

Allianz Malaysia Berhad
(12428-W)

Financial Results
1Q 2019

Analyst Briefing
24 May 2019



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AMB Group Results

Profitable growth from Diversification in Two Strong Pillars of Businesses

Operating revenue

- Group operating revenue of RM1.34 billion, an increase of 5.7% as compared to corresponding period of RM1.27 billion due to higher gross earned premiums and investment income by RM60.4 million and RM12.5 million respectively.
- General business recorded an operating revenue of RM571.4 million, a decrease of 3.9% compared to corresponding period of RM594.8 million.
- Life business recorded an operating revenue of RM769.2 million, an increase of 14.3% compared to corresponding period of RM673.1 million.

Profitability

- Group profit before tax of RM151.2 million increased by 18.5% compared to corresponding period of RM127.6 million.
- General business contributed a profit before tax of RM85.6 million (3M 2018: RM88.3 million).¹
- Life insurance business recorded a profit before tax of RM68.9 million (3M 2018: RM41.5 million).²

Earnings per ordinary share

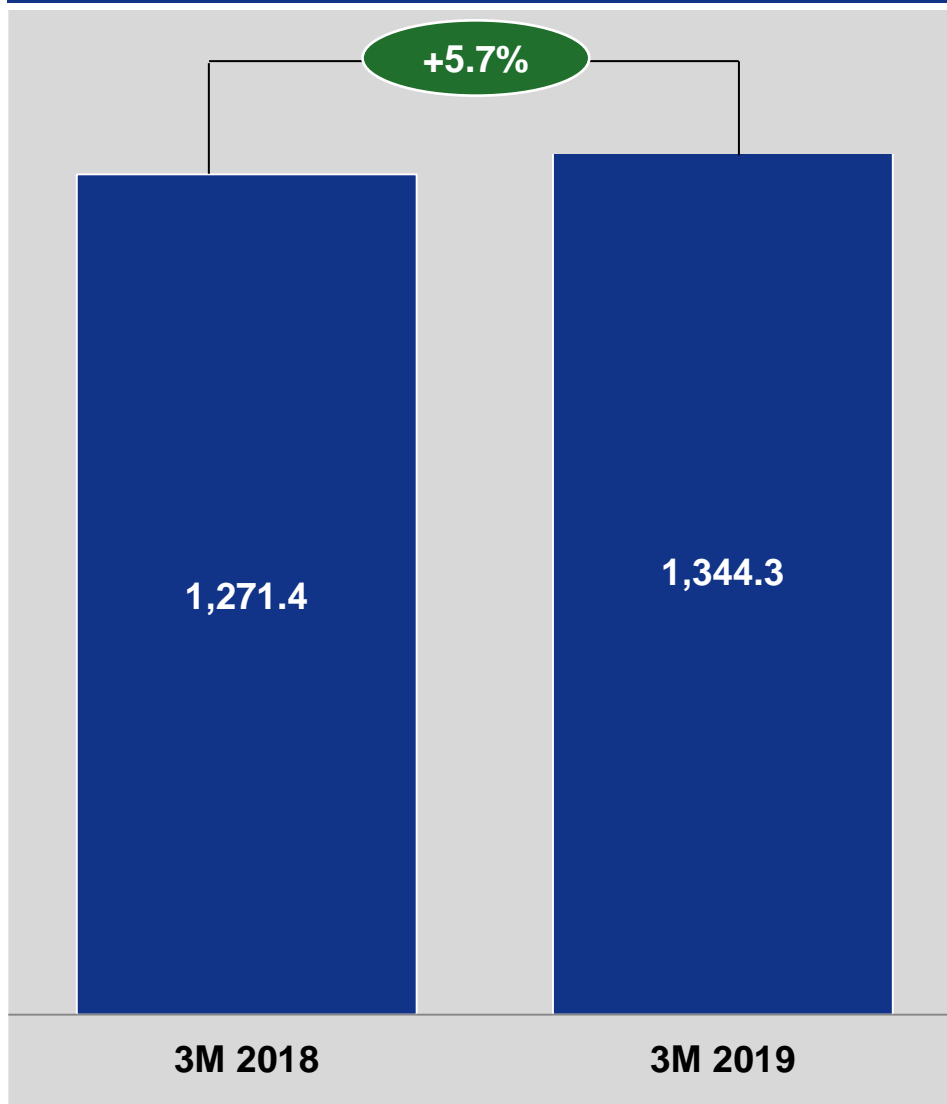
- Basic earnings per ordinary share at 55.97 sen (3M 2018: 49.79 sen).
- Diluted earnings per ordinary share at 28.57 sen (3M 2018: 25.22 sen).

¹ A decrease of 3.1% which was attributable to lower underwriting profits. Net combined ratio was 91.3% as at 3M 2019 (3M 2018: 90.6%).

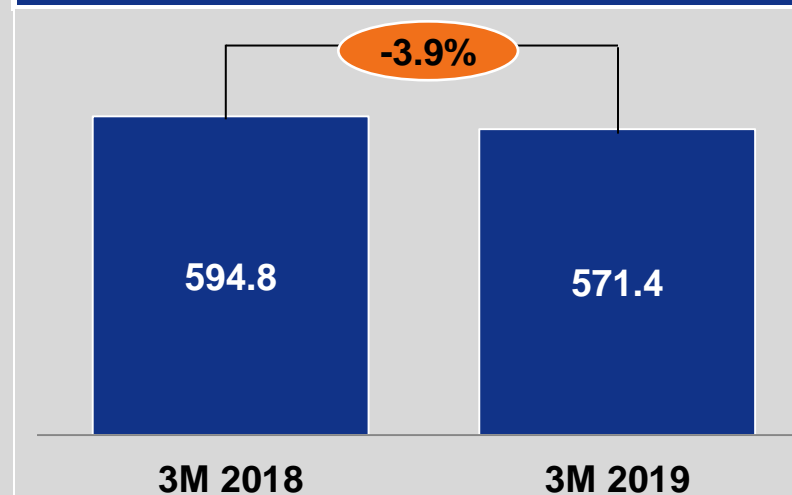
² An increase of 66.0% which was attributable to fair value gains arising from change in interest rate.

Financial Highlights 3M 2019

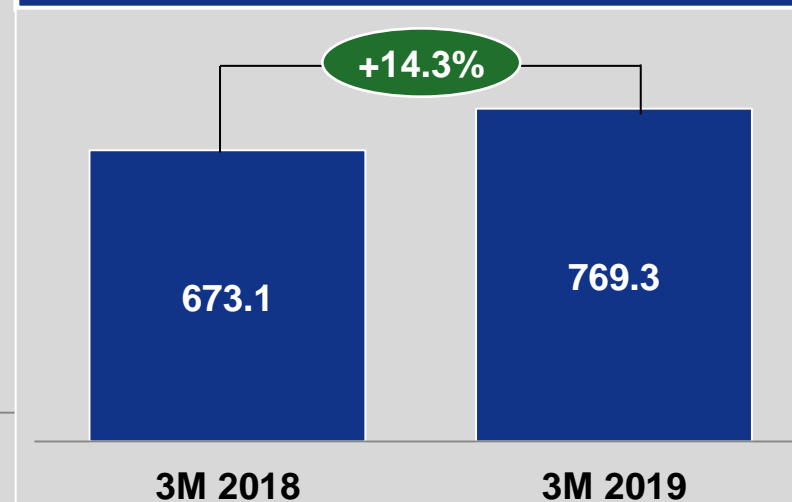
Operating Revenue (RM'mil)



General Business (RM'mil)

