

The background of the slide is a photograph of a family of five walking on a grassy path in an autumn setting. The family includes a mother, a father, two young children, and a dog. The mother is on the left, wearing a black jacket with a fur collar and a beige top. The father is in the center, wearing a black coat. To the right is another woman, possibly a daughter, wearing a green sweater and a white vest. In the foreground, two young children are walking, one in a dark jacket and the other in a bright red winter suit. A dog is visible in the lower right corner. The background is filled with trees and bushes with yellow and orange autumn leaves.

Tryg acquisition of Alka

04th December 2017

Acquiring a high-performing business in our core market

- Alka is a best-in-class operator within the Danish non-life market
- Attractive financial profile with average combined ratio over last five years of 84%

Strong accretion of earnings and dividends

- Alka's technical result for the last 12 months (to Sept-2017) was DKK325m, run-rate merger benefits of DKK300m
- Earnings enhancement in the first full year following the acquisition, with high single digit earnings accretion by 2021

Continuing on a strong financial foundation

- DKK4bn fully underwritten equity placing to partly finance the transaction
- Extraordinary dividend of DKK1bn to be paid in Q1 2018 is confirmed

Unique opportunity, attractive financial profile



● Purchase price

- DKK8.2bn - valuing operations of Alka at DKK5.7bn, with DKK2.5bn of excess capital

● Financing sources

- Placing of DKK4bn through issuing up to 10% of current shares outstanding through an accelerated bookbuilding
- TryghedsGruppen will subscribe for 60% of placing at the bookbuild price – furthermore TryghedsGruppen has committed to underwrite all shares at DKK146 per share
- Issuance of DKK500m in Tier 1 to be executed during H1 2018
- Use of Tryg excess capital and other capital optimisation measures

● Financial impact

- Earnings enhancement in the first full year following the acquisition, with high single digit earnings accretion by 2021
- Significant long term potential to increase ordinary dividends
- Pro forma Solvency II ratio of 170%

Strong strategic rationale

● **Increased presence in Tryg's core market segment**

- Results in market share for Tryg in Denmark of 22%
- Alka adds market share in private lines of 6%*

● **Strong complementary market proposition**

- Alka is a consistent top performer in terms of customer loyalty and satisfaction
- Potential to leverage Alka's strong presence in the online channel

● **Significant opportunity to increase penetration rate across unions**

- Tryg expects to continue successful partnership with unions
- Alka's customers are eligible for TryghedsGruppen's members bonus, which has been 8% of premiums per annum over the past two years

● **Alka has been highly successful in leveraging data analytics**

- The combined entity will leverage the best practices in using data analytics for the purpose of pricing, lead generation and fraud detection

