

Q3 2018 Interim Results

Investor presentation
Oslo, 26th October 2018



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



Ctenolepisma longicaudata – Gray silverfish (Skjeggkre)

Get used to them – Harmless and normal



- First identified in Norway in 2013 – Protector’s first claim in 2015, court ruling in 2016
- Maximum length 19mm (body)
- Antennas and tail longer than body
- Likes dark places, both damp and dry
- Sexually matured at ~3 years
- Can lay 56 eggs/year for ~3 years



- Maximum age 7 years
 - Diverse feeding habits (e.g. cellulose)
 - No organized cohabitation
 - Natural predators: beetles and spiders etc.
-
- Less annoying than mosquitos...

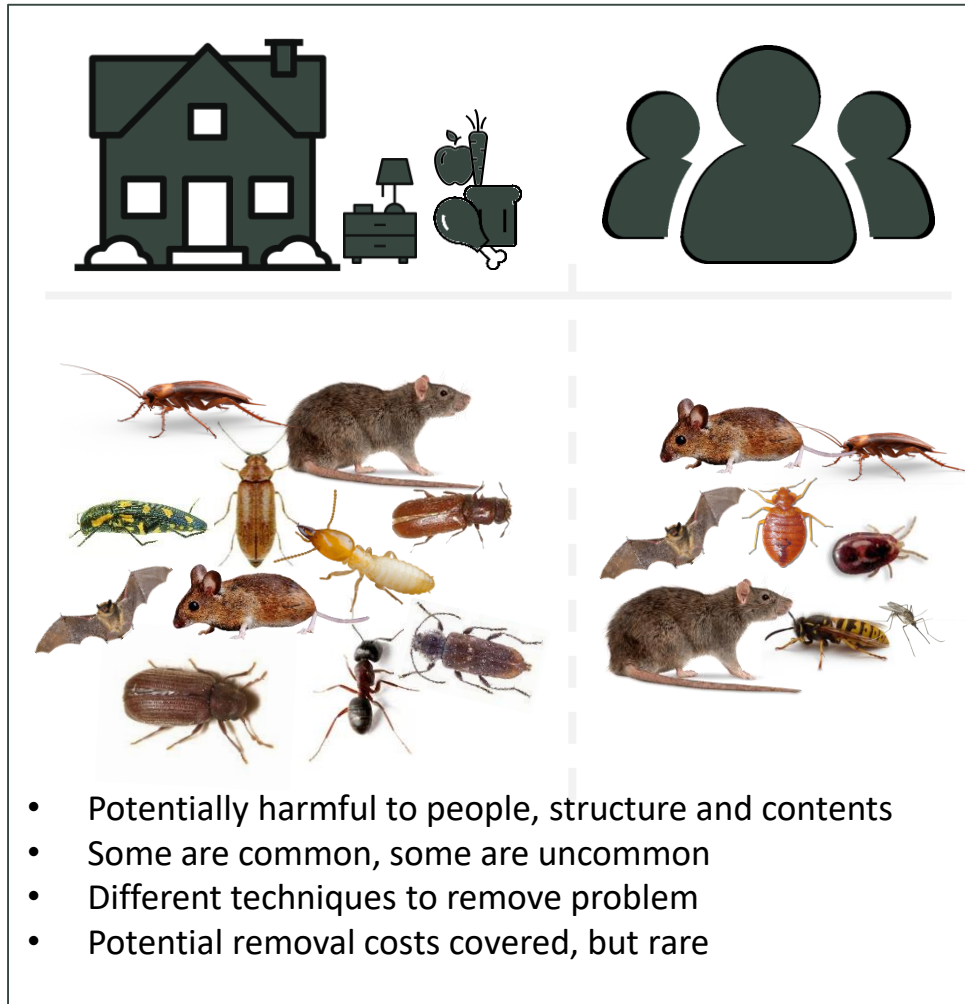
“Pests” you can find in the Norwegian fauna

Why is the harmless little Gray Silverfish worse than...



