

Roadmap to increased profitability outside Norway

Sell-side Analyst Meeting
Oslo, 27 August 2019



Strengthening our position outside Norway

Helge Leiro Baastad
CEO



Excellence in our core operations is our first priority

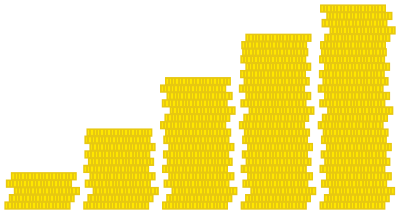
Retain strong and unique position in Norway



Strengthen profitability and growth outside Norway



Maintain capital discipline and attractive dividends



Operational strategic priorities

 Digital customer experiences	We will provide the best digital customer experiences in the Nordic and Baltic general insurance market
 Business intelligence and analytics	We will increase our analytical use of data to ensure attractive value propositions and profitable operations
 Dynamic organisational capabilities	We will continue to invest in our people and organisation



Leveraging our strengths to drive further profit growth

Attractive geographical footprint



Sources: Finance Norway, non-life insurance, 1st quarter 2019, Insurance Sweden, 1st quarter 2019 (Gjensidige including Vardia), The Danish Insurance Association 2nd quarter 2018 (Gjensidige including Mølholm). Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 1st quarter 2019

Size and scale increasingly important

Meet compliance complexity



Enable strategic/tech investments



Attract and develop skills



Increase diversification



Be preferred alliance partner



Denmark – Fit for future

Profitability, customer satisfaction and new core IT system

Mats C. Gottschalk

Executive Vice President, Denmark



Building dynamic capabilities

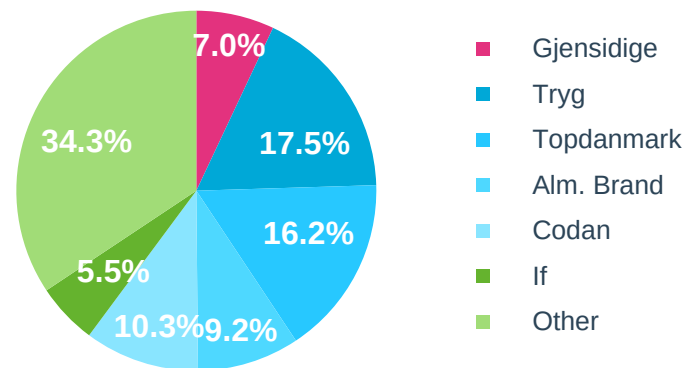




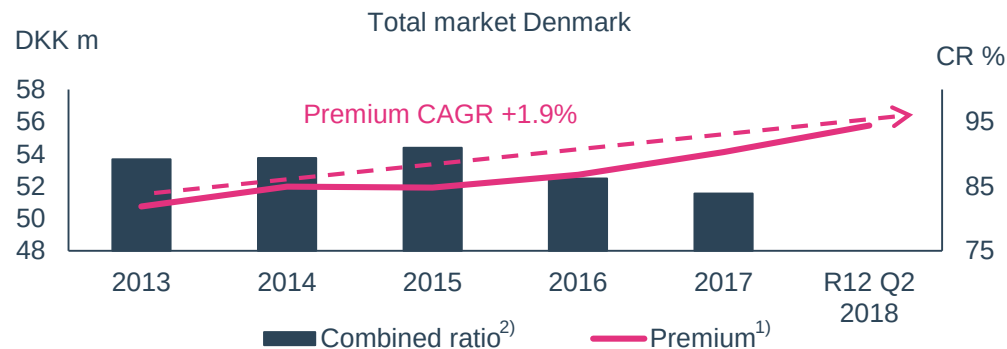
We operate in an attractive market place – fuelled by a strong Danish economy

Gjensidige is a top 5 player

Market share¹⁾



Continued growth driven by a strong economy



Relatively fragmented market with attractive profit potential

- Improved profitability reflecting strong underwriting discipline
- Top 4 players combined share reduced
- Reduced customer churn to ~ 10%³⁾
- Changing customer preferences
 - Gjensidige early mover to restructure private agent channel

¹⁾ The Danish Insurance Association 2nd quarter 2018 (Gjensidige including Mølholm).

²⁾ Combined ratio based on data from Finanstilsynet

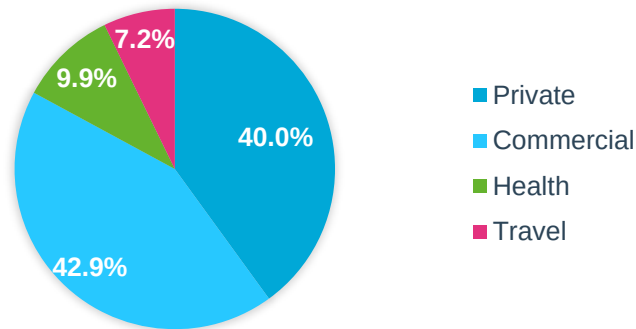
³⁾ Source DDS, 2019.



Improving customer experience across all segments

Well balanced mix of segments...

Gjensidige Denmark¹⁾

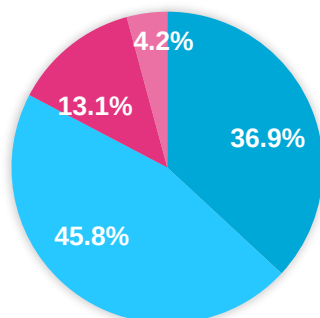


Strong products

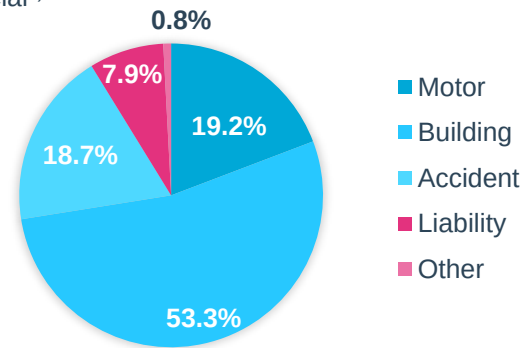
- #1 position in change-of-ownership
- Strong position in health and travel
- Best rated private accident cover²⁾
- Growth in commercial property

... and products

Gjensidige Denmark
Private¹⁾



Gjensidige Denmark
Commercial¹⁾



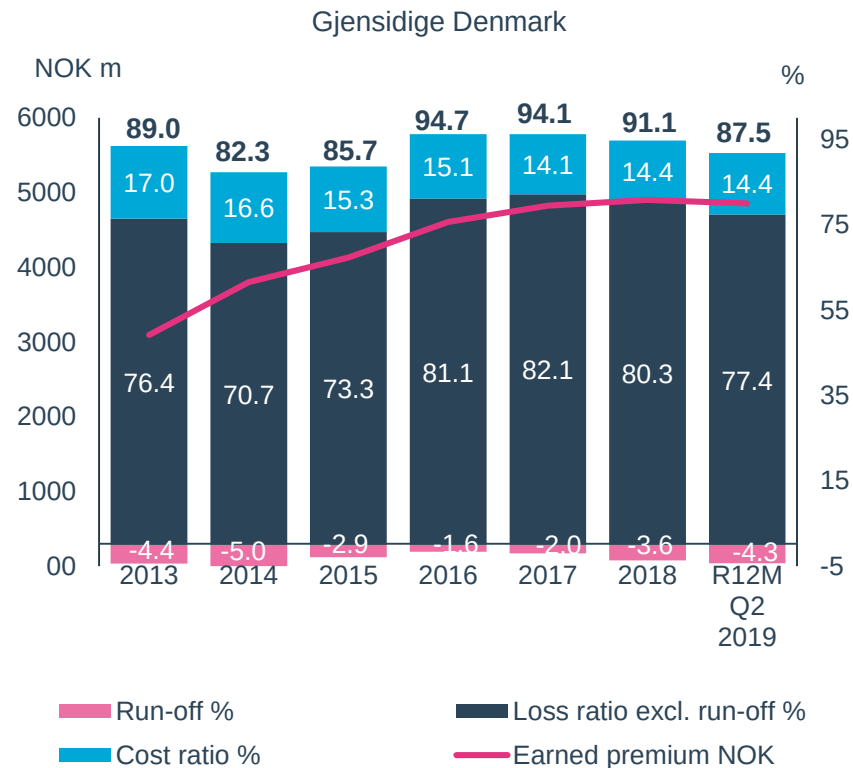
¹⁾ Earned premiums Q2 2019

²⁾ Forbrugerrådet Tænk, 2019



Strengthening our competitive position

Reduced volatility of underwriting results



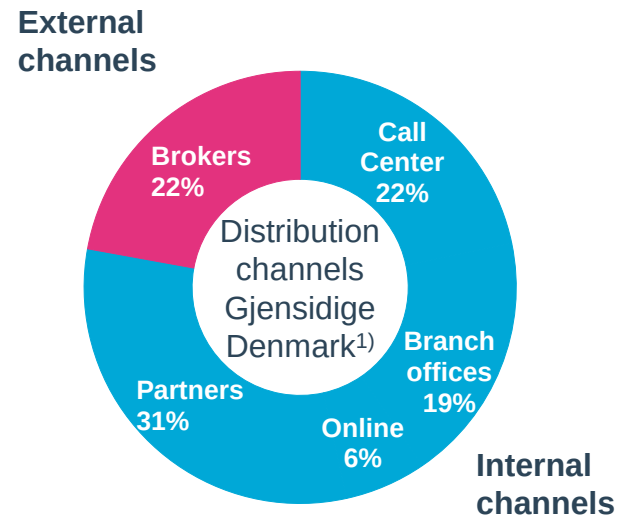
Improved profitability through streamlining processes and products

