

# Q2 and H1 2015 results

Webcast presentation

10 July 2015

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A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this presentation including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

We urge you to read our annual report available on [tryg.com](http://tryg.com) for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

We are not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

# H1 2015 highlights

## Key focus areas

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- ✓ Efficiency programme proceeds as planned. Expected lower run-rate in 2015 of DKK 150m compared to DKK 396m in 2014.
- ✓ Increased customer focus
- ✓ Price-differentiation and customer life time value
- ✓ Topline development challenging

## Current initiatives

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- Building initiatives ensuring a greater effect from efficiency programme of DKK 225m in 2016 and DKK 375m in 2017
- Balance price adjustments and inflation
- M&A focus
- Initiatives to improve customer experience

**Long term profitable growth and attractive shareholder value creation**

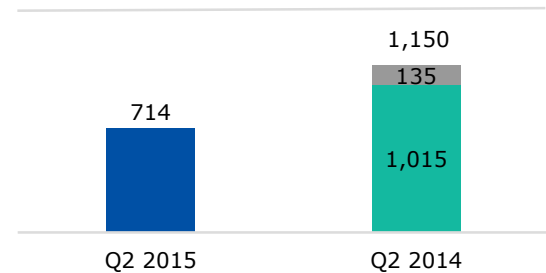
# Financial highlights Q2 2015



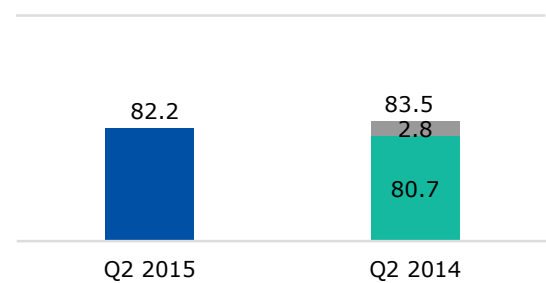
- Tryg delivered a robust ROE of 21.9% despite a negative investment market, and pays out a semi-annual dividend of DKK 2.50. Satisfactory technical result with an underlying improvement in a competitive market.

- Pre-tax result of DKK 714m (DKK 1,150m) impacted by:
  - negative financial markets and DKK 343m lower investment return due to losses on bonds and lower equity return
  - Q2 2014 impacted by one-off effects of DKK 135m
- Technical result of DKK 825m (DKK 941m)
  - slightly better than Q2 2014 before one-off effects of DKK 135m.
- ROE of 21.9% (32.1%) p.a. after tax underpins Tryg's robust business model
- Drop in premium growth of 1.4% in local currencies (-1.2%) affected by competition and loss of large Corporate accounts
- Semi-annual dividend of DKK 2.50 per share
  - Equivalent to some 40% of the total dividend based on 2015 results

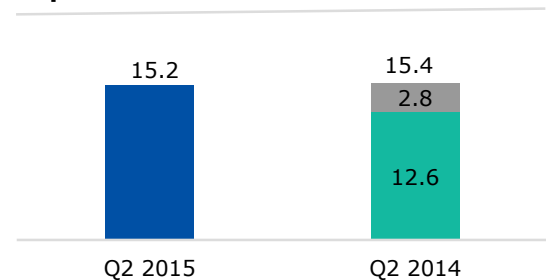
Pre-tax profit (DKKm)



Combined ratio



Expense ratio



■ One-off effects

# Customer highlights Q2 2015

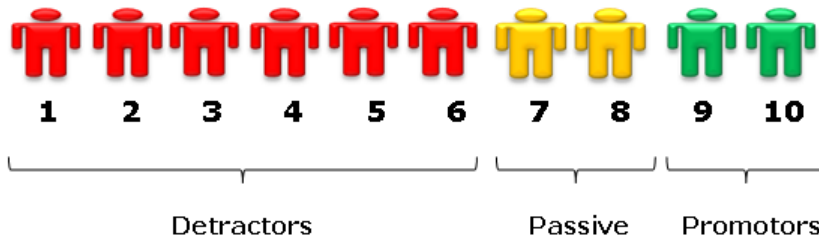
- Continued improvement in Net Promoter Score (NPS)



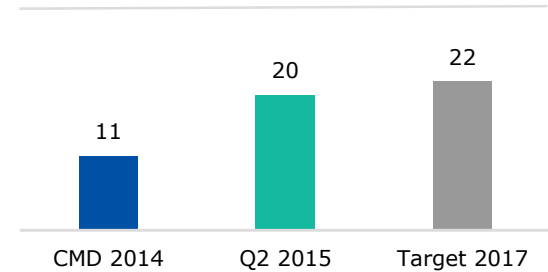
- New price-differentiated products launched:
  - Personal accident insurance in both Denmark and Norway
  - Holiday home insurance in Norway
  - Change of car ownership insurance in Denmark
- The new car insurance launched in Q1 was recommended 'best in test' by the Danish Consumer Council.
- Conditional approval of TryghedsGruppen's members' bonus scheme by the Danish Business Authority, subject to final approval at the representative meeting in August 2015
- Launch of Tryg Home Hotline – service hotline for customers to ask questions regarding issues related to their house, apartment or holiday home, such as damp issues.
- Tryg's Swedish Corporate business voted the best company by insurance brokers for the third year running.

