



Elliott Believes the Time is Now for NN Group

To address its unwarranted trading discount and unlock value for all

Elliott releases detailed presentation outlining NN Group's Capital Market Day imperative and chance to emerge as the leading steward of shareholder capital in the European insurance sector

Presentation available at new website www.TheTimeisNowforNNGroup.com

LONDON (12 June 2020) – Elliott Advisors (UK) Limited (“Elliott”), which advises funds that as at the date of this release collectively hold an interest in more than 3% of the share capital of NN Group N.V. (“NN Group” or the “Company”), today published a presentation making the case for its strong belief in NN Group’s uniquely compelling investment proposition and its significant value-creation potential. Elliott’s substantial investment reflects its conviction in the Company’s underlying value, which to date has been obscured, and the Company’s future prospects, which are not properly reflected in the Company’s current share price.

Elliott has significant experience as an investor in the insurance industry and has devoted considerable time and resources into understanding NN Group’s unique industry and financial characteristics. To assist us in this effort, we have partnered with Dieter Wemmer, an industry leader who brings more than 30 years of experience, having served as an executive at Allianz, Zurich Insurance Group, and elsewhere. Together, we have engaged privately with NN Group’s management over several months and we remain of the view that NN Group is worth far more than the market currently ascribes. The attractiveness of NN Group is rooted not only in the strength of its fundamental underlying business - exhibiting historically stable shareholder cash flows - but in its ability to successfully manage risk and deliver stable and sustainable results, irrespective of market volatility, including large changes in market interest rates and evolving regulatory environments.

NN Group itself is the greatest impediment to unlocking the valuation discount

Notwithstanding the above, the reason for publishing our presentation today is our strong belief that one of the key impediments to unlocking NN Group’s valuation discount lies in the Company’s own inability to articulate its case to investors with clarity or conviction. For years, NN Group has traded well below its intrinsic value, and more recently, poorly relative to its peers when it should in fact trade at a premium. This suggests a deep disconnect between the robustness of the business and market perceptions. In a recent shareholder survey, we found a

vast majority (>75% of respondents) did not understand NN Group's interest-rate exposure, while >65% did not understand the Company's progressive dividend policy. A further >75% majority expressed support for increased asset optimisation, while >85% of participants did not understand why NN Group is present in various countries within the Insurance Europe business, and would support a strategic review. Notably, NN Group management has responded that it is either "*difficult to say*" or "*difficult to predict*" in response to analysts' questions on recent investor calls far more frequently than its European insurance peers.¹ Investors and other market participants are left confused, struggling to understand NN Group's fundamental business qualities, and unable to appreciate its balance sheet strengths and underlying cash-flow generation capabilities. In short, there are compelling fundamentals as well as a vast array of value-creation levers at the Company's disposal that NN Group has failed to properly set out and explain.

This lack of transparency and insufficient disclosure around fundamentals such as NN Group's interest rate exposure comes at a significant price: it has led the market to assign a material discount to NN Group's share price, which is unwarranted in Elliott's view. In May 2020, management successfully executed a longevity swap transaction that generated significant surplus capital (more than EUR 1.2 billion or approximately 15% of the Company's market value). Despite the substantial value-accretion potential, management failed to provide any specific and clear guidance on potential uses of the surplus release, leaving the Company bereft of any material share price outperformance.

The CMD imperative

Elliott believes NN Group's upcoming Capital Markets Day ("CMD") on 24 June provides an opportune moment for management to address its persistent undervaluation and growing investor discontent. Elliott believes this year's CMD is **the** time for NN Group to hold itself accountable, reset its trajectory and communicate not only the basic fundamentals of the business but the many optimisation levers available to unlock the Company's significant potential. In Elliott's view, these levers include both sustainable cash-generation measures and extraordinary capital release events, as identified below²:

- a) **Asset optimisation:** NN Group has one of the lowest risk asset portfolios of any life entity in the European insurance sector. This gives NN Group the opportunity to take advantage of market dislocations and to increase its exposure to private assets, with an opportunity to sustainably increase cash flows by EUR 175 million.
- b) **Dutch market leadership:** With the acquisition of Delta Lloyd and VIVAT complete, NN Group has become the undisputed No. 1 insurance provider in the Netherlands. Achieving best-in-class operational efficiency across the

¹ Elliott has undertaken a statistical word-count analysis of more than 1.2 million words to compare NN Group's communications on recent investor calls to those of other European insurance providers.

² (a)-(b) Sustainable cash-generation measures; (c)-(d) Extraordinary capital release events.

Company's Dutch operations would drive incremental value for all stakeholders.

- c) **Capital optimisation:** Using longevity hedging as an ongoing tool for risk management reduces balance sheet volatility, accelerates capital release and should reduce the Company's cost of capital. NN Group has ample capacity to enter into more longevity swap transactions and could generate surplus capital of up to EUR 1.9 billion.
- d) **Footprint optimisation:** NN Group's large collection of disparate standalone businesses are ripe for rationalisation – operational improvements, reinsurance transactions and outright business sales could generate substantial value for the Company's shareholders. We believe that optimising Insurance Europe and NN Japan could see the release of more than EUR 2.5 billion of capital.

In summary, the CMD offers NN Group the opportunity to highlight its underappreciated strengths, showcase its robust financial profile, set itself ambitious but achievable cash generation, capital release and capital return targets that collectively demonstrate confidence and conviction in the business, and most importantly, show a willingness to be held accountable for the Company's future development. Given the Company's strengths and prospects, there is no reason in our view why NN Group cannot be a standout performer.

Share price upside potential >80%

Elliott believes if NN Group were to adopt these recommendations, it would offer a pathway forward to a materially higher share price – with upside potential of over 80% in the next few years – and the opportunity to establish itself as the leading steward of shareholder capital in the European insurance sector. Furthermore, we believe these measures could more than double total recurring capital return per share to over EUR 6.5 by 2024. Such a result would not only boost NN Group's market value, but also boost the reputation of NN Group's management and entire team for showing strong leadership at a time of wider market uncertainty. NN Group would finally – and rightly – be **recognised** and **rewarded** as one of the most attractive and differentiated insurance investments in Europe.

Elliott today launched a new website, www.TheTimeisNowforNNGroup.com, where the presentation is available to view and download in full. Interested parties are encouraged to visit the website to receive additional information and to sign up for future updates.

About Elliott

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