

# Capital Markets Day

6 March 2024



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Important factors that may cause such a difference for Sampo include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) developments in capital markets.

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# Agenda

## Opening remarks

Sami Taipalus

## Strategy and financial targets

Torbjörn Magnusson

## Q&A

Torbjörn Magnusson

## Nordic P&C insurance

Morten Thorsrud, Ingrid Janbu Holthe

## UK P&C insurance

Toby van der Meer

## Finance and capital management

Knut Arne Alsaker

## Q&A with presenters

## Closing remarks

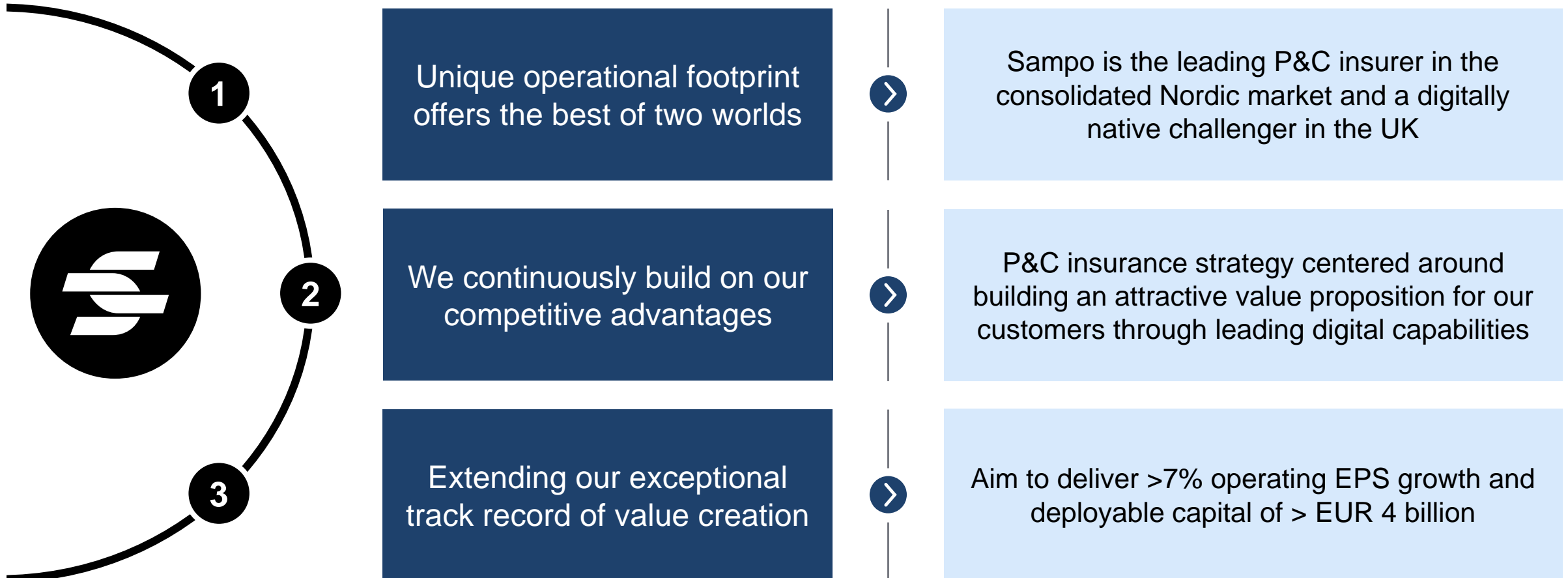
Sami Taipalus

# Strategy and financial targets

Torbjörn Magnusson

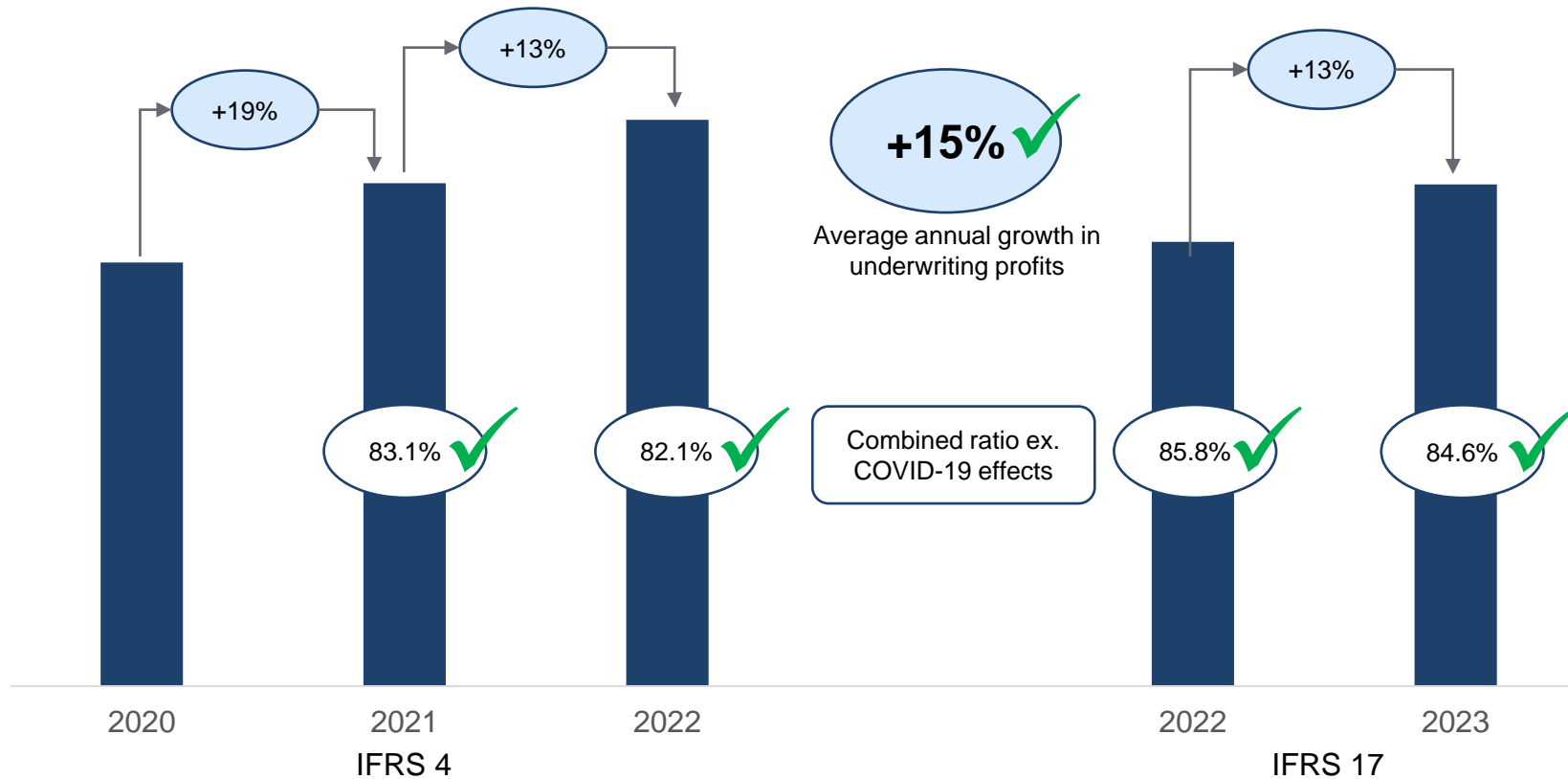


# Sampo – A uniquely attractive P&C insurance group



# Strong delivery against key 2021-2023 financial targets

Group underwriting profit and combined ratio

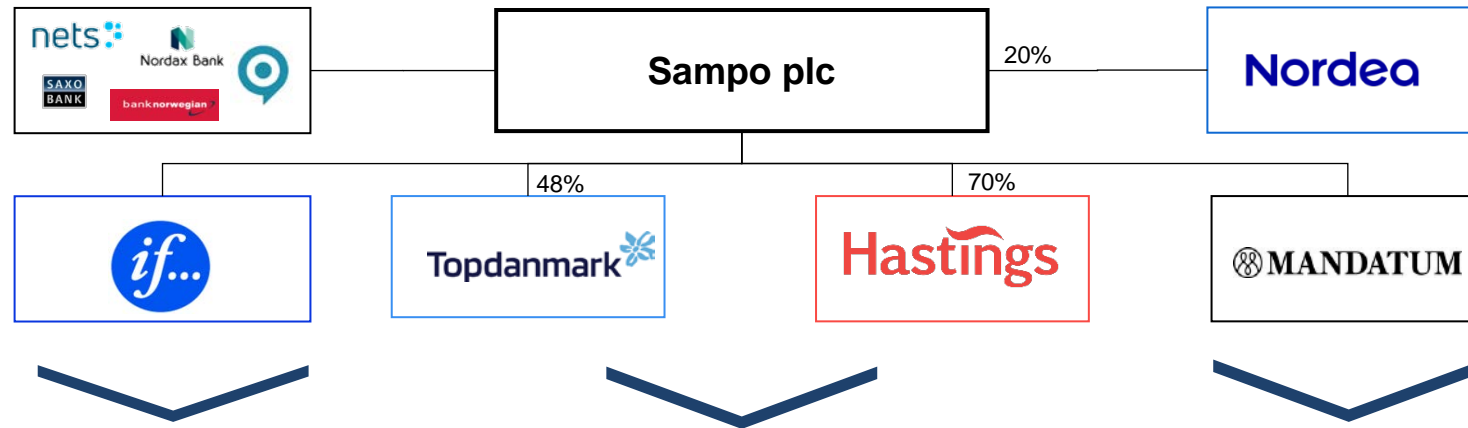


## Sampo Group financial targets 2021-2023

Mid-single digit growth in underwriting profits, on average ✓

Group combined ratio < 86% ✓

# Sampo has been transformed into a unique P&C insurance group







77%

Nordic share of premiums

Private

UK

Commercial

Industrial



76%

Personal lines & SME share of premiums

Personal lines

✓ **Leading digital sales and service capabilities**

✓ **Strong pricing power in Nordic P&C insurance**

✓ **High growth potential in the UK digital market**

# P&C success underpinned by three strategic pillars

## Customer centricity is key to long-term success

 NPS score of 60 in Private

- High customer satisfaction
- Comprehensive product offering
- Leading online services

    **>89% retention in Private**

- Strong NPS scores in all P&C subsidiaries
- High retention levels in key areas
- Well-known and reputable brands

## Leveraging operational excellence to gain a competitive edge

A leader in digital P&C insurance



**>€1bn IT development spend in last decade**

- Pan-Nordic digital development and IT platform
- All Private and main SME products available online in If
- Modern and scalable P&C platform in the UK

Broad distribution expertise



- Digital sales 20% of If Private premiums in 2023
- Largest car partnership portfolio in Nordic P&C
- Leading PCW insurer in the UK

## Clear focus on underwriting profitability and efficiency



**All If employees incentivised on combined ratio**

- Focus on profitability and shareholder returns
- Established underwriting and cost culture
- Clear delegation of responsibility



**7mn private P&C customers across 8 markets**

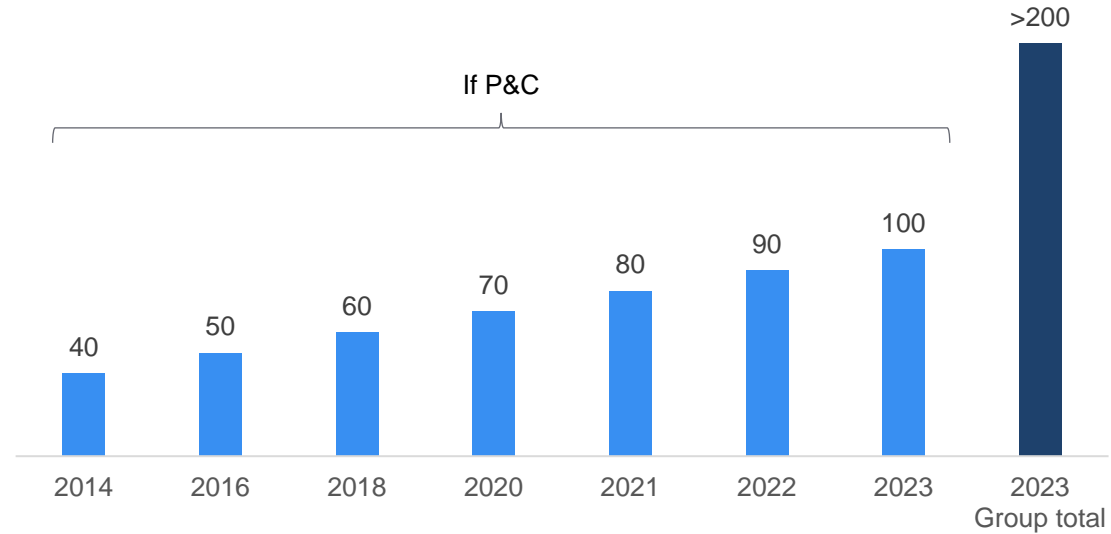
- Market leader in Nordic P&C
- Leading motor writer in the UK
- Significant country and line of business diversification
- Sharing of skills between countries/companies



# Ambitious digital transformation agenda

## Long track record of large investments in digital

IT development costs, EURbn



**Sampo has invested well over EUR 1 billion in IT development over the last decade**

## Digital excellence

Digital sales channel growth



Digital customer service



Distribution model shift to digital



Fully integrated omni-channel distribution



Improved automation and service



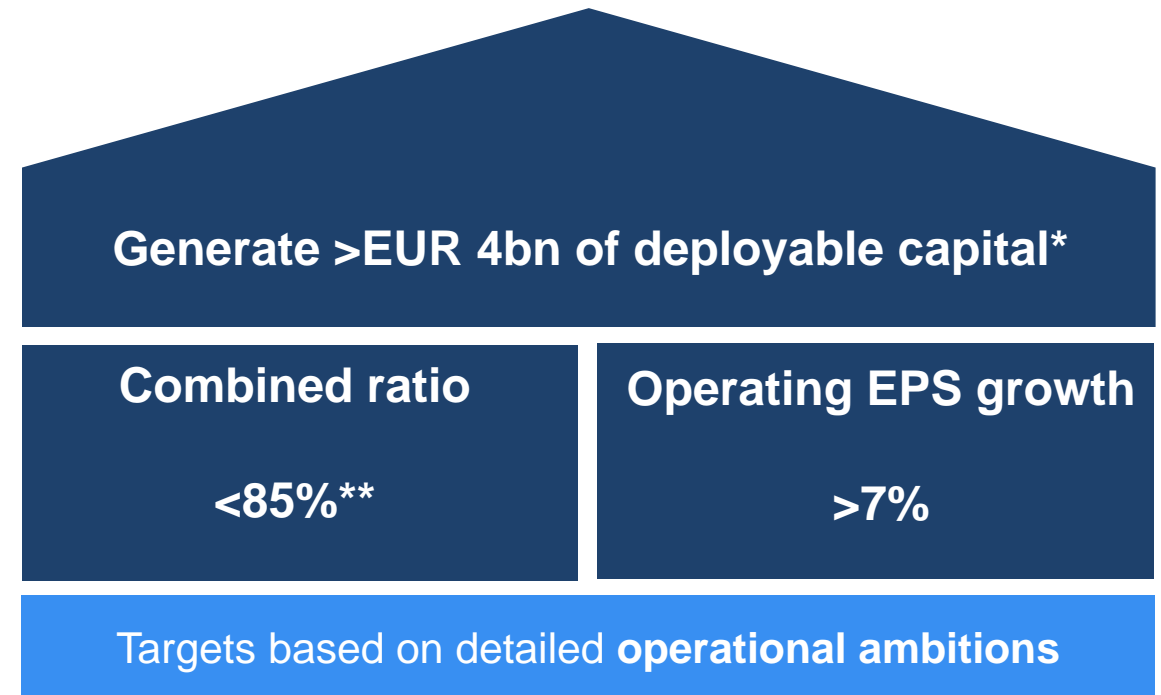
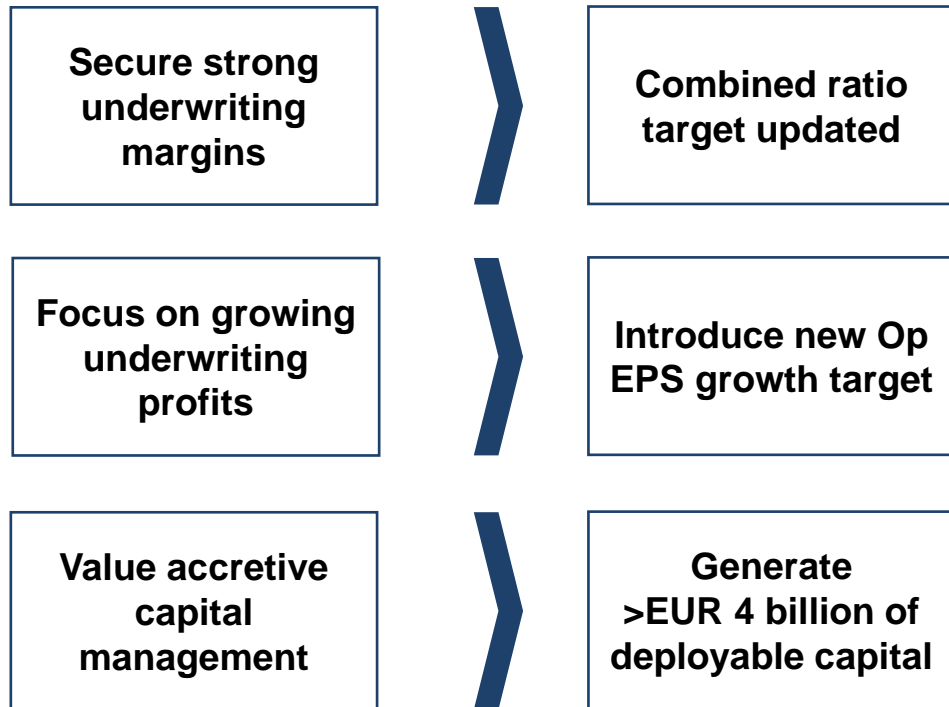
Scale leadership



**Accelerate digitalisation and automation based on best-in-class IT platform with high scalability**



# Sampo Group financial targets for 2024-2026



\*) Defined as the sum of the cumulative operating results and own funds released through capital optimisation action in the period.

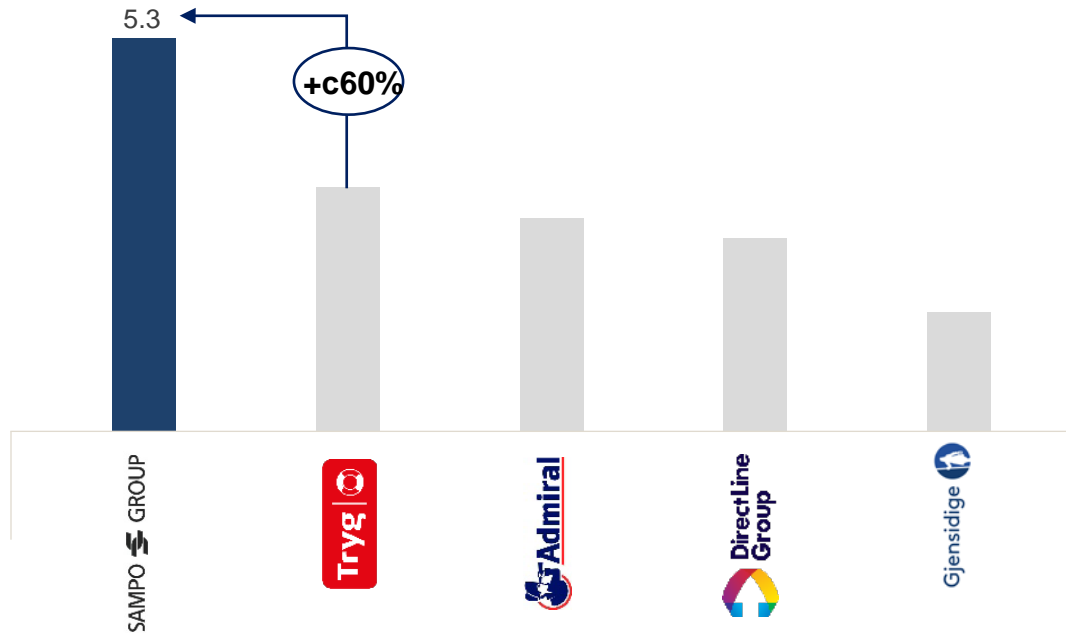
\*\*\*) Assumes a discount rate effect of 2%p (vs 3%p for FY 2023).



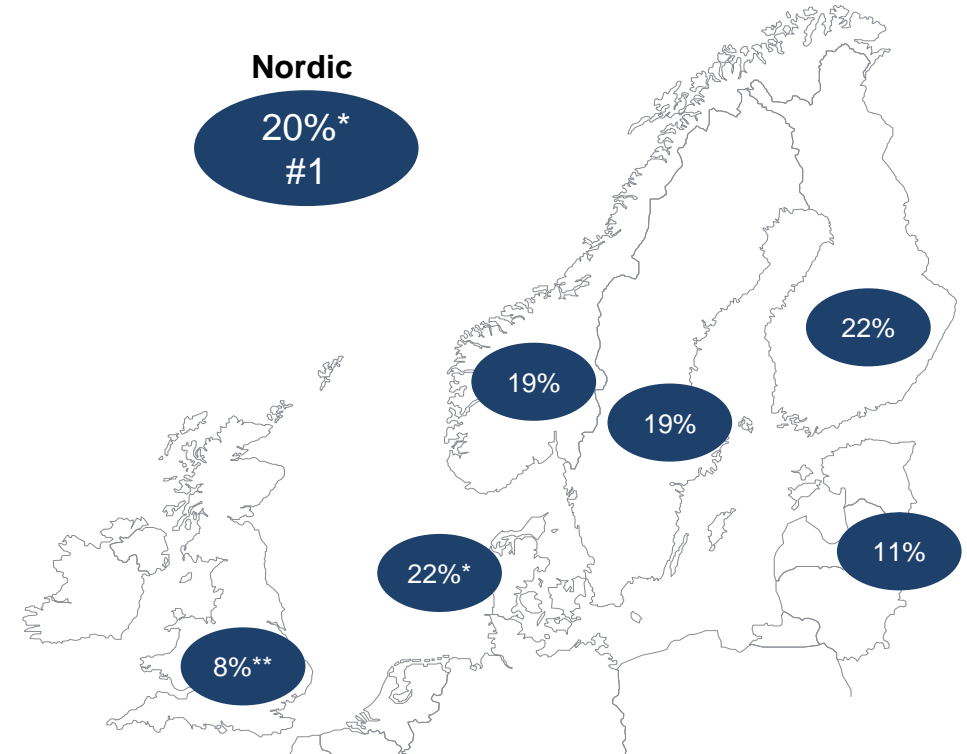
# Sampo is a major Northern European personal lines P&C insurer

## Scale operator in personal lines

Personal lines premiums, EURbn



## Market shares and position in personal lines



Sampo Group personal lines, Tryg private, Admiral UK, Direct Line private, Gjensidige private, Sweden and Baltics.

\*) Sampo Nordic and Denmark market share equals sum of If P&C and Topdanmark.

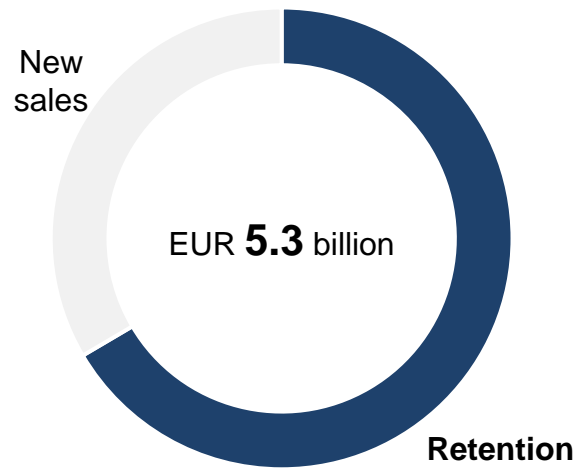
\*\*\*) Hastings market share in the UK motor market.



