

Aksigorta Q1 Earnings Call Presentation

30 April 2021

IR Officer
Zeynep Eroktem

Contact No
00902162809761

Email Address
zeynep.eroktem@aksigorta.com.tr

AKSigorta
Bambařka.



1. Actual Performance vs. Guidance

2. *Aksigorta Financials (in TFRS)*

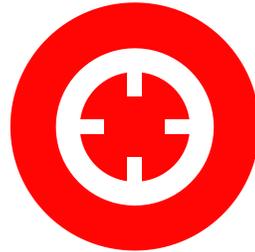
3. *What are the Risks & Opportunities?*

4. *2021 Guidance*

5. *Appendix*

Actual Performance vs. Guidance

Aksigorta overperformed annual guidance in the consecutive last 4 years



2020

Guidance

Actual

15%-25% GWP Growth

18% GWP Growth

0%-10% Net Profit Growth

18% Net Profit Growth

2019

Guidance

Actual

18%-20% GWP growth

31% GWP growth

35%-40% Net Profit Growth

61% Net Profit Growth

2018

Guidance

Actual

25%-30% GWP Growth

30% GWP growth

45%-50% Net Profit Growth

79% Net Profit growth

2017

Guidance

Actual

12%-14% GWP growth

39% GWP growth

8%-10% Net Profit Growth

127% Net Profit Growth

1. *Actual Performance vs. Guidance*

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

3. *What are the Risks & Opportunities?*

4. *2021 Guidance*

5. *Appendix*

2021 Q1 – Financial Indicators (m TL) (YoY %)

1.578  28%	76  -15%	851  17%
Gross Written Premiums	Net Income	Total Equity

2021 Q1 – Operational Ratios (YoY %; pp)

82%  13pp	106%  12pp	5.719  25%	42%  -4pp
Net Loss Ratio	Net Combined Ratio	Total Assets	RoE

Dividend Payment Out of 2020 Net Profit (m TL)

306	71%
Dividend Paid	Pay-out Ratio

Market GWP Distribution (%) (m TL)

20Q1

20Q2

20Q3

20Q4

21Q1

+17%



+13%



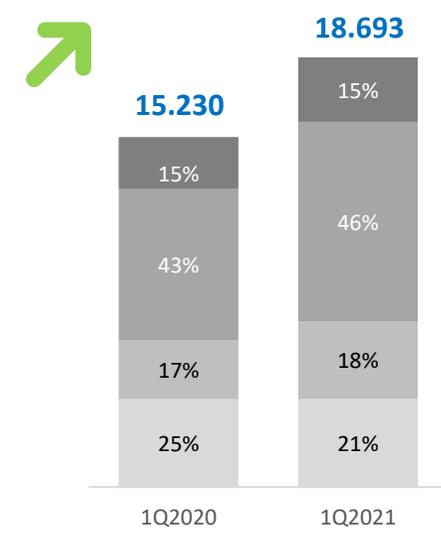
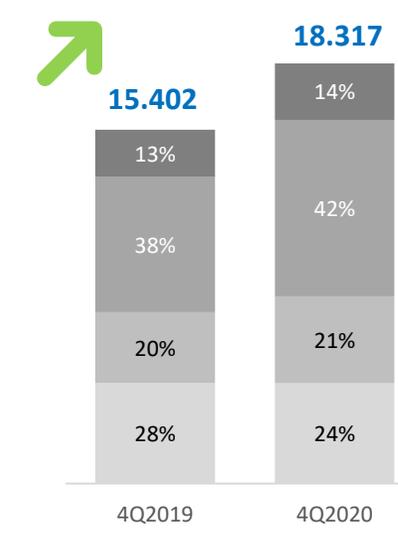
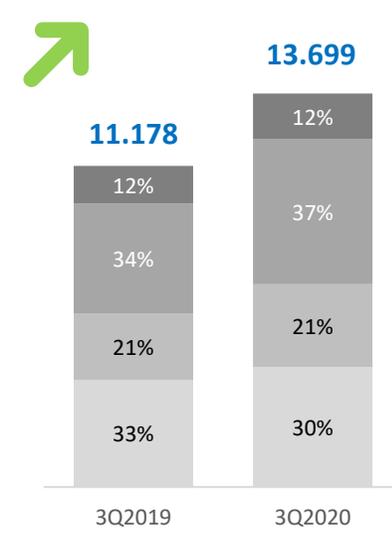
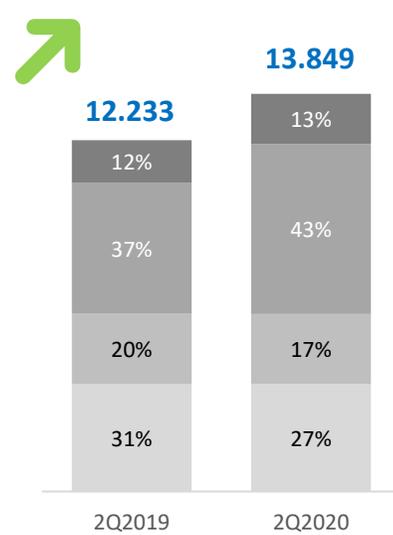
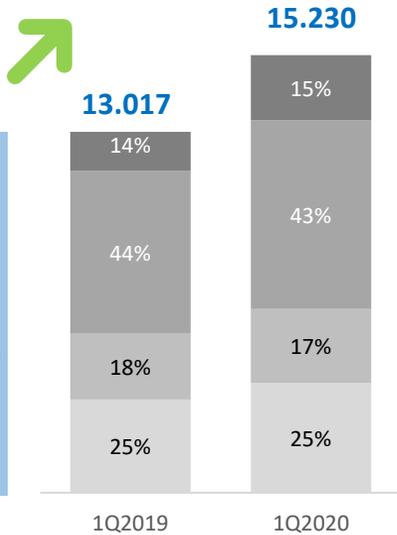
+23%



