

# Helvetia Patria Group Interim Results 2005

## **Welcome**

14.09.2005

# Programme:

- n The overall business
- n The Swiss business
- n Foreign business;  
consolidated financial  
statements
- n Review and preview
- n Questions and Answers

Erich Walser

Philipp Gmür

Roland Geissmann

Erich Walser



# **The overall business**

**Erich Walser, CEO**

# Excellent overall result

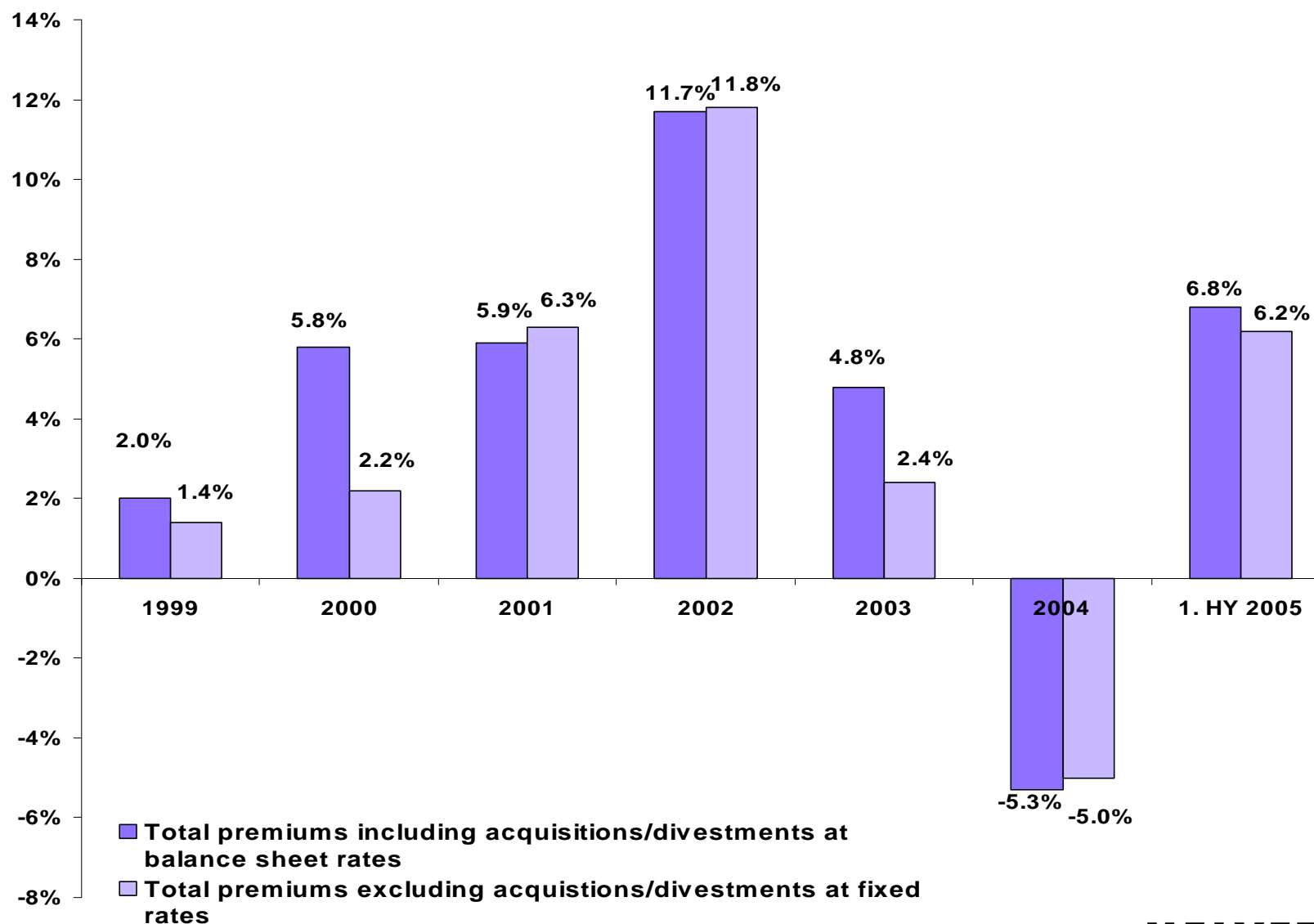
In CHF million, unless otherwise noted

|  | 30.6.05  | 30.6.04  |
|--|----------|----------|
| Gross written premiums   | 3 284.5  | 3 074.2  |
| Income from investments  | 542.9    | 484.6    |
| Result before taxation   | 140.1    | 100.6    |
| Result after taxation  | 104.2    | 73.7     |
| Investments at market values                                       | 26 821.2 | 25 654.1 |
| Consolidated shareholders' equity <sup>1)</sup>                    | 1 556.1  | 1 157.1  |
| Market capitalization  | 1 793.7  | 1 393.9  |
| Result after taxes per share (in CHF) <sup>2)</sup>                | 12.6     | 12.3     |
| Consolidated shareholders' equity per share (in CHF) <sup>1)</sup> | 188.6    | 192.8    |
| Share price (CHF)  | 207.3    | 221.5    |
| Price/Book ratio   | 115%     | 120%     |
| Number of shareholders   | 4 249    | 3 697    |

1) 30.6.04 incl. Legal Quote, 30.6.05 excl. Legal Quote  
(impact 30.6.05: removal of CHF 17.25 per share for Legal Quote)

2) On the basis of 8'652'875 (6'293'000 for 30.6.04) Helvetia Patria Holding shares  
minus shares in own holdings (2005: 400'312; 2004: 291'136)

# Controlled premium growth



# **The Swiss business**

**Philipp Gmür, CEO Switzerland**

## Switzerland: first half-year 2005

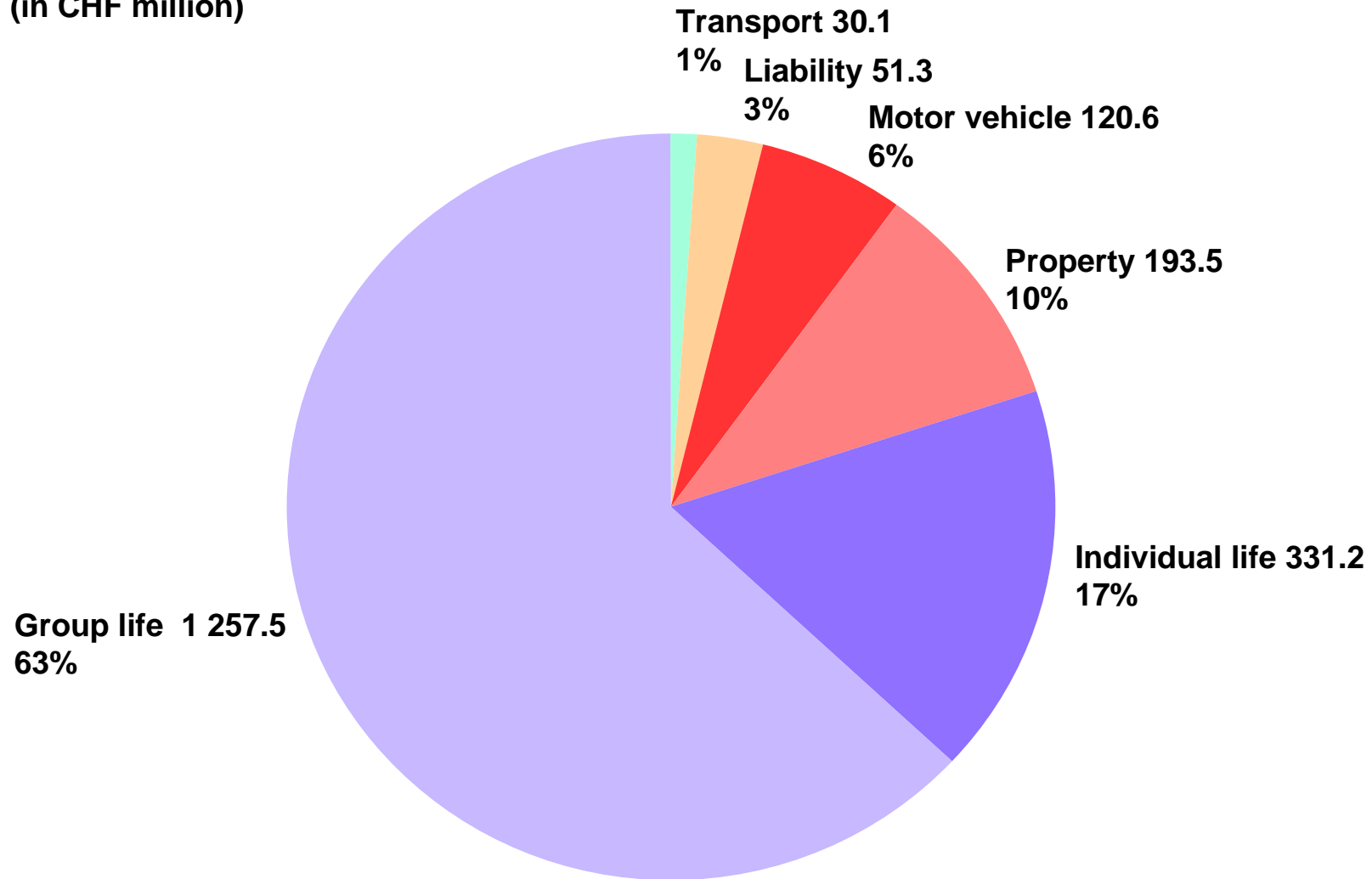
|                                |                |                |                |
|--------------------------------|----------------|----------------|----------------|
| In CHF million                 | 30.6.05        | 30.6.04        | Change         |
| <b>Premiums Life</b>           | <b>1 588.7</b> | <b>1 406.1</b> | <b>+ 13.0%</b> |
| <b>Premiums Non-Life</b>       | <b>395.5</b>   | <b>390.9</b>   | <b>+ 1.2%</b>  |
| <b>Total prem. Switzerland</b> | <b>1 984.2</b> | <b>1 797.0</b> | <b>+ 10.4%</b> |

