

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
2Q 2018

Analyst Briefing  
21 August 2018



# 1

## AMB Group Results

## Strong profitable growth



### Operating revenue

- Group operating revenue of RM2.58 billion, an increase of 7.3% as compared to corresponding period of RM2.40 billion due to higher gross earned premiums and investment income by RM139.2 million and RM36.3 million respectively.
- General business recorded an operating revenue of RM1.18 billion, an increase of 4.4% compared to corresponding period of RM1.13 billion.
- Life business recorded an operating revenue of RM1.39 billion, an increase of 10.0% compared to corresponding period of RM1.27 billion.

### Profitability

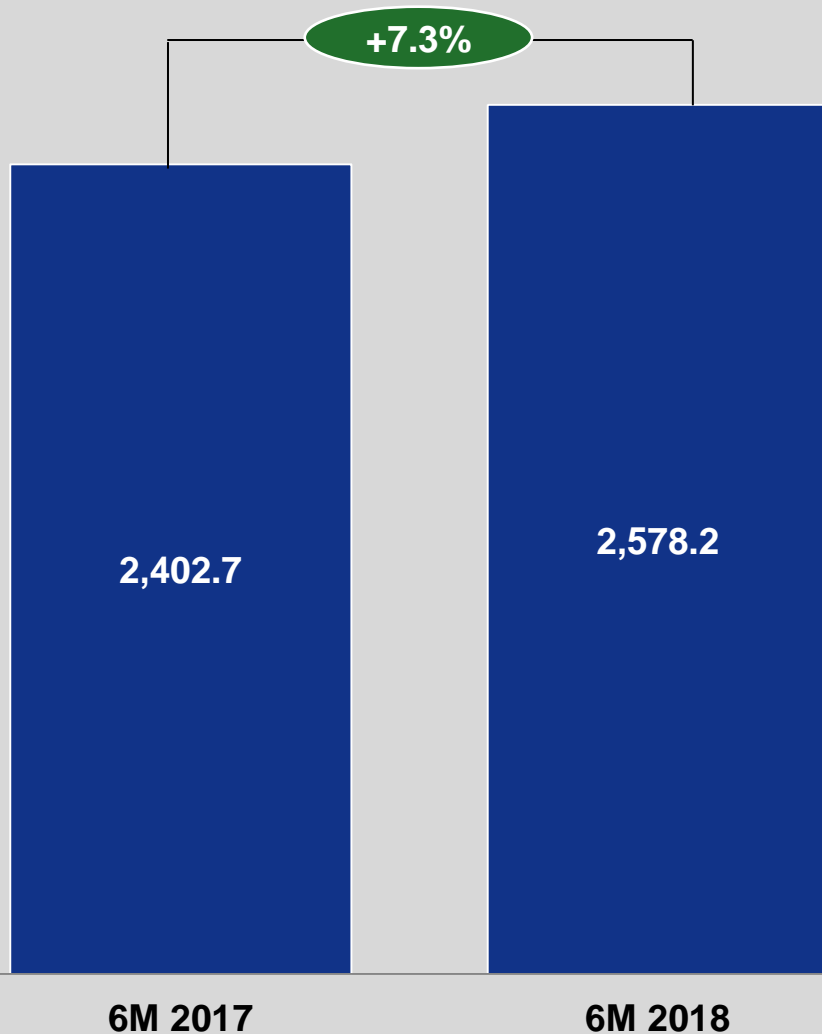
- Group profit before tax of RM243.5 million increased by 13.9% compared to corresponding period of RM213.7 million.
- General business contributed a profit before tax of RM165.4 million (6M 2017: RM148.8 million)
- Life insurance business recorded a profit before tax of RM82.0 million (6M 2017: RM66.9 million).

### Basic earnings per ordinary share

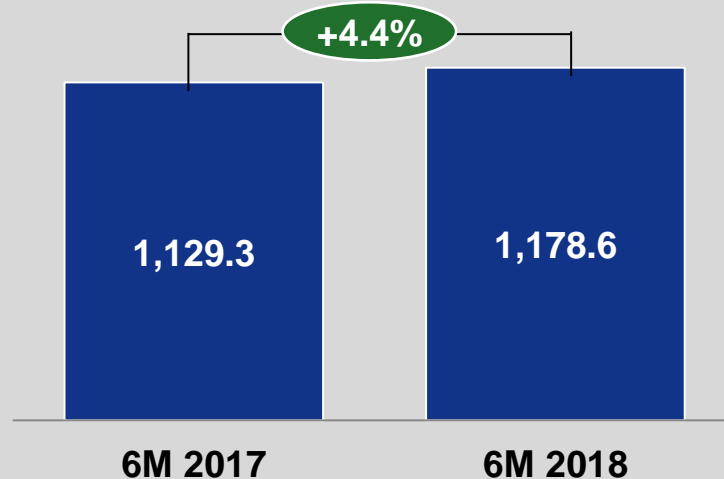
- Basic earnings per ordinary share (before dilution) at 100.89 sen (6M 2017: 76.89 sen).
- Basic earnings per ordinary share (after dilution) at 51.32 sen (6M 2017: 38.65 sen).

# Financial Highlights 6M 2018

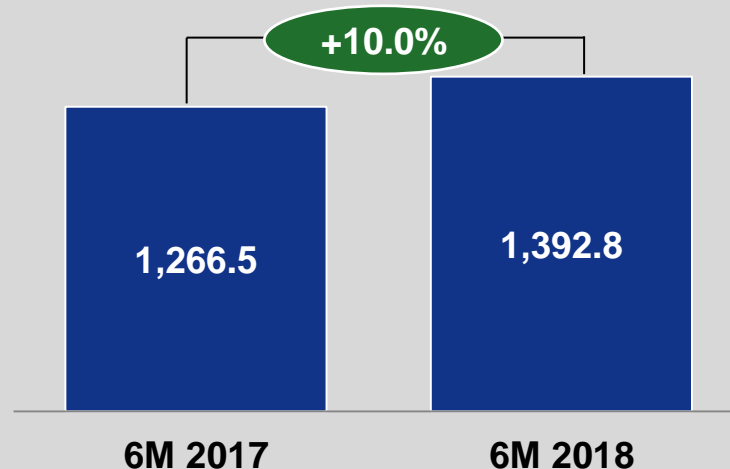
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

