

Zurich, 25 November 2015

## Swiss Life sets new targets up to 2018

- **Swiss Life will reveal its goals for 2018 at today's Investors' Day. The company is focusing on four strategic thrusts: Quality of earnings and earnings growth; capital, cash and dividends; customer centricity and advice as well as operational efficiency.**
- **Quality of earnings and earnings growth: Swiss Life aims to increase its fee and commission income to CHF 400-450 million by 2018 and defend its risk result of between CHF 350 and 400 million; the Group expects the cumulative value of new business to exceed CHF 750 million over the next three years.**
- **Capital, cash and dividends: Swiss Life wants to strengthen its solvency further through efficient capital allocation: As of 1 January 2015, the SST ratio came to 140-160% based on the partially-approved internal model, the Solvency II ratio was over 200%. Swiss Life is targeting a dividend of 30 to 50% of net profit for its shareholders.**
- **Customer centricity and advice: Over the next three years, Swiss Life will increase its investment in quality of advice, digitalisation and organic growth initiatives by well over CHF 100 million.**
- **Operational efficiency: To free up resources for investment, Swiss Life will make additional cost savings of CHF 100 million by 2018. This will amount to cost savings for the Group in excess of CHF 600 million between 2008 and 2018.**
- **Overall, the Group is aiming for an adjusted return on equity of 8 to 10%.**
- **The Corporate Executive Board will propose a dividend of at least CHF 8 to the Board of Directors for the 2015 financial year.**

"Swiss Life has continued its strong performance over the past three years. We have exceeded our goals under the Group-wide programme "Swiss Life 2015"," says Patrick Frost, CEO of the Swiss Life Group. "That gives us an excellent basis to take our company to the next stage. We are going to keep doing what has worked for us so far, while at the same time increasing our focus on earnings quality. Going forward we are going to place more emphasis on being in a position to remit cash to Swiss Life Holding and on efficient capital management in everything we do. Over

the next three years we will increase our investment in digitalisation, advice and organic growth initiatives by well over CHF 100 million in total to further the development of our business model."

### **"Swiss Life 2018" – consistent development of the business model**

Swiss Life will present its goals for the next three years at its Investors' Day, which takes place today. Under its strategic programme "Swiss Life 2018" the company will focus on four strategic thrusts: Quality of earnings and earnings growth; consistent capital management to increase the capital buffer, remittance of cash to Swiss Life Holding and increase of the dividend capacity; further progress in operational efficiency and the consistent orientation of all business processes to the customer.

As regards **quality of earnings and earnings growth**, Swiss Life has four profit sources: The savings result, risk result, fee result and cost result. Swiss Life will increase the resilience of its business model by continuing the expansion of its fee business, which is comparatively capital-light. The Group is aiming for a fee result of CHF 400 to 450 million by 2018 and to protect its risk result at between CHF 350 and 400 million. The savings result will also continue to make an important contribution due to the strict investment process.

**Asset management** remains fundamental to the company's market success, both for its insurance business and customers as well as external mandates. Swiss Life's long investment duration and robust direct investment income enable it to withstand the current low interest rate environment and protect its interest rate margin. The investment strategy is structured so that consistent asset and liability management ensures the interest rate margin is protected for decades. The company can thus meet its customer guarantees, even if the low interest rate environment endures over the long term. **Swiss Life Asset Managers'** expertise in long-term and risk-oriented investment, especially bonds and real estate, makes third-party business a growth driver. Swiss Life Asset Managers aims to increase assets under management for third-party clients from CHF 34 billion at the end of 2014 to CHF 50 billion, and fee income by about 40% to CHF 640-660 million, by 2018.

For **capital, cash and dividends**, Swiss Life has the following goals: It aims to remit over CHF 1.5 billion in cash to the holding company over the next three years through disciplined capital management. Swiss Life is targeting a payout ratio of 30 to 50% of net profit for its shareholders, which will probably be towards the lower end of that range initially.

Swiss Life will also make its first announcement on the bandwidths for the **SST ratio and its Solvency II ratio** at the Investors' Day: As of 1 January 2015, the SST based on the partially-approved internal model came to 140-160%. The Solvency II ratio was over 200% – as per the standard European model without relief or transitional measures. "The solvency figures show we have a sound capital base on which to work towards the next stage of the Group's development," says Patrick Frost. "The Solvency II ratio shows how much higher the requirements of the SST are compared to European standards: 40 to 60 percentage points more. That creates unnecessary difficulties for Swiss insurance companies. We will therefore continue to make every effort to ensure the SST creates the right incentives and doesn't place customers at a disadvantage."

By rigorously **aligning** all business processes **to the customer and the provision of advice** over the next three years, Swiss Life will increase investment by well over CHF 100 million to further the development of the business model and lay the foundations of the Group's future success. The investments are to be primarily in digitalisation, quality of advice and organic growth initiatives. Patrick Frost: "We have different, but at the same time attractive ways in which we can grow organically and generate cash in all Group business areas. Consistent customer centricity and our capital strength are the platform we need to exploit this potential."

To maintain **operational efficiency** and free up resources for investment, Swiss Life will implement additional cost savings of CHF 100 million. By doing so, the Group will have saved over CHF 600 million between 2008 and 2018 – over a quarter of its costs at that time.

Overall, the Group is aiming for an adjusted **return on equity** of 8 to 10% in the next three years. The Corporate Executive Board will propose to the Board of Directors a **dividend increase** from CHF 6.50 to at least CHF 8.00 for the 2015 financial year.

### **A "longer self-determined life": Challenge and opportunity**

"The social and economic consequences of the fact that we are living longer are insufficiently accounted for in almost all areas of life," says Patrick Frost. "Nevertheless, it's something that affects us all. The urgency of this issue is enhanced by people's fundamental need to enjoy a self-determined and dignified life." Swiss Life sees this as both an opportunity and a challenge. Self-determination and pension provision are an opportunity for our company, given demographic trends, to improve our solutions and products and add customer value in a growing pensions market by providing high-quality and relevant advice. It is up to politics and society to initiate changes to meet the many consequences stemming from growing life expectancy. "At Swiss Life, we want to bring the issue of a "longer self-determined life" into the public arena for debate over

the next few years. We want thus to persuade interested parties and politicians of all colours to raise awareness of this issue among the different generations so it receives the attention it deserves."

The Investors' Day will be held in English for financial analysts and investors today from 10.30 (CET). You can consult the programme for further details at [www.swisslife.com](http://www.swisslife.com). You can also dial in to the presentations:

Dial-in number for Europe +41 (0) 58 310 50 00

Dial-in number for the UK +44 (0) 203 059 58 62

Dial-in number for the USA +1 (1) 631 570 56 13

There will be a conference call for journalists at 08.30 (CET) with Patrick Frost, CEO of Swiss Life Group, in German.

Dial-in number +41 (0) 58 310 50 00

Info kit for the Investors' Day [swisslife.com](http://swisslife.com)

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## Swiss Life

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. In its core markets of Switzerland, France and Germany, Swiss Life offers individuals and corporations comprehensive and individual advice plus a broad range of own and partner products through its sales force and distribution partners such as brokers and banks.

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Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The two subsidiaries Livit and Corpus Sireo are also part of the Swiss Life Group. The Group employs a workforce of around 7500 and approximately 4500 certified financial advisors.



[Swiss Life in 3 minutes \(video\)](#)

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