

A woman with long brown hair, wearing a yellow tank top and dark grey pants, is captured in a dynamic parkour pose. She is leaning forward, with her hands gripping a vertical metal pole. Her hair is blowing in the wind, suggesting movement. The background is a clear, light blue sky. The ground is sandy, and a metal grate is visible at the base of the pole.

Tryg - Aiming for world class

Capital Markets Day

London, 5 November 2014

Agenda



9:00–9:30

Registration and coffee

9:30

Targets and initiatives

- Follow up on CMD 2012 targets and initiatives
- Targets and initiatives 2015 – 2017

Tryg – aiming for world class

- Customer experience worth recommending
- Next level pricing

Coffee break

- Leading in efficiency

Low risk and high returns

Concluding remarks

12:30

Lunch



Disclaimer



Certain statements in today's presentations are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "continues" or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

We urge you to read our financial reports available on tryg.com for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that presented as anticipated, believed, estimated or expected.

We are not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

Where are we today?

- Follow up on targets for 2012 – 2015



Targets presented on Capital Market Day, 19 June 2012

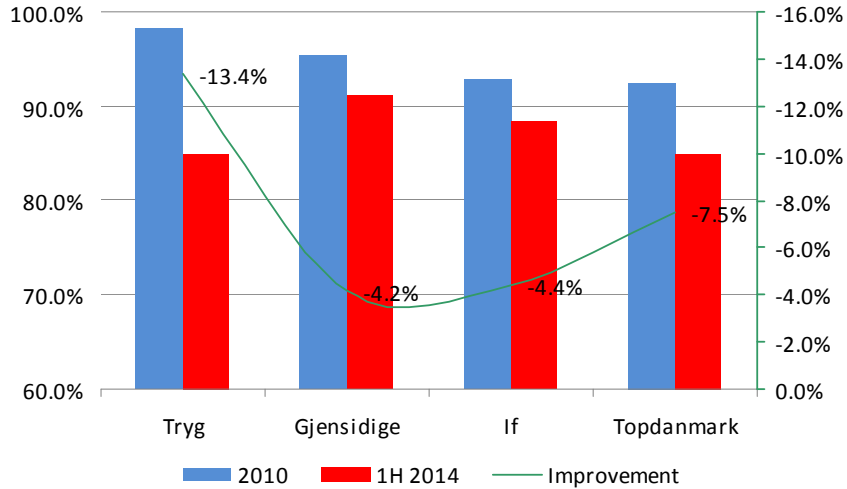
Parameter	Targets 2015	FY 2010	FY 2013	Q3 2014
Combined ratio	≤ 90%	98.8%	87.7%	83.7% ✓
Expense ratio	< 15%	17.0%	15.6%	15.1% (on schedule) ✓
Return on equity	> 20%	6.6%	21.5%	21.7% ✓
Efficiency programme	DKK 1,000m	-	DKK 557m	DKK 835m (on schedule) ✓

Delivered as promised, ahead of schedule

Delivering accelerated improvement



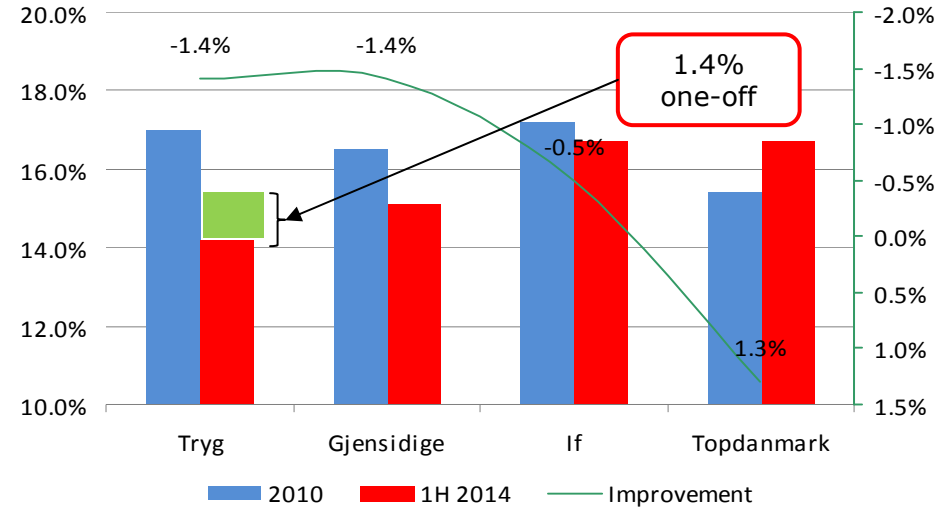
Combined ratio 2010 – H1 2014



Note: Peers are net of reinsurance.

- From 2010 – H1 2014, Tryg has reduced its combined ratio by 13.4% - approximately 2-3 times that achieved by our closest peers.

Expense ratio 2010 – H1 2014



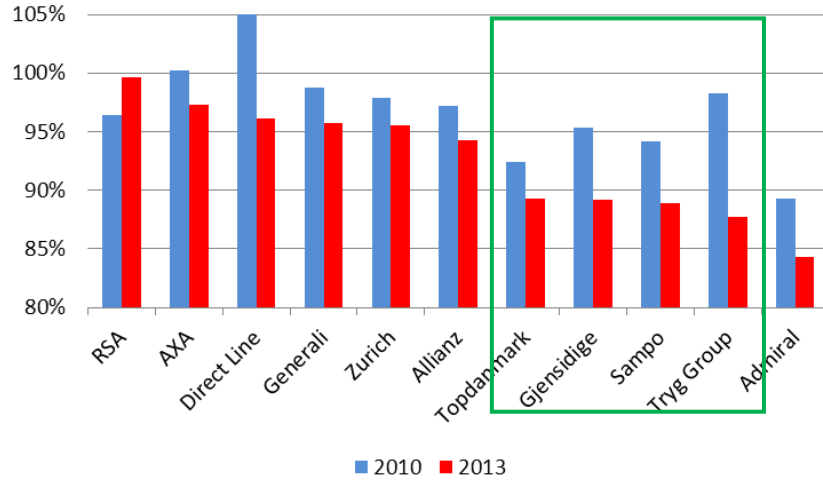
Note: Peers are net of reinsurance.

- In the same period, Tryg has reduced its expense ratio by 1.4%.
- Delivery has been underpinned by continued cost discipline, with a clear path to achieving DKK 1,000m in savings by 2015.
- Achieved savings are at present DKK 835m.

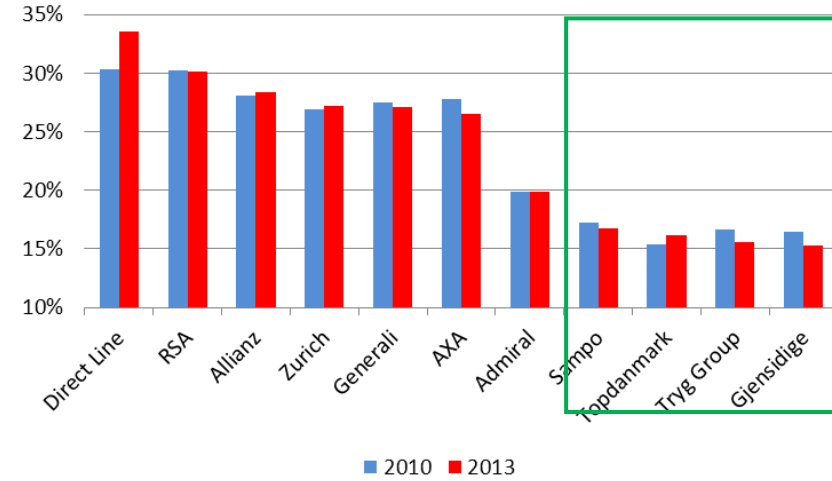
Performance relative to European peers



Combined ratio 2010 - 2013

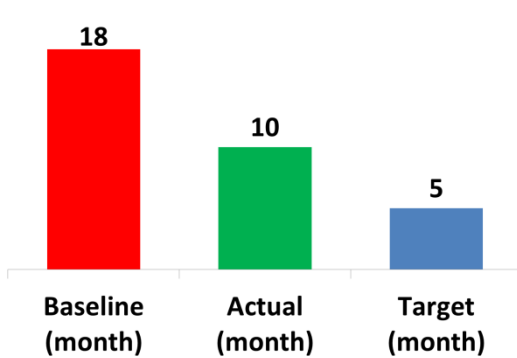


Expense ratio 2010 - 2013



- Technical result improved from DKK 460m to DKK 2,496m.
- Combined ratio improved from 98.3 to 87.7.
- Expense ratio improved from 17.0% to 15.6%.

Key initiatives driving target realisation



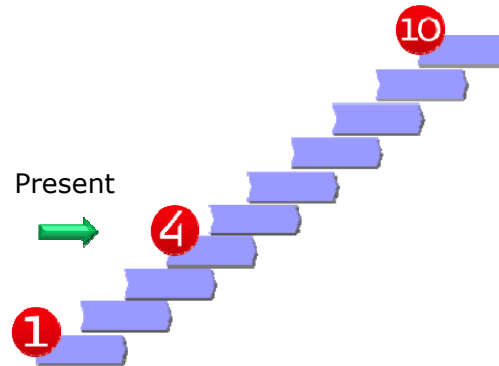
Shorter TOM in terms of products and pricing

