

A photograph of a woman with long blonde hair, wearing a white and green jacket, standing behind a swing set. Two young boys are sitting on the swing seats. The boy on the left is wearing a dark jacket, and the boy on the right is wearing a grey jacket and a grey hat. They are in a park-like setting with trees and houses in the background. The scene is lit with warm, golden light, suggesting late afternoon or early morning. A large red semi-transparent circle is overlaid on the bottom half of the image, containing white text.

Danske Markets
Navigating the Nordics
CFO Tor Lønnum

Download presentation at [Tryg.com](https://www.tryg.com)

Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "continues" or similar expressions.

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 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.

Tryg - quick overview

Tryg is a **non-life insurance company** present in Denmark (No. 1), Norway (No. 3) and Sweden (No. 5).

59.4m shares and a **market cap of DKK 32bn** (March 2014).

Standard & Poor's rating: **A-/Stable**.

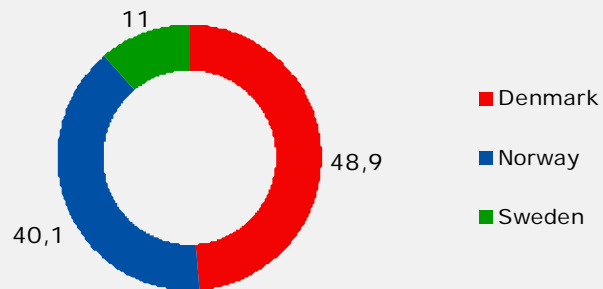
Dividend policy:

Payout ratio of 60–90%

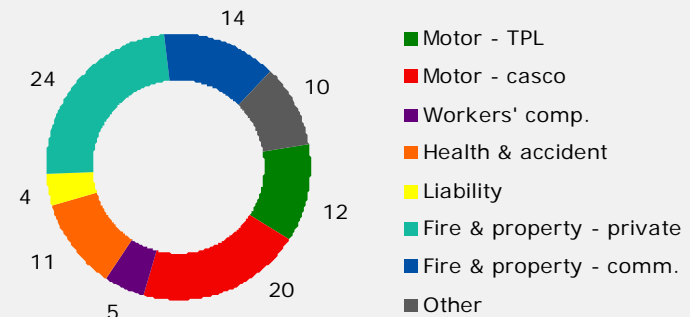
Aiming for a nominal stable increasing dividend.

DKKm	2012	2013
Gross earned premium	20,314	19,504
Gross claims	-14,675	-14,411
Gross expenses	-3,295	-3,008
Insurance result	2,492	2,496
Net investment result	585	588
Pre-tax result	3,017	2,993
Net result	2,208	2,369
Combined ratio	88.2	87.7
No. of employees (FTE)	3,913	3,703
Shareholder's equity	10,979	11,107

Gross premium split by geography – 2013



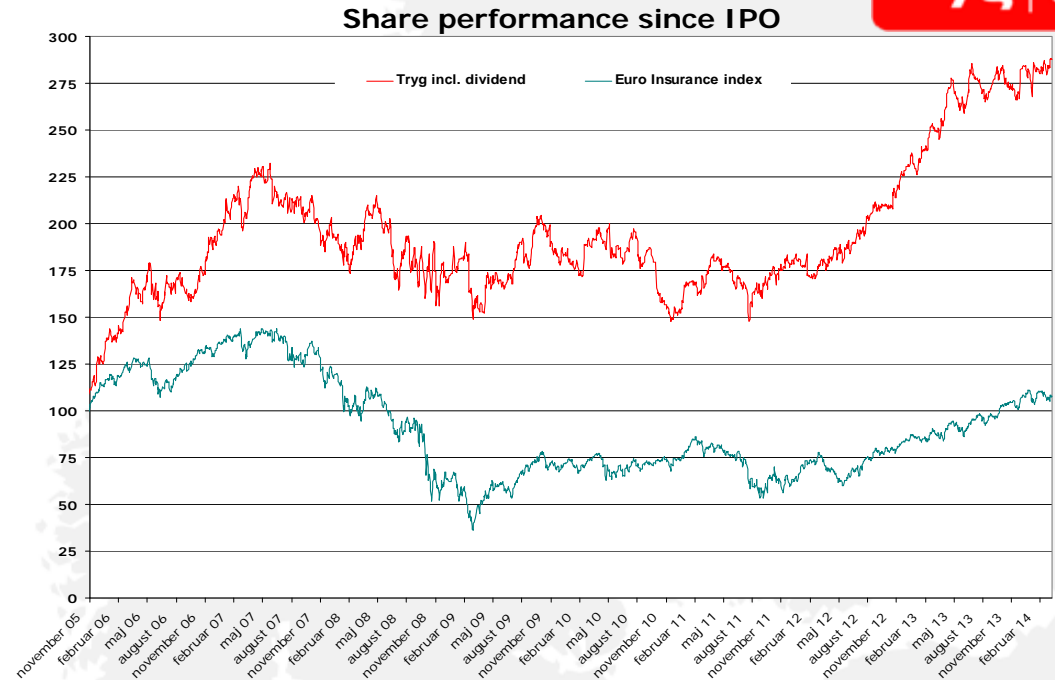
Gross premium split by products - 2013



Tryg – at a glance

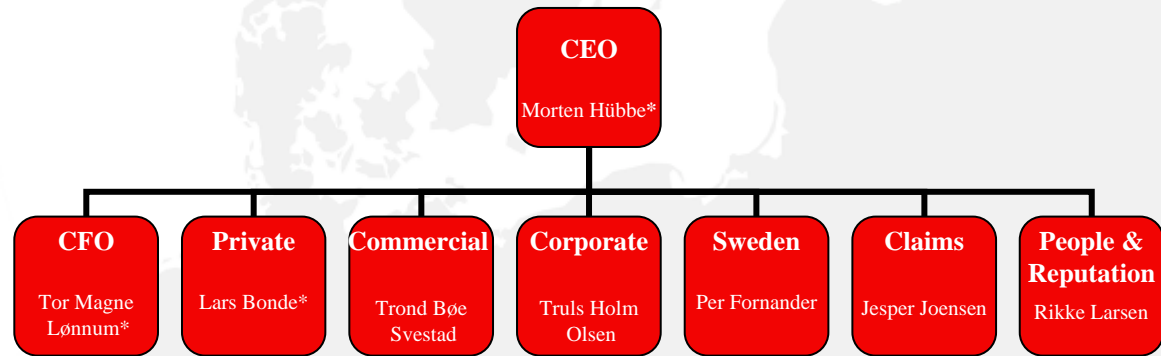
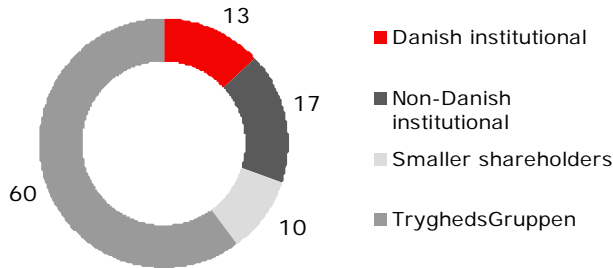


