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Tune Protect 4Q22: Highest full-year topline since IPO; first quarterly profit since 3Q21

Highlights:

- **FY22 recorded YoY GWP (+36%) and NWP (+72.5%), the highest growth since 2013.**
- **Posted first profitable quarter since 3Q21.**
- **Driven by growth in preferred market segments with retention ratios exceeding 70% target.**
- **Underwriting contribution grew close to 2x, underwriting losses down by 60%.**
- **Unlocking huge growth opportunities with ASEAN partnerships, SME and B2B travel segments.**

KUALA LUMPUR, 22 February 2023 - Tune Protect Group Berhad ("Tune Protect or "Group"; TUNEPRO, 5230) ended the Financial Year 2022 ("FY22") with a bang by registering a record topline growth and returning to black in the Fourth Quarter of 2022 ("4Q22") after four consecutive quarterly losses.

The Group recorded its highest Gross Written Premium ("GWP") and Net Written Premium ("NWP") since its Initial Public Offering ("IPO") in 2013. GWP and NWP rose +36% and +72.5% respectively Year-on-Year ("YoY") in FY22. GWP increased from RM409.0 million (FY21) to RM556.1 million (FY22) while NWP soared from RM201.1 million (FY21) to RM347.0 million (FY22). The strong results were achieved despite the fact that the airlines business have yet to return to pre-Covid levels. The Group's financial turnaround was driven by growth in preferred segments, i.e., Lifestyle, Health and SME, which more than compensated for the gradual planned exit from the Group's legacy commercial business.

Returned to black

"It was our first profitable quarter since 3Q21. Quarter-on-quarter (QoQ), the Group's 4Q22 Net Earned Premium ("NEP") was higher than Net Written Premium ("NWP") as we are seeing the flow through of earned premiums," said **Rohit Nambiar ("Rohit"), Tune Protect Group's Chief Executive Officer**.

Rohit remarked that underwriting contribution almost doubled while underwriting loss narrowed by 60%. Investment portfolio rebounded in 4Q22 and ended the year breakeven while Tune Protect Thailand's ("TPT") Covid-19 claims stabilised. The Group's Capital Adequacy Ratio ("CAR") remains strong and is significantly above regulatory requirement which supports future growth.

"The strong performance was a reflection of the Group's constant and concerted efforts to become a more efficient organisation on a ratio basis. Our improvements in 4Q22 were also contributed by an encouraging combined ratio as premiums started to flow through from NWP to NEP, in tandem with our topline growth which has outpaced expenses for 3 consecutive quarters. NWP growth of 72.5% YoY is a company record. Retention ratio of 62% is on track of meeting our 70% target by end 2023, while FY22 NWP exceeded even pre-Covid levels," explained Rohit.

Group Performance – 4Q22/FY22 Overview

TPG (RM' mil)	4Q21	4Q22	YoY	FY21	FY22	YoY
Net written premiums	55.7	78.6	+41.1%	201.1	347.0	+72.5%
Net earned premiums	53.2	83.0	+56.0%	196.8	297.3	+51.1%
Underwriting contribution[1]	22.6	40.0	+77.4%	97.9	102.8	+5.0%
Underwriting profit/(loss)	(7.6)	(3.2)	-58.4%	1.2	(22.5)	>-100%
Combined ratio	114.4%	103.8%	-10.6%	99.4%	107.6%	+8.2%
Net investment income[2]	(3.2)	9.4	>100%	(7.3)	0.5	>100%
Share of results[3]	(5.2)	(2.1)	-58.7%	(9.5)	(14.7)	+53.6%
Profit / loss after tax	(14.7)	2.2	>100%	(18.2)	(34.2)	+87.5%

Notes:-

1. *NEP minus net commission expenses, net claims incurred, facilitator fees and royalty.*
2. *Aggregate of investment income, realised gains and losses & fair value gains and losses.*
3. *Share of results of an associate (TPT) and a joint venture company (TP EMEIA).*

Strong 4Q22 retention ratios

The financial performance is also evidence that one of the Group's main objectives of retention of upwards 70% in all Lines of Business ("LOB") is on track. All preferred segments' retention ratios exceeded the 70% target. The Lifestyle segment's growth was mainly driven by the the Personal Accident ("PA) segment which increased by RM 14.1 million, as well as the Motor segment which increased by RM 9.0 million. However, overall Travel was still down by RM5.9 million as AirAsia's strong growth in 4Q22 was still lower compared to 4Q21 which was driven by Covid-19 travel insurance sales in the Middle East region.

"In 2023, our focus is to grow the profitable motor segment with regular monitoring of the portfolio. We will also increase the Motorcycle segment's mix, penetrate top travel agents in every city and grow our Small and Medium Enterprise ("SME") and Health segments," said Rohit.

Overall, the Group is poised to capitalise on the expected travel recovery in the region. Recently, it partnered with AirAsia in a campaign to provide free flight delay insurance. The Group has also launched instant claims notifications and payment in partnership with a leading e-wallet provider in Vietnam as well as in the Middle East.

The Group is on track to evolve its technology arm as a profit centre. Beginning with the activation of 3 new markets paying fees for the Tech services in 2021, the Group subsequently obtained the approval from Bank Negara Malaysia to host the Malaysia general insurance business core system on Cloud in March 2022. The core system has gone live with its Phase 1 implementation in October 2022.

Huge opportunities in ASEAN, SME and B2B

Rohit elaborated about the tremendous opportunities in regional markets, such as its collaboration with new partners in Vietnam. The Group has 2 new insurance partners in Vietnam that have agreed to share their Healthcare and Lifestyle insurance portfolio in exchange for reinsurance training, product development services and technology. Vietnam's total FY22 GWP contribution to the Group was RM20.8 million.

