

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
4Q 2013

Analyst Briefing  
3 March 2014

# 1

Group financial  
results 4Q 2013

## 1 **AMB Group Results**

2 General Business

3 Life Business

4 Dividend + Capital Requirement

## Strong Performance in 2013



### Operating revenue

- Group operating revenue of RM3.65 billion, an increase of 15.9% compared to corresponding period of RM3.15 billion due mainly to higher gross earned premiums and investment income by RM455.0 million and RM46.8 million respectively.
- General business recorded an operating revenue of RM1.84 billion, an increase of 10.8% compared to corresponding period of RM1.66 billion.
- Life business recorded an operating revenue of RM1.80 billion, an increase of 21.7% compared to corresponding period of RM1.48 billion.

### Profit before tax

- Group consolidated profit before tax of RM339.2 million increased by 13.9% compared to corresponding period last year of RM297.8 million.
- General business contributed a profit before tax of RM258.2 million supported by higher net earned premium and a stable combined ratio.
- The life insurance operations recorded a higher profit before tax of RM82.1 million due mainly to lower insurance contract liability arising from higher interest rate.
- Surplus transfer from life fund to shareholders' fund is RM10.2 million (2012: RM8.4 million). The surplus of non par fund retained to support business expansion in bank distribution network.

### Earnings per share

- Earnings per share (before dilution) at 149.24 sen (2012 : 132.21 sen).
- Earnings per share (after dilution) at 58.94 sen (2012 : 54.41 sen).

## Financial Overview

RM'mil	2010	2011 <sup>2</sup>	2012	2013
Gross Written Premium	2,353.7	2,606.8	2,983.5	3,578.5
Management Expense	241.5	270.5	338.4	400.0
Expense Ratio (Non Life)	18.4%	17.0%	19.7%	17.9%
Expense Ratio (Life) <sup>1</sup>	8.0%	8.4%	9.3%	10.6%
Local Consolidated PBT	191.6	248.8	297.8	339.2
Total Assets	6,847.1	7,932.8	9,190.5	10,758.8
Shareholders' Equity	1,259.6	1,638.0	1,840.8	2,024.2
Basic Earnings Per Share (sen)	83.97	106.09	132.21	149.24
Diluted Earnings Per Share (sen)	50.33	43.74	54.41	58.94

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

2 : The financial results of 2011 are restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012 .

## Summary of Unaudited Financial Results

RM 'mil	12M 2012	12M 2013	△13/12 %
<b>Operating revenue</b>	<b>3,147.6</b>	<b>3,649.4</b>	<b>15.9%</b>
Gross earned premiums	2,875.3	3,330.3	15.8%
Premium ceded to reinsurers	(552.7)	(475.8)	13.9%
Net earned premiums	2,322.6	2,854.5	22.9%
Net change in benefits and claim paid	(835.5)	(1,019.5)	(22.0%)
Net change in contract liabilities	(798.8)	(952.1)	(19.2%)
Management expenses	(338.4)	(400.0)	(18.2%)
Net fee and commission expenses	(375.9)	(441.2)	(17.4%)
Fair value gains/(losses)	12.9	(72.9)	(665.1%)
Net investment results	317.2	383.0	20.7%
Net operating expenditure	(6.3)	(12.6)	(100.0%)
<b>Profit before tax</b>	<b>297.8</b>	<b>339.2</b>	<b>13.9%</b>
Taxation	(90.2)	(101.3)	(12.3%)
<b>Profit after tax</b>	<b>207.6</b>	<b>237.9</b>	<b>14.6%</b>
<b>Earnings per share before dilution (sen)</b>	<b>132.21</b>	<b>149.24</b>	<b>12.9%</b>

## Summary of Unaudited Financial Results (continued)

### Result by operating segments (after consolidation adjustment)

RM 'mil	Investment holding		General Business		Life business		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
<b>YTD 12M Ended</b>								
Operating revenue	10.4	11.2	1,658.6	1,838.1	1,478.6	1,800.1	3,147.6	3,649.4
Gross written premium	-	-	1,673.9	1,978.7	1,309.6	1,599.8	2,983.5	3,578.5
Segment profit/(loss)	9.4	(1.1)	215.9	258.2	72.5	82.1	297.8	339.2
Segment assets	338.6	415.1	4,251.9	4,819.4	4,600.0	5,524.3	9,190.5	10,758.8
Segment liabilities	9.8	65.7	3,020.1	3,467.6	4,319.8	5,201.3	7,349.7	8,734.6

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## General Business



### **Gross Written Premium**

- Double digit growth of 18.2%.

### **Combined ratio**

- Combined ratio below 90.0%.

### **Investment result**

- Stable growth in investment income.

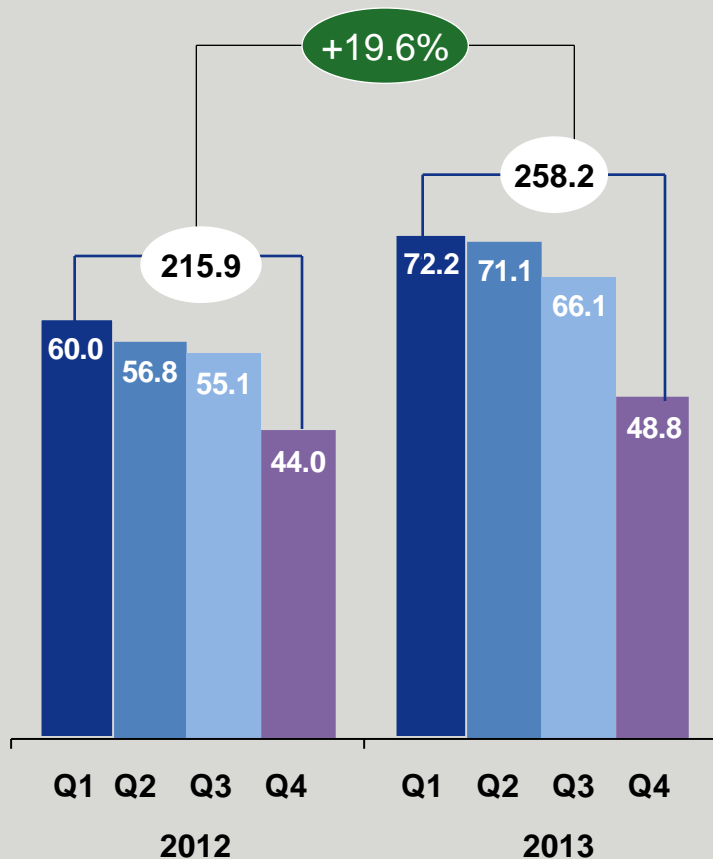
### **Profit before tax**

- Higher profit due to improved underwriting and investment performance.

