To NASDAQ Copenhagen

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Tryg confirms expectations of a DKK 3.3bn technical result for 2020, but suspends the ROE target and moves to full year dividend decision for 2020

Since the beginning of March and following the outbreak of Covid-19 in many European countries, capital markets have been extremely turbulent. Leading equities indexes are down more than 25%, interest rates movements have been extreme, credit spreads have widened substantially and in general all asset classes have experienced unprecedented declines.

Tryg, like all Danish insurers, reports the investment income in the profit and loss at mark-to-market following local accounting and reporting rules. Tryg's net investment income for Q1 to date (as per March 26) is approximately DKK -1,100m.

The underlying business continues to perform in line with expectations. The travel insurance segment (DKK 886m premiums at end of 2019) is being impacted by many travel cancellations (21,000 claims approximately have been processed) while Tryg Garanti (credit & surety business) is likely to see some impact from adverse macroeconomic developments. Other lines of businesses such as group life (death coverage for employees) and business interruption are expected to see some adverse developments. At the same time a lower economic activity is improving the performance of lines of businesses such as motor insurance (lower claims frequencies), accident insurance and contents insurance (lower level of burglaries). In general, Tryg's reinsurance programme protects the business well in these turbulent periods. More negative macroeconomic developments are expected to impact Tryg's top-line development, in particular in the Commercial and Corporate segments.

During these highly volatile times which have been characterized by extreme shocks, EIOPA (European Insurance and Occupational Pensions Authority) has directly requested insurance companies "to take measures to preserve their capital positions and be prudent around dividends", and the Danish and Norwegian FSAs have also expressed similar concerns related to all financial institutions.

Considering these highly uncertain times and macroeconomic backdrop, Tryg's Supervisory Board has today decided to move to a full year dividend decision for 2020. "Based on the current extraordinary situation we believe it is in best interest of all our stakeholders to be prudent until the macroeconomic picture has stabilized" says Chairman Jukka Pertola. "Tryg's dividend policy remains unchanged as its goal to offer a long term sustainable value creation" adds Pertola. It should be noted that Tryg's Q4 2019 ordinary dividend and the announced extraordinary dividend have been paid already on January 27.

Tryg's CEO, Morten Hubbe, adds that "Tryg, as a leading insurer in the Nordic region, has an important role to play in society. Currently, the vast majority of our employees are working from home, but we are pleased to see that we continue to stay close to our customers and help them with their needs and questions in these unprecedented and difficult times. It is likely that more challenges for our economies and societies lie ahead of us, and therefore it is very important that we find good solutions to continue to cooperate with our partners and offer the best possible value to our customers".

While we recognise the significantly increased global uncertainty and acknowledge that this will temporarily increase the volatility of claims patterns, our business model remains resilient and our operations remain stable. The technical result target of 3.3bn in 2020, driven by an expense ratio around 14 and a combined ratio at or below 86, is repeated while the ROE target at or above 21 is suspended for the FY 2020 following the extremely negative capital markets developments in Q1 to date and continued uncertain capital markets outlook. It should be noted that Tryg has reported an average ROE for the last 5 years (2015-2019) of almost 23 per cent. Tryg reports a solvency ratio of approximately 158 as per March 26.

We closely follow the situation in the markets in which we operate and will provide more information in connection with the release of our Q1 report on April 21.

Additional information:

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Tryg is one of the largest insurance companies in the Nordic region with activities in Denmark, Norway and Sweden. Tryg provides peace of mind and value for more than 4 million customers on a daily basis. Tryg is listed on NASDAQ Copenhagen and 60% of the shares are held by TryghedsGruppen smba. TryghedsGruppen, annually, contributes around DKK 600m to peace of mind purposes via TrygFonden.