

Investors' Presentation



Q2 2019 Earnings Conference Call

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KSA Insurance Industry



KSA INSURANCE INDUSTRY

Active regulators... Over-supplied with Insurers... Compulsory-Driven market...



REGULATORS

Saudi Arabian Monetary Authority
(SAMA)



Council of Cooperative Health Insurance
(CCHI)



Capital Market Authority
(CMA)



LICENSED COMPANIES

33 insurance & reinsurance companies

88 Brokers

68 Agents

68 Loss Assessors & Adjusters

10 TPAs

3 Actuarial service providers

COMPULSORY PRODUCTS

All private sector employees
(including their dependents) must have
Health insurance through their
current employers

All motorists must carry a 3rd party
liability **Motor** insurance

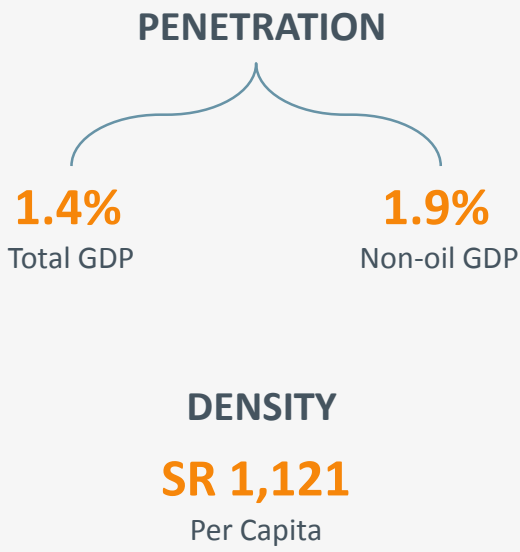
All government infrastructural projects
are required to have **Property &
Casualty** insurance

KSA INSURANCE INDUSTRY

Underpenetrated Market with **Medical** premium domination...

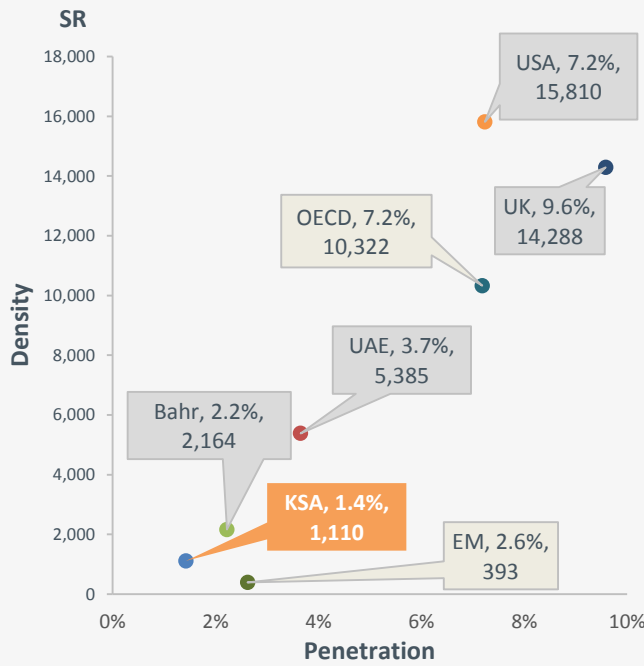


COUNTRY-LOOK



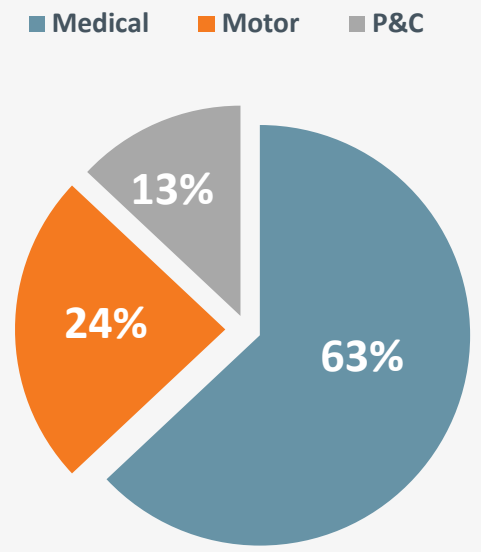
Source: SAMA 2017 Market Report

GLOBAL-LOOK



Source: Swiss Re Sigma 2017
EM: Emerging markets excl. China

GWP MIX*



* Includes Manafeth
* Excludes Saudi-Re, Wafa & Salama

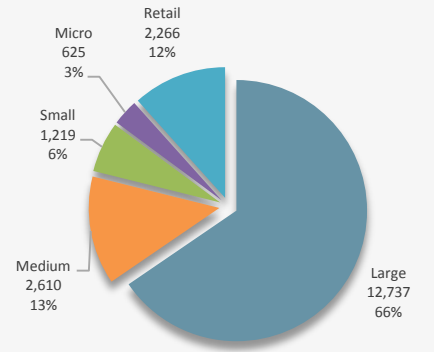
Source: Financial Statements from Tadawul

KSA Insurance Industry

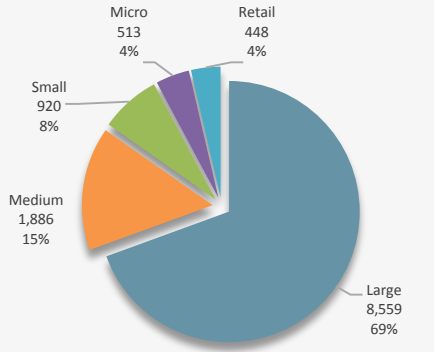
Corporate segment dominates market premiums...



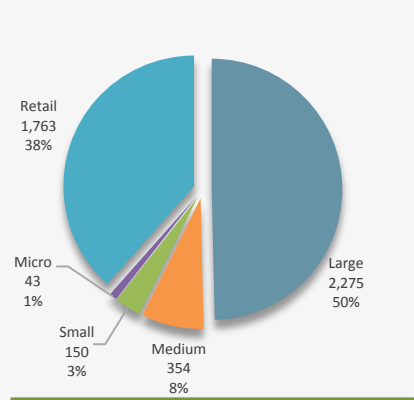
Overall Market Segment



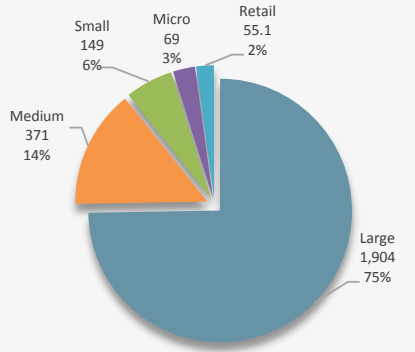
MEDICAL



MOTOR



P&C



Tawuniya's Market Share

Segment	Share	Rank
Overall	22.5%	2
Large	27.3%	2
Medium	9.1%	3
Small	15.1%	2
Micro	29.5%	1
Retail	12.9%	2

Tawuniya's Market Share

Segment	Share	Rank
Overall	27.0%	2
Large	32.6%	2
Medium	11.4%	2
Small	17.8%	2
Micro	29.1%	1
Retail	3.1%	9

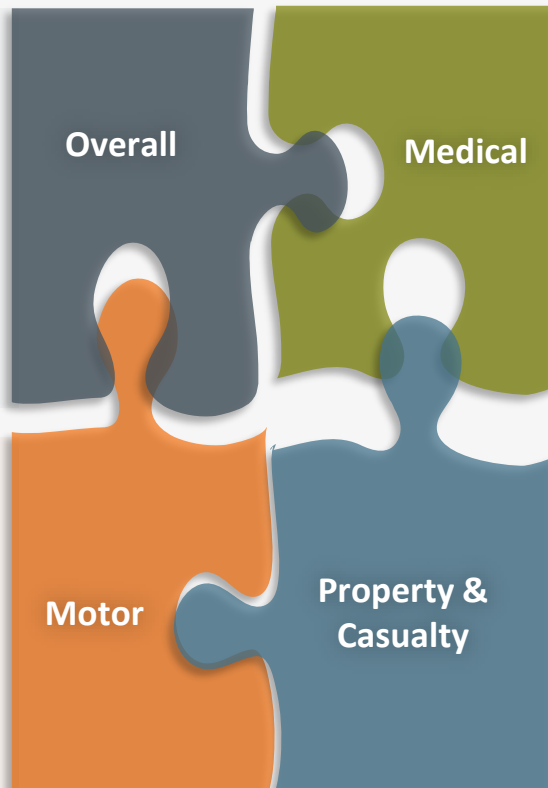
Tawuniya's Market Share

Segment	Share	Rank
Overall	6.9%	4
Large	0.8%	16
Medium	3.3%	8
Small	5.0%	5
Micro	19.3%	1
Retail	10.7%	3