- Tryg goes back to 18th century
- The current Tryg was formed in 2002 by sale of Nordea's non-life activities – with a continuing strategic partnership
- Non-life insurance in Denmark, Norway and Sweden
- IPO Oct. 2005 on Nasdaq OMX Copenhagen
- Majority owner: TryghedsGruppen (60%) a mutual company in Denmark
- Turnover 2013: DKK 19.5bn (~EUR 2.6bn)
- CEO: Morten Hübbe
- 3,655 employees



Norway	Denmark	Sweden
Market position: #3	Market position: #1	Market position: #5
Market share: 14.7%	Market share: 19.1%	Market share: 3.3%
CR in 2013: 84.5	CR in 2013: 87.5	CR in 2013: 98.9

Shareholder breakdown



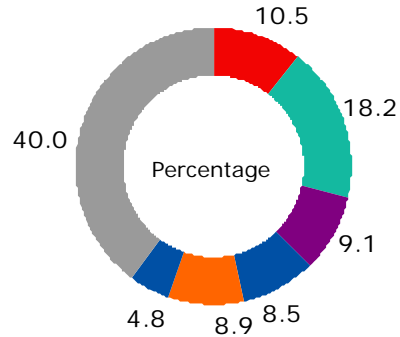
*Executive Management Tryg A/S and Tryg Forsikring A/S

Structure of the Nordic insurance markets



Nordic

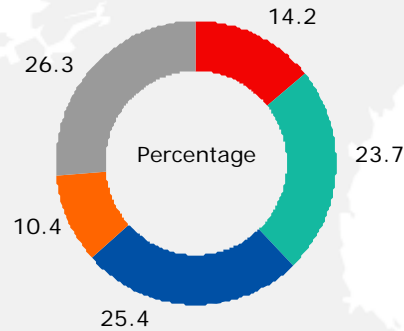
EUR 24.5bn (as at Q4-2012)



- Tryg
- If
- Codan
- Gjensidige
- Länssäkringar
- Topdanmark
- Other

Norway

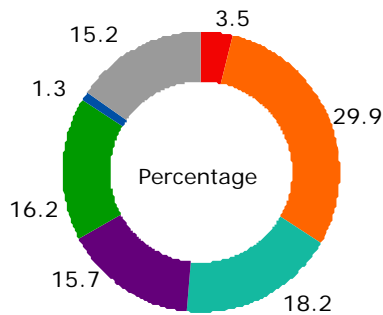
NOK 53bn/EUR 7bn (as at Q1-2014)



- Tryg
- If
- Gjensidige
- Sparebank1
- Other

Sweden

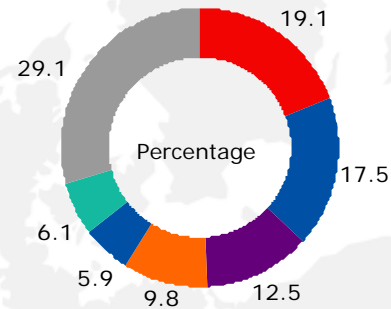
SEK 68bn/EUR 7.6bn (as at Q1-2014)



- Moderna
- Länssäkringar
- If
- Codan
- Folksam
- Gjensidige
- Other

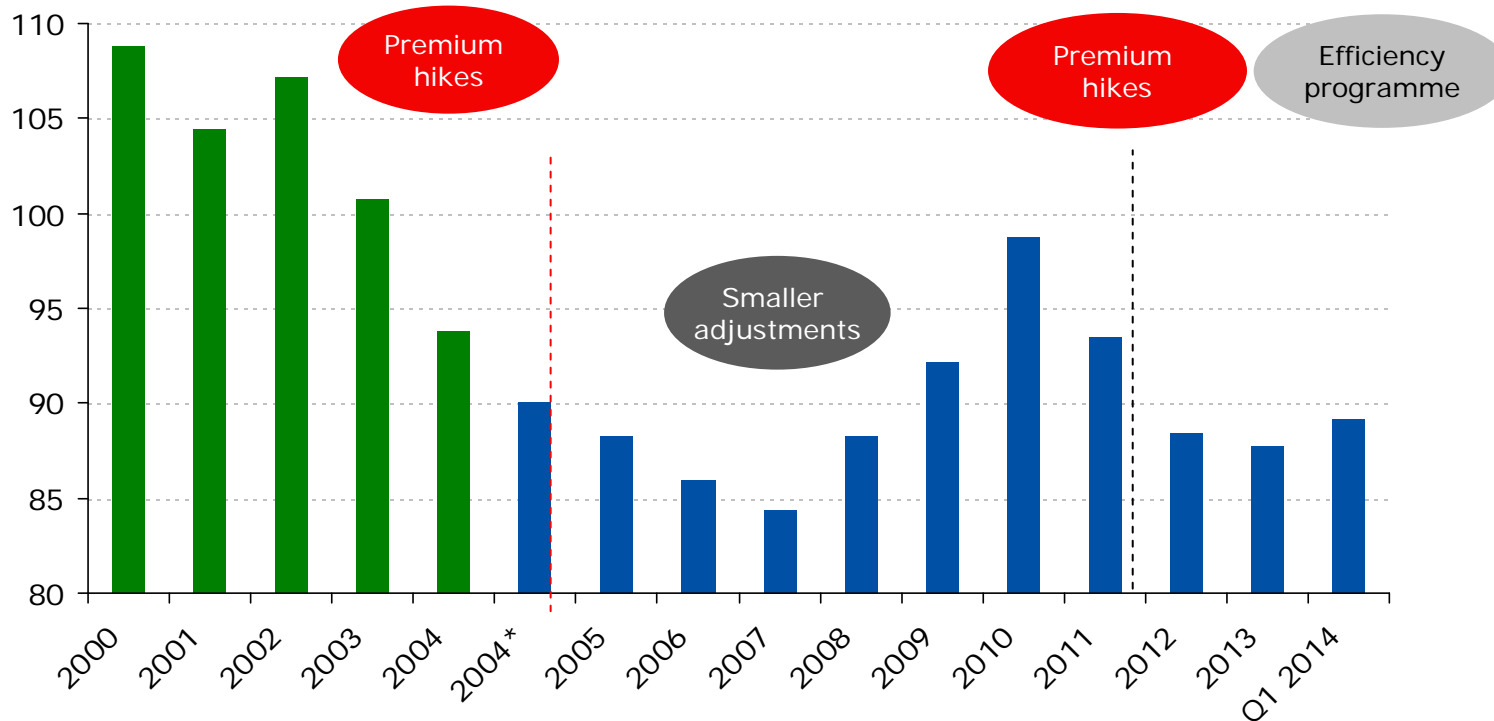
Denmark

DKK 50.4bn/EUR 6.8bn (as at Q1-2013)



