

# **Topdanmark**

## **Q1 – Q3 2006 Results**

# Highlights

## Q1 - Q3:

- Post-tax profit increased 44.1% to DKK 1,167m
- Profit per share increased 50.5% to DKK 60.2
- 5.3% premium growth in non-life and 27.0% in life
- 27.7% post-tax ROE (38.5% annualised)
- Expense ratio declined 0.4 pp to 14.4
- Combined ratio declined from 92.1 to 85.8

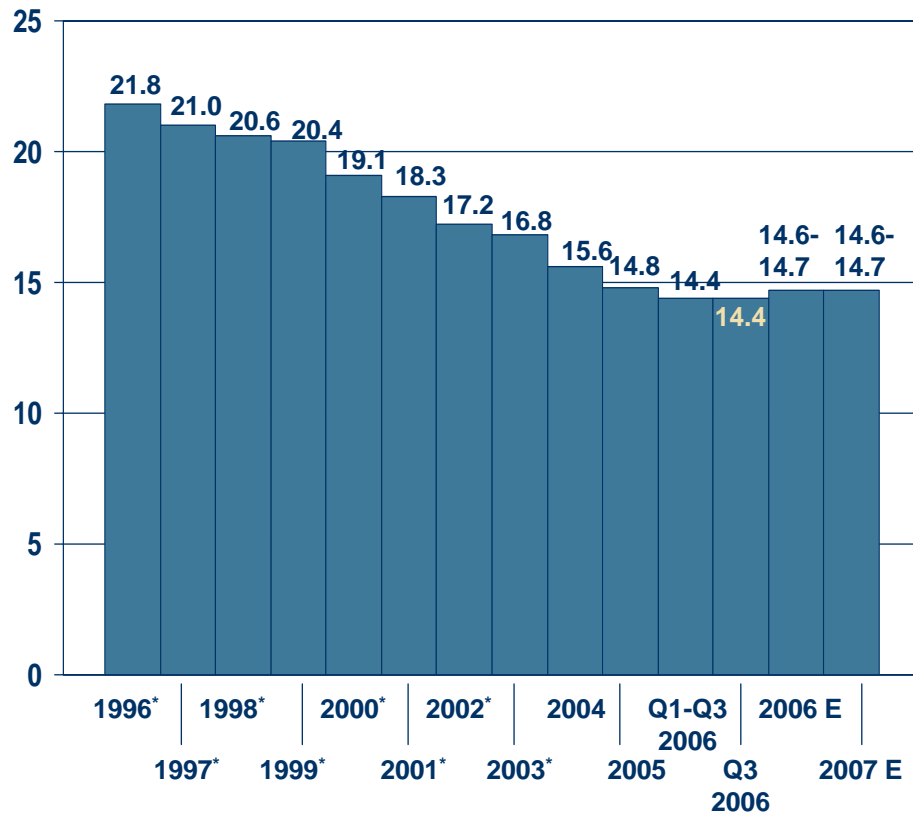
## Upgraded prospects for 2006:

- Expected combined ratio of around 87
- Upgraded profit forecast from not less than DKK 1,350 - 1,450m to 1,450 - 1,550m
- Upgraded share buy-back programme from at least DKK 1,550m to DKK 1,650m

