

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
1Q 2015

Analyst Briefing  
28 May 2015



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# 2015 Campaigns

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# 2

## AMB Group Results

## Good start for 2015



### Operating revenue

- Group operating revenue of RM1.10 billion, an increase of 8.2% as compared to corresponding period of RM1.02 billion due mainly to higher gross earned premiums and investment income by RM71.2 million and RM12.3 million respectively.
- General business recorded an operating revenue of RM568.4 million, an increase of 7.5% compared to corresponding period of RM528.9 million.
- Life business recorded an operating revenue of RM528.8 million, an increase of 9.1% compared to corresponding period of RM484.7 million.

### Profit before tax

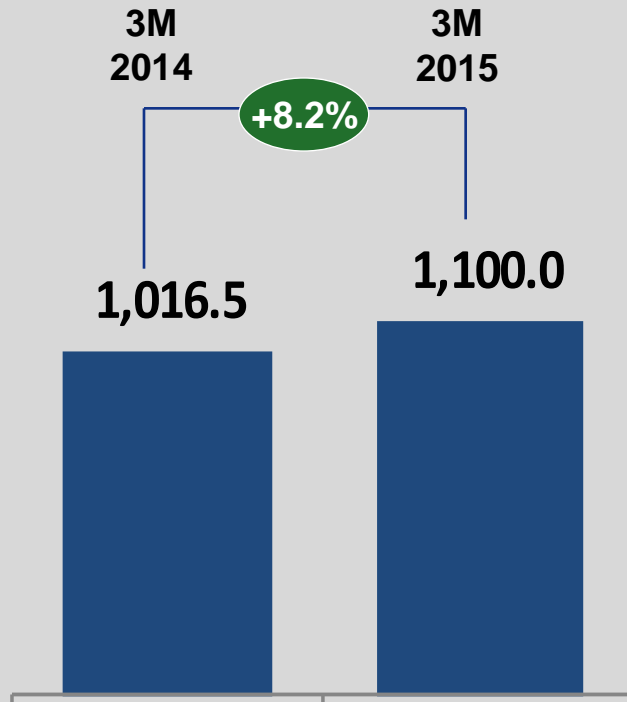
- Group profit before tax of RM112.4 million decreased by 9.4% compared to corresponding period of RM124.0 million.
- General business contributed a profit before tax of RM84.1 million (3M 2014: RM102.6 million). The decrease is mainly to unusually low claims ratio at 53.5% in prior year corresponding period.
- Life insurance operations recorded a higher profit before tax of RM30.4 million (3M 2014: RM20.7 million) due mainly to higher profit contributed by Investment-Linked products.

### Basic earnings per ordinary share

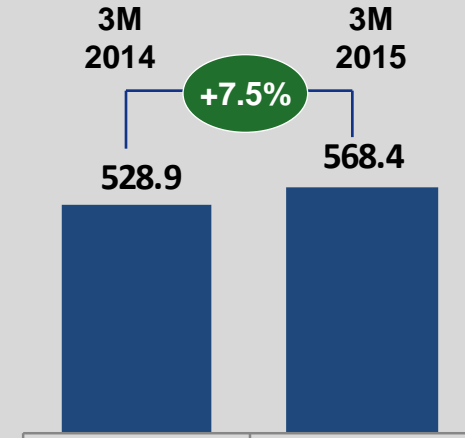
- Basic earnings per ordinary share (before dilution) at 43.87 sen (3M 2014 : 53.02 sen).
- Basic earnings per ordinary share (after dilution) at 17.76 sen (3M 2014 : 21.41 sen).

# Financial highlights 3M 2015

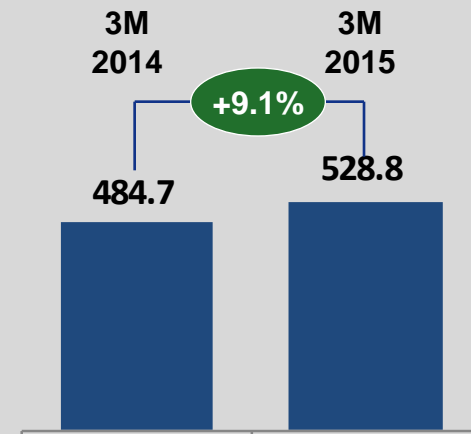
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

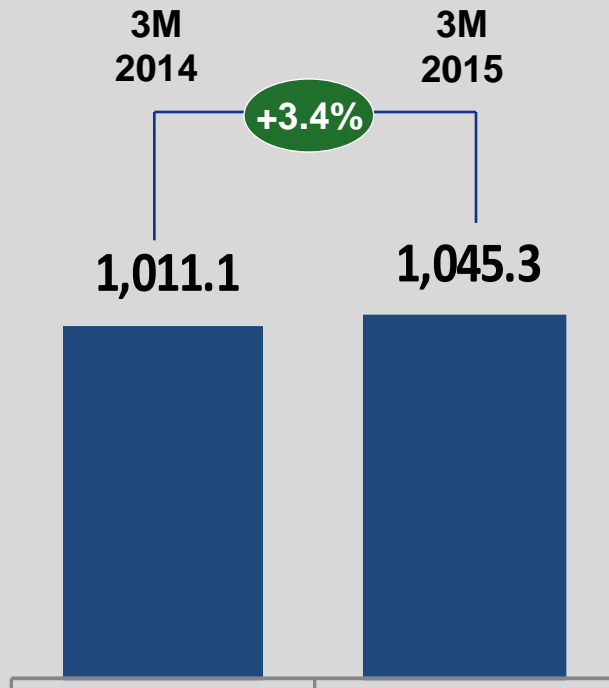


## Life Business (RM'mil)

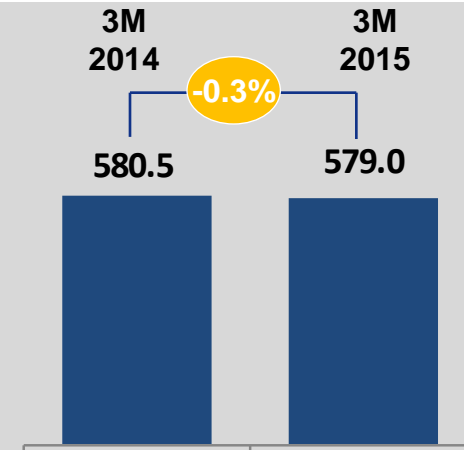


# Financial highlights 3M 2015

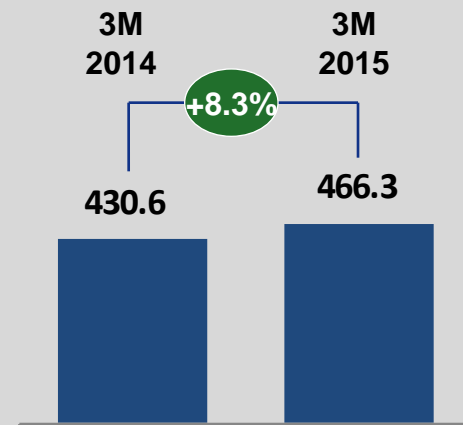
## Group Gross Written Premiums (RM'mil)



