



# The Allstate Corporation

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Raymond James Institutional Investors Conference

Mario Rizzo, Chief Financial Officer

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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 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](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 Delivered Strong Results and is Positioned for Profitable Growth

- Net income applicable to common shareholders of \$3.1 billion, or \$8.36 per share
  - One-time \$506 million increase to net income due to tax reform
  - Adjusted net income\* of \$2.5 billion, or \$6.71 per share
- Operational strength will support accelerated growth in 2018, while maintaining attractive returns
- Adjusted net income return on common shareholders' equity\* was 13.4% for the 12 months ended December 31, 2017

	Twelve months ended December 31		
	2017	2016	Change
<i>(\$ in millions, except per share data and ratios)</i>			
<b>Total revenues</b>	\$38,524	\$36,534	5.4%
Property-Liability insurance premiums	31,433	30,727	2.3%
Net investment income	3,401	3,042	11.8%
<b>Income available to common shareholders:</b>			
Net income	3,073	1,761	74.5%
<i>per diluted common share</i>	8.36	4.67	79.0%
Adjusted net income*	2,467	1,838	34.2%
<i>per diluted common share*</i>	6.71	4.87	37.8%
<b>Return on common shareholders' equity</b>			
Net income available to common shareholders	15.5%	9.5%	6.0 pts
Adjusted net income*	13.4%	10.4%	2.9 pts



# Allstate Delivered on All Five 2017 Operating Priorities

## Better Serve Customers

- Net Promoter Score increased
- Customer retention improved for Allstate brand and Esurance auto insurance
- Expanded QuickFoto Claim® utilization

## Achieve Target Economic Returns on Capital

- Property-Liability recorded combined ratio of 93.6 for the full year
  - Auto insurance underlying margins improved across all three underwritten brands
  - Allstate brand homeowners insurance generated an underwriting profit of \$725 million despite \$2.1 billion of catastrophe losses
- Allstate Annuities income increased
  - Investing for long-term value creation but reduces current returns

## Grow Customer Base

- Total policies in force increased to 82.3 million, due to acquisition of SquareTrade
- Property-Liability policies in force declined as a result of profit improvement actions
- SquareTrade policies grew 10 million (35.8%) for the year
- Allstate Benefits policy growth of 7.4%

## Proactively Manage Investments

- Total return of 5.9%, reflecting strong results from both the market-based and performance-based strategies

## Build Long-Term Growth Platforms

- SquareTrade expanded U.S. retail distribution and European cellphone protection
- Arity continued to support Allstate and Esurance telematics expansion; signed first third-party insurance carrier



**Strategic Objective: Accelerate growth while maintaining strong returns**

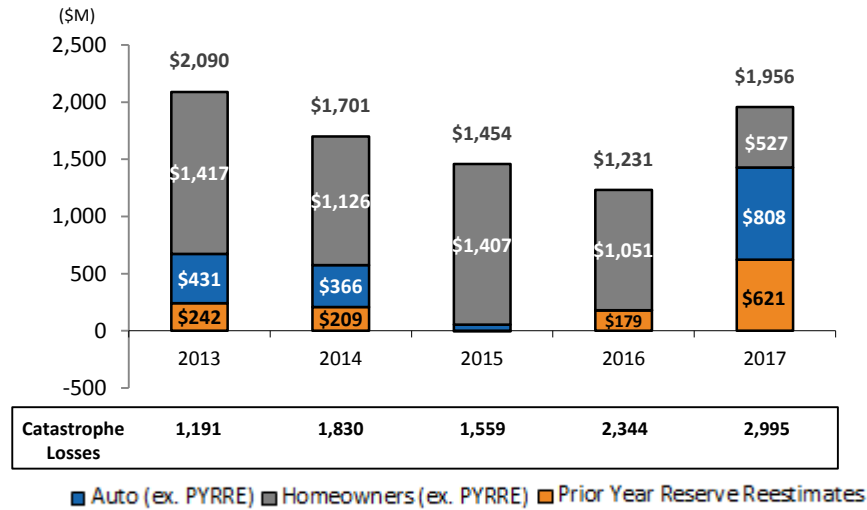
## 2018 Operating Priorities

- **Better Serve Our Customers**
- **Achieve Target Economic Returns on Capital**
- **Grow Customer Base**
- **Proactively Manage Investments**
- **Build Long-Term Growth Platforms**

