

Media release

St.Gallen, 14 March 2016

Helvetia improves profit as well as business volume and exploits digitisation with new strategy

The Helvetia Group posted a convincing business performance in 2015, supported by the successful acquisitions of Nationale Suisse and Basler Austria. Underlying earnings improved by 4 percent to CHF 439 million. Business volume grew by 11 percent (in original currency) to CHF 8,235 million. On this basis, the Board of Directors is proposing to the Shareholders' Meeting an increase of the dividend to CHF 19 per share. With the new helvetia 20.20 strategy, Helvetia is building on its strengths and becomes more digital, more agile and more valuable.

The most important key figures for the 2015 financial year at a glance:

Underlying earnings¹ after tax:	CHF	439 million	2014: CHF 422 million; +4 percent
IFRS result after tax (incl. acquisition effects):	CHF	309 million	2014: CHF 393 million; -21 percent
Business volume:	CHF	8,235 million	2014: CHF 7,767 million; +11 percent in original currency
Solvency I:		205 percent	2014: 216 percent
Combined ratio (net):		92.1 percent	2014: 93.5 percent
Equity (excluding preferred stock)	CHF	4,655 million	2014: CHF 4,963 million
Proposed dividend distribution:	CHF	19.00 per share	2014: CHF 18.00 per share

More key figures with comments are provided in the enclosure.

Additional remarks: Following the acquisitions, Helvetia's IFRS Group profit for the period is temporarily influenced considerably by special effects. Until the end of the 2017 financial year, Helvetia will emphasise "underlying earnings", which eliminates these temporary effects and thus reflects the operating performance of the new Helvetia Group. As part of the acquisitions, Helvetia has changed its organisational structure and now has the market areas "Switzerland", "Europe" and "Specialty Markets" as well as "Corporate" (for Group functions). In the first half of 2015 Helvetia reported for the first time on the basis of the adjusted IFRS segments, but is in its accounting also continuing to focus on the business activities "non-life", "life" and "other activities".

¹ Underlying earnings are adjusted for integration costs as well as amortisation of intangible assets, amortisation due to revaluation of bonds at market value and other one-off effects of the acquisitions. Although underlying earnings is not an IFRS indicator, it is derived from the IFRS figures.

The Helvetia Group posted a solid business performance in 2015. The results were also shaped to a large extent by the successful integration of Nationale Suisse and Basler Austria acquired in 2014. Stefan Loacker, CEO of the Helvetia Group, is very pleased: "Helvetia can look back on another very successful year. Our operating performance is strong, and we grew profitably in all country markets. Even more important is the great progress made with the integration of the most recent acquisitions, which has largely been finalised. We are actually ahead of schedule with the achievement of our synergy objectives."

Strong profit growth in core business areas

The insurance group posted underlying earnings¹ of CHF 439 million after tax for 2015, an improvement of 4.1 percent on the previous year. The IFRS result, which is temporarily distorted by the accounting effects of the acquisitions, was CHF 309.5 million (2014: CHF 393.3 million).

With a 21.8 percent increase in profit to CHF 331.8 million, the non-life business was the main earnings driver. The increase is explained by a better technical result and the volume contributed by the two acquisitions. The net combined ratio improved to 92.1 percent (previous year: 93.5 percent), largely because of a better claims experience supported by the reinsurance structure. As a large part of the synergies have been realised, the cost ratio also improved, and Helvetia once again beat its targeted combined ratio of 94 to 96 percent.

Underlying earnings for life insurance also improved year-on-year by 16.1 percent to CHF 175.7 million. The risk result posted a pleasing increase of 9.5 percent, while the savings and investment results for account of the shareholders declined due to developments on the capital markets. The fact that the costs for the interest-related strengthening of reserves were less than in 2014 also made a positive contribution to the result.

Only the underlying earnings for other activities declined. At CHF -68.5 million, these were down on the previous year's result of CHF -2.0 million, largely due to the weaker result for Group reinsurance. Currency losses related to the scrapping of the euro peg in January 2015 and the planned costs for financing debt instruments further weakened the result for the other activities segment.

Broken down by segment, the biggest profit contribution once again came from the home market Switzerland, which posted an increase in profit of 28.4 percent to CHF 364.9 million. The market areas Europe (CHF 98.4 million, +10.3 percent in original currency) and Specialty Markets (CHF 43.4 million, +11.3 percent) also posted considerable growth, with the result for Europe being curbed by negative exchange rate effects (-3.2 percent in CHF).

Strong volume increase for profitable non-life business

In the reporting year 2015, Helvetia generated business volume of CHF 8,235.3 million, which equals an increase of 11.1 percent in original currency. The positive effects of the acquisitions left their mark on the profitable non-life business: premium volume rose by 34.7 percent to CHF 3,776.2 million, and in Switzerland by as much as 72.9 percent. The European units (+18.6 percent in original cur-

rency) and Specialty Markets (+22.8 percent) also convinced with double-digit growth rates.

In the life business, Helvetia improved its sales of modern products by 4.9 percent in original currency, but sales of traditional products were curtailed. Total business volume for life insurance decreased year-on-year by 3.7 percent in original currency to CHF 4,459.1 million. Helvetia is focusing its sales efforts on modern, capital-efficient products. However, the reduction in sales of traditional products was not entirely compensated by the growth posted for modern products.

