

Aksigorta Q2 Earnings Call Presentation

6 August 2021

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AKSigorta
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1. Actual Performance vs. Guidance

2. *Aksigorta Financials (in TFRS)*

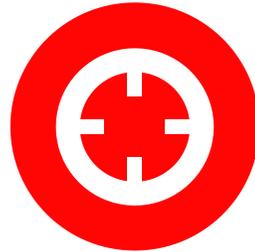
3. *What are the Risks & Opportunities?*

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)**

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2021 Q2 – Financial Indicators (m TL) (YoY %)

1.422  38%	93  -45%	968  3%
Gross Written Premiums	Net Income	Total Equity

2021 Q2 – Operational Ratios (YoY %; pp)

78%  23pp	101%  22pp	33%  -17pp
Net Loss Ratio	Net Combined Ratio	RoE

Dividend Payment Out of 2020 Net Profit (m TL)

306	71%
Dividend Paid	Pay-out Ratio

2021 H1 – Financial Indicators (m TL) (YoY %)

3.000 Gross Written Premiums	↑ 32%	169 Net Income	↓ -35%	968 Total Equity	↑ 3%
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2021 H1 – Operational Ratios (YoY pp)

80% Net Loss Ratio	↑ 18pp	103% Net Combined Ratio	↑ 17pp	8,2% Market Share	↑ 0.8pp	33% RoE	↓ -17pp
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2021 H1 – Financial Income (m TL)

3.671 AuM	↑ 24%	16% Avr. Annualized Yield	141 Financial Income	↑ 40%
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Market GWP Distribution (%) (m TL)

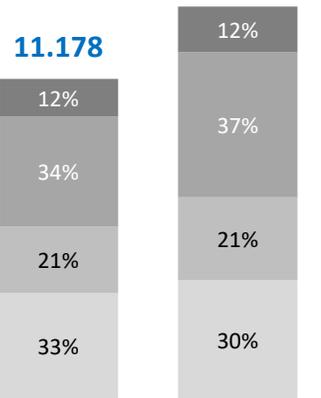
20Q3

+23%



11.178

13.699



3Q2019

3Q2020

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

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

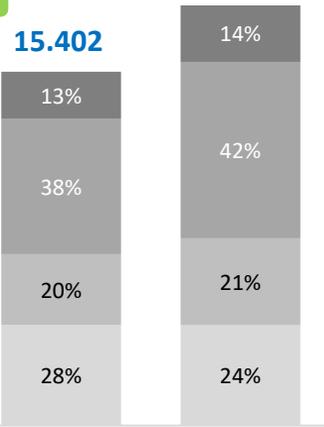
20Q4

+19%



15.402

18.317



4Q2019

4Q2020

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

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

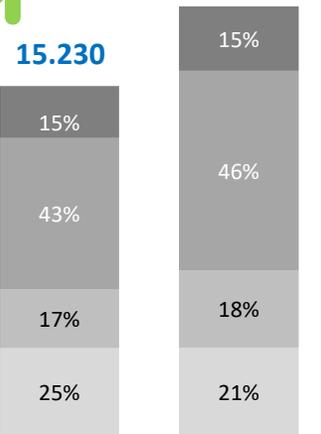
21Q1

+23%



15.230

18.693



1Q2020

1Q2021

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

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

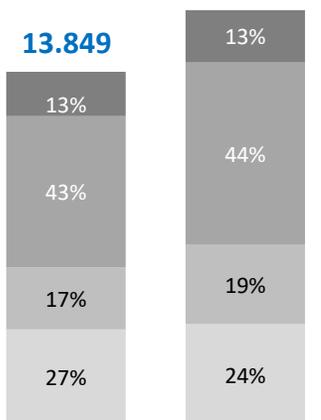
21Q2

+17%



13.849

16.257



2Q2020

2Q2021

YoY			
MTPL	MOD	Non-motor	Health
+6%	+29%	+20%	+18%
Agency	Bank	Corporate	Market
+30%	+38%	-7%	+17%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	14%	26%	100%

