



QATAR GENERAL

INSURANCE & REINSURANCE CO. Q.P.S.C.

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Q3 2019 results

October 2019

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Q3 2019 results highlights



Strong growth in the insurance business diminished by increase in net claims and lower investment income

1	Insurance revenue	<ul style="list-style-type: none">39% growth in Gross Written Premiums for the 9 months period of 2019 (vs. same period 2018)Excellent development of international insurance business with growth of 141% in Gross Written Premiums over the same period
2	Net claims	<ul style="list-style-type: none">Exceptional increase in claims during Q3 2019 in the energy and property segments57% increase in net claims for the 9 months period of 2019 (vs. same period 2018)
3	Investment income	<ul style="list-style-type: none">Investment income declined by 11% for the 9 months period of 2019 (vs. same period 2018)Decline due to fair value adjustment of listed security portfolio
5	Total expenses	<ul style="list-style-type: none">Total expenses increased by 6% for the 9 months period of 2019 (vs. same period 2018)<ul style="list-style-type: none">➤ Mainly driven by increase in finance costs due to increase in loans and borrowings➤ Positive impact of management cost cutting initiatives reducing administrative expenses by 11%
6	Profitability	<ul style="list-style-type: none">Net profit reduced to QAR 6.3m for the 9 months period 2019 compared to QAR 69.5m for the same period. This represents an EPS of QAR 0.009 for the 9 months period
7	Outlook	<ul style="list-style-type: none">Market conditions paired with an increase in finance cost and exceptional major claims have significantly impacted the Group's results in 2019 year-to-dateMeasures taken by the new management team have already shown a positive impact on the key focus areas and the ongoing efficiency and cost cutting initiatives are expected to further enhance financial performance in 2020

Message from the Group CEO



Mr Hassan Al-Efrangi
Group CEO

Joined QGIRCO in March 2019 as Group CEO, with extensive experience in the financial sector. Prior to joining, Mr. Al-Efrangi was Deputy CEO of Ahli Bank Q.P.S.C.

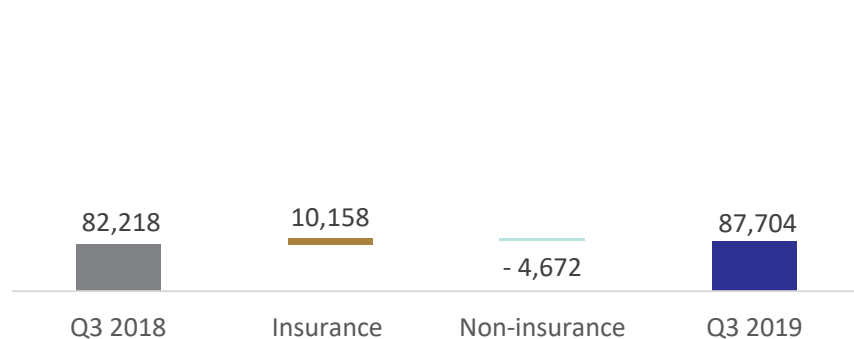
- The Company continues to affirm its prominent position in Qatar’s Insurance market, being recognized for its leading role in the field of product mix development
- Our primary objective remains to focus on expansion while ensuring our clients experience the highest standards of service. Our results in Gross Written Premiums in the international insurance market confirms our competitiveness and the opportunities abroad
- The Group’s long-term strategy provides it with the ability to adapt to market trends in order to conduct appropriate investments, optimizing customer service and increasing returns for our shareholders
- We have witnessed strong growth in our insurance revenue which is up 39% for the 9 month period of 2019 compared to the same period in 2018. However, the Group’s net profit is lower due to an exceptional increase in claims during Q3 2019, an increase in finance costs and lower investment income due to fair value adjustments
- We see the first positive results of our efficiency and cost cutting measures implemented in the year with administrative expenses being reduced by 11% for the 9 months period and expect further positive impacts to materialize going forward
- Our exceptional employees are one of the key factors in establishing, developing and executing the strategies and objectives. QGIRCO will continue to develop Qatari talents and we are proud of our achievement thus far

Consolidated Q3 2019 results – financial overview



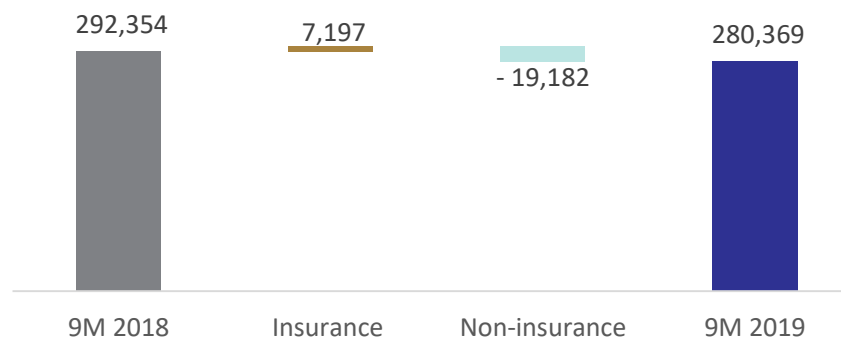
Consolidated revenue¹ (Q3 2018 vs. Q3 2019)

(QAR '000)



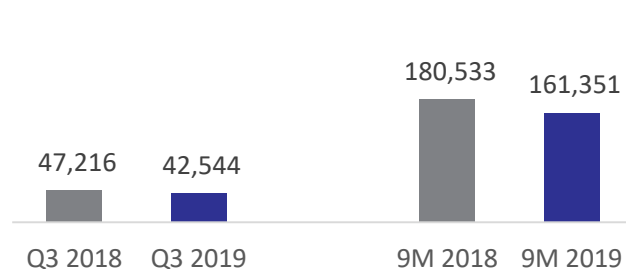
Consolidated revenue (9M 2018 vs. 9M 2019)

