

Allianz Malaysia Berhad  
(12428-W)

Financial Results  
3Q 2018

Analyst Briefing  
**23 November 2018**



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AMB Group Results

## Profitable growth from diversification



### Operating revenue

- Group operating revenue of RM3.88 billion, an increase of 8.0% as compared to corresponding period of RM3.59 billion due to higher gross earned premiums and investment income by RM229.8 million and RM58.9 million respectively.
- General business recorded an operating revenue of RM1.77 billion, an increase of 3.9% compared to corresponding period of RM1.70 billion.
- Life business recorded an operating revenue of RM2.10 billion, an increase of 11.9% compared to corresponding period of RM1.88 billion.

### Profitability

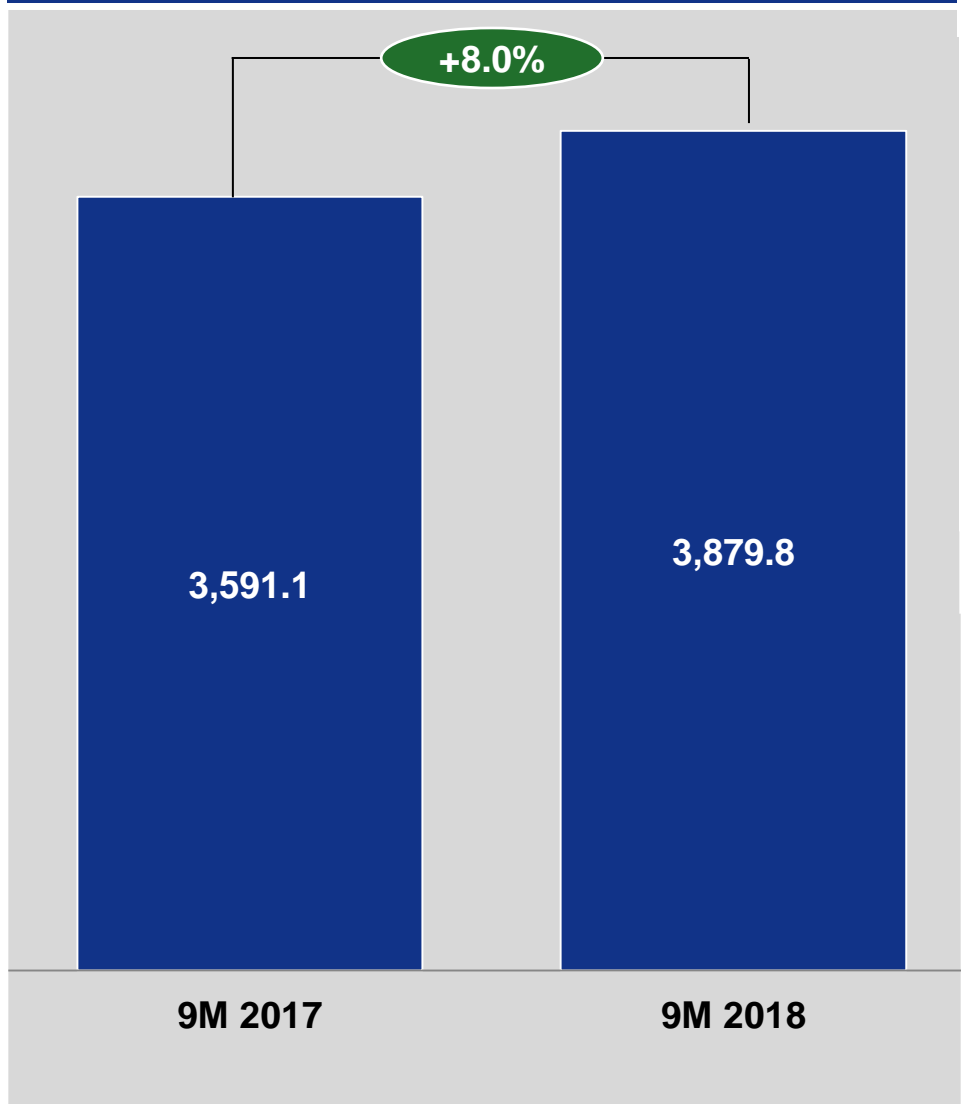
- Group profit before tax of RM391.1 million increased by 25.8% compared to corresponding period of RM310.9 million.
- General business contributed a profit before tax of RM242.6 million (9M 2017: RM199.5 million).
- Life insurance business recorded a profit before tax of RM154.1 million (9M2017: RM113.4 million).

### Basic earnings per ordinary share

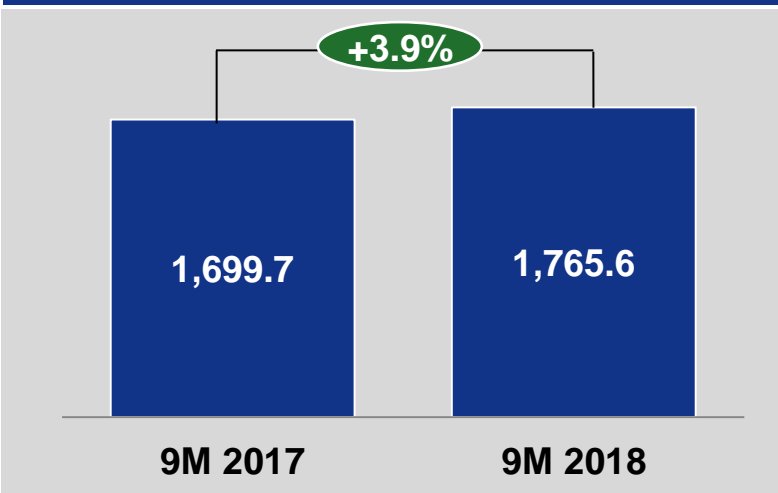
- Basic earnings per ordinary share (before dilution) at 157.46 sen (9M 2017: 115.59 sen).
- Basic earnings per ordinary share (after dilution) at 80.18 sen (9M 2017: 58.19 sen).

# Financial Highlights 9M 2018

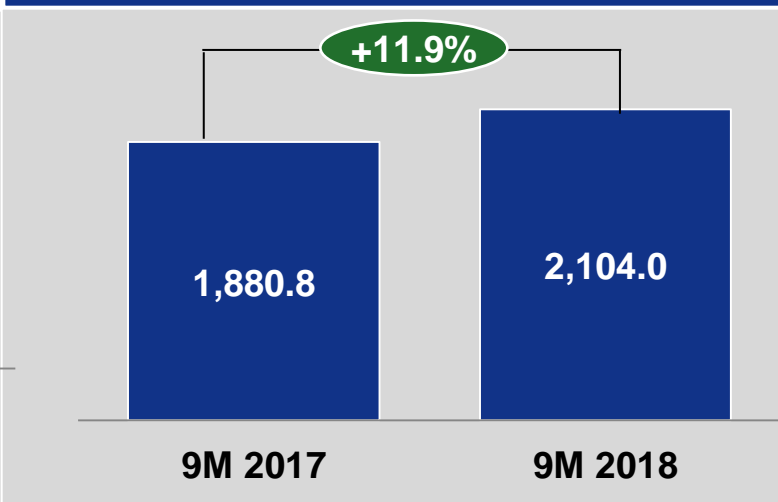
## Group Operating Revenue (RM'mil)