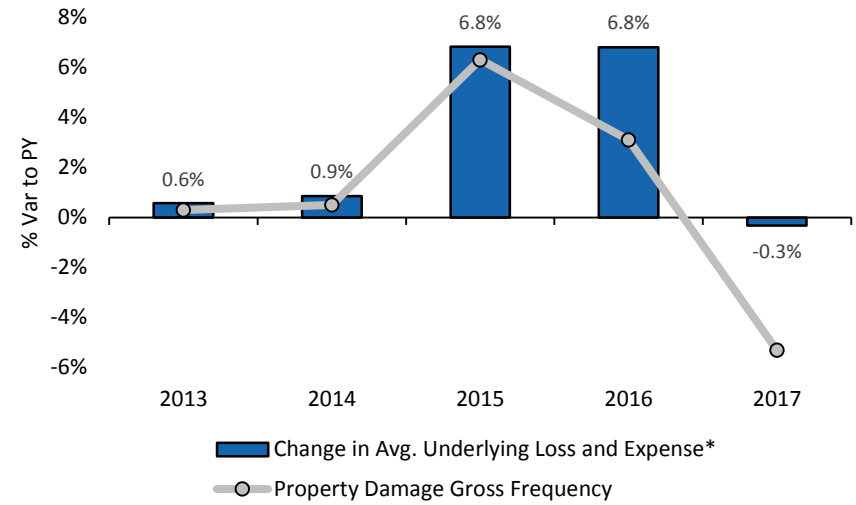


# Continued Strong Underlying Profitability and Accelerating Growth Create Strong Shareholder Returns

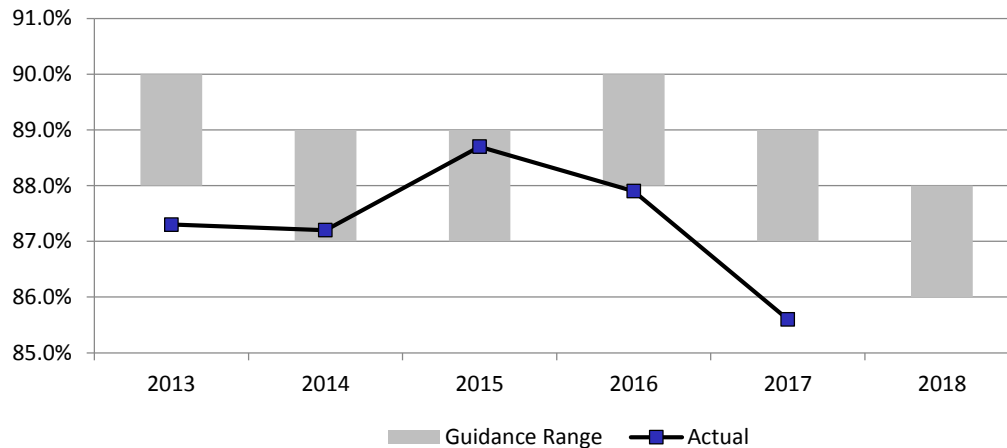
## Allstate Protection Auto and Home Underwriting Income



## Allstate Brand Auto Loss and Expense Metrics



## Property-Liability Underlying Combined Ratio Outlook<sup>(1)</sup>



<sup>(1)</sup>Property-Liability underlying combined ratio guidance range and actual underlying combined ratios prior to 2018 include Services Businesses. As of October 1, 2017, Property-Liability comprises Allstate Protection and Discontinued Lines & Coverages. Service Businesses, which comprises SquareTrade, Arity, Allstate Roadside Services, and Allstate Dealer Services, is no longer included in Allstate Protection.



