

# PRESS CONFERENCE

Vienna Insurance Group

Preliminary results for 2017 and  
current developments

(based on preliminary and unaudited data)

Vienna, 22 March 2018



- 1 PRELIMINARY RESULTS FOR 2017
- 2 TARGETS FOR 2018 AND OUTLOOK FOR 2020
- 3 CURRENT DEVELOPMENTS IN MANAGEMENT AGENDA 2020



# PRELIMINARY RESULTS FOR 2017



# KEY FIGURES FOR 2017

Preliminary results

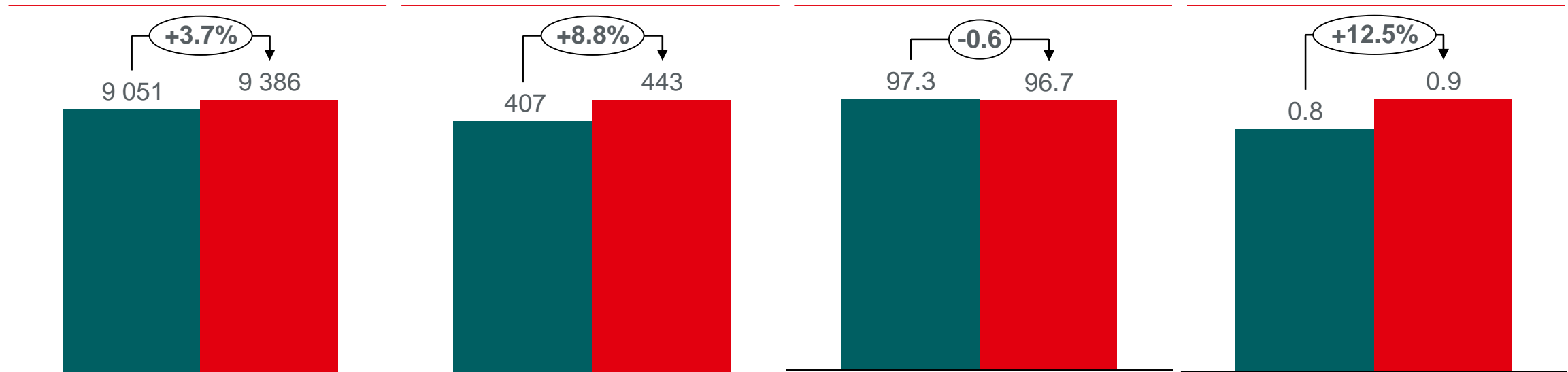
2016  
2017

Premium volume  
~EUR 9.4b

Profit before taxes  
~ EUR 443m

Combined ratio  
96.7%

Dividend  
EUR 0.90

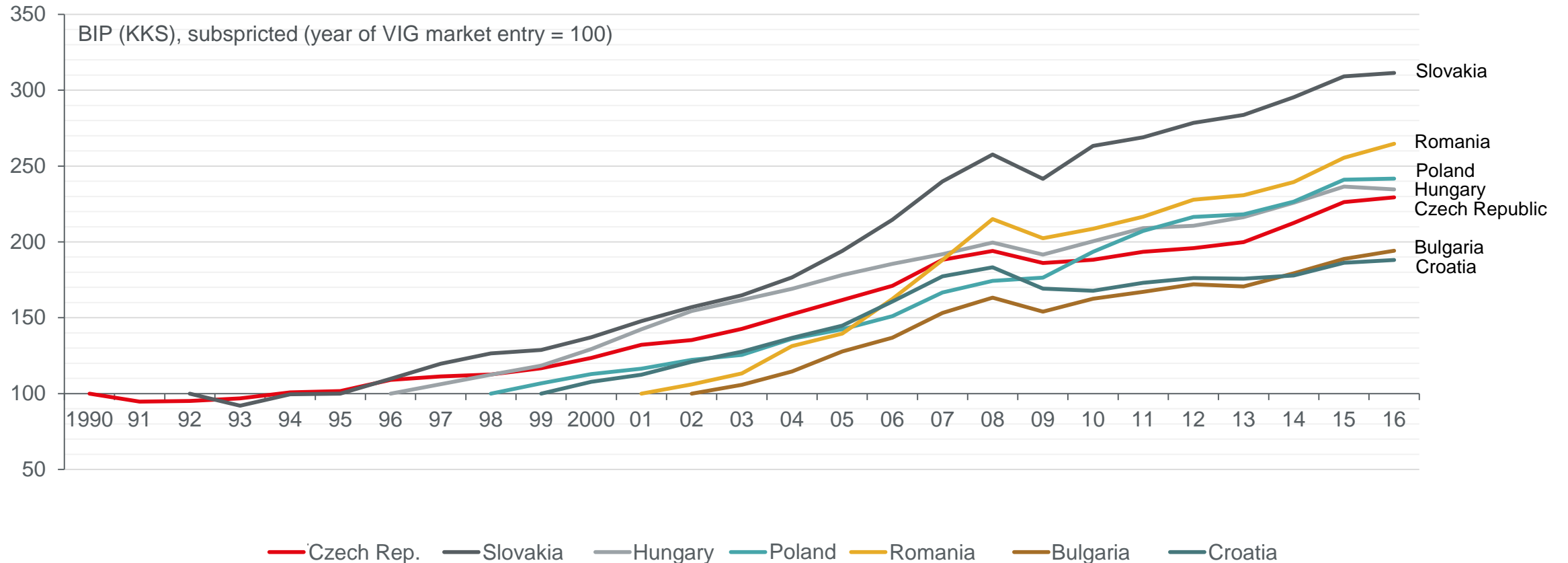




# LONG-TERM INVESTMENT IN DYNAMIC MARKETS

Take advantage of the positive effects of a long-term business strategy

## Growth in economic output since VIG market entry



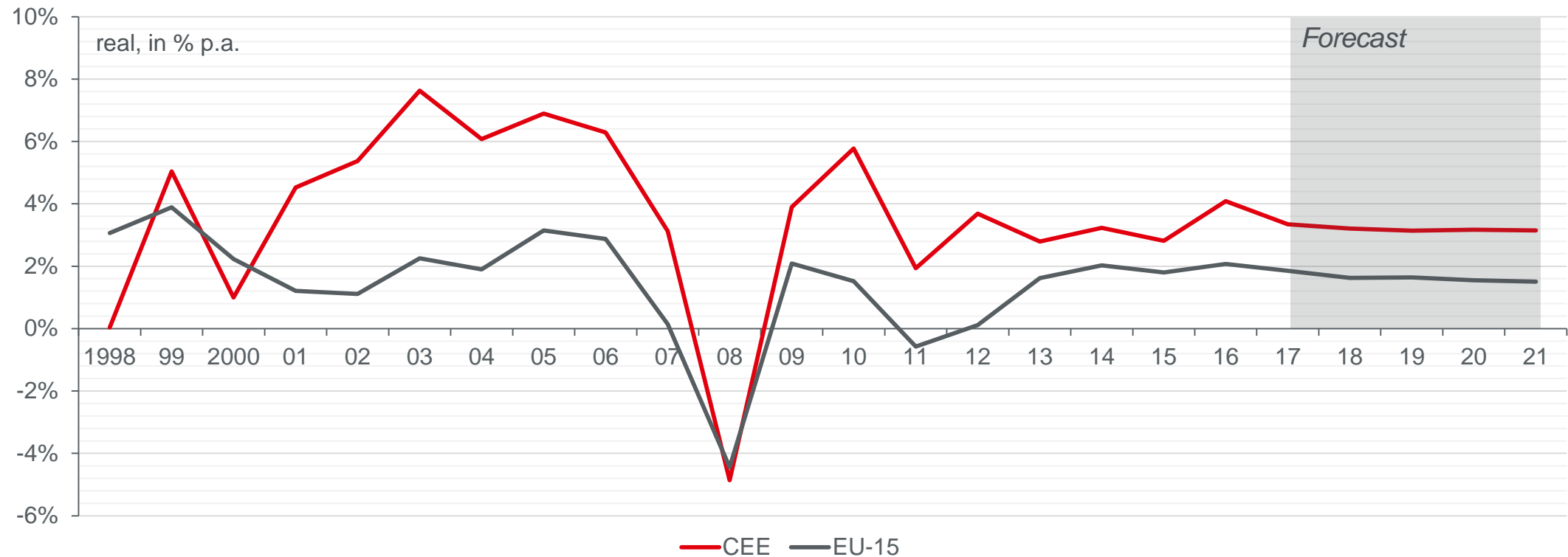
Source: EU Commission (Eurostat/Ameco), March 2018



# LONG-TERM TREND: FASTER GROWTH IN THE CEE REGION

Economic growth in the CEE region was, is and will remain higher than in the EU-15.

