



# HUIZE HOLDING LIMITED CORPORATE PRESENTATION

July 2020

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# Company Overview





1.0

(2006-2015)

### Online Insurance



1. Pioneered a two-sided platform model in industry
2. Provided one-stop digitalized online insurance experience for users

2.0

(2015-2020)

### Digital Insurance



1. Utilized data analytics
2. Co-developed products with insurer partners
3. Developed intelligent underwriting system

3.0

(2020—)

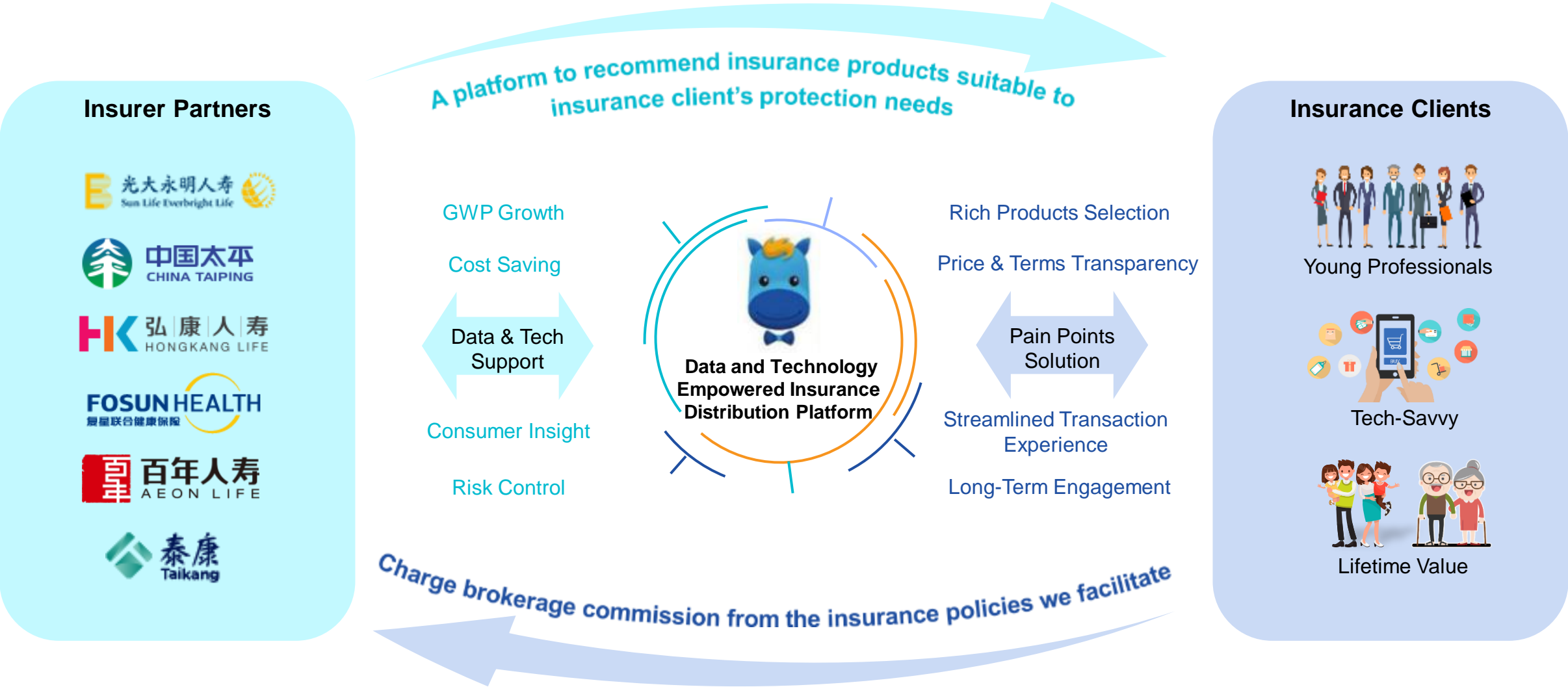
### Smart Insurance



1. AI technology to enhance efficiency, risk management and customer lifetime value
2. Ecosystem investment around core Huize platform

**To become the go-to portal platform for the young generation in China's online insurance industry**

# #1 Independent Online Long-term Life and Health Insurance Product and Service Platform in China<sup>(1)</sup>

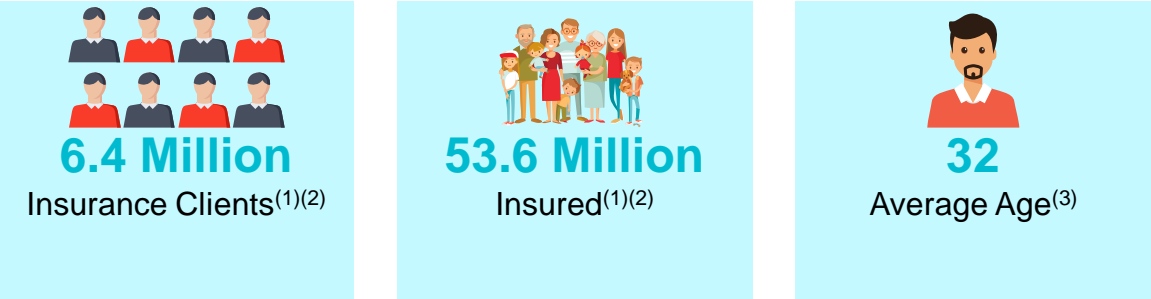


Driven by innovative technology and leveraging proprietary client intelligence big data, the dual engine “insurer-client” platform model forms a virtuous cycle with strong network effects

Notes:  
1. As measured by GWP facilitated in 2018

# Huize at a Glance

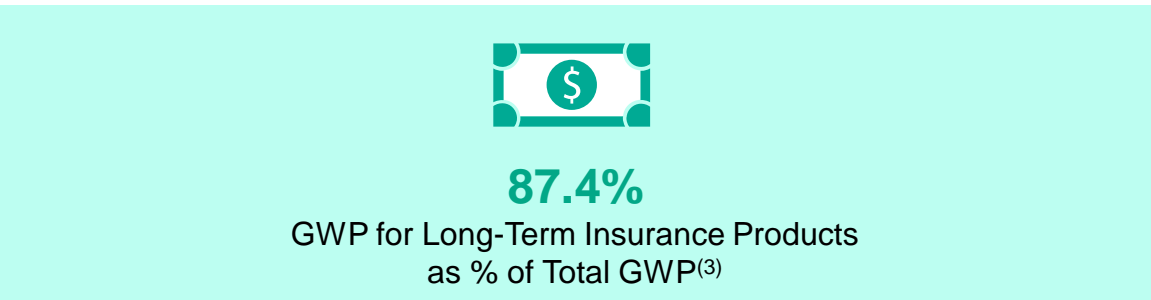
## Large, High-Quality and Young Client Base



## Long Proven Track Record of Operating Performance



## Strategic Focus on Long-Term Insurance Products



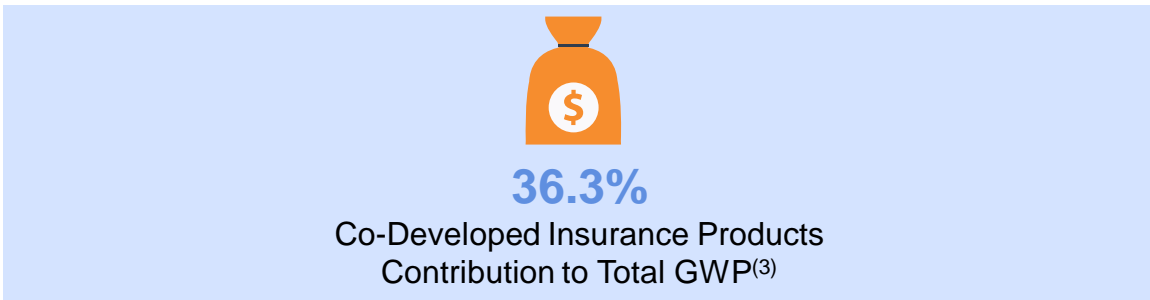
## Well Established Partnership and Service Capability



