



# Looking Ahead

December 2020



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This presentation includes the main points of the Company's strategic plan for the years 2020-2024 as formulated by it in recent months. Accordingly, the presentation includes Forward-looking information as defined in section 32A of the Securities Law 5728-1968.

Such information includes, inter alia, various forecasts, objectives, assessments and estimates, including information provided by way of illustrations and / or graphs and/or tables relating to future events or matters, revenue and profitability from new initiatives and from the implementation of various plans, EBIDTA forecast and other future financial data that the realization of those is uncertain and are not under the control of the Phoenix Group.

In recent months, the management of the Company has carried out a process accompanied by an international strategy consulting company (hereinafter: "the consulting company"), based on the Company's data, market data, raw or processed inside information collected by the consulting company and comparative data while working with the consulting company financials models and based on certain working assumptions regarding the Company's operations and relevant markets.

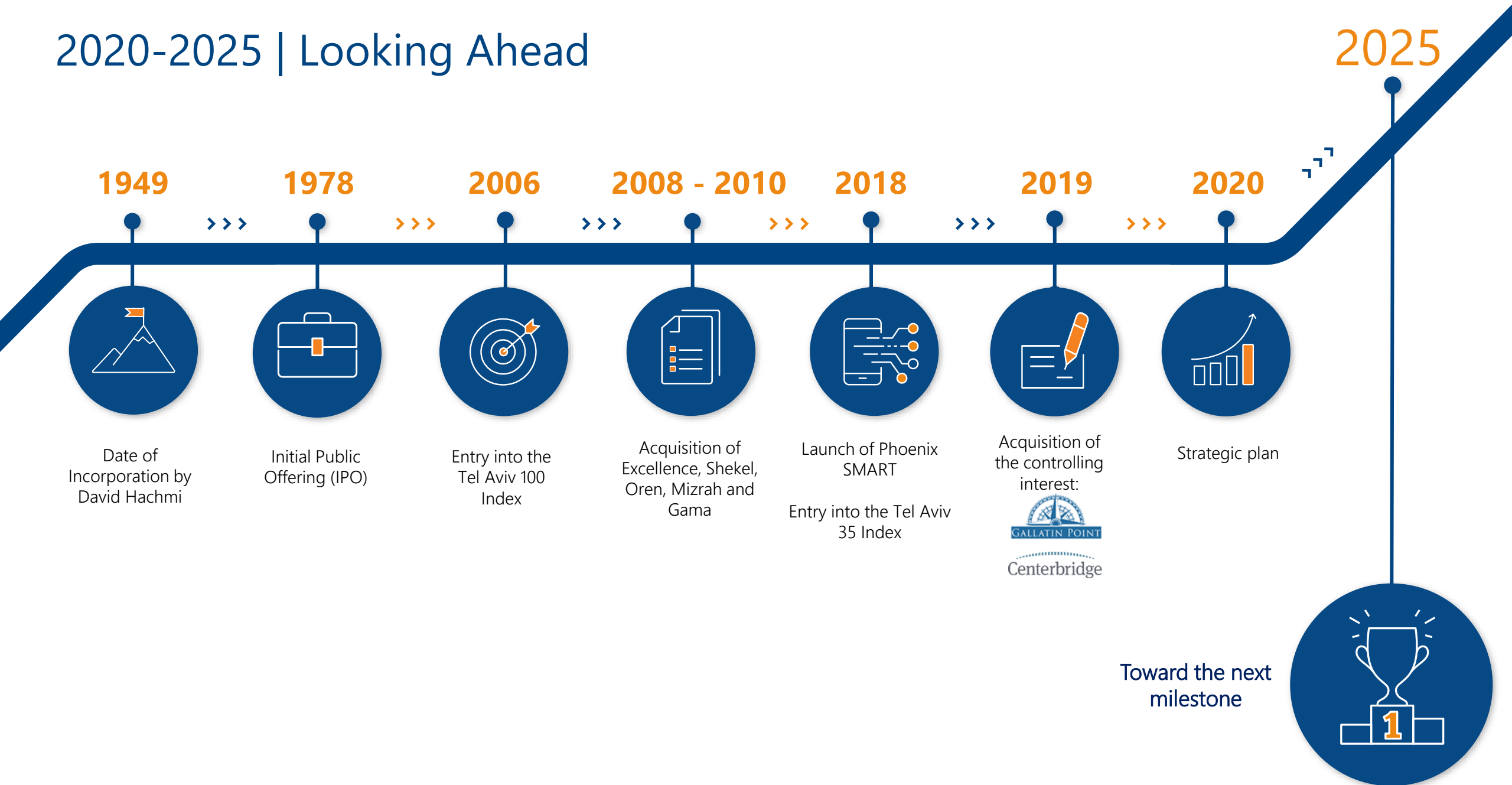
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The realization and / or non-realization of the forward-looking information will be affected by risk factors that characterize the Company's and companies' activities in the Phoenix Group, as detailed in the Company's periodic reports, including economic situation, capital market situation in Israel and the world, the development of competition in the markets relevant to the group's activities, regulatory changes, changes in consumer preferences and consumption habits, a change in the data of work assumptions or in the economic models assumptions used by the consulting company – that can not be estimated in advance and are not controlled by the Company. Hence, there is no certainty that the actual results and achievements of the Company in the future will be in accordance with these views and may differ, also substantially, from those presented in this presentation.

The business strategy presented in this presentation is correct as of the date of the presentation and may change in the future, among other things, taking into account the risk factors listed above and the decisions of the Company's Board of Directors and the Group companies.

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# 2020-2025 | Looking Ahead



# Board of Directors with Broad Israeli and International Experience



Benny Gabbay

**Chairman, Holdings & Insurance**  
Israel  
Insurance, Finance, Investments  
Fmr. Partner, E&Y; Milliman; Consulting; co-CEO of Universal Motors



Eliezer Yones

**Holdings & Insurance**  
Israel  
Insurance, Finance, Investments, Strategy, Risk  
Fmr. CEO of Mizrahi Tefahot Bank, Hapoalim, and Bank Clali; Accountant General State of Israel



Zhak Cohen

**Holdings & Insurance**  
US  
Insurance, Risk Management, Finance, Investments  
Managing Director, Gallatin Point; Director, Bowhead Insurance



Orit Alster

**Insurance**  
Israel  
Finance, Risk Management  
Fmr. Head of Corporate Division, Discount Bank; Director at IDB NY Bank



Dr. Rivy Cohen

**Insurance**  
Israel  
Insurance, Risk Management  
Kiryat Ono Academic College, Vice President. Fmr. IDI Direct Insurance, External Director



Ben Langworthy

**Holdings**  
UK  
Finance, Investments  
Senior Managing Director, Centerbridge; Director at Banca Farmafactoring, Resort Finance America, Auxmoney, Canopus



Dr. Ehud Shapira

**Holdings**  
Israel  
Insurance, Risk Management, Finance  
Fmr. Chairman, Psagot Investment House; Chairman, Phoenix Holdings; Head of Corporate Division, Bank Leumi



Zohar Tal

**Holdings & Insurance**  
Israel  
Finance, Investments  
CEO of finance consulting firm; External Director, Adika Style.



