



كيو إل إم لتأمينات الحياة والتأمين الصحي ش.م.ع.ق.  
QLM Life & Medical Insurance Company Q.P.S.C.

# The Initial Public Offering of QLM Life & Medical Insurance Company Q.P.S.C.

## Investor Presentation

December 2020

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As at the date of this presentation, the Company is under incorporation. References in this presentation to the actions, beliefs and statements of the Company are references to actions, beliefs and statements of the founders and/or board of directors of the Company.

The Shares referred to herein are not an offer of securities for sale in the US and may not be offered or sold in the US absent an exemption from registration. Any public offering of securities to be made in the US must be made by means of a prospectus that may be obtained from the issuer or the selling security holder that contains detailed information about the company and management, as well as financial statements; there is no intention to register any portion of the securities of the Company in the US under the US Securities Act of 1933, as amended, or to conduct a public offering of securities in the US.

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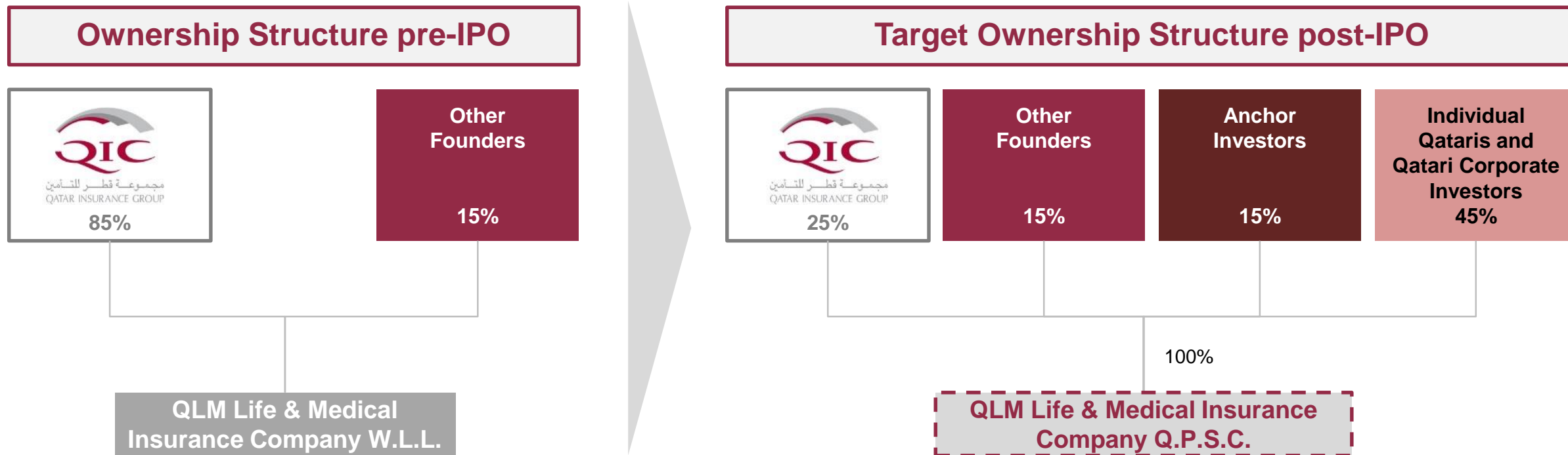
# Summary of indicative offering and listing terms

IPO size of QAR 1,099 million, 60% free float

<b>Issuer</b>	QLM Life & Medical Insurance Company Q.P.S.C. (“ <b>QLM</b> ”), a company under conversion from a limited liability company into a Qatar Public Shareholding Company in accordance with the Commercial Companies Law of the State of Qatar
<b>Founding Shareholders</b>	<b>Qatar Insurance Company Q.P.S.C. (“QIC”): 85%</b> <b>Other Founders: 15%</b>
<b>Offering size and structure</b>	<ul style="list-style-type: none"> <li>▪ <b>210,000,000 shares offered, representing 60% of issued share capital</b> of QLM Q.P.S.C., to be allocated as follows: <ul style="list-style-type: none"> <li>– 157,500,000 shares for Individual Qataris and Qatari Corporate Investors, representing 45% of QLM’s share capital; and</li> <li>– 52,500,000 shares for Anchor Investors, representing 15% of QLM’s share capital</li> </ul> </li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>▪ <b>Offer price of QAR 3.15 per Offer Share</b>, comprising: the nominal value of QAR 1.00 per Offer Share, plus a premium of QAR 2.14 per Offer Share and the Offering and Listing Fees of QAR 0.01 per Offer Share</li> </ul>
<b>Subscription period</b>	<ul style="list-style-type: none"> <li>▪ Individual Qataris and Qatari Corporate Investors: Subscription Period opens on 10 December 2020 and ends at the close of business (Doha time) on 23 December 2020</li> </ul>
<b>Use of proceeds</b>	Qatar Insurance Company (“QIC”), the sole selling shareholder, will receive all of the net proceeds of the offering. The Offering and Listing Fees collected will be used to pay the actual expenses incurred in connection with the IPO (the "Offering and Listing Expenses") and to the extent the Offering and Listing Expenses incurred exceed the Offering and Listing Fees collected, QIC shall be responsible for paying the difference
<b>Listing Venue</b>	Qatar Stock Exchange (“QE”)
<b>Shareholder structure post-IPO</b>	<p><b>Founding Shareholders:</b></p> <ul style="list-style-type: none"> <li>▪ <b>QIC: 25%</b></li> <li>▪ <b>Other Founders: 15%</b></li> <li>▪ <b>Individual Qataris and Qatari Corporate Investors: 45%</b></li> <li>▪ <b>Anchor Investors: 15%</b></li> </ul>
<b>Advisors</b>	<ul style="list-style-type: none"> <li>▪ <b>Listing Advisor and Offering Manager:</b> QNB Capital LLC</li> <li>▪ <b>Legal Advisors:</b> Addleshaw Goddard and Al Adba Law Firm</li> <li>▪ <b>External Auditors:</b> Ernst &amp; Young (Qatar Branch)</li> <li>▪ <b>Independent Valuers:</b> Deloitte and Rodl &amp; Partner</li> <li>▪ <b>Lead Receiving Bank:</b> Qatar National Bank</li> </ul>

