

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
2Q 2015

Analyst Briefing  
27 August 2015



# 1

## AMB Group Results

## Steady Growth



### Operating revenue

- Group operating revenue of RM2.21 billion, an increase of 5.8% as compared to corresponding period of RM2.09 billion due mainly to higher gross earned premiums and investment income by RM92.8 million and RM28.0 million respectively.
- General business recorded an operating revenue of RM1.14 billion, an increase of 6.6% compared to corresponding period of RM1.07 billion.
- Life business recorded an operating revenue of RM1.07 billion, an increase of 4.9% compared to corresponding period of RM1.02 billion.

### Profit before tax (“PBT”)

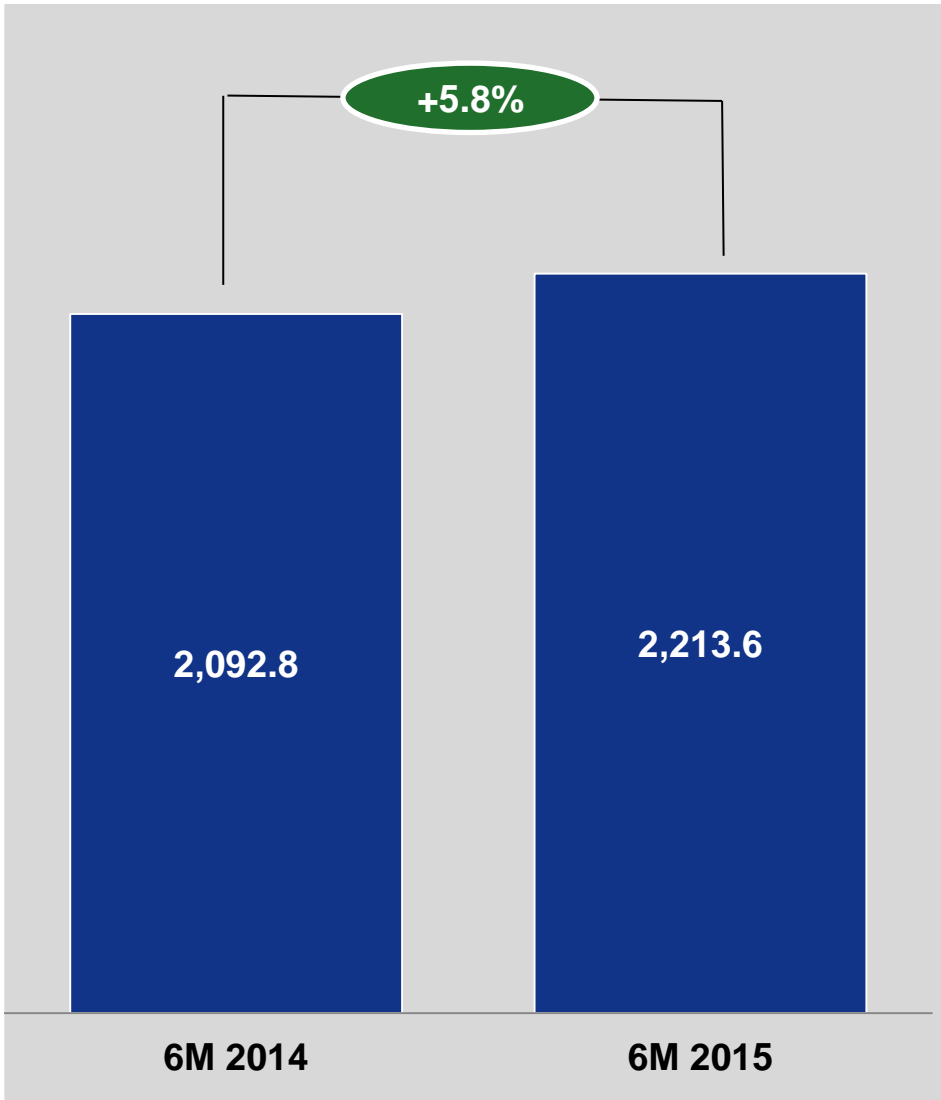
- Group profit before tax of RM213.9 million increased by 1.1% compared to corresponding period of RM211.5 million.
- General business contributed a profit before tax of RM161.0 million (6M 2014: RM175.5 million). The underwriting profit for the prior year corresponding period was better than expected as the claims ratio was low at 57.8% (6M 2015: 60.2%).
- Life insurance operations recorded a profit before tax of RM54.0 million (6M 2014: RM35.1 million) due to fair value gains from lower interest in the insurance funds.

### Basic earnings per ordinary share

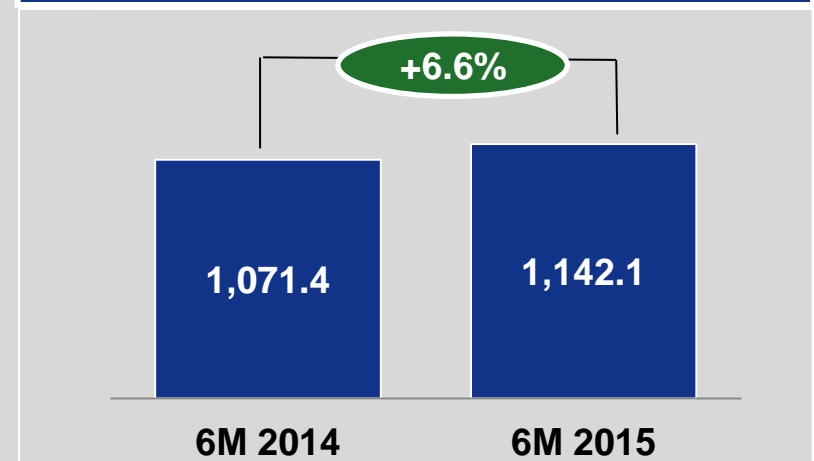
- Basic earnings per ordinary share (before dilution) at 85.69 sen (6M 2014: 89.12 sen).
- Basic earnings per ordinary share (after dilution) at 41.75 sen (6M 2014: 42.60 sen).

# Financial highlights 6M 2015

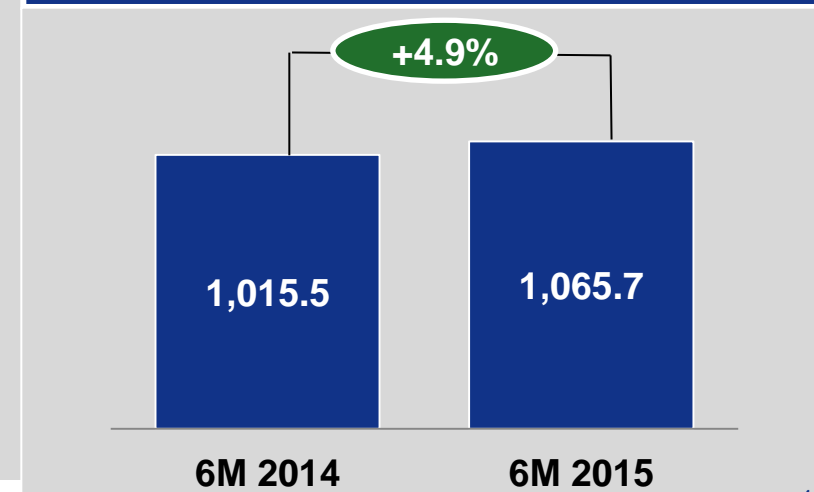
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

