

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
4Q 2017

Analyst Briefing  
**26 February 2018**



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## AMB Group Results

# Maintain Growth



## Operating revenue

- Group operating revenue of RM4.80 billion, an increase of 2.6% as compared to corresponding period of RM4.68 billion due to higher gross earned premiums and investment income by RM50.9 million and RM71.6 million respectively.
- General business recorded an operating revenue of RM2.25 billion, an increase of 0.5% compared to corresponding period of RM2.24 billion.
- Life business recorded an operating revenue of RM2.53 billion, an increase of 4.5% compared to corresponding period of RM2.42 billion.

## Profitability

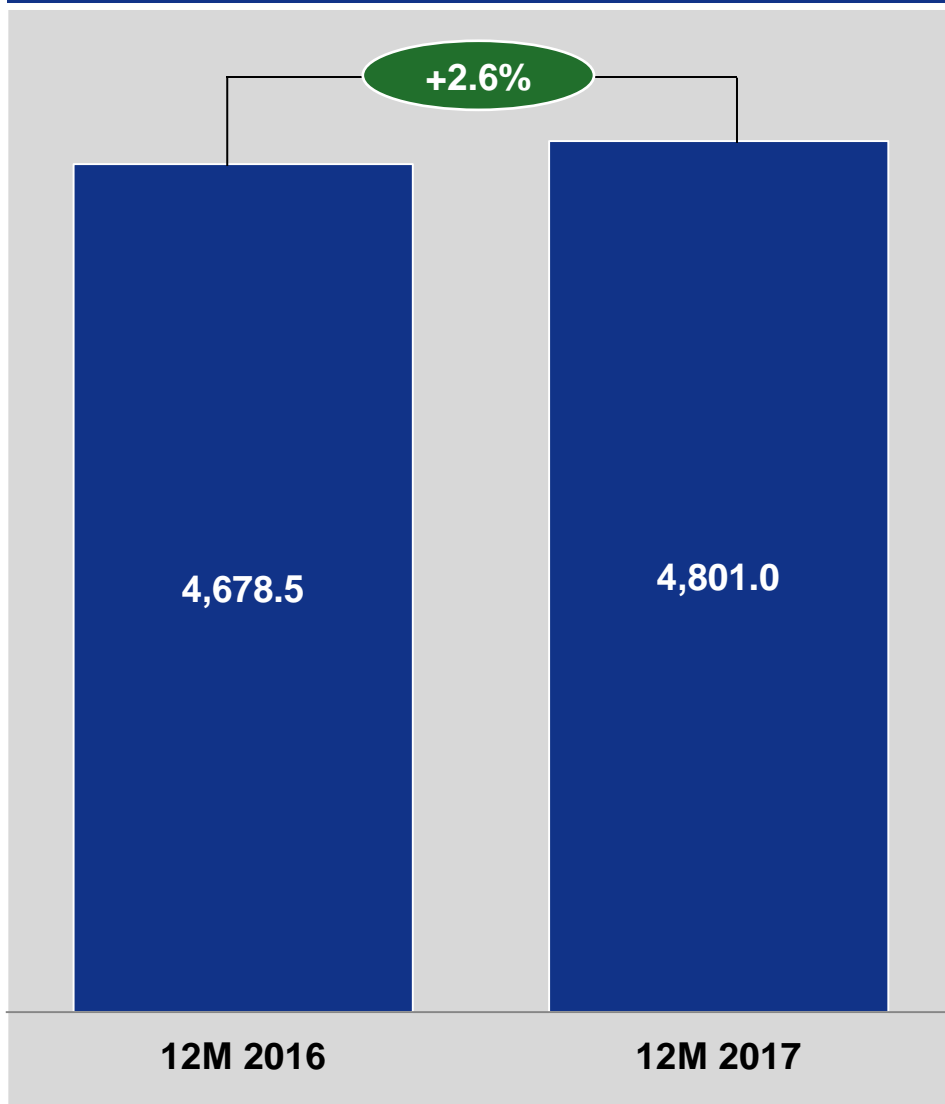
- Group profit before tax of RM437.3 million decreased by 3.8% compared to corresponding period of RM454.6 million.
- General business contributed a profit before tax of RM266.9 million (12M 2016: RM320.5 million)
- Life insurance business recorded a profit before tax of RM172.9 million (12M 2016: RM138.4 million).

## Basic earnings per ordinary share

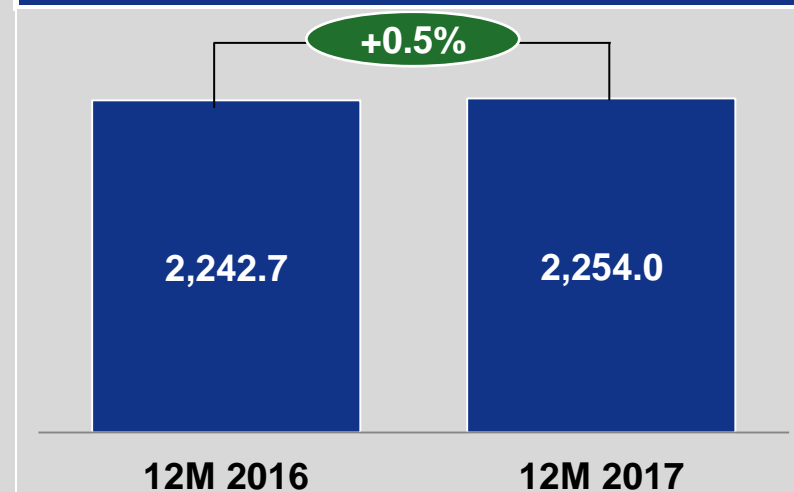
- Basic earnings per ordinary share (before dilution) at 165.33 sen (12M 2016: 182.27 sen).
- Basic earnings per ordinary share (after dilution) at 83.28 sen (9M 2016: 90.80 sen).

# Financial Highlights 12M 2017

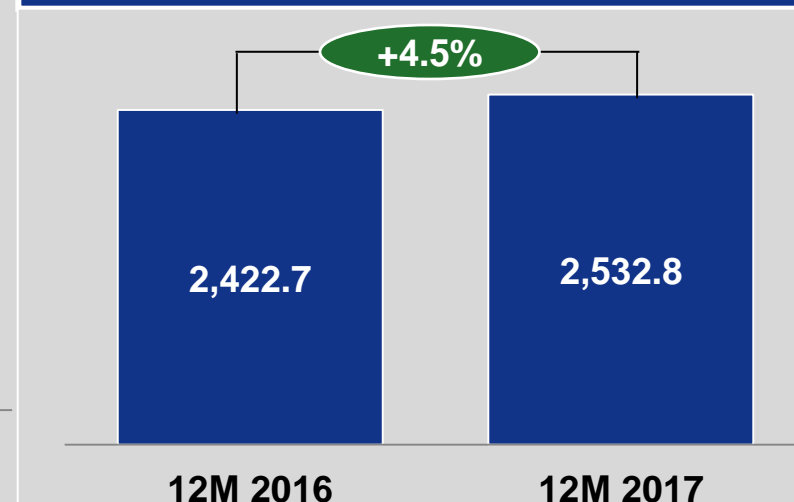
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

