

Swiss Life Holding AG

Swiss convictions Bern

Recommended since 06.11.2020

26.03.2024



Country CH	Market capitalization (bn) CHF 18.4	Perf. since reco. (%)
Sector Insurance	Free float 96.5%	Swiss Life Holding AG 82.8
Factset SLHN-CH	Closing price CHF 624.40	Market 8.5
ISIN CH0014852781	ESG Risk score* 17.1 Low risk	

Profile
 Swiss Life Holding AG is a specialist provider of life insurance, pensions and financial solutions. It operates via the following divisions: Switzerland, France, Germany, International, Swiss Life Asset Managers and Others. The three national divisions – Switzerland, France and Germany – cover life insurance operations and distribution units. The life insurance business offers a broad range of life, pension, health, annuity and investment-type policies to both groups and individuals, including disability coverage. The International division covers cross-border insurance operations in Liechtenstein, Luxembourg, Singapore as well as Swiss Life Select units in Austria, the Czech Republic, Poland and the United Kingdom. The Swiss Life Asset Managers division focuses on management of assets for institutional clients, the group's insurance business, and consulting services. The Others division groups together various finance and service companies as well as payment protection insurance. The company was founded by Conrad Widmer in 1857 and is headquartered in Zurich (Switzerland).

Strengths/opportunities

- As market leader in its home market, Swiss Life benefits from scale advantages.
- Its strong brand enables Swiss Life to boost market share in its secondary markets with its strong expertise in real estate.

Weaknesses/threats

- Low-margin business – especially domestic individual life.
- Low-interest-rate environment creating a challenge for its guaranteed business.
- Tough regulatory environment, with few signs of any easing.

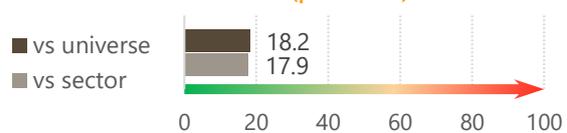
Investment case

- Swiss Life has been outstanding at bracing itself to cope with low-interest-rate environments. Its return on investments has fallen more slowly than guaranteed yields being offered, and it is sitting on substantial unrealised gains. This provides the group with a solid buffer to cushion any adverse market movements.
- The company has been highly committed to shareholder returns, pushing up its dividends faster than expected and pressing ahead with sizeable share buybacks.
- Swiss Life's fee-based earnings growth in asset management has been most useful in driving the cash story. Its leadership in real-estate asset management gives it distinct competitive advantages.

Valuation

The shares are fairly valued. Higher market interest are supporting profit margin. A dividend yield of around 5% makes it an attractive investment.

ESG risk vs. universe & sector (percentile)*

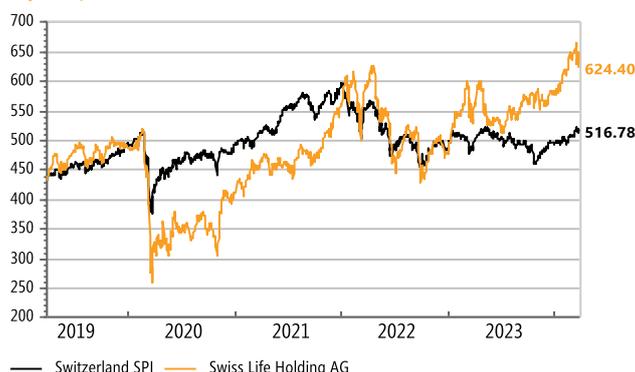


CHF	12/2023	2024e	2025e
Sales revenue (bn)	26 228	20 311	20 776
Sales growth	28.8%	-22.6%	2.3%
EBIT adjusted (bn)	1 497	1 687	1 758
% of sales	5.7%	8.3%	8.5%
Net income (bn)	1 111	1 186	1 239
Net income growth	-23.3%	6.7%	4.5%
Net debt/Ebitda	#N/A	#N/A	#N/A
ROE	-	15.7%	16.5%
Dividend yield	5.3%	5.7%	6.1%
PE	15.5x	14.5x	13.6x
P/BV	2.4x	2.3x	2.2x

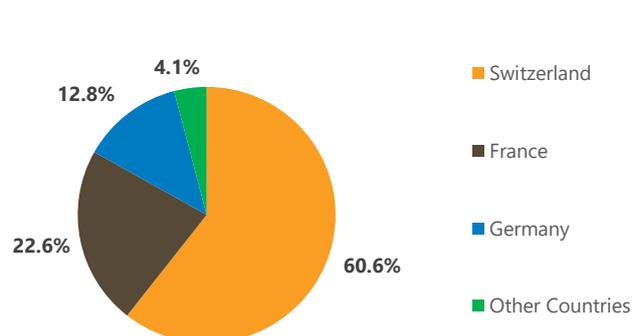
ESG - risks and key points

- Swiss Life's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public.
- The company's overall management of major ESG issues is average owing to the medium risk of impacts from ESG factors.

5-year performance vs SPI



Sales breakdown - 12/2022



*: see overleaf

Source: Factset, Sustainalytics

Glossary

Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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