

## Media release

St. Gallen, 16 March 2015

### Helvetia increases profit and grows through acquisitions

Helvetia produced a very good performance in 2014 and successfully completed the acquisitions of Nationale Suisse and Basler Austria. The underlying earnings increased to CHF 422 million and the IFRS result, which was significantly influenced by acquisition effects, increased to CHF 393 million. The premium volume rose by 4.4% (in original currency) to CHF 7,767 million. Even after the acquisitions, Helvetia has a very strong capital position, with a Solvency I ratio of 216% and equity of CHF 4,963 million. A proposal has been made to the Shareholders' Meeting for a 2.9% increase in the dividend to CHF 18.00 per share.

#### Key data for the 2014 financial year at a glance:

<b>Underlying earnings<sup>1</sup> after taxes:</b>	<b>CHF</b>	<b>422 million</b>	2013: CHF 364 million; +15.9%
<b>IFRS result after tax:</b>	<b>CHF</b>	<b>393 million</b>	2013: CHF 364 million; +8.1%
<b>Business volume:</b>	<b>CHF</b>	<b>7,767 million</b>	2013: CHF 7,477 million; +4.4% in original currency
<b>Solvency I ratio</b>		<b>216%</b>	2013: 218%
<b>Combined ratio (net)</b>		<b>93.1%</b>	2013: 93.6%
<b>Equity excluding preferred securities</b>	<b>CHF</b>	<b>4,963 million</b>	2013: CHF 3,831 million
<b>Requested dividend distribution</b>	<b>CHF</b>	<b>18.00 per share</b>	2013: CHF 17.50 per share

Please see the Notes for other key data, including comments.

<sup>1</sup>The underlying earnings is adjusted for integration costs, depreciation on intangible assets, depreciation due to the revaluation of interest-bearing securities at market prices and other one-off effects resulting from the acquisitions. The underlying earnings is not an IFRS figure and was therefore not audited by the Helvetia Group's auditor. It is, however, derived from the audited IFRS figures.

Helvetia produced a very good performance in 2014 and successfully completed the acquisitions of Nationale Suisse and Basler Austria. Helvetia's IFRS result for the period has been significantly distorted by temporary special effects following the acquisitions. Helvetia is therefore focusing on its "underlying earnings" until the end of the 2017 financial year, which eliminates these temporary effects and therefore reflects the operating performance of the new Helvetia Group.

The Helvetia Group substantially increased its underlying earnings by 15.9% in 2014 to CHF 421.7 million (previous year: CHF 363.8 million). CHF 22.1 million is attributable on a pro rata basis to the acquired companies Basler Austria and Nationale Suisse for the 2014 financial year.

The improvement stems from the non-life business and is based on an increase in underlying earnings of 33.2% to CHF 255.4 million (previous year: CHF 191.7 million). This is due to an organically improved technical result, also boosted by the two acquisitions. The net combined ratio improved to 93.1% (previous year: 93.6%). This allowed Helvetia again to surpass its target of a combined ratio of between 94-96%. In addition to the typically strong Swiss domestic market with a combined ratio of 85.4% (previous year: 84.7%), all European national markets achieved a combined ratio of less than 100% and overall an increased profit contribution.

The underlying earnings in the life business of CHF 151.2 million remained largely stable (previous year: CHF 152.9 million) in a difficult capital market environment, while the result from "other activities" also declined as a result of capital market conditions.

The annual result for 2014 under IFRS of CHF 393.3 million with an increase of 8.1% is also considerably higher than in the previous year. The IFRS annual result was significantly influenced by acquisition effects and includes integration costs of CHF 84.9 million, depreciation on intangible assets and additional scheduled depreciation due to the revaluation of interest-bearing securities of CHF 83.1 million and valuation gains in the amount of CHF 108.9 million on Nationale Suisse shares, which were already held by Helvetia prior to the acquisition.

### **Acquisitions bring dynamic growth**

The Helvetia Group's business volume grew 4.4% in 2014 in original currency to CHF 7,766.6 million (previous year: CHF 7,476.8 million). The two companies acquired in 2014, Nationale Suisse and Basler Austria, made their first contribution to growth in the amount of CHF 328.1 million. The consolidation of the new companies was carried out at the end of 2014 on a pro rata basis and will fully materialise in the 2015 financial year. The business volume grew organically by 0.3% (in original currency). Both the life and non-life businesses benefited from the acquisitions. Helvetia is now one of the top 3 leading all-lines insurers in Switzerland. Helvetia is one of the top 10 insurance companies in Austria. The acquisition of Nationale Suisse also enabled Helvetia to expand its position in other European markets.