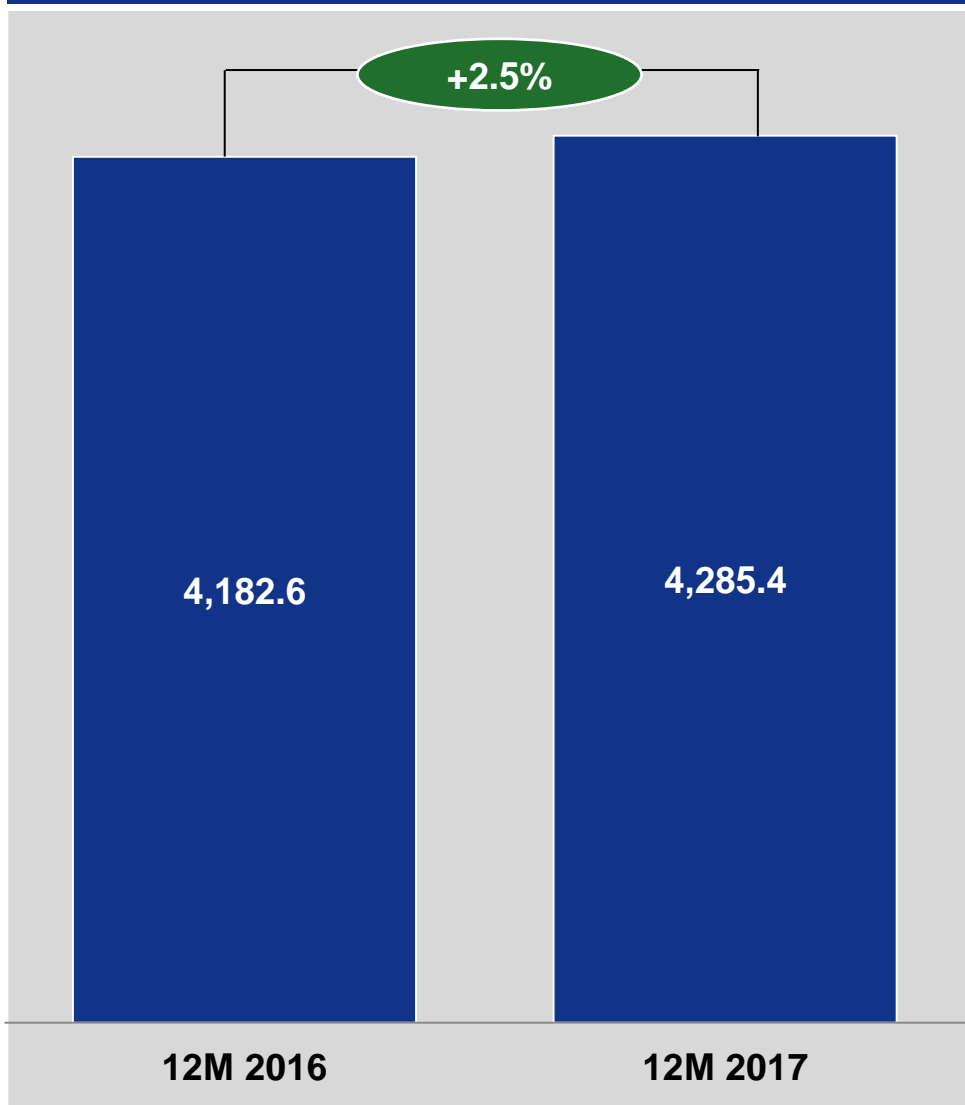


## Life Business (RM'mil)

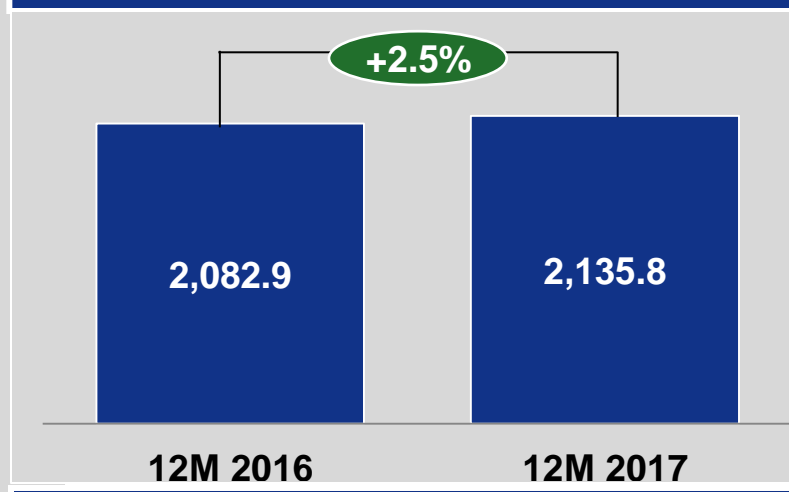


# Financial Highlights 12M 2017

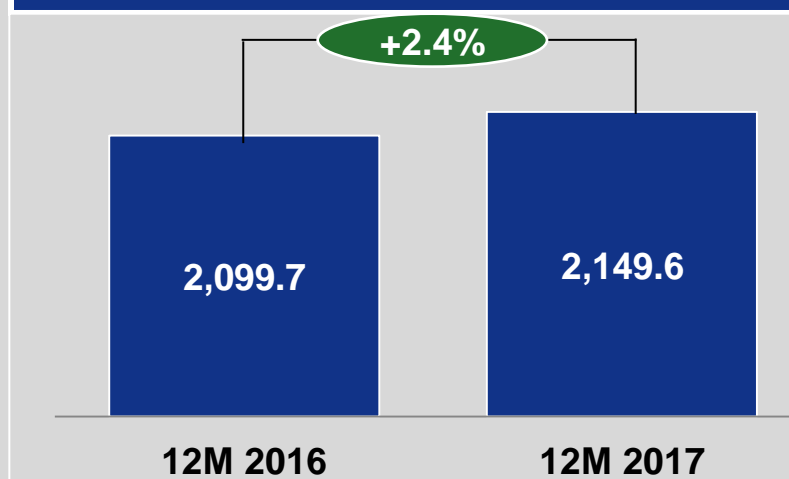
## Group Gross Written Premiums ("GWP") (RM'mil)



