

# Ageas in Asia

AGEAS INVESTOR DAY

6<sup>TH</sup> OF JUNE 2017 | LISBON PORTUGAL





# Agenda

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- Ageas in Asia
- The story of China
- Additional financial disclosures
- Conclusion

# Ageas in Asia



# Presence in Asia

All figures in this presentation are excluding AICA  
(Hong Kong) unless otherwise stated



## Ageas Asia Region 2016

Gross inflows  
**EUR 18 bn**

Technical Liabilities  
**EUR 49.5 bn**

Net Profit  
**EUR 182 mio**

Net Investment  
**EUR 0.6 bn**

## China

Taiping Life - 24.90%

- Gross inflows: EUR 13.6 bn
- Technical Liabilities: EUR 36.6 bn
- Net Profit: EUR 106 mio

## Thailand

Muang Thai - 30.95% Life, 15% Non-Life

- Gross inflows : EUR 2.8 bn (Life: EUR 2.5 bn; Non-Life: EUR 318 mio)
- Life Technical Liabilities : EUR 8.1 bn
- Net Profit : EUR 70 mio (Life: EUR 67 mio; Non-Life: EUR 3 mio)

## The Philippines

EastWest Ageas Life - 50% + 1 share

- Gross inflows: EUR 5 mio
- Technical Liabilities: EUR 1 mio
- Net Profit: EUR -6 mio

## Malaysia

Mayban Ageas / eTiQa - 30.95%

- Gross inflows: EUR 1.2 bn  
(Life: EUR 587 mio; Non-Life: EUR 575 mio)
- Technical Liabilities (Life): EUR 4 bn
- Net Profit: EUR 40 mio (Life: EUR 16 mio; Non-Life : EUR 24 mio)

## India

IDBI Federal Life - 26%

- Gross inflows: EUR 193 mio
- Technical Liabilities: EUR 718 mio
- Net Profit: EUR 0.1 mio

## Vietnam

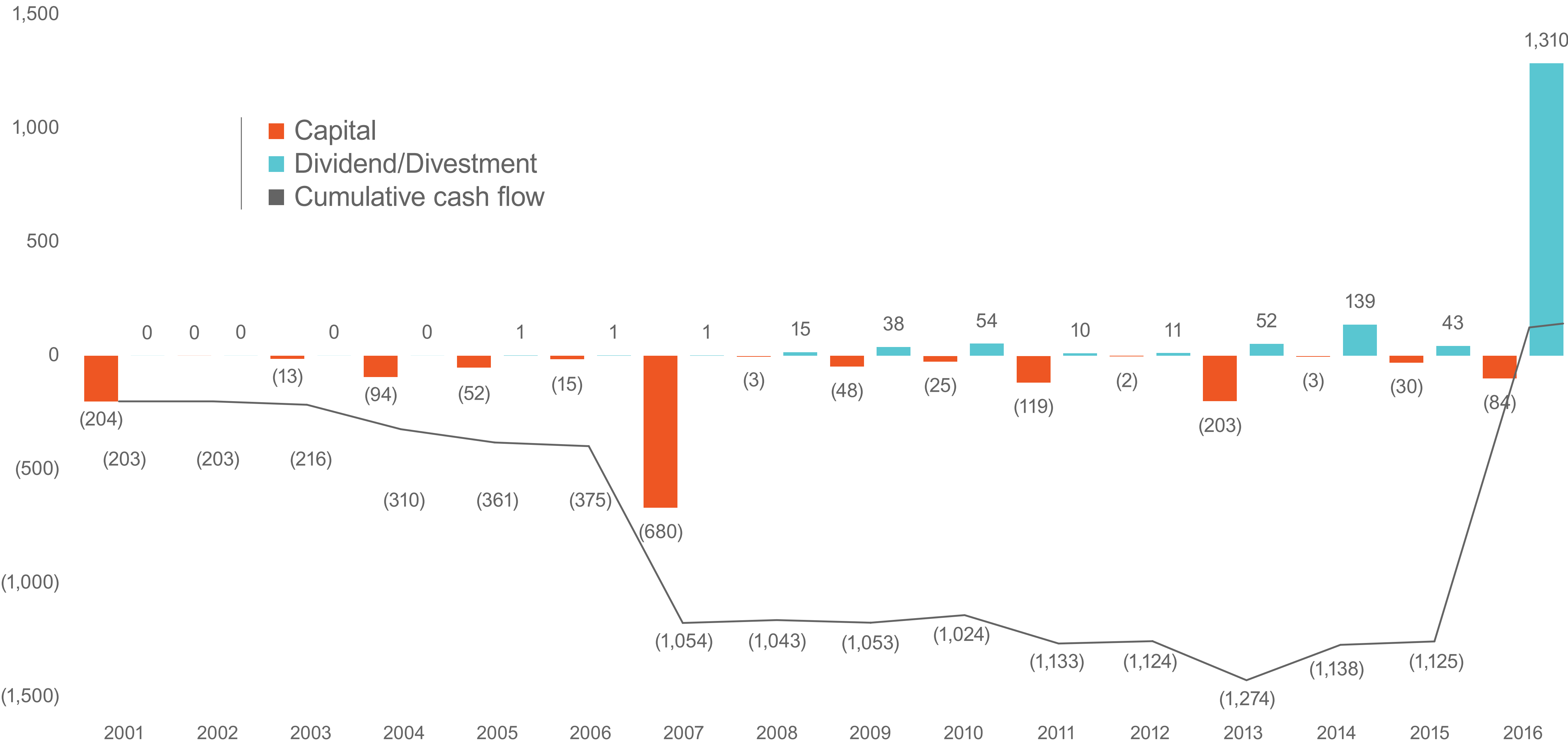
MB Ageas Life - 29%

- Official commercial launch in Q1 2017

# Capital invested vs. dividend/ divestment upstream

## Net proceeds from Asia to Ageas Group of EUR 101 mio since 2001

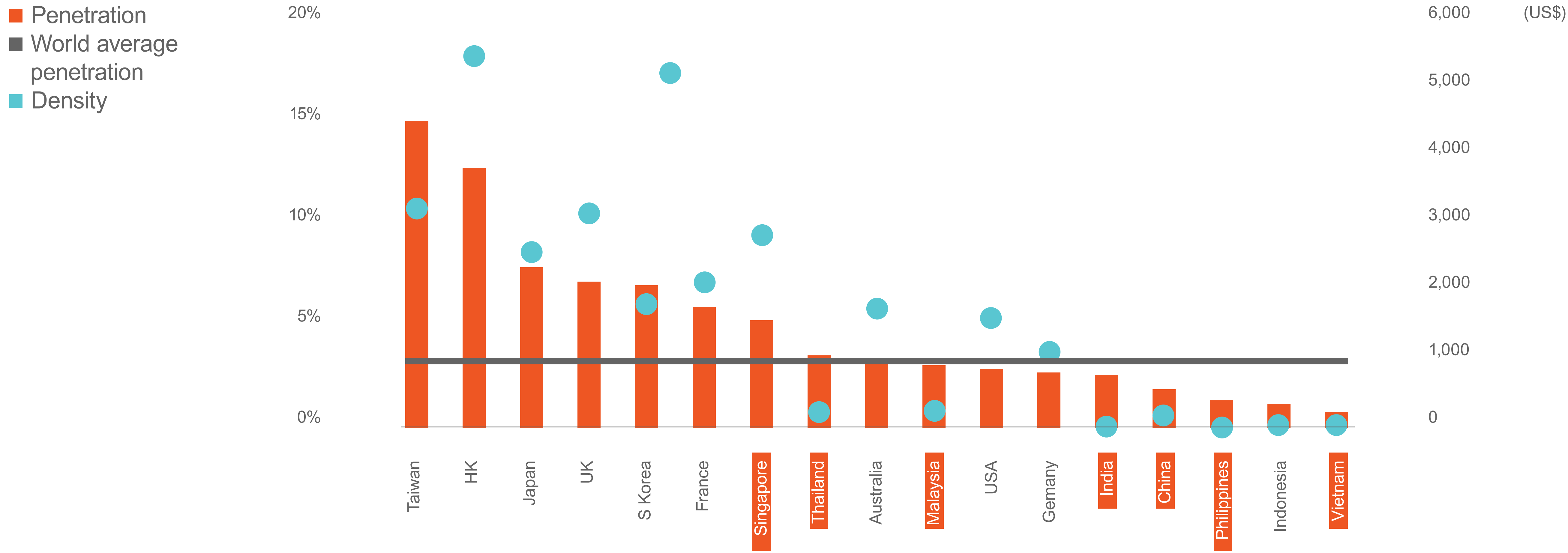
in EUR mio



# Why Asia?

## Well positioned in World's Key Growth Markets

Life insurance penetration (premiums as % of GDP) and density (premiums per capita) 2015



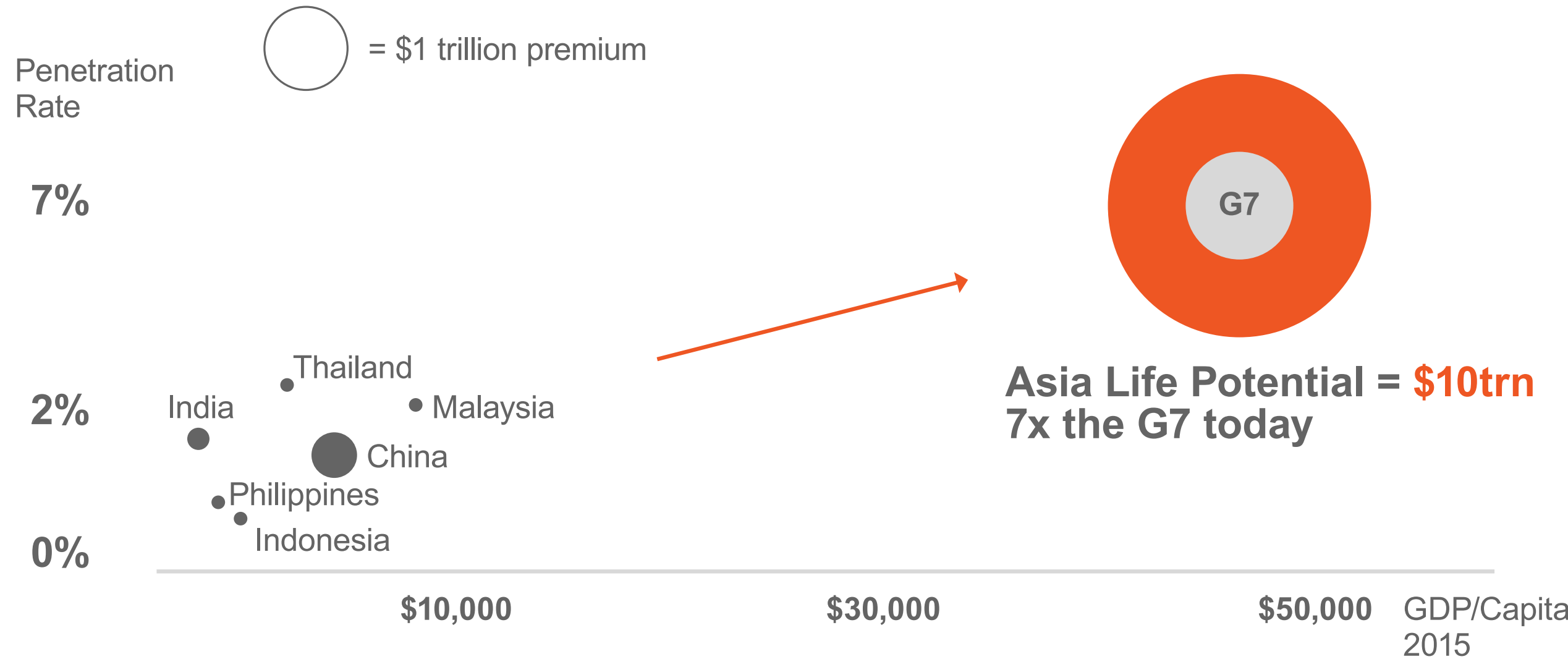
Sources: China State Council, IMF, World Bank, ACLI, A.M. Best, McKinsey, Swiss Re, and Company estimates

# Why Asia?

## Well positioned in World's Key Growth Markets

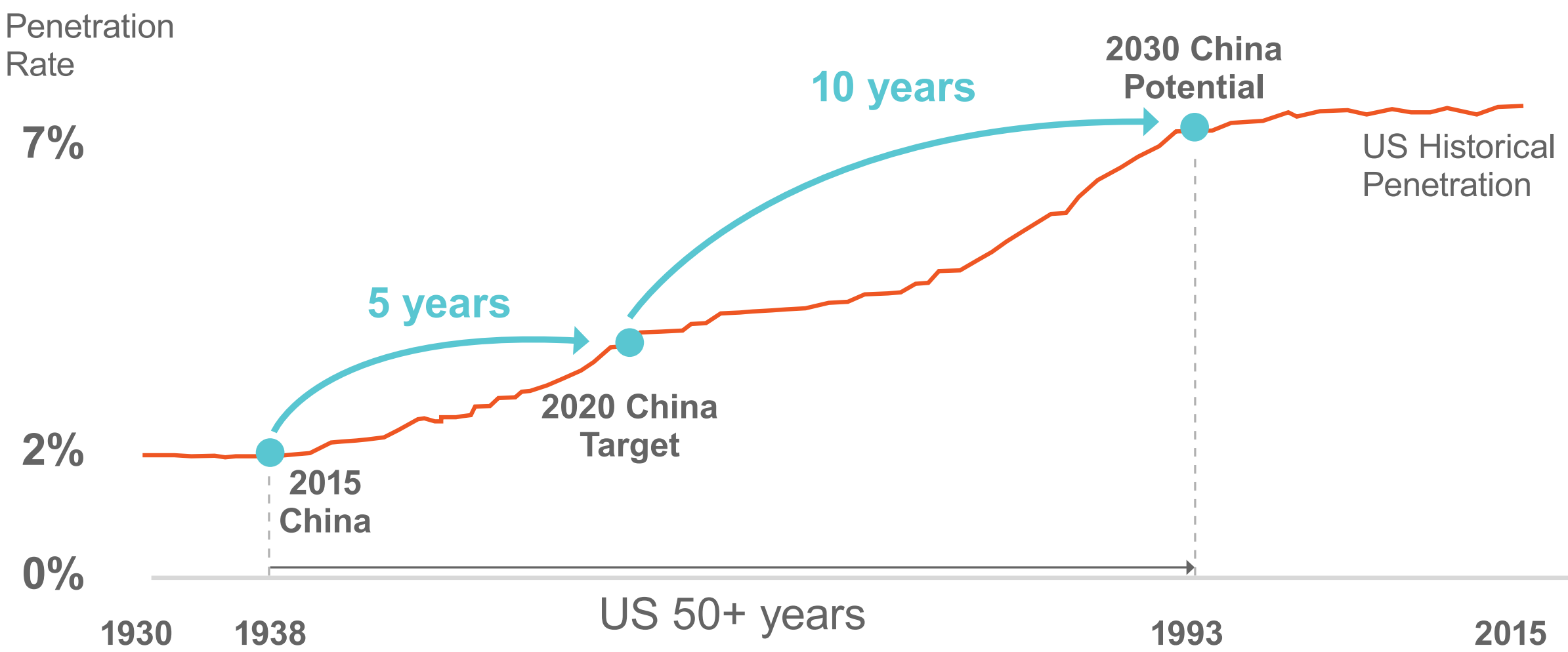
### Compounding Growth

Growing GDP and Penetration



### China Potential and U.S

Historical Penetration Rates



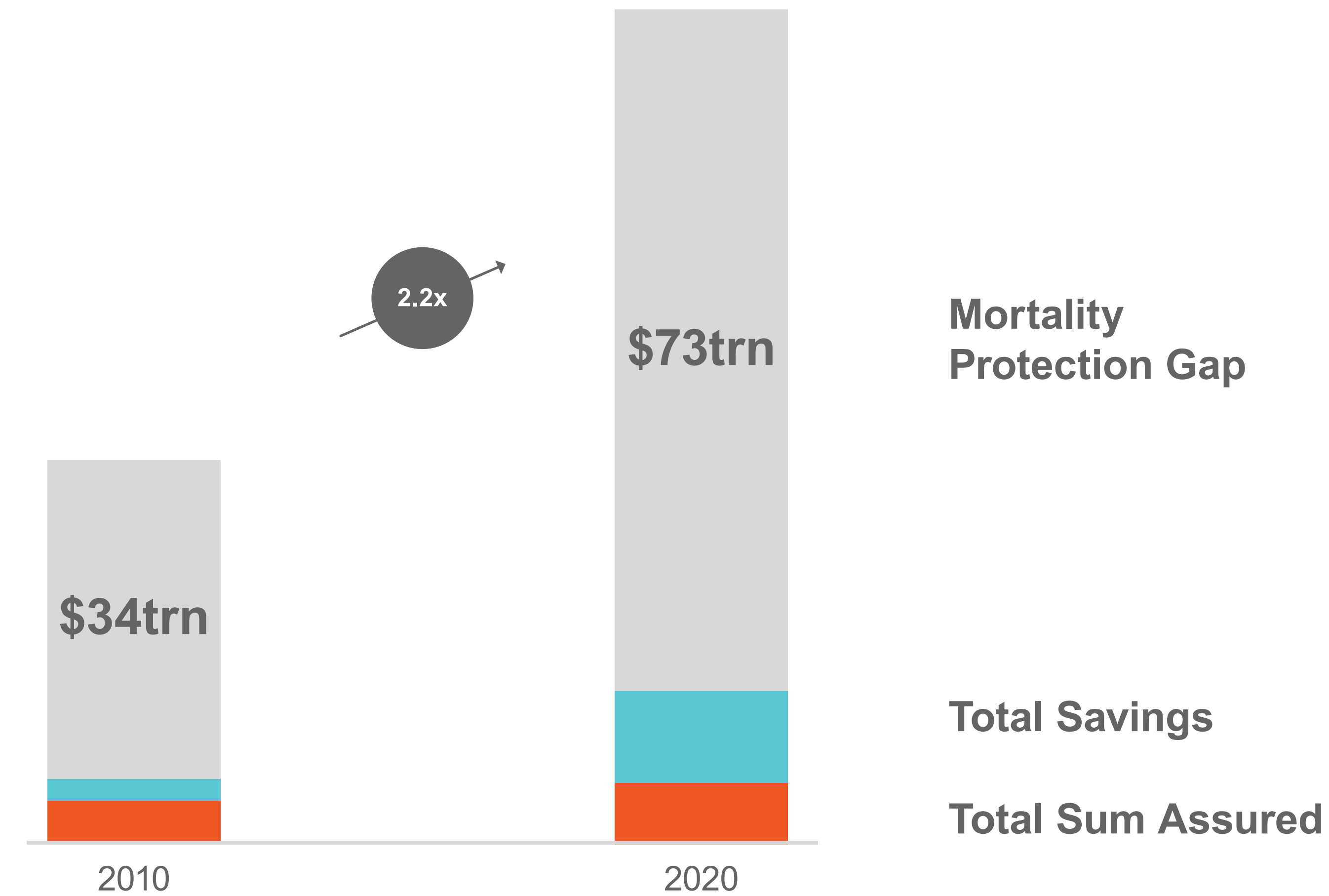
Sources: China State Council, IMF, World Bank, ACLI, A.M. Best, McKinsey, Swiss Re, and Company estimates

# Why Asia?

## Well positioned in World's Key Growth Markets



Large and Growing Mortality Protection Gap  
Asia excluding Japan



Sources: China State Council, IMF, World Bank, ACLI, A.M. Best, McKinsey, Swiss Re, and Company estimates



# Governance

## Hong Kong Regional Office acts as “Knowledge brokers”

Operating businesses locally managed  
& driven with regional support

Providing support in all key domains  
of insurance management

### Finance & Risk Management

- Risk Management
- Corporate Finance
- Investment Management
- Capital Management
- ALM

### Commercial Development

- Data Analytics
- CRM
- Digital Development
- Agency Development
- Banca Development
- Non Life pricing

### Operations & IT Management

- Operating Platforms
- IT support & Development
- Operational Excellence

### Governance

- Board
- Board Committees
- Management Secondees



# Selection of Key regional projects

Initiated and led by the  
Hong Kong Regional Office  
across the Partnerships in Asia

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## Top 10 projects

- 1 - Strategic Asset Allocation
- 2 - Data Analytics project design and delivery
- 3 - Customer centricity “Deep Dives”
- 4 - Agency Leadership development, Agency forum, MDRT development
- 5 - Set up training Academy
- 6 - Digital platform development, Robotics and Chat technology
- 7 - SAP cloud implementation, Philippines
- 8 - Performance management framework, Malaysia
- 9 - EB support
- 10 - Banca sales development



# Governance Ageas Management Positions in Asia JV's

## Active Ageas Management Participation @ Country Level

	China	Malaysia	Thailand	Vietnam	Philippines	India
Actuarial domain	<u>Appointed Actuary, TPL</u>		<u>Appointed Actuary</u>	Appointed Actuary (Combined CRO)	<u>Appointed Actuary (combined CRO)</u>	Consulting Actuary
Risk Management	<u>Assistant GM &amp; CRO, TPAM</u>	<u>Chief Risk Officer</u> Operation Risk Officer		See above	see above	
CFO/CIO Domain	<u>Deputy CFO, TPL</u>		<u>Deputy CFO/CIO</u>	<u>Chief Financial Officer</u>	<u>Chief Financial Officer</u>	
Marketing & Sales		<u>Chief Marketing Officer</u> <u>Head of Banca Development</u>	<u>Chief Bancassurance</u>	Director of Bancassurance		Consulting Distribution Team
IT & OPS	Deputy GM, TPSSC	Head of Operational Transformation		<u>Chief Operations Officer</u>	<u>Chief Operations Officer</u> <u>Chief Technology Officer</u>	
Other	Representative Office, Chief Rep acts as senior country officer				<u>Chief Executive Officer</u>	

— Selected Ageas secondees to Opcos who are also members of the local management committee



# Governance Board Participation across Asia



## Ageas Asia

Ageas well represented in local boards

Proportional representation in all main Boards

Reserved matters protection in all partnerships at key levels

Membership in all key committees, including Risk, Audit, Investment and Nomination where applicable

