

# TOPDANMARK Q1-Q3 2016 RESULT



# HIGHLIGHTS

## Q1-Q3 2016

- Post-tax profit: DKK 1,127m (Q1-Q3 2015: DKK 861m)
- EPS: DKK 12.1 (Q1-Q3 2015: DKK 8.4)
- CR: 85.1 (Q1-Q3 2015: 85.2)
- CR excl. run-off: 89.0 (Q1-Q3 2015: 89.0)
- Premium growth: 1.3% decline in non-life insurance and 23.6% increase in life insurance
- Investment return after unwinding and revaluation of non-life insurance provisions: DKK 339m (Q1-Q3 2015: DKK 30m)

## Q3 2016

- Post-tax profit: DKK 533m (Q3 2015: DKK 210m)
- EPS: DKK 5.9 (Q3 2015: DKK 2.1)
- CR: 83.2 (Q3 2015: 85.8)
- CR excl. run-off: 86.9 (Q3 2015: 89.4)
- Premium growth: 0.1% decline in non-life insurance and 10.4% increase in life insurance
- Investment return after unwinding and revaluation of non-life insurance provisions: DKK 232m (Q3 2015: DKK 58m loss)

## Profit forecast model for 2016

- For the full year 2016, assumed CR is adjusted from around 89 to 87-88 excl. run-off in Q4 2016
- Profit forecast model for 2016 upgraded by DKK 200m to DKK 1,200-1,300m after tax and excl. run-off in Q4 2016 ~ EPS DKK 13.5
- Assumed negative premium growth for non-life insurance in 2016

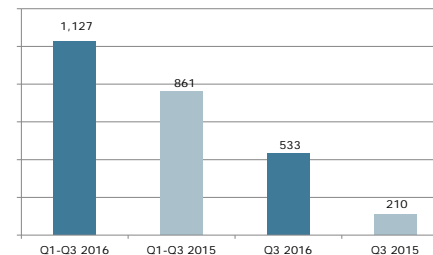
## Profit forecast model for 2017

- Unchanged compared to the Statement by the Board of Directors
- Practically unchanged assumed premium level for non-life insurance in 2017 and combined ratio of 90-91 excl. run-off

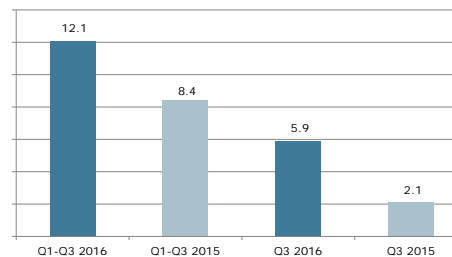
## Buy-back of Topdanmark shares

- Buy-back programme for 2016 increased by DKK 200m to DKK 1,650m
  - Buy-back yield of 10.0%
- Balance of buy-back programme for 2016: DKK 650m

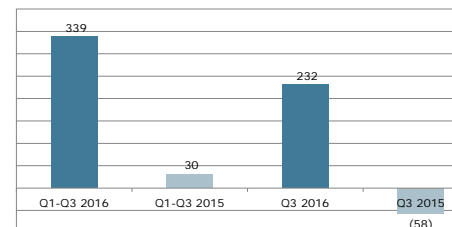
Profit (DKKm)



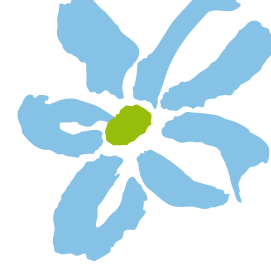
EPS (DKK)



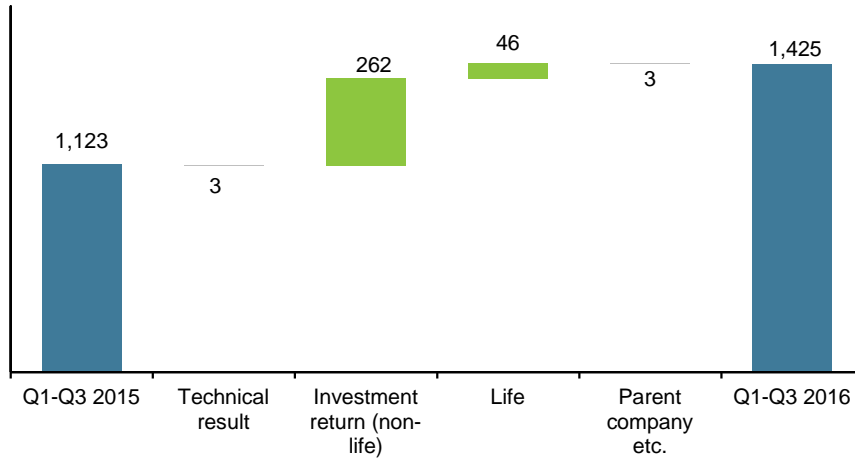
Investment return after unwinding and revaluation of non-life insurance provisions



