

KBW European Financials Conference

17 September 2014

CFO Tor Lønnum

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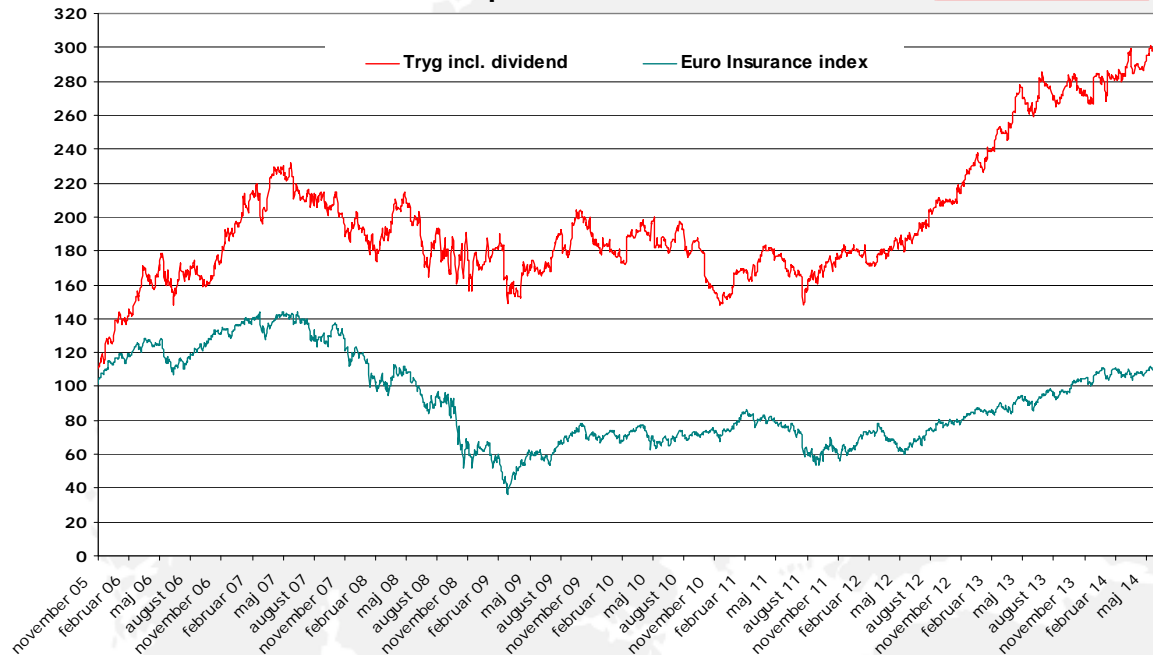


Tryg – at a glance

- 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
- 3,639 employees



Share performance since IPO

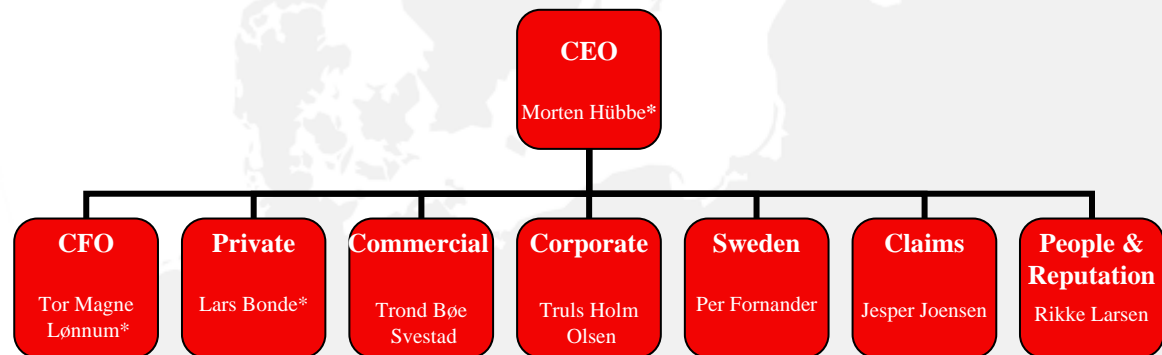
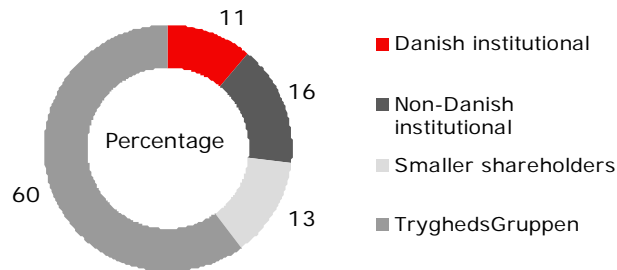