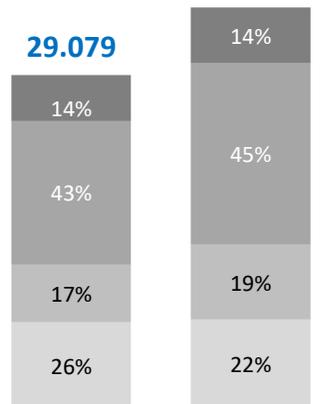
21H1

+20%



29.079

34.950



1H2020

1H2021

YoY			
MTPL	MOD	Non-motor	Health
+3%	+30%	+26%	+21%
Agency	Bank	Corporate	Market
+22%	+30%	+12%	+20%

Portfolio Share			
Agency	Bank	Corporate	Market
57%	15%	28%	100%

Aksigorta GWP Distribution (%) (m TL)

20Q3

20Q4

21Q1

21Q2

21H1

+31%

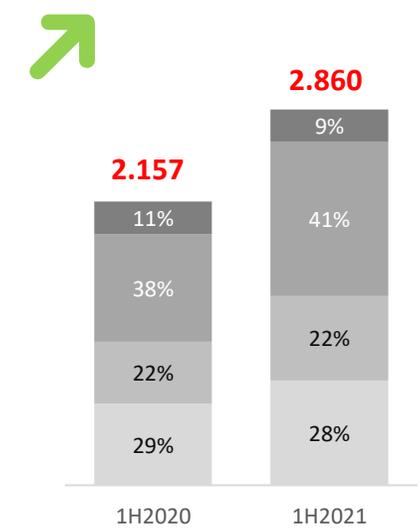
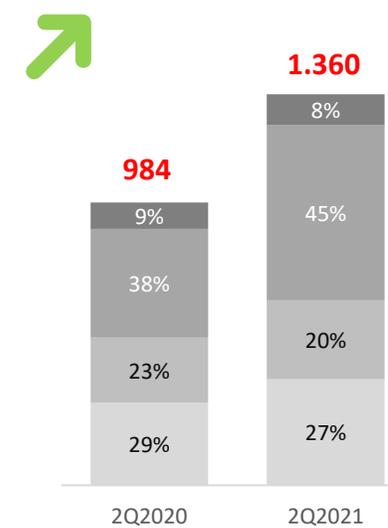
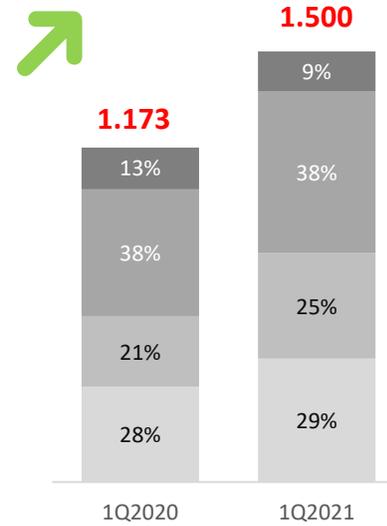
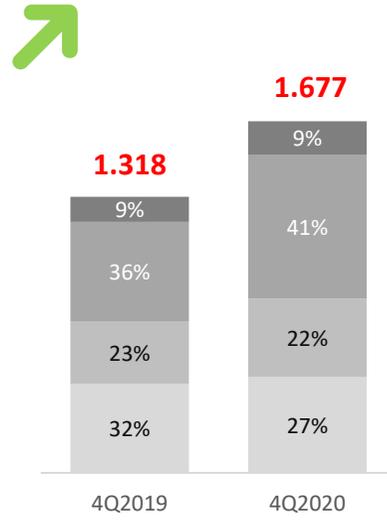
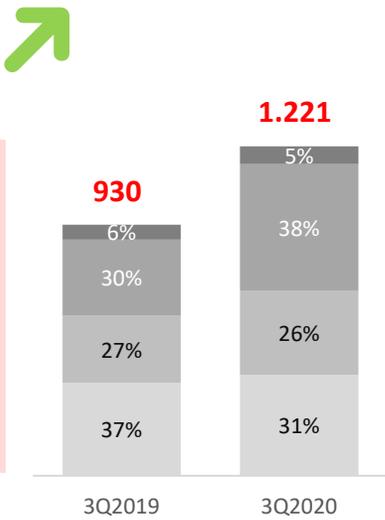
+27%

