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Vienna Insurance Group posts strong growth in the first half of 2019 Group well on course to reach targets

- **Premium volume increased by about 6% to EUR 5.4 billion**
- **10.5% rise in pre-tax profits to EUR 257 million**
- **Combined ratio at 96.4% close to last year's level**

Vienna Insurance Group (VIG) continues to be in growth mode. *“With significant gains in two key indicators, premium growth as well as profit, both before and after taxes, we can report very positive half year results. In spite of higher claims payments due to weather conditions, the combined ratio remained stable year-on-year. We will maintain our focus on optimising the business model in terms of claims and costs so that we remain on track to reach our target ratio of 95% in 2020. We are very confident that we will achieve our targets for 2019. The Group is aiming for a premium volume of EUR 9.9 billion and a pre-tax profit of between EUR 500 and EUR 520 million. The favourable economic environment in the CEE region complements our optimism. In July 2019, the Vienna Institute for International Economic Studies reported that slowdown in growth has been far less than expected in Central, Eastern and Southeastern Europe. Forecasts for the majority of countries have been revised upwards,”* commented Elisabeth Stadler, CEO of the Vienna Insurance Group, on the highly satisfying results for the first half of 2019.

Significant increase in premiums

VIG reported a significant year-on-year increase in premium income of about EUR 300 million or 5.8%, to EUR 5,447 million. All segments produced gains, including the single-premium life insurance business, where premiums have been falling for years. The growth drivers were the non-life segment, comprehensive motor insurance and health coverage. Bulgaria, Poland and the Baltic states recorded particularly encouraging improvements in premium growth. Premium volume at the CEE Group companies, adjusted for the first-time consolidation of companies in Poland, the Baltics and Bosnia and Herzegovina, grew organically by a robust 4.1%.

10.5% jump in pre-tax profits

The financial result (including the result from at equity consolidated companies) for the first half of 2019 was EUR 423.2 million, down by 17% year-on-year, which was mainly due to non-recurring effects in H1 2018 resulting from higher realised gains. Consolidated pre-tax profit reached EUR 257.1 million – a substantial year-on-year increase of 10.5%. Result before taxes in the first half of 2018 was affected by the goodwill impairment in the Romanian market. The Austrian, Bulgarian, Baltic States and Remaining CEE segments posted particularly strong gains. VIG's strategy of achieving profitable growth is also reflected in result after taxes and non-controlling interests, which has improved by 10.5% to EUR 151 million in the first half of 2019.

Combined ratio

The Group's combined ratio was at 96.4% close to last year's figure of 96.3%, despite the negative impact of higher claims expenses due to the damage from heavy snow and Storm Eberhard. A very positive combined ratio development was achieved in the Baltic states (down by 3.8 percentage points), Bulgaria (down by 3.5 percentage points) and Other Markets, including Germany (down by 6.8 percentage points).

Solid capitalisation also confirmed by Standard & Poor's

As of 30 June 2019, VIG Group continues to report an outstanding solvency ratio of 238% (year-end 2018: 239%). The rating agency Standard & Poor's (S&P) has also acknowledged VIG's very strong capital position at AAA-level requirements, which is partly attributable to the Group's very solid solvency ratio. At the end of July 2019, S&P has once again confirmed the Vienna Insurance Group's A+ rating with stable outlook. In its report, the agency has particularly highlighted VIG's consistently strong operating performance as compared to the rest of the market.

Successful expansion of the bancassurance business

Strengthening bank distribution is one of the objectives of VIG's strategic work programme "Agenda 2020". The focus here is on growing the non-life business through collaboration with Erste Group. A prerequisite for this was the merger of local composite insurers with the Group's life insurance companies specialising in bancassurance, a process that has begun last year. The last of these mergers was completed on schedule in the Czech Republic in early January 2019. The integration process progresses well in all countries, as reflected in the performance during the first six months of 2019. Premium volume generated by bancassurance went up by 8% to EUR 675 million (life insurance: growth of approx. 7%; non-life insurance: growth of approx. 12%). New business grew by an impressive 13% year-on-year in the first half. VIG's Group companies currently cooperate with Erste Group und Sparkassen in 11 countries: Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, North Macedonia, Montenegro, Romania, Serbia, Slovakia and Slovenia.

