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Vienna Insurance Group launches new strategy programme “VIG 25” ensures Group’s continued dynamic development

The management team at VIG Holding drew up the strategy programme for 2021-2025 in consultation with the Group company CEOs. This programme has now been launched, with three specific Group targets focusing on financial stability and profitability, customer proximity, sustainability and market growth.

“VIG 25” – a response to current trends

The Group targets and related new initiatives are based on an analysis of key trends and their effects on the insurance industry. *“We are looking at an environment which will be characterised by disruptive developments in the coming years, that will not unfold their full potential immediately, but steadily over time. Our response to this environment is an evolutionary strategy that combines tried-and-tested with new elements, to ensure further dynamic development of the Group. Low interest rates, increased regulatory pressure and the growing importance of environmental issues have shaped the market facing insurers for many years now. Sales will increasingly become hybrid – which is underlined not least by our experience during the pandemic – with a mix of personal and digital contact. The frequency of contact with customers is falling, which means that visibility among customers is gaining in importance, and we also want to offer new customer experiences that go beyond providing coverage against risks. Despite ongoing digitalisation, the human element and the expertise of our employees clearly counts for a lot at VIG. And this will give us the opportunity to tap into additional growth potential by using new approaches to address customers,”* explains Elisabeth Stadler, CEO of Vienna Insurance Group, referring to the factors underlying the new strategy programme.

Three Group targets

“The Vienna Insurance Group’s business model has more than proven itself in the extremely difficult conditions we faced during the pandemic. We don’t just want to consolidate our leading position in the CEE region, we want to expand it and create sustainable value for society, our customers and our employees. Basic human needs such as trust and security are becoming increasingly intertwined, and cultural and social aspects are playing a more and more important role in determining the significance of financial services as a result. This is why we consciously included a strong focus on social responsibility in the objectives we defined for the Group, alongside financial indicators, as it is a particular concern of ours to anchor this topic more strongly in the CEE markets,” Elisabeth Stadler notes.

The three Group targets are:

1. Expansion of the Group’s leading position in CEE, with the goal of achieving at least a top-three position in each CEE market (except Slovenia), taking into account the corresponding country portfolio.
2. Creation of sustainable value by earning the cost of equity.
3. Achieving ESG-related goals in respect of the society, customers and employees.

Sharpened country portfolios

Vienna Insurance Group is taking steps to enhance its comparative cost advantage and its proximity to customers. In order to satisfy the needs of VIG's diversified local markets – which are developing in different ways – even more effectively, the VIG Group will make a distinction between its core Central and Eastern Europe (CEE) market, which comprises 20 countries including Austria, and ten special markets (Belarus, France, Georgia, Germany, Liechtenstein, Italy, Nordics and Turkey), each of which will have their own specific objectives. Portfolio groups with different objectives have been defined within the 20 CEE markets, in line with the respective market potential. The new strategy programme also includes a reorganisation of the country responsibilities of the Group's Managing Board members along regional lines. A Chief Technical Officer (CTO), Chief Operations Officer (COO) and Chief Innovation Officer (CIO) will be appointed at Managing Board level, alongside the CEO and Chief Financial and Risk Officer (CFRO), to ensure the effective implementation of the programme.

Premium income of around EUR 12.3 billion targeted by the end of 2025

The Vienna Insurance Group has defined financial parameters aimed at supporting the creation of sustainable value. The Group is targeting a premium volume of around EUR 12.3 billion by the end of 2025. This represents an average annual increase in premium income of about EUR 380 million, based on the EUR 10.4 billion recorded in 2020. The aim is to achieve a combined ratio of less than 95%. Based on the new strategy, and considering the current operating environment, the objective for the solvency ratio is between 150% and 200%; this range does not take into account the transitional measures which the Group is currently making use of. A new indicator, operating return on equity (RoE), will be presented in external communications starting with the full-year results for 2021.

Value creation

Over the coming years, the Group will initiate various measures focused on society, customers and employees under the "VIG 25" strategy programme, in line with its promise to "protecting what matters". These include an increase in green investments, as well as the newly defined goal of making office operations at all Group companies climate-neutral by 2030 at the latest. A programme designed to raise awareness of the importance of retirement saving and the benefits of insurance will be launched in three-quarters of the CEE markets by 2025. By the same year, annual investment in training and development per employee will amount to at least the average insurance premium paid in an employee's country of residence. *"Our corporate mission is to protect our customers against risks and to create value. We help our customers to plan for their futures and increase their personal assets. In the process, we aim to enhance people's understanding and raise their awareness of risks and risk coverage. This enables us to secure their trust and lay the foundations for long-lasting, sustainable customer relationships,"* Elisabeth Stadler said.

Elisabeth Stadler will outline the key elements of the new "VIG 25" strategy programme in the course of her presentation at today's Annual General Meeting. The AGM will be streamed online from 11 am (CEST). The stream can be accessed by clicking on the link at www.vig.com/en/annual-general-meeting.

Vienna Insurance Group (Wiener Versicherung Gruppe) is the leading insurance group in Austria and Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in the Vienna Insurance Group (Wiener Versicherung Gruppe) take care of the day-to-day needs of more than 22 million customers. VIG shares have been listed on the Vienna Stock Exchange since 1994. The company has an A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor's. That is the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. Vienna Insurance Group (Wiener Versicherung Gruppe) cooperates closely with the Erste Group, the largest retail bank in Central and Eastern Europe.

Disclaimer

This press release contains forward-looking statements that concern future developments in Vienna Insurance Group (Wiener Versicherung Gruppe). These statements are based on current assumptions and forecasts made by the management of Vienna Insurance Group (Wiener Versicherung Gruppe). Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. The Vienna Insurance Group AG Wiener Versicherung Gruppe assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

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