## **Integrations on schedule**

The integrations of Basler Austria and Nationale Suisse are progressing as scheduled. The leadership, target organisations and a harmonised product range have been defined in all national markets for the “new Helvetia.” The acquired company in Austria now operates under the brand name “Helvetia.” The new sales organisation has already begun selling the standardised range of life insurance products. As part of the integration of Nationale Suisse, the joint commercial launch of the extended branch network under the name Helvetia is planned in Switzerland for 1 May 2015; the German, Spanish and Italian national markets will follow gradually in the second half of 2015. The strategic review process initiated by Nationale Suisse in Belgium has been completed with the sale of Nationale Suisse Belgium.

## **Solid investment returns and strong capitalisation**

The successful course of business and the acquisitions of Nationale Suisse and Basler Austria have increased the Helvetia Group’s investment assets to CHF 48.0 billion (previous year: CHF 39.6 billion). In 2014 Helvetia generated current income of CHF 993 million, corresponding to a direct return of 2.5%. The decline of 0.2 percentage points against the previous year is largely due to falling interest rates, which resulted in lower returns for new investments. Despite this, the performance of fixed-interest securities reached a peak, generating returns of 10%. Shares generated returns of 12.2%. Including the permanent contribution from property assets, the overall performance amounted to an attractive 7.7% and generated value of CHF 2.95 billion. Of this, CHF 1.28 billion (previous year: 1.16 billion) was reported in the income statement, while CHF 1.68 billion remained in equity as unrealised gains.

Helvetia also has a very good capital position following the two acquisitions. This is also reflected in the strong Solvency I ratio of 216% (previous year: 218%). The SST ratio is between 150-200%. Equity excluding preferred securities increased to CHF 4,963.1 million, inter alia due to the capital increase in connection with the purchase and exchange offer for Nationale Suisse (previous year: CHF 3,831.2 million). Standard & Poor’s confirmed Helvetia’s ‘A’ rating following the completion of the acquisition of Nationale Suisse at the end of October 2014 and considered it to have a stable outlook. The attractive dividend policy is continuing and a proposal has been made to the Shareholders’ Meeting for a 2.9% increase in the dividend to CHF 18.00 per share.

Stefan Loacker, CEO of the Helvetia Group, is delighted at the strong performance in the 2014 reporting year, stating “the Helvetia Group can look back at a strategically and operationally successful financial year. The integration of Nationale Suisse and Basler Austria is well on track. The “new Helvetia” vision is very quickly becoming a reality: top 3 in Switzerland, a strong position in Europe, supplemented by international speciality markets. This creates further growth opportunities in the medium and long-term, in addition to substantial scale and scope effects and an improved risk profile. The newly formed insurance group therefore has the best foundations for sustainable, solid further development.”

## Notes

- A media conference in German will take place today at 09:00. This will be followed by an analysts' conference with conference call in English at 11:30.
- The analysts' conference can be followed on the internet at [www.helvetia.com/en](http://www.helvetia.com/en). A web replay of the analysts' conference will be available on [www.helvetia.com/en](http://www.helvetia.com/en) from 16:00 today.
- The shareholders' letter, the preprint of the annual report and Powerpoint presentation for the media and analysts' conference can be downloaded from [www.helvetia.com/infokit-en](http://www.helvetia.com/infokit-en) infokit immediately.
- The most important key figures are provided in the enclosed fact sheet.

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### About the Helvetia Group

Over the past 150 years, the Helvetia Group has developed out of various Swiss and foreign insurance companies into a successful insurance group with a presence throughout Europe. Helvetia now has branches in Switzerland, Germany, Austria, Spain, Italy and France. It also conducts some of its investment and financing operations via subsidiary and fund companies in Luxembourg and Jersey. The Group's head office is located in the Swiss town of St. Gallen. Helvetia offers life policies, insurance against loss and reinsurance. With around 7,000 employees, it provides services for more than 4.7 million customers. In the 2014 financial year, Helvetia generated underlying earnings of CHF 421.7 million on a business volume of CHF 7.76 billion. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the code HELN.