+28%

+38%

+33%

Portfolio Share



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

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

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

YoY			
MTPL	MOD	Non-motor	Health
+28%	+22%	+61%	+15%
Agency	Bank	Corporate	Company
+30%	+36%	+55%	+38%

YoY			
MTPL	MOD	Non-motor	Health
+29%	+37%	+43%	-1%
Agency	Bank	Corporate	Company
+33%	+22%	+36%	+33%

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

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

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

Portfolio Share			
Agency	Bank	Corporate	Company
58%	10%	32%	100%

Portfolio Share			
Agency	Bank	Corporate	Company
61%	10%	29%	100%

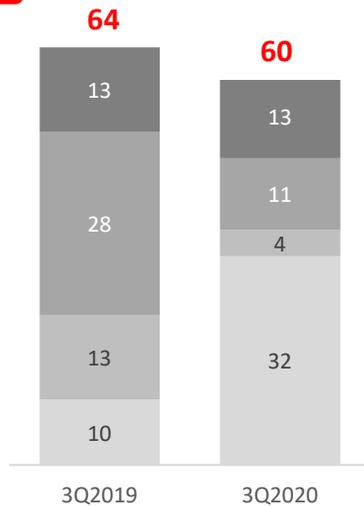
UWR Development

Decreasing positive impact of lock-down coupled with big claims led to a YoY decline in 21Q2 UW result

UWR Business Mix (TL m)