Real estate investments will collapse if a normal bug could lead to

And many other consequences if you think it through



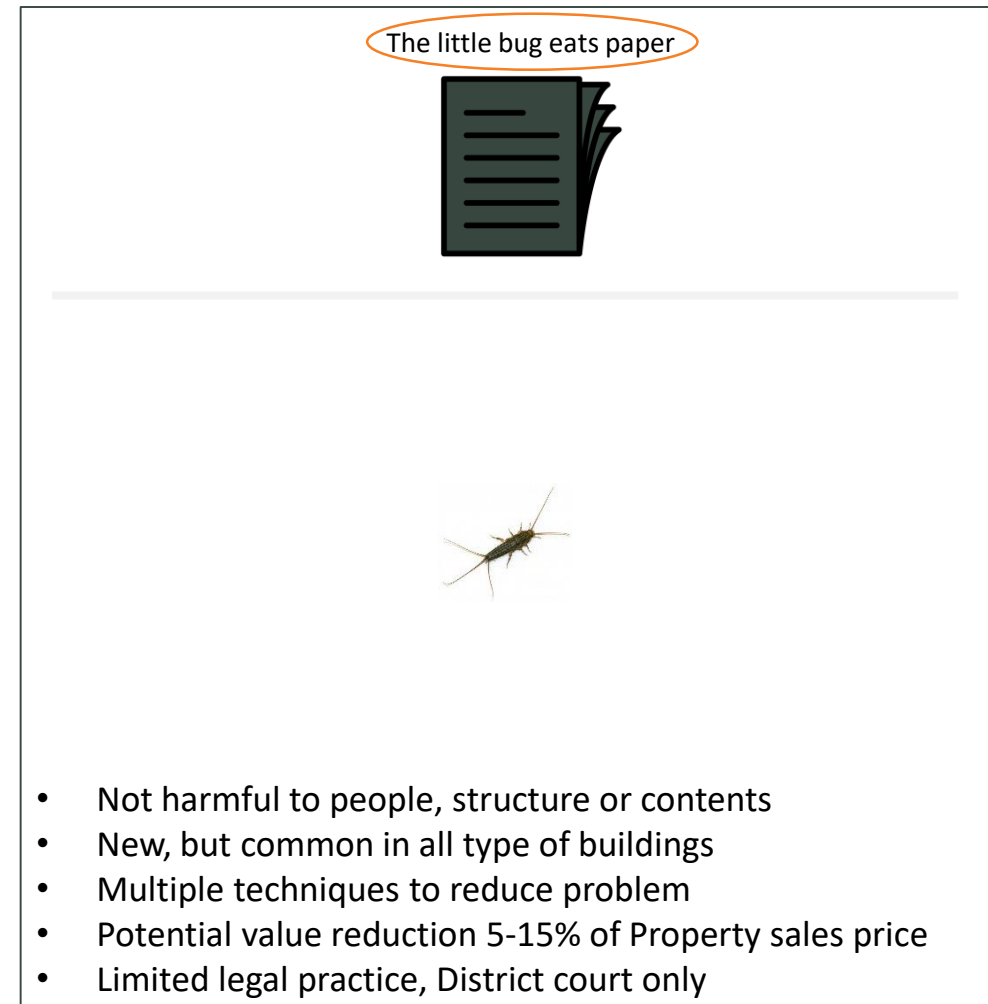
• Potentially harmful to people, structure and contents

• Some are common, some are uncommon

• Different techniques to remove problem

• Potential removal costs covered, but rare

The little bug eats paper



• Not harmful to people, structure or contents

• New, but common in all type of buildings

• Multiple techniques to reduce problem

• Potential value reduction 5-15% of Property sales price

• Limited legal practice, District court only

Reported Gray Silverfish claims development

Number of claims increasing rapidly in Q3



2015: 3 claims reported, first in Q3

2016: 20 claims reported

2017: 38 claims reported

Q3 2018 to date: 208 claims reported, gradually escalating through the year with September on a very high level

August 2018: 3 court decision against Protector - Red Alert

- Claims frequency < 0,1% through 2017
- Claims frequency 0,6% in Q3 2018

Development of the legal practice

Limited legal practice, no decision in appeal court or supreme court



Innocent bug – Norway the only country in the world with property value decrease compensation...

...despite pretty similar/equal/harder consumer protection legislation in other countries.

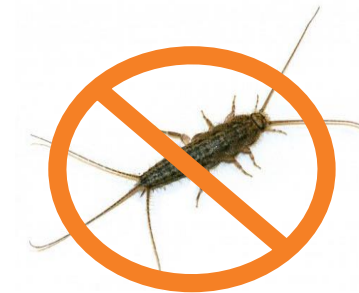
- After 3 losses in Q3 18, the legal practice in the district courts is considered to be in our disfavor
- Appeal court next and then supreme court if necessary



SUPREME COURT OF NORWAY

Project Gray Silverfish

Established 11th October





1: Gray silverfish

- Normal, and inhabitant in Norway
- Financial analyses
- Legal opinions, Norwegian and Nordics
- Document experiences (incl. litigations)
- Other insurance companies
- “Gray silverfish group”
- Other involved parties



