

The Allstate Corporation



Second Quarter 2021 Earnings Presentation

08.05.2021

Allstate



Forward-looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. This presentation also contains 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.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2020 Form 10-K, Form 10-Q for June 30, 2021, 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.



Allstate's Strategy To Increase Shareholder Value Through Execution, Innovation and Long-Term Value Creation

Increase Personal Property-Liability Market Share

Transformative Growth:

- Expand Customer Access
- Improve Customer Value
- Increase Sophistication and Investment in Customer Acquisition
- Deploy New Technology Ecosystem

Leveraging Allstate brand, customer base and capabilities



arity

Allstate
BUSINESS INSURANCE

Allstate
ROADSIDE

Expand Protection Solutions

Allstate
PROTECTION PLANS

Allstate
IDENTITY PROTECTION

Allstate
BENEFITS

Avail
Powered by Allstate

Allstate
DEALER SERVICES

First Half 2021 Highlights

Execution

Customers

- Increased Property-Liability market share by ~1 point through National General acquisition
- Expansion of Protection Plans product offering and availability

Financial Results:

- Revenues increased 23.8% from prior year
- Adjusted net income* ("ANI") of \$3.0 billion
- ANI return on equity* of 23.8% for last twelve months

Shareholders:

- Increased dividend by 50%
- Reduced common shares outstanding by 2.4%
- Initiating \$5 billion common share repurchase program (13% of market capitalization as of 8/3)



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First Half 2021 Highlights

Innovation

- Transformative Growth implementation progressing
- Rapid growth of auto insurance telematics offerings
- Launched Arity IQ and marketing services through LeadCloud and Transparent.ly

Long-Term Value Creation

- Enhanced Independent Agent channel competitive position and business platform
- Announced divestiture of lower growth and return life & annuities businesses
- Increasing growth to create shareholder value



Allstate Delivers Strong Performance as Economic Activity Increases

- Total revenues of \$12.6 billion in the second quarter increased 21.6% from the prior year
 - Property-Liability premiums earned increased by 12.9% over the prior year quarter driven by 12.1% increase in policies in force
 - Net investment income driven by continued strong performance-based results
- Net income of \$1.6 billion in the second quarter with adjusted net income* of \$1.1 billion (\$3.79 per share)

(\$ in millions, except per share data and ratios)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Total revenues	\$12,646	\$10,403	21.6%	\$25,097	\$20,269	23.8%
Property-Liability insurance premiums	10,009	8,863	12.9%	19,905	17,744	12.2%
Accident and health insurance premiums and contract charges	447	263	70.0%	902	545	65.5%
Net investment income	974	220	NM	1,682	466	NM
Realized capital gains and losses	287	440	(34.8%)	713	278	156.5%
Income applicable to common shareholders:						
Net income (loss)	1,595	1,224	30.3%	187	1,737	(89.2%)
Adjusted net income*	1,149	816	40.8%	3,020	2,018	49.7%
Per diluted common share						
Net income (loss)	5.26	3.86	36.3%	0.61	5.43	(88.8%)
Adjusted net income*	3.79	2.58	46.9%	9.90	6.31	56.9%
Return on Allstate common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				15.3%	18.2%	(2.9) pts
Adjusted net income*				23.8%	18.0%	5.8 pts

NM = not meaningful

- Transformative Growth is a multi-year initiative to build a low-cost digital insurer with broad distribution
 - Expand customer access
 - Improve customer value
 - Increase sophistication and investment in customer acquisition
 - Deploy new technology ecosystem



Phase 2 Substantial Progress

- Improved competitive price position of auto insurance
- Maintaining attractive margins through cost reductions
- Launched new branding supported by increased investment
- Leveraging industry-leading telematics offering
 - Largest pay-per-mile carrier
- Successfully leveraging National General platform


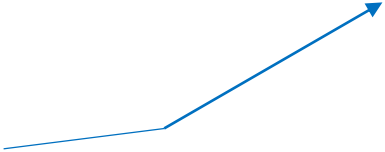

Executing Phase 3

- Transforming distribution platform to higher growth and lower costs
- Improving customer acquisition costs relative to lifetime value
- Lowering underwriting and claims expenses
- Operationalizing new technology ecosystem



