

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2018

Analyst Briefing
30 May 2018



1

AMB Group Results

Good start for 2018



Operating revenue

- Group operating revenue of RM1.27 billion, an increase of 5.2% as compared to corresponding period of RM1.21 billion due to higher gross earned premiums and investment income by RM43.8 million and RM18.6 million respectively.
- General business recorded an operating revenue of RM594.8 million, an increase of 5.2% compared to corresponding period of RM565.3 million.
- Life business recorded an operating revenue of RM673.1 million, an increase of 5.1% compared to corresponding period of RM640.2 million.

Profitability

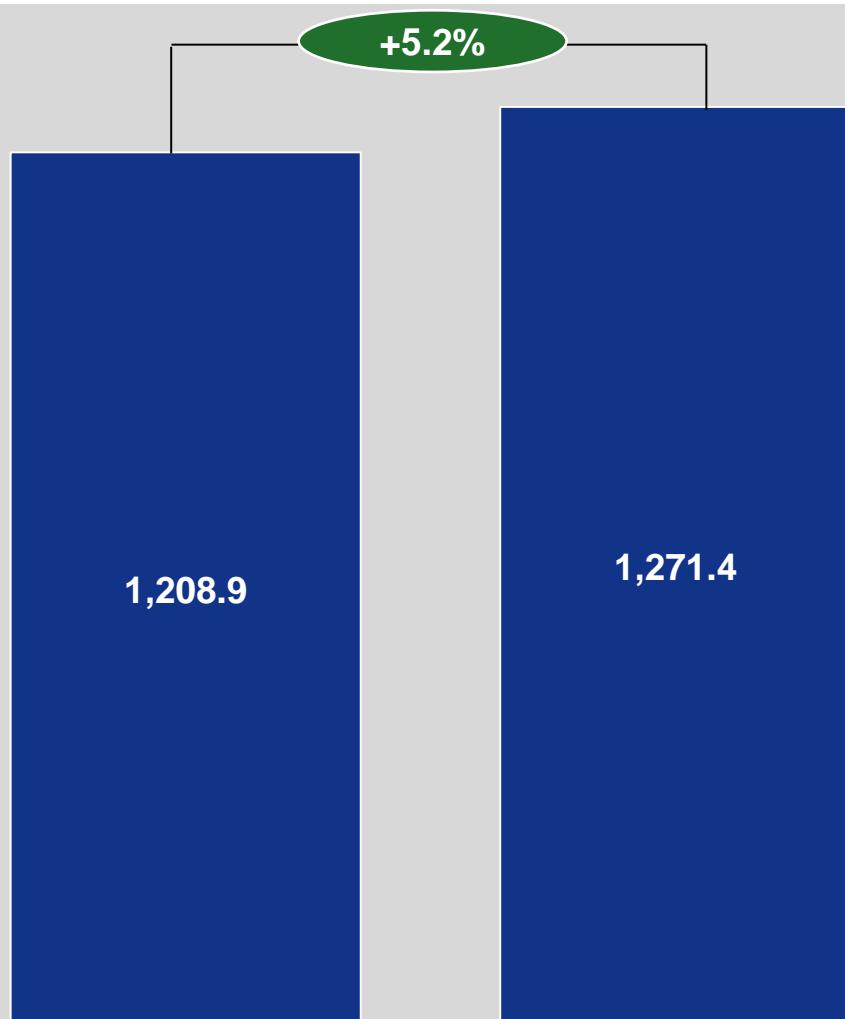
- Group profit before tax of RM127.6 million increased by 17.4% compared to corresponding period of RM108.7 million.
- General business contributed a profit before tax of RM88.3 million (3M 2017: RM73.5 million)
- Life insurance business recorded a profit before tax of RM41.5 million (3M 2017: RM36.3 million).

Basic earnings per ordinary share

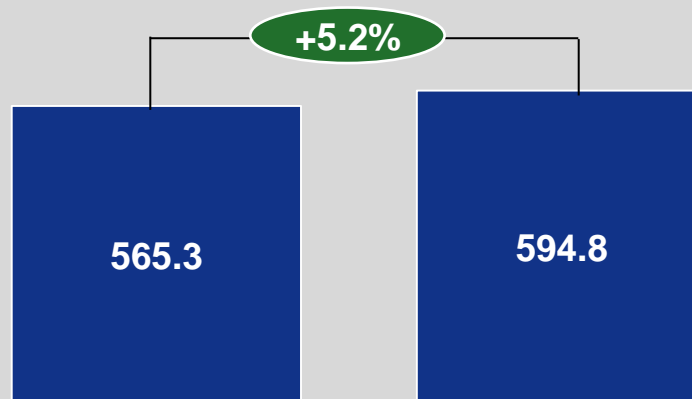
- Basic earnings per ordinary share (before dilution) at 49.79 sen (3M 2017: 38.67 sen).
- Basic earnings per ordinary share (after dilution) at 25.22 sen (3M 2017: 19.40 sen).

Financial Highlights 3M 2018

Group Operating Revenue (RM'mil)



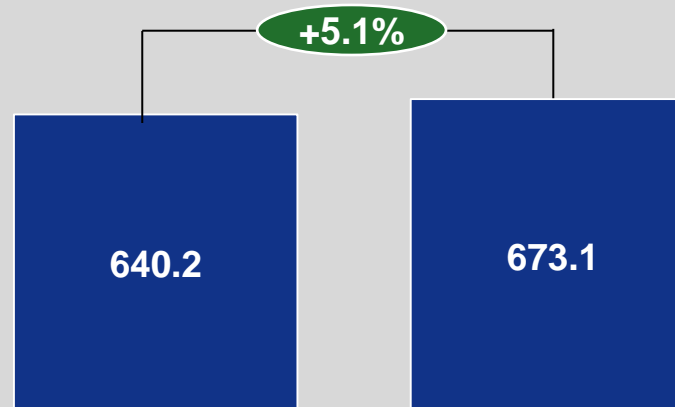
General Business (RM'mil)



3M 2017

3M 2018

Life Business (RM'mil)

