

Aksigorta Earnings Call Presentation – 19'Q3

25/10/2019

Presented by Aksigorta IR Team

1. Aksigorta Financials (in TFRS)






2. *What are the Risks & Opportunities?*

3. *Future Guidance*

4. *Appendix*

2019 Q3 – Aksigorta Scorecard

2019 Q3 FINANCIAL INDICATORS (Mn TL)

975 Gross Written Premiums	 27% (YoY)	91 Net Income	 31% (YoY)	789 Shareholders' Equity	 16% (YoY)	4.099 Total Assets	 24% (YoY)	110 Financial Income	 2% (YoY)
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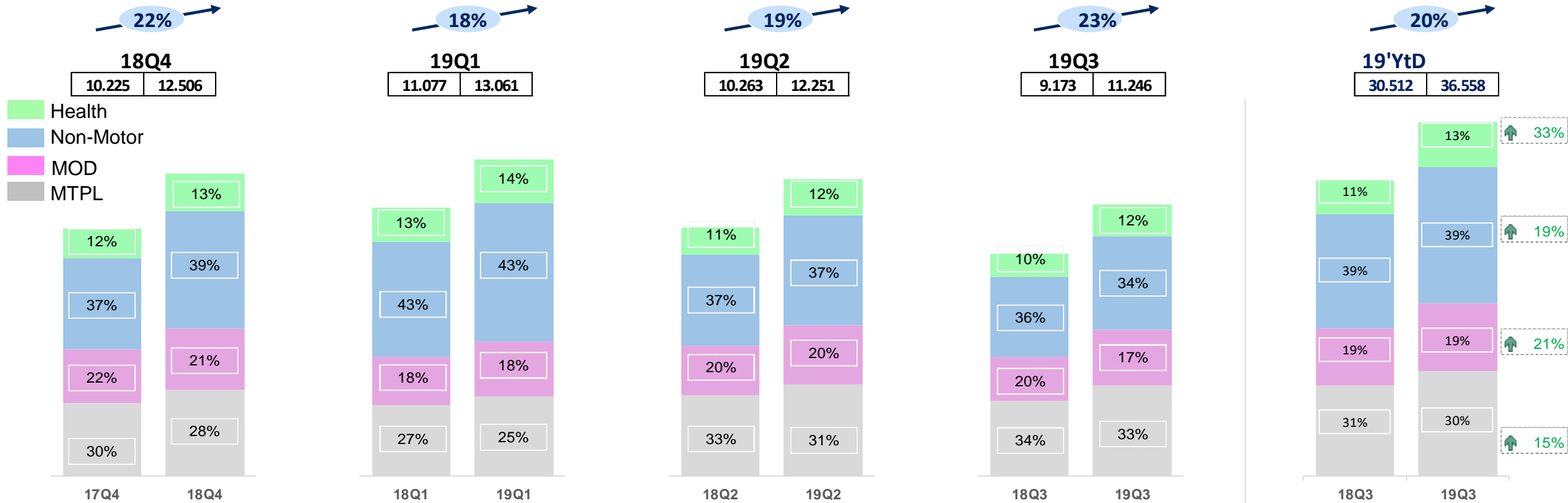
2019 Q3 OPERATIONAL RATIOS

64% Premium Retention Ratio	 1 pp (YoY)	73% Loss Ratio (Net)	 -4 pp (YoY)	96% Combined Ratio (Net)	 -5 pp (YoY)	46% Return on Equity (ROE)	 13 pp (YoY)
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2018 YE - SUMMARY

202mTL Dividend Paid	 83% (YoY)	89% Pay-out Ratio	 2 pp (YoY)
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Price increase is driving the growth, penetration is decreasing