- Reducing costs - focus on simplification and digitalisation
- Increasing efficiency in sales and claims handling
- Improved customer retention based on strong CRM capability
- Re-underwriting activities
- Strengthened partnerships
- Implementing new IT core system

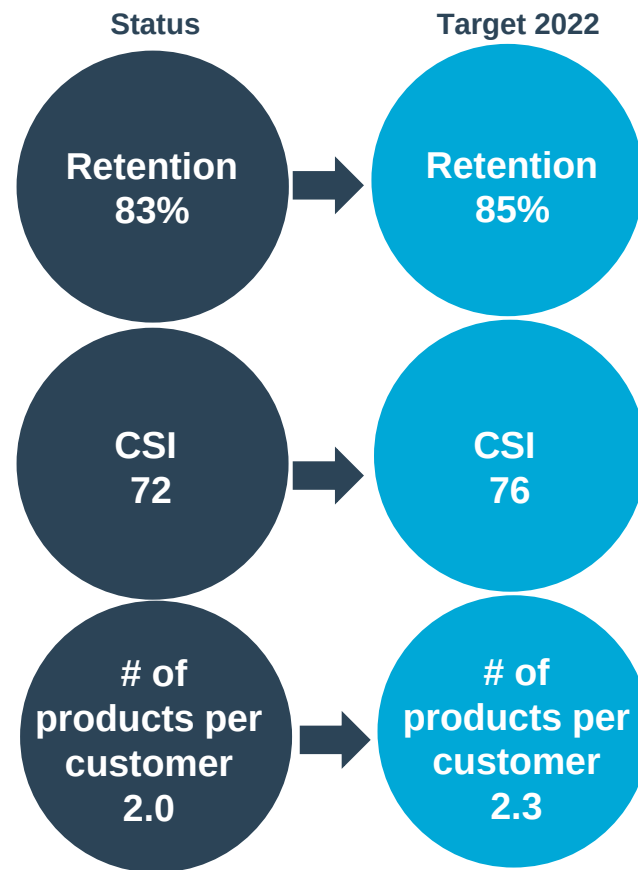
Omni channel distribution to meet customer demands and optimise sales



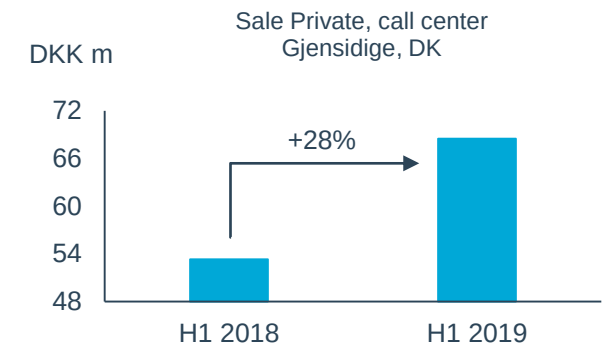
~80/20 distribution mix (own/broker); online to grow



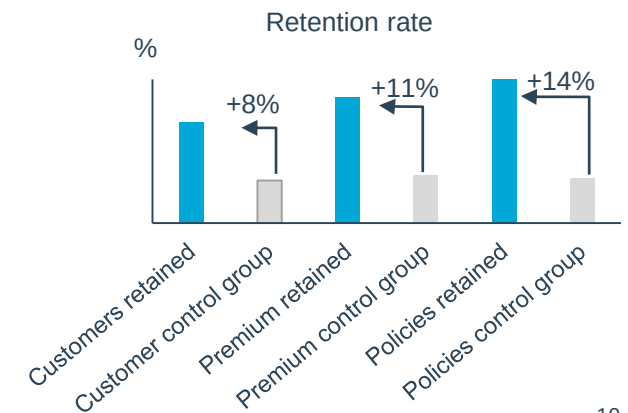
Customer satisfaction as our DNA to profitable growth



Smart prospecting from model factory to increase sale



Intelligent model prediction capability for private customer retention

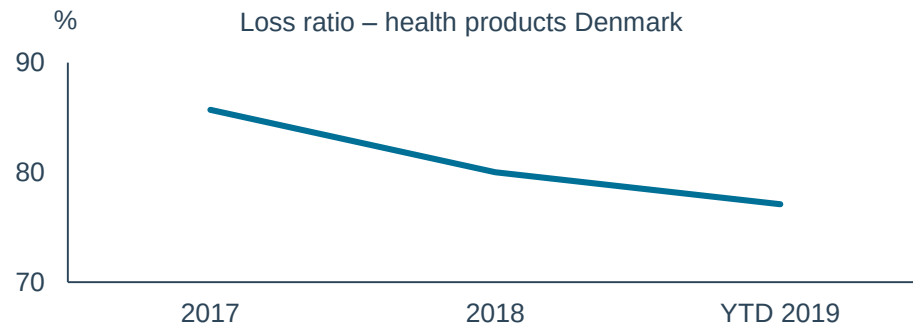


¹⁾ As at 31.12.2018

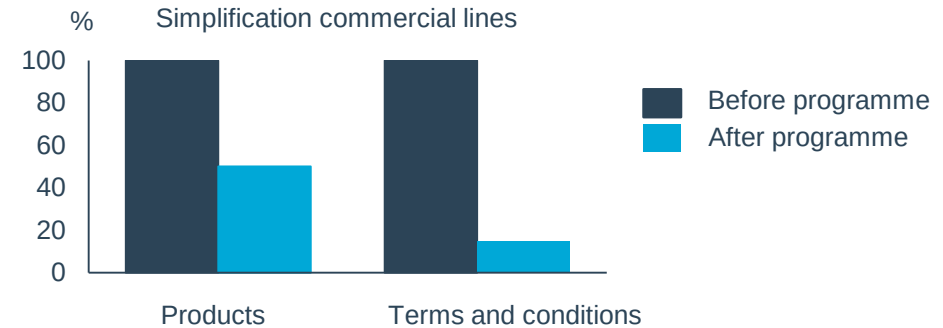


We use data analytics to establish advanced pricing models and continuously aim to achieve optimal pricing

More accurate pricing improves profitability



Simplified product structure and terms



Advanced tariff model implementation



Model implementation improves customer profitability

- Stronger tariffs and customer score based pricing
- Simplified product structure allowing for more digitalisation and better customer experience



Strengthened claims handling provides better customer experience and better economics

