Helvetia Group Conference Call

Monday, 2 September 2013

Half-year results 2013

(The spoken word takes precedence)

Philipp Gmür, CEO Switzerland

Ladies and Gentlemen,

I am pleased to report another very successful business period. We once again succeeded in increasing the premium volume, improving underwriting results and, thanks to higher investment income, increasing profits.

(Slide 22) Swiss market

Allow me to start with a summary of the key figures: gross premiums increased by 7.8% year on year and stood at CHF 3,119 million at the end of June 2013. The development in life insurance made the largest contribution to this positive growth. In addition, the premium volume in the non-life business also improved slightly over the previous year.

Gross premiums in the life business rose by 9.4% and were at CHF 2,559 million at the end of the first half. The demand for so-called full insurance in the occupational pension business remains strong. The individual life business now includes all the premiums from the SEV portfolio acquired last year.

The non-life business also recorded slight growth with a premium volume of CHF 560 million. This is mainly driven by the strong motor vehicle business. The combined ratio (net) improved again to an outstanding 85.4%.

The after-tax profit also increased, rising from CHF 104 million to CHF 111 million, an increase of 7.4%.

(Slide 23) Highlights: non-life business Switzerland

In the next slide we take a look at the non-life business, where the growth of 0.9% is, as just mentioned, primarily due to the motor vehicle business. In this area, we saw an increase in premiums of 3.1%. The liability sector also contributed to the growth, while premium income stagnated in the property and transport sectors. As you know, the accident/health business was sold in the previous year.

The decline in net combined ratio by 1.2 percentage points is due to an improvement in the claims ratio. Despite bad weather losses this figure fell by 2.0 percentage points from the same period last year. This again reflects the solid quality of the portfolio and risk-adjusted pricing. The cost ratio is still at a very good 27.5%, although it has increased from the previous year's level. This is mainly due to the introduction of new generation tables as well as the amendment to the pension and supplementary fund regulations and planned investments in business development. Overall, the non-life business stands out for its sustainable profitability.

(Slide 24) Highlights: Life business Switzerland

On the next slide, we'll look at the life business. Regular premiums in individual life grew by 5.5% which was significantly above the market. The lion's share of this is attributable to the integration of SEV-Versicherungen, but organic growth amounted to about 1%. In single premium products we lagged behind in comparison to our exceptionally successful performance last year, especially since we have adjusted our goals for the new business mix. Lower guaranteed interest rates and surpluses on traditional life insurance led us to accept a decline in this business line as expected. At the same time, we expanded the range of products with various modern and equity-efficient insurance and pension solutions. We successfully launched the tranche product "Helvetia Value Trend" in the first half of the year and it was oversubscribed within a very short time. Only CHF 53 million of the issued volume of CHF 80 million is included in the reporting period.

In the group life business we continue to grow and gain market share. While the increase of 4.9% in regular premiums underscores our goal of continuous growth in the portfolio, the increase in volume in single premium products shows the success of acquisitions in the market. The development in single premium products is naturally very volatile. For example, a substantial proportion of this growth is attributable to municipalities which have now entered into a full insurance solution with our life insurance.

The fact that this growth did not occur at the expense of profitability is demonstrated by the continued strong technical results in both individual and group life insurance. This benefits both our shareholders and our customers. It allowed us to enhance reserves once again and to provide generous support to the bonus reserve.

For the second half of the year, we continue to expect moderate growth in the non-life business and expansion of volume in life insurance. In individual life insurance it will depend on whether and when the capital market environment allows us to launch a further "Helvetia Value Trend" tranche product. Our mix of distribution channels, which is unique in the market, will continue to help us expand our business portfolio and to grow profitably.

With that, I'll pass you back to Stefan Loacker>>>