- n **Premiums: stable development of the individual life business; again selective growth in the group life; continuous growth in the non-life segment.**
- n **Claims/benefits: Excellent loss result, favourable death- and disability risk results in the individual – and group life insurance sectors**
- n **Result: Good underwriting results, cost discipline, re-strengthened profitability in the life business**



# Switzerland: Gross premiums by segment

(in CHF million)



Total: CHF 1 984.2 million

**HELVETIA  
PATRIA**





# Switzerland: Premiums life business

In CHF million

**Total premiums direct life**

**Periodic premiums individual**

**Single premiums individual**

**Total individual life**

**Periodic premiums group**

**Single premiums group**

**Total group life**

| 30.6.05 | 30.6.04 | Change  |
|---------|---------|---------|
| 1 588.7 | 1 406.1 | + 13.0% |
| 201.0   | 200.9   | + 0.0%  |
| 130.2   | 122.6   | + 6.2%  |
| 331.2   | 323.5   | + 2.4%  |
| 739.5   | 700.7   | + 5.5%  |
| 518.0   | 381.9   | + 35.6% |
| 1 257.5 | 1 082.6 | + 16.2% |

# Switzerland: Premiums non-life business

In CHF million

|                                | 30.6.05      | 30.6.04      | Change        |
|--------------------------------|--------------|--------------|---------------|
| <b>Total premiums non-life</b> | <b>395.5</b> | <b>390.9</b> | <b>+ 1.2%</b> |
| <b>Property</b>                | <b>193.5</b> | <b>193.9</b> | <b>- 0.2%</b> |
| <b>Transport</b>               | <b>30.1</b>  | <b>30.3</b>  | <b>- 0.7%</b> |
| <b>Motor-vehicle</b>           | <b>120.6</b> | <b>117.2</b> | <b>+ 2.9%</b> |
| <b>Liability</b>               | <b>51.3</b>  | <b>49.5</b>  | <b>+ 3.6%</b> |

## Switzerland: Non-life key figures

|                                 | 30.06.05 | 30.06.04 |
|---------------------------------|----------|----------|
| Gross premiums (in CHF million) | 395.5    | 390.9    |
| Claims ratio gross (%)          | 56.9     | 64.8     |
| Expense ratio gross (%)         | 30.5     | 27.9     |
| Combined ratio gross all in (%) | 88.9     | 93.9     |
| Combined ratio net all in (%)   | 98.3     | 97.4     |

All ratios in % of the earned premiums

'All in': All underwriting expenses/revenues are taken into account

# Floods August 2005

## **n Number of damage reports (as of 08.09.2005)**

|                                  |       |
|----------------------------------|-------|
| <b>n</b> Personal property       | 2'500 |
| <b>n</b> Buildings               | 300   |
| <b>n</b> Business interruptions  | 400   |
| <b>n</b> Comprehensive auto ins. | 300   |

## **n Gross loss burden: CHF 115 million**

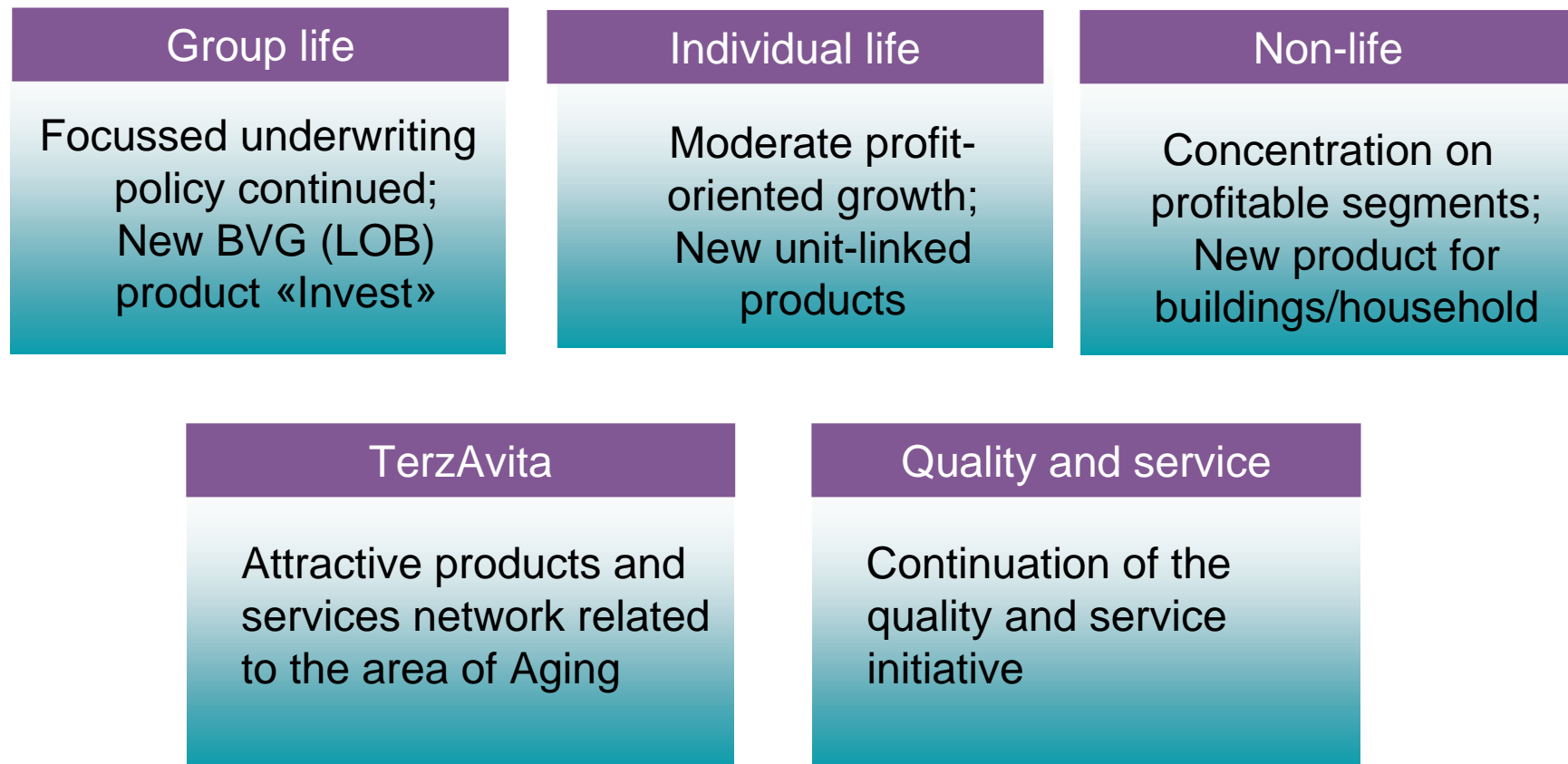
## **n Estimated net loss burden: about CHF 30 million**

