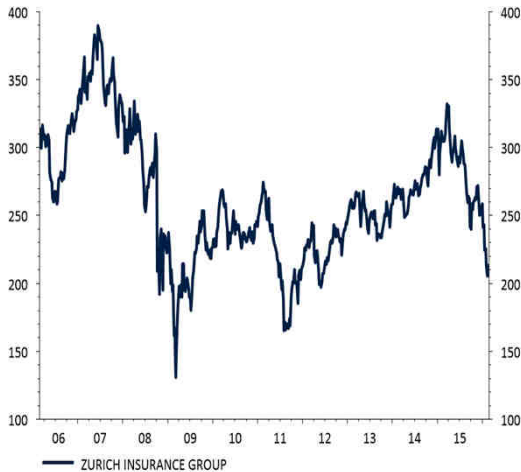


## Stock Information

Price	03.06.2016	CHF	235.00
Market Capitalization		CHF (mn)	35'374
Average daily volume (last 3 months, 000s)			703
52 weeks High / Low			305.1 / 196
ISIN		CH0011075394	
Bloomberg Code		ZURN VX	

## 10 years Performance



Graphic IAM - Source Thomson Reuters

## 1 year relative performance



Graphic IAM - Source Thomson Reuters

## Stock Absolute and relative performance (in CHF)

In %	Absolute	Relative *
1 month	10.7	7.1
3 months	14.8	11.9
YTD	-1.4	4.6
2015	-12.6	-22.3
2014	28.6	7.6

## Description

Zurich Financial Services (ZFS) is a major financial services company headquartered in Zurich. ZFS is the largest insurer in Switzerland and the fifth largest insurer in the world. General Insurance is the biggest of the three company segments. It provides property and casualty products and services for individual and commercial customers. The business model is to provide a global platform – including proposition management, claims management, distribution management, underwriting and customer relationship services – for local business delivery. Global Life is the second biggest segment and a key growth engine for the Group. Global Life offers best-in class life insurance, investments, savings, and pensions solutions to international and expatriate investors, corporate customers and private banks. Propositions are offered through three key distribution channels that benefit from a global reach: agents, IFA/Brokers and retail banks. Global Life is managed globally while remaining focused on local customer and distributor needs. Farmers, the third segment, includes Farmers Re and Farmers. That segment offers asset management services.

## Investment Case

Risk was very well managed during the financial crisis. Zurich has a very good culture of Risk Management. The group managed to buy the Auto part of AIG which has allowed Zurich to gain market shares in United States. Solvability ratio is very high and continues to reinforce, which results in a sustainable high dividend. Though, conditions for life insurance are not favorable, Zurich should better react than its concurrents thanks to its geographical offer of products and profitable Farmers unit (the asset management service which generates stable profits).

## Per Share (CHF)

	2013	2014	2015	2016e	2017e
Earnings	26.20	25.30	12.10	21.90	24.80
Variation		-3%	-52%	81%	13%
Earnings (IBES)	26	25	12	24	26
P/E	9.9	12.3	21.3	9.8	8.7
Dividend	17.00	17.00	17.00	14.00	14.00
Payout ratio	64.9%	67.2%	140.5%	63.9%	56.5%
Dividend yield	7%	7%	7%	6%	6%

## Strengths

- Global player and large products offers.
- Strong risk management
- Stable revenues from

## Vanguard Group Inc.

- Low interest rate environment (difficulties to sell structured product in life insurances).
- Combined ratio could

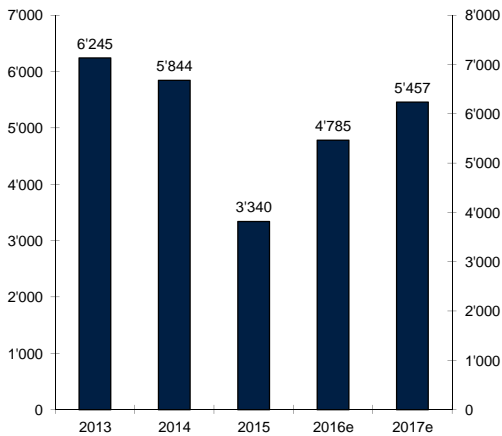
## Opportunities

- Well positioned to further gain market shares.
- Development in emerging markets.

