

# **Aksigorta** Earnings Call Presentation – 19'Q2

31/07/2019

Presented by Aksigorta IR Team

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

2. *What are the Risks & Opportunities?*

3. *Future Guidance*

4. *Appendix*

# 2019 Q2 – Aksigorta Scorecard

## 2019 Q2 FINANCIAL INDICATORS (Mn TL)

<b>1.084</b> Gross Written Premiums	 <b>46%</b> (YoY)	<b>90</b> Net Income	 <b>101%</b> (YoY)	<b>686</b> Shareholders' Equity	 <b>11%</b> (YoY)	<b>3.978</b> Total Assets	 <b>28%</b> (YoY)	<b>109</b> Financial Income	 <b>86%</b> (YoY)
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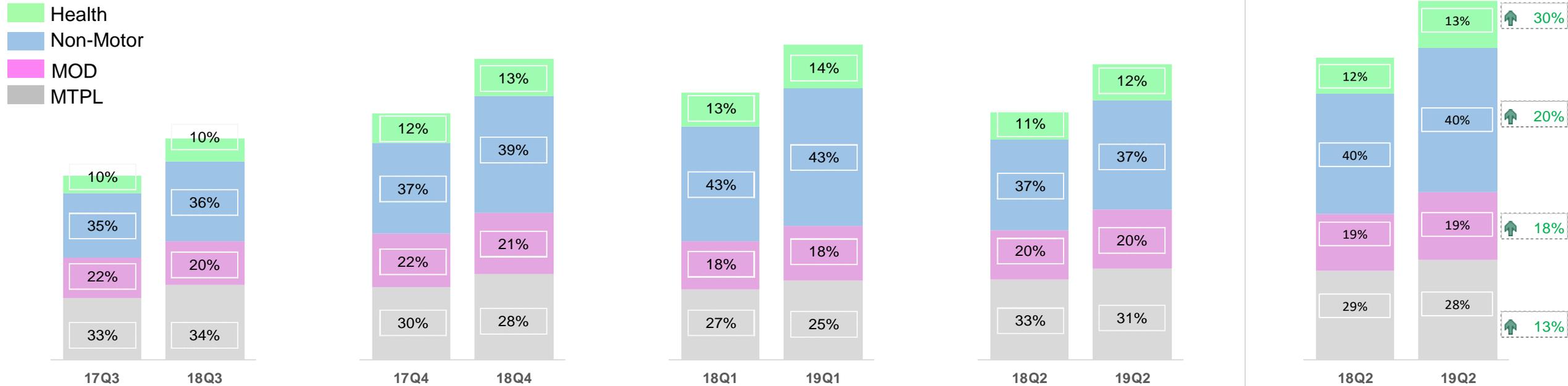
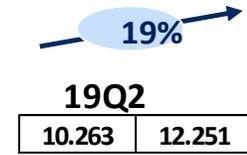
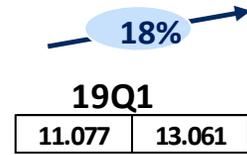
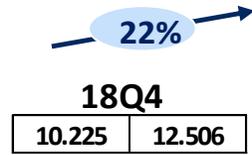
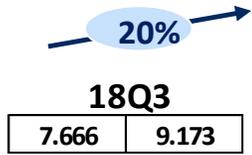
## 2019 Q2 OPERATIONAL RATIOS

<b>56%</b> Premium Retention Ratio	 <b>-1 pp</b> (YoY)	<b>71%</b> Loss Ratio (Net)	 <b>-2 pp</b> (YoY)	<b>95%</b> Combined Ratio (Net)	 <b>-3 pp</b> (YoY)	<b>46%</b> Return on Equity (ROE)	 <b>16 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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# Price increase is driving the growth, penetration is decreasing



