

Alm. Brand A/S – Interim report for Q1 2017

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 272 million in Q1 2016. The guidance for FY2017 is raised by DKK 150 million to DKK 600-700 million.

“We are once again delivering a better-than-expected quarterly performance, which is highly satisfactory,” emphasised Alm. Brand’s CEO Søren Boe Mortensen. He continued:

“All of our three business areas are performing well in terms of both financial results and growth. At the same time, we are getting more new customers, and our customers are staying longer with us, which is a key enabler for us,” he explained.

“Our strong performance was driven by a combination of our general operations, the investment result, good weather conditions and run-off gains,” said Søren Boe Mortensen. “On the other hand, our costs increased slightly because we are investing heavily in our new strategy and for the future,” he concluded.

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 236 million, which was better than expected. The combined ratio was 84.4.

The profit was up DKK 31 million year on year, being favourably affected by an improved investment result, fewer weather-related claims and by run-off gains. On the other hand, the performance was adversely affected by a higher number of small claims and costs.

Premiums increased by 1.8% relative to Q1 2016. Growth was better than expected and was achieved in a highly competitive market in both private and commercial lines. Moreover, the number of customers leaving Alm. Brand was lower than expected in both segments.

- Our life and pension activities generated a highly satisfactory pre-tax profit of DKK 34 million, which was better than expected.

Pension contributions increased by 15% year on year. This trend was mainly seen on guaranteed products, with growth in regular premiums up by 5% and in single payments by 33%. The development was satisfactory and was a reflection of the group’s growth ambitions.

The bonus rate rose to 21.4% in Q1 2017, which is a highly satisfactory level. The high bonus rate enables Alm. Brand Liv og Pension to continue to offer high and competitive rates on policyholders’ savings.

- The bank’s forward-looking activities generated a satisfactory profit of DKK 18 million, which was better than expected.

Over the past year, the number of full-service customers in the bank has increased by just over 10%. Moreover, the bank recorded an increase of 7% in lending in a more competitive market, especially in new lending to private customers. In addition, the portfolio of Totalkredit loans for which the bank has acted as intermediary grew by DKK 1.1 billion to DKK 7.7 billion. Leasing also reported growth of 28% year on year, and the number of customers in Financial Markets increased during the period.

- The bank’s winding-up activities produced a loss of DKK 2 million, against a profit of DKK 6 million in the same period of 2016. The decline was due to impairment writedowns of DKK 4 million and a continued reduction of loans and advances.

Outlook

- The full-year guidance is raised by DKK 150 million to a pre-tax profit of DKK 600-700 million. The guidance for Non-life Insurance is lifted by DKK 125 million to a profit of DKK 600 million, while the guidance for Life and Pension is raised by DKK 5 million. The guidance for the bank and the group's other activities is unchanged.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 18 May 2017 at 10.00 a.m.

<https://almbrand.eventcdn.net/2017Q1>

Financial analysts are invited to participate by phone: Danish analysts: +45 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

Contact

Please direct any questions regarding this announcement to: Søren Boe Mortensen, CEO, tel. +45 35 47 79 07, or Susanne Biloft, Head of Information and Investor Relations, tel. +45 35 47 76 61.