

Aksigorta Q3 Earnings Call Presentation

31 October 2022

IR Officer
Zeynep Eroktem

Contact No
00902162809761

Email Address
zeynep.eroktem@aksigorta.com.tr

AKSigorta
Bambařka.



1. Aksigorta Financials (in TFRS)

2. What are the Risks & Opportunities?

3. Income Mix

4. Appendix

22'Q3 – Financial Indicators (m TL) (YoY %)

3.059 Gross Written Premiums	↑ 108%	51 Net Income	↓ -24%	1.304 Total Equity*	↑ 24%
---	---------------	-------------------------	---------------	-------------------------------	--------------

22'Q3 – Operational Ratios (YoY pp)

111% Net Loss Ratio	↑ 24pp	113% Net Combined Ratio	↑ 20pp	6,5% Market Share	↓ -1.7pp
----------------------------------	---------------	--------------------------------------	---------------	-----------------------------	-----------------

22'Q3 – Financial Income (m TL)

6.509 AuM	↑ 71%	40% Avr. Annualized Yield**	↑ 21pp	529 Financial Income**	↑ 219%
---------------------	--------------	--	---------------	----------------------------------	---------------




(*): Compared to 2021 year end total equity

(**): Includes interest income + FX gain/(loss)

22'Q3 YTD – Financial Indicators (m TL) (YoY %)

8.568 Gross Written Premiums  92%	-395 Net Income  -256%	1.304 Total Equity*  24%
--	--	--

22'Q3 YTD – Operational Ratios (YoY pp)

126%  44pp Net Loss Ratio	149%  44pp Net Combined Ratio	7,1%  -1.1pp Market Share
--	--	---

22'Q3 YTD – Financial Income (m TL)

6.509  71% AuM	33%  13pp Avr. Annualized Yield**	1.154  150% Financial Income**
--	--	--

(*): Compared to 2021 year end total equity
(**): Includes interest income + FX gain/(loss)

Market GWP Distribution (%) (m TL)

21Q3

21Q4

22Q1

22Q2

22Q3

+25%

+48%

+77%

+129%

+163%



Portfolio Share

13.701

17.097

18.315

27.111

18.693

33.067

16.257

37.223

17.097

45.019

3Q2020

3Q2021

4Q2020

4Q2021

1Q2021

1Q2022

2Q2021

2Q2022

3Q2021

3Q2022

YoY			
MTPL	MOD	Non-motor	Health
+8%	+32%	+32%	+33%
Agency	Bank	Corporate	Market
+23%	+19%	+33%	+25%

YoY			
MTPL	MOD	Non-motor	Health
+32%	+40%	+63%	+44%
Agency	Bank	Corporate	Market
+41%	+46%	+56%	+48%

YoY			
MTPL	MOD	Non-motor	Health
+69%	+95%	+76%	+68%
Agency	Bank	Corporate	Market
+76%	+52%	+82%	+77%

YoY			
MTPL	MOD	Non-motor	Health
+138%	+200%	+99%	+109%
Agency	Bank	Corporate	Market
+138%	+106%	+104%	+129%

YoY			
MTPL	MOD	Non-motor	Health
+176%	+248%	+114%	+143%
Agency	Bank	Corporate	Market
+177%	+132%	+128%	+163%

Portfolio Share			
Agency	Bank	Corporate	Market
62%	13%	25%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
58%	15%	27%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
55%	14%	31%	100%

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

Portfolio Share			
Agency	Bank	Corporate	Market
66%	11%	23%	100%

Aksigorta GWP Distribution (%) (m TL)