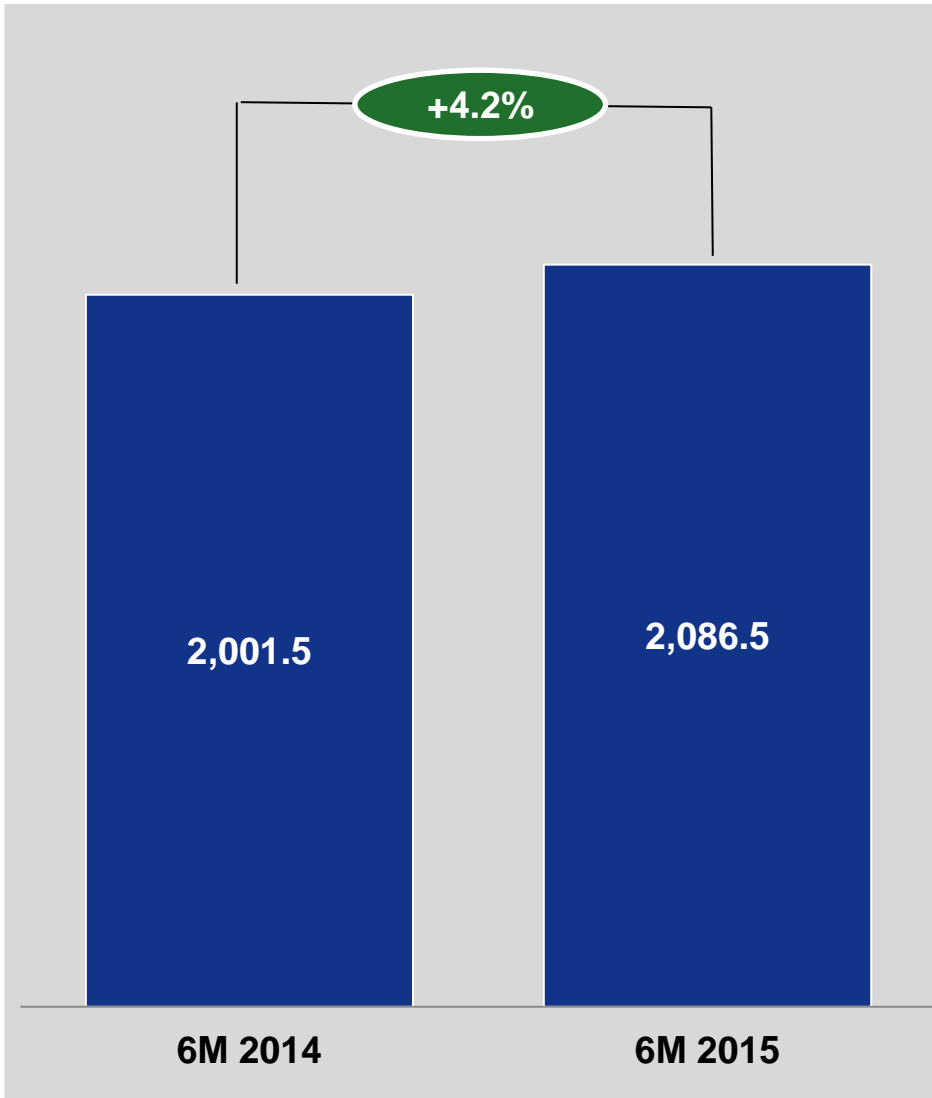


## Life Business (RM'mil)

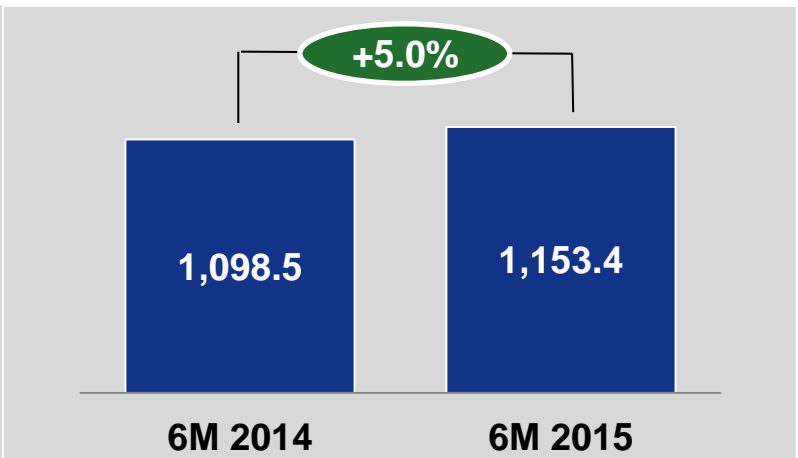


# Financial highlights 6M 2015

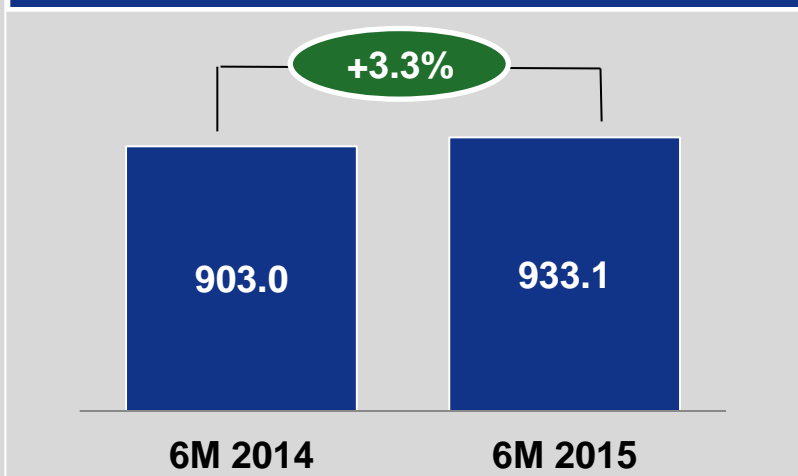
## Group Gross Written Premiums ("GWP") (RM'mil)