Tawuniya's Market Share

Segment	Share	Rank
Overall	28.9%	1
Large	35.5%	1
Medium	2.6%	11
Small	8.3%	4
Micro	38.6%	1
Retail	21.7%	1

* Includes Manafeth
* Excludes Saudi-Re, Wafa & Salama



- ❑ **Consumers purchasing power** faced deflation from the beginning of 2019
- ❑ The introduction of **Hajj & Umrah Program** will positively improve market premiums
- ❑ **M&A discussions** are still underway by some insurers to strengthen their financial position

- ❑ **Expats exodus slowed down** compared to 2018
- ❑ **CCHI enforcement** on Saudis in the private sector added 483K insured so far compared to 2018
- ❑ **CCHI table of benefits** impact on price increases ended on July 2019

- ❑ **Low enforcement: 45% to 50%** of the addressable market in insured, and FDS targets are still far from 75%
- ❑ **Purchase of new Vehicles** started showing some improvements from June 2019
- ❑ **No Claim Discounts** is impacting premiums

- ❑ **Positive growth in 6M 2019**, after 2018 decline due to the adverse economic conditions
- ❑ **Highly reinsured** line of business



Hajj Product Coverage

- Coverage Period: 60 days
- Flight Delay and Cancellation
- Accidental Death
- Repatriation
- Total Permanent Disability



Umrah Product Coverage

- Coverage Period: 30 days
- Flight Delay and Cancellation
- Accidental Death
- Repatriation
- Total Permanent Disability
- Medical emergency in Private and Public Hospitals



Operating Model





1. Tawuniya will be acting as Lead Insurer on the program representing the insurance industry.
2. The program will be on a "co-insurance" basis with the insurance sector.
3. In brief, Tawuniya will:
 - Book all GWP associated to the program
 - Receive an administration fee
 - Receive a management fee
 - Receive a share of the Net Surplus which is distributed to all participating insurers
4. Remaining Net Surplus will be distributed equally to participating insurers based on their Line of Business offerings.
5. The contractual agreement with Tawuniya will be exclusive and for 4 years.



2020 GWP (Estimated)

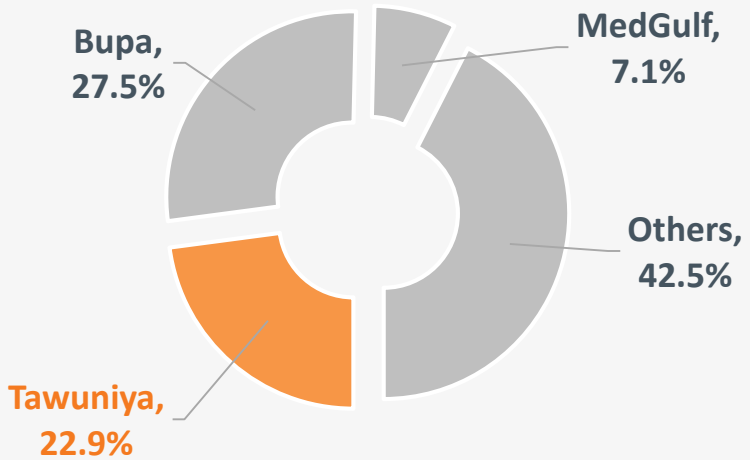
SR 1.0 to 1.3 Billion

KSA INSURANCE INDUSTRY

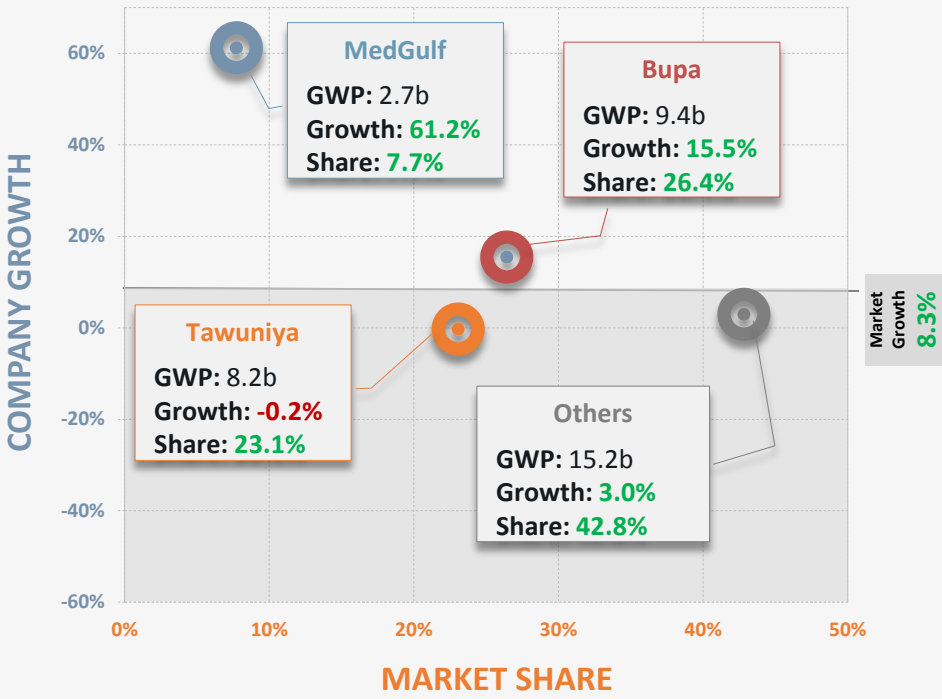


57.5% of market premiums are controlled by the top 3 players...

I Tawuniya & MedGulf cover all lines of business while Bupa only covers health insurance



Y-O-Y MARKET SHARE



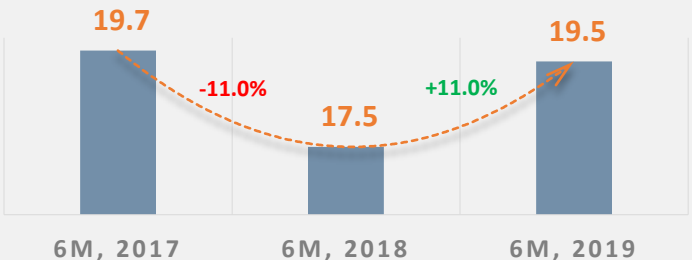
* Includes Manafeth
* Excludes Saudi-Re, Wafa & Salama

KSA INSURANCE INDUSTRY

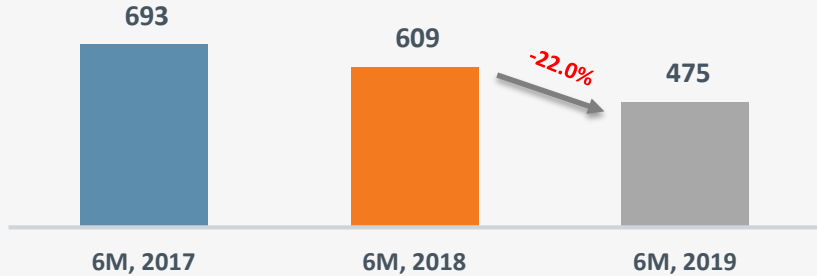
Market facing **challenging conditions** in profitability...