SG: Sverre, Merete, Håkon (PL)



2: Actions and communication - external

- Information to leaders and employees in the real estate broker market
- Real estate Norway and NEF
- Exclusion of Gray silverfish in COI terms
- Interaction with other parties
- Finance Norway
- Info to other parties
- Q3 investor presentation
- CMD



3: Actions and communication - internal

- Internal communication & info meetings, @WP
- Changes of claims handling practice
- Presentation to the Board of Directors
- Protector Management presentation
- Note to the Board of Directors
- Business review COI Q3 18
- Existing plan for downsizing



4: Consider opposite side – if you cant beat them, join them

- Market description and USP
- Product, price and commission
- Claims handling
- IT, SWOT, competitor analysis, hedgehog and DNA



Gray silverfish excluded from COI product 1st Nov 18

Without real estate broker acceptance – we will exit COI market

- Gray silverfish excluded 1st Nov 18



- New Claims Handling practice implemented 18th October 2018
- Multiple actions taken before crisis arrived
 - Gray silverfish claims allocated to specific specialists from Q1 18
 - Fixed rate deals on bug removal in the Oslo region Q2 18
 - Structured follow-up of Gray silverfish claims from Q218

Q3 COI reserve losses NOK 146m mainly Gray Silverfish

No guarantees that it could end worse or better



Are the reserves right, now?

- Remember, with an exclusion 1st Nov there is still a 3 month period where new risks arrive
- Reserves could be somewhat higher
- Reserves could be somewhat lower

Drivers for claims ratio development

- Traps, poison, nature itself or other methodologies to get rid of the little innocent bug
- Changes in the Courts of Appeal, changes in claims practice, changes in average claims size
- The bug is an harmless inhabitant in Norway

Internal scenarios based on; frequency, average claims size and win ratio in court

- Good scenario MNOK +52 reserve gains
- Bad scenario MNOK -38 reserve losses (based on a 50 % frequency increase from Q3)

Change of Ownership 2019

- Gray Silverfish excluded 1st Nov. 2018
- COI KPIs better than ever on many important areas
- Strong signals of acceptance from the market
- Action plan going forward well prepared



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Credible or not



-
- Danish Workers comp. 2016
 - Reserve losses COI 2016
 - Swedish Competition Authority 2017
 - Management changes in Denmark
 - Reinsurance Arbitration 2017 – Munich Re
 - Poor YTD result 2018
 - NOK 146m Q3 2018 – Gray Silverfish
 - Any other areas missing?

- +**
- Growth steady going
 - Sweden doing very well
 - Always open communication (rate pressure)
 - ROI higher than peers
 - Turn-around Denmark
 - HTD company reserves on the positive side
 - Balanced Reinsurance Structures
 - Any other areas missing?

+ Guiding vs. Actual

Year	Volume		Profitability	
	Guiding	Actual	Guiding	Actual
2009	5 %	20 %	92,00 %	96,50 %
2010	15 %	16 %	92,00 %	92,70 %
2011	15 %	19 %	88,00 %	85,30 %
2012	18 %	26 %	88,00 %	86,20 %
2013	18 %	23 %	91,00 %	86,70 %
2014	16 %	28 %	90,00 %	84,50 %
2015	18 %	20 %	88-90 %	88,70 %
2016	22 %	21 %	90,00 %	97,00 %
2017	16 %	21 %	92,00 %	93,10 %
2018	20 %	YTD 17 %	92-94 %	YTD 104,1 %



Q3 2018 INTERIM RESULTS

Oslo, 26th October 2018



Highlights Q3 2018

17,0 % growth, Combined Ratio 117,6 % - reserve loss Gray silverfish



- Growth of 17,0 % (18,0 % local currency)
- Net Combined ratio 117,6 % up from 93,3%
 - COI 246,9 % in Q3 2018 (148,9 % YTD)
- Profit before tax of NOK -112,7m down from NOK 135,4m
- Gray Silverfish excluded from new COI policies from 1st Nov. 2018

Guiding 2018 – unchanged

Net combined ratio	significant higher than 94 %
Volume growth	16 %
Cost ratio	≈7,5 %