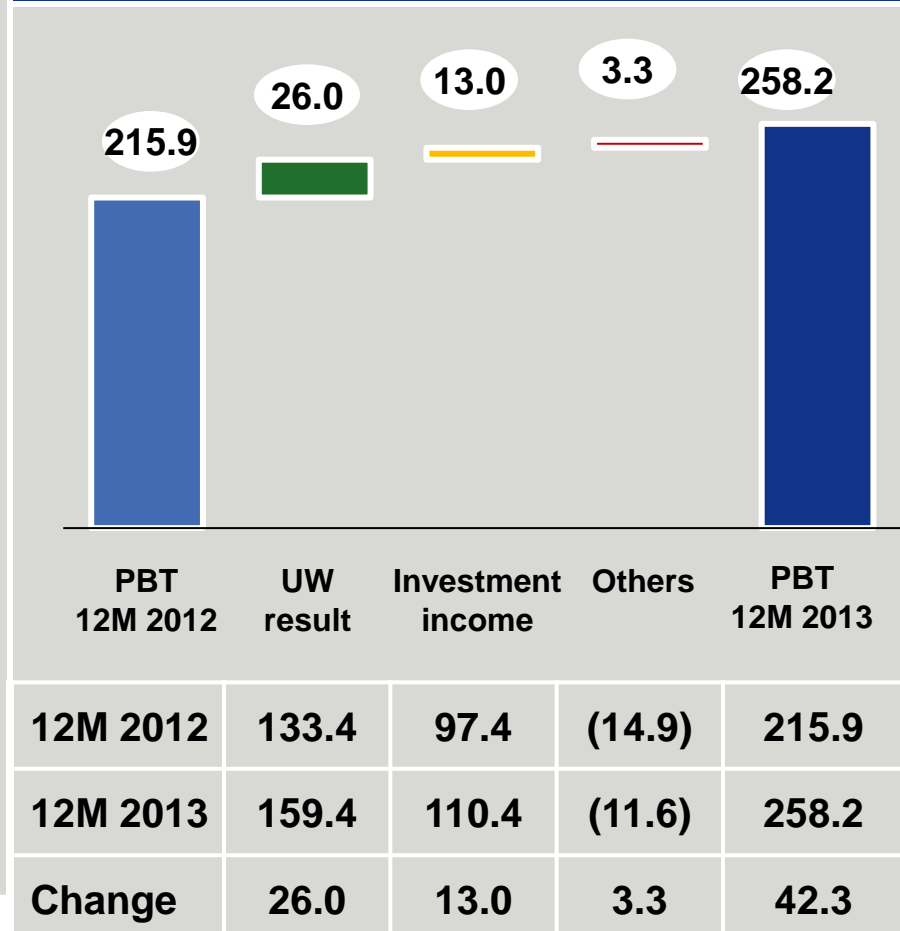


# General Business: Higher profit due to improved underwriting and investment performance

## Profit Before Tax (RM 'mil)

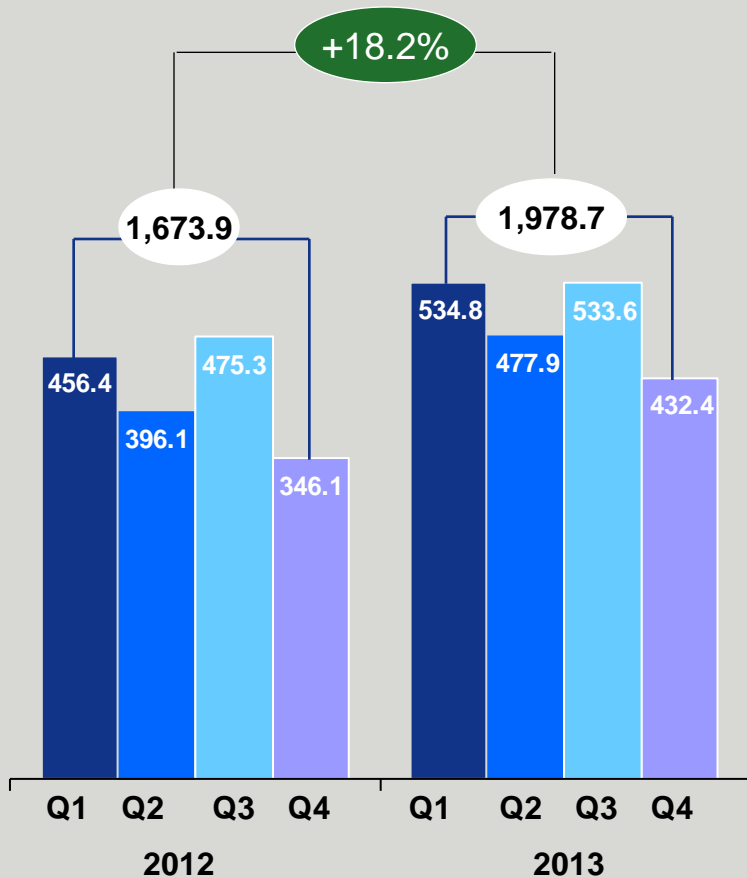


## PBT Drivers (RM 'mil)

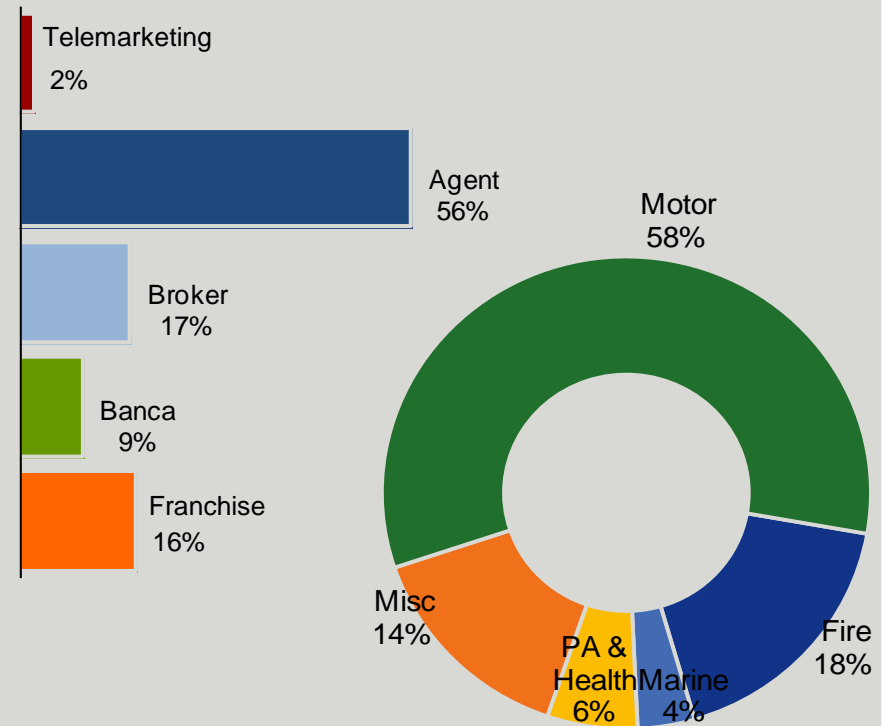


# General Business: Double digit growth of 18.2% in GWP

## Gross Written Premium (RM 'mil)

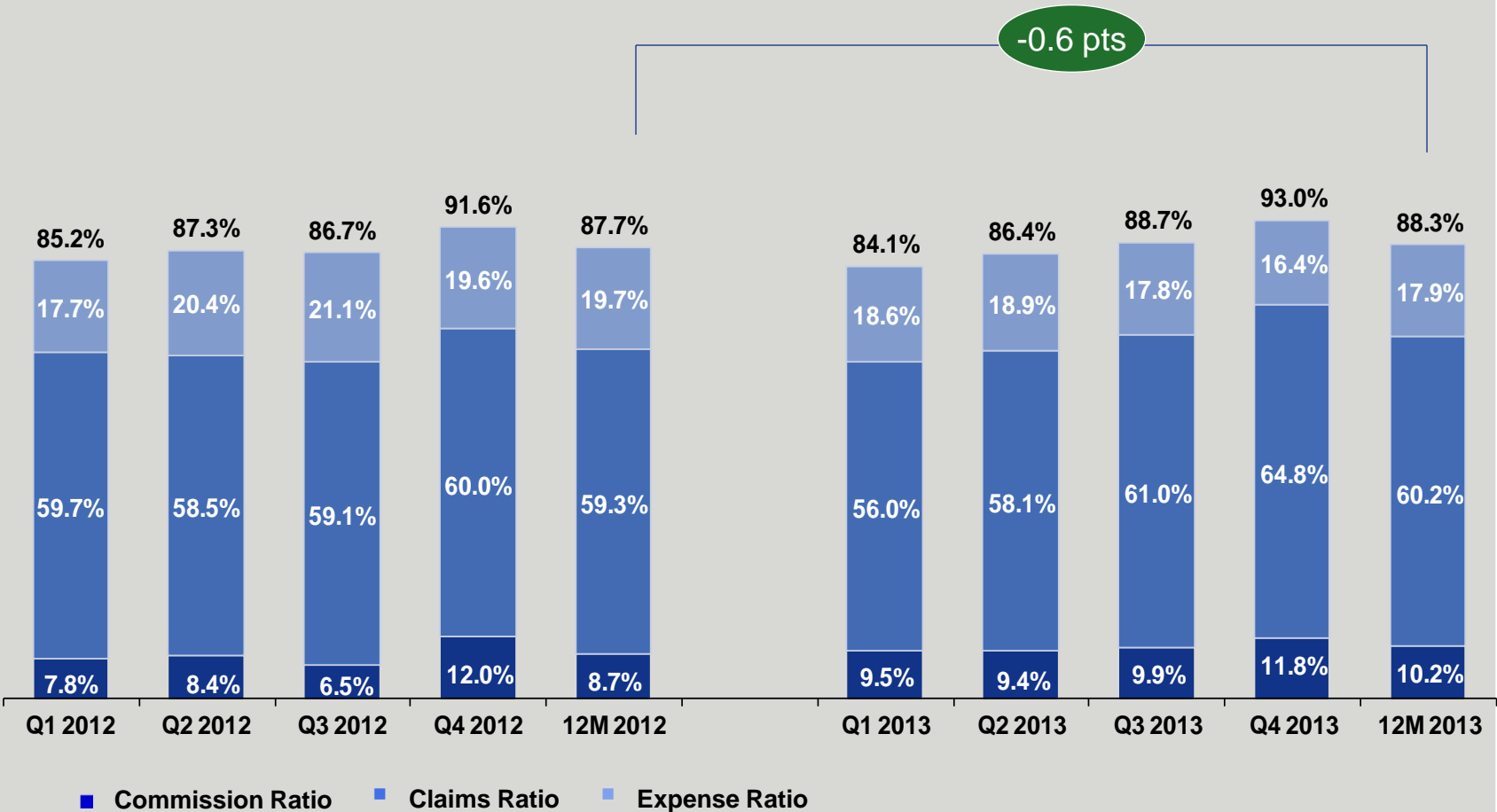