Transforming Distribution Platform

- Multi-faceted longitudinal plan to grow Property-Liability market share
 - Transition Allstate agents to higher growth and lower cost models
 - Expand Allstate branded direct sales with lower pricing and enhanced capabilities
 - Enhance independent agent distribution through National General

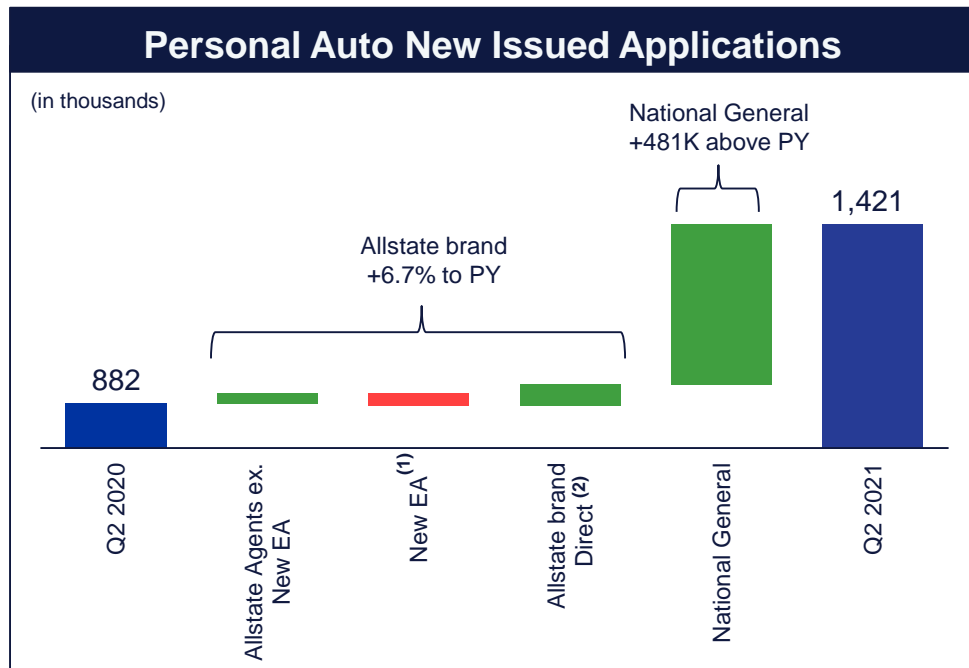
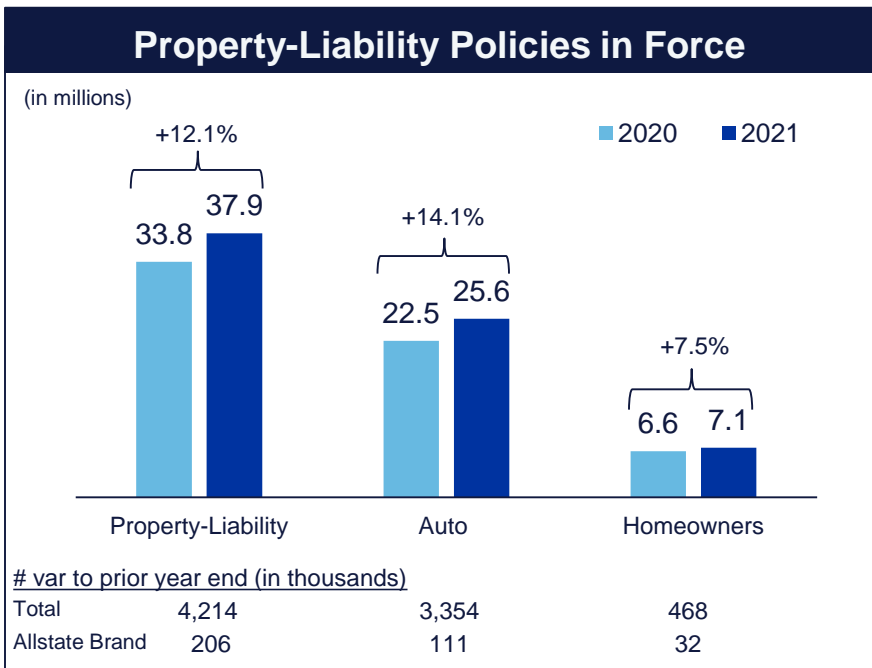
Channel	Progress on Distribution Transformation	Expected Growth Trajectory ⁽¹⁾
Allstate Exclusive Agents	<ul style="list-style-type: none"> • Compensation structure evolving to incentivize growth <ul style="list-style-type: none"> ○ Increasing new business compensation, lowering renewal ○ Launched multi-year transition for existing agents • Reduced new agent appointments in early 2020 in advance of new programs <ul style="list-style-type: none"> ○ Developing new agent models with lower cost structure 	<p><i>Short-term flat to moderate decline in new business</i></p> 
Allstate Direct Sales	<ul style="list-style-type: none"> • Leveraging Esurance direct sales capabilities under Allstate brand • Direct channel pricing • Direct sales now make up 29% of Allstate auto new business 	<p><i>Accelerated growth</i></p> 
Independent Agents (“IA”)	<ul style="list-style-type: none"> • Increased policies in force by more than 4 million in 2021 through National General acquisition • Broadening middle market product portfolio beginning in 2021 • Expanding IA points of presence, geographic mix and engagement 	<p><i>Growth from acquisition in 2021; Accelerated organic growth as new products roll out</i></p> 

