

Preliminary year end results

Investor presentation, Q4 2018

Oslo, 1st February 2019



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



Change of Ownership Exit

Decided In Board meeting 18.12.2018

Preliminary 2018 results

Oslo, 1st February 2019

This presentation contains numbers both excl. and incl. COI – on separate slides, for reference only.

In the following quarterly presentations, all numbers will be reported excl. COI. COI will only be reported as a discontinued business in the P&L



Highlights 2018 results

15% growth – combined ratio 106,9%, and...



- GWP growth of 15% (15 % local currency)
- Net Combined ratio 106,9% up from 93,1%
- Profit before tax -340,6 MNOK down from 562,2 MNOK
- Investment return -56,2 MNOK or -0,6%
- AUM 9,5 bnNOK, float 6,3 bnNOK (both incl. COI)
- Solvency ratio of 174,4 % (incl. COI) - A.M. Best BBB+ maintained

...strong competitive position maintained



Highlights 2018 results

19% growth – combined ratio 98,6%, and...

- GWP growth of 19% (18 % local currency)
- Net Combined ratio 98,6% up from 93,6%
- Profit before tax -23,9 MNOK down from 441,0 MNOK
- Investment return -19,8 MNOK or -0,3%
- AUM 9,5 bnNOK, float 6,3 bnNOK (both incl. COI)
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Guiding 2019

Net combined ratio	96 %
Volume growth	14 %



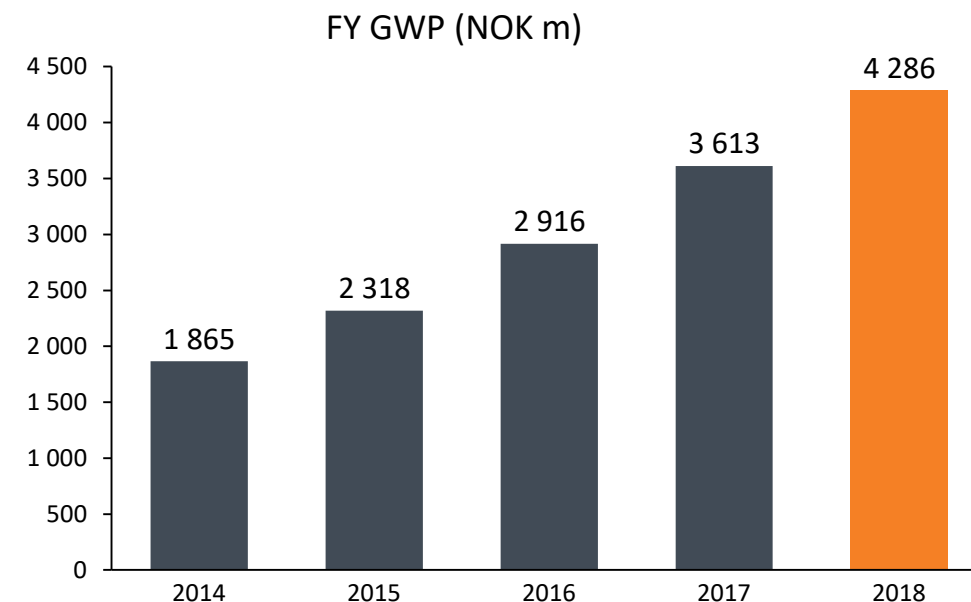
Gross written premiums 2018

Growth of 19 % (18 % LCY) – driven by Sweden and UK



- GWP 4286 MNOK up 19%
- Norway down 1 % - profitability first
- Sweden up 25 % - steady going
- Denmark up 13% - short tail increased
- UK > 500 MNOK - according to plan

- Volume guiding 2019 – up 14 %
 - Supported by price increases in Nordics



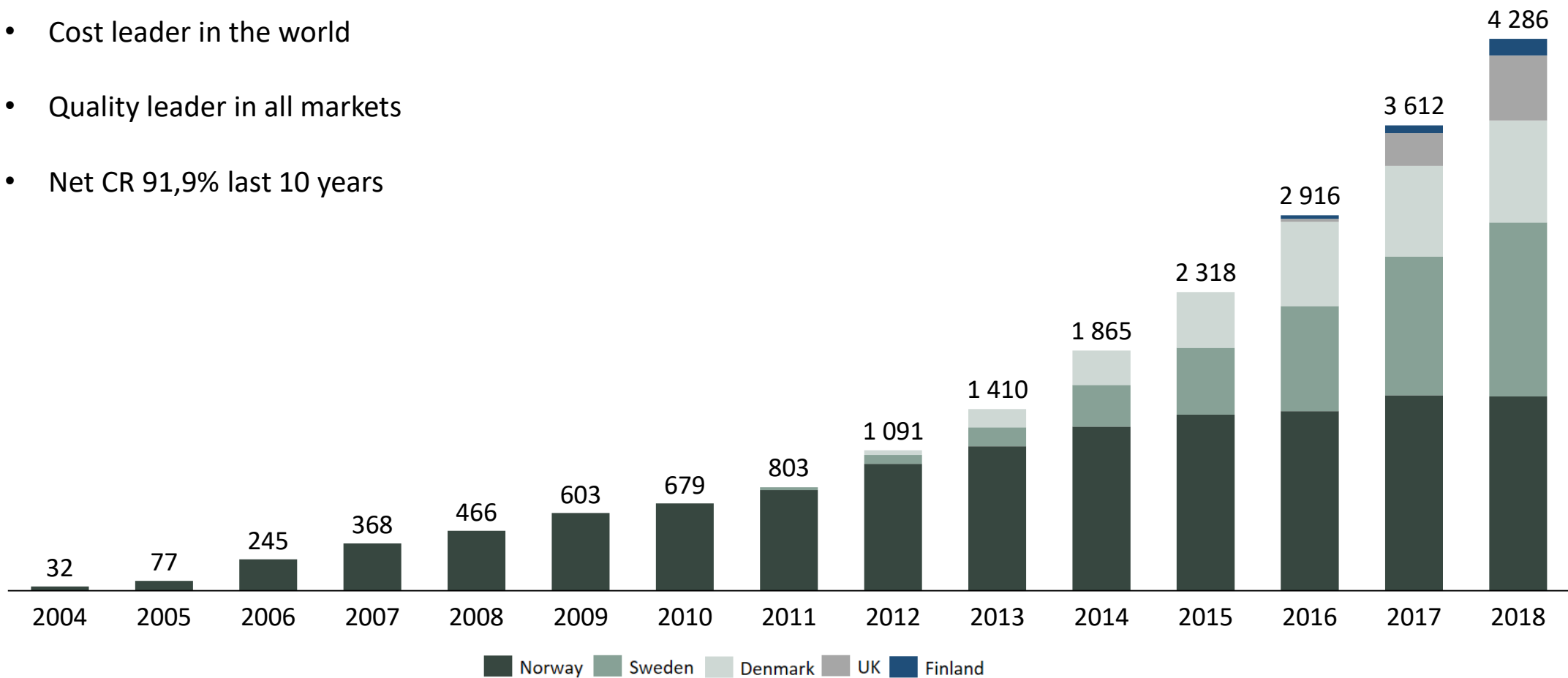
Business unit	FY 18 MNOK	FY 17 MNOK	NOK % growth	LCY % growth
Norway	1509	1517	-1 %	-1 %
Sweden	1350	1078	25 %	28 %
Denmark	793	704	13 %	7 %
UK	505	253	100 %	98 %
Finland	130	60	115 %	105 %
Group	4286	3613	19 %	18 %

25 % growth 10 years in a row

Strong competitive position maintained entering 2019

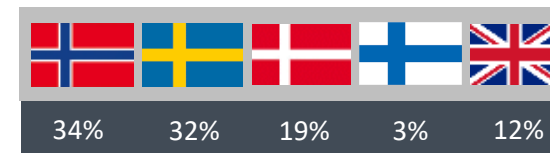


- Cost leader in the world
- Quality leader in all markets
- Net CR 91,9% last 10 years