## General Business (RM'mil)

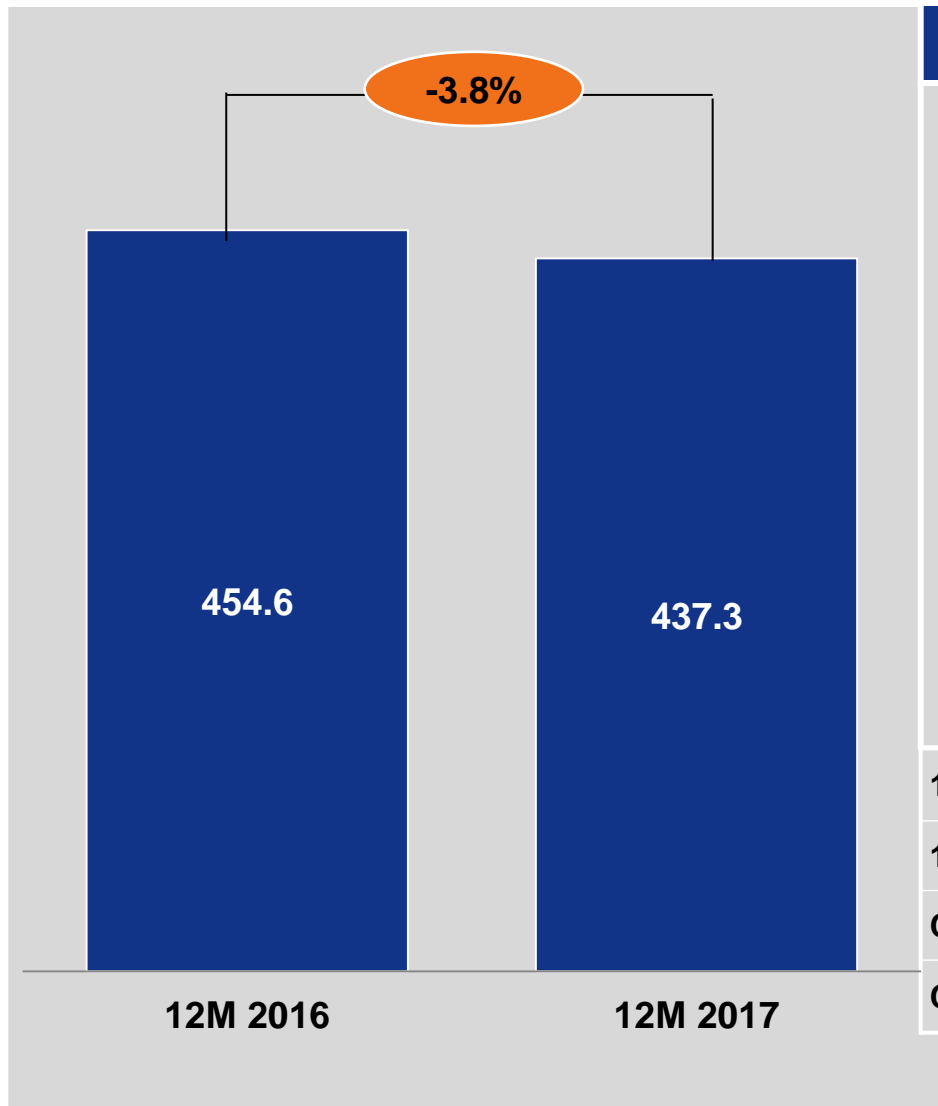


## Life Business (RM'mil)

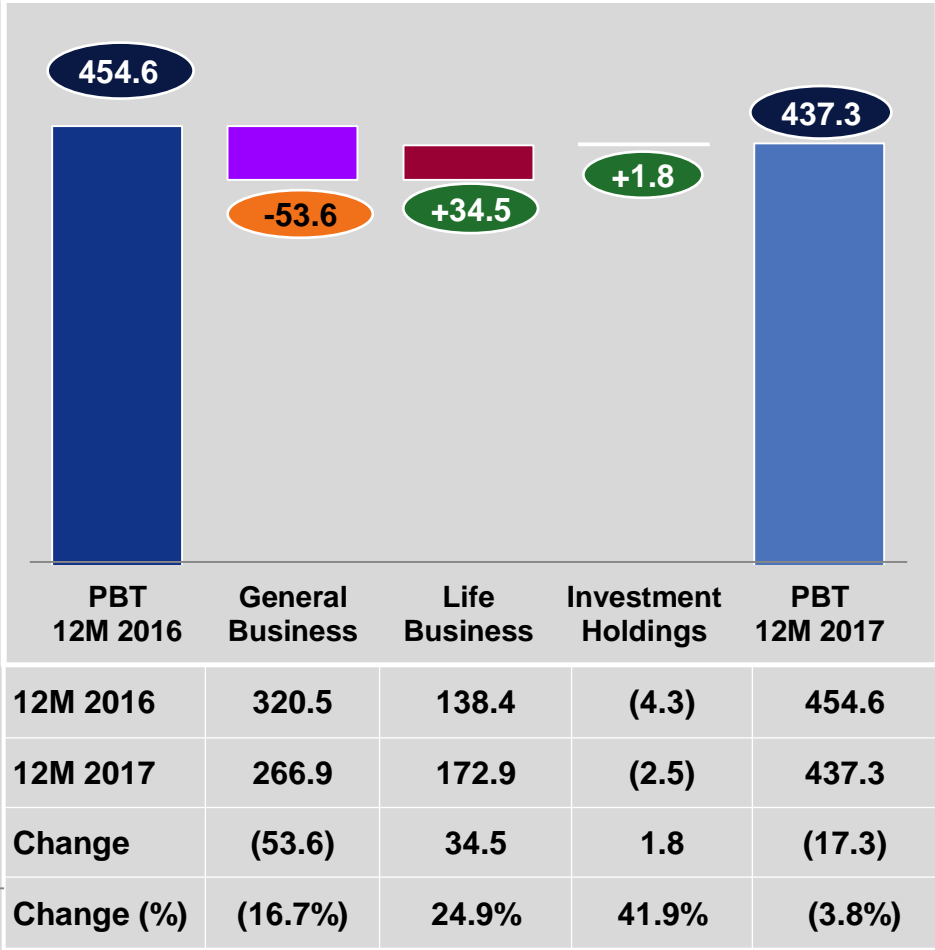


# Financial Highlights 12M 2017

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



## Financial Overview

RM'mil	2014	2015	2016	2017	3 YEAR CAGR
Gross Written Premiums	3,968.1	4,132.7	4,182.6	4,285.4	2.6%
Management Expenses	436.0	464.8	513.2	603.8	11.5%
Expense Ratio (Non Life)	17.3%	16.9%	17.4%	20.3%	(3.0) pts
Expense Ratio (Life) <sup>1</sup>	10.3%	9.9%	11.3%	12.1%	(1.8) pts
Local Consolidated PBT	423.5	438.2	454.6	437.3	1.1%
Total Assets	12,176.1	13,617.4	14,912.4	16,596.7	10.9%
Shareholders' Equity	2,289.8	2,621.3	2,879.5	3,135.5	11.0%
Basic earnings per ordinary share (sen)	178.49	183.08	182.27	165.33	(2.5%)
Diluted earnings per ordinary share (sen)	85.89	89.37	90.80	83.28	(1.0%)

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

## Summary of audited Financial Results

RM'mil	12M 2016	12M 2017	△17/16 %
<b>Operating revenue</b>	<b>4,678.5</b>	<b>4,801.0</b>	<b>2.6%</b>
Gross earned premiums	4,182.8	4,233.7	1.2%
Premiums ceded to reinsurers	(492.3)	(305.4)	38.0%
Net earned premiums ("NEP")	3,690.5	3,928.3	6.4%
Net change in benefits and claims paid ("Claim")	(1,660.3)	(1,974.1)	(18.9%)
Net change in contract liabilities ("Reserve")	(1,017.6)	(1,100.3)	(8.1%)
Management expenses ("ME")	(513.2)	(603.8)	(17.7%)
Net fee and commission expense	(560.8)	(613.8)	(9.5%)
Fair value gains and losses	(27.3)	193.8	>100.0%
Net investment results	556.6	619.0	11.2%
Net other operating expenses	(13.3)	(11.8)	11.3%
<b>Profit before tax</b>	<b>454.6</b>	<b>437.3</b>	<b>(3.8%)</b>
Tax expense	(142.5)	(149.3)	(4.8%)
<b>Profit after tax</b>	<b>312.1</b>	<b>288.0</b>	<b>(7.7%)</b>
<b>ME / NEP ratio</b>	<b>13.9%</b>	<b>15.4%</b>	<b>(1.5 pts)</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>72.6%</b>	<b>78.3%</b>	<b>(5.7 pts)</b>





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General Business

## General Business



### **Gross written premiums**

- Gross written premium growth by 2.5% as compared to prior year.

### **Combined ratio**

- Higher combined ratio due to higher expense ratio (exceptional impairment of insurance receivables).

### **Net investment results**

- Stable growth in investment income.

### **Profitability**

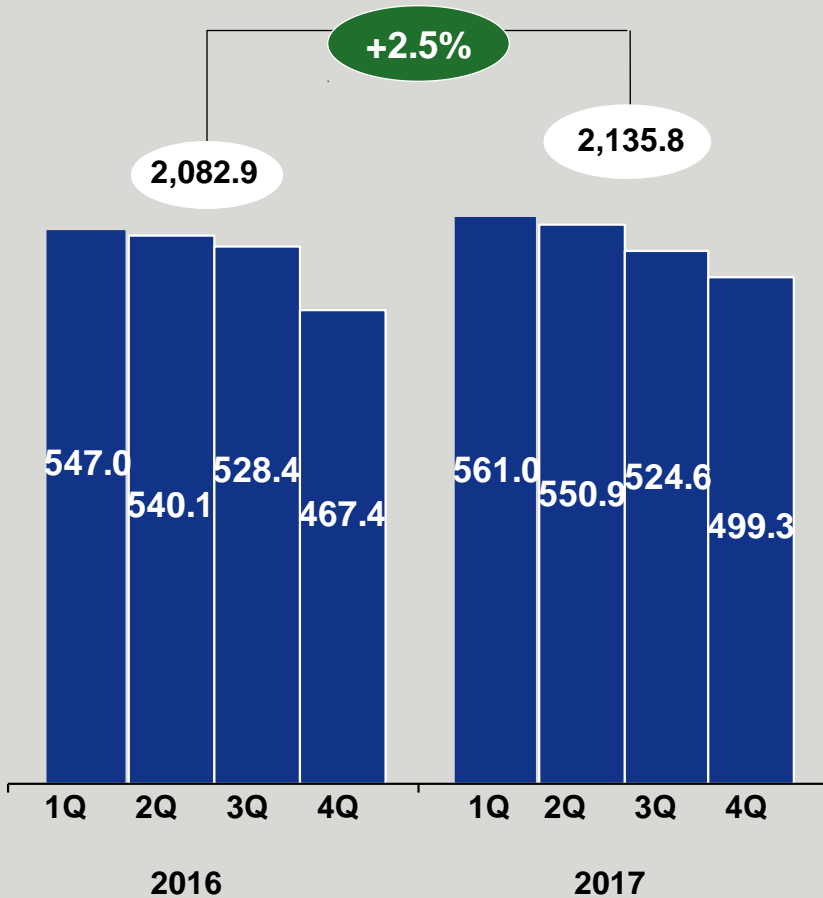
- Lower underwriting profit from higher expense ratio.

### **Market growth**

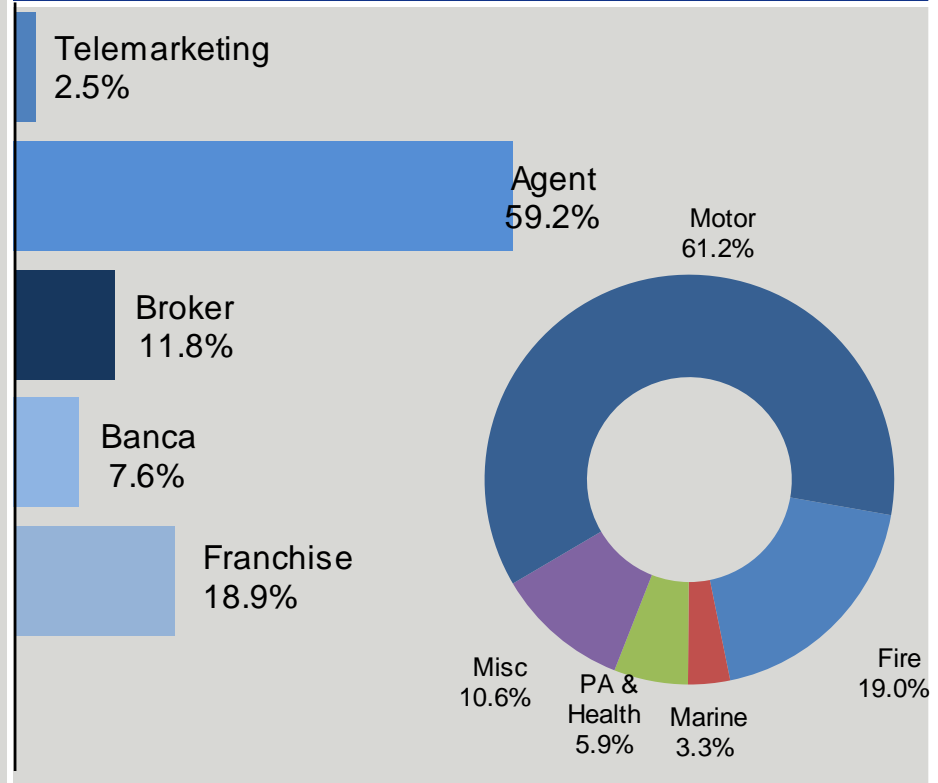
- Market share of 12M 2017 stood at 12.1% (12M 2016: 11.8%).

