Media release

St.Gallen, 5 March 2018

Helvetia increases its profit to above half a billion Swiss francs for the first time and adds new impetus to the insurance market with its *helvetia 20.20* strategy

The most important details about 2017 at a glance:

- Helvetia can present an impressive set of figures for 2017: underlying earnings rose by 2.2% and increased to CHF 502.4 million.
- Helvetia further strengthened its profitability which is reflected by an outstanding combined ratio (91.8%) in non-life and continuing solid operating profit in life.
- Strong new business profitability in life, new business margin at 1.8%.
- The business volume rose to CHF 8,641 million, while the non-life business and capital-light modern life insurance posted growth of 4.3% and 14.1%, respectively.
- At CHF 137.3 million, Helvetia exceeded the announced synergies arising from the acquisition of Nationale Suisse and Basler Austria.
- The Board of Directors is to propose a dividend of CHF 23 per share to the Shareholders' Meeting, representing an approximately 10% increase on the previous year.
- The implementation of the *helvetia 20.20* strategy is strengthening the core business, providing access to new income sources and promoting innovation in a targeted way.
- In implementing its strategy during 2017, Helvetia further developed its core business on the basis of the customer journey of an insurance customer by means of systematic omni-channelling. Its core business was also supplemented by digital innovations, including digital contract management and the handling of claims via chatbot.
- The "home" ecosystem, which is based on MoneyPark, aims to establish itself as an expert and independent advisor for all issues relating to housing and is tapping new sources of income.

Commenting about the results, Philipp Gmür, CEO of the Helvetia Group, said: "2017 was once again a successful financial year for Helvetia. We were able to deliver what we had promised and are very satisfied with the business result. We also gained significant momentum from the consistent implementation of the *helvetia 20.20* strategy, thus enabling us to add new impetus to the insurance market."

Underlying earnings increase to CHF 502.4 million
Helvetia increased its underlying earnings[1] after tax in 2017 compared to 2016 by 2.2% to CHF 502.4 million. The IFRS result, which was temporarily influenced by significant acquisition accounting effects, was CHF 402.9 million in 2017 and thus 7.0% up on the previous year.

Swiss non-life business remains a cornerstone of the Group; improved profitability in the European non-life business
Both the non-life and life businesses contributed to the increase in earnings. In the non-life business, Helvetia posted a very good technical result, which improved once more on a year-on-year basis thanks to the higher premium volume and a better claims ratio. The Swiss non-life business impressed again with a combined ratio of 83.1%. However, our portfolio optimisation measures in the Europe segment are also especially noteworthy. Helvetia has thus succeeded in improving its portfolio quality and significantly increasing profitability – this is reflected, in particular, in the pleasing improvement in the net combined ratio in Europe of 1.8 percentage points to 95.4%. All European market units operated profitably and reported a net combined ratio of below 100%. Thanks to this very positive performance in Europe, the net combined ratio at Group level of 91.8% remained at the prior-year level (2016: 91.6%) despite a significantly greater burden from major natural disasters (Hurricanes Harvey, Irma and Maria) in the Specialty Markets segment. The non-life business also benefited from the strong performance of the capital markets, which was reflected in a higher investment result. Overall, earnings increased by a pleasing 6.7% to CHF 363.5 million.

Life business with considerable profit increase
Underlying earnings in the life business amounted to CHF 193.1 million, up 11.3% on the previous year. The life business also impressed with an improved operating result and likewise benefited from the good performance of the capital markets. However, this was offset by slightly higher expenditure for the strengthening of reserves as well as – due to the increase in investment income – higher expenses for policyholder participation. The new business margin was 1.8% and thus 0.6 percentage points up on the prior-year level. In addition to the successful revision of traditional products, this improvement was driven by the stepping up of sales of modern, capital-light insurance products: Helvetia has thus succeeded in increasing their share and the share of non-interest pure risk products in new business to 73% for single premiums and even to 78% for regular premiums.