(QAR '000)



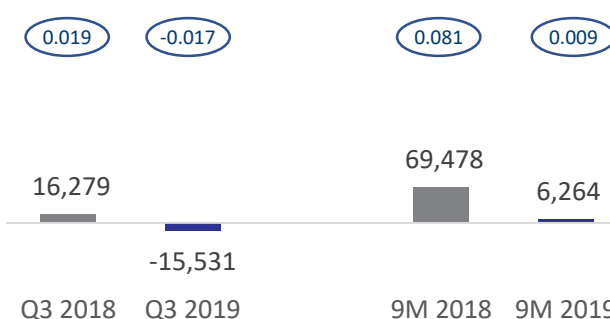
Consolidated operating results

(QAR '000)



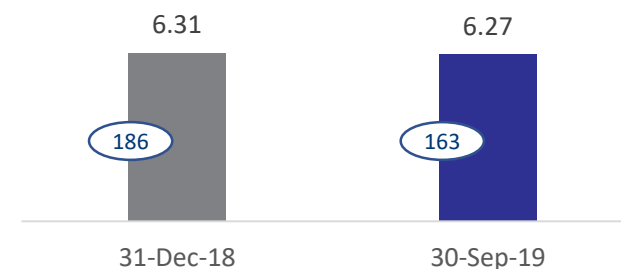
Consolidated net profit

(QAR '000)



Consolidated shareholders equity

(QAR billions)



○ Earnings per share

○ Solvency Ratio (%)

1) Consolidated revenues calculated as net earned premiums and inclusive of all investment revenue

Table of contents



Chapter 1	Consolidated Q3 financial results publication	6
1.1	Consolidated results	8
1.2	Insurance results	13
1.3	Non-insurance results	16
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

Table of contents



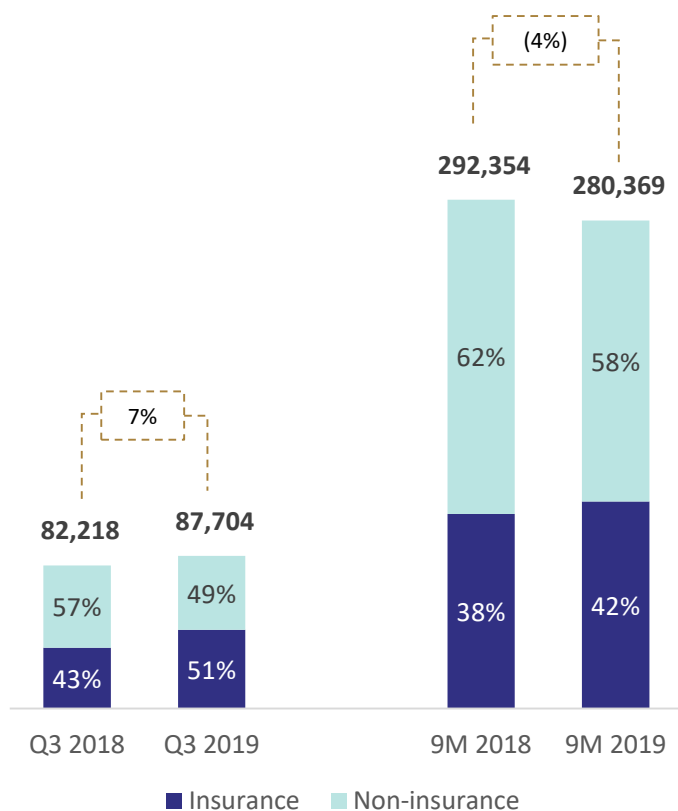
Chapter 1	Consolidated Q3 financial results publication	6
1.1	Consolidated results	8
1.2	Insurance results	12
1.3	Non-insurance results	16
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

Consolidated Q3 2019 revenue



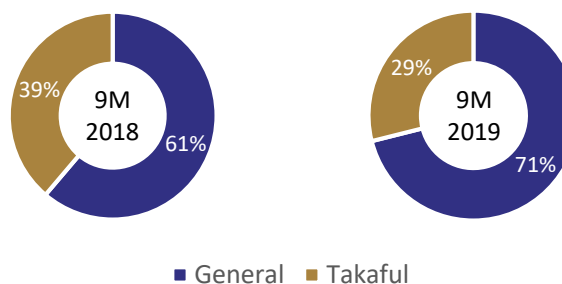
Total consolidated revenue¹

(QAR '000)



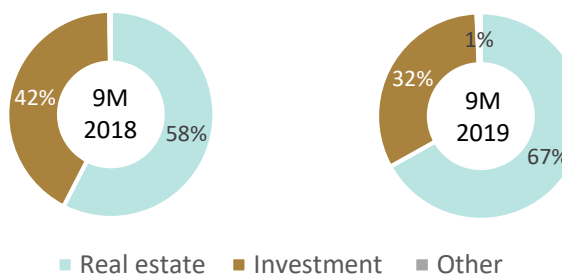
GWP insurance revenue split

(%)



Non-insurance revenue split

(%)



Management comments

- Slight decrease in total revenue for the 9 months period 2019 compared to same period previous year
- Significant increase in revenue from insurance operations
- Consolidated revenue decrease due to the decrease in non-insurance related revenue, mainly due to the result of fair value adjustments of listed securities in the investment portfolio
- Income from real estate remained stable for the period