MARKET GWP

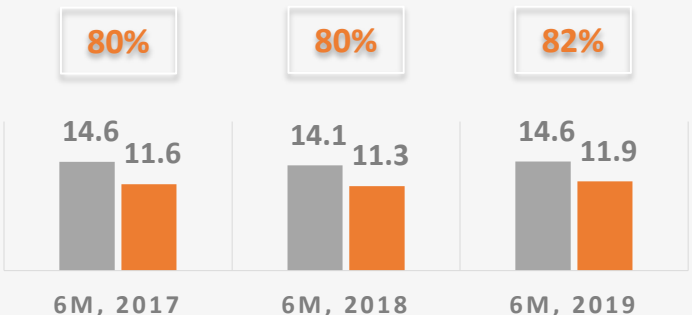


NET INCOME

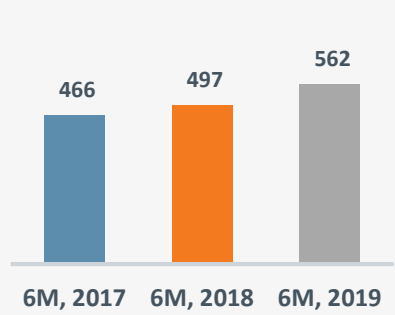


MARKET LOSS RATIO

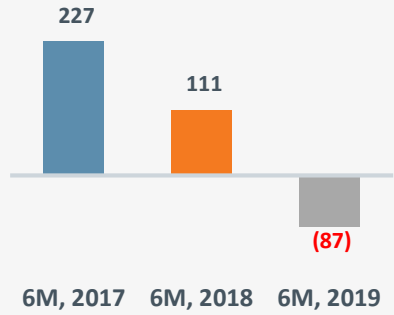
■ Earned Premium ■ Incurred Claims



INVESTMENT INCOME



NON-INVESTMENT INCOME



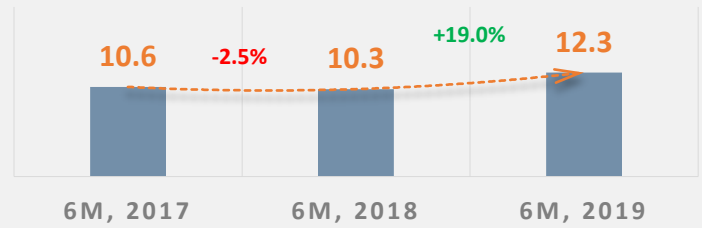
* Includes Manafeth
* Excludes Saudi-Re, Wafa & Salama

KSA INSURANCE INDUSTRY

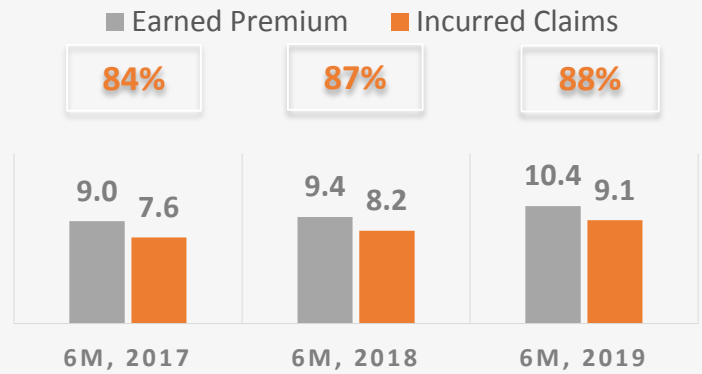


Medical Market experiencing price and loss ratio increases...

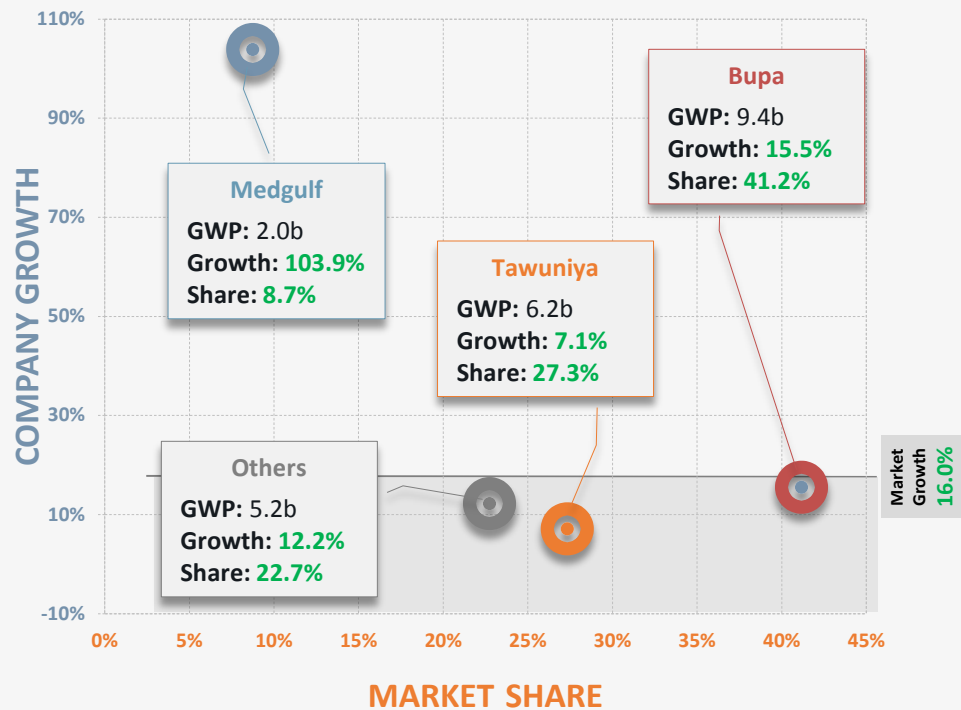
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



* Excludes Saudi-Re, Wafa & Salama

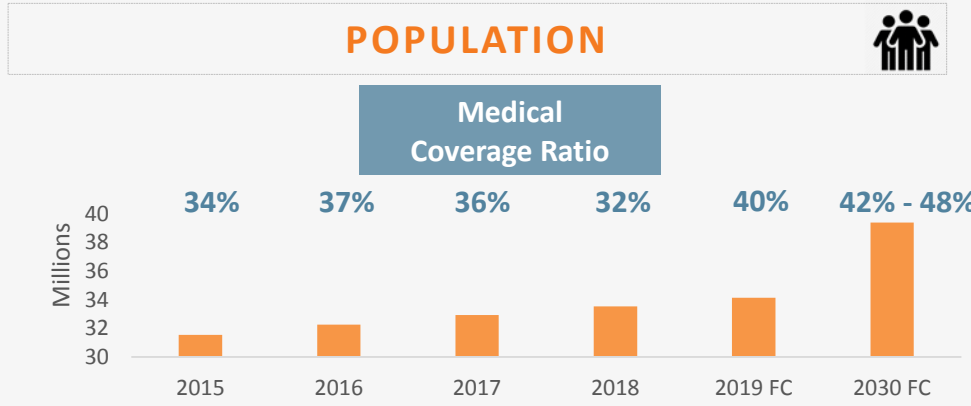
KSA Insurance Industry



Medical market has **major room for growth** in the coming decade...

Medical Market Opportunities

- ✓ Saudi dependents: **2 M lives** during 2019
- ✓ Government Programs: **3 M lives** up to 2030
- ✓ Domestic Workers: **2.4 M lives**
- ✓ Insurance for visit visas (religious & tourism) would target **temporary** medical coverage for around **17 M lives** yearly



Tawuniya's Competitive Position

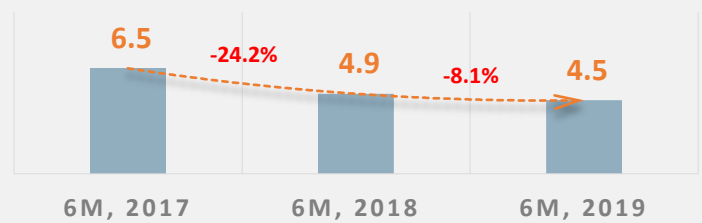
- Current large market share **(23.1%)**
- Comprehensive insurer with attractive products and value propositions **(example: SME 360 product)**
- **Trusted brand** with strong relationships across all stakeholders.
- **Strong and comprehensive distribution channels** providing full reach to clients.
- **Continuous innovation and investments** in services, products, and digitalization.

