

# TOPDANMARK Q1-Q3 2014 RESULTS



# HIGHLIGHTS

## Q1-Q3 2014

- Post-tax profit increased 3.0% to DKK 1,253m
- EPS increased 12.7% to DKK 11.5
- CR: 86.7 (Q1-Q3 2013: 88.5)
- CR excl. run-off: 90.6 (Q1-Q3 2013: 91.6)
- Premium growth: Non-life 2.8% and life 32.0%

## Q3 2014

- Post-tax profit declined 28.9% to DKK 308m
- EPS declined 21.6% to DKK 2.9
- CR: 88.3 (Q3 2013: 89.1)
- CR excl. run-off: 92.3 (Q3 2013: 91.7)

## Profit forecast model for 2014

- Assumed non-life premium growth unchanged at 2-3%
- Assumed CR for full year 2014 adjusted from around 89 to around 88 excl. run-off in Q4 2014
- Profit forecast model for 2014 adjusted from DKK 1,300-1,400m to DKK 1,350-1,450m excl. run-off in Q4 2014 ~ EPS of DKK 13.0

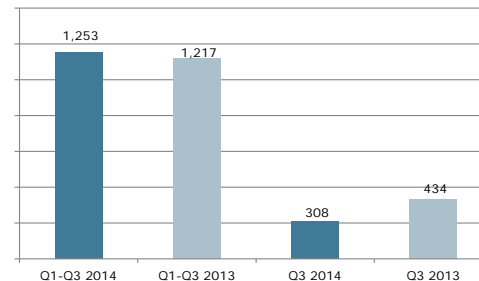
## Share buy-back

- Buy-back programme for 2014 increased by DKK 50m to DKK 2.1bn
  - Buy-back yield: 11.1%
- Balance of DKK 565m of buy-back programme for 2014

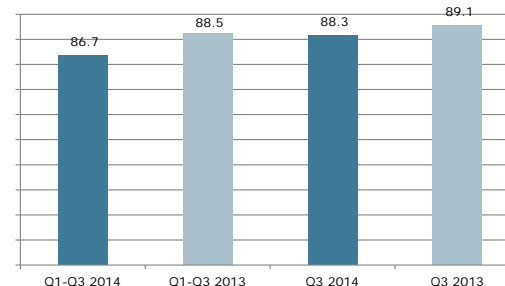
## Assumptions for 2015

- Assumed premium growth of 1-2% in non-life insurance and assumed CR of around 91

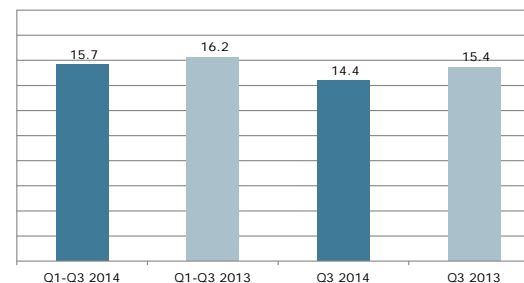
Profit (DKKm)



