

9M 2017 Earnings Update

November 27, 2017



التعاونية Tawuniya

Investor Presentation

3rd Quarter - 2017



Agenda

I. Company Overview

Vishal Srivastava, Head - Investment

II. KSA Insurance Market

Jad Katra, Executive Consultant

III. Tawuniya Market Strategy

Jad Katra, Executive Consultant

IV. 1H2017 Company Financials

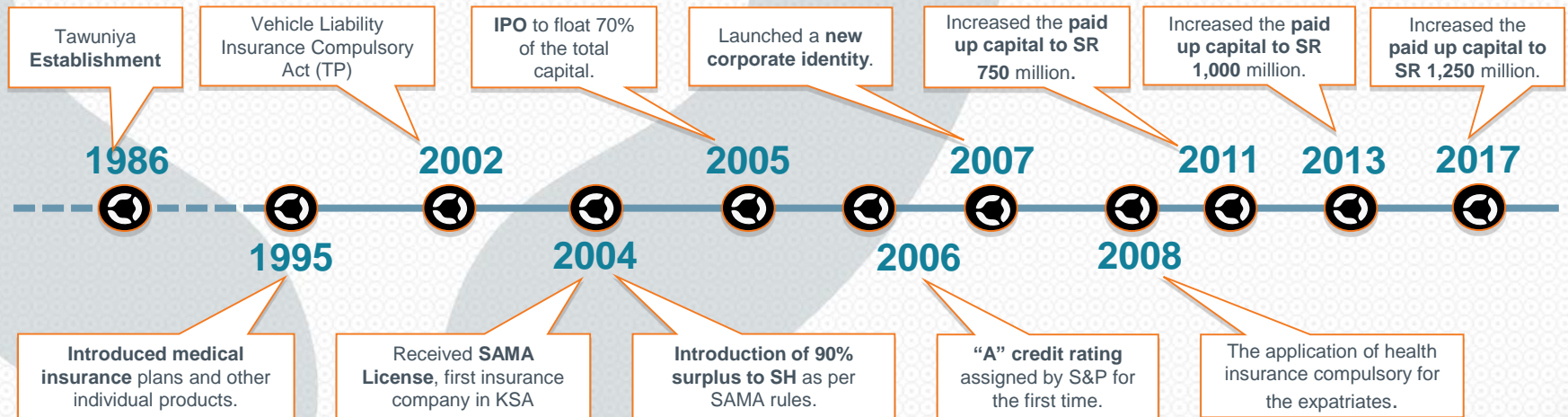
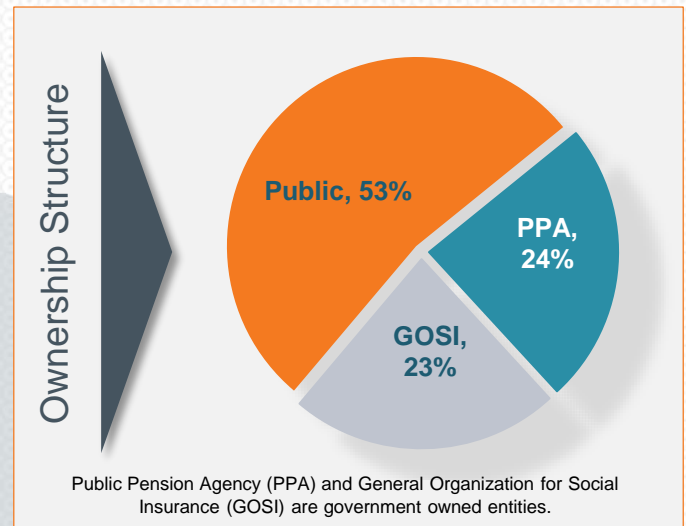
Amr Al-Nemari, CFO - Operations/Business