## Unchanged prospects for 2007:

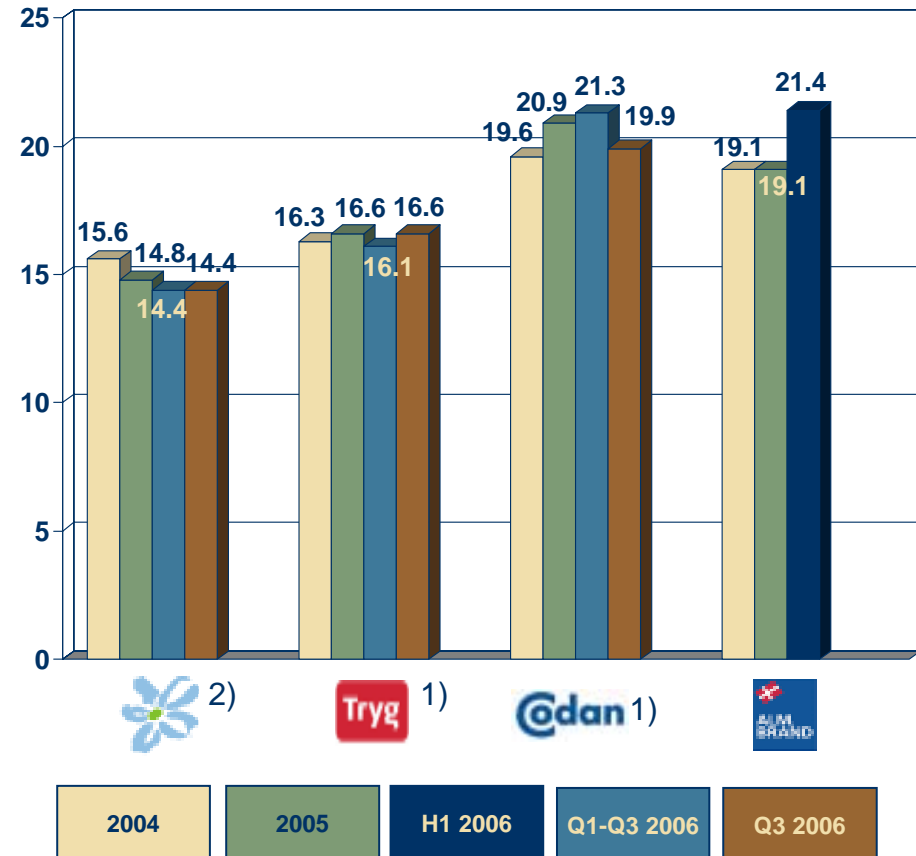
- Expected combined ratio of just over 88
- Expected non-life premium growth of 2%