## What is Net Promoter Score (NPS)?

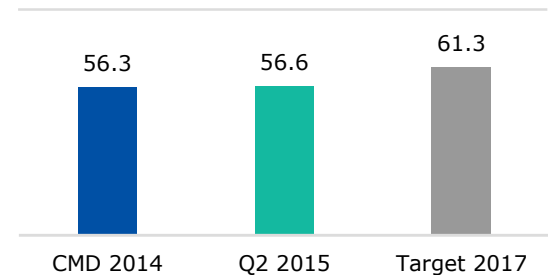
*"On a scale from 1-10, what is the likelihood of you recommending Tryg to family or friends?"*



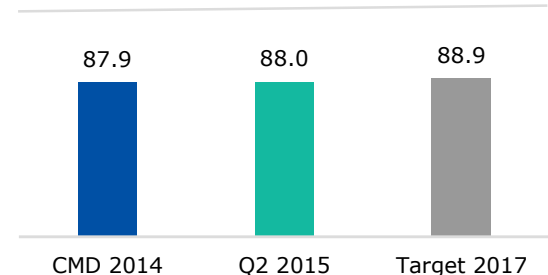
## NPS



## Customers with ≥3 products (%)



## Retention rate





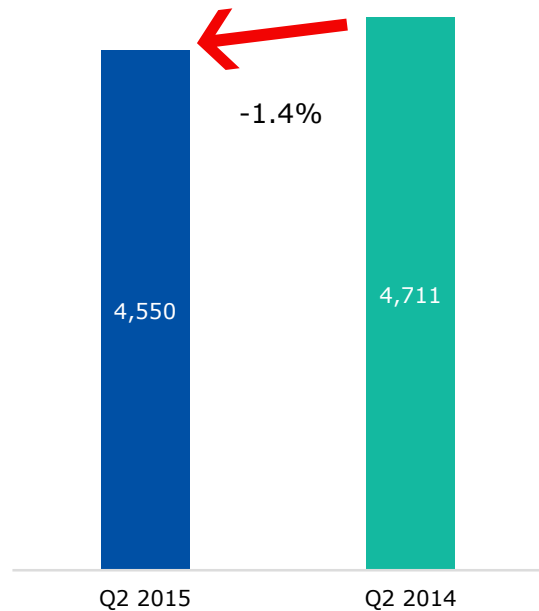
Premiums and portfolio

# Gross earned premiums reduced by 1.4%

Gross earned premiums reduced 1.4% (-1.2%) related to:

- Private impacted by the competitive situation. Retention was stable in Denmark but decreased slightly in Norway
- Commercial Norway impacted by a weaker economic situation and the competitive situation
- Corporate development impacted by loss of large accounts and one-off impact in same quarter last year

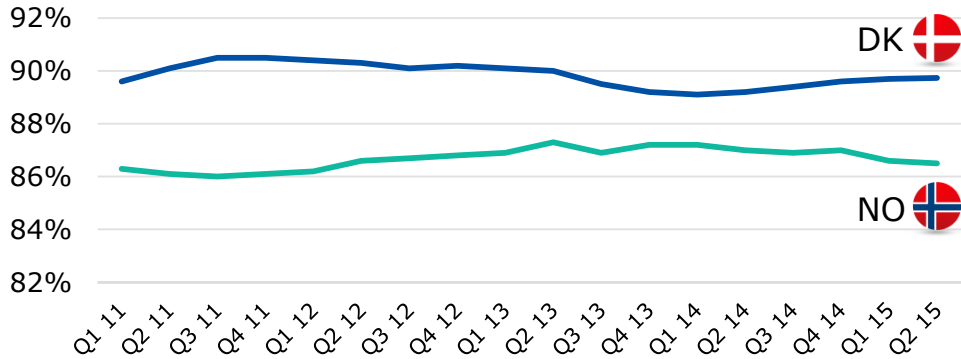
**Gross earned premiums (DKKm)**



DKKm	Q2 2015	Q2 2014	Local currencies Q2 2015	Local currencies Q2 2014
Private	2,226	2,275	-0.3%	0.1%
Commercial	997	1,053	-4.3%	-3.9%
Corporate	993	1,030	-1.4%	1.8%
Sweden	342	358	-1.8%	-9.3%
<b>Group</b>	<b>4,550</b>	<b>4,711</b>	<b>-1.4%</b>	<b>-1.2%</b>

