

In Tune with AirAsia

TIH sees revenue growth in tandem with carrier's passengers

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KUALA LUMPUR: Tune Ins Holdings Bhd (TIH), the insurance arm of the AirAsia group, anticipates its growth for the 2013 financial year to be in tandem with the passenger growth of the low-cost carrier.

If the number of AirAsia passengers grows by 20%, TIH expects

similar growth in its revenue, said CEO Peter Miller.

"With an existing 125 airplanes and another 355 in the process of being ordered by AirAsia, our online insurance business will develop at the same time," he said after the company AGM yesterday. TIH was listed on Bursa Malaysia about four months ago.

TIH operates two core businesses — online insurance and general insurance. Its online insurance business comprises insurance products sold to customers as part of their online flight booking process. TIH has exclusive agreements with several strategic

partners, including AirAsia, Tune Hotels, and recently Cebu Pacific Air of the Philippines.

Its general insurance, undertaken by subsidiary Tune Insurance Malaysia Bhd, offers a broad range of insurance products including motor, property, foreign workers, marine-related and engineering.

Miller said the recent tie-up with Cebu Pacific airline will add to TIH's online business. The tie-up was through its subsidiary, Tune Money GenRe, which formed a strategic partnership with Malayan Insurance Co Inc (MICO), the leading non-life insurance

company in the Philippines.

Apart from the partnership with Cebu Pacific, TIH has also proposed to acquire 70% equity stake in PT Batavia Miratama Insurance of Indonesia. The acquisition, slated to be completed in the third quarter of this year, is expected to cost TIH about RM26.13 million.

"We are planning to invest in the company to grow its business after acquiring it," Miller said.

On the possible acquisition of Thai insurance companies, he said TIH is not in any negotiation with any company for the time being. "We are currently on a lookout for

the right partner," he noted.

TIH recorded a revenue of RM226.34 million for the financial year ended Dec 31, 2012 (FY12), with its net profit increasing by 42% to RM48.6 million. For the first quarter of FY13, its net profit almost doubled to RM13.9 million from RM7 million in the previous corresponding period.

The higher profit was mainly due to the consolidation of its subsidiary's profit and better general reinsurance business.

Based on its 2012 annual report, TIH is 55.85% owned by Tune Money Sdn Bhd while AirAsia Bhd holds 16.19%.