# Ownership structure

The Offering comprises an offering to Individual, Corporate Investors and Anchor Investors of a combined 210,000,000 ordinary shares in the company



QLM's Other Founders*		% Shareholding	Anchor investors		% Shareholding
	Broog Trading Company WLL	5%		General Retirement and Social Insurance Authority (GRSIA)	10%
	Al-Mirqab Capital WLL	5%		Doha Insurance Group QPSC	2.5%
	Mr. Jassim Mohammed Ibrahim Jaidah	1%		Qatar Ports Management Company (Mwani)	2.5%
	Mr. Hussain Ibrahim Al Fardan	1%			
	Sheikh Saoud bin Khalid bin Hamad Al-Thani	1%			
	Abdulla bin Khalifa Al-Attiya	1%			
	Sheikh Khalid bin Mohammed Al-Thani	1%			

\* QLM's Other Founders will maintain their pre-IPO shareholding in QLM post-IPO

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**1** Qatar's leading medical and life insurance company

- Qatar's leader in group life and medical insurance, with a dominant market share and strong brand value in Qatar and the region
- Demonstrated history of providing accessible, high-quality medical and life insurance products and services, with the region's most comprehensive network of medical providers

**2** Strong client base

- Trusted medical and life insurance provider for a wide variety of clients, including many of Qatar's largest and most prominent entities
- High policy renewal rates testify to QLM's client-centric approach and consistently high standards of service

**3** Advanced in-house capabilities

- Advanced in-house capabilities, from policy underwriting to claims management, ensuring efficient business management and the delivery of innovative insurance solutions
- Leader in digital insurance transformation with an award-winning state-of-the-art IT system that ensures seamless end-to-end customer experience

**4** Excellent financial record

- Strong shareholder value creation proven by an increase in net profits as well as margin improvements
- Strong solvency ratios well above the statutory requirement of 150%, demonstrating financial strength and robust capital and risk management

**5** Experienced management and steady shareholder support

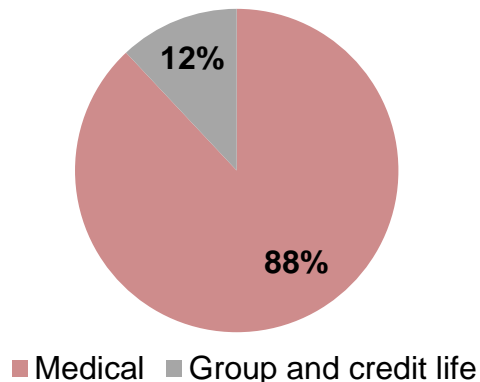
- Highly experienced management team facilitating business growth, continuously increasing efficiencies, driving innovation and focusing on creating shareholder value
- QLM benefits from the support and experience of its major shareholder, QIC, the largest insurer in Qatar and the MENA region

### Key highlights

- QLM is Qatar’s first standalone life and medical insurance company
- Licensed by Qatar Central Bank to engage in insurance activities
- Subsidiary of QIC, the largest insurance company in Qatar and the MENA region
- Primary products offered by QLM are group medical and group and credit life insurance
- Operations throughout the GCC region, including Oman, UAE and Kuwait
- Robust investment management framework, focusing largely on high-grade fixed income securities, which constituted 52% of QLM’s investment portfolio in 2019, followed by cash and cash equivalents (45%) and managed funds (3%)

### Business segments

- Group medical insurance is QLM’s largest business segment, generating over 88% of QLM’s GWP in 2019



### Customers

- Wide range of clients, ranging from major government-related entities, listed entities and privately-owned companies
- Qatar accounted for 77% of QLM’s gross written premiums (“GWP”) in 2019
- Clients also include companies in Oman, Kuwait and the UAE
- QLM’s policies cover approximately 175,000 local policyholders and 500,000 regional policyholders
- Low client concentration - no single client contributed more than 8% of the Company’s GWPs as of 2019

### Operational excellence

- Largest provider network for a GCC-based medical insurer, spanning more than 103 countries
- One of the most robust enterprise risk management frameworks among GCC peers
- Advanced and integrated in-house IT system, ensuring lean operations and efficiency and maximum client engagement and satisfaction
- Robust and quick claims management system, ensuring efficient administration of benefits to policyholders
- Experienced management team and over a 75 employees in Qatar



# Overview of QLM's products: ① Medical Insurance

QLM is Qatar's leading provider of various comprehensive medical insurance products

## Overview

- Group medical insurance is QLM's primary product, having generated approximately 88% of QLM GWPs in 2019
- QLM has partnered with some of the largest medical providers in Qatar and around the world to ensure optimal and convenient access to its clients
- Several plan types with room to tailor to clients' specific needs and requirements

## Types of products

- **Group Medical:** Group medical insurance plans are divided into tiers (*Optimum, Affinity, Privilege, Prestige*), ranging from basic to a comprehensive set of benefits and network coverage
- **Individual Medical:** New segment being launched to service individuals and family members not covered by group insurance policies