+19%



+23%



YoY			
MTPL	MOD	Non-motor	Health
+17%	+13%	+16%	+25%
Agency	Bank	Corporate	Market
+17%	+19%	+18%	+17%

YoY			
MTPL	MOD	Non-motor	Health
0%	-1%	+30%	+19%
Agency	Bank	Corporate	Market
-3%	+1%	+55%	+13%

YoY			
MTPL	MOD	Non-motor	Health
+12%	+25%	+32%	+21%
Agency	Bank	Corporate	Market
+19%	+30%	+30%	+23%

YoY			
MTPL	MOD	Non-motor	Health
+0%	+23%	+31%	+21%
Agency	Bank	Corporate	Market
+15%	+15%	+38%	+19%

YoY			
MTPL	MOD	Non-motor	Health
+1%	+31%	+32%	+24%
Agency	Bank	Corporate	Market
+16%	+24%	+35%	+23%

Portfolio Share			
Agency	Bank	Corporate	Market
57%	16%	27%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
54%	12%	34%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
63%	13%	24%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	15%	25%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
54%	17%	29%	100%

Note: Retro premiums from pools are excluded.



Aksigorta GWP Distribution (%) (m TL)

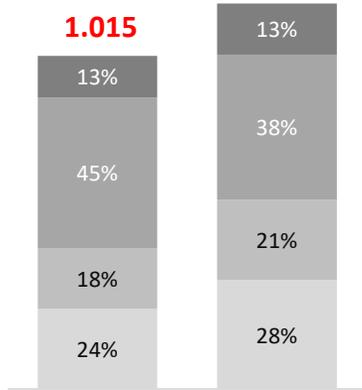
20Q1

+16%



1.173

Portfolio Share



1Q2019 1Q2020

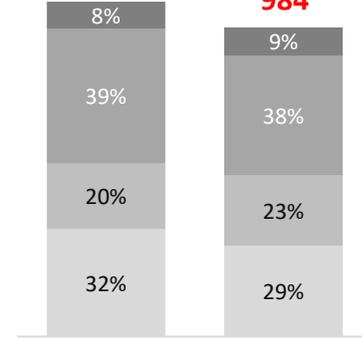
20Q2

-8%



1.066

984



2Q2019 2Q2020

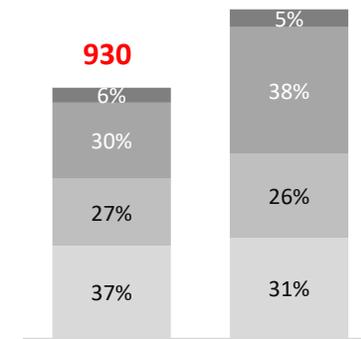
20Q3

+31%



930

1.221



3Q2019 3Q2020

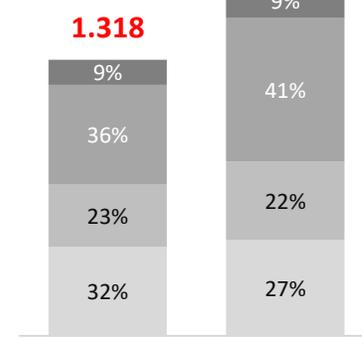
20Q4

+27%



1.318

1.677



4Q2019 4Q2020

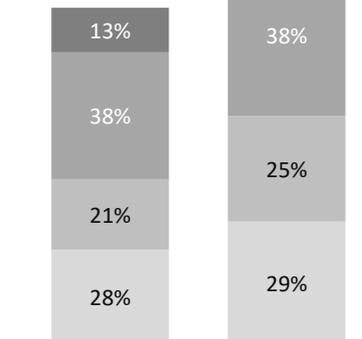