Norway
 Market position: #3
 Market share: 14.2%
 CR in 2013: 84.5

Denmark
 Market position: #1
 Market share: 19.0%
 CR in 2013: 87.5

Sweden
 Market position: #5
 Market share: 3.5%
 CR in 2013: 98.9

Shareholder breakdown

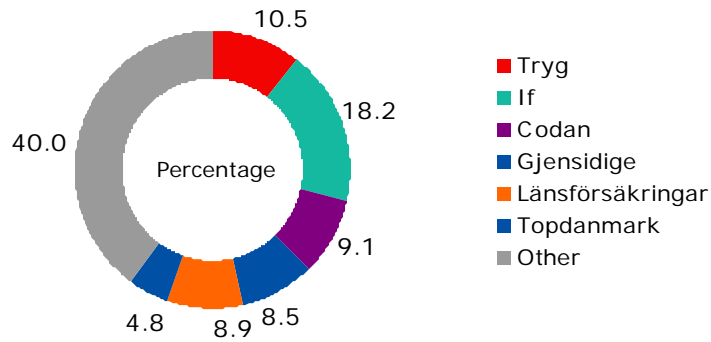


*Executive Management Tryg A/S and Tryg Forsikring A/S

Structure of the Nordic insurance markets

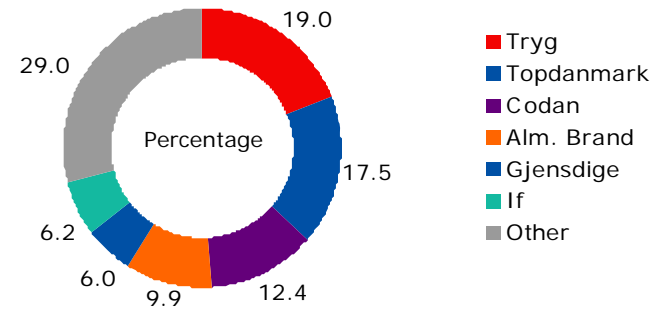
Nordic

EUR 24.5bn (as at Q4 2012)



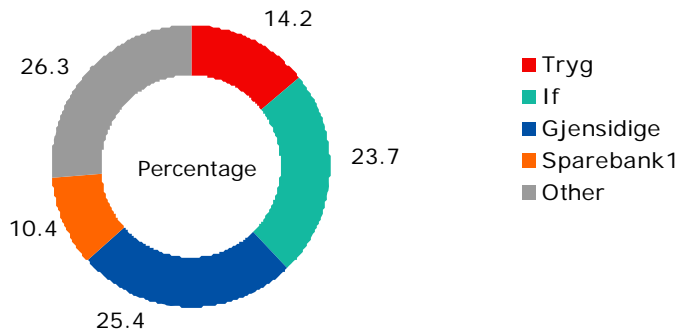
Denmark

DKK 50.3bn/ EUR 6.8bn (as at Q2 2013)



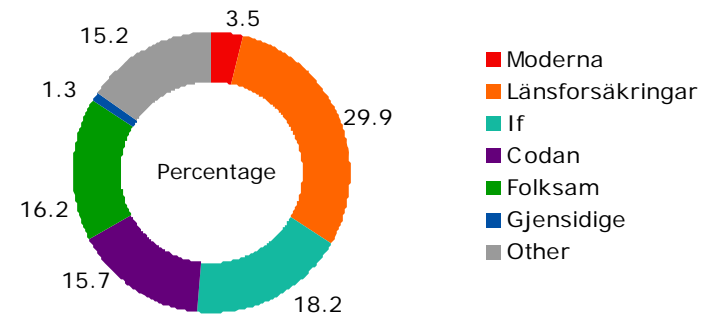
Norway

NOK 53.2bn/ EUR 7.1bn (as at Q1 2014)



Sweden

SEK 67.6bn/ EUR 7.6bn (as at Q1 2014)

