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**EANS-News: UNIQA Insurance Group AG / UNIQA on track to achieve targets set**

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**9-month report****UNIQA on track to achieve targets set**

- \* Planned decrease in single premiums in life insurance reduces Group premiums written by 2.3 per cent to EUR 4,753.3 million
- \* Recurring Group premiums climb by 1.9 per cent to EUR 3,949.6 million
- \* Retained insurance benefits down 2.3 per cent at EUR 3,431.4 million
- \* Combined ratio virtually unchanged at 98.2 per cent (+0.2 pp)
- \* Net investment income decreases to EUR 490.1 million (-20.7 per cent) due to further deterioration in the low-interest rate environment
- \* Earnings before taxes down 42.9 per cent at EUR 172.2 million 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

UNIQA CEO Andreas Brandstetter comments on the first three quarters of 2016 as follows: "With earnings before taxes of EUR 172.2 million after nine months, we are in line with our expectations overall, although an unexpectedly large number of major claims arose in property and casualty insurance in the third quarter. At the start of the year, we already announced that earnings for the current year would be up to 50 per cent lower than the record earnings from 2015 due to high future investments and the strained economic conditions. We are therefore on track to achieve the targeted earnings for 2016 as a whole, even though the challenging low interest rate environment is still putting investment income under a great deal of pressure."

With regard to the development of claims, Brandstetter comments: "The third quarter of 2016 was influenced by a larger than average number of major claims in Austria and the international markets. As a result, the combined ratio in property and casualty insurance increased slightly to 98.2 per cent in the first nine months of the year. We are not satisfied with this figure, which is considerably higher than we had expected. Therefore, we will continue unabated with our efforts to achieve further improvements in this area on a sustainable basis. Returning to the path of recent years with a steady decrease in the combined ratio is a top priority for us."

With regard to the development of premiums, Brandstetter comments: "In the first three quarters of 2016, recurring premiums climbed by 1.9 per cent overall as a result of moderate growth in Austria and more substantial increases internationally. The decline in premiums written is entirely due to the fact that we deliberately reduced single premium business because it is not attractive for our customers in the current interest rate environment and has a poor return on capital for the Group. We achieved very good growth in property

and casualty insurance and also continued our solid growth in health insurance." With regards to the anticipated development, Brandstetter says: "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 due firstly to the innovation programme launched at the beginning of 2016 with significant future investments in the redesign of the business model, the enhancement of staff expertise and the necessary modernisation of our IT landscape. Secondly, we do not expect the persistently difficult conditions with negative interest rates, decreasing investment income and political uncertainty in individual markets to improve in the medium term. We are keeping to our plan to continuously increase the annual distribution per share in the years to come on the basis of very sound capital resources as part of a progressive dividend policy."

#### Key Group figures for first nine months of 2016 in detail

The premiums written by the UNIQA Group including the savings portion of unit- and index-linked life insurance fell by 2.3 per cent to EUR 4,753.3 million in the first three quarters of 2016 (1 - 9/2015: EUR 4,866.1 million) due to the reduction in single premium business in the life insurance segment in line with planning. While recurring Group premiums rose by 1.9 per cent to EUR 3,949.6 million (1 - 9/2015: EUR 3,876.8 million), single premiums in life insurance fell by 18.8 per cent to EUR 803.7 million (1 - 9/2015: EUR 989.3 million).

Premiums written in health insurance climbed by 4.0 per cent to EUR 778.8 million in the period under review (1 - 9/2015: EUR 749.1 million), while in property and casualty insurance they grew by 2.4 per cent to EUR 2,079.1 million in the first nine months of 2016 (1 - 9/2015: EUR 2,029.6 million). In life insurance, total premiums written - including the savings portion of unit- and index-linked life insurance - declined by 9.2 per cent to EUR 1,895.3 million (1 - 9/2015: EUR 2,087.5 million) due to the reduction of single premium business.

Premiums earned in accordance with IFRS (i.e. not including the savings portion of unit- and index-linked life insurance) decreased by 2.1 per cent to EUR 4,219.3 million (1 - 9/2015: EUR 4,307.6 million).

The UNIQA Group's net insurance benefits fell by 2.3 per cent to EUR 3,431.4 million in the first nine months of 2016 (1 - 9/2015: EUR 3,512.5 million) as a result of the decline in premiums in life insurance.

Total operating expenses less reinsurance commissions received rose by 1.7 per cent to EUR 1,015.0 million in the first nine months of 2016 (1 - 9/2015: EUR 998.5 million). Acquisition expenses posted a decrease of 0.8 per cent to EUR 702.7 million (1 - 9/2015: EUR 708.5 million). Other operating expenses (administration costs) climbed by 7.8 per cent in the first three quarters of 2016 to EUR 312.4 million (1 - 9/2015: EUR 289.9 million) as a result of expenses relating to the innovation and investment programme.

As expected, the Group cost ratio rose to 22.4 per cent (1 - 9/2015: 21.4 per cent) as a result of the decrease in premiums and the increase in investments. The combined ratio after reinsurance increased slightly to 98.2 per cent (1 - 9/2015: 98.0 per cent) due to higher than average expenses from major claims in the third quarter.

Net investment income fell by 20.7 per cent to EUR 490.1 million in the first three quarters of 2016 (1 - 9/2015: EUR 618.0 million), partly due to negative exchange rate effects. The comparative figure for the previous year was influenced by positive measurement results and the reorganisation of the strategic investment policy in 2015, whereas in the first nine months of 2016, it was curbed by further intensification of the low-interest rate environment.

The investment of the UNIQA Group (including unit- and index-linked life insurance investments) increased as against the end of the previous year to EUR 30,584.9 million as at 30 September 2016 (31 December 2015: EUR 29,416.1 million).

The technical result of the UNIQA Group declined by 50.7 per cent to EUR 74.4 million in the first three quarters of 2016 (1 - 9/2015: EUR 151.0 million). Operating earnings declined by 32.3 per cent to EUR 230.6 million (1 - 9/2015:

EUR 340.4 million), chiefly as a result of the decline in the investment result. The UNIQA Group's earnings before taxes amounted to EUR 172.2 million (1 - 9/2015: EUR 301.9 million). These earnings include extraordinary income before taxes of EUR 37 million from the sale of our minority financial investment in Niederösterreichische Versicherung AG, investments of around EUR 30 million as part of our innovation programme, and a EUR 30 million increase in expenses from major claims compared to the previous year.

Consolidated profit (net profit for the period attributable to the shareholders of UNIQA Insurance Group AG) decreased in line with planning by 39.3 per cent to EUR 148.8 million (1 - 9/2015: EUR 245.0 million). Earnings per share amounted to EUR 0.48 (1 - 9/2015: EUR 0.79).

The UNIQA Group's equity posted an increase of 6.8 per cent since the beginning of the year and amounted to EUR 3,367.9 million as at 30 September 2016 (31 December 2015: EUR 3,152.7 million).

The average number of employees at the UNIQA Group decreased to 13,908 in the first nine months of 2016 (1 - 9/2015: 14,038).

#### 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 ten 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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