

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
3Q 2016

Analyst Briefing  
1 December 2016



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AMB Group Results

## Continue Growth



### Operating revenue

- Group operating revenue of RM3.47 billion, an increase of 3.6% as compared to corresponding period of RM3.35 billion due to higher gross earned premiums and investment income by RM67.0 million and RM51.9 million respectively.
- General business recorded an operating revenue of RM1.69 billion, a decrease of 1.7% compared to corresponding period of RM1.72 billion.
- Life business recorded an operating revenue of RM1.77 billion, an increase of 9.0% compared to corresponding period of RM1.62 billion.

### Profitability

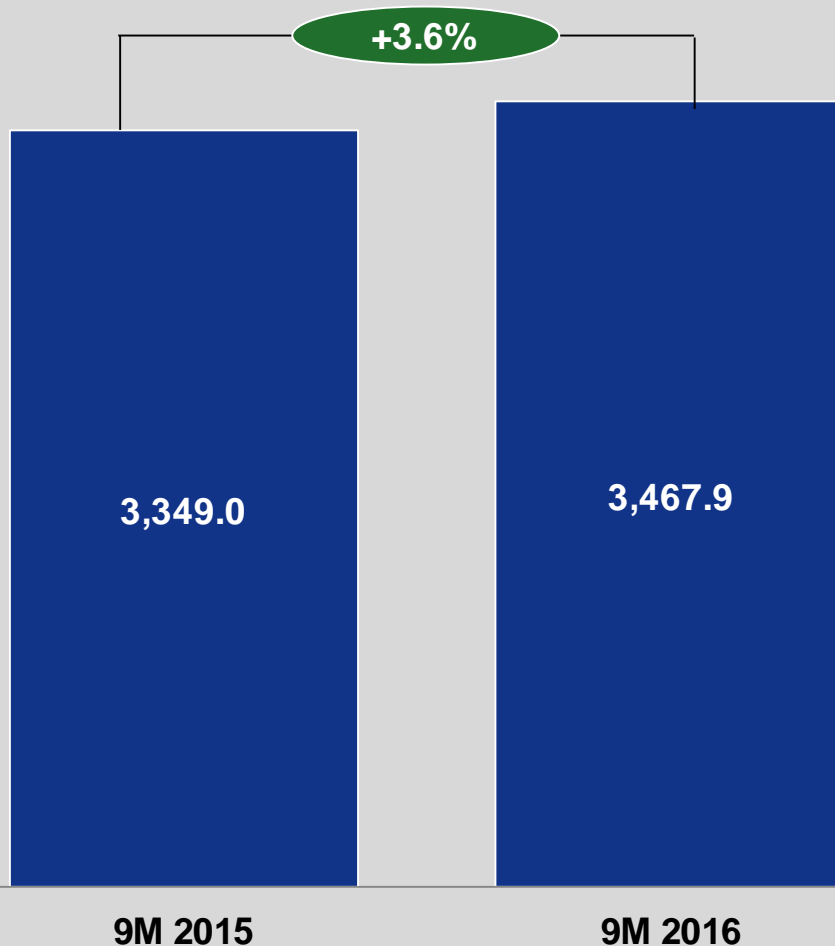
- Group profit before tax of RM333.6 million increased by 7.2% compared to corresponding period of RM311.2 million.
- General business contributed a profit before tax of RM246.6 million (9M 2015: RM235.7 million).
- Life insurance operations recorded a profit before tax of RM90.0 million (9M 2015: RM76.3 million).

### Basic earnings per ordinary share

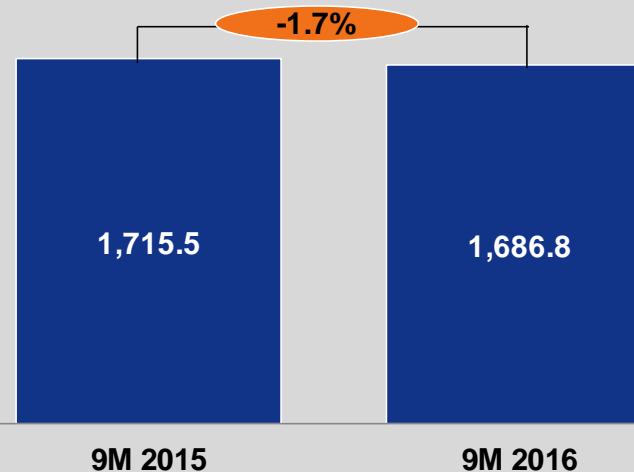
- Basic earnings per ordinary share (before dilution) at 130.25 sen (9M 2015: 132.10 sen).
- Basic earnings per ordinary share (after dilution) at 64.57 sen (9M 2015: 64.45 sen).

# Financial Highlights 9M 2016

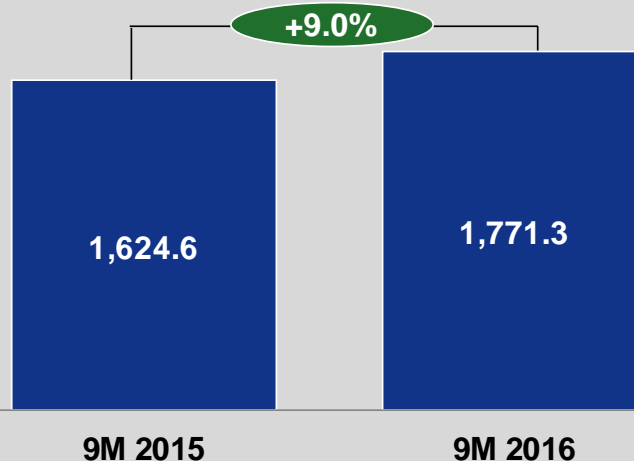
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