2020 Targets



Earnings

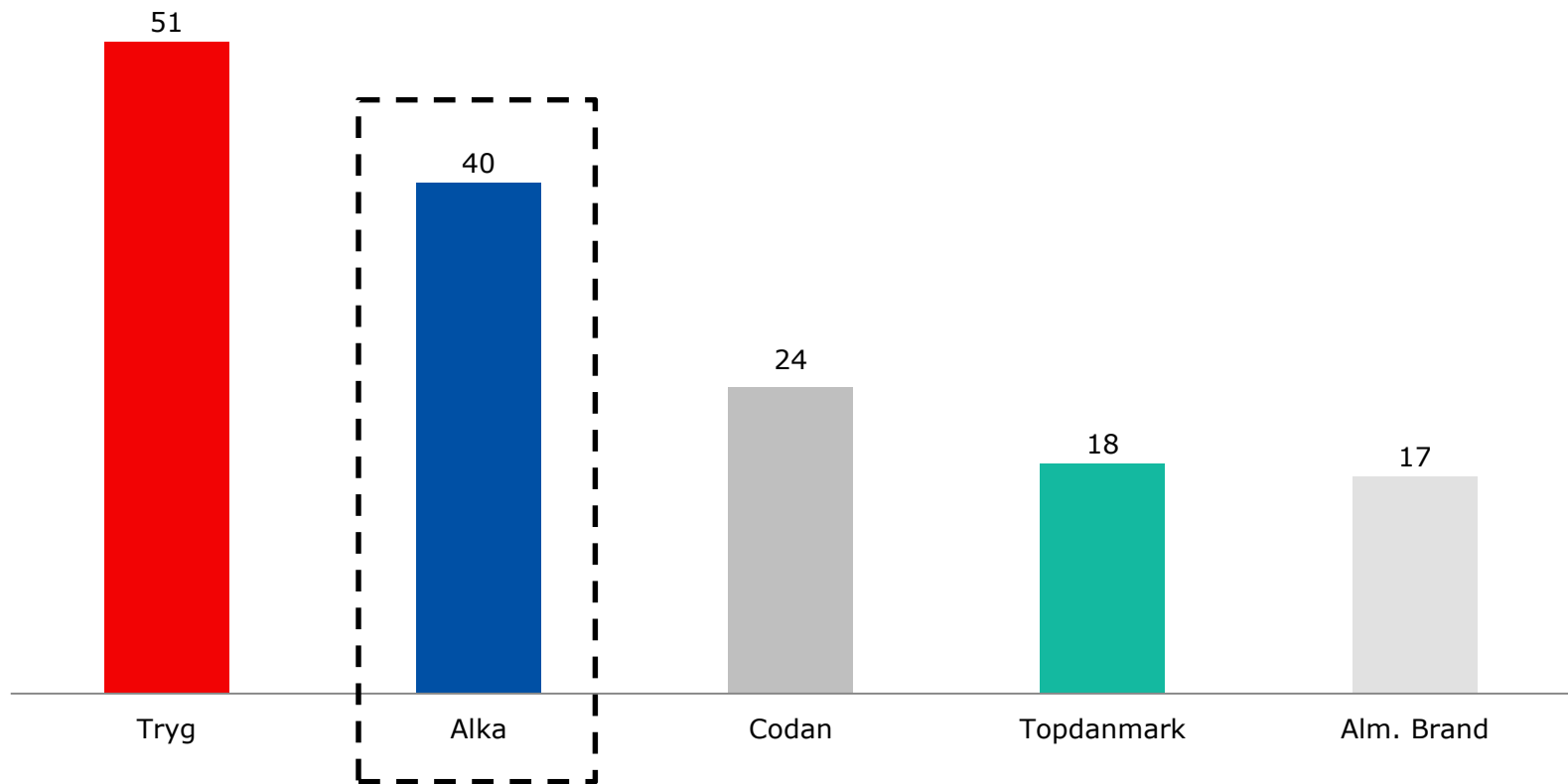
	CMD 2017	Post transaction
Technical result	DKK2.8bn	DKK3.3bn
Combined ratio	≤ 87%	≤ 86%
Expense ratio	~14% reaffirmed	~14% reaffirmed
RoE	≥ 23%	≥ 21%

Customers

	CMD 2017	Post transaction
TNPS	70	70
No. products per customer	+10%	+10%

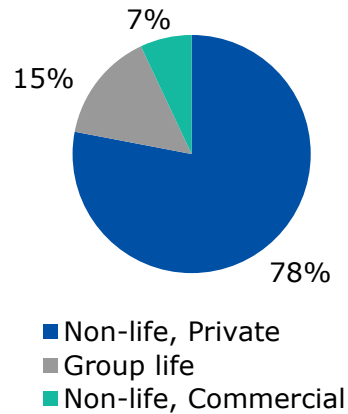
- **8th largest Danish non-life insurance company** with a market share of 4.3%, with an estimated private lines market share of 6%
- **~380,000 customers**, with a CAGR of 5% of policies over the last 5 years
- **Strong relationships with unions** developed over more than 100 years, complementary to Tryg's experience built up over more than 75 years with labour unions
- Consistently reported **highly attractive combined ratio** (84% average in last five years)
- Advanced digital platform with **~36% of premiums distributed online**
- **Strong brand awareness**, supported by high-profile sponsorships