46,000 suppliers



26,000 suppliers

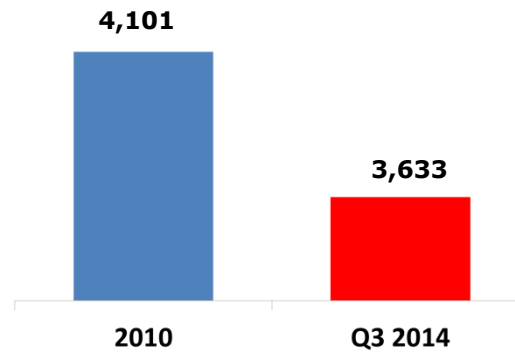
Next Level Sourcing



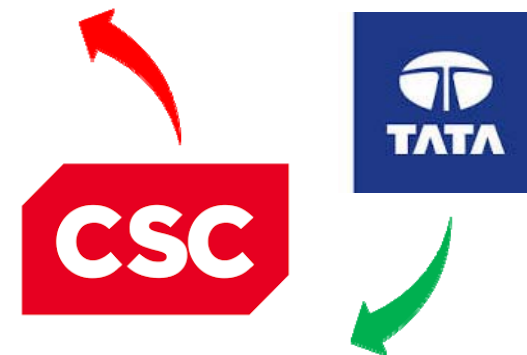
Customer selection



Finland sold and opportunistic M&A



FTE reduction and increased efficiency

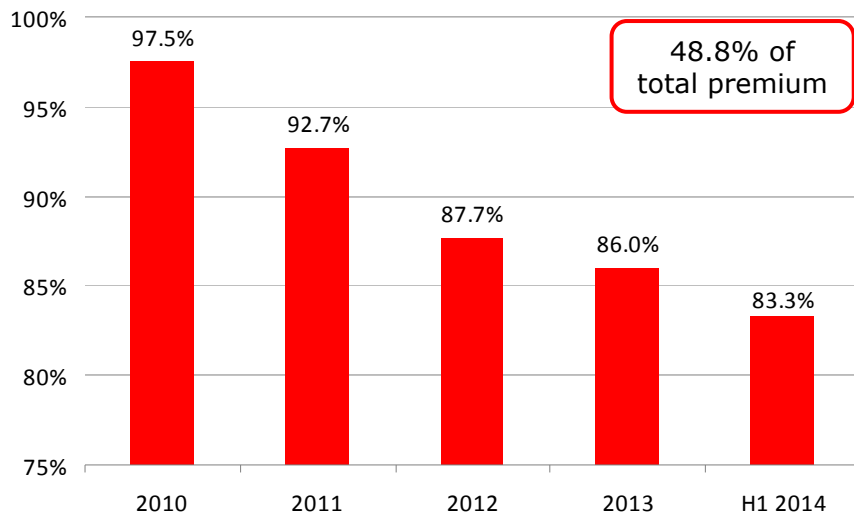


Change of IT supplier

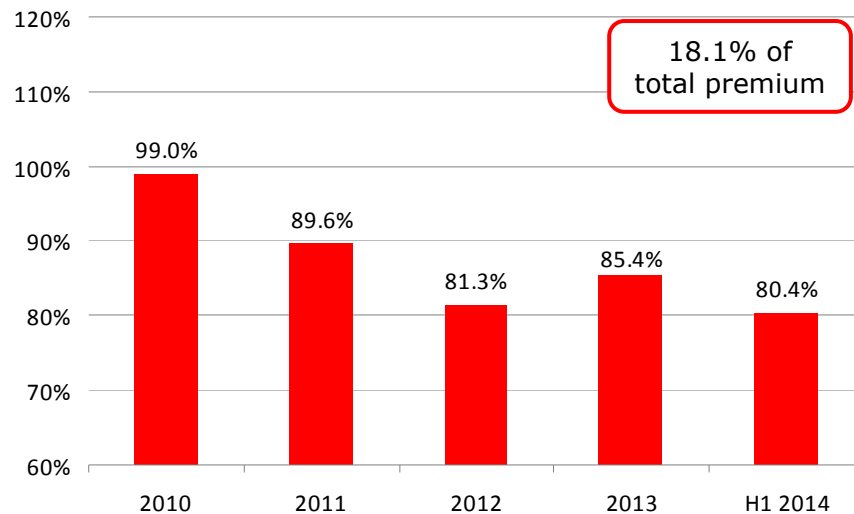
Core earnings improved across business areas



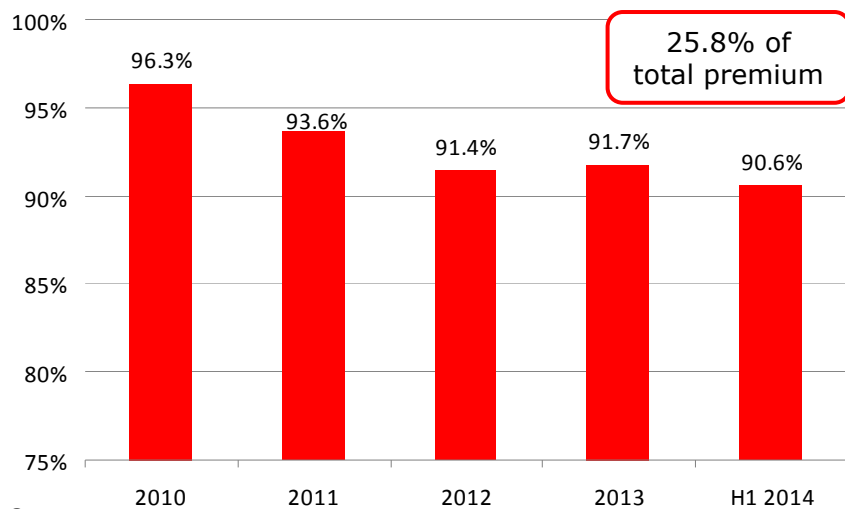
Combined ratio - Private (DK & NO)



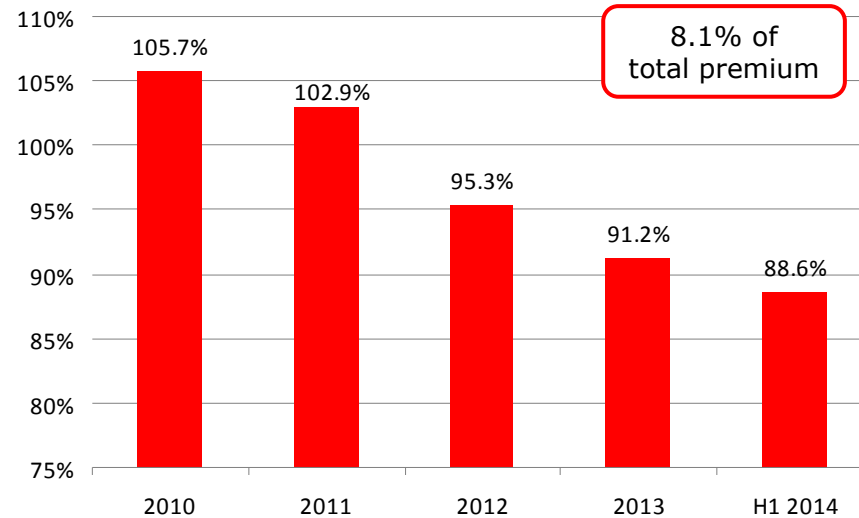
Combined ratio - Commercial (DK & NO)



Combined ratio - Corporate

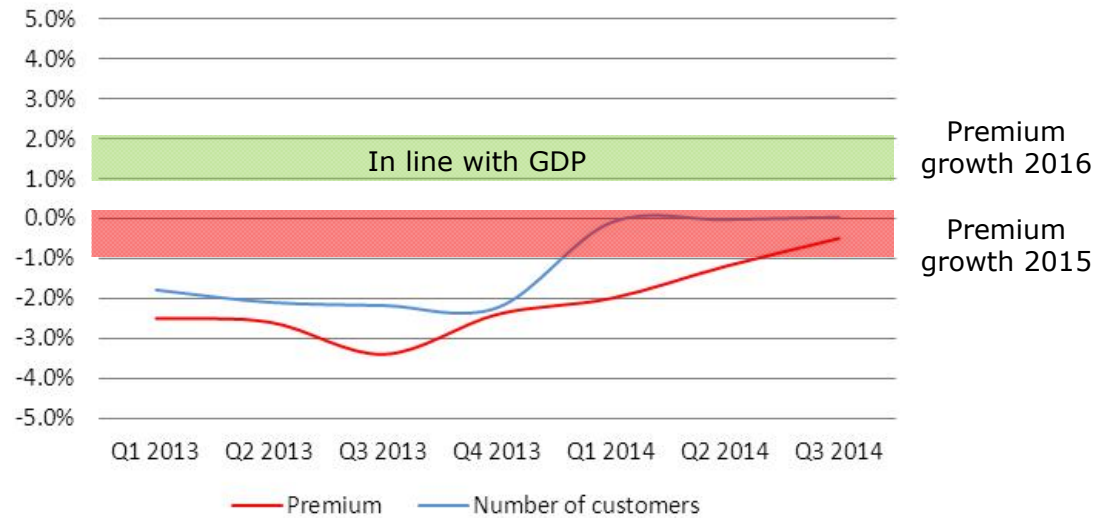


Combined ratio - Sweden (Private)



Closer to the balance point

Development in premium and no. of customers



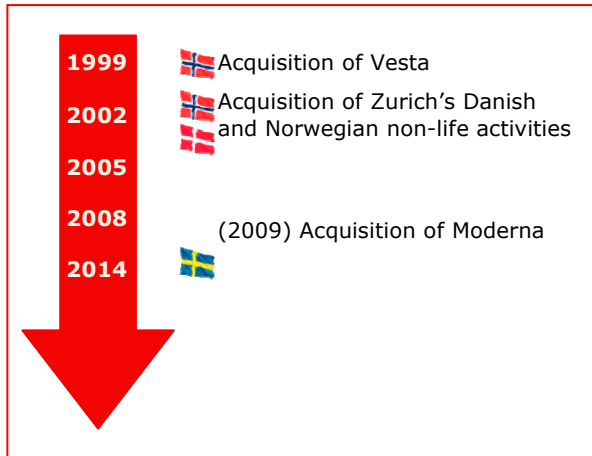
- In 2013 and 2014, Tryg has seen a positive trend in both its premium and number of customers.
- Our ambition is to grow profitably in line with GDP and we are thus taking the first steps to doing just so.



Value creation through M&A



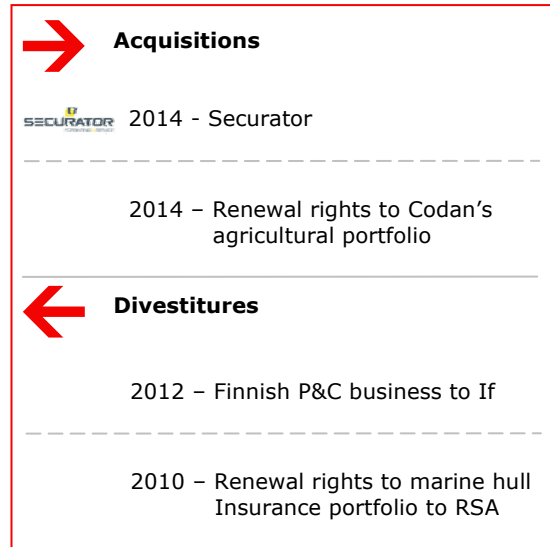
Tryg created and shaped through successful M&A



Moderna our latest success story

- Market leading positions in Swedish niche segments
- Strengthened distribution platform
- Platform for expansion and profitable growth
- Realised synergies of DKK 50m (6.2% of purchase price)
- EPS enhancing