- Tryg
- Topdanmark
- Codan
- Alm. Brand
- Gjensidige
- If
- Other

Combined ratio performance



2002-2004 price increases of DKK 2.1bn implemented. Reduced combined ratio from 107 to 94.
 2011-2012 price increases will improve underlying combined ratio.
 2012-2015 operational focus with target to cut expenses and claims costs by DKK 1bn in total.

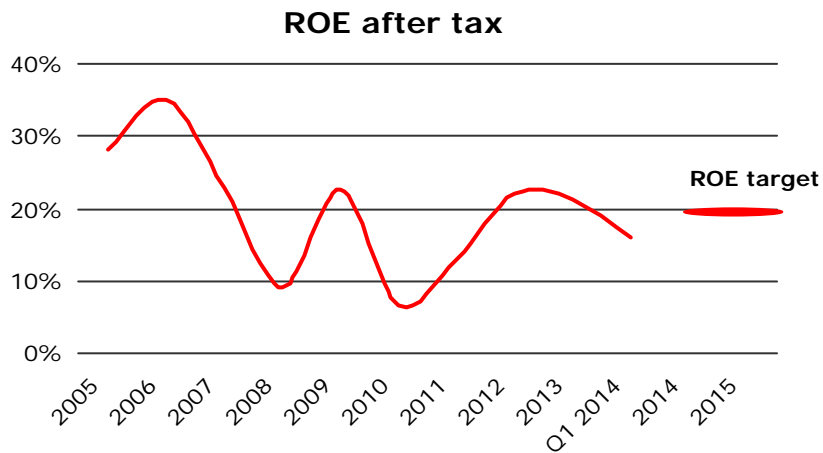
**IFRS from 2004. Previous years are Danish GAAP.*

Data before 2009 is not corrected for the sale of Marine Hull business.

Financial targets

ROE after tax of 20% to be achieved by delivering a full year combined ratio of 90 or lower.

Expense ratio <15 in 2015



Strategic initiatives 2014



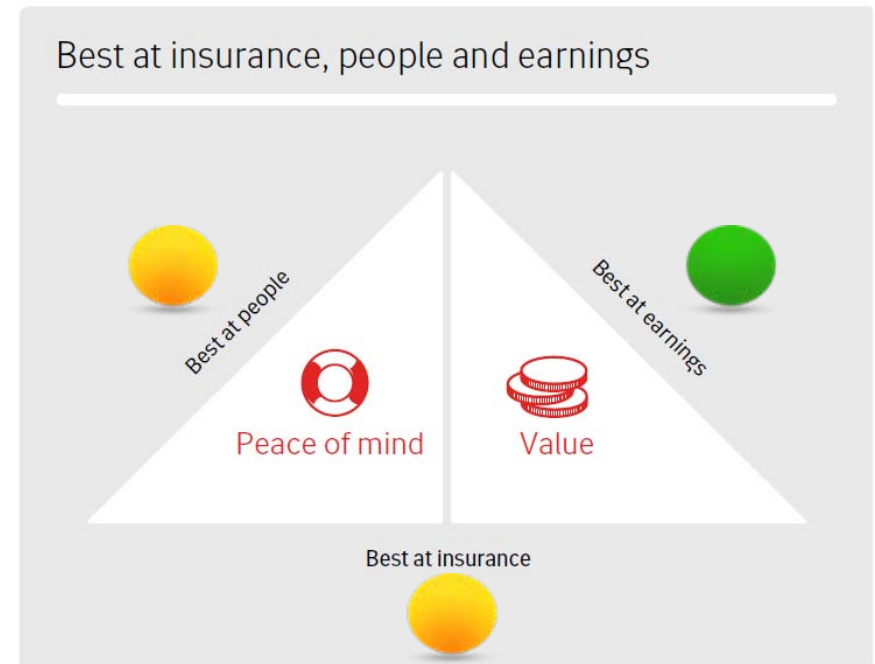
2014 Customers, culture and continuous improvements

Increased price differentiation

Customer journey & success culture

Expenses/claims reductions

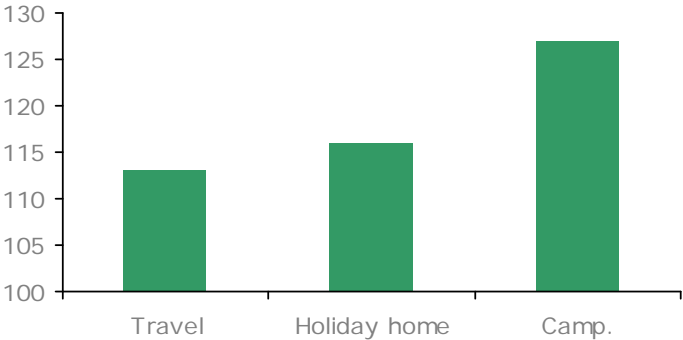
IT operational stability



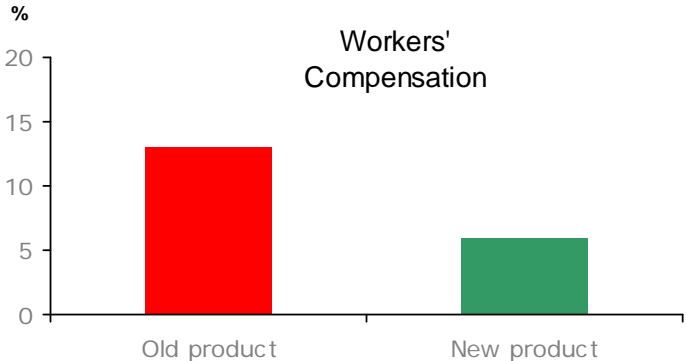
Price differentiation

 Denmark	 Contents	 Camp.	 Workers' Compensation	 Travel	 Holiday Home	 Van	
 Norway	 Workers' Compensation	 House	 Illness			 Houseowner	 Motor
 Sweden	 Contents					 Boat	

