

# Baader Helvea Swiss Equities Conference 2020

## Swiss Life

**Matthias Aellig, Group CFO**

16 January 2020

# Key messages

## 1 *Unique position*

- Unique life insurance company with diversified profit sources
- Growing asset management and distribution businesses

## 2 *Successful strategy execution*

- Successfully executed three strategic programmes in a row
- All financial targets achieved or exceeded

## 3 *Ambitious 2021 targets*

- Raising ambitions for quality of earnings, operational efficiency and payout
- Good start to Swiss Life 2021 programme

## 4 *Navigate low rate environment*

- Well positioned to face an ongoing low interest rate environment

## 5 *Attractive shareholder return*

- Further enhancing shareholder return by growing the dividend payout ratio
- CHF 1 bn share buyback completed in December 2019

# Swiss Life has a unique position

1

Unique position

## *Unique life insurance footprint*

- Market leader in CH life insurance
- Attractive private insurance positioning in FR
- Strong niche player in DE and IN

## *Growing asset manager*

- Strong ALM and risk management expertise backed by PAM
- Fast growing TPAM
- Top real estate manager in Europe

## *Broad distribution networks*

- Strong network of owned IFAs
- Large proprietary distribution in CH
- Integrated multi distribution in FR

## *Strong quality of earnings*

- Diversified profit sources: Savings, risk, fee and cost result
- 30% of profit from operations from fee businesses

*Life, pensions, financial solutions and advice for the long run*

# Attractive and diversified geographic footprint with strong local market positions

## Geographies



### Switzerland

Market leader in life insurance for private and corporate clients

### France

Unique private insurer for HNWI and affluent customers

### Germany

Niche provider of biometric products  
Second largest independent financial advisor (IFA) network

### International

Cross-border insurance solutions for U/HNWIs and corporates  
Owned IFAs in UK, Austria, Czech Republic and Slovakia

### Asset Managers

Top institutional asset manager for proprietary and third-party clients  
Leading asset manager in European real estate

## 2018 financial year

*1 080 m*  
Net profit

*19 bn*  
Premiums

*233 bn*  
Total assets under  
management

*71 bn*  
Third-party assets  
under management

*“A+”*  
Rating from S&P  
with stable outlook

*185%*  
SST ratio as of  
01.01.2019

# Strong quality of earnings based on four profit sources

1

Unique position

Source	Description	Capital intensity <sup>1)</sup>	Capital market dependency <sup>1)</sup>	Policyholder participation	Profit share <sup>2)</sup>
<b>Savings result</b>	Net investment result less technical interest and policyholder participation			Yes	<b>55%</b>
<b>Risk result</b>	Risk premiums less claims / expenses and policyholder participation			Yes	<b>25%</b>
<b>Fee result</b>	Income from fee businesses less related expenses			No	<b>30%</b>
<b>Cost result</b>	Cost premiums less expenses and policyholder participation			Yes	<b>-10%</b>

1) Very high ● very low ○ 2) Based on adjusted segment result of CHF 1.6 bn, FY 2018

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# Disciplined and successful execution of past strategic programmes

## MILESTONE

### *Turnaround program: “Getting basics right”*

- Cost savings of > CHF 400 m
- New business mix shifted to < 30% traditional
- Disciplined ALM with low duration gap to protect interest rate margin
- Regained ‘A-’ rating

2009 – 2012

## Swiss Life 2015

### *Business transformation: “Sharpening the pencil”*

- Diversified profit sources
- Cost savings of CHF 130-160 m
- New business margin of > 1.5%
- Achieved RoE of 8-10%
- Upgrade to ‘A’ rating