Unaided knowledge of the Alka brand (%)*

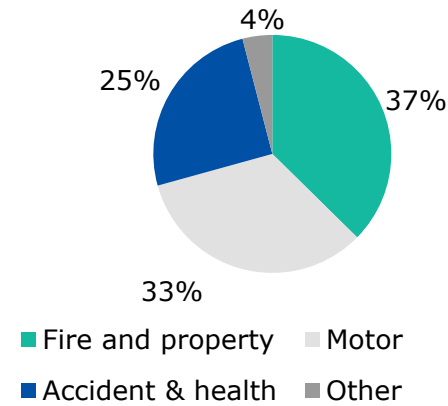


*As at Q2 2017

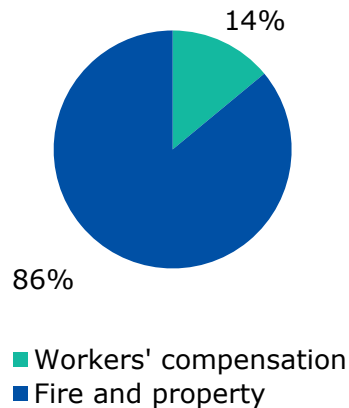
Gross premiums by business (DKK2.5bn in 2016)



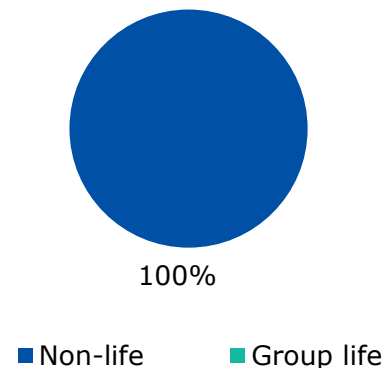
Gross premium, Non-life private (DKK1.9bn in 2016)



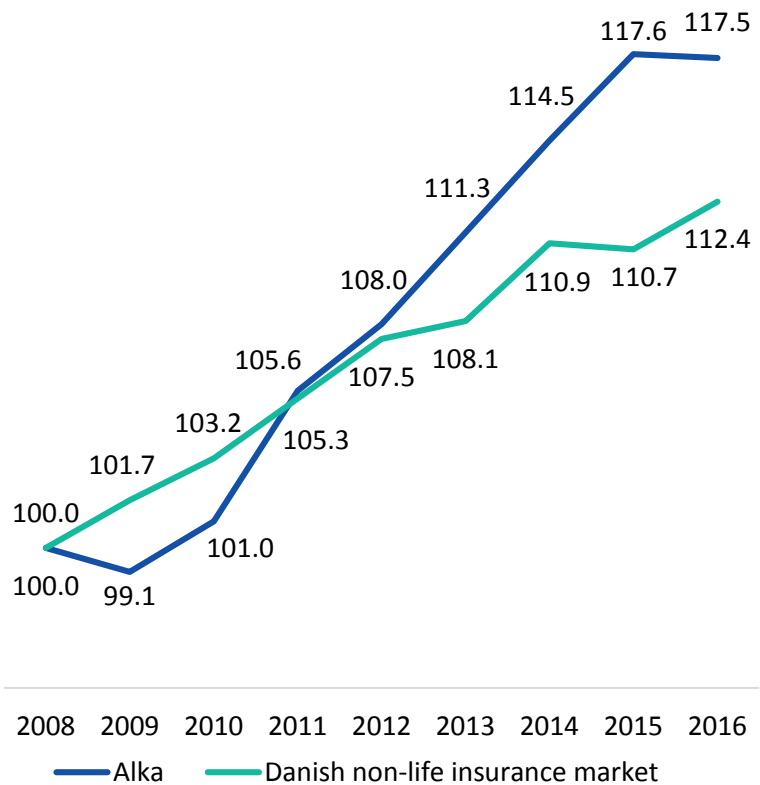
Gross premium, Non-life commercial (DKK0.2bn in 2016)



