

Q2 2019 Interim Results

Investor presentation
Oslo, 12th July 2019



«Olemme erilaisia»

Our DNA

Vision

The Challenger

Business Idea

This will happen through unique relationships, best in class decision-making and cost effective solutions

Main targets

Cost and quality leadership

Profitable growth

Top 3

Values

Credible

Open

Bold

Committed

«Vi är annorlunda»

«Vi er annerledes»

«Vi er forskjellige»

«We are different»



Loss in Reinsurance arbitration with Munich Re

P&L loss of £6,9m in Q2 19 – parties cover own legal cost and split arbitration cost 50/50



- Following the tragic Grenfell tower fire 14th June 2017, Munich Re raised issues regarding the claim split for GFT
 - Protector has always acted in good faith and was surprised by the issues raised
- 5th July 2019, after 18 month of preparations, the Tribunal decided against Protectors understanding
 - The conclusion cannot be appealed
- The panel did not award legal costs. The panel stated that:
 - “In making its decision on the apportionment of the parties’ cost the Tribunal has inter alia emphasized the outcome of the case, the complexity of the matter and how uncertain the determination of the dispute has been”
 - “Protector had good reasons to bring the matter to arbitration”
- Our client, Royal borough of Kensington and Chelsea has never been a part of the dispute
- As Protector is of the opinion that the company has relied on advice from our professional broker, the loss will be discussed with them

Change of Ownership 2019 & 2020

On track, 50% quota share on reserves



- GWP 110 MNOK Q2 – more volume expected in 2019 than previously communicated
- The Supreme Court in Norway has rejected the appeal related to Grey Silverfish
 - Previous appeal court decision in our favor. Basis for a limited number of remaining claims.
- Protector has entered into a 50% quota share reinsurance agreement
 - Claims are handled by Protector
 - 50 % of reserves ceded – capital relief
 - Reduces risk associated with run-off



Highlights Q2 2019

32% growth, combined ratio 107,2% - 99,8% excl. Grenfell Tower



- GWP growth of 32% (33 % local currency)
- Net Combined ratio 107,2%
 - Run-off losses f.o.a amounted to -9,7 %
- Profit before tax -116,9 MNOK
- Investment return -31,7 MNOK or -0,4%
- Solvency ratio of 164,0% (incl. COI)
- New Reinsurance solution in place for COI
 - 50 % quota share on reserves
- Arbitration panel decided against Protector's view, P&L effect of -75 MNOK
 - Commercial dialogue initiated with Reinsurance broker

Guiding 2019 – old

Net combined ratio	96 %
Volume growth	14 %

Guiding 2019 – changed

Net combined ratio	100 %
Volume growth	18 %

Highlights Q2 2019

19% growth, combined ratio 104,0% - 97,0% excl. Grenfell Tower

- GWP growth of 19% (20 % local currency)
- Net Combined ratio 104,0%
 - Run-off losses f.o.a amounted to -9,0 %
- Profit before tax -127,8 MNOK
- Investment return -69,3 MNOK or -0,6%
- Solvency ratio of 164,0% (incl. COI)
- New Reinsurance solution in place for COI
 - 50 % quota share on reserves
- Arbitration panel decision against Protector's view, P&L effect of -75 MNOK
 - Commercial dispute initiated with Reinsurance broker

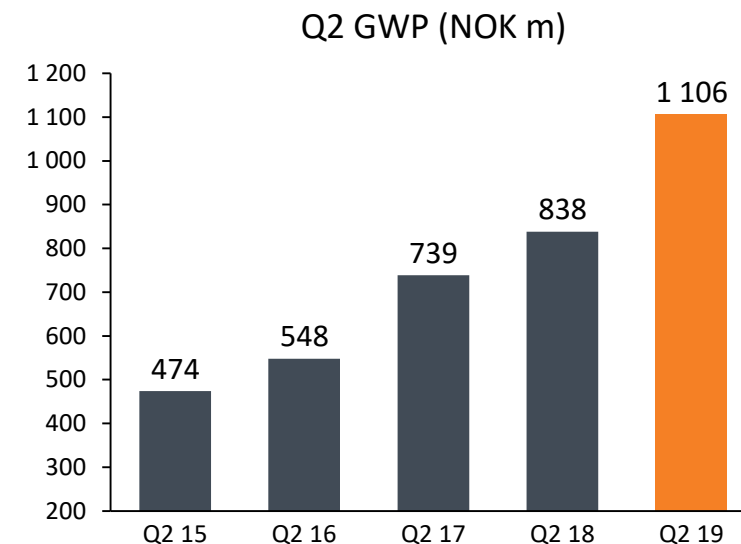
Slide contains COI - for comparison only

Gross written premiums Q2 2019

Up despite increased margin requirement



- GWP 1105,9 MNOK up 32%
 - Significant clients also lost, will appear in coming quarters
- YTD growth 14,7% of annual premium, expectations H2 3,3%
- UK 81 MNOK - patient and selective
- Sweden 109 MNOK - one very large motor client
- Nordic Price increases 45 MNOK



Business unit	Q2 19 MNOK	Q2 18 MNOK	NOK growth	NOK % growth	LCY % growth
Norway	334	290	44	15 %	15 %
Sweden	403	294	109	37 %	40 %
Denmark	40	10*	30	288 %	323 %
UK	311	230	81	35 %	33 %
Finland	18	14	4	30 %	30 %
Protector	1 106	838	268	32 %	33 %