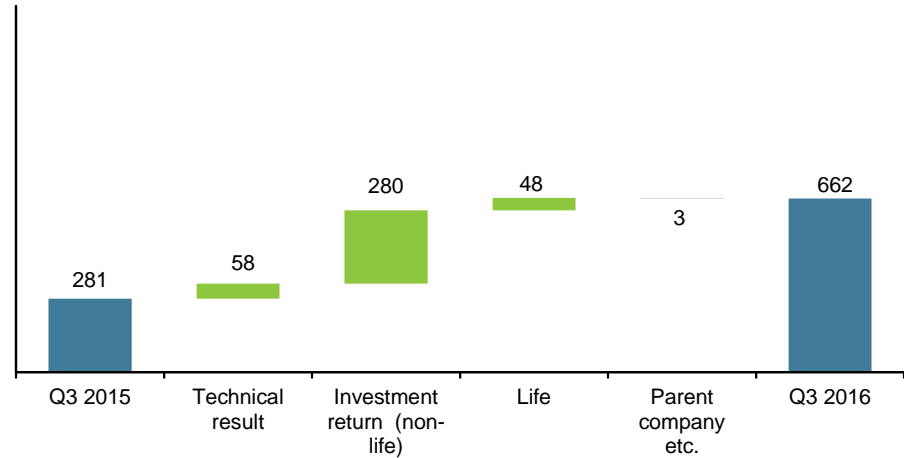
# TREND IN PRE-TAX RESULT



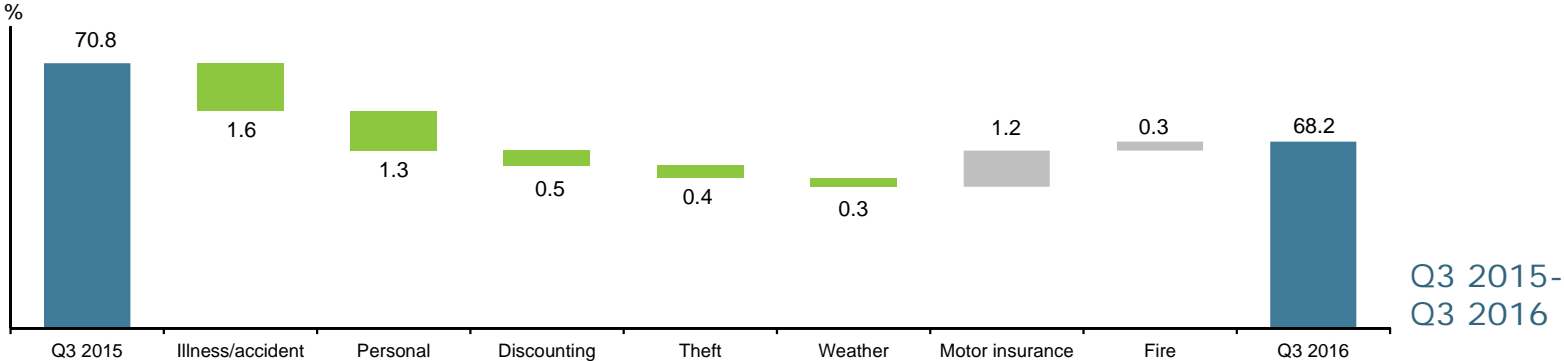
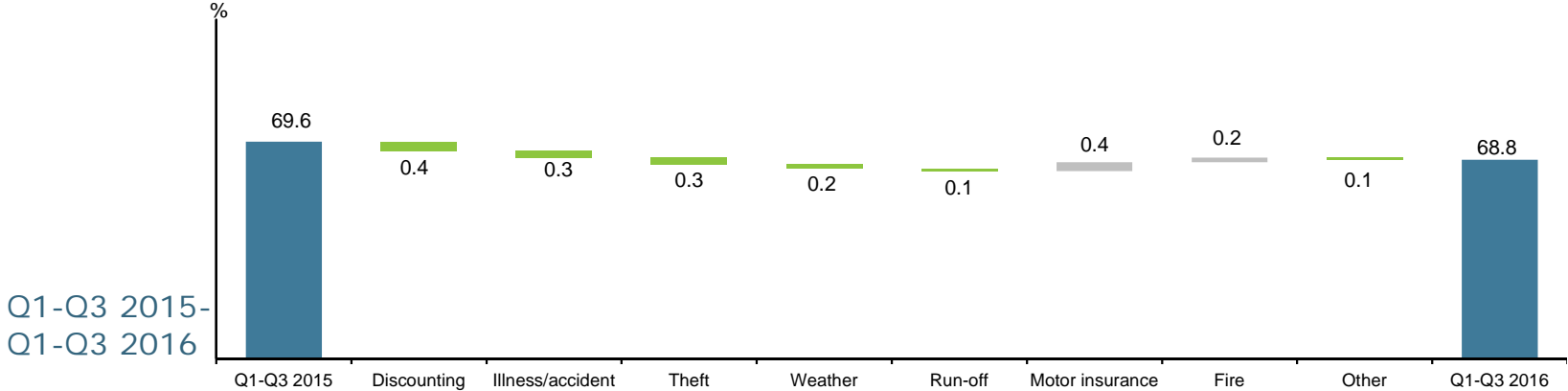
Q1-Q3 2015-Q1-Q3 2016