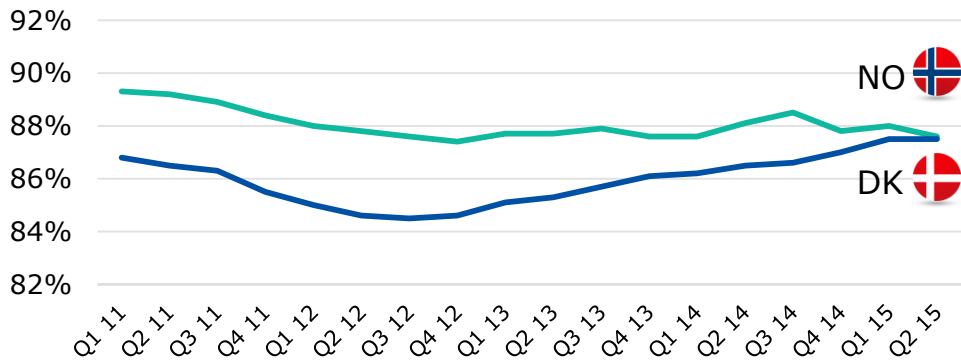
# Customer retention

## Private



- High and stable customer retention in Denmark
- Slight decrease in Norway

## Commercial



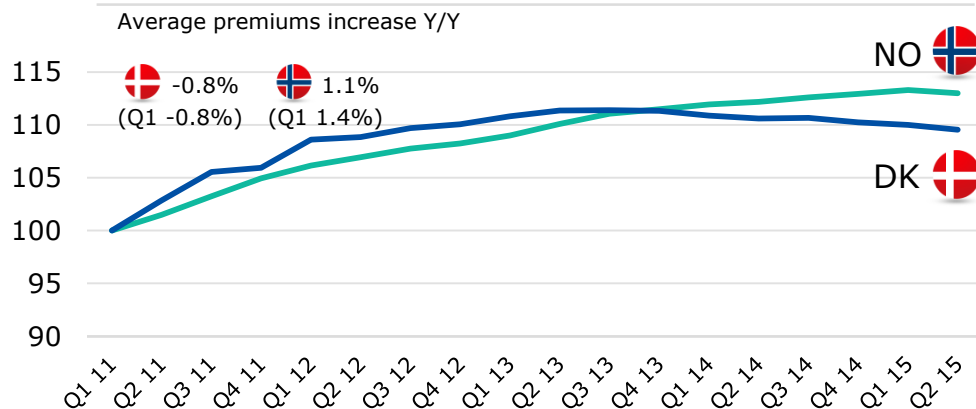
- Customer retention stable in Denmark
- Retention decreased in Norway impacted by changed distribution set-up and competition



# Private - average premiums

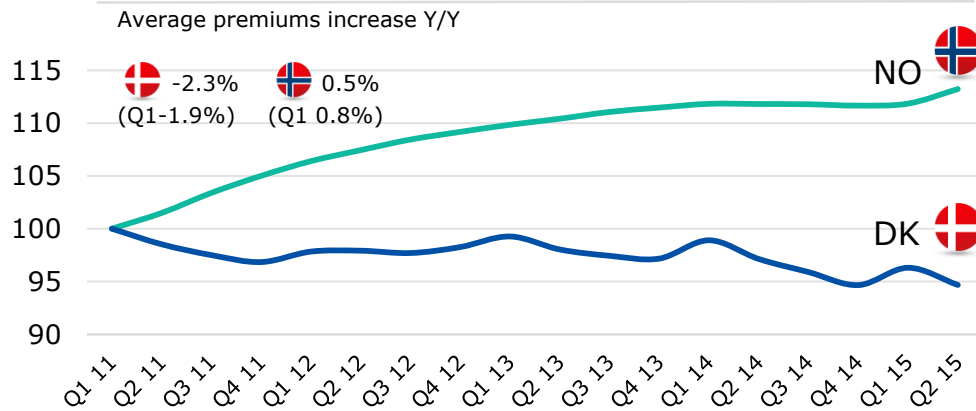
- DK profitability strong but competition increasing

**House insurance – average premium** (index 2011 = 100)



- NO: price increases from July
- DK: changed selection reduces average price

**Motor insurance – average premium** (index 2011 = 100)

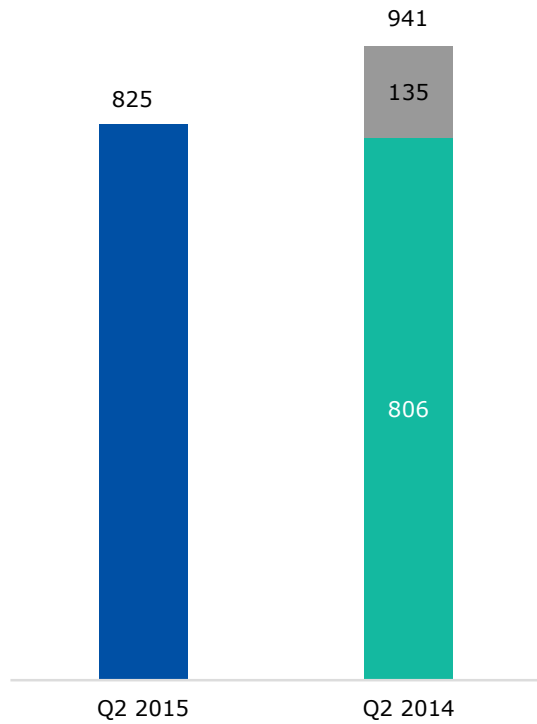


- DK -2.3% decrease y/y driven by:
  - improved frequency
  - competitive situation
- Profitability very strong on motor

