0	(0.9) pts
Homeowners	1,465	4.4%	63.5	2.2 pts
Other Personal Lines	375	1.9%	83.3	4.5 pts

	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q1</u>	<u>Var PY</u>	<u>Q1</u>	<u>Var PY</u>
Total Brand	493	7.9%	98.4	(1.8) pts
Auto	470	7.1%	98.8	(1.0) pts
Homeowners	21	31.3%	90.0	(31.4) pts





Allstate Brand Auto Policies in Force Increased



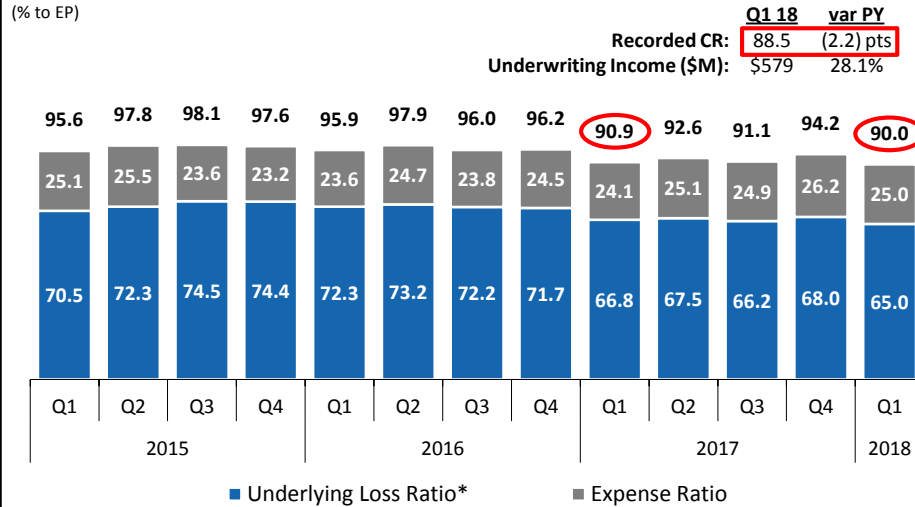
⁽¹⁾ Trailing twelve months

⁽²⁾ High / Low Range represents the highest and lowest levels recorded from Q1 2008 to Q4 2017.

