

# **Aksigorta** Earnings Call Presentation –2019'Q1

26/04/2019

**AKSigorta**  
Bambaşka.

**1. Aksigorta Financials (in TFRS)**






*2. What are the Risks & Opportunities?*

*3. Future Guidance*

*4. Appendix*

# 2019 Q1 – Aksigorta Scorecard


## 2019 Q1 – FINANCIAL INDICATORS (Mn TL)

<b>1.058</b> Gross Written Premiums	 <b>14%</b> (YoY)	<b>78</b> Net Income	 <b>53%</b> (YoY)	<b>586</b> Shareholders' Equity	 <b>3%</b> (YoY)	<b>3.687</b> Total Assets	 <b>23%</b> (YoY)	<b>106</b> Financial Income	 <b>107%</b> (YoY)
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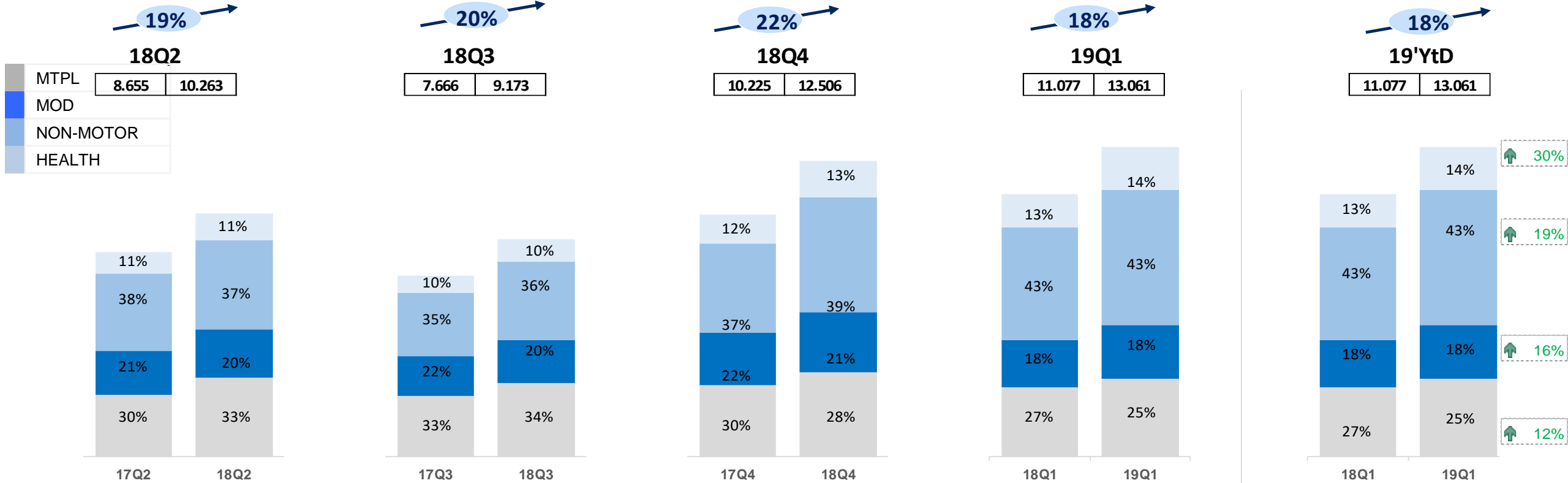
## 2019 Q1 – OPERATIONAL RATIOS

<b>48%</b> Premium Retention Ratio	 <b>-3 pp</b> (YoY)	<b>76%</b> Loss Ratio (Net)	 <b>9 pp</b> (YoY)	<b>100%</b> Combined Ratio (Net)	 <b>6 pp</b> (YoY)	<b>40%</b> Return on Equity (ROE)	 <b>11 pp</b> (YoY)
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## 2018 YE - SUMMARY