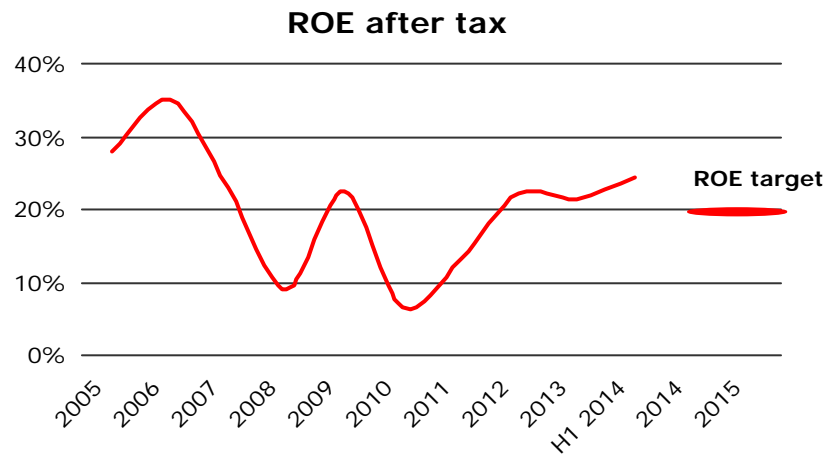


Financial targets



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

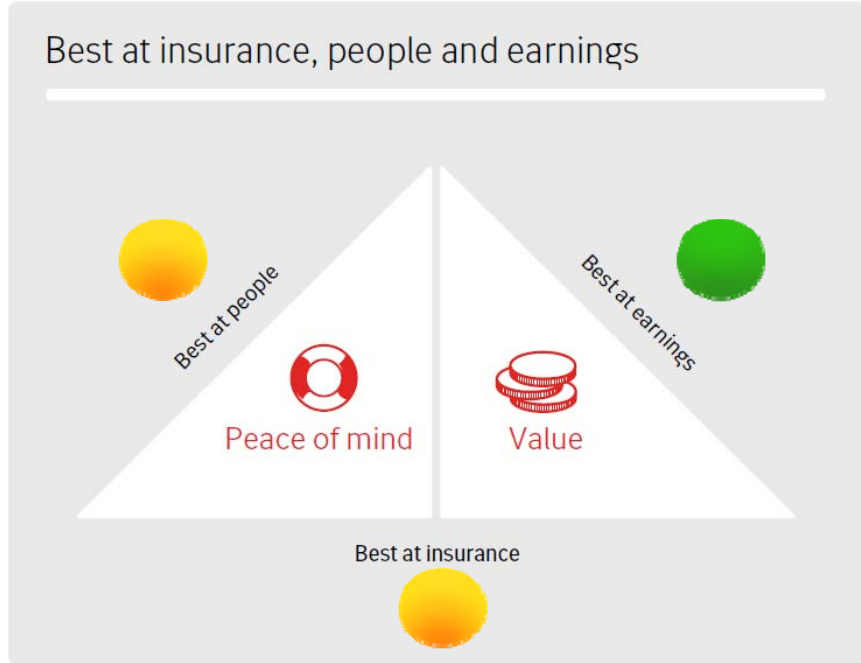


Increased price differentiation

Customer journey & success culture

Expenses/claims reductions

IT operational stability



Price differentiation

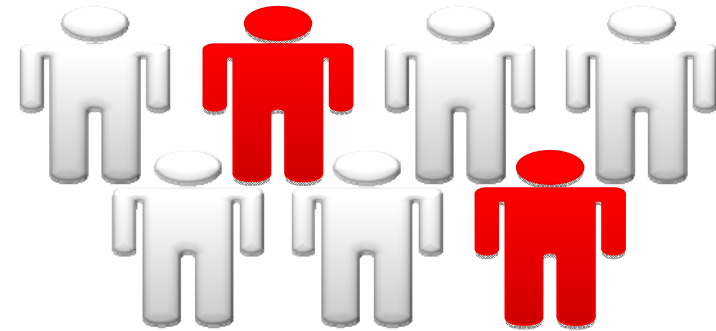
Many new differentiated products with positive effects



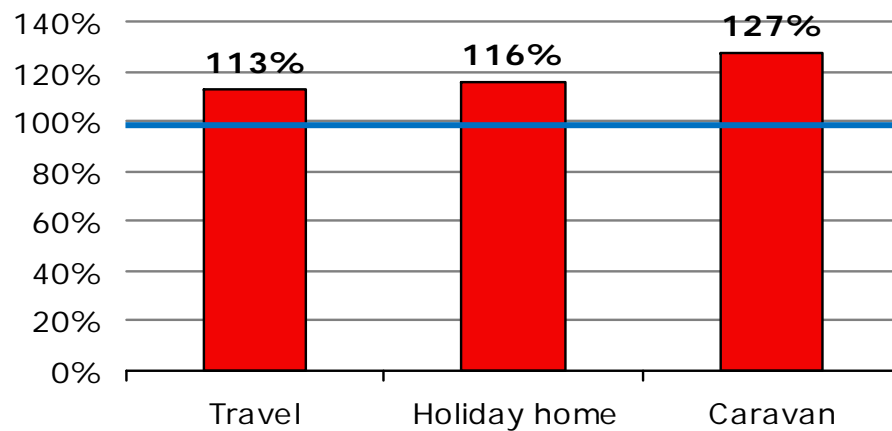
New differentiated products since 2013



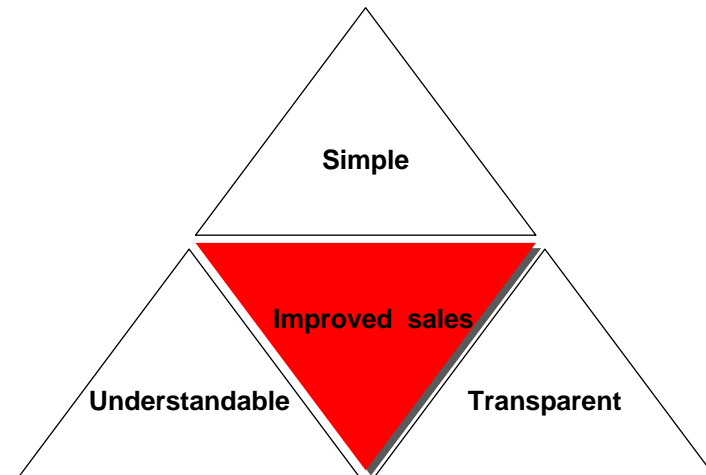
Better selection and higher quality



Higher sales rate



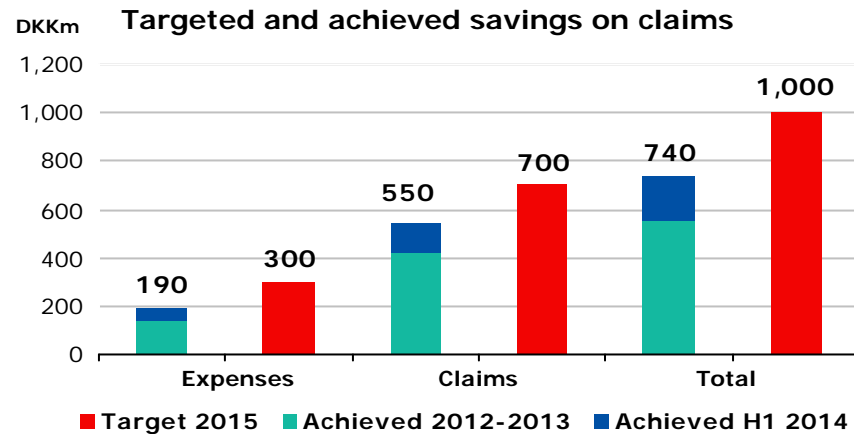
Positive feedback from customers and employees



