

# Investment story

**Helvetia Group**

**September 2023**

**simple. clear. helvetia**   
Your Swiss Insurer

# Sustainable value creation through a strong core insurance business and attractive growth opportunities



## Sustainably growing dividends:

Attractive payout policy of sustainably growing dividends based on a profitable and growing core insurance business generating stable cash production

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## Resilience based on financial strength and diversification:

Strong capitalisation and a balanced risk position with a business portfolio well-diversified by regions, business fields, income streams and customers

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## Growth opportunities:

- Proven ability to seize opportunities with attractive risk-return profiles based on financial strength and diversified, flexible business setup
- Raising growth and value potential by developing and scaling successful insurance and fee business models in areas such as innovative distribution channels, ecosystems and specialty markets

# Helvetia at a glance: A European insurance group anchored in Switzerland with a strong international footprint

- Helvetia is an **international, well-diversified and innovative** insurance group offering a broad range of products across **life and non-life insurance and reinsurance**
- Providing insurance-related services with new **fee business** models through ecosystems and in asset management
- **Founded in 1858**, headquartered in **St.Gallen (Switzerland)**
- More than 7 million customers and 12,500 employees
- Focus on **private customers and SME** in Switzerland and Europe and addressing corporate customers globally in **Specialty Markets** segment
- **Anchor shareholder** Patria Mutual (34.1%) provides stability
- S&P **financial strength** rating 'A+'
- MSCI **ESG** rating 'A' / CDP climate rating 'A-'