## General Business (RM'mil)

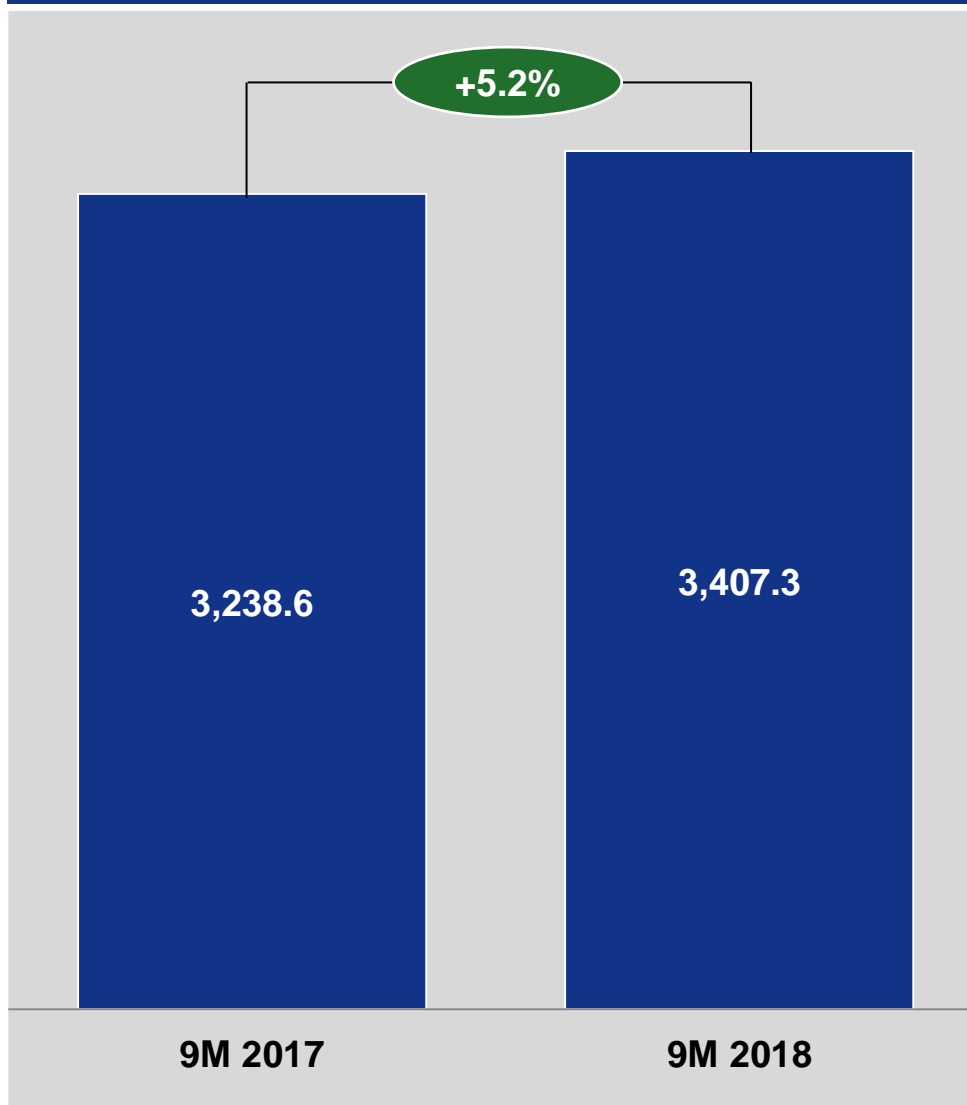


## Life Business (RM'mil)

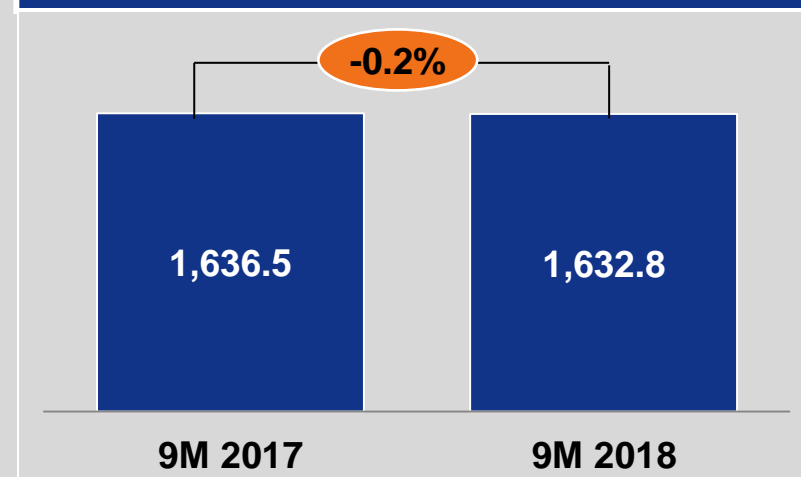


# Financial Highlights 9M 2018

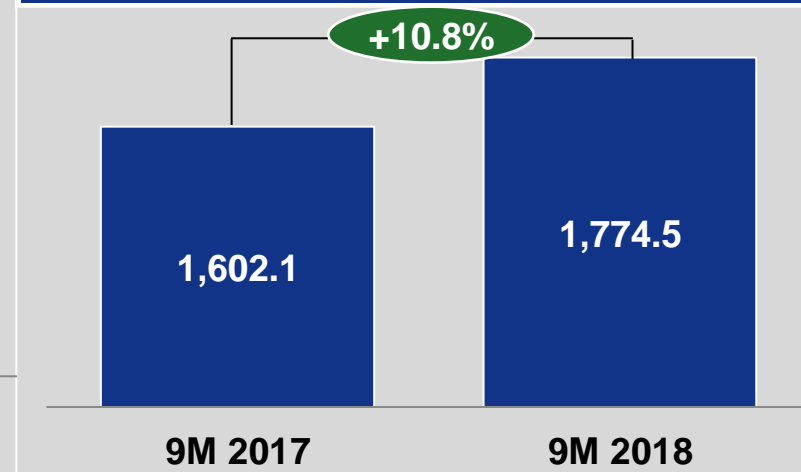
## Group Gross Written Premiums ("GWP") (RM'mil)