21Q1

+28%



1.173

1.500



1Q2020 1Q2021

YoY			
MTPL	MOD	Non-motor	Health
+36%	+32%	-4%	+22%
Agency	Bank	Corporate	Company
+35%	+4%	-7%	+16%

Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	100%

YoY			
MTPL	MOD	Non-motor	Health
-15%	+7%	-11%	+5%
Agency	Bank	Corporate	Company
-7%	-10%	-1%	-8%

Portfolio Share			
Agency	Bank	Corporate	Company
61%	11%	28%	100%

YoY			
MTPL	MOD	Non-motor	Health
+8%	+26%	+66%	+19%
Agency	Bank	Corporate	Company
+19%	+37%	65%	+31%

Portfolio Share			
Agency	Bank	Corporate	Company
59%	11%	30%	100%

YoY			
MTPL	MOD	Non-motor	Health
+7%	+25%	+45%	+32%
Agency	Bank	Corporate	Company
+18%	+1%	+83%	+27%

Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	%100

YoY			
MTPL	MOD	Non-motor	Health
+29%	+50%	+28%	-11%
Agency	Bank	Corporate	Company
+35%	+11%	+20%	+28%

Portfolio Share			
Agency	Bank	Corporate	Company
64%	10%	26%	100%

Note: Retro premiums from pools are excluded.

Health
 Non-motor
 MOD
 MTPL

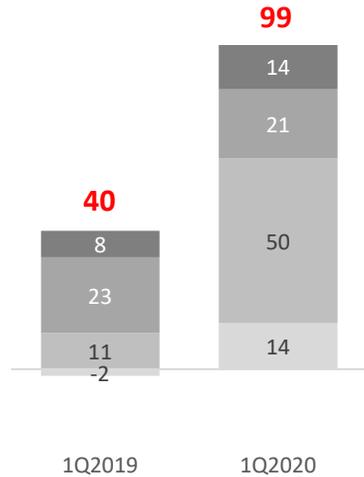
Financial Performance

Decreasing positive impact of lock-down coupled with big claims led to a YoY decline in 21Q1 UW result

UWR business mix (TL m)

20Q1

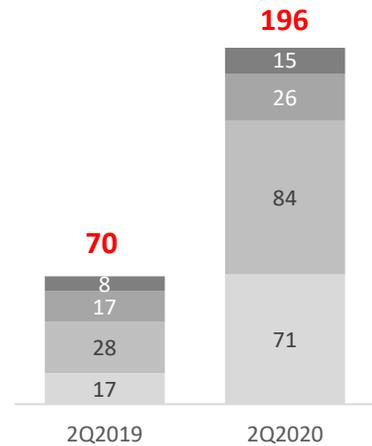
+148%
↗



UWM			
MTPL	MOD	Non-motor	Health
+4%	+22%	+5%	+13%
Agency	Bank	Corporate	Company
+9%	+27%	+6%	+9%