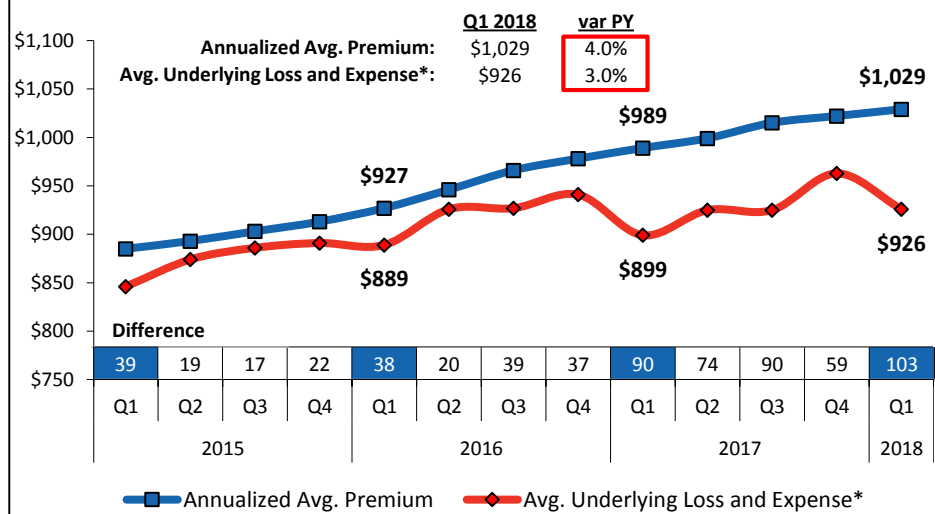


Allstate Brand Auto Underwriting Profit Benefited From Lower Accident Frequency

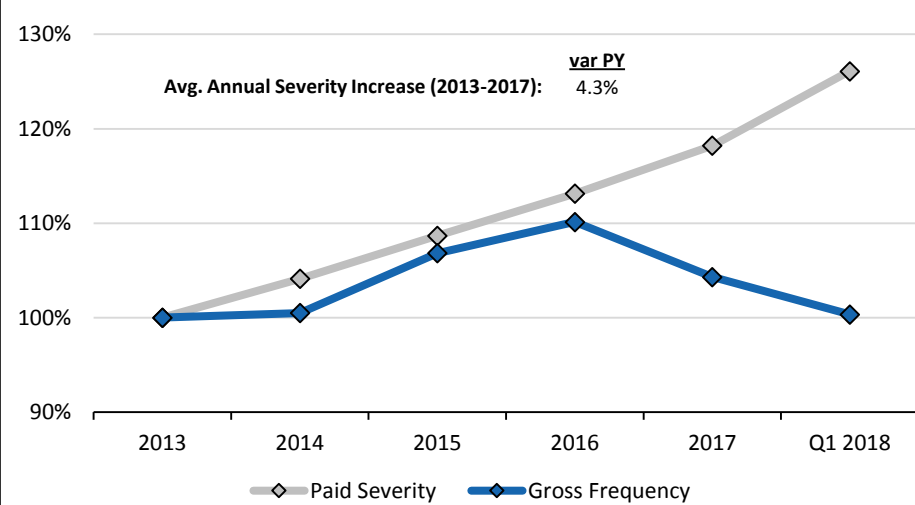
Allstate Brand Auto Underlying Combined Ratio*



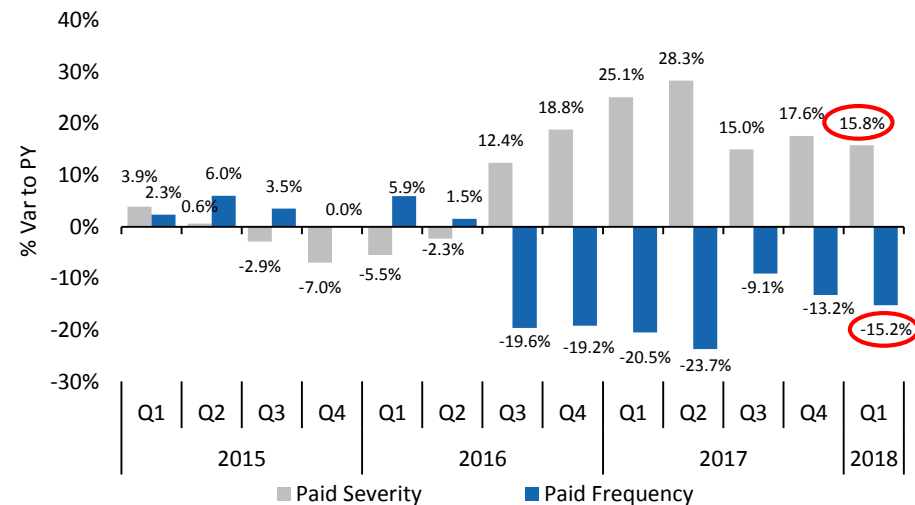
Allstate Brand Auto Underlying Margin Per Policy Trend



Auto Property Damage Statistics Indexed to 2013



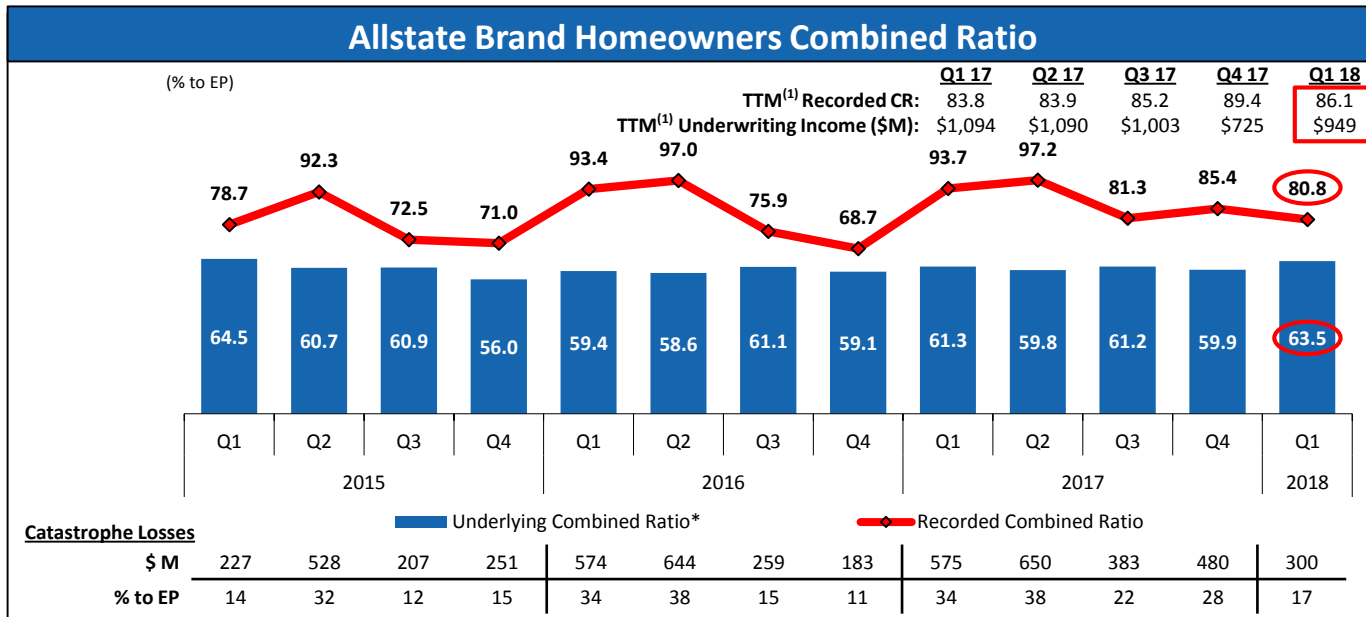
Auto Bodily Injury Paid Frequency & Severity Trends⁽¹⁾