21Q3

21Q4

22Q1

22Q2

22Q3

+15%

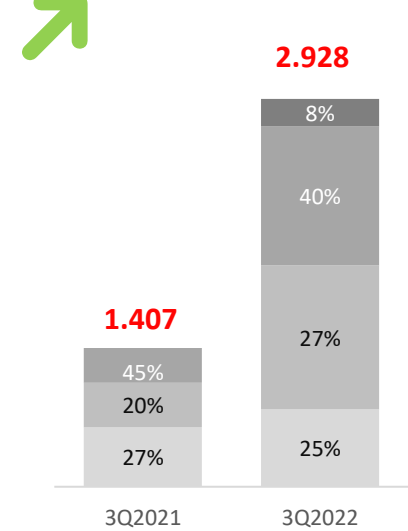
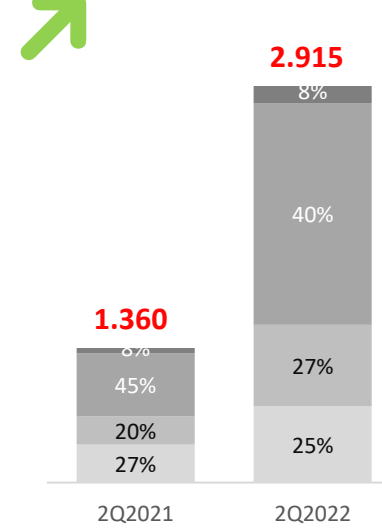
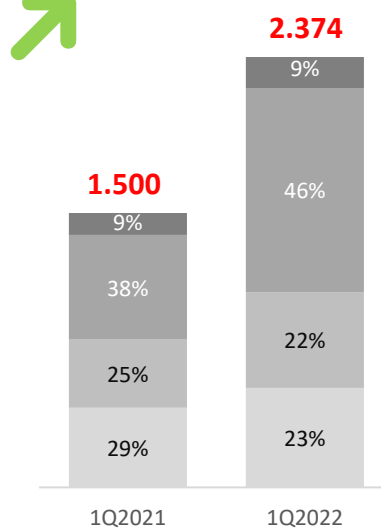
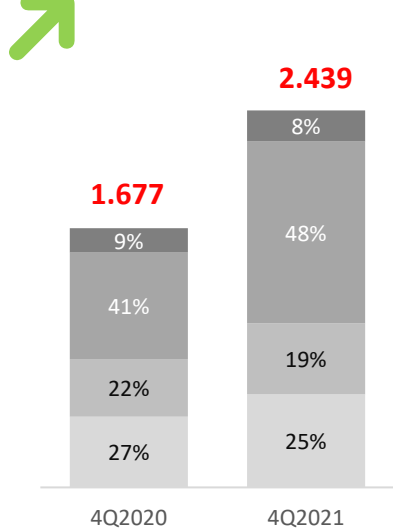
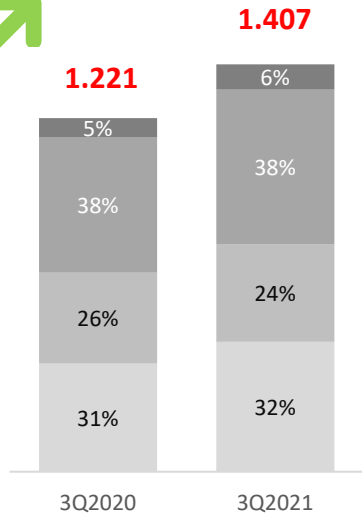
+45%

+58%

+114%

+108%

Portfolio Share



YoY			
MTPL	MOD	Non-motor	Health
+20%	+7%	+14%	+32%
Agency	Bank	Corporate	Company
+22%	+20%	+3%	+16%

YoY			
MTPL	MOD	Non-motor	Health
+32%	+23%	+71%	+26%
Agency	Bank	Corporate	Company
+40%	+33%	+60%	+45%

YoY			
MTPL	MOD	Non-motor	Health
+25%	+40%	+95%	+59%
Agency	Bank	Corporate	Company
+47%	+17%	+98%	+58%

YoY			
MTPL	MOD	Non-motor	Health
+101%	+187%	+89%	+118%
Agency	Bank	Corporate	Company
+128%	+82%	+95%	+114%

YoY			
MTPL	MOD	Non-motor	Health
+30%	+225%	+96%	+138%
Agency	Bank	Corporate	Company
+104%	+50%	+142%	+108%

Portfolio Share			
Agency	Bank	Corporate	Company
62%	11%	27%	100%

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

Portfolio Share			
Agency	Bank	Corporate	Company
59%	8%	33%	100%

Portfolio Share			
Agency	Bank	Corporate	Company
62%	9%	29%	100%

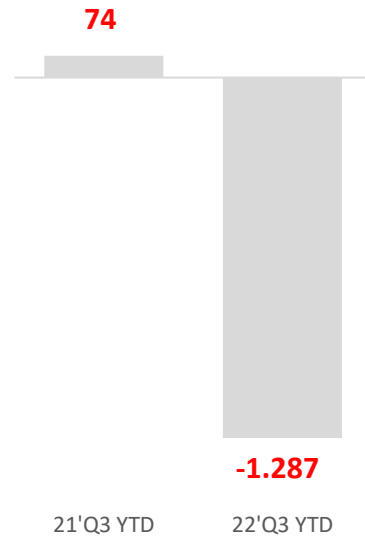
Portfolio Share			
Agency	Bank	Corporate	Company
61%	8%	31%	100%