**Net income**  
(2022 in CHF million)



**Combined ratio**  
(2022 in %)



**Return on equity<sup>1</sup>**  
(2022 in %)



**SST ratio<sup>2</sup>**  
(1 Jan 2023 in %)



*Note: FY 2022 figures have been restated based on IFRS 17/9*





<sup>1</sup> Excl. fair value reserve and insurance finance reserve in equity

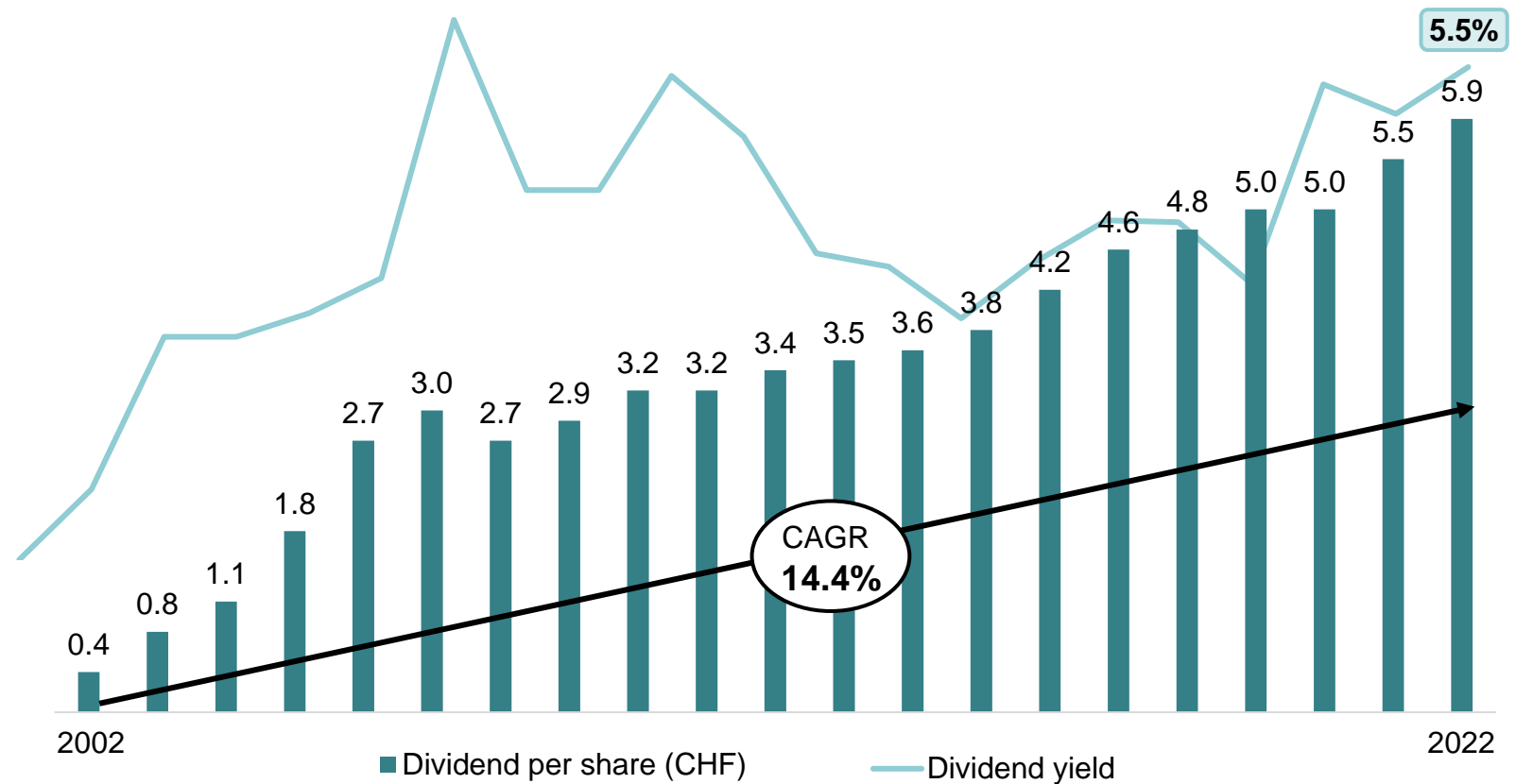
<sup>2</sup> Swiss Solvency Test

Sustainably growing dividends:

**Attractive dividend policy based on a profitably  
growing core business**

# Sustainably growing dividends per share with an exceptional track record

-  Sustainable and reliable dividend policy
-  Solid cash production
-  Continuous dividend increase
-  Robust net economic dividend capacity of CHF 0.8 billion<sup>1</sup>



<sup>1</sup> As of 31 December 2022; net economic dividend capacity shows aggregate available capital of Helvetia's entities considering local solvency, statutory equity, tied assets and additional buffers

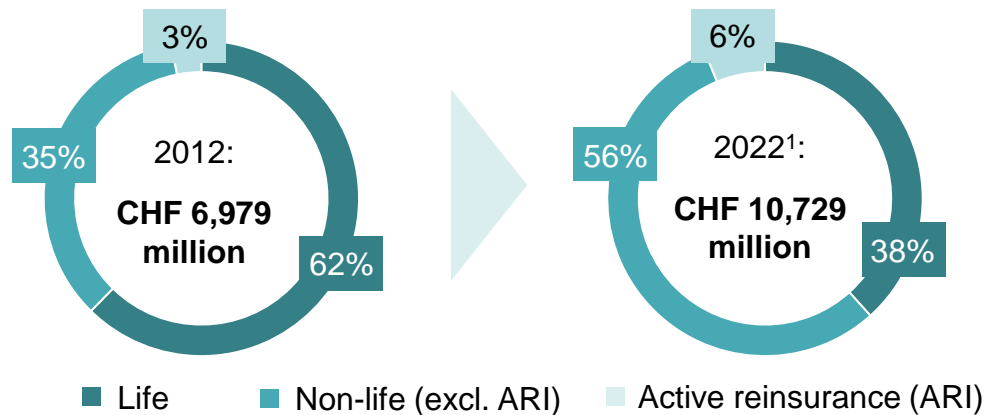
# Attractive dividends based on steady operating cash production driven by a strategy focused on profitable growth...

## Strong organic and inorganic growth...

- Consistent total growth of business volume driven by non-life (non-life CAGR of ~10% between 2012 and 2022)
- Track record of successful acquisitions and integrations such as Nationale Suisse (2014), Baloise Austria (2014) or Caser (2020)

## ...leading to a beneficial shift in the business mix...

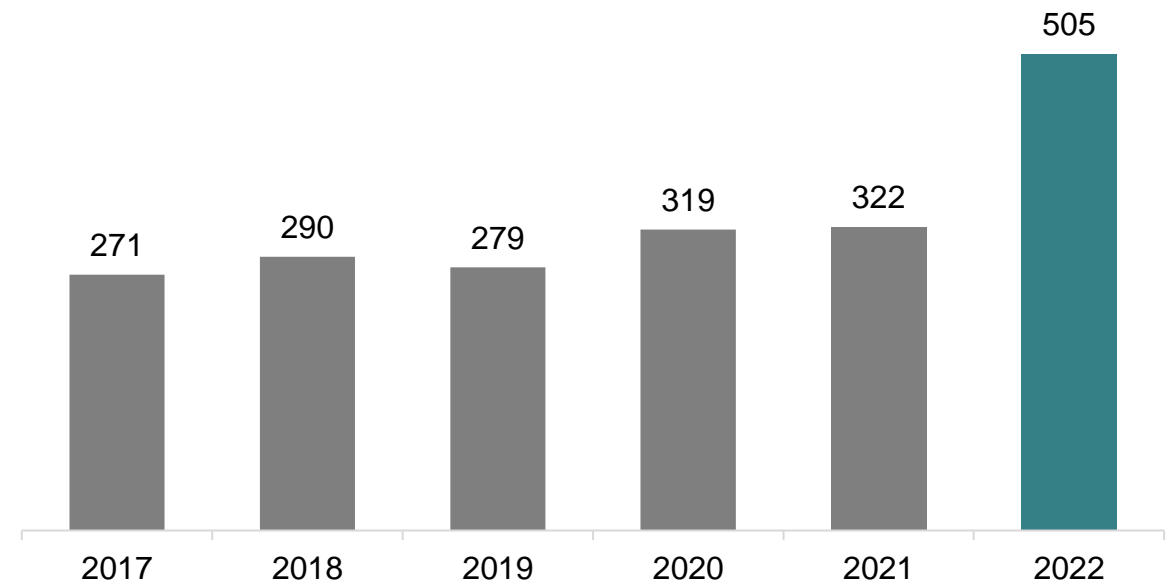
(business volume in CHF million)



