

Aksigorta Earnings Call Presentation – 19'Q4

30/01/2020

Presented by Aksigorta IR Team

1. Aksigorta Financials (in TFRS)

2. What are the Risks & Opportunities?

3. 2020 Guidance

4. Appendix


Strong performance in 2019 Again


61% net income growth in tandem with +0.7pp YoY market share gain*

2019 FY Financial Indicators (M TL) (YoY %)


4.474 **31%**


Gross Written
Premiums


366 **61%**

Net Income

899 **25%**

Total Equity

2019 FY Operational Ratios (YoY pp)

73% **-4 pp**

Net Loss Ratio


96% **-5 pp**

Net Combined
Ratio

45% **12 pp**

RoE

(*) Aksam market share reached 8.3% based on YTD December 2019 Turkish Insurance Association statistics

2019 Q4 – Aksigorta Scorecard

4Q19 Financial Indicators (M TL) (YoY %)

1.356 **40%**


Gross Written
Premiums

107 **72%**


Net Income

899 **25%**


Total Equity

4Q19 Operational Ratios (YoY pp)

72% **-14 pp**


Net Loss Ratio

95% **-12 pp**


Net Combined
Ratio


45% **12 pp**


RoE

Dividend Payment Out of 2018 Net Profit (Mn TL) (YoY %)

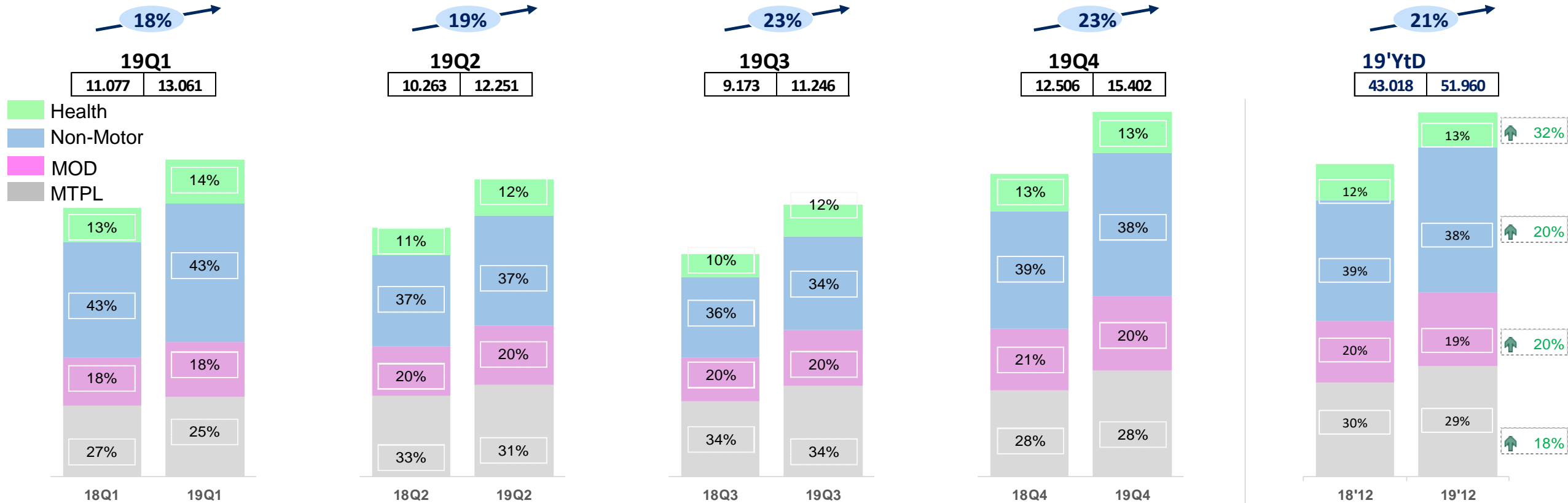
202 **83%**

Dividend
Paid

89% **2 pp**

Pay-out
Ratio

Market GWP (M TL)