<b>202mTL</b> Dividend Paid	 <b>83%</b> (YoY)	<b>89%</b> Pay-out Ratio	 <b>2 pp</b> (YoY)
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# Market is growing in low penetrated products such as non motor & health



	YoY	Portfolio Share
	Growth	
Agency	16%	69%
Bank	26%	15%
Corporate	21%	16%

	YoY	Portfolio Share
	Growth	
Agency	15%	69%
Bank	14%	13%
Corporate	46%	18%

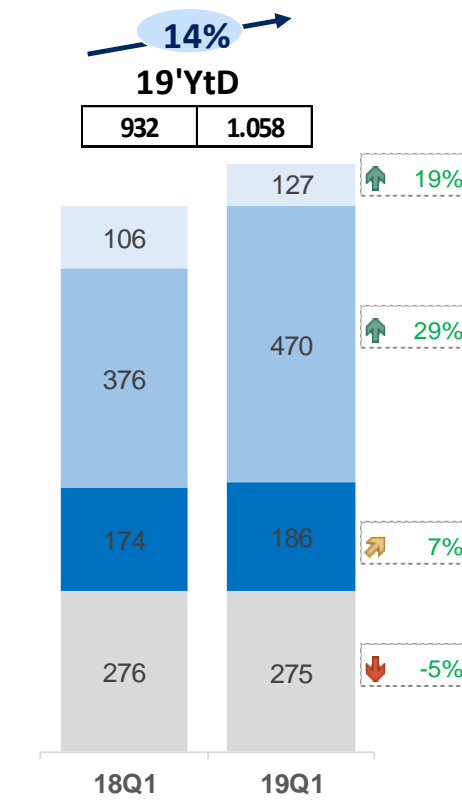
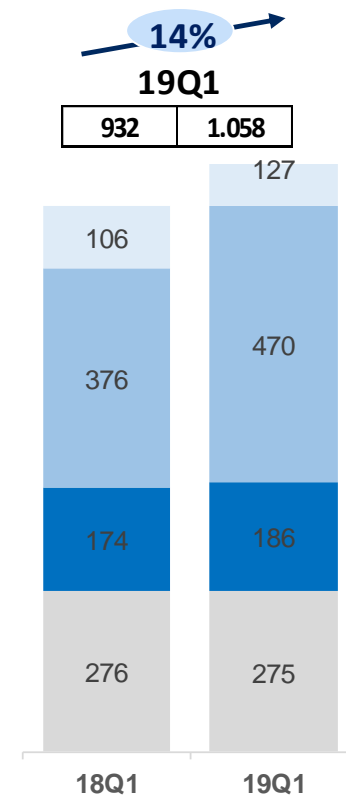
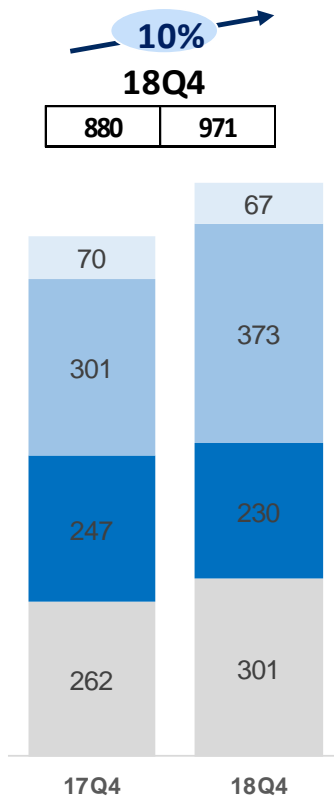
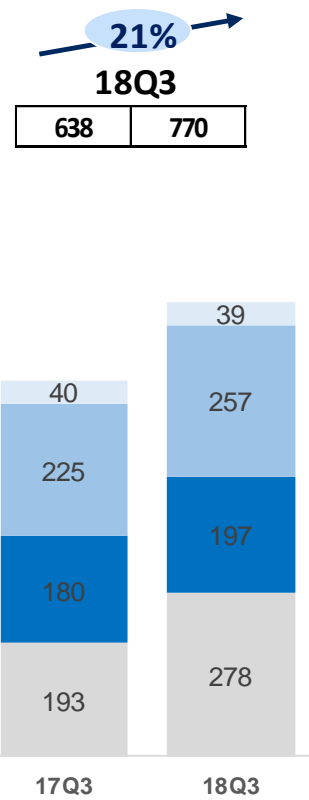
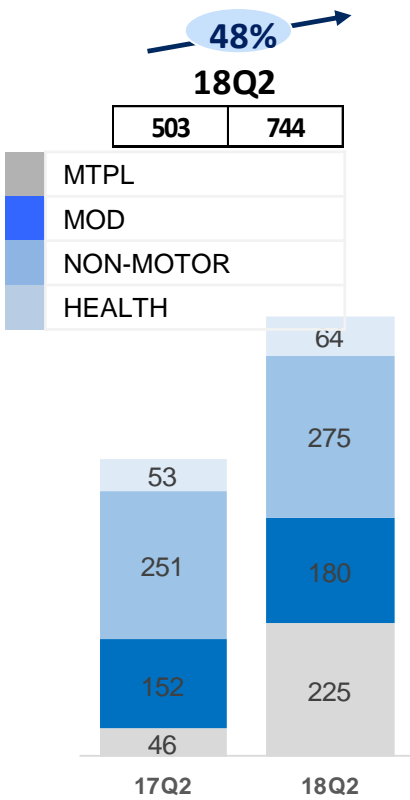
	YoY	Portfolio Share
	Growth	
Agency	19%	54%
Bank	19%	11%
Corporate	210%	35%