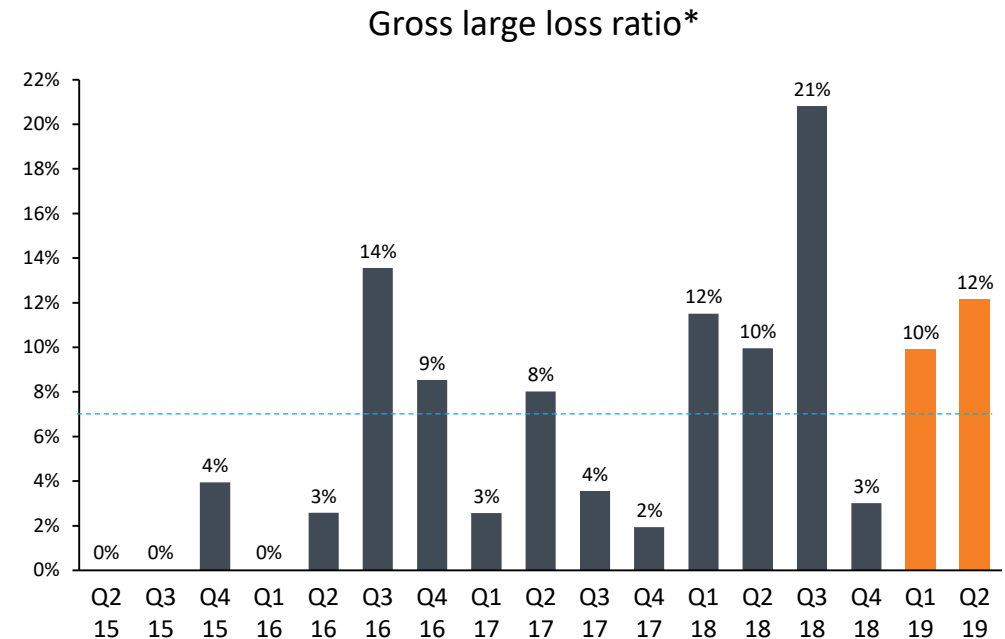
*Technical issues driving figures down with 13 MNOK

Claims development Q2 2019

Claims ratio 98,8% - 91,4 % excl. Grenfell Tower



- Price increases came too late with too little
- Very high claims inflation motor Nordic (6-8%)
- Gross claims ratio 92,6%, up from 87,5%
 - Unaffected by Grenfell Tower
- Net claims ratio 98,8%, up from 95,8%
 - 91,4 % excl. Grenfell Tower
- Run-off losses f.o.a amounted to -97,7 MNOK or -9,7 %
 - Grenfell Tower arbitration lost
 - Workers comp Norway/Denmark and Property Sweden
- Large loss ratio higher than “normalized”
 - Grenfell tower arbitration does not affect gross result since it has been booked on gross level earlier

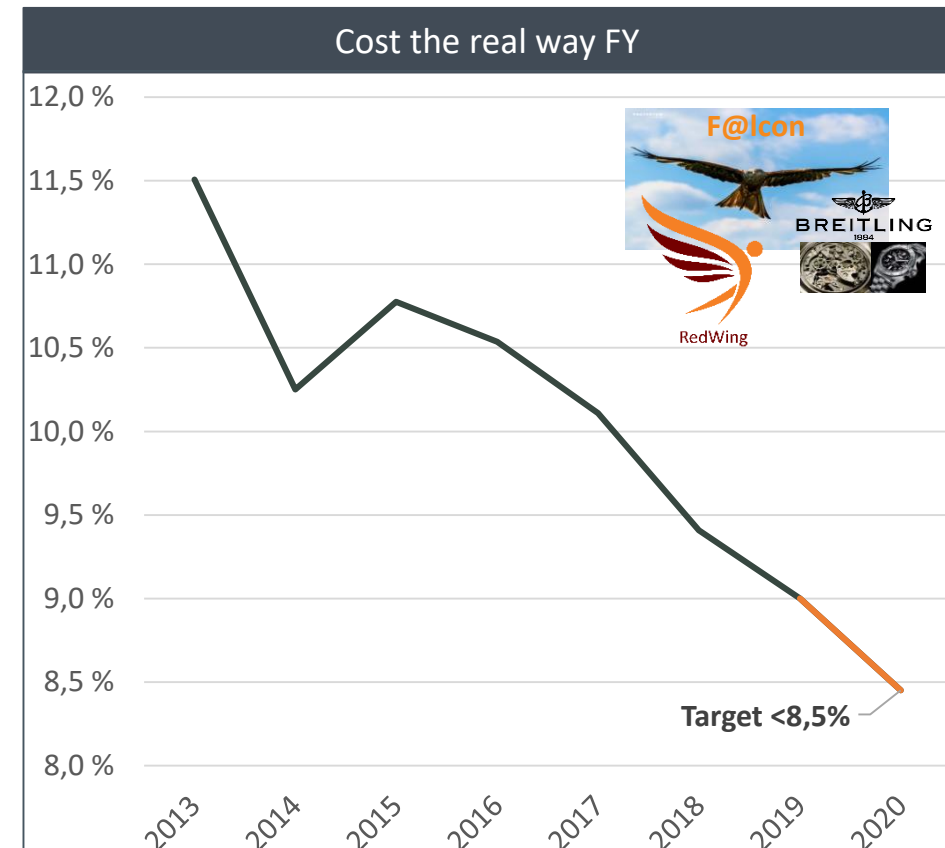


Cost development Q1 2019

Cost leader in the world – improving competitive position



- Cost the real way – this is what matters
 - Gross cost incl. Claims handling ex. Broker commissions
 - Broker commission neutral seen from a competitive point of view
- Cost the real way 9,2 %, down from 9,7 %
- Gross cost ratio 8,7%, up from 8,3%
 - Will increase due to higher commission in UK & SE going forward
- Net cost ratio 8,4%, up from 3,3%
 - Reduction in Reinsurance commissions



Combined Ratio development

Price increases - too late too little so far

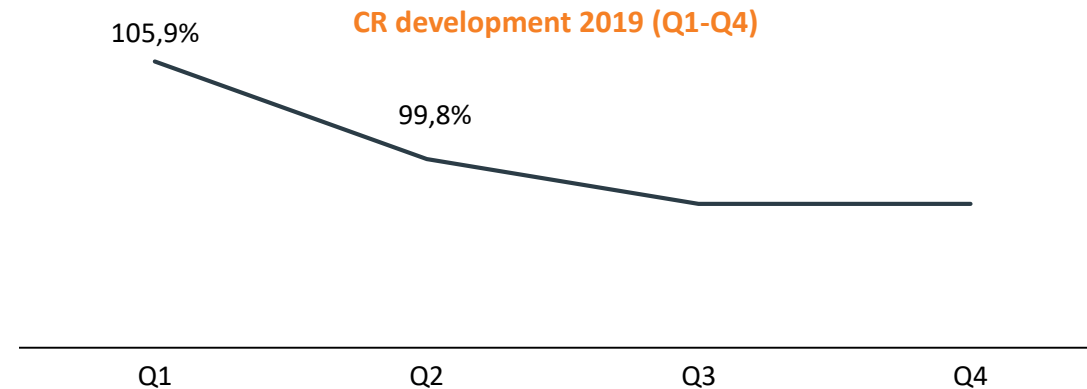


Why are we too late?

