



UBI Insurance: Investment Opportunity

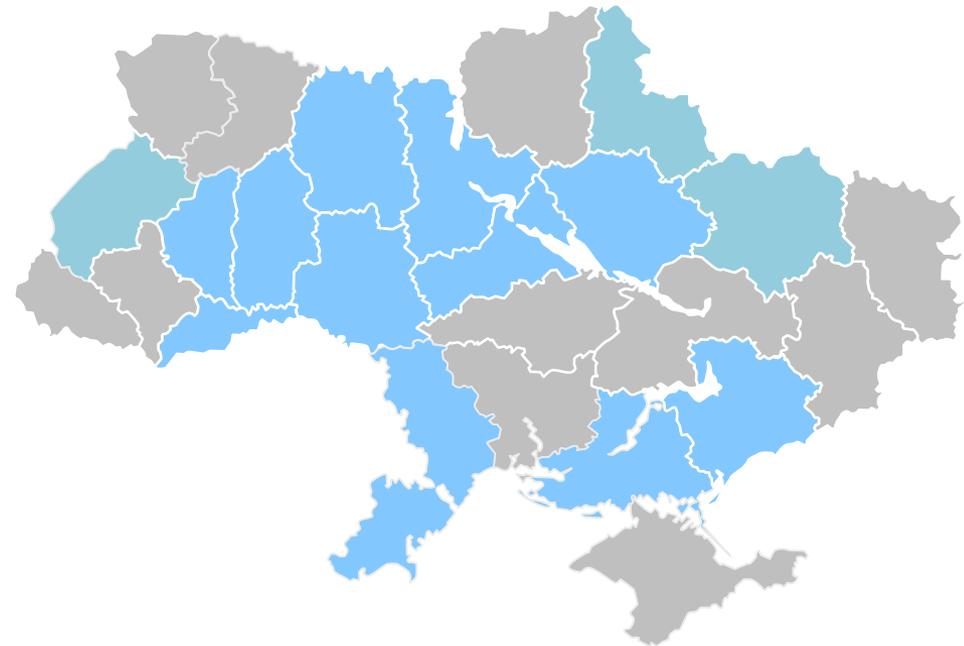
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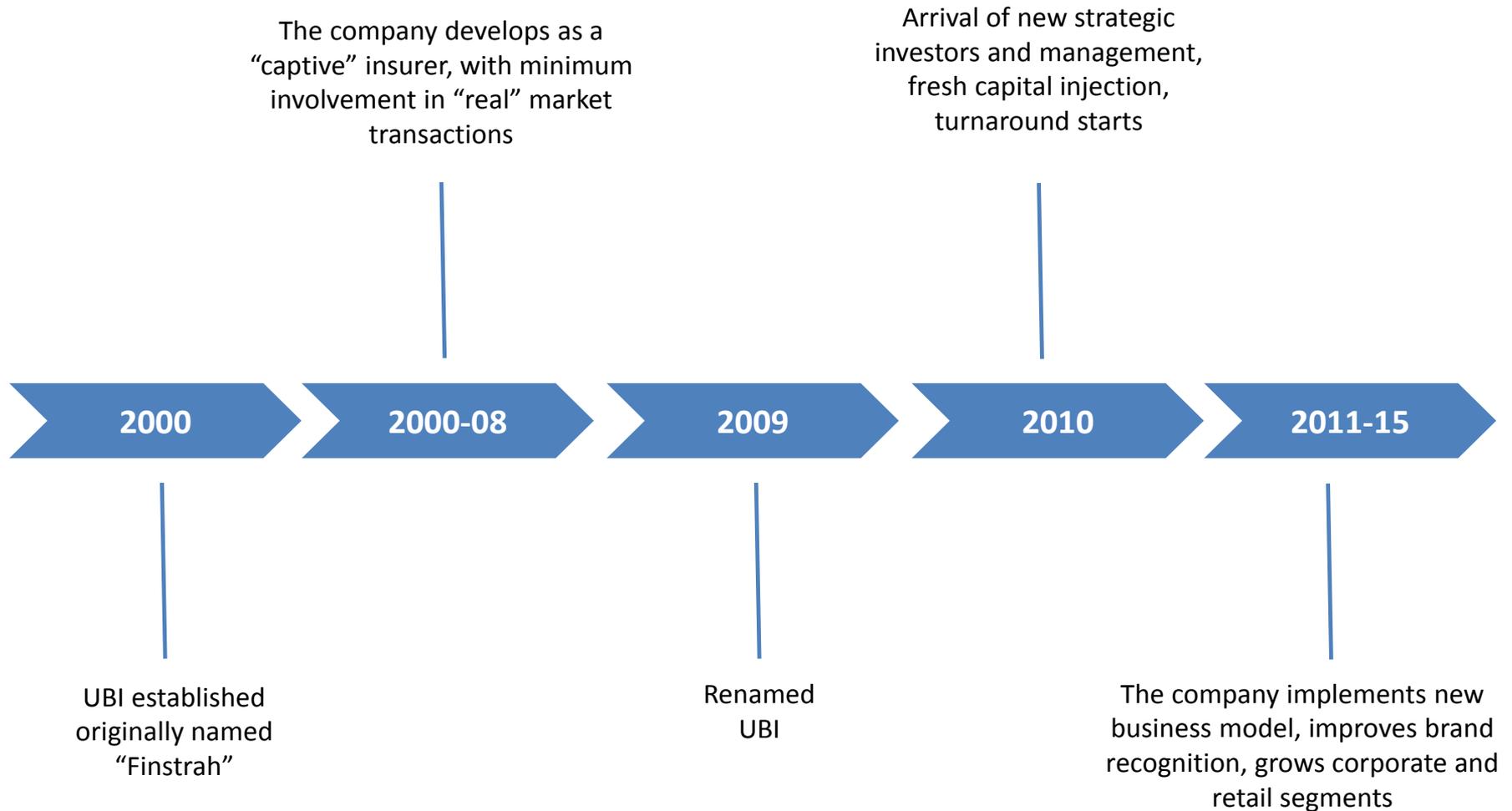
UBI Snapshot

