

A photograph of a paraglider with a red, white, and blue canopy flying against a blue sky with light clouds. The paraglider is positioned in the upper half of the frame.

Q2 and H1 2014 results

Webcast presentation

Follow us on Twitter: [@TrygIR](https://twitter.com/TrygIR)



# 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](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.

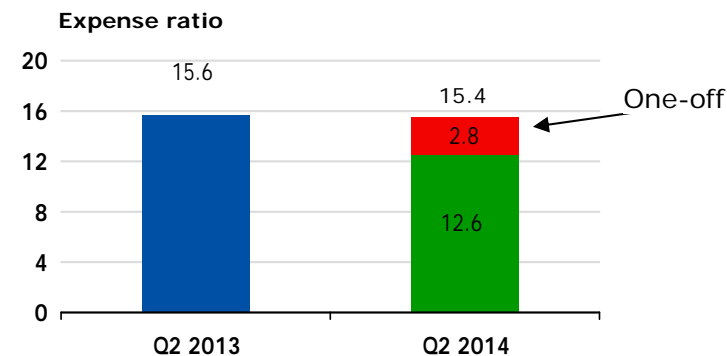
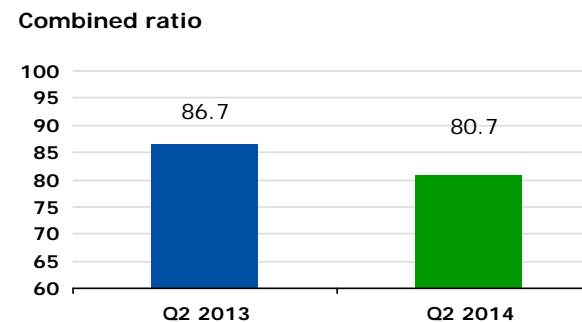
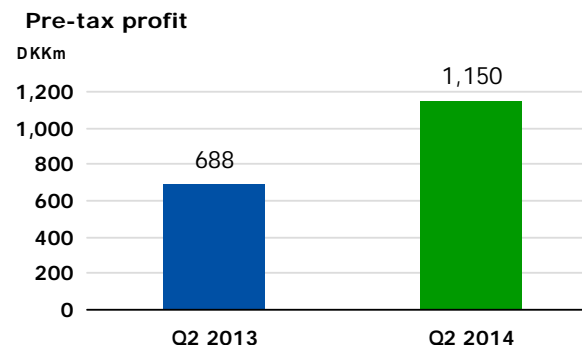
We are not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

# Highlights Q2 2014

- Improved results and positive trend in premium income.



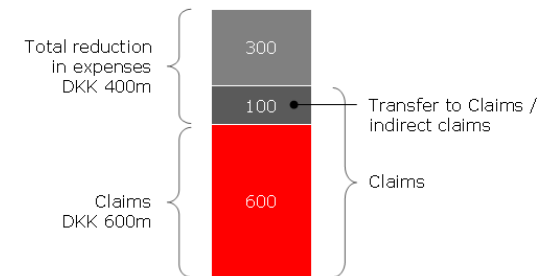
- Pre-tax profit of DKK 1,150m (DKK 688m).
- Technical result of DKK 941m (DKK 684m).
- Combined ratio improved by 6.0 pp. to 80.7 (86.7).
- Premium dropped 1.2% (-2.6%) - however, an improved trend in development.
- Expense ratio of 12.6 (15.6) impacted by Norwegian pension scheme and IT costs.
- Investment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



# Important news in Q2 2014



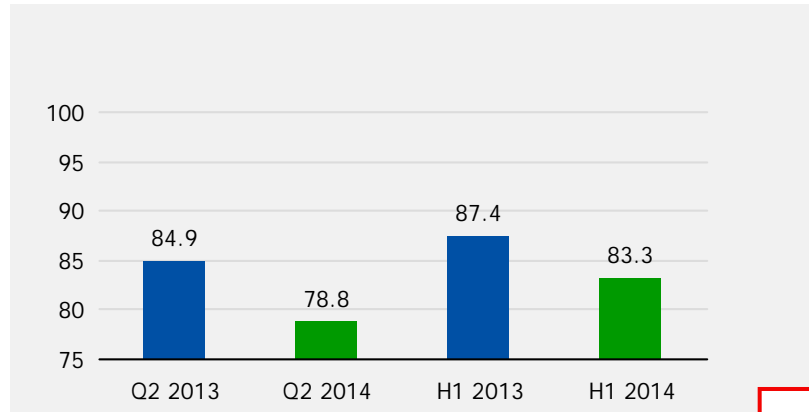
- Many customer focused initiatives initiated.
  - Customer SMS measuring with strong results
  - Extended opening hours
- 3 new price differentiated products in Norway.
- Regular inspection by Danish FSA confirmed satisfactory view on risk control, reserve and capital position.
- Efficiency programme progress as planned. DKK 93m reached in Q2.
- Successful integration of agriculture portfolio acquired from Codan.
- Tryg received fewer complaints than other insurance companies relative to market share.