# Slight increase in technical result

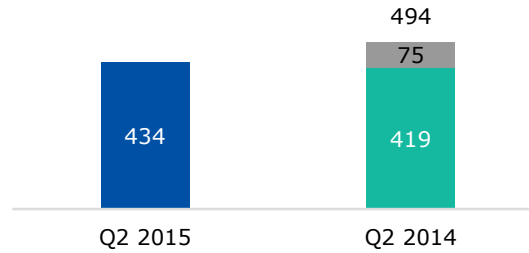


**Group (DKK m)**

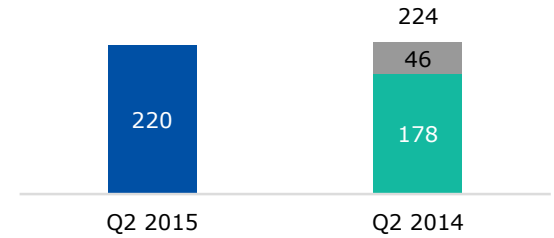


■ One-off effects

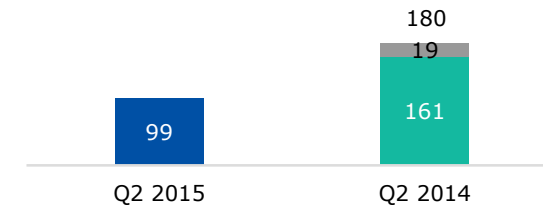
**Private, DK & NO (DKK m)**



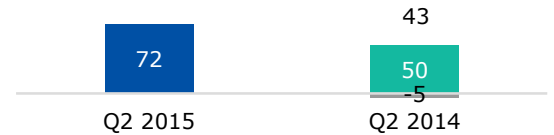
**Commercial, DK & NO (DKK m)**



**Corporate (DKK m)**



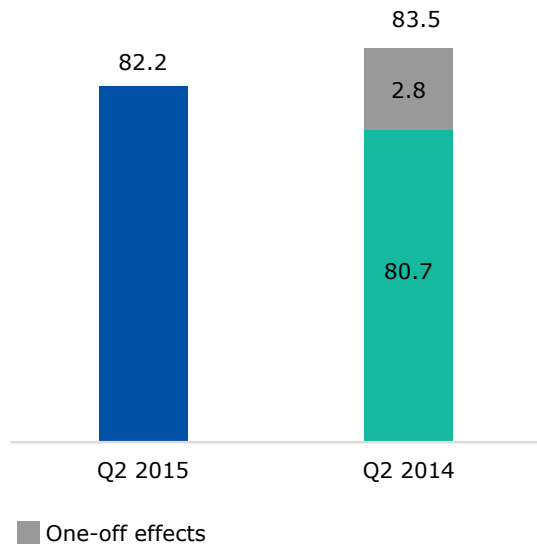
**Sweden (DKK m)**



# Combined ratio improved by 1.3 pp.



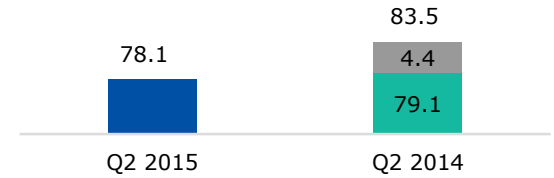
## Group



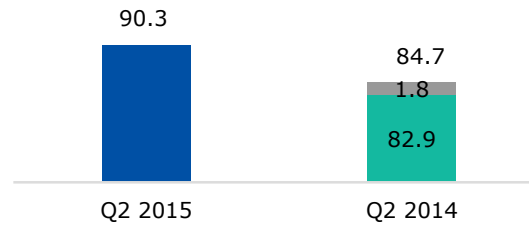
## Private, DK & NO



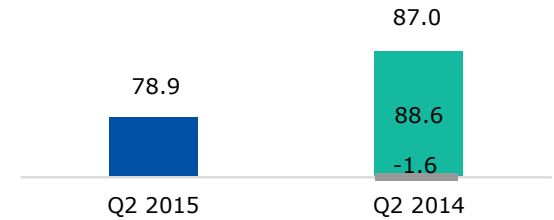
## Commercial, DK & NO



## Corporate



## Sweden

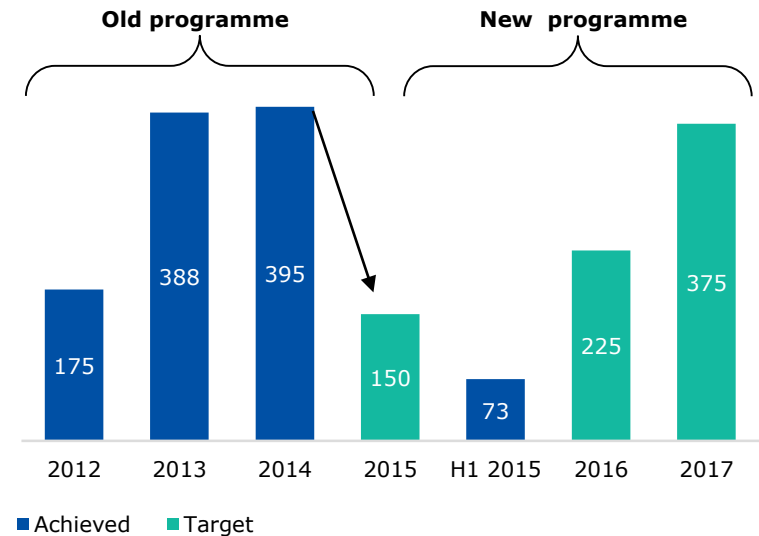


# Efficiency programme, DKK 38m achieved in Q2



- Programme delivering as planned with target to achieve savings of DKK 750m in the next 3 years.
- Lower expected 2015 savings than in 2014.
- Claims initiatives:
  - In4mo with improved claims control
  - New road assistance agreement
- Expense initiatives:
  - IT sourcing
  - New commercial structure with mandate in frontline