20Q3

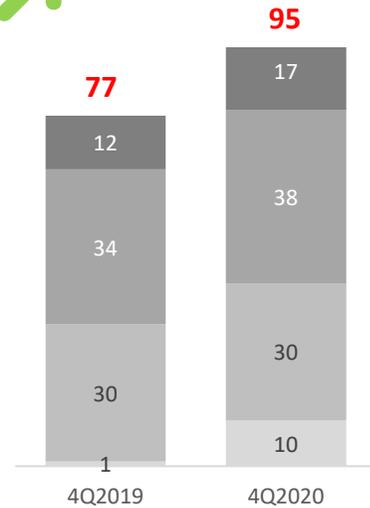
-7%



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

20Q4

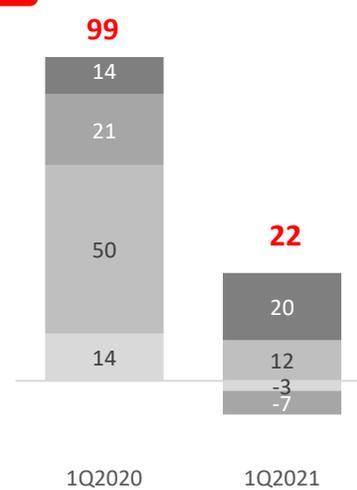
+23%



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

21Q1

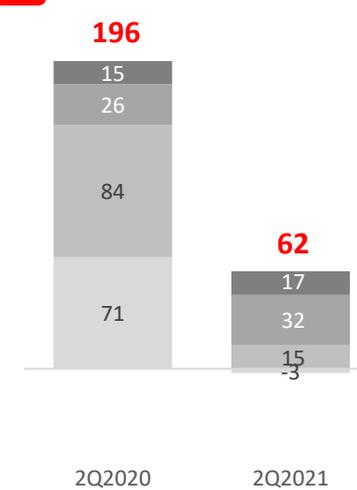
-78%



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

21Q2

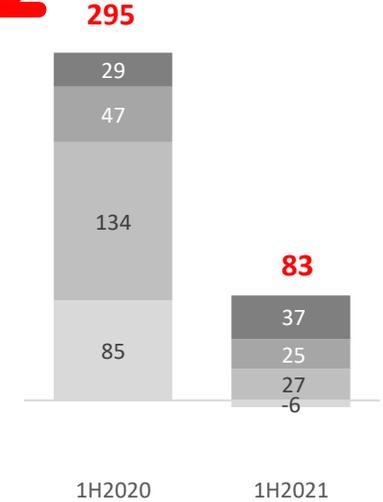
-69%



UWM			
MTPL	MOD	Non-motor	Health
-1%	+5%	+6%	+16%
Agency	Bank	Corporate	Company
+5%	+21%	+3%	+4%

21H1

-72%



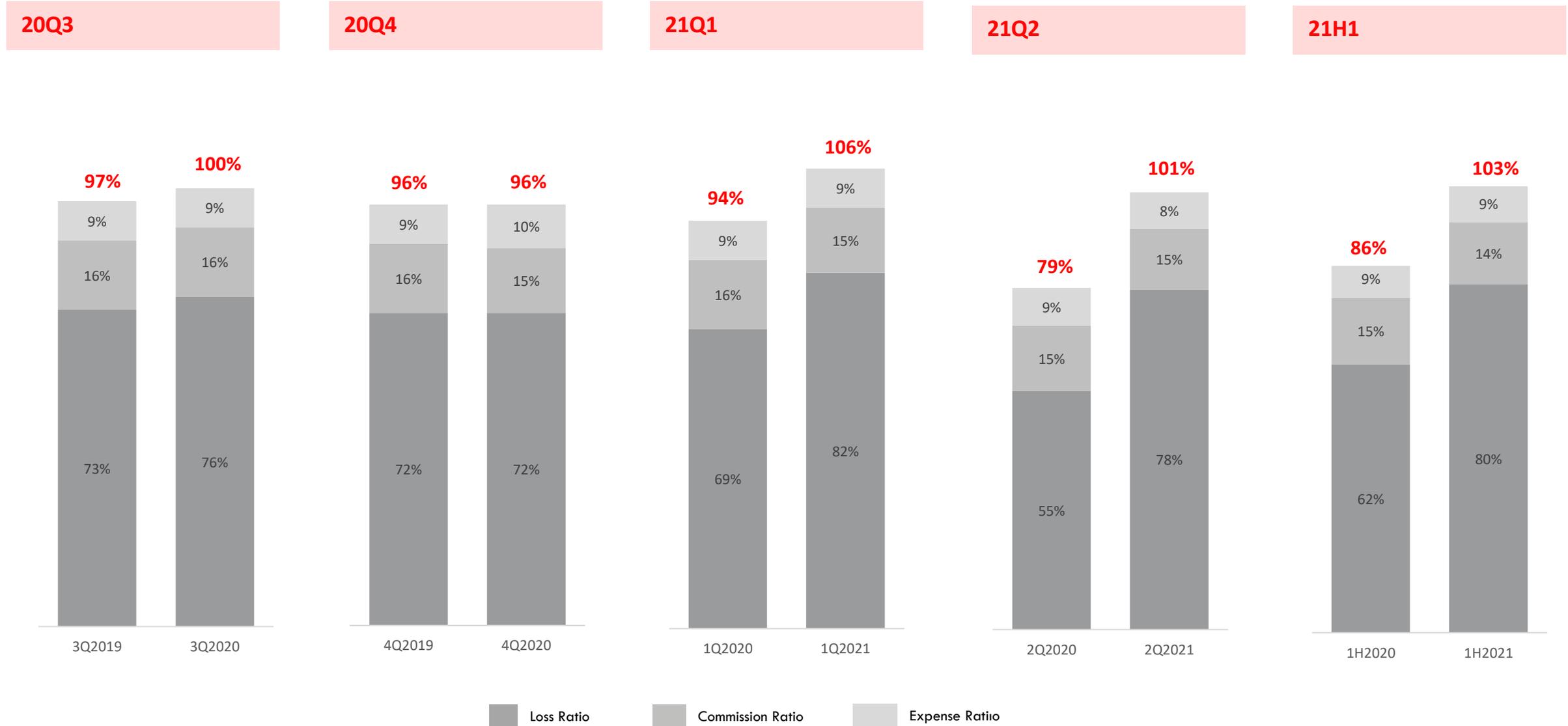
UWM			
MTPL	MOD	Non-motor	Health
-1%	+4%	+2%	+17%
Agency	Bank	Corporate	Company
+2%	+22%	+3%	+3%