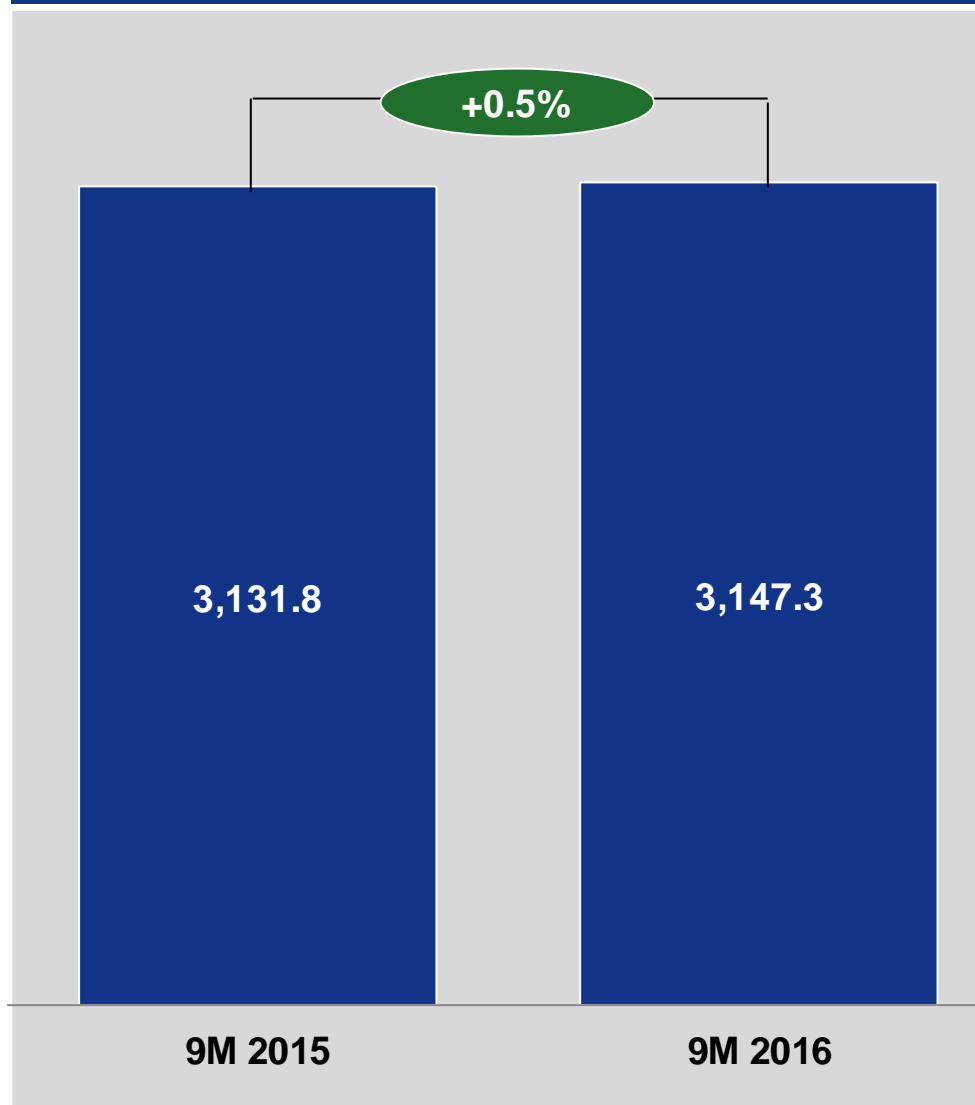


## Life Business (RM'mil)

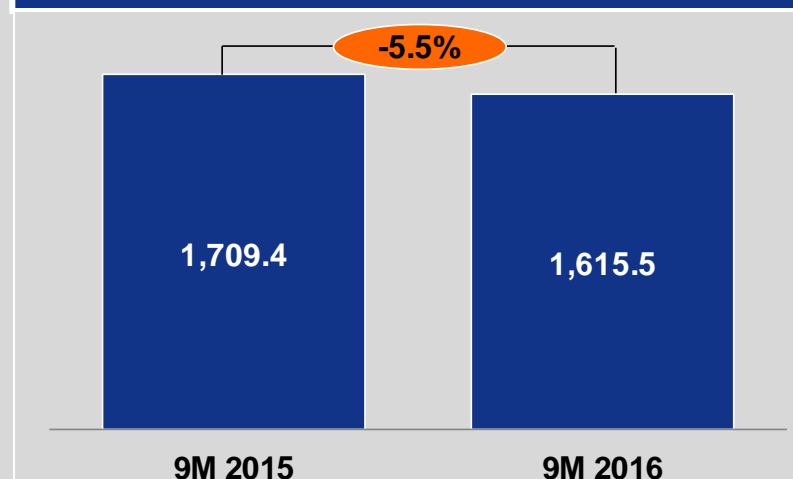


# Financial Highlights 9M 2016

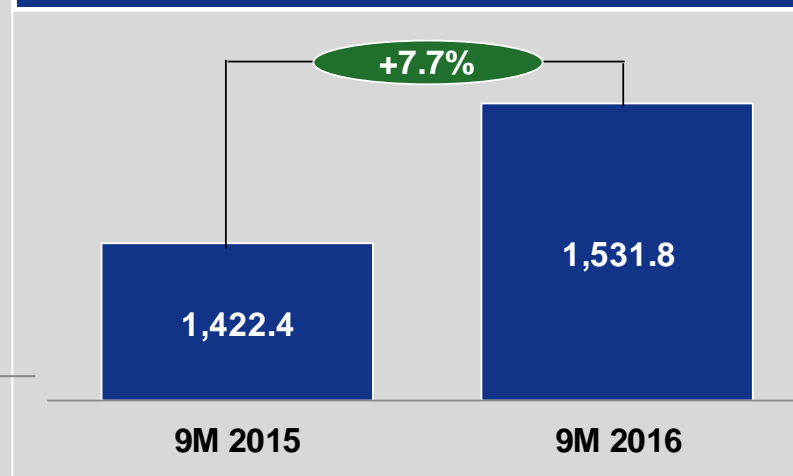
## Group Gross Written Premiums (“GWP”) (RM’mil)



## General Business (RM'mil)

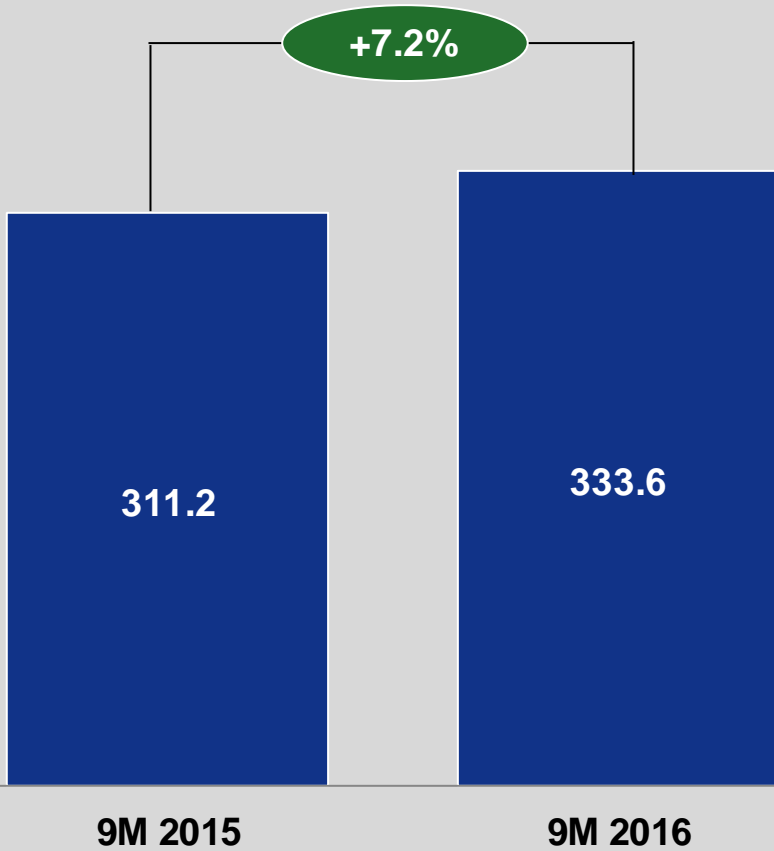


## Life Business (RM'mil)

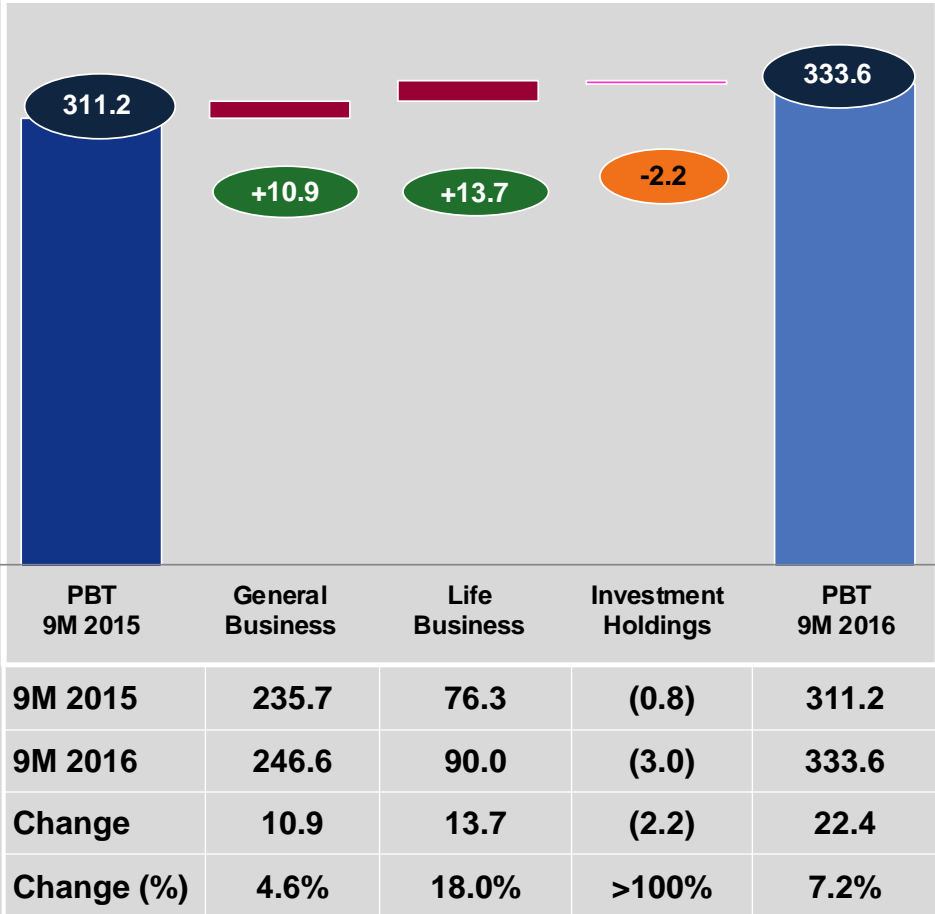


# Financial Highlights 9M 2016

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



	PBT 9M 2015	General Business	Life Business	Investment Holdings	PBT 9M 2016
9M 2015	235.7	76.3	(0.8)	311.2	
9M 2016	246.6	90.0	(3.0)	333.6	
Change	10.9	13.7	(2.2)	22.4	
Change (%)	4.6%	18.0%	>100%	7.2%	

