



SwissLife

Baader Helvea Swiss Equities Conference 2019

Swiss Life

Matthias Aellig, Group CRO
Bad Ragaz, 10 January 2019

Agenda

→ **Overview Swiss Life Group and 2018 target achievement**

New strategy Swiss Life 2021

Swiss Life is a leading provider of life, pensions, financial solutions and advice for the long run

Swiss Life enables people to lead a self-determined life

Swiss Life Group

- Unique footprint in **life insurance**
- Growing **asset manager**
- Broad **distribution networks**
- **Strong quality of earnings**

Geographies



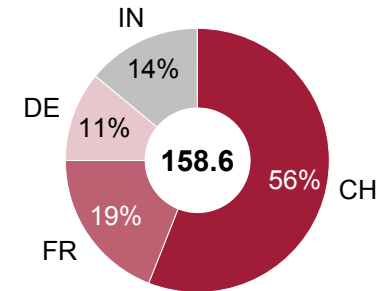
Key financials (FY 2017, CHF)

- **GWP incl. policyholder deposits:** 18.6 bn
- **Net profit:** 1 013 m
- **Assets under management:** 223.6 bn
thereof with third parties 61.4 bn
- **Solvency:** SST 170%
Solvency 2 > 200%
- **S&P rating:** A, positive outlook
- **Market cap (Dec 2018):** 13.0 bn

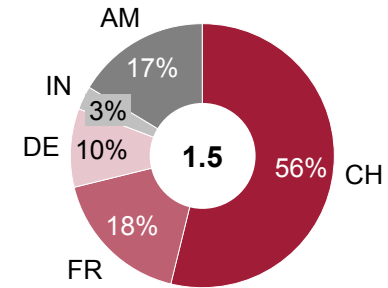
Attractive and diversified portfolio based on strong market positions

<p>Switzerland (CH)</p>	<ul style="list-style-type: none"> Market leader in life insurance with a market share of ~20% in individual life and ~34% in group life
<p>France (FR)</p>	<ul style="list-style-type: none"> Unique private insurer for HNWI and affluent customers Key player in pensions & savings and health & protection
<p>Germany (DE)</p>	<ul style="list-style-type: none"> Niche provider of biometric products and expert for specific industry sector solutions in group business Second largest independent financial advisor (IFA) network
<p>International (IN)</p>	<ul style="list-style-type: none"> Leading player in cross-border insurance solutions for U/ HNWIs and corporates Owned IFAs in UK, Austria, Czech Republic and Slovakia
<p>Asset Managers (AM)</p>	<ul style="list-style-type: none"> Top institutional asset manager for captive and third-party clients #1 asset manager in European real estate¹⁾

Insurance reserves²⁾, FY 2017, CHF bn









Profit from operations³⁾, FY 2017, CHF bn



1) PropertyEU, Top 100 Investors, October 2017 2) Excl. policyholder participation liabilities 3) Does not sum up to 100% due to segment "Other" and unallocated corporate costs

Swiss Life has four sources of profit

Source ¹⁾	Description	Capital intensity ²⁾	Capital market dependency ²⁾	Policyholder participation	Key contributor to profit source in 2017
53% Savings result	Net investment result less technical interest and policyholder participation			Yes	CH (67%); FR (24%); DE (7%); IN (2%)
25% Risk result	Risk premiums less claims / expenses and policyholder participation			Yes	CH (64%); FR (26%); DE (8%); IN (2%)
29% Fee result	Income from fee business less related expenses			No	AM (60%); FR (15%); DE (14%); IN (8%); CH (3%)
-7% Cost result	Cost premiums less expenses and policyholder participation; Admin cost result is positive, acquisition cost result is negative			Yes	

1) Based on adjusted segment result of CHF 1.5 bn, FY 2017 2) Very high ● very low ○

We successfully executed three strategic programmes and recently introduced Swiss Life 2021

MILESTONE

Turnaround program:
“Getting basics right”

- Balance sheet significantly strengthened
- Cost savings of > CHF 400 m
- New business margin substantially improved
- New business mix shifted to < 30% traditional
- Disciplined ALM with low duration gap low 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%
- Further improved new business mix
- Strengthened solvency through retained earnings
- 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
- Continued with disciplined capital management
- Increased cash remittance and payout to shareholders
- Achieved RoE of 8-10%