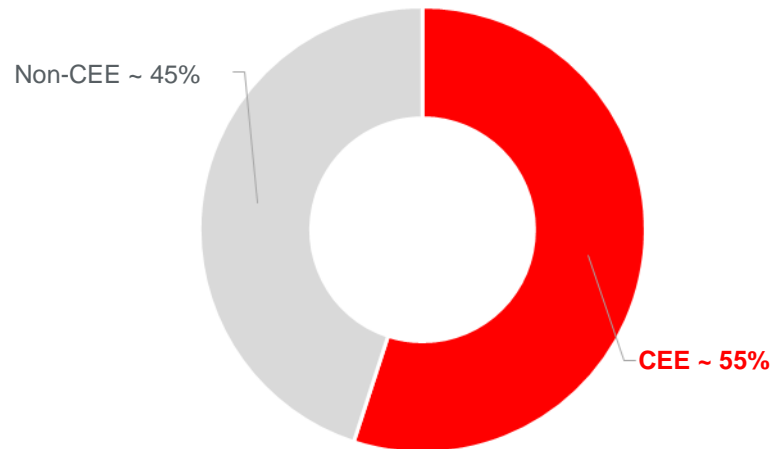
## Annual economic growth in the CEE region and EU-15



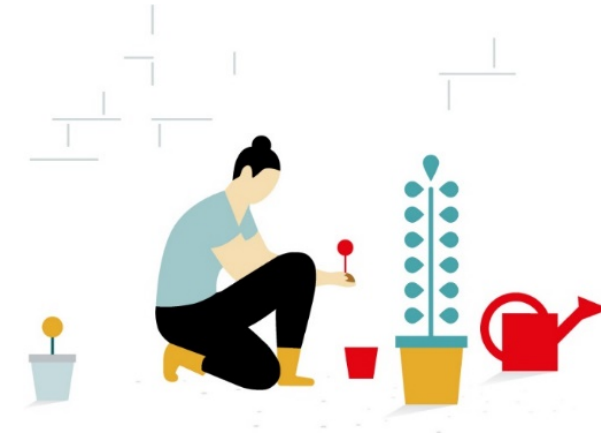
Source: IMF World Economic Outlook database, October 2017

# PREMIUMS AND PROFIT SHARE

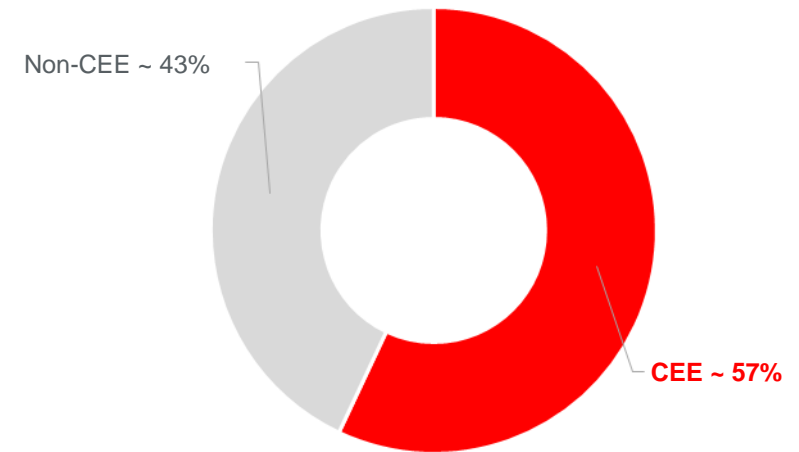
Around 55% of VIG's premiums are generated in Central and Eastern Europe



Non-CEE: Austria, Germany, Liechtenstein



Around 57% of VIG's profits are generated in Central and Eastern Europe



# VIG VALUES

## Diversity



## Customer proximity



## Responsibility





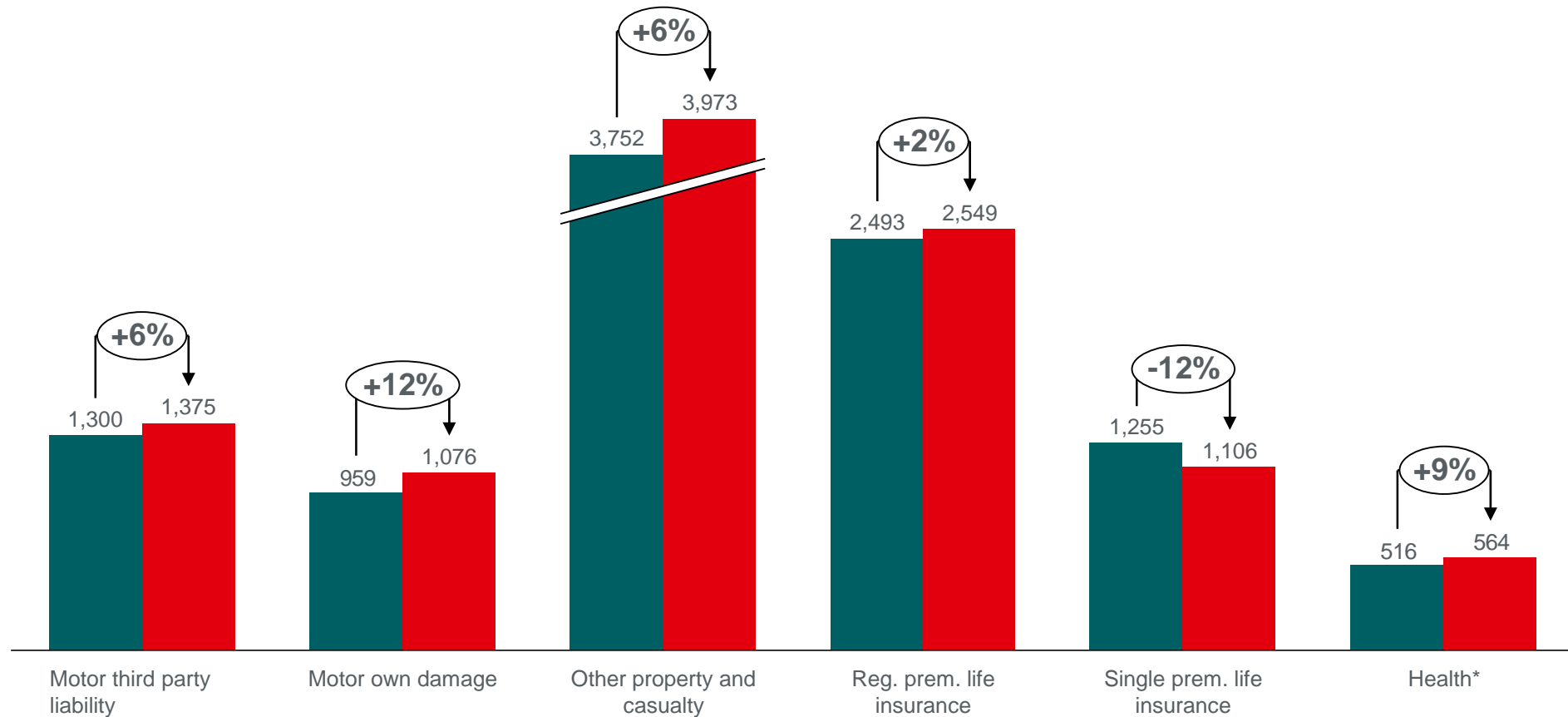


# PREMIUMS

Premiums written by line of business, IFRS, in EUR millions

Significant increase in premiums in all lines of business, except the single-premium business