Marilyn Victoria Hirsch

**Holdings & Insurance**  
US  
Insurance, Risk Management, Finance, Investments and IT  
Senior VP – Corporate Development & Capital Deployment, Allstate; Fmr. Head of Strategy, AIG



Marc Vonk

**Insurance**  
UK  
Insurance, Risk Management, Finance, Investments  
Principal, Centerbridge; Director Belenus Lux, Sand Lux, and Fortuna



Rita Rubinstein

**Insurance**  
Israel  
Risk Management, Finance  
Fmr. Member of Board of Management and Head of HR, Logistics & Administration Division, Mizrahi Tefahot Bank



Roger Abravanel

**Holdings**  
Italy  
Insurance, Finance, Investment, Strategy  
Director, Caesar Stone. Fmr. Senior Director, McKinsey; Director of public companies including Admiral Insurance and Teva



Rachel Lavine

**Holdings**  
Israel  
Insurance, Real Estate, Finance, Investments  
Fmr. Director and CEO of public companies including Elscint, Plaza Centers, Atrium, Gazit-Globe; Director of Africa Israel Properties

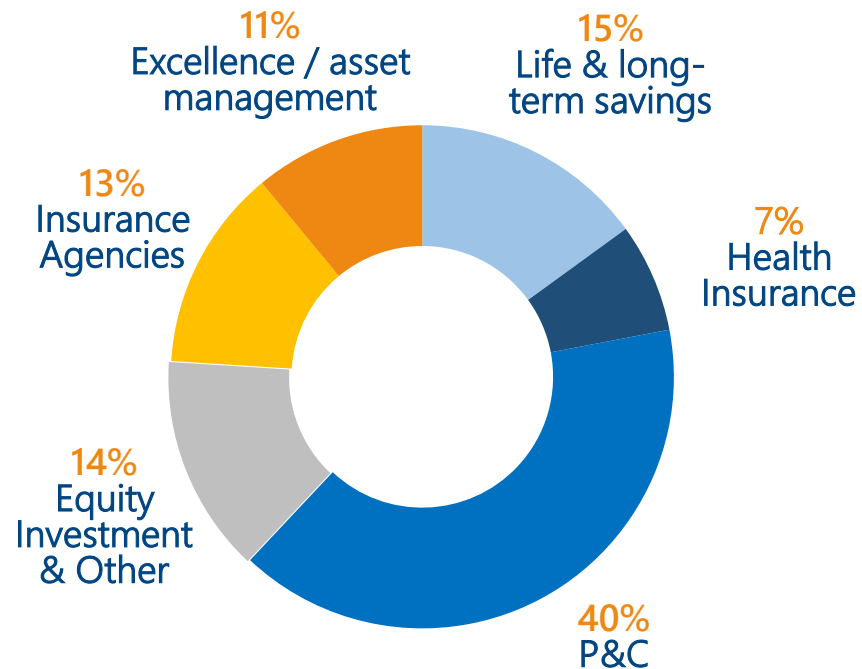


Hila Confronti

**Insurance**  
Israel  
Insurance, Risk Management, Finance  
Fmr. Deputy CEO & Chief Risk Officer, Clal Insurance; Credit Control, Bank of Israel

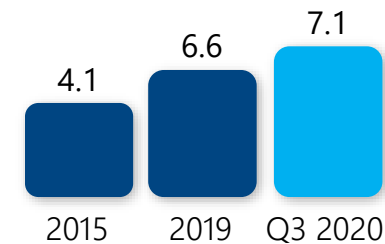
# Strong Record of Leadership and Profitability

## Diverse Profit Sources \*

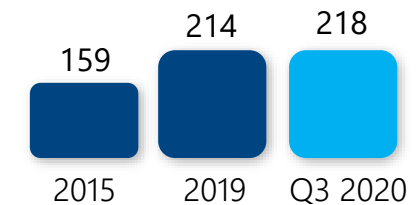


## Financial Strength

### Shareholder Equity (NISb)



### AUM (NISb)



### ROE

2019 **10.2%**  
30.9.20 **9.7% \*\***

### Market Cap

**~5.5 NISb**

### Credit Rating

Holdings **AA –**  
Insurance **AA+**

### Efficiency

**150 NISm**  
Annual savings achieved  
during 2020

\* 5 years ending 30.9.20. Other includes Gama.

\*\* Annualized based on 9 months

# Leading Investment Management

- Strong, leading organization
- Proactive, dynamic and specialized teams
- Effective governance processes
- Advanced systems and infrastructure for investment and risk management

## Leadership among 5 large insurance groups

Company	Insurance Participating Policies (General, since 2004)				Pension Comprehensive (aged 50 and under)		Provident Fund (aged 50 and under)		Training Fund (General)			
	12 Months	3 years	5 years	Standard Deviation	12 Months	3 years	12 months	3 years	12 months	3 years	5 years	Standard Deviation
<b>Phoenix</b>	0.88%	4.30%	4.91%	6.34%	0.72%	4.58%	2.06%	4.36%	0.35%	3.71%	4.35%	6.28%
<b>Harel</b>	-0.28%	3.21%	4.11%	5.99%	0.85%	3.81%	-1.33%	2.49%	-0.50%	2.88%	3.58%	5.80%
<b>Clal</b>	-0.71%	3.59%	3.72%	6.17%	-0.10%	4.01%	-1.23%	3.27%	-0.33%	3.56%	3.50%	5.98%
<b>Migdal</b>	0.48%	3.59%	3.91%	6.06%	1.21%	3.92%	0.57%	3.35%	0.42%	3.25%	3.53%	5.77%
<b>Menora</b>	-1.64%	2.99%	3.53%	6.44%	-0.42%	4.10%	-2.06%	2.68%	-2.21%	2.49%	3.15%	6.56%

The presented published periods: last 12 months: (11/19-10/20), last 3 years (11/17-10/20), last 5 years (11/15-10/20), standard deviation in yearly terms – last 5 years: (11/15-10/20). The presented yield returns are average gross nominal depending on the selected period, before deducting administration fees. There is no information about the rank and returns achieved in the past to indicate the rating and returns that will be achieved in the future or commitment to any yield. For additional legal remarks regarding the presented information in this slide and details regarding the investment tracks which were the basis for comparison, see Annex A to the presentation. Annex A is an integral part of this presentation.