## General Business (RM'mil)

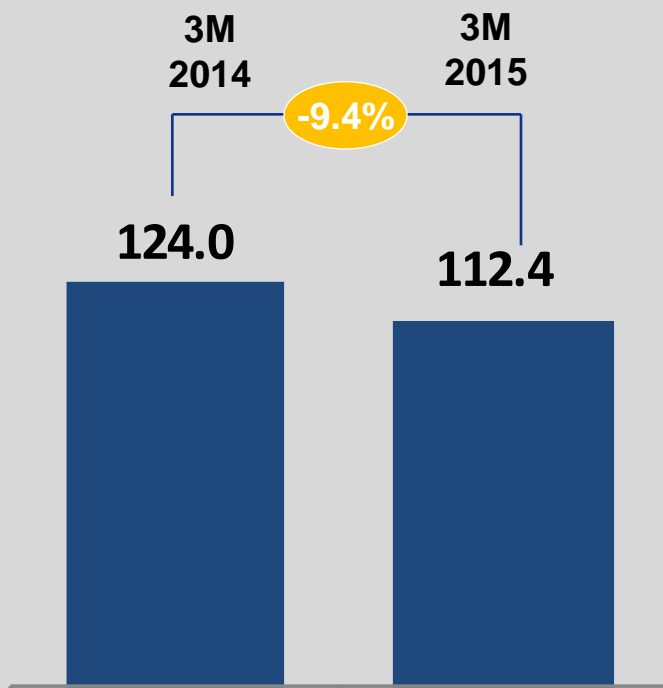


## Life Business (RM'mil)

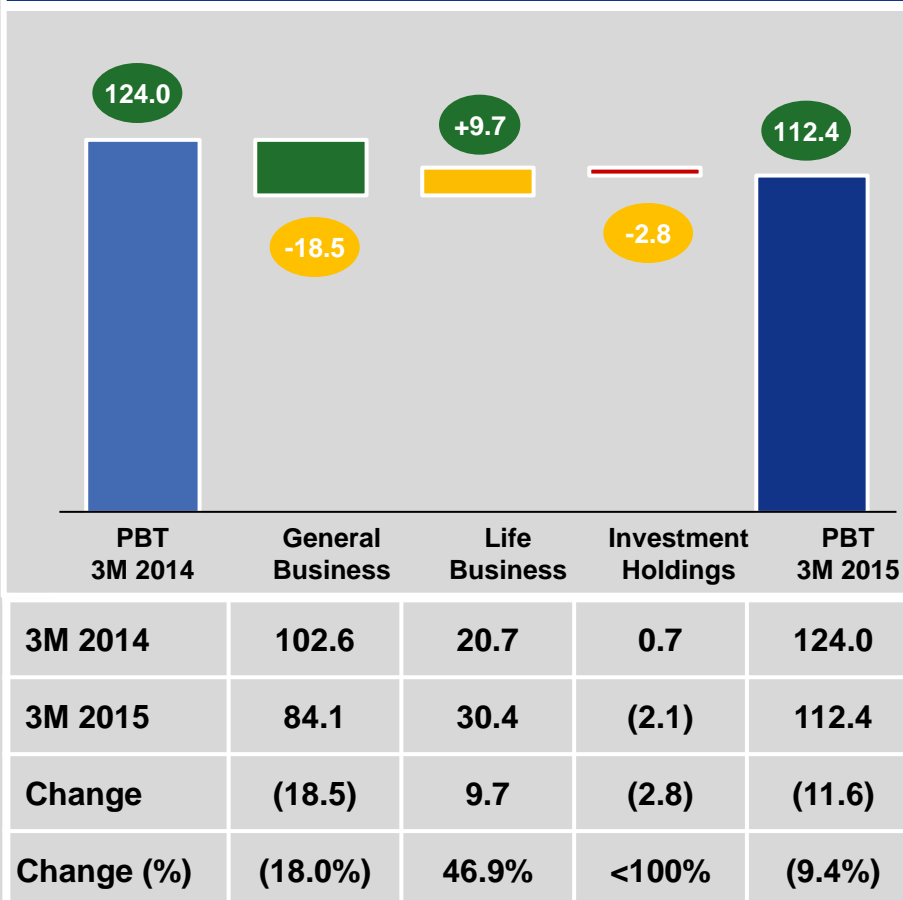


# Financial highlights 3M 2015

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



## Financial Overview

RM'mil	2012	2013	2014	3M 2014	3M 2015
Gross Written Premiums	2,983.5	3,578.5	3,968.1	1,011.1	1,045.3
Management Expenses	338.4	400.0	436.0	103.4	99.1
Expense Ratio (Non Life)	19.7%	17.9%	17.3%	16.2%	14.4%
Expense Ratio (Life) <sup>1</sup>	9.3%	10.6%	10.3%	11.2%	9.6%
Local Consolidated PBT	297.8	339.2	423.5	124.0	112.4
Total Assets	9,190.5	10,758.8	12,176.1 <sup>2</sup>	11,248.5	12,722.4
Shareholders' Equity	1,840.8	2,024.2	2,289.8	2,109.8	2,382.9
Basic earnings per share (sen)	132.21	149.24	178.49	53.02	43.87
Diluted earnings per ordinary share (sen)	54.41	58.94	71.58	21.41	17.76

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

2 : Restated due to re-class reinsurance balance.



## Summary of Unaudited Financial Results

RM'mil	3M 2014	3M 2015	△15/14 %
<b>Operating revenue</b>	<b>1,016.5</b>	<b>1,100.0</b>	<b>8.2%</b>
Gross earned premiums	930.4	1,001.6	7.7%
Premiums ceded to reinsurers	(151.5)	(162.4)	(7.2%)
Net earned premiums ("NEP")	778.9	839.2	7.7%
Net change in benefits and claims paid ("Claim")	(291.9)	(315.9)	(8.2%)
Net change in contract liabilities ("Reserve")	(264.7)	(358.3)	(35.4%)
Management expenses ("ME")	(103.4)	(99.1)	4.2%
Net fee and commission expense	(114.4)	(126.4)	(10.5%)
Fair value gains and losses	5.4	57.4	>100%
Net investment results	114.7	117.6	2.5%
Net operating expenses	(0.6)	(2.1)	<100%
<b>Profit before tax</b>	<b>124.0</b>	<b>112.4</b>	<b>(9.4%)</b>
Tax expense	(37.8)	(38.8)	(2.6%)
<b>Profit after tax</b>	<b>86.2</b>	<b>73.6</b>	<b>(14.6%)</b>
<b>ME / NEP ratio</b>	<b>13.3%</b>	<b>11.8%</b>	<b>1.5 pts</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>71.5%</b>	<b>80.3%</b>	<b>(8.8 pts)</b>



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General Business

## General Business



### **Gross written premiums**

- Premium development above market despite weaker market sentiments.

### **Combined ratio**

- Healthy combined ratio maintained below 90%.