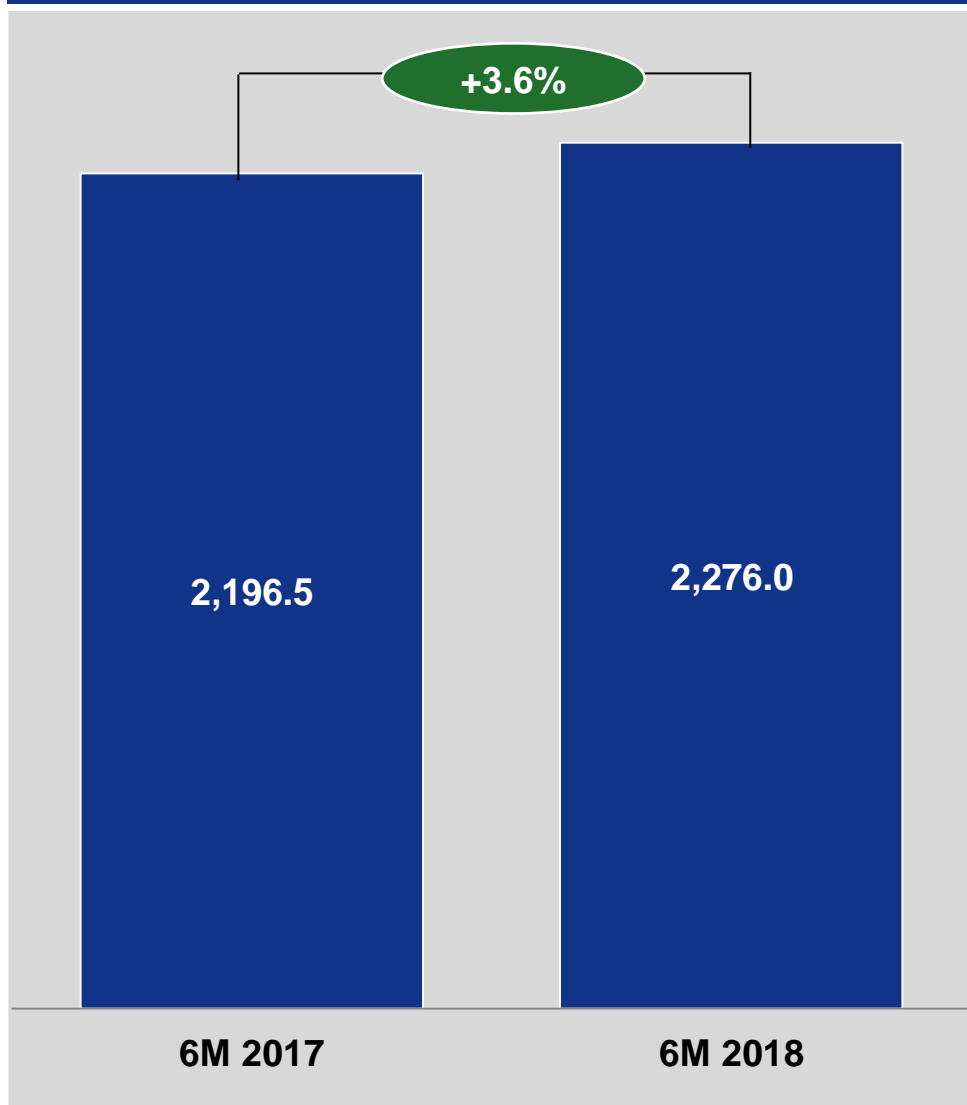


## Life Business (RM'mil)

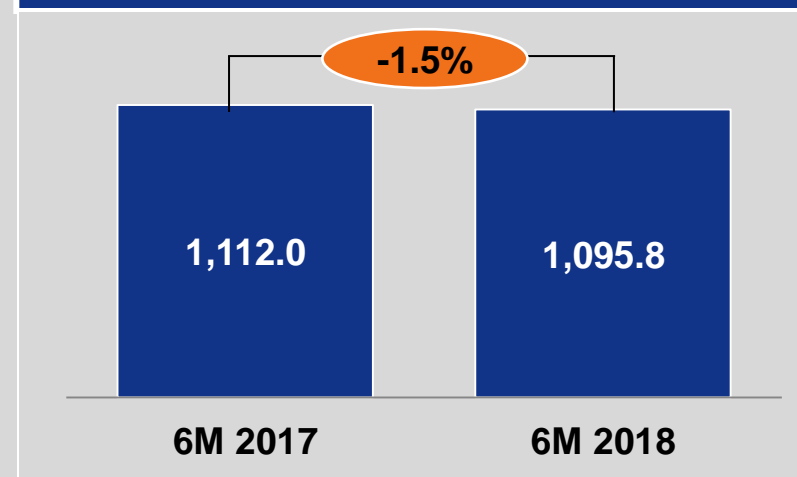


# Financial Highlights 6M 2018

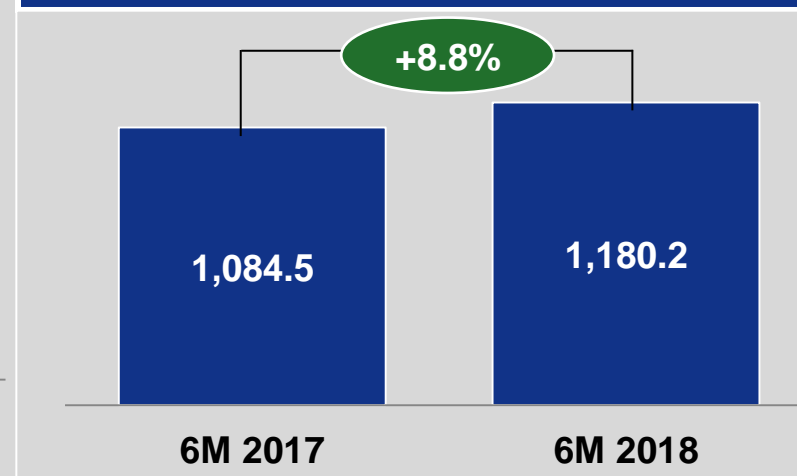
## Group Gross Written Premiums ("GWP") (RM'mil)



