



## **VIENNA INSURANCE GROUP (VIG)**

9M 2024 Update

Q&A-Session Conference Call

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Transcript

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Operator Our first question comes from August Marčan from UBS. Please go ahead.

August Marčan Hi. Thanks for taking my questions. I have three, if that's okay. First one on Boris. Are there any estimates on how much more will it cost in 4Q or further down the line, at the start of 2025?

My second question is on the outlook. You mentioned in your presentation that you are positive going into 2025. Do you think you can sustainably maintain the high single-digit to low double-digit growth that you have been having in GWP? And then lastly, on your 4Q experience, how has the weather and claims been so far? That's all. Thanks.

Peter Höfingner Good afternoon. Thank you for your questions. I will take care of all of them. I start with the last one. There is nothing specific to be reported on Q4 until now. There is no significant effect in Q4 until now.

Coming to question one, Boris estimates, the €600 million is a conservative estimate. We are very well known in the reinsurance industry, that our estimates keep throughout the time. So, we also do not expect any creeping in here in the year 2025. We feel comfortable with the gross figure which we are reporting here.

Coming to our growth dynamic, I think Liane was outlining the economic growth. So we should benefit out of the economic growth. On the other hand side, one driver of our growth this year, but also last year, was the inflation, and therefore the needed increase of sum insured, of values. As inflation is slowing down everywhere, we will not have this growth driver. So, we will grow, but it is likely that maybe we will grow a bit less than maybe we have shown this year.

Liane Hirner I am happy to take your second question regarding the outlook. As I already confirmed in my presentation, we confirm our guidance for this year to be on the upper end of our target range. When it comes to 2025, I also had some words on my slides on the positive macroeconomic environment for the CEE region. But we will present the outlook for 2025 together with our preliminary results in March 2025.

Operator The next question comes from Thomas Unger from Erste Group. Please go ahead.

Thomas Unger Yes, good afternoon. Thank you also for taking my questions. I'd like to ask you, you said that your reinsurance approach will not change. Do you expect any change in costs coming next year, any specific effects from the CEE floods that you incurred now?

And if I could also ask you for some figures on profitability on the business lines for P&C, Life and Health, how did that perform thus far in 2024? And then also, if you could give us the specific figures for the first three quarters on the insurance service results as well as the net investment result, I'd appreciate that. Thank you.

Peter Höfing

I will start with reinsurance. When we are placing our NatCat programme for the whole CEE region, we are having two independent modelling companies, and we have an internal model, as in many of our markets, there are no market models. So we have the highest quality data for a programme for the whole region, covering it. We have longstanding relationships with our reinsurance companies.

This flood event is an event which is as modelled. So there are no surprises by our reinsurance partners of it. Very much also due to the flood prevention measures which have been taken from the year 2002 until today in the Czech Republic and in Austria specifically, but also in Poland.

Therefore, the reinsurance market is currently hard, so there will be certain adaptations, generally, in our reinsurance programmes. But I do not see a major impact on our NatCat programme due to the flood, as it is for what we have bought it, and it is modelled as it was, in the end, coming to reality.

Liane Hirner

Coming back to your question regarding the insurance service result and the net investment result, the net investment result remained quite stable compared to the first three quarters last year and amounts to approximately €350 million. The insurance service result is a little bit lower compared to the first nine months last year due to NatCat events, but in both third quarters, it's well above €800 million.

Thomas Unger

Okay, thank you very much.

Operator

As a reminder, if you wish to register for a question, please press star followed by one. The next question comes from Bhavin Rathod from HSBC. Please go ahead.

Bhavin Rathod

Hey, good afternoon. Thank you for taking my question, and thank you also for providing those additional details around combined ratios, PBT and insurance revenue. I really appreciate that.

So I have a few questions on my side. The first one would be on your PBT guidance, now given you've already grown the PBT by close to 9% this year so far, and if I look at your 2023 PBT, it was at somewhere around €876 million if you adjust for the impairment charges.

Now, the question is, now given you're already 8% above what it was last year, why should we not expect the PBT to be materially above what you are currently guiding, i.e. at around €875 million? Or is it just because of the fact that you're expecting some sort of impairment charges or any one-off that we should be mindful of in the fourth quarter of this year? So that's the first one.

The second one would be again on this PBT growth of 9%. Appreciate if you could provide more colours around how it was driven in terms of growth by P&C and Life. At first half, it was largely driven by P&C business. Should we believe that even at nine months, it was driven by the P&C book, or there was some contribution from the Life segment as well?

And lastly, on the dynamics around P&C pricing in some of your major markets, appreciate if you can provide more colours around what sort of pricing dynamics you are seeing in some of your major regions, like Poland, Hungary, Austria and Romania. Thank you.

Peter Höfinger

Thank you for your questions. I will start with the last one, certain pricing elements. Maybe I'll start with Poland. Poland, in the past, was quite painful for us in the pricing area of motor TPL. We now did this year our homework with merging and realising synergies. But at the same time, we also see first signs of a recovery of the market, as in my personal opinion, the whole market was or is loss-making in motor TPL. So there is a certain dynamic giving the room for an increase in the motor TPL pricing.

If I come to Czech Republic, in motor there is still a very, very strong competition. We have an exceptional market position there. This I would see to be continued, to see this competition. Hopefully, there will be some different developments in next year. Austria, in motor business, is pretty stable.

When we come to property and corporate business, the picture is a bit different. We see that Poland, as well as in Czech Republic, there is certain rate increases in property and corporate. We see in Austria a more flattish development, but if there is an account which has certain losses over the year, there is also rate increases. So this has become more individual in Austria, by the pricing account by account, and not anymore so a general tendency. I hope this gives you enough flavour.

Maybe one topic. What is too early to say, if there will be certain impacts on the consequences of the floods, where generally one can see certain impacts of such an event like Boris. But this is too early to comment. This we should see

in the first quarter, what will in the various markets be the impact of the flood event. Thank you.

Liane Hirner

Coming back to your question regarding the PBT growth of 9%, this is mainly coming out of the P&C business. Life is with a rather flat development. CSM release is slightly below the first three quarters of last year, so here a rather stable development. And when it comes to P&C, I refer to what Peter has said, and we could reflect the inflation also in our premium development. So the profitability in P&C increased compared to the first three quarters last year.

Your first question related to the PBT guidance. We still keep our guidance and confirm the target at the upper end of the range of the target level. As you all know, it's still quite volatile in the macroeconomic environment, and we cannot exclude impairments or negative one-off effects in the fourth quarter. So we stick with our guidance at the upper end of the target range for the time being.

Bhavin Rathod

Right, that's very helpful. Thank you so much.

Liane Hirner

Welcome.

Operator

There are no further questions. I hand back the call over to Nina for any closing remarks.

Nina Higatzberger-Schwarz

Thank you, Sandra. Ladies and gentlemen, thank you for participating in today's call. The next results call with VIG's preliminary results for the financial year 2024 is scheduled for 12 March 2025. In the meantime, our best wishes for the upcoming festive season, and goodbye from Vienna.