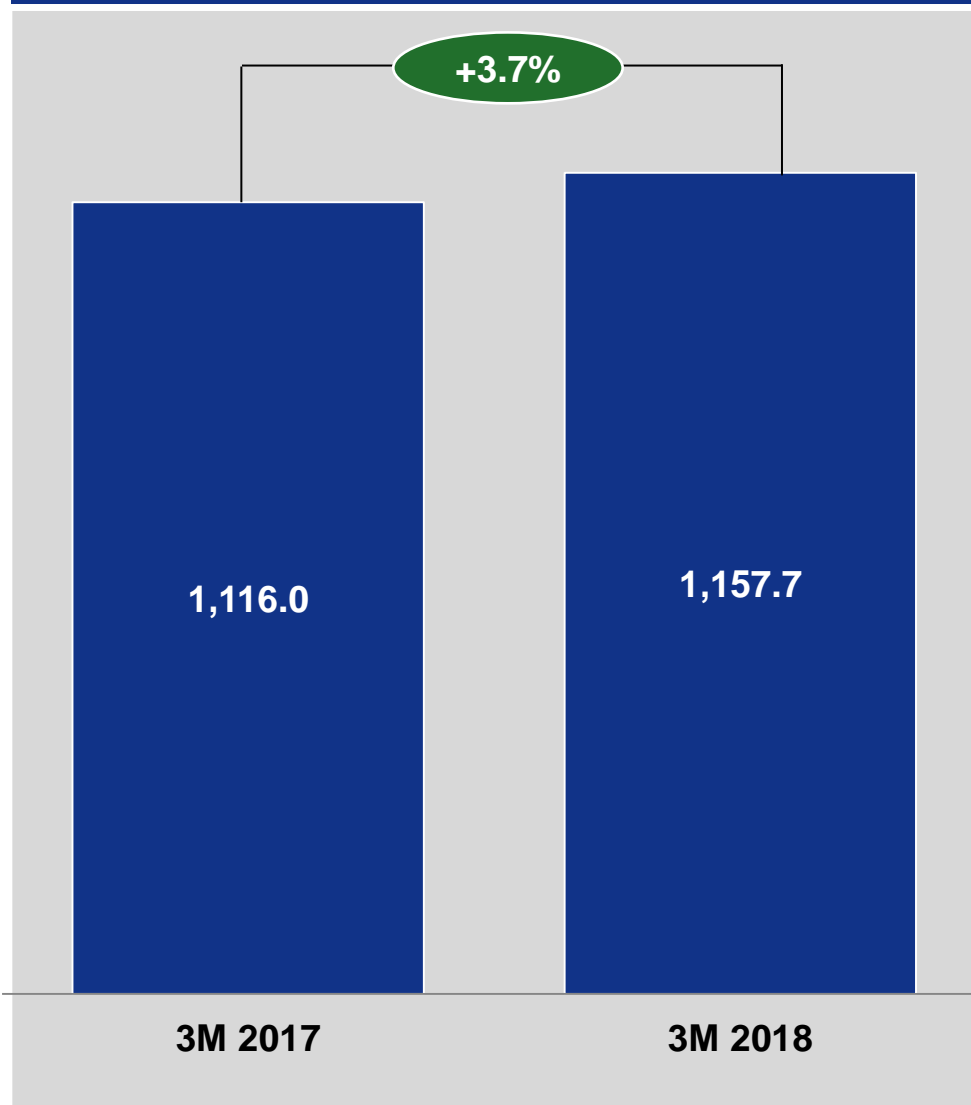


3M 2017

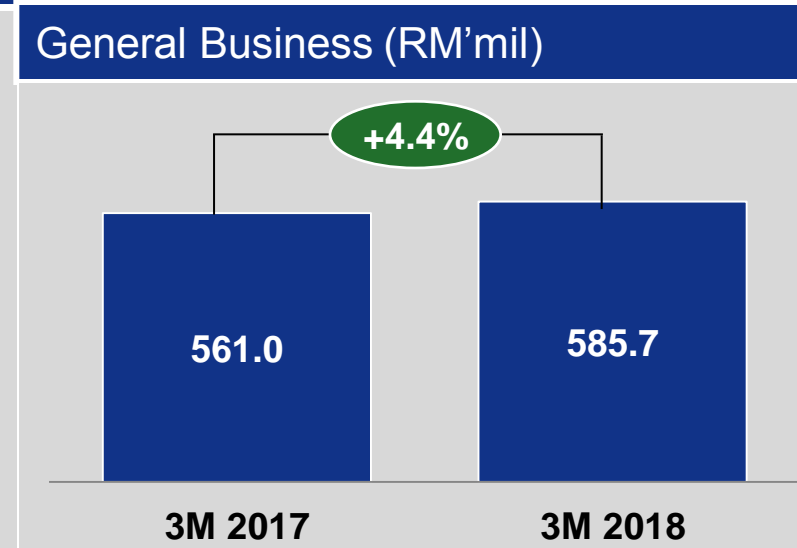
3M 2018

Financial Highlights 3M 2018

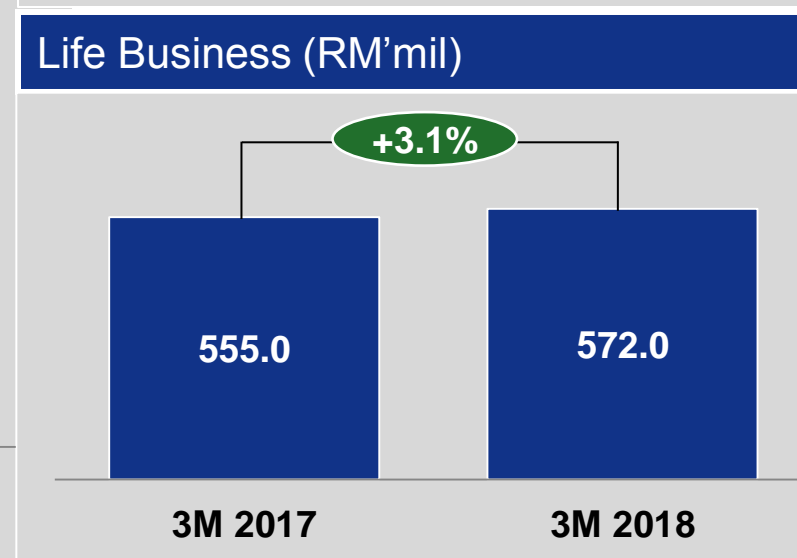
Group Gross Written Premiums ("GWP") (RM'mil)



General Business (RM'mil)

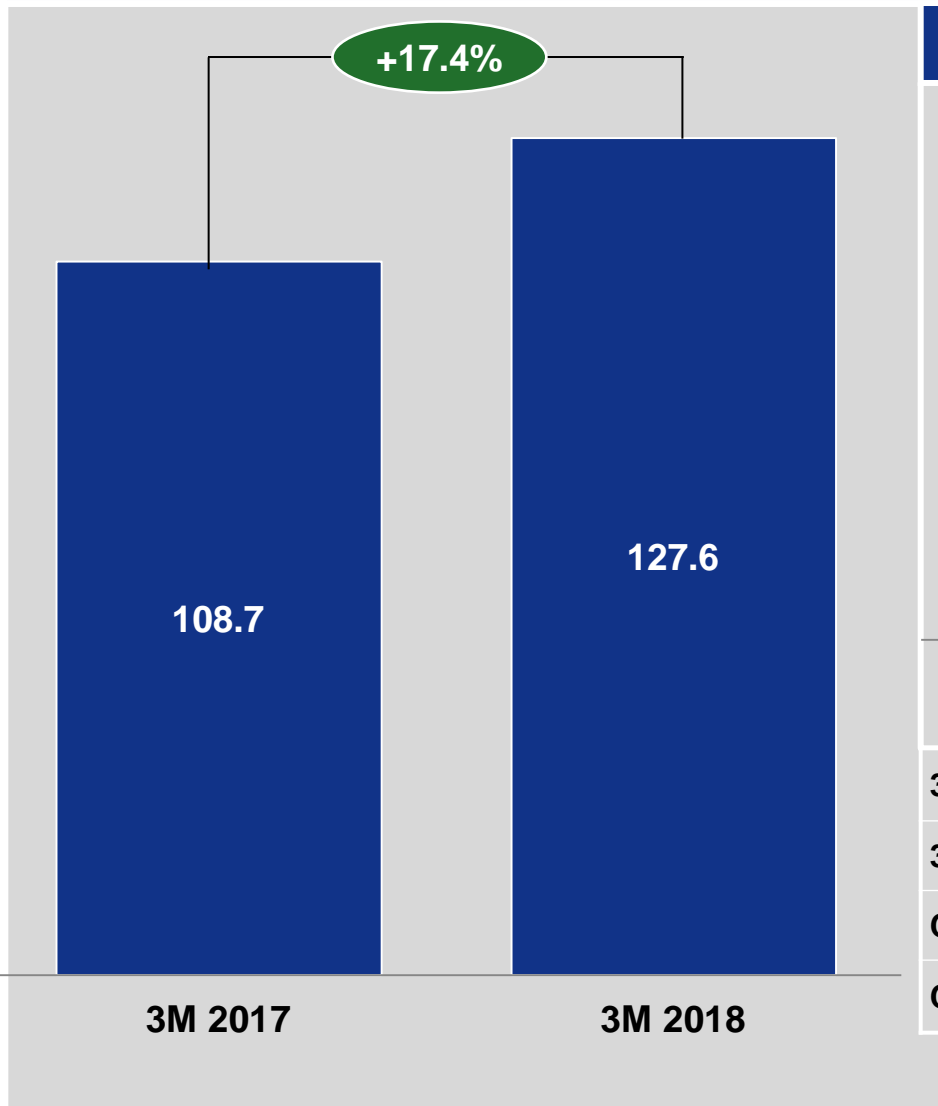


Life Business (RM'mil)

