



Reclassification of results to reflect discontinued operations

On 19 June 2018 IAG announced it had entered sale agreements covering its consolidated operations in Thailand, Indonesia and Vietnam. IAG also advised that these businesses would be identified as discontinued operations, for accounting purposes.

This treatment is in accordance with the relevant accounting standard, AASB 5, which requires the contribution from operations subject to sale agreements to be identified as a single line item in the statement of comprehensive income and designated 'discontinued operations'. The reclassification requirement also applies to the prior financial period.

Attached to this announcement is a reclassification of IAG's results for the year ended 30 June 2017 (FY17) and the six months ended 31 December 2017 (1H18).

IAG's interests in Malaysia and India will continue to be treated as associates, but will be reclassified from 'Asia' to 'Corporate & Other' within IAG's segment reporting.

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia. The Group's businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia and India. For further information, please visit www.iag.com.au.

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Reclassified financial performance – FY17 and 1H18

	1H17	2H17	FY17	1H18
	A\$m	A\$m	A\$m	A\$m
GROUP RESULTS				
Gross written premium	5,620	5,819	11,439	5,649
Gross earned premium	5,682	5,639	11,321	5,780
Reinsurance expense	(1,571)	(1,551)	(3,122)	(1,613)
Net earned premium	4,111	4,088	8,199	4,167
Net claims expense	(2,536)	(2,546)	(5,082)	(2,505)
Commission expense	(383)	(391)	(774)	(387)
Underwriting expense	(646)	(659)	(1,305)	(653)
Underwriting profit	546	492	1,038	622
Investment income on technical reserves	32	200	232	123
Insurance profit	578	692	1,270	745
Net corporate expense	(4)	(4)	(8)	-
Interest	(51)	(42)	(93)	(39)
Profit/(loss) from fee based business	(1)	(33)	(34)	-
Share of profit from associates	9	12	21	19
Investment income on shareholders' funds	103	143	246	129
Profit before income tax and amortisation	634	768	1,402	854
Income tax expense	(108)	(220)	(328)	(211)
Profit after income tax (before amortisation)	526	548	1,074	643
Non-controlling Interests	(45)	(32)	(77)	(19)
Profit attributable to IAG shareholders (before amortisation)	481	516	997	624
Amortisation and impairment	(29)	(30)	(59)	(65)
Profit attributable to IAG shareholders from continuing operations	452	486	938	559
Net loss after tax from discontinued operations	(6)	(3)	(9)	(8)
Profit attributable to IAG shareholders	446	483	929	551
Insurance Ratios - Continuing business				
Loss ratio	61.7%	62.3%	62.0%	60.1%
Immunised loss ratio	63.9%	61.4%	62.6%	60.9%
Expense ratio	25.0%	25.7%	25.3%	25.0%
Commission ratio	9.3%	9.6%	9.4%	9.3%
Administration ratio	15.7%	16.1%	15.9%	15.7%
Combined ratio	86.7%	88.0%	87.3%	85.1%
Immunised combined ratio	88.9%	87.1%	87.9%	85.9%
Reported insurance margin	14.1%	16.9%	15.5%	17.9%
Underlying insurance margin	13.0%	11.7%	12.4%	13.0%
Margin Impacts - Continuing business				
	A\$m	A\$m	A\$m	A\$m
Reserve releases	159	297	456	122
Natural perils	(420)	(396)	(816)	(262)
Natural perils allowance	339	339	678	339
Credit spreads	5	15	20	47