

## Sjóvá – Quarterly Results

### Profit of ISK 259 million in the first nine months of the year

#### Q3 2018

- Technical results of ISK 708 million. (Q3 2017: ISK 499 million)
- Pre-tax loss on investment activities ISK 426 million. (Q3 2017: ISK -946 million)
- Profit for the period ISK 140 million (Q3 2017: 472 million loss)
- Return on investment portfolio -0,8% (Q3 2017: -2,4%)
- Combined ratio of 91,3% (Q3 2017: 94,6%)

#### 9M 2018 and outlook

- Technical results of ISK 1.151 million (9M 2017: ISK 884 million)
- Pre-tax loss on investment activities ISK 685 million (9M 2017: ISK 617 million profit)
- Profit for the period ISK 259 million (9M 2017: ISK 1.331 million)
- Return on investment portfolio -0,1% (9M 2017: 4,2%)
- Combined ratio of 97,8% (9M 2017: 99,3%)
- The combined ratio for the full year 2018 projected at 97% (Q4: 95%) and pre-tax earnings estimated at around ISK 900 million.
  - Deviations of more than 5 percentage points from the combined ratio for each quarter will be notified.

#### Hermann Björnsson, CEO:

"Our combined ratio for Q3 2018 was 91.3%, which is slightly less than 3 percentage points less than projected. With regards to combined ratio this is our best third quarter since Sjóvá was listed on the Icelandic stock market in 2014. Our performance for the first 9 months is also good in terms of the combined ratio, which came in at 97.8%. We are particularly pleased with these results in view of the two major fires that occurred in the second quarter of the year. Our robust underwriting performance may mainly be attributed to a sound premium growth, with a continuing trend of premiums collected outpacing losses, with the exception of the second quarter of this year. Thanks to this trend our underwriting business is growing at a healthy rate.

Our investment income in the quarter was negative by ISK 232 million, the return on the portfolio was negative by 0.8% and the loss from investment activities amounted to ISK 426 million. Our investment income in the first 9 months was negative by ISK 16 million, the return on the portfolio was negative by 0.1% and the loss from investment activities was ISK 685 million. Our poor investment performance may be explained by losses in our stock portfolio owing to a downward trend on the stock market.

Our projected combined ratio for the full year 2018 has been updated in accordance with our results for the first nine months, with an unchanged outlook for Q4, and is currently estimated at 97% instead of 98%. Our pre-tax earnings outlook has been lowered from ISK 1,000 million to ISK 900 million in view of our investment performance so for this year. "

#### Presentation for investors on 1 November at 4:15 pm

Sjóvá will hold an open presentation of the company's results for the second quarter of 2018 on Thursday, 1 November, 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)

**Financial calendar** - Annual results 2018: 14 February 2019

**Further information** - For further information, please contact Sigríður Vala Halldórsdóttir, tel. +354 844 2136 or [fjarfestar@sjova.is](mailto:fjarfestar@sjova.is).

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

## Financial highlights and key ratios



	Q3 2018	Q3 2017	%	9M 2018	9M 2017	%
<b>Insurance activities</b>						
Premiums earned	4.767	4.294	11,0	13.481	12.173	10,7
Reinsurers' share of premiums	-232	-236	-1,9	-694	-630	10,1
<b>Earned premiums, net of reinsurance</b>	<b>4.535</b>	<b>4.058</b>	<b>11,8</b>	<b>12.787</b>	<b>11.542</b>	<b>10,8</b>
Investment income from insurance operations	294	266	10,8	851	803	6,0
Other revenues	4	8	-46,3	20	28	-26,0
Total profit on insurance operations	4.834	4.332	11,6	13.658	12.373	10,4
Claims incurred	-3.324	-3.028	9,8	-10.247	-8.984	14,1
Reinsurers' share of claims incurred	76	15	412,9	517	179	189,2
<b>Claims incurred, net of reinsurance</b>	<b>-3.248</b>	<b>-3.013</b>	<b>7,8</b>	<b>-9.730</b>	<b>-8.805</b>	<b>10,5</b>
Operating expenses on insurance operations	-879	-819	7,3	-2.777	-2.683	3,5
<b>Net expenses on insurance operations</b>	<b>-4.127</b>	<b>-3.832</b>	<b>7,7</b>	<b>-12.507</b>	<b>-11.488</b>	<b>8,9</b>
<b>Profit/loss on insurance operations</b>	<b>708</b>	<b>499</b>	<b>41,7</b>	<b>1.151</b>	<b>884</b>	<b>30,1</b>
<b>Investment activities</b>						
Income from investment operations	-349	-885	-60,6	-417	813	-
Operating expenses on investment operations	-78	-62	26,2	-268	-196	37,1
<b>Profit on investment operations</b>	<b>-426</b>	<b>-946</b>	<b>-55,0</b>	<b>-685</b>	<b>617</b>	<b>-</b>
<b>Profit before income tax</b>	<b>281</b>	<b>-447</b>	<b>-</b>	<b>466</b>	<b>1.502</b>	<b>-69,0</b>
Income tax	-141	-25	461,3	-206	-171	20,7
<b>Total profit for the period</b>	<b>140</b>	<b>-472</b>	<b>-</b>	<b>259</b>	<b>1.331</b>	<b>-80,5</b>
	<b>3F 2018</b>	<b>3F 2017</b>		<b>9M 2018</b>	<b>9M 2017</b>	
Claims ratio	69,7%	70,5%		76,0%	73,8%	
Reinsurance ratio	3,2%	5,0%		1,2%	3,5%	
<b>Claims and reinsurance ratio</b>	<b>72,9%</b>	<b>75,5%</b>		<b>77,2%</b>	<b>77,3%</b>	
Expense ratio	18,4%	19,1%		20,6%	22,0%	
Combined ratio	91,3%	94,6%		97,8%	99,3%	
Return on equity (ROE)	3,9%	-12,7%		2,4%	11,0%	
Earnings per share	0,10	-0,34		0,19	0,95	
Equity	13.534	14.899		13.534	14.899	
Solvency ratio	1,52	1,48		1,52	1,48	

The consolidated financial statements of Sjóvá for the third quarter of 2018 were approved at a meeting of the Board of Directors and CEO on 1 November 2018. The interim financial statements have neither been reviewed nor audited by the Company's auditors.