2016 – 2018

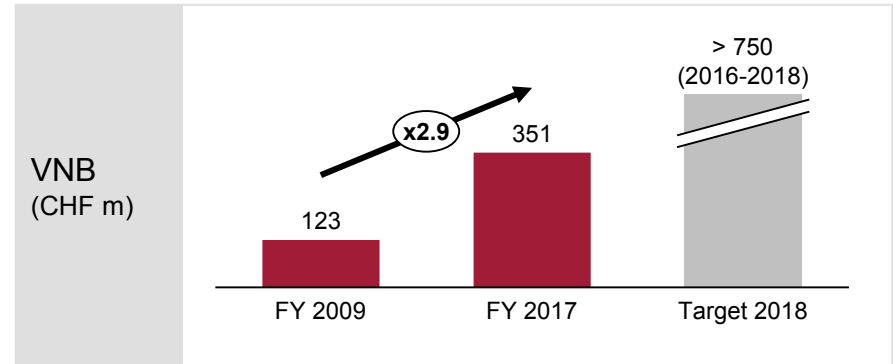
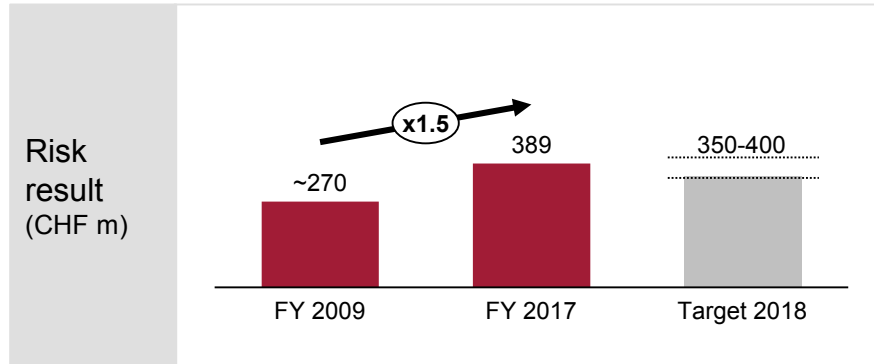
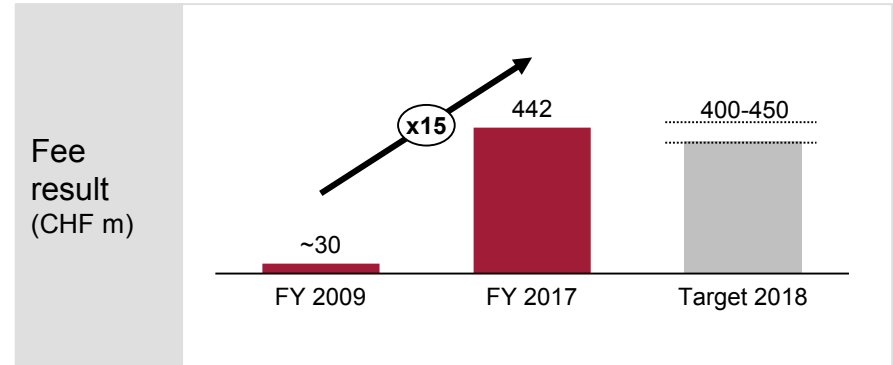
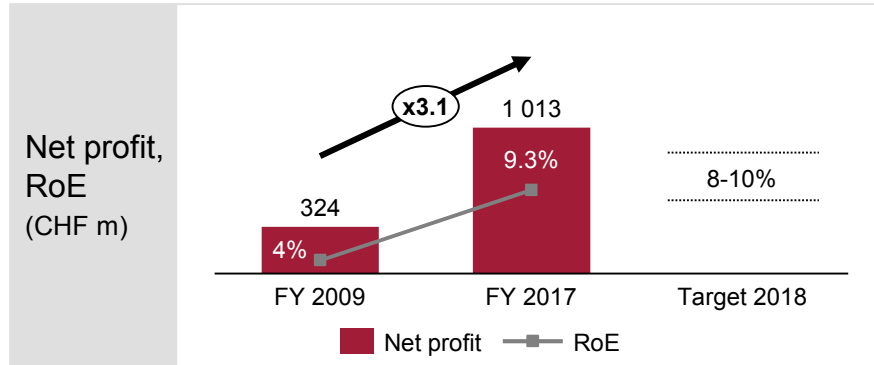
Swiss Life 2021

Enhance earnings quality
and shareholder return

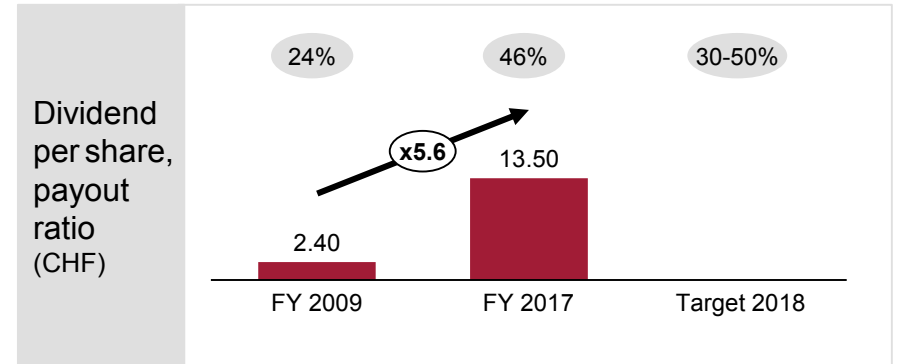
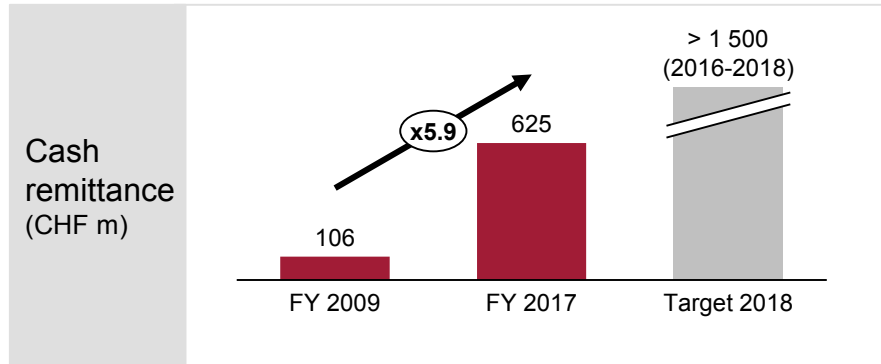
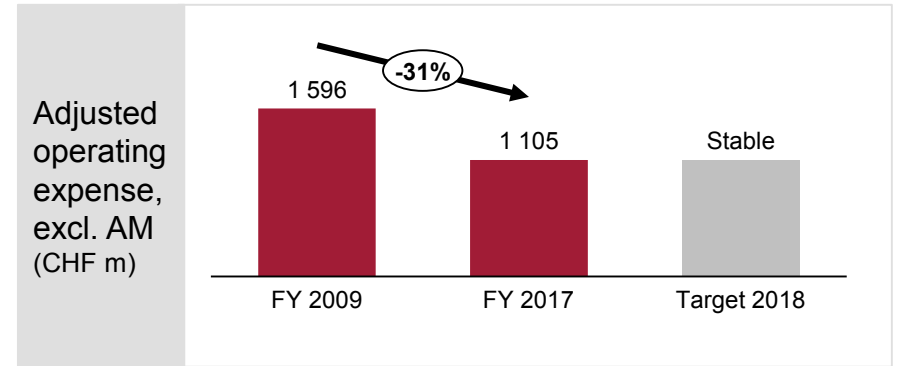
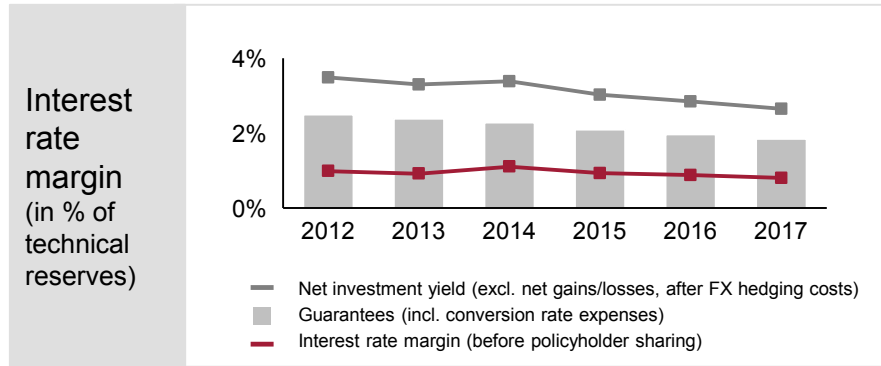
- Substantial increase in ambition for fee result, risk result and value of new business
- Further improvement of operational efficiency
- Manage capital within SST ambition range
- Increase dividend payout ratio to 50-60% covered by strong cash remittance to Holding
- Share buyback of CHF 1 bn