### About Nationale Suisse

Nationale Suisse is an innovative and international Swiss insurance group providing attractive risk and pension solutions in the non-life and life segments, as well as customized speciality lines products. Nationale Suisse has been part of the Helvetia Group since October 2014. The plan is to integrate Nationale Suisse fully into Helvetia. The consolidated gross premiums of Nationale Suisse came to CHF 1.5 billion in 2013. The head office of Swiss National Insurance Company Ltd is in Basel. The company's stock is listed on SIX Swiss Exchange (NATN). The stock will be delisted as part of the integration of Nationale Suisse into the Helvetia Group.

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## Key data at a glance

### 1. Business volume

In CHF million	2014	2013	Delta in CHF in %	Delta in OC <sup>1</sup> in %	Delta organic in OC in %
<b>Group<sup>2</sup></b>	<b>7,766.6</b>	7,476.8	+3.9	+4.4	+0.3
<b>Significant drivers (in CHF million)</b> <ul style="list-style-type: none"> <li>- Increase in business volume (+4.4% in OC) thanks to acquisitions with a pro-rata contribution of CHF 328.1 million</li> <li>- Pro-rata consolidation of the acquired companies in 2014 – contribution to growth fully materialised in 2015</li> <li>- Growth driven by the non-life business (+10.3% in OC), primarily due to acquisitions <ul style="list-style-type: none"> <li>o Growth contributions in almost all country markets</li> <li>o Highest growth in Switzerland and Austria due to acquisitions</li> </ul> </li> <li>- Life business in the Group stable in a difficult environment as compared to the previous year; growth contributions from almost all country markets apart from the Swiss home market <ul style="list-style-type: none"> <li>o Increase of 11.2% (in OC) in Austria thanks to Basler Austria</li> <li>o Successful growth of 9.7% (in OC) in Spain due to high demand for investment-linked insurance</li> <li>o Declining volume in Switzerland, as growth in the group life business could not compensate the decline in the individual life business</li> </ul> </li> </ul>					
<b>Business areas</b>					
In CHF million	2014	2013	Delta in CHF in %	Delta in OC in %	Delta organic in OC in %
<b>Business volume life</b>	<b>4,767.5</b>	4,731.1	+0.8	+1.1	-1.1
<b>Significant drivers (in CHF million)</b> <ul style="list-style-type: none"> <li>- Increase in business volume (+1.1% in OC) thanks to acquisitions with a pro-rata contribution of CHF 103.0 million</li> </ul>					
<b>Group life: 2,724.8 (+0.8% in OC)</b> <ul style="list-style-type: none"> <li>- Swiss home market as a growth driver with sustained demand for full insurance solutions, strong growth in regular premiums (+6.1%) can compensate decline in single premiums</li> </ul>					
<b>Individual life: 1,889.7 (+3.3% in OC)</b> <ul style="list-style-type: none"> <li>- Increase in business volume by 3.3% due to acquisitions of Nationale Suisse and Basler Austria with a pro-rata contribution to business volume of CHF 103.0 million</li> <li>- Negative organic growth, as investment-linked insurance solutions are declining. The strong growth of the previous year could not be maintained, particularly in the largest country market Switzerland. (See Switzerland for details)</li> </ul>					

<sup>1</sup>Original currency

<sup>2</sup>Including deposits

### Country markets

Switzerland: 3,538.7 (-1.0%)

- Individual life:
  - o Planned decline in traditional insurance solutions
  - o Investment-linked insurance solutions for single premiums declined, continuation of the very strong growth of the previous year not possible due to the challenging capital market environment
  - o Growth in deposits cannot compensate decline in investment-linked insurance.
- Group life:
  - o Encouraging growth of 6.1% in important regular premiums
  - o Single premiums generally volatile
  - o Single premiums lower partly due to Swisscanto taking back the pension liability previously in the responsibility of Helvetia since 1.1.2014

Austria: 142.5 (+11.2% in OC)

- Growth of 11.2% (in OC) thanks to Basler Austria with a pro-rata contribution to premiums of CHF 12.6 million
- Organic growth of 1.4% (in OC)
- Investment-linked insurance solutions as growth driver (+23.8% in OC)