## Distribution Channel & Portfolio Mix



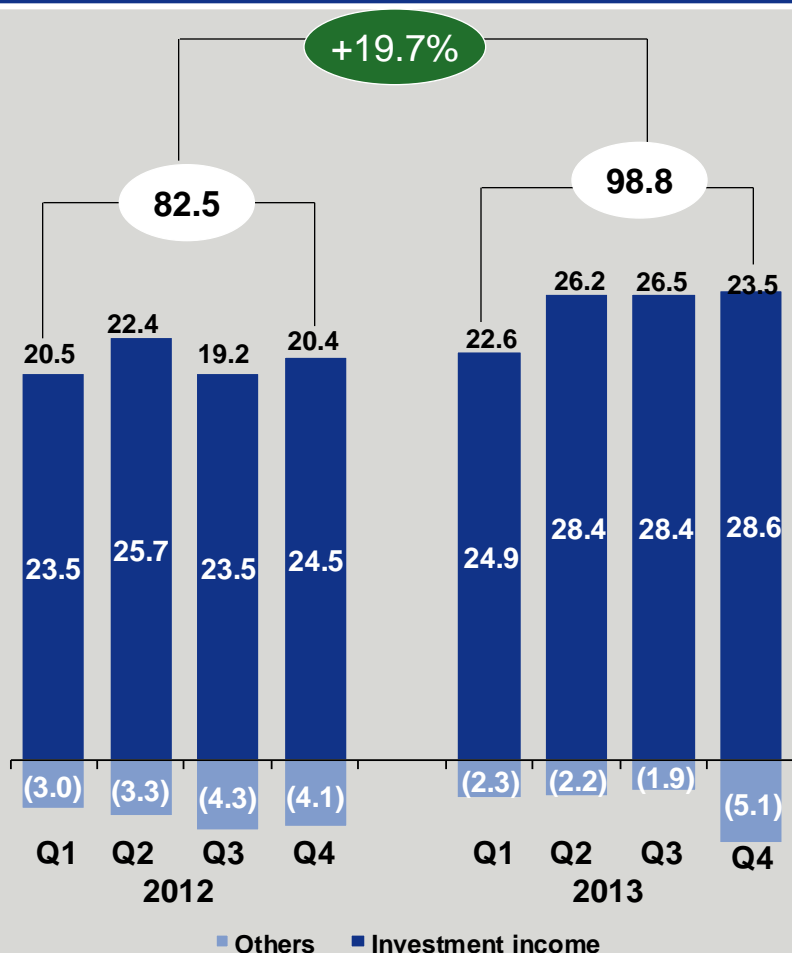
# General Business: Combined ratio below 90% for the year

## Combined Ratio

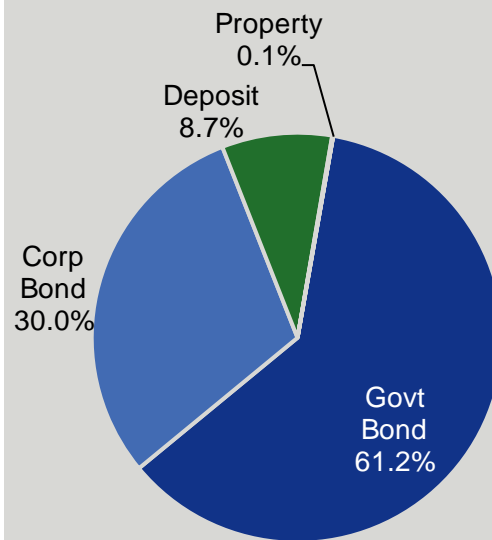


# General Business: Stable growth in investment income

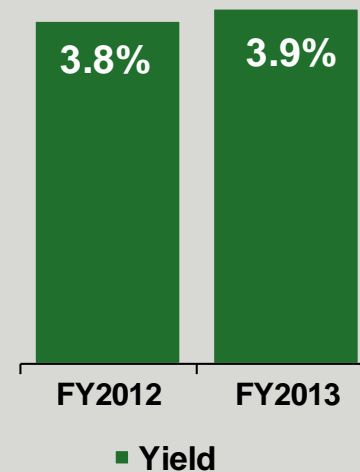
## Net Investment/Other Result (RM 'mil)