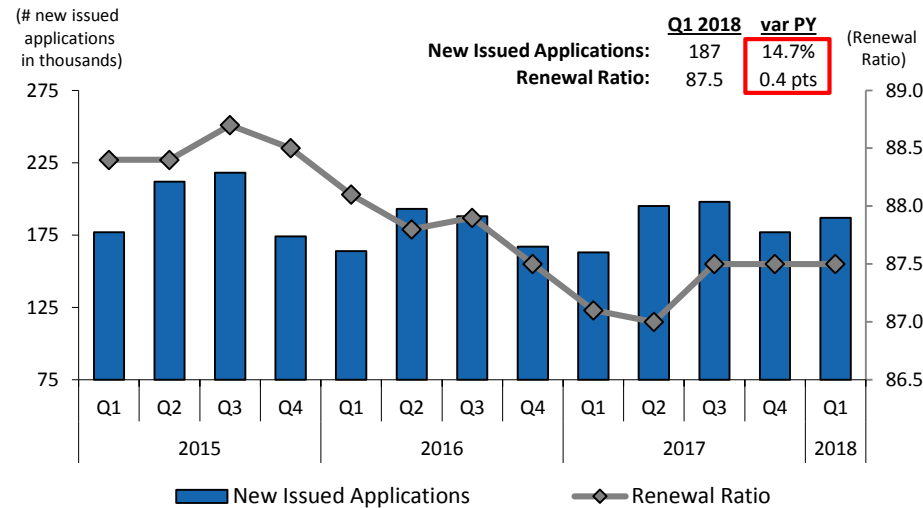
⁽¹⁾The decrease in paid frequency and increase in paid severity during the quarter reflect payment mix and claim closure patterns that were impacted by changes in bodily injury claims processes as highlighted in first quarter 2018 Form 10-Q. Allstate Earnings Conference Call Presentation: May 2, 2018



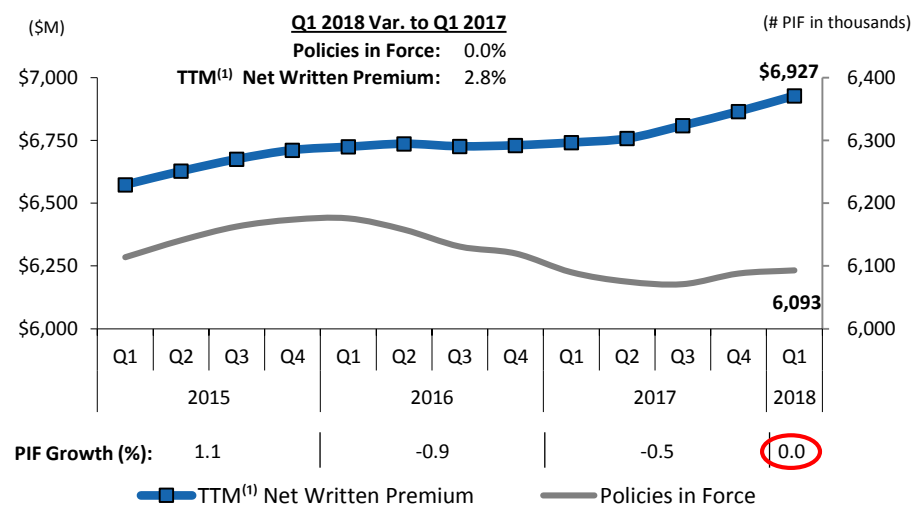
Allstate Brand Homeowners Continued to Generate Attractive Returns