# General Business: GWP is 2.5% above prior year

## Gross Written Premiums (RM'mil)

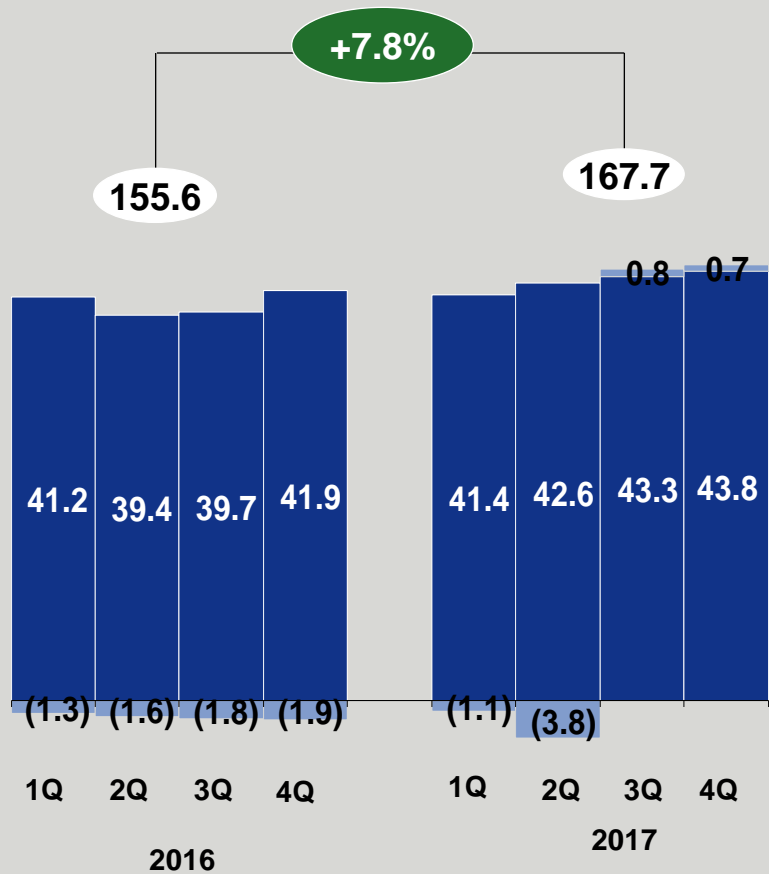


## Distribution Channel & Portfolio Mix



# General Business: Stable growth in investment income

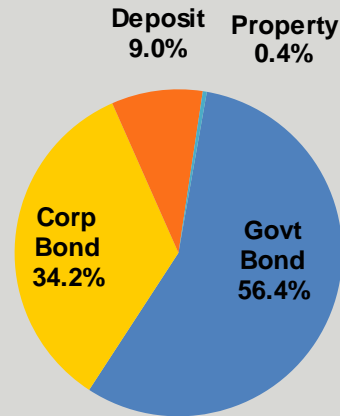
## Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Income    ■ Net Other Operating Expenses

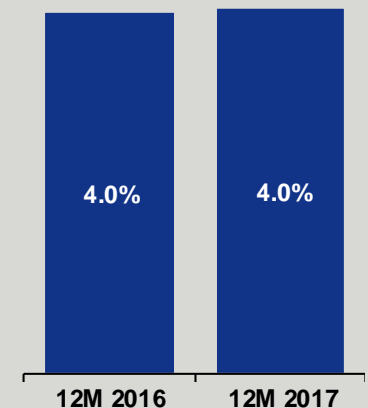
## Portfolio Mix and Investment Yield (Annualized)