	YoY	Portfolio Share
	Growth	
Agency	13%	57%
Bank	16%	16%
Corporate	83%	26%

	YoY	Portfolio Share
	Growth	
Agency	13%	57%
Bank	16%	16%
Corporate	83%	26%

Retroceded premiums from pools are excluded above.  
As of March 2019, there is 0,9 Billion TL retroceded premiums in the market.

# Aksigorta's premium production increased by 14% YoY



	YoY Growth	Portfolio Share
Agency	78%	62%
Bank	11%	13%
Corporate	11%	25%

	YoY Growth	Portfolio Share
Agency	27%	64%
Bank	-1%	10%
Corporate	19%	26%

	YoY Growth	Portfolio Share
Agency	14%	62%
Bank	-4%	11%
Corporate	10%	27%

	YoY Growth	Portfolio Share
Agency	2%	51%
Bank	7%	9%
Corporate	37%	40%

	YoY Growth	Portfolio Share
Agency	2%	51%
Bank	7%	9%
Corporate	37%	40%

Based on Aksigorta product group. Retroceded premiums within total premiums are 43 MTL as of March'19. Written premiums net off Retroceded premiums are 1.015 MTL.

# Topline growth and sustainable UW margins bring higher UW results

## UWR Business Mix (Mn TL)



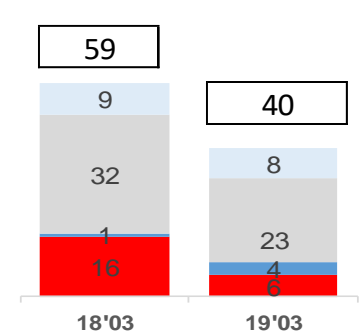
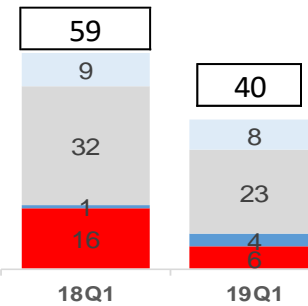
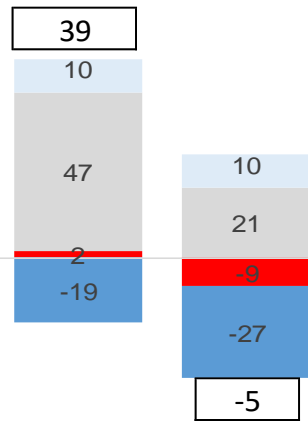
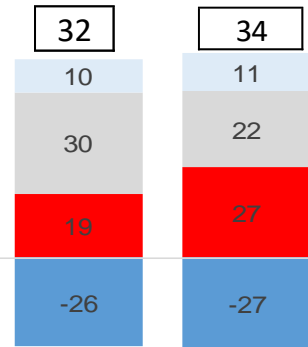
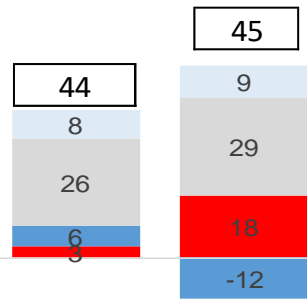
18Q2

18Q3

18Q4

19Q1

19'YtD



17Q2 18Q2

17Q3 18Q3

17Q4 18Q4

18Q1 19Q1

18'03 19'03

UWM			
MTPL	MOD	Non Motor	Health
11%	-7%	34%	14%
Agency	Bank	Corporate	Company
3%	25%	11%	10%

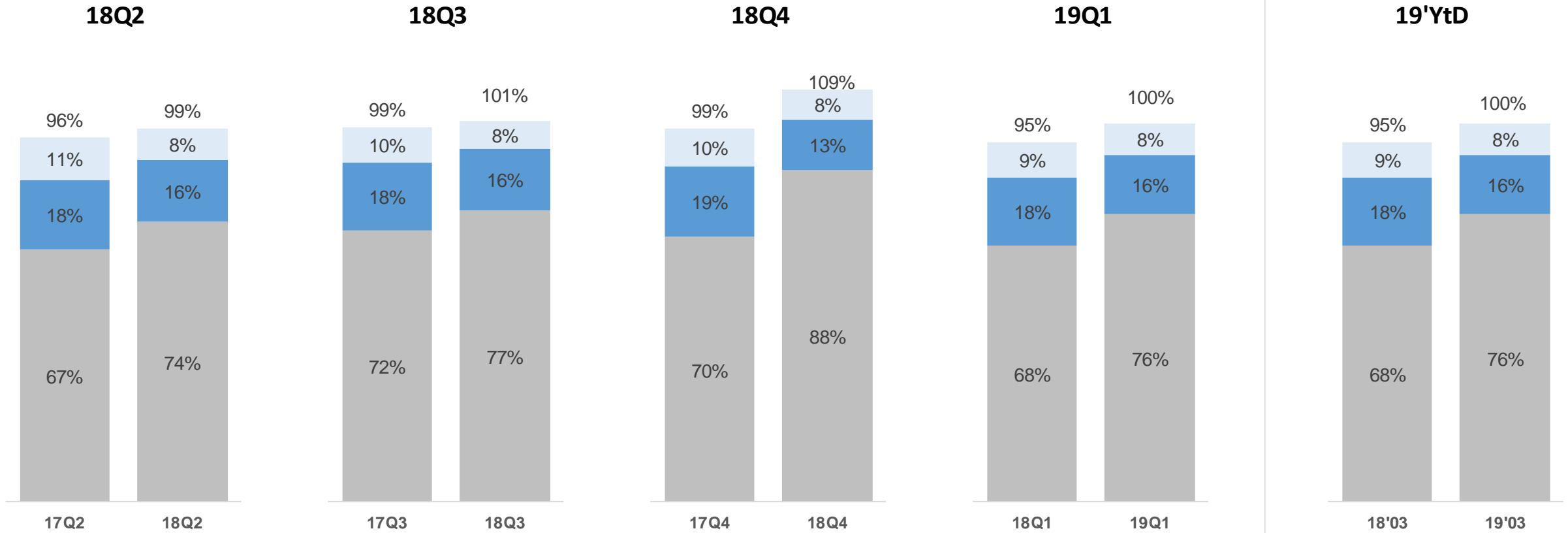
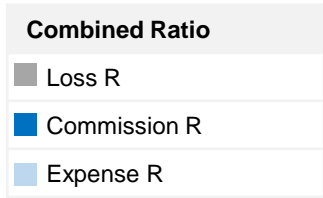
UWM			
MTPL	MOD	Non Motor	Health
14%	-16%	27%	16%
Agency	Bank	Corporate	Company
0%	24%	3%	7%

