

Sjóvá – Quarterly results

Profit of ISK 2.601 million in the first six months of the year 2019

Q2 2019

- Technical results of ISK 578 million (Q2 2018: ISK 47 million)
- Pre-tax profit on investment activities ISK 1.184 million (Q2 2018: ISK -680 million)
- Profit for the period ISK 1.548 million (Q2 2018: ISK -630 million)
- Return on investment portfolio 4,2% (Q2 2018: -1,3%)
- Combined ratio of 94,5% (Q2 2018: 105,2%)

6M 2019 og updated guidance

- Technical results of ISK 989 m.kr. (6M 2018: ISK 443 million)
- Pre-tax profit on investment activities ISK 1.953 m.kr. (6M 2018: ISK -259 million)
- Profit for the period ISK 2.601 m.kr (6M 2018: ISK 119 million)
- Return on investment portfolio 7,9% (6M 2018: 0,7%)
- Combined ratio of 96,2% (6M 2018: 101,3%)
- Guidance on the combined ratio remains at around 95% for the full year 2019 and pre-tax earnings has been updated to ISK 4.300 million for the full year 2019. Guidance on pre-tax earnings for the next 12 months (Q3 2019 – Q2 2020) has been updated to ISK 3.000 million and guidance on the combined ratio for the next 12 months remains unchanged at 95%.
 - The updated guidance is based on actual results thus far into the third quarter.

Hermann Björnsson, forstjóri:

„Sjóvá had earnings of ISK 2,601 million in the first 6 months of the year, thanks to strong results from our underwriting and investment operations, both of which improved significantly year-on-year. Investment returns were negative in the same period last year, and large losses negatively impacted our underwriting results, contributing to the degree of fluctuations between years. Fluctuations in earnings, such as these, are considered normal over short periods of time.

The positive trend in our underwriting operations continued, with premiums up 15.5% from the same period last year. We see growth both in personal and commercial lines. The robust growth of recent years has been achieved without a corresponding increase in costs, resulting in a significant reduction in our expense ratio, which currently stands at 20% for the first 6 months of the year.

We strive to be a leading service company and to provide the type of service that contributes both to maintaining our present business and generating new. As part of these efforts, our staff has been busy visiting locations and customers that might be considered at risk for losses, in order to review fire prevention measures and other risk factors in view of the high frequency of major fires seen in the past few years. Our staff has been very well received, as it is truly in everyone's interest to prevent major accidents and losses. To maintain our strong position in the insurance market, it is vital that both our digital as well as other services are provided in a manner that our customers find convenient and meets their needs.

Returns on our investment portfolio exceeded expectations in the first 6 months of the year, with both listed shares and bonds performing well.

Guidance on pre-tax earnings has been updated from ISK 4,200 million to ISK 4,300 million for the full year 2019. Guidance on the combined ratio remains at around 95% for the full year 2019.

Guidance on pre-tax earnings for the next 12 months (Q3 2019 – Q2 2020) has been updated from ISK 3,800 million to ISK 3,000 million. The reason for this reduction is that Q2 2019 started off exceptionally strong, which affected our previous guidance, in addition to the recent decline in interest rates. Guidance on the combined ratio for the next 12 months remains unchanged at 95%.

Our guidance takes into account actual results thus far into the third quarter of 2019.“

Presentation for investors on 22 August at 4:15 pm

Sjóvá will hold an open presentation of the company's results for the second quarter of 2019 on Thursday, 22 August, 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

Financial calendar

Q3 2019 – 31 October 2019

Q4 2019 – 13 February 2020

Annual General Meeting 12 March 2020

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

Financial highlights and key ratios

	Q2 2019	Q2 2018	%	6M 2019	6M 2018	%
Insurance activities						
Premiums earned	5.220	4.462	17,0%	10.017	8.714	15,0%
Reinsurers' share of premiums	-250	-249	0,2%	-485	-462	4,9%
Earned premiums. net of reinsurance	4.970	4.213	18,0%	9.532	8.252	15,5%
Investment income from insurance operations	270	278	-2,9%	561	556	0,9%
Other revenues	82	8	946%	119	16	642%
Total profit on insurance operations	5.322	4.499	18,3%	10.213	8.824	15,7%
Claims incurred	-3.830	-3.879	-1,3%	-7.385	-6.923	6,7%
Reinsurers' share of claims incurred	79	395	-79,9%	160	441	-63,7%
Claims incurred. net of reinsurance	-3.751	-3.484	7,7%	-7.224	-6.482	11,5%
Operating expenses on insurance operations	-993	-968	2,6%	-2.000	-1.899	5,3%
Net expenses on insurance operations	-4.744	-4.452	6,6%	-9.224	-8.381	10,1%
Profit/loss on insurance operations	578	47	1131%	989	443	123%
Investment activities						
Income from investment operations	1.270	-583	-	2.137	-68	-
Operating expenses on investment operations	-86	-97	-11,3%	-184	-190	-3,3%
Profit on investment operations	1.184	-680	-	1.953	-259	-
Profit before income tax	1.762	-633	-	2.942	185	1493%
Income tax	-214	3	-	-341	-66	420%
Total profit for the period	1.548	-630	-	2.601	119	2086%
	2F 2019	2F 2018		6M 2019	6M 2018	
Claims ratio	73,4%	86,9%		73,7%	79,5%	
Reinsurance ratio	2,1%	-3,4%		2,5%	0,1%	
Claims and reinsurance ratio	75,5%	83,5%		76,3%	79,5%	
Expense ratio	19,0%	21,7%		20,0%	21,9%	
Combined ratio	94,5%	105,2%		96,2%	101,3%	
Return on equity (ROE)	42,0%	-17,4%		35,3%	1,6%	
Earnings per share	1,12	-0,44		1,88	0,08	
Equity						
Solvency ratio	15.666	13.695		15.666	13.695	
Gjaldþolshlutfall	1,54	1,45		1,54	1,45	

The consolidated financial statements of Sjóvá for the second quarter of 2019 were approved at a meeting of the Board of Directors and CEO on 22 August 2019. The interim financial statements have neither been reviewed nor audited by the Company's auditors.