

3Q20 Analyst Presentation



SCAN ME

Persevering through the lingering pandemic.

Legal Disclaimer

This presentation has been prepared by Tune Protect Group Berhad (“Company”) in connection with the Interim Financial Statements (unaudited) for the financial period ended 30 September 2020 and announced by the Company on the Main Market of Bursa Malaysia Securities Berhad on 20 November 2020.

Information contained in this presentation is intended solely for your reference and may not be reproduced or redistributed to any other person, in whole or in part in any manner. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. Neither we nor our advisers make any representation regarding, and assumes no responsibility or liability for, the fairness, accuracy or completeness of, or any errors or omissions in, any information contained therein. The presentation and information herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Company. Neither the Company nor its subsidiaries / associates are acting as your financial consultant or agent. The onus is on the respective individual to form his or her own independent assessment of the information contained therein and should not regard such content as advice relating to legal, accounting, and taxation or investment matters but should instead consult his or her own advisers.

In addition, the information may contain projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risk factors and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected. The Company does not assume or undertake any obligation to update or revise any projections and forward-looking statements or departures from them, except as expressly required by applicable law.

New Group CEO, Rohit Nambiar

Steering Tune Protect on its journey of digital transformation.



Background

Joins Tune Protect Group from AXA Affin Life Insurance Berhad where he was the CEO and had the overall responsibility for the strategic direction, management, and growth operations throughout the organisation. Prior to that, Rohit was the Chief Transformation & Operations Officer for AXA Affin General Insurance Berhad.

Began his career as an Analyst with AXA in India. He has 17 years of experience working across various departments and has held senior positions in both local and regional capacities within Malaysia, Singapore, Hong Kong and India.

Rohit is passionate about fintech, innovation and making insurance simple. He has won numerous awards and accolades in his illustrious career including that of Young Leader of the Year 2019 in the 23rd Asia Insurance Industry Awards 2019.

Executive Summary

3Q20 PAT lower QoQ however a pickup in Travel Premiums observed.

Tune Protect Group (RM'mil)	3Q20	2Q20	QoQ	3Q19	YoY	9M20	9M19	YoY
Gross Written Premiums	78.0	101.9	-23.4%	106.1	-26.5%	293.0	349.1	-16.0%
Net Earned Premiums	43.2	35.4	+21.9%	61.6	-29.9%	137.0	189.8	-27.8%
Profit After Tax	5.1	18.8	-73.1%	15.0	-66.2%	26.6	46.7	-43.0%

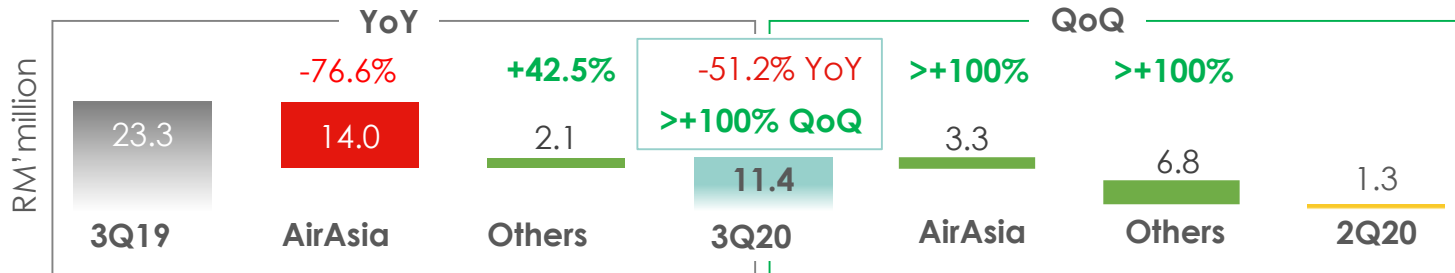
3Q20 vs 2Q20

- Travel premiums in the month of September 2020 recorded its **4th consecutive month-on-month increase** since bottoming out in May 2020.
- TPR Net Earned Premiums **increased >200%** as we witnessed the ramp up of domestic travel across Thailand and Malaysia and international borders reopened in the Middle East.
- 3Q20 PAT lower primarily due to the following:
 - decrease in fair value gains on investments of RM6.6 million as a result of sell down during the quarter following strong market rebound in 2Q20;
 - compensation cost due to the change in management structure;
 - additional marketing allocation for the launch of our mobile application in Malaysia.

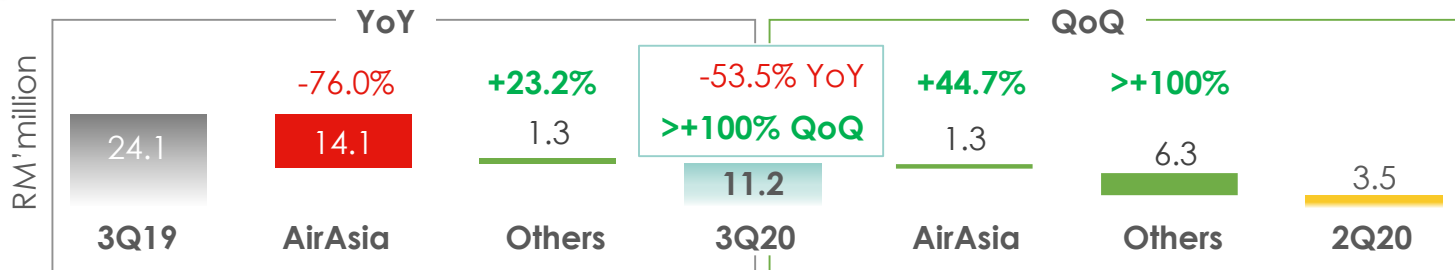
Tune Protect Re

Broad-based GWP and NEP QoQ increase across all airline partners.

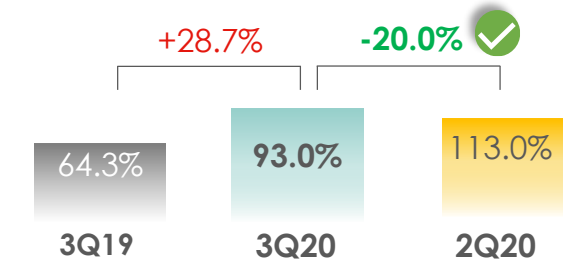
Gross Written Premium



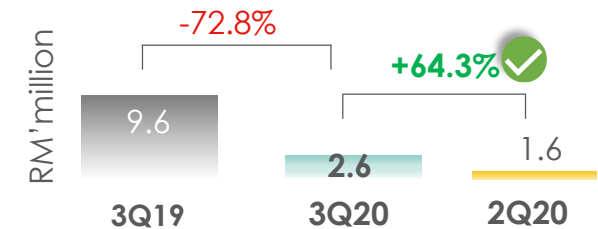
Net Earned Premium



Combined Ratio



Profit After Tax



3Q20 vs 2Q20

- Both policies and GWP increased across all airline partners.
- Resulted in Combined Ratio improving to 93.0%.
- Higher topline saw PAT up 64.3%.

