

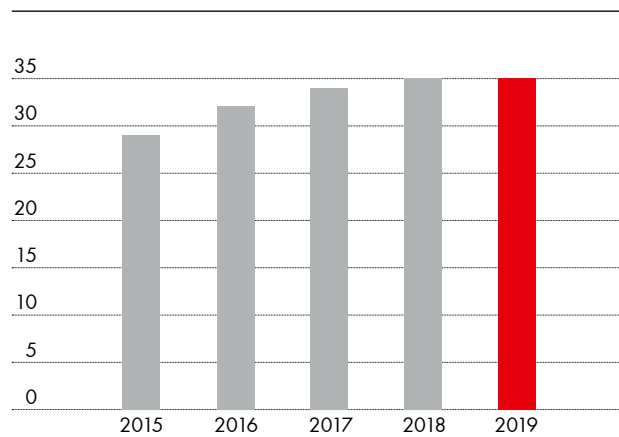
## Report of the management

# EXTERNAL FINANCIAL SERVICES

Company size is becoming a critical factor in many service industries. New digital possibilities mean that SMEs are increasingly having to invest in new technologies to remain competitive in the market. A high degree of digitalisation combined with a family-oriented corporate culture creates a modern image and provides a strategic advantage in the fight for the best talent on the job market. Achieving excellent service quality and satisfied clients is dependent on our employees and processes.

Partly to finance the rising investment in digitalisation, growth – whether organic or through acquisitions – is becoming the most important factor for successful companies. This is true for the SME landscape in the service sector in general and for Würth Financial Services AG (“WFS”) in particular. “Growing” is the Würth Group’s new motto, and this is a perfect fit in the current environment.

Number of field staff





“The centralisation of the office staff enables us to reap greater benefits from digital process control and thus improve efficiency.”

**Adrian Parpan**  
Managing Director, Würth Financial Services AG

## Key events in 2019

The defining event of 2019 was the acquisition of Optima Versicherungsbroker AG (“Optima”). Optima is an insurance broker with strong local roots in the city of Chur and throughout the entire Grisons region. The company was founded by Hans-Jürg Flury in 1998. Today, Optima serves more than 1,100 clients in German-speaking Switzerland. In addition to the owner, the company has five employees, including two sales consultants.

Over the years, Optima has worked with insurance companies to develop specific insurance product solutions for a wide range of industries, and in so doing has expanded beyond the Grisons region. Thanks to its advanced technologies, Optima operates with very lean processes and high productivity. WFS intends to improve productivity by integrating Optima’s technologies and process landscape as far as possible.

A further advantage of the Optima acquisition for WFS is the establishment of an office in Chur. Thanks to Würth International AG, which has been operating out of Chur for many years, the Würth brand is well known throughout the Grisons region. This means that WFS can expect to see especially high growth in Chur in the coming years. The WFS headquarters in Rorschach – at Würth House Rorschach – as well as the WFS branch in Arlesheim, which is located close to Würth AG, have grown much faster in recent years thanks to their proximity to the large Würth companies, so it is reasonable to assume that the Chur branch will be able to do the same.

In addition to the acquisition of Optima, a major focus in 2019 was the development of the Strategy 25/25. The Würth Group’s strategic roadmap for the period to 2025 was presented and a uniform strategic direction for Würth Group companies was defined and rolled out at the Würth Group Congress in Vancouver. WFS has defined a number of strategic sales measures to ensure its growth out to 2025.

Alongside expanding the sales team, further small brokers are to be integrated into the organisation over the coming years. In recent years, WFS has successfully integrated a wide variety of companies in this way, with the Würth Group’s corporate culture and a shared understanding of its lived values having consistently proven to be the key to success.

A number of process milestones were also set in 2019. In relation to productivity gains, the new insurance management system was introduced on 1 January 2019. As to be able to benefit even further from digital process control, the centralisation of office operations in Rorschach has been accelerated in recent months. In addition, various HR, marketing and finance services have been outsourced to Würth Management AG. Due to the new space requirements, additional office space was acquired in Würth Haus Rorschach and the Urdorf office was relocated to Zurich.