## General Business (RM'mil)

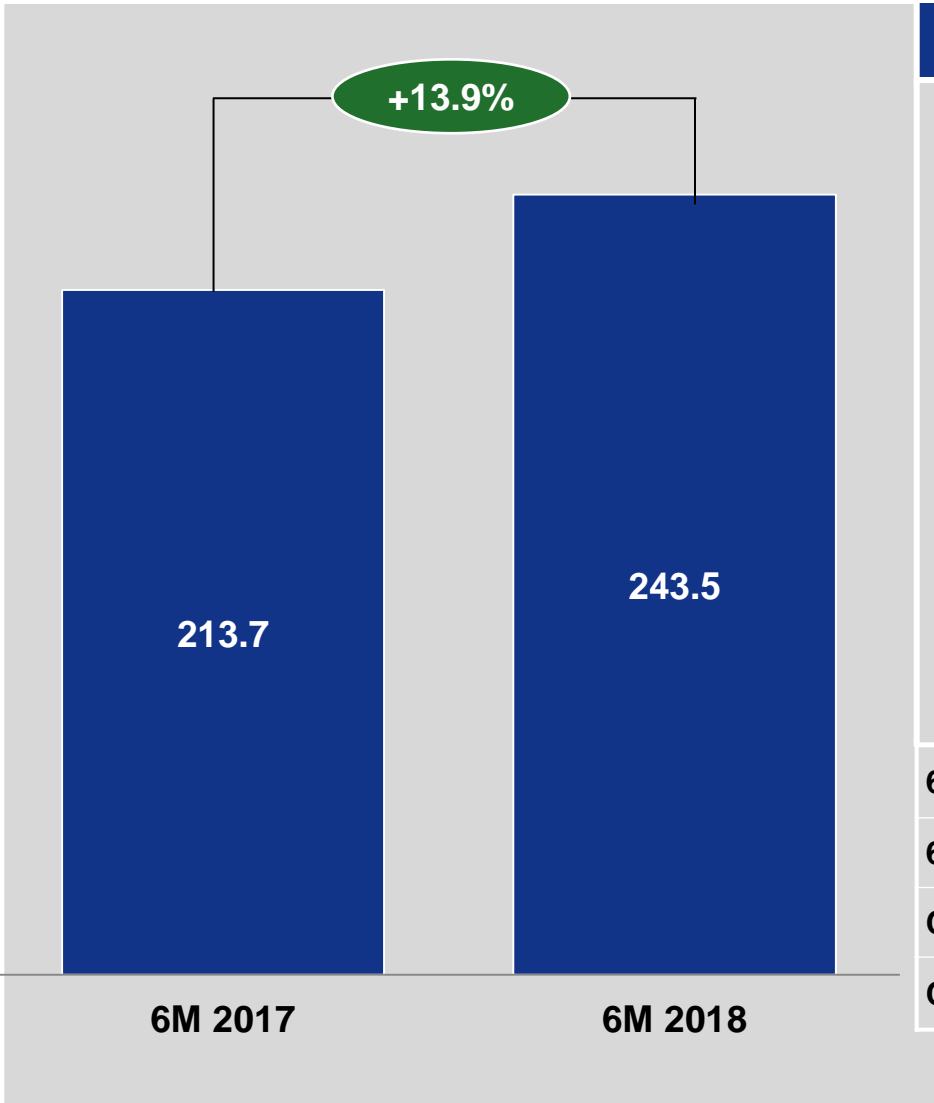


## Life Business (RM'mil)

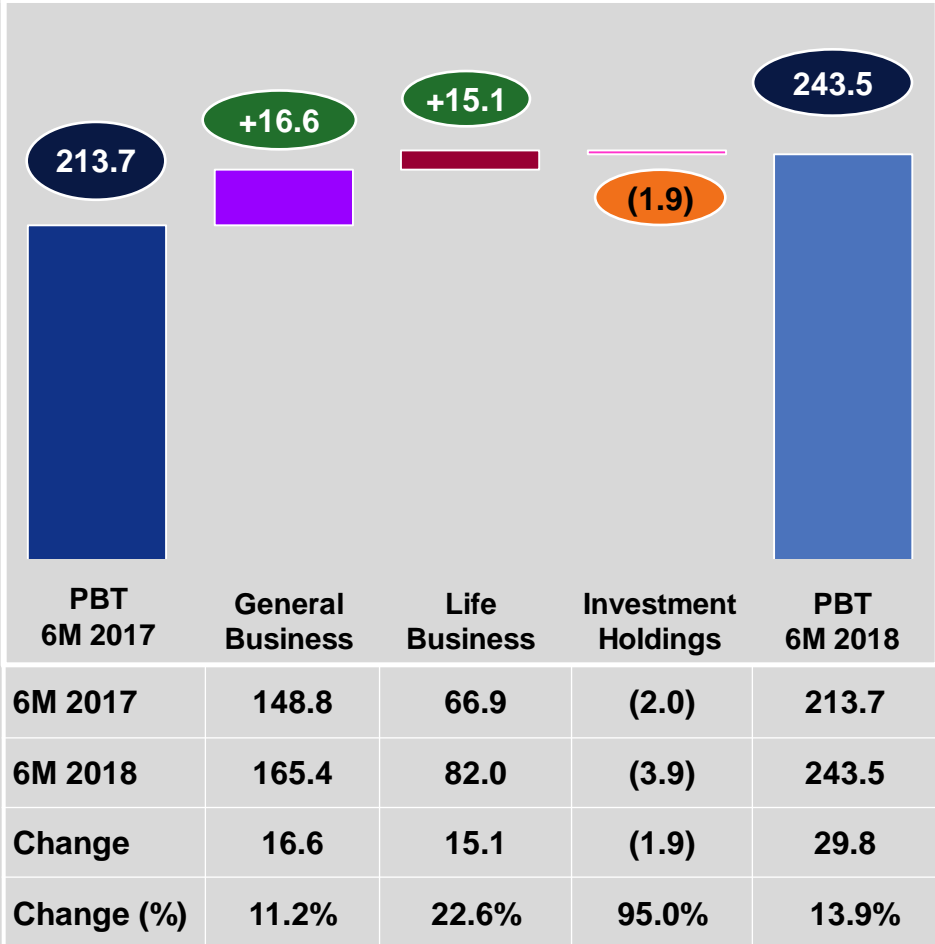


# Financial Highlights 6M 2018

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



## Financial Overview

RM'mil	2015	2016	2017	3 YEAR CAGR	6M 2017	6M 2018
Gross Written Premiums	4,132.7	4,182.6	4,285.4	2.6%	2,196.5	2,276.0
Management Expenses	464.8	513.2	603.8	11.5%	290.1	275.2
Expense Ratio (Non Life)	16.9%	17.4%	20.3%	(3.0) pts	19.8%	17.3%
Expense Ratio (Life) <sup>1</sup>	9.9%	11.3%	12.1%	(1.8) pts	11.9%	11.3%
Local Consolidated PBT	438.2	454.6	437.3	1.1%	213.7	243.5
Total Assets	13,617.4	14,912.4	16,596.7	10.9%	15,863.2	16,778.6
Shareholders' Equity	2,621.3	2,879.5	3,135.5	11.0%	3,027.9	3,297.5
Basic earnings per ordinary share (sen)	183.08	182.27	165.33	(2.5%)	76.89	100.89
Diluted earnings per ordinary share (sen)	89.37	90.80	83.28	(1.0%)	38.65	51.32

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

## Summary of unaudited Financial Results

RM'mil	6M 2017	6M 2018	△18/17 %
<b>Operating revenue</b>	<b>2,402.7</b>	<b>2,578.2</b>	<b>7.3%</b>
Gross earned premiums	2,131.0	2,270.2	6.5%
Premiums ceded to reinsurers	(227.5)	(187.5)	17.6%
Net earned premiums ("NEP")	1,903.5	2,082.7	9.4%
Net change in benefits and claims paid ("Claim")	(958.5)	(1,139.1)	(18.8%)
Net change in contract liabilities ("Reserve")	(639.6)	(145.3)	77.3%
Management expenses ("ME")	(290.1)	(275.2)	5.1%
Net fee and commission expense	(302.2)	(329.4)	(9.0%)
Fair value gains and losses	164.9	(289.8)	(>100.0%)
Net investment results	340.9	346.8	1.7%
Net other operating expenses	(5.2)	(7.2)	(38.5%)
<b>Profit before tax</b>	<b>213.7</b>	<b>243.5</b>	<b>13.9%</b>
Tax expense	(80.1)	(66.4)	17.1%
<b>Profit after tax</b>	<b>133.6</b>	<b>177.1</b>	<b>32.6%</b>
<b>ME / NEP ratio</b>	<b>15.2%</b>	<b>13.2%</b>	<b>2.0pts</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>84.0%</b>	<b>61.7%</b>	<b>22.3pts</b>





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General Business

## General Business

### **Gross written premiums**

- Gross written premium declined by 1.5% as compared to prior year.

### **Net investment results**

- Stable growth in investment income.

### **Profitability**

- Higher profit before tax due to higher underwriting profit.

### **Combined ratio**

- Lower combined ratio due to lower expense ratio

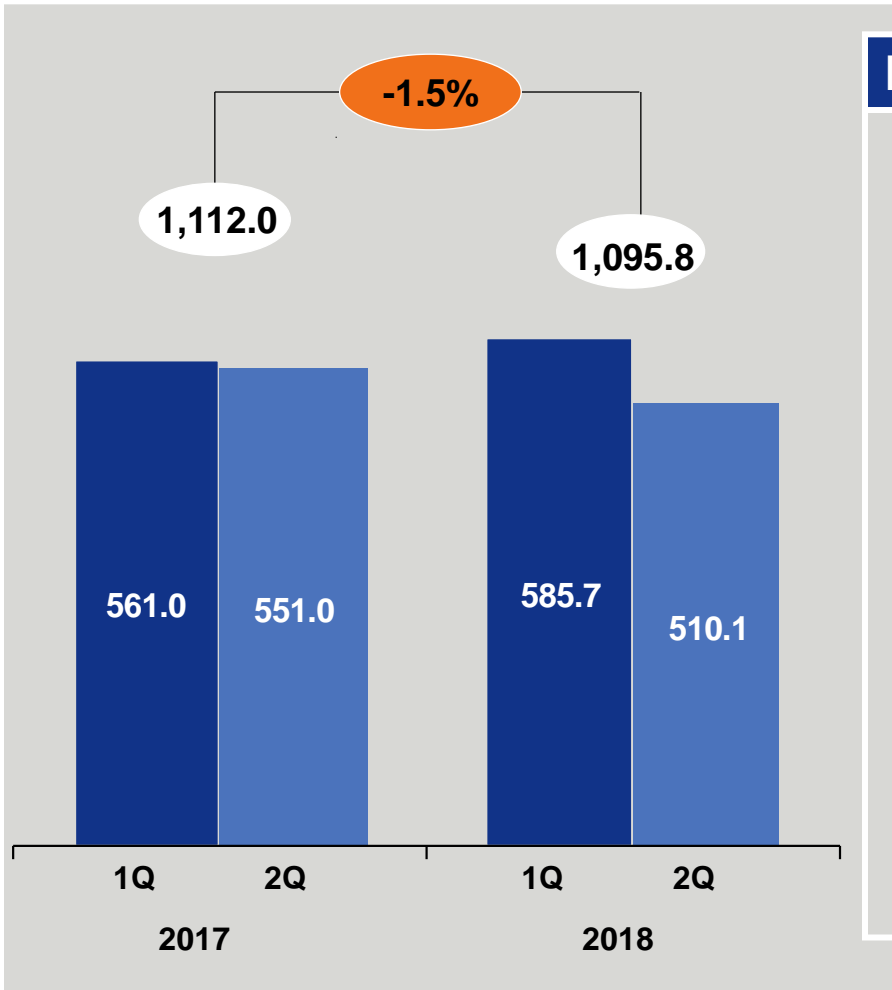
### **Market growth**

- Market share of 6M 2018 stood at 11.9% (6M 2017: 12.1%).

