



Investors' Day 2009

**AWD: Set for sustainable profitable growth**

Manfred Behrens, CEO AWD Holding AG  
Zurich, 15 December 2009

# Key messages

**AWD is set for sustainable profitable growth**

**▶ AWD is a leading personal financial adviser**

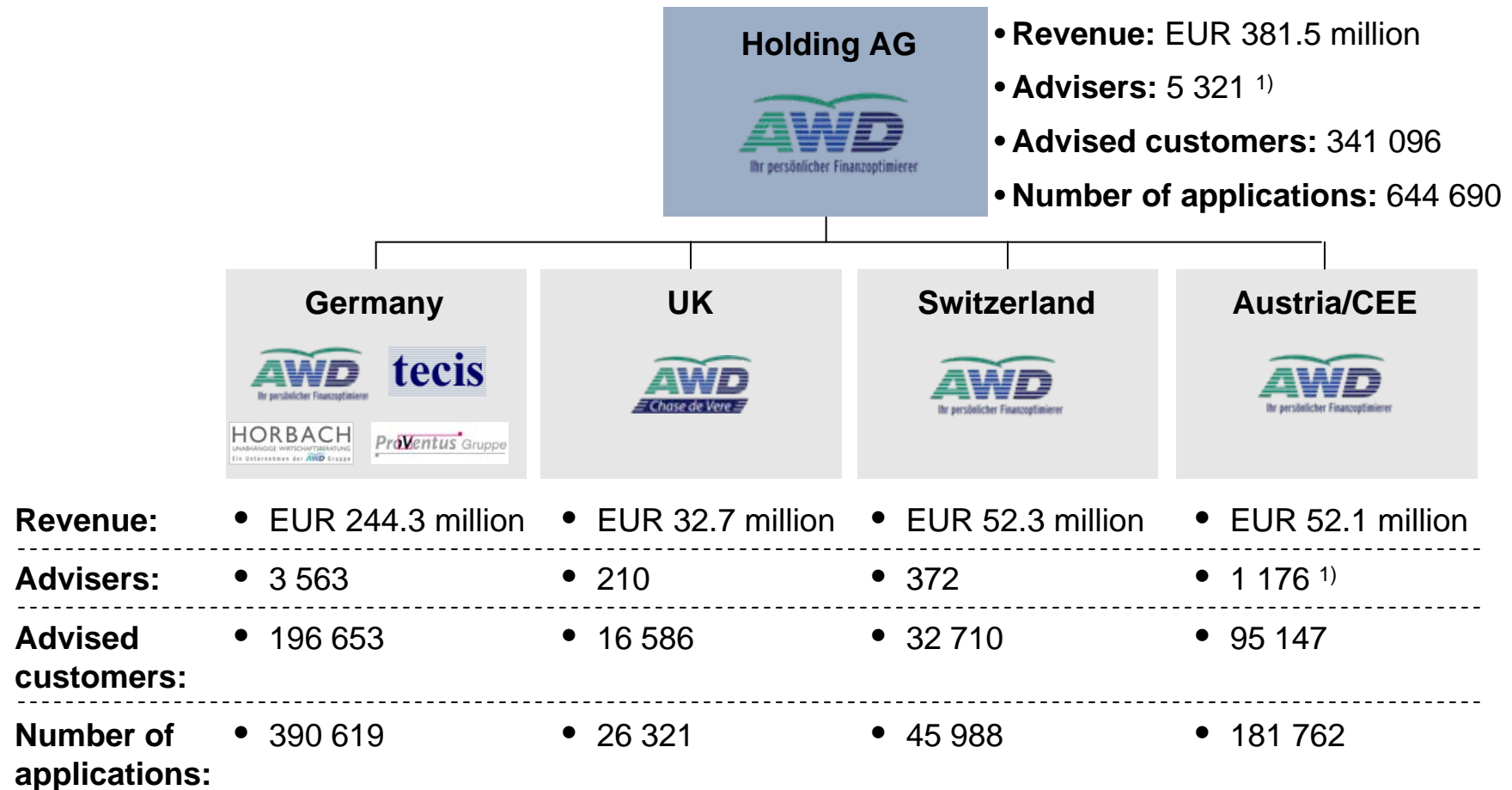
**▶ Increased sales for Swiss Life, supported launch of new Swiss Life products and successfully reduced costs**

