

**2018 First Quarter**

**Financial Results**

**Earnings Call Presentation**



**AKSigorta**  
*Think well, live well!*

# Motor is the driver of the growth in the Market

## Premiums in the Market

10.196 mTL

Overall 17%  
Excl. MTPL 16%

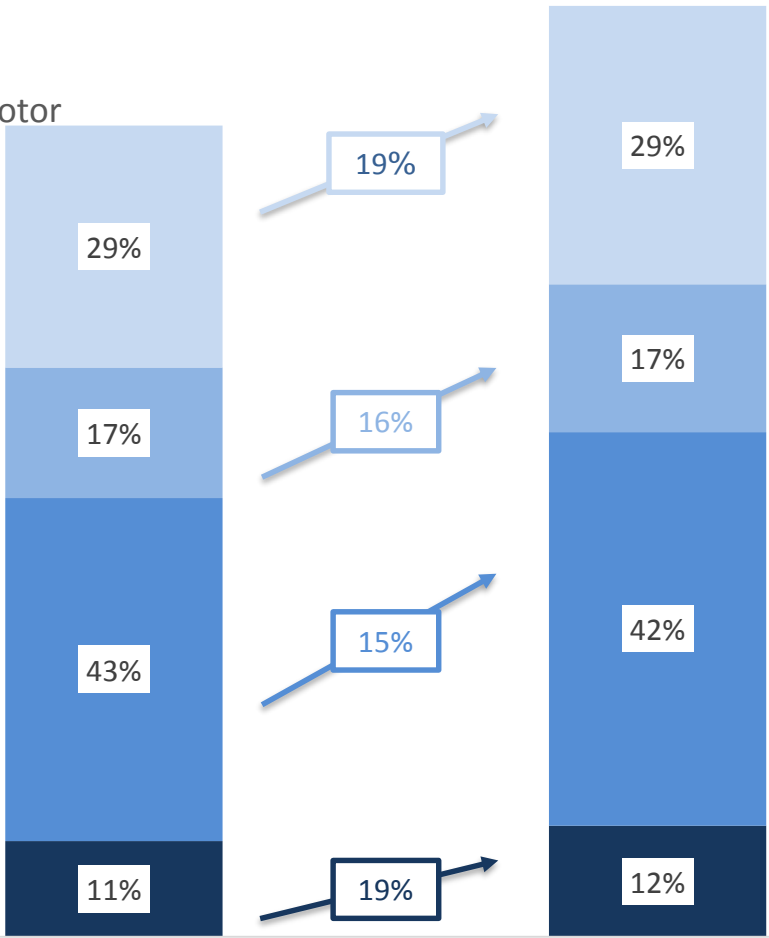
11.911 mTL

■ MTPL

■ MOD

■ Non-Motor

■ Health



2017'03

2018'03

### Motor Third Party Liability

- Compulsory motor product.
- 78% penetration in 22m motor vehicles.
- Average price is 9% lower on YoY basis.
- YtD, 555m TL is double counted premiums ceded to the pool and retroceded by the pool.

### Motor Own Damage

- 27% penetration in 22m motor vehicles.
- Average price is 9% higher on YoY basis.
- 2018 vs 2017 growth is 16%.

### Non Motor

- 2018 vs 2017 growth is 15%.

### Health

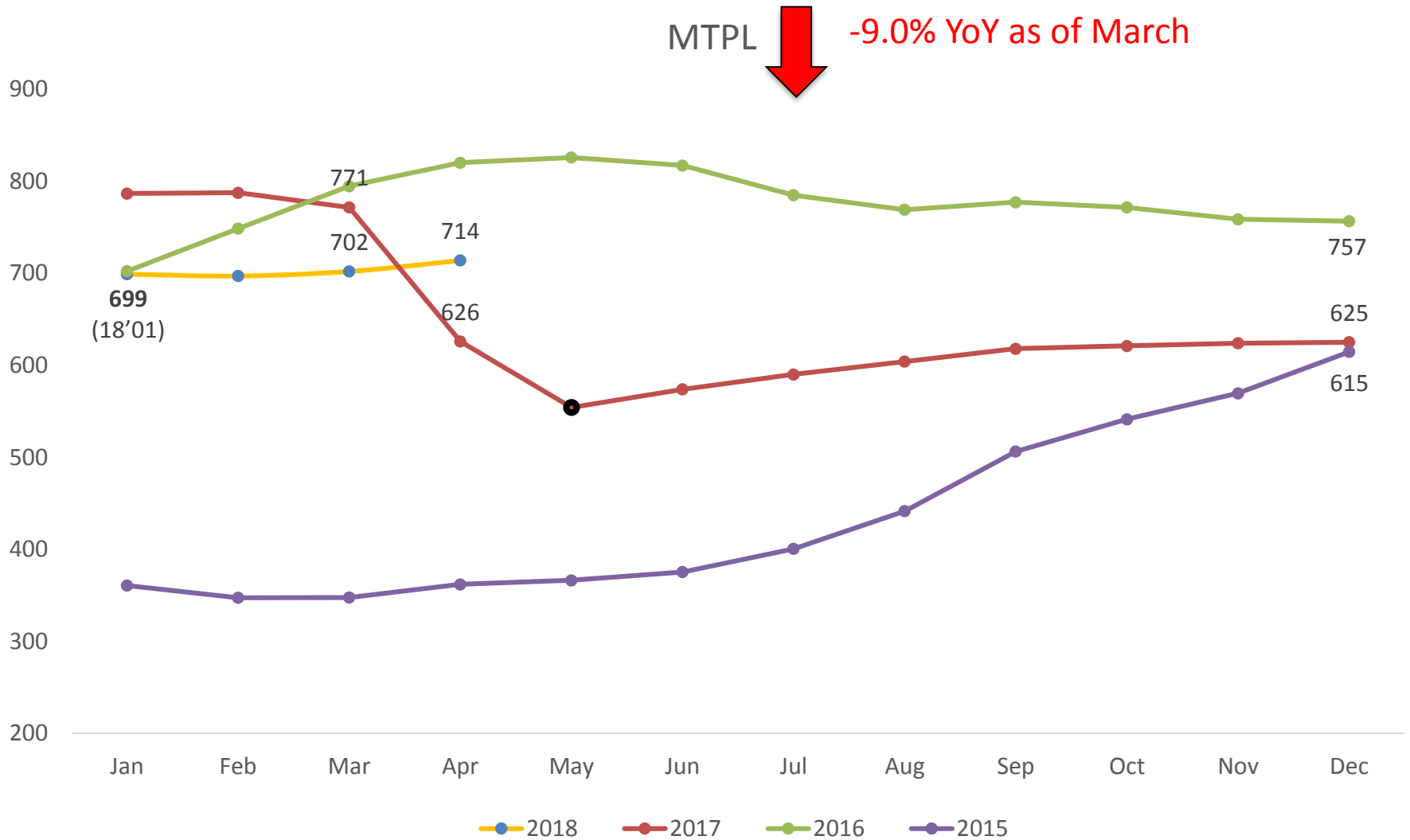
- 4% penetration in 80m population.
- 2018 vs 2017 growth is 19%.