## General Business (RM'mil)

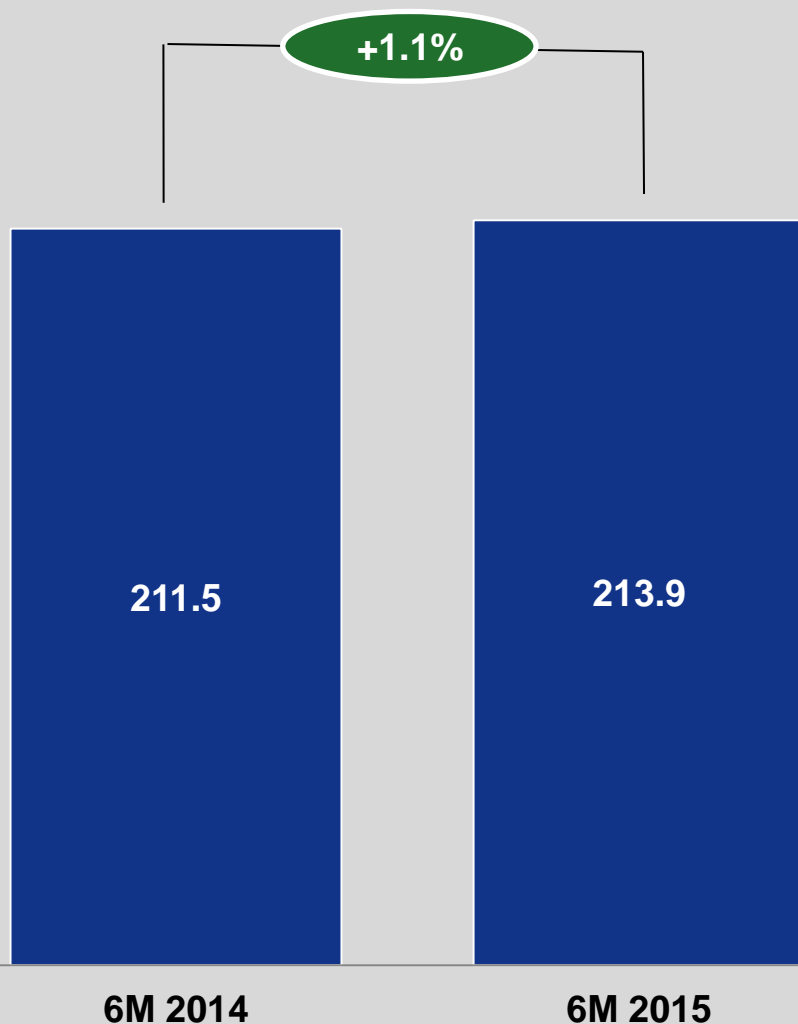


## Life Business (RM'mil)

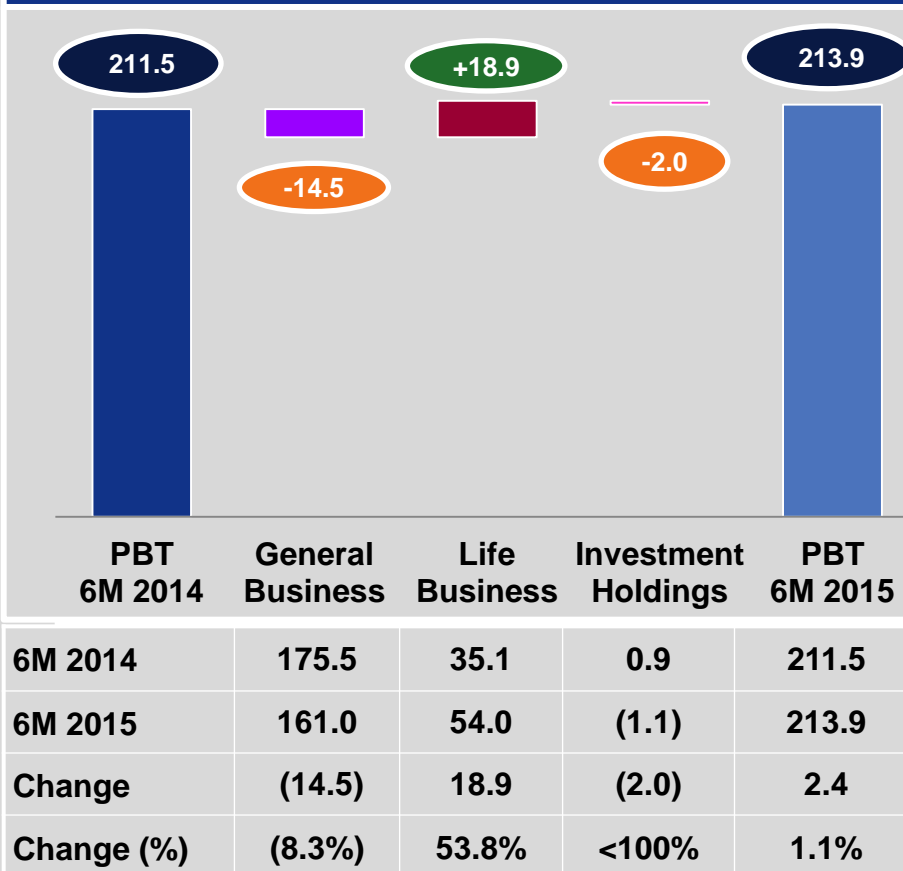


# Financial highlights 6M 2015

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



## Financial Overview

RM'mil	2012	2013	2014	6M 2014	6M 2015
Gross Written Premiums	2,983.5	3,578.5	3,968.1	2,001.5	2,086.5
Management Expenses	338.4	400.0	436.0	212.5	219.3
Expense Ratio (Non Life)	19.7%	17.9%	17.3%	16.7%	16.7%
Expense Ratio (Life) <sup>1</sup>	9.3%	10.6%	10.3%	11.1%	9.5%
Local Consolidated PBT	297.8	339.2	423.5	211.5	213.9
Total Assets	9,190.5	10,758.8	12,176.1 <sup>2</sup>	11,577.6	12,867.7
Shareholders' Equity	1,840.8	2,024.2	2,289.8	2,160.3	2,454.1
Basic earnings per ordinary share (sen)	132.21	149.24	178.49	89.12	85.69
Diluted earnings per ordinary share (sen)	54.41	58.94	85.89 <sup>3</sup>	42.60 <sup>3</sup>	41.75

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

2 : Restated due to re-class reinsurance balance.

3 : Comparatives figure have been restated to exclude bonus element.

## Summary of Unaudited Financial Results

RM'mil	6M 2014	6M 2015	△15/14 %
<b>Operating revenue</b>	<b>2,092.8</b>	<b>2,213.6</b>	<b>5.8%</b>
Gross earned premiums	1,914.8	2,007.6	4.8%
Premiums ceded to reinsurers	(307.0)	(315.9)	(2.9%)
Net earned premiums ("NEP")	1,607.8	1,691.7	5.2%
Net change in benefits and claims paid ("Claim")	(577.5)	(622.0)	(7.7%)
Net change in contract liabilities ("Reserve")	(613.3)	(605.8)	1.2%
Management expenses ("ME")	(212.5)	(219.3)	(3.2%)
Net fee and commission expense	(231.6)	(258.5)	(11.6%)
Fair value gains and losses	21.6	0.3	(98.6%)
Net investment results	219.9	232.8	5.9%
Net other operating expenses	(2.9)	(5.3)	(82.8%)
<b>Profit before tax</b>	<b>211.5</b>	<b>213.9</b>	<b>1.1%</b>
Tax expense	(65.0)	(69.8)	(7.4%)
<b>Profit after tax</b>	<b>146.5</b>	<b>144.1</b>	<b>(1.6%)</b>
<b>ME / NEP ratio</b>	<b>13.2%</b>	<b>13.0%</b>	<b>0.2 pts</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>74.1%</b>	<b>72.6%</b>	<b>1.5 pts</b>





# 2

## General Business

## General Business



### **Gross written premiums**

- Above market growth.

### **Combined ratio**

- Maintained below 90% despite difficult market environment.

### **Net investment results**

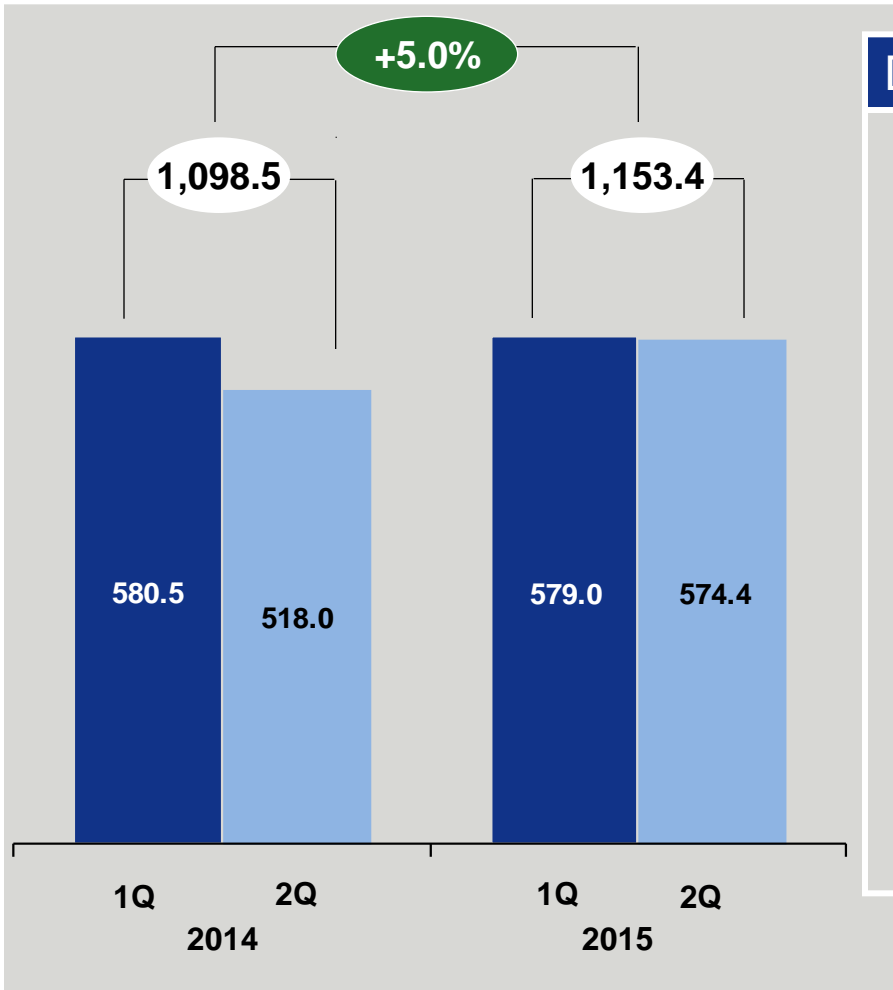
- Stable growth in investment income.