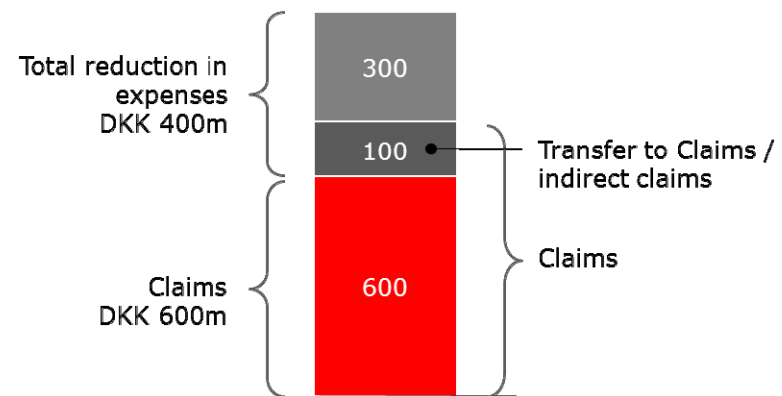
Follow up on efficiency programme



- Savings of DKK 740m achieved so far.
- DKK 93m achieved in Q2 2014.
 - DKK 28m reduction in expenses
 - DKK 65m reduction in claims
- Increased benefit from Buildings and Contents initiatives.
 - Craft network (carpenter, plumber etc.)
 - E-auction
 - Scalepoint



Efficiency programme up until 2015

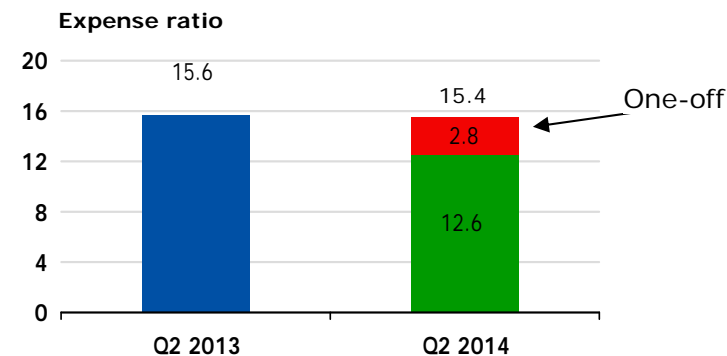
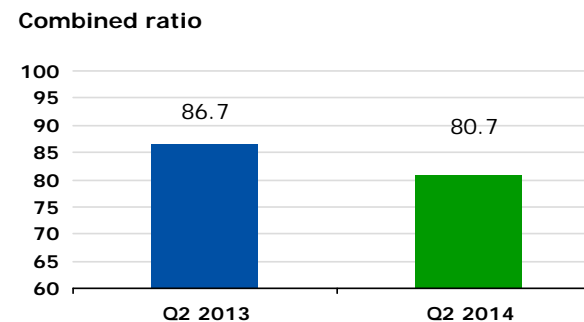
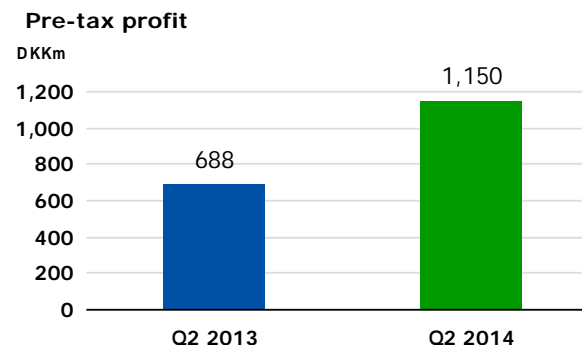


Highlights Q2 2014

- Improved results and positive trend in premium income.



- Pre-tax profit of DKK 1,150m (DKK 688m).
- Technical result of DKK 941m (DKK 684m).
- Combined ratio improved by 6.0 pp. to 80.7 (86.7).
- Premium dropped 1.2% (-2.6%) - however, an improved trend in development.
- Expense ratio of 12.6 (15.6) impacted by Norwegian pension scheme and IT costs.
- Investment return of DKK 259m (DKK 13m) impacted by positive financial markets.
- 40% of the share buy back programme of DKK 1,000m completed.



