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Analysts' Conference – Helvetia Group
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Full-year results 2013

(The spoken word takes precedence)

Stefan Loacker, CEO of the Helvetia Group

(Slide 1) Full-year results 2013

Ladies and Gentlemen, I have the pleasure of welcoming you to the presentation of our 2013 annual results. In financial year 2013, Helvetia once again generated a very good result. Our business volume increased to nearly CHF 7.5 billion. At about CHF 364 million, the profit for the period was also significantly above the previous year. This performance once again highlights the successful path that Helvetia Group is on. We would now like to use this presentation to provide you with the facts in more detail.

(Slide 2) Programme

After my introduction, Paul Norton, Group CFO, will explain our current results, Ralph Honegger will discuss the investment result, and Philipp Gmür will describe the development of the business in our very successful Swiss home market. After this, we will be available to answer any questions you may have.

(Slide 3) Highlights of the 2013 financial year

Let’s start with an overview on slide 3:

- In financial year 2013, Helvetia Group reported a profit of around CHF 364 million. Thanks to the solid earnings contributions from the life and non-life business we were able to surpass the previous year’s Group result by over 9%. Profits are also broadly based in geographic terms. In the Swiss home market, we increased the result again by nearly 10% from an already high level. The foreign units have improved their results from the previous year, in some cases significantly. In total, the country markets Germany, Italy, Spain, Austria and France increased profits currency-adjusted by 11.3% in 2013. We are very pleased with this performance, particularly taking into account a still somewhat difficult economic environment in Italy and Spain as well as the severe weather events in Germany.

- Our well-diversified earnings power proved itself again in financial year 2013. We achieved robust technical results in both the life and non-life business. In the non-life business, we managed a further slight improvement of the net combined ratio, which was already at a good level. All the country markets showed a net combined ratio of below 100%. Paul Norton will give you detailed information on this. In the life business, we recorded healthy risk results and a good investment result. Our portfolio is strong and also the new business in 2013 achieved a new business margin of 1.6%, primarily due to the increase in new investment interest rates during the year, putting us back in the target range.

- Our business volume increased during the reporting period to just under CHF 7.5 billion, surpassing the previous period by about 6% in original currency. The trend in the life business, which increased by 8% in original currency, is especially positive. The strongest drivers were the Swiss market with a gain of 12%, and our German and Austrian business units, with growth rates of 16% and 12%, respectively. On the product side, demand was strongest for Swiss occupational pension solutions and, in individual life, for unit-linked life insurance.

- With a result from financial assets and investment property of CHF 1.21 billion, we surpassed the previous year’s already solid level by CHF 35 million. Despite continuing low interest rates the direct yield fell by just 0.1 percentage points and is now 2.7%. This moderate decline reflects the successfully implemented policy of gradually decreasing the duration gap between the interest-bearing assets and the liabilities from the life business. As a result of the good business performance, Helvetia was able to further solidify its strong capital position. This is reflected in the strong Solvency I coverage of 218% and an SST ratio in the range of 150% to 200% for the first half of 2013. Return on equity increased from 9.1% to 9.3% owing to increased profitability. Due to the Group’s strong capitalisation and solid financial performance, Standard & Poor’s upgraded Helvetia’s rating from “A–” to “A” in May 2013. We intend to continue our attractive dividend policy and are therefore proposing to the Shareholders’ Meeting a 2.9% increase in the dividend to CHF 17.50 per share.

All in all, the financial year 2013 was an excellent year in every respect: volumes and profit increased, foreign markets improved and the balance sheet was further strengthened.

Now I will pass you over to Paul Norton. >>>

Second part:

Slide (27): Ambition Helvetia 2015+ on track

The performance we achieved in 2013 shows that we are well on course with our Helvetia 2015+ strategy.

- At Group level, our "Strategy 2013" focused on two points: first, a comprehensive analysis of the optimisation of Group functions and, second, dealing with the reality of low interest rates in our life insurance activities in Switzerland and abroad.
- At the country level, the focus was on managing the comprehensive integration following the acquisition of Groupama Transport in France and, in Italy, initiating the streamlining of our structures and processes, which had become quite complex in recent years as the result of acquisitions.
- All in all, we handled these tasks well.

We are convinced that in future we will continue to be able to create the greatest added value for our customers, employees and shareholders through our strategy of profitable growth in the existing country markets.

Slide (28): Financial targets

Ladies and Gentlemen, allow me to summarise. We are pleased with the implementation of our strategies and attainment of financial targets. Our growth is solid, and we also had a good start into 2014. Our combined ratio in the non-life business remains very impressive. At 1.6%, the new business margin in the life business is once again in the long-term target range. Our costs have only increased due to the acquisitions of Groupama Transport and Chiara Assicurazioni. At the same time the declines in volume related to the portfolio restructuring in our existing units in Germany and Italy have temporarily increased cost ratios. Sharply improved claims ratios have made clear that this was the right decision. Since we expect that both Germany and Italy will return to growth this year while making good progress with the integration of acquisitions, the cost ratios will gradually improve in the medium term. We have a strong solvency position and a good A– rating. The return on equity is 9.3%, in the target range of nearly 10%. Finally, our shareholders can look forward to a slightly higher dividend and a payout ratio of 43%. This reflects our confidence that we will continue to be able to generate reliable added value for customers, employees and shareholders in the coming years.

Thank you for your attention. The other speakers and I will now be happy to answer your questions. We will start with people who are present here, and afterwards we will answer the questions of those participating by telephone. Please introduce yourself shortly before asking your question.