

Skagi hf. - Forecast 2025-2034 and valuation as of 1 Jan 2025

Amounts are in million ISK / %	Actual	Actual	Actual 1)	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Consolidated basis	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031	31/12/2032	31/12/2033	31/12/2034	
Statement of Comprehensive Income																
Insurance revenue	22,496	23,041	24,467	26,474	29,182	31,079	32,788	34,592	36,494	38,501	40,619	42,853	45,210	47,696	50,320	
Insurance service expenses	-24,377	-22,674	-22,674	-26,156	-26,754	-28,514	-30,082	-31,737	-33,483	-35,324	-37,673	-39,745	-41,931	-44,237	-46,670	
Net expenses from reinsurance contracts	-451	182	-579	-175	-949	-1,011	-1,066	-1,125	-1,187	-1,252	-1,321	-1,394	-1,470	-1,551	-1,636	
Insurance service results	-2,332	549	1,214	143	1,479	1,554	1,639	1,730	1,825	1,925	1,625	1,714	1,808	1,908	2,013	
Net interest income	270	271	0	73	237	65	302	354	409	464	515	565	618	674	733	
Net fee and commission income	0	0	0	356	1,816	2,270	2,395	2,527	2,666	2,812	2,967	3,130	3,302	3,484	3,675	
Net financial income	3,816	7,337	-159	2,830	1,883	3,278	2,873	2,923	3,173	3,416	3,632	3,854	4,092	4,344	4,610	
Thereof investment income	4,726	7,654	1,174	4,811	3,798	5,209	4,771	4,908	5,251	5,588	5,903	6,228	6,575	6,943	7,330	
Other operating income (incl. associates)	65	66	47	83	139	161	167	172	178	185	191	198	205	213	215	
Net operating income	1,819	8,224	1,102	3,485	5,554	7,328	7,376	7,706	8,251	8,802	8,931	9,461	10,026	10,622	11,245	
Operating expenses	-46	-49	-48	-888	-2,998	-2,919	-2,967	-3,025	-3,075	-3,113	-3,134	-3,325	-3,528	-3,742	-3,967	
Net impairments	-157	-40	0	-806	-11	-33	-36	-39	-42	-45	-48	-51	-54	-57	-60	
Income tax expenses	182	-451	-114	40	-287	-453	-413	-435	-499	-567	-556	-591	-627	-666	-706	
Other comprehensive income (loss)	0	0	0	0	-9	0	0	0	0	0	0	0	0	0	0	
Total comprehensive income	1,798	7,684	940	1,831	2,249	3,924	3,960	4,207	4,635	5,077	5,192	5,494	5,817	6,157	6,512	
Insurance revenue, chg. in %	-3.7%	2.4%	6.2%	8.2%	10.2%	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Claims and reinsurance ratio	87.6%	74.1%	73.2%	77.2%	75.8%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	
Insurance expense ratio	22.7%	23.5%	21.8%	22.3%	19.1%	20.0%	20.0%	20.0%	20.0%	20.0%	21.0%	21.0%	21.0%	21.0%	21.0%	
Combined ratio	110.4%	97.6%	95.0%	99.5%	94.9%	95.0%	95.0%	95.0%	95.0%	95.0%	96.0%	96.0%	96.0%	96.0%	96.0%	
Cost-to-income ratio in financial ops. 2)	-	-	-	207.0%	146.0%	125.0%	110.0%	105.0%	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	
Return on investment assets	14.2%	19.4%	2.8%	10.7%	7.7%	10.0%	8.8%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	
Return on equity (ROE) 3)	11.8%	53.1%	5.4%	10.1%	11.1%	17.9%	16.2%	15.6%	15.7%	16.1%	15.4%	15.4%	15.3%	15.2%	15.2%	
Financial Position																
Financial assets	38,839	43,459	41,854	47,658	51,392	52,728	56,321	60,199	64,452	68,205	71,914	75,927	80,168	84,645	89,370	
Loans to customers	0	0	0	1,673	7,880	8,629	9,362	10,158	10,920	11,739	12,384	13,065	13,784	14,542	15,342	
Other assets	15,923	15,604	8,300	16,509	19,911	21,237	22,186	23,195	24,274	25,322	26,394	27,532	28,730	29,990	31,315	
Total assets	54,762	59,063	50,154	65,840	79,183	82,594	87,870	93,551	99,646	105,265	110,692	116,525	122,682	129,178	136,027	
