Helvetia Group analysts’ conference
Half-year results 2016
Monday, 5 September 2016

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(the spoken words takes precedence)

Philipp Gmür, CEO of Helvetia Group

(Slide 0) Half-year results 2016

Ladies and gentlemen, I am very pleased to be here today and to present to you our half-year results 2016 and would therefore like to welcome you to our presentation. We are looking back on an intense and successful first half of 2016. As well as the publication of our new strategy helvetia 20.20 in March 2016 the announcement of Stefan Loacker to leave Helvetia and to handover to me was certainly one of the most significant occurrences in the first half-year 2016.

First of all I would therefore like to thank Stefan for his highly successful contribution to Helvetia, not only as CEO over the last 9 years, but for his nearly 20 years working for our Group. I wish him all the best for his future. Under Stefan’s leadership, Helvetia Group has experienced a highly positive development and can also look back on a successful first half 2016. I will go into the details in a moment.
Stefan has handed over a company to me that is well-equipped to meet the upcoming challenges. Therefore I am very encouraged to push ahead with the successful course Helvetia Group is pursuing.

I would now like to give you detailed information on the key aspects of our half-year financial statements during this presentation.

(Slide 2) Agenda

Following my introduction, our CFO Paul Norton will explain the key financial figures to you, report briefly on the highlights of our business performance in our Swiss home market and then present our investment results. I will then provide you with a short update of the helvetia 20.20 strategy. Following the presentation, Paul Norton and I, as well as our colleague Ralph Honegger, Chief Investment Officer, will be pleased to answer your questions, as always.

I will start with slide 3

(Slide 3) Half-year 2016 at a glance – solid set of results

Let us begin by discussing operating profit, which achieved a pleasing increase of 7.9 percent to CHF 238 million.

The improvement was driven by the life business and the other activities. In the life business the savings result underpinned the earnings performance.
The business area other activities benefitted from a better technical result from Group reinsurance.

The non-life result showed much better technical results, with the net combined ratio on a Group level at an excellent 91.9 percent, thanks to realised cost synergies. We were therefore able to outperform our newly set strategic combined ratio target of 93 percent in the first half of 2016. Underlying earnings in non-life were below the prior-year level due to the weak performance of the equity markets which impacted gains and losses from investments. Paul will give more details on that within his presentation later-on.

Thanks to the very good progress of the integration of Nationale Suisse, underlying earnings already included synergies of CHF 51 million on a half-year cost basis. As you can see we are well underway to achieve our synergy target. I will provide you with more details on the synergies in a moment.

Business volume increased by 3.4 percent in original currency to more than CHF 5'544 million. Life business volume grew by 5.3 percent in original currency. Let me highlight that the modern, capital-efficient life products showed very satisfactory growth resulting in an increase of 8.4 percent in original currency compared to the first half-year 2015. The non-life business volume was impacted by portfolio optimisation measurements, as we have already announced at the full-year results 2015 in March. These had a negative impact on volume growth which was therefore only 1 percent.

Despite the challenging environment and the very volatile capital markets Helvetia is still well capitalised: Our SST quota was within the range of 150 – 200 percent.

I will now continue on the current status of the integration project on slide 4.

(Slide 4) Integrations well on track

As I have already outlined before the integration of the two acquired companies Nationale Suisse and Basler Austria is well underway. Once again in the first half-year 2016 we made immense progress and reached further important milestones:

In our home market Switzerland the operational part of the integration is almost completed. Following the successful migration of non-life policies we are now migrating the life policies into the Helvetia systems.

Also in Europe we are well on track: In Germany organisational restructuring measurements have been initiated. Furthermore approval for the legal mergers from the regulator has been obtained so that we can now start the implantation phase without delay.

In Spain the new organisation is also already effectively installed and we have started to optimise the former Nationale Suisse portfolio as previously announced.

In Italy the non-life entities and subsequently also the agent networks have been successfully merged.

We are also operating with an integrated product range under a single brand in all country markets.

To summarise: Integrations have largely been implemented. Thus we are confident to finish the respective tasks by the end of 2017.

This brings us to an update on the status of the realisation of synergies on slide 5.

(Slide 5) Synergies pre-tax of CHF 51 million realised

As of half-year 2016, Helvetia had 590 full-time employee equivalents fewer than it did as of 30 June 2014 when we started synergy tracking. Of these employees, 451 left the company due to the two acquisitions and can therefore be counted as net staff synergies. At the same time, however, investments in our business that were made to support our strategy, in particular in IT, and to expand functions that Nationale Suisse had outsourced, have had a slight counter-effect.

The staff reduction corresponds to around CHF 40 million in personnel cost savings on a half-year basis.

We also generated non-personnel cost savings of CHF 12 million on a half-year basis in 2016. In particular, synergies were achieved here through a reduction in redundancies in the areas of IT, Logistics, Marketing and Corporate.

Overall, we realised synergies of CHF 51 million – meaning that we make great progress in achieving our target.

With that, I would like to turn over the presentation to our CFO, Paul Norton, who will now present to you the most important information about the key financial figures. >>>>