

## **Vienna Insurance Group – Focused on Growth in CEE and Austria**

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Sal. Oppenheim Conference Zurich, 28 November 2006

# Vienna Insurance Group – Focused on Growth in CEE and Austria

- § Leading Austrian insurance group operating in 17 countries
- § Focused on long-term earnings growth
- § No. 2 foreign insurer in the CEE region and largest CEE insurance pure play
- § Attractive Austrian franchise with 21.7% market share<sup>1</sup>
- § Successful multi-brand strategy with focus on local management
- § Strongly diversified customer access through multi-channel distribution
- § Conservative risk management approach

<sup>1</sup> For 2005.

Source: For market share VVO (Austrian Association of Insurance Companies)

# VIG is the Leading Austrian Insurance Group operating in 17 Countries

Excellent market positions

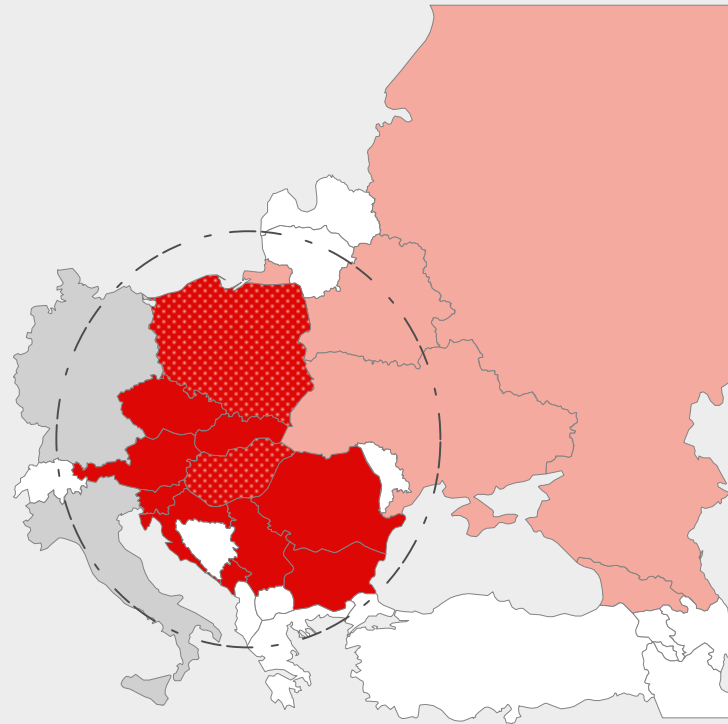
## Excellent market position in Austria and CEE

### Leading Position in Austria

- § #1 in Property & Casualty
- § #1 in Life
- § #2 in Health

### Top 5 Positions in Croatia and Serbia & Montenegro

- § #4 in Croatia with a 7% market share
- § #4 in Serbia & Montenegro with a 3% market share



### No. 1 or No. 2 in Romania, in the Czech Republic, Slovakia and Bulgaria

- § #1 in Romania with a 20% market share
- § #2 in the Czech Republic with a 26% market share
- § #2 in Slovakia with a 27% market share
- § #2 in Bulgaria with a 16% market share<sup>1</sup>

### Strong Positions in Other CEE Countries

- § Poland
- § Hungary
- § Ukraine
- § Belarus
- § Slovenia

<sup>1</sup> Including the acquisition of Kardan Financial Services.

Note: All market shares as of YE 2005, except for Serbia (as of 31-Dec-2004); GEP based on consolidated IFRS accounts