2016  
2017

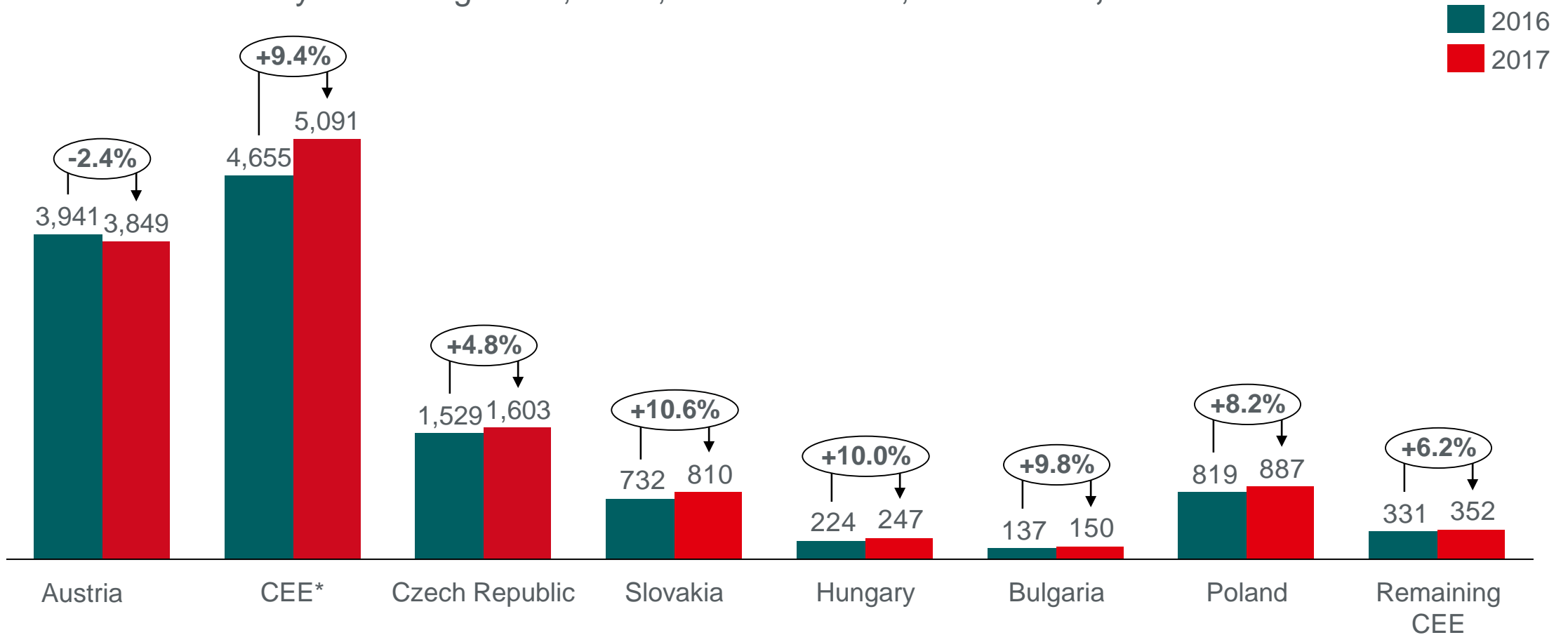


\* not including health insurance similar to life insurance



# PREMIUMS

Premiums written by line of segments, IFRS, in EUR millions, **total VIG: 9,386.06**

