SAMPO

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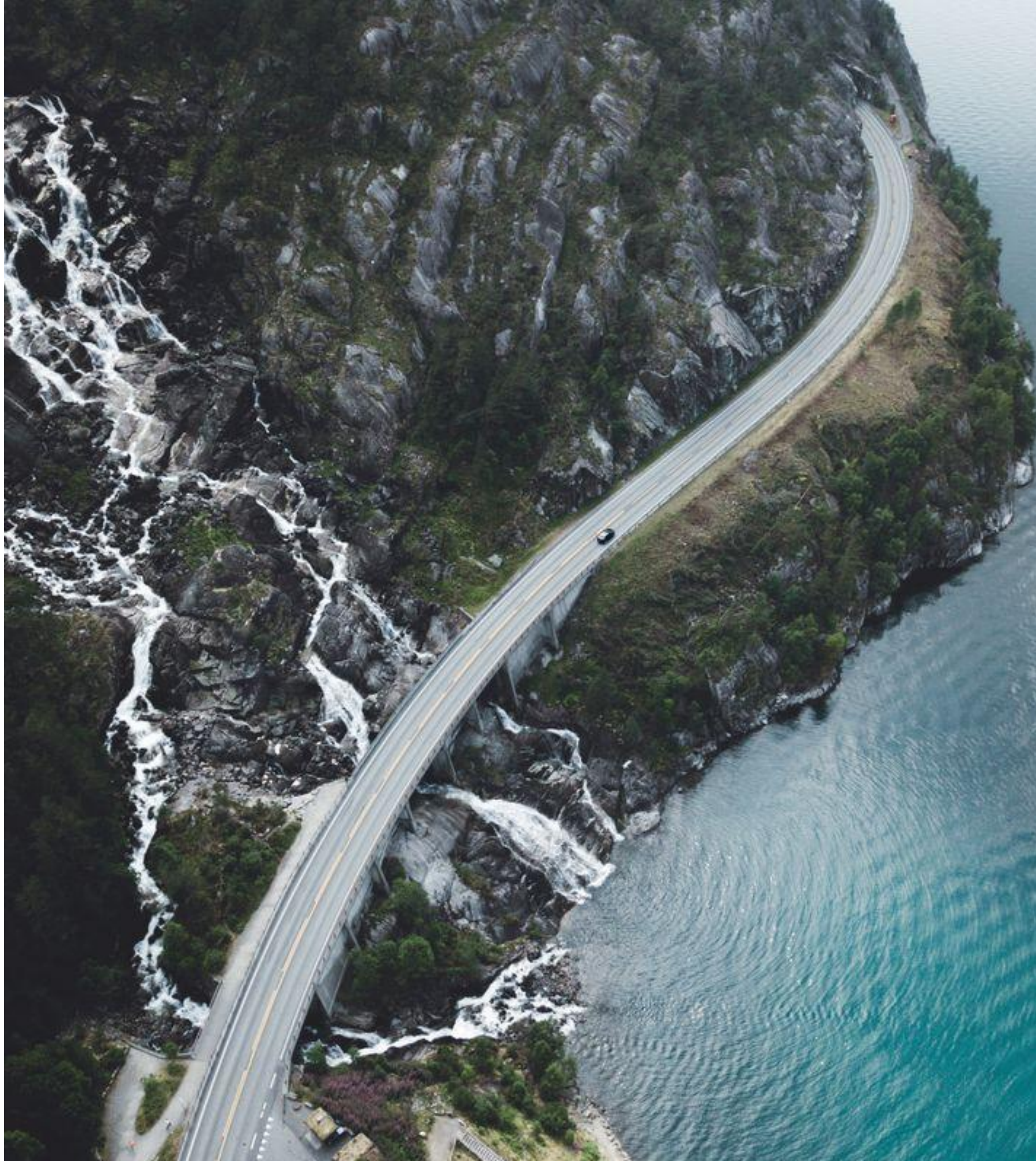
COMPANY REPORT



Maintain strong hands

Sampo's share has fallen since the Q2 report, driven by Solidium's share sales. In our view, there have been no significant changes to the company's outlook, and the earnings growth outlook for the coming years remains robust. We therefore consider the decline to be unwarranted and are upgrading our recommendation for Sampo to Buy (was Accumulate) with a target price of EUR 10.5. We believe that the strong earnings growth outlook, secure and growing dividend, and moderate valuation create an attractive expected return at the current share price.

