

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 22) *helvetia 20.20* Update

Thank you, Paul, for the details of our financial performance in the 2017 financial year.

In the last part of the presentation, I would briefly like to share with you what we have already achieved last year with regard to strategy implementation: I start on slide 23.

(Slide 23) Our strategy *helvetia 20.20* creates value

With our strategy *helvetia 20.20* we aim to create value for our key stakeholder groups: customers, employees, and shareholders.

We are achieving this by strengthening our core business, expanding and tapping into new sources of revenues as well as promoting targeted innovations.

(Slide 24) *helvetia 20.20*: what we have been working on in 2017

Slide 24 provides you with an overview of selected examples of value creation for our customers and shareholders in 2017.

We will start with customer value and make for illustration purposes a deep dive into the customer journey in particular. I will continue on slide 25.

(Slide 25) Value for customers: Progressing towards a tailor-made customer journey along all touchpoints

Every day, we reconsider how we can make life easier for our customers. This goal is also reflected in our new brand promise, which we have been using to present ourselves on the market since November 2017. The new brand campaign is embedded in the corporate strategy *helvetia 20.20* and translates its core elements into a new brand experience:

Helvetia wants to be agile, innovative and customer-centric – in other words: we want to offer simple and clear solutions. Or as the saying goes, "simple. clear. helvetia."

This is why the desires and needs of our customers and partners are at the centre of our thoughts and actions. Here, digitalisation offers a range of new opportunities. It is the customer who decides how, when and where he wants to get in touch with us.

As I just mentioned, last year, we reviewed the customer journey from an omni-channel perspective by introducing digital interaction capabilities in three distinct areas: **contact initiation** (information, comparison, advice and the conclusion of an insurance policy), **contract management** and **notification of claims**.

In Switzerland, for example, we have expanded the wide range of existing distribution channels, such as tied agent sales force, brokers, banks and partners. For many years, smile.direct, the leading direct insurer in Switzerland, has been growing significantly above market by serving customers with a **high affinity for online and digital means**. smile.direct has regularly earned top ranks in customer satisfaction surveys in the recent years. In parallel, we also strengthened the digital access for our **hybrid customers**, by means of new tariff calculators. Finally, we have further expanded our network of specialist retailers, through which customers can conclude tailor-made digital insurance solutions – what we call B2B2C channel. Overall, we aspire to interact with customers from anywhere at any time. In our country markets outside Switzerland, of course, we also count on omni-channelling: Helvetia Germany's digital platform, for example, serves all customer segments – from agents and retailers to manufacturers and end customers. Helvetia has well-known cooperation partners (e.g. brillen.de, Fidor Bank, Check24, Finanzchef24 and since recently Amazon) and in the 2017 financial year, Helvetia Germany has concluded more than 270'000 digital policies with end customers either directly or via the above-mentioned partners.

With regard to **the administration of contracts**, we have particularly increased self-service capabilities. Our new online customer portal offers private customers and pension fund members in Switzerland not only access to all their insurance documents but it also includes additional services such as a simulation tool to calculate affordability to buying a real estate or top-up contributions to pension schemes for early retirement.

We are also testing the renewal of certain contracts from private clients via chatbot.

Finally, Helvetia is also breaking new ground in **notification of claims** and is testing new ideas, which are only possible thanks to digitalisation: Since the end of 2017, for example, our Swiss customers can report the theft of their bicycle via chatbot using the Facebook

Messenger. Claims settlement including payment of the insurance sum only takes about 90 seconds. Helvetia is one of the first insurance companies in Europe to offer this form of customer interaction.

In a nutshell: With the targeted development of simple customer interaction we create value for our customers and at the same time strengthen our core business.

Let's continue with slide 26

(Slide 26) Value for customers: "home" ecosystem – everything from a single source

Helvetia is currently setting up the "home" ecosystem. This is built around MoneyPark, which positions itself as the independent advisor and service provider for all questions relating to housing and real estate. The advantages for Helvetia are that we expand our range of customers, secure customer loyalty by providing one-stop shopping regarding real estate matters and diversify our earnings by increasing our fee income.