## Type of benefits



In-patient and day care benefits



Out-patient benefits



Other medical benefits such as chronic & pre-existing conditions and organ transplants



Dental care benefits



Optical benefits



Wellness benefits



Maternity care benefits

# Overview of QLM's products: ② Life Insurance

Highly profitable segment with a strong growth potential

## Overview

- QLM offers several types of life insurance products—namely group life, group credit life, and individual life insurance policies.
- QLM is Qatar's largest provider of group and credit life insurance
- Life insurance constituted 12% of QLM's GWPs in 2019

## Type of products

- **Group Life:** Essential part of the benefits package for corporate recruitment. Under these policies, the policyholder's employees and employees' dependents may receive compensation in the event of the employee's death, disability, terminal illness, critical illness, or other covered risks
- **Credit Life:** Solutions provided to banks and other financial institutions to protect both, the borrower and the lender, in the event that a loan cannot be repaid on account of the borrower's death, temporary or permanent disability or other causes
- **Individual Life:** New segment to be introduced by QLM to offer an affordable and hassle-free way to provide financial security to an insured person's family

## Type of benefits

### Basic cover

Death, disability and sickness cover

### Terminal illness

Enables the policy holder to receive cash advances against a death benefit in the case of being diagnosed with a terminal illness

### Critical illness

Provides for the payment of a lump sum benefit if the policy holder is diagnosed with any of a number of specified terminal illnesses

### Female Cancer insurance

The principal sum assured to be paid upon first diagnosis with cancer

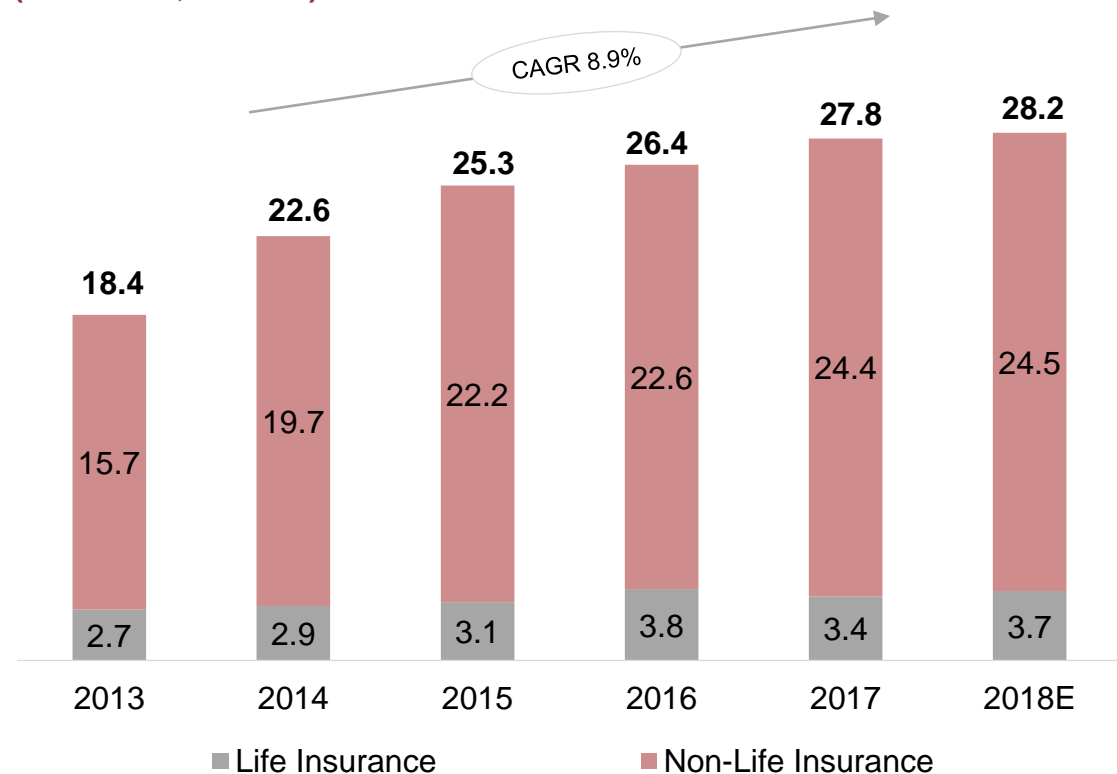
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# Overview of insurance industry

Qatar is the fastest growing GCC insurance market

## GCC insurance market growth overview

Life and non-life insurance growth based on GWPs in the GCC (2013-2018, USD bn)