Market reached 52B TL GWP with ~20% growth in all LOBs



	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%

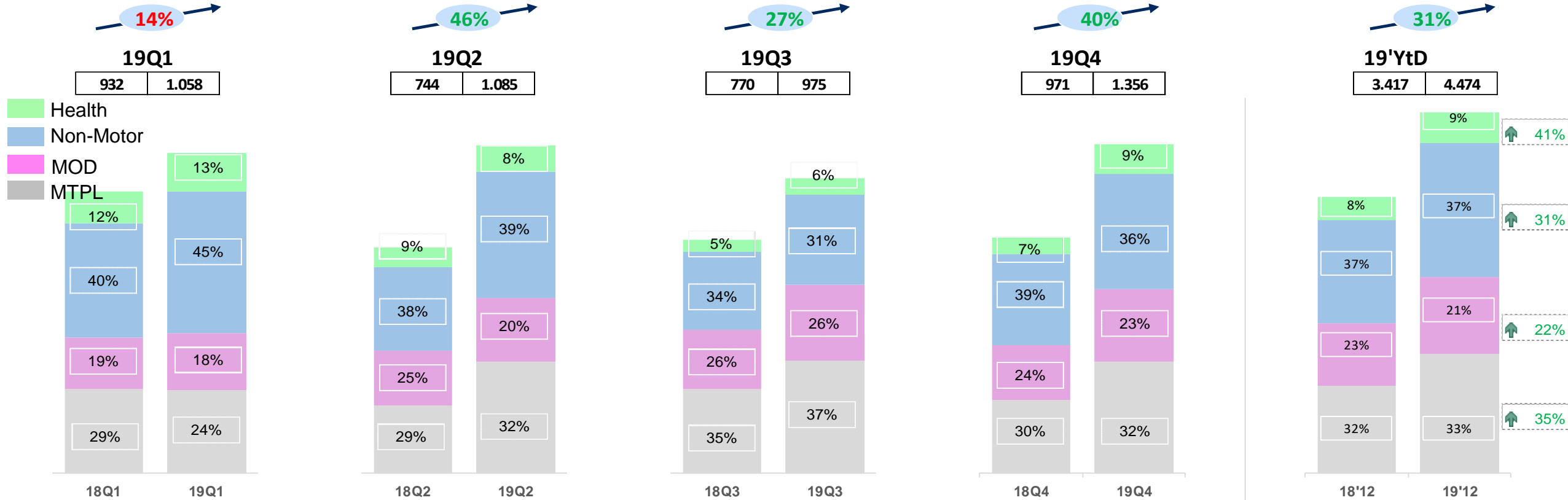
	YoY	Portfolio
	Growth	Share
Agency	22%	66%
Bank	51%	17%
Corporate	6%	17%

	YoY	Portfolio
	Growth	Share
Agency	19%	66%
Bank	26%	16%
Corporate	24%	19%

Retroceded premiums from pools are excluded above.
As of December 2019, there was 3,47 Billion TL retroceded premiums in the market.

Aksigorta GWP (M TL)

Aksigorta overperformed the market in all LOBs reaching 8,3% market share



	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%

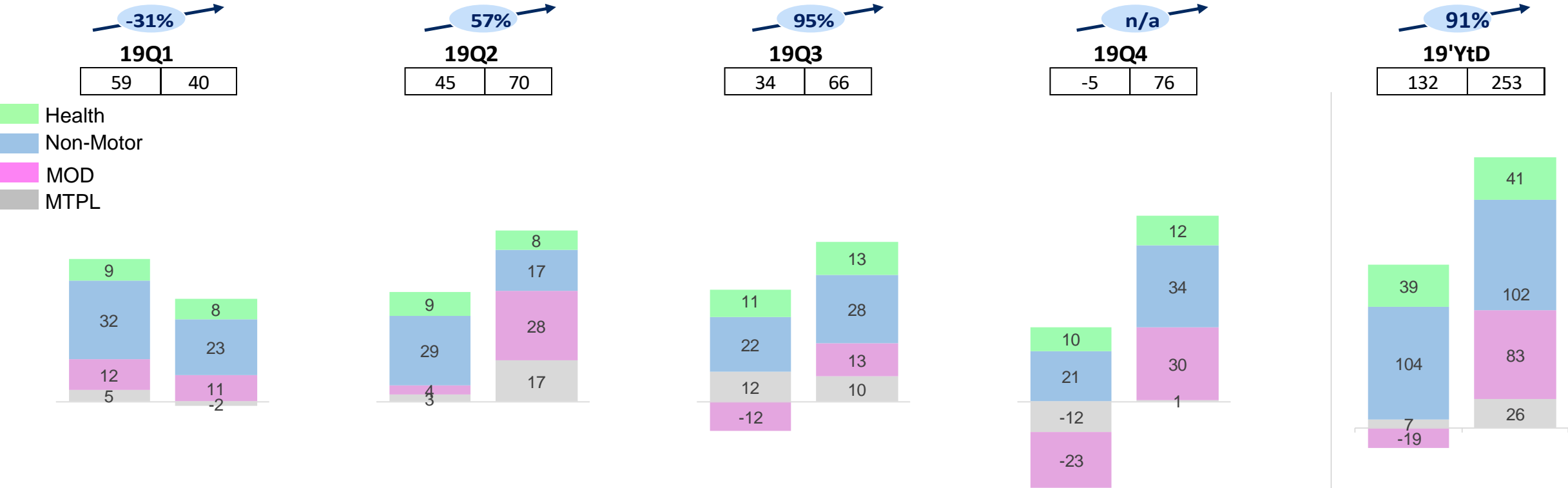
	YoY	Portfolio
	Growth	Share
Agency	32%	65%
Bank	10%	10%
Corporate	21%	25%