<sup>1</sup> 2022 based on adapted definition following the introduction of IFRS 17/9

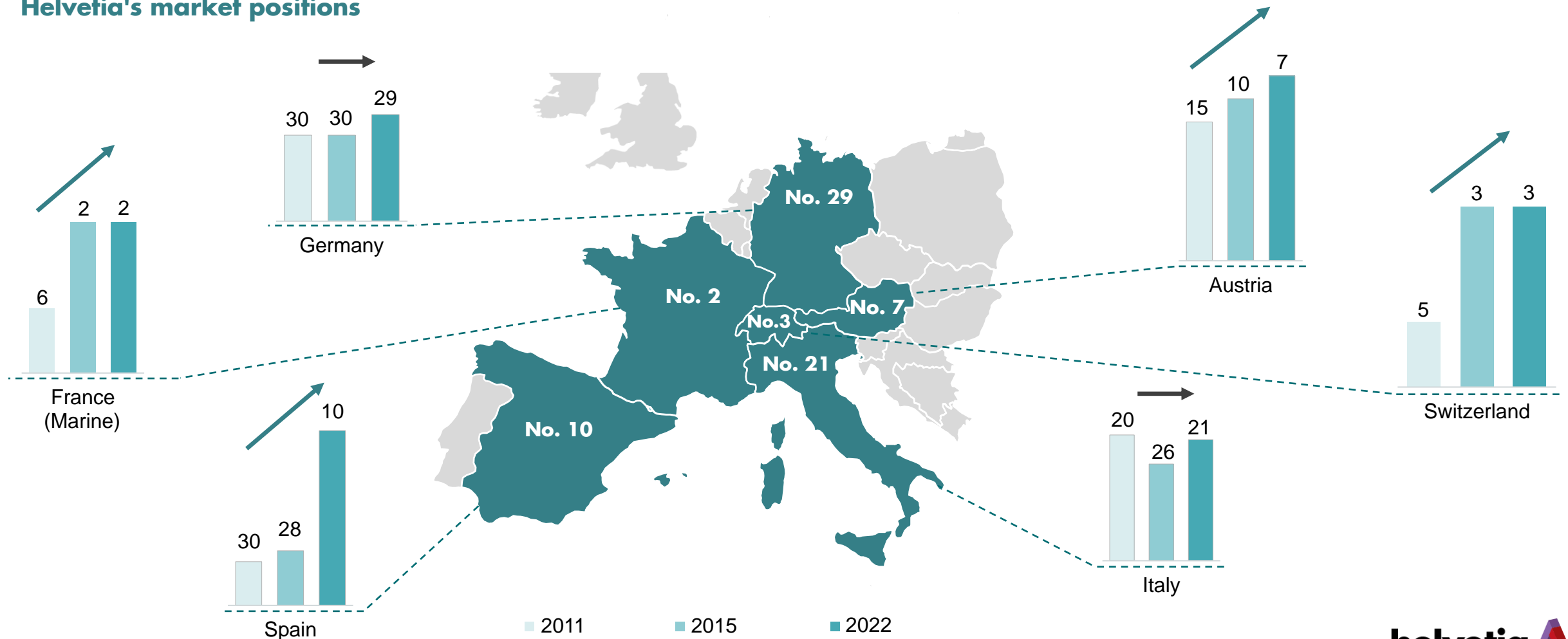
## ...and increasing operating cash production

(in CHF million)