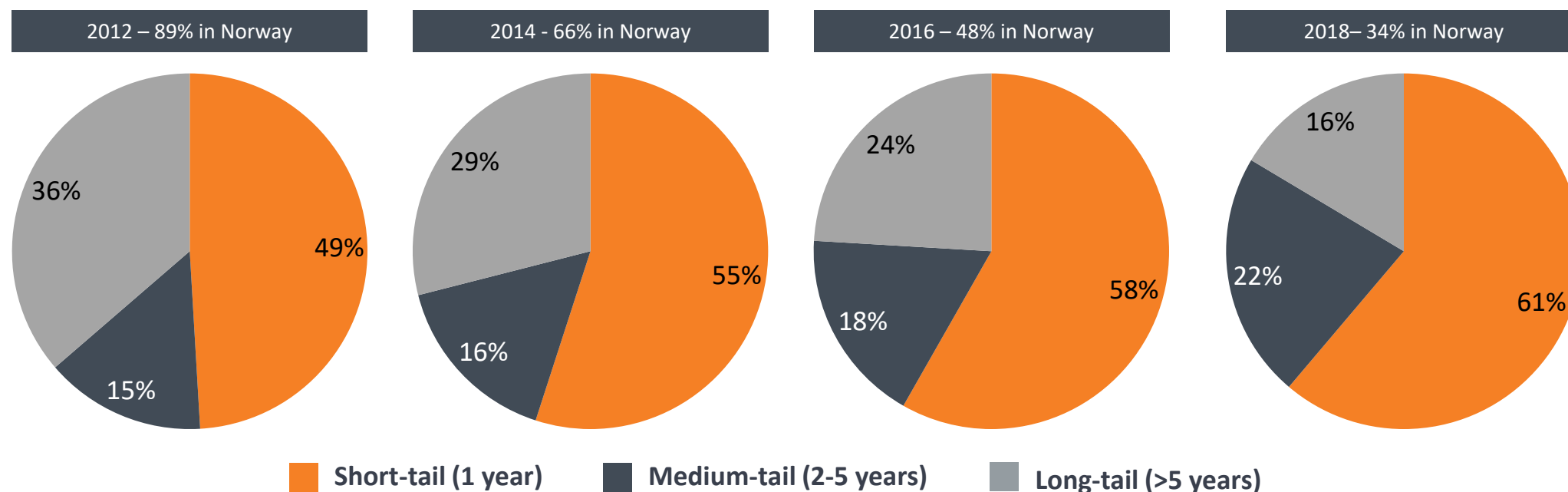


Reduced Risk Profile

But increased CR volatility due to change of Property reinsurance structure



- Short tail from 49% in 2012 to 61% in 2018
- Geographical diversification increased further in 2018
- Changing Property reinsurance contract from Surplus to Risk XL with up to 100 MNOK in retention

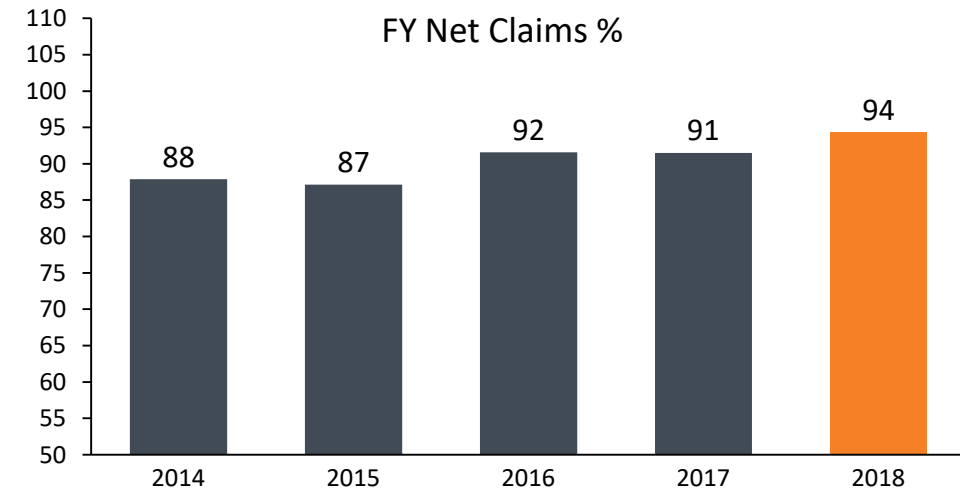
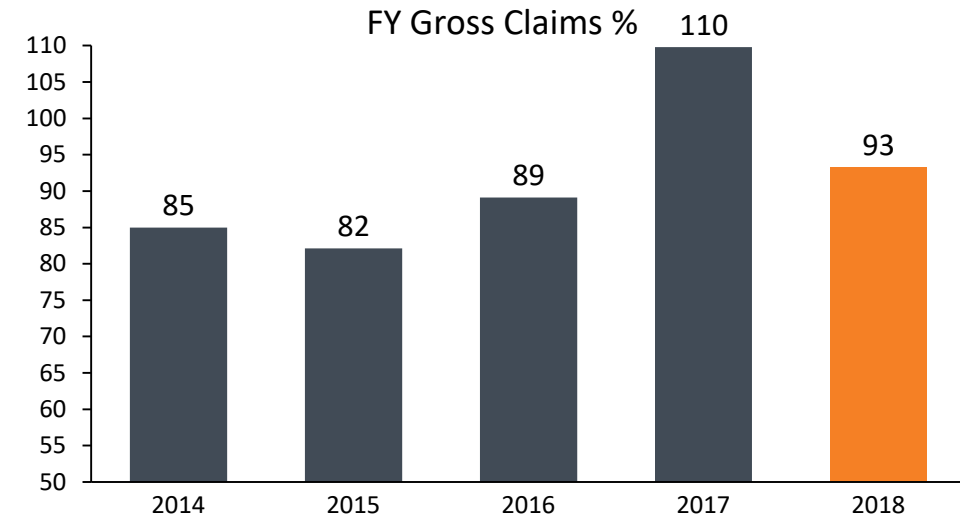


Claims development 2018

Claims ratio 94,3%, price increase improvements will be seen in 2019



- Gross claims ratio 93,2%, down from 109,8%
- Net claims ratio 94,3%, up from 91,3%
- Run-off gains f.o.a amounted to 60 MNOK or 2 %
 - Norway (WC) and Sweden
- Claims ratio FY 18 too high
 - A mix of products performing unsatisfactory – actions taken
 - One very large claim in Norway

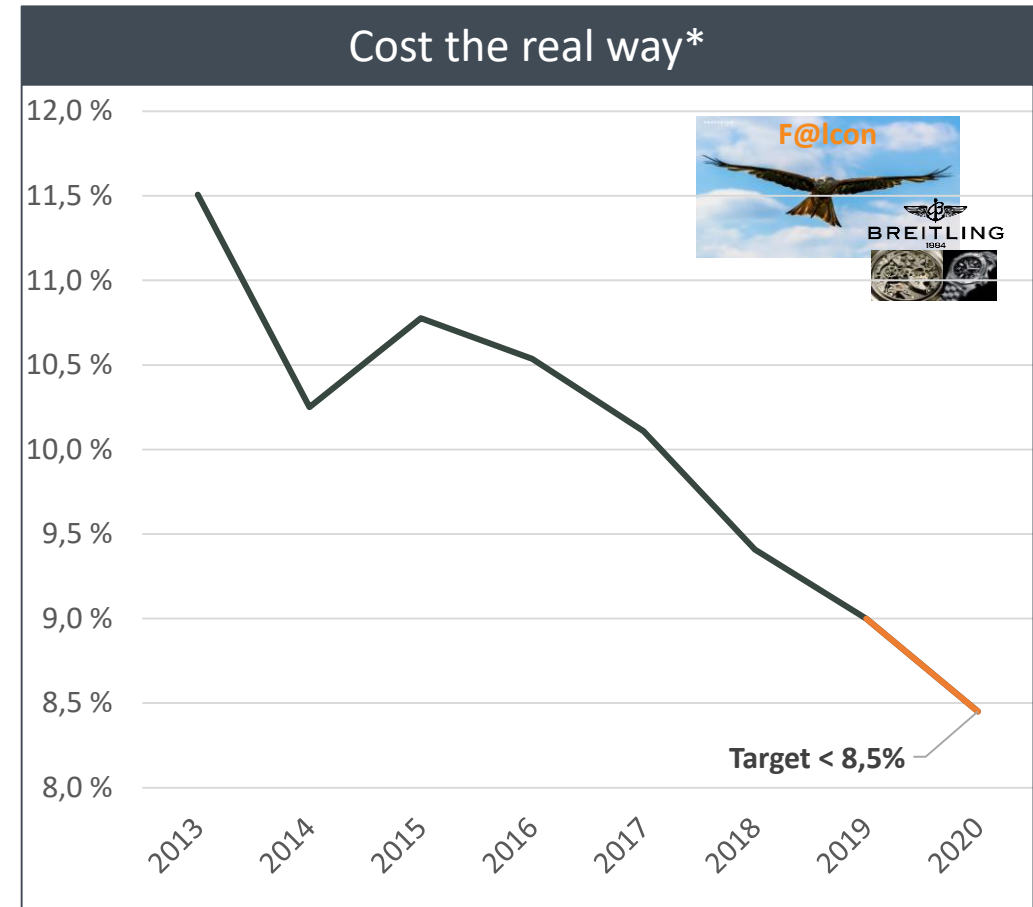


Cost development 2018

Cost leader in the world – improving competitive position



- Cost the real way – this is what matters
 - Gross Cost incl. Claims handling ex. Broker commission
 - Improved despite lack of critical mass in UK & Finland
 - Claims handling driver behind development
- Cost position will improve going forward
- Cost the real way 9,4%, down from 10,1%
- Gross cost ratio 8,4%, up from 8,0%
 - Gross cost ratio Scandinavia 7,5%, up from 7,1%
- Net cost ratio 4,2%, up from 2,3%



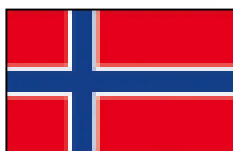
*Gross Cost incl. Claims handling ex. Broker commission

Quality leader in all markets

Humble and Proud

Broker satisfaction 2018, index done annually through Protector, Broker houses and/or broker associations