	YoY	Portfolio
	Growth	Share
Agency	46%	66%
Bank	74%	15%
Corporate	9%	20%

	YoY	Portfolio
	Growth	Share
Agency	33%	62%
Bank	31%	13%
Corporate	26%	26%

Aksigorta UWR by LoBs (M TL)

UWR almost doubled up in 2019 thanks to MOD performance



18Q1				19Q1			
UWM				UWM			
MTPL	MOD	Non Motor	Health	MTPL	MOD	Non Motor	Health
-1%	6%	26%	11%	8%	15%	18%	10%
Agency	Bank	Corporate	Company	Agency	Bank	Corporate	Company
3%	26%	31%	8%	17%	27%	22%	14%

18Q2				19Q2			
UWM				UWM			
MTPL	MOD	Non Motor	Health	MTPL	MOD	Non Motor	Health
4%	7%	30%	16%	8%	15%	18%	10%
Agency	Bank	Corporate	Company	Agency	Bank	Corporate	Company
6%	35%	34%	12%	17%	27%	22%	14%

18Q3				19Q3			
UWM				UWM			
MTPL	MOD	Non Motor	Health	MTPL	MOD	Non Motor	Health
0%	14%	36%	13%	8%	15%	18%	10%
Agency	Bank	Corporate	Company	Agency	Bank	Corporate	Company
10%	33%	18%	13%	17%	27%	22%	14%

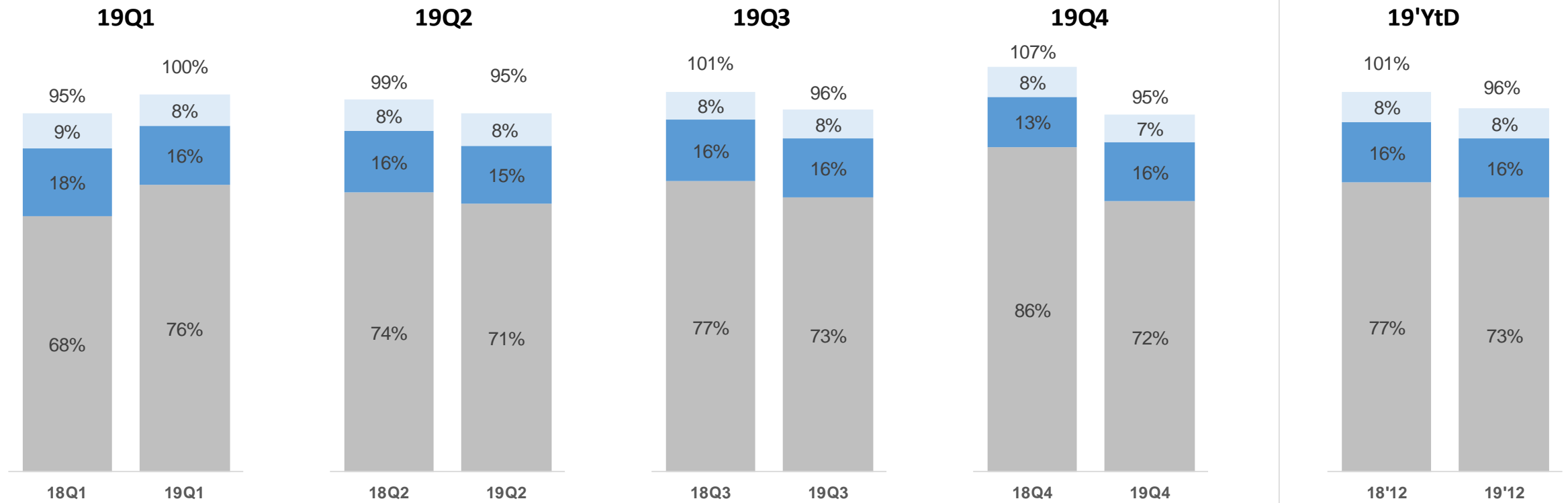
18Q4				19Q4			
UWM				UWM			
MTPL	MOD	Non Motor	Health	MTPL	MOD	Non Motor	Health
2%	10%	33%	15%	8%	15%	18%	10%
Agency	Bank	Corporate	Company	Agency	Bank	Corporate	Company
8%	34%	26%	12%	17%	27%	22%	14%