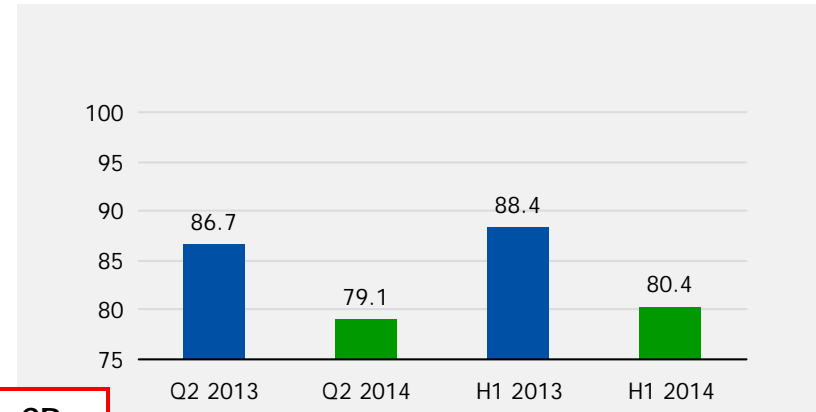
# Combined ratio development in business areas



Combined ratio – Private (DK & NO)

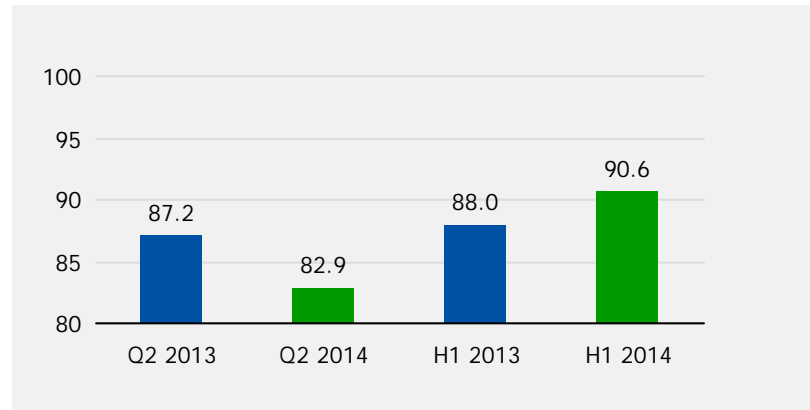


Combined ratio – Commercial (DK & NO)

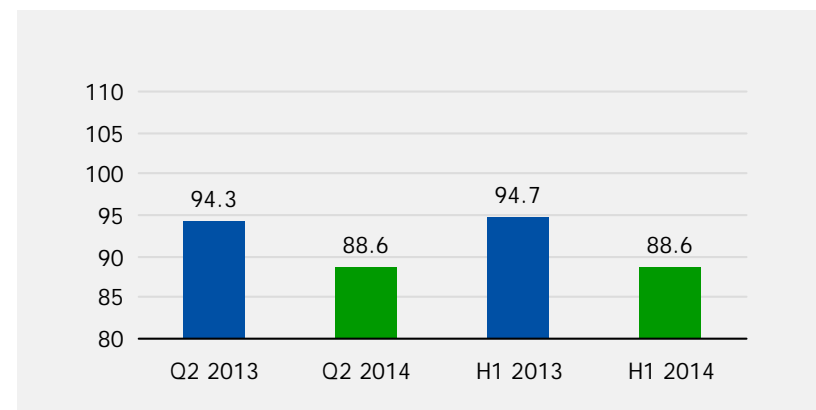


**Group CR**  
Q2 2014: 80.7  
Q2 2013: 86.7

Combined ratio – Corporate



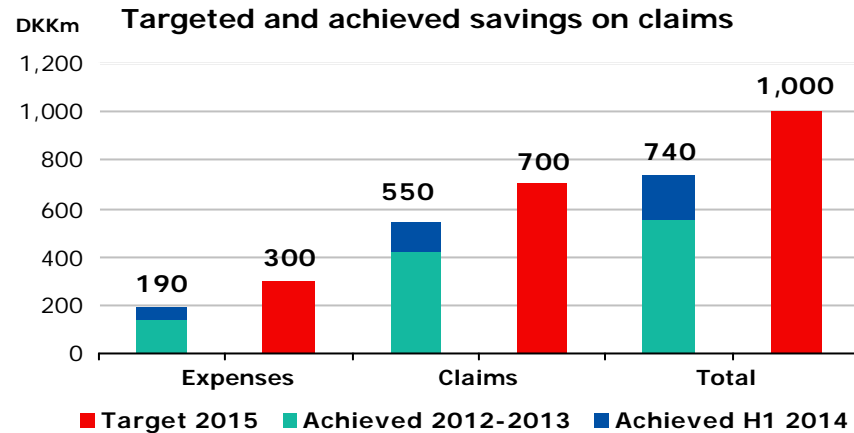
Combined ratio – Private Sweden



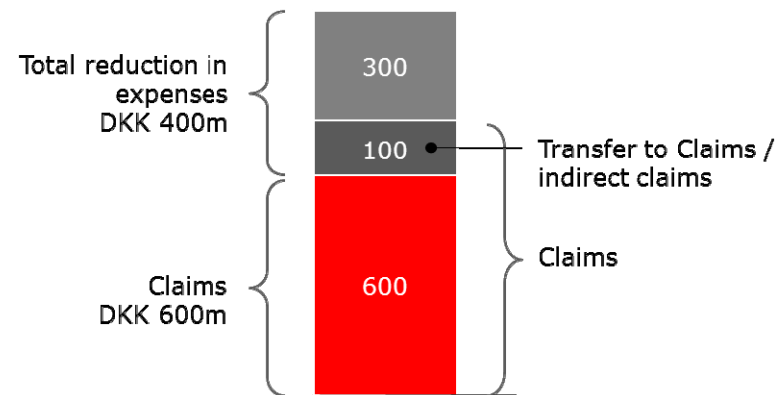
## Follow up on efficiency programme



- 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 Content initiatives.
  - Craft network (carpenter, plumber etc.)
  - E-auction
  - Scalepoint