### **Net investment results**

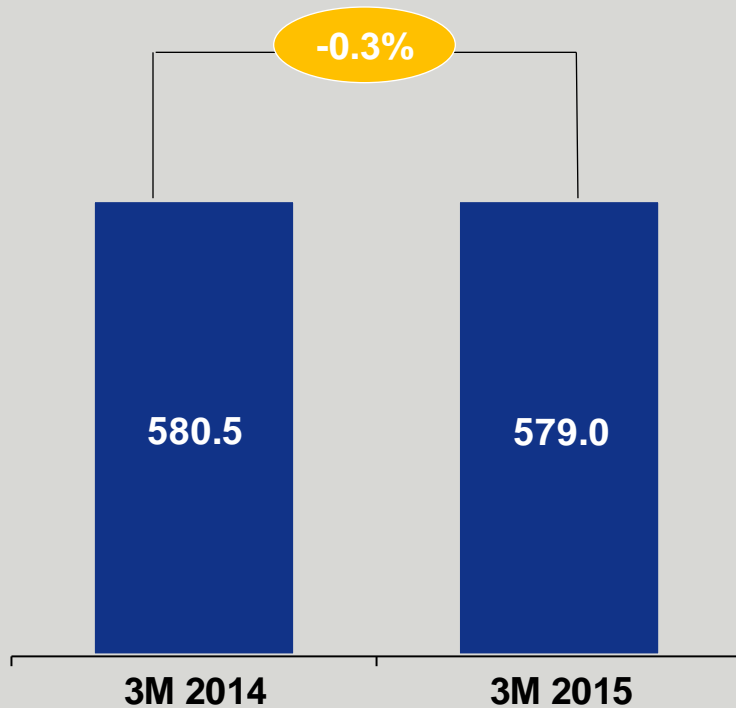
- Stable growth in investment income.

### **Profit before tax**

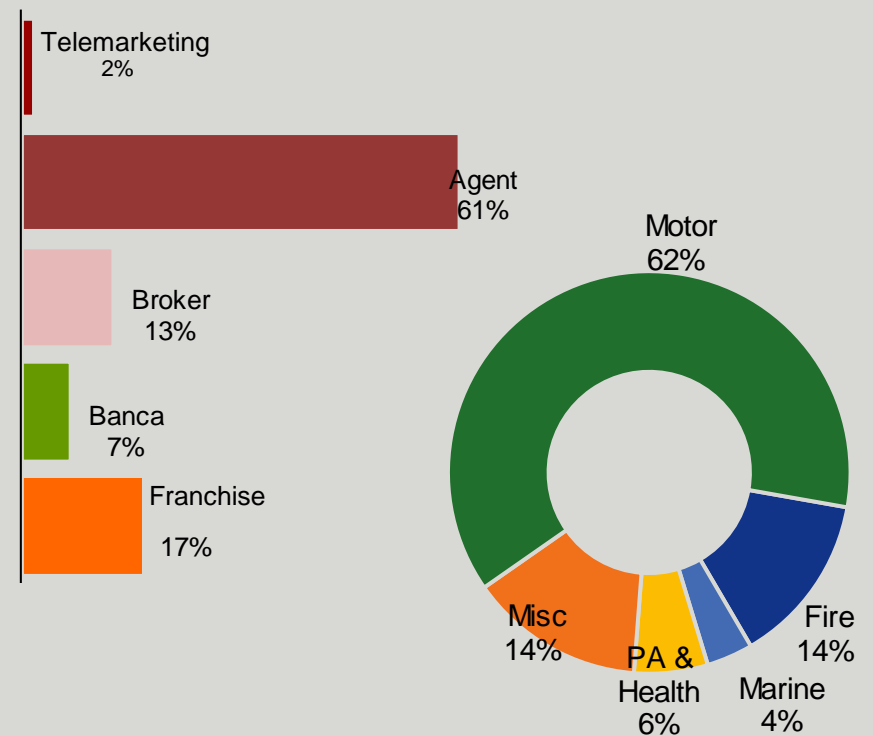
- Underwriting result remained strong and in line with premium production.

