

Tawuniya's Earnings Call

FY2023



15:30 (Riyadh) | 16:30 (Dubai) | 13:30
(London) | 8:30 (New York)



Monday, March 18th

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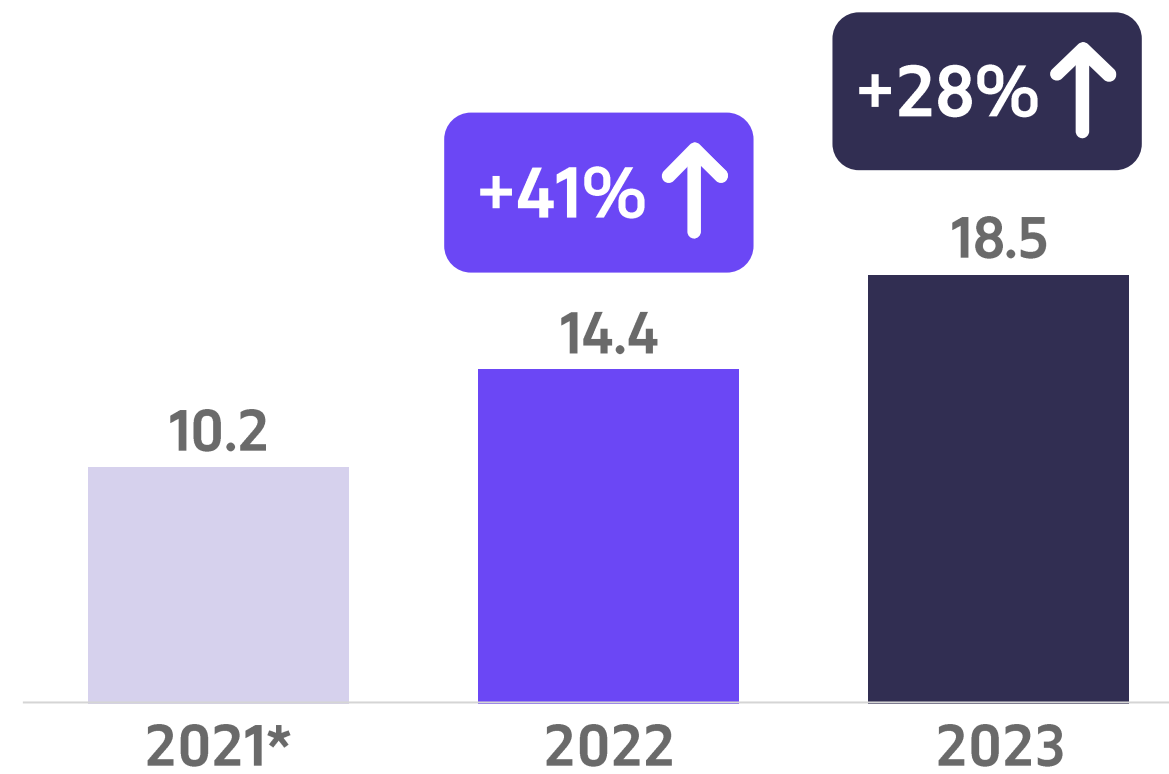
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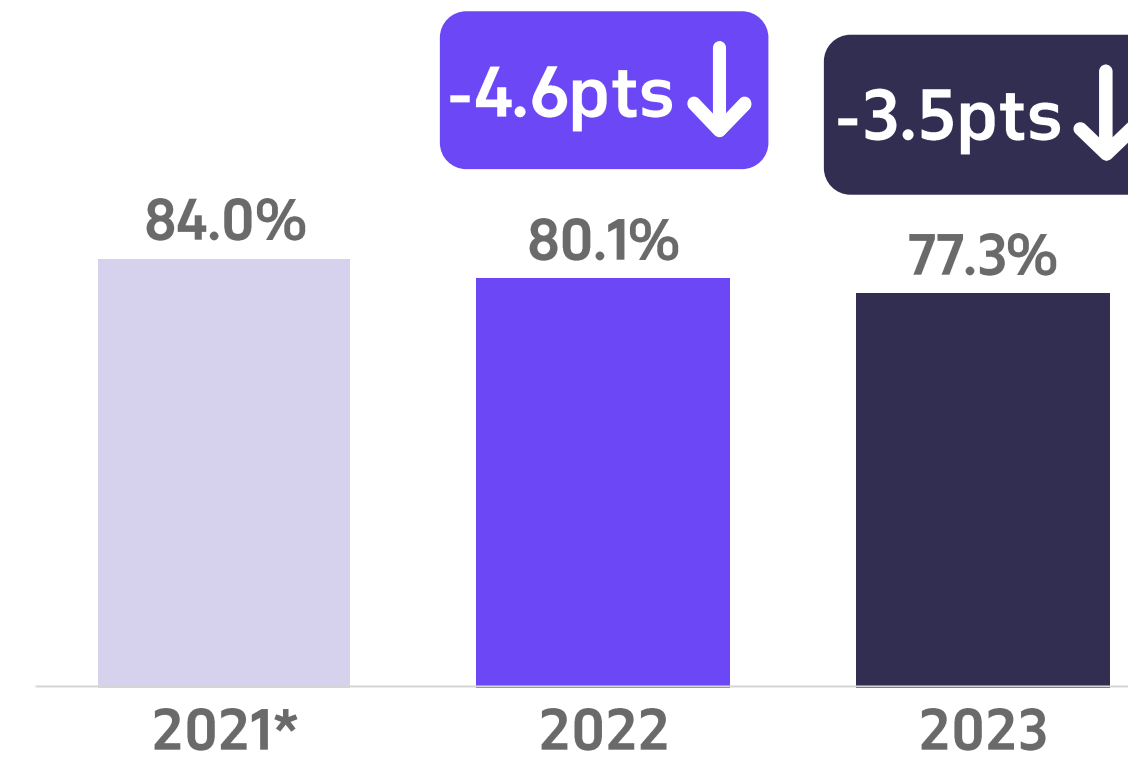
CEO Opening Remarks