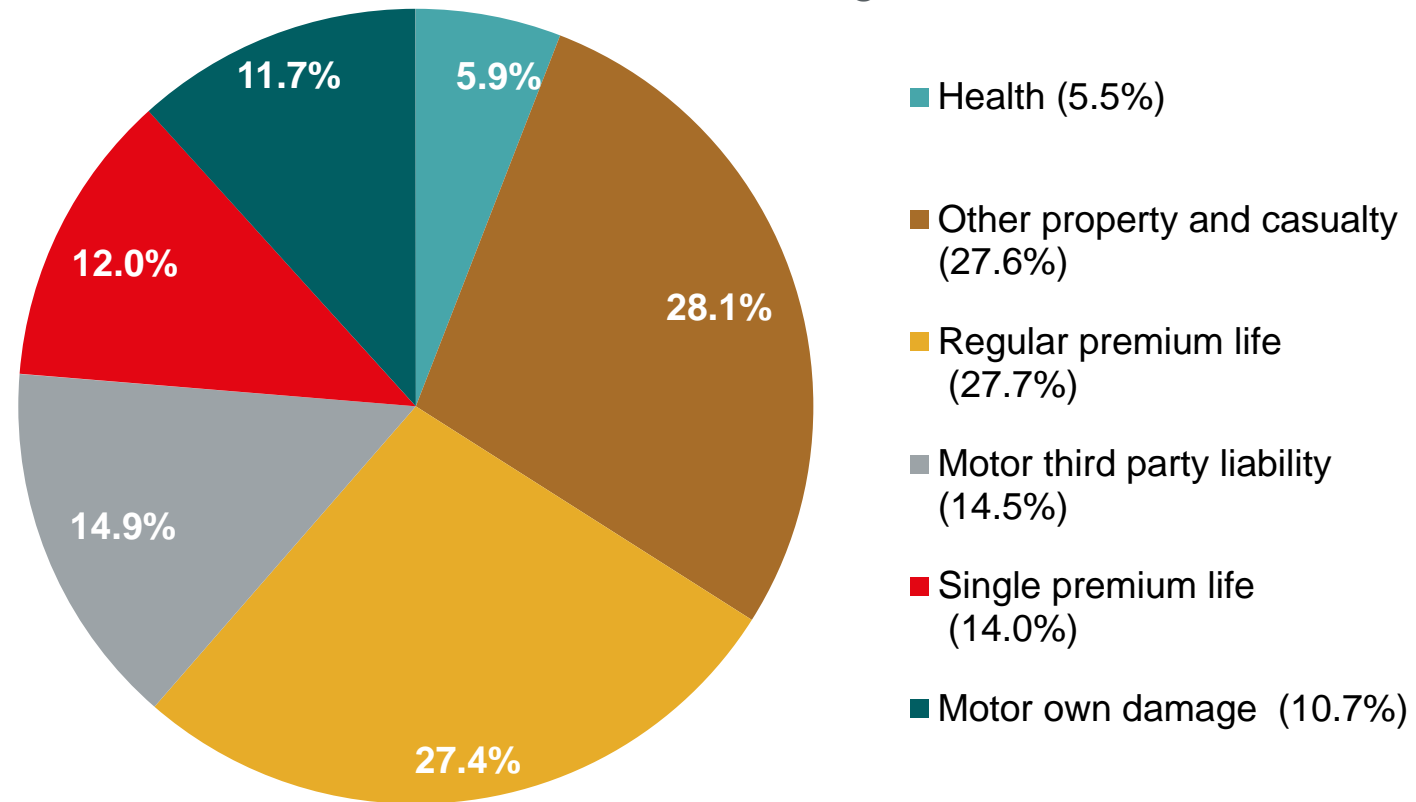


\* CEE: excluding Austria, Germany, Liechtenstein



# PREMIUM SHARE BY LINE OF BUSINESS IN 2017

Figures for 2016 in brackets

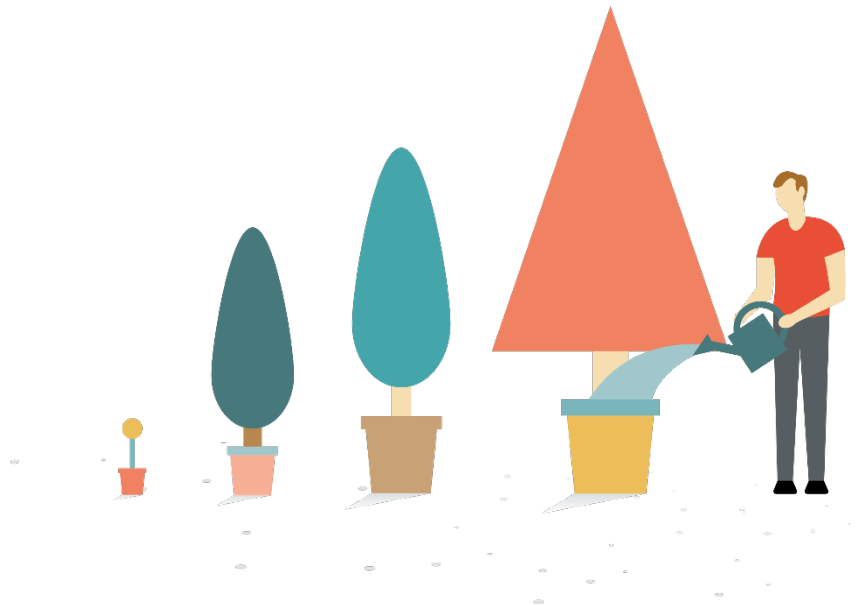


Excl. Central Functions

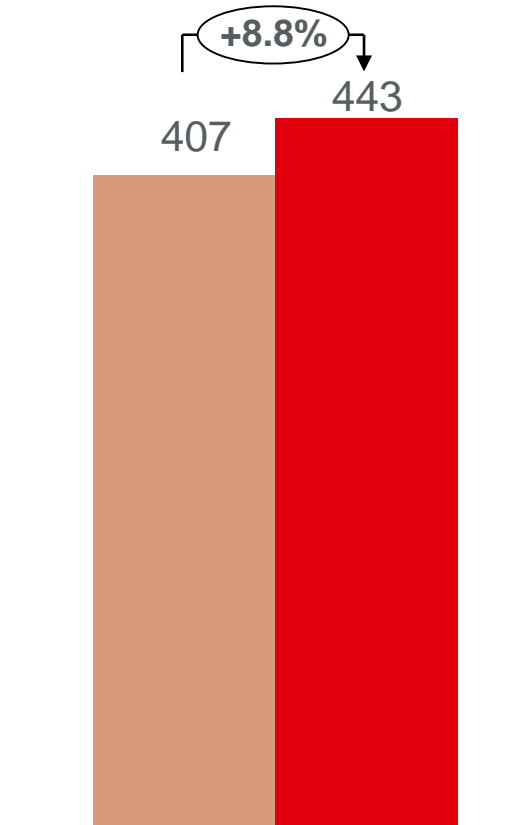
# PROFIT BEFORE TAXES IN 2017

in EUR millions

## Increase of ~EUR 36 million

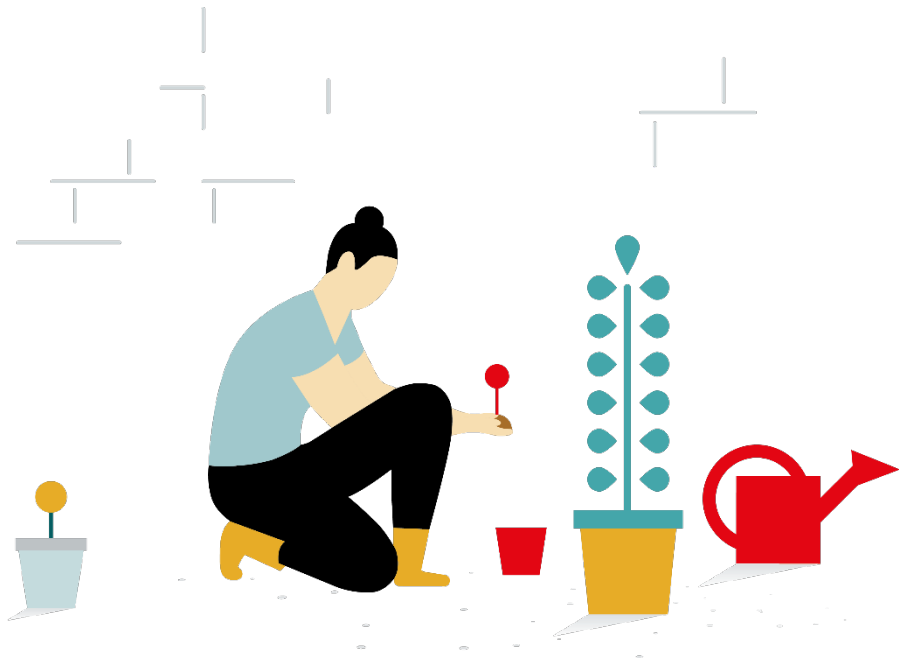


2016  
2017



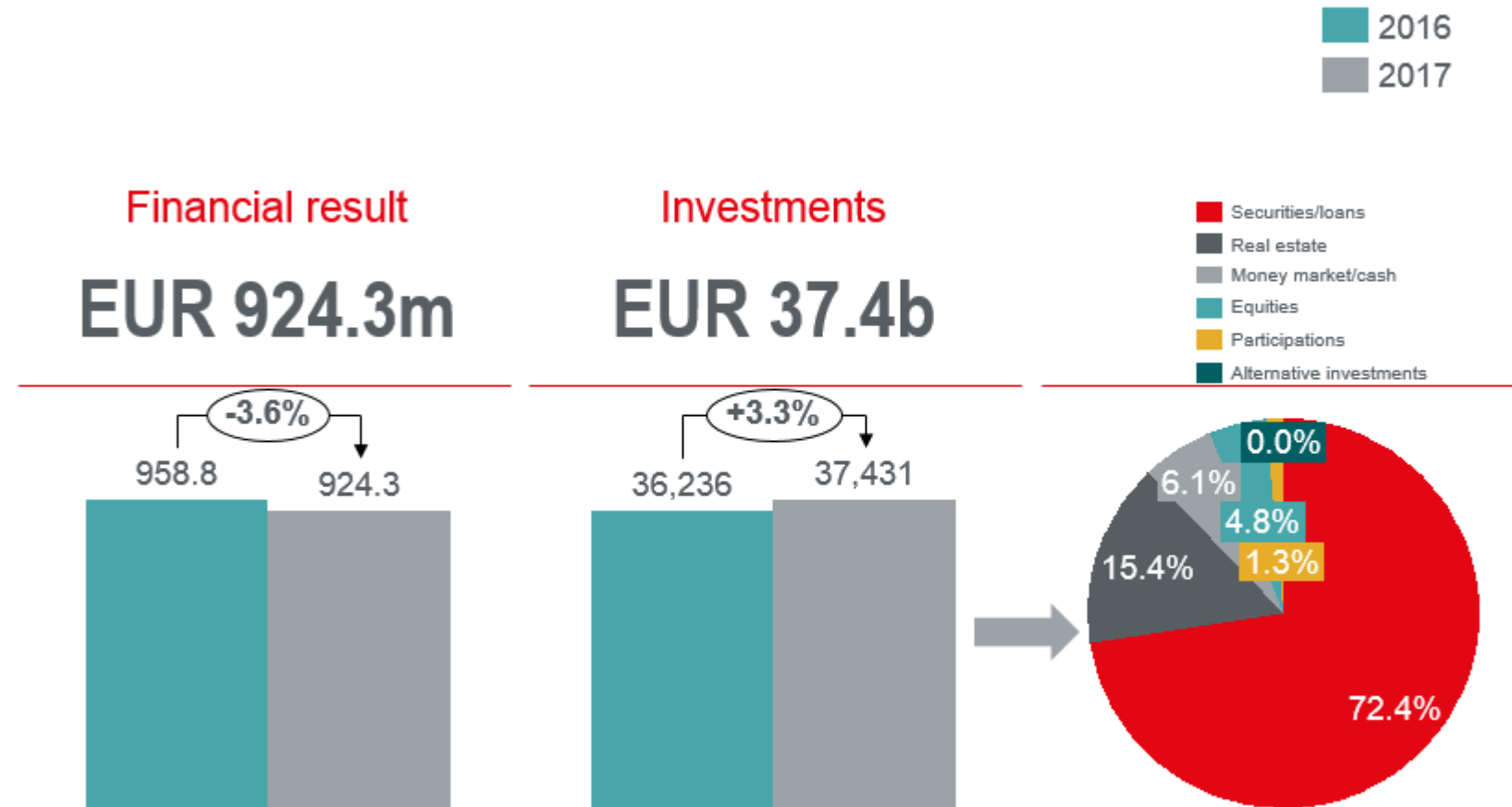
# COMBINED RATIO

Property and casualty, IFRS, net in %





# KEY FIGURES FOR 2017

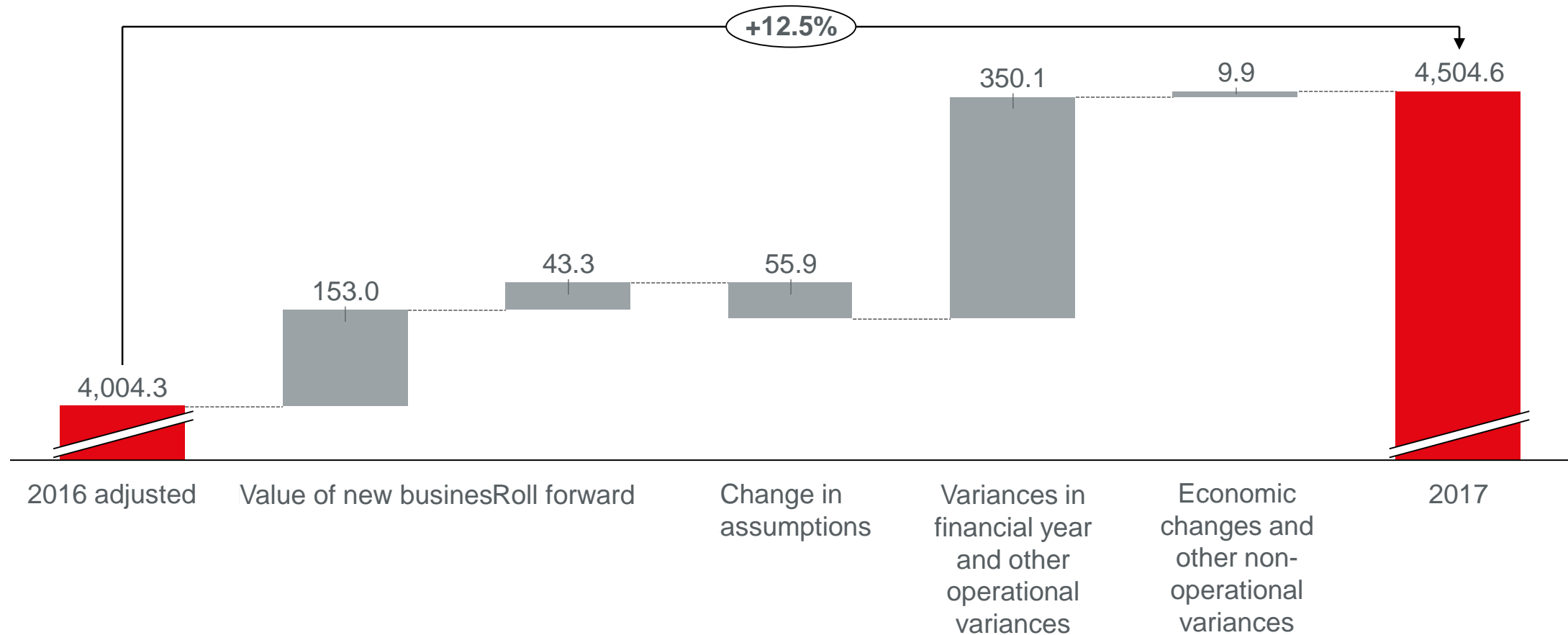




# EMBEDDED VALUE FOR 2017

Analysis of changes

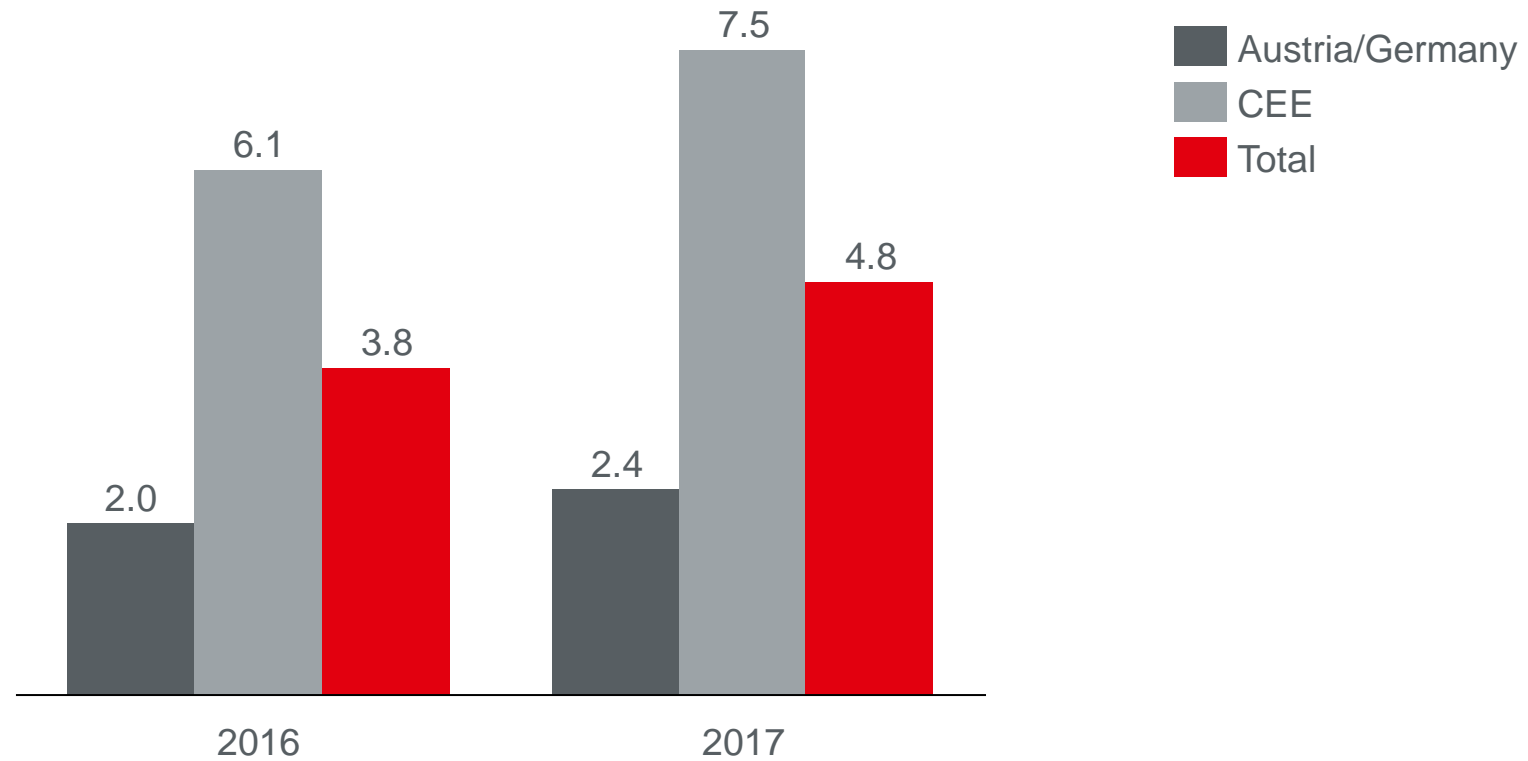