While we continuously focus on developing our platform



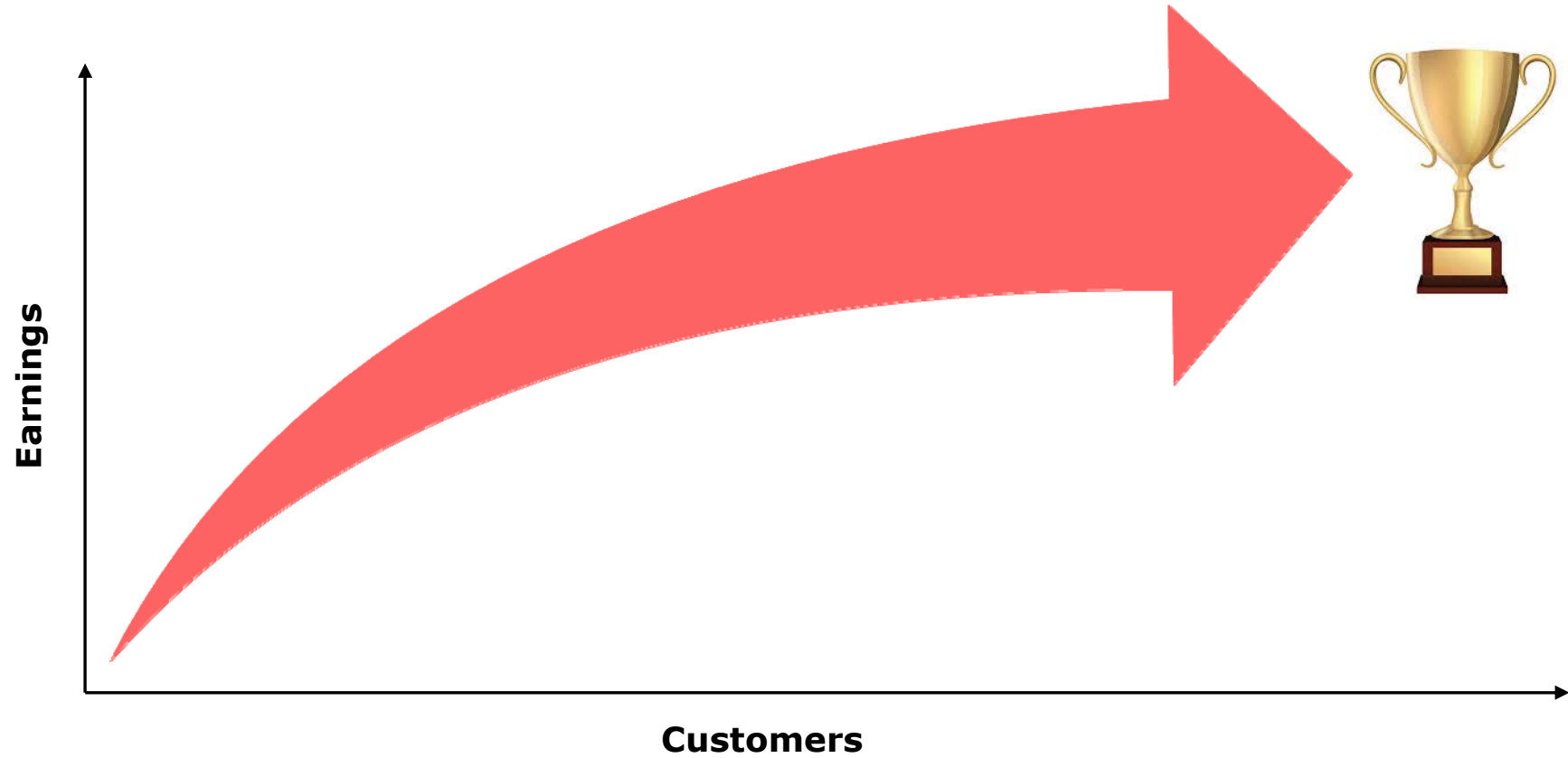
Strict criteria for value enhancing M&A

- | | | | |
|---|----------------------------------|---|-----------|
| 1 | Strategically supportive | → | Critical |
| 2 | EPS accretive | → | Critical |
| 3 | Value creative | → | Critical |
| 4 | Product / distribution enhancing | → | Desirable |

A photograph of a woman with long, wavy brown hair, wearing a bright red jacket, smiling and hugging a man from behind. The man is wearing a purple long-sleeved shirt. They are on a beach with the ocean and a cloudy sky in the background. A red banner is overlaid at the bottom of the image.

Targets and initiatives 2015 - 2017

Tryg – aiming for world class



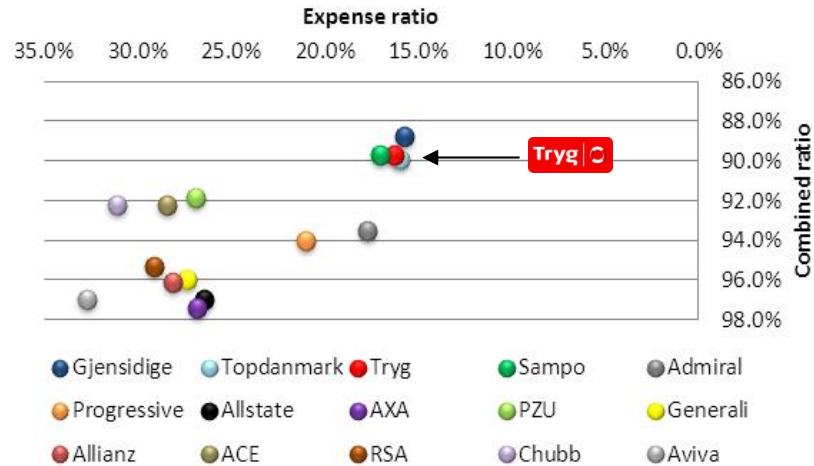
We aim to provide world class earnings and customer experiences – simultaneously!

What does world class look like financially?



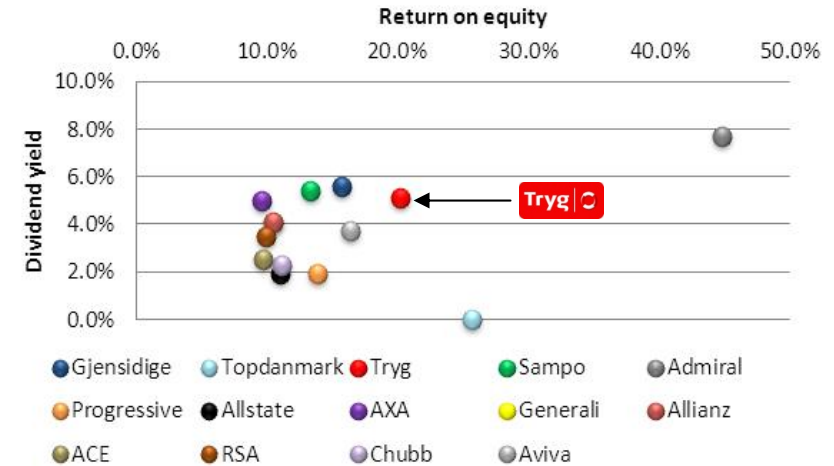
Combined ratio/ expense ratio

Average 2011 - 2013



Return on equity/ dividend yield

Average 2011 - 2013



- Tryg's strong focus on earnings through greater efficiency has financially placed Tryg amongst the industry's top performers.
- The challenge ahead is to continuously improve financial performance while simultaneously achieving world class customer care.
- Since its listing, Tryg has delivered a direct yield of ~5% and including share buy back ~7%.

What does world class look like customer wise?



Delivering peace of mind and value to its customers, employees and investors.



"Thank you for delivering exactly what you promise."

- Available wherever, whenever
- First contact resolution ($\geq 90\%$)
- End to end faster than peers
- Fair coverage
- Making insurance human
- High # of 10/10 experiences

"You should really consider moving your insurances to Tryg. I highly recommend them."



Brand promise

=

Customer experience

→

Recommendation

Setting new targets for 2017



Targets 2015: Strong and necessary earnings and clean up focus

Earnings	
ROE	> 20%
Combined ratio	< 90%
Expense ratio	< 15%
Savings programme	DKK 1,000m

Customers	
-	-

Targets 2017: Enhanced earnings capability and improved customer focus

Earnings	
ROE	≥ 21%
Combined ratio	≤ 87%
Expense ratio	≤ 14%
Savings programme	DKK 750m

Customers	
NPS	+100%
Retention rate	+1 pp
≥3 products	+5 pp

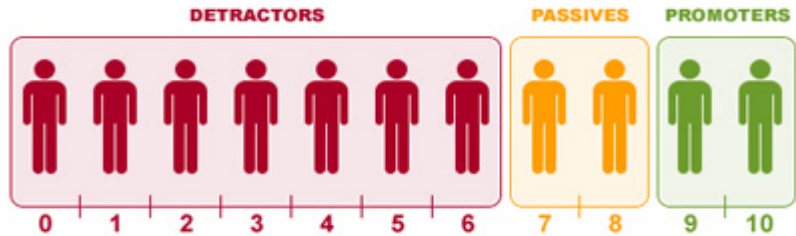
Increasing momentum

- A strong starting point for better customer care



What is Net Promoter Score (NPS)?

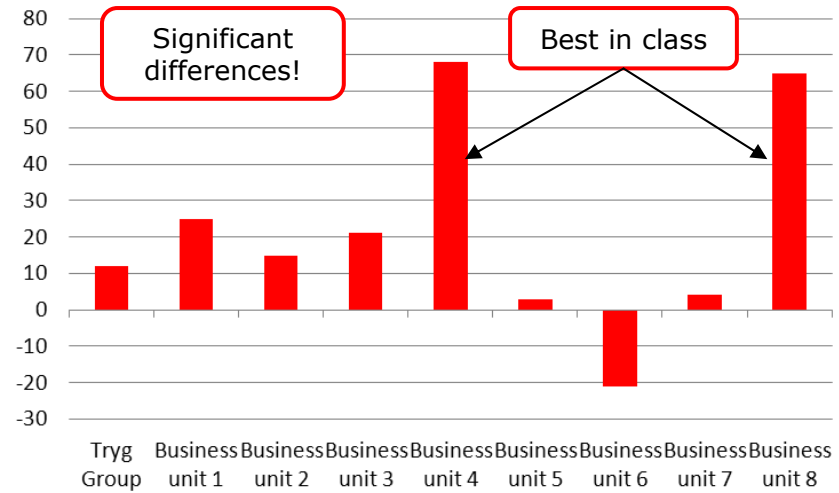
How likely is it that you would recommend us to a friend?



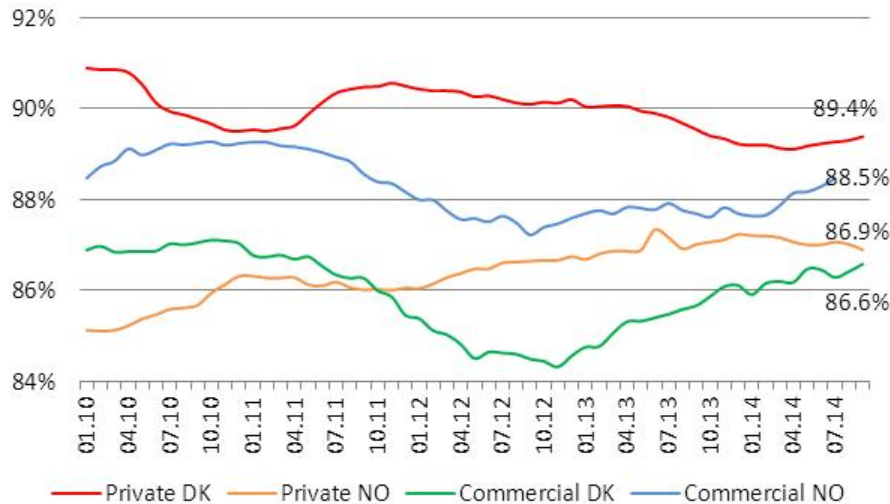
Net Promoter Score = % Promoters - % Detractors

Source: Peoplepulse.com

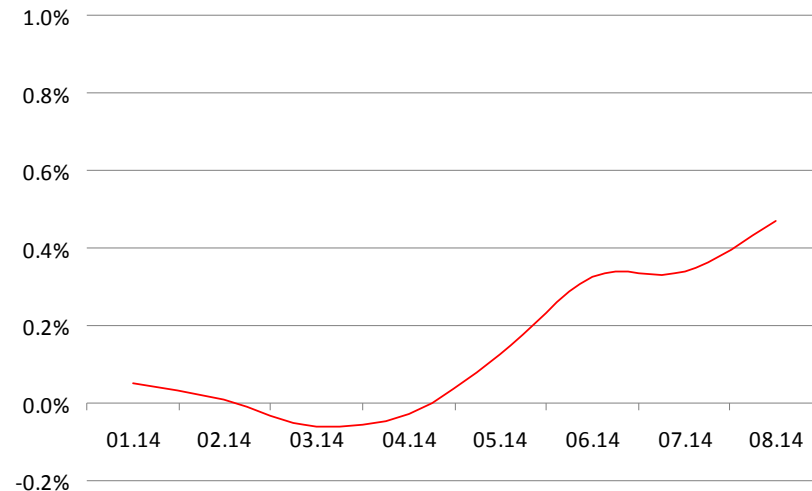
Tryg's NPS by business unit Sep. 2014 R12



Retention rate O3 2014



CMGR for customers with ≥3 products



Target drivers towards 2017

Targets 2017: Enhanced earnings capability and improved customer focus

Earnings	
ROE	≥ 21%
Combined ratio	≤ 87%
Expense ratio	≤ 14%
Savings programme	DKK 750m

