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Q3 2009 – Webcast presentation

10 November 2009

TrygVesta 

Disclaimer

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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 our website at www.trygvesta.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

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Premium growth of 11.4% (7.3% in DKK) in Q3 2009. Growth excl Moderna was 4.1%

Growth in Finland was 32%, Sweden (excl Moderna) was 40% and Moderna 14%

Underlying claims ratio improved from 75.7 in Q3 2008 to 75.1 in Q3 2009

Claims ratio in Q3 2009 impacted by lower interest rates, fewer large claims and lower run-off

Swedish activities recorded best quarterly result ever with a combined ratio of 94.5

Combined ratio of 86.1 in P&C Norway in Q3 2009 improved from 94.7 in same period 2008

Investment return of 2.0% (annualised approx. 8% p.a.) affected by increase in equities and gain from narrowing spread on Danish mortgage bonds

Outlook 2009 for net income is upgraded from DKK 1.7bn to DKK 1.8bn

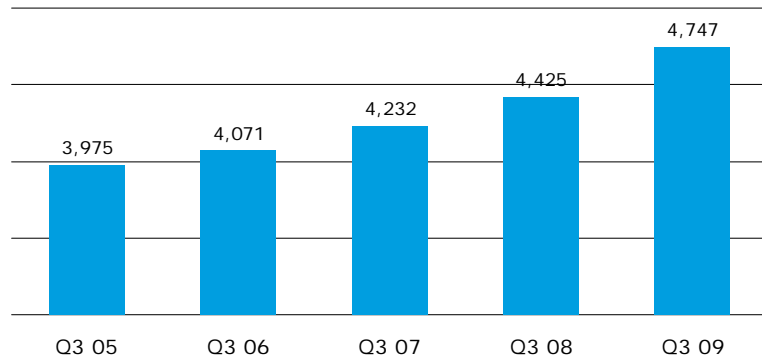
Key performance indicators – Q3 2009

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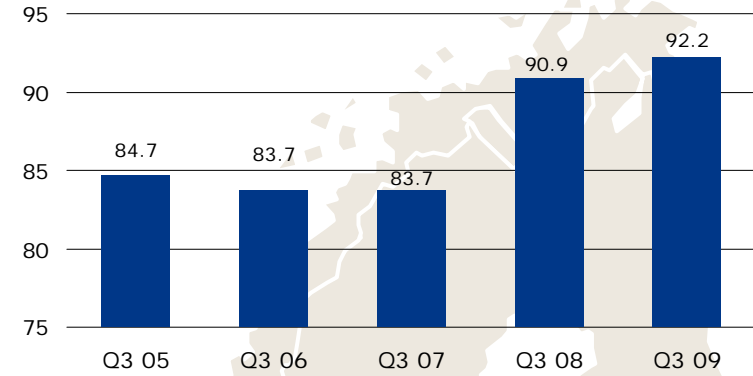
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Gross premium income

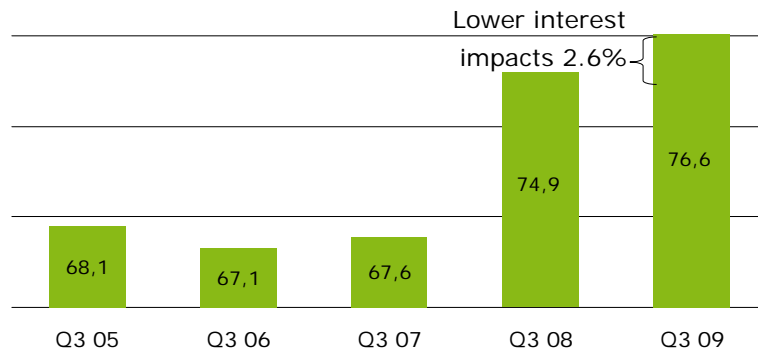
DKKm



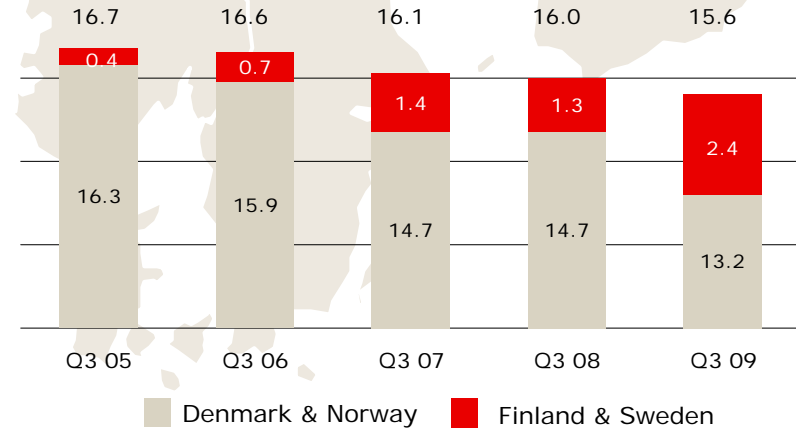
Combined ratio



Claims ratio



Expense ratio



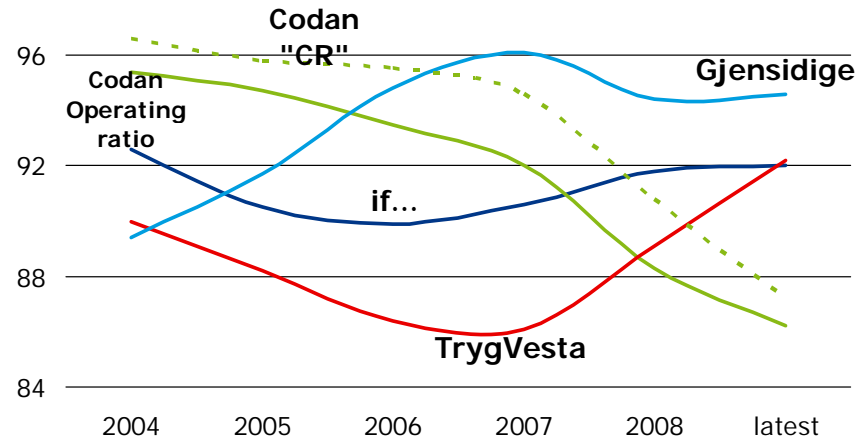
Key performance indicators – 9M 2009

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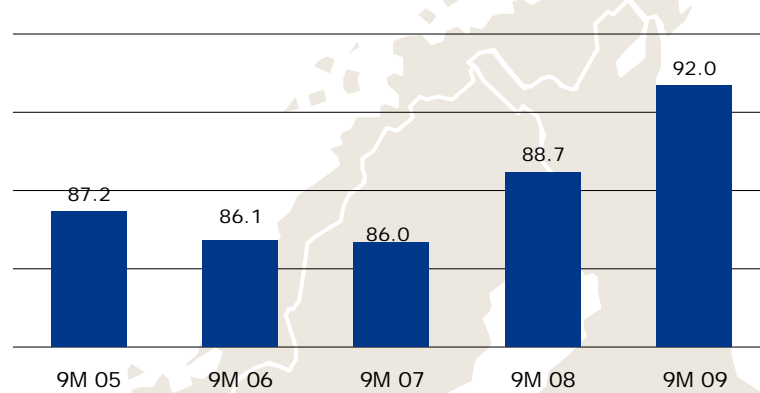
The market

Combined ratio



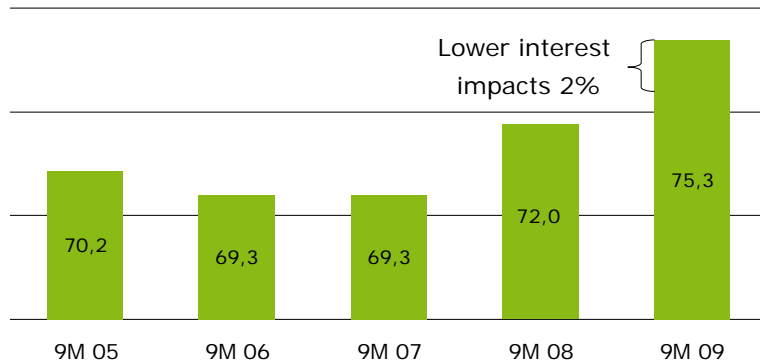
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Combined ratio



