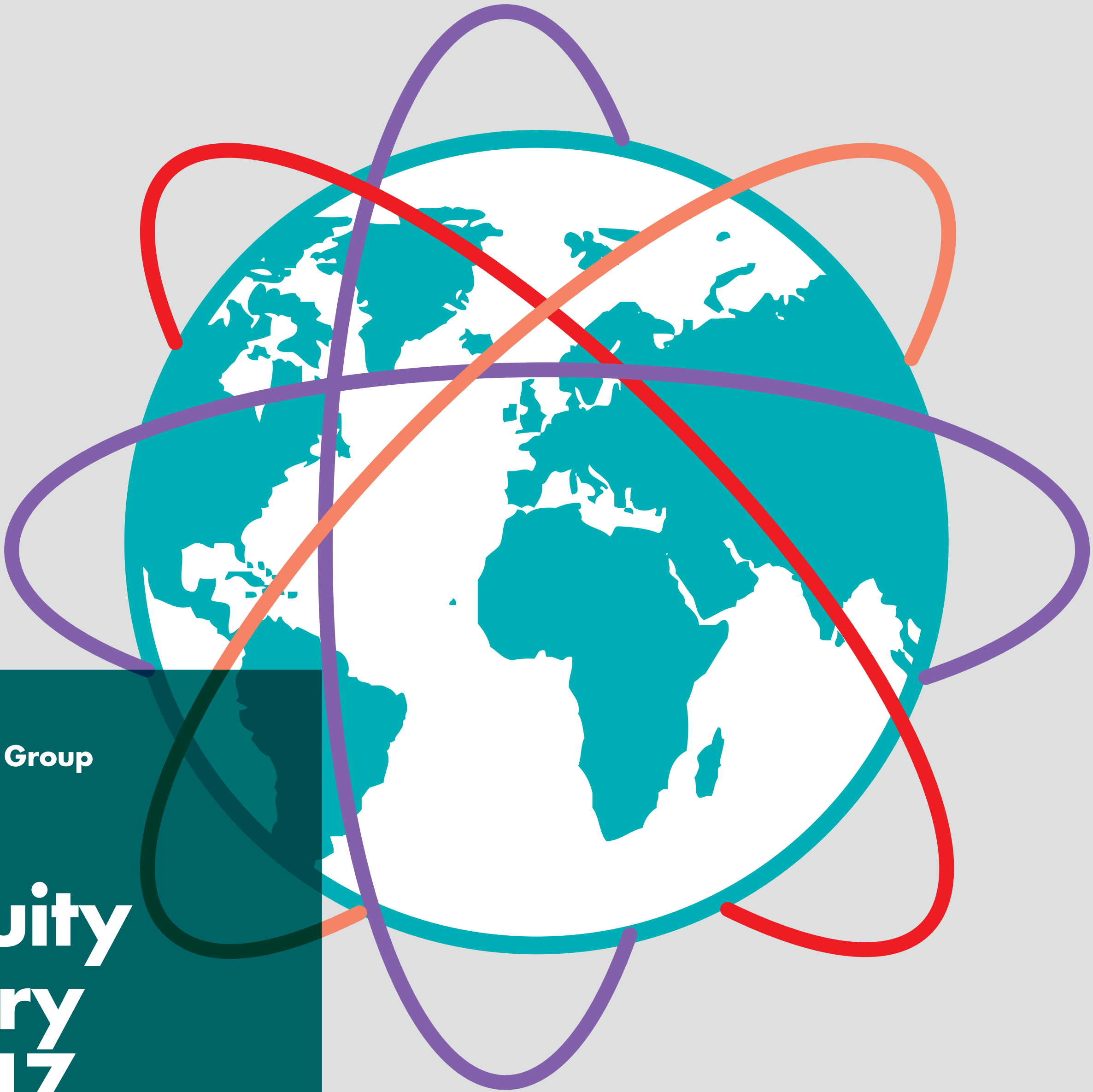


Helvetia Group

equity story 2017

Helvetia Holding AG
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Your Swiss Insurer.

helvetia

Helvetia creates sustained value. An investment in the internationally active Helvetia Group is an investment in a growth-oriented, solid and competitive company with long-standing expertise in the fields of insurance and pension planning. Helvetia has been synonymous with reliable insurance services for 160 years. It reduces the risks for investors and customers with its long-term focus and efficient risk and investment management processes, while growing consistently, maintaining sustainable profitability and minimising earnings volatility. Helvetia pursues a sustainable dividend policy.