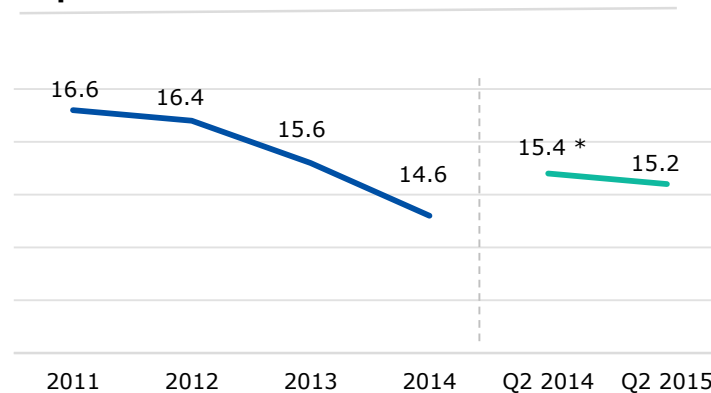
Efficiency programme up until 2017 (DKKm)



# Expense ratio improved from 15.4 to 15.2

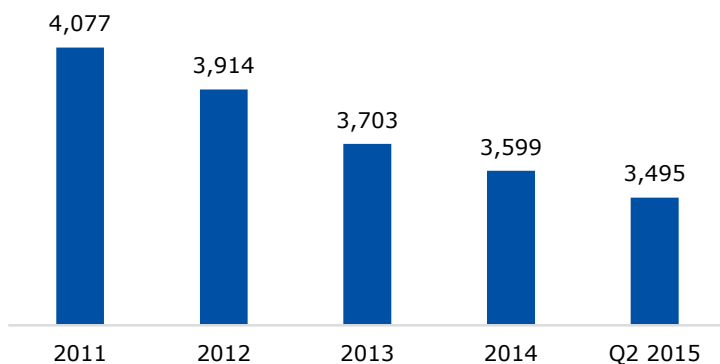
- Expense ratio improved from 15.4 in Q2 2014 to 15.2 in Q2 2015 – (adjusted for one-off effects in Q2 2014).
- 2015 will be impacted by one-off costs related to new efficiency programme.
- Efficiency programme delivered savings of DKK 15m related to:
  - Outsourcing within financial area
  - IT sourcing
- Reduction in FTE by 104 since Q4 2014.