## China

Taiping Life - 24.90%

- 3 Board members plus 1 Supervisor at TPL
- Board memberships at TPAM and TPeC
- Present in all committees
- Memberships in the Executive Committees of TPL and TPAM

## Thailand

Muang Thai - 30.95% Life, 15% Non-Life

- Board participation: Muang Thai Group Holding; Muang Thai Holding; Muang Thai Life and Muang Thai Insurance
- Present in all committees except Audit in MTI (regulatory issue)
- Memberships in all Operating Company Executive Committees

## The Philippines

EastWest Ageas Life - 50% + 1 share

- Appointed the CEO
- 3 Board members including chairman
- Present in all committees
- Memberships in the Management Committee

## Malaysia

Mayban Ageas / eTiQa - 30.95%

- Board memberships on all Boards including Singapore
- Present in all committees except Audit in Singapore
- Memberships in the Senior Management Committees

## India

IDBI Federal Life - 26%

- 2 Board members including the Chairman
- Present in all committees

## Vietnam

MB Ageas Life - 29%

- 1 Board member along with one member from Muang Thai
- Present in all committees
- Membership in the Executive Committee



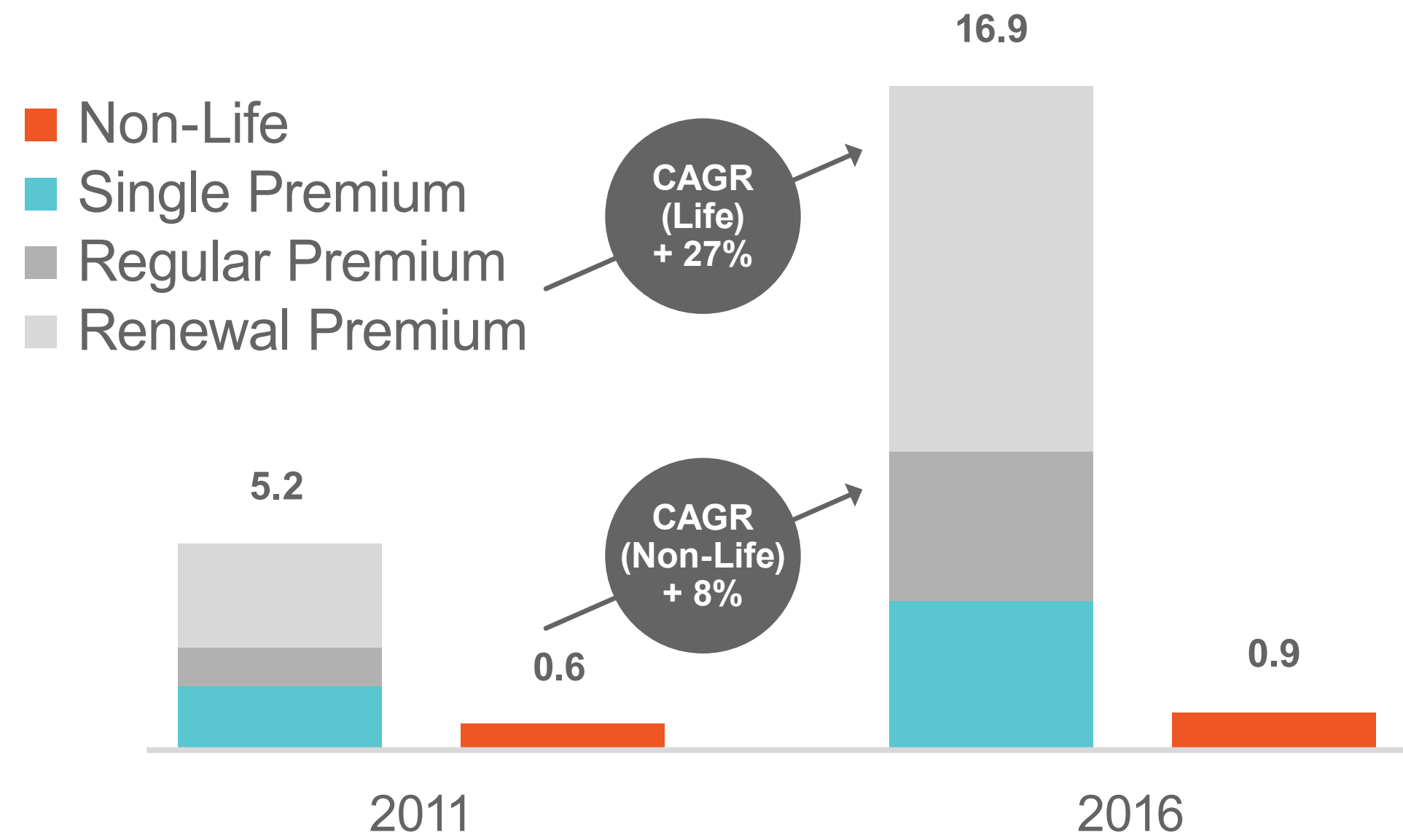
# Performance overview

## Inflows



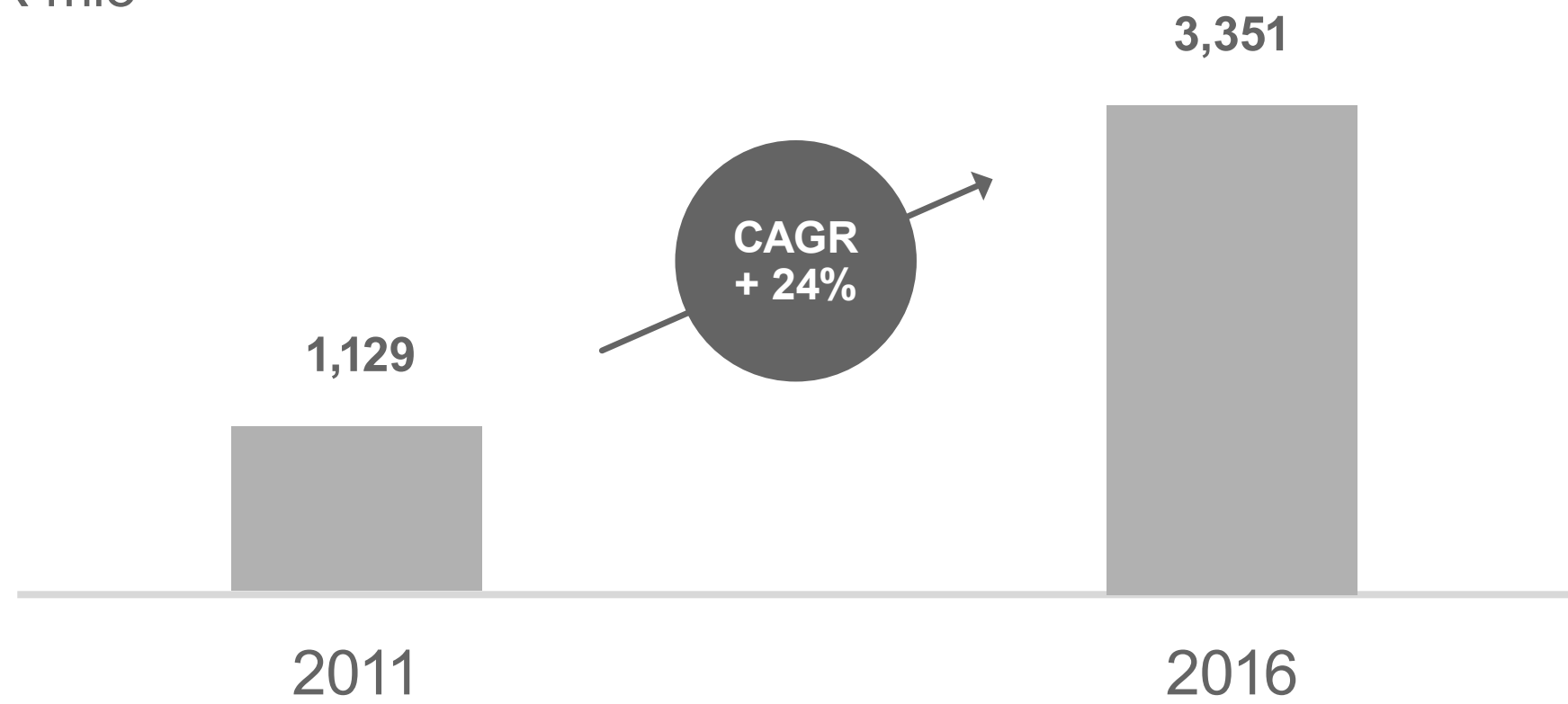
### Evolution Gross Inflows

in EUR bn

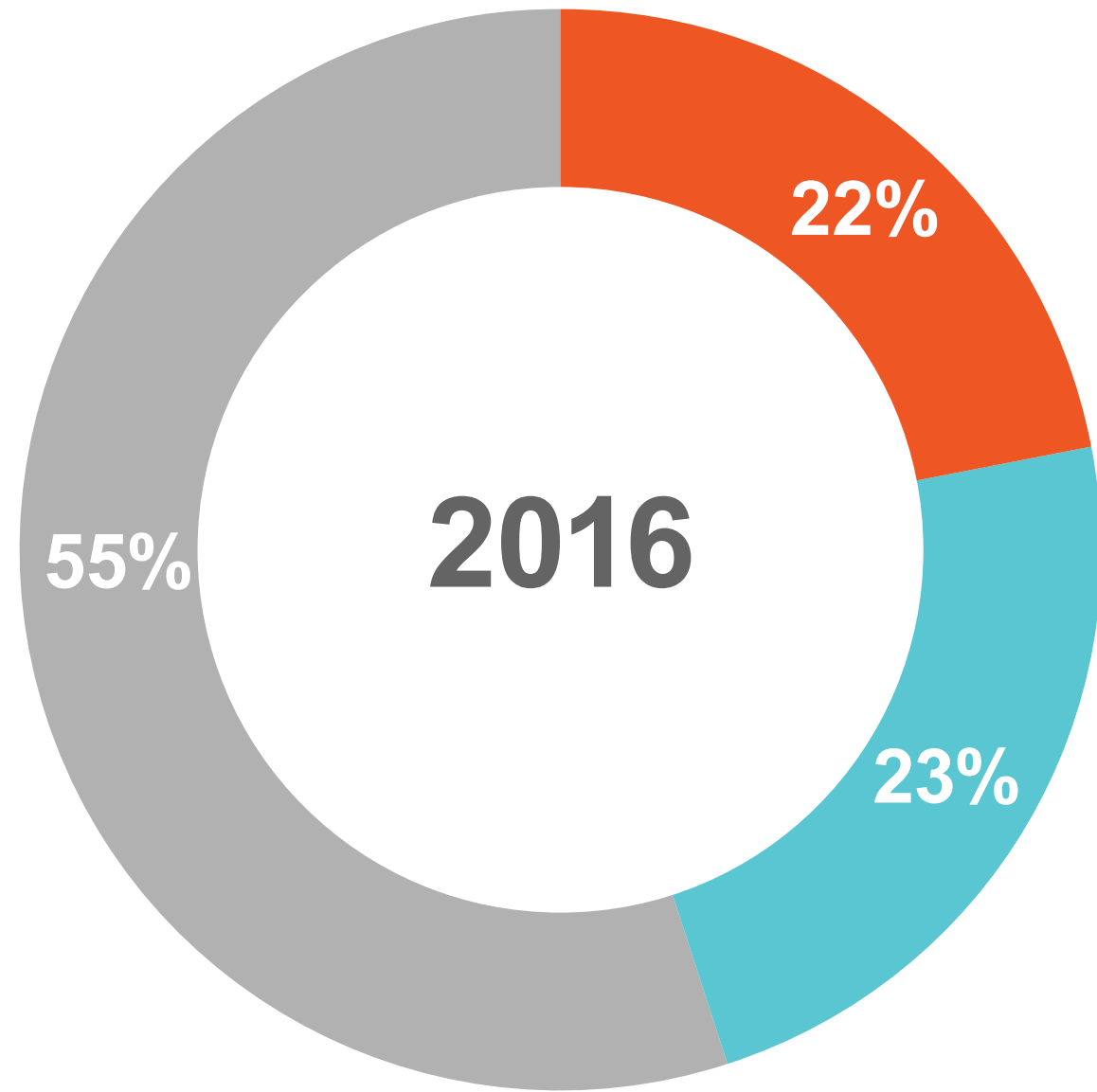
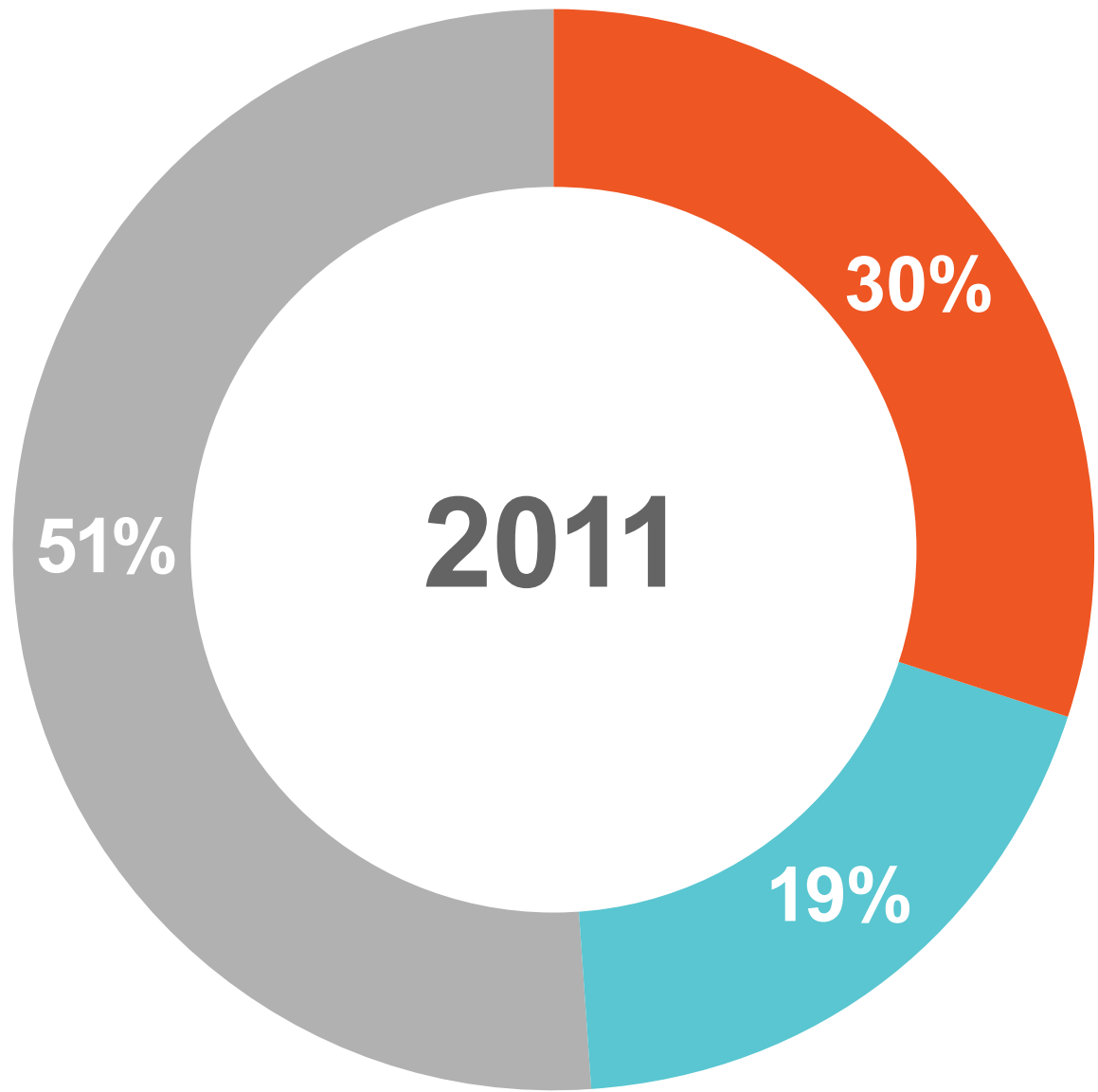


