

QBE INSURANCE GROUP (QBE)

16 AUGUST 2018

RESULTS	Half Year 2018	Half Year 2017	CHANGE
Revenue from operations (\$m)	7,347	7,778	-6%
Gross written premium (\$m)	7,887	7,590	+1%
Average Group-wide premium rate increase (%)	4.6%	1.0%	+360%
Combined operating ratio (%)	95.4%	96.8%	-1.4%
Statutory Profit after Tax (\$m)	358	345	+4%
Statutory NPAT consensus (\$m)	341		
Interim Dividend (\$)	0.22	0.22	-

QBE Insurance Group (QBE) premiums up as business right sizing continues.

- **Global insurer, QBE Insurance Group (QBE) reported a statutory net profit after tax of \$358 million, up 4% for the first half of 2018** boosted by a strong lift in average group wide premium rates and lower pay out levels due to fewer weather catastrophes compared to last year. QBE's Gross written premium increased by 1% at US\$7.89 billion, but revenue from operations fell by 6% to US\$7.35 billion as the sale of business units reduced possible returns. Adjusted net profit after tax fell 18% to \$380 million hit by a lift in accident year claims and lower investment returns. Returns fell to \$US287 million on a fall in QBE's fixed interest portfolio.
- QBE's North American unit reported a better half after a tough 2017, as average Premium rate increases lifted to 3.1% compared with only 0.9% in FY17.
- The Asian Pacific division continued to struggle with gross written premiums down 17% and the sale of the business in Thailand, exiting from Hong Kong construction workers' compensation hit earnings.
- European Operations' recorded another strong result with a combined operating ratio of 94.5% as the positive fall in accident year claims in 2017 did not continue into 2018.
- Australian & New Zealand Operations continued to grow as QBE focused on pricing, risk selection and claims management.
- QBE's new simplified strategy is under way, where it is exiting underperforming businesses and plans to operate only in markets and products where there is a competitive advantage. QBE's effective tax rate was 8%, well down from 19% in the prior period reflecting the utilisation of US tax losses and the recognition of additional deferred tax assets. QBE remains committed to the three-year share buyback of up to \$1 billion including no more than \$333 million in any one calendar year.
- QBE expects to deliver a 2018 full year combined operating ratio within the revised target range of 95.0%–97.0%. QBE said it will pay an Interim dividend of \$0.22 on 5 October 2018.

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