18'12				19'12			
UWM				UWM			
MTPL	MOD	Non Motor	Health	MTPL	MOD	Non Motor	Health
2%	10%	33%	15%	8%	15%	18%	10%
Agency	Bank	Corporate	Company	Agency	Bank	Corporate	Company
8%	34%	26%	12%	17%	27%	22%	14%

Based on Lob / parallel to the market product group

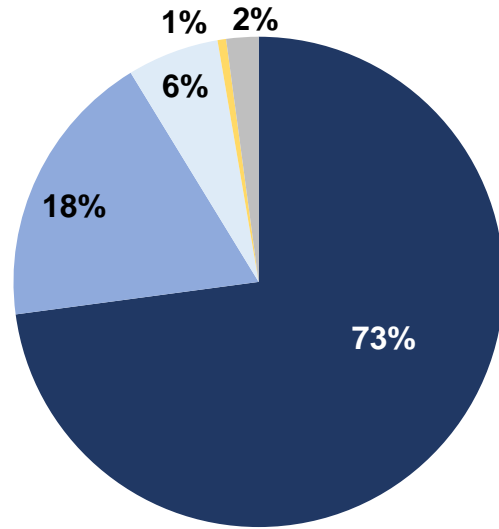
We keep combined ratio below 100%

Combined Ratio	
Loss R	
Commission R	
Expense R	



As of Dec'19, AuM reached 2.610 mTL with 29% YoY increase

- Time deposit
- Corporate bond
- Eurobond
- Government bond
- Equity

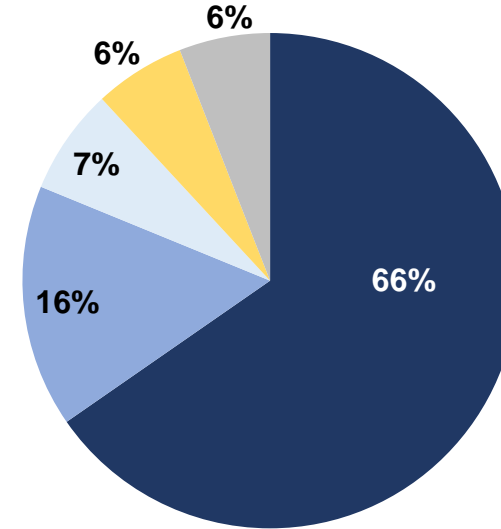


Dec.18

2.029m TL

25%

324m TL



Dec.19

2.610m TL

19%

408m TL

AuM

Average Yield

Full Year Financial Income*

72% net income growth in 4Q19 driven by 12pp YoY improvement in CoR

Profit & Loss	18Q4	19Q1	19Q2	19Q3	19Q4	19Q4/ 18Q4	18'12	19'12	19'12/ 18'12
Gross Written Premiums	971	1.058	1.084	975	1.356	40%	3.417	4.474	31%
Net Earned Premiums	497	489	518	559	601	21%	1.795	2.167	21%
Underwriting Result	-5	40	70	66	76	>1K	132	253	91%
Expenses	-41	-54	-51	-52	-44	-8%	-172	-214	-24%
Financial Income	130	122	109	110	118	-9%	350	456	30%
Profit Before Tax	80	103	122	118	131	65%	294	474	61%
Net Profit	62	78	90	91	107	72%	228	366	61%

Combined Ratio	107%	100%	95%	96%	95%	-12pp	101%	96%	-5pp
Loss Ratio	86%	76%	71%	73%	72%	-14pp	77%	73%	-4pp
Commission Ratio	13%	16%	15%	16%	16%	3pp	16%	16%	0pp
Expense Ratio	8%	8%	8%	8%	7%	0pp	8%	8%	0pp
UW Margin	-1%	8%	14%	12%	13%	14pp	7%	12%	4pp