### Portfolio Mix



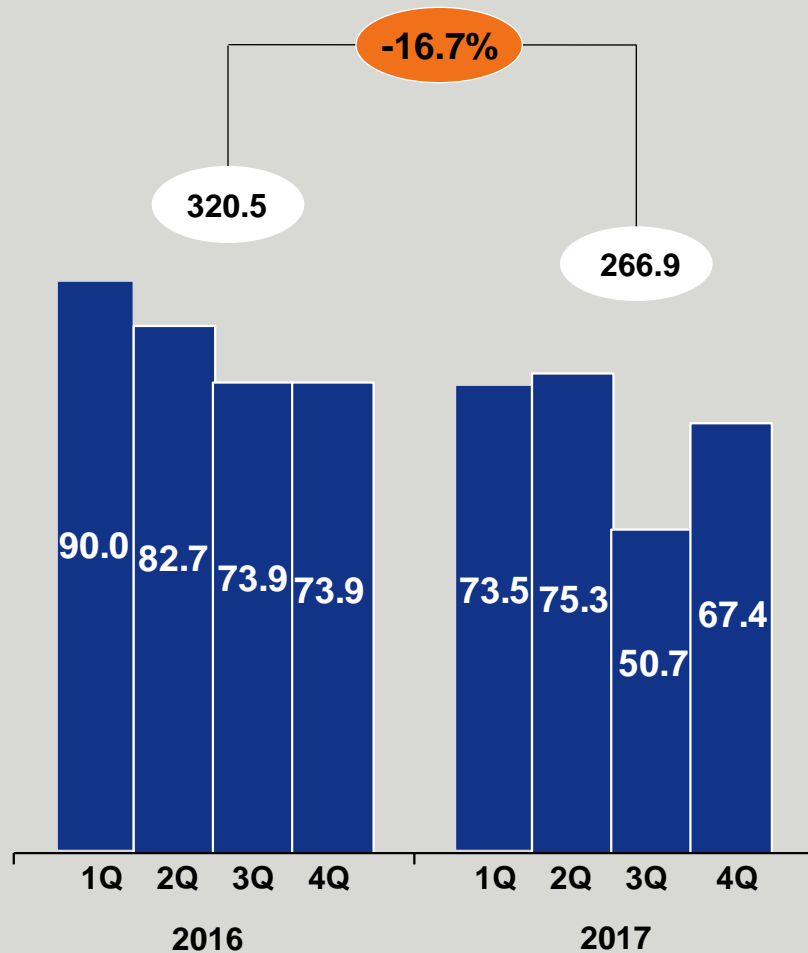
As at 31 December 2017

### Investment Yield

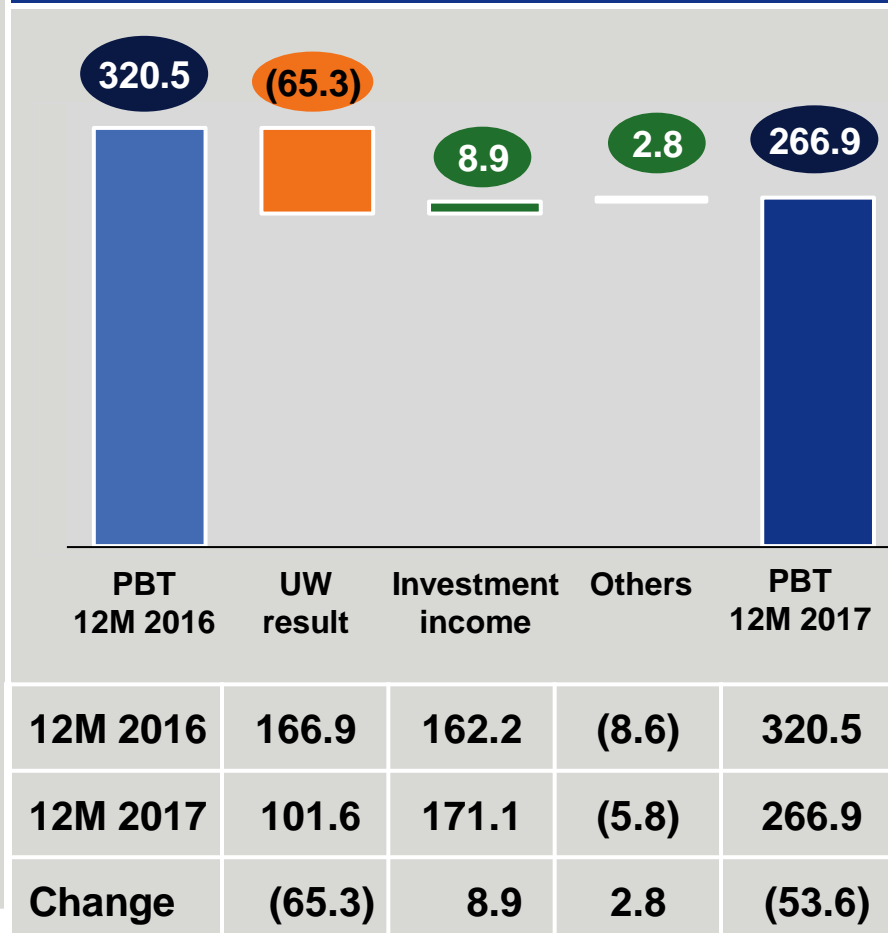


# General Business: Lower PBT due to lower underwriting profit

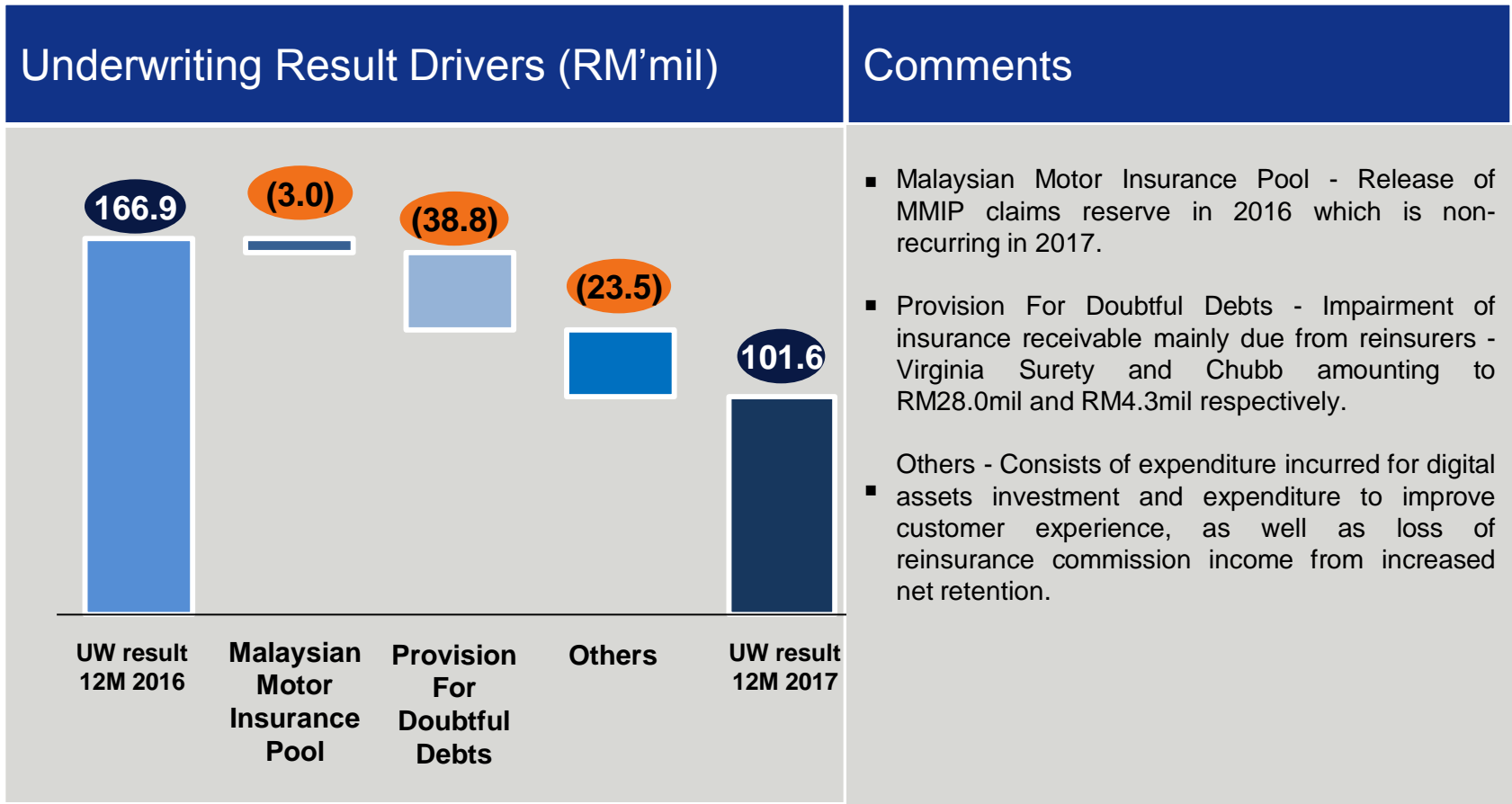
## Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)

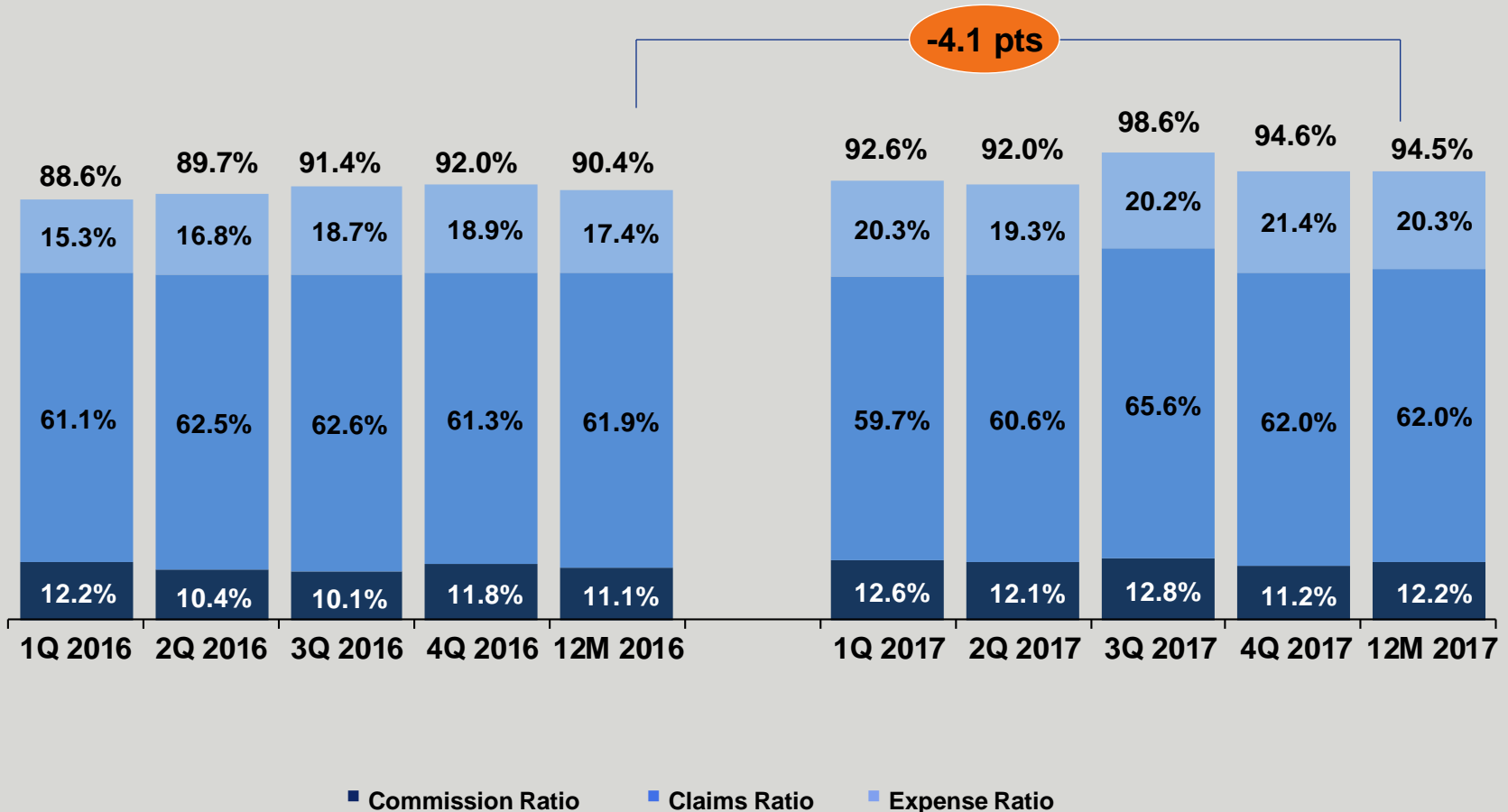


# General Business: Lower underwriting profit as compared to prior year



# General Business: Higher Combined ratio due to higher Expense ratio

## Combined Ratio



## General Business: Audited financial results at a glance

RM'mil	12M 2016	12M 2017	△17/16 %
Gross written premiums	2,082.9	2,135.8	2.5%
Gross earned premiums	2,083.1	2,084.1	0.0%
Net earned premiums	1,743.0	1,831.8	5.1%
Net change in claims incurred	(1,078.2)	(1,135.3)	(5.3%)
Management expenses	(303.6)	(371.7)	(22.4%)
Net fee and commission expenses	(194.3)	(223.2)	(14.9%)
Underwriting result	166.9	101.6	(39.1%)
Fair value loss	(2.0)	(2.4)	(20.0%)
Net investment results	162.2	171.1	5.5%
Net other operating expenses	(6.6)	(3.4)	48.5%
<b>Profit before tax (after consolidation adjustment)</b>	<b>320.5</b>	<b>266.9</b>	<b>(16.7%)</b>
Commission ratio	11.1%	12.2%	(1.1 pts)
Claims ratio	61.9%	62.0%	(0.1 pts)
Expense ratio	17.4%	20.3%	(2.9 pts)
Combined ratio	90.4%	94.5%	(4.1 pts)





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Life Business

# Life Business

## Gross written premiums

- Gross written premiums grew by 2.4%.

