



## Press Release

### For Immediate Release

#### Tune Ins Holding's new ventures off to a flying start

##### 3Q14

- Operating Revenue up 10.8%
- Profit After Tax RM16.9m

##### YTD14

- Operating Revenue up 15.1%
- Profit After Tax RM52.0m

*Monday, 17 November 2014*

*for immediate release*

Tune Ins Holdings Berhad ("TIH") recorded a Profit After Tax ("PAT") of RM16.9m for 3Q14, a 15.7% increase over the preceding quarter and 3.9% decline against the same period a year ago. TIH's year-to-date ("YTD") PAT now stands at RM52.0m v RM50.2m one year ago.

TIH's Asian travel insurance business, despite growth in its core Malaysian market as well as with Cebu Pacific International passengers' portfolio, showed a marginal decline in revenue against the preceding quarter and against FY2013 whereas Tune Insurance Malaysia Berhad ("TIMB"), registered a 3Q14 profit of RM4.7m.

TIH's performance was aided by good performance from its overseas associates with its Thai associate making a profit of RM4.04m and its Middle East North Africa ("MENA") business making a profit of RM0.26m in its first full quarter of operation. This performance aids an important part of Tune Insurance's strategy, namely to diversify both geographically and in respect of travel partners.

In a statement released today, the Company said, "The third quarter was a transformational quarter in respect of our business with both our Thai and MENA businesses performing very well to build on the foundations established through our Asian travel business and our Malaysian General Insurance company. Additionally, we welcome on board our new Chief Executive Officer, Mr. Junior Cho who the board is confident will deliver on our strategic objectives." Junior's appointment is subject to the relevant regulatory approvals.



## Online Travel

A slight drop of 1% in operating revenue for the quarter was primarily due to lower international passenger traffic in Thailand given the local political unrest, AirAsia capacity reductions in Indonesia, and a slight drop in Travel insurance take up rate as a result of a change in AirAsia's online booking engine.

The Company said, "While we have experienced continued growth in Malaysia travel and Middle East travel, we experienced a 7.5% decline in Travel insurance sales due to a slower-than-expected recovery in international travels to Thailand and AirAsia's capacity adjustments in Indonesia. However, we are beginning to see improvements as we see tourism returning to Thailand in 4Q14."

"As for the inadvertent change in AirAsia's online booking engine which had a direct impact on our take-up rate, we have spoken with AirAsia and they have agreed to rectify the online booking engine. We expect to see improvement in our take-up rate in 1Q15."

The drop was however, offset by a good start to TIH's MENA joint venture with Cozmo Travel LLC ("Cozmo") in Tune Protect Commercial Brokerage LLC ("Tune Protect"), as well as continued growth in Cebu Pacific portfolio in the Philippines, in partnership with Malayan Insurance.

TIH now has a network of travel partners stretching from Australia to Europe including North Africa and a significant presence in Asia. With this platform, the Company has established a strong pipeline of opportunities particularly in the MENA region.

## Malaysia : Tune Insurance Malaysia Berhad ("TIMB")

TIMB continued its strong sales growth particularly in the Fire, Marine and Medical classes of business. TIMB's operating revenue is up 13.8% on the same period a year ago giving a YTD growth of 16.2% against Y2013.

Profit after tax (including MMIP portion) for the quarter under review was RM4.7m despite two large fire claims as well as higher than expected medical claims. We recorded an increase of 9% in claims incurred in 3Q14 compared to the preceding quarter. Additionally, growth in premium will always cause new business strain with revenue proportionally recognised over 12 months and distribution expenses front loaded.

The Company commented, "We will on occasion have exceptional claims such as that which has occurred with our fire portfolio. This is of course the nature of our business, our customers big and small will have claims and we need to be there to honour them in a timely manner."

## Thailand : Tune Insurance Public Co. Ltd ("Tune Insurance Thailand")

Tune Insurance Thailand made a profit of RM4.04m in 3Q14 leading to a profit of RM4.73 million YTD. These profits have been achieved in part through bad debt reversals post acquisition and despite investments in people, marketing and technology. With its combination of existing profitable business, shareholder business and market business, the Company is confident of continued strong growth from Tune Insurance Thailand in Y2015 and the years ahead whilst remaining prudent in respect of risk retention.



## Outlook

The Company is confident that 4Q14 will be its strongest quarter of Y2014 with it traditionally being the best quarter for travel insurance and TIMB. Additionally, TIH anticipates strong profit contribution from both of its associate companies in Thailand and MENA as part of our business diversification strategy.

“Certainly, we expect 4Q14 results to be better as our fundamentals remain intact and the last quarter has seasonally been one our strongest quarters both for the Online and Offline businesses.”

“TIH has a very clear strategy centred on i) travel insurance across Asia, Middle East and Africa and ii) P&C business across the fast growing ASEAN region with technology as a key enabler. With this strategy, the company is confident of achieving its aims of being both ASEAN’s leading digital insurer and a global leader in travel insurance,” the Company added.

### *Going Digital*

“When we started out in Y2012, we were focused on building our foundation and expanding our foothold. This, we achieved through perfecting our Online platform, turning around our Malaysian general insurance operations and venturing into Thailand and the MENA regions. Whilst we are pleased to be where we are today in such a short span of time, we now want to take the Company to a new level and that is to be a major regional Digital insurance player.”

The last few months saw TIH, through its Tune Direct online platform, refined its online infrastructure, propositions, product offerings and reach, to the internet savvy consumer. There are now 4 simple readily available products, purchasable online via its [www.tunedirectonline.com](http://www.tunedirectonline.com) channel, including TIH’s signature Travel insurance product, aptly named Tune Trip.

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