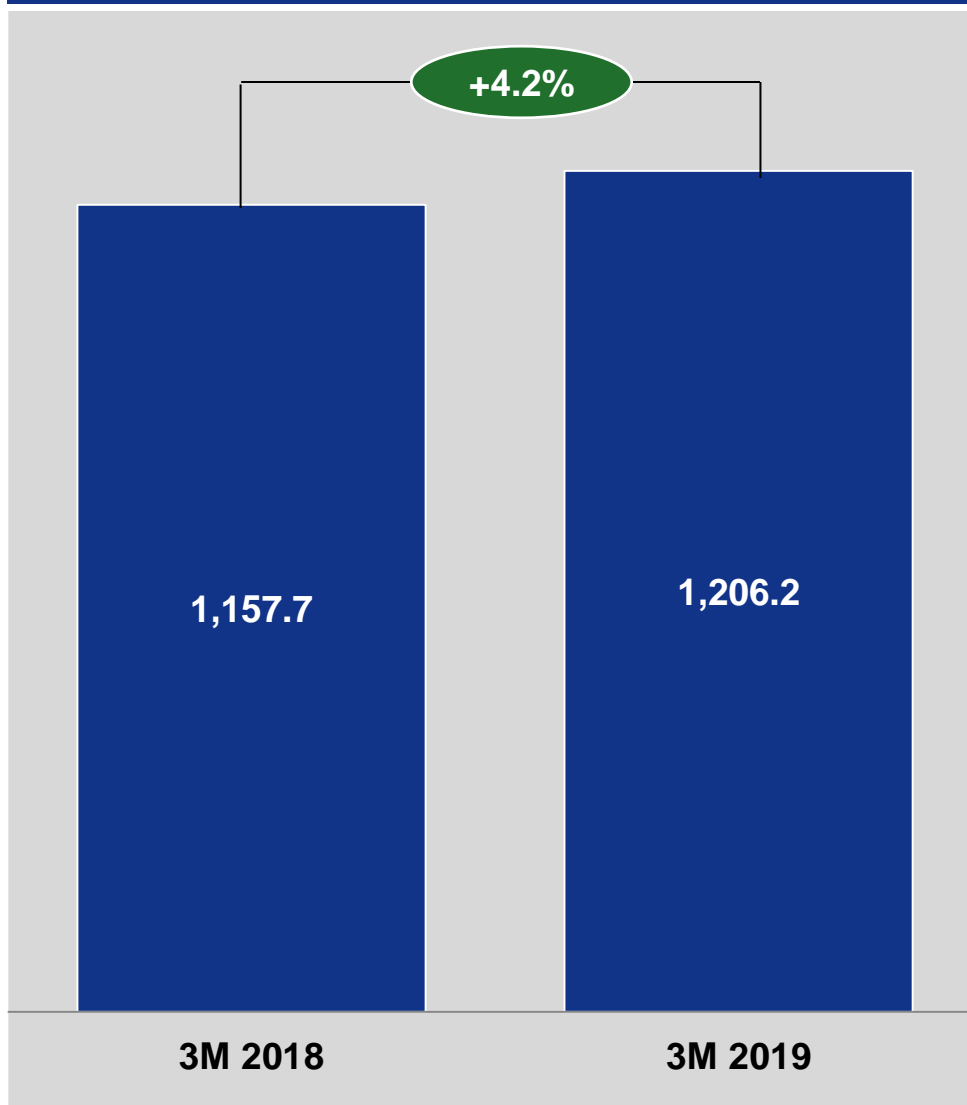


Life Business (RM'mil)

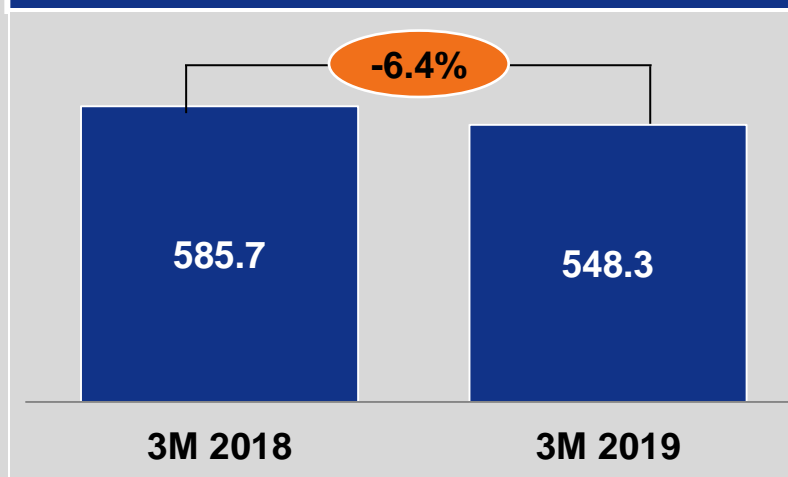


Financial Highlights 3M 2019

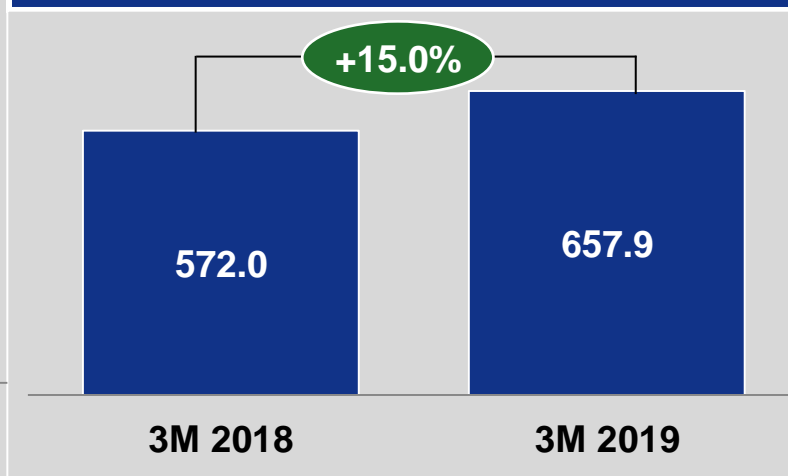
Gross Written Premiums ("GWP") (RM'mil)



General Business (RM'mil)

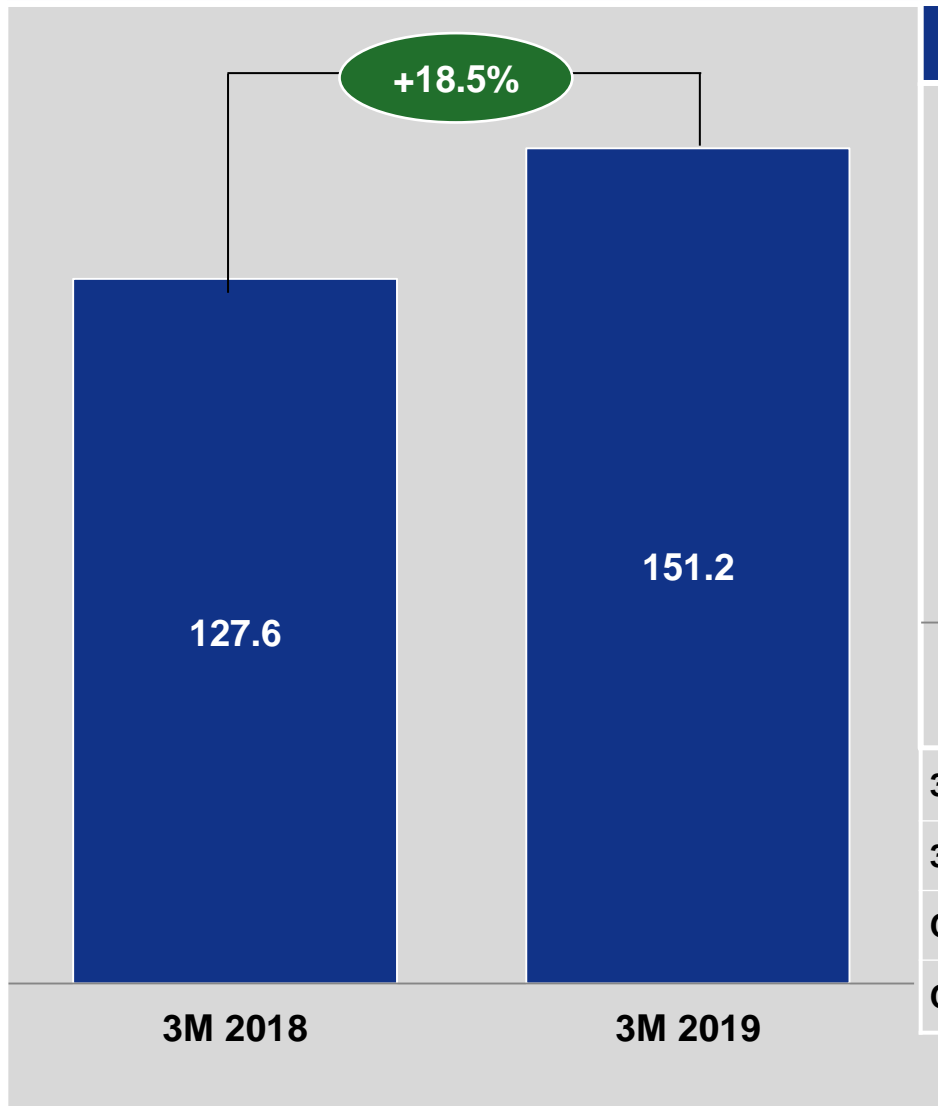


Life Business (RM'mil)

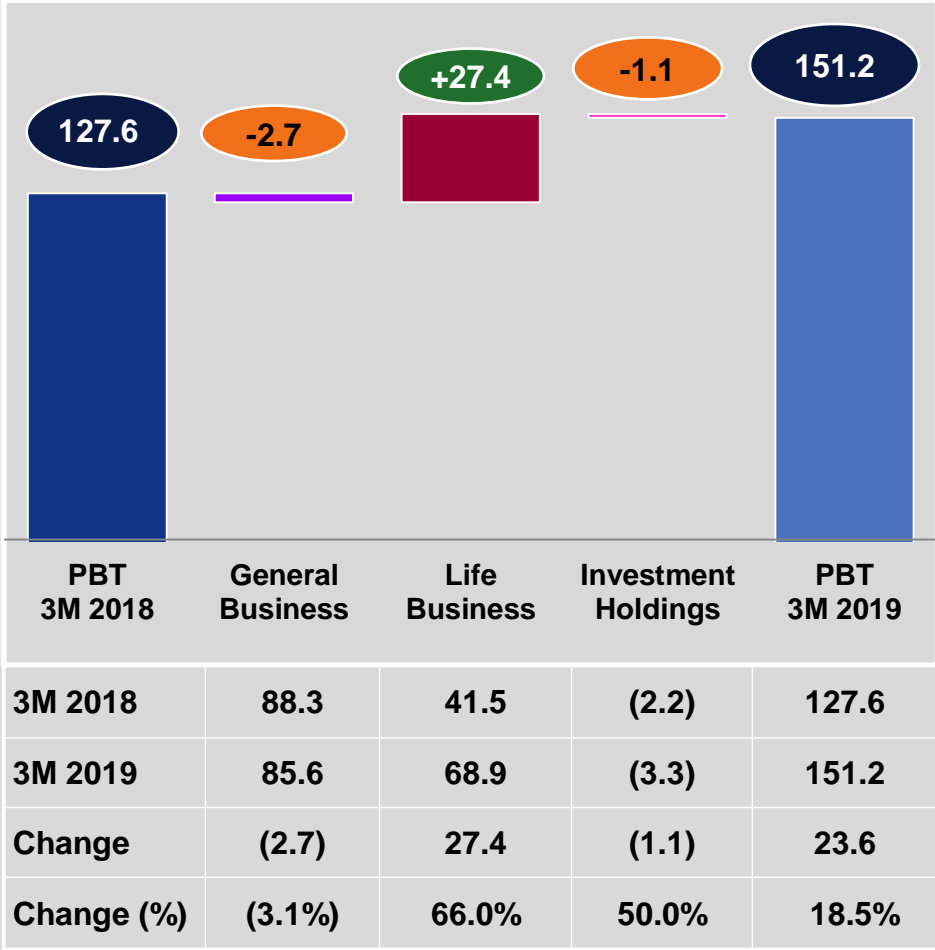


Financial Highlights 3M 2019

Profit Before Tax (RM'mil)



PBT Drivers (RM'mil)



Financial Overview

RM'mil	2016	2017	2018	3 YEAR CAGR	3M 2018	3M 2019
Gross Written Premiums	4,182.6	4,285.4	4,504.8	2.9%	1,157.7	1,206.2
Management Expenses	513.2	603.8	554.9	6.1%	135.7	151.9
Expense Ratio (Non Life)	17.4%	20.3%	18.4%	(1.5) pts	16.7%	20.4%
Expense Ratio (Life) ¹	11.3%	12.1%	10.0%	(0.1) pts	11.7%	11.0%
Local Consolidated PBT	454.6	437.3	519.0	5.8%	127.6	151.2
Total Assets	14,912.4	16,596.7	17,404.6	8.5%	16,811.6	18,048.7
Shareholders' Equity	2,879.5	3,135.5	3,361.7	8.6%	3,220.4	3,485.0
Dividends declared	34.26	45.65	152.04	83.0%	-	-
Diluted earnings per ordinary share (sen)	90.80	83.28	109.09	6.9%	25.22	28.57

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

Summary of unaudited Financial Results

RM'mil	3M 2018	3M 2019	△19/18 %
Operating revenue	1,271.4	1,344.3	5.7%
Gross earned premiums	1,123.0	1,183.4	5.4%
Premiums ceded to reinsurers	(97.2)	(83.2)	14.4%
Net earned premiums ("NEP")	1,025.8	1,100.2	7.3%
Net change in benefits and claims paid ("Claim")	(580.2)	(541.0)	6.8%
Net change in contract liabilities ("Reserve")	(179.6)	(417.4)	(>100.0%)
Management expenses ("ME")	(135.7)	(151.9)	(11.9%)
Net fee and commission expense	(164.2)	(166.4)	(1.3%)
Fair value gains and losses	(24.0)	195.6	(>100.0%)
Net investment results	190.1	133.0	(30.0%)
Net other operating expenses	(4.6)	(0.9)	80.4%
Profit before tax	127.6	151.2	18.5%
Tax expense	(40.4)	(52.3)	(29.5%)
Profit after tax	87.2	98.9	13.4%
ME / NEP ratio	13.2%	13.8%	(0.6 pts)
Claim & Reserve / NEP ratio	74.1%	87.1%	(13.0 pts)



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General Business

General Business



Gross written premiums

- Gross written premium declined by 6.4% as compared to prior year.

Profitability

- Lower profit before tax due to lower underwriting profit.

Net investment results

- Stable growth in investment income.

Combined ratio

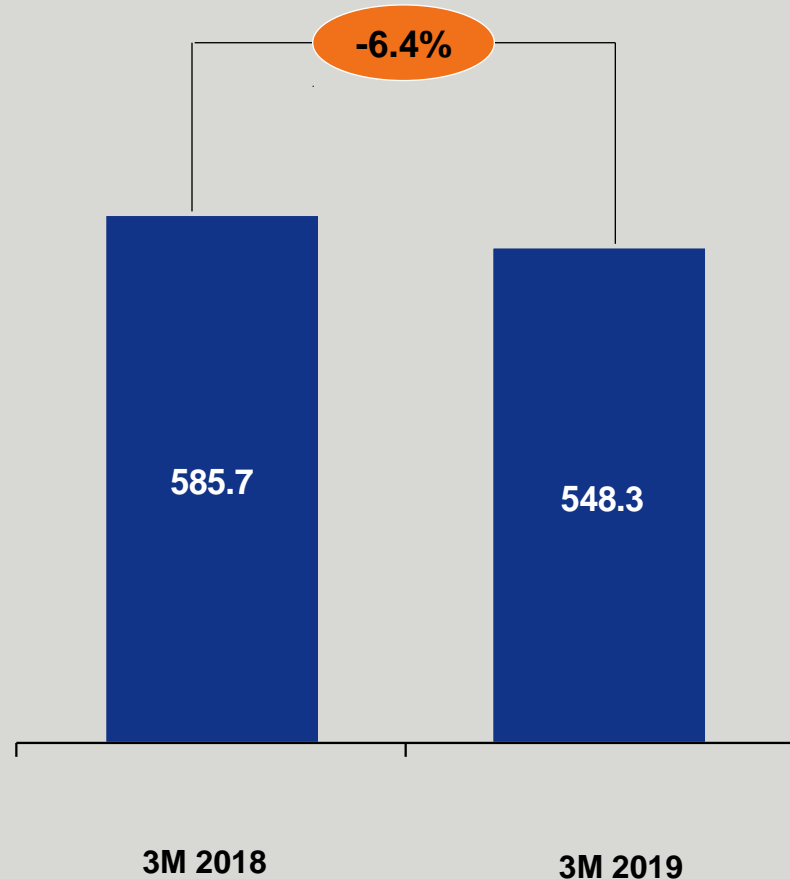
- Higher combined ratio due to higher expense ratio

Market growth

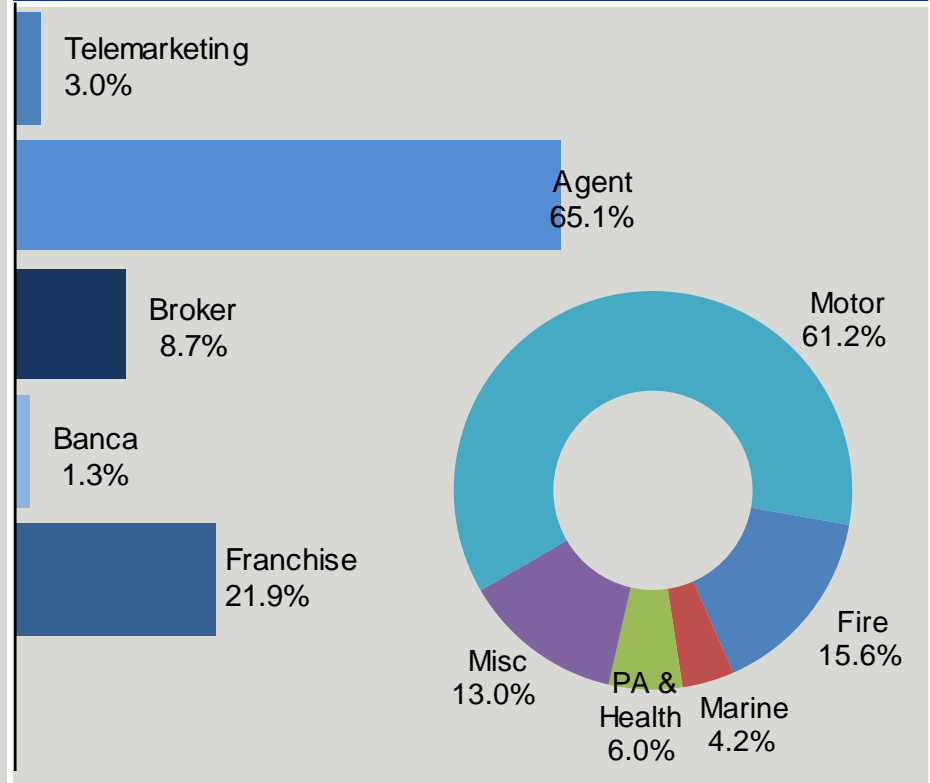
- Market share of 12M 2018 stood at 11.8%.

General Business: GWP is marginally below prior year

Gross Written Premiums (RM'mil)

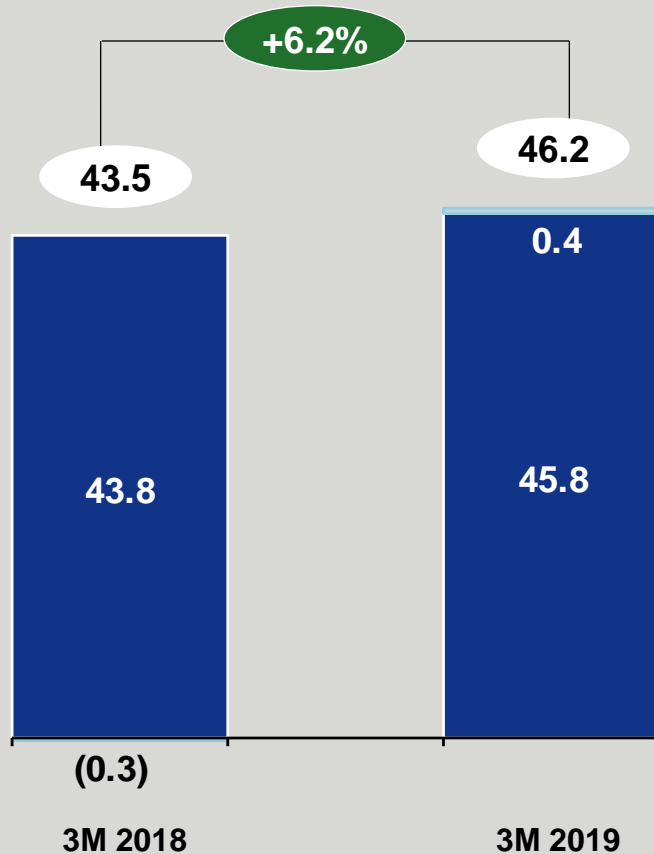


Distribution Channel & Portfolio Mix



General Business: Stable growth in investment income

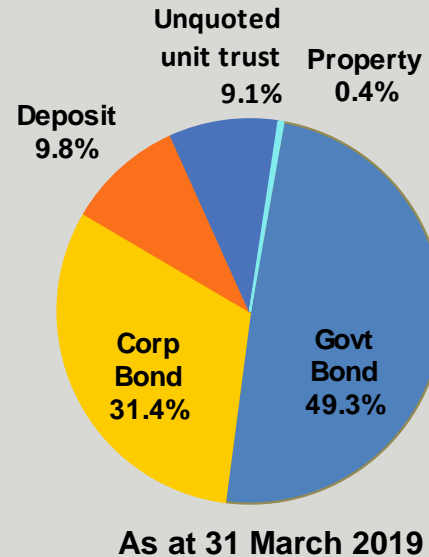
Net Investment Results/Net Operating Expenses (RM'mil)



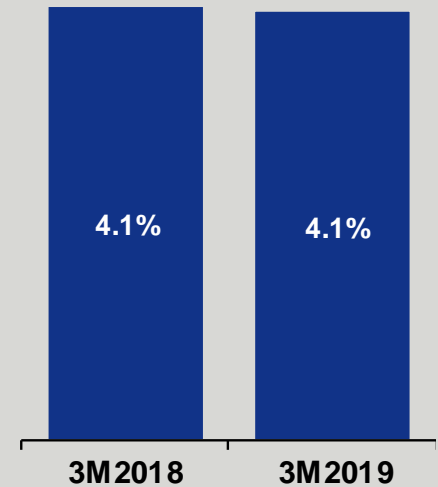
■ Net Investment Results ■ Net Other Operating Expenses

Portfolio Mix and Investment Yield (Annualized)

Portfolio Mix

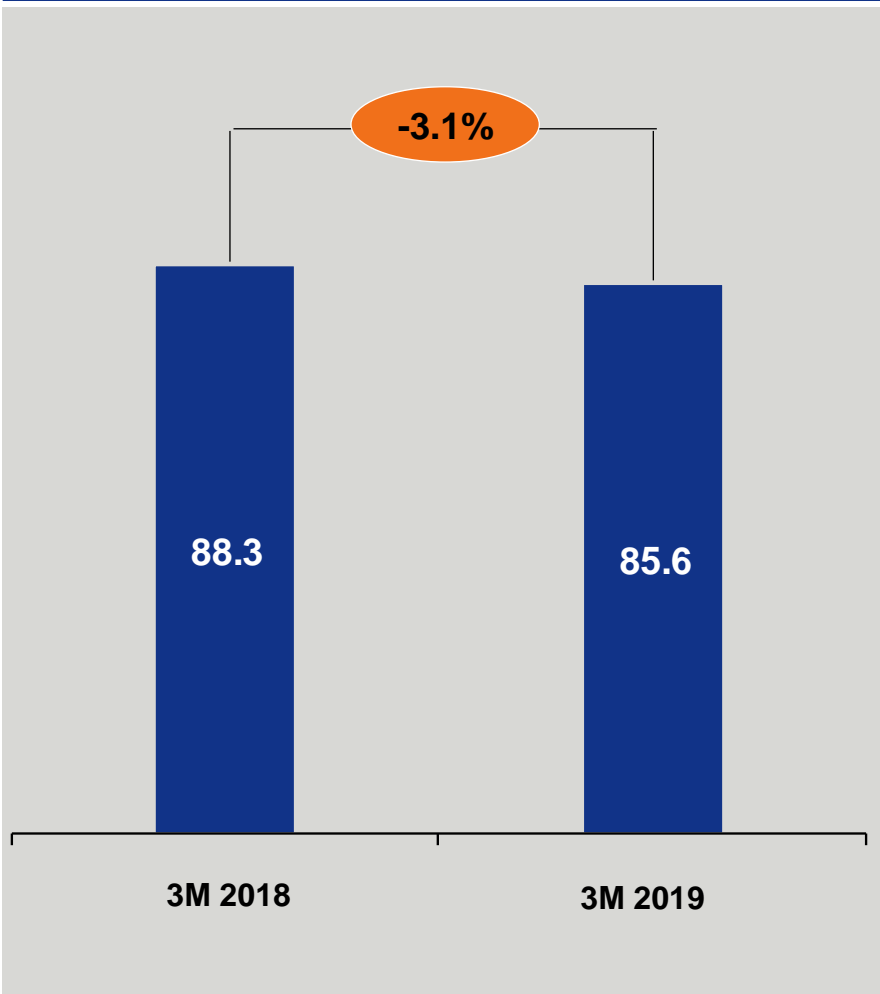


Investment Yield

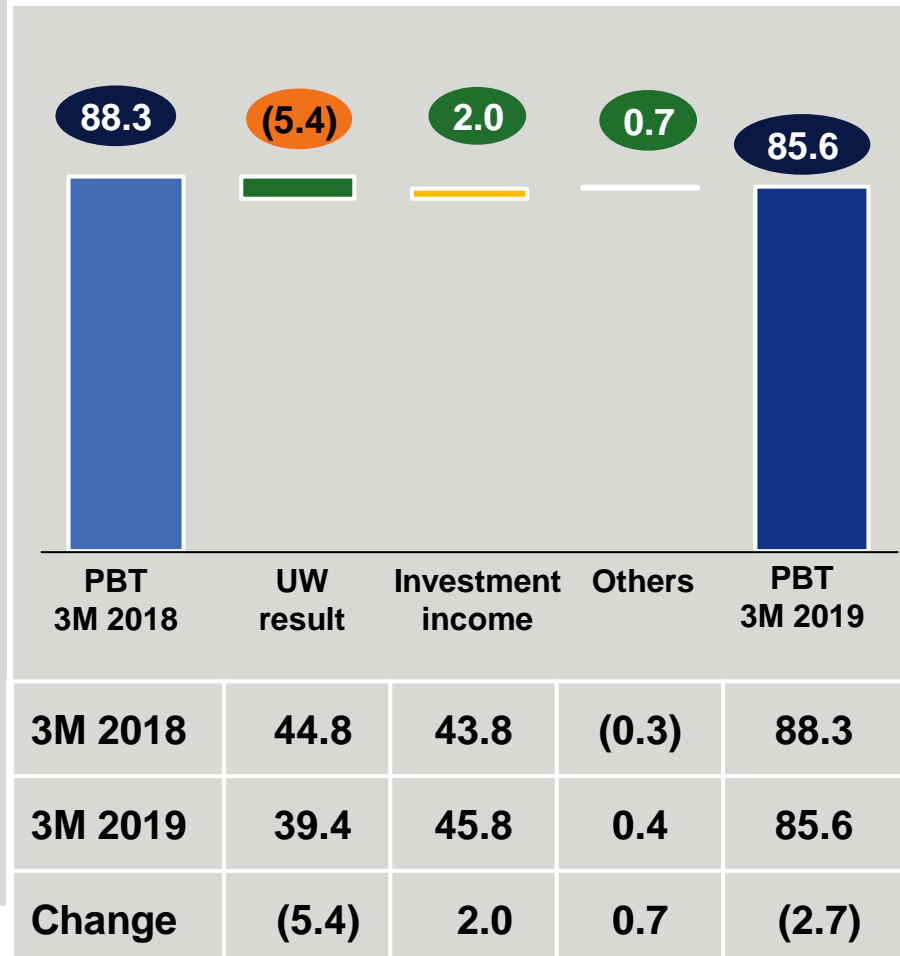


General Business: Lower PBT due to lower underwriting profit

Profit Before Tax (RM'mil)

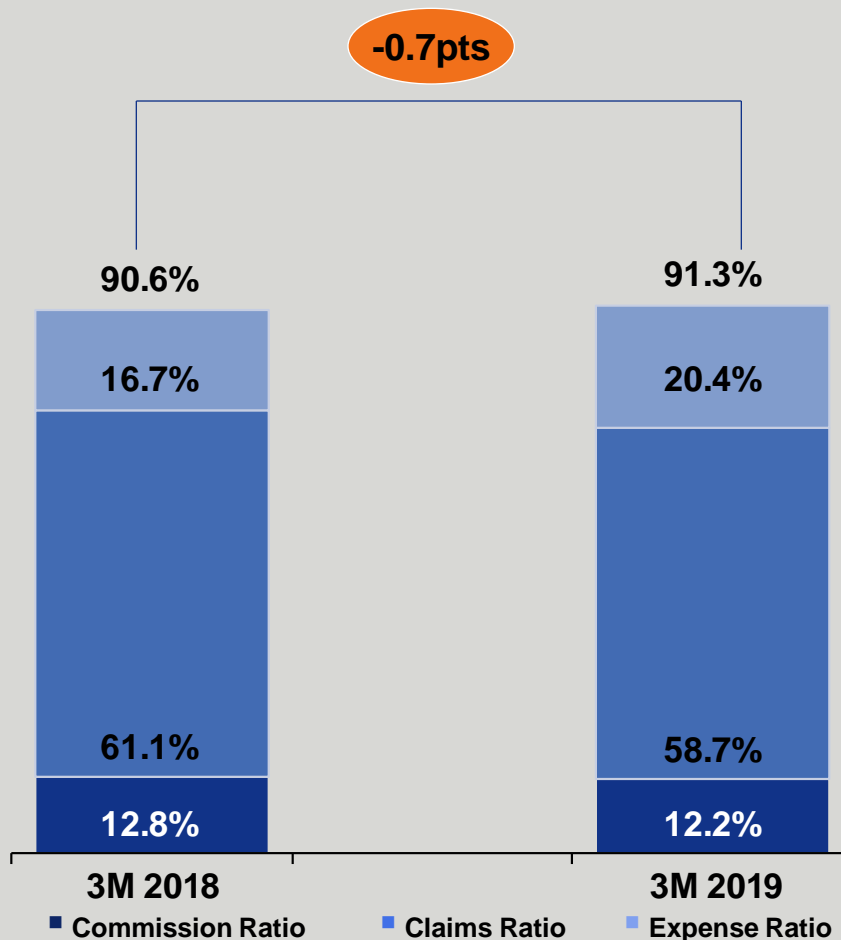


PBT Drivers (RM'mil)



General Business: Higher combined ratio due to higher expense ratio

Combined Ratio



General Business: Unaudited financial results at a glance

RM'mil	3M 2018	3M 2019	△19/18 %
Gross written premiums	585.7	548.3	(6.4%)
Gross earned premiums	551.0	525.5	(4.6%)
Net earned premiums	479.2	458.1	(4.4%)
Net change in claims incurred	(292.7)	(268.9)	8.1%
Management expenses	(80.2)	(93.9)	(17.1%)
Net fee and commission expenses	(61.5)	(55.9)	9.1%
Underwriting result	44.8	39.4	(12.1%)
Net investment results	43.8	45.8	4.6%
Net other operating expenses	(0.3)	0.4	>100.0%
Profit before tax (after consolidation adjustment)	88.3	85.6	(3.1%)
Commission ratio	12.8%	12.2%	0.6 pts
Claims ratio	61.1%	58.7%	2.4 pts
Expense ratio	16.7%	20.4%	(3.7 pts)
Combined ratio [^]	90.6%	91.3%	(0.7 pts)

[^]Combined ratio is at entity level

General Business: Performance compared to Industry (Jan-Mar 2019)

KPIs	AGIC 3M 2019	Industry ¹ 3M 2019	Takaful ² 3M 2019
GWP growth	-6.4%	-7.6%	16.5%
Commission ratio	12.2%	10.4%	16.6%
Claims ratio			
• Overall	58.7%	57.9%	51.7%
• Motor	68.7%	70.7%	65.6%
Expense ratio	20.4%	23.9%	53.9%
Combined ratio	91.3%	92.1%	122.1%

Market Share (12M 2018) ³ **11.8%**

Market Ranking (12M 2018) ³ **No. 1**

Notes:

- 1) Source: ISM Market Performance Report Jan-Mar 2019
- 2) Source: ISM Takaful Market Performance Report Jan-Mar 2019
- 3) Based on AGIC Revenue by account & ISM Market Performance Report Jan-Dec 2018



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Life Business

Life Business

Gross written premiums

- Gross written premiums grew by 15.0%.

Distribution

- Total Company ANP grew by 8.4%.
- Agency ANP was soft in Q1 2019 and declined by 1.6%. Remain focus on building professional and productive agency force.
- Bancassurance performed very well, recorded a growth of 50.0%.

Product mix

- Focus on sales of investment-linked products with protection rider which provide higher margins.
- Investment-Linked ANP and GWP grew by 1.4% and 13.1% respectively.
- 81.3% of Agency new business derived from Investment-Linked business.

Profitability

- Profit before tax increased by 66.0% mainly due to contribution from protection business.
- New business value after overrun increased by 22.4%.

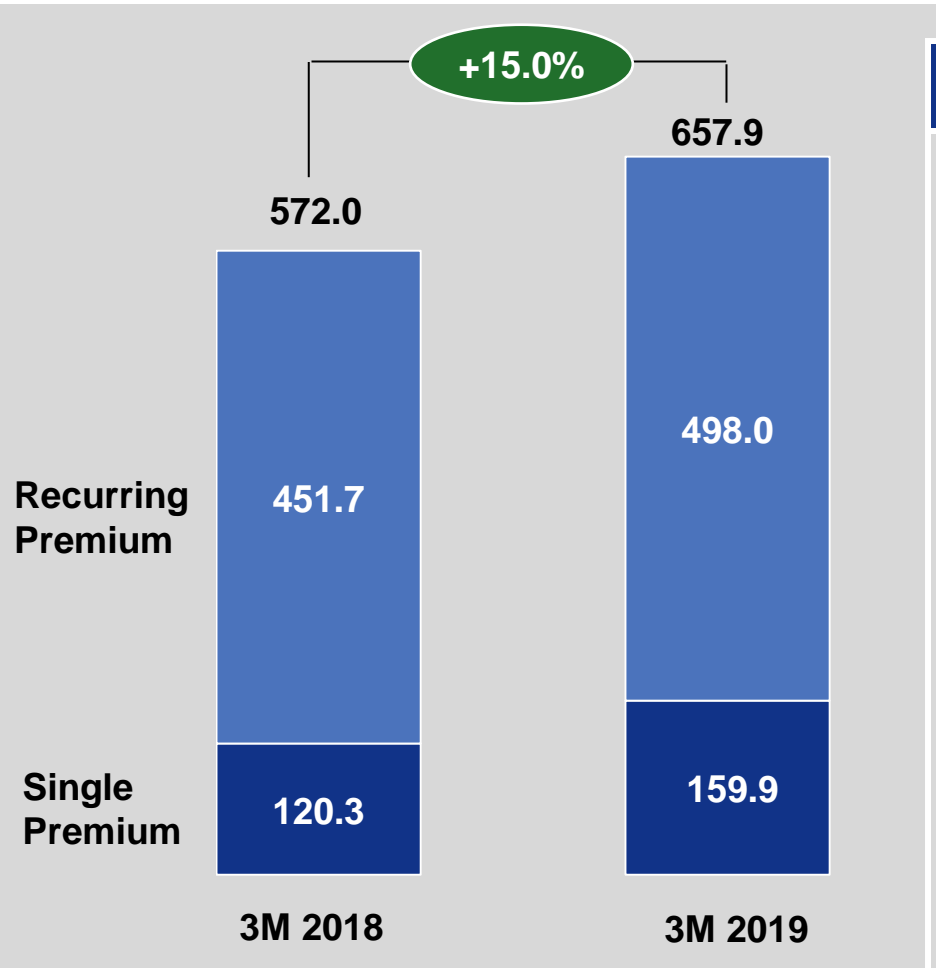
Market growth

- ANP outperformed market with growth of 8.4% vs market of 7.3%.
- Market share 3M 2019 stood at 8.0% (12M 2018: 8.4%).

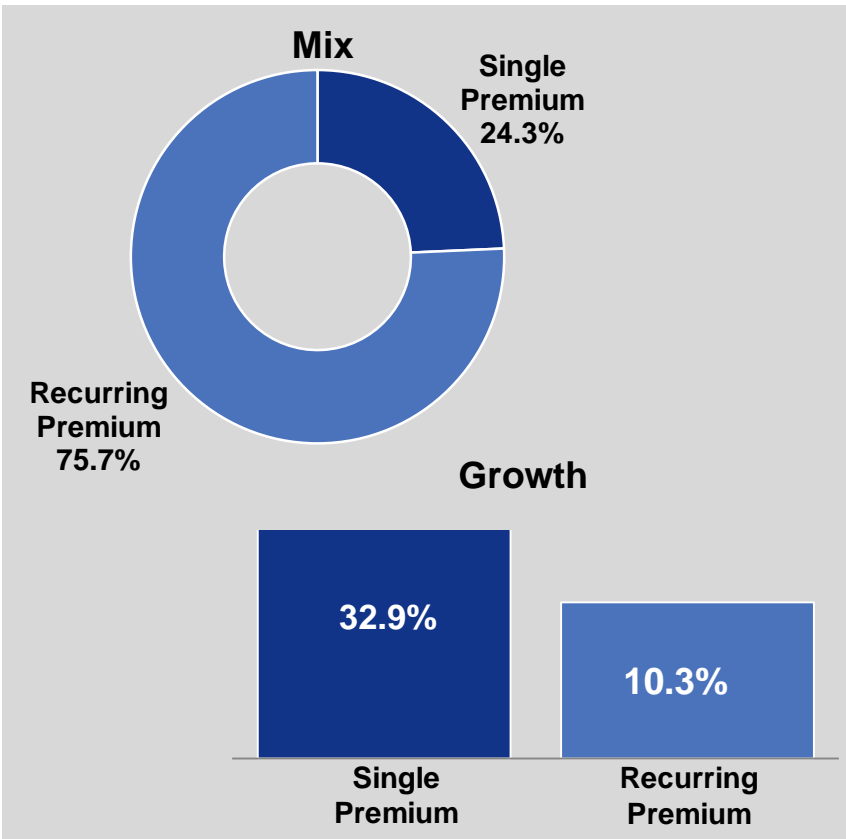


Life Business: Growth in both Single Premium and Recurring Premium

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

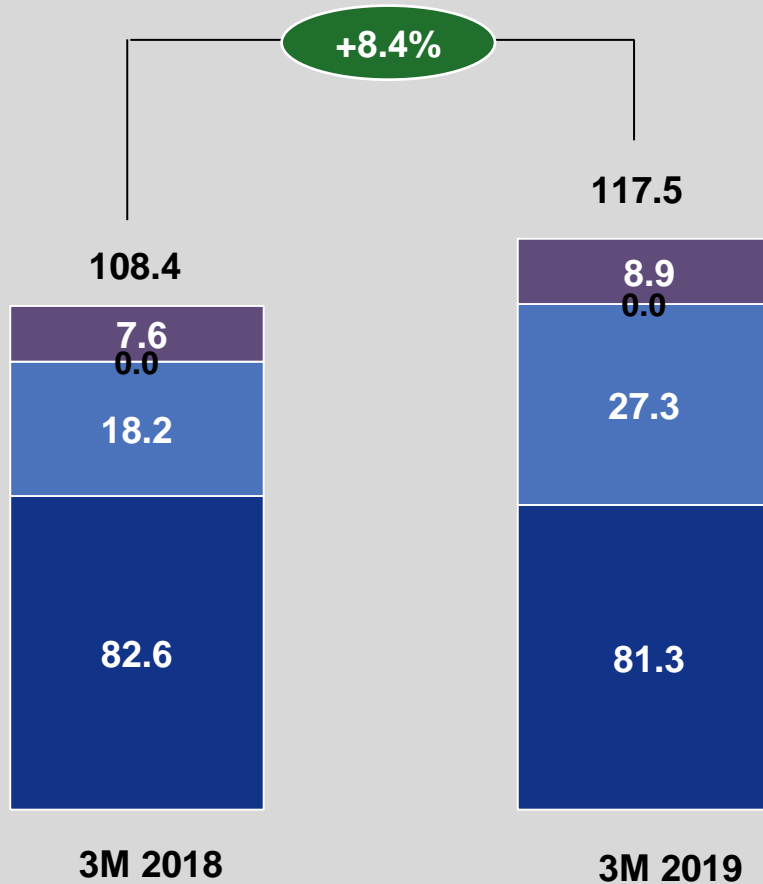


GWP Mix & Growth (%) (3M 2019)



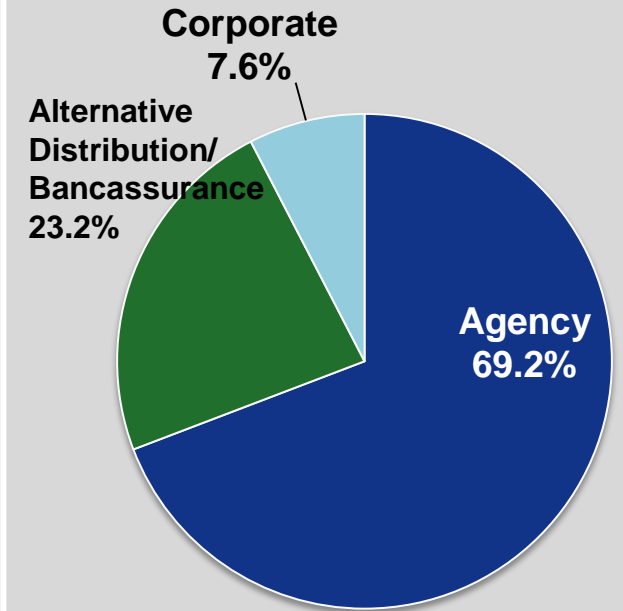
Life Business: Growth in ANP driven by Bancassurance and Employee Benefits channels

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



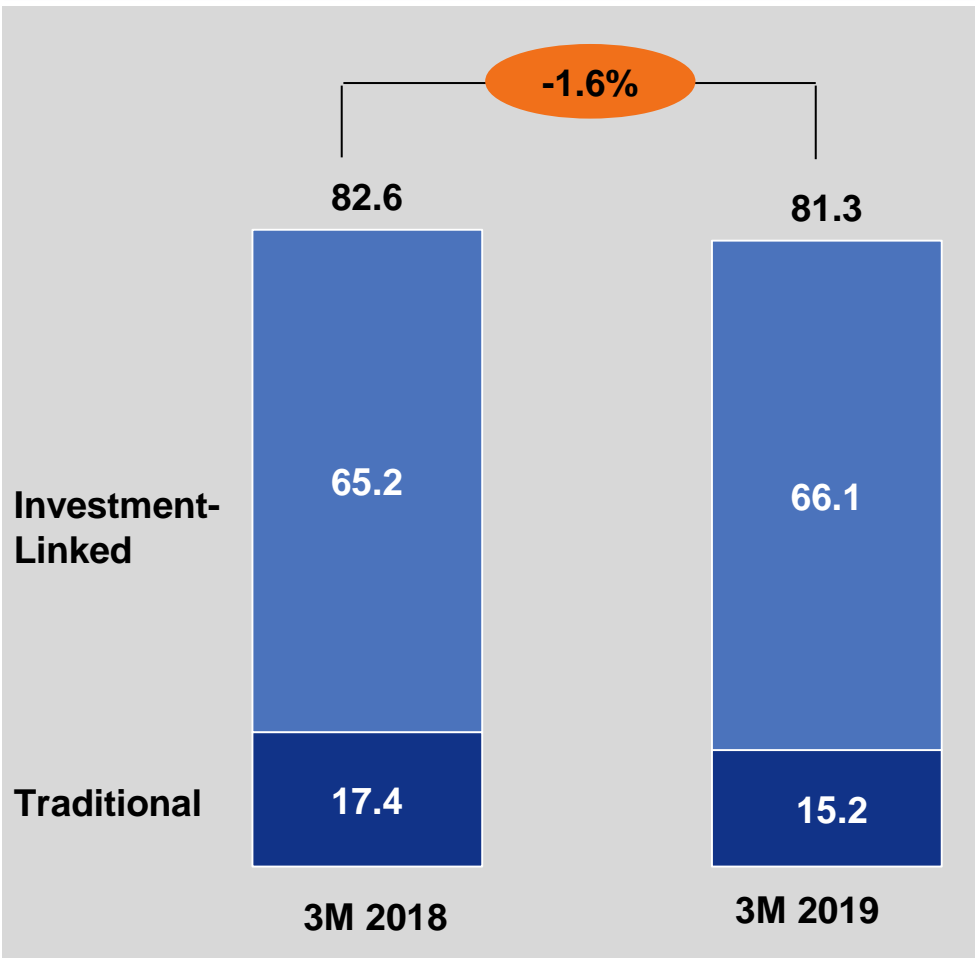
■ Agency ■ Bancassurance ■ Direct Marketing ■ Employee Benefits

ANP Channel Mix (%) (3M 2019)

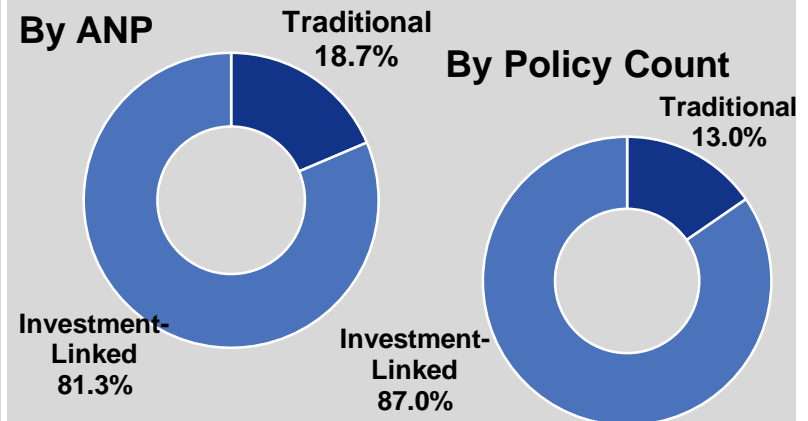


Life Business (Agency): Continue focus on profitable regular Investment-Linked products

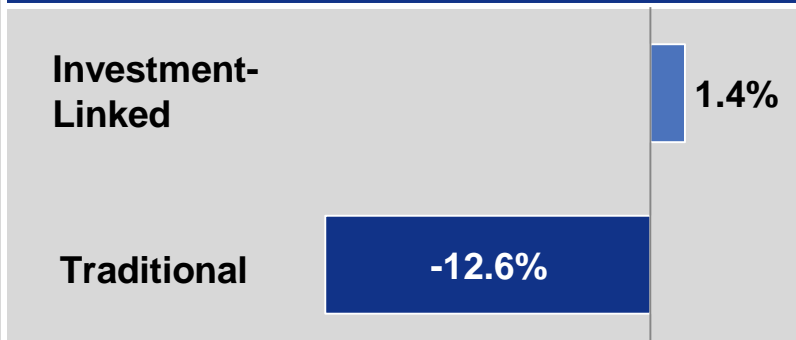
Agency Annualised New Premiums (RM'mil)



Agency Product Mix (%) (3M 2019)

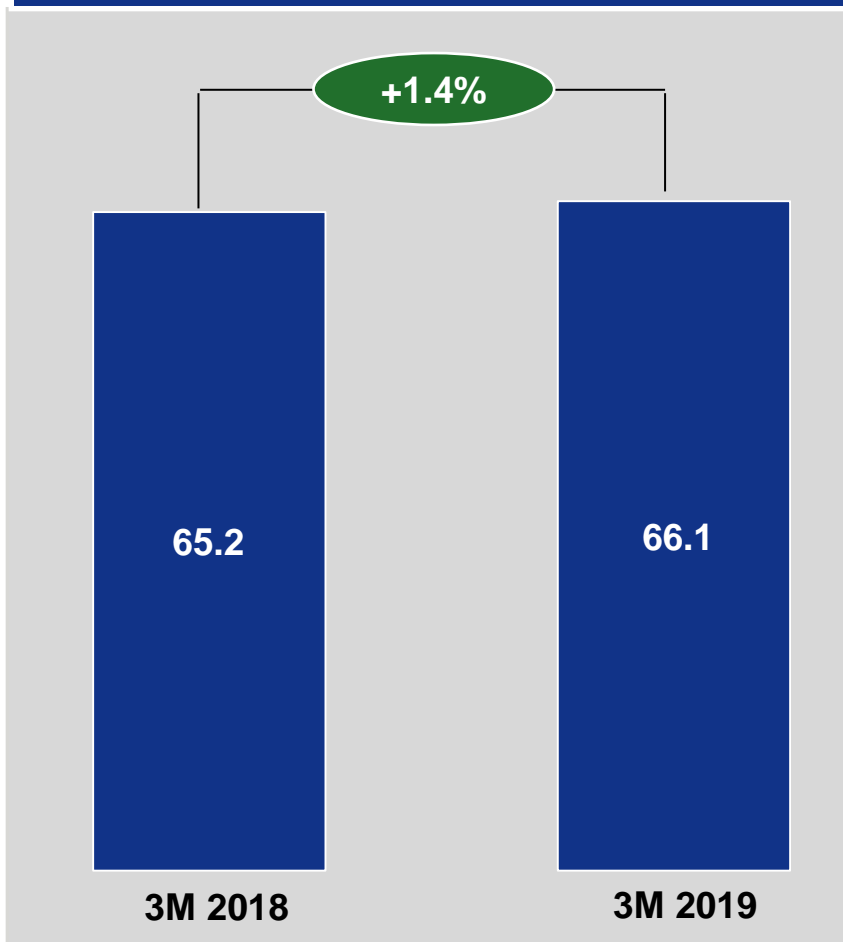


Agency ANP Growth (%) (3M 2019)

