

Helvetia Group analysts' conference

Full-year results 2016

Monday, 13 March 2017

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(the spoken words take precedence)

Philipp Gmür, CEO Helvetia Group

(Slide 21) *helvetia 20.20* Update

Thank you, Paul, for the details of our financial performance in 2016.

I would now like to come to the last part of our presentation and give you an update on our strategy. We will start on slide 22.

(Slide 22) *helvetia 20.20* makes us fit for the future

One year ago, in March 2016, we announced our new *helvetia 20.20* strategy.

The new strategy makes us fit for the future. Ladies and Gentlemen, you already know this slide but once again:

Fit means that our product offerings and sales channels are becoming more innovative and increasingly digital and we as an organisation become more agile and efficient. By combining our strengths with new opportunities we want to focus even more intensively on the needs of our customers.

With that I would like to move to slide 23.

(Slide 23) Vision and objectives for strategy implementation

Ladies and Gentlemen, over the past months we have been fine-tuning the details for implementing the *helvetia 20.20* strategy.

The implementation is based on our vision of being the leading Swiss all-lines insurer – with a national and an international ambition – digital and innovative – and with a highly developed customer focus. Together with our objectives of accelerating profitable growth, enhancing efficiency and delivering quality as well as with our financial targets this forms the basis for the implementation framework.

I will continue on slide 24.

(Slide 24) Executive management's framework for implementation of *helvetia 20.20*

As you can see on this slide, the new framework comprises 16 Group-wide strategic initiatives and ensures a consistent and well-managed implementation of *helvetia 20.20*. Every initiative is sponsored by a member of the senior management. All initiatives have been designed to accelerate profitable growth, enhance efficiency and deliver quality.

16 initiatives sounds like a lot. To obtain a holistic view, we also included internal initiatives that form the basis for the successful strategy implementation, e.g. future orientated IT systems or an effective CRM. Other initiatives such as “value creating capital management” or “strong international positioning” are not new for us and we have been constantly working on these topics in any case. Due to their strategic importance for the entire Group however, they have been included in the framework as well.

I will now move to slide 25

(Slide 25) Important milestones have already been achieved/initiated on individual initiatives

Over the past months, we have already been working with the framework as well as starting our initiatives – and therefore we already achieved important milestones in various areas. Within the next minutes I am happy to provide you with some insights regarding selected initiatives. Those, on which I want to take a closer look at, are shaded in green.

With that I want to move on to slide 26.

(Slide 26) “One Group”: Project “ONE” successfully completed

In December 2016 Helvetia successfully concluded Project “ONE”. The project focused on combining the Group and the market unit Switzerland functions, defining an adequate organisational structure and nominating the relevant functional executives. Vacancies in the newly created Executive Management areas Non-Life Switzerland and IT as well as in the new support function Corporate Development have already been successfully filled. The new structure has been operative since 1 January 2017.

Both the Board of Directors and the Executive Management furthermore focused on designing an implementation framework for *helvetia 20.20* as just discussed on the previous slide.

Project “ONE” also looked at individual issues such as the future growth strategy of the direct insurer smile.direct. I will give you more details on that on the following slides.

(Slide 27) Strategy smile.direct defined and approved

In Switzerland we are very well positioned. Helvetia is already able to serve all customer segments: pure direct customers, hybrid customers and traditional “offline customers”. With smile.direct Helvetia has the only direct insurer in Switzerland that is already very well established on the market and repeatedly achieves top results in terms of quality, service and quotes in independent comparison tests. According to our own estimates smile.direct has a market share of 22% of the Swiss online market. Please have a look at the following short film. It shows how smile.direct is working and aiming to enhance its services.

[Film smile.direct]

(Slide 28) Strategy smile.direct is based on growth, innovative leadership and new customer segments

Ladies and Gentlemen, as you have just seen, smile.direct is already well positioned in the Swiss market and continues to make very good progress. This is the reason why we aim to further expand and strengthen its product portfolio.

The ambition of smile.direct is to deliver the greatest possible benefit to its customers. In order to achieve this, the company will – according to its new strategy – realise step-by-step new innovations, based on the customers’ needs and their feedback. An example could be on demand insurance.

smile.direct also intends to offer new products that can be easily bought online, as for example a pure risk life insurance or a building insurance in the non-life area. smile.direct will of course take advantage of Helvetia’s product know-how.

With innovations and new products smile.direct is fostering the profitable growth of its core business.

By successfully developing new partnerships smile.direct intends to tap into new business areas and to exploit new distribution channels. This might include partnerships with other industries such as car dealers or in the retail sector. The goal is to expand both the product offering and the customer reach.

Finally, within its new strategy, smile.direct wants to develop new customer segments.

Families with a high online affinity e.g. are an ideal new customer group with a perfect fit to

the smile brand, offerings and services. smile.direct aims to position itself as a professional advisor for the day to day family life and therefore builds up the eco-system “smile.family” as a second foothold.