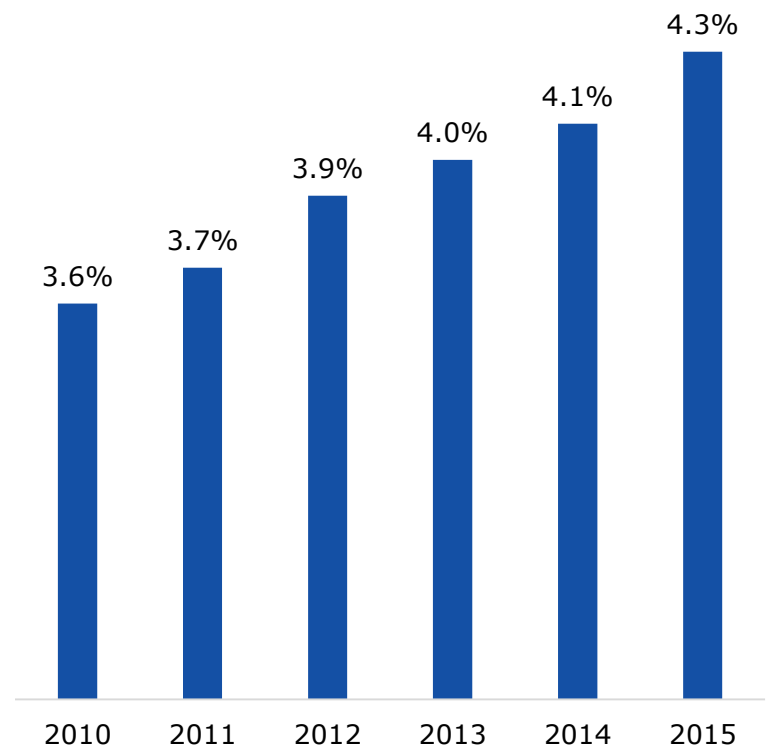
Technical result (DKK288m in 9M 2017)



Alka vs. Danish non-life insurance market: indexed gross premiums (%)



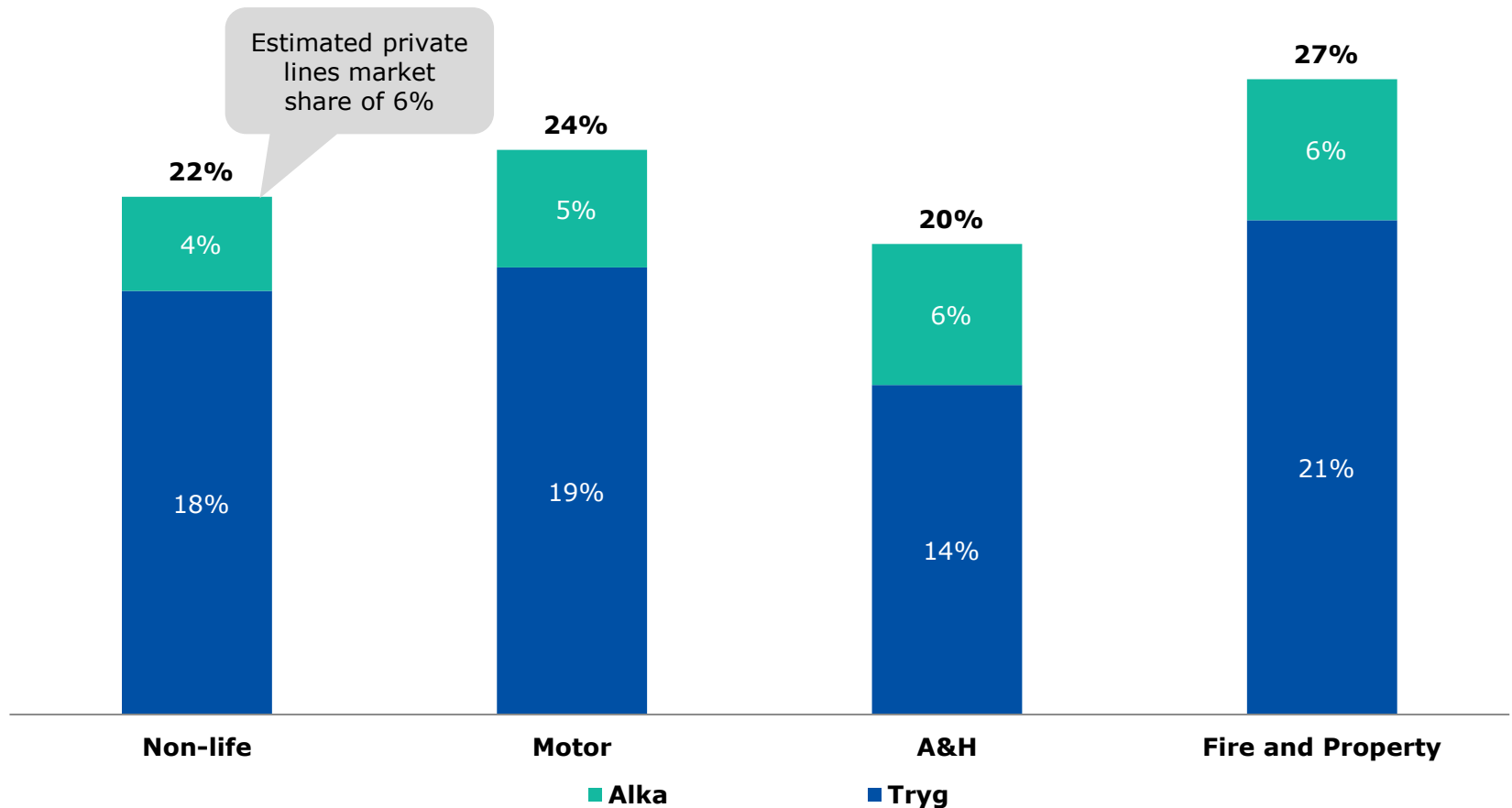
Development in Alka's Danish non-life market share