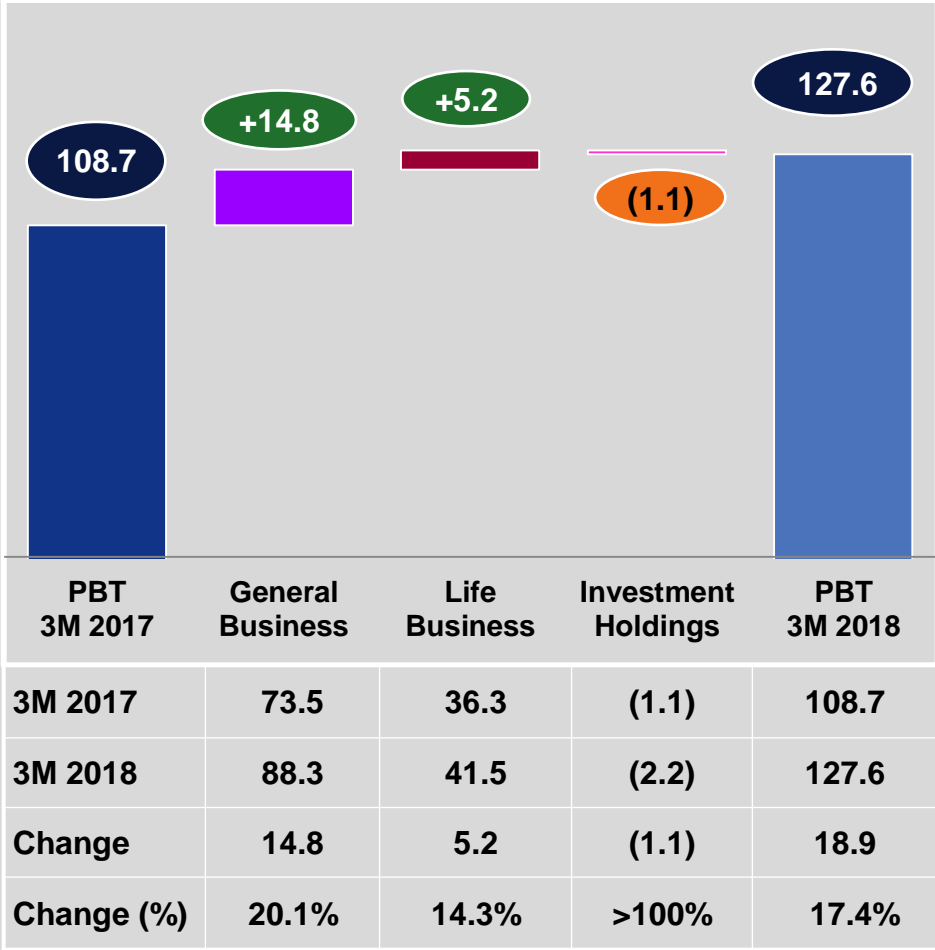


Financial Highlights 3M 2018

Group Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



	PBT 3M 2017	General Business	Life Business	Investment Holdings	PBT 3M 2018
3M 2017	73.5	36.3	(1.1)	108.7	
3M 2018	88.3	41.5	(2.2)	127.6	
Change	14.8	5.2	(1.1)	18.9	
Change (%)	20.1%	14.3%	>100%	17.4%	

Financial Overview

RM'mil	2015	2016	2017	3 YEAR CAGR	3M 2017	3M 2018
Gross Written Premiums	4,132.7	4,182.6	4,285.4	2.6%	1,116.0	1,157.7
Management Expenses	464.8	513.2	603.8	11.5%	148.1	135.7
Expense Ratio (Non Life)	16.9%	17.4%	20.3%	(3.0) pts	20.3%	16.7%
Expense Ratio (Life) ¹	9.9%	11.3%	12.1%	(1.8) pts	12.3%	11.7%
Local Consolidated PBT	438.2	454.6	437.3	1.1%	108.7	127.6
Total Assets	13,617.4	14,912.4	16,596.7	10.9%	15,380.4	16,811.6
Shareholders' Equity	2,621.3	2,879.5	3,135.5	11.0%	2,951.0	3,220.4
Basic earnings per ordinary share (sen)	183.08	182.27	165.33	(2.5%)	38.67	49.79
Diluted earnings per ordinary share (sen)	89.37	90.80	83.28	(1.0%)	19.40	25.22

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

Summary of unaudited Financial Results

RM'mil	3M 2017	3M 2018	△18/17 %
Operating revenue	1,209.0	1,271.4	5.2%
Gross earned premiums	1,079.2	1,123.0	4.1%
Premiums ceded to reinsurers	(122.4)	(97.2)	20.6%
Net earned premiums ("NEP")	956.8	1,025.8	7.2%
Net change in benefits and claims paid ("Claim")	(471.3)	(580.2)	(23.1%)
Net change in contract liabilities ("Reserve")	(352.5)	(179.6)	49.0%
Management expenses ("ME")	(148.1)	(135.7)	8.4%
Net fee and commission expense	(151.8)	(164.2)	(8.2%)
Fair value gains and losses	113.3	(24.0)	<100.0%
Net investment results	163.2	190.1	16.5%
Net other operating expenses	(0.9)	(4.6)	<100.0%
Profit before tax	108.7	127.6	17.4%
Tax expense	(41.5)	(40.4)	2.7%
Profit after tax	67.2	87.2	29.8%
ME / NEP ratio	15.5%	13.2%	2.3 pts
Claim & Reserve / NEP ratio	86.1%	74.1%	12.0 pts



2

General Business

General Business

Gross written premiums

- Gross written premium growth by 4.4% as compared to prior year.

Net investment results

- Stable growth in investment income.

Profitability

- Higher underwriting profit from lower expense ratio.

Combined ratio

- Lower combined ratio due to lower expense ratio

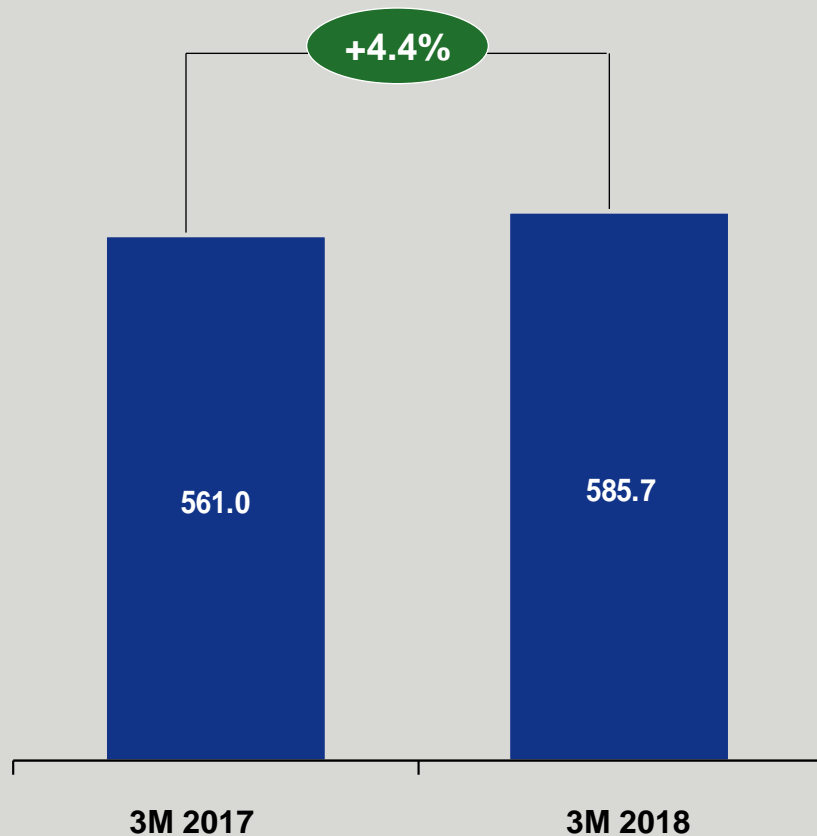
Market growth

- Market share of 3M 2018 stood at 11.6% (3M 2017: 11.8%).