## Financial Overview

RM'mil	2013	2014	2015	9M 2015	9M 2016
Gross Written Premiums	3,578.5	3,968.2	4,132.7	3,131.8	3,147.3
Management Expenses	400.0	436.0	464.8	333.8	370.1
Expense Ratio (Non Life)	17.9%	17.3%	16.9%	16.4%	16.9%
Expense Ratio (Life) <sup>1</sup>	10.6%	10.3%	9.9%	9.8%	11.1%
Local Consolidated PBT	339.2	423.5	438.2	311.2	333.6
Total Assets	10,758.8	12,176.1	13,617.4	13,148.6	14,881.0
Shareholders' Equity	2,024.2	2,289.8	2,621.3	2,516.3	2,863.2
Basic earnings per ordinary share (sen)	149.24	178.49	183.08	132.10	130.25
Diluted earnings per ordinary share (sen)	58.94	85.89 <sup>2</sup>	89.37	64.45	64.57

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

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

## Summary of Unaudited Financial Results

RM'mil	9M 2015	9M 2016	△16/15 %
<b>Operating revenue</b>	<b>3,349.0</b>	<b>3,467.9</b>	<b>3.6%</b>
Gross earned premiums	3,033.7	3,100.7	2.2%
Premiums ceded to reinsurers	(450.0)	(374.8)	16.7%
Net earned premiums ("NEP")	2,583.7	2,725.9	5.5%
Net change in benefits and claims paid ("Claim")	(939.9)	(1,261.4)	(34.2%)
Net change in contract liabilities ("Reserve")	(820.0)	(870.8)	(6.2%)
Management expenses ("ME")	(333.8)	(370.1)	(10.9%)
Net fee and commission expense	(398.0)	(412.1)	(3.5%)
Fair value gains and losses	(131.7)	107.0	>100%
Net investment results	358.0	425.6	18.9%
Net other operating expenses	(7.1)	(10.5)	(47.9%)
<b>Profit before tax</b>	<b>311.2</b>	<b>333.6</b>	<b>7.2%</b>
Tax expense	(88.6)	(111.4)	(25.7%)
<b>Profit after tax</b>	<b>222.6</b>	<b>222.2</b>	<b>(0.2%)</b>
<b>ME / NEP ratio</b>	<b>12.9%</b>	<b>13.6%</b>	<b>(0.7 pts)</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>68.1%</b>	<b>78.2%</b>	<b>(10.1 pts)</b>





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General Business

## General Business



### **Gross written premiums**

- Lower gross written premiums due to lower car sales.

### **Combined ratio**

- Healthy combined ratio maintained below 90%.

### **Net investment results**

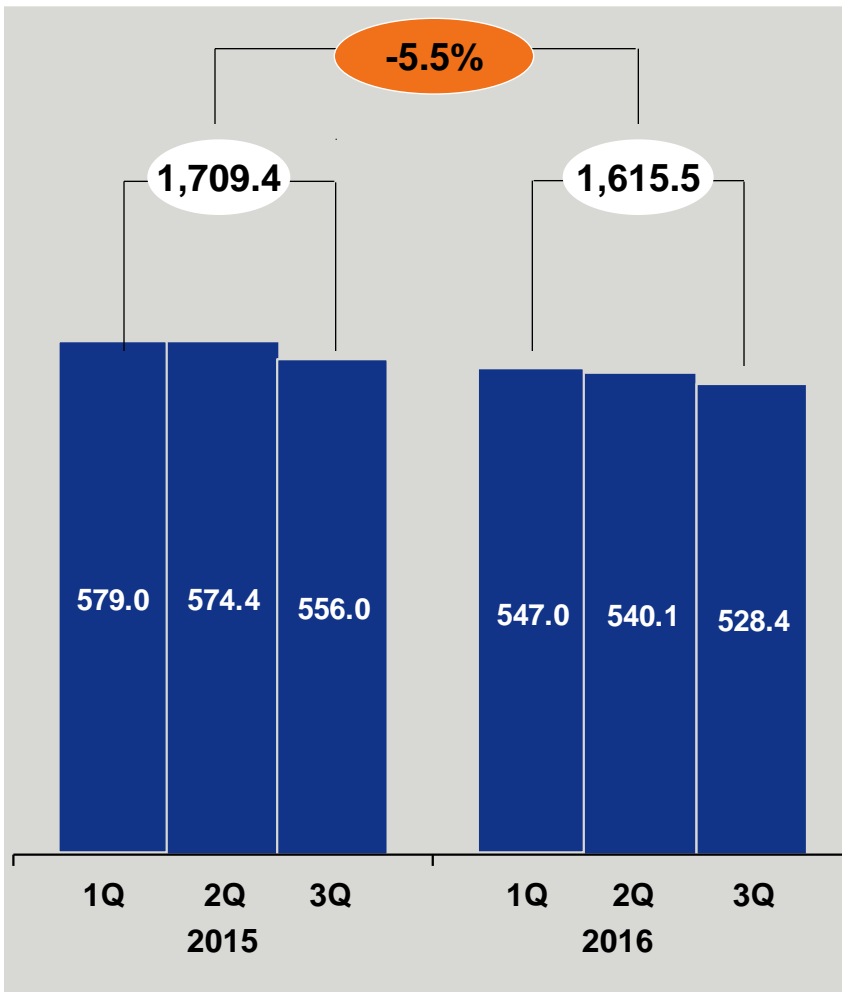
- Higher investment income.

### **Profitability**

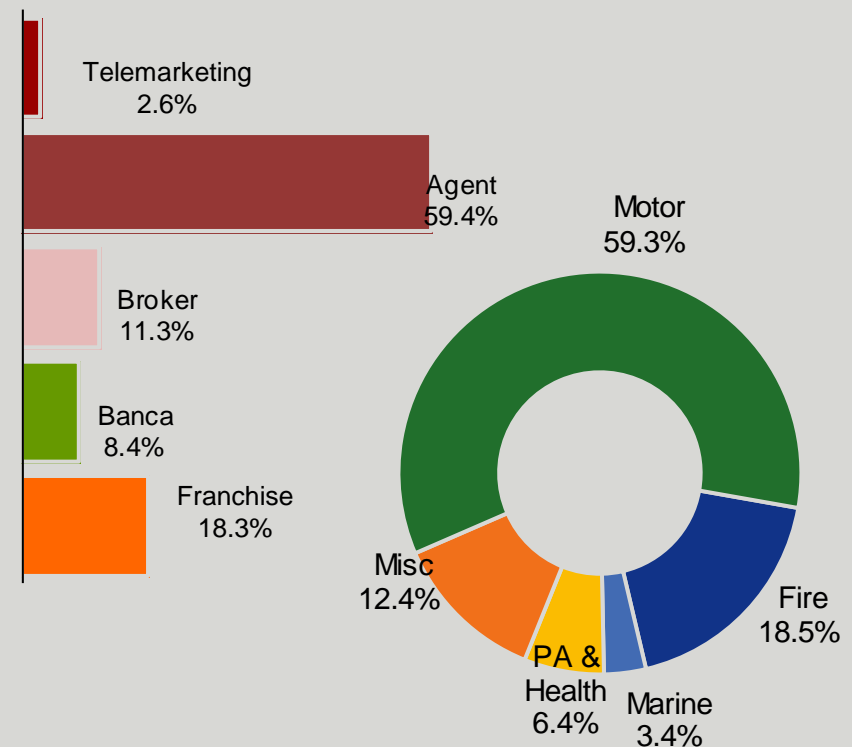
- Higher profit attributable to higher investment income.

