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Kuala Lumpur, 21st August 2019



Tune Protect maintains consistent results despite a challenging operating environment

KUALA LUMPUR, 21st August 2019 - Tune Protect Group Berhad ('Tune Protect' or 'the Group'; TUNEPRO, 5230) posted a Profit After Tax ('PAT') of RM11.6 million with Operating Revenue ('OR') of RM124.5 million and Gross Written Premiums ('GWP') of RM125.2 million for the second quarter of 2019 ('2Q2019').

For the 2Q2019, the Group's GWP rose modestly at 2.6% year-on-year (YoY), while PAT and OR declined 13.6% and 11.9% YoY, respectively. For the six months ended June 30, 2019, the Group's PAT registered a marginal increase of 0.3% to RM31.7 million, while GWP and OR reduced 17.2% and 11.6% to RM242.9 million and RM251.1 million, respectively. On a normalised basis, which excluded the one-off release of prior year's excess claims reserve of RM4.1 million, the Group's first half PAT would have increased by 15.1%.

The Group's 2Q2019 GWP increase was mainly driven by the higher GWP recorded by Tune Protect Malaysia ('TPM'), the Group's Malaysian General Insurance subsidiary. Meanwhile, the decline in 2Q2019 PAT was partly due to the lower revenue from the Group's Reinsurance arm, Tune Protect Re ('TPR'), due to changes in premium retention for its Malaysia travel business.

The marginal increase in the Group's first half PAT is supported by the steady improvement in the overall claims experience in Tune Protect Malaysia ('TPM') and higher share of results from both its Associate and Joint Venture (JV) companies in Thailand ('Tune Protect Thailand', 'TPT') and the Middle East ('Tune Protect EMEIA', 'TP EMEIA'). Higher investment income also aided in the increase in the Group's PAT.

TPM recorded growth in 2Q2019 PAT and GWP

TPM recorded a GWP and PAT of RM107.4 million and RM5.3 million respectively for the 2Q2019, which represent an increase of 2% and 41.8% from 2Q2018. For the first half of 2019, TPM's PAT jumped 21.8% YoY to RM16.2 million, while GWP declined 20.3% YoY to RM207.6 million.

The improvement in GWP for the 2Q2019 was largely contributed by improvements in the non-motor segment, while the GWP decline during the first half of 2019 was mainly due to the business portfolio restructuring exercise.

The higher PAT recorded by TPM was partly driven by lower net claims. Overall claims experience improved 16.6% and 21.6% YoY respectively for 2Q2019 and in the first half of 2019. In addition, there was a higher level of investment and fair value gains in the period.

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The business portfolio restructuring initiative aimed at achieving the preferred portfolio mix of Motor (30%) and Non-motor (70%), is part of the Group's strategy to ensure the sustainability and profitability of its Malaysian General Insurance business. While TPM prudently manages its motor portfolio, it is also focusing towards growing the non- motor segment, specifically in retail, affinity and small medium enterprises/industries.

Encouraging B2B Travel business cushioned decline in TPR revenue

Meanwhile, TPR recorded a lower quarterly GWP, down by 15% YoY at RM23.5 million, while first half GWP was down by 17.9% YoY at RM46.6 million. TPR's quarterly PAT declined to RM9.2 million (down 24.3% YoY) and first half PAT dropped to RM21.7 million (down 10.2% YoY). The decline in GWP was partly due to the impact on the modification of TPR's travel partner's webpage user interface and user experience design, though the real-time optimisation of travel insurance aided in alleviating the overall impact, while the decline in PAT corresponded to the lower GWP.

Nevertheless, TPR saw encouraging EMEIA (Europe, Middle East, India and Africa) sales via its Business-to-Business ('B2B') channel, with key markets like the United Arab Emirates and Saudi Arabia registering compelling growths.

Overseas Ventures continued growth momentum

The Group's share of results from Overseas Ventures was RM2.5 million for the first half of 2019, translating into a 96.1% YoY growth. The TP EMEIA operations continued to see good traction in its B2B channel while TPT enjoyed growth in the non-motor segment.

