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Vienna Insurance Group expands market leadership in CEE with acquisition of Aegon entities

Group advances to number 1 in Hungary

On 29 November 2020, Vienna Insurance Group signed the share purchase agreement to acquire the entities of the Dutch insurer Aegon in Hungary, Poland, Romania and Turkey. The deal includes insurance companies, pension funds, asset management and service companies with a premium volume of around EUR 600 million, a managed pension fund volume of around EUR 5 billion and brings an additional customer base of 4.5 million customers in total. After successful closing of the acquisition, Vienna Insurance Group will rise from 6th place to market leader in Hungary. The purchase price for the shares is EUR 830 million.

"The acquisition of the Central and Eastern European business of Aegon is an important step for our Group to sustainably strengthen our leading position in CEE and to take advantage of new opportunities. The portfolios of the companies included in the scope of the transaction perfectly complement our existing units and strengthen our diversification in these countries. In Hungary, we are making the leap to the top. This will make us – as in Austria – the market leader in all our immediate eastern neighboring countries (Czech Republic, Slovakia and Hungary). In Turkey, we succeed in entering the life insurance market and in Poland, Romania and Hungary we can significantly expand our potential in the pension fund business. By acquiring the asset management company of Aegon in Hungary, we are not only expanding our own asset management activities, we are also gaining valuable know-how and resources," says CEO Elisabeth Stadler about the successful deal with Aegon.

Strong market position in Hungary

With EUR 389 million* generated in 2019, the Hungarian insurance company accounts for two thirds of the acquired premium volume. It has a balanced mix of life and non-life insurance lines and a strong sales network, mainly through its own agents and brokers. Aegon in Hungary is currently number 3 in the non-life insurance market and number 7 in the life insurance market. Together with UNION Biztosító, Vienna Insurance Group can increase its current market share from 8% to over 19%. The asset management company in Hungary offers the full range of services in this business segment in the CEE region and manages assets of approximately EUR 1.8 billion. That makes it the fourth largest asset management company in Hungary.

Entry into life insurance in Turkey

In Turkey, the deal with Aegon marks an expansion into the life insurance business, where Vienna Insurance Group is currently represented by the non-life insurance company Ray Sigorta. Aegon Turkey is number 7 in the life insurance market, market leader in offering non-credit linked life insurances and focuses strongly on digital customer service. The life insurance business, which is usually dominated by bank distribution, is mainly distributed through its own and external agents. A premium volume of EUR 114 million* was recorded in 2019. The Polish company and its Romanian branch focus on the provision of traditional and unit-linked life insurance policies. In Romania, the life insurance business is mainly generated through the banking cooperation with the Romanian Banca Transilvania. The two life insurance companies in Poland and Romania generated a premium volume of EUR 85 million* in 2019 (EUR 62 million Poland, EUR 23 million Romania).

Significant expansion of the pension fund business

By acquiring the Aegon pension fund companies in Hungary, Poland and Romania, Vienna Insurance Group is placing an increased focus on retirement provision and is gaining new accesses to the pension business. Due to demographic developments and the associated difficulty in financing state pension systems, these markets are offering major growth opportunities for pension funds. Particularly in Poland, where the pension reform adopted in 2019 leads to the introduction of Employee Capital Plans, expanded potential and synergies with the VIG Group's previous involvement in this area can be exploited. All three pension fund companies are among the top 4 on the market in their respective countries. Total assets under management amount to EUR 4.9 billion.

Closing expected in 2nd half of 2021

The transaction is subject to the necessary regulatory and competition approvals. The formal closing of the acquisition of the Aegon companies is expected in the second half of 2021. In 2019, the companies to be acquired generated a net profit of around EUR 50 million with around 1,650 employees.

* Premiums based on the exchange rate at the end of 2019

Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) is the leading insurance group in Austria and Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in VIG take care of the day-to-day needs of more than 22 million customers. VIG shares have been listed on the Vienna Stock Exchange since 1994. The company has an A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor's. That is the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. VIG cooperates closely with the Erste Group, the largest retail bank in Central and Eastern Europe.

Disclaimer

This release contains forward-looking statements that concern future developments in Vienna Insurance Group (Wiener Versicherung Gruppe). These statements are based on current assumptions and forecasts made by the management of Vienna Insurance Group (Wiener Versicherung Gruppe). Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. The Vienna Insurance Group AG Wiener Versicherung Gruppe assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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