## Portfolio Mix and Investment Yield (Annualized)



As at 31 December 2013



## General Business: Unaudited financial results at a glance

RM 'mil	12M 2012	12M 2013	△ 13/12%
Gross written premium	1,673.9	1,978.7	18.2%
Gross earned premium	1,565.8	1,730.4	10.5%
Net earned premium	1,087.9	1,355.8	24.6%
Net change in claims paid	(521.1)	(625.1)	(20.0%)
Net change in contract liabilities	(124.5)	(190.5)	(53.0%)
Management expenses	(214.5)	(242.4)	(13.0%)
Fee and commission expenses	(94.4)	(138.4)	(46.6%)
Underwriting result	133.4	159.4	19.5%
Net investment/other result	82.5	98.8	19.6%
<b>Profit before tax (after consolidation adjustment)</b>	<b>215.9</b>	<b>258.2</b>	<b>19.6%</b>
Commission Ratio	8.7%	10.2%	(1.5 pts)
Claims Ratio	59.3%	60.2%	(0.9 pts)
Expense Ratio	19.7%	17.9%	1.8 pts
Combined Ratio	87.7%	88.3%	(0.6 pts)

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# Life Business



## Gross written Premium

- Gross written premium grew by 22.2%.

## Distribution

- All distribution channels delivered growth.

## Product Mix

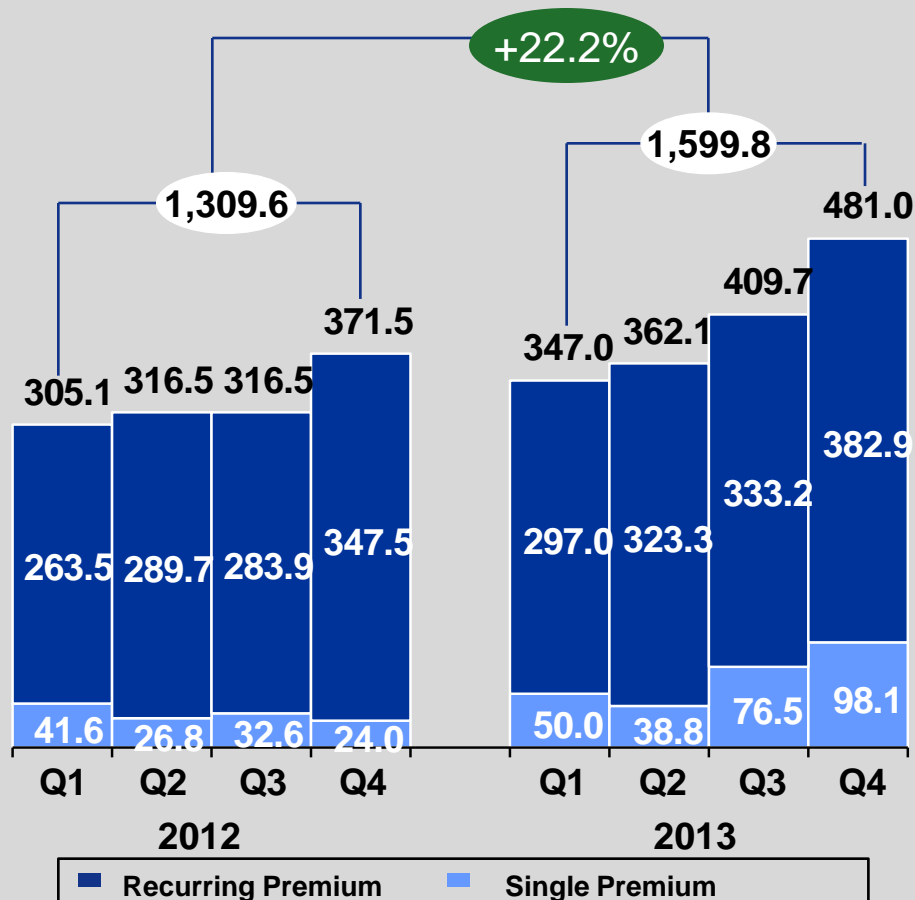
- Continue to manage balanced product portfolio.
- Investment-linked ANP and GWP grew by 16.2% and 29.5% respectively.

## Investment results

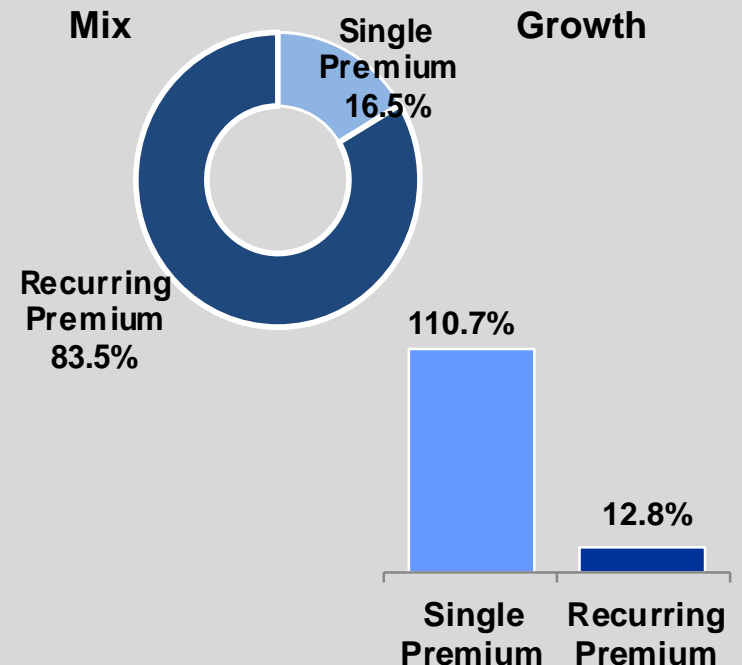
- Lower net investment results due to fair value losses.