# Penetration Ratios

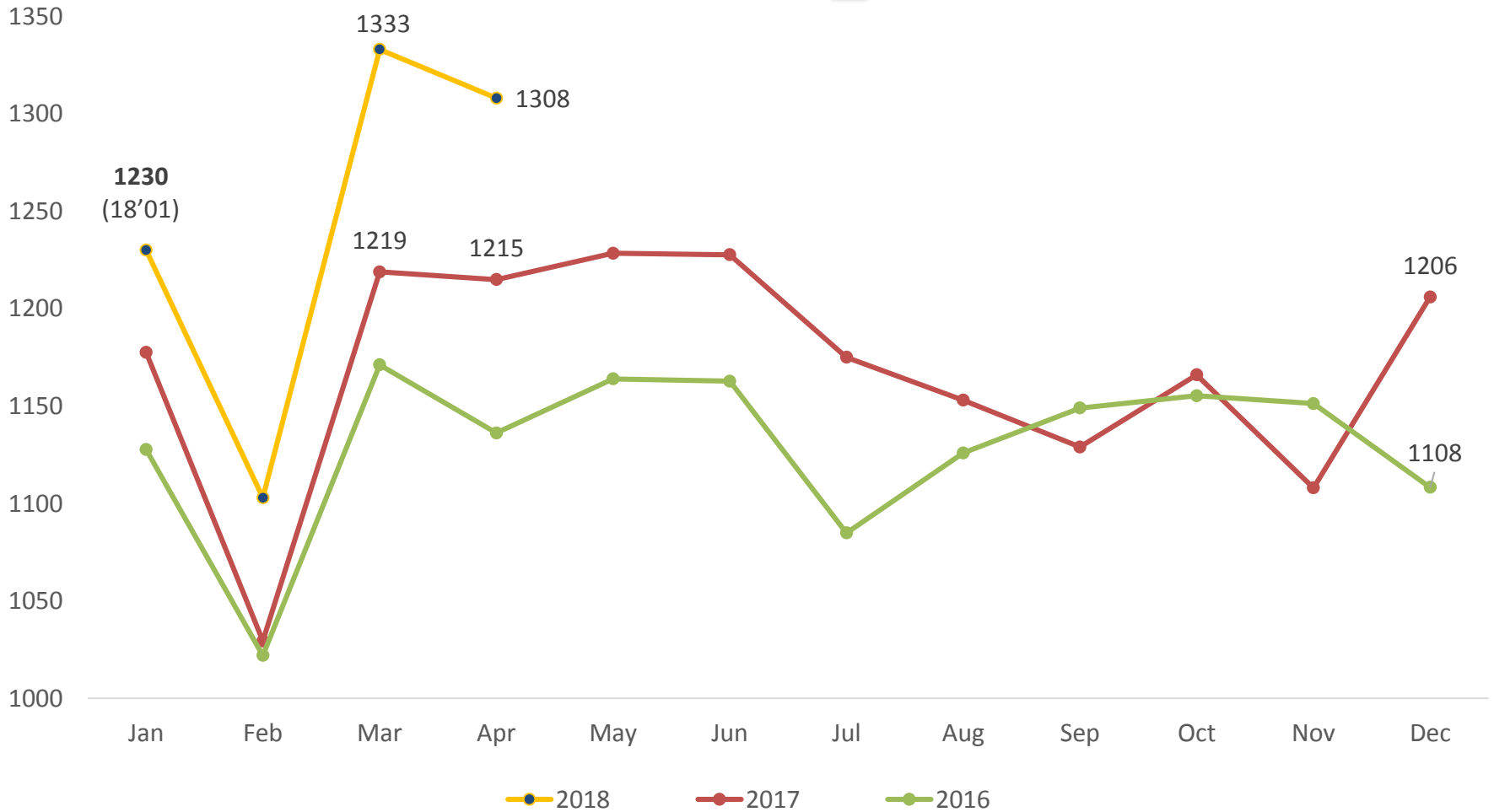
(in Millions)	2017'03			2018'03			Change
Penetration Rates	# of Insurable	# of Insured	% penetration	# of Insurable	# of Insured	% penetration	
<b>MTPL</b>	21,4	16,3	<b>76,4%</b>	22,4	17,5	<b>78,3%</b>	1,9 pp
<i>Automobile</i>	11,5	10,2	<b>88,4%</b>	12,1	11,0	<b>90,3%</b>	1,9 pp
<i>LCVs</i>	3,5	3,0	<b>85,1%</b>	3,7	3,2	<b>87,2%</b>	2,1 pp
<i>Others</i>	6,4	3,2	<b>50,0%</b>	6,5	3,4	<b>51,7%</b>	1,7 pp
<b>MOD</b>	21,4	5,6	<b>26,4%</b>	22,4	6,0	<b>26,9%</b>	0,5 pp
<i>Automobile</i>	11,5	3,8	<b>33,5%</b>	12,1	4,2	<b>34,4%</b>	1 pp
<i>LCVs</i>	3,5	1,0	<b>27,4%</b>	3,7	1,0	<b>27,2%</b>	-0,2 pp
<i>Others</i>	6,4	0,8	<b>13,2%</b>	6,5	0,9	<b>13,1%</b>	-0,1 pp
<b>TCIP</b>	17,7	7,8	<b>44,3%</b>	17,4	8,4	<b>48,4%</b>	4 pp
<b>HEALTH</b>	79,8	3,2	<b>4,0%</b>	80,8	3,1	<b>3,9%</b>	-0,1 pp

# Average Premium in the Market - MTPL



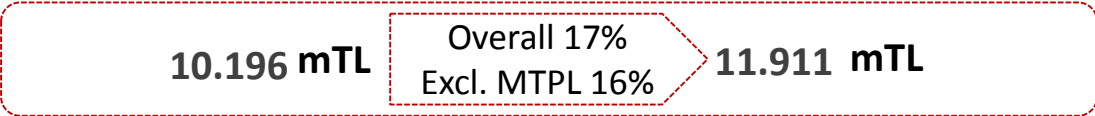
# Average Premium in the Market - MOD

MOD  9.4% YoY as of March

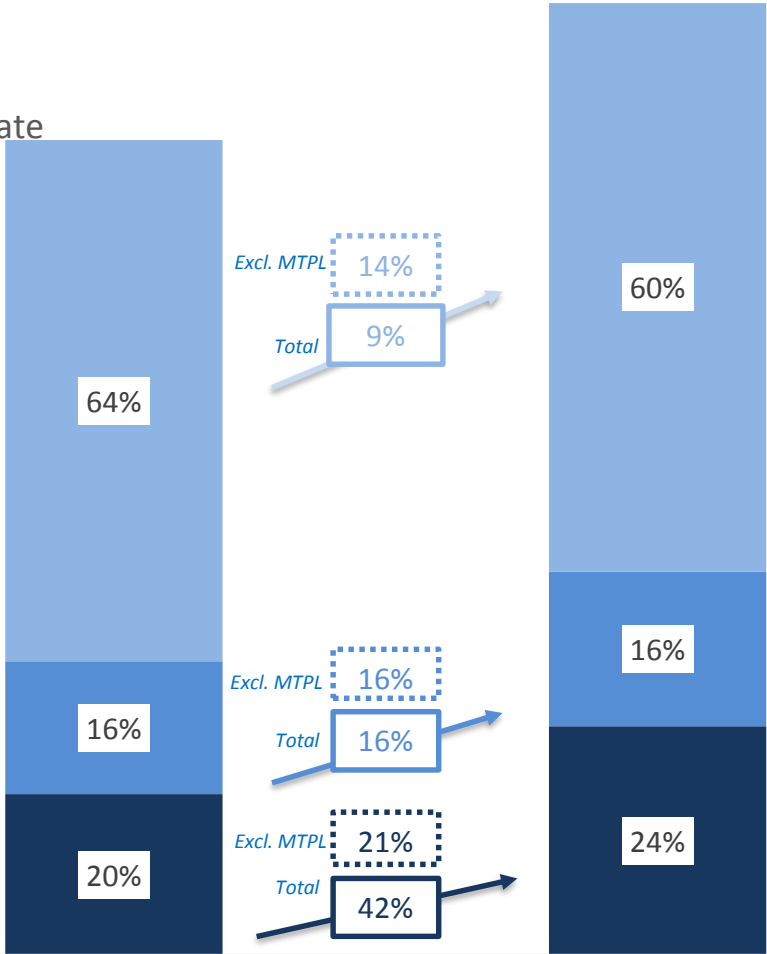


# Corporate channel gained 4pp portfolio share in the Market

## Premiums in the Market



- Agency
- Bank
- Corporate



### Agency

Driven by Motor products. Especially by MTPL:  
➤ 38% MTPL, 30% Non Motor, 22% MOD and 10% Health.

### Bank

Driven by Non Motor products:  
➤ 78% Non Motor, 11% Health, 8% MOD and 3% MTPL.

### Corporate

Driven by corporate risks and group health products:  
➤ 57% Non Motor, 17% Health, 20% MTPL and 6% MOD.