2013 – 2015

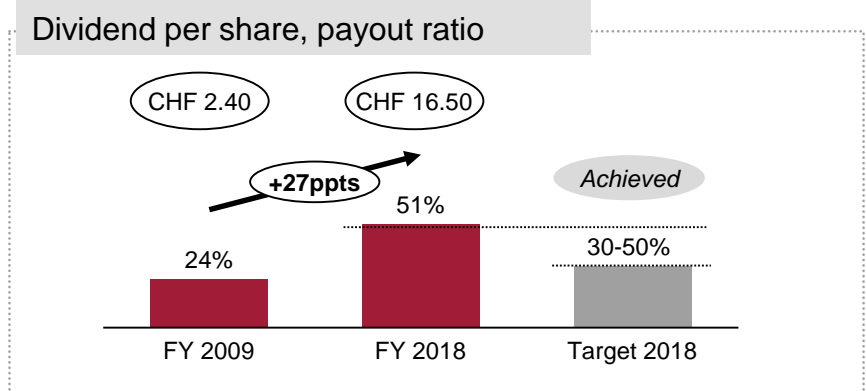
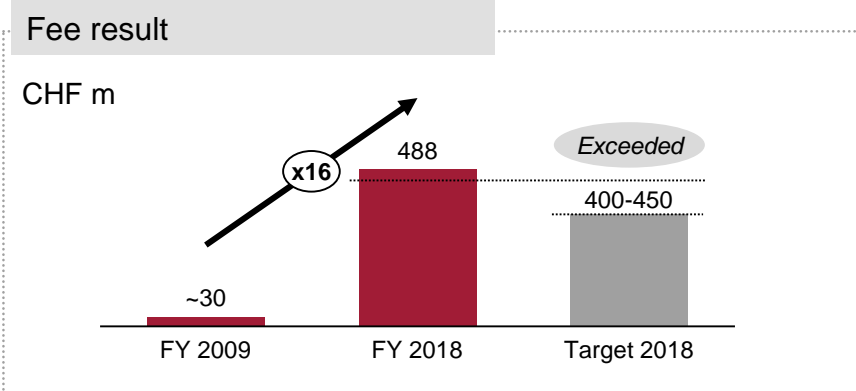
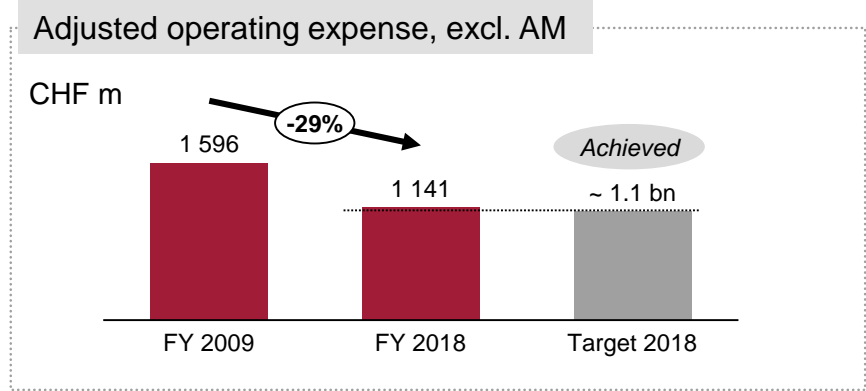
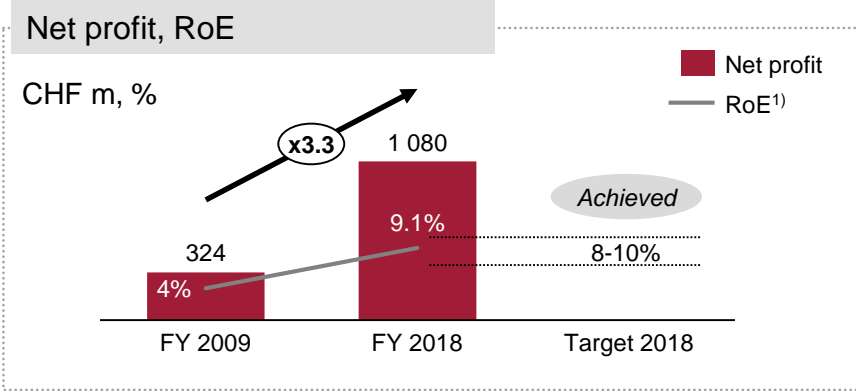
## Swiss Life 2018

### *Continued transformation of business model*

- Strengthened the quality of earnings and earnings growth
- Improved operational efficiency
- Increased cash remittance and payout to shareholders
- Achieved RoE of 8-10%

2016 – 2018

# Since 2009, we increased profitability and earnings quality resulting in a higher dividend



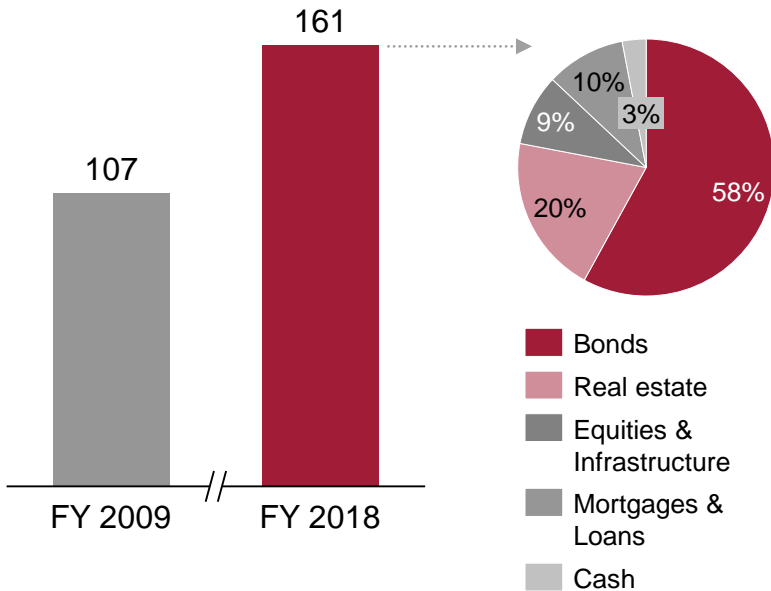
1) Equity excl. unrealised gains/losses on bonds



