

Tryg A/S – Q4 2024 pre-silent newsletter

Tryg will conduct pre-close analyst calls and meetings during the week commencing on December 16, ahead of the Q4 2024 results, which will be released on January 23. Additionally, Tryg has decided to publish a quarterly newsletter prior to the pre-silent period. This newsletter aims to inform capital market participants of the key factors influencing the company's financial performance.

Insurance revenue

Tryg maintains a balanced distribution of insurance revenue across the Scandinavian countries, with approximately 50% of revenue generated in Denmark, 30% in Sweden, and 20% in Norway. In Q3 2024, Tryg reported insurance revenue of DKK 9,786m. The retail business remains broadly stable on a quarterly basis; however, we anticipate the year-over-year declining trend in the corporate business to persist, with a continuous expected reduction in the Corporate segment in Q4. When converting earnings from local currencies to DKK, Tryg's reporting currency, the expected average exchange rates are DKK/SEK at 65.0 (64.3 Q4 2023) and DKK/NOK at 63.2 (64.3 Q4 2023).

Weather, large claims and discounting

On an annual basis, Tryg provides guidance for large claims amounting to DKK 800m, evenly distributed across quarters. Occasionally, information about large claims may be available in mass media or local press.

For Q4, weather-related claims are projected to constitute 30% of the annual DKK 800m guidance, equating to DKK 240m. As a reminder the annual expectations for weather claims are split as follows (in percentages terms), 40% in Q1, 10% in Q2, 20% in Q3 and 30% in Q4.

For Q4, we expect an approximate discount rate of 2.0%, this was 2.2% in Q3 2024. Bear in mind that the impact of discounting is more prominent on Group figures than Private figures as most of the impact from discounting comes from the long tail Corporate business.

Underlying claims development

Tryg operates a stable business, with approximately 93% of insurance premiums derived from the retail business. Consequently, recent trends in underlying performance should be considered reliable indicators for short-term trends. The group's underlying claim ratio was 69.5% in Q4 2023. Tryg at its recent CMD on December 4 has mentioned that it expects a broadly stable underlying performance in the new strategy period towards 2027.

Investment activities

Tryg has divided its investment activities into a match portfolio (approximately DKK 44bn as per Q3 2024) and a free portfolio (approximately DKK 19bn as per Q3 2024). As communicated during the Capital Markets Day on December 4, Tryg decided to de-risk its free portfolio during the months of October and the beginning of November. The sale of corporate bonds and diversifying alternatives resulted in a loss of approximately 80m, the realized loss should be included in the expected free portfolio return for Q4, the return of these assets before the sale has been in line to market returns. Additionally long-term inflation expectations came down especially in Sweden resulting in a negative inflation hedge result.

The match portfolio, mainly composed of Scandinavian covered bonds, is designed to hedge the discounting of liabilities, and mitigate the impact of interest rate movements. Additionally, a recurrent component related to the interest income of premium provisions is booked against this line, as mentioned in the Q3 report the amount is expected to be around 75m per quarter with the current level of interest rates.

The total investment result for Q4 is as per December 13 expected to be between DKK -150 to DKK -250m, the final investment result will be determined by capital markets developments in the last two weeks of December.

Other income and cost

The other income and cost line remains expected to be on a normalized basis between DKK -350m and DKK -370m going forward. This is primarily driven by intangibles amortization from the RSA Scandinavia acquisition. In Q4 some additional costs related to restructuring will impact negatively on this line by around 40m more than the guided level.

Capital and Solvency

Tryg pays a flat quarterly dividend, and the company paid DKK 1.95 per share in the first three quarters. In addition to the quarterly dividend Tryg announced the start of a DKK 2bn buyback on the capital markets day on December 4. As communicated on the capital markets day the expected solvency ratio at the end of 2024 is around 195%.

Buyback status

The DKK 2bn buyback launched at the Capital Markets Day December 4 has been initiated, and 985,000 Tryg shares have been bought per 13th December corresponding to a value of DKK 154,555,750.

Additional details

- A transcript of the Q3 2024 earnings call from October 11 and the Capital markets day 4 of December is available at tryg.com.

- The full Capital markets day presentation is available on tryg.com.
- Tryg will publish its Q4 results on January 23 at around 7:30 CET and will host a conference call on the day of the release at 10:00 CET. CEO Johan Kirstein Brammer, CFO Allan Kragh Thaysen, CTO Mikael Kärrsten and Head of Financial Reporting, SVP, Gianandrea Roberti will present the results in brief, followed by a Q&A session. The conference call will be held in English.

Tryg will publish the Group's Q4 results for 2024 on 23 January 2025 at around 7:30 CET.

Conference call

Tryg will host a conference call on the day of the release at 10:00 CET. CEO Johan Kirstein Brammer, CFO Allan Kragh Thaysen, CTO Mikael Kärrsten and SVP Gianandrea Roberti will present the results in brief, followed by a Q&A session.

The conference call will be held in English.

Date	23 January 2025
Time	10:00 CET
Dial-in numbers	+45 (DK) 78 76 84 90
	+44 (UK) 203 769 6819
	+1 (US) 646 787 0157
Pin code	560768

You can sign up for an e-mail reminder on tryg.com. The conference call will also be broadcast on this site. An on-demand version will be available shortly after the conference call has ended.

All Q4 material can be downloaded on tryg.com shortly after the time of release.

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