

Allianz Malaysia Berhad
(12428-W)

Financial Results
2Q 2017

Analyst Briefing
18 August 2017



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AMB Group Results

Resilient Growth with Diversified Business Portfolio



Operating revenue

- Group operating revenue of RM2.40 billion, an increase of 3.8% as compared to corresponding period of RM2.32 billion due to higher gross earned premiums and investment income by RM54.5 million and RM32.5 million respectively.
- General business recorded an operating revenue of RM1.13 billion, similar to corresponding period of RM1.13 billion.
- Life business recorded an operating revenue of RM1.27 billion, an increase of 7.2% compared to corresponding period of RM1.18 billion.

Profitability

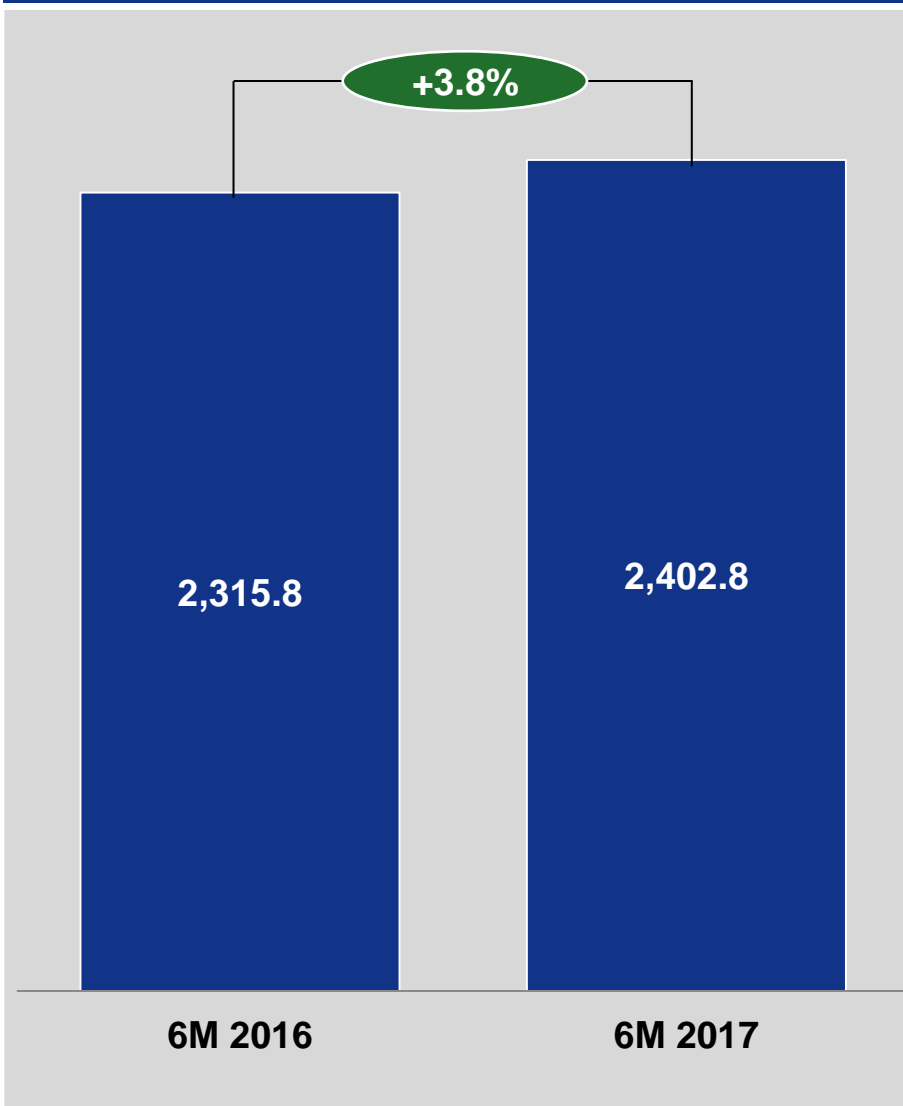
- Group profit before tax of RM213.7 million decreased by 4.7% compared to corresponding period of RM224.3 million.
- General business contributed a profit before tax of RM148.8 million (6M 2016: RM172.7 million) mainly impacted by exceptional provision for impairment on insurance receivables.
- Life insurance operation recorded a profit before tax of RM66.9 million (6M 2016: RM54.4 million).

Basic earnings per ordinary share

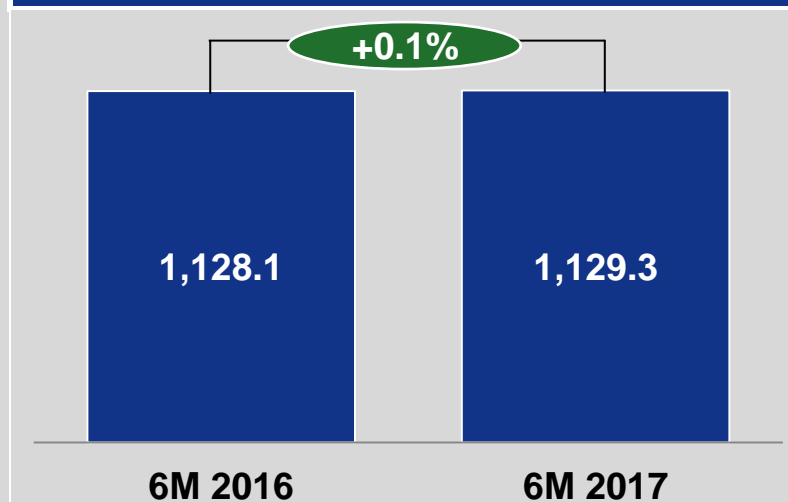
- Basic earnings per ordinary share (before dilution) at 76.89 sen (6M 2016: 88.16 sen).
- Basic earnings per ordinary share (after dilution) at 38.65 sen (6M 2016: 43.56 sen).

Financial Highlights 6M 2017

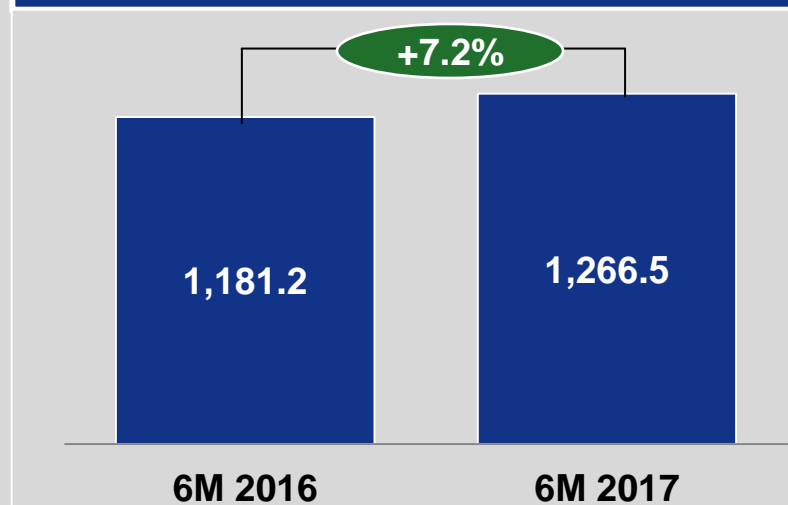
Group Operating Revenue (RM'mil)



General Business (RM'mil)

