

# Topdanmark's results Q1 2006



## Q1 2006:

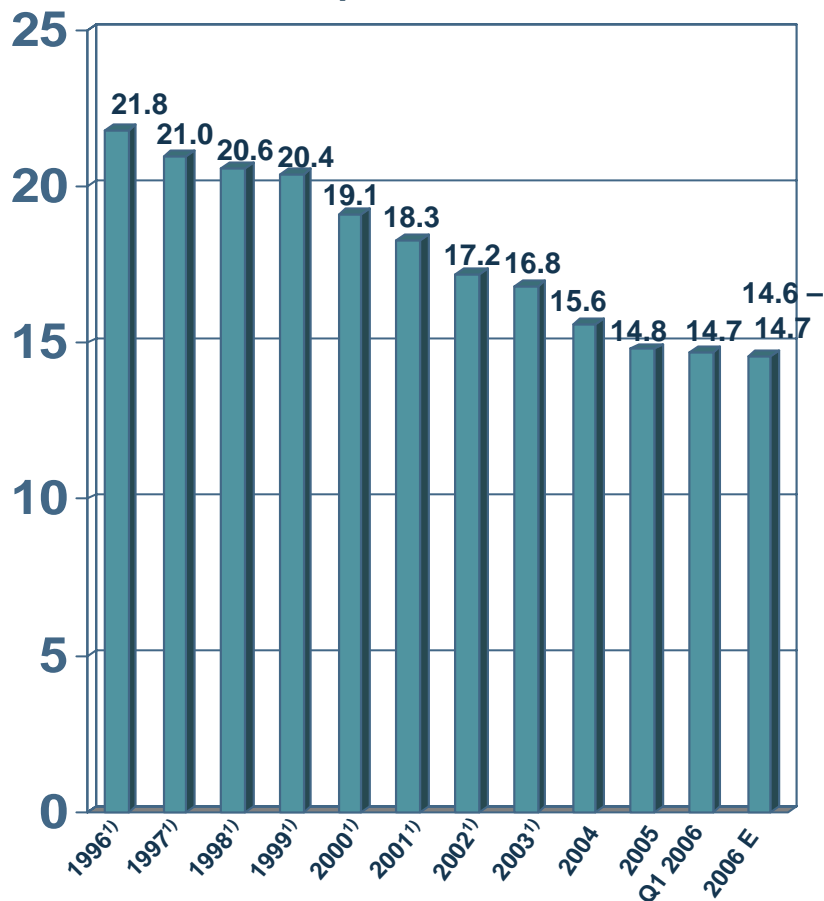
- Post-tax profit increased from DKK 148m to DKK 418m
- Profit per share increased from DKK 7 to DKK 21
- 6.7% premium growth in non-life and 38.6% in life
- 10.0% post-tax ROE (46.5% annualised)
- Expense ratio declined 0.4 pp to 14.7
- Combined ratio declined from 99.0 to 88.8

## Prospects:

- Expected premium growth in non-life in 2006 improved from just over 4% to just under 5%
- Expected premium growth in life in 2006 improved from 5% to around 15%
- Expected combined ratio for 2006 adjusted from around 90 to around 89
- Profit forecast for 2006 upgraded by DKK 150m to DKK 1,150 – 1,250m
- Share buy-back programme also upgraded by DKK 150m to DKK 1,350m