Key Figures

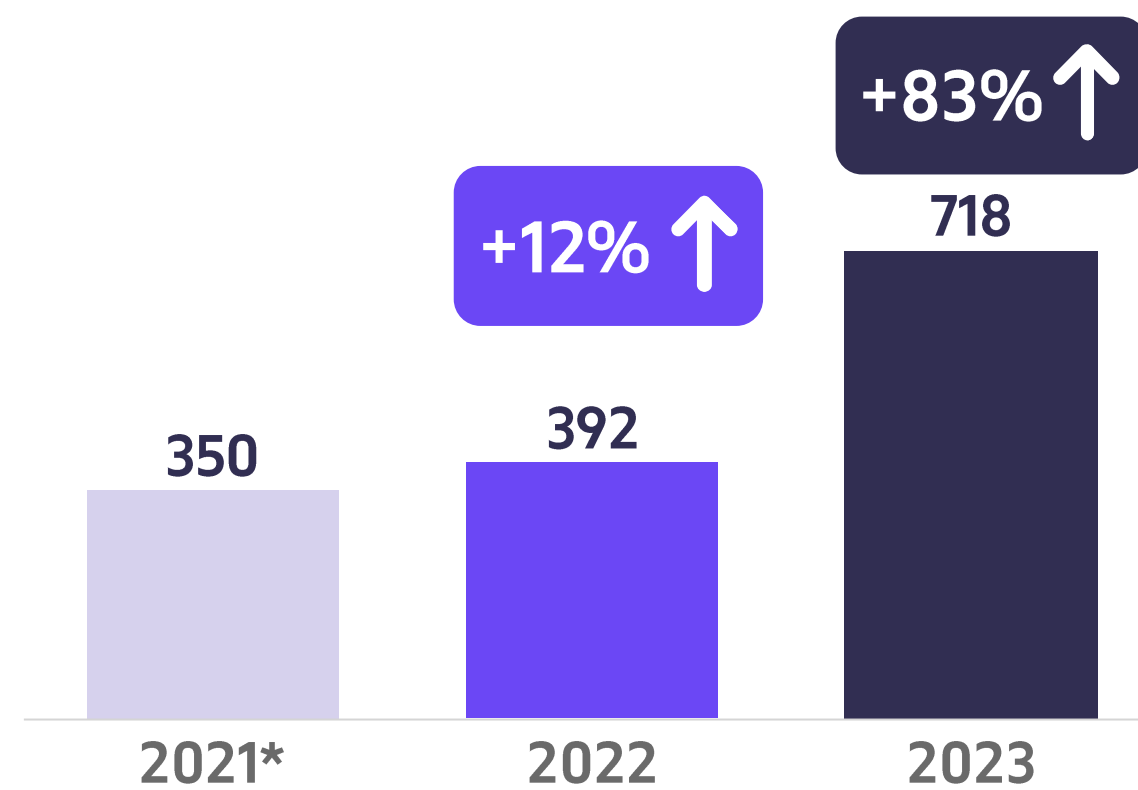
Gross Written Premiums



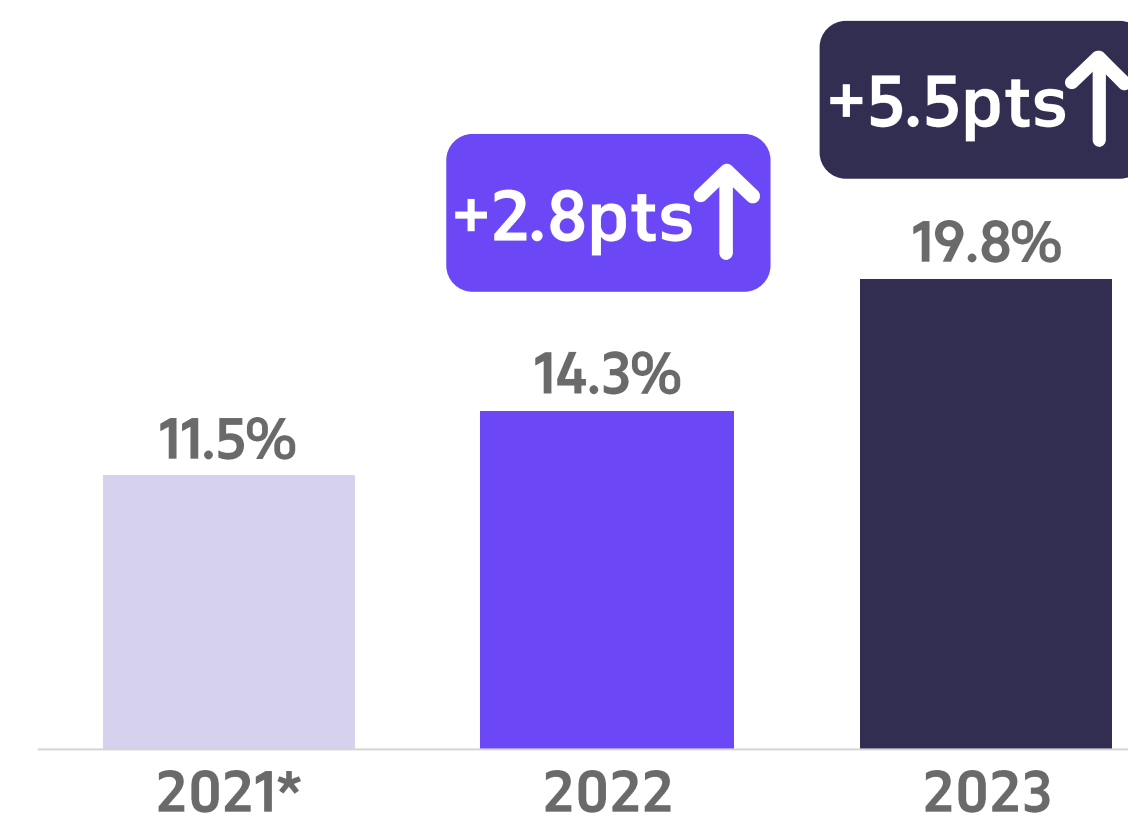
Loss Ratio



Net Income



ROE



02

Market Dynamics

KSA Insurance Industry OVERVIEW



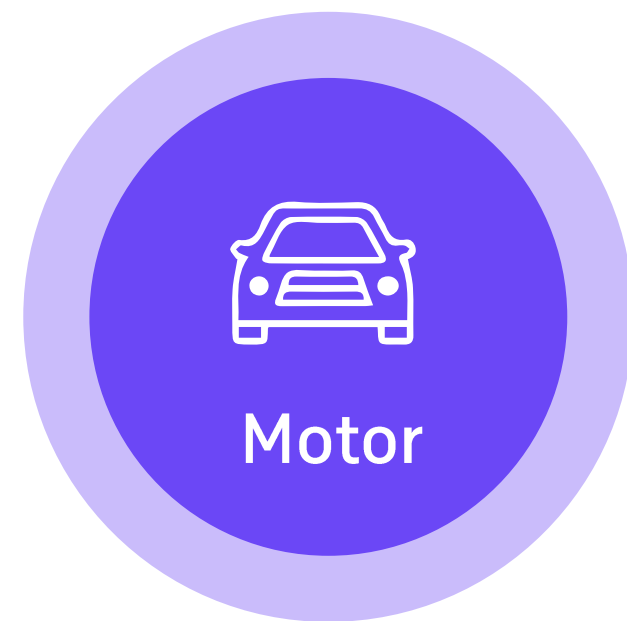
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Up to Q4 2023, insurance/Reinsurance companies existed.

Key Insurance Sectors



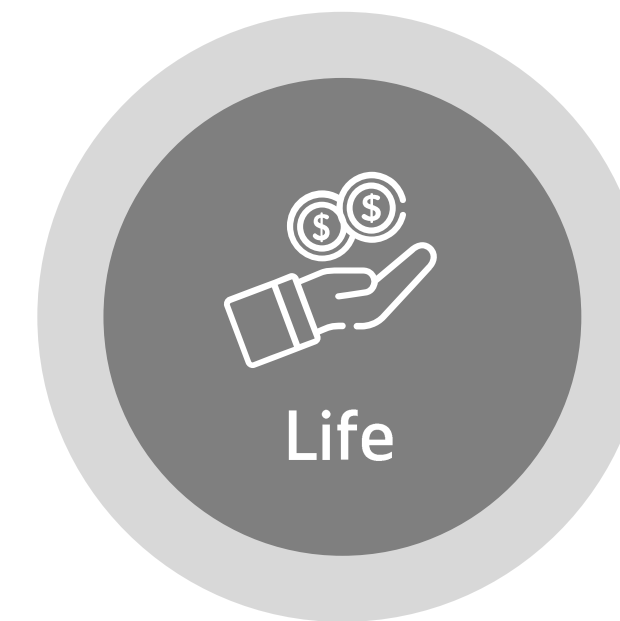
Health



Motor

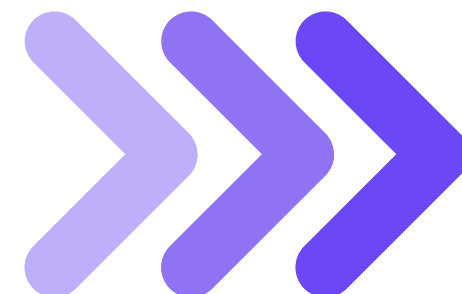


General



Life

Restructuring the Insurance Sector:



Before Establishing the Insurance Authority :

CHI: The council of health insurance is an independent government body, to regulate the private Health insurance beneficiaries and providers.

SAMA: Supervise and regulate the insurance and financial sector.

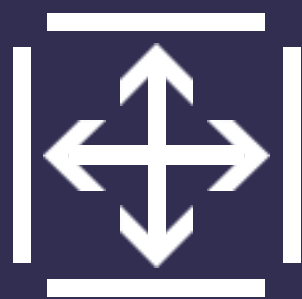
After Establishing The Insurance Authority :

CHI: The council of health insurance is responsible regulating the providers.

SAMA: Supervise and regulate the financial sector only.