⁽¹⁾ Shape of growth trajectory line depicts illustrative visual



Multi-faceted Approach to Grow Personal Property-Liability Market Share

- Property-Liability policies in force grew by 12.1% compared to prior year driven by the National General acquisition and expanding direct capabilities
- Personal auto new issued applications increased 61% driven by both Allstate and National General branded business
 - Existing Allstate agents, excluding new appointments, increased new business
 - Allstate brand direct sales increased by 31% over the prior year quarter
 - National General branded new business was 481,000 higher than prior year quarter (pre-acquisition)



⁽¹⁾ New EA reflects new agent appointment production compared to prior year new appointments

⁽²⁾ Allstate brand direct includes Esurance brand in 2021 and 2020



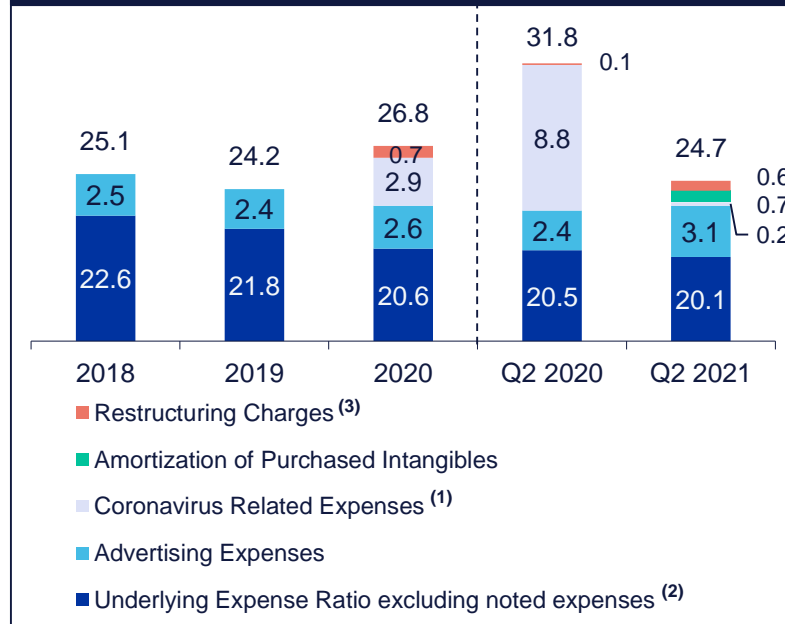
Property-Liability Margins Remain Strong