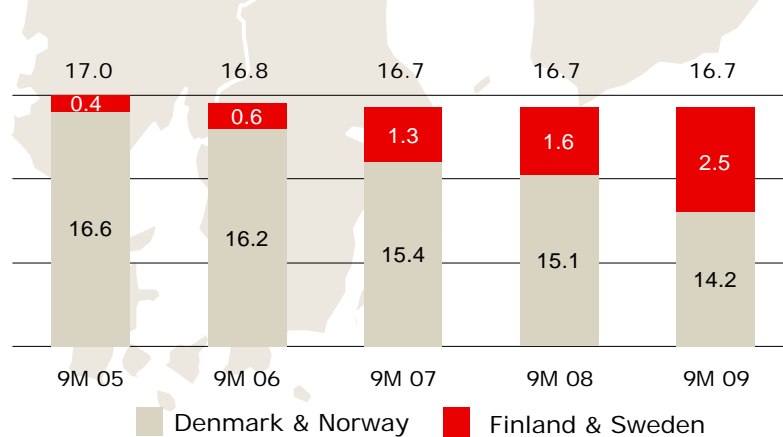
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Claims ratio



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Expense ratio



TrygVesta and Nordic competitors

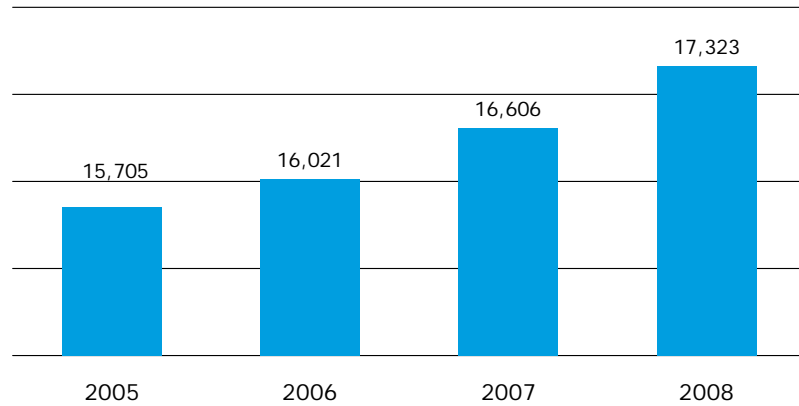
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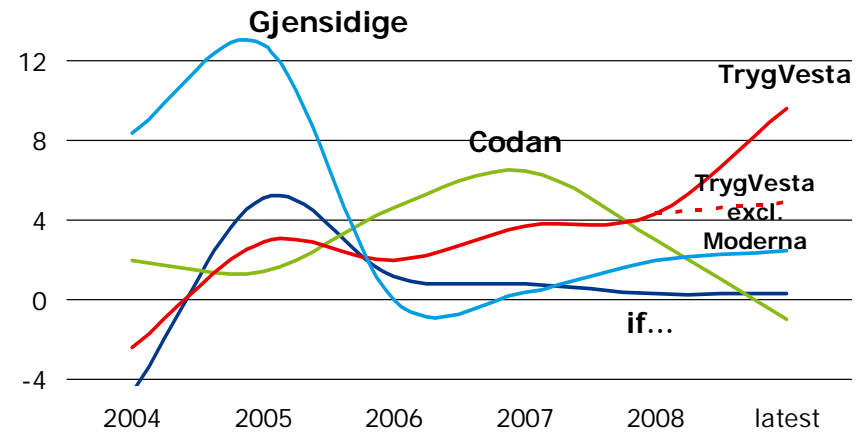
Gross premium income

DKKm



The market

Premium growth in %



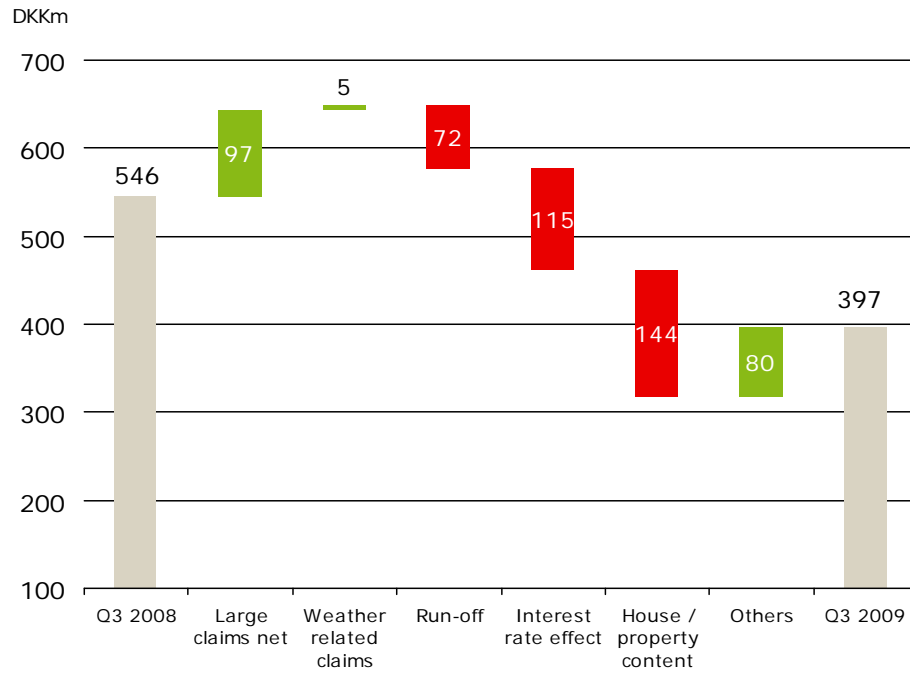
Effects on technical result

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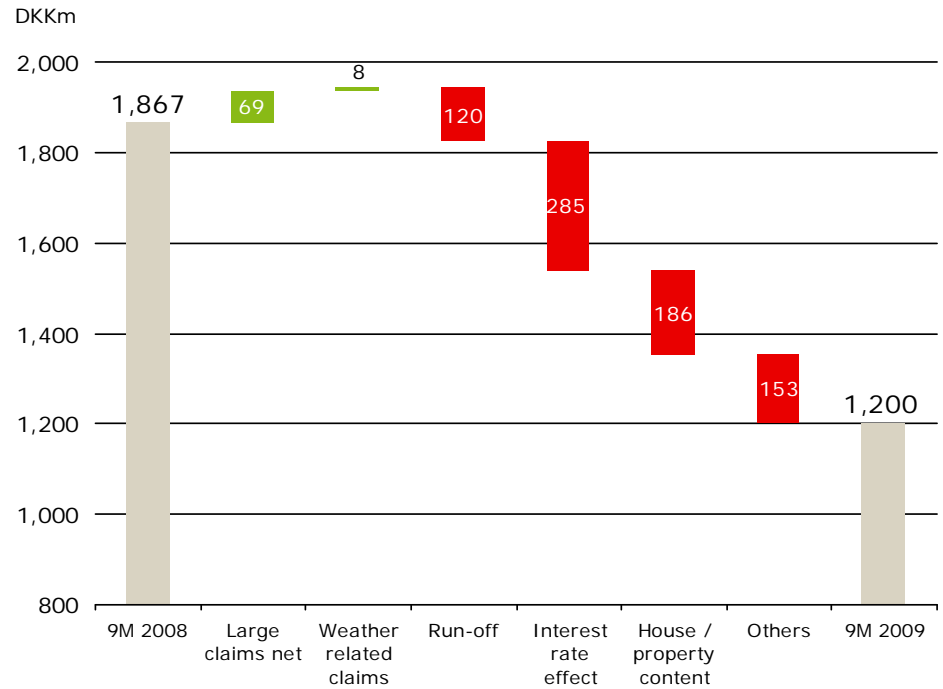
Effects on technical result

