Media release

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Helvetia increases earnings and business volume and is successfully implementing its *helvetia 20.20* strategy

The most important details about the 2019 interim financial statements at a glance:

- Helvetia reported a successful business performance in the first half of 2019: earnings and business volume increased, the combined ratio in the non-life business and the new business margin for the life business developed in line with the strategy.
- The IFRS result after tax increased by 29.4% to CHF 289.7 million, bolstered by a significantly stronger investment performance, strong technical results (especially in life insurance) and a one-off positive tax effect.
- In terms of business volume, Helvetia achieved pleasing growth of 3.3% in original currency, mainly driven by non-life business (+6.4%) in Europe and Specialty Markets.
- In life business, there were marked improvements in all of Helvetia's technical profit sources. New business also performed very positively and the new business margin increased to 3.1%.
- In the non-life business, the outstanding combined ratio of 92.5% underlines the continued good quality of the portfolio, with the Europe segment achieving a big improvement.
- The implementation of the *helvetia 20.20* strategy is progressing successfully. Helvetia also strengthened its core business by continuing the expansion of its B2B2C channel, established new mobile phone-based business models with leading Swiss online insurer Smile and targeted innovation through its own venture fund.

"Helvetia can look back on a successful first half of 2019. The result improved significantly due to buoyant capital markets, strong technical results and a one-off positive tax effect. Growth is also pleasing, driven by the attractive non-life business. Regarding growth, we continue to value a high-quality customer portfolio", says Philipp Gmür, CEO of Helvetia Group, referring to the 2019 interim financial statements.

Significant improvement in the result due to the investment results, good technical results and a one-off tax effect

IFRS net income after tax amounted to CHF 289.7 million in the first half of 2019 and was thus considerably higher than the 2018 IFRS profit for the period of CHF 223.9 million. The good result was driven by strong investment results following the favourable development of the stock markets. The technical development – especially in the life business – also contributed to the profit increase. Finally, Helvetia benefited from a one-off positive tax effect of CHF 63.3 million. This resulted mainly from the reduction of deferred tax provisions resulting from the federal tax reform and the associated cantonal tax reductions in Switzerland.

Non-life: outstanding combined ratio

In the first half of 2019, IFRS net income after tax in non-life amounted to CHF 198.6 million, 35.3% more than the first half of 2018 (CHF 146.8 million). The main reason for the improved result was the marked improvement in the investment results caused by good stock market performance. The non-life business also profited from the effects of the tax reform in Switzerland. Overall, Helvetia achieved a slightly higher technical result thanks to good attritional claims development and lower claims burden from major natural catastrophes. The net combined ratio at Group level improved slightly to 92.5% (half-year 2018: 92.7%). The claims ratio fell by 0.6 percentage points due to the good claims experience referred to previously. The cost ratio increased by 0.5 percentage points, in spite of an improvement in the administration cost ratio, resulting from higher acquisition costs in Switzerland and Europe. The Europe segment achieved a major improvement in its combined ratio: the net combined ratio fell to 94.5% in the first half of 2019 (half-year 2018: 95.7%). All market units reported combined ratios below 100% and operated profitably.

Improved margin in life business

In the life business, Helvetia recorded a 39.6% increase in its IFRS profit after tax to CHF 108.9 million (IFRS profit after tax for the first half of 2018: CHF 78.0 million), due to an increase in the margin after costs resulting from the improvement in all profit sources and significantly higher gains on investments stemming from the strong equity market performance. At the same time, Helvetia recorded a marked increase in expenses for policyholder dividends, as customers benefit from higher capital gains, a better margin after costs and the contribution to earnings from tax reductions in Switzerland. New business also fared well: the new business margin rose by 1.8 percentage points year-on-year to 3.1% (first half of 2018: 1.4%). The improvement was driven by the Swiss group life business. On the one hand, model changes that led to lower capital requirements had a positive effect. On the other hand, the business mix also benefited from greater new business growth in Swiss group life due to higher new business growth with more profitable capital-efficient insurance solutions.