Financial Sector Development Program (FSDP)

FY2025 Commitments for Insurance Sector



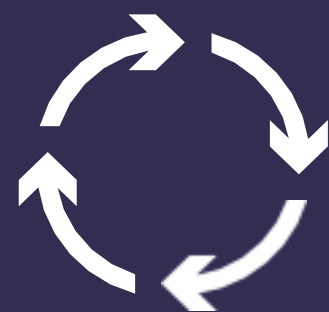
2.09%*

Increase the ratio of GWP to non-oil GDP to 2.4% by 2025



56%*

Achieve Coverage Ratio of motor insurance schemes of 77% by 2025



33.8%*

Achieve Coverage Ratio of health insurance schemes of 45% by 2025



SAR 55*

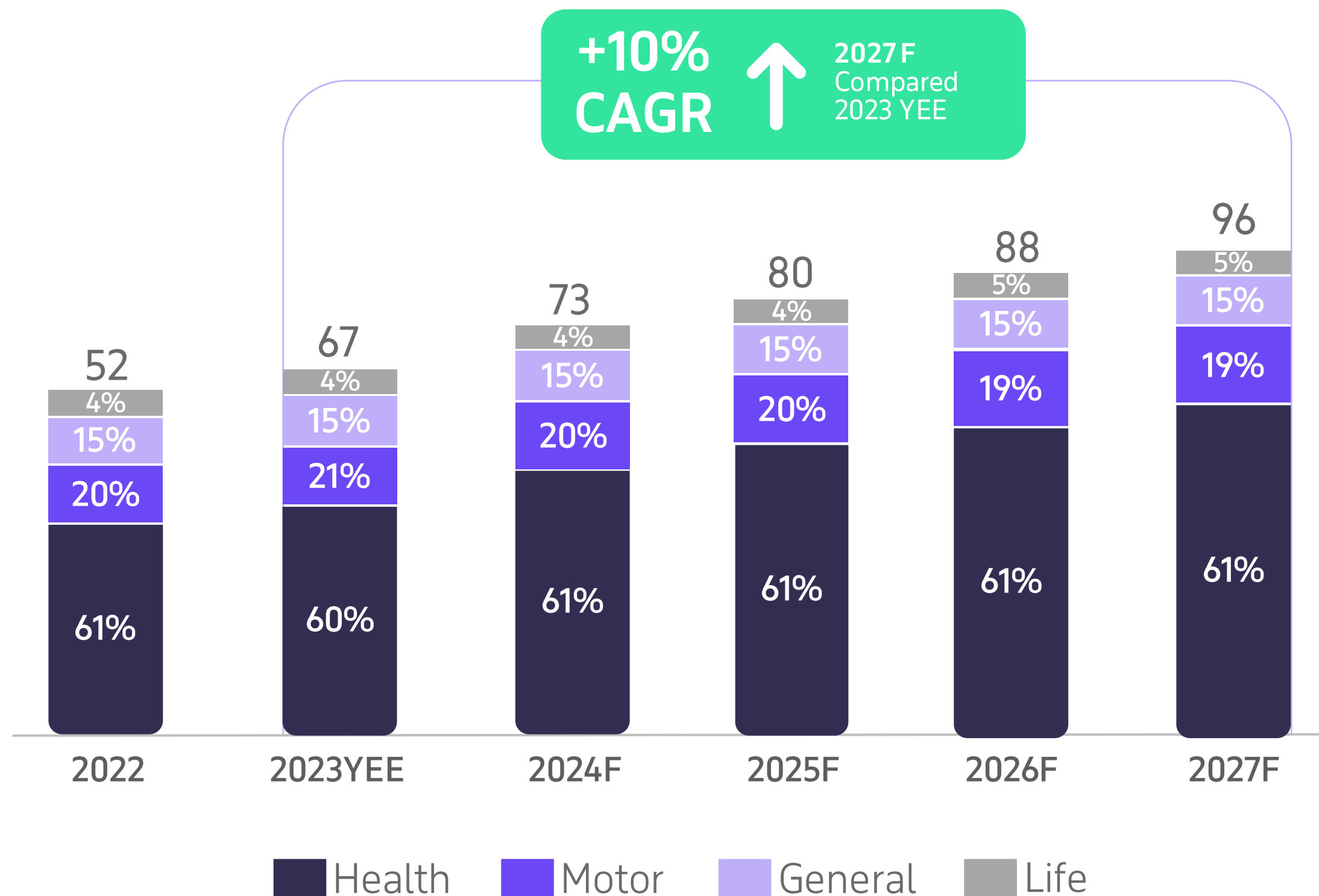
Aim to increase Life GWP / capita to SAR 45

*As per Q1 2023 FSDP's Report

KSA insurance sector experienced robust growth in 2023

and is expected to grow at 10% CAGR to reach SAR 96 Bn by 2027

KSA forecasted GWP Evolution till 2027 (SAR Bn)