## Robust Growth and Profitability



## Unique Co-Developed Products with Insurers



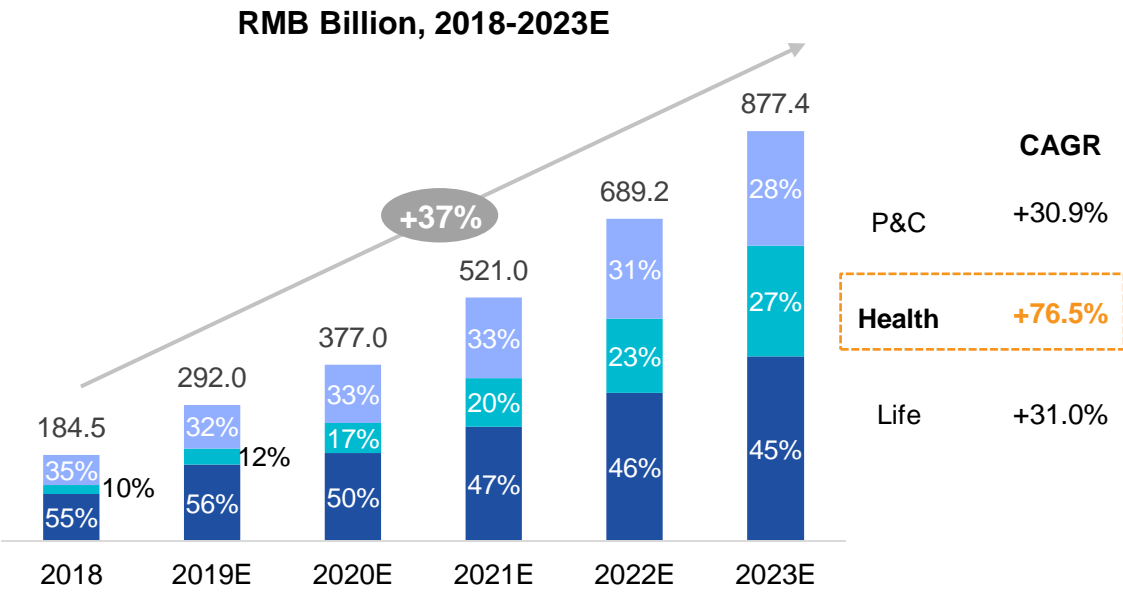
**Notes:**

- 1. Cumulative as of March 31, 2020
- 2. Insurance clients refer to clients who purchased policies; Insured refer to clients covered under policies
- 3. In FY2019

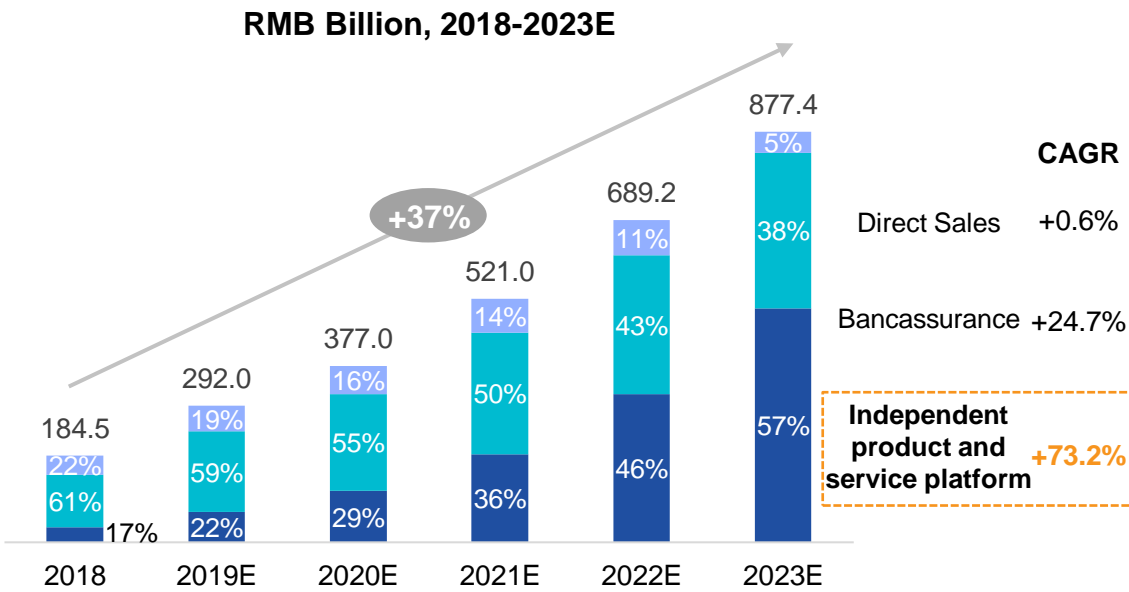
- 4. In cooperation as of December 31, 2019, excluding different branches
- 5. Non-GAAP net profit, excluding share-based compensation expenses

# Uniquely Positioned to Capture Industry Sweet Spot

GWP of China's online insurance market by product



GWP of China's online insurance market by channel



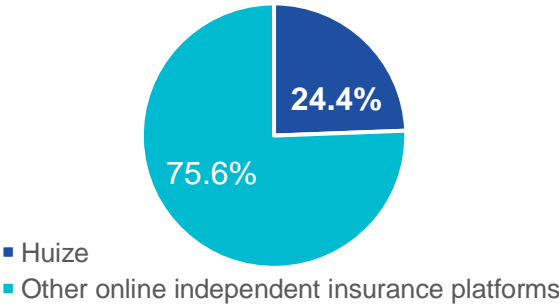
Emerging opportunity for China's online long-term life and health insurance market



GWP, in RMB Billion<sup>1</sup>

- China's online insurance market
- China's online independent insurance product and service platform market
- Long-term life and health insurance sold through online independent insurance product and service platforms in China

Huize's Long-term L&H Market Share<sup>2</sup>



Source: Oliver Wyman Report, Huize's Prospectus.

Notes:

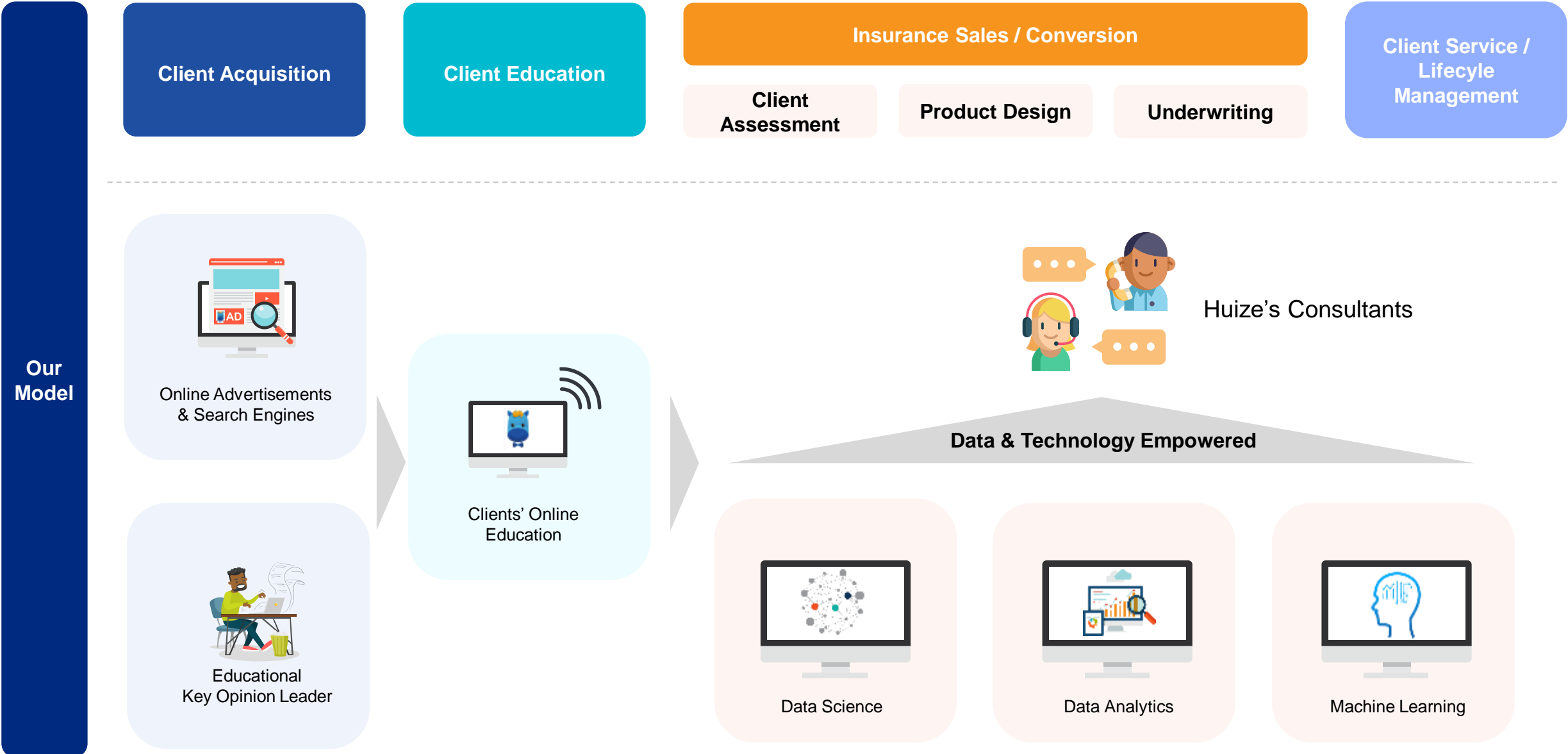
- Circle sizes are for illustration purpose only and are not necessarily proportionate to real market size
- Calculated as Huize's long-term L&H GWP facilitated as a % of China's long-term L&H insurance sold through online independent insurance platforms (RMB2.3 billion) in 2018

