

Sjóvá – Annual Results

Profit of ISK 652 million in 2018

2018 Operating Year and outlook

- Technical results of ISK 1,631 million (12M 2017: ISK 1,158 million)
- Pre-tax loss on investment activities ISK 679 million (12M 2017: ISK 927 million)
- Profit for the period ISK 652 million (12M 2017: ISK 1,746 million)
- Return on investment portfolio 0.9 % (12M 2017: 5.9%)
- Combined ratio of 97.4% (12M 2017: 99.4%)
- The combined ratio for the full year 2019 projected at around 95% and pre-tax earnings estimated at around ISK 3,300 million.

Q4 2018

- Technical results of ISK 480 million (Q4 2017: ISK 274 million)
- Pre-tax profit on investment activities ISK 6 million (Q4 2017: ISK 310 million)
- Profit for the period ISK 392 million (Q4 2017: 416 million)
- Return on investment portfolio 1.0% (Q4 2017: 1.7%)
- Combined ratio of 96.5% (Q4 2017: 99.6%)

Hermann Björnsson, CEO:

"Thanks to healthy premium growth, our 2018 underwriting results were better than projected despite several large losses that occurred during the year. Our combined ratio in Q4 2018 was 96.5%, more than three percentage points lower than in Q4 2017. The combined ratio for the full year was 97.4%, down two percentage points from the previous year. This resulted in a 40% year-on-year improvement in our underwriting results, in the face of challenging circumstances.

Our overall earnings for the year were negatively impacted by our investment results, which fell significantly short of expectations. This may mainly be attributed to losses on listed and unlisted equities, although returns on bond investments were also lower than anticipated. Investment income for the year was ISK 299 million, which represents a 0.9% return.

2018 was an eventful year in the company's 100 year history, with Sjóvá's predecessor, Sjóvátryggingafélag Íslands, having been founded on 20 October 1918. For the second year running, Sjóvá was the top-ranked insurance company in the Icelandic Customer Satisfaction Index. Important steps were taken in connection with the company's digital development. At the end of the year, we became the first insurance company in Iceland to sell and offer consultation on life and health insurance over the Internet. This opens up new possibilities in sales, marketing and customer interaction, which will be developed further over the coming months.

In 2019, driven by continued robust premium growth, we expect to reach our long-term goal for a combined ratio of around 95%, and to achieve pre-tax earnings of around ISK 3,300 million. "

Sjóvá's Board of Directors proposes that shareholders receive a dividend for the 2018 operating year amounting to ISK 0.47 per share or ISK 650 million. The board proposes a repurchase plan.

Presentation for investors on 15 February at 4:15 pm

Sjóvá will hold an open presentation of the company's results for the fourth quarter of 2018 on Friday, 15 February, at 4:15 pm in the company's meeting room at Kringlan 5, 6th floor. CEO Hermann Björnsson will present the results and answer questions. A live webcast of the meeting may be viewed at www.sjova.is/afkomukynningar

For further information, contact Sigríður Vala Halldórsdóttir, tel. +354 844 2136 or fjarfestar@sjova.is.

Financial highlights and key ratios

	Q4 2018	Q4 2017	%	12M 2018	12M 2017	%
Insurance activities						
Premiums earned	4,684	4,211	11.2%	18,165	16,383	10.9%
Reinsurers' share of premiums	-253	-214	18.2%	-947	-845	12.1%
Earned premiums. net of reinsurance	4,431	3,997	10.9%	17,218	15,539	10.8%
Investment income from insurance operations	314	259	21.3%	1,165	1,062	9.7%
Other revenues	85	45	87.7%	105	73	44.6%
Total profit on insurance operations	4,830	4,301	12.3%	18,489	16,674	10.9%
Claims incurred	-3,839	-3,177	20.8%	-14,085	-12,160	15.8%
Reinsurers' share of claims incurred	481	80	499.9%	998	259	285.5%
Claims incurred. net of reinsurance	-3,357	-3,096	8.4%	-13,087	-11,901	10.0%
Operating expenses on insurance operations	-993	-931	6.7%	-3,770	-3,614	4.3%
Net expenses on insurance operations	-4,350	-4,027	8.0%	-16,858	-15,515	8.6%
Profit/loss on insurance operations	480	274	75.4%	1,631	1,158	40.8%
Investment activities						
Income from investment operations	71	390	-81.7%	-346	1,202	-
Operating expenses on investment operations	-65	-79	-18.0%	-333	-275	21.2%
Profit on investment operations	6	310	-98.1%	-679	927	-
Profit before income tax	486	584	-16.7%	952	2,085	-54.3%
Income tax	-94	-169	-44.3%	-300	-339	-11.5%
Total profit for the period	392	416	-5.6%	652	1,746	-62.7%
	Q4 2018	Q4 2017		12M 2018	12M 2017	
Claims ratio	81.9%	75.4%		77.5%	74.2%	
Reinsurance ratio	-6.7%	2.1%		-0.9%	3.1%	
Claims and reinsurance ratio	75.3%	77.5%		76.7%	77.4%	
Expense ratio	21.2%	22.1%		20.8%	22.1%	
Combined ratio	96.5%	99.6%		97.4%	99.4%	
Return on equity (ROE)	10.8%	10.2%		4.5%	10.7%	
Earnings per share	0.27	0.29		0.46	1.19	
Equity	13.827	15.206		13.827	15.206	
Solvency ratio before dividend	1.56	1.64		1.56	1.64	
Solvency ratio after dividend	1.49	1.48		1.49	1.48	

The consolidated financial statements of Sjóvá for the year 2018 were approved by the Board of Directors and CEO at a board meeting on 15 February 2019.

Financial calendar –

Annual General Meeting 15 March 2019

Q1 2019 – 16 May 2019

Q2 2019 – 22 August 2019

Q3 2019 – 31 October 2019

Q4 2019 – 13 February 2020

Annual General Meeting 12 March 2020