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## EANS-News: UNIQA Insurance Group AG / UNIQA achieves targets in first half of year

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### 6-month report

#### UNIQA achieves targets in first half of year

- \* Group premiums written fall by 7.7 per cent to EUR 3,277.7 million due to proactive reduction in single premiums in life insurance
- \* Recurring Group premiums up 1.4 per cent
- \* Retained insurance benefits down 10.3 per cent at EUR 2,291.6 million
- \* Improvement in combined ratio from 97.1 per cent to 96.9 per cent
- \* Net investment income decreases to EUR 301.5 million (-25.6 per cent) due to intensification of low-interest environment
- \* Earnings before taxes down by EUR 84.6 million at EUR 106.2 million (-44.3 per cent) in line with expectations
- \* Earnings outlook for 2016 confirmed: up to 50 per cent lower than record earnings from 2015 due to high future investments and strained economic conditions

Commenting on the first half of 2016, UNIQA CEO Andreas Brandstetter says: "Overall, the results from the first six months put us on track to achieve our targets for the whole of the 2016 financial year as well. The planned decrease in earnings before taxes that we forecast at the beginning of the year is a consequence of the toxic low interest rate environment, which is still putting investment income under a great deal of pressure. Combined with considerable negative exchange rate effects and a stronger than average investment result in the previous year, this results in a significant decrease in our investment income. It is encouraging firstly that the decreases in premiums, investment income and earnings before taxes have slowed in comparison to the first quarter, and secondly that we managed to reduce the combined ratio further, in contrast to the general development in the sector, and kept costs stable despite the investments already initiated as part of our innovation program."

With regard to the development of premiums, Brandstetter comments: "The decline in premiums written is entirely attributable to the fact that we significantly reduced single premium business because this ties up a lot of capital and is less profitable and not attractive for customers, particularly in the current interest rate environment. I see it as very positive that we increased recurring Group premiums after adjustment for single premiums and continued our growth both in property and casualty insurance and also in the very profitable area of health insurance."

With regard to the anticipated development in the second half of the year, Brandstetter says: "We are responding to the low interest rate level by systematically focusing on our core underwriting business. In the medium term, our top priorities here will be to sustainably reduce the combined ratio and maintain a healthy level of capital resources. For the 2016 financial year, we still expect earnings before taxes to be up to 50 per cent lower than the very good earnings for 2015. This is because investments in our innovation program

that was launched at the beginning of 2016 will increase in the second half of the year, while the general conditions will remain extremely difficult, as described above. We are keeping to our plan to continuously increase the annual distribution per share in the years to come as part of a progressive dividend policy."

#### Key Group figures for the first half of 2016 in detail

The premiums written by the UNIQA Group including the savings portion of unit- and index-linked life insurance fell by 7.7 per cent to EUR 3,277.7 million in the first half year of 2016 (1 - 6/2015: EUR 3,552.2 million) due to the reduction in single premium business in the life insurance segment in line with planning. While single premiums in life insurance fell by 36.2 per cent to EUR 547.5 million (1 - 6/2015: EUR 858.7 million), recurring Group premiums climbed by 1.4 per cent to EUR 2,730.2 million (1 - 6/2015: EUR 2,693.5 million).

Premiums written in health insurance climbed by 3.5 per cent to EUR 523.3 million in the period under review (1 - 6/2015: EUR 505.4 million), while in property and casualty insurance they grew by 1.9 per cent to EUR 1,454.5 million in the first six months of 2016 (1 - 6/2015: EUR 1,427.0 million). In life insurance, total premiums written - including the savings portion of unit- and index-linked life insurance - declined by 19.8 per cent to EUR 1,299.9 million (1 - 6/2015: EUR 1,619.8 million) due to the reduction of single premium business.

Premiums earned (net) in accordance with IFRS (i.e. not including the savings portion of unit- and index-linked life insurance) decreased by 7.8 per cent to EUR 2,841.4 million (1 - 6/2015: EUR 3,081.0 million).

Net insurance benefits fell by 10.3 per cent to EUR 2,291.6 million in the first half year of 2016 (1 - 6/2015: EUR 2,555.2 million) as a result of the sharp decline in premiums in life insurance.

Total operating expenses less reinsurance commissions remained stable at EUR 684.6 million in the first six months of 2016 (1 - 6/2015: EUR 685.2 million). Acquisition expenses decreased by 2.9 per cent to EUR 475.6 million (1 - 6/2015: EUR 490.1 million). Other operating expenses (administration costs) climbed by 7.1 per cent in the first half of 2016 to EUR 209.0 million (1 - 6/2015: EUR 195.2 million) as a result of investments already initiated as part of the innovation and investment program.

As expected, the Group cost ratio rose to 22.5 per cent (1 - 6/2015: 20.6 per cent) as a result of the decrease in premiums and the increase in investments. The combined ratio after reinsurance improved to 96.9 per cent (1 - 6/2015: 97.1 per cent), primarily due to an improved loss ratio.

Net investment income declined by 25.6 per cent to EUR 301.5 million in the first six months of 2016 (1 - 6/2015: EUR 405.3 million). The comparative figure for the previous year was positively influenced by net measurement gains and the reorganisation of the strategic investment policy in 2015, whereas in the first quarter of 2016 it was curbed by negative exchange rate effects and in the first half of the year as whole by further intensification of the low-interest environment.

Investments of the UNIQA Group (including unit- and index-linked life insurance investments) increased as against the end of the previous year to EUR 30,107.5 million as at 30 June 2016 (31 December 2015: EUR 29,416.1 million).

The technical result of the UNIQA Group fell by 14.5 per cent to EUR 57.6 million in the first half year of 2016 (1 - 6/2015: EUR 67.4 million) primarily due to initial expenses in connection with the innovation and investment program. Operating earnings declined by 31.7 per cent to EUR 145.8 million (1 - 6/2015: EUR 213.3 million) as a result of the decline in the investment result. The UNIQA Group's earnings before taxes amounted to EUR 106.2 million (1 - 6/2015: EUR 190.8 million).

Consolidated profit (net profit for the period attributable to the shareholders of UNIQA Insurance Group AG) decreased by 42.2 per cent to EUR 90.3 million (1 - 6/2015: EUR 156.3 million). Earnings per share amounted to EUR 0.29 (1 - 6/2015: EUR 0.51).

As at 30 June 2016, the UNIQA Group's equity amounted to EUR 3,267.3 million (31 December 2015: EUR 3,152.7 million).

The average number of employees at the UNIQA Group decreased to 13,764 in the first six months of 2016 (1 - 6/2015: 14,167).

#### Outlook for 2016

At the beginning of 2016, UNIQA launched the biggest innovation programme in the company's history and will invest around EUR 500 million in the redesign of the business model, the necessary build-up of staff expertise and the required IT systems over the next few years. A good portion of these considerable future investments will take effect in 2016. In combination with the persistently difficult conditions - such as ongoing low interest rates, sinking investment income and political uncertainty in individual markets - UNIQA expects earnings before taxes in the 2016 financial year to be up to 50 per cent lower than the very good earnings for 2015. Despite the investments and the challenging economic environment, UNIQA intends to continuously increase the annual distribution per share in the years to come as part of a progressive dividend policy.

#### Forward-looking statements

This press release contains statements concerning UNIQA's future development. 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). 21,300 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 per cent. 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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