**▶ Deliver sustainable profitability and generate adequate returns for Swiss Life. Further increase sales for Swiss Life**

**▶ Achieve operational profitability through disciplined cost cutting**

# AWD with strong market presence in core regions

9m 2009



1) Number of advisers adjusted for exit of Romania and Croatia

# AWD successfully links customers and product partners based on personal financial advice



Advised customers

Product partners

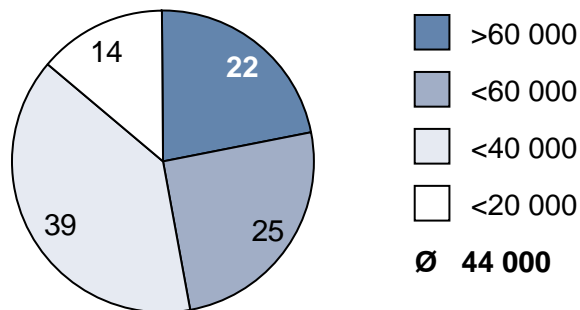


# Solid selling power at the point of advice

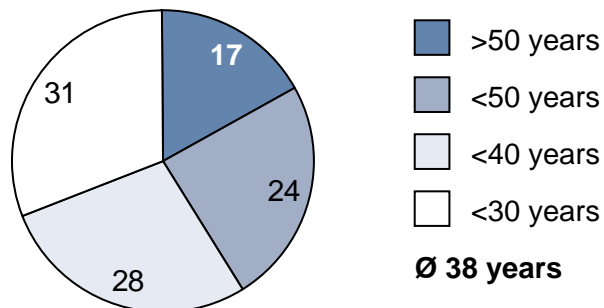
9m 2009, EUR, in %

**AWD focuses on mass affluent customers – Europe’s largest customer segment**

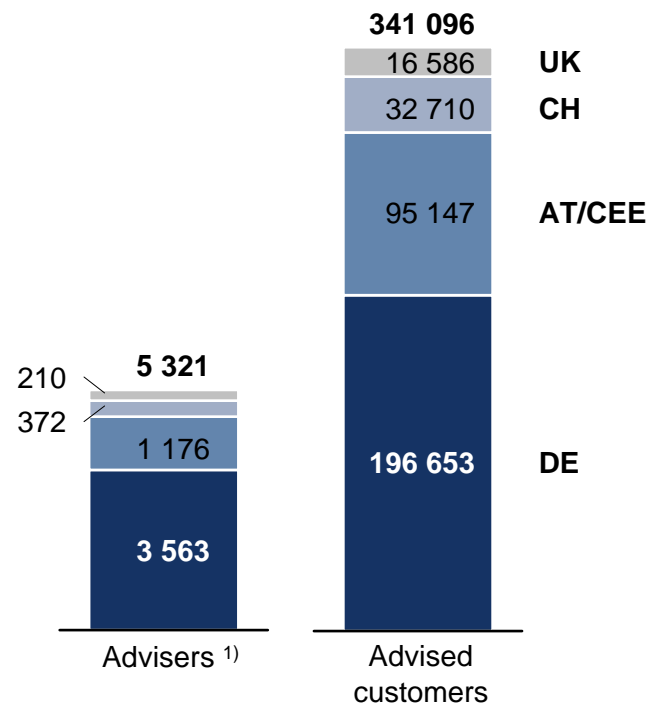
**Income structure of advised customers**