- Recorded combined ratio of 95.7 increased 5.9 points compared to the prior year quarter and generated underwriting income of \$429 million
 - Higher underlying losses primarily driven by higher auto accident frequency
 - Loss ratio increase was partially offset by lower pandemic-related expenses and catastrophe losses
- Cost reductions implemented in 2020 and continuing in 2021 provide operational flexibility to improve customer value and invest in growth
 - Underlying expense ratio*, excluding Coronavirus-related expenses, increased advertising and restructuring, decreased compared to the prior year quarter by 0.4 points
 - Increased claims process efficiency and expanded digital capabilities (QuickFoto Claim®, Virtual Assist® and aerial imagery) have resulted in lower expenses while improving customer experience

Property-Liability Combined Ratio



Property-Liability Expense Ratio



(1) Includes Shelter-In-Place Payback expense and bad debt expense related to the Special Payment plan offered to customers as a result of the Coronavirus

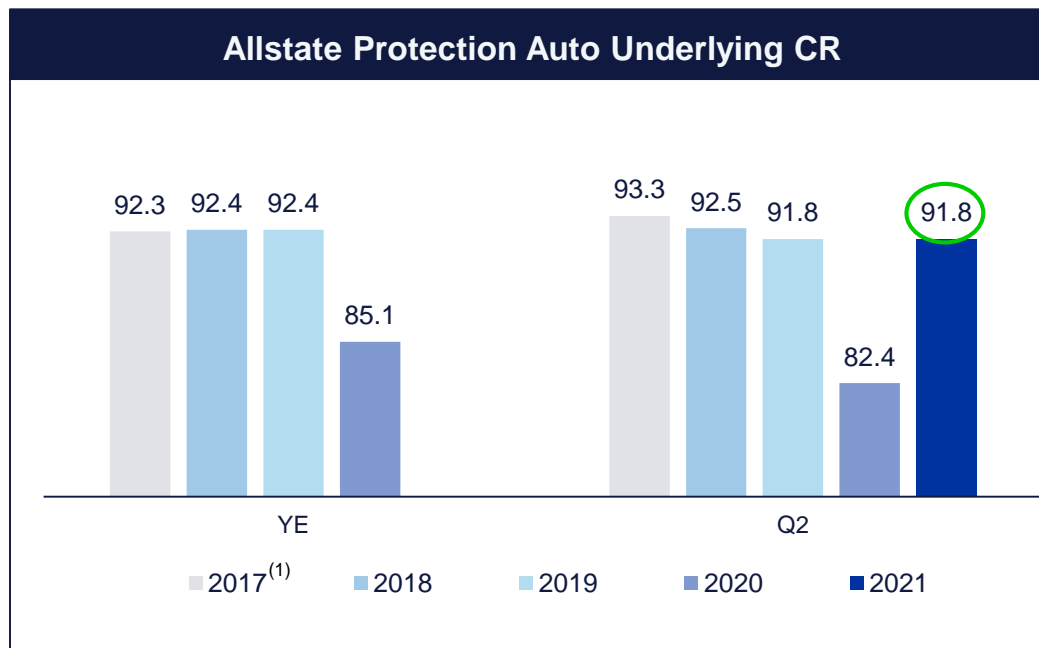
(2) Reflects expenses excluding amortization of purchased intangibles, restructuring, Coronavirus related, and advertising expenses

(3) Reflects restructuring and related charges in 2020 and 2021 primarily related to Transformative Growth and Future of Work initiatives



Auto Insurance Profitability Remains Favorable to Pre-Pandemic Levels

- Protection auto underlying combined ratio of 91.8 in the second quarter remains below historical levels
- Auto accident frequency continues to trend below pre-pandemic levels
 - Allstate brand auto property damage frequency in the second quarter increased 47.3% to the prior year, but was 21.0% lower than 2019
- Auto severity increases along with competitive pricing enhancements partially offset lower frequency
 - Incurred severity increases are higher than general inflation
- Targeted price increases will be implemented as necessary to maintain attractive auto insurance returns