# Creating a Sustainable Competitive Advantage to Drive Allstate Brand Growth

## Initiatives

## Actions



### Trusted Advisor



- Attract customers, build solutions, and cultivate trust
- Broaden customer relationships



### Distribution Expansion



- Targeted agency deployment
- Underpenetrated markets



### Marketing



- Customer segmentation analytics
- Refreshed and increased marketing spend



### Integrated Digital Enterprise



- Real-time service model
- Agency-level diagnostic measures



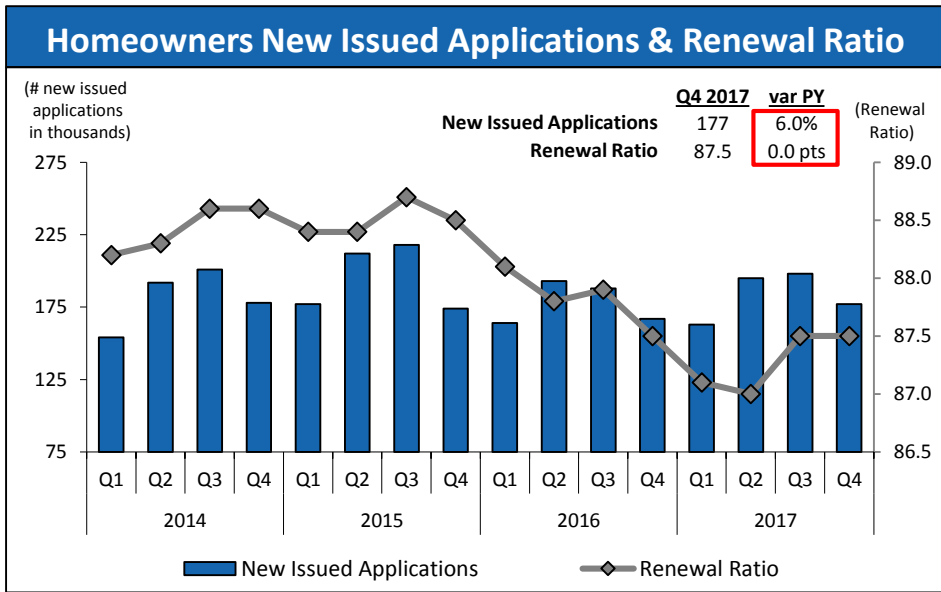
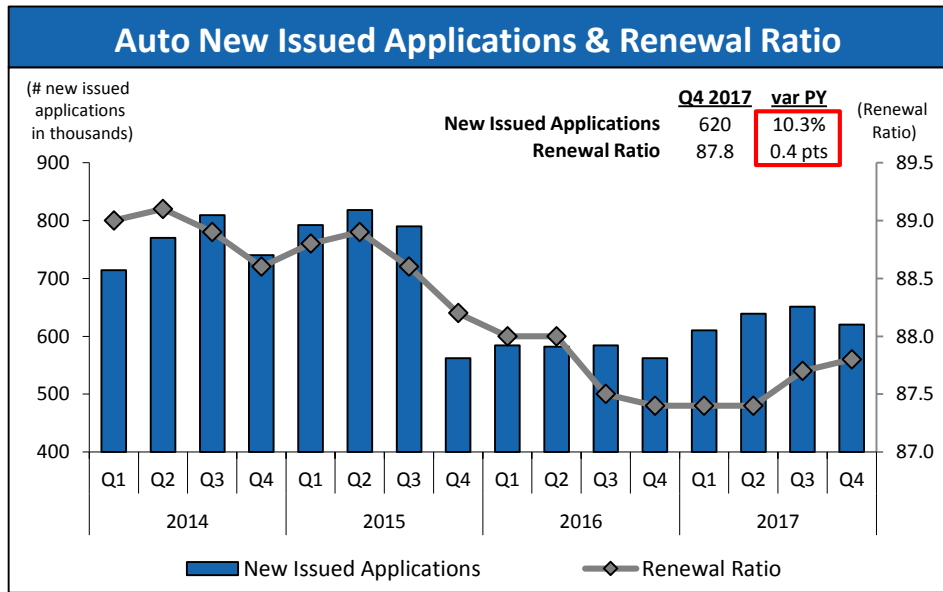
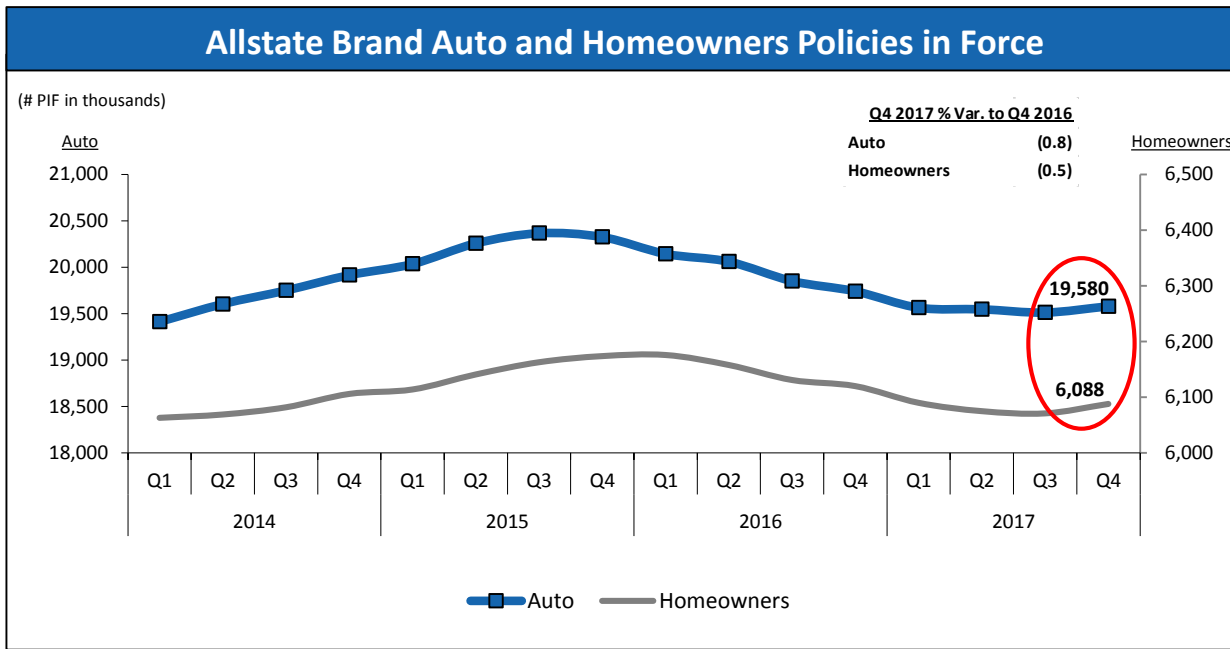
### Product Pricing and Expansion



