



**ALLIANZ MALAYSIA
BERHAD** (197201000819)

Q4 2020

FINANCIAL RESULTS

Analyst Briefing
25 February 2021

Allianz 

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AMB GROUP FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS 12M 2020

Group	General Insurance	Life Insurance	Investment Holding
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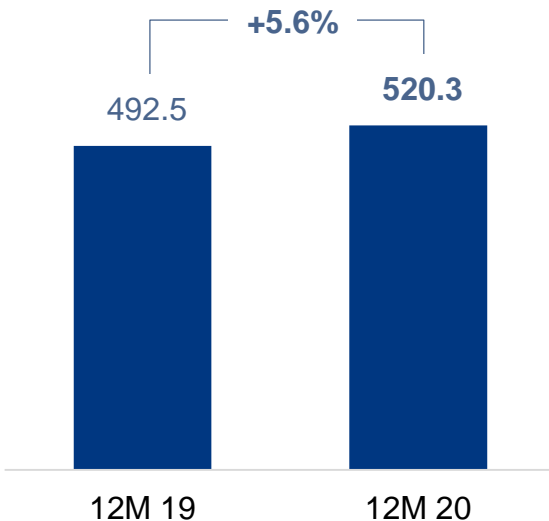
Operating Revenue (RM'mil)

5,945.7 (+7.4%)	2,471.6 (+6.9%)	3,462.2 (+7.9%)	11.9 (-16.8%)
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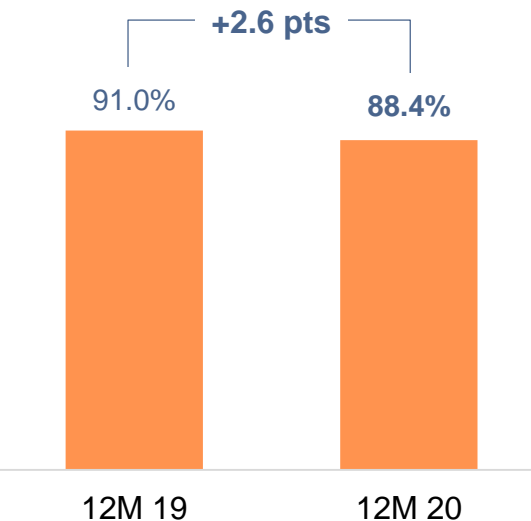
Gross Written Premium (RM'mil)

5,305.2 (+7.8%)	2,356.1 (+7.2%)	2,949.1 (+8.2%)	
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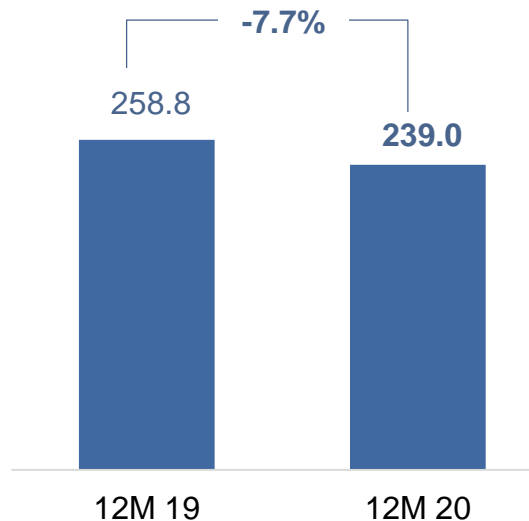
Shareholders' net income (in RM'mil)



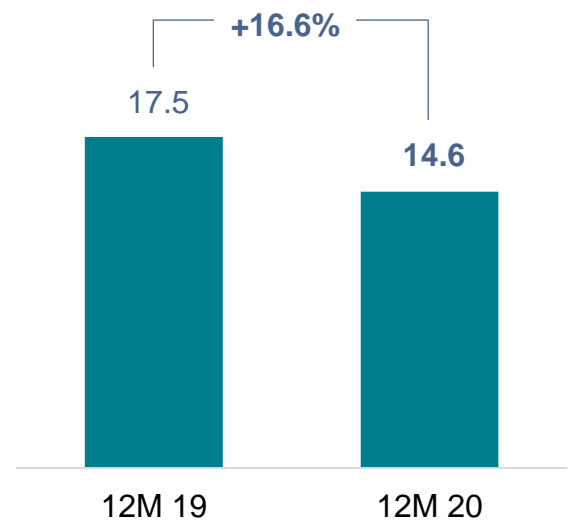
Combined ratio (in %)



New business value (in RM'mil)



Management expenses (in RM'mil)



REVENUE GROWTH AND RESILIENT EARNINGS FROM DIVERSIFICATION IN TWO STRONG PILLARS OF BUSINESSES

Comments

Operating revenue

- Group operating revenue of RM5.95 billion, an increase of 7.4% compared to corresponding period of RM5.53 billion due to higher gross earned premiums and investment income by RM384.8 million and RM26.5 million respectively.
- General business recorded an operating revenue of RM2.47 billion, an increase of 6.9% compared to corresponding period of RM2.31 billion.
- Life business recorded an operating revenue of RM3.46 billion, an increase of 7.9% compared to corresponding period of RM3.21 billion.

Earnings per ordinary share

- Basic earnings per ordinary share at 227.53 sen (12M 2019: 203.87 sen).
- Diluted earnings per ordinary share at 150.29 sen (12M 2019: 142.29 sen).

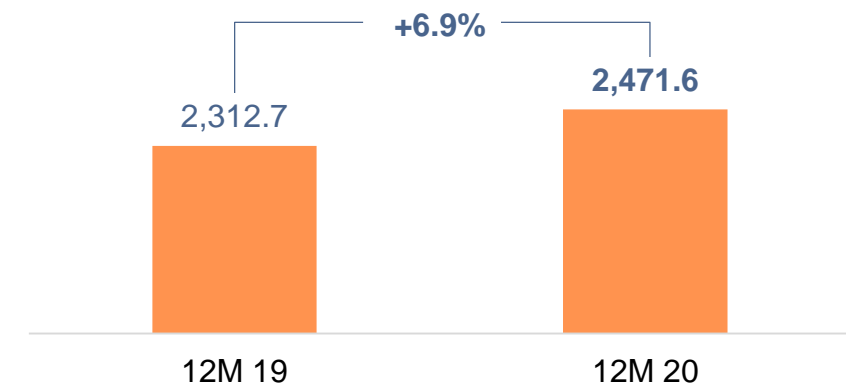
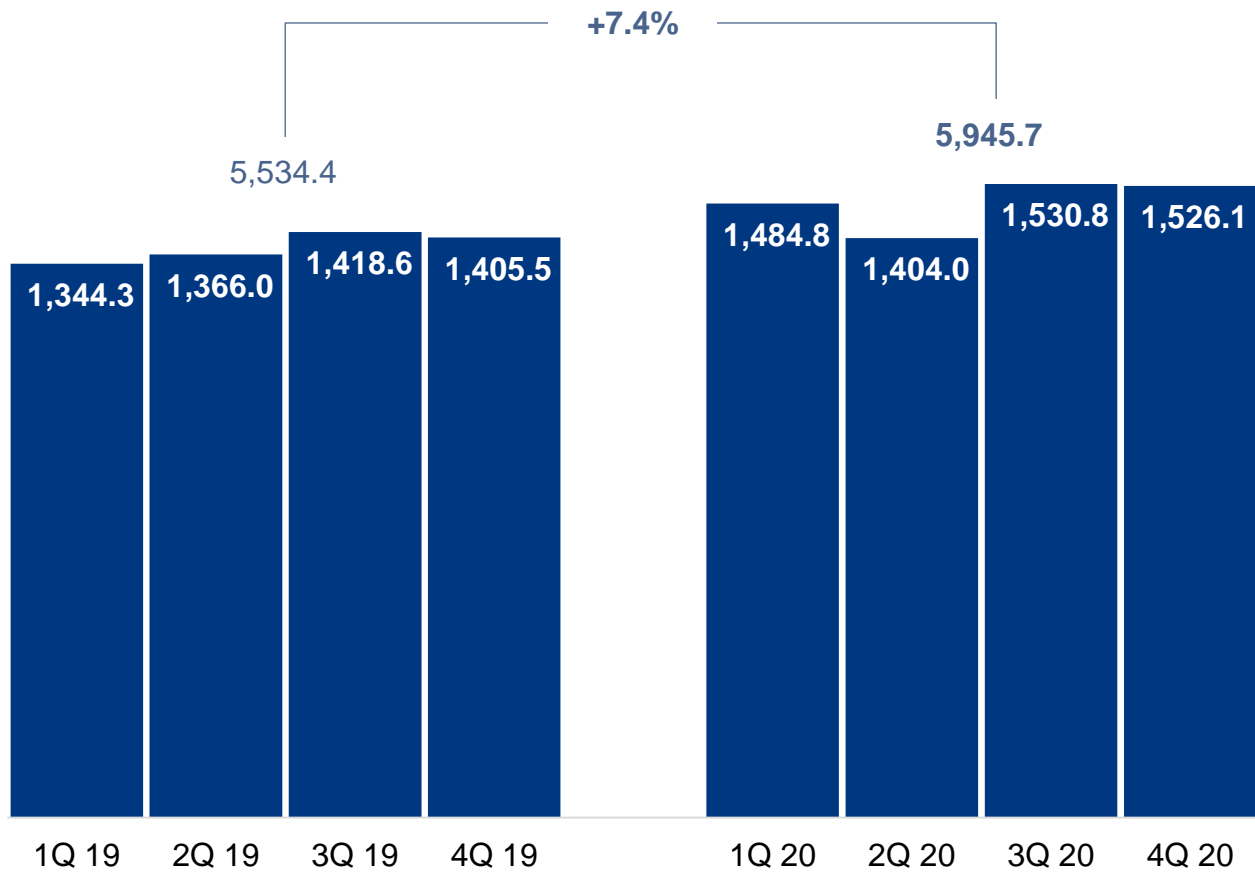
Profitability

- Group profit before tax of RM729.6 million increased by 5.4% (12M 2019: RM692.1).
- General business contributed a profit before tax of RM432.1 million, an increase of 19.2% (12M 2019: RM362.4 million). The increase was attributable to higher underwriting profit, driven by savings in motor claims from less traffic during various Movement Control Order (“MCO”). Net combined ratio was 88.4% as at 12M 2020 (12M 2019: 91.0%).
- Life insurance business recorded a profit before tax of RM308.7 million, a decrease of 9.4% (12M 2019: RM340.7 million). The decrease was attributable to higher insurance contract liabilities arising from changes in interest rate and additional claims provision being setup during the year.

