



Reykjavík, August 22nd 2019

TM's profits during Q2 amounted to ISK 1,337m

During the meeting of the Board of Directors on August 22nd 2019, the Board and the CEO approved the company's Q2 financial statements for 2019. The interim financial statements have been reviewed by the auditors of the company.

Sigurður Viðarsson, CEO of TM:

"TM's strong second quarter results are mainly attributable to good performance of investment operations. Technical results from insurance operations were acceptable and improved considerably from previous year. The company's revised operating forecast for 2019 projects ISK 2.7bn profit before tax."

"On July 21st TM entered into exclusive negotiations with Klakki ehf. in terms of purchasing Lykill fjármögnun hf. The parties intend to conclude the exclusive negotiations in 8 weeks. Accordingly, the negotiations are expected to conclude in mid-September. TM envisions great opportunities in the purchase and the potential it creates for expanding the current operations of the company."

The main results of the second quarter of 2019 were as follows:

	Q2 2019	Q2 2018	Δ	Δ%	H1 2019	H1 2018	Δ	Δ%
Premiums f.o.a.	3,992	3,851	141	3.7%	7,806	7,638	168	2.2%
Investment income	1,483	334	1,150	344.4%	2,435	1,071	1,364	127.3%
Other income	8	31	(23)	(75.5%)	16	39	(23)	(59.2%)
Total income	5,483	4,216	1,267	30.1%	10,257	8,748	1,509	17.3%
Claims f.o.a.	(3,093)	(3,442)	349	(10.1%)	(6,409)	(6,735)	326	(4.8%)
Operating expenses	(877)	(901)	24	(2.7%)	(1,770)	(1,877)	107	(5.7%)
Interest expenses	(65)	(41)	(24)	57.7%	(116)	(91)	(25)	27.1%
Impairments	(7)	(29)	23	(77.7%)	(66)	19	(85)	-
Total expenses	(4,041)	(4,413)	373	(8.4%)	(8,361)	(8,684)	323	(3.7%)
Profit before income tax	1,442	(197)	1,640	-	1,896	64	1,832	-
Income tax	(106)	57	(163)	-	(126)	85	(212)	-
Profit (loss)	1,337	(140)	1,477	-	1,770	149	1,621	-

All amounts are in ISKm

Combined ratio for the second quarter was 96.8%

TM's results during the second quarter of 2019 were considerably better than during the same period in the previous year. The combined ratio was 96.8% for the quarter compared to 109.9% in 2018. The company's operating forecast assumed a 96% combined ratio during the period. TM's combined ratio over the past 12 months is now 100.1% and the operating forecast projects a 99.5% combined ratio for 2019.

Better results from insurance operations are attributed to improved technical results in accident insurance and particularly in property insurance. Premiums for own account grew by 3.7% year on year and the claims for own account decreased by 10.1%. TM's profits in the second quarter amounted to ISK 1,337m, as compared to a loss of ISK 140m in the previous year. Technical results on insurance operations were positive by ISK 126m.

The cost ratio of the company during the second quarter was 19.4%, improving from 20.6% in the previous year. The cost ratio over the last 12 months is 19.1% and it is projected that the cost ratio over the next 12 months will be 18.6%.

Very strong quarter in investment operations - updated forecast for 2019 investment income

Investment income totalled ISK 1,483m in the second quarter of 2019 which equals 4.9% return on investments. This is the highest investment income in any single quarter since the listing of TM in 2013.

Domestic market conditions were favourable in the second quarter, and the domestic Gamma Multi Asset Index rose by 4.9%. Listed and unlisted equities delivered very strong returns as the investment income from these asset classes represents almost two thirds of the total investment income of the quarter. Listed equities delivered 14.0% return during the period in comparison to the Gamma Equity Index which increased by 7.2%. Strong returns from unlisted equities is partly explained by the sale of TM's stake in HSV eignarhaldsfélag.

Investment income in the second quarter was considerably higher than the forecasted ISK 846m. This has resulted in an updated forecast for investment income in 2019 from ISK 3,043m to ISK 3,337m despite rather unfavourable market conditions in the current quarter to date.

Key figures for the second quarter were as follows:

	Q2 2019	Q2 2018	H1 2019	H1 2018
Earnings per share	1.97	(0.21)	2.61	0.22
Return on equity	45.7%	-4.3%	28.2%	2.3%
Equity ratio	35.0%	33.7%	35.0%	33.7%
Cash from operations	629	(116)	1,845	645
Insurance operations				
Claims ratio	77.5%	89.4%	82.1%	88.2%
Cost ratio	19.4%	20.6%	20.0%	21.7%
Combined ratio	96.8%	109.9%	102.1%	109.9%
Operating profit	409	(213)	194	(327)
Technical results	126	(383)	(161)	(753)
Investments				
Return on investments	4.9%	1.2%	8.4%	3.9%

All amounts are in ISKm

Operating forecast

The operating forecast for 2019 projects a profit before income tax of ISK 2,716m and a combined ratio of 99.5%. For the next four quarters combined ratio is expected to be 98.1%, technical results ISK 306m and return on investments 6.9%.

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Total	F 2019	2018	Δ	Δ%
Premiums f.o.a.	4,097	4,023	4,074	4,202	16,395	15,926	15,648	278	2%
Investments and other income	215	701	572	703	2,192	3,367	1,868	1,499	80%
Total income	4,312	4,724	4,646	4,905	18,587	19,293	17,516	1,777	10%
Claims f.o.a.	(3,294)	(3,100)	(3,425)	(3,216)	(13,035)	(12,804)	(13,136)	332	(3%)
Operating and other expenses	(871)	(951)	(951)	(942)	(3,715)	(3,773)	(3,680)	(94)	3%
Total expenses	(4,165)	(4,052)	(4,376)	(4,159)	(16,751)	(16,577)	(16,816)	239	(1%)
Profit before income tax	147	673	270	746	1,836	2,716	700	2,016	288%

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Total	F 2019	2018
Insurance operations							
Claims ratio	80.4%	77.1%	84.0%	76.6%	79.5%	80.4%	83.9%
Cost ratio	17.5%	19.2%	19.3%	18.6%	18.6%	19.1%	19.9%
Combined ratio	97.9%	96.3%	103.3%	95.1%	98.1%	99.5%	103.8%
Technical results	86	149	(134)	206	306	74	(609)
Investments							
Return on investments	0.7%	2.2%	1.7%	2.1%	6.9%	11.5%	6.6%

All amounts are in ISKm

Investor meeting

TM holds a meeting for its stakeholders on the company's second quarter results on August 22nd at 16:15. The meeting will be held at the TM head office at Síðumúli 24, fourth floor, where the company's CEO, Sigurður Viðarsson, will present the results and answer questions.

The quarterly financial statements and announcement of results will be made available on the company's website, www.tm.is. A presentation of the results will also be made available on the website when the investor meeting commences. The meeting can be viewed online at:

<https://global.gotomeeting.com/join/628419733>

2019 Financial calendar

Third quarter: October 23rd 2019.

Fourth quarter: February 13th 2020.

Annual General Meeting: March 12th 2020.

Further information can be provided by Sigurður Viðarsson, CEO of TM:

tel.: 515-2609
sigurdur@tm.is