# Our Value Propositions





# Data and Technology Empowered Platform Provides Seamless Experience and Drives Customer Lifetime Value

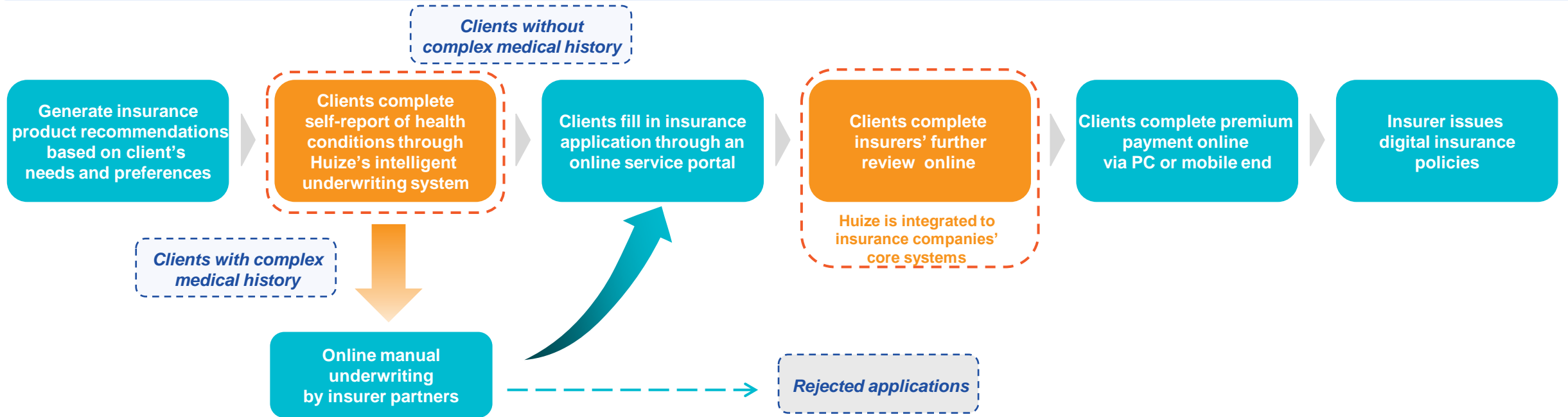


# Leverage Internet and Data Intelligence to Simplify and Streamline Insurance Distribution Process

We offer one-stop insurance experience covering all stages of insurance transactions



We move risk management forward through our intelligent underwriting system, and offer clients a simple and smooth transaction experience



Huize requires insurer partner to return application results within 1 day



Filter and retain high-quality clients to maintain our price competitiveness



Build client health information and risk-based pricing information



Reduce drop-out rate

Huize's underwriting process

# Massive Client Intelligence Data to Enhance Risk Management and Product Customization Capabilities

## We Accumulated Massive Insurance Data and Intelligence

### Risk-based Pricing Information

- 1

Underwriting requirements
- 2

Rejection data
- 3

Claims data

### Client Intelligence Data


- 1


Client health information
- 2


Risk exposure information of individual clients & their families
- 3

Clients' fast-evolving product preferences

## Which Enhance Our Capabilities

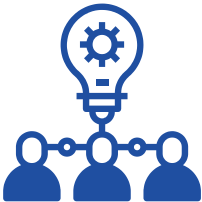
- 

Risk Analytics
- 

Customer Segmentation
- 

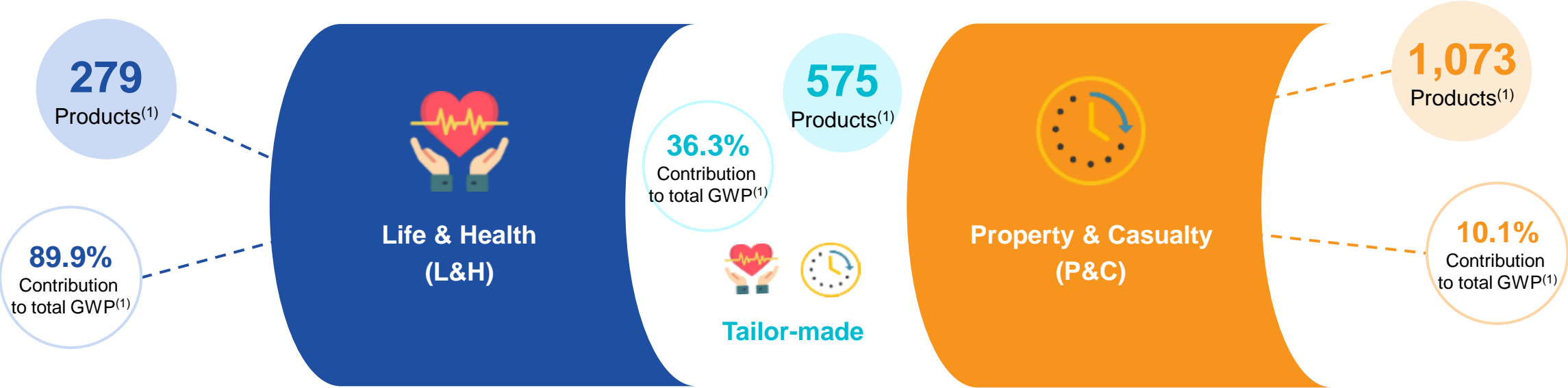
Product Design

Under strict confidentiality



Better understanding of users and risks to better pair clients and policies

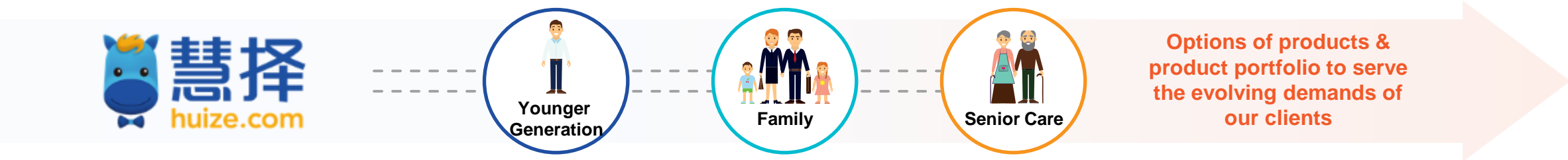
# Rich Product Offerings to Better Capture the Evolving Protection Needs Throughout Customer Lifecycle



- Long-term health insurance products: primarily critical illness insurance
- Short-term health insurance products: less-than-1-year illness and disease insurance
- Life insurance products: term life insurance products; whole life insurance products; annuity insurance products

- Leverage intelligence data to design competitive products for specific target clients
- Assist insurer partners with pricing and risk control

- Travel insurance products
- Individual casualty insurance products
- Corporate insurance products



**Note:**  
1. In FY2019

# Strategic Focus on Sales of Long-term Policies Generates Recurring Revenue and Profit

Case Study - Our commission rate on 1st year premium: *long-term life and health insurance vs P&C insurance*

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Life & Health Insurance Products	~75%	~15%	~10%	~5%	~5%	~110%
Property & Casualty Insurance Products	10-98%	N.A.	N.A.	N.A.	N.A.	~40%

- The sales of long-term life and health policies provide us with better margins, recurring revenue and profit from renewal policies, leading to enhanced cash flow visibility

# Deep Management Bench with Insurance and TMT Expertise



**Cunjun MA**  
*Founder, Chairman,  
Chief Executive  
Officer*



Founded Huize in 2006



Exceptional insurance  
expertise and insights



Over 23 years of insurance  
industry-related experience



Worked in Shenzhen branch of  
Ping An Property Insurance  
from 1995 to 2004



**Li JIANG**  
COO

- Previously worked at Starr Insurance (China) and AIG Insurance
- Over 15 years of industry experience



**Tracey CHOW**  
Co-CFO

- Previously worked at Hillhouse Capital, HOPU investment as well as CICC
- 11 years of finance related experience



**Minghan XIAO**  
Co-CFO

- Previously worked at Deloitte and KPMG
- Over 15 years of accounting and audit experience