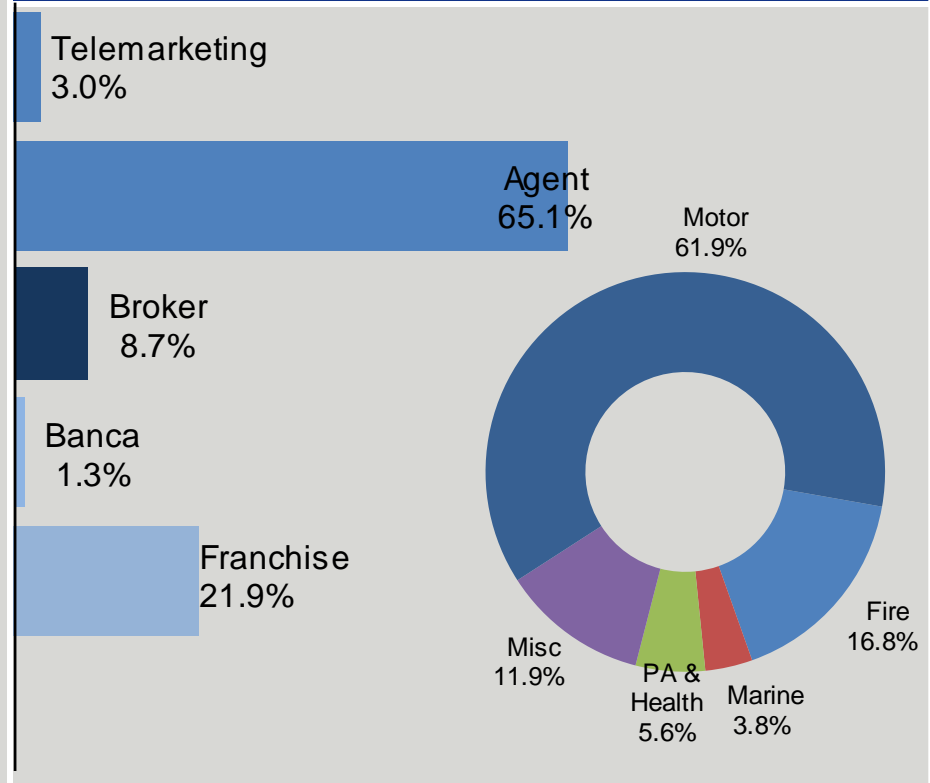


General Business: GWP is 4.4% above prior year

Gross Written Premiums (RM'mil)

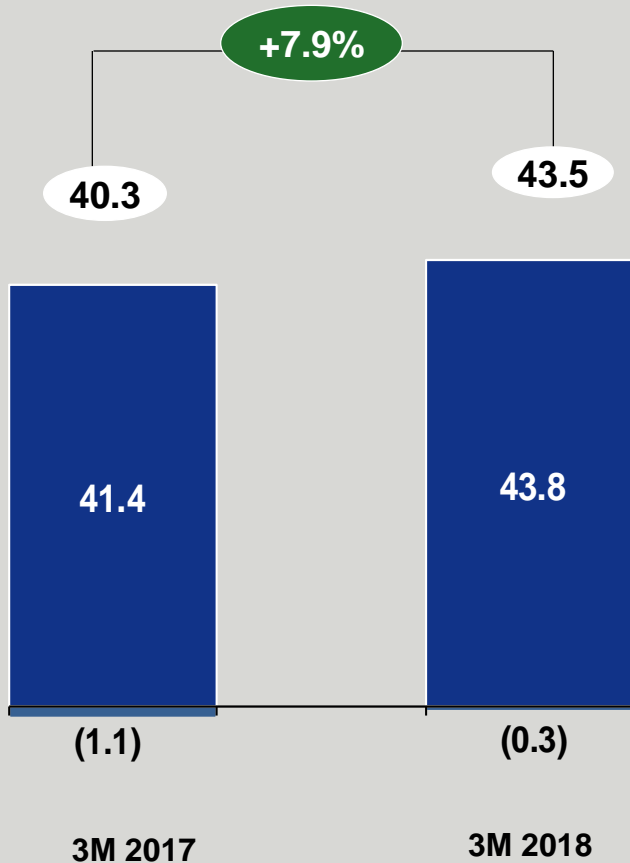


Distribution Channel & Portfolio Mix



General Business: Stable growth in investment income

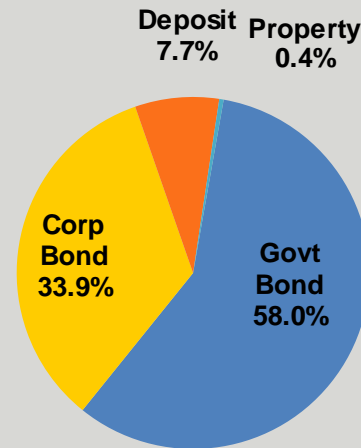
Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Results ■ Net Other Operating Expenses

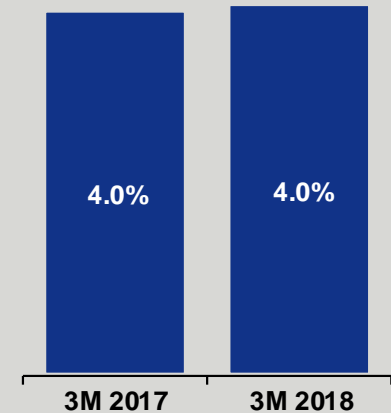
Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix



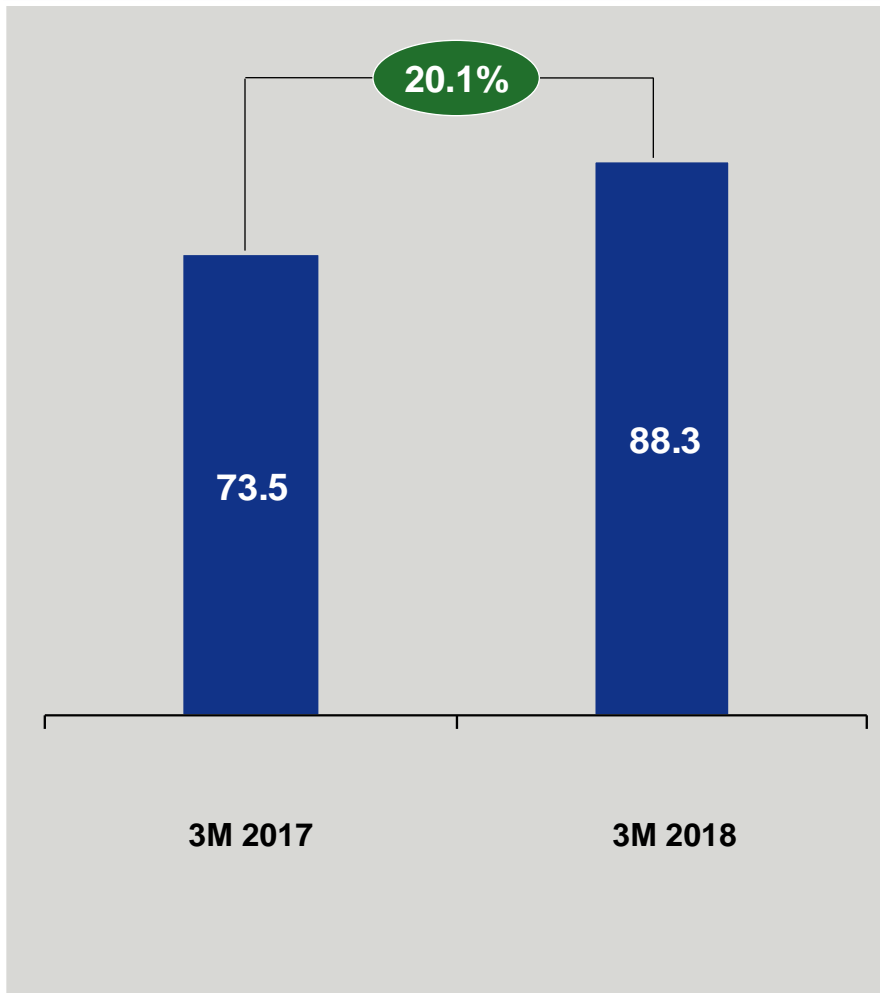
As at 31 March 2018

Investment Yield

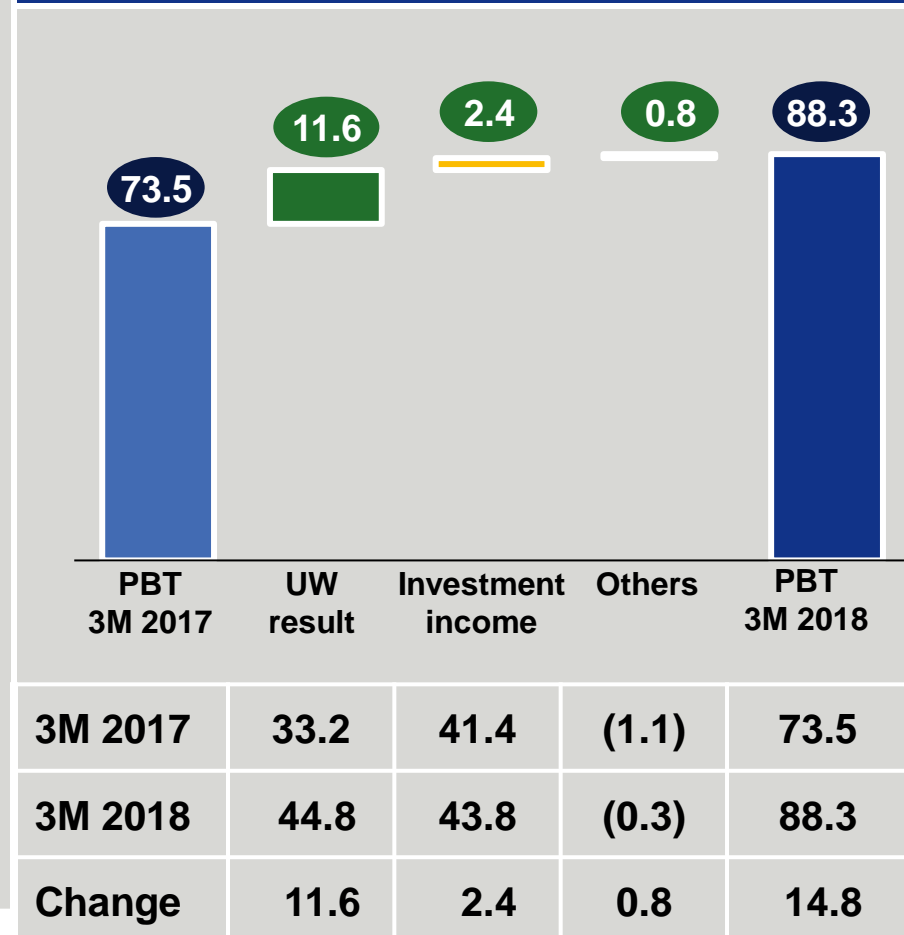


General Business: Higher PBT due to higher underwriting profit

Profit Before Tax (RM'mil)

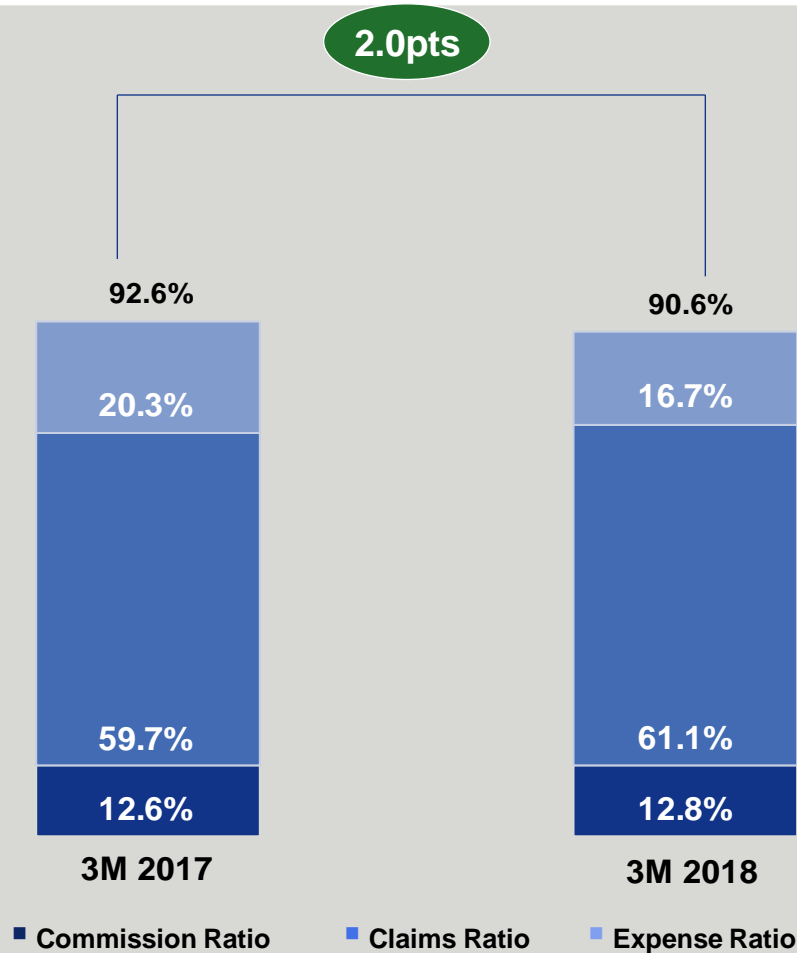


PBT Drivers (RM'mil)



General Business: Lower Combined ratio due to lower Expense ratio

Combined Ratio



General Business: Unaudited financial results at a glance

RM'mil	3M 2017	3M 2018	△18/17 %
Gross written premiums	561.0	585.7	4.4%
Gross earned premiums	524.2	551.0	5.1%
Net earned premiums	446.5	479.2	7.3%
Net change in claims incurred	(266.4)	(292.7)	(9.9%)
Management expenses	(90.5)	(80.2)	11.4%
Net fee and commission expenses	(56.4)	(61.5)	(9.0%)
Underwriting result	33.2	44.8	34.9%
Net investment results	41.4	43.8	5.8%
Net other operating expenses	(1.1)	(0.3)	72.7%
Profit before tax (after consolidation adjustment)	73.5	88.3	20.1%
Commission ratio	12.6%	12.8%	(0.2 pts)
Claims ratio	59.7%	61.1%	(1.4 pts)
Expense ratio	20.3%	16.7%	3.6 pts
Combined ratio	92.6%	90.6%	2.0 pts



3

Life Business

Life Business

Gross written premiums

- Gross written premiums grew by 3.1%.

Distribution

- Agency ANP achieved 1.5% growth.
- Remain focus on building professional and productive agency force.

Product mix

- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 4.3% and 18.1% respectively.
- 78.9% of Agency new business derived from Investment-Linked business.

Profitability

- Profit before tax increased by 14.3% mainly due to contribution from protection business.

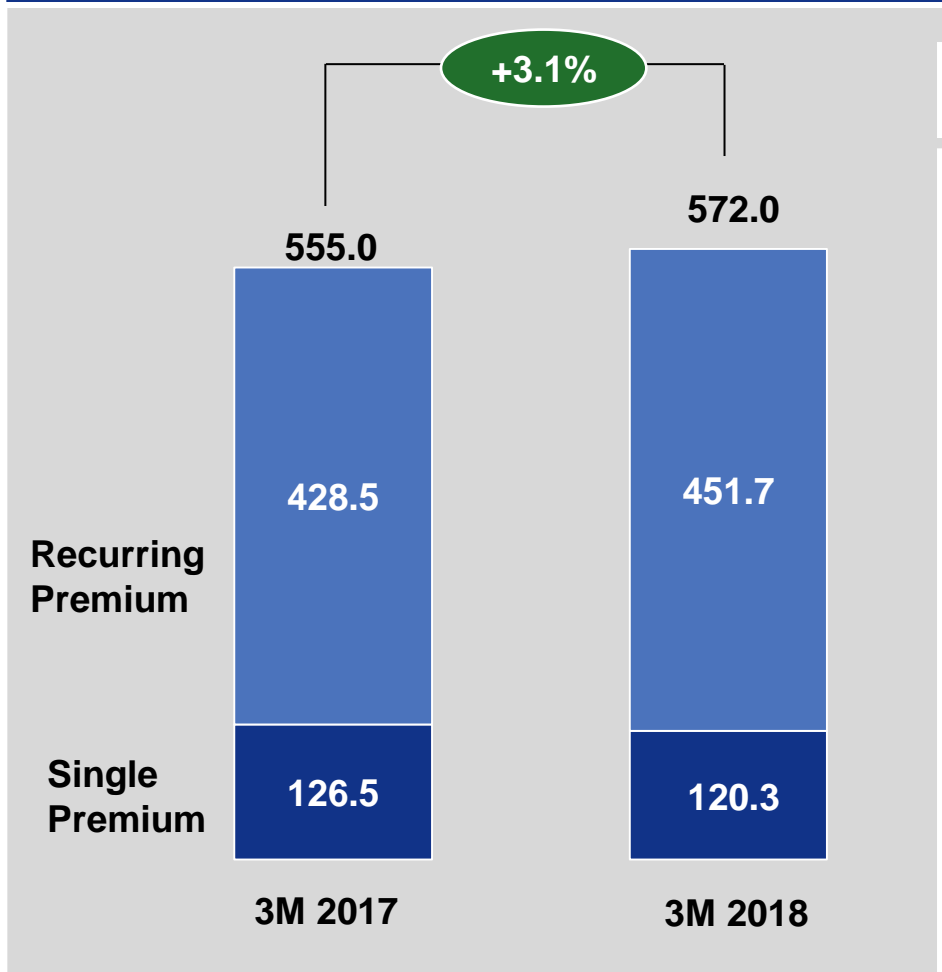
Market growth

- Market share stood at 7.8% (3M 2017: 7.9%).