New products improves hitrate



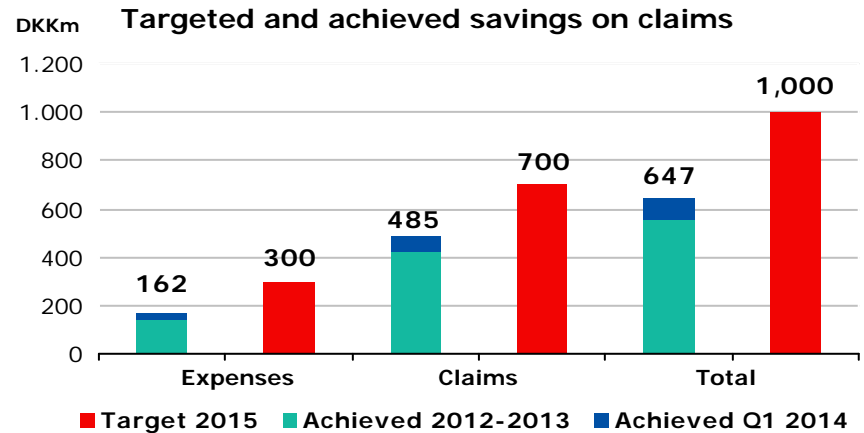
New products reduces discount level



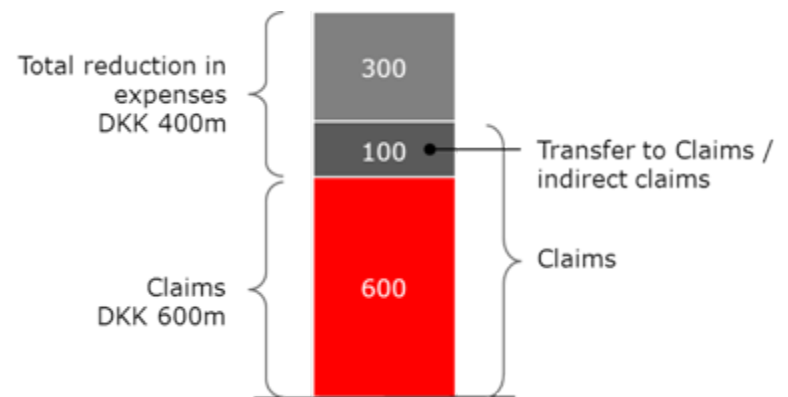
Follow up on efficiency programme



- Savings of DKK 647m achieved so far.
- DKK 90m achieved in Q1 2014.
 - DKK 25m reduction in expenses
 - DKK 65m reduction in claims
- Increased benefit from use of Scalepoint.
- Agreements based on fixed prices on materials and repairs.