# General Business: Flat revenue growth due to weaker market sentiments

## Gross Written Premiums (RM'mil)

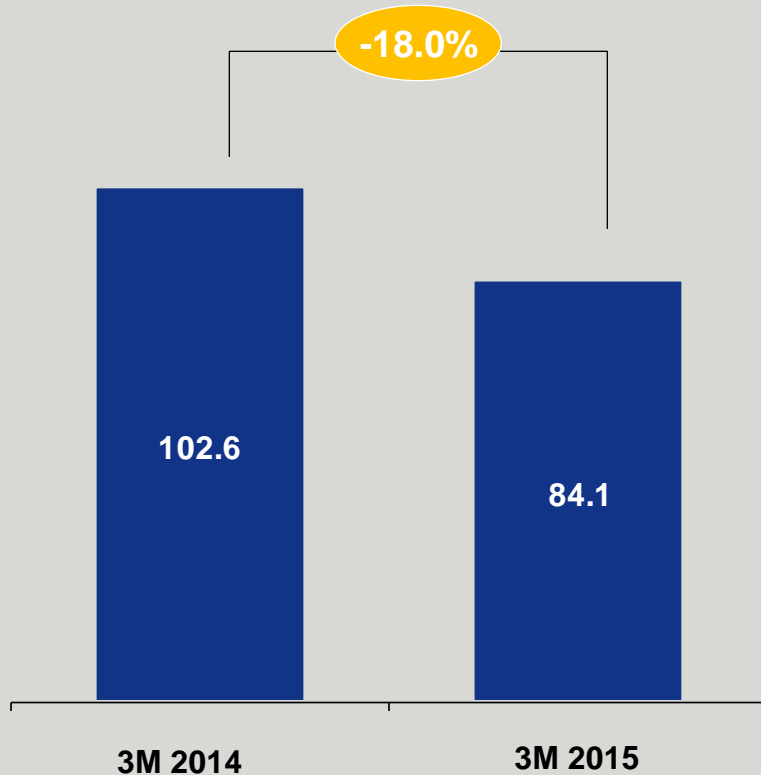


## Distribution Channel & Portfolio Mix

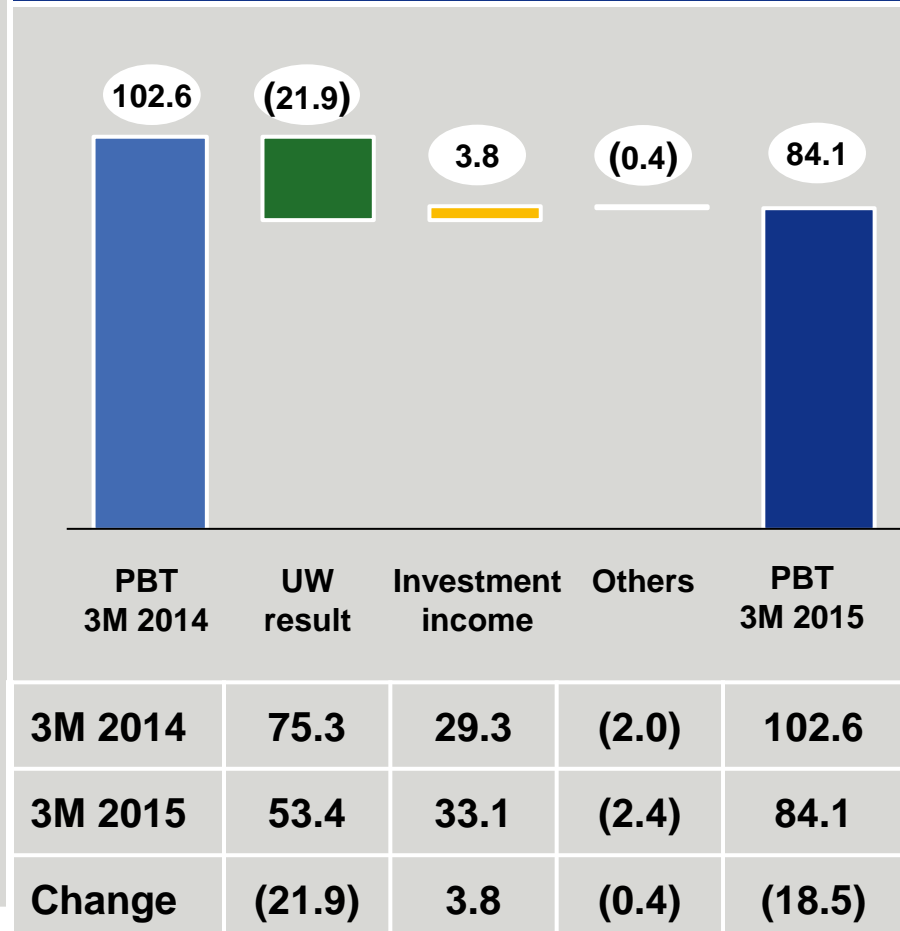


# General Business: Underwriting profit in line with premium production

## Profit Before Tax (RM'mil)

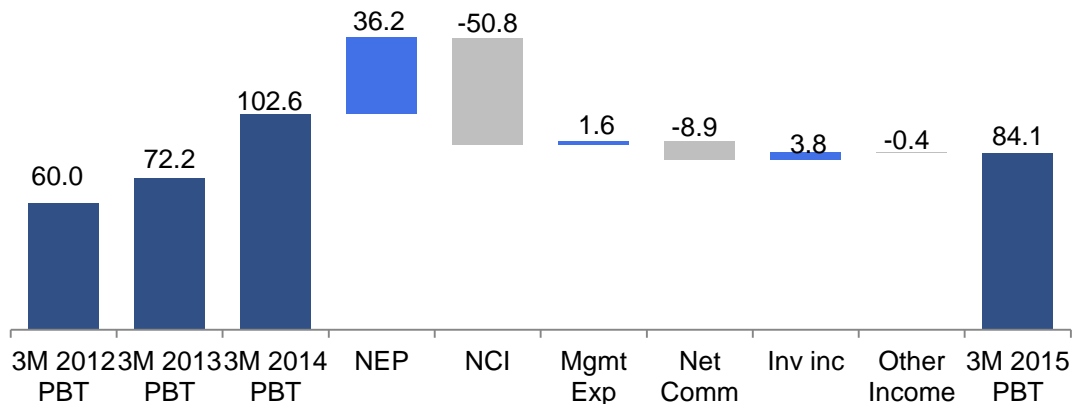


## PBT Drivers (RM'mil)



# Key drivers for changes in PBT and combined ratio

## Profit before taxation

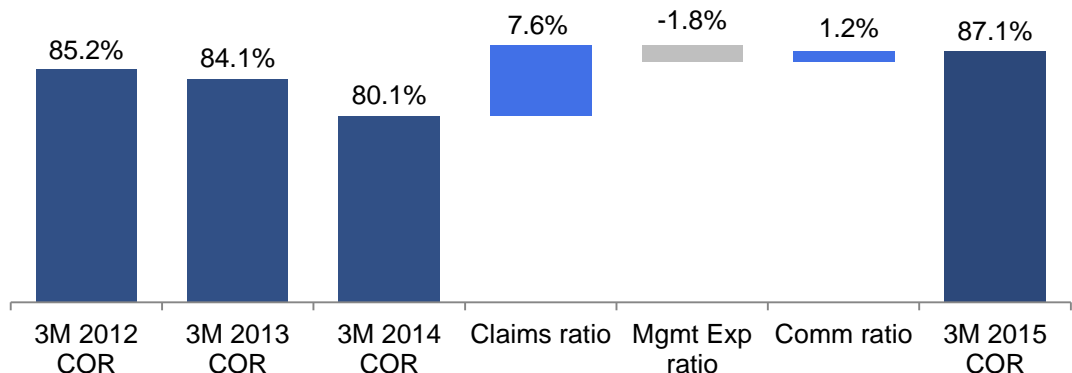


## Comment

Change in PBT in 3M 2015 is attributed by the following :

- Strong growth in 2014 GWP & NWP resulting in an increase of 2015 NEP
- Higher flood claims compared with preceding corresponding period, strengthening of medical and motor claims reserve attributed an increased in claims
- Higher commission expenses due to increased risk retention following the removal of motor quota share
- Investment income growth in line with larger investment asset size

