

Allianz Malaysia Berhad
(12428-W)

Financial Results
3Q 2017

Analyst Briefing
23 November 2017



1

AMB Group Results

Maintain Growth



Operating revenue

- Group operating revenue of RM3.59 billion, an increase of 3.6% as compared to corresponding period of RM3.47 billion due to higher gross earned premiums and investment income by RM75.0 million and RM48.2 million respectively.
- General business recorded an operating revenue of RM1.70 billion, an increase of 0.8% compared to corresponding period of RM1.69 billion.
- Life business recorded an operating revenue of RM1.88 billion, an increase of 6.2% compared to corresponding period of RM1.77 billion.

Profitability

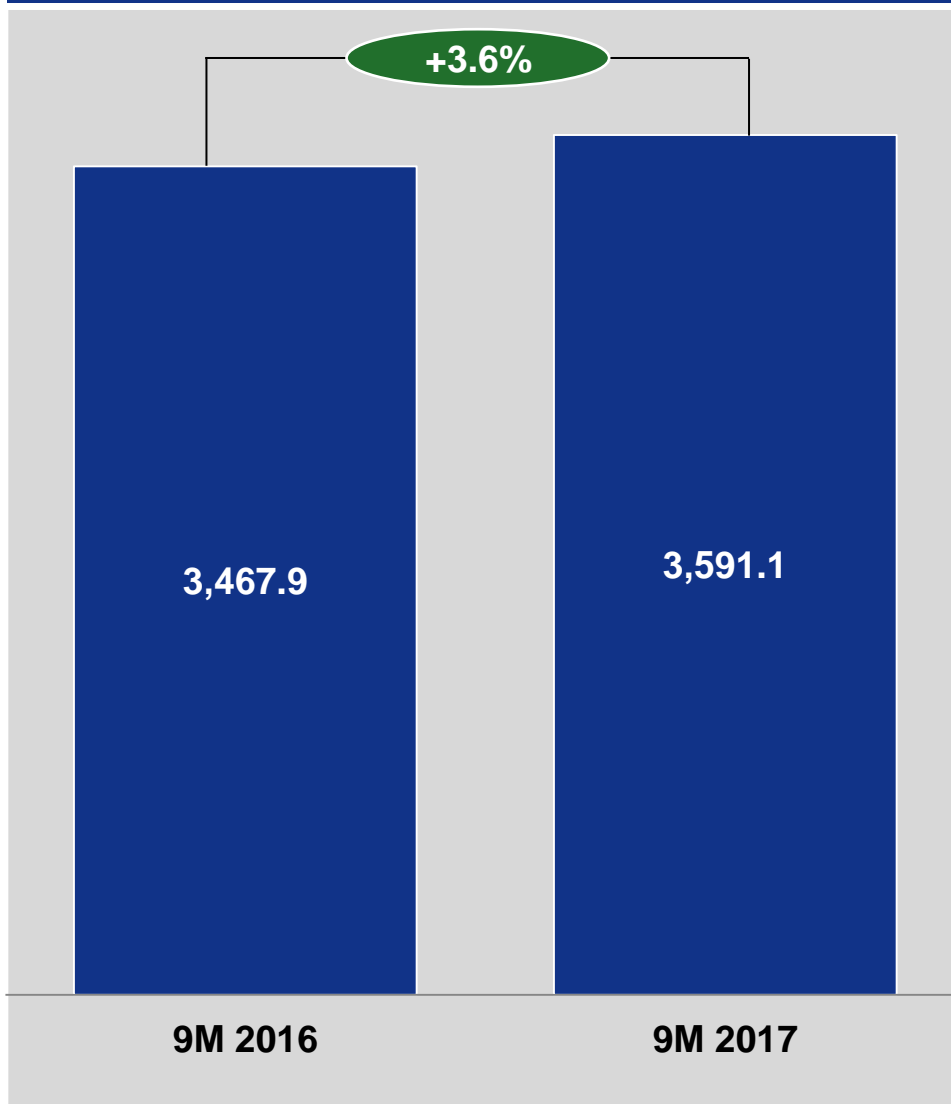
- Group profit before tax of RM310.9 million decreased by 6.8% compared to corresponding period of RM333.6 million.
- General business contributed a profit before tax of RM199.5 million (9M 2016: RM246.6 million) mainly impacted by exceptional provision for impairment on insurance receivables.
- Life insurance business recorded a profit before tax of RM113.4 million (9M 2016: RM90.0 million).

Basic earnings per ordinary share

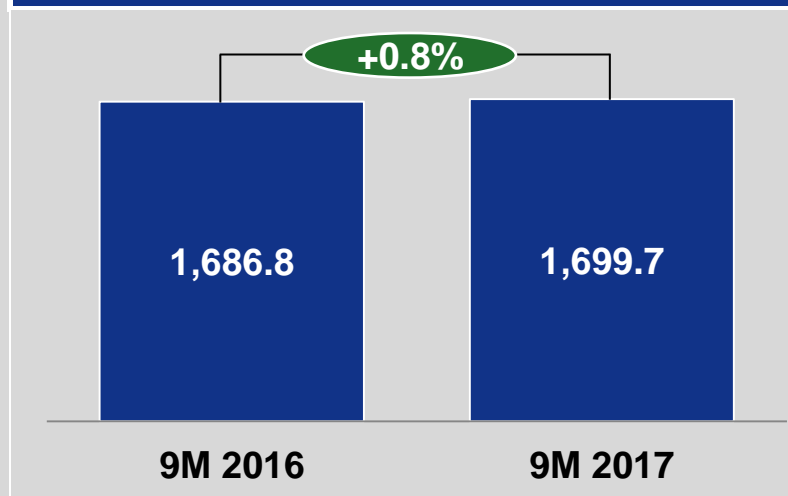
- Basic earnings per ordinary share (before dilution) at 115.59 sen (9M 2016: 130.25 sen).
- Basic earnings per ordinary share (after dilution) at 58.19 sen (9M 2016: 64.57 sen).

Financial Highlights 9M 2017

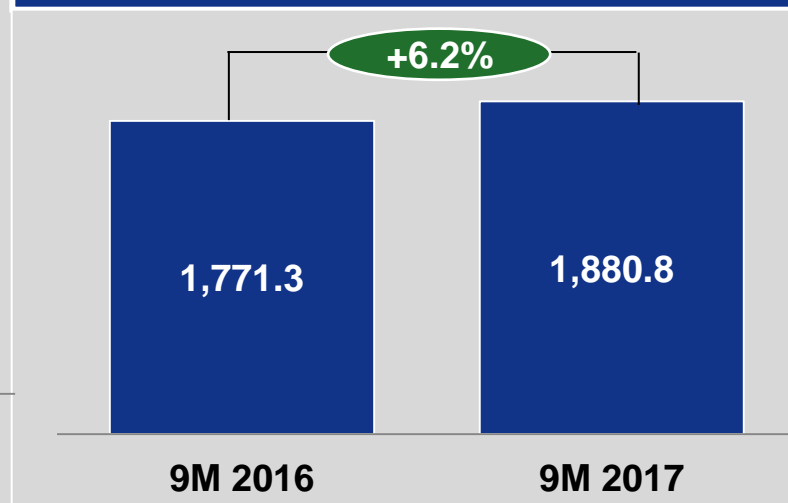
Group Operating Revenue (RM'mil)



General Business (RM'mil)