# General Business: GWP lower by 5.5%

## Gross Written Premiums (RM'mil)

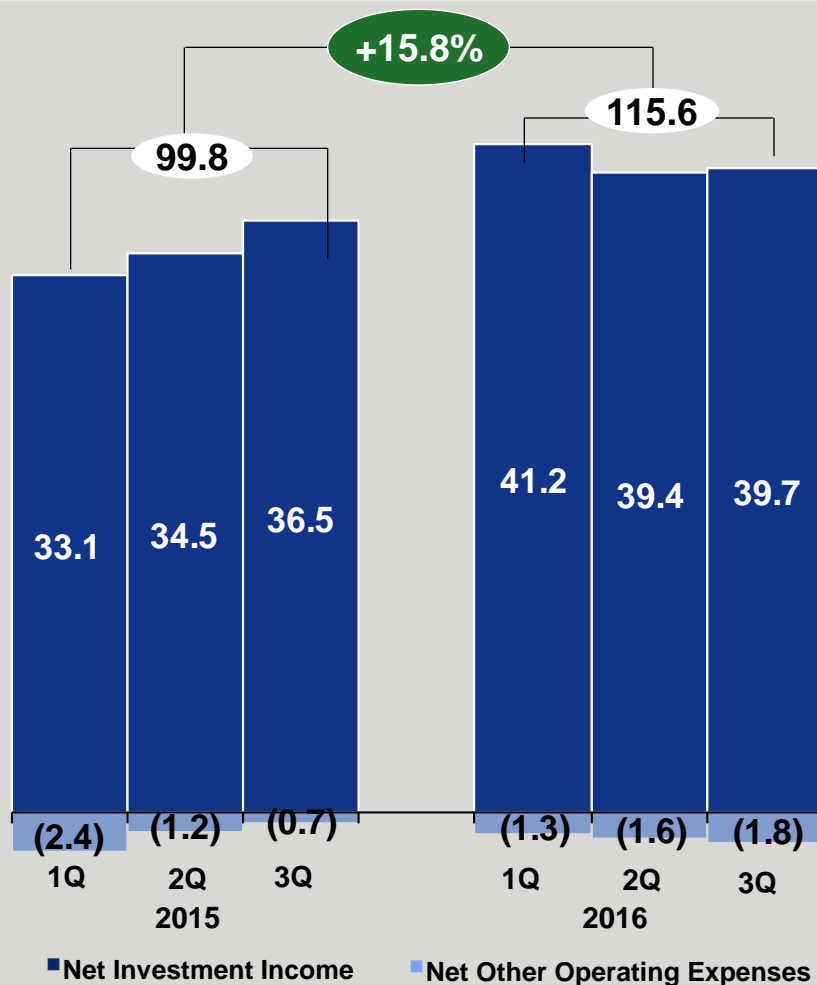


## Distribution Channel & Portfolio Mix



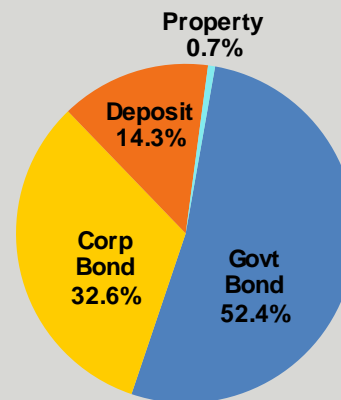
# General Business: Stable growth in investment income

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



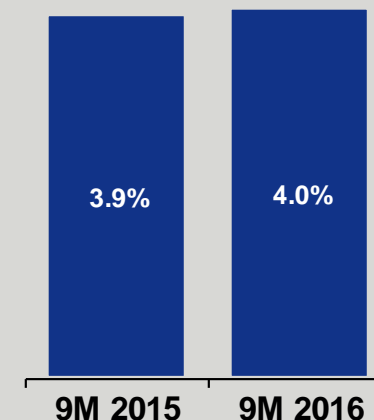
## Portfolio Mix and Investment Yield (Annualized)