Homeowners New Issued Applications & Renewal Ratio



Homeowners Premium and Policies in Force

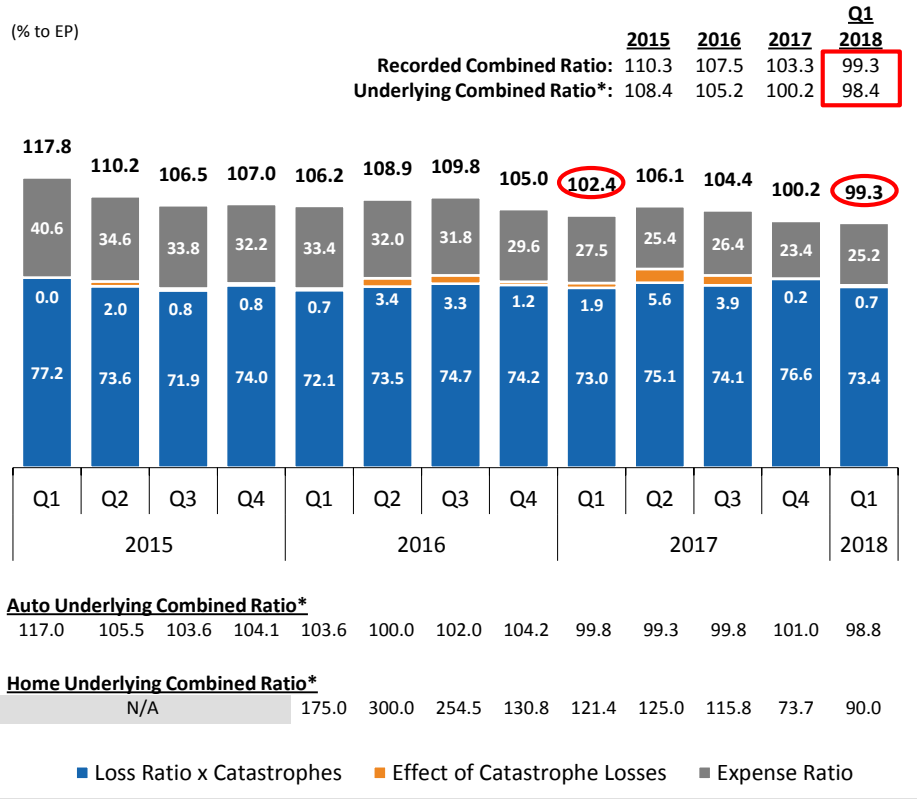


⁽¹⁾ Trailing twelve months

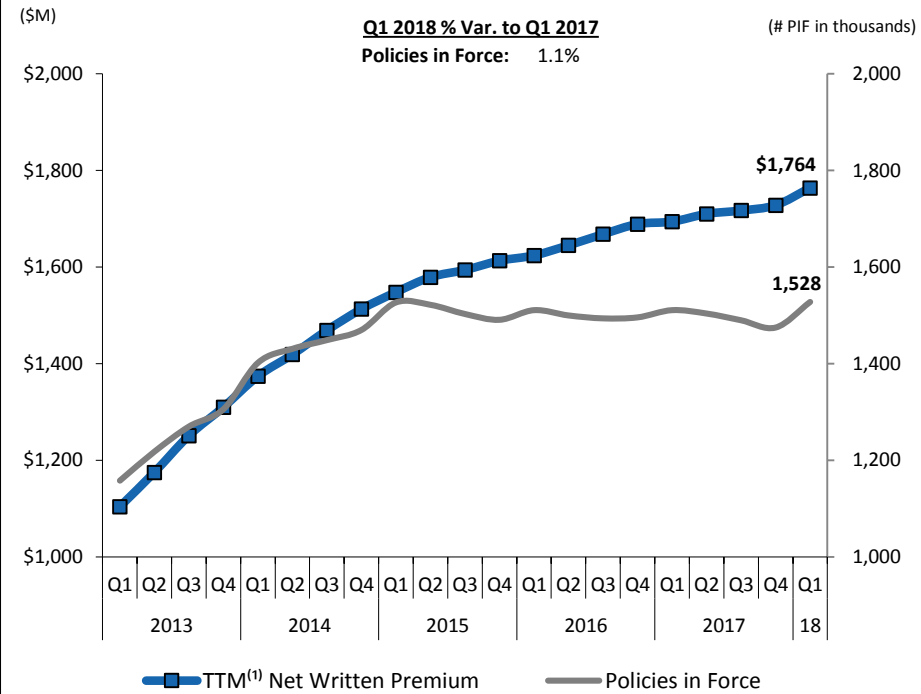


Esurance Positioned to Grow

Esurance Combined Ratio



Esurance Brand Premium and Policy in Force Trends

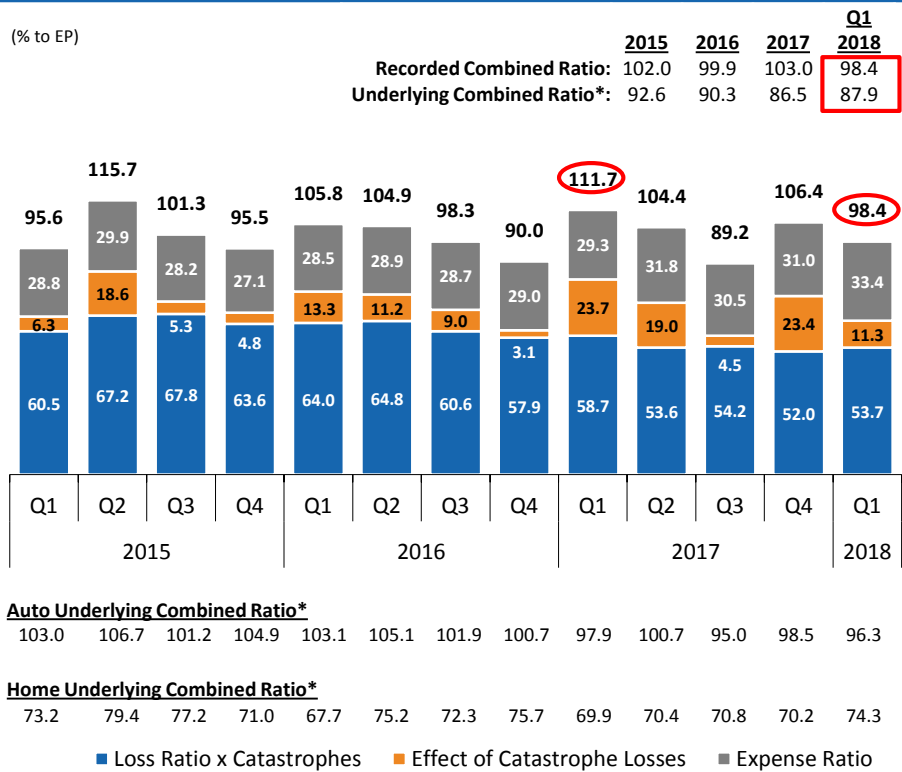


⁽¹⁾ Trailing twelve months

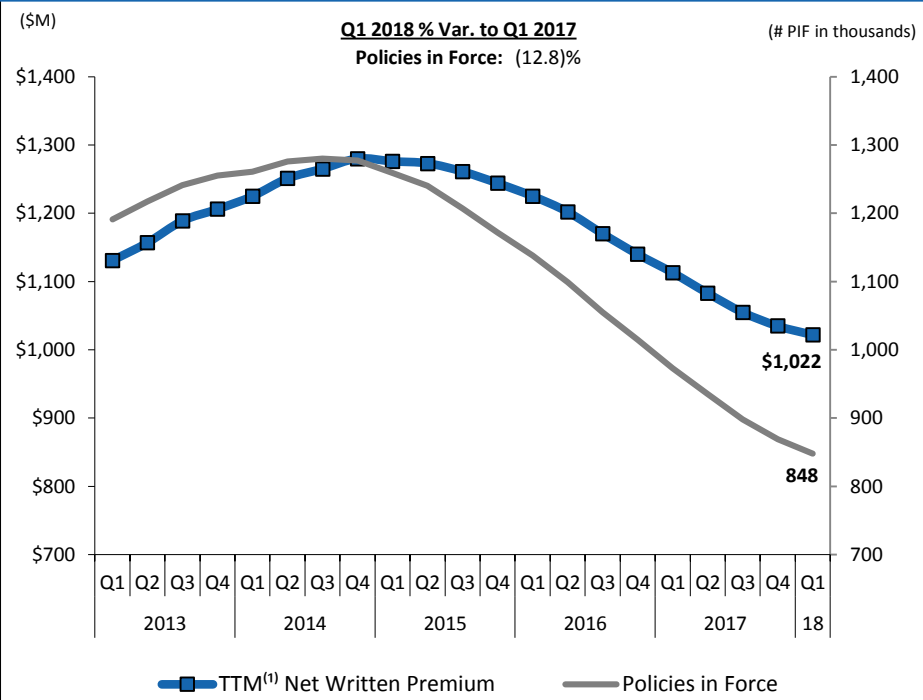


Encompass Executing Profit Improvement Plan

Encompass Combined Ratio



Encompass Brand Premium and Policy in Force Trends



⁽¹⁾ Trailing twelve months



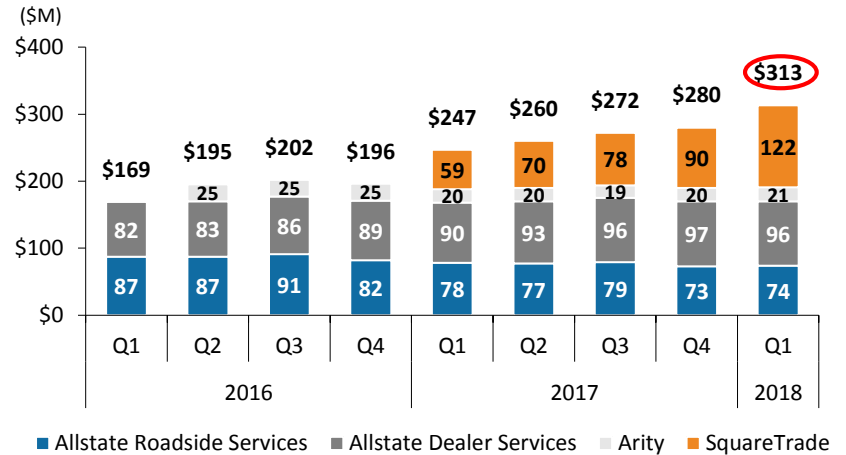
Service Businesses Building Growth Platforms



Service Businesses Results

(\$ in millions)	1st Quarter		