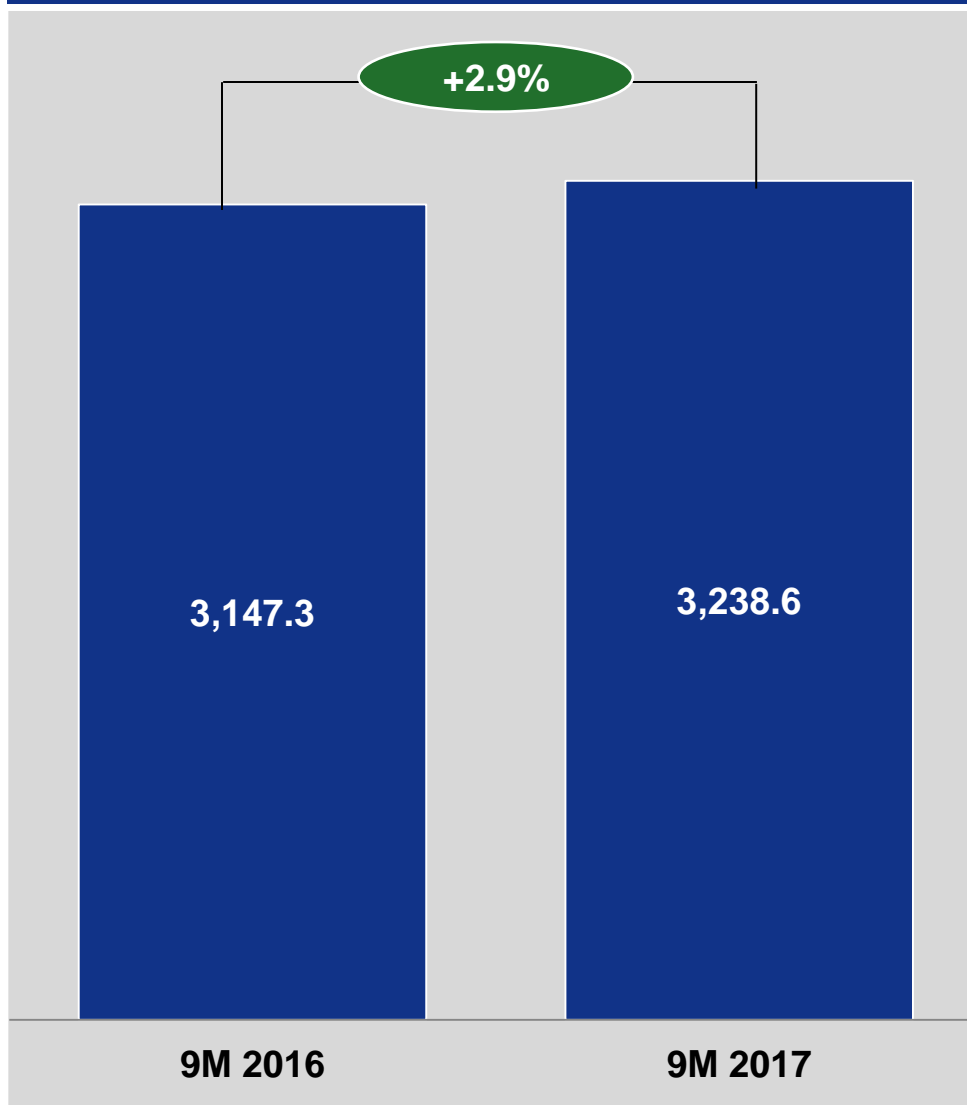


Life Business (RM'mil)

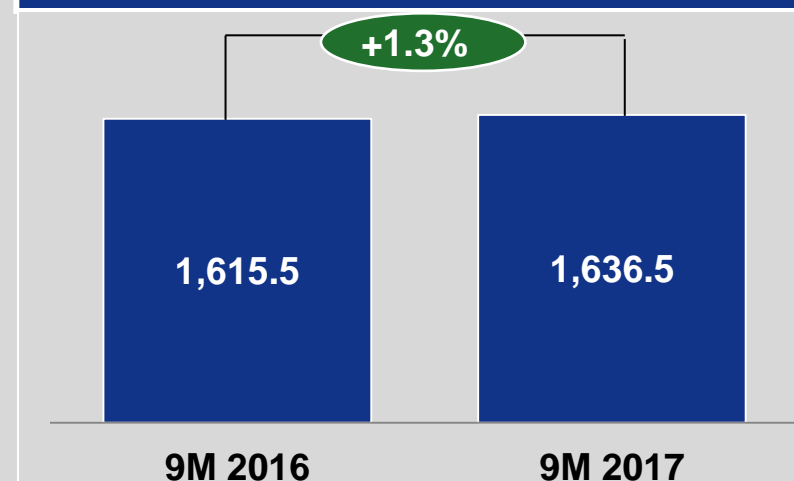


Financial Highlights 9M 2017

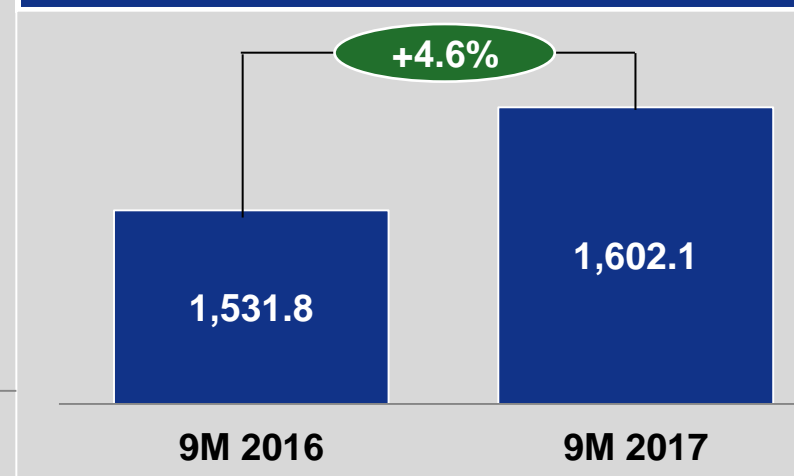
Group Gross Written Premiums ("GWP") (RM'mil)



General Business (RM'mil)

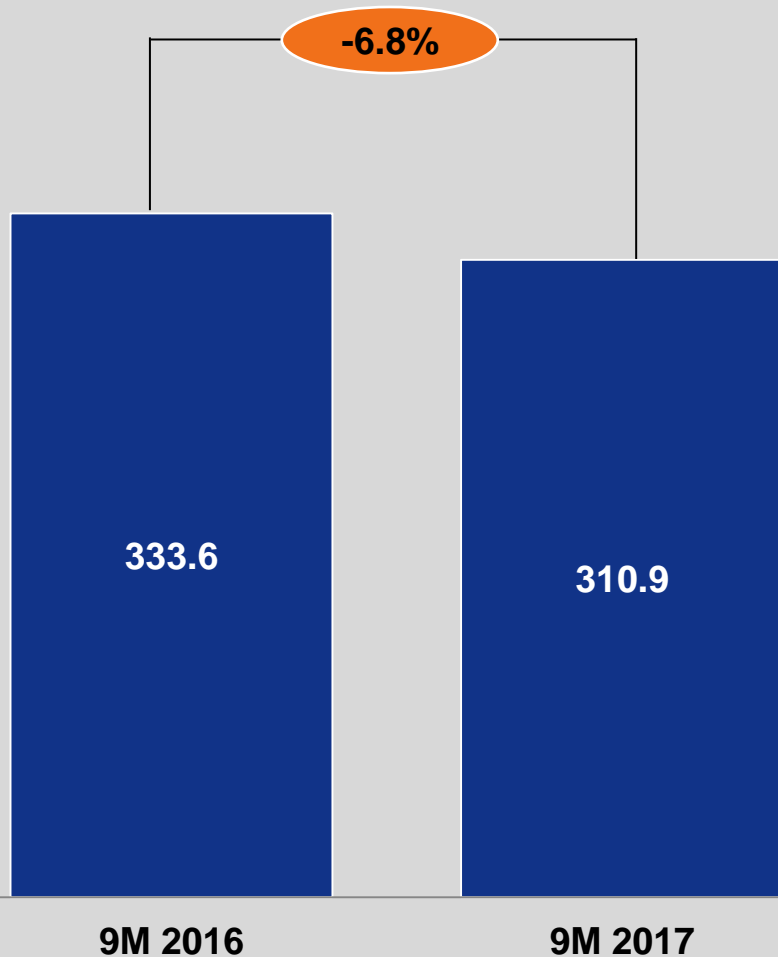


Life Business (RM'mil)