### APE

in EUR mio



### Life inflows by nature

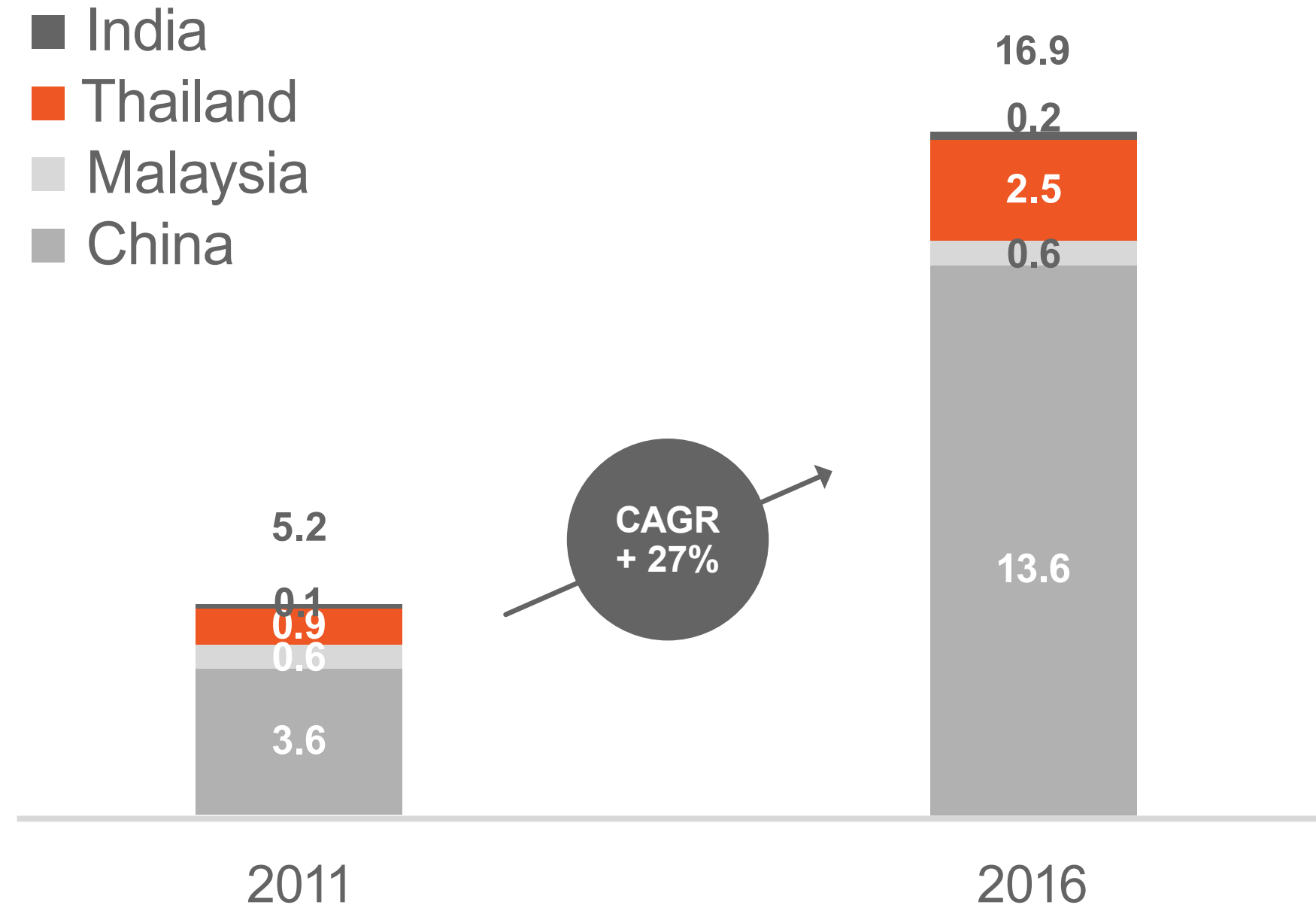


- Single
- Regular
- Renewal

# Performance overview Life Inflows

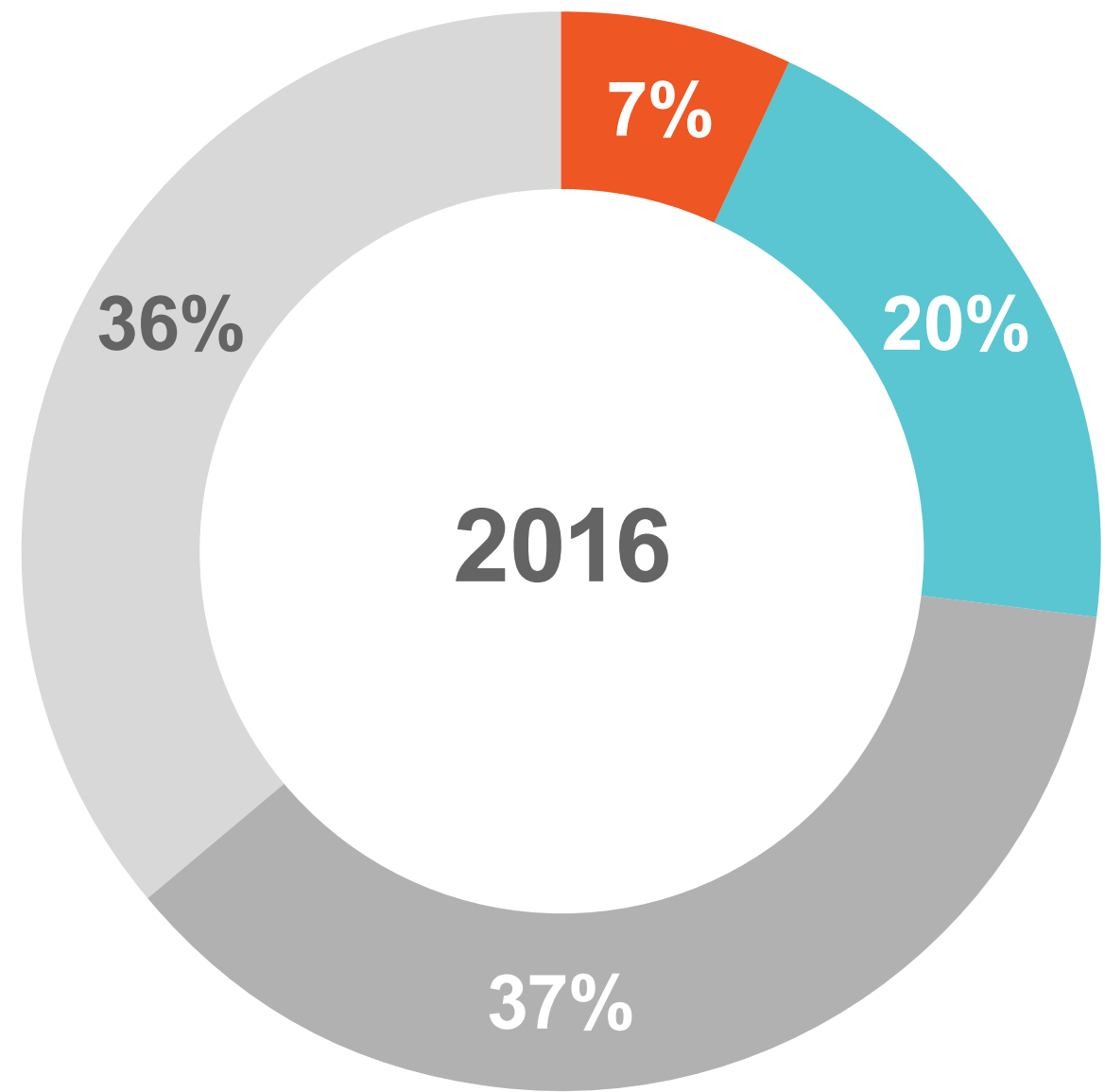
## Gross Inflows

in EUR bn



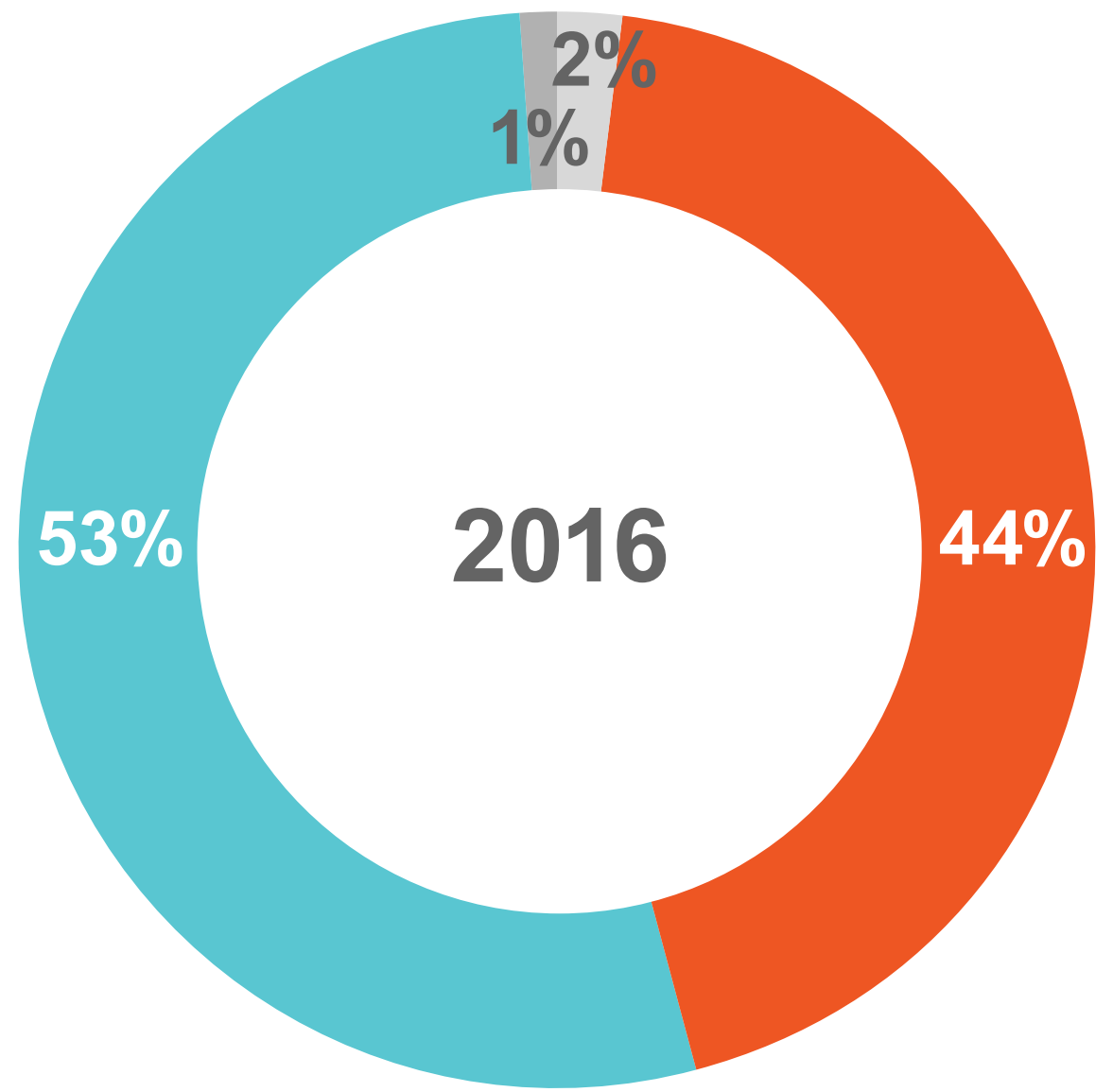
- Balanced channels, broad customer access
- Total agency force: over 350,000 agents across five countries
- Bank branch network: present in more than 37,000 branches
- More than 20 mio customers across markets

## Gross Inflows by product



- Unit Linked
- Risk
- Par
- Non Par

## Gross Inflows by distribution channel



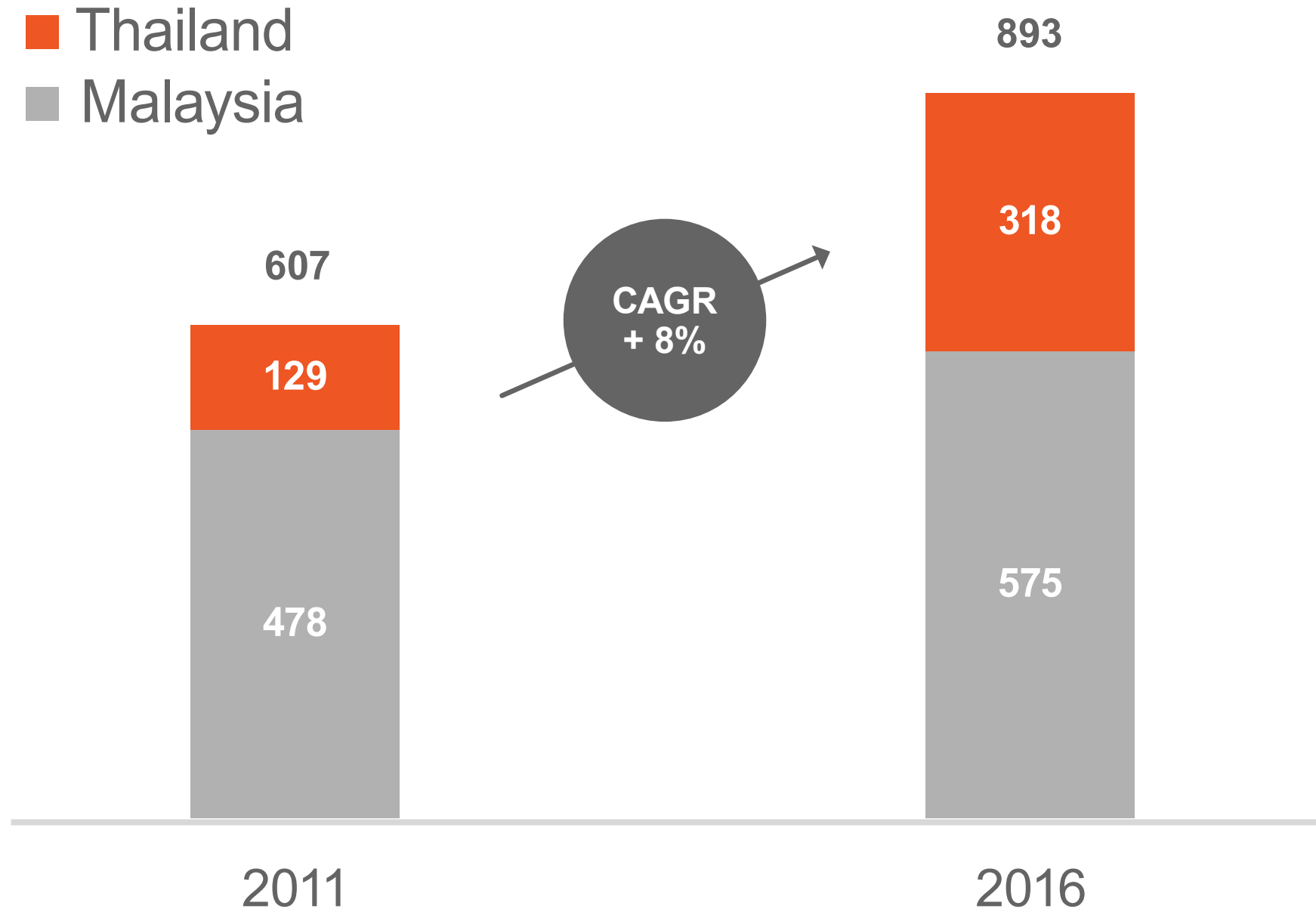
- Banca
- Agency
- Brokers
- Others



# Performance overview Non-Life Inflows

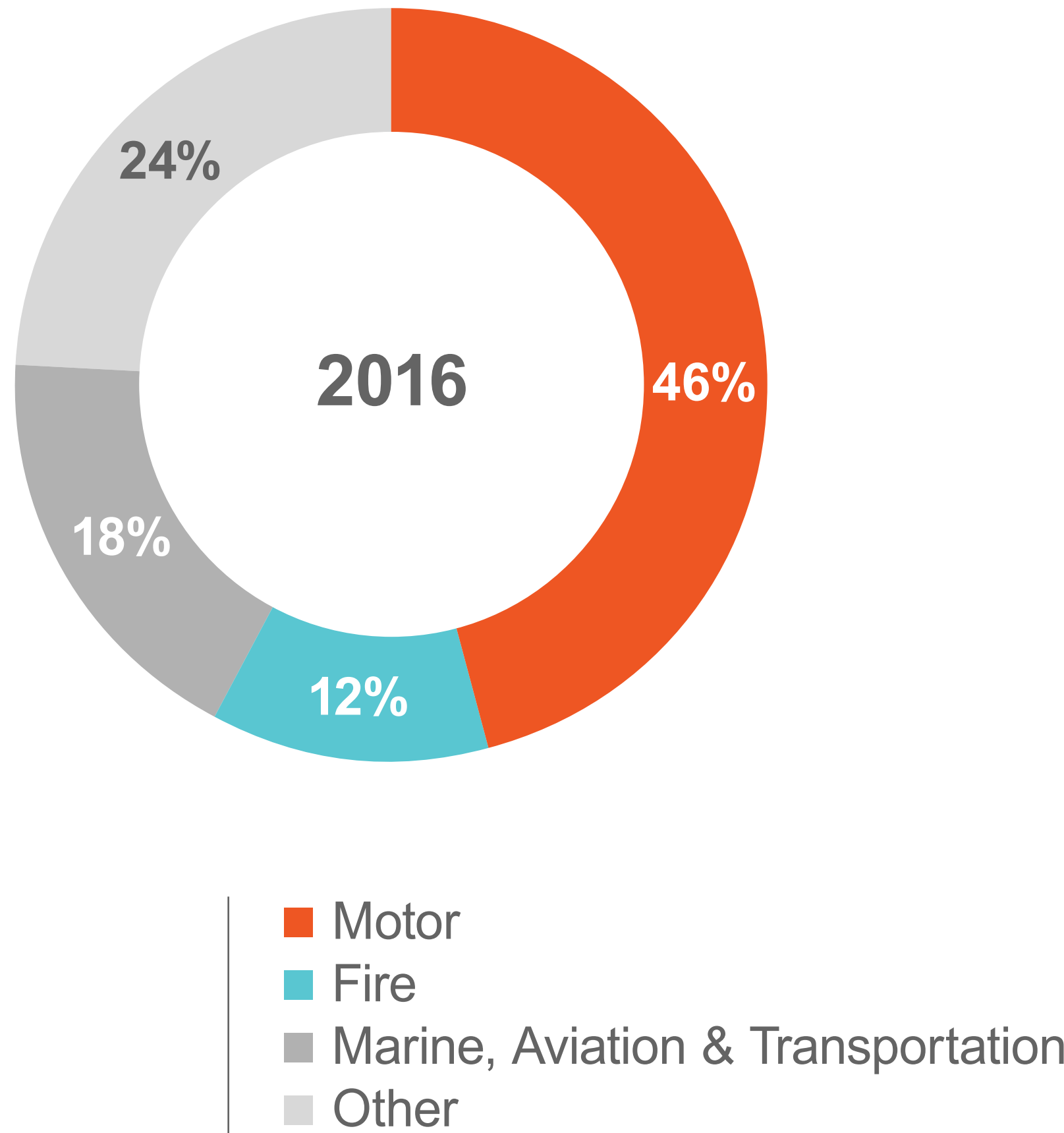
## Gross Inflows

in EUR mio

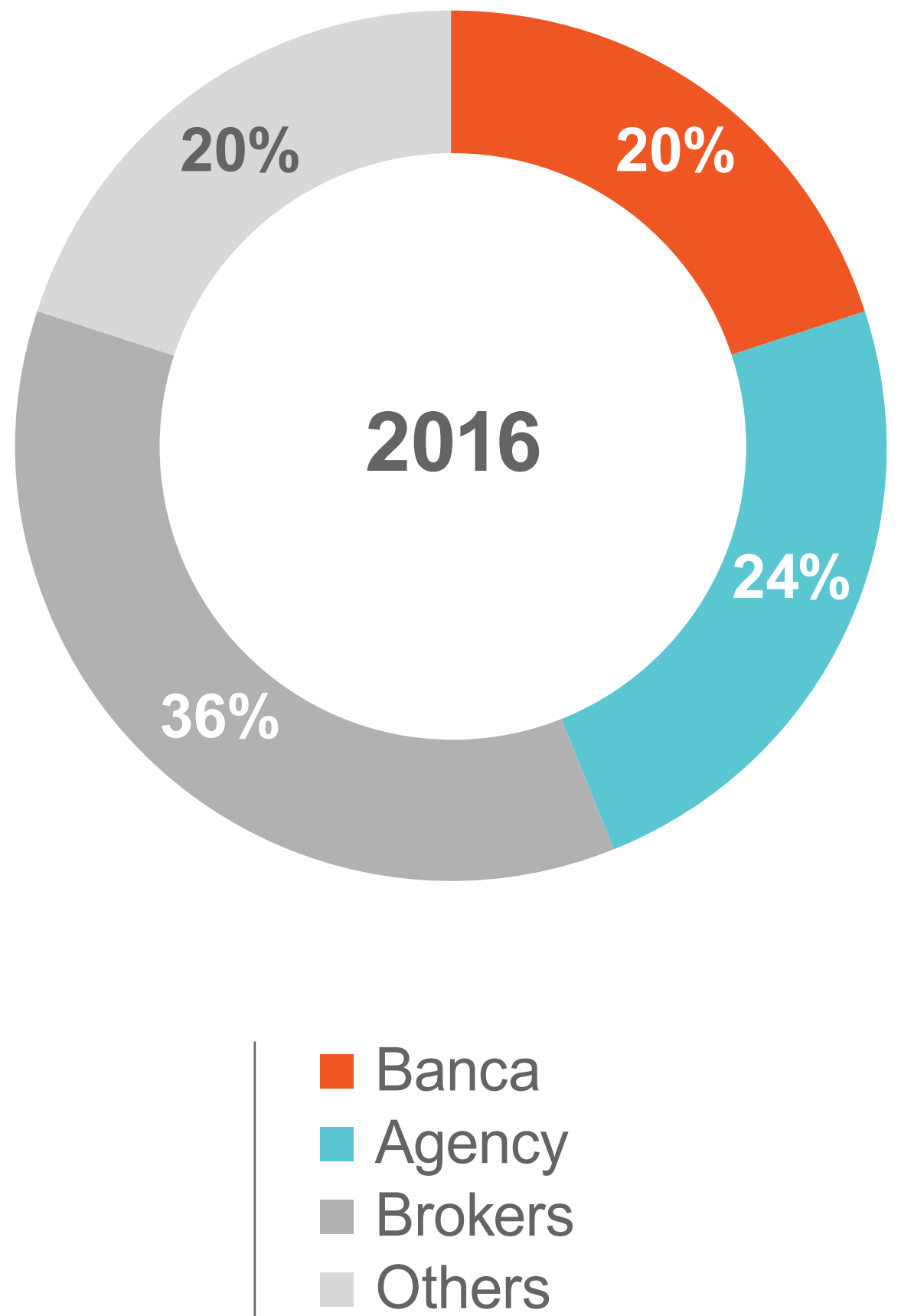


- Balanced mix of lines and channels
- Competence based underwriting
- “Control” based retention
- Alignment of interest with the channel