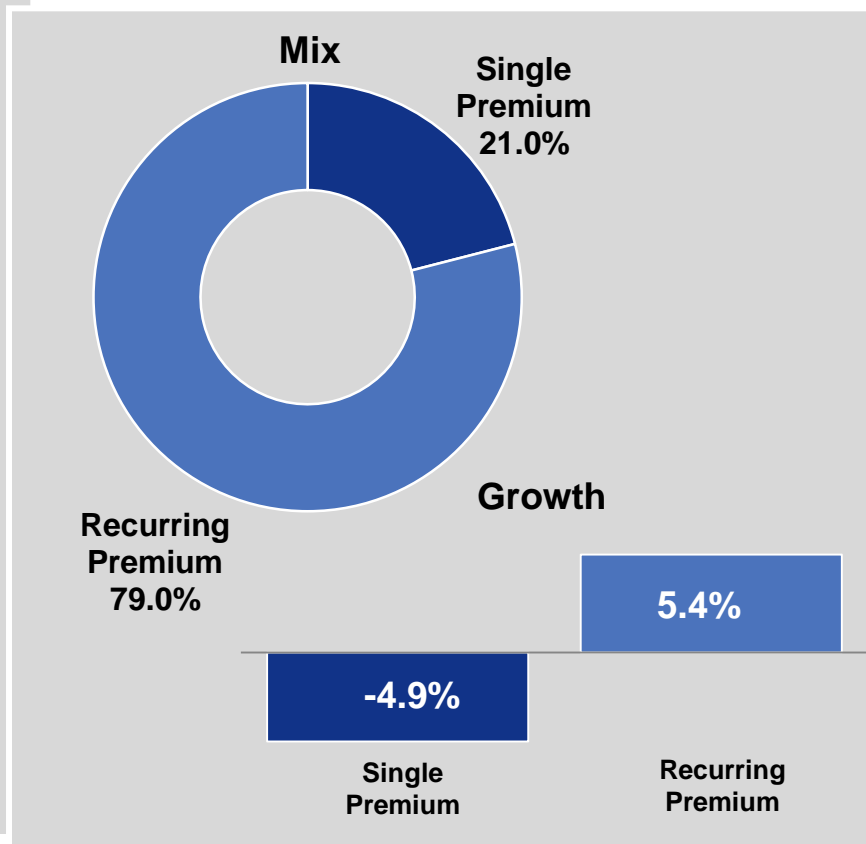


Life Business: Top line growth contributed by higher renewal premiums

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

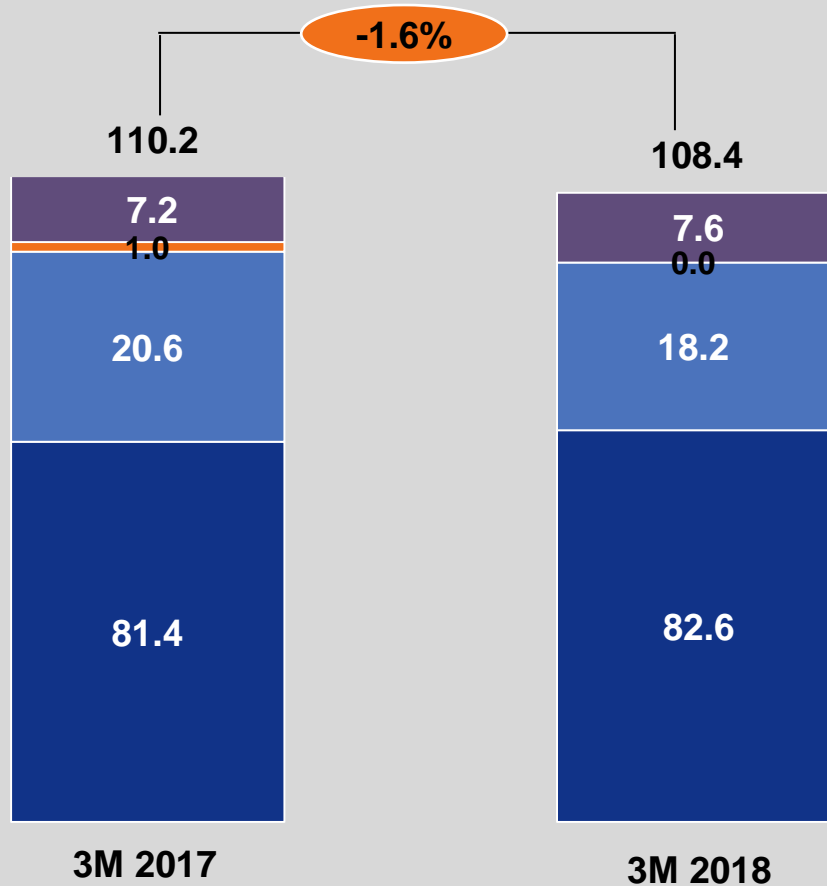


GWP Mix & Growth (%) (3M 2018)