## General Business (RM'mil)

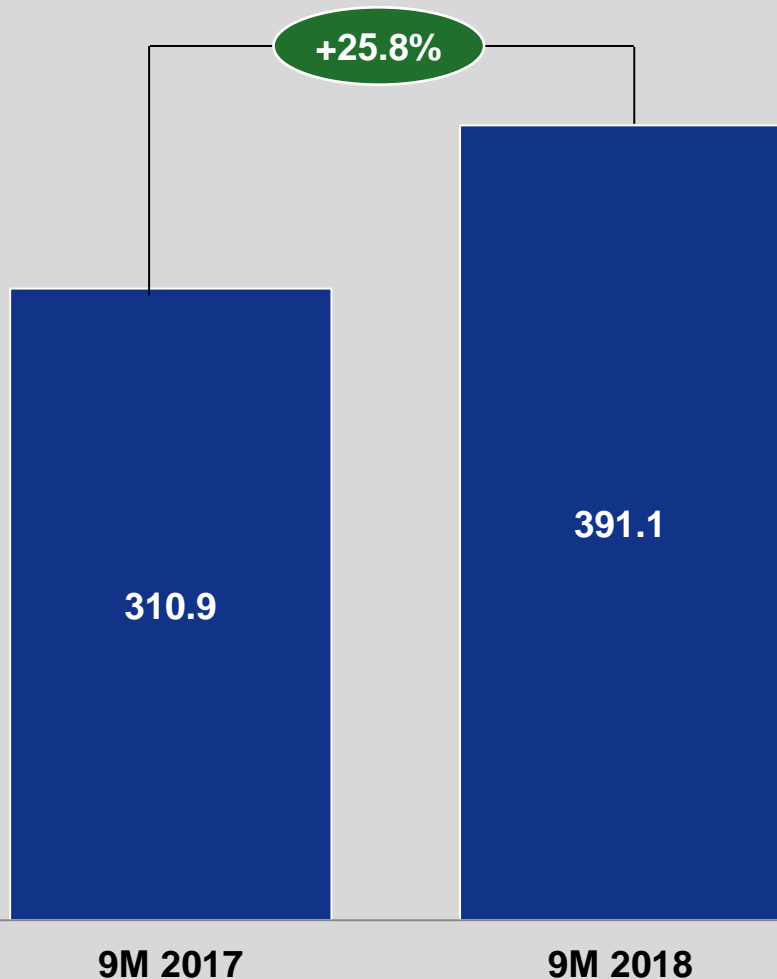


## Life Business (RM'mil)

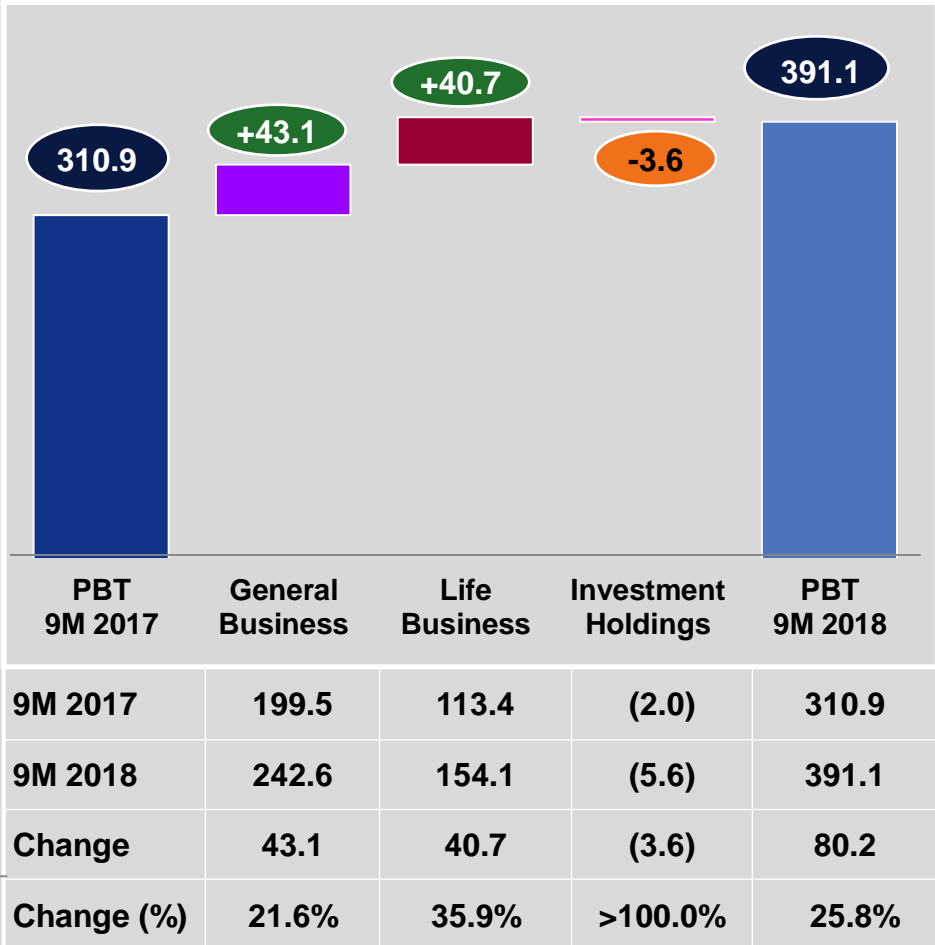


# Financial Highlights 9M 2018

## Group Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)



## Financial Overview

RM'mil	2015	2016	2017	3 YEAR CAGR	9M 2017	9M 2018
Gross Written Premiums	4,132.7	4,182.6	4,285.4	2.6%	3,238.6	3,407.3
Management Expenses	464.8	513.2	603.8	11.5%	437.3	413.2
Expense Ratio (Non Life)	16.9%	17.4%	20.3%	(3.0) pts	19.9%	17.8%
Expense Ratio (Life) <sup>1</sup>	9.9%	11.3%	12.1%	(1.8) pts	11.6%	10.7%
Local Consolidated PBT	438.2	454.6	437.3	1.1%	310.9	391.1
Total Assets	13,617.4	14,912.4	16,596.7	10.9%	16,328.5	17,501.1
Shareholders' Equity	2,621.3	2,879.5	3,135.5	11.0%	3,098.2	3,415.1
Basic earnings per ordinary share (sen)	183.08	182.27	165.33	(2.5%)	115.59	157.46
Diluted earnings per ordinary share (sen)	89.37	90.80	83.28	(1.0%)	58.19	80.18

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

## Summary of unaudited Financial Results

RM'mil	9M 2017	9M 2018	△18/17 %
<b>Operating revenue</b>	<b>3,591.1</b>	<b>3,879.8</b>	<b>8.0%</b>
Gross earned premiums	3,175.7	3,405.5	7.2%
Premiums ceded to reinsurers	(237.6)	(277.3)	(16.7%)
Net earned premiums ("NEP")	2,938.1	3,128.2	6.5%
Net change in benefits and claims paid ("Claim")	(1,494.4)	(1,649.3)	(10.4%)
Net change in contract liabilities ("Reserve")	(888.7)	(522.8)	41.2%
Management expenses ("ME")	(437.3)	(413.2)	5.5%
Net fee and commission expense	(458.4)	(490.4)	(7.0%)
Fair value gains and losses	173.0	(147.5)	(>100.0%)
Net investment results	484.2	492.2	1.7%
Net other operating expenses	(5.6)	(6.1)	(8.9%)
<b>Profit before tax</b>	<b>310.9</b>	<b>391.1</b>	<b>25.8%</b>
Tax expense	(109.7)	(114.2)	(4.1%)
<b>Profit after tax</b>	<b>201.2</b>	<b>276.9</b>	<b>37.6%</b>
<b>ME / NEP ratio</b>	<b>14.9%</b>	<b>13.2%</b>	<b>1.7 pts</b>
<b>Claim &amp; Reserve / NEP ratio</b>	<b>81.1%</b>	<b>69.4%</b>	<b>11.7 pts</b>





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General Business

## General Business



### **Gross written premiums**

- Gross written premium declined by 0.2% as compared to prior year.

### **Profitability**

- Higher profit before tax due to higher underwriting profit.

### **Net investment results**

- Stable growth in investment income.

### **Combined ratio**

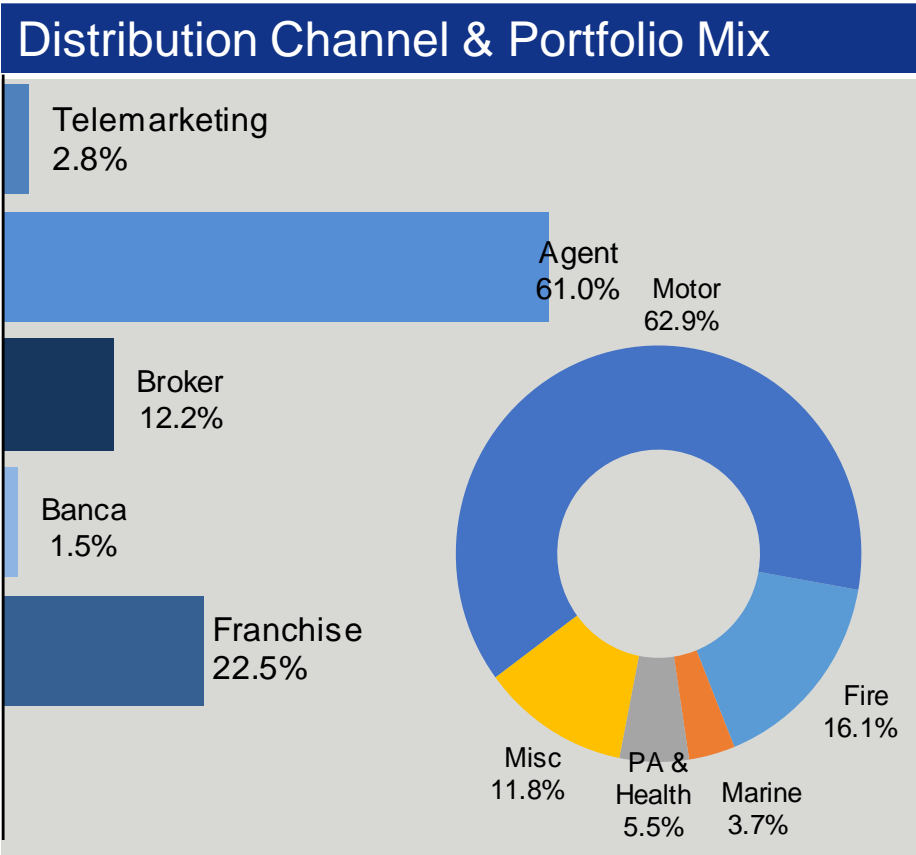
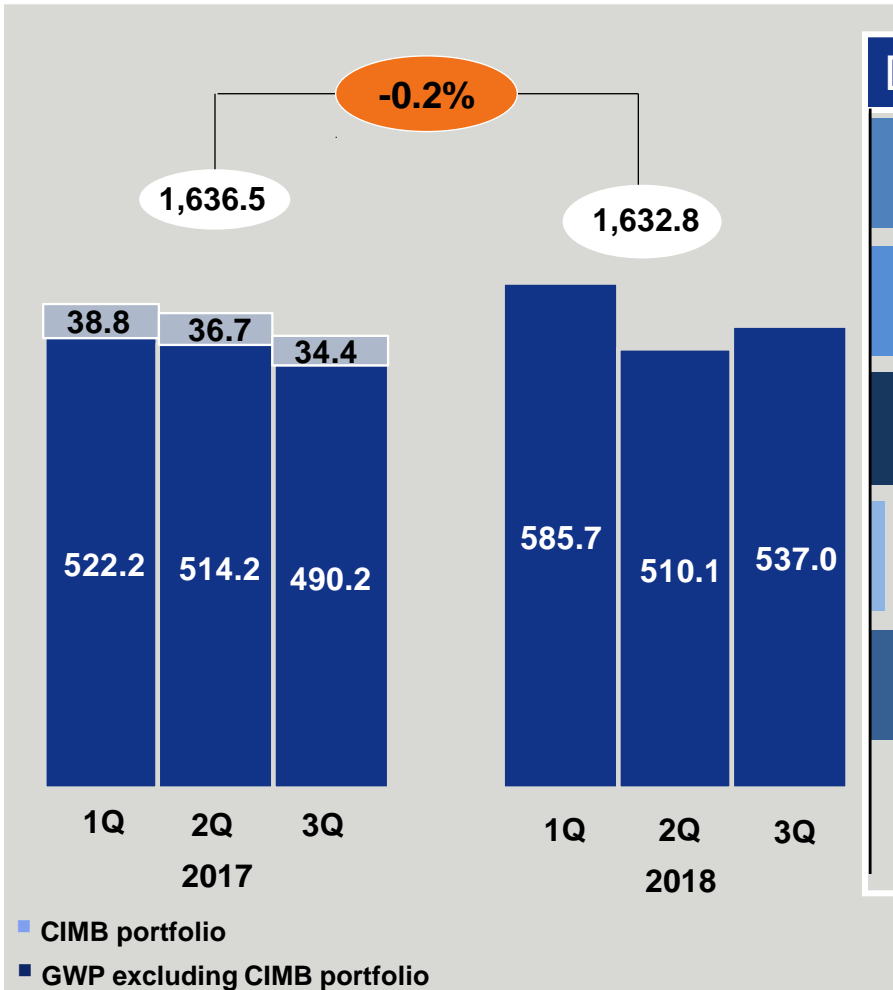
- Lower combined ratio due to lower expense ratio

### **Market growth**

- Market share of 9M 2018 stood at 11.9% (9M 2017: 12.0%).

