



# The Allstate Corporation

---

Deutsche Bank Global Financial Services Conference  
Thomas J. Wilson, Chairman and Chief Executive Officer  
May 30, 2017

**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 2016 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, [allstateinvestors.com](http://allstateinvestors.com), under the “Financials” link.

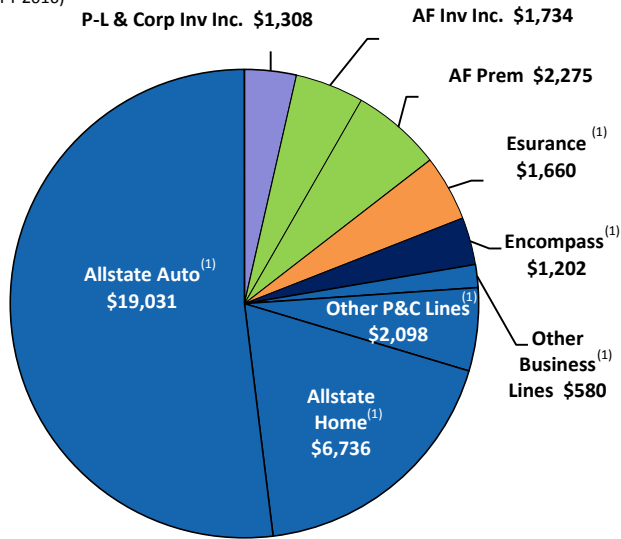
This presentation also contains some non-GAAP measures that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release and investor supplement. These materials are available on our website, [allstateinvestors.com](http://allstateinvestors.com), under the “Financials” link.



# Allstate's Broad-Based Business Model

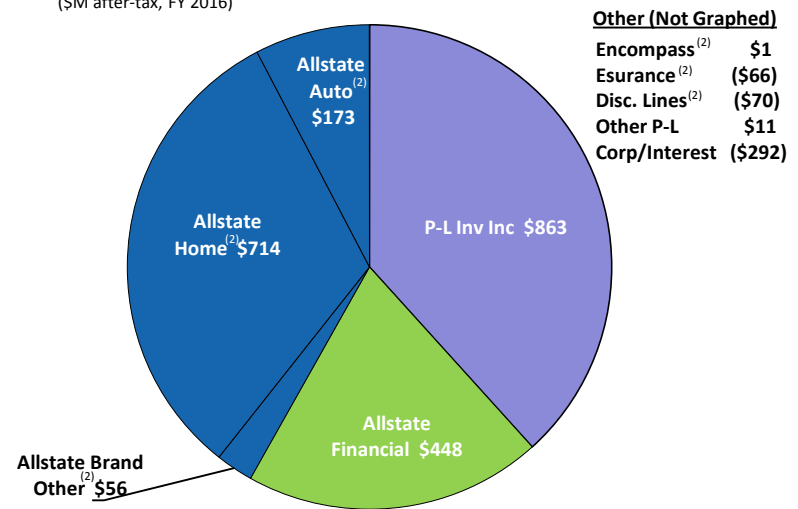
## Revenue (Ex. RCGL): \$36.6 Billion

(\$M, FY 2016)



## Operating Income\*: \$1,838 Million

(\$M after-tax, FY 2016)



**Other (Not Graphed)**

Encompass <sup>(2)</sup>	\$1
Esurance <sup>(2)</sup>	(\$66)
Disc. Lines <sup>(2)</sup>	(\$70)
Other P-L	\$11
Corp/Interest	(\$292)