Consolidated Income Statement (IFRS)

(in EUR mn)	6M 2019	6M 2018	+/- %
Gross premiums written	5,446.7	5,150.3	5.8
Net earned premiums	4,621.8	4,354.9	6.1
Financial result incl. at equity consolidated companies	423.2	511.3	-17.2
Other income	76.2	66.3	14.9
Expenses for claims and insurance benefits	-3,539.2	-3,457.7	2.4
Acquisition and administrative expenses	-1,132.5	-1,090.5	3.9
Other expenses	-192.4	-151.5	27.0
Result before taxes	257.1	232.7	10.5
Taxes	-69.1	-59.1	17.0
Result of the period	188.0	173.7	8.2
Non-controlling interests	-37.0	-37.1	-0.2
Net result after non-controlling interests	151.0	136.6	10.5
Earnings per share in EUR (annualized)	2.36	2.04	15.5
Combined Ratio (net in %)	96.4	96.3	0.1pp

Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2019	Q2 2018	+/- %
Gross premiums written	2,538.5	2,324.2	9.2
Net earned premiums	2,318.7	2,151.8	7.8
Financial result incl. at equity consolidated companies	236.6	272.9	-13.3
Other income	11.0	33.1	-66.7
Expenses for claims and insurance benefits	-1,782.6	-1,720.1	3.6
Acquisition and administrative expenses	-557.0	-522.7	6.6
Other expenses	-97.2	-99.7	-2.4
Result before taxes	129.6	115.4	12.3
Taxes	-42.9	-32.7	31.1
Result of the period	86.7	82.7	4.9
Non-controlling interests	-19.2	-21.6	-11.0
Net result after non-controlling interests	67.5	61.1	10.5
Combined Ratio (net in %)	96.0	96.4	-0.4pp

Consolidated Balance Sheet (IFRS)

Assets (in EUR mn)	30.06.2019	31.12.2018	+/- %
A. Intangible assets	2,200	1,961	12.2
B. Investments	37,852	36,288	4.3
C. Investments of unit- and index-linked life insurance	8,437	8,049	4.8
D. Reinsurers' share in underwriting provisions	1,329	1,136	17.0
E. Receivables	1,830	1,563	17.1
F. Tax receivables and advance payments out of income tax	296	298	-0.6
G. Deferred tax assets	94	95	-1.8
H. Other assets	456	427	6.6
I. Cash and cash equivalents	1,403	1,347	4.1
Total Assets	53,896	51,163	5.3

Liabilities and Shareholders' Equity (in EUR mn)	30.06.2019	31.12.2018	+/-%
A. Shareholders' equity	6,268	5,836	7.4
B. Subordinated liabilities	1,459	1,459	0.0
C. Underwriting provisions	31,984	30,506	4.8
D. Unit- and index-linked underwriting provisions	7,938	7,609	4.3
E. Non-underwriting provisions	842	867	-2.9
F. Liabilities	4,674	4,277	9.3
G. Tax liabilities out of income tax	309	269	15.0
H. Deferred tax liabilities	289	204	42.0
I. Other liabilities	133	137	-3.3
Total Liabilities and Shareholders' Equity	53,896	51,163	5.3

Segment Reporting (IFRS)

in EUR mn	Austria			Czech Republic			Slovakia		
	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %
Gross premiums written Total	2,216.2	2,170.0	2.1	893.1	881.7	1.3	407.3	401.8	1.4
Result before taxes	87.9	76.7	14.6	77.5	84.9	-8.8	21.2	20.1	5.4
Combined Ratio (net in %)	95.3	95.3	0pp	94.9	94.6	0.3pp	99.6	98.6	1pp

in EUR mn	Poland			Romania			The Baltic		
	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %
Gross premiums written Total	544.1	455.2	19.5	234.9	272.7	-13.9	257.1	193.2	33.0
Result before taxes	23.1	21.6	6.8	2.4	-43.1	n.a.	4.0	0.0	>100
Combined Ratio (net in %)	95.2	94.1	1.1pp	102.6	98.6	4pp	97.0	100.8	-3.8pp

in EUR mn	Hungary			Bulgaria			Turkey/Georgia		
	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %
Gross premiums written Total	143.2	125.6	14.0	124.8	87.3	42.9	111.5	116.5	-4.3
Result before taxes	4.4	3.1	41.9	9.3	4.1	>100	4.2	3.3	29.6
Combined Ratio (net in %)	98.2	99.7	-1.5pp	93.6	97.2	-3.5pp	100.6	102.8	-2.2pp

in EUR mn	Remaining CEE			Other Markets			Central Functions		
	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %
Gross premiums written Total	218.8	185.1	18.2	164.1	149.7	9.6	850.1	819.7	3.7
Result before taxes	13.9	11.6	19.9	13.7	10.3	32.4	-3.3	39.6	n.a.
Combined Ratio (net in %)	94.3	96.3	-2pp	80.4	87.2	-6.8pp			-

in EUR mn	Consolidation			Total		
	6M 2019	6M 2018	+/- %	6M 2019	6M 2018	+/- %
Gross premiums written Total	-718.5	-708.4	1.4	5,446.7	5,150.3	5.8
Result before taxes	-1.1	0.5	n.a.	257.1	232.7	10.5
Combined Ratio (net in %)			-	96.4	96.3	0.1pp
Net result after non-controlling interests			-	151.0	136.6	10.5

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

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.

Disclaimer

This results 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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