Q3 2015-Q3 2016

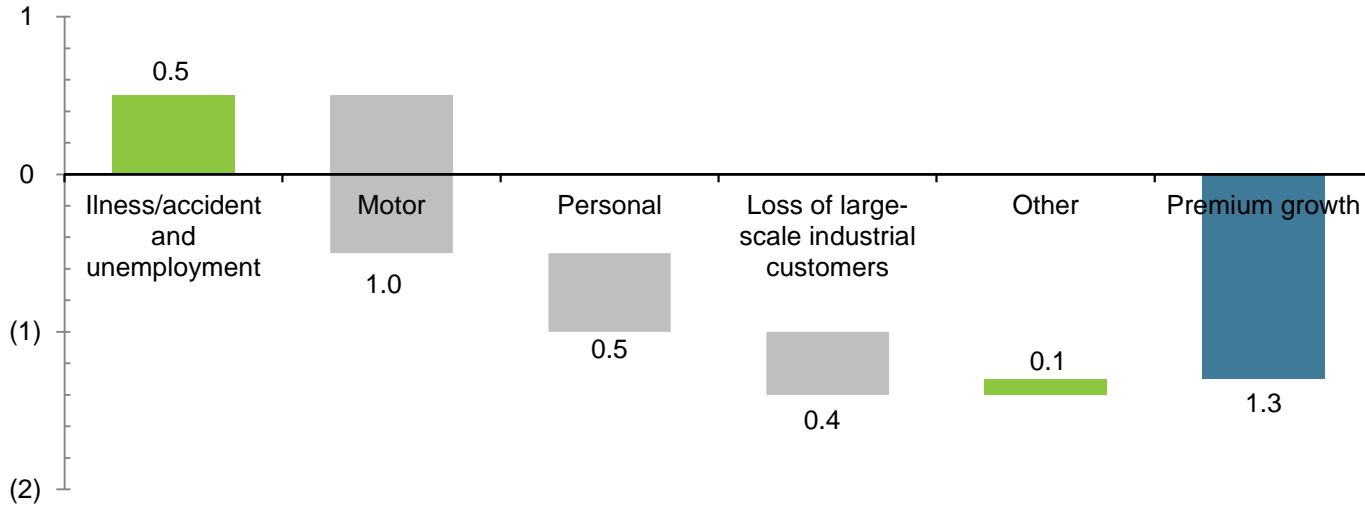


# CLAIMS TREND

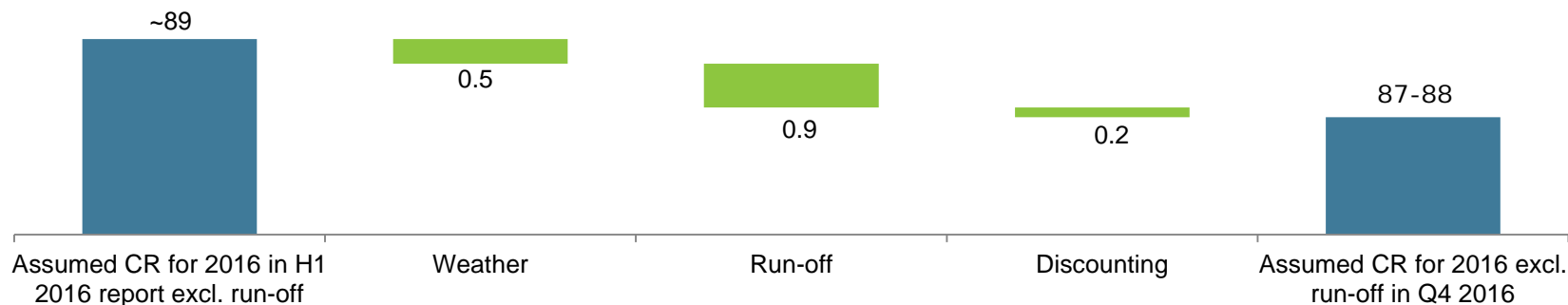
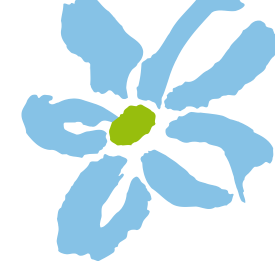


# TREND IN PREMIUMS (%)

Q1-Q3 2015-Q1-Q3 2016



# ASSUMED CR ADJUSTED TO 87-88 FOR 2016 EXCL. RUN-OFF IN Q4 2016

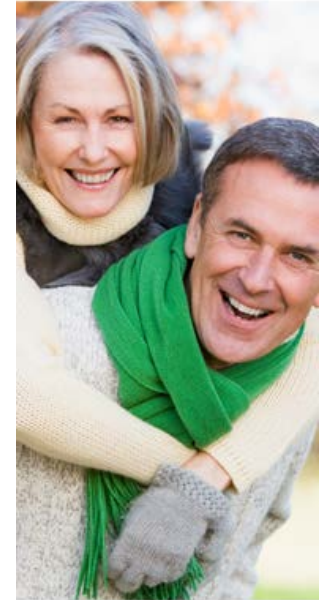


