



Evolve
Capital Partners

ZhongAn Online P&C Insurance Co.,Ltd.

September 2017

Summary of Initial Public Offering

众安保险
ZhongAn Insurance

**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

ZhongAn IPO – Executive Summary

Initial Public Offering Overview

众安保险

ZhongAn Insurance

6060.HK



Description

ZhongAn Online P&C Insurance Co., Ltd., an insurtech company, provides a range of online insurance products and solutions in China. The company offers property and casualty insurance products covering accident, bond, health, liability, credit, cargo, and household property insurance, as well as other insurance comprising shipping return policy insurance. It also engages in technology development and consulting activities.



Use of Proceeds

ZhongAn intends to use the net proceeds from the Global Offering for strengthening its capital base to support its business growth.

	Headquarters	Shanghai, China
	Founded	2013
	Employees	2,034
	Listing Date	09/28/2017
	Lead Underwriters	J.P.Morgan CREDIT SUISSE  
	Offering Price	\$7.27* per H Share
	Shares Offered	199,293,900 Shares (9,964,800 Hong Kong Offer Shares and 189,329,100 International Offer Shares)
	Gross Proceeds	\$1.5 billion

Source(s): Capital IQ and Prospectus

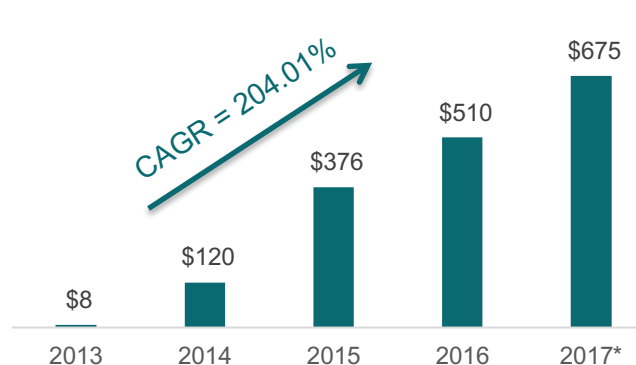
*The stock price translated into USD at an exchange rate of 7.80 on Oct. 27th 2017 from federalreserve.gov

ZhongAn IPO – Executive Summary

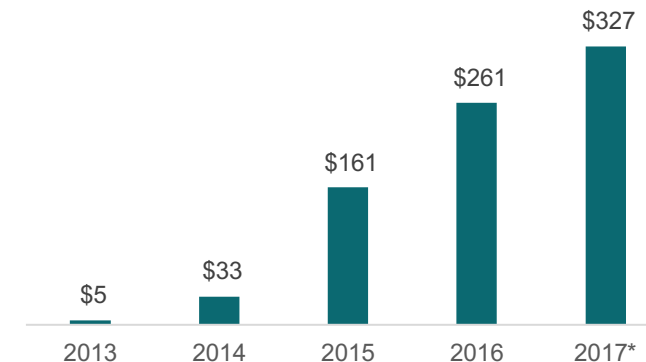
Key Metrics – IPO

Shares Offered at the time of IPO*	199,293,900
Issue Price	\$7.27
Total Shares Outstanding after IPO*	1,439,918,900
Market Value at Issue Price ¹	\$10.5 billion
Enterprise Value at Issue Price ²	\$10.4 billion
EV / LTM Sales	15.37x
Listing Date	09/28/2017
First Day Closing Price	\$9.04

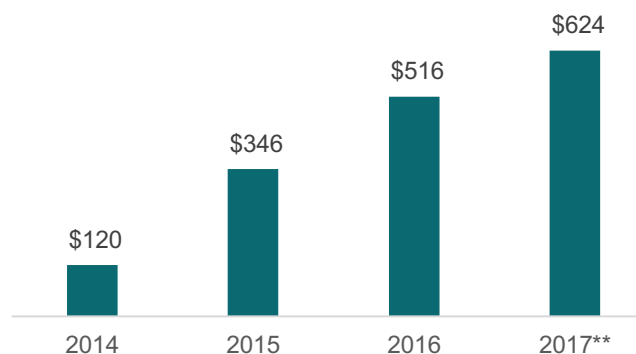
Total Revenue (\$mm)