## **n Quick help through large efforts by the employees of the indemnity department and the affected regional agencies**

## **n Claims settlement procedures proved to be working well again.**



# Preview of the Swiss business

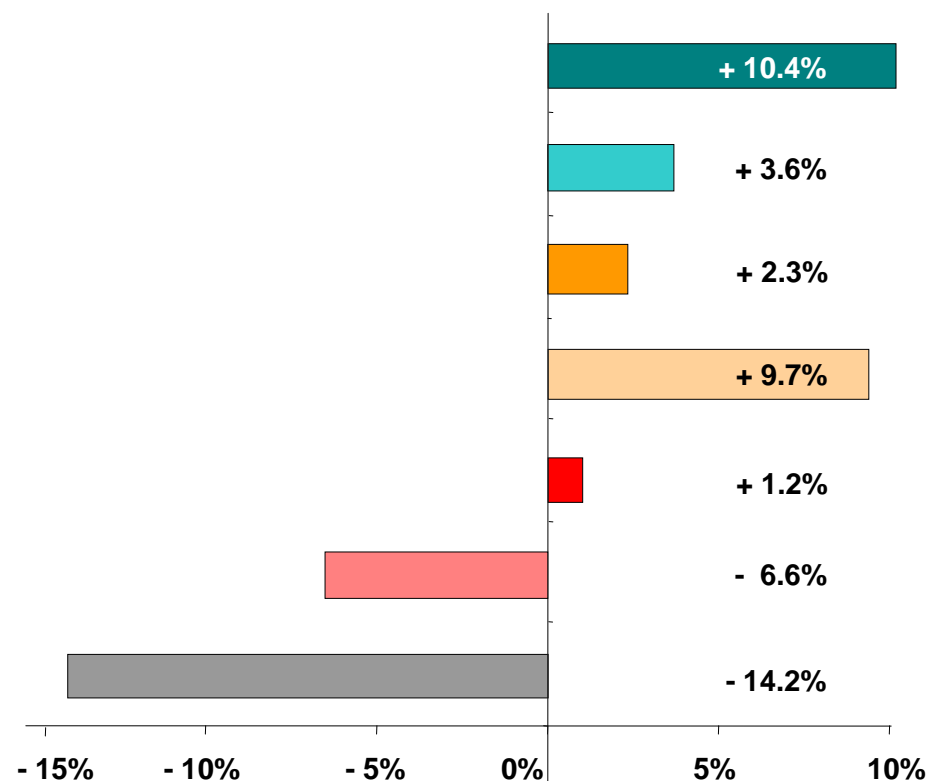
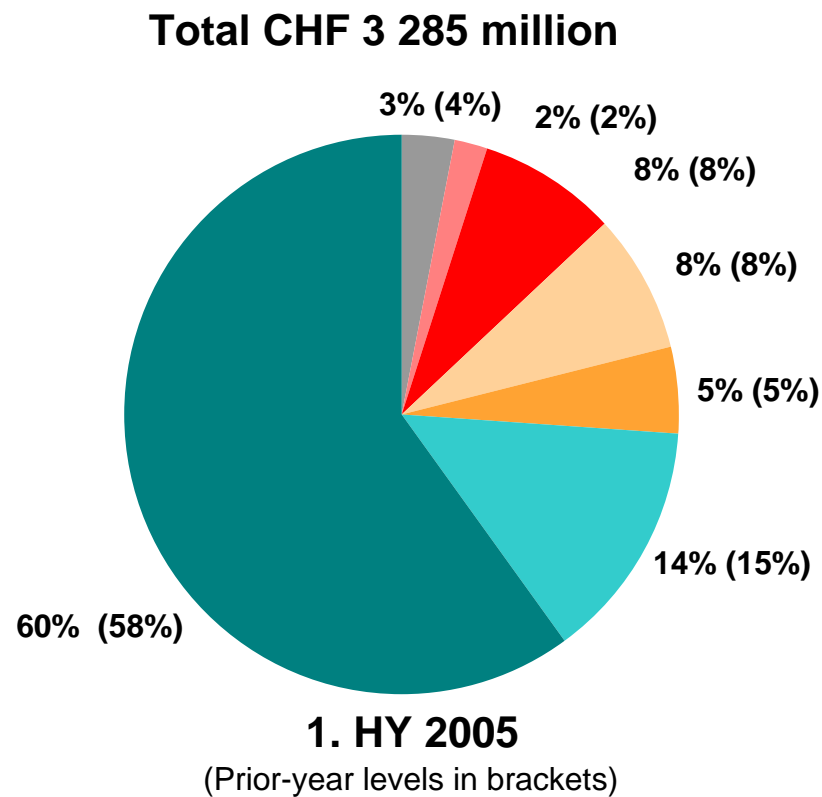


# **The foreign business units**

**Roland Geissmann, CFO**

# Premium growth by country

(including indirect business)



# Successful business units (I)

| Germany   | Austria   | Italy  |
|---|---|--|
| <ul style="list-style-type: none"><li>n Increased premium income</li><li>n Reduced claims ratio</li><li>n Further improved loss experience</li><li>n Combined ratio gross of 93.2 per cent</li><li>n Above-average progress in the life business</li><li>n Higher broker- and customer satisfaction</li></ul> | <ul style="list-style-type: none"><li>n Better underwriting result</li><li>n Declining loss frequency thanks to excellent portfolio quality</li><li>n Higher premium income in the non-life business</li><li>n Combined ratio gross of 98.1 per cent (before allocations to equalisation reserves)</li><li>n Improved profitability through restructuring-/ optimization measures</li></ul> | <ul style="list-style-type: none"><li>n Good underwriting result</li><li>n Increased premium volume in most of the non-life sectors</li><li>n Further decreasing loss burden</li><li>n Combined ratio gross below 90 per cent</li><li>n Growth in the life sector above market average</li></ul> |

Foreign business units



# Successful business units (II)

| Spain   | France  | Assumed Reinsurance  |
|---|---|--|
| <ul style="list-style-type: none"> <li>n Good underwriting result</li> <li>n Motor-vehicle insurance with excellent result</li> <li>n Combined ratio gross below 90 per cent</li> <li>n Strong growth in the group life business</li> <li>n Merger decreases expense ratio</li> </ul> | <ul style="list-style-type: none"> <li>n Transport insurance specialist</li> <li>n Pleasing course of business</li> <li>n New business relations following acquisition</li> <li>n Strict cost control and efficient financial management</li> </ul> | <ul style="list-style-type: none"> <li>n Good operating result</li> <li>n No major loss events in the 1<sup>st</sup> half-year 2005 (2<sup>nd</sup> half-year 2005 storm damages in CH and from Katrina in the US)</li> <li>n Expanded portfolio in the reinsurance sector</li> <li>n Strictly profit-oriented and successful underwriting policy</li> </ul> |
| Foreign business units  |   |  |