# Aksigorta's growth is 35pp higher than market

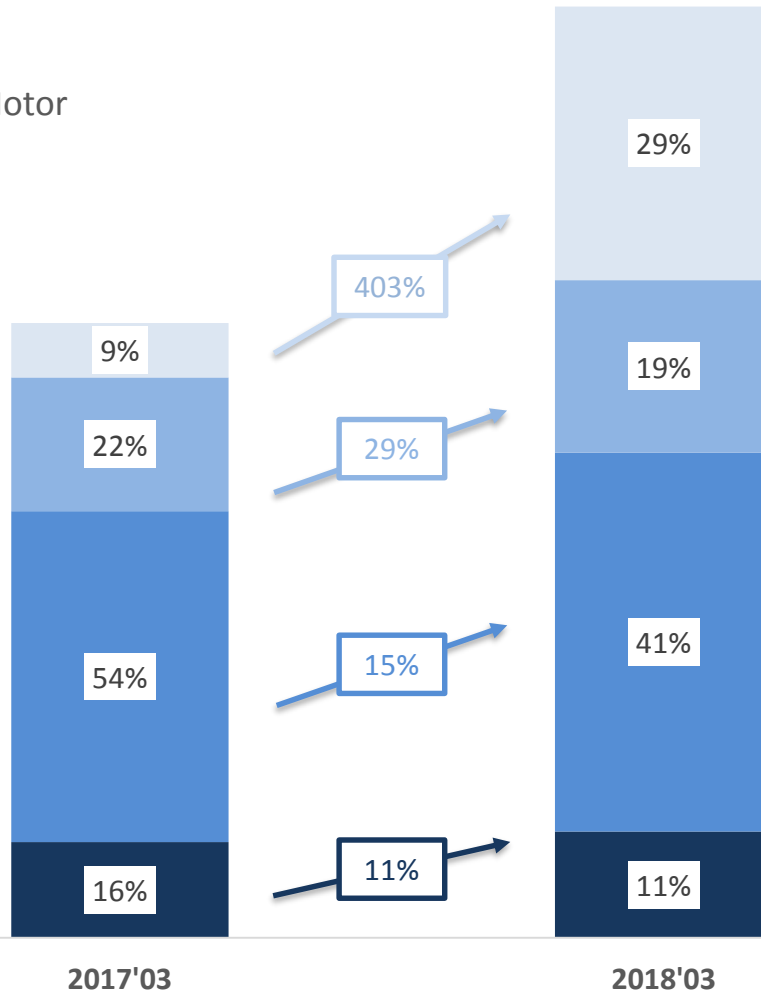
## Premiums of Aksigorta

615 mTL

Overall 51%  
Excl. MTPL 17%

932 mTL

- MTPL
- MOD
- Non-Motor
- Health



### Motor Third Party Liability

In 2018, Aksigorta gained 6% MS in MTPL and reached 7.8% MS as of 18'03.

### Motor Own Damage

Aksigorta MS in MOD is 8,8% as of 18'03.

### Non Motor

Aksigorta MS is 7.5% in Non Motor lines as of 18'03. Portfolio Breakdown: 42% Fire, 29% General Losses 23% Other Losses, 6% Marine.

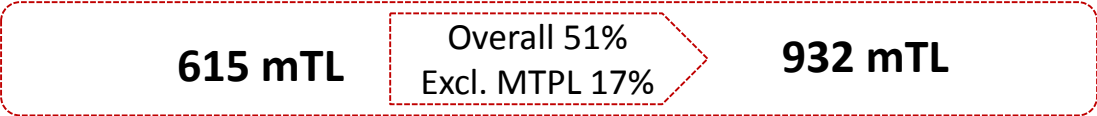
### Health

Aksigorta MS is 7,7% in Health as of 18'03.

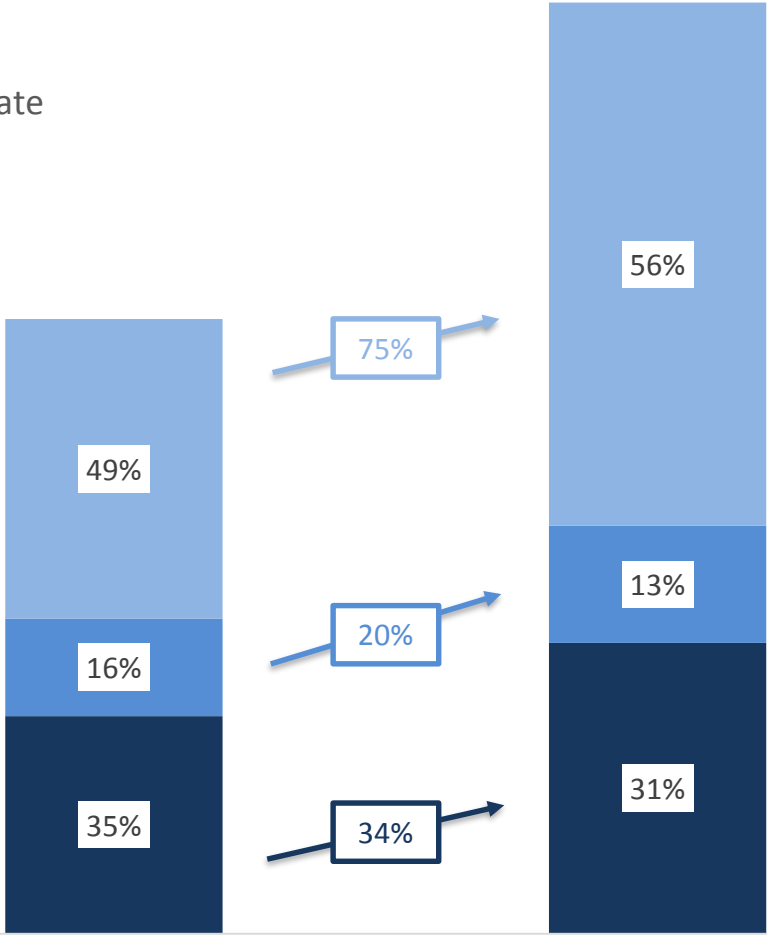


# MTPL boosted Agency channels

## Premiums of Aksigorta



- Agency
- Bank
- Corporate



### Agency

Driven by Motor products. MTPL and MOD products constitute 44% and 27% of total premiums in agency channel respectively.

### Bank

Non-motor and Health products are the main drivers of Bank channel. Together they represent 70% of Bank's total production.

### Corporate

Driven by non-motor and health. Together they represents 81% of total corporate sales.



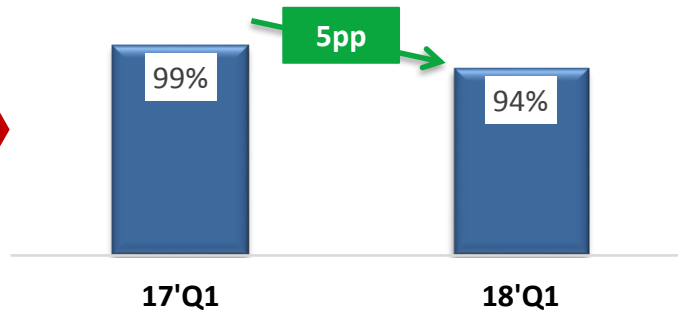


# 2018 First Quarter Statutory Financial Results



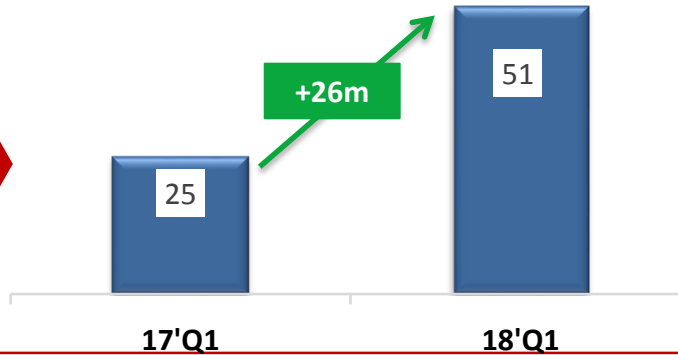
# Excellent Performance in 2018 Q1

## Combined Ratio



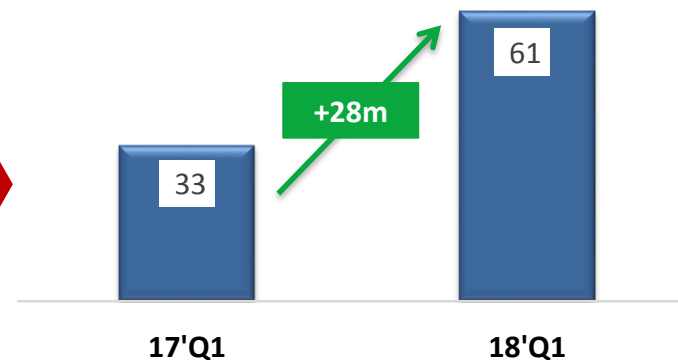
- CoR is 94% as of 2018'Q1 indicating 5pp improvement YoY.