# Strategic Plan

## *Value-driven Insurance and Financial Group*



Yield-focused  
growth



Innovation and  
Efficiency



Maximize Portfolio



Capital  
Management

# Strategic Plan

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## *Value-driven Insurance and Financial Group*





# Accelerated Growth in High-ROE Activities



## Growth Drivers

Growth in agencies and SMART direct channel

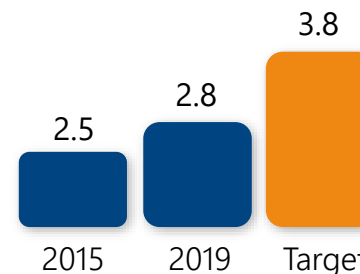
Growth in P&C insurance

Growth in asset management:

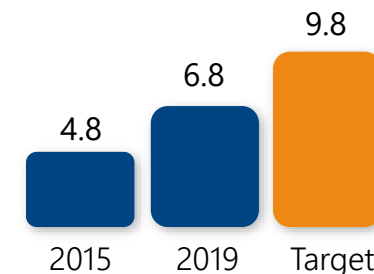
Growth in Provident and Pension

Growth in Excellence

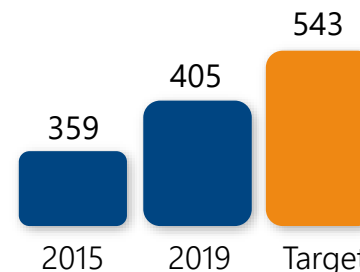
### P&C Premiums (NISb)



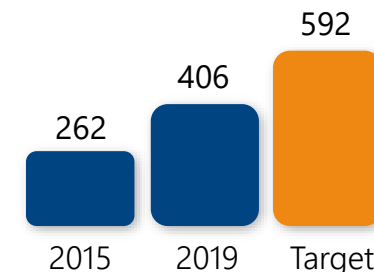
### Pension / Provident Deposits (NISb)



### Excellence / AM Revenues (NISm)



### Insurance Agency Revenues (NISm)



# Targeting 40% Growth in AUM

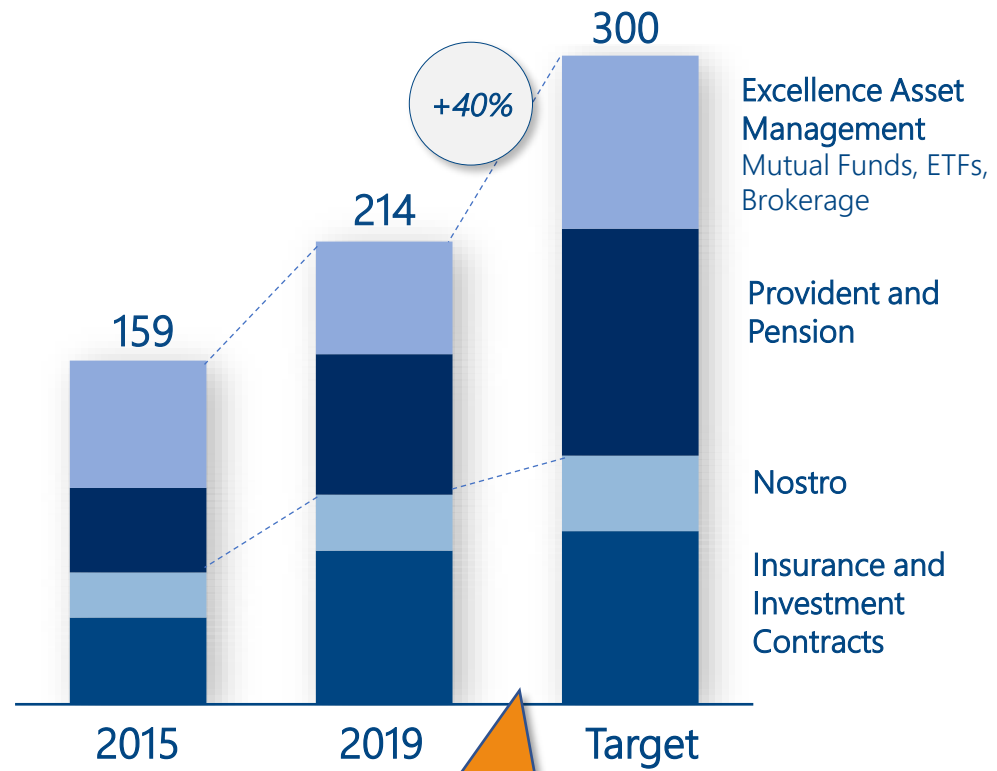
## Growth Drivers

Growth in  
Provident and  
Pension  
(compulsory  
savings)

Growth in  
KSM Funds  
(Excellence)

Potential  
mergers and  
acquisition  
(not included  
in the target)

## Assets Under Management (NISb)



As of 30.9.20:  
218 NISb

# Accelerated Growth in "Excellence" Asset Management

## Growth Drivers

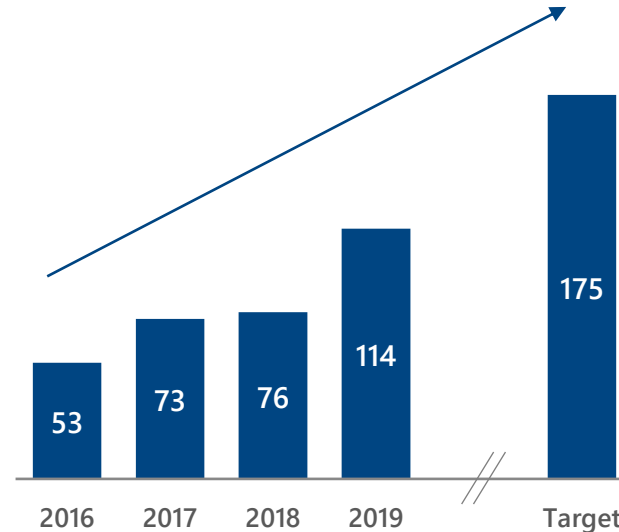
Increasing activity in brokerage for private clients

Growth in AUM, focusing on mutual funds and ETFs

Economies of scale

## Comprehensive profit (NISm)

Forecast  
10-15%  
CAGR



- Manages 50 NISb
- Activities including mutual funds and ETFs, private & institutional brokerage, discretionary portfolio management, options trust services, and underwriting
- Leader in performance and bank ratings

