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Media release

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Impressive set of figures for 2018, higher dividend and on course with strategy implementation

The most important details about the 2018 annual financial statements at a glance:

- Helvetia can present pleasing growth in its business volume, very good technical results and a solid profit.
- Helvetia increased its business volume to CHF 9,073.3 million, representing a 3.9% rise in original currency, with the non-life business generating currency-adjusted growth of 5.8%.
- The portfolio quality in the non-life business remains very good with a net combined ratio of 91.0%.
- In the life business, new business developed solidly: the new business margin stood at 1.7%.
- The IFRS result after tax was CHF 431.0 million, with the robust technical results unable to fully compensate for the decline in the investment result.
- Helvetia generated operating cash production of CHF 289.8 million, equating to a rise of 7.0% on the prior-year figure.
- The Board of Directors will propose to the Shareholders' Meeting to increase the dividend per share by CHF 1.00 to CHF 24.00.
- The implementation of the *helvetia 20.20* strategy is moving ahead successfully. For example, Helvetia has made further progress in delivering on its brand promise "simple. clear. helvetia.".

"Helvetia can look back on a successful financial year 2018. I am 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", comments Philipp Gmür, CEO of the Helvetia Group, with respect to the 2018 annual financial statements.

IFRS result after tax of CHF 431.0 million

The IFRS result after tax for financial year 2018 was CHF 431.0 million, thus exceeding the 2017 profit of CHF 402.9 million. In the previous year, underlying earnings stood at CHF 502.4 million.[1] The 2018 annual result, however, no longer includes any acquisition effects from the takeovers completed in 2014 apart from the ongoing amortisation of bonds to par from the acquisition of Nationale Suisse of CHF 16.4 million (after tax and policyholder participation).

Non-life: further improvement in the combined ratio

In the non-life business, the IFRS result after tax was CHF 332.0 million (underlying earnings after tax for 2017: CHF 363.5 million). Relative to the previous year, Helvetia generated much better technical results. The net combined ratio was 91.0% (previous year: 91.8%) and is thus once again at a very good level. A lower burden from natural catastrophes with a good attritional claims development led to an improvement in the claims ratio of 1 percentage point to 61.1%. In contrast, the cost ratio increased slightly by 0.3 percentage points to 30.0%. The increase resulted from a higher distribution cost ratio due to new partnerships. On the other hand, Helvetia succeeded in reducing its administration cost ratio thanks to further improvements in efficiency. All segments contributed to the better combined ratio at Group level. The combined ratio fell to 82.7% in Switzerland (previous year 83.1%), 95.1% in the Europe segment (previous year: 95.4%) and 96.2% in Specialty Markets (previous year: 100.1%). However, the significantly lower investment result due to unfavourable developments on the capital markets impacted the result. This can be attributed to the weak performance of the equity markets.

Life business with good new business margin

In the life business, new business performed particularly well. In financial year 2018, the new business margin stood at 1.7% and thus remained stable (2017: 1.8%). Helvetia made further progress in replacing traditional savings products with interest guarantees with modern capital-efficient products. Helvetia's IFRS result after tax for the life business in the past financial year amounted to CHF 147.9 million (underlying earnings after tax for 2017: CHF 193.1 million). Lower expenses for interest-related strengthening of reserves in Switzerland and Europe as well as reduced policyholder participation were unable to fully compensate for the lower technical results and significantly lower gains on investments.

In the other activities business area, the IFRS result after tax in financial year 2018 was CHF -48.9 million (underlying earnings after tax for financial year 2017: CHF -54.2 million). Positive consolidation effects from the funds allocated to this segment contributed here.

[1] Following the successful integration of the acquisitions from 2014, Helvetia has only reported in accordance with IFRS since its 2018 interim financial statements and no longer reports underlying earnings. The 2018 annual financial statements no longer include any acquisition effects with the exception of the amortisation of the bonds to par acquired as part of the acquisition of Nationale Suisse, which is continuing beyond the integration period and is thus still included in the 2018 IFRS annual result. To allow for a better assessment of the operating performance, Helvetia compares the 2018 IFRS annual result with the underlying earnings after tax generated in financial year 2017 adjusted for all acquisition effects.

Strong growth in the non-life business and for capital-efficient life insurance solutions

The business volume amounted to CHF 9,073.3 million in 2018 (financial year 2017: 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. Helvetia posted growth in the life business of 2.1% on a currency-adjusted basis. Of particular positive note was the good performance of investment-linked, modern individual life insurance solutions in Switzerland (growth in 2018: 26.1%) and Germany (+8.8% in original currency) as well as growth of 2.4% in the Swiss group life business (occupational pension plans, BVG). In the area of occupational pension plans, the new business with capital-efficient products (Swisscanto and BVG Invest) also performed very positively.