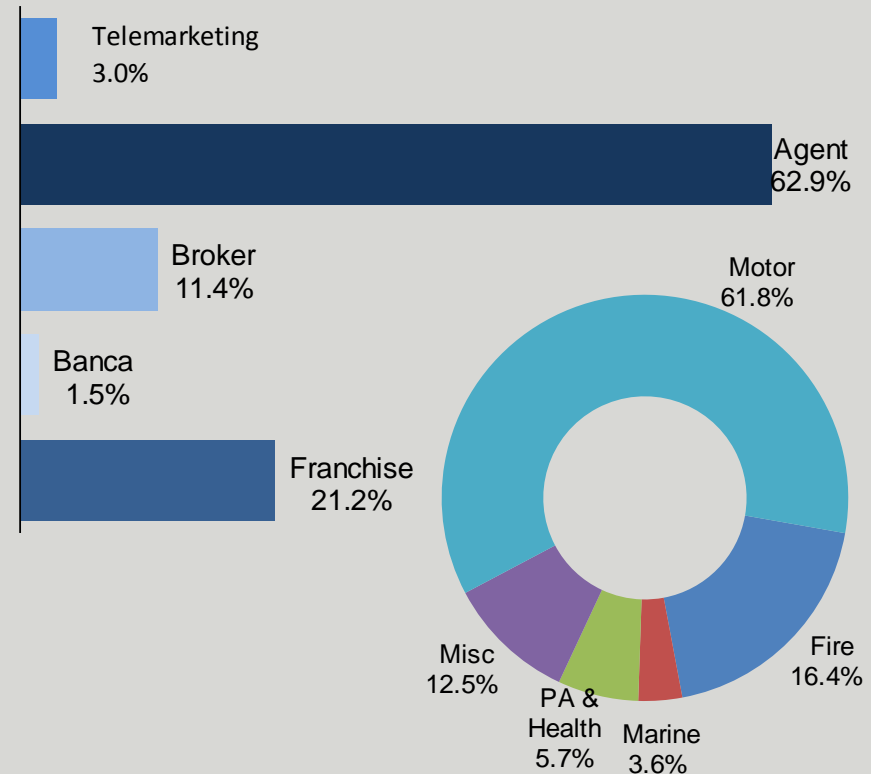


# General Business: GWP is 1.5% below prior year

## Gross Written Premiums (RM'mil)

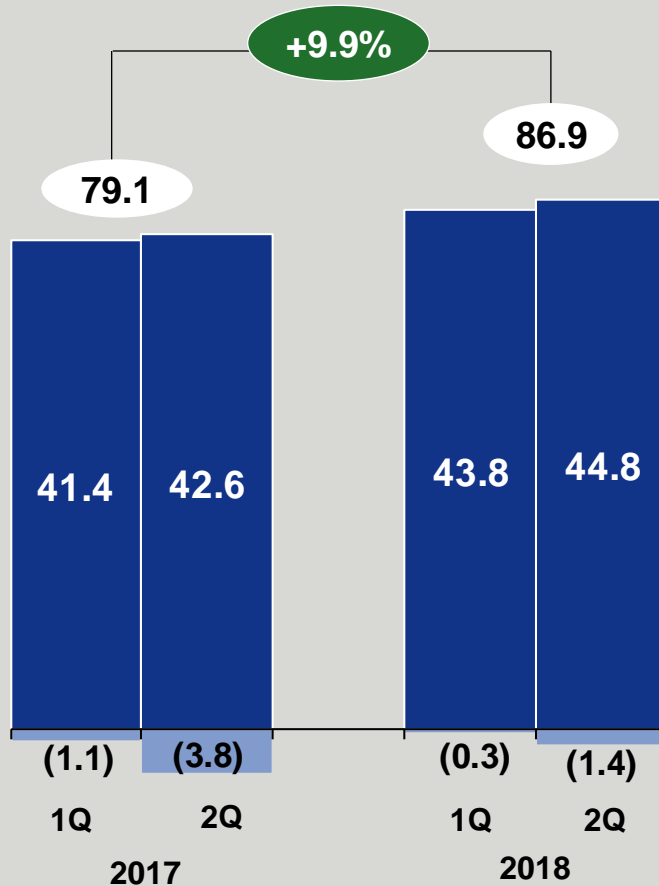


## Distribution Channel & Portfolio Mix



# General Business: Stable growth in investment income

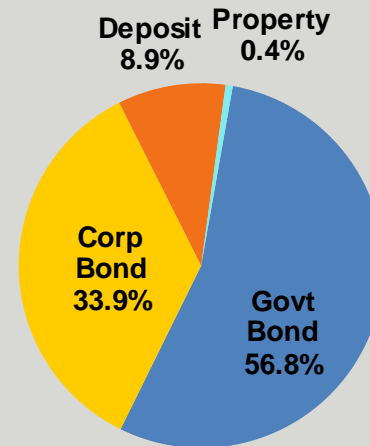
## Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Results   ■ Net Other Operating Expenses

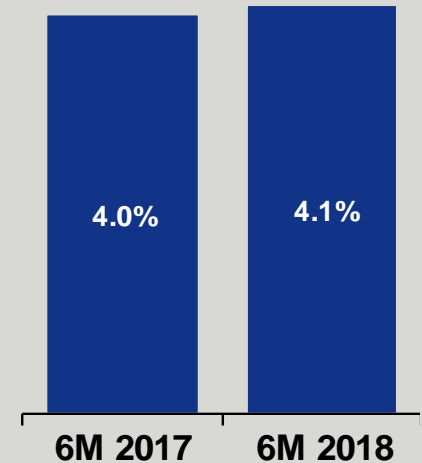
## Portfolio Mix and Investment Yield (Annualised)