Investment performance in line with market

At CHF 48 billion, the Group's investment volume was practically on a par with the previous year. Current investment income amounted to CHF 988.4 million, which was down CHF 5 million on the previous year owing to falling interest rates and the weaker euro. The performance of 1.6 percent was in line with the market and generated a profitable investment result of CHF 1.1 billion.

Capital base remains strong, dividend increases again

Helvetia still maintains a strong capital base. As at 31 December 2015, the Solvency I ratio was 205 percent. The SST ratio for the first half of 2015 was within the target range of 150 to 200 percent. Equity dropped from CHF 4,963.1 million at the end of 2014 to CHF 4,655.3 million. This was due to a reduction in unrealised gains and losses recognised in equity, currency effects from the translation of the equity of the European market units, and the change in benefit obligations in Switzerland. The return on equity calculated on the basis of underlying earnings is 8.9 percent.

Thanks to this solid business performance, the Board of Directors can continue the attractive dividend policy. The Board is proposing to the Shareholders' Meeting an increase of the dividend to CHF 19 per share, almost 6 percent more than in the previous year.

Important integration successes

Helvetia achieved important successes with the integration of Nationale Suisse and Basler Austria in the 2015 reporting year: all central milestones were reached, including the full takeover, mergers of the legal units in Switzerland, Austria and Spain, and the launch of joint sales with an integrated product range under a single brand. The still outstanding legal mergers of the European market units should be finalised by the end of 2016, with the merger set to be finalised for the life units in Italy. Helvetia has already realised synergies of CHF 45 million on the acquisitions through savings on personnel and non-personnel costs.

New helvetia 20.20 strategy: more digital, more agile, more valuable

Helvetia has emerged stronger from the strategy period completed in 2015: the international insurance group with Swiss roots has significantly expanded its market position over the past few years, improved its profitability and increased customer benefits. Building on its strengths, Helvetia is now setting itself new objectives for the next period until 2020. To this end it is analysing the current sector trends and is systematically deriving its conclusions.

The world is becoming more digital – Helvetia is using this to drive its own development: The insurance group is modernising the way it interacts with customers over a variety of channels and incorporating its partners more closely in its systems. It also makes more use of smart data to personalise its market services as well as to precisely define its risks and it is automating its processes. Customers are becoming more individual and demanding, but with its new strategy, Helvetia remains the best insurance partner for them.

The three market areas of the Helvetia Group have ambitious objectives; in its home market, Helvetia wants to cement its top-three position, further improve its profit, and be the "best Swiss insurer" for its customers. The Europe market area aims to further improve its market position in the markets in Germany, Austria, Spain and Italy, while the Specialty Markets market area is working on selectively expanding its position as an international niche player. CEO Stefan Loacker emphasises: "With helvetia 20.20 the company is becoming more digital, more agile and more valuable. The new strategy creates added value for everybody: modern products and services for our customers, attractive jobs for our employees, and more profits and dividends for the shareholders."

Notes

- A media conference in German will take place today at 08:30. This will be followed by an analysts' conference with conference call in English at 11:00.
- The analysts' conference can be followed on the internet at www.helvetia.com. A web replay of the analysts' conference will be available on www.helvetia.com from 16:30 today.
- The shareholders' letter, the preprint of the annual report and the presentation for the media and analysts' conference can be downloaded from www.helvetia.com/infokit-en immediately.
- The most important key figures can be found in the factsheet in the annex.

For further information please contact:

Analysts

Helvetia Group
Susanne Tengler
Head of Investor Relations
Dufourstrasse 40
CH-9001 St.Gallen

Phone: +41 58 280 57 79
Fax: +41 58 280 55 89
investor.relations@helvetia.ch
www.helvetia.com

Media

Helvetia Group
Christina Wahlstrand-Hartmann
Head of Media Relations
Dufourstrasse 40
CH-9001 St.Gallen

Phone: +41 58 280 50 33
Fax: +41 58 280 55 89
media.relations@helvetia.ch
www.helvetia.com

About the Helvetia Group

In over 150 years, the Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful international insurance group. Today, Helvetia has subsidiaries in its home market Switzerland as well as in the countries that make up the Europe market area: Germany, Italy, Austria and Spain. With its Specialty Markets market area, Helvetia is also present in France and in selected regions worldwide. Some of its investment and financing activities are managed through subsidiaries and fund companies in Luxembourg and Jersey. The Group is headquartered in St.Gallen, Switzerland.

Helvetia is active in the life and non-life business, and also offers customised specialty lines and reinsurance cover. Its business activities focus on retail customers as well as small and medium-sized companies and larger corporates. With some 6,700 employees, the company provides services to more than 4.7 million customers. With a business volume of CHF 8.24 billion, Helvetia generated underlying earnings of CHF 439 million in the 2015 financial year. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

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(6) risks associated with implementing our business strategies; (7) the frequency, magnitude and general development of insured events; (8) mortality and morbidity rates; (9) policy renewal and lapse rates as well as (10), the realisation of economies of scale as well as synergies. We caution you that the foregoing list of important factors is not exhaustive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties. All forward-looking statements are based on information available to Helvetia Group on the date of its publication and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.