20Q2

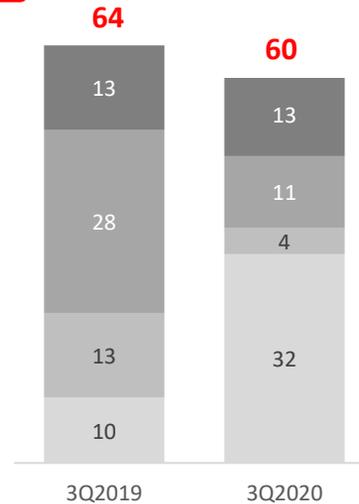
+179%
↗



UWM			
MTPL	MOD	Non-motor	Health
+19%	+34%	+6%	+14%
Agency	Bank	Corporate	Company
+20%	+27%	+9%	+17%

20Q3

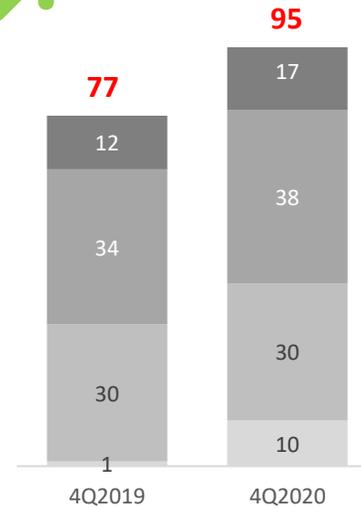
-7%
↘



UWM			
MTPL	MOD	Non-motor	Health
+8%	+1%	+3%	+12%
Agency	Bank	Corporate	Company
+4%	+29%	-1%	+5%

20Q4

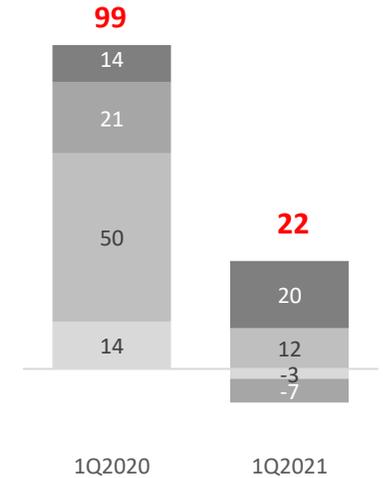
+23%
↗



UWM			
MTPL	MOD	Non-motor	Health
+2%	+11%	+8%	+16%
Agency	Bank	Corporate	Company
+6%	+27%	+7%	+8%