# Our commitment to helping customers drives high retention

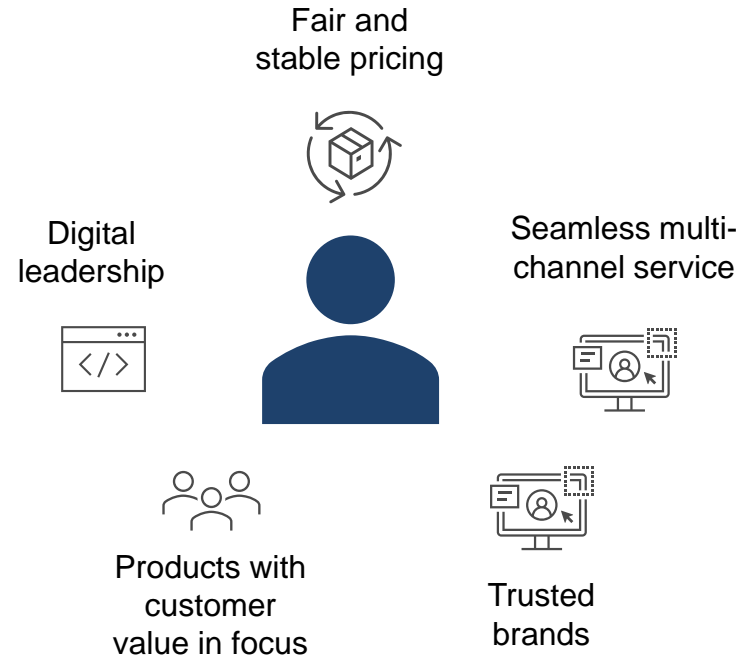
## Top line driven mainly by renewals

Group personal lines GWP, EURbn



>89% retention in Private by customers in 2023

## Attractive customer proposition supported by strong digital capabilities



89% or higher Retention in Private



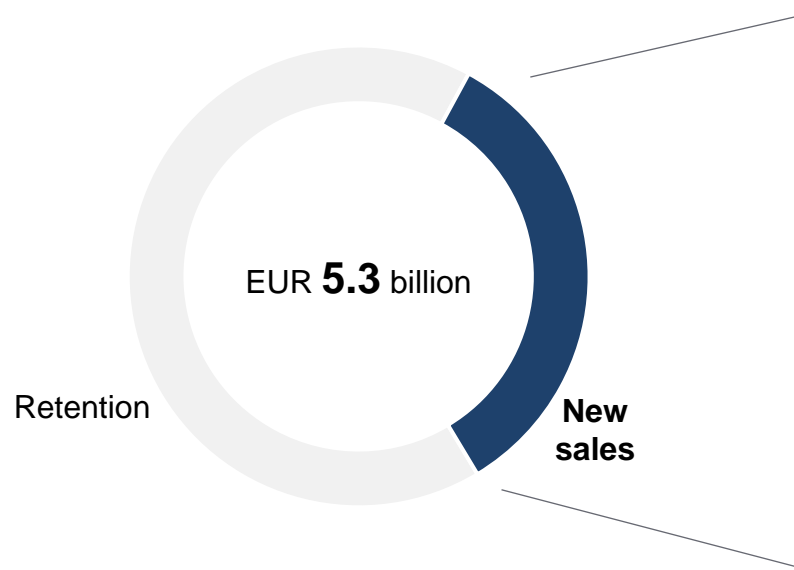
\*) Personal lines includes of the Nordics and the UK; "Private" refers to Business Area Private in If P&C.



# Direct distribution model with growing digital sales and high scalability

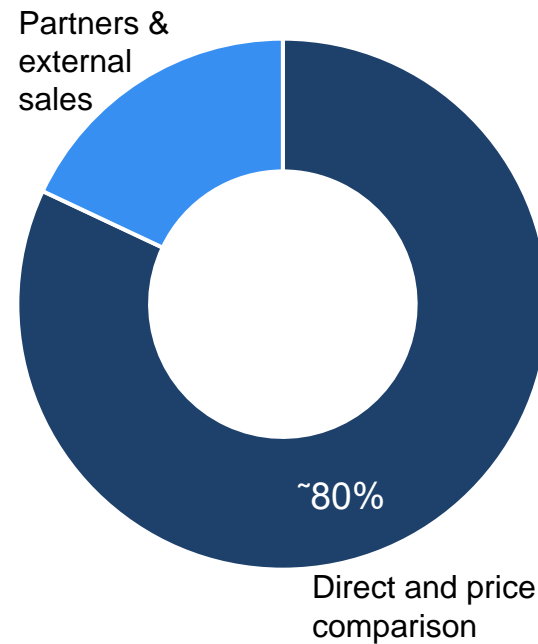
## New sales share is around one-third

Group personal lines GWP, EURbn



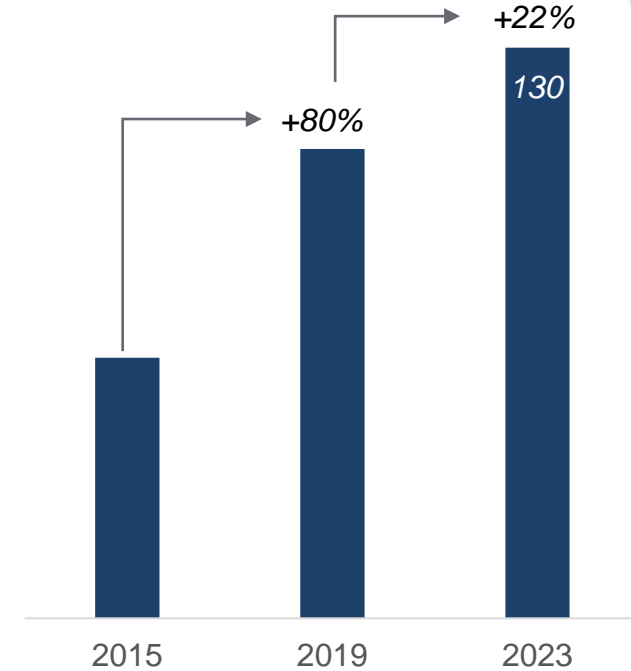
## The direct channels dominate sales

Group personal lines sales premium mix



## Digital sales are gaining importance

Digital sales, Private, EURm



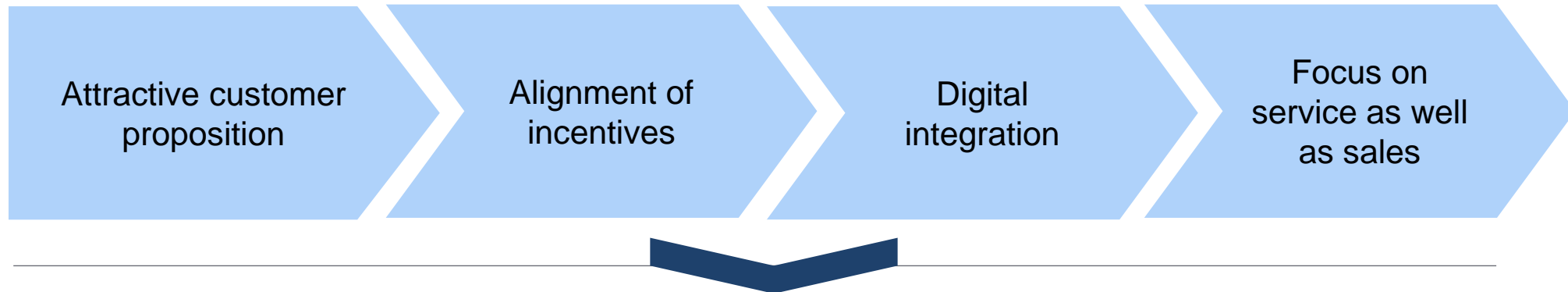
> €160 mn  
Private  
digital sales  
by 2026

\*) Personal lines includes of the Nordics and the UK; "Private" refers to Business Area Private in If P&C.



# Broad expertise in building profitable long-term partnerships

Sampo builds partnerships through a proposition-led approach



**Leading Nordic mobility partner**

**25%**  
Market share  
Nordic new cars

**68%**  
Market share  
Swedish new cars

**Cross selling opportunities**

**Broad range of partnerships**

**Long term partnerships**

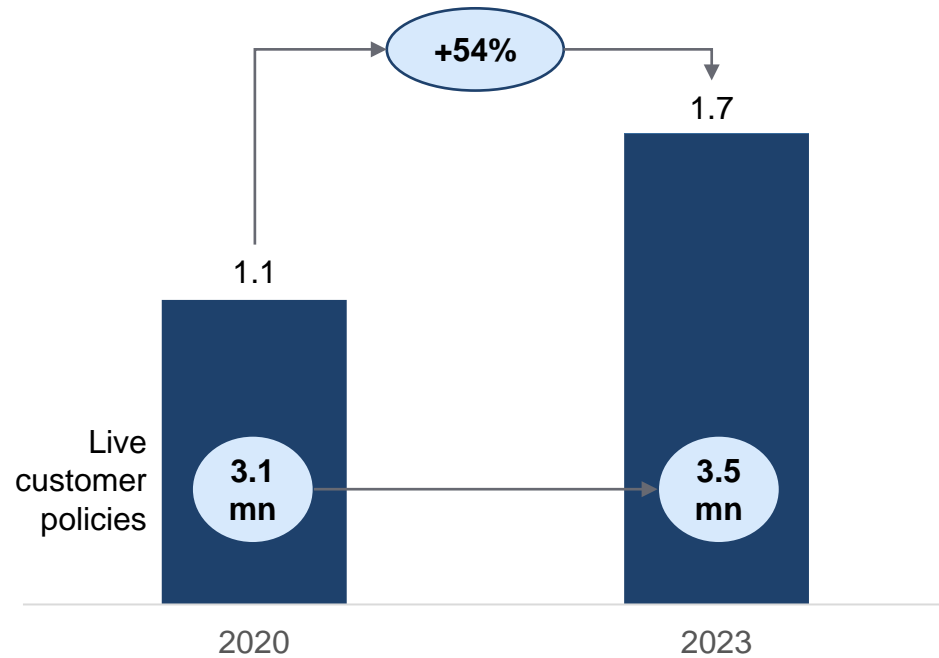
- Average tenure > 20 years in multiple portfolios
- Multiple agreements > 40 years



# UK growth and resilient margins reflect strong competitive position

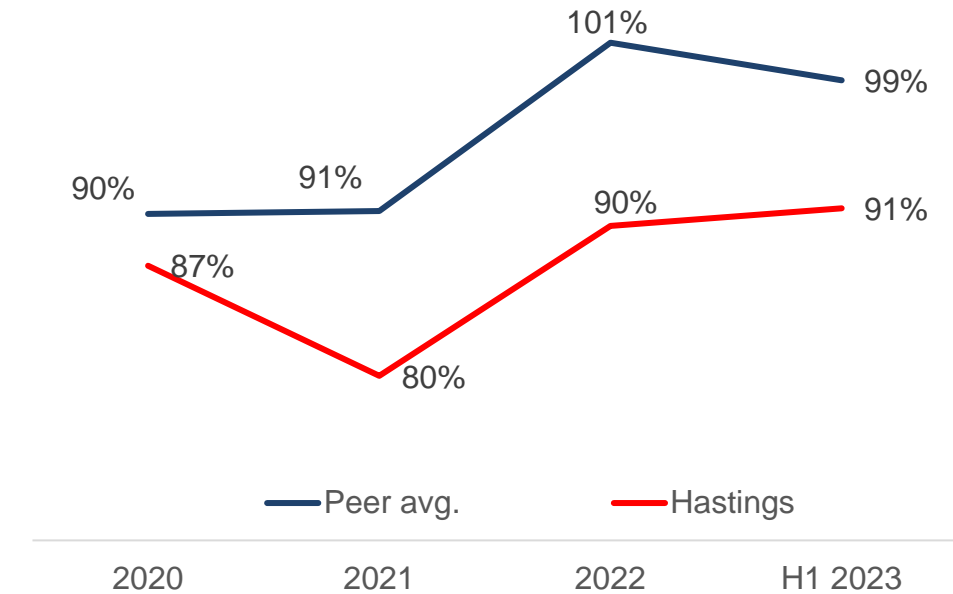
Significant top line growth

GWP, EURbn



Resilient margin performance

Combined ratio\*



\*) Operating ratio for Hastings; Peer group for combined ratio comparison consists of Admiral, Allianz UK, Aviva UK & Ireland Personal Lines, Direct Line, esure, Sabre, Saga.



# UK expected to enhance Sampo Group profit growth

UK motor market pricing at more economic levels

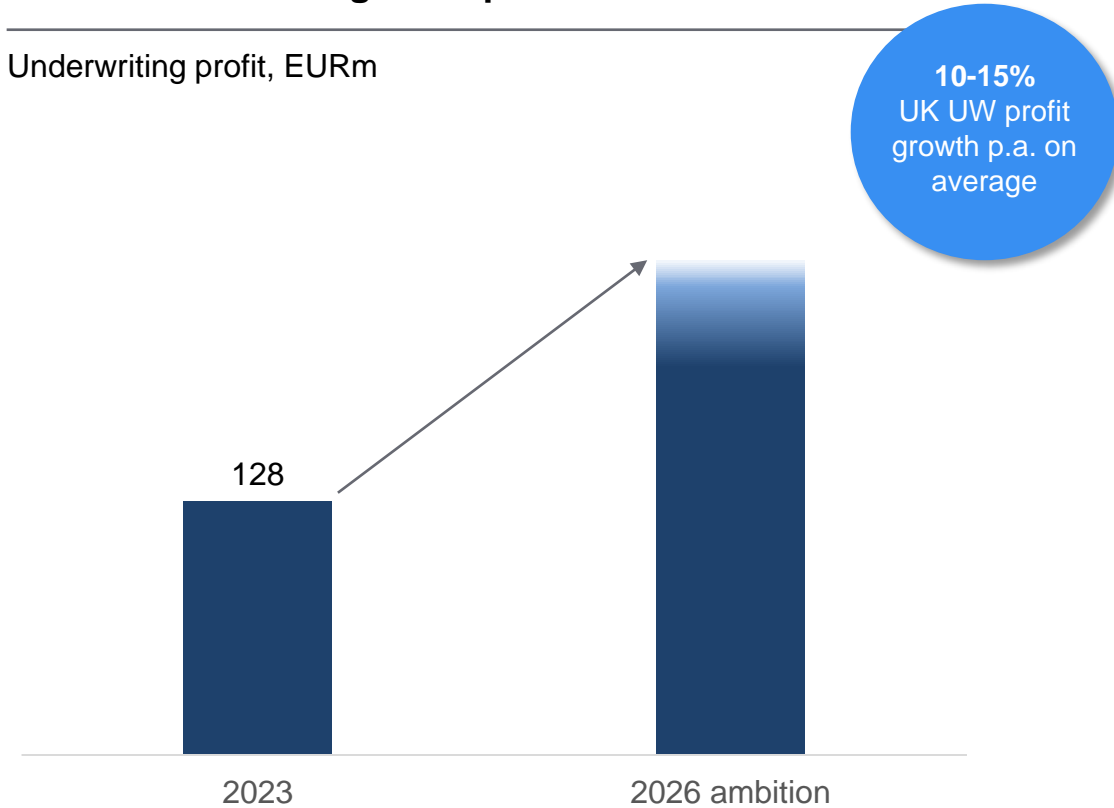
Inflation and frequency stabilising

PCWs continue to gain share

- ✓ **Look for growth opportunities**
- ✓ **Continue to invest in capabilities**
- ✓ **Maintain underwriting discipline**

## Ambitious growth plans for 2024-2026

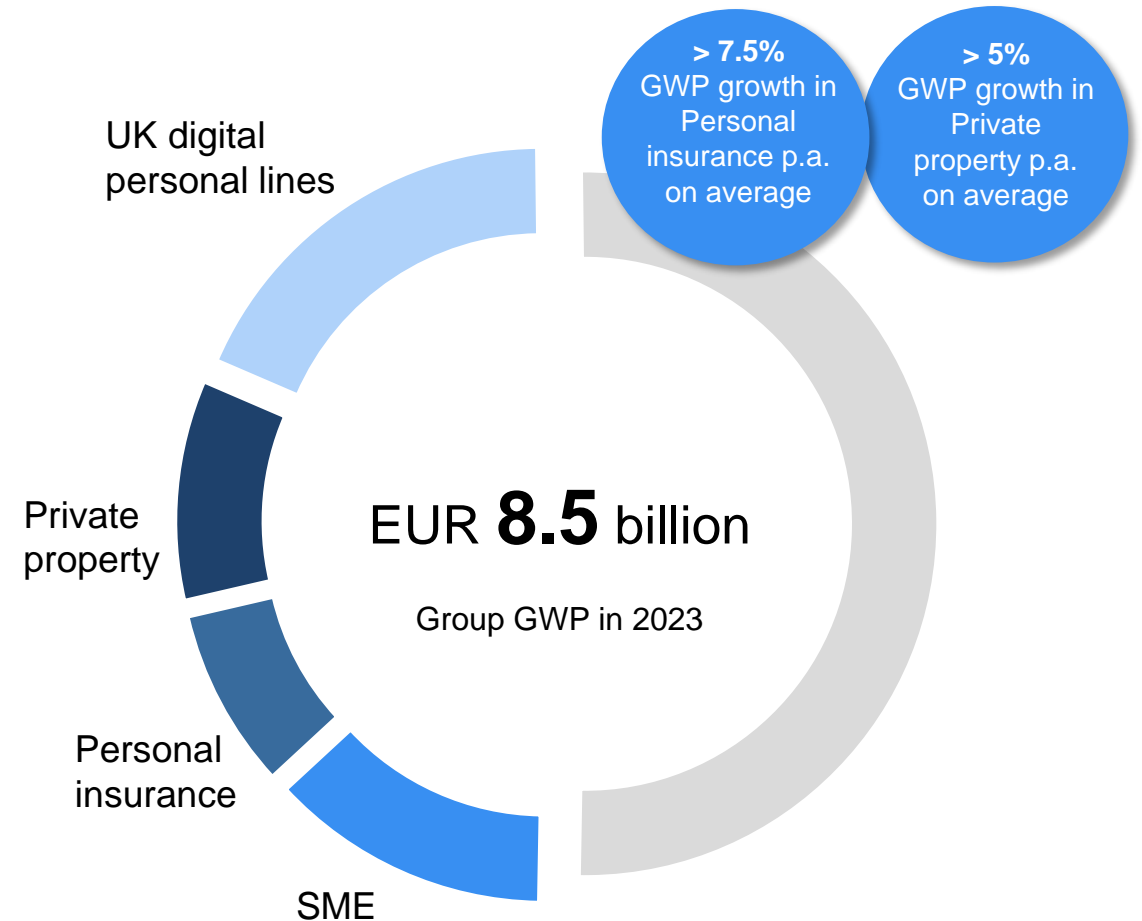
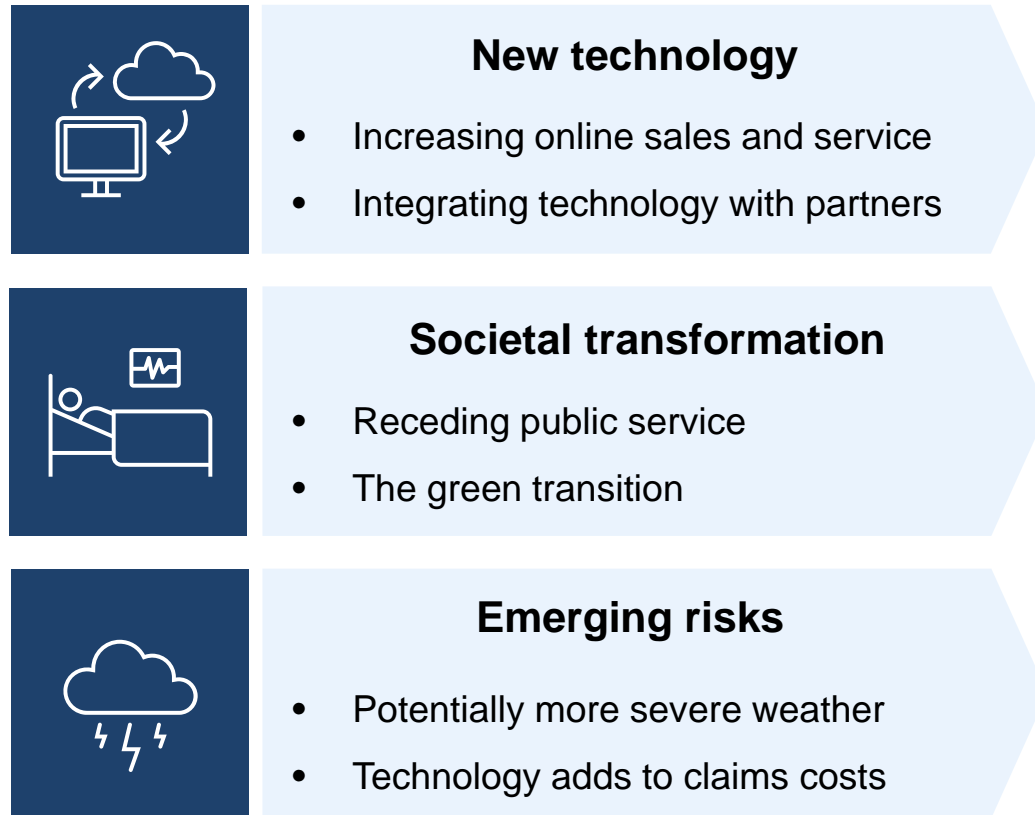
Underwriting profit, EURm







# Leveraging our strong position to capture growth opportunities





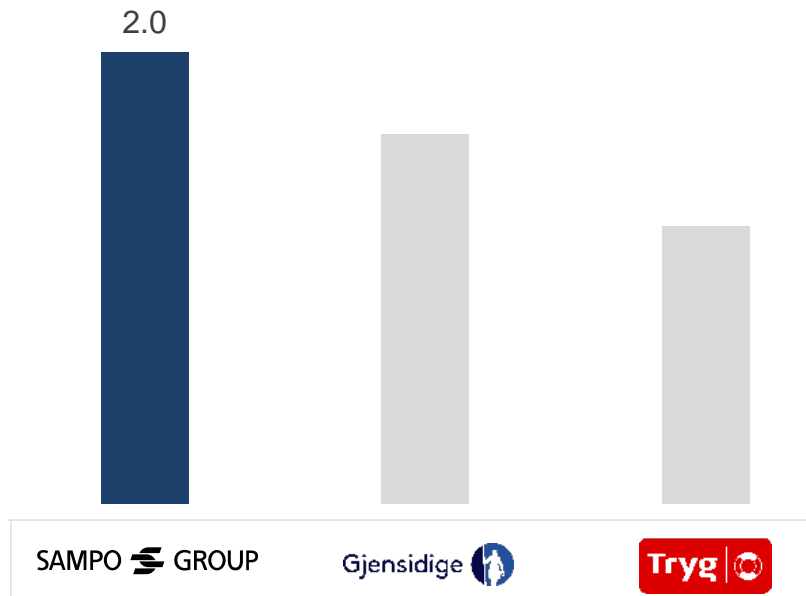
# The market leader in Nordic commercial P&C insurance

## Attractive market characteristics

- ✓ Stable market shares over time with disciplined competition
- ✓ Top 4 providers >65% of premiums in all countries & few international players
- ✓ Direct distribution dominant in all countries
- ✓ High cost efficiency, direct channels dominating in the smaller segments