### Portfolio Mix



As at 30 June 2018

### Investment Yield

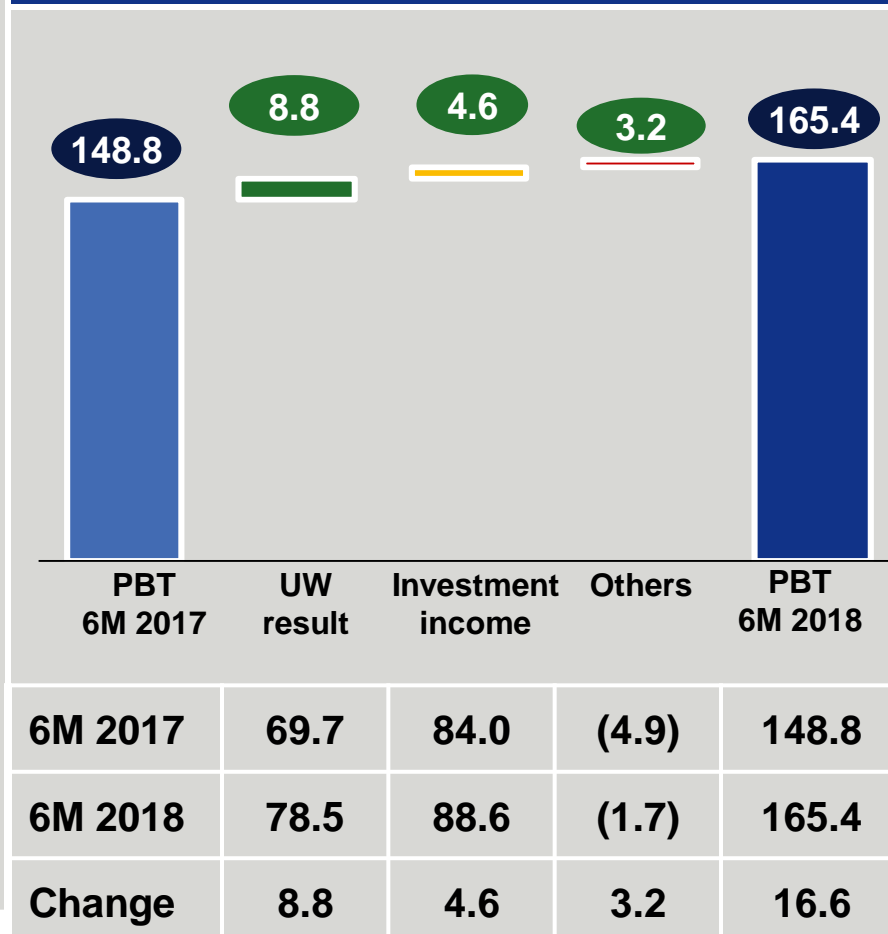


# General Business: Higher PBT due to higher underwriting profit

## Profit Before Tax (RM'mil)

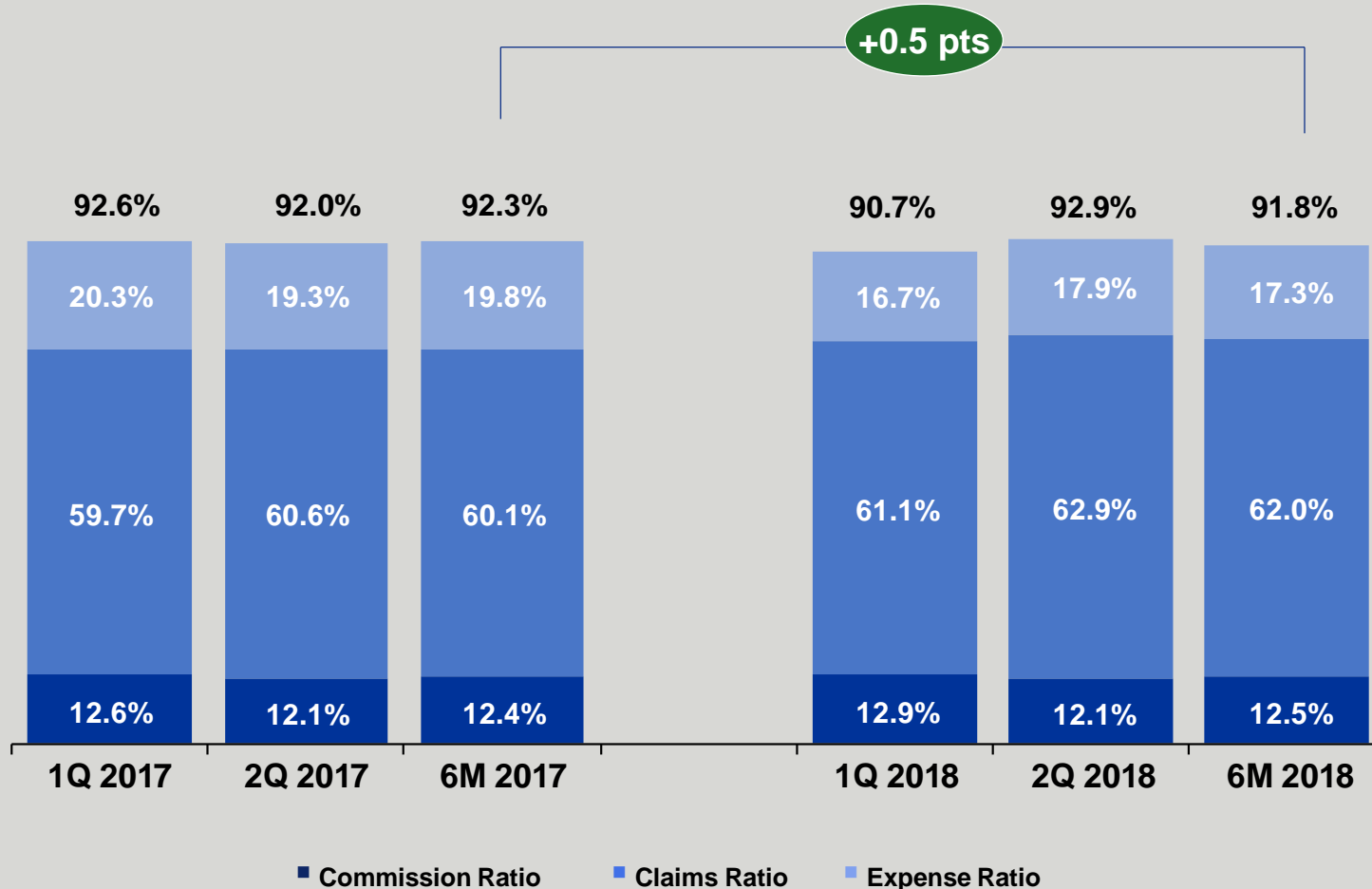


## PBT Drivers (RM'mil)



# General Business: Lower combined ratio due to lower expense ratio

## Combined Ratio



## General Business: Unaudited financial results at a glance

RM'mil	6M 2017	6M 2018	△18/17 %
Gross written premiums	1,112.0	1,095.8	(1.5%)
Gross earned premiums	1,046.5	1,090.0	4.2%
Net earned premiums	901.4	952.9	5.7%
Net change in claims incurred	(542.0)	(590.5)	(8.9%)
Management expenses	(178.2)	(165.0)	7.4%
Net fee and commission expenses	(111.5)	(118.9)	(6.6%)
Underwriting result	69.7	78.5	12.6%
Net investment results	84.0	88.6	5.5%
Net other operating expenses	(4.9)	(1.7)	65.3%
<b>Profit before tax (after consolidation adjustment)</b>	<b>148.8</b>	<b>165.4</b>	<b>11.2%</b>
Commission ratio	12.4%	12.5%	(0.1pts)
Claims ratio	60.1%	62.0%	(1.9pts)
Expense ratio	19.8%	17.3%	2.5pts
Combined ratio	92.3%	91.8%	0.5pts



# 3

## Life Business



# Life Business

## Gross written premiums

- Gross written premiums grew by 8.8%.

## Distribution

- Agency ANP achieved 18.2% 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 4.4% and 17.8% respectively.
- 69.8% of Agency new business derived from Investment-Linked business.

## Profitability

- Profit before tax increased by 22.6% mainly due to contribution from protection business.

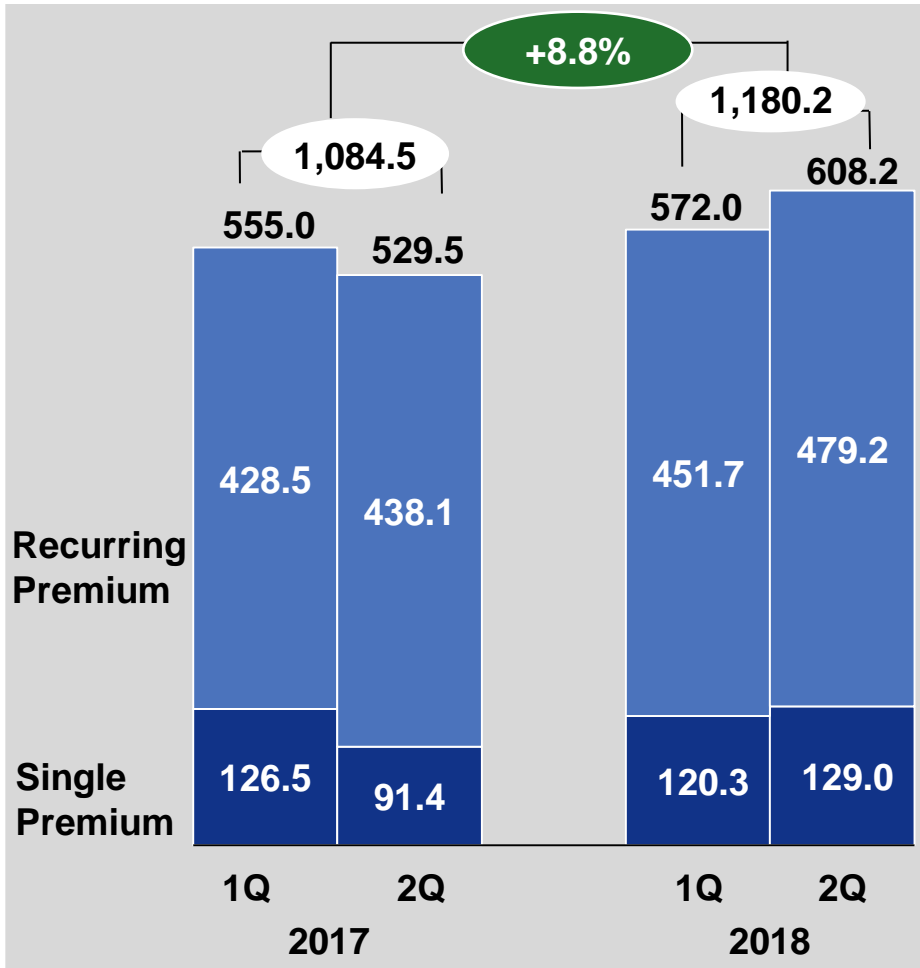
## Market growth

- Market share stood at 8.7% (6M 2017: 7.6%).