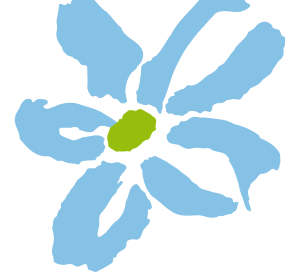
Combined ratio



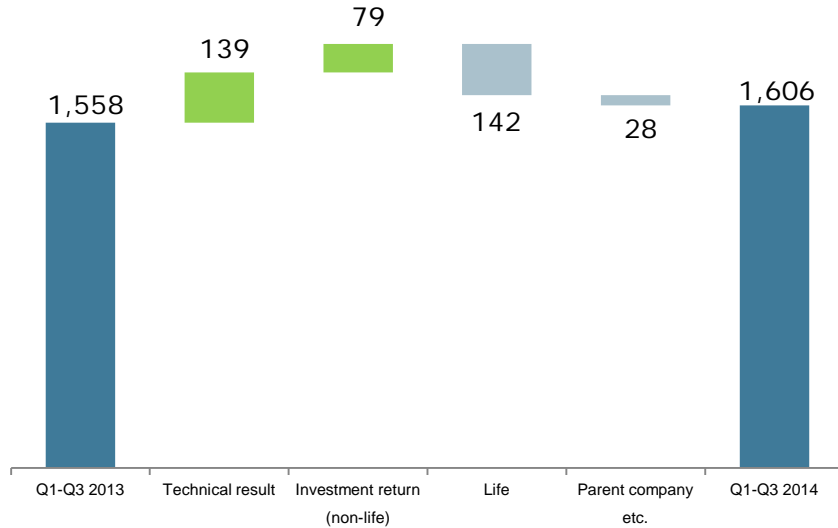
Expense ratio



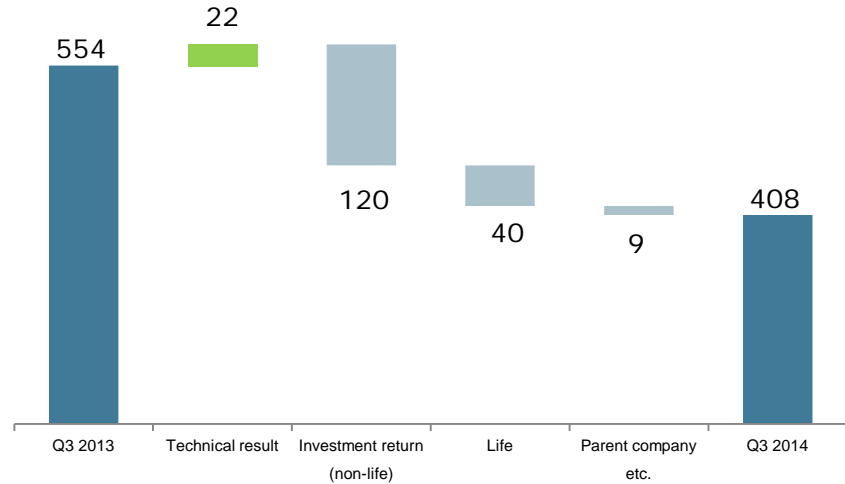
# TREND IN PRE-TAX RESULTS



Q1-Q3 2013-Q1-Q3 2014

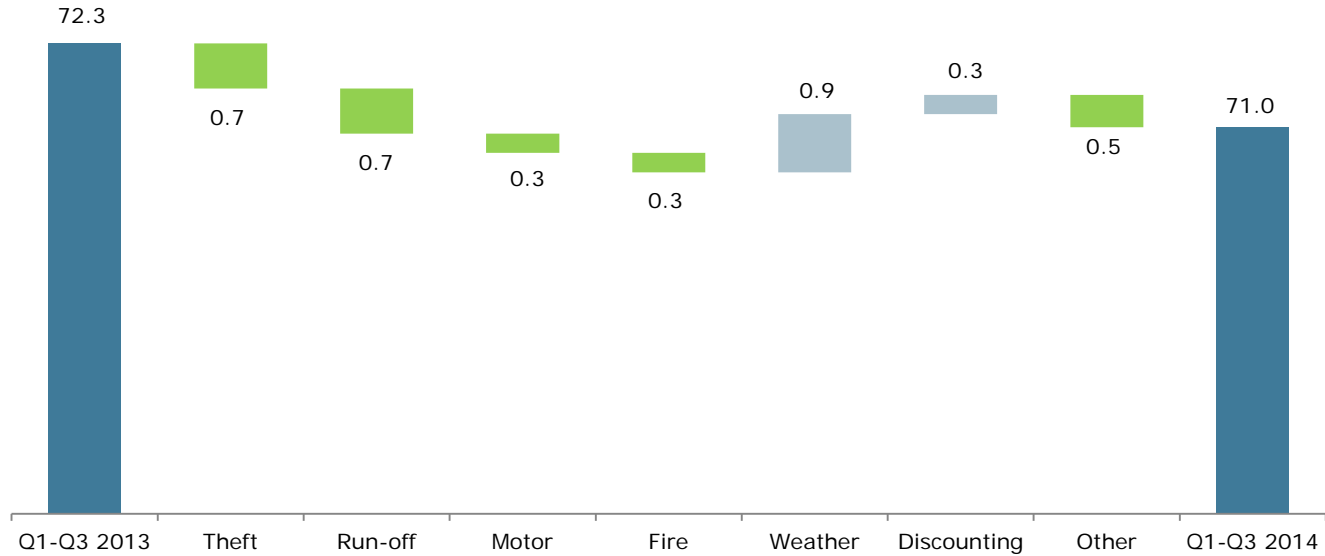


Q3 2013-Q3 2014



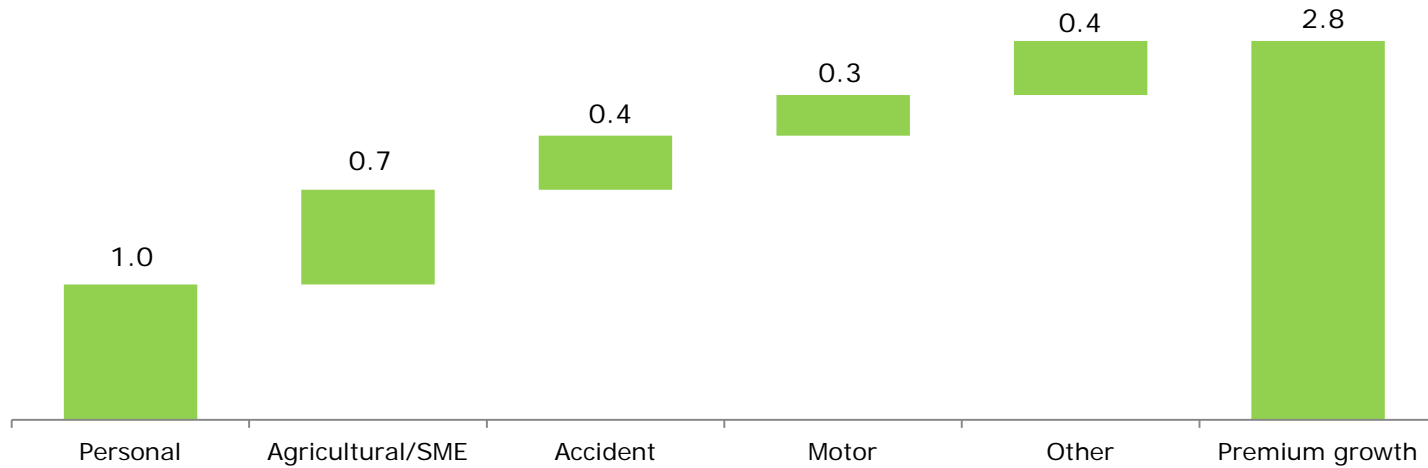
# CLAIMS TREND

## Q1-Q3 2013-Q1-Q3 2014

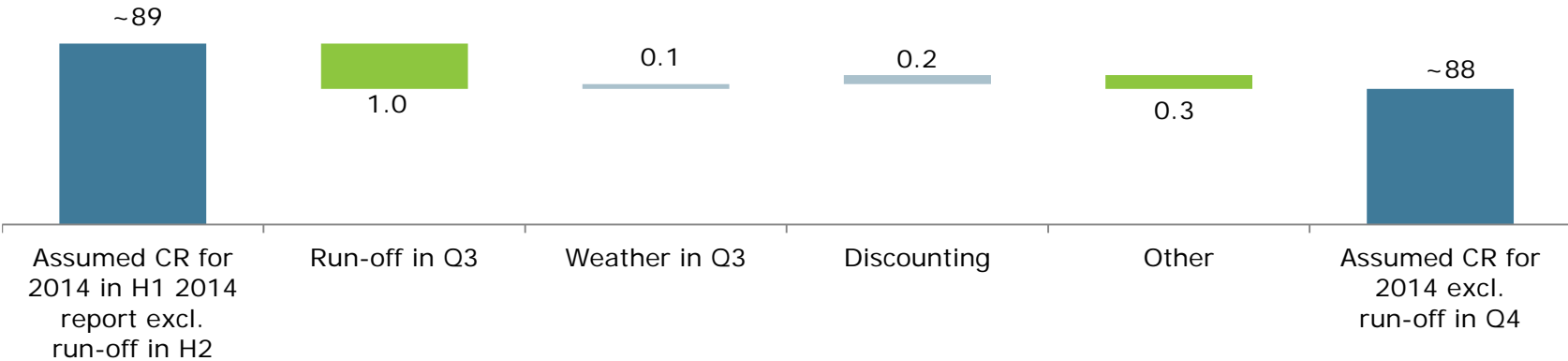


# PREMIUM GROWTH (%)

Q1-Q3 2013-Q1-Q3 2014



# ASSUMED CR ADJUSTED FROM AROUND 89 TO AROUND 88 FOR 2014 EXCL. RUN-OFF IN Q4 2014



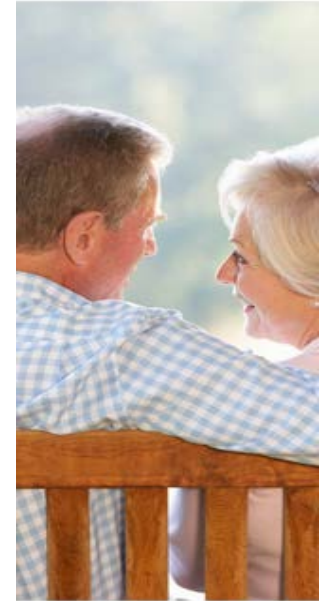
**Assumptions for CR in 2014**

- A normal year for weather with weather-related claims of DKK 50m in Q4
- A level of interest rates corresponding to the interest rate curve on 7 November 2014
- An expense ratio slightly lower than 16



# RESULTS – LIFE INSURANCE

Result of life insurance (DKK <sup>m</sup> )	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Investment return	100	30	23	72	96
Risk return	164	41	36	118	110
Transferred, shadow account	171	30	16	148	4
Other	7	1	(13)	2	(12)