## Combined ratio (“COR”)

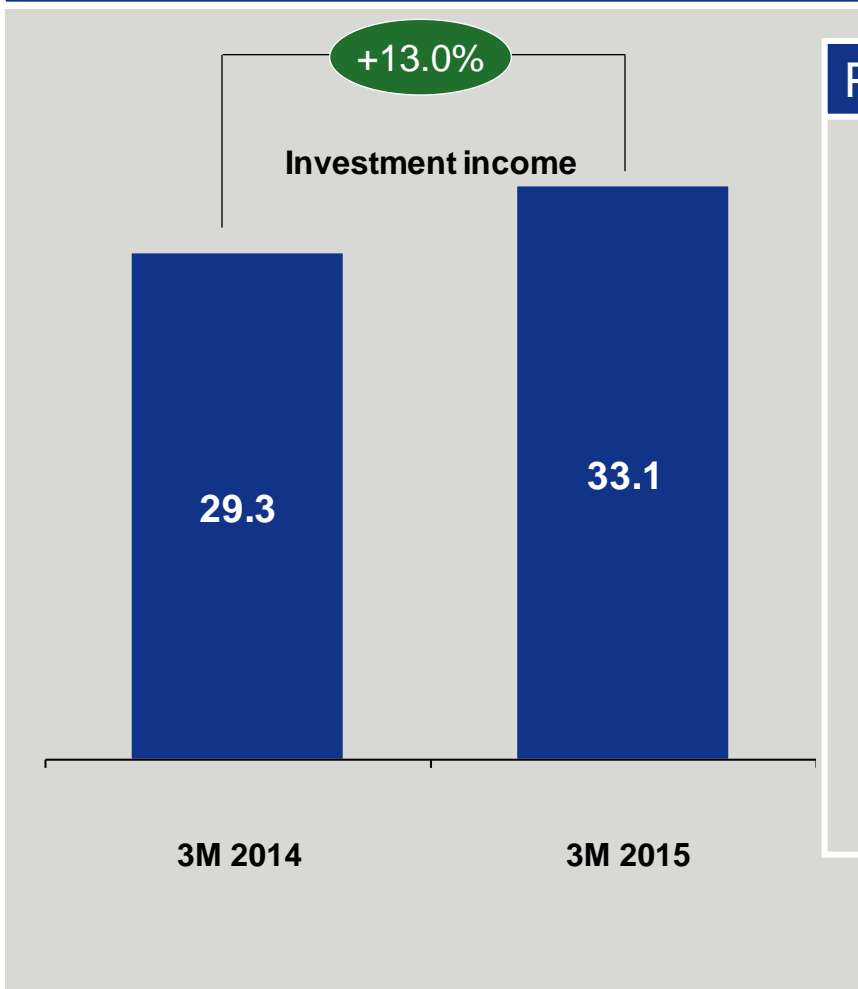


### Remarks

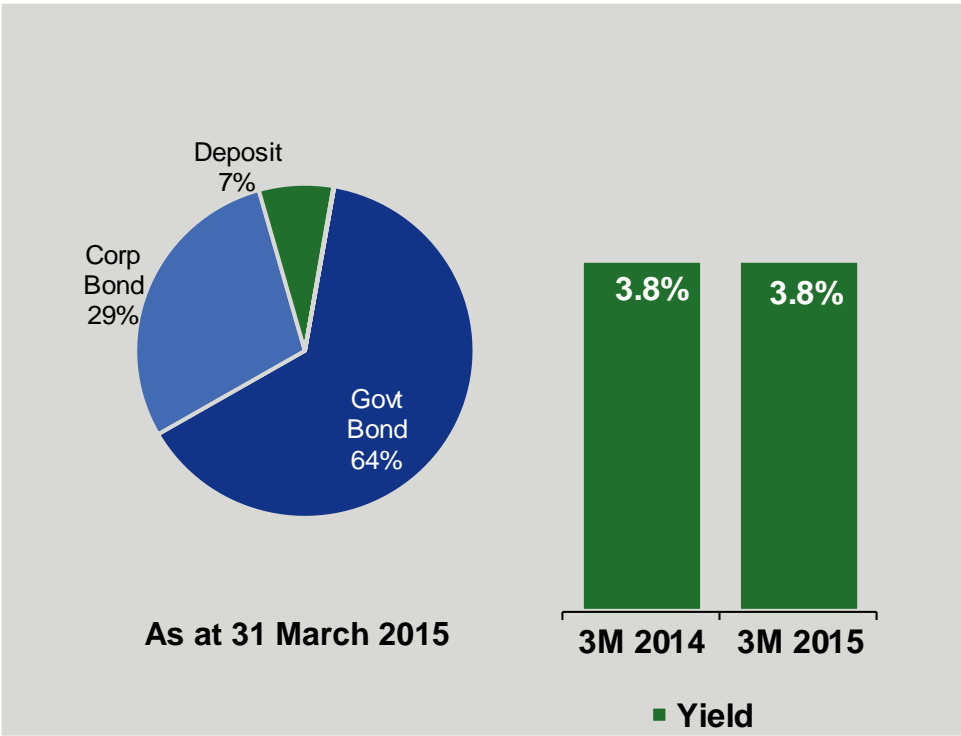
NEP = Net Earned Premiums  
 NCI = Net Claims Incurred  
 NWP = Net Written Premiums

# General Business: Stable growth in investment income

## Net Investment Results (RM'mil)



## Portfolio Mix and Investment Yield (Annualized)



## General Business: Unaudited financial results at a glance

RM'mil	3M 2014	3M 2015	△15/14 %
Gross written premiums	580.5	579.0	(0.3%)
Gross earned premiums	499.9	535.3	7.1%
Net earned premiums	377.5	413.7	9.6%
Net change in claims incurred	(201.8)	(252.6)	(25.2%)
Management expenses	(61.3)	(59.7)	2.6%
Fee and commission expense	(39.1)	(48.0)	(22.8%)
Underwriting result	75.3	53.4	(29.1%)
Net investment results	29.3	33.1	13.0%
Other result	(2.0)	(2.4)	(20.0%)
<b>Profit before tax (after consolidation adjustment)</b>	<b>102.6</b>	<b>84.1</b>	<b>(18.0%)</b>
Commission ratio	10.4%	11.6%	(1.2 pts)
Claims ratio	53.5%	61.1%	(7.6 pts)
Expense ratio	16.2%	14.4%	1.8 pts
Combined ratio	80.1%	87.1%	(7.0 pts)





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Life Business

# Life Business



## Gross written premiums

- GWP growth of 8.3% above GDP 5.6%

## Distribution

- Continue to push for sales of Investment-linked business, agency Investment-Linked business grew by 7.6%.
- Expand agency force (8,820 agents in 3M 2015 vs 6,814 agents in 3M 2014).

## Product mix

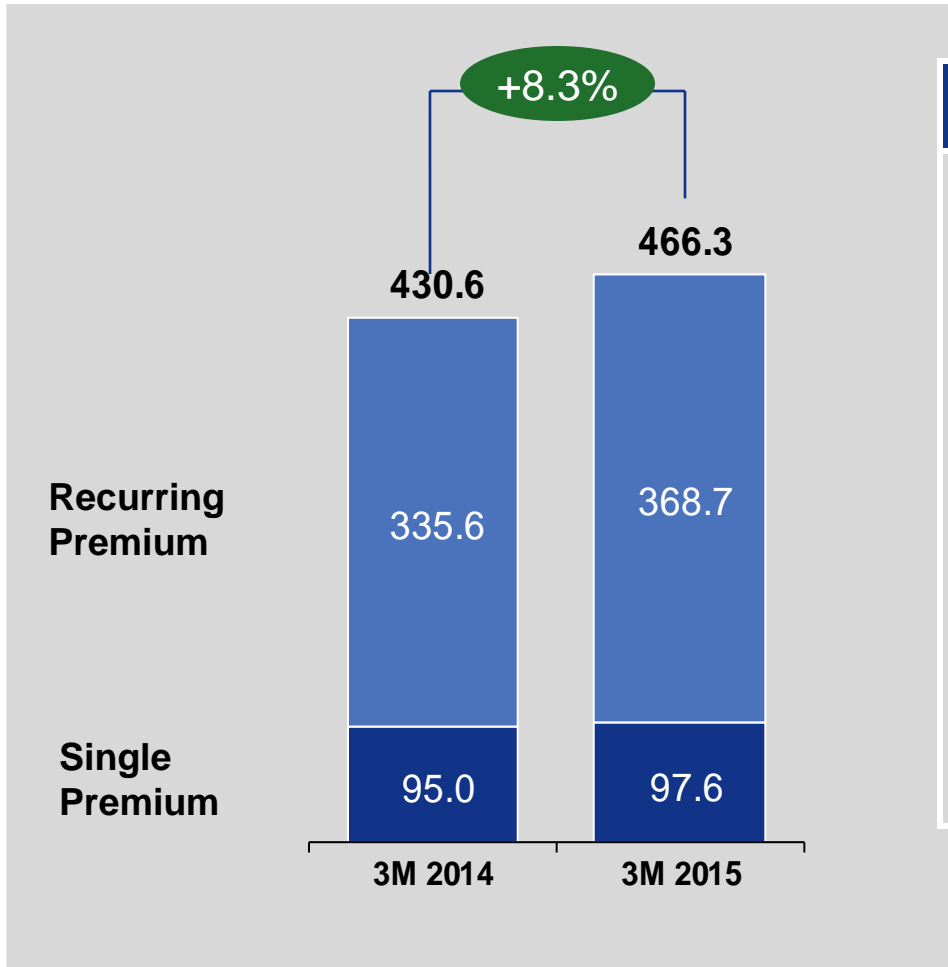
- Investment-Linked ANP and GWP grew by 7.6% and 27.8% respectively.
- Continue to develop balanced product portfolio.