# Life Business: Strong top line growth contributed by higher renewal premiums and single premiums sales

## Gross Written Premium ("GWP") (RM 'mil)



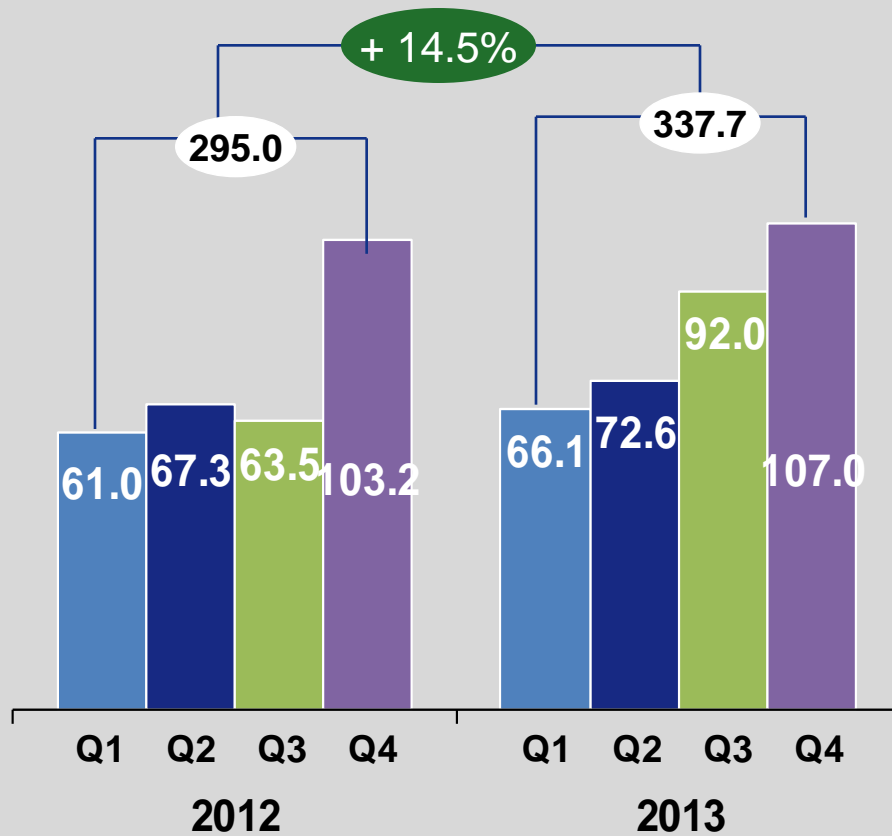
## GWP Mix & Growth (%) (12M 2013)



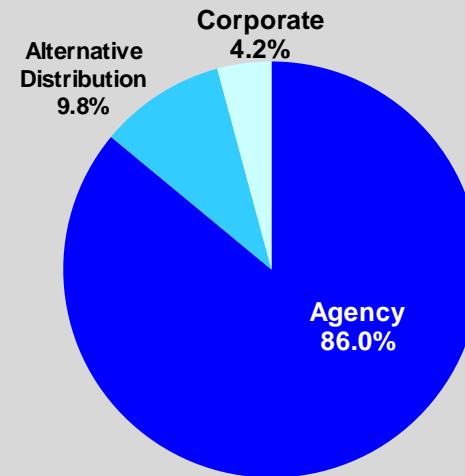


# Life Business: Higher annualised new business premium from all distribution channels

## Annualised New Premium (“ANP”) (RM ‘mil)



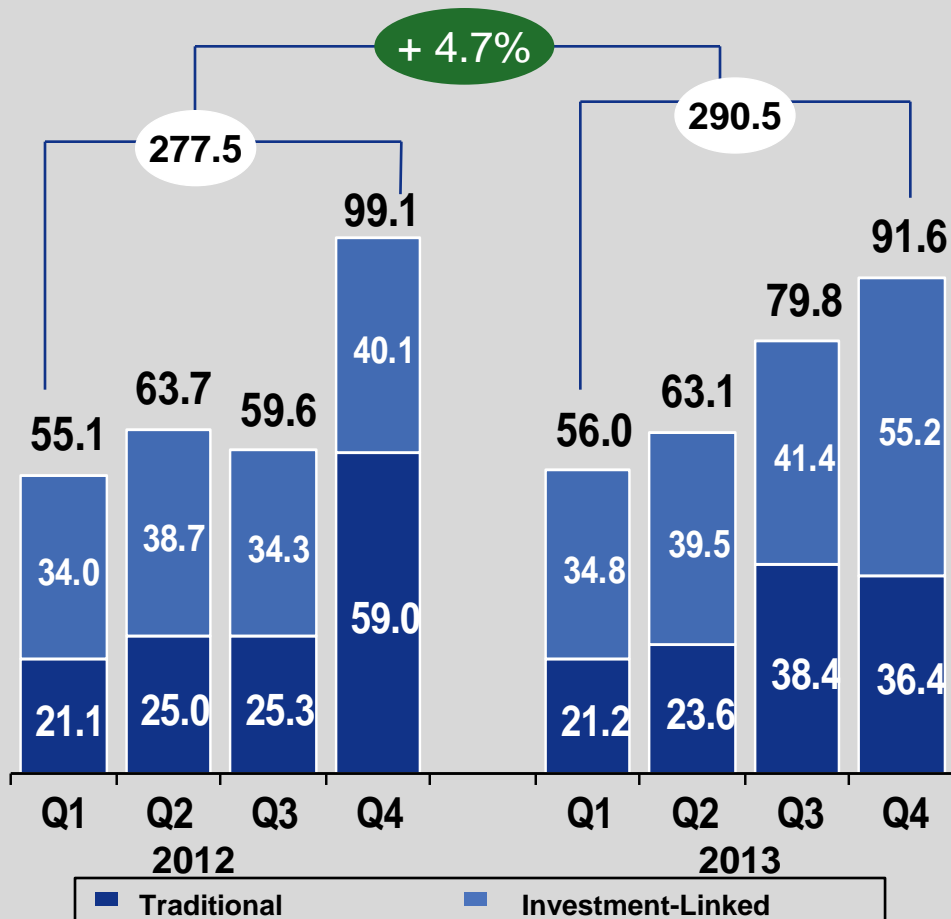
## ANP Channel Mix



12M 2013

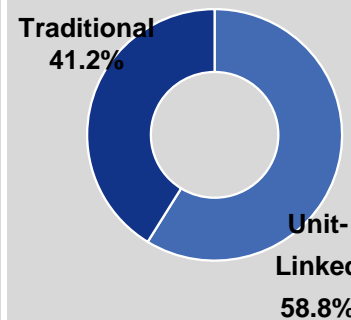
# Life Business: Agency business outpaced industry growth