Customers	
NPS	+100%
Retention rate	+1 pp
≥3 products	+5 pp



Target drivers

Customer care worth recommending

Next level pricing

Leading in efficiency

Low risk and high returns



Tryg – aiming for world class

Customer care worth recommending

- 2011

- Profitable focus
- Price increases
- Pruning of portfolio

2012 – 2014

- Balanced portfolio
- Improved efficiency

2015 - 2017

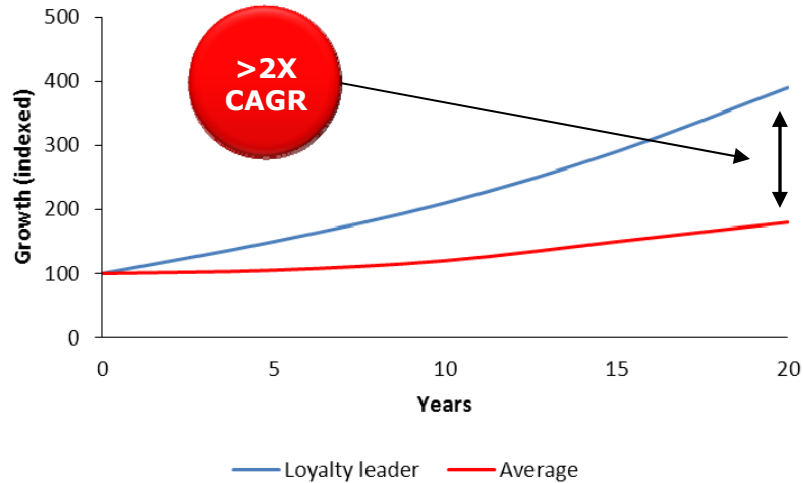
- Increased retention
- Improved NPS
- Increased number of ≥ 3 customers



Customer promoters drive real growth



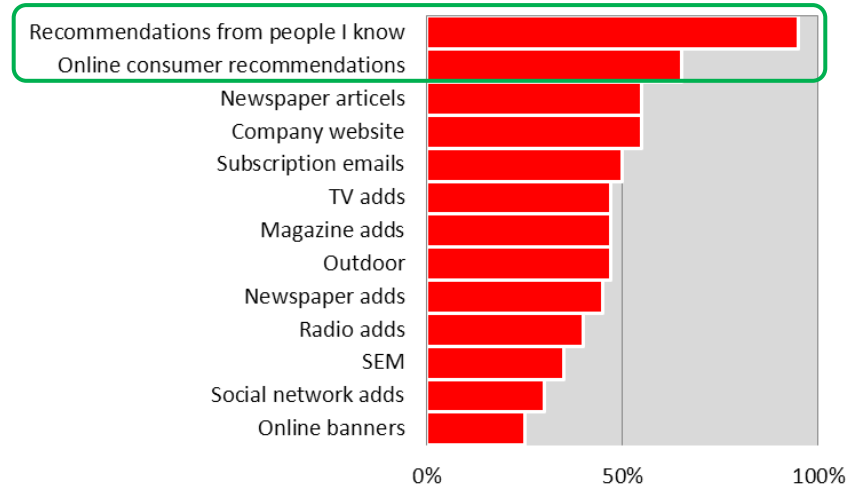
Correlation in relative NPS and growth



Source: Bain & Company

- Depending on the industry, NPS explain ~20-60% of the variation in organic growth rates among competitors.
- On average, an industry NPS leader outgrows its competitors by a factor greater than two.

Trust in information sources



Customer promoters...

- Buy more
- Stay longer
- Refer friends and family
- Provide feedback and ideas

An example of the strength of a recommendation



Happy storm (week 41)



████████████████████ ▶ Tryg
Kæreste Tryg,

I skriver jo det handler om at være tryg - og det må jeg give jer - I har styr på det!

I en verden ofte plaget af de socialemedier bruges til kun at starte negative shitstorms, følger her en ros-storm.

>5,000 likes; >216 sharings; >100 comments

████████████████████ | Godt, vi har alle vores forsikringer hos Tryg... 😊
Synes godt om · Svar · 5 · 3. oktober kl. 17:38

Translation:

Thank God, we have all of our insurances with Tryg

████████████████████ | Tror jeg booker næste rejseforsikring hos Tryg... 🙌
Synes godt om · Svar · 50 · 3. oktober kl. 17:22

Translation:

Think I'll buy my next travel insurance at Tryg

████████████████████ | Fik helt gåsehud af at læse jeres historie, måske man skulle skifte til Tryg. 🙌 😊
Synes godt om · Svar · 16 · 3. oktober kl. 17:00

Translation:

Your story gave me goosebumps, maybe I should change to Tryg

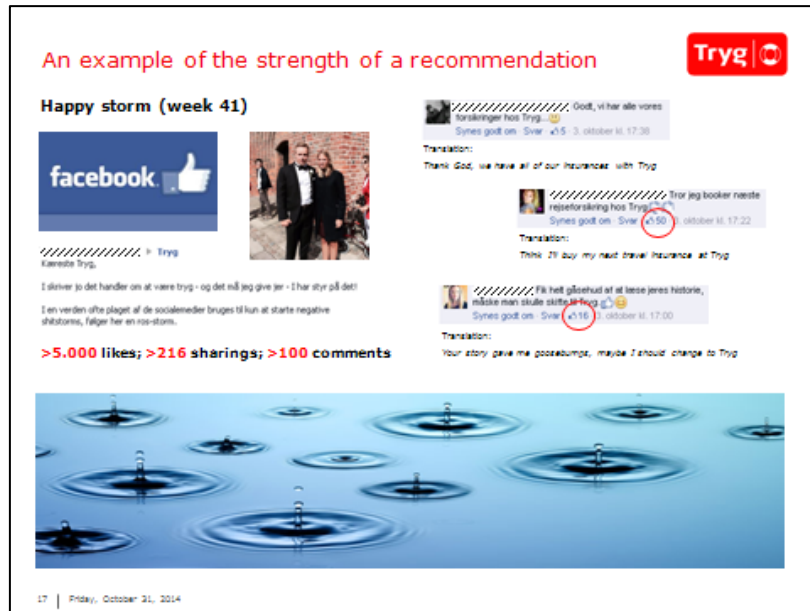


The simple truth to recommendable customer care

- Put the customer in center of everything you do



Example of great customer care by Tryg



Example of poor customer care by Tryg



Source: Ekstra Bladet

100% internal service level fulfillment



100% internal service level fulfillment

Accommodating and helpful service



Accommodating and helpful service

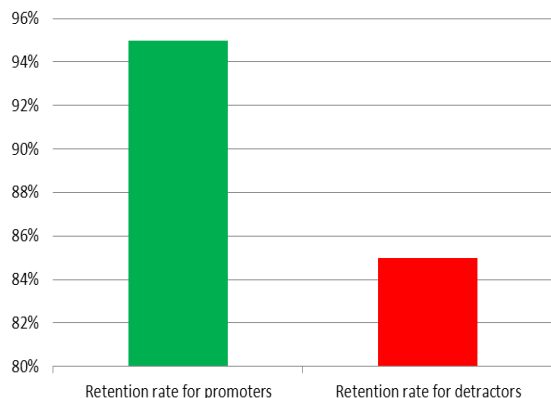
Customer focus and thinking ahead



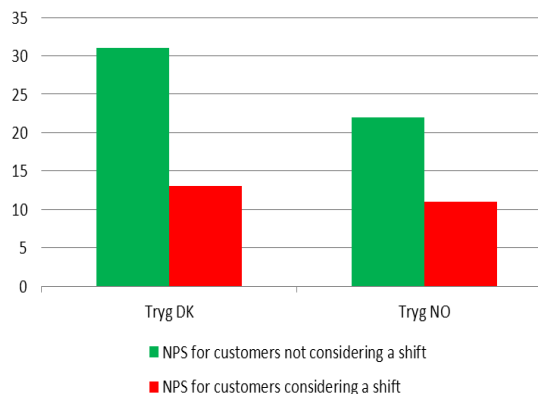
Process focus and thinking of the next task

We aim to improve NPS to drive retention and engagement

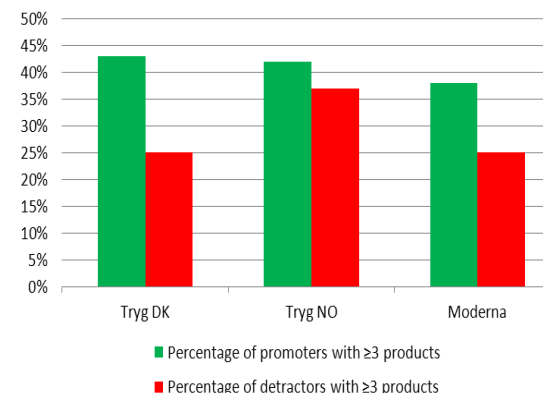
Correlation between retention and NPS



Correlation between loyalty and NPS



Correlation between engagement and NPS



Source: Company data

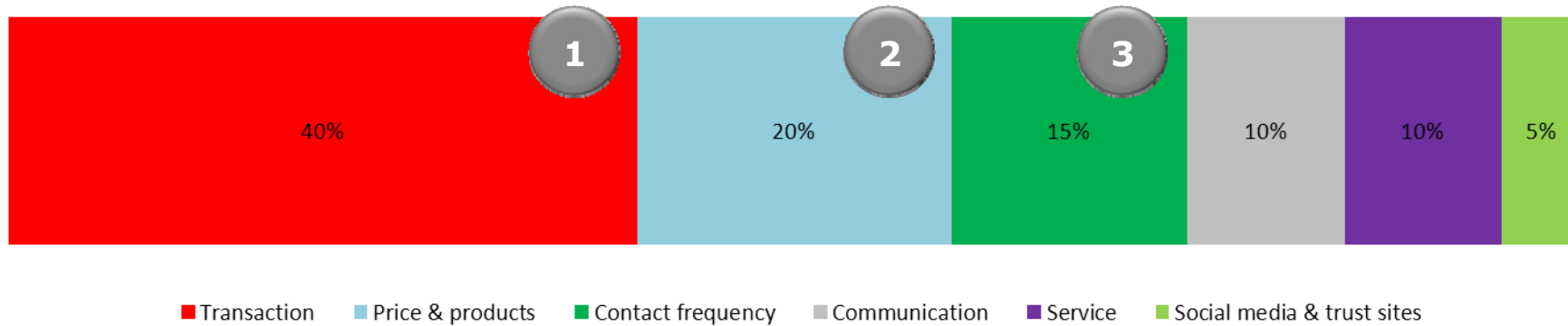
- 1 pp change in retention rate = DKK 50-150m change in expenses depending on BU and timing.
- The average premium of customers with ≥3 products is ~50% higher than the portfolio average.
- Customers with ≥3 products have a life time value ~120% higher than the portfolio average.