**Ronald TAM**  
CSO

- Previously worked at Goldman Sachs
- Over 15 years of corporate strategy, investment and capital markets experience



**Xuchun LUO**  
Secretary of the  
Board

- Over 13 years of insurance experience
- 18 years of accounting and finance experience



**Kai OUYANG**  
CTO

- Previously worked as technology architect at Tencent
- Over 10 years of experience in internet technology



**Haosheng SONG**  
CCO

- Previously worked as a reporter and chief editor at CCTV
- Rich experience in content and communication

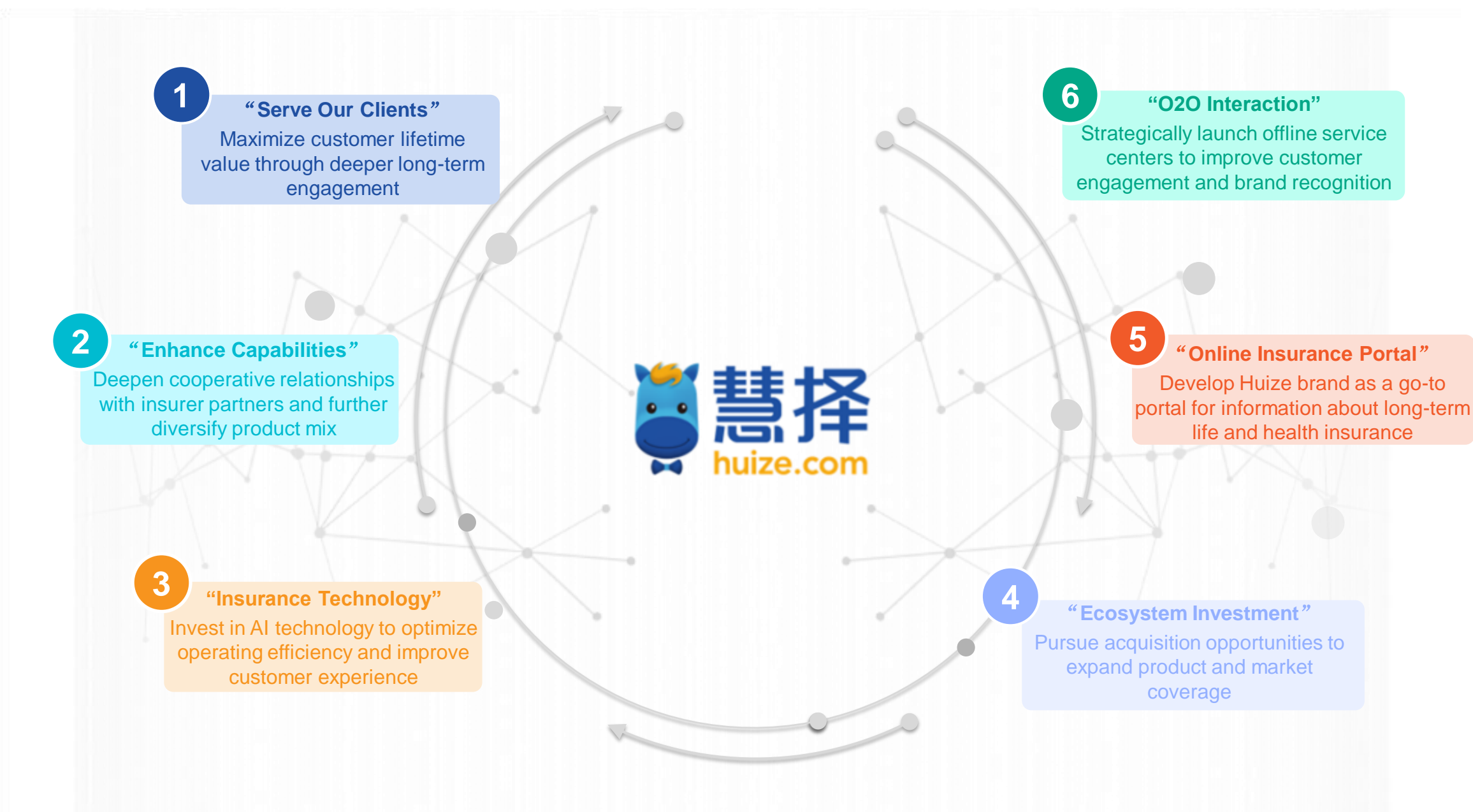


**Yongsheng WANG**  
CHO

- Previously worked at two management consulting firms as director and partner
- Rich experience in human resources management



# Our Growth Strategies



# Our Market Opportunity

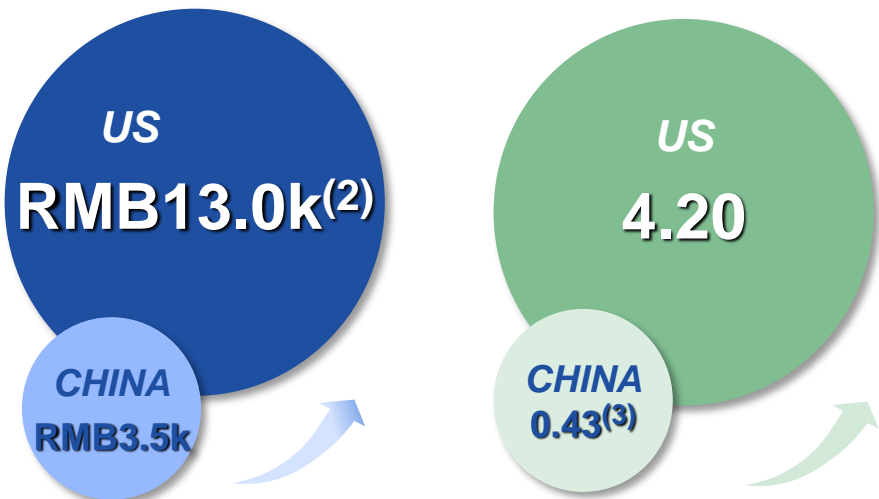




# World's Second Largest Insurance Market Still Under Penetrated

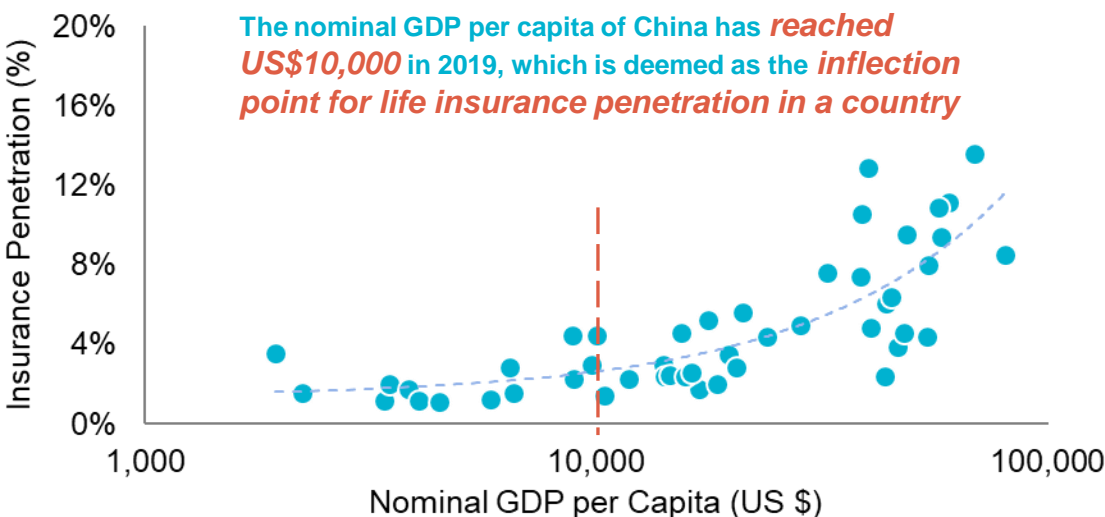
## Still Lagging behind the US Insurance Market

⚙ Average Premium per Long-term L&H<sup>(1)</sup> Policy (2018)    ⚙ # of Long-term L&H Policies per Capita (2018)



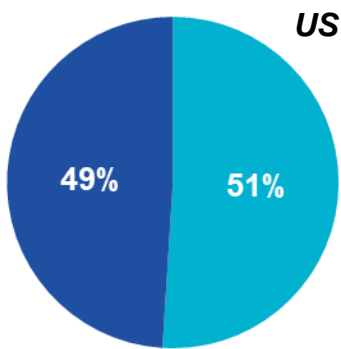
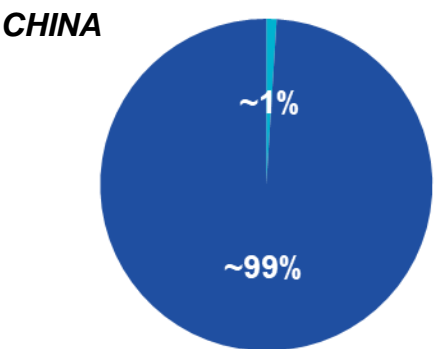
## ...but Lately Reached a Critical Turning Point of Demand Growth

