

Intact Financial Corporation Announces Sale of Codan DK to Alm. Brand A/S Group, Representing Proceeds of DKK 6.3 billion (\$1.26 billion) for Intact's 50% Stake

TORONTO, June 11, 2021 /CNW/ - Intact Financial Corporation (TSX: IFC) ("Intact" or the "Company") announced today that Scandi JV Co 2 A/S, which is co-owned by Intact and Tryg A/S (CPH: TRYG) ("Tryg") following the acquisition of RSA Insurance Group plc ("RSA"), has entered into a definitive agreement to sell (the "Sale") Codan Forsikring A/S's Danish business ("Codan DK") to Alm. Brand A/S Group ("Alm. Brand") (CPH: ALMB).

Under the terms of the agreement, Alm. Brand will acquire Codan DK for a total cash consideration of approximately DKK 12.6 billion (approximately \$2.52 billion).

Intact will receive 50% of the proceeds, being approximately DKK 6.3 billion (approximately \$1.26 billion), from the Sale, pursuant to the agreement with Tryg. Intact intends to use its proceeds from the Sale to repay short-term debt raised by it to acquire RSA and for general corporate purposes.

The Sale is currently anticipated to close during the first half of 2022, subject to receipt of the relevant approvals or clearances from regulatory and antitrust authorities, the completion of Alm. Brand's financing, and the satisfaction or waiver of certain other conditions.

"We are pleased to announce the sale of Codan DK to Alm. Brand, a well-known and respected Danish financial services company. The combined business is very well positioned in the Danish non-life insurance market," said Charles Brindamour, Chief Executive Officer, Intact Financial Corporation.

The Sale is expected to have a positive impact on Intact's anticipated internal rate of return ("IRR") of over 15% for its RSA acquisition. The Company expects the Sale to have an immaterial impact on the previously disclosed net operating income per share ("NOIPS") accretion expectations for its RSA acquisition, which remains high-single digit in first 12 months following the RSA acquisition, increasing to upper-teens within 36 months.

Alm. Brand is a Danish financial services group focused in Denmark and carries on non-life insurance and life insurance activities. Non-life insurance is the group's core business, exclusively targeting the Danish market, with a special focus on private customers, small and medium-sized enterprises, property owners and administrators, agricultural customers and the public sector.

Codan DK is one of the largest non-life insurers in Denmark, distributing a broad range of insurance products across multiple channels, utilising a leading brand that has been built over the last one hundred years.

Barclays Bank PLC, acting through its Investment Bank, and Danske Bank A/S are acting as financial advisers, and Clifford Chance LLP is acting as English law legal adviser and Gorrissen Federspiel Advokatpartnerselskab is acting as Danish law legal adviser to Intact and Scandi JV Co 2 A/S.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. Our business has grown organically and through acquisitions to over \$20 billion of total annual premiums.

In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

In the U.S., Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, and wholesalers and managing general agencies.

Outside of North America, the Company provides personal, commercial and specialty insurance solutions across the U.K., Ireland, Europe and the Middle East through the RSA brands.

About Tryg A/S

Tryg is one of the largest insurance companies in the Nordic region with activities in Denmark, Norway and Sweden. Tryg had total premiums of DKK 22.7 billion (approx. EUR 3 billion) at year end 2020 and is active in the Private, Commercial and Corporate segment across the Nordic region. Tryg provides peace of mind and value for more than 4 million customers on a daily basis. Tryg A/S is listed on NASDAQ Copenhagen and approximately 45% of the shares are held by TryghedsGruppen smba. TryghedsGruppen, annually, contributes around DKK 650m to peace of mind purposes via TrygFonden.

About Alm. Brand A/S Group

Alm. Brand is headquartered in Copenhagen and has approximately 1,400 employees. The company was established in 1792 and is the third-largest non-life insurance company in Denmark with a market share of approximately 9%. Non-life insurance assists around 320,000 households and 90,000 corporate customers. Life insurance assists around 70,000 customers.

Forward-looking statements

Certain of the statements included in this press release about the Sale, including the anticipated use of proceeds, timing of closing, impact and benefits thereof or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Unless otherwise indicated, all forward-looking statements in this press release are made as of June 11, 2021 and are subject to change after that date.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the receipt of all requisite approvals or clearances in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Sale, and economic and political environments and industry conditions. However, the completion of the Sale is subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, regulatory approvals or clearances, and there can be no assurance that the Sale will be completed in a timely manner, or at all. There can also be no assurance that the strategic and financial benefits expected to result from the Sale will be realized. Many factors could cause the Company's actual results, financial performance or condition, or achievements to differ materially from those expressed or implied by the forward-looking statements herein, including, without limitation, the following factors:

- expected regulatory processes and outcomes in connection with the Sale and the Company's business;
- the Company's ability to implement its strategy or operate its business as management currently expects;
- the Company's ability to accurately assess the risks associated with the insurance policies it writes;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company's investments, floating rate securities and funding obligations under its pension plans;
- the cyclical nature of the P&C insurance industry;
- management's ability to accurately predict future claims frequency and severity, including in the high net worth and personal auto lines of business;
- government regulations designed to protect policyholders and creditors rather than investors;
- litigation and regulatory actions, including with respect to the COVID-19 pandemic;
- periodic negative publicity regarding the insurance industry;
- intense competition;
- the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties;
- the Company's ability to successfully pursue its acquisition strategy;
- the Company's ability to execute its business strategy;
- management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Sale and resulting impact on growth and accretion in various financial metrics;
- unfavourable capital markets developments or other factors that may adversely affect Alm.Brand's ability to finance the Sale;
- the Company's dependence on key employees;
- the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions;

- the Company's profitability and ability to improve its combined ratio in Canada and internationally;
- the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools;
- terrorist attacks and ensuing events;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including most recently, the coronavirus (COVID-19) pandemic and ensuing events;
- the Company's ability to maintain its financial strength and issuer credit ratings;
- the Company's access to debt and equity financing;
- the Company's ability to compete for large commercial business;
- the Company's ability to alleviate risk through reinsurance;
- the Company's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers);
- the Company's ability to contain fraud and/or abuse;
- the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company's products and distribution;
- changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company's results;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs could negatively impact our claims reserves;
- general economic, financial and political conditions;
- the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends;
- the volatility of the stock market and other factors affecting the trading prices of the Company's securities, including in the context of the COVID-19 pandemic;
- the Company's ability to hedge exposures to fluctuations in foreign exchange rates;
- future sales of a substantial number of the Company's common shares; and
- changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the section entitled Risk Management (Sections 28-33) of our MD&A for the year ended December 31, 2020 ("Annual MD&A"), the section entitled Risk Management (section 19) of our MD&A for the quarter ended March 31, 2021 ("Q1 MD&A") and elsewhere in this press release. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Investors should not rely on forward-looking statements to make decisions, and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements contained herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-IFRS Measures

The Company uses both International Financial Reporting Standards ("IFRS") and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be

comparable to any similar measures presented by other companies. Management analyzes performance based on certain non-IFRS financial measures, including IRR and NOIPS. See Section 36 of the Annual MD&A and Section 21 of the Q1 MD&A, each of which is posted under the Company's profile on SEDAR at www.sedar.com, for the definition and historical reconciliation to the most comparable IFRS measure, where such a measure exists.

SOURCE Intact Financial Corporation

<https://newsroom.intactfc.com/2021-06-11-Intact-Financial-Corporation-Announces-Sale-of-Codan-DK-to-Alm-Brand-A-S-Group,-Representing-Proceeds-of-DKK-6-3-billion-1-26-billion-for-Intacts-50-Stake>