



# Topdanmark's 2012 results

# Highlights

## 2012

- Post-tax profit increased 78% to DKK 1,823m. Profit per share increased 91% to DKK 142.1
- This profit of DKK 1,823m was better than assumed (DKK 1,550-1,650m)
- CR: 88.0 (2011: 90.3)
- CR excl. run-off profits: 90.3 (2011: 92.0)
- Investment return: DKK 1,336m (2011: DKK 652m)
- Premium growth: non-life 1.1%, life 4.3% decline

## Q4 2012

- Post-tax profit increased 29% to DKK 453m
- CR: 88.2 (Q4 2011: 89.6)
- CR excl. run-off profits: 91.7 (Q4 2011: 91.5)
- Premium growth: non-life 0.3%, life 21.7% decline

## Profit forecast model for 2013

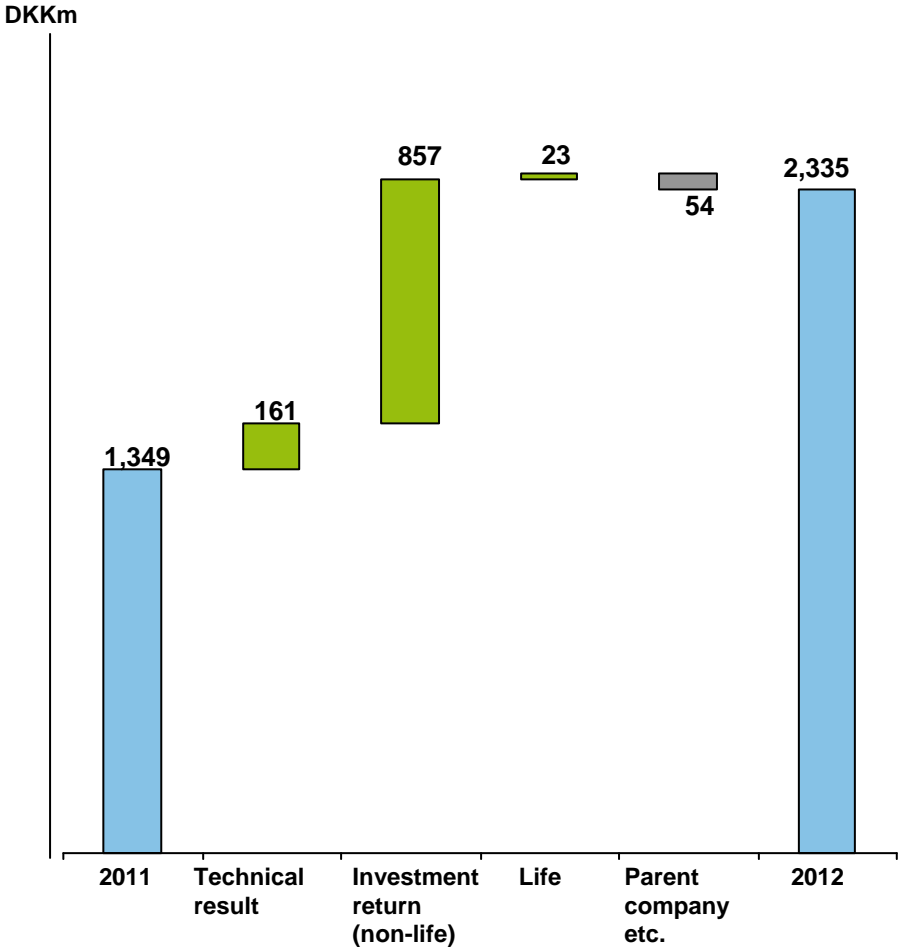
- Unchanged premium growth of 1-2% in non-life
- CR adjusted from around 91 to 91-92 excl. run-off profits / losses primarily due to the early retirement reform
- Post-tax profit forecast model of DKK 1,050-1,150m