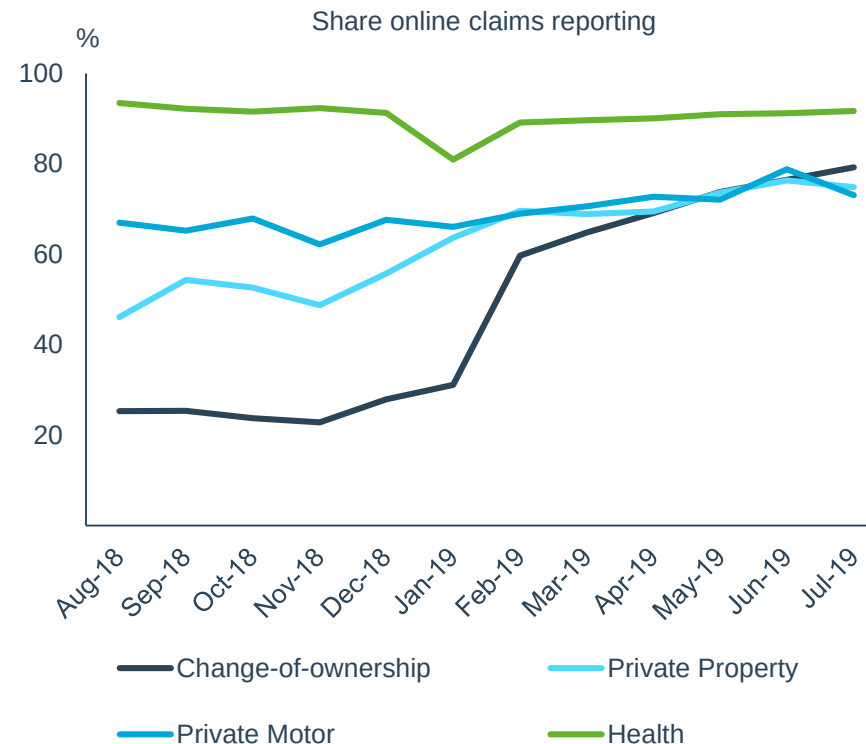
Targeting higher efficiency, reduced claims cost and increased competitiveness

Group claims project	30 DK initiatives identified, e.g. improved fraud detection and continuous improvement of claims rule engine - FTE reduction in claims organisation
Claims online & automation	80% of claims reported online and 80% of these automated
Repair networks	Networks of craftsmen (Property) and repair shops (Motor) Q119

Established own networks of 90 motor repair shops as of April 2019. Aim to reduce claims cost and improve customer satisfaction



High levels of online claims filing achieved following relaunch of new digital solutions





Key priorities towards 2022

- Solidify top 5 market position as trusted brand; evidenced through customer retention/duration and satisfaction
- Achieve satisfactory quantity and quality of underwriting results through strengthened portfolio management and more efficient business processes
- Successful migration to new core IT system; shorter time to market and lower costs





Gjensidige

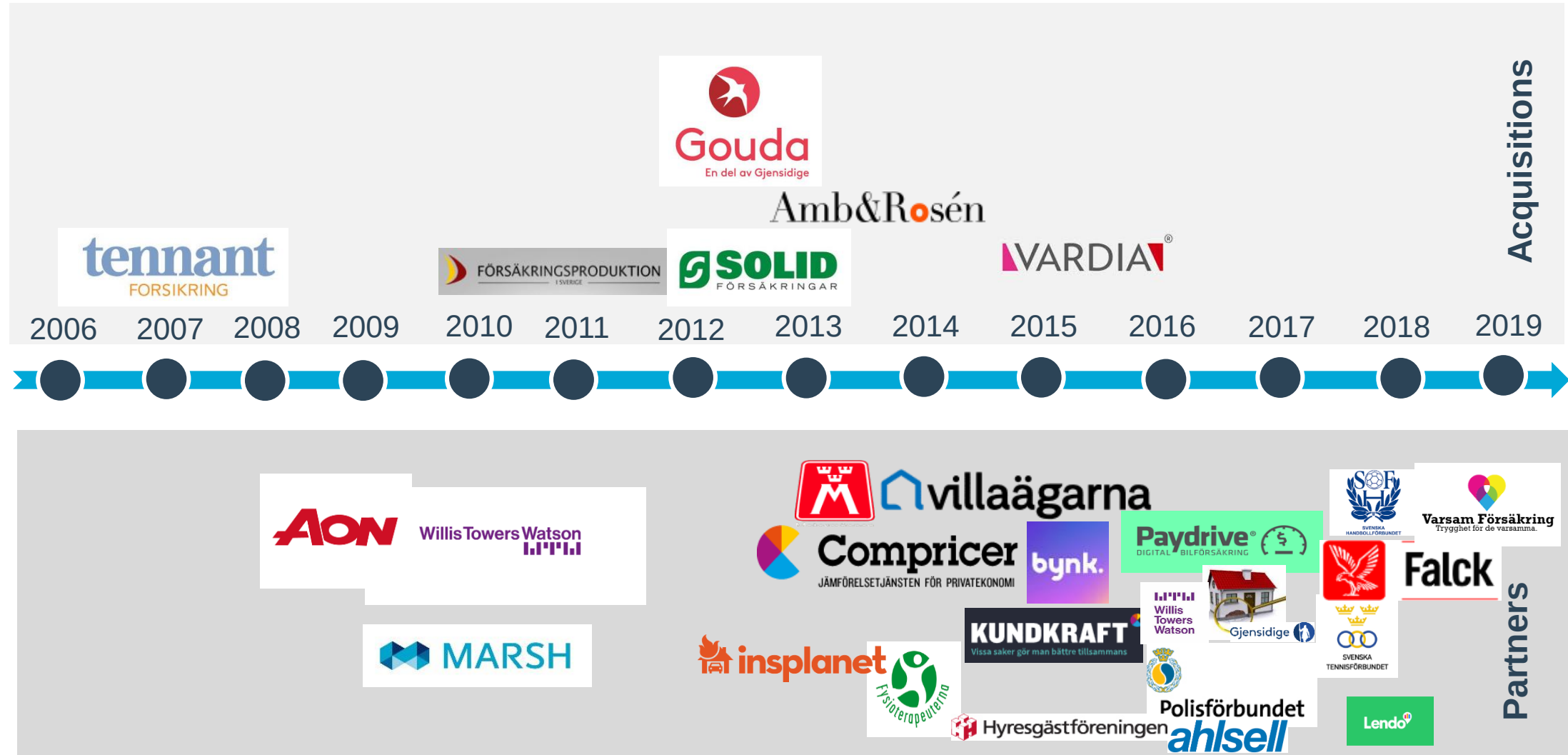
Sweden – Moving forward Aiming for profitable growth

Aysegül Cin

Executive Vice President, Sweden



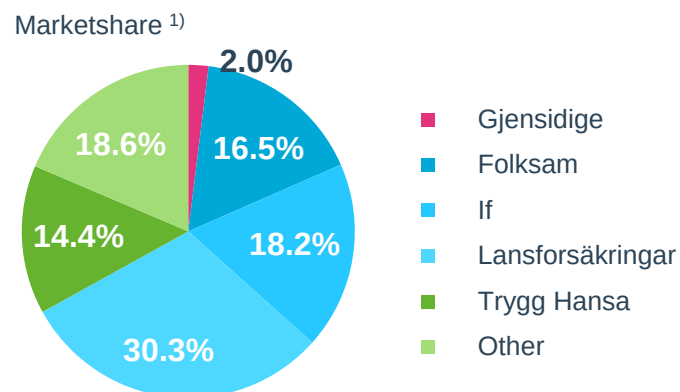
We have built an organisation fit for future growth



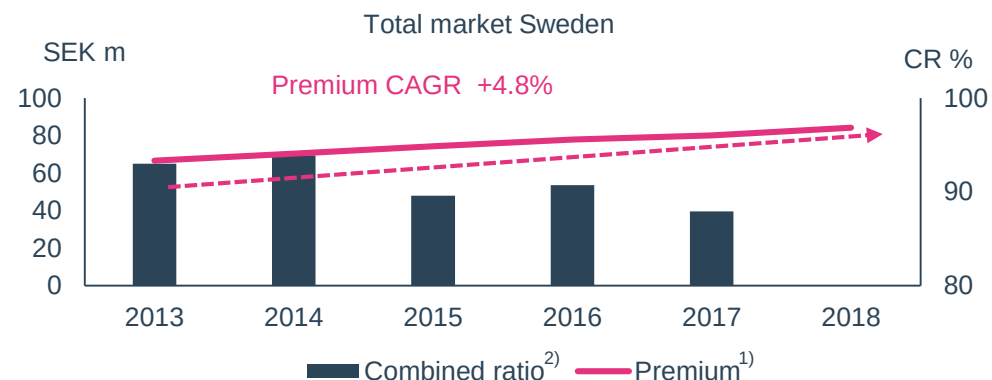
We operate in a mature market with selected growth areas



Gjensidige has a #7 position



Profitable market with continued growth



Mature and stable market

- Consolidated market
- Dominated by the four largest players which have different strongholds
- Strong variations in profitability
- Mature market driven by accident, health and home insurance
- High share of private lines
- Strong presence of aggregators in private lines and brokers in commercial lines

¹⁾ Insurance Sweden, 1st quarter 2019 (Gjensidige including Vardia)