Q3 2008 to Q3 2009



Effects on technical result

9M 08 to 9M 09



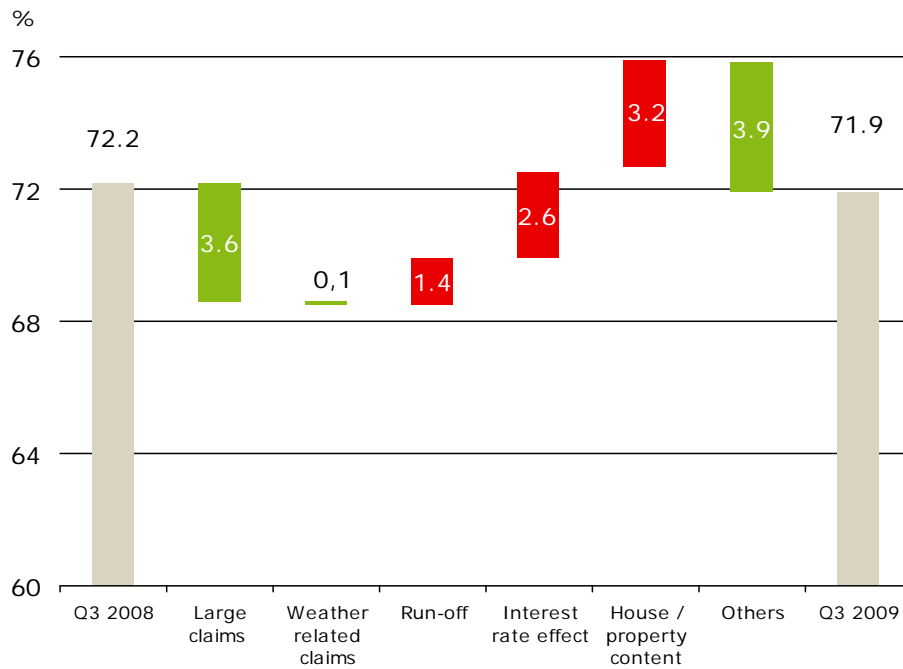
Effects on gross claims ratio

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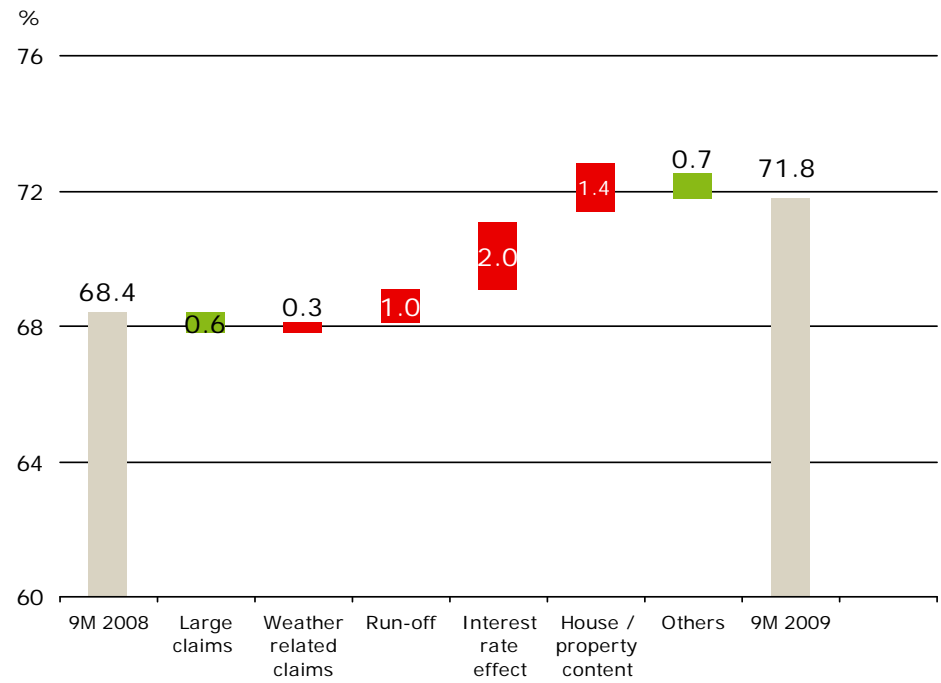
Effects on gross claims ratio

Q3 2008 to Q3 2009



Effects on gross claims ratio

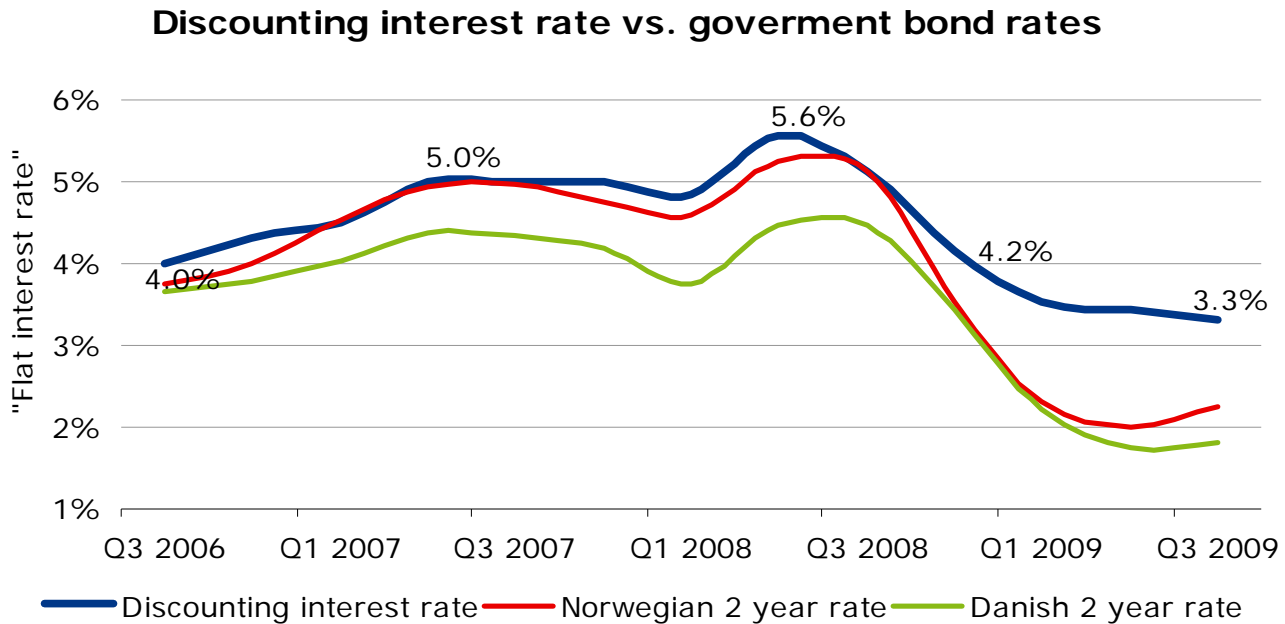
9M 08 to 9M 09



Discounting interest rate

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1% increase in interest level will:

- increase pre-tax result by approx. + DKK 300m
- improve combined ratio by approx. 1 %-point