Sales by the state are not representative of Sampo's outlook

Sampo's share price fell significantly this week when Solidium sold 70 million shares at EUR 9.00 each. Solidium's sale was driven by its own financing needs and should not be interpreted as a strong stance on Sampo's current valuation or outlook. We would like to mention that the Finnish state has sold Sampo shares several times over the years, and, in retrospect, the timing of these sales has not been particularly successful. In addition, Sampo is not a strategic investment for the state at any level. The recent rise in interest rates and renewed AI-related concerns about the insurance sector in the United States have also slightly weighed on the shares of Sampo and other Nordic insurers.

Earnings growth outlook for the coming years remains unchanged

Our forecast changes remain marginal. Due to rising interest rates, Sampo's investment income in Q3 will be lower than before. However, we note that this is largely a technical change and that there have been no changes to the operational earnings estimates. Overall, we have decreased our earnings estimate for 2026 by around two percent, but our estimates from 2027 onwards remain unchanged. We expect Sampo to be able to grow its operational EPS by ~10% on average between 2026 and 2029. The main driver is the underwriting result, which is supported by growth in insurance revenue and Topdanmark synergies. The rest of the earnings growth comes from the reduced number of shares due to share repurchases. As usual, profit distribution will remain generous, with Sampo distributing nearly all of its profits as dividends. The backbone of the profit distribution is a steadily growing dividend, and the company also buys back its own shares for significant amounts annually. Overall, the combined total of dividends and share buybacks relative to the current share price will amount to around 7% per year in the coming years.

Expected return is starting to reach a very attractive level

We believe it is justified to price Sampo in line with its high-quality Nordic insurance peers, whose P/E ratios have hovered around 16–18x since the end of the zero-interest-rate era. Although the quality of Sampo's Nordic operations would warrant a premium valuation, the clearly lower valuation level of Hastings weighs on it. Based on estimates for 2026, Sampo's P/E ratio appears high (20x), but this is solely due to weak investment income. Based on normalized investment income in 2027, the P/E multiple decreases to below 15x, which is a low level for Sampo and below what we consider to be acceptable. We also see cautious upside in Sampo's valuation for the first time in a long time, which, together with an earnings growth of around 10% and a dividend yield of over 4%, forms a very attractive expected return indeed. Sampo will host an investor update in November, a sort of mini-CMD, where the company intends to outline its targets for the next strategy period. Historically, Sampo's strategy events have been very impressive, bolstering market confidence in the company and its outlook. We'll take a closer look at the outlook for the day in our preview commentary in November, but we believe the stock will find support in improved visibility once again.

Recommendation
Buy
(previous Accumulate)

Target price:
EUR 10.50
(was EUR 10.50)

Share price:
EUR 8.80

Business risk

●○○○○

Valuation risk

●●●○○

	2025	2026e	2027e	2028e
PTP	2436	1484	1964	2108
growth-%	56%	-39%	32%	7%
Net Income	1997	1141	1561	1676
EPS (adj.)	0.74	0.44	0.61	0.67
Dividend / share	0.36	0.38	0.40	0.42

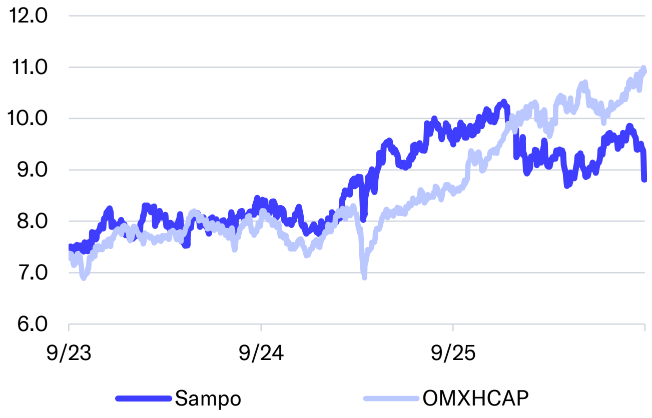
P/E (adj.)	12.5	20.0	14.3	13.1
P/B	3.1	2.8	2.5	2.3
Dividend yield-%	3.9 %	4.3 %	4.5 %	4.8 %
Payout ratio (%)	48%	87%	65%	63%

Source: Inderes

Guidance (Unchanged)