UWM: UWR / Gross earned premiums

Health Non-motor MOD MTPL

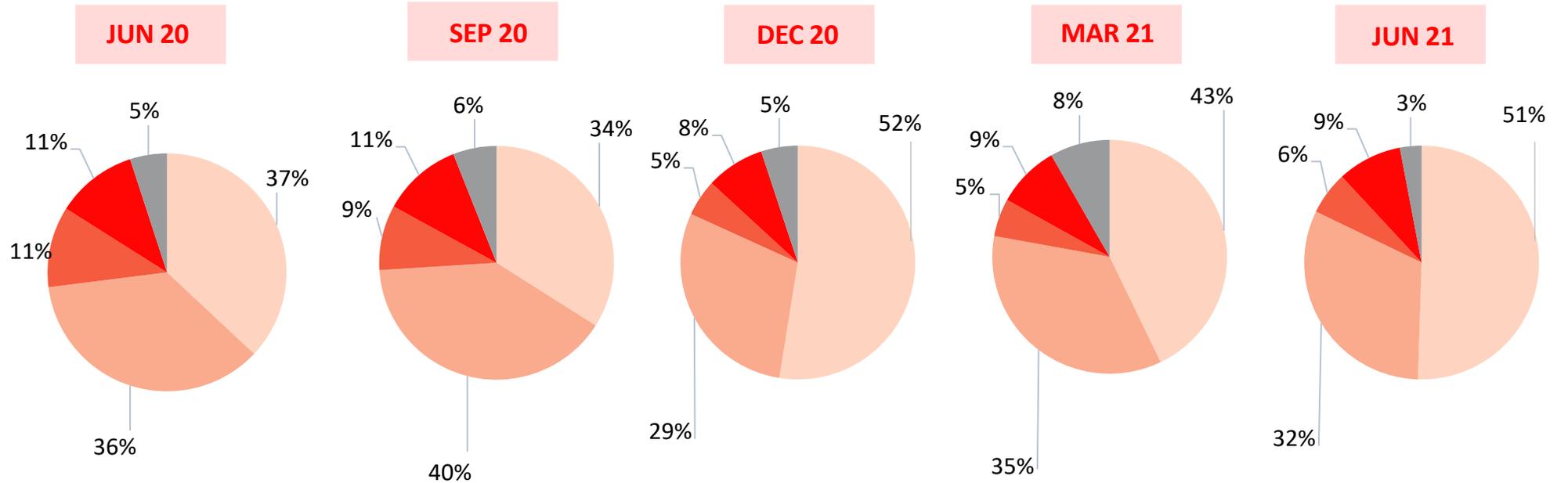
CoR Development

Decreasing positive impact of lock-down coupled with big claims resulted in increase in loss ratio, thus combined ratio in Q221



Financial Income Development

As of June 2021, AuM has reached TL 3.7b with 24% YoY growth



AuM TL	2,970m TL	3,065m TL	3,280m TL	3,250m TL	3,671m TL
Average annualized yield*	13%	11%	14%	16%	16%
Quarterly financial income**	101m TL	121m TL	89m TL	154m TL	141m TL