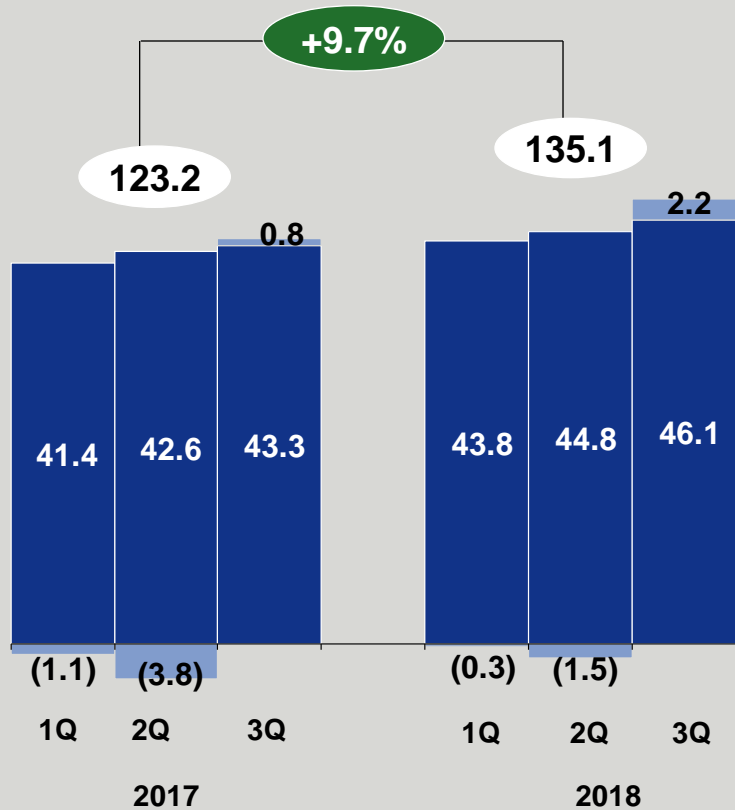
# General Business: GWP is marginally below prior year

## Gross Written Premiums (RM'mil)



# General Business: Stable growth in investment income

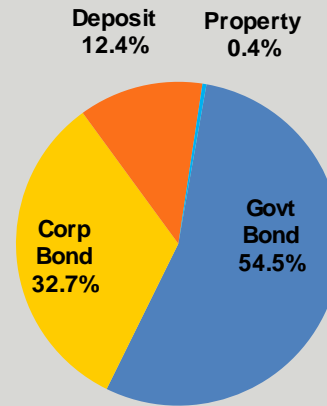
## Net Investment Results/Net Operating Expenses (RM'mil)



■ Net Investment Results    ■ Net Other Operating Expenses

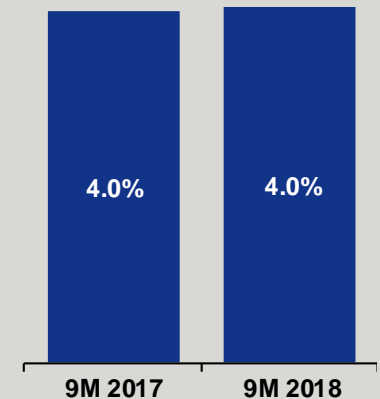
## Portfolio Mix and Investment Yield (Annualized)