Let us now move to slide 29

(Slide 29) “Eco systems and new business models”: we enhance digitalisation with eco systems, corporate venturing & incubation

In order to further providing our customers with first-class customer interaction and experience, one of the key pillars of our strategy is to systematically transform our business model.

We are therefore putting emphasis on the following three key topics:

1. Development of eco systems
2. Corporate venturing
3. Development of own business models through an in-house “incubator”.

We define eco systems as an interaction, a network or a cooperation between different suppliers of solutions, service providers and customers around a particular topic, such as “home”. The partners participating in an eco system will profit from gaining access to customers, while the customers themselves will benefit from a continuous and excellent customer journey. Helvetia aims to achieve a leading position in building up a “home” eco system.

By acquiring 70 percent of MoneyPark, the largest and most advanced technology-based mortgage intermediary in Switzerland we set forth a strong anchor in building our eco system “home”. With MoneyPark we are adding a new, independent business model to our current portfolio. This offers us not only the possibility of tapping into new sources of revenue, but also opens up access to new customers and a broader range of products.

With corporate venturing and corporate incubation we will be taking advantage of the opportunities from targeted business model innovation, giving us the opportunity to capture new value from the market.

We have launched the Helvetia Venture Fund at the beginning of 2017. The fund invests in start-ups which can contribute to the digital transformation of Helvetia’s existing core business. We will invest around CHF 55 million in approximately 25 young companies over the next five years. Helvetia aims for an operational cooperation with the start-ups we are investing in. We are working together with b-to-v Partners AG in the venture capital sector.

The Helvetia Venture Fund will thus benefit from the start-up deal flow and the experience of b-to-v. Any investment decision, however, will remain with us. This allows for the necessary agility, lean processes and quick decisions for all investments.

Finally, we are also putting emphasis on the development and implementation of own business innovations through our in-house “incubators”.

(Slide 30) “Comprehensive customer access”: Measures to strengthen SME and mortgage business initiated, new online-models established

With slide 30 I would like to provide you with more details on our strategic initiative “Comprehensive customer access”. The objective of this initiative is to enable Helvetia to achieve above-market growth through relevant customer channels in the profitable private and corporate customer segments by opening new and expanding existing channels.

In this context Helvetia has initiated measures to promote SME business in Switzerland. The non-life market in Switzerland is reasonably saturated. Nevertheless, due to our own market position, our distribution capabilities and our products, we consider the SME business to be a market segment that still offers attractive growth opportunities.

Helvetia has thus launched a new insurance package especially for SME customers, including redesigned and simplified product coverages which are now much more convenient and relevant for our customers as well as for our distribution partners. With that Helvetia is getting closer to the market leaders in this segment.

In addition, the new SME product also includes attractive adaptations with regard to specialty lines components, such as technical insurance and cyber-insurance. This enables us to make use of our dedicated know-how in providing specialty lines coverage at the point of sale also for our SME customers and thus differentiates ourselves from our competitors.

Another strategic business area we want to push further is the mortgage business. We therefore launched a new sales initiative for our own tied agents. Helvetia has been successfully providing mortgages for selected customer segments for many years. A unique value proposition for our customers is the overall risk assessment combined with financial planning and insurance advice for pension solutions, building, household and liability insurance. Mortgages do not only offer a considerable growth potential, they are also an important element of our “home” eco system. Furthermore in this low interest rate environment mortgages will generally remain an interesting asset class for insurance companies. Especially, when providing long-term mortgages, insurance companies do not

have to hedge interest rate risks due to the long duration of the liabilities, providing a financial advantage compared to banks.

With the development of new online models we are expanding our digital products and service range, thus responding to the needs of the growing share of online-affluent customers by making their customer experience more convenient.

In Germany e.g., only a few clicks are needed to buy a Helvetia insurance policy by digital means. All products have a modular design in order to deliver greatest possible benefit to the customers. Payment is easily arranged with PayPal, the most popular online payment service-provider today. This is a service that has not been offered by any other insurance company in Germany so far. With these products Helvetia Germany has been a first-mover when it comes to a full digital insurance solution.

In Spain finally, Helvetia Insurance, in collaboration with Telefónica, launched the mobile application Helvetia Good Driver.

Through this new app our Spanish customers can learn about their driving habits and how to improve them – gamification of insurance related behaviour! Both the Helvetia Good Driver App as well as the MyHelvetia App, that offers registered customers the possibility to consult personal data, agent's data, policies, receipts and claims data, were very recently nominated among the best insurance Apps in Spain.

I will now move to slide 31

(Slide 31) Next steps

Ladies and Gentlemen, a lot has happened in the 2016 financial year. We are driving forward the implementation of our strategy and I am proud of what we have already initiated not least thanks to the strong commitment of our employees.

Helvetia is well positioned and therefore I am certain, that we will also be able to report on many interesting achievements on our Capital Markets Day on 8 June 2017 in Zurich. You are already cordially invited to join us for that event.

This brings us to the end of the presentation.

My colleagues and I would now be pleased to answer your questions. Thank you for your attention.