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Tryg announces strategic and organisational changes

Tryg has undergone a transformation in size and geographical footprint in the past few years, following two important acquisitions and a general positive top-line development. The recently enlarged Group is now the biggest non-life insurer in Scandinavia, creating an opportunity to capitalise on this new position of strength. The core business is in good shape and synergies of DKK 547m from the RSA acquisition have been delivered at Q2-2023 in line with the total targeted DKK 900m in Q4 2024.

However, the macroeconomic environment across the Group's Scandinavian markets has changed significantly since the launch of the 2024 strategy in November 2021, including financial targets. The Tryg Group has more than half of its total business in Norway and Sweden, where inflation rates remain high, and currencies have devaluated considerably.

To navigate these unprecedented times, and leverage the full potential from size and scalability, the Executive Board has announced a number of strategic and structural changes today. Changes, that will enhance Tryg's competitiveness and resilience both short and long-term, while building a strong foundation for the next strategy period due to be launched in Q4-2024.

Group CEO Johan Kirstein Brammer says; "*Today, we have announced a number of strategically important changes that will collectively fuel our competitiveness and allow us to reinvest in the future. The changes underpin our commitment to deliver on our 2024 financial targets while we gear up for a new strategy period. By making these changes, we are future-proofing the enlarged Group and adapting the organisation to the current macroeconomic environment.*"

Commercial and Corporate Lines join forces
Drawing on inspiration from Trygg-Hansa's successful operating model towards Commercial customers, Tryg will merge its Commercial and Corporate Lines in Denmark and Norway from 1 October 2023. The Corporate segments in both countries have undergone successful transformations over the past few years, where the portfolio of large customers has been adjusted to ensure a more healthy and profitable business. After this successful downscaling, the merger is a natural next step in becoming a more efficient and customer centric business, where corporate customers will experience a simpler entry to Tryg. To lead these newly formed Commercial units, two internal candidates have been appointed. Hence, SVP Hans Arnum, has been appointed Head of Commercial Lines Denmark, while SVP Michael Kolbæk has been appointed Head of Commercial Lines Norway. From a reporting perspective Commercial and Corporate Lines will remain separate entities.

Synergies delivered slightly ahead of schedule
With synergies from the RSA integration being delivered slightly ahead of schedule, it is a natural next

step to align the organisational design of the Group's Swedish business, Trygg-Hansa, with the organisational structure of the Tryg Group. A decentralised organisational design encouraging decision-making to occur in close proximity to customers and local market dynamics. This structural harmonisation has been planned since the acquisition, and with the integration well on track, accelerating the change will support Trygg-Hansa's readiness for the coming strategy period. This means that by 1 January 2024 VD Mats Dahlquist will leave Trygg-Hansa and hand over to the continuing management team, who will report to Tryg Group's Executive Board.

Enhancing resilience of a larger Group

In the light of the Group's recent expansions and the challenging macroeconomic environment, the Group must continuously ensure that its size and scale are used in the most optimal way.

Group CEO Johan Kirsten Brammer comments: *"We must ensure that our organizational setup, our cost level and our ways of working are supporting our commitment to deliver on our 2024 targets, while preparing Tryg for the future. A future where we take advantage of our scale and structure while we navigate through macroeconomic uncertainty. As a consequence of the announced changes, particularly driven by the merger of Commercial and Corporate Lines, we will reduce the number of employees across the Group in the range of 250-270. We have worked diligently with vacancy management, to minimise the number of affected people, and will continue to do so. It saddens me to have to say goodbye to highly skilled employees, but these are necessary actions."*

While RSA related synergies have been targeting primarily the Norwegian and Swedish organisations thus far, the majority of the announced redundancies today have been in Denmark. The remaining redundancies will take place in the Danish and Norwegian organisations following the merger of the Commercial and Corporate segments. These are included in the 250-270 FTE's. Tryg Group will book a one-off restructuring charge of approx. DKK 180 million in Q3 under the "other income and expenses" line in its financial statements.

The financial guidance for 2024 remains unchanged and we reiterate the insurance service result target of DKK 7.2-7.6bn driven by a combined ratio target at or below 82% and an unchanged expense ratio target of around 13.5%.

Group CEO Johan Kirsten Brammer concludes: *"Today's changes will strengthen the company's position to capture future growth possibilities in arguably the most attractive non-life markets in the world. Investments to capture this potential growth are needed across the business, while at the same time we need to remain very focused on continuously fighting off inflation in some of our main markets.*

Additional information

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