

## Sjóvá – Quarterly results

### Profit of 1,053 million in the first three months of the year

#### Q1 highlights and outlook

- Technical results of ISK 411 million (Q1 2018: 396 million)
- Pre-tax profit on investment activities 769 million (Q1 2018: 422 million)
- Profit for the period ISK 1,053 million (Q1 2018: 749 million)
- Return on investment portfolio 3.5% (Q1 2018: 2.0%)
- Combined ratio of 98.1% (Q1 2018: 97.2%)
- The combined ratio for the full year 2019 projected around 95% and pre-tax earnings estimated at around ISK 4,200 million
  - The updated guidance is based on actual results for April
- The guidance for the next 12 months (2Q 2019 – 1Q 2020) is that the combined ratio will be around 95% and pre-tax earnings will be around ISK 3,800 million.

#### Hermann Björnsson, CEO:

"Sjóvá had earnings of ISK 1,053 million in the first quarter, which represents an increase of 41% from the preceding year. We are very pleased with the results, including both our underwriting and investment performance.

Premiums earned were up 13% year-on-year, after rising by 10% year-on-year in Q1 2018. The strong growth seen in recent years has resulted in ever improving underwriting operations, with a lower expense ratio and improved combined ratio. Although the combined ratio increased slightly between Q1 2018 and Q1 2019, from 97.2% to 98.1%, we expect to achieve our guidance for a combined ratio of around 95% for the full year.

In a volatile financial market it has been our stated goal not to depend too heavily on our investment results and instead focus on delivering positive underwriting results. We have been able to achieve this goal for the past 12 quarters, which is both encouraging and a sign that our underlying fundamentals are strong and sustainable. Our results in the motor insurance segment are under constant review, and while there is still room for improvement, the key indicators are moving in the right direction.

Our investment performance exceeded expectations during the quarter, due primarily to strong returns on listed shares. Accordingly, our guidance on pre-tax earnings has been updated from ISK 3,300 million to around ISK 4,200 million, based on market trends to the end of April.

Our guidance for the next twelve months (2Q 2019 – 1Q 2020) is that the combined ratio will be around 95% and pre-tax earnings will be around ISK 3,800 million."

#### Presentation for investors on 16 May at 4:15 pm

Sjóvá will hold an open presentation of the company's results for the fourth quarter of 2018 on Thursday, 16 May, 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)

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

#### Financial calendar -

Q2 2019 – 22 August 2019

Q3 2019 – 31 October 2019

Q4 2019 – 13 February 2020

Annual General Meeting 12 March 2020

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## Financial highlights and key ratios

	Q1 2019	Q1 2018	%
<b>Insurance activities</b>			
Premiums earned	4,798	4,251	12.9%
Reinsurers' share of premiums	-235	-212	10.5%
<b>Earned premiums. net of reinsurance</b>	<b>4,563</b>	<b>4,039</b>	<b>13.0%</b>
Investment income from insurance operations	291	278	4.7%
Other revenues	37	8	353.6%
Total profit on insurance operations	4,891	4,325	13.1%
Claims incurred	-3,554	-3,044	16.8%
Reinsurers' share of claims incurred	81	46	74.3%
<b>Claims incurred. net of reinsurance</b>	<b>-3,474</b>	<b>-2,998</b>	<b>15.9%</b>
Operating expenses on insurance operations	-1,007	-931	8.2%
<b>Net expenses on insurance operations</b>	<b>-4,480</b>	<b>-3,929</b>	<b>14.0%</b>
<b>Profit/loss on insurance operations</b>	<b>411</b>	<b>396</b>	<b>3.7%</b>
<b>Investment activities</b>			
Income from investment operations	867	515	68.4%
Operating expenses on investment operations	-98	-93	4.9%
<b>Profit on investment operations</b>	<b>769</b>	<b>422</b>	<b>82.4%</b>
<b>Profit before income tax</b>	<b>1,180</b>	<b>818</b>	<b>44.3%</b>
Income tax	-127	-69	83.8%
<b>Total profit for the period</b>	<b>1,053</b>	<b>749</b>	<b>40.6%</b>
	<b>Q1 2019</b>	<b>Q1 2018</b>	
Claims ratio	74.1%	71.6%	
Reinsurance ratio	3.0%	3.7%	
Claims and reinsurance ratio	77.1%	75.3%	
Expense ratio	21.0%	21.9%	
Combined ratio	98.1%	97.2%	
Return on equity (ROE)	30.0%	20.2%	
Earnings per share	0.76	0.53	
Equity	14,228	14,459	
Solvency ratio	1.43	1.51	

The consolidated financial statements of Sjóvá for the first quarter of 2019 were approved at a meeting of the Board of Directors and CEO on 16 May 2019. The interim financial statements have neither been reviewed nor audited by the Company's auditors.