# Consolidated financial statements

**Life business:  
Result doubled**

# Life business: Premium distribution

## (Gross premiums)

In CHF million

Group life  
Single premiums

Premiums 521.6 (+ 35.3%)  
73.0%

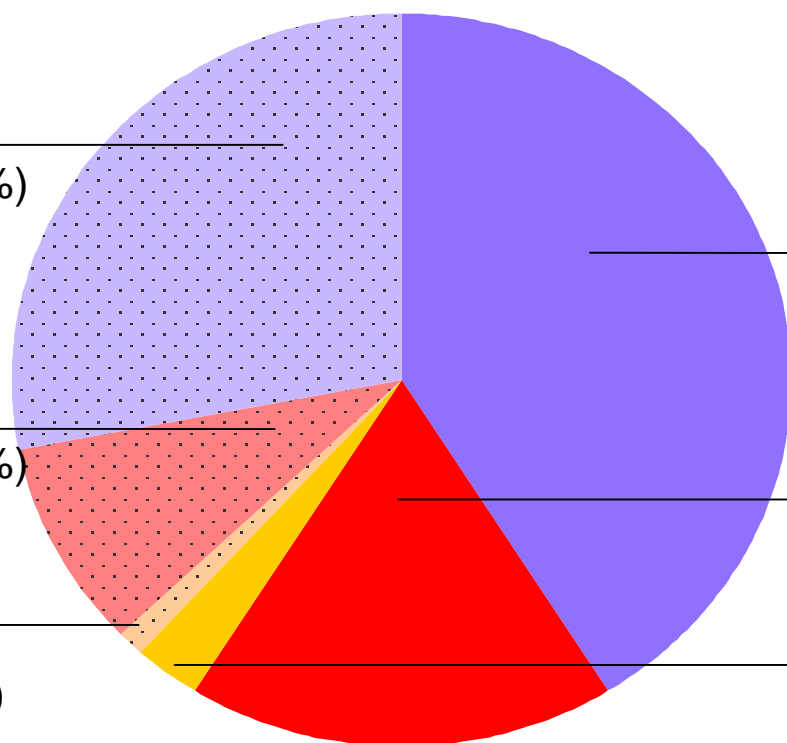
Individual life  
Single premiums

Premiums 174.8 (+ 10.0%)  
24.4%

Unit-linked  
Single premiums

Premiums 18.6 (+ 43.3%)  
2.6%

**Total  
Single premiums  
38.3% (33.8%)**



**Total CHF 1 865.2 million  
(+ 13.2%)**

**Total  
Periodic premiums  
61.7% (66.2%)**

Group life  
Periodic premiums  
Premiums 768.4 (+ 6.5%)  
66.8%

Individual life  
Periodic premiums  
Premiums 330.2 (- 0.3%)  
28.7%

Unit-linked  
Periodic premiums  
Premiums 51.6 (+ 39.3%)  
4.5%



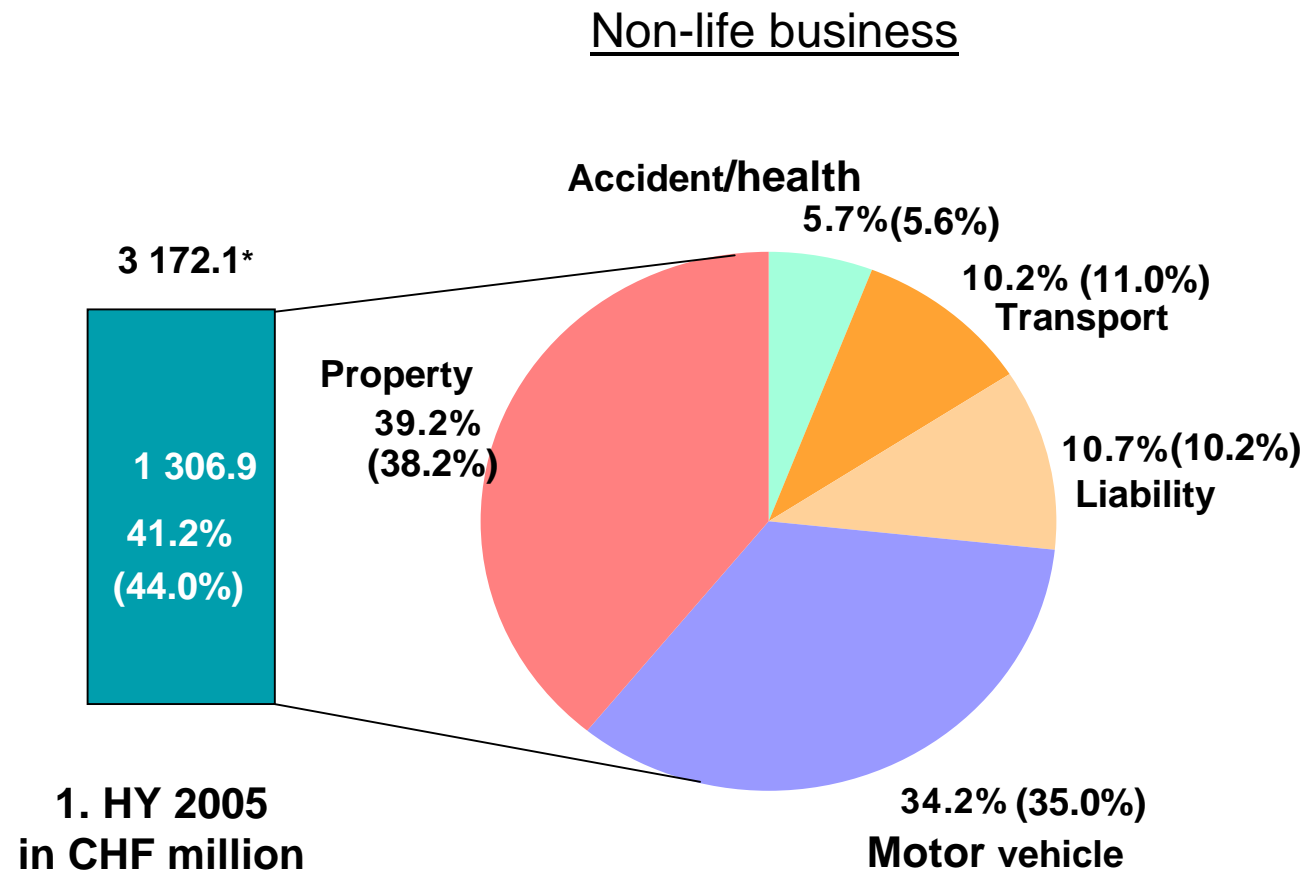
# Life business: Strengthening of profitability

In CHF million

|  | 1. HY<br>2005    | 1. HY<br>2004    | Change         |
|--|------------------|------------------|----------------|
| <b>Net written premiums</b>  | <b>1 848.5</b>   | <b>1 630.4</b>   | <b>+ 13.4%</b> |
| <b>Net benefits paid</b>   | <b>- 1 296.9</b> | <b>- 1 549.5</b> | <b>- 16.3%</b> |
| <b>Net change in actuarial reserves</b>  | <b>- 337.0</b>   | <b>+ 111.4</b>   | <b>-</b>       |
| <b>Net change in other underwriting reserves</b>   | <b>- 5.7</b>     | <b>- 5.0</b>     | <b>+ 14.0%</b> |
| <b>Net underwriting expenses</b>   | <b>- 142.9</b>   | <b>- 137.2</b>   | <b>+ 4.2%</b>  |
| <b>Net expense ratio in % of net written premiums</b>                                    | <b>7.7%</b>      | <b>8.4%</b>      | <b>-</b>       |
| <b>Net expenditure on results-linked and non-results linked policyholders' dividends</b> | <b>- 92.3</b>    | <b>- 63.2</b>    | <b>+ 46.0%</b> |
| <b>Result from life underwriting activities</b>  | <b>44.7</b>      | <b>20.1</b>      | <b>+122.4%</b> |
| <b>Net underwriting reserves</b>   | <b>21 226.2</b>  | <b>20 234.7</b>  | <b>+ 4.9%</b>  |

**Non-life business:  
Excellent**

# Direct business: Premium volume by business segment



\*) Premium of total direct business life and non-life  
Prior-year levels in brackets

# Non-life business: Again significantly improved result

In CHF million

|   | 30.6.05 | 30.6.04 | Change  |
|---|---------|---------|---------|
| Premium income direct business  | 1 306.9 | 1 296.2 | + 0.8%  |
| Premium income Assumed reinsurance  | 108.5   | 127.9   | - 15.2% |
| Total premium income  | 1 415.4 | 1 424.1 | - 0.6%  |
| Net claims paid   | - 659.4 | - 681.1 | - 3.2%  |
| Net change in equalisation reserve  | - 15.7  | - 28.6  | - 45.1% |
| Claims ratio (excl. change in equalisation reserve) in % of net earned premiums | 63.0%   | 63.0%   | -       |
| Net underwriting expenses   | - 331.4 | - 342.4 | - 3.2%  |
| Expense ratio in % of net earned premiums                                       | 31.6%   | 31.7%   | -       |
| Combined Ratio net («all in» in % of net earned premiums)                       | 97.6%   | 99.0%   | -       |
| Result from non-life underwriting activities                                    | 89.6    | 74.7    | + 19.9% |
| Net non-life underwriting reserves  | 3 877.0 | 3 410.7 | + 13.7% |