Vishal Srivastava, Head - Investment

I. Company Overview

The Company For Cooperative Insurance

- ➔ One of the **leading Insurance company** in the Kingdom
- ➔ Headquartered in **Riyadh, KSA**
- ➔ **Significant presence** across all regions in KSA
- ➔ **Multiple distribution channels and products**
- ➔ Strategic Business Units: **Health, Motor, Property & Casualty and Investments**
- ➔ Witnessed **highest growth in paid-up capital** (SR250m in 1987 to SR1,250m in 2017)



Market Leading Insurer

Operating Segments



Medical & Takaful

- Balsam
- My Family
- Group Medical
- Group Takaful



Motor Insurance*

- Al-Shamel
- Sanad
- Sanad Plus



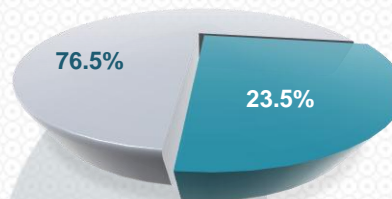
Property & Casualty

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

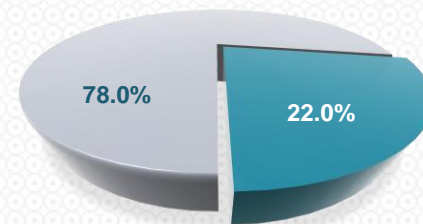
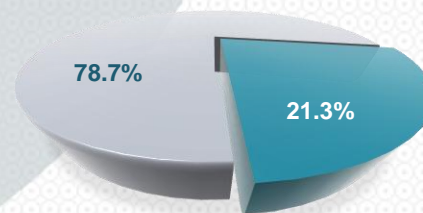
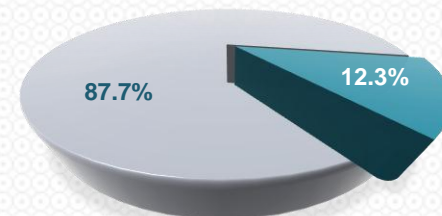
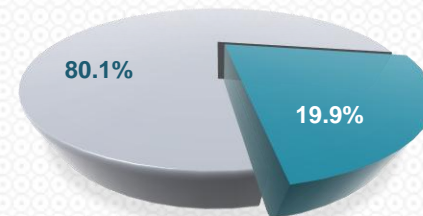
- Excludes Saudi Re
- Motor excluding Manafeth

Market Share* 9M17 Vs. 9M16

9M 17



9M 16




Tawuniya Market Share

Others Market Share

Top Rated in the Region by S&P



	KSA	Kuwait	Bahrain	UAE	Qatar	Oman
A		❖ Kuwait Qatar		❖ Arab Orient	❖ QIC	
A-	 Tawuniya	❖ Al-Ahleia ❖ Gulf	❖ Hannover Re ❖ Trust	❖ ADNOC ❖ Oman	❖ Doha insurance	
BBB+	❖ Saudi Re			❖ Al Buhaira		
BBB	❖ Wataniya				❖ Ins. & Reins	❖ Oman United
BBB-	❖ Medgulf			❖ Salama		

Major Clients

AVIATION



FINANCIALS



TELECOM.



MINING & PETROCHEM.



MANUFACTURING



OTHERS



Note: Above list has been last updated on June 30, 2017

Reinsurance Partners

CCR is rated “AA” by S&P



Munich Re is rated “AA-” by S&P



Swiss Re is rated “AA-” by S&P



SCOR Global P&C is rated “AA-” by S&P



Transatlantic Re is rated “A+” by AM Best



MAPFRE is rated “A” by S&P



LLOYD's is rated “BBB+” by S&P



II. KSA Insurance Market

Evolving Business Environment for Insurers

- ➔ Several **insurers are struggling to maintain adequate solvency/capital margins**
 - Ease of re-capitalization is no longer being supported by the regulator
 - Updated “Companies Law” will pressurize the loss making companies
- ➔ **Stern price competition** among large insurers is still present
- ➔ Motor **Third Party insurance penetration is still low** but expected to increase with strong regulatory enforcement
 - Availability of all prices online through aggregators
 - Motor No Claim and Loyalty Discount