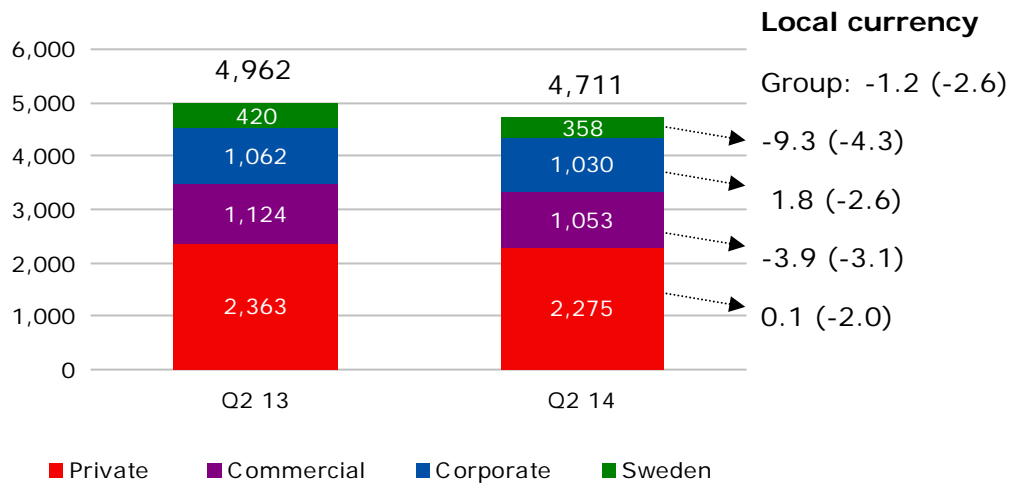
Topline and technical result



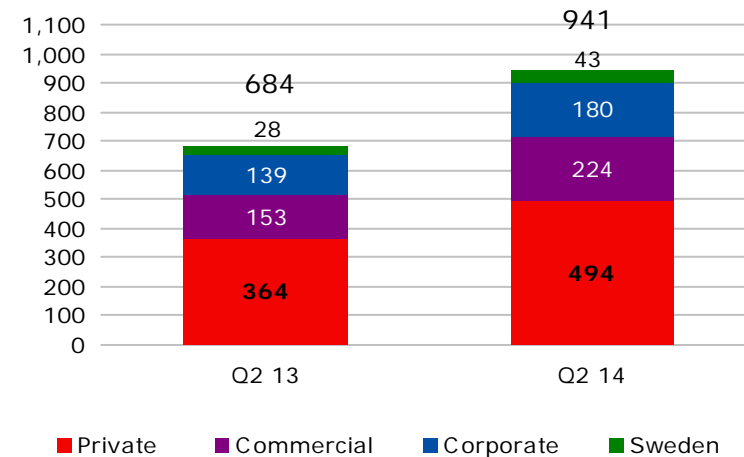
Gross earned premiums reduced 1.2% (-2.6%) related to:

- Continued high retention level in Private and even improved retention level in Commercial.
- Higher sales level in general in Private compared to last year.
- Commercial – improved retention but sales lower than expected.
- Corporate – growth in Sweden, slightly positive development in DK and NO.
- Sweden affected by cancellation of Nordea agreement.