- Auto insurance telematics offerings (Drivewise®)
- New and innovative product offerings



# Growth Momentum is Building for Allstate Brand Auto and Homeowners





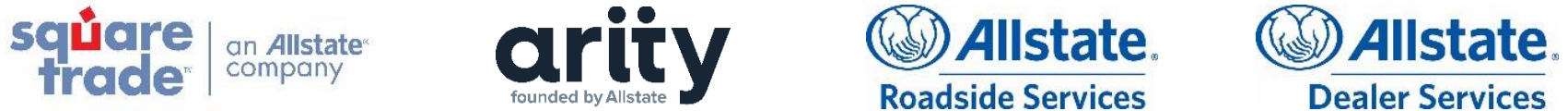


# Additional Shareholder Value Creation Vehicles

- Leveraging brand and distribution



- Service Businesses focus on growth



- Connected car improves pricing accuracy and driving experience





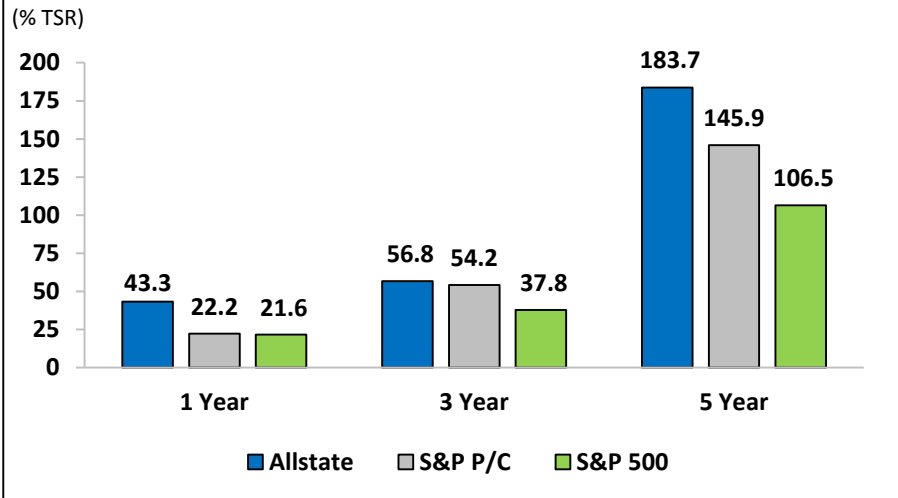
# Investment Strategy Proactively Manages Risks and Returns; Total Return of 5.9% in 2017 Primarily Driven by \$3.4 Billion of Net Investment Income