Market	9M 2017	9M 2016	Variance
GWP (SR millions)	27,659	27,989	(1.2%)
Incurred Claims (SR millions)	17,104	16,895	1.2%
Net Income (SR millions)	1,453	1,758	(17.4%)
Loss-making Companies	4	6	Out of 32

- Figures excludes Saudi Re, Weqaya & Sanad
- Net Income figures before Zakat

Regulators

Ministry of Commerce and Investment (MCI)
Overall regulations



Saudi Arabian Monetary Authority
Primary Operations



Cooperative Health Insurance
Health Insurance Operations



Capital Market Authority (CMA)
Listing and trading of shares

هيئة السوق المالية
Capital Market Authority



III. Tawuniya Market Strategy

Long-term Strategic Pillars

Market
Leadership

Profitability

Customer
Centricity

Constant endeavor to attain the optimal balance across all three strategic pillars

Multiple Sources of Competitive Advantage

Brand/Balance sheet strength

- Recognized and trusted brand in the market
- Strong balance sheet with 'A-' S&P rating

Strong network/connections in the market

- Market leadership position supported by high renewal rates on a consistent basis

Large tied agency network

- Network of tied agents with wide reach across the Kingdom (27 agents)

Strong coverage on all major product lines

- Complete offering across Medical, Motor and P&C

Large talent pool & Databases

- Largest insurance talent pool in KSA
- Vast insurance data on market / market performance

Scale advantage

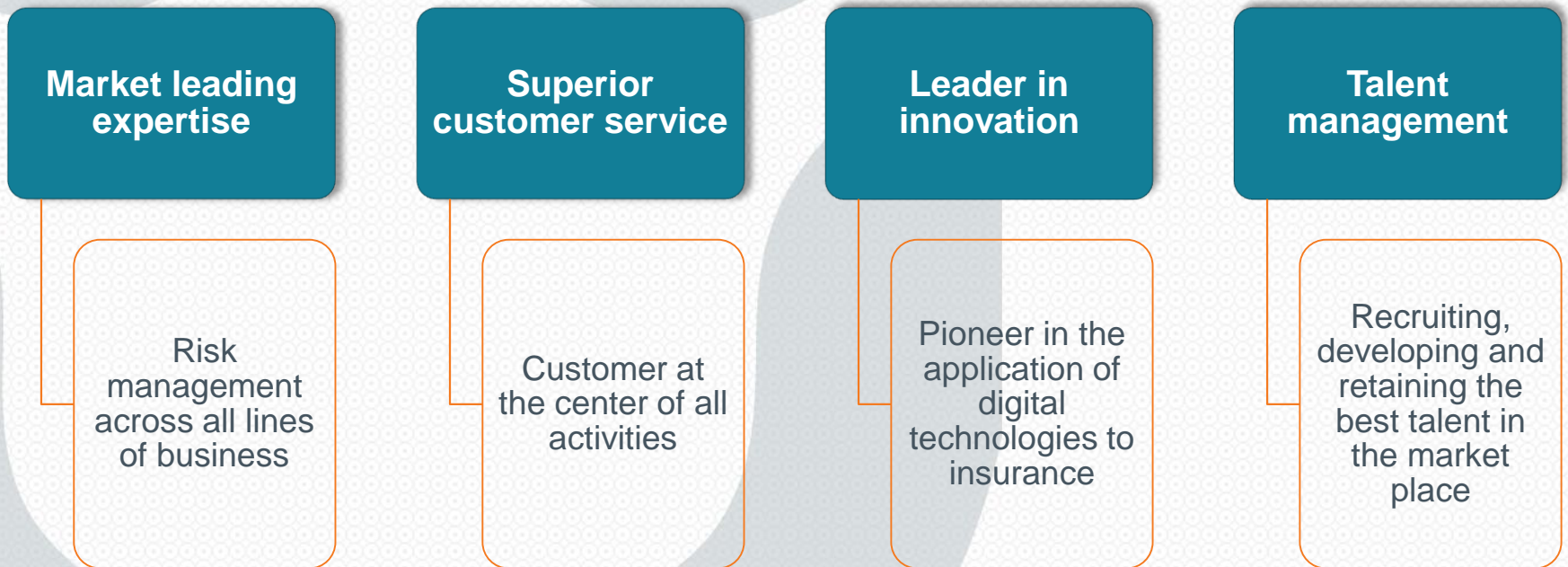
- Scale advantage with providers (hospitals, repair shops...)
- Economies of scale in back office activities