## Net investment results

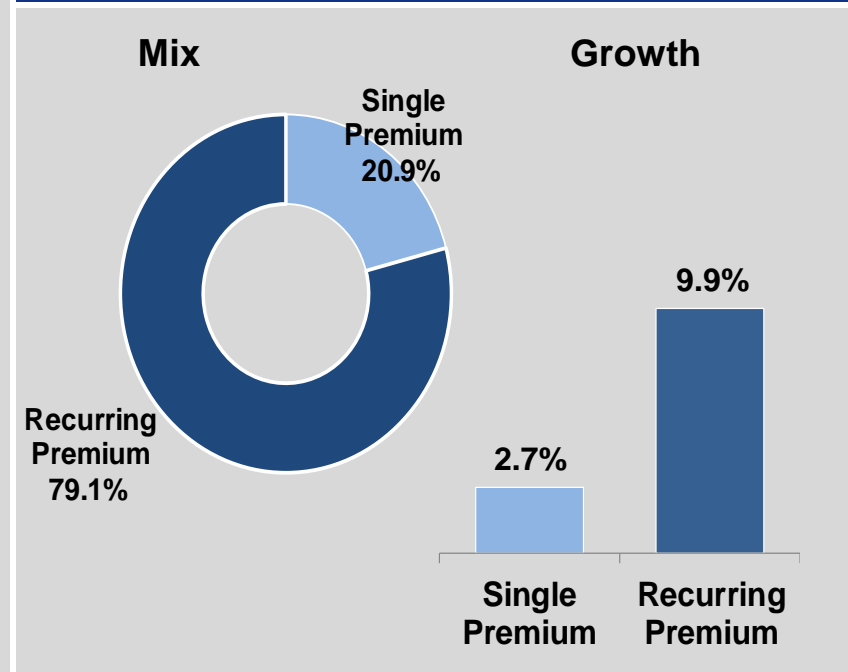
- Higher net investment results due to higher investment income and fair value net gains.