### Portfolio Mix



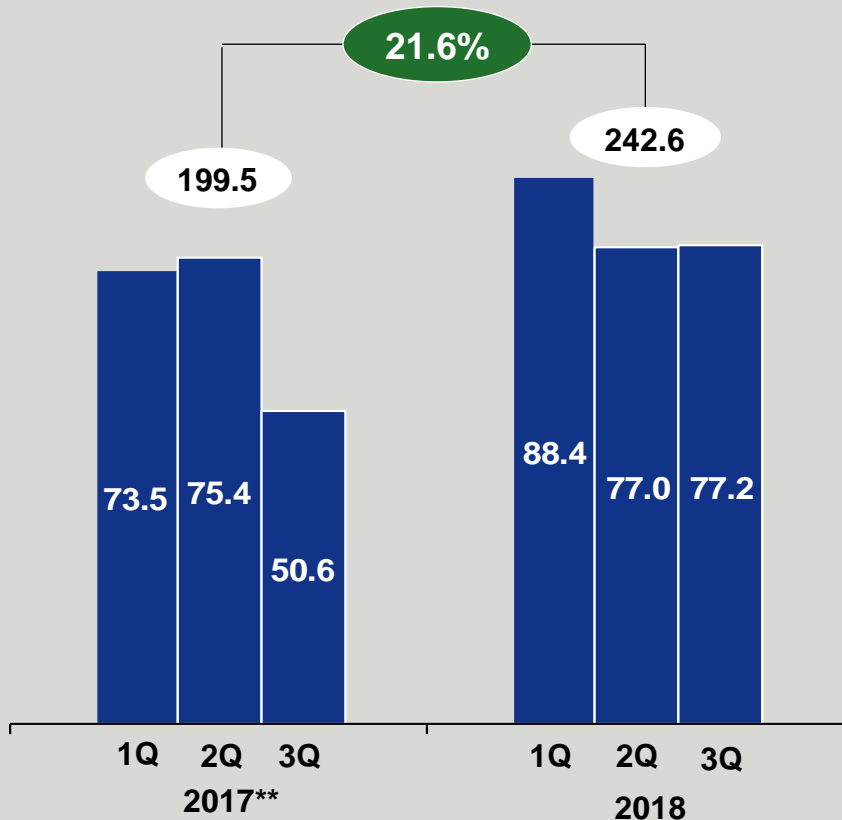
As at 30 September 2018

### Investment Yield

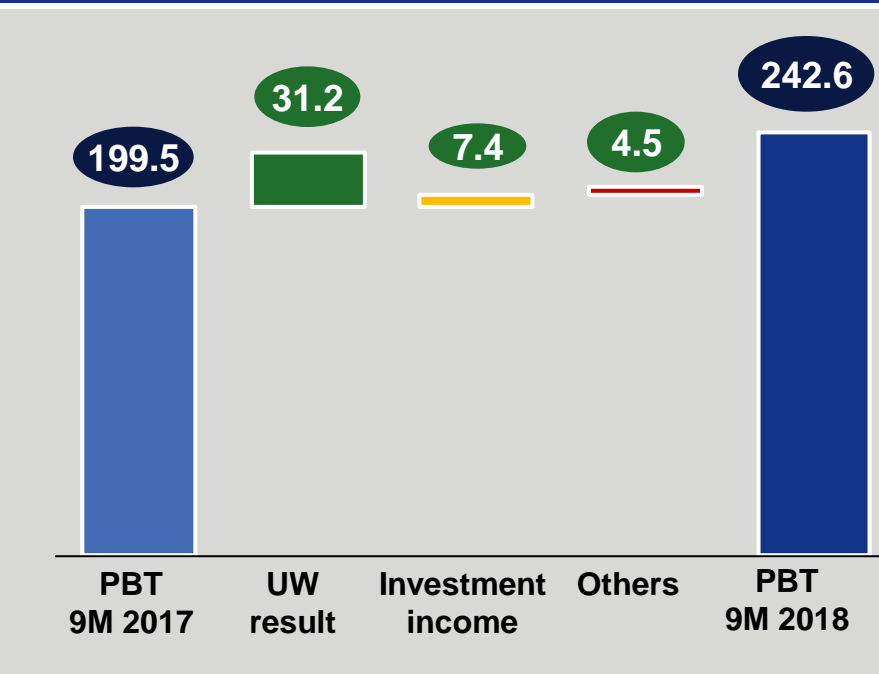


# General Business: Higher PBT due to higher underwriting profit

## Profit Before Tax (RM'mil)



## PBT Drivers (RM'mil)

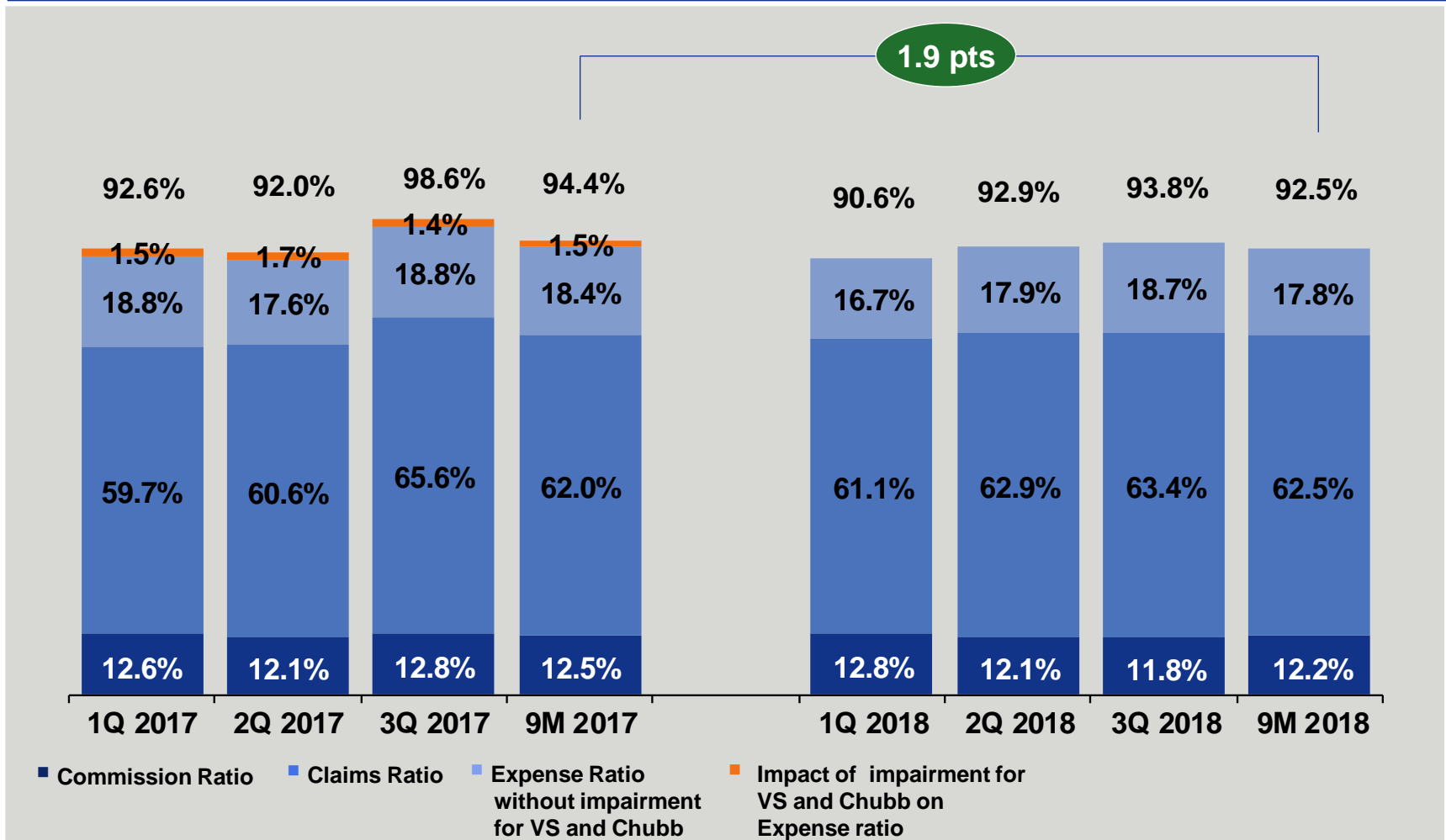


Impairment (RM'm)	1Q2017	2Q2017	3Q2017	9M2017
VS	2.5	5.0	6.0	13.5
Chubb	-	4.3	-	4.3
Total	2.5	9.3	6.0	17.8

	UW result	Investment income	Others	PBT
9M 2017	76.3	127.3	(4.1)	199.5
9M 2018	107.5	134.7	0.4	242.6
Change	31.2	7.4	4.5	43.1

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

## Combined Ratio



## General Business: Unaudited financial results at a glance

RM'mil	9M 2017	9M 2018	△18/17 %
Gross written premiums	1,636.5	1,632.8	(0.2%)
Gross earned premiums	1,573.6	1,631.0	3.6%
Net earned premiums	1,368.7	1,427.3	4.3%
Net change in claims incurred	(848.3)	(891.3)	(5.1%)
Management expenses	(272.7)	(253.9)	6.9%
Net fee and commission expenses	(171.4)	(174.6)	(1.9%)
Underwriting result	76.3	107.5	40.9%
Net investment results	127.3	134.7	5.8%
Net other operating expenses	(4.1)	0.4	>100.0%
<b>Profit before tax (after consolidation adjustment)</b>	<b>199.5</b>	<b>242.6</b>	<b>21.6%</b>
Commission ratio	12.5%	12.2%	0.3 pts
Claims ratio	62.0%	62.5%	(0.5 pts)
Expense ratio	19.9%	17.8%	2.1 pts
Combined ratio	94.4%	92.5%	1.9 pts

## General Business: Performance compared to Industry (Jan-Sept 2018)

KPIs	AGIC 9M 2018	AGIC (excl. CIMB) 9M 2018	Industry <sup>1</sup> 9M 2018	Takaful <sup>2</sup> 9M 2018
<b>GWP growth</b>	<b>-0.2%</b>	<b>7.3%</b>	<b>1.5%</b>	<b>8.4%</b>
<b>Commission ratio</b>	<b>12.2%</b>		<b>10.0%</b>	<b>4.4%</b>
<b>Claims ratio</b>				
• Overall	<b>62.5%</b>		<b>58.6%</b>	<b>56.4%</b>
• Motor	<b>70.4%</b>		<b>70.2%</b>	<b>71.5%</b>
<b>Expense ratio</b>	<b>17.8%</b>		<b>22.9%</b>	<b>24.2%</b>
<b>Combined ratio</b>	<b>92.5%</b>		<b>91.4%</b>	<b>85.0%</b>

**Market Share (9M 2018) <sup>3</sup>**

**11.9%**

**Market Ranking (9M 2018) <sup>3</sup>**

**No. 1**

Notes:

- 1) Source: ISM Market Performance Report Jan-Sept 2018
- 2) Source: ISM Takaful Market Performance Report Jan-Sept 2018
- 3) Based on AGIC Revenue by account & ISM Market Performance Report Jan-Sept 2018





# 3

## Life Business

## Life Business

### Gross written premiums

- Gross written premiums grew by 10.8%.

### Distribution

- Strong performance from Agency channels.
- Agency ANP achieved 19.5% 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 4.5% and 16.3% respectively.
- 70.1% of Agency new business derived from Investment-Linked business.

### Profitability

- Profit before tax increased by 35.9% mainly due to contribution from protection business.
- New business value after overrun increase by 9.4%.