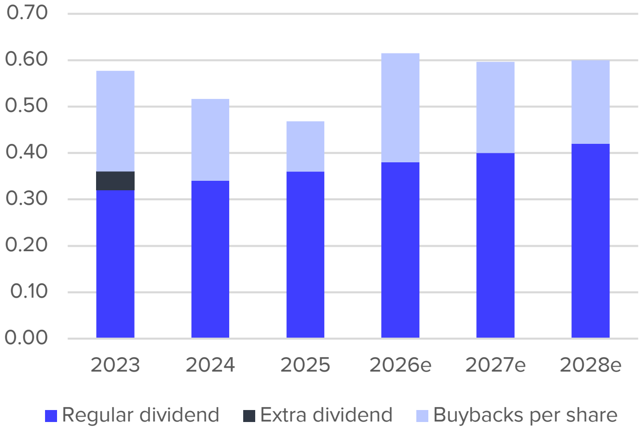
Insurance revenue: 9.7-9.85 BEUR, representing growth of 7-9% year-on-year. Group underwriting result: 1,550-1,625 MEUR, representing growth of 4-9% year-on-year. The outlook for 2026 is in line with the 2024-2026 targets.

Share price

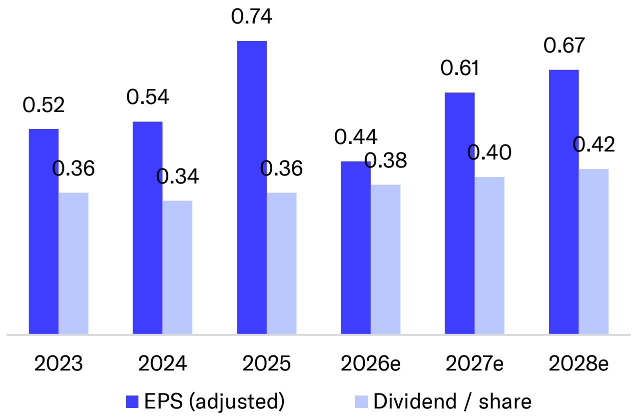


Source: Millistream Market Data AB

Total profit distribution per share



EPS and dividend



Source: Inderes

Value drivers

- Profitable growth in insurance activities
- Capital released from non-core business activities
- Higher interest rates would improve investment income
- Unlocking Topdanmark synergies
- Other M&A transactions

Risk factors

- Rising interest rates could weaken underwriting results and depress insurance companies' acceptable multiples
- Tightening competition in the Nordic insurance market

Valuation	2026e	2027e	2028e
Share price	8.80	8.80	8.80
Number of shares, millions	2598.5	2545.9	2498.5
Market cap	22884	22420	22003
P/E (adj.)	20.1	14.4	13.1
P/E	20.1	14.4	13.1
P/B	2.8	2.5	2.3
Payout ratio (%)	86.5 %	65.2 %	62.6 %
Dividend yield-%	4.3 %	4.5 %	4.8 %

Source: Inderes

Decline in investment income the only revision to estimates

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Insurance revenue	9730	9730	0%	10422	10422	0%	11021	11021	0%
PTP	1519	1484	-2%	1964	1964	0%	2108	2108	0%
EPS (excl. NRIs)	0.46	0.45	-2%	0.61	0.61	0%	0.67	0.67	0%
DPS	0.38	0.38	0%	0.40	0.40	0%	0.42	0.42	0%