Online sales capabilities

- Online availability of all product lines (Sanad, Travel Insurance etc.)
- Policy renewal, premium payments and claims follow-up possible online

Our strengths allows us to act as industry pioneers while simultaneously adapting to changing market dynamics

Building Differentiated Capabilities



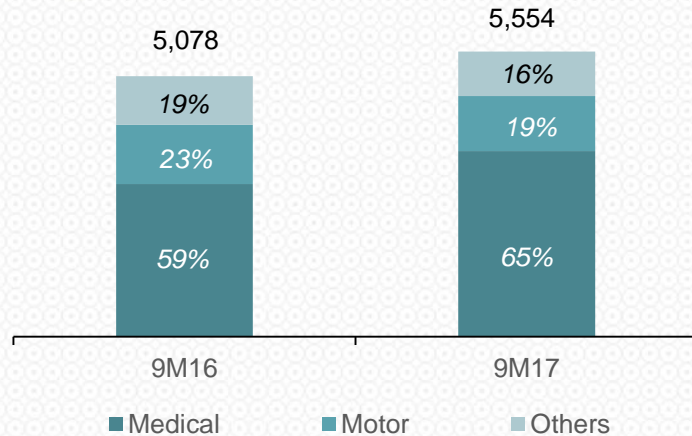
Continuous development of our capabilities allow us to grow sustainably, while adhering to our long-term aspirations

IV. Company Financials

Increase in Claims Outpaced Growth in GWP

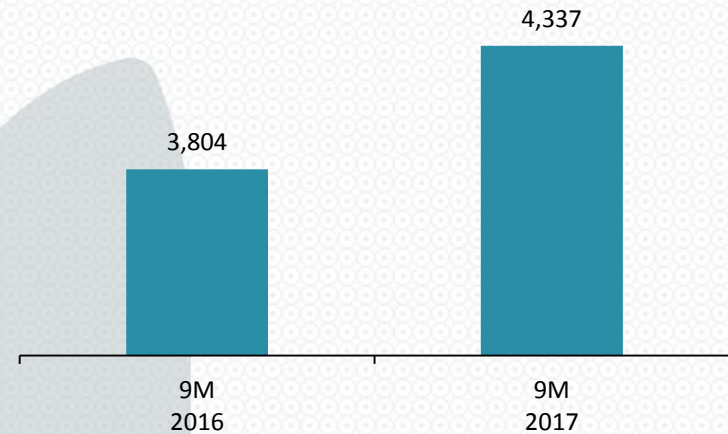
Gross Written Premiums (in SR millions)

recorded decent growth of 9.4% Y/Y

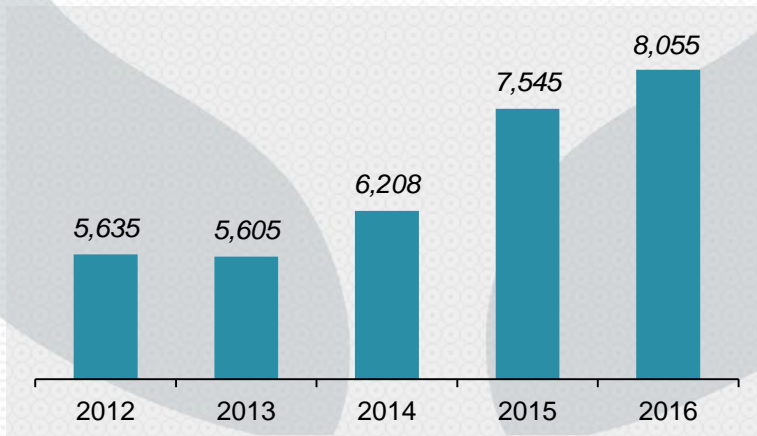


Net Claims Incurred (in SR millions)