Strengthens position in core Danish market

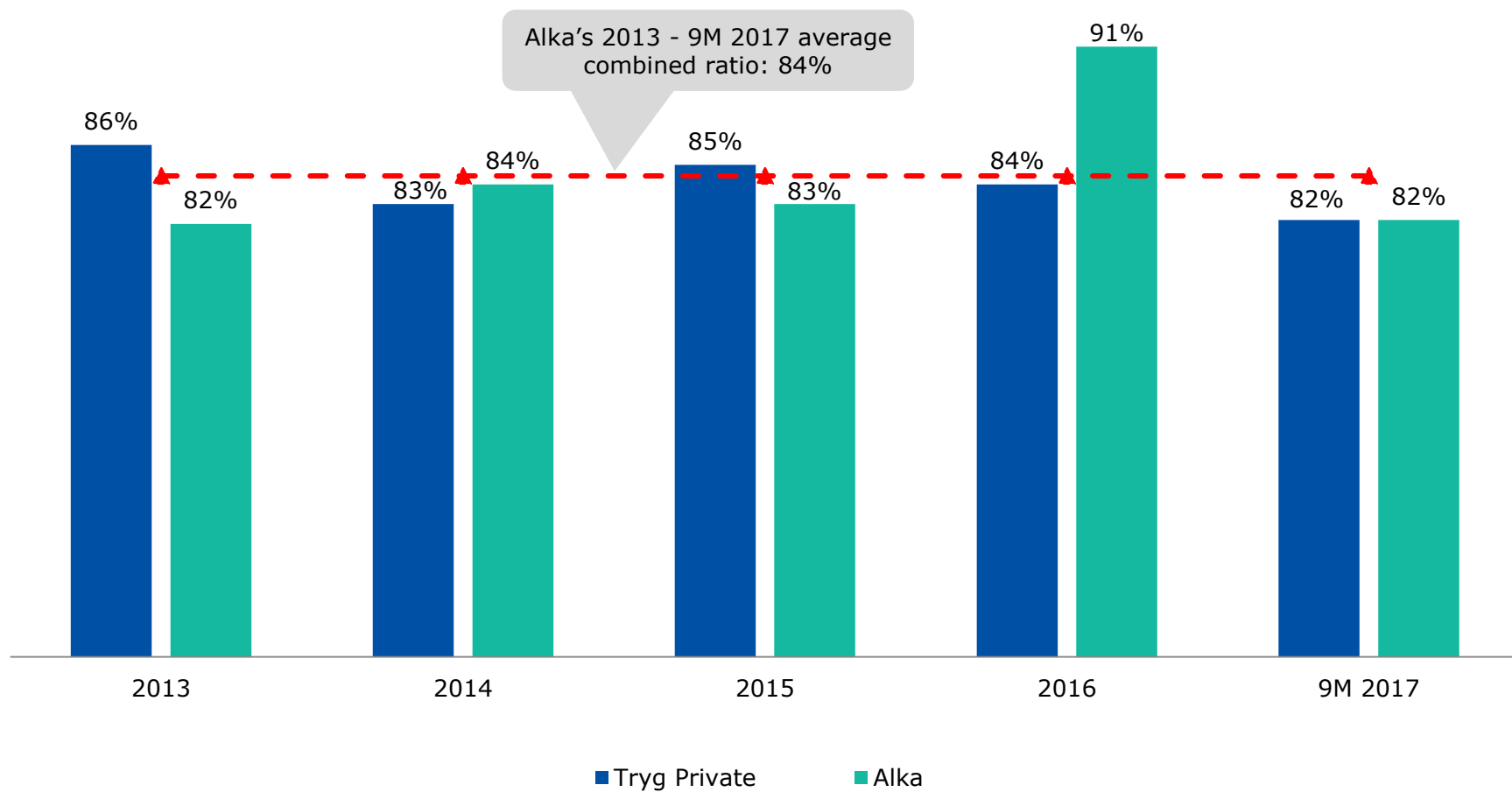


Market share (latest available)