Source: Inderes

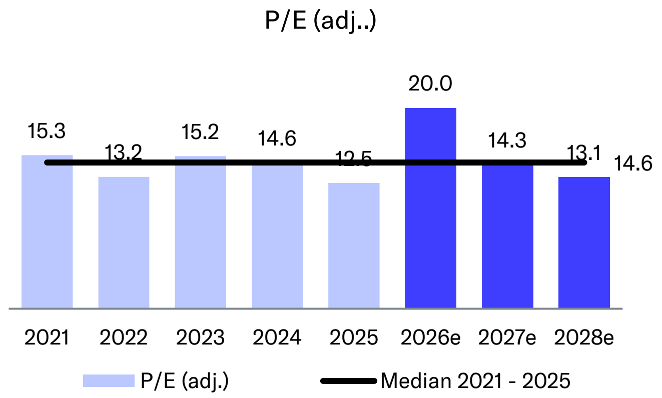
Estimates

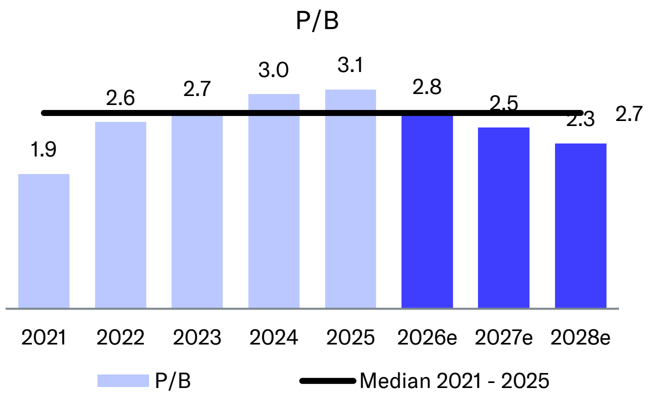
	2023	2024	2025	2026e	2027e	2028e	2029e
Insurance revenue	7535	8386	9075	9730	10422	11021	11613
Private	3489	3667	3994	4328	4630	4862	5056
Commercial	1945	2128	2201	2348	2489	2589	2692
Industrial	627	657	583	600	606	618	630
UK	1251	1659	2000	2167	2428	2670	2937
Other operations	223	275	298	287	269	282	296
Insurance revenue growth-%	5.9 %	11.3 %	8.2 %	7.2 %	7.1 %	5.8 %	5.4 %
Underwriting result	1164	1316	1485	1598	1739	1877	2017
Private	595	628	716	797	871	934	992
Commercial	315	352	376	403	436	463	493
Industrial	80	74	109	96	98	102	106
UK	128	190	216	221	267	307	352
Other operations	46	72	69	80	67	70	74
Underwriting result growth-%	13%	13%	13%	8%	9%	8%	7%
Net financial result	560	636	1210	145	501	501	503
Net investment income	1004	888	1284	377	756	756	757
Net insurance finance income or expense	-446	-252	-73	-232	-255	-255	-254
Other income or expense	-81	-210	-49	-59	-75	-75	-75
Non-operational amortizations	-68	-79	-128	-102	-100	-100	-100
Finance expenses	-93	-103	-83	-96	-100	-95	-90
Profit before taxes	1481	1559	2436	1485	1964	2108	2254
EPS	0.52	0.45	0.77	0.45	0.61	0.67	0.72
Operational EPS	0.41	0.47	0.50	0.57	0.63	0.69	0.74
Operational EPS growth -%		14.6 %	6.4 %	13.1 %	11.1 %	9.0 %	8.6 %
Combined ratio-%	84.6 %	84.3 %	83.6 %	83.6 %	83.3 %	83.0 %	82.6 %
Private	83.0 %	82.9 %	82.1 %	81.6 %	81.2 %	80.8 %	80.4 %
Commercial	83.8 %	83.5 %	82.9 %	82.8 %	82.5 %	82.1 %	81.7 %
Industrial	87.3 %	88.7 %	81.5 %	84.0 %	83.9 %	83.5 %	83.2 %
UK	89.8 %	88.5 %	89.2 %	89.7 %	89.0 %	88.5 %	88.0 %
Other operations	79.4 %	73.7 %	76.9 %	72.2 %	75.0 %	75.0 %	75.0 %
Profit distribution	2023	2024	2025	2026e	2027e	2028e	2029e
Regular dividend	0.32	0.34	0.36	0.38	0.40	0.42	0.44
Extra dividend	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Buybacks per share	0.22	0.18	0.11	0.23	0.20	0.18	0.18
Total profit distribution per share	0.58	0.52	0.47	0.61	0.60	0.60	0.62
Basic dividend payout ratio-%	62%	76%	47%	85%	65%	63%	61%
Total profit distribution ratio-%	111%	115%	61%	137%	97%	89%	87%
Solvency-%	182%	177%	177%	174%	174%	174%	176%