The most important points in brief

- Helvetia is active in the life, non-life and reinsurance sectors.
- The growth-oriented, international and competitive insurance group has strengthened its position in recent years in the three reporting segments of Switzerland, Europe and Specialty Markets, increased its profitability and improved customer benefits.
- Building on its strengths, Helvetia is setting itself new targets for the next strategy period. The *helvetia 20.20* strategy places an even greater emphasis on customers. It provides answers to current market trends, makes the company more digital, more agile and thus more valuable, and creates added value for customers, shareholders and employees.
- Helvetia has ambitious goals in its three reporting segments: it wants to be the best Swiss insurance company as a solid foundation for the Group, significantly improve its positioning in Europe and expand the Specialty Markets segment as a selective niche player.
- Helvetia is playing an active role in the ongoing consolidation process in the European insurance market.
- An investment in the Helvetia share is characterised by the company's attractive dividends and excellent risk/return profile.
- The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange.

Profile

Thanks to the careful combination of selected markets and profitable insurance products, Helvetia has grown steadily and sustainably over the years and developed into a successful international insurance group. Alongside its home market of Switzerland, its core geographic markets today also include Germany, Italy, Austria and Spain, which form the "Europe" segment. Helvetia is active in the life and non-life sectors in these markets. With the Specialty Markets segment, Helvetia also offers specialty lines coverage and reinsurance in Switzerland, Europe and via selected destinations worldwide. Its business activities focus on retail customers as well as small and medium-sized companies. Helvetia primarily differentiates itself as a quality provider through its very high level of service orientation. The company therefore has optimised sales structures geared towards the special features of the individual country markets as well as numerous strong sales partnerships. Helvetia already pursues a multi-channel sales approach, i.e. it addresses customers through various sales channels. The company attaches the utmost importance to ensuring the satisfaction of its customers and employees. On this basis, Helvetia creates the greatest possible benefits for its shareholders.

Active growth strategy supported by acquisitions

In the past, Helvetia pursued a linear and stable growth strategy based on organic, profitable growth supported by targeted acquisitions. In doing so, Helvetia always placed great value on reasonable geographic diversification as well as achieving a fair balance between the profitable non-life business, the pensions business, which still offers potential on a long-term perspective, and the profitable but cyclical specialties and reinsurance business. Helvetia's growth strategy is also based on technical discipline, a high level of cost awareness and a well balanced investment strategy, and is supported by a solid capital base. The selective underwriting policy has ensured a high portfolio quality and thus allowed the company to succeed in dynamically and sustainably increasing the value of its business portfolios.

Helvetia is well positioned today and has an excellent base in all market areas and segments

In its home market, Helvetia is the leading Swiss all-line insurer with a strong top 31 position. Since taking over Nationale Suisse in 2014, Helvetia has been able to benefit from extensive merger and synergy effects, for example in expanding its product range, enhancing its access to customers and improving its customer care services. Thanks to a better balance between the life and non-life business, as well as new possibilities in the specialty business and in the health/accident insurance business, the insurance portfolio has been optimised. Helvetia has a strong market position in the profitable non-life business, where it ranks fifth[1]. In the life business, Helvetia has established itself as a top 3[1] provider. Due to regulations and the low interest rate environment, the focus here is on the sale of capital-efficient products. Through the partnership with Swisscanto, Helvetia already has almost no exposure to interest rate risk for more than 1/3 of the policies in the group life business (occupational pension business, BVG), which accounts for the largest share of the life business, as it only functions as a reinsurer for the risks of death and disability. Helvetia pursues a multi-channel sales approach and also relies on strong cooperation partners. With smile.direct Helvetia has a direct insurer in Switzerland that is already very well established on the market and repeatedly achieves top results in terms of quality, service and quotes in independent comparison tests. The stable and continued profitable home market provides a solid foundation for the further development of the Group.