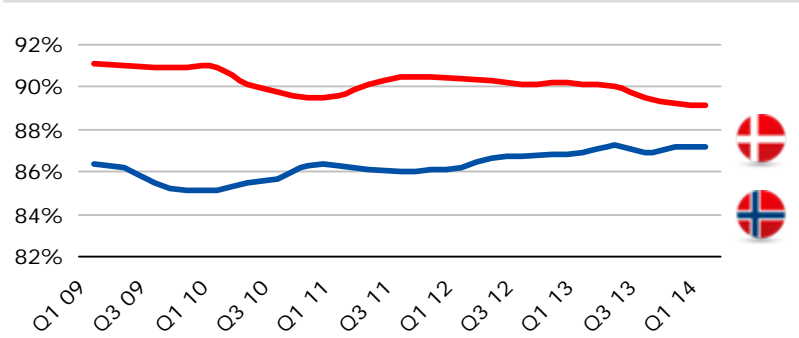


Efficiency programme up until 2015

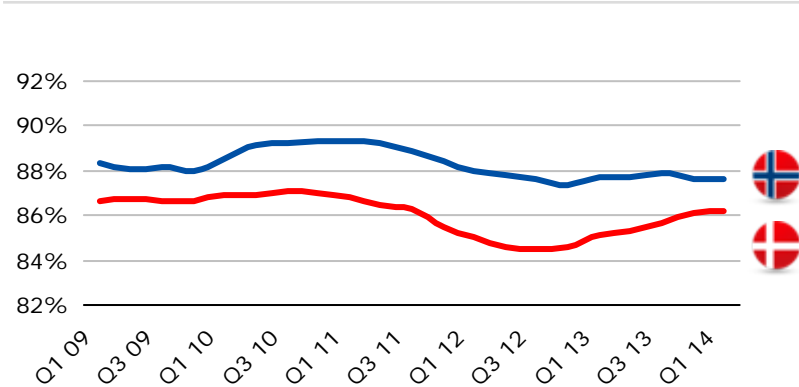


Customer retention

Private



Commercial



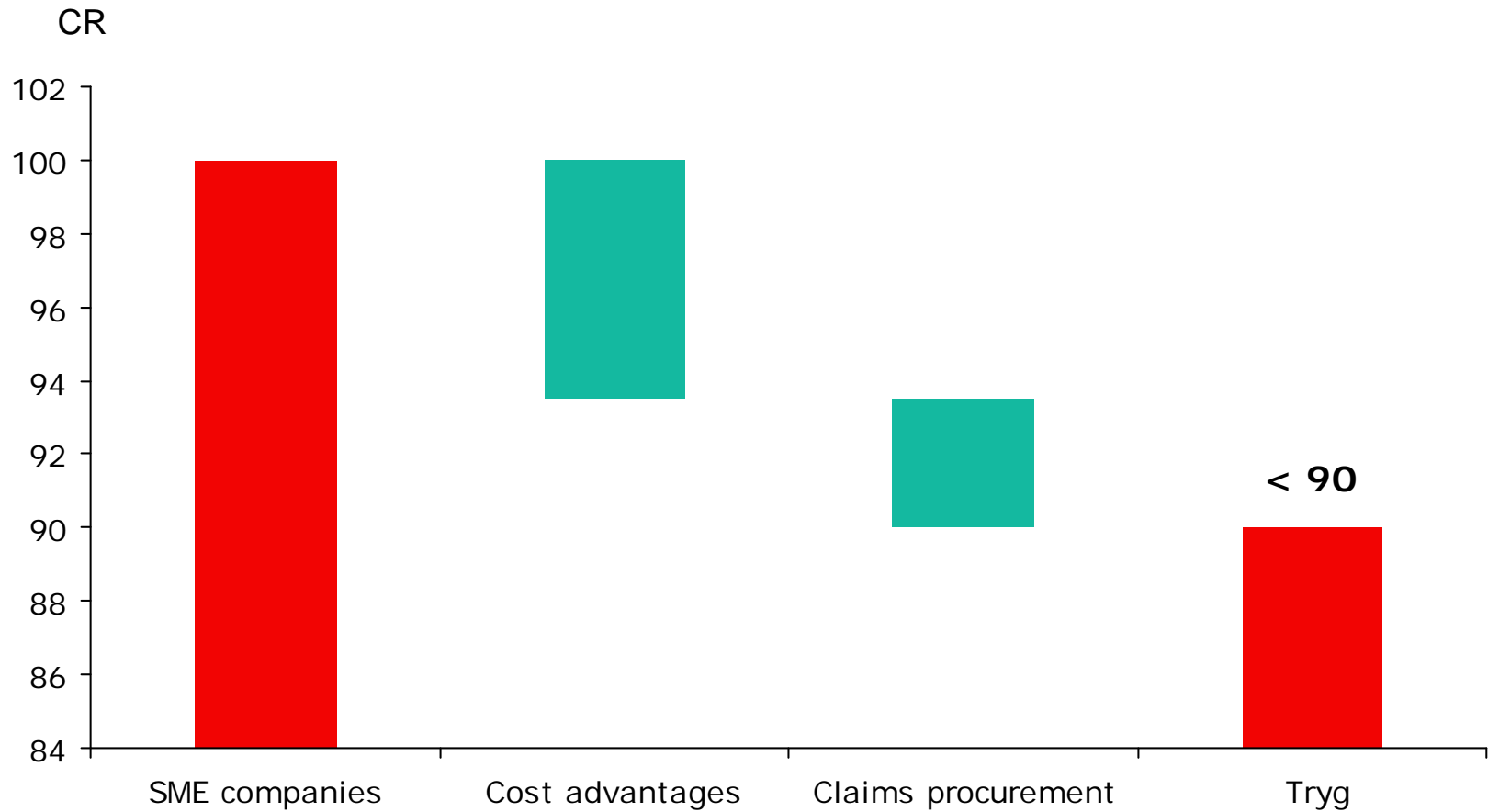
Aggregators and new competitors in the Nordics



	 forsikringsguiden.dk	
	<p>DK Insurance sectors own and free comparison page</p>	 FINANSPORTALEN - EN TJENESTE FRA FORBRUKERRÅDET

- Aggregators will become more important in Nordic markets
 - Will increase distribution costs and lead to low cost products
 - Insurance sectors own and free comparison page to be relaunched later 2014
- Internet companies and new companies - a very long term investment
 - Skills, expense level, claims procurement and customer/product data

Efficiency is a competitive parameter

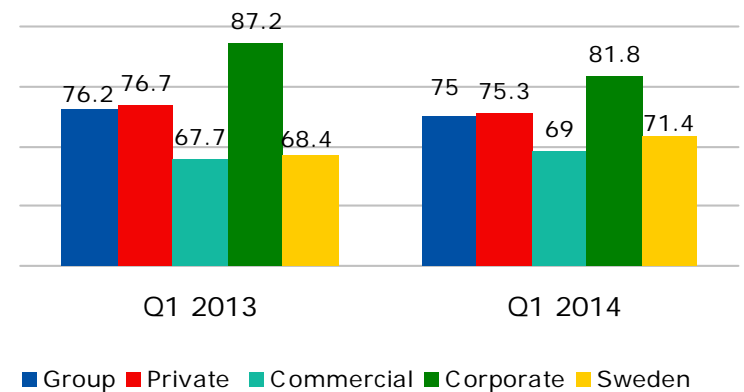


- Continued focus on efficiency and claims procurement
- Enables both strong results and competitive products

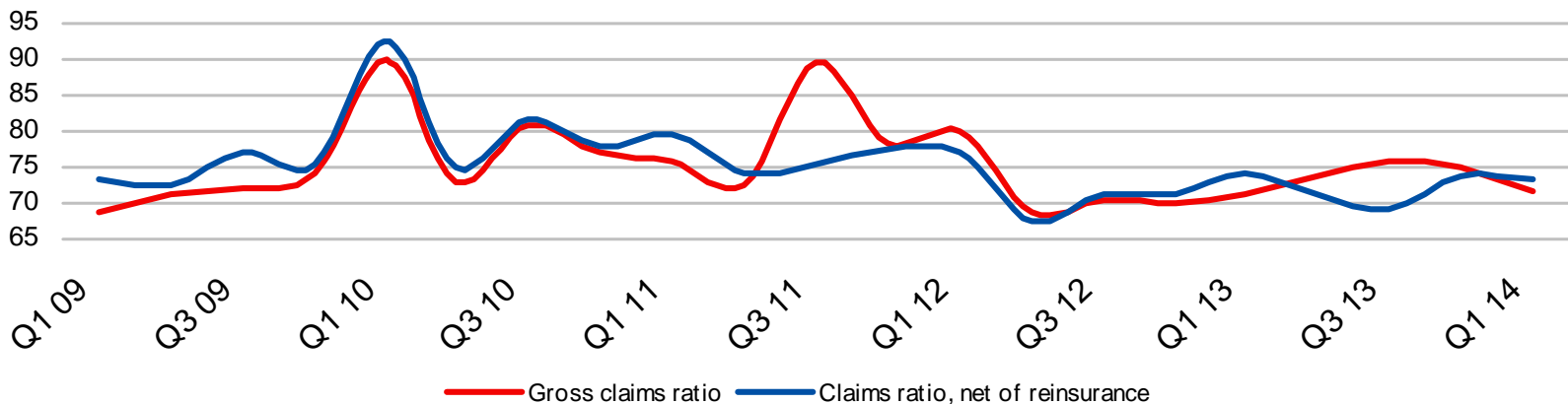
CR and claims ratios Q1 2013-14

- Underlying development is adjusted for:
 - Large claims
 - Weather claims
 - Run-off and interest
- 1.2 %-point improved underlying claims ratio on Group level driven by efficiency programme.