30.9.20 YTD:  
94 NISm

# Accelerated Growth in Proprietary Agencies



## Growth Drivers

Continued acquisitions of insurance agencies

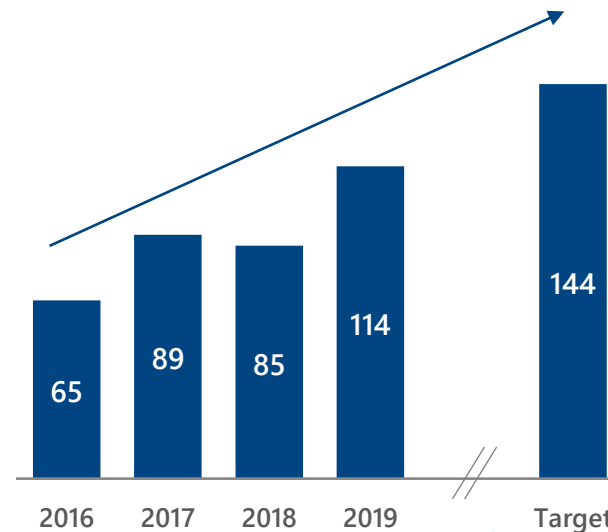
Accelerating organic growth

Economies of scale

Digitization and implementation of information systems for customers and agencies

## Comprehensive Profit (NISm)

Forecast  
5-8%  
CAGR



30.9.20 YTD:  
77 NISm

- The largest distribution channel among Israeli insurance companies
- Includes leaders in life and P&C distribution
- Track record of consolidation and integration of smaller firms

# Continued Share Expansion in Direct Distribution

## Growth Drivers

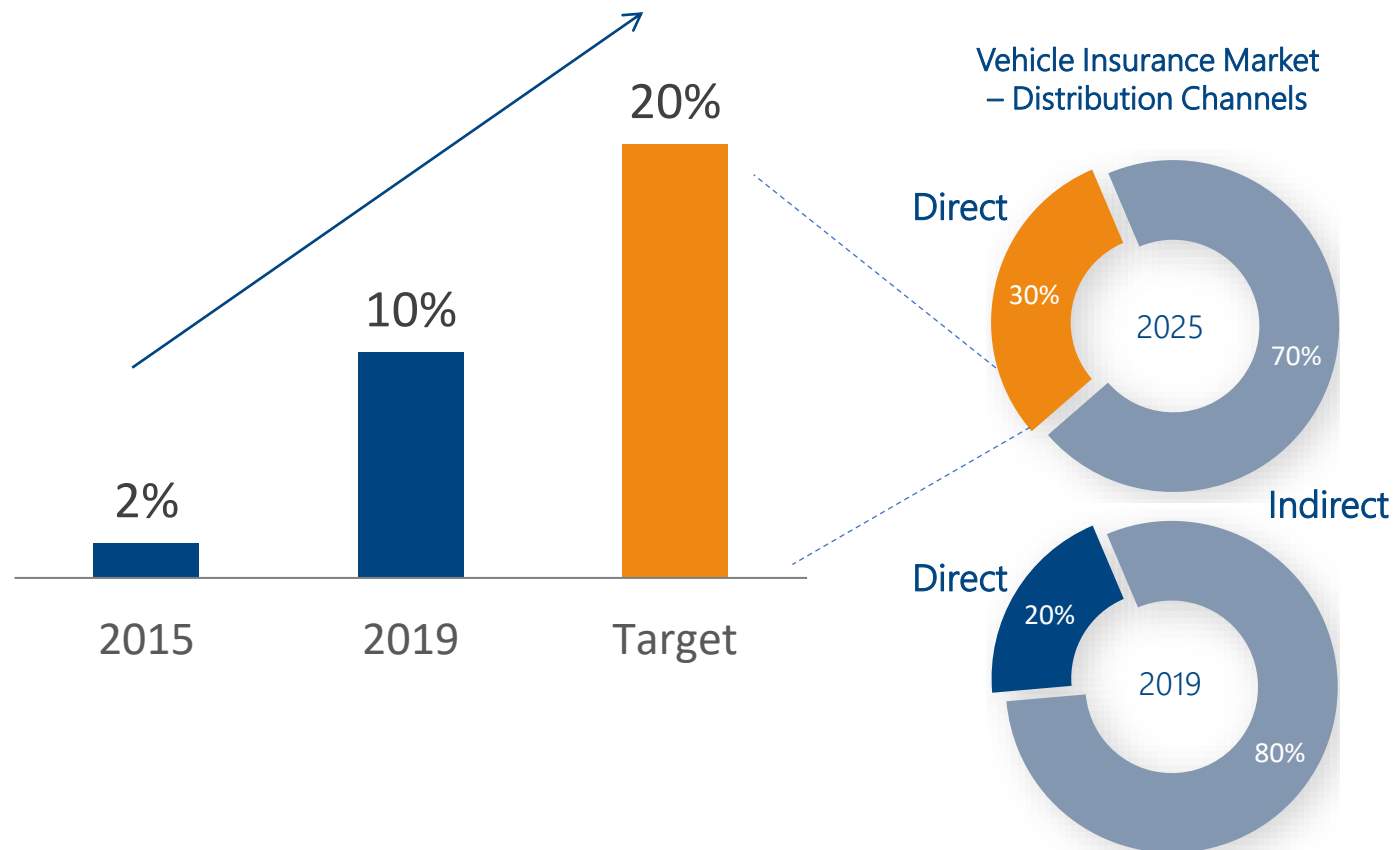
Digital marketing and marketing automation

Optimizing the digital customer journey

Cross-sales

Pricing and market analytics

## Phoenix SMART - Market Share of Direct Distribution \*



\* Market share of direct distribution vehicle insurance (estimate only)

