

Sjóvá- Annual Results

Profit ISK 1,746 m in 2017

2017 Operating Year and Outlook

- Total after-tax profit ISK 1,746 m (2016: ISK 2,690 m)
- Technical results of ISK 1,158 m (2016: ISK 646 m)
- Profit on investment activities before taxes ISK 927 m (2016: ISK 2,419 m)
- Return on investment portfolio 5.9% (2016: 10.1%)
- Earnings per share ISK 1.19 (2016: ISK 1.75)
- The outlook for 2018 is for a combined ratio of 96% (Q1: 98%, Q2: 97%, Q3: 95%, Q4: 96%) and profit of around ISK 2,800 m before taxes.
 - Notice will be given of deviations from combined ratio exceeding 5 percentage points from the outlook.

Q4 2017

- Total after-tax profit ISK 416 m (Q4 2016: ISK 1,124 m)
- Technical results of ISK 274 m (Q4 2016: ISK 176 m)
- Profit on investment activities before taxes ISK 310 m (Q4 2016: ISK 1,113 m)
- Return on investment portfolio 1.7% (Q4 2016: 3.8%)
- Earnings per share ISK 0.29 (Q4 2016: 0.73)

Hermann Björnsson, CEO:

“Insurance operations have improved over the previous year under challenging circumstances, as claims costs have risen in line with increased activity in society. Profit on insurance activities almost doubled YoY, increasing from ISK 646 m in 2016 to ISK 1,158 m in 2017. The combined ratio for the past year was 99.4% as compared with 100.9% for 2016. The return on investment activities could be regarded as satisfactory, given that securities markets fluctuated strongly during the year and for a time gave a negative return. Under such circumstances it is gratifying to see that insurance operations performed better.

We are proud to be able to state that in 2017 Sjóvá was for the first time the top insurance company in the Icelandic Performance Satisfaction Index. We have our customers to thank for this outcome, which is in effect the result of targeted efforts by all our employees. Employee satisfaction at Sjóvá is among the highest in Iceland and is based in part on complete wage equality and gender balance. Work will continue on further reinforcing our insurance operations this year, as well as emphasising the development of digital solutions to further improve service and increase our customers' options to communicate with us using the means they choose.”

Sjóvá's Board of Directors proposes that shareholders receive a dividend for the 2017 operating year amounting to ISK 1.05 per share or ISK 1,500 m. The board proposes a repurchase plan.

Presentation for investors on 15 February at 4:15 pm

Sjóvá will hold an open presentation of the company's results in Q4 2017 on Thursday, 15 February at 4:15 pm in the company's meeting room at Kringlan 5, 6th floor. CEO Hermann Björnsson will present the results and respond to questions. A direct webcast of the meeting can be viewed on www.sjova.is/afkomukynningar.

For further information, contact Sigríður Vala Halldórsdóttir, tel. +354 844-2136 or fjarfestar@sjova.is.

Financial highlights and key ratios

	Q4 2017	Q4 2016	%	12M 2017	12M 2016	%
Insurance activities						
Premiums earned	4,211	4,051	3.9%	16,383	15,399	6.4%
Reinsurers' share of premiums	(214)	(210)	2.1%	(845)	(911)	-7.3%
Earned premiums, net of reinsurance	3,997	3,841	4.0%	15,539	14,488	7.3%
Investment income from insurance operations	259	183	41.9%	1,062	777	36.6%
Other revenues	45	43	4.8%	73	149	-51.2%
Total income on insurance operations	4,301	4,067	5.8%	16,674	15,415	8.2%
Claims incurred	(3,177)	(3,008)	5.6%	(12,160)	(11,259)	8.0%
Reinsurers' share of claims incurred	80	8	857.3%	259	(2)	
Claims incurred, net of reinsurance	(3,096)	(2,999)	3.2%	(11,901)	(11,261)	5.7%
Operating expenses on insurance operations	(931)	(892)	4.3%	(3,614)	(3,507)	3.0%
Net expenses on insurance operations	(4,027)	(3,892)	3.5%	(15,515)	(14,769)	5.1%
Profit/loss on insurance operations	274	176	56.2%	1,158	646	79.2%
Investment activities						
Income from investment operations	390	1,176	-66.9%	1,202	2,657	-54.8%
Operating expenses on investment operations	(79)	(72)	10.6%	(275)	(239)	15.3%
Profit on investment operations	310	1,113		927	2,419	
Profit before income tax	584	1,279		2,085	3,065	
Income tax	(169)	(156)		(339)	(375)	
Total profit for the period	416	1,124		1,746	2,690	
	Q4 2017	Q4 2016		12M 2017	12M 2016	
Claims ratio	75.4%	74.2%		74.2%	73.1%	
Reinsurance ratio	2.1%	3.9%		3.1%	5.0%	
Claims and reinsurance ratio	77.5%	78.1%		77.3%	78.1%	
Expense ratio	22.1%	22.0%		22.1%	22.8%	
Combined ratio	99.6%	100.1%		99.4%	100.9%	
Return on equity (ROE)	10.9%	26.6%		10.7%	15.9%	
Earnings per share	0.29	0.73		1.19	1.75	
Equity	15,206	17,454		15,206	17,454	
Solvency ratio before dividend	1.64	1.91		1.64	1.91	
Solvency ratio after dividend				1.48	1.61	

The consolidated financial statements of Sjóvía for the year 2017 were approved by the Board of Directors and CEO at a board meeting on 15 February 2018.

Disclaimer

Although every effort is made to ensure accuracy, in the case of any inconsistencies between the Icelandic and English versions of the company's announcement of results, please note that it is the Icelandic original which is authentic and valid and all English announcements and presentations are translations provided as assistance for investors and other users.

The information in this announcement is based on sources that Sjóvá believes to be reliable at present but can not be guaranteed to be free of errors. All information in this announcement is the property of Sjóvá. Neither information contained therein nor the entire announcement may be reproduced, modified or distributed in any manner, in whole or in part.

This announcement is intended solely for information purposes. It is not in any respect intended to imply a promise or advice nor to serve by any means as the basis for decision-making by persons who may receive it. Many different factors may cause the picture presented in the announcement of the company's situation and future prospects to change significantly. These include, but are not limited to, general economic developments, claims developments, changes in the competitive environment, reinsurance markets or financial markets, legislative changes and changes in judicial practice. Should any of these risks factors or uncertainties materialise, or should the underlying management assumptions concerning the future prove incorrect, this could result in significant deviations in the company's financial position and performance in its operations as described in this announcement.

Sjóvá emphasises that statements contained in this announcement are valid only at the time of the announcement and their value is limited to what is stated in this disclaimer. Sjóvá is not obliged to update in any manner management opinions concerning the company's future outlook, which may appear in this announcement, nor issue corrections to errors or inaccurate information, which may subsequently be revealed, unless required by law.

In receiving this announcement, the person agrees to be bound by the foregoing reservations and restrictions.