Underlying earnings for the Other Activities business area fell to CHF -54.2 million in financial year 2017. The reason for this decline – despite at the same time a significant improvement of the technical result for Group Reinsurance – are higher costs due to the new hybrid bond issued in spring 2017, a lower investment result, the effect of the acquisition of MoneyPark and DL (Defferrard & Lanz), the lack of

[1] Helvetia's IFRS profit for the period is temporarily distorted by special effects following the acquisitions of Nationale Suisse and Basler Austria. Up to the end of the 2017 financial year, Helvetia is therefore putting emphasis on "underlying earnings", which eliminate these temporary effects and therefore reflect the operating performance of the new Helvetia Group. Underlying earnings are adjusted for integration costs as well as amortisation of intangible assets, amortisation due to revaluation of interest-bearing securities 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 positive tax effects in the prior-year and higher costs due to planned project investments.

Non-life business and modern life insurance solutions post strong growth

The business volume amounted to CHF 8,641.3 million in 2017 (financial year 2016: CHF 8,512.7 million), which corresponds to an increase of 0.7% in original currency. Pleasing growth was recorded in Europe (+2.4% in original currency at CHF 2,763.9 million). Specialty Markets also grew (+15.9% in original currency to CHF 899.8 million). In Switzerland, the premium volume declined slightly (-2.5% to CHF 4,977.6 million), primarily due to a special effect in the group life business. Helvetia reported currency-adjusted growth of 4.3% in the non-life business. In life business, Helvetia achieved a substantial increase in the sale of capital-light, modern insurance solutions (+14.1% 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% decrease in overall volume (in original currency).

Good investment return

Relative to the previous year, the investment volume increased by CHF 2.5 billion, totalling CHF 52.3 billion. This increase can be attributed to the new money inflow from the insurance business and unrealised price gains, especially on the equity holdings. Helvetia generated an investment result recognised in the income statement of CHF 1.35 billion on its financial assets and real estate – an increase of more than CHF 200 million relative to 2016. Current income totalled slightly more than CHF 1 billion. For retained absolute earnings, the direct return fell as expected from 2.2% to 2.1%.

Continued strong capital base

Helvetia still has a strong capital base. The SST ratio as at the end of June 2017 was within the target range of 140% to 180%.[2] Despite the distribution of an attractive dividend, equity increased from CHF 4,812.6 million at the end of 2016 to CHF 5,229.4 million. This increase can chiefly be attributed to retained earnings, currency effects from the translation of the equity of the European units into the Group currency and the revaluation of benefit obligations in accordance with IAS 19. The return on equity based on underlying earnings remained at the level of the previous year in 2017 at 9.8% (financial year 2016: 9.7%).

Higher dividends thanks to exceeded synergy goals

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

[2] With the first-time application of the newly required "Financial Condition Report" on 30 April 2018, Helvetia will publish a concrete SST ratio.

The shareholders should also benefit from this. The Board of Directors is therefore proposing that the Shareholders' Meeting increase the dividend from CHF 21 per share to CHF 23, an increase of approximately 10%.

New impetus thanks to successful strategy implementation
Helvetia is also making very good progress with the implementation of the *helvetia 20.20* strategy. Helvetia strengthens its core business, gains access to new income sources and promotes innovation in a targeted way through this strategy. "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", explains Philipp Gmür.

As a result, one of the key implementation aspects during the past financial year was to strengthen the core business along the entire customer journey of an insurance customer and to enrich it with innovations, i.e. in the areas of advice and conclusion of insurance policies, contract management and claims handling. Here, Helvetia has focused on expanding its channels for digital interaction with customers and thus further advanced the omni-channelling approach.

Expansion of omni-channelling approach across the entire Group
The already extensive selection of advice and sales channels in Switzerland was expanded. Online-savvy customers are targeted through smile.direct, the leading Internet insurer. For "hybrid" customers, Helvetia has 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, i.e. the B2B2C channel. Helvetia is also making targeted used of omni-channelling in Europe: for example, Helvetia Germany's digital platform serves all the customer segments – from agents and retailers to manufacturers and end customers. The success of this approach is evidenced by Helvetia Germany having digitally concluded over 270,000 policies in 2017 with end customers either directly or via the B2B2C channel.