Embedded value for life insurance and health insurance business in EUR millions





# EMBEDDED VALUE FOR 2017

New business margin in %





# PROPOSED DIVIDEND FOR 2017

**Dividend increase  
to EUR 0.90 (+12.5%)**

**Dividend payout ratio 38.7%**

**Dividend yield 3.49%**

Dividend policy:  
Minimum distribution of 30% of net Group profit after  
minority interests remains unchanged since 2005



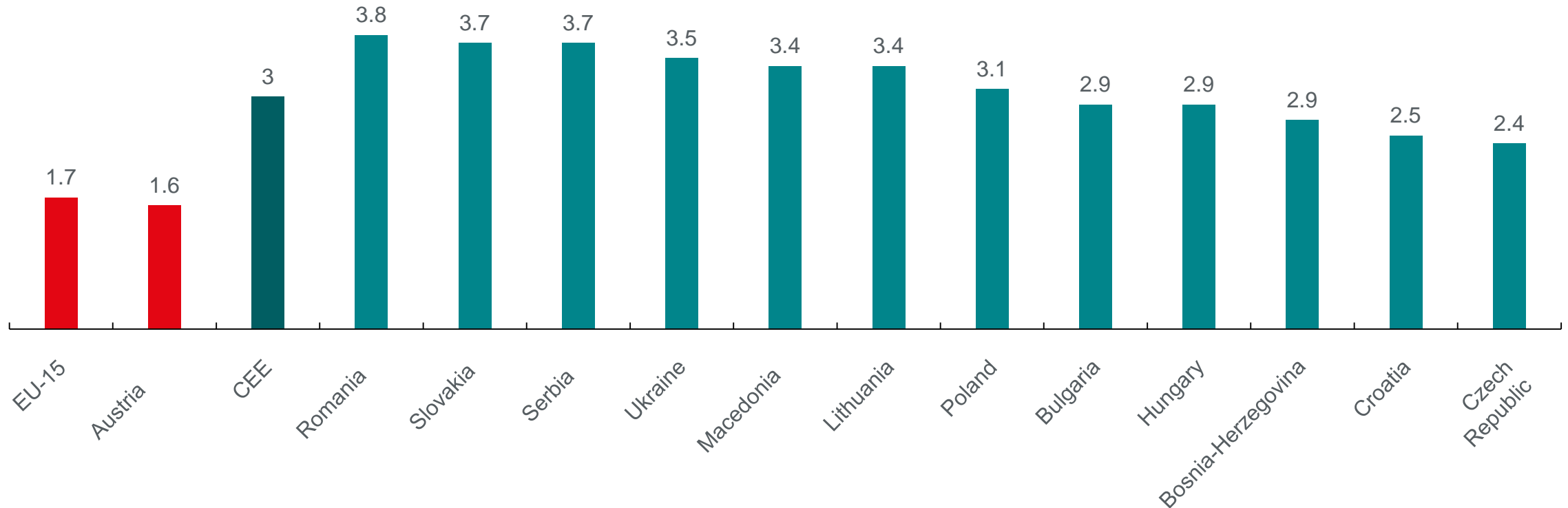
# TARGETS FOR 2018 AND OUTLOOK FOR 2020



# CEE ECONOMY REMAINS DYNAMIC

Average economic growth rate is significantly higher in the CEE region than Austria and the EU-15.

Real GDP growth 2017-2020 in % p.a.