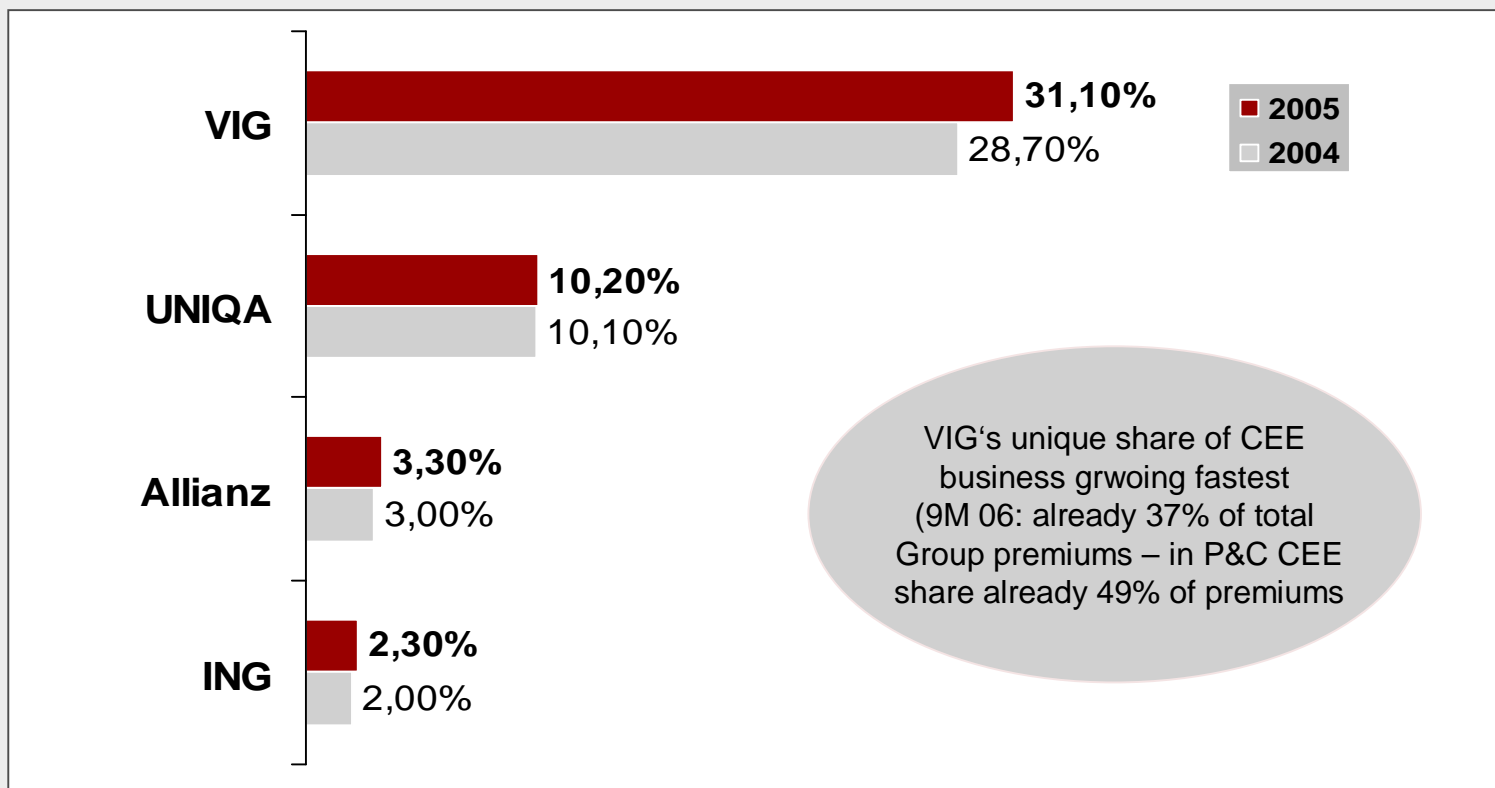
Source: For market shares National Insurance Associations, except for Romania (Insurance Profile Feb-2005)