Gross earned premiums, DKKm

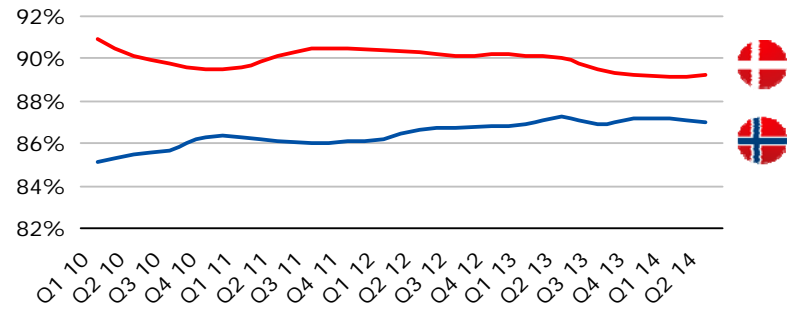


Technical result, DKKm

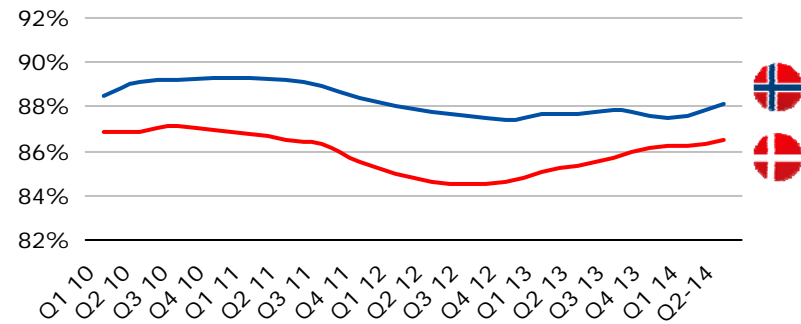


Customer retention

Private



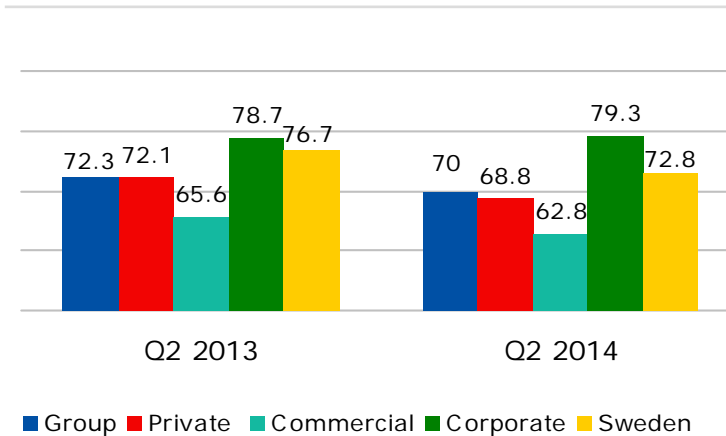
Commercial



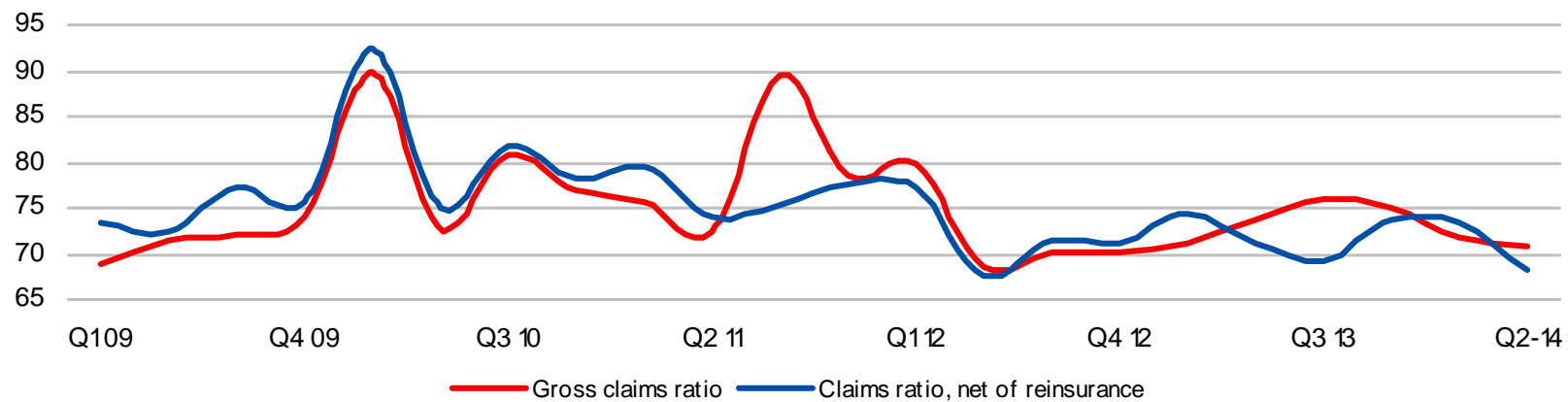
CR and claims ratios Q2 2013-14

- Underlying development is adjusted for:
 - Large claims
 - Weather claims
 - Run-off and interest
- Improved underlying development on Group level driven by:
 - one-off effects
 - efficiency improvements

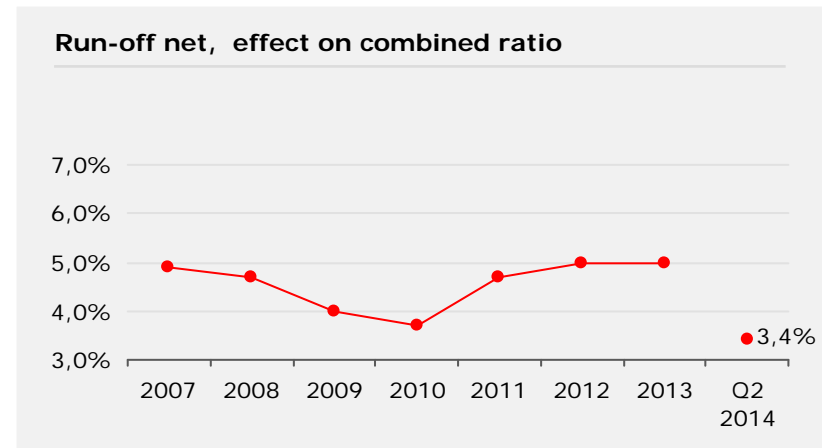
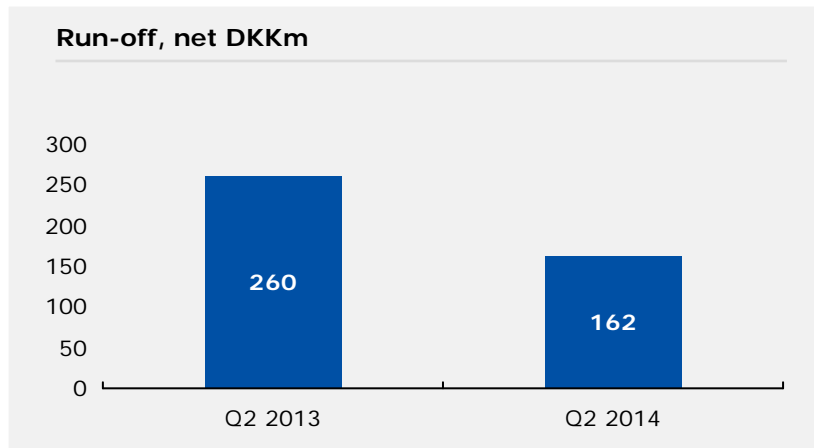
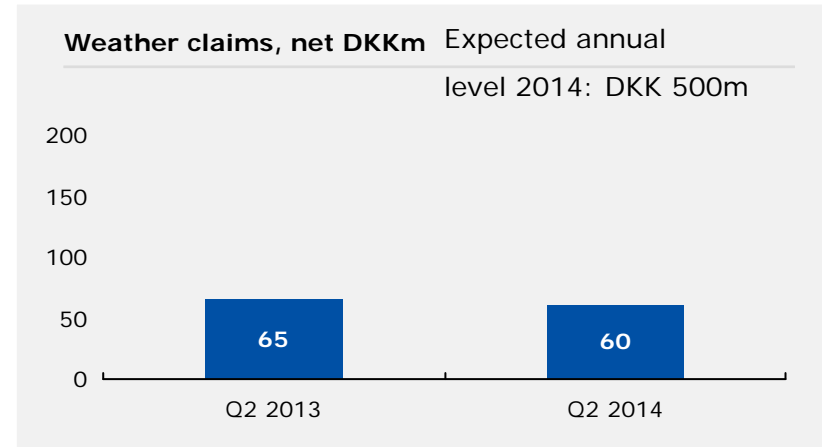
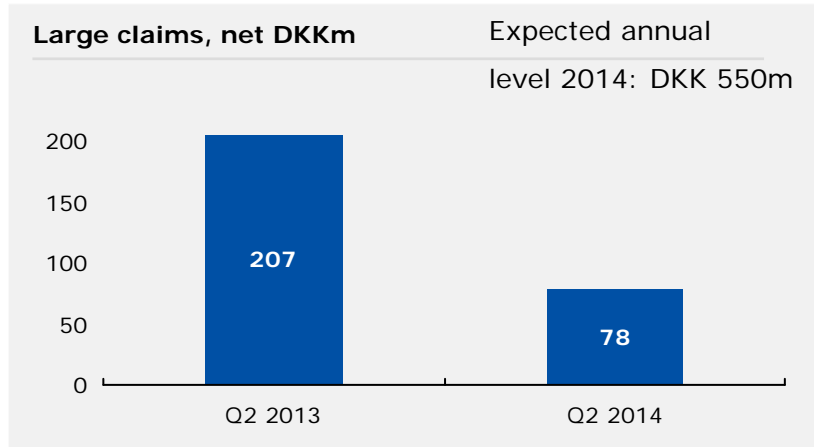
Underlying claims, net Q2 2013/2014