Practical additional services in the area of contract management
Helvetia has also been digitally active in the area of customer administration since 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.

New methods for the handling of claims
Helvetia is also breaking new ground with respect to the handling of claims and is testing innovative ideas that are only possible thanks to digitalisation: for example, Helvetia customers in Switzerland have been able to report bike thefts via a chatbot using Facebook Messenger since the end of 2017. 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.

Exploitation of new sources of income with the "home" ecosystem
By investing in the expansion of our business into new business models, we aim to grow selectively and innovate our core business and to tap into new sources of revenues. An example here 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 Helvetia 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.

Thanks to these examples, Philipp Gmür can look back with satisfaction on the first two years of the strategy's implementation: "Since the launch of the *helvetia 20.20* strategy, Helvetia has already become considerably more agile, innovative and customer-centric. We now need to systematically continue on our chosen path and in doing so generate value for our customers, employees and shareholders."

Remarks

- A media breakfast will be held today in German at 9 a.m. An analysts' conference with a conference call in English will follow at 11 a.m.
- The conference call (English) can be heard live on the internet at www.helvetia.com (audio). A replay will be available at www.helvetia.com from around 4.30 p.m.
- The letter to shareholders including the preprint of the annual financial statement as well as the slides for the media and analysts' conference are available immediately for download at www.helvetia.com/annual-results.
- Watch the video interview with CEO Philipp Gmür at http://www.helvetia.com/ceo-video-financial-results.

Key figures

	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 per share according to IFRS 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	**5454.9**	5454.9	**0.0%**
Number of shares issued	**9945137**	9945137	

in CHF million	2017	2016	in original currency
Business volume			
Gross premiums life	**4384.3**	4525.0	**–3.1%**
Deposits received life	**163.2**	110.0	**48.4%**
Gross premiums non-life	**3678.5**	3536.6	**4.0%**
Assumed reinsurance	**415.3**	341.1	**21.8%**
Business volume	**8641.3**	8512.7	**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	**1513.4**	1212.8	**24.8%**
of which investment result from Group financial assets and investment property	**1348.7**	1144.4	**17.9%**
Key balance sheet figures			
Consolidated equity (without preferred securities)	**5229.4**	4812.6	**8.7%**
Provisions for insurance and investment contracts (net)	**44385.5**	42315.3	**4.9%**
Investments	**52306.1**	49578.9	**5.5%**
of which Group financial assets and investment property	**48629.2**	46471.3	**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	**6592**	6481	**1.7%**
of which segments Switzerland and Corporate	**3499**	3376	**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).

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
investor.relations@helvetia.ch
www.helvetia.com

Media

Helvetia Group
Jonas Grossniklaus
Media Relations Manager
St. Alban-Anlage 26
CH-4002 Basel

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

About the Helvetia Group
In 160 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 6,600 employees, the company provides services to more than 5 million customers. With a business volume of CHF 8.64 billion, Helvetia generated underlying earnings of CHF 502.4 million in the 2017 financial year. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

Cautionary note
This document was prepared by Helvetia Group and may not be copied, altered, offered, sold or otherwise distributed to any other person by any recipient without the consent of Helvetia Group. The German version of this document is decisive and binding. Versions of the document in other languages are made available purely for information purposes. Although all reasonable effort has been made to ensure that the facts stated herein are correct and the opinions contained herein are fair and reasonable, where any information and statistics are quoted from any external source such information or statistics should not be interpreted as having been adopted or endorsed as accurate by Helvetia Group. Neither Helvetia Group nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this information. The facts and information contained in this document are as up to date as is reasonably possible but may be subject to revision in the future. Neither Helvetia Group nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document.
This document may contain projections or other forward-looking statements related to Helvetia Group which by their very nature involve inherent risks and uncertainties, both general and specific, and there is a risk that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates 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 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.