

Helvetia Group conference call on the half-year results

Tuesday, 1 September 2015

Half-year results 2015

(the spoken word takes precedence)

Stefan Loacker, CEO of Helvetia Group

(Slide 0) Half-year results 2015

Ladies and gentlemen, I am delighted to present to you today the first half-year financial statements of the “new Helvetia”, and want to welcome you to this event. We can look back on busy and successful first six months which were dominated by the integration of Nationale Suisse and Basler Austria. We would now like to provide you with detailed information on the progress we have made and the key aspects of our half-year financial statements during this presentation.

(Slide 2) Agenda

You already know this from the past: After my introduction, CFO Paul Norton will explain our key financial figures, CIO Ralph-Thomas Honegger will tell you about the investment result and CEO Switzerland, Philipp Gmür, will report on the business performance in our home market. At the end of the presentation, I will provide a brief update on our strategic position before we take questions as usual.

(Slide 3) Highlights of the half-year results 2015

I will now open the report by looking at the performance of the underlying earnings, which increased by 12% to CHF 221 million.

The improvement has mainly come from the non-life business, where profit rose by 46% to CHF 158 million year-on-year. This strong increase was supported by the acquisitions and is also based on a very good technical result, which is reflected in the excellent combined ratio of 92.4% – the best figure within the last five years. The result in life insurance also increased by 18% to CHF 85 million. Only the result in the business area Other activities was at minus CHF 22 million below the previous year’s figure.

Premiums were also influenced by both acquisitions. Total business volume in original currency rose by around 15%. The strongest impetus here also came from the non-life business, which increased by 50% to just under CHF 2.4 billion.

(Slide 4) Transaction completed, integration on track

The integration of the two new companies, Nationale Suisse and Basler Austria, into Helvetia is fully on track. The legal and financial acquisition of Nationale Suisse has now been fully completed. Helvetia controlled 100% of all shares already in April and then merged the legal entities of Nationale Suisse in Switzerland into the Helvetia companies. The mergers in Spain, Italy and Germany are in preparation and will be completed by the end of 2016.

Thanks to the rapid progress within the legal transaction, the way was paved for completing all operational aspects of the integration. On the next few slides I will provide you with further details along the market areas Switzerland, Europe and Specialty Markets.

(Slide 5) Integration on track – milestones 2015 (1/2)

In Switzerland we have already achieved all key integration milestones. The joint market launch of the integrated product range took place on 1 May 2015, as scheduled, along with the rebranding of Nationale Suisse to Helvetia. You might have already seen that we have replaced illuminated signs, posters and all the other logo elements throughout Switzerland.

In terms of personnel and organisational aspects, we have also made good progress; the new organisational model for the back office and sales force has been operational since the beginning of May. The overall organisation is stable and efficient. The majority of the around 3,700 FTEs are actively integrating into the “new Helvetia” and are dealing positively with the new situation. As expected, natural fluctuation helped us to achieve the necessary staff synergies as gently as possible. This means that a net figure of 186 FTEs have left us since June 2014. As the labour market in the Swiss insurance sector is very receptive, this figure will presumably increase further. Additionally, around 35 early retirements are expected. The 75 employees who will be made redundant as a result of the staff reductions will be given active support in finding a new job via the agreed social plan. A salary guarantee also applies until the end of 2015.

In Switzerland we are now starting a stabilisation phase in the new organisation, with a focus on fine-tuning the processes and systems. We are now making a staged transition of the remaining insurance policies and claims files from the former Nationale Suisse to the IT systems of the new Helvetia.

In Europe, we are also on track, although some steps are taking slightly more time than in Switzerland due to different local regulations for staff reductions and legal mergers. Joint management teams have also been established and are operational since the beginning of the year in all country markets outside Switzerland. The integration of the product range is also being implemented: in Austria to some extent since the start of the year. In the other

country markets preparations are ongoing or the implementation is now gradually taking place. The rebranding as Helvetia will also be largely completed by the end of the year.

The Nationale Suisse position in Belgium was under review since roughly one year. The withdrawal from the Belgian market is expected to be completed these days. All necessary official permits are available by now. In future, we will only continue to write art insurance there via our Liechtenstein subsidiary.

(Slide 6) Integration on track – milestones 2015 (2/2)

The segment Specialty Markets has also been realigned and established as of 1 May 2015. Through Specialty Markets, Helvetia is pursuing a strategy that focuses clearly on profitability, in contrast to the previous focus on growth at Nationale Suisse. Against this background, we have already started analysing and partly realigning the portfolio of international major risks in engineering as part of rightsizing. Our French unit will continue to pursue its strategy as a successful niche player in the marine business. We will also continue to drive the successful approach of global risk diversification in active reinsurance.

The segment Specialty Markets is currently focusing on stabilising systems and processes.

At the level of Group functions, the consolidation of the operating systems and the corresponding data migration are also progressing as scheduled. Employees who have come across to Helvetia have been active in their new roles since the beginning of May.

Ladies and gentlemen, as you can see, we have really achieved a lot regarding the integration of Nationale Suisse and Basler Austria in the first six months of 2015. This shows that the new companies are also a good cultural fit with Helvetia, otherwise it would not have been possible to make such rapid progress. I am convinced that we will also jointly and successfully cope with the planned integration work.

(Slide 7) Status of synergy realisation

On slide 7 I would like to give you an overview of the current status on the synergies achieved.

At the top left of the slide you can see the year-on-year change in FTEs at Group level.

As of 30 June 2015, Helvetia's staff base was 292 FTEs below the same date in the previous year. Of these 292 FTEs, 232 left as a result of the two acquisitions and can thus be classified as staff synergies.

The staff reductions equate to savings in personnel costs of CHF 9 million.

We have also already achieved savings in non-personnel costs of CHF 6 million in the first half of 2015. Synergies especially resulted from reducing redundancies in the IT, Logistics, Marketing and Corporate departments.

Overall, the volume of synergies amounted to around CHF 15 million, and therefore we are also well on our way to achieving our annual goal.

(Slide 8) Conclusion: “New Helvetia” is well positioned

A year ago, when we published our half-year results for 2014, we were at the very start of the process to acquire Nationale Suisse. In the meantime, we have taken the opportunity to create an even stronger Swiss insurance group out of the merger of two successful companies. The “new Helvetia” is already ideally positioned. We are among the market leaders in Switzerland, have a presence in the four key European insurance markets and have niche positions in attractive speciality markets that have been developed over many years.

The “new Helvetia” also has major value leverage financially, and we will now realise the potential of this step by step. Thanks to the growing profit share of the non-life business as well as the expected cost savings, there is a significant potential to raise dividends further in the next few years. We have created the best possible conditions for this through the successful integration process to date.

I would now like to hand over to our CFO Paul Norton, who will give you the key information on the financial figures. >>>>