## Agency Annualised New Premium (RM 'mil)

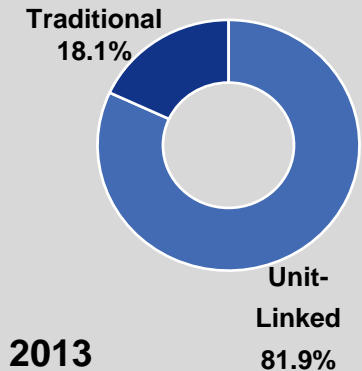


## Agency Product Mix

### By ANP

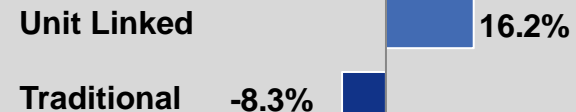


### By Policy Count



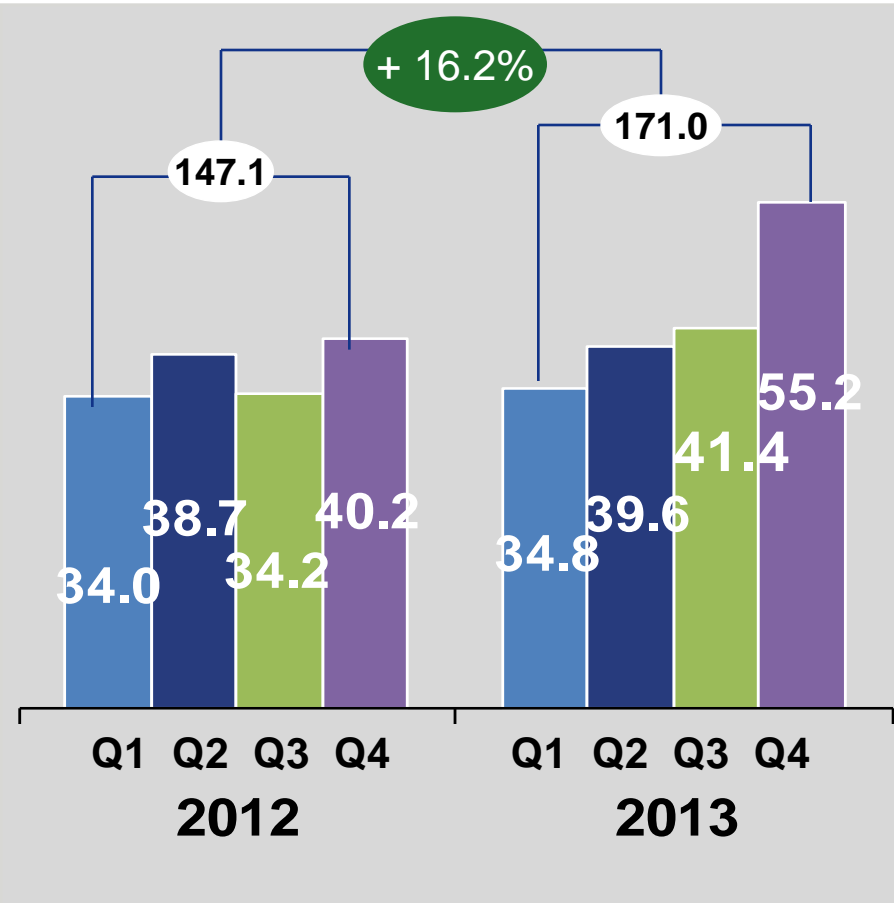
12M 2013

## Agency ANP Growth

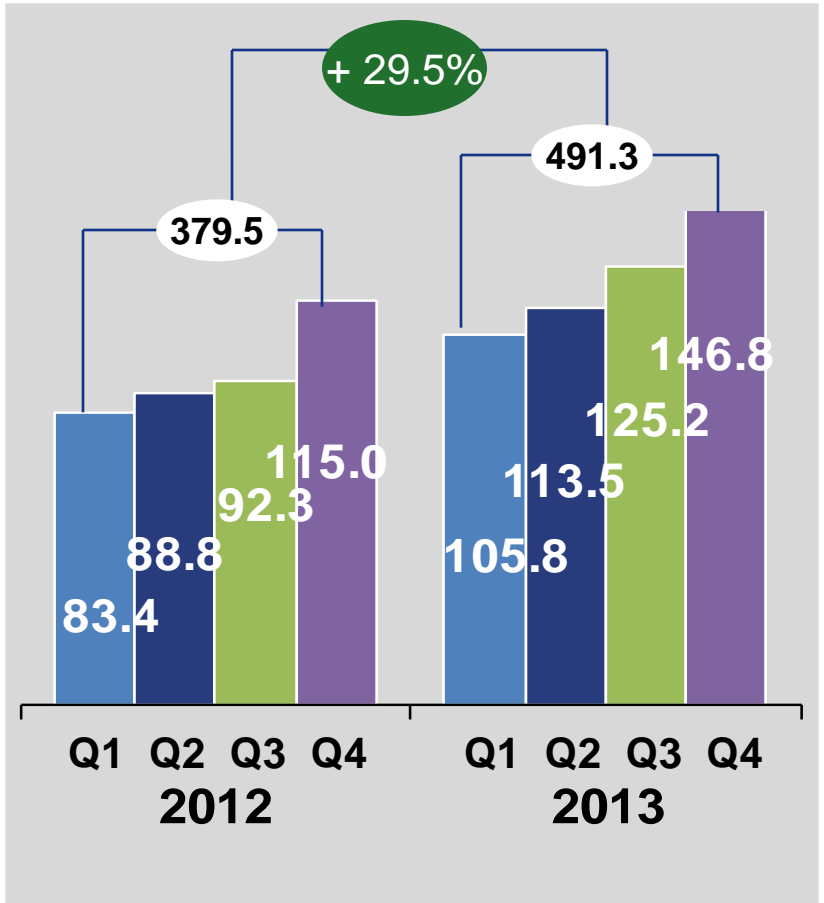


# Life Business: Investment-linked business ANP and GWP grew by 16.2% and 29.5% respectively

**Annualised New Premium (“ANP”) (RM ‘mil)**

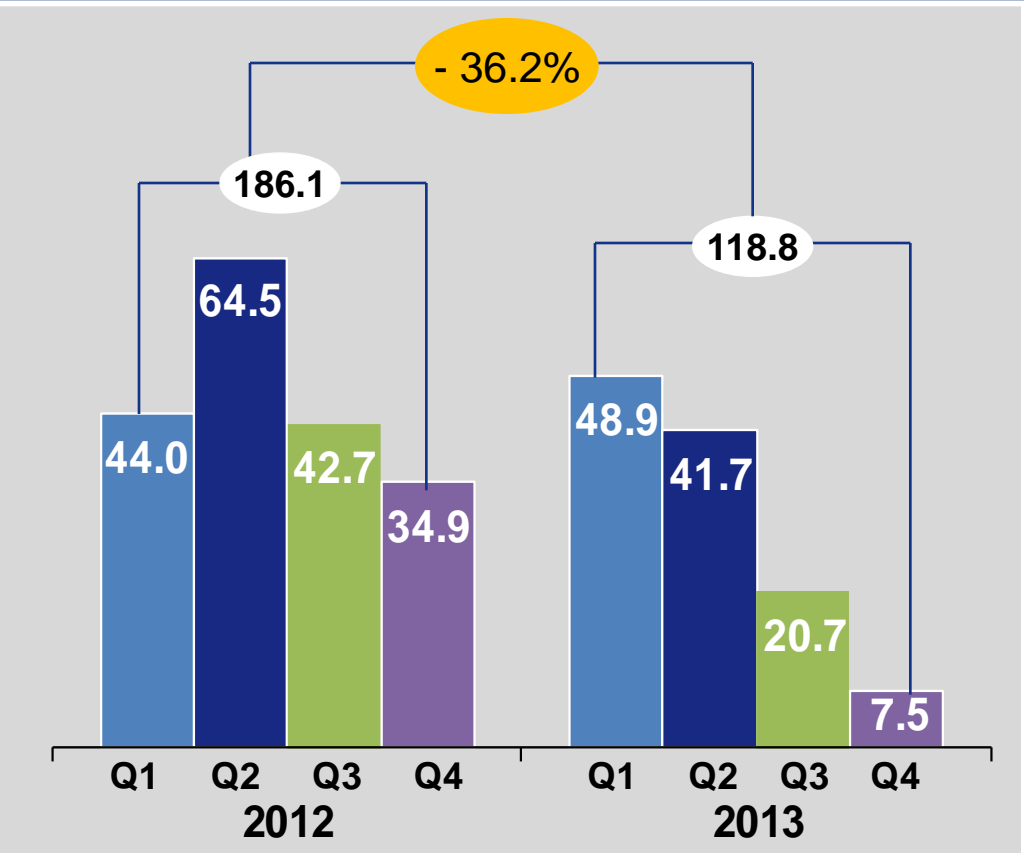


**Gross Written Premium (“GWP”) (RM ‘mil)**



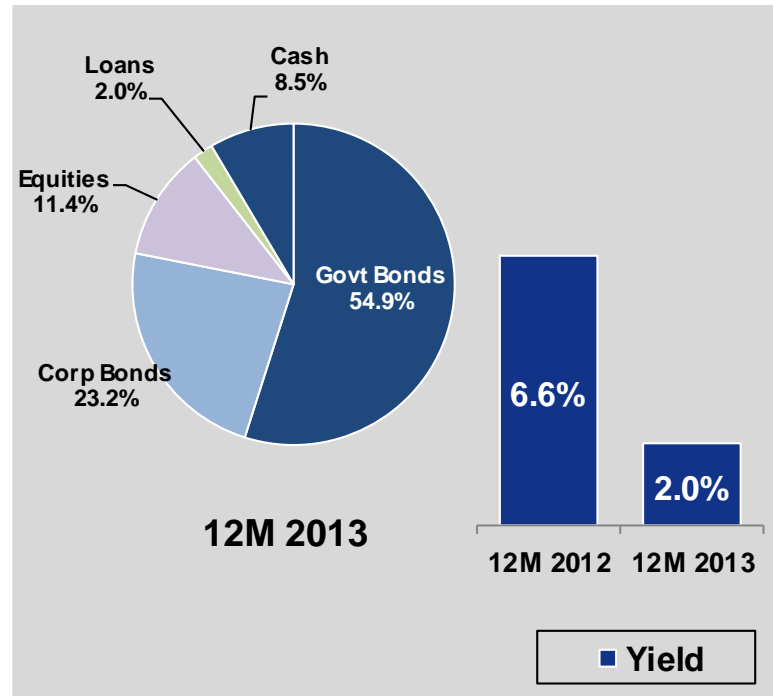
# Life Business: Lower net investment results due to fair value losses from higher interest rate

## Net Investment Results (RM 'mil) (LF+SHF)



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

## Portfolio Mix and Investment Yield (LF+SHF)



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

## Life Business: Unaudited financial results at a glance

RM 'mil	12M 2012	12M 2013	△13/12 %
Gross written premiums	1,309.6	1,599.8	22.2%
Premium ceded to reinsurers	(74.9)	(101.1)	(35.0%)
Net earned premiums	1,234.7	1,498.7	21.4%
Net change in benefits and claim paid	(314.4)	(394.5)	(25.5%)