Claims ratio development - Group



Large claims, weather claims and run-off

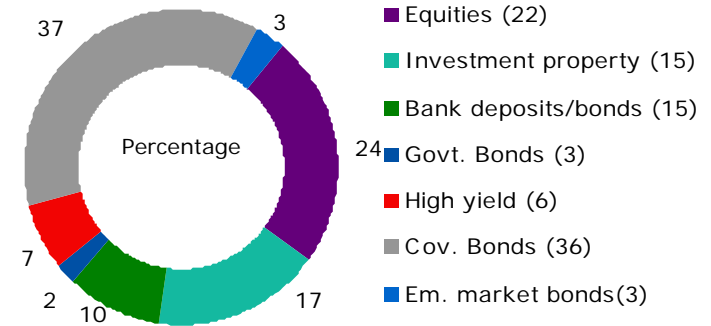


Investment result Q2 2014

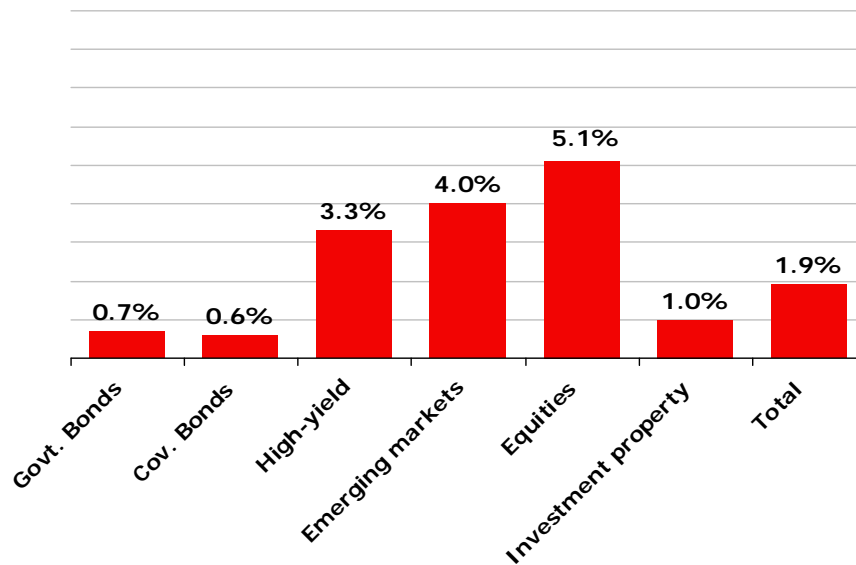
Investment return

	DKK m
Free investment	244
Match regulatory deviation	49
Match performance	50
Other financials	-84
Total return	259

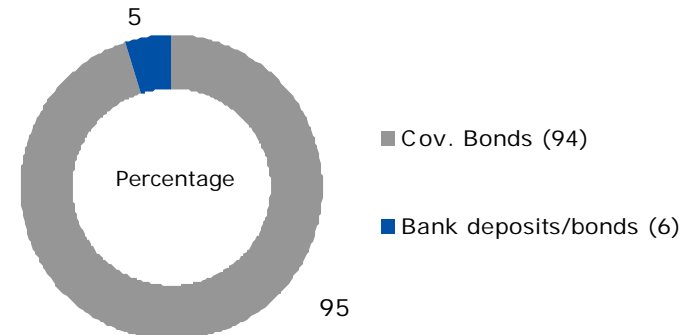
Free portfolio – Q2 2014 (DKK 12.7bn)



Percentage return – free portfolio



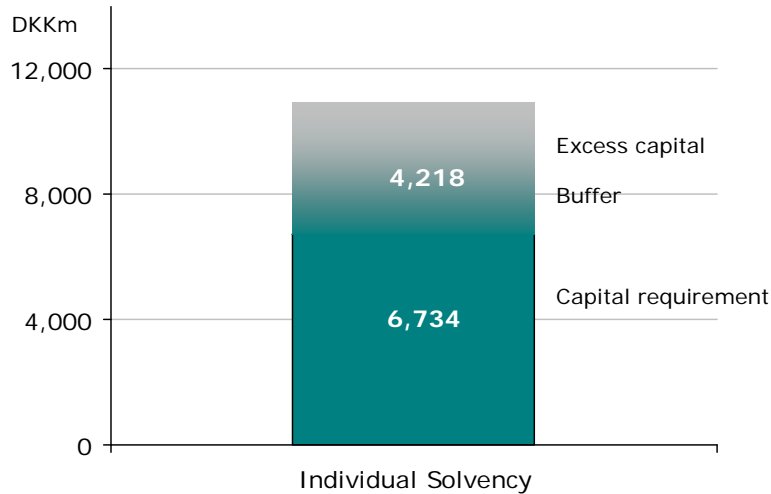
Match portfolio – Q2 2014 (DKK 30.7bn)