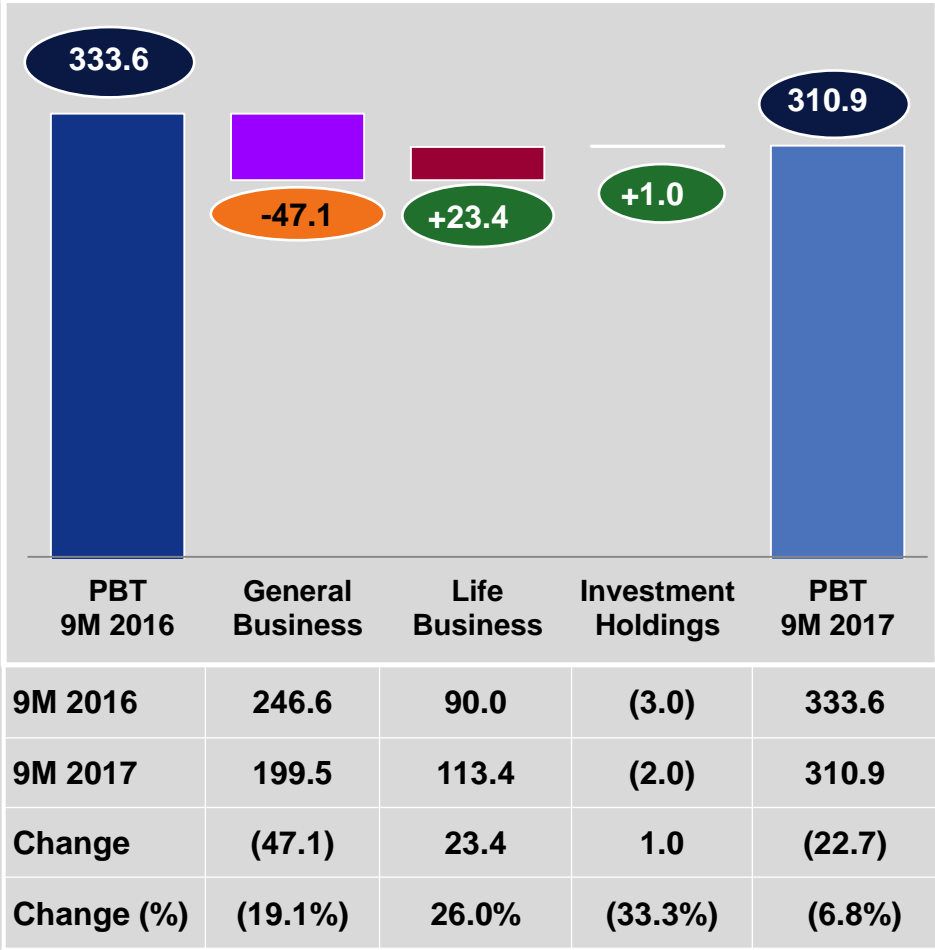


Financial Highlights 9M 2017

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



Financial Overview

RM'mil	2014	2015	2016	3 YEAR CAGR	9M 2016	9M 2017
Gross Written Premiums	3,968.2	4,132.7	4,182.6	5.3%	3,147.3	3,238.6
Management Expenses	436.0	464.8	513.2	8.7%	370.1	437.3
Expense Ratio (Non Life)	17.3%	16.9%	17.4%	0.5 pts	16.9%	19.9%
Expense Ratio (Life) ¹	10.3%	9.9%	11.3%	(0.7) pts	11.1%	11.6%
Local Consolidated PBT	423.5	438.2	454.6	10.3%	333.6	310.9
Total Assets	12,176.1	13,617.4	14,912.4	11.5%	14,881.0	16,328.5
Shareholders' Equity	2,289.8	2,621.3	2,879.5	12.5%	2,863.2	3,098.2
Basic earnings per ordinary share (sen)	178.49	183.08	182.27	6.9%	130.25	115.59
Diluted earnings per ordinary share (sen)	85.89	89.37	90.80	15.5%	64.57	58.19

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

Summary of unaudited Financial Results

RM'mil	9M 2016	9M 2017	△17/16 %
Operating revenue	3,467.9	3,591.1	3.6%
Gross earned premiums	3,100.7	3,175.7	2.4%
Premiums ceded to reinsurers	(374.8)	(237.6)	36.6%
Net earned premiums ("NEP")	2,725.9	2,938.1	7.8%
Net change in benefits and claims paid ("Claim")	(1,261.4)	(1,494.4)	(18.5%)
Net change in contract liabilities ("Reserve")	(870.8)	(888.7)	(2.1%)
Management expenses ("ME")	(370.1)	(437.3)	(18.2%)
Net fee and commission expense	(412.1)	(458.4)	(11.2%)
Fair value gains and losses	107.0	173.0	61.7%
Net investment results	425.6	484.2	13.7%
Net other operating expenses	(10.5)	(5.6)	46.7%
Profit before tax	333.6	310.9	(6.8%)
Tax expense	(111.4)	(109.7)	1.5%
Profit after tax	222.2	201.2	(9.5%)
ME / NEP ratio	13.6%	14.9%	(1.3 pts)
Claim & Reserve / NEP ratio	78.2%	81.1%	(2.9 pts)



2

General Business

General Business



Gross written premiums

- Gross written premium growth by 1.3% 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

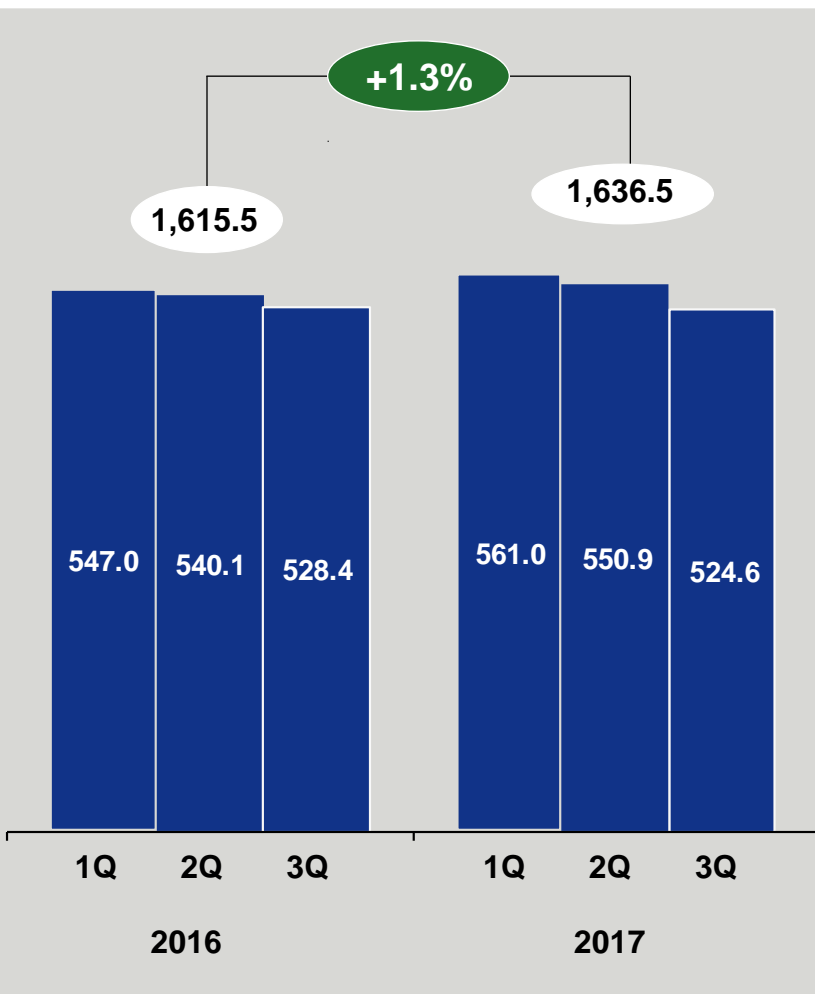
- Lower underwriting profit from higher expense ratio.

Market growth

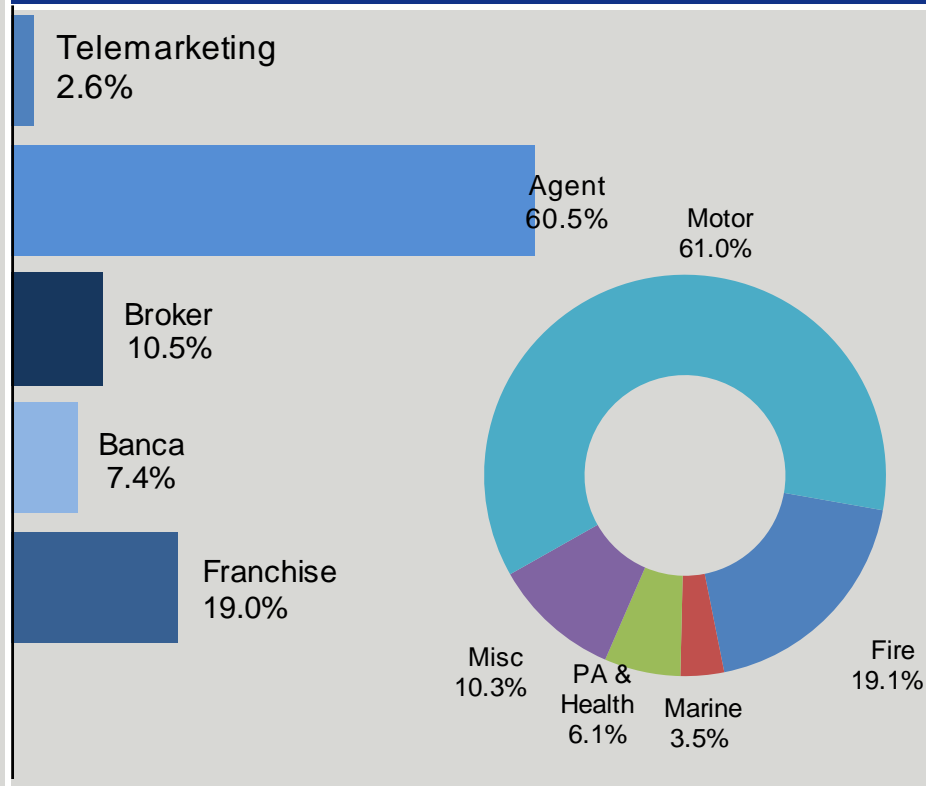
- Market share of 9M 2017 stood at 12.1% (9M 2016: 11.9%).