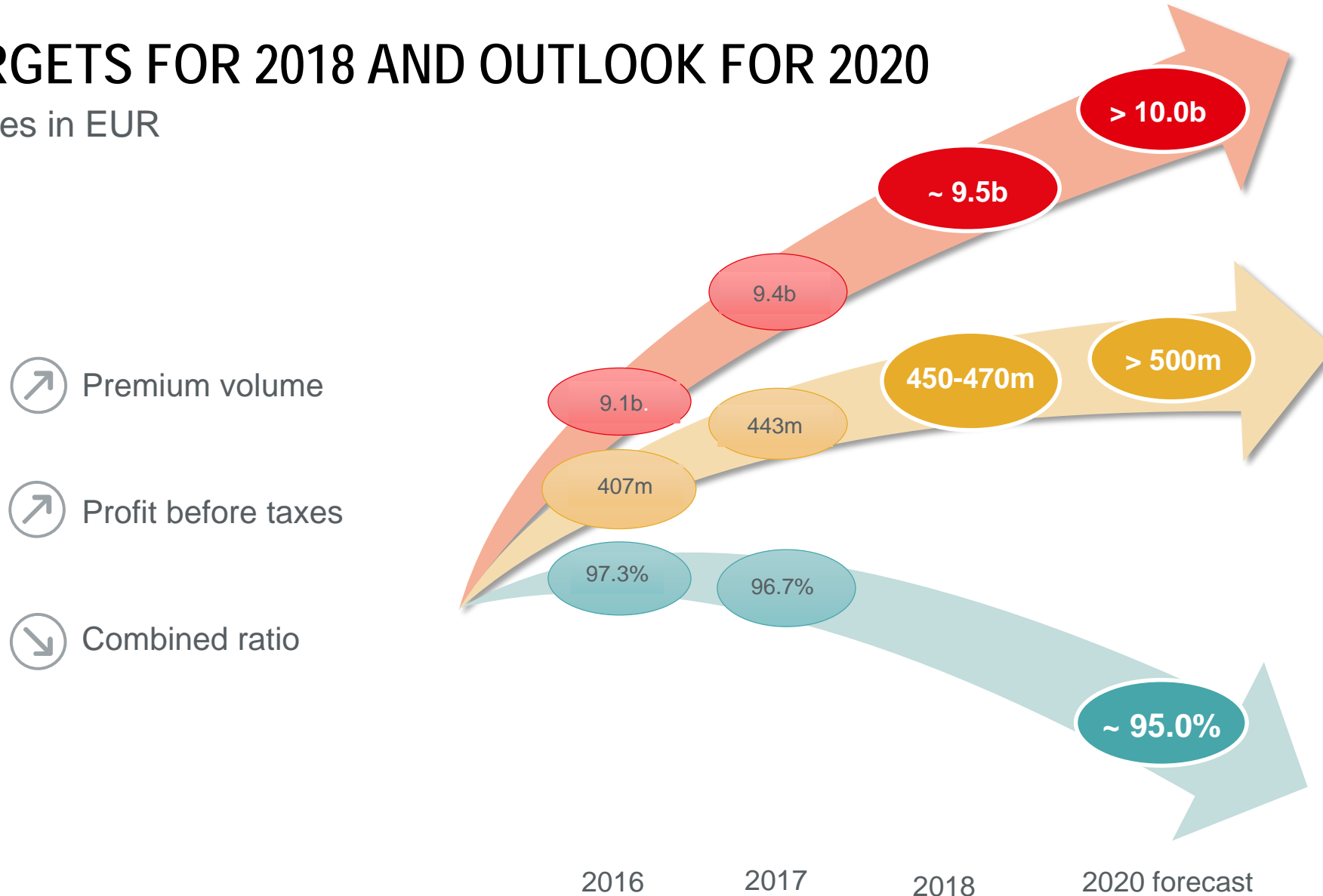


Source: IMF World Economic Outlook database, October 2017; Note: Individual countries based on national currencies; CEE region and EU-15 based on IMF exchange rate nom. GDP/nom. GDP USD



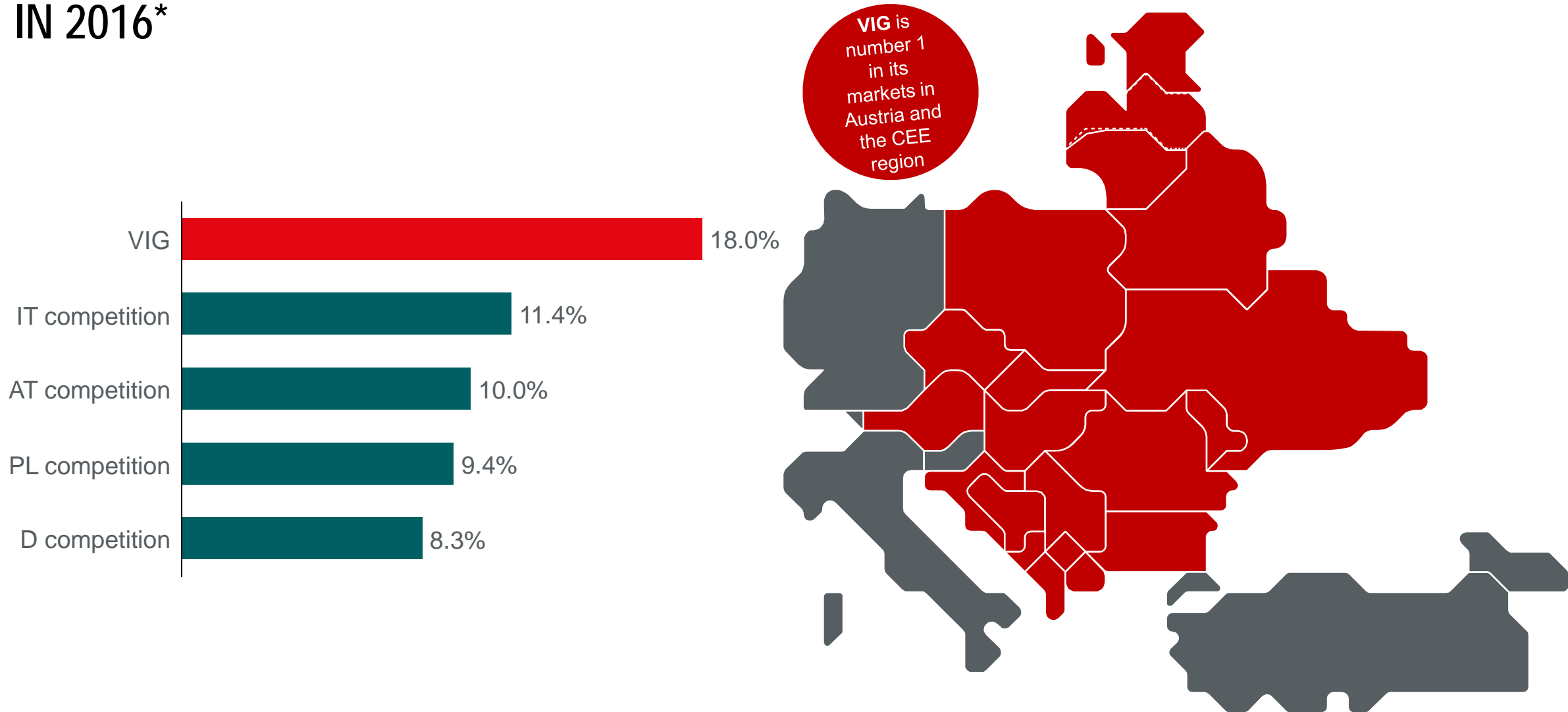
# TARGETS FOR 2018 AND OUTLOOK FOR 2020

Figures in EUR





# VIG MARKET SHARE IN THE CEE REGION IN 2016\*

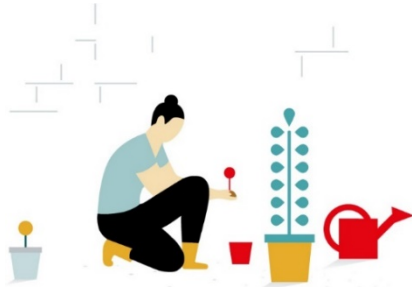


\* CEE market share calculations for VIG and competitors: CEE includes all VIG markets except Germany/Liechtenstein/Italy/Slovenia/Turkey and Georgia, data from local insurance supervisory authorities

# CURRENT DEVELOPMENTS IN MANAGEMENT AGENDA 2020

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# CURRENT DEVELOPMENTS IN MANAGEMENT AGENDA 2020



Business model  
optimisation



Ensuring future  
viability



Organisation and  
cooperation



# BUSINESS MODEL OPTIMISATION

- Motor insurance profit optimisation
- Anti-fraud
- Claims management optimisation
- Shared services & mergers