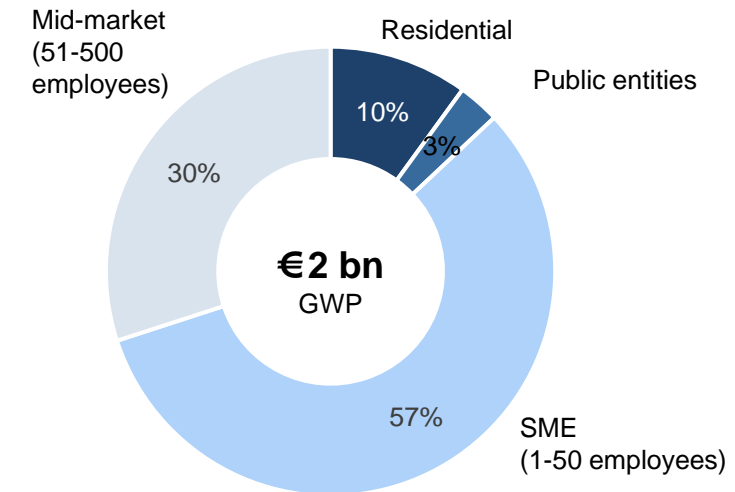
## Sampo is the market leader

Commercial premiums in 2023, EURbn



## Focus on SMEs

Group Commercial premium mix



> 6%  
GWP growth in  
SME portfolio  
p.a. on average

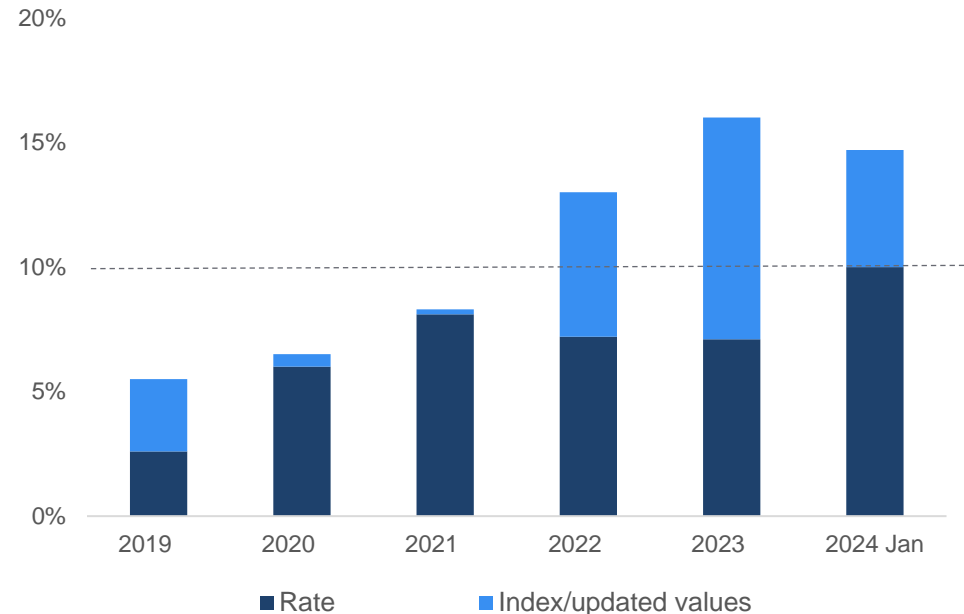
€45 mn  
Commercial  
digital sales  
by 2026



# Capitalising on our leading position in Nordic Industrial lines

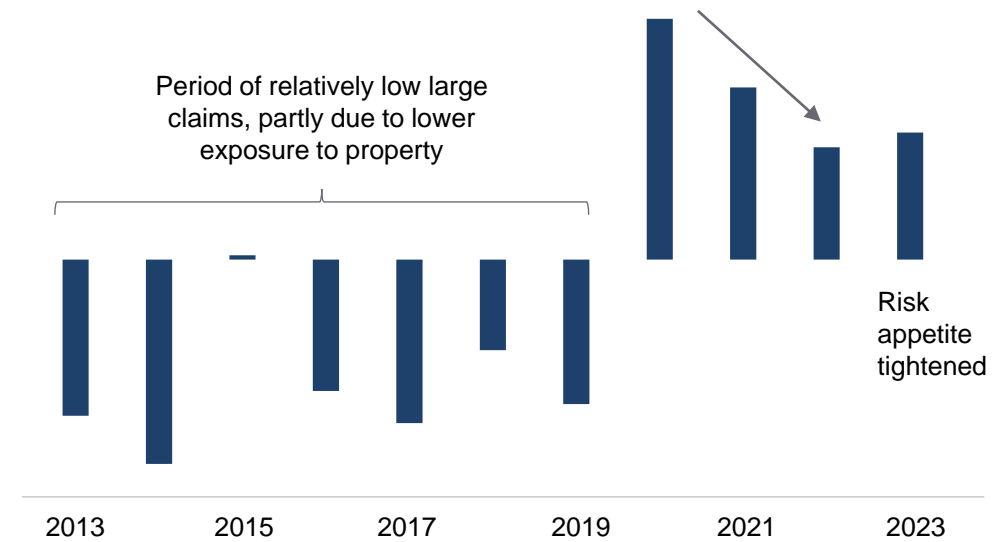
## Significant re-pricing in recent years

Premium increases in Industrial 2019-2024



## Focus on managing large claims

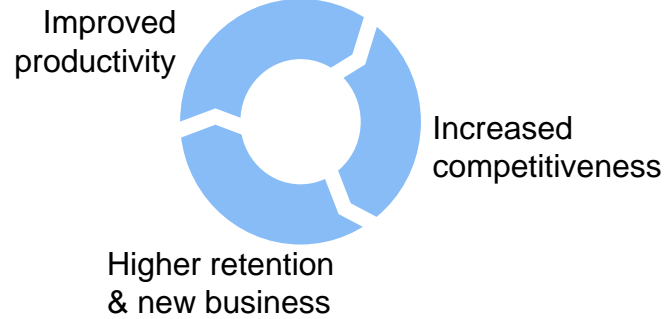
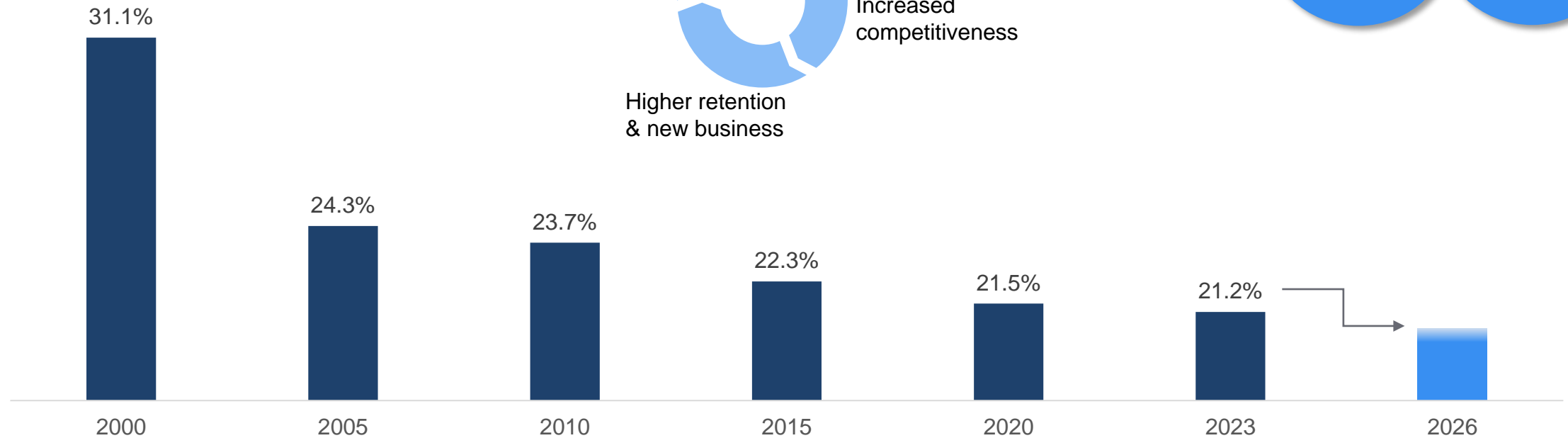
Large claims outcome vs period average 2013-2023 (% of NEP)





# Digital investments support continuous productivity improvements

If P&C cost ratio 2000-2026



~20bps  
If P&C cost ratio reduction p.a.

>70%  
If P&C online reported claims by 2026



# Experienced management team with excellent track record



**Chief Financial Officer**

**Knut Arne Alsaker**

26 years P&C insurance industry experience



**Group CEO**

**Torbjörn Magnusson**

33 years P&C insurance industry experience



**Chief of Strategy**

**Ricard Wennerklint**

29 years P&C insurance industry experience



**If P&C**

Morten Thorsrud



**Private**

Ingrid Janbu Holthe



**Commercial**

Klas Svensson



**UK**

Toby van der Meer



**Investments**

Ville Talasmäki



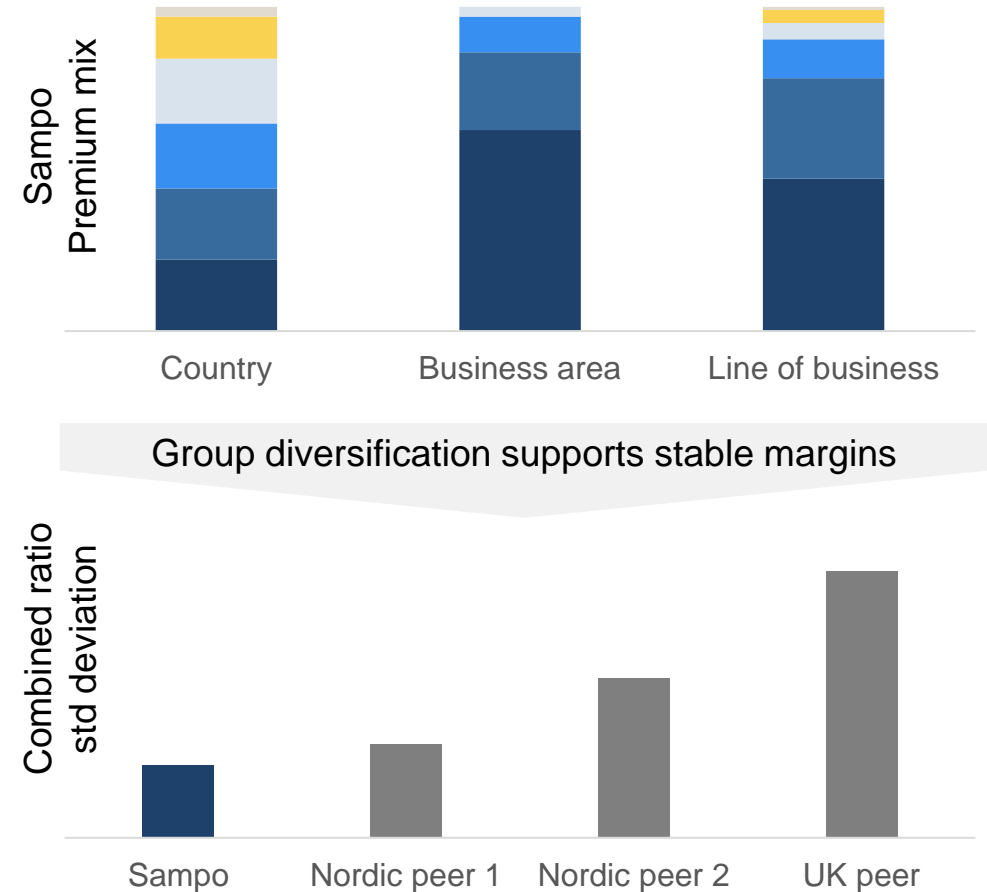
✓ Extensive P&C insurance expertise

✓ Strong track record of financial delivery

✓ Incentives aligned with shareholders and targets

# Strong underwriting culture and diversification underpins margins

- Disciplined underwriting is in our DNA
- High margins enabled by cost efficiency
- Diversification ensure stable gross margins
- Limited reliance on reinsurance



Measured over 2019-H123; peer group consists of Tryg, Gjensidige and Admiral.

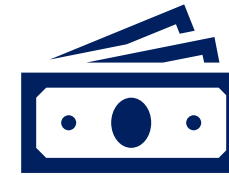
# Disciplined approach to capital management



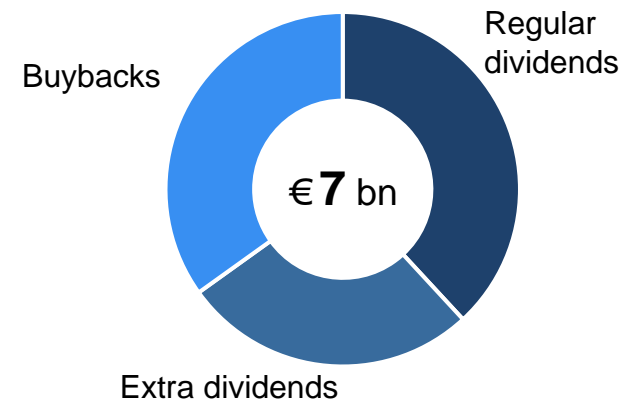
**EUR 1 billion reinvested P&C insurance growth**



**Hastings**

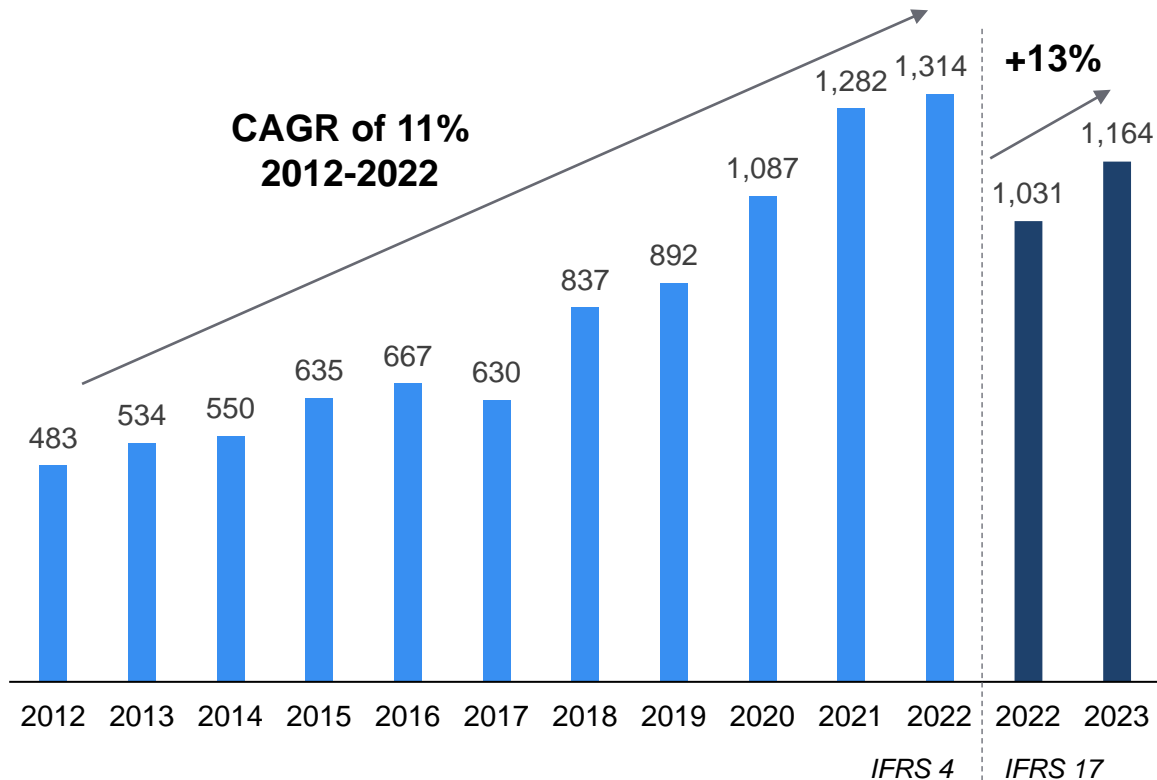


**EUR 7 billion returned to shareholders**

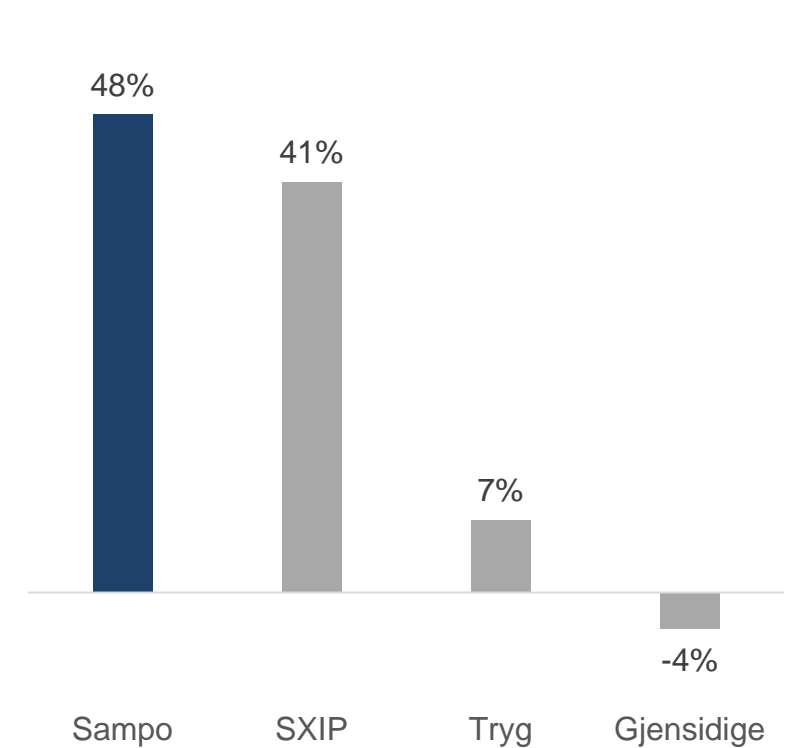


# Sampo has delivered outstanding profit growth and TSR

Underwriting profit (EUR mn)



Total shareholder return since CMD 2021



Total shareholder returns 23 February 2021 – 28 February 2024; Sampo total shareholder return adjusted for the demerger; SXIP = Stoxx Europe 600 Insurance.



# Q&A



# Nordic P&C

**Driving growth and productivity through digitalisation**

Morten Thorsrud, Ingrid Janbu Holthe



# If three-year performance well above Feb 2021 CMD targets

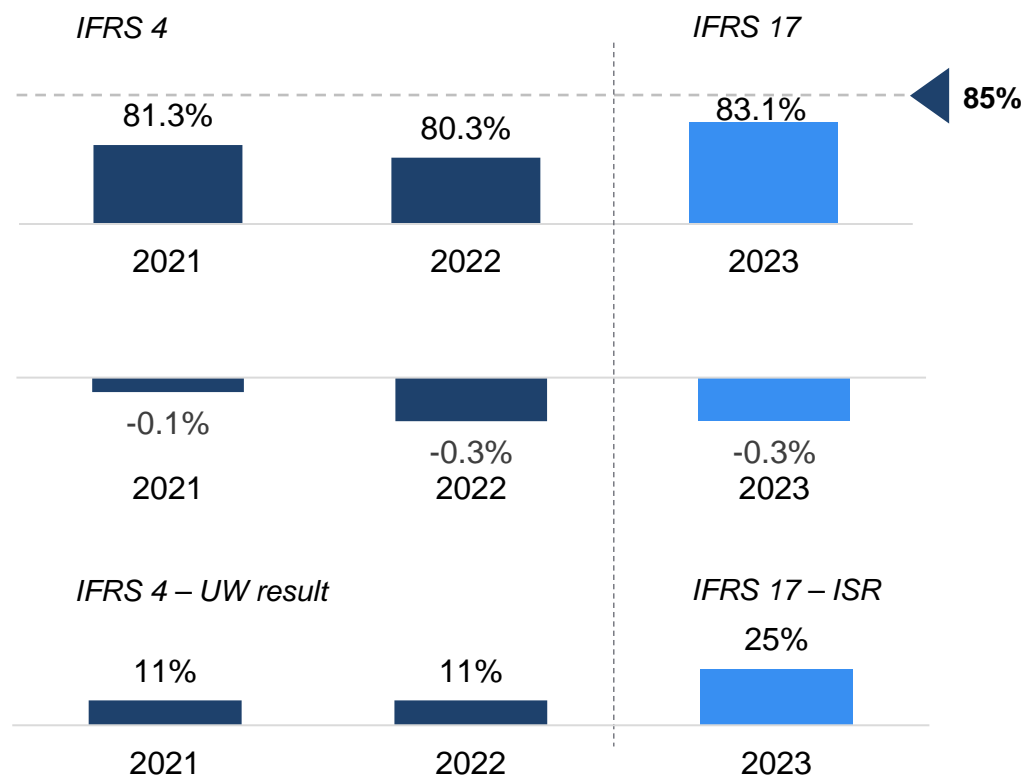
## If P&C financial targets 2021-2023

**Combined ratio:** Combined ratio < 85%  
– lowest ever target for a 3 year period

**Cost ratio:** Further reduced cost ratio –  
continue trajectory of ~20bps annual reductions

**Underwriting result:** Mid single digit  
growth in underwriting result

## Outcome financial targets



Stable and **strong combined ratio** development and **outperforming target**

**Continued average reduction** of approx. 20bps per year

**Growth in underwriting result** reached the **target by a margin**

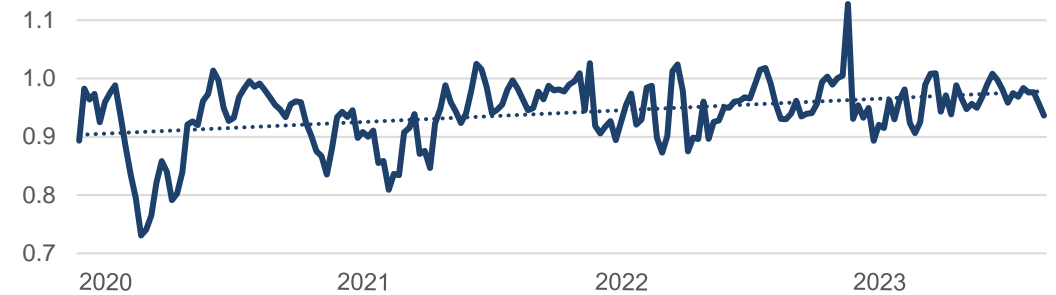
# Taking stock of current market trends

## Market environment entering 2024

- Nordic claims inflation on average at 4-5 per cent, but recently trending towards the lower range. Visibility on future salary and cost inflation has gradually improved throughout the year
- Building claims inflation has come down from the high levels seen recently (which were mainly driven by material prices)
- Motor claims inflation has stabilised at a relatively high level, partly on pressure from weak currencies
- Frequency back to normal after pandemic
- Significant NatCat events and hardening reinsurance market
- New cars sales stable but continued low level in a historical perspective

## Claims frequency development – If P&C Private motor

Indexed numbers where 1.0 is historical pre-pandemic frequency level, weekly data