<b>Profit on life insurance</b>	<b>442</b>	<b>102</b>	<b>62</b>	<b>340</b>	<b>198</b>
<b>Maximum shadow account end of period</b>	72			93	17
<b>Estimated value of shadow account end of period</b>	10			43	17



# PROSPECTS FOR LIFE INSURANCE 2014

- Improved competitiveness due to favourable investment returns
- Assumed growth of 0-5% in regular premiums in 2014
- Assumed recognition as income of the full risk return from all interest rate groups, corresponding to DKK 140-150m,
- Risk return and shadow account will be considered when finalising the 2014 Annual Report
- The DFSA has announced that the change of the concept of shadow account has been postponed from 1 January 2015 until 1 January 2016



# INVESTMENT RETURN

## - FOR TOPDANMARK GROUP EXCL. LIFE INSURANCE

Investment return	Portfolio 30 Sep											
	2013		2014		Return Q3 2013		Return Q3 2014		Return Q1-Q3 2013		Return Q1-Q3 2014	
	(DKKbn)	(DKKbn)	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%
Danish equities	0.5	0.5	50	12.8	4	0.6	86	23.6	101	21.2		
Foreign equities	0.8	0.9	31	3.6	1	0.1	85	10.2	49	5.5		
Government and mortgage bonds	10.7	10.8	67	0.6	53	0.5	117	1.0	216	2.0		