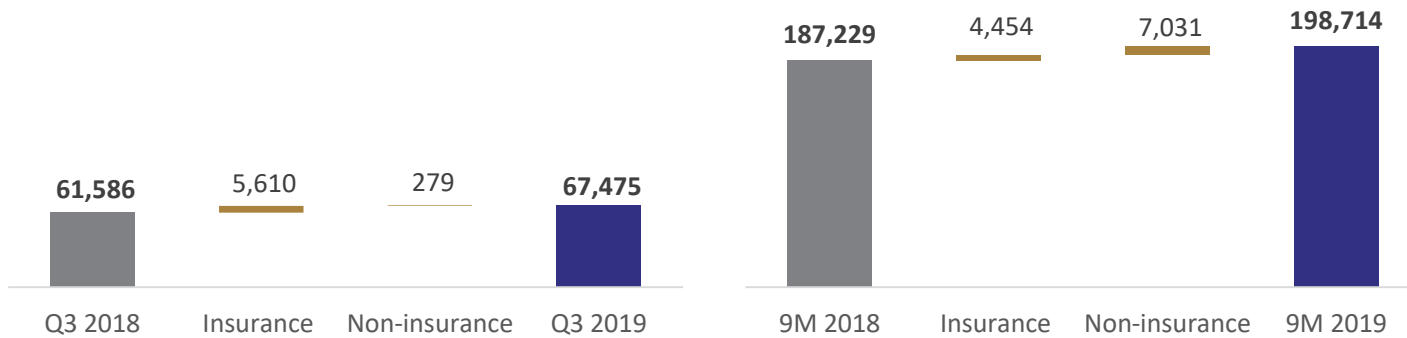
1) Consolidated revenues calculated as net earned premiums and inclusive of all investment revenue

Consolidated Q3 2019 expenses



Total consolidated expenses

(QAR '000)

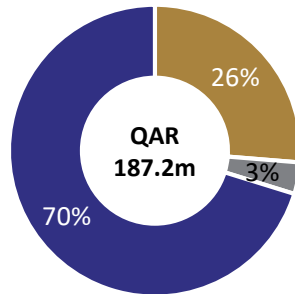


Management comments

- Total consolidated expenses increased by 6% for the 9 months period of 2019 (vs. same period 2018). Mainly driven by increase in finance costs due to increase in loans and borrowings
- Positive impact of management cost cutting initiatives reducing administrative expenses by 11%

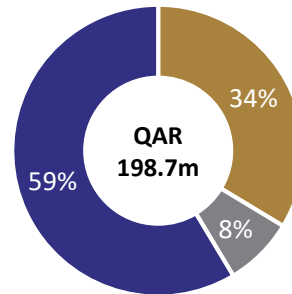
Total consolidated expenses split

(9M 2018)



Total consolidated expenses split

(9M 2019)



Headcount

(No. of employees)

1,274
10% reduction vs Q3 2018

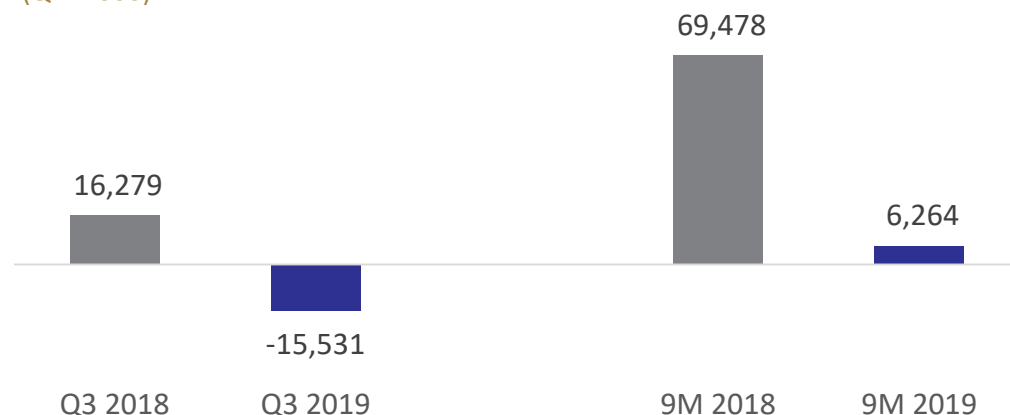
■ Finance costs ■ Cost of sales from construction ■ Other operating and administrative

Consolidated Q3 2019 net profit



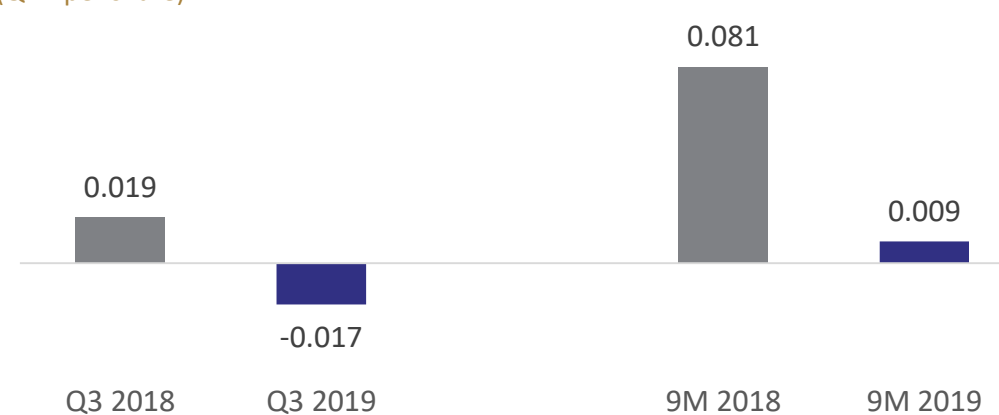
Consolidated net profit

(QAR '000)



Earnings per share

(QAR per share)



Management comments

- Consolidated net profit declined 91% for the 9 months period 2019 compared to the same period last year. This is mainly due to:
 - 57% increase in net incurred claims (QAR 28m)
 - 11% decrease in investment income (QAR 19m)
 - Increase in finance costs due to increase in loans and borrowings



