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Tune Protect registered 9.7% PAT growth for 2019

KUALA LUMPUR, 28th February 2020- Tune Protect Group Berhad ('Tune Protect' or 'the Group'; TUNEPRO, 5230) posted a Profit After Tax ('PAT') of RM11.4 million with Operating Revenue ('OR') of RM125.8 million and Gross Written Premiums ('GWP') of RM114.8 million for the fourth quarter of 2019 ('4Q2019').

For the 4Q2019, the Group's Profit Before Tax (PBT) and GWP increased 28.1% and 11.0% year-on-year (YoY) respectively. The Group's PAT for 4Q2019 increased marginally by 1.4% YoY to RM11.4 million while the Group's OR declined 10.4% YoY.

For the full year ended 31st December 2019 (FY2019), the Group's PAT ended higher by 9.7% YoY to RM58.1 million, while GWP and OR reduced 10.6% and 11.5% YoY to RM463.9 million and RM500.8 million, respectively.

Growth in the Group's 4Q2019 PBT was largely driven by favourable prior year claims experience, lower combined ratio and higher investment income. The Group's management expenses improved to RM35.0 million and combined ratio reduced substantially from 101.1% in 4Q2018 to 88.8% in 4Q2019.

4Q2019 investment income increased 4.5% to RM8.8 million, while FY2019 investment income was higher by 8.3% to RM31.5 million.

The Group's strong GWP performance in 4Q2019 was driven by higher non-motor business recorded by Tune Protect Malaysia (TPM), the Group's Malaysian General Insurance subsidiary.

"The Group's commendable PAT recorded in FY2019 was a result of our GAIN transformation strategy and ongoing efforts to improve operational efficiencies," said **Khoo Ai Lin ('Ai Lin'), Group Chief Executive Officer of Tune Protect**.

Improvement in net claims and expenses fueled TPM's PAT growth

TPM's PAT increased fourfold from RM1.8 million in 4Q2018 to RM9.2 million in 4Q2019. Likewise, TPM's FY2019 PAT rose 61.8% YoY to RM34.1 million, largely driven by favourable claims experience arising from our portfolio restructuring initiatives, lower management expenses due to lower impairment and gain in investment income.

In 4Q2019, TPM saw improvements in net claims by 44.1% due to favourable claims experience and lower management expenses by 28.8%. TPM also posted a 11.4% YoY increase in GWP to RM95.7 million, mainly driven by non-motor segments.

Although TPM recorded decline in GWP for the full year 2019, its GWP mix is heading in the right direction stemming from our aspiration to grow the preferred segments. TPM is working towards achieving the optimal portfolio mix of Motor (below 35%) and Non-motor (above 65%), as part of the Group's strategy to ensure the sustainability and profitability of its Malaysian General Insurance business.

Expanding our Reinsurance presence in ASEAN

Tune Protect Re (TPR), the Group's reinsurance arm, recorded a 36.8% YoY decline in 4Q2019 PAT to RM6.2 million mainly due to the change in the intra-group premium retention arrangements for its Malaysia travel business. The decline is cushioned by the stronger performance from its three largest travel markets after Malaysia - Thailand, the Philippines, and Indonesia, in tandem with the growth of its airline partner.

In 4Q2019, TPR's business in Thailand and Indonesia posted a premium growth of 39.6% and 34.2%, aided by the Group's revenue optimisation initiative for AirAsia.

Lower share of results from Overseas Ventures

The Group's FY2019 overseas ventures declined by 10.4% YoY from RM4.9 million to RM4.4 million, and this was mainly a result of the switch to opt-in setting on the AirArabia in-path booking platform.

The impact of the decline is cushioned by the 5.4% growth in travel business for Tune Protect Thailand ("TPT"), on the back of the positive response to the revenue optimisation initiative, in addition to the higher revenue from Tune Protect EMEIA's B2B channels with policies issued increasing a commendable 48.8% YoY.

In December 2019, Tune Protect EMEIA commenced its partnership with SalamAir, the first low-cost carrier in Oman, offering travel insurance in four key markets in the Middle East, namely Oman, the United Arab Emirates, Kuwait and Qatar. There are plans in the pipeline to acquire more markets in the 2020 expansion trajectory. Based on performance to date, the Group is already seeing promising results, at this early stage. SalamAir currently flies to 27 destinations across the Gulf Corporation Council (GCC), Asia, Africa and the Indian subcontinent.

GAIN in 2020 (Go ASEAN, AirAsia Ecosystem, Insurtech capabilities and National Business)

Moving forward, the Group aims to strengthen its business by exploring more strategic partnerships or acquisition opportunities in Indonesia, Vietnam and the Philippines while growing its airline partnerships including the likes of SalamAir.

The Group plans to unlock further potential and synergies with its affiliates including customer acquisition and cross-selling activities within the AirAsia ecosystem.

The Group is also looking at introducing a mobile apps with self-manage claims function as part of its turnkey digital insurance enabling platform.

The Group launched several new products in 2019, including Auto Buddy, Business Shield, Foreign Workers PA and the opt-in feature for motor insurance, Pay-As-You-Drive (PAYD). For 2020, the Group aims to continue its innovation in developing new products for consumers - including a new motor insurance product. It also aims to optimise its distribution channels by targeting at preferred segments of motor and non-motor portfolio while investing in technological capabilities.

Strong Fundamentals

In the near-term, though the COVID-19 outbreak has impacted the global economy, particularly the travel and tourism industry, the Group remains cautiously optimistic that it will regain growth momentum in the second half of the year. Several countries in ASEAN have announced initiatives to cushion the impact of COVID-19 on the region’s economy and particularly for Malaysia, the recent budget stimulus announcement to boost the local travel and tourism industry will help to ease the impact of COVID-19.

The Malaysian economy is also not spared from the impact of the current political uncertainty which is foreseen to ease once the new government is formed.

Notwithstanding these factors, Tune Protect believes that its transformation initiatives, including the GAIN strategy which encompasses beyond Travel insurance and Malaysia market, will help the Group weather the challenges in 2020.

“We have a good spread across multiple lines of business and our fundamentals remain strong. We believe that the Group is in shape to weather the challenges and is in a good position to prosper when the travel industry recovers,” 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 Group Berhad. For interview opportunities, or more information please contact via email, call, text or WhatsApp:

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