# Over the same period, we significantly grew assets under management

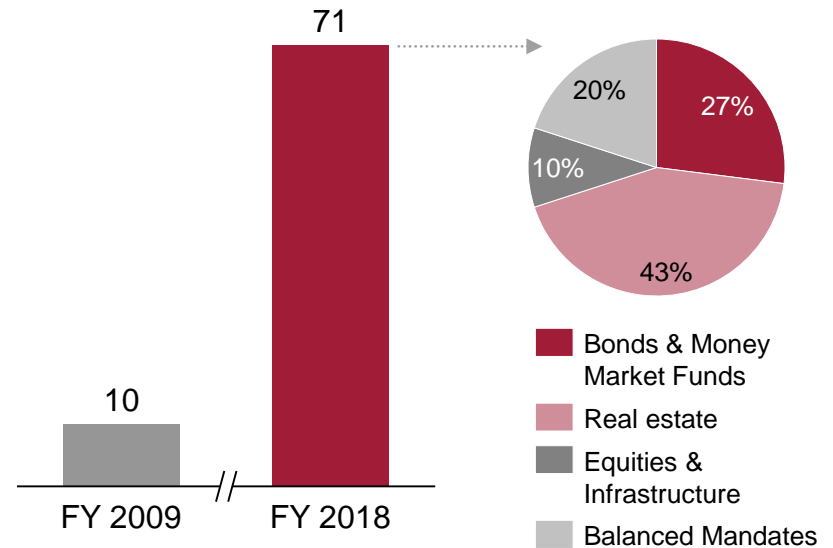
## Proprietary assets under management

CHF bn



## Third-party assets under management

CHF bn



# We achieved or even exceeded all financial targets of our Swiss Life 2018 programme

Swiss Life 2018 financial targets	FY 2018	Assessment
<b>Quality of earnings and earnings growth</b> <ul style="list-style-type: none"> <li>• <b>Fee result</b> FY 2018: CHF 400-450 m</li> <li>• <b>Risk result</b> FY 2018: CHF 350-400 m</li> <li>• Cumulative <b>value of new business</b> (2016-2018): &gt; CHF 750 m</li> </ul>	488 m	Exceeded ✓
	410 m	Exceeded ✓
	1 033 m	Exceeded ✓
<b>Operational efficiency</b> <ul style="list-style-type: none"> <li>• <b>Cost savings</b> FY 2018: CHF 100 m</li> <li>• Stable operating expense<sup>1)</sup></li> </ul>	111 m	Exceeded ✓
	stable	Achieved ✓
<b>Capital, cash and dividend</b> <ul style="list-style-type: none"> <li>• Cumulative <b>cash remittance</b> to Holding (2016-2018): &gt; CHF 1.5 bn</li> <li>• <b>Dividend payout ratio</b>: 30-50%</li> <li>• <b>RoE<sup>2)</sup></b>: 8-10%</li> </ul>	1.9 bn	Exceeded ✓
	51%	Achieved ✓
	9.1%	Achieved ✓