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

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

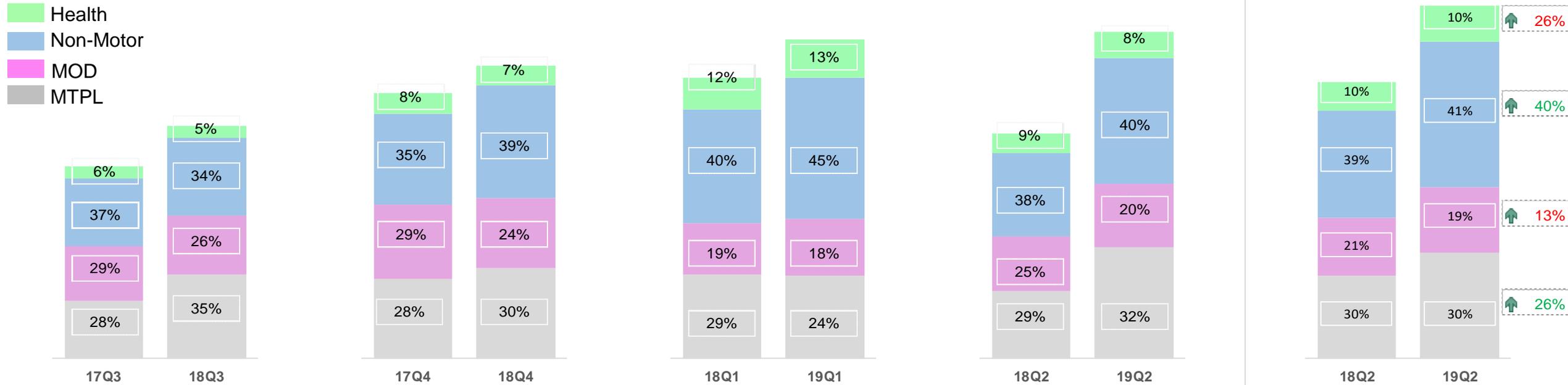
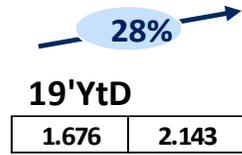
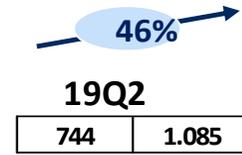
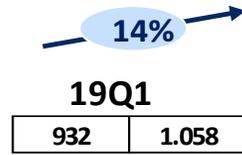
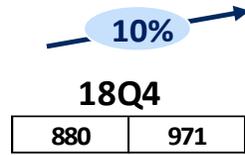
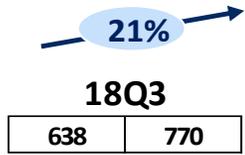
	YoY	Portfolio
	Growth	Share
Agency	13%	62%
Bank	16%	17%
Corporate	37%	21%

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

	YoY	Portfolio
	Growth	Share
Agency	15%	64%
Bank	13%	16%
Corporate	38%	20%

Retroceded premiums from pools are excluded above.  
As of June 2019, there was 1,83 Billion TL retroceded premiums in the market.