## Net earned premium by product

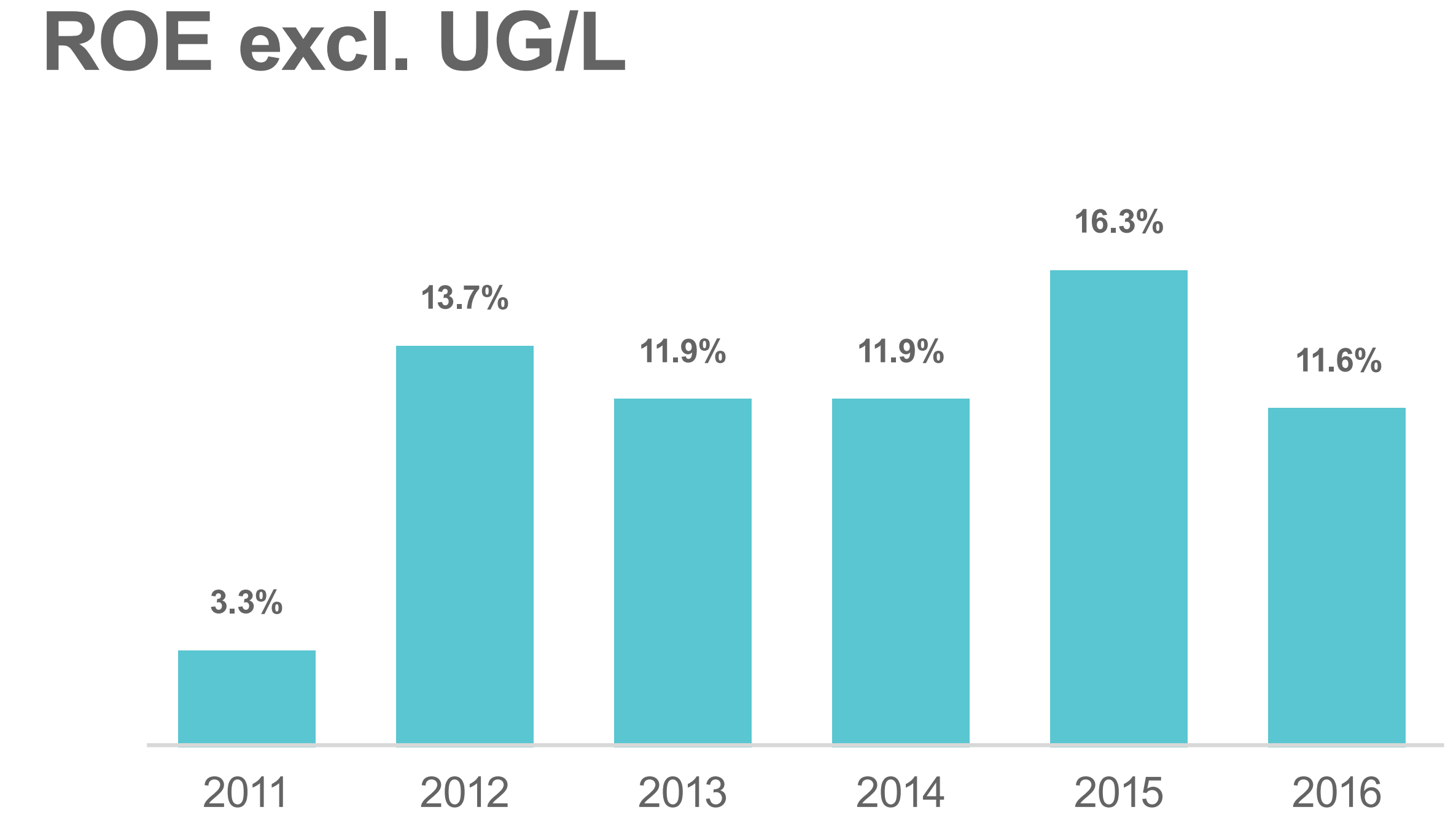
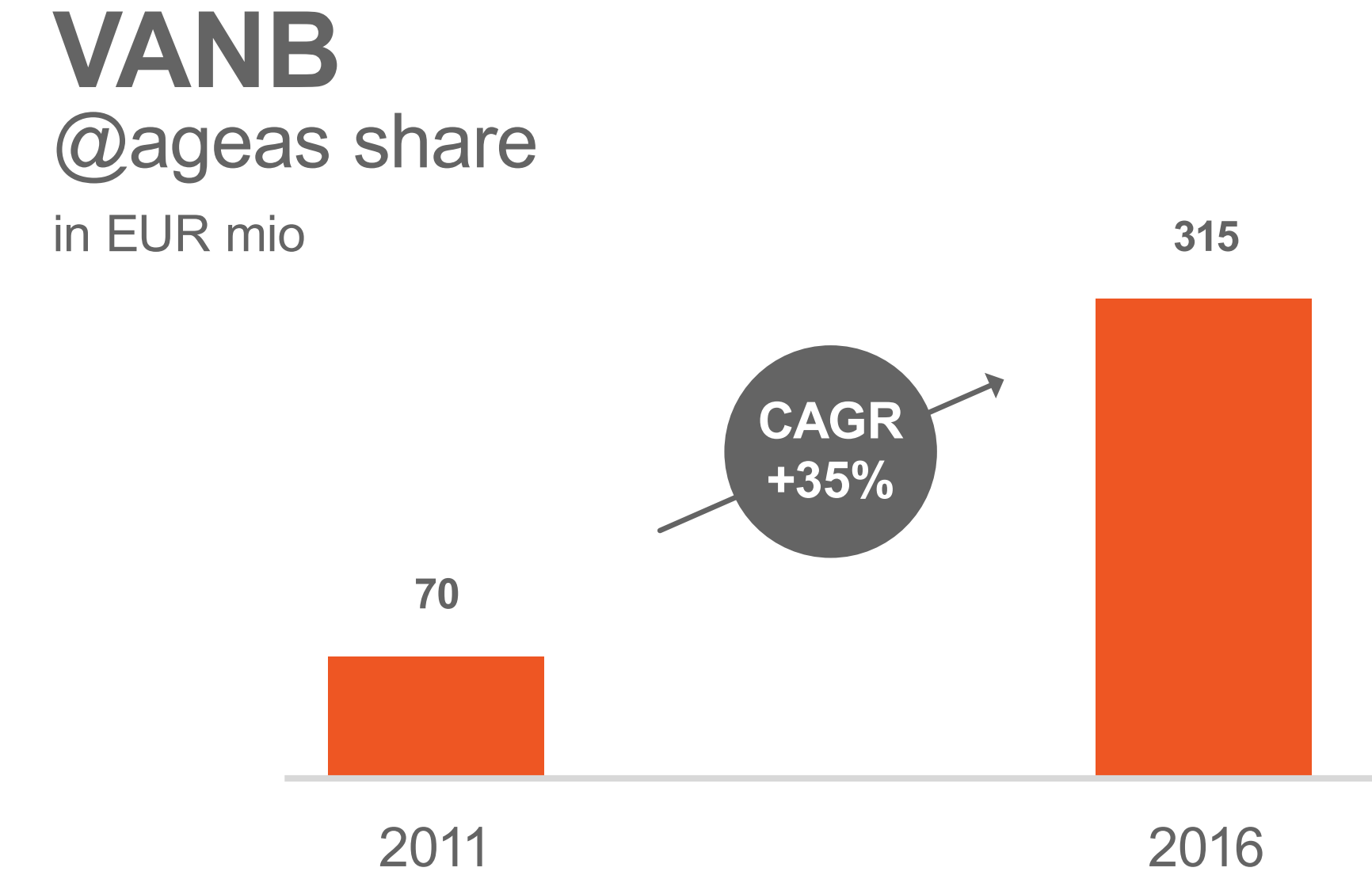
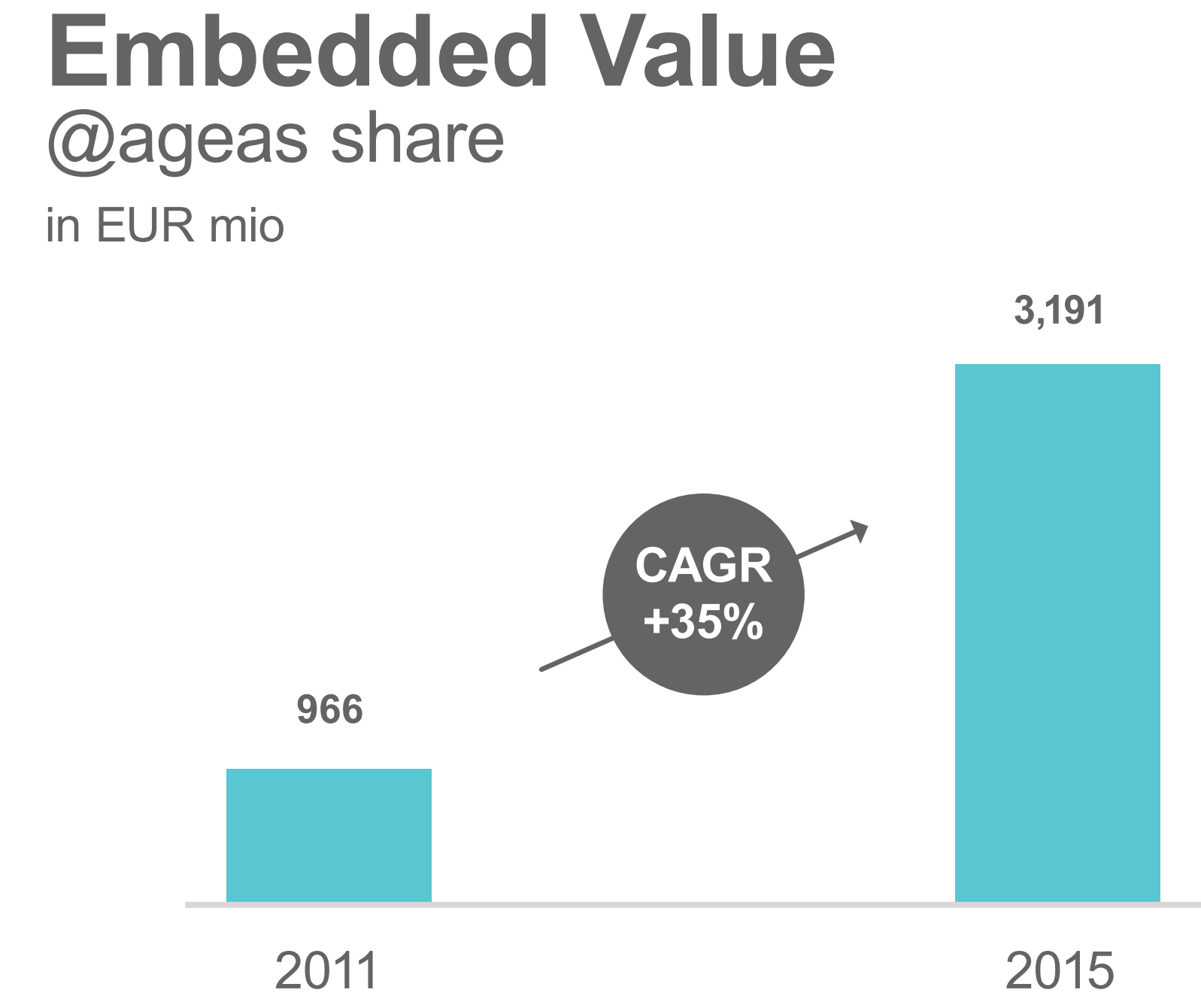
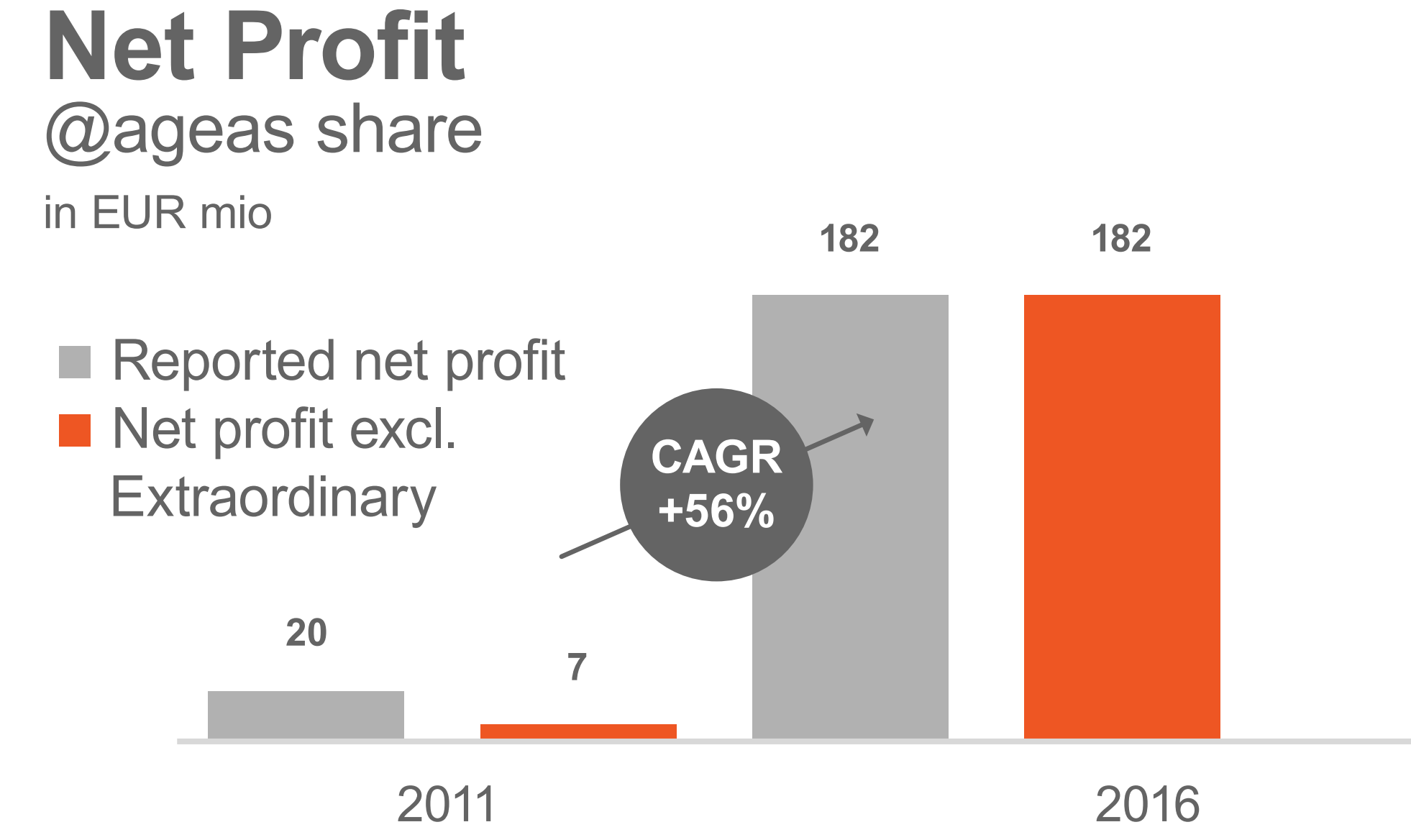


