

Watania International Holding announces Q3 2023 consolidated results

Substantial progress in realizing post-merger synergies and robust cost controls clear the Company's path to normalized profitability

Dubai, UAE, 14 November 2023 – Watania International Holding PJSC ('WIH', the 'Company' or the 'Group'), reported today its Q3 2023 consolidated financial statements.

Financial Updates Q3 (9M) 2023:

- Takaful revenue grew by 15.7% year on year (y-o-y), with the continued strong performance by the technical product lines and slow but steady growth in the family (life) offerings offset by pricing pressures on the motor and medical lines.
- Investment income rose by 368% y-o-y to AED 30 million, due to improved equity portfolio performance and higher yield on fixed income generating assets.
- The Company's rigorous expenses control program resulted in lower costs during the period.
- Net loss of AED 6.6 million was significantly lower than the net loss of AED 26.5 in 9M FY2022.

Financial Reporting Considerations:

- The report for Q3 2023 is based on the consolidated financial statements of the merged entity.
- Therefore, the previous comparative period covering 9 months in FY22 includes the financial statements for Dar Al Takaful PJSC for H1 2022 and the consolidated statements for the merged entity for Q3 2022.

Dr. Ali Saeed Bin Harmal Aldhaheeri, Chairman, WIH said:

"Despite the uncertainty in the regional macroeconomic environment, we saw a steady performance during the period due to improved investment returns driven by sound investment strategies and strong yields, together with the larger asset base resulting from the merger.

In the long term, the insurance market is set for rapid growth due to an increasingly more risk aware and sophisticated population in the GCC with lucrative opportunities within the Takaful sector which is likely to see revenues grow by a CAGR of 11.6% from 2023 to 2030, according to analysis by Research and Markets. Therefore, we believe it is essential to establish a strong sustainability ecosystem where all our stakeholders benefit from an environment that is supportive and designed to thrive.

Our immediate focus is on improving the performance of our Takaful operations and optimizing our investments and business practices across our assets through enhanced efficiencies, customer service, product and geographical spread, regulatory excellence and growing, training and upskilling talented nationals. By getting this right, we can create sustainable value for all and achieve revenues and profitability.

Our Company is well positioned to play an expanding leadership role in the growth of the national insurance sector and the outlook for our financial performance is increasingly positive as we achieve further milestones in the journey to complete the integration and transformation of the merged entity.”

Operational Highlights (Q3 2023):

- The name of the listed company changed to Watania International Holding PJSC and its trading symbol on the Dubai Financial Market became WATANIA in July 2023.
- Watania Takaful companies continued to strengthen their partnerships with leading entities offering tailored products and services as well as launching market leading awareness campaigns particularly around safety on the roads, as well as long term practices to ensure the wellness and wellbeing of members.

Mr. Gautam Datta, CEO, WIH commented:

“Though geopolitical volatility may cause headwinds across the insurance market, the underlying economic strength of the UAE and the region bode well for continuing growth, particularly in the Takaful sector. Developments in regulatory oversight including the new accounting standards, more vigorous governance standards, and the expansion of mandatory insurance in the UAE in medical, motor and unemployment products, have strengthened the sector.

The sector is also continuing to address the negative performance of certain some business lines, particularly motor and medical, due to the increasingly inflationary global economic environment and segment-specific pressures. For example, the medical insurance is facing higher hospitalization and utilization rates, more expensive costs of treatments and generally more categories of the population who are experiencing ill health. In the motor business, premiums have rebounded from Covid-era lows as traffic has increased but prices remain low due to legacy pricing structures.

Our national Takaful companies are focused on addressing this mismatch between premiums earned and rising claims’ costs while ensuring high retention of customers. For some product lines such as motor and medical, we are executing systematic data and analytics-led pricing changes combined with simplified product structures and improved claims management controls to target more profitable market segments. Pleasingly, we are seeing early positive indications which will deliver sustainable revenues as these changes take full effect.

At the same time, we are focusing on non-price factors such as standardized solutions for the retail customers combined with an emphatic and responsive quality of customer service. For corporate clients, efficiency, quality of service and pricing enable us to provide bespoke solutions that suit their specific needs. This approach and our established expertise in the Takaful sector continue to support our market competitiveness and retention levels.”

Ends.

About Watania International Holding (WIH)

Watania International Holding PJSC is a listed entity on the DFM with share capital of AED 260 million. In 2020 Dar Al Takaful acquired Noor Takaful and in July 2022, the National Takaful Company (Watania) merged with Dar Al Takaful to create one of the largest Takaful entities in the UAE. In March 2023, the name of the holding company, Dar Al Takaful, was changed to Watania International Holding PJSC and its insurance license was cancelled as it became an investment holding company that aims to expand its footprint through sharia compliant investments in the Takaful and Takaful services sector. In July 2023 its DFM trading symbol changed to [WATANIA] from [DARALTAKAFUL] following completion of regulatory conditions precedent.

Watania International Holding is the sole shareholder of two operating companies: Watania Takaful General (previously Noor Takaful General PJSC) and Watania Takaful Family (previously Noor Takaful Family PJSC). The two operating companies offer a full range of Takaful products including motor, general, technical, medical, and family to both individuals and companies in the UAE through a national network of full-services offices. Watania Takaful General and Watania Takaful Family are leading Takaful providers in the UAE.

For more information, please call 800-WATANIA or visit: www.watania.ae

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