## Net Income/Loss (million TL)



- Net Profit realized as 51m as of 2018 Q1, indicating 104% growth.

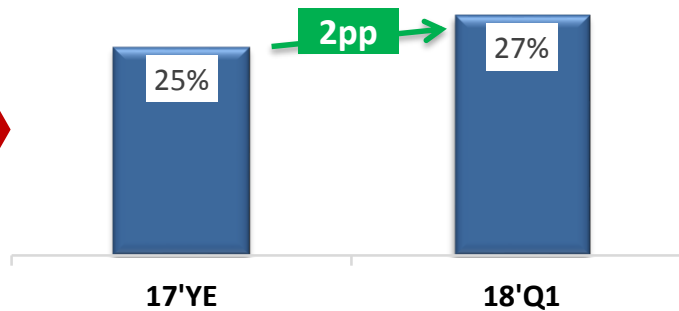
## UWR (million TL)



- UW Profit realized as 61m as of 2018 Q1, that is 86% higher than the last year.

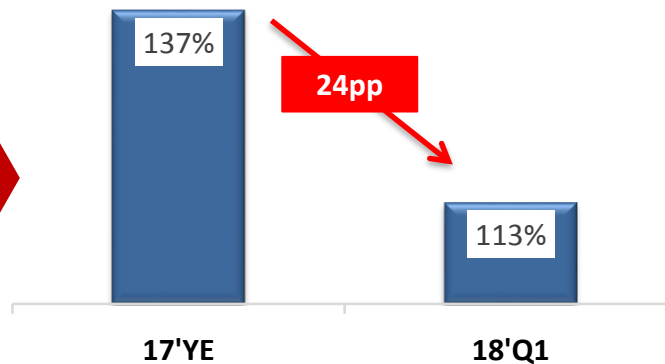
# Excellent Performance in 2018 Q1

## ROE



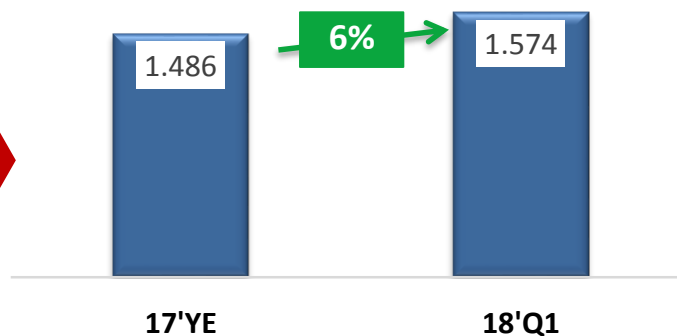
- Sustainable ROAE provided to shareholders.

## Capital Adequacy



- Due to decrease in equity as a result of dividend payment.

## AUM

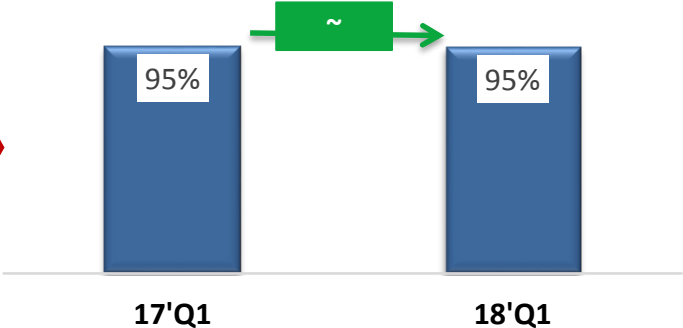


- Investment Portfolio increased by 6% by the contribution of premium growth and the improvement in loss ratio.

# 2018 First Quarter IFRS Financial Results

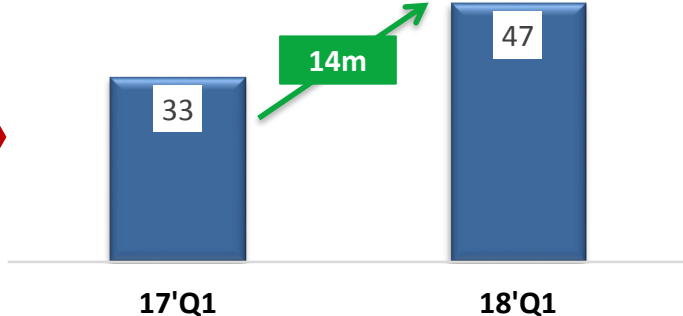
# Excellent Performance in 2018 Q1

## Combined Ratio



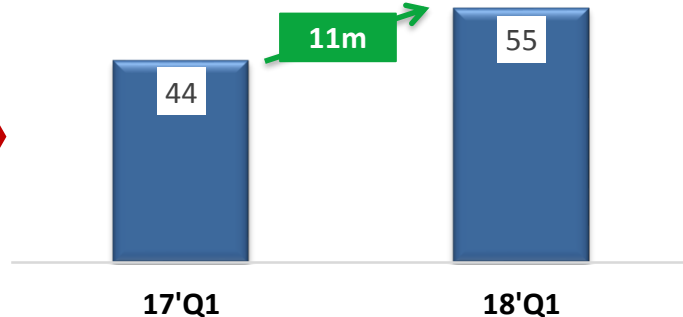
- 95% of Combined ratio sustained in 2018'Q1.

## Net Income/Loss (million TL)



- Aksigorta realized 47m Net Profit as of 2018'Q1 , 40% better performance than the last year Q1.

## UW Result (million TL)



- Aksigorta generated 55m UW Result in 2018'Q1 that is 25% better performance than the last year Q1.