### Portfolio Mix



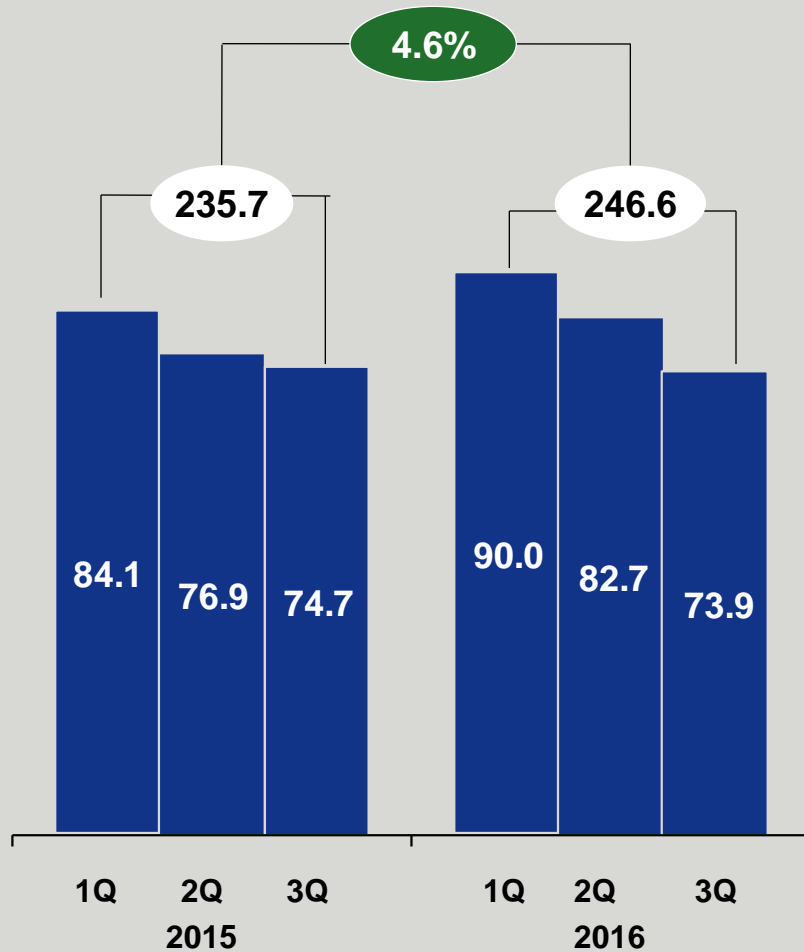
As at 30 September 2016

### Investment Yield

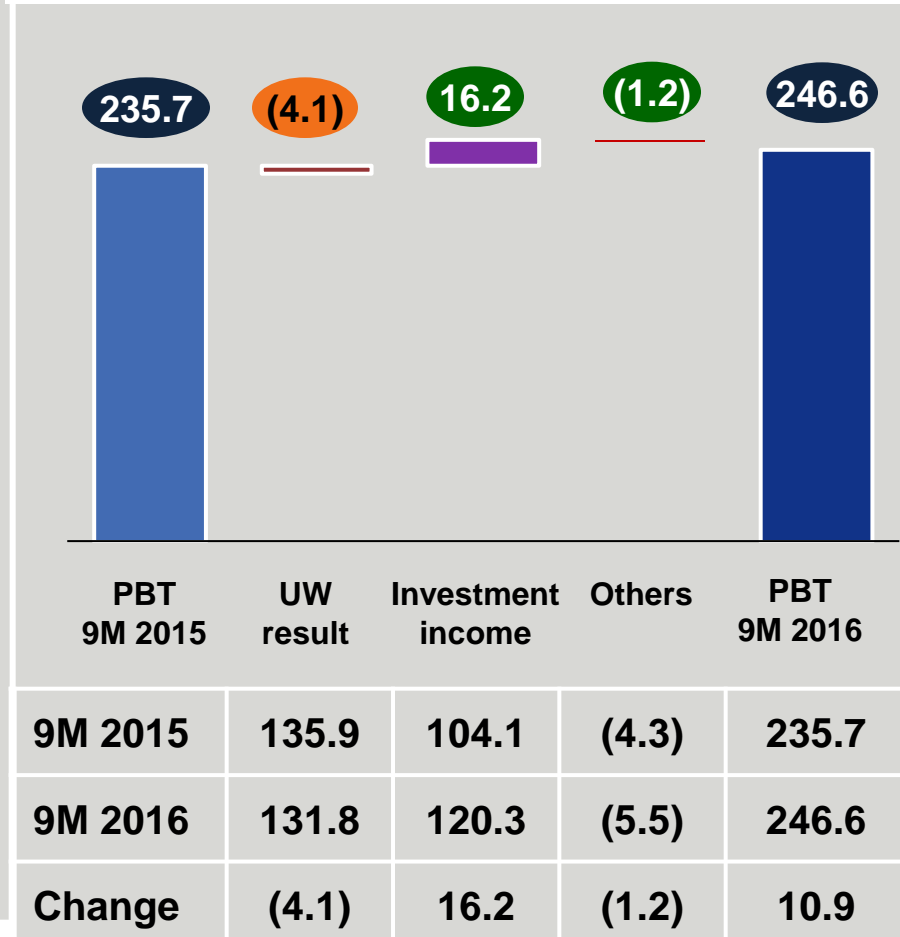


# General Business: Investment results contributed to higher profit before tax

## Profit Before Tax (RM'mil)

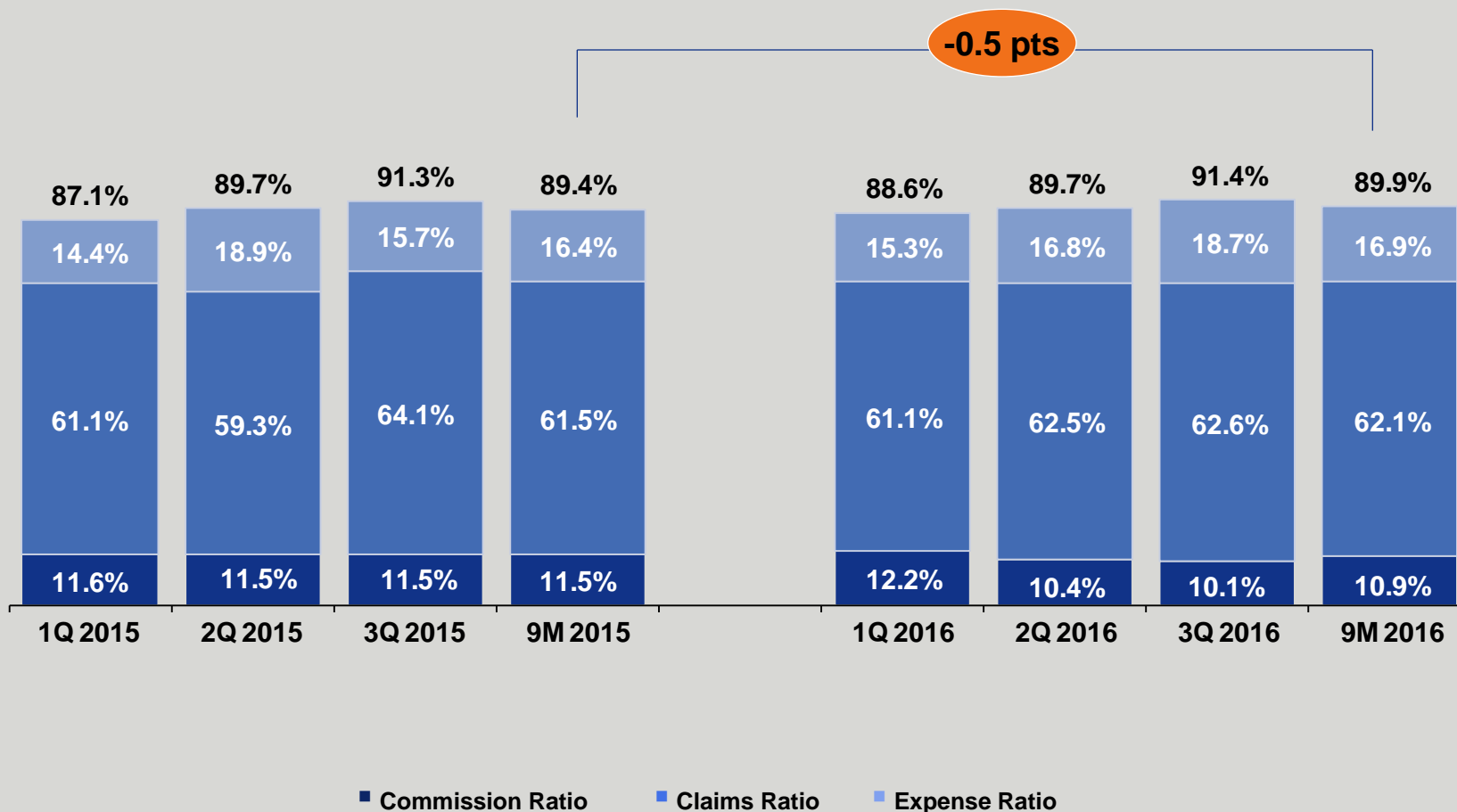


## PBT Drivers (RM'mil)



# General Business: Combined ratio maintained below 90%

## Combined Ratio



## General Business: Financial results at a glance

RM'mil	9M 2015	9M 2016	△16/15 %
Gross written premium	1,709.4	1,615.5	(5.5%)
Gross earned premium	1,611.3	1,568.9	(2.6%)
Net earned premiums	1,279.9	1,306.8	2.1%
Net change in claims incurred	(787.2)	(810.7)	(3.0%)
Management expenses	(209.3)	(221.3)	(5.7%)
Net fee and commission expenses	(147.5)	(143.0)	3.0%
Underwriting result	135.9	131.8	(3.0%)
Fair value gains and losses	-	(0.8)	<100%
Net investment results	104.1	120.3	15.6%
Net other operating expenses	(4.3)	(4.7)	9.3%
<b>Profit before tax</b> (after consolidation adjustment)	<b>235.7</b>	<b>246.6</b>	<b>4.6%</b>
Commission Ratio	11.5%	10.9%	0.6 pts
Claims Ratio	61.5%	62.1%	(0.6 pts)
Expense Ratio	16.4%	16.9%	(0.5 pts)
Combined Ratio	89.4%	89.9%	(0.5 pts)



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Life Business



# Life Business



## **Gross written premiums**

- Gross written premiums grew by 7.7%.

## **Distribution**

- Bancassurance recorded a growth of 19.2%.
- Continue to focus on Agency productivity.

## **Product mix**

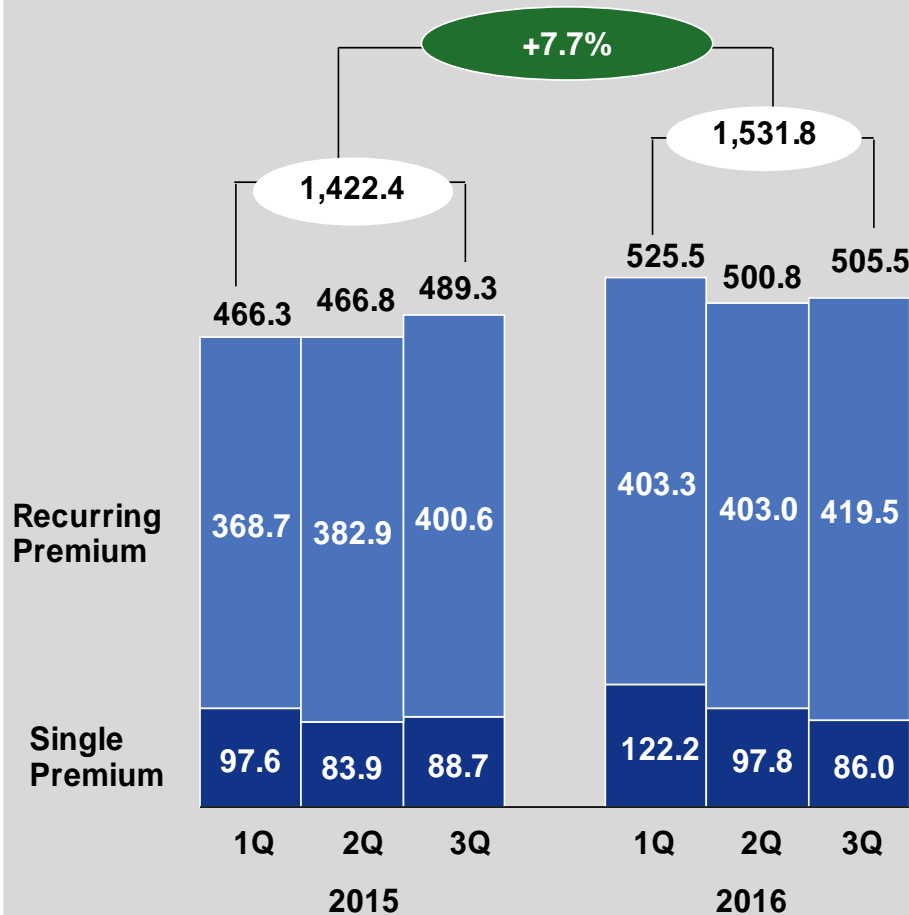
- Remain focus on sales of investment-linked products with protection rider which yield higher margins.
- 75.8% of Agency new business derived from Investment-Linked business.