## Expense ratio

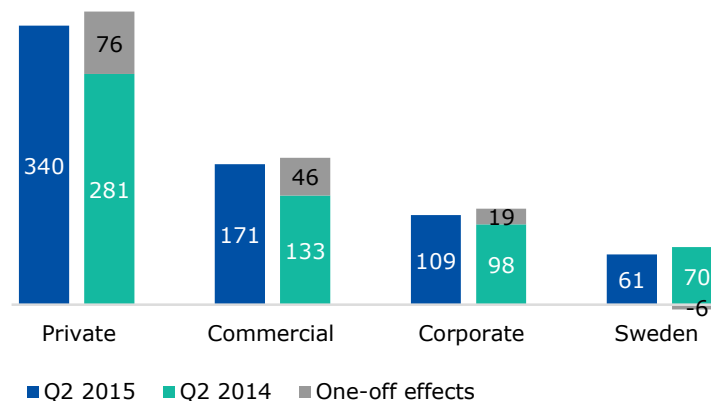


\* Adjusted for one-off effects

## FTE - Development



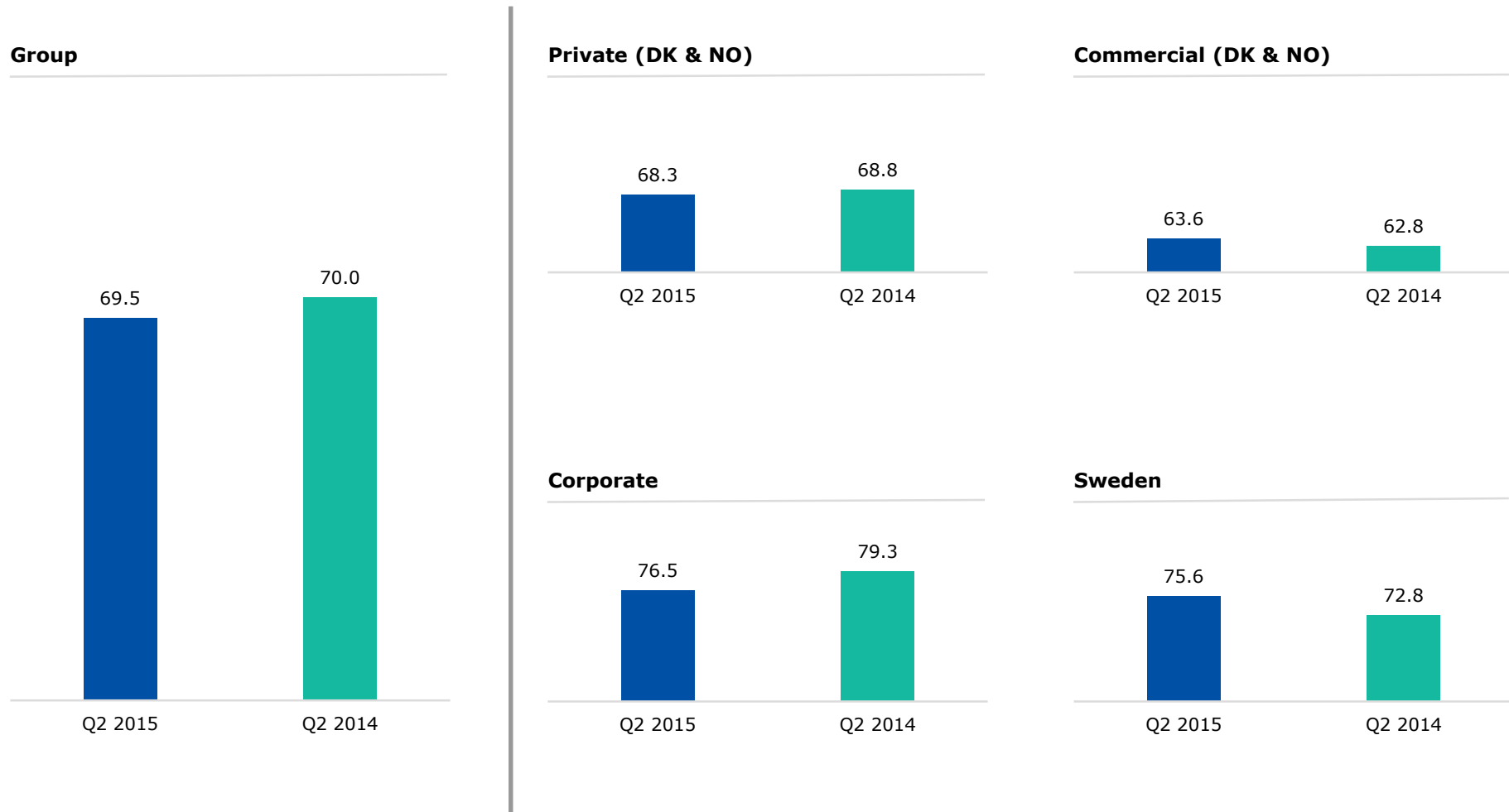
## Nominal costs in business areas



# Claims



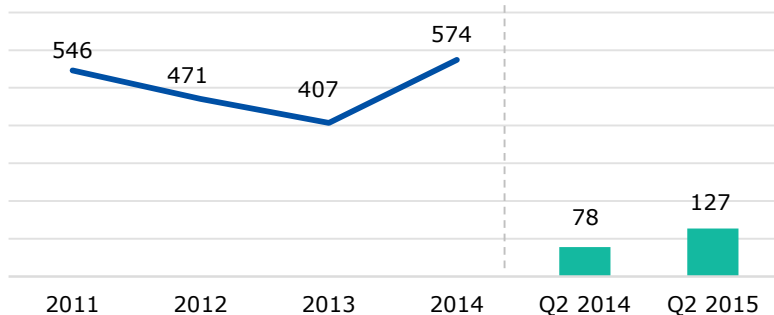
# Improved underlying claims ratio



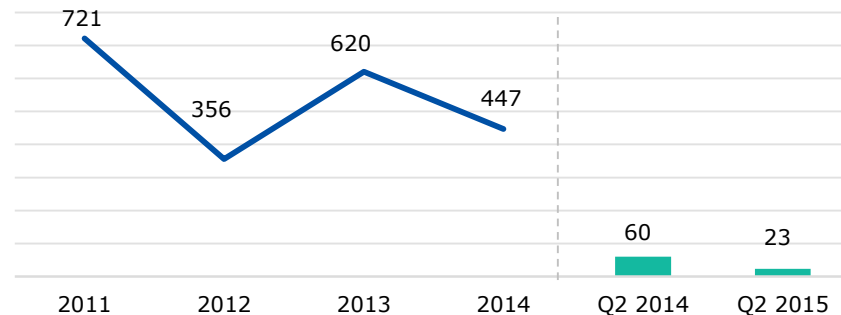
Underlying development is adjusted for large claims, weather claims, run-off and interest.

# Large claims, weather claims and run-off

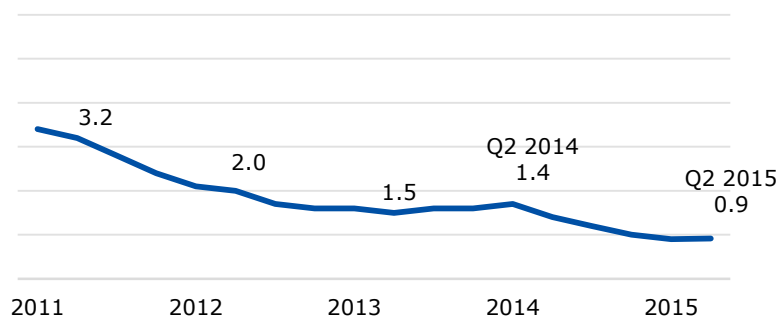
**Large claims, net DKKm** Expected annual level 2015: DKK 550m



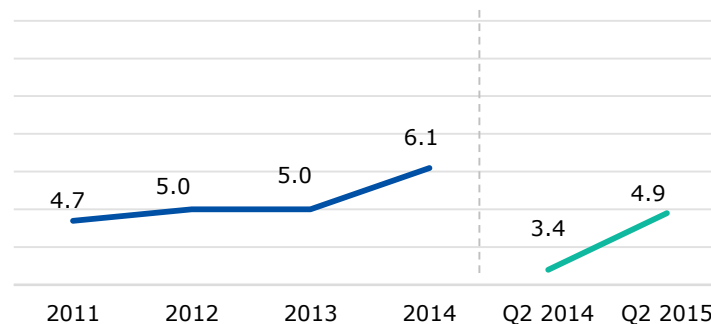
**Weather claims, net DKKm** Expected annual level 2015: DKK 500m