## Share buy-back programme for 2013

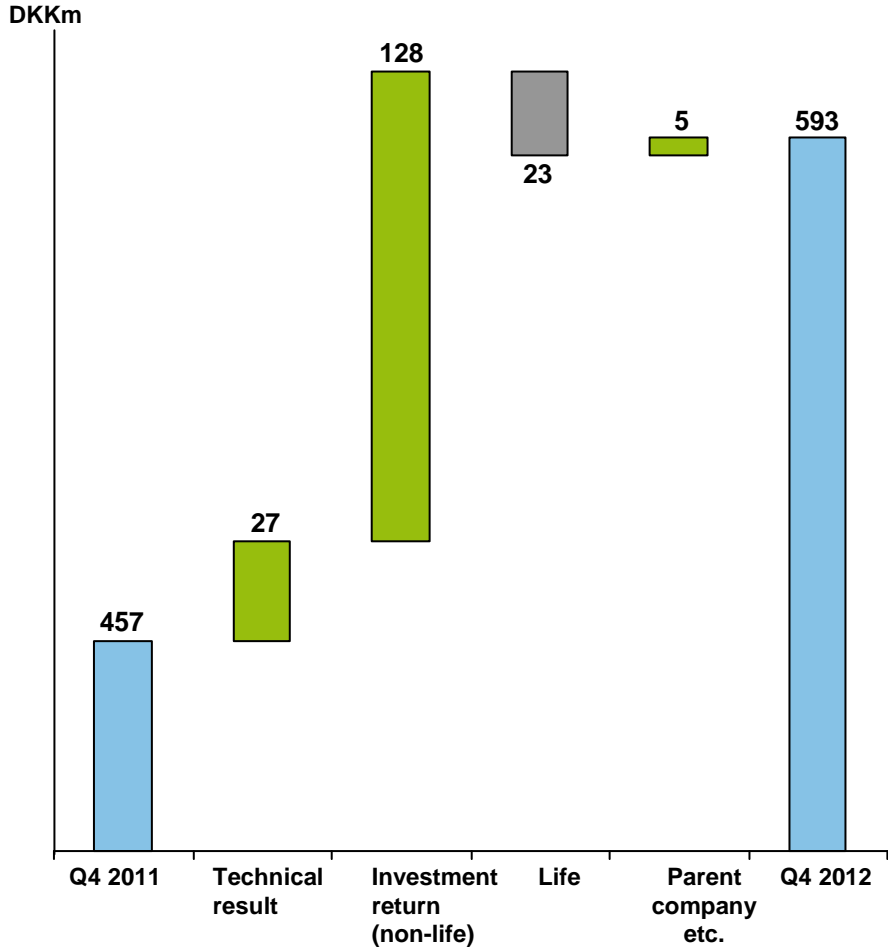
- Buy-back programme for 2013: DKK 2,000m
  - Of which DKK 500m transferred from buy-back programme for 2012
  - Buy-back yield: 12.4%

