

# TOPDANMARK H1 2016 RESULT



# HIGHLIGHTS

## H1 2016

- Post-tax profit: DKK 594m (H1 2015: DKK 651m)
- EPS: DKK 6.3 (H1 2015: DKK 6.3)
- CR: 86.0 (H1 2015: 84.9)
- CR excl. run-off: 90.1 (H1 2015: 88.8)
- Premium growth: 1.9% decline in non-life and 30.5% increase in life insurance
- Investment return: DKK 107m (H1 2015: DKK 88m)

## Q2 2016

- Post-tax profit: DKK 430m (Q2 2015: DKK 365m)
- EPS: DKK 4.6 (Q2 2015: DKK 3.6)
- CR: 86.2 (Q2 2015: 78.7)
- CR excl. run-off: 88,5 (Q2 2015: 84.4)
- Premium growth: 1.4% decline in non-life insurance and 28.8% increase in life insurance
- Investment return: DKK 198m (Q2 2015: DKK 56m loss)

## Profit forecast model for 2016

- For the full year 2016, assumed CR remains around 89 excl. run-off in H2 2016
- Profit forecast model for 2016 upgraded by DKK 100m to DKK 1,000-1,100m excl. run-off in H2 2016 ~ EPS DKK 11.5
- Assumed negative premium growth for non-life insurance in 2016

## Buy-back of Topdanmark shares

- Buy-back programme for 2016 increased by DKK 100m to DKK 1,450m
  - Buy-back yield of 9.0%
- Balance of buy-back programme for 2016 DKK 851m

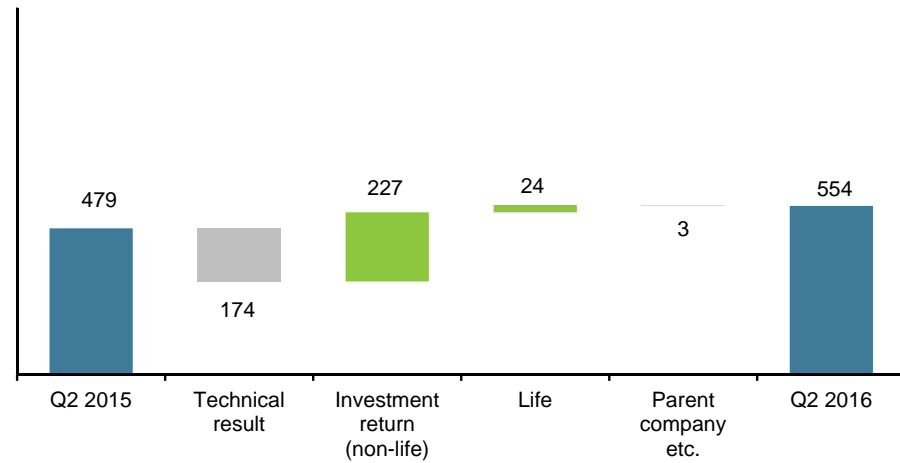
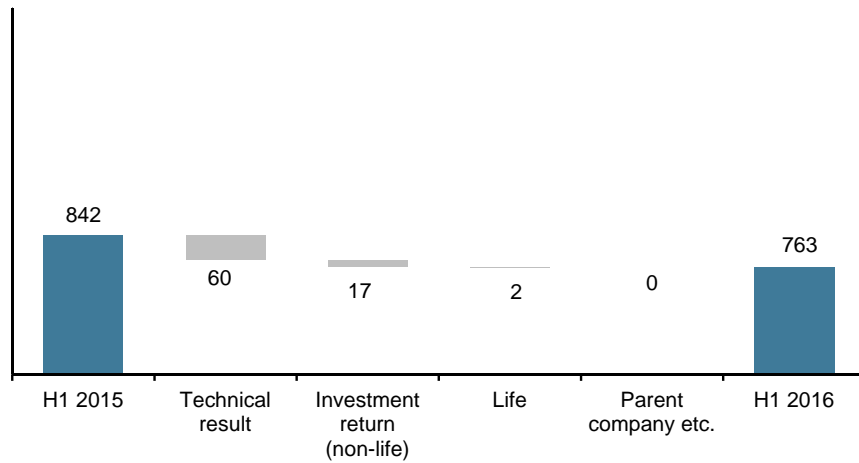