Key Insights

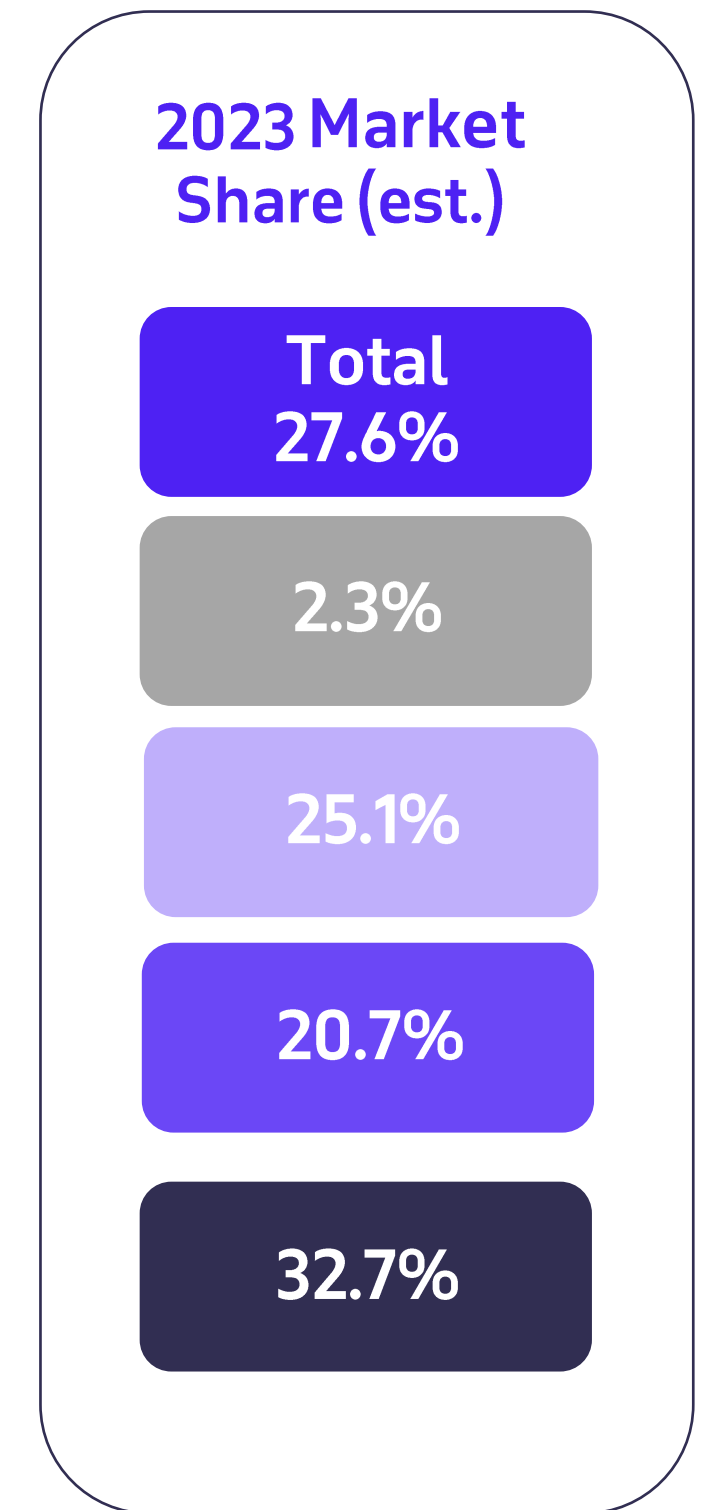
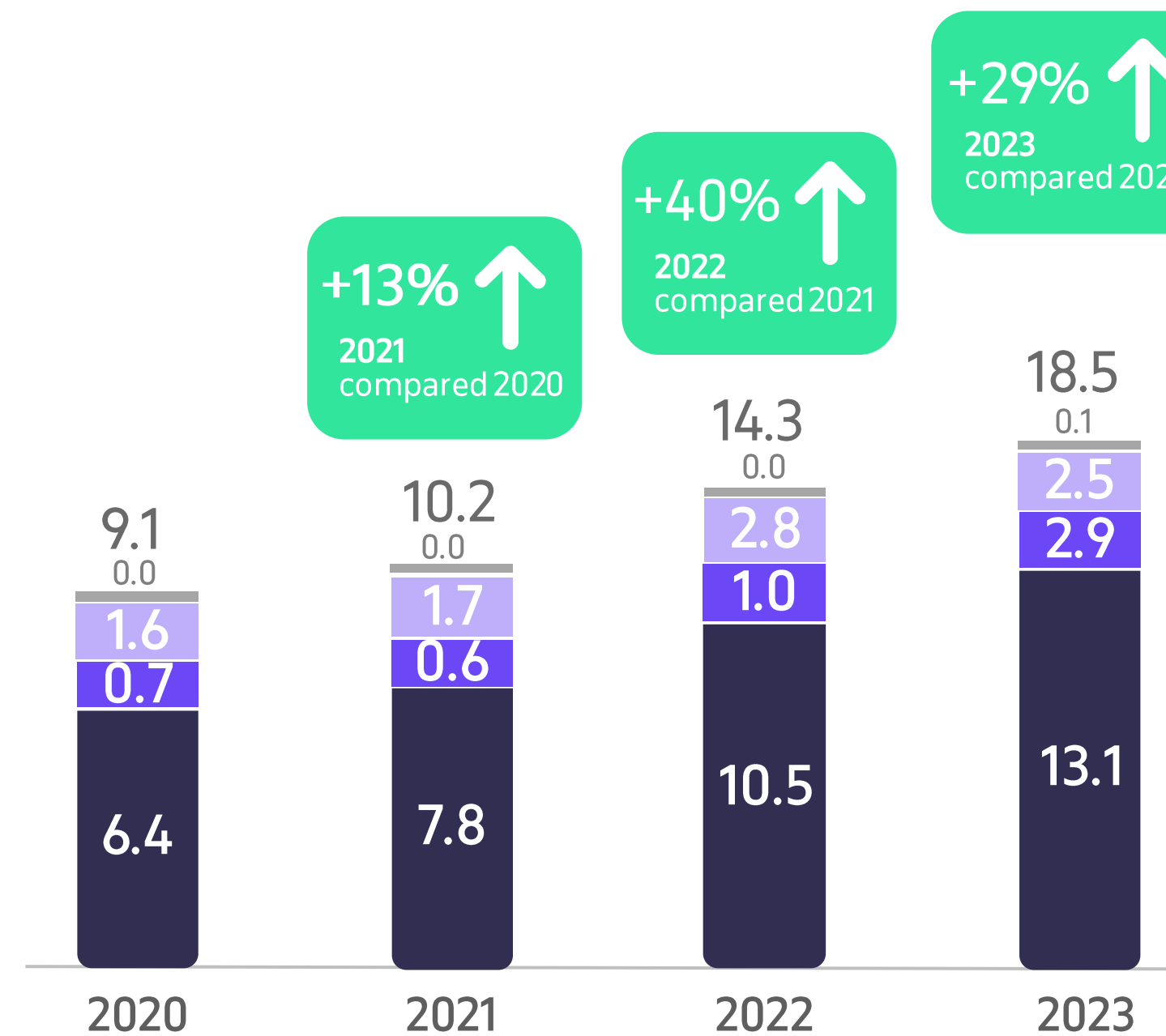
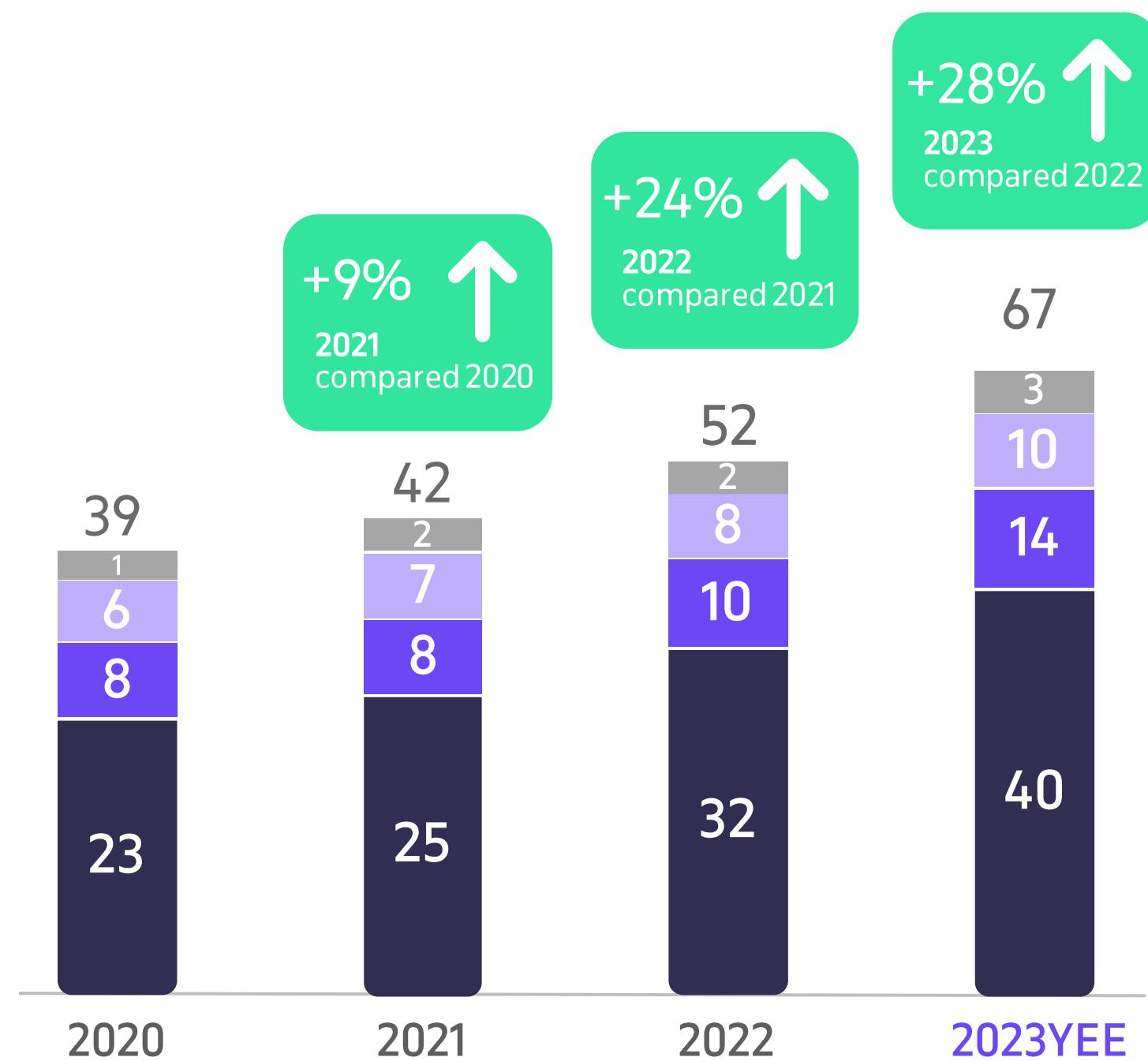
- ❖ KSA market is expected to grow by 10% CAGR in line with Vision 2030 objectives and FSDP commitments
- ❖ Other growth drivers include an increase in health beneficiaries by ~7% Q4-22 vs Q4-23, increase in domestic worker penetration, new job creation and decrease in unemployment rate by 0.7 Q3-22 vs Q3-23
- ❖ Market experiences favorable regulations due to increased penetration for mandatory medical and motor coverages

Source: SAMA, Public market reports, Tawuniya Analysis

KSA insurance market has experienced growth in GWP in 2023, while Tawuniya's growth has been faster than the market...

Market experienced strong growth in 2023, in SAR B

Tawuniya has outperformed the market, in SAR B



Health Motor General Life

03

Tawuniya Overview

Tawuniya established its five-year strategy in 2021 based on four core pillars...