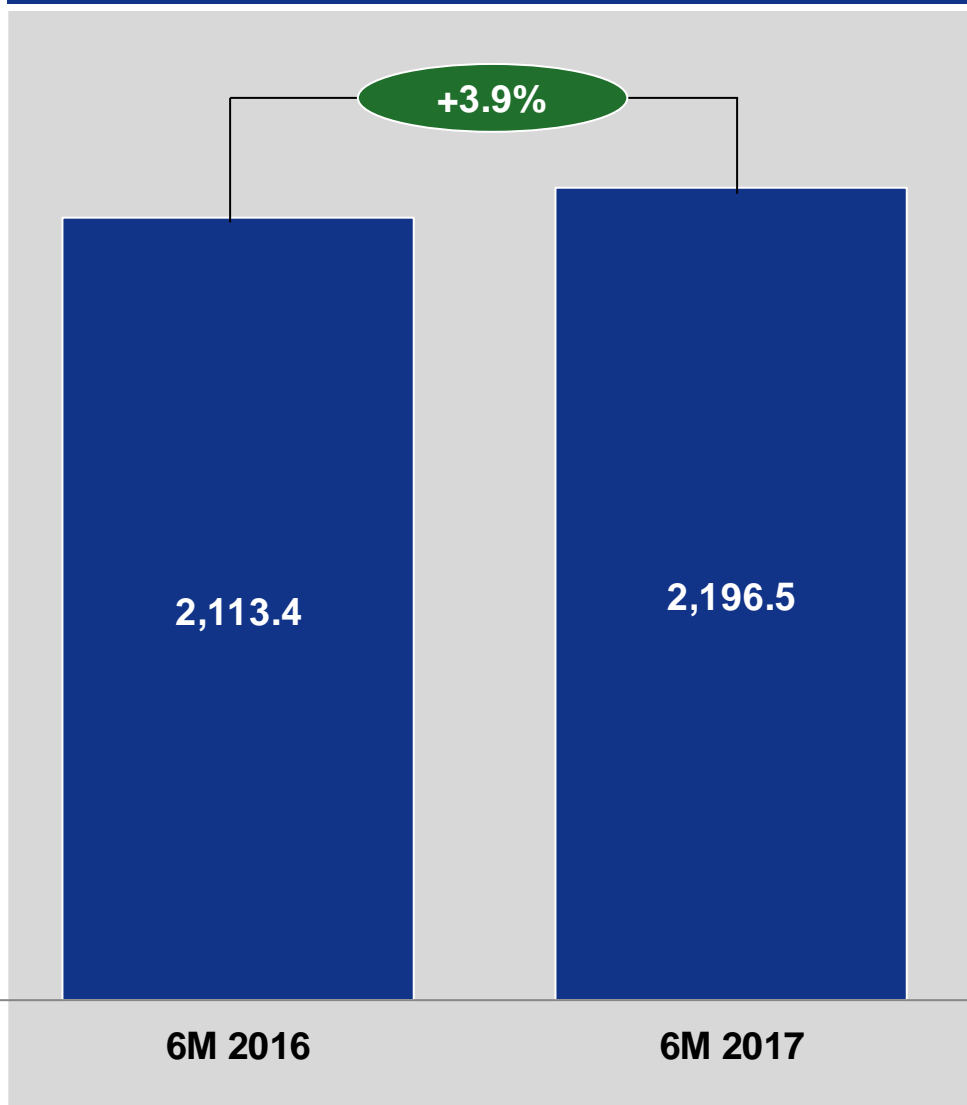


Life Business (RM'mil)

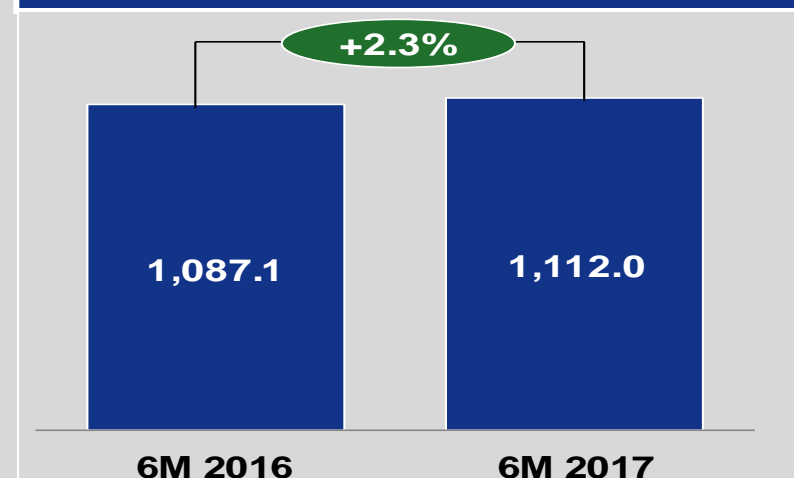


Financial Highlights 6M 2017

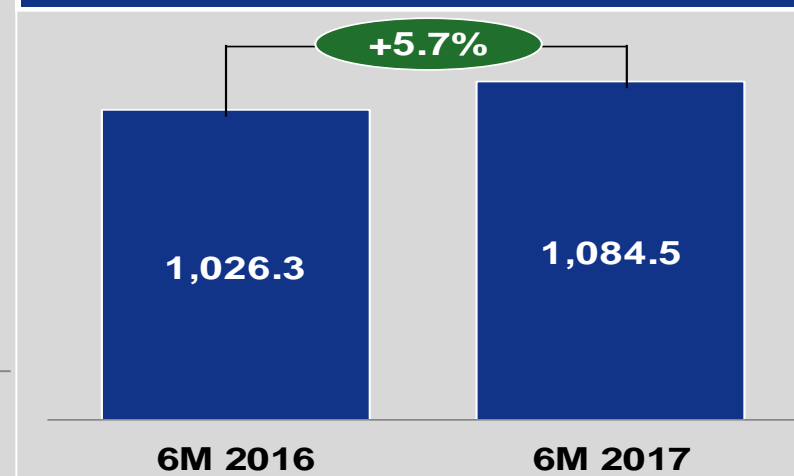
Group Gross Written Premiums ("GWP") (RM'mil)



General Business (RM'mil)

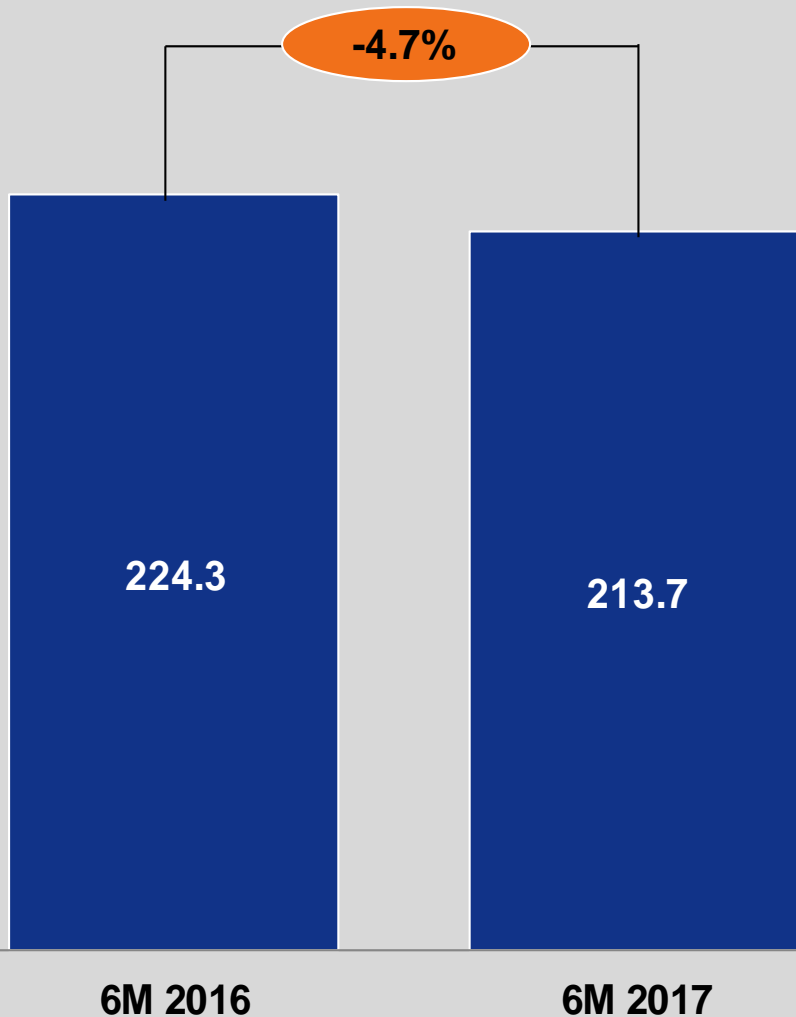


Life Business (RM'mil)

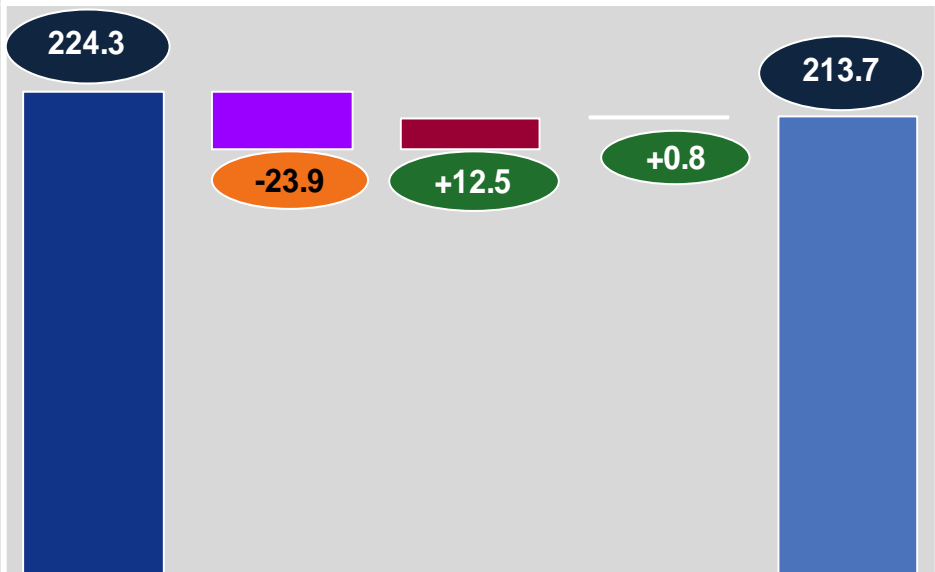


Financial Highlights 6M 2017

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



PBT 6M 2016	General Business	Life Business	Investment Holdings	PBT 6M 2017
6M 2016	172.7	54.4	(2.8)	224.3
6M 2017	148.8	66.9	(2.0)	213.7
Change	(23.9)	12.5	0.8	(10.6)
Change (%)	(13.8%)	23.0%	28.6%	(4.7%)

