

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

**simple. clear. helvetia**   
Your Swiss Insurer

## Ladies and Gentlemen

Helvetia can look back on a successful 2018 financial year. We are very satisfied with the growth in the business volume as well as the unchanged good quality of our portfolio. Despite the difficult situation on the capital markets, we achieved a solid result. We are also successfully implementing our *helvetia 20.20* strategy. We made further progress in offering our customers the simplest possible services, thus living up to our brand promise “simple. clear. helvetia”.

Following the successful integration of the acquisitions in 2014 of Nationale Suisse and Basler Austria, we will report the result from the 2018 financial year according to IFRS rather than “underlying earnings” adjusted for acquisition effects. The background to this decision is that, with the exception of ongoing amortisation of bonds to par, the financial statements no longer contain any acquisition effects. To allow for a better assessment of the operating performance, however, we compare the current IFRS annual performance with the underlying earnings of 2017 adjusted for all acquisition effects.



**Doris Russi Schurter** Chairwoman of the Board of Directors  
**Dr Philipp Gmür** Chief Executive Officer

Helvetia reported an IFRS result after tax of CHF 431.0 million in 2018. Although this exceeded the previous year's figure of CHF 402.9 million, it fell below the underlying earnings of CHF 502.4 million generated in 2017. The amortisation of bonds to par referred to above reduced the result by CHF 16.4 million (after tax and policyholder participation). As a result, non-life and life business remained below underlying earnings of the previous year, while the Other Activities segment posted an improved result. The significantly lower investment results in the non-life and life result were due to the unfavourable development of the capital markets.

The quality of the non-life portfolio is very good, as shown by the net combined ratio, which improved compared to 2017 by 0.8 percentage points to 91.0%. This improvement resulted from a good attritional claims development with a lower burden from natural catastrophes. In the life business, the new business margin was stable at 1.7% in 2018. Helvetia also made further progress in replacing traditional savings products with interest guarantees with modern capital-efficient products.

Business volume in the 2018 financial year amounted to CHF 9,073.3 million (2017 financial year: CHF 8,641.3 million). In original currency, this equates to an increase of 3.9%. With growth of 5.8% in original currency, the non-life business was the main growth driver, with Active Reinsurance and the Europe segment, in particular, supporting this growth. In the life business volume increased by 2.1% in original currency, mainly driven by the good development of investment-linked, modern individual life insurance in Switzerland (growth in 2018: 26.1%) and in Germany (+8.8% in original currency) plus growth of 2.4% in Swiss group business (occupational pension plans, BVG).

Our shareholders should also benefit from Helvetia's annual results. The Board of Directors therefore proposes another dividend increase, by CHF 1.00 to CHF 24.00, corresponding to a dividend yield of 4.2% of the year-end price. The Board of Directors also proposes a share split at a ratio of 1 to 5. This should take account of the strong price development over recent years as well as the high price level and ensure the share remains accessible to a broad group of investors as an attractive investment.

The good news also extends beyond the financial statements to include the progress of our *helvetia 20.20* strategy, through which we are strengthening our core business, gaining access to new income sources and promoting innovation in a targeted way. A key area here is customer focus, one example from the core business being the repair of building damage. Here, Helvetia works together with the JAROWA tradesman platform, allowing it to identify suitable tradesmen for customers directly in the event of a claim. The customer simply has to agree a date with the tradesman. There is no need for them to get a quote or clarify which repairs are covered. Insurance services should be as simple as possible.

In the life business, Helvetia is strengthening its core business with, among other things, newly launched own funds. These stand out thanks to their transparent cost structure and low management fees. With the funds, retail customers can benefit from Helvetia's 160 years of investment experience.

Helvetia is opening up new sources of income with, for example, Smile, Switzerland's leading online insurer. At the end of 2018, Smile launched the first fully digitised death insurance solution in Switzerland, which makes it possible to take out cover online with just a few clicks and without providing a signature.

