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## **EANS-News: UNIQA Insurance Group AG / UNIQA launches largest investment programme in the company's history**

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### Strategic management decisions

#### UNIQA launches largest investment programme in the company's history

- 2015: UNIQA on track for record result
- 2016: launch of the largest investment and innovation programme in the company's history amounting to around EUR500 million
- Digital transformation drives innovation and new business models
- Amended earnings forecast for 2016 due to investments and challenging conditions
- Intention for a sustainably progressive dividend policy with annual increases of the dividend per share up to 2020

#### 2015: best annual result in the company's history

UNIQA CEO Andreas Brandstetter delivers a positive summary of the progress so far of the "UNIQA 2.0" growth strategy launched in 2011. "In the last five years, we have rigorously pursued and largely achieved our ambitious targets," Brandstetter says. "Since the economic capital ratio according to Solvency II (EIOPA standard formula) has been strengthened step by step over the last years to over 180 per cent, UNIQA now has a healthy, strong equity base and high operating profitability. Following the re-IPO in 2013, we have created a corporate structure fit for the capital market and continuously increased the number of customers from 7.5 million in 2011 to more than 10 million today," says Brandstetter on the significant momentum of development in recent years. As a result of this strategy programme set to run until 2020, UNIQA generated the best nine-month result in the company's history at the end of the third quarter with EBT of EUR301.9 million. "In the 2015 financial year, we expect to achieve the best result in the company's history," says Brandstetter, giving a forecast of financial year 2015 results.

#### UNIQA launches EUR500 million investment and innovation programme

Brandstetter sees digitalisation as a key driver of new business models converging from the "new and old economy" and one of the biggest challenges UNIQA will have to face in the future. The diversity of convergent product and service offers emerging in recent years is leading in particular to fundamental changes in customer expectations and behaviour. This disruptive development of a new market environment sets UNIQA the challenge of rethinking the own business model and the underlying products and processes from the customers' perspective. "The digitalisation and digital networking of existing offers, which UNIQA has successfully promoted in recent years, are the first steps in the right direction, but they will be far from sufficient," says Brandstetter, pointing to examples such as the "SafeLiner" in car insurance or the VitalCoaches and medical call centre in healthcare. "We have to bring our offering much closer to where our customers intuitively expect security and associated services," says the UNIQA CEO.

"In order to trigger the necessary innovation boost, we are launching the largest innovation programme in the company's history and will invest around EUR500 million in our future over the next few years. The investments, a good portion of which will be made in 2016, will largely go on the redesign of the business model, the necessary build-up of staff expertise and the required IT

systems," Brandstetter specifies. "In the core business, we are transforming ourselves from a provider of insurance products into an integrated service provider that meets customers in their 'needs environment'," says the UNIQA CEO. In the future, this may be the application-controlled 'smart home', the self-driving car or any form of free-time activity that aims at a healthy, better and longer life. An essential requirement for this is the best possible convergence of new technology with the already close-knit network of local UNIQA advisors.

The Supervisory Board's approval of this innovation programme is not just based on UNIQA's comfortable economic situation and the fact that Austria's leading insurer can afford these considerable investments. "We actually have to make this investment right now, because we will thus meet the necessary requirement of being able to continue on our ambitious growth trajectory in the future," says Brandstetter, explaining why a large portion of the EUR500 million programme will already take effect in 2016. "The insurance industry is faced with enormous challenges and drastic upheaval. Only those who invest now can actively shape the future."

#### Low interest environment remains a challenge

The second major challenge is the persistent phase of low interest rates, which threatens to erode key parts of the business model of the entire insurance sector in the medium term, Brandstetter continues. It is difficult to predict what new conditions these developments, unheard of in the history of the industry, will create in the medium term: "New phenomena, such as negative interest on sovereign bonds, are already making a considerable impact on our investment result," says the UNIQA CEO on the urgency of responding to the current capital market environment. Operating excellence in the core business must therefore be further optimised in parallel with the far-reaching investments in the future. "We have implemented a range of programmes in order to exploit new alternative investments, manage our capital even more actively, adapt our current product portfolio to market conditions and continue lowering the cost ratio in the medium term through the ongoing optimisation of our processes."

#### Outlook for 2016

A good portion of the considerable future investments will take effect in 2016 and is thus reflected in the short term by an altered earnings forecast. In combination with the persistently difficult conditions, such as the still-moderate economic outlook, ongoing low interest rates, sinking investment income and political uncertainty in individual markets in particular, UNIQA expects significantly reduced earnings in the 2016 financial year compared to 2015. Preliminary figures for 2015 will be published at the beginning of March 2016.

#### Continuation of the progressive dividend policy with annual dividend increases

UNIQA has distributed a higher dividend per share every year since 2012. With dividend payments of 25 cents per share for the 2012 financial year, 35 cents for 2013 and 42 cents for 2014, the UNIQA share has evolved into a progressive dividend stock. "Despite the considerable investments in the future and the challenging economic environment, we intent to still continuously increase the annual distribution per share in the years to come," Brandstetter says of his plan to continue the progressive dividend policy.

In addition, Brandstetter presents shareholders with the prospect of the further consistent continuation of the growth trajectory started in 2011: "Our target of increasing customer numbers to around 15 million by 2020 remains valid," says the UNIQA CEO. With a planned average operating ROE of 13.5 per cent (2017-2020) and further increases in the economic capital ratio according to Solvency II (currently more than 180 per cent according to EIOPA standard formula), UNIQA is to retain its high level of profitability at the same time as a comfortable equity base in the years to come. "On the basis of our strong economic position, we will finance both the future investments of around EUR500 million and our sustainably progressive dividend policy not by selling assets but from our operating cash flow," says Brandstetter. "We will thus come a significant step closer to achieving our target of becoming the best insurance group in Central

and Eastern Europe by 2020."

#### Forward-looking statements

This press release contains statements referring to the future development of the UNIQA Group. These statements present estimates which were reached on the basis of all of the information available to us at the present time. If the assumptions on which they are based do not occur, the actual results may deviate from the results currently expected. As a result, no liability is accepted for this information

#### UNIQA

The UNIQA Group is one of the leading insurance groups in its core markets of Austria and Central and Eastern Europe (CEE). 22,000 employees and exclusive sales partners serve more than 10 million customers in 19 countries. UNIQA is the second-largest insurance group in Austria with a market share of around 22%. UNIQA operates in 15 markets in the CEE growth region: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, and Ukraine. The UNIQA Group also includes insurance companies in Italy, Switzerland and Liechtenstein.

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