Insurance Penetration<sup>(4)</sup> and Nominal GDP per Capita by Country<sup>(5)</sup> (2017)



## Independent Service Platforms, Which Represent Customers' Interests, Having the Greatest Growth Potential

### Life Insurance GWP Breakdown by Distribution Channel (2017)



■ Independent service platform    ■ Other channels

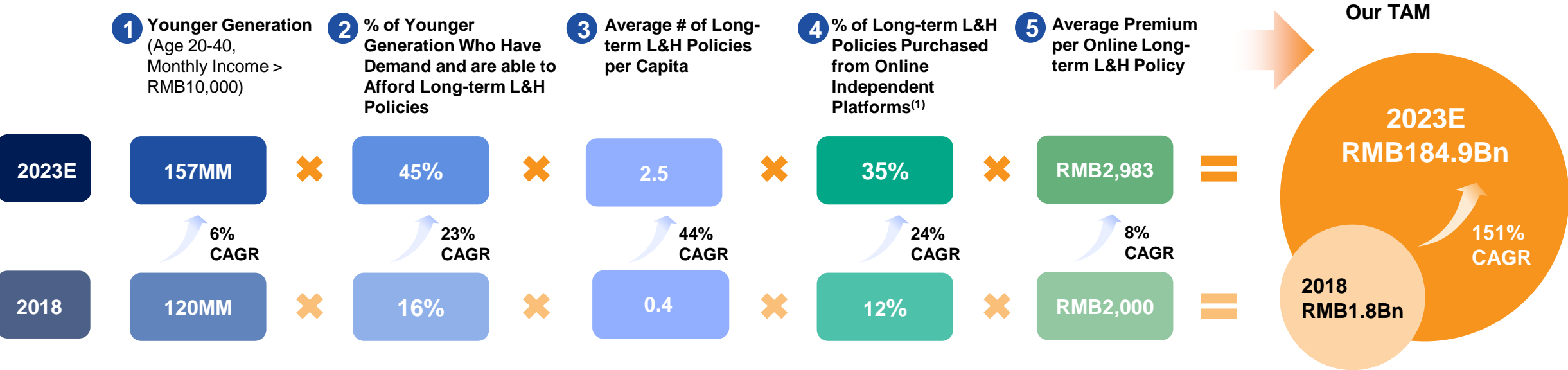
Source: Oliver Wyman Report, OECD.

**Notes:**

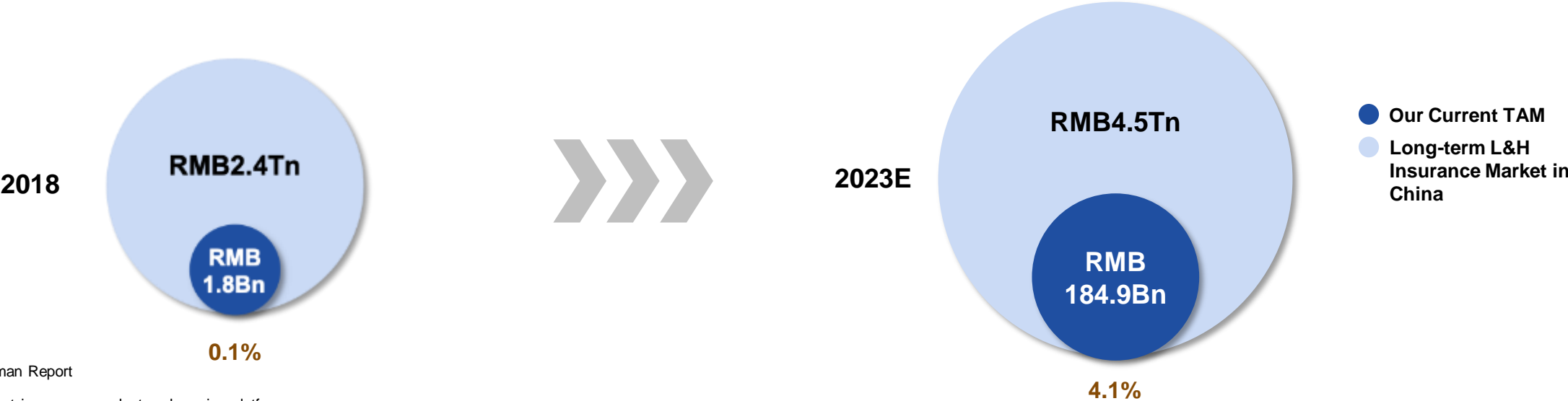
- 1.Life and health insurance excluding short-term medical reimbursement products, short-term accident products, universal products, and investment-linked products
- 2.FX: 1USD / RMB6.9 as of July 19, 2019
- 3.# of L&H policies per capita among the population who have both demand for insurance and financial capability
- 4.Insurance GWP as % of nominal GDP
- 5.Dots represent some major developing and developed countries

# Our Total Addressable Market (“TAM”)

Long-term L&H Insurance Policies Purchased on Online Independent Insurance Product and Service Platforms by the Younger Generation in China



Our TAM as % of Long-term L&H Market in China (as measured by GWP<sup>(2)</sup>)



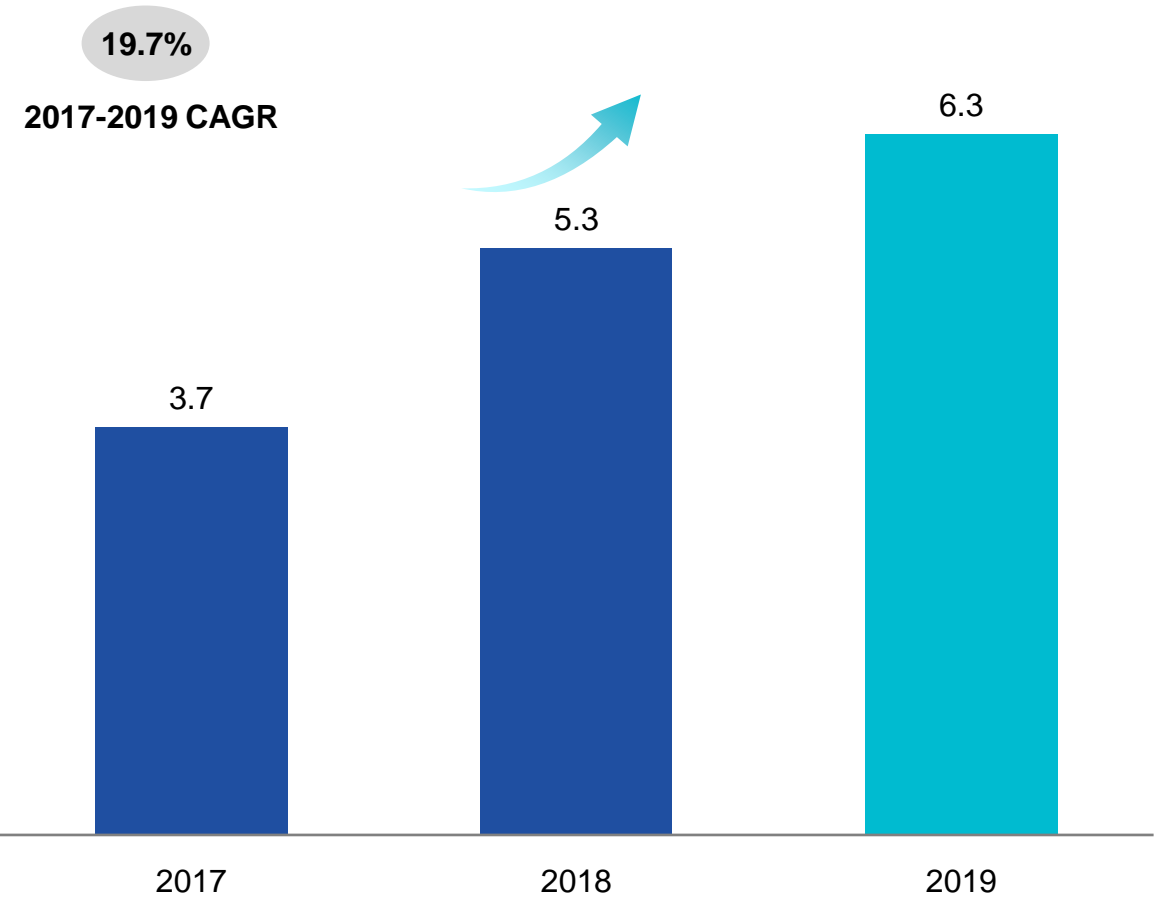
Source: Oliver Wyman Report  
Notes:  
1. Online independent insurance product and service platforms  
2. Include both first-year and renewal premiums