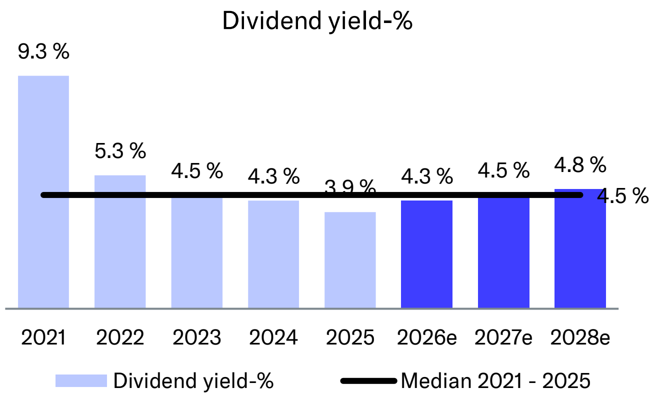
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	8.82	9.76	7.92	7.88	9.32	8.80	8.80	8.80	8.80
Number of shares, millions	2755	2653	2540	2600	2685	2598	2546	2498	2498
Market cap	24109	25108	19876	21196	24807	22858	22395	21978	21978
P/E (adj.)	15.3	13.2	15.2	14.6	12.5	20.0	14.3	13.1	12.3
P/E	9.5	12.3	15.2	16.3	12.5	20.0	14.3	13.1	12.3
P/B	1.9	2.6	2.7	3.0	3.1	2.8	2.5	2.3	2.1
Payout ratio (%)	87.3 %	63.5 %	68.3 %	73.0 %	48.0 %	86.5 %	65.2 %	62.6 %	61.3 %
Dividend yield-%	9.3 %	5.3 %	4.5 %	4.3 %	3.9 %	4.3 %	4.5 %	4.8 %	5.0 %

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	P/E		Dividend yield-%		P/B
Company	MEUR	2026e	2027e	2026e	2027e	2026e
Tryg	11620	18.1	15.4	5.9	6.2	2.4
Gjensidige	12035	16.8	15.3	5.1	5.6	5.0
ALM	3116	23.9	14.9	4.3	4.7	2.2
Storebrand	7662	16.9	14.8	3.1	3.4	2.4
Admiral	13085	15.2	13.3	4.6	5.2	7.1
Zurich Insurance Group	93946	15.3	13.5	5.4	5.8	3.4
Allianz	156390	13.4	12.4	4.5	4.8	2.5
Assicurazioni Generali	66357	13.5	12.6	4.2	4.6	1.9
Sampo (Inderes)	22858	20.0	14.3	4.3	4.5	2.8
Average		16.6	14.0	4.6	5.0	3.4
Median		16.1	14.2	4.5	5.0	2.5
Diff-% to median		25%	1%	-5%	-10%	12%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Insurance revenue	8387	2187	2265	2303	2323	9078	2363	2437	2458	2472	9730	10422	11021	11613
If P&C	5258	1645	1691	1709	1735	6780	1772	1827	1813	1863	7276	7726	8069	8379
Topdanmark (from 2025 part of If)	1470	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hastings	1659	470	499	518	513	2000	522	537	570	539	2167	2428	2670	2937
Others (was holding)	0	72	75	76	75	298	69	73	75	70	287	269	282	296
EBITDA	1559	376	527	866	667	2436	28.0	584	453	419	1484	1964	2108	2254
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (excl. NRI)	1709	376	527	866	667	2436	28.0	584	453	419	1484	1964	2108	2254
EBIT	1559	376	527	866	667	2436	28.0	584	453	419	1484	1964	2108	2254
Sampo	0	376	527	866	667	2436	28	584	453	419	1484	1964	2108	2254
PTP	1559	376	527	866	667	2436	28.0	584	453	419	1484	1964	2108	2254
Taxes	-230	-79	-121	-130	-109	-439	-74	-99	-77	-71	-322	-403	-432	-462
Minority interest	-50	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	1280	297	406	736	558	1997	-46.0	485	376	348	1163	1561	1676	1792
EPS (adj.)	2.61	0.11	0.15	0.28	0.21	0.77	-0.02	0.19	0.14	0.13	0.45	0.61	0.67	0.72
EPS (rep.)	0.48	0.11	0.15	0.28	0.21	0.74	-0.02	0.19	0.14	0.13	0.44	0.61	0.67	0.72

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	20017	20954	20992	21030	21068
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	3637	3492	3527	3562	3597
Tangible assets	284	301	304	307	310
Associated companies	4.0	5.0	5.0	5.0	5.0
Other investments	16090	17154	17154	17154	17154
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	2.0	2.0	2.0	2.0	2.0
Current assets	4460	4769	5049	5339	5591
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	880	962	962	962	962
Receivables	2618	2488	2724	2918	3086
Cash and equivalents	962	1319	1362	1459	1543
Balance sheet total	24477	25723	26041	26369	26659