1) Excl. Asset Managers 2) Equity excl. unrealised gains/losses on bonds

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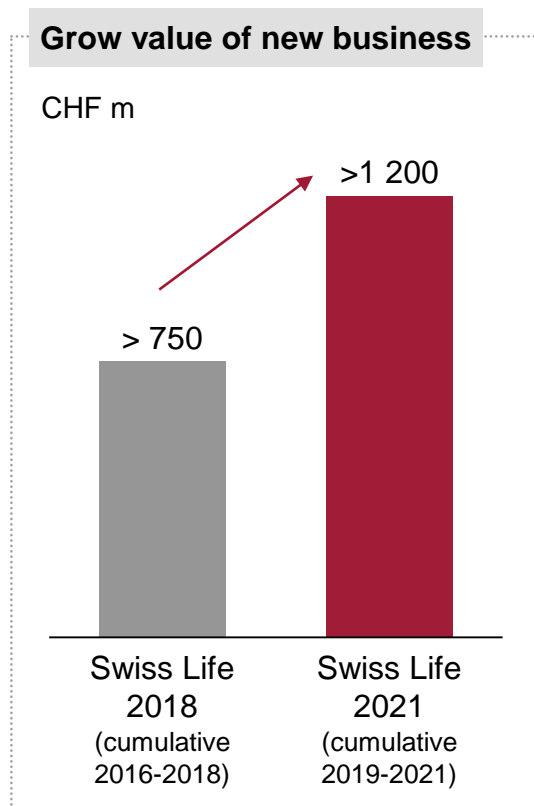
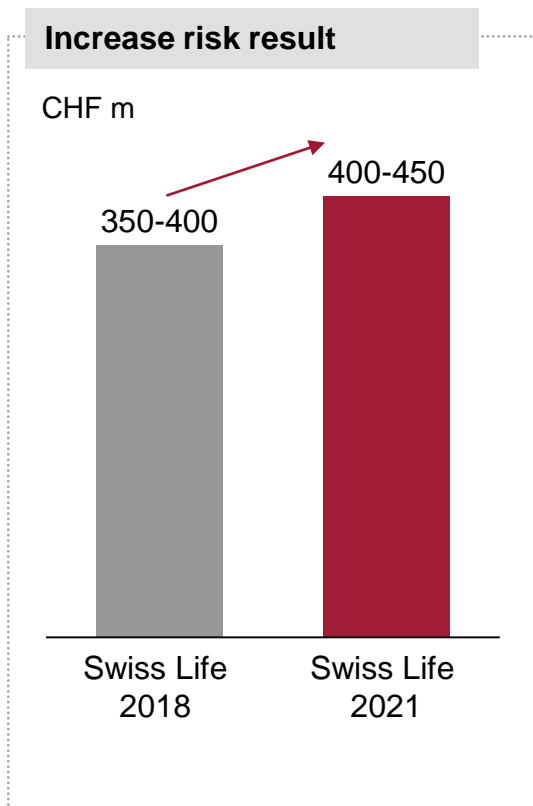
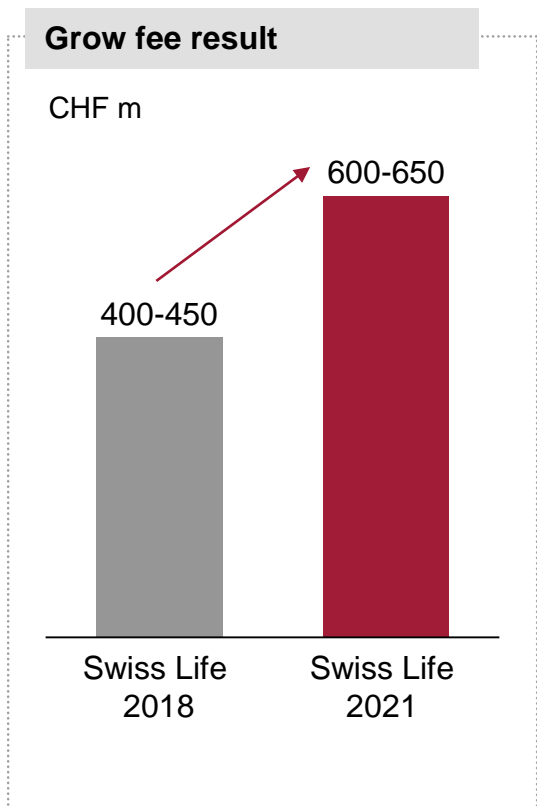
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# Swiss Life 2021: Raising our ambitions in terms of quality of earnings and earnings growth