2019-2021

Since 2009 we have increased profitability and earnings quality ...



... which resulted in a substantial increase of cash remittance and dividend



We continued our positive development in Q3 2018: Growth in fee income and premiums

Premiums and insurance reserves

- **Premiums (GWP, fees, deposits)** increased by 4% in local currency to CHF 14.7 bn
- **Insurance reserves (excl. PHD)** up by 2% in local currency to CHF 160 bn
- **Share of non-traditional products** in new business mix at 92%

Fee and commission income

- **Fee and commission** income increased by 7% in local currency to CHF 1 156 m
- Owned IFAs +10%, own and third party business +6%, Asset Managers 0%

Investment income

- **Direct investment** income of CHF 3.3 bn at 2.2% (Q3 17: CHF 3.2 bn at 2.2%)
- **Net investment yield** of 2.2% (Q3 17: 1.8%)
- All yields not annualised

Asset Managers

- Asset Managers TPAM acquired **net new assets** of CHF 5.2 bn (Q3 17: CHF 7.0 bn), excluding money market funds this corresponds to CHF 5.8 bn (Q3 17: CHF 6.2 bn)
- **AuM TPAM** increased to CHF 66.3 bn (FY 17: CHF 61.4 bn)









SST

- **SST ratio** above 175% as of 30.09.2018, as filed with FINMA (based on internal model approved with conditions)

We expect to achieve or even exceed the 2018 financial targets

Swiss Life 2018 financial targets

Current assessment

Swiss Life 2018 financial targets	Current assessment
Quality of earnings and earnings growth <ul style="list-style-type: none"> • Fee result FY 2018: CHF 400-450 m • Risk result FY 2018: CHF 350-400 m • Cumulative value of new business (2016-2018): > CHF 750 m 	Ahead 
	On track 
	Ahead 
Operational efficiency <ul style="list-style-type: none"> • Cost savings FY 2018: CHF 100 m • Stable operating expense¹⁾ 	Exceeded 
	On track 
Capital, cash and dividend <ul style="list-style-type: none"> • Cumulative cash remittance to Holding (2016-2018): > CHF 1.5 bn • Dividend payout ratio: 30-50% • RoE²⁾: 8-10% 	Exceeded 
	On track 
	On track 

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

Agenda

Overview Swiss Life Group and 2018 target achievement

→ **New strategy Swiss Life 2021**

Focus points of Swiss Life 2021

	What remains key	Increased focus on
Quality of earnings and earnings growth	<ul style="list-style-type: none">• Protect savings result through disciplined ALM	<ul style="list-style-type: none">• Substantial increase in ambition for fee result, risk result and value of new business
Operational efficiency	<ul style="list-style-type: none">• Maintain cost discipline and process automation	<ul style="list-style-type: none">• Further leverage digitalisation to increase operational efficiency• Increase productivity and scalability in distribution and asset management
Capital, cash and payout	<ul style="list-style-type: none">• Maintain solid capital management and increase cash generation	<ul style="list-style-type: none">• Manage capital within SST ambition range• Increase dividend payout ratio covered by strong cash remittance to Holding• Return CHF 1 bn through a share buyback