### **Profit before tax**

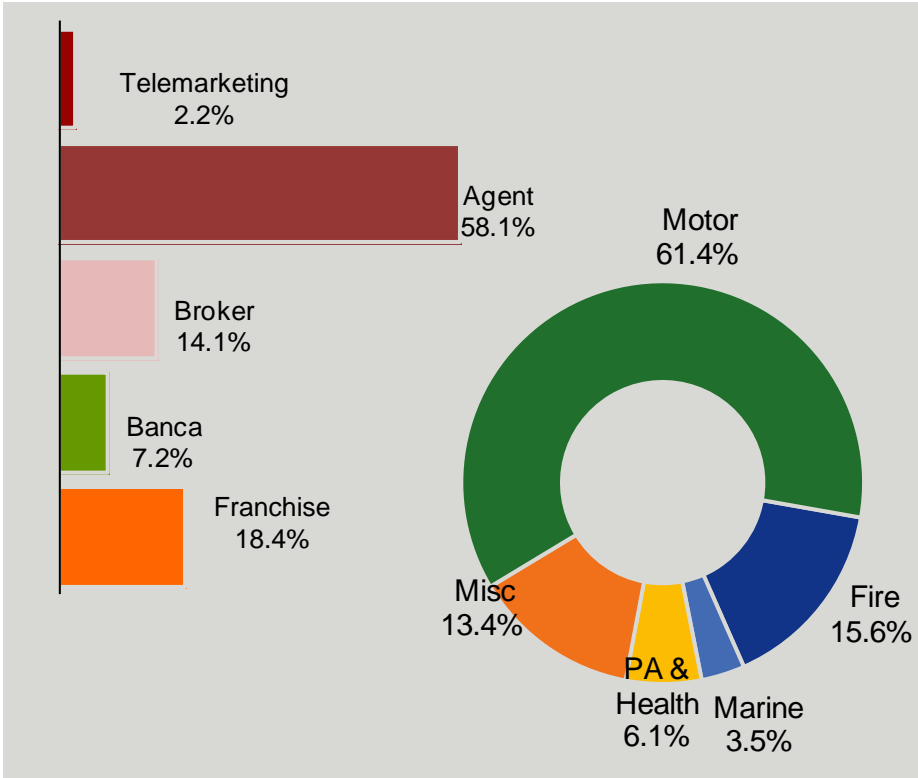
- Underwriting results was lower due to better than expected claims ratio in first half of last year.