# Aksigorta overperformed the market in Non-motor and MTPL



	YoY	Portfolio
	Growth	Share
Agency	22%	62%
Bank	11%	12%
Corporate	23%	26%

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

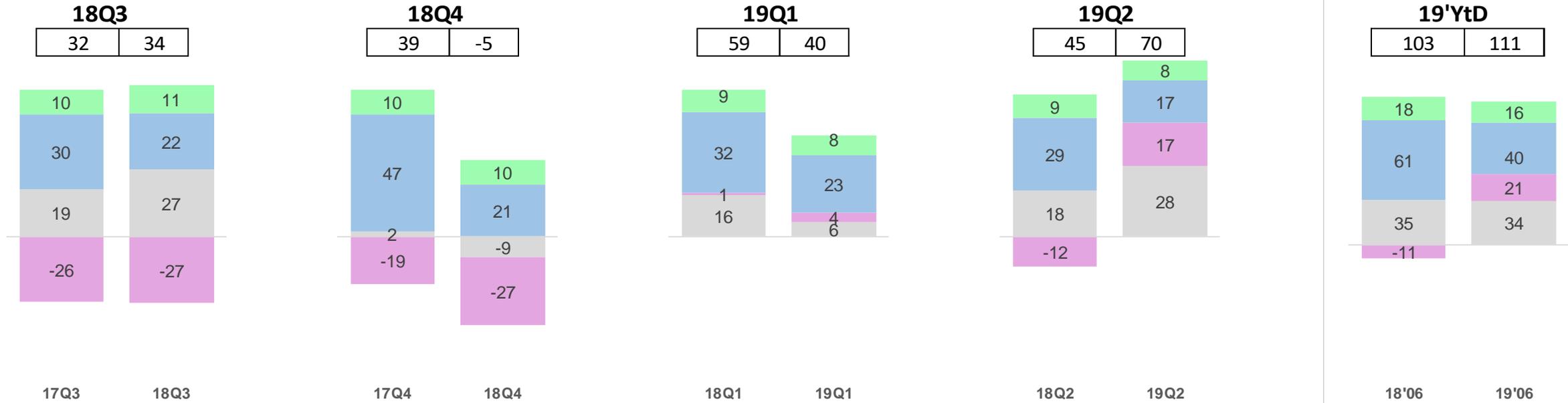
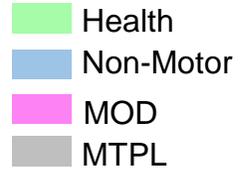
	YoY	Portfolio
	Growth	Share
Agency	5%	52%
Bank	21%	13%
Corporate	26%	35%

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

	YoY	Portfolio
	Growth	Share
Agency	25%	58%
Bank	18%	12%
Corporate	37%	30%

# Better performance in motor segment contributed to UW profitability

## UWR Business Mix (Mn TL)



UWM			
MTPL	MOD	Non Motor	Health
14%	-16%	27%	16%
Agency	Bank	Corporate	Company
0%	24%	12%	7%

UWM			
MTPL	MOD	Non Motor	Health
-4%	-16%	24%	15%
Agency	Bank	Corporate	Company
-3%	31%	8%	-1%

UWM			
MTPL	MOD	Non Motor	Health
3%	2%	26%	11%
Agency	Bank	Corporate	Company
3%	26%	31%	8%

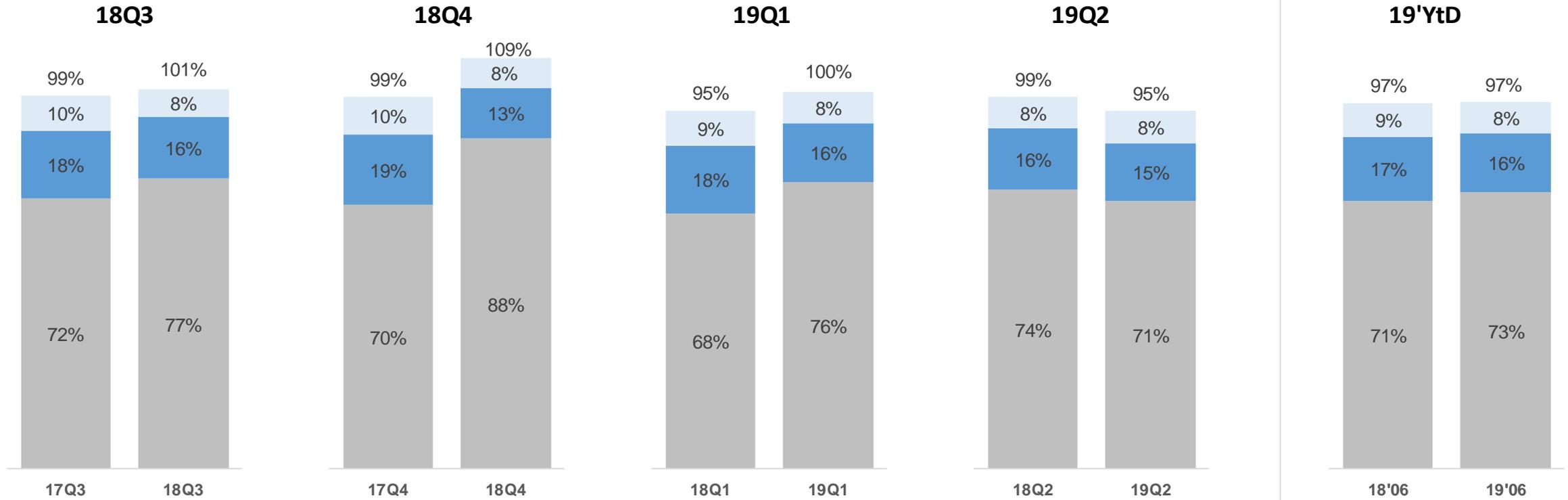
UWM			
MTPL	MOD	Non Motor	Health
12%	10%	18%	10%
Agency	Bank	Corporate	Company
17%	27%	22%	14%