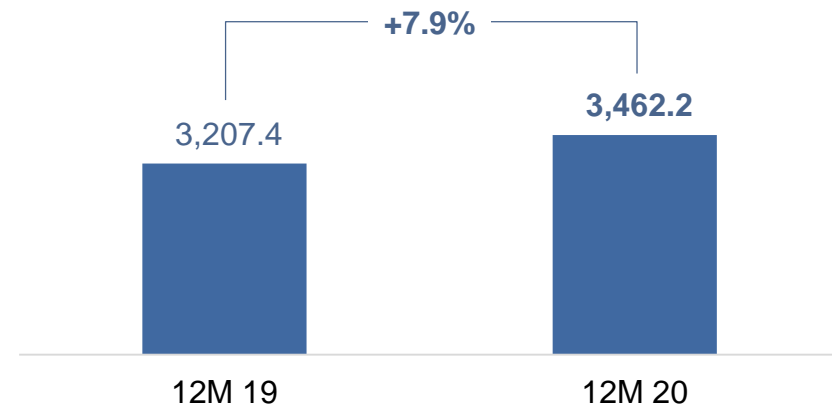
FINANCIAL HIGHLIGHTS 12M 2020

Group **General Insurance**

Operating Revenue (RM'mil)



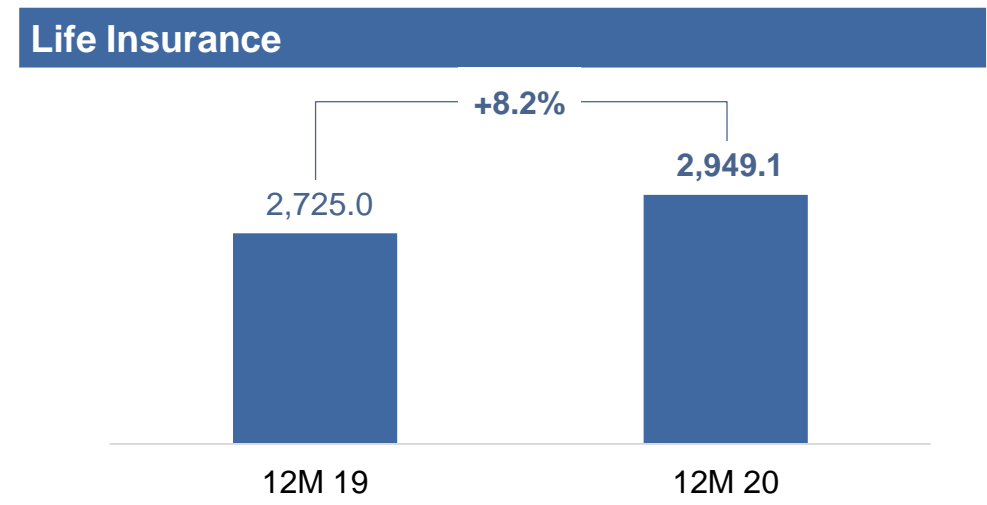
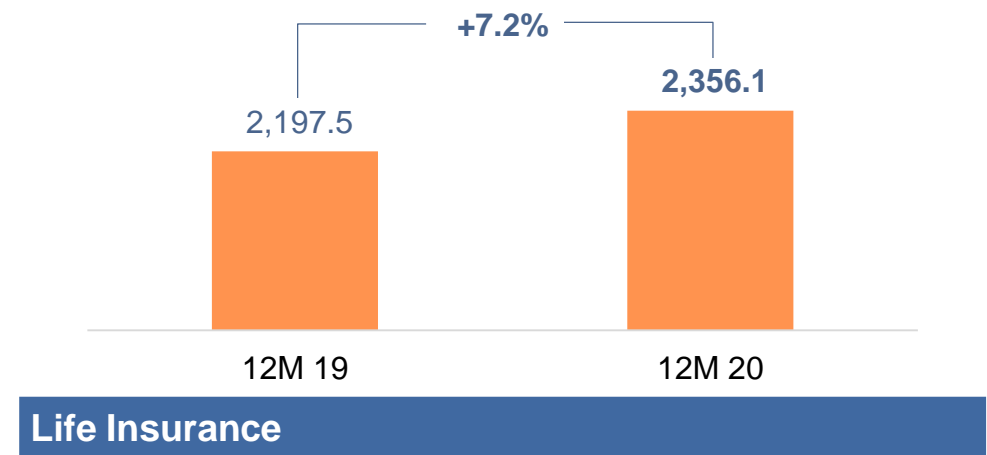
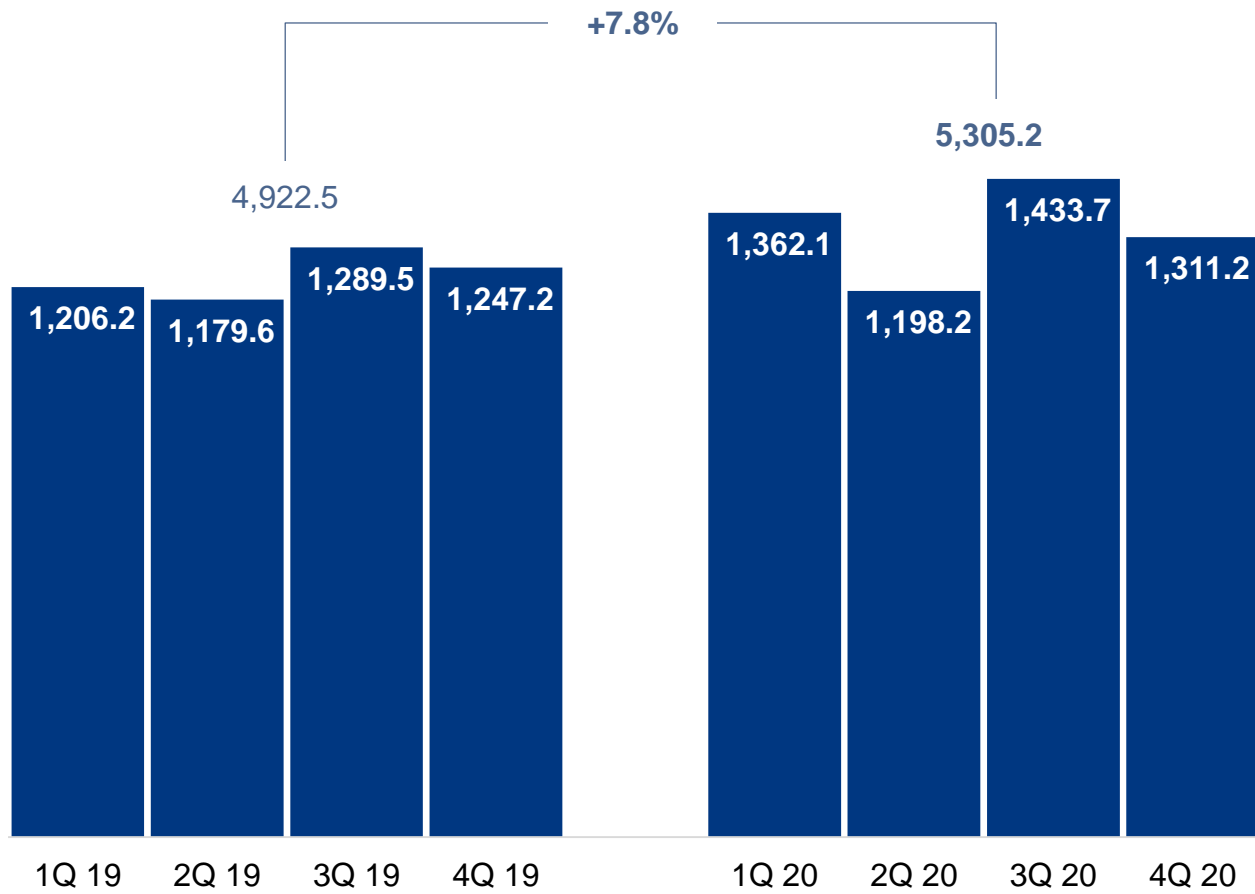
Life Insurance



FINANCIAL HIGHLIGHTS 12M 2020

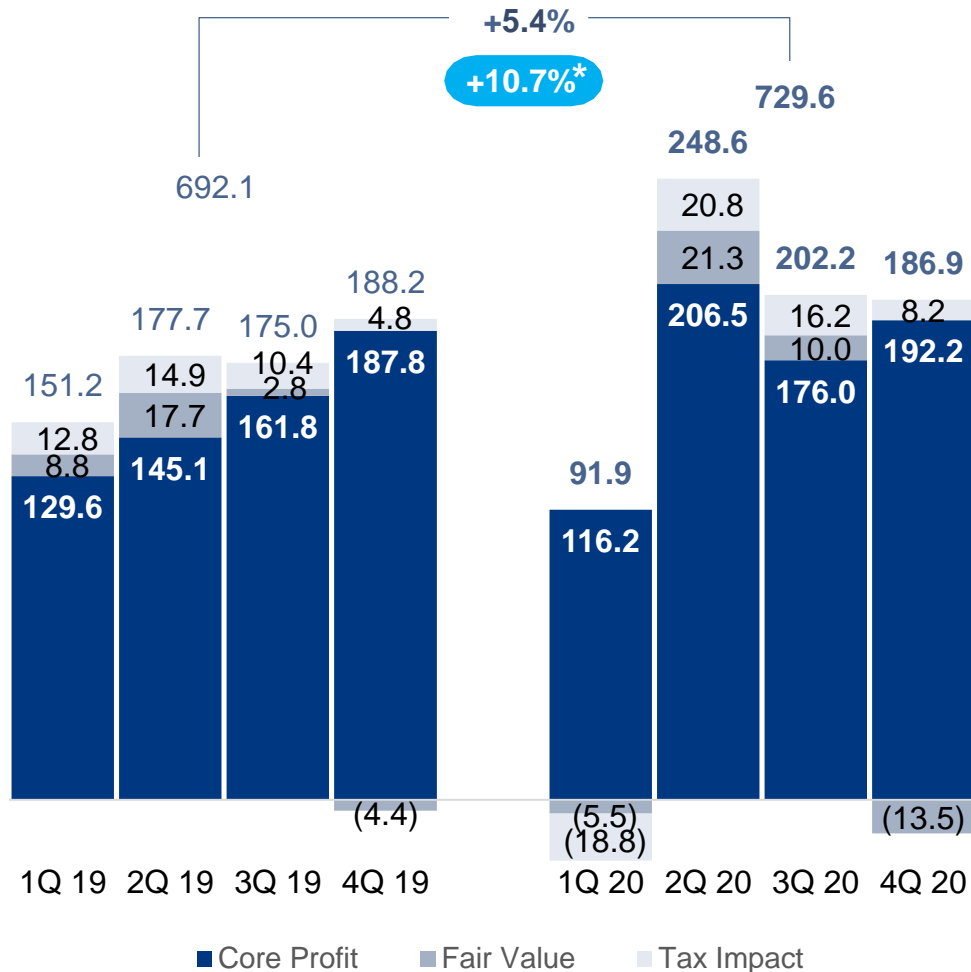
Group **General Insurance**

Gross Written Premium (“GWP”) (RM’mil)