**Age structure of advised customers**



**High number of advised customers and advisers gives AWD a strong market presence**



- 341 096 (+3,8%) advised customers and 5 321 advisers reflect AWD's good reputation and strong distribution power
- Total number of agents under contract 10 704, of which 2 949 trainees

1) Number of advisers adjusted for exit of Romania and Croatia

# AWD has made strong progress on priorities presented at Investors' Day 2008



## Priorities as presented at Investors' Day 2008

### Improve productivity and efficiency in core markets

- Improve efficiency, implement new joint service platform in Germany
- Further enhance adviser retention, growth and quality of advice

## Status as of today

- Enhanced admin efficiency in all regions
- Germany successfully reduced head offices and back offices costs
- Focus on enhanced adviser retention, growth and quality of advice

### Leverage partnership with Swiss Life

- Enhance partnerships in Germany and Switzerland, introduce new products
- Implement "best select" model with Swiss Life, also in Austria

- Strong partnerships in Germany and Switzerland with higher than expected sales of non-traditional products
- 2010 implement "best select" model with Swiss Life in Austria

### Turnaround UK, Austria

- Complete turnaround in UK
- Resolve issues in Austria

- Turnaround in UK completed H1 09
- Issues in Austria addressed, new business model implemented

### Enhance presence in new markets

- Further enhance operations in existing CEE markets
- Explore opportunities in new markets

- Focus on high growth potential markets in CEE and exit Romania and Croatia
- Focus on growth in existing markets

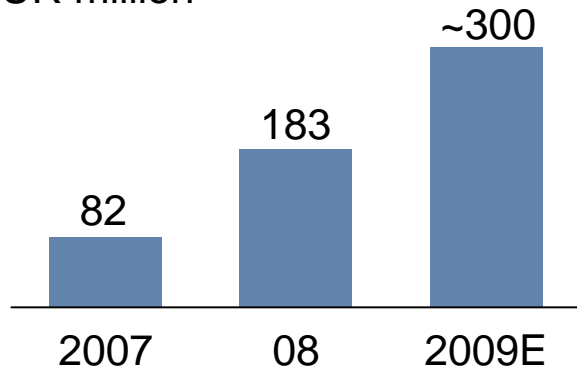
# AWD with continuously increasing sales of Swiss Life products



New business production

## Germany

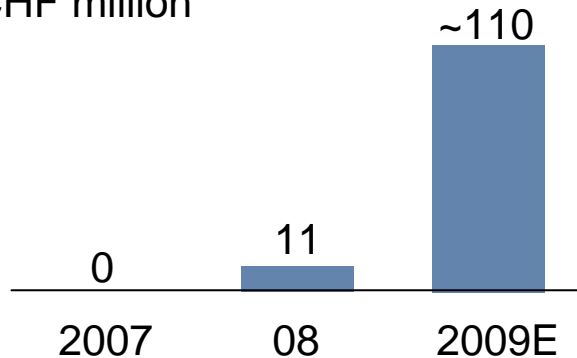
EUR million



- Swiss Life Germany established as a “best select” provider for AWD in several product categories
- Strong sales of risk protection and state-supported pension plans
- Additional pension plan products to be launched in 2010 to leverage distribution power