## 2017 Operating Priorities

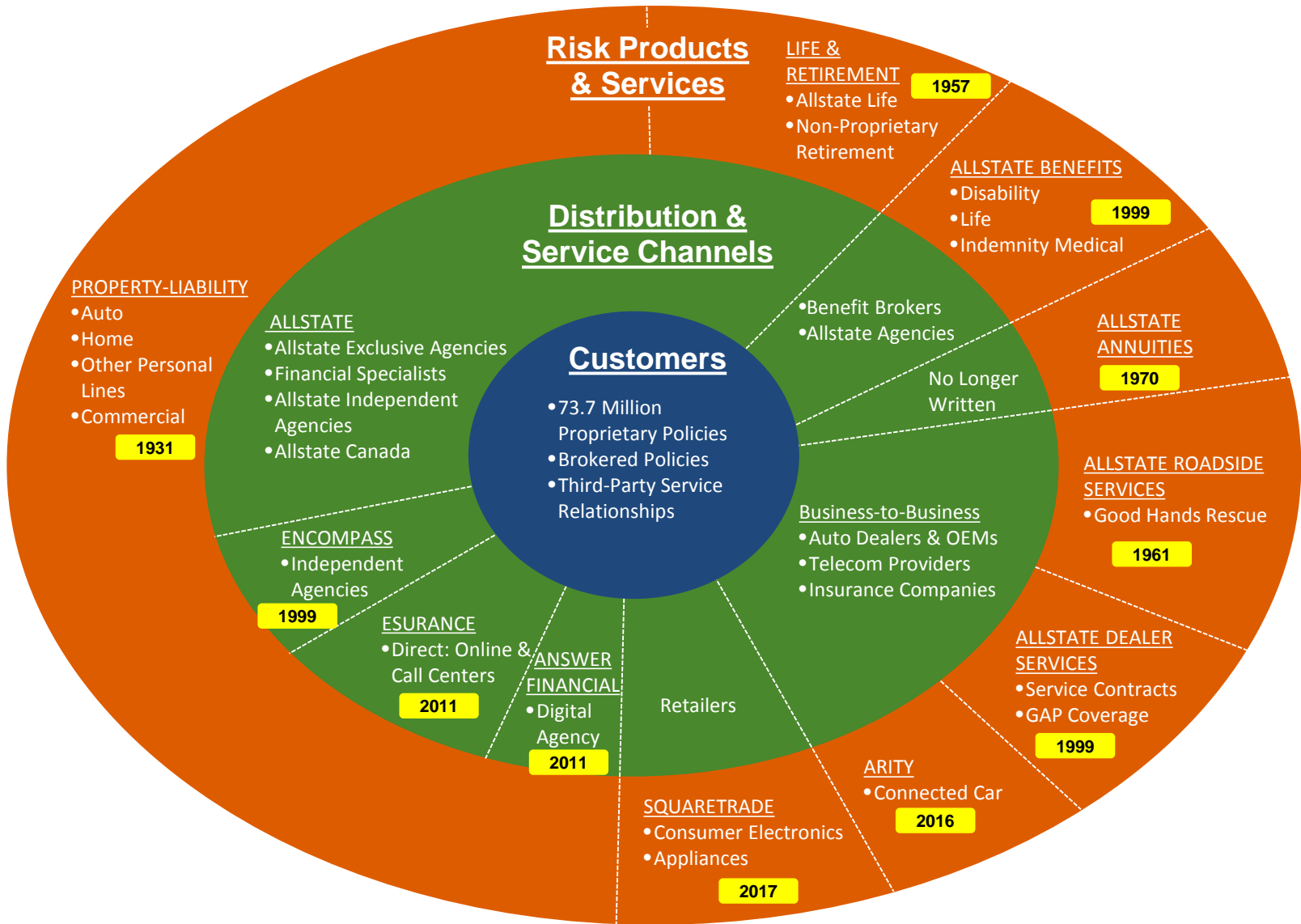
1. Better serve our customers
2. Achieve target economic returns on capital
3. Grow customer base
4. Proactively manage investments
5. Build long-term growth platforms

<sup>(1)</sup> Represents premiums earned

<sup>(2)</sup> Represents underwriting income, after-tax; excluding amortization of intangibles



# Allstate's Broad-Based Business Model Built on Core Strengths





# Allstate Starts 2017 With Strong Profitability

- Net income applicable to common shareholders of \$666 million
  - Operating income\* of \$608 million, or \$1.64 per share
- Auto insurance profitability improved substantially due to profit improvement plan and favorable weather
- Homeowners insurance generated underwriting income despite significant catastrophe losses
- Property-Liability recorded combined ratio of 93.6; underlying combined ratio\* of 84.8
- Acquisition of SquareTrade closed adding 30 million policies in force and broadening distribution
- Returned \$371 million to shareholders

(\$ in millions, except per share data and ratios)	Three months ended March 31,		
	2017	2016	Change
<b>Total Revenues</b>	\$9,434	\$8,871	6.3%
Property-liability insurance premiums	7,959	7,723	3.1%
Net investment income	748	731	2.3%
<b>Income available to common shareholders:</b>			
Net income	666	217	206.9%
<i>per diluted common share</i>	1.79	0.57	214.0%
Operating income*	608	322	88.8%
<i>per diluted common share*</i>	1.64	0.84	95.2%
<b>Return on common shareholders' equity</b>			
Net income available to common shareholders	11.6%	8.3%	3.3 pts
Operating income*	11.9%	10.2%	1.7 pts
<b>Consolidated Policies in Force (in millions)<sup>(1)</sup></b>	<b>73.7</b>	<b>44.4</b>	<b>NM</b>