witnessed sharp increase of 14% Y/Y

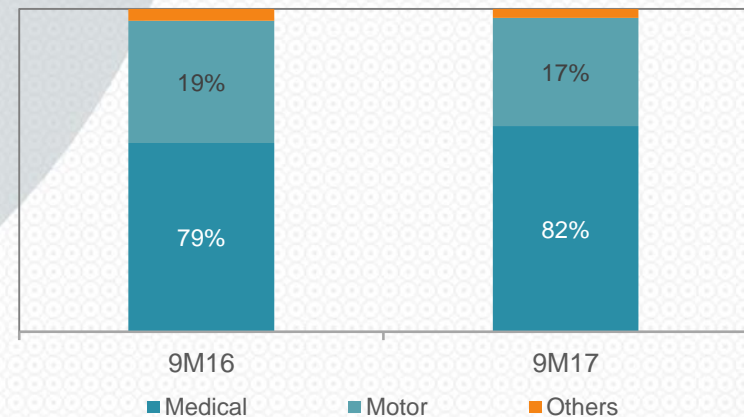


Historical growth...



Net Claims by Segment

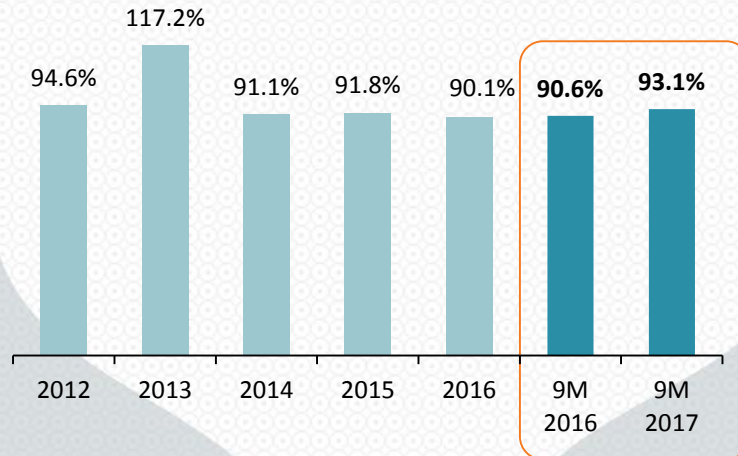
while claims in medical segment increased by ~18% Y/Y



Market Challenges Reflects on Operating Efficiency

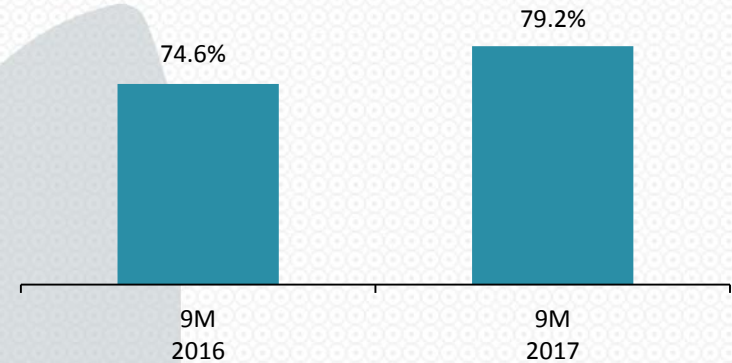
Combined Ratio (%)