General Business: GWP is 1.3% above prior year

Gross Written Premiums (RM'mil)



Distribution Channel & Portfolio Mix



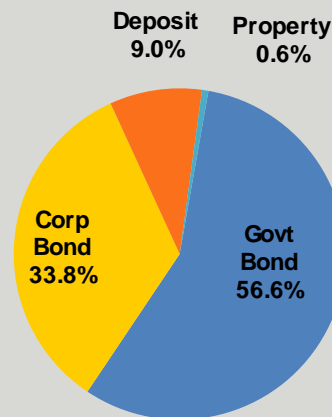
General Business: Stable growth in investment income

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



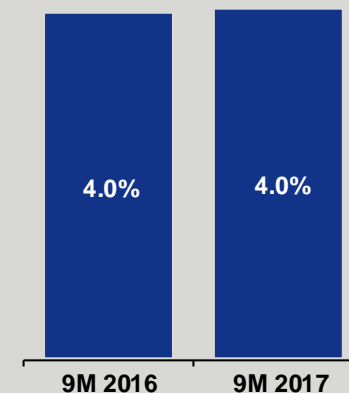
Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix



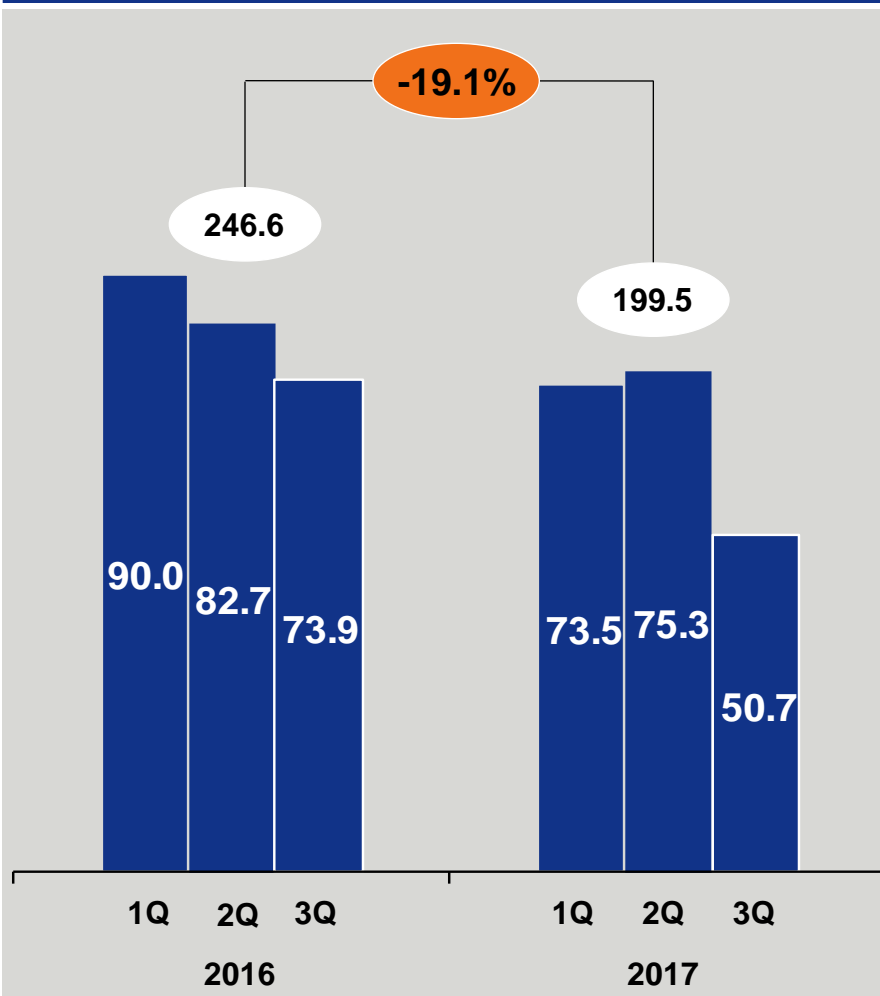
As at 30 September 2017

Investment Yield

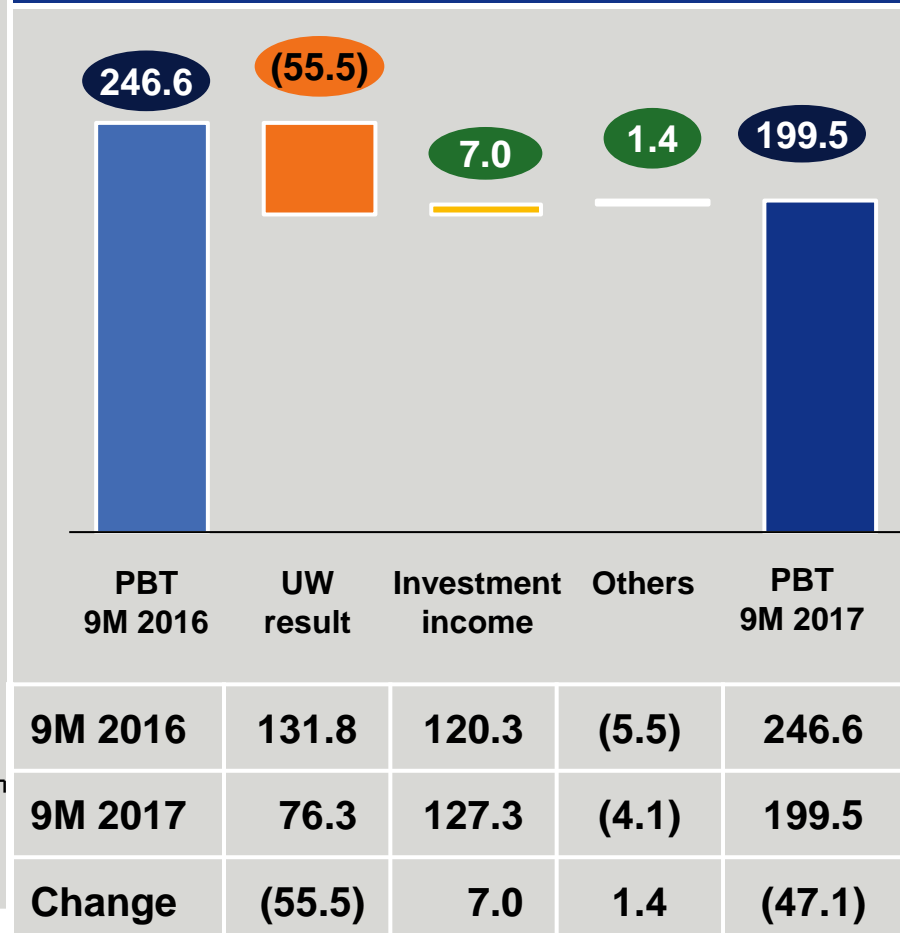


General Business: Lower underwriting profit from higher expense ratio

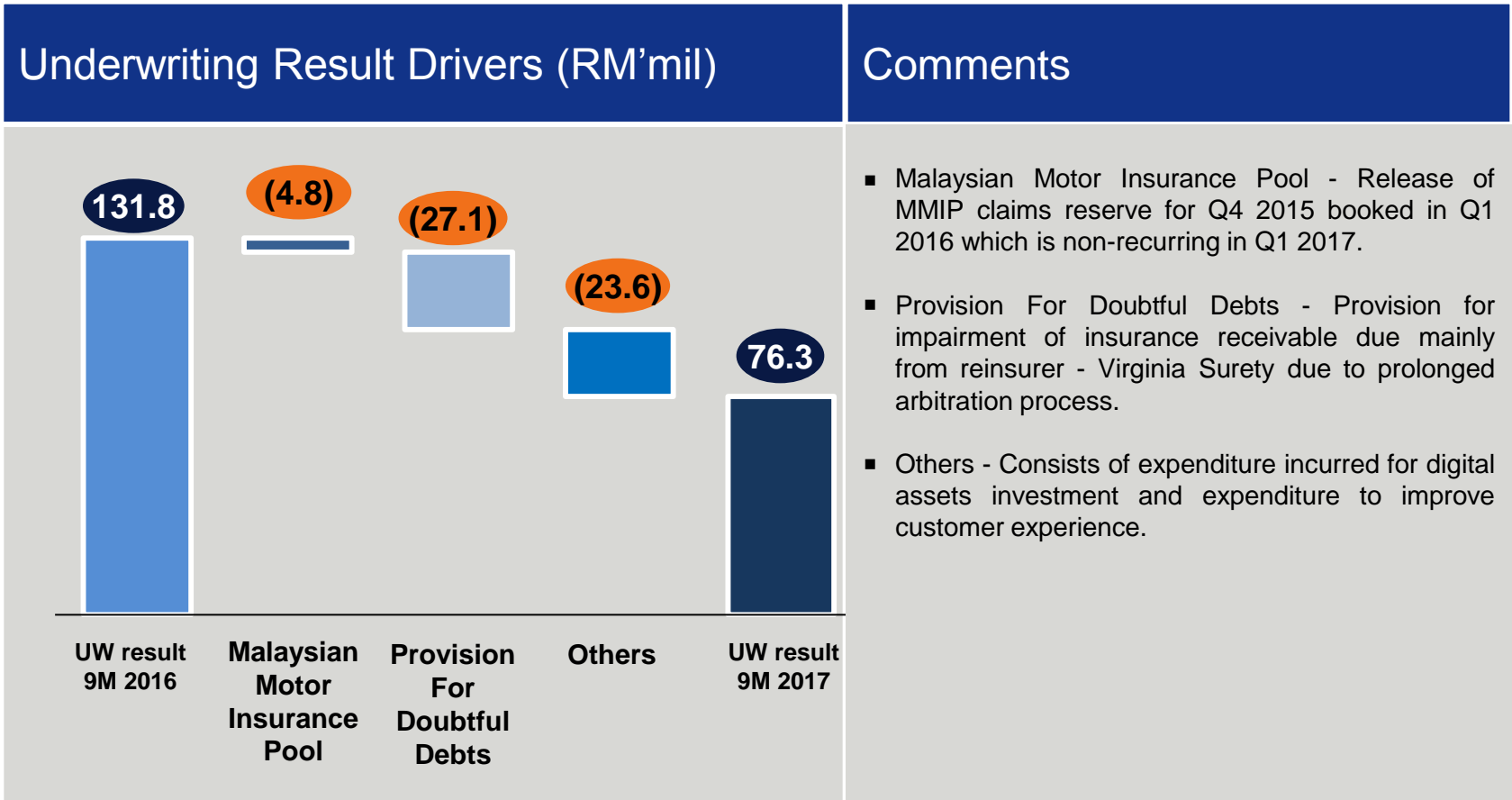
Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)

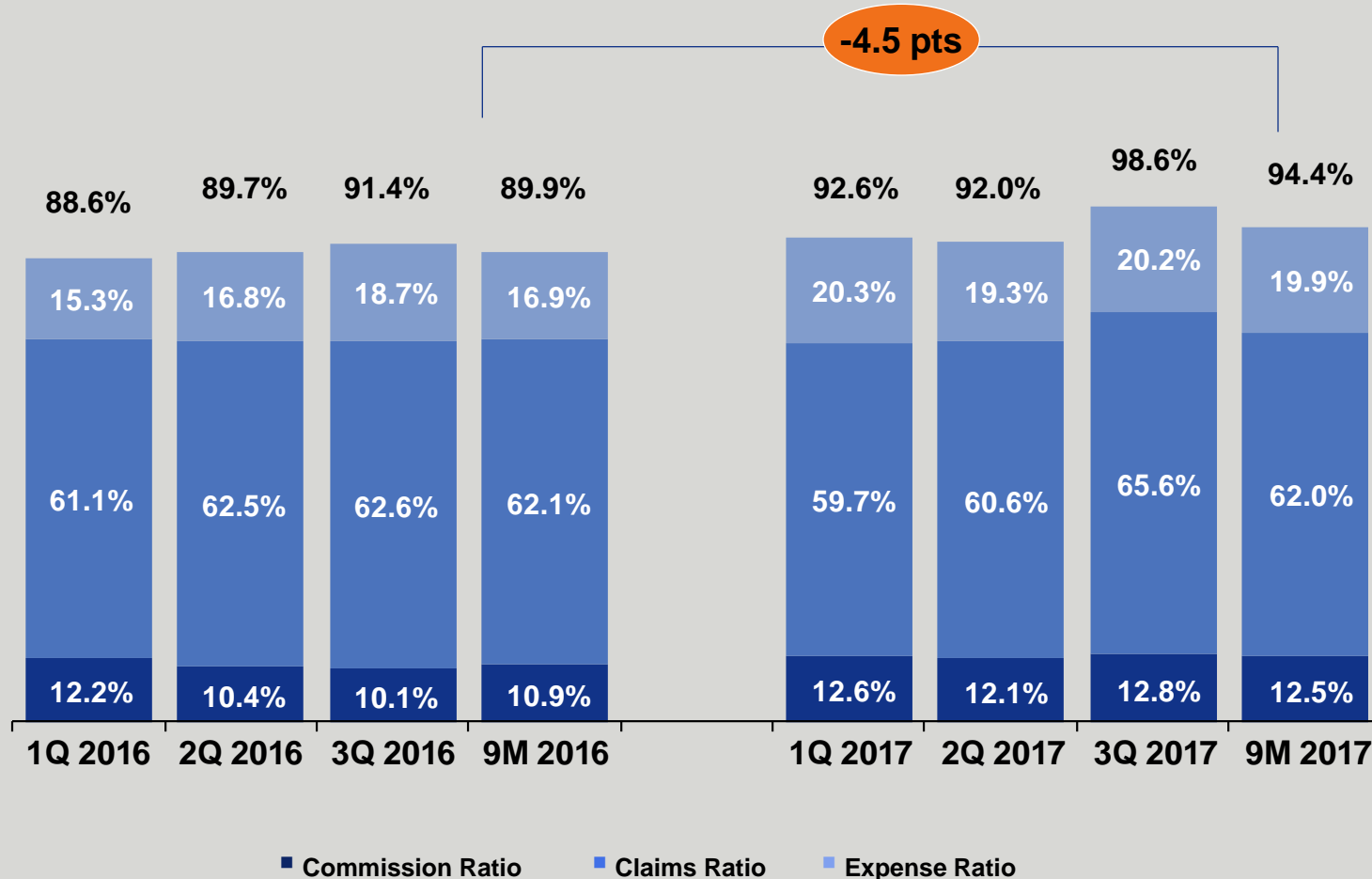


General Business: Lower underwriting profit as compared to prior year



General Business: Higher combined ratio due to higher expense ratio

Combined Ratio



General Business: Unaudited financial results at a glance

RM'mil	9M 2016	9M 2017	△17/16 %
Gross written premiums	1,615.5	1,636.5	1.3%
Gross earned premiums	1,568.9	1,573.6	0.3%
Net earned premiums	1,306.8	1,368.7	4.7%
Net change in claims incurred	(810.7)	(848.3)	(4.6%)
Management expenses	(221.3)	(272.7)	(23.2%)
Net fee and commission expenses	(143.0)	(171.4)	(19.9%)
Underwriting result	131.8	76.3	(42.1%)
Fair value gains and losses	(0.8)	-	100.0%
Net investment results	120.3	127.3	5.8%
Net other operating expenses	(4.7)	(4.1)	12.8%
Profit before tax (after consolidation adjustment)	246.6	199.5	(19.1%)
Commission ratio	10.9%	12.5%	(1.6 pts)
Claims ratio	62.1%	62.0%	0.1 pts
Expense ratio	16.9%	19.9%	(3.0 pts)
Combined ratio	89.9%	94.4%	(4.5 pts)



3

Life Business

Life Business

Gross written premiums

- Gross written premiums grew by 4.6%.

Distribution

- Strong performance from Agency and Bancassurance.
- Agency ANP achieved 10.5% growth. Remain focus on building professional and productive agency force.
- Bancassurance performed very well, recorded a growth of 101.5%.

Product mix

- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 16.8% and 18.0% respectively.
- 80.2% of Agency new business derived from Investment-Linked business.

Profitability

- Profit before tax increased by 26.0% mainly due to contribution from protection business.
- New business value after overrun increase by 16.43%.