## Threats

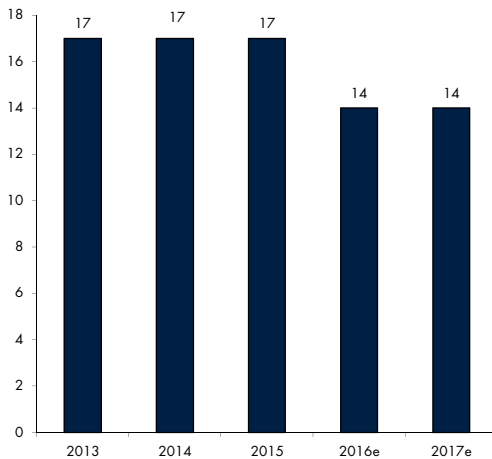
- Regulatory environment could strengthen due to financial crisis.
- Euro zone crisis.

### Evolution of profit before tax



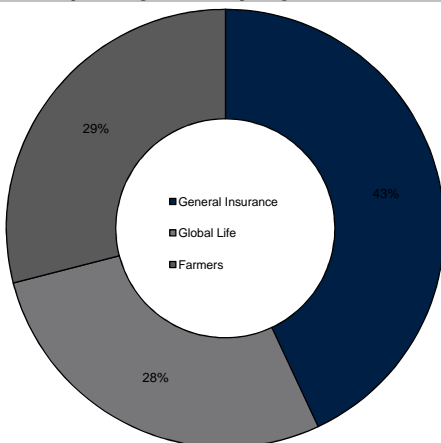
Graphic IAM - Source Company

### Dividend per share



Graphic IAM - Source Finma

### Business Operating Income by Segment 2016e



Graphic IAM - Source Company

### Key Figures (mn USD)

	2013	2014	2015	2016e	2017e
Gross written premiums and policy fees	54'849	55'309	51'108	50'545	51'313
Less premiums ceded to reinsurers	-10'591	-10'058	-10'338	-9'815	-9'822
<b>Net written premiums &amp; pol. fees</b>	<b>47'277</b>	<b>48'321</b>	<b>42'625</b>	<b>42'303</b>	<b>43'128</b>
Investment income	6'408	6'206	5'572	5'383	5'383
Realized gains and losses on investments	1'007	2'999	1'615	771	998
Total investment income	8'931	7'415	9'205	891	1'079
<b>Total Revenues</b>	<b>72'063</b>	<b>72'824</b>	<b>60'284</b>	<b>52'797</b>	<b>53'947</b>
Variation		1%	-17%	-12%	2%
Insurance benefits and losses	-46'149	-46'936	-38'615	-30'618	-31'070
Underwriting expenses	-9'360	-9'737	-9'543	-9'080	-8'954
Acquisition costs	-7'606	-7'897	-7'359	-7'148	-7'118
<b>Total expenses</b>	<b>-65'818</b>	<b>-66'979</b>	<b>-56'945</b>	<b>-48'011</b>	<b>-48'490</b>
<b>Profit before tax</b>	<b>6'245</b>	<b>5'844</b>	<b>3'340</b>	<b>4'785</b>	<b>5'457</b>
Taxes	-1'986	-1'670	-1'293	-1'288	-1'511
<b>Net profit</b>	<b>4'028</b>	<b>3'895</b>	<b>1'842</b>	<b>3'277</b>	<b>3'701</b>
Total assets	415'053	408'550	381'971	386'910	390'683
Shareholders' equity	32'503	34'735	31'178	31'848	33'202

### Performance Ratios

	2013	2014	2015	2016e	2017e
<b>Group</b>					
ROE	12.0%	11.6%	5.6%	10.4%	11.4%
<b>General insurance (Non-Life)</b>					
Combined ratio	95.5	97.3	103.6	98.5	97.3
Expense ratio	27	31	32	31	30

### Principal Competitors (rebased to CHF)

	Nom	Cap.	P/E 13	P/E 14e	Div. yield (%)	Perf YTD (%)
ZURICH INSURANCE GROU		35'374	10.8	9.8	7.2	-1.4
ALLIANZ		65'276	9.4	9.2	5.1	-8.4
SWISS RE		32'474	9.3	9.6	5.3	-6.1

### Shareholders

Free float	100%
Principal shareholders	
BlackRock Inc.	4.9%
Norges Bank	3.0%
Vanguard Group Inc.	1.6%

### Management

Chairman Tom de Swaan  
CEO : Martin Senn  
CIO : Cecilia Reyes

### Business Operating Income by Segment

	2013	2014	2015	2016e	2017e
General Insurance	3'554	3'759	1'066	2'352	2'926
Global Life	1'702	1'929	1'439	1'527	1'578
Farmers	1'510	1'611	1'427	1'586	1'642