## Claims inflation development – If P&C Nordic

### Nordic building inflation

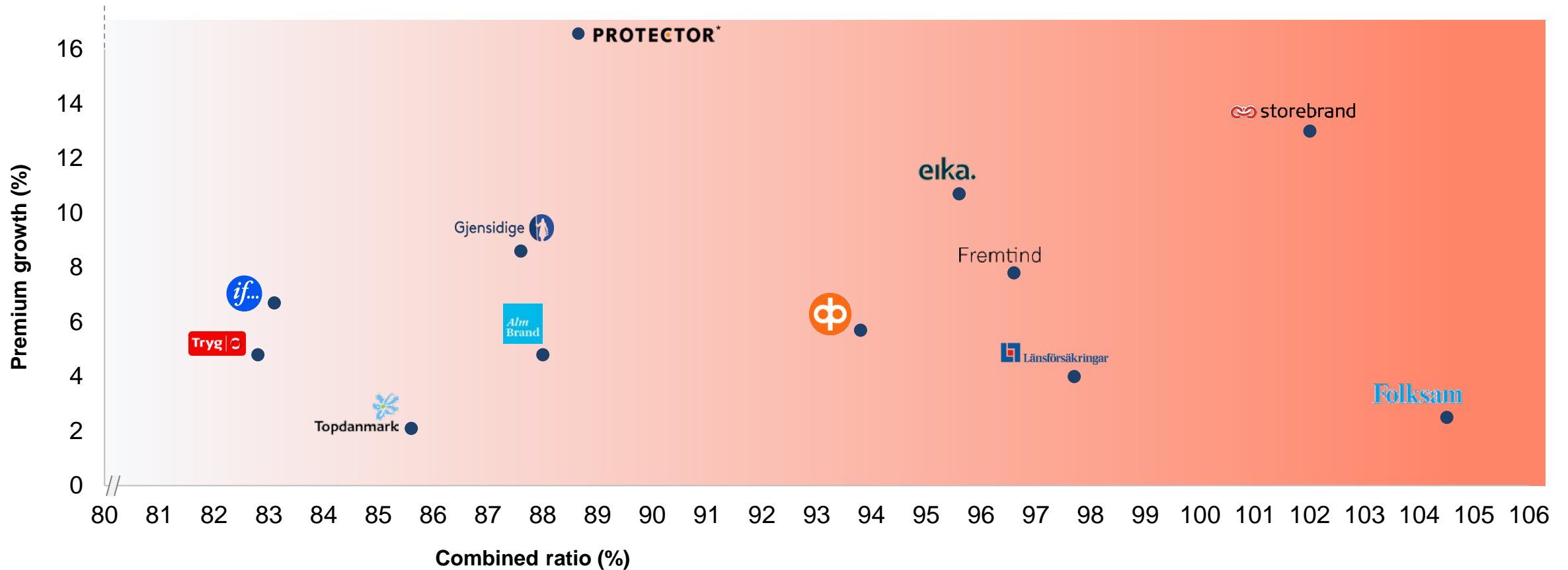
2019 2020 2021 2022 2023

### Nordic motor inflation

2019 2020 2021 2022 2023

# Proactive pricing for claims trends shows results

## Profitability and growth 2023

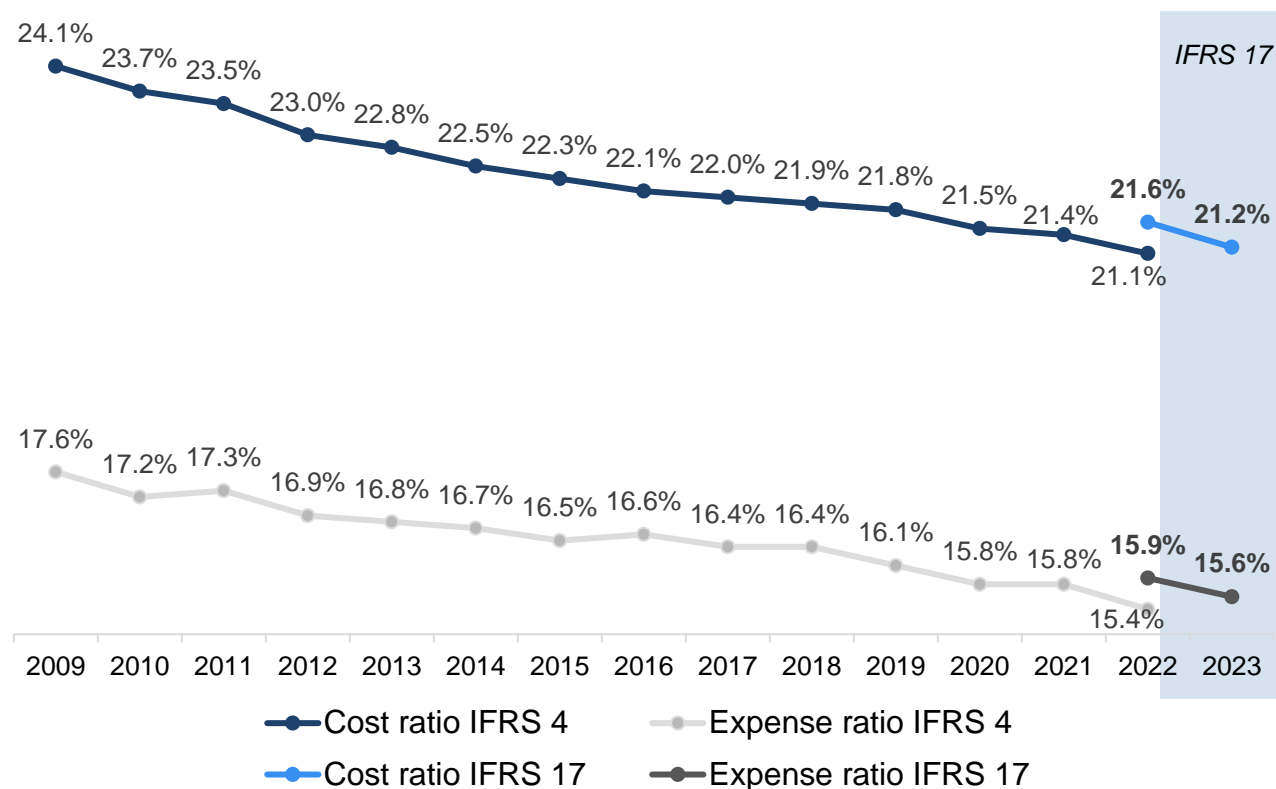


Premium growth excluding currency effects for If and Gjensidige

\*) Protector premium growth is measured 37%

# Operational ambition to continue track record of further yearly cost ratio reduction

If's cost ratio has improved every year since 2009



Education and development costs are included in If's cost ratio  
 2015 cost ratio adjusted for non-recurring item  
 IFRS17 numbers from 2023. IFRS 17 restated 2022 cost ratio: 21.6%, expense ratio: 15.9%

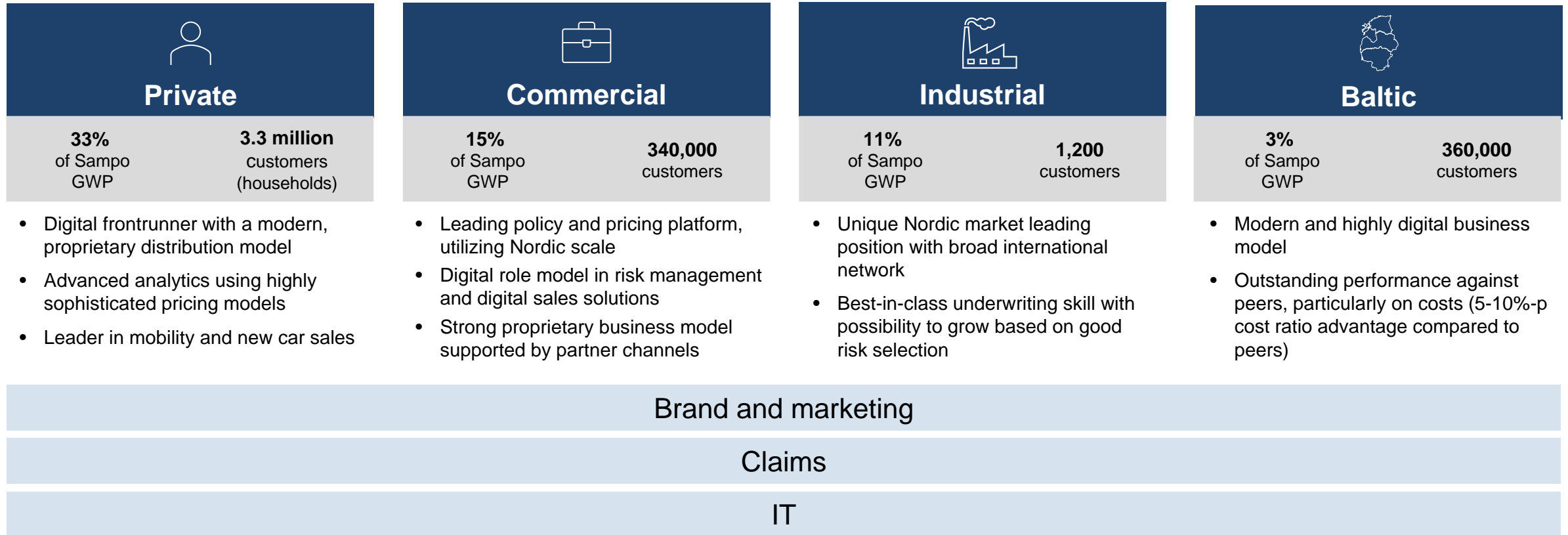
~20bps  
 If P&C cost ratio  
 reduction p.a.

- Cost efficiency has been If's trademark for years with 2023 being the 14<sup>th</sup> consecutive year in which the cost ratio has improved
- Financial discipline – currently no capitalization of IT development cost
- If's cost ratio includes Education and development costs
- If is well positioned to continue its trajectory of reducing cost ratio through efficiency improvements from further digitalisation and automation



- Operational ambition to further yearly cost ratio reduction of ~20bps

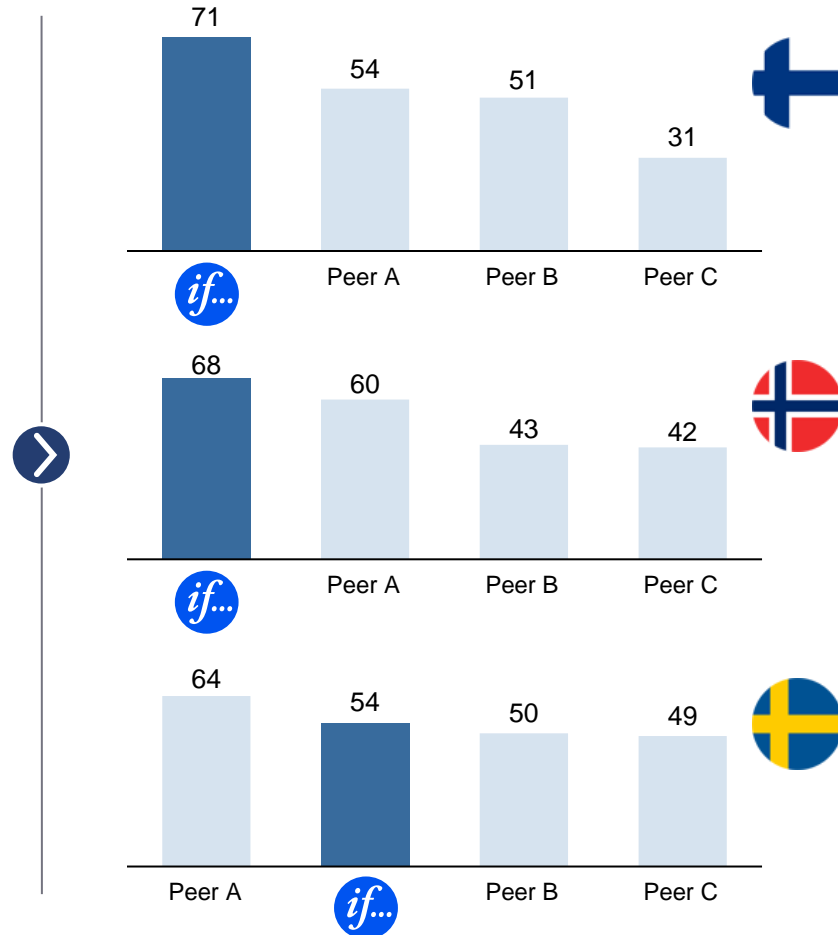
# Integrated operating model strengthens our competitive advantages



# If has a strong brand position which is paramount in a modern digital distribution model



## Spontaneous brand awareness in the Nordic market\*



**Top rank**

The If brand is one of the strongest in the Nordic market

**>42m visits**

Strong brand message over many years resulted in more than **42 million visits to our if.xx websites last year**

**>50%**

**Share of direct traffic, growing year over year**

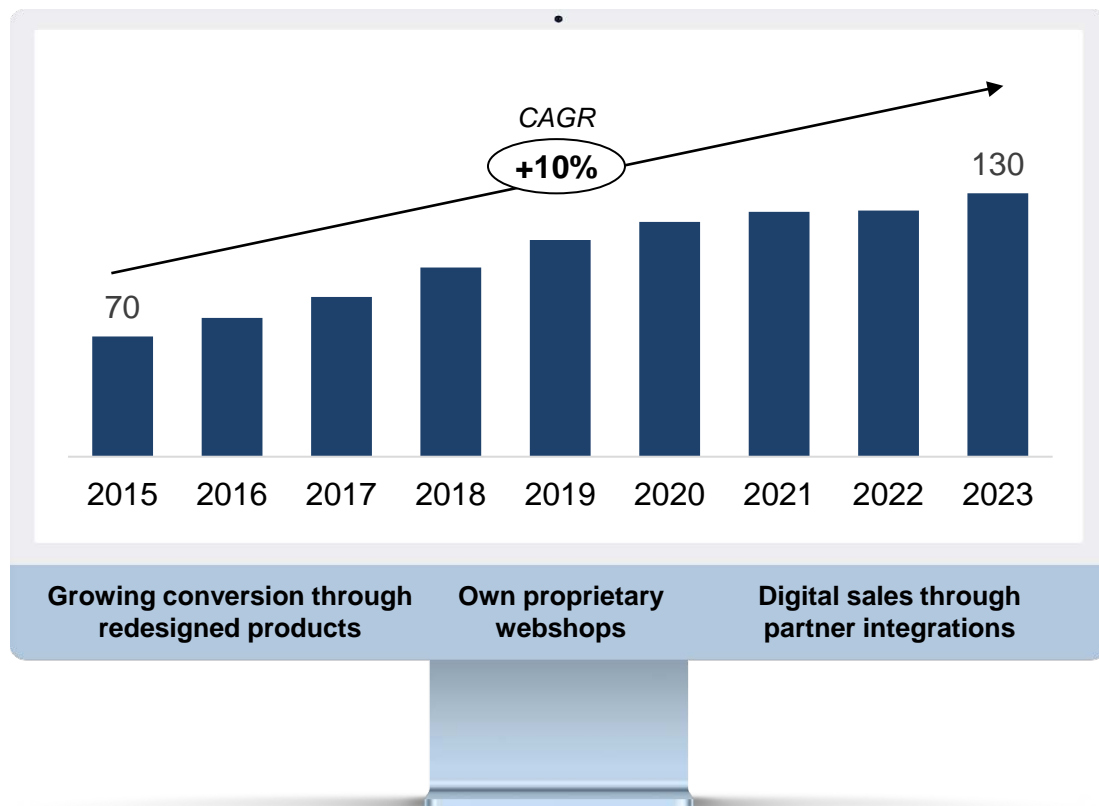
\*)Total Spontaneous (In Mind) awareness by Kantar, Q4 2023. Peers are anonymized and differ on markets



# Increasing share of digital sales is leading to very efficient distribution model

Digital sales are on a strong trajectory and expected to continue to grow

Private, Digital sales\*, EURm



\*) Graph and CAGR based on reported numbers in SEK

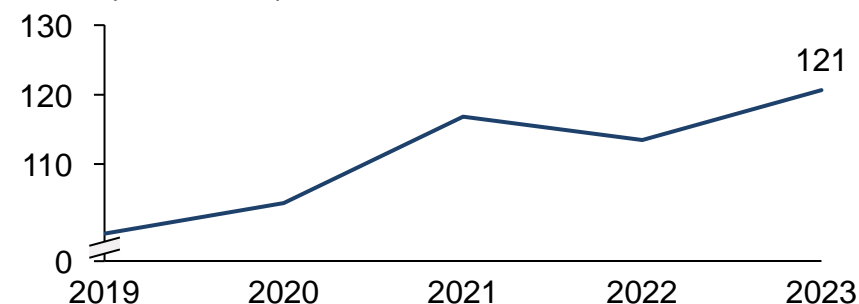
Smooth online purchases lead to increased cost efficiency and sales volumes

- **54%** of all incoming sales, up from 29% in 2015
- Biggest new customer acquisition channel, **>145,000 new customers** via webshops
- **Growing sales through up-sales** via customer service platform

> €160 mn Private digital sales by 2026

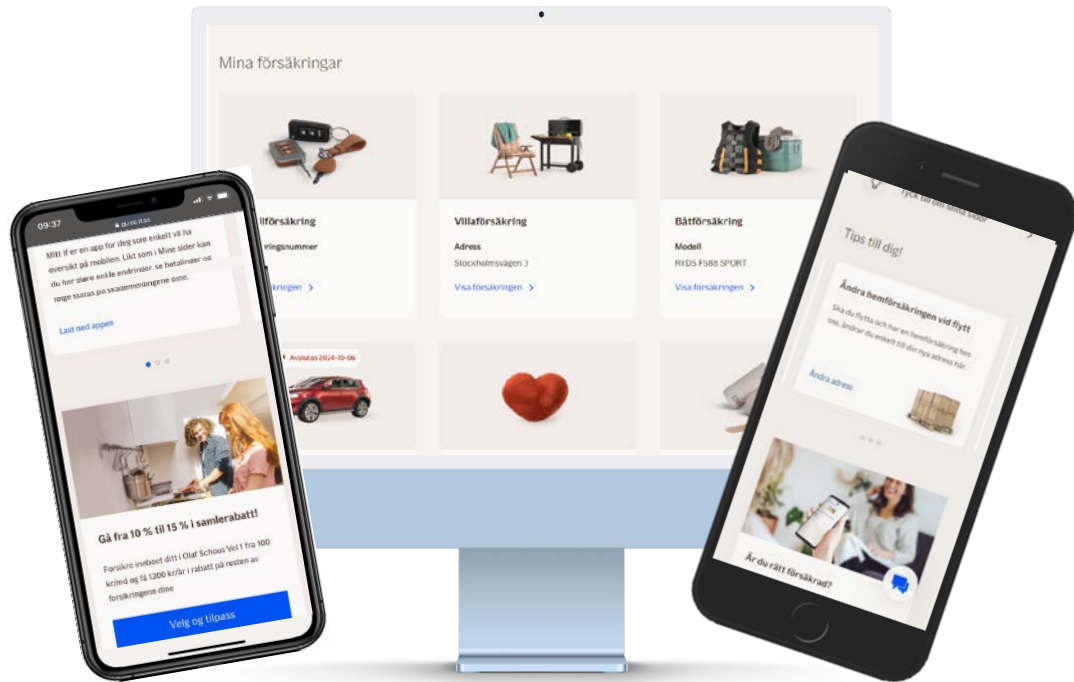
## Leading to improved distribution economics

Indexed Sales premiums/acquisition cost



# Digitalisation of the customer journey is a strong driver for long term customer retention

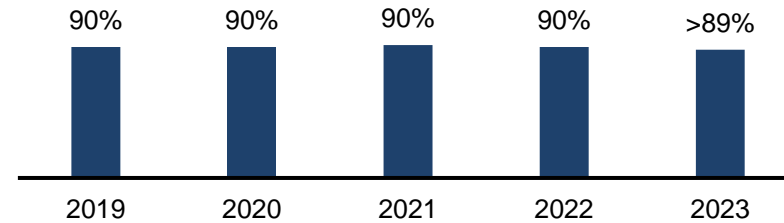
## Digitalisation of all parts of customer journeys



- Initiated **self service tasks +20% yoy**
- **Chatbots** supporting omnichannel customer service efficiency
- Growing **use of If App** in all markets

## Supports both customer retention and strengthens If's brand as digital insurer

### Private retention



89% or higher  
Retention in  
Private

**>80%** of our customer contacts are initiated online

**6 pp** higher customer satisfaction among customers using digital as main channels

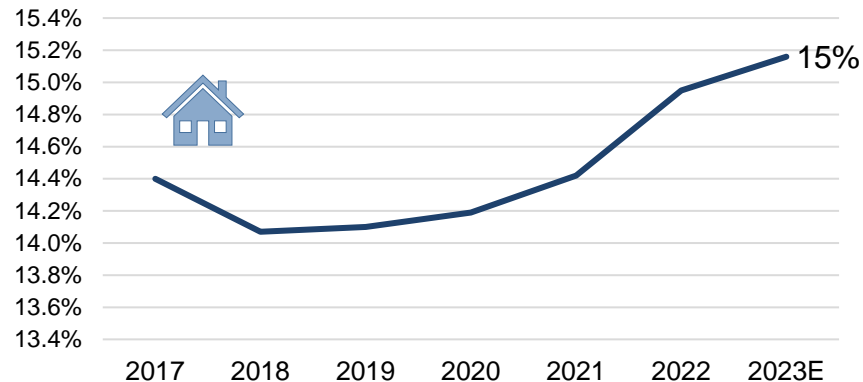
# Strong business momentum in Private Property set to continue

## Significant cross selling opportunity within large loyal customer base

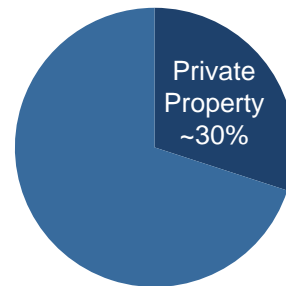
- Private Property segment GWP 2023: approx. **EUR 900 million**
- Positive and increasing growth over time with an average growth of **5%** past three years\*
- Approximately **50%** of customers have at least homeowner or householder insurance
- Strong position with extensive digital product offering, broad channel mix, relevant partnerships and pricing capabilities supporting growth outlook

### Nordic market share, Property\*\*

Premiums

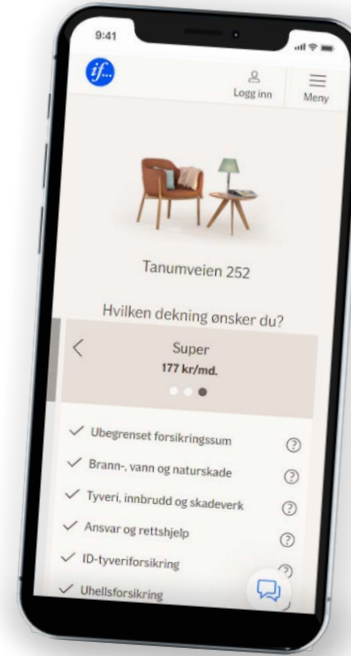


### Private Property share of Total Private GWP



## Example: Householder product for Norwegian customers

> 5% GWP growth in Private property p.a. on average



- Redesigned householder sales process and a new tariff
- Simplified overall customer journey
- Sales growth of +60% in webshop

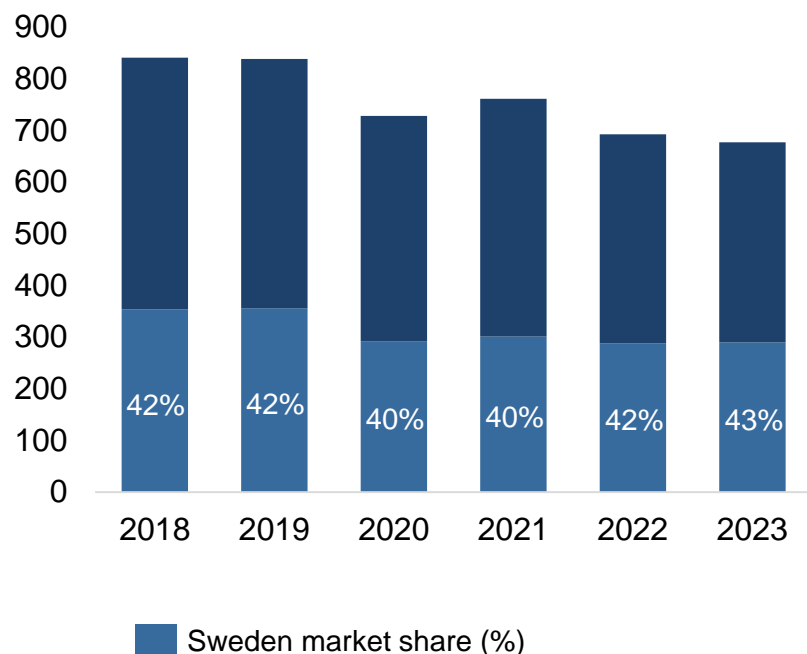
\*) CAGR based on reported 2020-2023 numbers in SEK, excluding currency effects

\*\*\*) Based on market statistics. 2023E extrapolated from Svensk Försäkring (SE) Q3 2023, FNO – Finans Norge (NO) Q3 2023, Finance Finland (FI) Q4 2022, Forsikring & Pension (DK) Q3 2022

# Leverage position as leading automotive partner, well positioned for car sales rebound and digitalisation of industry

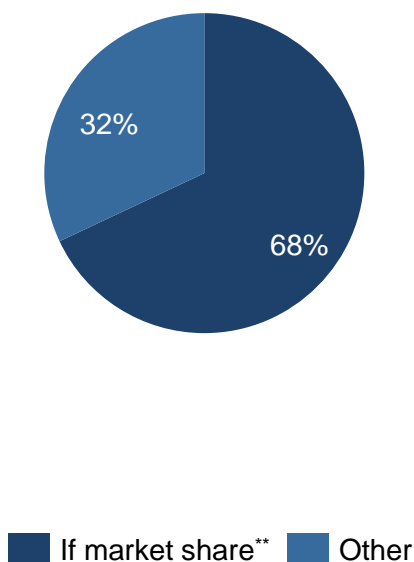
Sweden accounts for ~40% of total new car sales market in the Nordics

Number of passenger cars sold (1,000)



If is holding the largest market share in the Swedish CDW\* market

2023 figures



If will secure growth when new car sales volumes normalize

- If Motor GWP 2023: **EUR 2 billion**
- **25% market share** in Nordic new car sales\*\*\*
- **1/5 of cars** in the Nordics are insured by If
- Strong **partnerships** with the major car brands in the Nordics
- Scale benefit in negotiations with If's **2,800 partner workshops**
- Strong position to capture growth as car sales increasingly becomes **digital**

- Increased **new car sales by 100,000** in the Swedish market generates a positive impact of approx. **EUR 55 million in GWP**
- More limited effects in other Nordic markets

\*) CDW = Car damaged warranty for three years, requiring strong relationship with importers. After 3 years, it is often converted to the initial car insurer

\*\*) If market share calculated using number of newly registered cars 2023

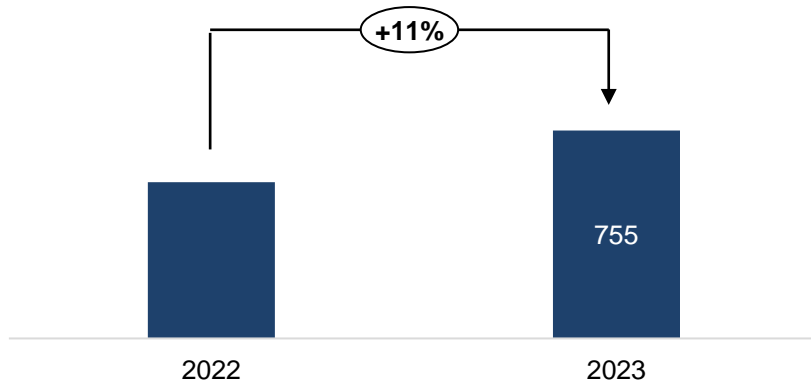
\*\*\*) Market share new car sales refer to cars <3 years old