Prioritisation of initiatives according to impact



NPS impact by interaction point – Top 3 priorities



Customer perspective

- Effects of selected initiatives within top 3

- 90% first contact resolution
- End to end faster than peers
- Annual coverage check
- SMS to ensure performance (high 10/10)
- Instant corrections (call 1-3 / 10)
- Market leading products

Financial perspective

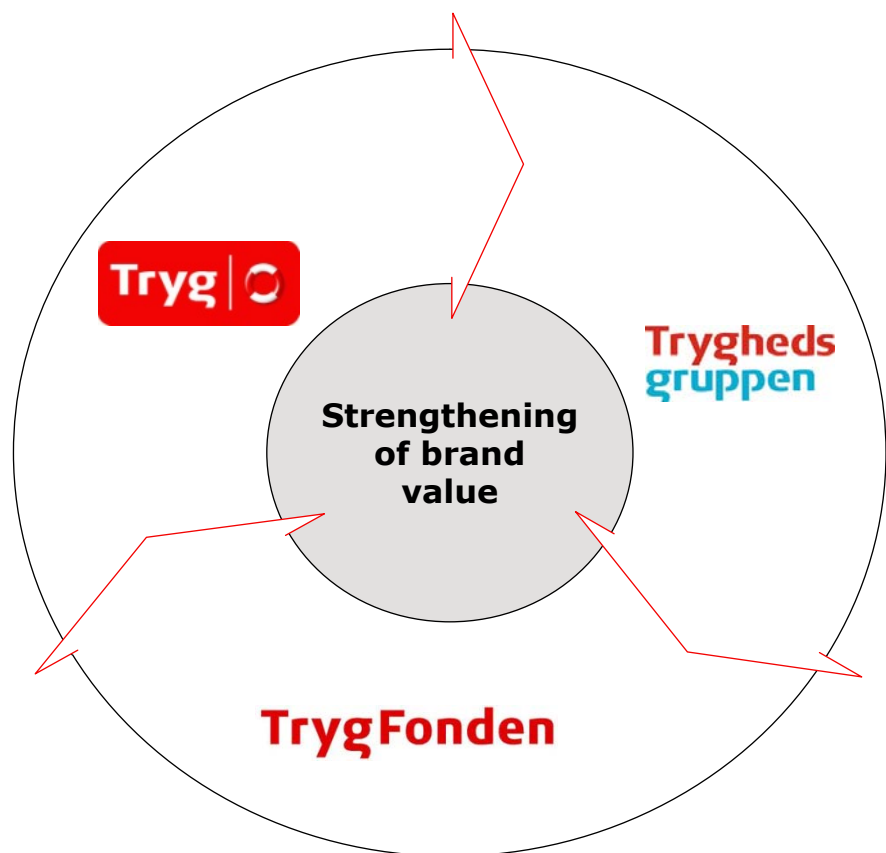
- Derived financial effects

- Reduced expenses due to fewer calls, simpler processes, higher hit rates and improved retention
- Reduced claims costs due to improved selection

Utilising ownership goodwill



Tryg's ownership structure strongly supports Tryg's brand value



Goodwill via TrygFonden

- In 2014, TrygFonden spends DKK 550m in projects and initiatives that promote peace of mind, e.g.:
- Coast lifeguards
- Defibrillators
- Medical Copters
- Security and health care courses and campaigns





Tryg – aiming for world class

Next level pricing

- 2011

- Simple approach:
Pricing significant behind
market standard

2012 – 2014

- 75% of portfolio at market
standard

2015 - 2017

- Tariff quality at a higher level than
market
- Improved customer selection



Pricing track record 2012-2014: A step change

22 new products across Denmark, Norway and Sweden.

44% reduction in time to market from 18 months to 10 months.

13-27% higher sales hit rate on new products.

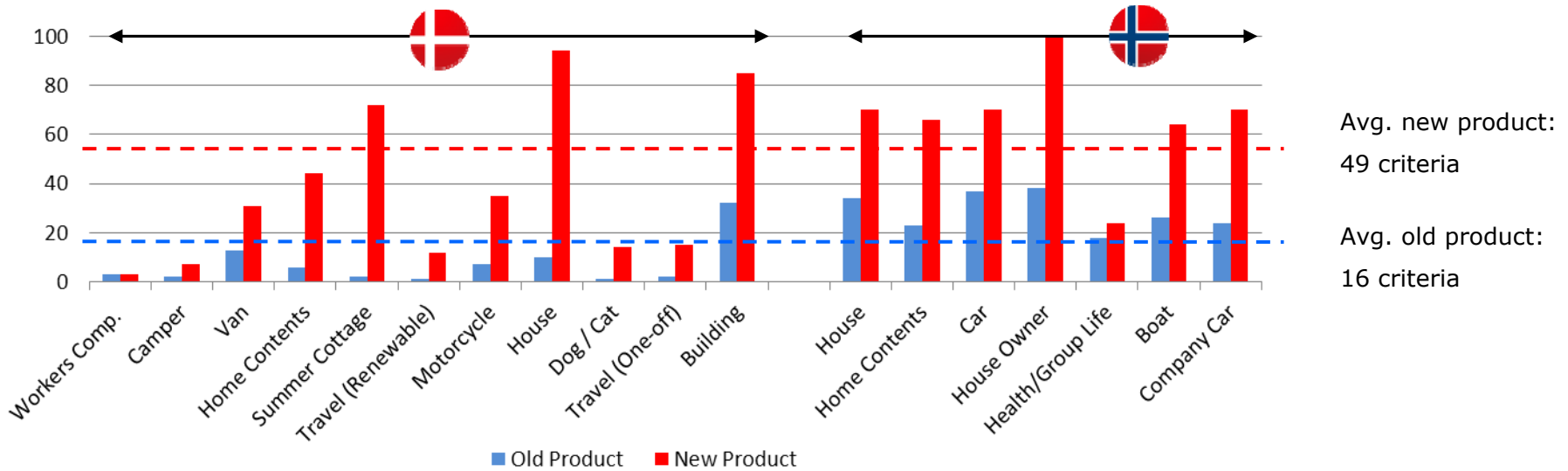
270,000 customers have already signed on to the new products.

5-40% reduction in the use of discounts.

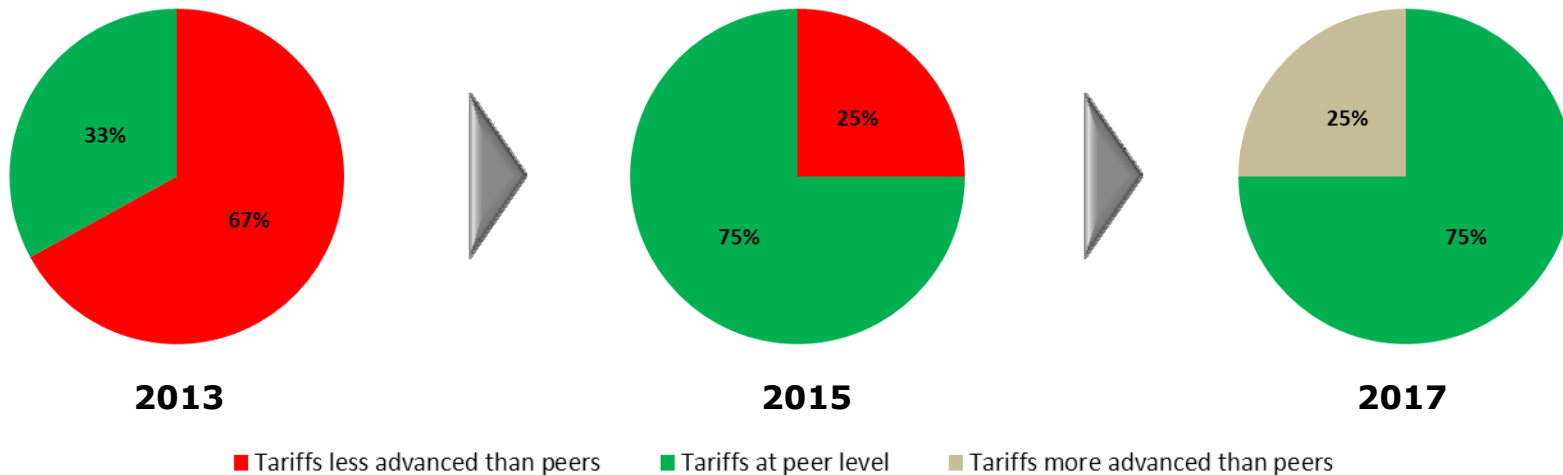
2% reduction in claims ratio.

Building pricing power

Number of pricing criteria per product – old vs. new



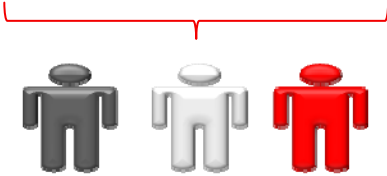
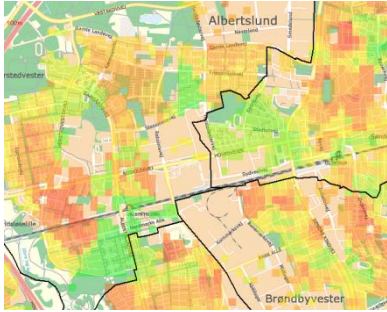
Pricing competitiveness



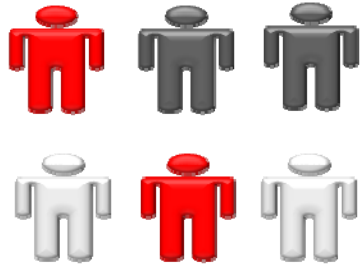
Next level pricing - mirroring



Own customer data



Geo demographics

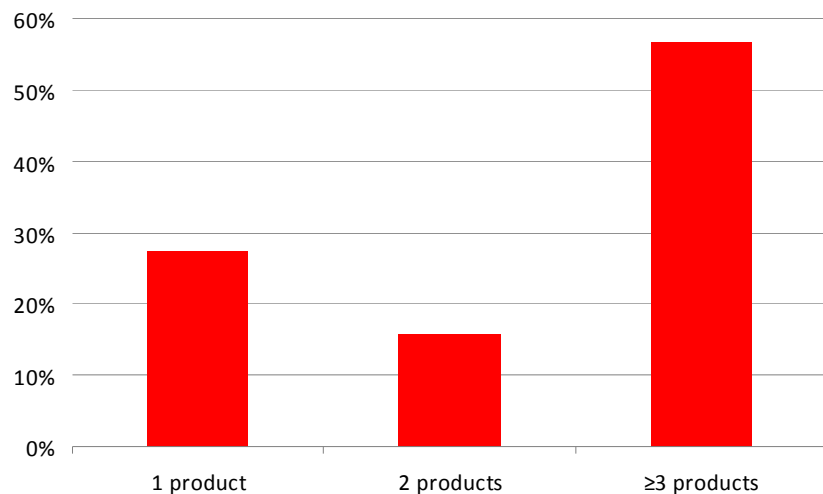


Differentiation of approach and offer

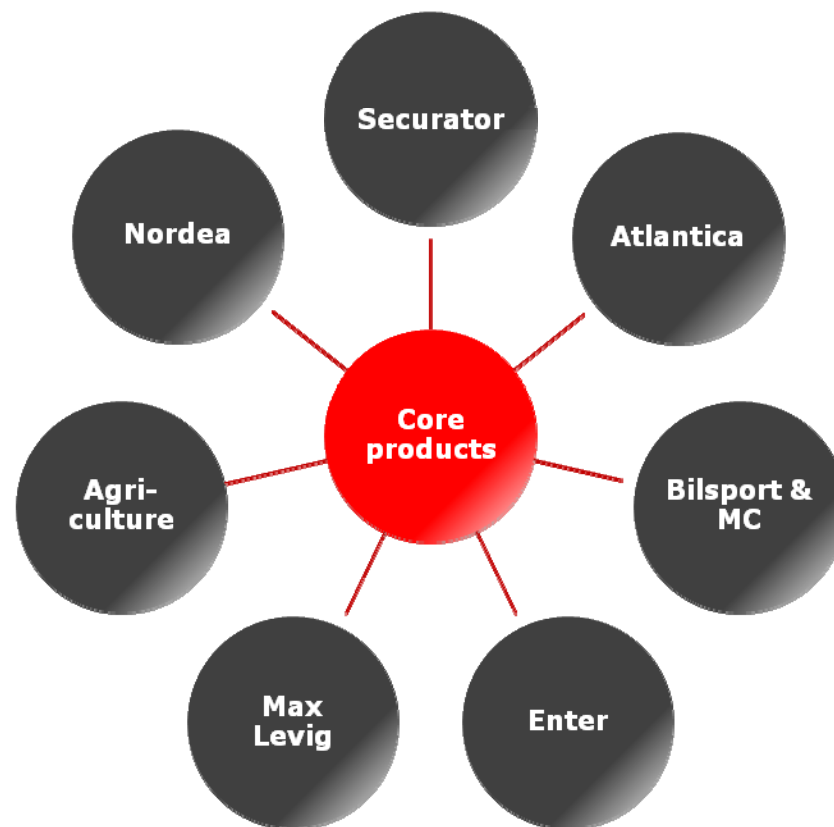
- By mirroring the characteristics of Tryg’s customers on to the market, Tryg will be able to differentiate and adjust its offer according to the customer groups’ needs and preferences, thus increasing relevance and optimising expense utilisation.