In the Europe segment, Helvetia likewise has a consistent position. Helvetia has a cross-border brand presence. As in Switzerland, the focus is on business with retail customers and small and medium-sized companies. Helvetia offers the complete non-life product range in the Europe segment, while in the life business it is promoting the marketing of capital-efficient products in the current low interest rate environment. The business in the European countries is profitable. Thanks to the establishment of a comprehensive management team for Europe, the use of common IT systems and a common reinsurance structure, it is possible to exploit additional synergies within Europe. The Europe segment also contributes to regional diversification by reducing the level of dependency on the Swiss home market.

The Specialty Markets segment pursues a selective niche strategy, which gives it a strong market position and allows a corresponding profit contribution. It also contributes to the Group's diversification. The Specialty Market segment comprises three important parts: the business lines engineering (technical insurance), marine (transport) and art in Switzerland as well as the international markets such as Asia and Latin America which are bundled together in the market unit Specialty Lines Switzerland/International. The market unit France functions as a focused transport insurance specialist and ranks a strong second in the market. Active Reinsurance, which also belongs to this segment, is a niche provider characterised by mostly long-standing and excellent business relations, a stringent underwriting policy and a high level of sector diversification.

[1] Source: Swiss Insurance Association (SVV) market shares 2016

New *helvetia 20.20* strategy makes Helvetia more digital, more agile and creates added value

Based on its strengths, Helvetia is setting new targets for the next period: the *helvetia 20.20* strategy is making the company more digital, more agile and thus more valuable, and is placing an even greater emphasis on its customers.

helvetia 20.20 provides answers to current trends:

1. Digitalisation opens up new opportunities

Customer demand for customised products, the simple execution of all transactions as well as access independent of time and place mean that it is essential to make corresponding adjustments to the business model. Digitalisation allows Helvetia to modernise the way it interacts with its customers, integrate customers more closely into the sales process and simplify its processes. Online business models are thus, for example, no longer a vehicle for addressing particularly price-sensitive customers, but rather an integral component of the service range that should be as simple to manage as possible. The "convenience" factor is becoming a key distinguishing feature in the digital age. Helvetia will further develop its current multi-channel approach into a so-called omni-channel approach. This will allow Helvetia, for example, to offer customers genuine added value through cross-channel customer contact as well as more personalised services and coordinated self-services. Helvetia continues to rely on strong partners and is working to ensure more open structures by optimally integrating partners into its systems of service design and provision. This will strengthen cooperations. The use of smart data & analytics is also of increasing importance: the targeted and intelligent use of diverse and large data volumes helps insurance companies to, among other things, define existing risks more precisely and to customise products even better in the form of "user-based insurance". Digitalisation also allows for more cost-efficient business processes thanks to an increasing level of automation.

2. Insurance markets in a state of flux

The insurance market is in flux – both in Switzerland and Europe. Increasing regulation and the associated increasing capital adequacy requirements favour consolidation in the insurance markets. The markets are also changing as a result of technological change, growing digitalisation and the market entry of new competitors.

Helvetia is determined to exploit these opportunities and play an active role in the further consolidation of selected markets. Good capitalisation, profitable business areas, organic growth, strategic partnerships and targeted acquisitions will allow for a sustainable improvement in the company's competitive position. Here, Helvetia is proud of its track record and can benefit from the integration experience it has gathered as part of past acquisitions. Furthermore, Helvetia also focuses on innovation and corporate venturing.

The stability of the general economy is creating an intact environment for healthy growth in the non-life business. At the same time, digitalisation is creating new opportunities: Helvetia is therefore promoting organic growth among retail customers, small and medium-sized companies and large industry and is actively exploiting the opportunities created by digitalisation to make its offers and business processes more customer-friendly, more digital and more efficient – by combining its traditional strengths with new opportunities. Customers will thus receive a greater selection of personalised insurance and pension solutions. Organic growth is also being supplemented by selected acquisitions.