UWM			
MTPL	MOD	Non Motor	Health
-4%	-16%	24%	15%
Agency	Bank	Corporate	Company
-3%	31%	2%	-1%

UWM			
MTPL	MOD	Non Motor	Health
3%	2%	26%	11%
Agency	Bank	Corporate	Company
3%	26%	6%	8%

UWM			
MTPL	MOD	Non Motor	Health
3%	2%	26%	11%
Agency	Bank	Corporate	Company
3%	26%	6%	8%

# Combined ratio declined to 100% as of March'19



# As of Mar'2019, AUM reached to 2.040mTL with 30% increase YoY



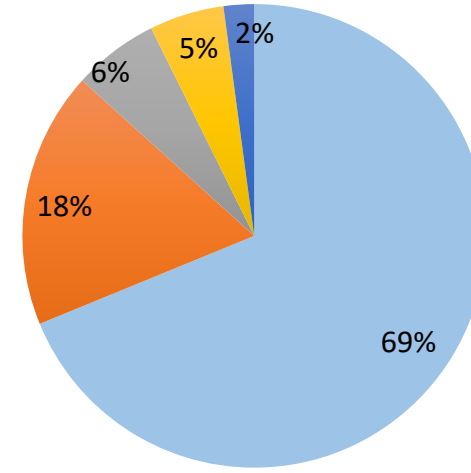
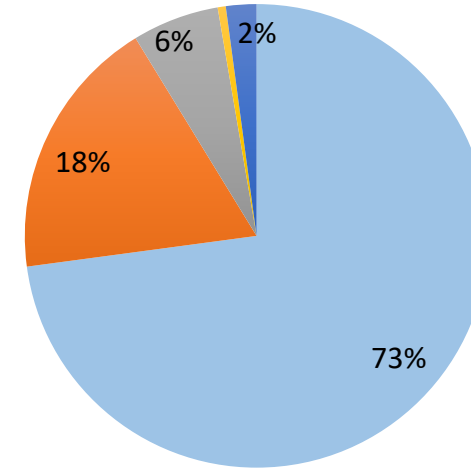
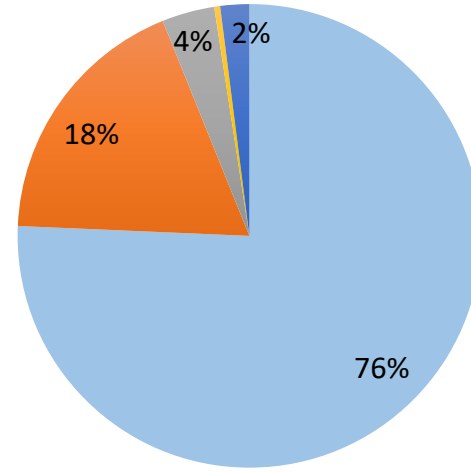
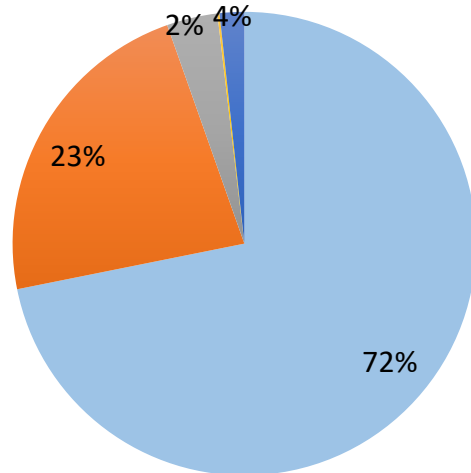
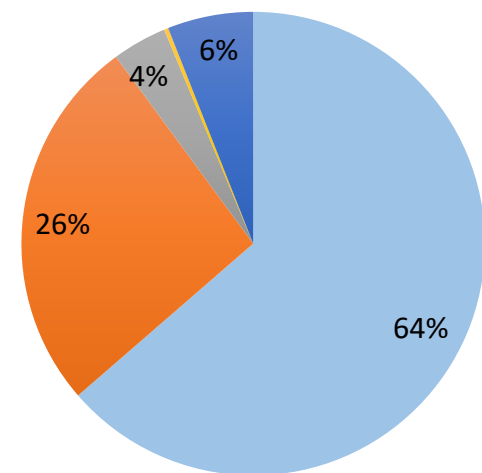
**March'18**