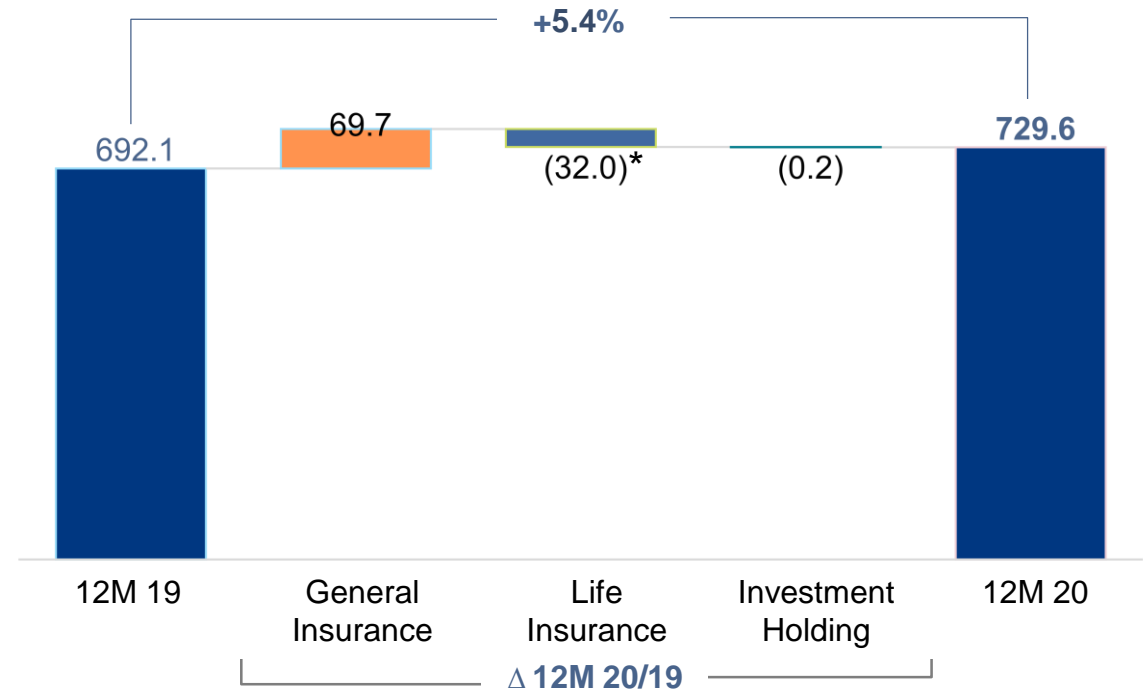
FINANCIAL HIGHLIGHTS 12M 2020

Profit Before Tax (RM'mil)



* Core profit growth

PBT drivers (RM'mil)

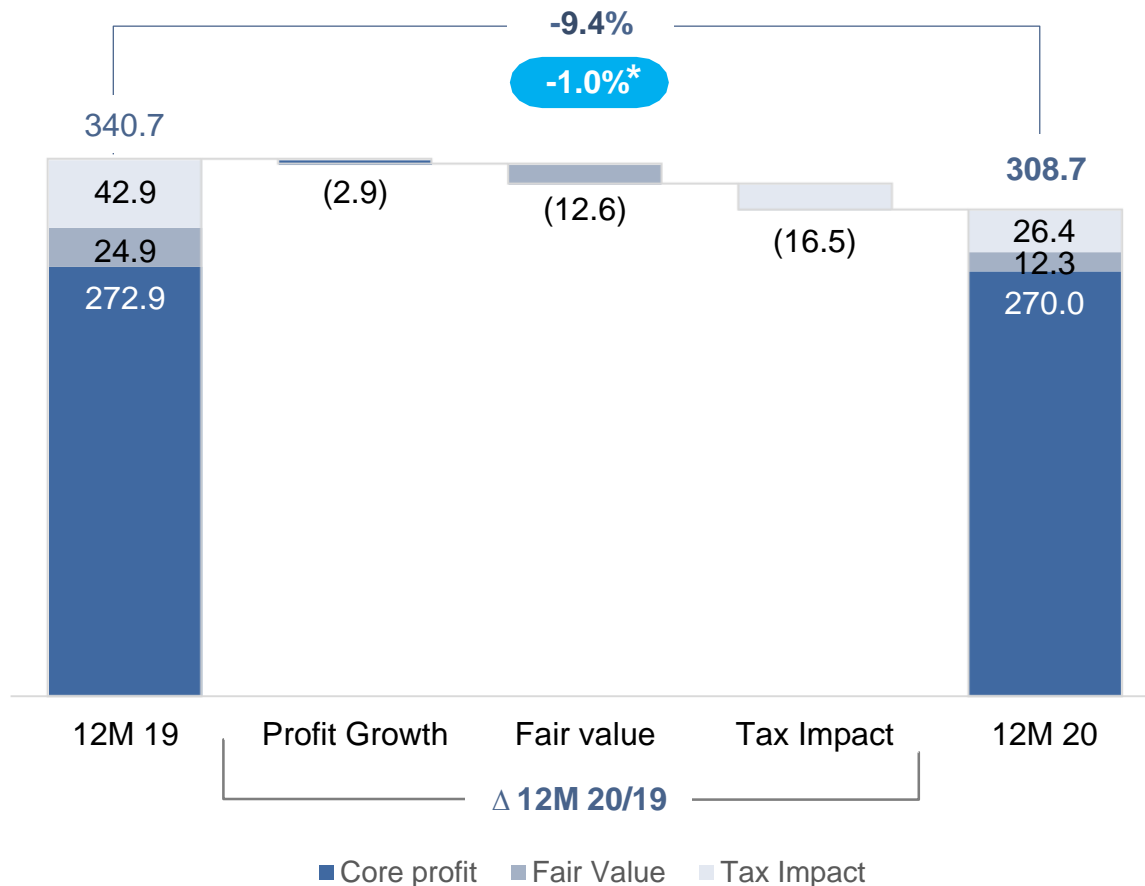


	General Insurance	Life Insurance	Investment Holding	Total
12M 2019	362.4	340.7	(11.0)	692.1
12M 2020	432.1	308.7	(11.2)	729.6
Change	69.7	(32.0)	(0.2)	37.5
Change (%)	19.2%	(9.4%)	(1.8%)	5.4%

* See slide 8 for further details on change for Life Insurance business

LIFE: LOWER PBT FROM IMPACT FROM FINANCIAL MARKETS. CORE EARNINGS INTACT

PBT Drivers (RM'mil)



* Core profit growth

Interest rate 10 years MGS

Dec 19	3.3%	Dec 18	4.1%
Dec 20	2.5%	Dec 19	3.3%
Δ 20/19	(0.8) pts	Δ 19/18	(0.8) pts

Bursa Malaysia KLCI Index

Dec 19	1,588	Dec 18	1,691
Dec 20	1,627	Dec 19	1,588
Δ 20/19	+2.4%	Δ 19/18	(6.1%)

FINANCIAL OVERVIEW

RM'mil	2017	2018	2019	2020	3 YEAR CAGR (2017-2020)
Gross Written Premiums	4,285.4	4,504.8	4,922.5	5,305.2	7.4%
Management Expenses	603.8	554.9	618.0	641.4	2.0%
Expense Ratio (Non Life)	20.3%	18.4%	20.2%	19.8%	0.5 pts
Expense Ratio (Life) ¹	12.1%	10.0%	10.5%	9.4%	2.7 pts
Local Consolidated PBT	437.3	519.0	692.1	729.6	18.6%
Total Assets	16,596.7	17,404.6	19,710.1	21,896.7	9.7%
Shareholders' Equity	3,135.5	3,361.7	3,673.6	4,031.5	8.7%
Dividends declared	45.65	152.04	247.05	220.44	69.0%
Diluted earnings per ordinary share (sen)	83.28	109.09	142.29	150.29	21.7%

Note 1 : Expense ratio for Life insurance segment weighted for 10% of Single Premium.

SUMMARY OF AUDITED FINANCIAL RESULTS

RM'mil	12M 2019	12M 2020	△20/19 %
Operating Revenue	5,534.4	5,945.7	7.4%
Gross Earned Premium	4,848.4	5,233.2	7.9%
Premiums ceded to reinsurers	(346.2)	(362.6)	(4.7%)
Net earned premiums ("NEP")	4,502.2	4,870.6	8.2%
Net change in benefits and claims paid ("Claim")	(2,322.0)	(2,167.2)	6.7%
Net change in contract liabilities ("Reserve")	(1,199.6)	(1,361.8)	(13.5%)
Management expenses ("ME")	(618.0)	(641.4)	(3.8%)
Net fee and commission expense	(682.2)	(743.5)	(9.0%)
Fair value gains and losses	340.5	40.0	(88.3%)
Net investment results	677.2	742.7	9.7%
Net other operating expenses	(6.0)	(9.8)	(63.3%)
Profit before tax	692.1	729.6	5.4%
Tax expense	(199.6)	(209.3)	(4.9%)
Profit after tax	492.5	520.3	5.6%
ME / NEP ratio	13.7%	13.2%	0.5 pts
Claim & Reserve / NEP ratio	78.2%	72.5%	5.7 pts

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GENERAL BUSINESS



GENERAL BUSINESS

Comments

Gross written premiums

- Gross written premium increased by 7.2% as compared to prior year mainly driven by motor business.

Profitability

- Higher profit before tax from higher underwriting profit.

Distribution and Portfolio

- 55.6% (12M 2019: 57.5%) of GWP from Agency and 28.7% (12M 2019: 24.9%) from Franchise.
- Increase in Franchise due to new partnership tie up.

Combined ratio

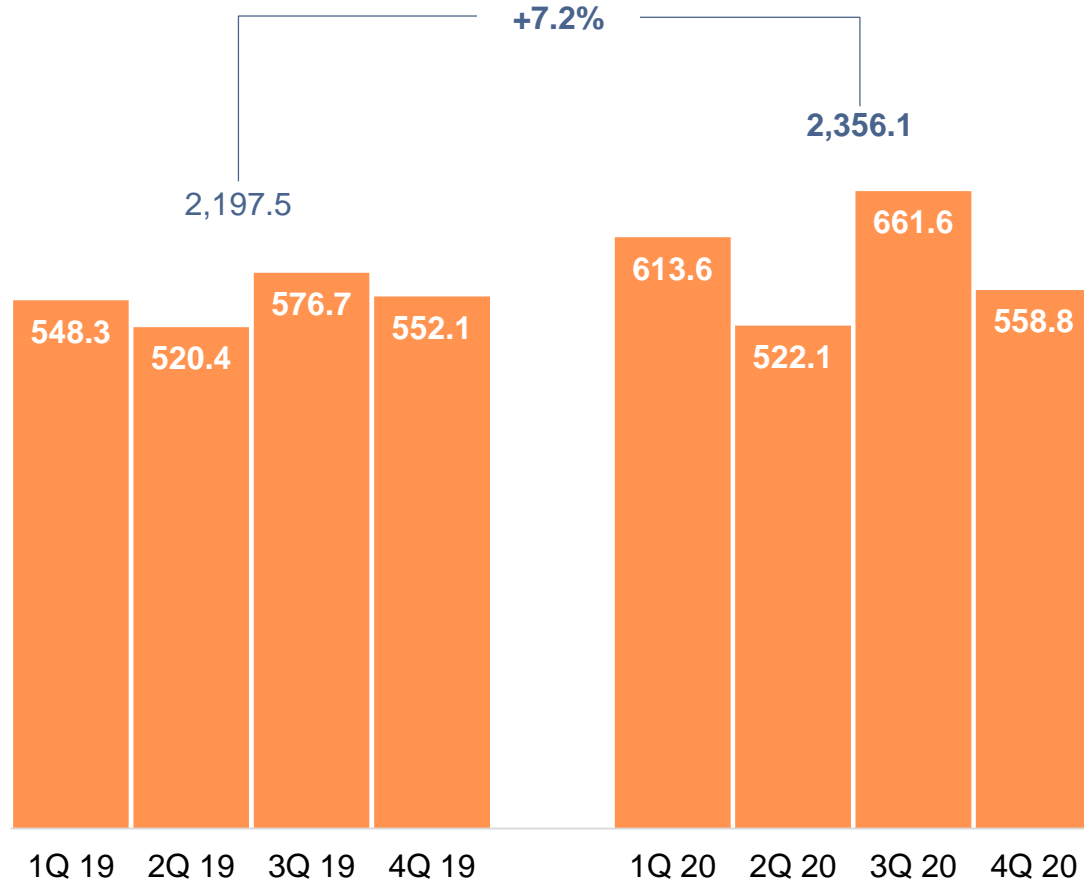
- Lower combined ratio by 2.6 pts mainly from lower motor claims ratio.