MoneyPark is already the largest independent mortgage brokerage specialist in Switzerland. Following the acquisition of DL last year, MoneyPark is not only active in the German-speaking part of Switzerland and Ticino but also in the French-speaking part.

With a volume of almost 1,000 billion Swiss francs, the Swiss mortgage market is one of the largest in the world and mainly comprises private and residential real estate. Each year, an estimated CHF 100 billion of mortgages is newly financed (i.e. newly issued, expanded or re-financed).

Through MoneyPark, customers placed over CHF 2 billion in mortgage volume in 2017. That corresponds to a market share of just 2 percent. MoneyPark is positioned #4 for new mortgages following UBS, Credit Suisse and Raiffeisen. MoneyPark's business model has enormous potential, especially when considering that the share of mortgages brokered in Switzerland is very low (3-5%) compared to other international markets (i.e. in Germany the share of mortgages brokered by brokers is between 50-60% and in UK the share is between 70-80%). In total, MoneyPark already manages a mortgage portfolio of over CHF 8 billion and has advised well over 70,000 customers on their way to their own home. MoneyPark acquired Finovo AG mid-February 2018 in order to also serve institutional clients such as pension funds to get access to the fast growing mortgage management business. In this combined setup, MoneyPark is the only company in Switzerland that serves both private and institutional clients along the entire mortgage servicing value chain.

As the largest independent mortgage brokerage specialist MoneyPark is a strong anchor of the "home" ecosystem. In mortgage financing, MoneyPark offers complete transparency on the current conditions of around 100 banks, insurance companies and pension funds. MoneyPark advises the customer during the selection process in order to find the right financing solution. In addition to real estate financing, the "home" ecosystem provides customers with supplementary useful services around their homes from one single source. In this context, the client's pension provision is often analysed and optimised. Here we aim to offer Helvetia life insurance products, which provide for indirect amortisation of the mortgage or for mortgage payments in the event of death or disability. We also offer the customer household or buildings cover.

Key to the "home" ecosystem is the integration of additional services of partner companies, both through MoneyPark and directly through Helvetia. These include an online real estate valuation service based on machine learning from the start-up PriceHubble, or maintenance and repair services. If customers wish to rent rather than buy, we have a cooperation with Flatfox, an online property rental platform. As well as pure cooperation agreements, we have also invested directly in some of these service partners through our venture fund.

The sale of additional insurance products is important, but is not the basis of the business model. We are building the business model around the provision of services for fees – either directly paid by the customer or by cooperation partners to MoneyPark or Helvetia.

The "home" ecosystem is already reality and is continuously expanding around MoneyPark's core capabilities, with the current emphasis on onboarding partners and the development of joint services.

In brief: by investing in the "home" ecosystem, we are systematically adding to our core business and diversifying our income stream away from traditional insurance business to new sources of revenue, particularly fee income.

I will continue with slide 27

(Slide 27) Strong core business and launched initiatives create value for shareholders

We have created significant value for our shareholders in 2017:

As Paul has already mentioned, we were able to further increase our absolute profits and we further strengthened our technical profitability in non-life and life insurance.

Our strategy of focusing on modern, capital-light products is proving successful, as the change in the new business mix impressively demonstrated.

Finally, our initiatives to strengthen our core business through digitalisation and automation, together with the expansion of new business models and with it the diversification of sources of income has already started well and will further contribute to the value for our shareholders in the future.

(Slide 28) Strong diversification in many respects

Our success is based on proven diversification in many respects: We have a well-balanced business mix between life and non-life business. With a strong domestic market and a profitable footprint in European countries, we are also very well diversified from a regional perspective. Moreover, our expertise in transport, engineering and art insurance and Active Reinsurance opens up promising opportunities beyond our core markets.

On the customer side, our focus is on both, private customers and SME.

Finally, by the setup of the "home" ecosystem we are diversifying our income stream away from traditional insurance business to new sources of revenue, particularly fee income.

All in all, we are happy with what we achieved in 2017 and we are confident to be well prepared in order to remain fit for the future!

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.