Strategy	Overview	Key Statistics			
<b>Market-based core (80%)</b>	<ul style="list-style-type: none"> <li>Seeks predictable earnings</li> <li>Aligned to business needs</li> <li>Returns consistent with markets</li> </ul>		<u>Fixed Income</u>	<u>Equity</u>	<u>Other</u>
		Allocation:	77%	8%	15%
		Investment Income, before expense:	\$2.4B		
		% of Total Investment Income:		65%	
<b>Market-based active (11%)</b>	<ul style="list-style-type: none"> <li>Seeks to outperform public markets</li> <li>Take advantage of short-term opportunities</li> <li>May generate results that meaningfully deviate from market indices</li> </ul>		<u>Fixed Income</u>	<u>Equity</u>	<u>Other</u>
		Allocation:	86%	11%	3%
		Investment Income, before expense:	\$0.3B		
		% of Total Investment Income:		8%	
<b>Performance-based (9%)</b>	<ul style="list-style-type: none"> <li>Seeks attractive risk-adjusted returns</li> <li>Supplement market risk with idiosyncratic risk</li> <li>Higher variability in earnings</li> <li>Generally illiquid investments</li> </ul>		<u>Private Equity</u>	<u>Real Estate</u>	
		Allocation:	72%	28%	
		Investment Income, before expense:	\$0.9B		
		% of Total Investment Income:		27%	

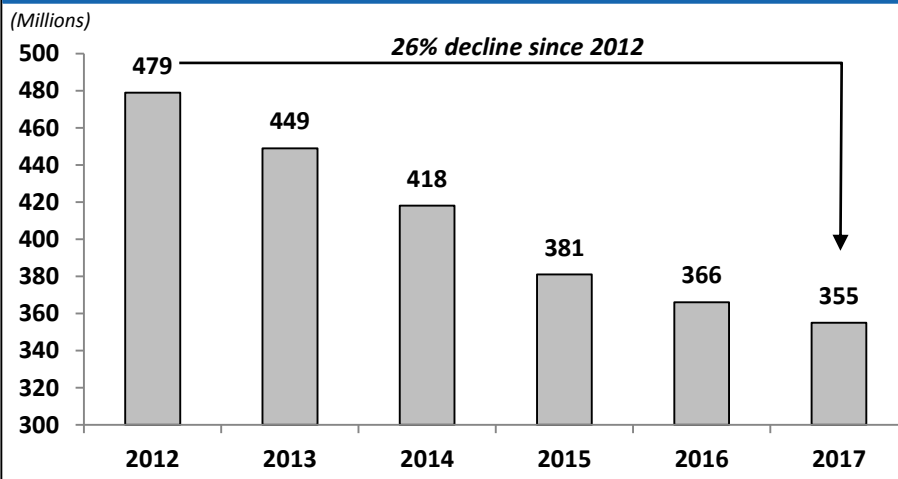


# Allstate is an Attractive Investment Opportunity

## Total Shareholder Return as of 12/31/2017



## End of Period Common Shares Outstanding



- **Competitively differentiated strategy** based on:
  - Customer segmentation
  - Diversified portfolio of businesses
  - Analytics-based decision making
  
- **Attractive long-term returns** generated from broad-based business model and investments
  - Auto, homeowners, other personal lines
  - Life insurance and workplace benefits
  - Investment grade fixed income and performance-based equity portfolio
  
- **Growth** by offering unique customer value propositions and expanding the product portfolio into service businesses
  
- **Proactive** approach to risk and return
  
- Long history of **cash returns** to shareholders
  - Increased dividend 24% in first quarter 2018



## 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 speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.



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