Strong Financial Results, +40% RoE

Balance Sheet (M TL)	18Q4	19Q1	19Q2	19Q3	19Q4	19Q4/ 19Q3	19Q4/ 18Q4
Receivables	1.156	1.280	1.388	1.281	1.543	21%	34%
AUM	2.029	2.040	2.201	2.450	2.610	7%	29%
Total Assets	3.515	3.687	3.978	4.099	4.601	12%	31%
Reserves	1.994	2.074	2.240	2.390	2.612	9%	31%
Payables	642	837	819	699	856	23%	33%
Equity	718	586	686	789	899	14%	25%
Total Liabilities	3.515	3.687	3.978	4.099	4.601	12%	31%
RoE	34%	44%	46%	44%	45%	2pp	12pp

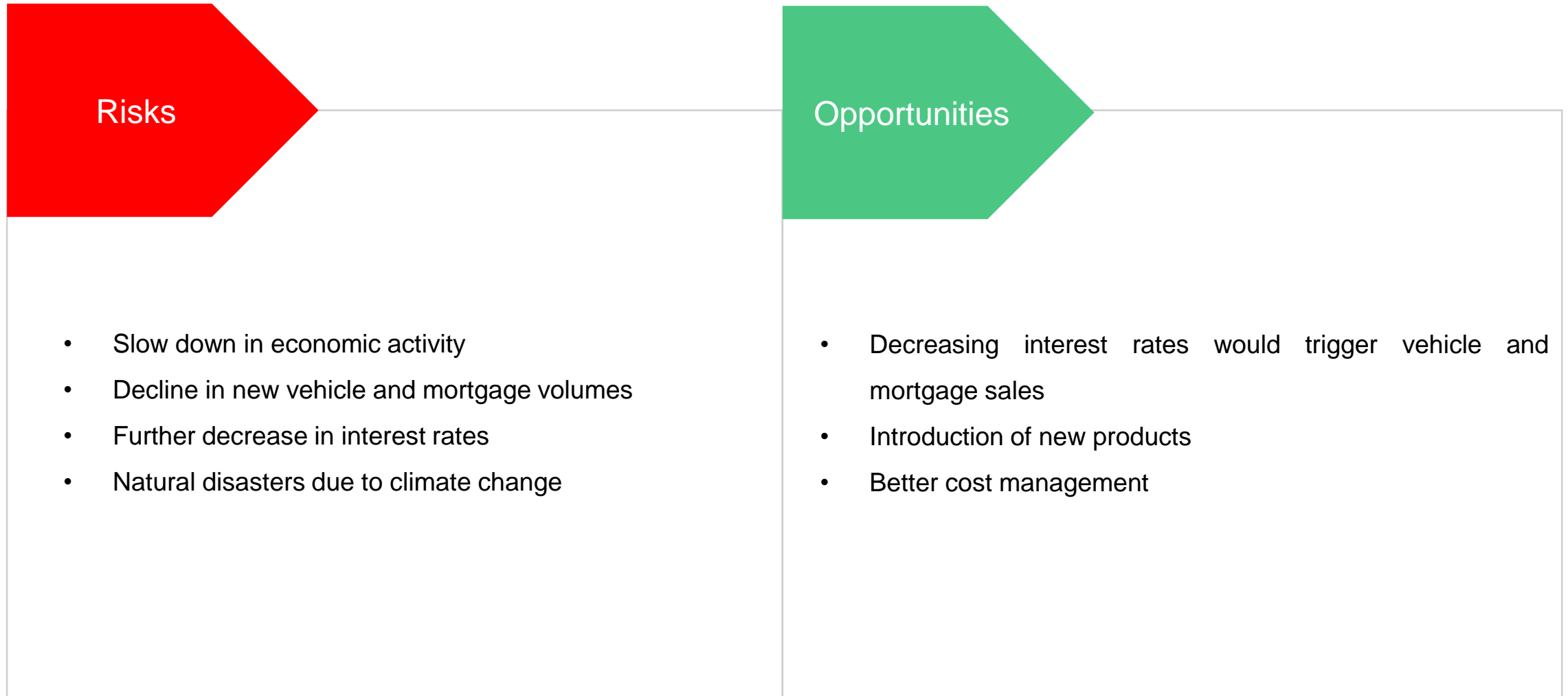
TFRS vs IFRS:

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

<i>Million TL</i>	Equity (31.12.2019)	Net Income (2019 FY) P&L Adjust
TFRS Result	898,6	366,4
Equalization Reserve	95,7	13,3
Unexpired Risk Reserve	14,4	-6,2
Unallocated Loss Adjustment Expenses	-19,2	-5,7
Discounting of outstanding claims	-253,0	-74,3
Deferred Tax	33,3	16,0
IFRS Result	769,8	309,4

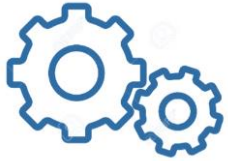
1. *Aksigorta Financials (in TFRS)*
2. **What are the Risks & Opportunities?**
3. *2020 Guidance*
4. *Appendix*

Risks & opportunities are factored in our year-end guidance



1. *Aksigorta Financials (in TFRS)*
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3. **2020 Guidance**
4. *Appendix*

2020 Guidance



15%-25% growth in GWP



0-10% growth in Net Profit



Our long term ambitions

1B \$

Market Cap

10%

Market Share

95%

Net Combined
Ratio

30%+

ROE

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

Summary Financial Statements in IFRS

Profit & Loss	18Q4	19Q1	19Q2	19Q3	19Q4	19Q4/ 18Q4	18'12	19'12	19'12/ 18'12
Gross Written Premiums	971	1.058	1.084	975	1.356	40%	3.417	4.474	31%
Net Earned Premiums	497	489	518	559	601	21%	1.795	2.167	21%
Underwriting Result	9	33	42	46	59	568%	124	180	45%
Expenses	-41	-54	-51	-52	-44	-8%	-172	-214	-24%
Financial Income	130	122	109	110	118	-9%	350	456	30%
Profit Before Tax	90	95	94	43	98	9%	275	330	20%
Net Profit	73	72	68	75	94	29%	213	309	45%

Combined Ratio	107%	101%	100%	99%	97%	-10pp	102%	100%	-2pp
Loss Ratio	86%	78%	76%	76%	74%	-12pp	78%	76%	-2pp
Commission Ratio	13%	16%	15%	16%	16%	3pp	16%	16%	0pp
Expense Ratio	8%	8%	8%	8%	7%	0pp	8%	8%	0pp
UW Margin	2%	7%	8%	8%	10%	8pp	7%	8%	1pp

Summary Financial Statements in IFRS

Balance Sheet (M TL)	18Q4	19Q1	19Q2	19Q3	19Q4	19Q4/ 19Q3	19Q4/ 18Q4
Receivables	1.142	1.278	1.388	1.281	1.543	21%	35%
AUM	2.029	2.040	2.201	2.450	2.610	7%	29%
Total Assets	3.535	3.706	4.004	4.128	4.635	12%	31%
Reserves	2.083	2.171	2.365	2.535	2.774	9%	33%
Payables	528	709	711	582	703	21%	33%
Equity	646	508	587	673	770	14%	19%
Total Liabilities	3.535	3.706	4.004	4.128	4.635	12%	31%
RoE	35%	47%	48%	45%	44%	-1pp	9pp

Capital Adequacy

	Dec'18	Jun'19	Dec'19*	
Required Capital	615	670	771	Main drivers:
<i>Asset risk</i>	232	241	282	<i>by asset size</i>
<i>RI risk</i>	56	72	77	<i>by re-insurance portfolio</i>
<i>Reserve risk</i>	68	79	89	<i>by growth</i>
<i>Uw risk</i>	249	268	312	<i>by growth</i>
<i>Fx risk</i>	9	11	10	<i>by fx exposure</i>
Available Capital	800	776	994	
Capital Adequacy Ratio	130%	116%	129%	

(*) Please note that Dec.19 capital adequacy ratio is not the official figure since the calculation is not finalized as of the date of this report.

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	2.237	-14	-56							2.167
Claims, net ¹	-1.558			27	-20	-26				-1.576
Other Technical Inc and Exp	-59	14	56	-27	16					
Commissions, net							-338			-338
General Expenses	-513						513			
Allocated Financial Income	476								-476	
TOTAL	584	0	0	0	-4	-26	175	-476		253

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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WEB

<https://www.aksigorta.com.tr/en/investor-relations>

PDP

<https://www.kap.org.tr/en/sirket-bilgileri/ozet/841-aksigorta-a-s>