12 years in a row



Back on top 2018



Far ahead of number two - again



6 years in a row



Straight to the top



Easy to do business with

Commercially attractive

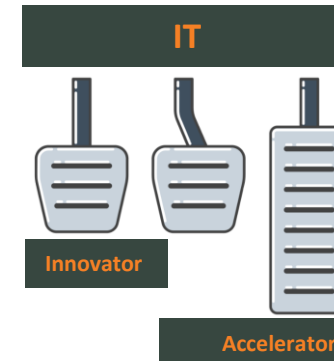
Trustworthy

Strategy 2018-2021 - Top 8 priorities

“Don’t change strategy”



- Claims Handling – Falcon
- Profitable growth in Nordic
- UK
- ROI peer knock out
- Protector University
- IT as Innovator and Accelerator
- World class HQ
- Manage matrix organization perfectly



Falcon – Claims handling

2017-2020



The Falcon is killing its prey

Improving in all areas



Rolls Royce:

555 MNOK vs. target 494 MNOK

Reductions and Recourse

Very good in absolute terms, good in relative terms – important for profitability



CleanDesk:

95 % clean

19 356 of 20 374 days Clean

No delays – without compromising on quality

CleanDesk made culture

#FTEs x #workingdays



ICF:

Score of 3 out of 4 92 % of the time

Instant customer feedback

High score. Most of low scores due to claim *outcome* – not claims handling



FalconEfficiency:

12,9% increase

Target of 14,7 % efficiency increase 2018 vs. 2017

Efficiency will continue to increase due scalability and IT innovation

Business Unit Updates

2018



Norway – Commercial and Public lines

Price increases in 2019 will continue

- GWP 1509 MNOK, down 1%
 - Two very large clients lost
 - Good hit ratios
- Gross cost ratio 5,4%
- Net Combined ratio 96,5 %, gross combined ratio 109,5%
 - Rate pressure over time, but prices are increasing
 - Some winter effects motor
 - One very large claim on Property – second largest in history
- Price increases taking effect from 1.1.2019
 - High retention and price acceptance in the market
- Risk appetite review (“Microscope”) in certain property and casualty segments necessary (4-6% of accumulated volume in Norway)



Price increases – 1.1 renewals	
Target	Result
>8%	>8%

Sweden

Profitable growth continues

- GWP 1350 MNOK up 25%
 - Despite low hit-ratios during the autumn (<30%)
- Gross cost ratio 11,2%, 4,3% excl. broker commissions
- Net combined ratio of 95,4 %, gross combined ratio of 99,3%
 - Very high Motor claims inflation in 2018
- Many individual price increases
 - Client churn higher than normal
- Higher price increases necessary through 2019



Price increases – 1.1 renewals	
Target	Result
>4%	5,8%

Denmark

Back in “black” with some tail wind

- GWP 793 MNOK, up 13%
 - Renewal rate 85% - driven portfolio clean up and premium increases
 - Good new sales - especially on auto
- Gross cost ratio 5,7%
- Net combined ratio of 97,8% Gross combined ratio of 96,7%
 - Workers Compensation portfolio still unprofitable
- Limited growth, but further profitability improvements in 2019
 - Portfolio re-pricing and clean up continues
- Price increases below target due to client churn
 - >250 clients lost
 - Lost clients regarded as underprized



Price increases – 1.1 renewals	
Target	Result
>12%	9,4%

Finland

Good growth, profitability behind - challenges are faced

- GWP 130 MNOK, up 115%
- Net combined ratio of 115,6% Gross combined ratio of 112,5%
 - Small volume, too early to say
 - As always in a new country some smaller portfolios must be cleaned up
- Renewal 1.1.2019
 - Renewal rate > 100% due to some price increases
- Combined ratio 2019 will improve
 - In line with development in Sweden/Denmark at the same maturity

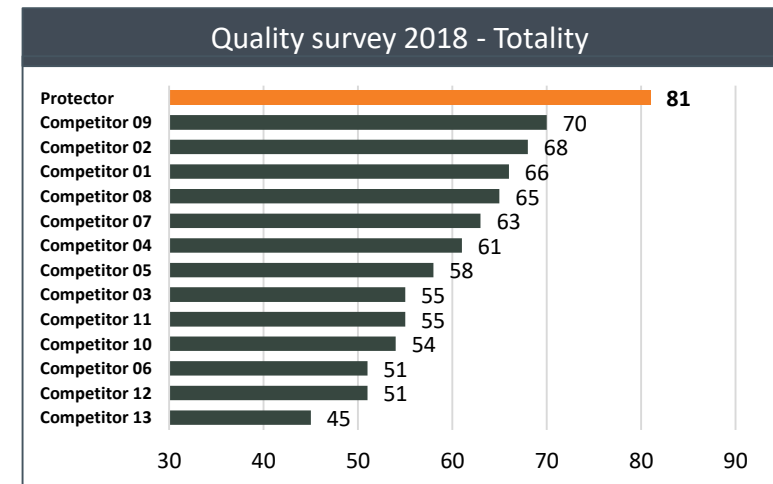


UK – Culture, Claims Handling and IT in focus

On track according to plan



- GWP 505 MNOK up 100%
 - Low hit-ratio in Public, good in Commercial and Housing
 - Motor biggest line of business
 - Volume on schedule
- Gross cost ratio 16,9%, 10,5% excl. broker commissions
 - Cost ratio will rapidly decrease
- Net combined ratio of 115,6%, Gross combined ratio of 83,7%
 - Dont be too alarmed or too exited about either of them
 - Critical mass not reached – yet
- Grenfell Tower arbitration with Munich Re in May 2019
- Largest client in Protector history won January 1st
- UK #1 on Quality again