# General Business: GWP growth above market

## Gross Written Premiums (RM'mil)

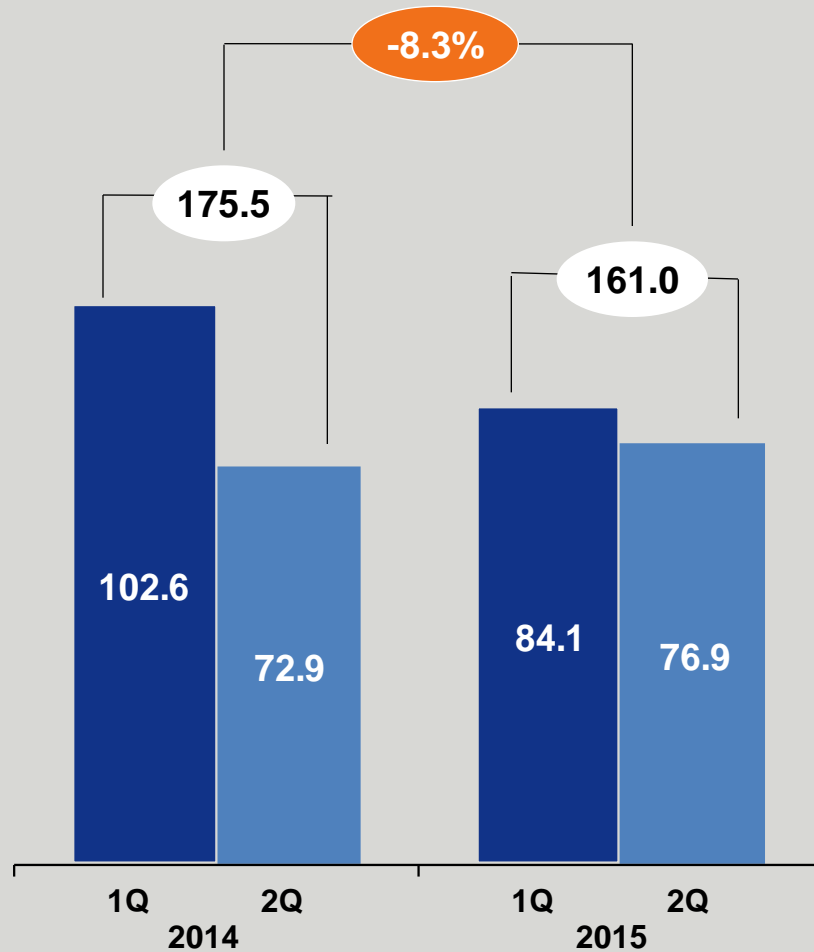


## Distribution Channel & Portfolio Mix

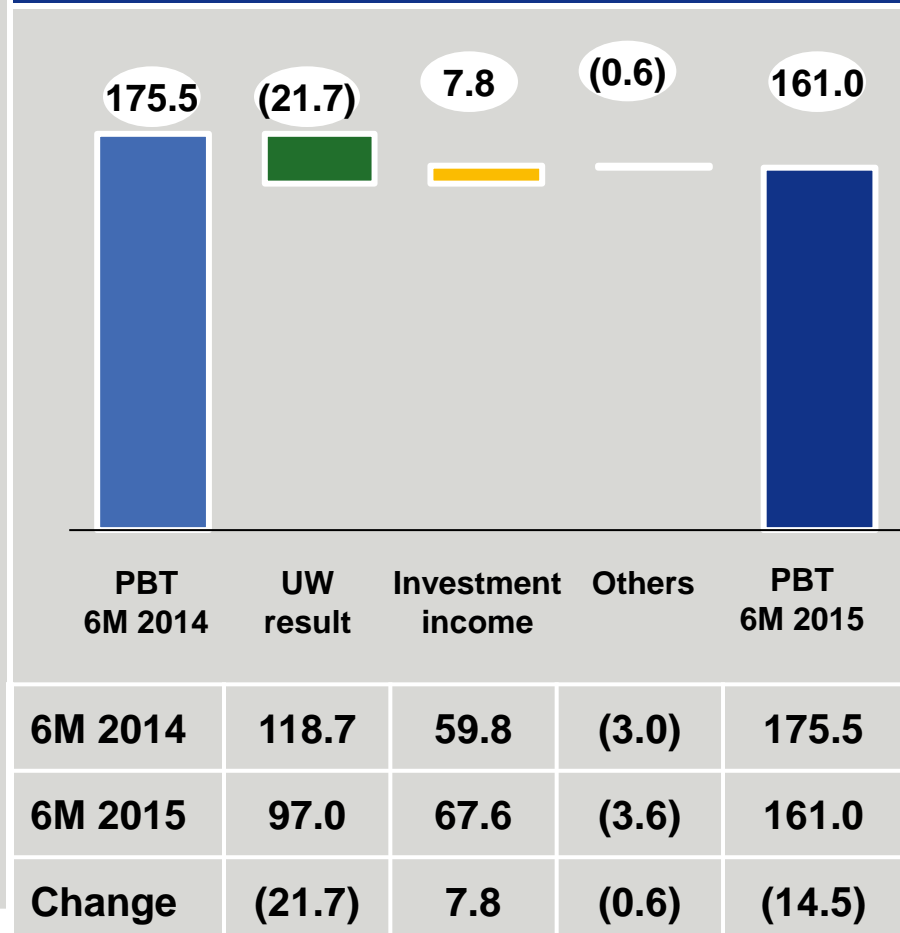


# General Business: Stable underwriting profit and investment income

## Profit Before Tax (RM'mil)

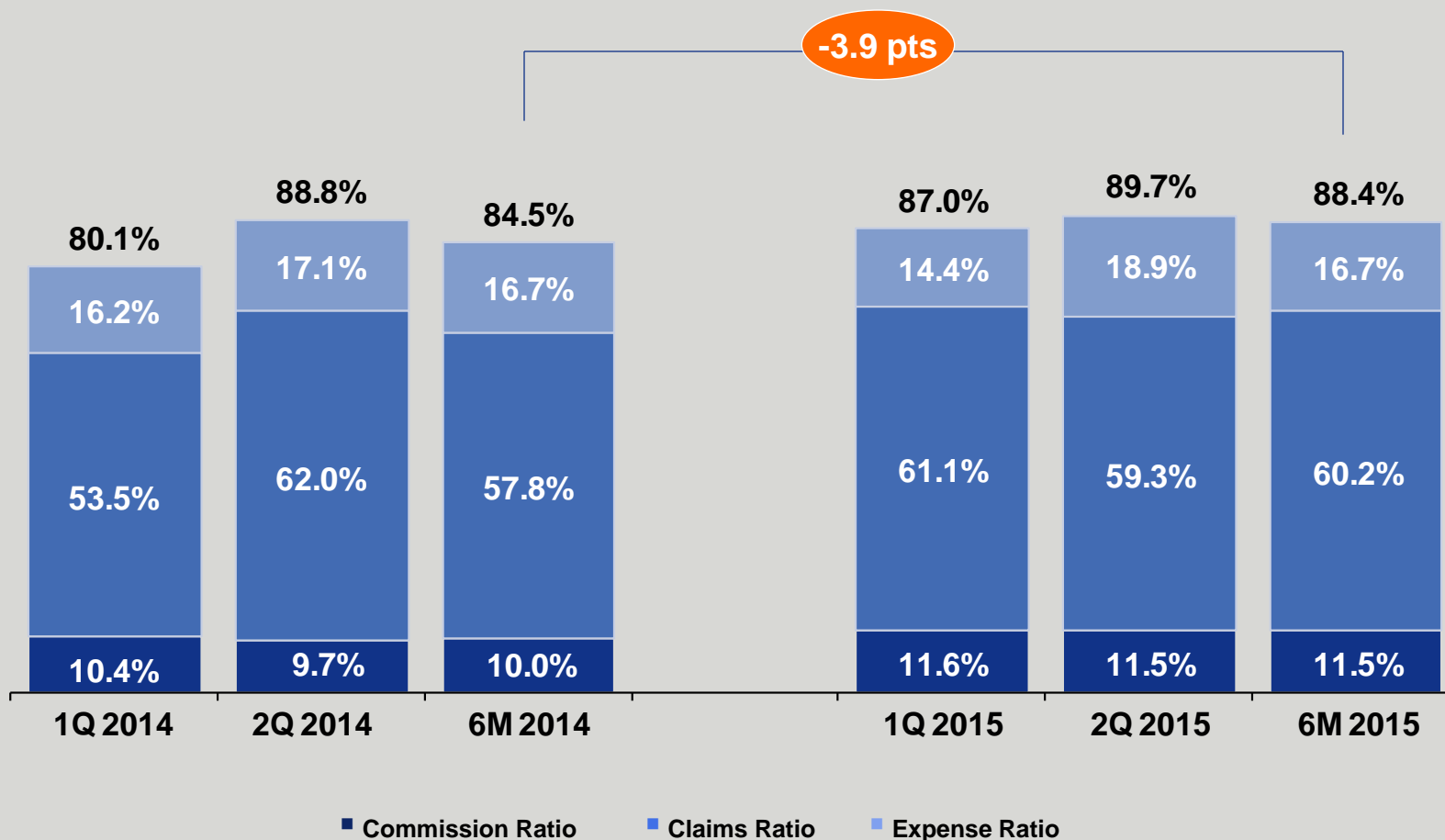


## PBT Drivers (RM'mil)



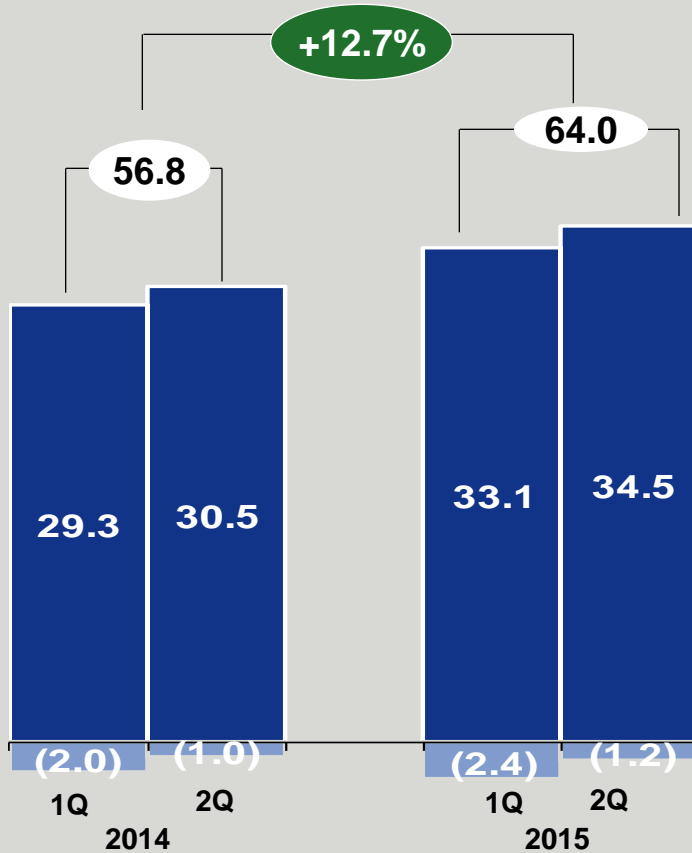
# General Business: Healthy combined ratio

## Combined Ratio



# General Business: Higher investment income from bigger asset base

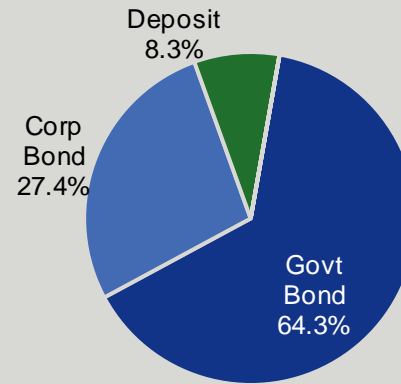
## Net Investment Results/Net Other Operating Expenses (RM'mil)



■ Net Investment Income    ■ Net Other Operating Expenses

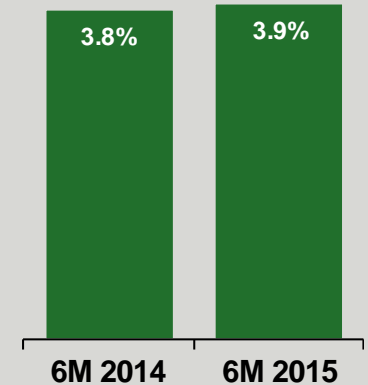
## Portfolio Mix and Investment Yield (Annualized)

### Portfolio Mix



As at 30 June 2015

### Investment Yield



## General Business: Financial results at a glance

RM'mil	6M 2014	6M 2015	△15/14 %
Gross written premiums	1,098.5	1,153.4	5.0%
Gross earned premiums	1,011.8	1,074.5	6.2%
Net earned premiums	764.9	838.2	9.6%
Net change in claims incurred	(441.9)	(504.3)	-14.1%
Management expenses	(127.7)	(140.0)	-9.6%
Net fee and commission expenses	(76.6)	(96.9)	-26.5%
Underwriting result	118.7	97.0	-18.3%
Net investment results	59.8	67.6	13.0%
Net other operating expenses	(3.0)	(3.6)	-20.0%
<b>Profit before tax (after consolidation adjustment)</b>	<b>175.5</b>	<b>161.0</b>	<b>-8.3%</b>
Commission ratio	10.0%	11.5%	-1.5 pts
Claims ratio	57.8%	60.2%	-2.4 pts
Expense ratio	16.7%	16.7%	0.0 pts
Combined ratio	84.5%	88.4%	-3.9 pts



3

Life Business



# Life Business



## Gross written premiums

- Gross written premiums growth of 3.3%.

## Distribution

- Agency business registered strong ANP growth by 10.8% above industry.
- Continue to focus on higher margins regular premium protection business.
- Expand agency force (8,410 agents in 6M 2015 vs 6,918 agents in 6M 2014).