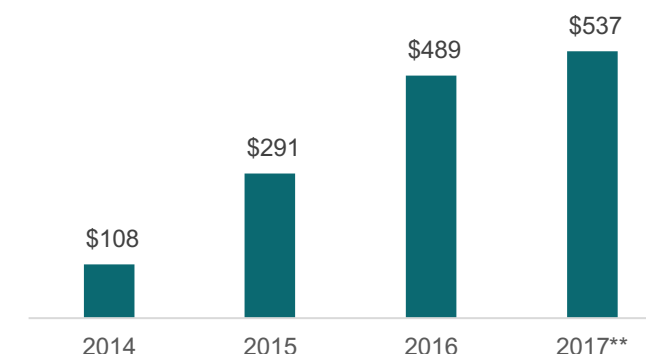
Gross Profit (\$mm)



Gross Written Premium (\$mm)



Net Premium (\$mm)



Source(s): Capital IQ and Prospectus

1. Market Value based on shares outstanding from Prospectus and IPO issue price of \$7.27;

2. Enterprise Value is based on the calculated Market Value at Issue Price and Net Debt for as on June 30, 2017 taken from Capital IQ.

*The financials in 2017 are recorded in LTM.

** The financials in 2017 are estimated based on the three months ended March 31, 2017 and the exchange rate used is 6.6022. .

ZhongAn IPO – Executive Summary

Company Overview

ZhongAn is the largest insurer in China and covers 7.2 billion insurance policies, serving approximately 492 million policyholders from 2013 to 2016. It is also the largest online insurance company in China with Gross Written Premium (GWP) of \$516.2 million in 2016.

- Based on the in-depth and comprehensive understanding of customers' behaviors, ZhongAn develops innovative products and solutions, offers dynamic pricing, and automated claims settlement and ensures effective risk management.
- By embedding products into ecosystem partners' platforms, customers are able to purchase the insurance products and solutions seamlessly through consumption scenarios in their daily lives.
- The core insurance system on ZhongAn's proprietary cloud-based platform is called Wujieshan and the company has also developed advanced artificial intelligence capabilities to optimize product features quickly to enhance customer experience and strengthen risk management.
- The company accumulated extensive user data originating from its large and expanding customer base and third-party data providers.
- ZhongAn offers extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance and other insurance types.

Source(s): Company Website, Prospectus
The exchange rate of USD and RMB used is 6.6022



ZhongAn had total investment assets of **\$174.1 million**, **\$1,167.2 million**, **\$1,187.1 million** and **\$1,172.0 million** in 2014, 2015, 2016 and 2017.



ZhongAn has established partnerships with leading companies such as Alibaba, Ctrip, Xiaomi, Ant Financial and **199** ecosystem partners.



The Gross Written Premium increased significantly from **\$120.3 million** in 2014 to **\$516.2 million** in 2016.



The Gross Written Premiums increased by **84.3%** from 2016 to 2017, primarily due to significant increases in Gross Written Premiums from health insurance, accident insurance, liability insurance and shipping return insurance.

ZhongAn IPO – Executive Summary

Company Overview

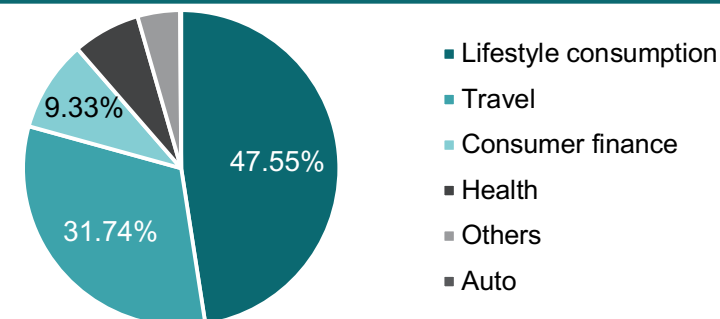
Products and Solutions Offered

Products and solutions are primarily offered in the context of five major ecosystems, namely lifestyle consumption, consumer finance, health, auto and travel ecosystems.