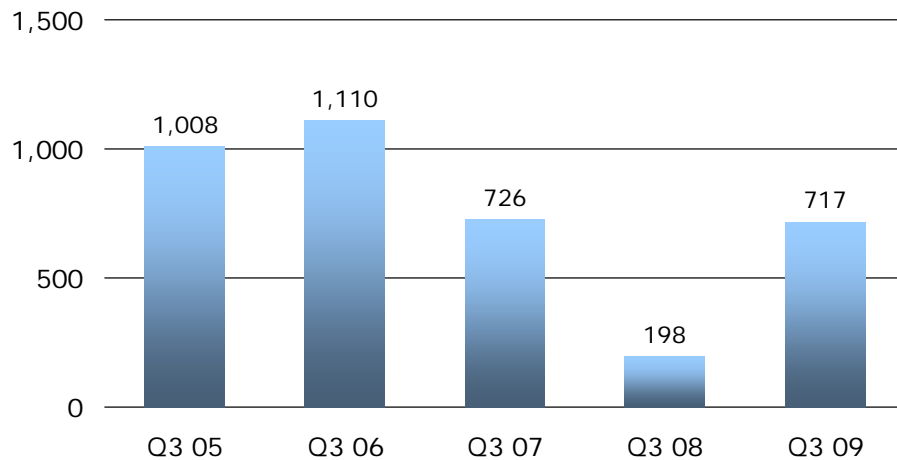
Results before and after tax – Q3

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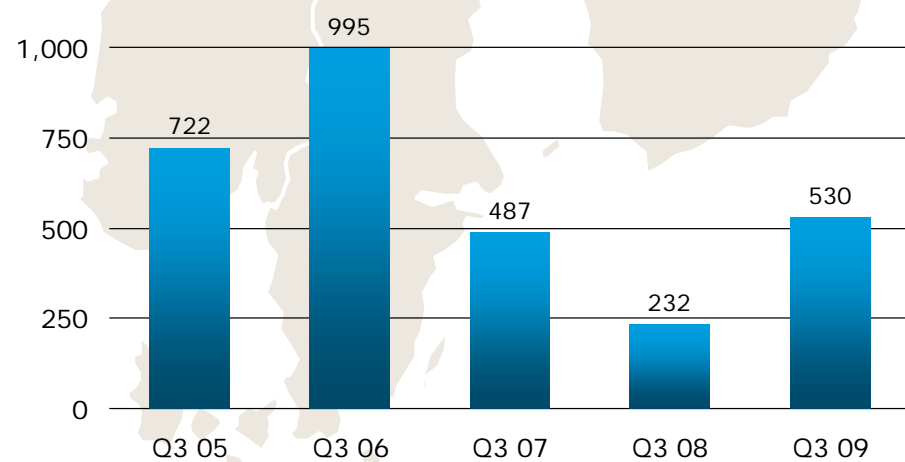
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- Pre-tax profit up by DKK 519m due to a better investment return of DKK 663m but lower technical result of DKK 149m
- Profit after tax up by DKK 298m.

Pre-tax results - DKKm



Results after tax - DKKm



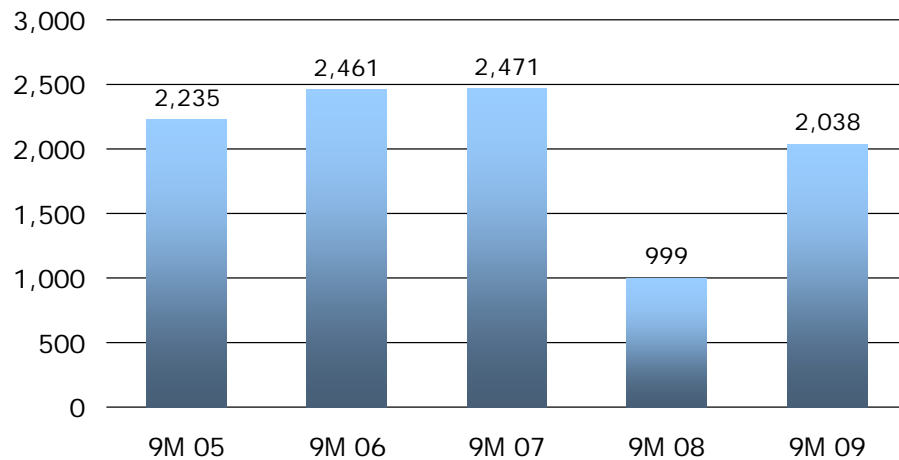
Results before and after tax – 9M

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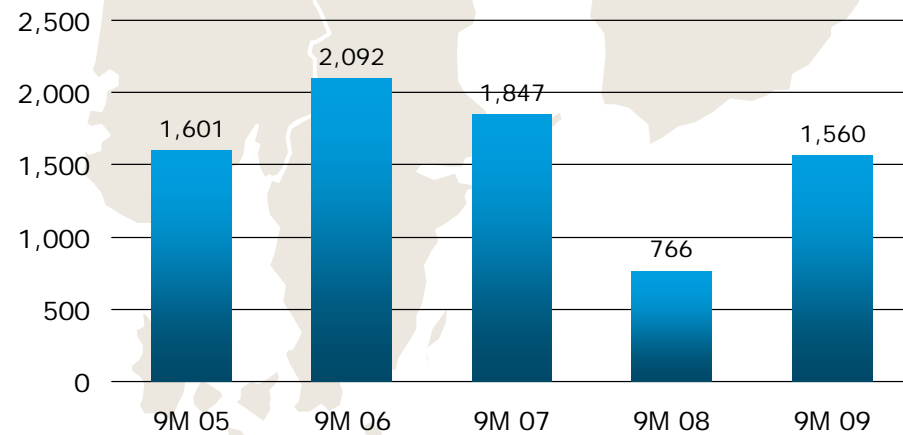
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- Pre-tax profit up by DKK 1,039m due to a better investment return of DKK 1,707m but lower technical result of DKK 667m
- Profit after tax up by DKK 794m
- ROE post tax of 23.8%

Pre-tax results - DKKm



Results after tax - DKKm



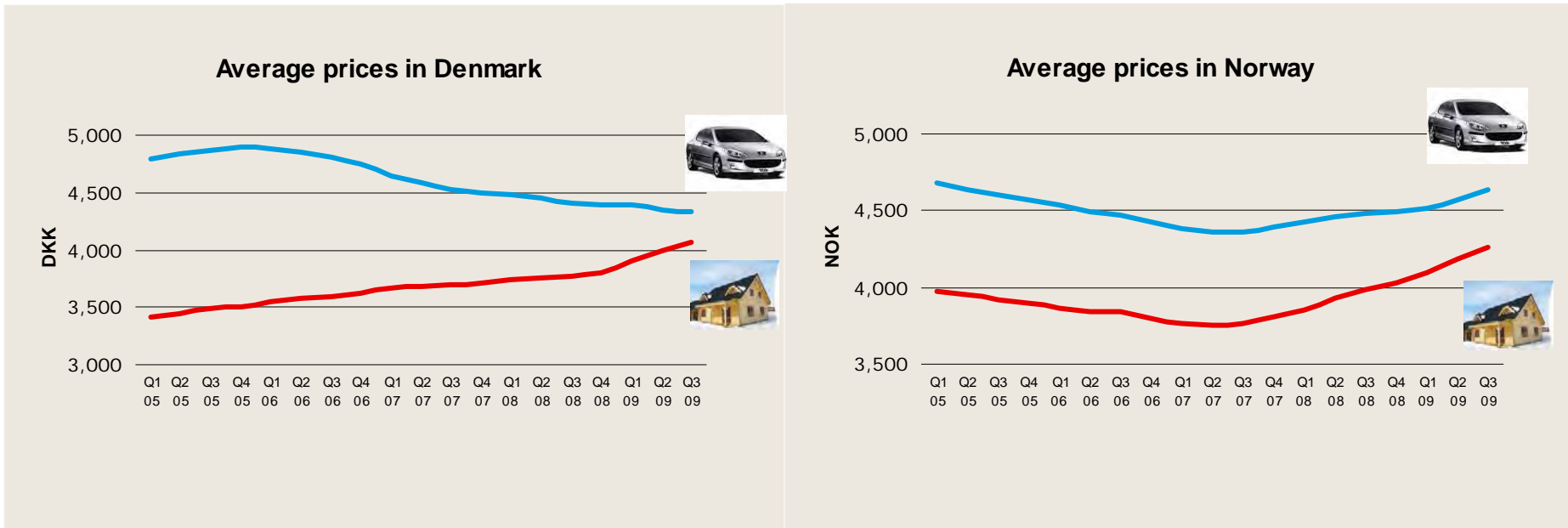
Average price development

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Price increases implemented on main products

Total effect of price increases (*)		
2009	2010	2011
DKK 250m	DKK ~650m	DKK ~750m