## Gross Inflows by distribution channel



# Performance overview

## Net result & Value creation



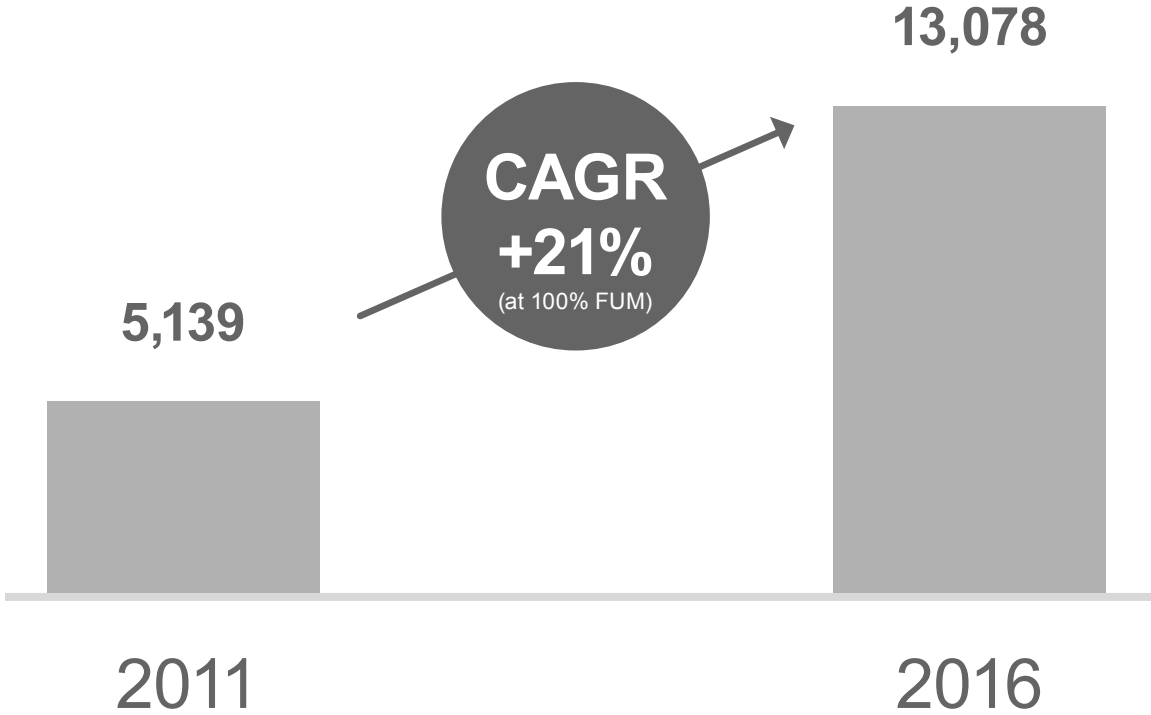


# Performance overview Other



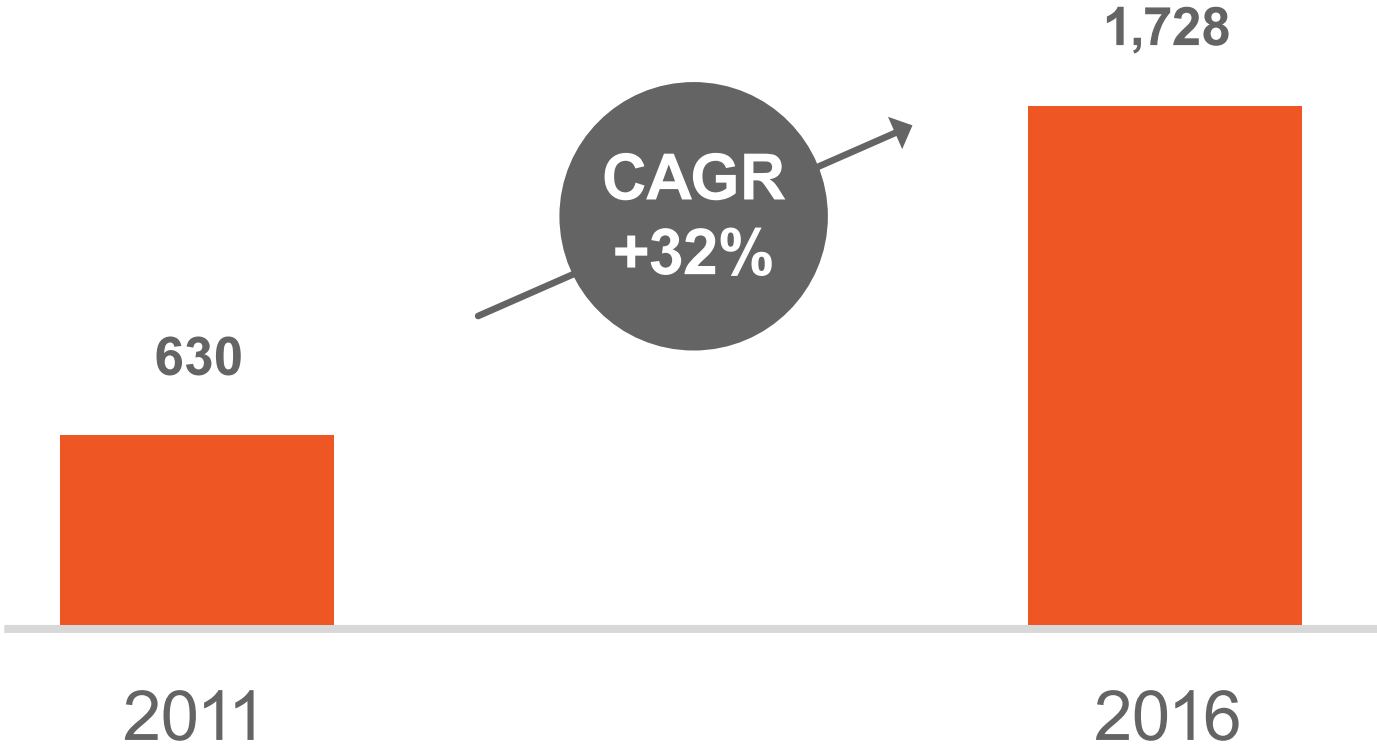
## Technical Liabilities

@ageas share  
in EUR mio



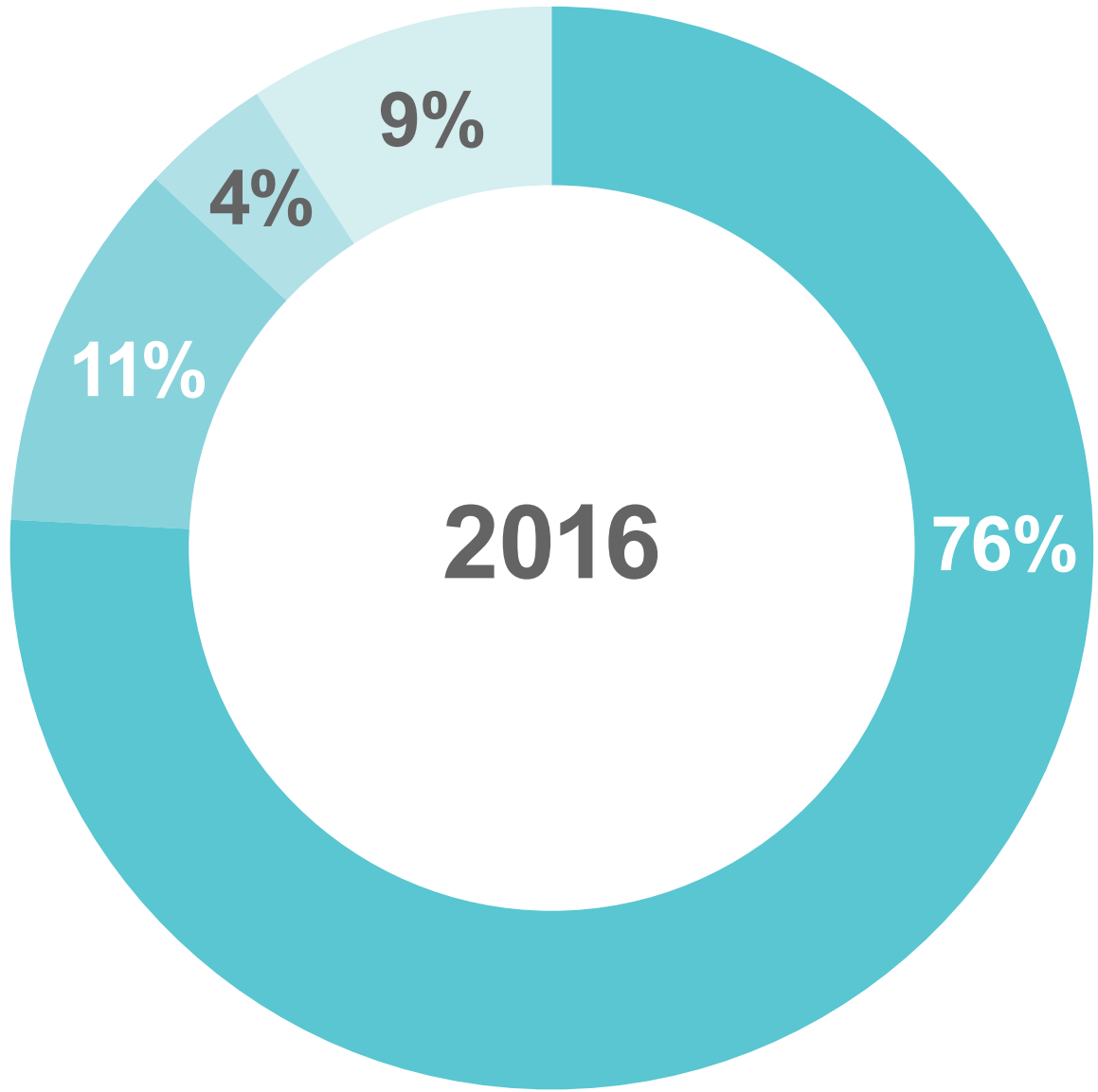
## Shareholder's Equity excl. UG/L

@ageas share  
in EUR mio

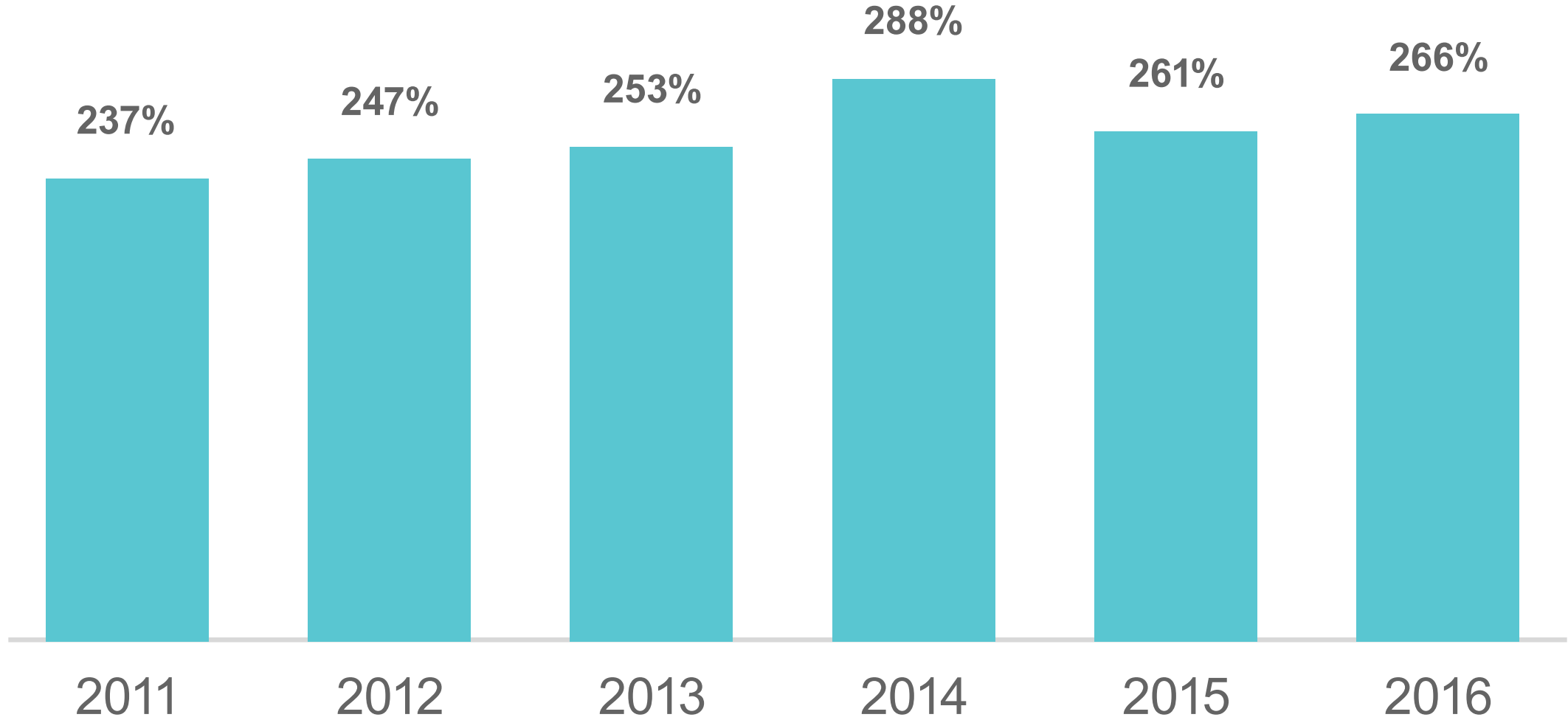


## Investment portfolio

- Fixed Income
- Equity
- Real Estate
- Cash & cash equivalents



## Solvency

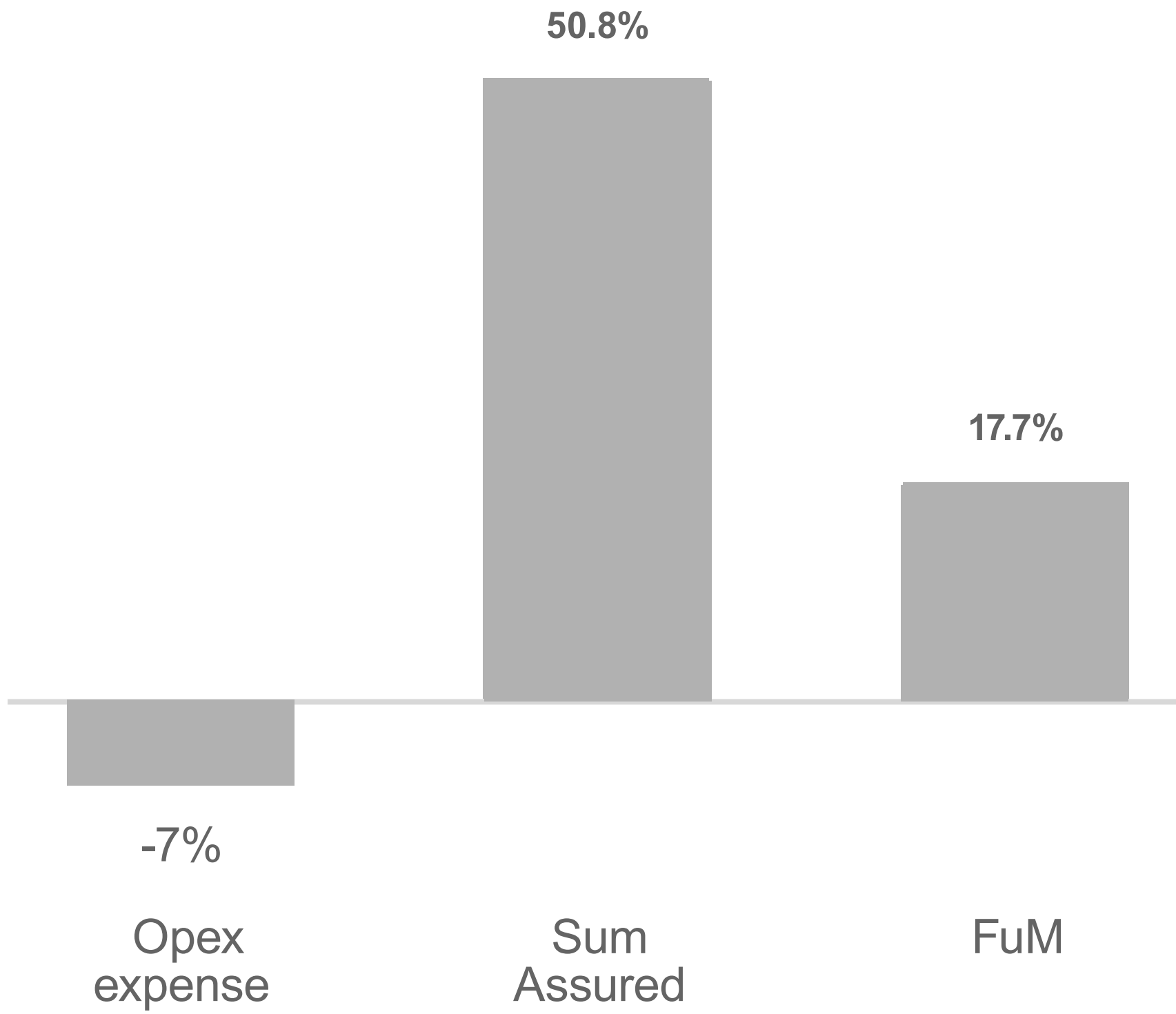


# Performance overview

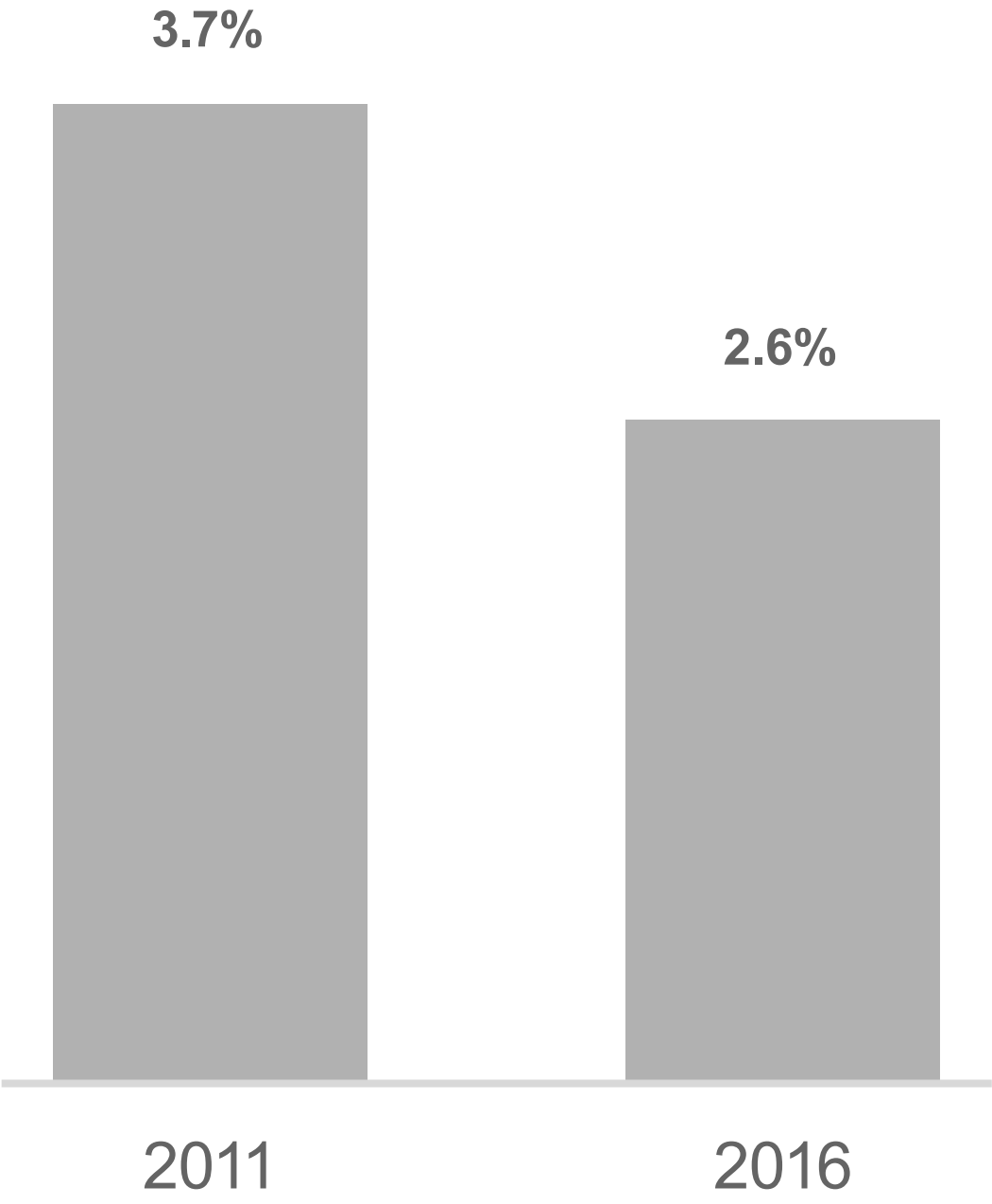
## Operating performance



**Life**  
Productivity improvements  
2016 vs. 2015

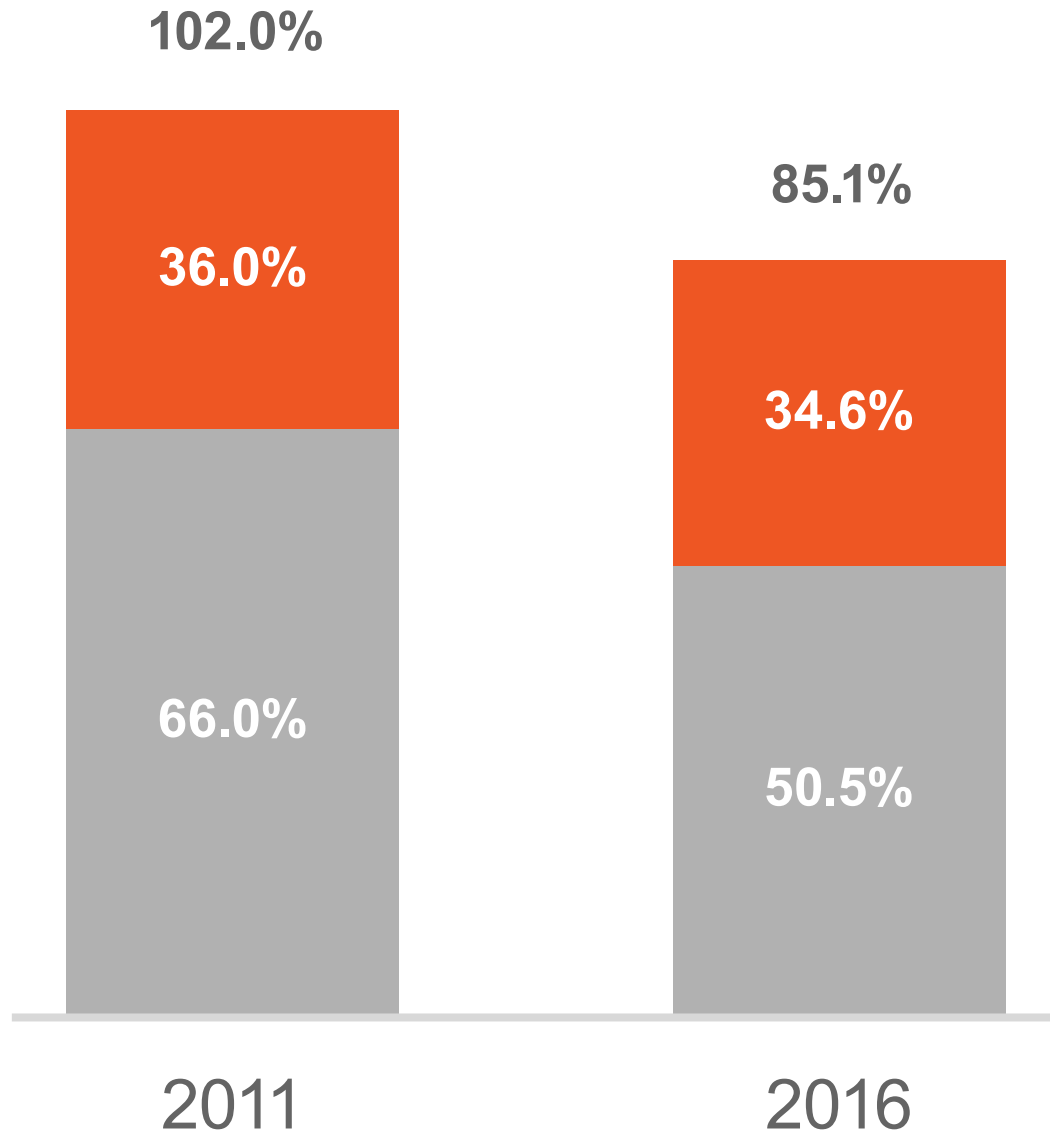


**Life**  
Cost ratio



**Non-Life**  
Combined ratio

Expenses  
Claims





# The story of China



# Focus on sustainable growth

## Challenge to “double Taiping Life” successfully achieved

Gross Inflows @100%

**EUR 13.6 bn**

increase by 283%

Total Invested Assets @100%

**EUR 42 bn**

increase by 178%

Net profit @ageas share

**EUR 106 mio**

increase by 128%

Number of agents

**253,780**

increase by 451%

Taiping Life new objective:

focus on sustainable, profitable growth and building value

### Major goals to achieve:

- Balance in value and size
- Excellent business quality
- Efficient resource allocation
- Build up quality staff and agents

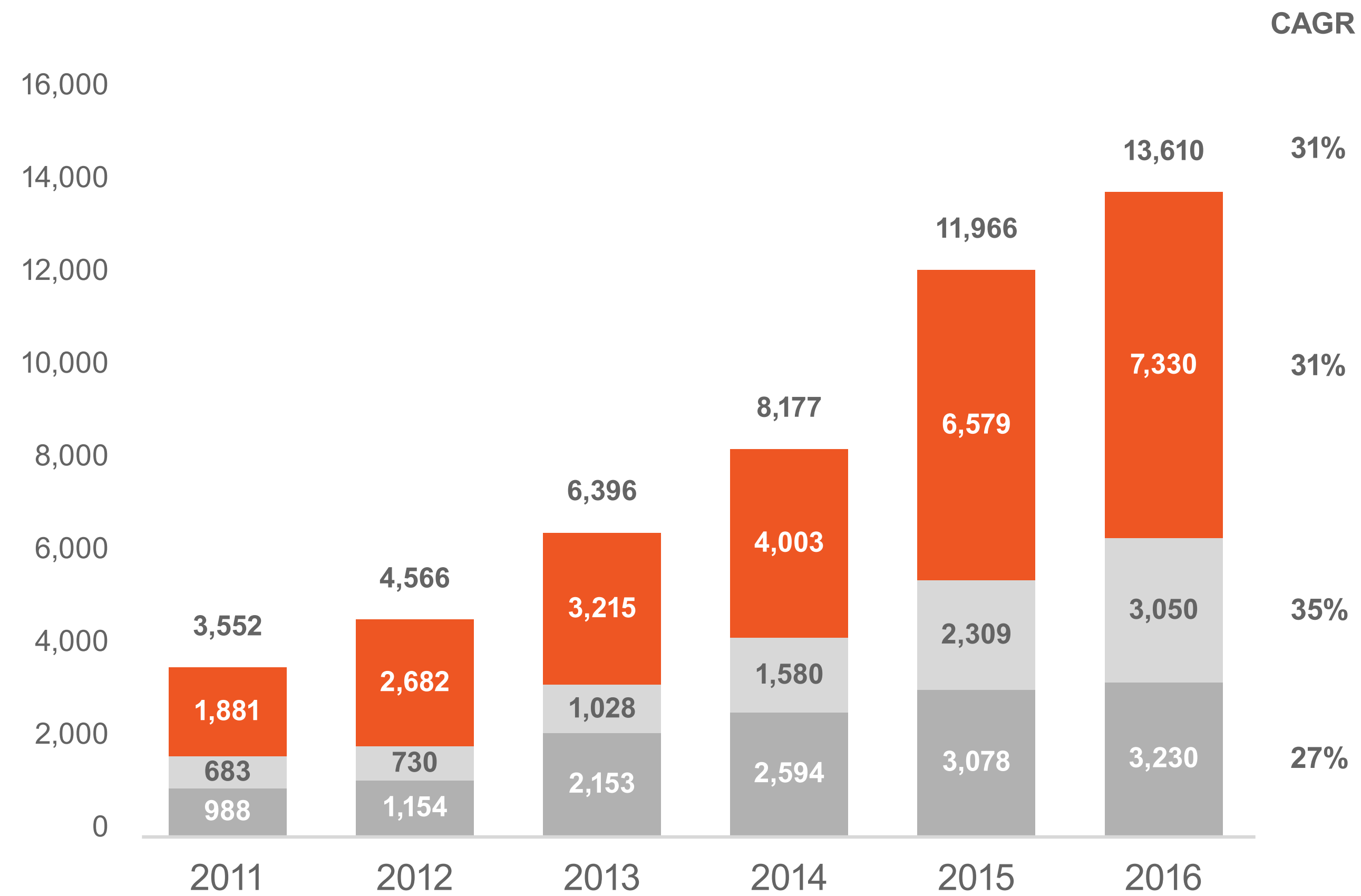
“To build Taiping Life into a boutique insurance company with uniqueness and potential”



# The results

## China Inflows Business Mix

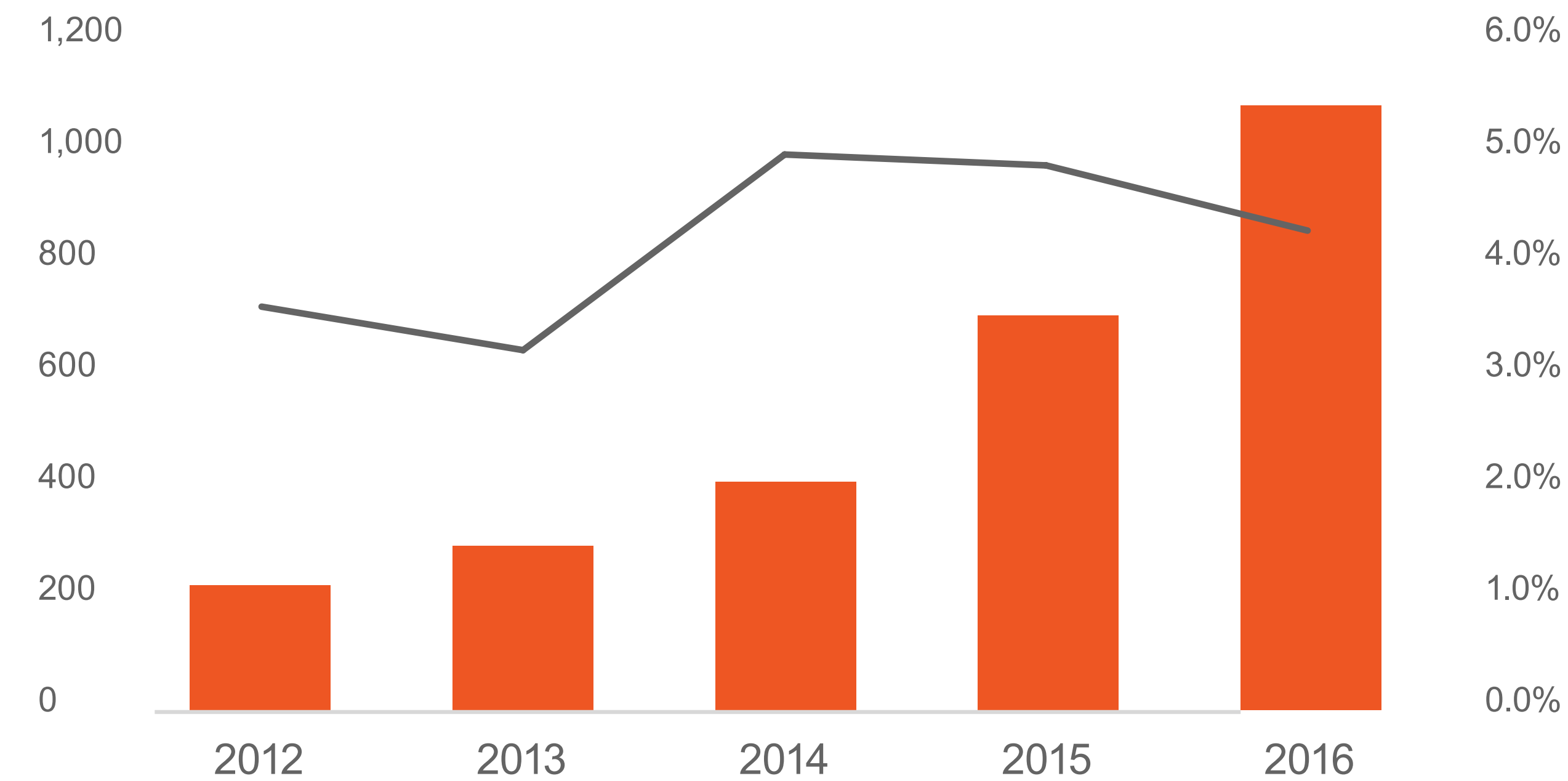
- Renewal
- Regular
- Single



Banca Single Premiums down  
EUR 2.65 bn to EUR 2.5 bn

## VANB

- Market Share
- VANB



# Strong commercial power



Agency numbers have grown from 133K at YE 2014 to +/- 254K at YE 2016

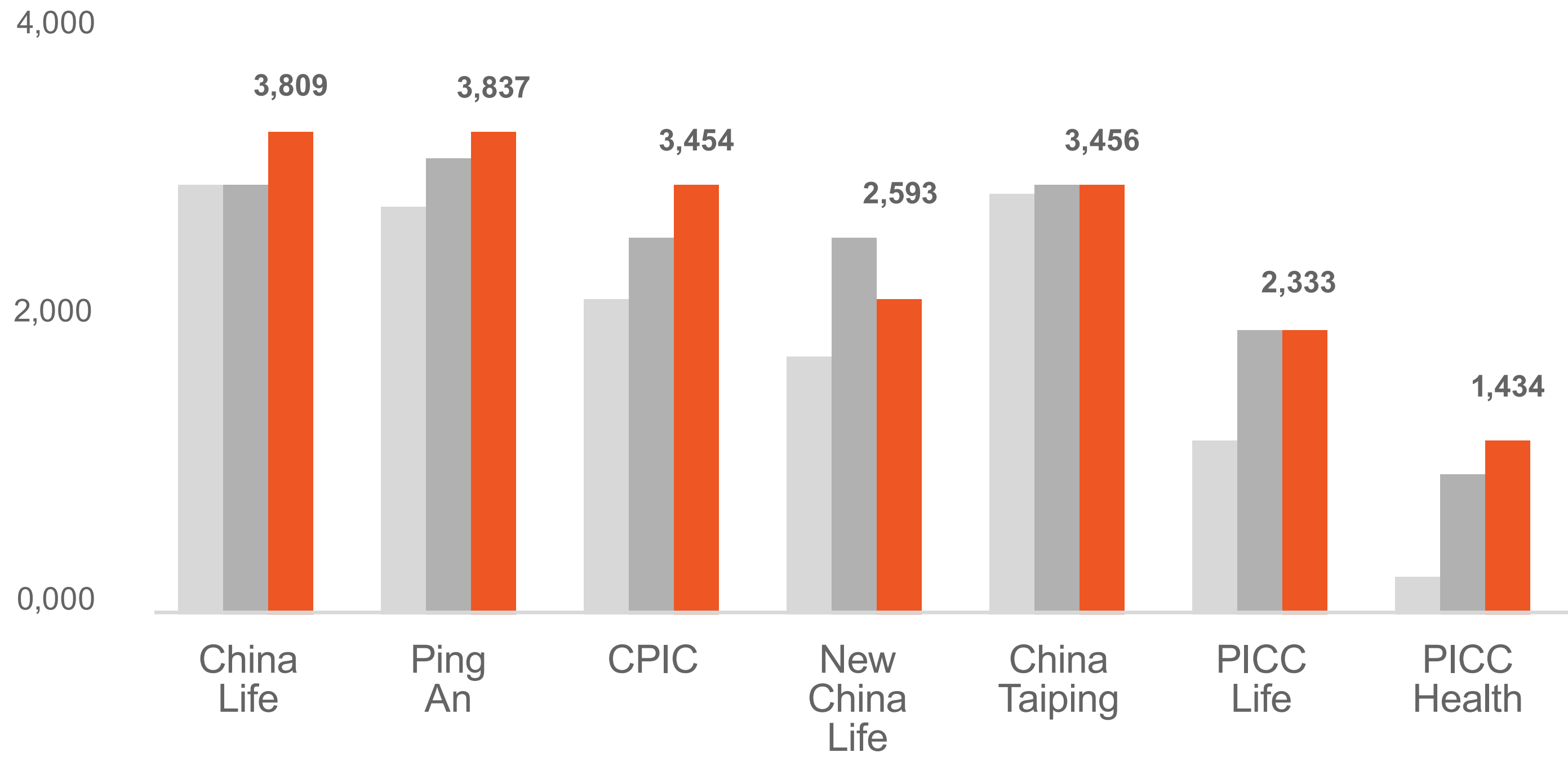
13-month persistency in the channel improved from 92% to 95%