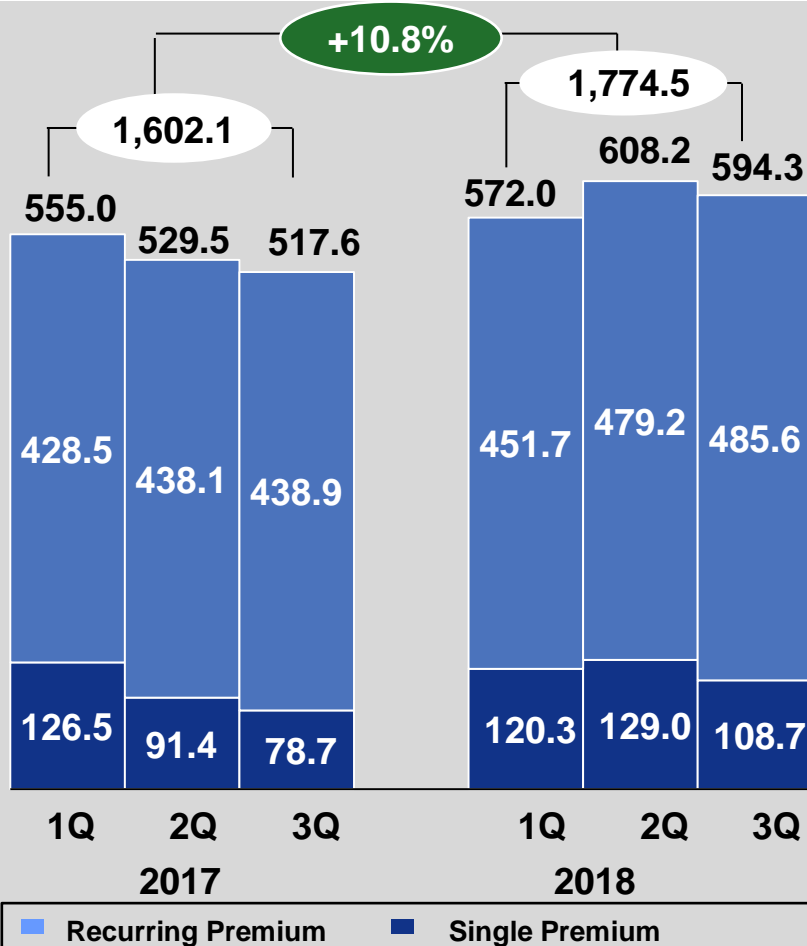
### Market growth

- ANP outperformed market with growth of 18.5% vs market of 0.9%.
- Market share stood at 8.7% (9M 2017: 7.4%).

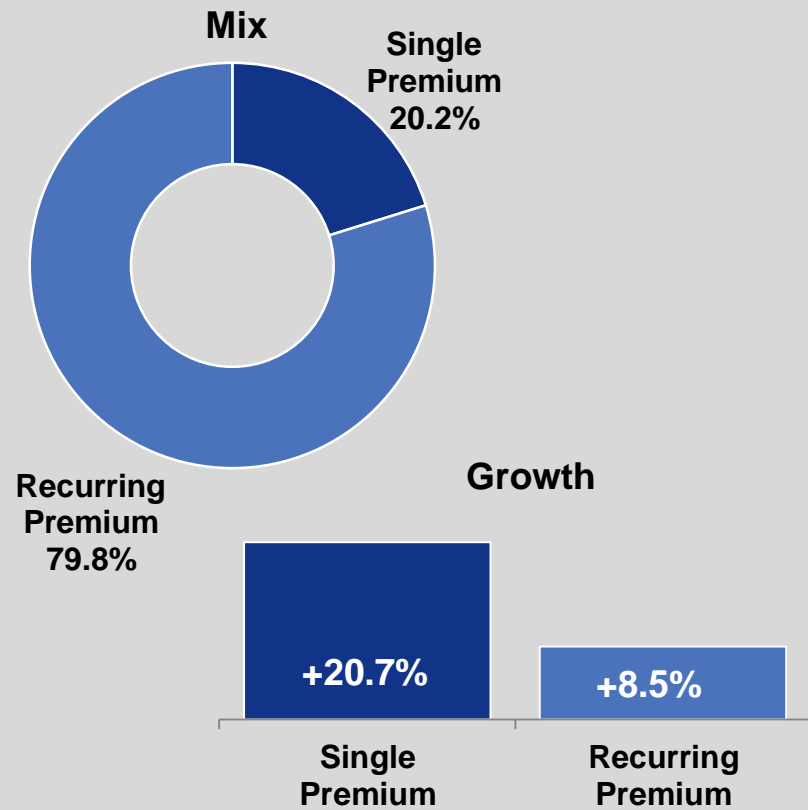


# Life Business: Growth in both Single Premium and Recurring Premium

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

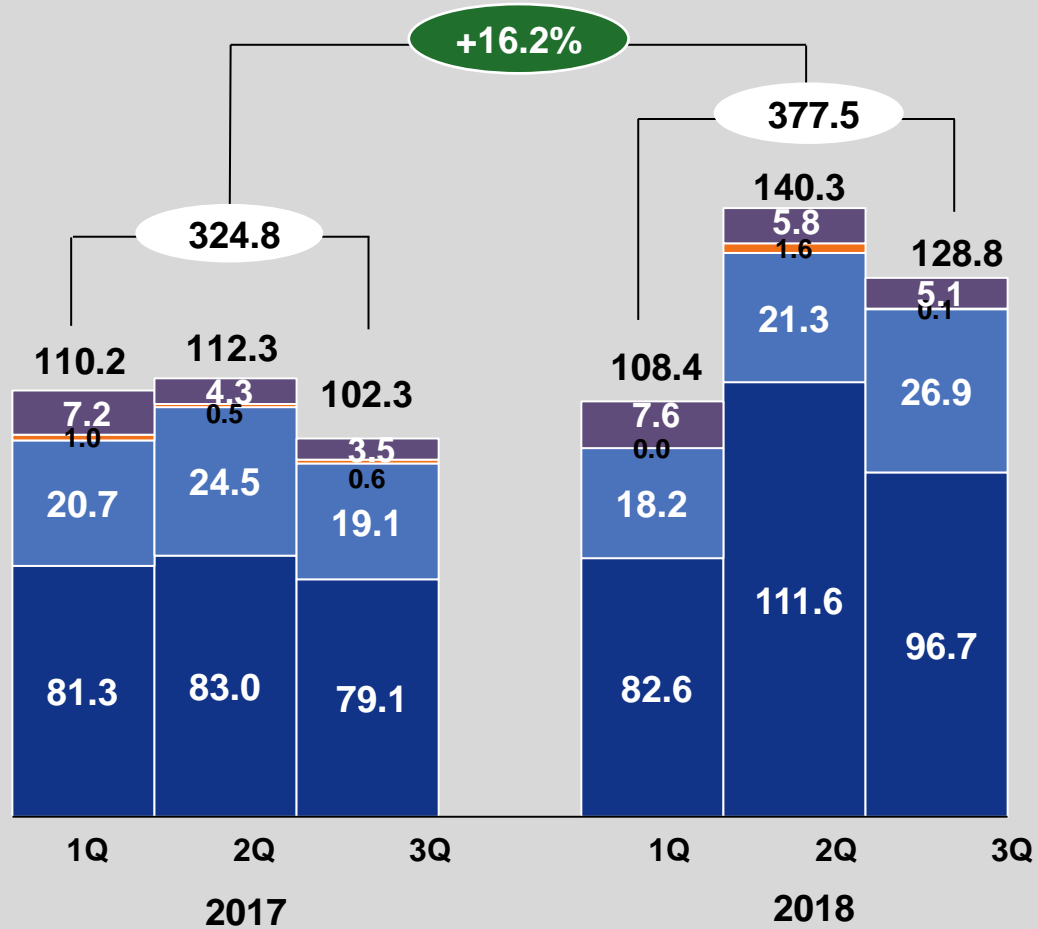


## GWP Mix & Growth (%) (9M 2018)

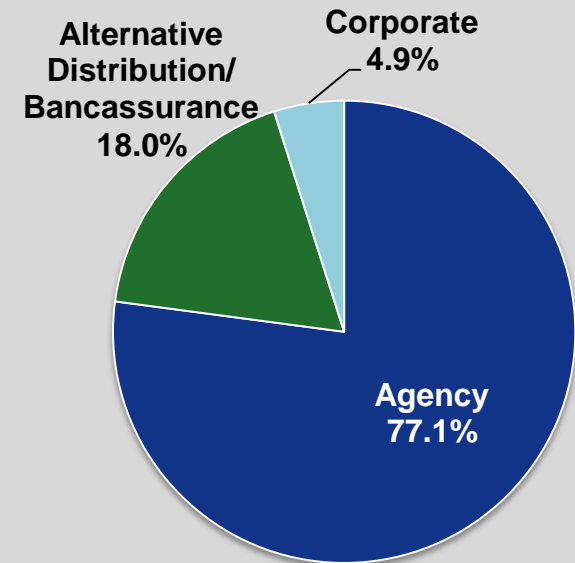


# Life Business: Growth in ANP driven by Agency and Employee Benefits channels

Annualised New Premiums (“ANP”) (RM’mil)