## Distribution

- Strong performance from Agency and Bancassurance.
- Agency ANP achieved 6.8% growth. Remain focus on building professional and productive agency force.
- Bancassurance performed very well, recorded a growth of 89.3%.

## Product mix

- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 12.8% and 18.4% respectively.
- 81.1% of Agency new business derived from Investment-Linked business.

## Profitability

- Profit before tax increased by 24.9% mainly due to contribution from protection business.
- New business value after overrun increased by 8.9%.

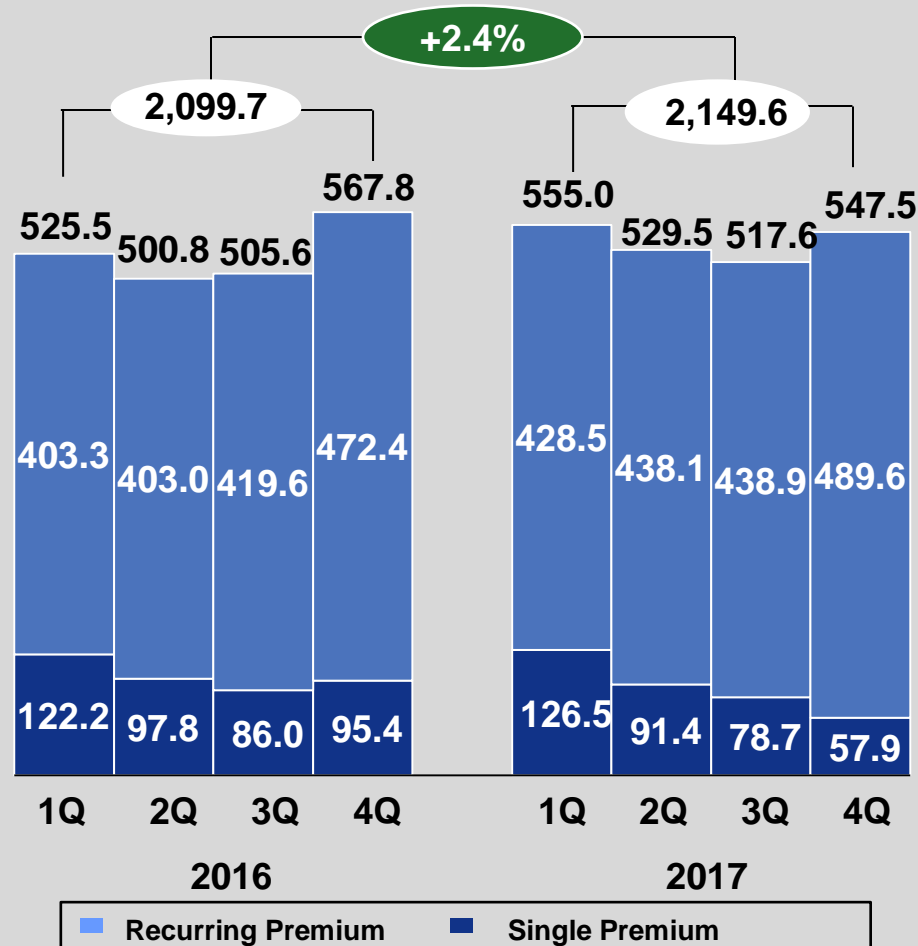
## Market growth

- ANP outperformed market with growth of 15.3% vs market of 1.9%.
- Market share stood at 7.4% (12M 2016: 6.6%).

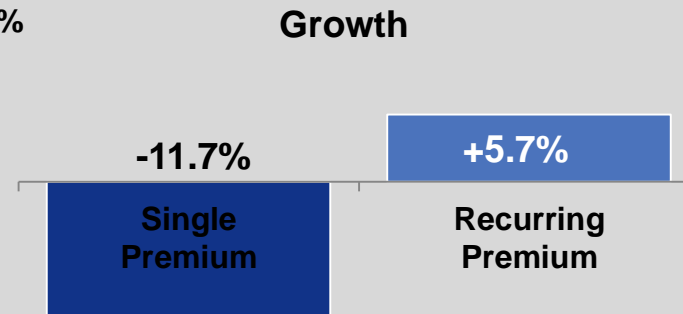
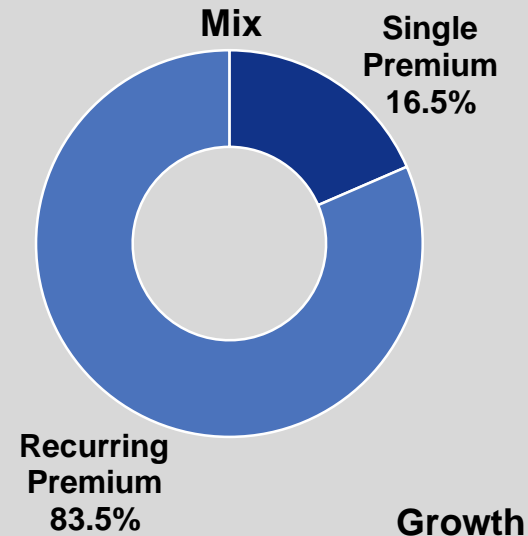