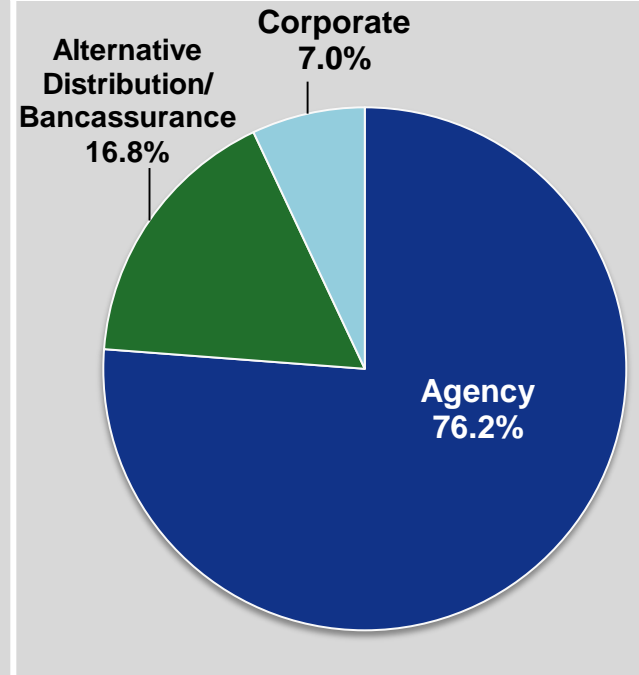


Life Business: ANP remains flat

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



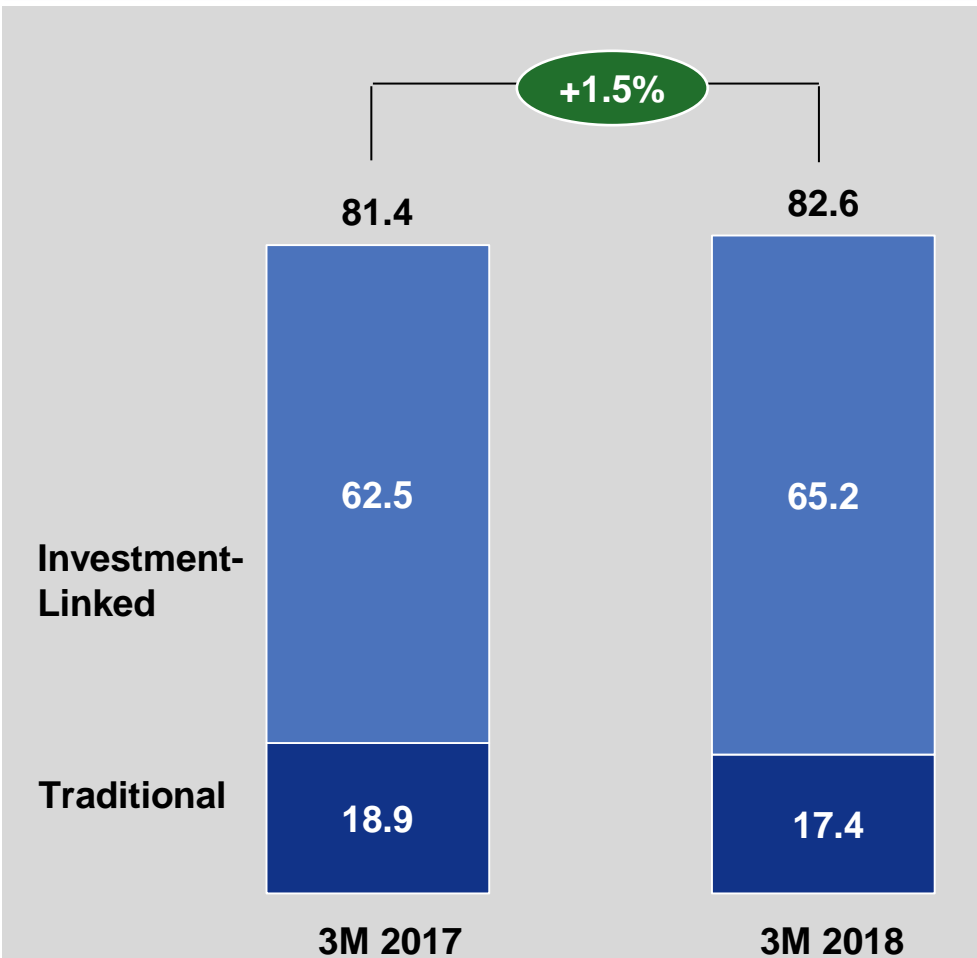
ANP Channel Mix (%) (3M 2018)



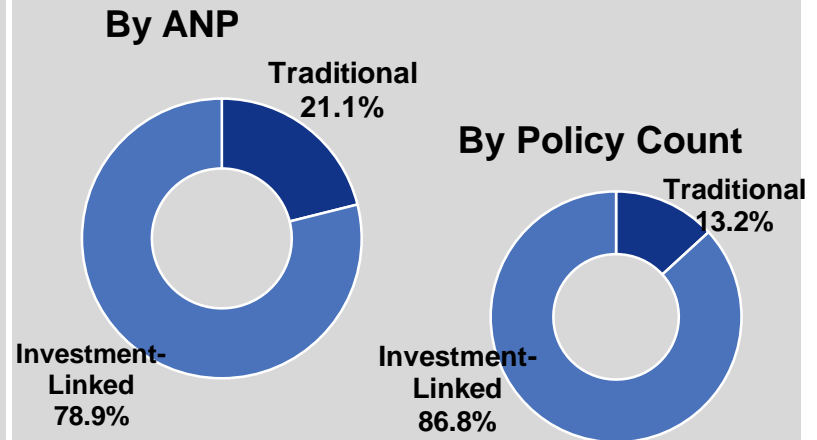
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

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

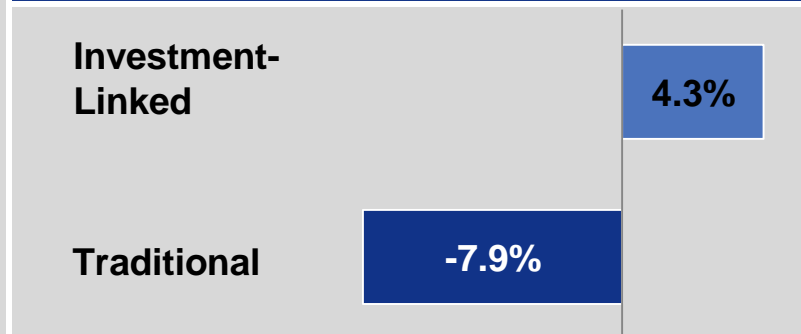
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (3M 2018)

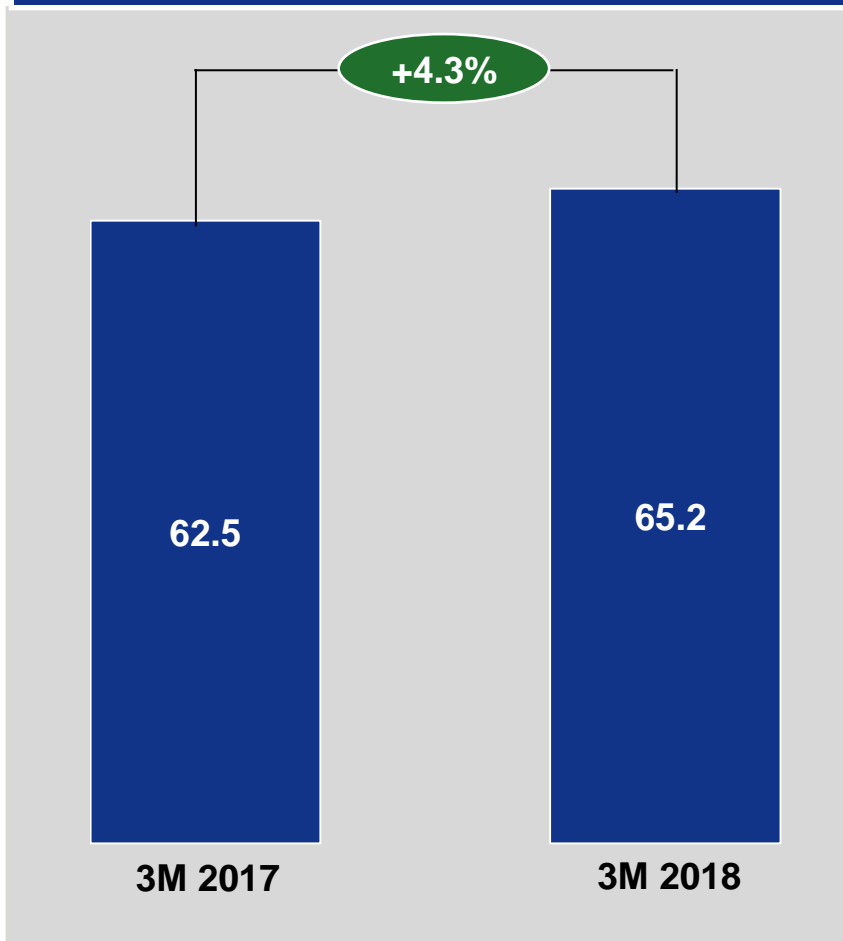


Agency ANP Growth (%) (3M 2018)