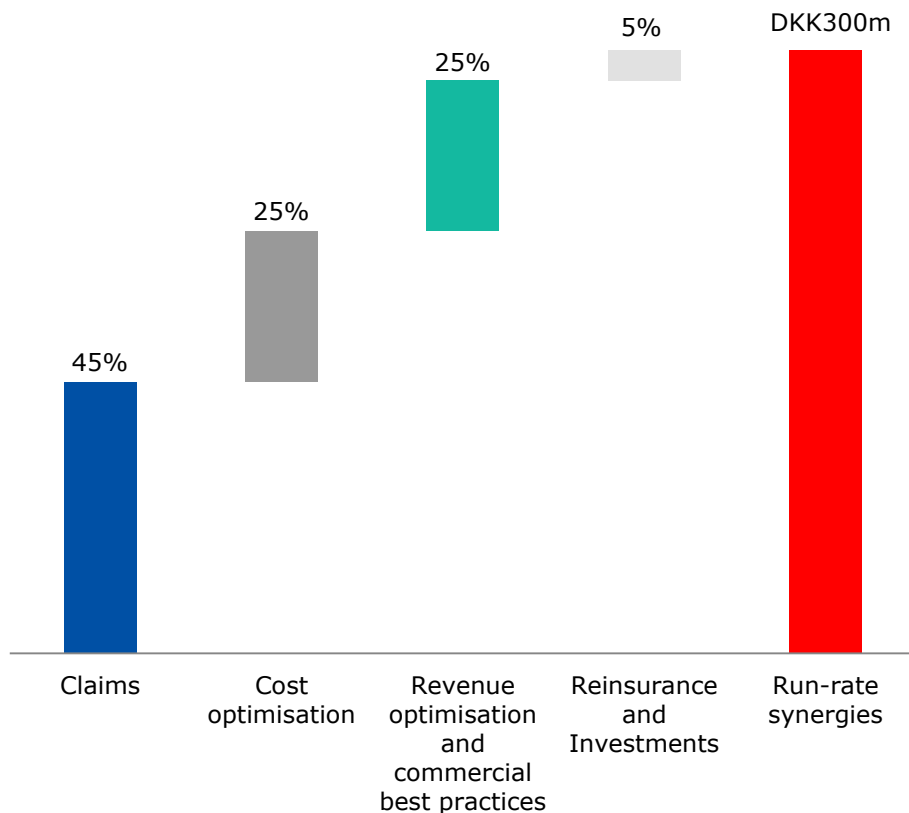
Source: Forsikring & Pension.