# Largest CEE Insurance Pure Play - Update

Only Vienna Insurance Group widely captures CEE potential

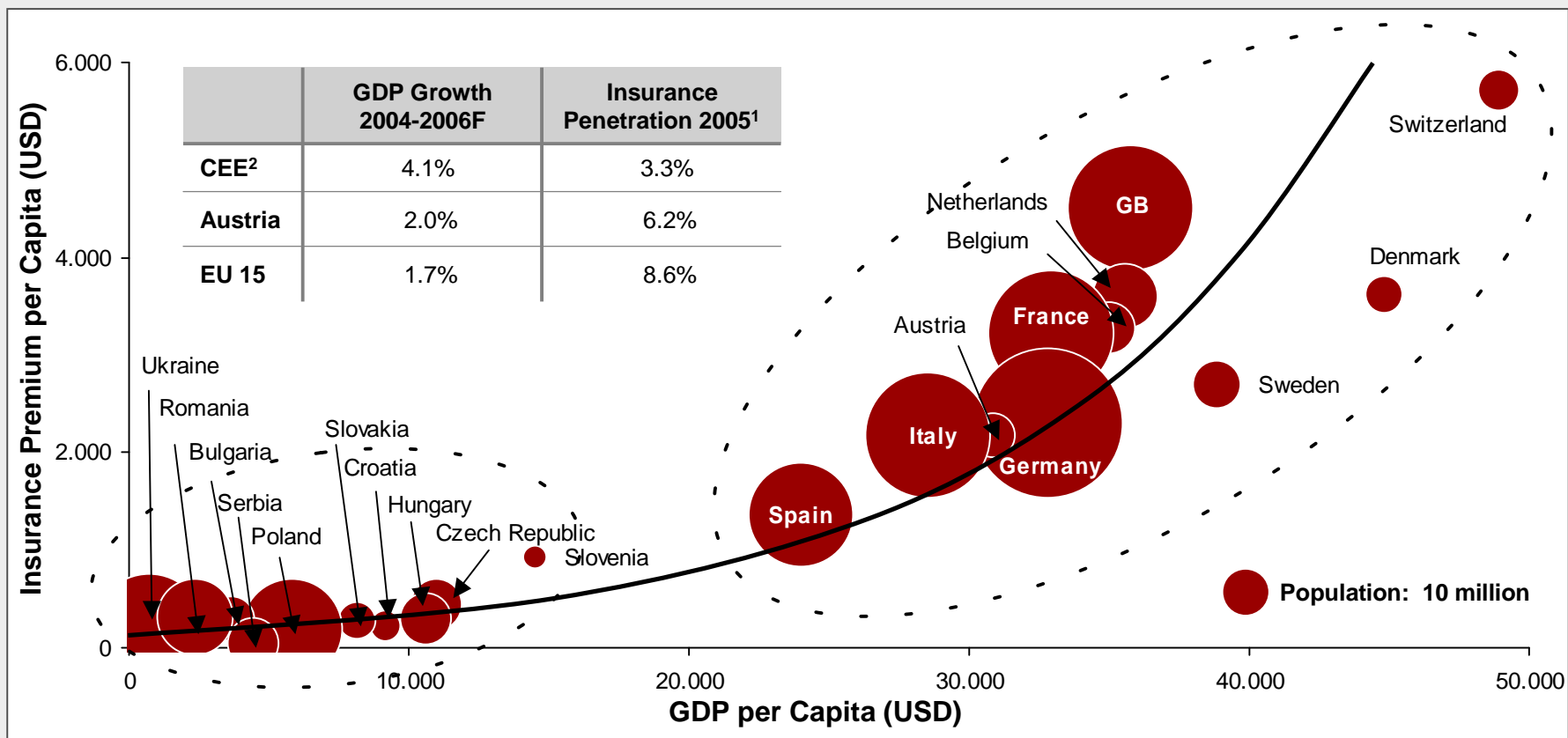
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## CEE Premiums (2004/2005) as % of Total Group Premiums



# CEE Region Offers „Double Leverage“

Sustainable growth through GDP and insurance penetration



<sup>1</sup> Premiums in % of GDP.