# TREND IN PRE-TAX RESULT



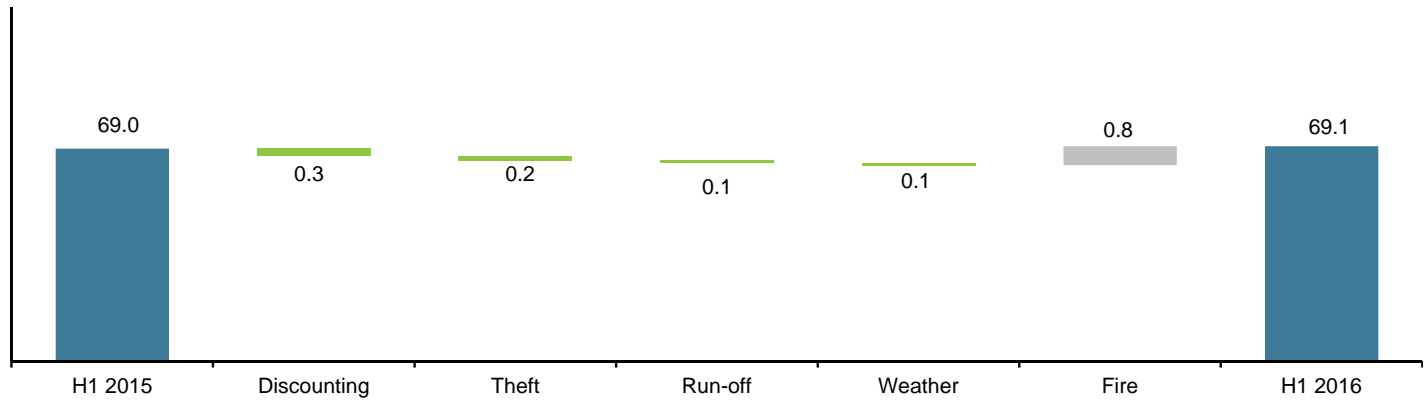
H1 2015-H1 2016

Q2 2015-Q2 2016

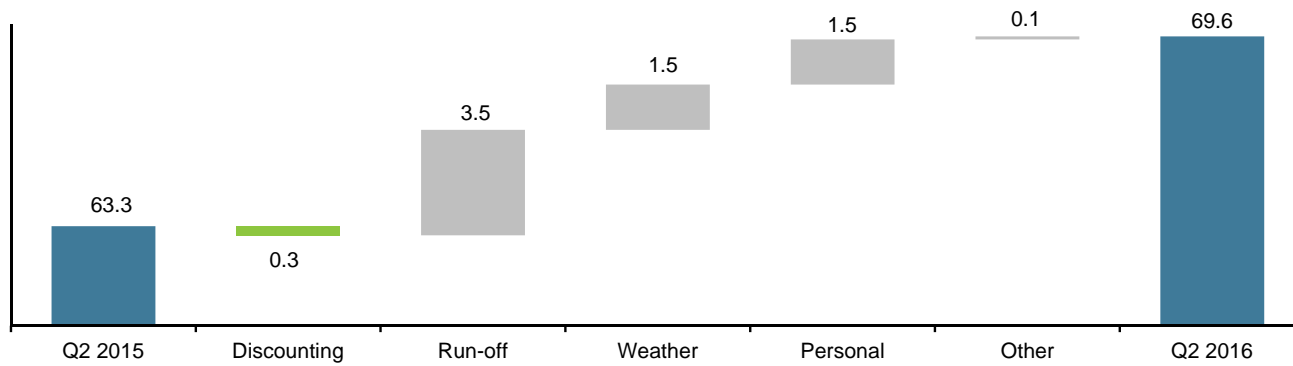


# CLAIMS TREND

H1 2015-H1 2016



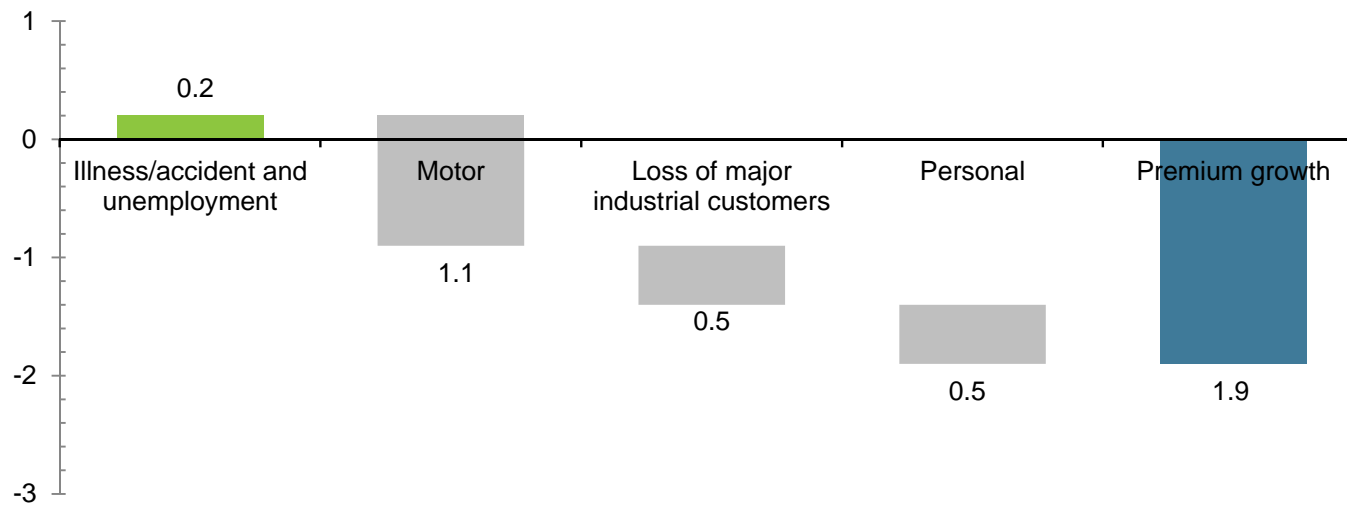
Q2 2015-Q2 2016



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# TREND IN PREMIUMS (%)

H1 2015-H1 2016