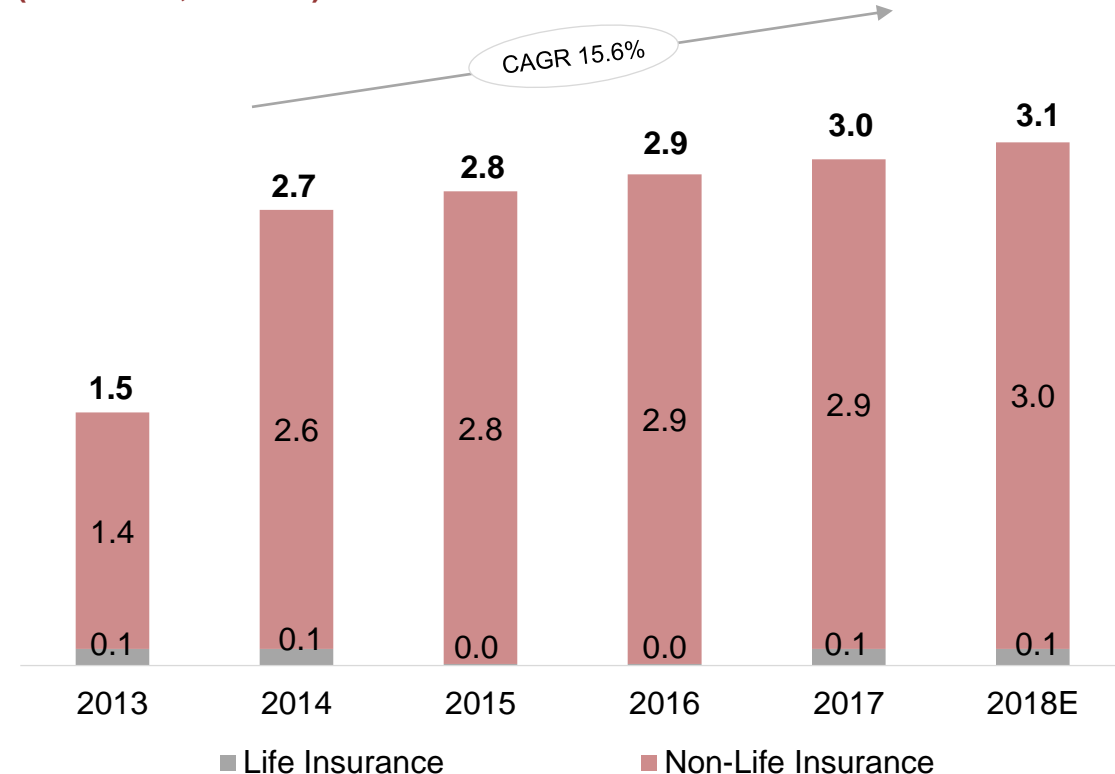


**Rapid growth in the GCC driven by infrastructure developments, enhancement of insurance regulations and compulsory insurance schemes**

Source: Alpen Capital - 2019  
E: Estimated  
Investor Presentation

## Qatar insurance market growth overview

Life and non-life insurance growth based on GWPs in Qatar (2013-2018, USD bn)



**Qatari insurance market is supported by solid economic fundamentals and infrastructure spending ahead of the 2022 FIFA World Cup**

# QLM and the prevailing insurance market trends

Dynamic management and leadership through innovation keep QLM ahead of the curve

## Enhancing claim settling processes

- Insurers are increasingly adopting online and real time claims payment technologies such as Robotic Process Automation (RPA) to simplify the claims process and to improve customer experience
- ✓ **QLM is ahead of the curve with an advanced, fully digitized user interface and an automated claims processing and settlement system**

## Enhancing insurance plan transparency

- Insurance companies are providing detailed price information about healthcare services such as prescribed drug and test prices
- ✓ **Full transparency ensured for clients and policyholders through various automated channels that provide easily accessible and clear information on QLM's coverage, benefits and processes**

## Increasing policy plans and benefits

- Insurers are enhancing their products to ensure a comprehensive coverage for their clients and adding new policy plans and benefits for their existing policies
- ✓ **QLM routinely reviews and updates its plans, introducing new tiers, products and benefits where required to meet the ever-changing requirements of its clients and to maintain its competitive edge in the market**

## COVID-19 impact

- The COVID-19 pandemic has presented considerable challenges to both, the global health insurance industry, and to individuals who are increasingly reassessing their health insurance needs and plans
- ✓ **The COVID-19 pandemic has had a minimal impact on QLM's underwriting performance and policy claims. QLM is well-positioned to take advantage of the emerging market opportunities despite current challenges**

# QLM and Qatar's planned mandatory health insurance scheme

The Company is well-placed to capitalize on the mandatory scheme once it is introduced

GCC governments are increasingly introducing mandatory health insurance schemes

- The GCC health insurance industry has recently witnessed strong GWP growth on the back of mandatory insurance schemes introduced by some governments in the region
- Currently, only Saudi Arabia and the UAE have fully implemented mandatory health insurance plans which cover both nationals and expatriates
- In the coming years, Qatar, Kuwait, Oman and Bahrain are also expected to introduce mandatory health insurance schemes which are expected to further propel growth in this sector
- ✓ **Mandatory medical insurance is expected to be a primary driver of growth in the non-life insurance segment in the near to mid-term period**

Qatar's is expected to introduce a compulsory health insurance scheme in the near future

- Qatar launched a mandatory health insurance plan covering nationals in 2013. However, this scheme was discontinued in 2015 by the government due to several drawbacks
- The government has announced that it is planning to introduce a new compulsory medical insurance scheme and it is anticipated that both Qatari citizens and residents, in addition to visitors, would be required to obtain medical insurance coverage under this scheme
- ✓ **Qatari insurance companies are expected to take the lead in servicing this planned mandatory health insurance scheme and to benefit from its introduction**

QLM's competitive advantage in Qatar health insurance

- **QLM is well placed to assume a leading role in servicing, and to capitalize on, the planned medical scheme upon its rollout, based on the following:**
  - ✓ Existing dominant position within the Qatari medical insurance market
  - ✓ Strong brand recognition and awareness
  - ✓ Well-recognized quality of service and client satisfaction
  - ✓ Developed internal capabilities, from product design to claims management, and state of the art medical IT system, which differentiate QLM from the competition
  - ✓ Financial strength and solid capital base

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### Income statement snapshot FY17 – LTM20