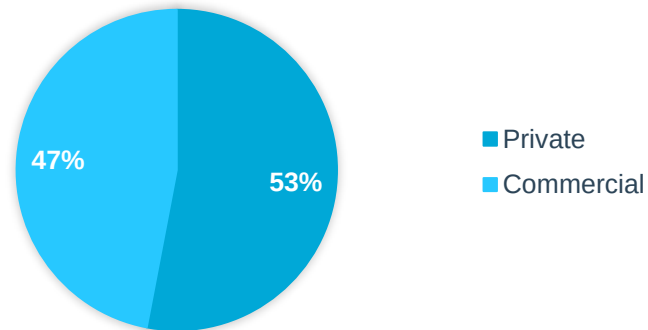
²⁾ CR is only for Swedish companies, not foreign branches operating in Sweden



Strong potential for broader customer engagement

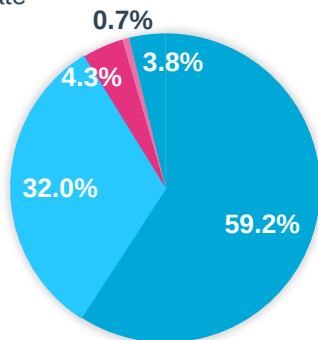
Balanced segment mix

Gjensidige Sweden earned premium¹⁾

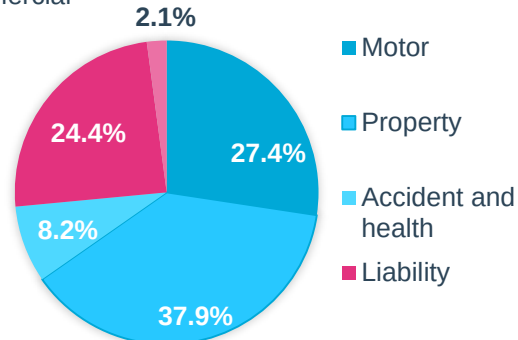


Portfolio with potential for upselling

Gjensidige Sweden Private¹⁾

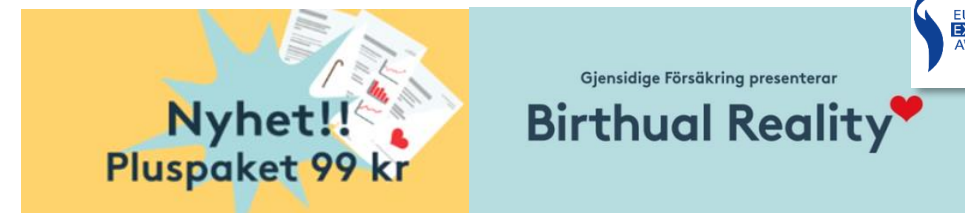


Gjensidige Sweden Commercial¹⁾



Highly ranked products and preferred insurer in several segments

- Motor as a lead product and onboarding of customer in own channels to increase customer engagement
- Preferred insurer in target segments among brokers
- Top ranked products²⁾:
 - Child insurance #2
 - Motor insurance #3
- Increased brand awareness to 23% in 2019³⁾



¹⁾ Earned premiums Q2 2019

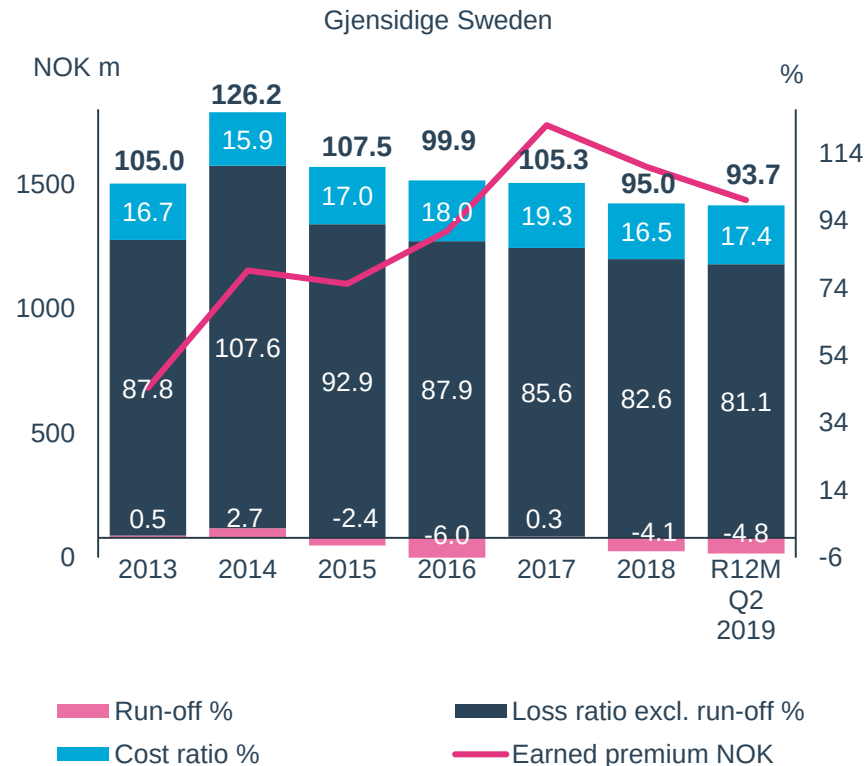
²⁾ Ranking provided by the Swedish Consumers' Banking and Finance Bureau, an independent agency (www.konsumenternas.se)

³⁾ Inizio (inizio.se), August 2019



Gjensidige has established a solid platform for profitability and growth

Strengthened profitability in 2019...



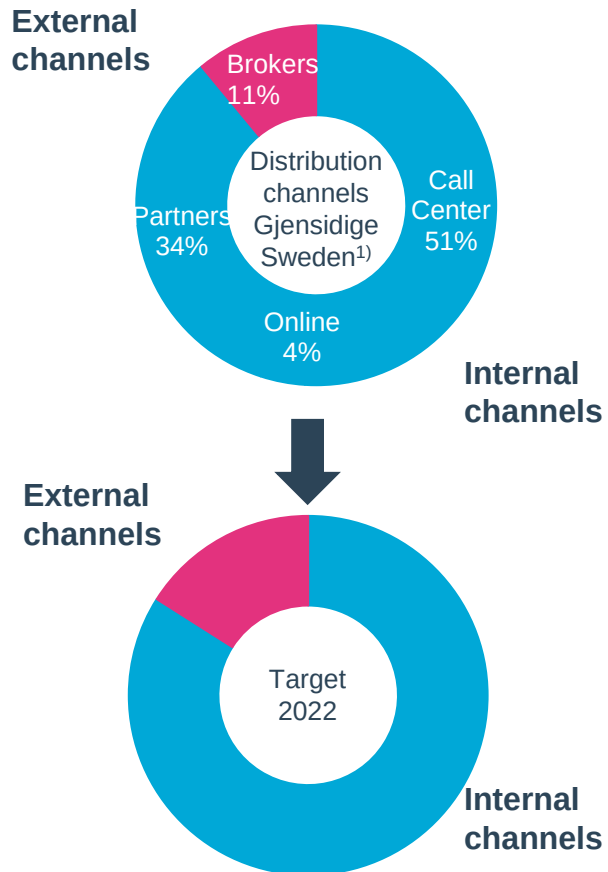
...and ready for further improvement

- Reducing cost through digitalisation and automation
- Repricing and improving risk selection / tariffs
- Strengthening internal sales force, increase sales efficiency and retention
- Increasing efficiency in claims handling
- Implementing new IT core system

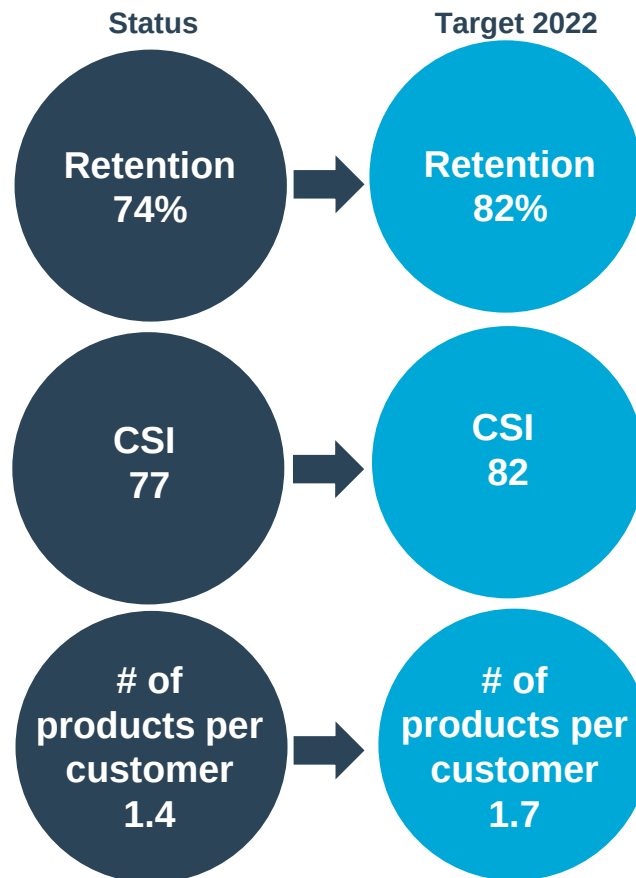
Aiming for growth through improved sales effectiveness and creating leads through partnerships