## Business performance in 2019

The year 2019 was highly successful for WFS: in addition to the projects described above, WFS consistently maintained its focus on sales and acquired a considerable number of new clients. As a result, WFS was able to increase its sales by 6% compared with the previous year and thus end 2019 with another sales record. Premium volume grew from CHF 258 million to CHF 275 million, or as much as CHF 317 million including the acquisition of Optima, which corresponds to an increase of 22.8%. Overall, the number of corporate clients served rose from 2,608 to 3,432 in 2019.

It is pleasing to note that each branch is on a stable growth trend. In addition to organic growth, the integration of the broker Markus Diener Versicherungstreuhand GmbH into the Arlesheim branch also boosted growth. As such, the effort put into searching for suitable small brokers paid off again in 2019.

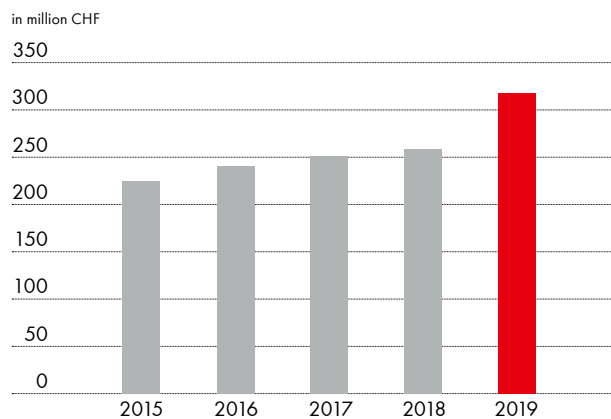
Costs also increased year on year. In particular, expenditure on IT services rose by over 50%. The higher costs reflect the fact that WFS has recognised the opportunities offered by digitalisation and intends to continuously translate these from theory into practice over the next few months. While other administrative expenses also rose moderately, personnel expenses for non-field work decreased slightly for the first time in many years.

## Outlook for 2020

WFS will continue to concentrate on sales, processes and personnel in 2020. While the Strategy 25/25 measures are to be implemented in sales, a first goal is the full integration of Optima and the merger of the two companies. The focus will be on establishing a shared corporate culture, standardising processes and systems, and expanding the Chur branch.

Ambitions are very high, with target sales growth of 14% for 2020. But the stable and highly motivated sales team means that WFS can be optimistic about hitting its target once again in 2020. One uncertainty factor is the effect of the coronavirus, which will not leave WFS untouched. In terms of income from existing clients, it can be assumed that the negative development will only be felt after a delay and that revenue in 2020 will be relatively little affected. At present, agreed acquisition meetings with potential new clients are being postponed, which is why achieving targets in this area in the first half of 2020 is likely to be a challenge. When acquiring new clients, it will be crucial to increase sales activities accordingly once the situation has calmed down, so that the sales targets for 2020 can still be achieved.

Development of premium volume non-life



With regard to processes, various IT tools available on the market will be reviewed over the coming year and, if appropriate, integrated into processes. The range of smart technologies available for the broker market is growing fast, and the ability to adapt the organisation to these new solutions is becoming increasingly significant.

However, our employees remain our most important asset: having a highly motivated team of people that go about their work with pleasure and enthusiasm is the only way we can create the best possible package for WFS clients and, where necessary, go the famous extra mile. Over the past 75 years, the Würth Group has proven that its corporate culture is timeless and serves as a great basis for success. Above all, WFS intends to further build on this foundation in 2020.



**MANAGEMENT WÜRTH FINANCIAL SERVICES AG**

from left to right: **Hansruedi Strotz** | **Luciano Viotto** | **Adrian Parpan** (Managing Director) | **Hans-Jürg Flury** | **Beat Jordan** (Managing Director)

## EXTERNAL FINANCIAL SERVICES AT A GLANCE

### Core business

The External Financial Services Division operates under the legal entity of Würth Financial Services AG, one of the leading independent providers of pension and insurance services to corporate clients and private persons in Switzerland.

Experienced consultants and highly qualified specialists draw up tailor-made solutions and advise clients on the best choice of pension and insurance products.

### Services

- Insurance brokerage for both corporate and private clients
- Management and operation of company occupational pension schemes
- Pensions and pension planning for private persons and employees of corporate clients

### Facts and figures (at 31 December 2019)

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Number of corporate clients: 3,432

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Premium volume: CHF 317 million

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Number of employees: 59

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Five locations: Rorschach (head office), Zurich, Lugano, Arlesheim and Chur.