London office opening

Offices has been chosen



The Leadenhall Building – up and running in March 2019

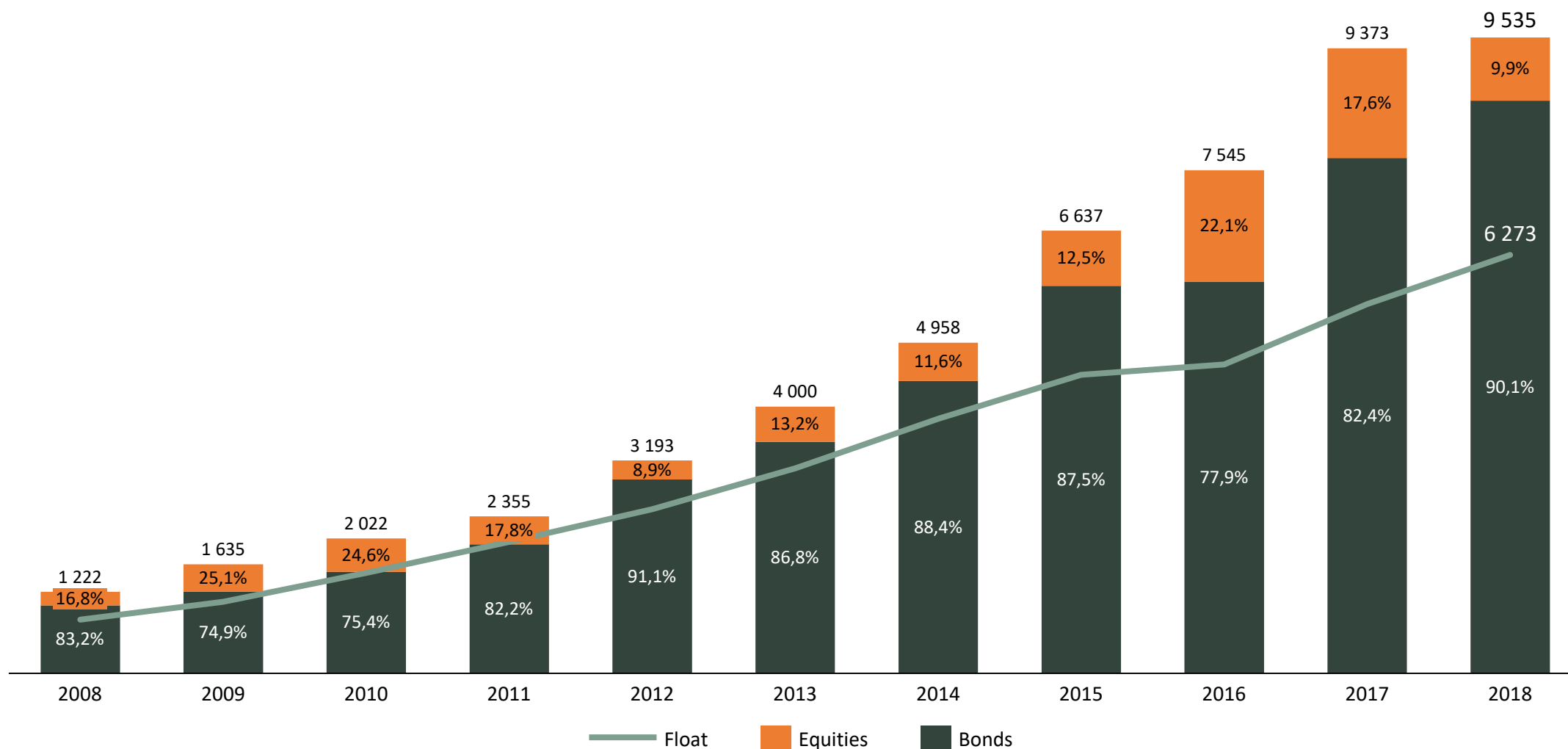


UW/RM team of 4 will grow to 10 next 2 years – no hurry, slow start

Will give us access to a much larger commercial market

Investments

Steady increasing float



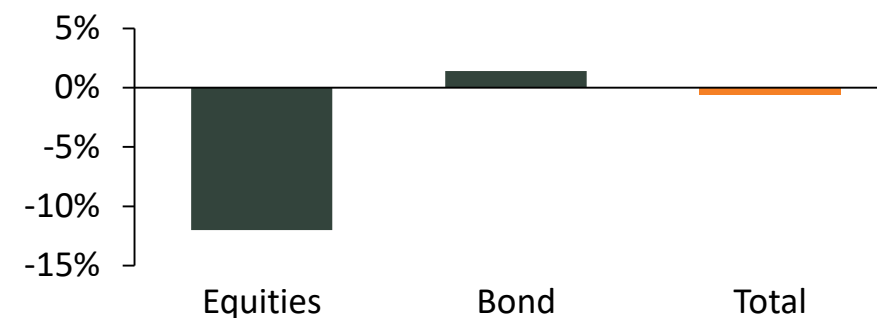
Investment performance 2018

-0,6% after a turbulent year

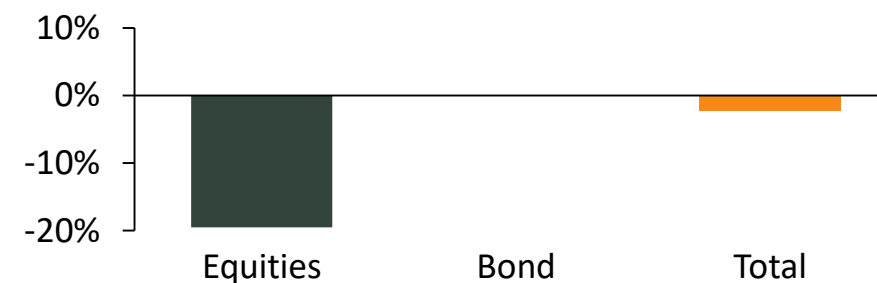


- -0,6% return on investment portfolio, net result of -56,2 MNOK
 - Q4: -2,2% return, net result of NOK -217m
- Equity return of -177 MNOK or -12,0%
 - Q4 return of -19,5%
 - Some companies with poor underlying development
- Bond portfolio return of 120 MNOK or 1,4%
 - Q4 return of 0,0%
 - Good underlying development for companies
 - One default in the Bond portfolio in Q4
 - Attractive bondholder outcome - bond re-payment above par

2018 investment returns



Q4 2018 investment returns



Equity portfolio statistics

Behind benchmark 2018

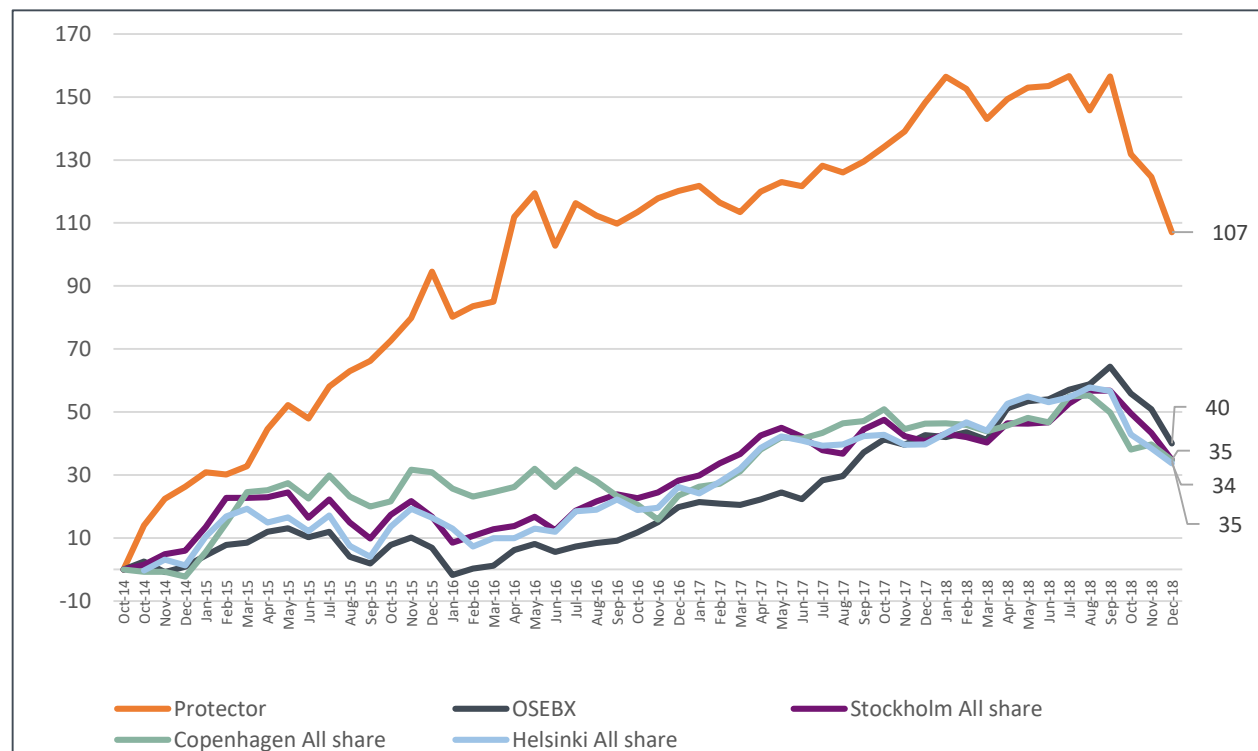


Key figures	In-house Managed Portfolio	OSEBX
Performance	107,1%	40,0%
Dividend yield	3,4%	3,2%
P/E NTM*	12,7	12,5
3 yr sales CAGR	23%	8%
3 yr EPS CAGR	0%	7%

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

- Equity share of 9,9%, down from 11,1% in Q3
 - Portfolio consist of 15 companies
- Return of 107,1 % after insourcing
 - OSEBX 40 % same period
- More downgrades than upgrades to intrinsic value estimates during 2018

Performance return in % – Equity portfolio vs. benchmarks (08.10.2014 – 30.12.2018)



Portfolio statistics bonds

Some spread widening in Q4

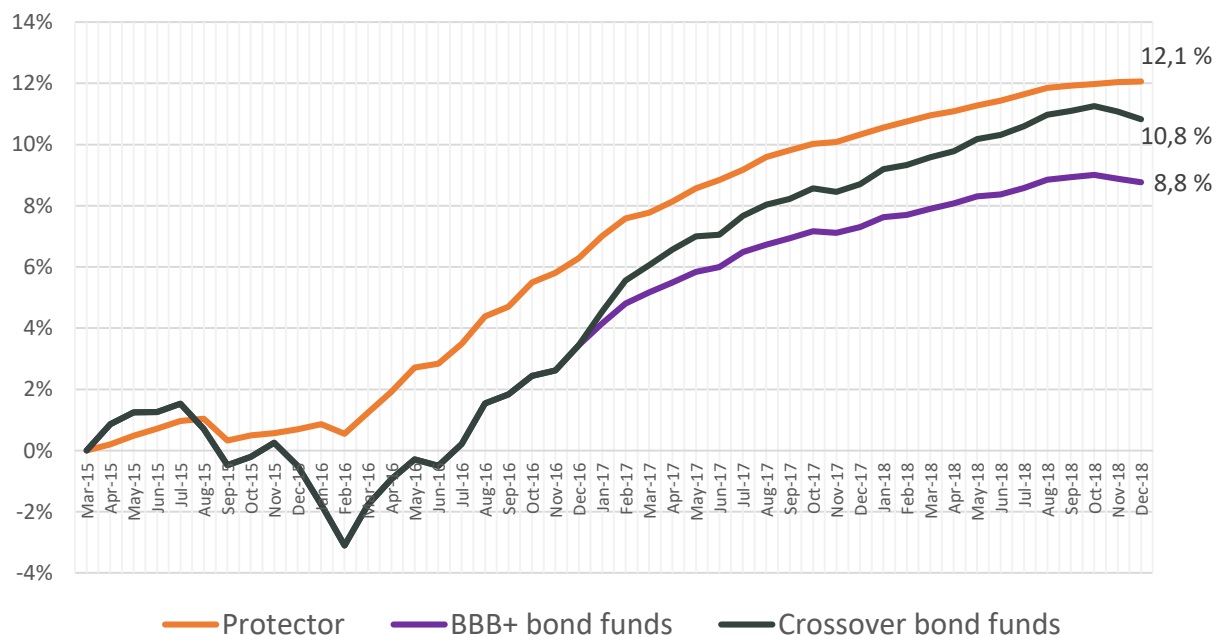


Portfolio data 31.12.2018	
Size bond & cash eq. (NOK m)	8 474
Avg. ref. rate (NIBOR, STIBOR etc.)	0,8%
Avg. spread/risk premium (bp)	139
Yield	2,2%
Duration	0,3
Credit duration	2,3
Avg. rating	A+

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.

