

Helvetia Group analysts' conference call

Half-year results 2019

Thursday, 29 August 2019

Half-year results 2019

(The spoken words take precedence)

Philipp Gmür, CEO Helvetia Group

(Slide 1) Half-year results 2019

Ladies and gentlemen, welcome to our analyst conference call on the results of the first half of the 2019 financial year. Within the next 45 minutes, we would like to give you detailed information on our business development and the key financials of the reporting period.

(Slide 3) Agenda

Following my introduction, our CFO Paul Norton will go through the financial figures. Then I would like to give you an update on the implementation of our strategy *helvetia 20.20*. After my presentation, Paul Norton and I, as well as our Chief Investment Officer André Keller, will be pleased to answer your questions, as always. André took up his position as CIO and successor to Ralph Honegger on April 1st. Today he is present for the first time at the Analyst Conference Call.

(Slide 4) Key figures and highlights at a glance

On slide 4, I would like to share with you a brief overview of the main performance indicators. Paul will give you detailed information on the developments of these figures later on.

In the first half of the 2019 financial year, Helvetia achieved pleasing growth in business volume, good underwriting results in both life and non-life and benefited from tailwinds

In the first half, we achieved a business volume at Group level of roughly CHF 6 billion. On a currency-adjusted basis, this represents an increase of 3.3 percent. The main growth driver was non-life business, which achieved 6.4 percent higher premiums compared to the first six months of 2018. From a regional perspective, the European units, as well as the Specialty

Markets were the main growth drivers. Switzerland also contributed to growth but with a lower growth rate. With regard to the lines of business, the increase in premiums was driven by property business in all segments and supported by engineering and Active Reinsurance.

In life business, the business volume increased by 0.6 percent in original currency. Particularly noteworthy are the higher volumes in investment-linked products in individual life in Switzerland and Germany as well as in Swiss group life business. Here, a significantly large number of customers chose the so-called semi-autonomous solution from Swisscanto. Those products might give the customers more upside potential regarding the interest yield on their savings. The savings part is covered by Swisscanto, while Helvetia assumes the risks of death and disability. Thus, those products are much more capital efficient for Helvetia. In the first half of 2019 premiums for Swisscanto rose by almost 50 percent. The main reason for this strong growth was the withdrawal of a competitor from the Swiss group life business.

At CHF 290 million, the IFRS result after tax was significantly above the prior-year result.

Aside from better technical results, the non-life business benefited from the better performance of the capital markets, which is reflected in a significantly improved investment result. In non-life, the quality of the portfolio is very good overall, as reflected by the solid net combined ratio of 92.5 percent.

The life business also improved compared to the prior-year. This was due to an increase in the margin after costs due to a better performance of all profit sources as well as significantly higher gains on investments following the good equity market development. Both the non-life and the life business additionally benefited from a positive tax effect as a result of the federal tax reform and associated cantonal tax reductions in Switzerland.

Also worth mentioning is the development of new business in life: the new business margin increased by 1.8 percentage points to 3.1 percent. The positive development was due to lower capital needs resulting from model changes and a more favourable new business mix.

Both in terms of combined ratio and in terms of new business margin, we continue to meet our targets for the current strategy period.

Above all, we are also making good progress in implementing our strategy. I will come back to this later in the second part of my presentation.

With that, I would like to hand over to our CFO, Paul Norton, who will now provide you with the most important information about the financial figures. >>>>