# Life Business: Growth in GWP mainly from Agency and Employee benefits channels

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

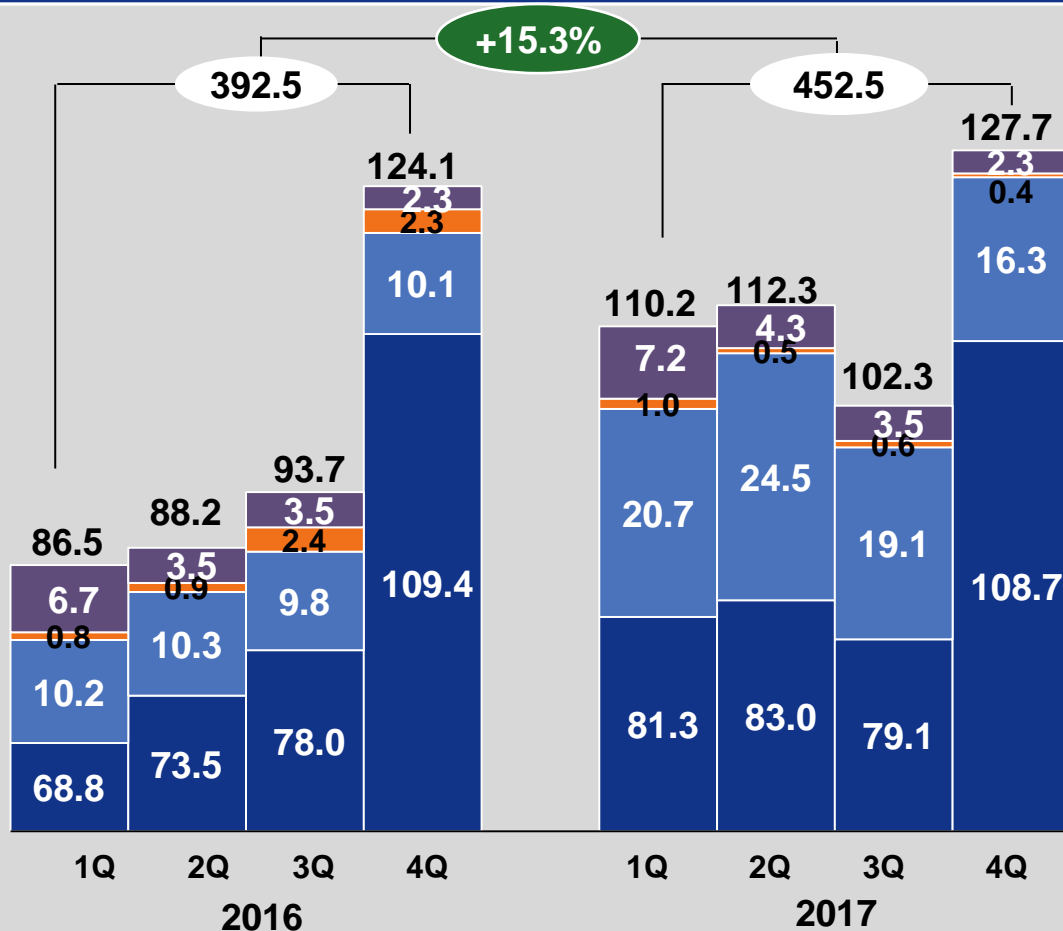


## GWP Mix & Growth (%) (12M 2017)

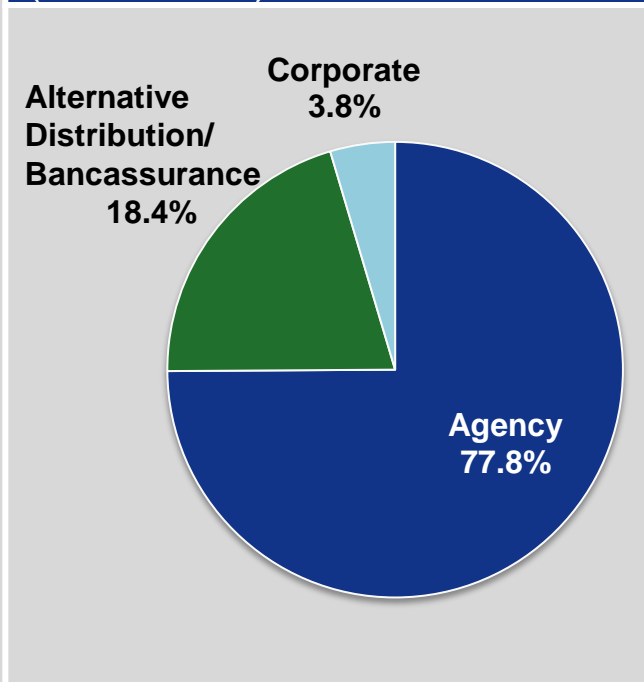


# Life Business: Growth in ANP driven by Agency and Bancassurance channels

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



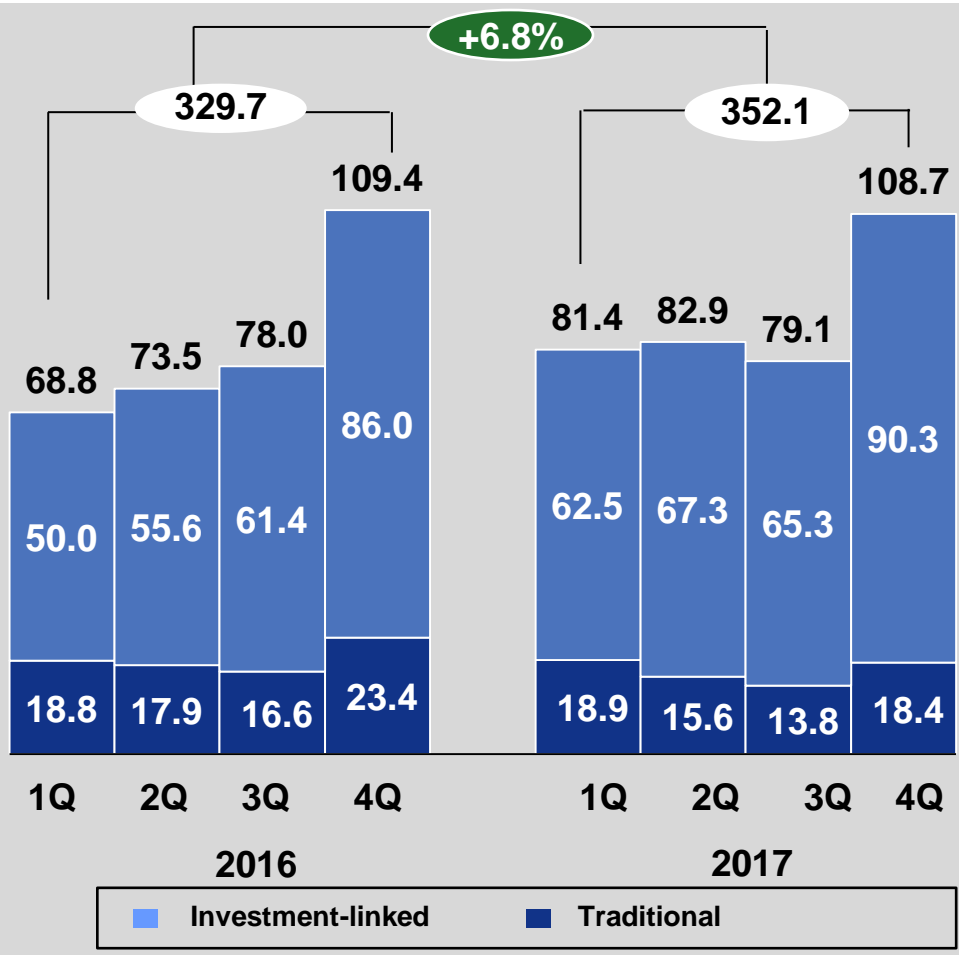
ANP Channel Mix (%) (12M 2017)



■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

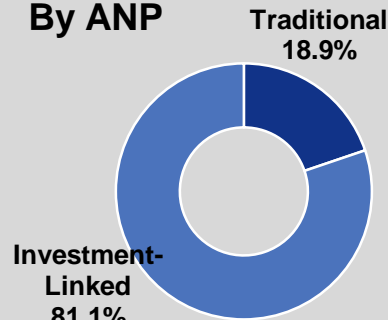
# Life Business (Agency): Continue focus on profitable regular Investment-Linked products