## Product mix

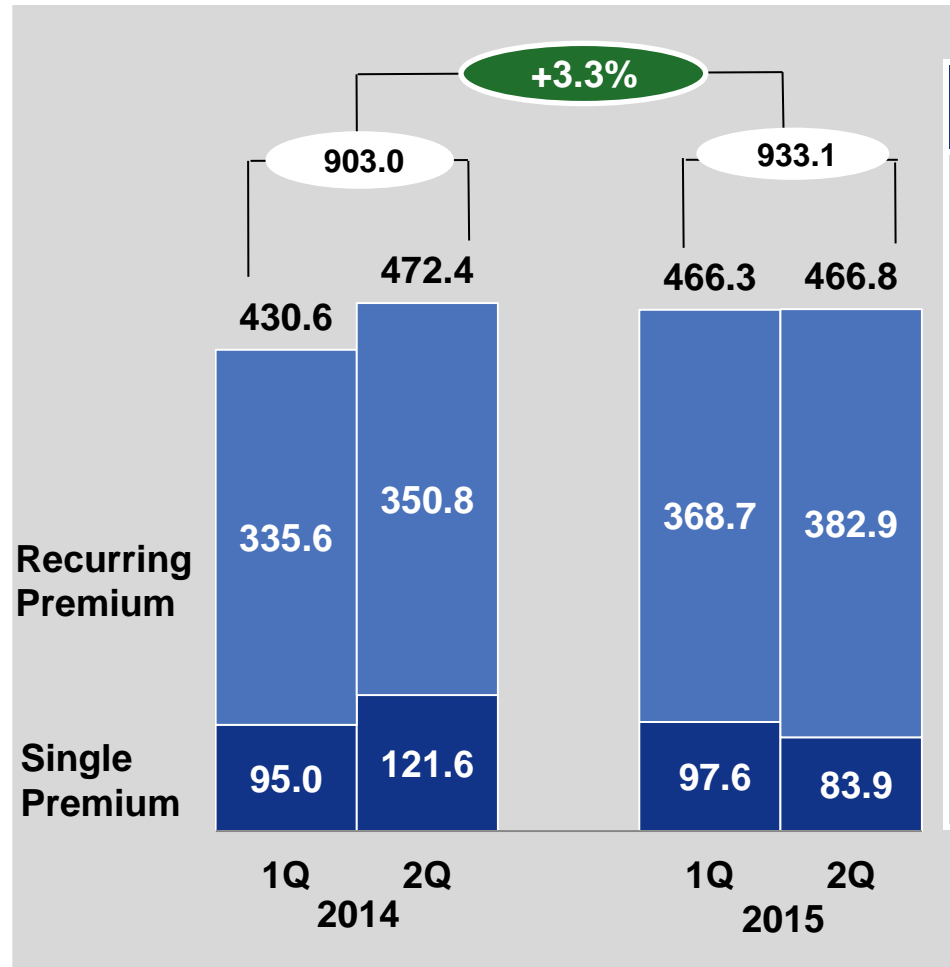
- Investment-Linked ANP and GWP grew by 11.0% and 25.0% respectively.
- 64.5% of new business derived from Investment-Linked business.

## Net investment results

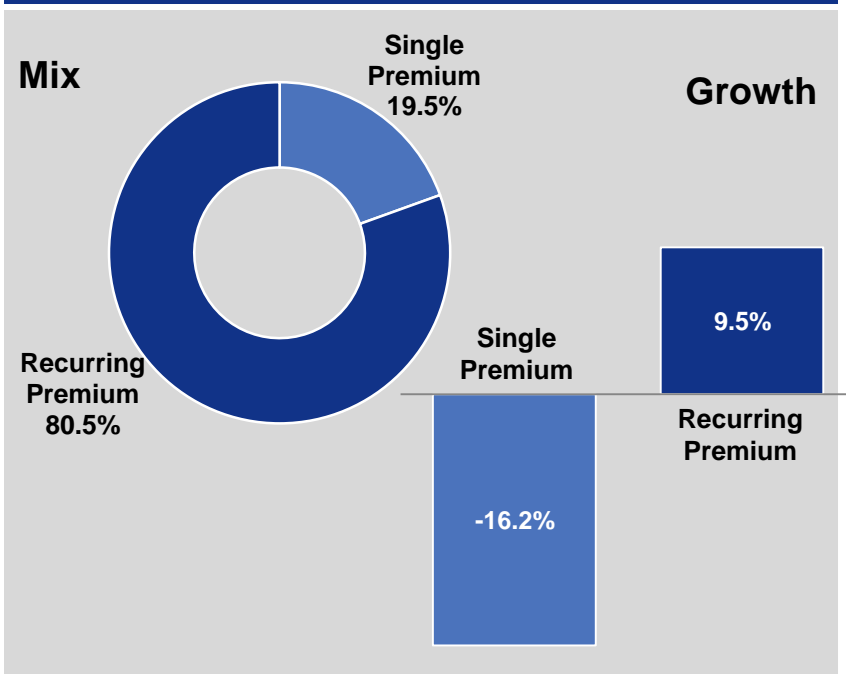
- Higher net investment results due to higher investment income.

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

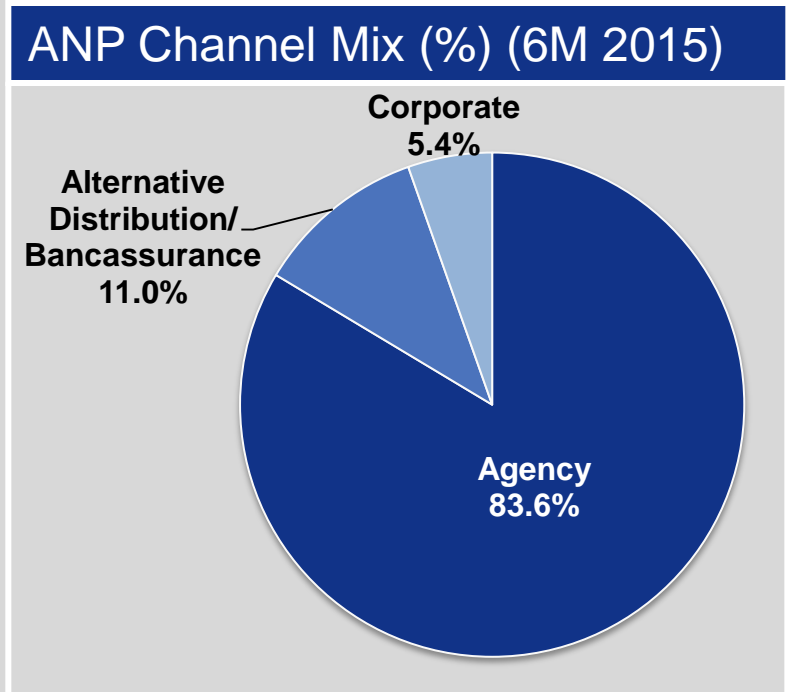
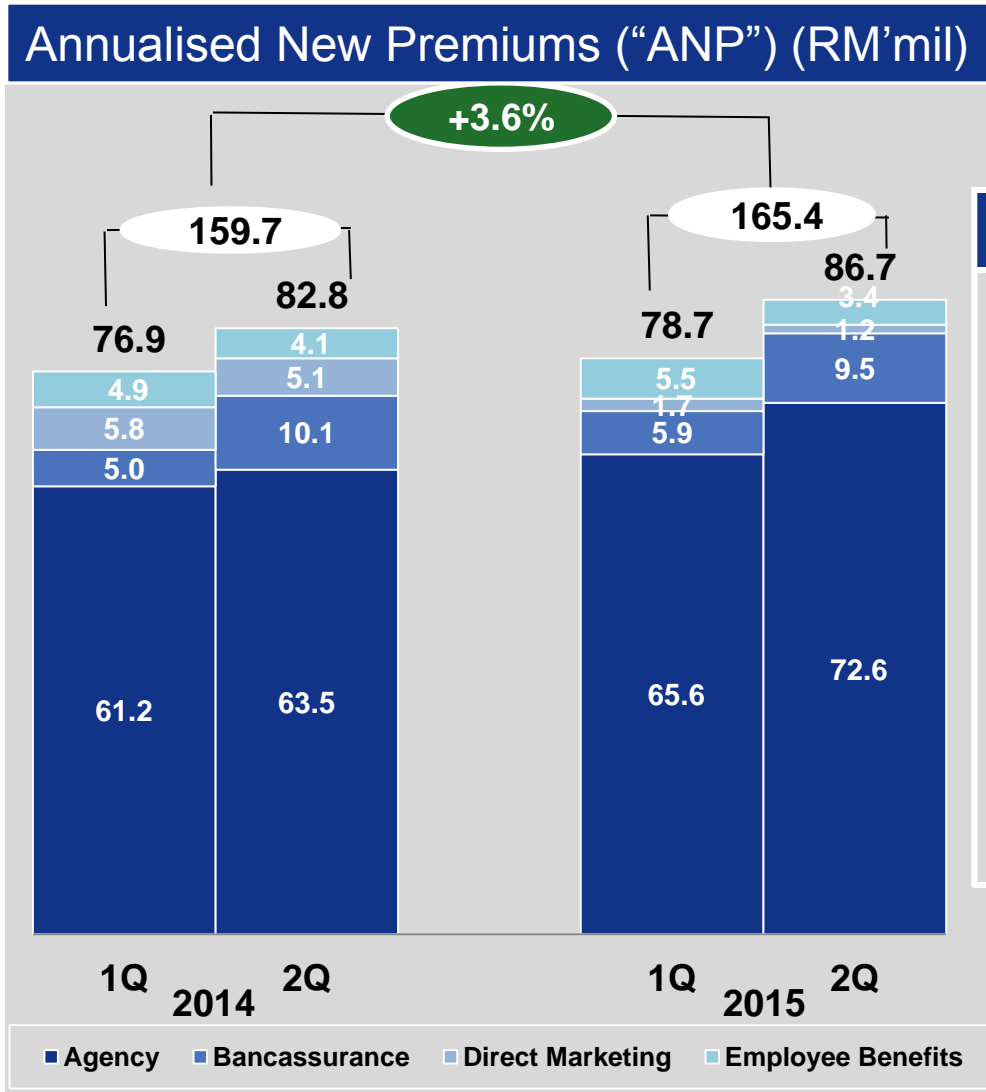
## Gross Written Premiums ("GWP") (RM'mil)