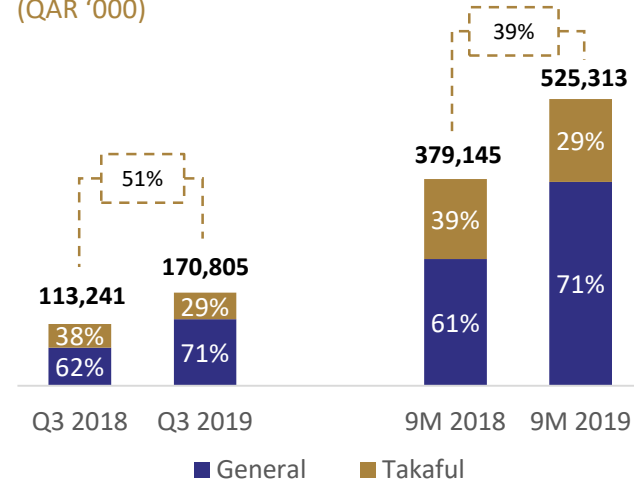
Chapter 1	Consolidated Q3 financial results publication	6
1.1	Consolidated results	8
1.2	Insurance results	12
1.3	Non-insurance results	16
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

Insurance operations overview – Q3 2019



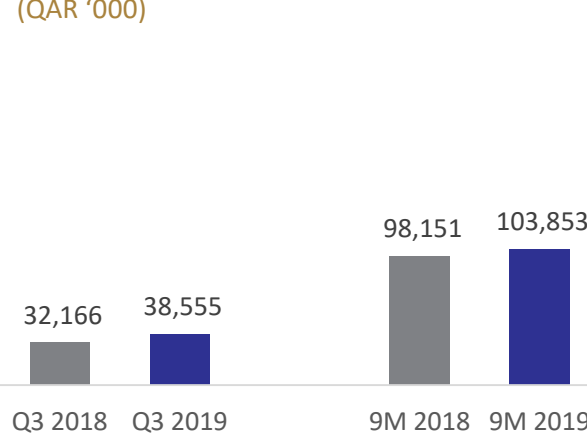
Gross written premiums

(QAR '000)



Net earned premiums

(QAR '000)

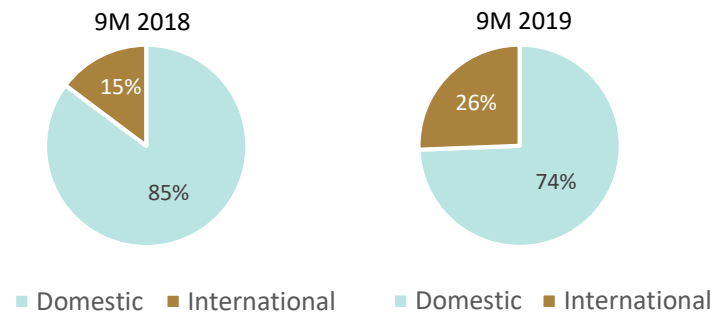


Management comments

- Significant increase in GWP in general insurance and Takaful products
- Excellent growth of 141% in the international insurance business
- Exceptional increase in claims in the energy and property segments led to an increase in the loss ratio

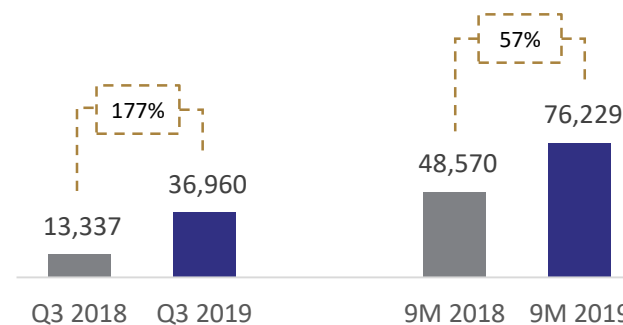
GWP – domestic vs. international

(%)



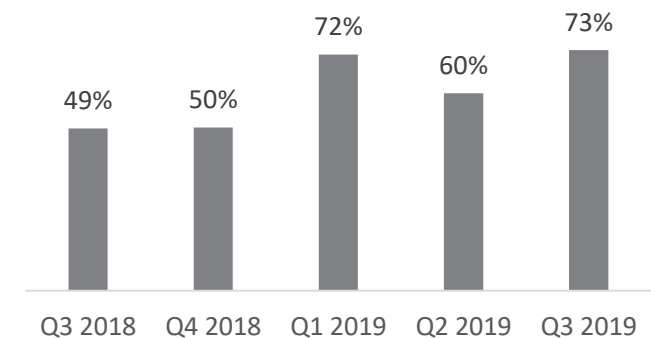
Net claims total

(QAR '000)



Loss ratio

(%)

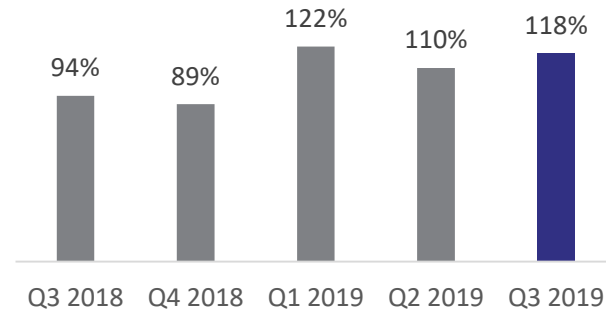


Insurance operations overview – Q3 2019



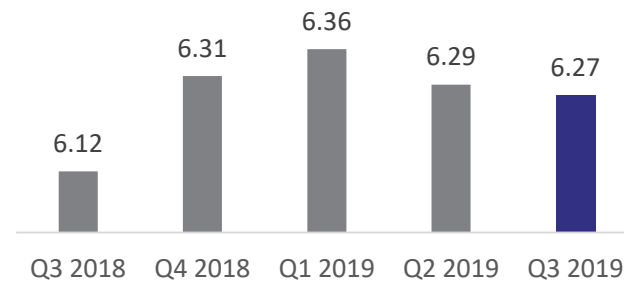
Combined ratio

(%)