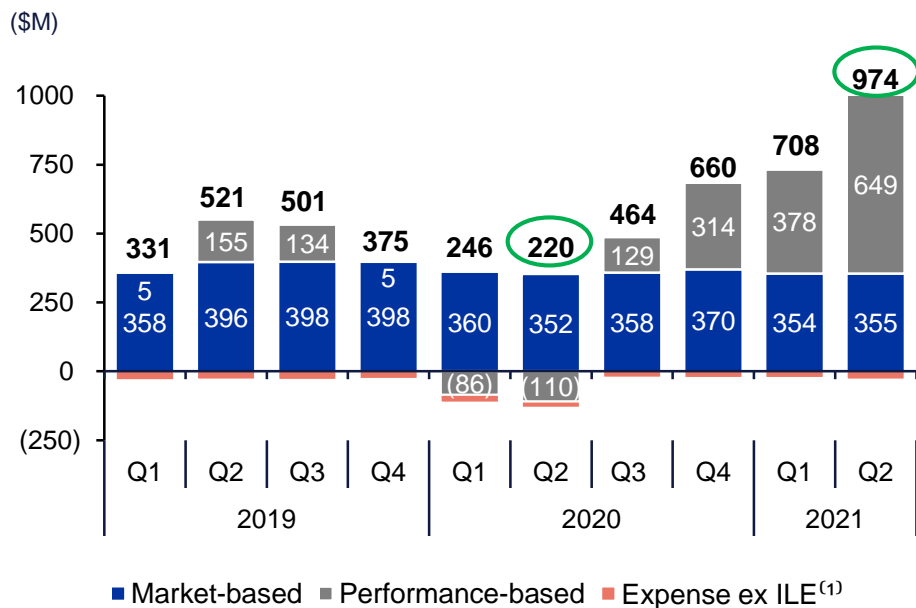
⁽¹⁾ 2017 quarterly combined ratio does not reflect change in pension accounting



Proactive Portfolio Management Optimizes Risk and Return to Deliver Attractive Long-Term Results

- Net investment income \$754 million above prior year quarter, reflecting higher performance-based income
- Total return on portfolio was 2.6% in second quarter and 6.8% over last twelve months
- The market-based and performance-based investment strategies are integrated with the enterprise risk and return framework
 - Portfolio is managed to optimize long-term risk-adjusted returns
 - Proactive, disciplined approach leverages collaboration across a deeply experienced investment management team

Net Investment Income



Portfolio Returns⁽²⁾ (Including Discontinued Ops)

	Annualized		
	3 Year	5 Year	10 Year
Total Portfolio GAAP Total Return ⁽³⁾	6.5%	5.2%	4.9%
Market-based GAAP Total Return	6.2%	4.8%	4.6%
Performance-based IRR	10.7%	12.1%	12.1%

⁽¹⁾ Investee level expenses (ILE) comprise asset level operating expenses are netted against market-based and performance-based income.