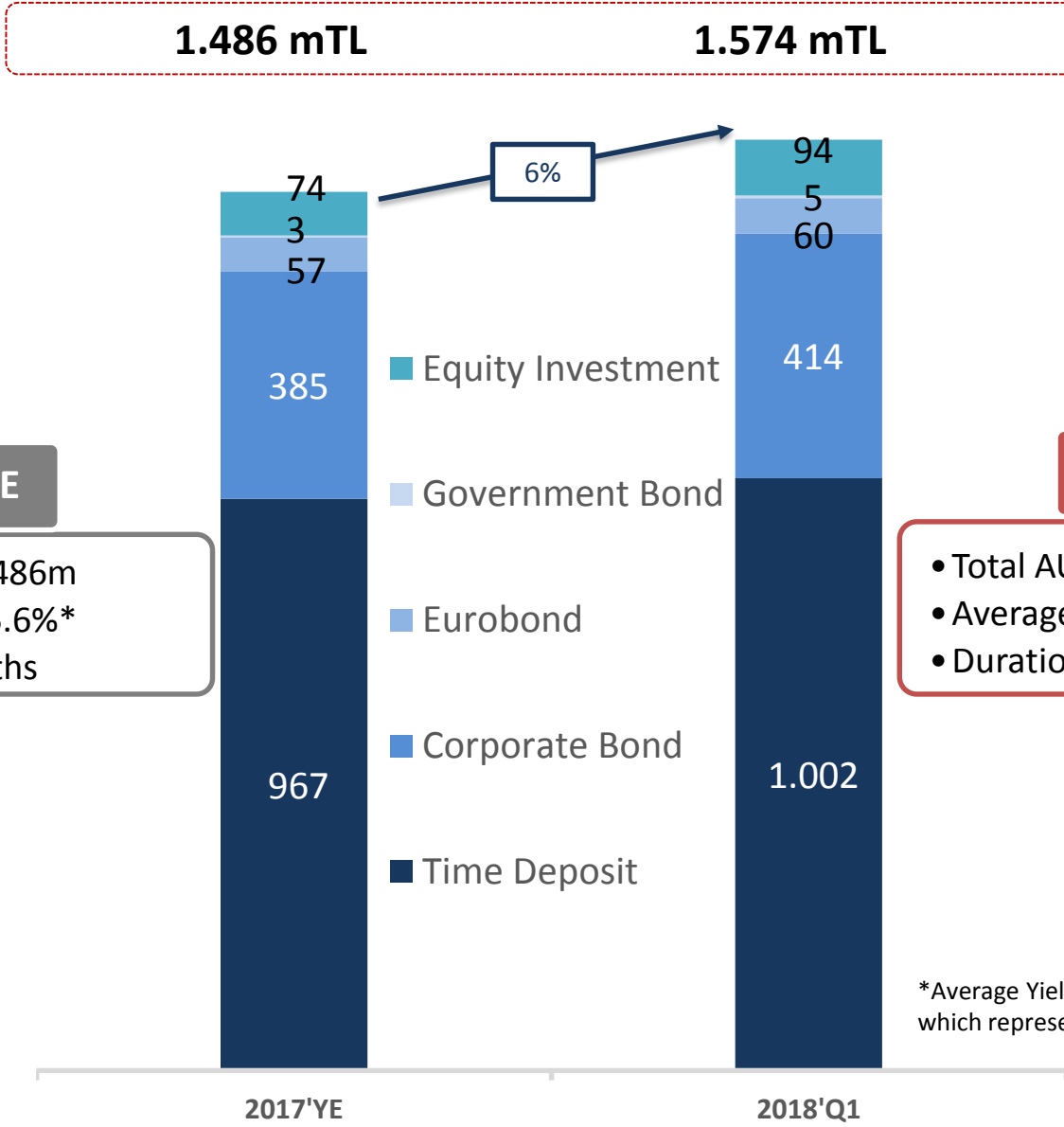
## Statutory and IFRS Reconciliation as of March 2018

<i>Million TL</i>	Equity	YtD P&L
<b>TFRS Result</b>	<b>571</b>	<b>51</b>
Equalization	73	3
Unexpired Risk Reserves	1	1
Unallocated Loss Adjustment Expenses	-10	-1
Deferred Tax	15	1
Discounting of outstanding claims	-141	-9
<b>IFRS Result</b>	<b>509</b>	<b>47</b>

# 2018 First Quarter Investment Portfolio



# Investment Portfolio



**2017 YE**

- Total AUM: TL 1.486m
- Average Yield: 15.6%\*
- Duration: 6 months

**2018 Q1**

- Total AUM: TL 1.574m
- Average Yield: 15.5%\*
- Duration: 6 months

\*Average Yield represents fixed income instruments which represent approx. 85% of the total portfolio.



# Future Guidance

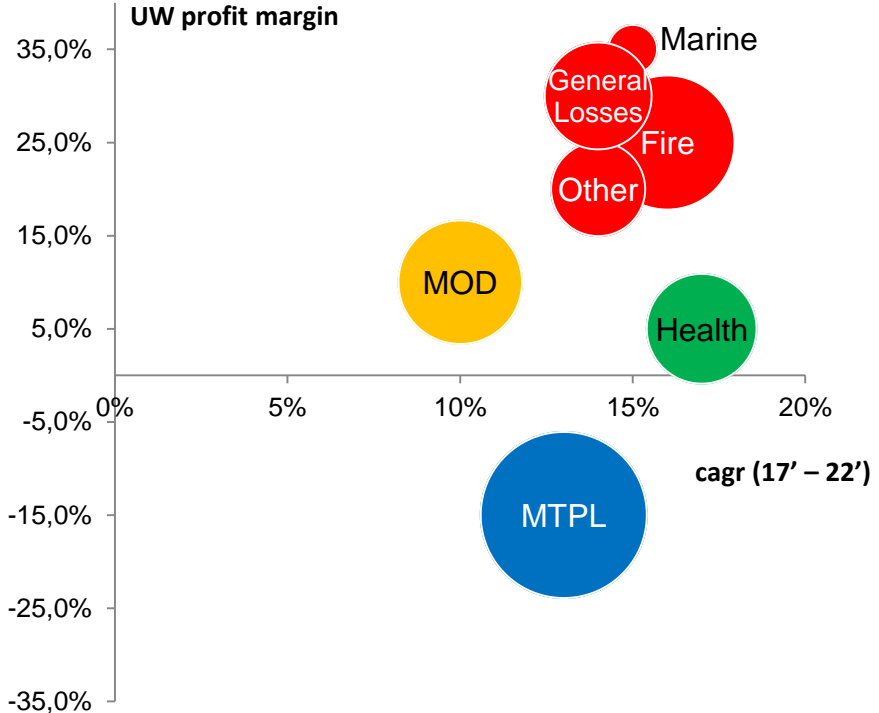


# Non-MTPL LoB's Will Continue to be Profit Drivers of the Market

**Market UW Margin**

	Product	'22E
<b>Motor</b>	MOD	5-10%
	MTPL	-15%
<b>Non Motor</b>	Fire	20-25%
	Marine	35-40%
	Other Accident	20-25%
	General Losses	30-35%
<b>Health</b>	Health	5-10%

**2022 Market Profitability & Growth Outlook**



Premiums

**2017 → 2.636 mTL**

**+25-30%** in 2018

Net Profit

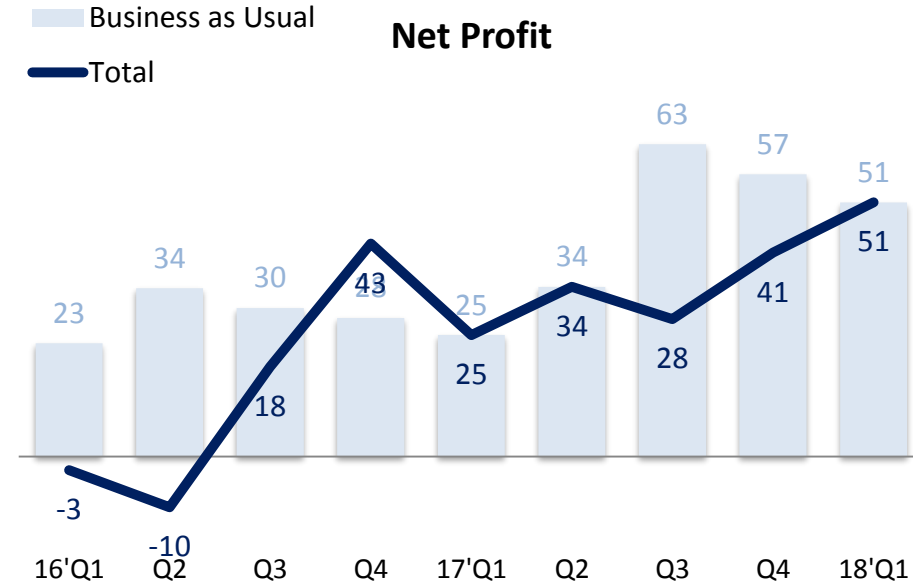
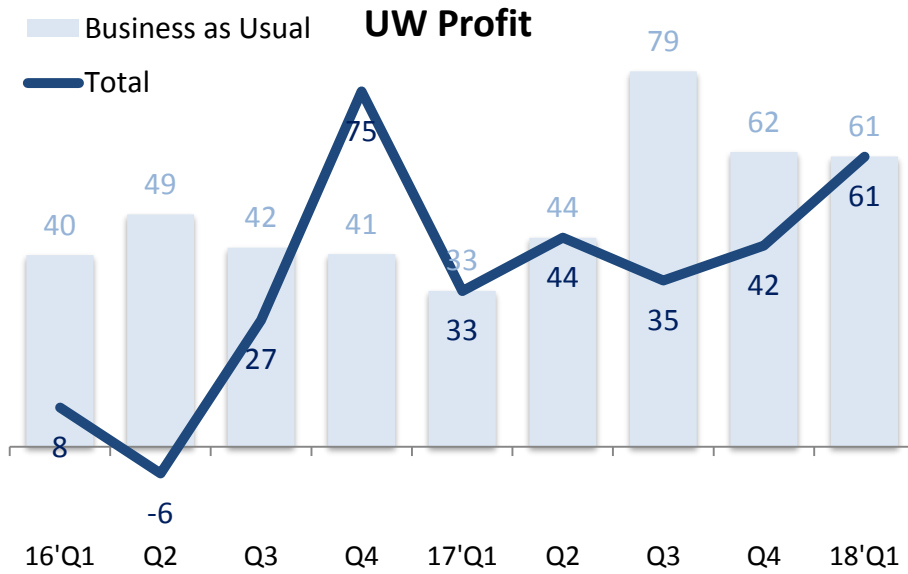
**2017 → 127 mTL**