	YoY	Portfolio
	Growth	Share
Agency	18%	66%
Bank	19%	14%
Corporate	44%	20%

	YoY	Portfolio
	Growth	Share
Agency	13%	62%
Bank	16%	17%
Corporate	37%	21%

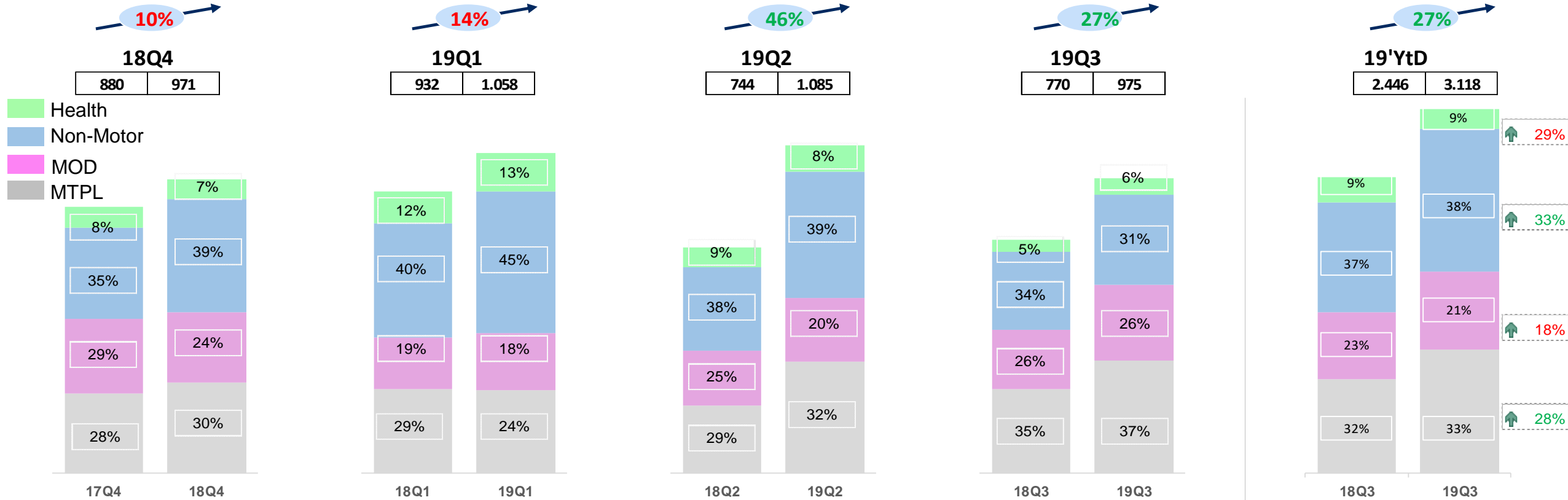
	YoY	Portfolio
	Growth	Share
Agency	17%	67%
Bank	9%	14%
Corporate	40%	19%

	YoY	Portfolio
	Growth	Share
Agency	22%	69%
Bank	28%	13%
Corporate	20%	18%

	YoY	Portfolio
	Growth	Share
Agency	17%	66%
Bank	17%	15%
Corporate	32%	19%

Retroceded premiums from pools are excluded above.
As of September 2019, there was 2,55 Billion TL retroceded premiums in the market.

Aksigorta overperformed the market in Non-motor and MTPL



	YoY	Portfolio
	Growth	Share
Agency	15%	63%
Bank	-14%	12%
Corporate	15%	25%

	YoY	Portfolio
	Growth	Share
Agency	5%	52%
Bank	21%	13%
Corporate	26%	35%

	YoY	Portfolio
	Growth	Share
Agency	49%	63%
Bank	16%	11%
Corporate	55%	26%

	YoY	Portfolio
	Growth	Share
Agency	32%	65%
Bank	10%	10%
Corporate	21%	25%

	YoY	Portfolio
	Growth	Share
Agency	28%	60%
Bank	16%	12%
Corporate	32%	29%

Better performance in motor segment contributed to UW profitability

UWR Business Mix (Mn TL)