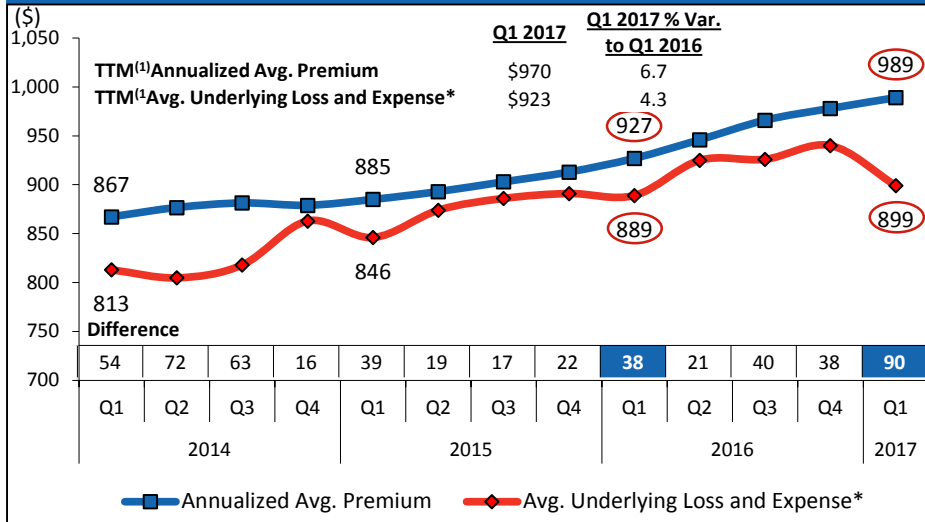
<sup>(1)</sup> Consolidated policies in force includes Property-Liability and Allstate Financial policies in force. Acquisition of SquareTrade in Q1 2017 accounted for 29.9 million active consumer protection plans as of March 31, 2017.

NM = Not meaningful

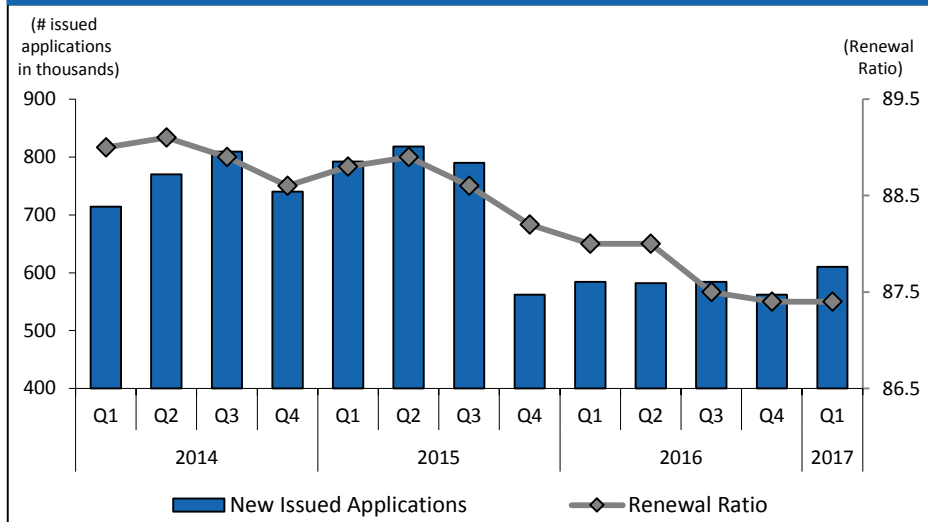


# Auto Margins Improving – Balancing Growth and Profit

## Auto Underlying Margin Per Policy Trend



## Allstate Brand Auto Applications and Renewal Ratio



- **2015 – 2016 auto profit improvement actions addressed the increase in loss costs**
- **2017 objective focuses on profitable growth across an integrated system**
  - Moderate auto rate actions to match stabilizing loss trends
  - Grow agency footprint and increase engagement
  - Increase marketing effectiveness