In the other activities business area, the IFRS result after tax in the first half of 2019 was CHF -17.8 million (first half of 2018: CHF -0.9 million). Earnings development was bolstered by consolidation effects of funds allocated to this segment, a slightly lower technical result for Group reinsurance, mainly due to the participation in individual major claims in the Europe segment and higher project-related costs.

Pleasing growth again evident in business volume

Business volume was CHF 5,965.7 million (half-year 2018: CHF 5,832.8 million) corresponding to currency-adjusted growth of 3.3%. The non-life business was the main growth driver with an increase of 6.4% in original currency. Helvetia reported gains, in particular, in the property insurance business in all three segments – Switzerland, Europe and Speciality Markets – as well as in the engineering business line and in active reinsurance. Growth in Europe and Speciality Markets was particularly pleasing, with premium growth in non-life of 5.9% and 17.5% year-on-year. In the life insurance business, Helvetia also reported a higher business volume compared to the previous year (+0.6% in original currency) notably featuring increases in capital-efficient investment-linked insurance products in individual life in Switzerland and Germany. Swiss group life achieved +2.7% premium growth. Worthy of special mention in this regard is the pleasing growth in new business with capital-efficient insurance solutions (Swisscanto and BVG Invest). Swiscanto total premiums increased by 48.6% over the first half of 2018, resulting mainly from the withdrawal of a competitor from the full insurance business.

Equities and interest-bearing securities drive investment performance

Current investment income in the amount of CHF 511.4 million slightly exceeded the prior-year level of CHF 505.8 million due to higher dividend income. On an annualised basis, the direct yield was maintained at 2.1%. Thanks to the positive stock market performance, Helvetia generated investment income of CHF 144.4 million. The investment result reported in the income statement amounted to CHF 655.8 million. Helvetia thus achieved a profitable return of 1.4% on a total performance of 4.2% (neither figure annualised). Equities (18.3%) and interest-bearing securities (4.9%) made a fundamental contribution to overall performance.

Capital base and solvency remain solid

Helvetia continues to have a strong capital base. The SST ratio as at 1 January 2019 was 222%. Equity increased from CHF 5,097.1 million to CHF 5,565.6 million at the end of 2018. Alongside the good IFRS result, the increase in equity primarily resulted from higher unrealised gains and losses recognised in equity as a result of the further decline in interest rates. The annualised return on equity amounted to 10.3% (first half of 2018: 8.3%).

helvetia 20.20 strategy considerably strengthens the core business

The implementation of the *helvetia 20.20* strategy, designed to strengthen the core business, establish new business models and apply innovation in a targeted way, remains on track. The expansion of the B2B2C business model is an example of strengthening the core business. The B2B2C business contributes to the expansion of distribution capacity. It enables customers to conclude insurance for their purchase directly at the point of sale, thus meeting the need to insure special products individually. Helvetia applies this approach, for example, to electrical equipment and electronics or vehicles. In that context, Helvetia acquired Helvetic Warranty GmbH as of 1 July. Helvetic Warranty acts as an interface between distribution partners and insurers and provides comprehensive services from the initial sale to the handling of claims. Moreover, Helvetic Warranty has considerable know-how in efficient claims settlement.

Smile concludes new business models in the mobile sector
Helvetia is developing new business models in the mobile sector with Smile, the leading Swiss online insurer. Smile wants to offer customers a unique digital customer experience by being the first Swiss provider to offer "mobile first". At the start of July, Smile fully overhauled its brand presence and differentiated itself further from the traditional insurance market. The customer experience will be more data-driven in future, similar to the major online traders. Moreover, Smile will launch an app in September, which will act as a central interface for its own offer and via which customers can be offered additional services. "Smile enables us to reach a growing and complementary customer segment that is used to flexible services offered directly via smartphone", is how Philipp Gmür explains the strategy behind Smile.

Helvetia Venture Fund invests in Italian MyPass
One way in which Helvetia accesses innovations is through holdings in start-ups through its proprietary venture fund, for example the current involvement in the Italian start-up MyPass. The company develops mobile apps to facilitate the purchase and management of tickets, parking cards, ski passes and the like. Helvetia has been working with MyPass since March and offers ski insurance via this platform. The plan is to market other insurance solutions, for example in the travel sector, via MyPass apps in future.