UW Result and Combined Ratio Development

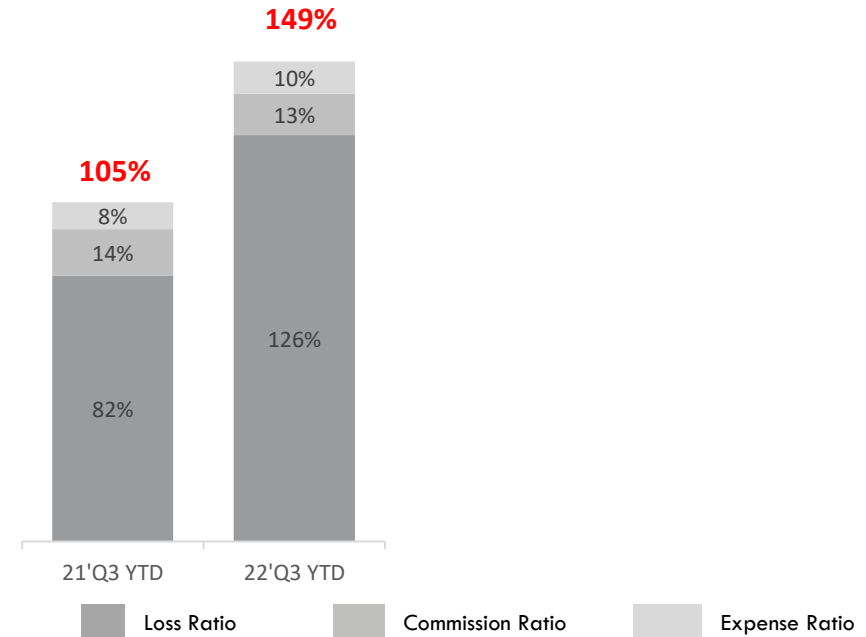
Increase in motor & non-motor claim cost led to YoY decline in UWR

UW Result and Combined Ratio (TL m; %)