Financial Overview

RM'mil	2014	2015	2016	3 YEAR CAGR	6M 2016	6M 2017
Gross Written Premiums	3,968.2	4,132.7	4,182.6	5.3%	2,113.4	2,196.5
Management Expenses	436.0	464.8	513.2	8.7%	236.4	290.1
Expense Ratio (Non Life)	17.3%	16.9%	17.4%	0.5 pts	16.0%	19.8%
Expense Ratio (Life) ¹	10.3%	9.9%	11.3%	(0.7) pts	10.8%	11.9%
Local Consolidated PBT	423.5	438.2	454.6	10.3%	224.3	213.7
Total Assets	12,176.1	13,617.4	14,912.4	11.5%	14,355.3	15,863.2
Shareholders' Equity	2,289.8	2,621.3	2,879.5	12.5%	2,769.5	3,027.9
Basic earnings per ordinary share (sen)	178.49	183.08	182.27	6.9%	88.16	76.89
Diluted earnings per ordinary share (sen)	85.89	89.37	90.80	15.5%	43.56	38.65

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

Summary of unaudited Financial Results

RM'mil	6M 2016	6M 2017	△17/16 %
Operating revenue	2,315.8	2,402.8	3.8%
Gross earned premiums	2,076.5	2,131.0	2.6%
Premiums ceded to reinsurers	(249.3)	(227.5)	8.7%
Net earned premiums ("NEP")	1,827.2	1,903.5	4.2%
Net change in benefits and claims paid ("Claim")	(830.5)	(958.5)	(15.4%)
Net change in contract liabilities ("Reserve")	(583.8)	(639.6)	(9.6%)
Management expenses ("ME")	(236.4)	(290.1)	(22.7%)
Net fee and commission expense	(275.7)	(302.2)	(9.6%)
Fair value gains and losses	49.3	164.9	>100%
Net investment results	281.9	340.9	20.9%
Net other operating expenses	(7.7)	(5.2)	32.5%
Profit before tax	224.3	213.7	(4.7%)
Tax expense	(74.8)	(80.1)	(7.1%)
Profit after tax	149.5	133.6	(10.6%)
ME / NEP ratio	12.9%	15.2%	(2.3 pts)
Claim & Reserve / NEP ratio	77.4%	84.0%	(6.6 pts)



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General Business

General Business



Gross written premiums

- Gross written premium growth by 2.3% as compared to prior year.

Combined ratio

- Higher combined ratio due to higher expense ratio (exceptional provision for impairment on insurance receivables).

Net investment results

- Stable growth in investment income.

Profitability

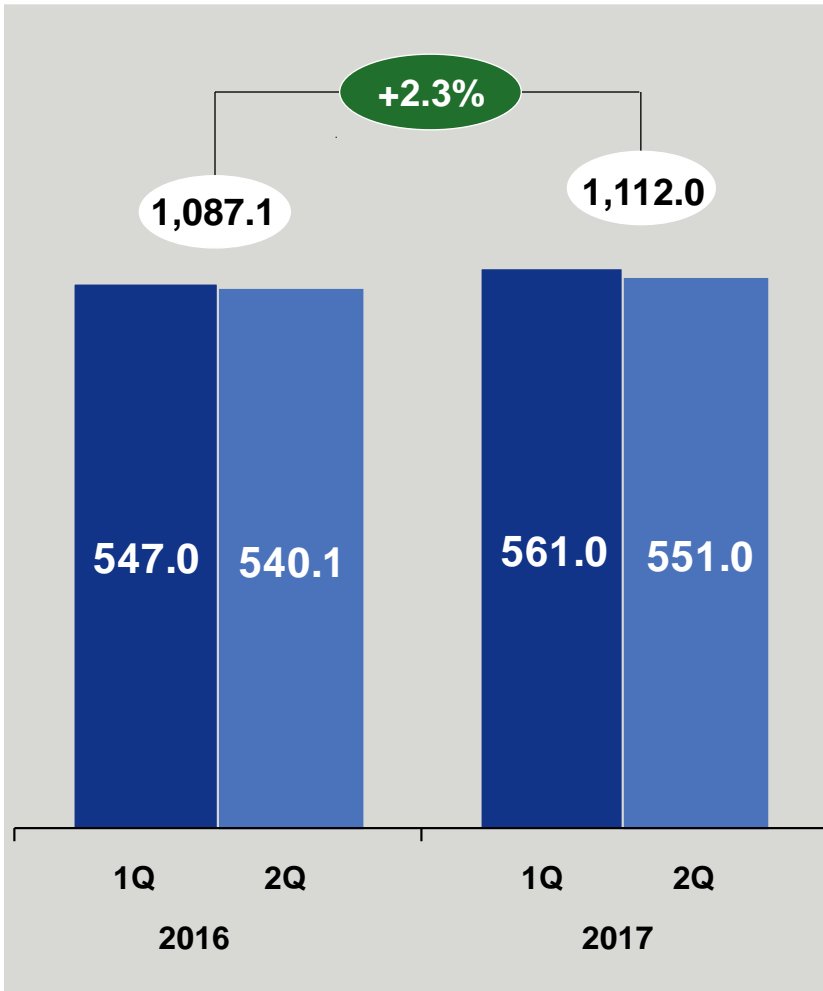
- Lower underwriting profit from higher expense ratio.

Market growth

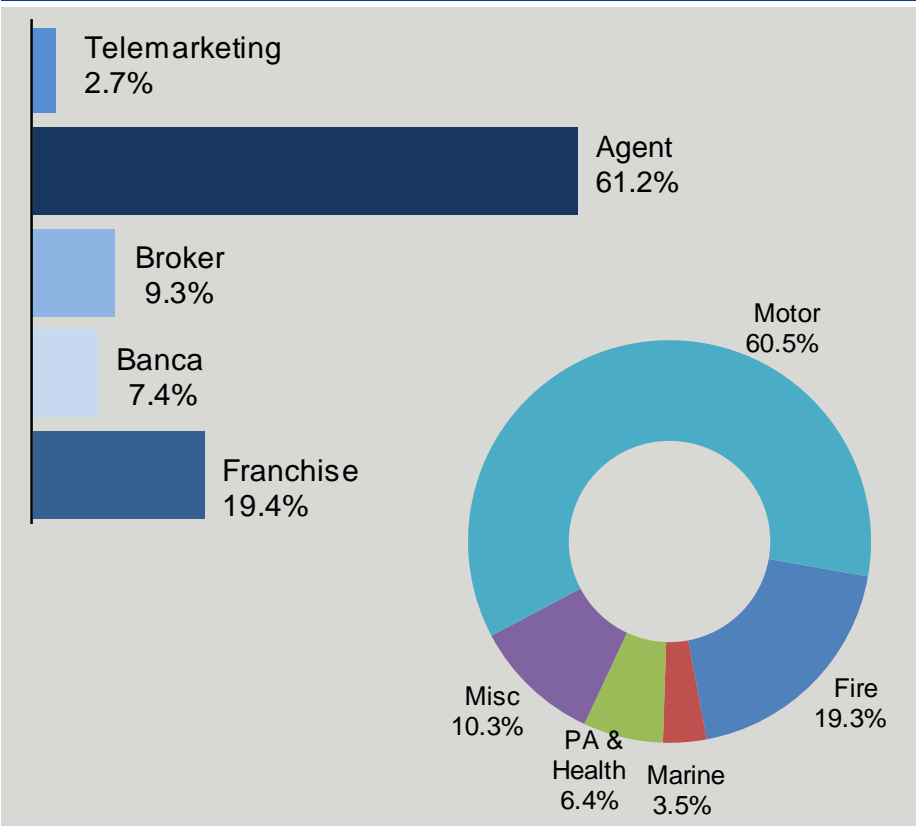
- Market share of 6M 2017 stood at 12.1% (6M 2016: 11.6%).

