

Helvetia Group analysts' conference call
Half-year results 2018
Tuesday, 4 September 2018



Half-year results 2018
(the spoken words take precedence)

Philipp Gmür, CEO Helvetia Group

(Slide 17) Key takeaways

Thank you, Paul, for the details of our financial performance in the first half of the 2018 financial year.

In the last part of the presentation, I would briefly like to share my conclusions with you.

Let's move on to slide 18.

(Slide 18) Half-year 2018 – key takeaways

Let me summarise:

We have reported a good set of key figures for the first half of the year:

- We achieved a **solid result** despite headwinds from the capital markets and bad weather events.
- The **quality of the non-life portfolio** is good. Storm and hail events are part of the business of an insurance company. After all our clients want to be financially protected precisely in the case of such extraordinary events.
- In life business, the **improved new business margin** demonstrated once again that our efforts to revise traditional insurance products and to focus on the sale of capital-efficient insurance solutions are bearing fruit.
- Both, in terms of combined ratio and new business margin, we continue to meet our targets for the current strategy period. Helvetia continues to have a solid capital base and a strong dividend capacity.

I am also very pleased with the good non-life growth overall.

However, I am convinced that the Swiss market has even more potential. Thus, we want to unlock the growth possibilities in Switzerland and have therefore launched corresponding initiatives.

We see growth opportunities in the **SME business** on the one hand. The SME segment is particularly interesting for us because insurance is rather a low-interest product for these customer groups and therefore trust and quality of advice are much more important than price. The SME segment works in a similar way as the retail business. Important success factors are simple and standardised processes and products.

We are an all-line insurance provider with a strong position in property, liability and specialties and have a good profitability in the SME business, which is a good basis for future growth.

Thanks to our close and comprehensive sales network and our strong Swiss brand ("Swissness"), we are well positioned for the SME segment. What makes SMEs successful are also values that we embody (quality, reliability, trust, proximity to the customer and appreciation).

We already have an attractive product range for SMEs. Convenience and "all-in-one solutions" are important purchase arguments and therefore we have revised the product range for SMEs accordingly and now offer eight products in one policy. In order to meet the needs of those customers whose needs cannot be covered by the standardised product range, individualised product solutions are available.

Technological change creates new "insurable" risks for Swiss SMEs (cyber, sharing, drones, etc.). To all those demands, we can react quickly thanks to our size and flexibility. This year, for example, we launched a simple cyber product for SMEs.

Another trend is the increased internationalisation of the value chain. Here, we have started to offer a new innovative and simple FOS (Freedom of Service) solution via Liechtenstein to support SME customers with international insurance needs.

On the other hand, we are opening up growth opportunities by **expanding our distribution channels**.

In the Swiss market we are already well positioned. We rely on a strong sales force and established partnerships with brokers and bank partners.

I have already mentioned at our Full-Year-Results presentation that we also distribute insurance products via our network of specialist retailers, through which customers can conclude tailor-made digital insurance solutions. We call that the **B2B2C** channel. In the first half of the year, we further expanded our activities in this area.

Our focus is primarily on Switzerland, but we are also active in Europe. In Switzerland, e.g. we have started a cooperation with a major retailer for consumer electronics. In Europe, we have initiated a very promising partnership with a broker operating throughout Europe in the

automotive sector. In both cooperations, customers can take out an extension of the warranty provided by Helvetia with their local dealer. We use the digital technology of INZMO. INZMO is the operator of a fully automated insurance solution, which makes it possible via a web platform (B2B2C/B2C) or app (B2C) to process all processes in the life cycle of an insurance company within seconds. Helvetia has invested in INZMO via the Venture Fund in December 2017.

Finally, we are also making great progress in implementing our strategy. The aim of the **helvetia 20.20 strategy** is, to strengthen the core business, tap into new sources of revenues and promote targeted innovation.

One example of the successful **strengthening of the core business** is the implementation of a new software solution for the Specialty Lines. This allows our employees, supported by artificial intelligence, to process all information from internal and external sources about a contractual partner in a structured manner. This not only saves a considerable amount of time, but also enables a better premium calculation for the risk to be insured.

Furthermore, we are **opening new sources of revenues**, for example with the "home" ecosystem. Here, we made further progress in the first half of the year. For example, we invested in the Zurich based start-up flatfox via our Helvetia Venture Fund. flatfox uses its platform to enable private individuals and professional property managers to digitise the rental process for residential properties. The flatfox offering is integrated into the "home" ecosystem. MoneyPark, the largest Swiss mortgage broker, is a strong anchor within this ecosystem. In addition to the mortgage comparison, MoneyPark also launched MEx in the first half of the year, Switzerland's first mortgage exchange for owner used properties. MoneyPark is thus creating completely new offers for mortgage borrowers and also for institutional investors. MEx enables investors such as family offices and pension funds to invest in mortgages as an asset class, which was previously often not attractive due to the costs for risk management, reporting, settlement and portfolio management. The technological basis for MEx is provided by finovo, a start-up that MoneyPark acquired at the beginning of the year.

An example of the **innovation** portfolio is the chatbot for contract renewal and the chatbot for regulating bicycle theft, both of which Helvetia tested as part of a prototyping project. Due to the high acceptance of such chatbots, Helvetia is now planning to introduce a chatbot for permanent operation.

Helvetia is also driving **automation** in the European markets by means of targeted innovations. In Italy and Spain, for example, the use of a digital signature was introduced, which makes it possible to conclude an insurance contract without paper. In Germany, the focus was on automating the claims process. For example, the process of claims settlement for glass

damage has been fully automated. In addition, claims are digitally checked for insurance fraud. If a claim is reported online, an automated coverage check is carried out when the claim dossier is opened.

The successful implementation of our strategy will make us more agile, innovative and customer-focused. We will continue along the path we have chosen without neglecting our core business.

This brings us to the end of the presentation.

My colleagues and I would now be pleased to answer your questions. Thank you for your attention.