# Financial and Operating Performance

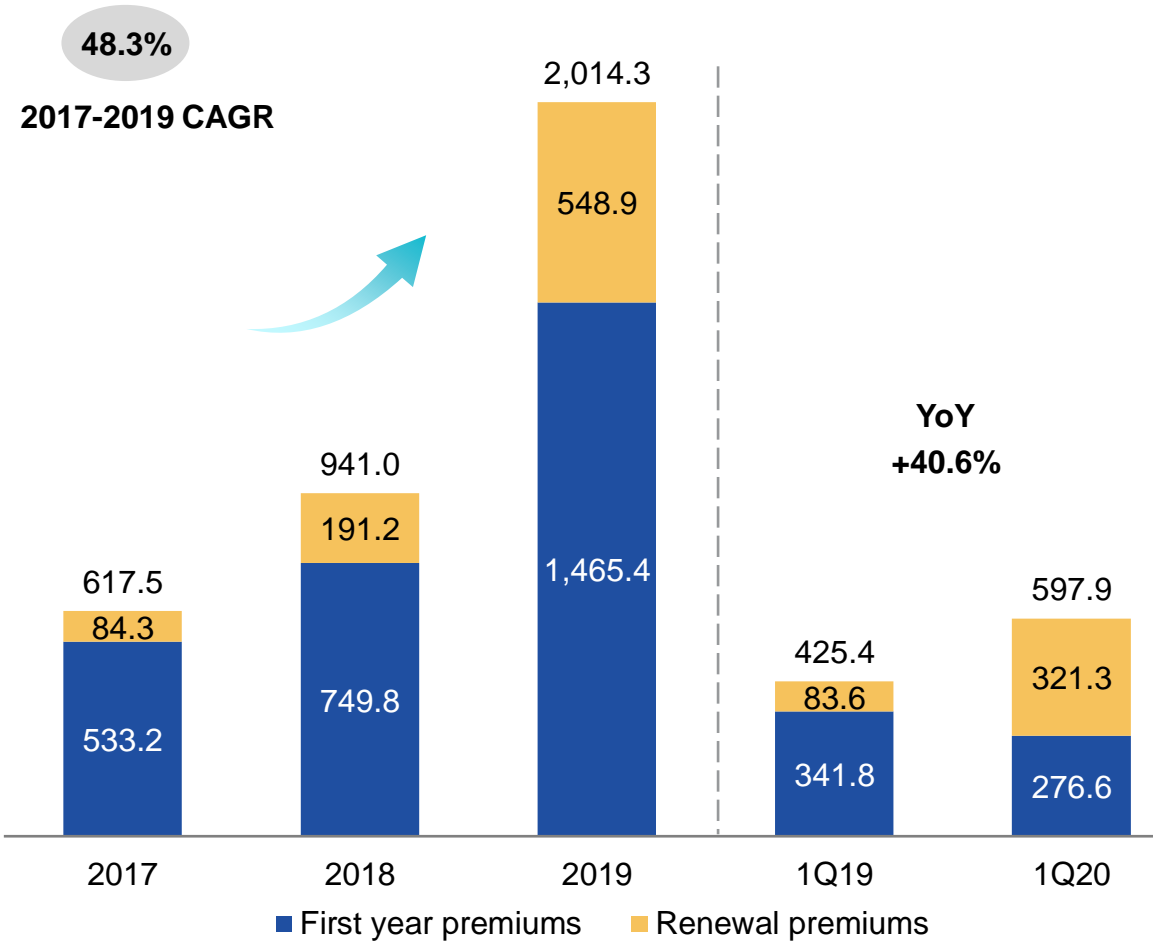


# Robust Growth Track Record in Insurance Clients and GWP

Cumulative Number of Insurance Clients<sup>(1)</sup> (mm)



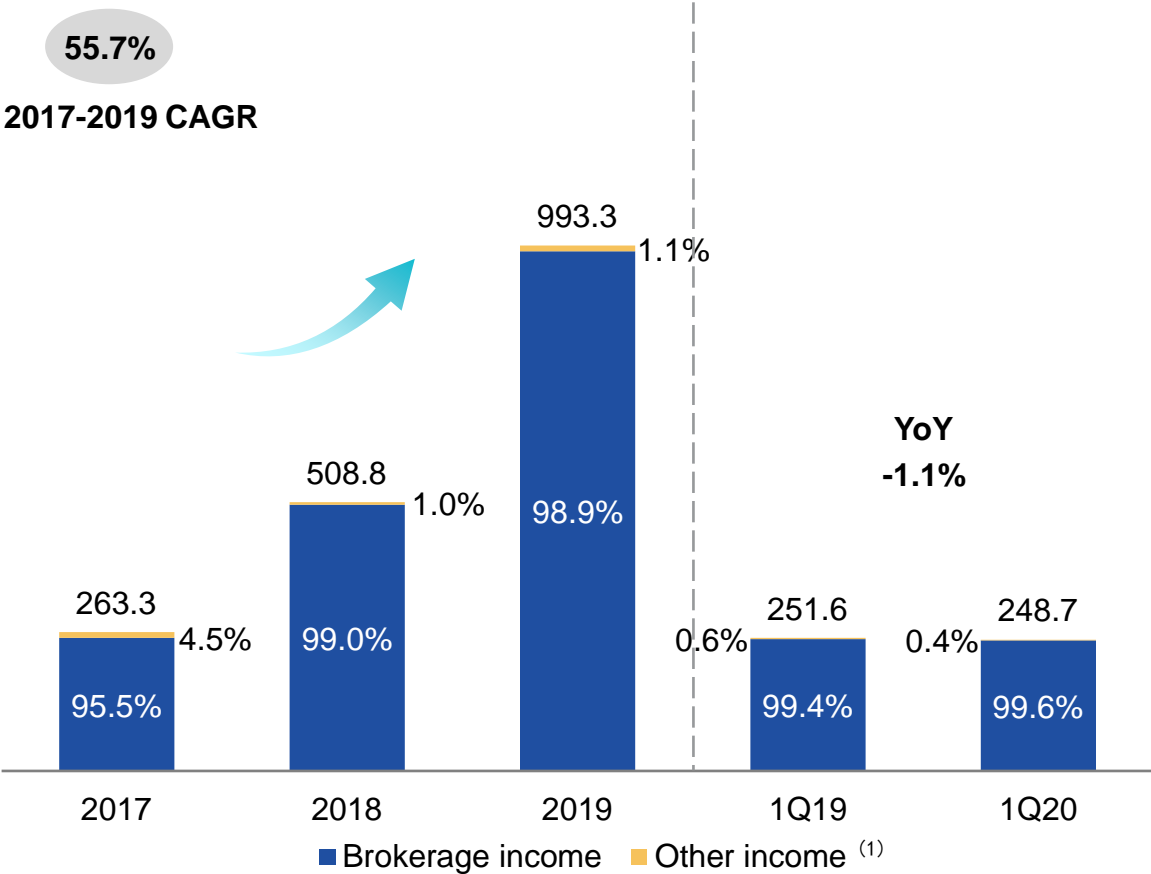
GWP (RMB mm)