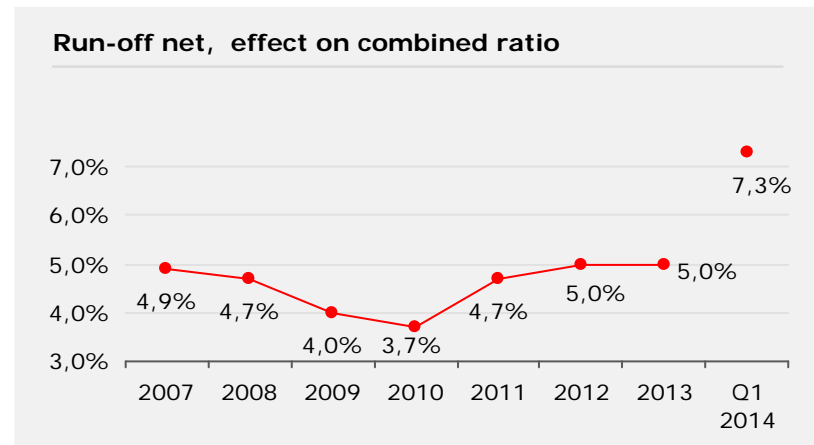
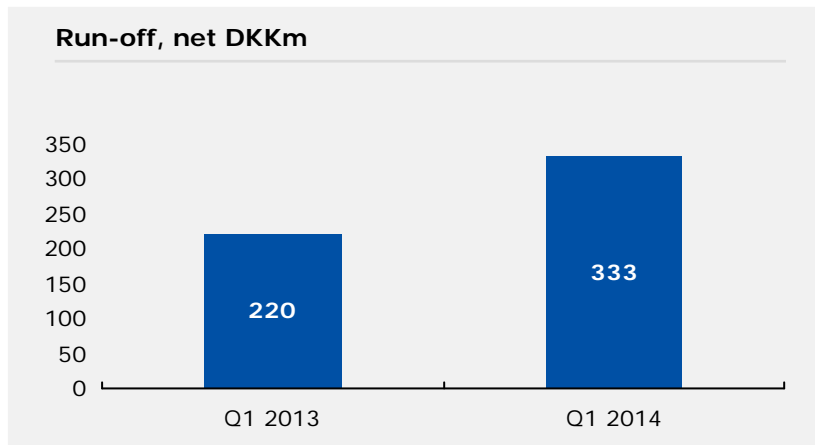
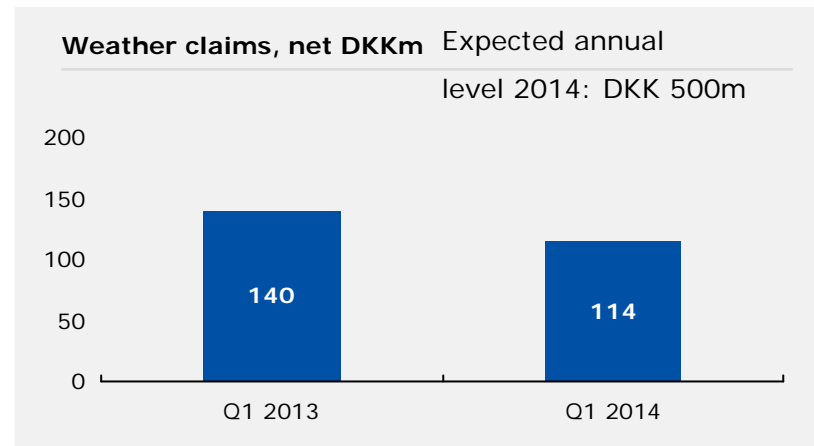
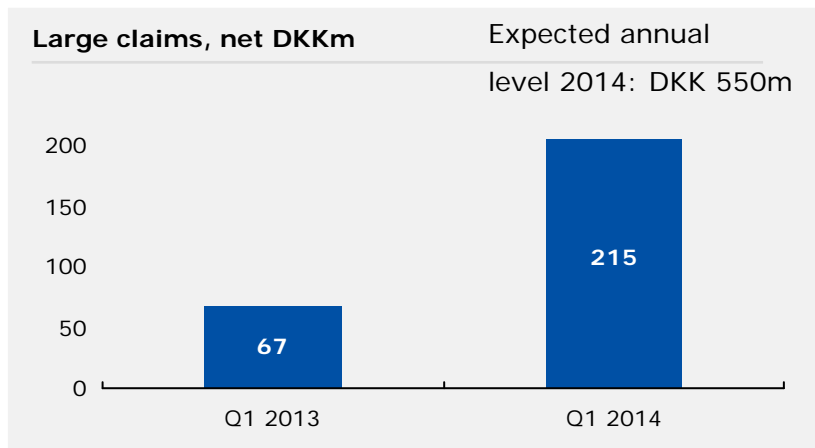
Underlying claims ratio, net Q1 2013/2014



Claims ratio development - Group



Large claims, weather claims and run-off

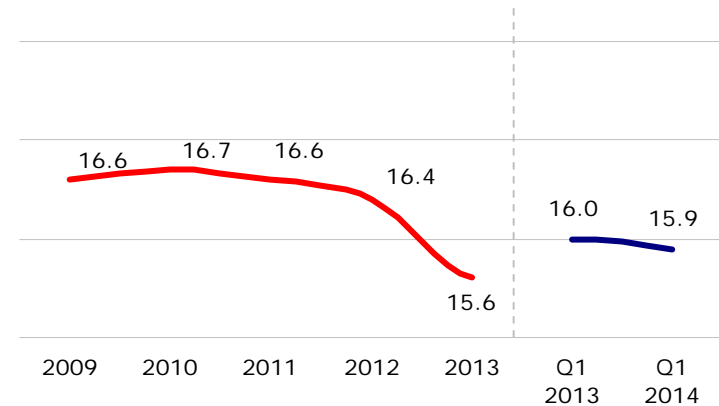


Expense ratio development

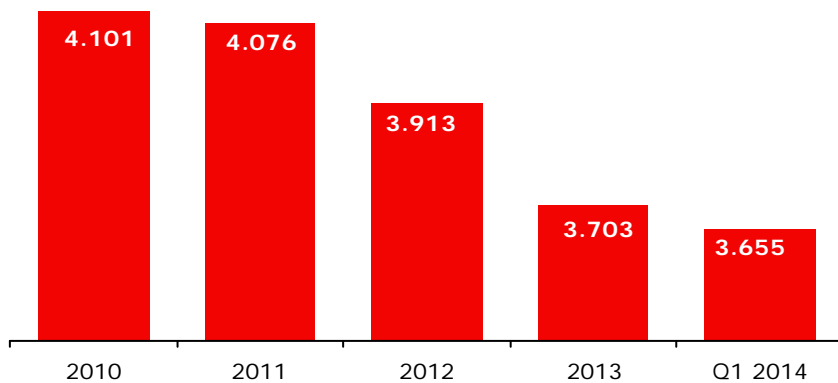


- Expense ratio improved from 16.0 in Q1 2013 to 15.9 in Q1 2014.
- Nominal expenses on Group level reduced significantly in Q1 2014.
 - Efficiency programme.
 - Adapting to lower premium level by reducing nominal expenses by more than 2% in local currency.
 - Expense ratio level normally higher in Q1 related to commissions and provisions for holiday pay.
- Reduction in FTE by 48 in Q1 2014.