The life business is confronted by a persistently low interest rate environment and additional regulatory requirements. Helvetia is countering these challenges with strategic adjustments: it is developing its careful asset liability management further and adapting the product portfolio to the changed framework conditions. In the areas of product development and sales, the company is focusing even more on capital-efficient products and modern guarantee concepts. These include, for example, investment-linked products with the investment risk borne by the policyholder as well as products where Helvetia assumes the investment risk but hedges it accordingly, either through the adjustment of guarantees to maturity guarantees or products with guarantees below the par value of the savings deposits. For certain products, Helvetia also works with third parties which grant guarantees. In investment management and product development, Helvetia cooperates with Vontobel and Leonteq, while collaborating with Swisscanto, Notenstein La Roche and other partners in occupational pension business. In the life business too, Helvetia wants to actively exploit the new opportunities afforded by digitalisation. The sale of traditional life insurance has been intentionally curtailed in the current low interest rate environment. Due to the uncertainties regarding state systems of pension provision, Helvetia continues to believe there will be a future need for private pension solutions.

Strategy implementation creates value

Helvetia wants to create added value with the strategy – for its shareholders, customers and employees. Together with the synergies from the acquisitions, consistent technical discipline and a strong capital base, the opportunities afforded by digitalisation will generate more potential for profits and dividends for shareholders.

For its employees, Helvetia remains a solid, forward-looking employer that encourages talented individuals in Switzerland and abroad with its values of trust, dynamism and enthusiasm and challenges and supports them in their development. New technologies also offer new opportunities for employees and allow Helvetia to position itself as an attractive employer. Helvetia generates added value for customers by combining its traditionally strong and competent consulting services with the opportunities offered by modern technology.

Ambitious goals for the segments:

Switzerland segment: best insurance company

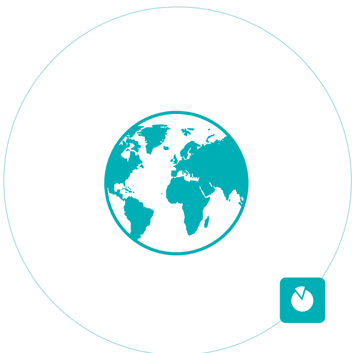
In its home market of Switzerland, Helvetia will exploit the synergies from completed acquisitions and thus increase its contribution to Group profit. The profitable non-life business, which makes up an increased share of the overall portfolio following the takeover of Nationale Suisse, will also support profit growth considerably. In Switzerland, Helvetia wants to continue to grow as the leading all-lines insurer in a largely saturated market by offering innovative products and a quality-centric service and actively exploiting the opportunities created by digitalisation. Here, the focus will be on maximum customer orientation, improved efficiency in the non-life business and capital-efficient solutions in the life business. In addition to the acquisition of new customers, Helvetia will concentrate even more on retaining and developing existing customers. Strong partnerships remain an important pillar of the strategy. The distribution partnership with Raiffeisen can be used as an example here: the insurance and pension products of Helvetia supplement the services of its banking partner. Helvetia also cooperates with the cantonal banks and Notenstein La Roche in the area of occupational pension business. With smile.direct, Helvetia also already has a scalable online platform through which it can address the growing group of online-savvy customers.

Europe segment: significantly improved positioning

In the European markets of Germany, Austria, Italy and Spain, Helvetia wants to apply a growth strategy to significantly increase its business volume. This growth should be achieved organically via innovative products, an increasing level of customisation through digitalisation, quality in the areas of service and claims settlement as well as the expansion of the sales force. Helvetia is also actively seeking opportunities for acquisitions in the profitable non-life business. The current stable economic environment in these countries is supporting the ambition of organic growth.

Technical discipline, acquisitions, synergies and greater efficiency should lead to an increase in the profit contribution from the European business.