Purpose
(why we exist)

"Together for a safer life and bigger dreams"

Vision
(how big is our dream)

"Largest insurer in the MENA region through superior organic growth and regional expansion"

Mission
(what we will be known for)

"Exceed expectations through superior customer experience and service excellence"

Perspectives

1. Financial

2. Customer

3. Internal Processes

4. People

Key Strategic Promises

EXTRAORDINARY RESULTS

CUSTOMER EXPERIENCE

OPERATIONAL EXCELLENCE

PASSIONATE PEOPLE

Objectives

Profit Maximization

Enhance Product Value Proposition

Improve Process Efficiency

Build Human Capital Capabilities

Increase Top Line Growth

Enhance Customer Experience

Enable Digitalization

Top Employer of Choice

... and has made remarkable progress over the past two years towards 2025 commitments

Base Line (2021)

2021 baseline numbers that we made our commitment based on

- 1 3rd largest insurer in MENA
- 2 SAR 10.2 Bn GWP
- 3 24% market share
- 4 350 Mn in net income
- 5 11.5% ROE

2025 commitments

In 2021 we committed on an ambitious strategy for 2025

- 1 Largest MENA insurer
- 2 SAR 17 Bn organic GWP
- 3 26% market share
- 4 SAR 1 Bn net income
- 5 20% ROE

Key Milestones (FY2023)

In two years, we have delivered upon three commitments

- 1 Achieved MENA Leadership
- 2 SAR 18.5 Bn GWP
- 3 27.6% market share
- 4 718 Mn in net income
- 5 19.8% ROE

Tawuniya's Strategic Agenda

OVERVIEW



Value Chain Integration

- 2 clinics launched
- 2 clinics opened inside commercial entities
- 1 center launching within two months



Technology

- 87% of customers are never associated with Tawuniya
- Pet Insurance is launching in Q2
- 45K active policies by end of 2023



Partnerships

- +500,000 active member*
- +58 Billion Steps since launch*
- +103 Million Hours of sports activities*





Product Innovation

- +300,000 registered users
- +35 Million trips
- +349K vouchers given worth +5 Million (SAR)

Credit Rating & Reinsurance Partners

Credit Rating Reflected Solid Financials

	<u>Rating</u>	<u>Outlook</u>
 STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	Solicited (A)	Stable
 FitchRatings	Solicited (A)	Stable