General Business: GWP is 2.3% above prior year

Gross Written Premiums (RM'mil)

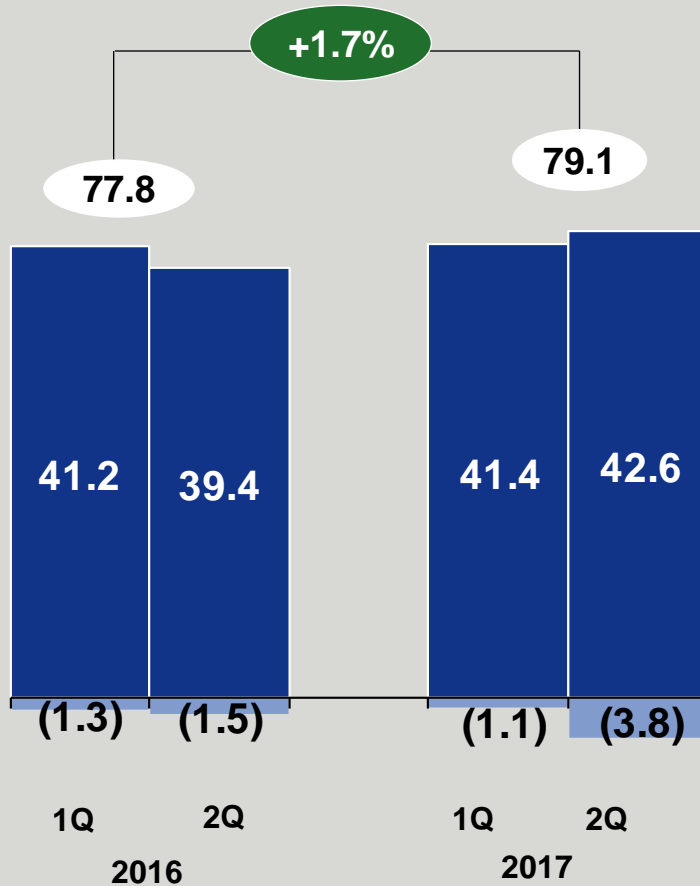


Distribution Channel & Portfolio Mix



General Business: Stable growth in investment income

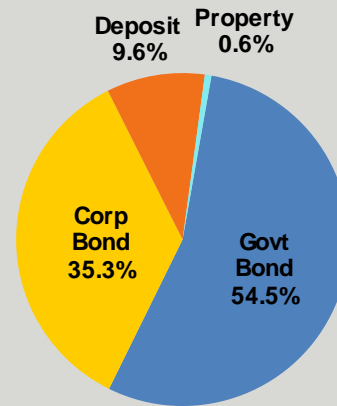
Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Income ■ Net Other Operating Expenses

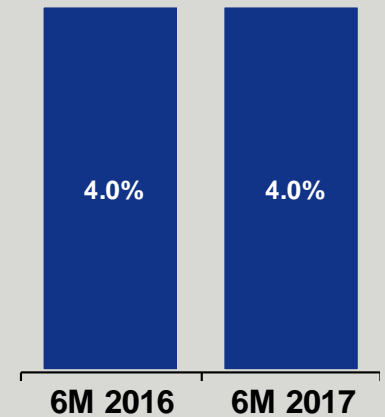
Portfolio Mix and Investment Yield (Annualised)

Portfolio Mix



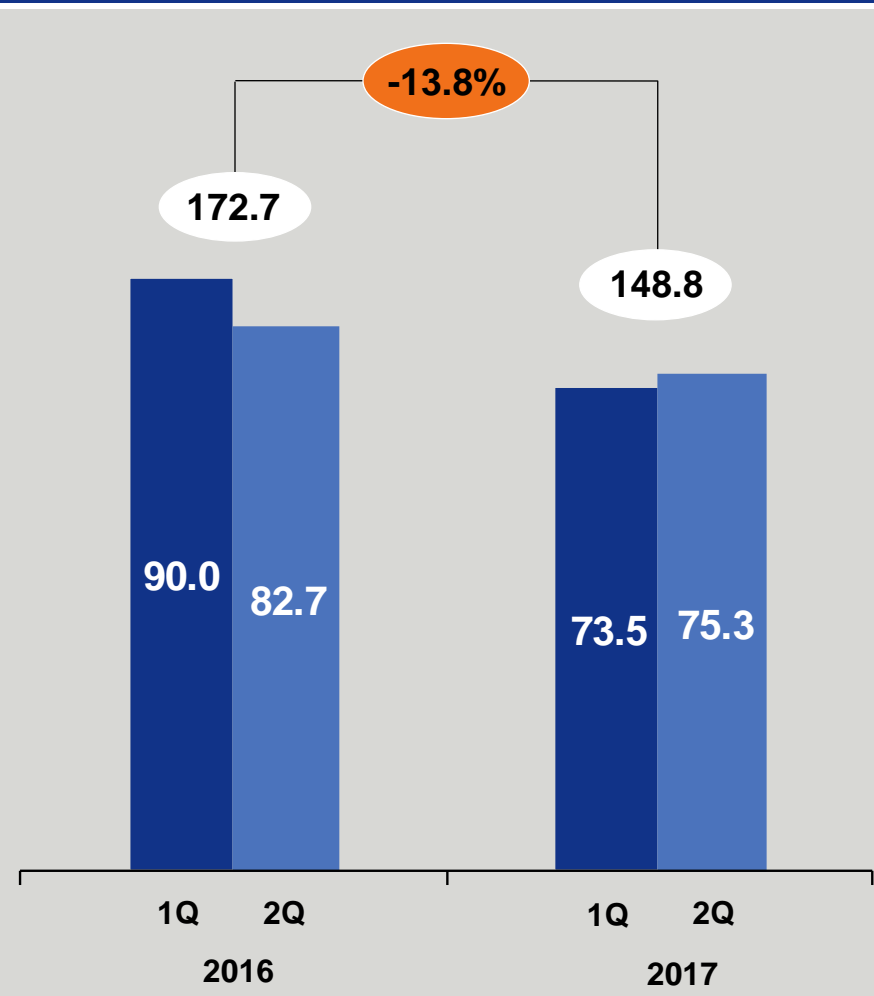
As at 30 June 2017

Investment Yield

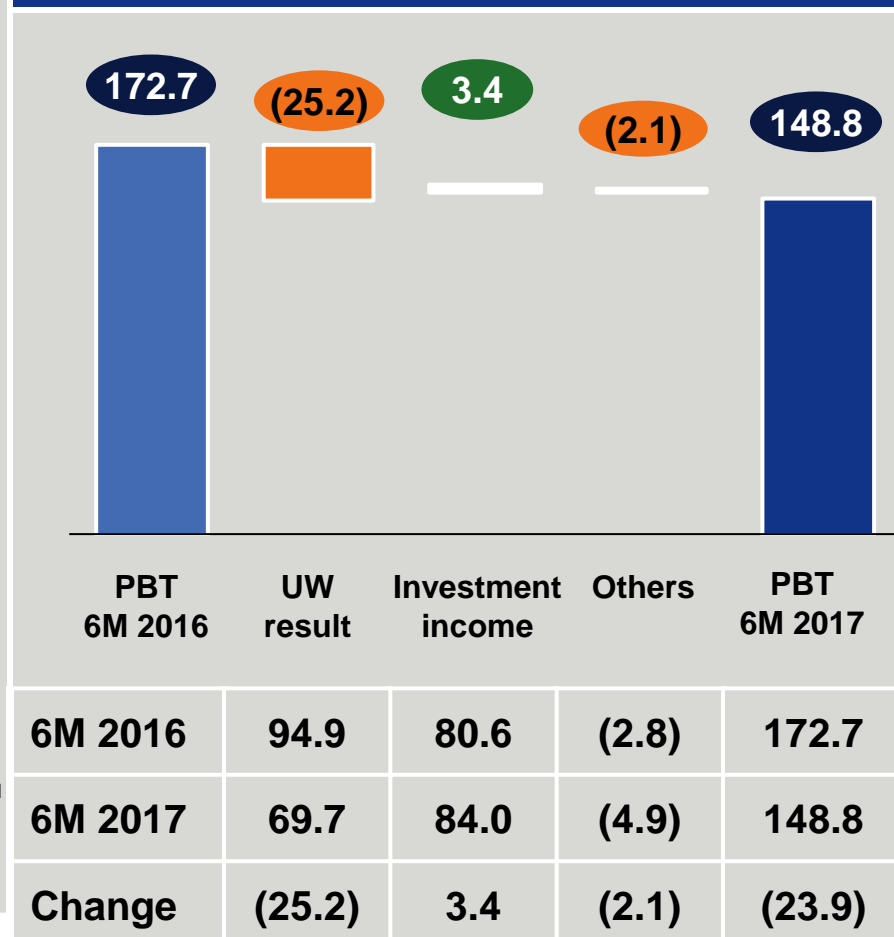


General Business: Lower underwriting profit from higher expense ratio

Profit Before Tax (RM'mil)