# Trend in pre-tax results

2011-2012

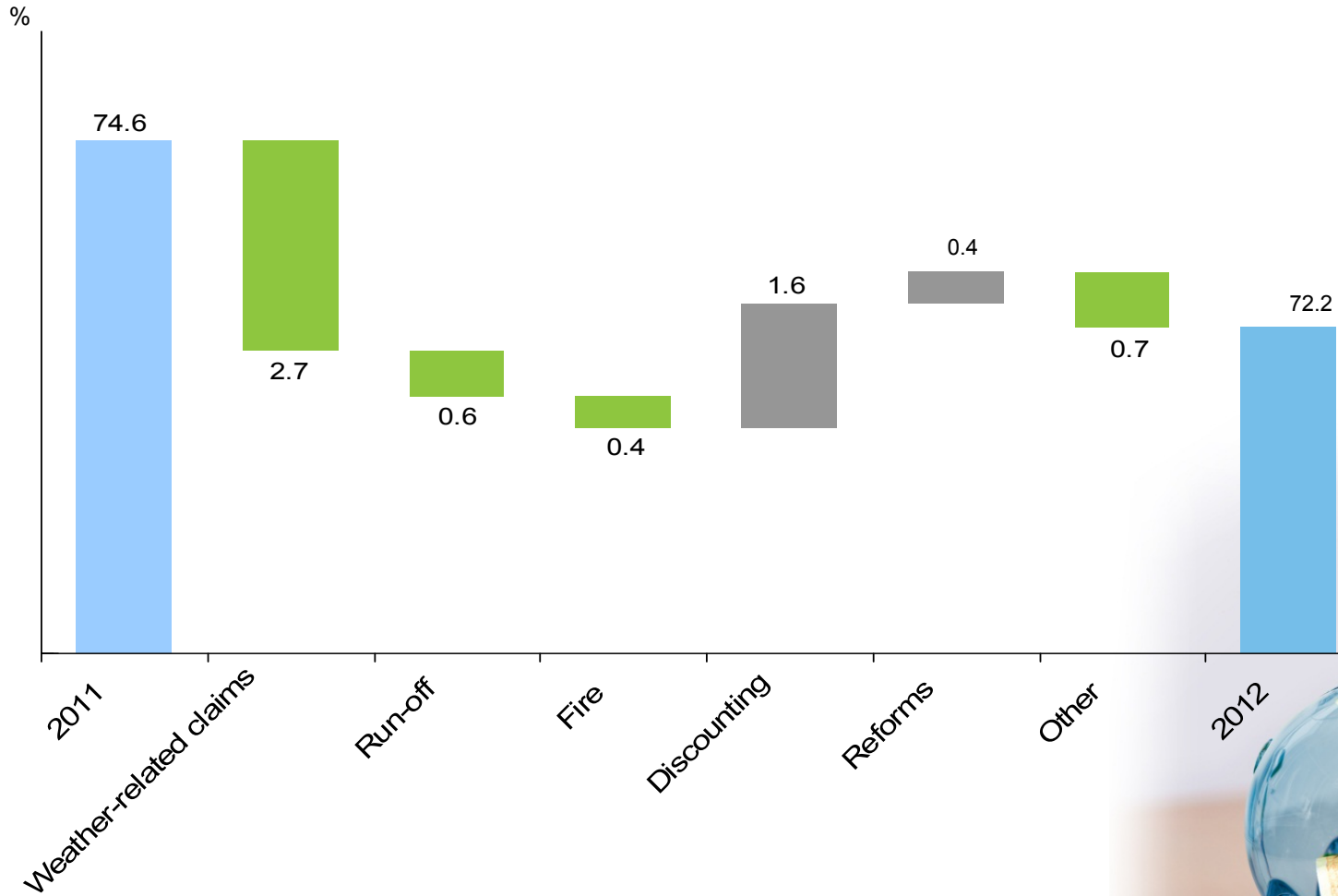


Q4 2011-Q4 2012



# Claims trend

2011-2012



# Assumed premium growth of 1-2% in 2013

Effect of automatic price indexation 1.3%

+ Personal segment

+ SME

+ Farms

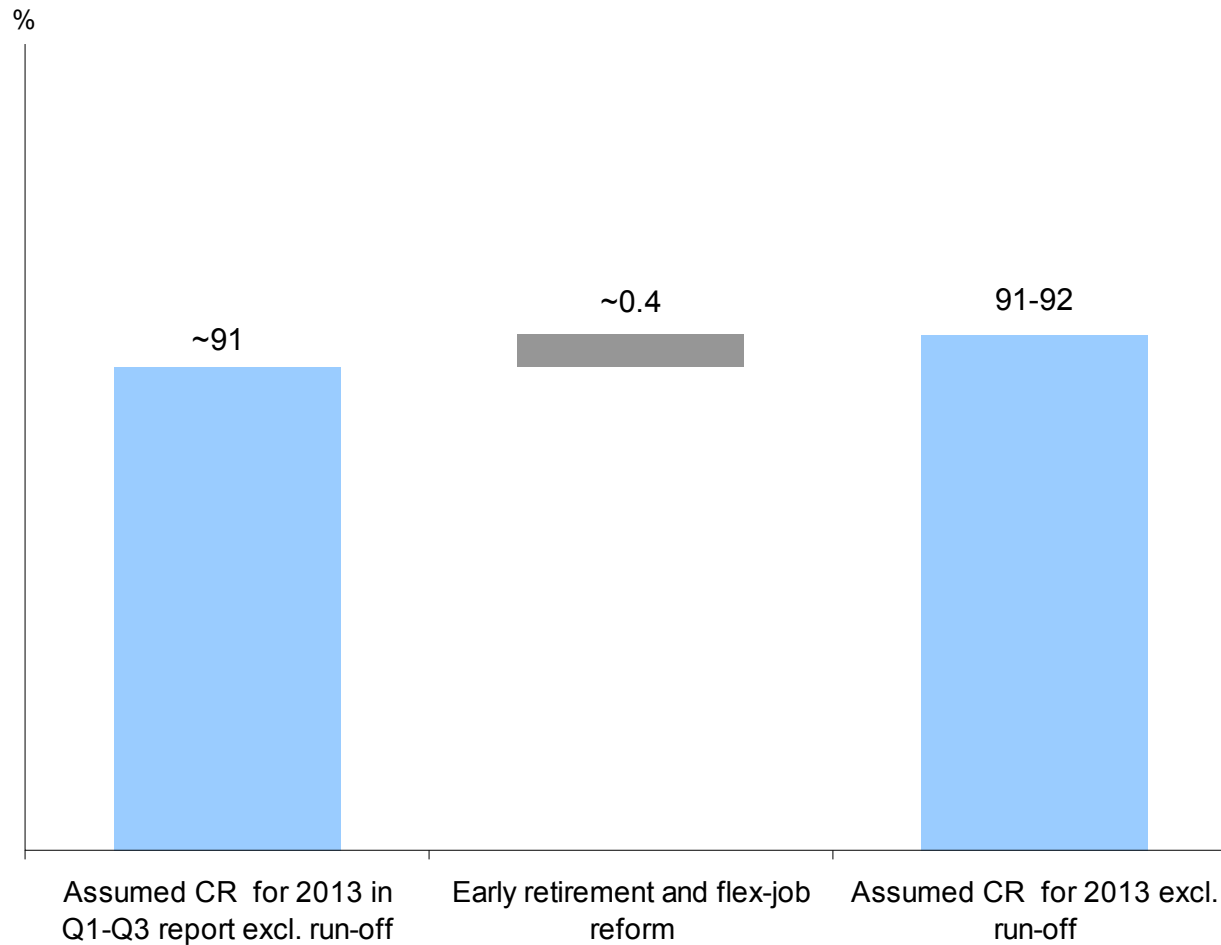
- Major businesses

- Measures taken to improve profitability

Overall expected premium growth 1-2%



# Assumed CR of 91-92 for 2013 excl. run-off



## Assumptions for CR in 2013

- A normal year in terms of weather, with weather-related expenses of DKK 170m
- A level of interest rates corresponding to the interest rate curve on 22 February 2013
- An expense ratio of 16

# Results – Life insurance

(DKKm)	2011			2012		
	Life I	Life V	Group	Life I	Life V	Group
Investment return	63	41	105	73	56	129
Risk allowance	117	61	178	105	60	165
Transferred, shadow account	(112)	(2)	(114)	(116)	(2)	(117)
Other			18			34
<b>Profit on life insurance</b>			<b>187</b>			<b>210</b>
<b>Shadow account end of period</b>	<b>112</b>	<b>2</b>	<b>114</b>	<b>233</b>	<b>4</b>	<b>236</b>

# Prospects for life insurance 2013

The forecast included a decline in regular premiums of around 5% primarily due to the tax reform

Recognition as income of risk allowance for the year of DKK 160-170m and around DKK 140m from shadow account

Results highly sensitive to fluctuations in investment return

Risk allowance and shadow account will be considered when finalising the 2013 Annual Report