3Q20 vs 3Q19

- B2B topline up due to:-
 - reopening of borders in the Middle East; and
 - strong take-up from increased demand due to the pandemic impact.
- Lower topline saw Net com and NCI in absolute terms reduce 51%.
- Combined Ratio up 28.7% a factor of lower NEP.

3Q20 Travel Policies Issued Trend

Travel recovery continues to show an upward trajectory in Asia and the Middle East.

3Q20 vs 2Q20

Policies Issued

+311%

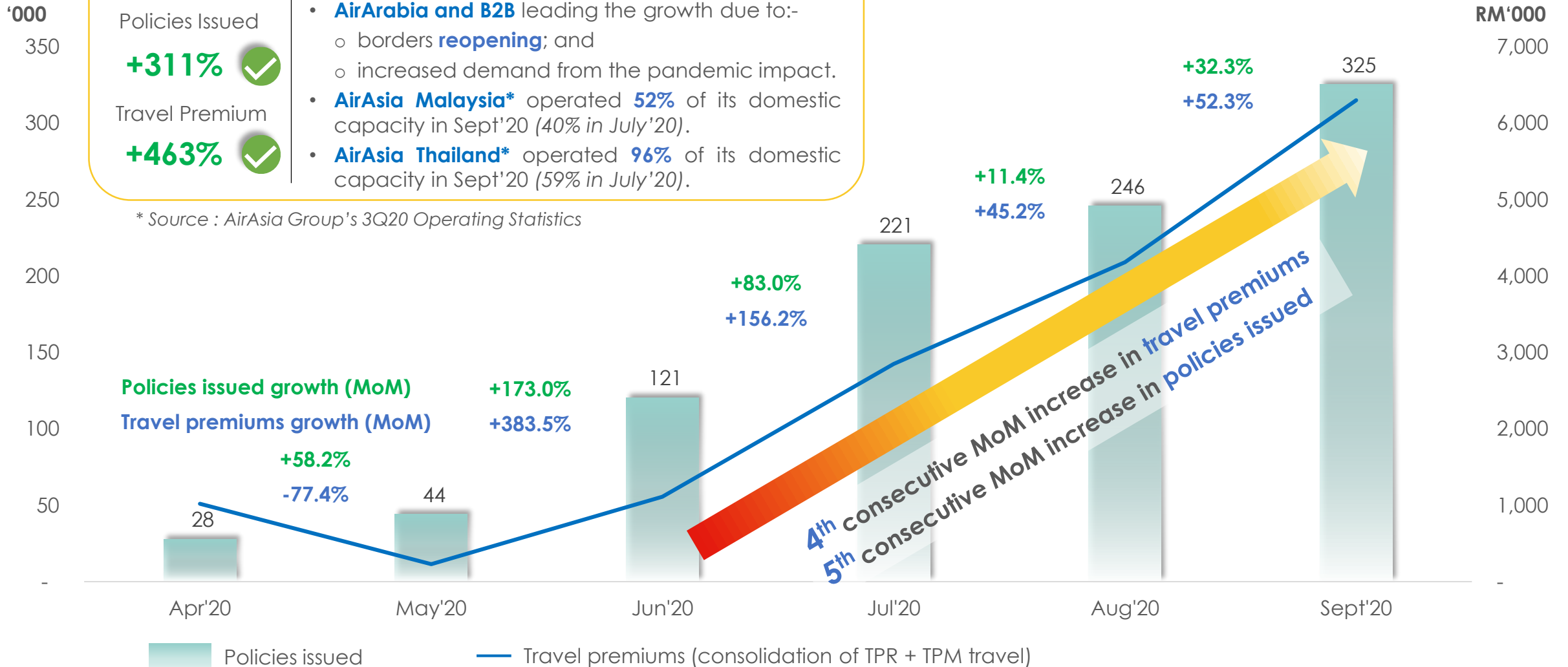
Travel Premium

+463%

3Q20 growth largely driven by:-

- **AirArabia and B2B** leading the growth due to:-
 - borders **reopening**; and
 - increased demand from the pandemic impact.
- **AirAsia Malaysia*** operated **52%** of its domestic capacity in Sept'20 (40% in July'20).
- **AirAsia Thailand*** operated **96%** of its domestic capacity in Sept'20 (59% in July'20).

* Source : AirAsia Group's 3Q20 Operating Statistics

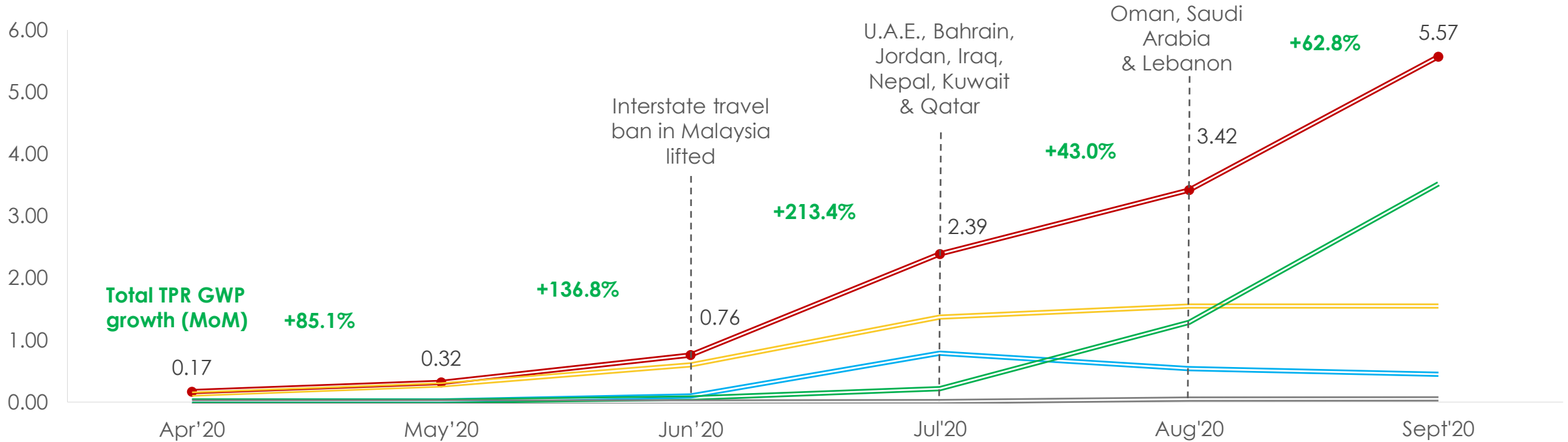


3Q20 TPR Premium Trend

Observed strong take-up in the Middle East.