## Assumptions for CR in 2016

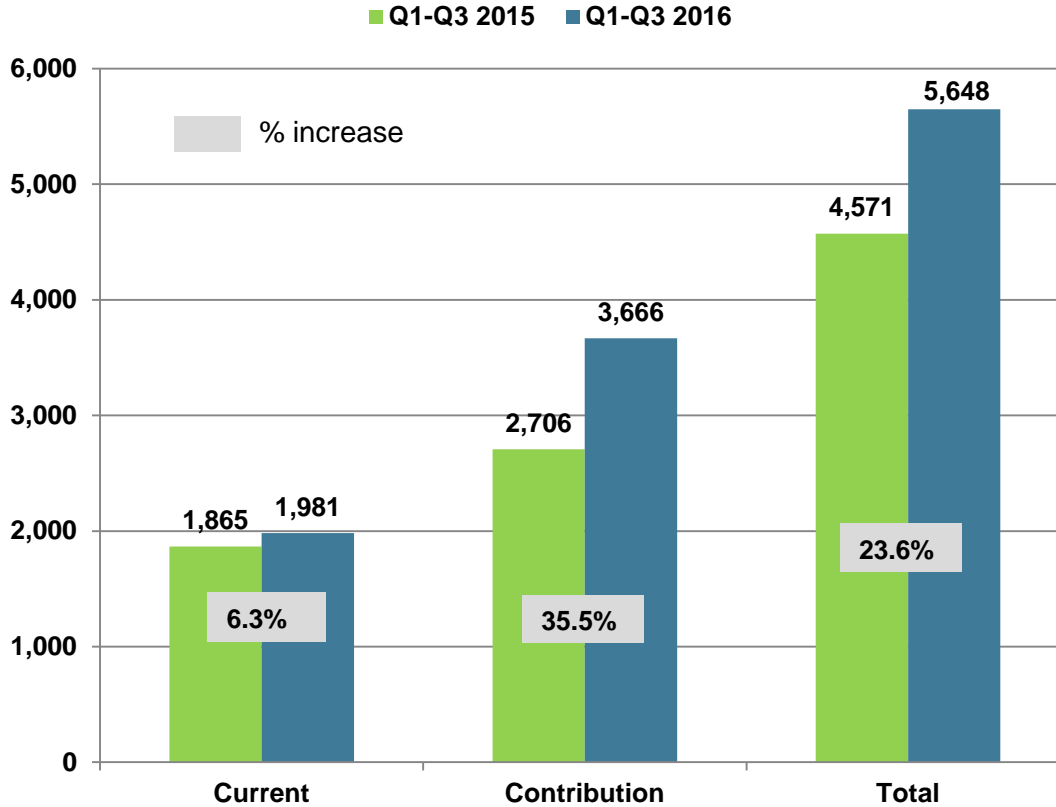
- A normal year for weather with weather-related claims of DKK 50m in Q4 2016
- A level of interest rates corresponding to the interest rate curve on 4 November 2016
- An expense ratio of around 16