### Efficiency programme up until 2015





Premiums and portfolio

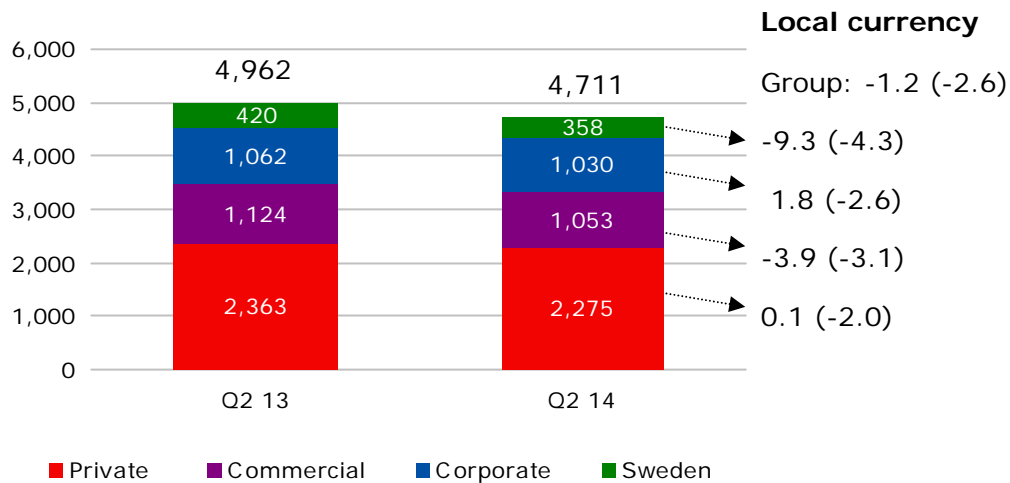
# Topline and technical result



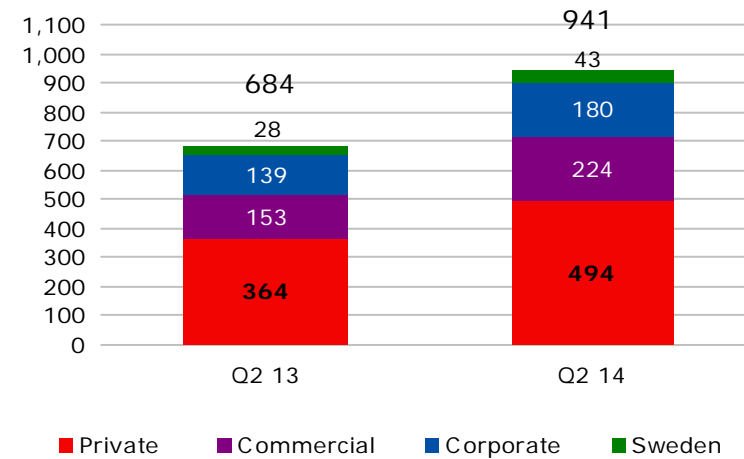
Gross earned premiums reduced 1.2% (-2.6%) related to:

- 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



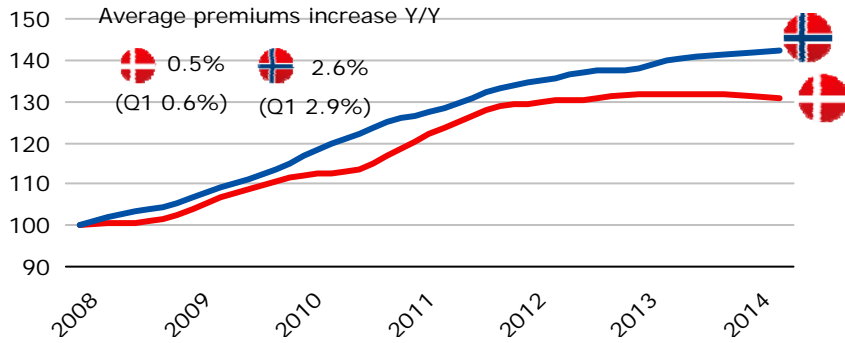
Technical result, DKKm



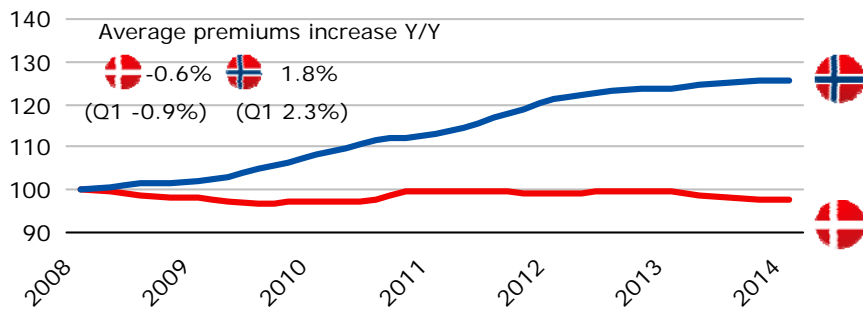


# Private - average premiums

House insurance – average premium (index 2008 = 100)