<sup>(1)</sup> Trailing twelve months

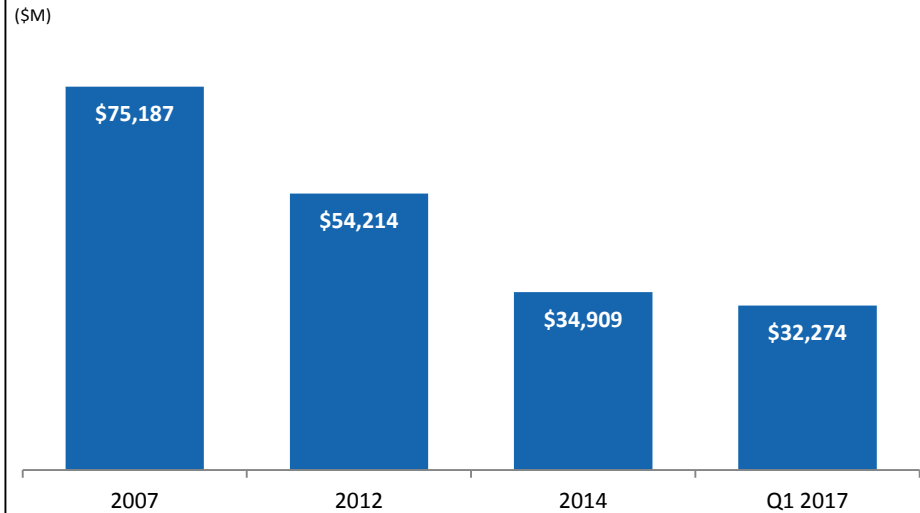


# Allstate Financial Focused and Integrated with the Allstate Brand; Significantly Reduced Spread Business Over 10 Years

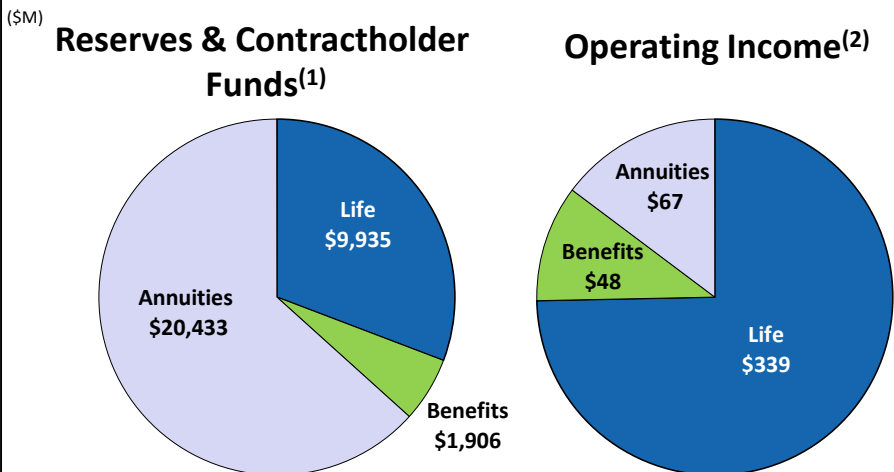
## Narrowed Focus to Products Supporting Agencies

- Sold Variable Annuity business to Prudential (2006)
- Ceased offering Institutional Products (2008)
- Exited Bank and Broker Dealer channel (2010)
- Exited Allstate Bank (2011)
- Exited Annuities (2012-2014)
- Sold Lincoln Benefit Life (2014)