# RESULTS – LIFE INSURANCE

Result of life insurance (DKKm)	Full year 2015	Q3 2015	Q3 2016	Q1-Q3 2015	Q1-Q3 2016
Investment return on shareholders' equity	57	12	23	17	37
Sales and administration	(45)	(5)	3	(23)	(29)
Insurance risk	19	9	5	14	17
Risk return on shareholders' equity	137	33	38	101	109
Risk return transferred to (minus)/from shadow account	7	(28)	0	(21)	0
<b>Profit on life insurance</b>	<b>174</b>	<b>21</b>	<b>69</b>	<b>89</b>	<b>135</b>
<b>Estimated value of shadow account end of period</b>	12			46	9



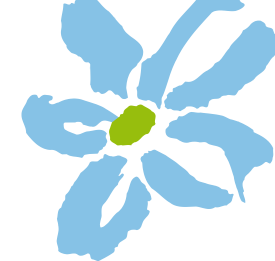
# LIFE – TREND IN GROSS PREMIUMS





# INVESTMENT RETURN

## - TOPDANMARK GROUP EXCL. LIFE INSURANCE



Investment return	Portfolio		Return Q3 2016			Return Q1-Q3 2016		
	30 Sep 2016							
	(DKKbn)	(DKKm)	%	(DKKm)	%	(DKKm)	%	
Danish equities	0.3	25	7.2	11	3.0			
Foreign equities	0.6	31	5.6	21	3.7			
Unlisted equities and hedge funds	0.4	38	11.3	44	13.2			
Government and mortgage bonds	13.6	103	0.7	474	3.6			
Credit bonds	0.3	3	1.1	9	2.4			
Index linked bonds	0.5	5	1.1	14	3.1			
CDOs	0.7	75	12.9	103	18.5			
Properties	1.0	15	1.6	43	4.4			
Assets related to I/A	2.3	48	2.1	197	9.1			
Money market etc.	1.5	4	0.2	(8)	(0.4)			
Subordinated loan capital	(1.8)	(13)	(0.7)	(48)	(2.4)			
Interest-bearing debt	0.0	1	0.4	0	0.0			
	19.4	336	1.8	860	4.7			
Asset management		17		48				
Investment return		353		908				
Unwinding and revaluations non-life insurance provisions		(121)		(569)				
Investment return after unwinding and revaluations non-life insurance provisions		232		339				

The exposure in foreign equities and credit bonds has been adjusted by the use of derivatives. The return percentages are calculated as the ratio between the return on financial instruments and the size of the exposure of the underlying asset. The return on properties includes revaluation of owner-occupied property, which has been included in other comprehensive income.

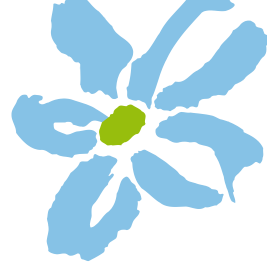
# PROFIT FORECAST MODEL FOR 2016

Profit forecast 2016 (DKKm)	Results 2015	Forecast 2016 5 August 2016		Forecast 2016 4 November 2016	
Non-life insurance					
- Technical result	1,195	950	- 1,000	1,050	- 1,100
- Investment return after unwinding and revaluations					
non-life insurance provisions	147	150	- 200	300	- 350
Profit on non-life insurance	1,342	1,100	- 1,200	1,350	- 1,450
Life insurance	174	160	- 190	160	- 190
Parent company etc.	31	30	- 40	20	- 30
Pre-tax profit	1,547	1,290	- 1,430	1,530	- 1,670
Taxation	(364)	(290)	- (330)	(330)	- (370)
<b>Profit for the year</b>	<b>1,183</b>	<b>1,000</b>	<b>- 1,100</b>	<b>1,200</b>	<b>- 1,300</b>