21Q1

-78%
↘



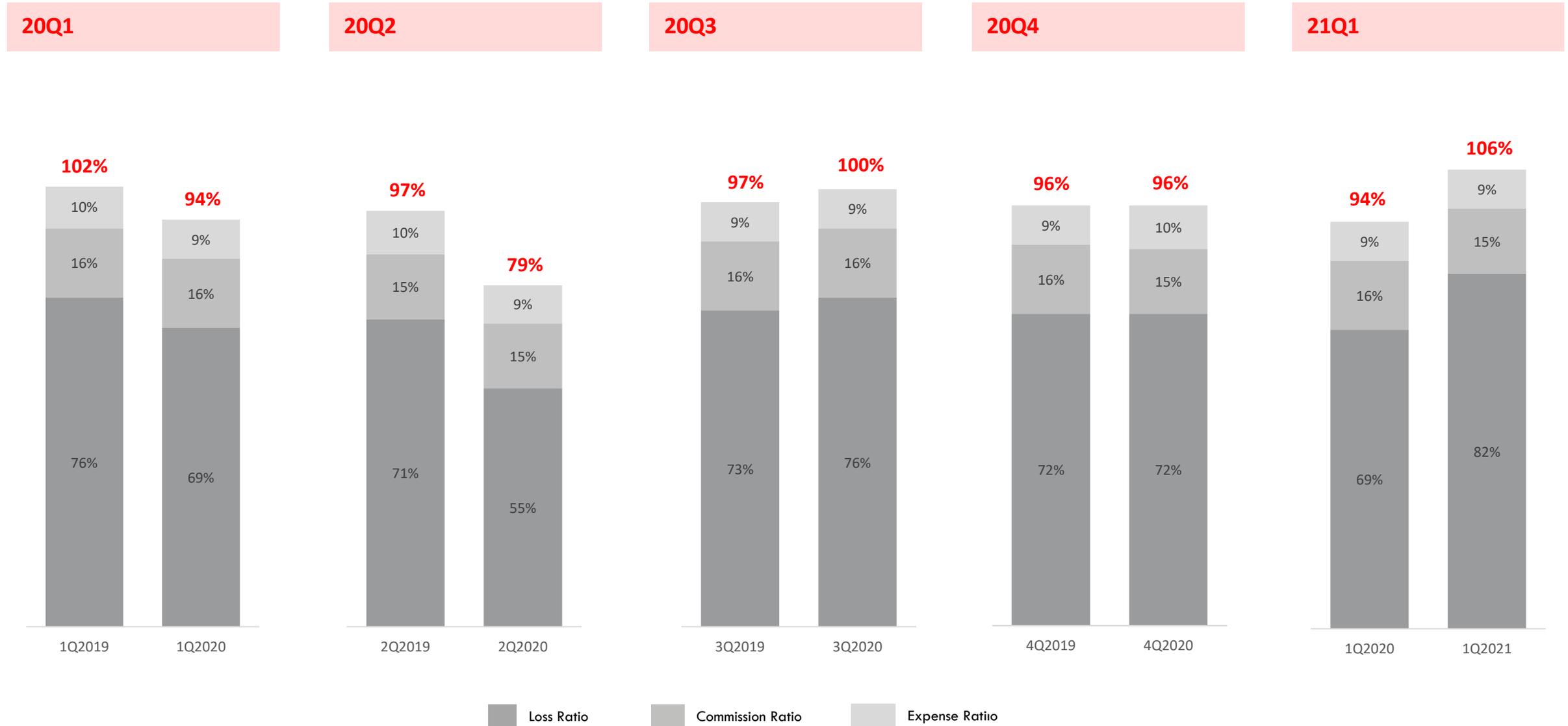
UWM			
MTPL	MOD	Non-motor	Health
-1%	+4%	-1%	+18%
Agency	Bank	Corporate	Company
+0%	+23%	+3%	+2%

