# Helvetia Group analysts' meeting
# Full-year results 2017
# Monday, 5 March 2018

Full-year results 2017
(the spoken words take precedence)

**Philipp Gmür, CEO Helvetia Group**

**(Slide 1) Full-year results 2017**
Ladies and gentlemen, welcome to our yearly analysts' conference here in Zurich. I would also like to welcome all those participants, who are joining us via the conference call or the webcast. I am very pleased to present to you our 2017 full-year results. Within the next 45 minutes, we would like to give you detailed information on our business development and the key financials of the reporting period.

**(Slide 3) Agenda**
Following my introduction, our CFO Paul Norton will go through the financial figures. I will then provide you with an update of the implementation of the *helvetia 20.20* strategy. Following the presentation, Paul Norton and I, as well as our Chief Investment Officer Ralph-Thomas Honegger, will be pleased to answer your questions, as always.

**(Slide 4) Key figures and highlights at a glance**
On slide 4 I would like to share with you a brief overview of the main performance indicators. Paul will give you detailed information on the developments of these figures later on.

We can look back at a successful financial year. We were able to deliver what we promised. This applies in particular to the underlying earnings, which for the first time were above CHF 500 million.
One of the reasons for this good result is that we further strengthened our earnings power in the non-life and life business. This is reflected in an excellent combined ratio of 91.8%, which was almost on the prior-year's level – despite a higher burden from NatCats – and continuing strong technical results in the life business. We also saw a strong improvement in new business profitability in the life business. The new business margin in life was 1.8% and therefore increased 0.6%-pts against the prior year. The reason for this is not only a significant

shift in the new business mix but also the fact that we successfully implemented measures in order to improve the profitability of existing products.

Business volume also continued to grow. In the non-life business, we achieved a currency-adjusted growth of 4.3%. In life insurance, we substantially increased sales of capital-light, modern insurance solutions by 14.1%. The reduction of traditional life solutions – in line with strategy – together with a positive one-off effect in the Swiss group life business in the previous year, led to an overall decline of 2.4% (in original currency).

We have successfully completed the integration of Nationale Suisse and Baloise Austria, which we acquired in 2014. Underlying earnings include synergies before taxes of CHF 137 million and we can be proud of having exceeded our original target of CHF 100 – 130 million.

Our shareholders should also benefit from this, so I am very happy to announce that the Board of Directors will propose to the Shareholders' Meeting to increase the dividend from CHF 21.00 to CHF 23.00 per share.

We are not only pleased with the current annual results, we are also very well on track with the implementation of our *helvetia 20.20* strategy, which strengthens Helvetia's core business, opens up new sources of income and promotes targeted innovation. I will provide you with detailed information at the end of this presentation.

Let's turn to slide 5.

**(Slide 5) Key investment highlights**

On that slide I want to take a quick look at our investment highlights:

Helvetia has a strong profile.

Today we are a successful, internationally active insurance group with a history of 160 years. We are the leading Swiss all line insurer in Switzerland. In Europe, Helvetia has promising market positions for above-average growth. Through the Specialty Markets segment, we have multi-continental market access in selected niche markets. Since taking over Nationale Suisse in 2014, we have been able to benefit from extensive merger and synergy effects, for example in expanding our product range, enhancing our access to customers and improving our services.

Our success is based on a proven diversification between the life and non-life business as well as between a strong home market and a profitable footprint in European countries. Our focus is on retail and SME business.
With our strategy *helvetia 20.20* we are strengthening our core business, expanding and tapping into new sources of revenues as well as promoting targeted innovations.

We pursue a profitable growth strategy and have been able to continually increase our earnings, having now exceeded the CHF 500 million for the first time. In non-life, our profitability is based on cautious underwriting, a good portfolio quality and consequently on good, solid technical results. This is reflected in the average net combined ratio of 92.3% over the last four years.

In the life business, we also show strong operating results and proved our credentials in the low interest environment. Our interest margin increased by 18 bp. from 2014 to 2017 and although the development of the minimum interest rate in Swiss group life plays a decisive role in this context, it shows that we also have successfully improved our business mix and revised our products to reduce the exposure to interest rates in our individual life business. Today, the proportion of new business accounted for by modern products lies at over 70%.
However, I do not want to conceal the fact that, in addition to good technical results, developments on the capital markets had a significant positive influence on our business performance.
Finally, a well-balanced asset-liability concept with a low duration gap limits the volatility in our balance sheet.

Our strong positioning in combination with our profitable growth strategy creates added value for our shareholders. As I have already mentioned, we will propose to this year's shareholders' meeting to increase the dividend to CHF 23.00, which gives an attractive dividend yield of 4.2%. Aside from Switzerland, the European entities as well as Specialty Markets also contribute to the Group dividend.

Before I hand over to Paul, I would like to take a look at the synergies from the two acquisitions from 2014 on slide 6.

**(Slide 6) Pre-tax synergies of CHF 137 million realised**

As of the end of 2017, Helvetia had 474 full-time employee equivalents fewer than it had as of 30 June 2014 when we started synergy tracking. Of those employees, a net 439 left the company due to the two acquisitions and can therefore be counted as net staff synergies. Gross synergies would have been even higher, but we increased personnel to support our strategy and to expand functions that Nationale Suisse had outsourced, which acted as a counter-effect. Finally, changes in the group structure i.e. the sale of the Belgian entity of Nationale Suisse on the one side and the acquisition of MoneyPark and DL on the other side resulted in a further net decline of 35 FTEs.

The staff reduction corresponds to around CHF 93 million in personnel cost savings. In addition we achieved CHF 44 million in non-personnel cost savings, through a reduction in redundancies in the areas of IT, Logistics, Marketing and Corporate.

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