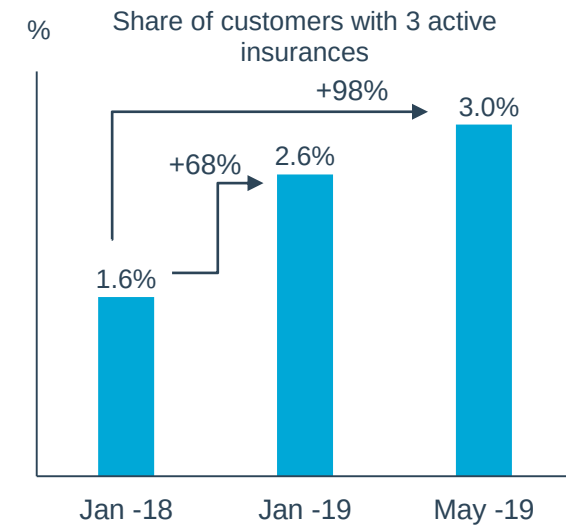
Efficient multichannel distribution...



... to deliver on important KPIs



Increased number of customers with three active insurances in main products areas



¹⁾ As at 31.12.2018



Optimising pricing to achieve higher sales and retention

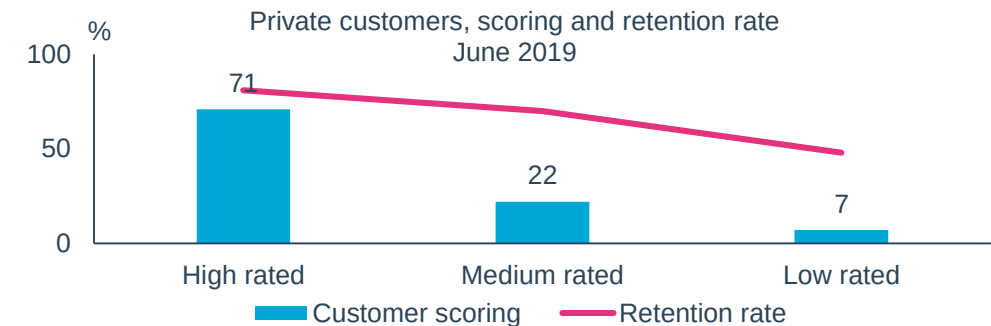
Establishing a high quality portfolio

- New tariffs based on advanced analytical models
- Re-underwriting of unprofitable contracts
- Advanced analytical models to increase sales and retention

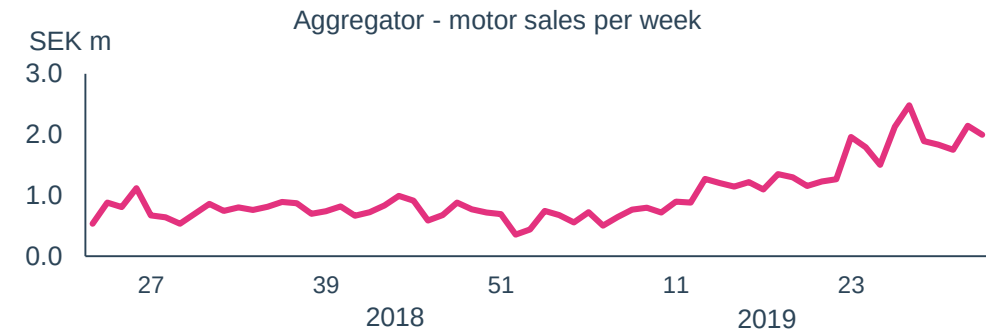
Strong results from re-underwriting of commercial portfolio



Optimising retention rate and profitability with customer scoring model



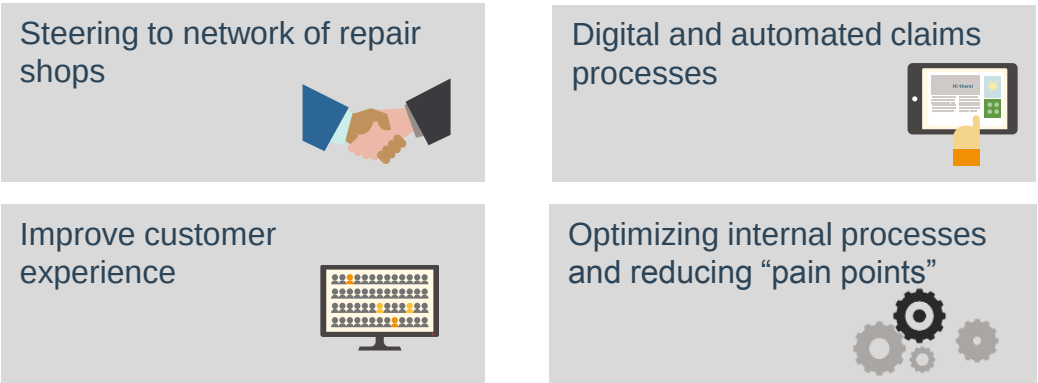
Increased sales with new motor tariff in strategic customer segments



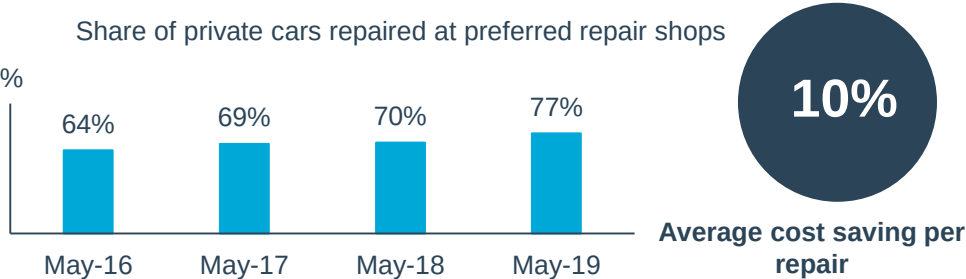


Focusing on efficient and customer oriented claims processes

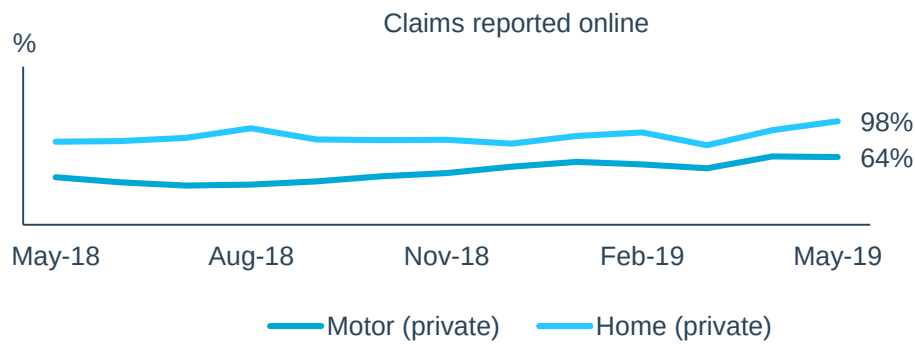
Key measures in claims programme



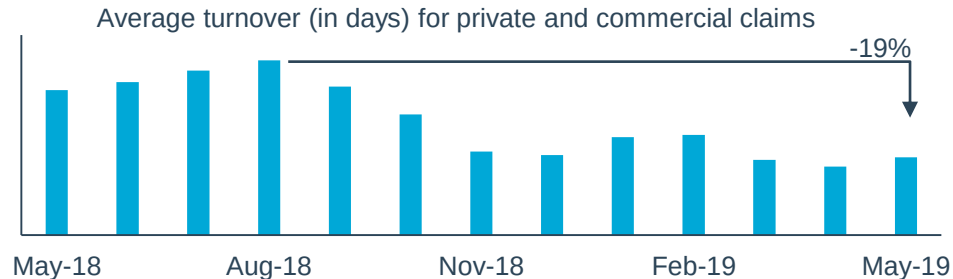
Share of cars to preferred repairs shops increased