Credit bonds	0.5	0.4	20	3.5	3	0.9	37	6.6	19	4.5		
CDOs	0.8	0.7	34	4.1	18	2.4	152	20.5	99	14.2		
Properties	1.4	1.4	21	1.5	1	0.1	59	4.3	35	2.5		
Assets related to I/A	2.1	2.2	30	1.5	38	1.8	69	3.3	159	7.7		
Money market etc.	3.0	3.4	5	0.1	(5)	(0.1)	(20)	(0.6)	(17)	(0.5)		
Subordinated loan capital	(1.2)	(1.2)	(13)	(1.2)	(15)	(1.4)	(44)	(3.8)	(46)	(3.9)		
Interest-bearing debt	(0.1)	(0.4)	(3)	(0.5)	(1)	(0.2)	(6)	(0.9)	(2)	(0.7)		
	18.5	18.7	241	1.3	98	0.5	535	2.8	614	3.3		
Asset management			16		15		47		37			
<b>Total investment return</b>			<b>257</b>		<b>112</b>		<b>583</b>		<b>651</b>			
<b>Transferred return technical provisions</b>												
Discounting			(45)		(35)		(121)		(118)			
Technical interest			(3)		(1)		(12)		(7)			

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 government and mortgage bonds and assets related to I/A (illness/accident) includes revaluations of claims provisions. The return on properties includes revaluation and reversed revaluation of owner-occupied property, which has been included in other comprehensive income.