**+45-50%** in 2018

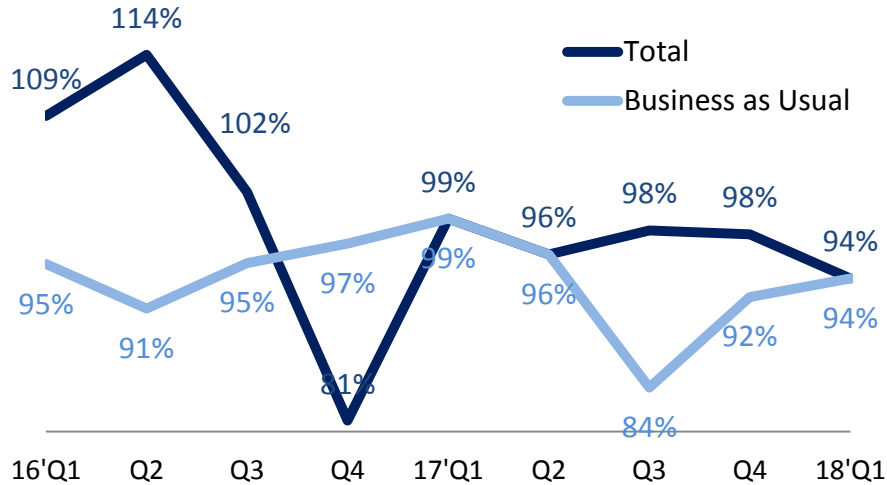
# Appendix

# Sustainable Profitability Trend Continues with Positive Bottomline

- TFRS



### Combined Ratio (%)



- 50-60m TL UW result per each quarter
- 90-97% Combined Ratio per each quarter
- 50-60m TL Net profit per each quarter

# Statutory Results – Technical Results and Margins continue to improve

<i>Income Statement (million TL)</i>	17Q1	17Q2	17Q3	17Q4	18Q1	18Q1/ 17Q1	17Q4/ 18Q1
Gross Written Premiums	615	503	638	880	932	51%	6%
Net Earned Premiums	286	294	310	351	397	39%	13%
Claims (net)	-201	-196	-221	-243	-266	-32%	-9%
Commissions (net)	-52	-54	-55	-65	-70	-34%	-7%
<b>Underwriting Result (net)</b>	<b>33</b>	<b>44</b>	<b>34</b>	<b>42</b>	<b>61</b>	<b>86%</b>	<b>44%</b>
G&A Expenses	-31	-32	-29	-35	-37	-20%	-5%
Net Financial Income	36	38	40	56	53	49%	-4%
Profit Before Tax	31	43	34	50	67	115%	34%
Tax	-7	-9	-7	-9	-16	-137%	-81%
<b>Net Profit</b>	<b>25</b>	<b>34</b>	<b>27</b>	<b>41</b>	<b>51</b>	<b>109%</b>	<b>25%</b>
<b>Combined Ratio</b>	<b>99%</b>	<b>96%</b>	<b>98%</b>	<b>98%</b>	<b>94%</b>	<b>-5pp</b>	<b>-4pp</b>
Loss Ratio	70%	67%	71%	69%	67%	-3pp	-4pp
Commission Ratio	18%	18%	18%	19%	18%	0pp	0pp
Expense Ratio	11%	11%	9%	10%	9%	-2pp	0pp
<b>UW Margin</b>	<b>11%</b>	<b>15%</b>	<b>11%</b>	<b>12%</b>	<b>15%</b>	<b>4pp</b>	<b>4pp</b>

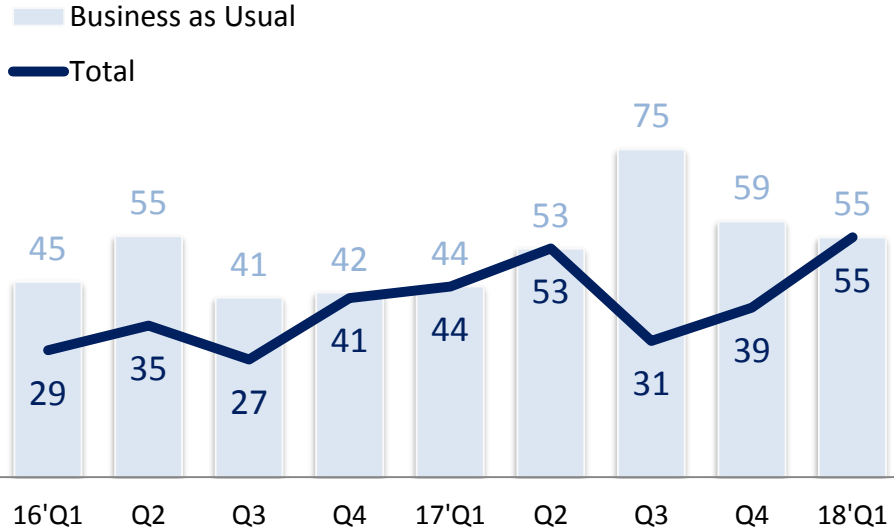
# Statutory Balance Sheet

<i>(TL Million)</i>	17'Q1	17'Q2	17'Q3	17'Q4	18'Q1	18Q1/ 17Q1	17Q4/ 18Q1
Cash and Marketable Securities	1.160	1.321	1.478	1.486	1.574	36%	6%
Receivables	748	666	680	961	1069	43%	11%
Other Assets	222	211	209	238	276	24%	16%
Fixed Assets	67	69	69	73	71	6%	-2%
<b>Total Assets</b>	<b>2.197</b>	<b>2.268</b>	<b>2.436</b>	<b>2.758</b>	<b>2.991</b>	<b>36%</b>	<b>8%</b>
Payables	335	349	340	403	555	66%	38%
Technical Reserves	1.292	1.323	1.343	1.537	1.646	27%	7%
Other Liabilities	139	128	166	189	219	57%	16%
Total Shareholders' Equity	431	467	587	629	571	32%	-9%
<b>Total Liabilities and Equity</b>	<b>2.197</b>	<b>2.268</b>	<b>2.436</b>	<b>2.758</b>	<b>2.991</b>	<b>36%</b>	<b>8%</b>
ROE	20%	29%	27%	24%	27%	7pp	3pp
Capital Adequacy Ratio	107%	124%	147%	137%	113%	6pp	-24pp

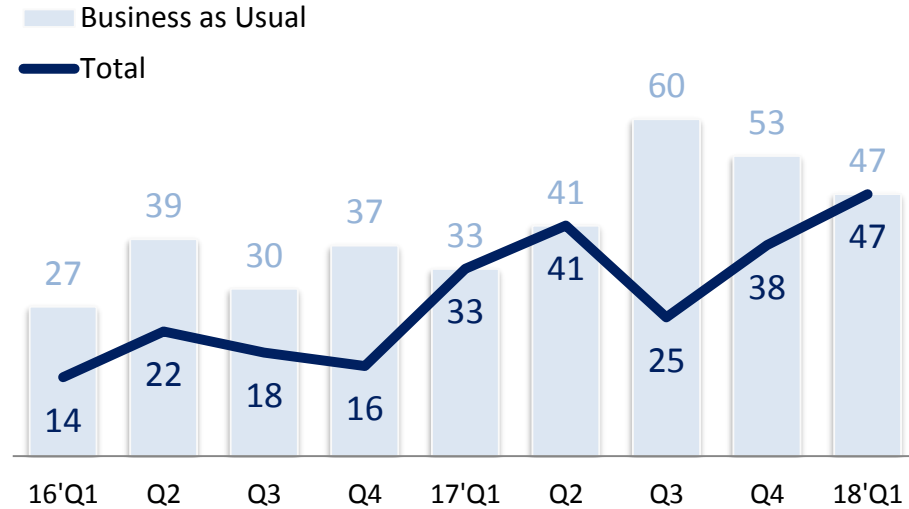
# Sustainable Profitability Trend Continues with Positive Bottomline