QAR'm	FY17	FY18	FY19	H1'20	LTM20	CAGR FY17-LTM20
Gross written premiums	1,020	1,051	1,020	605	1,049	1%
Net earned premiums	858	875	875	434	896	2%
Net underwriting results	53	56	78	54	97	27%
Underwriting profit margin (NEP)	6%	6%	9%	13%	11%	5 ppts
Net investment and other income	37	41	53	18	43	6%
Operating expenses	37	36	48	24	49	12%
Net profit	<b>54</b>	<b>55</b>	<b>87</b>	<b>50</b>	<b>97</b>	<b>26%</b>
Net profit margin (GWP)	5%	5%	9%	8%	9%	4 ppts
Return on assets	3%	3%	5%	6%	5%	2 ppts

- Stable top-line results due to proactive contract management
- Strategic client and claims management and consistently improving underwriting profits growing at a CAGR of 27%
- Decreasing operating expenses due to lean management and efficient processes
- Efficient investment management coupled with stable investment returns despite a recent downturn in the financial markets
- Strong profitability and increasing net profit margins

### Balance sheet snapshot FY17 – LTM20

QAR'm	31 <sup>st</sup> Dec 2017	31 <sup>st</sup> Dec 2018	31 <sup>st</sup> Dec 2019	30 <sup>th</sup> Jun 2020	CAGR FY17-LTM20
Cash and cash equivalents	471	449	569	507	3%
Investments	631	617	702	630	0%
Insurance and other receivables	269	311	297	456	24%
Total assets	1,657	1,630	1,772	1,847	4%
Short term borrowings	412	382	389	316	-10%
Insurance contract liabilities	710	666	684	814	6%
Total liabilities	1,360	1,303	1,311	1,387	1%
Total shareholders' equity	297	327	461	460	19%
Solvency ratio	165%	193%	211%	193%	28%

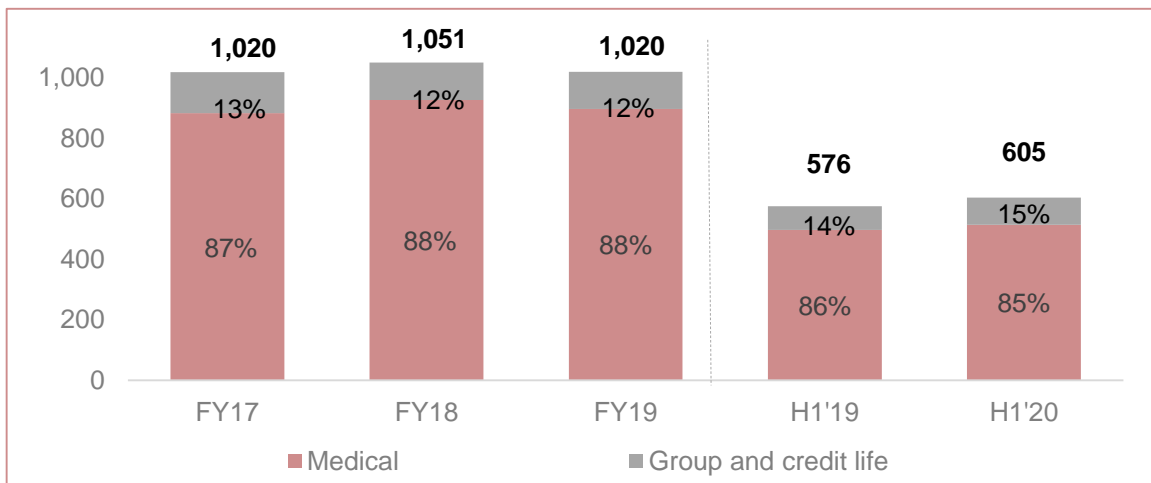
- Increasing cash and higher investments balances due to increasing profitability
- Short term borrowings deployed to enhance QLM's investment portfolio and generate investment income through the use of market arbitrage
- Strong solvency ratios well above the statutory requirement of 150% signifying financial strength and resilience