Market growth

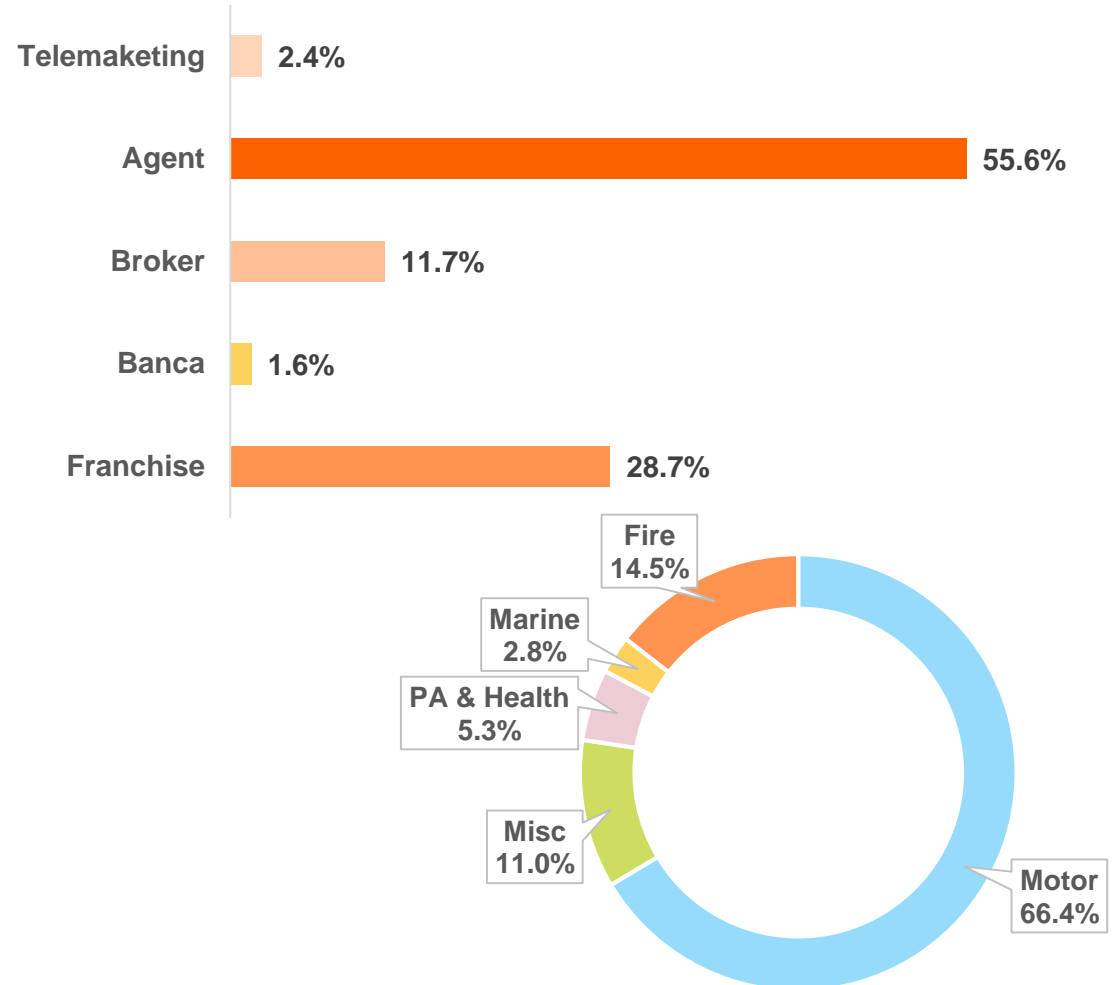
- Increased market share during the year. Market share grew from 12.4% in 12M 2019 to 13.3% in 12M 2020.

GENERAL BUSINESS: GWP IS 7.2% HIGHER THAN PRIOR YEAR

Gross Written Premium (RM'mil)

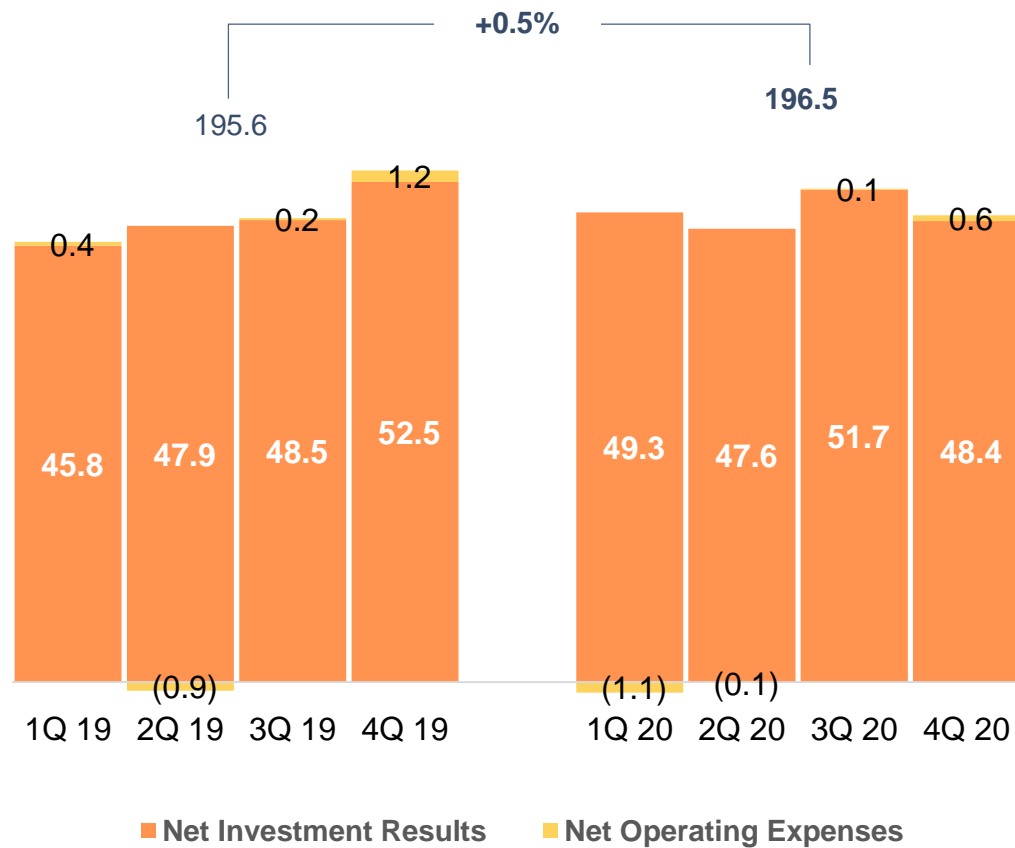


Distribution Channel & Portfolio Mix

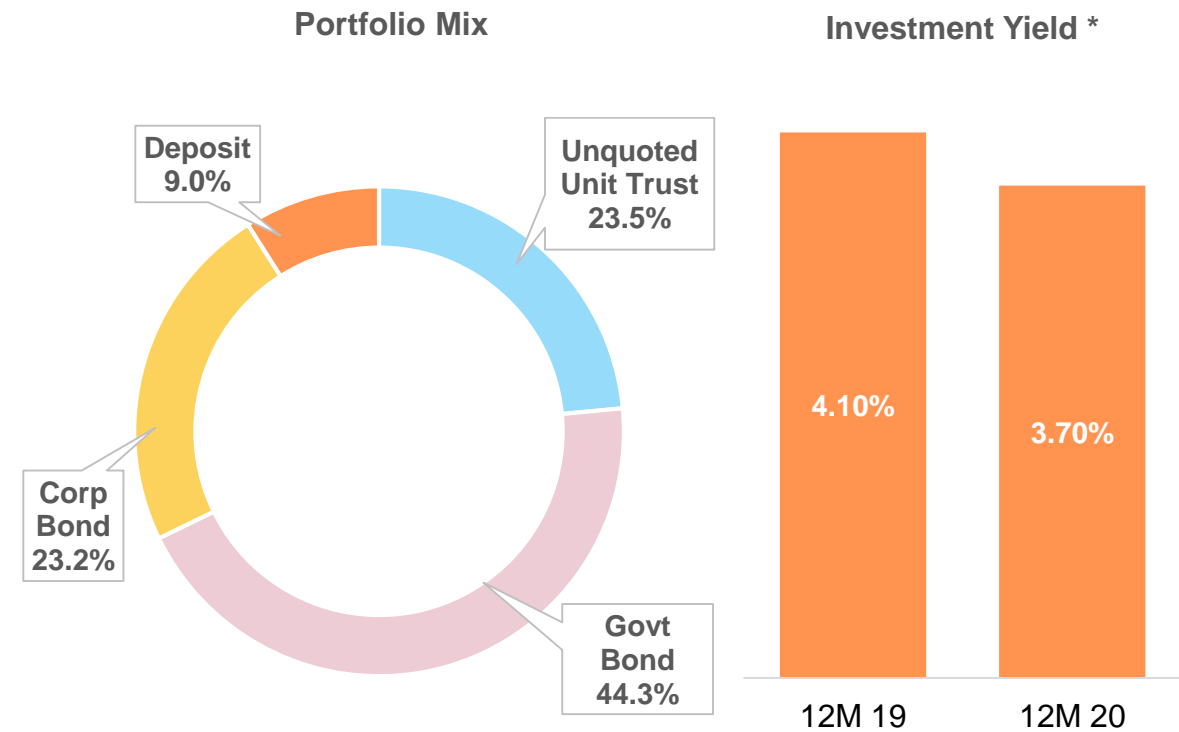


GENERAL BUSINESS: STABLE GROWTH IN INVESTMENT INCOME

Net Investment Results/
Net Operating Expenses (RM'mil)