-112% ↗

18Q4

39	-5
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-31% ↗

19Q1

59	40
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57% ↗

19Q2

45	70
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95% ↗

19Q3

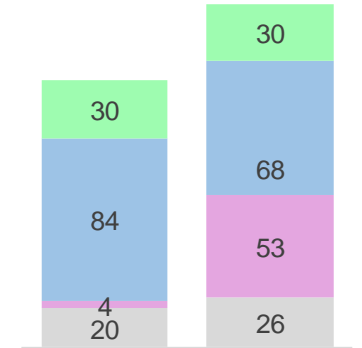
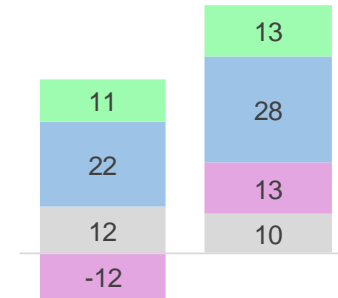
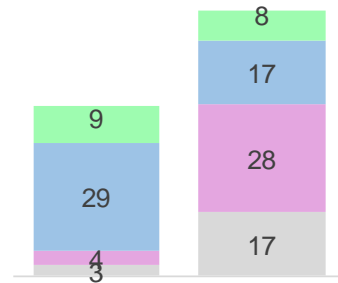
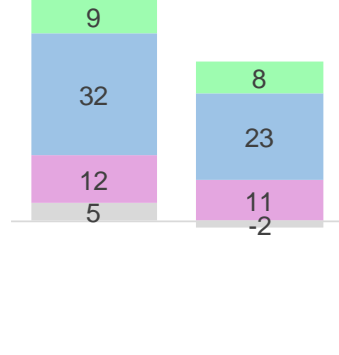
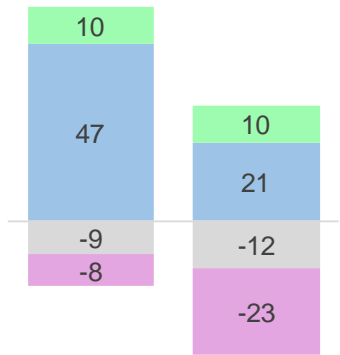
34	66
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7% ↗

19'YtD

137	176
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- Health
- Non-Motor
- MOD
- MTPL



17Q4 **18Q4**

UWM			
MTPL	MOD	Non Motor	Health
-6%	-12%	24%	15%
Agency	Bank	Corporate	Company
-3%	31%	8%	-1%

18Q1 **19Q1**

UWM			
MTPL	MOD	Non Motor	Health
-1%	6%	26%	11%
Agency	Bank	Corporate	Company
3%	26%	31%	8%

18Q2 **19Q2**

UWM			
MTPL	MOD	Non Motor	Health
8%	15%	18%	10%
Agency	Bank	Corporate	Company
17%	27%	22%	14%