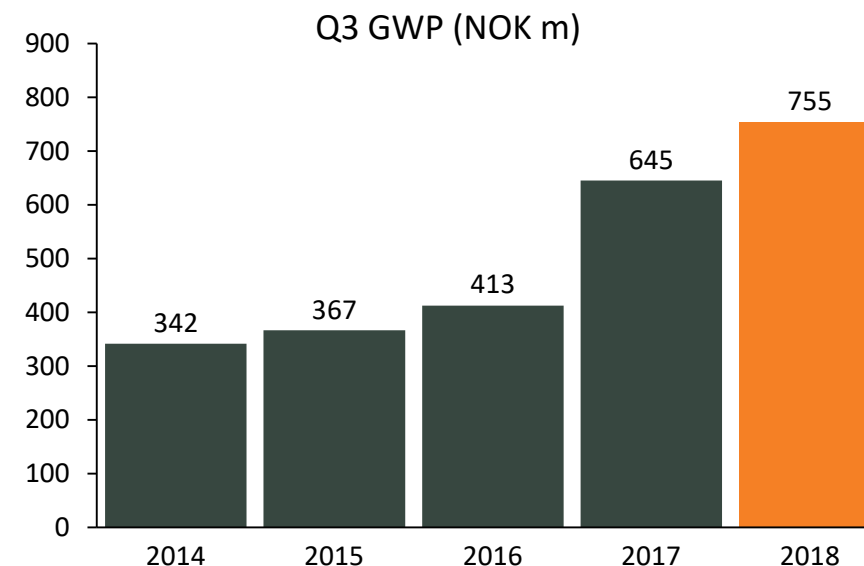
- Net combined ex. COI 95,7 % (95,9 % ex COI YTD)
- Investment return 0,5 %, NOK 46,4m
- AUM NOK 10,2 bn, float NOK 6,6 bn.
- Solvency Capital Ratio of 182,8 %

Gross written premiums Q3 2018

Growth of 17% (18 % LCY) – driven by strong growth UK



- GWP total NOK 754,6m up 17,0%
- Norway Com. & Publ. YTD growth 1,7 %
- Small quarter in Denmark – two large unprofitable clients priced out
- COI volume down due to non-renewal of unprofitable distribution deals
- Finland due to technicalities



Business unit	Q3 18 NOK m	Q3 17 NOK m	NOK % growth	LCY % growth
Norway Commercial & Public sector	295,5	232,6	27,0 %	27,0 %
Change of Ownership (COI)	130,3	158,9	-18,0 %	-18,0 %
Sweden	161,4	165,7	-2,6 %	3,5 %
Denmark	36,1	41,0	-12,1 %	-14,8 %
UK	146,3	41,2	255,2 %	247,3 %
Finland	-15,0	5,6	-368,7 %	-356,3 %
Group	754,6	645,1	17,0 %	18,0 %

Claims development Q3 2018

Claims ratio ex COI 88,9%



- Gross claims ratio 107,2%, down from 108,3%
- Net claims ratio 111,7%, up from 86,2%
 - COI 245,9 % in Q3 2018
- Commercial sector (all countries) 88,9 % Q3
- Run-off losses f.o.a amounted to NOK 78,1m or 9,7 % (5,1 % YTD)
 - Run-off loss and reserve strengthening COI NOK 146m
 - Run-off gains Commercial Norway, Sweden and Denmark NOK 60m
 - Minor run-off gains UK & FI

Business unit	Gross claims %			Net claims %		
	Q3 18	Q3 17	Earned 18	Q3 18	Q3 17	Earned 18
Norway (incl. COI & FI)	132,6 %	89,2 %	544,9	127,1 %	89,7 %	435,1
Norway - Commercial	95,6 %	81,1 %	390,7	80,5 %	80,0 %	301,6
Norway - Change of ownership	245,8 %	104,7 %	130,2	245,8 %	81,3 %	130,2
Sweden	90,4 %	72,8 %	315,4	81,9 %	75,2 %	203,4
Denmark	81,6 %	85,9 %	200,3	91,6 %	95,1 %	131,2
UK	77,0 %	562,1 %	111,9	165,0 %	60,0 %	37,2

Business unit	Gross claims %			Net claims %		
	YTD 18	YTD 17	Earned 18	YTD 18	YTD 17	Earned 18
Norway (incl. COI & FI)	112,6 %	82,5 %	1655	111,3 %	85,7 %	1320,2
Norway - Commercial	99,0 %	79,8 %	1120,5	94,3 %	84,9 %	856,7
Norway - Change of ownership	145,7 %	86,3 %	422,1	145,7 %	86,3 %	422,1
Sweden	77,3 %	81,3 %	925,7	79,7 %	80,0 %	617,2
Denmark	94,3 %	93,3 %	583,5	98,1 %	109,4 %	385,2
UK	66,9 %	883,4 %	274,3	115,5 %	128,6 %	113,3

- UK YTD net claims ratio 115,5 %, small figures – don't worry
- UK YTD gross claims ratio 66,9 %, small figures – don't be too happy

Nordic commercial sector – Price increases

And other profitability initiatives



Public sector, personal and motor – all with substantial general and individual price increases

> 8 %



Few general price increases, some individual price increases

> 4 %



Very strong price increases WC and some individual and/segment price increases other product areas.