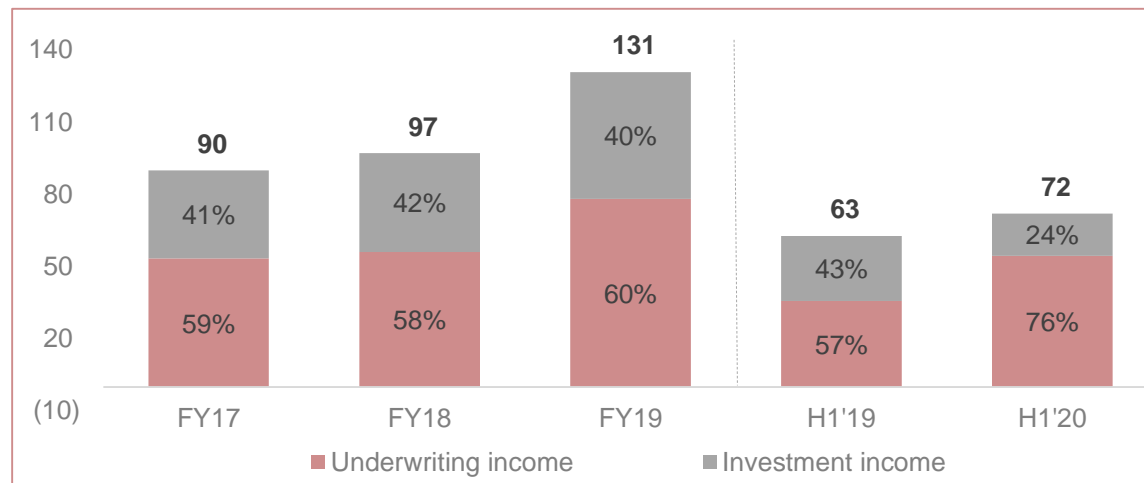
# Premiums and profitability overview

Stable top line results with consistently increasing profitability

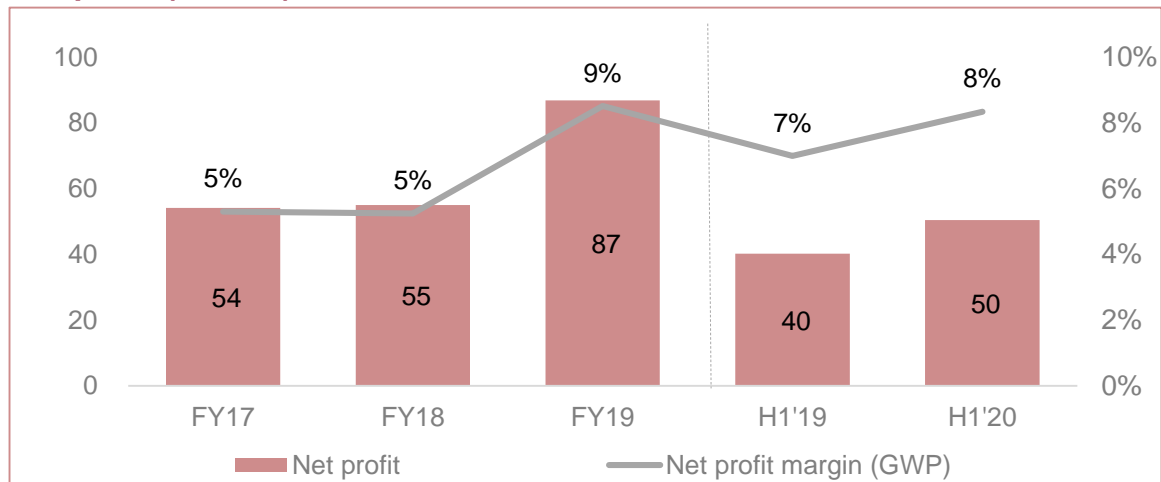
Gross written premiums (QAR'm)



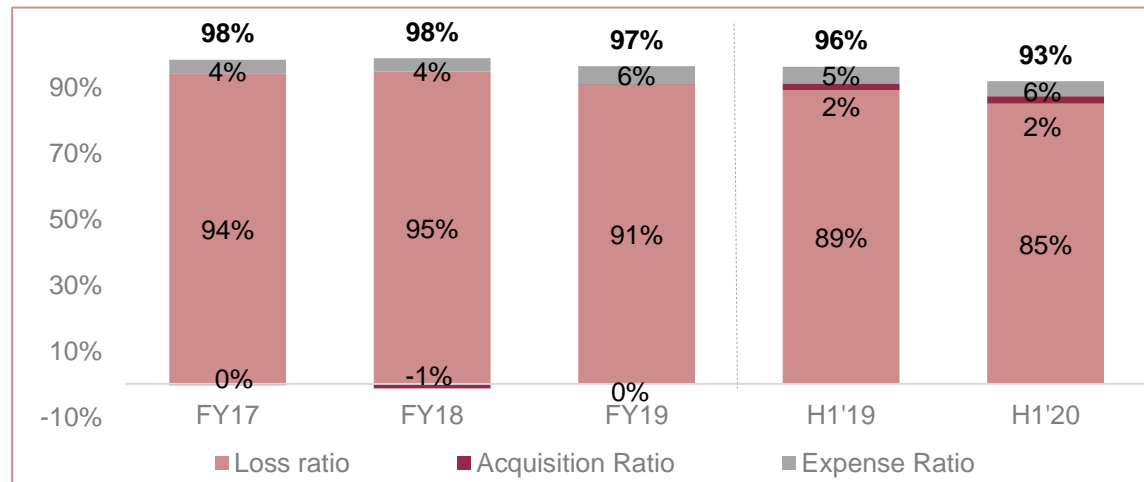
Total income breakdown (QAR'm)



Net profit (QAR'm)



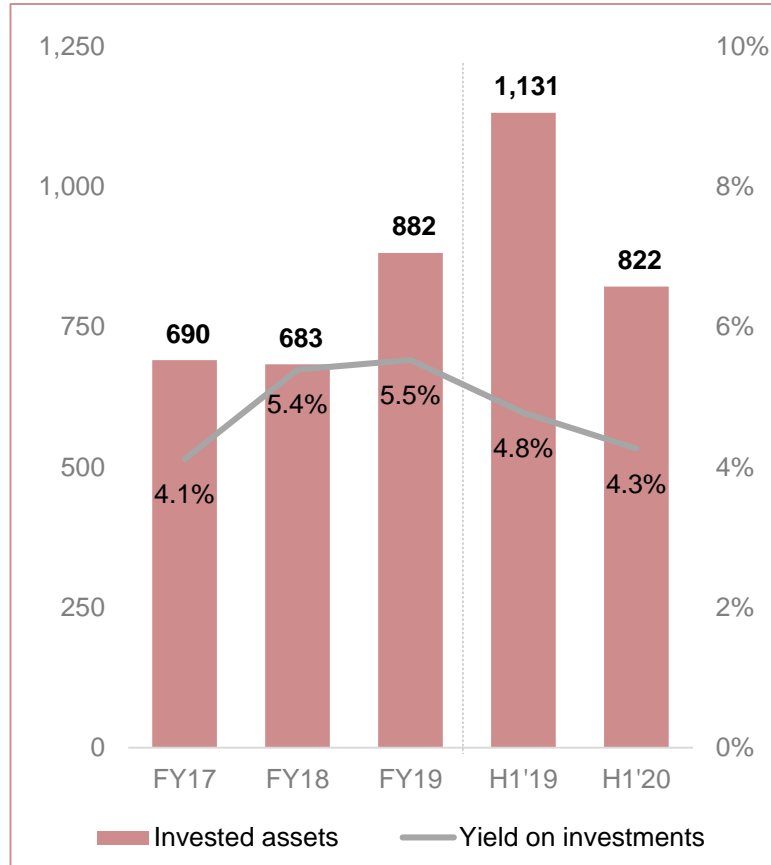
Combined ratio breakdown



Stable gross written premiums and strong net profit growth. Increase in net profit margins driven by efficient claims management and higher investment returns