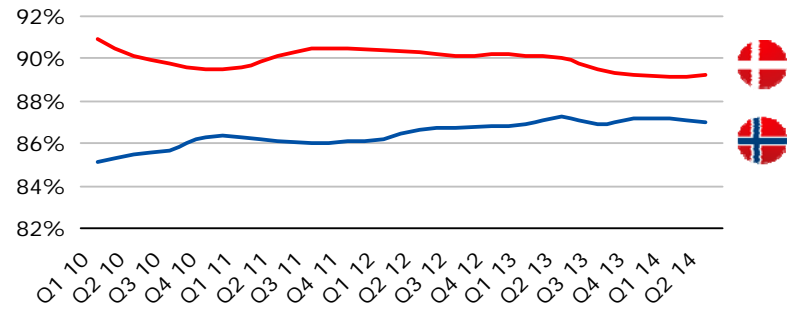


Motor insurance – average premium (index 2008 = 100)

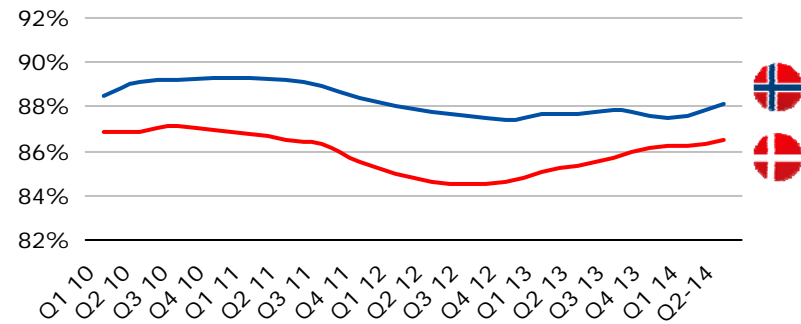


# Customer retention

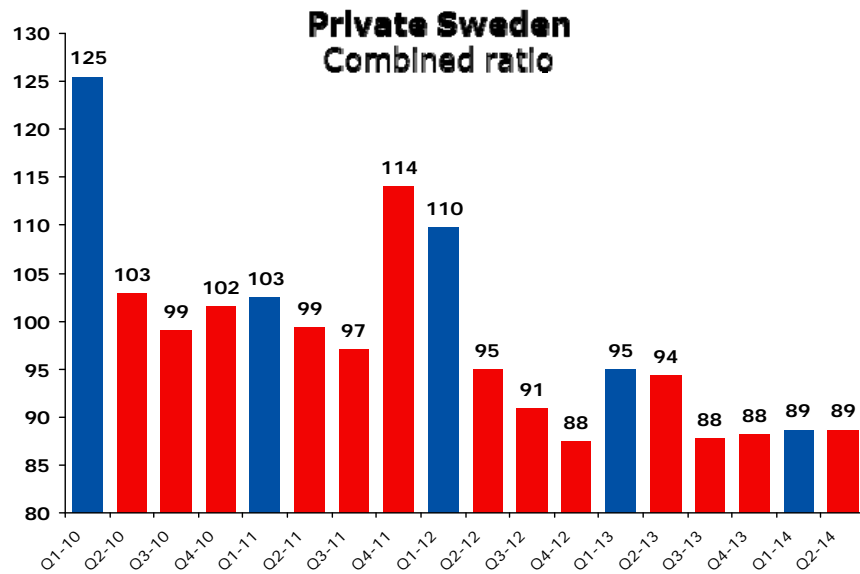
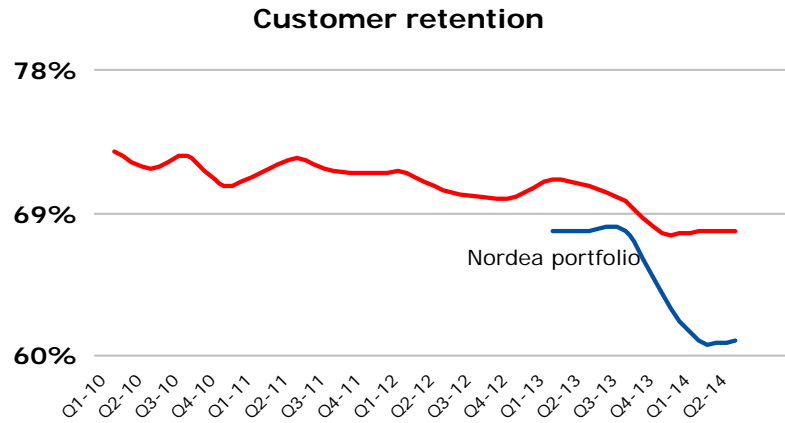
## Private