High level of online claims reporting



Average turnover on claims reduced





Key priorities towards 2022

- Focus on digitalisation and efficient operations
- Broaden customer engagement and reduce churn through efficient distribution and high quality tariffs
- Execute strong portfolio management
- Prepare for implementation of new IT core system



The Baltics – Sustainable transformation

Robust profitability, positioned for growth

Marius Jundulas

CEO Baltics

Delivering superior customer experiences for 10+ years

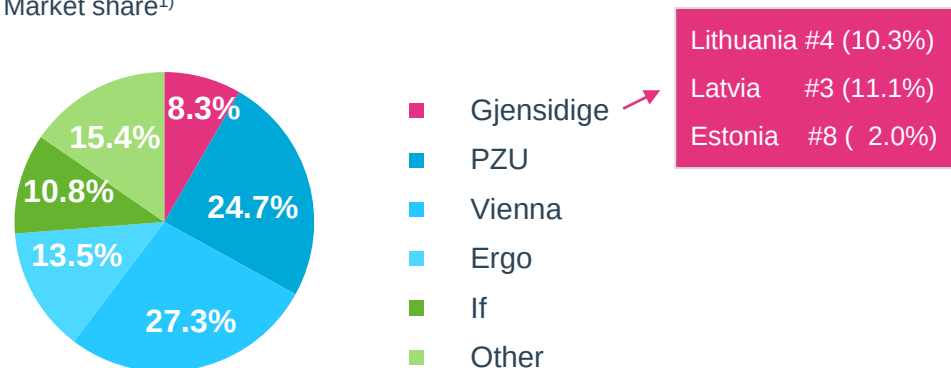


Consolidated market with a strong growth potential

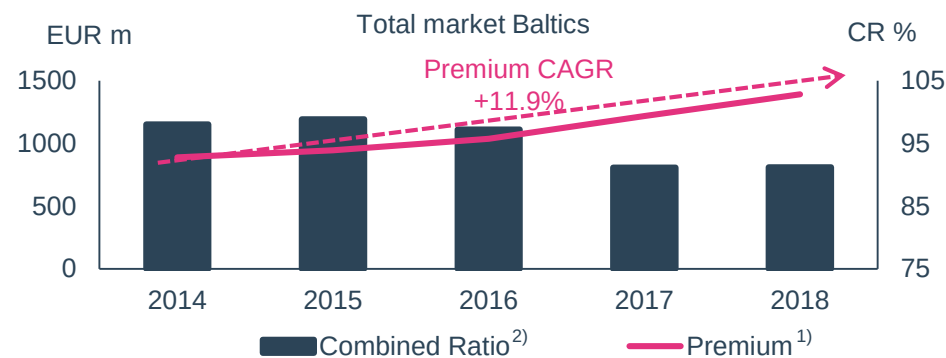


Challenger with a #5 position

Market share¹⁾



Double-digit premium growth



Promising fundamentals

- Consolidated market - 80% dominated by top 6 players
- Strong market growth driven by economic development and low penetration
- Rising demand for Motor, Property and Health products
- Improved profitability especially in motor segment
- Brokers and aggregators dominate distribution

Insurance penetration (%) ³⁾

Lithuania	1.3
Latvia	1.8
Estonia	2.5

¹⁾ Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 1st quarter 2019

²⁾ Company annual reports

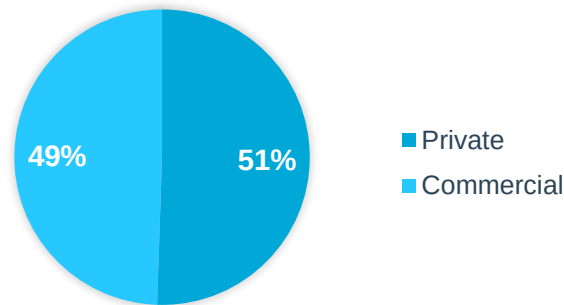
³⁾ OECD Insurance indicators - Penetration <https://stats.oecd.org/Index.aspx?QueryId=25444>

High customer satisfaction and recognised as a responsible insurance company



Balanced segment exposure

Gjensidige Baltics¹⁾

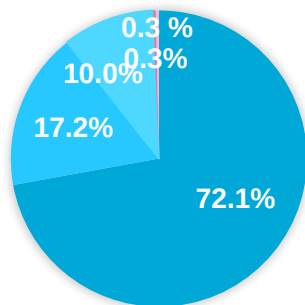


Positioned for profitable growth

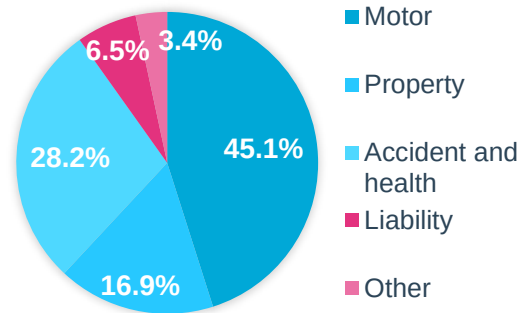
- One of the highest customer satisfaction levels in the market
- Strong position in Health and Travel
- Award-winning marketing campaigns and sponsorship agreements