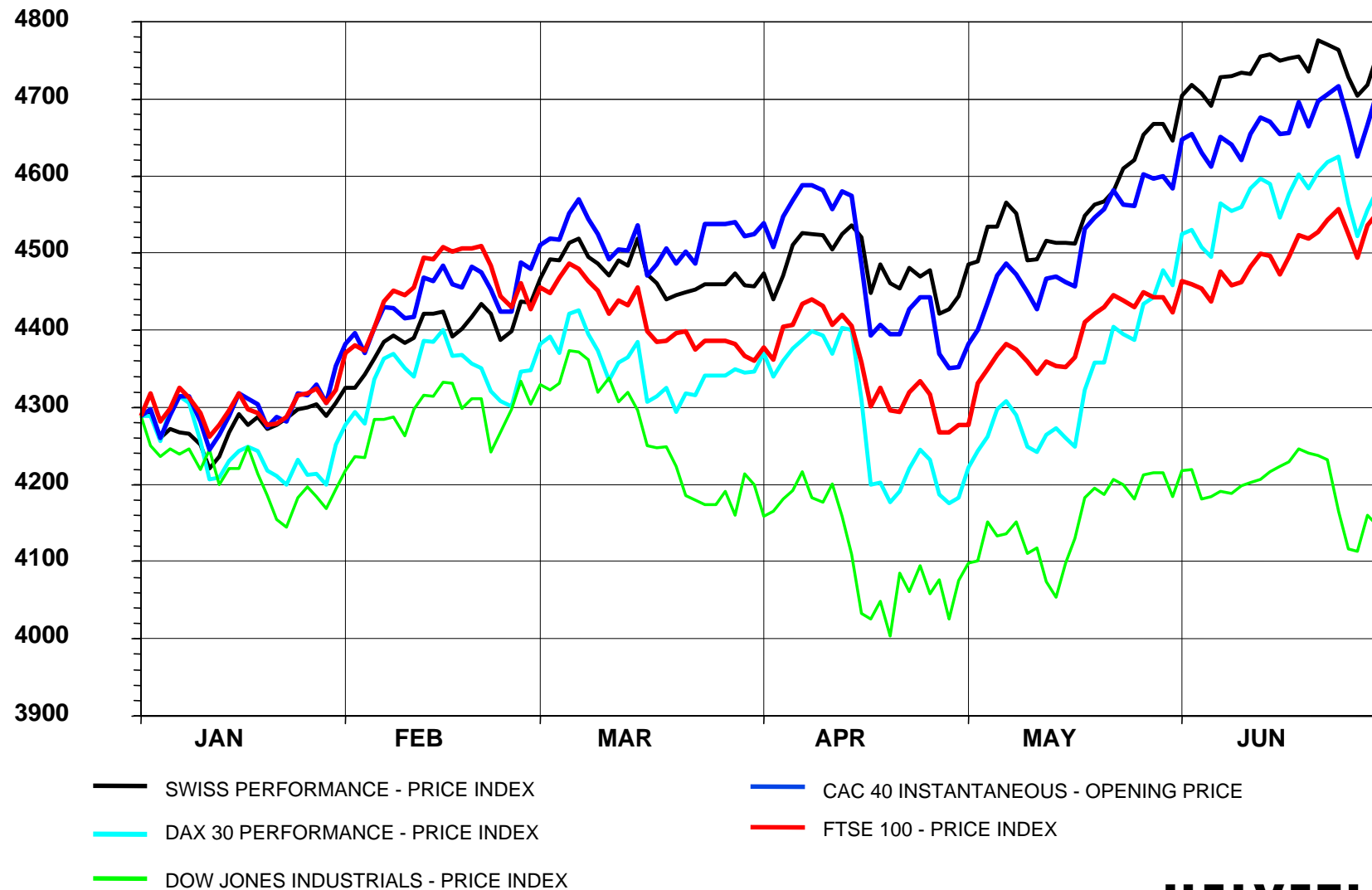


# **The investment business and other elements of the non-underwriting account**

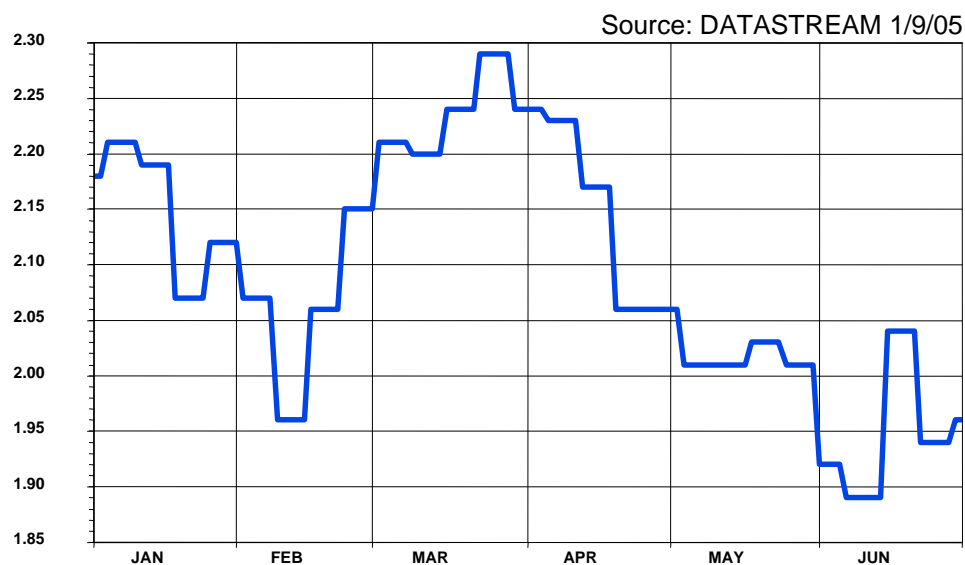


# Selected stock market indices - 1<sup>st</sup> half-year 2005

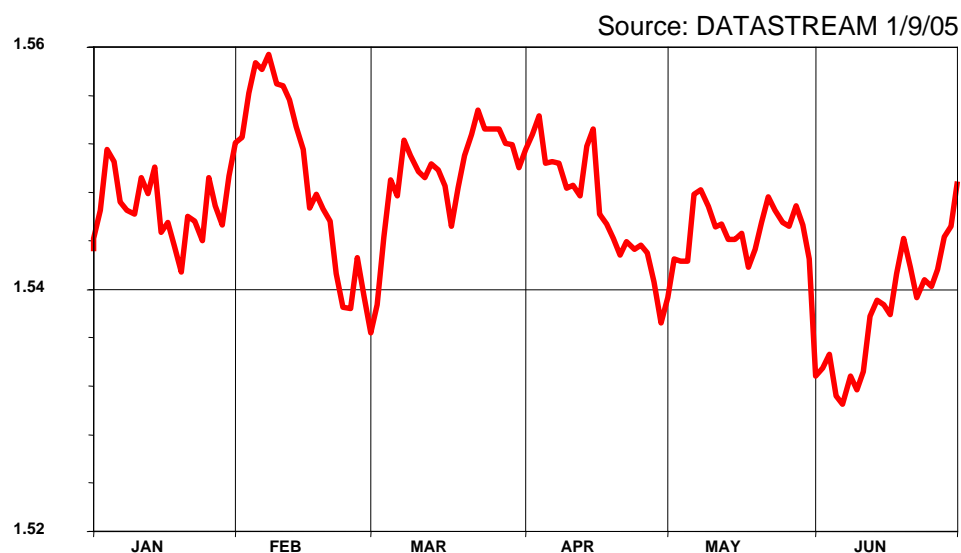
Source: DATASTREAM 1/9/05



# Selected financial markets – 1<sup>st</sup> half-year 2005



— Development of the Swiss  
10-year government bonds



— Development EUR/CHF

# Details of investment result

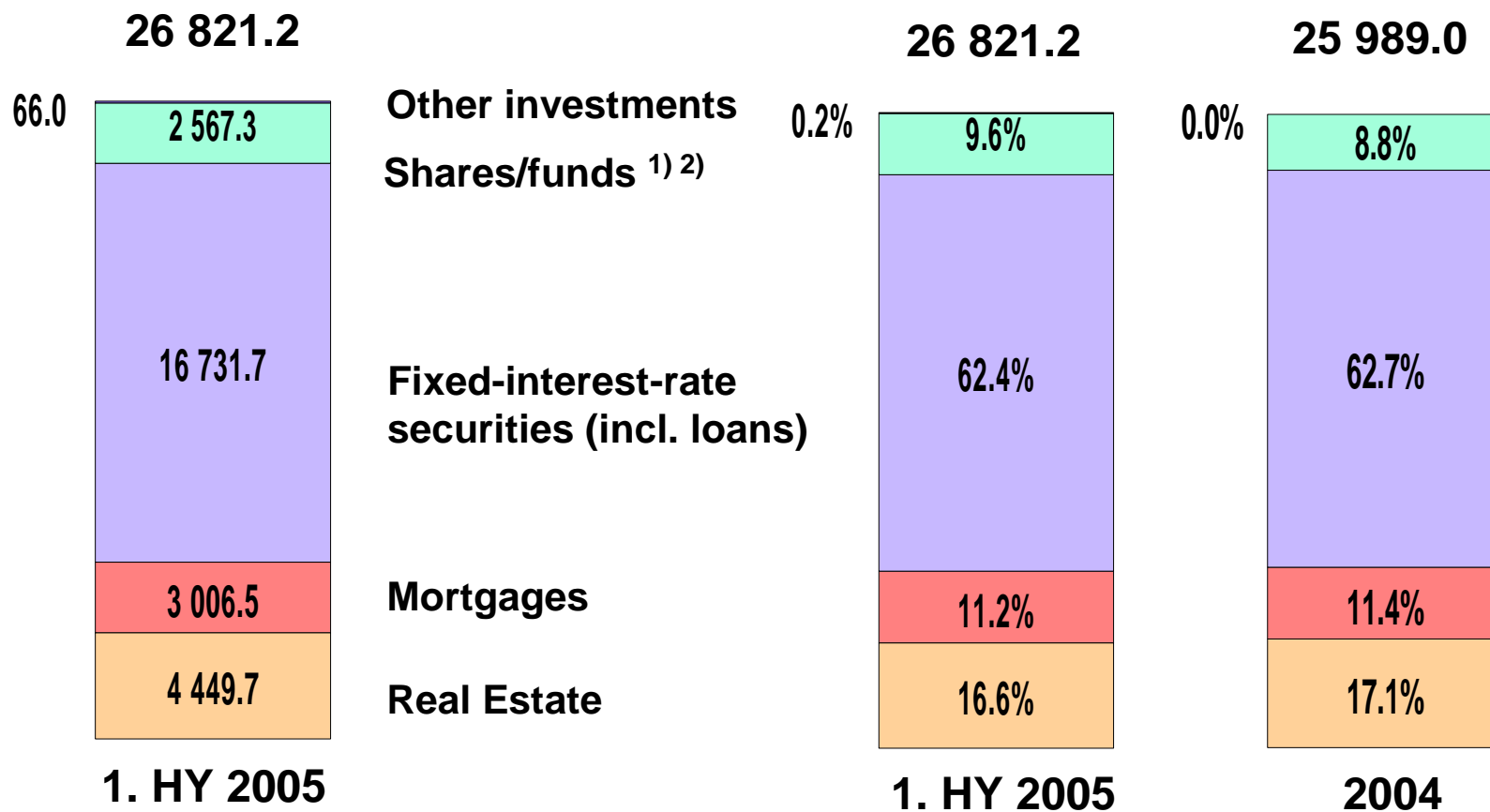
| In CHF million   | 30.6.05 | 30.6.04 | Change   |
|--|---------|---------|----------|
| 1. Current income  | 465     | 451     | + 3.1%   |
| 2. Realized gains/losses   | 66      | 90      | - 26.7%  |
| - on index- and unit-linked life insurance policies                      | 1       | 1       | -        |
| 3. De-/appreciation and value adjustments affecting the operating result | - 38    | - 68    | - 44.1%  |
| - of index- and unit-linked life insurance policies                      | 49      | 11      | + 345.5% |
| Total of 3. *)   | (- 11)  | (-57)   | - 80.7%  |
| 4. Total investment income   |         |         |          |
| - including index- and unit-linked life insurance policies               | 543     | 485     | + 12.0%  |
| - excluding index- and unit-linked life insurance policies (LP)          | 493     | 473     | + 4.2%   |