UWM			
MTPL	MOD	Non Motor	Health
8%	6%	22%	11%
Agency	Bank	Corporate	Company
10%	27%	26%	11%

Based on Lob / parallel to the market product group

# Combined ratio dropped below 100% as of June'19

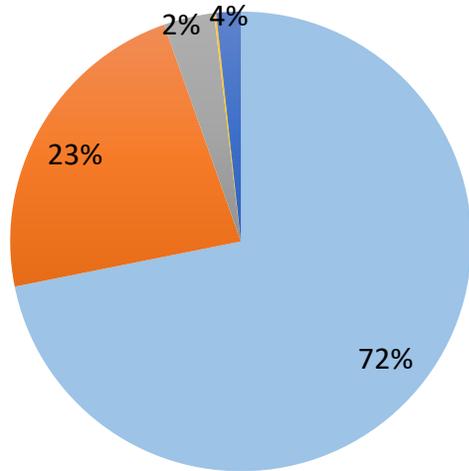
Combined Ratio	
Loss R	
Commission R	
Expense R	



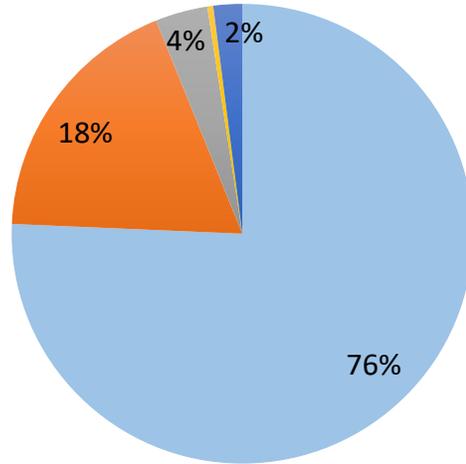
# As of June'19, AUM reached to 2.201 mTL with 26% increase YoY