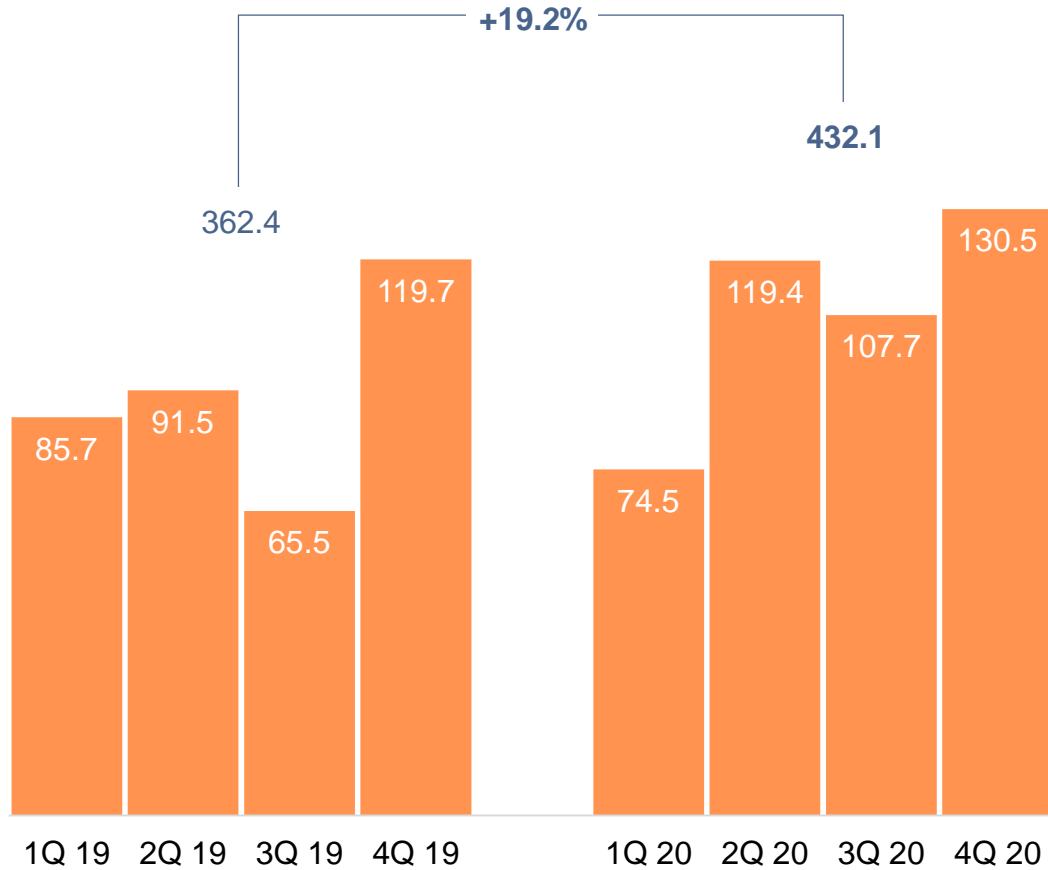
Portfolio Mix and Investment Yield (Annualized)



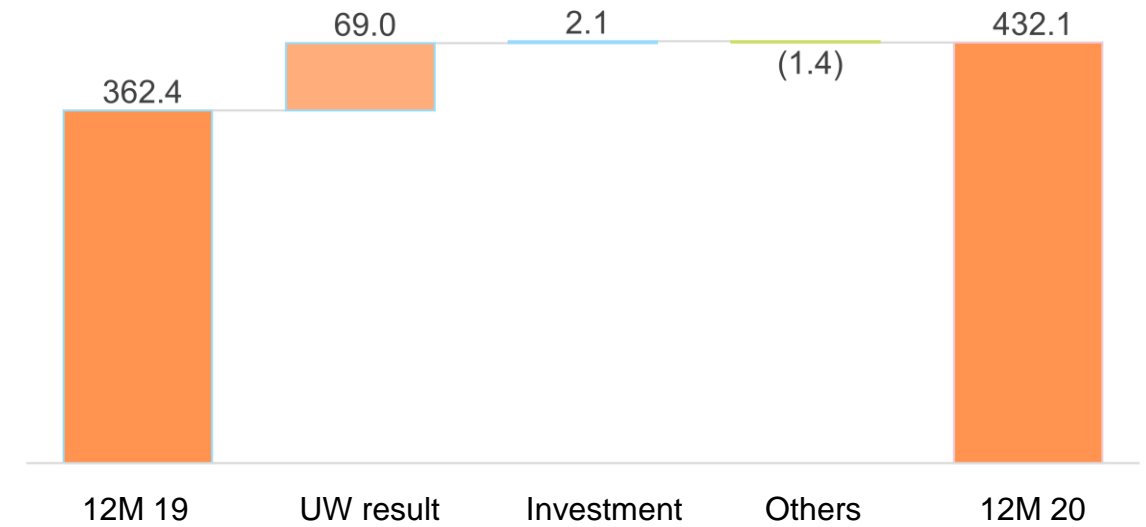
* Investment yield is excluding fair value gains/losses

GENERAL BUSINESS: HIGHER PROFIT BEFORE TAX FROM HIGHER UNDERWRITING PROFIT

Profit Before Tax (RM'mil)



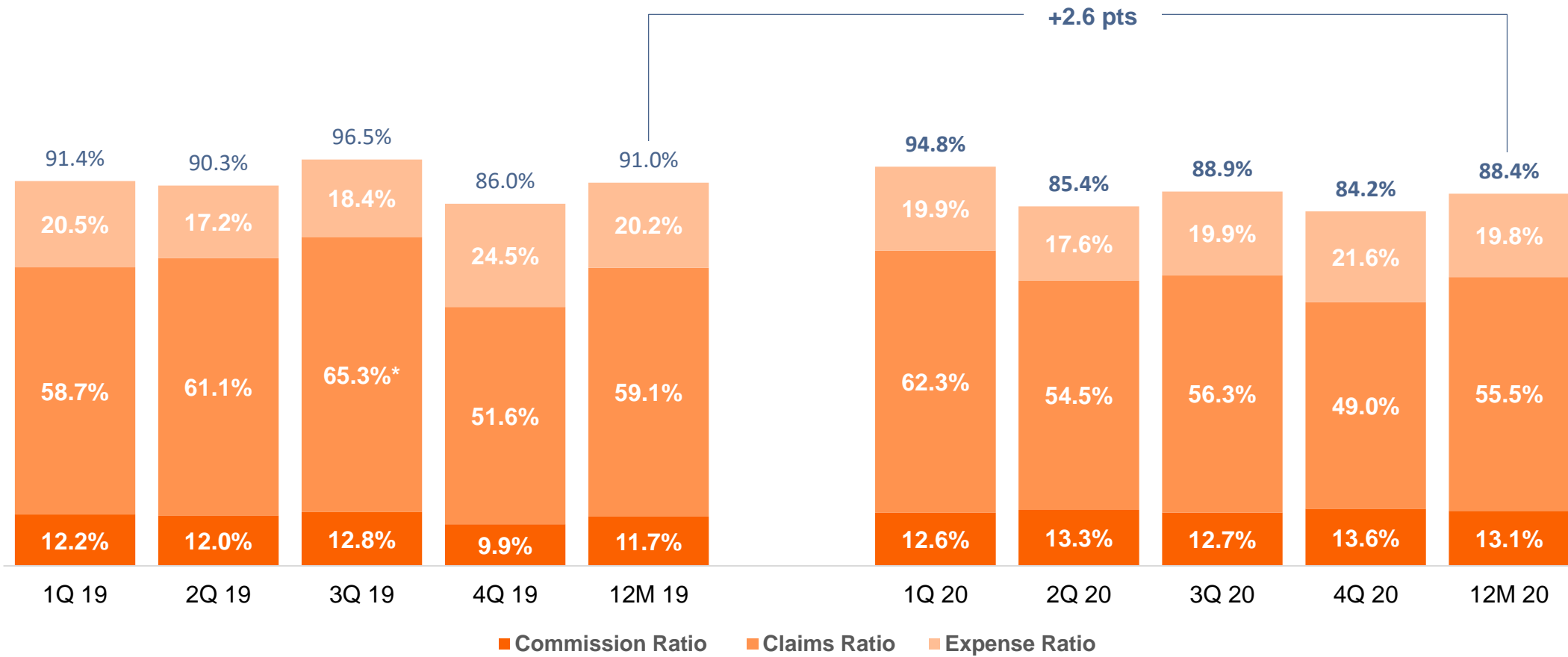
PBT Drivers (RM'mil)



12M 2019	166.6	194.9	0.9	362.4
12M 2020	235.6	197.0	(0.5)	432.1
Change	69.0	2.1	(1.4)	69.7

GENERAL BUSINESS: LOWER COMBINED RATIO DUE TO LOWER CLAIMS RATIO

Combined Ratio



*3Q 2019 claims ratio affected by large fire claim

GENERAL BUSINESS: AUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	12M 2019	12M 2020	△20/19 %
Gross written premiums	2,197.5	2,356.1	7.2%
Gross earned premiums	2,123.4	2,284.1	7.6%
Net earned premiums	1,858.4	2,027.2	9.1%
Net change in claims incurred	(1,099.2)	(1,124.6)	(2.3)%
Management expenses	(375.1)	(402.0)	(7.2)%
Net fee and commission expenses	(217.5)	(265.0)	(21.8)%
Underwriting result	166.6	235.6	41.3%
Fair value gains and losses	0.2	-	(>100%)
Net investment results	194.7	197.0	1.2%
Net other operating expenses	0.9	(0.5)	(>100%)
Profit before tax (after consolidation adjustment)	362.4	432.1	19.2%
Commission ratio	11.7%	13.1%	(1.4) pts
Claims ratio	59.1%	55.5%	3.6 pts
Expense ratio	20.2%	19.8%	0.4 pts
Combined ratio	91.0%	88.4%	2.6 pts

GENERAL BUSINESS: PERFORMANCE COMPARED TO INDUSTRY (JAN-DEC 2020)

KPIs	AGIC 12M 2020	Industry ¹ 12M 2020	Takaful ² 12M 2020
GWP growth	7.2%	-0.6%	4.6%
Commission ratio	13.1%	9.9%	8.4%
Claims ratio			
• Overall	55.5%	52.9%	55.7%
• Motor	59.6%	62.5%	68.2%
Expense ratio	19.8%	25.7%	30.9%
Combined ratio	88.4%	88.5%	94.9%

Market Share (12M 2020)³	13.3%
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Market Ranking (9M 2020)⁴	No. 1
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Notes:

- 1) Source: ISM Market Performance Report Jan-Dec 2020
- 2) Source: ISM Takaful Market Performance Report Jan-Dec 2020
- 3) AGIC and ISM Market Performance Report Jan-Dec 2020
- 4) AGIC and ISM Market Performance Report Jan-Sep 2020

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LIFE BUSINESS



LIFE BUSINESS

Comments

Gross written premiums

- Gross written premiums grew by 8.2%.

Market Growth

- ALIM ANP declined by 10.0%, while industry declined by 0.4%.
- Market share 12M 2020 stood at 7.7% (12M 2019: 8.5%).

Distribution

- Employee Benefits grew by 13.9%.
- Agency ANP declined by 12.6% while Bancassurance declined by 7.6% as distribution channel faces challenges in new sales with lockdown measures imposed to contain the spread of pandemic limit face-to-face selling opportunities. Shorter operating hours at banks also impede sales effort.
- Focus on new partnership and building remote selling capabilities.