- Avg. yield up to 2,2% at year-end (1,8% in Q3)
- Increase in spread in Q4 due to;
 - Spread widening for bonds portfolio
 - Some new investments
- Benchmark portfolio is not relevant since our portfolio through a cycle very often will be either lower (today) or higher risk. Performance reporting relative to benchmark will not continue in 2019

Performance return in % – Bond portfolio vs. benchmarks(31.03.2015 – 31.12.2018)^{1,2,3}



¹ Crossover fund benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Holberg Kreditt, Pareto Høyrente, Alfred Berg Income, Eika Kreditt, Landkreditt Høyrente

² BBB+ rating benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Pareto Høyrente, Alfred Berg Income, Nordea OMF likviditet

³ Protector graph adjusted for the difference between NIBOR, STIBOR and CIBOR from February and March '17 when portfolios were created in Sweden and Denmark, respectively

Profit & loss 2018

19% growth, Combined Ratio 98,6%



in millions	Q4 2018	Q4 2017	FY 2018	FY 2017	
Gross premiums written	475,1	424,5	4 286,1	3 612,7	19 % growth
Gross premiums earned	1 123,2	881,7	4 139,6	3 255,0	
Gross claims incurred	(1 161,7)	(799,6)	(3 859,3)	(3 573,9)	
Earned premiums, net of reinsurance	759,0	604,1	2 817,8	2 402,8	
Other insurance related income	12,0	0,8	25,5	5,1	
Claims incurred, net of reinsurance	(739,3)	(575,9)	(2 658,3)	(2 193,8)	
Sales cost	(49,4)	(97,5)	(205,6)	(151,5)	Growing due to UK & SE
Administration cost	(46,1)	31,0	(143,1)	(108,8)	
Commission from reinsurer	31,1	22,7	229,2	204,4	Close to 0 in 2019
Other insurance related expenses	(2,1)	(1,3)	(20,2)	(8,2)	
Technical result	(34,8)	(16,2)	45,3	150,0	
Other income/costs	(12,3)	(12,0)	(49,4)	(46,9)	
Net financial income	(141,9)	124,9	(19,8)	337,8	Volatility must be expected
Profit before tax	(189,1)	96,7	(23,9)	441,0	
Claims ratio, net of ceded business	97,4 %	95,3 %	94,3 %	91,3 %	
Expense ratio, net of ceded business	8,5 %	7,3 %	4,2 %	2,3 %	
Combined ratio, net of ceded business	105,9 %	102,6 %	98,6 %	93,6 %	
Gross claims ratio	103,4 %	90,7 %	93,2 %	109,8 %	
Gross expense ratio	8,5 %	7,5 %	8,4 %	8,0 %	Cost the real way decreasing (9,4%)
Gross combined ratio	111,9 %	98,2 %	101,7 %	117,8 %	

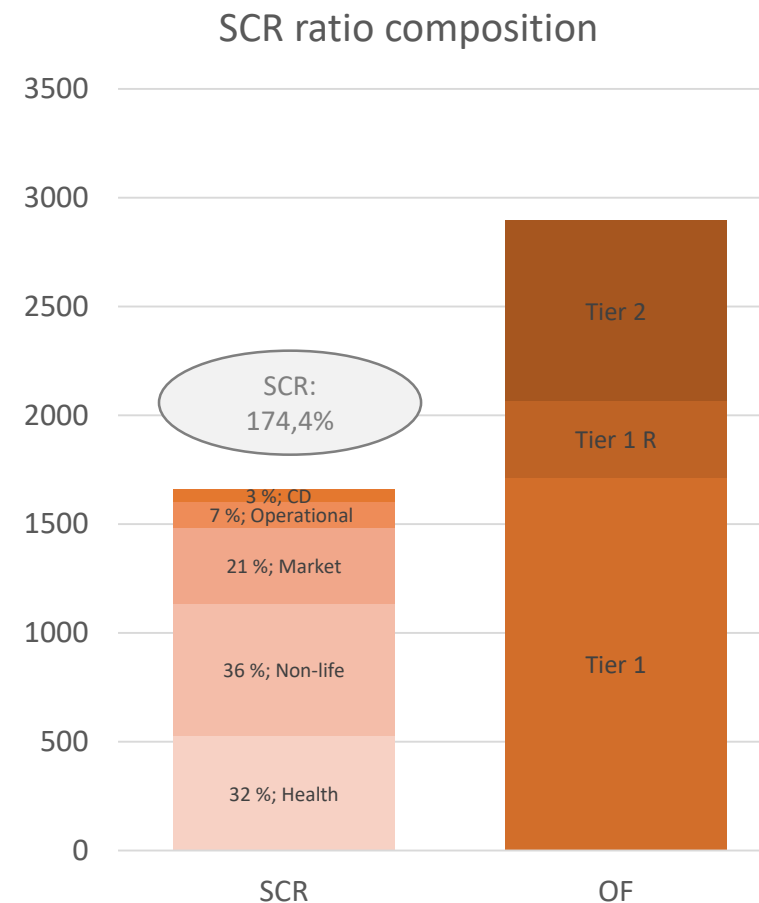
Balance sheet Q4 2018

SCR 174,4 % based on standard formula



In millions	31.12.2018	31.12.2017
Owner-occupied property	13,4	13,5
Financial assets	7.591,8	7.878,0
Derivatives	25,7	2,5
Bank deposits	278,6	316,6
Other assets	2.744,8	2.375,9
Discontinued operations	2.117,2	1.685,7
Total assets	12.771,5	12.272,1
Total equity	2.018,7	2.591,3
Subordinated loan capital	1.243,3	1.243,3
Total reserves	7.102,1	6.135,7
Derivatives	8,6	9,2
Other liabilities	1.092,3	1.269,6
Discontinued operations	1.306,5	1.023,1
Total equity and liabilities	12.771,5	12.272,1

- SCR coverage ratio 174,4% pr. 31.12:
 - Reduction in own funds driven by weak Q4 results
 - Positive effect from reduction in SCR due to decreased market risk:
 - Put option bought in Q4. Reduces risk related to investments in equities
- SCR fully covered by Tier 1 capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity

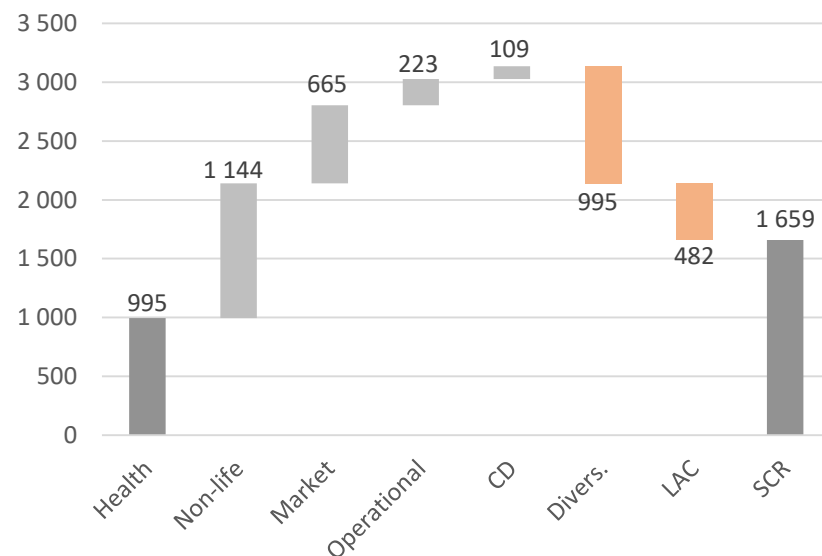


Solvency II

Composition of SCR:

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

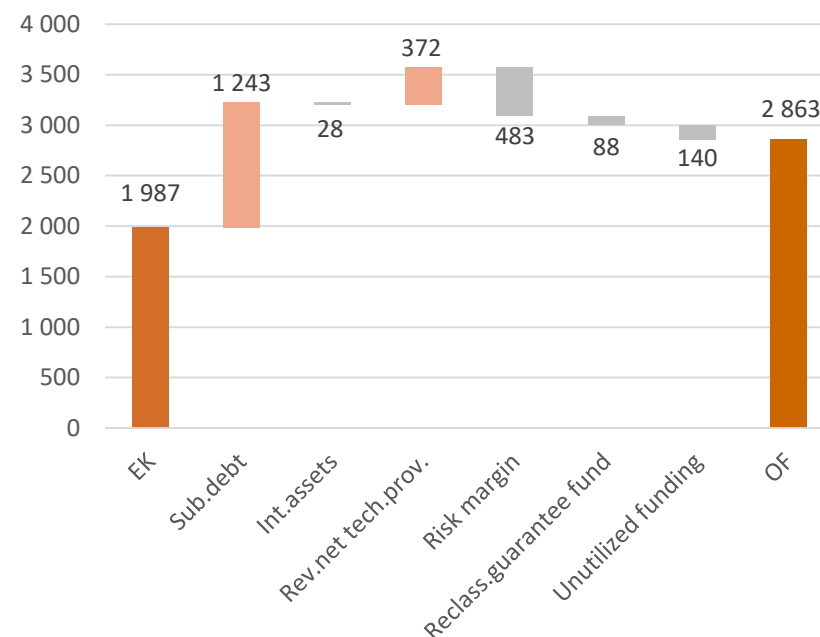
SCR composition



Eligible SII capital:

- No dividend
- Guarantee provision subtracted from own funds

Eligible SII capital



Shareholder's matters

Per 31.12.2018

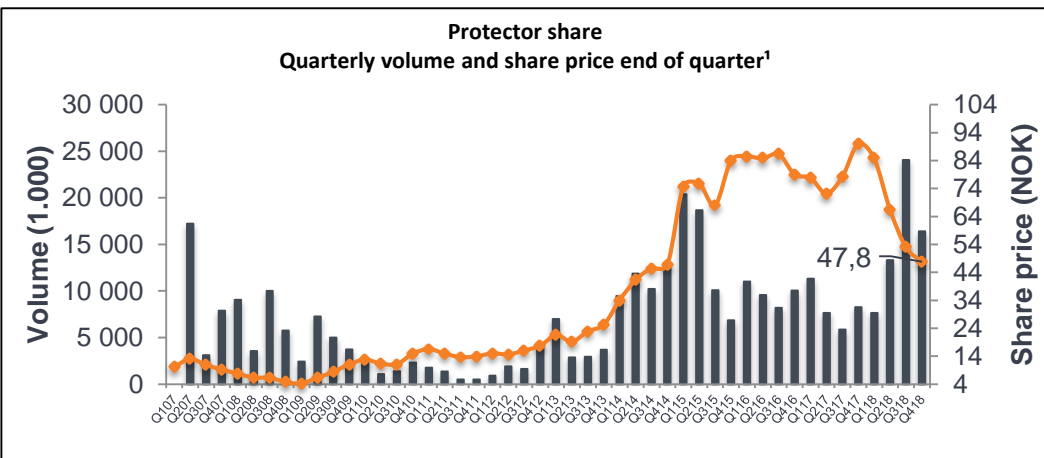


SHAREHOLDER NAME	# SHARES	%
STENSHAGEN INVEST AS	7 526 353	8,74 %
AWILHELMSSEN CAPITAL HOLDINGS AS	5 011 283	5,82 %
GLOBAL PORTFOLIO INVESTMENTS, S.L.	4 616 123	5,36 %
ODIN NORDEN	4 433 850	5,15 %
PROTECTOR FORSIKRING ASA	4 406 762	5,11 %
OJADA AS	3 563 116	4,14 %
HVALER INVEST AS*	3 186 809	3,70 %
SWEDBANK ROBUR SMABOLAGSFOND	2 833 193	3,29 %
ARTEL AS	1 800 000	2,09 %
UTMOST PANEUROPE DAC - GP11940006	1 692 513	1,96 %
NORDNET BANK AB	1 408 443	1,63 %
MORGAN STANLEY & CO. LLC	1 403 425	1,63 %
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	1 185 739	1,38 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 124 231	1,30 %
DNB NOR BANK ASA	1 105 678	1,28 %
DYVI INVEST AS	1 050 933	1,22 %
ODIN NORGE	1 031 201	1,20 %
20 LARGEST	51 143 411	59,36 %
OTHER	35 012 194	40,64 %
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
- Lars Ola Rambøl, Director Commercial Norway, acquires 3500 shares in Q4
- AWILHELMSSEN Capital Holding AS and Odin Norden surpasses a 5 % stake in Q4
- Protector owns a total of 4 407 087 own shares



¹ Share price adjusted for dividends, no reinvestment of dividends
Data pr. 31.12.2018

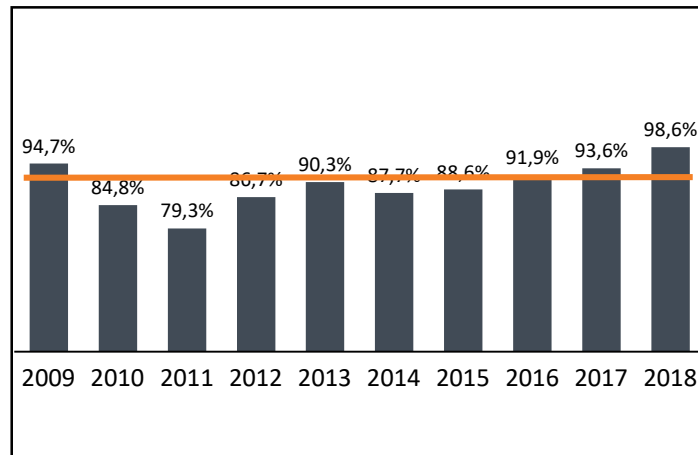
Long term financial objectives

New targets decided in Board meeting 31.01.2019

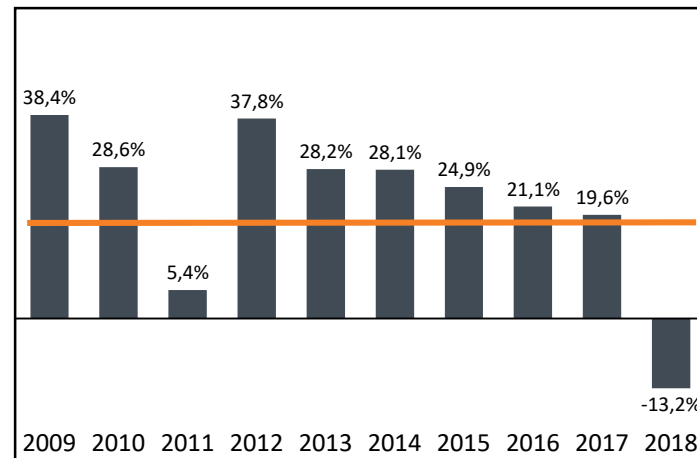


	Old	New
• Net Combined Ratio	92 %	94 %
• Solvency II Capital ratio	> 150 %	> 150 %
• Return on Equity (excl. COI)	> 20 %	> 20 %
• GWP growth rate	15 %	10-15 %

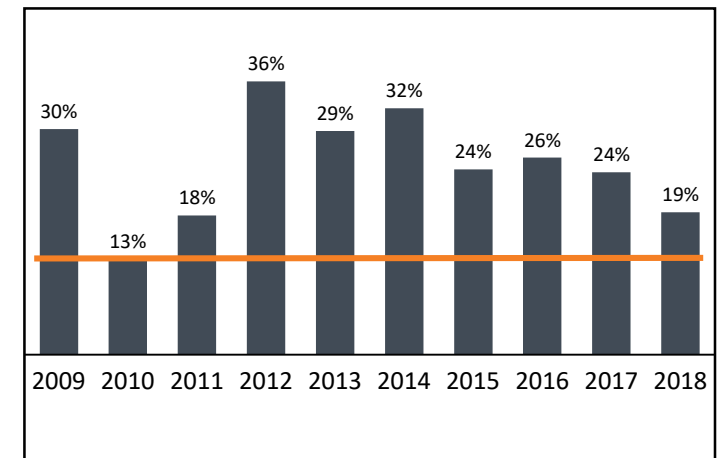
Net Combined Ratio



Return on Equity (incl. COI)*



GWP Growth



*Return on Solvency Capital until 2016 when reflecting changes in accounting principles from Jan. 1st 2016 where Shareholder's Equity includes security provisions

**Annualized

Summary 2018 & Q&A

Poor 2018 - Strong competitive position maintained

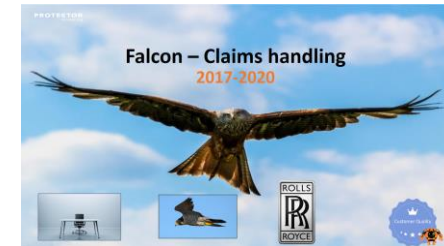
- Growth 19%
- Net Combined ratio 98,6%
- Profit before tax of -23,9 MNOK
- Investment return -19,8 MNOK or -0,3%
- Solvency ratio of 174,4% - A.M. Best maintains BBB+ rating
- London offices opening in UK



Guiding 2019

Net combined ratio **96 %**

Volume growth **14 %**



Appendix

Oslo, 1st February 2019

This appendix contains numbers inclusive of COI.