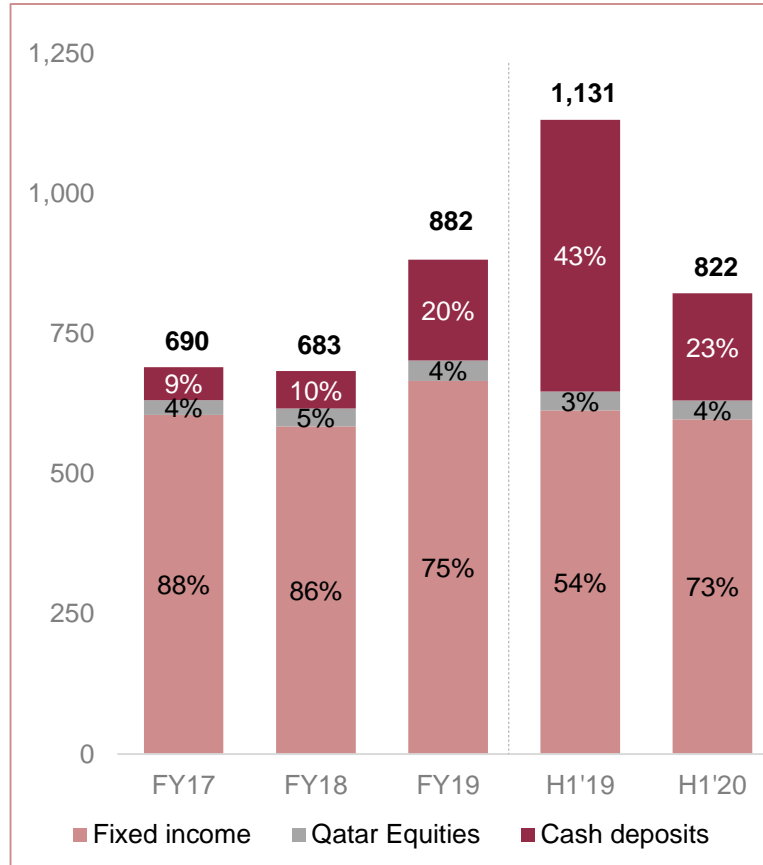
Improving total income over the historic period driven by strategic client management as well as efficient investment management

**Invested assets and yields (QAR'm)**



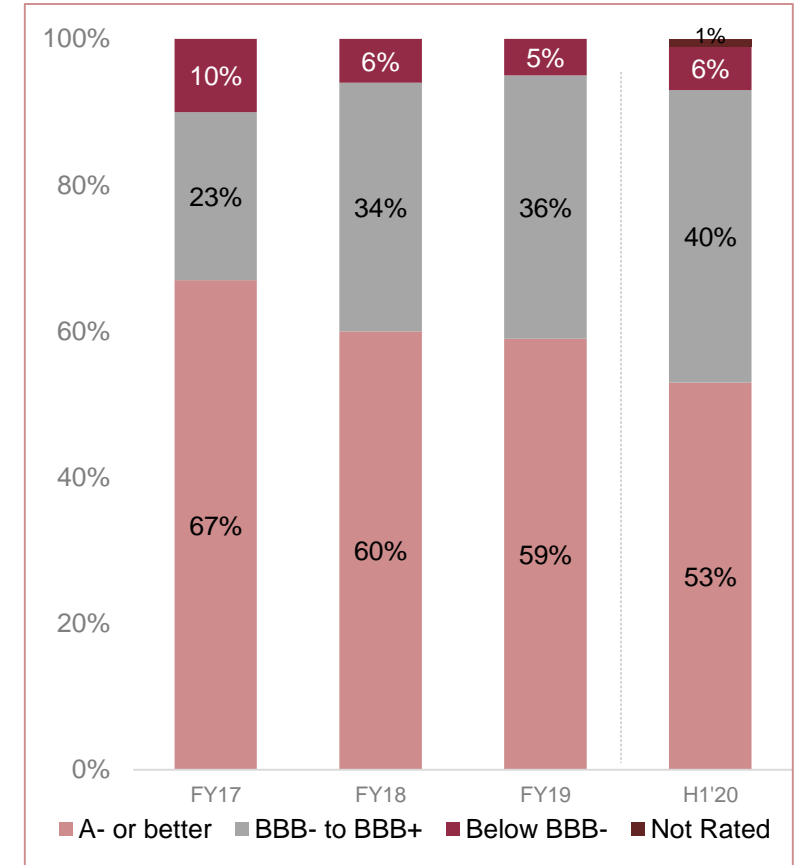
Active investment management resulting in increasing YoY income from investments

**Invested assets breakdown (QAR'm)**



Significant proportion of assets invested in fixed income and cash deposits resulting in stable investment returns

**Fixed income rating wise exposure**



High quality fixed income investments with c.92% of investments classified as investment grade

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### QLM's intended dividend payouts