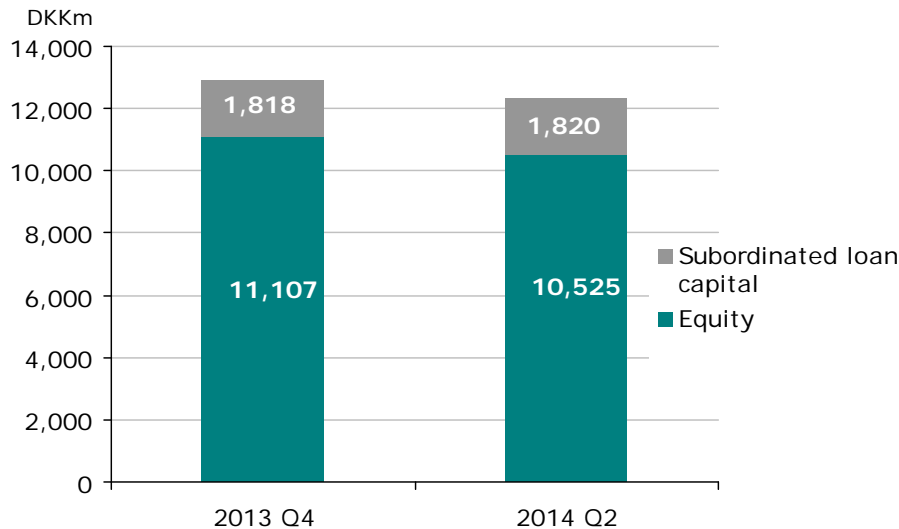
Capital structure and status on share buy back



Capital – Q2 2014



Equity and subordinated loan



- Capital buffer based on Individual Solvency increased to 63% (2013 Q4: 50%) and was impacted by:
 - H1 result 2014
 - H1 share buy back deducted in buffer.
- Based on Solvency II model the capital buffer was 29% (2013 Q4: 25%).
- 40% of 2014 share buy back of DKK 1bn completed.

Unsolved Solvency II issues:

Negatives:

- Recommendation from FSA Norway
- Future eligibility in Norway of Natural Perils Pool and the Guarantee scheme provision in Solvency II.

Positives:

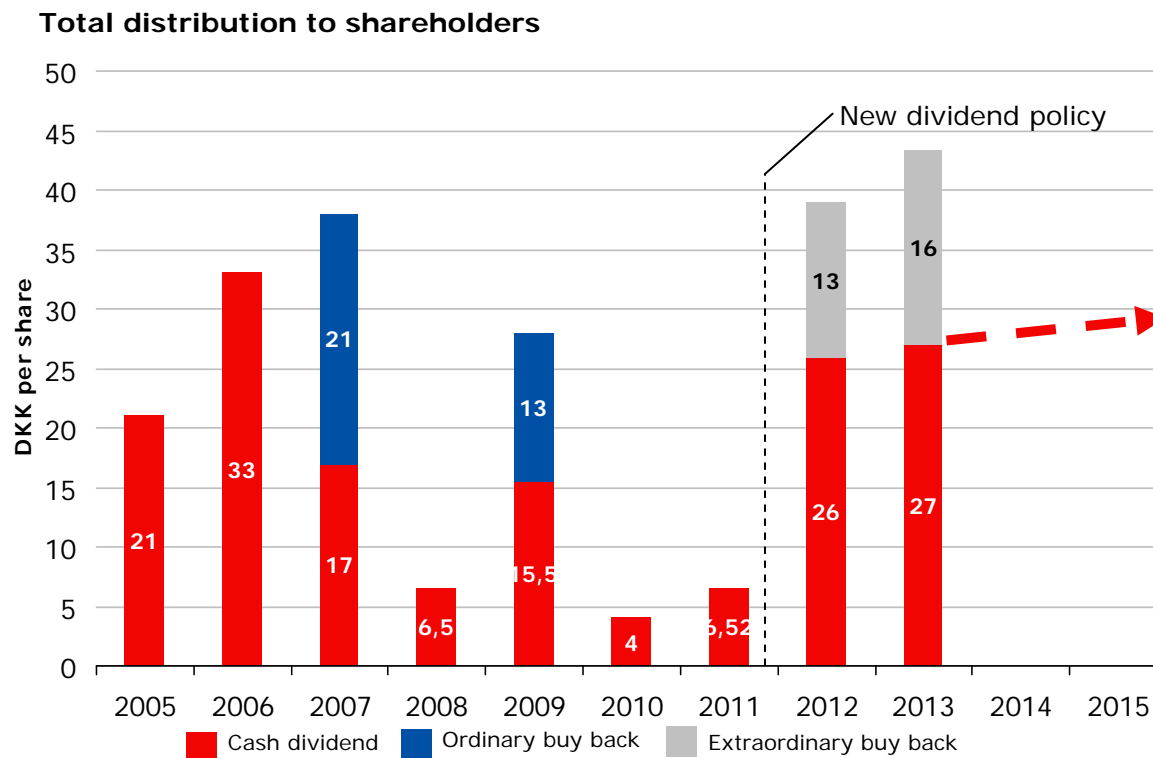
- Expected future profits
- Full inclusion of subordinated capital

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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