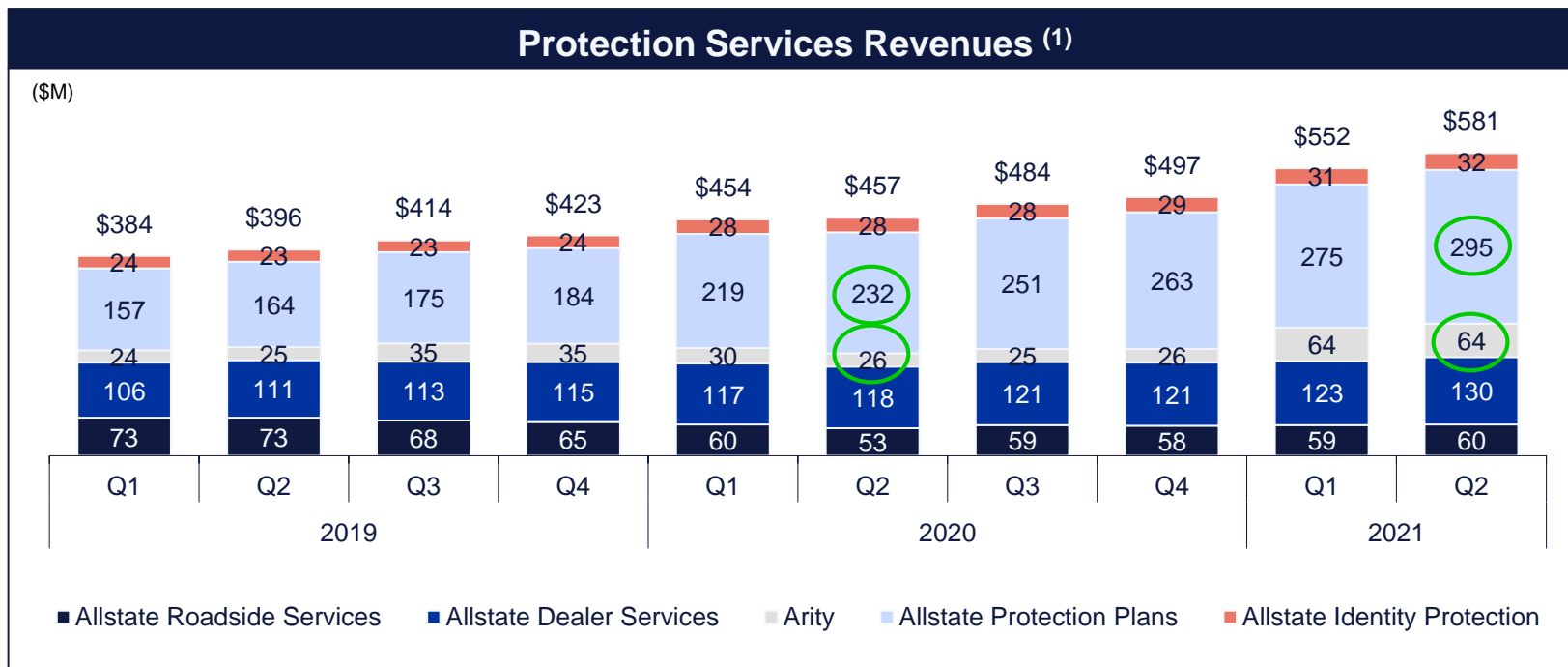
⁽²⁾ Total portfolio and market-based returns reflect GAAP total returns, performance-based reflects IRR. See investor supplement for definitions

⁽³⁾ Total portfolio return includes non-ILE expenses of 0.2% for the annualized trailing 3, 5 and 10 year periods



Protection Services Continues High Growth and Profit Trajectory

- Revenues⁽¹⁾ of \$581 million increased 27.1% compared to the prior year quarter
 - Allstate Protection Plans revenues of \$295 million increased 27.2% compared to the prior year quarter
 - Arity increased due to integration of LeadCloud and Transparent.ly expanding marketing services
- Policies in force increased to 147 million, primarily due to Allstate Protection Plans growth supported by the launch with The Home Depot in the first quarter of 2021
- Adjusted net income of \$56 million increased \$18 million compared to prior year quarter
 - Allstate Protection Plans generated adjusted net income of \$42 million in the second quarter and \$155 million over the past twelve months



⁽¹⁾ Protection Services revenues exclude the impact of realized capital gains and losses



Allstate Generates Attractive Returns

- Allstate continues to generate strong returns and provide significant cash to shareholders while investing in growth
 - Adjusted net income return on equity* of 23.8% for the last 12 months
 - Returned \$807 million to common shareholders in the second quarter of 2021 through \$562 million in share repurchases and \$245 million in common shareholder dividends
 - Announced an agreement to acquire SafeAuto, leveraging National General's success in integrating companies, to accelerate growth
- Authorized new \$5 billion share repurchase program, representing approximately 13% of market capitalization, to be completed by March 31, 2023

Capital Position			
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Inc / (Dec)</u>
Adjusted net income return on equity*	23.8%	18.0%	5.8 pts
Book value per common share	\$86.33	\$79.21	9.0%
Common shares outstanding (in millions)	296.9	312.7	(5.1%)
Quarterly common shareholder dividend	\$0.81	\$0.54	50%
Debt-to-capital ratio	22.1	19.7	2.4 pts



Accelerating Growth to Improve Valuation

- Allstate has delivered superior financial performance relative to peers and the broader market
- Committed to accelerating growth with attractive financial returns

Financial Metrics - Allstate vs. Industry (5 years)