UW Result



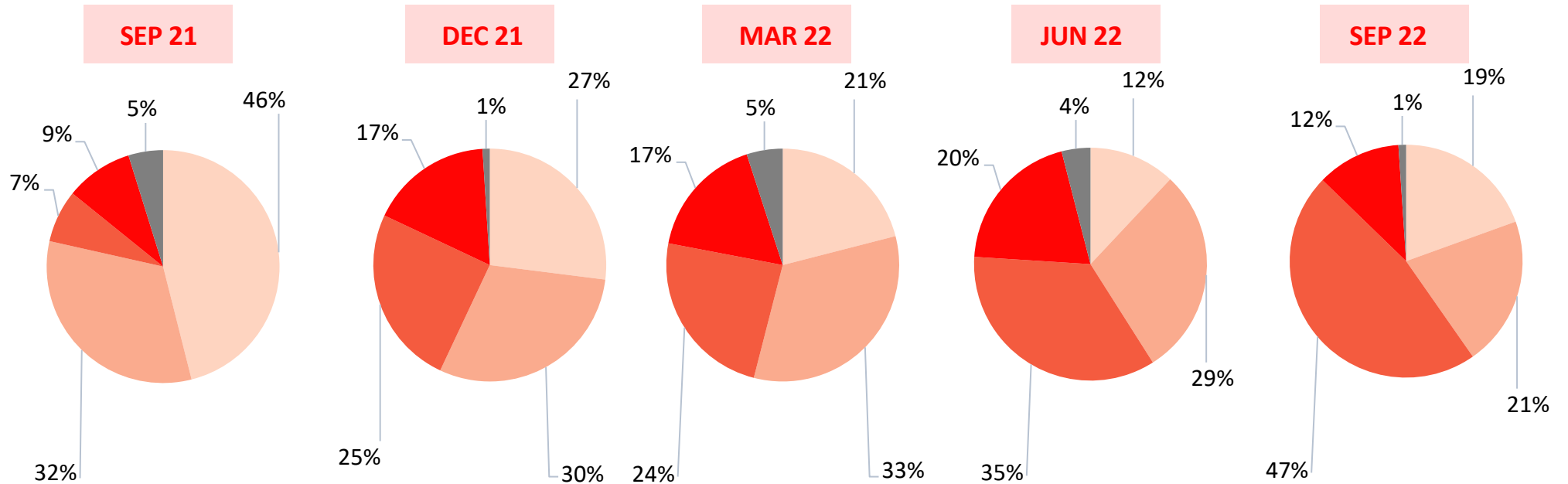
Combined Ratio



UWM	
21'Q3 YTD	22'Q3 YTD
+1,7%	-19,3%

Financial Income Development

As of September 2022, AuM has reached TL 6.5b with 71% YoY growth



AuM m TL	3,838m TL	4,043m TL	4,290m TL	4,521m TL	6,509m TL
Average annualized yield*	18%	43%	27%	29%	33%
Quarterly financial income*	166m TL	420m TL	285m TL	340m TL	529m TL

(*): Including FX gain / loss

Note: Financial income figures are after BITT (net off tax).



Income Statement

YTD (M TL)	21'Q3	22'Q3	21'Q3/22'Q3
Gross Written Premiums	4.471	8.568	92%
Gross Earned Premiums	4.352	6.656	53%
Net Earned Premiums	2.395	3.310	38%
Underwriting Result	74	-1.287	-1840%
Expenses	-199	-332	66%
Financial Income	444	1.067	140%
Profit Before Tax	301	-554	-284%
Net Profit	253	-395	-256%
Combined Ratio	105%	149%	44pp
Loss Ratio	82%	126%	44pp
Commission Ratio	14%	13%	-2pp
Expense Ratio	8%	10%	2pp
UW Margin	2%	-19%	-21pp

Balance Sheet (M TL)	Dec.21	Sep.22	Δ %
Receivables	1.578	2.067	31%
AUM	4.043	6.509	61%
Total Assets	7.388	10.498	42%
Reserves	4.193	6.583	57%
Payables	1.658	1.638	-1%
Total Equity	1.049	1.304	24%
Total Liabilities	7.388	10.498	42%
RoE	17%	n/a	n/a

1. *Aksigorta Financials (in TFRS)*

2. **What are the Risks & Opportunities?**

3. *Income Mix*

4. *Appendix*

Risks

- Negative UW profit margin due to claim cost inflation
- Negative real interest rates limit financial income
- Downsizing economy limits insurance growth
- Uncertainty, high volatility on currency
- Natural disasters due to climate change (e.g.: hail, flood, fire, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Deferred effect of producer price increase on inflation
- Increase in FX rates makes stress on MOD claim cost
- Effect of minimum wage increase on the MTPL bodily injury claim costs