Representing EPS of DKK 13.5

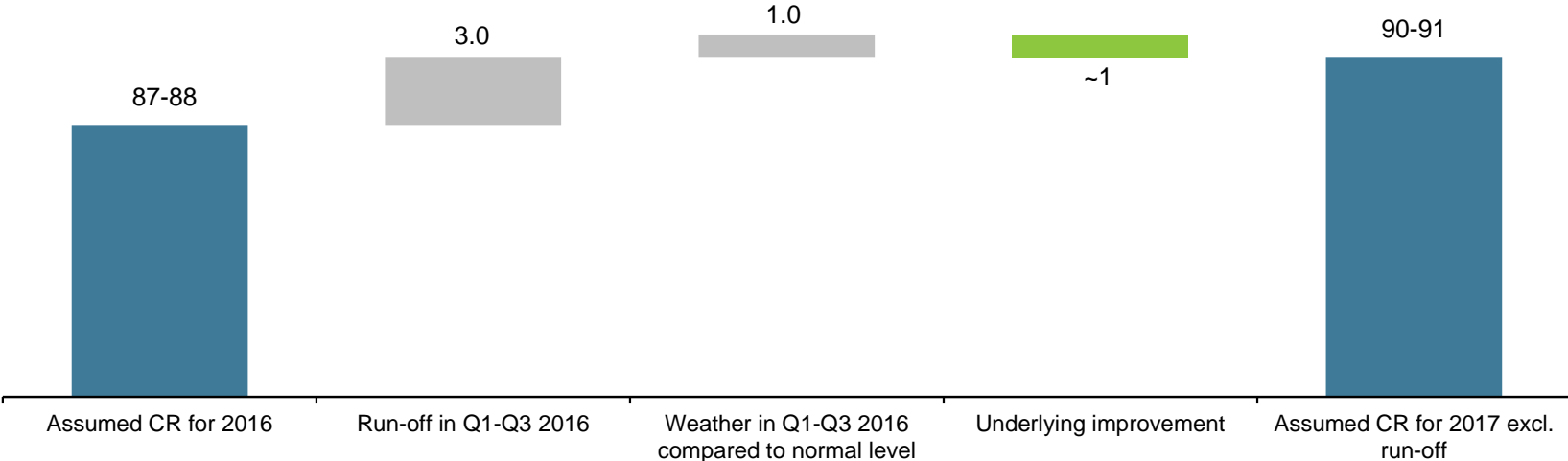


# BUY-BACK FOR DKK 1,650m



- The buy-back programme for 2016 upgraded by DKK 200m to DKK 1,650m
- The buy-back of DKK 1,650m corresponds to a buy-back yield of 10.0%
- The upgraded buy-back from the buy-back programme for 2016 will take place in 2017
  - Application for DFSA approval before 23 February 2017
- The buy-back programme for 2016 of DKK 1,650m will take place as follows:
- The original buy-back of DKK 1,450m will take place from 12 February 2016 to 17 February 2017
- The upgrade of the buy-back of DKK 200m will take place in 2017
- From 2000 to 2015, the average buy-back yield was 9.4%
- Since 1998, Topdanmark has cancelled 77% of outstanding shares
  - Average price: 53

# ASSUMED CR OF AROUND 90-91 FOR 2017 EXCL. RUN-OFF



# DISCLAIMER

This presentation includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

Many factors may cause a significant deviation from the forecasts and assumptions set out in the presentation. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of non-anticipated events like acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry and trends in the reinsurance market. See also [www.topdanmark.com](http://www.topdanmark.com) → Investor → Risk management.

The above description of risk factors is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements relating to the future, should give their own careful consideration to these and other factors of uncertainty.

Topdanmark's statements relating to the future are solely based on information known at the time of the preparation of the 2016 half-year report.

This publication is a translation. In case of any divergence, the original Danish text shall prevail.