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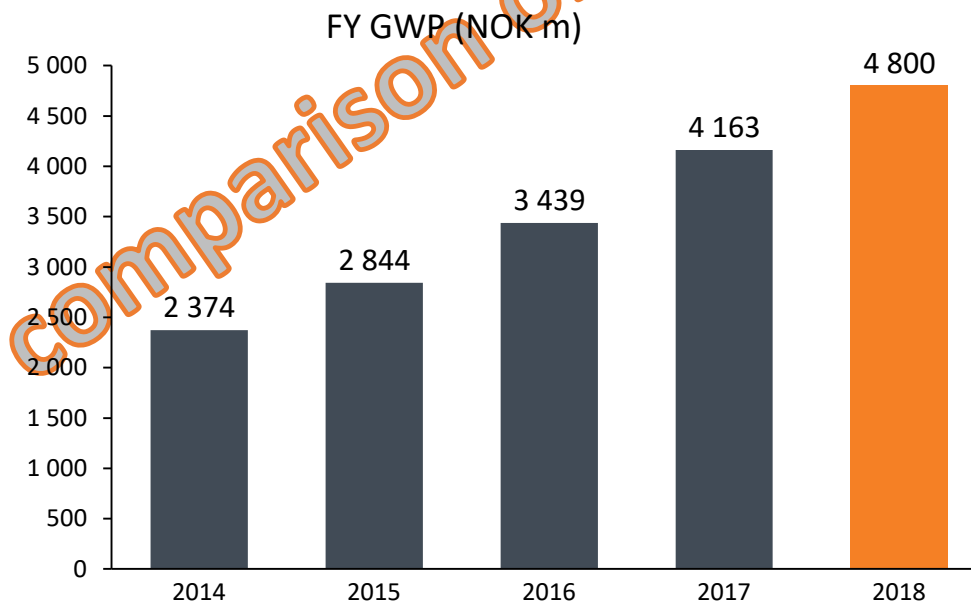


Gross written premiums 2018

Growth of 15 % (15 % LCY) – driven by Sweden and UK



- GWP 4800 MNOK up 15%
- Norway down 2 % - difficult year
- Sweden up 25 % - steady going
- Denmark up 13% - short tail increased
- UK > 500 MNOK - according to plan



- Volume guiding 2019 – up 14 % (excl. COI)
 - Supported by price increases in Nordics

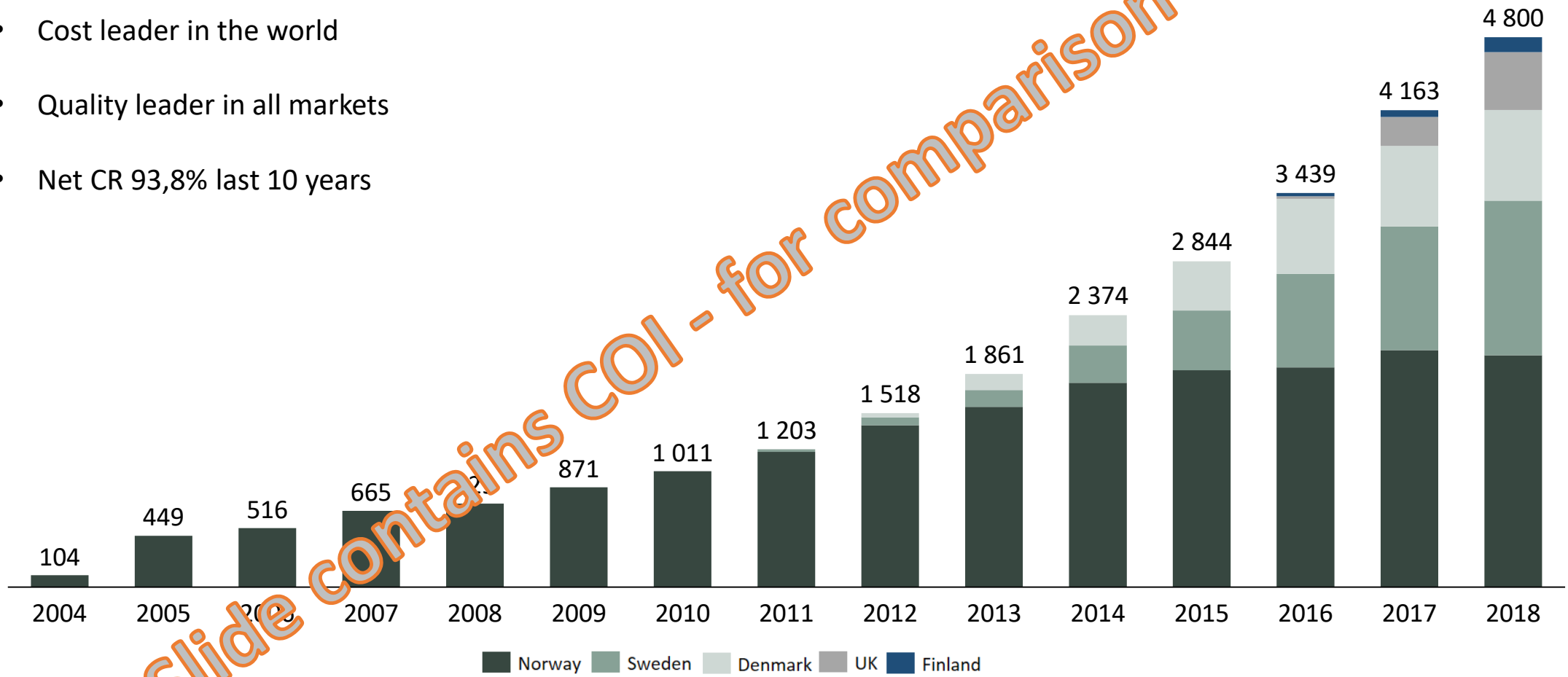
Business unit	FY 18 MNOK	FY 17 MNOK	NOK % growth	LCY % growth
Norway (Com. & Publ)	1509	1517	-1 %	-1 %
COI	514	551	-7 %	-7 %
Sweden	1350	1078	25 %	28 %
Denmark	793	704	13 %	7 %
UK	505	253	100 %	98 %
Finland	130	60	115 %	105 %
Group	4800	4163	15 %	15 %

20 % growth 10 years in a row

Strong competitive position maintained entering 2019

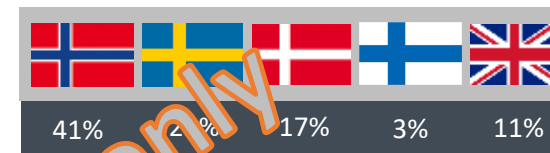


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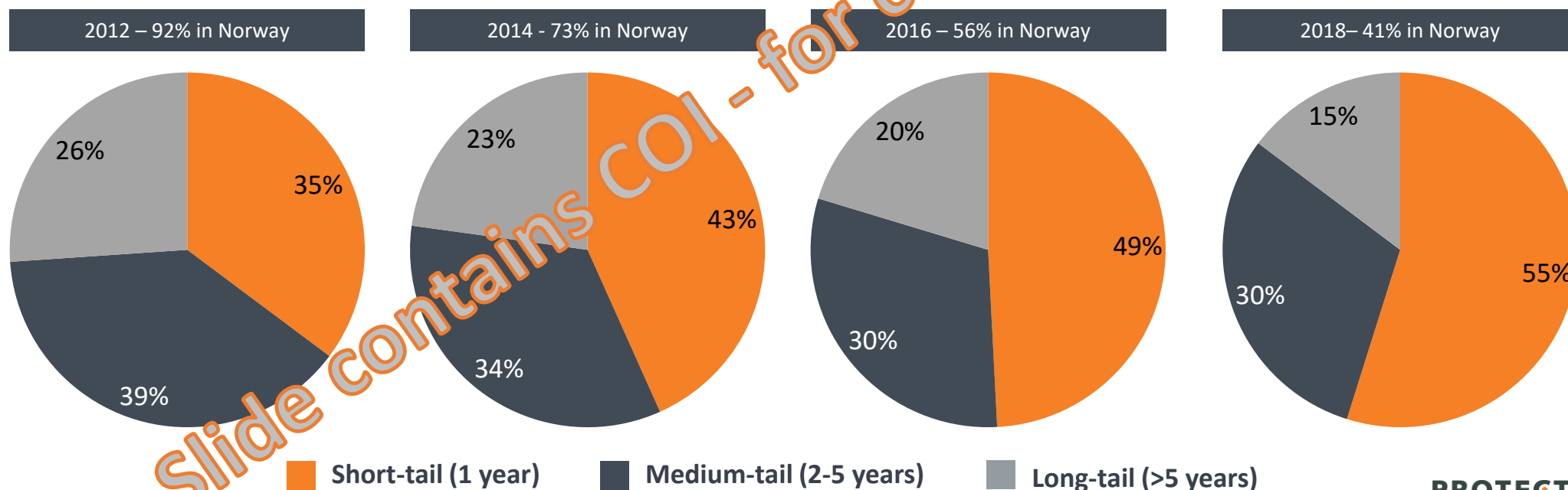


Reduced Risk Profile

But increased CR volatility due to change of Property reinsurance structure



- Short tail from 35% in 2012 to 55% in 2018
- Geographical diversification increased further in 2018
- Changing Property reinsurance contract from Surplus to Risk XL with up to 100 MNOK in retention



PROTECTOR
insurance

The Falcon is killing its prey

Improving in all areas



Rolls Royce:

607 MNOK vs. target 552 MNOK

Reductions and Recourse

Very good in absolute terms, good in relative terms – important for profitability



CleanDesk:

96 % clean

26 942 of 28 172 clean days

No delays – without compromising on quality

CleanDesk made culture

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14,7 % increase

Target of 14,7 % efficiency increase 2018 vs. 2017

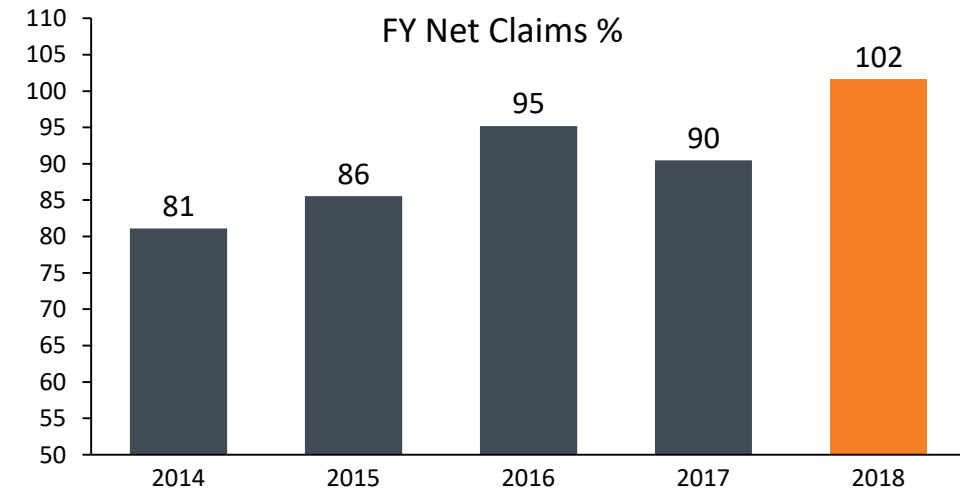
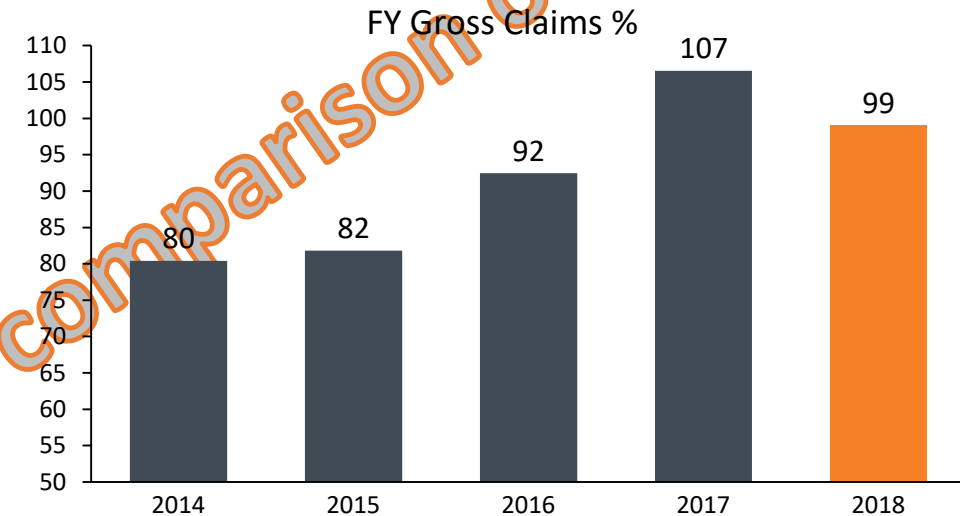
Efficiency will continue to increase due scalability and IT innovation

Claims development 2018

Claims ratio 101,6%, price increase improvements will be seen in 2019



- Gross claims ratio 99,0%, down from 106,5%
- Net claims ratio 101,6%, up from 90,5%
- Run-off gains f.o.a amounted to -130 MNOK or -4 %
 - Change of Ownership
 - Norway Commercial & Public (WC) and Sweden
- Claims ratio FY 18 too high
 - A mix of products performing unsatisfactory – actions taken
 - One very large claim in Norway

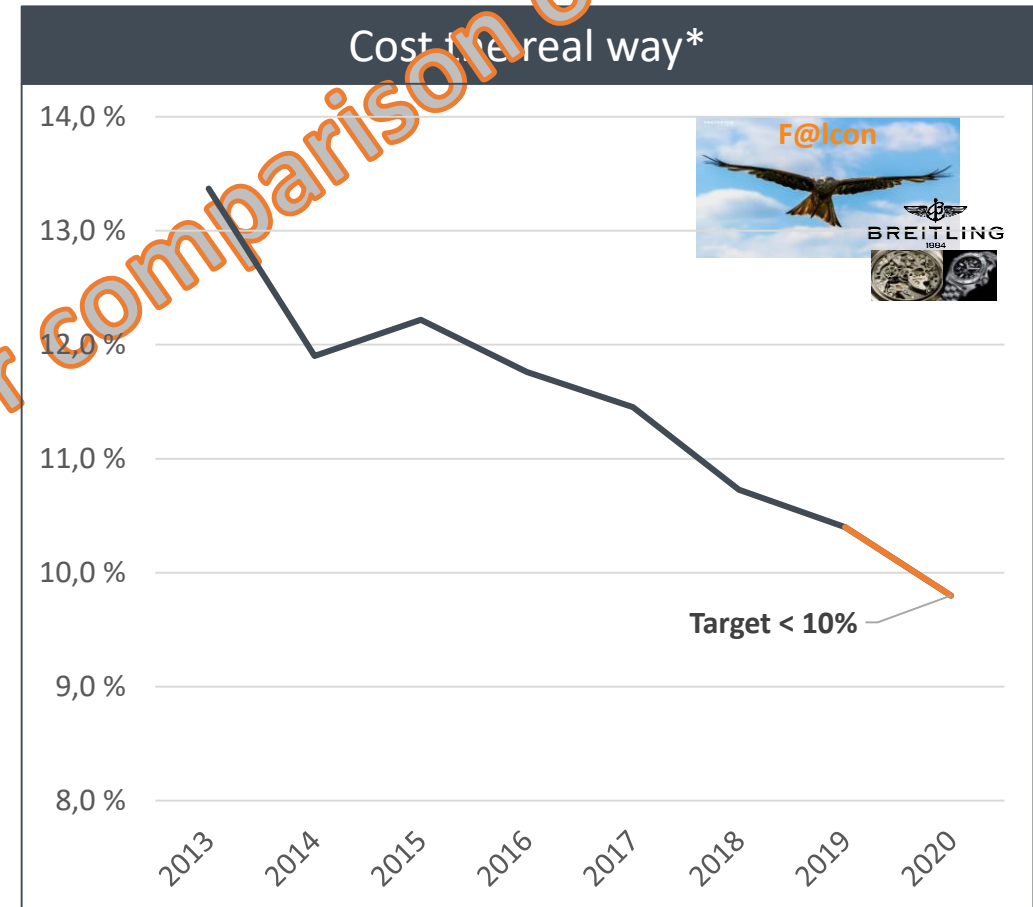


Cost development 2018

Cost leader in the world – improving competitive position



- Cost the real way – this is what matters
 - Gross Cost incl. Claims handling ex. Broker commission
 - Improved despite lack of critical mass in UK & Finland
 - Claims handling driver behind development
- Cost position will improve going forward
- Cost the real way 10,7%, down from 11,5%
- Gross cost ratio 8,1%, up from 7,4%
 - Gross cost ratio Scandinavia 7,3%, up from 6,6%
- Net cost ratio 5,3%, up from 2,6%



*Gross Cost incl. Claims handling ex. Broker commission

Profit & loss 2018

15% growth, Combined Ratio 106,9%



in millions	Q4 2018	Q4 2017	FY 2018	FY 2017	
Gross premiums written	566,6	540,2	4 799,7	4 163,2	15 % growth
Gross premiums earned	1 214,8	997,5	4 653,2	3 805,5	
Gross claims incurred	(1 296,3)	(901,2)	(4 608,1)	(4 054,2)	
Earned premiums, net of reinsurance	841,4	708,3	2 280,1	2 925,9	
Other insurance related income	12,0	0,8	25,5	5,1	
Claims incurred, net of reinsurance	(860,3)	(667,5)	(3 332,9)	(2 647,5)	
Sales cost	(50,8)	(31,1)	(211,3)	(158,1)	Growing due to UK & SE
Administration cost	(64,4)	24,4	(166,4)	(122,5)	
Commission from reinsurer	7,5	23,1	202,9	204,1	Close to 0 in 2019
Other insurance related expenses	(,1)	(1,3)	(20,2)	(8,4)	
Technical result	(116,1)	(11,4)	(222,3)	198,6	
Other income/costs	(15,6)	(14,4)	(62,2)	(55,9)	
Net financial income	(217,5)	161,9	(56,2)	419,5	Volatility must be expected
Profit before tax	(349,8)	136,2	(340,6)	562,2	
Claims ratio, net of ceded business	102,2 %	94,2 %	101,6 %	90,5 %	
Expense ratio, net of ceded business	12,8 %	7,3 %	5,3 %	2,6 %	
Combined ratio, net of ceded business	115,0 %	101,5 %	106,9 %	93,1 %	
Gross claims ratio	106,7 %	90,4 %	99,0 %	106,5 %	
Gross expense ratio	9,5 %	7,5 %	8,1 %	7,4 %	Cost the real way decreasing (10,7%)
Gross combined ratio	116,2 %	97,8 %	107,2 %	113,9 %	

Summary 2018 & Q&A

Poor 2018 - Strong competitive position maintained



- Growth 15%
- Net Combined ratio 106,9%
- Profit before tax of -340,6 MNOK
- Investment return -56,2 MNOK or -0,6%
- Solvency ratio of 174,4 % - A.M. Best maintains BBB+ rating
- London offices opening in UK

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