## Agency Annualised New Premiums (RM'mil)

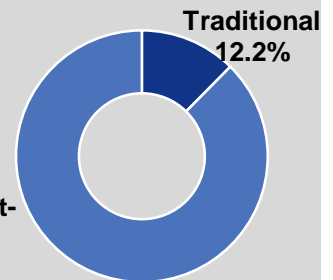


## Agency Product Mix (%) (12M 2017)

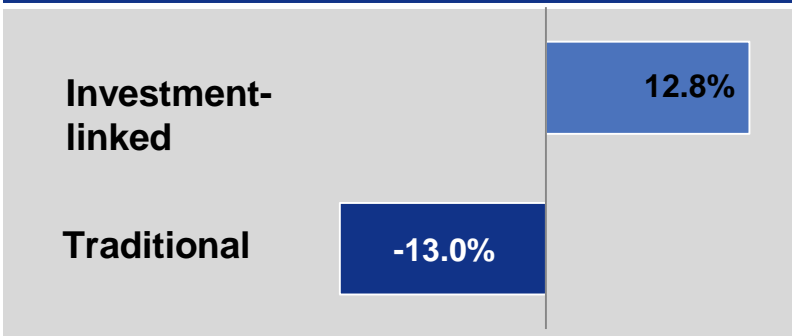
### By ANP



### By Policy Count

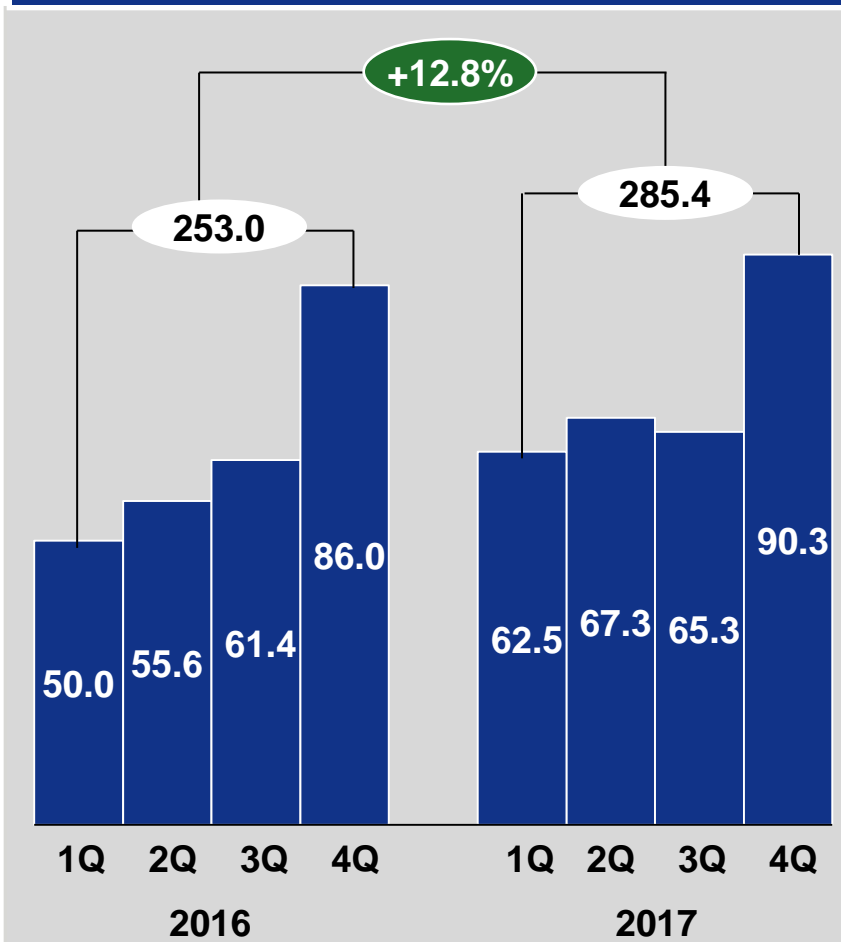


## Agency ANP Growth (%) (12M 2017)

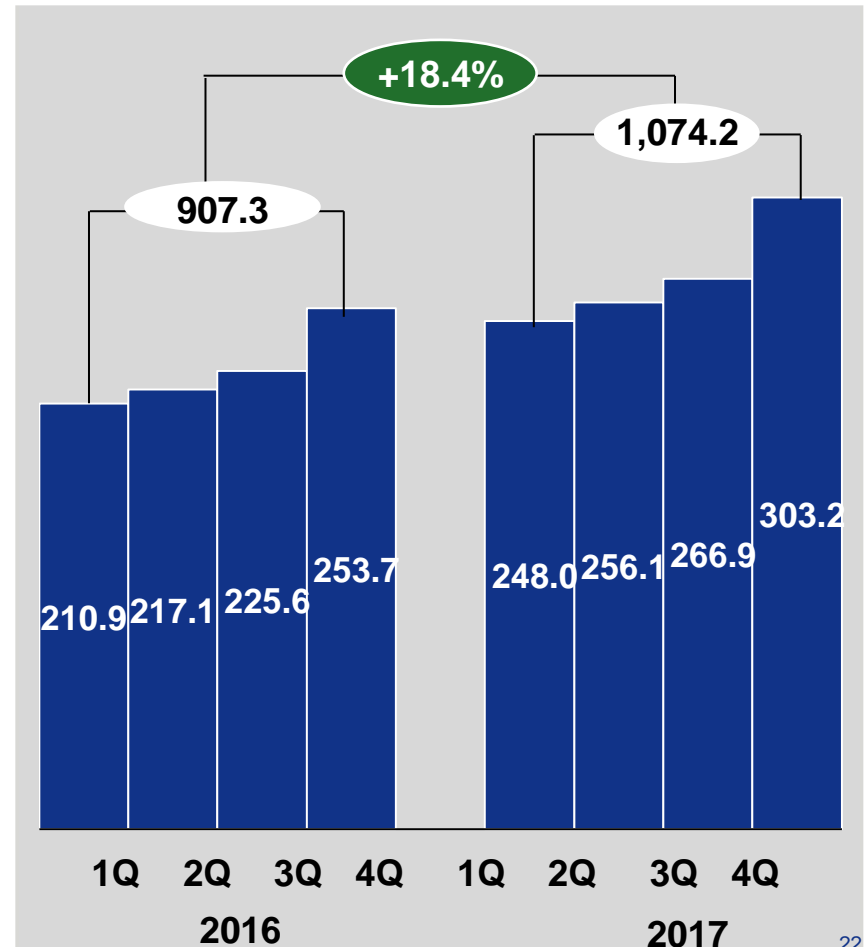


# Life Business: Protection Business (Investment-Linked) continues to grow

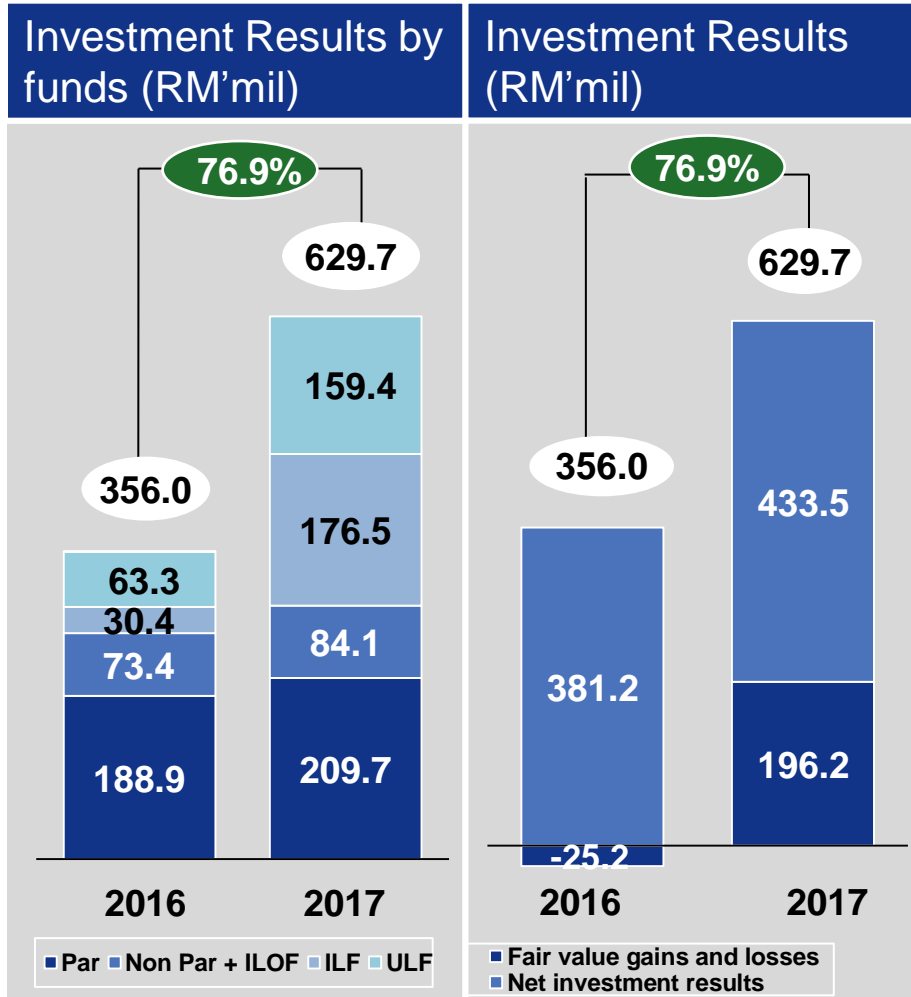
Annualised New Premiums (RM'mil)



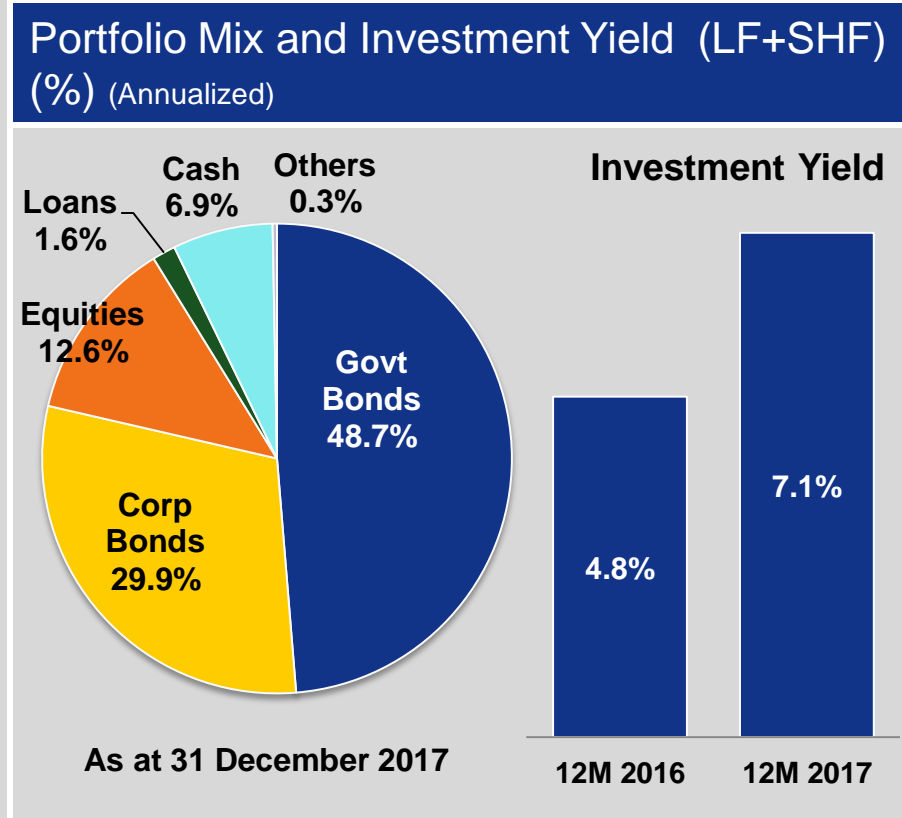
Gross Written Premiums (RM'mil)



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



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



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

## Life Business: Audited financial results at a glance

RM'mil	12M 2016	12M 2017	△17/16 %
Gross written premiums	2,099.7	2,149.6	2.4%
Premiums ceded to reinsurers	(152.2)	(53.1)	65.1%
Net earned premiums	1,947.5	2,096.5	7.7%
Net change in benefits and claims paid	(646.5)	(899.2)	(39.1%)
Net change in contract liabilities	(953.2)	(1,039.8)	(9.1%)
Management expenses	(189.3)	(213.6)	(12.8%)
Net fee and commission expenses	(366.5)	(390.6)	(6.6%)
Fair value gains and losses	(25.2)	196.2	>100.0%
Net investment results	381.2	433.5	13.7%
Net other operating expenses	(9.6)	(10.1)	(5.2%)
<b>Profit before tax</b> (after consolidation adjustment)	<b>138.4</b>	<b>172.9</b>	<b>24.9%</b>
Annualised new premiums	392.5	452.5	15.3%
Expense ratio (LF+SHF)	11.3%	12.1%	(0.8 pts)
Local investment yield (LF+SHF)	4.8%	7.1%	2.3 pts
Lapse ratio (total company)	11.8%	15.2%	(3.4 pts)
Persistency (13th month by premium)	85.0%	86.2%	1.2 pts



Thank You  
for Your Attention

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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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