# Investment return

– for Topdanmark Group excl. life insurance

Investment return	Portfolio 31 Dec											
	2011		2012		Return Q4 2011		Return Q4 2012		Return 2011		Return 2012	
	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)
Danish equities	0.3	0.4	8	1.5	(13)	(3.6)	(55)	(14.1)	44	12.9		
Foreign equities	0.8	0.7	31	3.7	28	3.3	(56)	(6.8)	112	15.1		
Government and mortgage bonds	12.7	11.4	48	0.4	140	1.2	277	2.2	525	4.4		
Credit bonds	0.5	0.6	(7)	(0.8)	28	5.2	6	1.0	98	21.2		
CDOs	0.7	0.8	58	8.5	85	11.8	173	26.0	305	51.6		
Properties	1.4	1.4	33	2.5	(7)	(0.5)	100	7.7	33	2.4		
Assets related to I/A	1.8	2.1	58	3.3	56	2.8	143	8.5	192	10.1		
Money market etc.	2.9	2.3	(1)	(0.1)	(12)	(0.3)	26	0.9	7	0.2		
Subordinated loan capital	(1.2)	(1.2)	(17)	(1.4)	(15)	(1.4)	(52)	(5.3)	(63)	(5.4)		
Interest-bearing debt	(2.7)	(0.4)	(8)	(0.2)	(2)	(0.2)	(27)	(1.0)	(11)	(0.6)		
	17.2	18.2	204	1.2	289	1.6	534	3.1	1,241	6.9		
Asset management			29		54		118		95			
Total investment return			233		343		652		1,336			
<b>Transferred return technical provisions</b>												
Discounting			(65)		(49)		(323)		(217)			
Technical interest			(7)		(2)		(65)		(20)			

The exposure in foreign equities and credit bonds have 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. From 2012 the return related to I/A has been calculated before pension return tax whereas in 2011 it was calculated after pension return tax. The comparatives for 2011 have been restated.

# Profit forecast model for 2013

Profit forecast 2013 (DKKm)	2012	Forecast for 2013		
		22 February 2013		
Non-life insurance				
- Technical result	1,068	740	-	790
- Investment return after transfer to technical result etc.	1,036	220	-	270
Profit on non-life insurance	2,103	960	-	1,060
Life insurance	210	390	-	420
Parent company etc.	22	30	-	40
Pre-tax profit	2,335	1,380	-	1,520
Taxation	(512)	(330)	-	(370)
Profit for the year	1,823	1,050	-	1,150

Representing a profit per share of DKK 95

# Buy-back potential 2013

DKKm	31 Dec 2012	
Shareholders' equity 31 Dec 2012	5,716	
Hybrid capital	406	
Intangible assets	<u>(652)</u>	5,470
Expected post-tax profit (average value)	1,100	
Change in intangible assets	0	
Movements in shareholders' equity (particularly issue and exercise of options)	<u>100</u>	1,200
Expected capital cover 31 Dec 2013		<u>6,670</u>
Estimated necessary Solvency II capital 2013		4,700
Subordinated loan capital - Insurance		<u>-250</u>
Necessary solvency capital - Holding		4,450
Surplus capital / buy-back potential in 2013		2,220

Any Solvency II capital need exceeding DKK 4,700m will be covered by issuing further supplementary capital. Topdanmark Forsikring has issued subordinated loan capital of DKK 100m with step-up in 2015 and expiry in 2018 and further subordinated loan capital of DKK 400m with step-up in 2016 and expiry in 2019. These issues are intended as resources for the change to Solvency II and therefore they will not be included in the share buy-back potential until the actual Solvency II requirement is known.



# Buy-back of DKK 2.0bn in 2013

- Actual buy-back for 2012: DKK 1,200m
  - Buy-back yield of 9.4%
  - In line with assumed level in Q1-Q3 report
- Buy-back programme for 2013: DKK 2.0bn
  - Of which DKK 500m transferred from 2012
- To date in 2013 shares of DKK 294m bought back
- Leaving a balance of DKK 1,706m of buy-back for 2013
- If Topdanmark buys back own shares for less than DKK 2,000m in 2013, the balance will be transferred to 2014
- The DKK 2.0bn buy-back represents a buy-back yield of 12.4%
  - From 2000 to 2012 average buy-back yield has been 9.3%
- Since 1998 Topdanmark has cancelled 66.6% of outstanding shares
  - Average price per share: DKK 378



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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 the trends in the reinsurance market. Also see [www.topdanmark.com](http://www.topdanmark.com) → [Investor](#) → [Risk management](#).

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