Our International Reinsurance Partners



Munich Re is rated "AA-" by S&P



Swiss Re is rated "AA-" by S&P



Everest Re is rated "A+" by S&P



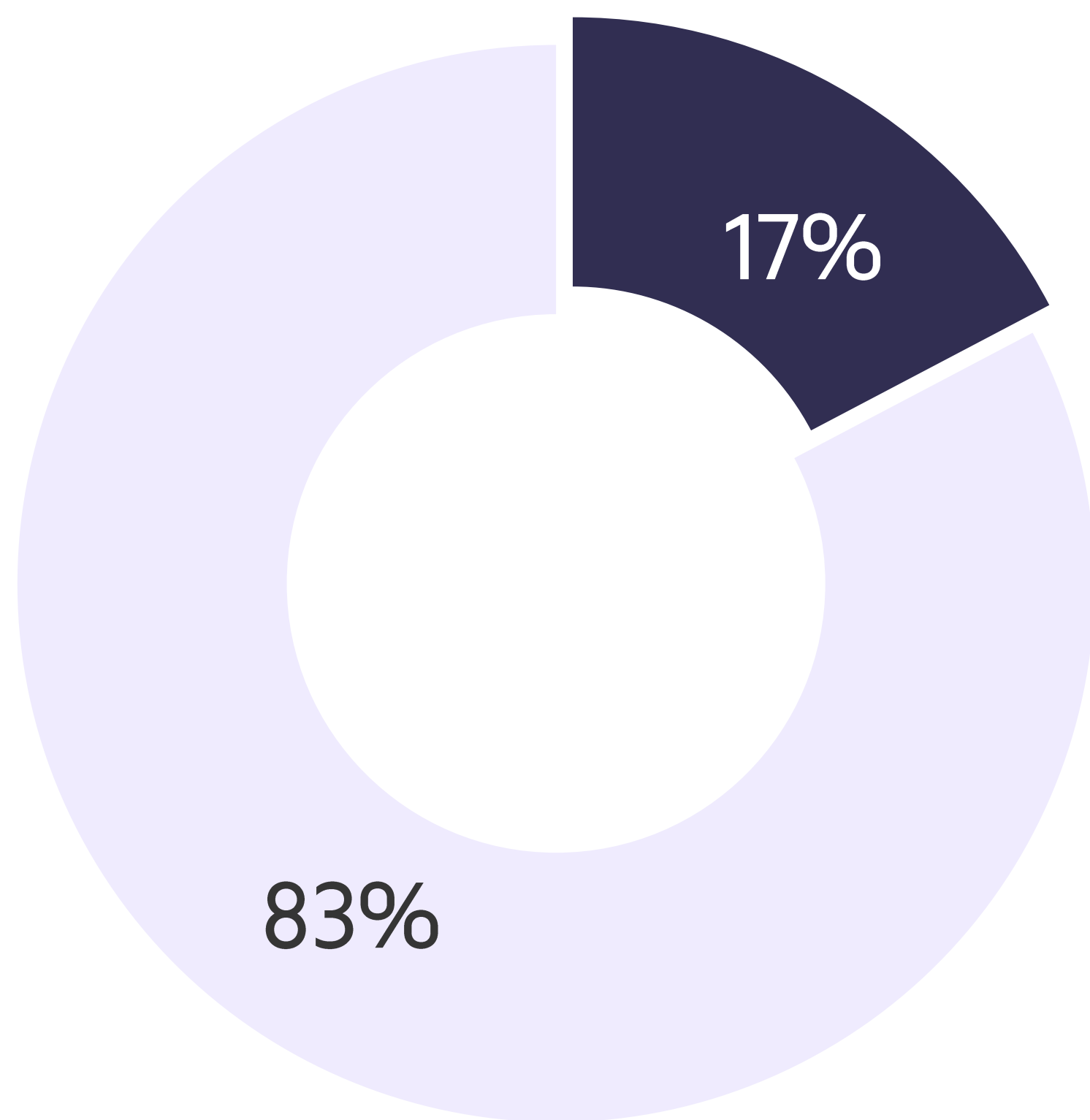
R+V is rated "A+" by S&P



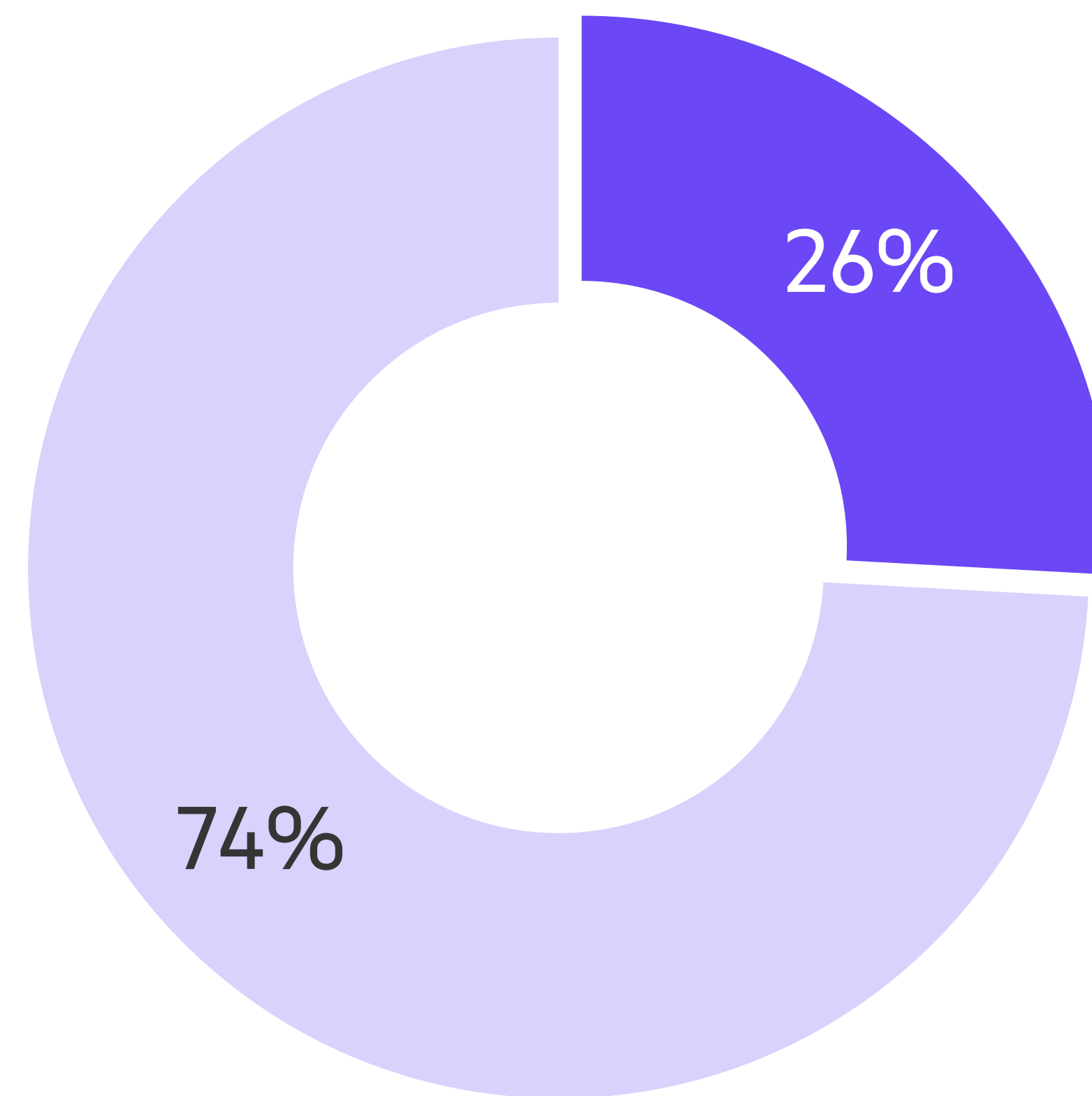
LLOYD's is rated "A+" by S&P

Shareholder Structure

As of Dec 31st, 2023



Foreign Local



GOSI Publicly floated

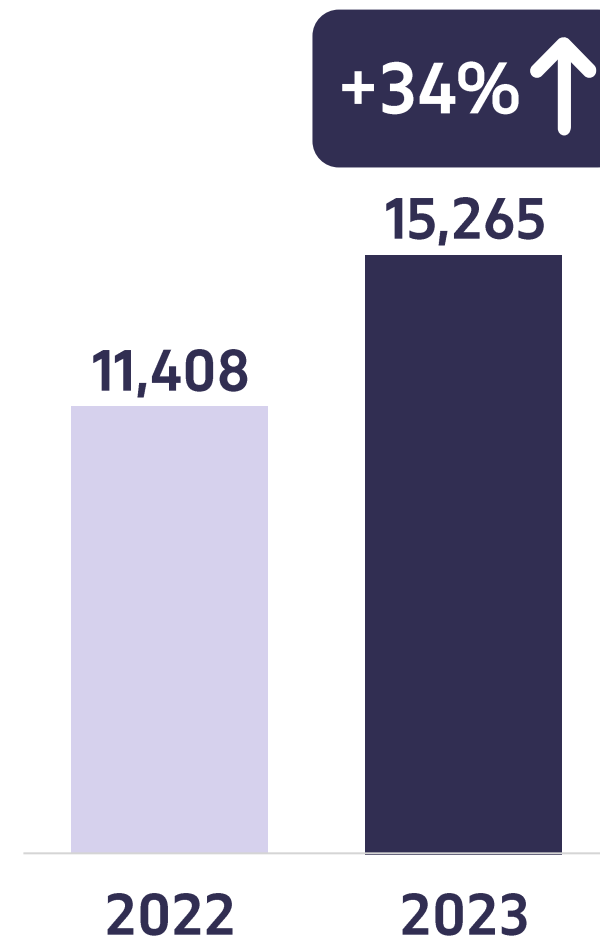
04

Tawuniya's Financial Performance FY2023

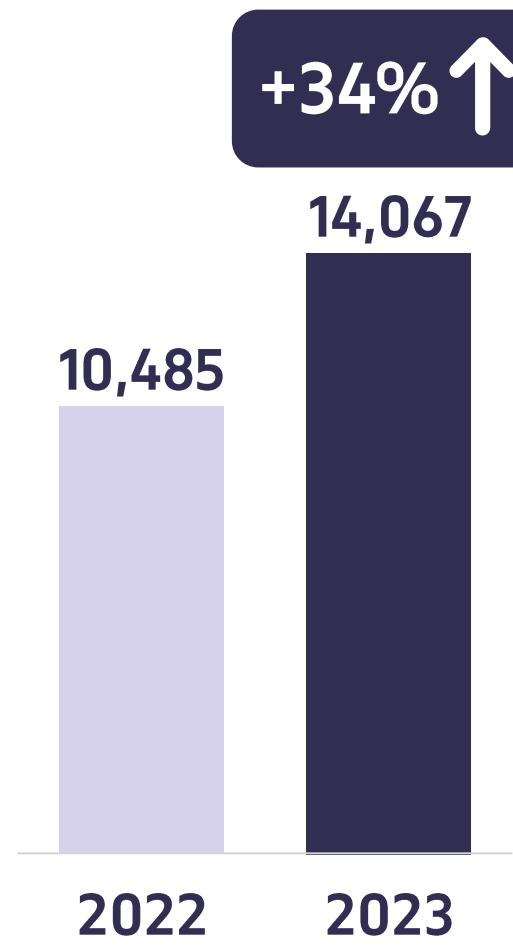
2023 Tawuniya Performance (IFRS 17)

(In SAR' million)