## GWP Mix & Growth (%) (6M 2015)

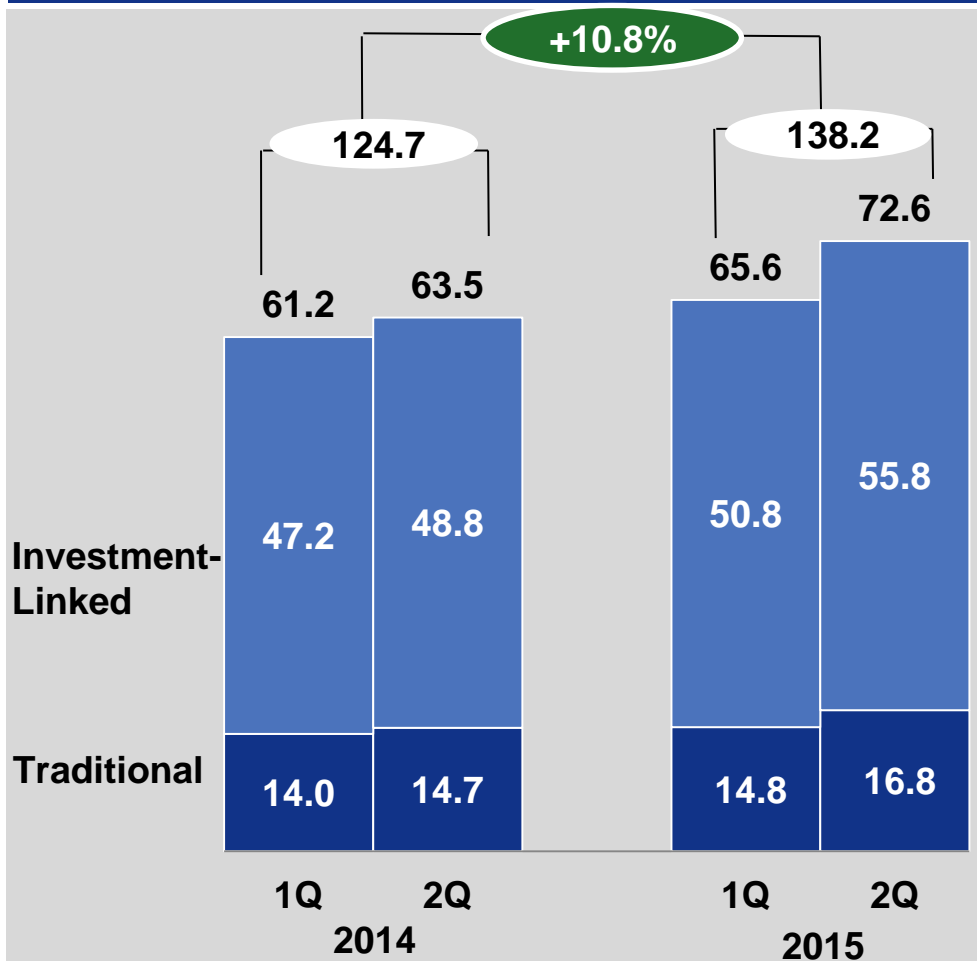


# Life Business: New business growth exceeded market growth



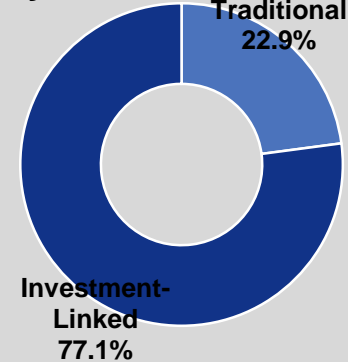
# Life Business: Continue focus on profitable regular Investment-Linked products

