PRESS RELEASE

VIG
VIENNA INSURANCE GROUP

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Vienna Insurance Group with top results for premiums and profit in 2018 (preliminary results)

Proposed dividend for 2018 and profit forecast for 2020 again increased

- Total premium volume increases to around EUR 9.7 billion (nearly +3 percent)
- Profit (before taxes) rises to around EUR 485 million (close to +10 percent)
- Combined ratio significantly improved to 96.0 percent (-0.7 percentage points)
- Dividend of EUR 1 per share proposed (+11 percent)
- Profit forecast for 2020 increased by around +10 percent
- More than 150 digitalisation projects in the process of implementation

A live broadcast of the press conference will become available at 10 a.m. on 21/3/2019 using this link.

Based on preliminary results, the financial year 2018 has been a special success for Vienna Insurance Group (VIG). Elisabeth Stadler, CEO of VIG: "*The preliminary results for 2018 show that we have significantly exceeded our forecasts for all key figures. I therefore see this as a renewed confirmation of our ambition to position ourselves as a stable, reliable partner. This also applies to our focus on Central and Eastern Europe, where we are the leading insurance group today. In large parts of the CEE region we see stable growth and falling unemployment. The markets where we operate are growing, on average, twice as fast as the Eurozone countries. We intend to continue investing in this region and our more than solid solvency ratio of 239 percent provides the necessary financial resources. As a result of the very positive business development, the Managing Board will once again recommend a significant increase in the dividend from EUR 0.90 to EUR 1 per share for the financial year 2018. In the current interest rate environment that corresponds to an attractive dividend yield of 4.9 percent.*"

Significant premium growth
The Group wrote EUR 9,657.3 million in premiums in 2018. This corresponds to a +2.9 percent increase in premiums compared to the same period in the previous year. Excluding single premium business, which continued to decline, premiums increased by +5.2 percent. With the exception of single premium life insurance products, clear gains were once again achieved in all lines of business. The segments that were particularly successful in premium volume in 2018 include the Czech Republic, with an increase of around EUR 81 million, or five percent, and the Baltic States, with around EUR 48 million, or 15 percent increase. Significant premium increases were also recorded in the segments Bulgaria (+14 percent) and Hungary (+6.8 percent). Around 56 percent of the premium volume was generated by the Group companies in the CEE region.

Strengthening the property and casualty business
The non-life sector represents 63 percent of the premium portfolio (incl. health insurance) and the life sector 37 percent. The non-life business is, therefore, clearly dominant, which is particularly the case in the CEE region. *"We are growing in the non-life sector in many of our countries like for example, in Poland, the Baltic States and Hungary above the market average. We aim to further increase the portfolio's share for other property and motor own damage in the CEE region. Profitable growth is the priority for motor third-party liability"*, explains Elisabeth Stadler. VIG also sees great potential in health insurance, which is still small at around six percent of total premium volume, but shows a promising development. The goal in the life insurance business is to achieve moderate growth in regular premiums. *"The demand for old-age provision is gradually increasing in Southeast Europe, despite the fact that asset protection still remains the priority in most of our markets"*, according to Stadler.

Profit (before taxes) increases by around 10 percent
Profit (before taxes) grew by around +10 percent year-on-year to EUR 485.4 million. The increase in profit was primarily due to the improvement in the combined ratio and good development of the financial result. Particularly large gains were recorded in the segments Baltic States, Bulgaria, Czech Republic and Hungary.
Romania recorded a loss of around EUR 74 million in 2018. This was primarily due to a goodwill impairment of EUR 50.1 million in the second quarter of 2018 and a provision for the Romanian Competition Council proceedings. Overall, the companies in the CEE region contribute around 53 percent of the total profit (before taxes). The result after taxes and non-controlling interests was EUR 268.9 million. The decrease by 9.6 percent was primarily due to one-time effects that caused tax expenses to rise. After adjusting for one-time effects, the net result increased by 2.9 percent compared to the previous year.

Combined ratio again significantly reduced
The combined ratio fell 0.7 percentage points in 2018 to an excellent 96.0 percent. The decrease was supported by the strict implementation of measures under “Agenda 2020”, and due to the absence of natural catastrophes. The segments Austria, Czech Republic and Poland made major contributions to this development. The combined ratio in Austria improved to an outstanding 94.2 percent (2017: 95.5 percent).