Time Deposit
Corporate Bond
Eurobond
Government Bond
Equities

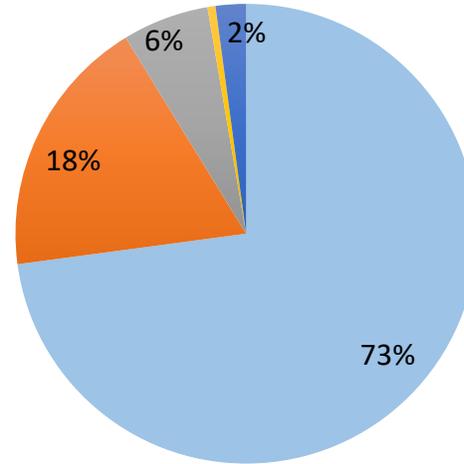
**June'18**



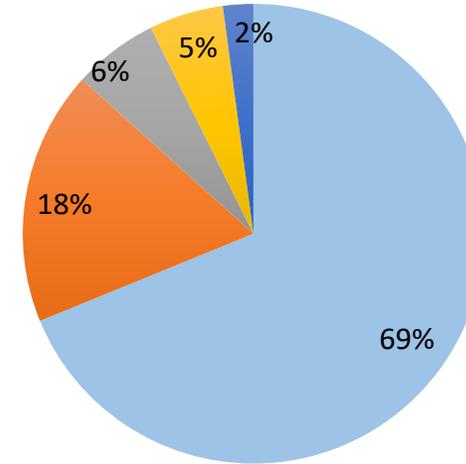
**September'18**



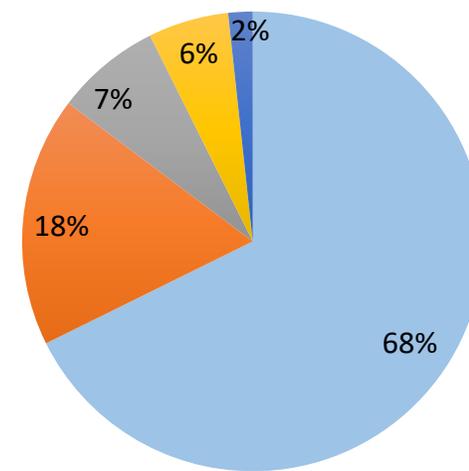
**December'18**



**March'19**



**June'19**



**18Q2**

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

**18Q3**

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

**18Q4**

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

**19Q1**

<b>AUM (mTL)</b>	2.040
<b>Average Yield</b>	24%
<b>Quarterly Financial Income (mTL)</b>	104

**19Q2**

<b>AUM (mTL)</b>	2.201
<b>Average Yield</b>	24%
<b>Quarterly Financial Income (mTL)</b>	63

# Strong Financial Results, +45% ROE

Profit & Loss	18Q2	18Q3	18Q4	19Q1	19Q2	18'06	19'06	19'06/ 18'06
<b>GWP</b>	744	770	971	1.058	1.084	1.676	2.143	27,8%
<b>NEP</b>	442	471	492	489	518	840	1.007	20,0%
<b>UWR</b>	47	36	-2	40	70	108	111	2,3%
<b>Expenses</b>	-43	-47	-41	-54	-51	-84	-106	-25,1%
<b>Financial Income</b>	59	108	130	122	109	112	231	106,1%
<b>PBT</b>	58	90	80	103	122	125	225	80,8%
<b>Net Profit</b>	45	69	62	78	90	96	168	75,0%
<b>Capital Adequacy</b>	121%	129%	130%	100%	116%	121%	116%	-5pp

Balance Sheet	18Q2	18Q3	18Q4	19Q1	19Q2	19Q2/ 18Q2
<b>Receivables</b>	1.037	1.041	1.156	1.278	1.388	33,9%
<b>AUM</b>	1.743	1.948	2.029	2.040	2.201	26,2%
<b>Total Assets</b>	<b>3.102</b>	<b>3.305</b>	<b>3.515</b>	<b>3.687</b>	<b>3.978</b>	28,2%
<b>Reserves</b>	1.707	1.837	1.994	2.074	2.240	31,2%
<b>Payables</b>	610	587	642	838	819	34,3%
<b>Equity</b>	616	683	718	586	686	11,4%
<b>Total Liabilities</b>	<b>3.102</b>	<b>3.305</b>	<b>3.515</b>	<b>3.687</b>	<b>3.978</b>	28,2%
<b>RoE</b>	30%	33%	34%	44%	46%	15,7pp

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

as of June ' 2019	Equity	YtD P&L Adjust
<i>Million TL</i>		
<b>TFRS Result</b>	<b>686,2</b>	<b>168,3</b>
Equalization Reserve	89,5	7,1
Unexpired Risk Reserve	18,4	-2,2
Unallocated Loss Adjustment Expenses	-16,0	-2,5
Discounting of outstanding claims	-216,9	-38,5
Deferred Tax	25,2	7,9
<b>IFRS Result</b>	<b>586,5</b>	<b>140,1</b>

1. *Aksigorta Financials (in TFRS)*
2. **What are the Risks & Opportunities?**
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# Risks & opportunities are factored in our year-end guidance

## Risks

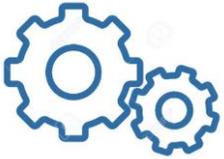
- Downsizing economy limits insurance growth
- Decreasing new vehicle and mortgaged home sales, pressuring retail segment
- Decreasing uw profit margin due to competition
- Decreasing interest rate affects financial income
- Natural disasters due to climate change (e.g.: hail and flood, EQ etc.)
- Possible Churn in individual segments due to cut off spendings