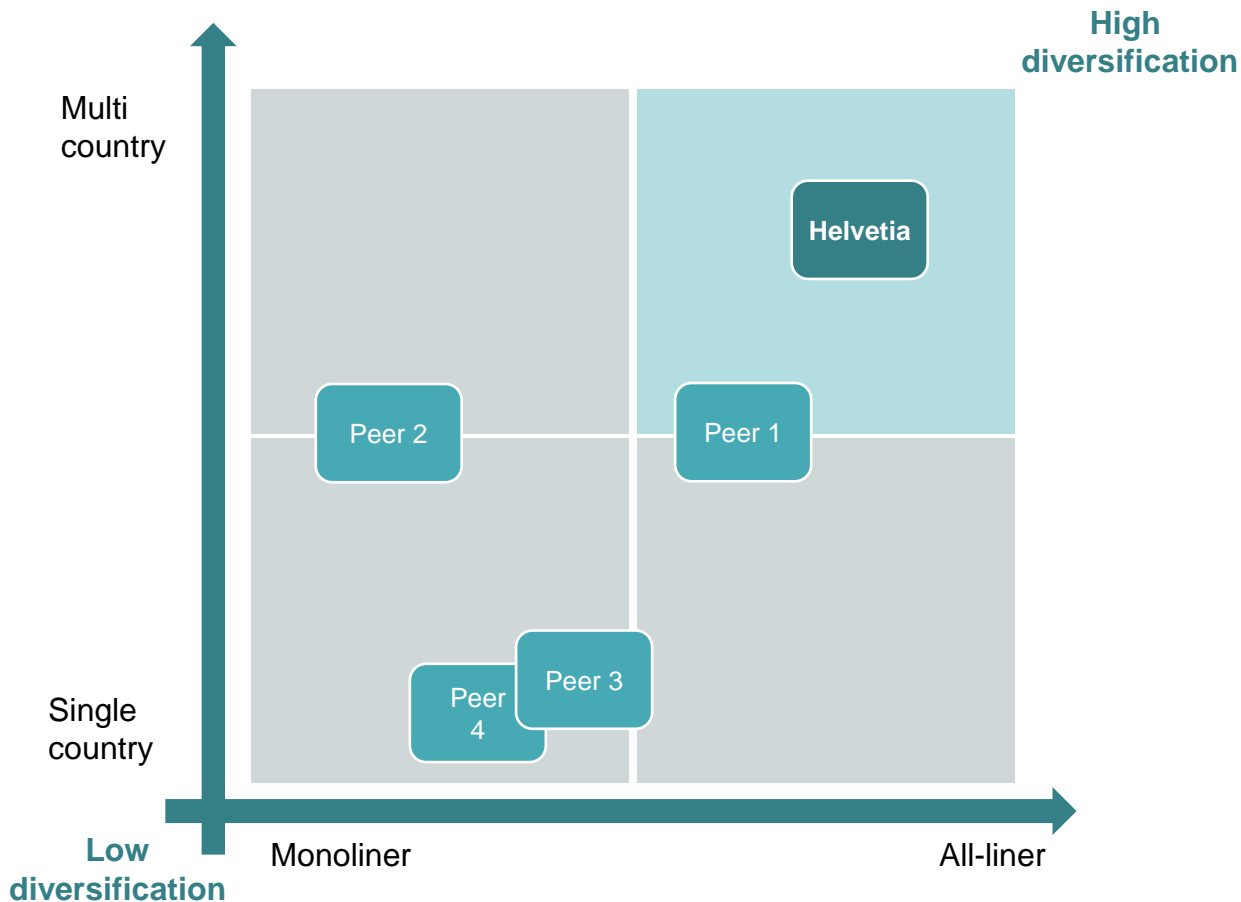


# ...resulting in market share gains in core insurance markets

## Helvetia's market positions



# Unique positioning in Switzerland and other attractive European insurance markets, in global specialties and areas of fee business



## Attractive business mix with differentiating characteristics

- Highly diversified business mix of non-life and life insurance, geared towards less capital-intensive non-life
- Profitable growth strategy with a focus on non-life business
- Strong position in retail and SME business in Switzerland (top 3) and European core markets
- Comprehensive offering complemented by global specialty business and reinsurance solutions
- Scalable online insurance business
- 'Best partner' approach with a broad omnichannel distribution network
- Orchestrating ecosystems (CH / ES) and successfully developing other capital-light fee business models such as third-party asset management services

