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Tune Ins Holdings Berhad Records Solid Double Digit Growth In Second Quarter

Firmly positioned for further growth

Q2 2015	1H 2015
<ul style="list-style-type: none">• Operating Revenue up 13.5% QoQ• Gross Written Premium increases 35.1%• Net Earned Premium climbs 17.5%• Profit After Tax up 17.7%, at RM17.2mil	<ul style="list-style-type: none">• Operating Revenue up 5.1% YoY• Gross Written Premium grows 10.7%• Net Earned Premium rises 9.9%• Profit After Tax up 12.0%, to RM34.4mil <p><i>*excluding a one-time gain from 2014 building sale</i></p>

Ending the second quarter (Q2) with double digit growth across the board, Tune Ins Holdings Berhad (TIH) recorded tremendous increase of 35.1% in Gross Written Premium (GWP), quarter-on-quarter (QoQ). Net Earned Premium (NEP) for the same period climbed 17.5% due to growth in the fire, medical, motor and travel businesses. Operating Revenue (OR) rose 13.5% and Profit After Tax (PAT) was at RM17.2mil, an increase of 17.7% YoY mainly due to the robust profit growth recorded by Tune Insurance Malaysia Berhad (TIMB).

Backed by the solid performance in Q2, TIH ended the first half (1H) of this financial year with substantial growth. GWP grew 10.7% YoY to RM248.5mil supported by strong performance of the Global Travel and TIMB operations. NEP rose by 9.9% while OR climbed 5.1% to RM226.5mil underpinned by growth in the motor and medical businesses coupled with growth in investment income of 15.3% YoY. PAT posted a YoY flat growth, due to a one-time gain from the sale of the former HQ building in Jalan Ampang in the first quarter of 2014. Excluding the sale, underlying PAT increased RM3.7mil or 12.0% YoY, driven by improvement in TIMB bottom line coupled with recovery of travel demand especially in Malaysia and Thailand.

Junior Cho, Chief Executive Officer of TIH stated: "2015 started the year with some uncertainty on growth due to subdued regional travel demand on the heels of QZ8501 and the implementation of GST in Malaysia. While first quarter showed strong resilience of our operations, I am extremely pleased with our second quarter results, recording year-on-year, double digit growth across all our core lines of businesses. This is a remarkable achievement also especially in light of the continuing economic turbulence and political uncertainties in the region."



Global Travel Business by Tune GenRe Ltd

With continued expansion into new markets, introduction of new products and new distribution channels, our 1H GWP grew by 24%. Over four million policies were issued in Asia, driven mainly by greater traffic volume from Malaysia and strong recovery of Thailand's geopolitical climate. Both markets contributed to 74.0% of total policies issued within Asia of our Global Travel portfolio. PAT recorded a 1.7% growth compared with the same period last year underpinned by higher NEP and unrealised foreign exchange.

"Despite slower trade activity in emerging Asia-Pacific markets, demand for connectivity remains robust. Airports Council International (ACI) reported that global passenger traffic increased by 4.2% YoY for the month of June with Asia-Pacific airports reporting an overall growth in passenger traffic of 8.3% for the first half of the year.

"Echoing this strong demand, we are pleased that the travel climate in Malaysia and Thailand is still registering a steady growth trend where we will continue to see strong contribution from our partners. In Q2, GWP jumped 31.9% backed by growth in key markets. NEP recorded a steady increase of 15.8% driven by continuous growth in the top line," Junior added.

Tune Insurance Malaysia Berhad

TIMB saw a robust PAT growth of more than 100% in Q2 driven mainly by strong growth across most business segments. GWP for TIMB recorded an impressive 36.0% growth in Q2 driven by a positive growth in motor, medical and fire classes of business. NEP grew 19% attributed by strong growth in GWP as well as higher retention in the motor business.

"GST had impacted the TIMB business in Q1, however we are proud that Q2 results managed to close the gap, delivering a strong first half. We were focused on strengthening our performance and we are pleased to have achieved 8.6% underwriting margin in Q2. We anticipate the momentum of growth to remain upbeat with improved performance in our underlying businesses as well as the establishment of new business partners which we believe will help us grow in the second half," Junior said.

Overseas Ventures

Operations in Middle East and Thailand brought in a combined PAT share of profits of 3.9%. Thailand contributed 82.1% of the total share of profits from Overseas Ventures and is continuously investing in brand building marketing activities, as well as churning innovative products and partnerships such as Rice Insurance and insurance coverage to international roaming subscribers of telco operators.

"Our Middle East operations, Tune Protect, has just entered into second year of operations and the partnerships with Cozmo Travel LLC and Air Arabia remains strong. Efforts are being made to acquire new B2B partnerships and strengthen our brand and services level in the region," Junior explained.



Outlook

After the settling of QZ 8501 incident in Q1, we continue to see a stronger and more confident Q2. Travel continues to remain stable post GST implementation, while our general insurance business remains on track for a strong recovery after a slower Q1 growth. Notwithstanding the recent political developments, economic situation and currency volatility in the region, we are confident that our second half performance will continue with a similar growth trend based on our current business pipeline and forward sales.

We are on track to deliver on our five key strategies which include growing our partnership through strategic acquisitions, enhancing our business to be a global player in travel insurance as well as strengthening our digital direct-to-consumer business.

Our Global Travel business is expected to continue its growth for the remainder of the year despite potential headwinds generated from uncertainty in the regional economic and currency markets. Our focus will remain in driving consumer awareness on the importance of travel insurance, launch new and segment-based travel insurance, and expand our B2B channels for broader channel diversification. Our General Insurance business continues on the right path towards respectable growth for FY2015 due to its positive momentum of growth from the first half of the year. For Thailand and Middle East, we are focused on expanding our distribution channels especially offline channels and securing new strategic partnerships such as telco and banks for new business growth.

“Forging ahead, we are gearing up to introduce a refreshed and unified brand to remain contemporary and relevant to the consumers. We are excited with the prospects of the new brand and into building a stronger connection with our customers, to further grow our direct-to-consumer portfolio,” Junior explained in presenting the outlook for TIH for the coming months.

For more information, please visit www.tuneinsurance.com/group/investor.

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