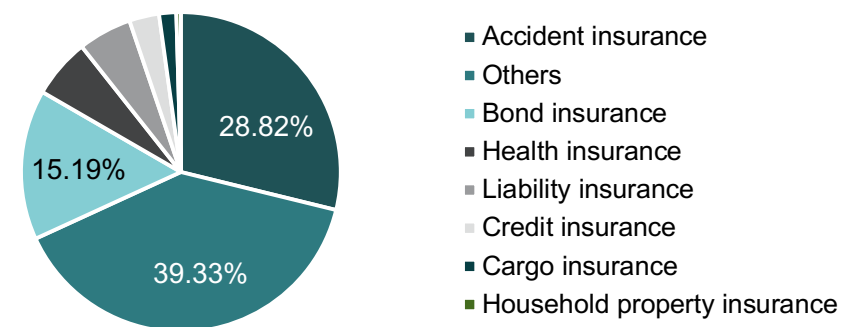
Insurance Type	Main ecosystem(s) served
Accident	Travel
Bond insurance	Lifestyle consumption and consumer finance
Health insurance	Health
Liability insurance	Lifestyle consumption
Credit insurance	Consumer finance
Cargo insurance	Lifestyle consumption
Household property insurance	Lifestyle consumption and consumer finance
Others	Lifestyle consumption

Revenue Streams

Total Revenue Breakdown by Ecosystems in 2016



Total Revenue Breakdown by Products in 2016



Source(s): Prospectus

ZhongAn IPO – Executive Summary

Market Opportunity

Favorable regulatory development

The Chinese government has issued several major policy pronouncements guiding the development of the insurance industry that are expected to have a positive impact on the China insurance industry.

Growth of Internet-based business ecosystem

The advances and innovations in technologies and different financial, technological platforms have increased the customers' need for better online experiences.

Rationalization of transaction process

The integration and evolution of payment systems make the transaction processes easy for insurance companies, because insurance companies are using electronic payment systems. Many insurance companies are likely to invest a significant amount in adopting advanced technologies to enhance their functionality of payment systems.

Increasing demands for insurance products

The rise in population of baby-boomers and the emerging Generation Y are sparking growth opportunities for different insurance products. Generation Y has high disposable incomes and are in the process of acquiring assets. This factor, coupled with the high penetration for insurance firms, results in higher demand for insurtech products like life insurance and retirement product plans.

ZhongAn's strengths include:

- Proprietary technologies and powerful cloud-based infrastructure;
- Extensive user data and strong data analytics capabilities;
- Sound corporate governance and robust risk management;
- Visionary management team and entrepreneurial corporate culture with support from shareholders;
- Innovative and scalable business model;
- The largest online-only insurance company in China's fast-growing Insuretech market


ZhongAn's growth strategies include:

- Further growing customer base and Gross Written Premium;
- Enhancing profitability by expanding and optimizing product mix;
- Strengthening technology leadership and big data analytics capabilities;
- Further driving operating efficiency;
- Fostering sustainable ecosystems by connecting with more ecosystem partners

Source(s): Company Website, Prospectus, Business Wire

ZhongAn IPO – Executive Summary

Financing History

Date	Series/Type	Amount (\$million)	Lead Investor	Transaction Notes
06/12/2015	Series A	\$934	Morgan Stanley 	The company raised \$934 million of Series A venture funding from Morgan Stanley, CICC and CDH Investments.

Source(s): Crunchbase.com

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