- A lot of focus on Grenfell tower tragedy, arbitration with Munich Re, Gray silverfish crisis and UK set-up
- Did not see size of motor claims inflation in Nordic

Net CR 2019	Q1	Q2
Norway	101,9 %	91,6 %
Sweden	99,5 %	99,1 %
Denmark	116,8 %	109,5 %
UK	119,0 %	90,5 %
FI	105,1 %	147,7 %
Total	105,9 %	99,8 %

Excl. Grenfell Tower








- Price increases in insurance always takes time (decide, renewal date, earn premium principles; 12-24 months)
- Price increases have effect in H2 2019 but increased ambitions will have close full effect from 1st January 2020

Price increases H1 19

More to come



		H1 price increase	Price increase H2/2020
	High renewal rate following acceptance of price increases. Price increasing ambition raised.	≈ 10,6%	Higher
	Too little profitability measures in Q1. More individual increases in Q2. Strong start of 1/7-renewal actions in Q3	≈ 6,9%	A lot higher
	Expected increase in client churn following price adjustments.	≈ 14,1%	Lower
	Ok renewal rate on total in Q2. Individual increases and some churn. Very high increases and churn on Real Estate	≈ 7,0%	A lot higher
	Building a new portfolio	Individual	Individual

Average claims inflation (all products) 4 % in the Nordics, higher in Motor

Our follow-up model

Decide, implement, measure, learn and loop



Volume surveillance

Price increasing initiatives – with relevant splits

Results vs. targets

Product specific follow-up

	Q1	Apr	May	Jun	Q2	YTD	ProgQ3	ProgQ4	ProgFY
Volume to renewal (MNOK)									
- Lost profitable clients									
- Lost unprofitable clients									
Volume to renewal ex. lost									
Profitability neutral "index"									
General price increases									
Individual increases (+/-)									
Deductible increases (+/-)									
Other profitability improvements									
Sum price increases (realized) (A)									
Claims inflation (%) (B)									
Real price improvement (A-B)									
Target									
Total renewed volume									

Auto									
Property									
Other P&C products									
Workers Comp									
Group Life									
Accident									
Other EB products									

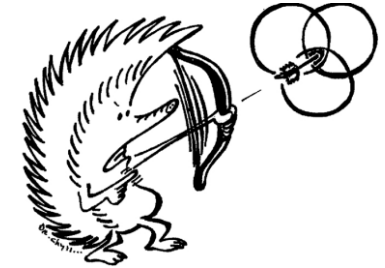
- Other elements which will be monitored
 - Countries, segments (Public, commercial, affinity), broker houses, people
- Q3 Focus changed from hunting season (new sales) to renewal season (improve profitability)

Other profitability improvements

A part of our measurable follow-up structure



- Risk Evaluation of entire portfolio (Started late Q4 2018).....
- Stricter UW guidelines on new clients (Started Q1 2019).....
-Leads too claims prevention requirements, Reduced appetite in certain areas, segment initiatives, changed terms and conditions, increased deductibles and possible client exits
- Capital consumption issues more important since risk free interest rate is 0
 - Long tail products consume > 100% capital of written premium
 - Reduced appetite Workers Comp. Denmark and Norway
 - Claims inflation >> risk free interest rate
 - Reduced volume or price increases above claims inflation



Controlled actions – get going



UW



KAM



AM



Risk Management

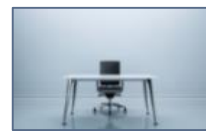
Supporting IT systems

Price increases

Rolls Royce



Increased deductibles



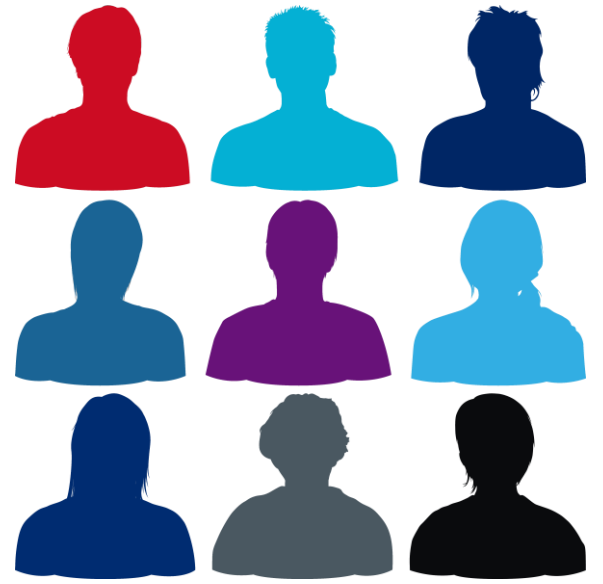
Identify unprofitable clients



Retain more of cost advantage

Data quality & discipline

Market



UK progress

Protector Board meeting in Manchester 13.06.19



Great Manchester office (Spinningfields)
Strong UW and RM team in place
Claims Handling team with CleanDesk culture
MUK + admin with good structure and progress
London office opened and trading



100 people capacity
20 people (gradually expanding)
18 people (rapidly expanding)
8 + 2 (not expanding)
4 people and expanding

DNA growing stronger every quarter – we are more Protector in UK than Norway

UK – Manchester is growing, London is trading

On schedule

- Manchester HQ Team growing, working closely with London
- London office Started trading, £1m in June

- Commercial Protector is selective 100 clients
- Public, 12 % hit ratio Protector is patient 114 clients
- Housing, 38 % hit ratio Among top 3 60 clients

- Volume on target of >850 MNOK
- Cost the real way going down
- Net Combined 90,5% (excl. GFT), Gross Combined 84,9%
 - Volatility must be expected



- Reinsurance arbitration lost
- Public Enquiry Phase 1 – expected Autumn 2019
- Dialogue with other Potential Defendants continues September 2019