**Claims reserves discounting rate (%)**



**Run-off net, effect on combined ratio (%)**







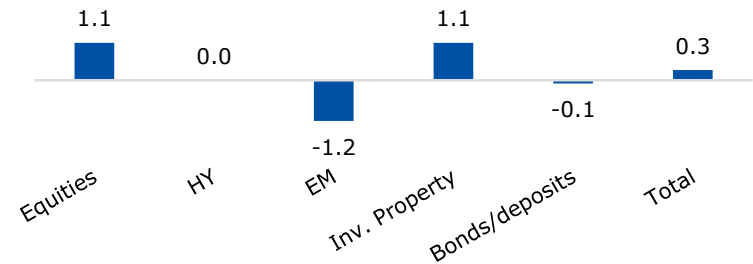
Investment, capital and targets

# Investment return – loss on bonds

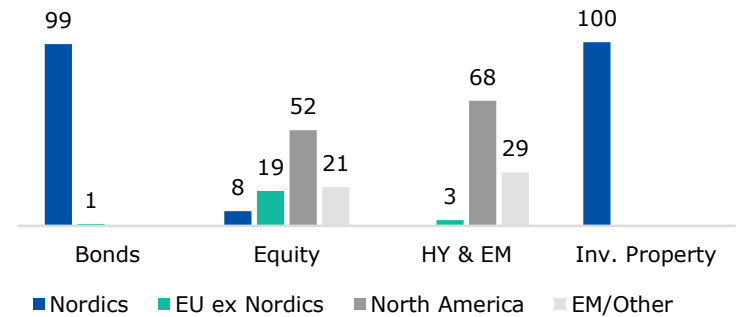
## Investment return

DKKm	Q2 2015	Q2 2014
Free portfolio	41	244
Match regulatory deviation	-44	49
Match performance	-11	50
Other financials	-70	-84
<b>Total return</b>	<b>-84</b>	<b>259</b>

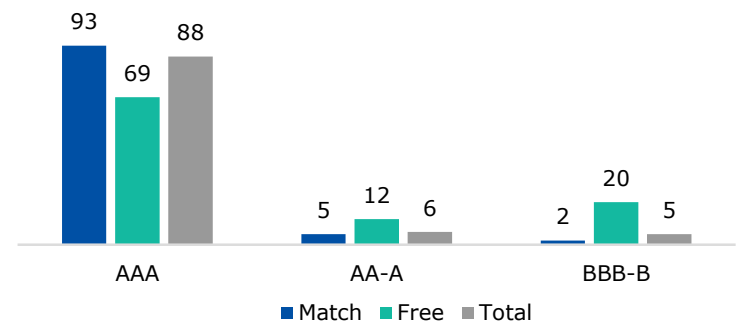
## Free portfolio return (%)



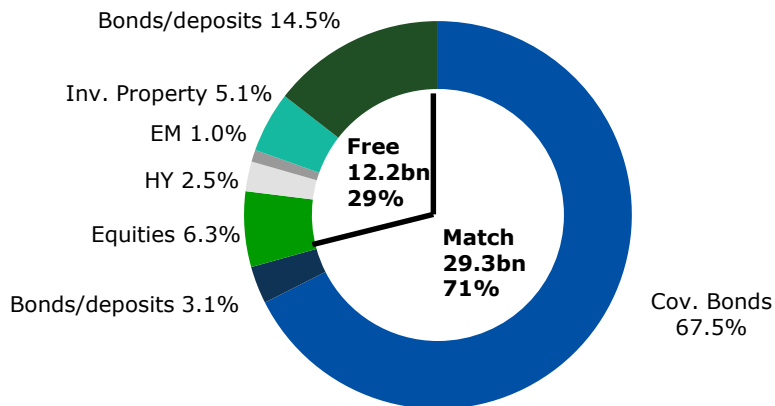
## Geographical exposure (%)