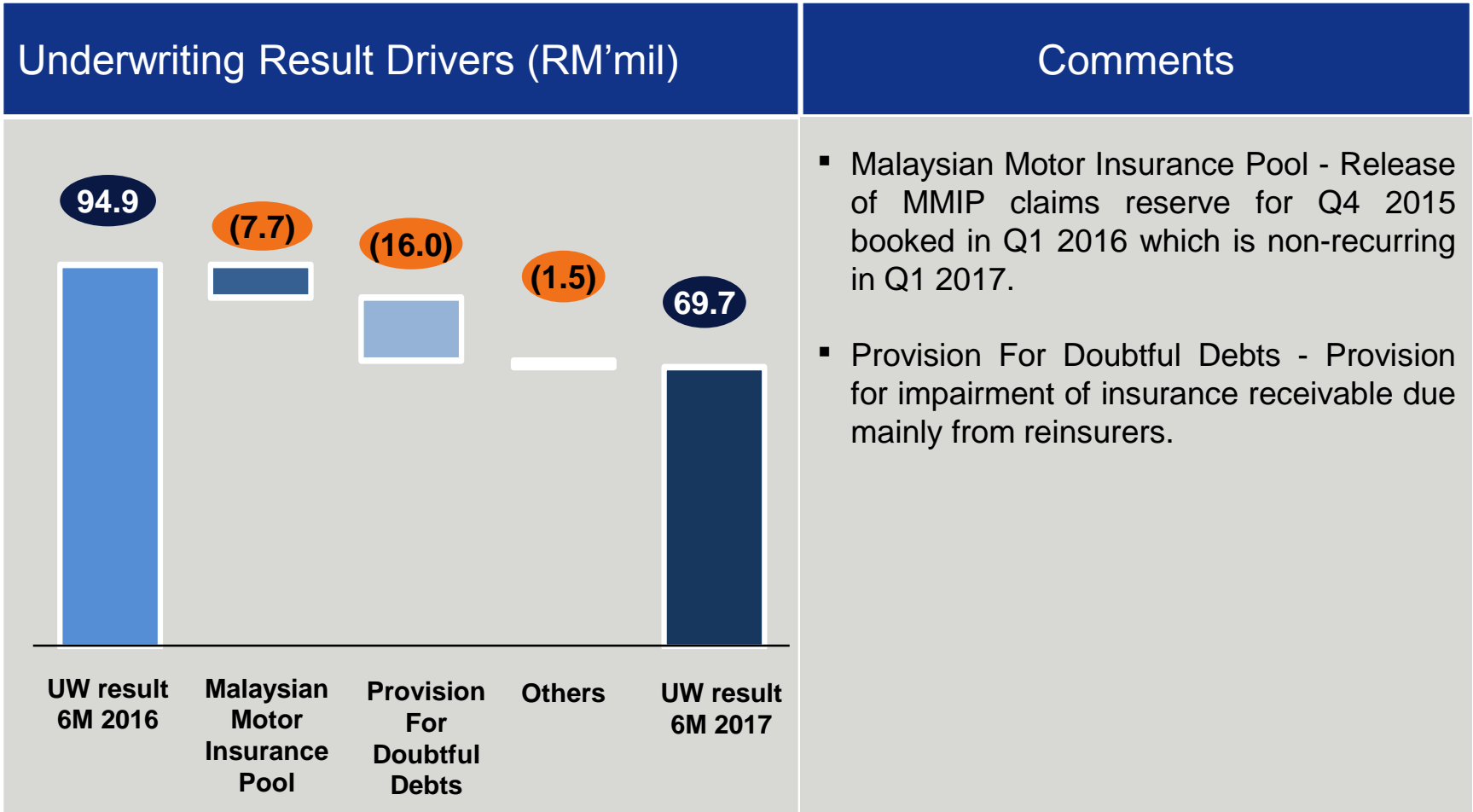


PBT Drivers (RM'mil)



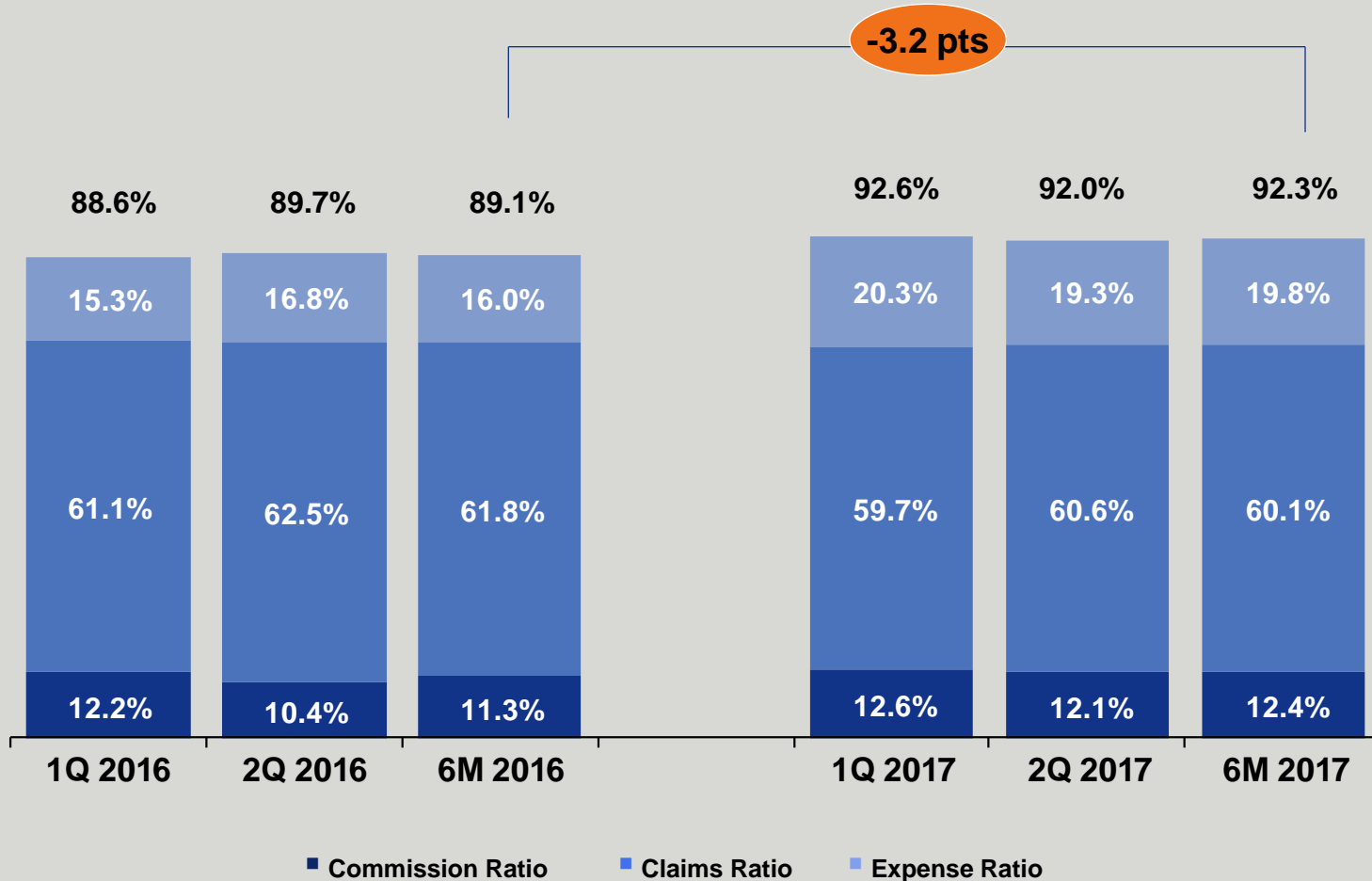
	PBT 6M 2016	UW result	Investment income	Others	PBT 6M 2017
6M 2016	94.9	80.6	(2.8)	172.7	
6M 2017	69.7	84.0	(4.9)	148.8	
Change	(25.2)	3.4	(2.1)	(23.9)	

General Business: Lower underwriting profit as compared to prior year



General Business: Higher combined ratio due to higher expense ratio

Combined Ratio



General Business: Unaudited financial results at a glance

RM'mil	6M 2016	6M 2017	△17/16 %
Gross written premiums	1,087.1	1,112.0	2.3%
Gross earned premiums	1,050.2	1,046.5	(0.4%)
Net earned premiums	874.4	901.4	3.1%
Net change in claims incurred	(540.0)	(542.0)	(0.4%)
Management expenses	(140.3)	(178.2)	(27.0%)
Net fee and commission expenses	(99.2)	(111.5)	(12.4%)
Underwriting result	94.9	69.7	(26.6%)
Net investment results	80.6	84.0	4.2%
Net other operating expenses	(2.8)	(4.9)	(75.0%)
Profit before tax (after consolidation adjustment)	172.7	148.8	(13.8%)
Commission ratio	11.3%	12.4%	(1.1 pts)
Claims ratio	61.8%	60.1%	1.7 pts
Expense ratio	16.0%	19.8%	(3.8 pts)
Combined ratio	89.1%	92.3%	(3.2 pts)



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Life Business

Life Business

Gross written premiums

- Gross written premiums grew by 5.7%.