* Total effect depends among other things on customers choice of coverage

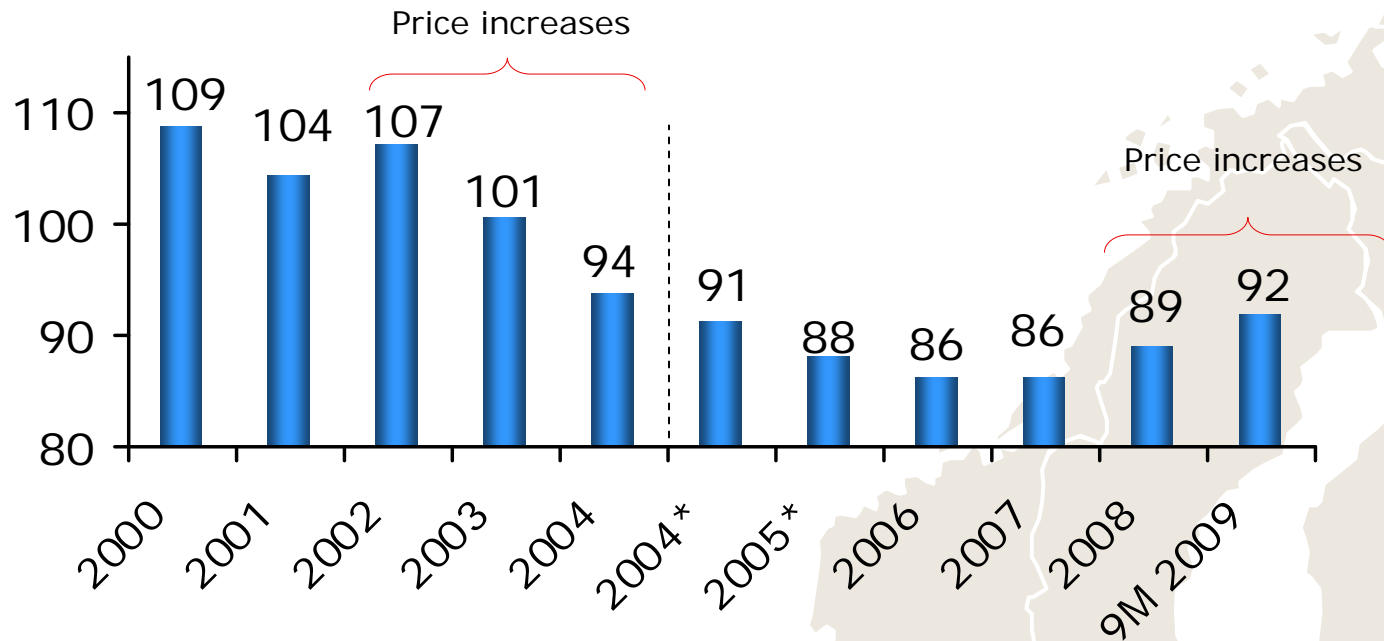
Index will be regulated at 4.2% in 2010 in Denmark

Enhancing profitability

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Combined ratio, in %



- 2002-2004 substantial price increases implemented in Denmark and Norway totalling DKK 2.1bn. Combined ratio improved from 107 to 94
- 2008-2010 price increases totalling DKK 750 million implemented. Combined ratio will consequently be improved in the coming years

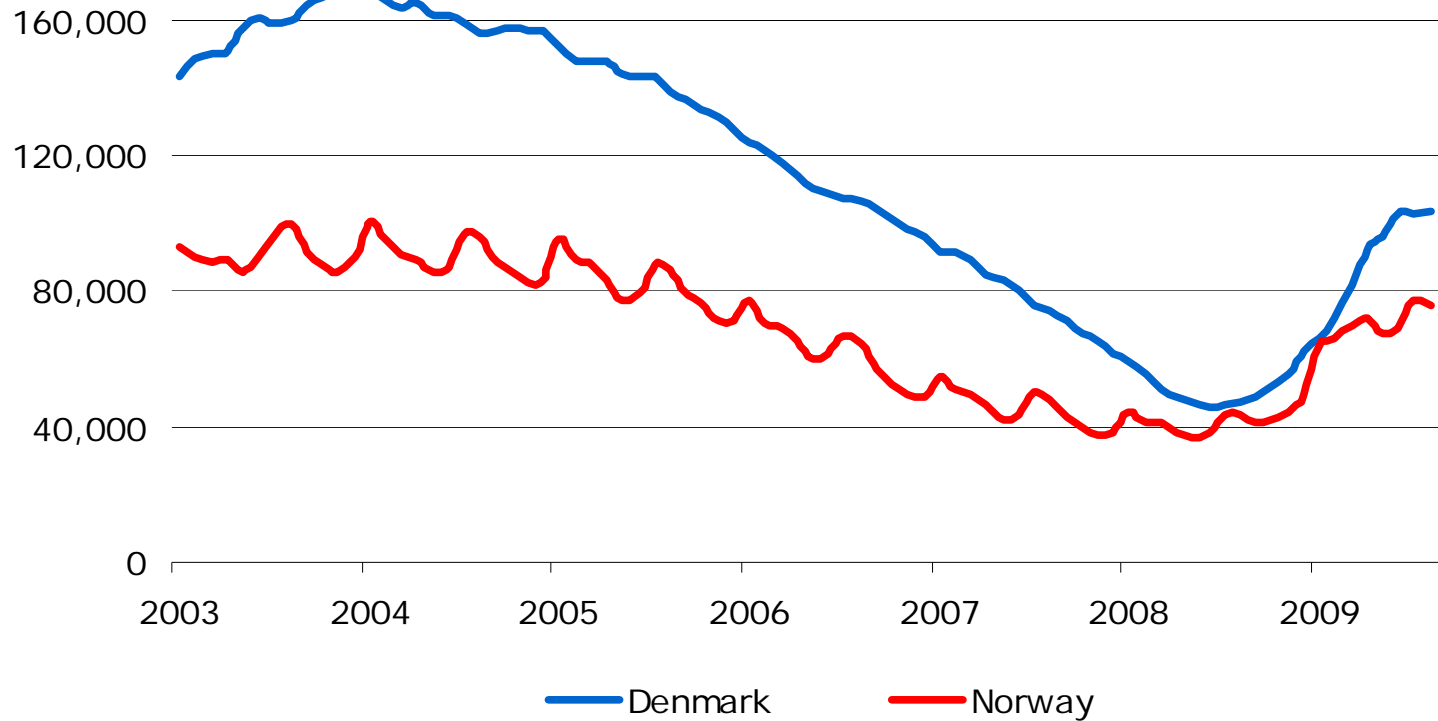
* IFRS from 2004. Previous years are Danish GAAP.

Key economic statistics impacting performance

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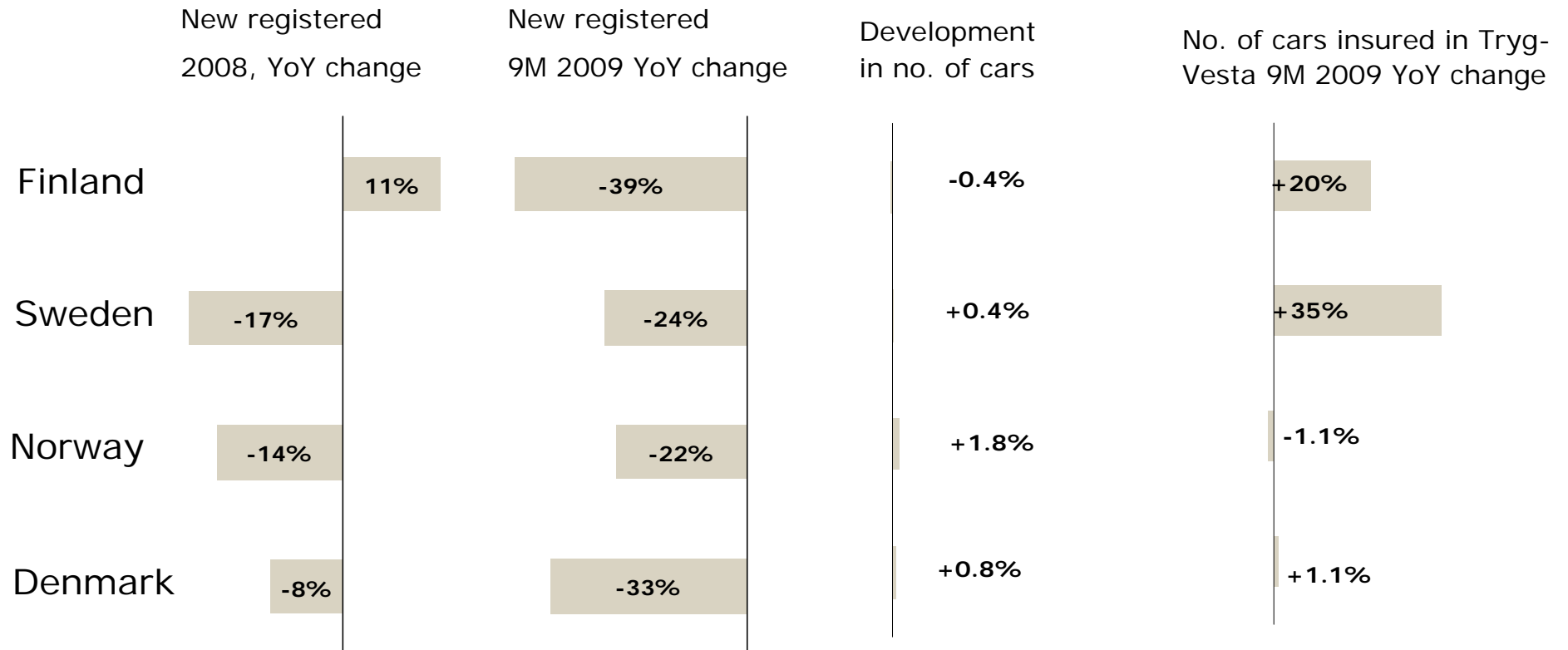
Number of unemployed in Denmark and Norway