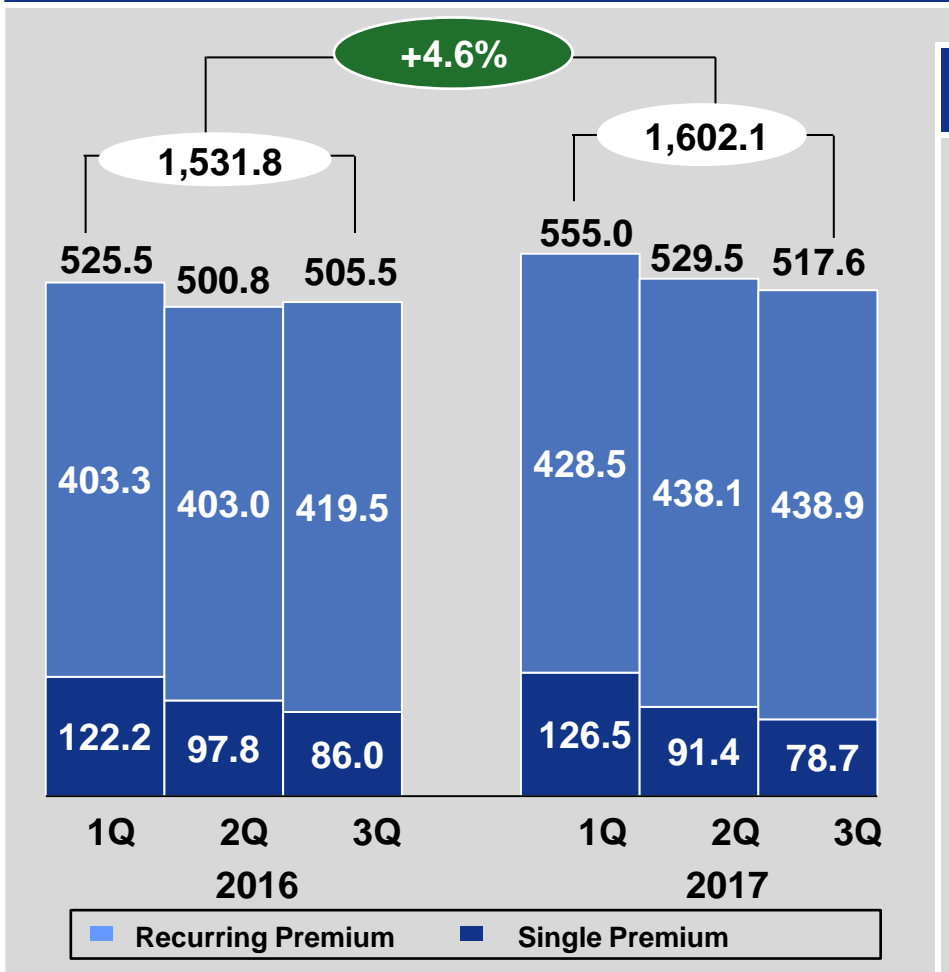
Market growth

- ANP outperformed market with growth of 21.0% vs market of 6.1%.
- Market share stood at 7.4% (9M 2016: 6.6%).

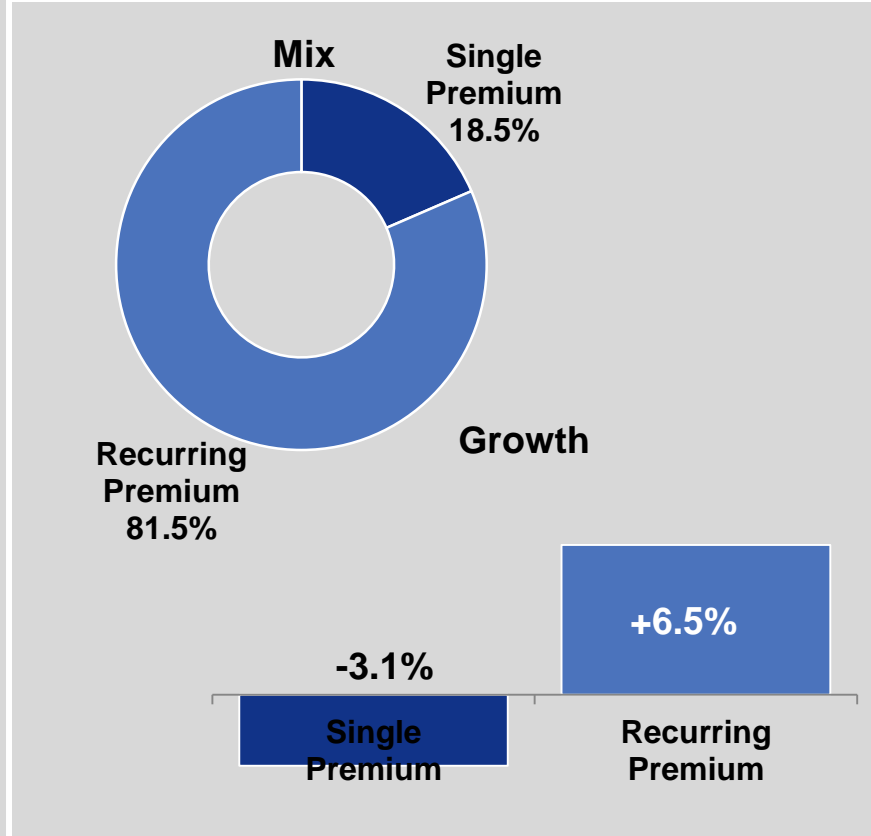


Life Business: Growth in GWP mainly from Agency, Bancassurance and Employee benefits channels

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

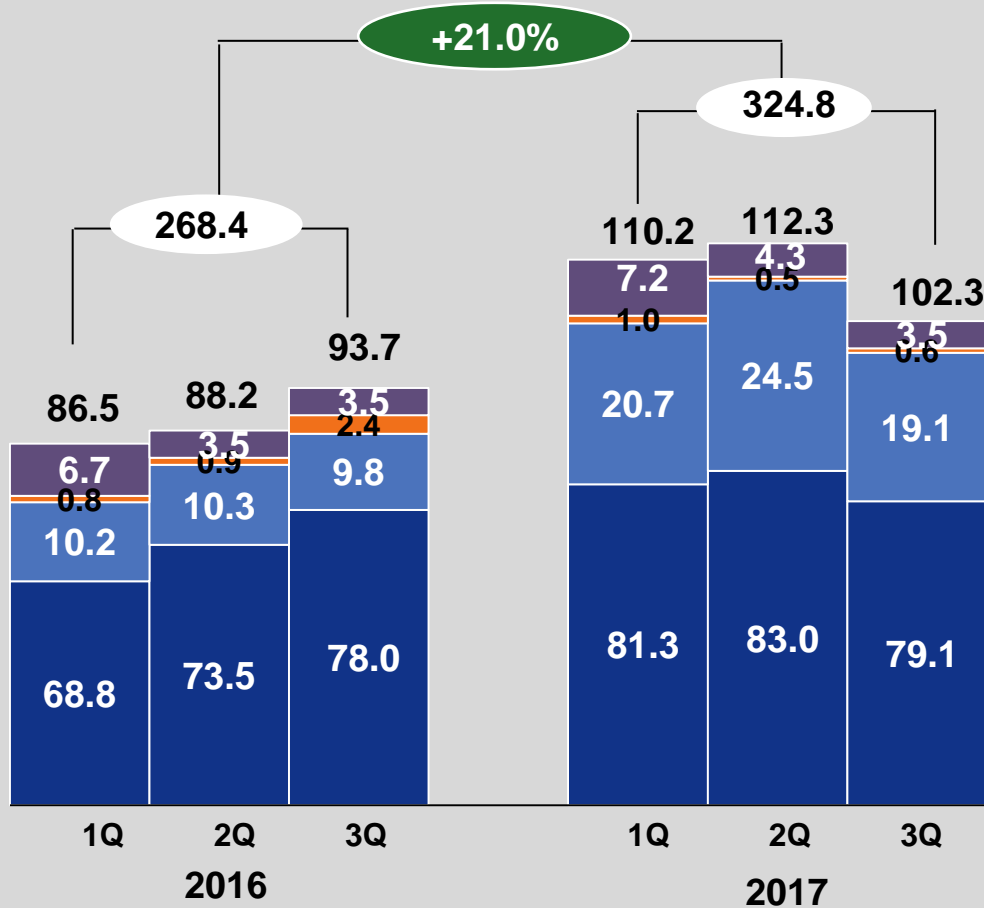


GWP Mix & Growth (%) (9M 2017)