> 12 %



Too early to say.

Clients will leave in Denmark, some in Norway and very few in Sweden

Other initiatives

- Falcon and Rolls Royce
- Margin Management initiatives outside price increases
- Some portfolio clean ups
- Non-renewal of some COI distribution deals (~ NOK 160m).
- And more...

Grenfell Tower Property claim settled

Arbitration with Munich Re postponed to may 2019

- Property released to client 1st August 2018
- Tower not likely to be reinstated, memorial park in the future
- Settlement agreed with client 17th Aug. – money transferred 14 days later
- Good feedback from client and broker
- Reinsurance arbitration with Munich Re postponed to May 2019
 - Munich Re acts as a post Grenfell Tower underwriter
 - Worst case scenario down to MNOK 85 (from NOK 100m) due to full and final settlement of GFT Property claim
- Further UK update in CMD presentation



Investment performance Q3 2018

11,1 % equities, 88,9 % bonds

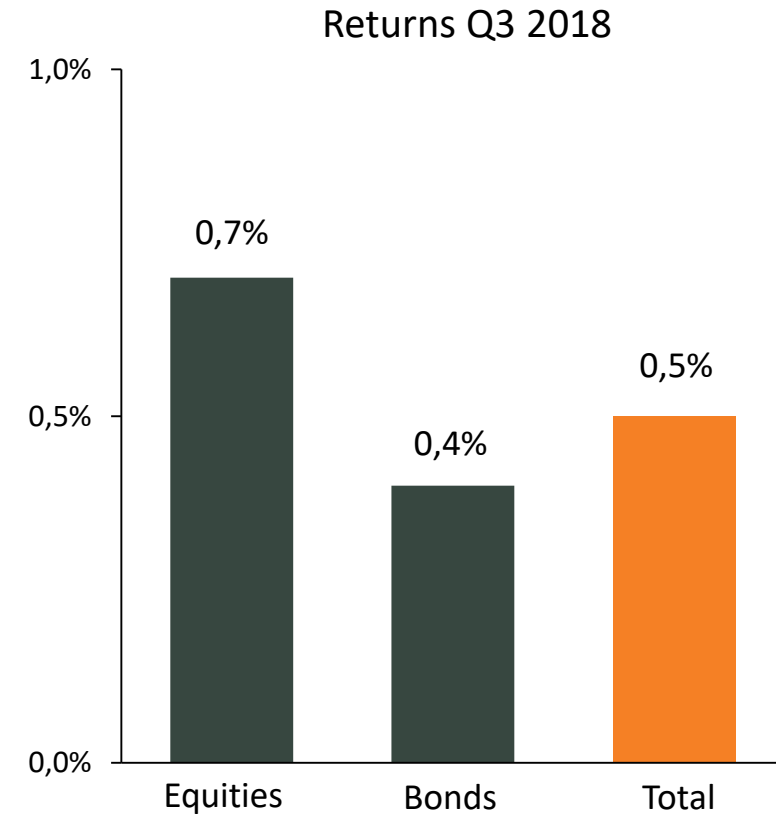


- Net investment result of NOK 46m
- 0,5% return on investment portfolio

- Equity portfolio return of NOK 9,5m or 0,7%
 - Benchmark: OSEBX (6,7%), OMXSGI (6,9%), OMXCGI (2,1%)
 - Portfolio consist of 15 companies
 - Sold 85 % of Compusoft position

- Bond portfolio return of NOK 36,9m or 0,4%
 - Overall stable spread levels for our portfolio