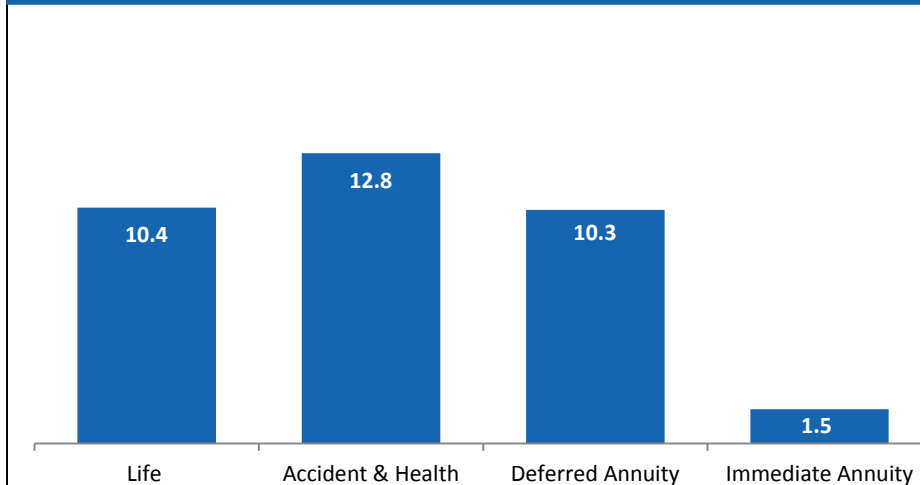
## Reserves and Contractholder Funds



## Financial Results by Product Group



## Return on Equity<sup>\*(3)</sup>



<sup>(1)</sup> As of March 31, 2017.

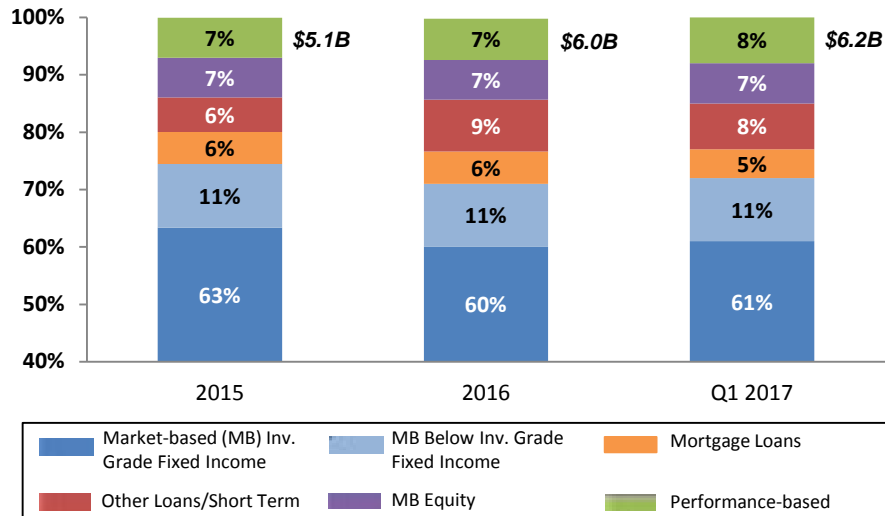
<sup>(2)</sup> Trailing twelve month total as of Q1 2017.

<sup>(3)</sup> Operating income return on attributed equity as of March 31, 2017.

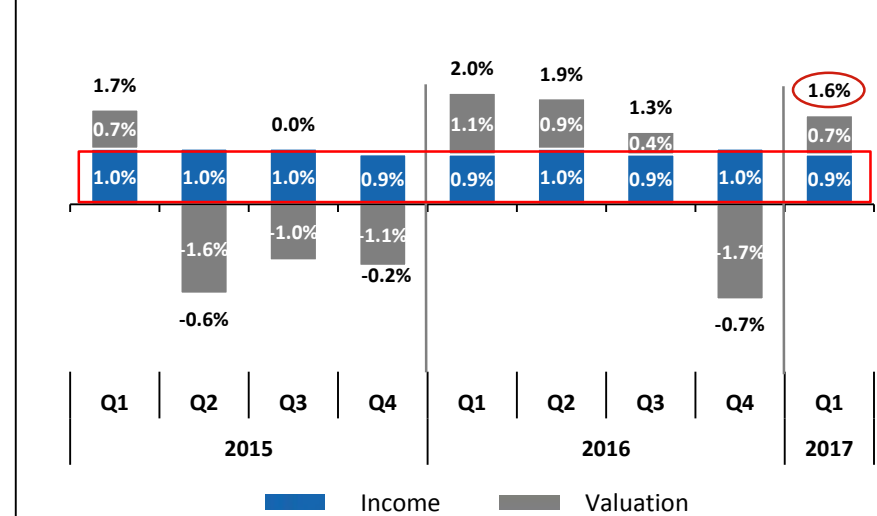


# Proactive Investment Approach Balances Risk and Return

## Investment Portfolio Allocation



## GAAP Total Return



- **Solid portfolio return reflects stable income and value appreciation**

- Reduced interest rate risk
- Long corporate credit
- Increasing idiosyncratic return profile with performance based investments





## Leveraging Capabilities For Value Creation

- **Integrated Digital Enterprise: utilizing data, analytics, technology and process redesign to significantly improve effectiveness and efficiency**
- **Further embedding data and analytics throughout the business; marketing, customer interactions, pricing, investments, risk and return, capital allocation**
- **Claims transformation improves customer experience with lower expenses while ensuring accurate loss settlements**