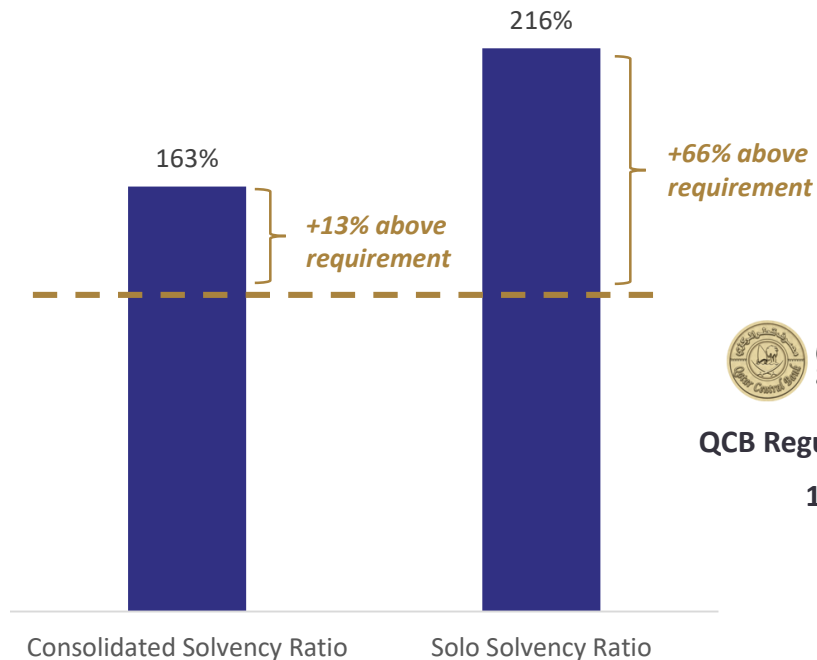
Consolidated shareholders equity

(QAR billions)



Q3 2019 solvency ratio

(%)



Management comments

- QGIRCO's consolidated solvency ratio as at Q3 2019 was 163%, which is 13% above the solvency requirement set by QCB. On an insurance business only (i.e. solo level), QGIRCO's solvency ratio is 216% well above the required 150%.



QCB Regulatory limit:
150%

Management's view on insurance sector trends



Insurance sector trends

QGIRCO action to benefit

1

Digital transformation required to remain competitive

Program started and results becoming visible in 2020

2

InsureTech expected to become driving force

Exploring options

3

Big Data analytics capability to reduce risk

Internal assessment ongoing

4

Expanding product offering to satisfy changing customer behavior and lifestyle

Changes implemented and product offering tailored

5

Continuous change in the regulatory landscape

Close collaboration and constant dialogue with authorities in Qatar



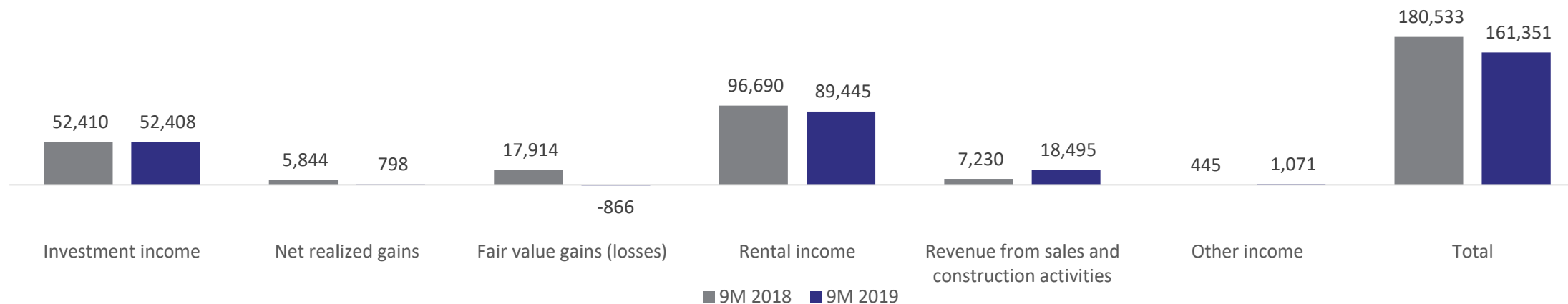
Chapter 1	Consolidated Q3 financial results publication	6
1.1	Consolidated results	8
1.2	Insurance results	12
1.3	Non-insurance results	16
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

Non-insurance operations overview – Q3 2019



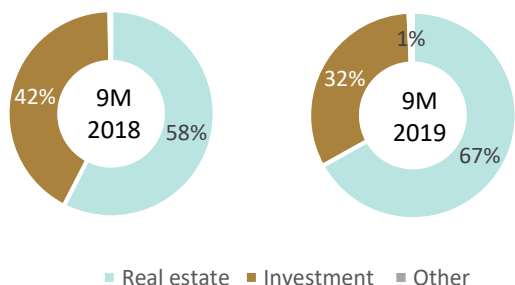
Investment income comparison 9M 2018 to 9M 2019

(QAR '000)



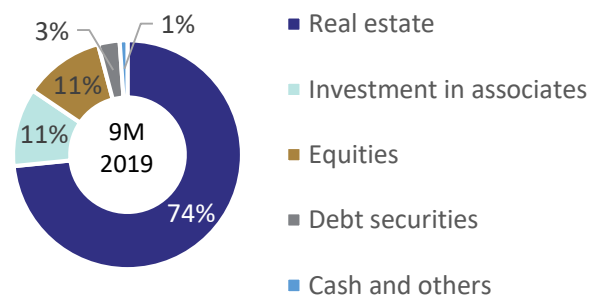
Investment income split

(%)