Development in passenger cars

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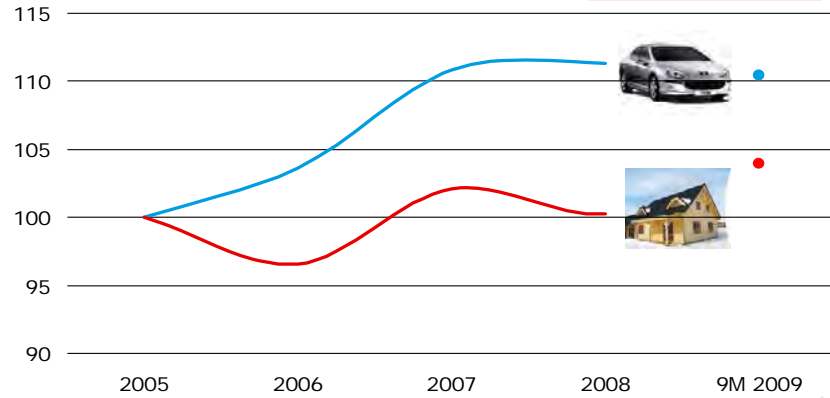
Source: Danish, Norwegian, Swedish and Finnish National Statistics

Frequency and average claims

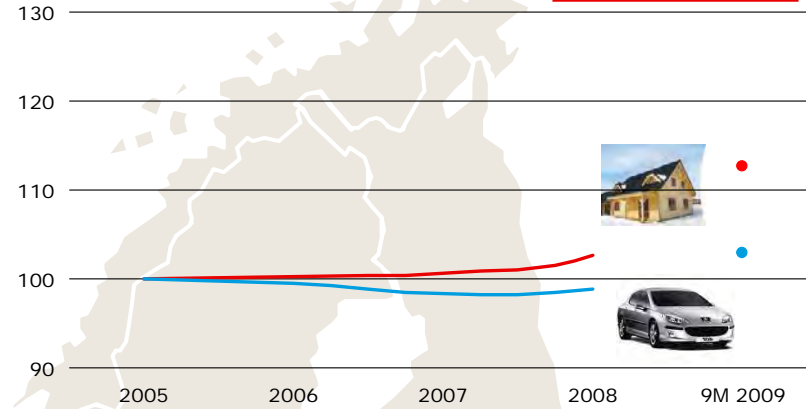
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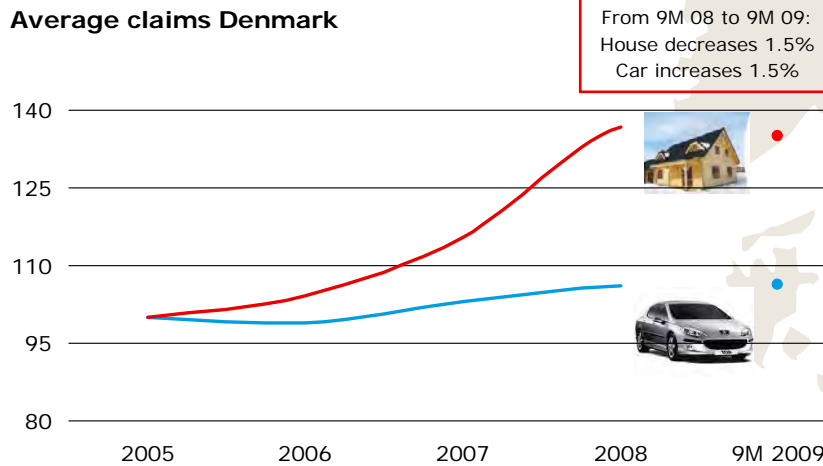
Frequency Denmark



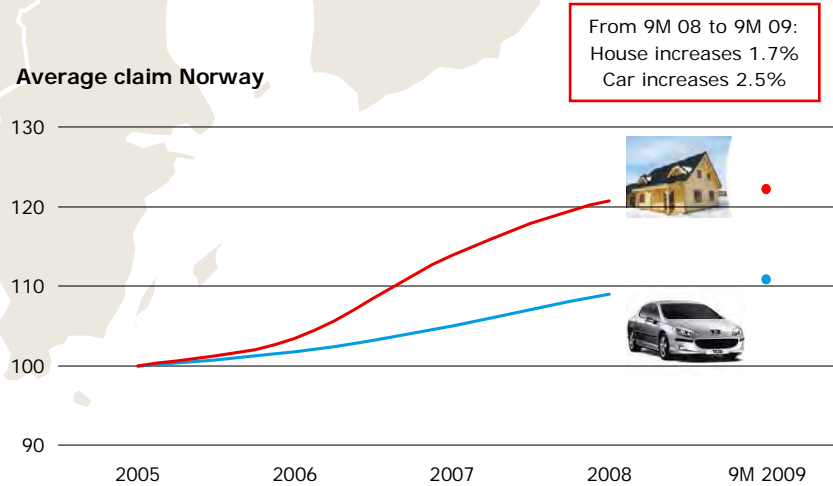
Frequency Norway



Average claims Denmark



Average claim Norway

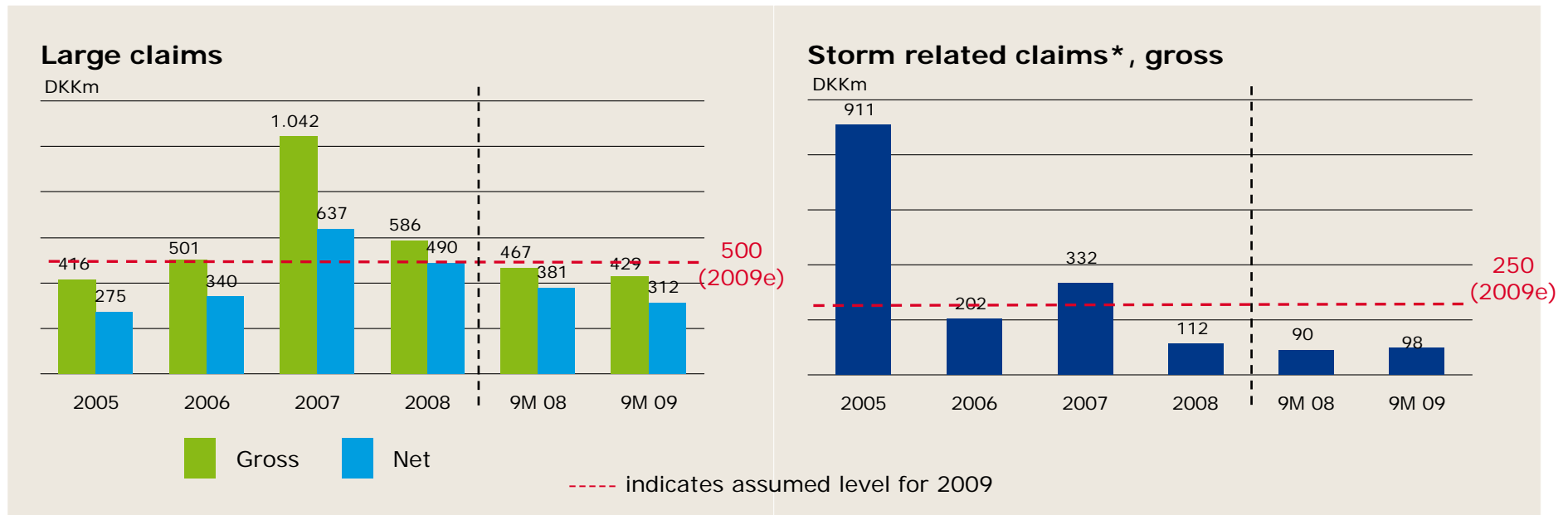


Large claims and storm related claims

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- Storm related claims of DKK 98m in 9M 2009 compared with DKK 90m in same period 2008.
- Large claims gross of DKK 429m in 9M 2009 compared with DKK 467m in same period 2008 and expected DKK 375m.
- In Q3 2009 storm related claims were DKK 28m and large claims DKK 143m against respectively DKK 33m and DKK 288m in Q3 2008