## **Profitability**

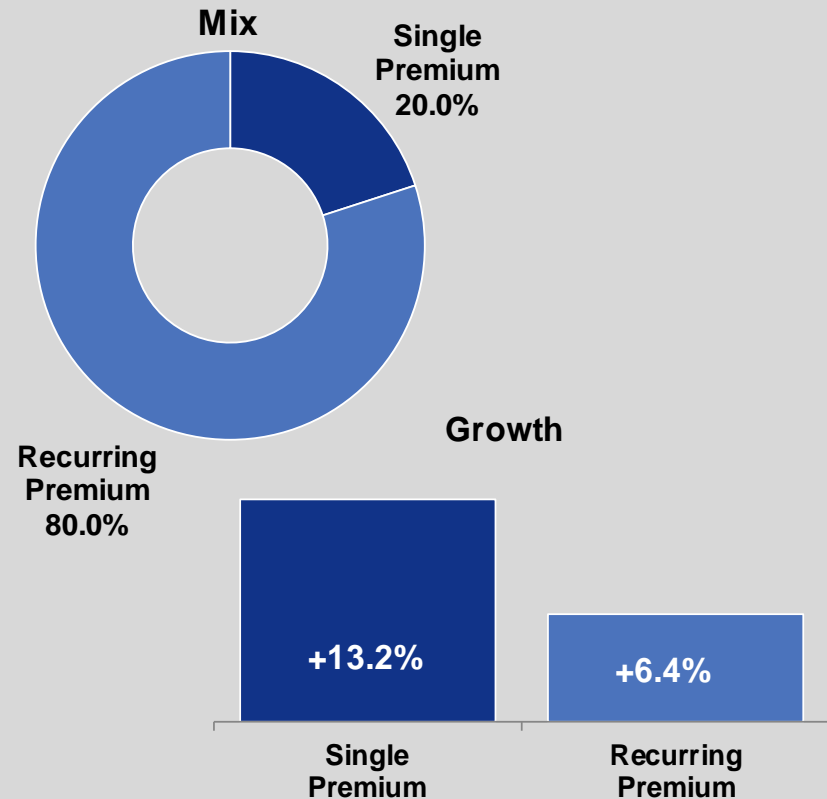
- Profit before tax increased by 18.0% mainly due to higher contribution from protection business.
- New business value after overrun increase by 55.8%.