Investment split by asset class

(%)



Management comments

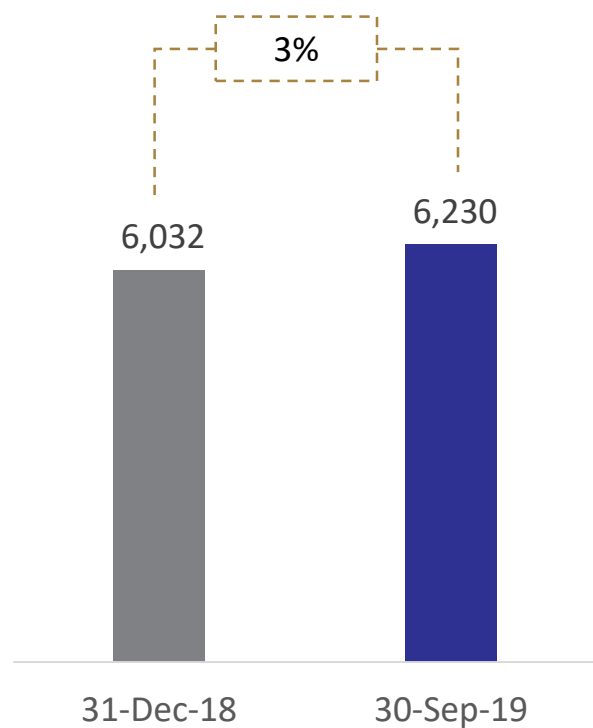
- Investment income declined by 11% mainly due to decline in fair value of listed securities portfolio (QAR 19m)
- Value of real estate investments increased to QAR 6.2 billion
- 85% of the investment portfolio is invested in Qatar

Non-insurance operations overview – Q3 2019 financial position



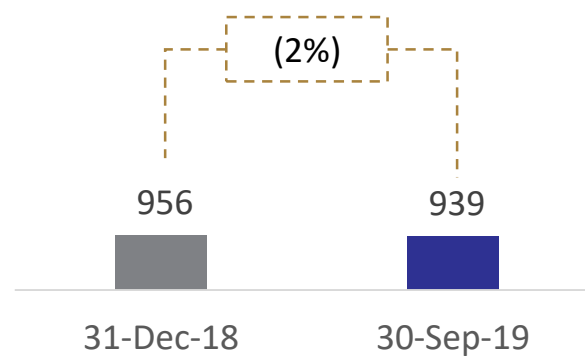
Real estate investment

(QAR millions)



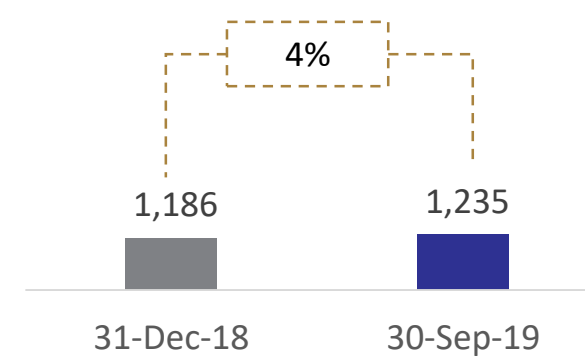
Investment in associates

(QAR millions)



Financial assets

(QAR millions)

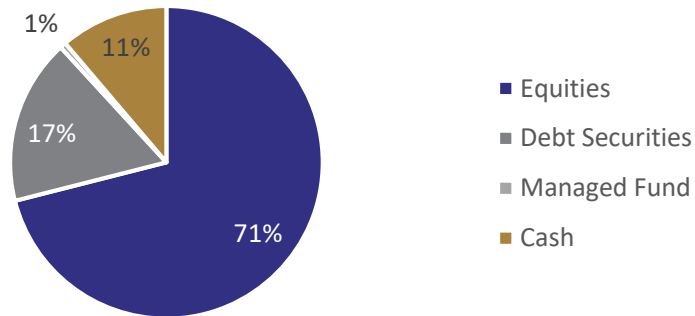


Non-insurance operations overview – Q3 2019



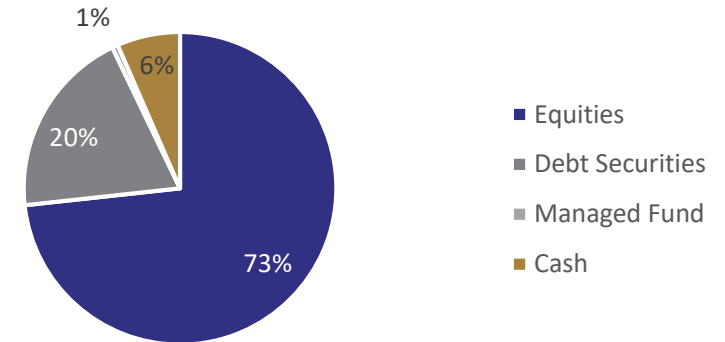
Total investment assets as at Dec 2018

(%)



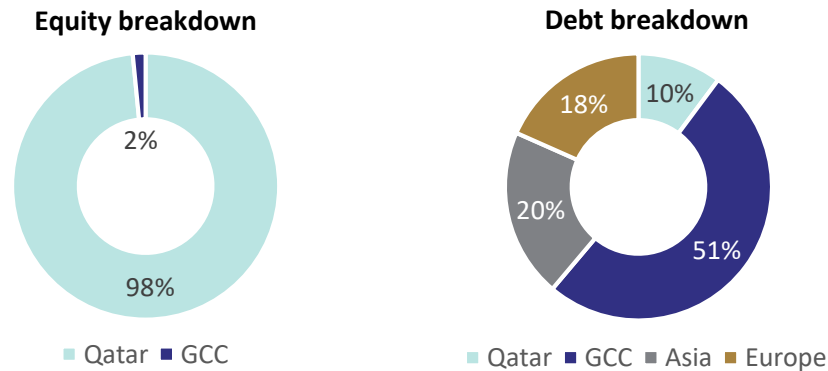
Total investment assets as at Sep 2019

(%)