Launching of Covid Plus Extension products for B2B markets.

GWP (RM'mil)



- Total TPR GWP
- AirAsia*
- AirArabia
- B2B
- Salam Air

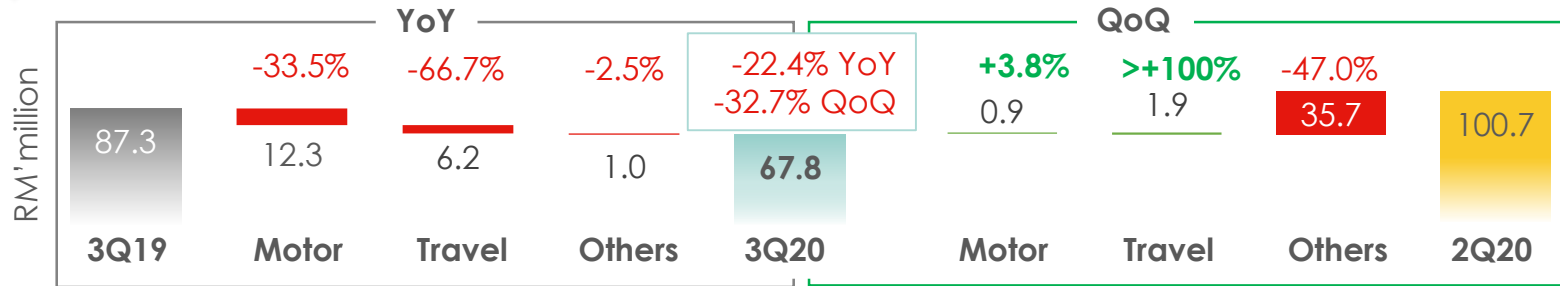
GWP Mix	YTD Sept'19	YTD Sept'20
AirAsia	79%	64%
Middle East	21%	36%

* TPR's FY20 AirAsia Malaysian Market GWP impacted from QS changes (2020 QS; TPM: 65%; TPR: 35% | 2019 QS; TPM: 50%; TPR: 50%)

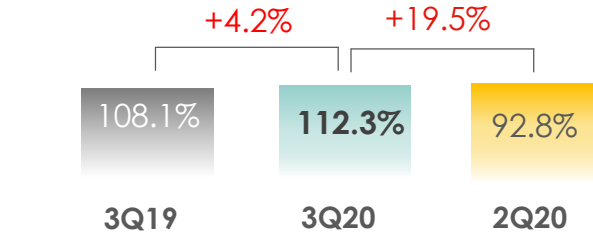
Tune Protect Malaysia

Although QoQ GWP was down, NEP recorded a marginal increase.

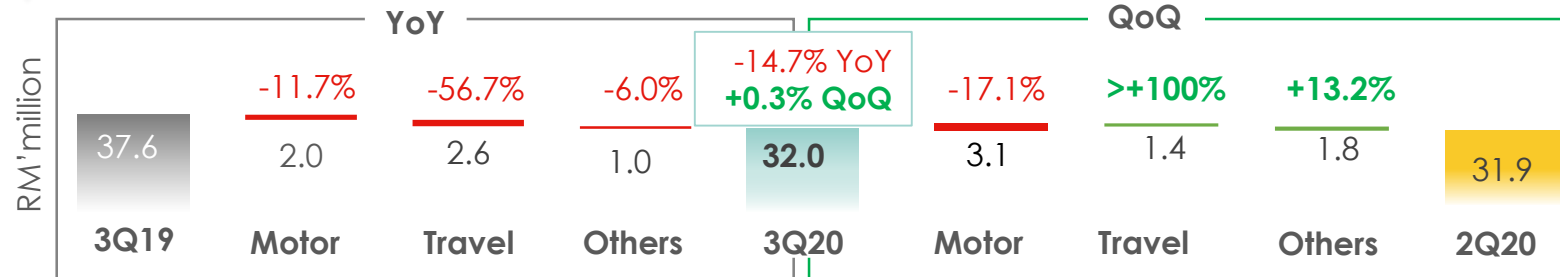
Gross Written Premium



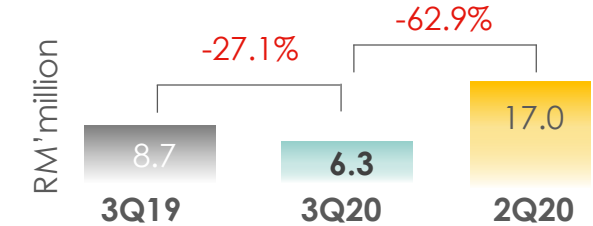
Combined Ratio



Net Earned Premium



Profit After Tax



3Q20 vs 2Q20

- Lower QoQ GWP due to renewal of sizeable commercial risks in 2Q20, however NWP increased by 22.4%.
- NCI ratio improved by 2.8%.
- Lower 3Q20 PAT:-
 - lower fair value gains on investment; and
 - lower RI commission income (2Q20 had sizeable commercial risks renewal).

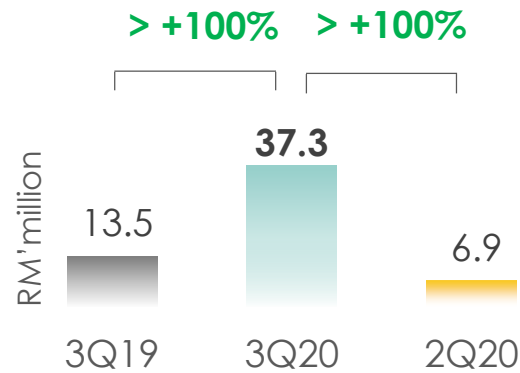
3Q20 vs 3Q19

- 3Q20 GWP dropped by 22.4% led by Motor and Travel segments.
- NCI ratio improved by 12.6%.
- ME ratio up by 12.7% YoY due to provision of impairment. ME (ex-impairment) improved by 3.9%.
- Lower PAT was further impacted by the absence of RM2.2 million one-off gain from property disposal in 3Q19 and higher tax provisions in 3Q20.