We also made progress in expanding our "Home" ecosystem. MoneyPark, Switzerland's biggest independent mortgage broker, forms the central anchor here. Two further partners have been acquired with the start-ups PriceHubble and Immoledo. Within the "Home" ecosystem, PriceHubble supports potential buyers with real estate valuations. With a comprehensive status analysis, Immoledo offers a useful tool for homeowners to preserve the value of their property.

How Helvetia makes targeted use of innovations can be seen by the utilisation of INZMO in the B2B2C channel. INZMO is an Estonian insurtech company in which the Helvetia Venture Fund is invested. Via INZMO, specialist retailers can quickly and simply offer appropriate insurance coverage for their products.

Helvetia is also making targeted use of new ways of interacting with customers. For example, so-called chatbots are used in Switzerland for the reporting of bike thefts and in Spain for the sale of burial insurance.

These examples underline the fact that our brand promise "simple.clear.helvetia" is being successfully implemented. We are also on track to achieve our own goals, such as profitability, return on equity, distributed dividends and solvency. We would like to thank you most sincerely for your confidence in us.

Yours sincerely,



**Doris Russi Schurter**

Chairwoman of the Board of Directors



**Dr Philipp Gmür**

Chief Executive Officer

# Key figures.

	2018	2017	Change
in CHF million			in original currency
<b>Business volume</b>			
Gross premiums life	4480.1	4384.3	1.5 %
Deposits received life	197.1	163.2	18.3 %
Gross premiums non-life	3874.5	3678.5	3.5 %
Active Reinsurance	521.6	415.3	25.6 %
Business volume	9073.3	8641.3	3.9 %
<b>Key performance figures<sup>1</sup></b>	IFRS	Underlying earnings	
Earnings life business	147.9	193.1	-23.4 %
Earnings non-life business	332.0	363.5	-8.7 %
Earnings Other Activities	-48.9	-54.2	9.8 %
Earnings of the Group after tax	431.0	502.4	-14.2 %
Investment result	580.1	1513.4	-61.7 %
of which investment result from Group financial assets and investment property	794.4	1348.7	-41.1 %
Return on equity <sup>2</sup>	8.1 %	9.8 %	
<b>Key balance sheet figures</b>			
Consolidated equity (without preferred securities)	5097.1	5229.4	-2.5 %
Provisions for insurance and investment contracts (net)	44418.5	44385.5	0.1 %
Investments	51997.5	52306.1	-0.6 %
of which Group financial assets and investment property	48583.5	48629.2	-0.1 %
<b>Ratios</b>			
Reserve to premium ratio non-life	145.0 %	156.3 %	
Combined ratio (gross)	88.7 %	88.8 %	
Combined ratio (net)	91.0 %	91.8 %	
New business margin	1.7 %	1.8 %	
Direct yield	2.0 %	2.1 %	
Investment performance	0.3 %	2.8 %	
<b>Key share data Helvetia Holding AG</b>			
Group underlying earnings per share in CHF	41.9	49.2	-14.8 %
Group profit for the period per share according to IFRS in CHF	41.9	39.1	7.0 %
Consolidated equity per share in CHF	515.4	528.5	-2.5 %
Price of Helvetia registered shares at the reporting date in CHF	574.5	548.5	4.7 %
Market capitalisation at the reporting date in CHF million	5713.5	5454.9	4.7 %
Number of shares issued	9945 137	9945 137	
<b>Employees</b>			
Helvetia Group	6624	6592	0.5 %
of which segments Switzerland and Corporate	3542	3499	1.2 %

<sup>1</sup> From the 2018 financial year, Helvetia will only report in accordance with IFRS and no longer report underlying earnings. With the exception of the ongoing amortisation of bonds in the amount of CHF 16.4 million (after tax and policyholder participation), the interim financial statements no longer include any acquisition effects. To allow for a better assessment of the operating performance, however, underlying earnings adjusted for all acquisition effects are used for the prior year.

<sup>2</sup> Based on the earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).