UWM: UWR / Gross earned premiums

Health Non-motor MOD MTPL

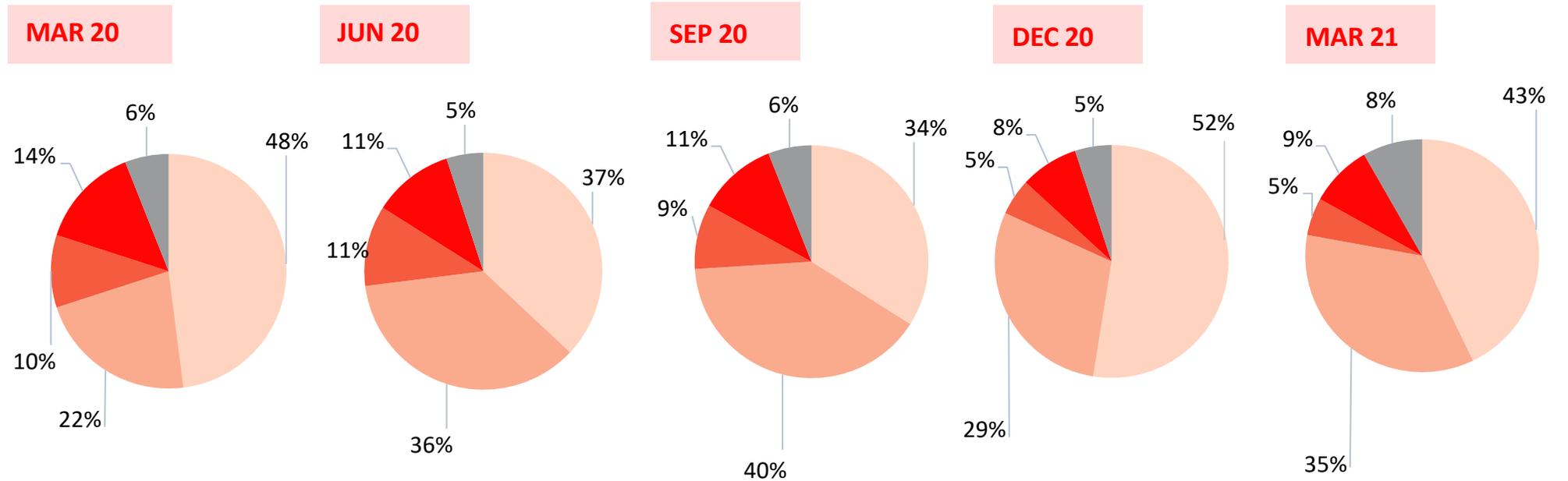
Financial Performance

Decreasing positive impact of lock-down coupled with big claims resulted in increase in loss ratio, thus combined ratio in Q121



Financial Performance

As of March 2021, AuM has reached TL 3.3b with 26% YoY growth



AuM TL	2,580m TL	2,970m TL	3,065m TL	3,280m TL	3,250m TL
Average annualized yield*	10%	13%	11%	14%	16%
Quarterly financial income**	87m TL	101m TL	121m TL	89m TL	154m TL

(*): Yield figures are net of BITT (BSMV), (**): Financial income includes FX gain / loss

Income Statement

Profit & Loss (mTL)	20Q1	20Q2	20Q3	20Q4	21Q1	21Q1/20Q1
Gross Written Premiums	1.234	1.032	1.270	1.736	1.578	28%
Gross Earned Premiums	1.100	1.152	1.186	1.264	1.354	23%
Net Earned Premiums	638	655	675	692	746	17%
Underwriting Result	99	196	60	95	22	-78%
Expenses	-57	-61	-58	-68	-66	16%
Financial Income	81	96	118	83	147	81%
Profit Before Tax	110	222	114	109	89	-19%
Net Profit	89	169	86	88	76	-15%
Combined Ratio	94%	79%	100%	96%	106%	12pp
Loss Ratio	69%	55%	76%	72%	82%	13pp
Commission Ratio	16%	15%	16%	15%	15%	-1pp
Expense Ratio	9%	9%	9%	10%	9%	0pp
UW Margin	9%	17%	5%	8%	2%	-7pp

Balance Sheet (M TL)	20Q1	20Q2	20Q3	20Q4	21Q1	21Q1/20Q4
Receivables	1.522	1.417	1.618	1.885	2.061	9%
AUM	2.580	2.970	3.065	3.280	3.250	-1%
Total Assets	4.562	4.818	5.044	5.620	5.719	2%
Reserves	2.719	2.730	2.942	3.166	3.466	9%
Payables	874	877	807	946	974	3%
Equity	726	942	995	1.123	851	-24%
Total Liabilities	4.562	4.818	5.044	5.620	5.719	2%
RoE	46%	50%	48%	43%	42%	-1pp

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

as of March 2021 (TL m)	Equity	YTD P&L adjustment
TFRS result	850,9	75,8
Equalization reserve	100,3	3,7
Unexpired risk reserve	25,5	1,6
Unallocated loss adjustment expenses	-23,2	-1,5
Discounting of outstanding claims	-351,9	-19,5
Deferred tax	49,9	3,1
IFRS result	651,4	63,3

1. *Actual Performance vs. Guidance*
2. *Aksigorta Financials (in TFRS)*
3. **What are the Risks & Opportunities?**
4. *2021 Guidance*
5. *Appendix*

Risks and opportunities are factored in our 2021 year-end guidance

Risks

- Downsizing economy limits insurance growth
- Decreasing UW profit margin due to competition
- Uncertainty, high volatility on currency
- Decrease in interest rates
- Natural disasters due to climate change (e.g.: hail and flood, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Sudden increase in mobility and use of private cars instead of public transportation with easing of restrictions

Opportunities

- Increase in interest rates
- Increasing new vehicle and mortgage home sales
- Pandemic enabling new products opportunities in health and revealing of interest to health insurance
- Accelerating digital transformation with the pandemic
- Increasing efficiency, quality and innovation with remote working
- Higher premiums and improved UW Margin with the introduction of new products (cyber, credit etc.)
- High focus of industry on technology and analytics to generate value