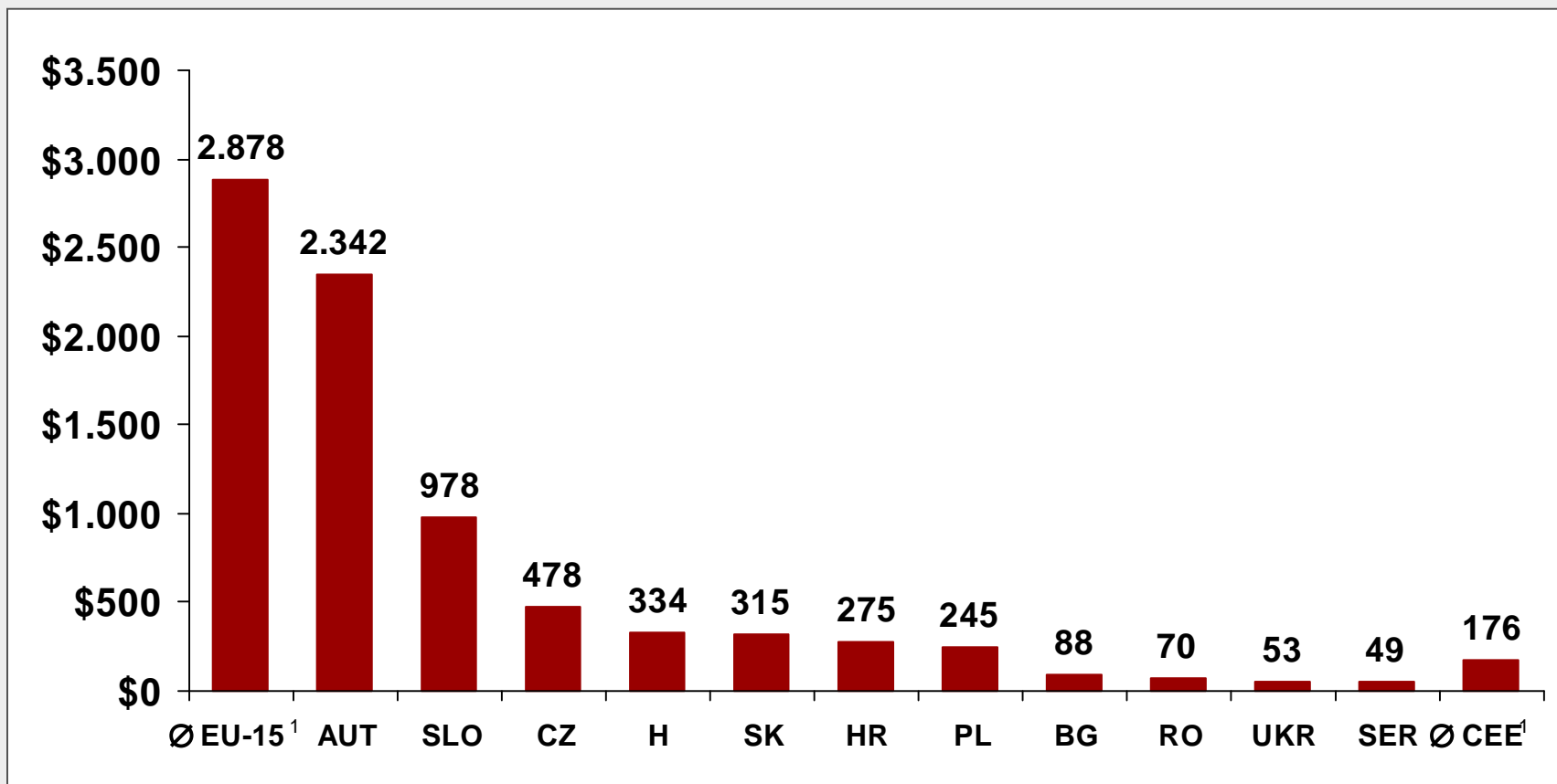
<sup>2</sup> Weighted Averages for CEE. CEE defined as Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia & Montenegro, Slovakia, Slovenia and Ukraine.