	2018	2017	Var. PY
Revenues^(1,2)	\$313	\$247	26.7%
Policies in Force (in thousands)	46,524	34,800	33.7%
Net Loss	\$(24)	\$(25)	\$1
Adjusted Net Loss	\$(5)	\$(10)	\$5

Service Businesses Revenues^(1,2)



SquareTrade Measures of Acquisition Success

- Rapidly grow new and existing domestic customers**
 - Policies in force increased 39.8% to 41.8 million
- Raise profitability and returns on capital deployed**
 - Transitioned underwriting risk and return to Allstate
 - Adjusted net income of \$2 million
- Create sustainable growth beyond U.S. retail**
 - Continued investment and expansion in European cellphone protection plans

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

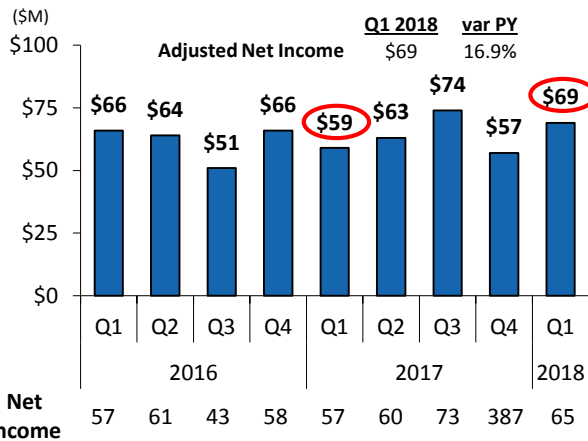