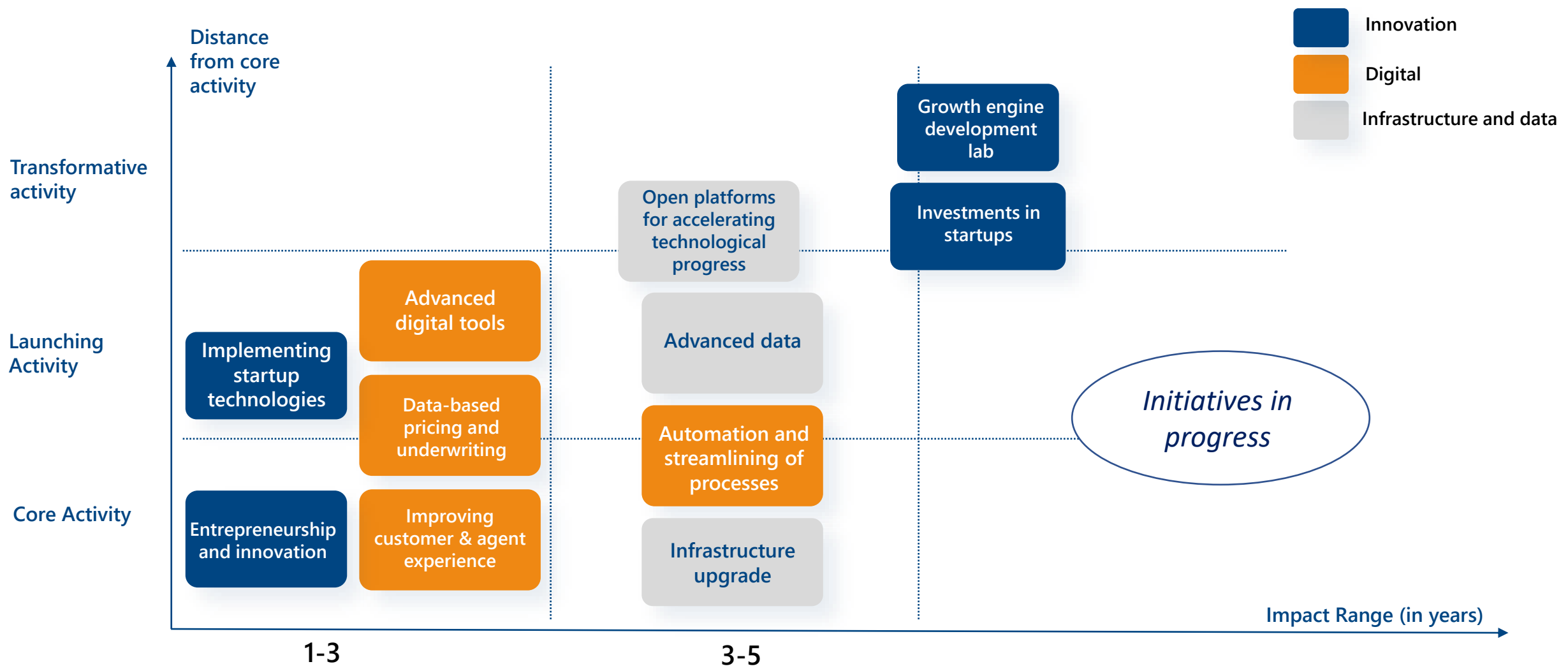
# Strategic Plan

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## *Value-driven Insurance and Financial Group*



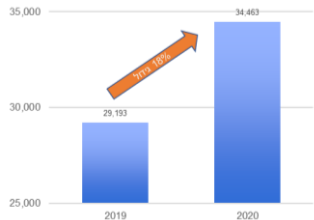
# Ongoing Digital and Technological Transformation



# 300 NISm Annual Savings While Improving Service

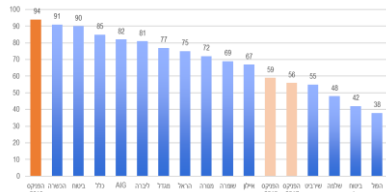
## Implementing digital tools to improve service and cut costs

Growth in self-service



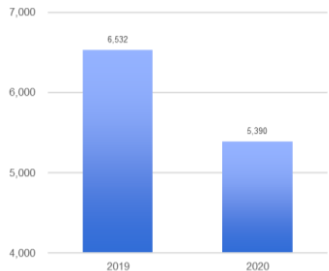
18% increase in internet service users between 2019 and 2020

Market leaders in digital services



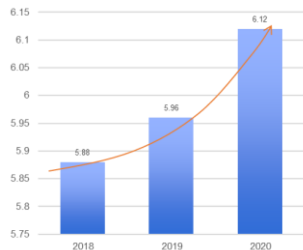
First Place in 7 out of 9 categories of digital service

Reduction in call centers

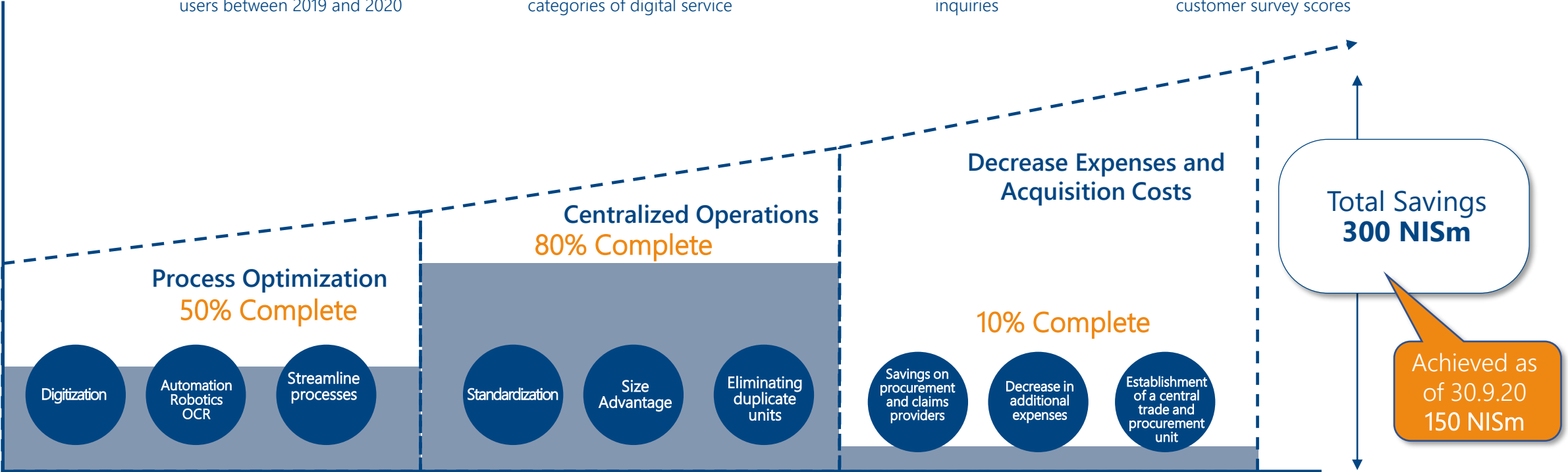


35% reduction in call center inquiries

Improving satisfaction



Achieving 6 out of 7 on customer survey scores





# Strategic Plan

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## *Value-driven Insurance and Financial Group*