Product mix

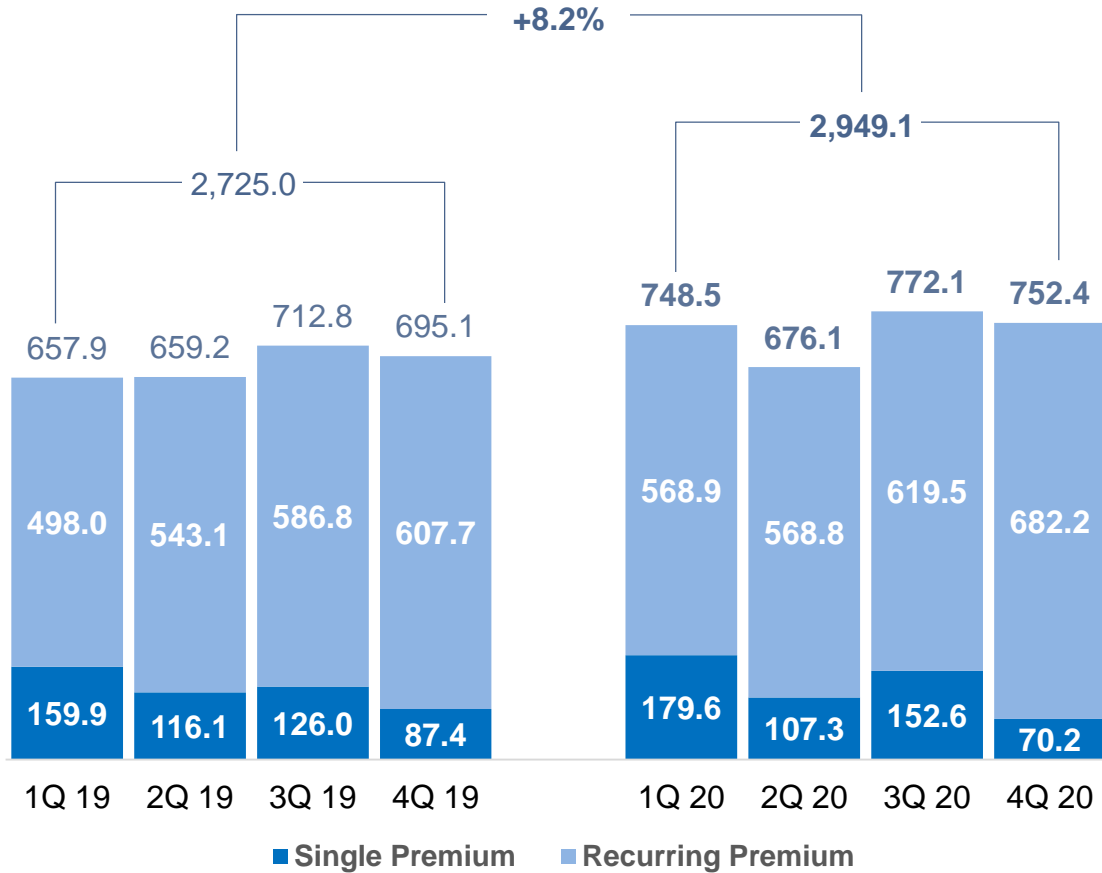
- Remain focus on sales of investment-linked products with protection rider which provide higher margins but to also cater for demand for saving products.
- Investment-linked GWP continues to grow by 9.6% even with the lower ANP.

Profitability

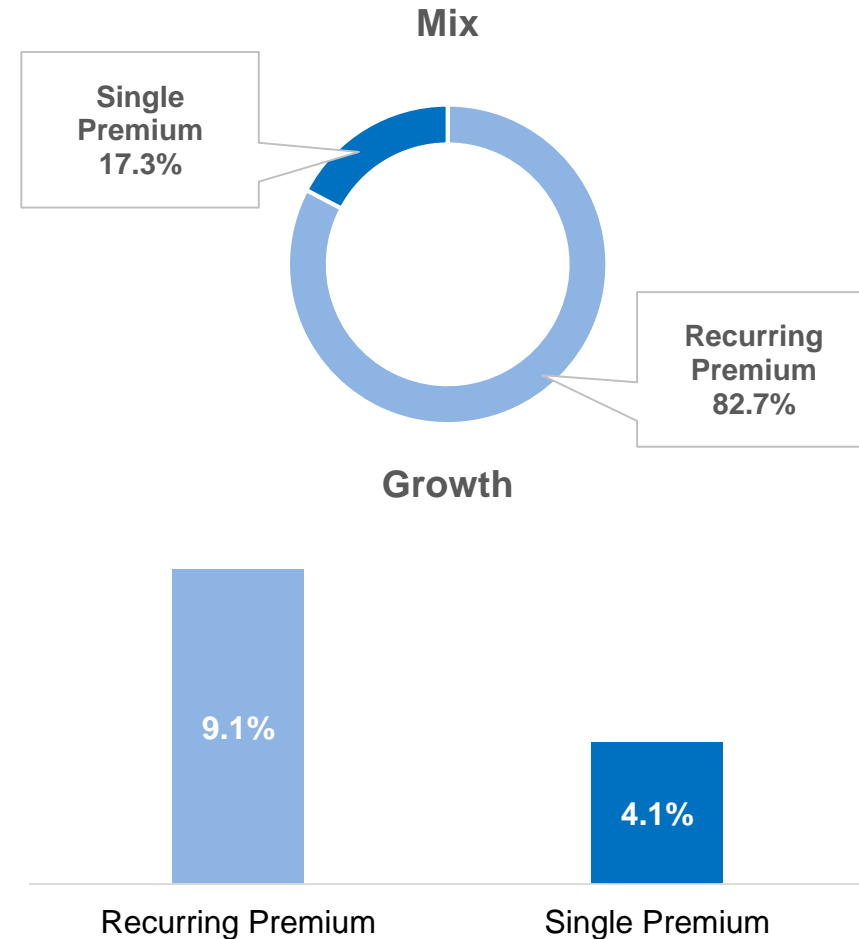
- Profit before tax decreased by 9.4% due to higher insurance contract liabilities arising from changes in interest rate and additional claims provision being setup during the year.
- The core profit is RM270.0 million, marginal decline of 1.0% from preceding period on a comparable basis.
- New business value was RM 239.0 million, declined by 7.7% as a consequent of lower new business volume during the year.

LIFE BUSINESS: Y-O-Y GROWTH DRIVEN BY RECURRING PREMIUM

Gross Written Premiums (“GWP”) (RM’mil)

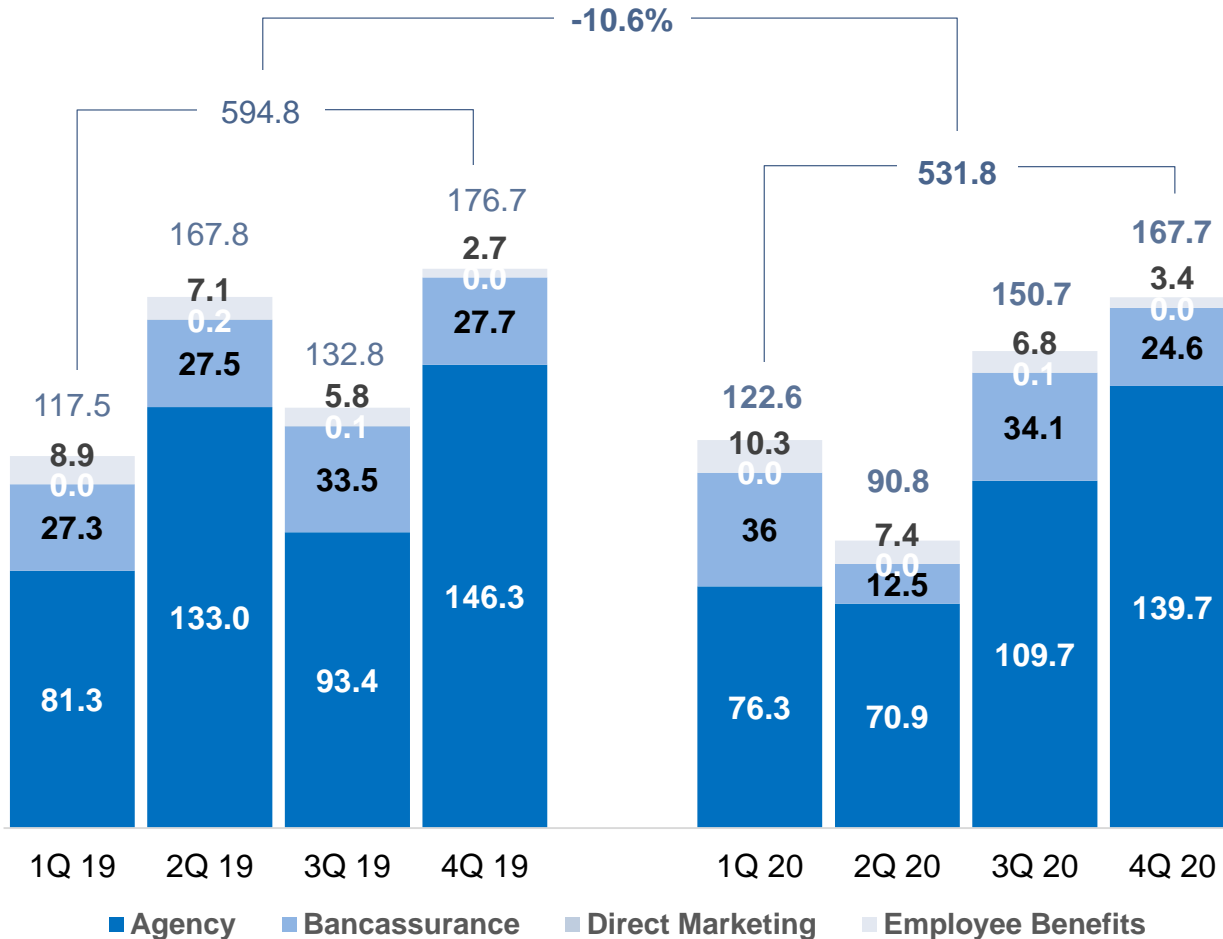


GWP Mix & Growth (%) (12M 2020)