18Q3 **19Q3**

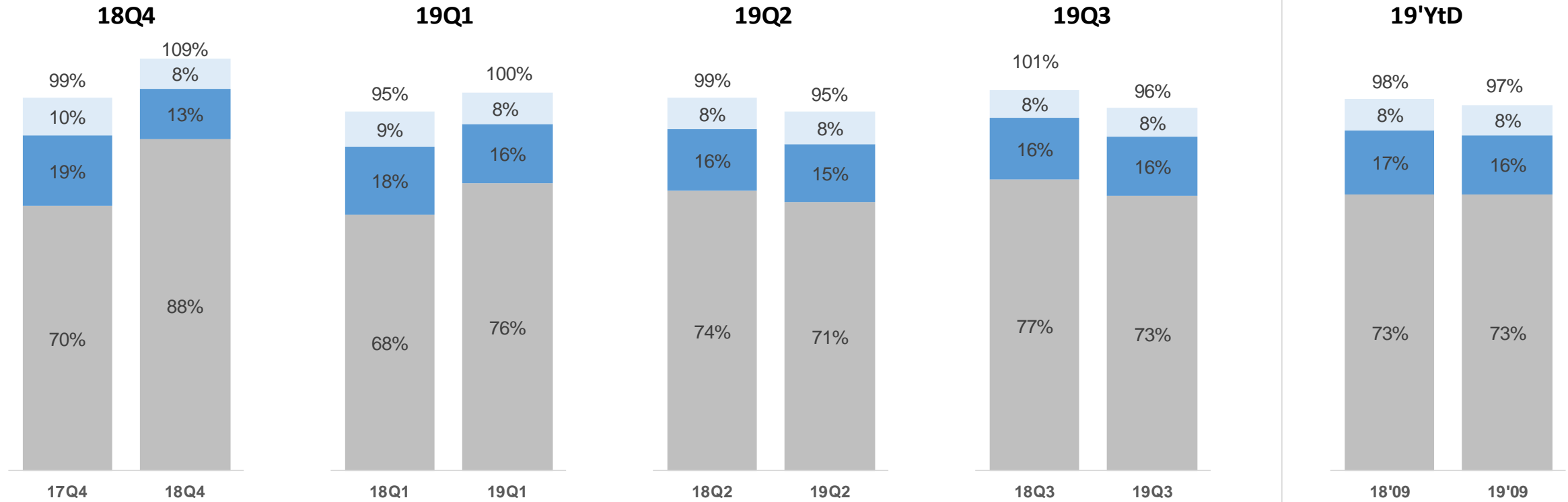
UWM			
MTPL	MOD	Non Motor	Health
4%	7%	30%	16%
Agency	Bank	Corporate	Company
6%	35%	34%	12%

18'09 **19'09**

UWM			
MTPL	MOD	Non Motor	Health
4%	11%	22%	11%
Agency	Bank	Corporate	Company
10%	27%	26%	11%

We keep Combined ratio below 100%

Combined Ratio	
Loss R	
Commission R	
Expense R	



As of Sep'19, AUM reached to 2.450 mTL with 26% increase YoY

Time Deposit
Corporate Bond
Eurobond
Government Bond
Equities

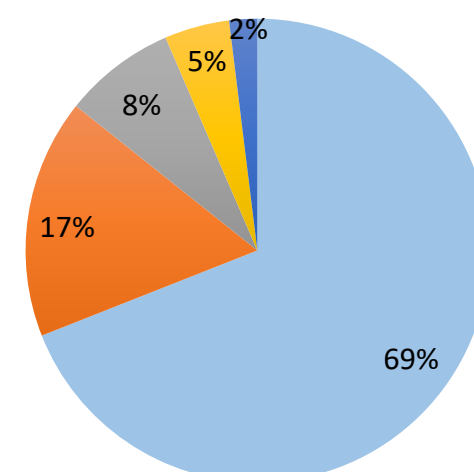
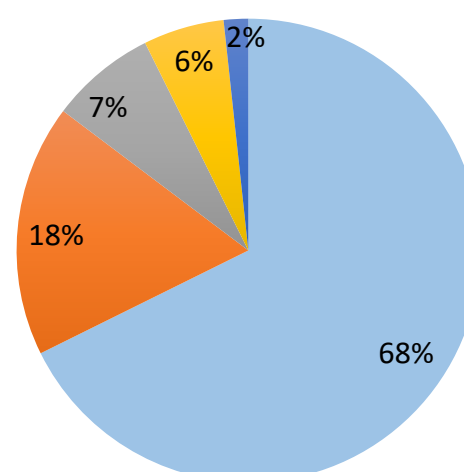
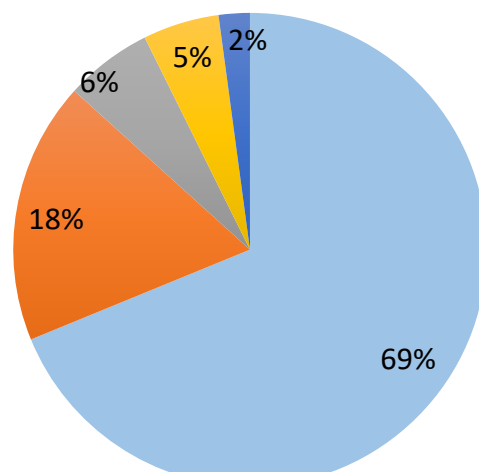
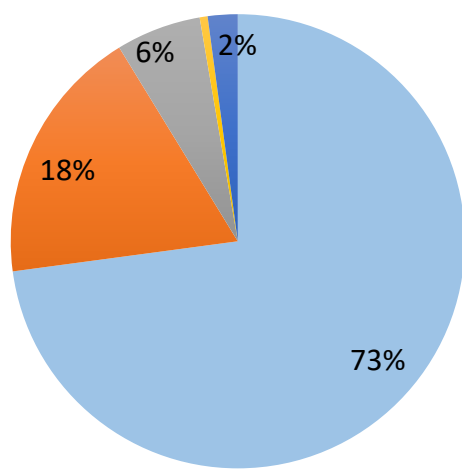
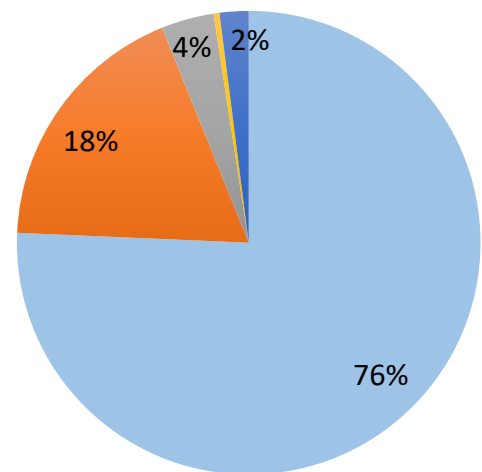
September'18