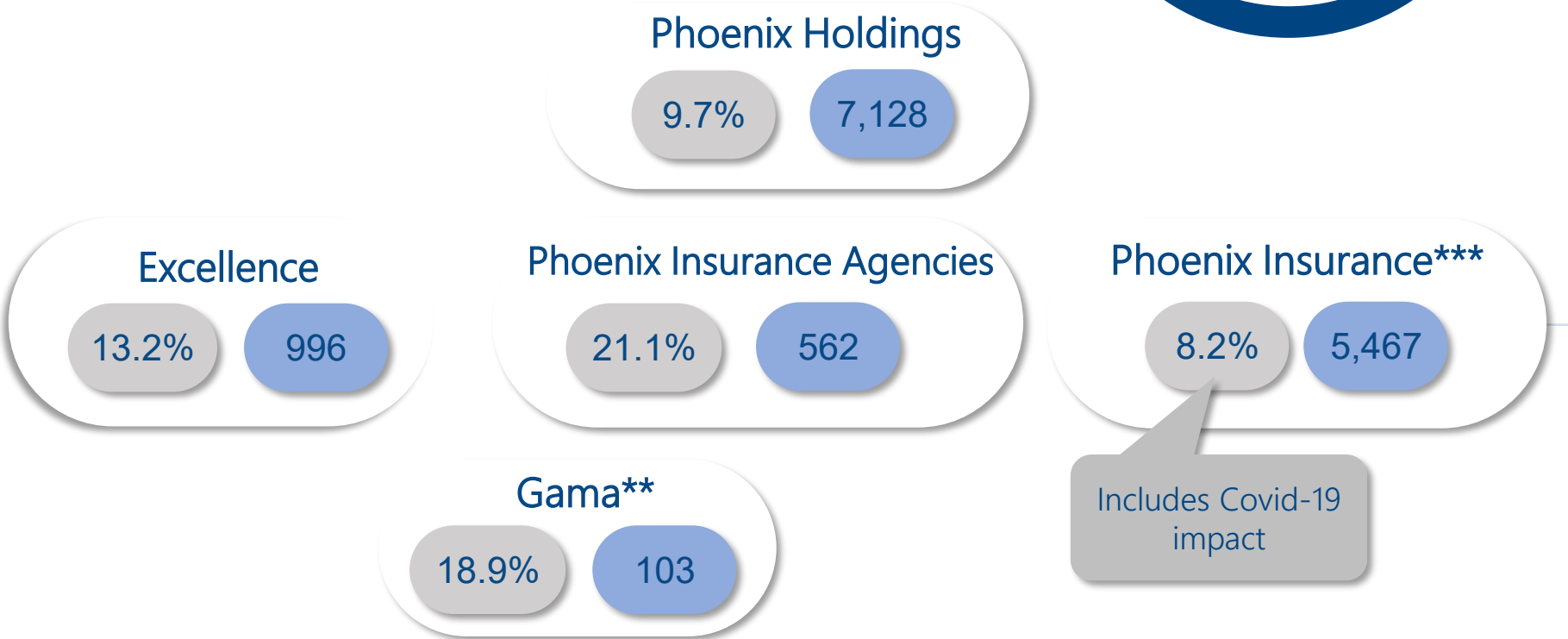


# Portfolio Resilience During 2020 YTD

Yield based on the first 9 months of 2020 (annual rate)



xx	ROE
xx	Equity NISm



\* Data as of 30.9.2020  
\*\* 49% owned  
\*\*\* Insurance equity includes Ad 120, Phoenix Holdings, and others

# Active Portfolio Management to Unlock & Create Value

	Value drivers	Holdings	Comprehensive Profit 2019 NISm	Comprehensive Profit 30.9.20 YTD NISm	Equity of Phoenix Holdings 30.9.20 NISm
Insurance*	Growth Profitability	100%	415	309	5,467
Agencies	Organic Growth Acquisitions	100% 50-100% (sub.)	114	77	562
Excellence	Funds & Brokerage	100% 84%-100% (sub.)	114	94	996
Gama	Cash to Credit New Products	49%	21	14	103
Total			664	494	7,128
Portfolio Contribution			249	185	1,661
Percent of total			38%	37%	23%

Focus on unlocking appropriate valuation metrics for non-balance sheet businesses

# Strategic Plan

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## *Value-driven Insurance and Financial Group*



Yield-focused  
growth



Innovation and  
Efficiency



Maximize Portfolio

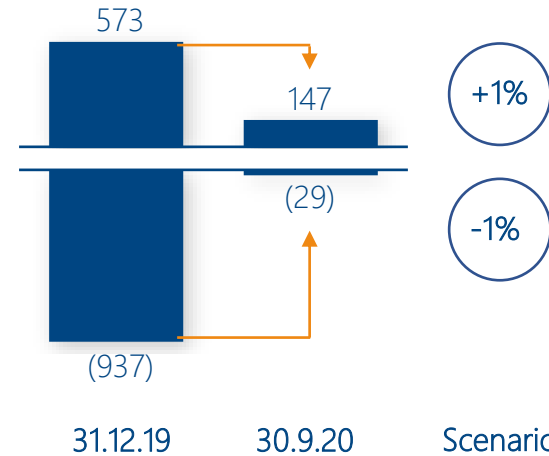


Capital  
Management

# Reduce Volatility and Build Capital and Solvency Ratios

Reduce  
volatility and  
optimize risk

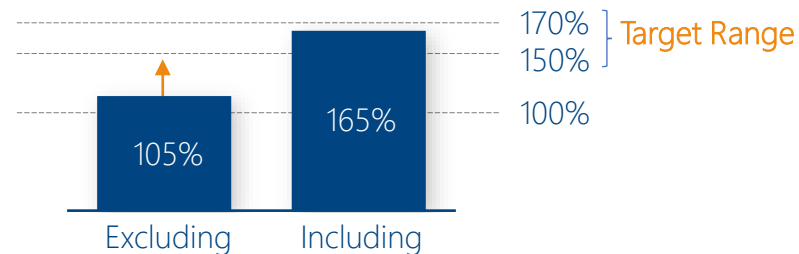
Sensitivity to interest rate changes (in NISm) \*



- Improved hedging of interest rate risk
- Improved matching of assets and liabilities (including duration)
- Optimization of old insurance portfolios through reinsurance solutions