Speciality Markets segment: expansion as a selective niche player



The Specialty Markets segment is pursuing a selective niche strategy with a focus on engineering, transport, art and active reinsurance. This segment wants to achieve profitable growth in the selected market niches. This will result in a greater profit contribution at Group level. The disciplined underwriting policy will not be changed.

Ambitious financial targets as benchmarks for the success of *helvetia 20.20*

The implementation of *helvetia 20.20* is based on clear and measurable targets. Helvetia's ambition is to increase business volume to around CHF 10 billion on a currency-adjusted basis by 2020, driven by organic growth and targeted acquisitions.

A disciplined underwriting strategy, the improved use of data and strict cost controls should secure the first-class combined ratio in the non-life business, which should be below 93% in future. The profit share contributed by the non-life business should be around two-thirds. As the non-life business is less sensitive to interest rates, Helvetia thus has a very stable profit mix which supports the growth ambition.

Within the life business, the risk result is increasing due to the focus on technical core expertise and modern, capital-efficient products. The level of dependency on interest rate gains and capital market volatility is thus being reduced. Helvetia is targeting a return on equity of 8% to 11%, based on its underlying earnings. Helvetia will maintain its attractive dividend policy. The cumulative amount to be distributed to shareholders should be in excess of CHF 1 billion over the next five years. The pay-out ratio will stand at between 40% and 50% of underlying earnings.

The implementation of *helvetia 20.20* is based on 16 Group-wide strategic initiatives. These initiatives follow the vision of "an identity as the leading Swiss all-lines insurer – with national and international ambition – digital and innovative – and with a highly developed customer focus". They make a key contribution to the achievement of the strategic objectives and have been designed to stimulate the foundations, accelerate profitable growth, enhance efficiency and deliver quality.

Investment in the Helvetia share

An investment in the Helvetia share is characterised by an excellent risk/return profile. This is achieved, in particular, thanks to:

Good technical results due to a disciplined underwriting policy and strict cost discipline

Helvetia strives to achieve sustainable and profitable growth by combining selected markets and profitable insurance and pension solutions. Helvetia's growth strategy is based on technical discipline, a high level of cost awareness and a balanced investment strategy and is supported by a solid capital base. The selective underwriting policy ensures a high portfolio quality.

Solid investments with sustainable earnings potential

Using a sustainable investment policy tailored to its liabilities, Helvetia generates attractive investment returns with limited risk exposure. The investment portfolio is broadly diversified and investment activities are supported by timely risk management. The investment strategy minimises earnings volatility while generating attractive and stable returns for customers and shareholders.

High solvency and low leverage

The capital structure of Helvetia aims to ensure compliance with regulatory requirements at all times in an efficient manner and also to guarantee financial flexibility for strategy implementation. Helvetia has sustainable capital strength that is geared towards supporting its organic growth ambitions and cushioning volatility on the market. With the exception of the acquisition of Nationale Suisse, Helvetia has financed the acquisitions completed in recent years with its own funds. The high level of self-financing and moderate leverage reflect the conservative business policy and underline the company's stability.