# Significant growth potential in personal insurance by increasing penetration with current customers

## Up-sales potential in all countries to existing customer base

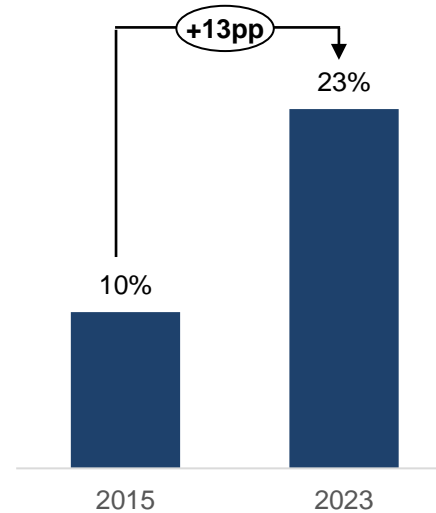
- If has 3.3 million households as customers, of which ~40% already have some personal insurance products with If
- 50% of B2B customers have employees insured in If, with increasing trend in demand

If personal insurance GWP (excl. workers compensation)\*\* , EURm

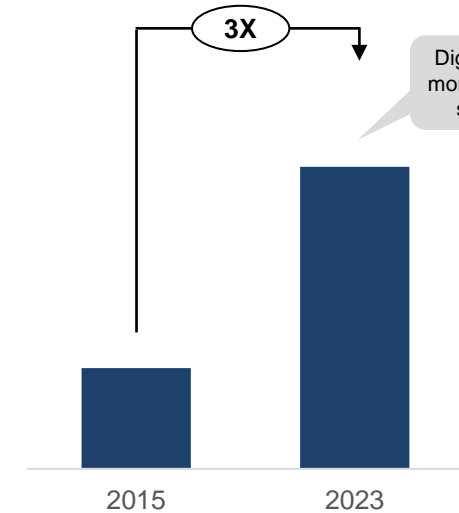


## Continued focus on digital capabilities will become key to win personal risk market

Share of PI sold in digital channels  
Objects, Private



Digital sales PI  
Number of objects,  
Private



> 7.5%  
GWP growth in  
Personal  
insurance p.a.  
on average

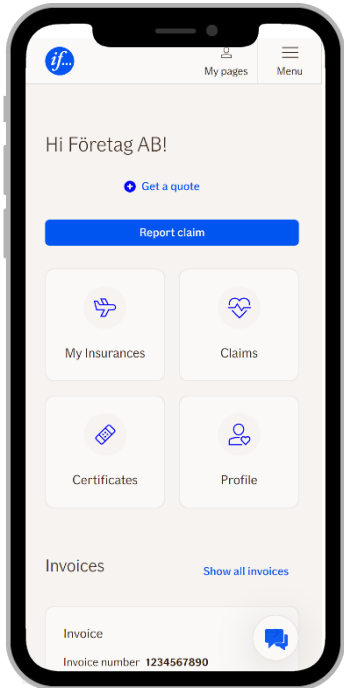
Digital PI sales\*  
more than tripled  
since 2015

\*) No of policies, excludes travel and started group policies, Kaleva and Mandatum

\*\*\*) Graph based on reported numbers in SEK, growth number excluding currency effects

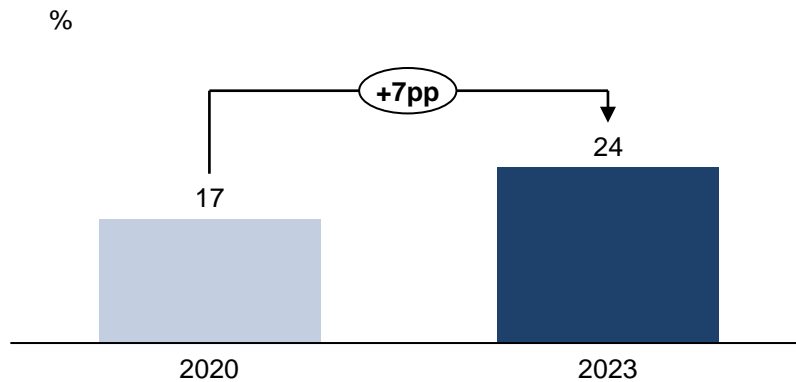
# Capture growth potential in the Commercial SME segment with support from a strong digital service offering

## SME digital offering is gaining traction



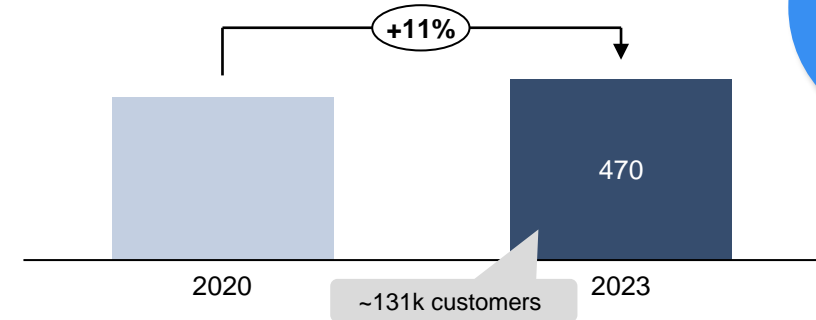
- **30%** of new SME customers start their journey online

### Digital share of total SME sales



## Premium development in SME portfolio

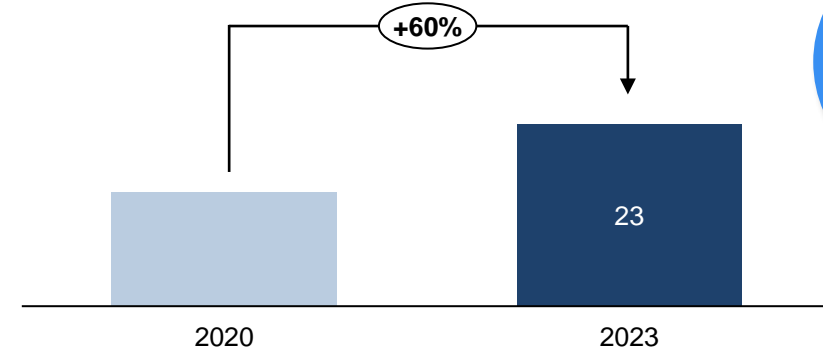
Premium development (GWP), EURm



**> 6%**  
GWP growth in SME portfolio p.a. on average

### Total digital sales\*, Commercial

EURm

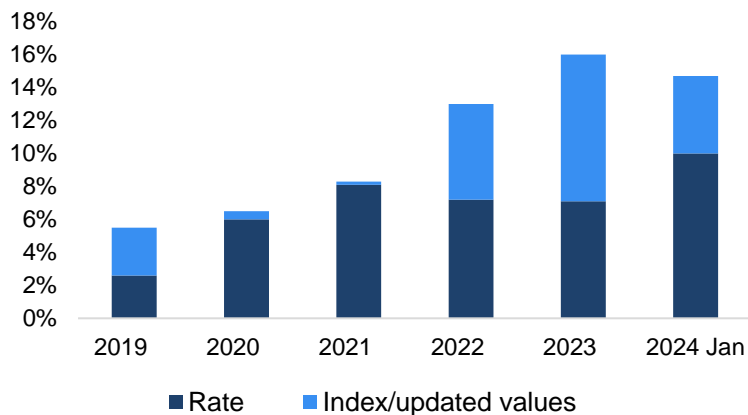


**€45 mn**  
Commercial digital sales by 2026

\*) Total digital sales Commercial includes SME, Micro and some larger clients  
Graphs based on reported numbers in SEK. Premium growth number excluding currency effects

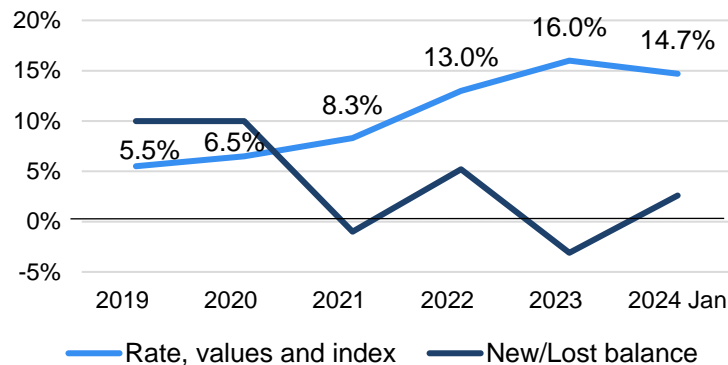
# Capitalize on market position after implemented premium increases in the Industrial segment

## Rate, values and index on renewed clients



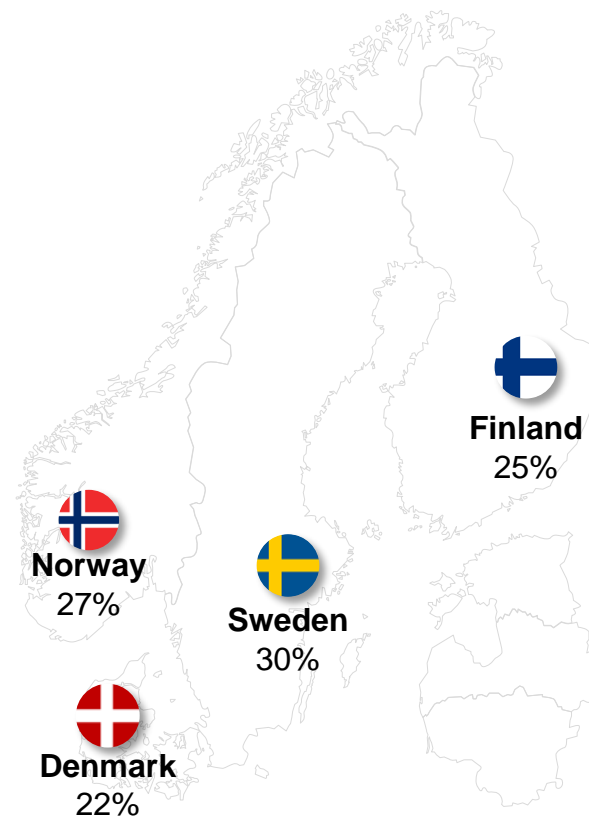
- Significant premium increases during the recent years to enhance rate adequacy
- Premiums also adjusted materially to reflect higher insured values
- Cumulative underwriting profit contribution of EUR 300 million over last 10 years

## Re-pricing main contributor to the growth



- Retention remains high despite continued significant rate increases
- Continued focus on risk selection and volatility management

## Estimated market share



#1

In all 4 Nordic markets

966 EURm

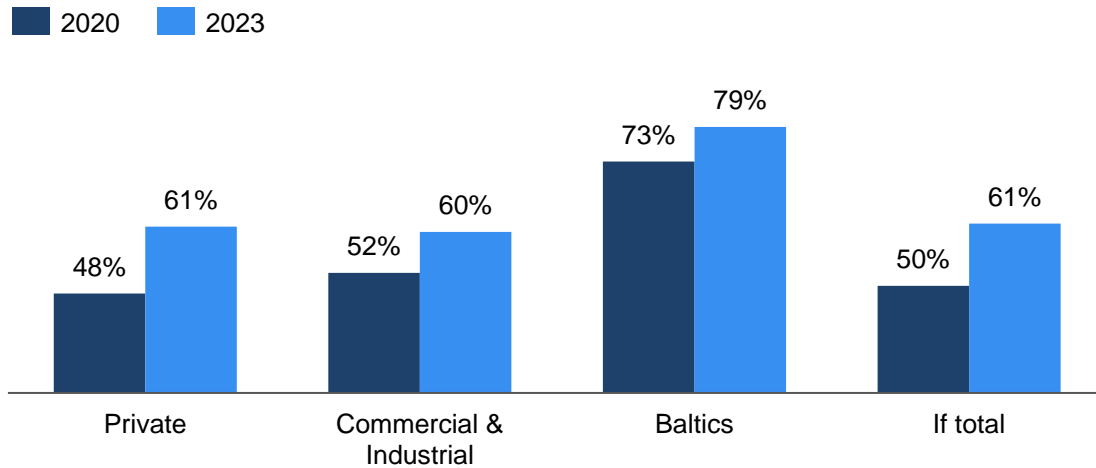
GWP in 2023

1,200

Large Nordic corporates

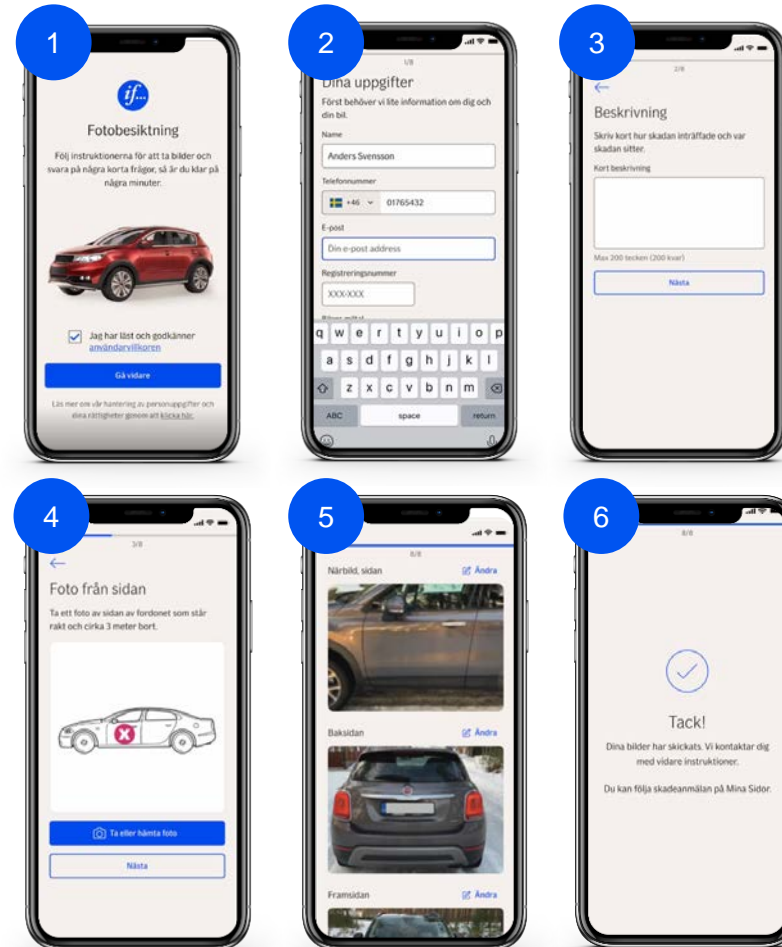
# Digitalisation as a key lever for claims efficiency

## Share of digitally reported claims (online + partners)



- Significant potential for continued automation and efficiency gains
- Well positioned to identify and combat fraud
- Increased identification of and success in recourse cases
- Significant improvement of customer experience

## Automation to create smoother claims journeys

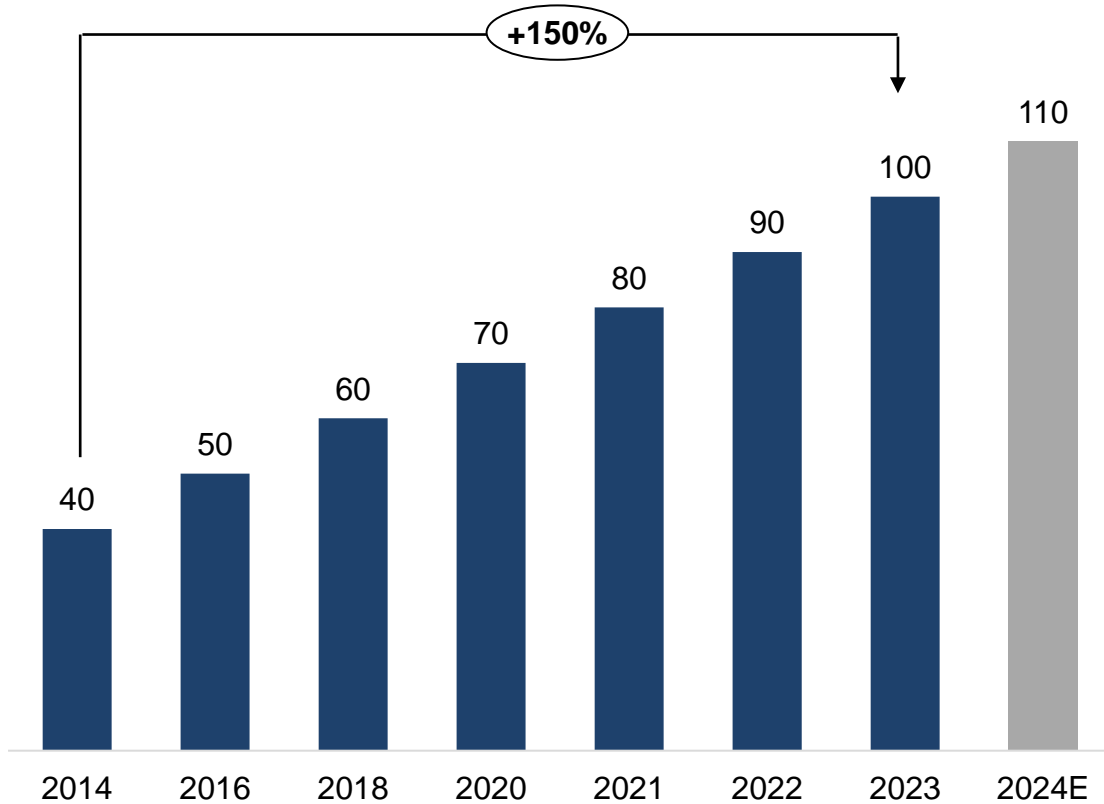


**>70%**  
If P&C online reported claims by 2026



# Continued investments in digitalisation to ensure digital leadership

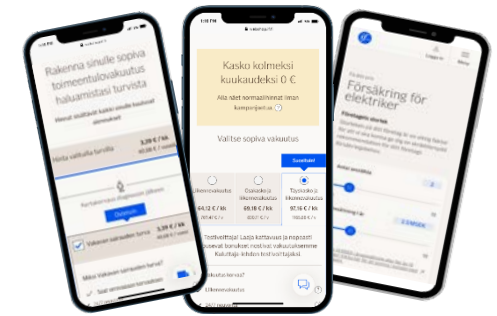
Since 2014 yearly IT investment spend has increased with 150% with a CAGR of 11% 2014-2023, EURm



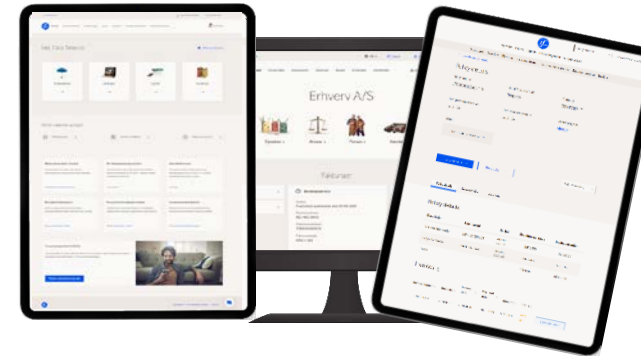
No capitalization of IT investments

Resulting in expansion of the Nordic landscape of digital solutions, improving customer journey and efficiency

Launching and improving webshop solutions for Private and Commercial customers within different products



Self-service channels for Private, Commercial and Industrial



Continue investing in core systems and enablers for digital partner business



# Ensuring strong trajectory on operational ambitions will support reaching our CMD targets

Operational ambition	2023 result	2024-2026 ambition
<p><b>Growth</b></p> <ul style="list-style-type: none"> <li>• Customer retention, Private</li> <li>• GWP growth PI, period average</li> <li>• GWP growth SME, period average</li> <li>• GWP growth Private Property, period average</li> </ul>	<p>&gt;89%</p> <p>11%</p> <p>3%</p> <p>6%</p>	<p>89% or higher</p> <p>&gt;7.5%</p> <p>&gt;6%</p> <p>&gt;5%</p>
<p><b>Digitalisation</b></p> <ul style="list-style-type: none"> <li>• Digital sales total, Private</li> <li>• Digital sales total, Commercial</li> <li>• Online reported claims</li> </ul>	<p>130 EURm</p> <p>23 EURm</p> <p>61%</p>	<p>&gt;160 EURm by 2026</p> <p>45 EURm by 2026</p> <p>&gt;70% by 2026</p>
<p><b>Cost efficiency</b></p> <ul style="list-style-type: none"> <li>• Further annual cost ratio reduction</li> </ul>	<p>30bps</p>	<p>~20bps</p>

# UK P&C

**Capturing growth in the digital UK insurance market**

Toby van der Meer



# Overview of Sampo Group's UK operation

Leading digital insurer, focused on UK motor and home insurance

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- Over 90% of new business from comparison websites (PCWs)
- Long track record of profitable growth – 3.5m customer policies, up from 0.8m in 2010, with consistent operating ratio outperformance vs. the market
- Large remaining market opportunity
- Business model differentiated from traditional players
  - Digital capabilities, PCW focus and mobile app
  - Heavy investors in data, pricing and anti-fraud analytics
  - Modern cloud-based tech platform
  - Stable, experienced team. Strong culture
- 100% part of Sampo since 2021, benefitting from financial strength and reinsurance flexibility

# Results and recent developments

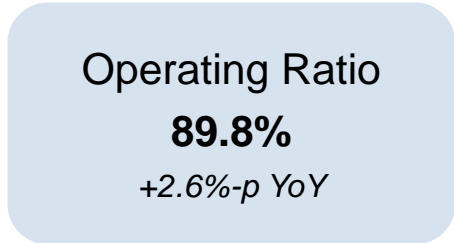
## 2023 result highlights

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**Strong GWP and policy count growth**



**Operating ratio impacted by claims inflation**



**Solid bottom line results**



## Latest trends

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- Benefit from earn through of significant 2023 price increases
- Industry rating action sufficient; now levelling off
- Claims inflation started to moderate during Q4 and early 2024; being monitored closely
- Lower claims frequency seen in recent months

# Material growth runway in our core markets

## Large markets dominated by PCWs

### Motor



**32 million**  
policies

**EUR 17.3 billion**  
GWP

**91%**  
PCW NB share\*

**8%**  
Hastings' share\*\*

### Home



**21 million**  
policies

**EUR 4.6 billion**  
GWP

**75%**  
PCW NB share\*

**3%**  
Hastings' share\*\*



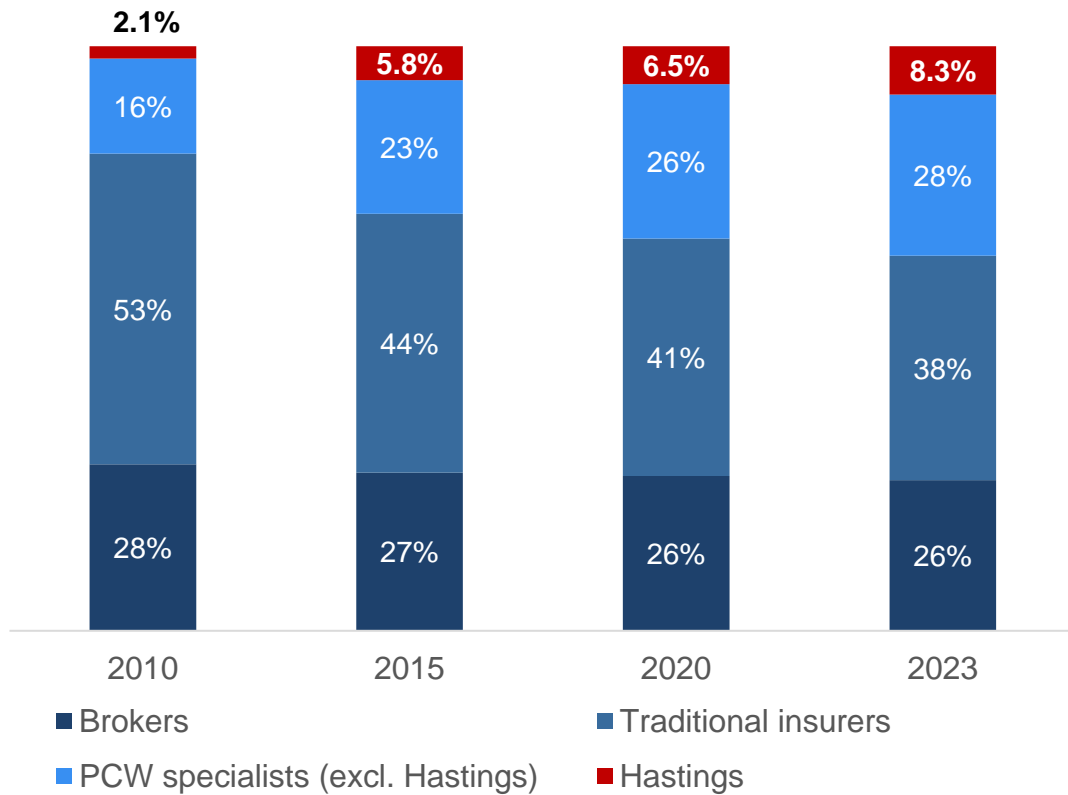
## Hastings growth drivers

- Continued consumer switching (PCW growth)
- Pricing/fraud capabilities
- Business model (focus, low cost, minimal GIPP impact, well capitalised, debt free, etc)
- Technology and pace of change (pricing, fraud, cloud, new products)
- Large share of market (est. >50%) still held by traditional insurers and brokers