KSA INSURANCE INDUSTRY

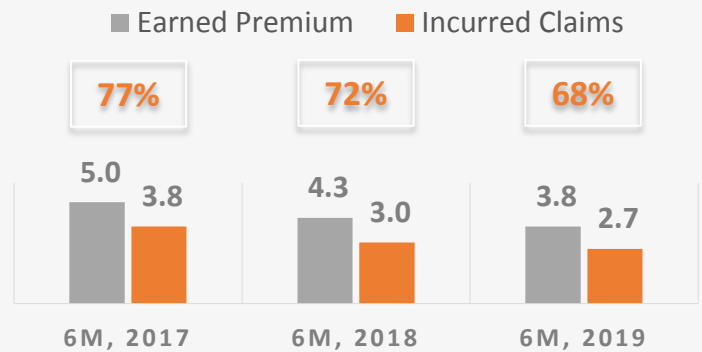
Motor Market experiencing premium decline...



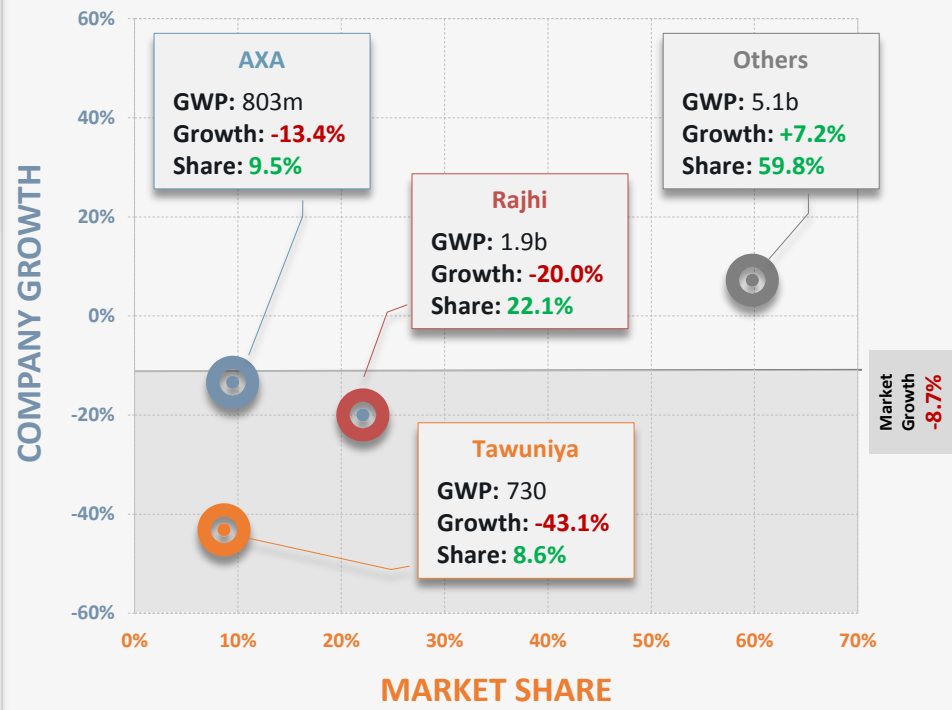
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



* Excludes Manafeth
* Excludes Saudi-Re, Wafa & Salama



Motor market holds **promising factors to double its size** in the coming decade...

Motor Market Opportunities

- ✓ Vehicles: around **12 m** in 2018
- ✓ Government Programs: increase **insurance coverage** from 45% to 75% by 2020
- ✓ Women Driving: expected **gradual increase** in market premiums
- ✓ SAMA released a draft to **convert leasing programs** into retail products
- ✓ Regulations: No claim discount is expected to **improve driving behaviour**



Tawuniya's Competitive Position

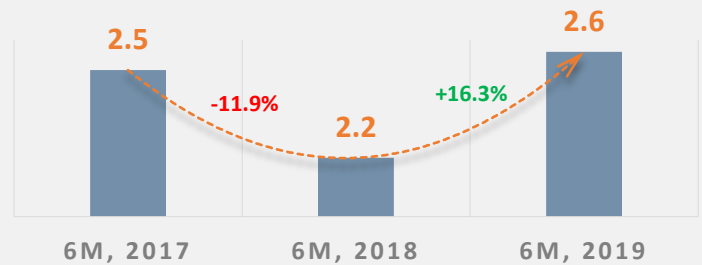
- **Strong technical performance** to compete for market share.
- **Strong and comprehensive distribution channels** providing full reach to clients.
- The company is implementing **new digital platforms** which will enhance customer experience.
- Solid portfolio with **large share of Comprehensive-insured clients**. (i.e. access to leasing clients once converted to retail)

KSA INSURANCE INDUSTRY

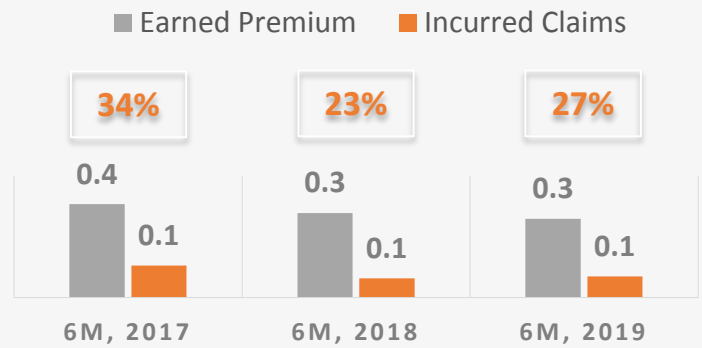
P&C Market experiencing premium increase... Tawuniya has the “lion-share”



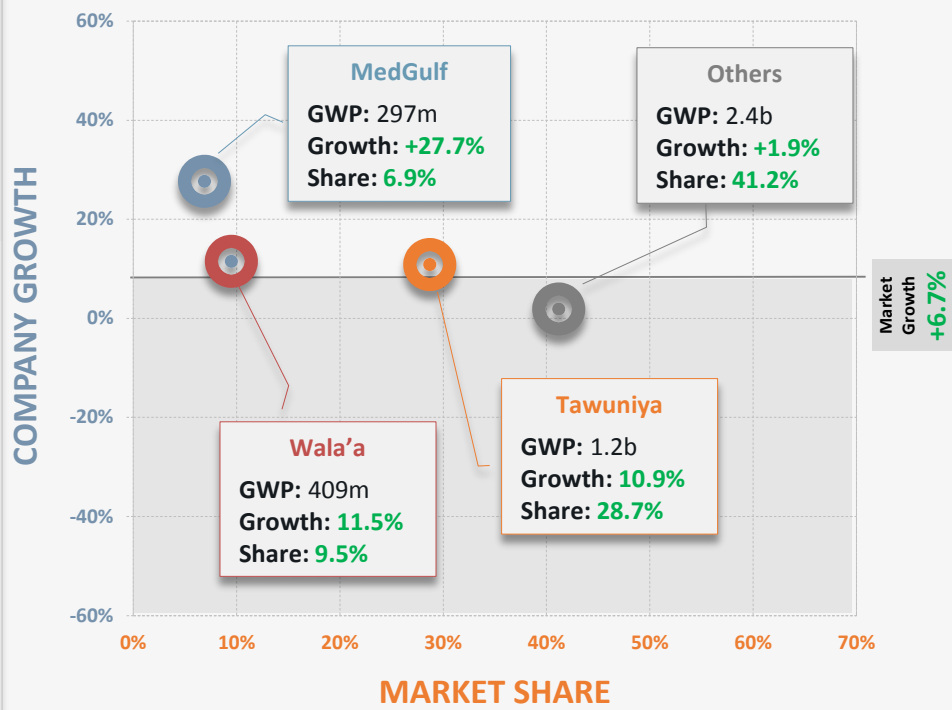
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



* Excludes Saudi-Re, Wafa & Salama



P&C market will be **positively impacted** in the coming decade...

P&C Market Opportunities

- ✓ Number of business establishments: **484K** in 2018
- ✓ Government Programs: **mega projects** by the government (*Solar Power, NEOM, Red Sea, Qiddiya & Amala*)
- ✓ Hajj & Umrah: **17.5 m** pilgrims by 2020 (*comprehensive coverage*)
- ✓ Products: introduction of **niche** coverage (*cyber security*)
- ✓ Regulations: development of **mortgage market** will enhance demand for non-compulsory products

Tawuniya's Competitive Position

- **Dominating position** in the market.
- **Strong relations** with stakeholders, international partners, and reinsurers.
- **Strong risk management capabilities** allowing to assess and capture positive risks.