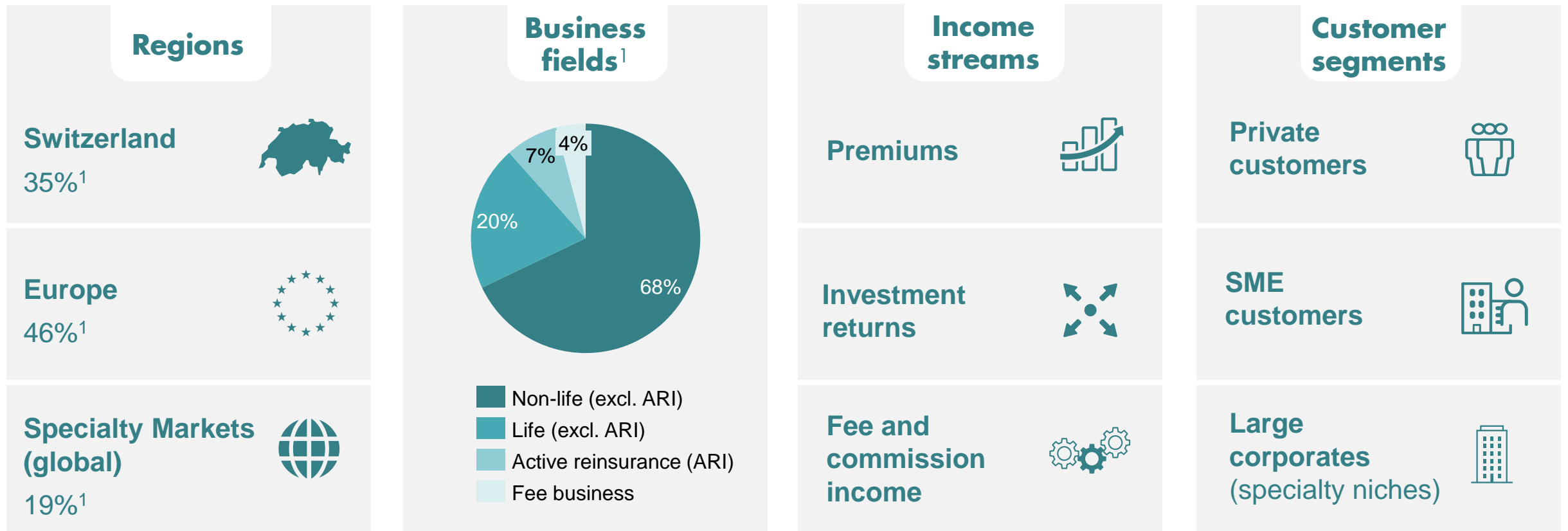
Note: Peer group consists of Swiss mid-sized insurers



Resilience based on financial strength and diversification:

**Unique diversified profile paying off in a  
balanced risk position**

# Helvetia is characterised by fourfold diversification in terms of regions, business fields, income streams and customer segments



<sup>1</sup> Share on total revenue (insurance revenue and fee and commission income)

# Diversification pays off in capital efficiency and risk control

		Diversification benefits			
		Cross-selling opportunities	New fee business models	Reduction of single country risks	Strong solvency and return on risk capital
Regions	Switzerland		✓	✓	✓
	Europe <sup>1</sup>		✓	✓	✓
	Global			✓	✓
Business areas	Life business	✓	✓		✓
	Non-life business	✓	✓		✓
Income streams	Premiums				✓
	Investment returns				✓
	Fees and commissions		✓		✓
Customers	Private customers	✓	✓		✓
	SME	✓	✓		✓
	Large corporates				✓

**Outstanding financial strength**

SST ratio<sup>2</sup> **331%**      S&P rating **A+**

**Resilient returns**

based on diversified sources of income

<sup>1</sup> Includes Spain, Germany, Italy and Austria (Europe segment) as well as France (part of Specialty Markets segment)

<sup>2</sup> As of 1 January 2023

Growth opportunities:

**Broad setup providing access to growth and value potential**

# Broad and flexible business setup with the ability to capitalise on growth and value potential

Region	Market growth trends	
<b>Switzerland</b> 	Non-life	
	Life	
	Fee business	
<b>Europe</b> 	Non-life	
	Life	
	Fee business	
<b>Specialty Markets (global)</b> 	Non-life (Specialty lines)	
	Non-life (Active reinsurance)	

## Main growth drivers and initiatives

- **Customer convenience:**  
Progressing digitalisation of customer journeys and simple products
- **Distribution channels**  
Strong positioning in embedded insurance and with **online insurer Smile** 1
- **Fee business**
  - Comprehensive offering through ecosystems, e.g. **'Health and care' ecosystem** in Spain 2
  - Successful positioning of third-party Swiss Property Fund
- **Specialty niches**
  - New lines of business in attractive niches both in France and **Specialty Lines CH / International** (e.g. marine, engineering) 3
  - Growth initiatives in Active Reinsurance