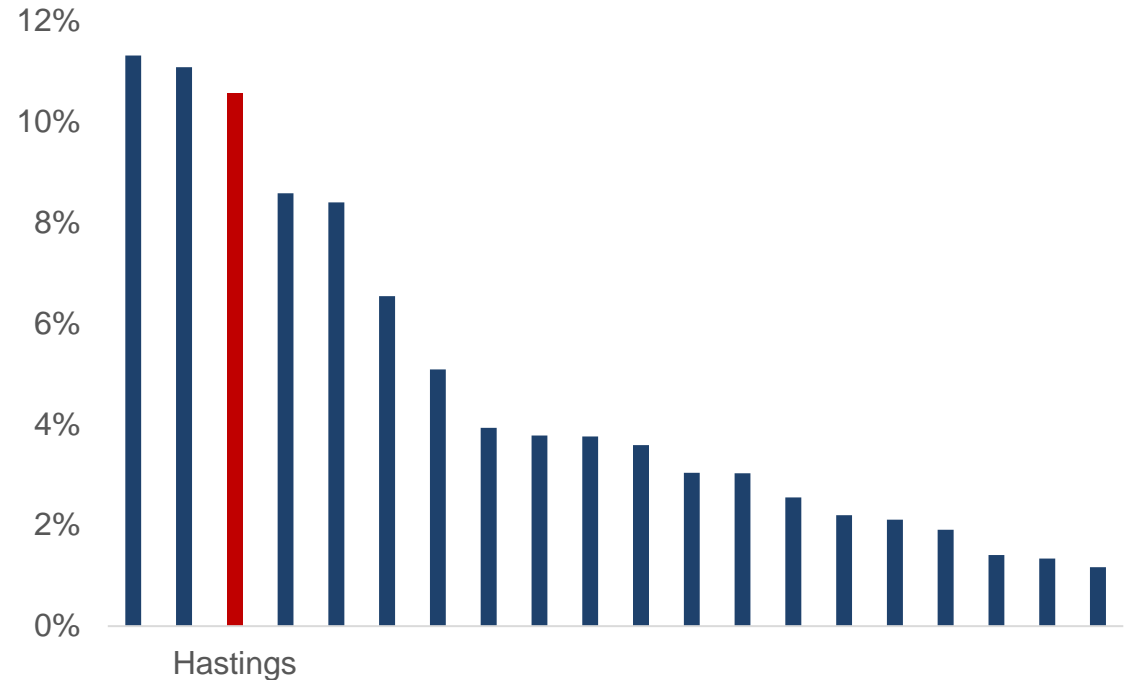
\*) Price Comparison Website share of total market new business; \*\*) Market share as at 31 December 2023; Motor market size GBP 15 billion, Home GBP 4 billion; Source: ABI

# Digital distribution provides significant growth opportunity ...

## PCW specialists have continued to gain motor market share (customer policies)



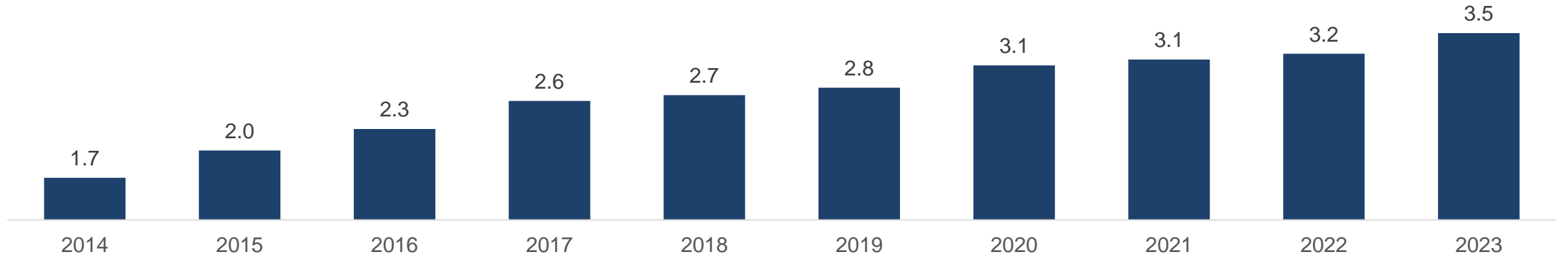
## Hastings already top 3 in share of new business sales



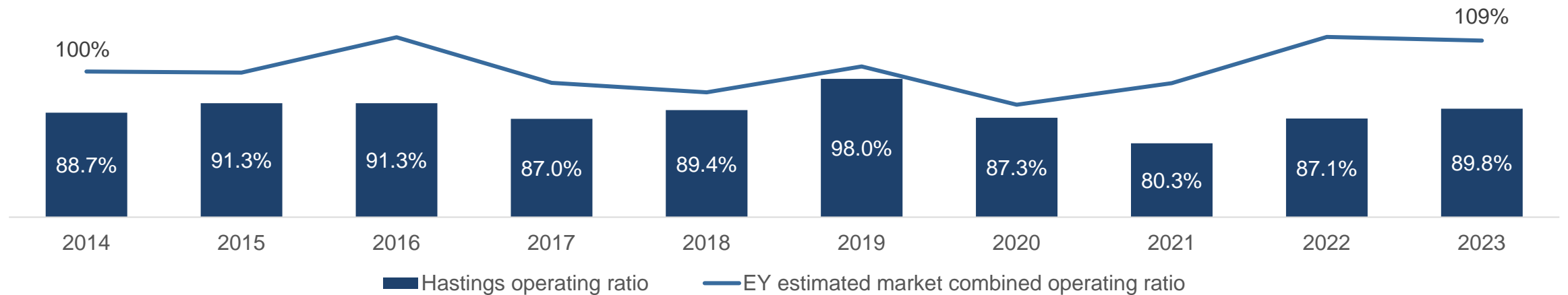
Source IPSOS market survey and management analysis; Hastings PCW new business market share – full year 2023 estimate

## ... and attractive economics for those with specialist capabilities

### Long track record of customer growth (millions of policies)



### Operating ratio consistently below the market

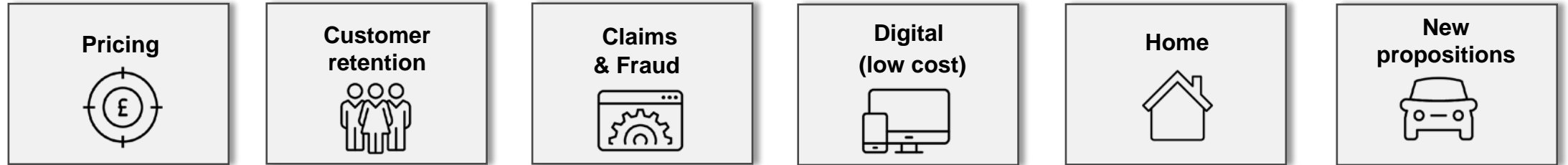




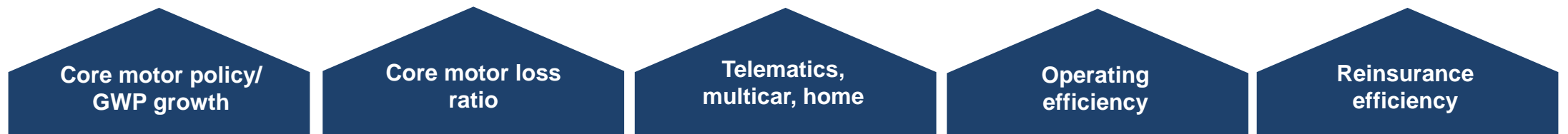
# Clear profitable growth ambition underpinned by ongoing initiatives

Continuous investment in focused initiatives

Consistent circa EUR 50-60 million targeted investment per annum



Ambition: 10-15% p.a. growth in underwriting result, on average 2024-2026



# Initiative example – Pricing

Hastings integrates hundreds of data sets ...

... to enhance pricing, claims and anti-fraud decisions



- Significant investment in data/pricing capability over the last 3 years
- Pricing and data engineering teams increased from 50 in 2019 to 150+ now
- New tech and data platforms. 2023: 40+ live quote pricing models; >4,000 engineered data features available for pricing
- Benefits expected through policy growth, loss ratio and retail income

# Initiative example – Anti-fraud

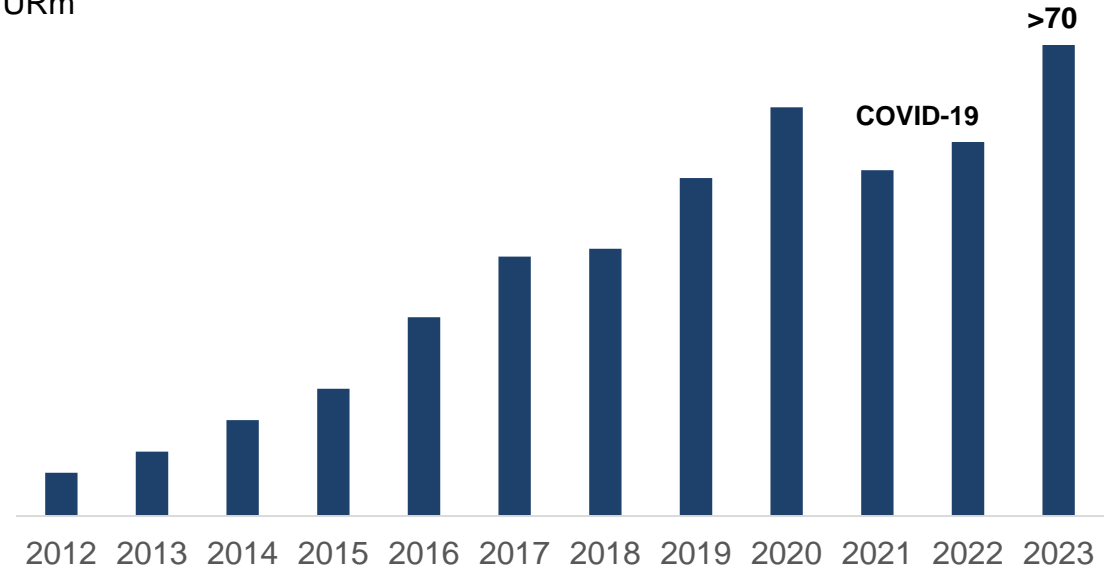
## Market leading approach

- Fraud remains significant post Whiplash Reforms, and increasingly sophisticated. Estimated £1bn+ industry issue
- Significant ongoing investment. Unique mix of technologies and data sets, connecting data between 18 different platforms (vs. 6 in 2018)
- Hastings consistently below market average cost per claim. Ongoing benefit to loss ratio expected during 2024/2025 from further data sources

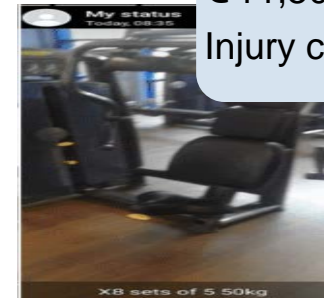


## Significant and growing fraud repudiations

EURm



Rejected claims:



€11,500  
Injury claim



€68,000  
credit hire claim

# Initiative example – UK’s most downloaded and used insurance mobile app

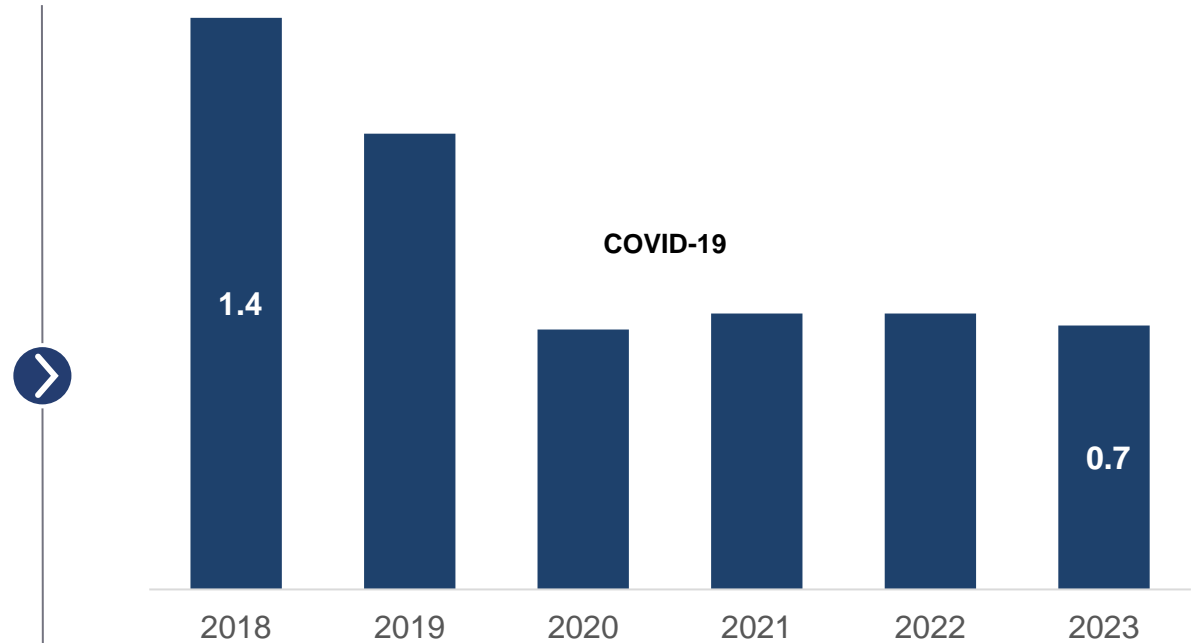
## Market leading mobile app a key differentiator

- Hastings mobile app most used (> 700,000 monthly users) and highly rated (4.6 stars)
- Digital only product being scaled up (>715,000 live policies to date)
- App a key differentiator, driving improved retention, enhanced data and lower costs



## Customer service calls reduced by digitalisation

Calls per LCP

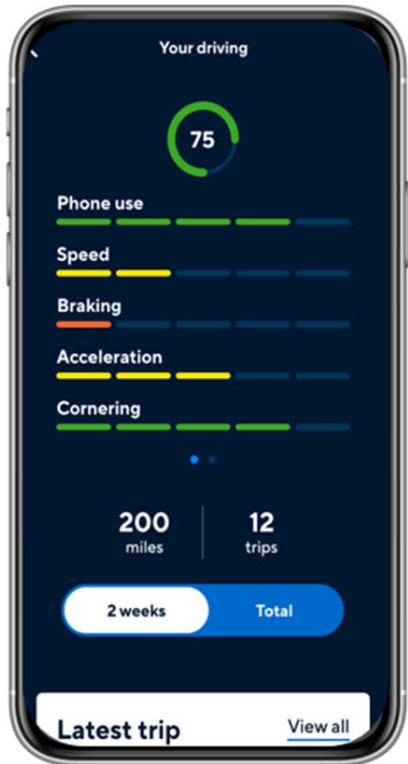


Customers choosing the app for over 60% of available customer service transactions

# Initiative example – YouDrive telematics product

Market leading mobile app based driving insight ...

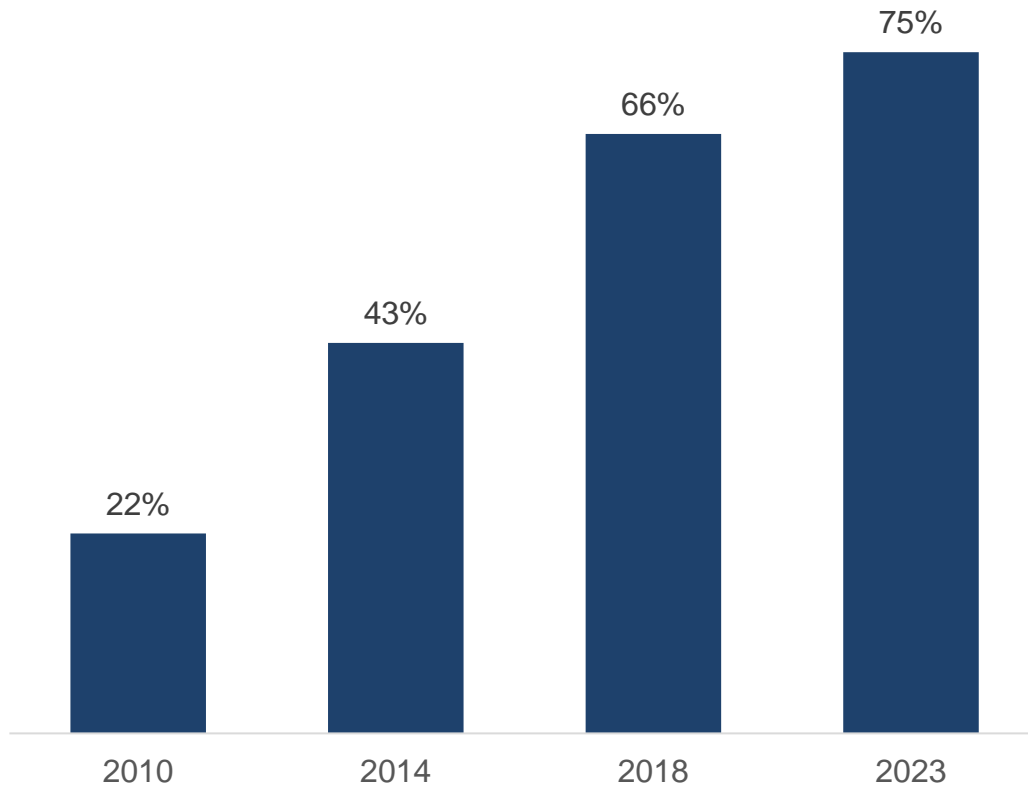
... manages risk on higher premium business



- Next generation digital telematics product launched in 2020
- Investment to scale during 2021/2022
- Driving data and phone usage proving highly predictive of risk
- Expect further benefit to customer and GWP growth as well as loss ratio

## Initiative example – Home insurance

### PCW new business market growing



### Significant growth opportunity for Hastings

- Large market dominated by traditional players with large back books that have suffered from the impact of GIPP
- Ongoing capability development. Internal underwriting launched in 2017 and claims processing brought in house in 2021
- Significant growth to 538,000 policies (+31% YoY)
- Expected to contribute more meaningfully to profitability over time

# Summary

## Significant potential from a focussed, digital business model

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- Long track record of profitable growth
- Large opportunity for Hastings given size of motor and home markets and ongoing PCW growth from consumer switching
- Hastings' business model, including digital focus, pricing agility and anti-fraud, remains differentiated in a market still dominated by large traditional insurers and brokers
- Continuous investment driving positive momentum on GWP and operating ratio
- Sampo collaboration benefits through knowledge share and reinsurance flexibility
- Ambition to deliver growth in underwriting result of 10-15% p.a. on average over 2024-2026

# Agenda

## Opening remarks

Sami Taipalus

## Strategy and financial targets

Torbjörn Magnusson

## Q&A

Torbjörn Magnusson

## Nordic P&C insurance

Morten Thorsrud, Ingrid Janbu Holthe

## UK P&C insurance

Toby van der Meer

## Finance and capital management

Knut Arne Alsaker

## Q&A with presenters

## Closing remarks

Sami Taipalus



# Finance and capital management

Knut Arne Alsaker



# Monetising profit growth through disciplined capital management

## Key actions taken in 2021-2023

<b>Group simplification</b>	Sales of Nordea shares, Mandatum demerger and acquisition of Hastings minority
<b>Higher earnings and earnings quality</b>	Higher share of underwriting profits in earnings, increased underwriting margins and robust growth
<b>Disciplined capital management</b>	Capital management framework introduced, balance sheet strengthened and excess capital returns to shareholders

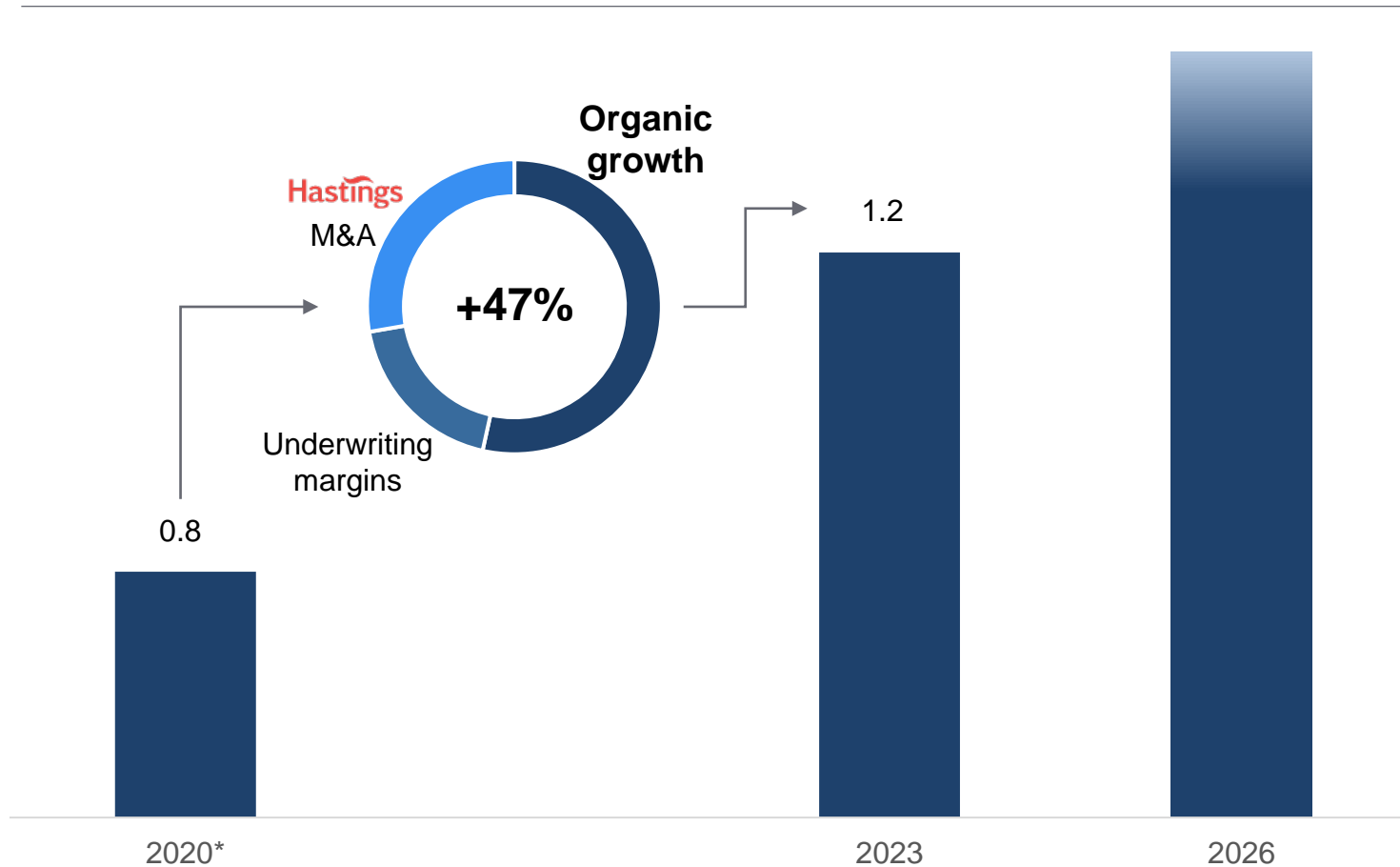


## Ambitions for 2024-2026

Grow underwriting profits at attractive margins
Execute on planned capital optimisation actions
Continue disciplined approach to capital management