**June'18**

**September'18**

**December'18**

**March'19**



**18Q1**

**18Q2**

**18Q3**

**18Q4**

**19Q1**

<b>AUM (mTL)</b>	1.574
<b>Average Yield</b>	14%
<b>Quarterly Financial Income (mTL)</b>	51

<b>AUM (mTL)</b>	1.744
<b>Average Yield</b>	18%
<b>Quarterly Financial Income (mTL)</b>	75

<b>AUM (mTL)</b>	1.948
<b>Average Yield</b>	16%
<b>Quarterly Financial Income (mTL)</b>	72

<b>AUM (mTL)</b>	2.029
<b>Average Yield</b>	25%
<b>Quarterly Financial Income (mTL)</b>	126

<b>AUM (mTL)</b>	2.040
<b>Average Yield</b>	24%
<b>Quarterly Financial Income (mTL)</b>	106



# Strong Financial Results, +40% ROE

Profit & Loss	18Q1	18Q2	18Q3	18Q4	19Q1	18Q1	19Q1	19Q1/ 18Q1
<b>GWP</b>	932	744	770	971	1.058	932	1.058	14%
<b>NEP</b>	393	438	467	489	489	393	489	25%
<b>UWR</b>	59	45	34	-5	40	59	40	-31%
<b>Expenses</b>	-37	-37	-36	-39	-40	-37	-40	-8%
<b>Financial Income</b>	51	75	72	126	106	51	106	107%
<b>PBT</b>	67	58	90	80	103	67	103	54%
<b>Net Profit</b>	51	45	69	62	78	51	78	53%
<b>Capital Adequacy</b>	113%	121%	129%	130%	100%	113%	100%	-13pp

Balance Sheet	18Q1	18Q2	18Q3	18Q4	19Q1	19Q1/ 18Q4
<b>Receivables</b>	1.083	1.037	1.041	1.156	1.278	11%
<b>AUM</b>	1.574	1.743	1.948	2.029	2.040	1%
<b>Total Assets</b>	2.991	3.102	3.305	3.515	3.687	5%
<b>Reserves</b>	1.646	1.707	1.837	1.994	2.074	4%
<b>Payables</b>	610	610	587	642	838	30%
<b>Equity</b>	571	616	683	718	586	-18%
<b>Total Liabilities</b>	2.991	3.102	3.305	3.515	3.687	5%
<b>RoE</b>	29%	29%	33%	35%	40%	5pp

# TFRS vs IFRS: Discounting of O/S claims is the major difference between two ledgers

as of March ' 2019	Equity	YtD P&L Adjust
<i>Million TL</i>		
<b>TFRS Result</b>	<b>586,0</b>	<b>78,3</b>
Equalization Reserve	85,7	3,3
Unexpired Risk Reserve	19,2	-1,4
Unallocated Loss Adjustment Expenses	-14,0	-0,6
Discounting of outstanding claims	-187,4	-9,1
Deferred Tax	18,9	1,7
<b>IFRS Result</b>	<b>508,3</b>	<b>72,2</b>