Productivity consistent through same period

## Chinese insurers Agent productivity (by VNB)

1H14  
1H15  
1H16

VNB/Agent  
month (RMB)





# Additional financial disclosures



# Current disclosures



Current Disclosures	Region Asia	Individual Country Level	Disclosure
Gross Inflow (Life & Non-Life)	Q	Q	Press Release/Quarterly IR Presentation
Net Result* (Life & Non-Life)	Q	A	Press Release/Quarterly IR Presentation/Annual Report
Total Income	-	A	Annual Report
Total Expenses	-	A	Annual Report
Net Capital Gains (Life & Non-Life)	Q	-	Quarterly IR Presentation
Combined Ratio	Q	-	Press Release/Quarterly IR Presentation
Dividend Upstream	Semi-Annual	Semi-Annual	Press Release/Quarterly IR Presentation
Solvency	Q	-	Press Release/Quarterly IR Presentation
Total Assets	-	A	Annual Report
Total Liabilities	-	A	Annual Report
Life Technical Liabilities	Q	-	Press Release/Quarterly IR Presentation
Shareholder’s Equity	Q	A	Press Release/Quarterly IR Presentation/Annual Report

\* including RO costs



# Why additional disclosures?

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“ We think the consensus view of Ageas’ Asian operations does a large disservice to the quality, margin focus and stability of these franchises. The implied PE of the Asian operations is 8x, relative to AIA at 17x and Asia peer average at 17x.”

“ It’s very hard for investors to judge the quality of the growth in Asia. We normally would see it in the underwriting profitability, not just profitability from the investments from the securities book.”

“ The key opportunity for me is that at some point the market will hopefully value the quality of the Asian franchise.”

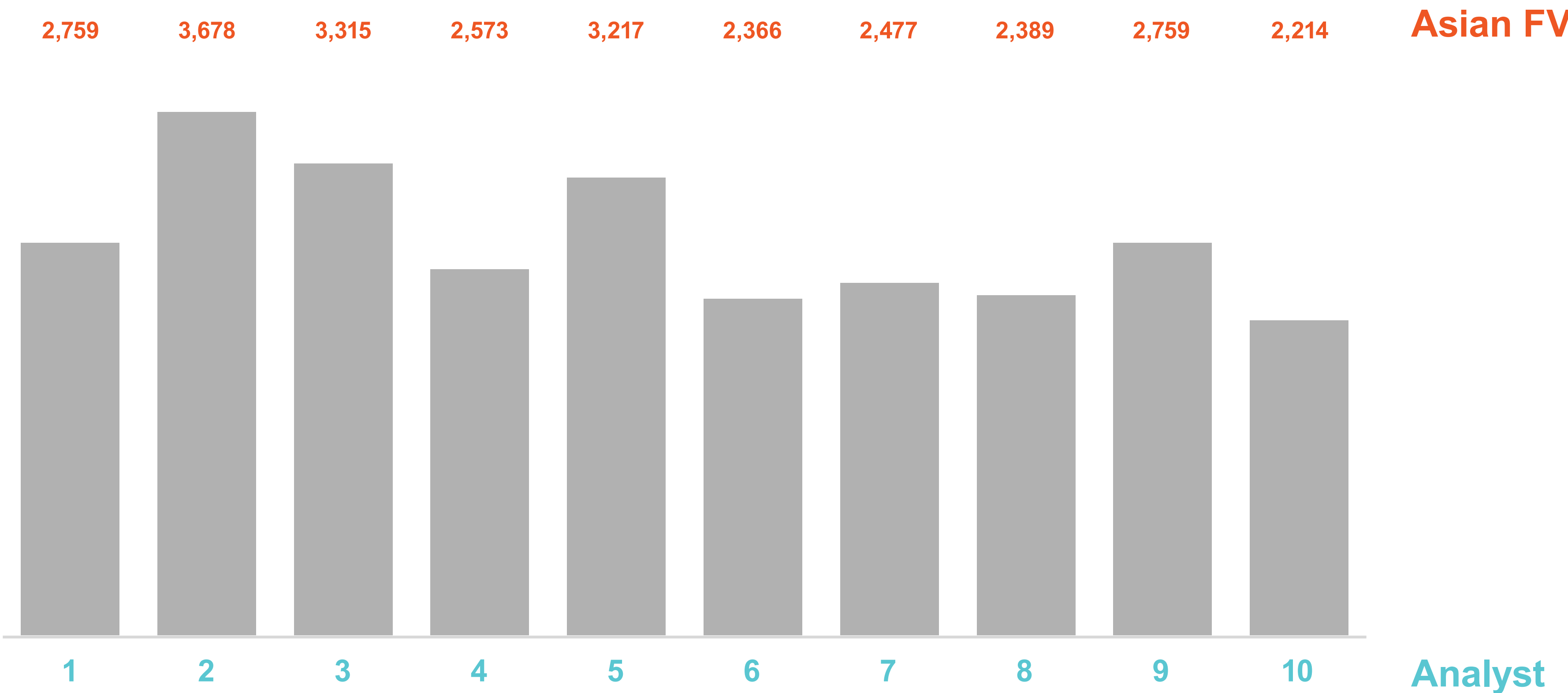
“ Maybe the joint venture could make some slides that they share. The two companies could agree on the slides and then Ageas could show them. So it would be good to have one slide that just shows underwriting quality.”

50% difference  
in valuation by  
analysts



Overview valuation Asia by analysts

in EUR mio



Min	2,214
Max	3,678
Average	2,775
Median	2,666
Max-Min	1,464

# Improved disclosures

## General Guidelines

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Continue reporting what we already disclose

Continue respecting Partners disclosures



China & Other with certain KPI's on individual country level



Quarterly  
Half Year  
Full Year



Respect of reporting deadlines & public releases of our JV's



FY 2017



# Improved disclosures

## Gross inflows

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Asia & split per country on total Life and Non-Life level



New Business Regular Premium  
New Business Single Premium  
Renewal Premium  
APE



Per country: China, Thailand, Malaysia, India & Other



Semi-Annual  
1 Quarter Delay

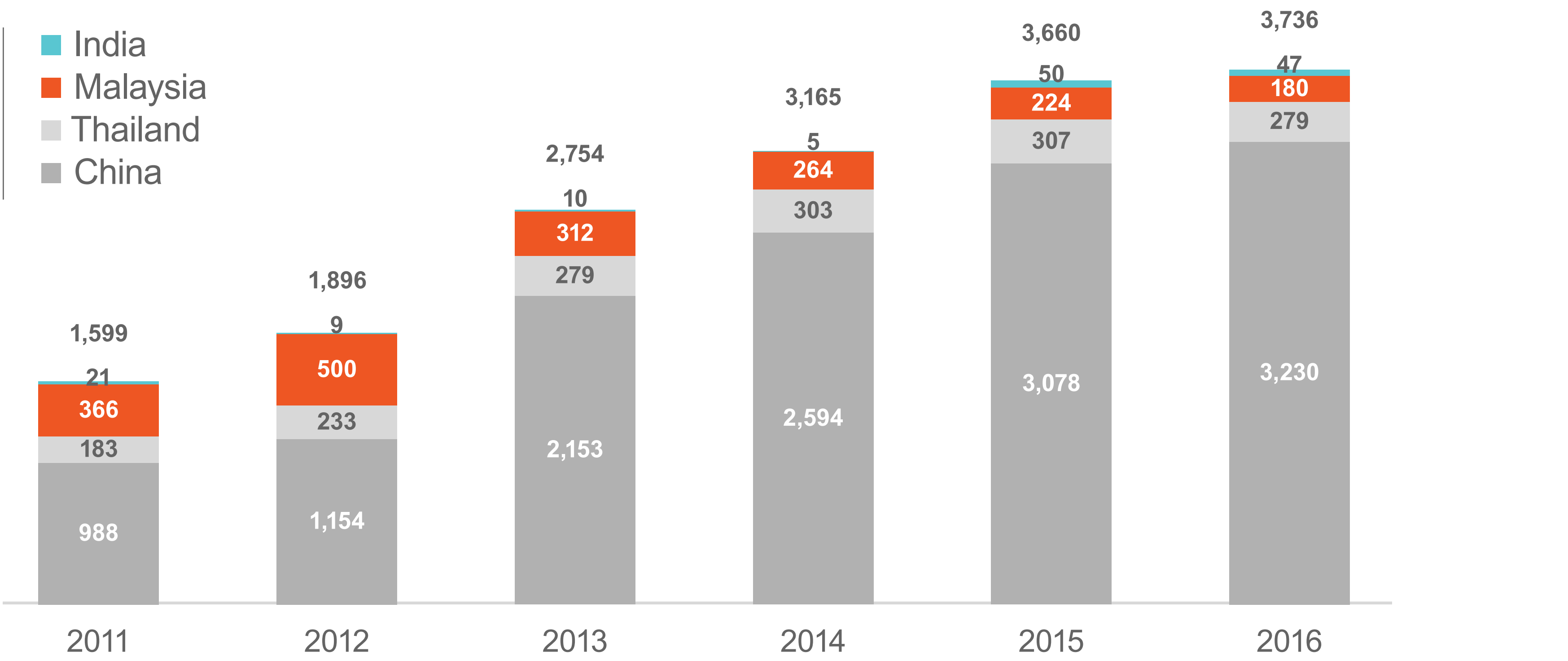
# Improved Disclosures New Business Single Premium



- Per country: China, Thailand, Malaysia & India
- Semi-Annual
- 1 Quarter Delay

## Life New Business Single Premium @100%

in EUR mio



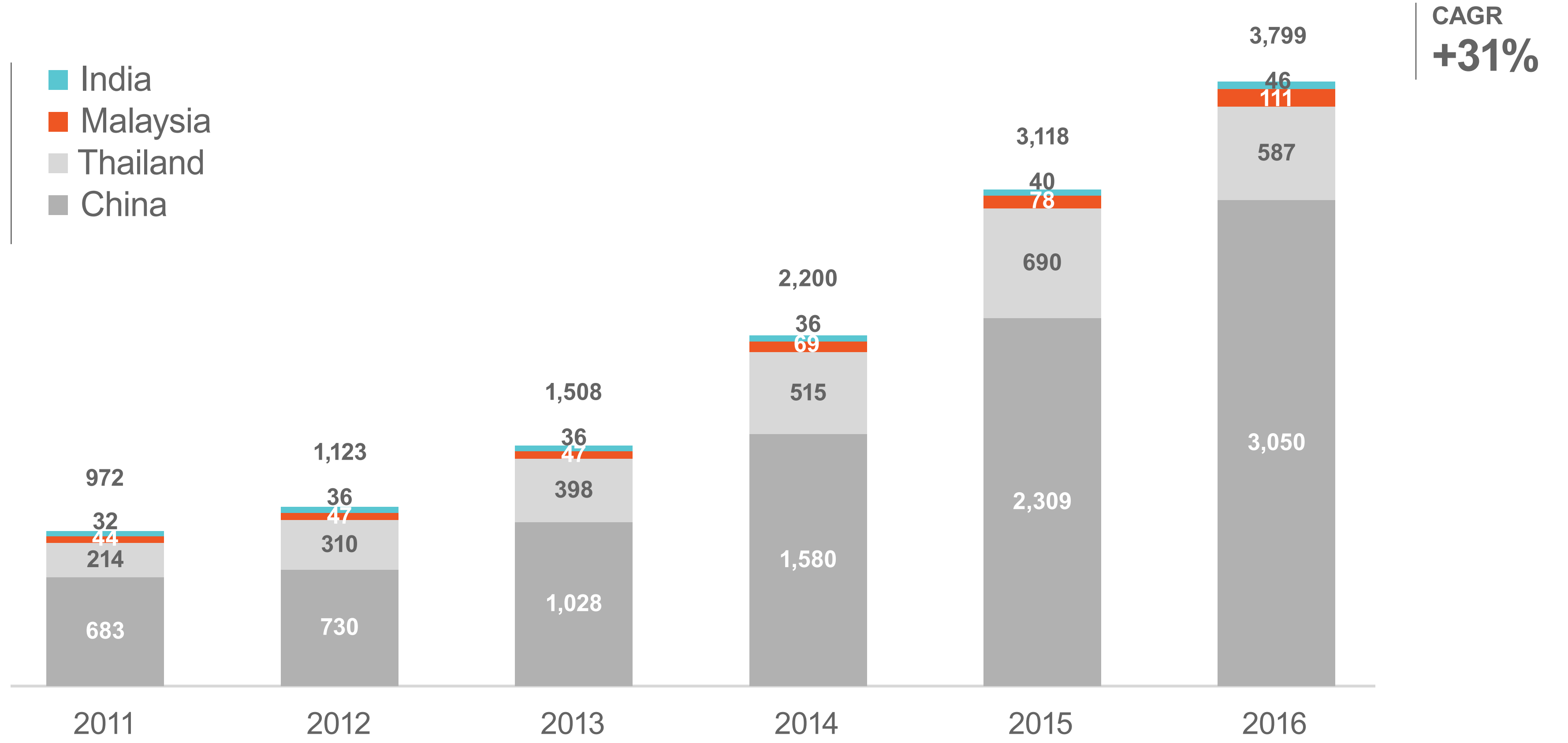
# Improved Disclosures New Business Regular Premium