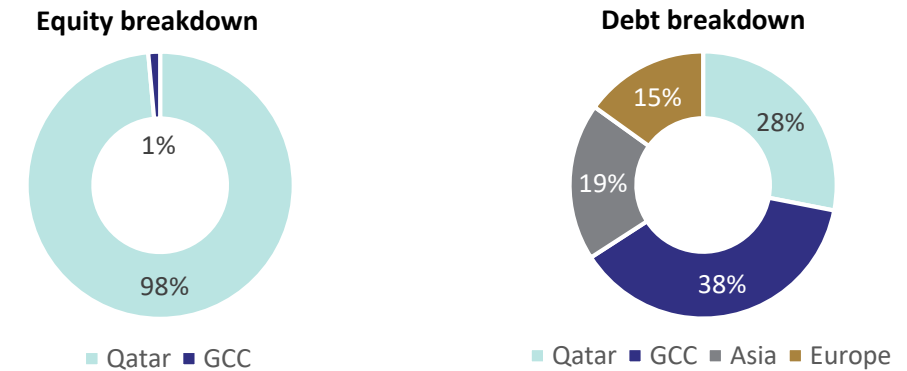
Equity and debt split by region (Q3 2018)

(%)



Equity and debt split by region (Q3 2019)

(%)



Measures taken in 2019 and their impact



Strategic decisions taken

- Appointment of Mr. Hassan Al Efrangi as the CEO of the Group and hiring of selected subject matter experts in key areas
- Complete strategy review across various segments, including risk management, information technology, human resources, insurance and investments
- Expand international insurance business
- Lean management exercise
- Liquidation of non-performing subsidiaries



Results achieved

- Gross written premiums increase by 39%
- International insurance business increase by 141%
- Closure of 8 local branches across general insurance and takaful
- Reduction in administrative expenses by 11%
- Closure of Mozoon Insurance Marketing Company

Table of contents



Chapter 1	Consolidated Q3 financial results publication	6
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

QGIRCO Group management team



Hassan Al-Efrangi
Group Chief Executive Officer

Mr. Al-Efrangi has over 20 years of experience in the financial sector. He has significant business management capabilities and has extensive experience with performance improvement, growth and leadership. He was previously the Deputy Chief Executive Officer at Al Ahli Bank.



Dr. Deepa Chandrakeshar
Acting Chief Financial Officer



Jamal Abu Nahl
Chief Executive Officer - Insurance



Jassim Al Kuwari
Group Head of Human Resources and Administration



Ramesh Kini
Acting Head of Internal Audit



Georges Wakim
Group Legal Manager



Noura Al Maraghi
Head of Corporate Communication and Government Relations



Abdallah Barrage
Deputy Chief Executive Officer - Investment



Mohammad Elailah
Chief Operating Officer - Insurance



Hassan Taha
Legal Advisor and Secretary of the Board



Dimitrios Voukelatos
Deputy Head of Risk Management and Principal Actuary



Basil Falah
Group Head of Compliance



Marwan Azar
Group Head of Marketing

QGIRCO's key investment highlights



Qatar's leader in new product mix development

First mover on:
Trade Credit, Cyber, Senior Liability

Deep understanding of the local market

More than 40 years of experience

Quick to adapt to market trends and customer preferences

Market opportunity 'SME' identified
and captured in short time frame

Strong balance sheet and cash generation capability

Consolidated solvency ratio as at
163%, being 13% above QCB
requirement

Experienced management driving efficiency and profitability

Admin expenses decrease 11%



Company history

- QGIRCO was established in 1979, with the vision of providing individuals and businesses with general and Takaful insurance products. QGIRCO was listed on the Qatar Exchange in 1997
- QGIRCO expanded to become one of the most dominant players in the insurance industry in Qatar, with over 120 employees working in core insurance operations, serving clients through its 7 branches across the country
- QGIRCO has maintained an “A- (Excellent)” credit rating for 10 years, according to AM Best credit ratings

Product overview

Personal insurance

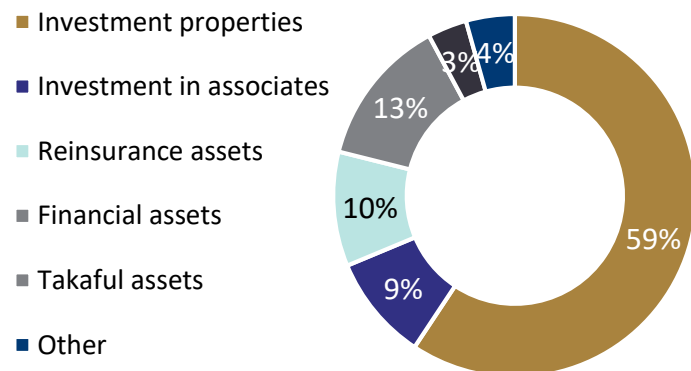
- Offers protection from risks associated in different areas of customer’s lives
- 10% of total insurance revenue is from sales of personal insurance products

Commercial insurance

- QGIRCO offers both general and specialized insurance products for corporate clients
- Commercial insurance represents 90 % of the Company’s insurance operations



Investment portfolio



As at Q3 of 2019, the majority of QGIRCO’s assets are invested in real estate

Recent strategic developments

- Under the leadership of Mr. Al-Efrangi, QGIRCO is undergoing significant strategic changes to align the operations of the Group to the long-term vision
- QGIRCO will continue to focus on both general and Takaful insurance products
- Efficiency and cost saving initiatives ongoing to enhance shareholder value
- Selected strategic hiring for key positions in the insurance business