# Operational efficiency remains key in all our lines of businesses

3

Ambitious  
2021 targets

## Life efficiency ratio

by FY 2021

< 40 bps



Swiss Life  
2021

## Distribution operat. exp. ratio

by FY 2021

< 25%



Swiss Life  
2021

## TPAM cost income ratio

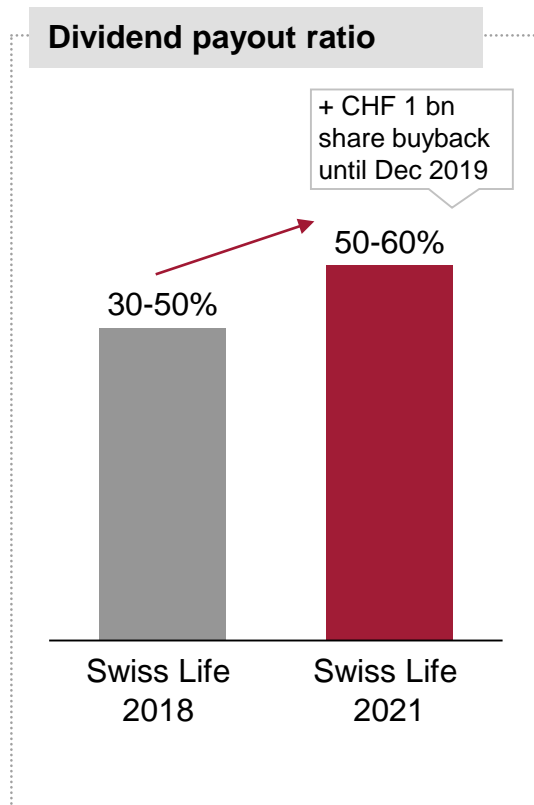
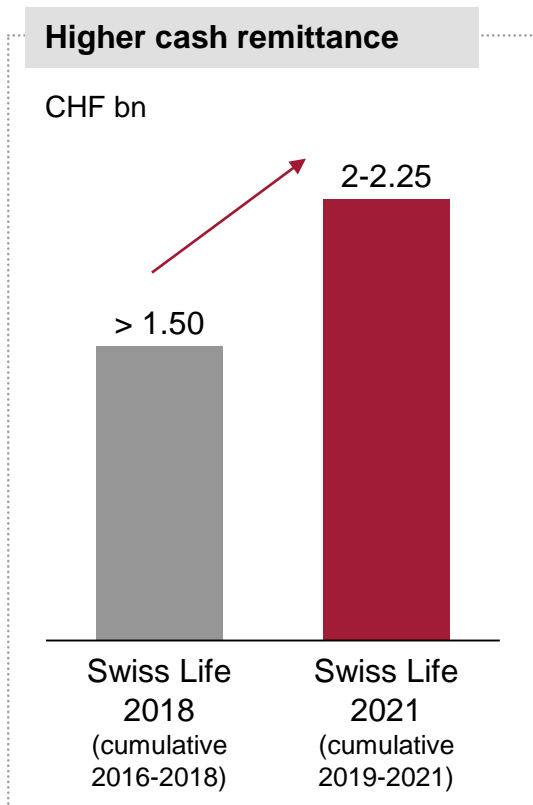
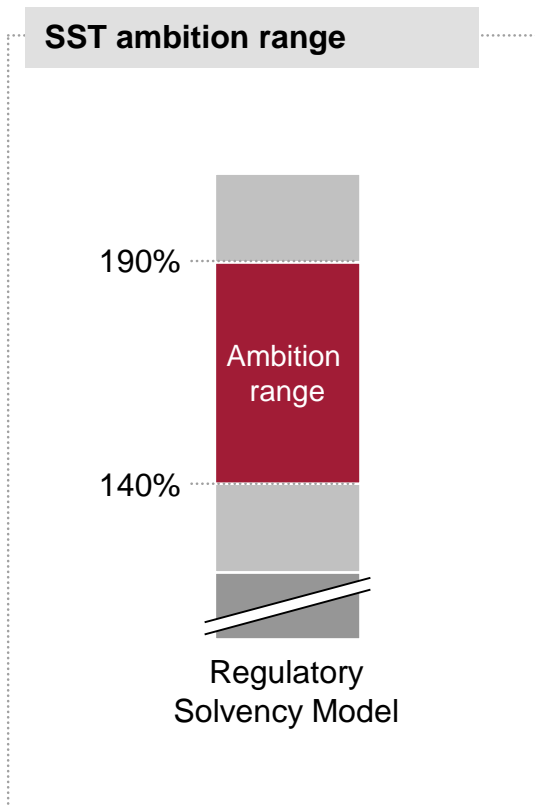
by FY 2021

~ 75%



Swiss Life  
2021

# Higher dividend payout ratio based on increasing cash remittance and solid capitalisation



# Overview of all Swiss Life 2021 financial targets

3

Ambitious  
2021 targets

CHF

Quality of earnings and earnings growth		Operational efficiency		Capital, cash and payout	
<b>Fee result</b> FY 2021	<b>600-650 m</b>	<b>Life efficiency ratio</b> FY 2021	<b>&lt; 40 bps</b>	<b>SST ambition range</b> 2019-2021	<b>140-190%</b>
<b>Risk result</b> FY 2021	<b>400-450 m</b>	<b>Distribution operating expense ratio</b> FY 2021	<b>&lt; 25%</b>	<b>Cash to Holding cumulative</b> 2019-2021	<b>2-2.25 bn</b>
<b>VNB</b> cumulative 2019-2021	<b>&gt; 1.2 bn</b>	<b>TPAM</b> cost income ratio FY 2021	<b>~75%</b>	<b>Dividend payout ratio</b> 2019-2021	<b>50-60%</b>
				<b>Share buyback</b> Dec 18 - Dec 19	<b>1 bn</b>
<b>RoE<sup>1)</sup> of 8-10%</b>					

1) Equity excl. unrealised gains / losses

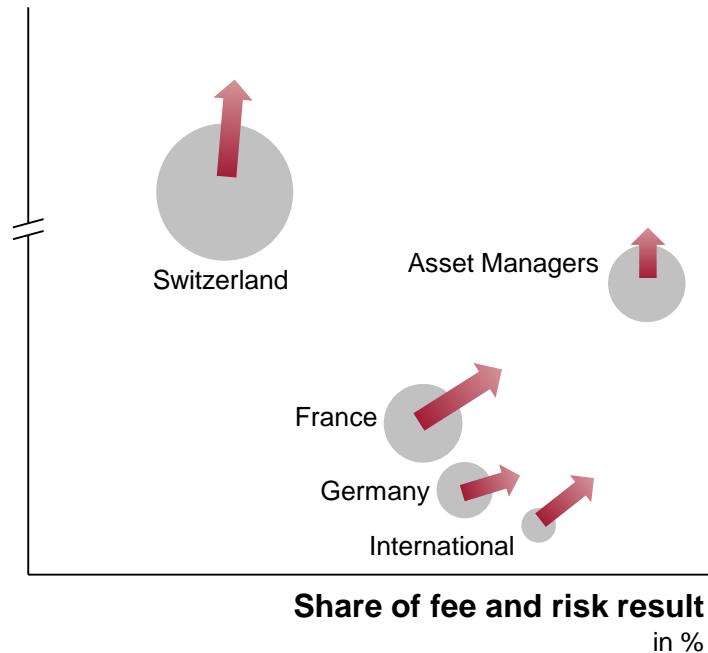
# Swiss Life 2021 financial targets backed by initiatives in each business division