#### Consistently increasing profitability

- QLM has been consistently achieving net profits since its inception in 2011
  - ✓ LTM Jun'20 net profit of QAR 97m
  - ✓ Net profits increased by 80% between FY17 and LTM Jun'20
  - ✓ Net profit margin increased from 5% in FY17 to 9% in LTM Jun'20

#### Strong dividend paying capability

- QLM has historically re-invested its profits to increase its investments portfolio to further enhance shareholder value
  - ✓ During FY19 QLM declared and paid dividends of QAR 42m which represented a payout ratio of 48%
  - ✓ QLM has a strong dividend payout capability over and above its historical payout ratios owing to its strong free cash flow generation and robust cash and reserves position

#### Management aims to maximize dividend yields post-IPO

- The Company's Board of Directors deem a robust dividend yield to be essential post-IPO for creating shareholder value
  - ✓ Target dividend yields are expected to be above QE average yields subject to availability of distributable profits and Board of Directors' approval
  - ✓ Directors of QLM intend to declare an interim dividend for the period covering Jan 2021 to Mar 2021, in accordance with the Company's dividend policy and subject to regulatory and other approvals, business requirements as well as availability of distributable profits

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# Indicative timetable of key events for Investors

Event	Date*
<b>1</b> Announcement of intention to float	<b>Thursday 3 December 2020</b>
<b>2</b> IPO subscription opening date for Retail Investors	<b>Thursday 10 December 2020</b>
<b>3</b> IPO subscription closing date for Retail Investors	<b>Wednesday 23 December 2020</b>
<b>4</b> Allotment of Offer shares and refund of excess application amounts, if any	<b>Tuesday 29 December 2020</b>
<b>5</b> Constitutive General Assembly	<b>Wednesday 30 December 2020</b>
<b>6</b> Expected listing and start of trading of the shares on the Qatar Exchange	<b>Wednesday 6 January 2021</b>

*\* Note: the timetable is indicative and subject to change*

Step	Description
<p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>Check you are eligible to participate</b></p>	<p>The Offering is open to: (i) individual Qataris nationals and legal entities incorporated in the State of Qatar, with a commercial registration certificate issued by the Ministry of Commerce and Industry; and (ii) anchor investors, have committed to subscribe for Offer Shares in the Offering pursuant to the terms and conditions set out in the Prospectus.</p>
<p style="text-align: center;"><b>2</b></p> <p style="text-align: center;"><b>Learn about the Company</b></p>	<p>It should be noted that the information in this document has been made available for information purposes only and is not a substitute for the Prospectus. You must obtain a copy of the Prospectus and read and understand it in full before deciding whether or not to purchase Offer Shares. Copies of the Prospectus may be obtained at participating branches of the Receiving Banks in Qatar. For more information visit the QLM website at: <a href="http://www.qlm.com.qa">www.qlm.com.qa</a></p>
<p style="text-align: center;"><b>3</b></p> <p style="text-align: center;"><b>Place an order at the Offer Price with any participating branch of a receiving bank in Qatar</b></p>	<p>If you have decided you wish to participate in the Offering, you can complete and submit the Application Form at a participating branch of your Receiving Bank to subscribe for shares at the Offer Price. The full details on minimum and maximum subscription amounts, subscription for minors, documents required, and other relevant terms and conditions can be found in the subscription forms. You will be required to pay in full for the Offer Shares that you are requesting to buy at the time at which you place your order.</p>

## 1

### Risks relating to the Company

- Risk of increased competition
- Risk related to reliance on certain markets
- Risk of changes to health care and medical insurance laws
- Risk of changes to insurance company regulations
- Business strategy risk
- New insurance products risk
- Risk of being subject to extraordinary legal disputes (non-insurance related)
- Risks of claims and disputes related to insurance business
- Risk of saturation of Qatar market and inability to grow
- Risk of change in relationship with parent group, QIC
- Risk of turnover of key Company employees/managers
- Intellectual Property risks
- Risk of failure to develop and maintain satisfactory relationships with healthcare providers
- Currency Risk
- Risk relating to reliance on investment manager
- Risk of interruption or failure of the Company's IT systems
- Credit rating risk
- Risk of loss of insurance license
- Liquidity Risk
- Risks to Brand and Reputation
- Risk of loss of key customers
- Risk of inadequacy of the Company's risk management framework



2

### Risks relating to Qatar and the GCC

- Risks relating to Qatar's reliance on the energy sector
- Risks relating to diversification of Qatar's economy
- Ongoing economic embargo risk
- Emerging market inflation risk
- Risks relating to emerging market liquidity/money markets challenges
- Risk of changes to the Qatari Riyal, or other regional currencies, pegging against the US dollar or floating of Qatari Riyal may lead to currency instability
- Dynamic legislative environment in Qatar and risk of changes to laws or regulations
- Risks relating to operating in the region
- Change of tax law risk
- Risk of untested insolvency regime
- Competition risk
- COVID-19 risks

## Risk Factors (3/3)

Risk factors shall be read in conjunction with the Offering Prospectus for more details

3

### Risks relating to the insurance industry

- Risks relating to competitiveness of the insurance industry
- Investment risk
- Actuarial risk
- Reinsurance risks
- Brokerage risks
- Catastrophic events

4

### Risk relating to the Offering and the Offer Shares

- Risks relating to no prior market for the Shares Investment risk
- Risks relating to payment of dividends
- Risk that shares may not be suitable investment for all investors
- Risk that future issuances could dilute value of Offer Shares
- Emerging markets deemed to be more volatile and riskier compared to developed countries and financial markets
- Qatar Exchange is an emerging market with no guarantee of consistent liquidity

**The above concise summary should be read in conjunction with the detailed information and analysis provided in the section titled “Risk Factors” in the IPO Prospectus**

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