Solvency ratio of 239 percent shows high resilience
The solvency ratio continued to be at a very good international level of 239 percent as of 31 December 2018. VIG was the only Austrian insurance company to take part in the EIOPA stress test and showed high resilience. VIG passed all three quantitative test scenarios with levels of between 158 and 215 percent after volatility adjustment, showing that it is solidly above the required minimum solvency of 100 percent.

Financial result improved
The financial result (incl. the result from at equity consolidated companies) rose to EUR 1,037.5 million. The year-on-year increase of +12.2 percent was mainly due to income from real estate, including the non-profit housing societies.

Investments
Total Group investments (including cash and cash equivalents) were EUR 37.6 billion as of 31 December 2018, which was marginally higher than the level of EUR 37.4 billion in the previous year.

Expenses for claims and insurance benefits
Group expenses for claims and insurance benefits less reinsurers’ share were EUR 6.9 billion in 2018, almost at the previous year level of EUR 6.8 billion (+1.1 percent).

Increase in proposed dividend
Based on the good results, the Managing Board will propose to the Annual General Meeting to significantly increase the dividend for the financial year 2018 from EUR 0.90 to EUR 1 per share. This corresponds to an increase of +11 percent and a dividend payout ratio of 48 percent (2017: 38.7 percent). The dividend yield amounts to 4.9 percent.

Preliminary results
The information in this press release for the financial year 2018 is based on preliminary data. The final information for the financial year 2018 will be published in the Group Annual Report on 17 April 2019 that will be available on www.vig.com.

2020 profit forecast significantly increased
Due to strict implementation of measures under the “Agenda 2020” management programme and continuously positive economic development in the CEE region, VIG forecasts the following business outlook until 2020: for 2019, a premium volume of EUR 9.9 billion and profit (before taxes) of EUR 500 to 520 million are expected. In 2020, the forecast for premium volume is EUR 10.2 billion. Profit (before taxes) is expected to range between EUR 530 and 550 million in 2020. The previously announced profit forecast of more than EUR 500 million for 2020 is, therefore, being increased by up to EUR 50 million. For the combined ratio, VIG expects a sustainable improvement to around 95 percent by 2020.

Positive interim results for “Agenda 2020”
“Agenda 2020” started in 2017 with the goal of optimising VIG’s business model, while simultaneously taking measures to ensure future viability. *“Our interim result is very satisfactory. Therefore, I expect to achieve our targets with ‘Agenda 2020’ ahead of schedule,* which is why we have raised our forecasts for 2020*”,* explained Elisabeth Stadler.

Some examples:
Assistance services provided by the Group’s own companies recorded particularly good growth. *“Our assistance companies in the Czech Republic, Slovakia, Bulgaria, Romania and Poland have handled more than 500,000 assistance cases since the beginning of ‘Agenda 2020’. Global Assistance is already offering its services to other insurers in the Czech Republic and 30 percent of the assistance business is already being generated by third-party transactions. We would also like to achieve this in other countries”*, stated Elisabeth Stadler, pleased with the interim results. Currently, the setup of an assistance company in the Baltic States is being tested. A separate assistance company is also being considered for Serbia.

Over the last two years, health insurance premiums increased by +20 percent. In 2018, the increase was +58 percent in the five key countries of Bulgaria, Hungary, Poland, Romania and Turkey, where special activities are performed in this line of business.

The goal in the bancassurance area is to expand the non-life business through the cooperation partner Erste Group. Premium volume was more than EUR 1.2 billion in 2018, with the non-life business already recording a +14 percent increase in premiums.

In the area of reinsurance, targeted measures were taken to increase internationalisation. Over the last two years, the reinsurance company VIG Re has achieved an impressive premium increase of +17 percent. As planned, in those years branches were opened in Frankfurt and Paris to serve customers in Austria, Germany, Switzerland, France, the Benelux countries, Spain and Portugal.

More than 150 ongoing digitalisation projects
“We are working hard on our digital agility and undertake decisive steps under our ‘Agenda 2020’ in order to be prepared for the changed requirements of the future. More than 150 digitalisation projects are currently underway in a variety of areas within the Group, most of which are scheduled to be completed within the next two years. We are investing on average EUR 50 million per annum in digitalisation, which totals EUR 200 million as part of the ‘Agenda 2020’ programme”, states Elisabeth Stadler, stressing the importance of the digital transformation for VIG. As part of its “VIG Xelerate” programme, VIG organised two competitions last year, with a third competition being planned for this year. Digitalisation projects submitted by Group companies receive awards based on specific criteria, such as innovation in the particular market and relevance for the Group as a whole, and are financially supported by VIG in their implementation.

