Helvetia Group Conference Call
Monday, 2 September 2013

Half-year results 2013

(The spoken word takes precedence)

Stefan Loacker, CEO of the Helvetia Group

(Slide 1) Half-year results 2013

Ladies and Gentlemen, I have the pleasure of welcoming you to the presentation of our results for the first half of 2013. In the period under review Helvetia once again generated a very good result. Our business volume increased to CHF 4,775.0 million. We are very pleased that we were able to combine this growth with a significant increase in profit: net profit was around CHF 180 million, 13.4% higher than the previous year. The convincing half-year results underscore the solid development of the Group in what remains a very challenging economic environment. We would now like to use this presentation to provide you with the facts and background in more detail.

(Slide 2) Programme

After my introduction, Paul Norton, Group CFO, will explain our current results, Ralph Honegger will discuss the investment result, and Philipp Gmür will describe the development of the business in our very successful home market Switzerland. After this, we will be available to answer any questions you may have.

(Slide 3) Highlights of the 2013 half-year

Let’s start with an overview on slide 3:

- The Helvetia Group generated a profit of CHF 179.4 million in the first half of 2013, an improvement of 13.4% over the previous period. The two segments life and non-life made similarly strong contributions to the results. From a geographic perspective, the earnings power was broadly based. Our home market of Switzerland remained solid with an increase of 7.4%. Our foreign business units were also strong despite the challenging environment in Europe. The German, Italian and Spanish country markets together recorded an overall gain of 9.0% compared to the previous year. We are very pleased with this performance.

- The well-diversified business portfolio performed well once again in the first half of 2013, with both the life and non-life businesses achieving robust underwriting results. Despite the higher exposure to bad weather and floods in Germany and Austria, the non-life business had an impressive combined ratio of 94.9%, lying in the range of the defined group target of 94–96%. In the life business, we recorded healthy risk results and a good investment result. The new business margin was 1.4%, also within the target range.

- Despite the fact that the Southern European markets of Italy and Spain are still suffering from the consequences of the recession, the business volume increased significantly to CHF 4,775.0 million. This represents solid growth of 4.7% in original currency and 5.5% in CHF. The growth in life insurance is particularly positive. The home market of Switzerland and our German business unit were especially impressive, with increases of 9.4% and 13.0% (in CHF: 15.4%), respectively. On the product side, the group life and unit-linked life insurance were the main drivers.

- Earnings from financial assets and Group investment properties of CHF 599.5 million exceeded the previous year's figure by CHF 56.3 million. The direct yield remained stable at 2.8%, despite the influence of low interest rates. Due to higher bond yields in the core markets of Switzerland and Germany, the unrealised gains and therefore equity decreased somewhat compared with the beginning of the year. This also has an impact on Solvency I, which, after standing at 227% at the end of the previous year. This is now at 210%, which is still a very good level. In contrast, thanks to the increase in reported profit the return on equity rose from 8.8% in the previous period to 9.2% during the reporting period.

With this financial strength, Helvetia is well equipped to cope with the difficult market conditions and to continue course of growth in Europe.

Allow me to pass you over to Paul Norton. >>>

Second part:

(Slide 26) Ambitions Helvetia 2015+ on track

Ladies and Gentlemen, finally, I would like to take a look at the implementation of our strategy. Helvetia Group once again managed to grow profitably even in what remain challenging business conditions. The figures speak for themselves.

With regard to specific countries, I'd like to briefly highlight France, where we have taken a major step forward with the acquisition of the transport portfolios of Gan Eurocourtage, and have risen to number 2 in the market for specialised transport insurance. The integration work to consolidate this position is well underway: good solutions have been found to all management issues, and the creation of the new local management structure was formally completed on 1 July. A harmonised product range has been prepared for the upcoming renewal season, the line units at all sites have been physically and organisationally merged, and the gradual staff reductions are proceeding according to plan. We are confident that we will create substantial added value from this transaction in the medium term.

In Italy, after our recent acquisitions the focus is now on consolidating our top 20 position. The organisational structure has become very complex in recent years after several acquisitions: we currently have two life and three non-life units that are largely integrated on the process side, but that have remained separate in some respects. Against this background, we have subjected our Italian business unit to a comprehensive analysis. The Group's overall operating model was reviewed for the life and non-life business, including support functions, and measures to increase the efficiency of all processes were defined. At the same, the procedural integration of Chiara Assicurazioni and the remaining processes at Chiara Vita is currently being completed. We are confident that we can further streamline our cost base in this way in the medium term and thus make an important step toward stabilising or reducing the cost ratios in the future.

All in all, our Group configuration proved itself once again in the reporting period and continues to develop well:

The strength of Helvetia Switzerland provides us with a reliable source of earnings, which is supplemented by the gradual increase in premiums and earnings abroad. We are well underway to significantly expanding our non-life speciality transport and further strengthening our niche-oriented reinsurance business. At the same time our prudent investment strategy and strong solvency provide a very solid base to generate excellent results even if we should encounter headwinds.

In summary, it is clear that we are on track in all areas of our guiding principle: "To excel in growth, profitability and customer loyalty".

Thank you for your attention. We will now be happy to answer any questions you may have.