



Reykjavík, May 14<sup>th</sup> 2019

## TM's profits during Q1 amounted to ISK 433m

During the meeting of the Board of Directors on May 14<sup>th</sup> 2019, the Board and the CEO approved the company's Q1 financial statements for 2019. The interim financial statements have neither been audited nor reviewed by the auditors of the company.

Sigurður Viðarsson, CEO of TM:

*"TM's strong first quarter results are mainly attributable to good performance of investment operations. Return on investments during the quarter was 3.3% which is considerably above expectations. Combined ratio was 107.5%, down two percentage points from previous year due to lower cost ratio. It is pleasing to see that operational cost has been kept moderate and the cost ratio for the year is projected to be 19%. It is disappointing that the claims ratio does not decrease from previous year but the company's operating forecast still projects a combined ratio of 97% for the year. Due to good return on investments in the first quarter and the second quarter to date the operating forecast has been updated and now projects a ISK 2.8bn profit before tax for the year."*

### The main results of the first quarter of 2019 were as follows:

	Q1 2019	Q1 2018	Δ	Δ%
Premiums f.o.a.	3,814	3,787	27	0.7%
Investment income	952	738	214	29.0%
Other income	8	8	0	5.9%
<b>Total income</b>	<b>4,774</b>	<b>4,532</b>	<b>242</b>	<b>5.3%</b>
Claims f.o.a.	(3,317)	(3,294)	(23)	0.7%
Operating expenses	(893)	(976)	83	( 8.5% )
Interest expenses	(51)	(50)	(1)	2.1%
Impairments	(59)	49	(108)	( 220.8% )
<b>Total expenses</b>	<b>(4,320)</b>	<b>(4,271)</b>	<b>(49)</b>	<b>1.2%</b>
Profit before income tax	454	261	192	73.7%
Income tax	(21)	28	(49)	( 174.3% )
<b>Profit (loss)</b>	<b>433</b>	<b>289</b>	<b>144</b>	<b>49.7%</b>

All amounts are in ISKm

### **Combined ratio for the first quarter was 107.5%**

TM's results during the first quarter of 2019 were somewhat better than during the same period in the previous year and the combined ratio was 107.5% compared to 109.8% in 2018. The company's operating forecast assumed a 105% combined ratio during the period. TM's combined ratio over the past 12 months is now 103.5% and the operating forecast projects a 97% combined ratio for 2019.

Technical results in property insurance and accident insurance improve from previous year while results in auto insurance, marine insurance and liability insurance deteriorate. Premiums for own account grew by 0.7% and the increase in claims for own account was also 0.7%. TM's profits in the first quarter amounted to ISK 433m, as compared to ISK 289m in the previous year, and technical results on insurance operations were negative by ISK 287m.

The cost ratio of the company during the first quarter was 20.5%, improving from 22.8% in the previous year. The cost ratio over the past 12 months is 19.4% and it is projected that the cost ratio over the next 12 months will be around 19%.

### **Strong quarter in investment operations**

Investment income totalled ISK 952m in the first quarter of 2019 which equals 3.3% return on investments. Unlisted equities delivered strong returns and return on bonds was also good. Listed equities and equity funds however performed poorly.

Gamma Multi Asset Index increased by 6.8% during the quarter. TM's lower return is mostly due to listed equities and equity funds which decreased by 2.8% during the period. However Gamma Equity Index increased by 14.1% during the period which is mostly attributable to Marel, the largest company in the Icelandic Stock Exchange, which share price was up by 46% during the quarter. TM benefitted from Marel's share price increase through its stake in the unlisted equity investment Eyrir.

Investment income in the first quarter was considerably higher than the forecasted ISK 525m. Additionally, to date markets have been favourable in the second quarter. This has resulted in an updated forecast for investment income in 2019 from ISK 2,538m to ISK 3,043m.

### **Key figures for the first quarter were as follows:**

	<b>Q1 2019</b>	<b>Q1 2018</b>
Earnings per share	0.64	0.43
Return on equity	14.1%	9.0%
Equity ratio	32.1%	33.3%
Cash from operations	1,215	761
<b>Insurance operations</b>		
Net claims ratio	87.0%	87.0%
Net cost ratio	20.5%	22.8%
Net combined ratio	107.5%	109.8%
Operating profit	(215)	(114)
Technical results	(287)	(371)
<b>Investments</b>		
Return on investments	3.3%	2.6%

All amounts are in ISKm

## Operating forecast

The operating forecast for 2019 projects a profit before income tax of ISK 2,803m and a combined ratio of 97%. For the next four quarters combined ratio is expected to be 96%, technical results ISK 585m and return on investments 8.9%.

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Total	F 2019	2018	Δ	Δ%
Premiums f.o.a.	3,914	4,107	4,016	4,007	16,044	15,851	15,648	203	1%
Investments and other income	853	523	736	564	2,676	3,073	1,868	1,205	65%
<b>Total income</b>	<b>4,768</b>	<b>4,630</b>	<b>4,752</b>	<b>4,571</b>	<b>18,721</b>	<b>18,924</b>	<b>17,516</b>	<b>1,408</b>	<b>8%</b>
Claims f.o.a.	(2,984)	(3,039)	(3,055)	(3,405)	(12,484)	(12,395)	(13,136)	741	(6%)
Operating and other expenses	(941)	(866)	(915)	(911)	(3,633)	(3,726)	(3,680)	(46)	1%
<b>Total expenses</b>	<b>(3,925)</b>	<b>(3,905)</b>	<b>(3,971)</b>	<b>(4,316)</b>	<b>(16,117)</b>	<b>(16,121)</b>	<b>(16,816)</b>	<b>695</b>	<b>(4%)</b>
<b>Profit before income tax</b>	<b>842</b>	<b>725</b>	<b>781</b>	<b>255</b>	<b>2,604</b>	<b>2,803</b>	<b>700</b>	<b>2,103</b>	<b>300%</b>

All amounts are in ISKm

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Total	F 2019	2018
<b>Insurance operations</b>							
Claims ratio	76%	74%	76%	85%	78%	78%	84%
Cost ratio	20%	17%	18%	19%	19%	19%	20%
Combined ratio	96%	91%	95%	104%	96%	97%	104%
Technical results	154	356	220	(145)	585	443	(609)
<b>Investments</b>							
Return on investments	2.8%	1.7%	2.4%	1.7%	8.9%	10.6%	6.6%

All amounts are in ISKm

## Investor meeting

TM holds a meeting for its stakeholders on the company's first quarter results on May 14<sup>th</sup> at 16:15. The meeting will be held at the TM head office at Síðumúli 24, fourth floor, where the company's CEO, Sigurður Viðarsson, will present the results and answer questions.

The quarterly financial statements and announcement of results will be made available on the company's website, [www.tm.is](http://www.tm.is). A presentation of the results will also be made available on the website when the investor meeting commences. The meeting can be viewed online at:

<https://global.gotomeeting.com/join/502662037>

## 2019 Financial calendar

Second quarter: August 22<sup>nd</sup> 2019.

Third quarter: October 23<sup>rd</sup> 2019.

Fourth quarter: February 13<sup>th</sup> 2020.

Annual General Meeting: March 12<sup>th</sup> 2020.

Further information can be provided by Sigurður Viðarsson, CEO of TM:

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