

## Sjóvá– Quarterly Results

### Profit of ISK 749 million in the first three months of the year

- Technical results of ISK 396 million
- Pre-tax profit on investment activities ISK 422 million
- Return on investment portfolio 2.0%
- Combined ratio of 97.2% as compared to 103.6% in Q1 2017
- The combined ratio for the full year 2018 projected at 96% (Q2: 101%, Q3: 93%, Q4: 95%) and pre-tax earnings estimated at around ISK 2,800 million
  - Deviations of more than 5 percentage points from the combined ratio estimate for each quarter will be notified

### Hermann Björnsson, CEO:

"In terms of the combined ratio, this was our best first quarter since 2014. This result confirms what we have been saying in our recent earnings reports, namely that a concerted effort has been made to improve our underwriting performance. We expect this trend to carry on for the rest of the year, with premiums collected continuing to outpace losses as they have in recent months.

As for our investment performance, this was also good even if it could not quite match the first quarter of 2017, which saw particularly good investment returns.

Recently, important steps have been taken towards increasing the automation of our services and processes in line with the changing needs of our customers. This work has been defined as one of the company's key objectives, with consultants having been hired to assist us in achieving this goal so that we may further improve our service to customers.

In the second quarter there was a major fire in a commercial building in Gardabaer. Although the building itself was not insured with Sjóvá, there was significant damage to personal property and some of that personal property was insured with us. While the losses were substantial, they are within our range of forecast and do not by themselves require us to adjust our outlook for the year.

### Presentation for investors on 14 May at 4:15 pm

Sjóvá will hold an open presentation of the company's results for the first quarter of 2018 on Monday, 14 May, 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

2. quarter: 23 August 2018

3. quarter: 1 November 2018

Annual results 2018: 14 February 2019

### Further information

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## Financial highlights and key ratios



	Q1 2018	Q1 2017	%
<b>Insurance activities</b>			
Premiums earned	4,251	3,849	10.4%
Reinsurers' share of premiums	(213)	(180)	18.2%
<b>Earned premiums, net of reinsurance</b>	<b>4,039</b>	<b>3,669</b>	<b>10.1%</b>
Investment income from insurance operations	278	276	0.8%
Other revenues	8	16	-48.3%
Total income on insurance operations	4,325	3,961	9.2%
Claims incurred	(3,044)	(2,951)	3.1%
Reinsurers' share of claims incurred	46	50	-7.0%
<b>Claims incurred, net of reinsurance</b>	<b>(2,998)</b>	<b>(2,902)</b>	<b>3.3%</b>
Operating expenses on insurance operations	(931)	(924)	0.7%
<b>Net expenses on insurance operations</b>	<b>(3,929)</b>	<b>(3,825)</b>	<b>2.7%</b>
<b>Profit/loss on insurance operations</b>	<b>396</b>	<b>136</b>	<b>192.3%</b>
<b>Investment activities</b>			
Income from investment operations	515	1,089	-52.7%
Operating expenses on investment operations	(93)	(65)	44.5%
<b>Profit on investment operations</b>	<b>422</b>	<b>1,024</b>	<b>-58.8%</b>
<b>Profit before income tax</b>	<b>818</b>	<b>1,159</b>	<b>-29.5%</b>
Income tax	(69)	(59)	16.9%
<b>Total profit for the period</b>	<b>749</b>	<b>1,100</b>	<b>-31.9%</b>
	<b>Q1 2018</b>	<b>Q2 2017</b>	
Claims ratio	71.6%	76.7%	
Reinsurance ratio	3.7%	3.0%	
<b>Claims and reinsurance ratio</b>	<b>75.3%</b>	<b>79.6%</b>	
Expense ratio	21.9%	24.0%	
Combined ratio	97.2%	103.6%	
Return on equity (ROE)	20.2%	26.7%	
Earnings per share	0.53	0.75	
Equity	14,459	15,472	
Solvency ratio	1.51	1.56	

The consolidated financial statements of Sjóvía for the first quarter of 2018 were approved at a meeting of the Board of Directors and CEO on 14 May 2018. The interim financial statements have neither been reviewed nor audited by the Company's auditors.

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