## Rating (%)

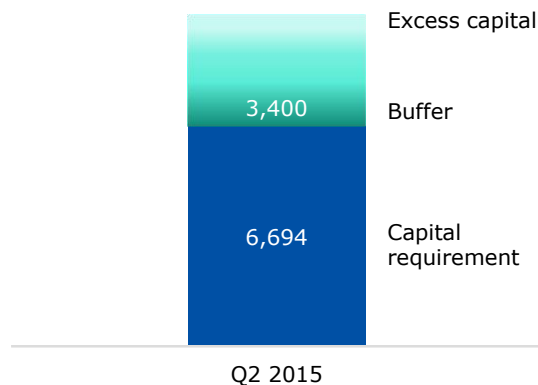


## Portfolio (DKK 41.5bn)

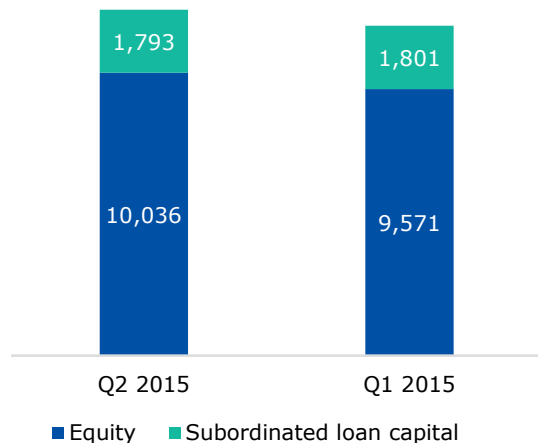


# Capital structure

**Capital – Q2 2015, DKKm**



**Equity and subordinated loan, DKKm**



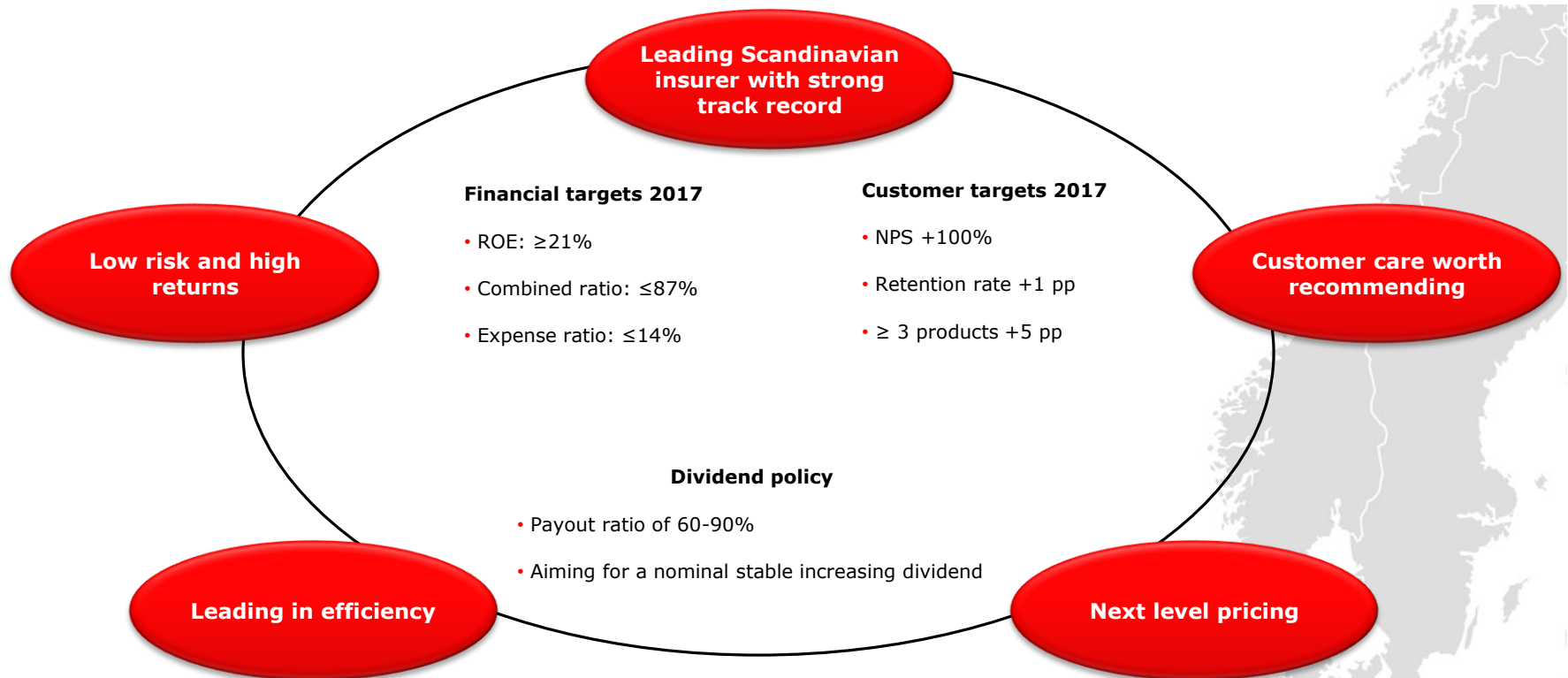
- Capital buffer based on Individual Solvency decreased to 51% (Q1 2015: 55%) and was impacted by:
  - Result Q2 2015
  - Executed share buy back of 2015 and H1 cash dividend 2015
- Based on Solvency II standard model the capital buffer was 21% (Q1 2015: 23%)
- H1 2015 cash dividend of DKK 2.5 per share (DKK 746m)

**Solvency II unsolved issues:**

- Future eligibility in Norway of Natural Perils Pool and the Guarantee scheme provision in own funds
- Internal model expected to be approved by 31 December 2015 at the latest. Application has been submitted

# Concluding remarks

- ✓ Efficiency programme proceeds as planned. Expected lower run-rate in 2015 of DKK 150m compared to DKK 396m in 2014.
- ✓ Increased customer focus
- ✓ Price-differentiation and customer life time value
- ✓ Topline development challenging





Q&A

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# Upcoming roadshows



Date	Place	Participants from Tryg	Arranged by
10/07/2015	Copenhagen	Morten Hübbe, CEO Tor Magne Lønnum, CFO Lars Bonde, Group EVP and COO Investor Relations	Jyske Markets
13/07/2015	London	Morten Hübbe, CEO Tor Magne Lønnum, CFO Investor Relations	Danske Markets
27/08/2015	Oslo	Tor Magne Lønnum, CFO Peter Brondt, IR Manager	DnBNOR
22/09/2015	Paris	Lars Bonde, Group EVP and COO Peter Brondt, IR Manager	Exane BNP
13/08/2015	Bergen, Norway	Tor Magne Lønnum, CFO Peter Brondt, IR Manager	Hordaland Børs
07/09/2015	Silkeborg, Denmark	Peter Brondt, IR Manager	Jyske Markets Selskabsdagen
15/09/2015	London	Morten Hübbe, CEO Peter Brondt, IR Manager	KBW European Financials Conference
16-17/09/2015	New York	Lars Møller, IR Director	Barclays Global Financial Conference
22/09/2015	Copenhagen	Morten Hübbe, CEO Lars Møller, IR Director	InvestorDagen, Danish Shareholders Association