Notes:  
1.As of December 31, 2017, December 31, 2018, and December 31, 2019

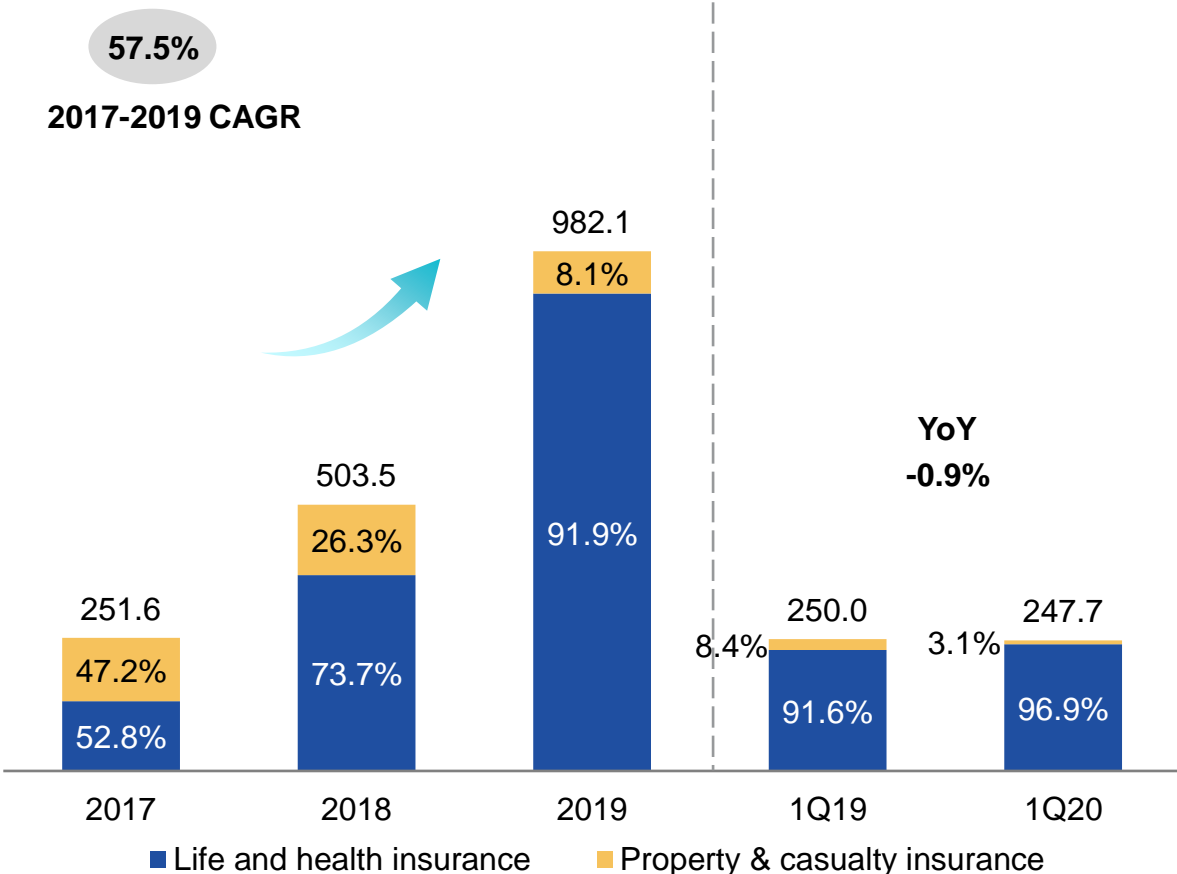
# Strong Growth in Brokerage Income with Improved Revenue Mix

Total Operating Revenue (RMB mm)



Brokerage Income Breakdown (RMB mm)

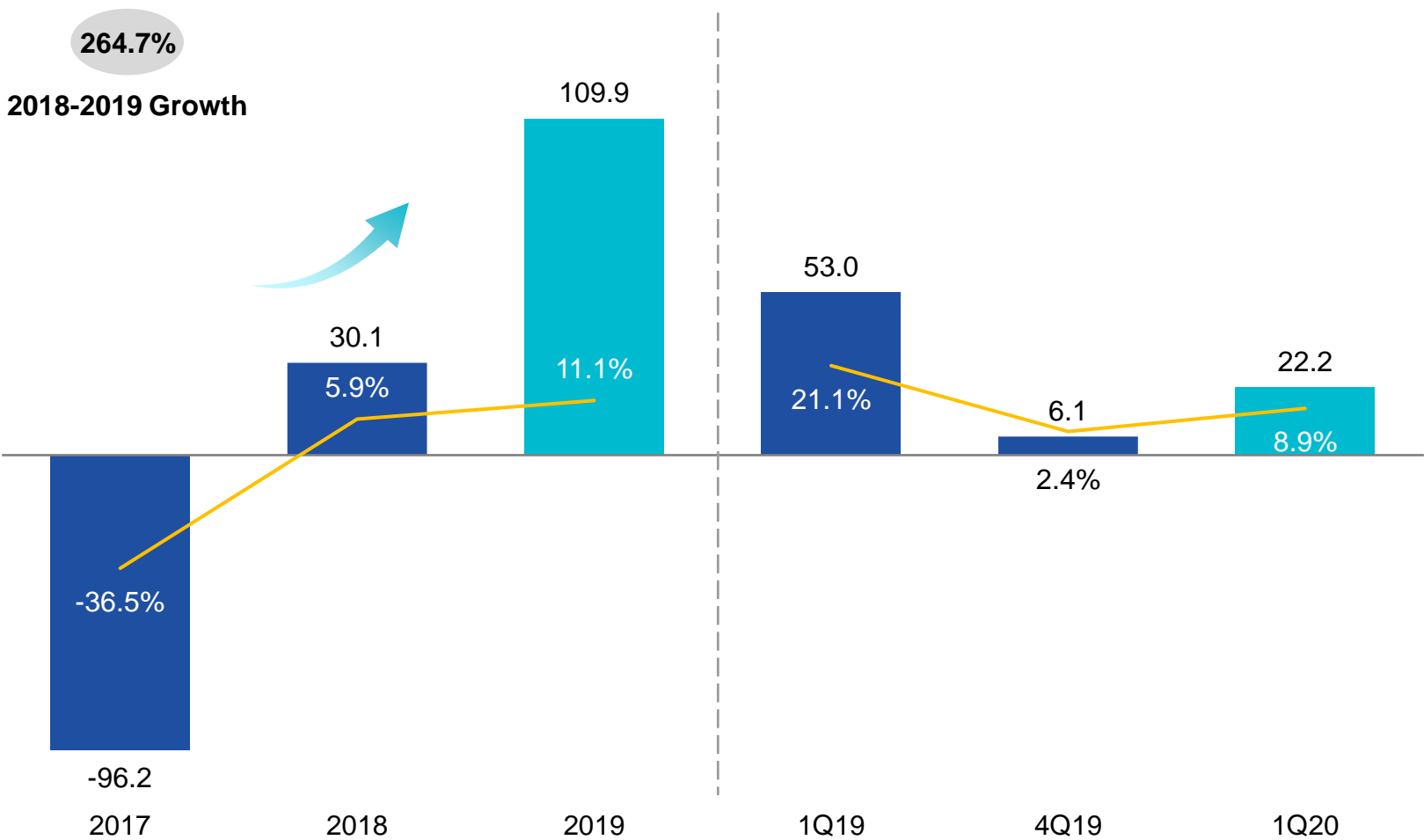
Increasing contribution from life and health insurance businesses



Note:  
1. Primarily consists of service fees charged to insurance clients for risk assessment and insurance consulting services provided before they purchase insurance products

# Operational Efficiency – Profitability

## Non-GAAP Net Profit (RMB mm) / Net Profit Margin<sup>(1)</sup>



### Optimized revenue mix

- Increasing contribution from life and health insurance
- Increasing contribution from renewal premiums



### Improved operational efficiency

- Improved client acquisition and conversion efficiency
- Improved internal operational efficiency



### Economies of scale

- Stronger bargaining power over insurer partners, benefitting from growth of business
- Decreased fixed cost per unit

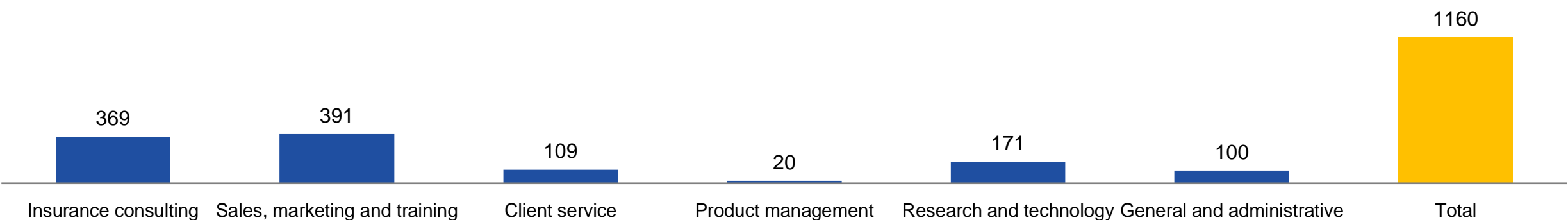
**Notes:**

All costs and expenses shown on this page exclude the share-based compensation ("SBC") expenses.  
1. Adjusted for share-based compensation expenses and one-time interest on convertible bond

# Operational Efficiency – Client Conversion

## Staff Breakdown

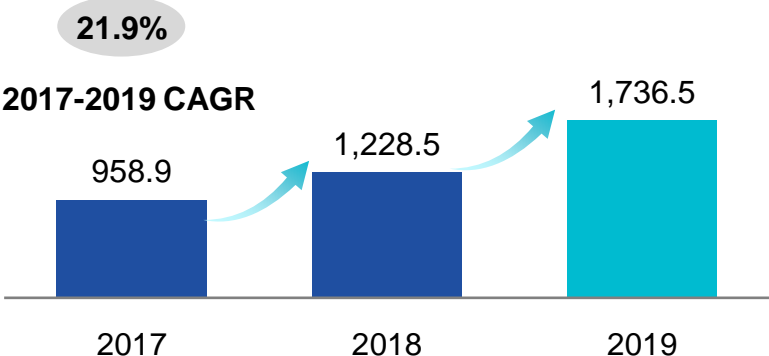
Numbers of Employees Categorized by Function (As of December 31, 2019)