⁽²⁾ Numbers prior to the first quarter of 2017 do not include SquareTrade as they precede its acquisition. SquareTrade Q1 2018 revenue includes a \$30 million increase related to the adoption of the revenue from contracts with customers accounting standard related to protection plans sold directly to retailers for which Allstate is deemed to be the principal in the transaction.



Allstate Life and Benefits Generated Attractive Returns

Allstate Life

Adjusted Net Income

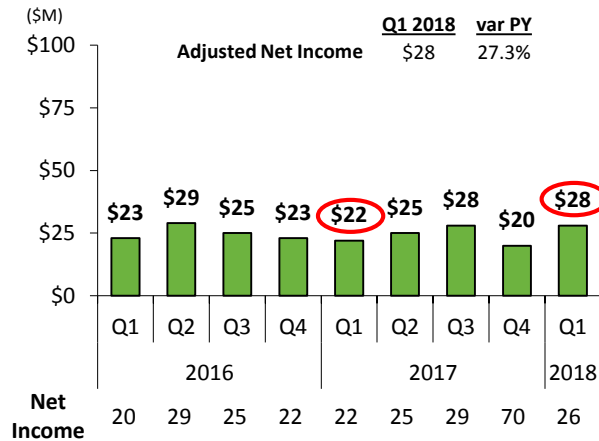


Key Highlights

(\$ in millions)	1st Quarter		
	2018	2017	Var. PY
Premiums & Contract Charges	\$327	\$321	1.9%
Benefit Spread	67	69	(2.9)%
Investment Spread	52	51	2.0%
Expenses & DAC Amortization	119	122	(2.5)%