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

Income Statement

Profit & Loss (mTL)	20Q2	20Q3	20Q4	21Q1	21Q2	21H1	21H1/20H1
Gross Written Premiums	1.032	1.270	1.736	1.578	1.422	3.000	32%
Gross Earned Premiums	1.152	1.186	1.264	1.354	1.466	2.819	25%
Net Earned Premiums	655	675	692	746	808	1.554	20%
Underwriting Result	196	60	95	22	62	83	-72%
Expenses	-58	-58	-68	-66	-68	-134	17%
Financial Income	96	118	83	147	135	282	59%
Profit Before Tax	222	114	109	89	148	237	-29%
Net Profit	169	86	88	76	93	169	-35%
Combined Ratio	79%	104%	96%	106%	101%	103%	17pp
Loss Ratio	55%	76%	72%	82%	78%	80%	18pp
Commission Ratio	15%	16%	15%	15%	15%	14%	-1pp
Expense Ratio	9%	9%	10%	9%	8%	9%	0pp
UW Margin	17%	5%	8%	2%	4%	3%	-5pp

Balance Sheet (M TL)	20Q2	20Q3	20Q4	21Q1	21Q2	21Q2/21Q1
Receivables	1.417	1.618	1.885	2.062	1.861	-10%
AUM	2.970	3.065	3.280	3.250	3.671	13%
Total Assets	4.818	5.044	5.620	5.719	6.049	6%
Reserves	2.730	2.942	3.166	3.466	3.561	3%
Payables	877	807	946	974	968	-1%
Equity	942	995	1.123	851	968	14%
Total Liabilities	4.818	5.044	5.620	5.719	6.049	6%
RoE	50%	48%	43%	42%	33%	-10pp

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

as of June 2021 (TL m)	Equity	YTD P&L adjustment
TFRS result	967,5	169,1
Equalization reserve	105,4	8,9
Unexpired risk reserve	25,6	1,7
Unallocated loss adjustment expenses	-23,2	-1,5
Discounting of outstanding claims	-367,3	-35,0
Deferred tax	61,4	8,7
IFRS result	769,5	151,9

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3. **What are the Risks & Opportunities?**
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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, flood, fire, 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

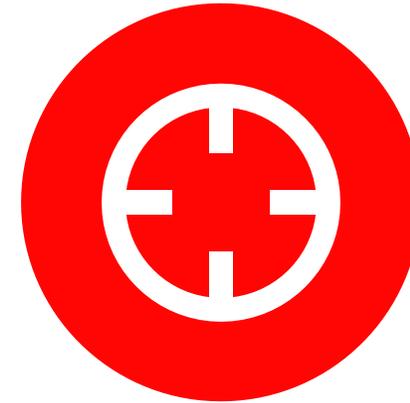
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Earnings Guidance