New Swiss Life 2021 financial targets

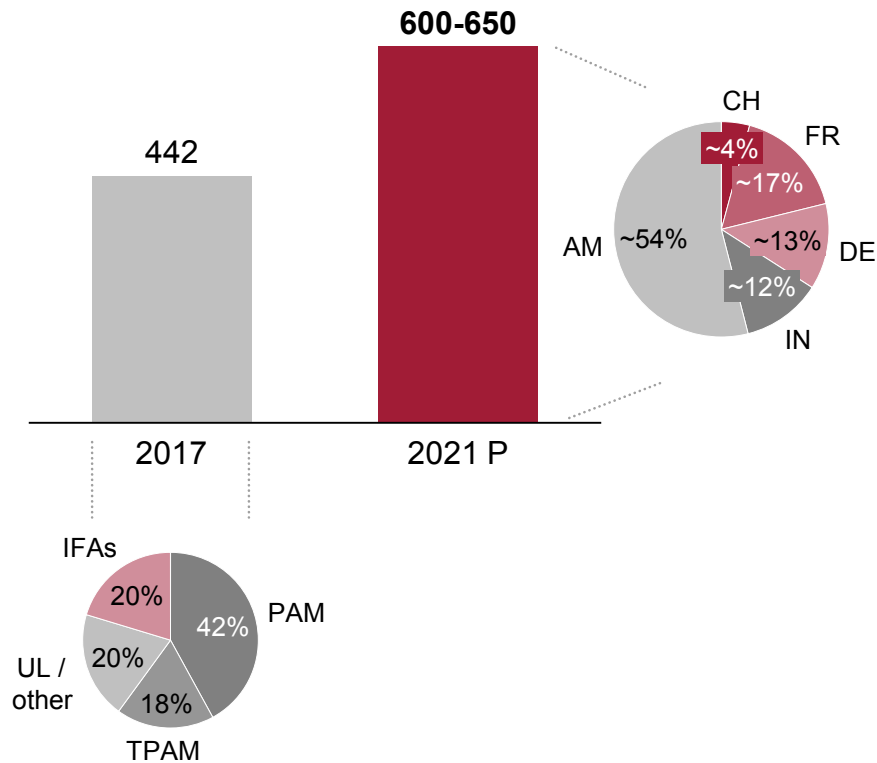
CHF

Quality of earnings and earnings growth		Operational efficiency		Capital, cash and payout	
Fee result FY 2021	600-650 m	Life efficiency ratio FY 2021	< 40 bps	SST ambition range 2019-2021	140-190%
Risk result FY 2021	400-450 m	Distribution operating expense ratio FY 2021	< 25%	Cash to Holding cumulative 2019-2021	2-2.25 bn
VNB cumulative 2019-2021	> 1.2 bn	TPAM cost income ratio FY 2021	~75%	Dividend payout ratio 2019-2021	50-60%
				Share buyback Dec 18 - Dec 19	1 bn
RoE¹⁾ of 8-10%					

1) Equity excl. unrealised gains / losses

We aim to further grow the fee result

Fee result, CHF m



Main drivers

- | | |
|----|--|
| CH | <ul style="list-style-type: none"> • Further develop existing offerings, e.g. investment solutions for private customers and pension consulting |
| FR | <ul style="list-style-type: none"> • Further grow in UL business above market by leveraging private insurer positioning |
| DE | <ul style="list-style-type: none"> • Increase the number of advisors • Make advisors more productive thanks to an attractive platform |
| IN | <ul style="list-style-type: none"> • Leverage cross-border wealth transfer solutions • Strengthen business with affinity groups |
| AM | <ul style="list-style-type: none"> • Strengthen distribution capabilities • Provide international clients with access to European real estate market |

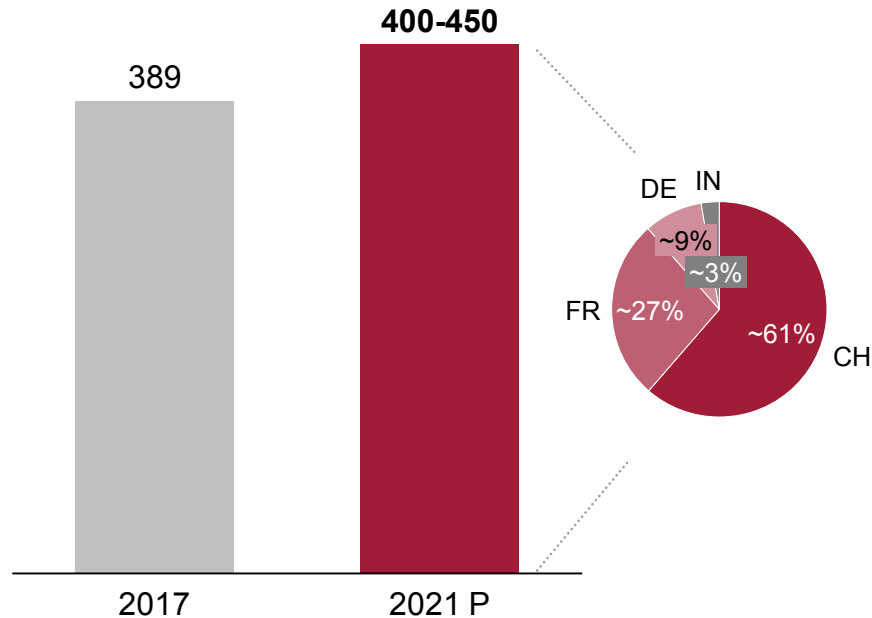
Growth contribution



We will increase the risk result despite competitive pressure

Quality of earnings and earnings growth

Risk result, CHF m



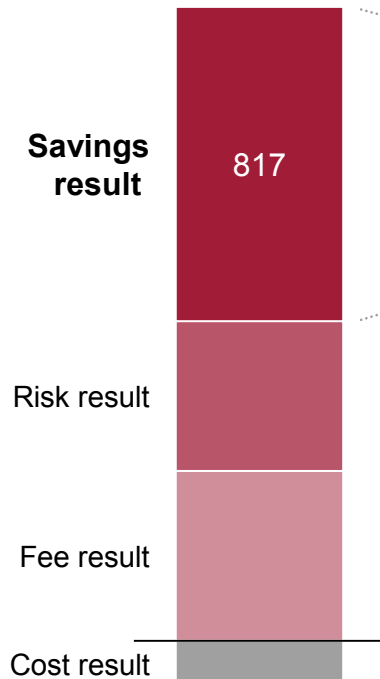
Main drivers

- | | | |
|----|--|--|
| CH | <ul style="list-style-type: none"> • Exploit market opportunities in group life | |
| FR | <ul style="list-style-type: none"> • Enhance positioning in health and protection • Further develop credit life and P&C business | |
| DE | <ul style="list-style-type: none"> • Further grow biometric risk business • Intensify solutions for specific industries | |
| IN | <ul style="list-style-type: none"> • Sell more large case death cover solutions • Increase risk plan offering for corporates | |

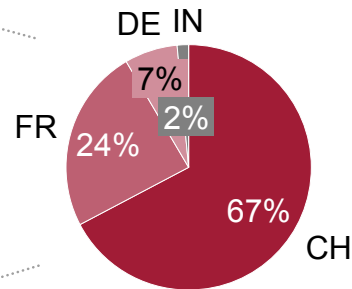
Growth contribution

Savings result will remain an important profit contributor

Profit by source
FY 2017 adjusted¹⁾ (CHF m)