* includes storm and cloudburst claims

Run-off and changes in reserves

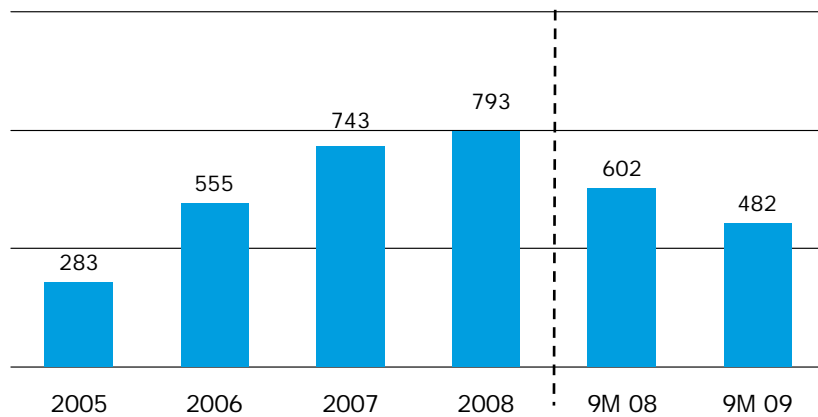
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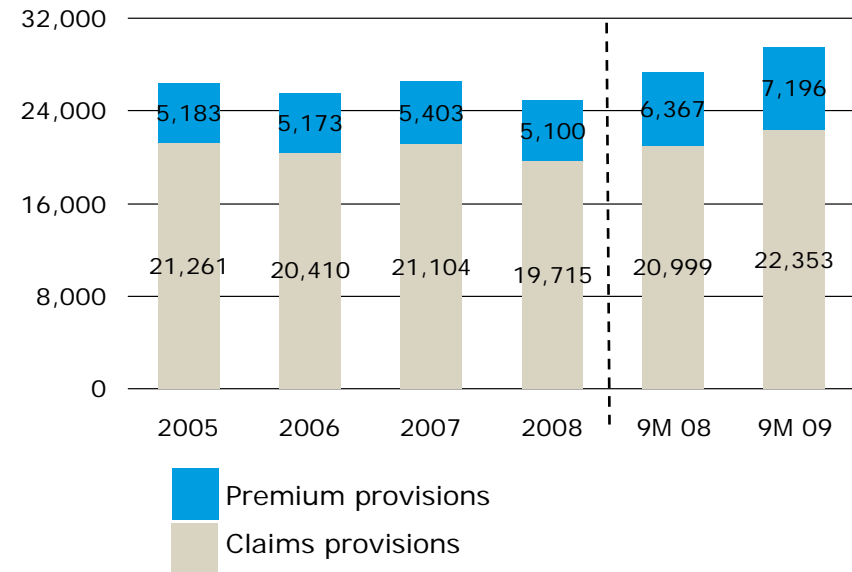
Run-off of DKK 482m in 9M 2009 equivalent to 3.6% on combined ratio

Claims provisions increased in 2009 due to consolidation of Moderna and stronger NOK/DKK

Run-off net, DKKm



Insurance provision - DKKm



Investment portfolio structure

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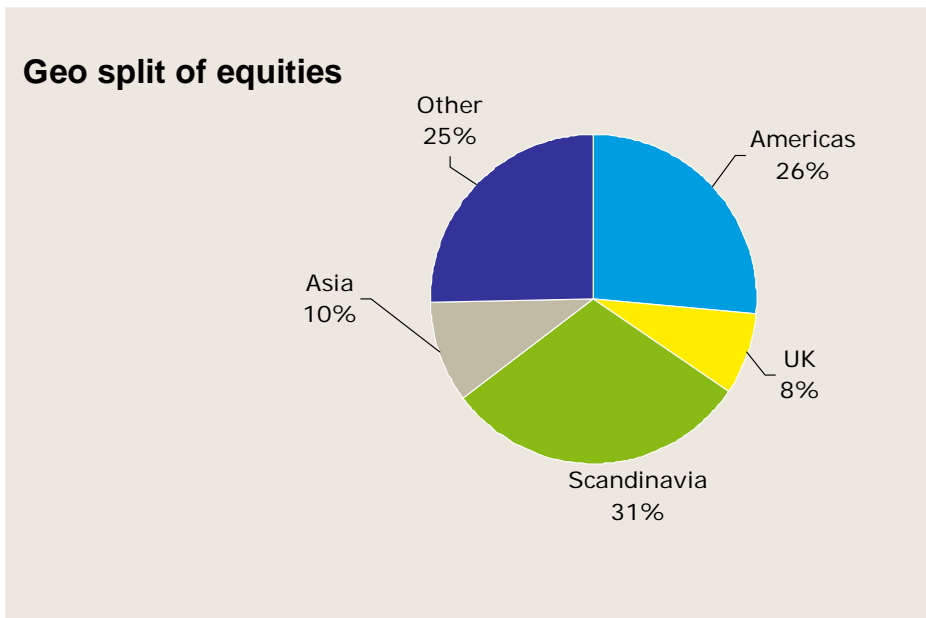
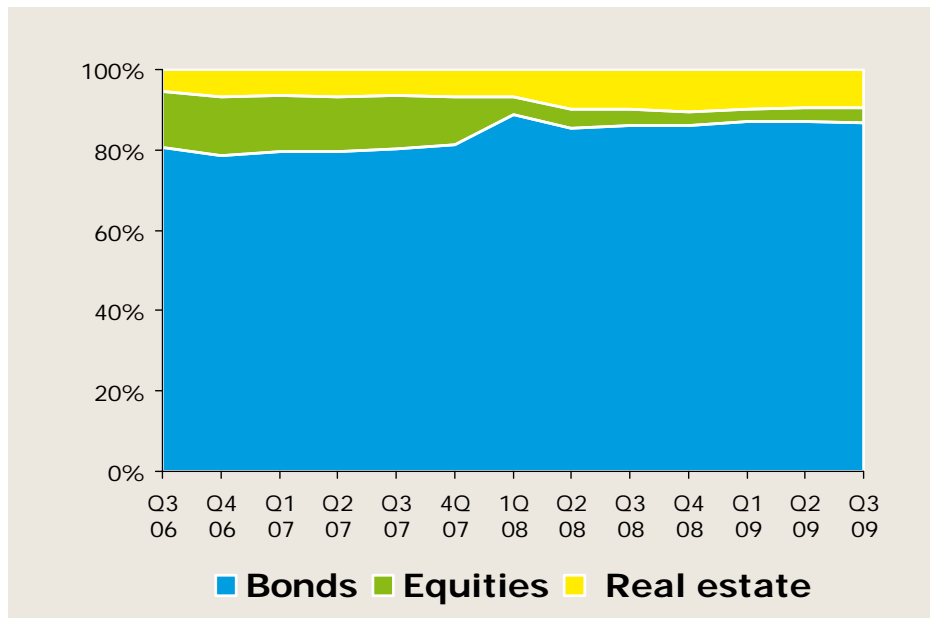
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Conservative approach to the investment portfolio of DKK 39.8bn

- 2.0% gross return in 9m 2009 and 8.0% annualised and boosted by strong equity markets and gain from narrowing spread on Danish mortgage bonds
- 3.3% invested in high yield and investment grade bonds. High yield bonds outperformed equities

Bonds are 87% of portfolio...