Best-in-class combined ratio profile



Compelling merger benefits of DKK300m

DKK300m in run-rate merger benefits in combined entity



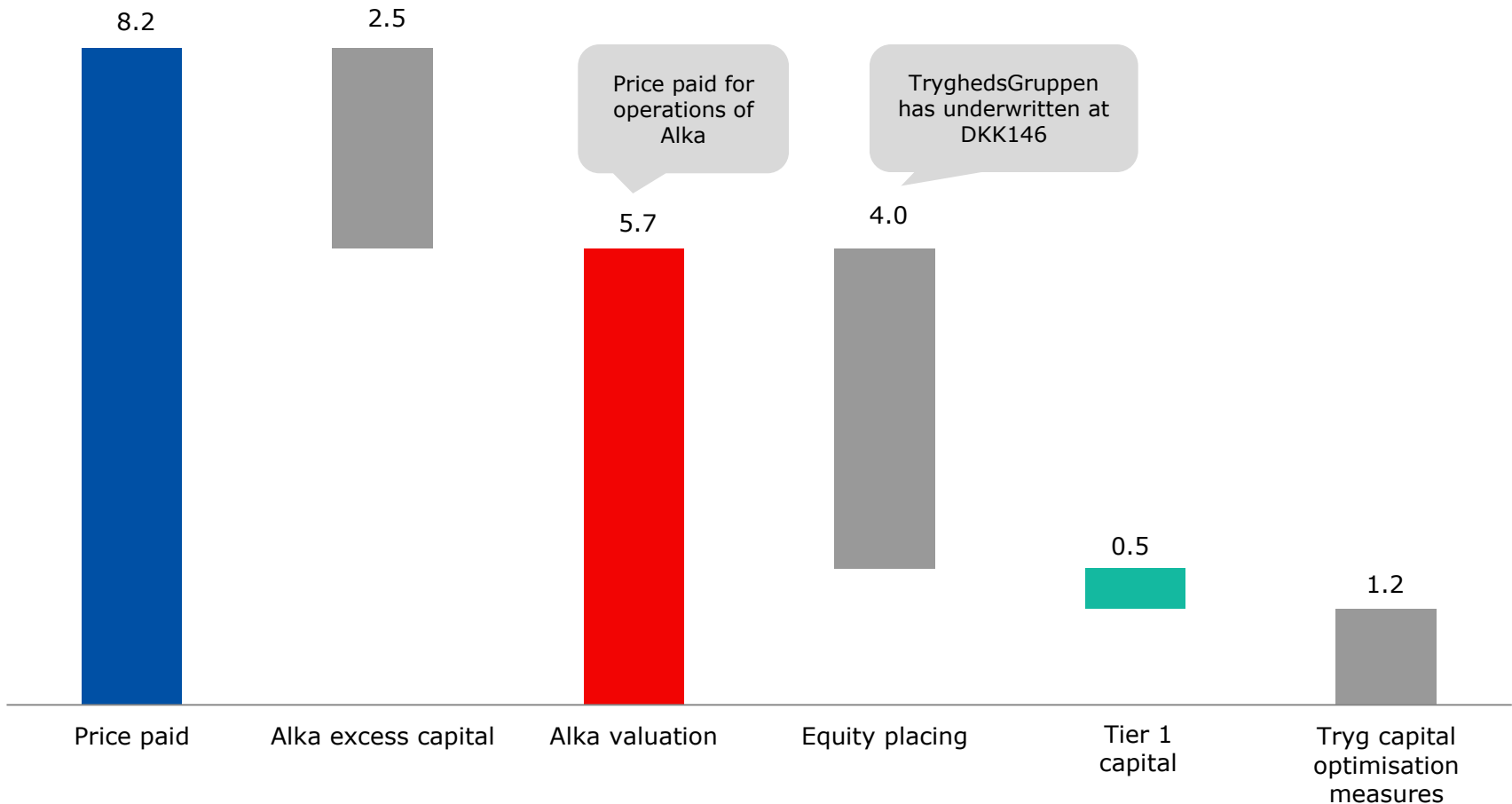
Commentary

- Full run-rate impact in 2021 of DKK300m
- 25% impact expected in 2019, 50% impact in 2020
- Drivers include:
 - Claims procurement
 - Fraud detection
 - Data analytics
 - Online
 - Product and service innovation
- Reduction in overlapping labour costs will mostly be delivered through natural attrition across the combined entity
- DKK250m in one-off transaction costs and restructuring provision in 2018

