

9 November 2023

Announcement no. 19/2023

Interim report for Q3 2023

- Alm. Brand Group's insurance service result was a profit of DKK 367 million, against DKK 358 million in Q3 2022, driven by an overall satisfactory claims experience, although heavy rainfall and cloudbursts resulted in high expenses for weather-related claims.
- Insurance revenue grew to DKK 3,015 million, from DKK 2,897 million in Q3 2022, marking a satisfactory performance with organic growth of 4.1% supported by contributions from both Personal Lines and Commercial Lines.
- The underlying claims experience improved by 0.5 percentage point to 59.7, driven by a strong performance in Commercial Lines, whereas Personal Lines, as in the past quarter, recorded a higher claims experience in particular due to a higher frequency of motor claims.
- The SCR ratio was 216% at 30 September 2023. Alm. Brand Group aims to have an SCR ratio of at least 170% and will, with due consideration to this aim, be able to distribute a high proportion of future earnings to its shareholders.
- The guidance for the insurance service result for 2023 is maintained at DKK 1.35-1.45 billion despite relatively higher weather-related claims expenses in October.

CEO Rasmus Werner Nielsen:

"We've had a quarter characterised by weather-related incidents and many customers requiring our assistance after hailstorms, cloudbursts or windstorms. Our customers rely on us for assistance in such situations, and we've consequently recorded a higher level of weather-related claims expenses in the third quarter. In spite of the weather-related incidents, we reported a satisfactory performance in the third quarter and generated an overall slightly higher insurance service result than last year.

Commercial Lines reported yet another strong performance, including in the Energy segment, which proves to us that we're making progress in terms of running a profitable business. Supported by the results for the nine months ended 30 September, we're seeing the outlines of an even stronger business that will drive us forward to realising our financial ambitions for 2025."

Alm. Brand Group reported an insurance service result of DKK 367 million in Q3 2023, against DKK 358 million in the year-earlier period. Commercial Lines accounts for DKK 229 million and Personal Lines for DKK 138 million of the result, which reflects a generally satisfactory claims experience, although large amounts of precipitation in the final half of the quarter resulted in significant claims expenses. The continued focus on profitability generated positive results in Commercial Lines in Q3 as well, including in Energy, and the trend towards creating a more profitable and robust business is clearly continuing.

In line with expectations, the annual indexation of the premium level supplemented by selected premium increases is seen to fully compensate for inflation in claims repair costs in Q3.

The combined ratio was 87.8 and unchanged relative to the same period of last year. This covers both an improvement in the underlying claims experience and a lower level of major claims but also higher weather-related claims expenses relative to last year and a break-even result from risk margin changes, against a gain last year. Moreover, Q3 2023 saw slightly fewer run-off gains compared with last year.

The financial markets developed favourably in the quarter, enabling Alm. Brand Group to post an investment result of DKK 56 million – including a satisfactory return on the portfolio not allocated to hedging of provisions as well as a positive return on the hedging portfolio after return on and value adjustment of provisions, against a loss of DKK 80 million in the same quarter of 2022.

Other income and expenses came to a net loss of DKK 28 million, composed of DKK 11 million in training and development expenses and a total of DKK 17 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 395 million excluding special costs in Q3 2023, against a pre-tax profit of DKK 251 million in Q3 2022.

The Q3 result includes special costs of DKK 103 million related to the integration of Codan and realisation of synergies as well as amortisation of intangible assets in the amount of DKK 90 million, bringing Alm. Brand Group's consolidated profit for Q3 2023 to a pre-tax profit of DKK 202 million.

Synergies

Initiatives to realise synergies in a total amount of DKK 600 million by 2025 are progressing satisfactorily and slightly ahead of schedule. For the quarter, the synergies are calculated to have had a positive accounting effect of DKK 68 million.

As in the preceding quarters, focus has been 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 makes Alm. Brand Group expect the synergies to contribute an accounting effect of DKK 260 million this year. The initiatives will subsequently have a full-year effect in 2024 of DKK 340-350 million and will provide a strong foundation for realising synergies of DKK 450 million in aggregate in 2024.

Outlook for 2023

Alm. Brand Group maintains its guidance for an insurance service result of DKK 1.35-1.45 billion excluding run-off gains and losses for Q4 2023.

The expense ratio is expected to stay unchanged at 18-18.5, and the combined ratio excluding run-offs is expected to be about 87.5-88.5 for Q4 2023.

The investment result is expected to be unchanged at the level of DKK 300 million, and other income and expenses are still expected to represent a loss of about DKK 125 million.

Alm. Brand Group thus expects to report a consolidated pre-tax profit of DKK 1,525-1,625 million excluding special costs.

Moreover, Alm. Brand Group expects to incur special costs of about DKK 300-350 million in 2023 for the integration of Codan and realisation of synergies. Amortisation of intangible assets is expected to affect the income statement by approximately DKK 360 million.

Webcast and conference call

Alm. Brand will host a conference call for investors and analysts today, Thursday 9 November 2023 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: 142400):

Denmark: +45 8987 5045

UK: +44 20 3936 2999

USA: +1 646 664 1960

Link to webcast: [Alm. Brand Q3 2023](#)

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