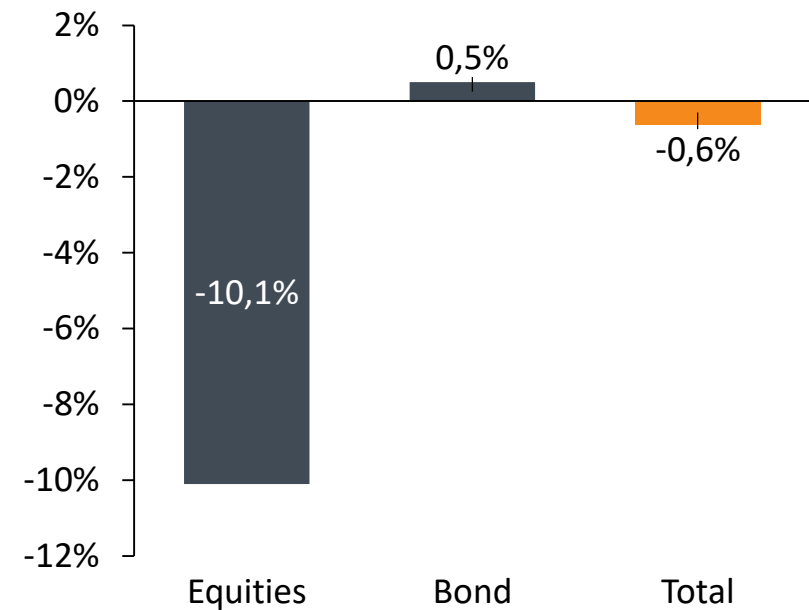
Investment performance Q2 2019

-0,6%, net investment result of NOK -69,3m



- Equity return of -10,1%
 - Portfolio consist of 14 companies
- Bond portfolio; return of 0,5%
 - In-line with the market
 - No default events

Q2 2019 investment performance



Equity portfolio statistics

Volatility outside benchmark must be expected

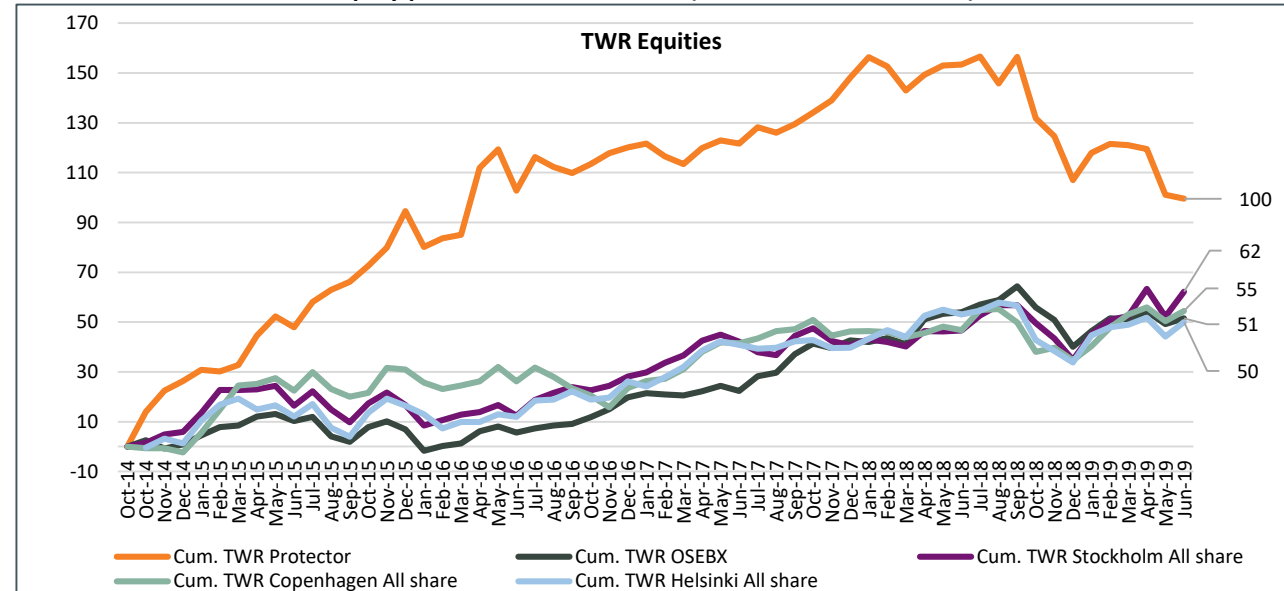


Key figures	In-house Man. Port.	OSEBX
Performance	100%	51%
Dividend yield	4,4%	4,4%
P/E NTM	10,5	14,2
3 yr sales CAGR	12,6%	10,5%
3 yr EPS CAGR	6,3%	15,1%

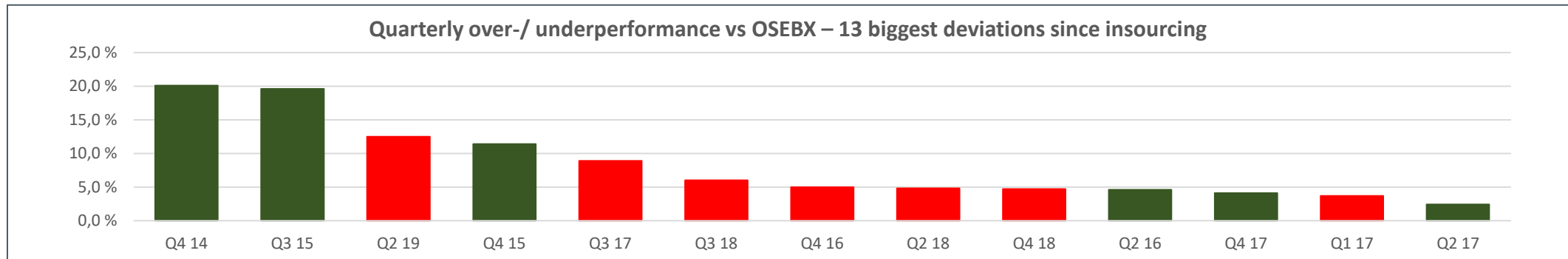
*Factset estimates except for one company not listed where own estimates are used

- Higher volatility than peers
- Equity share of 10,3%, down from 11,6% in Q1

Performance return in % – Equity portfolio vs. benchmarks (08.10.2014 – 30.06.2019)



Quarterly over-/ underperformance vs OSEBX – 13 biggest deviations since insourcing