- Per country: China, Thailand, Malaysia & India
- Semi-Annual
- 1 Quarter Delay

## Life New Business Regular Premium @100%

in EUR mio





# Improved Disclosures Renewal Premium

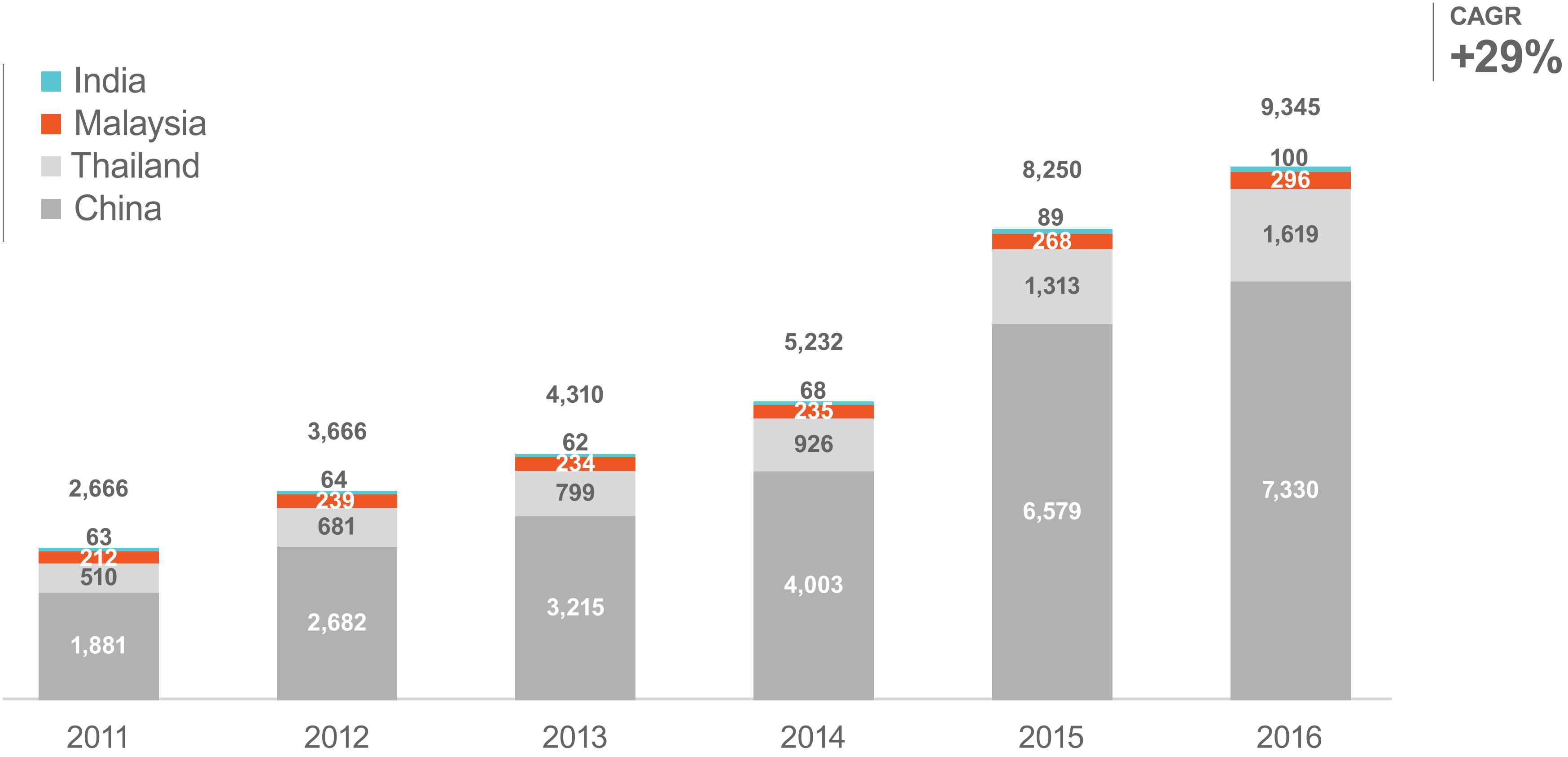


- Per country: China, Thailand, Malaysia & India
- Semi-Annual
- 1 Quarter Delay

## Life Renewal Premium @100%

in EUR mio

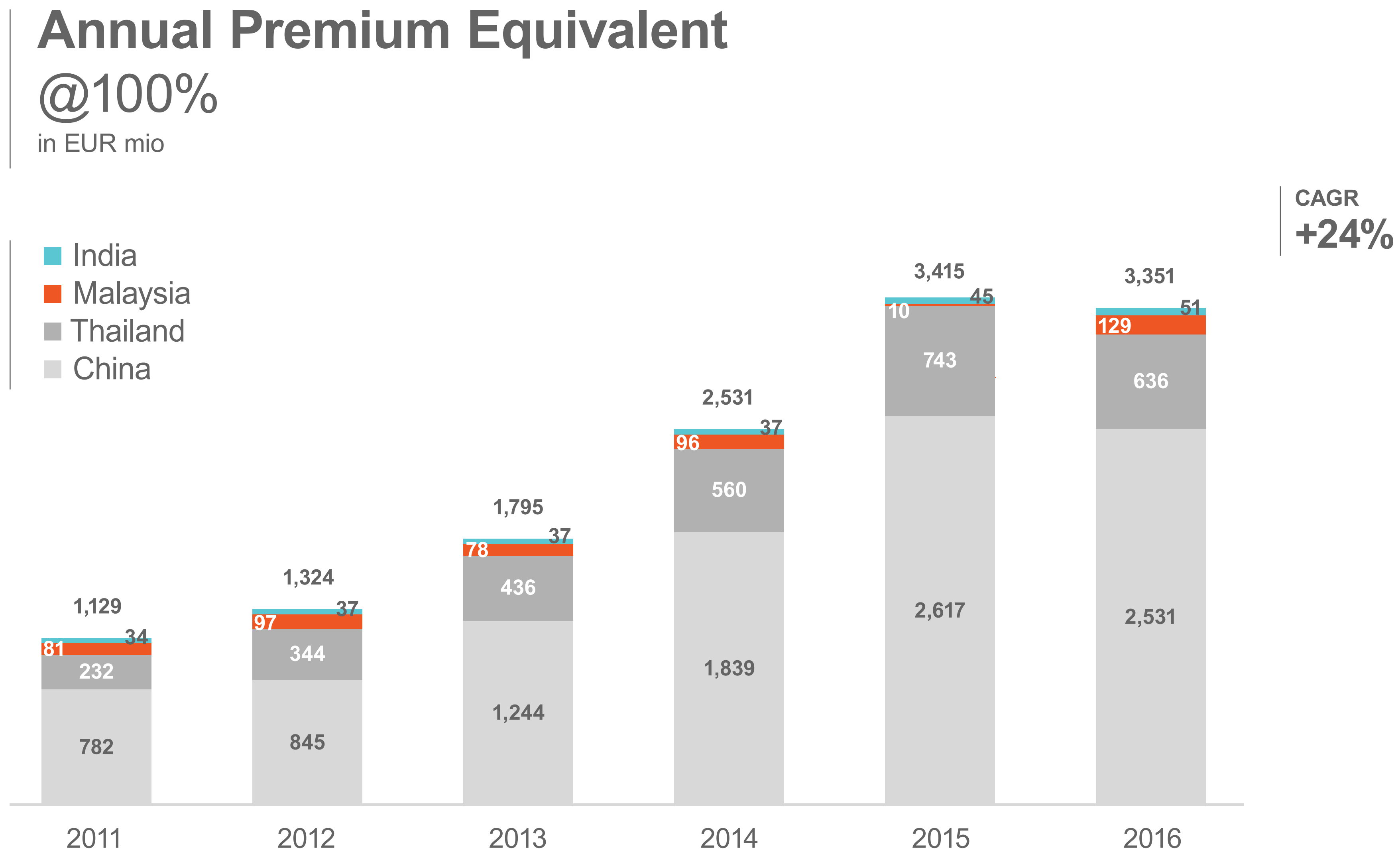
- India
- Malaysia
- Thailand
- China



# Improved Disclosures Annual Premium Equivalent



- Per country: China, Thailand, Malaysia & India
- Semi-Annual
- 1 Quarter Delay



# Improved Disclosures Life Technical Liabilities



Current Disclosure

- Asia Quarterly Basis

Improved Disclosure

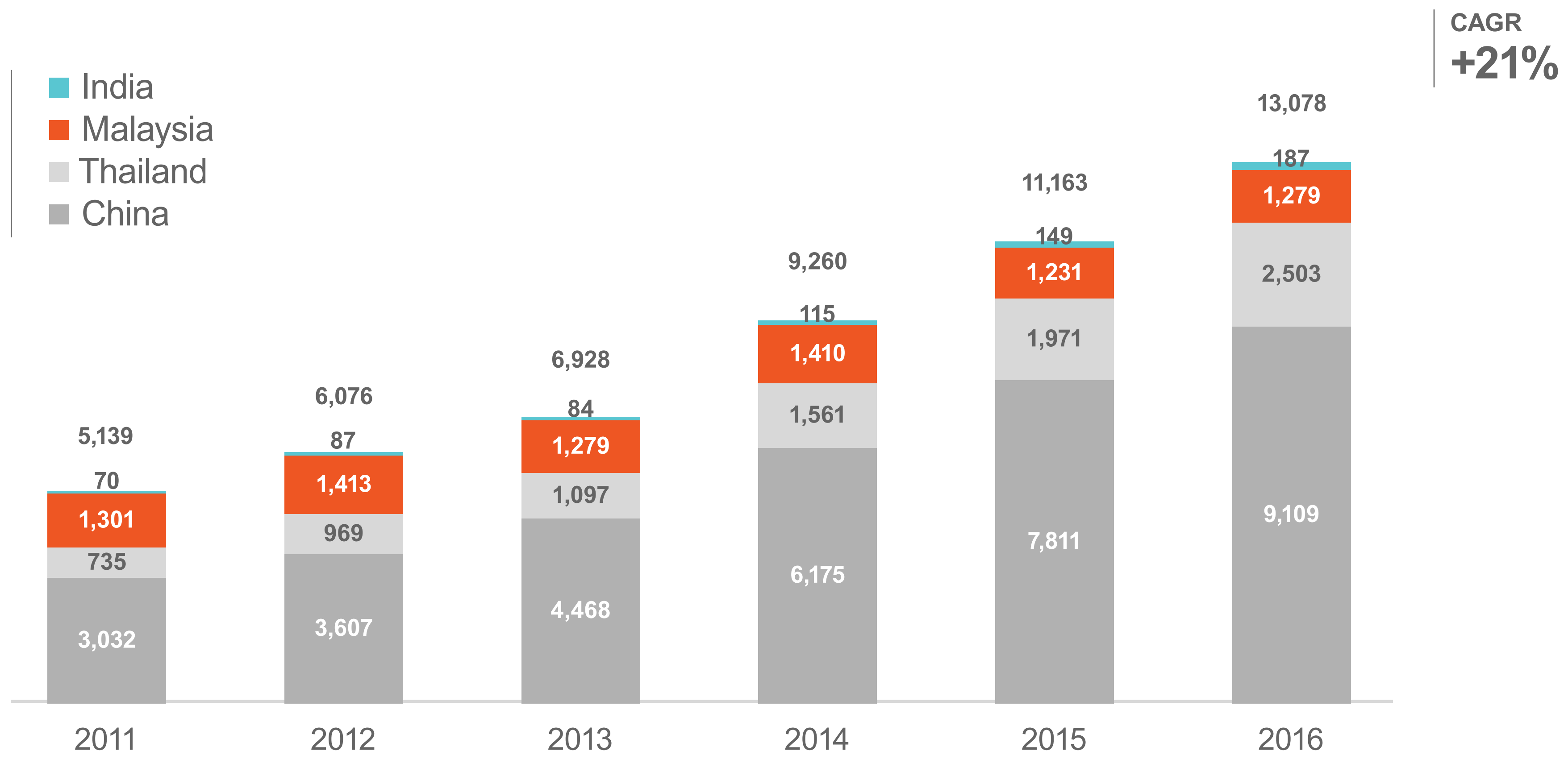
- Per country: China, Thailand, Malaysia & India

Timing of Disclosure

- Semi-Annual
- 1 Quarter Delay

## Life Technical Liabilities @ageas Share in EUR mio

- India
- Malaysia
- Thailand
- China





# Improved Disclosures Net Result



Current Disclosure

- Asia Life & Non-Life (Incl. RO costs), Quarterly Basis
- Per country (FY, Annual Report)

