

Agile.
Innovative.
 **Customer-centric.**

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Your Swiss Insurer

Ladies and Gentlemen

We can look back on a successful financial year with satisfaction and say: we delivered what we promised. That applies particularly to the business result, which exceeded CHF 0.5 billion for the first time. We also gained significant momentum from the consistent implementation of the strategy *helvetia 20.20*, thus enabling us to add new impetus to the insurance market.

You will find all the key data on the following pages. So we will just comment briefly on the results:

one reason for the good result is that Helvetia again strengthened the profitability of its non-life and life business. This is demonstrated, for example, by the outstanding combined ratio (91.8 percent) and the major improvement in the profitability of new life business (new business margin: 1.8 percent). Business volume also increased again, rising by 0.7 percent to CHF 8,641 million. The growth of our non-life business was markedly higher with a currency-adjusted premium increase of 4.3 percent. In life business, we achieved a substantial increase in the sale of capital-efficient, modern insurance solutions (+14.1 percent in original currency). The strategic reduction in traditional insurance solutions in individual life business and a positive special effect in the Swiss group life business in the prior year resulted in a 2.4 percent decrease in overall life business volume (in original currency).



Doris Russi Schurter Chairman of the Board of Directors
Dr. Philipp Gmür Chief Executive Officer

We successfully concluded the integration of Nationale Suisse and Basler Austria, which were acquired in 2014. The underlying earnings include realised pre-tax synergies of CHF 137.3 million (2016: CHF 118.3 million). As a result, we were able to exceed the original synergy target of CHF 100 to 130 million.

You, as shareholders, should also benefit from this. The Board of Directors will therefore propose to the Shareholders' Meeting a dividend increase from CHF 21.00 per share to CHF 23.00. This equates to an increase of about ten percent over the previous year.

We are not only pleased about the results, we are also progressing well with the implementation of our strategy *helvetia 20.20*, through which Helvetia strengthens its traditional insurance business, gains access to new income sources and promotes innovation in a targeted way. We also focus more on the wishes and needs of the customer. Digitalisation offers us many new opportunities in this regard, enabling the customer to decide how, when and where to contact us.

As a result, one of our key implementation areas in the past financial year was to strengthen our core business, traditional insurance, along the various touchpoints between Helvetia and the customer and to enrich those touchpoints through innovation. A customer's first touchpoint with Helvetia is advice and conclusion of insurance, then comes contract administration and finally the customer contacts us in the event of a claim. Helvetia has focused on expanding the scope for digital interaction across these touchpoints. We are thus accelerating our omni-channelling approach, i.e. that the customer consistently receives the same service through the different channels. We are therefore available for him and offer our expertise personally through advisors, by telephone, online or through a partner.

The already extensive selection of advice and sales channels in Switzerland was expanded. Customers who like to conduct their insurance business online are targeted through smile.direct, the leading Internet insurer. For "hybrid" customers, i.e. people who are interested in both online and personal interaction to conclude insurance policies, we have again improved the digital customer access channels through new tariff calculators. Finally, Helvetia has also expanded its network of specialist retailers through which the customer can conclude customised insurance solutions digitally. This is known as the B2B2C channel. Outside Switzerland, in the Europe Segment, we are also focused on omni-channelling: for example, Helvetia Germany's digital platform serves all the customer segments – from the intermediary, merchant, producer to the end customer. The success of this approach is evidenced by Helvetia Germany having digitally concluded over 270,000 policies in 2017, either directly with the end customer or via specialist retailers in the B2B2C area.

Helvetia also started to offer digital customer administration in 2017. The new online customer portal offers private customers and insured pension fund members access to all their insurance documents as well as some additional services. Insured pension fund members, for example, can access three simulation calculators for buying a home, early retirement and buying into the pension fund.

We are also breaking new ground with respect to claims handling and testing innovative ideas that are only possible thanks to digitisation: for example, Helvetia customers in Switzerland have been able to report bike thefts via a chatbot using Facebook Messenger since the end of 2017. In other words our customers can register their claims with a computer programme via text message. The programme tells them what information is needed and manages the entire claims settlement. The handling of the claims, including the payment of the sum insured, takes only around 90 seconds. Helvetia is one of the first insurance companies in Europe to offer this form of customer interaction.