# Organic revenue growth main driver of higher underwriting results

Underwriting result, EURbn



## Organic growth drivers

High retention in Private & Commercial, supported by excellent service

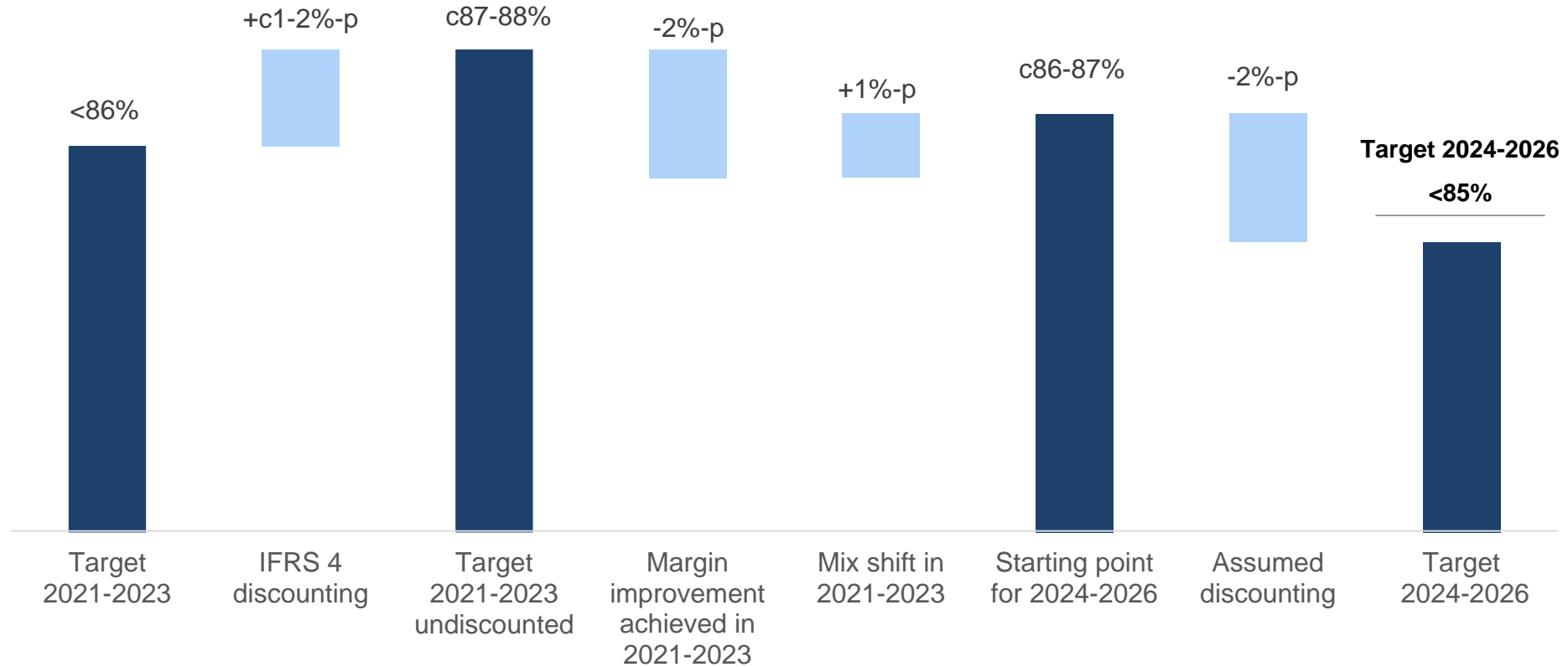
Growth in digital sales, personal insurance, SME and other non-motor

Over 50% GWP increase in the UK

\*) Adjusted to 2023 FX rates; excluding COVID-19 effects.

# Combined ratio target enforces margin discipline

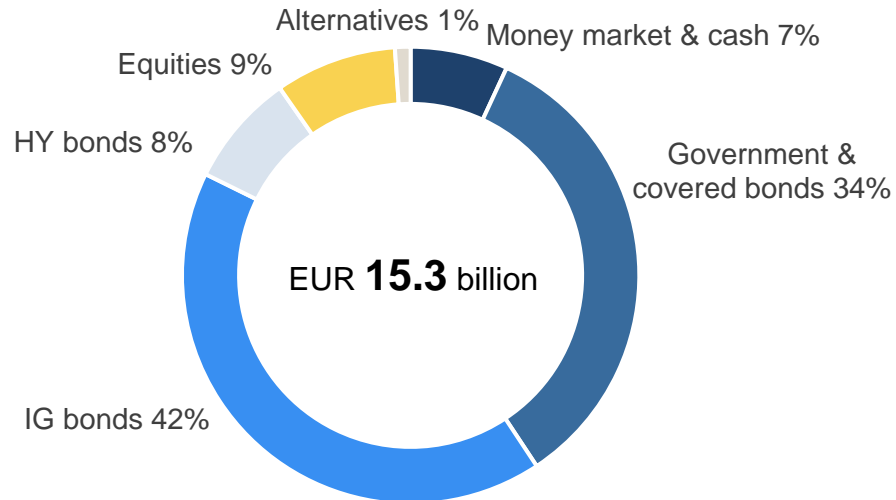
Roll-forward of Sampo Group's target combined ratio for the 2024-2026 strategic period (%)



# Leveraging our investments to enhance earnings power

## Asset mix dominated by high quality bonds

Sampo Group asset mix 2023\*



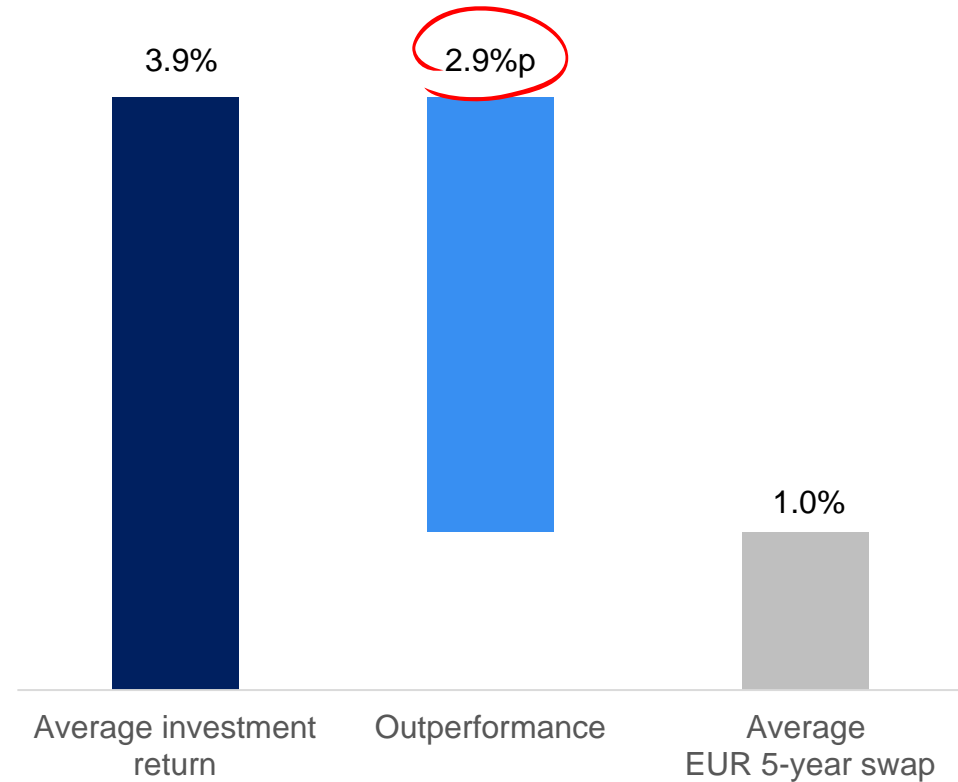
Long-term investor focused on generating absolute returns

Defensive allocation with emphasis on simplicity and liquidity

Active selection and potential to be opportunistic

## Sampo has achieved attractive investment returns

Average investment return 2009-2023 (If P&C)

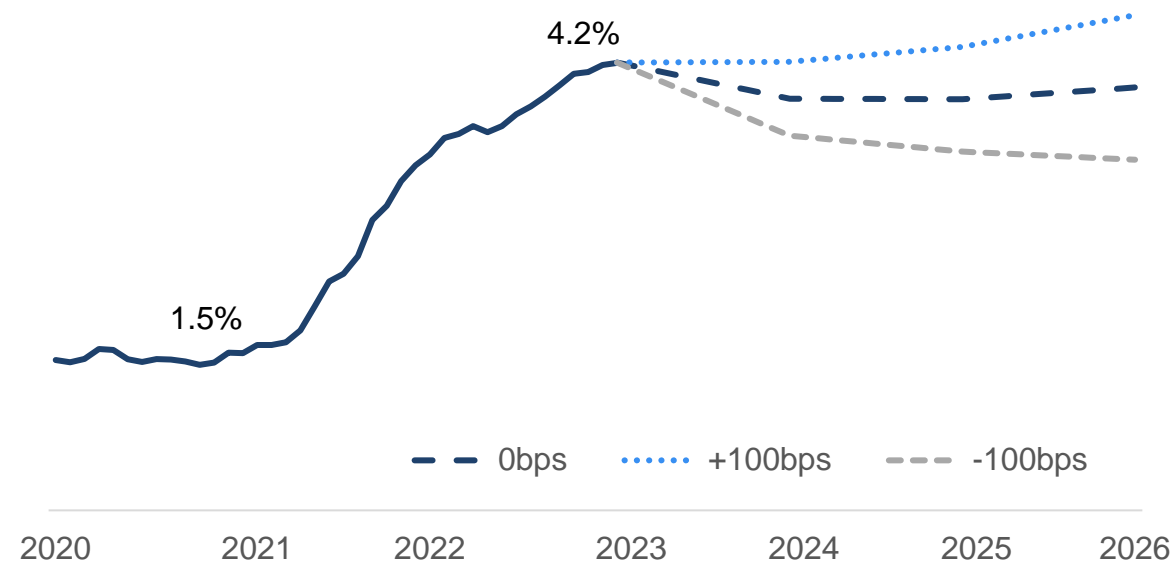


\*Excluding "PE investments" in Sampo plc and cash for proposed dividend for 2023.

# Capitalising on the increase in interest rates

## Increased duration to continue to support interest income

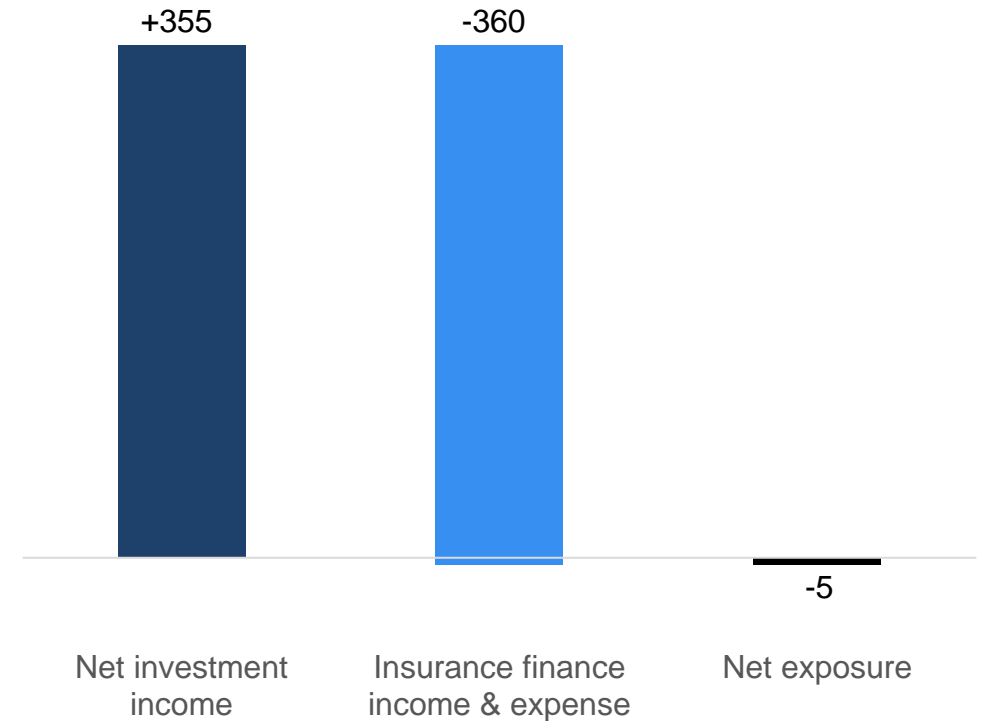
Estimated If P&C running yield trajectory



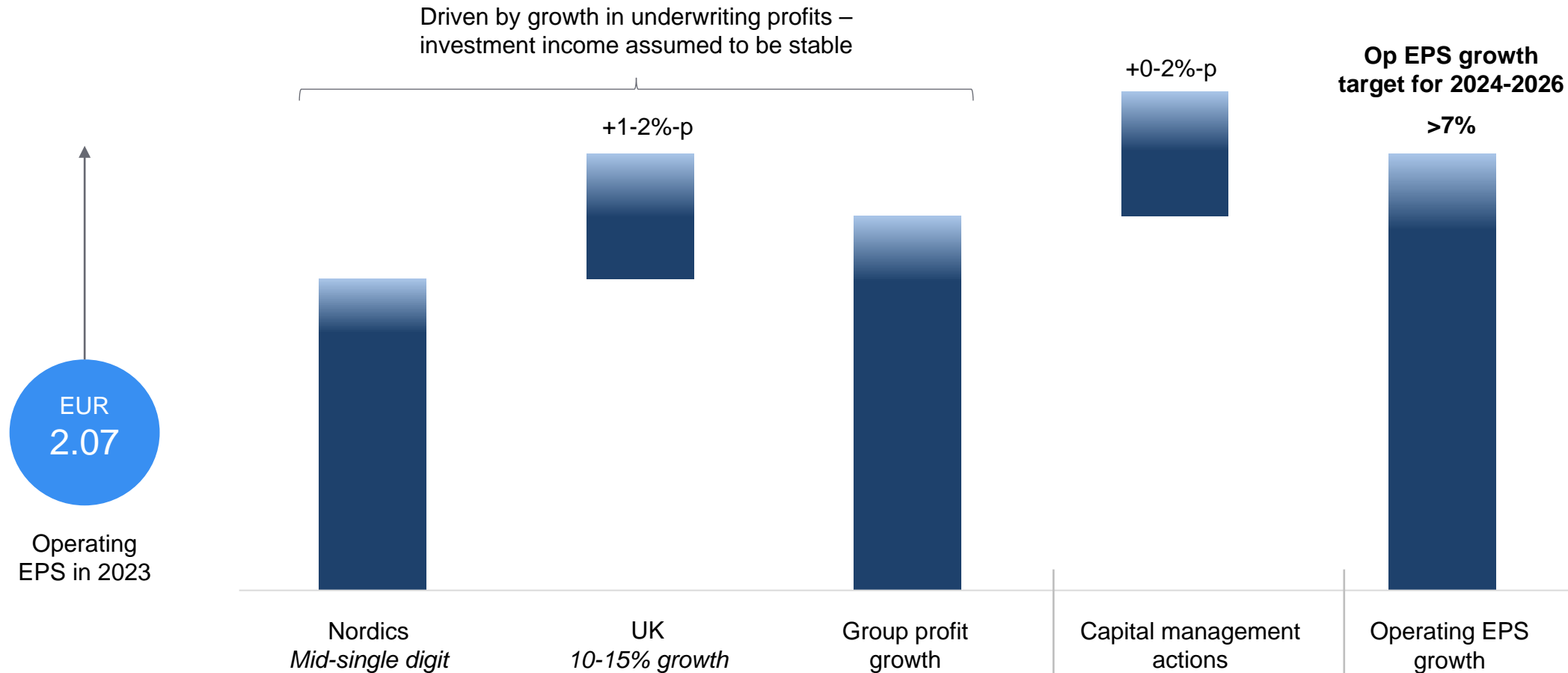
1.4	1.2	1.9	2.4	Fixed income duration (years)
12%	11%	9%	8%	Exposure to HY bonds

## Limited P&L exposure to changes in interest rates

IFRS sensitivity to 100bps fall in interest rates, EURm (pre-tax)



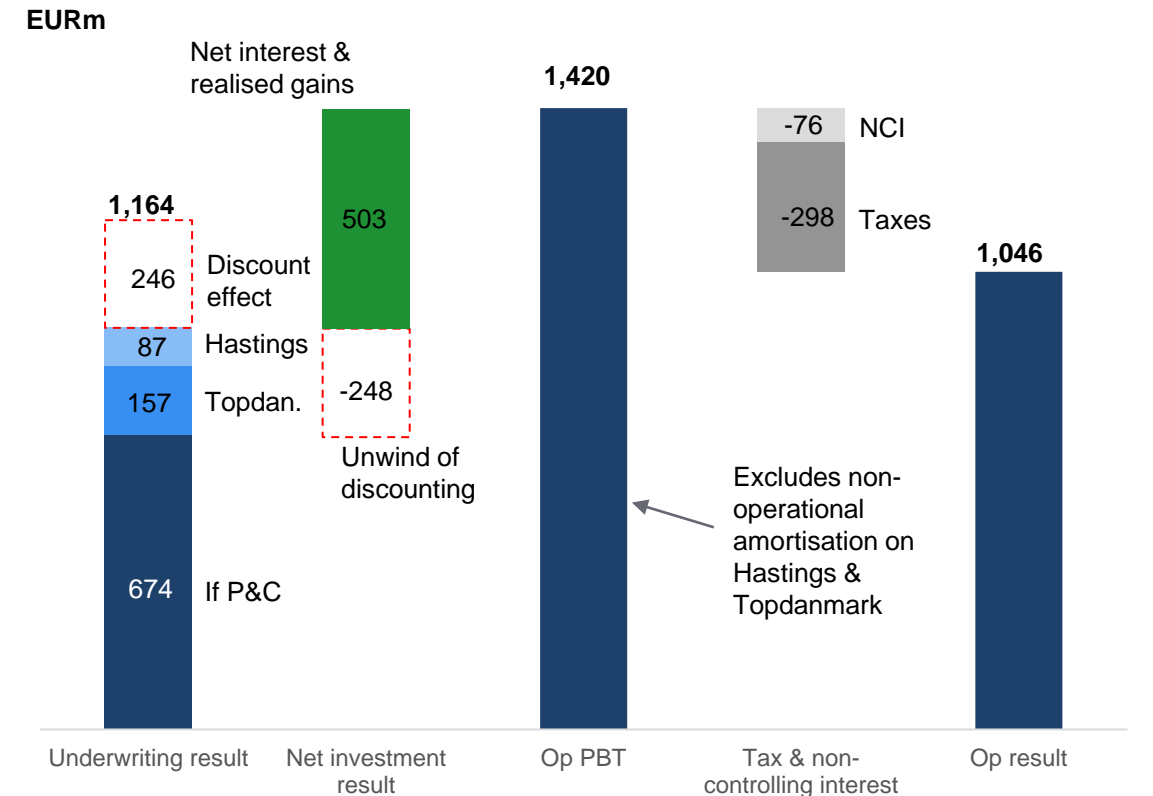
# Op EPS growth target of >7% mainly driven by higher UW results



# Operating EPS to take more central role as a profit metric

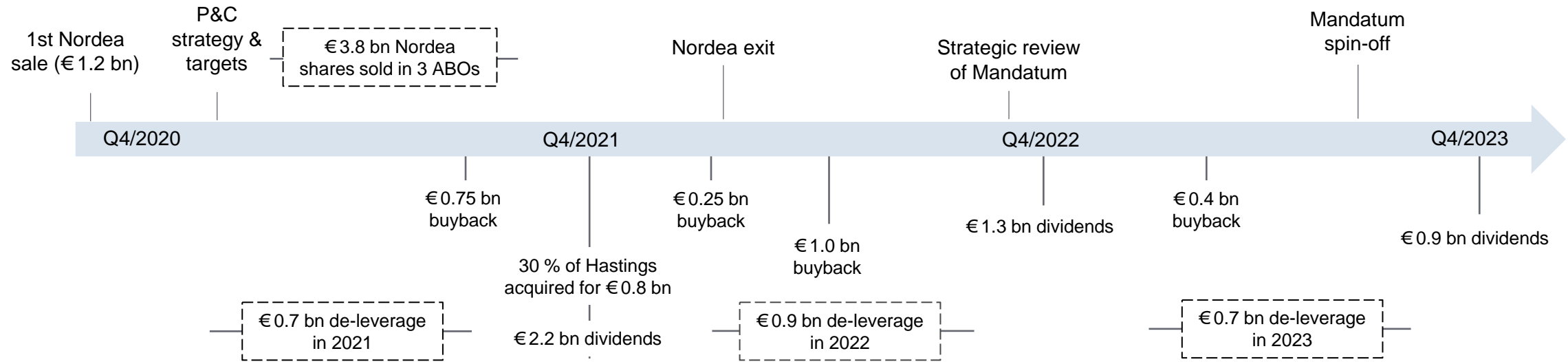
<b>Alignment with strategy and value creation</b>	A core part of Sampo's strategy is to give the right technical price to customers and to provide price stability – interest rates do not play a role in this
<b>Long term investment philosophy</b>	The operating result includes gains and losses on equities, and other assets, as we exit these, but not quarterly mark-to-market noise that is not part of how Sampo assesses its investments
<b>Excludes non-economic accounting items</b>	IFRS imposes certain accounting items with no impact on shareholder value, capital or cash, such as non-operational amortisation on Hastings and Topdanmark – these are excluded from the operating result
<b>Aligned capital management</b>	The operating result provides a better base for assessing the group's earnings power and a better context in which to put capital returns

## Sampo achieved a strong operating result in 2023

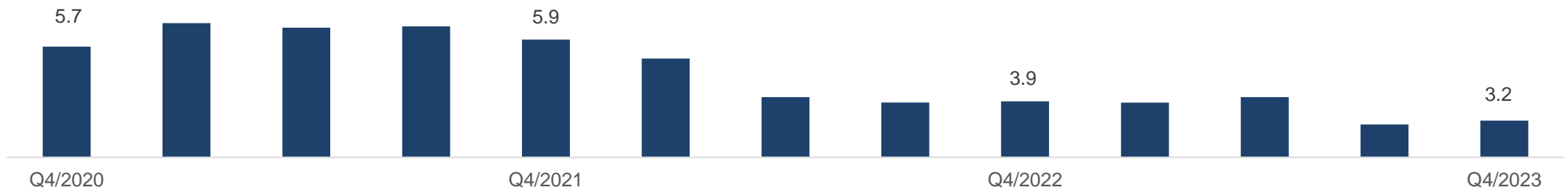




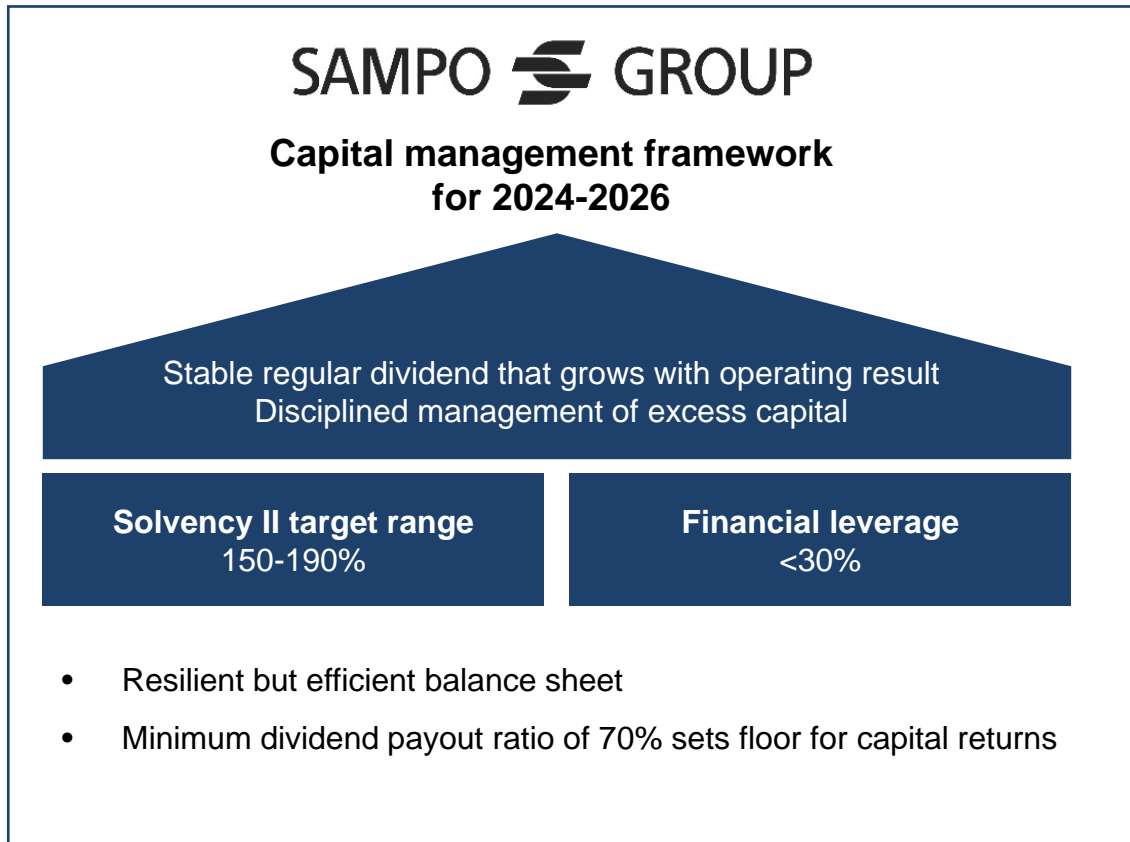
# Sampo has been disciplined in deploying excess capital