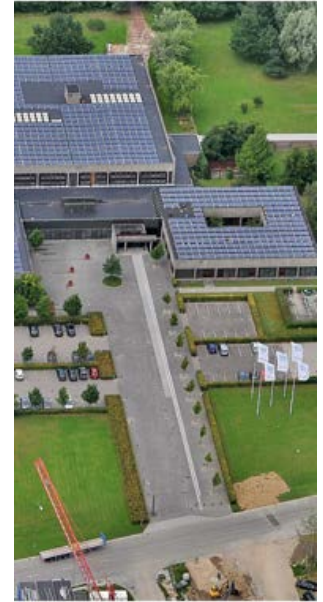
# PROFIT FORECAST MODEL FOR 2014

Profit forecast 2014 (DKKm)	Results 2013		Forecast 2014 8 August 2014		Forecast 2014 7 November 2014		Forecast 2014 7 November 2014
Non-life insurance							
- Technical result	765	980	-	1,030	1,060	-	1,110
- Investment return after transfer to technical result etc.	595	470	-	520	470	-	520
Profit on non-life insurance	1,361	1,450	-	1,550	1,530	-	1,630
Life insurance	442	200	-	230	190	-	220
Parent company etc.	73	10	-	20	10	-	20
Pre-tax profit	1,875	1,660	-	1,800	1,730	-	1,870
Taxation	(407)	(360)	-	(400)	(380)	-	(420)
<b>Profit for the year</b>	<b>1,468</b>	<b>1,300</b>	-	<b>1,400</b>	<b>1,350</b>	-	<b>1,450</b>

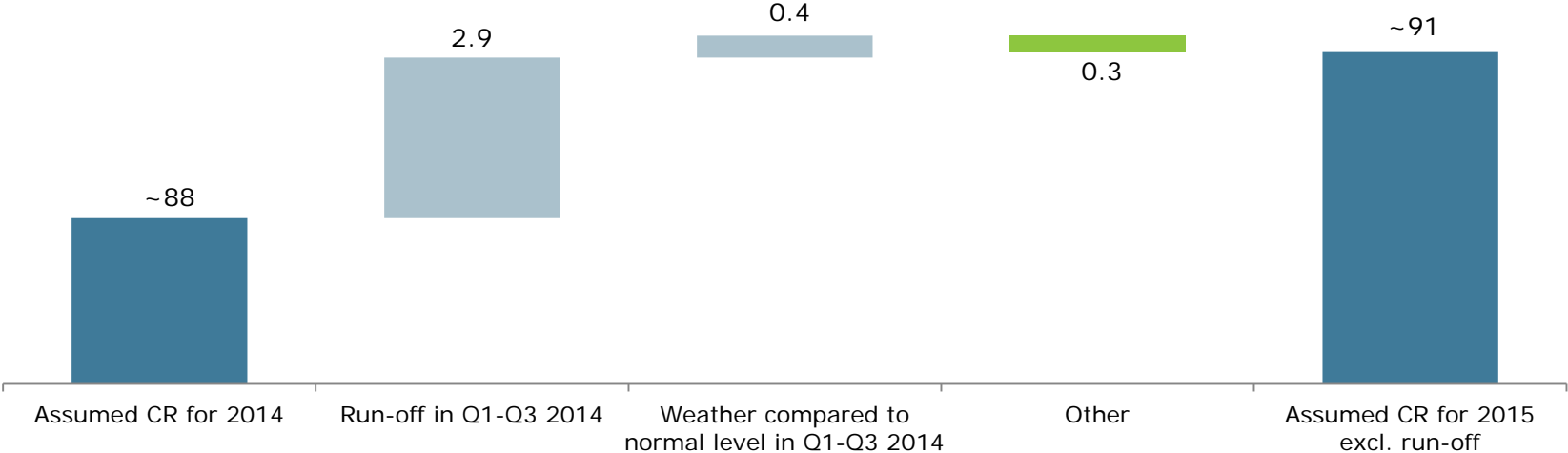
Representing EPS of DKK 13.0

# BUY-BACK FOR 2014 UPGRADED BY DKK 50M TO DKK 2.1BN

- Buy-back yield of 11.1%
- To date in 2014 shares of DKK 1,535m bought back
- Leaving a balance of DKK 565m of buy-back for 2014
- Since 1998 Topdanmark has cancelled 72.1% of outstanding shares
- From 2000 to 2013 average buy-back yield of 9.5%



# ASSUMED CR OF AROUND 91 FOR 2015 EXCL. RUN-OFF



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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 interim report for Q1-Q3 2014.

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