

22 May 2019

Vienna Insurance Group increases premiums and profits in the 1st quarter of 2019

Double-digit growth rate in health insurance

- **Premiums rise to EUR 2.9 billion (+3%)**
- **Profit (before taxes) increases to EUR 127.5 million (+9%)**
- **Combined ratio of 96.8% (+0.6 percentage points)**

Vienna Insurance Group continued to grow in the first quarter of 2019. A solid increase in premiums and profit (before taxes) shows that performance is on schedule to meet the goals set for 2019. The combined ratio recorded a small weather-related increase. *“We can look back on a successful first quarter of 2019, with results that are clearly in line with our expectations. Therefore, we maintain our targets to achieve a premium volume of EUR 9.9 billion and profit (before taxes) of EUR 500 to 520 million in 2019”*, explained Elisabeth Stadler, CEO of Vienna Insurance Group.

Double-digit premium growth in health insurance

Total premium volume has reached EUR 2.9 billion in the first three months of 2019. This implies a 2.9% year-on-year increase. Health insurance recorded the largest premium growth of around 10%. Single-premium life insurance, which only reported a small quarter-on-quarter decrease of around 2% in the first quarter, now shows the improvement that was expected after the large decreases that were intentionally recorded in the past. The markets in Bulgaria, the Baltic states, Hungary and Poland contributed exceptional premium increases in the 1st quarter of 2019.

Profit (before taxes) improved by 9%

Profit (before taxes) amounts to EUR 127.5 million. This implies an 8.7% year-on-year increase. The Austria, Slovakia and Poland segments made particularly large contributions to the increase in profit.

Profit (after taxes and non-controlling interests) rose by 10.5% to EUR 83.5 million.

Combined ratio records a small weather-related increase

As expected, the winter storms that occurred in Austria and the Czech Republic at the beginning of 2019 increased claims expenses compared to the previous year. The combined ratio rose marginally by 0.6 percentage points to 96.8%. The Slovakia (-4.0 percentage points) and Bulgaria (- 3.1 percentage points) segments achieved very positive developments in their respective combined ratios.

The financial result amounted to EUR 186.6 million in the first quarter of 2019. This implies a 21.7% year-on-year decrease that was due mainly to a reduction in profits on the disposal of investments.

Group investments including cash and cash equivalents amounted to EUR 38.7 billion (+2.8% compared to 31 December 2018) as of 31 March 2019.

Consolidated Income Statement (IFRS)

| (in EUR mn) | 3M 2019 | 3M 2018 | +/- % |
|---|----------------|----------------|--------------|
| Gross premiums written | 2,908.2 | 2,826.1 | 2.9 |
| Net earned premiums | 2,303.0 | 2,203.1 | 4.5 |
| Financial result incl. at equity consolidated companies | 186.6 | 238.4 | -21.7 |
| Other income | 65.1 | 33.2 | 96.4 |
| Expenses for claims and insurance benefits | -1,756.6 | -1,737.6 | 1.1 |
| Acquisition and administrative expenses | -575.5 | -567.8 | 1.4 |
| Other expenses | -95.2 | -51.8 | 83.6 |
| Result before taxes | 127.5 | 117.3 | 8.7 |
| Taxes | -26.2 | -26.3 | -0.5 |
| Result of the period | 101.3 | 91.0 | 11.3 |
| Non-controlling interests | -17.8 | -15.5 | 15.0 |
| Net result after non-controlling interests | 83.5 | 75.5 | 10.5 |
| Earnings per share in EUR (annualized) | 2.61 | 2.27 | 14.9 |
| Combined Ratio (net in %) | 96.8 | 96.2 | 0.6pp |

Consolidated Balance Sheet (IFRS)

| Assets (in EUR mn) | 31.03.2019 | 31.12.2018 | +/- % |
|---|-------------------|-------------------|-------------|
| A. Intangible assets | 2,159 | 1,961 | 10.1 |
| B. Investments | 37,389 | 36,288 | 3.0 |
| C. Investments of unit- and index-linked life insurance | 8,434 | 8,049 | 4.8 |
| D. Reinsurers' share in underwriting provisions | 1,230 | 1,136 | 8.3 |
| E. Receivables | 1,782 | 1,563 | 14.1 |
| F. Tax receivables and advance payments out of income tax | 291 | 298 | -2.2 |
| G. Deferred tax assets | 102 | 95 | 6.7 |
| H. Other assets | 472 | 427 | 10.4 |
| I. Cash and cash equivalents | 1,297 | 1,347 | -3.7 |
| Total Assets | 53,155 | 51,163 | 3.9 |
| Liabilities and Shareholders' Equity (in EUR mn) | 31.03.2019 | 31.12.2018 | +/-% |
| A. Shareholders' equity | 6,126 | 5,836 | 5.0 |
| B. Subordinated liabilities | 1,459 | 1,459 | 0.0 |
| C. Underwriting provisions | 31,427 | 30,506 | 3.0 |
| D. Unit- and index-linked underwriting provisions | 7,928 | 7,609 | 4.2 |
| E. Non-underwriting provisions | 862 | 867 | -0.6 |
| F. Liabilities | 4,698 | 4,277 | 9.8 |
| G. Tax liabilities out of income tax | 285 | 269 | 6.1 |
| H. Deferred tax liabilities | 248 | 204 | 21.5 |
| I. Other liabilities | 122 | 137 | -10.7 |
| Total Liabilities and Shareholders' Equity | 53,155 | 51,163 | 3.9 |