3

Ambitious  
2021 targets

## Cash remittance

CHF m



● Segment result

## Focus points by business division

CH

- Ensure growth and sustainability of cash remittance
- Increase risk result in GL and double fee result

FR

- Increase fee result in the unit-linked business
- Grow risk result in the personal protection business

DE

- Grow fee result in the IFA business
- Increase risk result in the biometric business

IN

- Double fee result supported by all lines of business
- Increase risk result in the Global Solutions business

AM

- Grow fee result in TPAM
- Strengthen real estate business for further growth



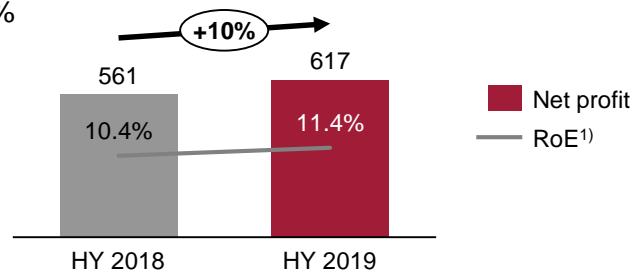
# HY 2019: Good start to the Swiss Life 2021 programme

3

Ambitious  
2021 targets

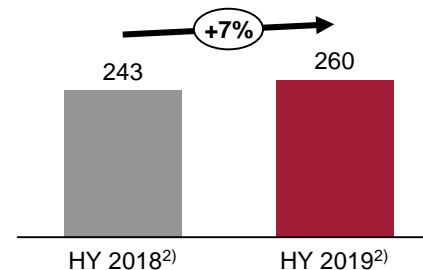
## Net profit, RoE

CHF m, %



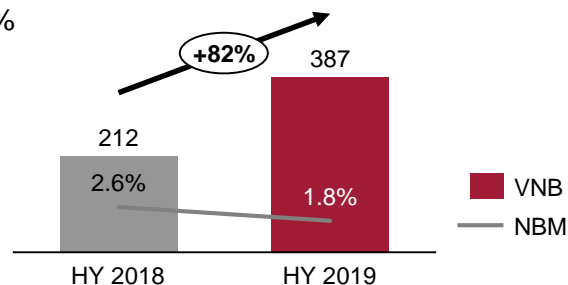
## Fee result

CHF m



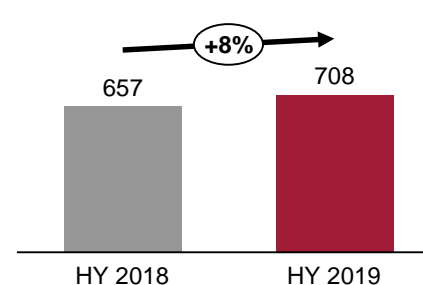
## VNB, NBM

CHF m, %



## Cash to Holding

CHF m



1) Equity excl. unrealised gains/losses 2) Adjusted for restructuring charges and FX translation effect

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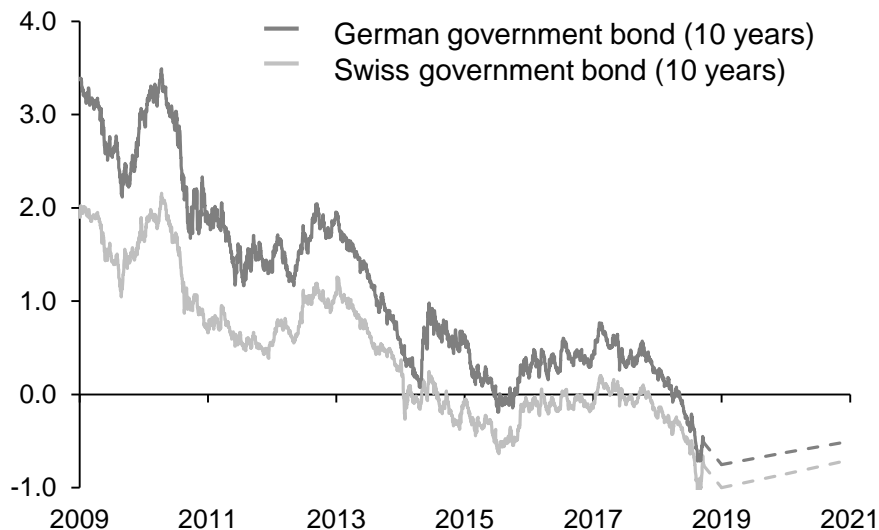
- Well positioned to face an ongoing low interest rate environment

## 5 *Attractive shareholder return*

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# We will successfully navigate through a continuously low interest rate environment