"While we recognise that the Group's second quarter OR and PAT are lower YoY (on par if on a normalised basis), we reiterate that GAIN is on track and poised to enhance our position in the medium-term as a leading digital insurer in the region," said **Khoo Ai Lin ('Ai Lin')**, **Group Chief Executive Officer of Tune Protect**.

Since the introduction of GAIN earlier this year, the Group has seen growing traction in each of its four transformation pillars – (**Go ASEAN**, **AirAsia ecosystem**, **Insurtech capabilities** and **National business**).

Go ASEAN

The Group's business outlook in ASEAN remains bright with the successful signing of a partnership agreement with BaoViet, the largest general insurance company in Vietnam. Currently, integration works are underway in anticipation of the launch in 3Q2019.

The Group's General Insurance business in Thailand has sealed the deal with TieThai to distribute Travel Insurance with visa-on-arrival via its mobile application.

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AirAsia Ecosystem

Since the implementation of the revenue optimisation initiative leveraging machine learning capabilities in several key markets, the Group has started to yield positive results with the initiative contributing to 3% to the overall AirAsia Travel protection business in 2Q2019.

The Group is also looking at other insurance revenue and optimisation initiatives on the airline booking platform.

During the 2Q2019, activation of the AirAsia Travel & Service Centres (ATSC), one of the offline channels took place in Vietnam, Macau and the Philippines, whereby Travel insurance is now distributed by the ATSCs. Plans are underway to rollout offline channels in Thailand, China and Indonesia in 4Q2019.

The Group will further align its structure to maximise and leverage on the relationship with the AirAsia ecosystem in growing its businesses.

Insurtech Capabilities

Tune Protect continues to mark stronger presence in the insurtech space, having recently established its insurtech arm, White Label. The Group expects to consolidate all its homegrown digital assets under one roof, with White Label playing a vital role in monetising the group's technology assets moving forward.

The partnership with BaoViet is the first digital partnership where BaoViet will leverage on the Group's insurtech capabilities to grow its presence in the Vietnam market.

National Business

The Malaysia entity looks to grow its retail non-motor and SME/SMI segments. In May, it introduced Business Shield which is catered to business owners and distributed by its agency force, and in August, Pay-As-You-Drive was officially launched and is now available for purchase through agency channel and online at www.tuneprotect.com. Soon, TPM will be launching a new Motorist Personal Accident insurance product.

Forging Forward

The Group foresees that the economic and insurance landscape will continue to be challenging in the region. To drive future growth, the Group will intensify its efforts on delivering its key transformational pillars in ASEAN business, AirAsia ecosystems, insurtech capabilities and

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national business to contribute towards underwriting profits and other incomes leveraging on Insurtech.

In pursuit of being a leading digital insurer, the Group commits to strengthening its Insurtech capabilities by growing key expertise and expanding the team, in preparation towards monetising its digital and technology assets in the region.

“It is critical for us to strengthen the Group’s technology and Insurtech capabilities, as they can help the Group to understand our customers and markets better, to stay relevant, and to compete better in this crowded industry. Moving forward, we will be expanding our presence in ASEAN,” Ai Lin concluded.

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About Tune Protect Group Berhad

Tune Protect Group Berhad (Tune Protect) is a financial holding company listed on the main market of Bursa Malaysia. As a leading digital insurer in the region and with the tagline 'Protection Made Easy', Tune Protect offers affordable, yet comprehensive protection plans to suit individual and corporate needs. Tune Protect has established a strong foothold in the travel, retail and digital insurance space globally with presence across more than 45 countries through its own general insurance and reinsurance arms, as well as via strategic partnerships with local underwriters in these markets. The Group also has a strong focus to move beyond insurance by embracing insurtech and introducing differentiated product solutions such as on-demand products as part of its diversified portfolio.

For more information on Tune Protect, visit their website at <https://www.tuneprotect.com/>

This press release is issued on behalf of Tune Protect Malaysia. For interview opportunities, or more information please contact via email, call, text or WhatsApp:

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