Enhance engagement by better utilisation of product range

Share of portfolio with 1 - ≥ 3 products



Source: Company data, Private portfolio



- Tryg offers one of the broadest product ranges in the market, and is continuously looking to strengthen its range, exemplified most recently by the purchase of Securator.
- The strength of Tryg's product range is to support the target of 5% growth in customer engagement.





Tryg – aiming for world class

Leading in efficiency

- 2011

- Life time employment and limited use of procurement power

2012 – 2014

- Efficiency programme improving competitive position and earnings. DKK 835m achieved.

2015 - 2017

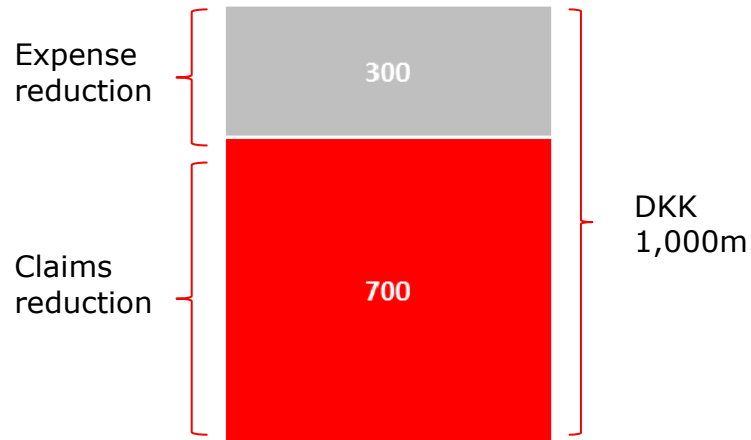
- Efficiency programme of DKK 750m to improve efficiency further through new initiatives



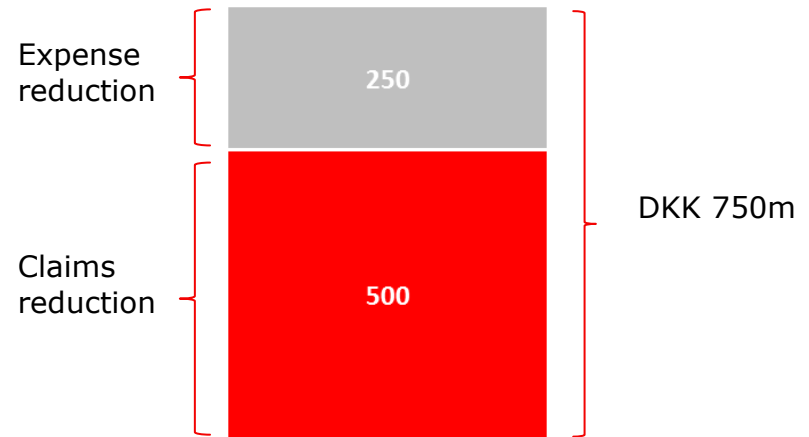
Reductions in expenses and claims costs



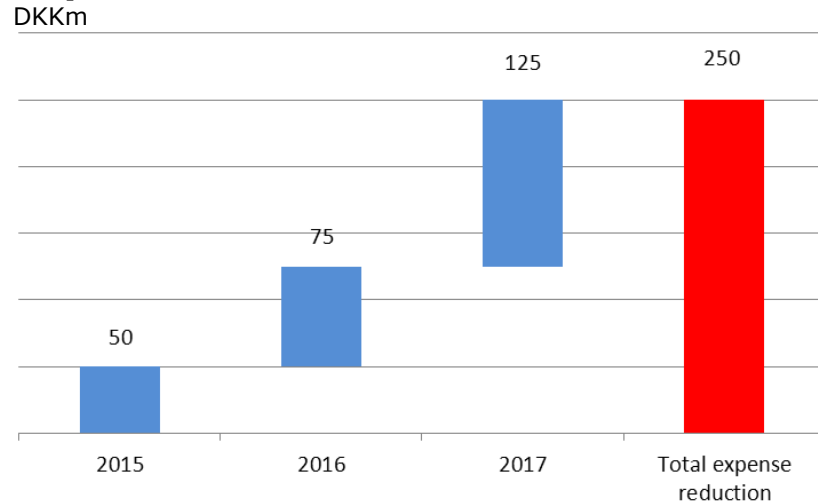
Efficiency programme 2012 - 2015



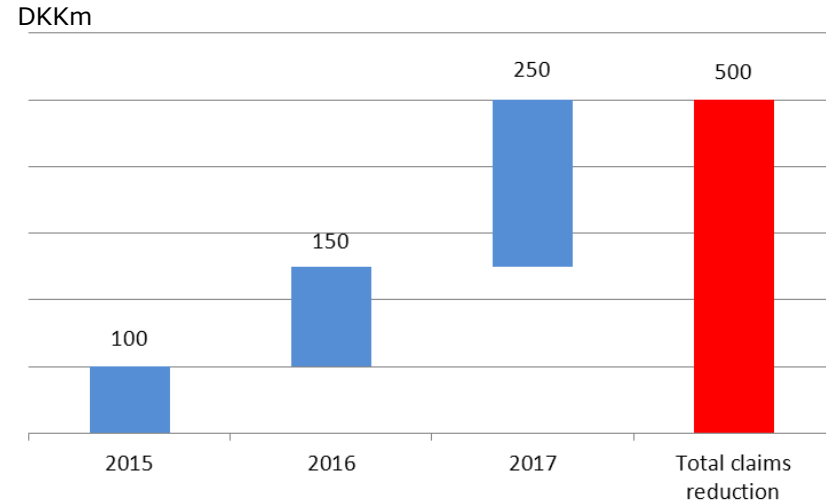
Efficiency programme 2015 - 2017



Expense reduction 2015 - 2017



Claims reduction 2015 - 2017



Expense reductions towards 2017



DKK
250m



- **Sourcing**
 - Staff functions
 - Business areas
- **Simplification**
 - First contact resolution
 - Reduced lead time at customer contacts
 - Continuous improvement
- **Improved retention rates**

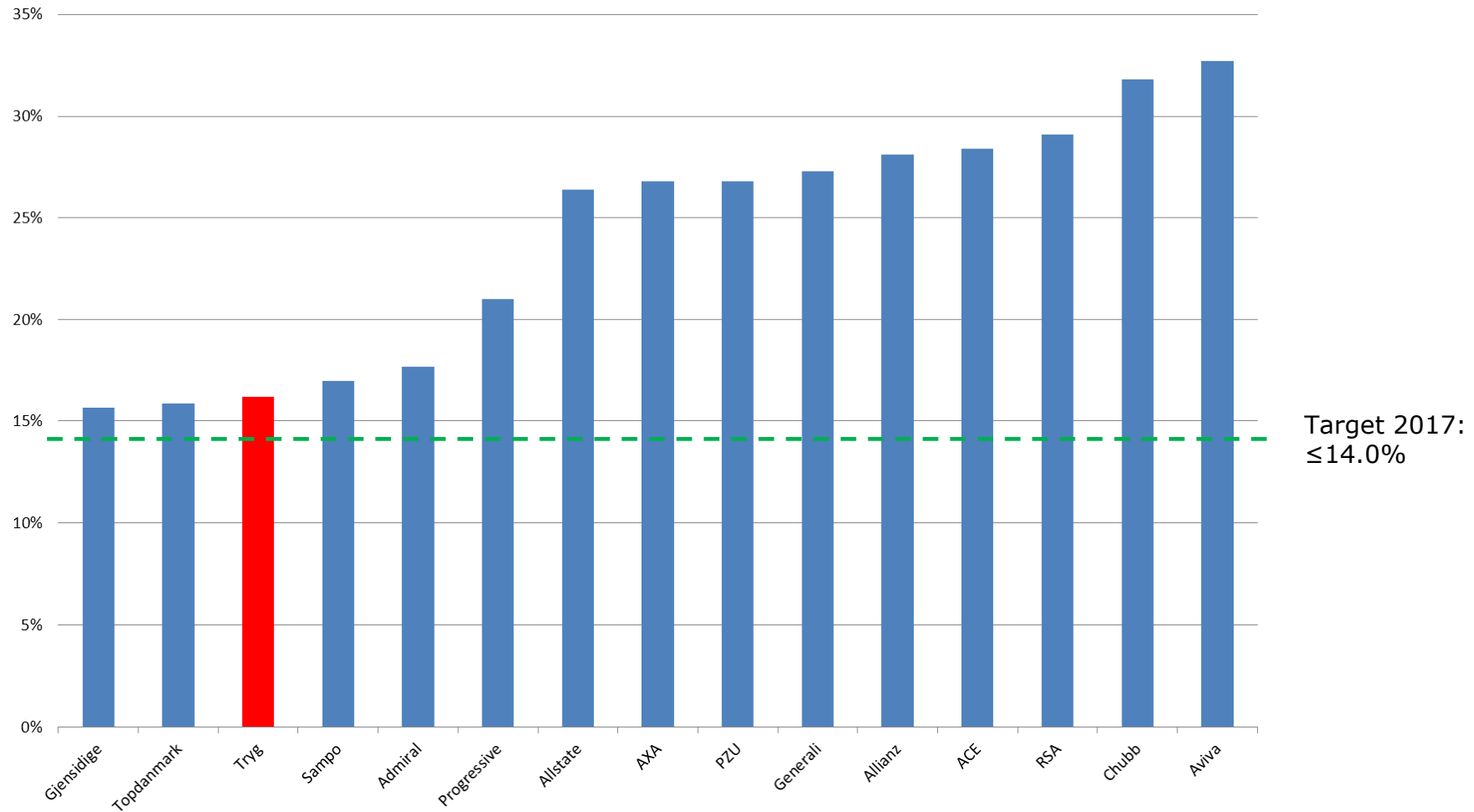
Sourcing criteria

1. Customer experience
2. Cost efficiency
3. Standardisation and automation
4. Scalability and flexibility
5. Transition and risk

Sourcing in Tryg

2013: IT CSC and TATA logos with a red arrow pointing from CSC to TATA and a green arrow pointing from TATA to CSC.	2014: Finance Currently analysing Accounting (90 FTE scope)	2015-: Remaning staff and BUs Startup fase
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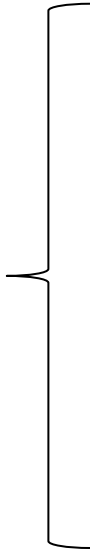
Where will it take us – expense ratio target 2017



New claims initiatives towards 2017



**DKK
500m**



Utilising spend data and transparency from In4mo system.



Dedicated competence team to help customers quickly back to normal life.

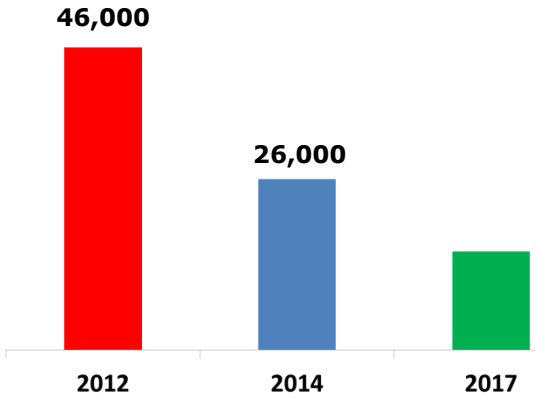


Further consolidation and utilisation of Nordic procurement volume.