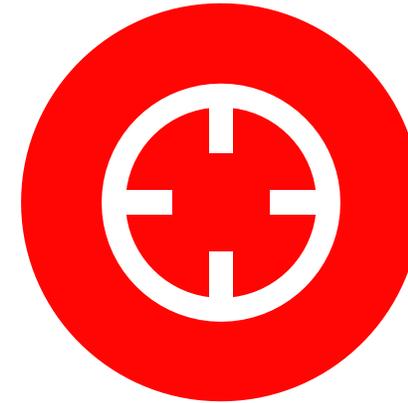
1. *Actual Performance vs. Guidance*
2. *Aksigorta Financials (in TFRS)*
3. *What are the Risks & Opportunities?*
4. **2021 Guidance**
5. *Appendix*

Earnings Guidance

Risks and opportunities are factored in our 2021 year-end guidance

15%-25% growth in GWP

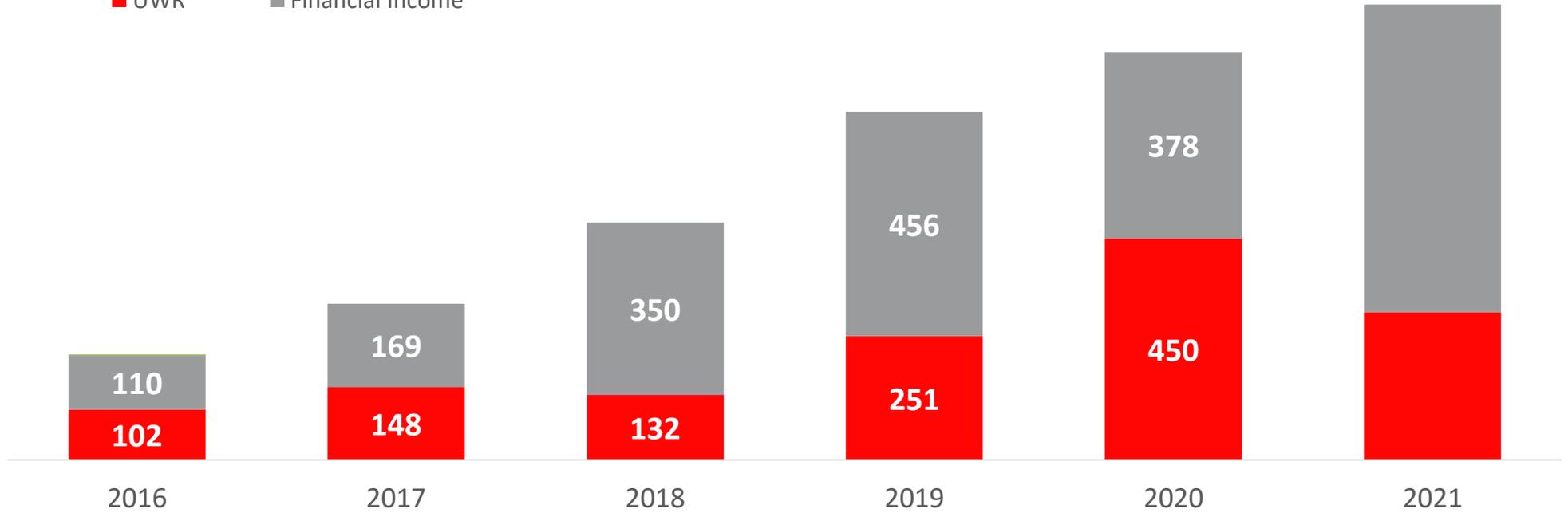
10%-20% increase in Net Profit



Competitive advantages

Strong revenue generation

■ UWR ■ Financial Income



SFRS Net Profit	48	127	228	366	432	+10%
IFRS Net Profit	71	137	213	309	374	+10%

Return on Equity

30%+

Market Cap

1.0Bn USD

Net Combined Ratio

95%

Market Share

10%

1. *Actual Performance vs. Guidance*
2. *Aksigorta Financials (in TFRS)*
3. *What are the Risks & Opportunities?*
4. *2021 Guidance*
5. **Appendix**