Around EUR  
**10m**  
per year in potential savings for  
foreign motor insurance claims

A closed file review was  
already performed in  
**4 companies**  
in Poland and Lithuania in  
2017

**M&A highlights**  
45 M&A projects  
implemented  
10 acquisitions in  
the last 3 years





# ENSURING FUTURE VIABILITY

- Assistance
- Insurance of the future
- Digitisation
- Expanding lines of business

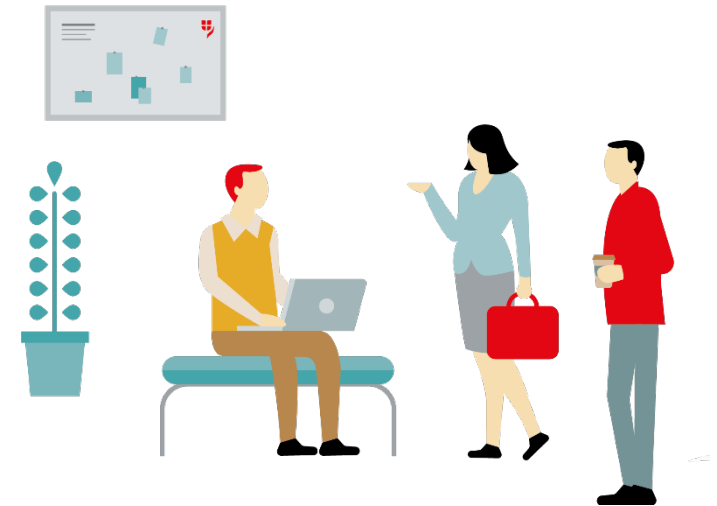
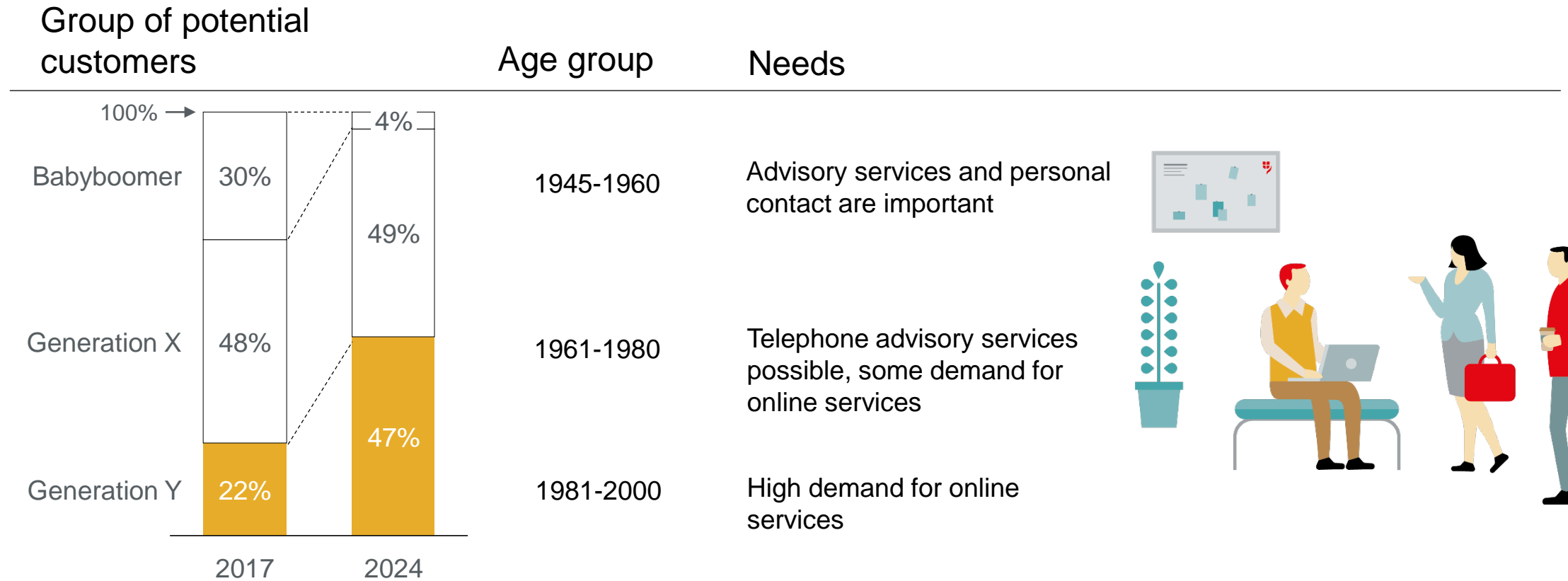
VIG handled more than  
**200.000**  
**assistance cases**  
for its customers in 2017

**Promoting bank  
distribution with  
Erste Group**

**+ 32%**  
premium growth in health  
insurance in 5 key countries

# INSURANCE OF THE FUTURE / DIGITISATION

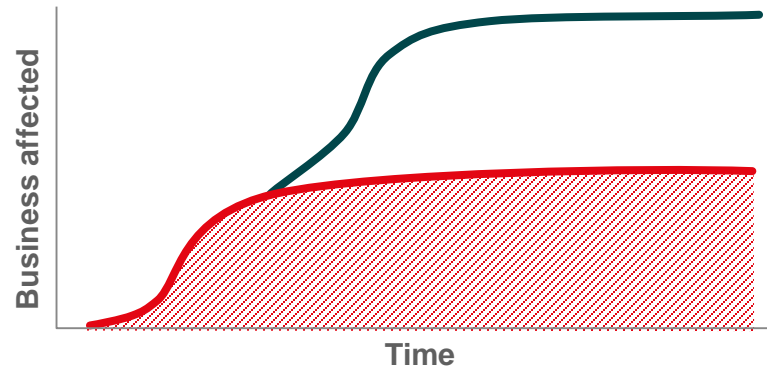
Around 50% of our customers will be from Generation Y in 2024



# INSURANCE DIGITISATION WILL TAKE PLACE IN 2 WAVES

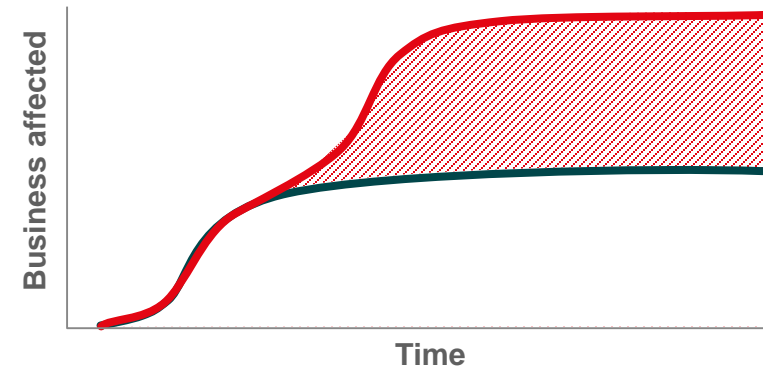
The first wave has already arrived

## Wave 1 Digitalisation of current operating model



- “Digital to Consumer” – mobile and digital interfaces with customers
- Process and workflow automation, especially routine cases
- Creation of additional services that are scalable because they are automated

## Wave 2 Creation of new business models



- New services offered by insurance companies based on new business model
- New forms of interaction created along the “customer journey”
- Requires digitisation of current operating model



# VIG DIGITAL VISION





# EXAMPLES OF DIGITAL SALES PROMOTION

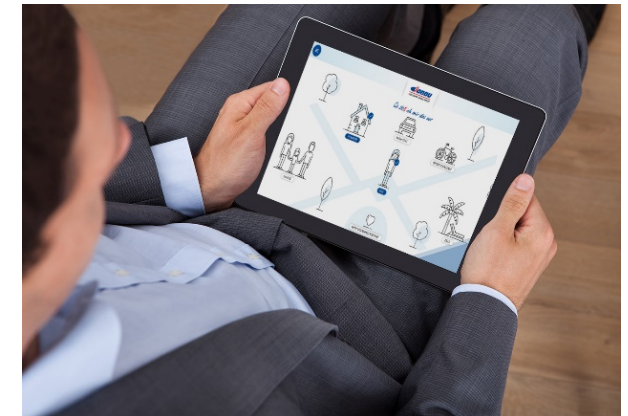
Mobile customer advisory services based on current life situation