**Yields on government bonds (in %)**



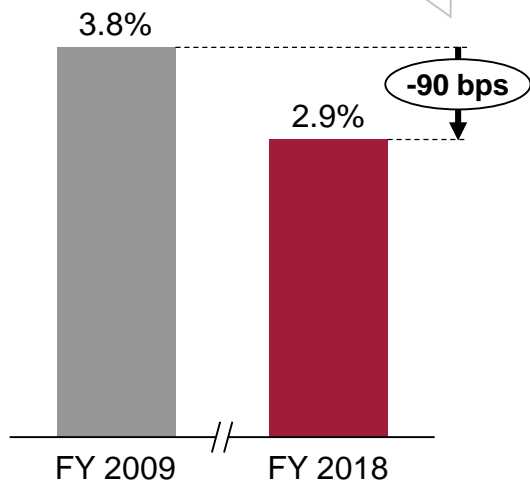
## Swiss Life is well positioned to face an ongoing low interest rate environment:

- Resilient yields due to long asset duration and optimised portfolio structure (real estate and equities)
- Disciplined Asset-Liability-Management (ALM) and past reserve strengthening protect interest rate margin
- Effective margin management and capital-efficient new business
- High quality of earnings with growing fee businesses
- Disciplined cost management

# Disciplined ALM safeguards our interest rate margin and protects our savings result

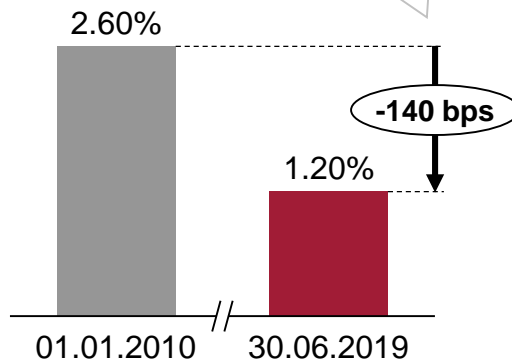
## Assets: Direct investment yield

Includes "basis effect" of higher asset valuations due to falling yields



## Liabilities: Average guarantee

- FX translation effect -3 bps
- Reserve strengthening -63 bps
- Mandatory GL CH -15 bps
- Non-mandatory GL CH -19 bps
- Business mix -41 bps



## Interest rate margin protected

- Robust direct investment yield in continuously declining interest rate environment
- Average technical interest rate (guarantees) consistently lowered
- **Interest rate margin and savings result thus protected**
- **Savings result** remains an important profit contributor in Swiss Life 2021

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# With Swiss Life 2021 we strive for a more attractive shareholder return

5

Attractive  
shareholder return

## Starting point of Swiss Life 2021

- Solid capitalisation
- Improved quality of earnings
- Attractive new business mix
- Clarity on SST model
- Strong liquidity