## Commercial



# Private Sweden – CR and customer retention



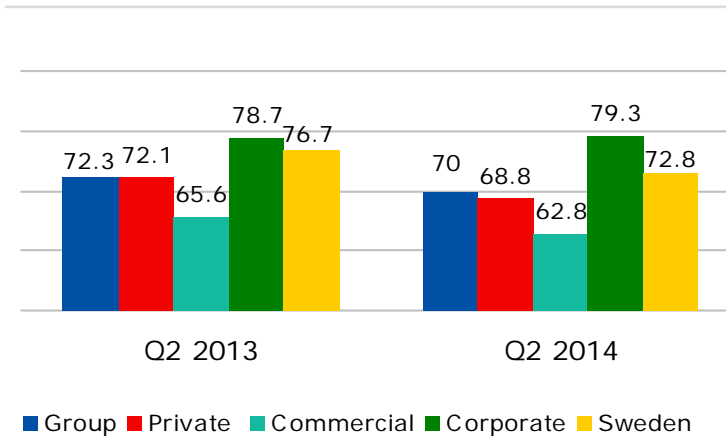
# Claims and expenses



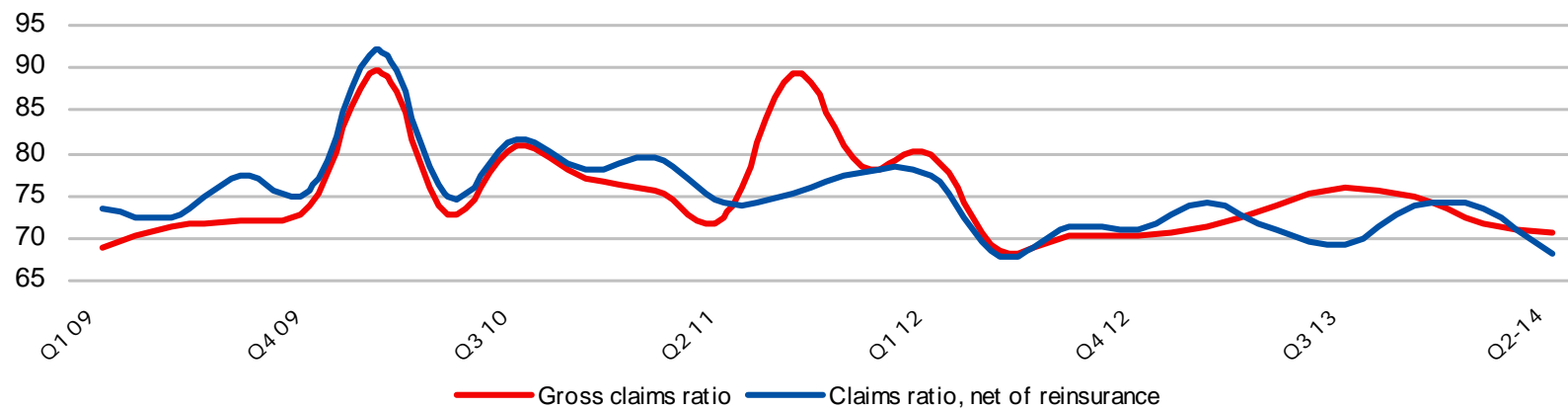
# CR and claims ratios Q2 2013-14

- 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

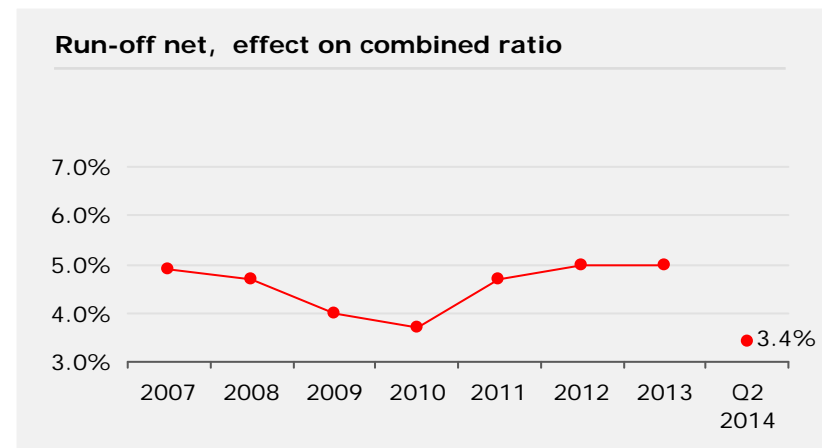
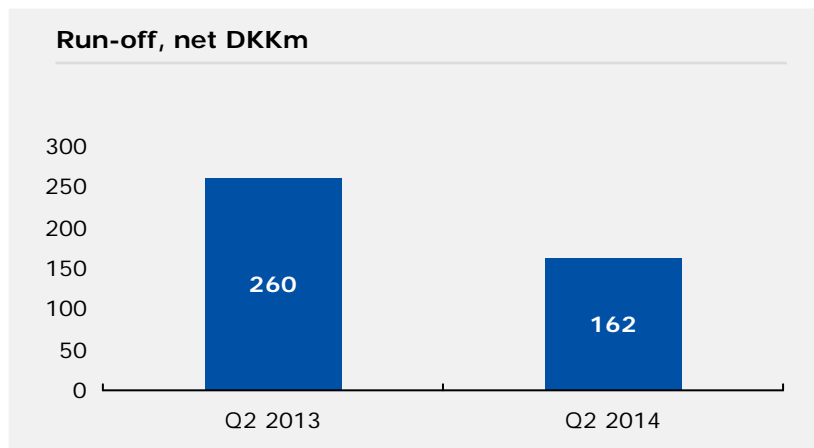
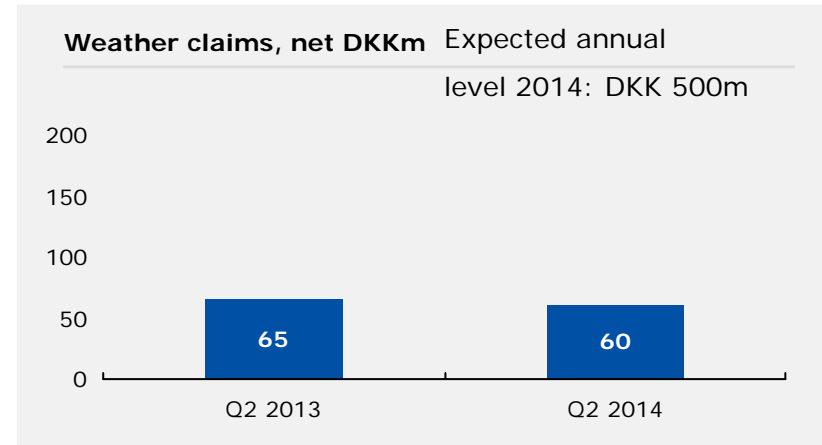
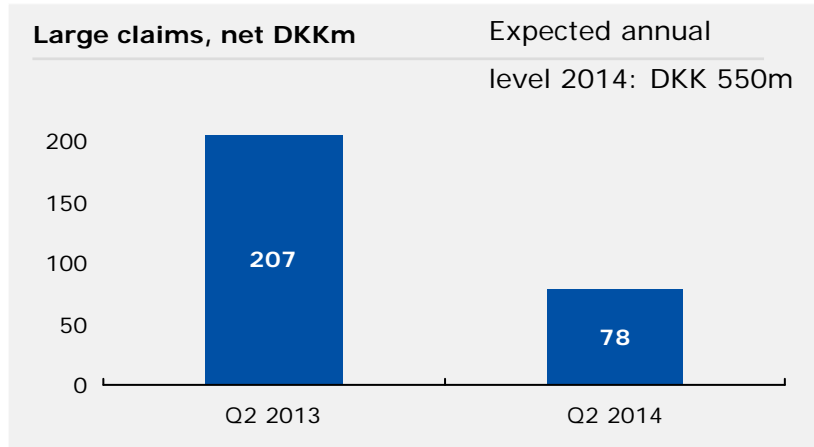
Underlying claims, net Q2 2013/2014