Capital Target

Solvency rate including/excluding transitional measures \*\*



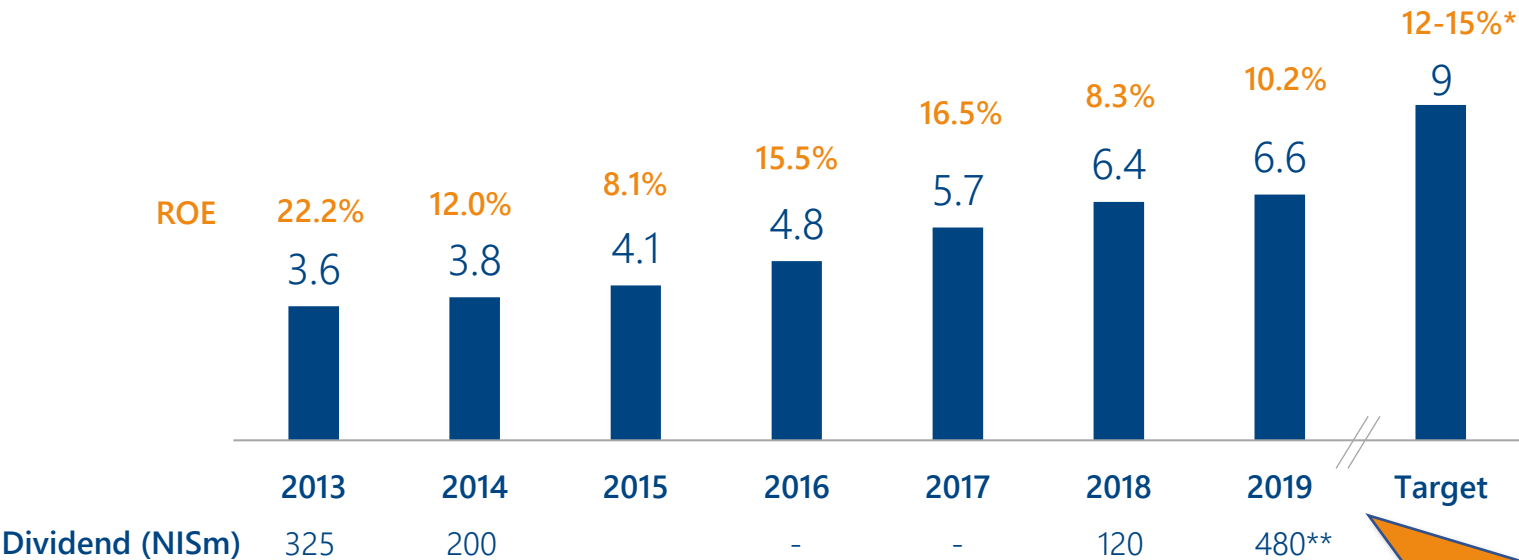
- 165% solvency ratio with standard model transitional measures (through 2032), 105% without transitional measures \*\*
- The strategic plan supports strengthening and streamlining the capital base and building economic capital

\* Impact on comprehensive profit of an increase / decrease of 1% in the interest rate

\*\* As of December 31, 2019

# Increase ROE and Distribute Dividends

## Shareholder Equity (NISm)

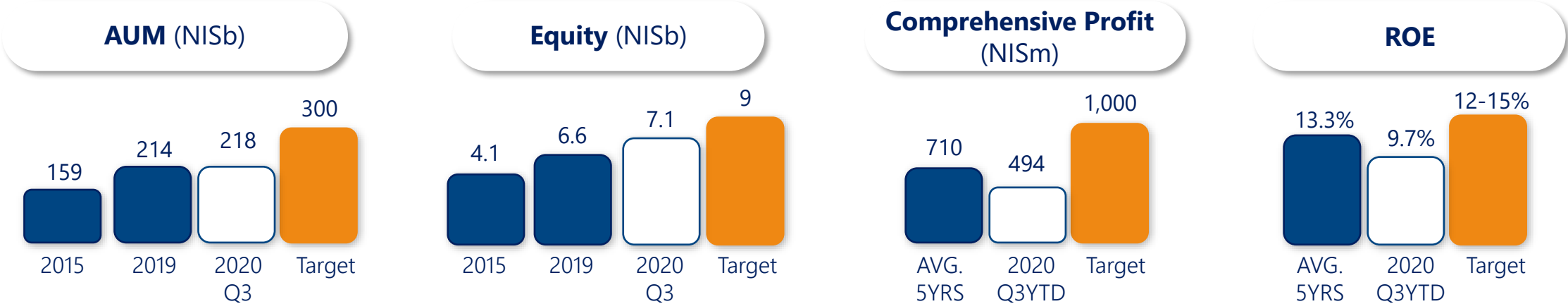


- Dividend distribution policy – 30% of profits
- Annual dividend forecasted in 2020\*\*\*
- Share repurchase plan

As of 30.9.20: 7.1 NISb  
ROE 30.9.20 YTD annualized: 9.7%

\* Targets based on 5-year plan and assuming 3% return on investments. ROE target range assumes 3% to 4.8% return on Nostro investments (4.8% based on average actual annual return during 1.10.15-30.9.20).  
\*\* Includes approximately 230 NISm of Mehadrin shares as a dividend in kind  
\*\*\* Including 2020 share buy-back program and an additional dividend for 2020 to be distributed in 2021

# Selected Targets



Targets based on 5-year plan and assuming 3% return on investments. ROE target range assumes 3% to 4.8% return on Nostro investments (4.8% based on average actual annual return during 1.10.15-30.9.20). Actual performance will depend on financial markets, macroeconomic growth, industry trends, company performance and other variables.

For further information  
please contact us at  
[ir@fnx.co.il](mailto:ir@fnx.co.il)  
and see  
<https://investor-relations.fnx.co.il/>



# Appendix

# Strong and Experienced Management Team



Eyal Ben Simon  
CEO

- Phoenix since 2003
- Experience in insurance and management
- Israel Ministry of Finance



Moti Mor  
P&C

- Phoenix since 2003
- Experience in P&C



Daniel Cohen  
Long-term Savings & Life

- Phoenix since 2018
- Experience in life insurance, health, and long-term savings



Daphna Shapira  
Health

- Phoenix since 1996
- Experience in health insurance



Raanan Saad  
SMART Direct

- Phoenix since 2019
- Experience in direct insurance, marketing and business development



Hanna Hollander  
Excellence

- Phoenix since 2012
- Investment experience, banking, risk management and raising capital



Haggai Schreiber  
Investments

- Phoenix since 2014
- Investment management experience



Eli Schwartz  
CFO

- Phoenix since 2002
- Experience in finance and subsidiaries' finance functions



Menachem Neeman  
Legal

- Phoenix since 2015
- Former Partner in HFN



Keren Granite  
Service Operations Claims

- Phoenix since 2000
- Experience in claims and operations



Ron Shvili  
Innovation and Technology

- Phoenix since 2020
- Experience in technology
- Previous experience at IDF and Cellcom

# Israel Opportunity



The Israeli economy has a unique profile, combining the emerging market growth with developed market stability. These characteristics support the development of strong domestic insurance and asset management sectors.