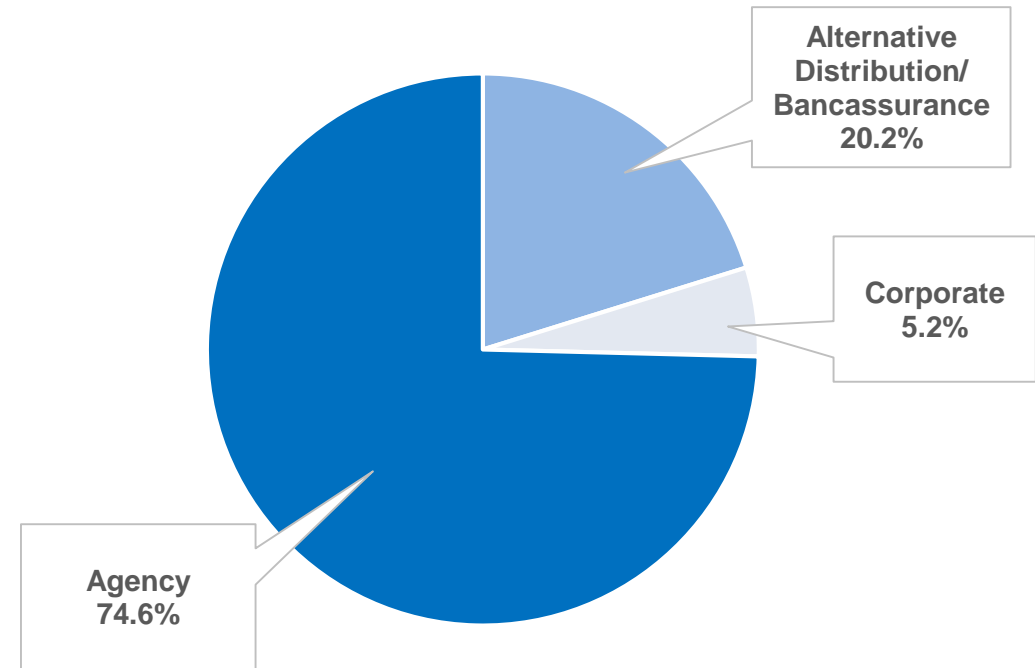


LIFE BUSINESS: ANP GROWTH AFFECTED BY COVID-19 AND MCOS

Annualized New Premiums (“ANP”) (RM’mil)

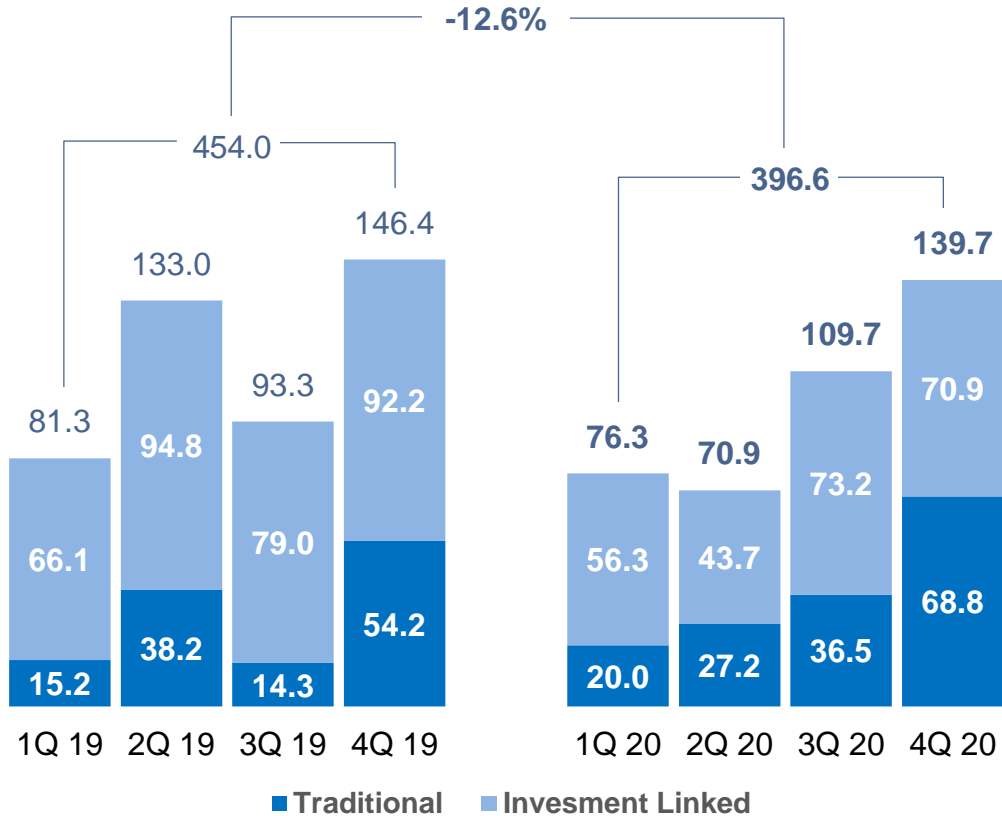


ANP Channel Mix (%) (12M 2020)

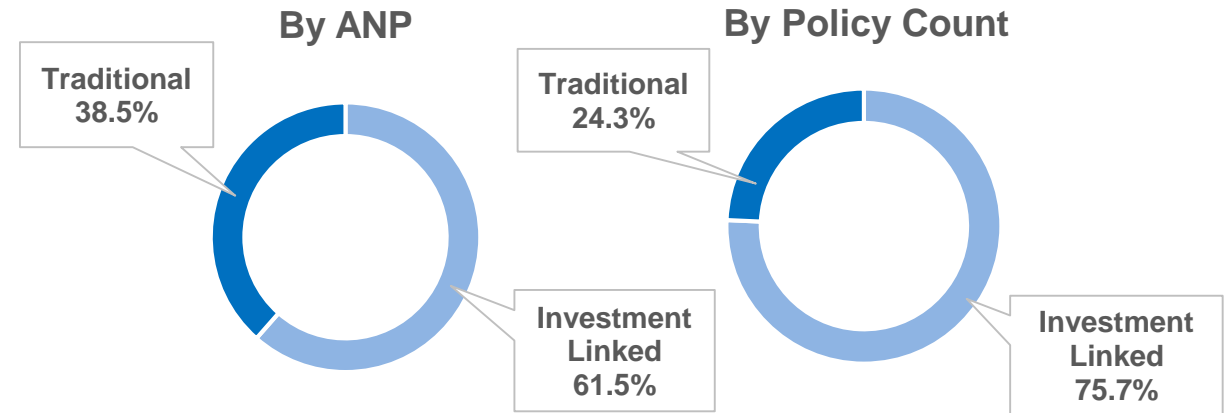


LIFE BUSINESS (AGENCY): RECOVERY OF NEW BUSINESS IN SECOND HALF OF THE YEAR

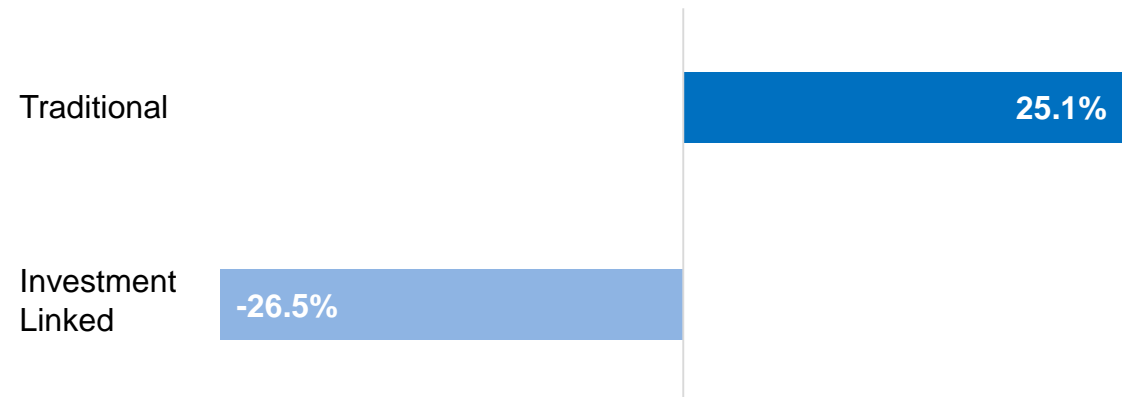
Agency Annualized New Premiums (RM'mil)



Agency Product Mix (%) (12M 2020)

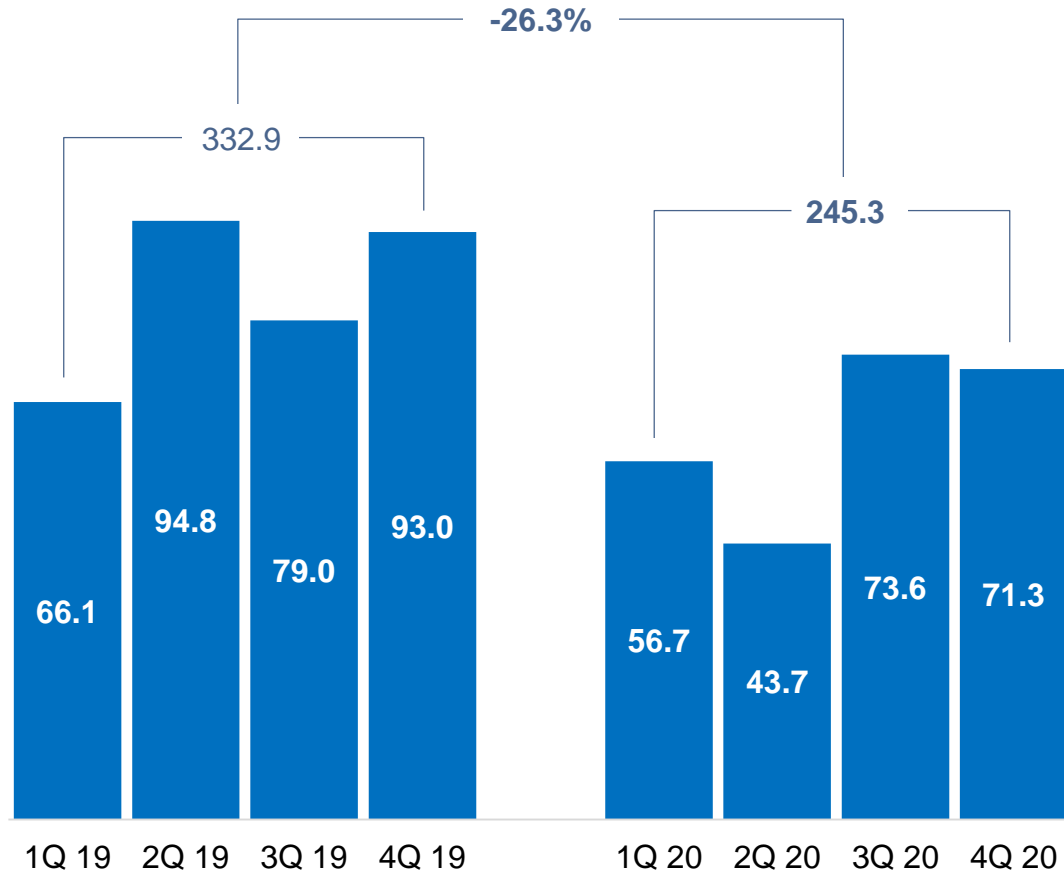


Agency ANP Growth (%) (12M 20)