- UBI (Ukrainian Business Insurance) operates as a Public Joint Stock Company.
- Management holds a controlling stake in the company.
- Over 1 000 corporate clients and 50 000 retail clients. The key corporate clients are: Kriazh DP, Kuwait Energy, Kharkivska TEC-5, Kyivpastrans, Avantazh77, Oschadbank, Ukrgasbank etc.
- Over 50 insurance products. The company prioritizes the promotion of innovative insurance services, and it constantly develops and introduces new products.
- 23 active licences for all voluntary and obligatory types of insurance except air and space risk insurance.
- Branches in 15 regions across Ukraine (branches work on a franchise basis).
- 120 employees and over 200 representatives all over Ukraine.
- Rated AA- (up from A+ a year ago and BBB+ three years ago) by Standard Rating and Expert Rating (national scale).
- Key reinsurance partners: Lloyd's Syndicate (United Kingdom), Partner Re (Switzerland). Reinsurance brokers: Willis, AON.
- Key partner banks: Ukrgasbank, Oschadbank of Ukraine, Reiffeisen Bank Aval.

UBI branch presence



UBI History



Investment Case

- UBI generates sufficient cash flows to maintain its current pace of expansion, but it wants to boost GWP by strengthening bancassurance and cross-sale channels.
- UBI plans to attract investments to place them on deposits at Ukrainian leading banks in order to get better access to their retail distribution networks and corporate clients.
- Ukrainian leading banks usually request a deposit equivalent of USD 0,5 – 1,0 mln from insurance companies to allow insurers to sell products through their retail network and authorize for bancassurance.
- UBI plans to deposit the money with state owned Ukreximbank, Oschadbank and privately held Credit Agricole, Reiffeisen Bank Aval and Universalbank. Target banks will be selected jointly by investors and management.
- improved access to the banks' retail networks will serve to:
 - Widen UBI's customer base and generate additional income
 - Stimulate the implementation of new IT technologies
 - Expand UBI's regional presence
 - Attract qualified personnel from other insurers
 - Increase brand recognition and value

Key proposed investment figures provided on the next page

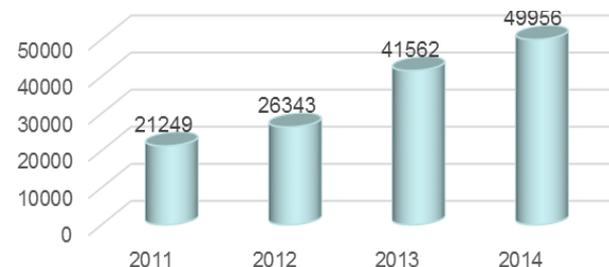
Option I. USD 2.5 mln equity investment and USD 0.25 mln cash payment to current shareholders with resulting ownership stake of 50%.

Option II. USD 3.5 mln 4.5-year loan at 6% p.a. with an option to convert loan (+ USD 0.5 mln cash payment to current shareholders) into 70% stake in UBI at end-2019

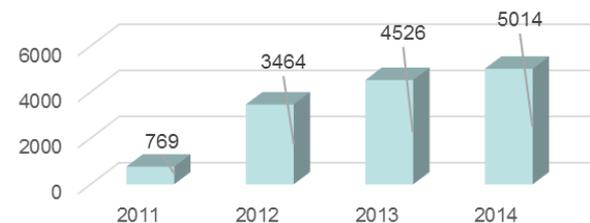
Option III. USD 4.5 mln equity investment and USD 0.3 mln cash payment to current shareholders with resulting ownership stake of 70%

Ключевые показатели работы

Insurance premiums (payments), thousand UAH



Payments of insurance compensations, thousand UAH



Sources: Company, SP Advisors

Option I

Key financials USD, '000				
	2016	2017	2018	2019
	plan	plan	plan	plan
Planned investments	2 500			
Gross written premiums	3 580	5 537	6 921	8 651
Net insurance income	215	332	415	519
Deposit interest rate*	9,8	9,2	8,5	7,5
Net investment income	327	325	326	303
Net income	542	658	741	822
Estimated company value	3 300	4 429	5 537	6 921
Dividend payout	yes	yes	yes	yes
Investment efficiency (50% shares)				
Payment for 50% shares	250			
Investment income of the investor	270,8	328,8	370,4	411,0
Annual investment efficiency	9,8	12,0	13,5	14,9
Estimated value of 50% shares	Not calculated			3 461

* Money will be deposited at leading Ukrainian banks, which will serve to unlock access to their retail distribution network

Sources: Company, SP Advisors

Option II

Key financials USD, '000				
	2016	2017	2018	2019
	plan	plan	plan	plan
Planned investments	3 500			
Gross written premiums	3 820	6 342	7 928	9 910
Net insurance income	229	381	476	595
Deposit interest rate*	9,8	9,2	8,5	7,5
Net investment income	425	481	493	460
Loan interest rate (6% annual)	210	210	210	210
Estimated company value	4 744	6 169	8 196	10 627
Net income	444	651	759	845
Investment efficiency with an option to convert loan into 70% stake				
Cash payment to current shareholders	An option			500
Actual value of 70% stake	Not calculated			7 439
Actual annual interest rate, %	Not calculated			20,70

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Sources: Company, SP Advisors

III вариант

Key financials USD, '000				
	2016	2017	2018	2019
	plan	plan	plan	plan
Planned investments	4 500			
Gross written premiums	4 172	6 643	8 635	11 226
Net insurance income	250	399	518	674
Deposit interest rate*	9,8	9,2	8,5	7,5
Net investment income	523	518	510	472
Net income	773	916	1 028	1 146
Estimated company value	5 300	5 600	6 908	8 981
Dividend payout	да	да	да	да
Investment efficiency (75% stake)				
Payment for 50% shares	300			
Investment income of the investor	541,1	641,3	719,5	802,0
Annual investment efficiency	11,3	13,4	15,0	16,7
Estimated value of 50% shares	Not calculated			6 287

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Sources: Company, SP Advisors

UBI Management Team



<p>Andrii Moroz CEO moroz@ubi.ua</p>	<p>Joined UBI in January 2010 as First Deputy CEO and was appointed CEO four months later. Previously, worked as Head of Regional Development at Veksel Insurance, coordinating the company’s representative offices and branches. Worked as Head of the Poltava branch of Veksel in 2005-07. He started his carrier in the insurance business as a sales manager in February 2003.</p> <p>Andrii holds an MA in Accounting and Audit from the Kyiv National Trade Economy University and a Specialist degree in Law from the Kyiv State Maritime Academy. He is certified as a head of an insurance company by the State Financial Services Commission.</p>
<p>Andrii Britsyn First Deputy CEO britsyn@ubi.ua</p>	<p>One of UBI’s founders, Andrii joined the company in a managing position in 2008, bringing more than seven years of experience in marketing in financial and insurance markets. Previously, Andrii was responsible for marketing and development in a number of Ukrainian insurance companies, including Veksel Life Insurance, Veksel Insurance, Proxima Insurance, Andrii also participated in several insurance-related projects, including the First Ukrainian Reinsurance Internet Market “Fly Re”.</p>
<p>Boris Savichenko Deputy CEO savichenko@ubi.ua</p>	<p>Joined UBI in June 2014. Previously, Borys worked as a Chairman of Insurance company “Status”. He is experienced insurer and has more than 10 years of management of Ukrainian insurance companies as “Status”, “Investservice”, “Nadra”.</p>
<p>Valentina Hromtsova Deputy CEO, Chief Accountant hromtsova@ubi.ua</p>	<p>Valentina joined UBI in January 2010 after previously working as Chief Accountant at Veksel Insurance since 1994. She began her career in 1977 as a specialist in the accounting department at a large industrial enterprise. In 1992, she become Chief Accountant at Nautilus Ltd.</p> <p>Valentina holds an MA in Accounting and Audit from Ternopil National Academy. She is certified as a chief accountant at an insurance company by the State Financial Services Commission.</p>

Contacts and disclaimer



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