 Deep dive topics on following slides

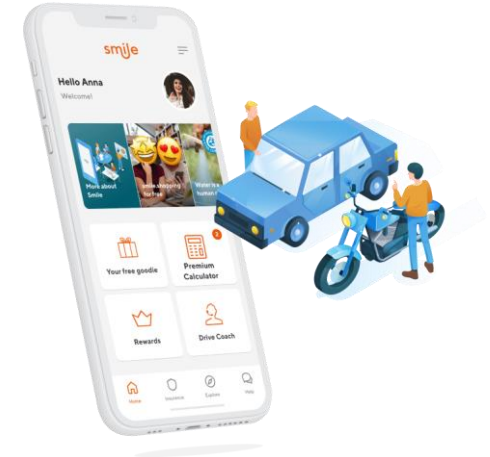
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# Scaling Smile brings new sources of profitable growth in the promising area of online insurance

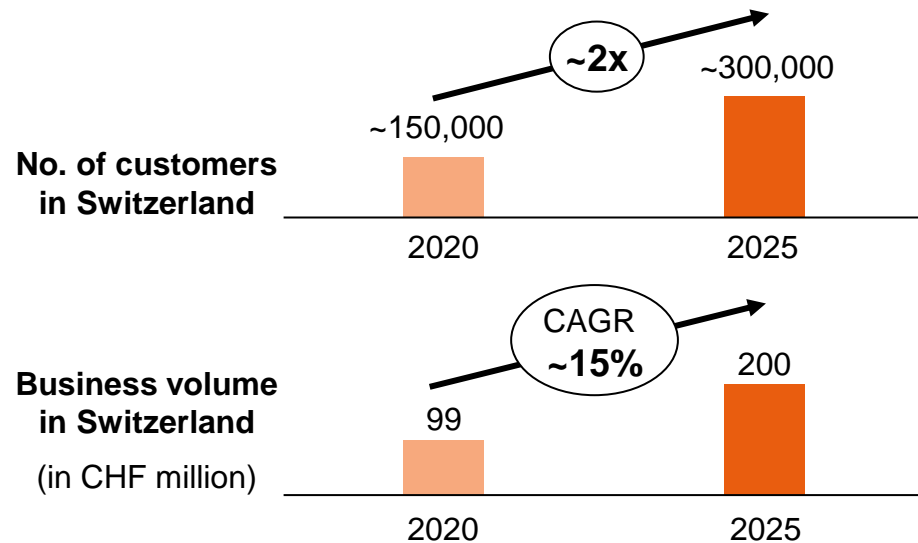


## The lifestyle brand in online insurance with a scalable business model

- Leading online insurer in Switzerland – continuous strong profitable growth (CAGR 2016-2022 of +6.8%) with an average combined ratio of around 90% (2016-2022)
- Freemium approach quickly expands number of users; currently >180,000 app downloads of which about half by non-customers
- Unique digital lifestyle brand and easy-to-use mobile solution