... and product portfolios

Gjensidige Baltics
Private¹⁾



Gjensidige Baltics
Commercial¹⁾

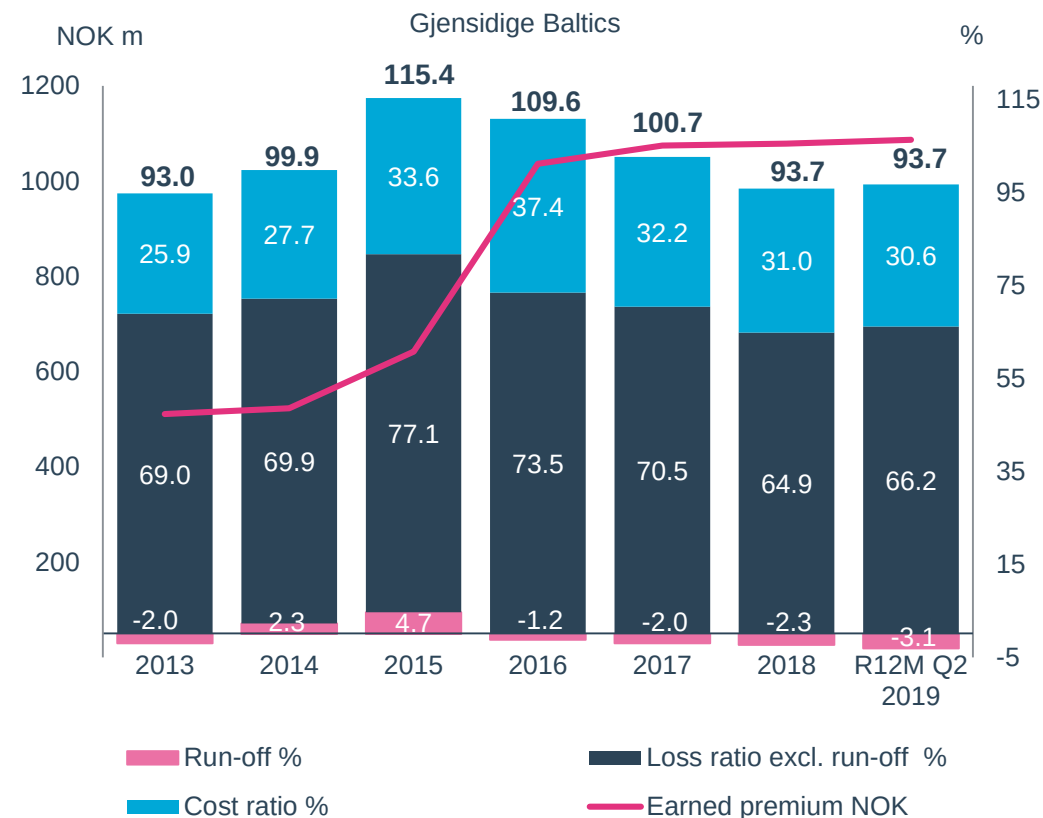


¹⁾ Earned premiums Q2 2019



Aiming for profitable growth

Improved profitability in core operations



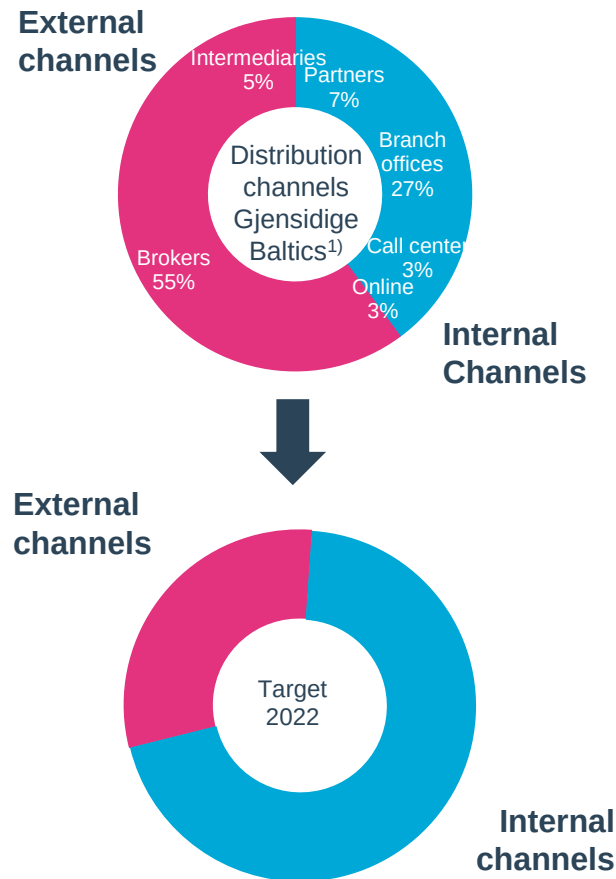
Investing in sustainable competitive advantages

- Strengthening internal sales force, improving CRM and increasing sales efficiency
- Increasing digitalisation and efficiency in claims handling
- Enhancing retention rate
- Further cost reduction

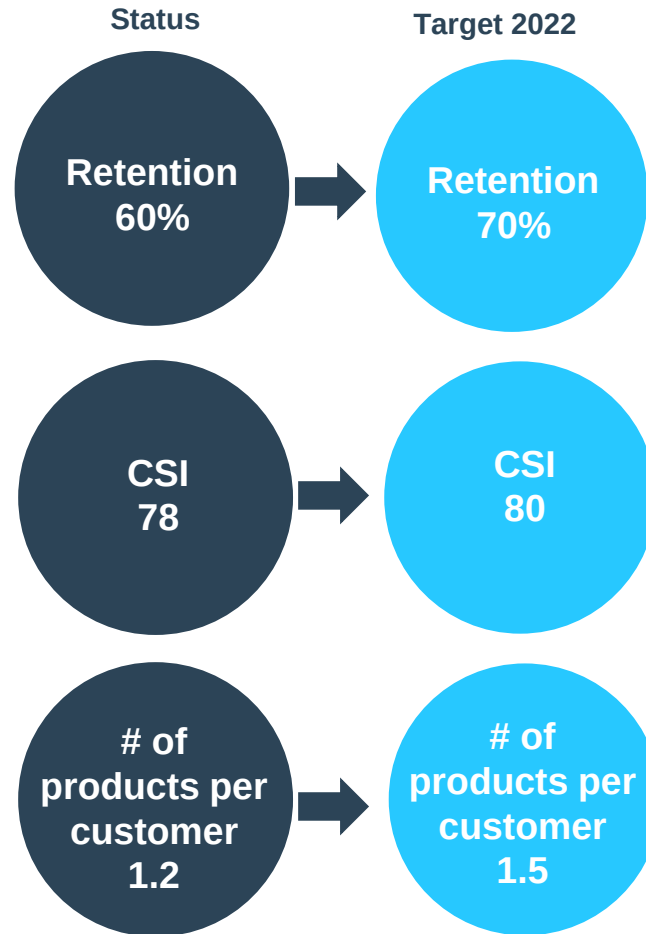
Focus on establishing an optimal multi channel distribution mix



Increasing sales through internal channels



Improving customer loyalty



Optimising multi channel distribution

- Analytically driven CRM systems
- Improved digital sales and service
- New partnerships for sales growth into lead generation
- Strong focus on new sales by making renewals automatic
- Trainings and competence development

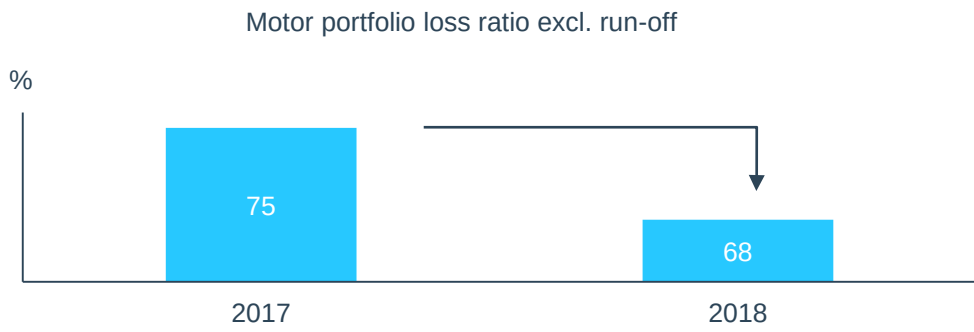


Leveraging data analytics and price optimisation tools

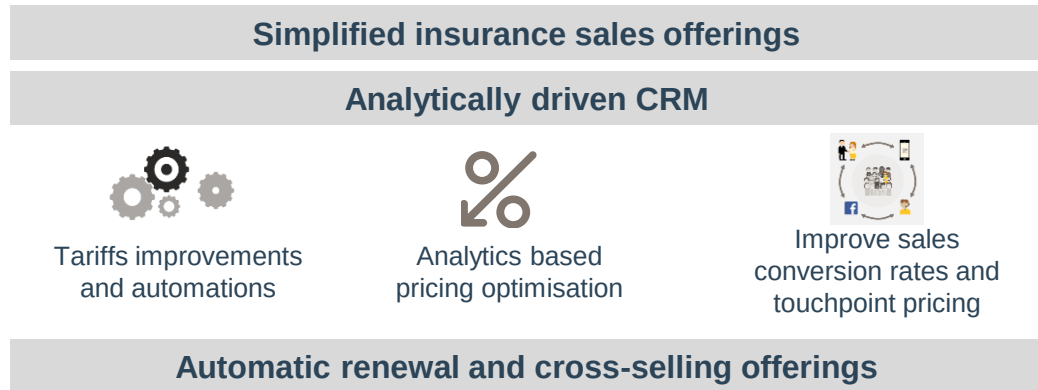
Four pillars of our dynamic risk-pricing programme

- Improved data analytics capabilities
- Tariffs improvements and automations
- Increased retention
- Continuous price optimisation

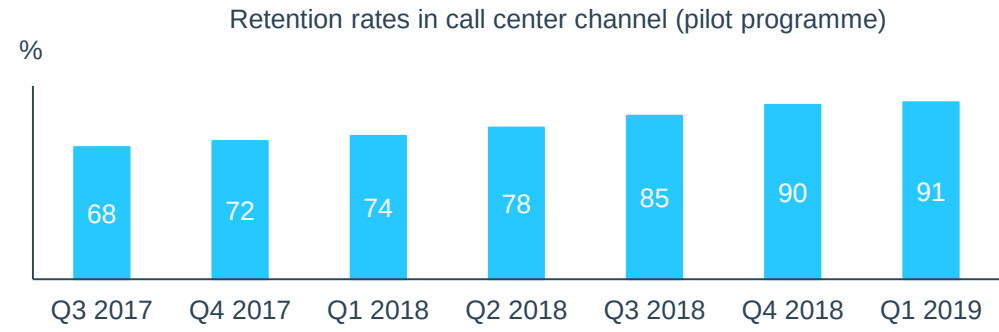
Improved tariffs and data analytics drove strong profitability improvement



Improved customer loyalty



Retention rate improvement shows programme works





Working on further efficiency in claims handling

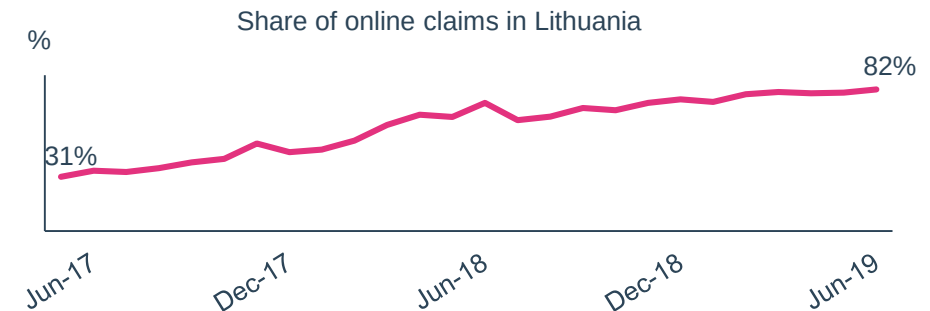
Simplified claims handling through digitalisation and automation