- Further update in CMD presentation



Profit & loss Q3 2018

17 % growth, Combined Ratio 117,6 % (95,7 % ex. COI)



in millions	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017	
Gross premiums written	754,6	645,1	4 233,1	3 623,0	4 163,2	16,8 % growth YTD
Gross premiums earned	1 172,7	1 022,2	3 438,5	2 808,1	3 805,5	
Gross claims incurred	-1 257,2	-1 106,6	-3 312,5	-3 152,9	-4 054,2	
Earned premiums, net of reinsurance	806,9	749,6	2 438,7	2 217,6	2 925,9	
Claims incurred, net of reinsurance	-901,4	-646,0	-2 472,5	-1 980,0	-2 647,5	
Net commission income	1,9	20,2	100,2	140,5	117,0	
Internal sales cost	-20,8	-17,9	-65,3	-18,4	-71,0	
Operating expenses	-28,9	-55,7	-102,0	-146,9	-122,5	
Other insurance-related income/expenses	-1,3	0,4	-4,6	-2,8	-3,3	
Technical result	-143,6	50,6	-105,5	210,0	198,6	
Other income/costs	-15,6	-16,3	-46,5	-41,5	-55,9	
Net financial income	46,4	114,9	161,2	257,5	419,5	
Profit before tax	-112,8	149,1	9,2	426,0	562,2	
Tax	44,2	-23,1	-3,5	-83,6	-85,5	
Profit before components of comprehensive income	-68,6	126,0	5,7	342,4	476,7	
Components of comprehensive income	3,4	-13,4	-19,4	16,2	39,8	
Profit for the period	-65,1	112,6	-13,7	358,6	516,5	
Claims ratio, net of ceded business	(1)	111,7 %	86,2 %	101,4 %	89,3 %	90,5 %
Expense ratio, net of ceded business	(2)	5,9 %	7,1 %	2,8 %	1,1 %	2,6 %
Combined ratio, net of ceded business	(3)	117,6 %	93,3 %	104,1 %	90,4 %	93,1 %
Gross claims ratio	(4)	107,2 %	108,3 %	96,3 %	112,3 %	106,5 %
Gross expense ratio	(5)	7,3 %	7,3 %	7,6 %	7,3 %	7,4 %
Gross combined ratio	(6)	114,5 %	115,5 %	104,0 %	119,6 %	113,9 %

Poor profitability 2018

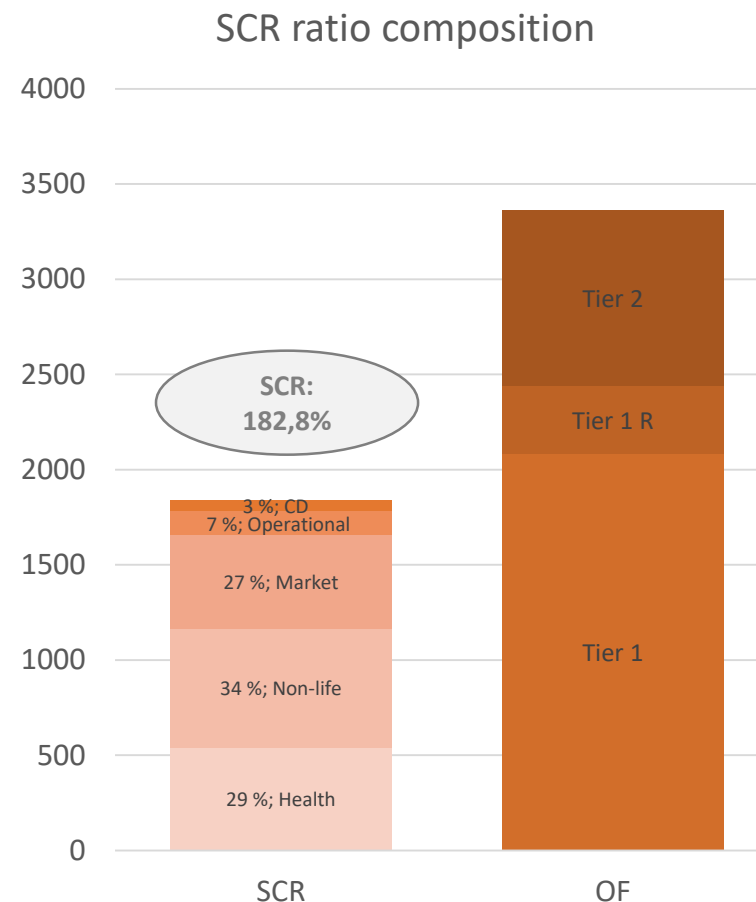
Balance sheet Q3 2018

SCR 182,8 % based on standard formula



[1.000.000 NOK]	30.09.2018	30.09.2017	31.12.2017
Owner-occupied property	13,6	13,6	13,5
Financial assets	10.227,6	9.298,4	9.379,4
Derivatives	11,6	6,0	2,5
Bank deposits	112,6	268,1	327,5
Other assets	2920,0	2.776,9	2.549,3
Total assets	13.285,4	12.362,9	12.272,1
Total equity	2.305,0	2.433,3	2.591,3
Subordinated loan capital	1.243,3	1.243,3	1.243,3
Total reserves	8.444,1	7.364,9	7.049,4
Derivatives	19,7	6,1	9,2
Other liabilities	1.273,3	1.315,3	1.379,0
Total equity and liabilities	13.285,4	12.362,9	12.272,1