# ASSUMED CR REMAINS AROUND 89 FOR 2016 EXCL. RUN-OFF IN H2 2016



### Assumptions for CR in 2016

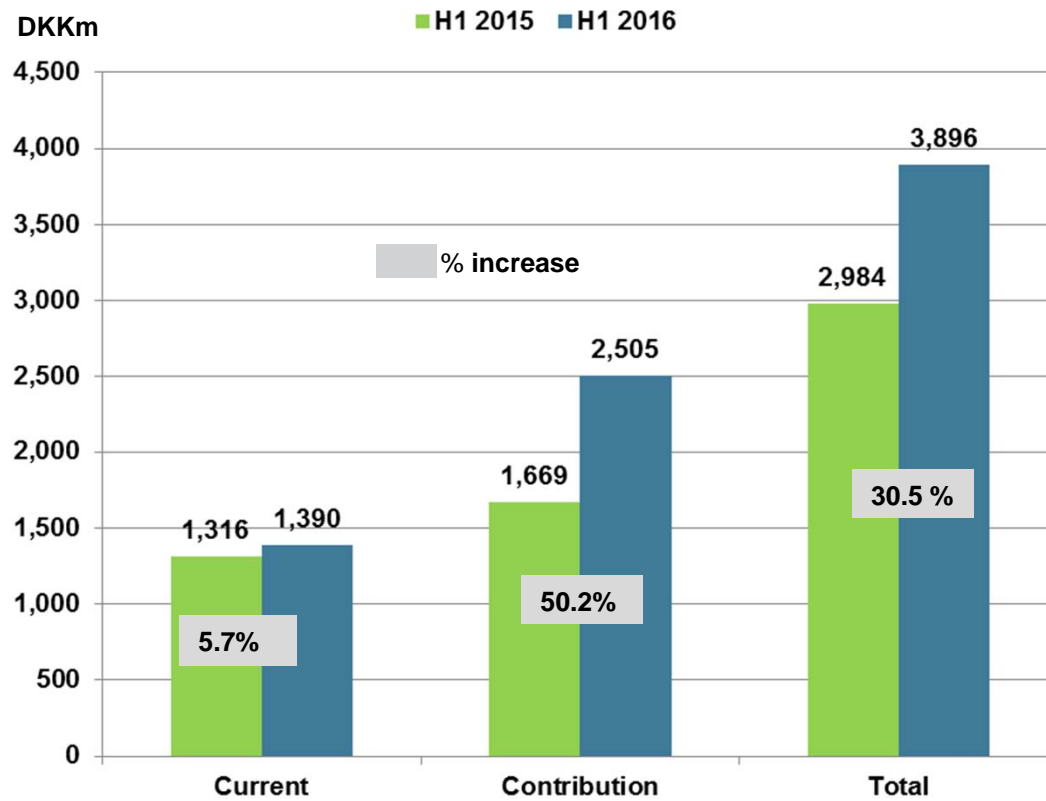
- A normal year for weather with weather-related claims of DKK 95m in H2 2016
- A level of interest rates corresponding to the interest rate curve on 5 August 2016
- An expense ratio of around 16