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

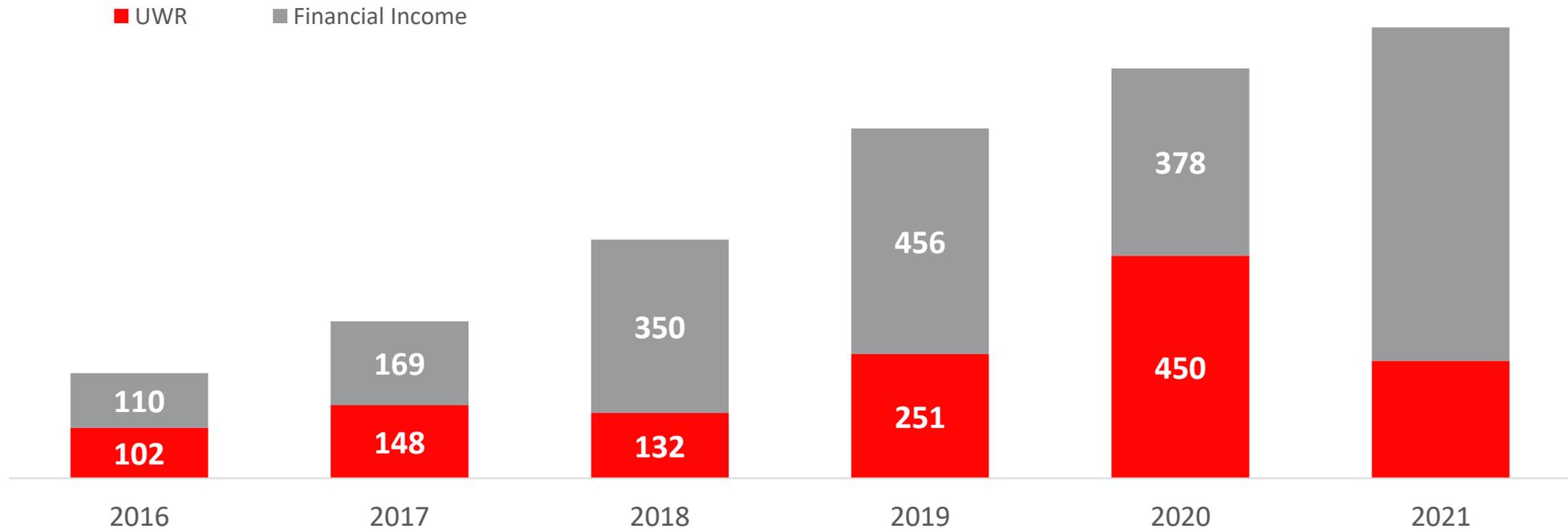
15%-25% growth in GWP

10%-20% increase in Net Profit



Competitive advantages

Strong revenue generation



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

(*) Excluding corporate tax rate change impact

Return on Equity

30%+

Market Cap

1.0Bn USD

Net Combined Ratio

95%

Market Share

10%

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Income Statement in IFRS

Profit & Loss (mTL)	20Q2	20Q3	20Q4	21Q1	21Q2	21H1	21H1/20H1
Gross Written Premiums	1.032	1.270	1.736	1.578	1.422	3.000	32%
Gross Earned Premiums	1.152	1.186	1.264	1.354	1.466	2.819	25%
Net Earned Premiums	655	675	692	746	808	1.554	20%
Underwriting Result	191	35	77	6	51	57	-78%
Expenses	-58	-58	-68	-66	-68	-134	17%
Financial Income	96	118	83	147	135	282	59%
Profit Before Tax	214	87	89	79	115	193	-37%
Net Profit	165	67	71	63	89	152	-36%
Combined Ratio	80%	104%	99%	108%	102%	105%	17pp
Loss Ratio	56%	79%	74%	84%	80%	82%	18pp
Commission Ratio	15%	16%	15%	15%	15%	14%	-1pp
Expense Ratio	9%	9%	10%	9%	8%	9%	0pp
UW Margin	17%	3%	6%	0%	4%	2%	-10pp

Balance Sheet in IFRS

Balance Sheet (M TL)	20Q2	20Q3	20Q4	21Q1	21Q2	21Q2/21Q1
Receivables	1.417	1.618	1.885	2.061	1.861	-10%
AUM	2.970	3.065	3.280	3.250	3.671	13%
Total Assets	4.857	5.161	5.697	5.825	6.137	5%
Reserves	2.920	3.157	3.399	3.715	3.821	3%
Payables	783	807	946	995	968	-3%
Equity	791	824	936	651	770	18%
Total Liabilities	4.857	5.161	5.697	5.875	6.137	4%
RoE	52%	50%	44%	46%	34%	-12pp

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	1.604	-10	-40	-	-	-	-	-	1.554
Claims, net (*)	-1.225	-	-	22	-17	-	-	-	-1.248
Other technical income and expense	-70	10	40	-22	14	-	-	-	-
Commissions, net	-	-	-	-	-	-	-223	-	-223
General expenses	-339	-	-	-	-	-	339	-	-
Allocated financial income	295	-	-	-	-	-	-	-295	-
Total	265	-	-	-	-2	-	116	-295	83

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

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:

- 62% of our receivables have a credit card collateral,
- 4% of our receivables are collected via bank accounts,
- 12% of our receivables has other collaterals (such as letter of credit, cash etc.) provided by agency,
- Our bad debt ratio is less than 0,01%



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	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

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AKSigorta

Bambařka.