Sustainable shareholder relationships

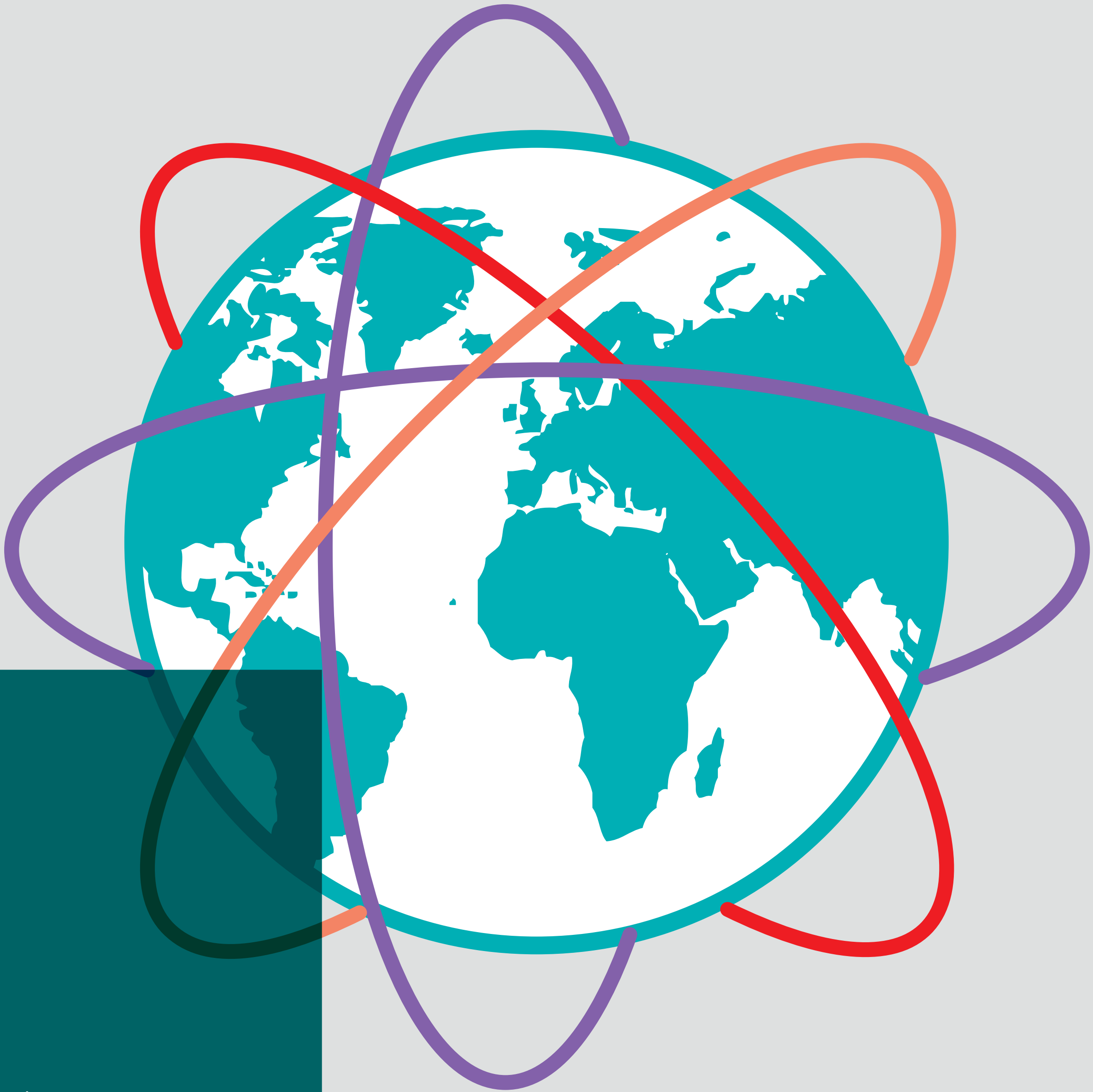
Helvetia is aware of its responsibility towards its investors and bases its shareholder policy on long-term investor relations. It acts in a reliable, sustainable and serious manner and always communicates in an open, understandable and timely fashion. In order to ensure the liquidity of the share on the capital market, a free float in excess of 60% is targeted. As core shareholder, Patria Genossenschaft (Patria Mutual, 34.1%), ensures stability and safeguards Helvetia's strategic room for manoeuvre.

Attractive returns with limited risk and low earnings volatility

Helvetia pursues a sustainable dividend policy with an attractive and stable flow of dividends. Helvetia optimises the risks for investors and customers with its long-term focus and efficient risk management, while growing consistently, maintaining sustainable profitability and minimising earnings volatility. It is the primary aim to pay out dividends to the shareholders that increase every year, with the pay-out ratio ranging between 40% and 50%. The cumulative amount to be distributed to shareholders should be in excess of CHF 1 billion over the current strategic period.

helvetia 20.20

With the *helvetia 20.20* strategy, Helvetia will become fit for the future, while remaining personal and reliable.
In our company brochure we give a regular update of the progress achieved on the implementation of our strategy.



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