Allstate Benefits

Adjusted Net Income

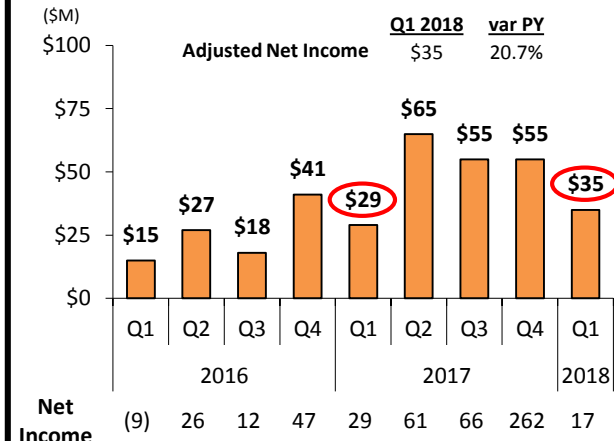


Key Highlights

(\$ in millions, except ratios)	1st Quarter		
	2018	2017	Var. PY
Premiums & Contract Charges	\$286	\$269	6.3%
Benefit Ratio	52.1%	50.6%	1.5 pts
Operating Expense Ratio	25.2%	24.9%	0.3 pts

Allstate Annuities

Adjusted Net Income



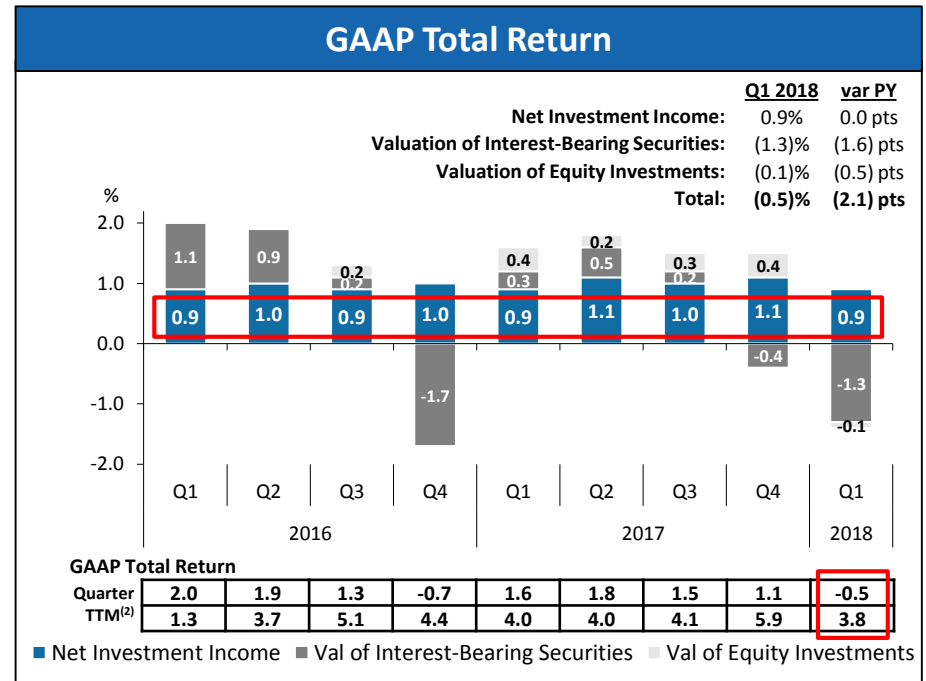
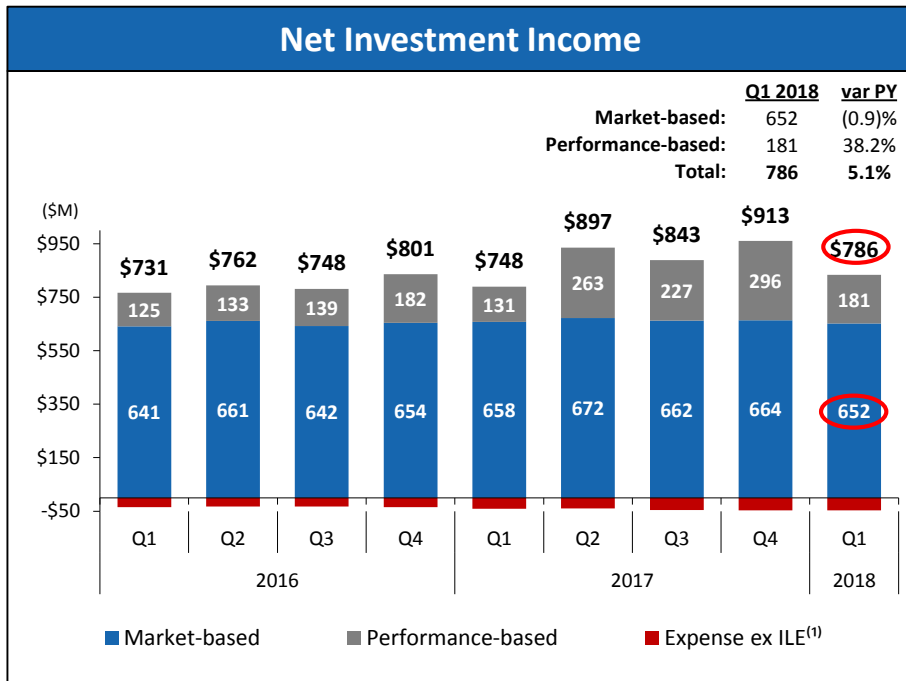
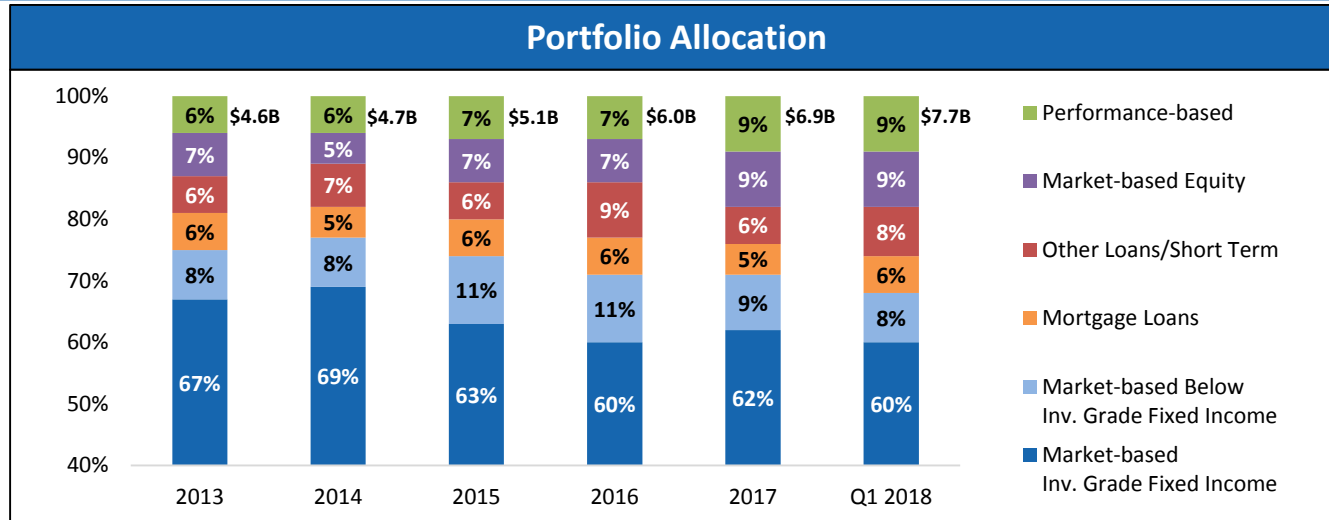
Key Highlights