Tawuniya Performance





TAWUNIYA PERFORMANCE

6M 2019 experienced growth in Medical and P&C lobs...

GWP (SAR MILLION)

TOTAL
Including
Manafeth

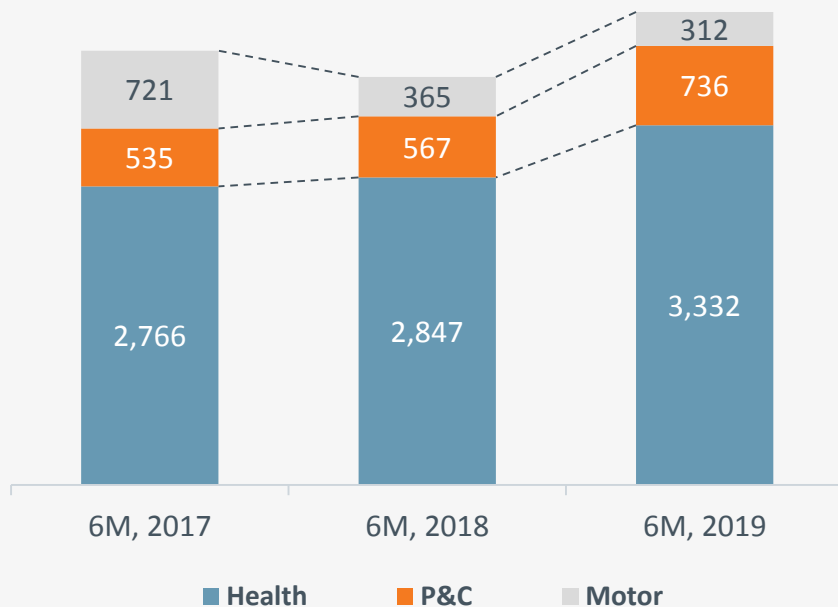
4,133

-6.8%

3,852

+15.7%

4,457



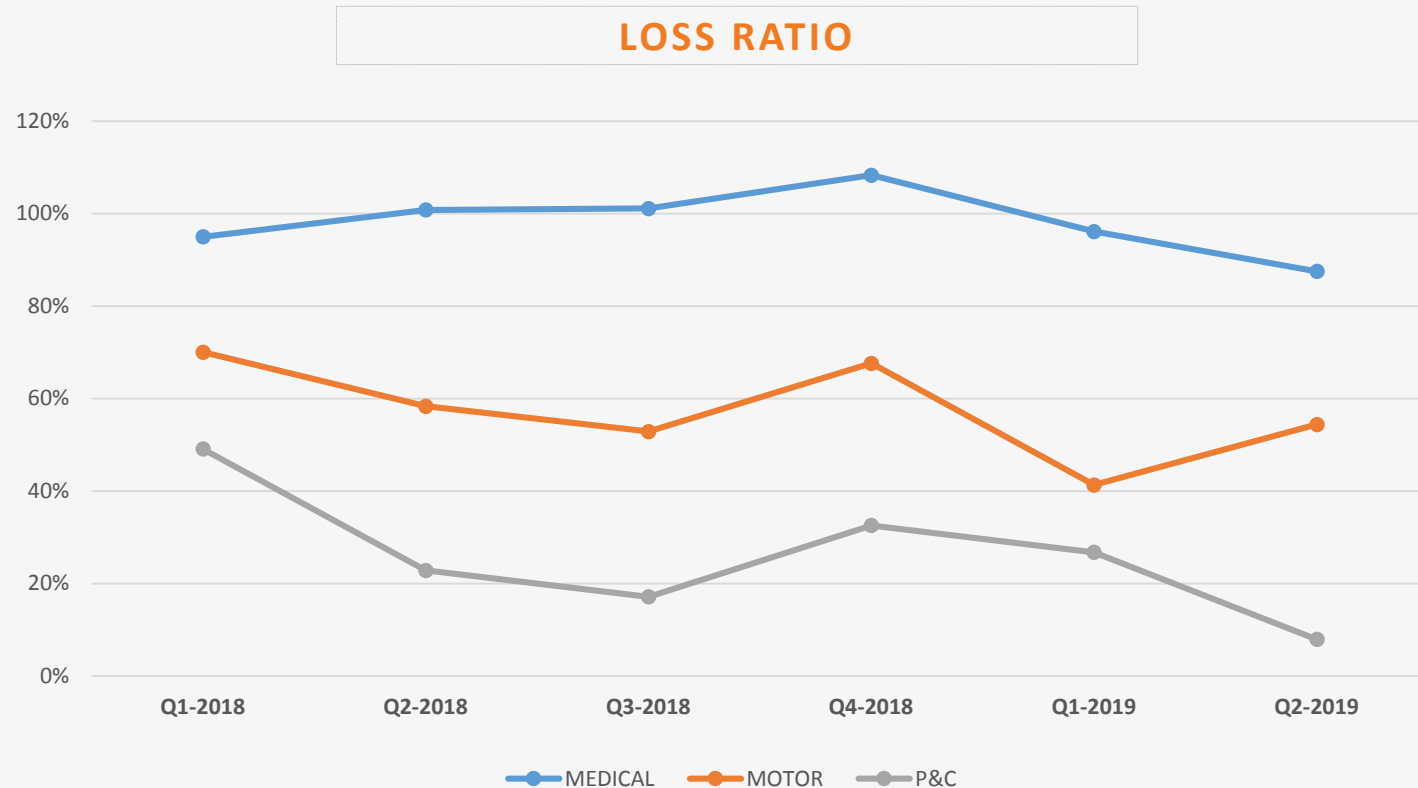
HIGHLIGHTS

- Medical GWP grew by 17% mainly due to CCHI new table of benefits and price increases.
- P&C GWP grew by 30% mainly due to reinsurance price increases and expansions in current business.
- Motor GWP declined by 11% due to adverse current market conditions.

TAWUNIYA PERFORMANCE

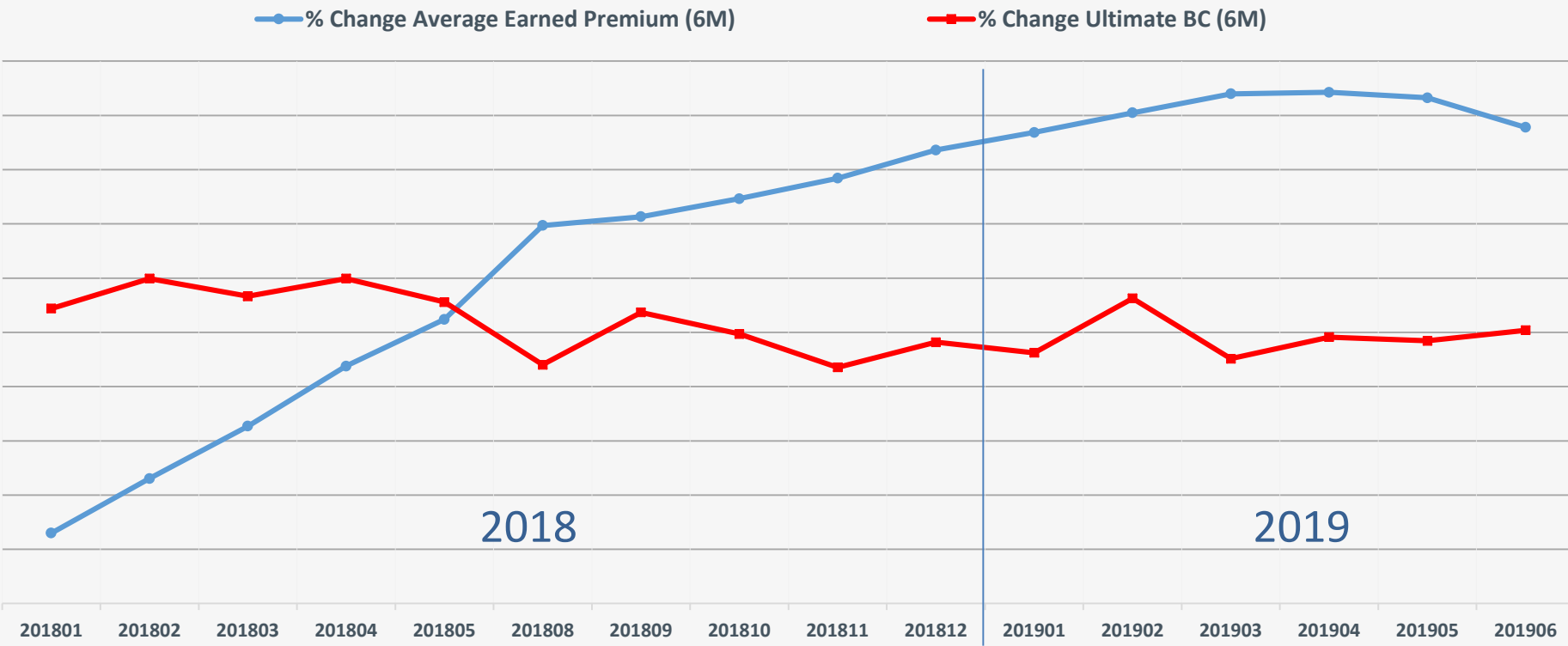


Now turning to the **loss ratio**, the life blood of any insurance business...