Helvetia is committed to promoting the next generation
Helvetia's own employees remain central to the implementation of *helvetia 20.20*. That does not just mean working on the further development of permanent staff but also includes training junior staff. Helvetia has about 200 young talents as of 2019, the majority (150) of whom are apprentices. Helvetia considers it very important to allow its junior staff the scope they need to realise their full potential. For example, they are responsible for the management and team organisation of a customer service centre. Helvetia is deliberately breaking with tradition through this service centre and emphasising its attractiveness as an employer.

Philipp Gmür is satisfied with the progress made in the first half of the year: "The implementation of the *helvetia 20.20* strategy is making major strides. It is enabling us to add value for our customers, shareholders and employees as shown by the latest initiatives originating from our junior staff."

Remarks

- A media conference will be held today in German at 9 a.m. An analysts' conference with a conference call in English will follow at 11 a.m. The dial-in numbers for the analysts' conference are: +41 (0) 58 310 50 00 (Europe), +44 (0) 207 107 06 13 (UK), +1 (1) 631 570 56 13 (USA).
- The conference call (English) can be heard live on the internet at www.helvetia.com (audio). A replay will be available at www.helvetia.com from around 4.30 p.m.
- The letter to shareholders including the interim report as well as the slides for the media and analysts' conference are available immediately for download at www.helvetia.com/half-year-results.
- Watch the video interview with CEO Philipp Gmür at www.helvetia.com/ceo-video-financial-results.

Key figures

in CHF million	30.6.2019	30.6.2018
Business volume		
Gross premiums life	3 002.7	3 006.7
Deposits received life	93.3	85.9
Gross premiums non-life	2 578.6	2 485.0
Active reinsurance	291.1	255.2
Business volume	5 965.7	5 832.8
Key performance figures		
Result life	108.9	78.0
Result non-life	198.6	146.8
Result other activities	–17.8	–0.9
Group profit for the period after tax	289.7	223.9
Investment result	969.3	464.9
of which investment result from Group financial assets and investment property	655.8	506.0
Key balance sheet figures		
Consolidated equity (without preferred securities)	5 565.6	4 994.4
Provisions for insurance and investment contracts (net)	46 552.0	45 371.2
Investments	53 936.2	52 234.5
of which Group financial assets and investment property	49 964.6	48 509.4
Ratios		
Return on equity annualised[1]	10.3 %	8.3 %
Combined ratio (gross)	90.0 %	90.2 %
Combined ratio (net)	92.5 %	92.7 %
New business margin	3.1 %	1.4 %
Direct yield annualised	2.1 %	2.1 %
Investment performance	4.2 %	–0.1 %
Key share data Helvetia Holding AG[2]		
Group profit for the period per share in CHF	5.6	4.3
Consolidated equity per share in CHF	112.5	101.0
Price of Helvetia registered shares at the reporting date in CHF	122.5	113.3
Market capitalisation at the reporting date in CHF million	6 091.4	5 633.9
Number of shares issued	49 725 685	49 725 685

[1] Based on the earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).
[2] Retroactive adjustment of figures due to share split at a ratio of 1 to 5 as at 13 May 2019

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About the Helvetia Group
In 160 years, the Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful international insurance group. Today, Helvetia has subsidiaries in its home market Switzerland as well as in the countries that make up the Europe market area: Germany, Italy, Austria and Spain. With its Specialty Markets market area, Helvetia is also present in France and in selected regions worldwide. Some of its investment and financing activities are managed through subsidiaries and fund companies in Luxembourg. The Group is headquartered in St.Gallen, Switzerland.
Helvetia is active in the life and non-life business, and also offers customised specialty lines and reinsurance cover. Its business activities focus on retail customers as well as small and medium-sized companies and larger corporates. With some 6,600 employees, the company provides services to more than 5 million customers. With a business volume of CHF 9.07 billion, Helvetia generated an IFRS result after tax of CHF 431.0 million in financial year 2018. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

All forward-looking statements are based on information available to Helvetia Group on the date of its publication and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.