Savings result by division



Savings result managed in a capital-efficient way

- Interest rate margin protected by our disciplined ALM and narrow duration gap
- Resilient yields due to a long asset duration and optimised portfolio structure
- Reserve strengthening and focus on profitable new business have led to lower guarantees
- Average statutory technical interest rate of 2.35% in 2012 and 1.33% as of 30 June 2018 (thereof 0.99% in CHF)

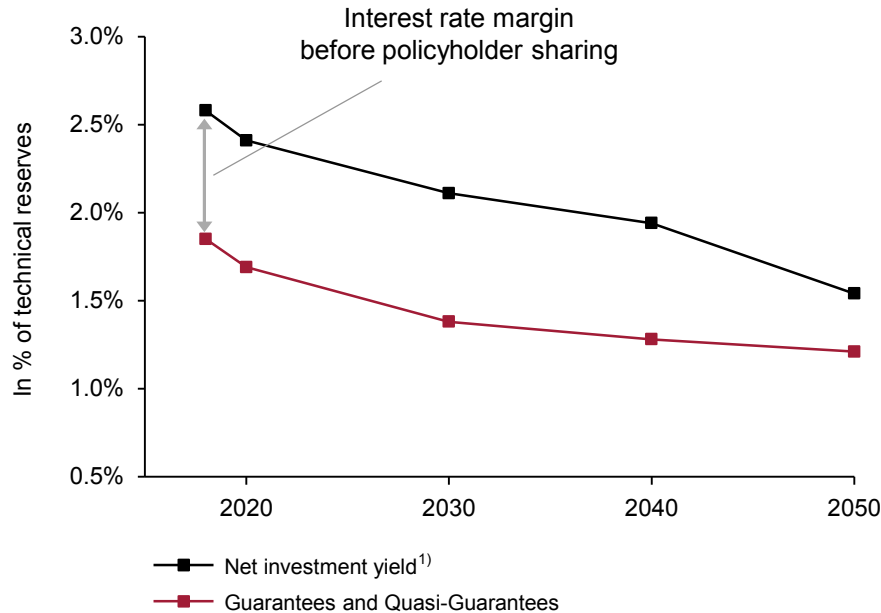
1) Based on adjusted segment result of CHF 1.5 bn

Disciplined ALM to safeguard savings result going forward

Structurally healthy interest rate margin

Statutory basis

PROJECTION



- Resilient for more than three decades even if rates stay low
- Reserve strengthening from current income has positive impact on long-term resilience
- Assumed reinvestment rates²⁾
 - Switzerland: 1.0%
 - France: 1.5%
 - Germany: 1.7%
- No new business assumed
- Risk and fee income not considered

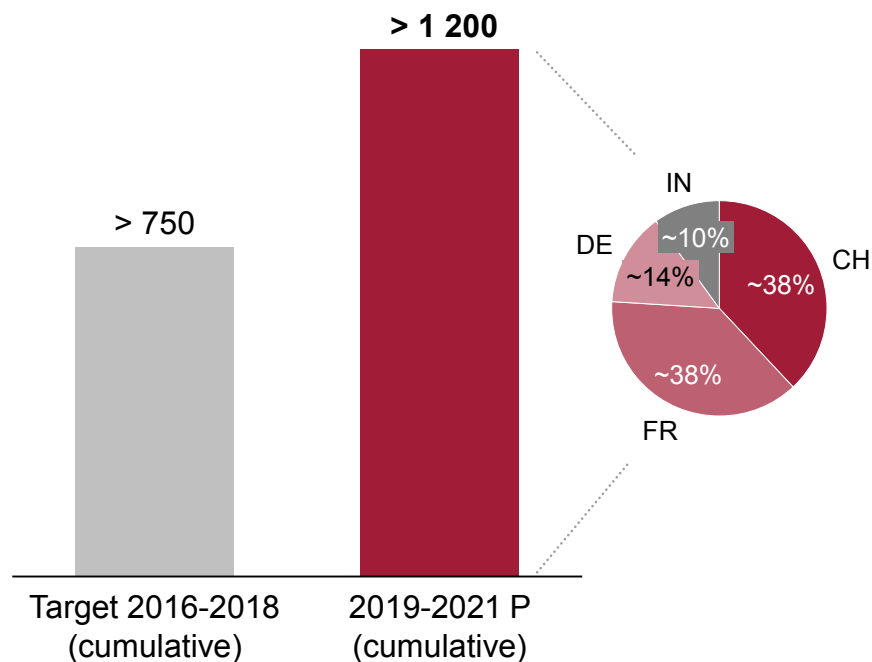
1) Net investment yield excl. realisations on fixed income investments except for ZZR build-up (“Zinszusatzreserve”) in Germany (which is also included in guarantees)