TAWUNIYA PERFORMANCE

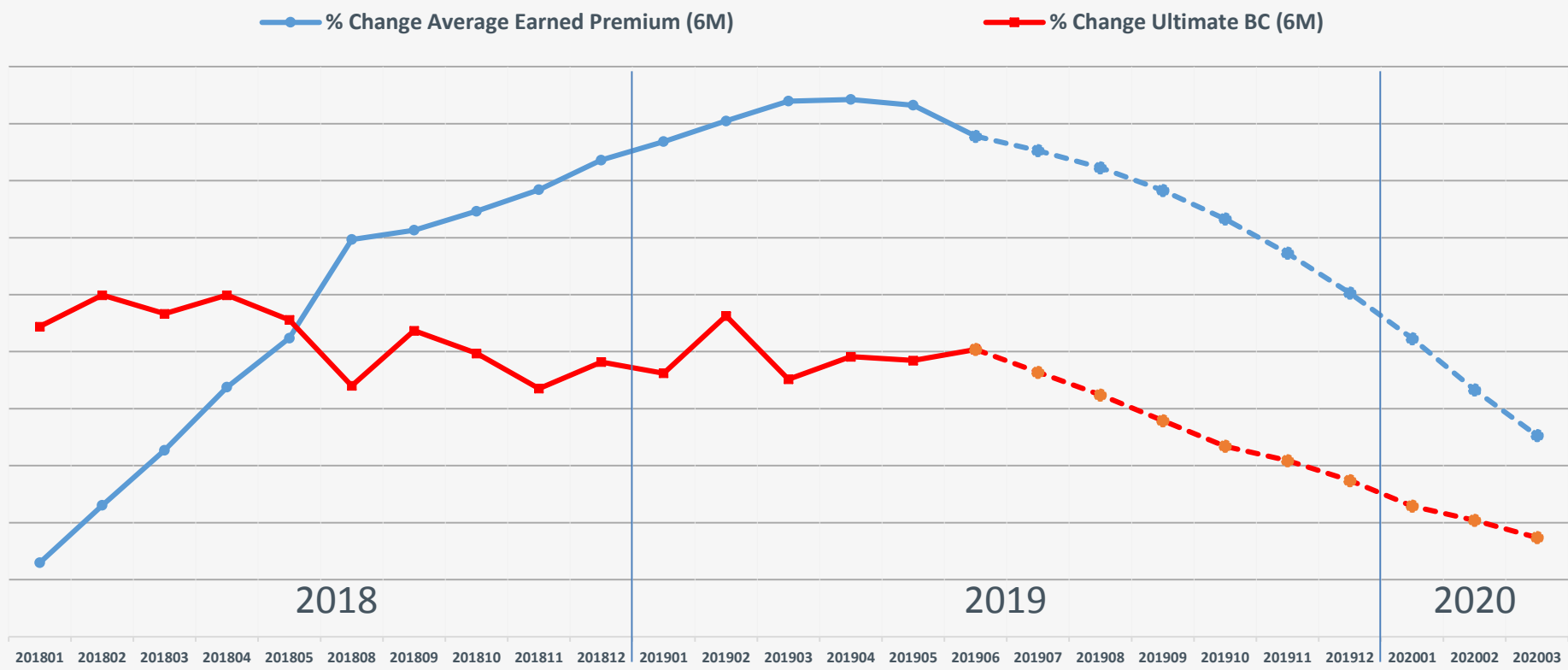
Medical loss ratio **improvement...**



TAWUNIYA PERFORMANCE



Medical loss ratio **future challenge...**

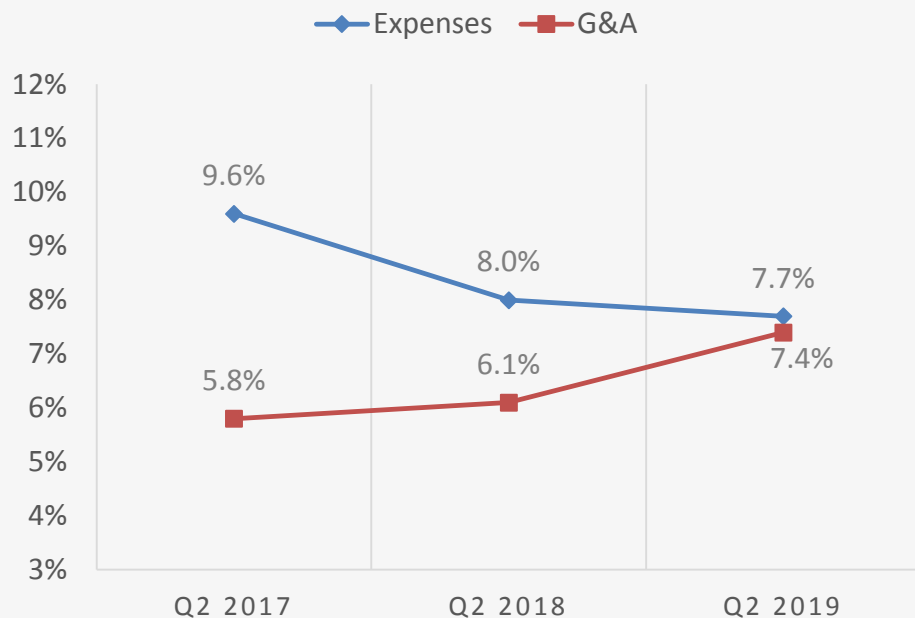




TAWUNIYA PERFORMANCE

Cost of Acquisition/Service and Fixed overheads...

ALLOCATED EXPENSE AND G&A RATIO



HIGHLIGHTS

- **Total costs** (excluding BDP) rose only 3% in H1, but due to an earned decline of 7% the expense ratio rose from 14.1% to 15.5% (including Manafeth).
- **PAC and other Underwriting, plus Manafeth** costs continued to fall mainly due to economies in P&C and Motor
- **G&A overheads increased** ahead of the growth in earned as we have placed more resources into our front line (claims management and service) and our technology transformation.



Article 69 heavily **impacts** the insurance industry Bad Debt provisons in Q2...