- IFRS

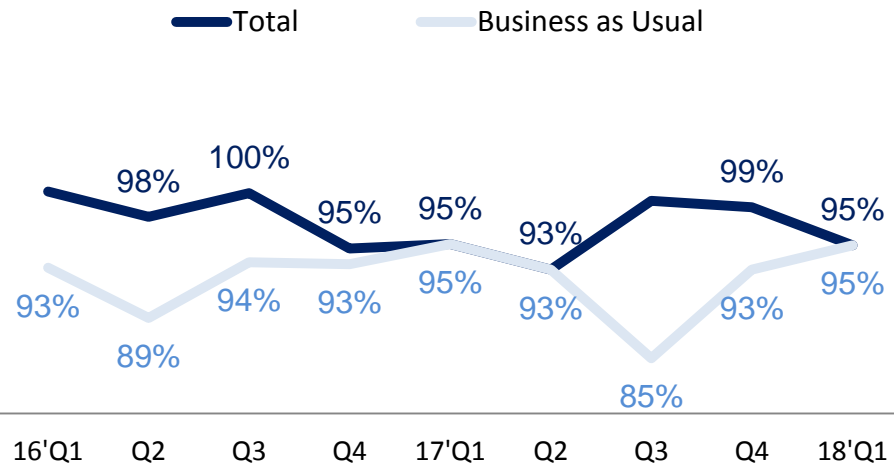
### UW Profit



### Net Profit



### Combined Ratio (%)



- 50-60m TL UW result per each quarter
- 90-95% Combined Ratio per each quarter
- 50-60m TL Net profit per each quarter



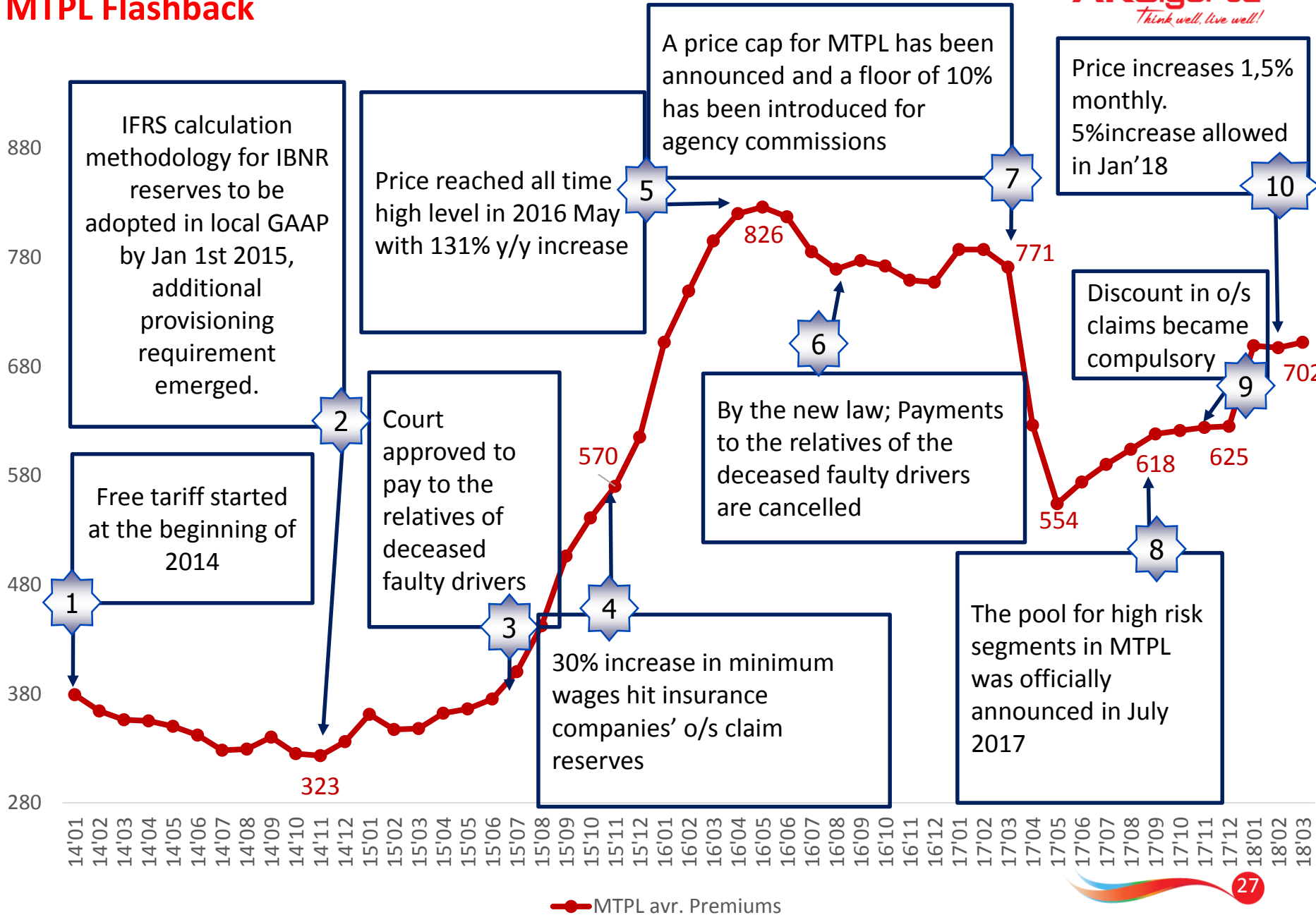
# IFRS Results – Technical Results and Margins continue to improve

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Gross Written Premiums	615	503	638	880	932	51%	6%
Net Earned Premiums	286	294	310	351	397	39%	13%
Claims (net)	-190	-187	-224	-247	-272	-43%	-10%
Commissions (net)	-52	-54	-55	-65	-70	-34%	-7%
<b>Underwriting Result (net)</b>	<b>44</b>	<b>53</b>	<b>31</b>	<b>39</b>	<b>55</b>	<b>26%</b>	<b>41%</b>
G&A Expenses	-30	-32	-29	-34	-36	-19%	-6%
Net Financial Income	35	38	37	56	53	49%	-7%
Profit Before Tax	42	52	31	46	61	44%	31%
Tax	-9	-11	-6	-9	-14	-62%	-62%
<b>Net Profit</b>	<b>33</b>	<b>41</b>	<b>25</b>	<b>38</b>	<b>47</b>	<b>40%</b>	<b>24%</b>
<b>Combined Ratio</b>	<b>95%</b>	<b>93%</b>	<b>99%</b>	<b>99%</b>	<b>95%</b>	<b>0pp</b>	<b>-4pp</b>
Loss Ratio	66%	64%	72%	70%	69%	3pp	-1pp
Commission Ratio	18%	18%	18%	19%	18%	0pp	-1pp
Expense Ratio	11%	11%	9%	10%	9%	-2pp	-1pp
<b>UW Margin</b>	<b>15%</b>	<b>18%</b>	<b>10%</b>	<b>11%</b>	<b>14%</b>	<b>-1pp</b>	<b>3pp</b>