# Life Business: Top line growth driven by increase sales from agency channel

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

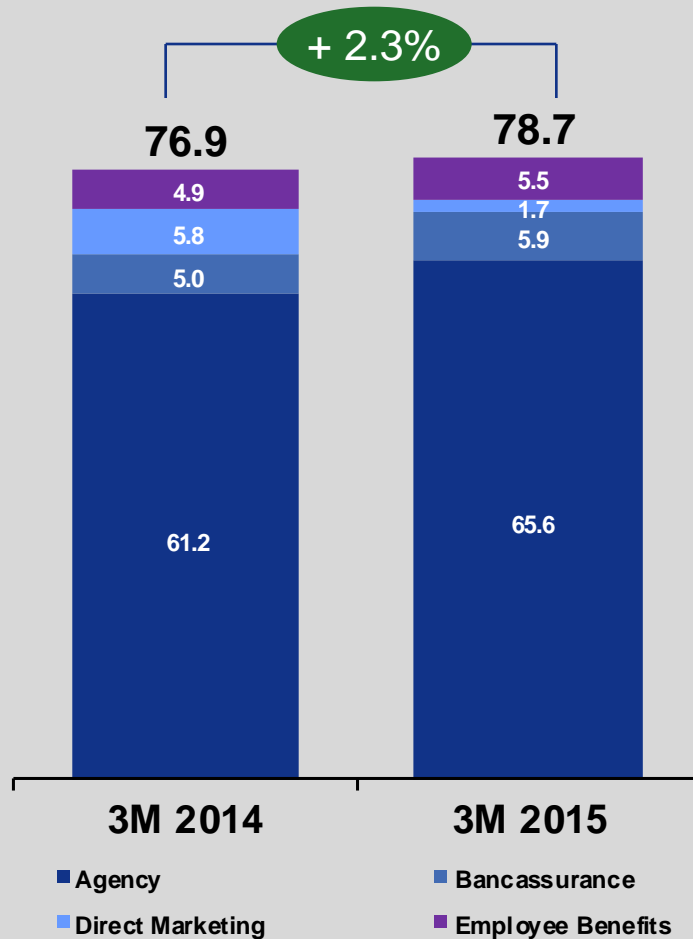


## GWP Mix & Growth (%) (3M 2015)

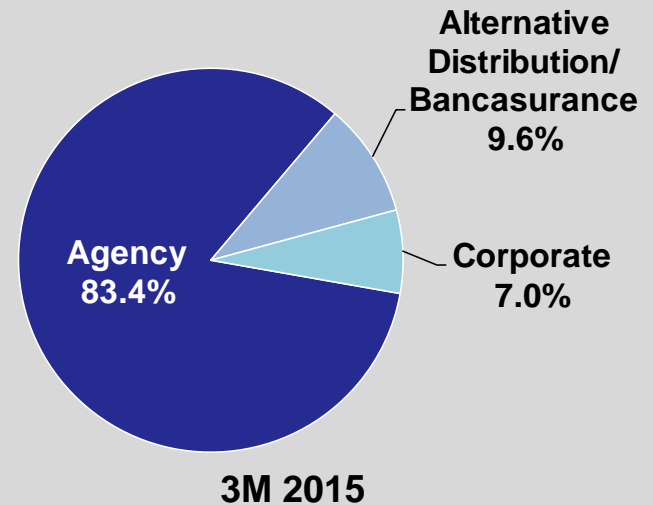


# Life Business: Moderate ANP growth due to scaling down unprofitable direct business

## Annualised New Premiums (“ANP”) (RM’mil)

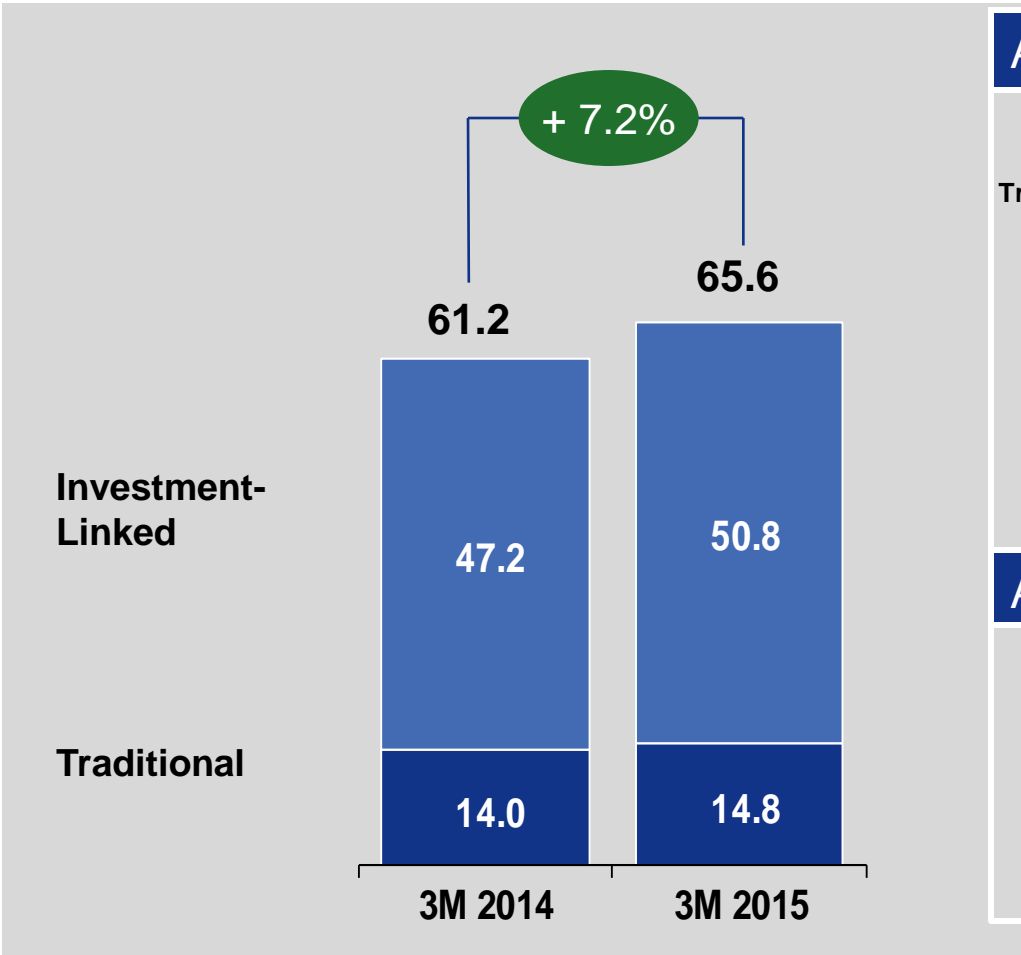


## ANP Channel Mix



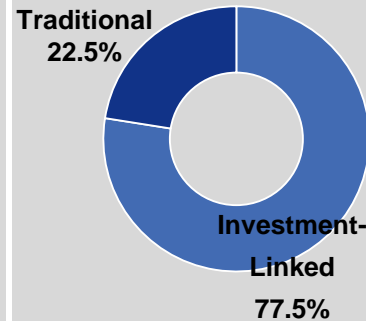
# Life Business: Continue focus on profitable regular Investment-Linked products