### Declining expense ratio in Topdanmark



\*Reduced by estimated IFRS effect 1996 - 2003

### Topdanmark has the lowest expense ratio among the major Danish insurance companies

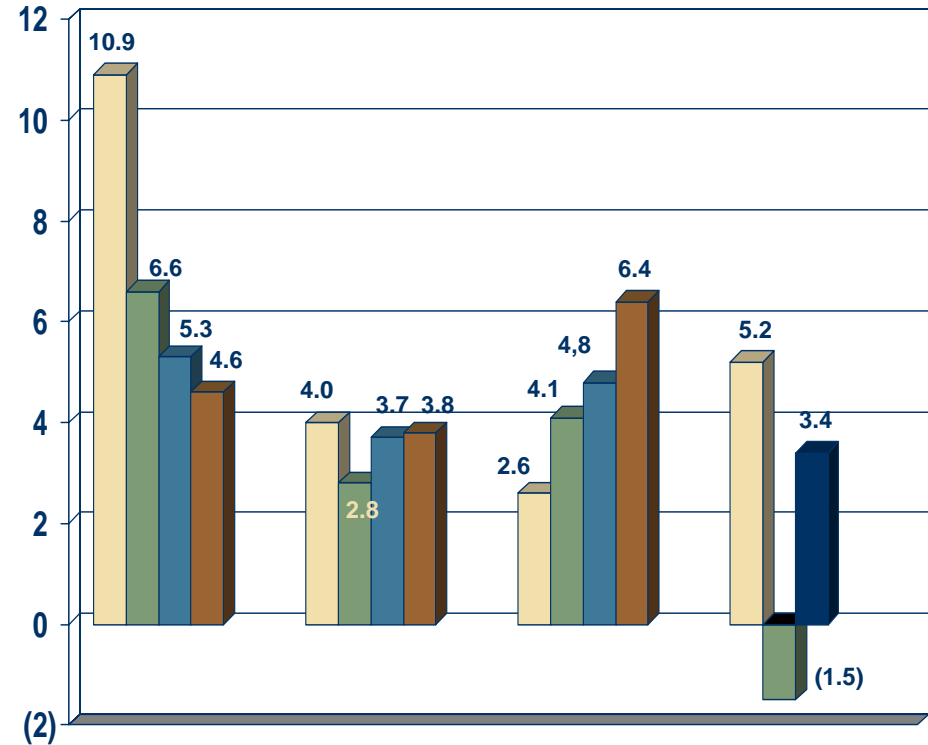
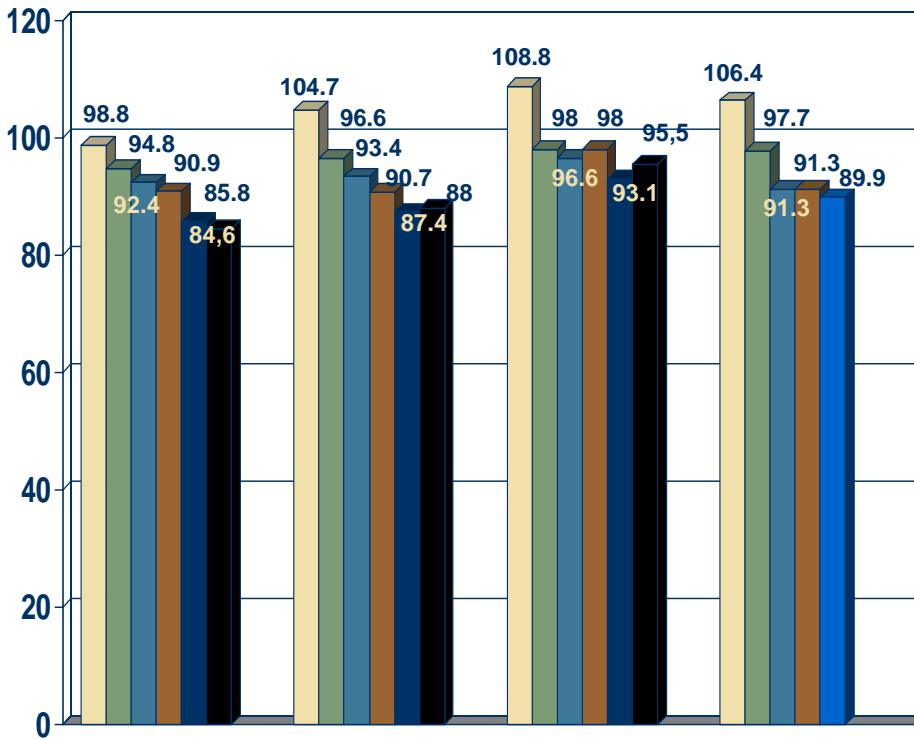


1) Rent from owner-occupied properties not included in expense ratio

2) Excl. rent from owner-occupied properties, the expense ratio would be 0.4 pp lower