Claims ratio development - Group



# Large claims, weather claims and run-off

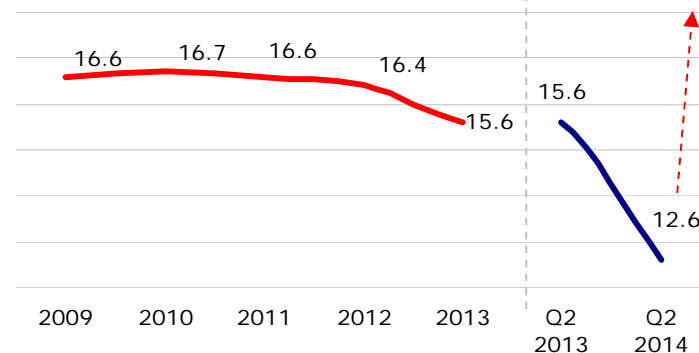


# Expense ratio development

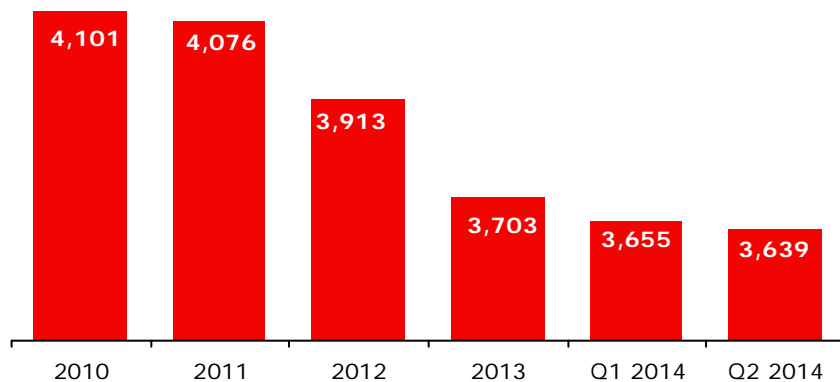


- Expense improved from 15.6 in Q2 2013 to 12.6 in Q2 2014.
- Excluding one-off effects, expense ratio was 15.4 - an improvement of 0.2 pp.
- Nominal expenses on Group level reduced significantly in Q2 2014.
  - One-off effects of DKK 135m
  - Efficiency programme
- Reduction in FTE by 64 since Q4 2013.