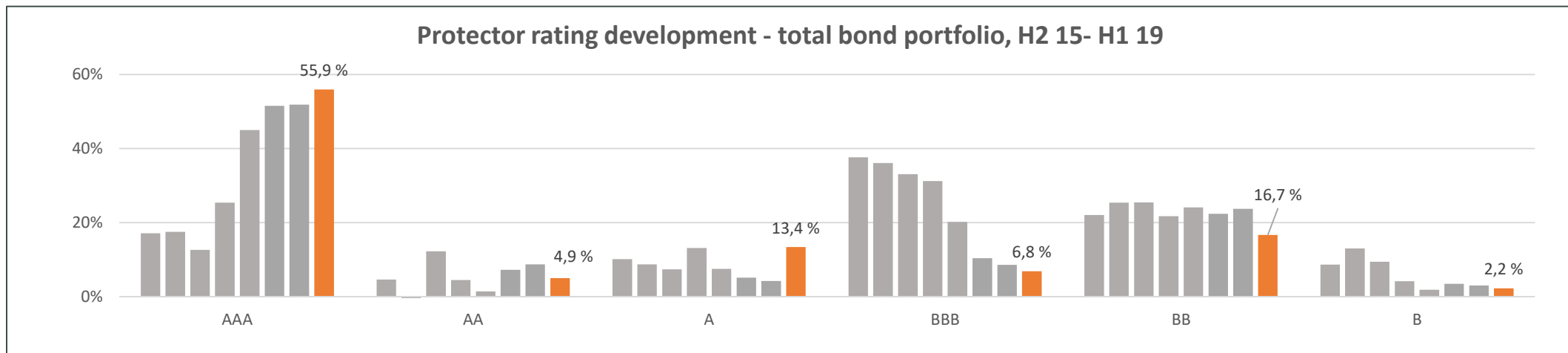
Portfolio statistics bonds

3 years with reduced risk

Portfolio data	30.03.19	30.06.19
Size bond & cash eq. (NOK m)	9 302	9 694
Avg. ref. rate (NIBOR, STIBOR etc.)	0,9%	1,0%
Avg. spread/risk premium (bp)	99	97
Yield	1,90%	1,95%
Duration	0,3	0,4
Credit duration	2,4	2,3
Avg. rating	A+	AA-

- Bond portfolio 89,7%
- Avg. yield up to 1,95% at end of quarter (1,90% in Q1)
- Slightly lower risk for overall portfolio

¹ Average based on official rating (>65%) and Protector rating (<35%) & is based on linear rating (as usual). WARF methodology would give a lower rating.



Profit & loss Q2 2019

32% growth, Combined Ratio 107,2% - 99,8 % excl. Grenfell Tower



in millions	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018	
Gross premiums written	1 105,9	838,3	3 819,2	3 186,7	4 286,1	33 % LCY, Sweden, UK & price increases
Gross premiums earned	1 241,9	1 015,7	2 388,8	1 974,0	4 139,6	
Gross claims incurred	(1 150,0)	(889,3)	(2 221,7)	(1 760,5)	(3 859,3)	
Earned premiums, net of reinsurance	1 011,9	699,8	1 902,5	1 369,1	2 817,8	
Other insurance related income	3,2	2,9	6,4	4,1	25,5	
Claims incurred, net of reinsurance	(999,8)	(670,5)	(1 884,2)	(1 305,8)	(2 658,3)	
Sales cost	(65,6)	(49,3)	(114,6)	(100,9)	(205,6)	
Administration cost	(42,9)	(35,0)	(80,9)	(68,2)	(143,1)	
Commission from reinsurer	23,1	61,0	51,1	160,3	229,2	~0 going forward
Other insurance related expenses	(1,9)	(6,0)	(7,1)	(7,3)	(20,2)	
Technical result	(72,0)	2,8	(126,6)	51,4	45,3	
Other income/costs	(13,2)	(12,6)	(27,4)	(24,5)	(49,4)	
Net financial income	(31,7)	78,7	49,5	86,6	(19,8)	-0,4 % return
Profit before tax	(116,9)	68,9	(104,5)	113,5	(23,9)	
Claims ratio, net of ceded business	98,8 %	95,8 %	99,0 %	95,4 %	94,3 %	
Expense ratio, net of ceded business	8,4 %	3,3 %	7,6 %	0,6 %	4,2 %	
Combined ratio, net of ceded business	107,2 %	99,2 %	106,6 %	96,0 %	98,6 %	99,8% excl. GFT
Gross claims ratio	92,6 %	87,5 %	93,0 %	89,2 %	93,2 %	More price increases to come
Gross expense ratio	8,7 %	8,3 %	8,2 %	8,6 %	8,4 %	
Gross combined ratio	101,3 %	95,8 %	101,2 %	97,7 %	101,7 %	
Retention rate (premiums not ceded to Reinsurers)	81,5 %	68,9 %	68,9 %	79,6 %	68,1 %	Will increase

Profit & loss Q2 2019

19% growth, Combined Ratio 104,0% - 97,0 % excl. Grenfell Tower

in millions	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018	
Gross premiums written	1 215,7	1 017,5	4 017,8	3 478,5	4 719,7	20 % LCY, Sweden, UK & price increases
Gross premiums earned	1 351,8	1 195,0	2 587,5	2 265,8	2 553,2	
Gross claims incurred	(1 227,0)	(1 064,7)	(2 300,0)	(2 055,2)	(4 608,8)	
Earned premiums, net of reinsurance	1 071,2	861,1	2 041,7	1 836,9	3 280,1	
Other insurance related income	3,2	2,9	6,4	4,1	25,5	
Claims incurred, net of reinsurance	(1 031,5)	(828,4)	(1 917,0)	(1 571,1)	(3 332,9)	
Sales cost	(66,3)	(50,7)	(116,5)	(104,0)	(211,3)	
Administration cost	(42,7)	(37,4)	(83,5)	(73,1)	(166,4)	
Commission from reinsurer	25,9	5,9	61,9	157,7	202,9	~0 going forward
Other insurance related expenses	(1,9)	(6,9)	(7,1)	(7,4)	(20,2)	
Technical result	(42,0)	0,8	(14,0)	38,0	(222,3)	
Other income/costs	(1,3)	(15,7)	(33,7)	(30,9)	(62,2)	
Net financial income	(6,3)	112,3	41,9	114,8	(56,2)	-0,6 % return
Profit before tax	(127,8)	97,4	(5,8)	122,0	(340,6)	
Claims ratio, net of ceded business	96,3 %	96,2 %	93,9 %	96,3 %	101,6 %	
Expense ratio, net of ceded business	7,8 %	3,3 %	6,8 %	1,2 %	5,3 %	
Combined ratio, net of ceded business	104,0 %	99,5 %	100,7 %	97,5 %	106,9 %	97,0% excl. GFT
Gross claims ratio	90,8 %	89,1 %	88,9 %	90,7 %	99,0 %	More price increases to come
Gross expense ratio	8,1 %	7,4 %	7,7 %	7,8 %	8,1 %	
Gross combined ratio	98,8 %	96,5 %	96,6 %	98,5 %	107,2 %	
Retention rate (premiums not ceded to Reinsurers)	79,2 %	72,1 %	78,9 %	72,0 %	70,5 %	New reinsurance COI - 50 % quota share