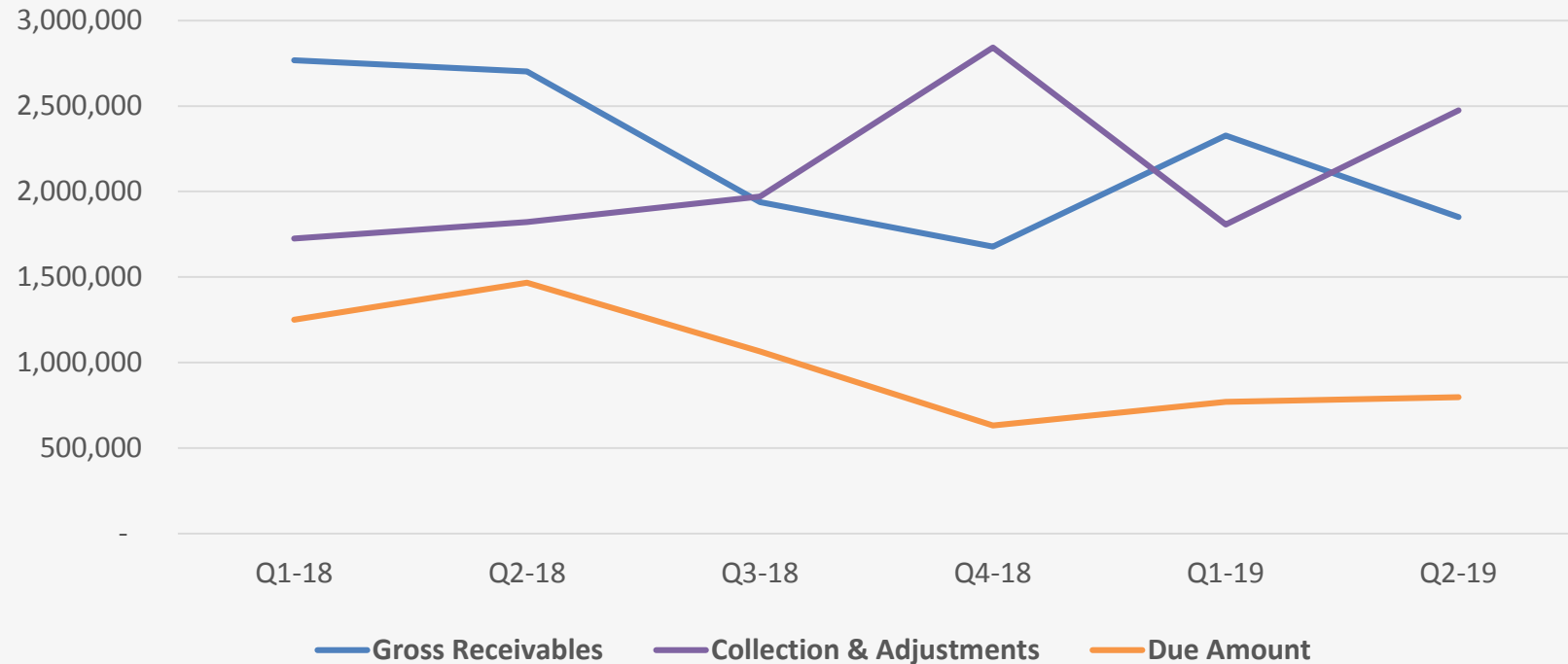
Description	Comparison			
	Tawuniya	Al Rajhi Takaful	Bupa	Medgulf
Receivables Opening Balance	1,678	535	1,120	1,210
Gross Written Premium	4,457	1,388	5,344	1,077
Gross Total Receivables	6,135	1,923	6,464	2,287
Receivable Closing Balance	1,850	582	2,302	1,060
Provision for Doubtful Debts	218	82	238	508

Ratios	Tawuniya	Al Rajhi Takaful	Bupa	Medgulf
Provision vs. O/S Receivables Ratio	12%	14%	10%	48%
O/S Rec. vs. Total Rec. Ratio	30%	30%	36%	46%

TAWUNIYA PERFORMANCE



Effective Management of receivables and stable “Due Amounts” from invoice date...

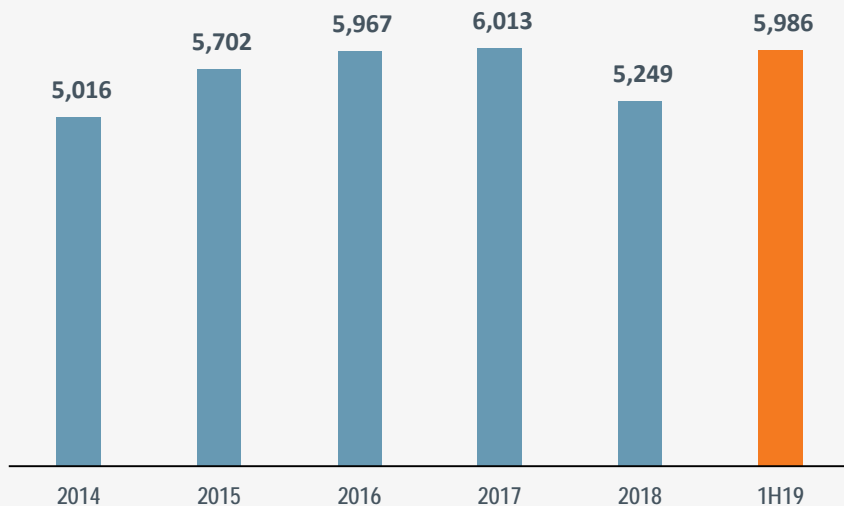




TAWUNIYA PERFORMANCE

Other elements that feed into the Reported Net income are ...

TOTAL INVESTMENTS (SR MILLION)

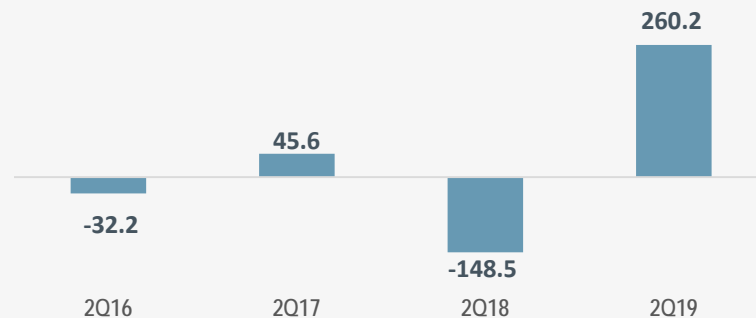


ANNUAL
YIELD

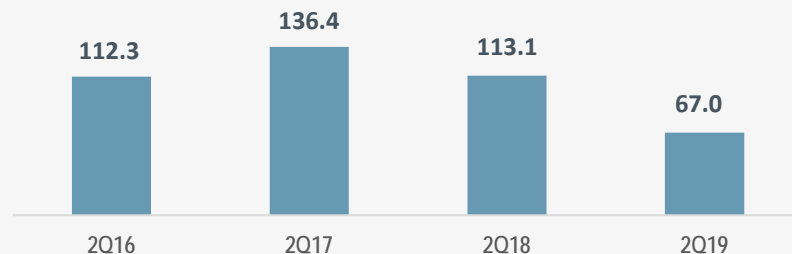
4.45% 4.09% 3.38% 7.37% 4.21% 4.22%

Consistent Annualized Yield in line with Market Rates

UN-REALIZED INVESTMENT INCOME (SR MILLION)



REALIZED INVESTMENT INCOME (SR MILLION)



TAWUNIYA PERFORMANCE

Leveraging Balance Sheet Structure...



Description	TAWUNIYA Q2-2019	BUPA Q2-2019	MEDGULF Q2-2019	AL RAJHI TAKAFUL Q2-2019
INVESTMENTS	7,556	6,725	1,565	2,773
PROPERTY & EQUIPMENT	256	177	72	29
GOODWILL	0	98	480	0
LESS : EQUITY	(2,149)	(2,896)	(691)	(827)
WORKING CAPITAL	5,663	4,104	1,427	1,976
ANNUAL EARNED PREMIUM (6MONTHS*2)	6,713	8,964	2,079	2,757
WORKING CAPITAL / EP %	84%	46%	69%	72%