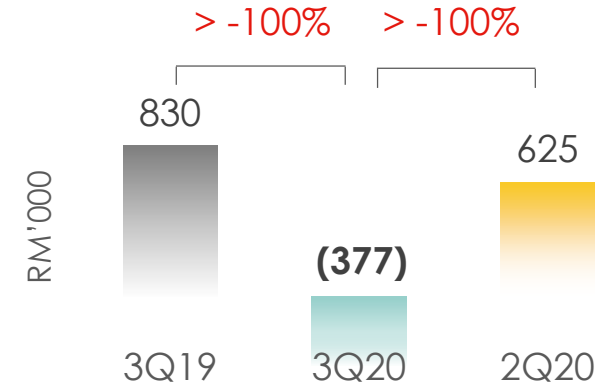
Tune Protect Thailand

Share of loss from Thailand was mainly from investment

Gross Written Premium



Share of results



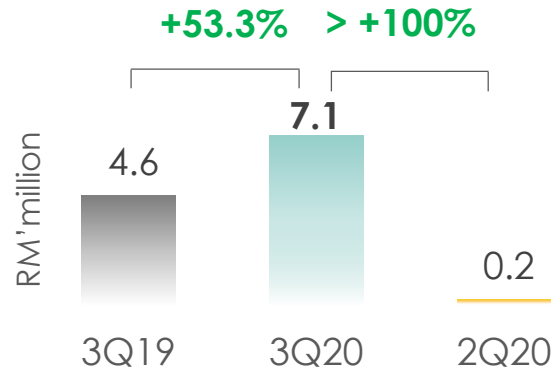
3Q20 vs 2Q20

- Thai market has one of the highest QoQ improvement for its Travel segment for Asia market mainly due to the gradual reopening of travel routes. GWP also grew from new products sold through affinity partners, agents and brokers.
- Diversification of distribution strategy focused on:-
 - Targeting new **agents/brokers** to sell profitable line of business;
 - Launched **telemarketing distribution channel** targeting new retail customer acquisition; and
 - Securing new **affinity partnerships**
- Share of loss recorded was mainly due to its investment performance.

Tune Protect EMEIA

EMEIA's market topline gaining momentum

Gross Written Premium from EMEIA Market*



* AirArabia, Salam Air, B2B & Retakaful

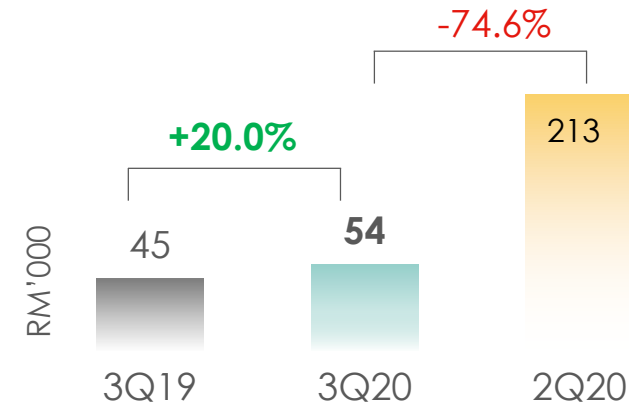
3Q20 vs 2Q20

- Growth from AirArabia and B2B due to the reopening of borders in the Middle East and strong take-up observed from increase in demand a result of the pandemic.

Initiatives

- **Launched** in 3Q20:-
 - Covid Plus Extension products (i) Travel Assurance, (ii) Visit Assurance & (iii) Takaful for AirArabia and Salam Air.
 - AMA eTravel Assistance providing pandemic travel advisory and assistance.
- **In the pipeline**:-
 - Partnering Lots of Hotels.[^]
 - Eye new markets for B2B expansion.
 - New non-travel lifestyle protection.
 - Partnering with a visa processing company.

Share of results






[^]Went live on 3 November 2020

Outlook

Despite the less favourable shorter term outlook, we observed certain encouraging trends birthed from the COVID-19 pandemic...



 Premiums margin squeezed	Protracted pandemic impact on the economy.	Competitive pressures on corporate accounts.
 Future investment returns under pressure	Low return environment. No further OPR cuts.	Managing risk versus returns.
 Industry ME ratio trending higher	A factor of lower premiums.	Balance act between investing in business vs cost control.

Emerging Trends

LIFESTYLE



Travel Insurance a **regulatory requirement**. (e.g. Thailand)

Awareness resulting in **higher average premium** per policy.

Anticipate a **boom** in travel demand once borders reopen.

HEALTH



Greater concerns over **safety, health, wellness** and **fitness**.

Demand for **holistic digital** health and lifestyle solutions.

SME



Non-renewal of premiums as some businesses **no longer exist**.

Increase in **demand** as recent events has highlighted the importance of **adequate coverage**.

Opportunities and Our Response

Collaboration with **health-tech providers & TPAs.**

LIFESTYLE



HEALTH



SME



Opportunities

- Wider **range** of travel and lifestyle offerings.
- Appetite for bite size, **on-demand** cover.
- Market beyond airlines & OTAs to **e-commerce, affinity etc.** space.

- Collaboration with **health tech providers & TPAs**
- Leveraging **health & fitness data** tracking.
- E-health** solutions.

- Sizeable** market segment.
- Under-penetrated** and Under-served.
- SMEs embracing **digitisation**.

Our Response

Covid Plus Extension Products **AMA GLOBAL ASSISTANCE**



Mobile App launch **airasia.com** **ASEAN's Super App**



Digital Care Card with PA

Affinity/Partnerships



Attractive new pricing for **10 SME trades**

General Workers **PA**



E-portal for a corporate customer

Development of **online marine front-end system** in progress

Digital Catalyst

The pandemic has accelerated the pivot towards **DIGITAL** across **ALL** segments