(\$ in millions)	1st Quarter		
	2018	2017	Var. PY
Investment Spread	\$83	\$68	22.1%
Expenses & DAC Amortization	10	11	(9.1)%
Reserves and Contractholder Funds ⁽¹⁾	19,231	20,362	(5.6)%
Deferred Annuity	8,068	8,939	(9.7)%
Immediate Annuity	11,163	11,423	(2.3)%

⁽¹⁾ Q1 2018 Allstate Annuities Reserves and Contractholder Funds excludes \$119 million of shadow premium deficiency reserves. The deferred annuity line includes reserves for fixed and variable annuity guarantees.



Investment Income Increased Due to Performance-based Portfolio; Return Reflects Lower Interest-Bearing 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



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>3/31/2018</u>	<u>3/31/2017</u>
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	16.6%	11.6%
- Adjusted Net Income*	15.0%	11.9%
Total Shareholders' Equity (\$ in millions)	\$23,277	\$21,158
Debt-to-Capital Ratio	22.7%	23.1%
Book Value per Common Share	\$58.64	\$52.41
Common Shares Outstanding (millions)	352.1	365.0

- Returned \$465 million to common shareholders in the first quarter of 2018
 - Repurchased 3.5 million common shares for \$333 million
 - Paid \$132 million in common shareholder dividends
 - Quarterly dividend per common share increased 24.3%; paid on April 2, 2018
 - As of March 31, 2018, there was \$935 million remaining on the common share repurchase program
- Issued \$575 million of 5.625% noncumulative perpetual preferred stock and \$500 million in floating rate senior notes

⁽¹⁾ Trailing twelve months



Forward-Looking Statements

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.