## Switzerland

CHF million

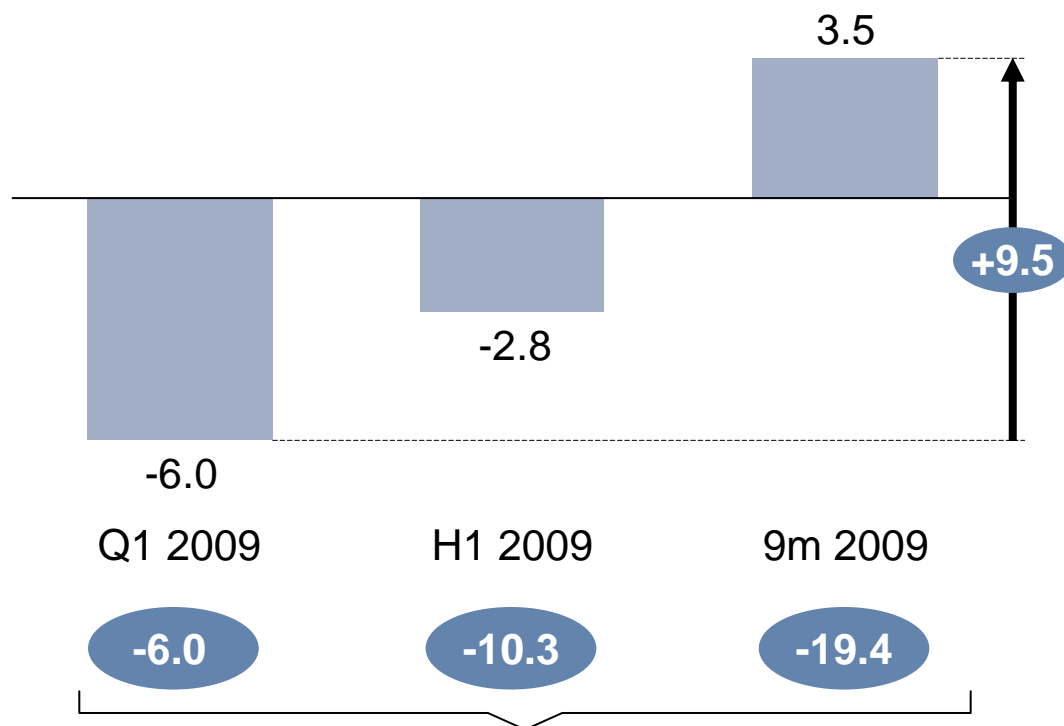


- Swiss Life Switzerland is a new “best select” provider for AWD
- Swiss Life Champion Duo with strong sales
- New annuity product was launched in Q3/2009
- Focus on private pension plans to use full scope of distribution power

