Oslo 20 October 2023

Results impacted by severe weather and one-off effects

This release contains inside information related to Gjensidige Forsikring ASA pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act

Gjensidige generated a profit after tax of NOK 827 million during the third quarter, slightly down year-on-year despite significant claims related to severe weather events and one-off expenses. The strong momentum in revenue growth continued, while underlying profitability decreased. Gjensidige will continue to implement targeted measures to improve underlying profitability. The severe weather events and one-off expenses in the third quarter impact delivery on the Group's financial targets for 2023. The solid capital position and strong underlying profitability secures the ability to pay out dividends according to the dividend policy.

Gjensidige Forsikring Group recorded a profit before tax of NOK 1,119.6 million (1,114.8) for the quarter. The profit after tax was NOK 827.4 million (858.8) and the corresponding earnings per share were NOK 1.63 (1.69). The profit from general insurance operations measured by the insurance service result was NOK 1,111.2 million (1,864.4), corresponding to a combined ratio of 88.0 (77.3).

- The extreme weather events put our organisation to the test. I am very proud of how we took care of our customers when it mattered the most. Our competent and dedicated teams immediately reached out to our customers and made a great contribution to handle the large number of inquiries, says CEO Geir Holmgren.

- Our results were impacted by weather and one-offs this quarter. The strong momentum in revenue growth continued and we are looking forward to further improve our operations. We are handling inflation well and we have strong measures in place to mitigate the effects of elevated claims frequency for motor in Norway, Holmgren says.

Insurance revenue from general insurance increased by 13.1 per cent to NOK 9,276.2 million (8,204.4) in the quarter, or by 9.5 per cent measured in local currency. This was due to solid renewals, effective and differentiated pricing measures and volume growth.

The insurance service result from general insurance operations was impacted by the weather-related claims in the third quarter, as well as one-off expenses. Adjusted for this, it increased by 11.5 per cent.

The increase in operating expenses was mainly driven by one-offs amounting to NOK 409.0 million, consisting of a NOK 310.0 million write-down of the accounting value of the new core IT-system in Denmark, NOK 49.0 million in provisions related to the announced restructuring of the Group and expenses of NOK 50.0 million related to the renewal of a distribution agreement in Denmark.

Claims related to the storm 'Hans' in Scandinavia and the Baltics, as well as the torrential rain in Oslo and the surrounding regions during the quarter had a significant impact on large losses. Drought and the torrential rain also resulted in damages on crops in Norway during the quarter. The Group recognised total claims cost of NOK 559.2 million related to these events, net of reinsurance and including reinstatement premiums for claims related to “Hans”.

The underlying frequency loss ratio increased by 1.6 percentage points. The development was primarily driven by Commercial and Private in Norway. The cost ratio adjusted for the one-offs, increased by 0.1 percentage point.

The Pension segment generated a profit before tax of NOK 3.9 million (minus 83.0), reflecting increased financial income, actuarial changes with a net negative effect of NOK 3.7 million as well as a write down of the core IT system of NOK 61.6 million.

The financial result for the quarter was NOK 119.2 million (minus 744.5), which corresponds to a return on total assets of 0.2 per cent (minus 1.3). The result for the quarter was negatively impacted by rising interest rates and negative stock markets, while a high running yield in the fixed income portfolio contributed positively to returns.

Year-to-date the Group recorded a profit before tax of NOK 3,944.9 million (2,643.4). The profit from general insurance operations measured by the insurance service result was NOK 3,734.5 million (4,435.2), corresponding to a combined ratio of 86.0 (81.4). The profit after tax was NOK 3,017.9 million (2,122.2). Earnings per share amounted to NOK 5.93 (4.18).

The decrease in the insurance service result was driven by higher operating expenses and large losses, in addition to an increase in the underlying frequency loss ratio. Higher run-off gains and discounting effect contributed positively. Insurance revenue rose by 8.3 per cent measured in local currency. The increase in the underlying frequency loss ratio was mainly driven by difficult weather conditions during the first quarter and the increased claims frequency in Norway during second and third quarter.

The Pension segment recorded a result before tax of minus NOK 7.6 million (minus 5.0), reflecting an improvement in the insurance servicer result which was more than offset by the write-down in the third quarter and lower net finance income.

The financial result for the period was NOK 714.0 million (minus 3,484.7), which corresponds to a return on total assets of 1.2 per cent (minus 5.9). Most asset classes contributed positively. A high running yield in the fixed income portfolio, rising equity markets and PE generated positive returns. Higher interest rates had a negative impact on the portfolio.

Highlights third quarter 2023 (third quarter 2022)

- Profit or loss before tax: NOK 1,119.6 million (1,114.8)
- Earnings per share: NOK 1.63 (1.69)
- Insurance revenue: NOK 9,276.2 million (8,204.4)
- Insurance service result: NOK 1,111.2 million (1,864.4)
- Combined ratio: 88.0 % (77.3%)
- Cost ratio: 17.0 % (12.5%)
- Financial result: NOK 119.2 million (-744.5)

Highlights year-to-date 2023 (2022)

- Profit or loss before tax: NOK 3,944.9 million (2,643.4)
- Earnings per share: NOK 5.93 (4.18)
- Insurance revenue: NOK 26,767.4 million (23,892.9)
- Insurance service result: NOK 3,734.5 million (4,435.2)
- Combined ratio: 86.0 % (81.4%)
- Cost ratio: 14.7 % (13.2%)
- Financial result: NOK 714.0 million (-3,484.7)

This release contains alternative performance measures (APMs). APMs are described at www.gjensidige.no/reporting in a document named APMs Alternative Performance Measures.

This release is issued by Jon Aniksdal, Communication Manager at Gjensidige Forsikring ASA.

Date and time of publication: 07:00 CET, 20 October 2023

Contact persons, Gjensidige Forsikring ASA:
Head of Communication, Øystein Thoresen. Tel: +47 952 33 382
Head of Investor Relations Mitra Hagen Negård. Tel: +47 957 93 631

Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 4,200 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 34 billion in 2022, while total assets were NOK 135 billion.