1. *Aksigorta Financials (in TFRS)*
2. **What are the Risks & Opportunities?**
3. *Future Guidance*
4. *Appendix*

# Risks & opportunities are factored in our year-end guidance

## Risks

- Downsizing economy limits insurance growth
- Decreasing new vehicle and mortgaged home sales, pressuring retail segment
- Increase in average premium, not alligned with claim costs increase which affects the profitability
- Natural disasters due to climate change (e.g. : hail and flood, EQ etc.)
- Possible Churn in individual segments due to cut off spendings

## Opportunities

- Higher interest rates bringing higher financial income
- Higher premiums and improved UW Margin with the introduction of new products
- Efficient cost management

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# 2019 targets are...



18-20% growth in GWP



35%-40% increase in Net Profit



**... aligned with long term ambition**

**1B \$**

Market Cap

**+2pp**

Market Share

**95%**

Combined Ratio  
(Net)

**30+%**

Return on Equity  
(ROE)

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# Summary Financial Statements in IFRS

Profit & Loss	18Q1	18Q2	18Q3	18Q4	19Q1	18Q1	19Q1	19Q1/ 18Q1
<b>GWP</b>	932	744	770	971	1.058	932	1.058	14%
<b>NEP</b>	397	442	471	482	489	397	489	23%
<b>UWR</b>	55	37	22	9	33	55	33	-41%
<b>Expenses</b>	-37	-37	-36	-37	-40	-37	-40	-8%
<b>Financial Income</b>	51	75	72	126	106	51	106	107%
<b>PBT</b>	61	48	76	90	95	61	95	57%
<b>Net Profit</b>	47	37	56	73	72	47	72	55%
<b>Capital Adequacy</b>	113%	121%	129%	130%	100%	113%	100%	-13pp

Balance Sheet	18Q1	18Q2	18Q3	18Q4	19Q1	19Q1/ 18Q4
<b>Receivables</b>	1.069	1.018	1.026	1.142	1.278	12%
<b>AUM</b>	1.574	1.743	1.948	2.029	2.040	1%
<b>Total Assets</b>	3.005	3.119	3.325	3.535	3.706	5%
<b>Reserves</b>	1.722	1.793	1.937	2.083	2.171	4%
<b>Payables</b>	555	568	513	528	709	34%
<b>Equity</b>	509	547	602	646	508	-21%
<b>Total Liabilities</b>	3.005	3.119	3.325	3.535	3.706	5%
<b>RoE</b>	29%	27%	33%	37%	42%	5pp

# Capital Adequacy

	Dec'17	Mar'18	Jun'18	Sep'18	Dec'18	Mar'19
<b>Required Capital</b>	<b>510</b>	<b>571</b>	<b>573</b>	<b>588</b>	<b>615</b>	<b>672</b>
Asset risk	225	258	241	233	232	277
RI risk	45	46	46	46	56	56
Reserve risk	46	49	55	63	68	73
Uw risk	188	212	230	244	249	254
Fx risk	5	6	1	2	9	11
<b>Available Capital</b>	<b>700</b>	<b>644</b>	<b>692</b>	<b>761</b>	<b>800</b>	<b>672</b>
<b>Free Capital (over 100% CAR)</b>	<b>190</b>	<b>73</b>	<b>119</b>	<b>172</b>	<b>185</b>	<b>-1</b>
<b>Dividend Distribution</b>		<b>111</b>				<b>202</b>
<b>Generated Free Capital (Last Quarter Basis)</b>	<b>-21</b>	<b>-6</b>	<b>46</b>	<b>54</b>	<b>12</b>	<b>17</b>
<b>Capital Adequacy Ratio</b>	<b>137%</b>	<b>113%</b>	<b>121%</b>	<b>129%</b>	<b>130%</b>	<b>100%</b>

## Main drivers:

by asset size

by re-insurance portfolio

by growth

by growth

by fx exposure

# Aksigorta Digital Assistant (ADA)

## ADA 2019 Performance



# Claims Management in Digital

ClaimsChat is an automated WhatsApp group in order to bring all parties together when a customer has a claims notification.