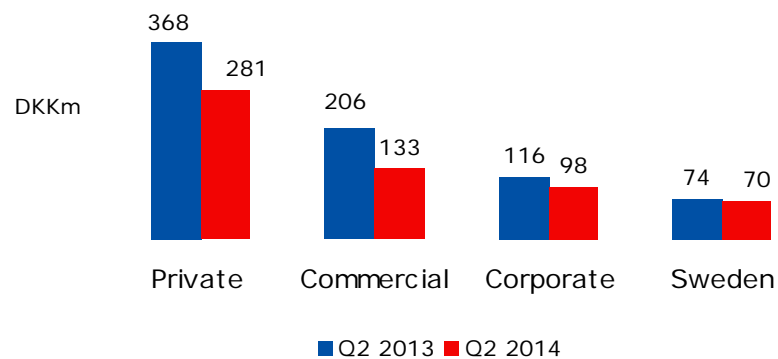
Expense ratio



FTE development



Nominal costs in business areas



A photograph of a family of four playing on a sand dune. In the foreground, a young girl with a braid, wearing a red and white plaid shirt and grey leggings, is running away from the camera. In the background, a man in a red shirt is carrying a child on his shoulders, and a woman in a grey jacket is standing nearby. A yellow ball is in the air between them. The scene is set on a sandy dune with tall grasses under a cloudy sky.

Investment, capital and financial targets

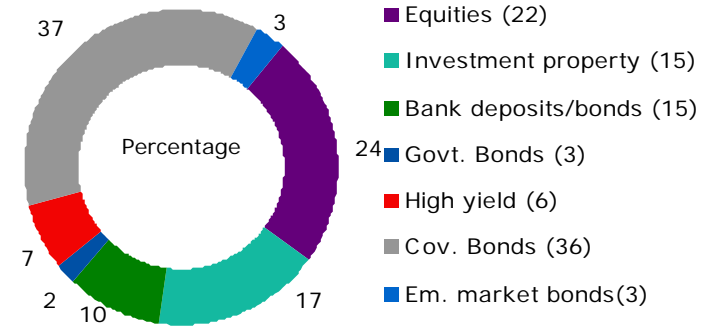


# Investment result Q2 2014

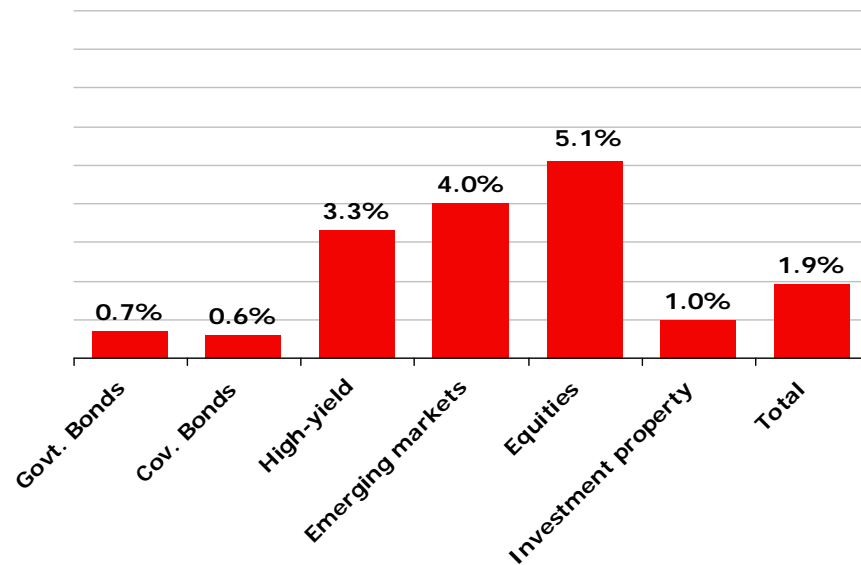
## Investment return

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

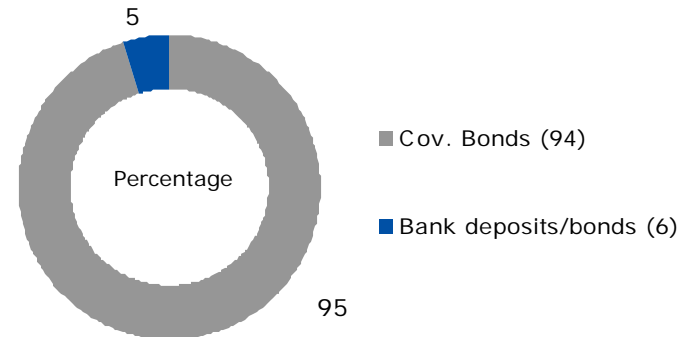
## Free portfolio – Q2 2014 (DKK 12.7bn)