# AWD with positive underlying profit as turnaround makes good progress in 2009

EUR million

**Underlying operating profit  
(excluding one-off and restructuring costs)**



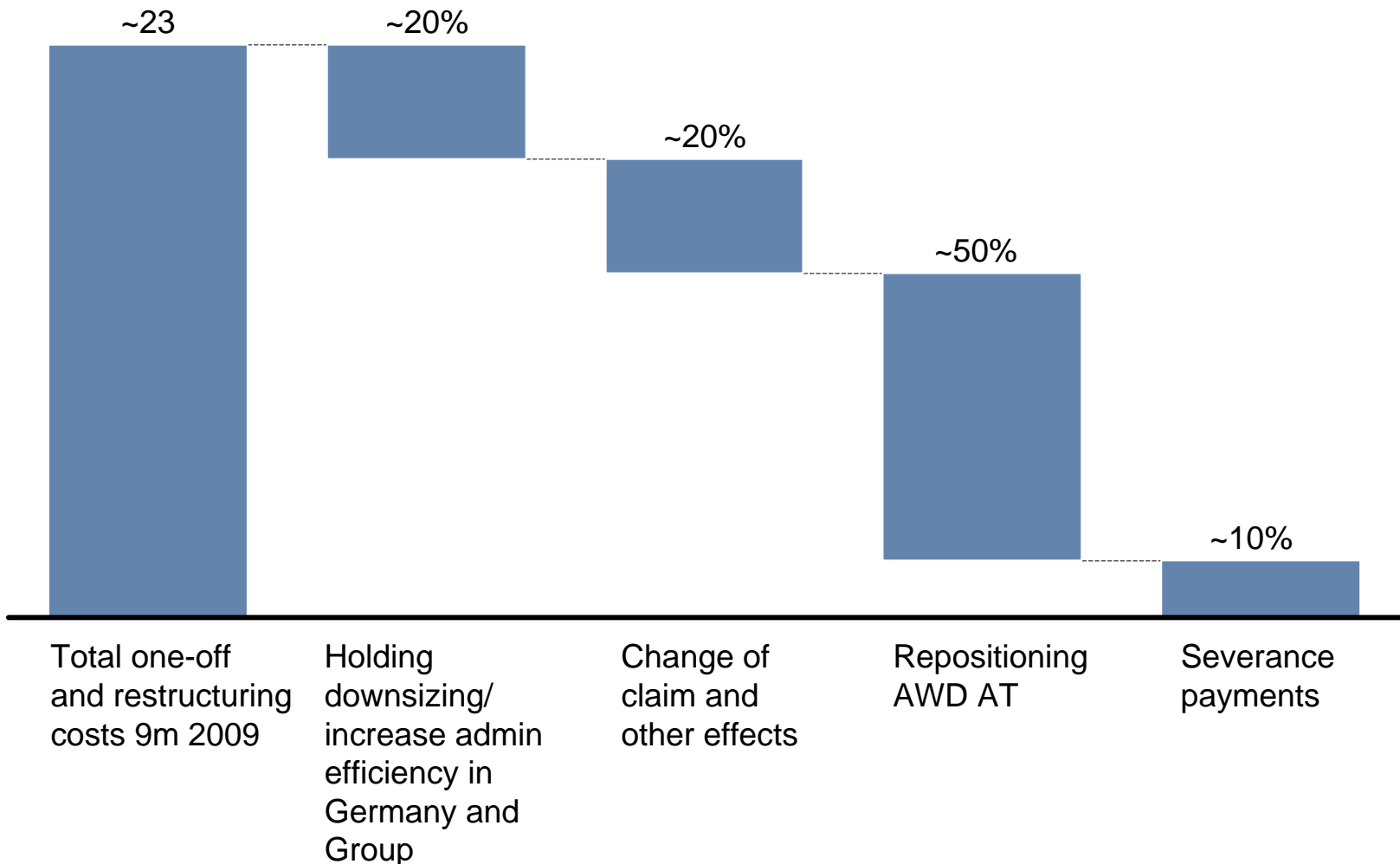
One-off and restructuring costs will cause a reported negative EBIT in 2009

**EBIT, including one-off  
and restructuring costs**



# Operating result for 9m 2009 reduced by one-off and restructuring charges of EUR ~23 million

9m 2009, EUR million



# AWD able to deliver double-digit EBIT margin, however, financial crisis impacted business



EUR million <sup>1)</sup>

	2003	2004	2005	2006	2007	2008
<b>Revenue</b>	562.7	716.4	630.2	728.0	717.5	633.0
<b>Costs</b>	507.2	640.8	571.9	650.2	634.5	613.3
<b>EBIT</b>	55.5	75.6	58.3	77.8	83.0	19.7
<b>EBIT margin, %</b>	10.0	10.6	9.3	10.7	11.6	3.1
<b>Advisers</b>	4 897	6 014	5 707	6 040	6 305	6 009
<b>Revenue/advisers</b>	114 846	119 122	110 426	121 333	113 798	105 500

- Customers' high preference for secure investments and low returns of equity-based policies have materially impacted the top and bottom line since 2008
- Challenging market conditions, internal restructuring and enforcement of regulatory requirements held back adviser growth since 2008
- MILESTONE programme and measures taken in all regions will result in a very competitive cost structure to achieve sustainable profitable growth
- Higher numbers of advisers in training are the basis for targeted future adviser growth

1) Numbers not fully comparable due to acquisitions and divestments

# Challenges to be addressed

## Overall

- Adapt to regulatory changes
- Continue to rebuild reputation in Austrian market
- Focus on selected CEE units with high growth potential

## Sales

- Provide products with “best select” status to ensure growth
- Validate and scale up new advisory model in Austria

## Advisers

- Retain more advisers to extend reach in AWD’s target customer segments
- Improve attractiveness in recruiting market