Net change in contract liabilities	(674.3)	(761.6)	(12.9%)
Management expenses	(111.1)	(139.4)	(25.5%)
Fee and commission expenses	(281.5)	(302.9)	(7.6%)
Fair value gains/(losses)	15.3	(69.5)	(554.2%)
Net investment results	208.6	261.6	25.4%
Net operating expenditure	(4.8)	(10.3)	(114.6%)
<b>Surplus before tax</b> (after consolidation adjustment)	<b>72.5</b>	<b>82.1</b>	<b>13.2%</b>
Annualised New Business Premium	295.0	337.7	14.5%
Expense Ratio	9.3%	10.6%	(1.3 pts)
Local Investment Yield (LF+ SHF)	6.6%	2.0%	(4.6 pts)
Lapse Ratio (total company)	7.4%	7.9%	(0.5 pts)
Persistency (13th month by premium)	86.3%	83.0%	(3.3 pts)



# 4

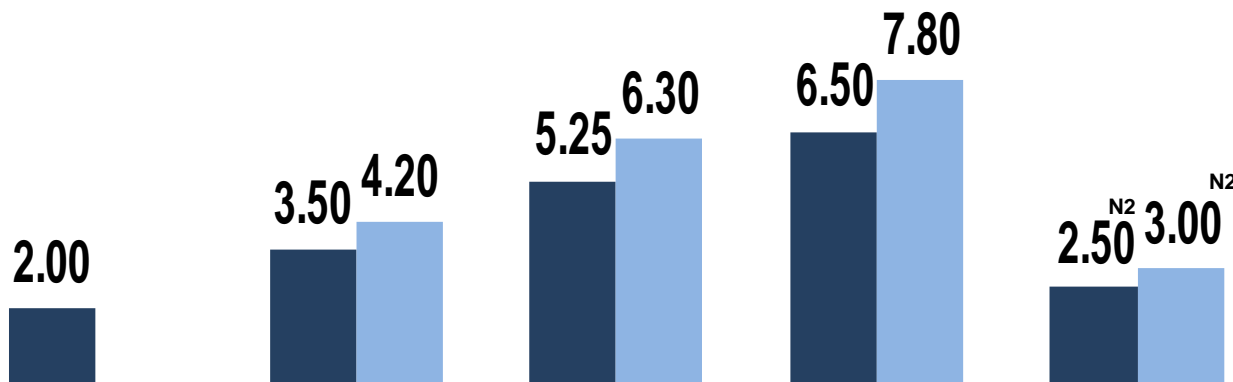
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## Retain Capital for Expansion

Dividend per share (sen)

 Ordinary shares  
 ICPS <sup>N1</sup>



RM mil	2009	2010	2011	2012	2013 (Proposed)
GWP growth (%)	17.2%	13.6%	10.8%	14.5%	19.9%
Profit after taxation (RM mil)	118.9	129.2	163.6 <sup>N3</sup>	207.6	237.9
Dividend payout ratio (%)	1.9%	9.4%	11.1%	10.8%	4.0%
Dividend yield (%) <sup>N4</sup>					
-Ordinary shares	0.5%	0.8%	1.1%	0.9%	0.2%
-ICPS	-	1.0%	1.3%	1.1%	0.3%