Funding via a fully underwritten equity placing

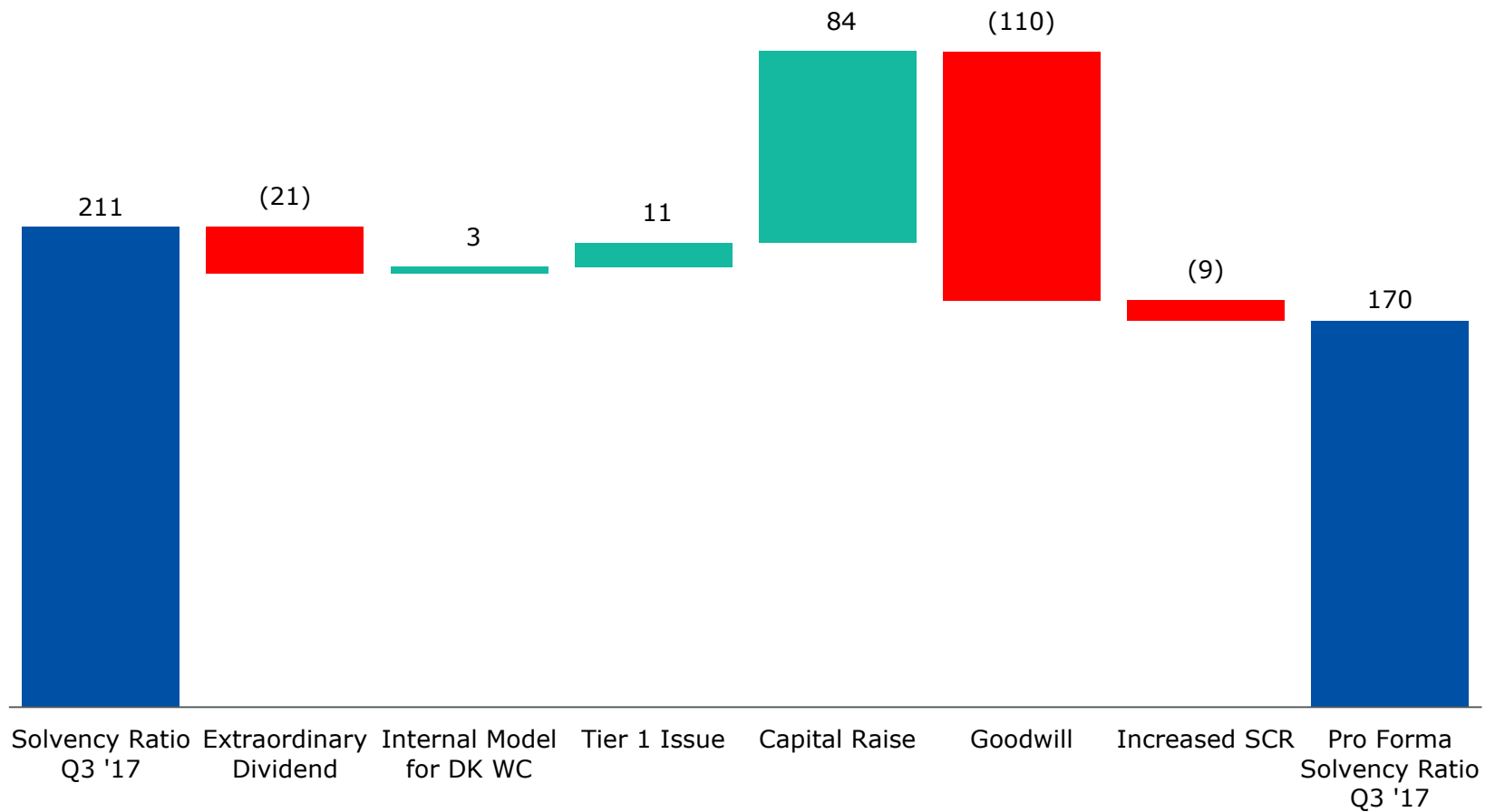


Sources of funding to finance the transaction (DKKbn)



Combined Solvency II ratio of 170%

Solvency II ratio Q3' 17 pro forma



Strengthening the core, while embracing the future



Acquiring a high-performing business in our core market

Strong accretion of earnings and dividends

Continuing on a strong financial foundation

Long term profitable growth and attractive shareholder value creation

Q&A

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APPENDIX

Alka: Very strong financial track record

DKKm	2012A	2013A	2014A	2015A	2016A	9M 2017
<u>Non-life</u>						
Gross premiums	1,854	1,938	2,006	2,035	2,078	1,624
Technical result	363	368	335	357	191	288
Expense ratio	16%	15%	16%	18%	18%	16%
Combined ratio	81%	82%	84%	83%	91%	82%
Life insurance technical result	12	5	(3)	(5)	(2)	(0)
Investment income	174	88	76	98	120	124
Profit before tax	550	461	408	454	295	412
Net profit	402	343	307	344	235	319
Shareholders' equity	1,912	2,195	2,450	2,630	2,696	2,958
Invested assets	4,597	4,592	4,991	5,361	5,146	5,446
Solvency ratio (standard model)	n.a.	n.a.	n.a.	362%	364%	360%

Source: Alka company filings for 2012-2016, 9M 2017 via due diligence process.