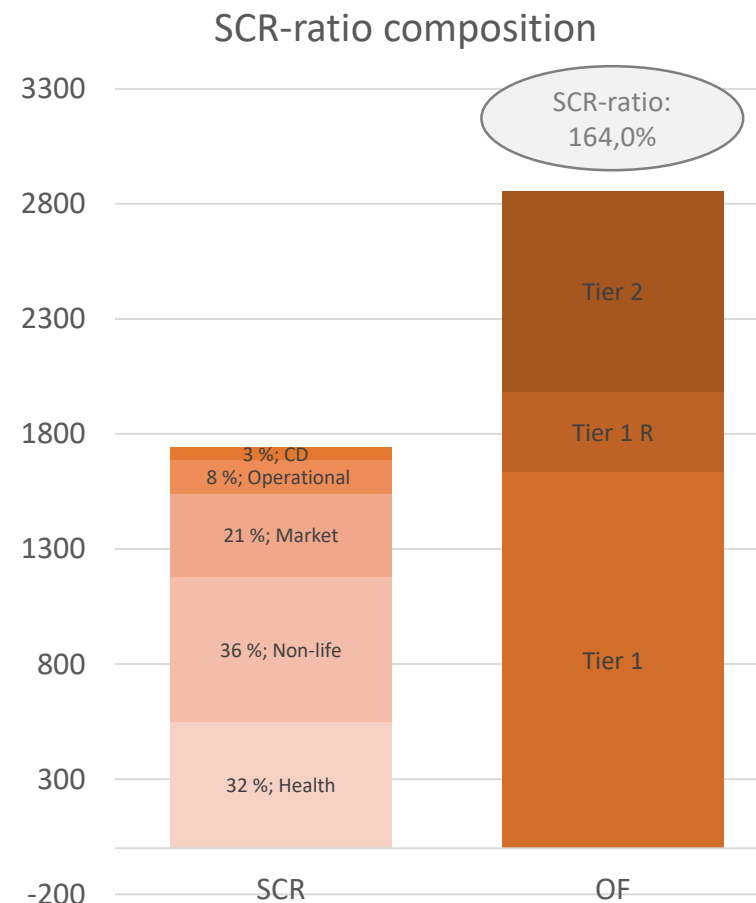
Balance sheet Q2 2019

SCR-ratio 164,0% based on standard formula



In millions	30.06.2019	30.06.2019	31.12.2018
Owner-occupied property	13,1	13,7	13,4
Financial assets	8.899,5	8.341,7	7.591,8
Derivatives	16,7	10,9	25,7
Bank deposits	151,4	190,7	278,6
Other assets	3.101,0	3.214,1	2.805,3
Discontinued operations	2.828,8	2.286,3	2.117,2
Total assets	15.010,7	14.057,4	12.832,1
Total equity	1.988,0	2.622,2	2.003,1
Subordinated loan capital	1.243,3	1.243,3	1.243,3
Total reserves	8.825,8	7.617,2	7.102,1
Derivatives	22,1	4,6	8,6
Other liabilities	1.303,3	1.521,5	1.138,5
Discontinued operations	1.628,1	1.048,6	1.306,5
Total equity and liabilities	15.010,7	14.057,4	12.832,1

- SCR coverage ratio 164,0% pr. 30.06.2019; driven down by weak result
- SCR fully covered by Tier 1 and T1 restricted capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity



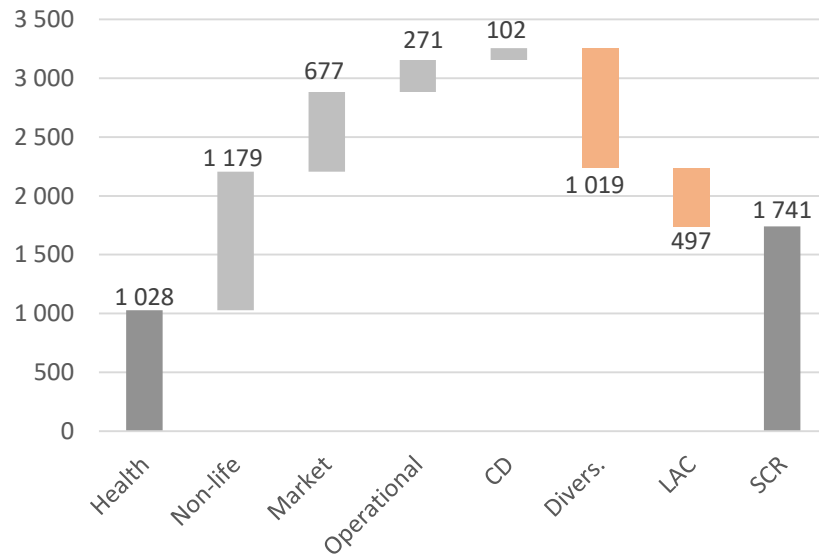
Solvency II



Composition of SCR:

- Net insurance risk 68%
- Net market risk 21%
- Other risks 11%

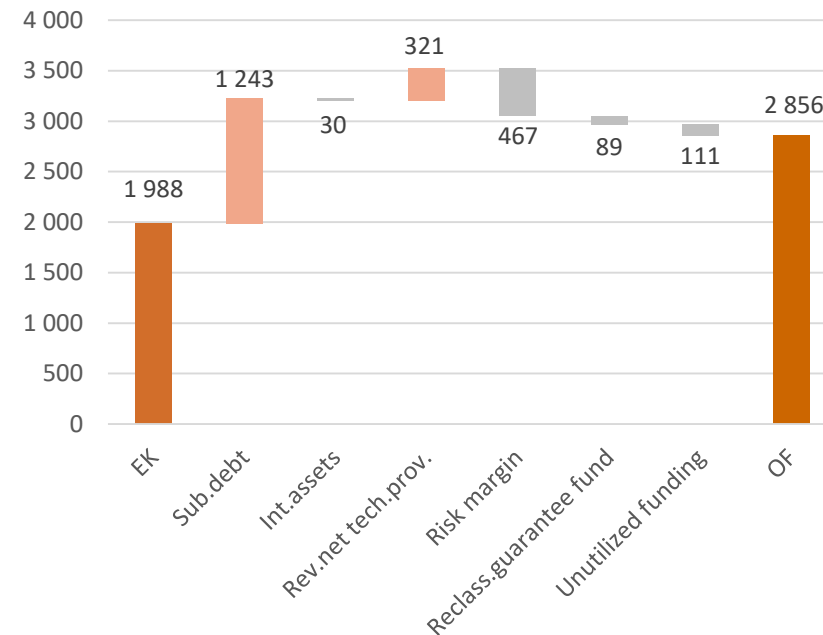
SCR composition



Eligible SII capital:

- No dividend
- Guarantee provision subtracted from own funds

Eligible SII capital



Shareholder's matters

Per 30.06.2019



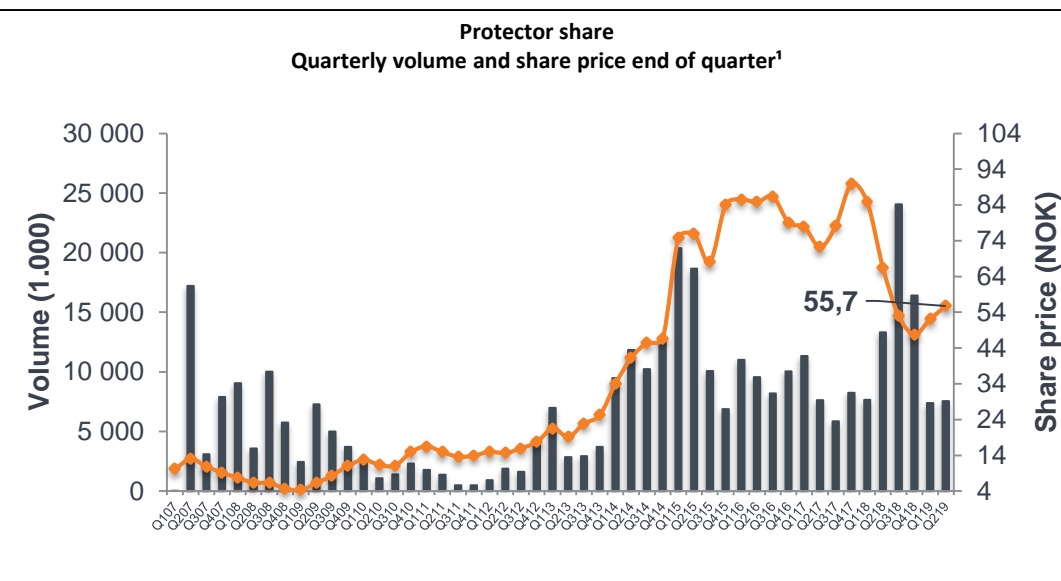
SHAREHOLDER NAME	# SHARES	%
STENSHAGEN INVEST AS	7 126 353	8,27 %
AWILHELMOSEN CAPITAL HOLDINGS AS	6 535 816	7,59 %
CITIBANK EUROPE PLC	4 616 123	5,36 %
ODIN NORDEN	4 433 850	5,15 %
PROTECTOR FORSIKRING ASA	4 393 679	5,10 %
HVALER INVEST AS*	3 186 809	3,70 %
SWEDBANK ROBUR SMABOLAGSFOND	2 183 193	2,53 %
OJADA AS	2 131 842	2,47 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 943 004	2,26 %
ARTEL AS	1 800 000	2,09 %
PERSHING LLC	1 555 435	1,81 %
UTMOST PANEUROPE DAC - GP11940006	1 400 000	1,62 %
SWEDBANK ROBUR NORDENFON	1 350 000	1,57 %
JOHAN VINJE AS	1 187 841	1,38 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 096 000	1,27 %
DYVI INVEST AS	1 040 933	1,21 %
UBS AG	1 031 467	1,20 %
NORE-INVEST AS	1 030 637	1,20 %
ALSØY INVEST AS**	1 002 751	1,16 %
NORDNET BANK AB	1 001 359	1,16 %
20 LARGEST	50 047 092	58,09 %
OTHER	36 108 513	41,91 %
TOTAL SHARES	86 155 605	100,00 %

*CEO Sverre Bjerkeli

** Chairman of the Board Jostein Sørvoll

Related parties shareholding

- Management's direct and indirect shareholding totals 3,7m shares or 4% of current outstanding shares
- Board members directly own a total of 8,1m shares or 9 % of current outstanding shares. Change of one board member from 2018.




Summary Q2 2019 & Q&A

32% growth, more price increases necessary



	Protector excl. COI	Protector incl. COI
• Growth	32%	19 %
• Net Combined ratio	-107,2% (99,8% excl. GFT)	-104,0% (97,0 excl. GFT)
• Profit before tax	-116,9 MNOK	-127,8 MNOK
• Investment return	-31,7 MNOK or -0,4%	-69,3 MNOK or -0,6%
• Earnings per share	-1,56 NOK	-1,56 NOK

- Reinsurance arbitration with Munich Re lost – our client RBKC has never been a part of the dispute
- New Quota share Reinsurance solution for entire COI portfolio – Supreme court rejected Gray silverfish appeal 
- New guiding; 100 % CR for 2019, 18% growth