# IFRS Balance Sheet

<i>(TL Million)</i>	17'Q1	17'Q2	17'Q3	17'Q4	18'Q1	18Q1/ 17Q1	17Q4/ 18Q1
Cash and Marketable Securities	1.160	1.321	1.478	1.486	1.574	36%	6%
Receivables	748	666	680	961	1069	43%	11%
Other Assets	214	202	223	252	291	36%	16%
Fixed Assets	67	69	69	73	71	6%	-2%
<b>Total Assets</b>	<b>2.188</b>	<b>2.258</b>	<b>2.450</b>	<b>2.771</b>	<b>3.005</b>	<b>37%</b>	<b>8%</b>
Payables	335	348	340	403	555	66%	38%
Technical Reserves	1.250	1.273	1.410	1.607	1.722	38%	7%
Other Liabilities	139	129	166	189	219	57%	16%
Total Shareholders' Equity	464	507	534	572	509	10%	-11%
<b>Total Liabilities and Equity</b>	<b>2.188</b>	<b>2.258</b>	<b>2.450</b>	<b>2.771</b>	<b>3.005</b>	<b>37%</b>	<b>8%</b>
ROE	21%	24%	24%	26%	28%	7pp	2pp
Capital Adequacy Ratio	107%	124%	147%	137%	113%	6pp	-24pp

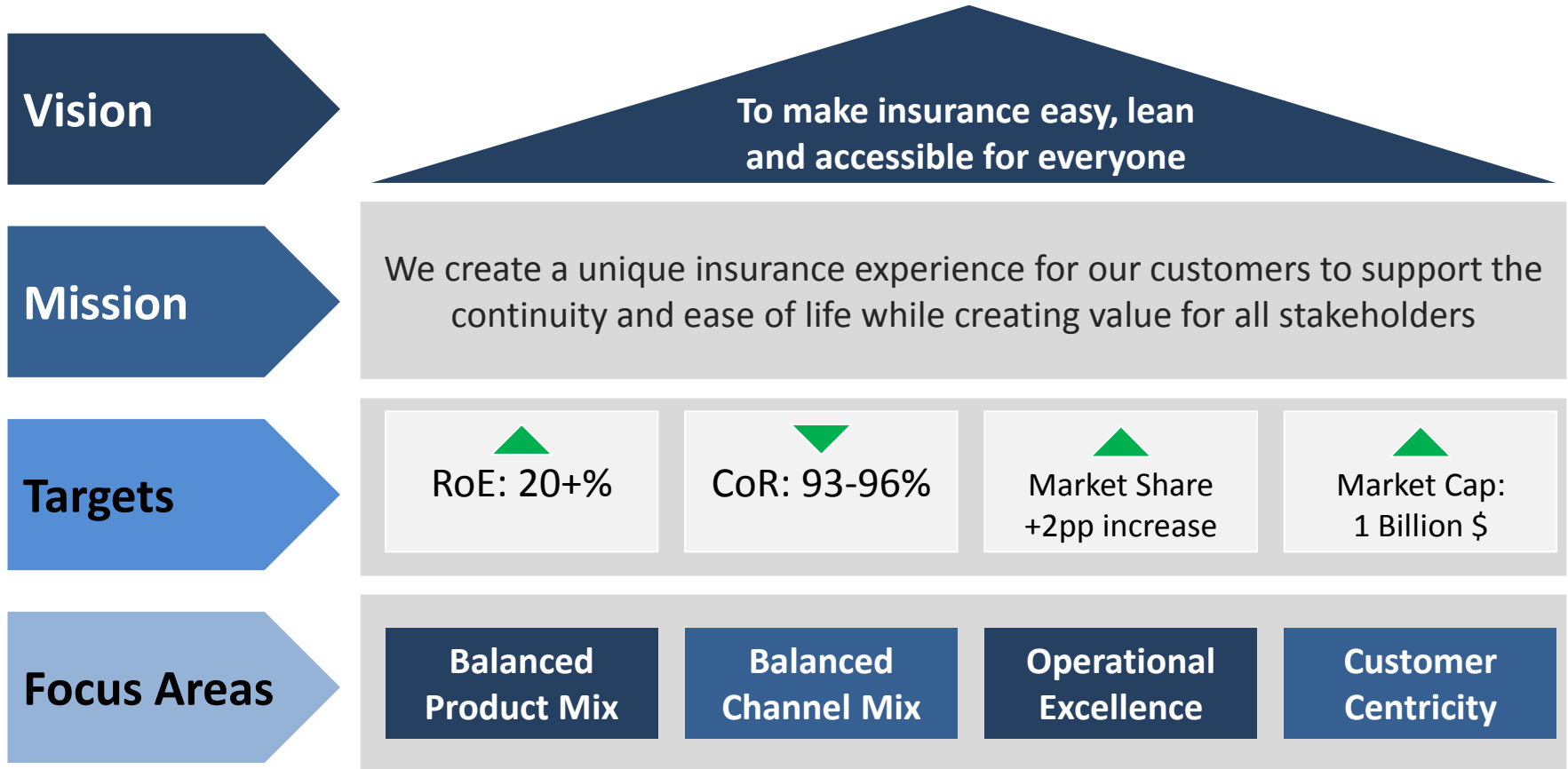
# MTPL Flashback



● MTPL avr. Premiums

- 14,6b TL annual premiums.
- 1,3b TL is double counted as premiums ceded to the pool and retroceded by the pool.
- 17m of 22m vehicles are insured by 78% penetration.
- Risky drivers' portfolio is transferred to the pool, around 20% of MTPL market.
- Pool is estimated to have an overall 115% loss ratio while the rest to have 113% loss ratio.
- Companies will execute claims processes of those risky drivers and receive 5% fee over the GWP.
- Agency commission is fixed by 8% for those risky drivers while there is 10% commission floor for the rest.
- Price will increase every month by 1,5%. One-time 5% increase is applied in Jan'18.
- Insurance companies will receive equal shares from 50% of pool's p/l.
- Remaining 50% will be distributed among those companies in accordance with their 3 year total market share in MTPL.
- Long tail product, material damages (60%) are paid at 10 months, bodily damages (40%) are paid at 56 months.
- Cash flow results positive more than 2 years.

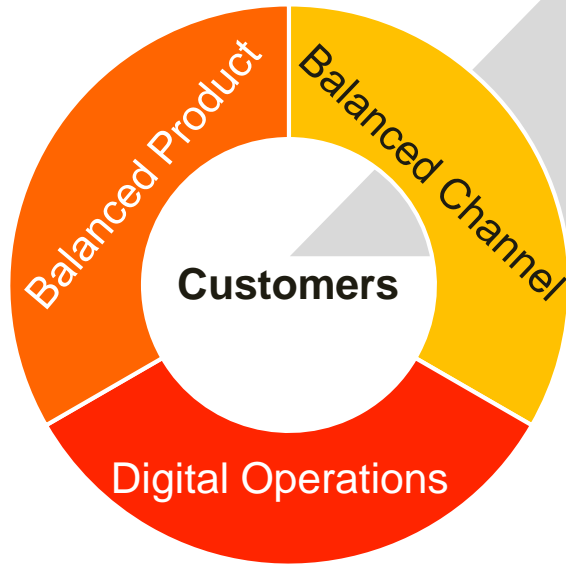
# Our Strategy House



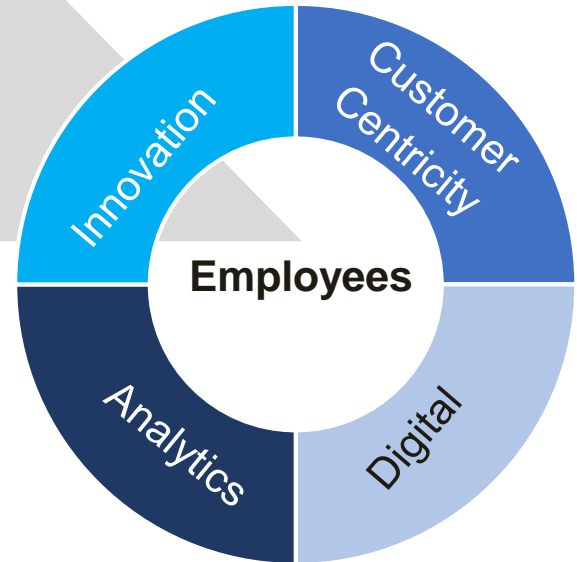
# Targets



# Choices



# Priorities



Easy, lean,  
accessible  
insurance

# Contact Information & Disclaimer

## For further information please contact with;

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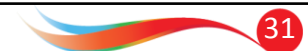
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