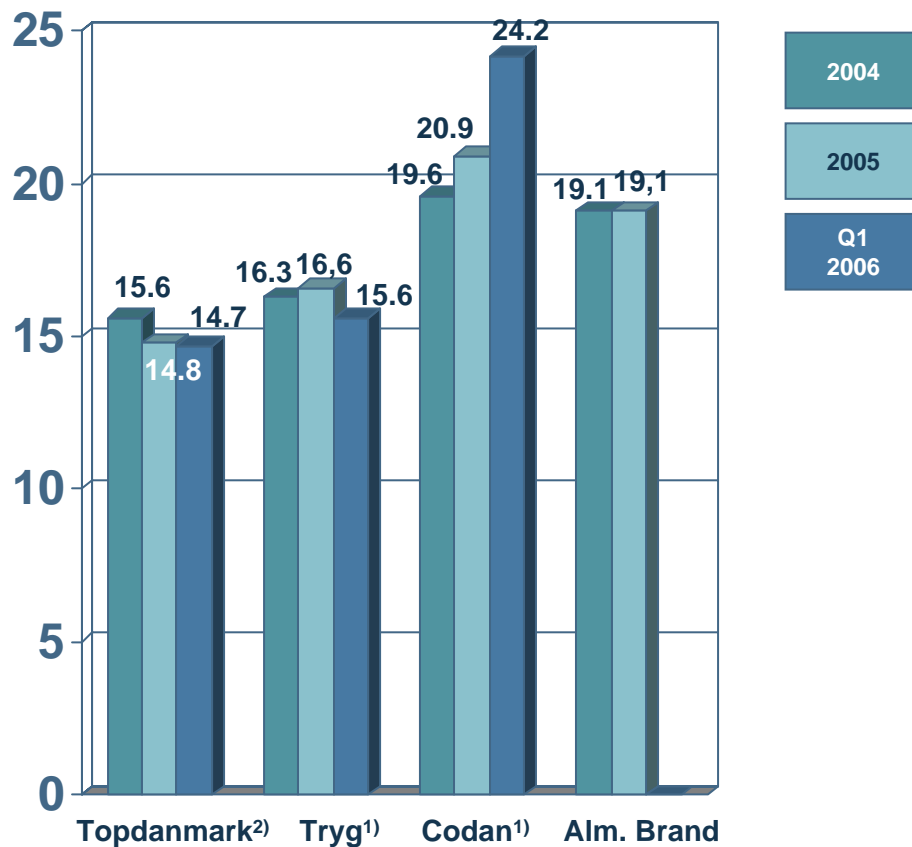
# Enhanced difference in expense ratio

### Topdanmark



<sup>1)</sup> Reduced by estimated IFRS effect 1996-2003

### Danish non-life insurance

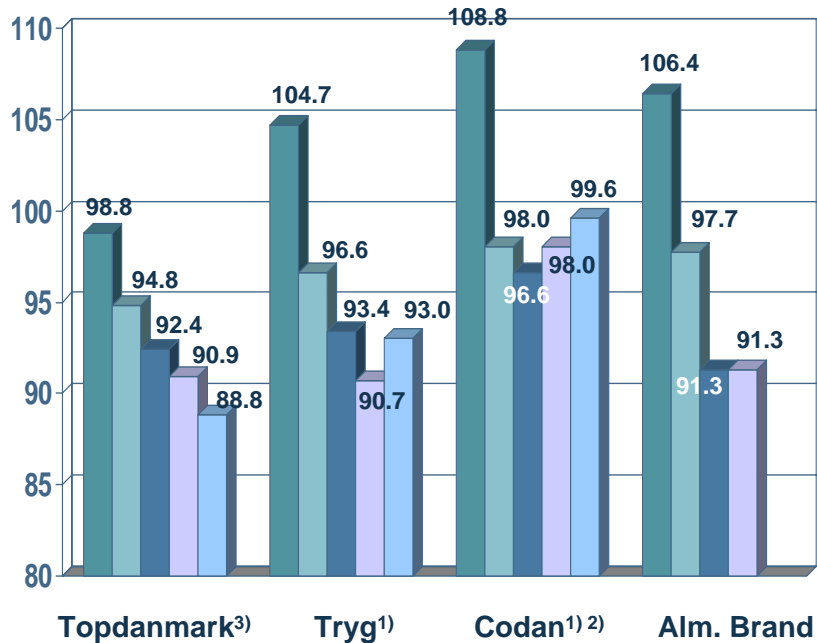


<sup>1)</sup> Rent from owner-occupied properties not included in expense ratio

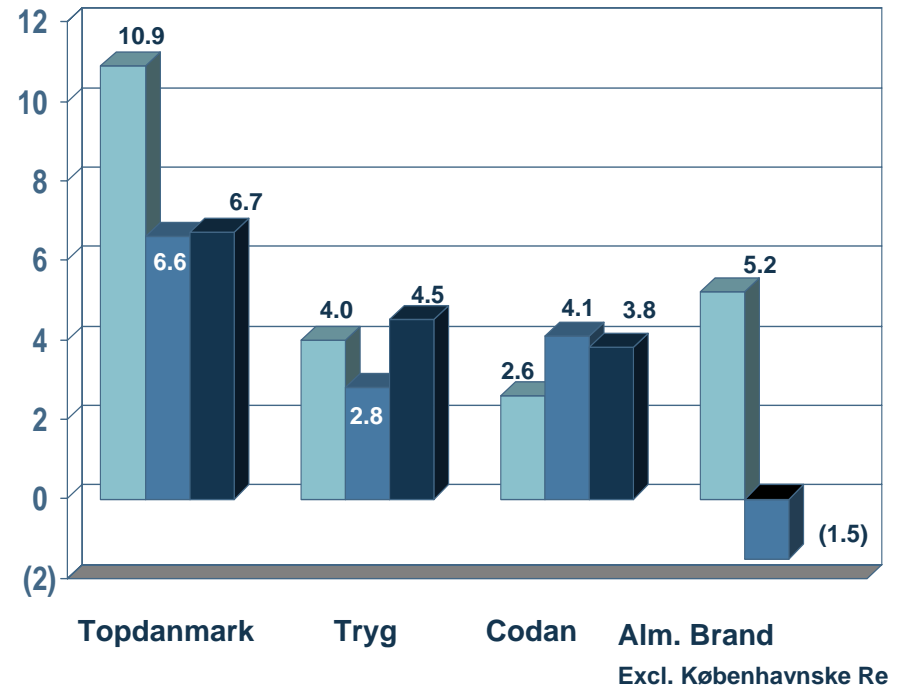
<sup>2)</sup> Excl. rent from owner-occupied properties, the expense ratio would be 0.4 pp lower

# Higher premium growth than market

Combined ratio (Danish insurance)

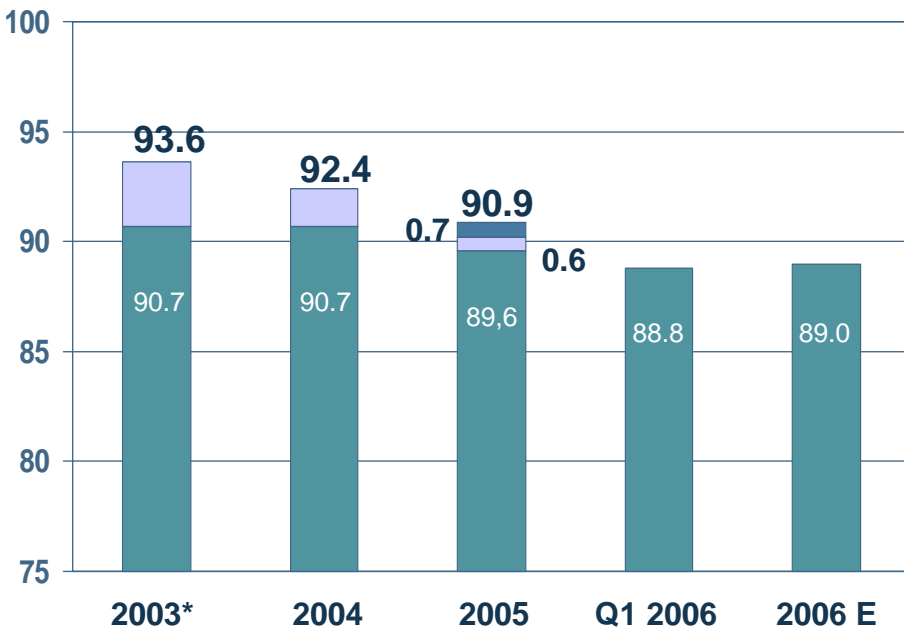


Premium growth (Danish insurance)



- 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 combined ratio would be 0.6 pp lower

# Downwards trend in combined ratio



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

\* 2003 reduced by estimated IFRS effect

## Downwards trend in combined ratio:

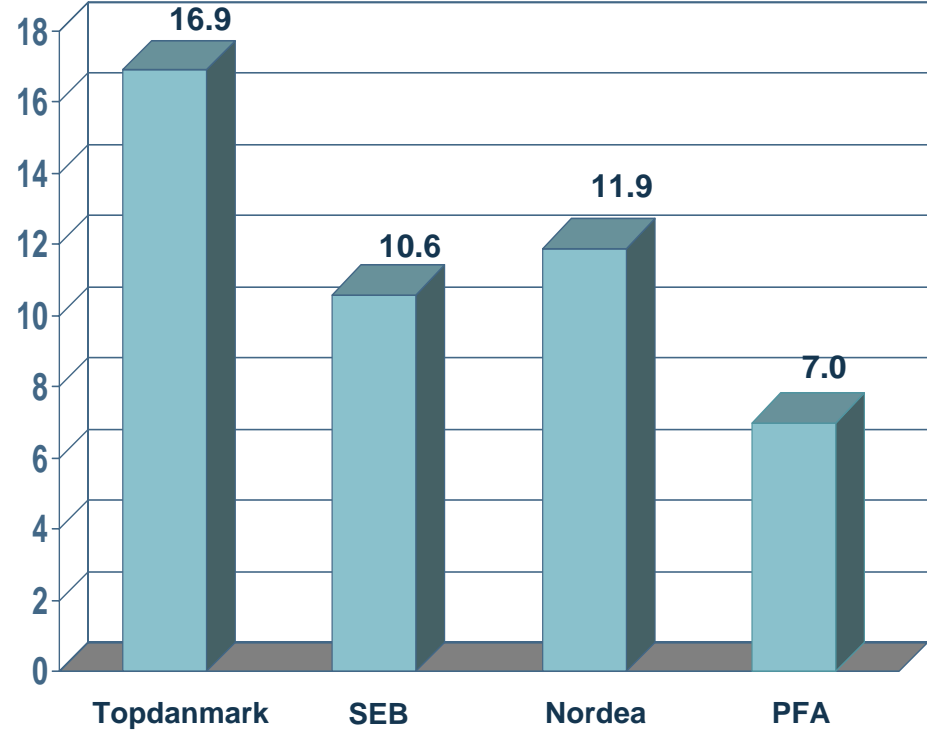
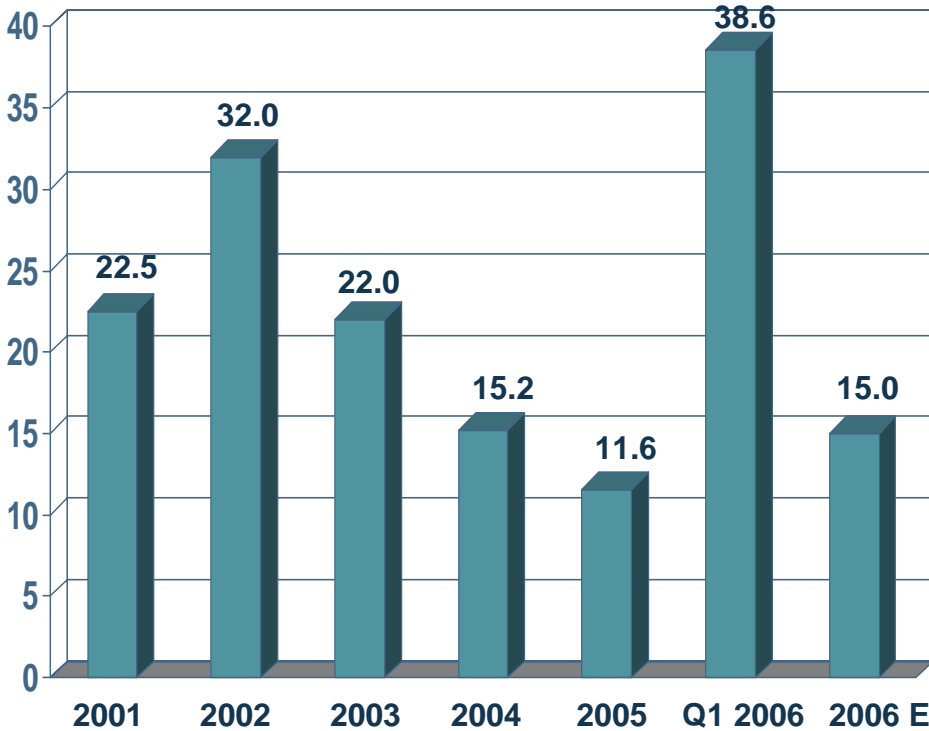
- Improvement in workers' compensation
- Declining loss ratio due to increase in interest rates
- Falling motor claims frequency

Providing good opportunities for resisting increased competition

# Continued high growth in regular premiums

### Premium growth, gross premiums

### Comparison of premium growth in regular premiums



Topdanmark

Q1 2006

Expected premium growth in 2006 increased from 5% to 15%

- Over 10% in regular premiums

Bonus ratio of 11.7% 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%

Increased customer mobility

Increased penetration into large businesses

New market interest rate product introduced – Profile Pension

- Expecting increasing proportion of new business in market interest rate product
- Later offering existing customers with guaranteed pension benefits to switch over to market interest rate product

# Upgraded profit forecast for 2006

- Post-tax profit forecast for 2006 of DKK 1,000 – 1,100m in 2005 Annual Report
- Given the trend in 2006 to date, post-tax forecast for investment result and combined ratio improved by:

Investment result	DKK 86m
Combined ratio corresponding to	<u>DKK 64m</u>
Total	DKK 150m

- Post-tax profit forecast for 2006 upgraded by DKK 150m to DKK1,150 –1,250m
  - Corresponding to a post-tax ROE of 28%

Forecast assumptions for 2006 are based on equity prices at 19 May 2006



# Share buy-back corresponding to a “yield” of 10%

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Expected share buy-back also upgraded by DKK 150m to DKK 1,350m in 2006

2006 share buy-back corresponding to a “yield” of 10%

2006 to date DKK 505m shares bought back

Since 1998 Topdanmark has bought back just over 52% of the outstanding shares

- Average price per share: DKK 227

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

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

**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 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 2006 interim report.**

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