Enjoy your summer

Protector Forsikring Interim presentation
12.07.2019



Appendix

Oslo, 12th July 2019

This appendix contains numbers inclusive of COI

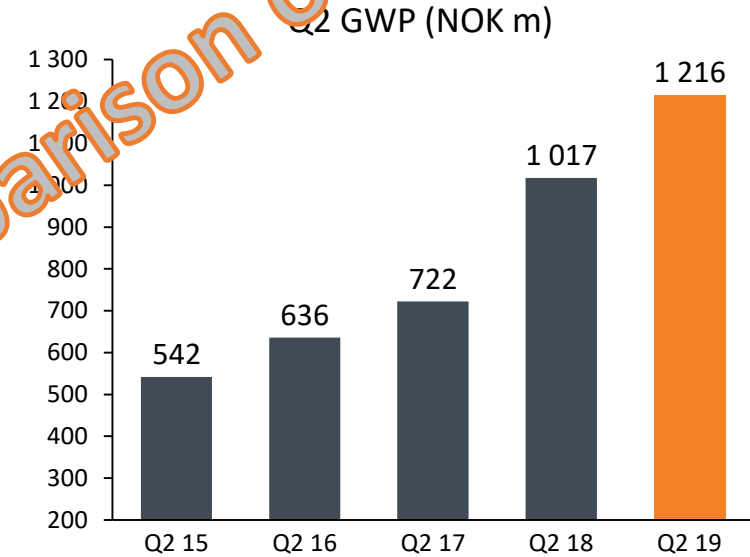


Gross written premiums Q2 2019

Up despite increased margin requirement



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 - Significant clients also lost, will appear in coming quarters
- YTD growth 14,7% of annual premium, expectations H2 3,3%
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- Sweden 109 MNOK - one very large motor client
- Nordic Price increases 45 MNOK



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Sweden	403	294	109	37 %	40 %
Denmark	40	10*	30	288 %	323 %
UK	311	230	81	35 %	33 %
Finland	18	14	4	30 %	30 %
Protector	1 216	1 017	198	19 %	20 %

*Technical issues driving figures down with 13 MNOK

Claims development Q2 2019

Claims ratio 96,3% - 89,3 % excl. Grenfell tower

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- Gross claims ratio 90,8%, up from 89,1%
 - Unaffected by Grenfell Tower
- Net claims ratio 96,3%, up from 96,2%
 - 89,3% excl. Grenfell Tower
- Run-off losses f.o.a amounted to -95,1% in DK or -8,9 %
 - Grenfell Tower arbitration lost
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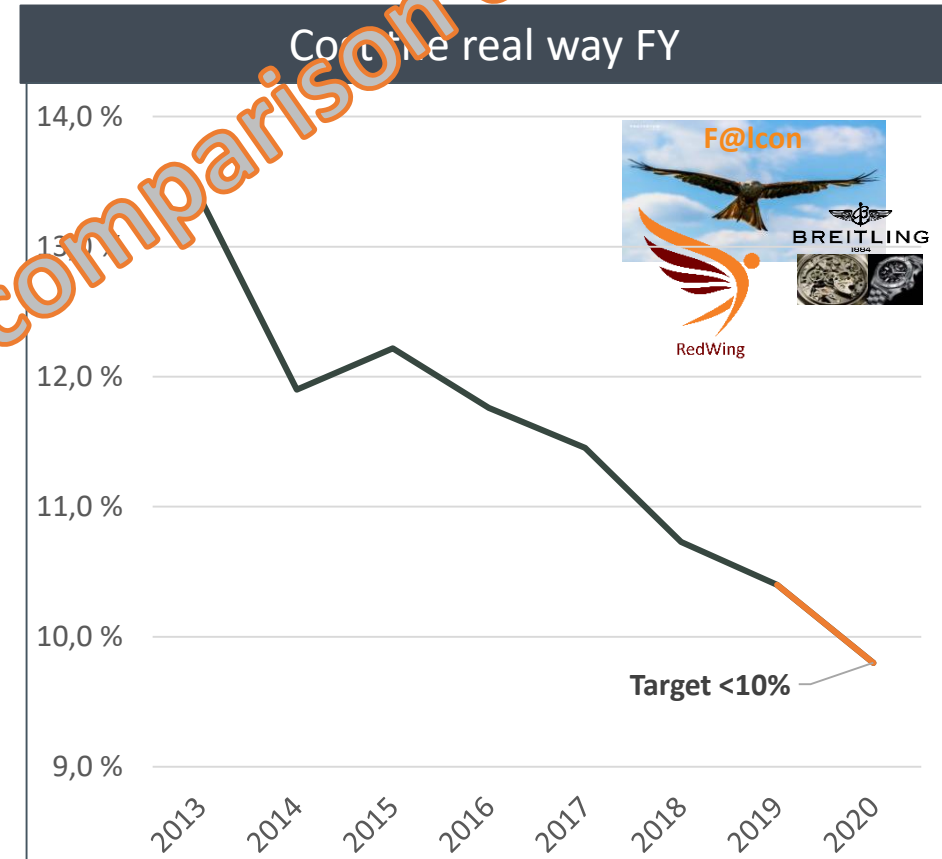
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Cost development Q1 2019

Cost leader in the world – improving competitive position



- Cost the real way – this is what matters
 - Gross cost incl. Claims handling ex. Broker commissions
 - Broker commission neutral seen from a competitive point of view
- Cost the real way 9,4 %, down from 10,5 %
- Gross cost ratio 8,1%, up from 7,4%
 - Will increase due to higher commission in S. & UK going forward
- Net cost ratio 7,8%, up from 3,7%
 - Significant reduction in Reinsurance commissions



Slide contains COI - for comparison only

Key ratio description



Ratio

- (1) Claims ratio, net of ceded business
- (2) Expense ratio, net of ceded business
- (3) Combined ratio, net of ceded business
- (4) Gross claims ratio
- (5) Gross expense ratio
- (6) Gross combined ratio
- (7) Retention rate
- (8) Earnings per share

Ratio calculation

- (1) Claims incurred, net of reinsurance in % of earned premiums, net of reinsurance
- (2) Operating expenses in % of earned premiums, net of reinsurance
- (3) Net claims ratio + net expense ratio
- (4) Gross claims incurred in % of gross premiums earned
- (5) Sales and administration costs in % of gross premiums earned
- (6) Gross claims ratio + gross expense ratio
- (7) Earned premiums, net of reinsurance in % of gross earned premiums
- (8) Profit before other comprehensive income divided by weighted number of shares