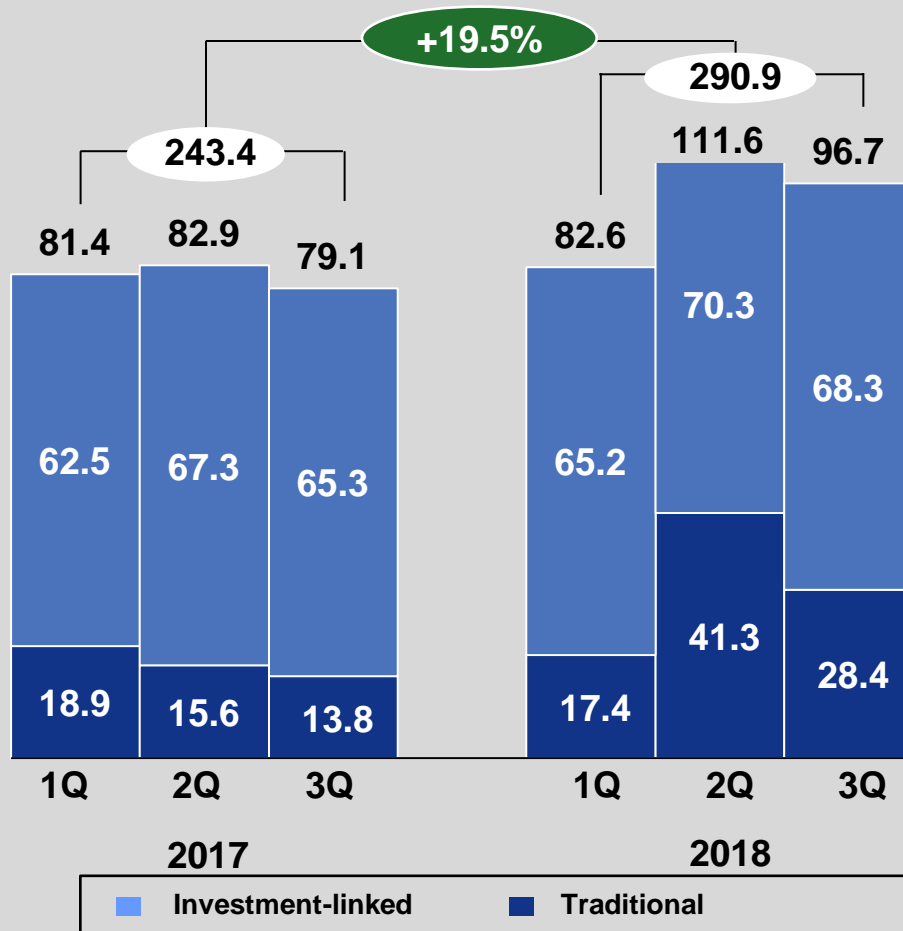
ANP Channel Mix (%) (9M 2018)



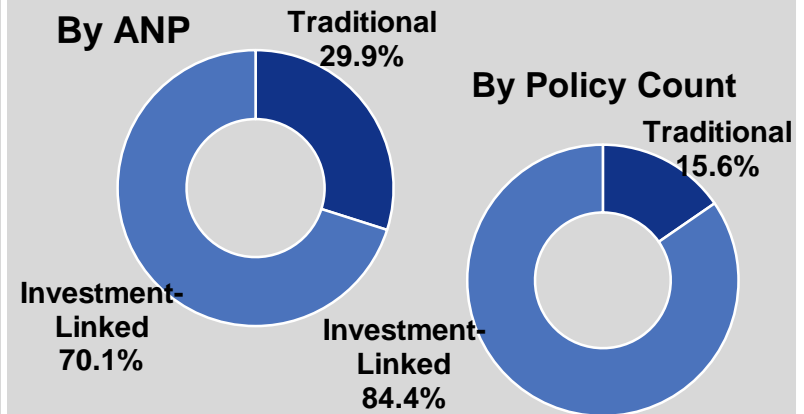
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

# Life Business (Agency): Continue focus on profitable regular Investment-Linked products plus higher sales from traditional business

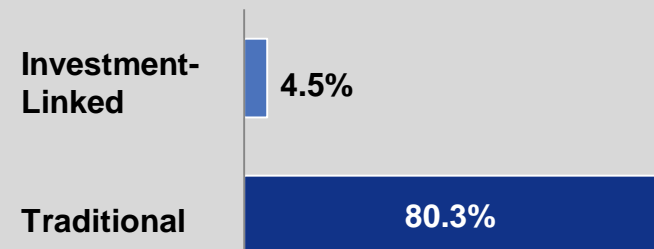
## Agency Annualised New Premiums (RM'mil)



