

1 July 2024

Announcement no. 39/2024

Alm. Brand enters into agreement with Norwegian insurer Gard on divestment of Energy & Marine business for DKK 1.6 billion

- Alm. Brand today entered into a conditional agreement with Gard on the divestment of its Energy & Marine business for a price of DKK 1.6 billion, equivalent to a cash payment of DKK 1.13 billion combined with the equity freed up in the transaction.
- The net proceeds including the freed-up equity are expected to be distributed to the shareholders of Alm. Brand A/S after obtaining relevant regulatory approvals. The distribution will be made in the form of extraordinary dividend, share buy-backs or a combination of these.
- As a result of the divestment, the financial targets for 2025 are adjusted to a technical result of DKK 1.85 billion (previously DKK 2.1 billion), a combined ratio of 84.5 (previously 84) and an expense ratio of 17 (previously 16).
- The guidance for the profit from continuing operations before special items for 2024 is unchanged at DKK 1.43-1.63 billion when adjusting for the Energy & Marine business, which previously accounted for DKK 200 million of continuing operations.

CEO Rasmus Werner Nielsen:

“After thoroughly exploring the strategic opportunities for our Energy & Marine business, we have concluded that a divestment will generate the greatest possible value for Alm. Brand Group.

The divestment will further sharpen the group’s focus on being a strong non-life insurer for Danish personal customers and businesses and will make us even better equipped to create value for our customers and owners in the years ahead.

I am pleased that, with this agreement, we have found the most attractive solution for Alm. Brand Group, while making sure that the Energy & Marine business will now have an owner that is even more committed to further developing the market-leading activities on a global scale.”

Divestment of Energy & Marine business

Alm. Brand Forsikring A/S and Gard Marine & Energy Insurance (Europe) AS today entered into a conditional agreement on the divestment of its Energy & Marine business to Gard. The transaction is subject to approval by relevant authorities.

The divestment of the Energy & Marine business is expected to take place by cash payment in the amount of DKK 1.13 billion, while the equity freed up in the transaction is expected to amount to DKK 0.45 billion. The sum of the cash payment and the freed-up equity is expected to be distributed to the shareholders after completion of the

transaction. The distribution will be made in the form of extraordinary dividend, share buy-backs or a combination of these.

The divestment will streamline the business profile of Alm. Brand Group even more and make it less volatile with a more pure focus on the Danish insurance market. The divested business represents a total business volume of DKK 1.25 billion in annual gross premium income.

The divestment marks an end to Alm. Brand Group's commitment to energy and marine activities. These activities will now continue under the auspices of Gard, which will take over around 50 employees in connection with the transaction.

Adjusted targets for 2025

In the capital markets update provided on 22 November 2022, Alm. Brand Group introduced a number of financial targets for the period until 2025. After the divestment of the Energy & Marine business, the financial targets will be adjusted as follows:

- The target for the combined ratio is raised to 84.5 (previously 84);
- The target for the gross expense ratio is raised to 17 (previously 16);
- The target for the insurance service result in 2025 is lowered to DKK 1.85 billion (previously DKK 2.1 billion).

In addition to the divested earnings from the Energy & Marine business, the group will lose a contribution to cover the group's costs, which the group will not be able to fully compensate for during 2025. This is part of the explanation for the DKK 250 million lower target for the insurance service result in 2025. Furthermore, the target for costs in 2025 is based on the expected process for transitional services agreed with Gard, which will be affected by the timing of the completion of the transaction and the timeline for the subsequent separation of the business from Alm. Brand's systems. The separation of the business from Alm. Brand is expected to trigger additional special costs of around DKK 50 million in 2025.

The divestment of the Energy & Marine business is not expected to affect the realisation of the planned synergies in connection with the acquisition of Codan, which are still expected to total DKK 600 million in 2025.

Outlook for 2024

The guidance for the profit from continuing operations before special items for 2024 is unchanged at DKK 1.43-1.63 billion when adjusting for the Energy & Marine business, which previously accounted for DKK 200 million of continuing operations.

Following the divestment, the Energy & Marine business will be recognised in profit from discontinued operations after tax, which is expected to total around DKK 75 million in 2024 as a result of adverse developments in the second quarter as well as expected transaction costs, in aggregate corresponding to a reduction in the expected profit before tax for 2024 of DKK 100 million for the Energy & Marine business.

Alm. Brand expects to realise an insurance service result on continuing operations of DKK 1.15-1.35 billion for 2024 excluding run-offs for the second half of the year, against the previously guided figure of DKK 1.4-1.6 billion. The guidance for the insurance service result on continuing operations is lowered by DKK 200 million due to the Energy & Marine business previously being recognised in the insurance service result and DKK 50 million due to adverse developments in claims payouts on motor claims.

As a result of the divestment of the Energy & Marine business, the expense ratio for 2024 is expected to be in the range of 18-18.5%, against previously 17-17.5%. The combined ratio is expected to be in the range of 88-90 excluding run-offs for the second half of the year, against previously 87-89.

The group expects to report an investment result of DKK 400 million for 2024, which is DKK 50 million higher than the previously guided figure, whereas the guidance for other activities is maintained at a loss of DKK 125 million for 2024.

Expected timeline for completion of the transaction

The transaction is subject to the relevant regulatory approvals being obtained. Subject to satisfaction of the transaction conditions, the transaction is expected to be completed at the beginning of 2025.

Financial and legal advisers

Danke Bank Corporate Finance is acting as financial advisers and Accura Advokatpartnerselskab is acting as legal advisers to Alm. Brand in connection with the divestment.

Contact

Please direct any questions regarding this announcement to:

Investors and equity analysts:

Head of IR, Rating & ESG Reporting

Mads Thinggaard

Mobile no. +45 20 25 54 69

Press:

Head of Communication

Claus Kappel Christensen

Mobile no. +45 25 24 89 93

About Gard:

Gard is a world-leading provider of P&I, Marine and Energy insurance products, with gross written premium of USD 1.1 billion. The direct insurance entities within the Gard group are rated 'A+' with a stable outlook by Standard & Poor's. Gard currently has more than 680 staff in 13 offices around the world. With this acquisition, Gard will open up a 14th office in Denmark.