2) Based on forward rates as of end of July 2018; values shown for 2020

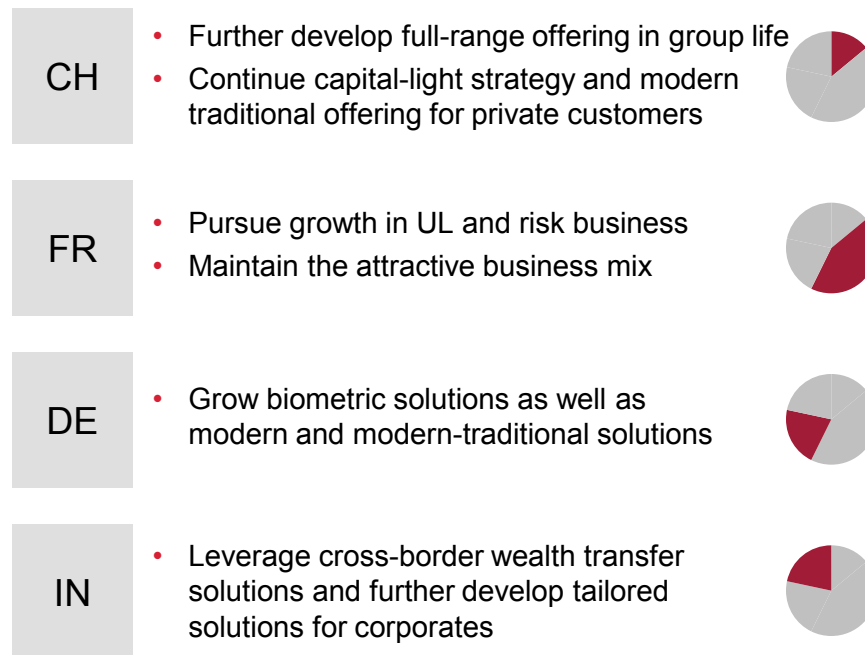
We will grow the value of new business

Quality of earnings
and earnings growth

Value of new business, CHF m



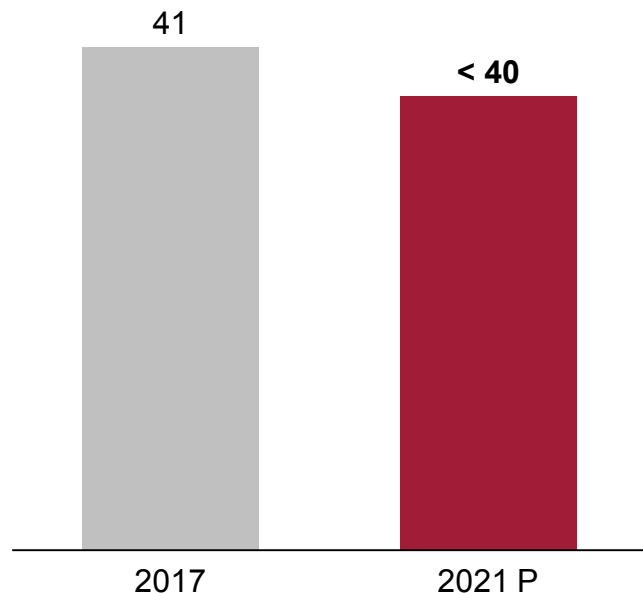
Main drivers



Our goal is to further improve the life efficiency ratio ...

Life

Efficiency ratio¹⁾, in bps



Main drivers

CH

- Enhance administration and self-service platforms
- Digitalise customer processes

FR

- Foster digital transformation to increase process automation
- Promote portals and self-care for clients and distributors

DE

- Further automate underwriting and enhance digital interfaces to improve admin cost result

IN

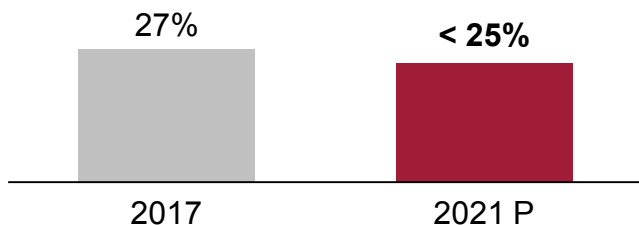
- Introduce hybrid / phygital distribution model
- Optimise target operating model

1) Excl. all non-life and distribution businesses

... and reduce cost ratios at our owned IFAs and in our TPAM business

Distribution

Operating expense ratio¹⁾



Main drivers

DE

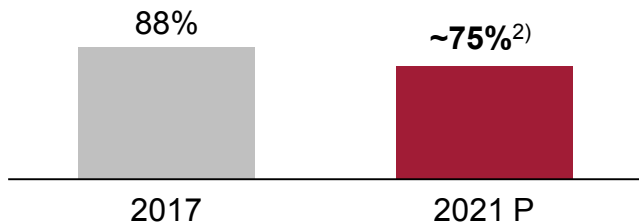
- Further develop scalable platform
- Improve self-service functionalities

IN

- Realise operational synergies in Central Eastern Europe
- Leverage digital client portals in UK

TPAM

Cost income ratio



AM

- Improve scalability by further growing TPAM
- Adapt operating model and simplify legal structures