## Productivity

- Further increase number of contacts and advised customers per adviser

## Costs

- Improve efficiency of back offices and keep overhead costs under strict control

# MILESTONE with clear measures to drive profitability and growth in each country...

## Top measures and priorities per country

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<b>Germany/ Head- quarters</b>	<ul style="list-style-type: none"><li>• Substantial reduction in holding expenditure</li><li>• Back office consolidation between AWD GmbH and Horbach</li><li>• Further measures to enhance recruiting and to increase retention of new advisers</li></ul>
<b>Switzer- land</b>	<ul style="list-style-type: none"><li>• Achieve substantial growth through Swiss Life products</li><li>• Reduce churn rate and stabilise sales force</li><li>• Keep good fixed cost discipline</li></ul>
<b>AT/CEE</b>	<ul style="list-style-type: none"><li>• Continue to rebuild reputation in Austria by adapting advisory model</li><li>• Stabilise number of active advisers and trainees</li><li>• Focus on CEE units with high growth potential</li><li>• Finalise fixed cost reduction in 2010</li></ul>
<b>UK</b>	<ul style="list-style-type: none"><li>• Refocus on core business segments (advisory business)</li><li>• Integrate consulting in wealth management to realise synergies</li><li>• Adjust remuneration model and training to changed regulatory requirements</li></ul>

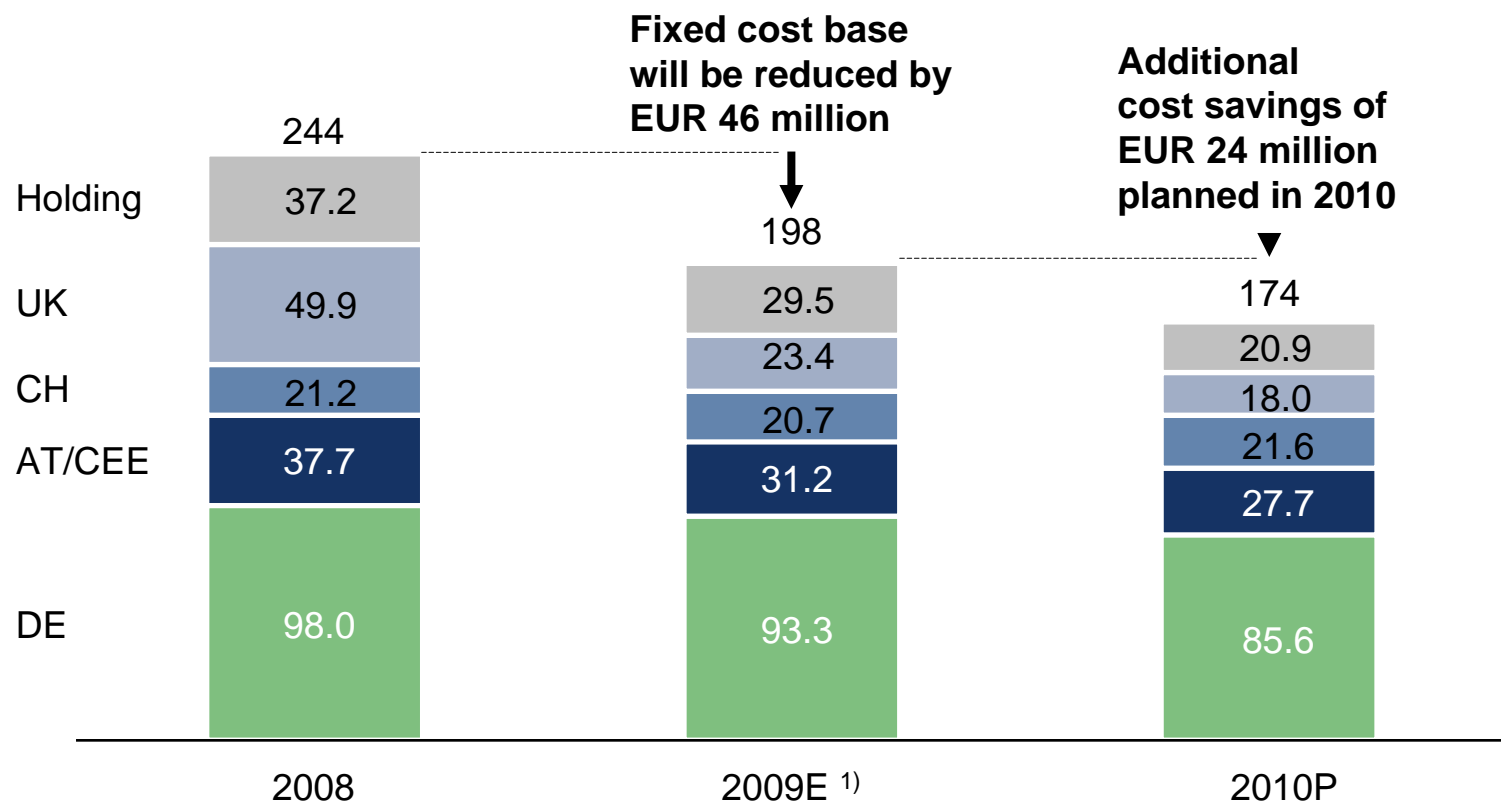
# ... and turn around value drivers to deliver positive ROI for Swiss Life