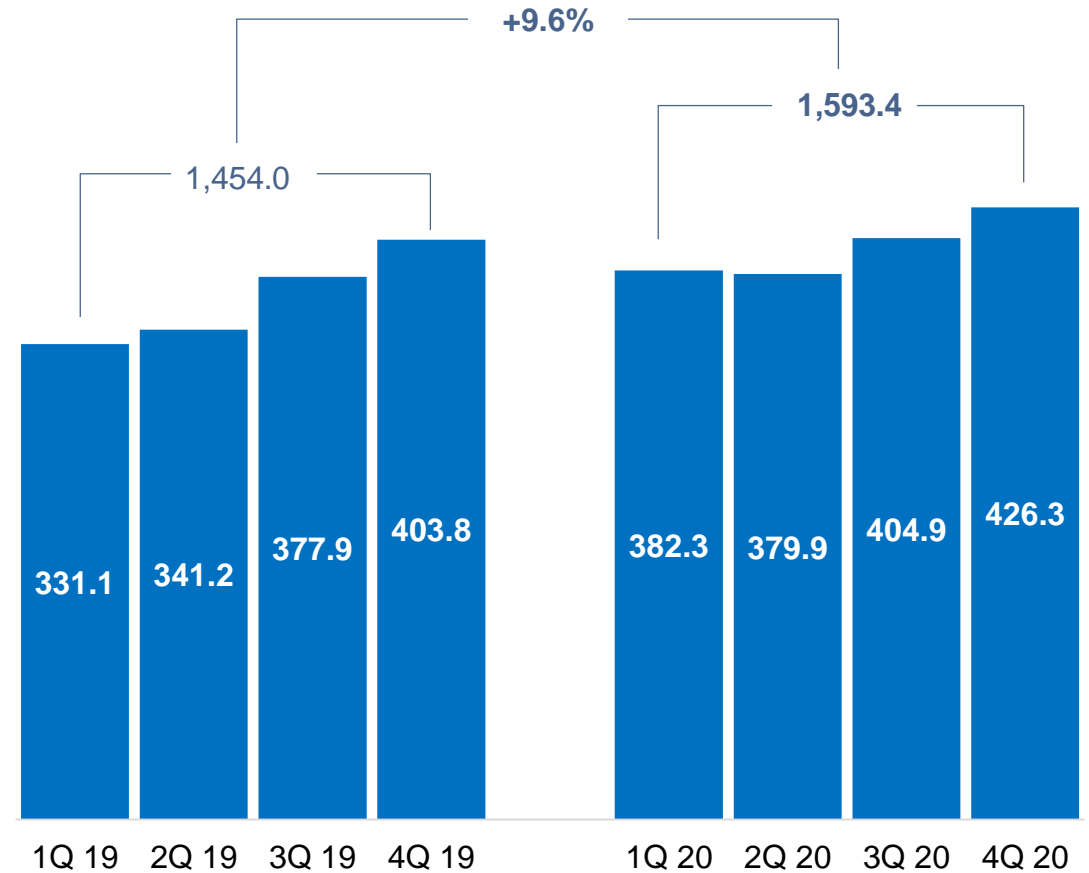


LIFE BUSINESS: PROTECTION BUSINESS (INVESTMENT-LINKED) GWP CONTINUES TO GROW DESPITE LOWER NEW BUSINESS

Annualised New Premiums (RM'mil)

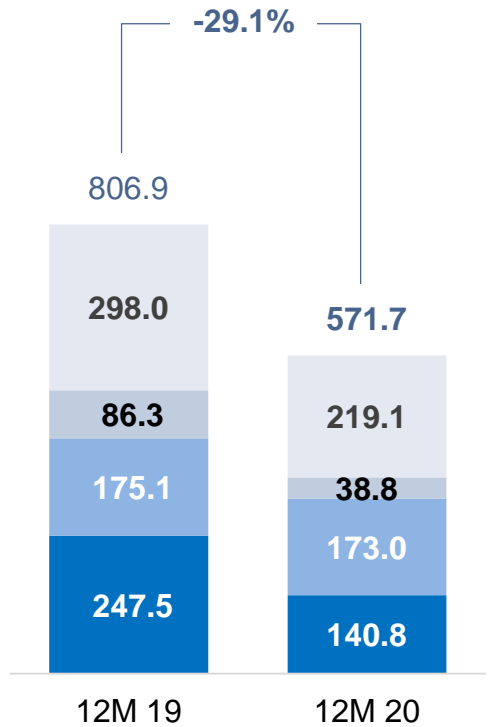


Gross Written Premiums (RM'mil)

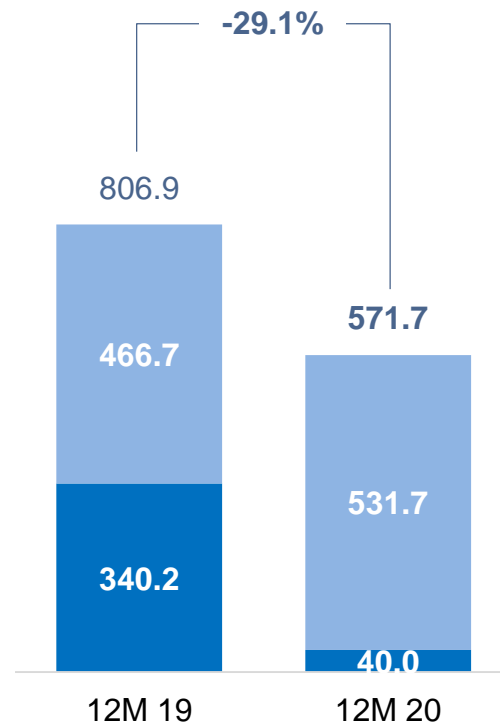


LIFE BUSINESS: LOWER INVESTMENT RESULTS DUE TO LOWER NET FAIR VALUE RESULTS

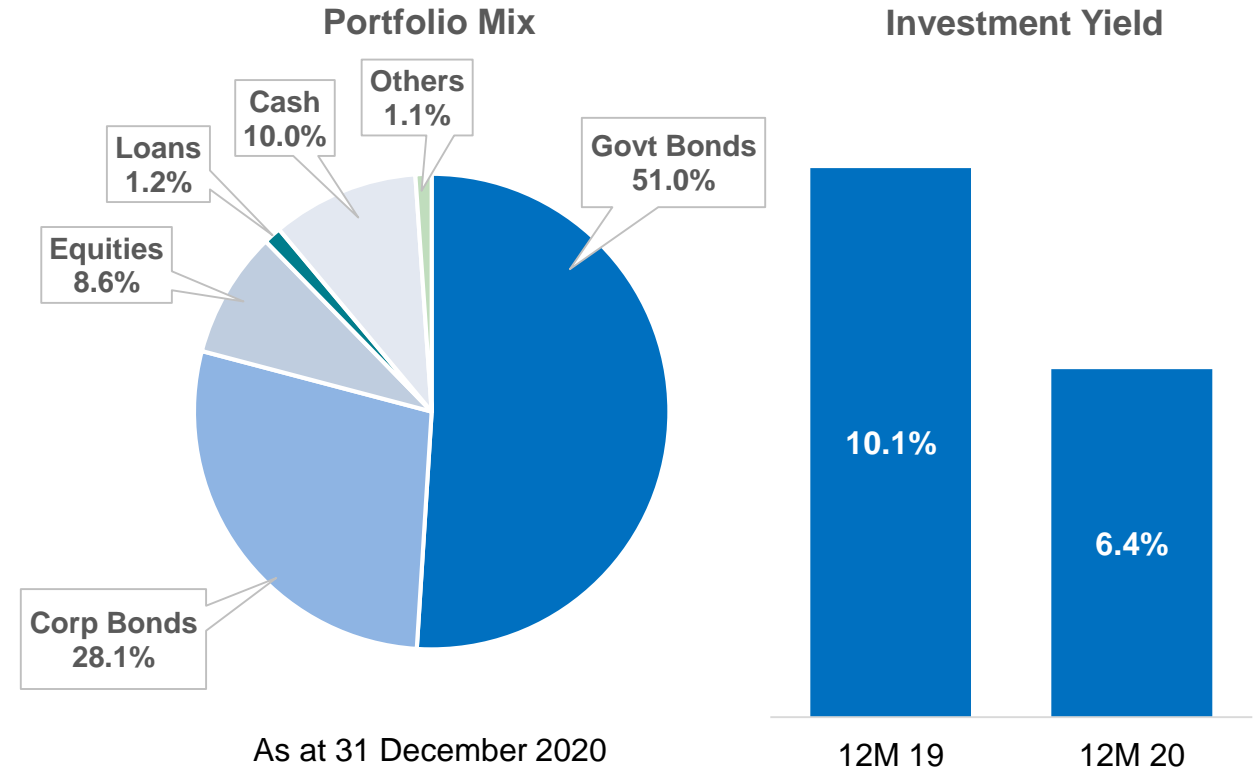
Investment Results by funds (RM'mil)



Investment Results (RM'mil)



Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualized)



■ Par ■ Non Par + ILOF ■ ILF ■ ULF

■ Net investment results
■ Fair value gains and losses

Note: Net investment results include Investment Income and Realised Gains/(Losses).

Note: Yield % includes unrealised gains/losses from equities and fixed income.

LIFE BUSINESS: AUDITED FINANCIAL RESULTS AT A GLANCE

RM'mil	12M 2019	12M 2020	△20/19 %
Gross written premiums	2,725.0	2,949.1	8.2%
Premiums ceded to reinsurers	(81.2)	(105.6)	(30.0%)
Net earned premiums	2,643.8	2,843.5	7.6%
Net change in benefits and claims paid	(1,258.3)	(1,235.9)	1.8%
Net change in contract liabilities	(1,164.0)	(1,168.5)	(0.4%)
Management expenses	(225.3)	(224.7)	0.3%
Net fee and commission expenses	(456.2)	(467.5)	(2.5%)
Fair value gains and losses	340.2	40.0	(88.2%)
Net investment results	466.7	531.7	13.9%
Net other operating expenses	(6.2)	(9.9)	(59.7%)
Profit before tax (after consolidation adjustment)	340.7	308.7	(9.4%)
Annualised new premiums	594.8	531.8	(10.6%)
Expense ratio (LF+SHF)	10.5%	9.4%	1.1 pts
Local investment yield (LF+SHF)	10.1%	6.4%	(3.7) pts
Block persistency ratio	90.2%	88.3%	(1.9) pts

ALLIANZ LIFE: ANP GROWTH AFFECTED BY COVID-19 AND MCOS

Market growth analysis (12M 2020)

Annualised New Business

Distribution Channel	← 12M 2020 Growth →				12M 2019 Growth		5-year CAGR (2015 – 2020)	
	ALIM (% Growth)	Industry (% Growth)	Market Share	Market Rank	ALIM (% Growth)	Industry (% Growth)	ALIM	Industry
Agency (Traditional)	25.4%	35.9%	13.4%	3	13.4%	2.3%	12.8%	-0.1%
Agency (IL)	-26.6%	-9.3%	7.6%	5	11.4%	14.4%	0.3%	5.1%
Agency (Total)	-12.0%	-0.2%	9.2%	5	12.0%	11.8%	4.3%	3.5%
Bancassurance	-7.6%	-1.1%	4.7%	7	35.2%	21.9%	23.1%	13.9%
Employee Benefits	14.8%	3.1%	10.1%	4	20.0%	6.6%	14.7%	4.0%
Total	-10.0%	-0.4%	7.7%	5	16.3%	14.8%	7.4%	6.5%

Source: LIAM statistic as of 31 Dec 2020

**THANK YOU
FOR YOUR ATTENTION**

DISCLAIMER

These assessments are, as always, subject to the disclaimer provided below.

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The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary

Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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