Stable current income – direct yield at prior-year level

The investment volume fell slightly relative to the previous year by CHF 300 million and stood at CHF 52 billion at the end of 2018. With current income from financial investments and investment property of almost CHF 990 million, the prior-year level was almost maintained despite the persistently low interest rate environment. Current income thus once again proved to be a stable cornerstone of the overall result. With CHF 329 million, real estate and mortgages made a disproportionately high contribution to the result. Relative to the previous year, the direct yield fell slightly from 2.1% to 2.0%.

Capital base remains strong

Helvetia continues to have a solid capital base. As at 1 January 2019, the SST ratio was once more in excess of 200%. The precise figure will be published with the Financial Condition Report at the end of April 2019. Equity fell from CHF 5,229.4 million at the end of 2017 to CHF 5,097.1 million. This decline can be attributed to the decrease in unrealised gains and losses recognised in equity as well as negative currency effects from the translation of the equity of the European units into the Group's currency of Swiss francs. The return on equity was 8.1%.

Dividend of CHF 24.00 and share split

In 2018, Helvetia generated operating cash production of CHF 289.8 million (2017: CHF 270.7 million). Both the non-life and life insurance businesses contributed to the increase of 7.0%. The strong cash remittances from all segments overall equate to a remittance ratio of 67% of the IFRS result (2017: 67%). The Board of Directors will propose to the Shareholders' Meeting to increase the dividend once more by CHF 1.00 per share to CHF 24.00 (previous year: CHF 23.00). It will also propose 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 security.

Innovative offers for a better service

With the *helvetia 20.20* strategy, Helvetia is strengthening its core business, providing access to new income sources and promoting innovation in a targeted way. A key area here is customer focus. An example from the core business is the repair of building damage. Here, Helvetia works together with the JAROWA tradesman platform, meaning it can seek 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.

New sources of income with Smile and MoneyPark
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.

Helvetia has also further expanded its "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 property owners in order to preserve the value of their property.

Insurtech allows for new customer access
How Helvetia makes targeted use of innovations can be seen by the utilisation of INZMO in the B2B2C channel. INZMO is an 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 such as bikes and mobile phones.

Helvetia is also making targeted use of new interaction forms 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.

Strategy implementation and target achievement on course
"These examples underline the fact that our brand promise 'simple. clear. helvetia.' is being successfully implemented", says a pleased Philipp Gmür. Helvetia is also on course to achieve its own targets for the current strategy period. "In terms of profitability, return on equity, the dividend distribution and solvency, Helvetia is fully on track with the achievement of its goals", says Philipp Gmür.

Hans-Jürg Bernet to leave the Board of Directors
Hans-Jürg Bernet will reach the statutory age limit of 70 this year and will thus leave the Board of Directors. He has been a member of the Board of Directors since 2006, has chaired the Audit Committee and was a member of the Nomination and Compensation Committee. "With his profound knowledge of the insurance business, Hans-Jürg Bernet has made a significant contribution to the successful development of Helvetia. On behalf of the entire company, I would like to thank

him for his great commitment over many years", says Doris Russi Schurter, Chairwoman of the Board of Directors. A replacement candidate will not be proposed to the Shareholders' Meeting, meaning that the size of the Board of Directors is to be reduced to ten. Regula Wallimann will be put forward for election as a new member of the Nomination and Compensation Committee. The invitation containing the documents for the Shareholders' Meeting will be sent out on 20 March 2019.

Remarks

- A media breakfast will be held today in German at 8.30 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 Financial Report 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 www.helvetia.com/ceo-video-financial-results.

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Key figures

in CHF million	2018	2017	Change in original currency
Business volume			
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%**
Key performance figures[1]	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[2]	**8.1%**	9.8%	
Key balance sheet figures			
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%**
Ratios			
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%	
Key share data Helvetia Holding AG			
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	**9945137**	9945137	
Employees			
Helvetia Group	**6624**	6592	**0.5%**
of which segments Switzerland and Corporate	**3542**	3499	**1.2%**

[1] 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.

[2] 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).

Helvetia Holding Ltd
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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. 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 9.07 billion, Helvetia generated an IFRS result after tax of CHF 431.0 million in financial year 2018. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

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.