increased significantly by 252bps Y/Y, driven by losses



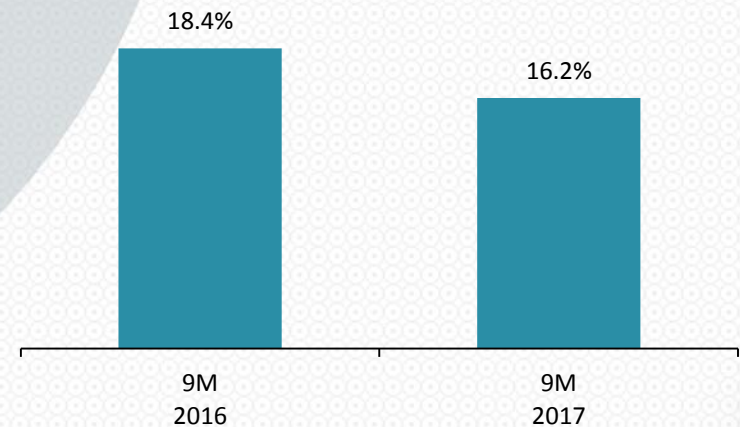
Loss Ratio (%)

increased sharply by 463bps Y/Y, while...



Expense Ratio (%)

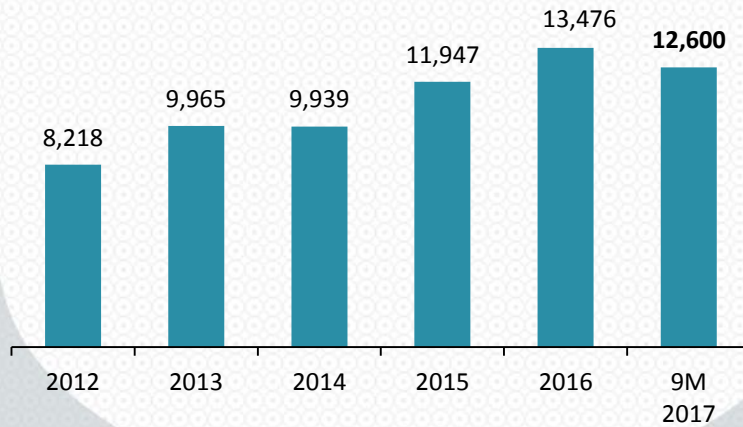
improved by 223bps Y/Y



Marginal Decline in Total Assets

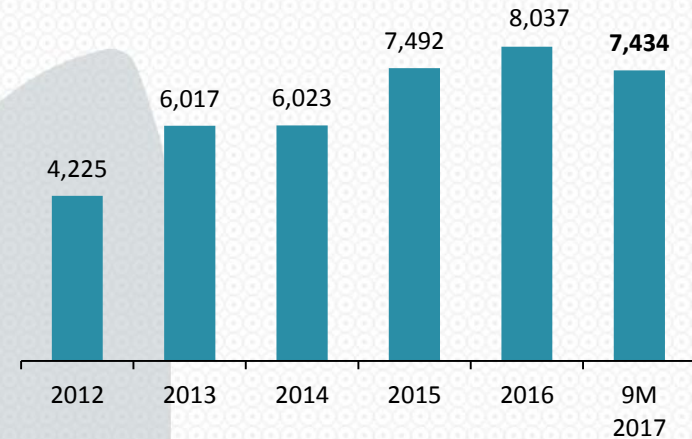
Total Assets (in SR millions)

declined by 6.5% Y/Y



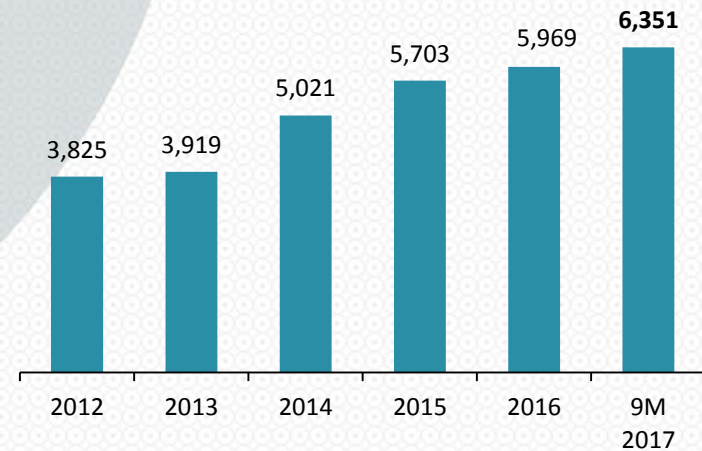
Technical Reserves (in SR millions)

decreased by 7.5% Y/Y...