Spain: 141.1 (+9.7% in OC)

- Investment-linked insurance and burial insurance as growth drivers
- Purely organic growth, as Nationale Suisse does not have life insurance business in Spain
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Italy: 641.5 (+9.1% in OC)

- Growth of 9.1% thanks to Nationale Suisse with a pro-rata contribution to premiums of CHF 18.5 million
- Organic growth of 6.0%, strong demand for classic insurance solutions across the market
- 

Germany: 300.4 (+1.1% in OC)

- Investment-linked insurance as growth driver (10.8% in OC)
- Planned reduction in sales of traditional products
- Purely organic growth, as Nationale Suisse does not have life insurance business in Germany

In CHF million	2014	2013	Delta in CHF in %	Delta in OC in %	Delta organic in OC in %
<b>Gross premiums non-life</b>	<b>2,789.2</b>	2,550.9	+9.3	+10.3	+1.4

### Significant drivers (in CHF million)

- Increase in business volume (+10.3% in OC) thanks to acquisitions with a pro-rata contribution of CHF 225.1 million
- Solid organic growth of 1.4%

### Insurance lines:

- Growth driven by the largest lines property insurance (+12.7% in OC), motor vehicle insurance (+9.3% in OC), liability insurance (+6.8% in OC) and health and accident insurance (+22.7% in OC); significant contribution from Nationale Suisse and Basler Austria
- Organic growth driven by motor vehicle insurance (+3.3% in OC), health and accident insurance (+5.5% in OC) and property insurance (+0.8% in OC)

### Country markets

#### Switzerland: 912.2 (+14.5% in OC)

- Growth of 14.5% thanks to Nationale Suisse with a pro rata-contribution to premiums of CHF 95.3 million
- Growth driven by the largest lines property insurance (+17.1%) and motor vehicle insurance (+8.6%), significant contribution from Nationale Suisse also to the growth of transport insurance (+25.6%)
- Solid organic growth of 2.5% above market level; driven by property and motor vehicle insurance despite a more competitive environment

#### Germany: 564.1 (+5.4% in OC)

- Growth of 5.4% (in OC) thanks to Nationale Suisse with a pro-rata contribution to premiums of CHF 15.5 million
- Premium increases in all insurance lines
- Organic growth of 2.5% (in OC) thanks to effective portfolio restructuring in the previous year

#### Italy: 507.3 (+6.2% in OC)

- Growth of 6.2% (in OC) thanks to Nationale Suisse with a pro-rata contribution to premiums of CHF 30.2 million
- Motor vehicle business still affected across the market by strong price competition
- Increase in motor vehicle insurance (+1.9% in OC) including the contribution from Nationale Suisse, positive development for property insurance (+5.7% in OC), liability insurance (+10.5% in OC) and health and accident insurance (+13.7% in OC)
- Stable organic performance (-0.1% in OC), thus better than the market, which had declined 3.1% according to estimates by the supervisory authority IVASS

#### Spain: 295.1 (+8.8% in OC)

- Growth of 8.8% (in OC) thanks to Nationale Suisse with a pro-rata contribution to premiums of CHF 18.1 million
- Growth driven by motor vehicle insurance (+11.6% in OC) and property insurance (+8.8% in OC)
- Transport insurance (+32.3% in OC) benefited from the newly established sales cooperation with Helvetia France as well as the Nationale Suisse contribution
- Solid organic growth of 2.1%

#### France: 252.1 (-2.2% in OC)

- Declining volume growth as a result of portfolio restructuring and slow economic recovery

#### Austria: 233.2 (+23.5% in OC)

- Growth of 23.5% (in OC) thanks to Basler Austria with a pro-rata contribution to premiums of CHF 41.0 million
- Growth driven by the large insurance lines motor vehicle insurance (+22.7% in OC), property insurance (+20.2% in OC), positive development in health and accident insurance (+47.1% in OC) and liability insurance (+24.1% in OC)
- Organic growth of 1.1%

In CHF million	2014	2013	Delta in CHF in %	Delta in OC in %
<b>Active reinsurance</b>	<b>209.9</b>	194.8	+7.8	+7.8