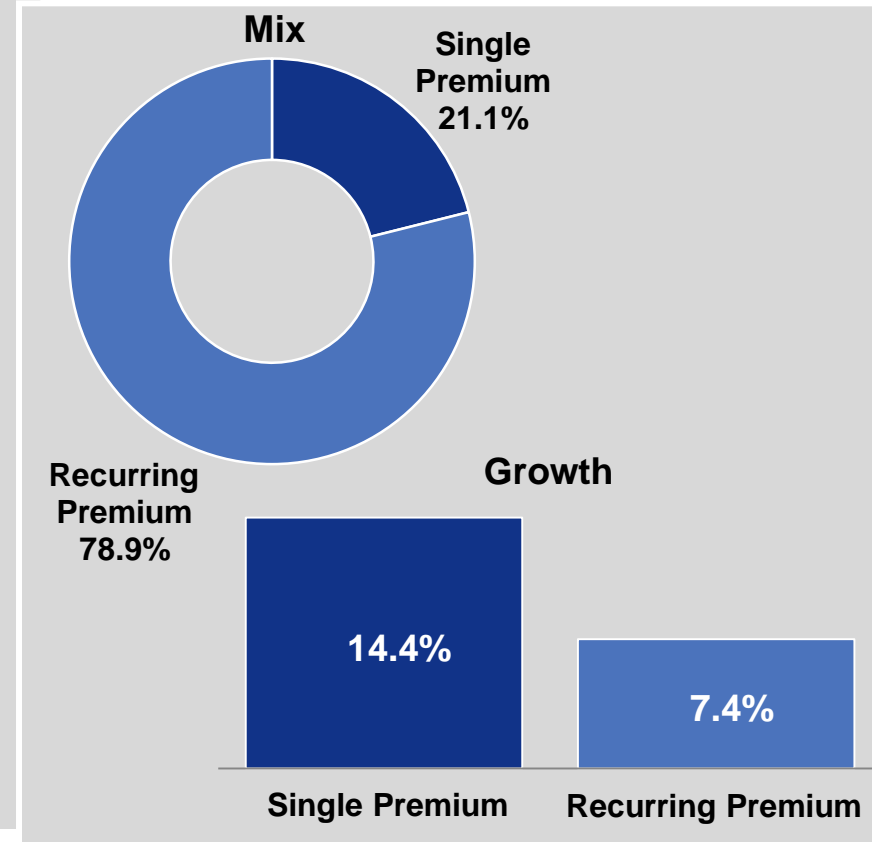


# Life Business: Growth in both Single Premium and Recurring Premium

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

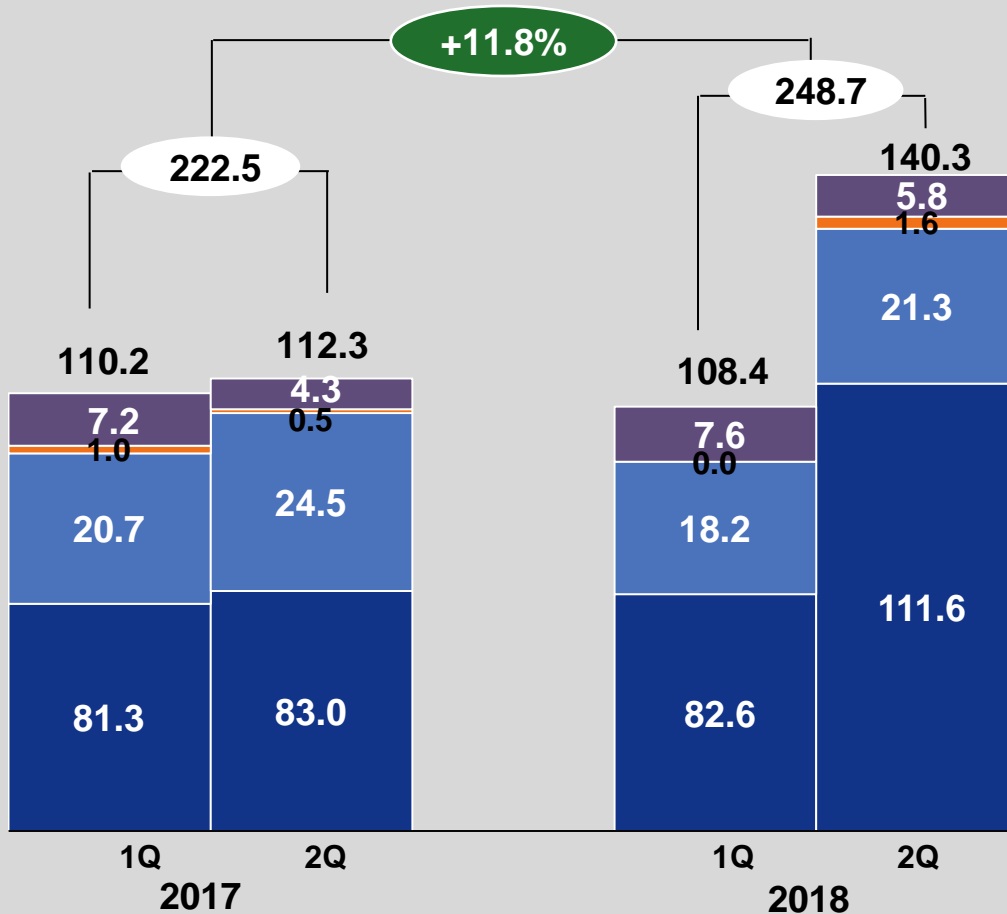


GWP Mix & Growth (%) (6M 2018)