## Agency Product Mix (%) (9M 2018)

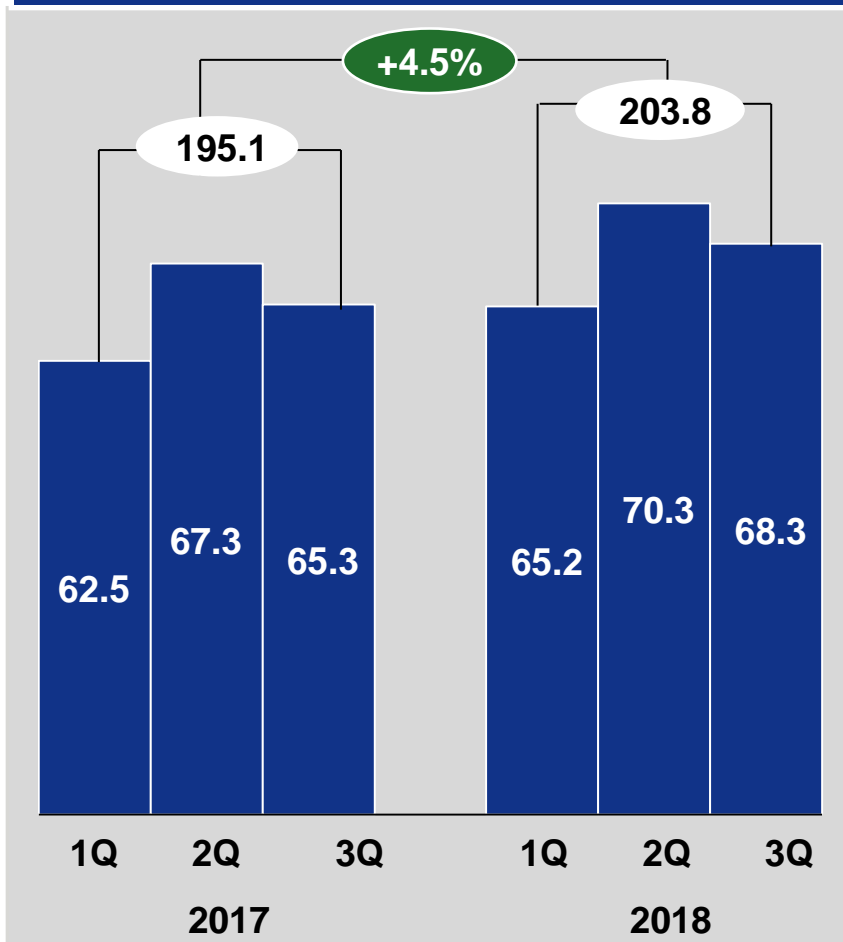


## Agency ANP Growth (%) (9M 2018)

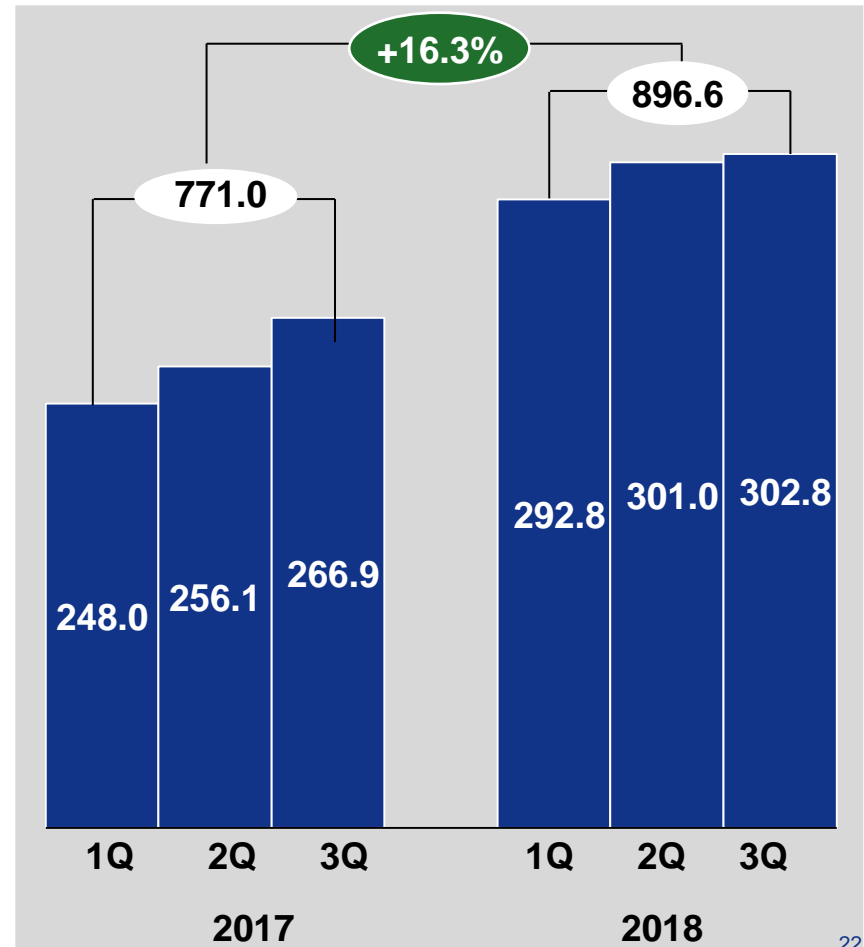


# Life Business: Protection Business (Investment-Linked) continues to grow

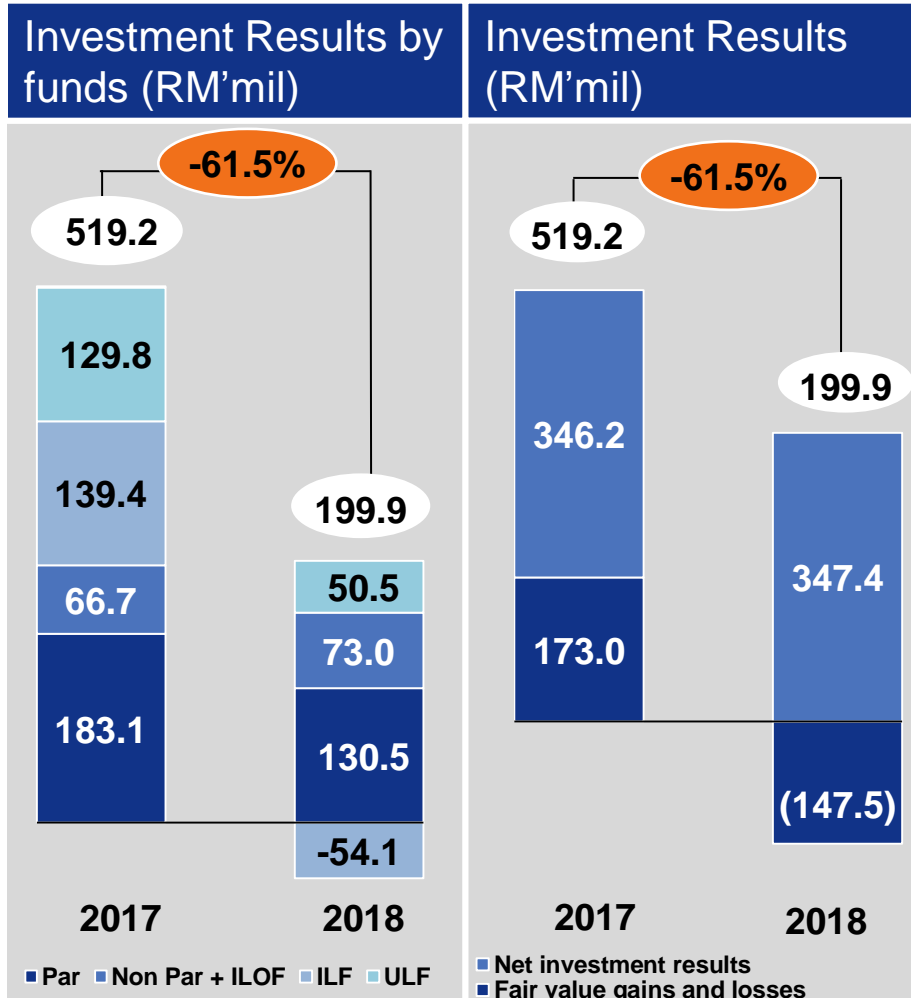
Annualised New Premiums (RM'mil)



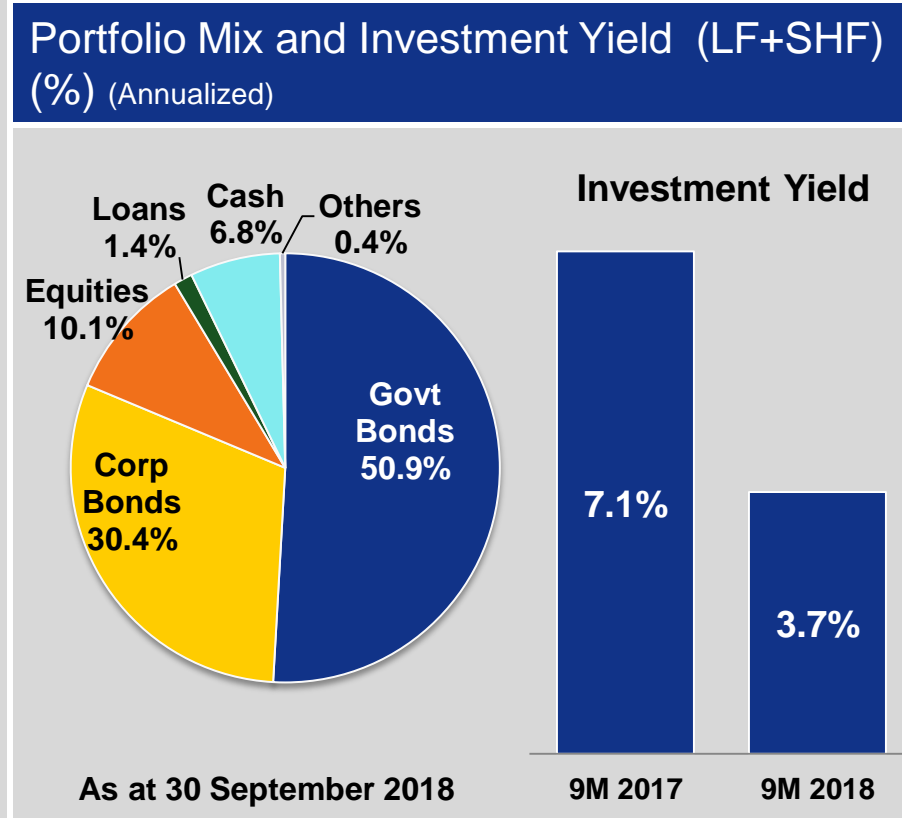
Gross Written Premiums (RM'mil)



# 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	9M 2017	9M 2018	△18/17 %
Gross written premiums	1,602.1	1,774.5	10.8%
Premiums ceded to reinsurers	(32.7)	(73.6)	(>100.0%)
Net earned premiums	1,569.4	1,700.9	8.4%
Net change in benefits and claims paid	(645.5)	(806.2)	(24.9%)
Net change in contract liabilities	(889.3)	(474.5)	46.6%
Management expenses	(148.5)	(148.3)	0.1%
Net fee and commission expenses	(287.0)	(313.7)	(9.3%)
Fair value gains and losses	173.0	(147.5)	(>100.0%)
Net investment results	346.2	347.4	0.3%
Net other operating expenses	(4.9)	(4.0)	18.4%
<b>Profit before tax</b> (after consolidation adjustment)	<b>113.4</b>	<b>154.1</b>	<b>35.9%</b>
Annualised new premiums	324.8	377.5	16.2%
Expense ratio (LF+SHF)	11.6%	10.7%	0.9 pts
Local investment yield (LF+SHF)	7.1%	3.7%	(3.4 pts)
Lapse ratio (total company)	14.7%	13.8%	0.9 pts
Persistency (13th month by premium)	84.9%	87.2%	2.3 pts



# Life Business: Outperformance against market led by Agency channel

## Market growth analysis (Jan to Sept 2018)

Annualised New Business

← **9M 2018 Growth** →

**12M 2017 Growth**

**5-year CAGR  
(2012-2017)**

Distribution Channel	9M 2018 Growth		Market Share	Market Rank	12M 2017 Growth		5-year CAGR (2012-2017)	
	ALIM (% Growth)	Industry (% Growth)			ALIM (% Growth)	Industry (% Growth)	ALIM	Industry
Agency (Traditional)	77.9%	1.4%	14.4%	2	-13.1%	-35.6%	-12.4 %	-13.6%
Agency (IL)	8.5%	-2.1%	9.6%	5	11.4%	9.2%	11.4%	9.7%
Agency (Total)	23.3%	-1.3%	10.7%	5	5.4%	-4.9%	3.2%	1.2%
Bancassurance	0.5%	4.8%	4.8%	8	89.3%	19.0%	70.0%	15.9%
Employee Benefits	25.8%	5.7%	8.7%	4	8.8%	8.1%	7.1%	11.4%
<b>Total</b>	<b>18.5%</b>	<b>0.9%</b>	<b>8.7%</b>	<b>5</b>	<b>15.3%</b>	<b>1.9%</b>	<b>7.4%</b>	<b>5.0%</b>

Thank You  
for Your Attention