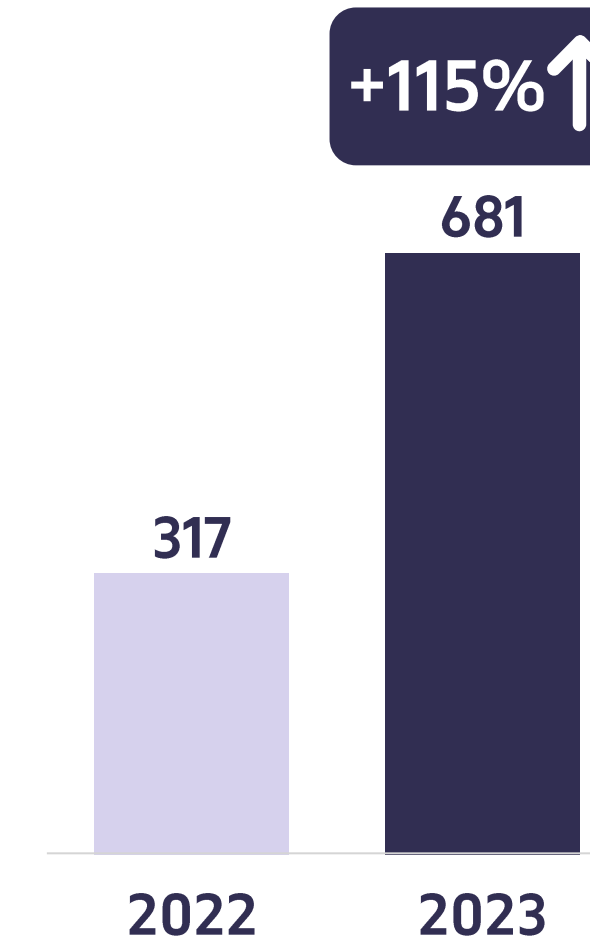
Insurance Revenue



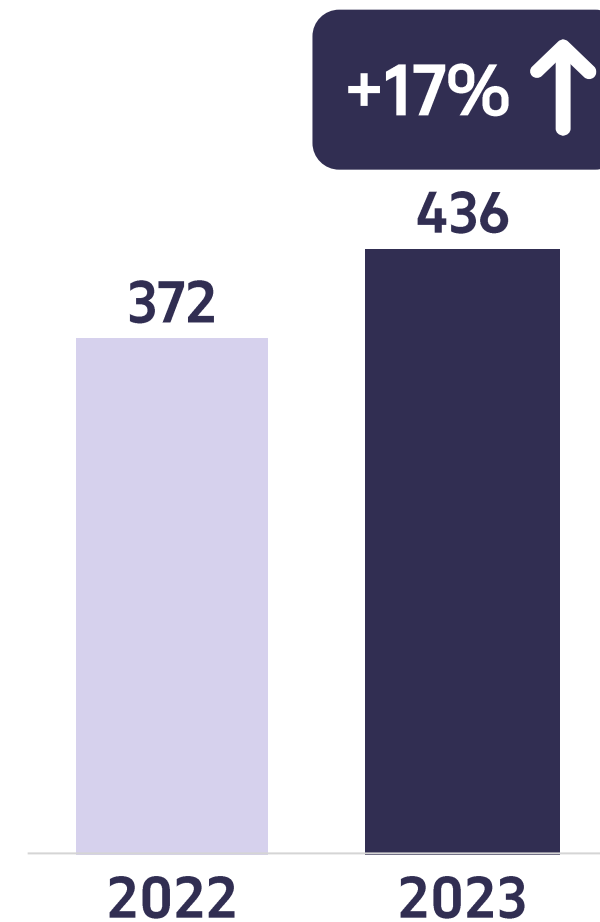
Insurance Service Expenses



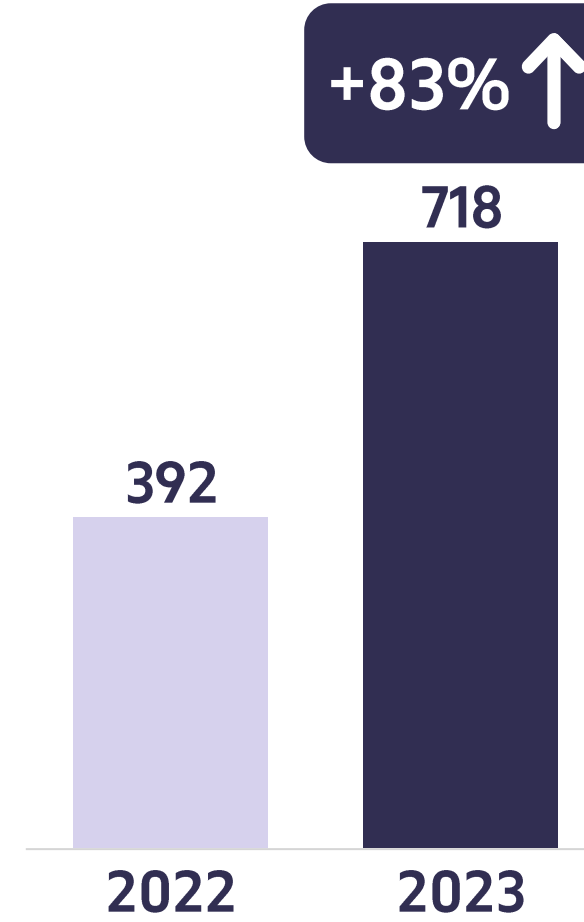
Insurance Service Result



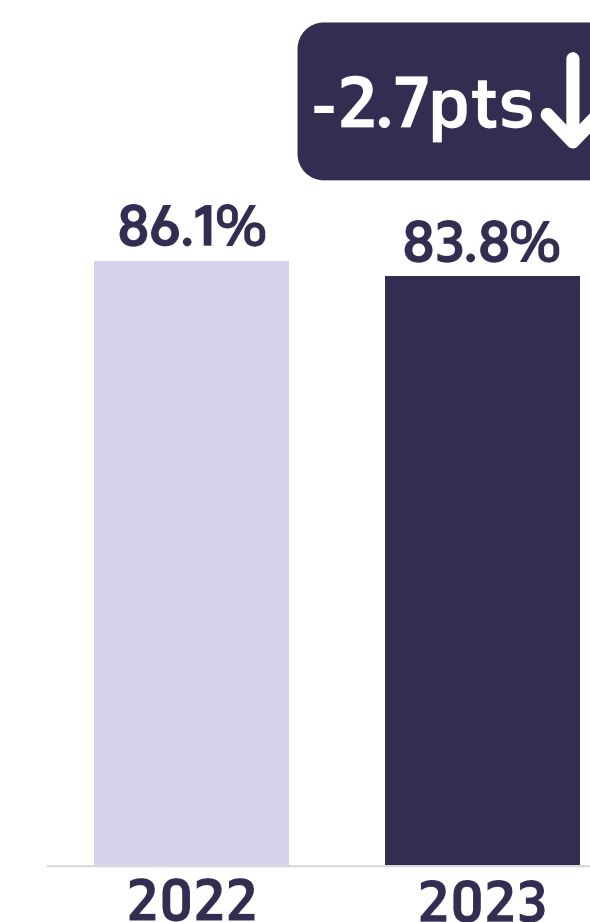
Investment Income



Net Income



Loss Ratio



2023 Tawuniya's Sectors Results (IFRS 17)

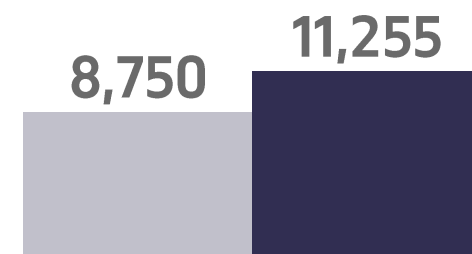
(In SAR' million)

Health

Insurance Revenue



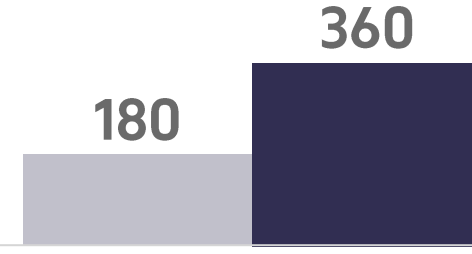
+28.6%



Net Insurance Result



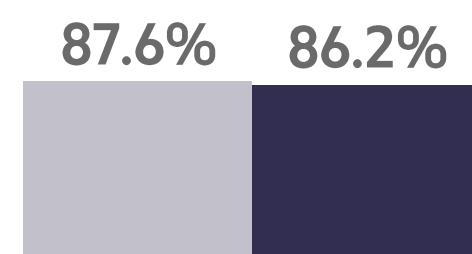
+99.9%



Loss Ratio



(1.4) pts



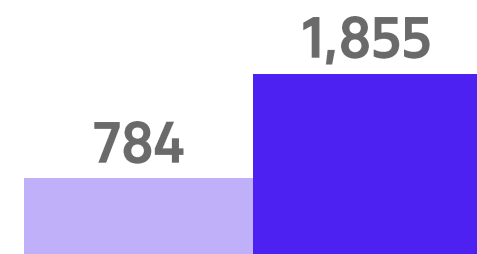
2022 2023

Mobility

Insurance Revenue



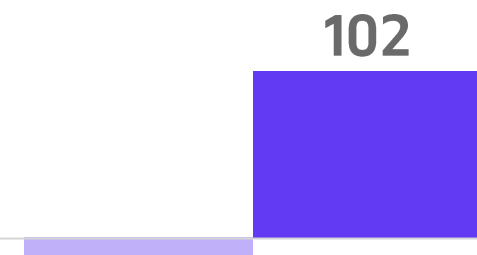
+136.5%



Net Insurance Result



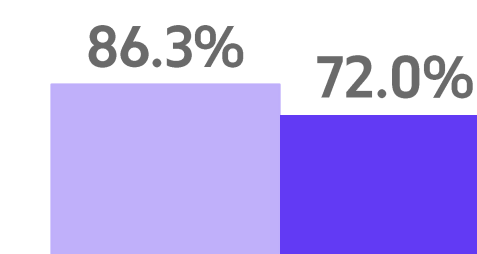
+1,172.7%



Loss Ratio



(14.3) pts



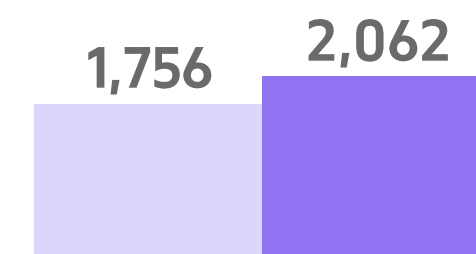
2022 2023

General

Insurance Revenue



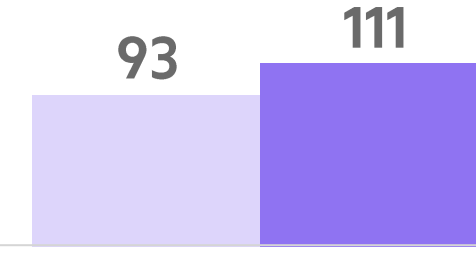
+17.4%



Net Insurance Result



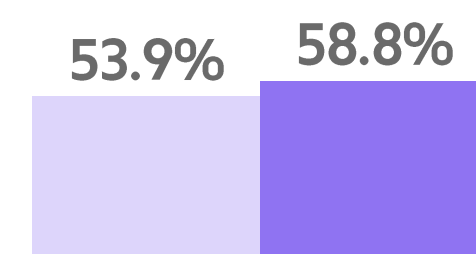
+20.1%



Loss Ratio



4.9 pts



2022 2023

2023 Tawuniya's Results (IFRS 4)

(In SAR' million)