- Buy-back (NOK 253m, 4,4m shares at 57,5 NOK pr. share) completed 24.07.18
 - Price significantly below intrinsic value
- SCR coverage ratio 182,8% pr. 30.09:
- SCR fully covered by Tier 1 capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity



Solvency II

Composition of SCR - slight decrease in market risk



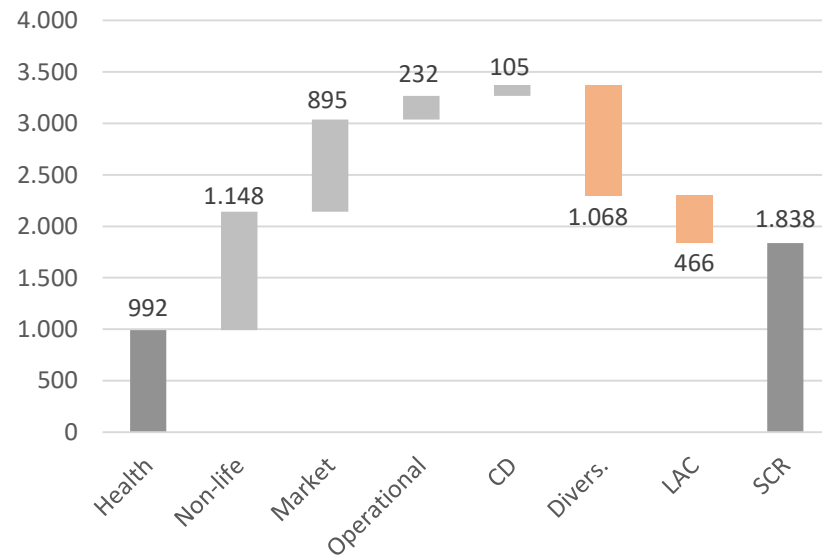
Composition of SCR:

- Net insurance risk 63%
- Net market risk 27%
- Other risks 10%

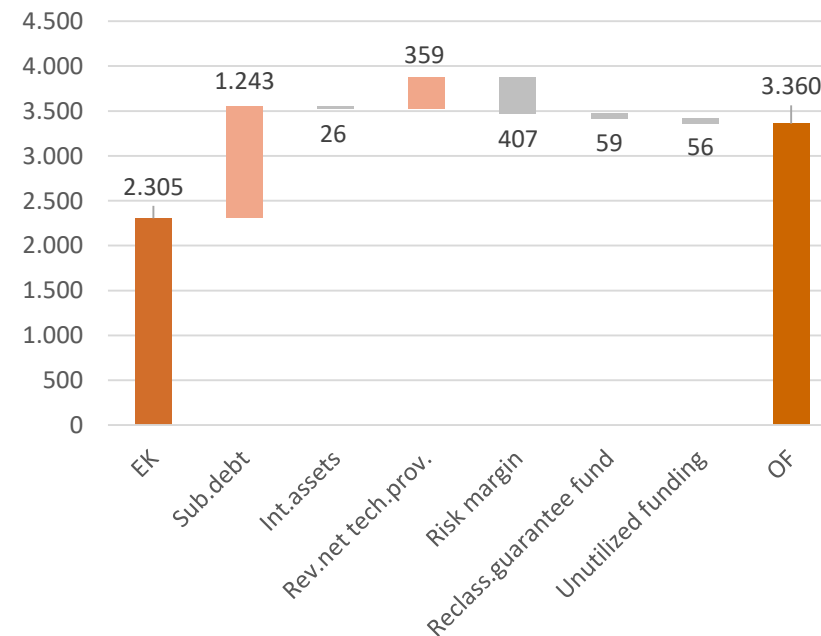
Eligible SII capital:

- No dividend
- Guarantee provision subtracted from own funds

SCR composition



Eligible SII capital



Shareholder's matters

Per 30.09.2018

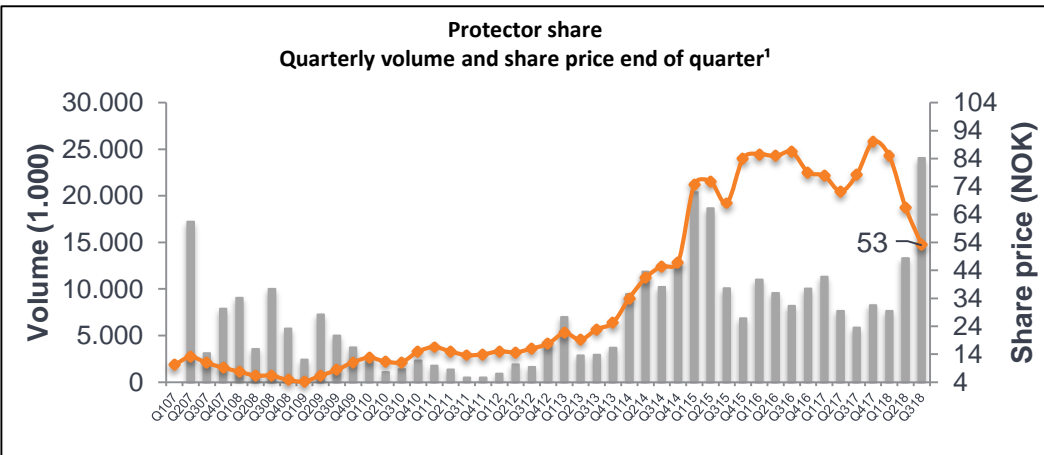


SHAREHOLDER NAME	# SHARES	%
STENSHAGEN INVEST AS	7 526 353	8,74 %
GLOBAL PORTFOLIO INVESTMENTS, S.L.	4 616 123	5,36 %
PROTECTOR FORSIKRING ASA	4 407 087	5,11 %
ODIN NORDEN	3 969 697	4,61 %
AWILHELMOSEN CAPITAL HOLDINGS AS	3 588 367	4,16 %
OJADA AS	3 563 116	4,14 %
HVALER INVEST AS	3 186 809	3,70 %
SWEDBANK ROBUR SMABOLAGSFOND	2 833 193	3,29 %
MORGAN STANLEY & CO. LLC	1 840 213	2,14 %
ARTEL AS	1 800 000	2,09 %
UTMOST PANEUROPE DAC - GP11940006	1 468 488	1,70 %
FROGNES AS	1 399 916	1,62 %
NORDNET BANK AB	1 395 780	1,62 %
SWEDBANK ROBUR NORDENFON	1 350 000	1,57 %
TANJA A/S	1 225 918	1,42 %
JOHAN VINJE AS	1 187 841	1,38 %
LF MITON EUROP OPPORTUNITIES FUND	1 151 533	1,34 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 102 731	1,28 %
ODIN NORGE	1 031 201	1,20 %
ALSØY INVEST AS	1 002 751	1,16 %
20 LARGEST	49 647 117	57,62 %
OTHER	36 508 488	42,38 %
TOTAL SHARES	86 155 605	100,00 %

*CEO Sverre Bjerkeli

Related parties shareholding

- Management's direct and indirect shareholding totals 3,5m shares or 4,0% of current outstanding shares
- Board members directly own a total of 12,1m shares or 14 % of current outstanding shares
- Country manager Sweden, Hans Didring and close party, acquires 16 000 shares
- Country manager Denmark, Thomas Boutrup, acquires 5000 shares
- Stenshagen Invest AS acquires 976 353 shares
- Protector owns a total of 4 407 087 own shares – Share buy back in July



¹ Share price adjusted for dividends, no reinvestment of dividends
Data pr. 30.09.2018

Summary and Q&A Q3 2018

Poor 2018, profitability actions gradually kicking in

- Q3 Growth 17 % (YTD growth 17 %)
- Gray Silverfish excluded from new COI policies from 1st Nov. 2018
- Combined ratio Q4 2018 > 100%
- Profitability actions gradually kicking in
- Very strong balance sheet with a SCR ratio of 182,8 %
 - Additional solvency buffer through Reinsurance solution if financial turbulence puts pressure on ROI
- Net combined ex. COI 95,7 % (95,9 % ex COI YTD)
- 2019 expectations
 - Growth continues, however below long term target
 - Combined Ratio 2019 will be “healthy”



Capital Markets Day topics

26th October – 11:00-14:00

Status Company

- History
- HTD Reserves
- Strategy
- Management and employee development

Investments

- Historical results
- Financial UW & process
- Capital allocation and RosC
- Portfolio statistics

Reinsurance – update entering 2019

- Overview of programs
- Property reinsurance
- New structure from 2019
- Solvency based reinsurance
- P&L consequences new structure

UK including status Grenfell Tower

- Status summary
- Grenfell Tower and Risk management
- The UK market
- The UK team
- Segments

See you soon!