Equity	16,992	20,453	17,325	21,172	22,271	25,695	28,086	30,709	33,661	35,957	38,103	40,482	43,002	45,669	48,487	
Financial liabilities (incl. sub. bond)	2,889	3,033	3,320	12,802	21,514	17,413	18,264	19,181	20,067	21,014	21,792	22,610	23,468	24,371	25,320	
Insurance contract liabilities	30,073	30,287	25,088	26,534	28,834	32,633	34,428	36,321	38,319	40,426	42,650	44,995	47,470	50,081	52,836	
Other liabilities	4,808	5,290	4,421	5,332	6,564	6,853	7,092	7,340	7,599	7,868	8,147	8,438	8,741	9,056	9,385	
Total equity and liabilities	54,762	59,063	50,154	65,840	79,183	82,594	87,870	93,551	99,646	105,265	110,692	116,525	122,682	129,178	136,027	
Shares-to-securities ratio	34.7%	35.2%	34.6%	26.2%	32.1%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
Insurance liabilities / revenues	133.7%	131.4%	102.5%	100.2%	98.8%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	
Dividend paid	0	1,597	3,500	939	985	500	1,570	1,584	1,683	2,781	3,046	3,115	3,297	3,490	3,694	
Dividend / owners' total comp. income	0.0%	88.8%	45.5%	99.9%	53.3%	22.2%	40.0%	40.0%	40.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
Solvency capital requirement (SRC)	11,127	12,575	11,523	12,609	15,903	16,937	17,868	18,851	19,888	20,982	22,136	23,353	24,637	25,993	27,422	
Solvency ratio	1.45	1.48	1.58	1.56	1.32	1.38	1.44	1.50	1.52	1.54	1.55	1.56	1.58	1.59	1.61	
Valuation - ISK																
Wtd. avg. shares (m)	1,894	1,750	1,717	1,906	1,896	1,896	1,896	1,896	1,896	1,896	1,896	1,896	1,896	1,896	1,896	
Comp. income to owners (million ISK)	1,798	7,684	940	1,847	2,255	3,924	3,960	4,207	4,635	5,077	5,192	5,494	5,817	6,157	6,512	
Owners' equity at year-end (million ISK)	16,992	20,453	17,279	21,131	22,232	25,656	28,047	30,670	33,622	35,918	38,064	40,443	42,963	45,630	48,448	
EPS (including OCI)	0.9	4.4	0.5	1.0	1.2	2.1	2.1	2.2	2.4	2.7	2.7	2.9	3.1	3.2	3.4	
DPS	0.0	0.9	2.0	0.5	0.5	0.3	0.8	0.8	0.9	1.5	1.6	1.6	1.7	1.8	1.9	
BPS	9.0	11.7	10.1	11.1	11.7	13.5	14.8	16.2	17.7	18.9	20.1	21.3	22.7	24.1	25.6	
Sensitivity analysis																
		Insurance expense ratio 2025-2034			Residual earnings ...	0.9	0.7	0.7	0.8	0.9	0.8	0.9	0.9	1.0	1.0	
		22.0%	20.5%	19.0%												
Return on shares		10.0%	17.6%	20.7%	23.9%	Discount rate	10.0%	1.1	1.2	1.3	1.5	1.6	1.8	1.9	2.1	2.4
		12.0%	20.7%	27.1%												
2025-2034		14.0%	23.9%	27.2%	30.5%	Present value of RE	0.8	0.6	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4
Key figures		2020-2024		2025-2034		Total PV of RE	5.3	6.9	11.7	Continuing value (CV): RE 2034 x (1 + 4%) / (10% - 4%) =						17.8
		OpRev chg.	4.6%	5.6%	OpRev chg.					4.6%	5.6%	Perpetuity growth rate				
		C&R ratio	77.6%	75.0%	C&R ratio	77.6%	75.0%									
		Exp. ratio	21.9%	20.5%	Exp. ratio	21.9%	20.5%									
		ROI	11.0%	8.6%	ROI	11.0%	8.6%									
		Avg. ROE	18.3%	15.8%	Avg. ROE	18.3%	15.8%									
						Outstanding shares	1,896 million									
						Equity value	45,283									Equity value on 1.1.2025 (ISK million)

1) The 2022 income statement has been restated in line with revised accounting standards; prior years were restated by the analyst.
 2) Operating expenses (ops & support) / net interest and commission income (%)
 3) ROE = Total comprehensive income + [Equity at 1 Jan - (9/12 × Dividends) ± (6/12 × Other changes)]