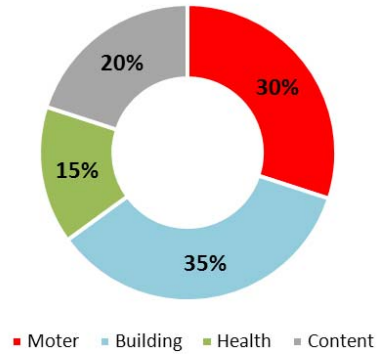


Enhanced fraud detection.

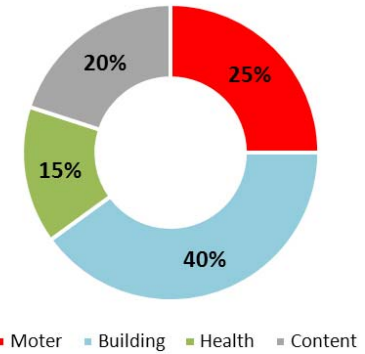
Reduction in suppliers



Distribution of savings 2015



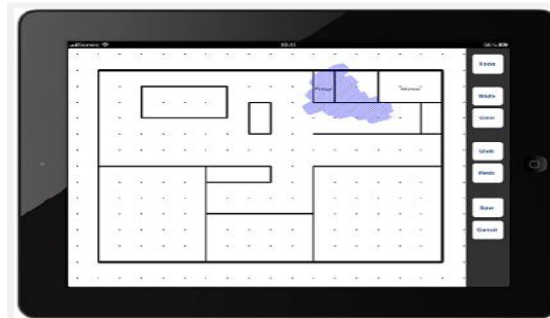
Distribution of savings 2017



High class systems important driver



Customer centric procurement



Adress	Status	Service virksomhed	IT Ansvarlig	Seneste tilstand
Slingel 1 1467 København	1	Service virksomhed Søren Sørensen	Alexander	02.12.2013 12:11:06
Årstenborggade 1 2200 København	2	Service virksomhed Peter Petersen	Alexander	03.12.2013 12:08:35
Værnedamvej 1 8270 København	4	Service virksomhed Mads Hansen	Alexander	02.12.2013 13:08:00
Indefjæld 1 1650 København	1	Service virksomhed Åse Stigsgaard	Alexander	02.12.2015 12:04:53
Påstestråde 1 1112 København	3	Service virksomhed Hans Hansen	Alexander	13.11.2013 17:18:00
Elvegade 1 2200 København	3	Service virksomhed Kurt Thomsen	Alexander	13.11.2013 13:09:53
Gårnegade 1 1107 København	3	Service virksomhed Kurt Thomsen	Alexander	08.11.2013 11:43:41



SCALEPOINT MAKES CLAIMS MANAGEMENT EASY



Tryg – aiming for world class

Low risk and high returns

- 2011

- High volatility in dividend and buy back
- S&P primary capital model

2012 – 2014

- New dividend policy
- Individual solvency (IS)
- Low investment volatility
- Improved reinsurance on weather exposure

2015 - 2017

- Solvency II in force and use of internal model (IS)
- Increased leverage
- Semi annual dividend
- Share split 1:5



Capital efficiency and low risk profile



Focus on capital efficiency

- Payout ratio target of 60-90%
- ROE target of $\geq 21\%$
- Share buy back
- Subordinated debt
- Capital allocation supporting
 - Underwriting (products and segments)
 - Reinsurance
 - Investments

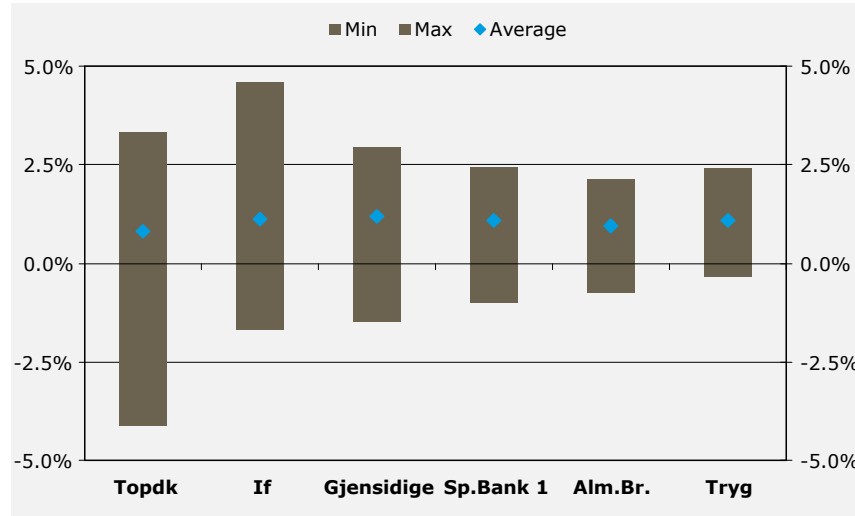
Low risk profile

- Balanced portfolio in all segments
- Prudent use of reinsurance
- Conservative approach to claims reserves
- Matching portfolio controls interest rate risk
- Low risk investment portfolio

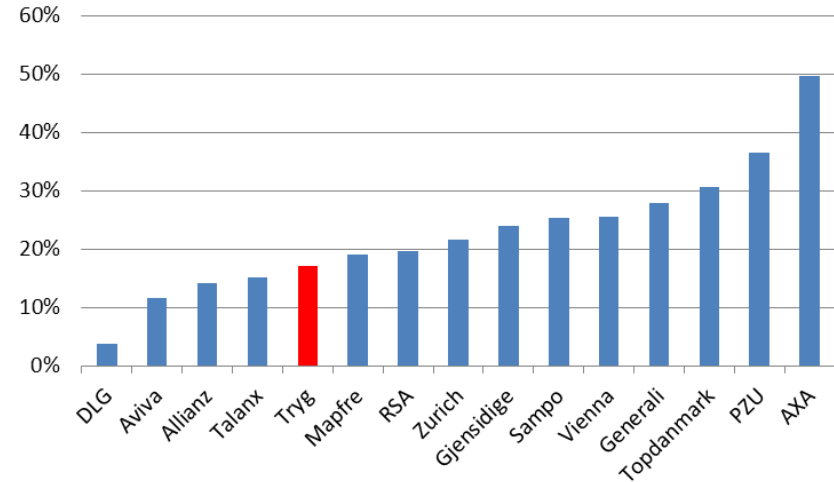
Stable investment return



Maximum and minimum deviation in quarterly return since 2007



Return on investment * – Standard deviation 2011-13



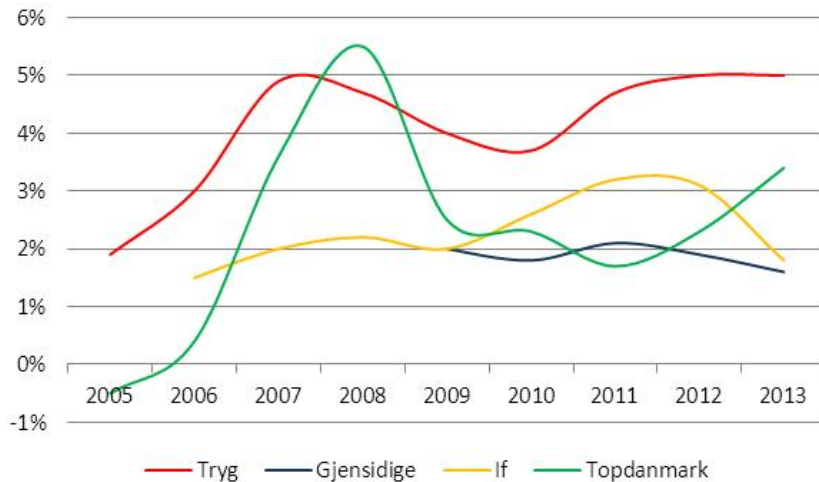
* Calculations based on own assumptions

- Tryg aims to be world class in insurance.
- Aim of investment is to support insurance.
- Matching of assets and liabilities implies lower net capital requirement in Solvency II.
 - High Return on Risk-Adjusted Capital (RORAC).

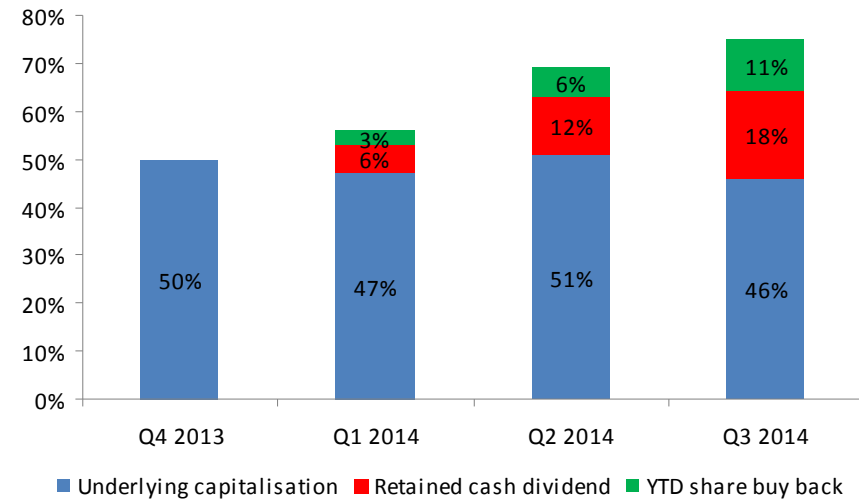
Reserves and capital development



Run-off as a percentage of premium



Capital development



- Tryg is maintaining a strong reserving position.
- Run-off provides a stable and positive contribution to combined ratio.
- External review by KPMG in 2014 confirms Tryg's positive view on reserving strength.
- Increased probability of higher run-off level for the coming years.

- Stable underlying capitalisation.
- Buffer to Internal model of approx. 50% (18-20% to Standard model).

The road to Solvency II



Capital requirement

An approval of the Internal model by the Danish FSA is expected ultimo 2015. However, these risk factors are present:

- Timing - A delayed approval might result in a temporary use of the Standard model.
- Model - Adjustments to the existing model due to discussions with the FSA.