#### Significant drivers (in CHF million)

- Growth drivers: new business and portfolio increases
- Broader diversification of the portfolio by sector and country

## 2. Key performance figures

In CHF million	2014	2013	Delta in CHF in %
<b>Group underlying earnings<sup>1)</sup></b>	<b>421.7</b>	363.8	+15.9
<ul style="list-style-type: none"> <li>- Nationale Suisse and Basler Austria with a pro-rata contribution to Group underlying earnings of CHF 22.1 million</li> <li>- Non-life clear driver of improved earnings (+33.3%)</li> <li>- Life business underlying earnings stable in a challenging market environment</li> <li>- "Other" underlying earnings declined due to market conditions</li> </ul>			
Non-life	255.4	191.7	+33.3
<ul style="list-style-type: none"> <li>- Better technical result and increase in realised investment gains</li> <li>- Additional support from acquisitions</li> </ul>			
Life	151.2	152.9	-1.1
<ul style="list-style-type: none"> <li>- Lower investment gains as a result of the capital market environment</li> <li>- Declining interest result due to the increase in the interest on retirement savings in the Swiss group life business</li> <li>- Lower policyholder participation against the previous year cannot compensate for the aforementioned effects</li> <li>- Slightly improved risk result</li> <li>- Further strengthening of reserves in Switzerland, Germany and Spain</li> </ul>			
Other activities	15.1	19.2	-21.3
<ul style="list-style-type: none"> <li>- Declining earnings mainly due to lower investment result</li> </ul>			
Current income from Group investments	992.9	967.0	+2.7
<ul style="list-style-type: none"> <li>- Increase in current income as a result of higher investment volumes</li> </ul>			
Investment result from Group financial assets and investment property (net)	1'275.4	1'156.8	10.3
<ul style="list-style-type: none"> <li>- Increase in realised gains</li> </ul>			

<sup>1)</sup> The underlying earnings are adjusted for integration costs, depreciation on intangible assets, additional planned amortisation due to the revaluation of interest-bearing securities at market prices and other one-off effects resulting from the acquisitions. The underlying earnings are not an IFRS figure and were therefore not audited by the Helvetia Group's auditor. It is, however, derived from the audited IFRS figures.

### 3. Profitability indicators

<b>New business margin</b>	<b>2014</b>	<b>2013</b>	<b>Delta</b>
Group	<b>0.8%</b>	1.6%	-0.8% points
- Decline in new business margin due to adjustment of economic assumptions and lower interest on new investments			
<b>Combined Ratio</b>	<b>93.1%</b>	<b>93.6%</b>	<b>-0.5% points</b>
Cost ratio	30.7%	30.2%	0.5% points
<ul style="list-style-type: none"> <li>- Target of a combined ratio of between 94-96% exceeded again</li> <li>- Slight increase in cost ratio due to:</li> <li>- Higher cost ratios of the acquired companies</li> <li>- Organic cost ratio actually declining</li> </ul>			
Claims ratio	62.4%	<b>63.4%</b>	-1.0% point
- Encouraging improvement due to lower claims (especially severe weather events claims) in 2014			

### 4. Key balance sheet figures

<b>In CHF million</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Equity</b> (without preferred securities)	<b>4'963.1</b>	3,831.2
<ul style="list-style-type: none"> <li>- Increase in equity as a result of higher profits despite payment of an attractive dividend</li> <li>- Capital increase as part of the acquisition of Nationale Suisse (CHF 535 million)</li> <li>- Interest-rate related increase in unrealised gains and losses recognised directly in equity (constituting 16% of equity)</li> </ul>		
Solvency I ratio	<b>216%</b>	218%
- Solid capital position with a good solvency ratio, even following the acquisitions		
Return on equity	<b>9.6<sup>1</sup>%</b>	9.5%

<sup>1</sup> As a percentage of the operating result

## 5. Ratios

In CHF million	2014	2013
Direct yield <sup>1</sup>	2.5%	2.7%
- Stable contribution of current investment income despite continued low interest rates – stable level year-on-year		
Investment performance <sup>1</sup>	7.7%	1.7%
- All asset classes contribute to the investment performance, with equities and bonds providing the highest returns		
- Interest-rate related increase in unrealised gains and losses		

<sup>1</sup> Direct yield and investment performance weighted due to acquisitions during the period