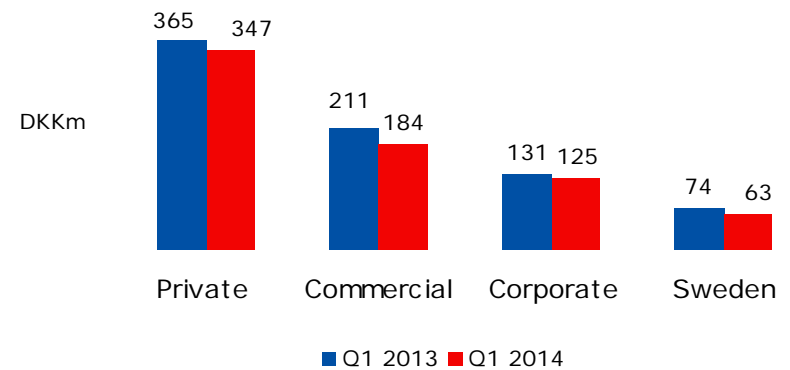
Expense ratio



FTE development



Nominal costs in business areas

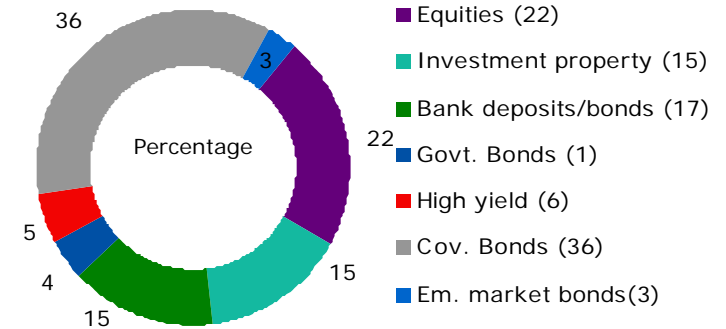


Investment result Q1 2014

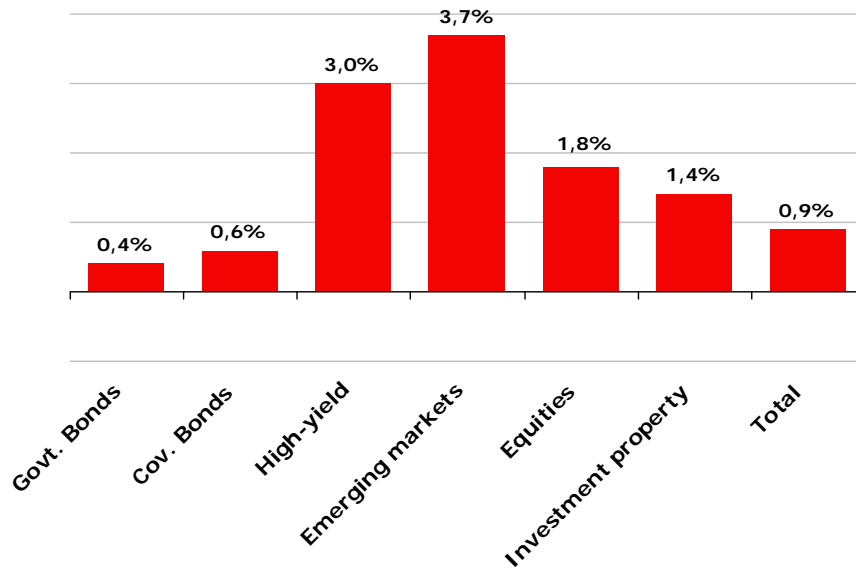
Investment return

	Q1 2014 DKKm
Free investment	129
Match regulatory deviation	-3
Match performance	30
Other financials	-67
Total return	89

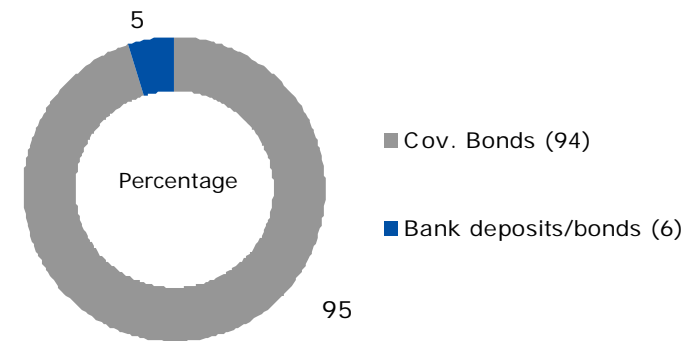
Free portfolio – Q1 2014 (DKK 13.6bn)