...and equities are 3.8%



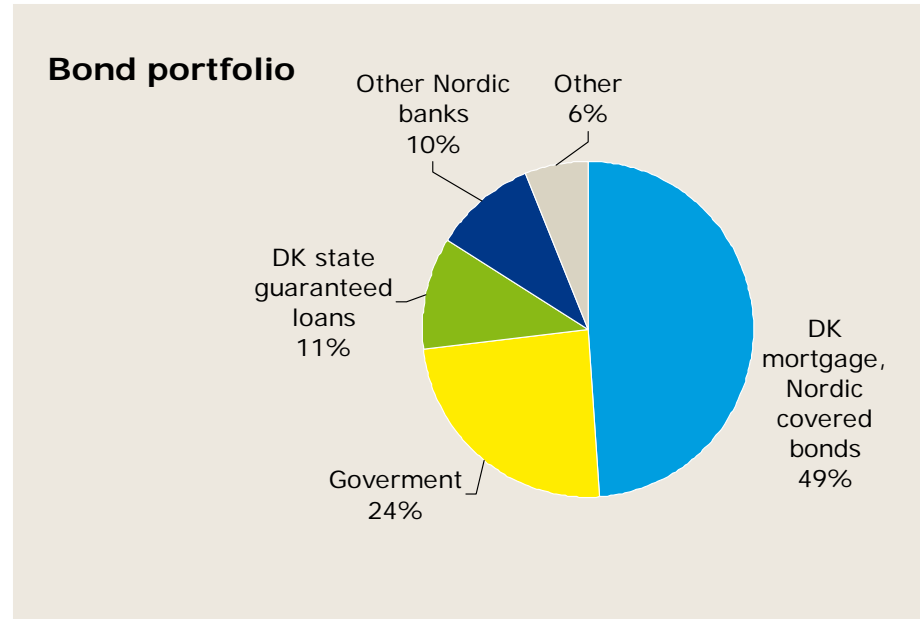
Quality bond portfolio

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Conservative approach to the investment portfolio – plain vanilla

- Bond portfolio used for matching the discounted claims liabilities
- Duration of bond portfolio is approx. 2 years
- No structured products, CDO's etc held
- 76% of bonds are AAA-rated, 15% AA-rated and 3% A-rated



Outlook 2009

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DKKm	Realised 2008	Expected 2009					
		Mid February 2009	May 2009	August 2009	November 2009	Positive scenario	Negative scenario
Interest rate level	5.1%	3.93%	3.5%	3.4%	3.3%		
Exchange rate DKK/NOK	0.92	0.85	0.84	0.83	0.85		
Premium growth in local currency	4.9%	4%	8%	8%	8%		
Technical result	2,384	1,500	1,800	1,600	1,500	1,650	1,350
Investment result, net	-988	300	300	700	900		
Pre-tax result	1,347	1,800	2,100	2,200	2,400		
Net income	846	1,300	1,400	1,700	1,800	1,900	1,700
Combined ratio	89.1	92	91	92	92	91	93

Outlook for remaining 2009 assumes: zero run-off, large claims of DKK 125m and weather related claims of DKK 100m

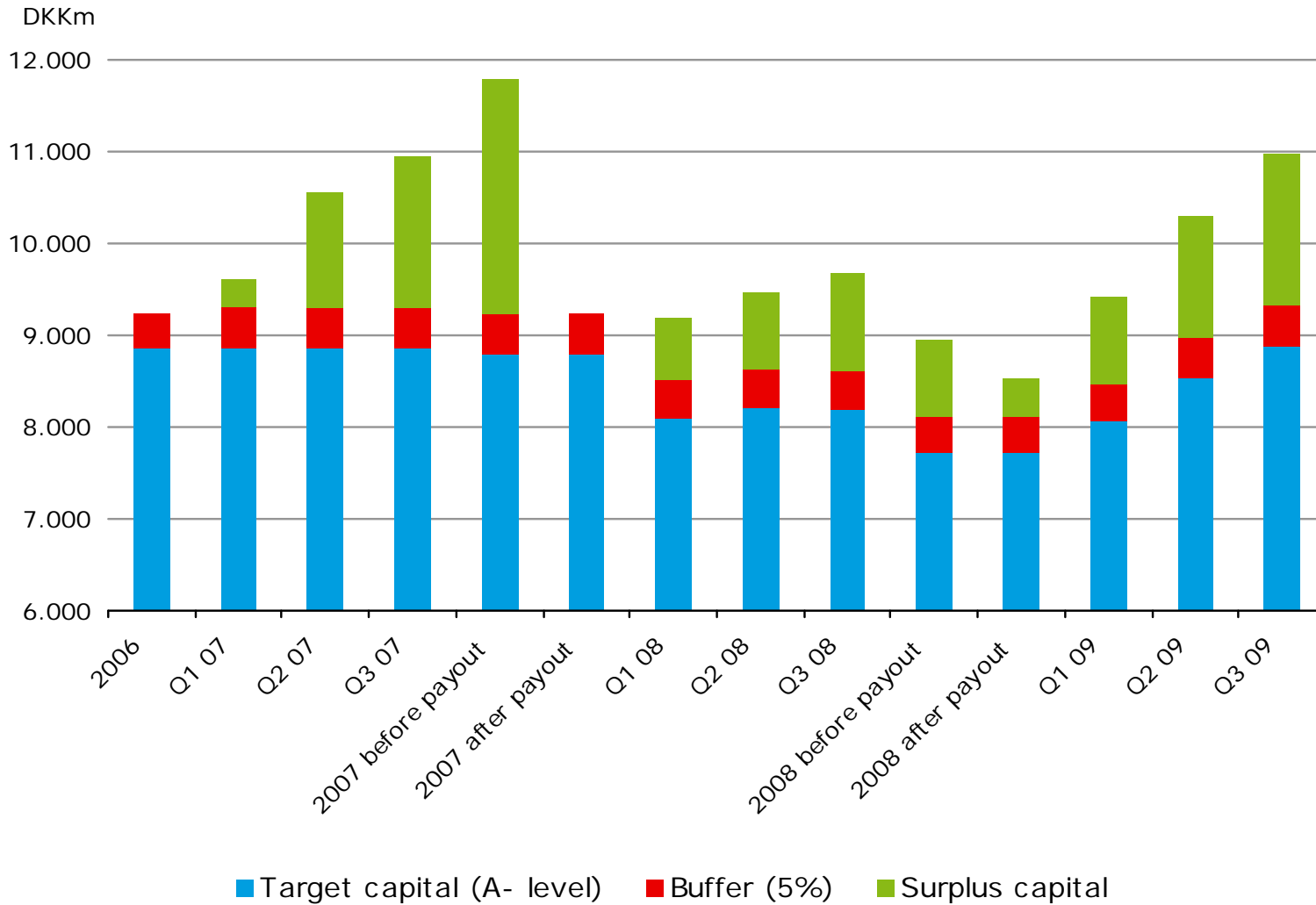
Return assumptions p.a.

Equity	7.0%
Bonds	2.5%
Real estate	6.0%

Capitalisation

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Summary

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Strong growth of 11.4 % in Q3 despite economic slowdown

Premium increases and stringent cost control are supportive for earnings

Strong investment results due to rise in stock prices and narrowing of bond spread

Upgrading outlook. Capital position strong with 62% capital to premiums

Thank you for your attention – questions?

Upcoming roadshows

Date	Place	Participants from TrygVesta	Arranged by
11 November 2009	Copenhagen	Morten Hübbe, CFO Ole Sæberg, Head of IR Lars Møller, IR Manager	SEB Enskilda
16- 17 November 2009	London	Morten Hübbe, CFO Lars Møller, IR Manager	Danske Markets
16-18 November 2009	USA	Stine Bosse, CEO Ole Sæberg, Head of IR	Handelsbanken
18 November 2009	Edinburgh	Morten Hübbe, CFO Lars Møller, IR Manager	Cheuvreux
2 December 2009	London	Peter Falkenham, COO Ole Sæberg, Head of IR	Citi Investment Research Speed Dating Conference
2 December 2009	London	Stine Bosse, CEO Lars Møller, IR Manager	Cheuvreux Financial Conference
7 January 2010	Copenhagen	Stine Bosse, CEO Ole Sæberg, Head of IR Lars Møller, IR Manager	SEB Enskilda Nordic Seminar