

8 February 2024
Announcement no. 9/2024

Preliminary statement of financial results for 2023

- Alm. Brand Group's insurance service result for Q4 2023 was a profit of DKK 333 million, bringing the insurance service result for 2023 to a profit of DKK 1,412 million, against a profit of DKK 1,005 million in 2022. This performance reflects sustained satisfactory growth in insurance revenue and an overall satisfactory claims experience, despite high weather-related claims expenses in the year.
- The favourable developments were driven by broadly-based improvements in Commercial Lines, including in the Energy segment, supported by claims prevention initiatives and selective price adjustments. Synergies are furthermore being realised according to plan across the group, and the expense ratio is developing in line with expectations.
- A favourable fourth quarter in the financial markets produced a gain on investments of DKK 140 million, bringing the investment result to a profit of DKK 364 million.
- The Board of Directors recommends that an ordinary dividend of DKK 0.55 per share be paid in respect of the 2023 financial year and that the current share buyback programme be increased by DKK 100 million to DKK 300 million, making for a total distribution of DKK 1,148 million, equivalent to 98% of the adjusted profit after tax.

Rasmus Werner Nielsen (CEO):

"In spite of an exceptionally high number of customers reporting claims caused by rain and windstorms, in the fourth quarter in particular, we performed well in 2023.

On this basis, we took yet another important step towards realising our financial targets for 2025. I am particularly pleased with the dedicated efforts we made in terms of claims prevention and profitability-enhancing measures.

The satisfactory performance will come to benefit our shareholders, as we're increasing the dividend payout for 2023 to DKK 0.55 per share and buying back own shares for a total amount of DKK 300 million."

Alm. Brand Group's insurance revenue rose to DKK 11,784 million from DKK 9,564 million in 2022, driven partly by satisfactory organic growth, partly by the recognition of twelve months of insurance revenue in Codan, against only eight months last year.

The insurance service result was a profit of DKK 1,412 million in 2023, against DKK 1,005 million in 2022. The result reflects a satisfactory performance, although the year was characterised by challenges in the form of a high frequency of minor claims, including in particular an increase in the number of motor claims, and several periods of excessive precipitation during the year, driving the number of weather-related claims above normal. The performance was lifted by continued cost savings, including the realised synergies related to the integration of Codan.

The investment result was a profit of DKK 364 million, driven by generally positive financial market developments in spite of geopolitical tension and prospects of subdued economic growth.

Other income and expenses came to a net loss of DKK 132 million, composed of DKK 54 million in training and development expenses and a total of DKK 78 million in group expenses and return on the remaining mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit of DKK 1,644 million excluding special costs in 2023, against a pre-tax profit of DKK 458 million in 2022.

The 2023 profit also includes special costs of DKK 405 million related to the integration of Codan, realisation of synergies, employee termination benefits related to the layoffs at end-November and costs related to the bankruptcy of Gefion Finans A/S. Moreover, the profit comprises amortisation of intangible assets in an amount of DKK 358 million, bringing Alm. Brand Group's consolidated pre-tax profit for 2023 to DKK 881 million.

Synergies and other cost initiatives

Initiatives to realise synergies in a total amount of DKK 600 million by 2025 are progressing satisfactorily and slightly ahead of schedule. In 2023, focus was on measures that will lead to efficiency enhancements of procurement and claims processing and elaboration of systems for screening claims reports with a view to reducing insurance fraud. By preparing and implementing these measures, we have created a foundation that has enabled Alm. Brand Group to realise synergies contributing an accounting effect of DKK 262 million this year. The initiatives will subsequently have a full-year effect in 2024 of DKK 350 million and will provide a strong foundation for realising synergies of DKK 450 million in aggregate in 2024, driven by further significant contributions from claims services and administration and cost savings on IT and infrastructure.

Alm. Brand Group will regularly release information about developments in the realisation of synergies in the period until 2025.

In addition, in November 2023, Alm. Brand Group aligned the group, creating a new and less complex organisation with a more efficient management structure anchored in a new, five member strong Group Executive Management. As a result of these changes, Alm. Brand Group parted with 105 employees across the organisation in order to strengthen customer focus even more, provide clearly defined responsibilities for profitability and promote even faster decision-making processes across the group.

Moreover, a process has been initiated to complete a legal merger of Alm. Brand Forsikring and Codan Forsikring in order to simplify the group's company structure and facilitate data sharing across the organisation.

Dividend and share buyback

Based on the profit after tax adjusted for the effect of amortisation of intangible assets and costs related to the integration of Codan, the Board of Directors recommends that a dividend of DKK 0.55 per share be paid in respect of 2023 in continuation of the general meeting scheduled to be held in April 2024 and that the current share buyback programme be increased by DKK 100 million to DKK 300 million. This means that Alm. Brand will distribute DKK 1,148 million in aggregate for the 2023 financial year, corresponding to a payout ratio of 98% of the adjusted profit after tax.

After the payout, Alm. Brand will still be strongly capitalised with an SCR ratio of 182%, and the capitalisation level is considered sufficient to resist very severe stresses.

Outlook for 2024

For 2024, Alm. Brand Group expects to realise an insurance service result of DKK 1.40-1.60 billion excluding run-offs. The profit guidance includes synergies in a total amount of DKK 450 million. The expected increase relative to the result realised in 2023 is also driven by an expectedly lower level of weather-related claims and improved profitability in Personal Lines and retention of the positive momentum in Commercial Lines.

The expense ratio is expected to be about 17-17.5%, and the combined ratio excluding run-offs is expected to be about 87-89.

The investment result is expected to be about DKK 250 million based on the current estimated holding period returns on the portfolio not allocated to hedging of provisions, with other activities expected to generate a loss of about DKK 125 million.

Alm. Brand Group thus expects to report a consolidated pre-tax profit of DKK 1.53-1.73 billion excluding special costs.

Alm. Brand Group expects to incur special costs of about DKK 200-250 million for the integration of Codan and realisation of synergies and will, in addition, recognise amortisation charges on intangible assets in an amount of approximately DKK 360 million.

Financial targets for the period until 2025

Against the backdrop of the financial results realised in 2023 and expectations of continued growth in 2024, Alm. Brand Group maintains its targets for the period until 2025 and aims to increase the insurance service result to DKK 2.1 billion, including runoffs, and reduce the combined ratio to 84, including a reduction of the expense ratio to 16.

Alm. Brand Group has also introduced a new profitability target defined as the return on equity less intangible assets (Return on Tangible Equity) of more than 50% in 2025.

The financial targets are supported by the realisation of synergies from the acquisition of Codan in a total amount of DKK 600 million in the period towards 2025.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 8 February 2024 at 11:00 a.m. The conference call and presentation will be available on Alm. Brand's investor website, [here](#).

Conference call dial-in numbers for investors and analysts (pin: 010338):

Denmark: +45 8987 5045

UK: +44 203 936 2999

USA: +1 646 664 1960

Link to webcast: [Alm. Brand 2023](#)

Contact

Please direct any questions regarding this announcement to:

Investors and equity analysts:

Mads Thinggaard, Head of Investor Relations, Rating & ESG Reporting, mobile no. +45 2025 5469

Press:

Mikkel Lars Nikolajsen, Media Relations Manager, mobile no. +45 2218 5711