## 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...



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	18Q2	18Q3	18Q4	19Q1	19Q2	18'06	19'06	19'06/ 18'06
<b>GWP</b>	744	770	971	1.058	1.084	1.676	2.143	27,8%
<b>NEP</b>	442	471	492	489	518	840	1.007	20,0%
<b>UWR</b>	37	22	9	33	42	93	75	-19,5%
<b>Expenses</b>	-42	-46	-41	-54	-51	-83	-106	-27,1%
<b>Financial Income</b>	58	107	130	122	109	111	231	108,5%
<b>PBT</b>	48	76	90	95	94	109	189	73,5%
<b>Net Profit</b>	37	56	73	72	68	84	140	66,8%
<b>Capital Adequacy</b>	121%	129%	130%	100%	116%	121%	116%	-5pp

Balance Sheet	18Q2	18Q3	18Q4	19Q1	19Q2	19Q2/ 18Q2
<b>Receivables</b>	1.018	1.026	1.142	1.278	1.388	35,3%
<b>AUM</b>	1.743	1.948	2.029	2.040	2.201	13,0%
<b>Total Assets</b>	<b>3.119</b>	<b>3.325</b>	<b>3.535</b>	<b>3.706</b>	<b>4.004</b>	20,4%
<b>Reserves</b>	1.793	1.937	2.083	2.171	2.365	22,1%
<b>Payables</b>	568	513	528	709	710	38,5%
<b>Equity</b>	547	602	646	508	586	-2,7%
<b>Total Liabilities</b>	<b>3.119</b>	<b>3.325</b>	<b>3.535</b>	<b>3.706</b>	<b>4.004</b>	20,4%
<b>RoE</b>	28%	32%	35%	47%	48%	50,4%

# Capital Adequacy

	Mar'18	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19	
<b>Required Capital</b>	<b>571</b>	<b>573</b>	<b>588</b>	<b>615</b>	<b>672</b>	<b>670</b>	<b>Main drivers:</b>
<i>Asset risk</i>	258	241	233	232	277	241	<i>by asset size</i>
<i>RI risk</i>	46	46	46	56	56	72	<i>by re-insurance portfolio</i>
<i>Reserve risk</i>	49	55	63	68	73	79	<i>by growth</i>
<i>Uw risk</i>	212	230	244	249	254	268	<i>by growth</i>
<i>Fx risk</i>	6	1	2	9	11	11	<i>by fx exposure</i>
<b>Available Capital</b>	<b>644</b>	<b>692</b>	<b>761</b>	<b>800</b>	<b>672</b>	<b>776</b>	
<b>Free Capital (over 100% CAR)</b>	<b>73</b>	<b>119</b>	<b>172</b>	<b>185</b>	<b>-1</b>	<b>105</b>	
<b>Dividend Distribution</b>	<b>-111</b>				<b>-202</b>		
<b>Generated Free Capital (Last Quarter Basis)</b>	<b>-116</b>	<b>46</b>	<b>54</b>	<b>12</b>	<b>-185</b>	<b>106</b>	
<b>Capital Adequacy Ratio</b>	<b>113%</b>	<b>121%</b>	<b>129%</b>	<b>130%</b>	<b>100%</b>	<b>116%</b>	

# 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	1.035,7	-5,9	-22,7						1.007,1
Claims, net <sup>1</sup>	-727,2			8,5	-7,4	-13,4			-739,3
Other Technical Inc and Exp	-25,9	5,9	22,7	-8,5	5,8				0,0
Commissions, net	0,0						-157,0		-157,0
General Expenses	-242,9						242,9		0,0
Allocated Financial Income	241,3	0,0	0,0	0,0	0,0	0,0	0,0	-241,3	0,0
<b>TOTAL</b>	<b>281,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-1,5</b>	<b>-13,4</b>	<b>85,8</b>	<b>-241,3</b>	<b>110,8</b>

<sup>1</sup> *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  
**AKSIGORTA** Investor Relations Team,  
July 2019

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**PDP**

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