| 5. Direct yield  | 1.9%    | 1.9%    |          |
| 6. Perform. without index- and unit-linked LP                            | 3.4%    | 1.3%    |          |

\*) Depreciation based on ARR 14 «old», i.e. total is charged to Profit and Loss Account (no deferred depreciation)



# Investment structure

In CHF million



1) Shares/share funds: CHF 2 031.3 million  
Mixed and bond funds: CHF 504.4 million  
Derivatives and options: CHF 31.6 million

2) Alternative investments : 15.7%, i.e.  
CHF 404.2 million (private equity and hedge funds)

**HELVETIA  
PATRIA**



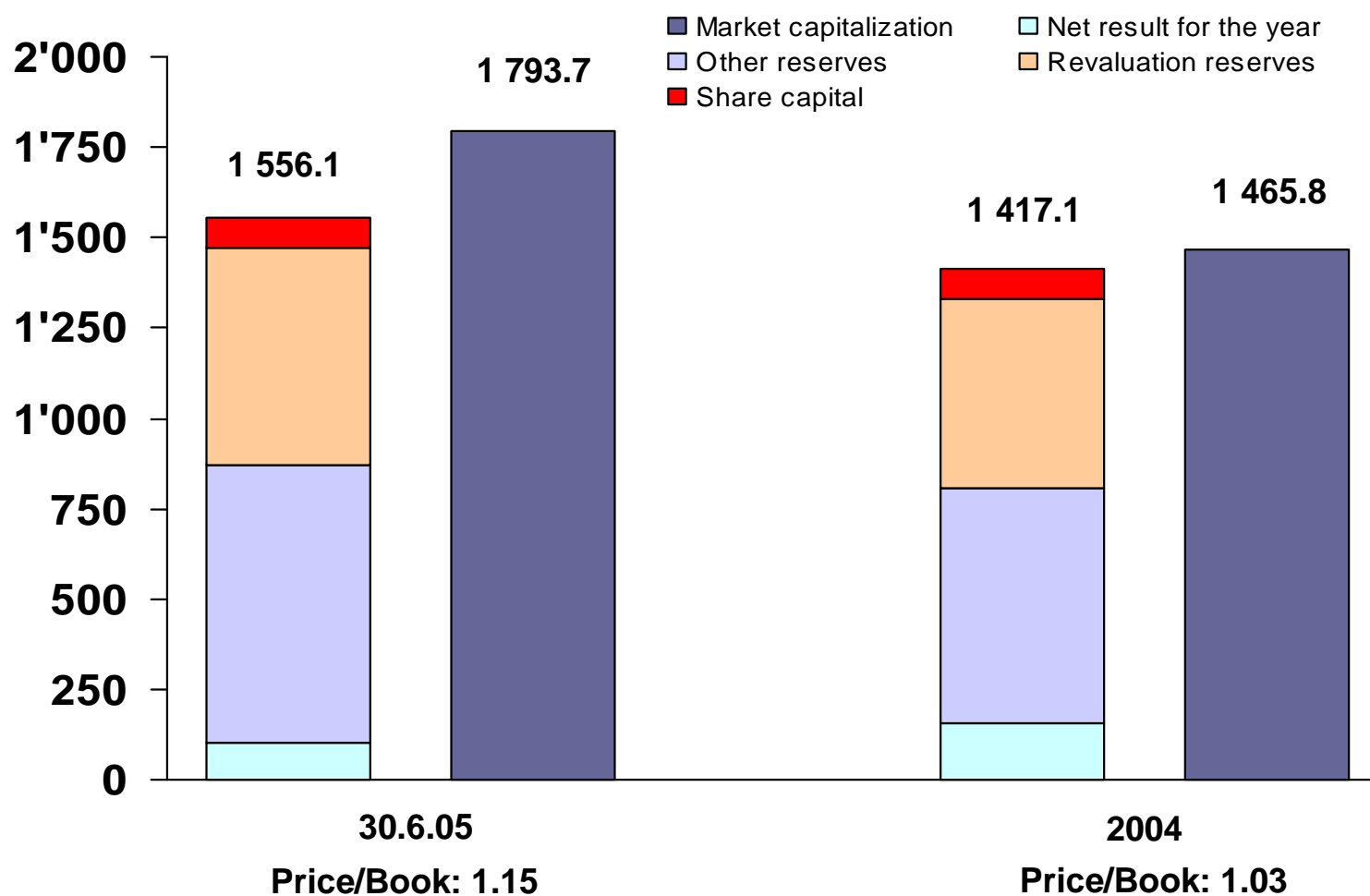
# Shareholders' equity and solvency

# Influence of individual components on the consolidated shareholders' equity

In CHF million

|   |                |
|---|----------------|
| <b>Shareholders' equity at 1.1.2005</b>                         | <b>1 417.1</b> |
| <b>Valuation changes not affecting operating results:</b>       |                |
| - Real estate/shares/share funds                                | + 93.4         |
| - Legal quote   | - 13.2         |
| <b>Changes affecting operating results:</b>                     |                |
| - Result after taxation   | + 104.3        |
| <b>Dividends/currency differences</b>                           | <b>- 45.5</b>  |
| <b>Cons. shareholders' equity at 30.6.05 (after minorities)</b> | <b>1 556.1</b> |
| <b>Net increase</b>   | <b>+ 139.0</b> |