Source: For GDP Growth IMF(World Economic Outlook as of Sep 2005). For all other data Swiss Re Sigma Nr. 2/2006 (May 2006)

# Significant Growth Potential in CEE for Insurance

Insurance Density, 2005 (Premiums per Capita)

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Source: Swiss Re, Sigma Nr. 5/2006

<sup>1</sup> Weighted Average excluding Russia (Russia USD 123 premiums per capita – Weighted Average including Russia USD 151)

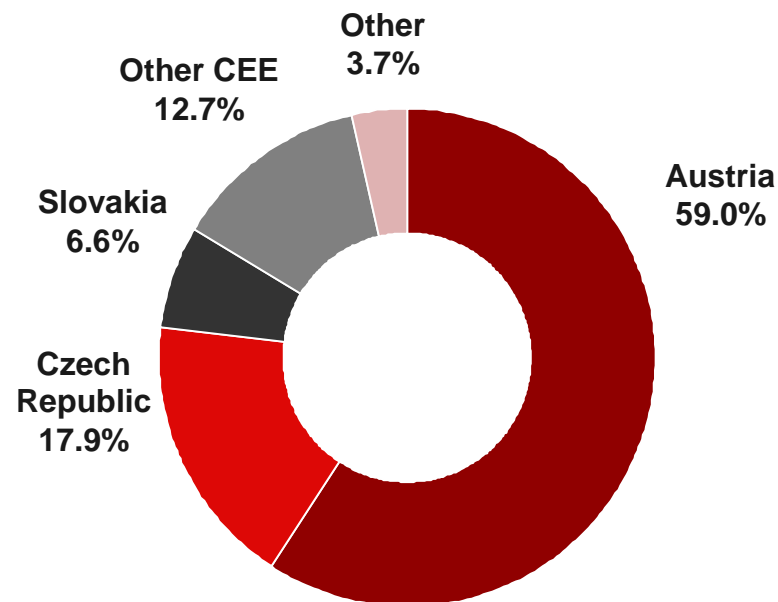
Continuous Shift of business to CEE

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## Highlights of VIG in CEE

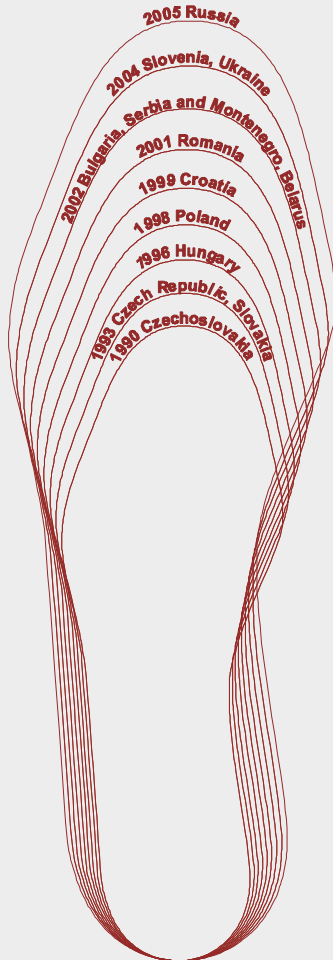
- § Pioneer in CEE expansion
- § Strong growth focus – Top 5 target for all core CEE markets and top 3 target for those where #5 position has been reached
- § Strong acquisition and integration track record
- § CEE share of total P&C business at ~50%, thus for the first time higher than P&C Austria
- § All CEE markets feature positive results

## VIG GWP by Geography



**9M 2006 Total: €4.32bn**

# VIG Has Been a Pioneer in the CEE Region Following a Very Targeted Expansion Strategy



## § Focus

- Retail

## § Investment philosophy

- Step-by-step market entry
- Tight operational management
- 2-4 years to reach break-even, accelerated growth thereafter
- Czech and Slovak business have reached 25-30% RoE before tax



# VIG: Attractive Franchise (I)

Distribution is key: Multi-brand strategy

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§ VIG is umbrella brand

§ local companies keep well established brands to support distribution

Distribution is key: Multi-channel strategy

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## Strong Multi-Channel Distribution

### § Austria:

Roughly 30/30/30% split between tied agents/ bank distribution/ brokers etc. in new business

### § CEE:

Different from country to country according to market practice and legal regulations



Attractive franchise plus growth potential in life insurance

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## § Leading market position in all business lines