Income Statement in IFRS

Profit & Loss (mTL)	20Q1	20Q2	20Q3	20Q4	21Q1	21Q1/20Q1
Gross Written Premiums	1.234	1.032	1.270	1.736	1.578	28%
Gross Earned Premiums	1.100	1.152	1.186	1.264	1.354	23%
Net Earned Premiums	638	655	675	692	746	17%
Underwriting Result	75	191	35	77	6	-92%
Expenses	-57	-61	-58	-68	-66	16%
Financial Income	81	96	118	83	147	81%
Profit Before Tax	93	214	87	89	79	-15%
Net Profit	71	165	67	71	63	-11%
Combined Ratio	98%	80%	104%	99%	108%	10pp
Loss Ratio	73%	56%	79%	74%	84%	11pp
Commission Ratio	16%	15%	16%	15%	15%	-1pp
Expense Ratio	9%	9%	9%	10%	9%	0pp
UW Margin	7%	17%	3%	6%	0%	7pp

Balance Sheet in IFRS

Balance Sheet (M TL)	20Q1	20Q2	20Q3	20Q4	21Q1	21Q1/20Q4
Receivables	1.522	1.417	1.618	1.885	2.061	9%
AUM	2.580	2.970	3.065	3.280	3.250	-1%
Total Assets	4.601	4.857	5.161	5.697	5.875	3%
Reserves	2.904	2.920	3.157	3.399	3.715	9%
Payables	733	783	807	946	995	5%
Equity	579	791	824	936	651	-30%
Total Liabilities	4.601	4.857	5.161	5.697	5.875	3%
RoE	46%	52%	50%	44%	46%	2pp

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	773	-6	-22	-	-	-	-	-	746
Claims, net (*)	-602	-	-	7	-6	-12	-	-	-614
Other technical income and expense	-26	6	22	-7	5	-	-	-	-
Commissions, net	-	-	-	-	-	-	-110	-	-110
General expenses	-168	-	-	-	-	-	168	-	-
Allocated financial income	155	-	-	-	-	-	-	-155	-
Total	133	-	-	-	-1	-12	57	-155	22

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)

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

The Covid-19 is a systematic risk that is unavoidable



Cash flows

Due to slowing down in mobility, trade and economic activities we foresee that the cash flows will be the biggest challenge in the coming periods.

We don't see any risk in our business since:

- 63% of our receivables have a credit card collateral,
- 5% of our receivables are collected via bank accounts,
- 10% of our receivables has other collaterals (such as letter of credit, cash etc.) provided by agency,
- Our bad debt ratio is less than 0,02%



Asset devaluations

Equity markets decreased by 30-40% all over the world. Weight of equities in our investment portfolio was limited at 6%.



Business continuity

is also another risk we all face today. Thanks to our last 10 years of investment in IT; 100% of our teams work home office very efficiently.



Health

Underwriting result in health business is not affected by Covid-19 due to full reinsurance.



Economic slowdown

New business sales get hurt but we do not foresee a major decline in our renewals.



Decline in claim frequency

Slowdown in mobility (curfews, lockdowns) leads to lower claim frequency in Motor.

AUM	Asset Under Management
Ceded Premiums	Premiums transferred to reinsurers
Combined Ratio	Total of Loss ratio, commission ratio and expense ratio
FI	Financial Income
FTE	Full-Time Employee
GWP	Gross Written Premiums
HC	Headcount
LoB	Line of Business
MOD	Motor Own Damage
MTPL	Motor Third Party Liability
NEP	Net Earned Premiums
Net Written Premiums	Premiums net of reinsurer share
Retention Ratio	Net Written Premiums as a share in GWP
TCIP	Turkish Catastrophic Insurance Pool
Tech. Margin	Technical Margin, Technical Result as a share in NEP
Tech. Result	Technical Result = UWR + Financial Income + Expenses
UWM	Underwriting margin , Underwriting Result as a share in GEP
UWR	Underwriting Result

Thank you!

IR Officer

Zeynep Eroktem

Contact No

00902162809761

Email Address

zeynep.eroktem@aksigorta.com.tr

AKSigorta

Bambařka.