Distribution

- Strong performance from Agency and Bancassurance.
- Agency ANP achieved 15.5% growth. Remain focus on building professional and productive agency force.
- Bancassurance performed very well, recorded a growth of 120.5%.

Product mix

- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 22.9% and 17.8% respectively.
- 79.0% of Agency new business derived from Investment-Linked business.

Profitability

- Profit before tax increased by 23.0% mainly due to contribution from protection business.
- New business value after overrun increase by 23.6%.

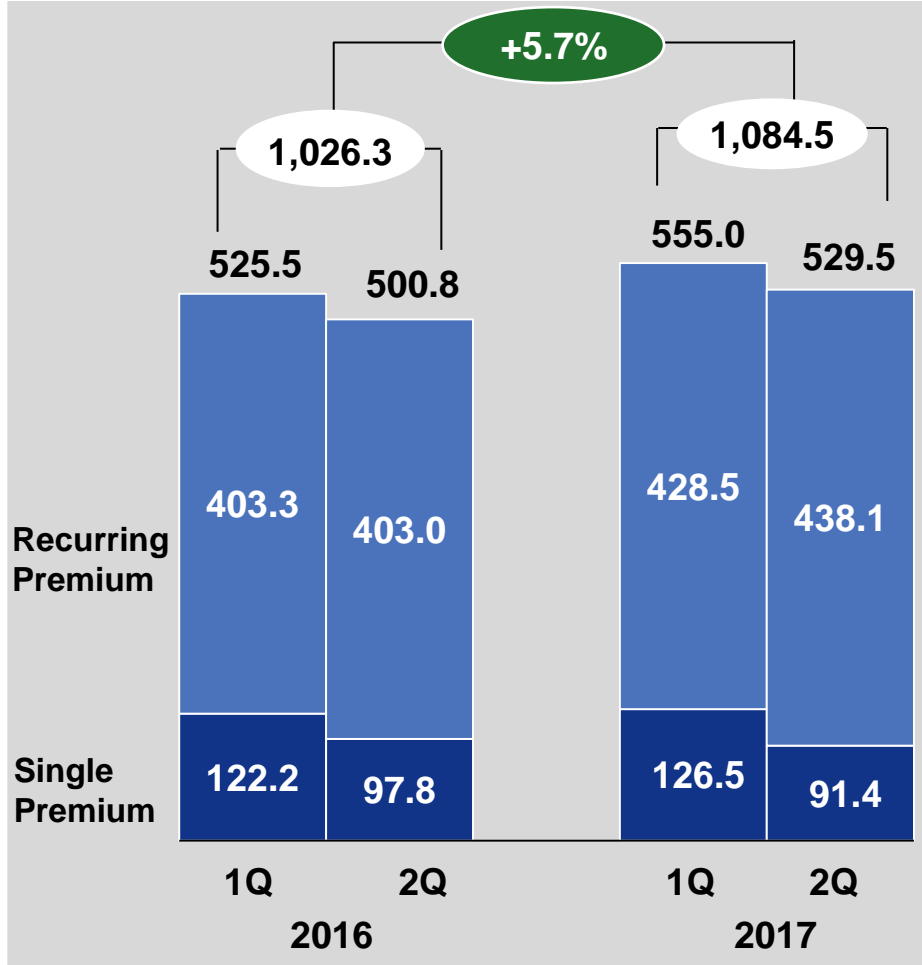
Market growth

- ANP outperformed market with growth of 23.6% vs market of 4.7%.
- Market share stood at 7.6% (6M 2016: 6.5%).

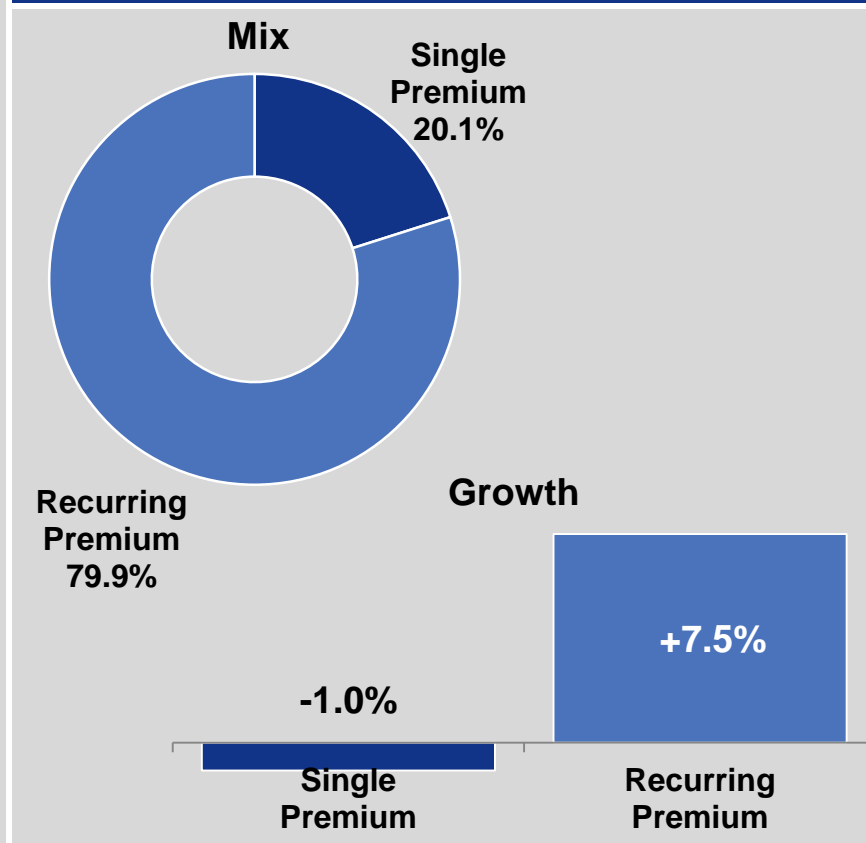


Life Business: Growth in GWP mainly from Agency and Bancassurance channels

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

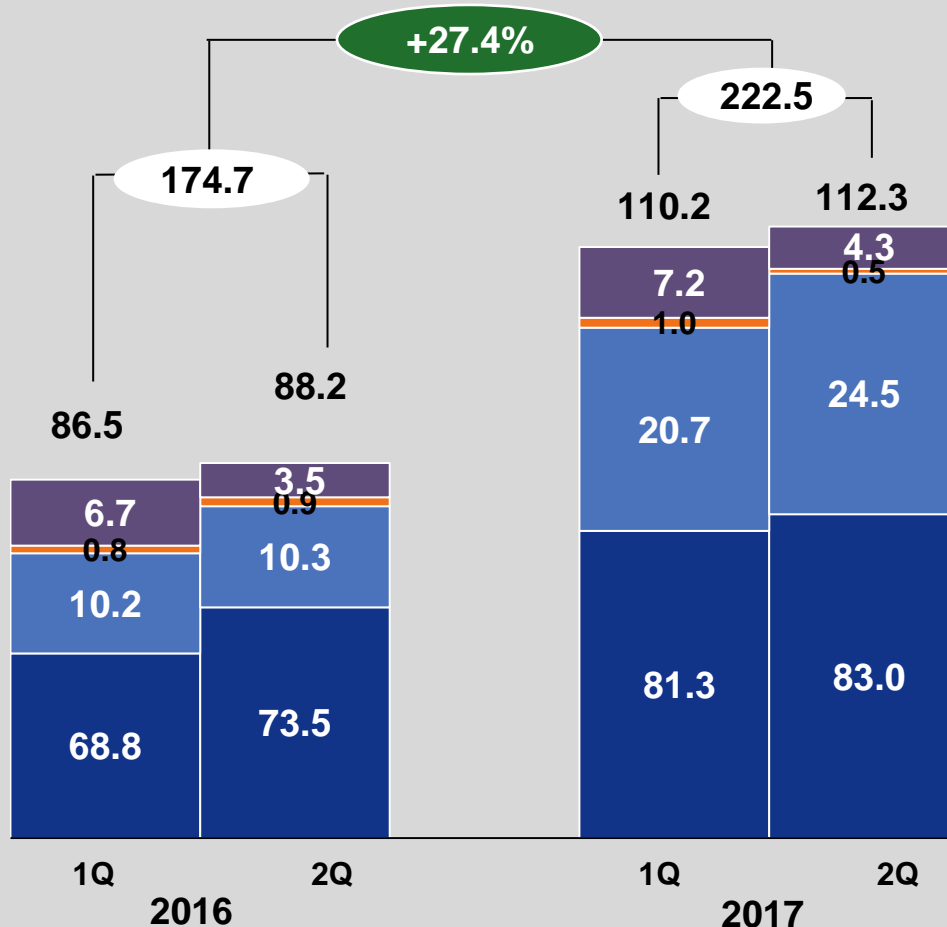


GWP Mix & Growth (%) (6M 2017)