MOBILE FIRST approach

Technology adoption

B2C / B2B2C Direction

Thank you



Appendix

Financial Snapshot

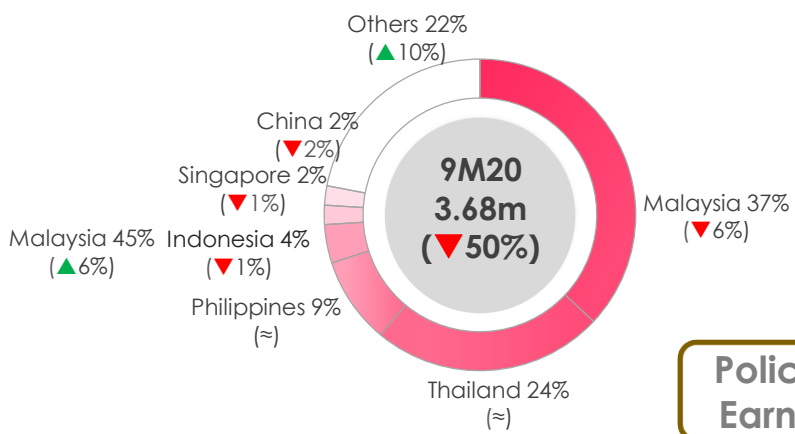
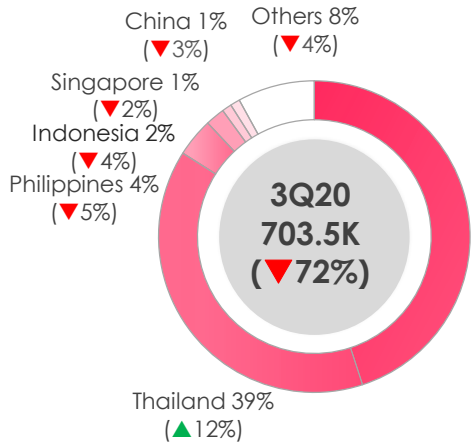
Income Statement (in RM'000)	3Q20	3Q19	YoY	2Q20	QoQ	9M20	9M19	YoY
Gross written premiums	77,999	106,138	-26.5%	101,886	-23.4%	293,039	349,053	-16.0%
Operating revenue	110,003	123,843	-11.2%	100,942	9.0%	333,301	374,969	-11.1%
Gross earned premiums	100,125	115,827	-13.6%	93,059	7.6%	308,226	352,223	-12.5%
Investment income	9,878	8,016	23.2%	7,883	25.3%	25,075	22,746	10.2%
Investment income (excluding MMIP)	7,854	6,908	13.7%	7,019	11.9%	22,768	19,916	14.3%
Net earned premiums	43,211	61,614	-29.9%	35,449	21.9%	137,032	189,837	-27.8%
Net fees & commission	(6,911)	(9,985)	-30.8%	1,918	> -100%	(12,951)	(30,400)	-57.4%
Net claims	(16,629)	(24,970)	-33.4%	(16,718)	-0.5%	(56,216)	(69,391)	-19.0%
Management expenses	(29,217)	(27,966)	4.5%	(22,720)	28.6%	(76,735)	(85,078)	-9.8%
Underwriting profits/(loss)	(9,546)	(1,307)	> -100%	(2,071)	> -100%	(8,870)	4,968	> -100%
Share of results of an associate	(377)	830	> -100%	625	> -100%	(1,702)	2,468	> -100%
Share of results of a JV	54	45	20.0%	213	-74.6%	361	896	-59.7%
Profit after tax	5,056	14,953	-66.2%	18,766	-73.1%	26,594	46,691	-43.0%
Profit after tax & minority interest	2,278	10,989	-79.3%	12,597	-81.9%	17,375	40,039	-56.6%
Basic EPS (sen)	0.30	1.46	-79.3%	1.68	-81.9%	2.31	5.33	-56.6%
Key Ratios								
Net commission ratio	16.0%	16.2%	-0.2%	-5.4%	21.4%	9.5%	16.0%	-6.5%
Net claim incurred ratio	38.5%	40.5%	-2.0%	47.2%	-8.7%	41.0%	36.6%	4.4%
Management Expenses ratio	67.6%	45.4%	22.2%	64.1%	3.5%	56.0%	44.8%	11.2%
Combined Ratio	122.1%	102.1%	20.0%	105.8%	16.3%	106.5%	97.4%	9.1%
ROaE (annualised)	1.6%	8.1%	-6.5%	8.9%	-7.3%	4.1%	9.9%	-5.8%
ROaA (annualised)	0.5%	2.7%	-2.2%	2.9%	-2.4%	1.4%	3.3%	-1.9%

Amounts presented may not foot due to rounding

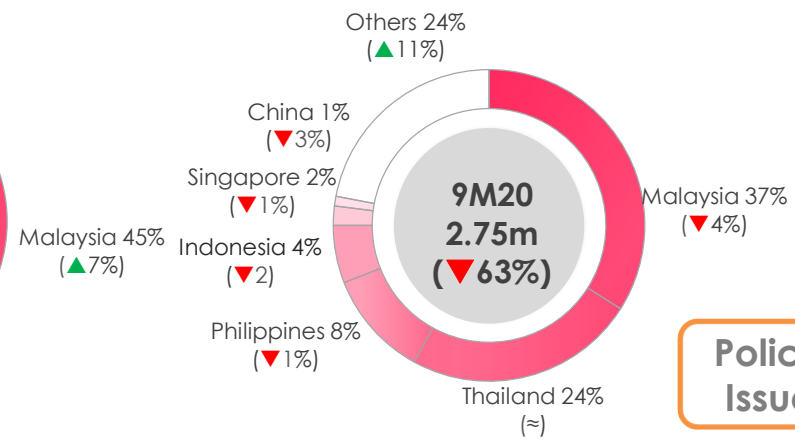
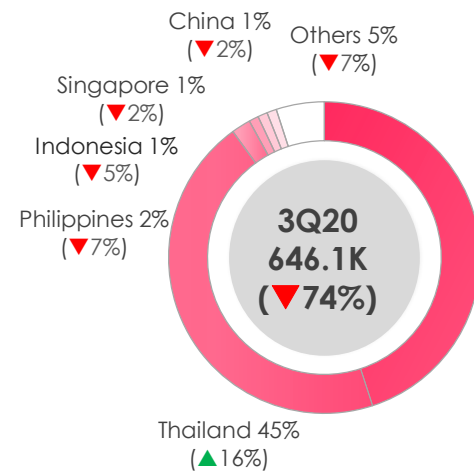
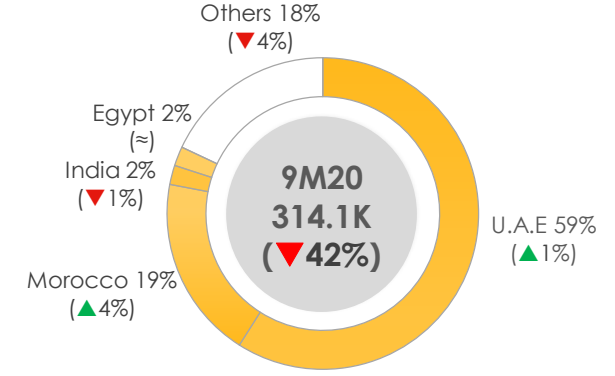
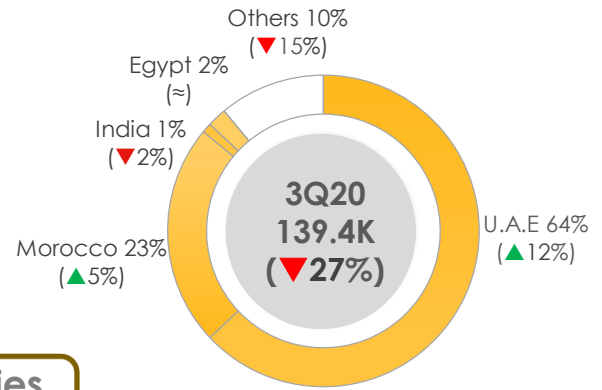
Tune Protect Re - Policies Earned and Issued