SCR development, EURbn



# Capital management framework updated to reflect structural changes



Aim to generate >EUR 4 billion of deployable capital in 2024-2026

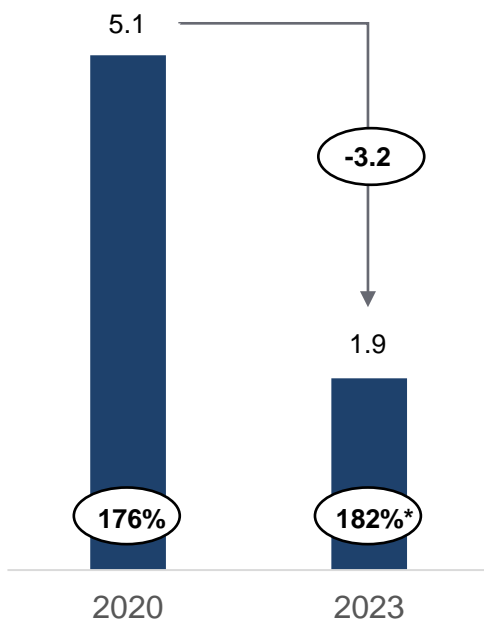
Dividend growth in line with the operating result

Deploy excess capital into bolt-on transactions or return it to shareholders

# New target ranges reflect stronger but smaller balance sheet

## Reduced market risk

Market risk in SCR, EURbn

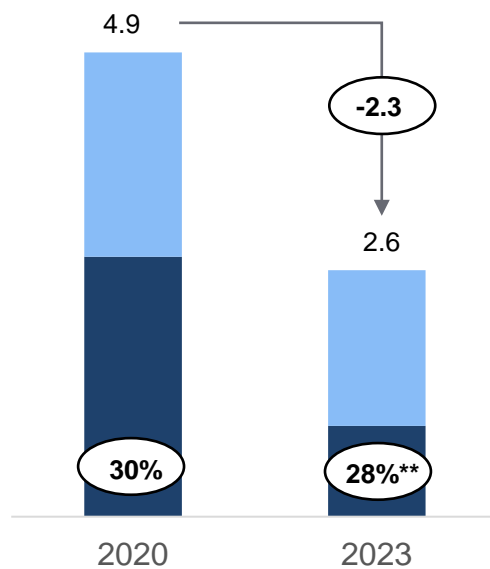


○ Solvency II ratio

## Lower gross debt

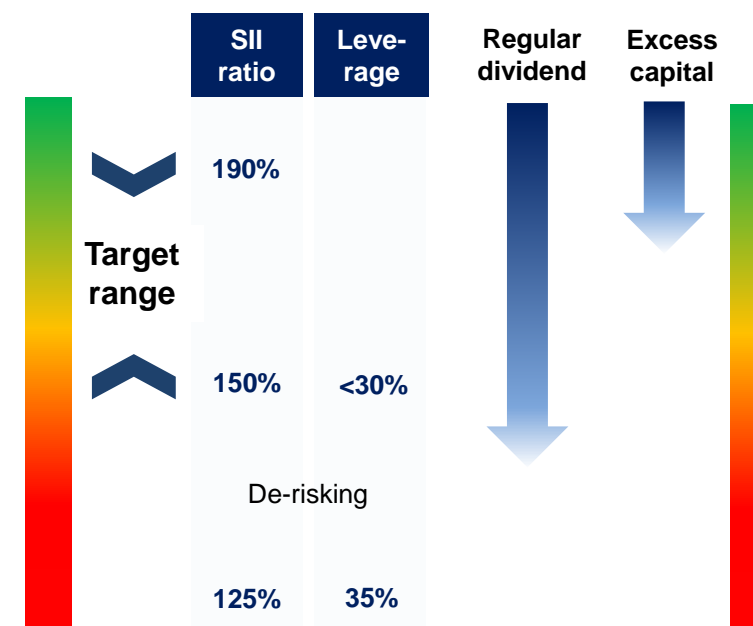
Financial debt, EURbn

■ Senior  
■ Sub/hybrid



○ Financial leverage

## Sampo's balance sheet targets 2024-2026



Limit: Based on regulatory/rating agency constraints

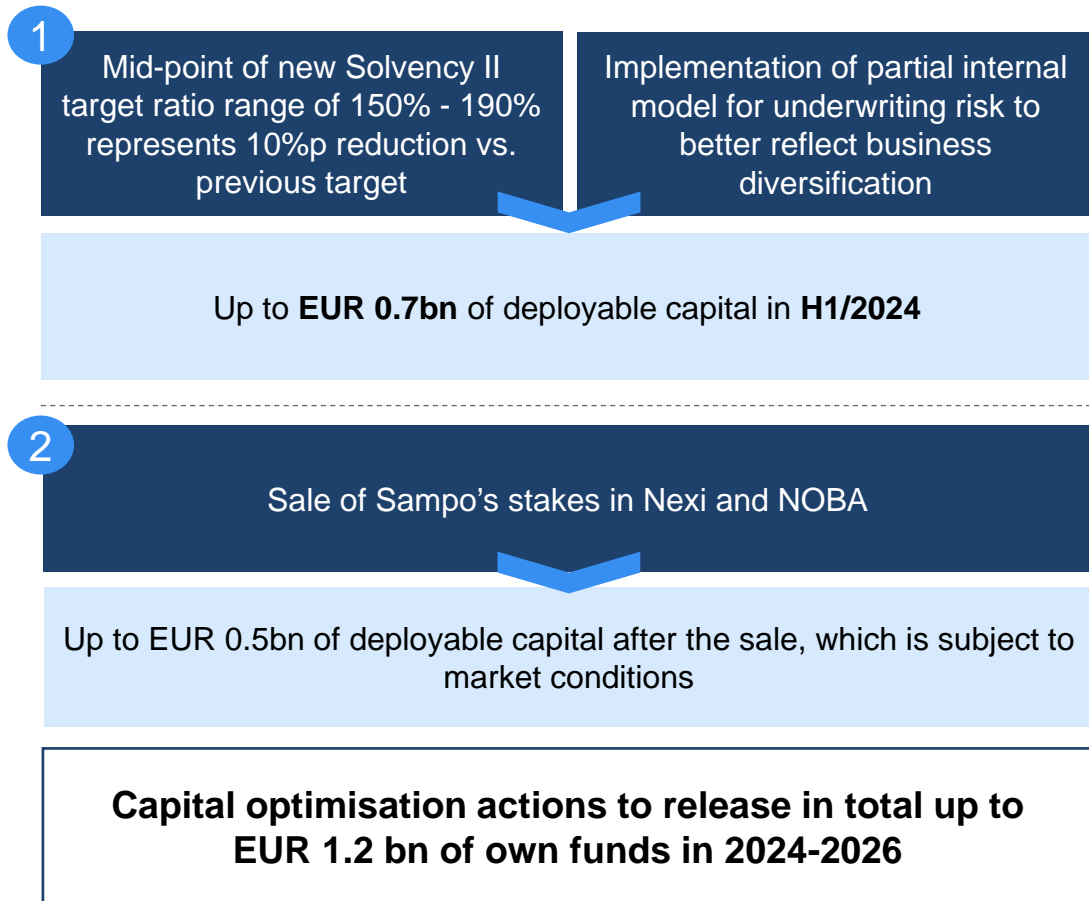
Solvency range mid-point reduced by 10%-p

Flexibility in EUR million terms unchanged

\*) Pro forma of demerger-related transactions.

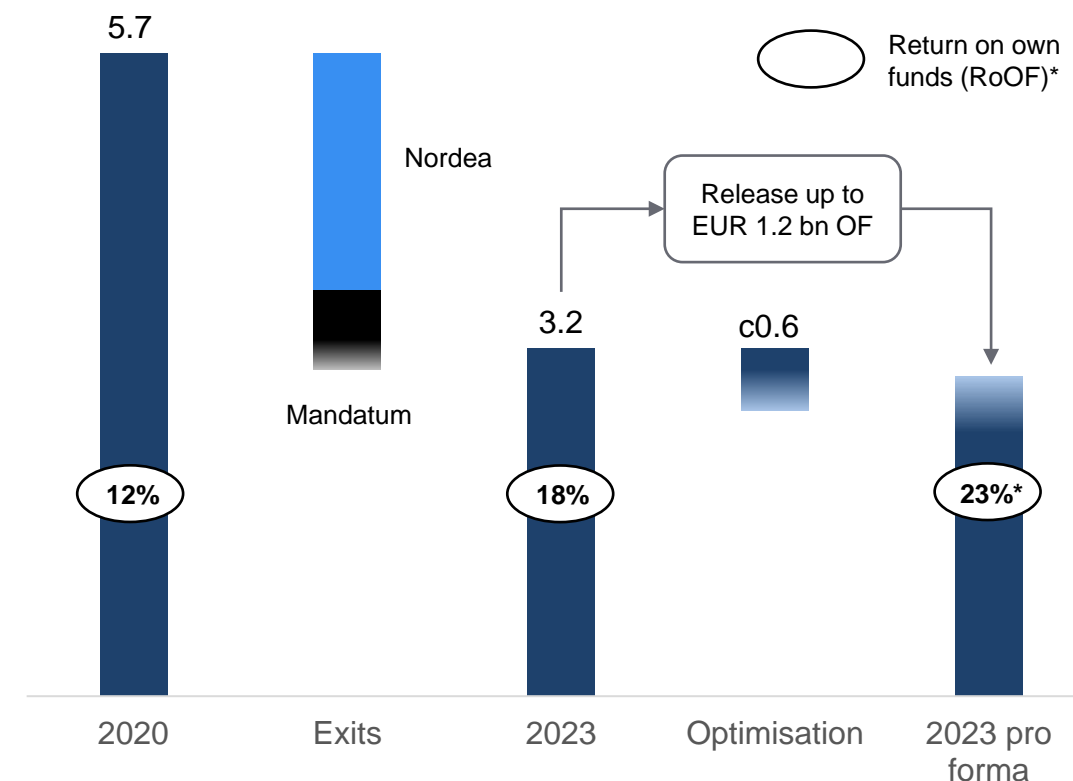
\*\*) After adjusting for announced dividends.

# Optimisation actions to further increase returns on own funds



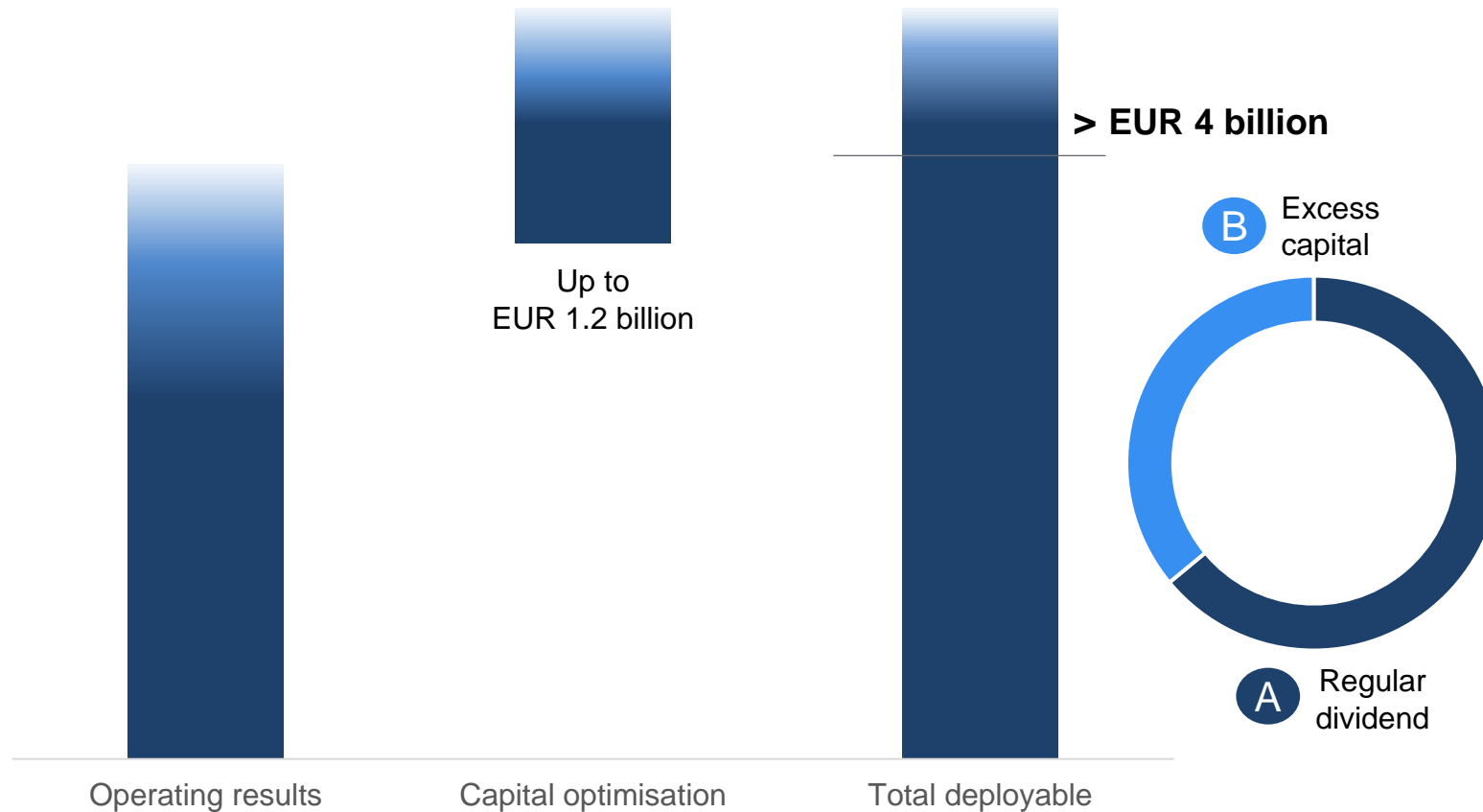
## Capital management actions to further enhance returns

Sampo Group SCR development, EURbn



\*) RoOF for 2020 based on net income excl. extraordinary items; Pro forma Sampo Group RoOF based on the 2023 operating result and 2023 SCR and own funds adjusted for the capital optimization actions planned for 2024-2026.

# Sampo aims to generate >EUR 4 bn of deployable capital in 2024-2026



## A Regular dividend

- Highly resilient, minimum return
- Grows with the operating result, over time
- Leaves room for additional returns

## B Excess capital

- Bolt-on M&A or capital returns
- Excess reviewed annually

# Capital generation supported by robust liquidity position

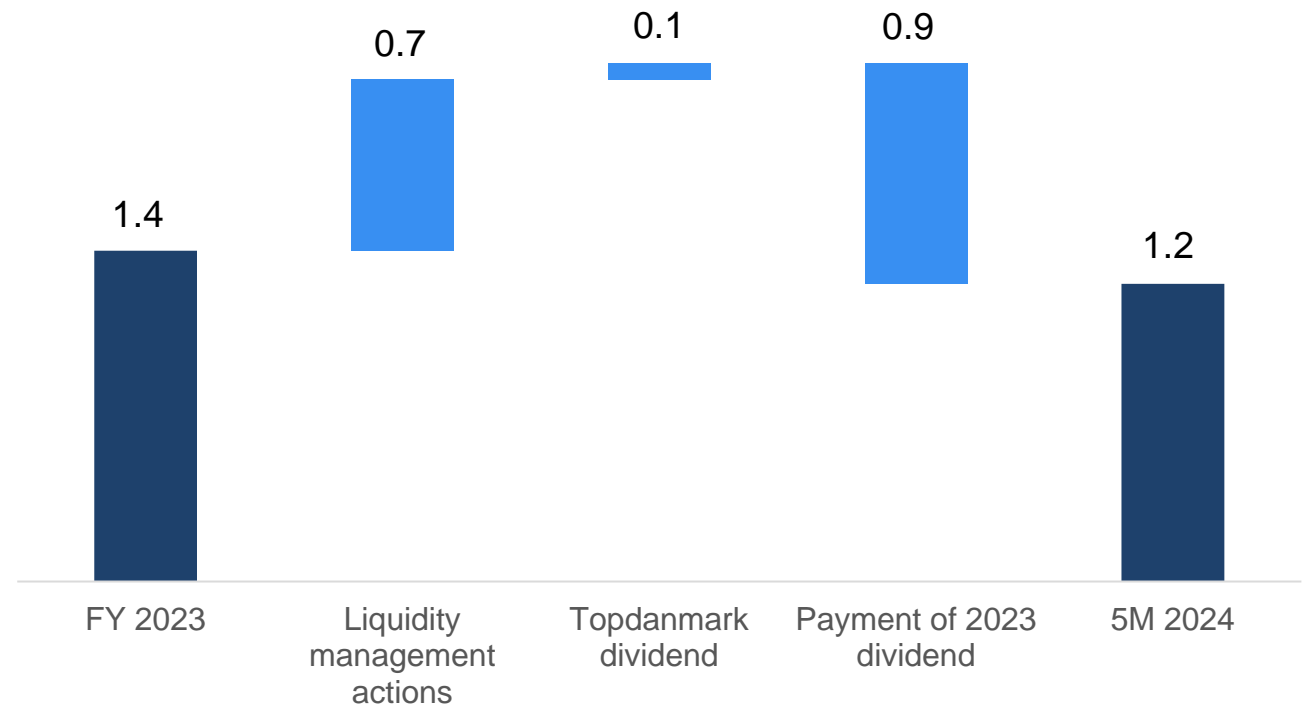
Strong liquidity position on the back of robust profits and group simplification actions

Planned capital deployment largely backed by earnings or planned disposals

Continuous internal liquidity management – e.g. alignment of If and Group dividends

## Near-term liquidity position supported by management actions

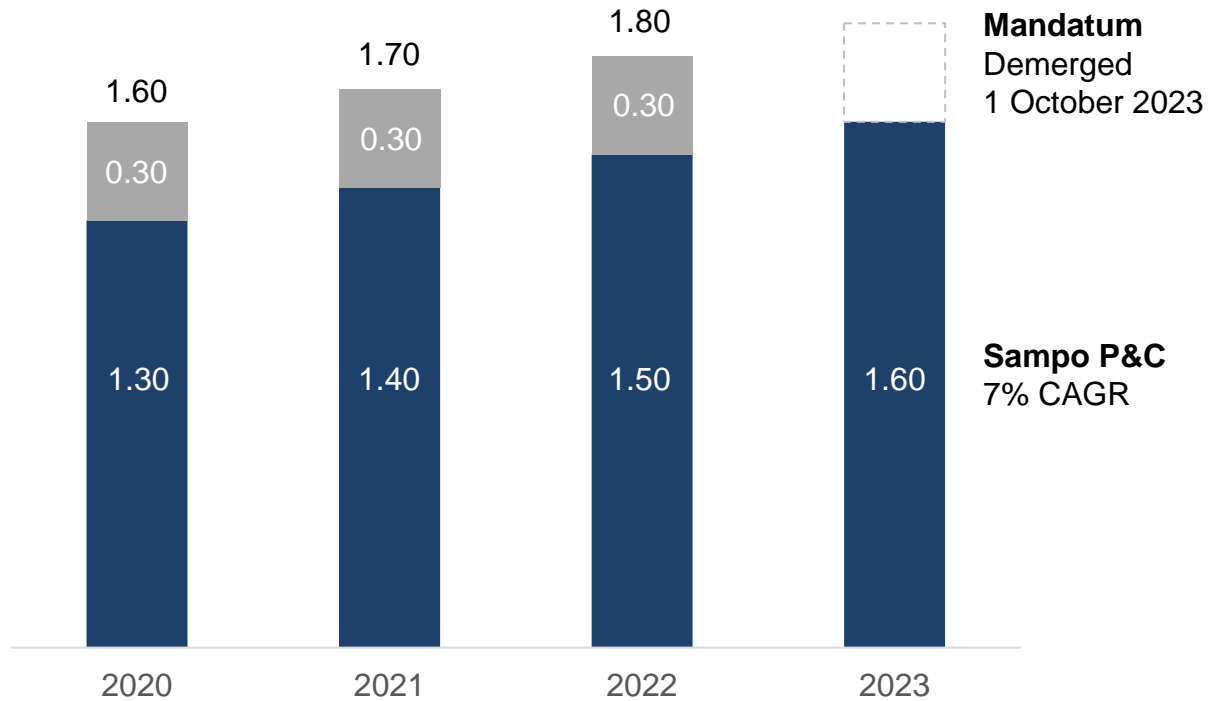
Expected development in Sampo plc liquidity position, EURbn



# Stable regular dividend supplemented by excess capital returns

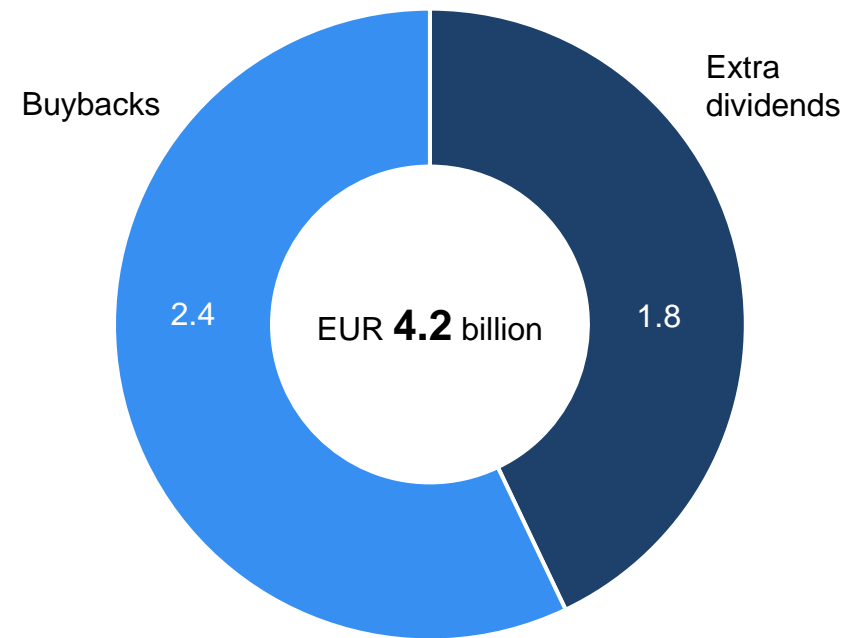
## The regular dividend has grown with P&C earnings

Sampo regular dividend per share, EUR



## Excess capital returns skewed toward buybacks

Sampo excess capital returns 2021-2023, EURbn



# Sampo aims to deliver attractive earnings and capital returns

## Grow our high-quality earnings

Aim to grow operating EPS by >7% in 2024-2026 (period average), mainly by increasing underwriting profits while maintaining attractive margins

## Increasing returns on capital

Planned capital optimisation actions to release up to EUR 1.2 billion of deployable capital, further increasing the efficiency of Sampo's balance sheet

## Attractive capital generation

Generate more than EUR 4 billion of deployable capital by delivery on operating earnings and capital optimisation plan

## Disciplined capital management

Deliver an attractive and reliable regular dividend and deploy excess capital in a disciplined manner to support operating EPS growth



# Q&A







# Closing remarks



# Thank you!

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 [@Sampo\\_plc](https://twitter.com/Sampo_plc)  
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 [sampo\\_oj](https://www.instagram.com/sampo_oj)