- Increasing share of claims reported online
- Continuous improvement of claims rule engine
- Advance data capture through integrated systems
- Data-analytics and feedback loop to monitor claims leakage and fraud
- Claims steering to preferred repair shops to keep claims cost down

Significant reduction in claims handling FTEs



Strong increase in online claims reporting





Key priorities towards 2022

- Establish an optimal multi channel distribution mix to enhance customer satisfaction and loyalty
- Leverage data analytics and price optimisation tools to grow profitable sales
- Improve claims handling to lower cost and improve customer satisfaction



On track to deliver on ambitions

Jostein Amdal
CFO



Common recipe for all segments, with local adaptations

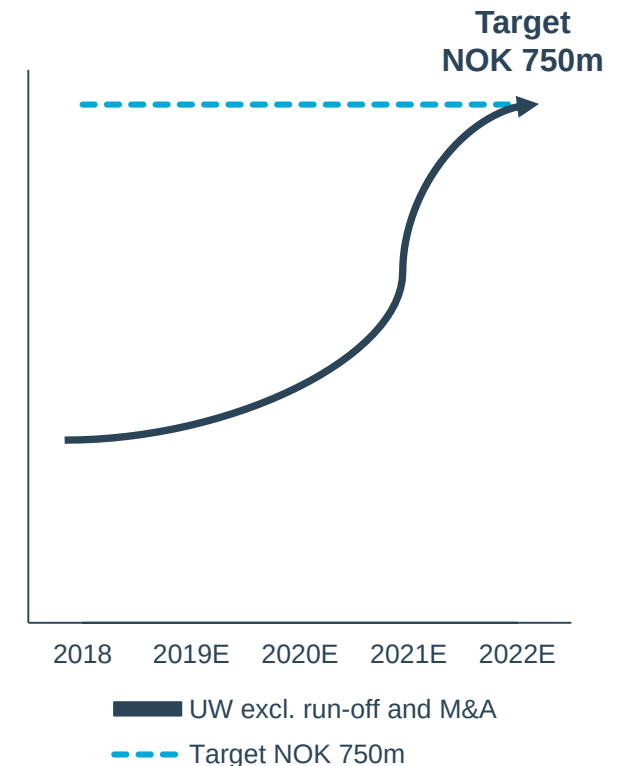
Main levers

- Further digitalisation
- Process optimisation and automation
- Analytics
- Simplification of processes
- New core insurance system

Key success factors & risks

- Increased on-line sales, service and claims management and straight through processing
- Next level analytics to increase precision and timeliness of tariffs and CRM
- Continued rational markets competing on cost efficiency and customer satisfaction, not market share

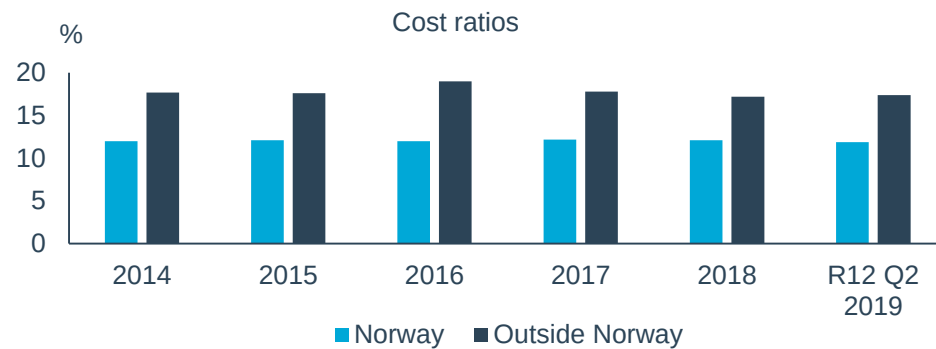
Expected development UW result outside Norway



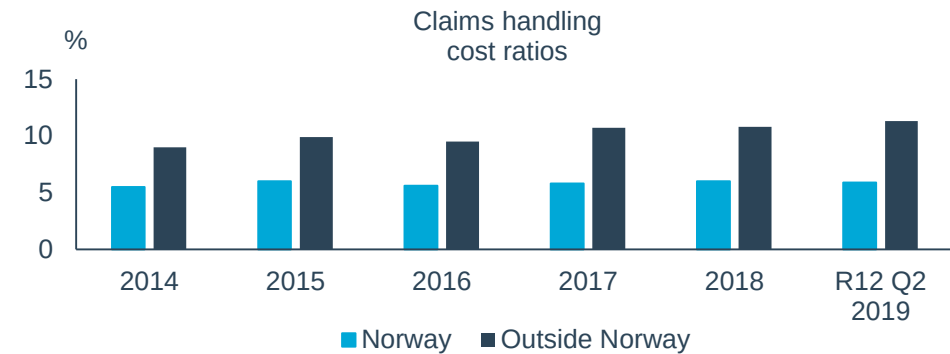


Improvement is under way, more to come

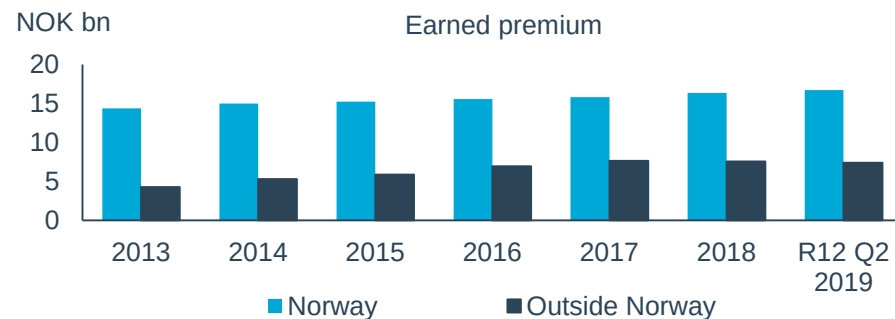
Capability for limiting the cost-gap



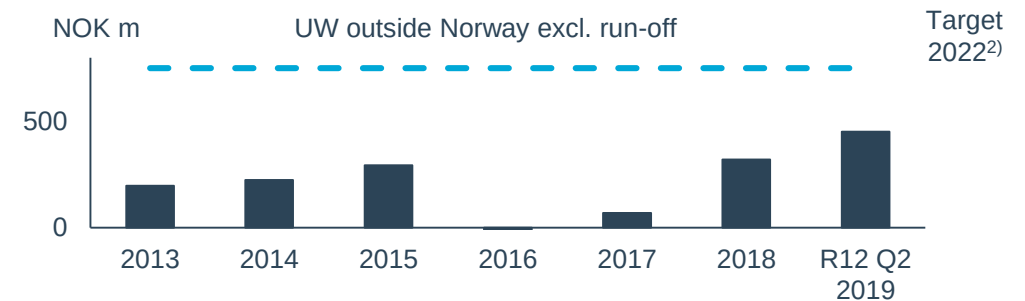
Strong potential from transfer of best practice



Growing outside Norway to improve stability and long-term dividend potential



Increasing profitability outside Norway



¹⁾ General insurance operation, excluding Corporate Center, R12M Q3 2018

²⁾ Excluding run-off



Improvement of key operational parameters to continue superior financial performance

KPI targets 2022

Metric	Target
Customer satisfaction (CSI)	> 78
Customer retention	> 90% Norway > 85% outside Norway
Sales effectiveness	+10%
Automated tariffs	100%
Digital claims reporting	80% Norway
Claims straight-through-processing	64% Norway
Claims cost	Reduce by NOK 500m
Claims-related CO2 intensity	Reduce year-by-year



Annual financial targets 2019-2022

Metric	Target
Combined ratio	86-89% ¹⁾
Cost ratio	<15%
Solvency margin (PIM)	135-200%
ROE after tax	>20% ¹⁾
UW result outside Norway	NOK 750m (in 2022) ²⁾
Dividends	Nominal high and stable (and >80 % over time)

¹⁾ Assuming annual run-off gains ~NOK 1 billion through 2022. Corresponds to 90-93 per cent given zero run-off gains post 2022.

²⁾ Excluding run-off



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