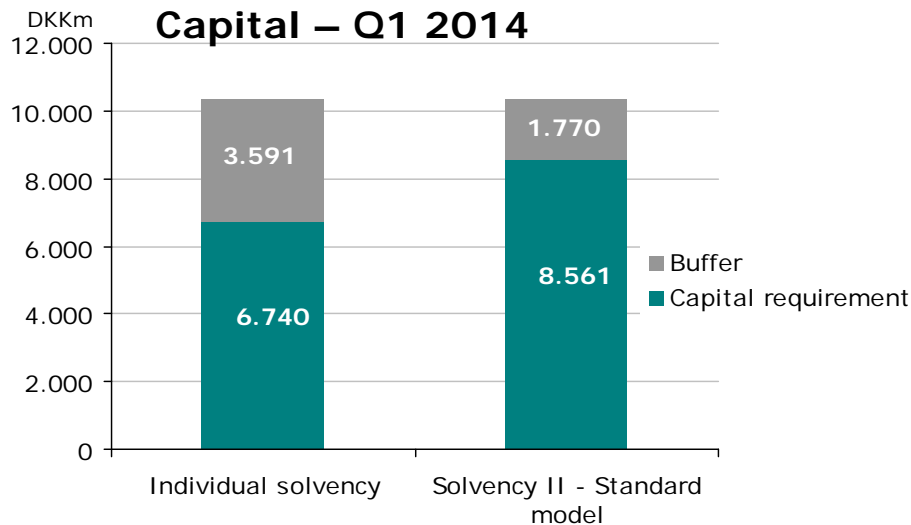
Percentage return – Free portfolio



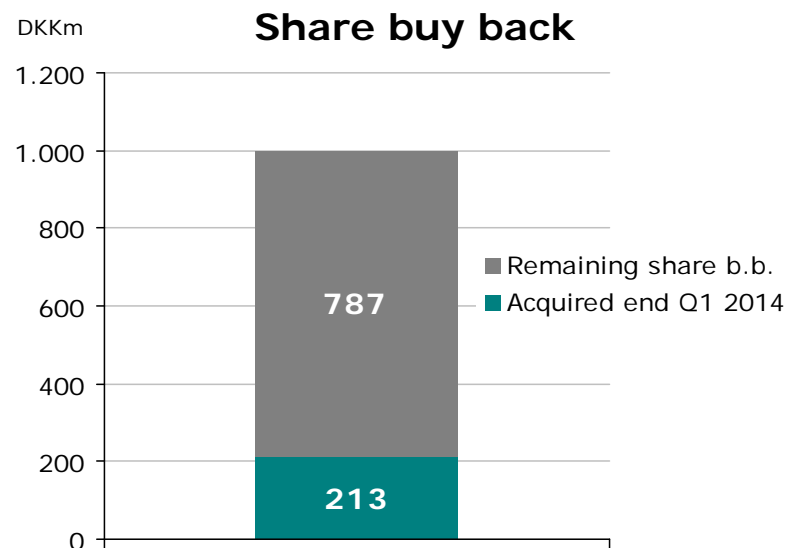
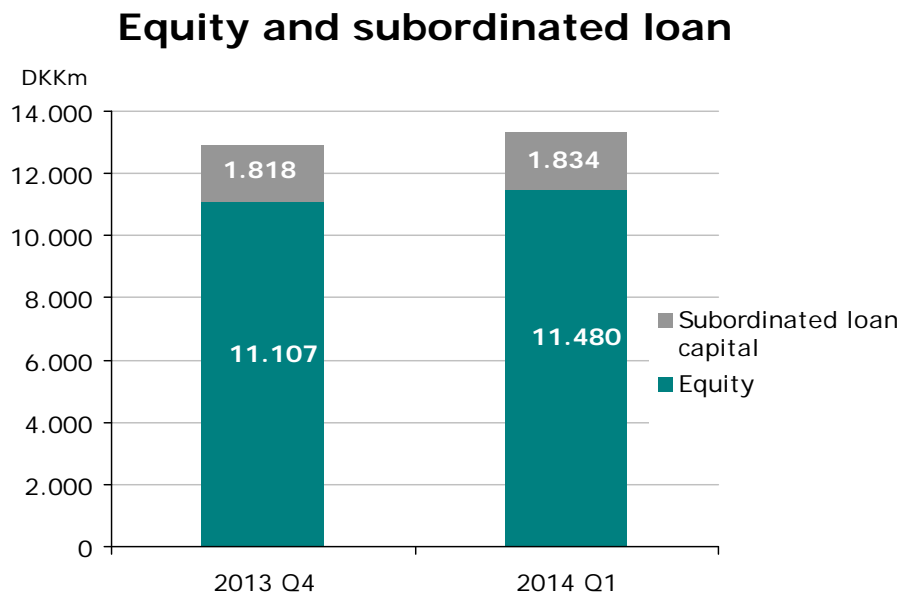
Match portfolio – Q1 2014 (DKK 31.4bn)



Capital structure and status on share buy back



- Capital buffer based on Individual Solvency increased to 53% (2013 Q4: 50%) and was impacted by:
 - Q1 result 2014
 - Increase in capital requirement due to transition to new capital regime.
 - Increase in available capital due to transition to new capital regime
 - Q1 share buy back deducted in buffer
- Capital buffer based on the Solvency II (QIS5) model decreased to 21% (2013 Q4: 25%).
- Share buy back initiated in beginning of January and proceeds as planned.

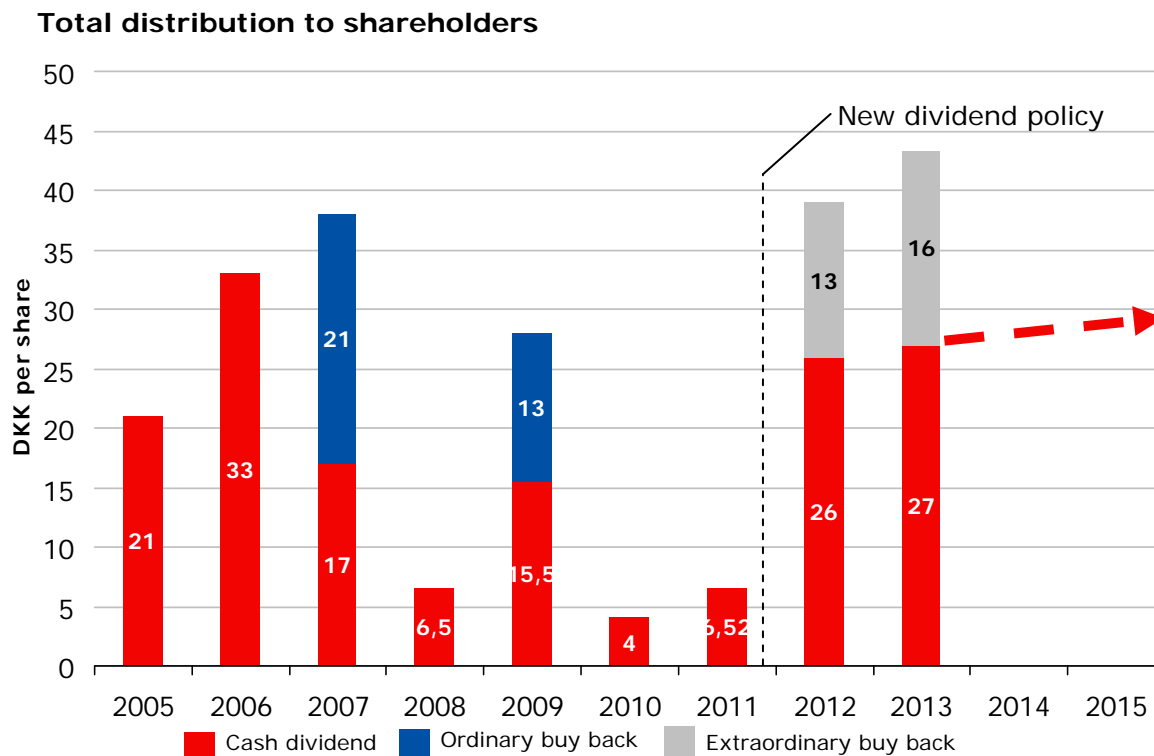


Dividend policy

- creating long-term value for our shareholders



- Payout ratio of 60–90%.
- Aiming for a nominal stable increasing dividend.
- Ambitious ROE target of 20% after tax calls for disciplined capital approach.
- Adjustment of the capital level can be made via share buy back.



Q&A

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