Ultimately, we want to expand our core business on a selective basis and innovate by investing in business expansion and new business models. An example of that is the development of a "home" ecosystem. The system is based on MoneyPark, Switzerland's biggest mortgage broker, and positions itself as an expert and independent advisor for all issues relating to housing and real estate. The "home" ecosystem integrates additional services of partner companies; these include an online real estate valuation service based on machine learning of the start-up PriceHubble, which we invested in via Venture Fund in 2017. With the expansion of the "home" ecosystem, Helvetia will gain access to new customer groups and additional sources of income.

Dr. Pierin Vincenz stepped down as Chairman of the Board of Directors shortly before Christmas 2017. This was in response to his being the subject of an investigation by FINMA related to his previous role as CEO of Raiffeisen. We thank Pierin Vincenz most sincerely for his 17 years of service. He made a significant contribution to shaping Helvetia, initiated important changes and prepared Helvetia for the future. There will be a number of staff changes with regard to the next Shareholders' Meeting: the Board of Directors will propose Doris Russi Schurter as the new Chairwoman of the Board of Directors. Doris Russi has been on the Board since 2008 and is very familiar with our business and its associated challenges from her longstanding service as Vice-Chairwoman. Beat Fellmann, Dr. Thomas Schmuckli and Regula Wallimann, three established persons with extensive management experience in national and international companies and valuable specialist expertise will be put forward as new members of the Board of Directors. Dr. Patrik Gisel will not stand for re-election. We would also like to thank him most sincerely for his substantial contribution to Helvetia's positive development in recent years.

Since the launch of the *helvetia 20.20* strategy, Helvetia has already become considerably more agile, innovative and customer-centric. The key is now to proceed along the established path and thus create value for customers and employees – and naturally for you, dear shareholders. We would like to thank you most sincerely for accompanying us along this path and for your trust.

Yours sincerely



Doris Russi Schurter

Chairman of the Board of Directors



Dr. Philipp Gmür

Chief Executive Officer

	2017	2016	Change
Key share data Helvetia Holding AG			
Group underlying earnings per share in CHF	49.2	47.7	3.0%
Group profit for the period (IFRS) per share in CHF	39.1	36.1	8.4%
Consolidated equity per share in CHF	528.5	486.3	8.7%
Price of Helvetia registered shares at the reporting date in CHF	548.5	548.5	0.0%
Market capitalisation at the reporting date in CHF million	5 454.9	5 454.9	0.0%
Number of shares issued	9 945 137	9 945 137	
in CHF million			
		in original currency	
Business volume			
Gross written premiums life	4 384.3	4 525.0	-3.1%
Deposits received life	163.2	110.0	48.4%
Gross written premiums non-life	3 678.5	3 536.6	4.0%
Active Reinsurance	415.3	341.1	21.8%
Business volume	8 641.3	8 512.7	1.5%
Key performance figures			
Underlying earnings life business	193.1	173.5	11.3%
Underlying earnings non-life business	363.5	340.5	6.7%
Underlying earnings other activities	-54.2	-22.2	-144.4%
Underlying earnings of the Group after tax	502.4	491.8	2.2%
IFRS earnings of the Group after tax	402.9	376.6	7.0%
Investment result	1 513.4	1 212.8	24.8%
of which investment result from Group financial assets and investment property	1 348.7	1 144.4	17.9%
Key balance sheet figures			
Consolidated equity (without preferred securities)	5 229.4	4 812.6	8.7%
Provisions for insurance and investment contracts (net)	44 385.5	42 315.3	4.9%
Investments	52 306.1	49 578.9	5.5%
of which Group financial assets and investment property	48 629.2	46 471.3	4.6%
Ratios			
Return on equity ¹	9.8%	9.7%	
Reserve to premium ratio non-life	156.3%	152.2%	
Combined ratio (gross)	88.8%	88.5%	
Combined ratio (net)	91.8%	91.6%	
Direct yield	2.1%	2.2%	
Investment performance	2.8%	2.5%	
Employees			
Helvetia Group	6 592	6 481	1.7%
of which segments Switzerland and Corporate	3 499	3 376	3.6%

¹ Based on the underlying earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).