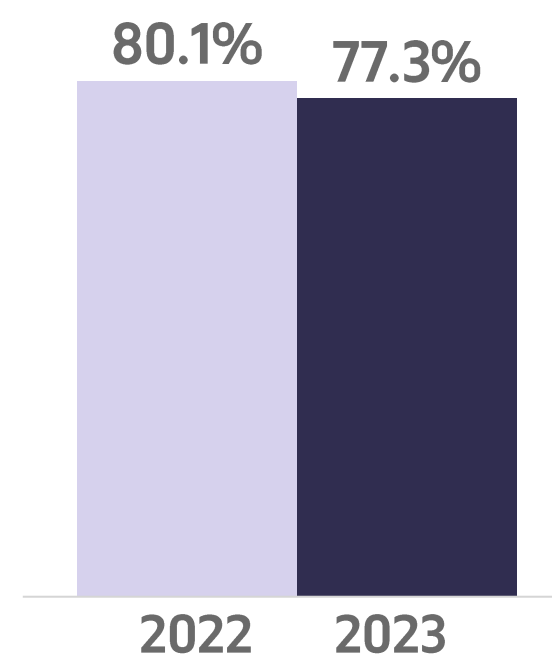
GWP

18,470 +29% ↑

Loss Ratio



-(2.8) pts



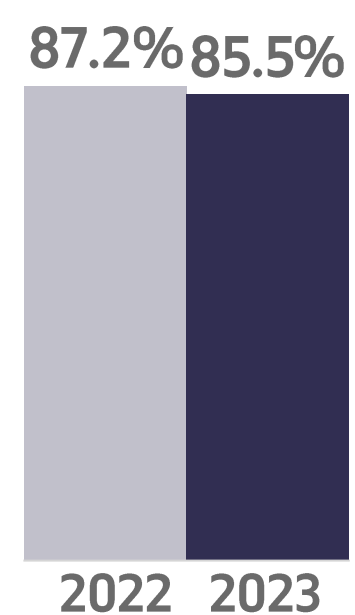
GWP

12,516 +26% ↑

Loss Ratio



-(1.7) pts



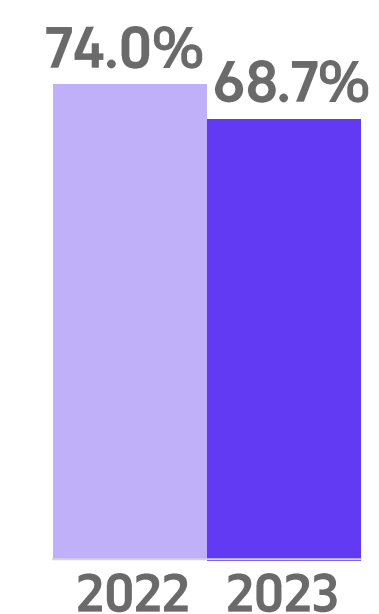
GWP

2,822 +171% ↑

Loss Ratio



-(1.7) pts



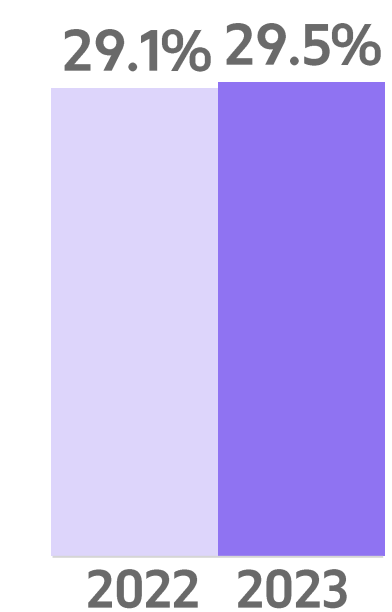
GWP

2,180 +2% ↑

Loss Ratio



+0.4 pts



FY2023 Tawuniya's Results (IFRS 4 vs. IFRS 17)

(In SAR' million)

P&L – IFRS 4			
Description	FY '23	FY '22	%
Gross premiums written	18,470	14,350	29%
Net premiums written	16,237	12,165	33%
Net premiums earned	14,123	10,561	34%
Reinsurance commissions/underwriting Income	169	148	14%
Total revenues	14,292	10,710	33%
Net claims and other benefits incurred	(10,913)	(8,455)	29%
Policy acquisition costs	(1,189)	(496)	140%
Other underwriting expenses	(324)	(251)	29%
Insurance share distribution	(322)	(441)	(27%)
Total underwriting costs and expenses	(12,747)	(9,643)	32%
Net underwriting income	1,545	1,067	45%
General and administrative expenses	(1,077)	(853)	26%
Allowance for doubtful debts	(115)	(34)	-
Investment income, net	404	304	33%
Other (expenses) / income, net	(37)	40	(193%)
Net income (before attribution and zakat)	720	524	37%
Net income attributed to insurance operations	(61)	(43)	39%
Net income (before zakat)	660	480	37%
Zakat charge for the period	(101)	(89)	13%
Net income (after zakat)	558	391	43%

P&L – IFRS 17			
Description	FY '23	FY '22	%
Insurance revenue	15,265	11,408	34%
Insurance service expenses	(14,067)	(10,485)	34%
Insurance Service Result	1,198	923	30%
Allocation of reinsurance premiums	(1,890)	(1,619)	17%
Amounts recoverable from reinsurers for claims	1,373	1,013	36%
Reinsurance Service Result	(517)	(606)	15%
Net Insurance Service Result	681	317	115%
Investment income	397	340	17%
Expected credit loss allowance on financial assets	16	(142)	(111%)
Net income on financial assets	413	198	108%
Insurance Finance income/expense	(142)	2	(6157%)
Reinsurance Finance income/expense	74	(8)	1012%
Net insurance financial result	1,026	510	101%
Share of profit from equity accounted investments	39	32	20%
Other operating expenses (non-attributable)	(427)	(178)	140%
Other income (net)	81	28	192%
Net income (before zakat)	718	392	83%
Zakat charge for the period	(101)	(89)	13%
Net income (after zakat)	616	302	104%

2023 Tawuniya's Results (IFRS 17)

(In SAR' million)

P&L – IFRS 17	
Description	FY '23
Insurance revenue	15,265
Insurance service expenses	(14,067)
Insurance Service Result	1,198
Allocation of reinsurance premiums	(1,890)
Amounts recoverable from reinsurers for claims	1,373
Reinsurance Service Result	(517)
Net Insurance Service Result	681
Investment income	397
Expected credit loss allowance on financial assets	16
Net income on financial assets	413
Insurance Finance income/expense	(142)
Reinsurance Finance income/expense	74
Net insurance financial result	1,026
Share of profit from equity accounted investments	39
Other operating expenses (non-attributable)	(427)
Other income (net)	81
Net income (before zakat)	718

IFRS 17 – Insurance Revenue & Insurance Expense Breakdown			
Description	FY '23	FY '22	%
Gross written premiums (GWP)	18,441	14,355	28%
Changes in gross unearned premiums	(2,199)	(1,984)	11%
Changes in ECL charge	(72)	(59)	(83%)
Shared pool elimination	(905)	(904)	7%
Insurance Revenue	15,265	11,408	34%
Incurred claims and other directly attributable expenses	(12,949)	(9,867)	31%
Risk adjustment due to incurred claims	(275)	(368)	(25%)
Changes that relate to past service	395	510	(23%)
Losses on onerous contracts and reversal of those losses	(69)	9	(867%)
Amortization of insurance acquisition cash flows	(1,169)	(769)	52%
Insurance Service Expense	(14,067)	(10,485)	34%
Insurance Service Result	1,198	923	30%

2023 Tawuniya's Results (IFRS 17)

(In SAR' million)

P&L – IFRS 17	
Description	FY '23
Insurance revenue	15,265
Insurance service expenses	(14,067)
Insurance Service Result	1,198
Allocation of reinsurance premiums	(1,890)
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Insurance Finance income/expense	(142)
Reinsurance Finance income/expense	74
Net insurance financial result	1,026
Share of profit from equity accounted investments	39
Other operating expenses (non-attributable)	(427)
Other income (net)	81
Net income (before zakat)	718



IFRS 17 – Reinsurance Service Result Breakdown				
Description	FY '23	FY '22	%	
RI Ceding	(2,206)	(2,190)	0.7%	
Change In RI UPR	87	380	(77.1%)	
RI Commission Earned	160	136	17.6%	
Shared Pool Elimination	69	55	25.5%	
Allocation of reinsurance premiums	(1,890)	(1,619)	16.7%	
Incurred Claims Recovery	1,296	1,000	29.6%	
Risk Adjustment Due To Claims Recovery	99	172	(42.4%)	
Changes That Relate To Past Service	(14)	(186)	(92.5%)	
Loss-recovery Component	(18)	26	(169.2%)	
Effect Of Changes In Risk Of Reinsurers' Non-performance	10	1	900.0%	
Amounts recoverable from reinsurers for claims	1,373	1,013	35.5%	
Reinsurance Service Result	(517)	(606)	(14.7%)	

05

Questions

Keep in Touch

Upcoming Events:

-  Monday, June 3rd, 2024
-  Tawuniya Earnings Call

For More information contact us on:

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THANK YOU