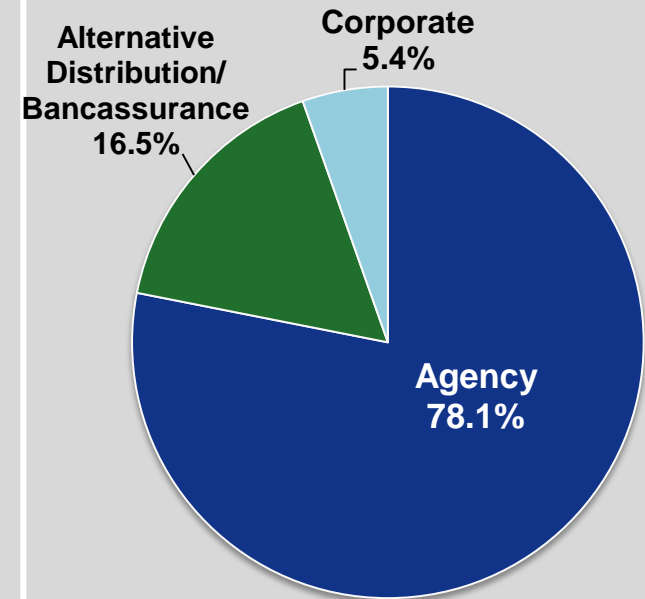


# Life Business: Growth in ANP driven by Agency and Employee Benefits channels

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



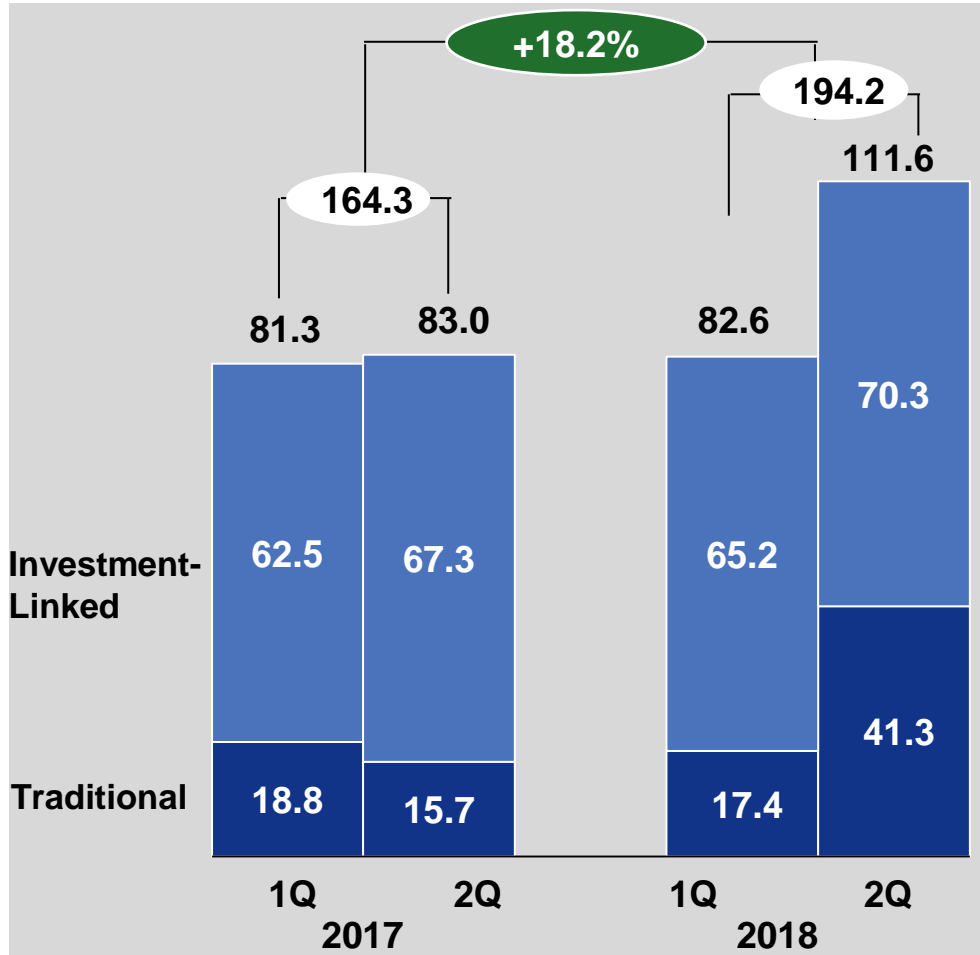
ANP Channel Mix (%) (6M 2018)



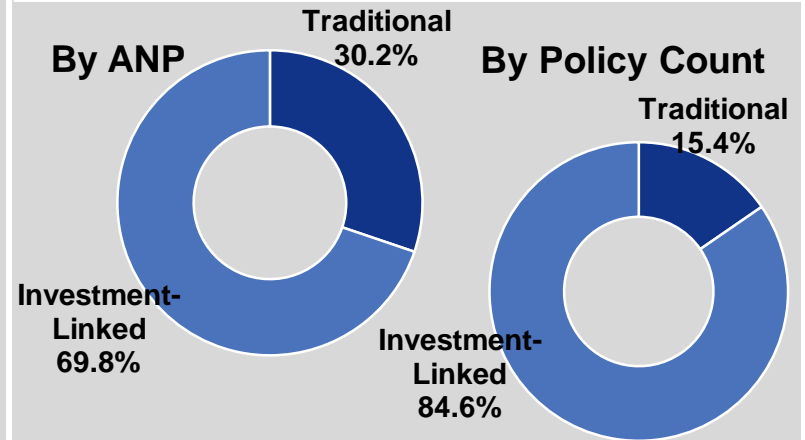
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

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

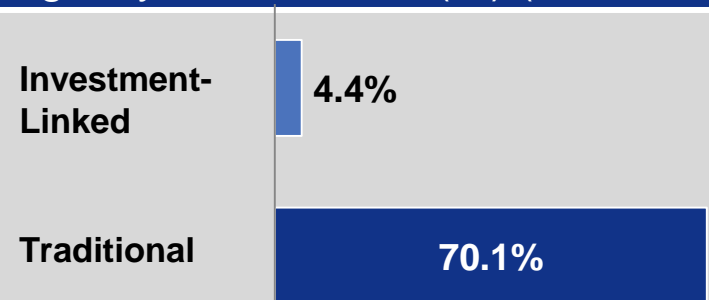
## Agency Annualised New Premiums (RM'mil)