"This is part of one of our key objectives of expanding our presence in the Association of Southeast Asian Nation (ASEAN) region. Through our existing insurance partner in Vietnam, Bao Viet Insurance, we secured a partnership with VNPay, one of the largest financial technology ("fintech") players in Vietnam with 15 million active users and more than 150,000 corporate clients. Our collaboration went live on 14th January 2023 and we are going to launch an international travel plan," said Rohit.

Another key growth area is unlocking various opportunities in the SME and Business-to-Business ("B2B") travel segments. One of the company's success stories in 4Q22 was launching the B2B Travel portal in Malaysia at nationwide branches and travel agencies. This portal will also be launched in Thailand by 1Q23. It has expanded B2B Travel to all distribution channels including AirAsia, broking, agency and partnerships.

The Group launched the Business Shield programme for the SME segment and hosted 2 SME industry round-tables with over 60 industry leaders to gather insights and identify touchpoints for SME customers. It developed a user friendly sales kit and is targeting profitable segments/industries to reduce portfolio volatility. It plans to diversify distribution channels to be digital-ready for SME Business-to-Consumer ("B2C") channels and partnerships.

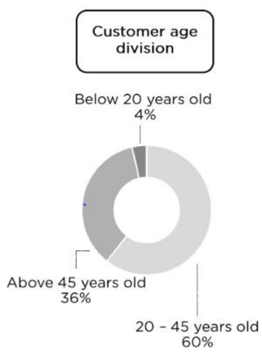
Customer NPS ahead of competitors

The company is making huge strides in becoming a Net Promoter Score ("NPS") leader in its preferred markets. The Group's Customer NPS stood at +39% as at December 2022, which is well ahead of local competitors' and is on par with global industry.

"We want to be an employer of choice among insurers for millennial talents. There has been an encouraging progress in our Employee NPS that jumped to 26% in November 2022 from 5% the year before. Significant measures have been taken to bridge the gap and achieve this result," said Rohit.

Customer tracking metrics FY2022[3]

Quarter	Unique active customer count (mil)[1]	Average active policy per customer[4]	Average product per customer[5]	Customer vintage (years)[6]	Average premium per active customer (RM)[7]
1Q2022	1.0	1.41	1.24	5.33	335.8
2Q2022	1.7	1.28	1.16	5.52	220.8
3Q2022	1.9	1.25	1.10	5.62	202.3
4Q2022	1.9	1.25	1.09	5.69	204.2



Notes:-

1. *Inclusive of TPR, TP EMEIA, TPM, and TPT*
2. *1Q2022 to 3Q2022 metrics were revised to account for the adjustment in cut off date*
3. *2022 is the baseline year. YoY comparison will be made for 2023 metrics onwards*
4. *Number of active policy / unique active customer*
5. *Number of products by nature / unique active customer*
6. *Duration of active customer since the inception of the first policy*
7. *Total GWP / active customer base*

Customer metrics boosted by post-Covid travel

The Group has benefited from the reopening of the economy and travel recovery post-Covid, as shown by 1.9 million unique customer count in 4Q22, increasing almost twofold compared to 1Q22.

"This was supported by various marketing and promotion campaigns throughout the year, as well as the digital affinity partnerships that boosted customer count. However, average product and active policy per customer reduced slightly from 1.24 and 1.41 (1Q22) to 1.09 and 1.25 (4Q22) respectively, mainly due to a higher base in 4Q22," said Rohit.

Another positive indicator for the Group was customer vintage, or duration of customer retention since first policy, which recorded steady growth throughout the year.

"In tandem with improved Customer NPS, our customers are staying longer with the company. Customer vintage increased from 5.33 years in 1Q22 to 5.69 years in 4Q22. However, average premium per active customer was reduced from RM335.8 in 1Q22 to RM204.2 in 4Q22. This was in tandem with travel growth after the reopening of borders and lower ticket size of travel insurance," explained Rohit.

In terms of age division, the Group's customers age composition is largely dominated by the 20 – 45 year-olds, standing at 60% in the mix. This is followed by 36% of 45 year-olds and above, whilst 4% represented the below 20 year-olds category. This is proof that the Group is capturing the right target segment, i.e., millennials and Gen Zs as intended through the various lifestyle brand and marketing campaigns, as well as the offering of products and services that are appealing to this market segment.

Committed to ESG and sustainability

The Group is committed in the long term to its sustainability and Environment, Social and Governance ("ESG") objectives. It has included charity elements in its online products (excluding PA and Travel) and expanded the commitment with a total of 6,000 Corporate Social Responsibility ("CSR") hours performed by employees over 3 years (2022 to 2024). It is an industry leader in governance targeting 50% women in leadership roles by 2023. 50% of critical roles will also have successors identified from within the company by 2023.

Investments

In terms of investments, Rohit cautioned that the Group will remain conservative in 2023.

"For our fixed income portfolio, the end to central bank monetary policy tightening is within sight. This expectation has fuelled a bond market rally both globally and in Malaysia. Asset allocation wise, money market funds will form at least 70% of overall portfolio by the end of 1Q23. In 4Q2022, we reduced our equity exposure to 2% and will make a full exit by 1H23," Rohit 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. Aspiring to be the lifestyle insurer that everyone loves in the region, Tune Protect aims to simplify the insurance experience leveraging digital and offer affordable, yet comprehensive protection plans and propositions to suit individual and corporate needs in the Health, Lifestyle and SMEs pillars. Tune Protect has established a global presence across 60 countries through its general insurance and reinsurance subsidiaries, joint venture companies, as well as via strategic partnerships with local underwriters in these markets.
For more information on Tune Protect, visit their website at https://www.tuneprotect.com/

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

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