Consolidated Income Statement (IFRS)

(in EUR mn)	2018	2017	+/- %
Gross premiums written	**9,657.3**	**9,386.0**	**2.9**
Net earned premiums	8,729.4	8,509.6	2.6
Financial result incl. at equity consolidated companies	1,037.5	924.3	12.2
Other income	131.5	223.1	-41.1
Expenses for claims and insurance benefits	-6,947.0	-6,872.6	1.1
Acquisition and administrative expenses	-2,140.7	-2,040.3	4.9
Other expenses	-325.2	-301.6	7.8
Result before taxes	**485.4**	**442.5**	**9.7**
Taxes	-117.5	-70.0	67.9
Result of the period	**368.0**	**372.6**	**-1.2**
Non-controlling interests	-99.0	-75.0	32.0
Net result after non-controlling interests	**268.9**	**297.6**	**-9.6**
Earnings per share in EUR	**2.04**	**2.23**	**-8.5**
Combined Ratio (net in %)	**96.0**	**96.7**	**-0.7pp**

Segment Reporting (IFRS)

	Austria			Czech Republic			Slovakia		
in EUR mn	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**
Gross premiums written Total	3,839.9	3,848.5	-0.2	1,684.2	1,603.2	5.0	799.6	810.0	-1.3
Result before taxes	170.4	175.3	-2.8	166.7	149.3	11.6	47.2	55.7	-15.3
Combined Ratio (net in %)	94.2	95.5	-1.3pp	92.7	97.5	-4.8pp	97.3	95.4	1.9pp

	Poland			Romania			The Baltic		
in EUR mn	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**
Gross premiums written Total	897.8	886.6	1.3	515.3	506.5	1.7	375.8	327.6	14.7
Result before taxes	32.2	35.5	-9.2	-73.9	6.2	n.a.	2.1	1.4	51.7
Combined Ratio (net in %)	92.6	93.9	-1.3pp	107.5	98.6	8.9pp	98.7	99.0	-0.3pp

	Hungary			Bulgaria			Turkey/Georgia		
in EUR mn	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**
Gross premiums written Total	263.5	246.7	6.8	171.3	150.1	14.1	198.3	207.8	-4.6
Result before taxes	7.6	2.1	>100	11.4	6.9	65.0	3.8	9.4	-58.9
Combined Ratio (net in %)	98.5	98.9	-0.4pp	99.1	97.1	2pp	98.5	96.1	2.4pp

	Remaining CEE			Other Markets			Central Functions		
in EUR mn	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**
Gross premiums written Total	374.7	352.0	6.4	321.0	292.6	9.7	1,584.3	1,411.5	12.2
Result before taxes	23.5	-6.0	n.a.	23.9	23.7	1.0	70.2	-16.7	n.a.
Combined Ratio (net in %)	96.6	100.1	-3.5pp	82.9	81.3	1.6pp			

	Consolidation			Total		
in EUR mn	**2018**	**2017**	**+/- %**	**2018**	**2017**	**+/- %**
Gross premiums written Total	-1,368.4	-1,257.3	8.8	9,657.3	9,386.0	2.9
Result before taxes	0.3	-0.4	n.a.	485.4	442.5	9.7
Combined Ratio (net in %)				96.0	96.7	-0.7pp
Net result after non-controlling interests				268.9	297.6	-9.6

Calculation differences may arise when rounded amounts and percentages are summed automatically.

Vienna Insurance Group (VIG) is the leading insurance specialist in Austria and Central and Eastern Europe. Around 50 companies in 25 countries form a Group with long-standing tradition, strong brands and close customer relations. VIG can look back on close to 200 years of experience in the insurance business. With more than 25,000 employees, Vienna Insurance Group is the clear market leader in its Austrian and CEE markets, and is therefore excellently positioned to take advantage of the long-term growth opportunities in this region of 180 million people. Vienna Insurance Group is the best-rated company in the ATX leading index of the Vienna Stock Exchange; its shares are also listed on the Prague Stock Exchange.

Disclaimer
This press release contains forward-looking statements that concern future developments in Vienna Insurance Group. These statements are based on current assumptions and forecasts by the management of Vienna Insurance Group. 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. Vienna Insurance Group assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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