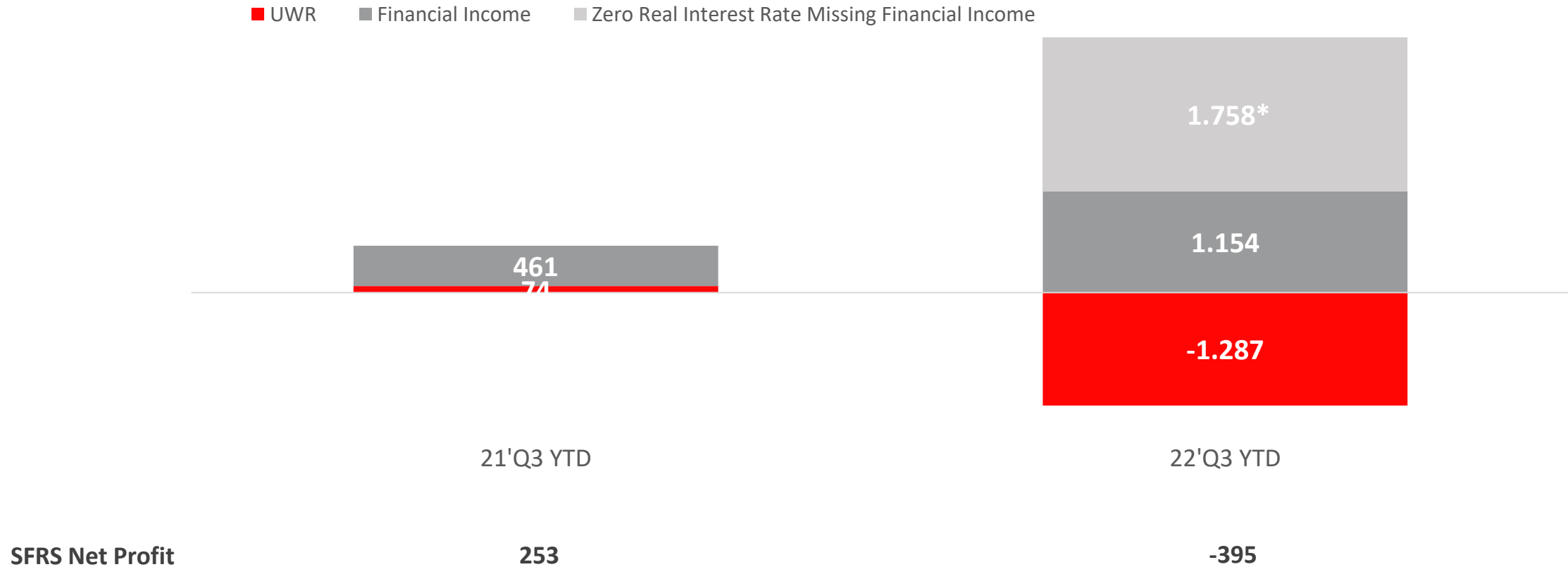
Opportunities

- 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
- Increase in interest rates

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

Competitive advantages

Because of macro economic instability both financial income and UW income is under stress «double-dip scenario»



(*): If real interest rate was zero rather than negative, our financial income would be 1.758 million TL higher at 2.912 million TL.

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

Technical Result Bridge between TFRS & Management Reporting

	Technical result in TFRS	Re-classifications							UW result in management reporting
		1	2	3	4	5	6	7	
Net earned premiums	3.404	-21	-72	-	-	-	-	-	3.310
Claims, net (*)	-3.654	-	-	127	-536	-110	-	-	-4.174
Other technical income and expense	-603	+21	+72	+127	+526	+110	-	-	1
Commissions, net	-	-	-	-	-	-	-424	-	-424
General expenses	-721	-	-	-	-	-	+721	-	-
Allocated financial income	1.154	-	-	-	-	-	-	-1.154	-
Total	-419	-	-	-	-10	-	+297	-1.154	-1.287

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 included in UWR in management reporting)
7. Allocated Financial Income : Interest income and FX gain/loss

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

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	Premium 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.



The information in this presentation has been prepared by Aksigorta A.Ş. (the “Company”) solely for use at a presentation concerning the Company, its proposed listing on the Borsa İstanbul. This presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, or otherwise acquire, any securities of the Company or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is the sole responsibility of the Company. The information contained in this presentation does not purport to be comprehensive and has not been independently verified. The information contained herein is for discussion purposes only and does not purport to contain all information that may be required to evaluate the Company and/or its business, financial position or future performance. The information and opinions contained in this document are provided only as at the date of the presentation and are subject to change without notice. No representation, warranty or undertaking, expressed or implied, is or will be made by the Company and Ak Yatırım Menkul Değerler A.Ş. (“Ak Yatırım”) or their respective affiliates, advisors or representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation (or whether any information has been omitted from this presentation). The Company, to the extent permitted by law, and Ak Yatırım and its or their respective directors, officers, employees, affiliates, advisors or representatives disclaims all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation. To the extent available, the industry, market and competitive position data that may be provided in this presentation come from official or third-party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company’s own internal research and estimates based on the knowledge and experience of the Company’s management in the markets in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation. This presentation and any materials distributed in connection with this presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

The offer and distribution of this presentation and other information may be restricted by law and persons into whose possession this presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Nothing in this presentation constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or needs of any specific recipient. Investors should not rely on or act upon this presentation or any of its contents and must return it immediately to the Company. This presentation includes “forward-looking statements”. These statements contain the words “anticipate”, “will”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding the Company’s financial position, prospects, growth, business strategy, plans and objectives of management for future operations (including statements relating to new routes, number of aircraft, availability of financing, customer offerings, passenger and utilization statistics and objectives relating to the Company’s products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, prospects, growth, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company’s financial position, prospects, growth, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in any future period. The Company does not undertake and expressly disclaims any obligation to review or confirm or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any events that occur or conditions or circumstances that arise after the date of this presentation. By attending this presentation or by reading the presentation slides, you agree to be bound by the foregoing limitations and restrictions and, in particular, will be deemed to have represented, warranted and undertaken that: (i) you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep this presentation and its contents confidential; (ii) you will be solely responsible for your own assessment of the Company and its business, financial position and future performance.