## Smart & Easy



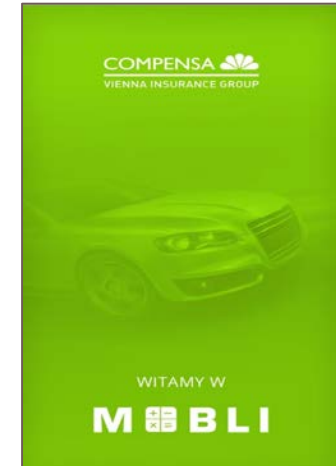
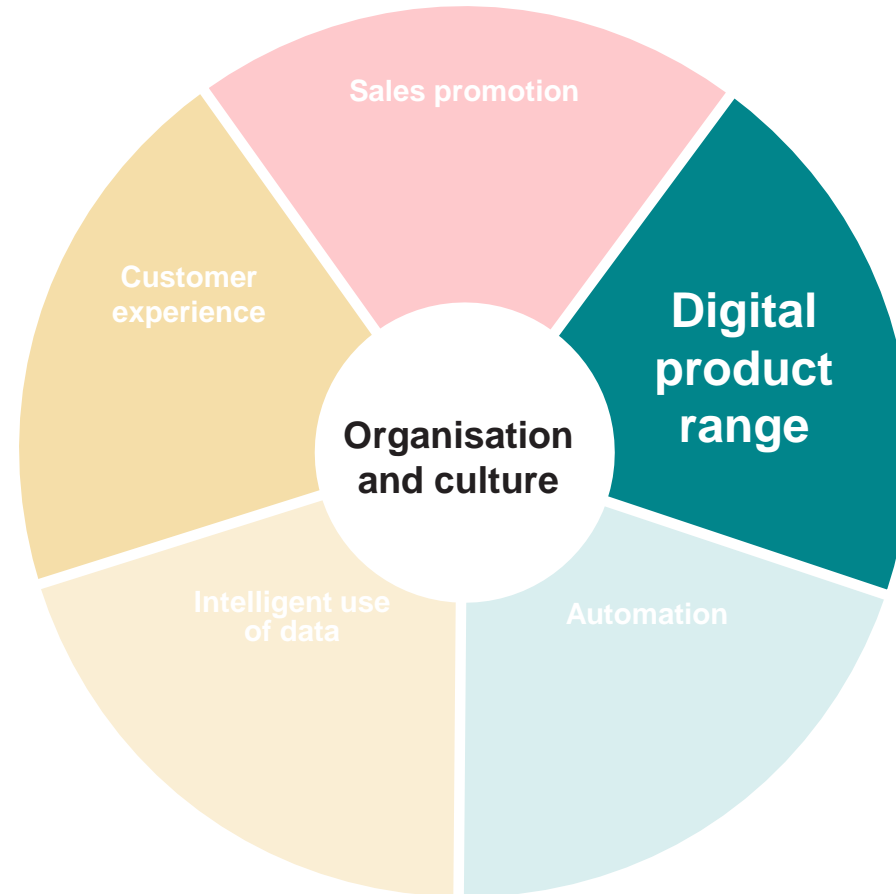
## Klara





# EXAMPLES OF DIGITAL PRODUCTS

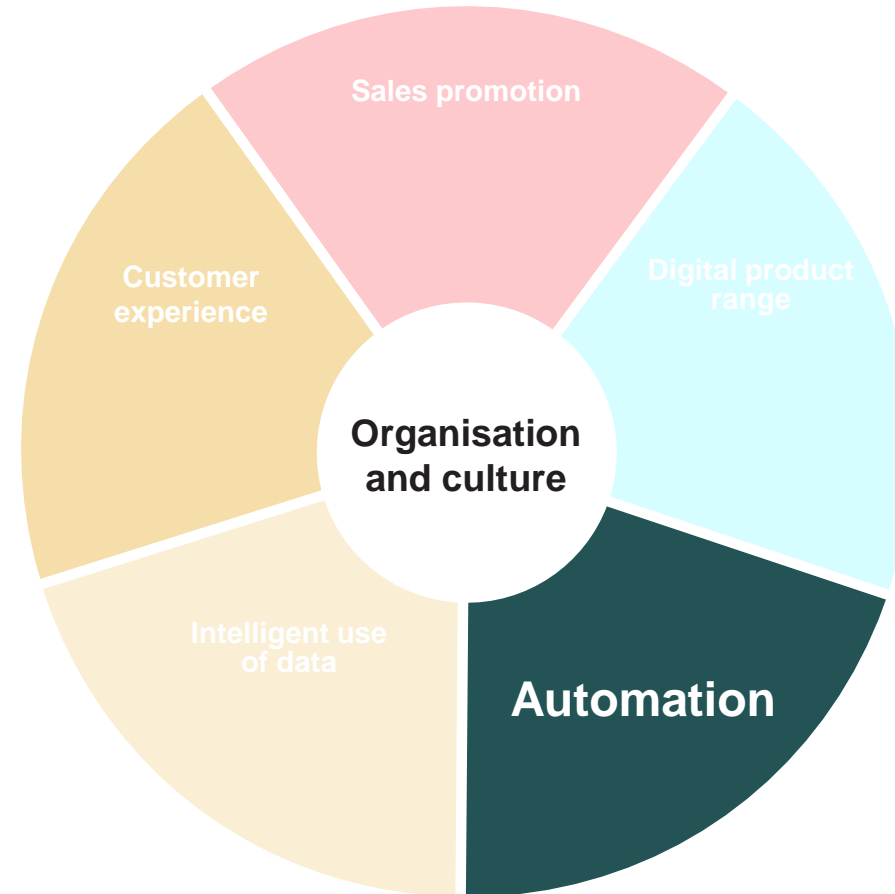
Apps for mobile sales of motor insurance



# EXAMPLES OF AUTOMATION

Genesis digitisation project

- Use of robot technology and artificial intelligence to automate workflows
- Testing and use of telematics
- Bot testing

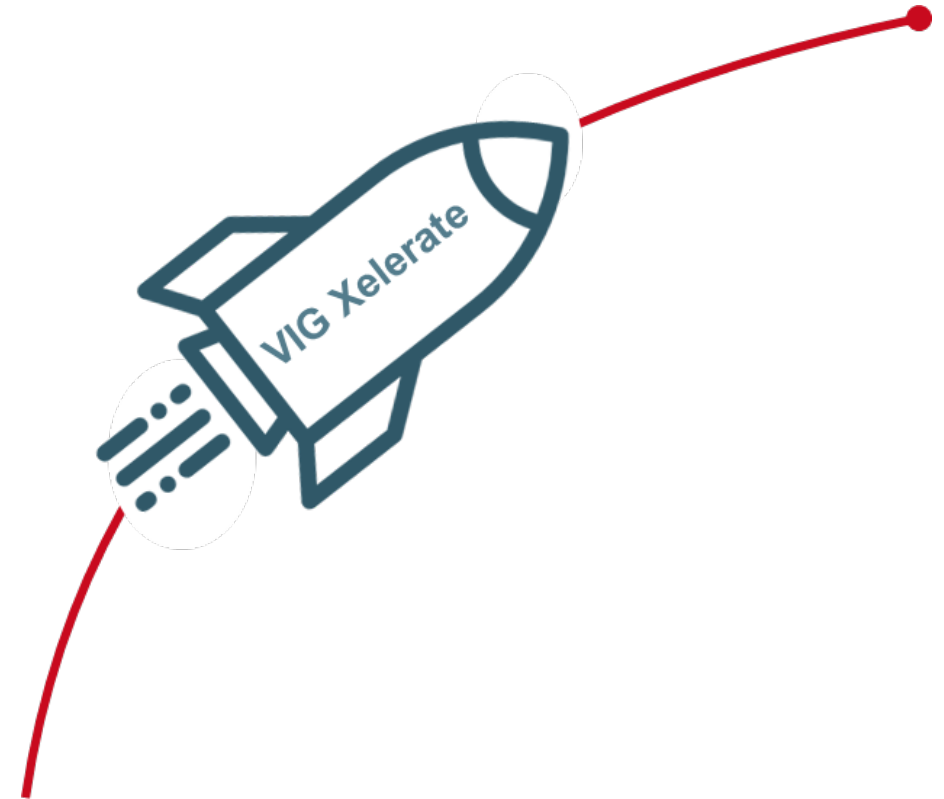


# GENESIS



# VIG DIGITISATION INITIATIVES

- **VIG Xelerate**
  - An initiative that supports projects aimed at the digital transformation of VIG
  - Group companies submit digitisation projects
  - Project checked for relevance to the company and Group
  - Project receives financial support from VIG





VIG 

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VIENNA INSURANCE GROUP

Protecting what matters.