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Heidelberger Leben Group reports strong results for 2014 – Sale of Skandia Austria

- Underlying Group net profit of approx. €70 million for 2014
- Total assets of approximately €12.2bn
- Average lapse rate of German companies on low level of 5.3%
- Sale of Skandia Austria to FWU AG to enable focus on German market consolidation opportunity

Heidelberger Leben Group, the specialist for the consolidation of life insurance companies and efficient management of portfolios, released strong financial results for fiscal year 2014¹ today. With a total of approximately 1 million insurance contracts under administration across all Heidelberger Leben Group companies, total assets amounted to €12.2bn to December 2014. Major factors behind the company's performance in the period under review were the strong performance of unit-linked assets under management, a pleasingly low average lapse rate with the three life insurers, and efficiency improvements in the context of the newly formed Heidelberger Leben Group.

On an underlying basis² for the full year 2014, Heidelberger Leben Group would have generated a consolidated annual net profit of approximately €70.0 million despite significant investments in the reorganisation of the Group.

As of 31 December 2014, all life insurance companies in the Group reported solvency ratios of more than 150%. Due to the structure of the portfolio, which consists to a large extent of unit-linked insurance policies, the ability to meet obligations in the long term is fully ensured.

¹ In fiscal year 2014, the operating companies Heidelberger Lebensversicherung AG and Skandia Germany and Austria have been included in the consolidated financial statements from 1 April 2014 onwards and from 1 October 2014 onwards respectively. Relevant year-on-year comparisons of key financials for the prior year period are therefore not available.

² Underlying Group net profit shows the figure which would have resulted from the consolidation of the individual results of every Group subsidiary since 1 January 2014. It is the best reflection of the operating performance of Heidelberger Leben Group. On a pro rata temporis basis, the reported net profit amounted to € 32.7 million.

Dr Heinz-Peter Ross, Chairman of the Management Board of Heidelberger Leben Group, said: "Heidelberger Leben Group has completed its first fiscal year as a consolidation platform for life insurance companies and portfolios with good results. Our key financials for 2014 underscore the stability and solidity of our business. Our customers' confidence in our business model is reflected in low lapse rates. We are currently working intensively on the continuing development of our organisation in order to achieve sustainable cost and service advantages with a highly efficient and scalable platform for the benefit of our customers."

Sale of Skandia Austria to FWU AG

After receiving a purchase offer, Heidelberger Leben Group agreed to the sale of Skandia Austria to FWU AG (Munich). Heidelberger Leben Group originally acquired the life insurance business of Skandia in Germany and Austria as a package in October 2014. The transaction which has now been agreed includes the 82,000 insurance contracts managed by Skandia Austria as of 31 December 2014. The transaction remains subject to the satisfaction of regulatory approval. Judging from experience, closing can be expected within the next six months.

Heidelberger Leben Group decided to accept the purchase offer from FWU AG in order to focus its consolidation strategy on the German market. In addition potential synergies between Skandia Austria and the other portfolios of Heidelberger Leben Group were quite limited. The consolidation strategy of Heidelberger Leben Group remains unchanged and continues to be focused on achieving further growth through the acquisition of life insurance portfolios focused primarily on the German market. Going forward, investments in Austria remain an option although they are not part of the strategic focus.

Dr Heinz-Peter Ross: "The sale of Skandia Austria enables us to focus even more intensively on growth in Germany. This is a one-off transaction. There are no plans for further sales from the Heidelberger Leben Group portfolio. On the contrary: We want to continue expanding our position as the leading consolidation platform of life insurers in the German-speaking countries through acquisitions of insurance companies and portfolios."

FWU AG is an international financial services company engaged in Europe as well as the Middle and Far East. In Europe, FWU AG has been active in Germany, France, Italy, Luxembourg and Spain for more than 30 years offering high-quality investment solutions through unit-linked life insurance products.

Dr Manfred Dirrheimer, CEO of FWU AG: "Skandia Austria fits perfectly into our portfolio and allows us to service two of our most important growth markets in Europe, i.e. Austria and Slovenia, with high-quality products."

Skandia Austria is known for its product and system expertise – the exact same components which characterise our own company strategy globally.”

Multi-location model: corporate centre to be established in Neu-Isenburg near Frankfurt

To optimise the framework for the Group`s future growth, the Management Board of the Heidelberger Leben Group has decided on the expansion of the existing location model. Central management, acquisition and integration units as well as corporate support functions will be combined in a corporate centre which will be established in Neu-Isenburg near Frankfurt. This will ensure the best possible management and support of both the new consolidation platform business model and the operational entities. The Frankfurt metropolitan area is the ideal location due to the proximity to Germany's biggest financial centre. The operational life insurance companies, with their customer-focused service centres, will remain at their historically established locations in Berlin and Heidelberg.

Markus Eschbach, Member of the Management Board of Heidelberger Leben Group and responsible for customer service and retention management: “By implementing our multi-location model we ensure an ideal steering of our growth oriented business model. At the same time, it enables us to fully focus on customer and service matters. We concentrate the specific expertise in the service centres and ensure that the contract portfolios and thus our customers receive absolute attention.”

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About Heidelberger Leben Group:

Heidelberger Leben Group is a leading specialist for the consolidation of life insurance companies and efficient management of portfolios. As a strong consolidation platform in the German-speaking countries, the group acquires insurance companies and portfolios or enters into service agreements to manage life insurance portfolios. Its activities are focused on the operation of a strong, customer-centred service organisation with efficient management of the insurance portfolio. The companies of Heidelberger Leben Group currently administer about one million insurance policies and about €12 billion in assets.

www.heidelberger-leben.com