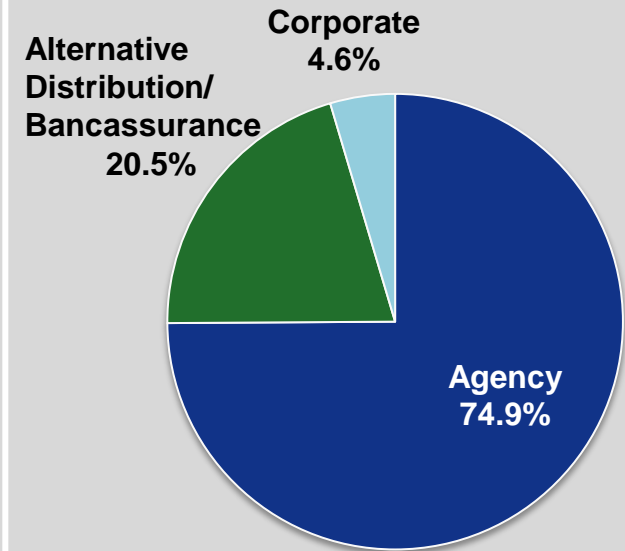


Life Business: Growth in ANP driven by Agency and Bancassurance channels

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



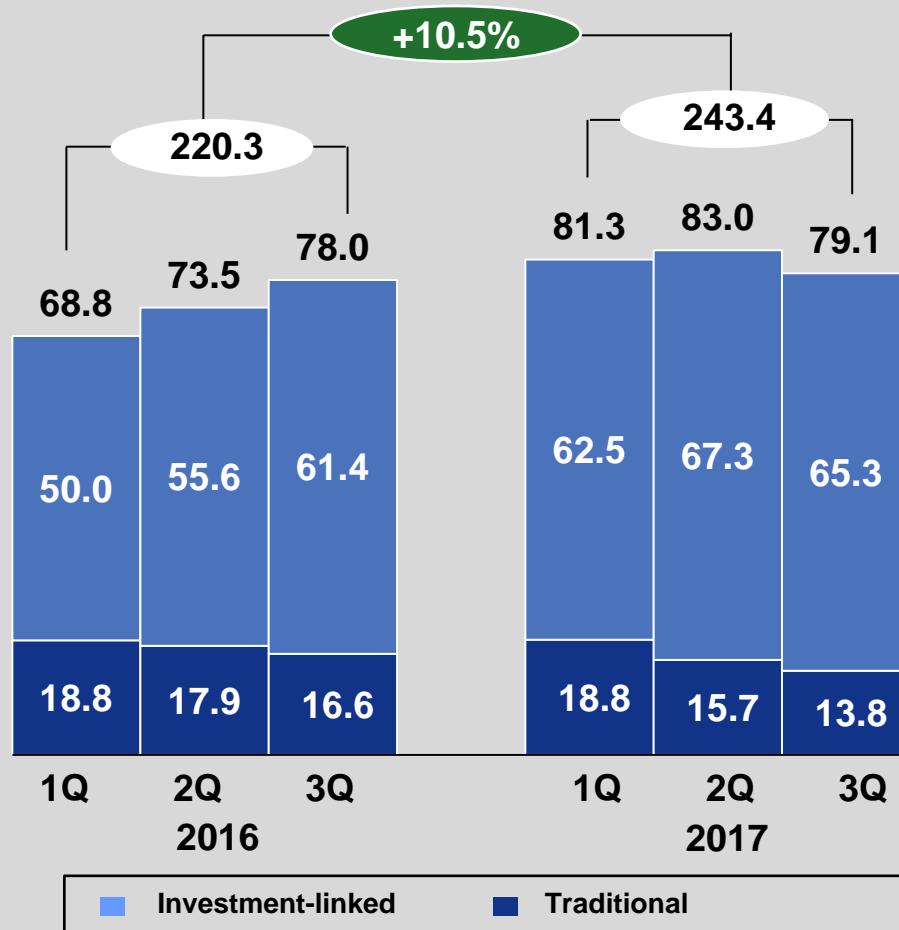
ANP Channel Mix (%) (9M 2017)



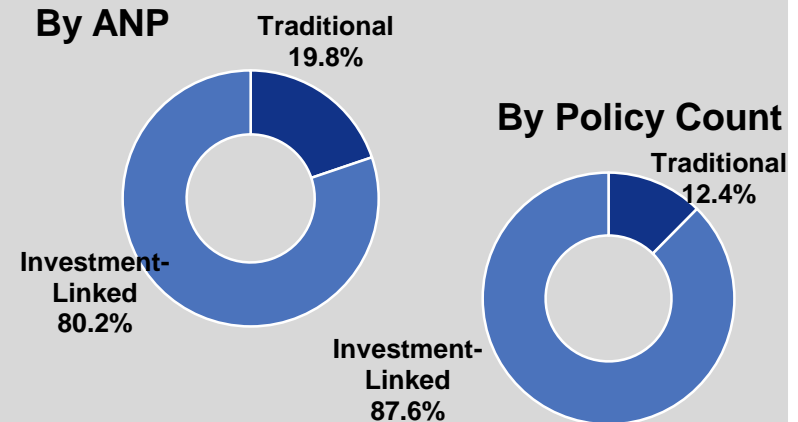
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

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

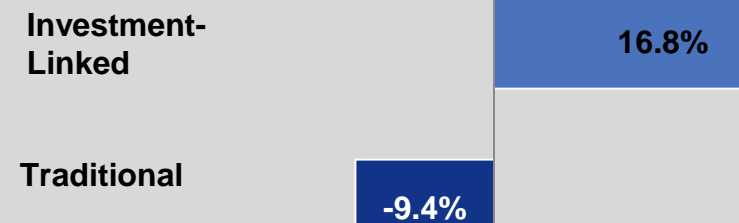
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (9M 2017)

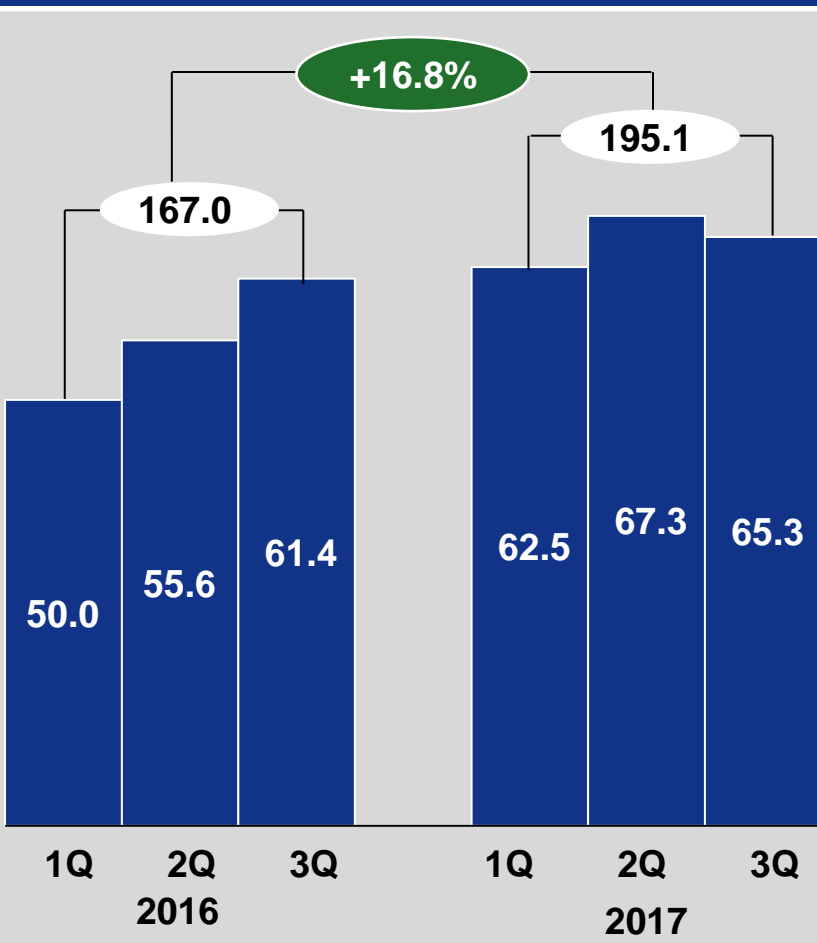


Agency ANP Growth (%) (9M 2017)