Sold via AirAsia

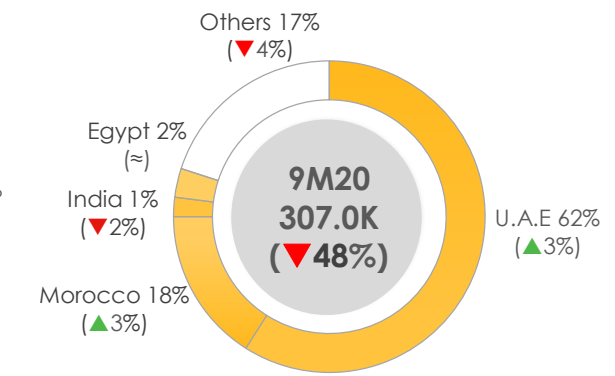
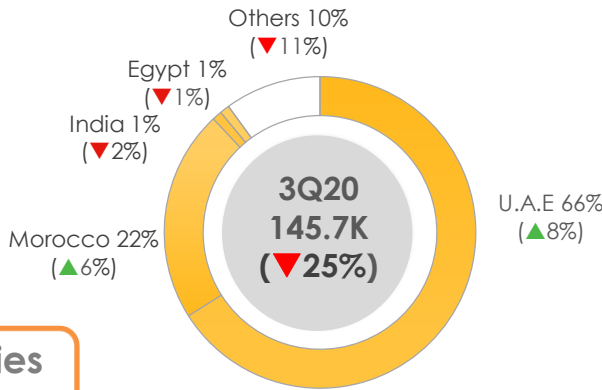
Sold via AirArabia, Salam Air and Others



Policies Earned

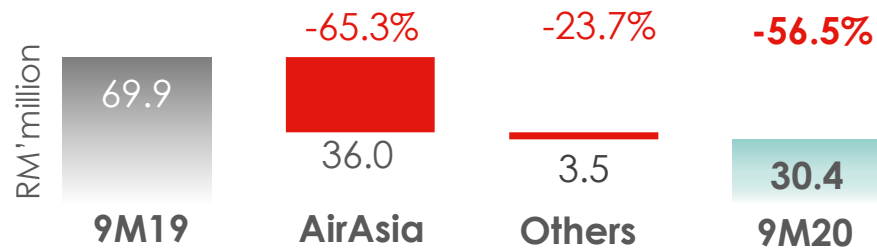


Policies Issued



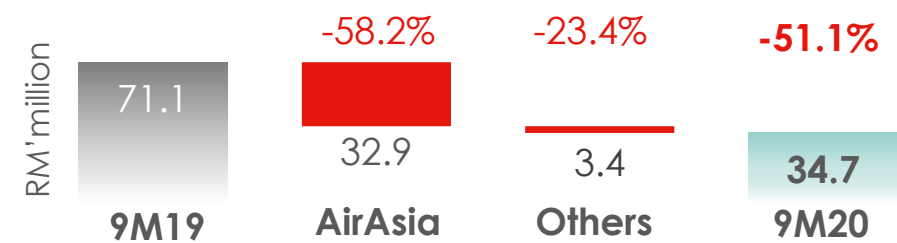
Tune Protect Re - 9M20 Financial Highlights

Gross Written Premium



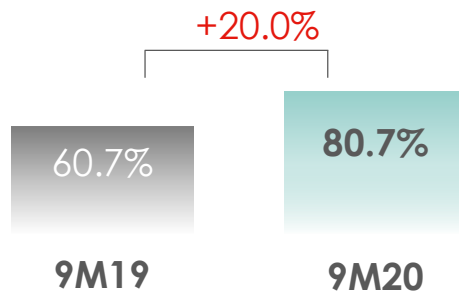
GWP Mix	9M19	9M20
AirAsia	79%	63%
Others	21%	37%

