

## Alm. Brand – Preliminary statement of financial results for 2018

**Alm. Brand posted a highly satisfactory full-year profit of DKK 724 million before tax. The Board of Directors recommends a distribution of up to DKK 670 million to the shareholders by way of dividends and share buybacks. The guidance for a pre-tax profit of DKK 500-600 million for 2019 is maintained.**

- *We are extremely pleased with the DKK 724 million profit reported by Alm. Brand. It shows that even in a year characterised by fierce competition, extremely volatile financial markets, low borrowing requirements and interest rate levels, and industry expenses to cover the failure of an external insurance company, we were able to create value for our customers, our employees and our shareholders, said Alm. Brand CEO Søren Boe Mortensen.*
- *Supported by growth in all business areas, high customer satisfaction and modernised systems and processes, our group is strongly poised to create good results in 2019, he continued.*
- *We are also pleased to be able, again this year, to make distributions to our shareholders to the tune of DKK 670 million in the form of dividends and treasury share buybacks, Søren Boe Mortensen concluded.*

### Full-year results:

- Non-life Insurance posted a highly satisfactory pre-tax profit of DKK 652 million.

The 2018 performance was lifted by run-off gains and very mild weather conditions. On the other hand, the investment result and a DKK 30 million expense triggered by the bankruptcy of Alpha Insurance detracted from performance. Adjusted for this expense, the performance was slightly better than the most recent guidance and significantly better than expected at the beginning of the year.

Gross premiums amounted to DKK 5.3 billion, up 2.3% on last year. Both private and commercial lines improved, reporting growth of 1.0% and 3.6%, respectively. Customer loyalty remained at a high level with an upward trend in the commercial customer segment in 2018.

The combined ratio was 87.0, while the expense ratio was 17.2.

- Life Insurance generated a pre-tax profit of DKK 104 million, which was highly satisfactory.

Pension contributions were up by 44% relative to 2017. Regular payments were up by 9%, while single payments increased by 80%. Growth was highly satisfactory and reflected the group's growth ambitions in the pensions area.

The bonus rate was 18.6 at 31 December 2018. The high bonus rate level enables Alm. Brand to continue to offer a competitive rate on policyholders' savings of 3.5%, which is still the highest rate offered in the market.

- The bank generated an overall pre-tax profit of DKK 26 million in 2018. Although the profit was in line with original expectations, the profit composition was not satisfactory.

The bank reported strong growth in new lending, and the number of Pluskunder (customers who have pooled all of their business with the bank) was up by 13%, not including former Saxo Privatbank customers. Including former Saxo Privatbank customers, the number of Pluskunder

increased by 34% and has now exceeded 21,000 customers measured in terms of households. The strong growth in new lending to customers was to a large extent offset by repayment of loans, generally lower borrowing requirements and conversion of bank loans to Totalkredit mortgage loans, all of which affected net lending.

The integration of the Saxo Privatbank activities was fully completed in November by the conversion of data to the bank's current data centre, Bankdata, and adjustment of the future organisation. As expected, no significant synergy benefits crystallised in 2018, whereas cost synergies of DKK 75 million before amortisation of customer relationships are expected for 2019.

### **Dividends**

- The Board of Directors recommends payment of an ordinary dividend of DKK 1.50 per share, an extraordinary dividend of DKK 1.50 per share and that a new share buyback programme of up to DKK 200 million will be initiated, which is expected to run until end-March 2020. Overall, this means that Alm. Brand will distribute up to DKK 670 million in respect of the 2018 financial year.

The share buyback programme is subject to the approval of the Danish Financial Supervisory Authority.

### **Outlook**

- Alm. Brand expects to report a pre-tax profit of DKK 500-600 million in 2019. The combined ratio for the group's insurance activities is expected to be in the region of 91-92. The outlook is exclusive of run-off gains.

### **Webcast and conference call**

Alm. Brand will host a webcast and conference call on Tuesday, 5 February 2019 at 10.00 a.m.

<https://almbrand.eventcdn.net/20190205>

Analysts are invited to participate by phone: Danish analysts: +45 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

### **Contact**

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