Source: Inderes

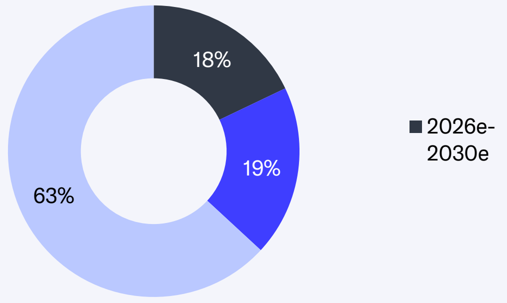
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	7059	8091	8274	8848	9506
Share capital	98.0	98.0	98.0	98.0	98.0
Retained earnings	7707	8755	8938	9512	10170
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	-746.0	-762.0	-762.0	-762.0	-762.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	15858	16043	16178	15932	15564
Deferred tax liabilities	535	553	553	553	553
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	3037	2730	2865	2619	2251
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	12286	12760	12760	12760	12760
Current liabilities	1560	1589	1589	1589	1589
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.0	0.0	0.0	0.0
Other current liabilities	1560	1589	1589	1589	1589
Balance sheet total	24477	25723	26041	26369	26659

Group DDM model

DDM valuation (MEUR)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Sampo's result	1141	1561	1676	1792	1807	1861	1866	1922	1980	2020	2020
Sampo's dividend	987	1018	1049	1099	1626	1675	1680	1730	1782	1818	33495
Payout ratio	86%	65%	63%	61%	90%	90%	90%	90%	90%	90%	
Growth-% in Sampo's dividend	3.0 %	3.1 %	3.0 %	4.8 %	48.0 %	3.0 %	0.3 %	3.0 %	3.0 %	2.0 %	2.0 %
Discounted dividend	945	906	868	846	1164	1115	1040	996	954	905	16676
Discounted cumulative dividend	28420	27501	26619	26201	25355	24191	22947	21785	18535	17581	16676
Excess capital on balance sheet (MEUR)	2118										
Equity value (MEUR)	28534										
Per share EUR	10.8										

Cost of capital	
Risk-free interest	2.5%
Market risk premium	4.8%
Company Beta	1.06
Liquidity premium	0.0%
Cost of equity	7.5%

