

## Sjóvá – Annual Results

### Profit of ISK 3,853 million in 2019

#### 2019 Operating Year and outlook

- Technical results of ISK 2,192 million (12M 2018: ISK 1,631 million)
- Pre-tax profit on investment activities ISK 2,218 million (12M 2018: ISK 679 million loss)
- Profit for the period ISK 3,853 million (12M 2018: ISK 652 million)
- Return on investment portfolio 10.0% (12M 2018: 0.9%)
- Combined ratio of 95.1% (12M 2018: 97.4%)
- The combined ratio for the full year 2020 projected around 95% and pre-tax earnings estimated at around ISK 3,400 million
  - The guidance is based on actual results thus far into the first quarter

#### Q4 2019

- Technical results of ISK 324 million (Q4 2018: ISK 480 million)
- Pre-tax profit on investment activities ISK 504 million (Q4 2018: ISK 6 million)
- Profit for the period ISK 808 million (Q4 2018: ISK 392 million)
- Return on investment portfolio 2.1% (Q4 2018: 1.0%)
- Combined ratio of 99.0% (Q4 2018: 96.5%)

#### Hermann Björnsson, CEO:

"Sjóvá had a fruitful and successful year in 2019. Underwriting performance was strong, but the biggest reason for the rise in earnings was a major turnaround in investment income, up by approximately ISK 3 billion from the previous year. An influx of new customers contributed to a robust premium growth, helping us to achieve a combined ratio of 95.1% for the full year. This is in line with guidance and our long-term target. In comparing the 2019 results with those of the preceding year, it is worth bearing in mind that an unusual number of large losses occurred in 2018 and investment income also fell well short of expectations.

Our investment portfolio delivered good results in the fourth quarter, driven by strong gains in listed equities. Our bond portfolio, meanwhile, did not perform as well as expected, and we continued to write down our unlisted equity holdings during the quarter. Nevertheless, investment results for the full year came in above expectations, with both listed equities and bonds performing well. Our guidance for 2020 is that the combined ratio will be 95% for the full year and that pre-tax earnings will come in at around ISK 3,400 billion; this is based on the figures observed so far in 2020.

Sjóvá has seen an increase in satisfaction and loyalty in recent years. Job satisfaction is among the highest in Iceland, and together we have greatly stepped up our efforts to have an active dialogue with our customers, both in the commercial and private lines. This has been very well received and we have been at the top of the Icelandic Customer Satisfaction Index for the last three years running, ranking significantly ahead of our competitors in 2019. More than 35 thousand families are now members of our Stofn loyalty program, an all-time high. Last year we refunded ISK 570 million to claims-free Stofn members, with 24,500 families receiving a refund. At Sjóvá we are proud to be the only insurance company in Iceland that rewards customers for their loyalty in this manner. Sjóvá has made refunds to claims-free Stofn members for the past 25 years, with refunds totalling ISK 10.5 billion at present value. "

#### Board of Directors' proposal for a dividend and continued repurchase of shares

Sjóvá's Board of Directors proposes that shareholders receive a dividend for the 2019 operating year amounting to ISK 1.44 per share or ISK 1.940 million. This represents 50% of the company's earnings for the year, in line with the company's dividend policy. The Board of Directors will propose to the AGM that the authority to repurchase shares should be extended.

**Presentation for investors on 13 February at 4:15 pm**

Sjóvá will hold an open presentation of the company's results for the fourth quarter of 2019 on Thursday, 13 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](http://www.sjova.is/afkomukynningar)

**For further information**, contact Sigríður Vala Halldórsdóttir, tel. +354 844 2136 or [fjarfestar@sjova.is](mailto:fjarfestar@sjova.is).

**Financial calendar**

Annual General Meeting March 12, 2020

Q1 2020 – May 14, 2020

Q2 2020 – August 20, 2020

Q3 2020 – October 29, 2020

Q4 2020 – February 11, 2021

The News Announcement and Investors' Presentation in English will be available on the website [www.sjova.is](http://www.sjova.is)

**For further information**, contact Sigríður Vala Halldórsdóttir, tel. +354 844 2136 or [fjarfestar@sjova.is](mailto:fjarfestar@sjova.is).

## Financial highlights and key ratios



	Q4 2019	Q4 2018	%	12M 2019	12M 2018	%
<b>Insurance activities</b>						
Premiums earned	5,231	4,684	11,7%	20,633	18,165	13,6%
Reinsurers' share of premiums	-225	-253	-10,9%	-932	-947	-1,6%
<b>Earned premiums net of reinsurance</b>	<b>5,005</b>	<b>4,431</b>	<b>13,0%</b>	<b>19,701</b>	<b>17,218</b>	<b>14,4%</b>
Investment income from insurance operations	245	314	-22,1%	1,068	1,165	-8,3%
Other revenues	55	85	-35,1%	204	105	93%
<b>Total profit on insurance operations</b>	<b>5,305</b>	<b>4,830</b>	<b>9,8%</b>	<b>20,972</b>	<b>18,489</b>	<b>13,4%</b>
Claims incurred	-4,105	-3,839	6,9%	-15,239	-14,085	8,2%
Reinsurers' share of claims incurred	131	481	-72,9%	377	998	-62,2%
<b>Claims incurred net of reinsurance</b>	<b>-3,974</b>	<b>-3,357</b>	<b>18,4%</b>	<b>-14,861</b>	<b>-13,087</b>	<b>13,6%</b>
Operating expenses on insurance operations	-1,008	-993	1,5%	-3,918	-3,770	3,9%
<b>Net expenses on insurance operations</b>	<b>-4,982</b>	<b>-4,350</b>	<b>14,5%</b>	<b>-18,780</b>	<b>-16,858</b>	<b>11,4%</b>
<b>Profit/loss on insurance operations</b>	<b>324</b>	<b>480</b>	<b>-33%</b>	<b>2,192</b>	<b>1,631</b>	<b>34%</b>
<b>Investment activities</b>						
Income from investment operations	592	71	-	2,573	-346	-
Operating expenses on investment operations	-88	-65	34,9%	-355	-333	6,5%
<b>Profit on investment operations</b>	<b>504</b>	<b>6</b>	<b>-</b>	<b>2,218</b>	<b>-679</b>	<b>-</b>
<b>Profit before income tax</b>	<b>827</b>	<b>486</b>	<b>70,1%</b>	<b>4,410</b>	<b>952</b>	<b>-</b>
Income tax	-19	-94	-79,7%	-557	-300	86%
<b>Total profit for the period</b>	<b>808</b>	<b>392</b>	<b>-</b>	<b>3,853</b>	<b>652</b>	<b>-</b>
<b>Key ratios</b>						
	Q4 2019	Q4 2018		12M 2019	12M 2018	
Claims ratio	78.5%	81.9%		73.9%	77.5%	
Reinsurance ratio	1.3%	-6.7%		2.2%	-0.9%	
Claims and reinsurance ratio	79.7%	75.3%		76.1%	76.7%	
Expense ratio	19.3%	21.2%		19.0%	20.8%	
Combined ratio	99.0%	96.5%		95.1%	97.4%	
Return on equity (ROE)	21.5%	10.8%		25.6%	4.5%	
Earnings per share	0.62	0.27		2.82	0.46	
Equity	16,294	13,827		16,294	13,827	
Solvency ratio	1.48	1.49		1.48	1.49	

The consolidated financial statements of Sjóvá for the year 2019 were approved by the Board of Directors and CEO at a board meeting on 13 February 2020