# Shareholders' equity in comparison with market capitalization





# Excellent Group result

# Excellent Group result

In CHF 1'000

|  | 30.6.05         | 30.6.04         | Change          |
|--|-----------------|-----------------|-----------------|
| <b>Non-life underwriting account</b>   | <b>89 566</b>   | <b>74 741</b>   | <b>+ 19.8%</b>  |
| <b>Life underwriting account</b>   | <b>44 729</b>   | <b>20 086</b>   | <b>+ 122.7%</b> |
| <b>Non-underwriting account</b>  | <b>7 710</b>    | <b>5 786</b>    | <b>+ 33.3%</b>  |
| <b>Subtotal 1</b>  | <b>142 005</b>  | <b>100 613</b>  | <b>+ 41.1%</b>  |
| <b>./. Linear depreciation goodwill</b>  | <b>- 1 925</b>  | <b>- 32</b>     | <b>-</b>        |
| <b>./. Taxation</b>  | <b>- 35 726</b> | <b>- 26 856</b> | <b>+ 33.0%</b>  |
| <b>./. Minority interests</b>  | <b>- 122</b>    | <b>- 37</b>     | <b>+ 229.7%</b> |
| <b>Result after depreciation goodwill,<br/>taxation and minority interests</b> | <b>104 232</b>  | <b>73 688</b>   | <b>+ 41.5%</b>  |
| <b>Result per share (in CHF)</b>   | <b>12.6</b>     | <b>12.3</b>     | <b>+ 2.4%</b>   |
| <b>Return on equity RoE</b>  | <b>7.0%</b>     | <b>6.4%</b>     | <b>+ 9.4%</b>   |

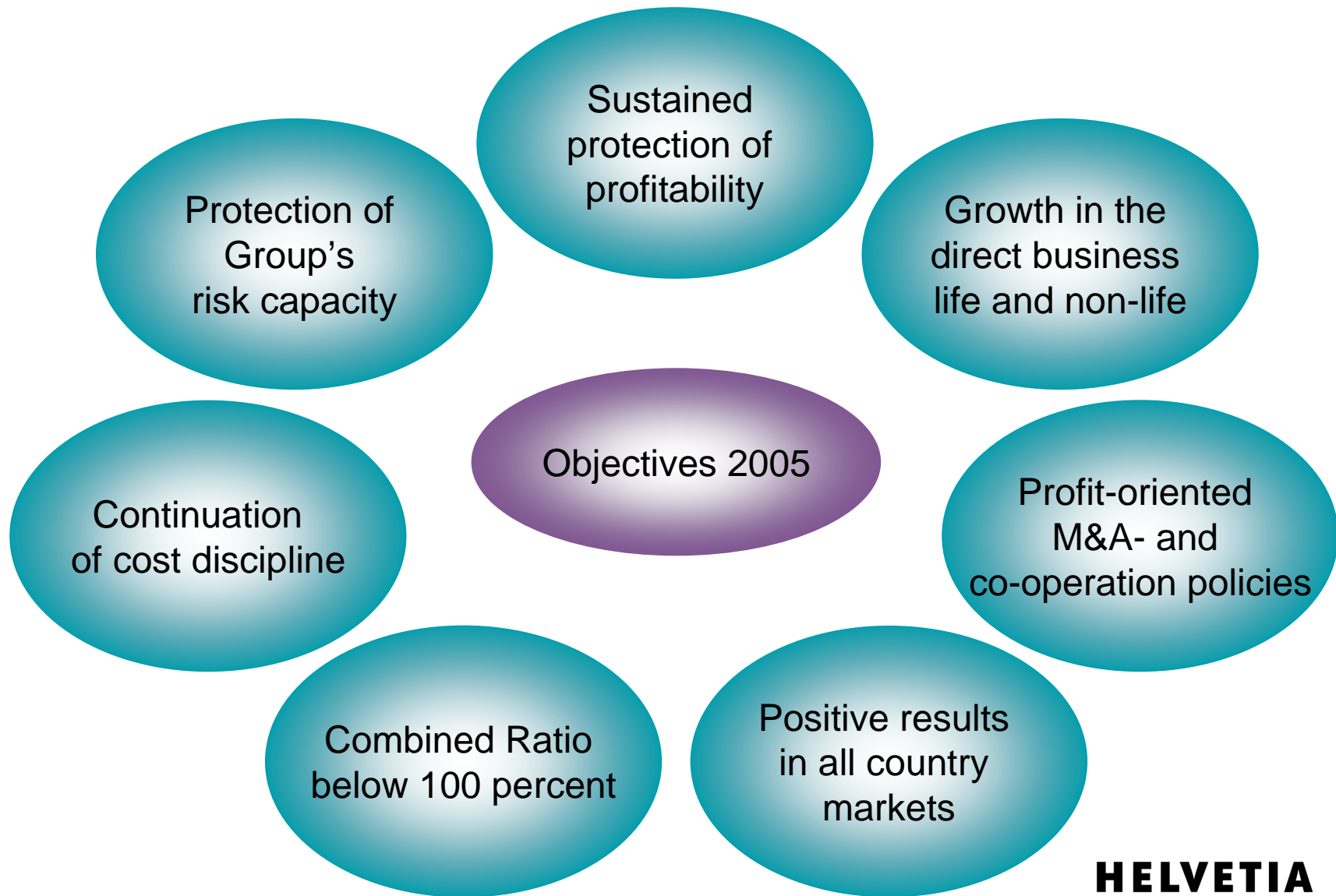
# **Review and preview**

**Erich Walser, CEO**

## Overall assessment

- n Profit growth/RoE ì
- n Underwriting result life/non-life ì
- n Combined ratio (Claims-/expense mgt.) ì
- n Risk capacity ì
- n Improved profitability in the life -business ü
- n Shareholders' equity ü
- n Growth =
- n Framework group life business =

# Objectives for the business year 2005



# Current business trends and preview (July 05)

## n Premium growth (Direct business aggregated)

**Total:** + 8.3 % (LC + 7.7 %)  
**Life:** + 14.2 % (LC + 13.9 %)  
**Non-Life:** + 1.5 % (LC + 0.5 %)  
LC=Local currency

## n Loss experience

From a current perspective, the effects of the storm damages in Switzerland and the US (Katrina) will be limited to ranges that can be well handled.