3.3%	0.1%	5.1%	A1 (Stable) / AA- (Stable) / A+ (Stable)	59.9%
Average Real GDP growth (2015-2019) <sup>1</sup>	Average Inflation Rate (2015-2019)	Unemployment (Jul-2020) <sup>2</sup>	Ratings/Outlook (Moody's/S&P/Fitch)	Public Debt/GDP <sup>3</sup>
22,072 km	c. 9.3m	New Israeli Shekel (NIS)	395 USD <sup>b</sup>	41,624 USD
Area	Population (Sep-2020)	Currency	GDP (2019)	GDP per Capita (2019)

Sources: Bank of Israel (BOI); Central Bureau of Statistics (CBS); OECD; Ministry of Finance (MOF)

<sup>1</sup> Real GDP growth according to Bol. Israel forecast based on Bol's upside case as of Aug-2020. Bol's downside case forecast for 2020E is -7%.

<sup>2</sup> COVID-normalized unemployment rate. Unemployment rate including COVID impact – 12.3%.

<sup>3</sup> The public debt in the preceding December divided by GDP during the previous 4 quarters.

# Phoenix's Strengths

<b>Strong Growth</b>	Unlike European peers, Phoenix is a leader in a rapidly growing market: ~2x GDP growth relative to Western Europe with strong demographic and wealth trends. Compulsory, high savings rates contribute to the growth in asset management and long-term savings products.
<b>High Barriers to Entry</b>	Israel's insurance market is led by five multiline insurers with years of experience (~80% of GWP over past 5 years), brand loyalty and stable market shares. Due to the importance of these companies to the public, regulators apply a high bar for new entrants / control shareholders.
<b>Market Leader Status</b>	Phoenix has historically been a top performing insurance company in its market with strong ROEs over the past five years and through the cycle.
<b>Diversified income driven by P&amp;C and asset management</b>	Phoenix enjoys the significant covariance benefits derived from being a multiline insurer, but only 22% of its income is attributable to its life/health segment, compared with 40% from P&C and 24% from asset management, distribution, and other fee-based businesses.
<b>Focus on Data &amp; Technology</b>	Among the large insurers in Israel, Phoenix stands out for its focus on data and technology. For example, its Phoenix SMART platform is the quickest growing direct to customer with telematics.
<b>Untapped Portfolio Potential</b>	Phoenix Holdings' market cap today suggests a material portfolio discount – benchmarking the market value of non-balance sheet businesses suggest additional upside. Its control shareholders and board are experienced in and focused on properly highlighting these assets.
<b>Solid Solvency Ratio w/ Upside Potential</b>	Solvency ratio of 165% as of December 31, 2019 based on recently passed transitional measures that will extend until 2032 (105% without transitional measures). The measurement is based on standard models and there is potential upside if the market (like Europe and the U.S.) comes to use internal models over time. Even with standard models, company has long, sustainable runway for regular dividend distribution.
<b>Reduced Interest Rate Exposure</b>	Phoenix has achieved strong ROE over the past five years in a historically low rates environment. On the liabilities side, the company has focused on ALM and other features to reduce exposure to interest rates - a 1% decrease in rates today would represent a loss less than 100 NISm.
<b>Limited Cat Risk Exposure</b>	Insuring in Israel-only, Phoenix has limited exposure to natural catastrophe risks such as hurricane or typhoons. Its exposure to earthquake risk is substantially reinsured.
<b>Experienced management, board and control shareholders</b>	The company's senior management has longstanding experience in the industry and with the Phoenix, and has been bolstered by best-in-class board of directors and sophisticated international control shareholders.

**Phoenix's risk-return profile is that of a best-in-market, low-cat exposed P&C insurer and asset manager with greater technological capabilities and demographic growth than most U.S. and European peers**

# Annex A

**Legal remarks and details regarding the investment tracks which were the basis for the comparison in Slide 6.**

The presented published periods: last 12 months: (11/19-10/20), last 3 years (11/17-10/20), last 5 years (11/15-10/20), standard deviation in yearly terms – last 5 years: (11/15-10/20)

**The presented yield returns are average gross nominal depending on the selected period, before deducting administration fees. There is no information about the ranks and returns achieved in the past to indicate the rating and returns that will be achieved in the future or commitment to any yield.** Data sources: Nat Insurance Website, Provident Net and Pension Net.

**Comprehensive Pension Fund: The Phoenix - Track 9974, Harel -Track 9823, Clal – Track 9654, Migdal - Track 8801 & Menorah Mivtachim – Average weighted spanning tracks 2040-2060.**

Last 12 months (11/19-10/20): \*Menorah Mivtachim – below are the subject tracks yields which were the basis for the weighted average: retirement target track 2050 track 2015 – 0.08%, retirement target track 2045 track 2016 – -0.56%, retirement target track 2050 track 2183 – -0.59%, retirement target track 2055 track 2184 – -0.72% and retirement target track 2060 track 8812 – -0.48%.

Last 3 years (11/17-10/20): \*Menorah Mivtachim - below are the subject track yields which were the basis for the weighted average: retirement target track 2050 track 2015 – 4.34%, retirement target track 2045 track 2016 – 4.08%, retirement target track 2050 track 2183 – 4.03%, retirement target track 2055 track 2184 – 3.93% and retirement target track 2060 track 8812 – 3.94%. The yields returns are on investments and do not include demographic or actuarial surplus (deficit) yields.

**Study Fund: The Phoenix - Track 964, Harel -Track 154, Clal – Track 456, Migdal - Track 579 & Menorah Mivtachim – Track 828.**

**Provident Fund: The Phoenix - Track 9916, Harel -Track 9774, Clal – Track 9651, Migdal - Track 9779 & Menorah Mivtachim – Track 9793.**

The Pension Fund, Study Fund & Provident Fund of the Phoenix are managed by The Phoenix Excellence Pension & Provident Fund Ltd.

**The comparison between the tracks is between companies that manage pension funds, provident funds and study funds in the five major insurance groups.**

**Insurance:** general investment track in unit linked policies that have been produced since 2004 and on and that from 2016 is opened for new costumers in individual programs only.

**The Phoenix - Track until 50, Harel -Track 88, Clal – Track 99, Migdal - Track 17013 & Menorah Mivtachim – Track 18013.**

The Phoenix insurance policies are managed by The Phoenix Insurance Company Ltd.

**The comparison is between the five major insurance companies.**

The aforementioned does not constitute advice and/or recommendation and/or opinion for the purchase of a pension product and/or Insurance product.