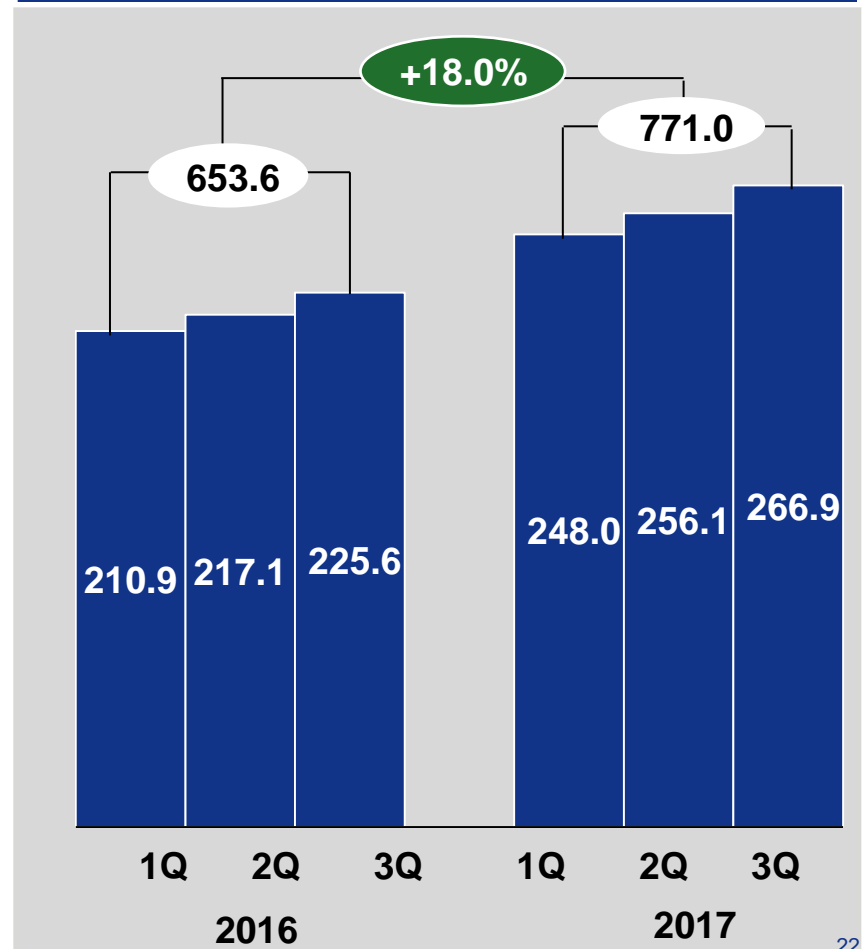


Life Business: Protection Business (Investment-Linked) continues to grow

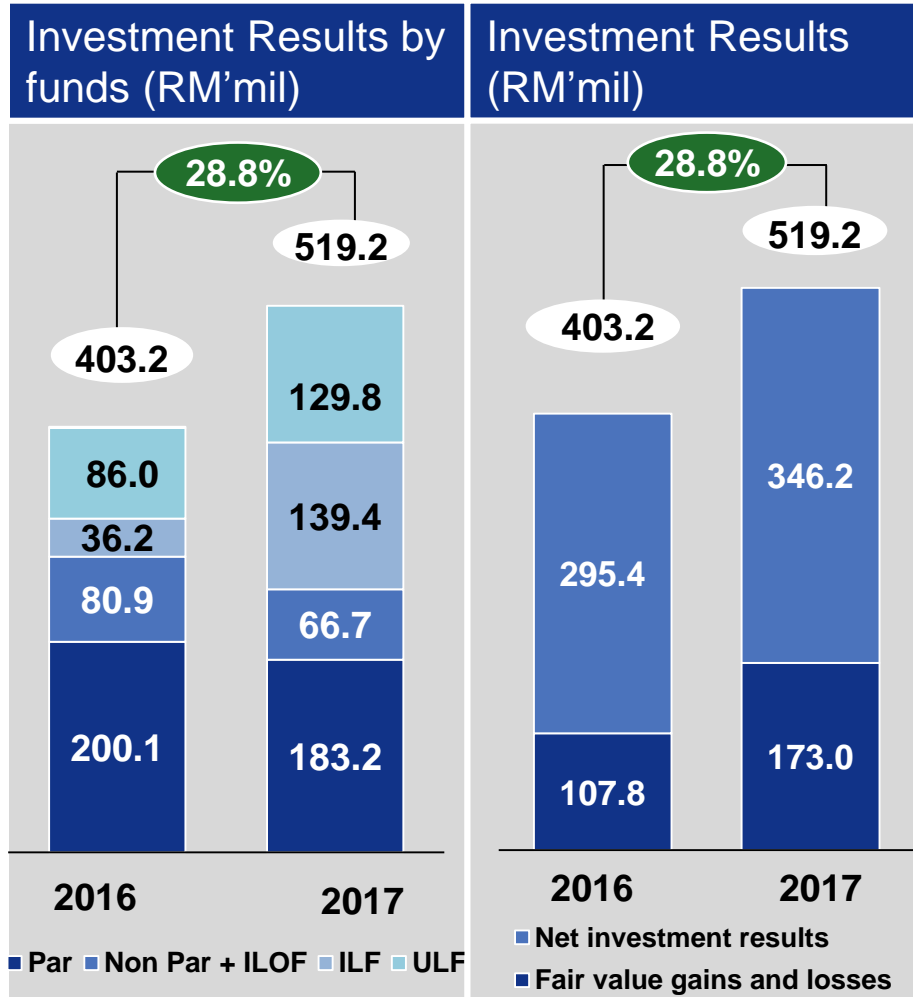
Annualised New Premiums (RM'mil)



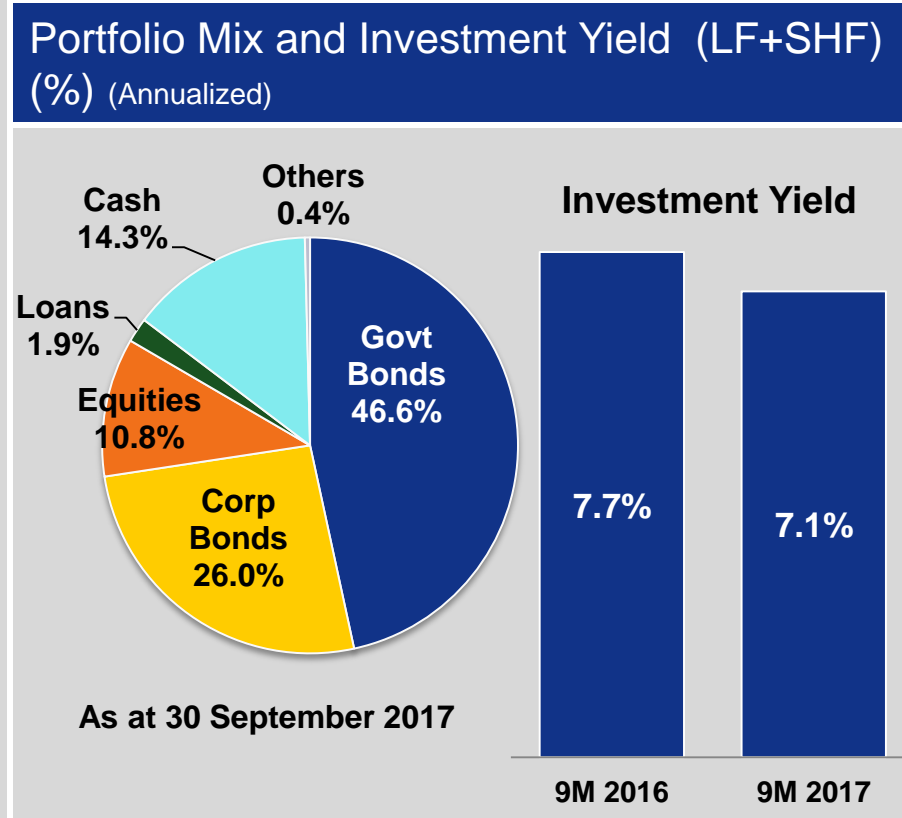
Gross Written Premiums (RM'mil)



Life Business: Higher net investment results and fair value gains from Investment-Linked and Universal Life Fund



Note: Net investment results include 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	9M 2016	9M 2017	△17/16 %
Gross written premiums	1,531.8	1,602.1	4.6%
Premiums ceded to reinsurers	(112.7)	(32.7)	71.0%
Net earned premiums	1,419.1	1,569.4	10.6%
Net change in benefits and claims paid	(474.1)	(645.5)	(36.2%)
Net change in contract liabilities	(847.4)	(889.3)	(4.9%)
Management expenses	(133.4)	(148.5)	(11.3%)
Net fee and commission expenses	(269.1)	(287.0)	(6.7%)
Fair value gains and losses	107.8	173.0	60.5%
Net investment results	295.4	346.2	17.2%
Net other operating expenses	(8.3)	(4.9)	41.0%
Profit before tax (after consolidation adjustment)	90.0	113.4	26.0%
Annualised new premiums	268.4	324.8	21.0%
Expense ratio (LF+SHF)	11.1%	11.6%	(0.5 pts)
Local investment yield (LF+SHF)	7.7%	7.1%	(0.6 pts)
Lapse ratio (total company)	11.2%	14.7%	(3.5 pts)
Persistency (13th month by premium)	84.1%	84.9%	0.8 pts

Thank You
for Your Attention

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