

Media release

St.Gallen, 24 January 2020

Helvetia acquires majority stake in Spanish Caser and further expands its European business as a second pillar

Helvetia Insurance is acquiring a majority of the Spanish insurer Caser and in doing so will reach a milestone that fits perfectly with its current strategy. With this acquisition the European business will be strengthened further as a second pillar, the attractive non-life business will be expanded significantly and the company's distribution capabilities in Spain will be increased. With Caser, Helvetia will also be able to tap into new business models in the form of stable fee income from attractive eco-systems in the areas of health and old-age care.

Helvetia is acquiring a majority holding in the Spanish insurer Caser (Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A.), a development which represents a further strategic milestone in the history of the company. Thanks to this acquisition, Helvetia will considerably increase its market share in Spain, further strengthen its attractive non-life business and expand its distribution capabilities.

"The acquisition of Caser perfectly fits Helvetia's strategy", as Philipp Gmür, Group CEO of Helvetia, explains. "Our business in Spain has performed very well in recent years and will now be strengthened further by this transaction, which will also substantially increase the importance of our European activities. Both companies complement each other outstandingly, including from a cultural perspective. Caser will also immediately make a significant profit contribution."

Strengthening of the non-life business and increased distribution capabilities

In 2018, Caser generated revenues of EUR 1,639 million and a profit of EUR 87 million¹ (basis: local GAAP).² Some 62% of revenues can be attributed to the non-

¹ Includes positive one-off effect from changes to distribution agreements.

² Due to the fact that Caser only reports based on local GAAP, its figures are only comparable to Helvetia's numbers to a limited extent; however, they can give a broad indication of the impact of the acquisition. Any numbers in this media release related to the acquisition and its impact on Helvetia Group are preliminary and can only be finalised after the completion of the conversion of Caser's numbers to IFRS and the related acquisition accounting. The results of these exercises may change the reported financial impact of the acquisition on Helvetia Group.

life business. Together, Caser and Helvetia are the seventh largest provider in the non-life business on the Spanish market. The acquisition allows Helvetia to significantly strengthen its core business and the importance of the attractive non-life business across the entire Helvetia Group. Helvetia will also be able to benefit from profitable new sales channels in banking distribution. Caser has distribution agreements with Ibercaja, Unicaja and Liberbank as well as with other banks. These partnerships will be maintained, meaning Helvetia will win important new strategic partners in Spain. Ibercaja, Unicaja and Liberbank are present across Spain with around 3,100 branches, serving more than 7 million customers.

Ideal strategic addition

Both Caser and Helvetia place an emphasis on customer focus and digitalisation. Caser also provides Helvetia with the opportunity to tap into new business models and thus further diversify its business. In 2018, Caser generated 9% of its revenues through fee income from attractive eco-systems in the areas of health and old-age care, which are closely linked to the life and pension businesses. Among other things, Caser operates nursing homes and hospitals, which offer growth opportunities given demographic developments. Caser also provides various services for real estate. "Caser is very successful on the Spanish market. This market is very attractive and is growing strongly. We have repeatedly emphasised that an acquisition in Spain would be a very interesting proposition and it is now possible for us to take this opportunity that has opened up", says Philipp Gmür in summarising the acquisition of Caser.

Acquisition of around 70% of shares

Helvetia has reached an agreement with various shareholders with respect to the sale of their equity stakes. The other shareholders have the option to sell their shares to Helvetia at the same conditions. Helvetia expects that it will ultimately acquire a holding of up to 70% in Caser. The above-mentioned bank distribution partners will maintain a stake of around 30% in Caser, which underlines the strategic significance of these distribution partnerships. The purchase price for a holding of almost 70% in Caser is around EUR 780 million.

Brands and management teams remain unchanged

Caser will continue to operate with its existing, well-established brand on the Spanish market, as will Helvetia Spain. The management teams and locations of both companies will also remain unchanged. Instead, Helvetia wishes to utilise its own strengths and those of Caser on a consolidated basis. To this end, a joint management committee will be established following the conclusion of the transaction in which members of Helvetia Spain and Caser will be represented. This management committee will coordinate the joint activities on the market and will also have the objective of exploiting synergies. It will also ensure the exchanging of knowledge and experiences.

Solid capitalisation maintained

Helvetia intends to finance two thirds of the acquisition of Caser by issuing hybrid bonds and one third by issuing new shares. This financing mix will allow for efficient capital management and contribute to ensuring a solid capital base. The Shareholders' Meeting will vote on the creation of new shares on 24 April 2020.

Until the completion of the capital transactions, the acquisition will be financed using existing liquidity. Helvetia's capital position will also remain solid following the transaction. For example, the SST ratio will still be within the target range of 180% to 240%. Helvetia also expects that its S&P 'A' rating will likewise remain unchanged. Subject to the approval of the responsible competition and supervisory authorities, Helvetia expects the transaction to be concluded in the first half of 2020.

Remarks

- A conference call for **media professionals** will be held today in English at 9.30 a.m. (CET). It will be possible to dial in from 9.15 a.m. under the following numbers:
Switzerland / Europe: +41 (0) 58 310 50 00
United Kingdom: +44 (0) 207 107 06 13
USA: +1 (1) 631 570 56 13
The conference call can be heard live on the Internet at www.helvetia.com (audio).
- A conference call for **analysts** will follow in English at 11 a.m. (CET). It will be possible to dial in from 10.45 a.m. under the following numbers:
Switzerland / Europe: +41 (0) 58 310 50 00
United Kingdom: +44 (0) 207 107 06 13
USA: +1 (1) 631 570 56 13
The conference call can be heard live on the Internet at www.helvetia.com (audio).
- The presentation of the conference call can be accessed under www.helvetia.com.
- A replay of both conference calls will be available at www.helvetia.com from around 4.00 p.m. (CET).
- You can also access this media release on our website at www.helvetia.com/media.

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About the Helvetia Group

In 160 years, the Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful international insurance group. Today, Helvetia has subsidiaries in its home market Switzerland as well as in the countries that make up the Europe market area: Germany, Italy, Austria and Spain. With its Specialty Markets market area, Helvetia is also present in France and in selected regions worldwide. Some of its investment and financing activities are

managed through subsidiaries and fund companies in Luxembourg. The Group is headquartered in St.Gallen, Switzerland.

Helvetia is active in the life and non-life business, and also offers customised specialty lines and reinsurance cover. Its business activities focus on retail customers as well as small and medium-sized companies and larger corporates. With some 6,600 employees, the company provides services to more than 5 million customers. With a business volume of CHF 9.07 billion, Helvetia generated an IFRS result after tax of CHF 431.0 million in financial year 2018. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

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