Net Earned Premium

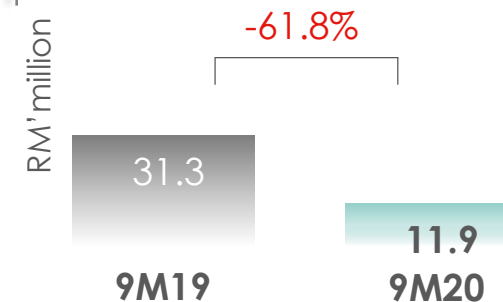


NEP Mix	9M19	9M20
AirAsia	80%	68%
Others	20%	32%

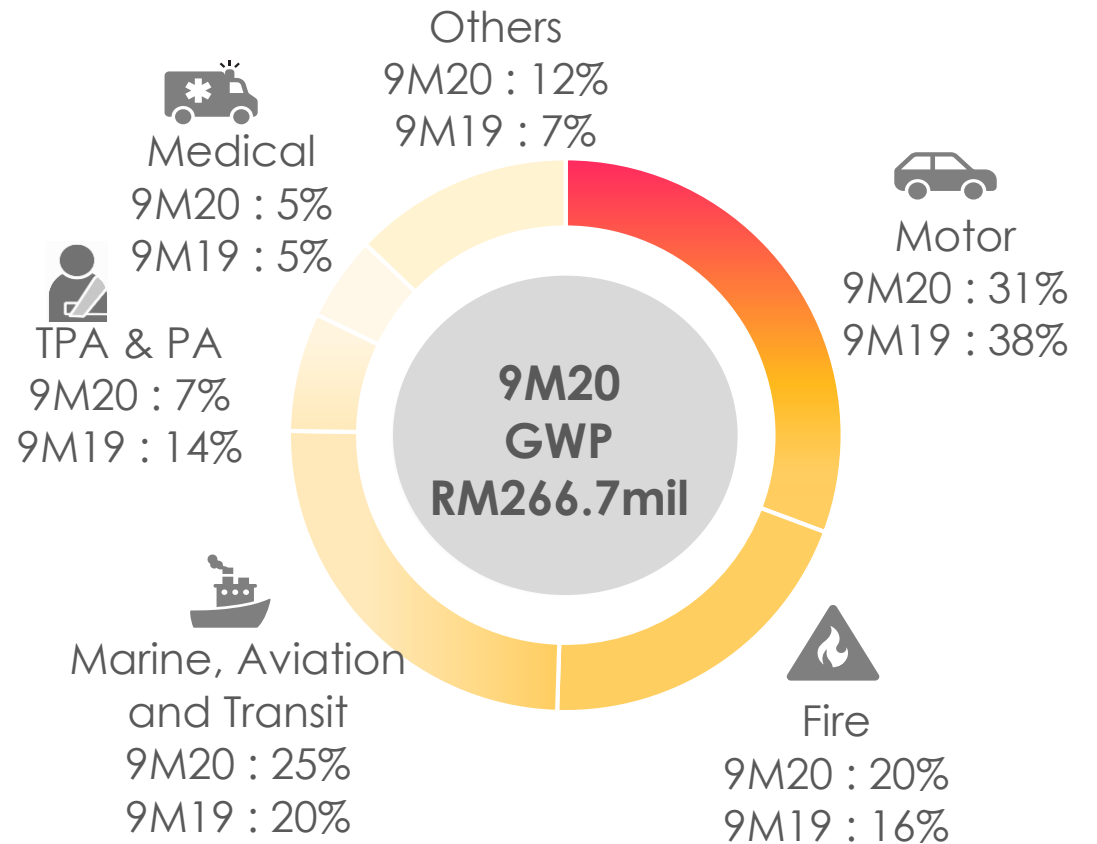
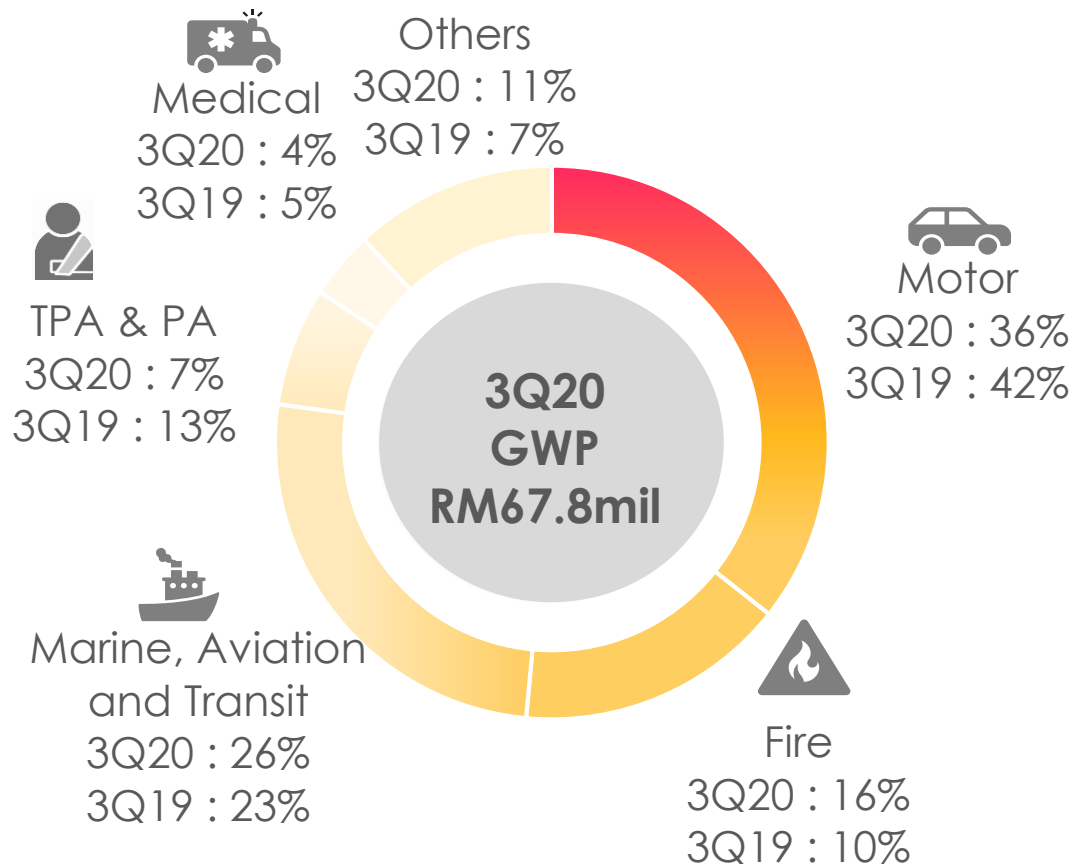
Combined Ratio



Profit After Tax

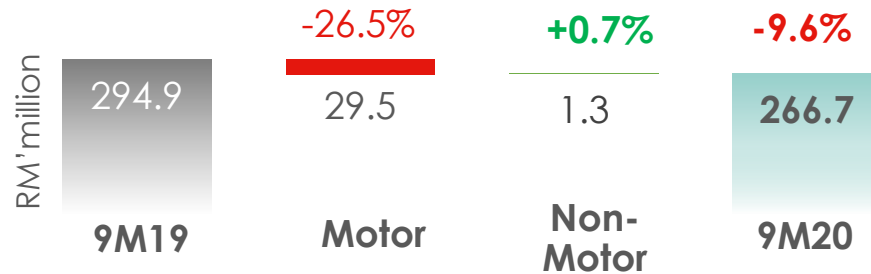


Tune Protect Malaysia - Portfolio Mix



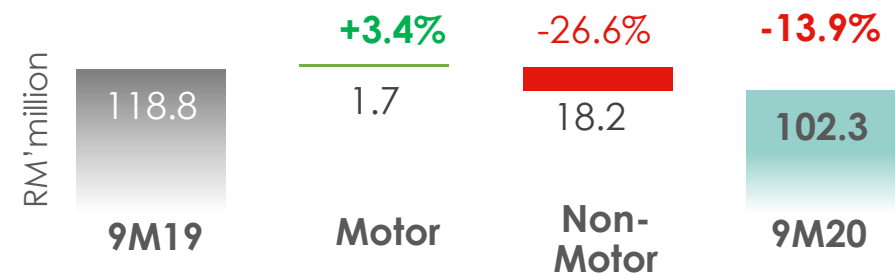
Tune Protect Malaysia - 9M20 Financial Highlights

Gross Written Premium



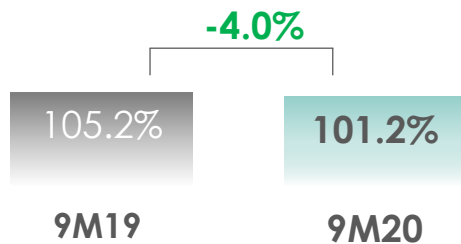
GWP Mix	9M19	9M20
Motor	38%	31%
Non-Motor	62%	69%