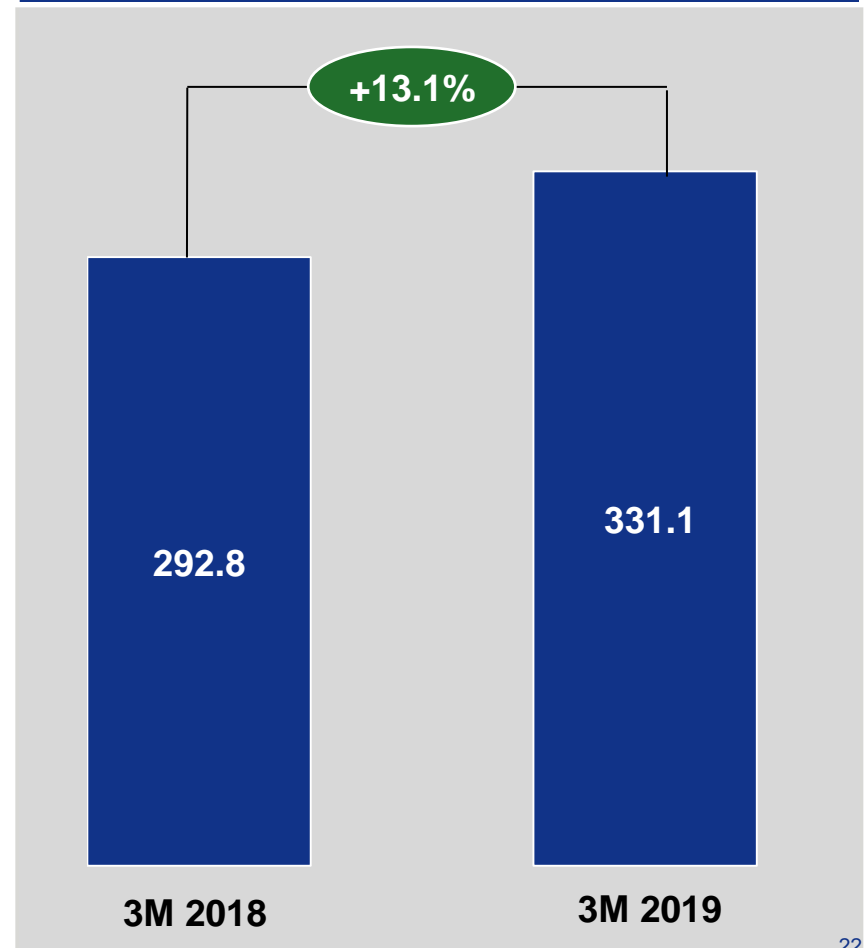


Life Business: Protection Business (Investment-Linked) continues to grow

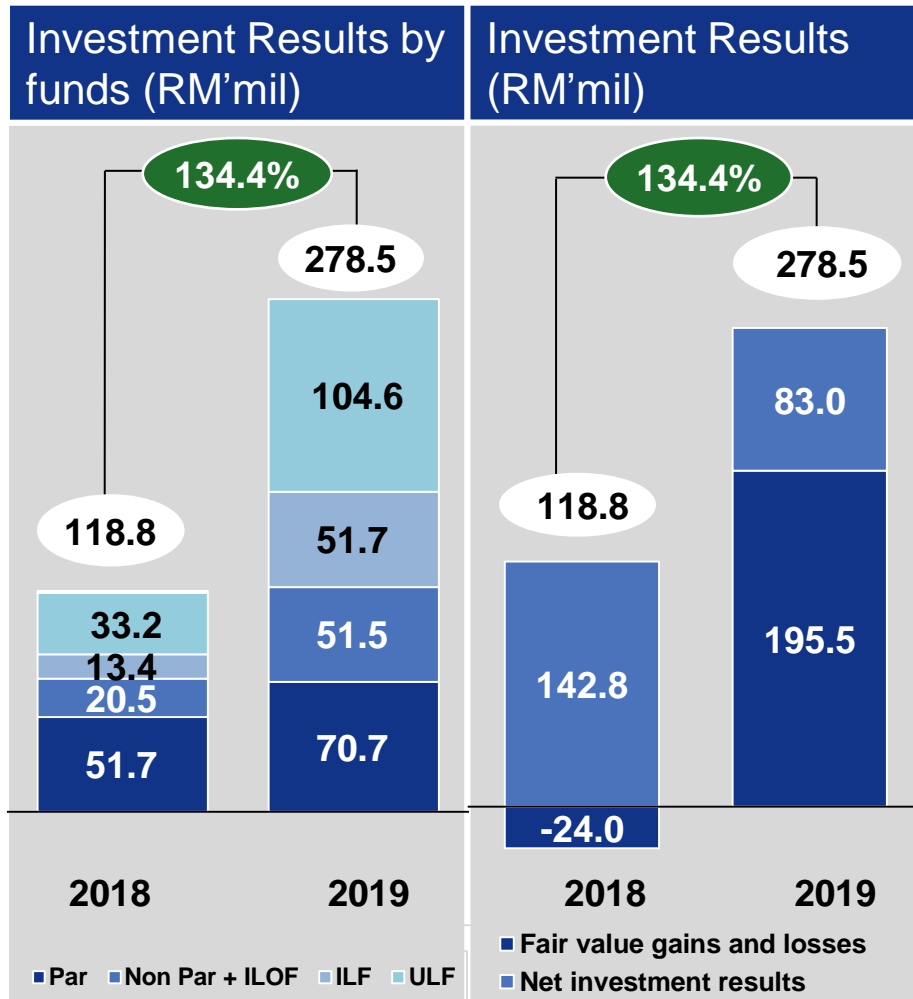
Annualised New Premiums (RM'mil)



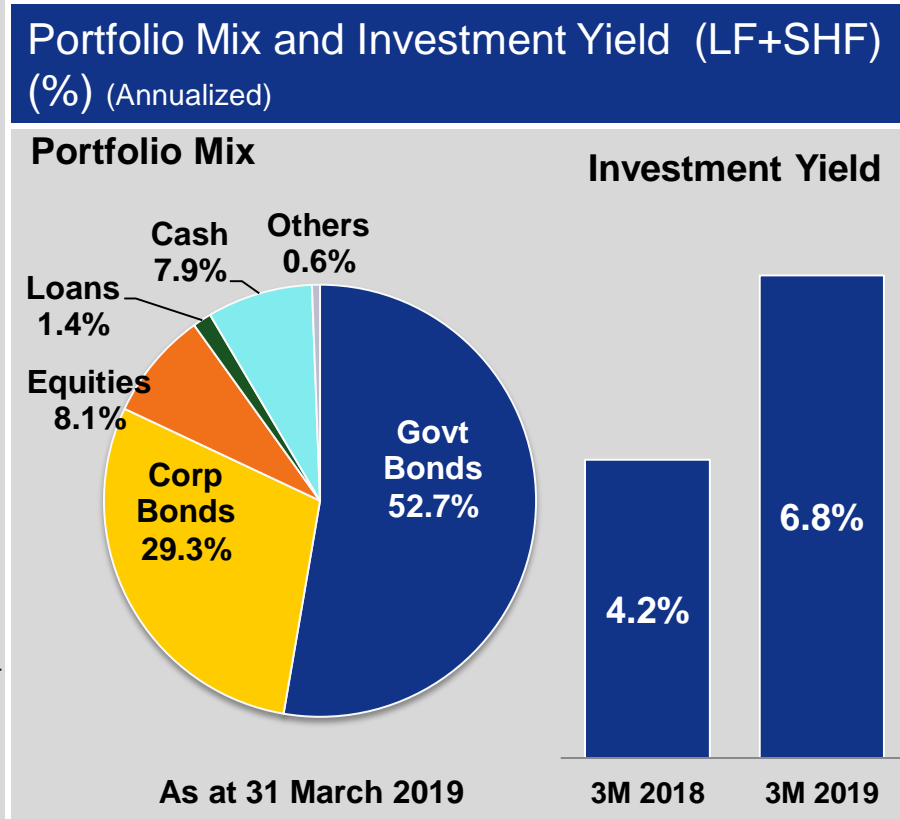
Gross Written Premiums (RM'mil)



Life Business: Higher net investment results due to 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: Unaudited financial results at a glance

RM'mil	3M 2018	3M 2019	△19/18 %
Gross written premiums	572.0	657.9	15.0%
Premiums ceded to reinsurers	(25.4)	(15.8)	37.8%
Net earned premiums	546.6	642.1	17.5%
Net change in benefits and claims paid	(247.3)	(293.5)	(18.7%)
Net change in contract liabilities	(219.8)	(395.9)	(80.1%)
Management expenses	(51.7)	(52.4)	(1.4%)
Net fee and commission expenses	(102.2)	(109.0)	(6.7%)
Fair value gains and losses	(24.0)	195.5	>100.0%
Net investment results	142.8	83.0	(41.9%)
Net other operating expenses	(2.9)	(0.9)	69.0%
Profit before tax (after consolidation adjustment)	41.5	68.9	66.0%
Annualised new premiums	108.4	117.5	8.4%
Expense ratio (LF+SHF)	11.7%	11.0%	0.7 pts
Local investment yield (LF+SHF)	4.2%	6.8%	2.6 pts
Lapse ratio (total company)	14.6%	10.6%	4.0 pts
Persistency (13th month by premium)	87.4%	88.5%	1.1 pts

Allianz Life: Outperformance against market led by Bancassurance and Employee Benefits channel

Market growth analysis (3M 2019)

Annualised New Business

Distribution Channel	← 3M 2019 Growth →				12M 2018 Growth		5-year CAGR (2013-2018)	
	ALIM (% Growth)	Industry (% Growth)	Market Share	Market Rank	ALIM (% Growth)	Industry (% Growth)	ALIM	Industry
Agency (Traditional)	-11.8%	-0.5%	9.7%	3	60.0%	1.3%	0.2%	-9.9%
Agency (IL)	4.2%	1.3%	10.0%	5	5.5%	-1.9%	9.3%	6.9%
Agency (Total)	0.7%	0.9%	9.9%	5	16.5%	-1.2%	6.3%	1.5%
Bancassurance	50.2%	18.5%	5.2%	8	3.7%	4.9%	20.5%	17.4%
Employee Benefits	18.0%	8.8%	7.2%	4	21.4%	6.9%	8.2%	11.2%
Total	10.5%	7.3%	8.0%	5	14.2%	1.0%	8.2%	5.6%

Thank You
for Your Attention

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