# Life Business: Growth in GWP from key distribution channels

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

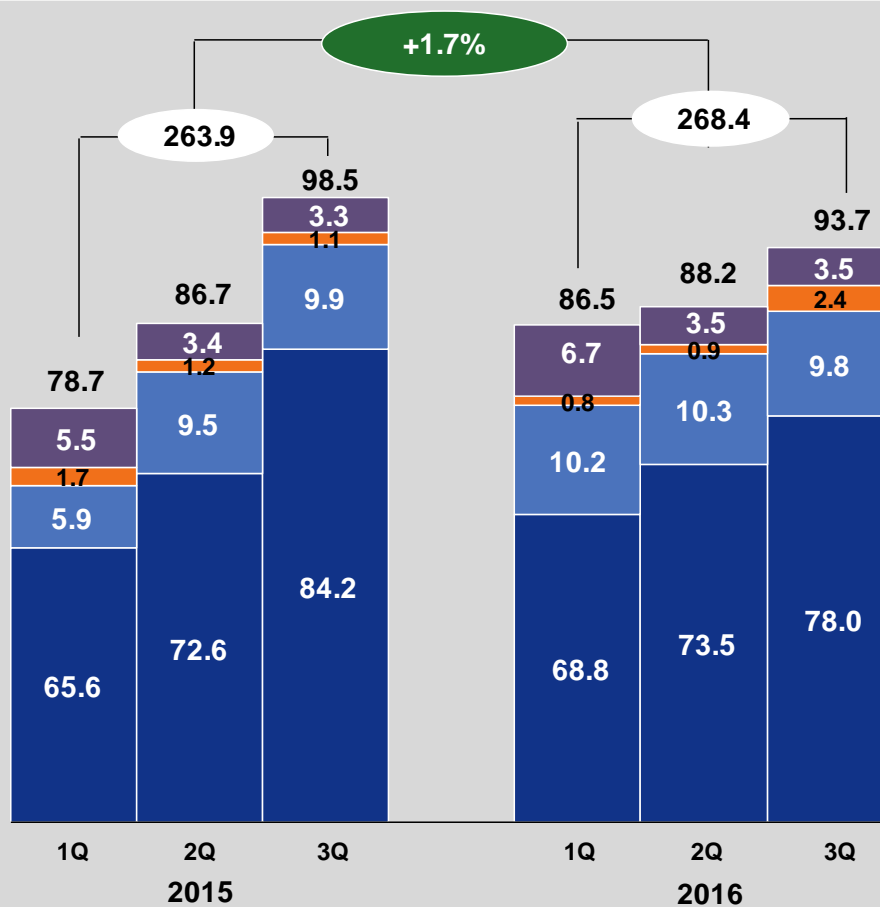


## GWP Mix & Growth (%) (9M 2016)

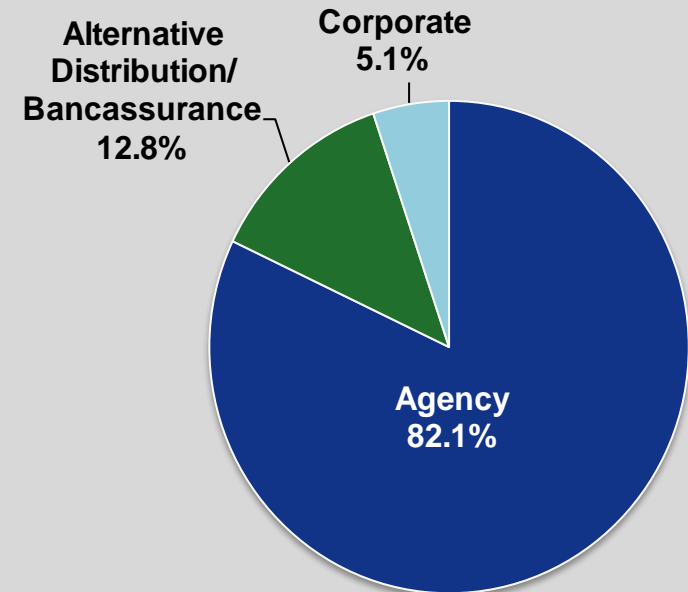


# Life Business: Growth in new business driven by Bancassurance and Employee Benefits

## Annualised New Premiums ("ANP") (RM'mil)



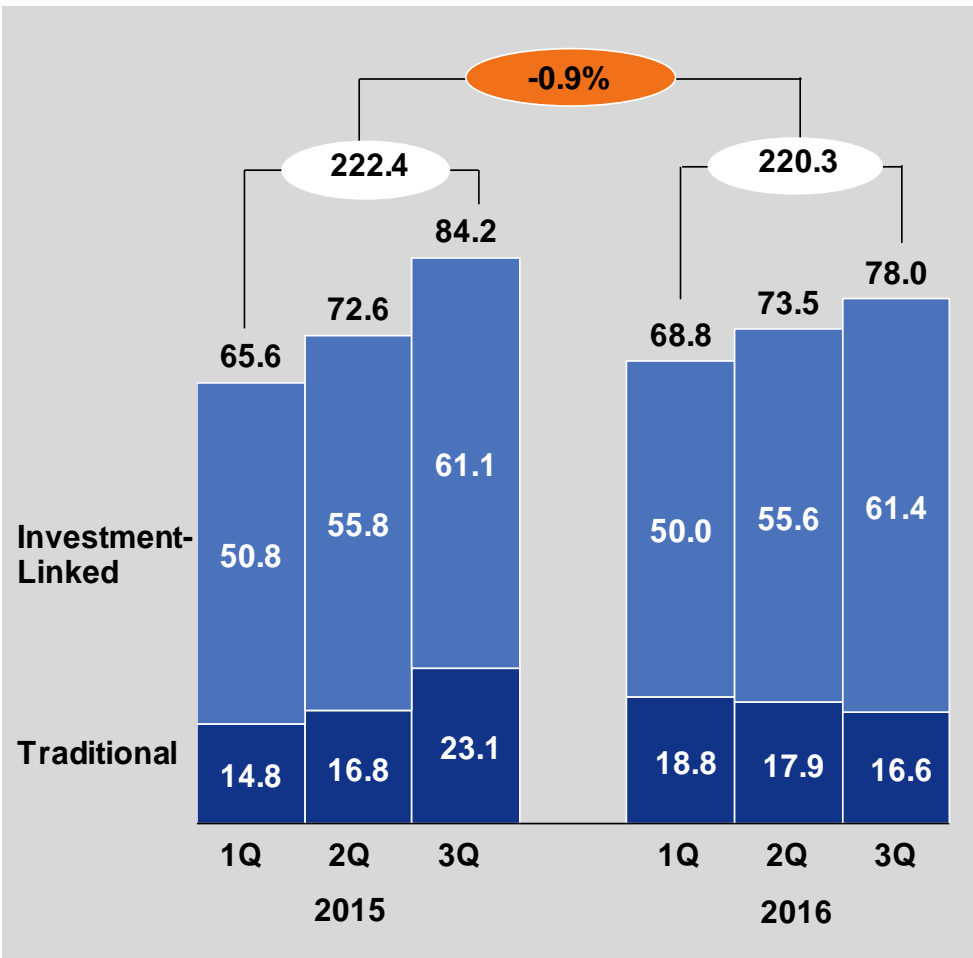
## ANP Channel Mix (%) (9M 2016)



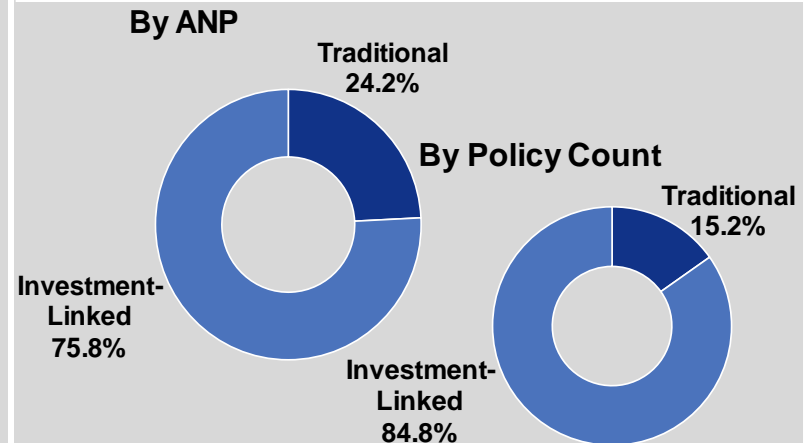
■ Agency   ■ Bancassurance   ■ Direct Marketing   ■ Employee Benefits

# Life Business: Agency new business lower from traditional sales

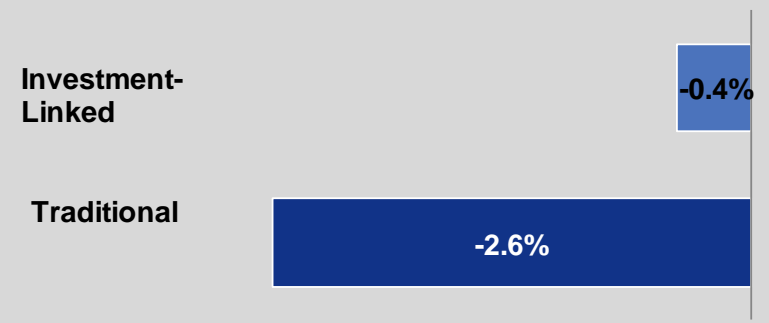
## Agency Annualised New Premiums (RM'mil)