Table of contents



Chapter 1	Consolidated Q3 financial results publication	6
Chapter 2	QGIRCO at a glance	21
Chapter 3	Shareholder information	25

Shareholder information

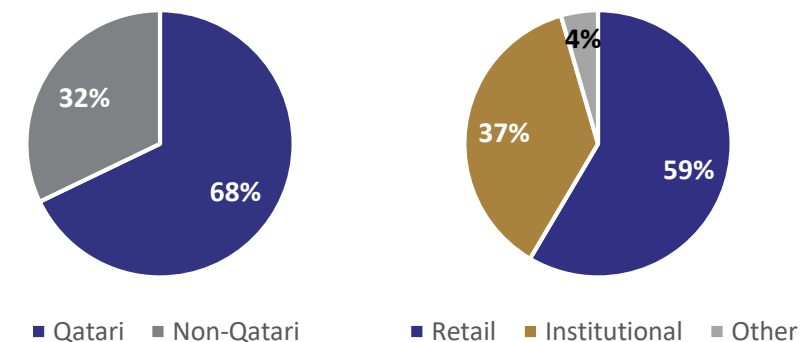


General information

Company name	Qatar General Insurance & Reinsurance
Ticker (QE)	QGRI
Market Capitalization	QAR 3.1B
Common Shares Outstanding	875.1M
Free float	77%

Figures as at 30 September 2019 and in QAR. Unless, otherwise stated.

Shareholder structure

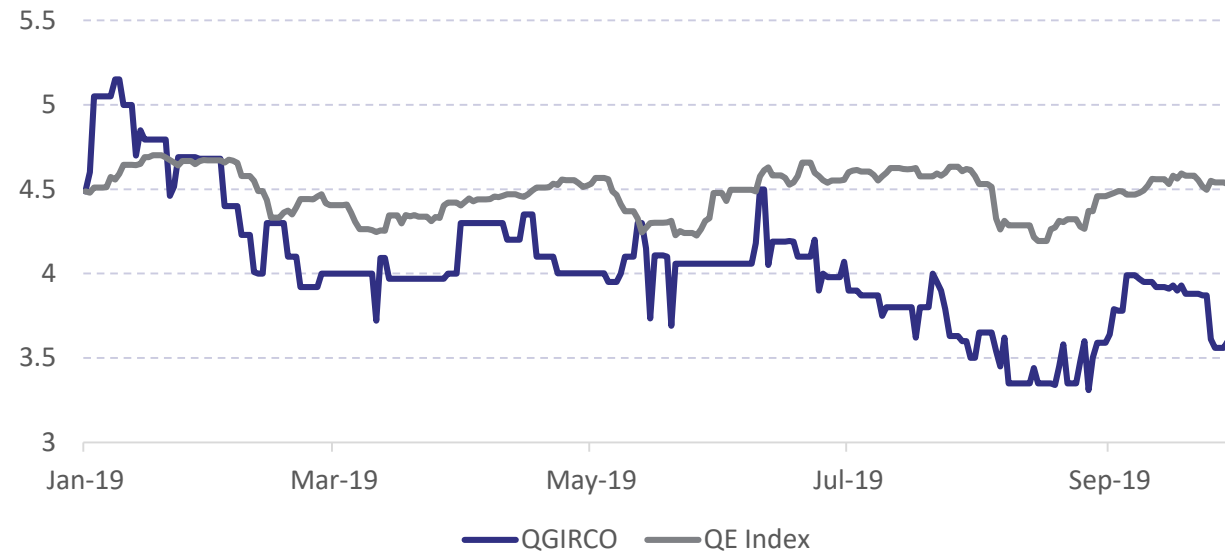


Top shareholders	Ownership (%)
Ghazi Kamel Abdul Rahman Abu Nahl	9.99%
Sheikh Nasser Ali Saud Al Thani	7.32%
Sheikh Ahmed Ali Saud Al Thani	5.63%

Share price performance and share trading liquidity

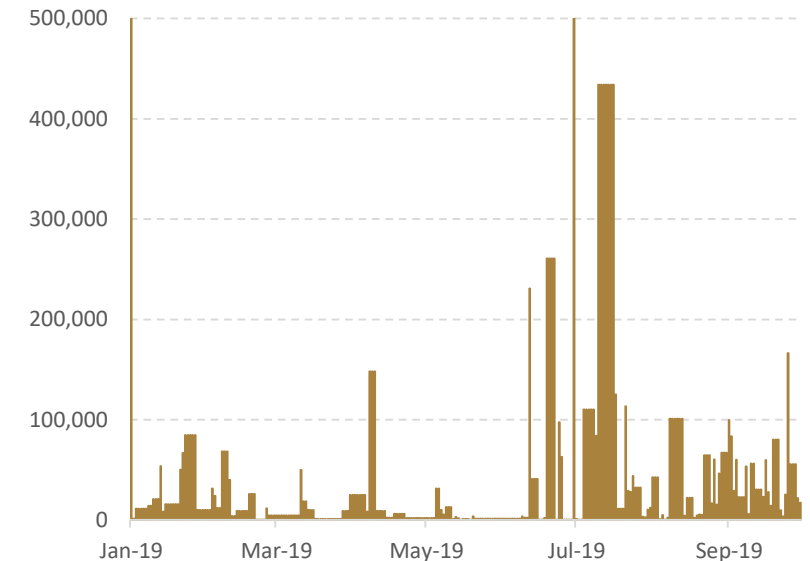


Share price performance versus QE Index as at 30 September 2019



Share price performance	% change
Since 30 June 2019 (3M)	(14%)
Since 30 March 2019 (6M)	(19%)
Year to date	(22%)

Share trading volume as at 30 September 2019



Liquidity daily averages	QAR '000
Since 30 June 2019 (3M)	567
Since 30 March 2019 (6M)	410
Year to date	356

Investor relations contacts



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