## New / increased focus on

- SST ambition range
- Enhance cash remittance
- Increase payout ratio

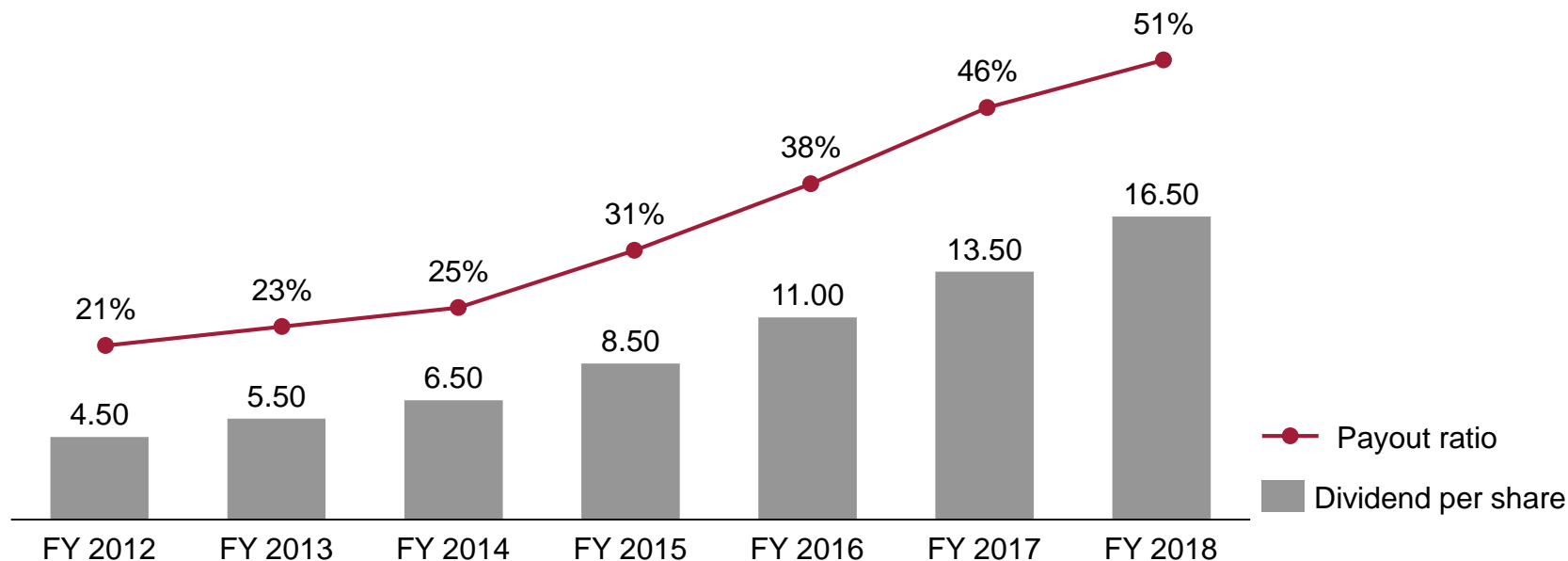
**Attractive  
shareholder  
return**

# Since 2012, we significantly increased dividend payment and doubled our payout ratio

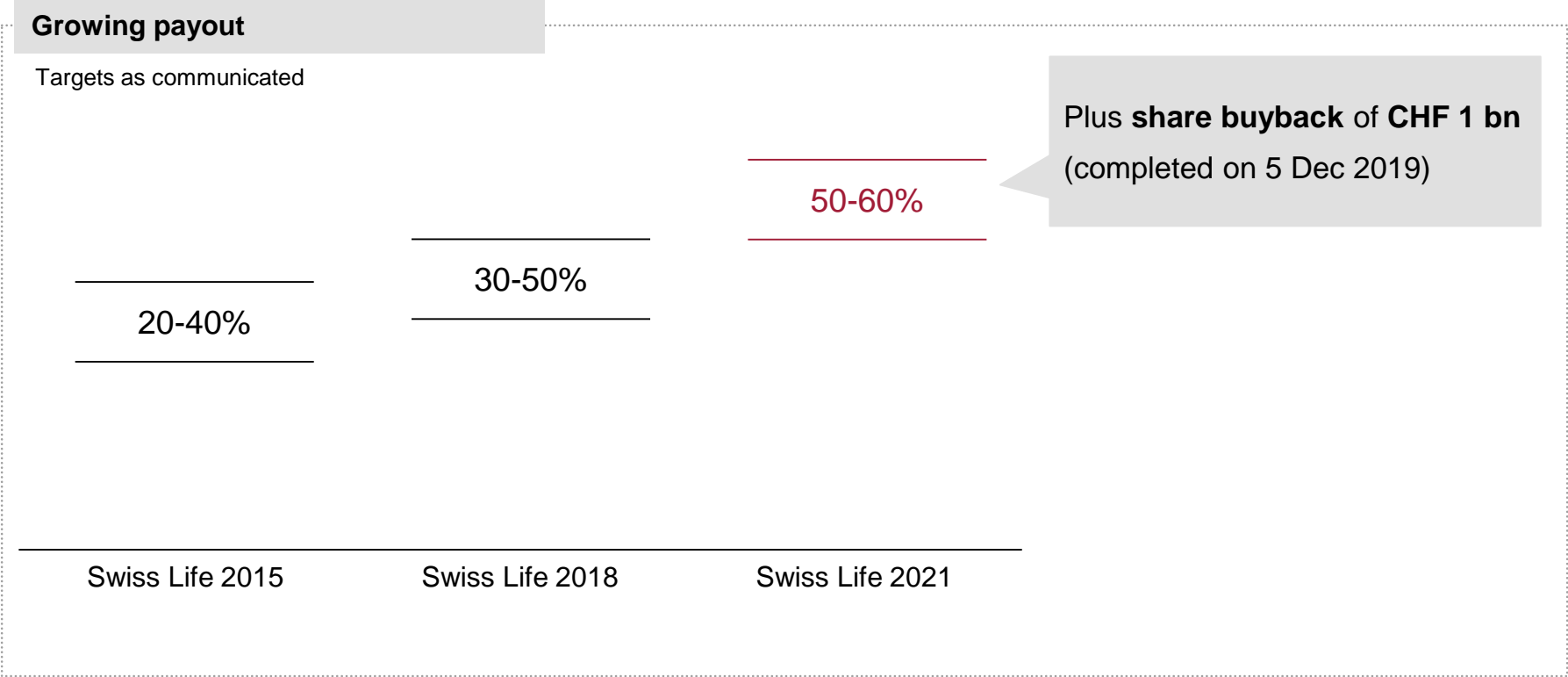
5

Attractive  
shareholder return

Dividend history, CHF



# Attractive shareholder return: Share buyback and higher dividend





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# Contact details and financial calendar

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## Financial calendar

Full-year results 2019	28 February 2020
Annual General Meeting 2020	28 April 2020
Interim statement Q1 2020	12 May 2020
Half-year results 2020	13 August 2020

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