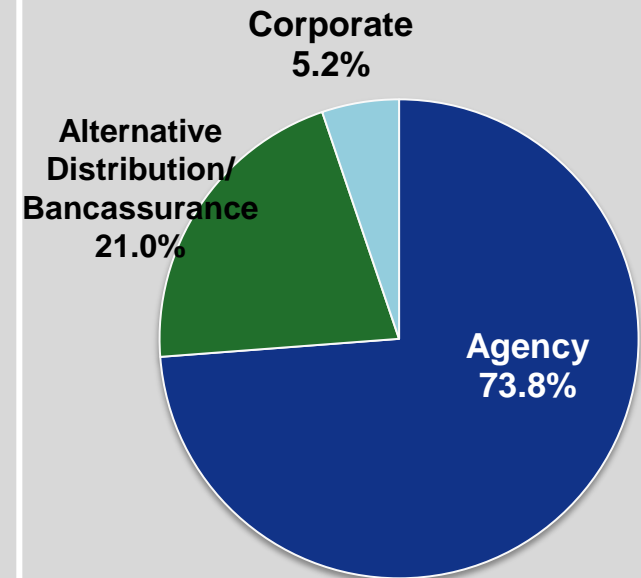


Life Business: Growth in ANP driven by Agency and Bancassurance channels

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



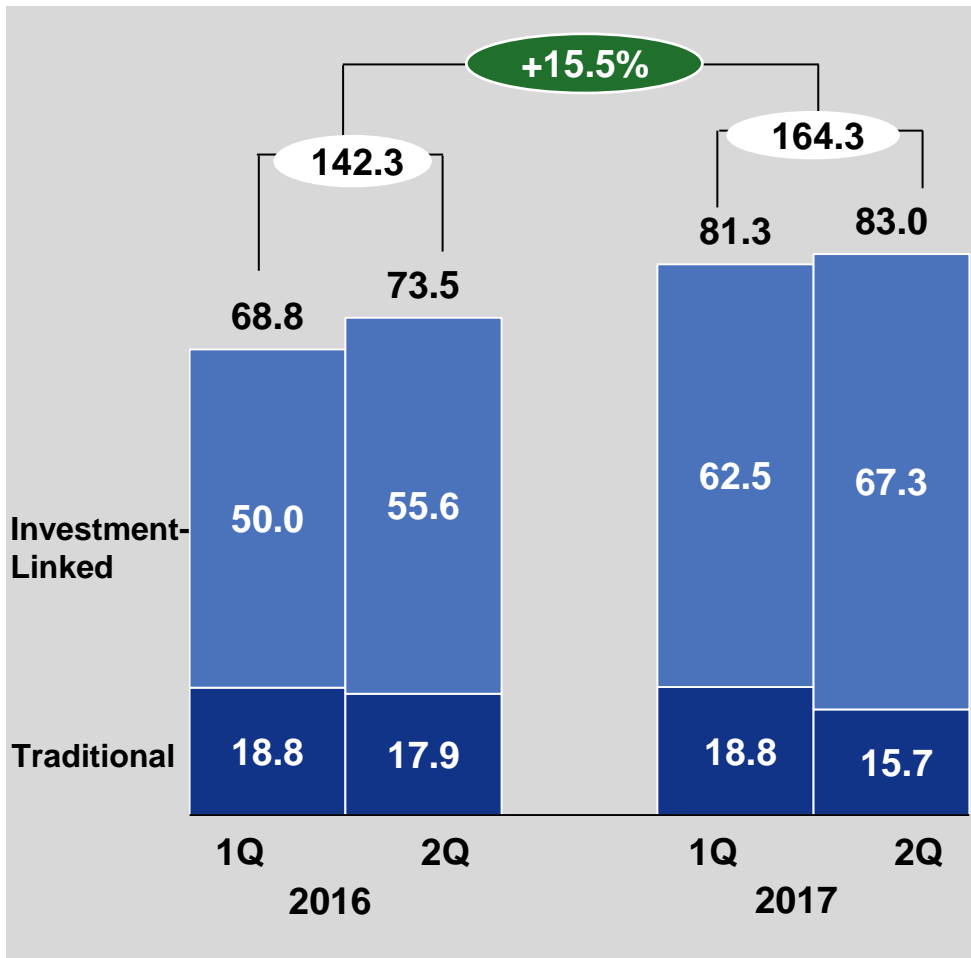
ANP Channel Mix (%) (6M 2017)



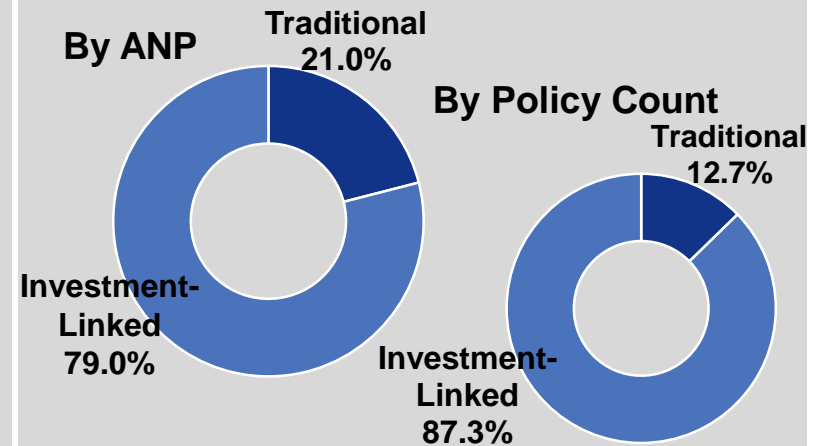
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

Life Business (Agency): Continue focus on profitable regular Investment-Linked products

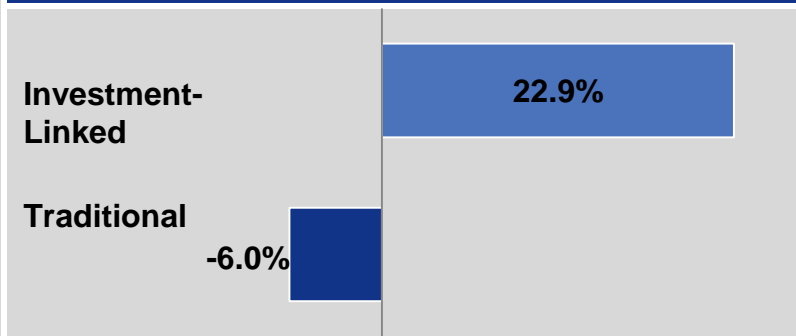
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (6M 2017)

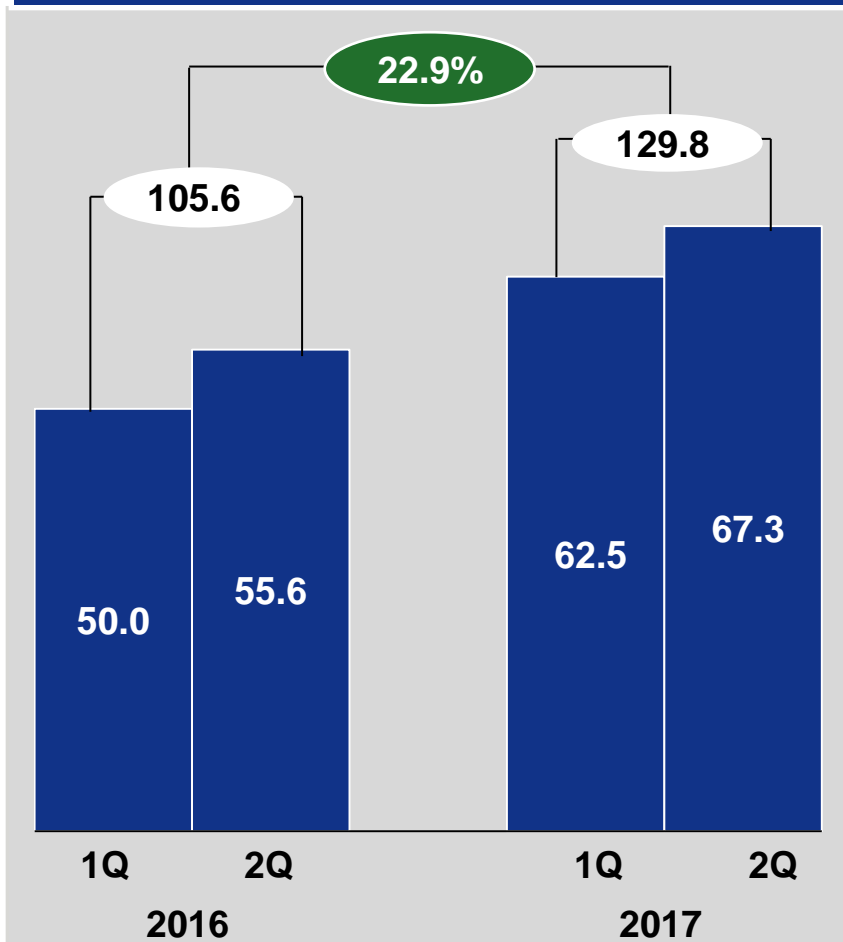


Agency ANP Growth (%) (6M 2017)