## n Cost development

Within budget

## n Investments

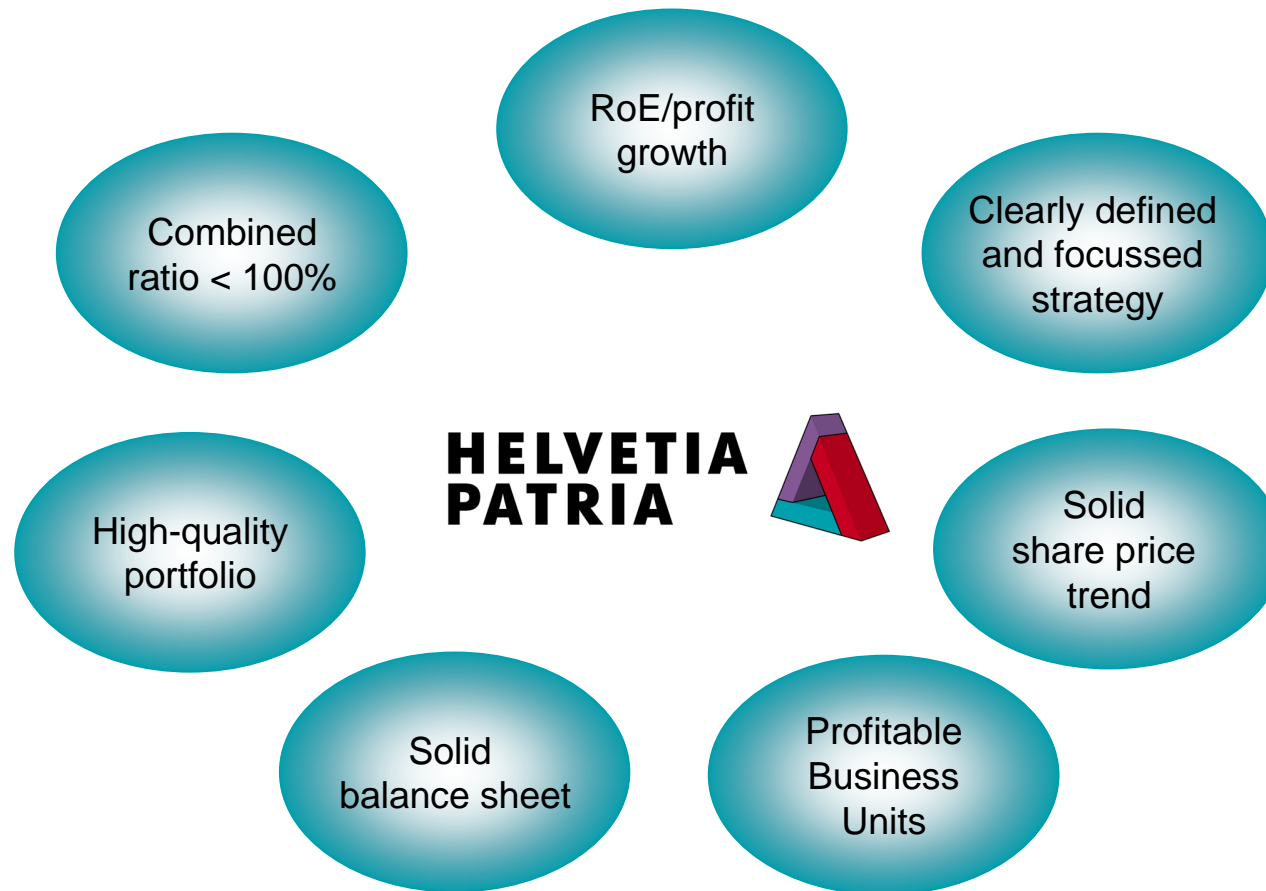
Current income within budget;  
Increased valuation margin;  
Continued cautious investment policy.

## n Preview 2005

Despite the storm damages – but subject to additional extraordinary events - we are anticipating that we will achieve again a pleasing result.



# Compelling investment case



Swiss Identity: «Trust, Security, Quality»

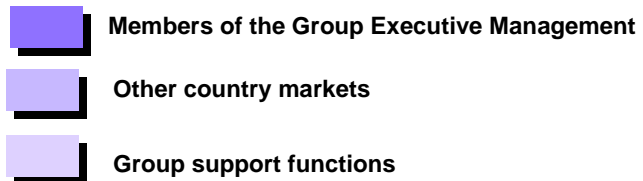
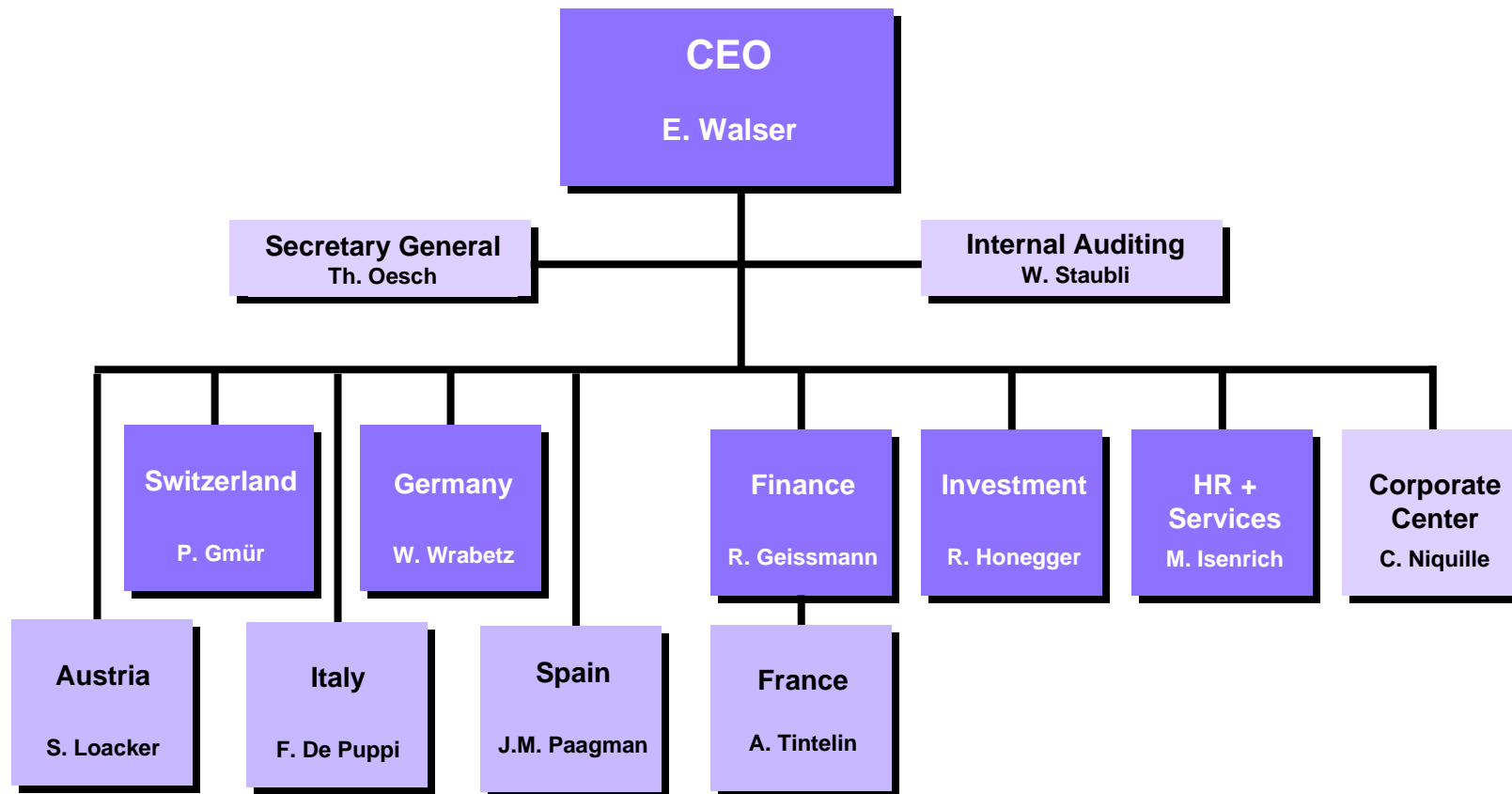


**Just  
ask  
us.**



# Appendix

# The Management of the Helvetia Patria Group



# A historical overview

- n 1858 Founding of Allgemeine Versicherungs-Gesellschaft Helvetia, St. Gallen
- n 1861 Founding of Helvetia Schweiz. Feuerversicherungsgesellschaft, St. Gallen
- n 1862 Establishment of branch offices in Germany
- n 1878 Founding of the Mutual «Patria, Schweizerische Lebensversicherungsgesellschaft» in Basel
- n 1920-1962 Founding of branch offices and subsidiaries of the Helvetia in France, Italy, Austria, Greece (sold 1997), the Netherlands (sold 1995) and Canada (sold 1999)
- n 1974 Merger of Helvetia Feuer and Helvetia Allgemeine, St. Gallen
- n 1986-1988 Further Helvetia subsidiaries established in Spain, Italy and Germany
- n 1992 Begin of partnership between Helvetia and Patria
- n 1996 Founding of Helvetia Patria Holding in St. Gallen
- n 1998 Acquisition of La Vasco Navarra (Spain);  
Acquisition of the portfolio of NCD (Italy)
- n 1999 Merger between the companies La Vasco Navarra and Cervantes Helvetia to Helvetia CVN, Madrid/Pamplona
- n 2000 Acquisition of the Spanish insurer Previsión Española, Seville
- n 2001 Acquisition of Norwich Union Vita, Milan; renamed in Helvetia Life
- n 2002 Acquisition of Royal & Sun Alliance's transport portfolio in France
- n 2003 Merger of subsidiaries Previsión Española and Helvetia CVN into Helvetia Previsión with headquarters in Seville
- n 2004 Acquisition of two transport insurance portfolios in France

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