DIVIDEND

CHF 23
+ 10%

Thanks to the solid business performance and the realised synergies, the Board of Directors is proposing to the Shareholders' Meeting to increase the dividend by 10% from CHF 21.00 per share in the previous year to CHF 23.00 per share. The payout ratio based on the underlying earnings is thus 47%, or 59% based on the IFRS earnings after taxes.

BUSINESS VOLUME

**Non-life growth:
4.3% (in OC)**
**Modern life products:
14.1% (in OC)**

In financial year 2017, Helvetia generated business volumes at Group level of CHF 8,641.3 million, which corresponds to modest year-on-year growth of 0.7% in currency-adjusted terms. Although this was mainly due to the non-life business, the life business also posted pleasing growth for the non-traditional capital-efficient products.

SYNERGIES

CHF 137 million

Thanks to the successful integration of Nationale Suisse and Basler Austria acquired in 2014, Helvetia had generated recurring pre-tax synergies in the amount of CHF 137 million at the end of 2017 and thus exceeded the original synergy goal of CHF 100 million to 130 million.

FINANCIAL YEAR
2017

NET COMBINED RATIO

91.8%
+ 0.2% percentage points

The pleasing net combined ratio reflects a persistently healthy portfolio. Thanks to the considerable improvement in the Europe segment, Helvetia was able to offset the greater burden from natural catastrophes (Hurricanes Harvey, Irma and Maria) in the Specialty Markets segment.

UNDERLYING EARNINGS

502 million
+ 2.2%

Helvetia posted impressive underlying earnings of CHF 502.4 million after taxes, an increase of 2.2% on the previous year. Besides solid technical results once again, this improvement was largely due to the substantially higher investment performance compared with the previous year.

NEW BUSINESS MARGIN LIFE

1.8%
+ 0.6% percentage points

The new business margin for the life business improved from 1.2% in the previous year to 1.8%. This improvement was driven by changes to traditional products as well as, in particular, the volume of modern, capital-efficient insurance solutions, which increased by 14.1%.

Market trend 1.1.2017 – 23.2.2018

in CHF



Cautionary note regarding forward-looking information

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mates and intentions expressed in such forward-looking statements. These factors include (1) changes in general economic conditions, in particular in the markets in which we operate; (2) the performance of financial markets; (3) changes in interest rates; (4) changes in currency exchange rates; (5) changes in laws and regulations, including accounting policies or practices; (6) risks associated with implementing our business strategies; (7) the frequency, magnitude and general development of insured claim events; (8) the mortality and morbidity experience; (9) policy renewal and lapse rates. We caution you that the foregoing list of important factors is not exclusive; 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 posting and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.

The purpose of this document is to inform Helvetia Group's shareholders and the public of Helvetia Group's business activities for the year ended 31 December 2017. This document does not constitute an offer or a solicitation to exchange, buy or subscribe for securities and it does not constitute an offering circular within the meaning of Art. 652a of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of SIX Swiss Exchange. Should Helvetia Group make in the future one or more capital increases, investors should make their decision to buy or to subscribe for new shares or other securities solely based on the relevant offering circular.

This document is also available in German and French. The German version is legally binding.

Important dates

20 April 2018: Ordinary Shareholders' Meeting in St Gall

4 September 2018: Publication of half-year financial results for 2018

6 March 2019: Publication of financial results 2018

Further informations for the financial year 2017 you will find on www.helvetia.com/annual-results.

*huber.huber: Habitat, 2017
Collage and acrylic spray on cardboard, 70x54.2cm (image section)
The Zurich-based artist duo huber, who are represented with several works in the Helvetia art collection, presented the solo exhibition «Save Our Souls» during 2017/2018 at the Helvetia Art Foyer in Basel.*

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