## Agency Product Mix (%) (6M 2018)

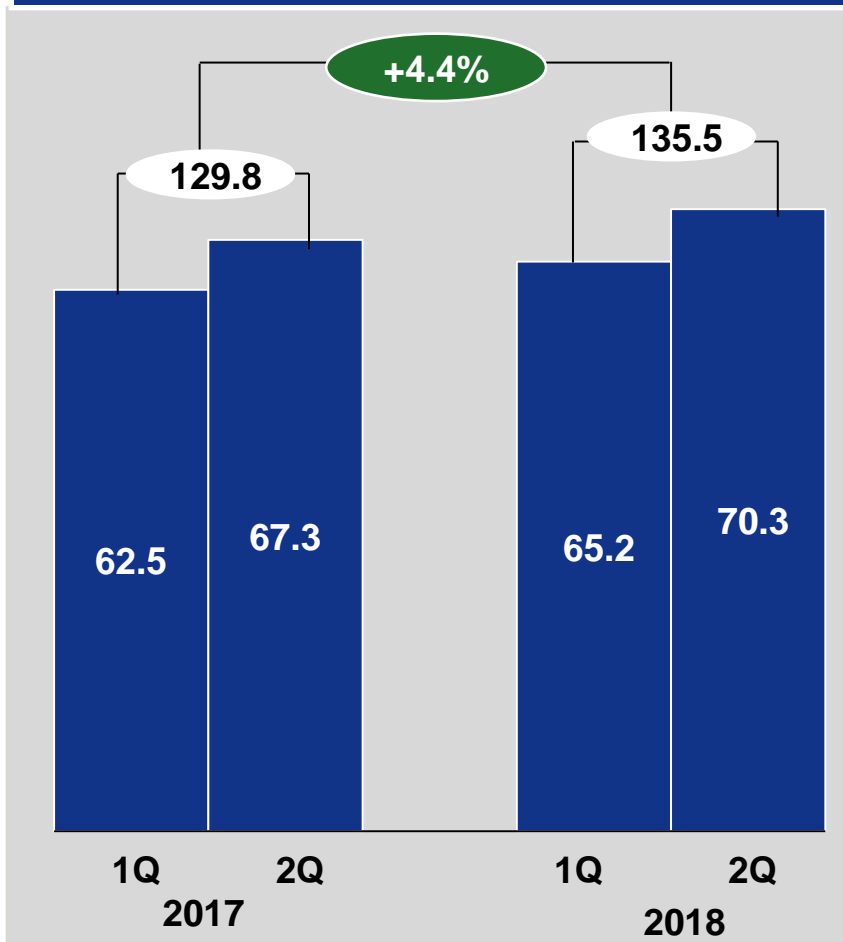


## Agency ANP Growth (%) (6M 2018)

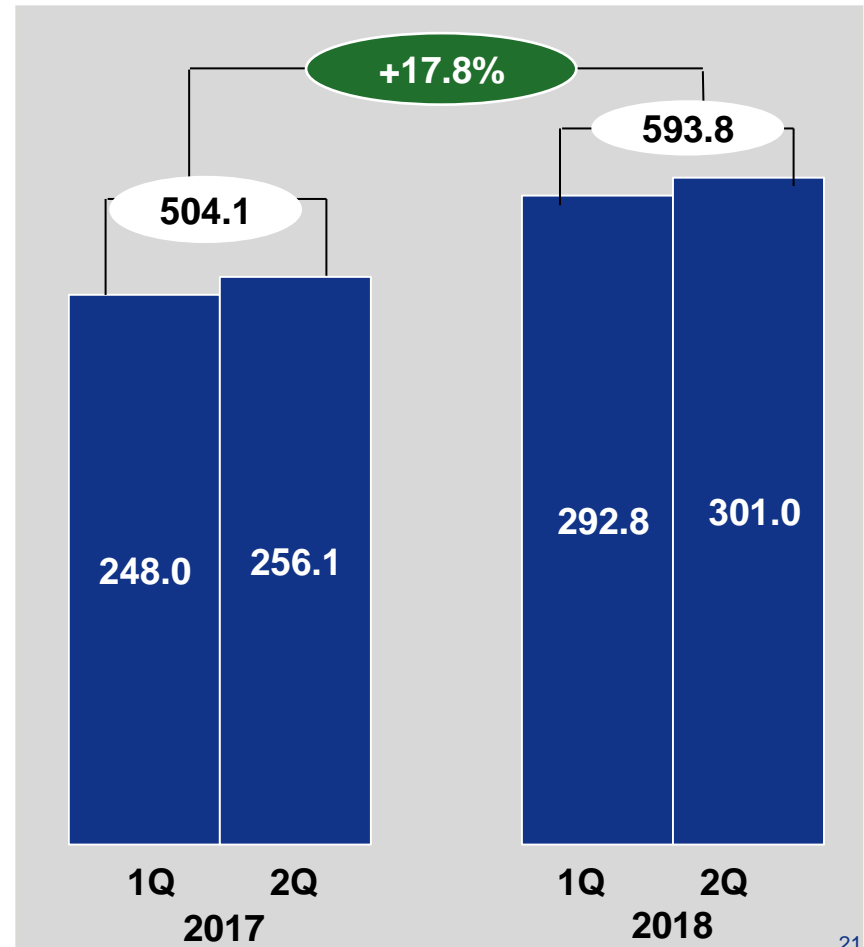


# Life Business: Protection Business (Investment-Linked) continues to grow

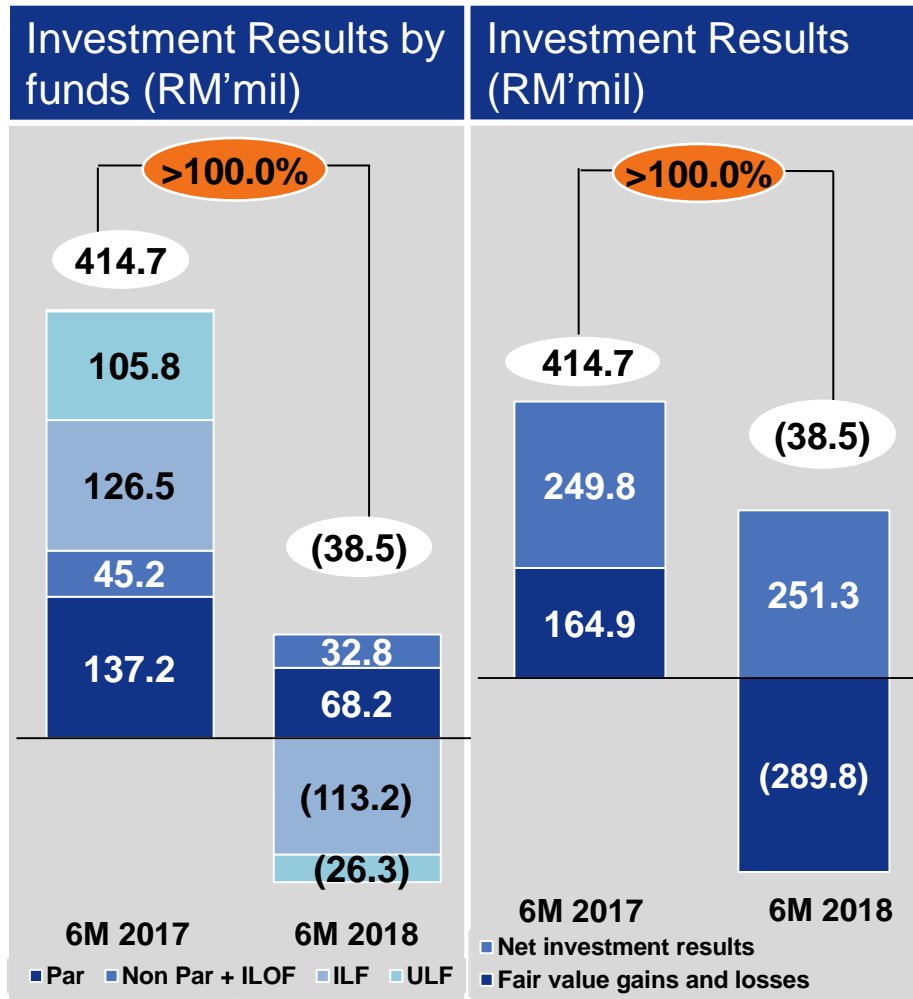
Annualised New Premiums (RM'mil)



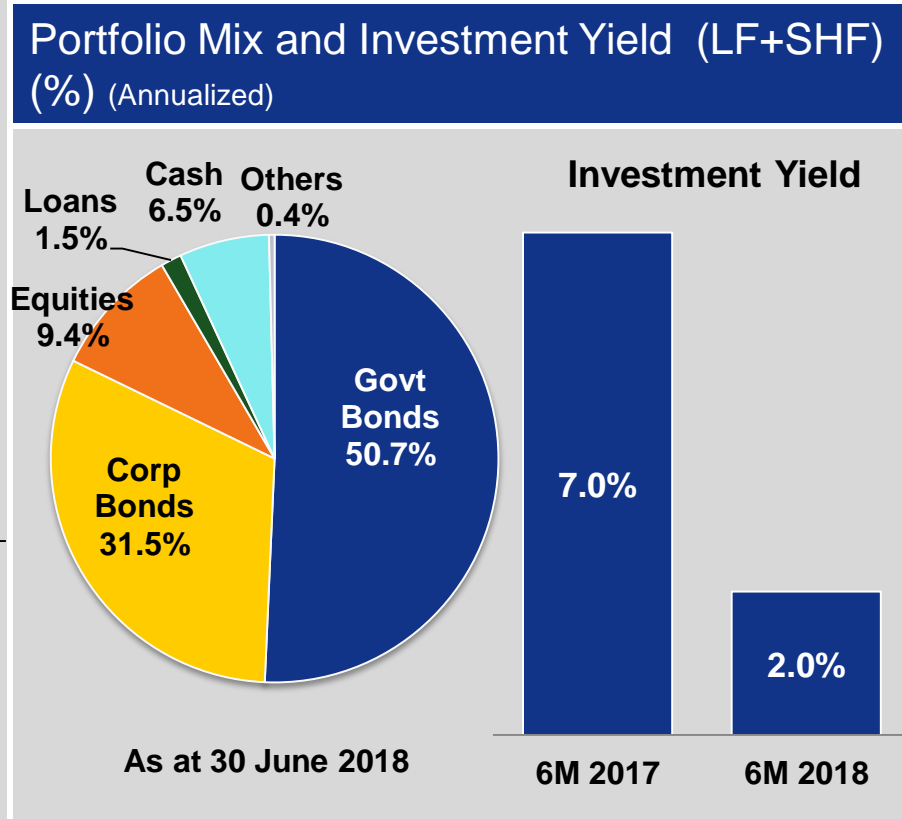
Gross Written Premiums (RM'mil)



# 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	6M 2017	6M 2018	△18/17 %
Gross written premiums	1,084.5	1,180.2	8.8%
Premiums ceded to reinsurers	(82.4)	(50.4)	38.8%
Net earned premiums	1,002.1	1,129.8	12.7%
Net change in benefits and claims paid	(388.6)	(532.7)	(37.1%)
Net change in contract liabilities	(667.5)	(161.2)	75.9%
Management expenses	(100.0)	(102.5)	(2.5%)
Net fee and commission expenses	(190.7)	(209.3)	(9.8%)
Fair value gains and losses	164.9	(289.8)	(>100.0%)
Net investment results	249.8	251.3	0.6%
Net other operating expenses	(3.1)	(3.6)	(16.1%)
<b>Profit before tax</b> (after consolidation adjustment)	<b>66.9</b>	<b>82.0</b>	<b>22.6%</b>
Annualised new premiums	222.5	248.7	11.8%
Expense ratio (LF+SHF)	11.9%	11.3%	0.6pts
Local investment yield (LF+SHF)	7.0%	2.0%	(5.0pts)
Lapse ratio (total company)	14.5%	14.6%	(0.1pts)
Persistency (13th month by premium)	85.2%	87.3%	2.1pts

Thank You  
for Your Attention



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## Cautionary Note Regarding Forward-Looking Statements

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