1) Owned IFAs and Agami 2) Excl. Livit

We will strive for more attractive shareholder return

Capital, cash and
payout

Starting point

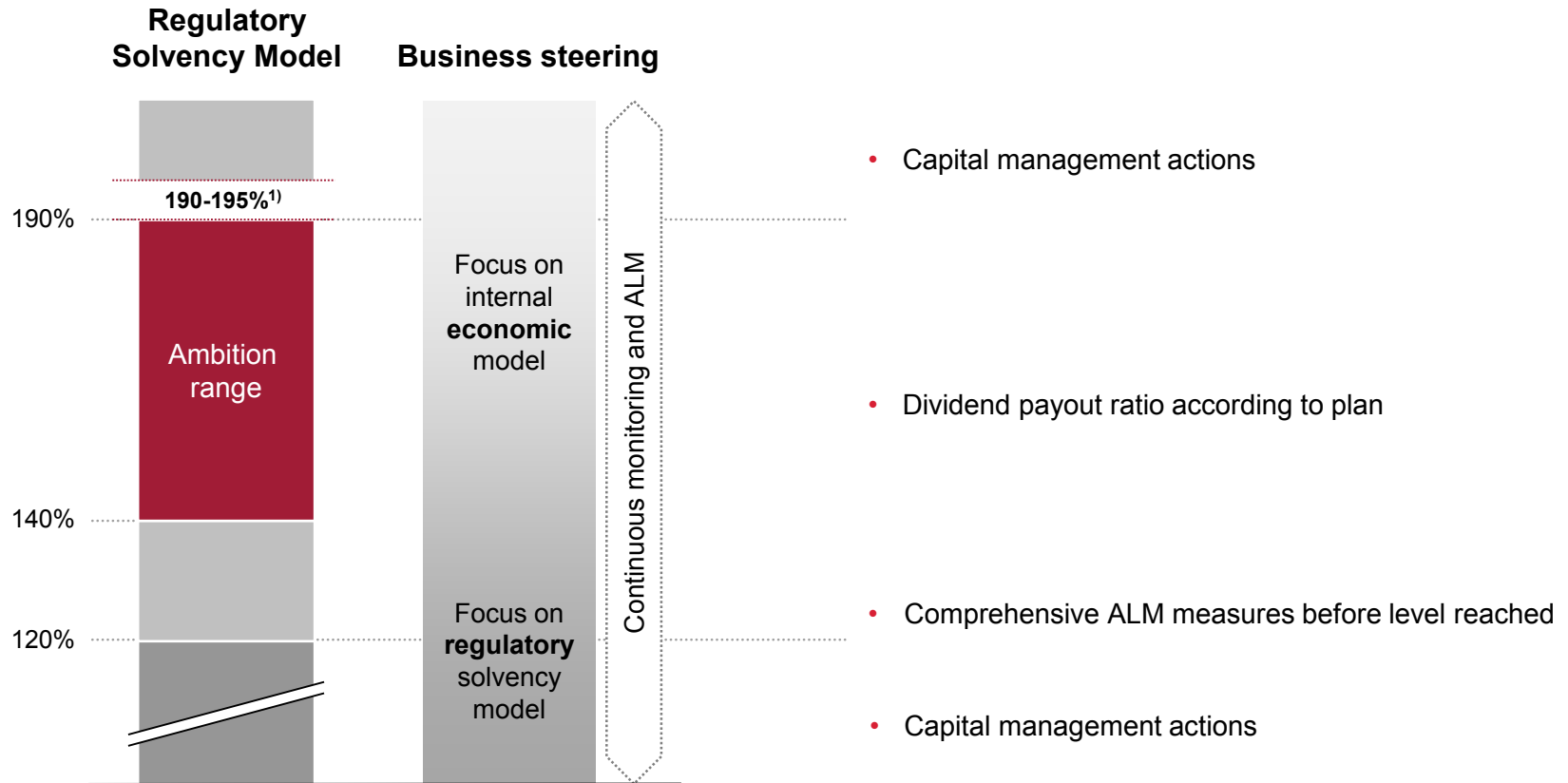
- Solid capitalisation
- Improved quality of earnings
- Attractive new business mix
- Clarity on SST model
- Strong liquidity

New / increased focus on

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

**Attractive
shareholder
return**

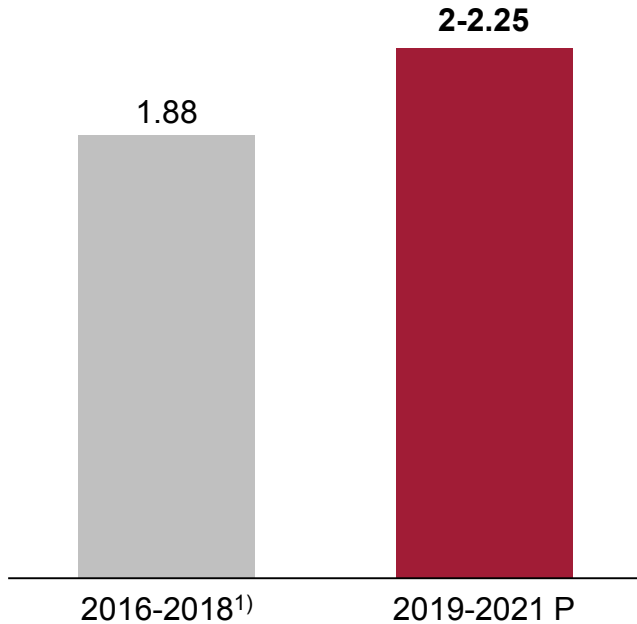
We are introducing an SST ambition range



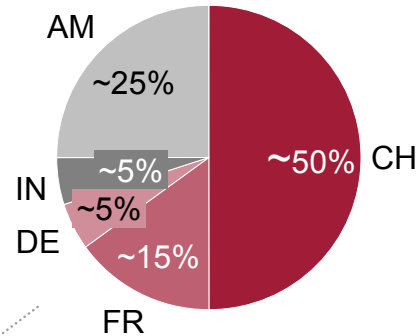
1) As of 30.6.2018, pro-forma new model

We plan to increase cash remittance ...