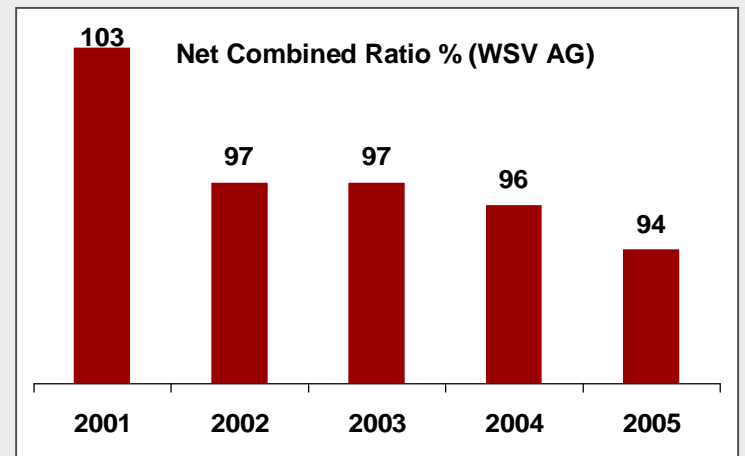
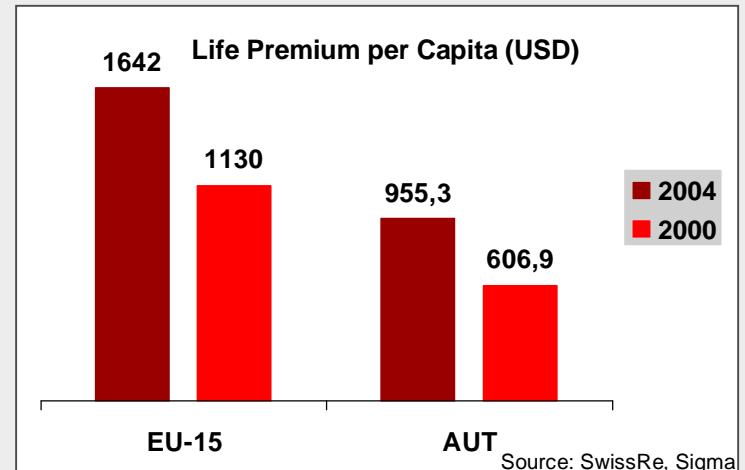
- #1 in property & casualty with 21% market share
- #1 in life with 23% market share
- #2 in health with 21% market share