## Percentage return – free portfolio



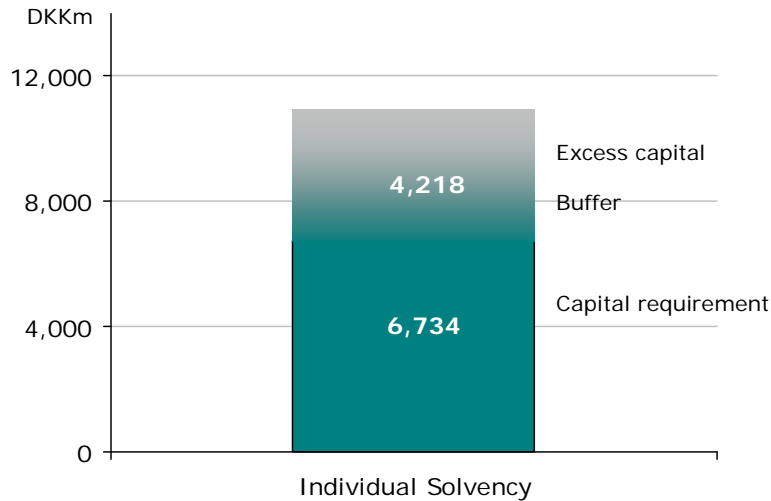
## Match portfolio – Q2 2014 (DKK 30.7bn)



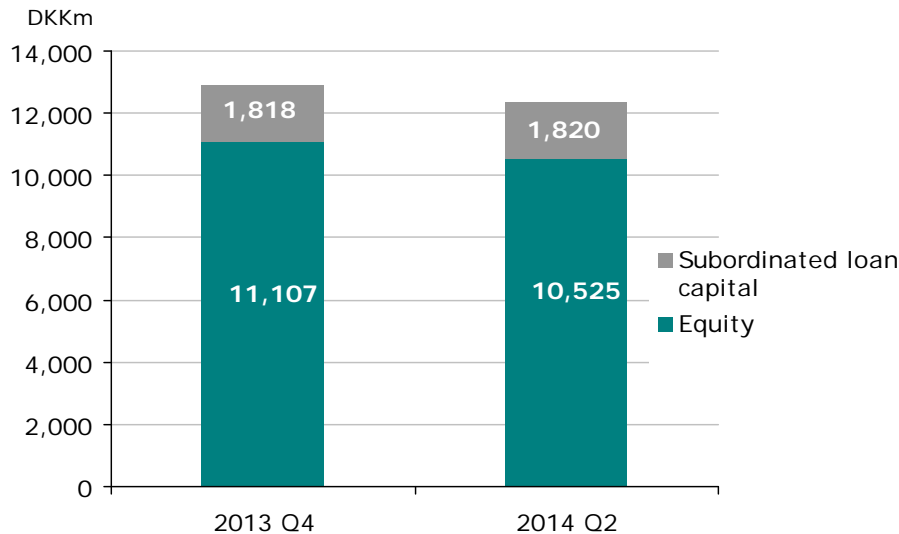
# Capital structure and status on share buy back



## 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:

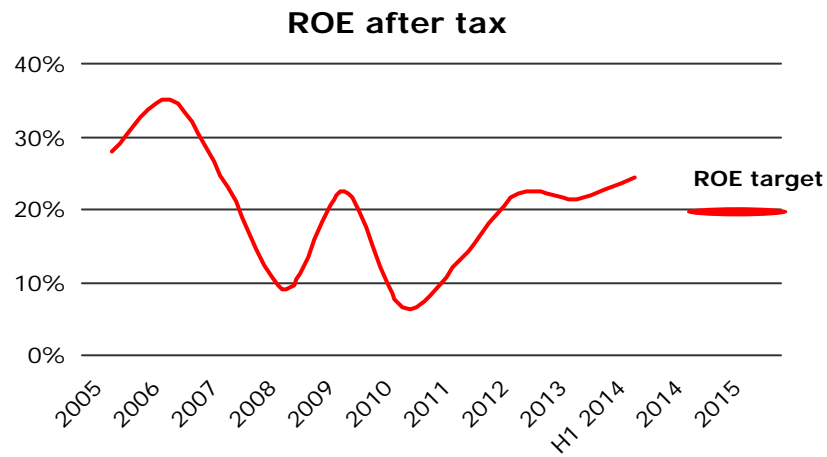
- Expected future profits
- Full inclusion of subordinated capital

# 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**





Q/A

Follow us on Twitter: @TrygIR

# Upcoming roadshows



Date	Place	Participants from Tryg	Arranged by
10/07/2014	Copenhagen	Morten Hübbe, CEO Tor Magne Lønnum, CFO Lars Bonde, Group EVP and COO Investor Relations	Danske Markets
11/07/2014	London	Morten Hübbe, CEO Tor Magne Lønnum, CFO Investor Relations	ABG
19-22/08/2014	Canada/ USA	Lars Møller, IR Director	Danske Markets
29/08/2014	Oslo	Tor Magne Lønnum, CFO Peter Brondt, IR Manager	SEB
03/09/2014	Paris	Morten Hübbe, CEO Peter Brondt, IR Manager	Danske Markets
08/09/2014	Milan	Lars Møller, IR Director	Carnegie
09/09/2014	Vienna	Lars Møller, IR Director	Carnegie
15/09/2014	Frankfurt/ Munich	Lars Bonde, Group EVP and COO Peter Brondt, IR Manager	Berenberg
17/09/2014	London	Tor Magne Lønnum, CFO Peter Brondt, IR Manager	KBW European Financials Conference