# Allstate Will Continue to Enhance Shareholder Value Through Proactive Capital Management

## Growing the Business

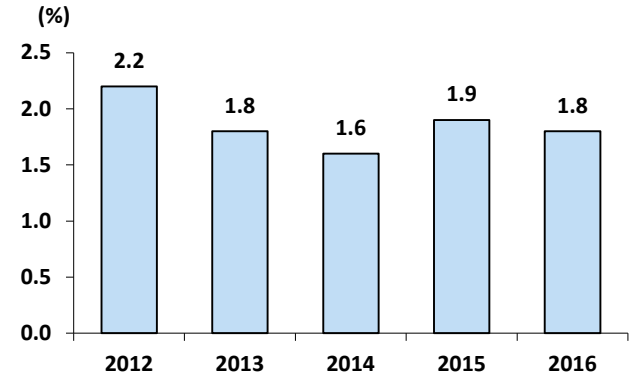


**Capital  
Deployment  
Options**

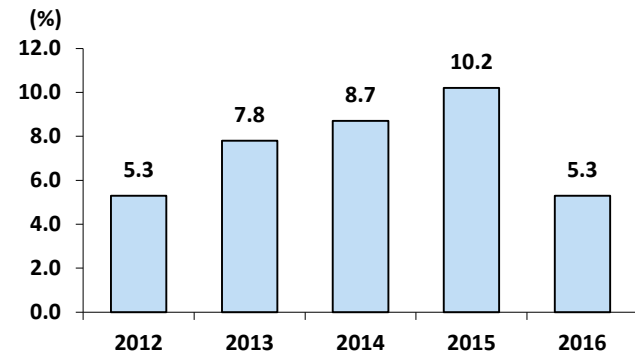
## Expanding Platforms



## Dividend Yield<sup>(1)</sup>



## Share Repurchase (%)<sup>(2)</sup>



<sup>(1)</sup> Dividend yield calculated as the total dividends declared per common share in the calendar year as a percentage of the year-end stock price.

<sup>(2)</sup> Share repurchase calculated as the number of shares repurchased in the calendar year as a percentage of the prior year end shares outstanding.



- **Disciplined, economic value-based management of our business**
- **Leveraging broad market reach, substantial capabilities and resources to provide differentiated customer value propositions**
- **Building long-term strategic platforms**
- **Attractive long-term investment returns**
- **Proactive capital management to enhance shareholder value**



## 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) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (5) impacts from the Covered Agreement, including new capital and solvency regulations and changes in state insurance laws; (6) the cyclical nature of the property and casualty business; (7) market convergence and regulatory changes on our risk segmentation and pricing; (8) reestimates of reserves for claims; (9) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (10) changes in underwriting and actual experience; (11) the influence of changes in market interest rates or performance-based investment returns on spread-based products; (12) changes in estimates of profitability on interest-sensitive life products; (13) reducing our concentration in spread-based business and exiting certain distribution channels; (14) changes in tax laws; (15) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (16) operational issues relating to a decline in Lincoln Benefit Life Company’s financial strength ratings ; (17) market risk and declines in credit quality relating to our investment portfolio; (18) our subjective determination of the fair value of our fixed income and equity securities and the amount of realized capital losses recorded for impairments of our investments; (19) competition in the insurance industry; (20) impact of new or changing technologies on our business (21) conditions in the global economy and capital markets; (22) losses from legal and regulatory actions; (23) restrictive regulation and regulatory reforms; (24) the availability of reinsurance at current levels and prices; (25) risks of our reinsurers; (26) exposure associated with our participation in state industry pools and facilities; (27) a downgrade in our financial strength ratings; (28) the effect of adverse capital and credit market conditions; (29) failure in cyber or other information security; (30) the impact of a large scale pandemic, the threat or incurrance of terrorism or military action; (31) acquisitions of businesses; (32) possible impairments in the value of goodwill; (33) changes in accounting standards; (34) the realization of deferred tax assets; (35) restrictions on our subsidiaries’ ability to pay dividends; (36) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (37) changing climate and weather conditions; (38) loss of key vendor relationships or failure of a vendor to protect confidential and proprietary information; and (39) intellectual property infringement, misappropriation and third party claims. 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.



**Allstate**®

You're in good hands.