## § Overall market share gains through organic growth

## § Austrian P&C highly profitable with declining C/R

## § strong growth potential in life insurance: Austria lags behind EU-15 in premium per capita

## § Ongoing reforms of social security system to generate strong demand for life savings products





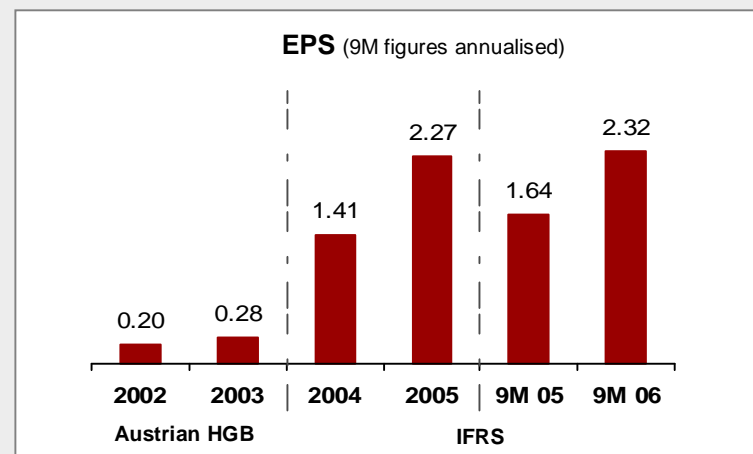
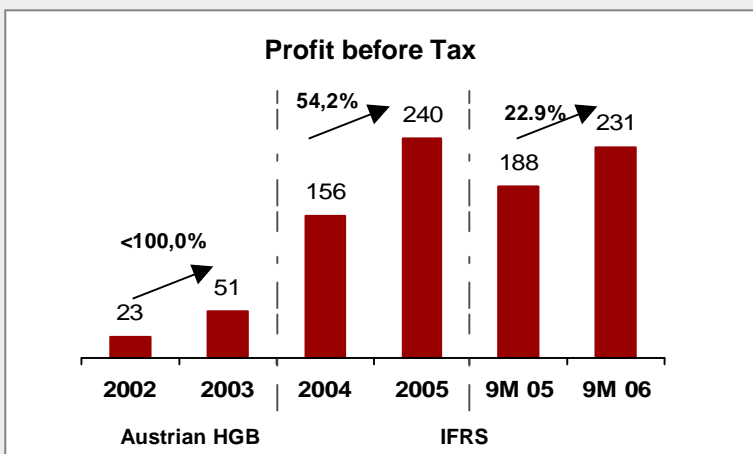
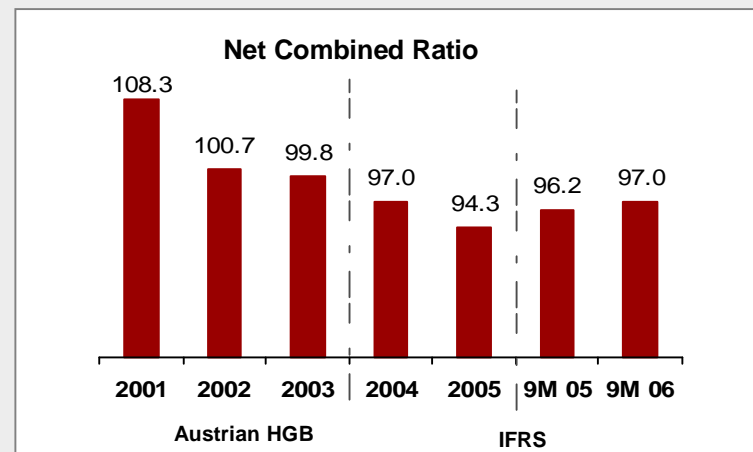
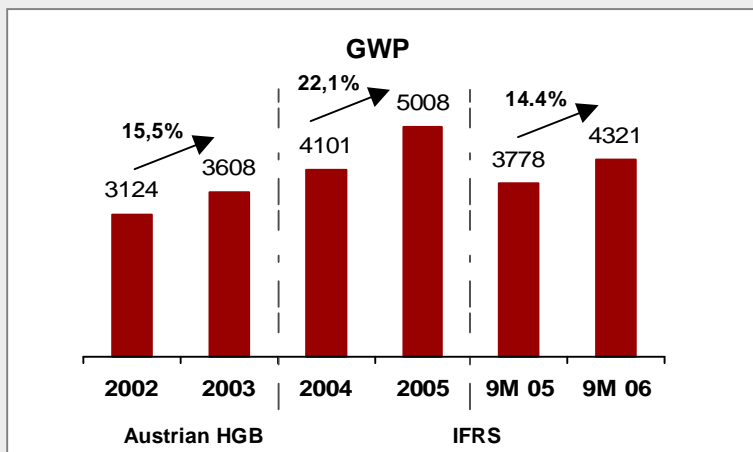
## **Vienna Insurance Group**

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9M results and Group targets

# 9M 2006 Highlights

EPS already exceeding 2005 level despite SPO



# Financial Targets

Forecast raised for 2006 and 2007 and new medium term target

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- § Improving Q3 gives confidence to reach PBT of about €310mn in FY 2006
- § Based on overall Group development management is confident to reach PBT of about €370mn in 2007
- § VIG expects to achieve PBT of about €470mn in 2009, thus featuring CAGR of 15% from 2006-2009

	2006T	2007T	2009T
Profit before tax	~ € 310mn	~ € 370mn	~ € 470mn
Net combined ratio	< 100%	< 100%	< 100%
RoE before tax <sup>1</sup>	~ 15%	~ 16%	~ 17%
Payout ratio (as % of net profit)		> 30%	

<sup>1</sup> incl. Dec. 2005 capital increase