## RESULTS – LIFE INSURANCE

Result of life insurance (DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Investment return on shareholders' equity	57	1	25	5	14
Sales and administration	(45)	(2)	(12)	(18)	(31)
Insurance risk	19	(10)	10	5	11
Risk return on shareholders' equity	137	34	36	68	72
Risk return transferred to (minus)/from shadow account	7	12	0	7	0
<b>Profit on life insurance</b>	<b>174</b>	<b>34</b>	<b>58</b>	<b>68</b>	<b>66</b>
<b>Estimated value of shadow account end of period</b>	12			17	8



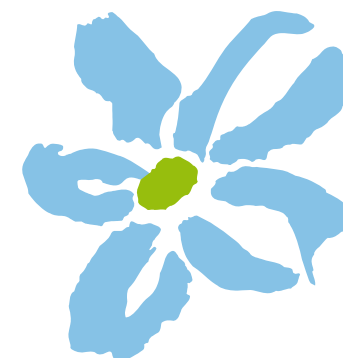
# LIFE – TREND IN GROSS PREMIUMS





# INVESTMENT RETURN

## - FOR TOPDANMARK GROUP EXCL. LIFE INSURANCE



Investment return	Portfolio		Return Q2 2016		Return H1 2016	
	30 June 2016 (DKKbn)		(DKKkm)	%	(DKKkm)	%
Danish equities	0.3		(7)	(2.0)	(13)	(3.9)
Foreign equities	0.6		5	0.9	(10)	(1.8)
Unlisted equities and hedge funds	0.4		35	11.3	6	1.7
Government and mortgage bonds	14.5		171	1.2	371	2.9
Credit bonds	0.3		4	0.5	6	1.3
Index linked bonds	0.5		8	1.7	9	2.0
CDOs	0.6		49	9.1	28	4.9
Properties	1.0		14	1.4	28	2.8
Assets related to I/A	2.3		70	3.1	149	6.9
Money market etc.	1.7		(4)	(0.3)	(12)	(0.6)
Subordinated loan capital	(1.8)		(18)	(0.9)	(36)	(1.7)
Interest-bearing debt	(0.8)		0	0.2	(1)	(0.4)
	19.5		327	1.8	524	2.9
Asset management			16		31	
Investment return			343		555	
Unwinding and revaluations non-life insurance provisions			(145)		(448)	
Investment return after unwinding and revaluations non-life insurance provisions			198		107	

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 29 April 2016	Forecast 2016 5 August 2016
Non-life insurance			
- Technical result	1,195	950	1,000
- Investment return, unwinding and revaluations			
non-life insurance provisions	147	50	100
Profit on non-life insurance	1,342	1,000	1,100
Life insurance	174	110	140
Parent company etc.	31	30	40
Pre-tax profit	1,547	1,140	1,280
Taxation	(364)	(240)	(280)
<b>Profit for the year</b>	<b>1,183</b>	<b>900</b>	<b>1,000</b>

Corresponding to EPS DKK 11.5



## BUY-BACK FOR DKK 1,450m

- The buy-back programme for 2016 increased by DKK 100m to DKK 1,450m
- The DKK 1,450m buy-back corresponds to a buy-back yield of 9.0%
- The 2016 buy-back is executed from 12 February 2016 – 23 February 2017
- From 2000 til 2015 the average buy-back yield was 9.4%
- Since 1998, Topdanmark has cancelled 77% of outstanding shares
  - Average price: 53