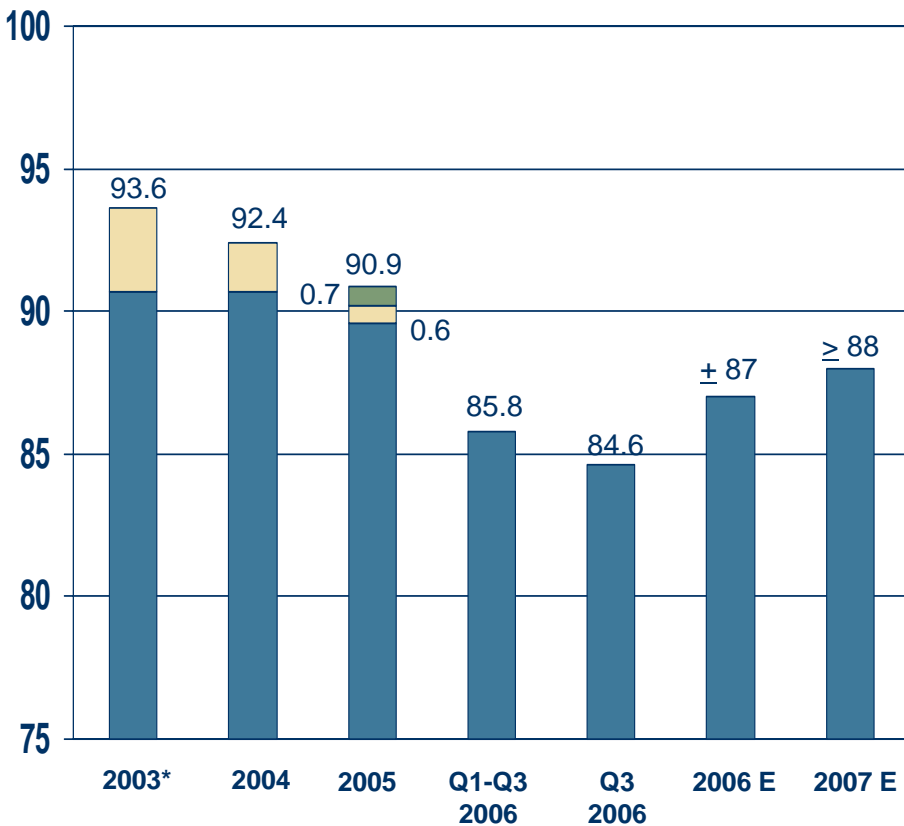
Topdanmark has the lowest CR (Danish insurance)




Comparison of premium growth (Danish insurance)



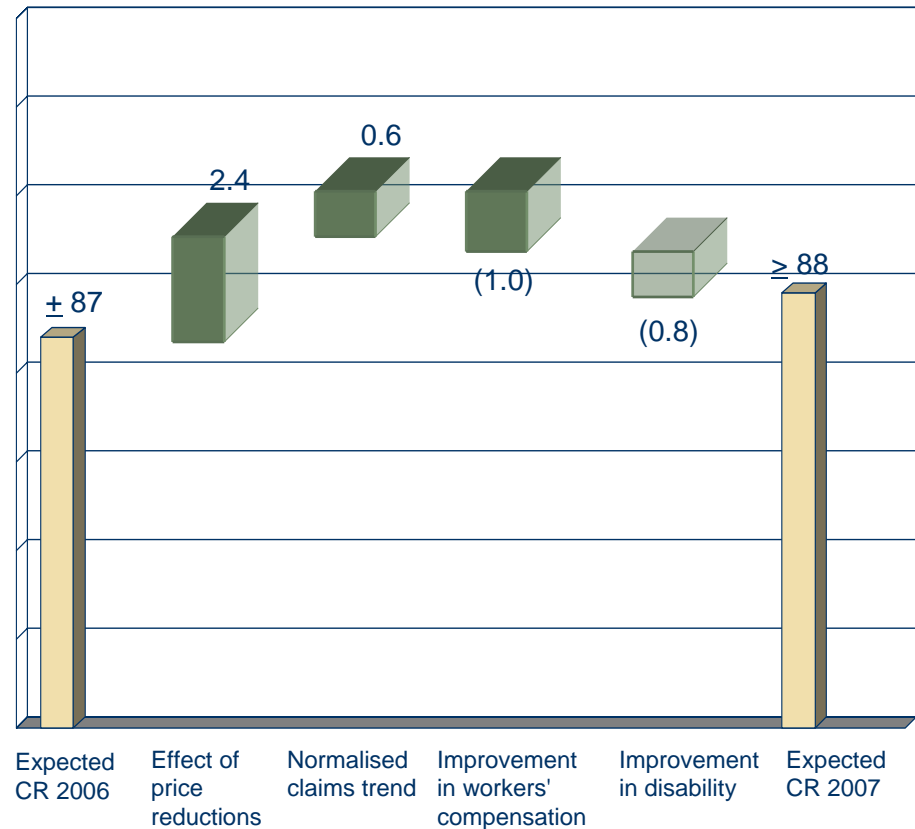
- 1) Rent from owner-occupied properties not included in expense and loss ratios
- 2) Excl. discounting of claims provisions
- 3) Excl. rent from owner-occupied properties, the CR would be 0.6 pp lower