## Agency Annualised New Premiums (RM'mil)

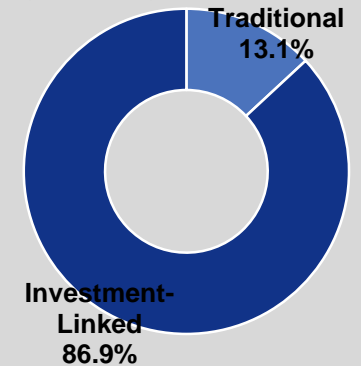


## Agency Product Mix (%) (6M 2015)

### By ANP



### By Policy Count



## Agency ANP Growth (%) (6M 2015)

Investment-Linked

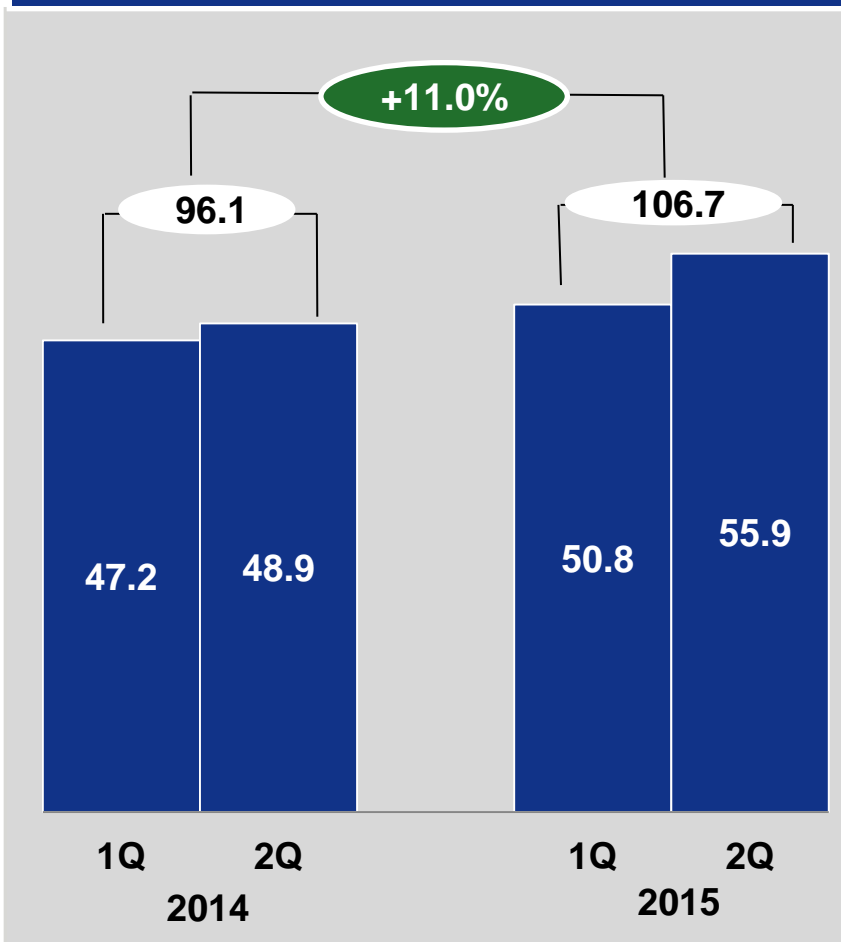
11.0%

Traditional

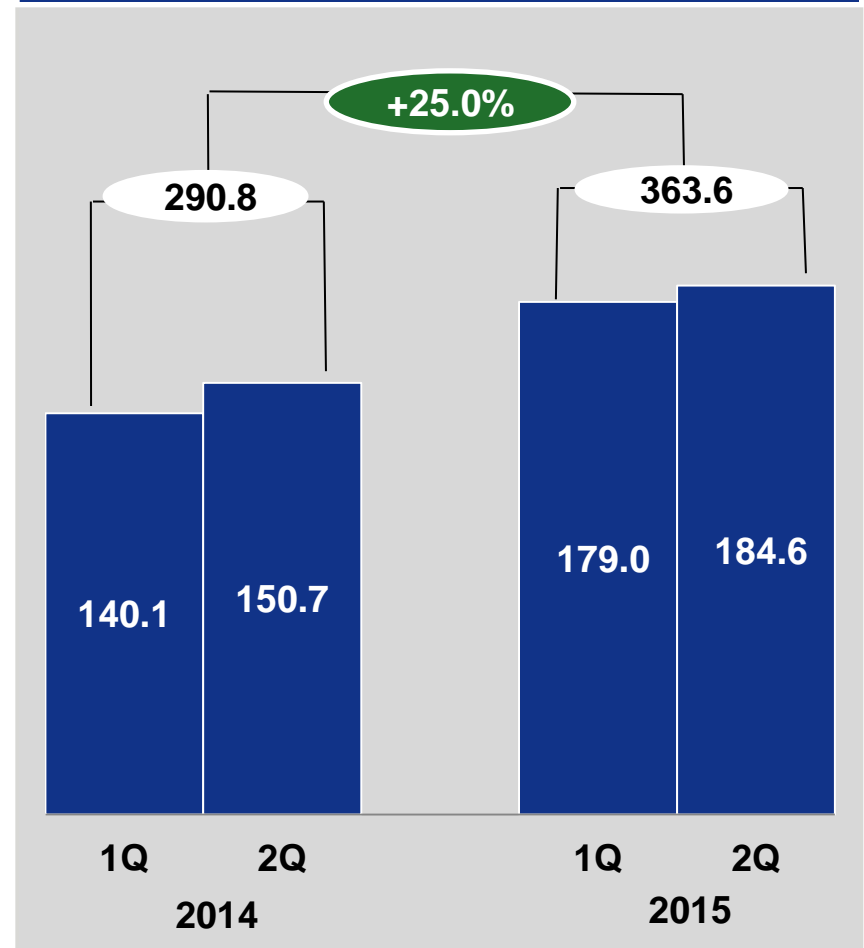
10.1%

## Life Business: Investment-Linked sales continue to grow

Annualised New Premiums (RM'mil)

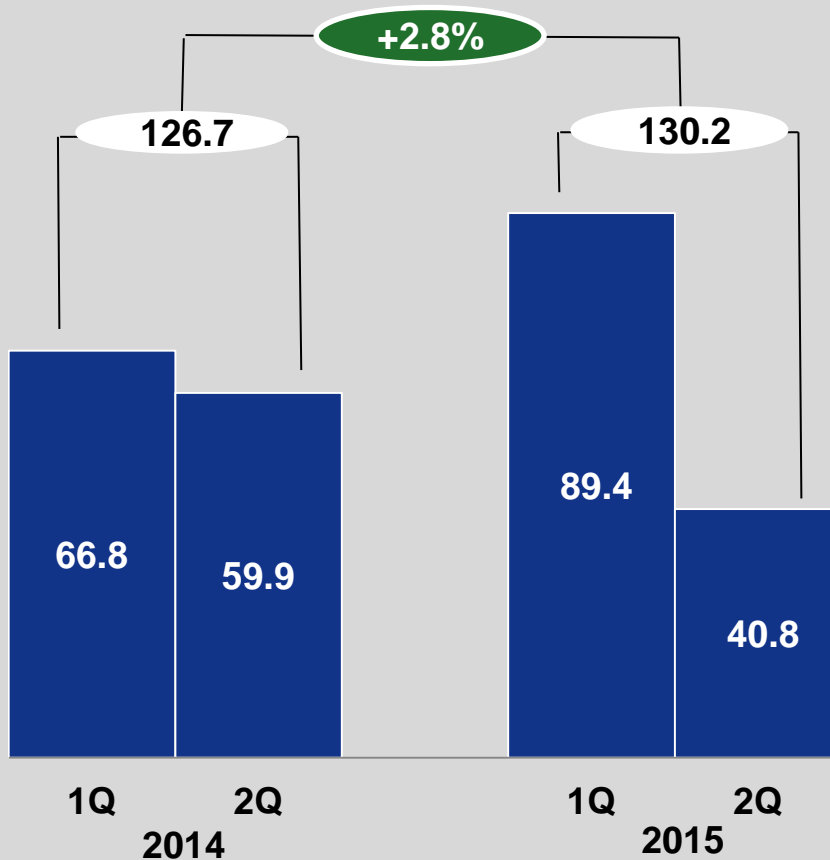


Gross Written Premiums (RM'mil)



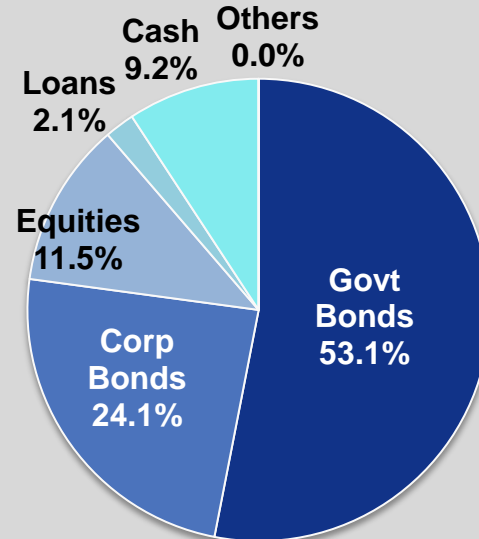
# Life Business: Higher net investment results from fair value gains from lower interest in insurance funds

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

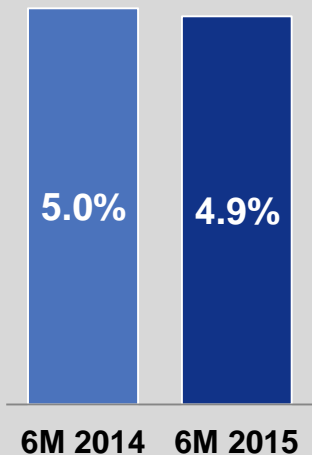


## Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualized)

### Portfolio Mix



### Investment Yield



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

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

## Life Business: Unaudited financial results at a glance

RM'mil	6M 2014	6M 2015	△15/14 %
Gross written premiums	903.0	933.1	3.3%
Premiums ceded to reinsurers	(60.1)	(79.6)	(32.4%)
Net earned premiums	842.9	853.5	1.3%
Net change in benefits and claims paid	(201.2)	(228.4)	(13.5%)
Net change in contract liabilities	(547.6)	(495.1)	9.6%
Management expenses	(76.1)	(69.1)	9.2%
Net fee and commission expenses	(154.9)	(161.6)	(4.3%)
Fair value gains and losses	21.6	0.3	(98.6%)
Net investment results	154.1	159.4	3.4%
Net other operating expenses	(3.7)	(5.0)	(35.1%)
<b>Profit before tax</b> (after consolidation adjustment)	<b>35.1</b>	<b>54.0</b>	<b>53.8%</b>
Annualised new premiums	159.7	165.4	3.6%
Expense ratio (LF+SHF)	11.1%	9.5%	1.6 pts
Local investment yield (LF+SHF)	5.0%	4.9%	(0.1 pts)
Lapse ratio (total company)	8.4%	9.0%	(0.6 pts)
Persistency (13th month by premium)	83.2%	81.4%	(1.8 pts)

Thank You  
for Your Attention



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