FOR IMMEDIATE RELEASE

Kuala Lumpur, 21st November 2019

Tune Protect Registered Good PAT Growth Despite Lower Gross Written Premiums

KUALA LUMPUR, 20th November 2019 - Tune Protect Group Berhad ('Tune Protect' or 'the Group'; TUNEPRO, 5230) posted a Profit After Tax ('PAT') of RM15.0 million with Operating Revenue ('OR') of RM123.8 million and Gross Written Premiums ('GWP') of RM106.1 million for the third quarter of 2019 ('3Q2019').

For the 3Q2019, the Group's PAT jumped 48.6% year-on-year (YoY), its highest quarterly growth in more than three years, while GWP and OR declined 13.1% and 12.5% YoY, respectively.

For the nine months ended September 30, 2019 (9M2019), the Group's PAT rose 11.9% YoY to RM46.7 million, while GWP and OR reduced 16.0% and 11.9% YoY to RM349.1 million and RM375.0 million, respectively.

During the quarter, the Group recorded lower management expenses of 29.3% YoY, as well as a 15.9% YoY increase in investment income by Tune Protect Malaysia (TPM), the Group's Malaysian General Insurance subsidiary, which contributed positively to the Group's 3Q2019 PAT.

Higher investment income fueled TPM's PAT growth

TPM recorded a PAT of RM8.7 million during the 3Q2019, an improvement of 45.9% against RM6.0 million the same quarter last year. The jump in the PAT was mainly contributed by operational efficiencies and higher investment income.

For the 9M2019, TPM recorded a 29.3% YoY growth in PAT to RM24.9 million, mainly contributed by improvement in investment income and operational efficiencies. As at 3Q2019, TPM's operational efficiencies resulted in lower management expenses of 30.1% YoY, partly due to savings on overall reduction in debtors' impairment provision, employee costs and marketing expenses.

In 3Q2019, TPM posted a 16.4% YoY decline in GWP to RM87.3 million, mainly due to the anticipated reduction in the motor portfolio resulting from the ongoing rationalisation of motor business composition and the drop in the non-motor portfolio. Meanwhile, its 9M2019 GWP decreased by 19.2% YoY to RM294.9 million.

Higher underwriting profits for TPR

Tune Protect Re (TPR), the Group's reinsurance arm, recorded an 8.1% YoY improvement in 3Q2019 PAT to RM9.6 million, partly contributed by stronger underwriting profits as well as solid premium growth in the Philippines and Thailand.

The Philippines, TPR's third largest market, registered a 47.1% YoY premium growth, mainly supported by its airline partner's expansion. TPR's business from Thailand, its second largest market, posted a premium growth of 17.4% YoY. The performance is in line with its airline partner's growth as well as positive result from revenue optimisation effort.

Meanwhile, partly due to changes in premium retention for its Malaysia travel business, TPR's GWP declined 19.3% during the 3Q2019 to RM23.3 million. For the 9M2019, its GWP declined by 18.4% YoY to RM69.9 million. On a normalised basis, which excluded the impact of the changes in premium retention for its Malaysia travel business, the 3Q2019 GWP would be down by 6.3% YoY, while for the 9M2019, TPR's GWP would be 4.6% down YoY to RM81.7 million.

Nevertheless, TPR saw encouraging EMEIA (Europe, Middle East, India and Africa) sales via its Business-to-Business ('B2B') channels, with key markets like the United Arab Emirates and Saudi Arabia registering commendable performances. During the 3Q2019, policies earned and issued – based on TPR's partnerships with Air Arabia and other B2B channels – increased by 13% and 8% respectively. For the 9M2019, policies earned and issued gained 5% and 6% respectively.

Overseas Ventures slightly lower for 9M2019

Meanwhile, the Group's 9M2019 share of results declined marginally 1.2% YoY to RM3.4 million, from the same period a year ago. For the 3Q2019, the Group recorded a 59.1% YoY decline in share of results, mainly due to the implementation of opt-in travel insurance for online purchase for selected Air Arabia routes, and higher claims by Tune Protect Thailand ("TPT") compared to 3Q2018 which benefitted from a reserve release.

In 3Q2019, notwithstanding the decline in share of results, TPT recorded a 17% growth in travel business on the back of positive response to the revenue optimisation initiatives whilst Tune Protect EMEIA ("TP EMEIA") registered higher revenue from its B2B channel.

"The Group recorded good PAT in 3Q2019 and 9M2019 on the back of lower management expenses and higher investment income, despite a decline in topline. However, we are seeing positive traction in our GAIN strategy, which plays a vital role in enhancing our position as the leading digital insurer in the region over the medium-term, which would lead to increase in GWP in the near team" said **Khoo Ai Lin ('Ai Lin'), Group Chief Executive Officer of Tune Protect**.

GAIN (Go ASEAN, AirAsia Ecosystems, Insurtech, National Business)

The partnership with BaoViet, the largest general insurance company in Vietnam, in 2Q2019, saw the launch of travel insurance and insurtech collaboration, inclusive of flight delay and gadget protection. Very soon, the Group is also targeting to launch flight delay travel protection through another insurer in Vietnam.

In Malaysia, the Group's Sports and Lifestyle Protection product has witnessed growing interests where it recently introduced a nano insurance product, which insures students using e-scooter within the premise of their universities and colleges.

Since the implementation of the revenue optimisation initiative leveraging machine learning capabilities in several key markets, the Group has started to yield results with the initiative contributing positively to AirAsia's 3Q2019 GWP, with it contributing circa 6% to the AirAsia GWP.

During the 3Q2019, the Group has made good progress in strengthening its Insurtech capabilities with the introduction of flight delay instant notification feature. The feature, which is available to BaoViet (Vietnam) and PT Asuransi Buana Independent (Indonesia) customers, allows submission of claims when experiencing a flight delay. A unique selling proposition of the product is that claims are reimbursed instantly to customers' bank accounts or e-wallets upon submission of information.

On the national front, the Group has also launched AutoBuddy – the enhanced Motorist Personal Accident insurance product in 3Q2019. In addition to providing drivers and passengers with compensation in the event of death or accidental bodily injury, the product is unique that it also provides compassionate flood cover and unlimited towing services. A promotional campaign for AutoBuddy is currently ongoing until year-end.

Strengthening digital capabilities

"Today, customers demand for customised experience. This can only be achieved when we can understand them better and develop products that suit their needs. For the Group to be well-positioned to capture the growth opportunity, it is critical that Tune Protect continues to strengthen its digital capabilities. There's no short-cut to it," 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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