December'18

March'19

June'19

September'19



18Q3

18Q4

19Q1

19Q2

19Q3

AUM (mTL) 1.948

AUM (mTL) 2.029

AUM (mTL) 2.040

AUM (mTL) 2.201

AUM (mTL) 2.450

Average Yield 16%

Average Yield 25%

Average Yield 24%

Average Yield 24%

Average Yield 24%

Quarterly Financial Income (mTL) 108

Quarterly Financial Income (mTL) 130

Quarterly Financial Income (mTL) 122

Quarterly Financial Income (mTL) 109

Quarterly Financial Income (mTL) 110

Strong Financial Results, +45% ROE

Profit & Loss	18Q3	18Q4	19Q1	19Q2	19Q3	18'09	19'09	19'09/ 18'09
GWP	770	971	1.058	1.084	975	2.446	3.118	27,4%
NEP	471	492	489	518	559	1.311	1.566	19,5%
UWR	36	-2	40	70	66	145	176	21,9%
Expenses	-47	-41	-54	-51	-52	-131	-157	-20,0%
Financial Income	108	130	122	109	110	220	341	55,0%
PBT	90	80	103	122	118	215	343	59,7%
Net Profit	69	62	78	90	91	165	259	56,8%
Capital Adequacy	129%	130%	100%	116%	125%	129%	125%	-4,8pp

Balance Sheet	18Q3	18Q4	19Q1	19Q2	19Q3	19Q3/ 18Q3
Receivables	1.041	1.156	1.278	1.388	1.281	23,1%
AUM	1.948	2.029	2.040	2.201	2.450	25,8%
Total Assets	3.305	3.515	3.687	3.978	4.099	24,0%
Reserves	1.837	1.994	2.074	2.240	2.390	30,1%
Payables	587	642	838	819	699	18,9%
Equity	683	718	586	686	789	15,5%
Total Liabilities	3.305	3.515	3.687	3.978	4.099	24,0%
RoE	33%	35%	40%	46%	46%	13pp

TFRS vs IFRS:

Discounting of O/S claims is the major difference between two ledgers

as of September ' 2019	Equity	YtD P&L Adjust
<i>Million TL</i>		
TFRS Result	788,8	259,1
Equalization Reserve	91,3	8,9
Unexpired Risk Reserve	16,9	-3,8
Unallocated Loss Adjustment Expenses	-18,1	-4,6
Discounting of outstanding claims	-235,0	-56,6
Deferred Tax	29,5	12,3
IFRS Result	673,5	215,3

1. *Aksigorta Financials (in TFRS)*
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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
- Decreasing uw profit margin due to competition
- Decreasing interest rate affects financial income
- Natural disasters due to climate change (e.g.: hail and flood, EQ etc.)