** Funds due to members, providers ,suppliers (UEP, OCP, AP, Etc.)*

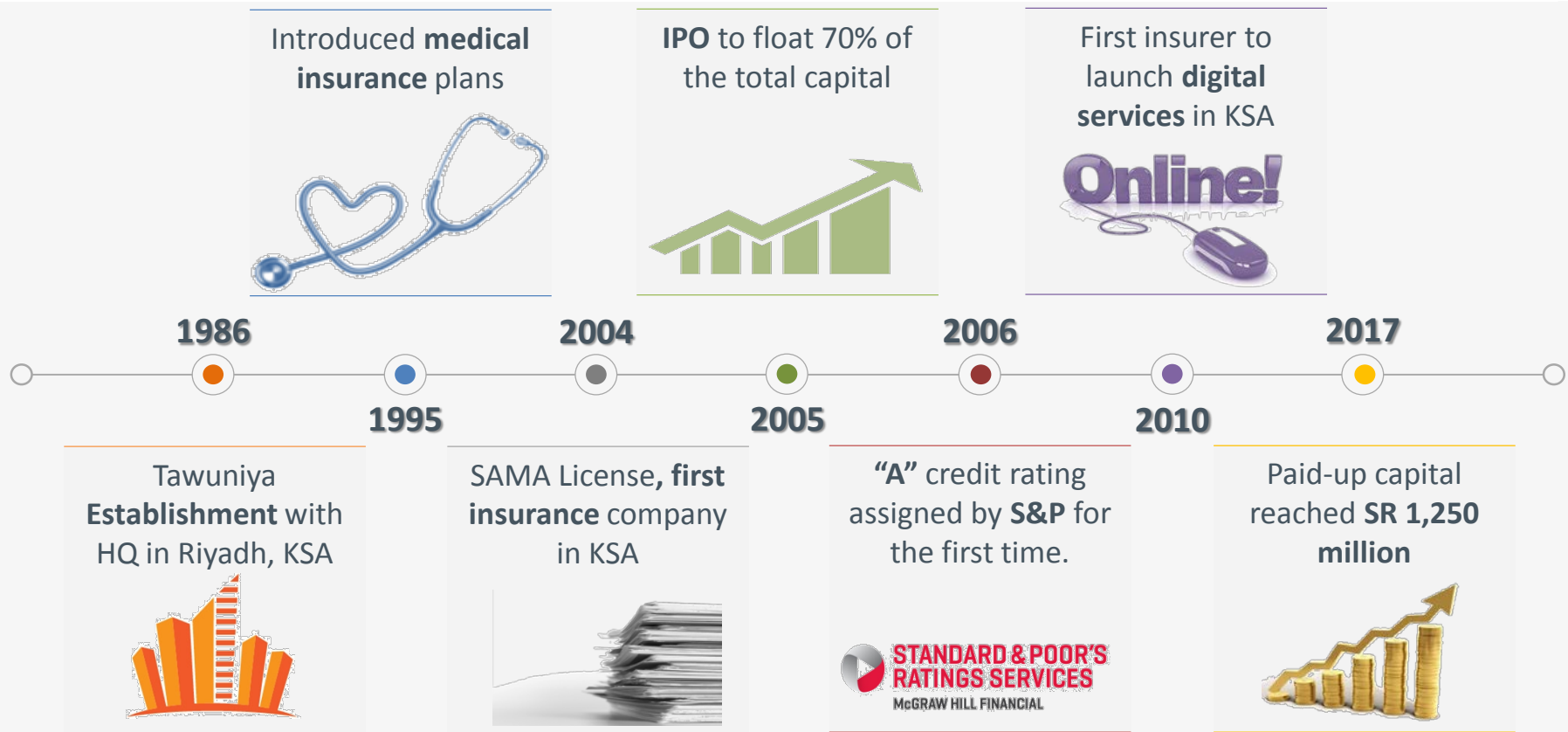
Company Overview



COMPANY OVERVIEW



Leading Saudi insurer with **33 years** of sustained achievements...

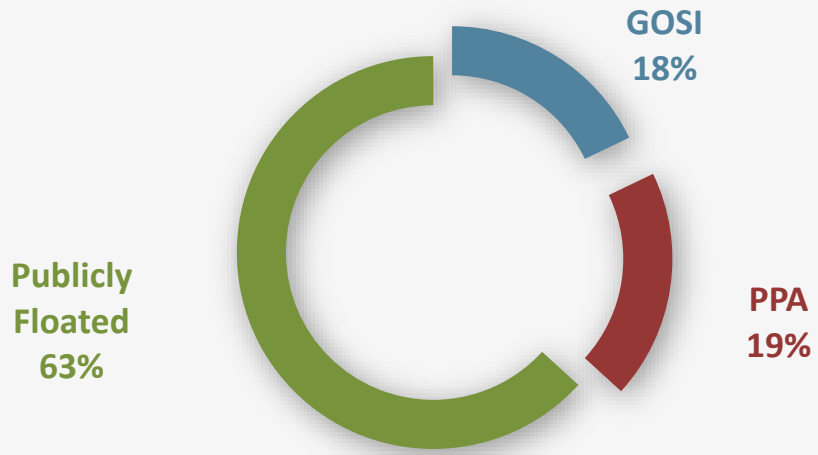


COMPANY OVERVIEW



Two of the **strongest government** entities own 37% of Tawuniya...

Tawuniya is an enlisted company
With a paid-up capital of
SAR 1,250 m



GOSI
Investment Portfolio:
SAR **134** billions
More than **51** companies



PPA
Investment Portfolio:
SAR **68.5** billions
65 companies

COMPANY OVERVIEW

Our Vision & Mission...



OUR VISION

Sustain momentum for our society's safety and continuous progress towards the future.

OUR MISSION

Be the companion that presents innovative and customer centric insurance solutions, so our customers feel secure, empowered and ready for the future.



Society
Individuals
and
Business



Safety
From
all risks



Future
With you to
achieve your
objectives



Continuous
Today and
tomorrow



Companion
With you in all
circumstances



Centric
All segments
including
Corporate, SME
and Retail



Customers
Focus our
attention



Innovative
Solutions
Products, services,
systems and
processes

COMPANY OVERVIEW



The **largest** comprehensive insurer in GCC...

Portfolio of



SR 8 billion

with multi-offerings across

all lines of business & segments

CORPORATE – SME – RETAIL

MEDICAL

- My Family
- Balsam
- Group Medical
- Group Takaful

MOTOR

- Al-Shamel
- Sanad
- Sanad Plus

PROPERTY & CASUALTY

- Engineering
- Fire & Property
- Marine
- Aviation
- Energy

COMPANY OVERVIEW



The largest **regional & global reach** to clients and providers...



Network of over **a million**
health care providers



COMPANY OVERVIEW



Insurance company with **high credit rating** within KSA... and **(A) rated reinsurance partners...**



Solicited

(BBB+)

FitchRatings
(A-)

Un-Solicited

OUR INTERNATIONAL REINSURERS



CCR is rated "AA" by S&P



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



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



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



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



R+V is rated "AA-" by S&P



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



COMPANY OVERVIEW

+ 15,740 organizations across various sectors trust Tawuniya...

AVIATION	FINANCIALS	TELECOM.	MINING & PETROCHEM.	MANUFACTURING	Government & semi-govt
 GACA الهيئة العامة للطيران المدني General Authority of Civil Aviation	 المملكة العربية السعودية Saudi Arabian Monetary Agency	 هيئة الاتصالات وتقنية المعلومات Communications and Information Technology Commission	 الهيئة الملكية للجبيل وينبع Royal Commission for Jubail and Yanbu (RCJY)	 الهيئة السعودية للملكية الصناعية وحقوق الملكية Saudi Industrial Property Authority	 Government of Saudi Arabia  هيئة السوق المالية Capital Market Authority
 السعودية SAUDIA	 بنك الرياض riyad bank	 STC الاتصالات السعودية	 أرامكو السعودية Saudi Aramco	 سابك sabik	 د. سليمان الحبيب DR SULAIMAN AL HABIB medical group الطبية
 شركة الإلكترونيات المتقدمة AEC Advanced Electronics Company	 ساب SABB	 شركة اتحاد عذيب للاتصالات Etihad Ateeb Telecom Company	 Chevron	 BAE SYSTEMS INSPIRED WORK	 مجموعة الفيصلية Al Faisaliah Group
 الوطنية للخدمات الجوية (ناس) National Air Services (NAS)	 بنك بيلاد Bank Albilad	 زين zain	 بتروباغ Petro Rabigh	 التصنيع TASNEE	 المؤسسة العامة لتأمينات الإجتماعية General Organization for Social Insurance
 AIRBUS	 مصرف الانماء alinma bank	 bravo Enterprise communication	 شركة ضرماء للكهرباء dhuruma electricity company	 SIEMENS	 الهيئة العامة للغذاء والدواء Saudi Food & Drug Authority
	 بنك الجزيرة BANK ALJAZIRA		 أمماك AMAK Al Maxama Al Kobra Mining Co.	 شركة الغاز و التصنيع الأهلية National Gas & Indust.Co.	 الهيئة العامة للزكاة والضريبة GENERAL AUTHORITY OF ZAKAT & TAX

THANK YOU شكراً