Cash flow breakdown



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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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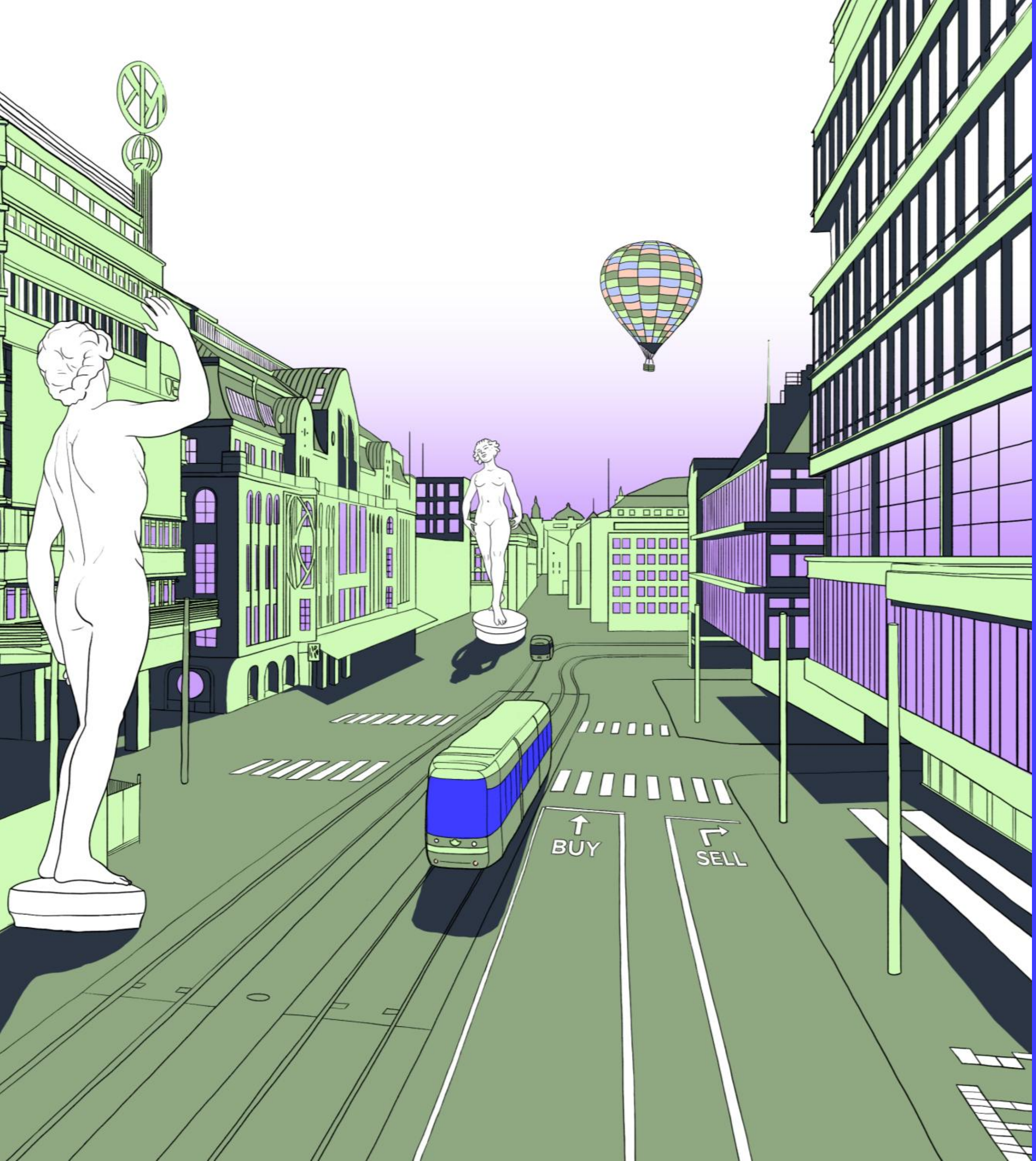
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
3/17/2020	Buy	30.00 €	23.83 €
4/30/2020	Buy	34.00 €	30.85 €
5/7/2020	Accumulate	33.00 €	30.40 €
6/16/2020	Buy	34.00 €	30.40 €
8/6/2020	Buy	35.00 €	30.30 €
10/9/2020	Buy	38.00 €	35.20 €
11/5/2020	Buy	38.00 €	34.14 €
1/20/2021	Buy	38.00 €	35.28 €
2/12/2021	Buy	41.00 €	36.04 €
2/25/2021	Buy	41.00 €	36.95 €
4/7/2021	Buy	43.00 €	39.23 €
5/6/2021	Buy	44.00 €	39.85 €
8/5/2021	Buy	45.00 €	42.39 €
9/24/2021	Buy	46.00 €	43.35 €
11/4/2021	Accumulate	48.00 €	46.73 €
12/9/2021	Accumulate	48.00 €	44.09 €
2/10/2022	Accumulate	49.00 €	45.35 €
5/5/2022	Accumulate	48.00 €	45.85 €
5/23/2022	Accumulate	44.00 €	41.76 €
8/4/2022	Accumulate	46.00 €	43.71 €
10/27/2022	Reduce	46.00 €	46.67 €
11/3/2022	Reduce	46.00 €	44.32 €
2/13/2023	Reduce	46.00 €	45.50 €
5/11/2023	Reduce	47.00 €	46.15 €
6/14/2023	Reduce	44.00 €	43.08 €
8/10/2023	Accumulate	44.00 €	40.35 €
10/2/2023	Accumulate	39.00 €	40.98 €
11/9/2023	Reduce	39.00 €	38.94 €
2/9/2024	Reduce	40.00 €	39.50 €
5/8/2024	Reduce	39.00 €	37.66 €
6/18/2024	Reduce	40.00 €	38.81 €
8/8/2024	Reduce	41.00 €	40.00 €
11/7/2024	Reduce	42.00 €	41.00 €
1/23/2025	Reduce	42.00 €	39.55 €
2/7/2025	Accumulate	43.00 €	40.91 €
	Share split 1/5	8.60 €	
5/8/2025	Accumulate	9.80 €	9.33 €
8/7/2025	Reduce	10.00 €	9.91 €
11/6/2025	Reduce	10.00 €	9.78 €
1/27/2026	Lisää	10.00 €	9.32 €
2/6/2026	Accumulate	10.00 €	9.29 €
5/7/2026	Accumulate	10.00 €	8.95 €
8/13/2026	Accumulate	10.50 €	9.58 €
9/24/2026	Buy	10.50 €	8.80 €



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