After several surveys, we have found that claims process is one of the most important moment of truth for Aksigorta. Within this process, we saw that getting the latest information of the claim is one of the biggest pain point for the customers.

As part of Aksigorta digitalization strategy, we wanted to give this opportunity to the customer with a mobile app solution. Instead of developing a new one, we preferred to use Whatsapp, one of the most frequently used application in Turkey.

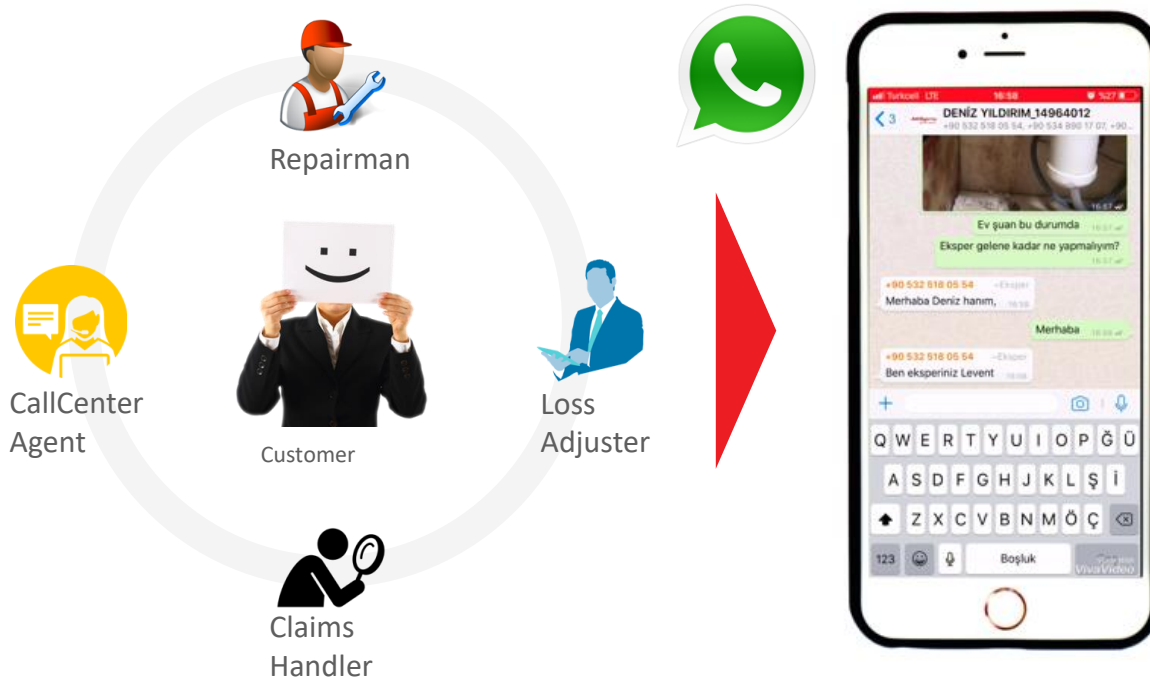
## THE RESULTS (2018)

Claimschat Group  
3018

Average Processing Time  
12 days ↓

Customers Phone Calls  
50 % ↓

Customer Satisfaction  
4,5 / 5



Winner of 2018 Gartner Eye  
on Innovation Awards

2018 Sabancı Altinyaka Awards  
Winner of Best Customer Experience



# THANKS

Presented by  
**AKSIGORTA** Investor Relations Team,  
April 2019