Opportunities


- Decreasing interest rates would have positive impact on mortgage and car sales
- Higher premiums and improved UW Margin with the introduction of new products
- Efficient cost management

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2019 targets are...



>20% growth in GWP



>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	18Q3	18Q4	19Q1	19Q2	19Q3	18'09	19'09	19'09/ 18'09
GWP	770	971	1.058	1.084	975	2.446	3.118	27,4%
NEP	471	492	489	518	559	1.311	1.566	19,5%
UWR	22	9	33	42	46	115	120	4,4%
Expenses	-46	-41	-54	-51	-52	-129	-157	-21,6%
Financial Income	107	130	122	109	110	218	341	56,3%
PBT	76	90	95	94	43	185	232	25,4%
Net Profit	56	73	72	68	75	142	215	51,4%
Capital Adequacy	129%	130%	100%	116%	125%	129%	125%	-4,8pp

Balance Sheet	18Q3	18Q4	19Q1	19Q2	19Q3	19Q3/ 18Q3
Receivables	1.026	1.142	1.278	1.388	1.281	12,2%
AUM	1.948	2.029	2.040	2.201	2.450	20,7%
Total Assets	3.325	3.535	3.706	4.004	4.128	16,8%
Reserves	1.937	2.083	2.171	2.365	2.535	21,7%
Payables	513	528	709	710	582	10,3%
Equity	602	646	508	586	673	4,2%
Total Liabilities	3.325	3.535	3.706	4.004	4.128	16,8%
RoE	33%	37%	42%	47%	47%	28,0%

Capital Adequacy

	Sep'18	Dec'18	Mar'19	Jun'19	Sep'19
Required Capital	588	615	672	670	707
<i>Asset risk</i>	233	232	277	241	252
<i>RI risk</i>	46	56	56	72	72
<i>Reserve risk</i>	63	68	73	79	86
<i>Uw risk</i>	244	249	254	268	284
<i>Fx risk</i>	2	9	11	11	12
Available Capital	761	800	672	776	880
Free Capital (over 100% CAR)	172	185	-1	105	173
Dividend Distribution			-202		
Generated Free Capital (Last Quarter Basis)	54	12	-185	106	68
Capital Adequacy Ratio	129%	130%	100%	116%	125%

Main drivers:

by asset size

by re-insurance portfolio

by growth

by growth

by fx exposure

Technical Result Bridge btw TFRS & Management Reporting

	Technical Result in TFRS	Re-classifications							UW Result in Management Reporting	
		1	2	3	4	5	6	7		
Net Earned Premiums	1.612,2	-9,4	-36,9							1.566,0
Claims, net ⁽¹⁾	-1.130,3			16,1	-12,0	-19,3				-1.145,5
Other Technical Inc and Exp	-40,0	9,4	36,9	-16,1	9,8					0,0
Commissions, net	0,0						-244,1			-244,1
General Expenses	-372,8						372,8			0,0
Allocated Financial Income	356,4	0,0	0,0	0,0	0,0	0,0	0,0	-356,4		0,0
TOTAL	425,5	0,0	0,0	0,0	-2,3	-19,3	128,7	-356,4		176,3

1 **Claims, net** in SPK reporting includes non-life technical expenses, namely incurred claims, bonus and rebates and other reserve provisions

1 **Guarantee Fund** (Premiums ceded to Assurance Account as a % of MTPL production)

2 **Assistance Premiums**

3 **Subrogation Accrual**

4 **Other Technical Inc / Exp**

5 **Bad Debt for Subrogation Receivables**

6 **Commissions vs General Expense** (Only commissions are subject to UWR in management reporting)

THANKS

Presented by
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October 2019

For further questions:

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WEB

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