## BUSINESS VOLUME

**CHF 9,073 million**  
**+ 3.9% (in OC)**

In financial year 2018, Helvetia generated business volume at Group level of CHF 9,073.3 million, which corresponds to year-on-year growth of 3.9% in original currency. That is mainly due to the non-life business, which posted growth of 5.8% in original currency. Life business also grew and made a significant contribution to the increase in volume, especially through investment-linked, modern products in Switzerland and Germany.

## DIVIDEND

**CHF 24.00**

The Board of Directors will propose an increase in the dividend to the Shareholders' Meeting in May. It is to be increased by CHF 1.00 to CHF 24.00. The dividend yield is a good 4.2% and the distribution ratio is 58% based on the IFRS result.

## NET COMBINED RATIO

**91.0%**

The net combined ratio improved by 0.8% to an excellent 91% in 2018 (2017: 91.8%). A lower burden from natural catastrophes with a good attritional claims development led to a lower claims ratio. All segments contributed to the improved net combined ratio.

FINANCIAL YEAR  
**2018**

## IFRS RESULT AFTER TAX

**CHF 431 million**

The excellent growth in its business volume as well as the once again improved technical results in the non-life business underscore the company's solid profitability. However, the weak equity markets affected the result in the past year.

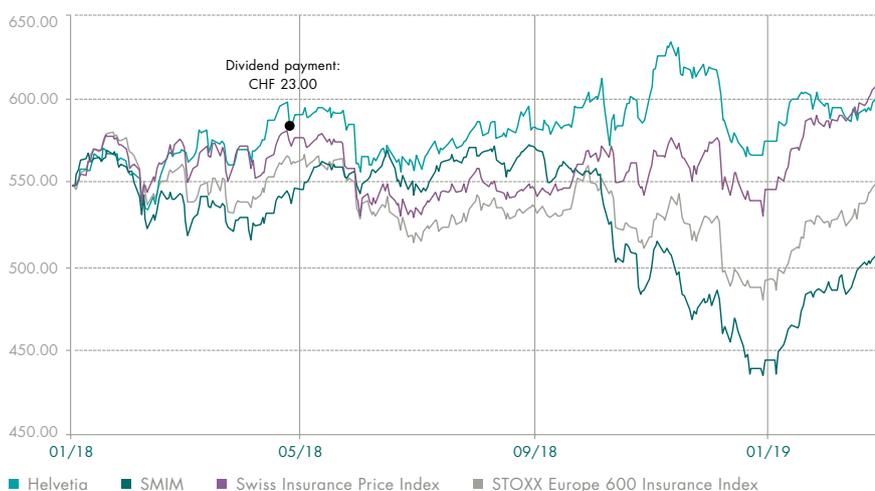
## NEW BUSINESS MARGIN LIFE

**1.7%**

In the life business, new business performed very well. In financial year 2018, the new business margin stood at 1.7% and thus remained at a good level. Further progress was also made in replacing traditional savings products with interest guarantees through modern capital-efficient products.

## Market trend 1.1.2018–28.2.2019

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.

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

### Important dates

3 May 2019: Ordinary Shareholders' Meeting in St Gall

29 August 2019: publication of half-year financial results for 2019

4 March 2020: publication of financial results 2019

You can find further information on the 2018 financial year at [www.helvetia.com/annual-results](http://www.helvetia.com/annual-results).

### Contacts Helvetia Group

Susanne Tengler  
Head of Investor Relations  
P.O. Box, CH-9001 St Gall  
Phone +41 58 280 57 79  
[www.helvetia.com](http://www.helvetia.com)  
[susanne.tengler@helvetia.ch](mailto:susanne.tengler@helvetia.ch)

Doris Oberhänsli  
Share register  
P.O. Box, CH-9001 St Gall  
Phone +41 58 280 55 83  
[www.helvetia.com](http://www.helvetia.com)  
[doris.oberhaensli@helvetia.ch](mailto:doris.oberhaensli@helvetia.ch)

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Olga Titus: KLEINOLGA, 2018