Total Investments (in SR millions)

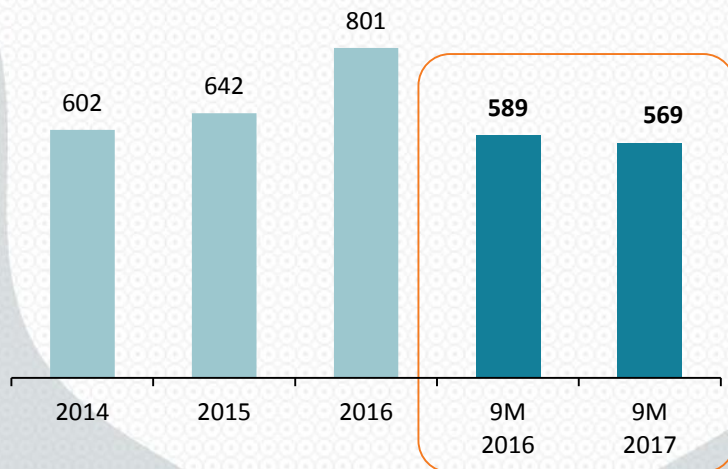
assets increased by ~6.4% Y/Y



Higher Claims Hit Net Income

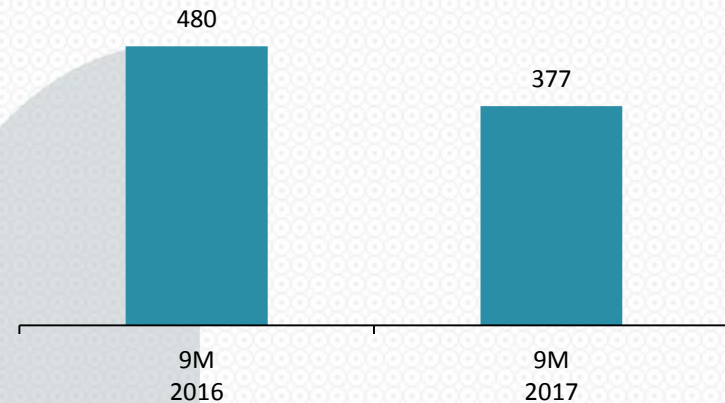
Net Income (in SR millions) "Before Zakat"

fell marginally by 3.4% Y/Y, driven by underwriting business



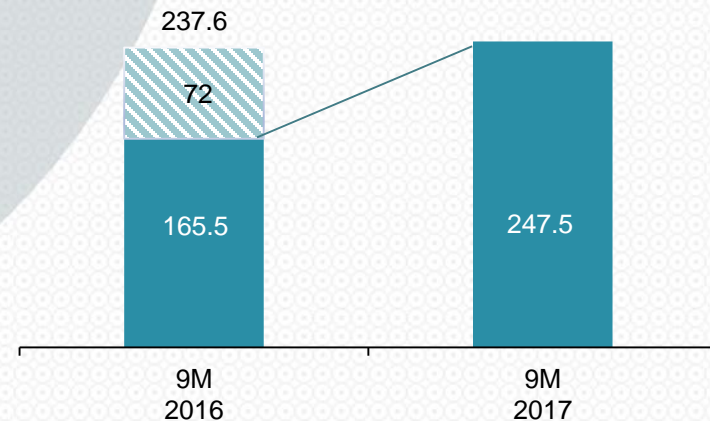
Underwriting Income (in SR millions)

declined significantly by 21% Y/Y



Investment Income (in SR millions)

witnessed sharp increase of ~49.6% Y/Y, thanks to no impairment this year



Q & A

Thank You



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