## Agency Annualised New Premiums (RM'mil)

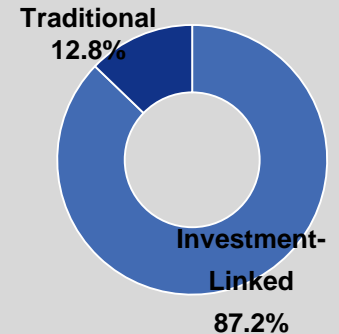


## Agency Product Mix

### By ANP

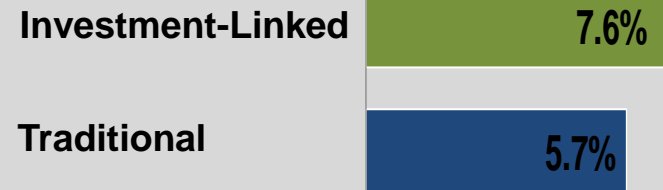


### By Policy Count



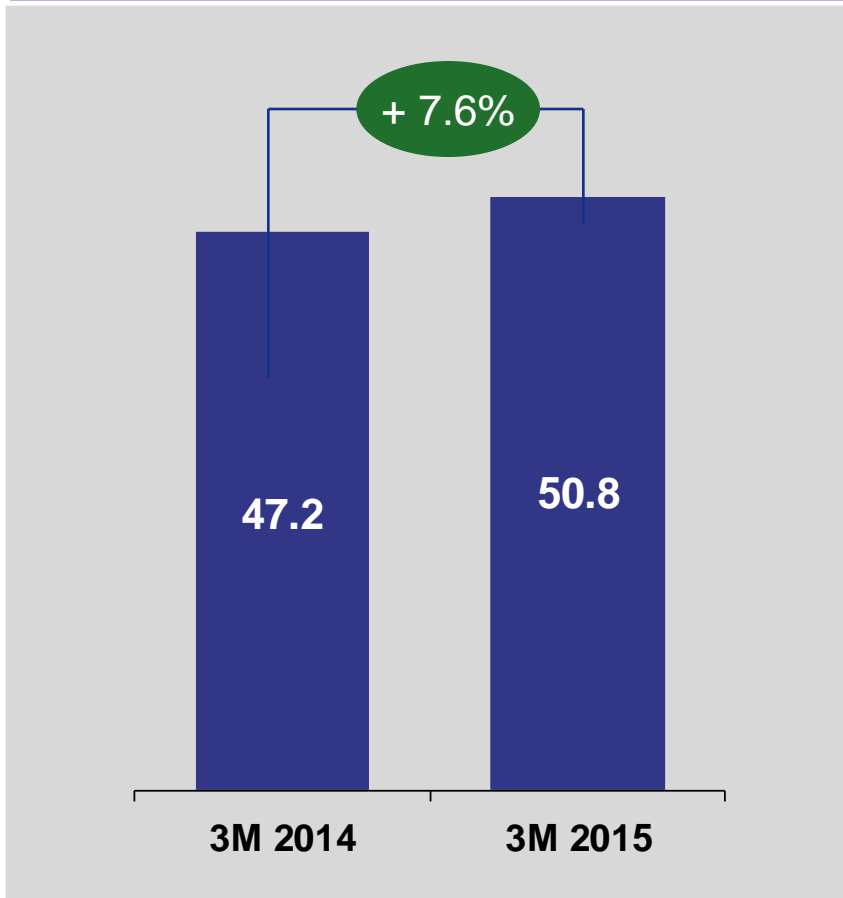
3M 2015

## Agency ANP Growth

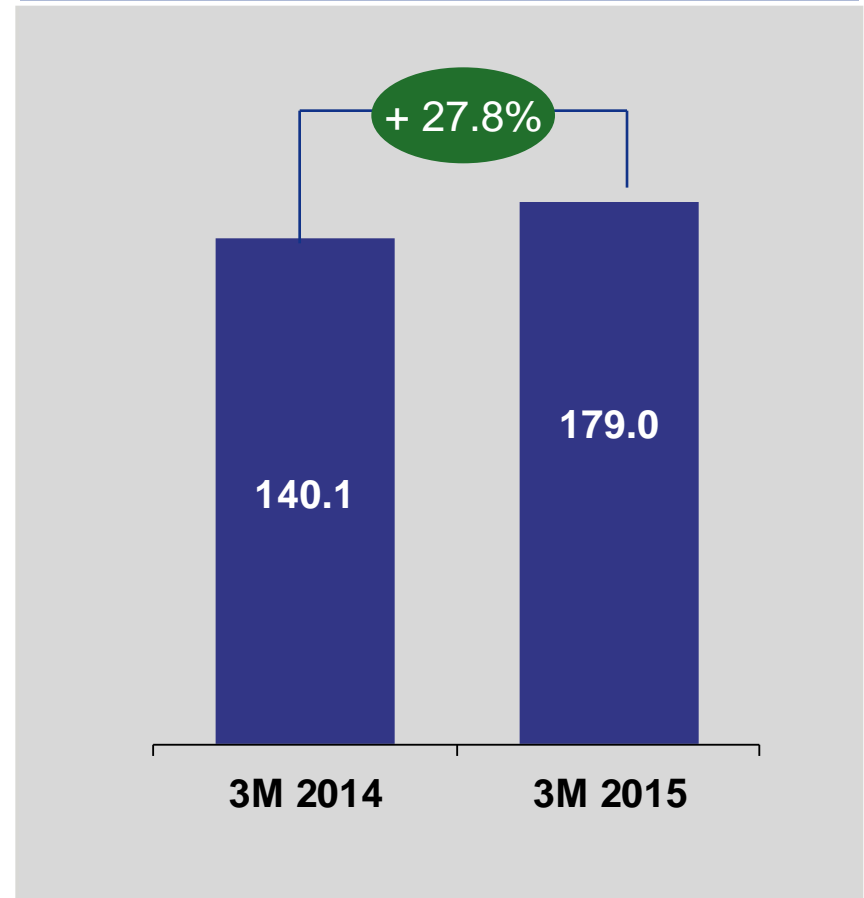


# Life Business: Maintain growth momentum of Investment-Linked business

Annualised New Premiums (“ANP”) (RM'mil)

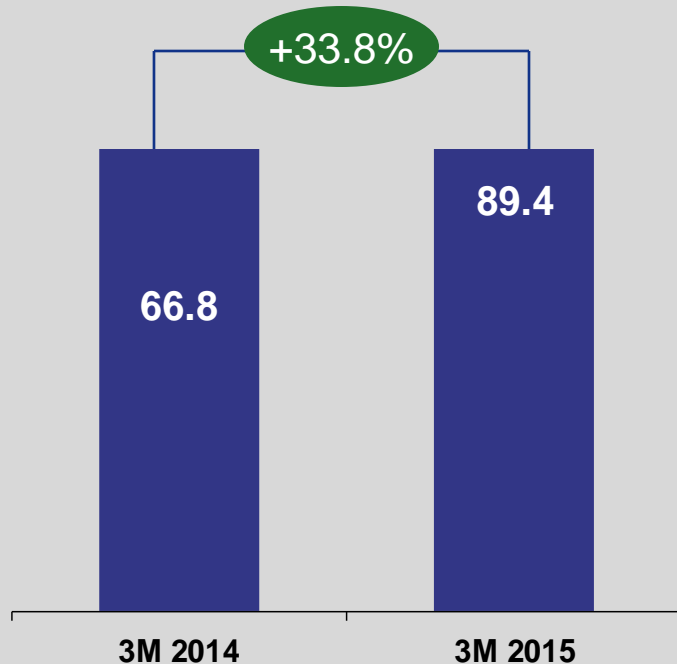


Gross Written Premiums (“GWP”) (RM'mil)

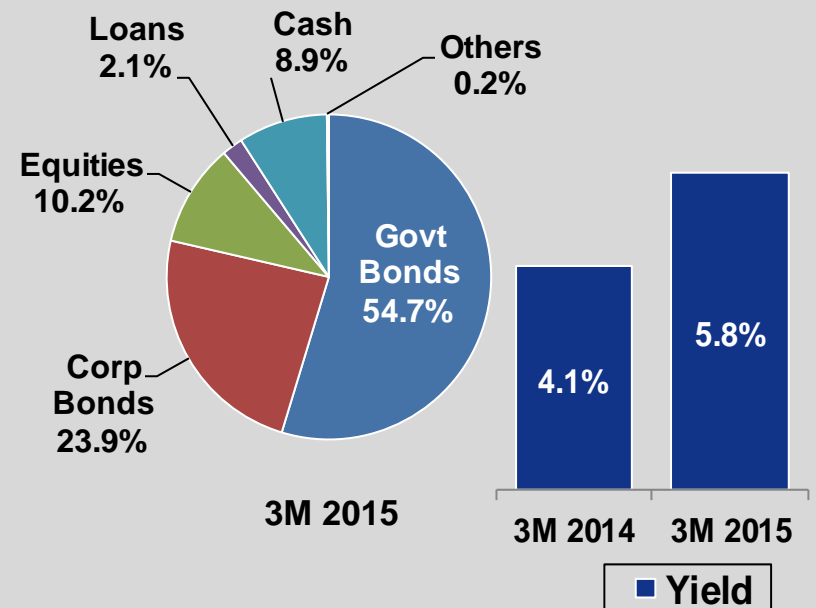


# Life Business: Higher net investment results from higher investment income and net fair value gains

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



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



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

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

## Life Business: Unaudited financial results at a glance

RM'mil	3M 2014	3M 2015	△15/14 %
Gross written premiums	430.6	466.3	8.3%
Premiums ceded to reinsurers	(29.1)	(40.7)	(39.9%)
Net earned premiums	401.5	425.6	6.0%
Net change in benefits and claims paid	(91.8)	(109.2)	(19.0%)
Net change in contract liabilities	(263.0)	(312.5)	(18.8%)
Management expenses	(37.7)	(33.1)	12.2%
Net fee and commission expenses	(75.5)	(78.4)	(3.8%)
Fair value gains and losses	5.4	57.4	>100%
Net investment results	82.5	81.7	(1.0%)
Net operating expenses	(0.7)	(1.1)	(57.1%)
<b>Profit before tax</b> (after consolidation adjustment)	<b>20.7</b>	<b>30.4</b>	<b>46.9%</b>
Annualised new business premiums	76.9	78.7	2.3%
Expense ratio (LF+SHF)	11.2%	9.6%	1.6 pts
Local investment yield (LF+SHF)	4.1%	5.8%	1.7 pts
Lapse ratio (total company)	6.2%	8.8%	(2.6 pts)
Persistency (13th month by premium)	84.4%	81.9%	(2.5 pts)



Thank You  
for Your Attention

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