## Agency Product Mix (%) (9M 2016)

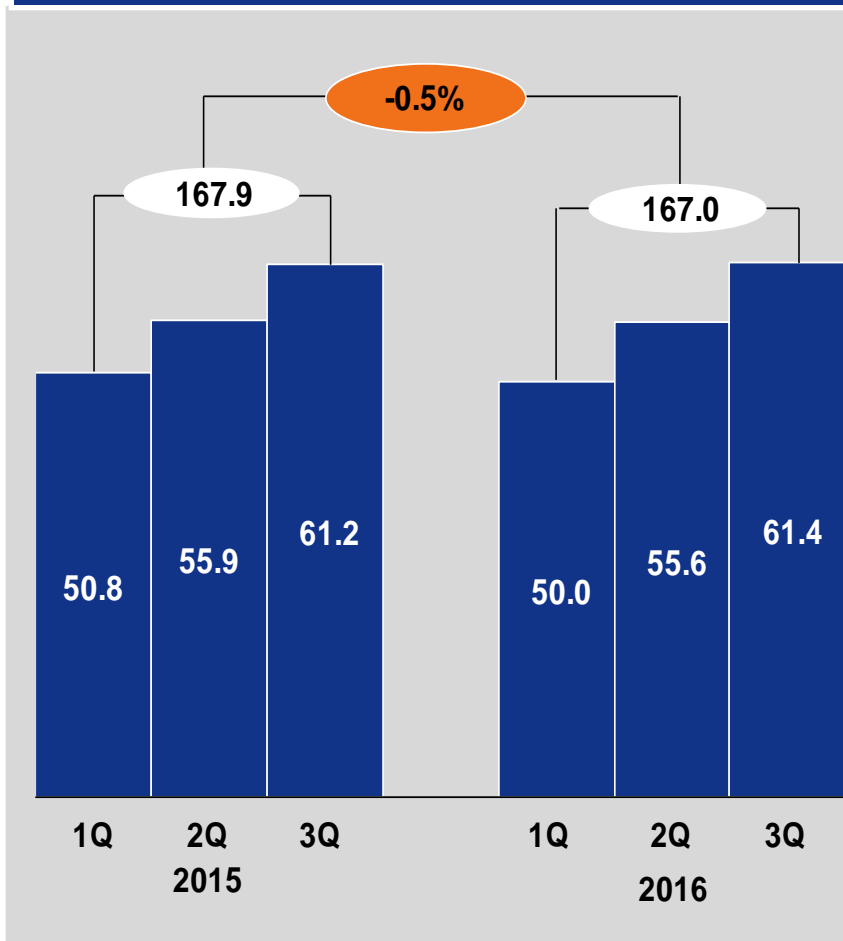


## Agency ANP Growth (%) (9M 2016)

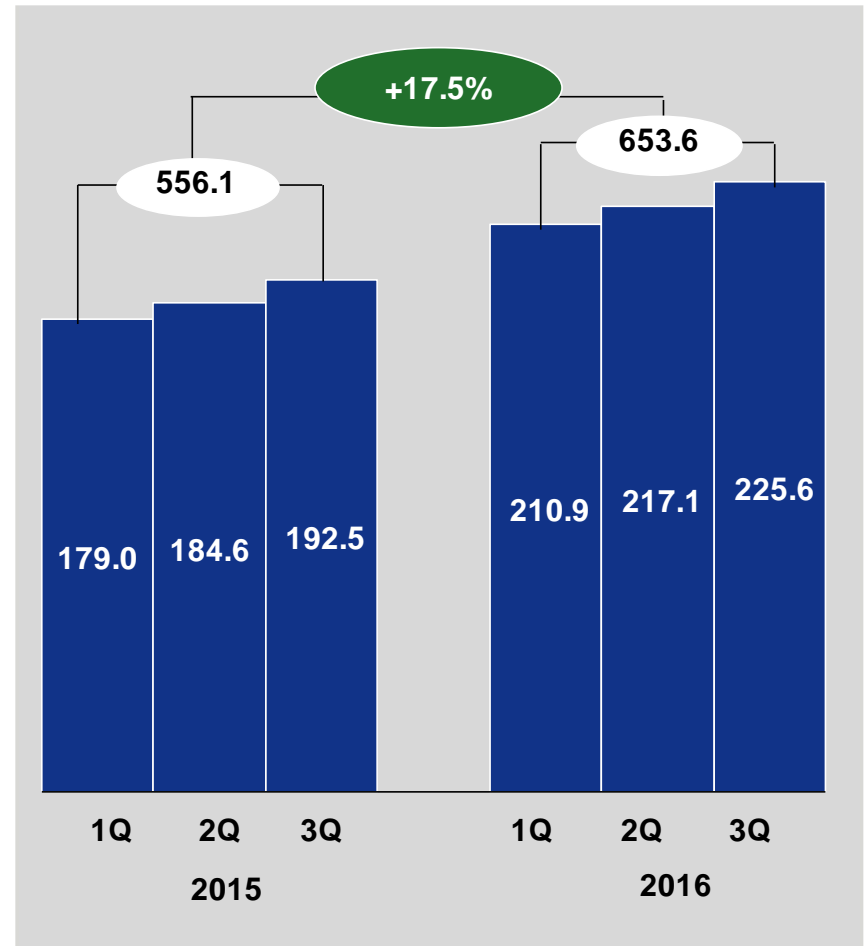


# Life Business: Investment-Linked premium flat. Strategic shift to product with higher margins

Annualised New Premiums (RM'mil)

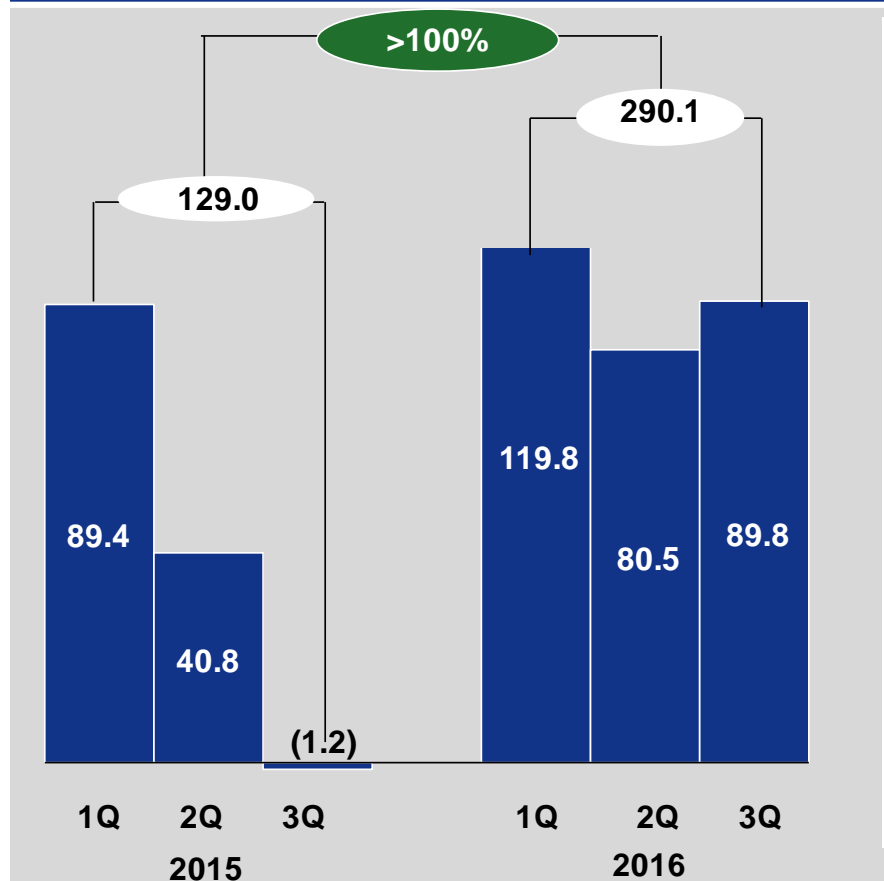


Gross Written Premiums (RM'mil)



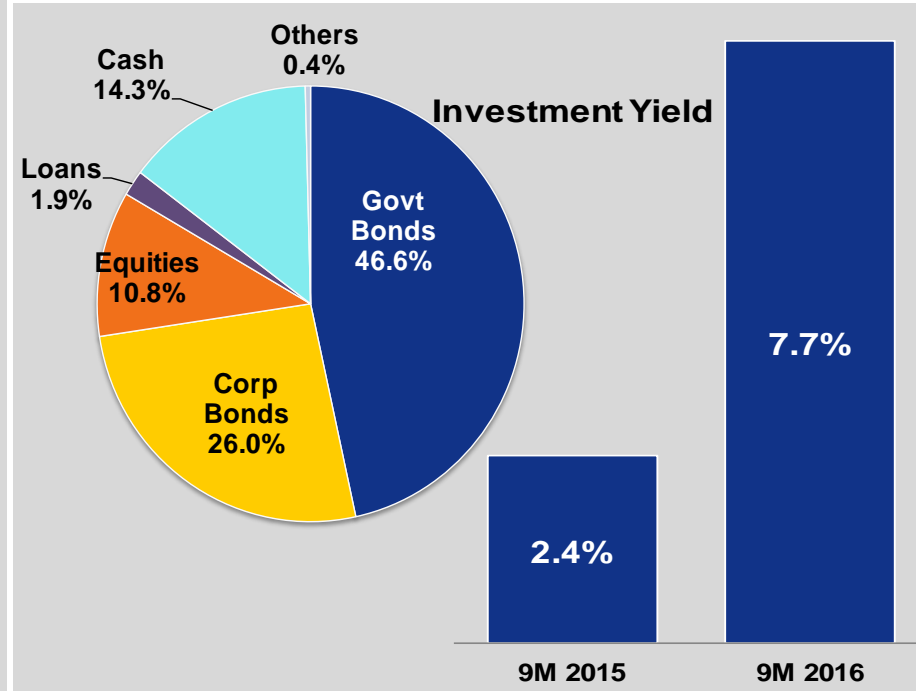
# Life Business: Higher net investment results due to higher fair value gains

## 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) (%) (Annualized)



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

## Life Business: Financial results at a glance

RM'mil	9M 2015	9M 2016	△16/15 %
Gross written premiums	1,422.4	1,531.8	7.7%
Premiums ceded to reinsurers	(118.6)	(112.7)	4.9%
Net earned premiums	1,303.8	1,419.1	8.8%
Net change in benefits and claims paid	(349.7)	(474.1)	(35.6%)
Net change in contract liabilities	(623.0)	(847.4)	(36.0%)
Management expenses	(110.1)	(133.4)	(21.2%)
Net fee and commission expenses	(250.5)	(269.1)	(7.4%)
Fair value gains and losses	(131.7)	107.8	>100%
Net investment results	245.0	295.4	20.6%
Net other operating expenses	(7.5)	(8.3)	(10.7%)
<b>Profit before tax</b> (after consolidation adjustment)	<b>76.3</b>	<b>90.0</b>	<b>18.0%</b>
Annualised new premiums	263.9	268.4	1.7%
Expense ratio (LF+SHF)	9.8%	11.1%	(1.3pts)
Local investment yield (LF+SHF)	2.4%	7.7%	5.3 pts
Lapse ratio (total company)	9.1%	11.2%	(2.1) pts
Persistency (13th month by premium)	81.1%	84.1%	3.0 pts

Thank You  
for Your Attention



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