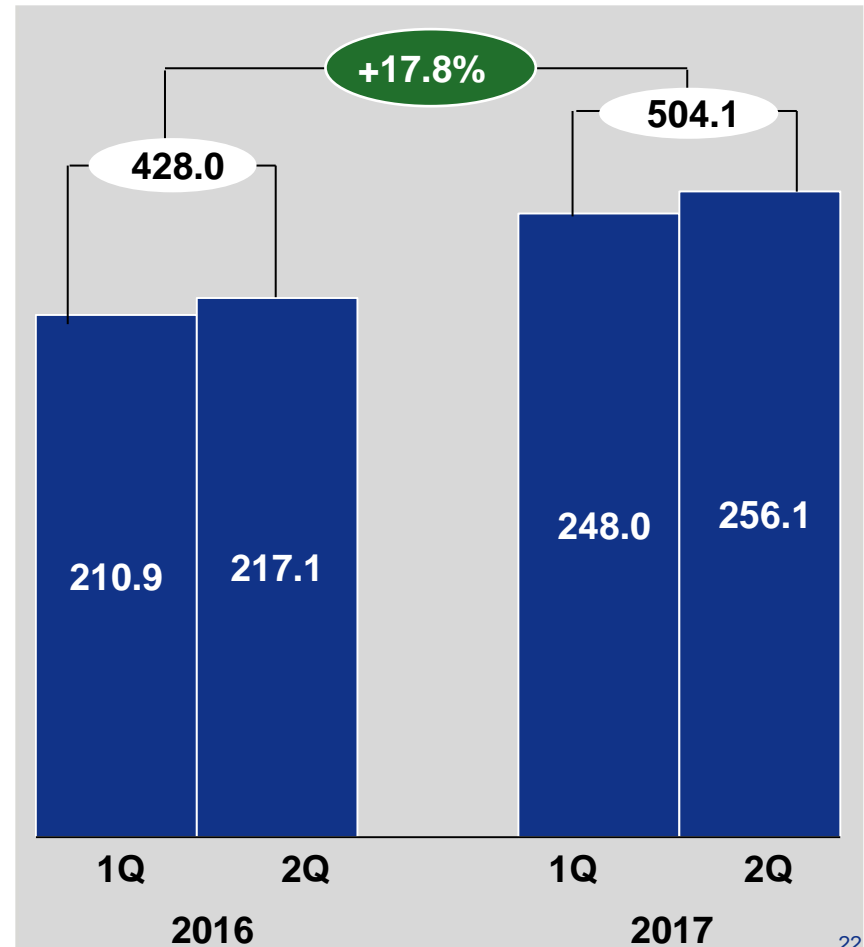


Life Business: Protection Business (Investment-Linked) continues to grow

Annualised New Premiums (RM'mil)

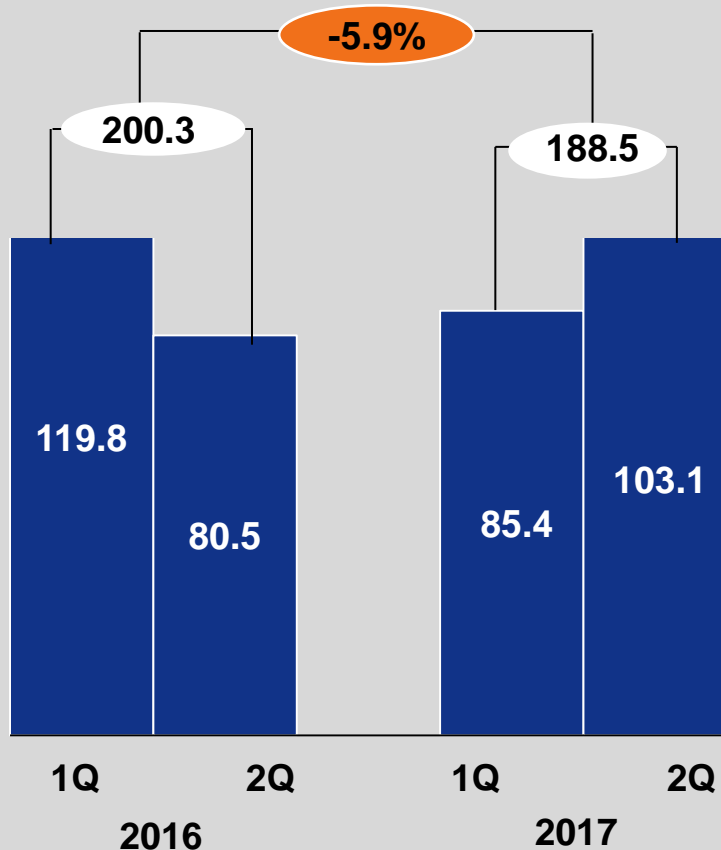


Gross Written Premiums (RM'mil)

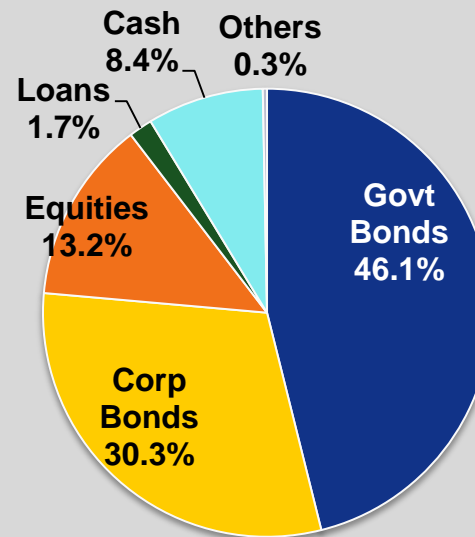


Life Business: Lower net investment results due to lower fair value gains and lower realised gains on investment

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

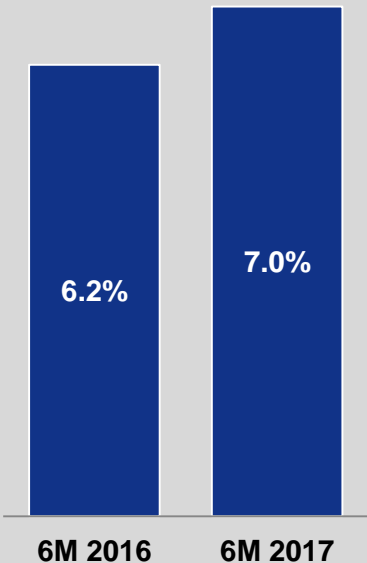


Portfolio Mix and Investment Yield (LF+SHF) (%) (Annualized)



As at 30 June 2017

Investment Yield



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	6M 2016	6M 2017	△17/16 %
Gross written premiums	1,026.3	1,084.5	5.7%
Premiums ceded to reinsurers	(73.6)	(82.4)	(12.0%)
Net earned premiums	952.7	1,002.1	5.2%
Net change in benefits and claims paid	(298.0)	(388.6)	(30.4%)
Net change in contract liabilities	(576.3)	(667.5)	(15.8%)
Management expenses	(85.0)	(100.0)	(17.6%)
Net fee and commission expenses	(176.5)	(190.7)	(8.0%)
Fair value gains and losses	49.3	164.9	>100%
Net investment results	194.7	249.8	28.3%
Net other operating expenses	(6.5)	(3.1)	52.3%
Profit before tax (after consolidation adjustment)	54.4	66.9	23.0%
Annualised new premiums	174.7	222.5	27.4%
Expense ratio (LF+SHF)	10.8%	11.9%	(1.1 pts)
Local investment yield (LF+SHF)	6.2%	7.0%	0.8 pts
Lapse ratio (total company)	10.6%	14.5%	(3.9 pts)
Persistency (13th month by premium)	83.5%	85.2%	1.7 pts

Thank You
for Your Attention

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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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