## Targeting strong growth in Switzerland...

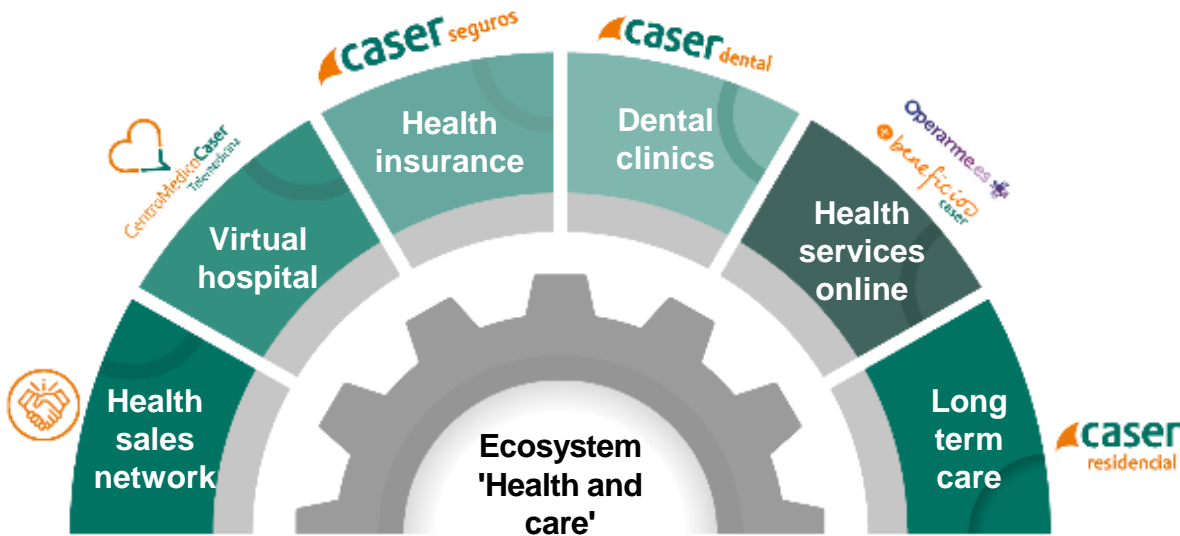


## ...and scaling a profitable asset internationally

- Internationalisation of Smile across Europe, having started with Austria in 2022 and proceeding in Spain in 2023
- Strengthening our profitable core business with a complementary business model
- Establishing a leading market position in the growing online insurance business
- Ambition to become no. 1 online insurer in Austria by 2025

## 2 Expansion of ecosystem 'Health and care' in Spain...

Combining new opportunities with conventional insurance solutions...



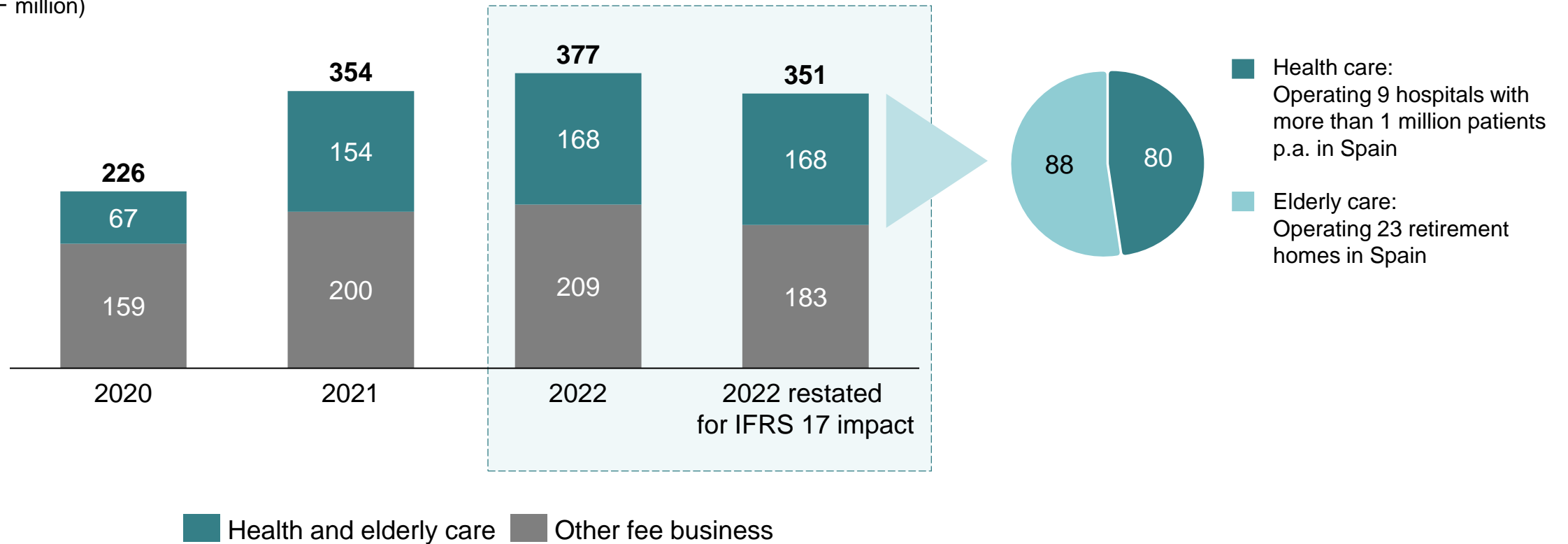
... providing a comprehensive offering from a single source

- **Addressing the trends** of an ageing population and increasing demand for healthcare in Spain
- **Customer-centric approach** enhancing the value proposal and providing fast access and personalised attention
- **Balanced omni-channel distribution** through banks, agents, brokers, direct sales and affinities granting access to all the different types of clients
- High degree of specialisation, focus on selective markets looking for **growth potential and profitability**
- **Strong synergies** and connections among the different parts of the ecosystem

## 2 ...driving growth in capital-light fee income streams

### Fee and commission income

(in CHF million)



