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A strong fourth quarter and record high full year result – the Board proposes a dividend of NOK 12.25 per share

The result for the fourth quarter 2019 was strong, driven by continued improvement in the underlying underwriting result and significantly higher returns on financial assets. The result for the full year 2019 increased significantly compared with 2018, driven by gains on the sale of Gjensidige Bank, higher returns on financial assets, successful pricing measures, solid renewals, better weather conditions in Norway and good progress outside Norway. The Board proposes a dividend of NOK 12.25 per share, consisting of a regular dividend of NOK 7.25 and a special dividend of NOK 5.00.

Gjensidige Forsikring Group recorded a profit before tax of NOK 1,728.6 million (1,661.2) for the quarter. The profit from general insurance operations measured by the underwriting result was NOK 919.6 million (1,914.4), corresponding to a combined ratio of 85.4 (68.5). The return on financial assets was 1.4 per cent (minus 0.4) or NOK 832.5 million (minus 231.0). The profit after tax expense was NOK 1,473.4 million (1,304.2). Earnings per share amounted to NOK 2.95 (2.61).

-We are very satisfied with delivering a strong fourth quarter and a record high full year result. We are pleased with maintaining our superior position in Norway, and improving operations outside Norway, CEO Helge Leiro Baastad says. Going forward we will strive to become an even better and more relevant partner for our customers – a problem-solver with an even stronger focus on claims prevention, Baastad says.

The Board has proposed a dividend of NOK 6,125 million (3,550). This corresponds to NOK 12.25 (7.10) per share, of which NOK 7.25 is a regular dividend and NOK 5.00 is a special dividend. The regular dividend corresponds to a pay-out ratio of 72 per cent (96) when adjusted for the gain from the sale of Gjensidige Bank.

- Gjensidige aims to deliver high and stable nominal dividends on a regular basis. In addition, we will distribute excess capital over time as special dividends. We are highly conscious of maintaining a strong capital discipline and strive to deliver attractive returns to our shareholders.

Adjusted for extraordinary run-off gains of NOK 1,080 million in the fourth quarter 2018, the underwriting result improved. The improvement was driven by 3.8 per cent growth in earned premiums combined with an improved underlying frequency loss ratio as a result of effective pricing and re-underwriting measures across all segments.

The Pension operation recorded an increased profit driven by higher net operating income.

The return on financial assets in the quarter was higher than in the same period the previous year, with positive contributions from all asset-classes except private equity in the free portfolio.

For the year the Group recorded a profit before tax of NOK 7,753.8 million (4,265.0). The sale of Gjensidige Bank was completed on 1 March, with proceeds of approximately NOK 5.6 billion and a gain for the Group of NOK 1.6 billion recorded in the first quarter. The profit before tax excluding this gain was a record high NOK 6,173.5 million. The profit from general insurance operations measured by the underwriting result was NOK 4,036.4 million (3,605.8), corresponding to a combined ratio of 83.6 (85.0). The return on financial assets was 4.1 per cent (1.5) or NOK 2,306.4 million (820.9). The profit after tax from continuing and discontinued operations was NOK 6,593.8 million (3,716.4) and the corresponding earnings per share were NOK 13.19 (7.44).

Highlights fourth quarter 2019 (fourth quarter 2018)

- Profit/(loss) before tax: NOK 1,728.6 million (1,661.2)
- Earnings per share: NOK 2.95 (2.61)
- Earned premiums: NOK 6,313.8 million (6,081.2)
- Underwriting result: NOK 919.6 million (1,914.4)
- Combined ratio: 85.4 (68.5)
- Cost ratio: 15.2 (14.8)
- Financial result: NOK 832.5 million (negative 231.0)

Proposed dividend

- Proposed dividend: NOK 6,125 million (3,550)
- Proposed dividend per share: NOK 12.25 (7.10)
- Of which regular dividend: NOK 7.25
- Of which special dividend: NOK 5.00

Highlights for the year 2019 (for the year 2018)

- Profit/(loss) before tax: NOK 7,753.8 million (4,265.0)
- Earnings per share: NOK 13.19 (7.44)
- Earned premiums: NOK 24,650.4 million (24,052.8)
- Underwriting result: NOK 4,036.4 million (3,605.8)
- Combined ratio: 83.6 (85.0)
- Cost ratio: 14.7 (15.2)
- Financial result: NOK 2,306.4 million (820.9)

This release contains alternative performance measures (APMs). APMs are described at www.gjensidige.no/reporting in a document named APMs
Gjensidige Forsikring Group Q4 2019.

This information is subject to disclosure under the Norwegian Securities Act section §5-12.

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Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3,700 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer pension and savings. The Group's operating income was NOK 28 billion in 2019, while total assets were NOK 112 billion.