<u>Valuation Metric</u>	<u>Allstate Actual</u>	<u>Rank vs. 10 Peers⁽⁵⁾</u>	<u>Percentile vs. S&P 500</u>
Operating EPS CAGR	23.2%	#3	91%
Operating RoAE	15.6%	#2	57%
Cash Yield ⁽¹⁾	7.3%	#2	89%
Total Shareholder Return ⁽²⁾	14.9%	#3	52%
Revenue Growth ⁽³⁾	4.1%	#7	49%
Price / Earnings ⁽⁴⁾	10.2x	#8	10%
Price-to-Book Value	1.5x	#5	N/A

Source: FactSet; SNL; Note: Market data as of 6/30/21; 5 year CAGR period or financial metrics measured from 2015 – 2020 financial periods

⁽¹⁾ Represents annual dividends + buybacks divided by average market cap

⁽²⁾ Annualized total shareholder return calculated for 6/30/16 – 6/30/21 period

⁽³⁾ Represents net premiums earned for Insurance peers and revenue for S&P 500; Allstate NPE represents sum of P&C and Accident and Health net premiums and contract charges

⁽⁴⁾ Based on price as of 6/30/21 and 2022 analyst consensus operating EPS estimates per FactSet

⁽⁵⁾ P&C comparables includes North-American P&C companies with a market cap of \$4 billion or greater



Allstate Focuses on Execution, Innovation and Long-Term Value Creation

Execution

Customers

- Broad protection solutions (auto, home, products, identity)

180+
Million
Policies in Force

Financial Results

- Industry-leading insurance margins
- Attractive risk-adjusted investment returns

15.6%
ROE* Average⁽¹⁾

Shareholders

- Attractive shareholder returns

14.9%
5 Year Annualized TSR⁽²⁾

Innovation

Transformative Growth

- Transitioning to a digital platform with low-cost protection through affordable, simple and connected solutions

Connected Car

- Broad and aggressive approach to auto insurance telematics
- Leading telematics business (Arity) with an expanding Total Addressable Market

Corporate Citizenship

- Focused on climate change, privacy and equity

Long-Term Value Creation

Capital Management

- Repurchased 25% and 50% of common shares over the last 5 and 10 years
- Successful utilization of acquisitions to increase profitable growth

Top 15%
In S&P 500 Cash
Returns To Shareholders⁽³⁾

Governance

- Experienced and diverse management and board

1 of 10
ISS Governance Rating⁽⁴⁾

⁽¹⁾ Average adjusted net income return on equity* over the past 5 years (12/31/2020 – 12/31/2015)

⁽²⁾ Annualized total shareholder return calculated for 6/30/16 – 6/30/21 period

⁽³⁾ Reflects total yield of cash returned compared to the average market cap over the past 5 years

⁽⁴⁾ Institutional Shareholder Services





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. 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:
 - Insurance and Financial Services (1) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and amount of credit losses for investments; (8) changes in market interest rates or performance-based investment returns impacting our annuity business; (9) changes in reserve estimates and amortization of deferred acquisition costs impacting our life, benefits and annuity businesses; (10) our participation in indemnification programs, including state industry pools and facilities; (11) inability to mitigate the capital impact associated with statutory reserving and capital requirements; (12) a downgrade in financial strength ratings; (13) changes in tax laws;
 - Business, Strategy and Operations (14) competition in the insurance industry and new or changing technologies; (15) implementation of our transformative growth strategy; (16) our catastrophe management strategy; (17) restrictions on our subsidiaries’ ability to pay dividends; (18) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (19) the availability of reinsurance at current levels and prices; (20) counterparty risk related to reinsurance; (21) acquisitions and divestitures of businesses; (22) intellectual property infringement, misappropriation and third-party claims;
 - Macro, Regulatory and Risk Environment (23) conditions in the global economy and capital markets; (24) a large-scale pandemic, such as the Coronavirus and its impacts, or occurrence of terrorism, military actions or social unrest; (25) the failure in cyber or other information security controls, or the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (26) changing climate and weather conditions; (27) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) losses from legal and regulatory actions; (29) changes in or the application of accounting standards; (30) loss of key vendor relationships or failure of a vendor to protect our data or confidential, proprietary and personal information; (31) our ability to attract, develop and retain key personnel; and (32) misconduct or fraudulent acts by employees, agents and third parties.
- 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.