
Sampo Group – Q3/2024 pre-silent information

In advance of Sampo's Q3/2024 silent period, commencing on 7 October 2024, this document summarises the most significant publicly available information and data points related to the operating and capital markets environment in the third quarter.

Claims environment

The Nordics saw fairly normal July-September weather, with some local events, such as cloudbursts, but no large-scale storms. In the UK, the third quarter was quite rainy, with some localised flooding at the end of September, but without any major events. Severe weather claims are reported in full in Sampo's P&L. In Q2, severe weather had a negative effect of 0.6 percentage points on the Sampo Group quarterly combined ratio.

If P&C has not been publicly identified as the insurer in any large claims during Q3 (in line with the standard practise). However, as the market leader in P&C insurance for large corporations in the Nordics, it could be exposed to large claims where the insurer has not been named in any given time period.

Premium growth

In the Q3/2023 comparison period, If P&C's Industrial business area reported GWP of EUR 178 million (a currency adjusted increase of 41 per cent on the prior year). Of this, around EUR 70 million related to a small number of large contracts where the 2024 inception has moved to Q4 instead of Q3, meaning these accounts will not be included in Q3/2024 GWP.

Nordic new car sales have remained weak during Q3, down 7 per cent YTD in August across the region and down 8 per cent in Sweden (the largest new car market for If). At the end of June, sales were down 6 per cent both in the Nordics and in Sweden YTD. In Q2, FX-adjusted GWP growth in Private would have been 0.7 percentage points higher than the 6.2 per cent reported had the Swedish mobility business been excluded.

Based on industry data, the UK motor insurance market trends have been similar to Q2, with average premiums slightly down compared to the previous quarter.

Market movements

The table overleaf summarises relevant movements in capital markets from the end of Q2/2024 to 30 September 2024. A sensitivity table to changes in market variables is available in Sampo's Q2/2024 [Investor presentation](#), on slide 26. In the second quarter of 2024, the discounting benefit to the Sampo Group and If P&C combined ratios were 2.8 per cent and 3.0 per cent, respectively.

Key market movements (estimate) – Q3/2024

	Short end (2y to 5y)	Long end (10y to 20y)
EUR swap rates	-65bps to -90bps	-35bps to -50bps
SEK swap rates	-55bps to -90bps	-20bps to -35bps
NOK swap rates	-45bps to -65bps	0bps to -30bps
GBP swap rates	-35bps to -60bps	-15bps to -25bps
	Investment grade	High yield
Credit spreads	approx. -2bps	approx. -6bps
	OMX Nordic 120	OMX Stockholm
Equity markets	-4%	+4%

The SEK and the GBP strengthened around 1 per cent, while the NOK weakened around 3 per cent against the euro over the quarter.

Year-on-year, the quarterly average SEK rate strengthened around 3 per cent and the GBP rate around 2 per cent, while the NOK rate weakened around 3 per cent against the euro.

The Solvency II symmetric adjustment is expected to amount to 4.43 per cent at the end of September (4.03 per cent at the end of June).

Topdanmark

During the third quarter of 2024, Sampo made a share exchange offer to the remaining shareholders of Topdanmark, constituting 1.25 Sampo shares for each Topdanmark share. The offer resulted in Sampo increasing its ownership in Topdanmark from 49.5 per cent to 92.6 per cent, as announced on 16 September 2024. Given that Sampo's ownership following the offer exceeds 90 per cent, Sampo has initiated a compulsory acquisition (squeeze-out) of the remaining Topdanmark shares, which will complete in late October 2024.

- Topdanmark has been fully consolidated as a subsidiary into Sampo Group's balance sheet and P&L since 2017, meaning the increase in ownership takes effect through a reduction in non-controlling interest (NCI).
- The NCI share of Topdanmark's net income for Q3/2024, will amount to 50.5 per cent for the first 77 days to 15 September, after which it will fall to 7.4 per cent for the remaining 15 days. Hence, the forecast for Topdanmark's net income needs to be multiplied by 0.435 to attain the NCI share of the result. The NCI is adjusted for in the net income, EPS and operating EPS.
- The EUR 325 million cost of the squeeze-out will be deducted from shareholders' equity already in Q3. There are no other effects on the total equity from the transaction.

- No new goodwill or intangibles are created as a result of the transaction, meaning the impact of amortization of non-operating intangibles related to the Topdanmark stake remains at around EUR 7 million per quarter before taxes.
- Transaction costs of approximately EUR 27 million have been identified in the prospectus. Of these, around EUR 5 million are expected to be incurred in Q3. The transaction costs will be incurred in the Holding segment but will not be included in operating EPS.
- None of the estimated one-off integration costs of EUR 150 million will be incurred in Q3.
- There is no material impact on Sampo's Solvency II own coverage ratio from the transaction as the small amount of minority own funds gained is largely offset by higher dividend accrual.
- The whole EUR 800 million allocated to buybacks/squeeze-out has already been deducted from SII own funds in Q2.

Updated share count

During the third quarter, Sampo issued 48.2 million shares to fund the share exchange offer to remaining Topdanmark shareholders, but the Group also bought back 6.8 million shares through the buyback programme announced on 17 June 2024.

As a result, the share count stood at 542.3 million shares at quarter-end, while the average share count for January-September was 502.9 million shares.

Please note that the EPS is calculated on a YTD basis. Hence, YTD EPS is calculated using the January-September average share count, while the Q3 EPS is the balance of the YTD EPS minus the reported H1 EPS of EUR 1.30.

Buyback programme

On 16 September 2024, Sampo announced that it had increased its EUR 400 million buyback programme to EUR 475 million, taking the total allocation to buybacks and the squeeze-out to EUR 800 million, as announced on 17 June 2024.

During the third quarter, Sampo bought back 6.8 million shares through its buyback programme at a cost of EUR 275 million. In total, 7.7 million shares have been bought back through the programme at a cost of EUR 309 million. The remaining balance on the programme was EUR 166 million at the end of September.

Other items

- The investment in Nexi is reported with a delay of one quarter in Sampo's accounts. Nexi's share price development over Q2 implies around EUR 5 million negative effect on Q3 P&L.
- Sampo's P&L includes non-operational amortization of approximately EUR 11 million per quarter related to Hastings. The charge is taken in other items in the related P&L segment.