Segment Reporting (IFRS)

| in EUR mn | Austria | | | Czech Republic | | | Slovakia | | |
|------------------------------|---------|---------|-------|----------------|---------|-------|----------|---------|-------|
| | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % |
| Gross premiums written Total | 1,278.8 | 1,272.9 | 0.5 | 454.9 | 465.3 | -2.2 | 209.6 | 216.2 | -3.1 |
| Result before taxes | 45.4 | 37.5 | 21.2 | 41.5 | 45.7 | -9.2 | 10.6 | 6.7 | 57.5 |
| Combined Ratio (net in %) | 96.6 | 95.6 | 1pp | 95.6 | 93.9 | 1.7pp | 96.4 | 100.4 | -4pp |

| in EUR mn | Poland | | | Romania | | | The Baltic | | |
|------------------------------|---------|---------|-------|---------|---------|-------|------------|---------|--------|
| | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % |
| Gross premiums written Total | 250.4 | 232.8 | 7.6 | 115.9 | 146.6 | -20.9 | 133.3 | 97.2 | 37.2 |
| Result before taxes | 12.3 | 10.2 | 20.2 | 2.0 | 4.1 | -51.1 | 0.1 | -0.6 | n.a. |
| Combined Ratio (net in %) | 95.1 | 94.6 | 0.5pp | 101.6 | 97.7 | 3.9pp | 99.9 | 100.8 | -0.9pp |

| in EUR mn | Hungary | | | Bulgaria | | | Turkey/Georgia | | |
|------------------------------|---------|---------|--------|----------|---------|--------|----------------|---------|--------|
| | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % |
| Gross premiums written Total | 81.2 | 72.2 | 12.4 | 66.5 | 45.1 | 47.6 | 56.8 | 65.7 | -13.5 |
| Result before taxes | 2.2 | 1.6 | 32.8 | 4.3 | 3.1 | 37.9 | 2.3 | 1.8 | 25.4 |
| Combined Ratio (net in %) | 98.0 | 98.1 | -0.1pp | 95.1 | 98.2 | -3.1pp | 101.1 | 102.8 | -1.7pp |

| in EUR mn | Remaining CEE | | | Other Markets | | | Central Functions | | |
|------------------------------|---------------|---------|--------|---------------|---------|---------|-------------------|---------|-------|
| | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % |
| Gross premiums written Total | 107.6 | 92.5 | 16.3 | 79.1 | 77.3 | 2.3 | 453.1 | 431.6 | 5.0 |
| Result before taxes | 7.2 | 6.2 | 16.0 | 7.5 | 5.0 | 49.0 | -8.8 | -4.0 | >100 |
| Combined Ratio (net in %) | 94.1 | 95.5 | -1.4pp | 78.9 | 89.3 | -10.4pp | - | - | - |

| in EUR mn | Consolidation | | | Total | | |
|--|---------------|---------|-------|---------|---------|-------|
| | 3M 2019 | 3M 2018 | +/- % | 3M 2019 | 3M 2018 | +/- % |
| Gross premiums written Total | -379.1 | -389.2 | -2.6 | 2,908.2 | 2,826.1 | 2.9 |
| Result before taxes | 1.2 | 0.0 | n.a. | 127.5 | 117.3 | 8.7 |
| Combined Ratio (net in %) | - | - | - | 96.8 | 96.2 | 0.6pp |
| Net result after non-controlling interests | - | - | - | 83.5 | 75.5 | 10.5 |

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

Other

VIG has adjusted its reporting in line with a change in the rules for the prime market segment of the Vienna Stock Exchange. In this respect, no changes apply to the annual and half-year financial reports. However, starting in 2019, interim reports in accordance with IAS 34 will no longer be prepared for the 1st and 3rd quarters.

The quarterly figures for net assets, financial position and results of operations for the 1st and 3rd quarters are prepared in accordance with the International Financial Reporting Standards (IFRS).

IR news and a results presentation are available at www.vig.com/events

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.

Vienna Insurance Group (VIG) is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 25 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG has 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. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

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