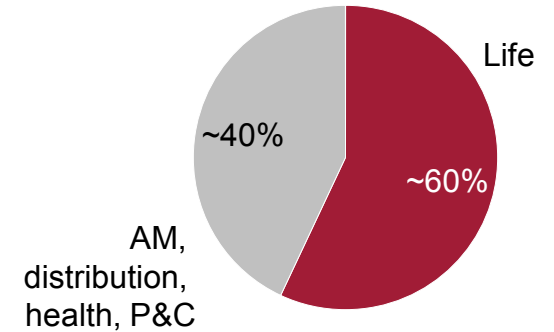
Cash remittance to Holding, CHF bn



by division

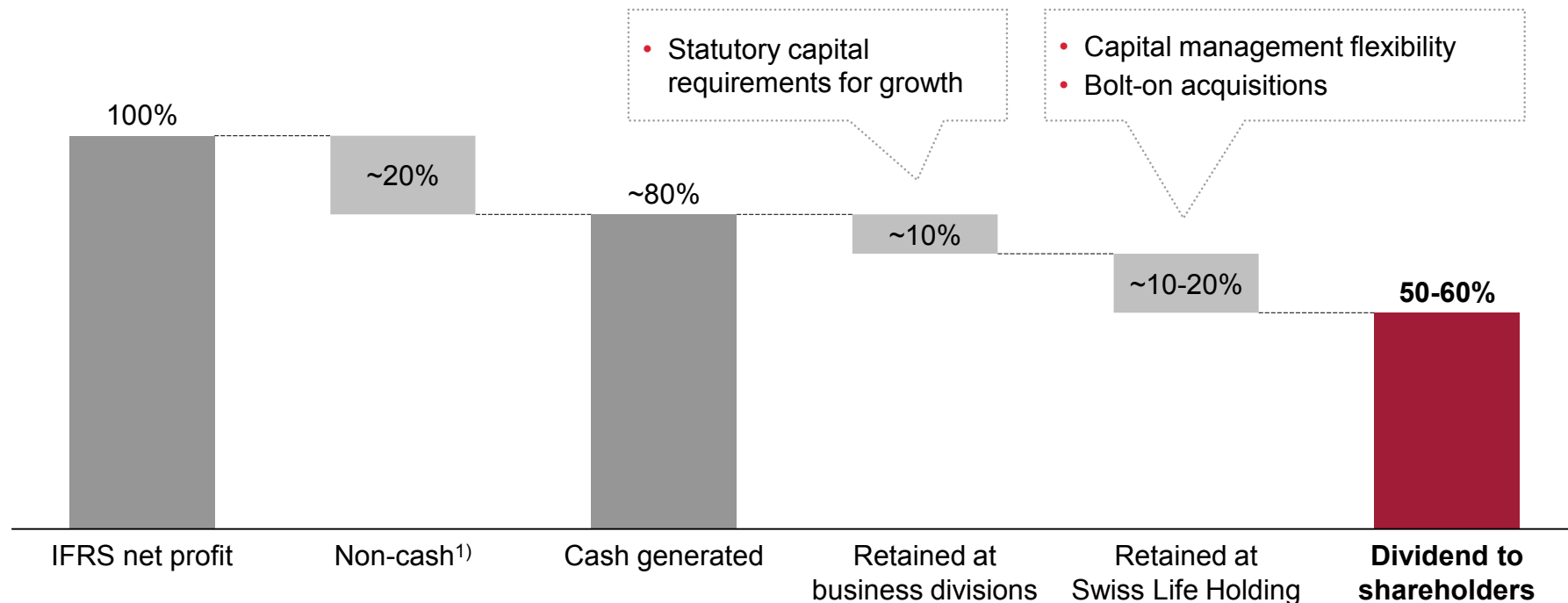


by business mix



1) FY 2016, FY 2017 and HY 2018

... with the majority of cash being returned to shareholders



1) Mainly real estate revaluations and DAC

Share buyback of CHF 1 bn to be completed by the end of 2019

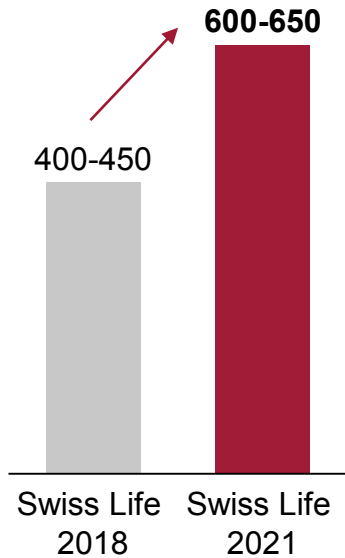
Swiss Life share buyback programme

Conditions	<ul style="list-style-type: none">• CHF 1 bn (corresponds to approx. 2.6 million¹⁾ shares)• Purchases at market price
Execution	<ul style="list-style-type: none">• Purchases on 2nd trading line• Execution delegated to partner bank• Number of shares repurchased until 04 January 2019: 248 700 shares (amount paid: CHF 94.7 m)• Cancellation of repurchased shares: Request will be made at AGMs 2019 / 2020
Timing	<ul style="list-style-type: none">• Started on 03 December 2018• To be completed by the end of 2019
Disclosure	<ul style="list-style-type: none">• Number of shares purchased per day to be disclosed weekly on Swiss Life website

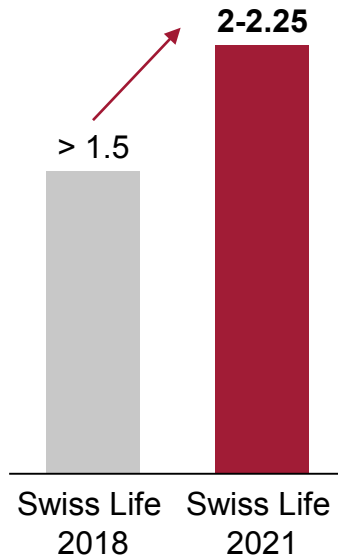
1) Based on share price on 26 November 2018

Swiss Life 2021: Raising our ambitions

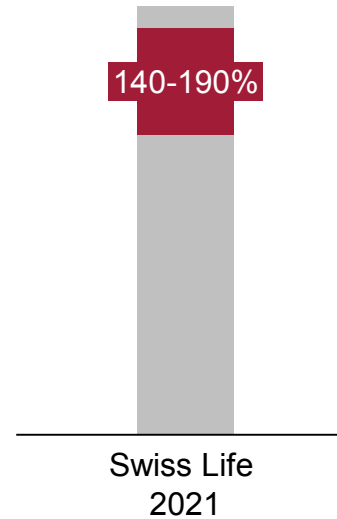
Fee result CHF m



Cash remittance 3 years cumulative, CHF bn



SST ambition range



Strong cash remittance based on growing fee result and healthy solvency lead to **attractive shareholder return** under Swiss Life 2021

- Dividend payout ratio: **50-60%**
- Share buyback: **CHF 1 bn**

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Contact details and financial calendar

Contact

Heidi Hinterhuber
Head of Investor Relations

Phone +41 (43) 284 67 67
E-mail heidi.hinterhuber@swisslife.ch

Rolf Winter
Senior Investor Relations Manager

Phone +41 (43) 284 49 19
E-mail rolf.winter@swisslife.ch

Olga Schmidtberger
Investor Relations Manager

Phone +41 (43) 284 49 74
E-mail olga.schmidtberger@swisslife.ch

Financial calendar

Full-year results 2018	26 February 2019
Annual General Meeting 2019	30 April 2019
Interim statement Q1 2019	9 May 2019
Half-year results 2019	13 August 2019

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