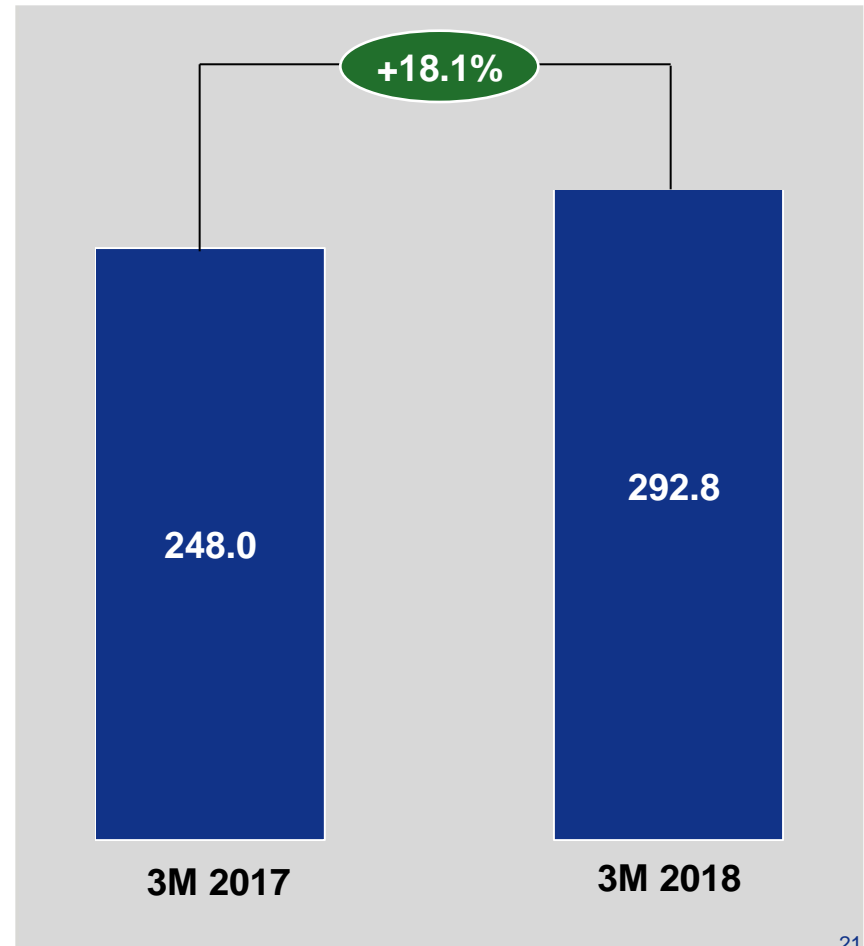


Life Business: Protection Business (Investment-Linked) continues to grow

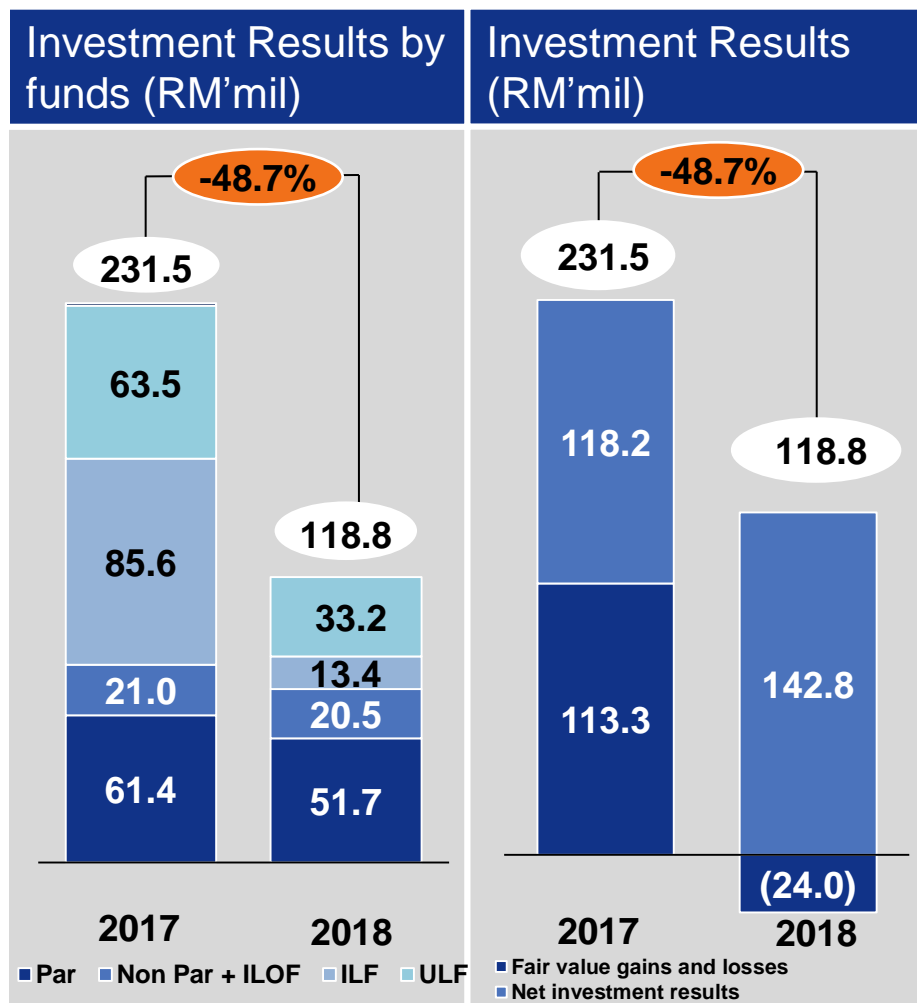
Annualised New Premiums (RM'mil)



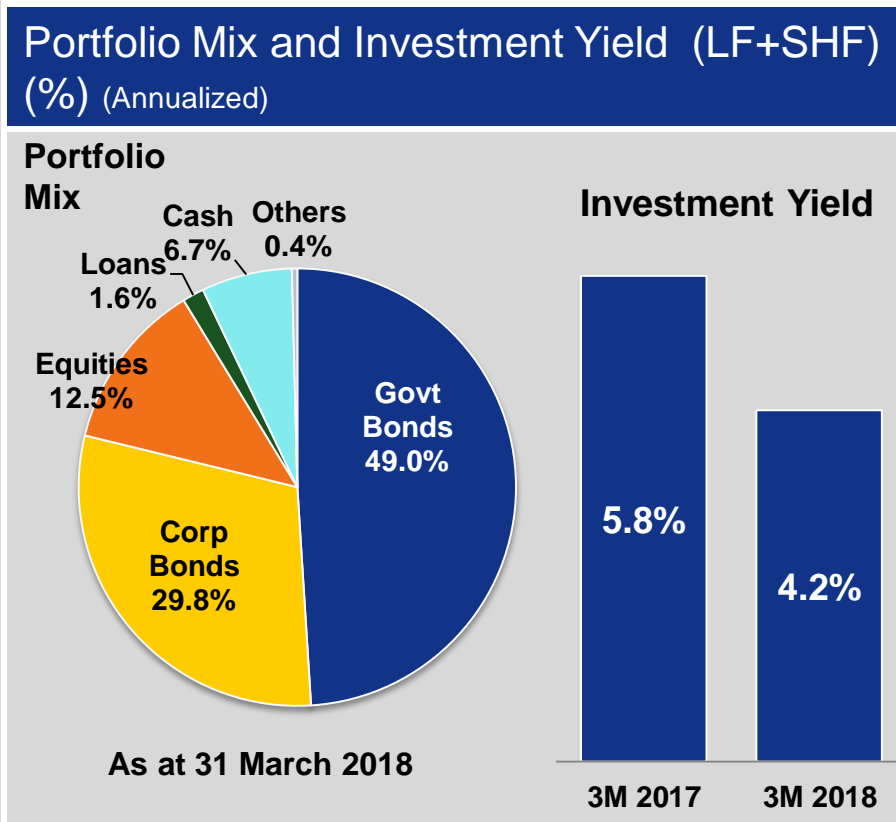
Gross Written Premiums (RM'mil)



Life Business: Lower net investment results due to fair value losses



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	3M 2017	3M 2018	△18/17 %
Gross written premiums	555.0	572.0	3.1%
Premiums ceded to reinsurers	(44.7)	(25.4)	43.2%
Net earned premiums	510.3	546.6	7.1%
Net change in benefits and claims paid	(177.9)	(247.3)	(39.0%)
Net change in contract liabilities	(379.5)	(219.8)	42.1%
Management expenses	(51.6)	(51.7)	(0.2%)
Net fee and commission expenses	(95.4)	(102.2)	(7.1%)
Fair value gains and losses	113.3	(24.0)	<100.0%
Net investment results	118.2	142.8	20.8%
Net other operating expenses	(1.1)	(2.9)	<100.0%
Profit before tax (after consolidation adjustment)	36.3	41.5	14.3%
Annualised new premiums	110.2	108.4	(1.6%)
Expense ratio (LF+SHF)	12.3%	11.7%	0.6 pts
Local investment yield (LF+SHF)	5.8%	4.2%	(1.6 pts)
Lapse ratio (total company)	13.7%	14.6%	(0.9 pts)
Persistency (13th month by premium)	85.5%	87.4%	1.9 pts

Thank You
for Your Attention

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