Net Earned Premium

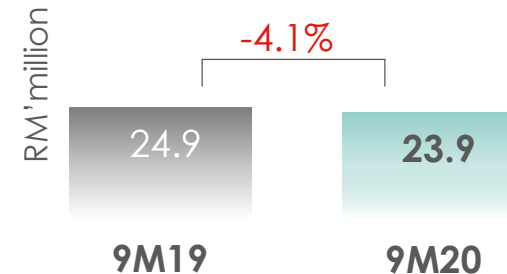


NEP Mix	9M19	9M20
Motor	42%	51%
Non-Motor	58%	49%

Combined Ratio

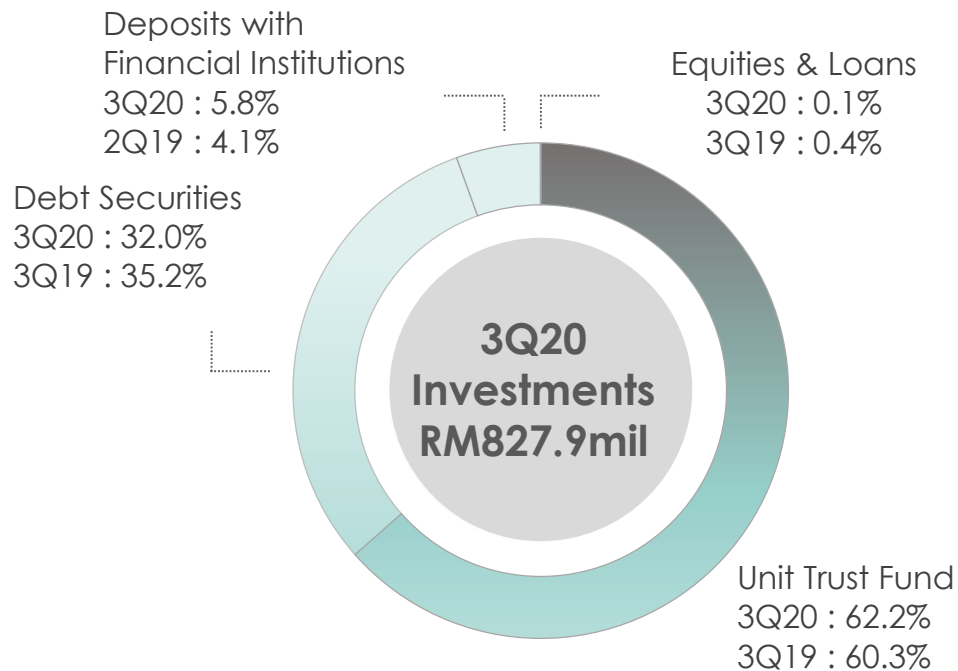


Profit After Tax

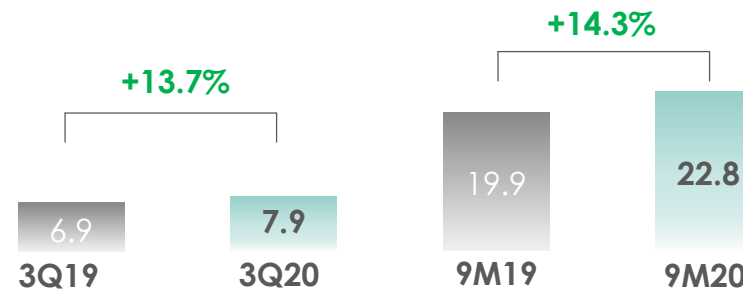


Tune Protect Group – Investments

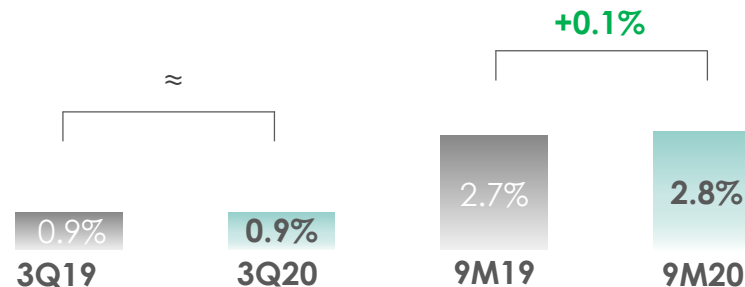
Asset Allocation Mix



Investment Income⁽¹⁾



Investment Yield⁽²⁾



Notes:-

- (1) Excluding share of MMIP investment income
- (2) Investment yield = Investment income (including rental income & excluding share of MMIP investment income) / total investment

Glossary

Abbreviations

B2B	Business-to-Business	OR	Operating Revenue
B2B2C	Business-to-Business-to-Consumer	PAT	Profit After Tax
B2C	Business-to-Consumer	QoQ	Quarter-On-Quarter
EMEIA	Europe, Middle East, India and Africa	QS	Quota Share
EPS	Earnings Per Share	RI	Reinsurance
GWP	Gross Written Premium	ROaA	Return On Average Assets
JV	Joint Venture	ROaE	Return On Average Equity
ME	Management Expenses	SME	Small and Medium Enterprise
MMIP	The Malaysian Motor Insurance Pool	TPA	Travel Personal Accident
NCI	Net Claims Incurred	TPG/Group	Tune Protect Group
NEP	Net Earned Premium	TPM	Tune Protect Malaysia
NWP	Net Written Premium	TPR	Tune Protect Re Ltd
OPR	Overnight Policy Rate	U.A.E	United Arab Emirates
OTA	Online Travel Agency	YoY	Year-on-Year
PA	Personal Accident		

Disclaimer on rounding differences: Amounts presented may not foot due to rounding.

About Tune Protect Group Berhad

Tune Protect Group Berhad (Tune Protect or the Group) is a financial holding company listed on the main market of Bursa Malaysia. As a leading digital insurer in the region and with the tagline 'Protection Made Easy', Tune Protect offers affordable, yet comprehensive protection plans to suit individual and corporate needs. Tune Protect has established a strong foothold in the travel, retail and digital insurance space globally with presence across more than 45 countries through its own general insurance and reinsurance arms, as well as via strategic partnerships with local underwriters in these markets. The Group also has a strong focus to move beyond insurance by embracing insurtech and introducing differentiated product solutions such as on-demand products as part of its diversified portfolio.

For further information on Tune Protect Group, please visit <http://www.tuneprotect.com/> or email us at IR@tuneprotect.com

Connect With Us:

