



# Subscription to capital increase of Taiping Reinsurance

27 August 2020

# Transaction overview

## KEY TRANSACTION TERMS

- Agreement with China Taiping Insurance Holding
- To subscribe to the capital increase of its wholly controlled subsidiary Taiping Reinsurance Co. Ltd. (Taiping Re)
- Leading to ≈25% participation

## PRICE

- HKD 3,100 mio (≈ EUR 340 mio\*)
- Compensation mechanism based on change in NAV @ closing

## VALUATION

- P/B 2019 : 1.03 (BV 2019 before capital increase: HKD 9,041 mio)
- Price on 2019 Normalized Earnings: 13.5  
(based on 2019 net result restated with average 2013-2019 combined ratio)

## FINANCING & CAPITAL IMPACT

- Fully in cash
- ≈ 9pp impact on Solvency
- Sizeable transaction, no 2020-2021 SBB

## TIMING

- Subject to regulatory approval
- Closing expected in Q4 2020

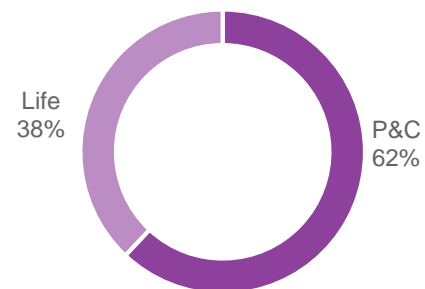
An ambitious top 5 Asian-based reinsurer  
with a strong track record in top- & bottom line



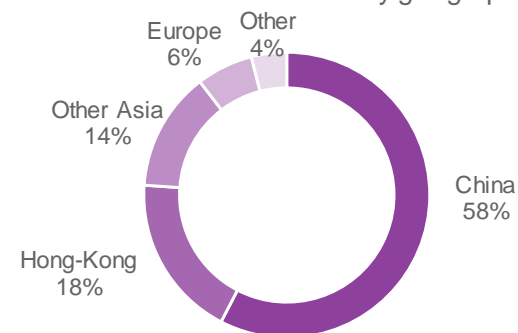
太平再保險有限公司  
Taiping Reinsurance Co., Ltd.

- Top 5 Asian-based reinsurer
- Created in 1980 as a wholly-owned subsidiary of CTIH
- Headquartered in Hong-Kong
- 2019 GWP: EUR 1.7 bn\* / 2013-19 CAGR: 27%
- 2019 Net profit : EUR 35 mio\* / avg 2013-2019 : EUR 51 mio
- 2019 Combined ratio: 99.2% / avg 2013-2019 : 95.2%
- 2019 Solvency ratio: 272% (Hong Kong's CAP 41 regime)
- Rating A Stable (S&P | AM Best | Fitch)

Breakdown of 2019 GWP by business lines

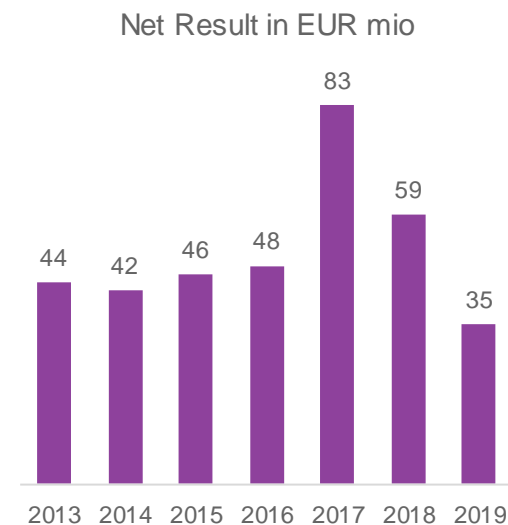
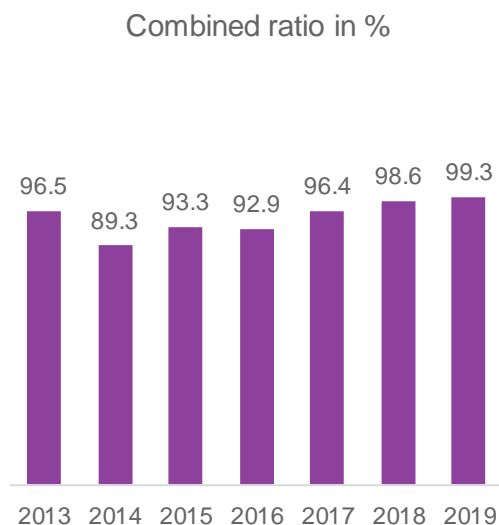
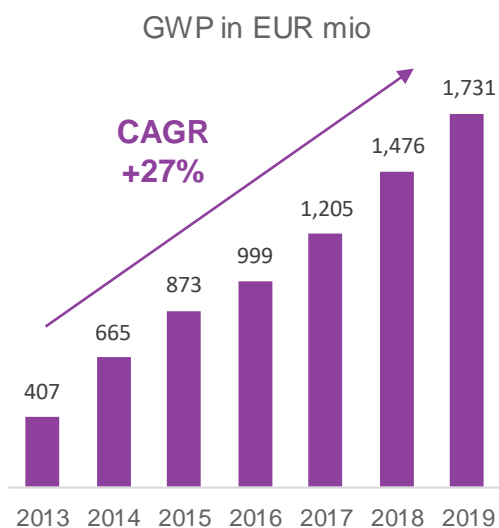


Breakdown of 2019 GWP by geography



## Growing & profitable activity

Profitable 39 years out of 40 even with some volatile years



## PURSUE SUSTAINED GROWTH IN HOME MARKETS IN CHINA & ASIA

- Fast growing markets driven by decreasing protection gap
  - Strong growth in insurance premiums in Asia
  - Low P&C insurance penetration rate (1,81% in 2017\*)

## EXPAND NON-LIFE BUSINESS OUTSIDE ASIA, MOSTLY IN EUROPE

- Cooperation with Ageas bringing expertise on European insurance

# Rationale

UNIQUE OPPORTUNITY TO TAP INTO  
NON-LIFE MARKETS IN ASIA


WITH A SOLID & AMBITIOUS  
COMPANY

IN MARKETS WITH STRONG  
POTENTIAL

A REINFORCEMENT OF  
SUCCESSFUL PARTNERSHIP

LEADING TO A MUTUALLY  
BENEFICIAL COOPERATION

- Increased presence in Non-Life
- Expansion in fast growing markets
- Further diversification of product portfolio towards reinsurance
- Well-established reinsurer with a strong client base
- Ambitious growth strategy
- Strong growth & solid track record of profitability
- Backed by a strong, resourceful & state-owned parent
- Positive sector outlook for Asian reinsurance market
- Low insurance penetration rate
- Long-term (2001) & successful partnership with China TaiPing
- In line with the strategic cooperation agreement signed in 2017
- For Ageas: Unique entry point in the Asian reinsurance market
- For Taiping Re: Capital to support growth & expertise on Europe



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