*N1 ICPS listed on the main market of Bursa Securities on 6 August 2010*

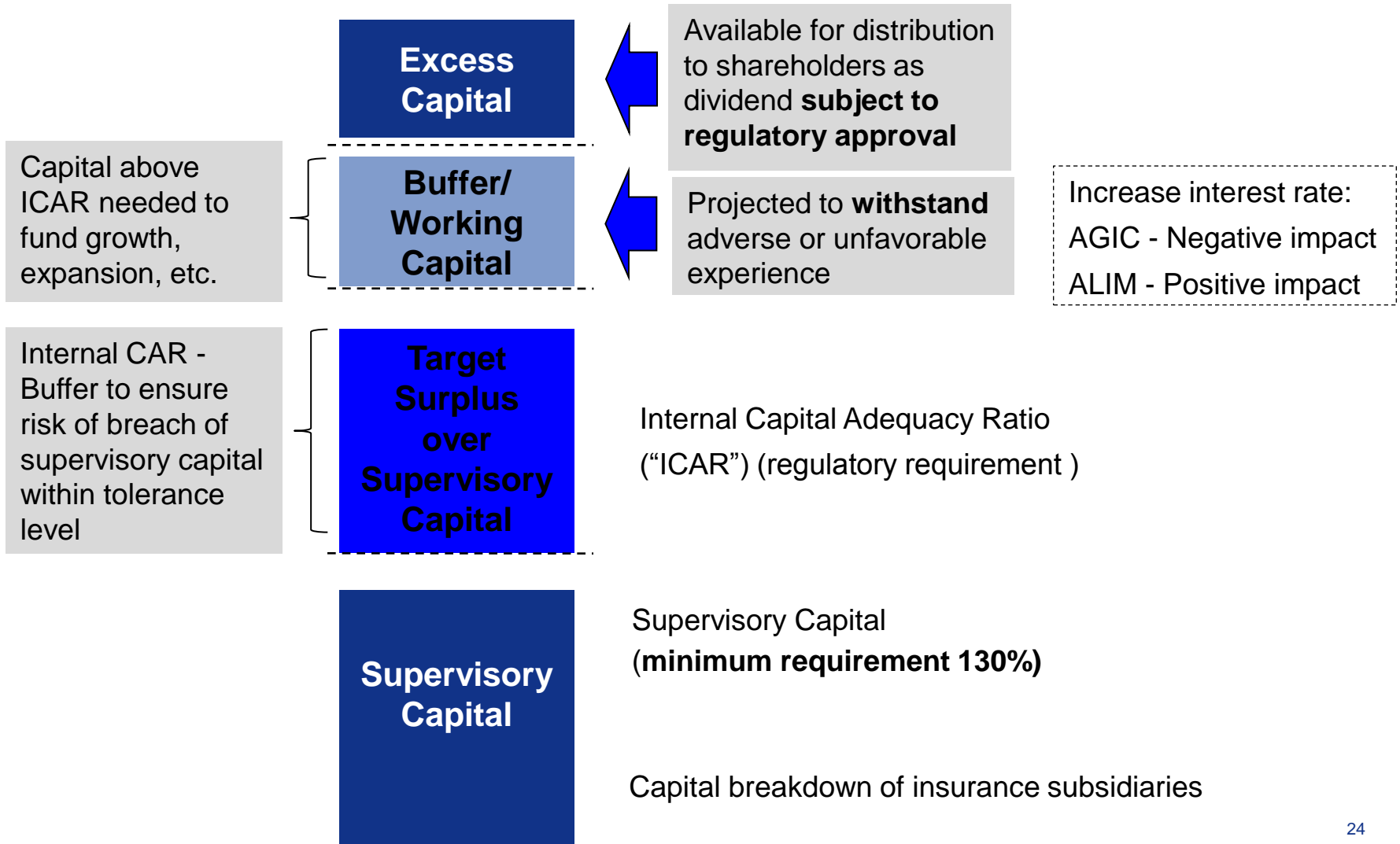
*N2 Single tier dividend*

*N3 The financial results of 2011 has been restated upon transition to Malaysian Financial Reporting Standards framework on 1 January 2012*

*N4 Dividend yield is based on share prices as at 31 Dec*

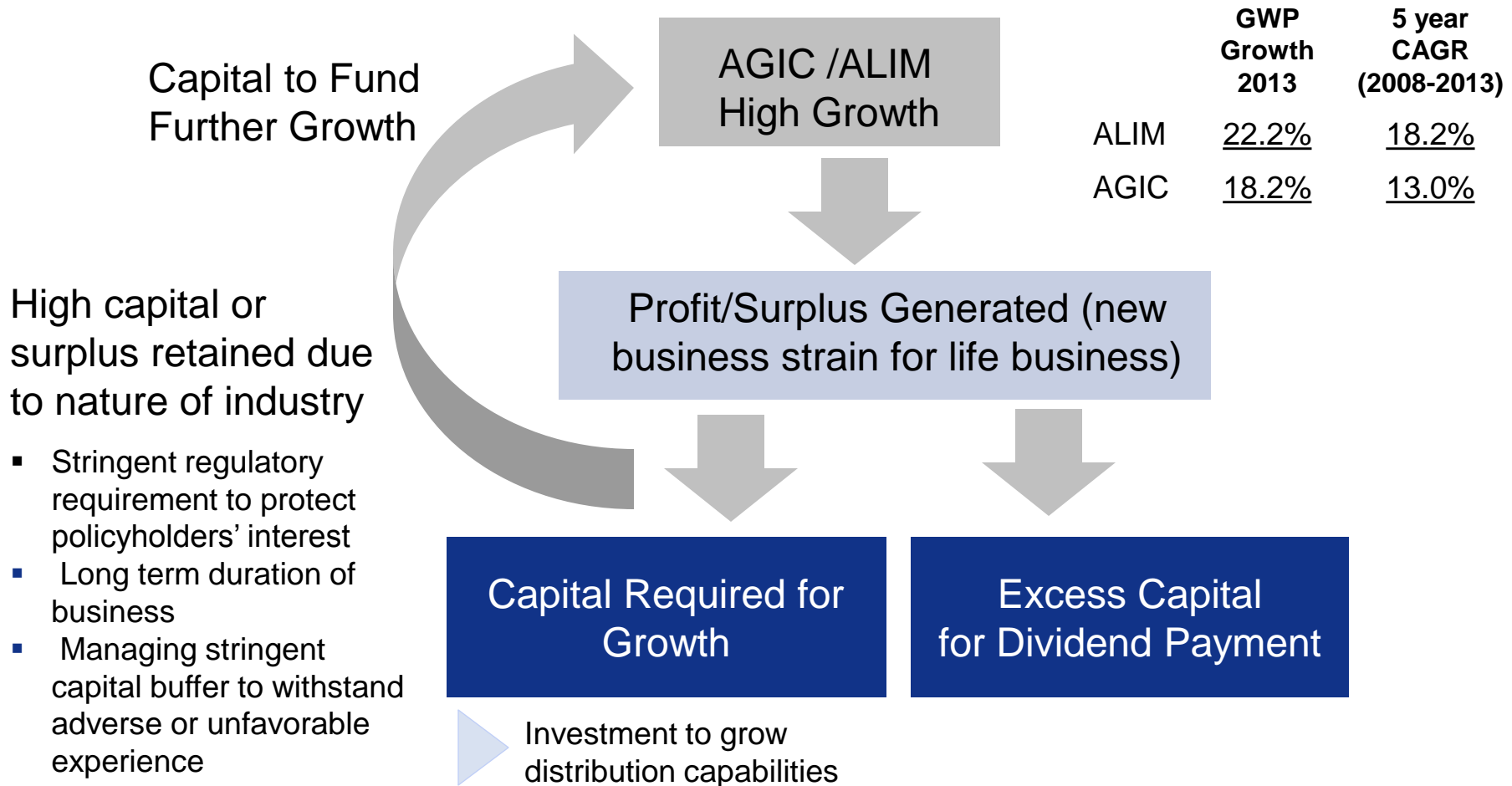
# Capital Requirement

Dividend capacity dependent on insurance subsidiaries' solvency strength





# Insurance subsidiaries on expansionary mode. Capital required to fund new business growth



Thank You  
for Your Attention

# Disclaimer

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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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