# Expecting continued low CR



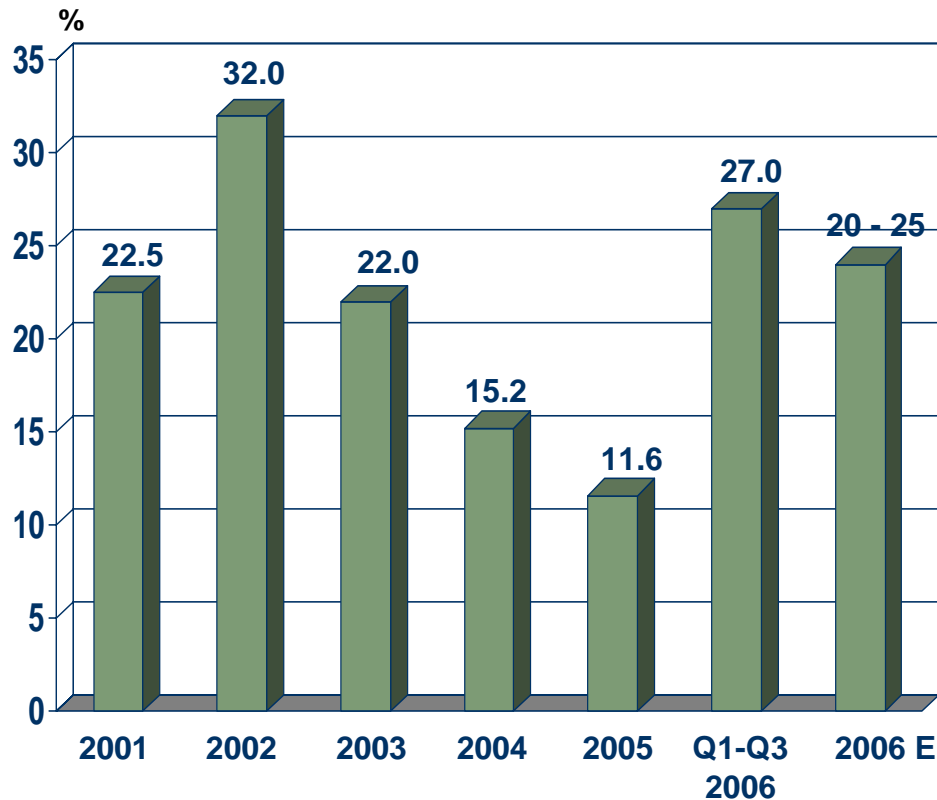
-  Strengthening of provisions
-  January storm adjusted to a normalised level
-  Combined ratio

