

INSIDE INFORMATION

Alm. Brand sells Alm. Brand Liv og Pension A/S and upgrades full-year profit guidance

- Alm. Brand has today entered into a conditional agreement with Nordic I&P to sell Alm. Brand Liv og Pension at a price of DKK 1,100 million. The sale triggers an accounting gain of close to DKK 565 million before payment of transaction-related costs. Alm. Brand's guidance for consolidated profit is subsequently upgraded to DKK 1,200-1,250 million before tax, against the previous guidance of a DKK 700-750 million profit.
- With the acquisition of Alm. Brand Liv og Pension, Nordic I&P going forward will be able to also offer pension schemes to new customers. In connection with the transaction, Alm. Brand Forsikring has entered into a distribution agreement with Nordic I&P on the sale of pension schemes.
- The sale of Alm. Brand Liv og Pension will free up capital in Alm. Brand in a total amount of about DKK 900 million. The freed-up capital is expected to be used to reduce the size of the forthcoming rights issue in connection with the acquisition of Codan.

Chairman of the Board of Directors Jørgen Hesselbjerg Mikkelsen:

"With the sale of Alm. Brand Liv og Pension, we will be able to focus specifically on non-life insurance going forward. The acquisition of Codan's Danish business and the subsequent merger and integration of the two companies will position us strongly to create value for our customers and owners in the years ahead."

CEO Rasmus Werner Nielsen:

"We have thoroughly investigated the strategic opportunities for the life insurance business. Not only is the sale a perfect match for our life insurance activities, it also underlines our efforts to further sharpen the Alm. Brand Group's focus. The sale marks yet another step towards the new and enlarged Alm. Brand with a strong market position in the non-life insurance market and a clear ambition to offer our customers the best insurances in the market."

The sale of Alm. Brand Liv og Pension

Alm. Brand and Nordic I&P have today entered into a conditional agreement on the sale of Alm. Brand Liv og Pension. The transaction is subject to approval by the Danish Financial Supervisory Authority.

The sale is a consequence of the decision to investigate strategic alternatives for Alm. Brand Liv og Pension described in company announcement no. 13/2021 of 17 June 2021.

Under the agreement, Nordic I&P will take over all shares of Alm. Brand Liv og Pension. The sale will be effected by cash payment of DKK 1,100 million. At 30 June 2021, the carrying amount of Alm. Brand Liv og Pension's equity was DKK 538 million after distribution of extraordinary dividends in the amount of DKK 250 million to Alm. Brand Forsikring, and the sale was thus completed at 2.0 times the net asset value.

Alm. Brand Forsikring and Nordic I&P have also entered into an agreement on the continued distribution of the life insurance company's average rate product to customers of Alm. Brand Forsikring.

In continuation of the approval of the sale by the Danish Financial Supervisory Authority and transfer to the buyer, Alm. Brand will for a transitional period handle a number of tasks in relation to the life insurance company and will receive payment from Nordic I&P for services rendered. After expiry of this transitional period, Alm. Brand will align the group's costs, including staff costs, to reflect the tasks to be performed in the group going forward.

Alm. Brand Liv og Pension is one of the market's most well-run life insurance and pension companies with stable, high earnings and return on equity. Alm. Brand Liv og Pension had total pension assets of DKK 16.9 billion at 31 December 2020 and reported a pre-tax profit of DKK 135 million for the full year.

The owners of Nordic I&P are also in the process of acquiring Norli Pension Livsforsikring A/S, a Danish pension company specialising in handling traditional, average-rate pension agreements. To date, Norli Pension Livsforsikring A/S has not sold new pension schemes. Based on Alm. Brand Liv og Pension's market position and experience in selling average-rate pension products, the buyer will in future pursue a strategy which, in addition to consolidating portfolios, will also cover new sales of the traditional pension product. At 31 December 2020, Norli Pension Livsforsikring A/S had total pension assets of DKK 4.5 billion, and the company reported a pre-tax profit of DKK 22 million for 2020.

Release of capital

The sale of Alm. Brand Liv og Pension will free up capital in a total amount of about DKK 900 million. The freed-up capital is expected to be used to reduce the size of the forthcoming rights issue in connection with the acquisition of Codan.

After the sale of the pension company, the acquisition of Codan's Danish business, the completion of the forthcoming rights issue and payment of dividends in respect of 2021, the Alm. Brand Group is expected to have excess solvency of about 180% relative to the regulatory requirements.

Outlook for 2021

Alm. Brand upgrades its full-year guidance for 2021 to a consolidated pre-tax profit of DKK 1,200-1,250 million, against the previous guidance of DKK 700-750 million. For Non-life Insurance, the guidance is unchanged for a pre-tax profit of DKK 800 million excluding the run-off result for the second half of 2021, and the guidance for other activities is also unchanged at a loss of DKK 175 million.

The sale of Alm. Brand Liv og Pension A/S is expected to entail restructuring costs of about DKK 60 million.

Moreover, Alm. Brand expects to report a profit from discontinued activities of DKK 650-675 million before tax. For Life Insurance, the guidance is unchanged for a pre-tax profit of DKK 100 million for FY2021 plus an expected profit from health/accident insurance of DKK 20 million before tax, which was previously included in the profit for Non-life Insurance. In addition, a gain of close to DKK 545 million from the sale of Alm. Brand Liv og Pension A/S is included after recognition of costs directly related to the transaction.

Expected timeline for completion of the transaction

The transaction is subject to approval by the Danish Financial Supervisory Authority and is expected to be completed as soon as possible after the granting of such approval.

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