	<u>Germany</u>	<u>Switzerland</u>	<u>Austria/CEE</u>	<u>UK</u>
<b>Sales</b>	Focus on risk protection, non-life policies and pension plans	Focus on private pension plans and non-traditional products	Better value proposition and focused market presence	Focus on higher up-fronts from private saving schemes
<b>Advisers</b>	750-800 additional advisers by 2012	45-50 additional advisers by 2012	160-170 additional advisers by 2012	25-35 additional advisers by 2012
<b>Productivity of advisers</b>	CAGR 2009–12: ~3%	CAGR 2009–12: ~4%	CAGR 2009–12: >10%	CAGR 2009–12: ~9%
<b>Cost-reductions (2010 vs. 2008)</b>	EUR ~29 million cost reduction incl. Holding	Limit fixed costs increase to EUR ~1 million	Reduce fixed costs by EUR ~10 million	EUR ~32 million cost reduction

# Significant reduction in fixed cost base with full benefits in 2010

EUR million



- Fixed costs (overhead & admin costs) to be reduced by EUR 70 million respectively CHF 105 million by 2010
- Major saving positions are personnel costs, marketing, as well as services and consulting
- Cost reductions are EUR 8 million higher than originally planned

1) 2009 fixed costs, excluding one-off and restructuring costs

# Achieve profitable growth through improvements in all value drivers

	<u>FY2009E</u>	<u>FY2010P</u>	<u>FY2012P</u>
<b>Advisers</b>	~5 300	~5 500	~6 200
<b>Advised customers</b>	~476 000	~527 000	~620 000
<b>Revenue</b>	EUR 530-540 m	EUR 560-580 m	EUR 670-690 m
<b>EBIT <sup>1)</sup></b>	EUR ~5-10 m	EUR 40-50 m	EUR 80-100 m

1) EBIT 2009, excluding one-off and restructuring costs

# Summary

## Achieve profitable growth through:

- ▶ Focus on adviser growth to enhance market reach
- ▶ Continue to share market intelligence with Swiss Life and ensure growing distribution of Swiss Life non-traditional pension products
- ▶ Monitor progress of MILESTONE programme and achieve sustainable profits
- ▶ Use strong market position to further increase profitability above 2012 targets in the mid term



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# Contact details and financial calendar

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## Financial calendar

Full-year results 2009	30 March 2010
Interim statement Q1 2010	4 May 2010
Annual General Meeting	6 May 2010

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