Available capital and expected effect of pending issues

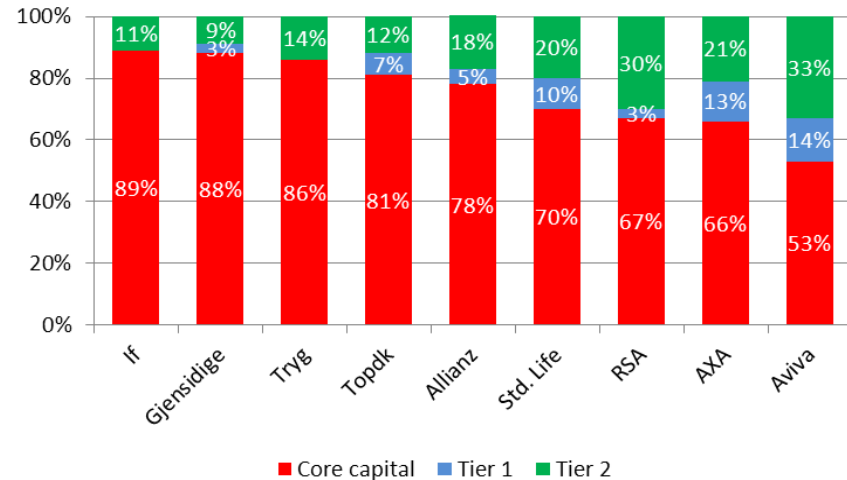
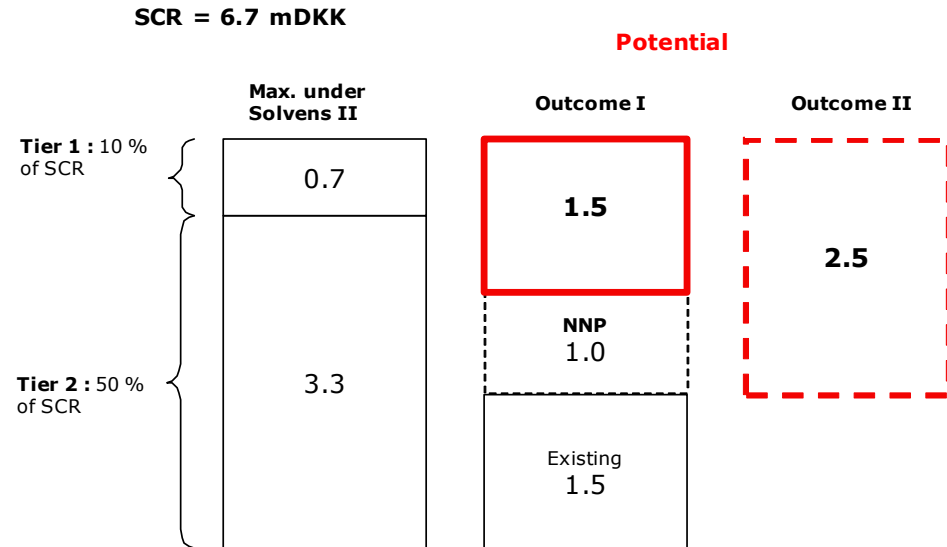
Element	Effect (DKKbn)	Comment
Natural perils pool	-1 to 0	Tryg expects that the NNP (1.0 bDKK) will be classified as tier 2.
Guarantee scheme provision	-0.2 to 0	The Norwegian Insurance Association is working on a solution that will classify the provision (0.2 bDKK) as either tier 1 or 2.
Risk margin	0	Already implemented as part of the Danish pre-implementation as of 2014.
Expected future profits	+0.5 to +0.7	Solvency II valuation of premium provision will increase the available capital (after tax).
Subordinated capital	+1.5 to +2.5	Increased potential of subordinated capital.

Tryg expects an overall positive effect from the transition to Solvency II.

Subordinated capital



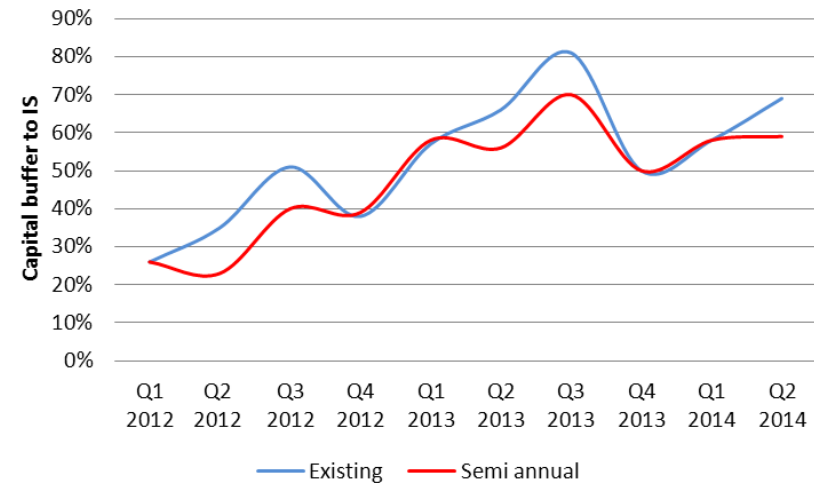
- Solvency II will increase the potential for subordinated capital in the range DKK 1.5bn to DKK 2.5bn.
- During 2015 the future desired leverage in view of Solvency II will be determined.
- This process will be aligned with the refinancing of the EUR hybrid by end 2015.
- DKK 300m of the potential will be realised by start 2015 due to Danish pre-implementation.
- The increased availability is consistent with S&P capital model.



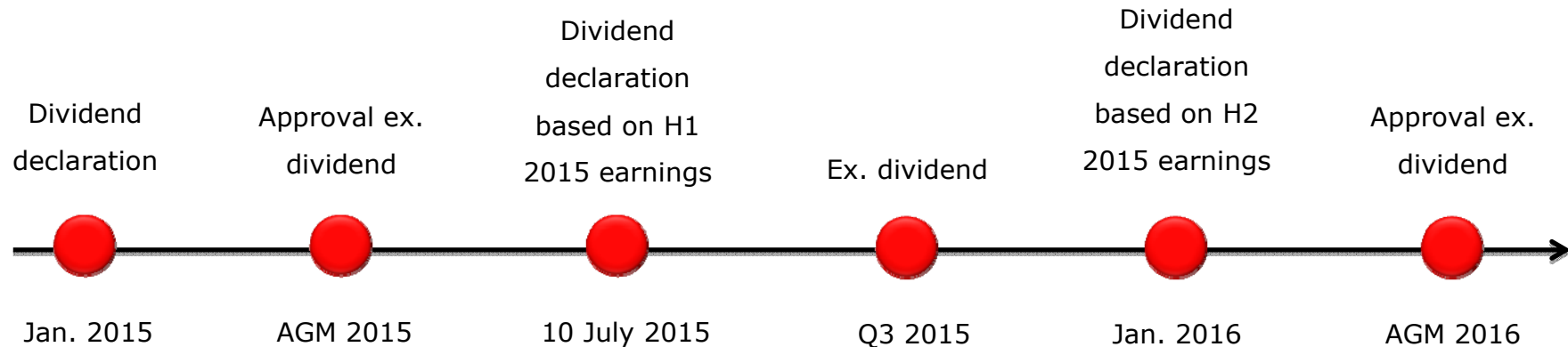
Semi annual cash dividend

- To strengthen Tryg's position as a yield share, an interim distribution will be implemented following the announcement of the H1 2015 results.
- Stable increasing cash dividend remains on a full year basis.
- Interim dividends expected at approx. 40% of total dividend.
- Supports ROE target.

Effect on capital buffer



Transition from old to new dividend model



New extraordinary share buy back programme and share split in 2015

New extraordinary share buy back

Background for extraordinary share buy back of DKK 1,000m in 2015:

- Strong results in combination with low growth.
- Supports stable development in underlying capitalisation.
- Supports financial targets.

Share split

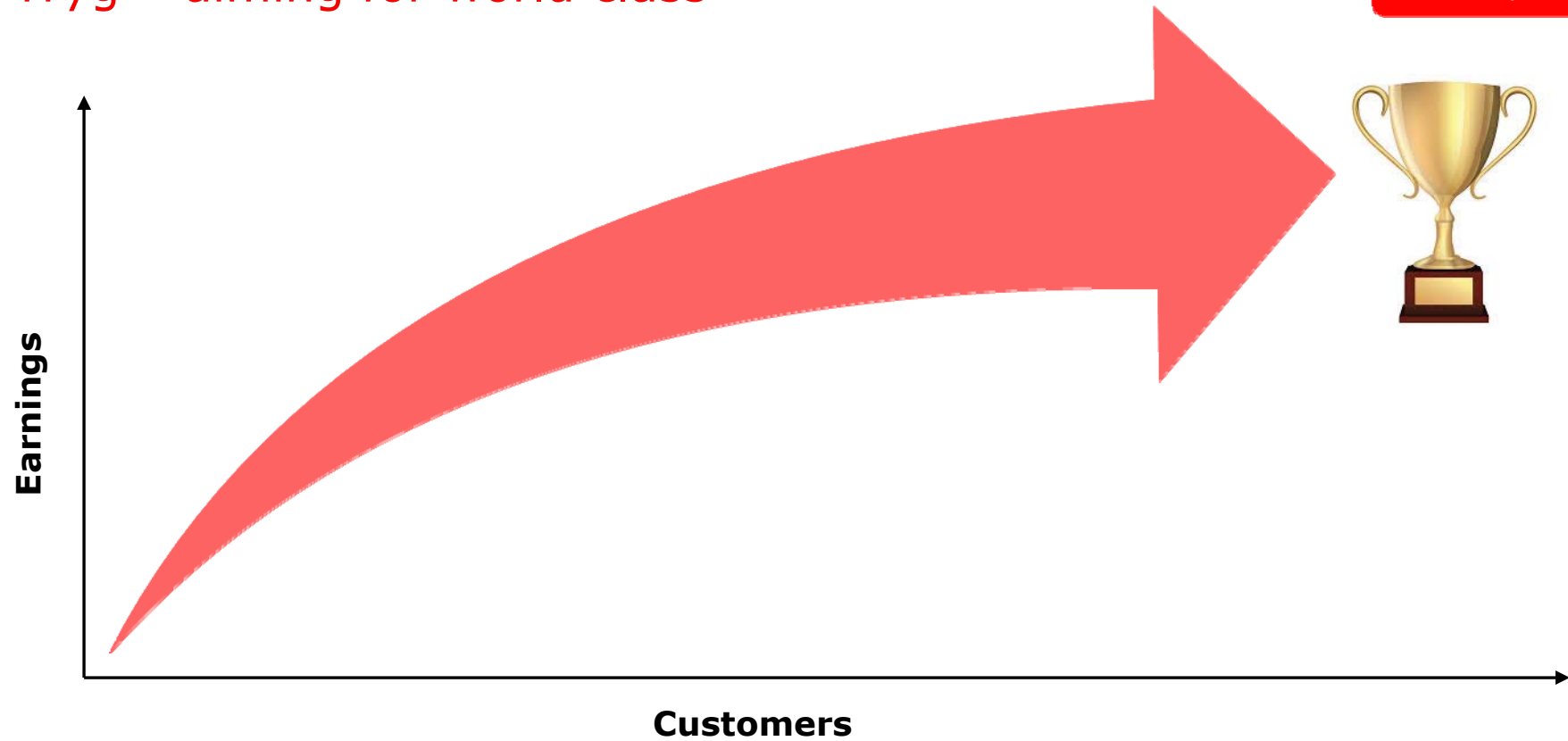
At the annual general meeting in March 2015, Tryg will propose to split each share of DKK 25 into five shares of DKK 5. The rationale for doing so is:

- Tryg's share has reached a price of DKK 600.
- Tryg's share is the second highest priced in the C20 index.
- A split is expected to increase liquidity.

A scenic landscape photograph of a calm lake or fjord. The water is still, reflecting the surrounding forested hills and a clear blue sky. A layer of mist or fog hangs over the water's surface. In the foreground on the left, a portion of a white lifebuoy with the word "TRYG" printed on it is visible. A red banner is overlaid at the bottom of the image.

Concluding remarks

Tryg – aiming for world class



Target drivers

Customer care worth recommending

Next level pricing

Leading in efficiency

Low risk and high returns

Key messages of today



Targets 2017: Enhanced earnings capability and improved customer focus

Earnings	
ROE	≥ 21%
Combined ratio	≤ 87%
Expense ratio	≤ 14%
Savings programme	DKK 750m

Customers	
NPS	+100%
Retention rate	+1 pp
≥3 products	+5 pp

Next level pricing
Tariffs quality at a higher level than market
Improved customer selection

Low risk and high returns
Semi annual cash dividend
Extraordinary share buy back of DKK 1bn in 2015
Increase hybrid utilisation
Increased probability of higher run-off level in the coming years
Share split 1:5