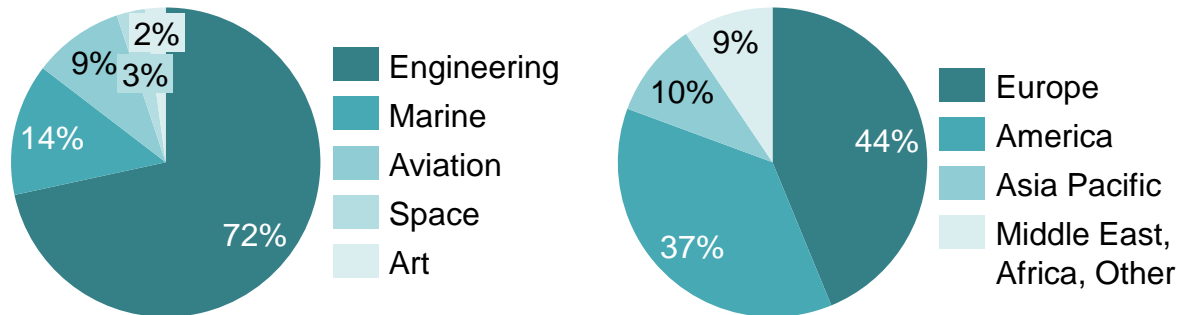


### 3 Specialty Lines CH / International: Continuously pursuing growth opportunities in attractive specialty niches

- Leading position in Switzerland and cost-efficient and agile follower approach globally
- Tailor-made and comprehensive solutions on the strength of an international setup and expertise
- Well-diversified portfolios and strict risk selection prioritising profitability over growth
- Targeted and disciplined management of market cycles
- Attractive returns on risk capital
- **Opportunities for profitable growth further improving the quality of Helvetia's risk portfolio**

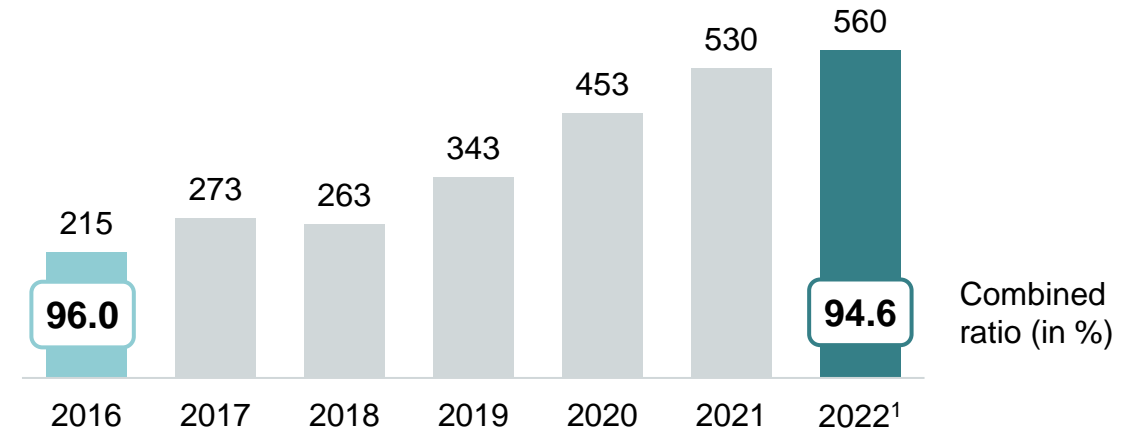
#### Increasingly diversified portfolios...

(in % of business volume; as of 2022)



#### ...demonstrating strong profitable growth

(Business volume in CHF million)



<sup>1</sup> 2022 based on adapted definition following the introduction of IFRS 17/9

Ambitions and wrap-up:

**Creating sustainable value for shareholders  
and other stakeholders**

# Ambitious financial targets as a strong basis for an attractive shareholder return

## Strategic priorities



Customer convenience



Right offering



Profitable growth



New opportunities

## Financial objectives

### Quality of earnings and growth

## Financial targets

### Profitability:

Non-life combined ratio 92% – 94%  
Life new business margin 4% – 6%

### Fee business:

Volume CHF >450 million by 2025  
Share on Group IFRS net income >5% by 2025

### Operational efficiency

Cost efficiencies CHF 100 million by 2025

### Capital and dividends

S&P rating 'A' rating  
Dividend distribution to shareholders CHF >1.65 billion 2021-2025 (cumulative)

Return on equity<sup>1</sup> 11% – 14%

## Sustainability ambitions

MSCI ESG rating: 'A'

Net zero: • In own operations by 2040 • In investments and insurance business by 2050

<sup>1</sup> Excluding fair value reserve and insurance finance reserve in equity

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Attractive payout policy of sustainably growing dividends based on a profitable and growing core insurance business generating stable cash production

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# Contact

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