

Tune Protect Continues Growth Track for FY2015 Despite Softening Economic Outlook

Q3 2015	9M 2015
<ul style="list-style-type: none"> • Operating Revenue up 10.5% QoQ • Net Earned Premium climbs 18.9% • Travel Business' Gross Written Premiums and Profit After Tax rises 16% and 35% respectively • Profit After Tax down 21.6%, at RM13.3mil 	<ul style="list-style-type: none"> • Operating Revenue up 6.9% YoY • Net Earned Premium rises 13.1% • Travel Business' Gross Written Premiums and Profit After Tax rises 21% and 12% respectively • Profit After Tax declines 8.2%, to RM47.7mil (<i>flat when excluding one-off sale of building in 2014</i>)

Over the first nine months (9M) of the year, Tune Protect Group Berhad ('the Group'; TUNEPRO, 5230) Operating Revenue (OR) rose 6.9% to RM347.5 mil mainly due to growth in the motor, fire and travel class of businesses. Gross Written Premium (GWP) grew 7.3% to RM357.6 mil while Net Earned Premium (NEP) grew by 13.1% to RM217.8 mil. Profit After Tax (PAT) however came in at RM47.7 mil, an 8.2% decrease over the same period last year – mainly due to higher management expenses (ME) which include higher royalty fees related to the use of the Tune trademark and cost of rebranding, as well as the one-time sale of building in 2014.

For the quarter ending September 2015 (Q3), OR increased 10.5% to RM121.0 mil quarter-on-quarter (QoQ) while NEP grew 18.9% to RM80.7 mil. PAT dropped by 21.6% in Q3 to RM13.3 mil mainly impacted by higher ME and weaker performance from both Malaysia and Thailand general insurance businesses.

"In light of the softer economic outlook and ongoing geo-political circumstances, the Group posted respectable, double-digit growth with strong contribution mainly from our Global Travel business. This year, we incurred higher management expenses due to higher royalty fees in licensing of the Tune trademark, which was partially deferred to this year, and one-time Tune Protect rebranding spend. Notwithstanding this, our Global Travel business has posted an 11.7% growth for 9M while our Malaysia general insurance business posted 38.9% growth, when excluding the one-time gain from the of our building last year," said Junior Cho, Chief Executive Officer of Tune Protect Group Berhad.



Global Travel Business

The Global Travel business posted strong GWP growth for 9M and Q3, of 21.4% and 16.0% due to healthy travel demand, despite recent regional events ranging from Bangkok bombings, Bali volcanic activity, and prolonged haze conditions in Malaysia, Singapore and Indonesia. Travel insurance policy count grew by 10.5% and 6.3% for Q3 and 9M respectively. PAT grew by 35.2% and 11.7% for both Q3 and 9M respectively.

Tune Insurance Malaysia Berhad (TIMB)

Malaysia's general insurance business is on track to beat the industry growth average where GWP for 9M grew by 7.5% YoY mainly due to fire, engineering, motor, medical, PA and travel class of businesses. Q3 posted a 1.7% growth from the motor and travel class of businesses and was impacted by increasing softness in the domestic economy. NEP grew 12.2% and 19.9% for 9M and Q3 respectively due to higher retention of motor portfolio and growth in fire and travel class of businesses. PAT however recorded a decrease of 42.4% in this quarter due to the booking of the first half of 2015 MMIP claims in Q3 and slight decrease in investment income. For 9M, PAT stood at RM13.2 mil, a 4.4% decrease over same period last year or a 38.9% increase when excluding the one-time gain from the building sale in first quarter of 2014.

Overseas Associates and Joint Venture

In Thailand, GWP for 9M and Q3 grew to RM44.6 mil and RM21.3 mil respectively, both boosted by higher contribution from travel and the motor class of businesses, among others. The business will continue to invest in driving brand awareness via new partnerships, such as telecom operators, property or hotel management firms and retail banks. The Group's Share of Profit decreased to –RM0.5 mil and –RM1.5 mil for 9M and Q3 – mainly attributed to higher commissions payout and new business strain for motor business, coupled with higher ME as a result of higher marketing and advertising cost, and personnel expenses.

The Middle East joint venture posted growth of 44.9% and 338.6% in profit contribution for Q3 and 9M respectively. Policy count for 9M jumped from 69,000 to more than 160,000 YoY while Q3 grew 18.7% QoQ. The JV continues to focus on offline distribution and have launched B2B business relationships with key travel partners in 5 countries, which are UAE, Bahrain, Oman, Qatar, and Kuwait.

Outlook

“Despite forecasted softness in the economy into 2016, we remain positive that our Global Travel business will continue to grow for the remainder of 2015. We see increased travel demand as we enter the last quarter of 2015 and with our continued education marketing and take-up rate initiatives, we hope to increase awareness in the value of travel insurance and capitalise on the peak travel season. In addition, we will continue our rollout into travel agencies until mid-2016 to further extend our product offerings to customers that prefer doing travel bookings through offline channels.

“The general insurance industry is expected to experience slower growth due to impending macroeconomic uncertainties. While TIMB will face similar headwinds, it is our expectation that its growth should outpace the industry average for the remainder of the year.

“In September, we launched our Direct-to-Consumer website whereby consumers now can directly and easily purchase a number of lifestyle based products including travel insurance. Although we have just started our digital marketing activities, we have seen online purchases growing on a monthly basis via our standalone digital site. While still relatively small in sales or volume of contribution, we are encouraged with the results and committed to offering consumers another platform to easily transact and engage with us,” Junior concluded.

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About Tune Protect Group Berhad

Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) was incorporated in 2011 and listed on the main market of Bursa Malaysia in 2013. In 2015, it was renamed to Tune Protect Group Berhad. Through its subsidiaries, it is an underwriter, directly and via reinsurance, of general and life insurance products across the Asia-Pacific region. The Group operates an online insurance business via Tune Direct (M) Sdn Bhd, and sells insurance products to customers through online partners. Other core business is its general insurance, which are currently operational in Malaysia and Thailand, through subsidiaries Tune Insurance Malaysia Berhad and Tune Insurance Public Company Limited Thailand. For further information, please visit www.tuneprotect.com