Improved Disclosure

- China & Other Asia

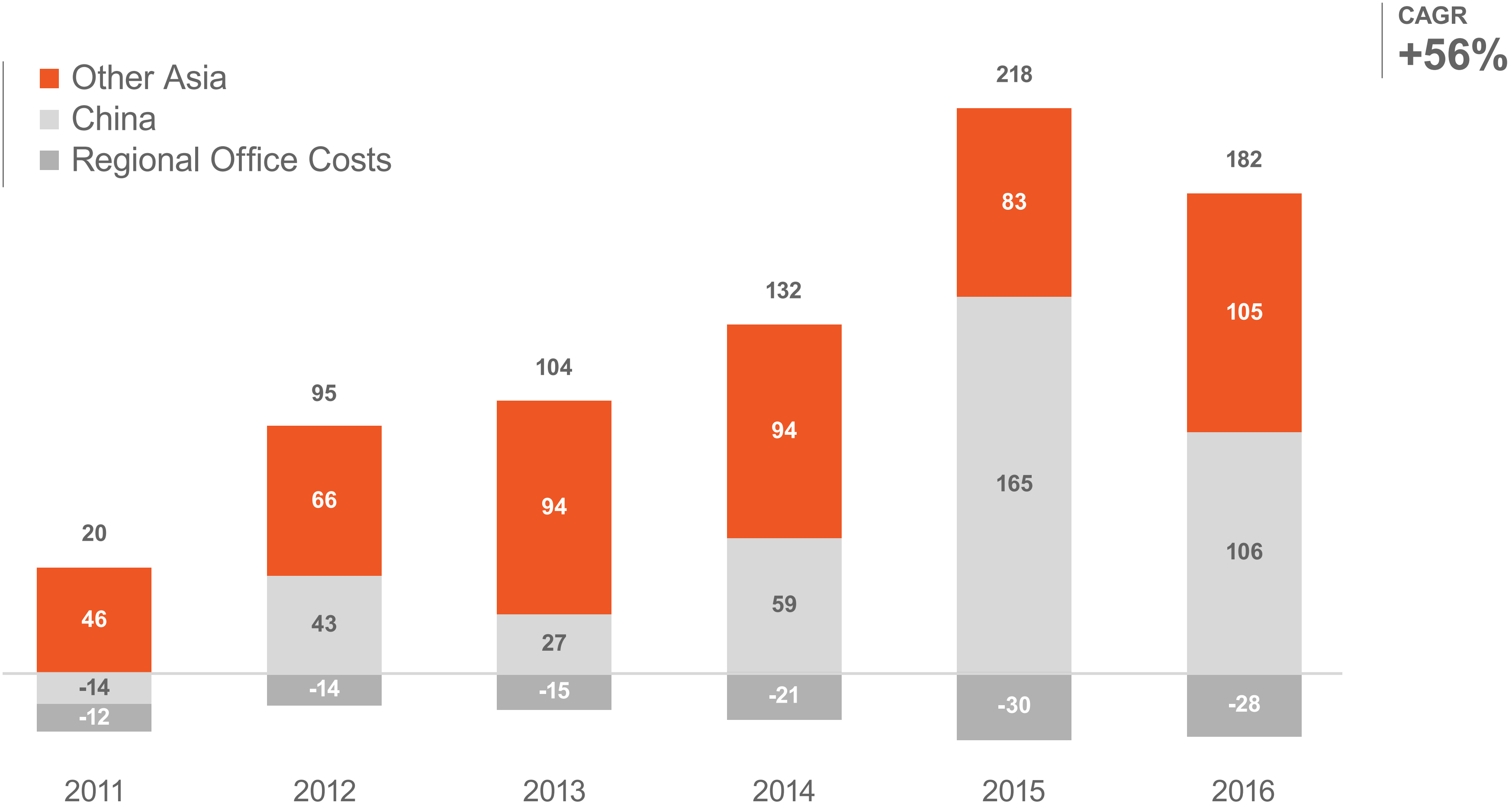
Timing of Disclosure

- Quarterly Basis

## Net Result @ageas share

in EUR mio

- Other Asia
- China
- Regional Office Costs



# Improved Disclosures Net Capital Gains



Current Disclosure

- Asia Quarterly Basis

Improved Disclosure

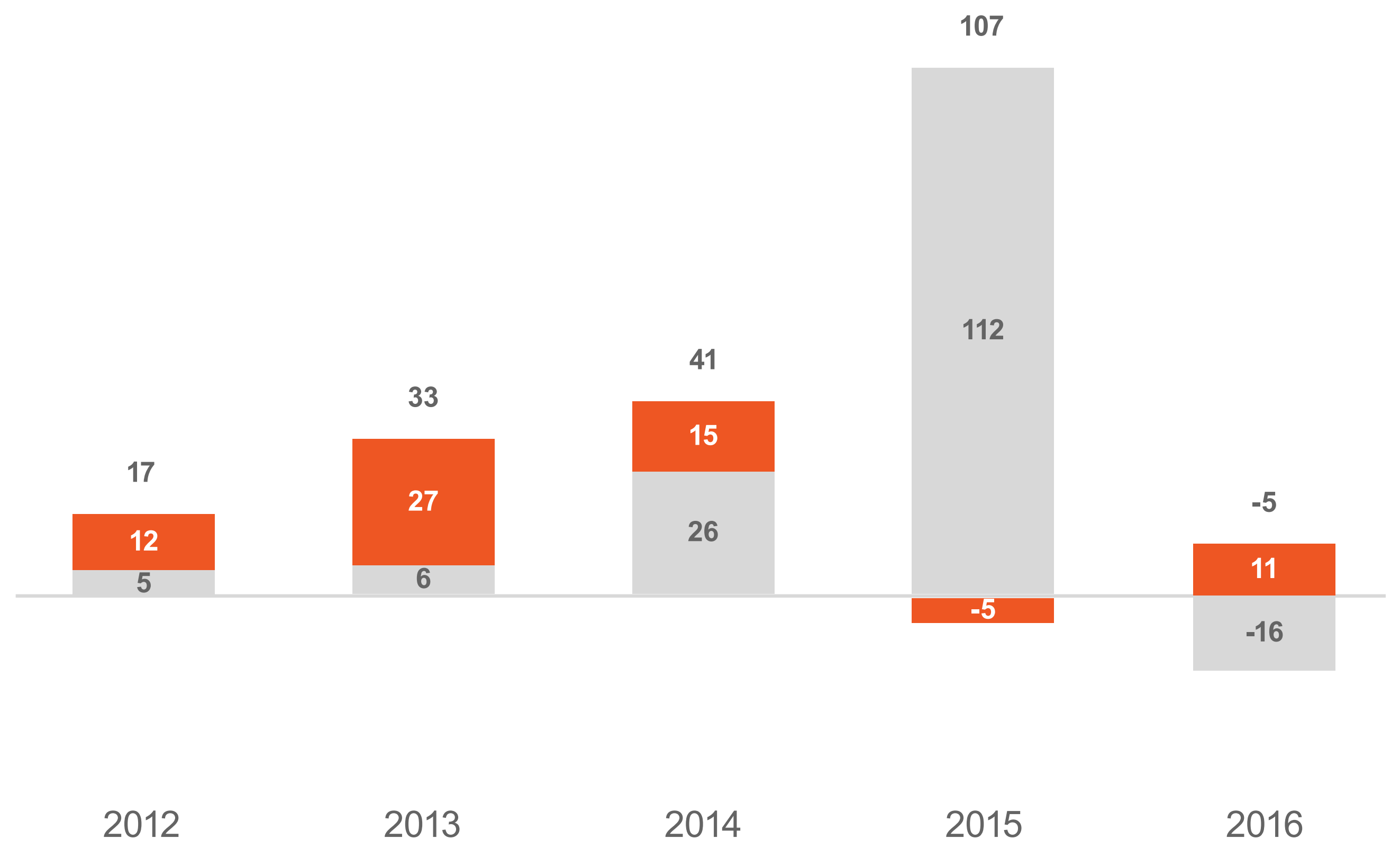
- China & Other Asia

Timing of Disclosure

- Quarterly Basis
- 1 Quarter Delay

**Net realized capital gains**  
@Ageas share  
in EUR mio

- Other Asia
- China



# Improved Disclosures Shareholder's Equity



Current Disclosure

- Asia Quarterly Basis

Improved Disclosure

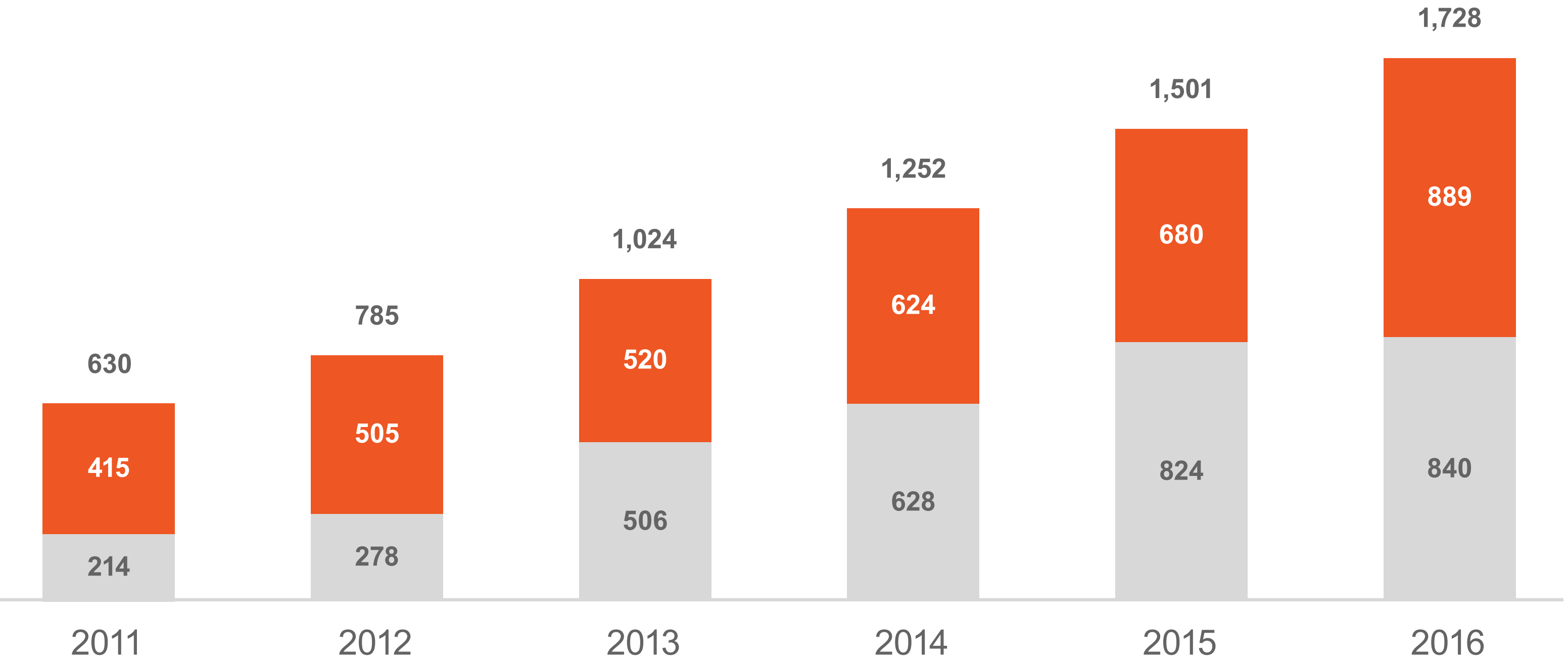
- China & Other Asia

Timing of Disclosure

- Quarter
- 1 Quarter Delay

Shareholder's Equity excl. UG/L @ageas share  
in EUR mio

Other Asia  
China



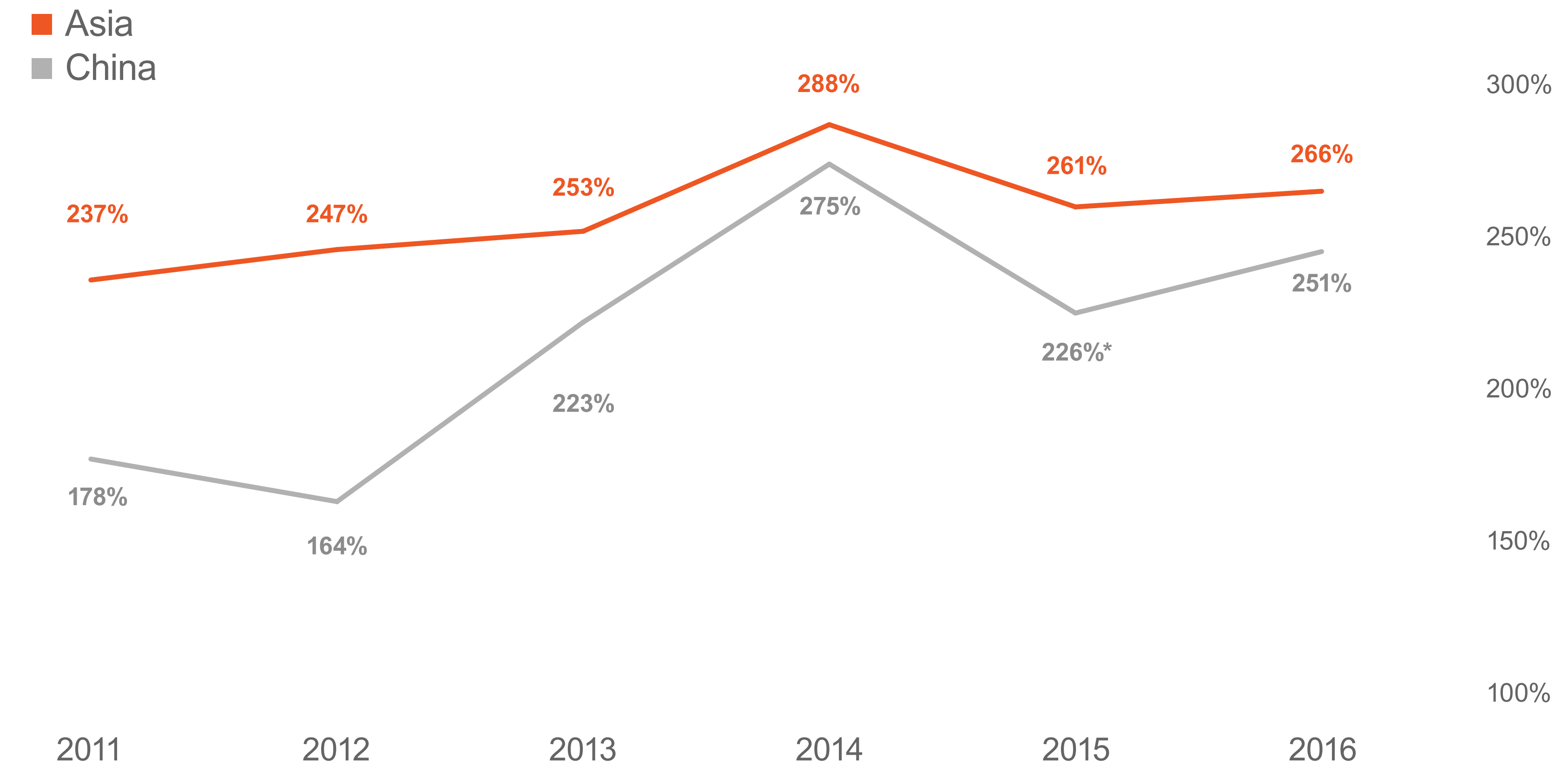
CAGR  
**+22%**



# Improved Disclosures Local Solvency



## Local Solvency



\* Restated C-Ross Figure of 271%

# New Disclosures Embedded Value



New Disclosure

- China & Other Asia

Timing of Disclosure

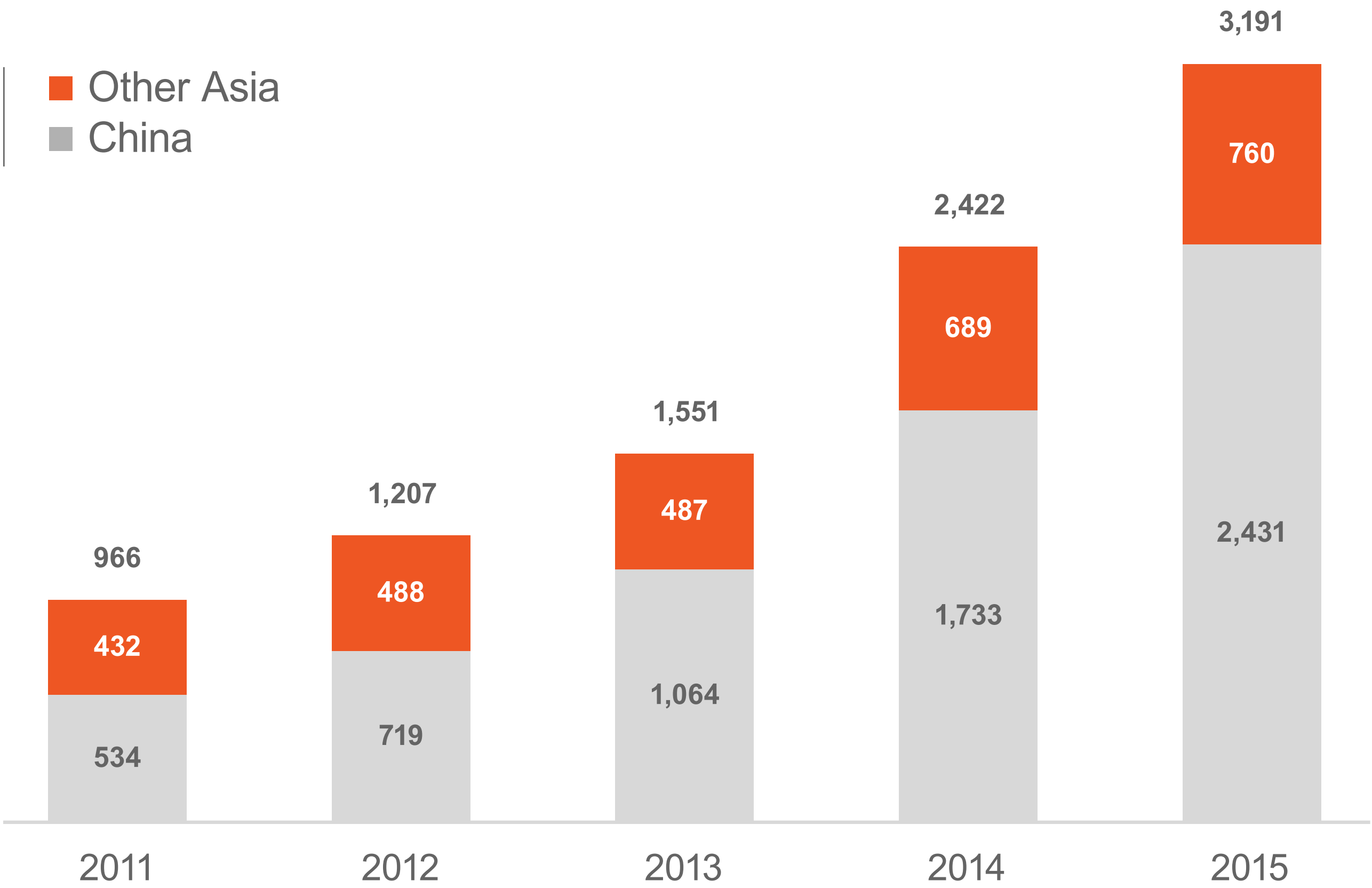
- 1 Quarter Delay
- Annual

## Embedded Value Asia

@ageas share

in EUR mio

- Other Asia
- China



CAGR  
**+35%**

# New Disclosures Value Added New Business



New Disclosure

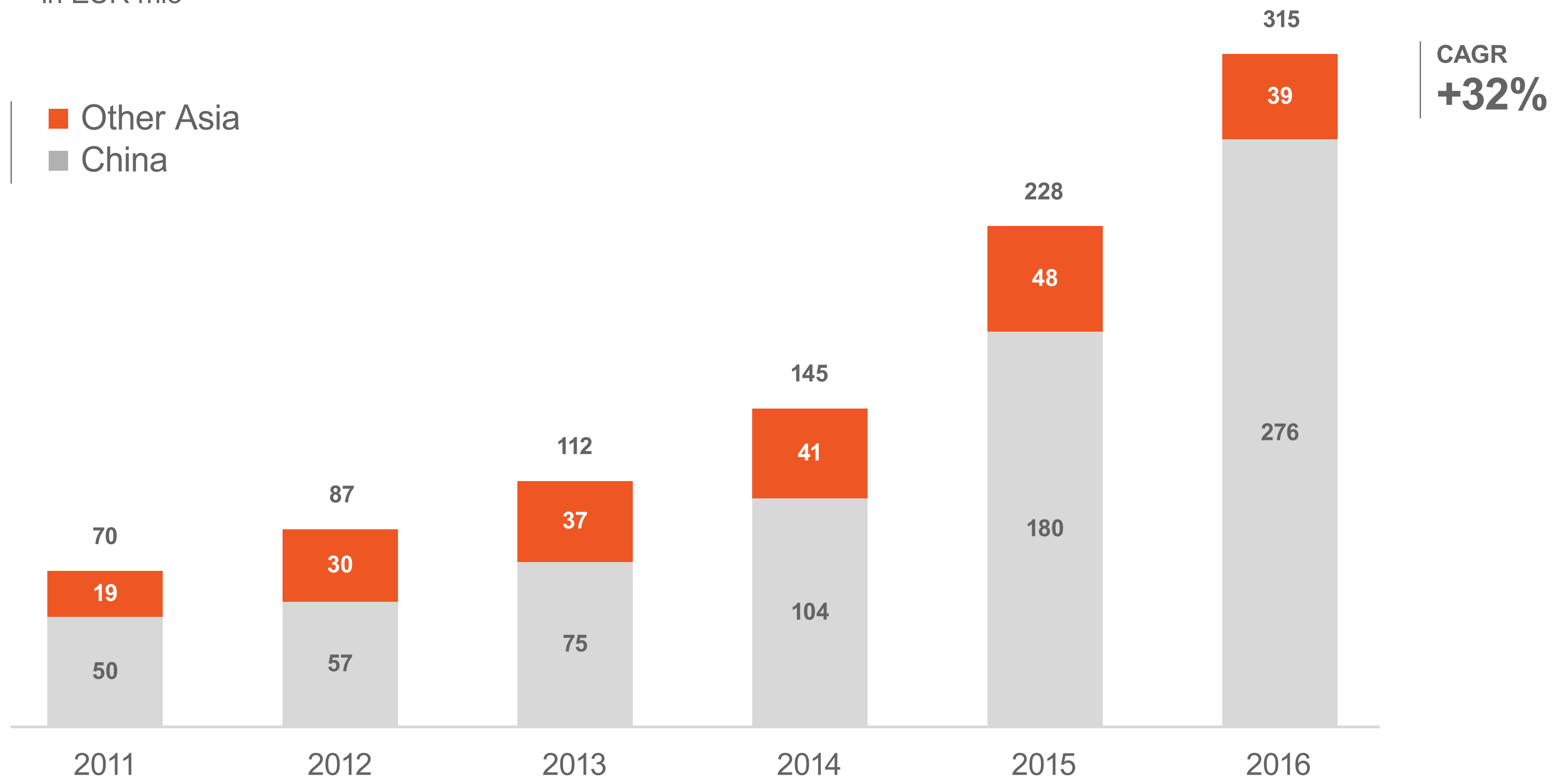
- China & Other Asia

Timing of Disclosure

- Semi-annual
- 1 Quarter Delay

**VANB**  
@ageas share  
in EUR mio

- Other Asia
- China





# New Disclosures Market positioning



New Disclosure

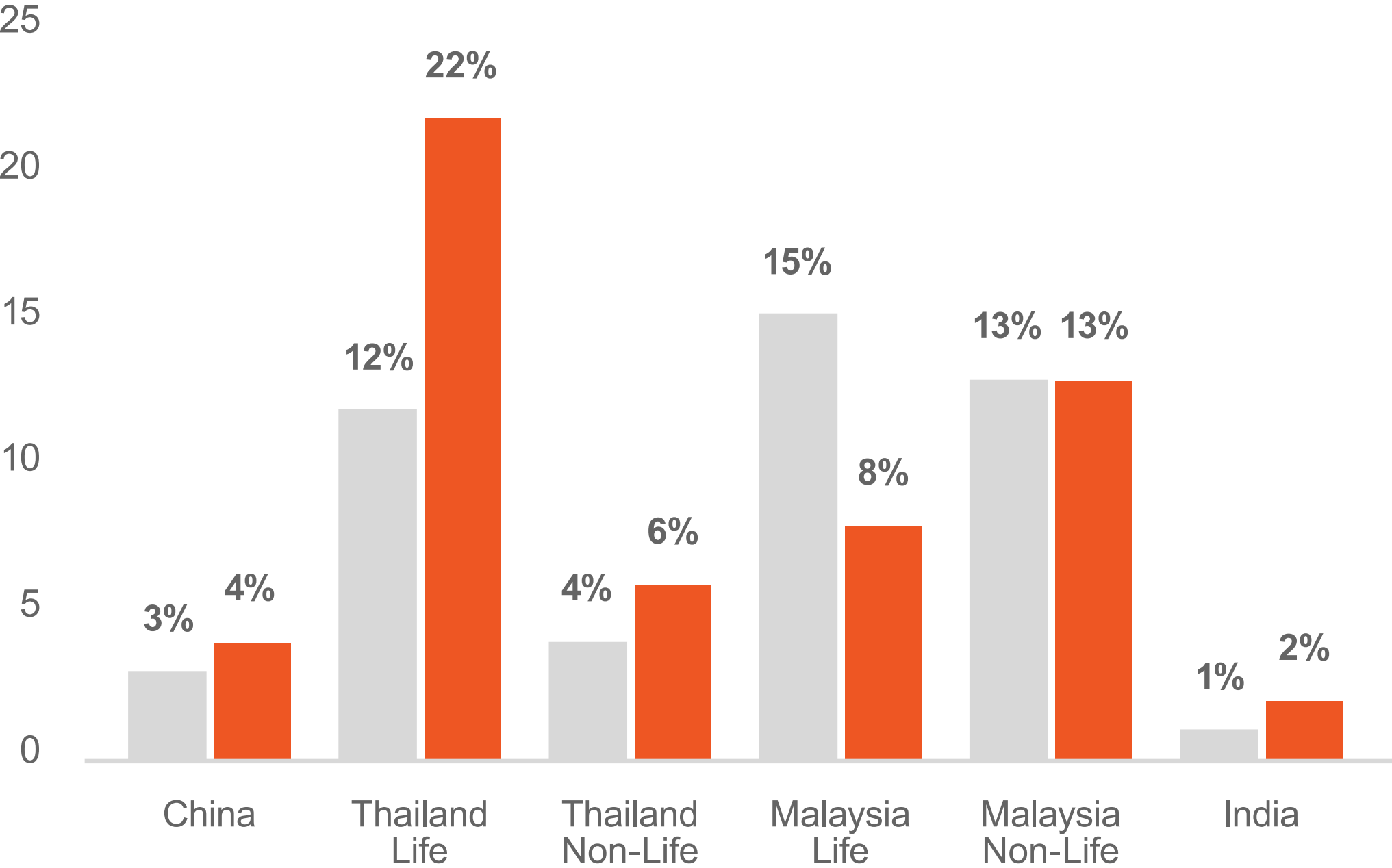
- Per country: China, Thailand, Malaysia & India

Timing of Disclosure

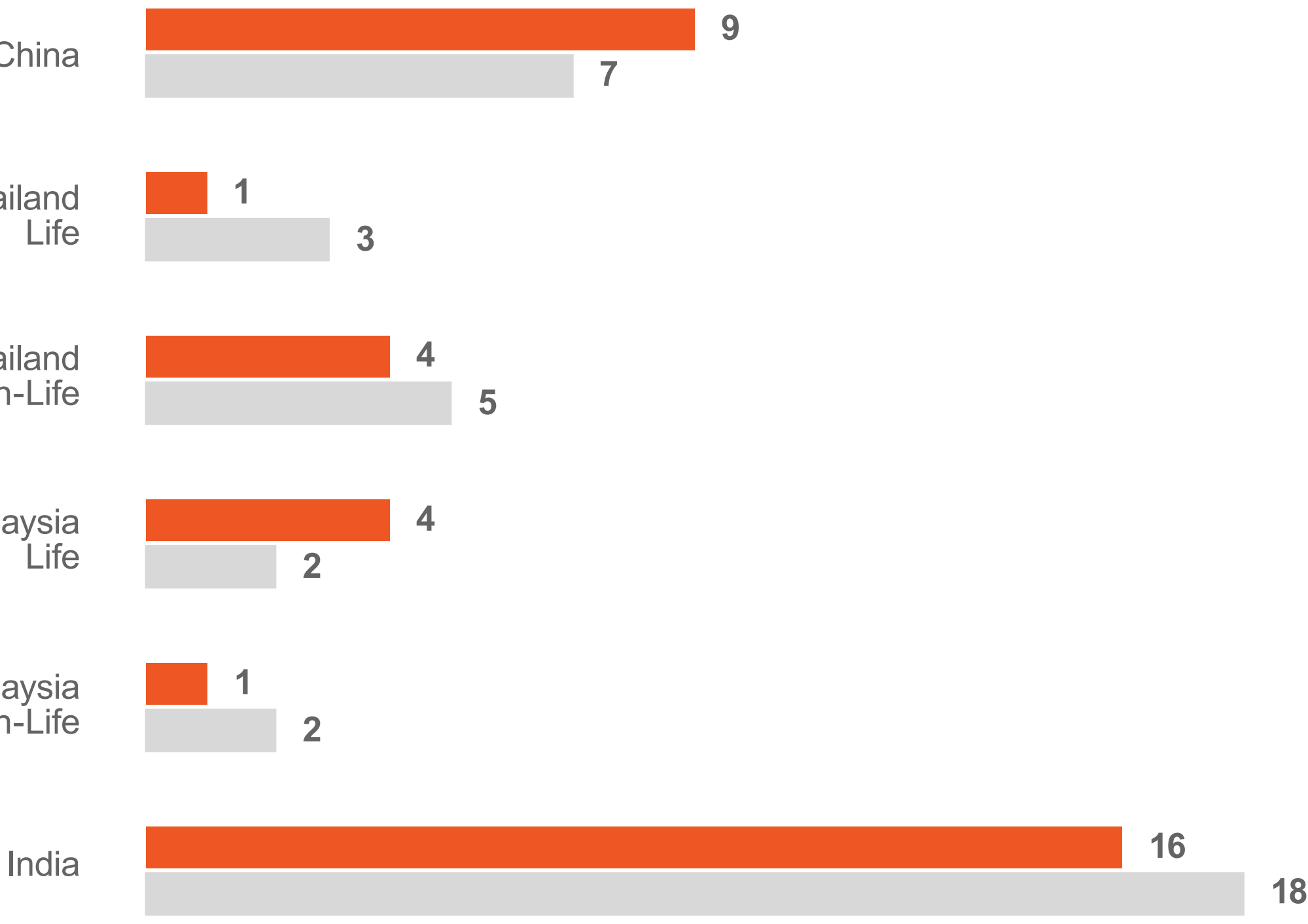
- Annual
- 1 Quarter Delay

## Market Share

2011  
2016



## Market Position



# New Disclosures # Agents



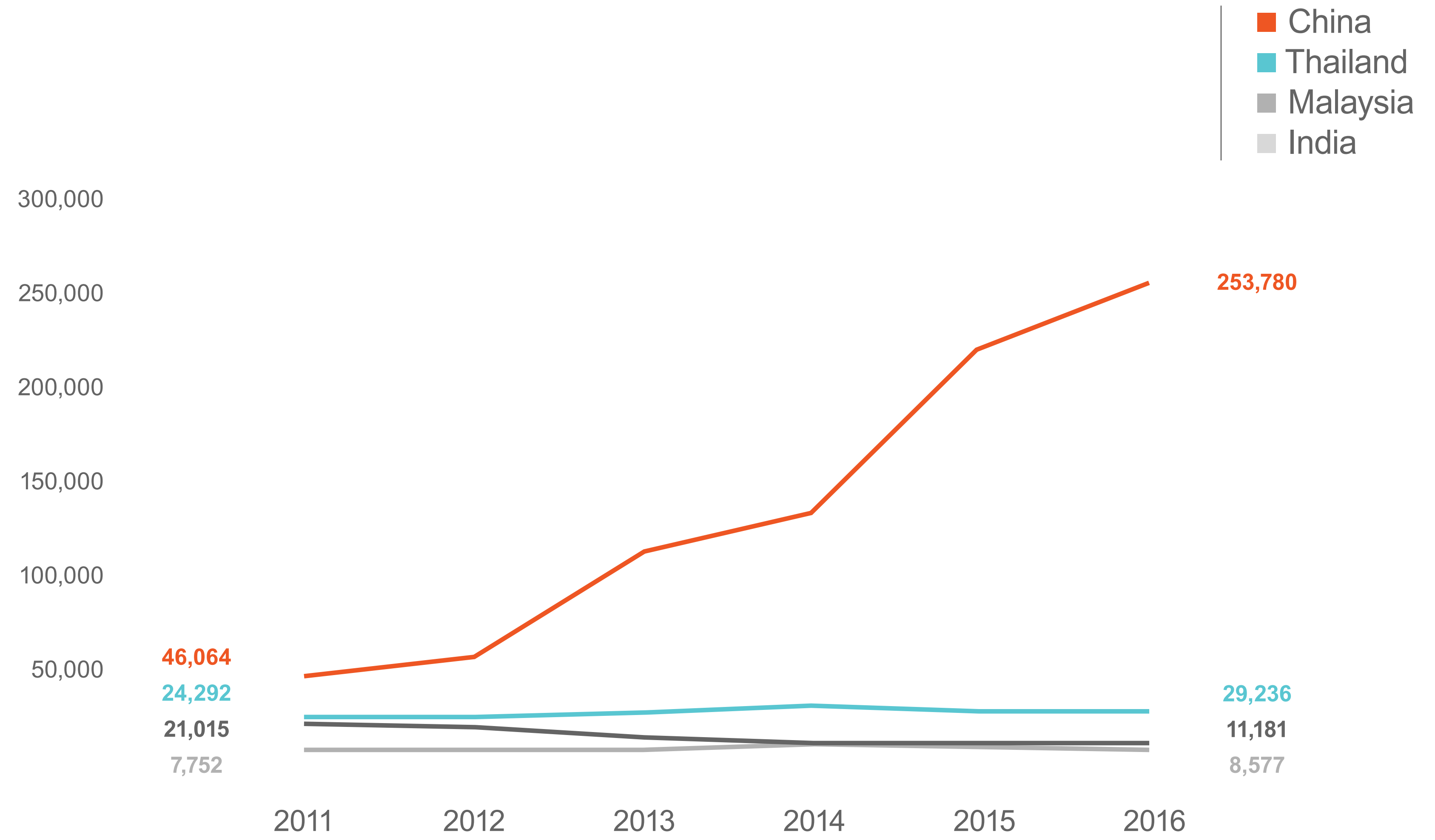
New Disclosure

- Per country: China, Thailand, Malaysia, India

Timing of Disclosure

- Annual
- 1 Quarter Delay

## Number of Agents



Summary  
more insight in quality  
of performance



Improved & New Disclosures	Region Asia	China	Other Asia	China/ Thailand/ Malaysia/ India
New Business Regular Premium	Q	-	-	Semi-Annual (1Q delay)
New Business Single Premium	Q	-	-	Semi-Annual (1Q delay)
Renewal Premium	Q	-	-	Semi-Annual (1Q delay)
APE	Q	-	-	Semi-Annual (1Q delay)
Life Technical Liabilities	Q (No change)	-	-	Semi-Annual (1Q delay)
Net Result (Life & Non-Life) incl. RO	Q (No change)	Q (1Q delay)	Q (1Q delay)	-
Net Capital Gains (Life & Non-Life)	Q (No change)	Q (1Q delay)	Q (1Q delay)	-
Local Solvency	Q (No change)	Q (1Q delay)	Q (1Q delay)	-
Shareholder's Equity	Q (No change)	Q (1Q delay)	Q (1Q delay)	-
Value Added New Business (VANB)	-	Semi-Annual (1Q	Semi-Annual (1Q	-
Embedded Value	Annual (1Q delay)	Annual (1Q delay)	Annual (1Q delay)	-
Market Position	-	-	-	Annual (1Q delay)
Number of Agents	-	-	-	Annual (1Q delay)



# Conclusion



**Gross Inflows @ 100%**

EUR **18 bn**

(CAGR '11-'16 +35%)

**APE**

EUR **3.4 bn**

(CAGR '11-'16 +24%)

**EV @ageas share**

EUR **3.2 bn\***

(CAGR '11-'15 +37%)

**VANB @ageas share**

EUR **315 mio**

(CAGR '11-'16 +36%)

**Technical Liabilities @ageas share**

EUR **13.1 bn**

(CAGR '11-'16 +21%)

**Net Result**

EUR **182 mio**

(CAGR '11-'16 +56%)

**Cost Ratio Life**

**2.6%**

**Combined Ratio**

**85%**

**Solvency**

**266%**

**ROE excl. UG/L**

**11.6%**

\* 2015 number @ ageas share

# Vibrant franchise

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## Strong Distribution Networks

- > 375,000 agents (as of today)
- 36,000 bank branches
- > 20 mio customers

## Developing strengths in

- Data Analytics
- Digital Platform
- Customer Centricity

## Focus on improving

- productivity in agency & banca
- persistency
- growth in VANB
- ALM capabilities
- dividend flows