\*2003 reduced by estimated IFRS effect

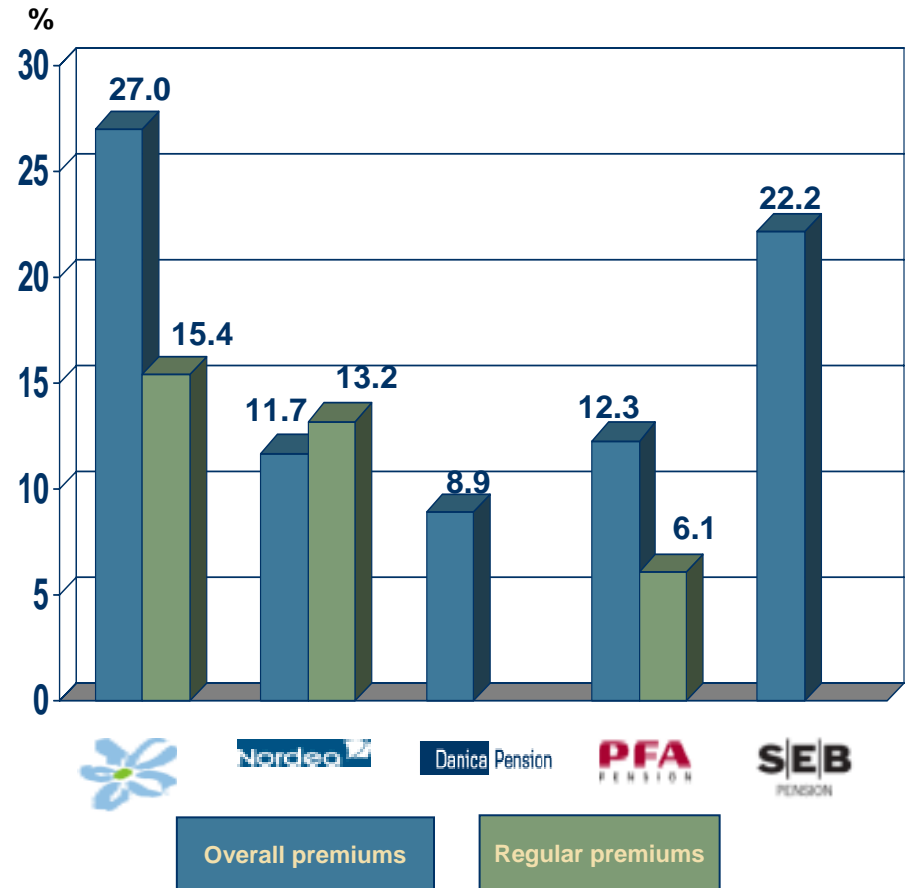


# Continued high premium growth

Premium growth, gross premiums



Comparison of premium growth Q1-Q3 2006



# Prospects in life insurance

- Expected overall premium growth in 2006 adjusted from 25 - 30% to 20 - 25%
- Unchanged expected growth of 10 - 15% in regular premiums in 2006
- Bonus ratio of 11.0% in Liv I, one of the highest of the market
- 5% rate of interest on policyholders' savings in Liv I in 2006
  - Most other market players: 4.5%
- Topdanmark has Denmark's most satisfied life customers
- Increased penetration into large businesses
- New market interest rate product introduced - Profile Pension
  - Expecting increasing proportion of new business in Profile Pension
  - Lower solvency requirement on Profile Pension than on guaranteed products

## Upgrading of 2006 profit forecast

- In announcement No. 15/2006 from 6 Nov 2006, the post-tax profit forecast was upgraded by a minimum of DKK 200m to not less than DKK 1,350 - 1,450m
  - About DKK 60m was due to improved CR in Q3
  - Remainder of upgrade due to increase in investment income
- Due to higher than assumed investment income since 3 Nov 2006 further upgrading of post-tax profit forecast from not less than DKK 1,350m - 1,450m to DKK 1,450 - 1,550m
- Forecast corresponds to a post-tax ROE of 36%

Forecast assumptions for 2006 are based on equity prices at 17 November 2006



## Share buy-back corresponding to a "yield" of 11%

- Expected share buy-back for 2006 also upgraded in announcement No. 15/2006 by a minimum of DKK 200m
  - to at least DKK 1,550m
- Share buy-back for 2006 upgraded in line with profit forecast
  - to DKK 1,650m
- Share buy-back for 2006 corresponds to a "yield" of 11%
- 2006 to date DKK 1,233m shares bought back
- Proportion not bought back in 2006 of remaining DKK 417m shares to be added to ordinary programme for 2007
- Since 1998 Topdanmark has bought back 54.3% of the outstanding shares
  - Average price per share: DKK 255

# [www.topdanmark.com](http://www.topdanmark.com)

- a source of up-to-date  
information on Topdanmark

# 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 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 trend in reinsurance market. Also see “Risk factors” in the Q1 - Q3 2006 interim report.**

**The above description of potential risks is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements relating to the future, should make their own careful considerations on 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 Q1 - Q3 2006 interim report.**

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