## Improving Operational Efficiency and Productivity

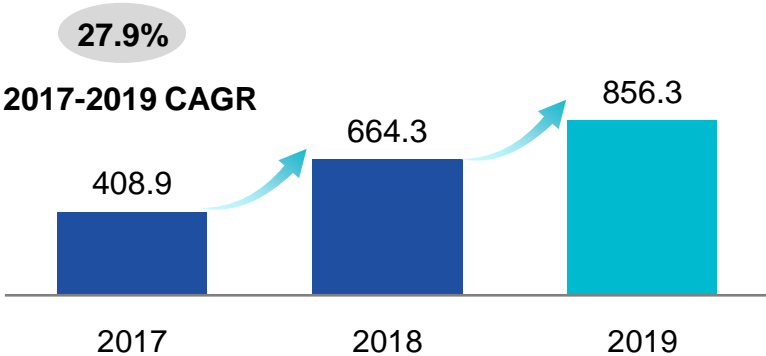
### GWP per Employee

(RMB '000)



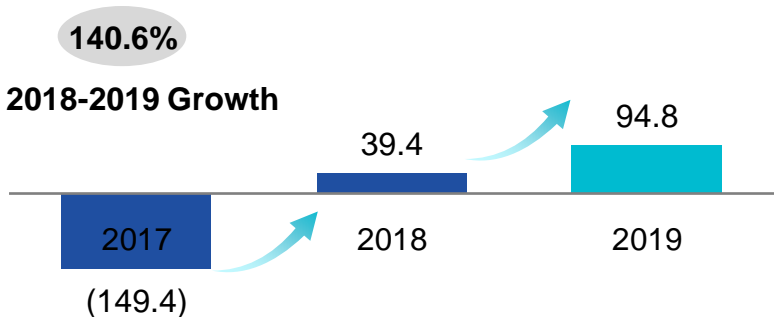
### Operating Revenue per Employee

(RMB '000)



### Non-GAAP Net Profit per Employee <sup>(1)</sup>

(RMB '000)



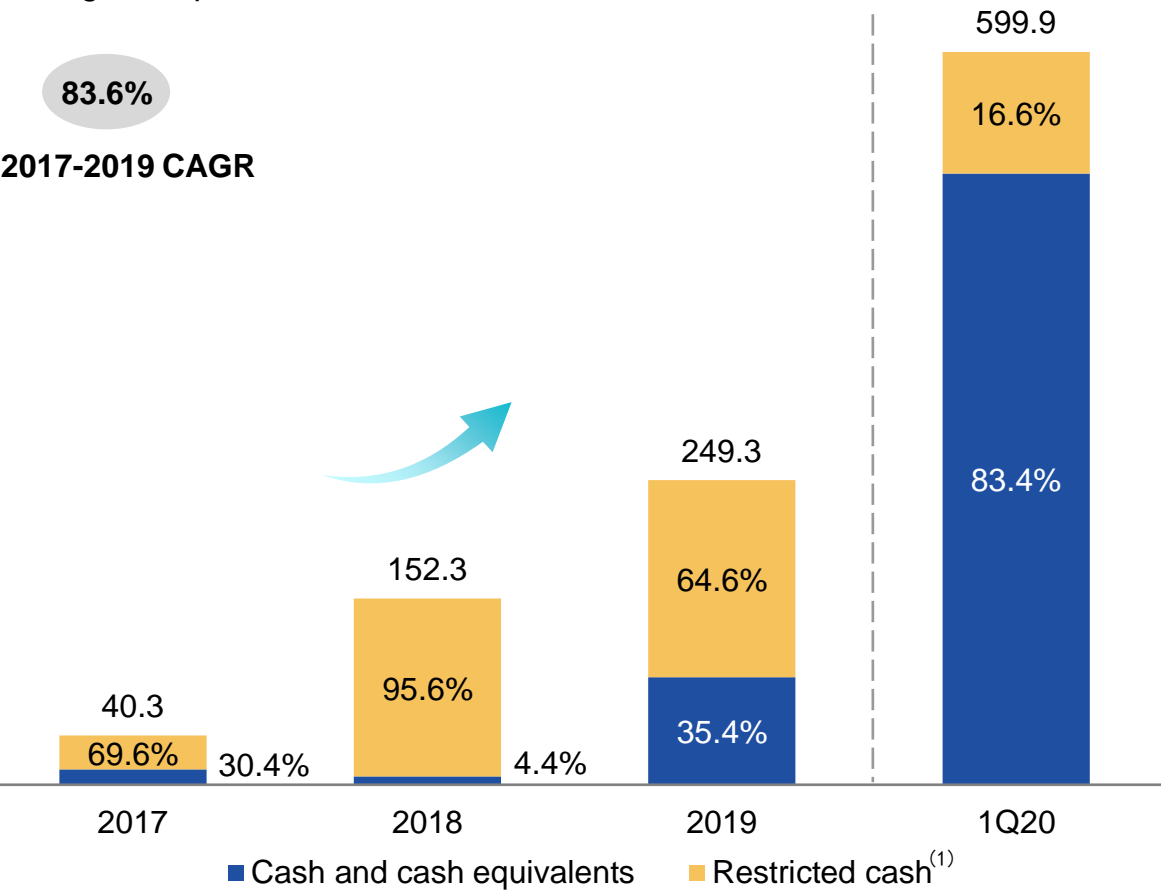
**Notes:**

All costs and expenses shown on this page exclude the share-based compensation ("SBC") expenses.  
1. Adjusted for share-based compensation expenses and one-time interest on convertible bond

# Robust Liquidity and Free Cash Flow

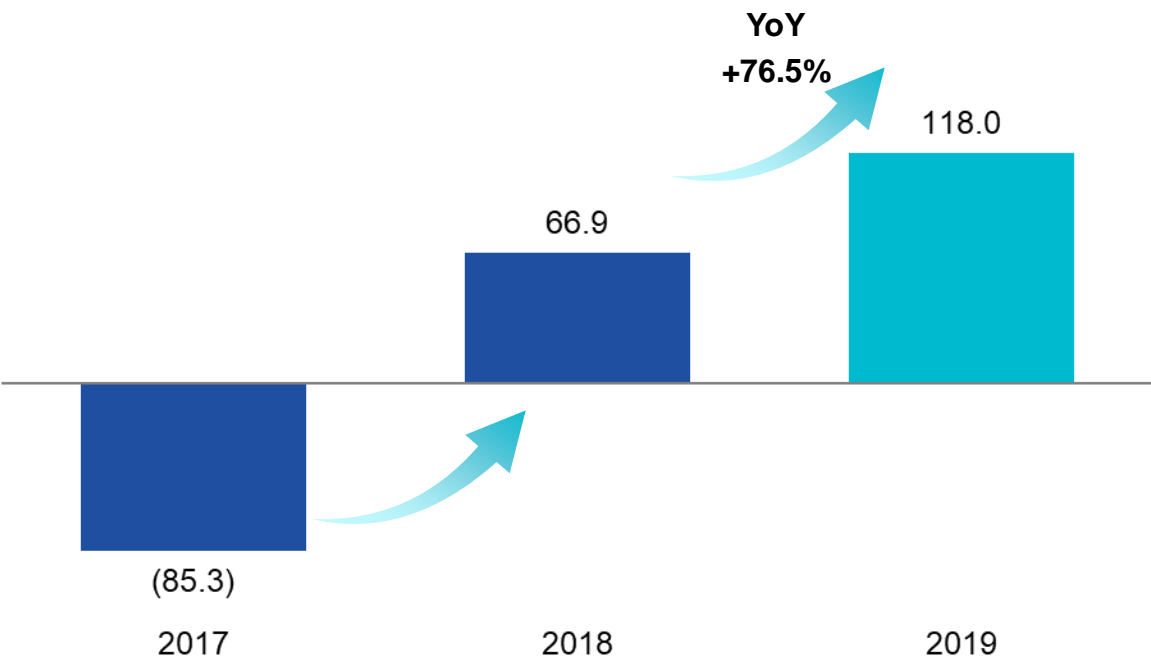
## Cash and Cash Equivalents and Restricted Cash (RMB mm)

Strong cash position



## Net Cash (Used in)/Provided by Operating Activities (RMB mm)

Improving cash flow from operating activities



**Notes:**  
1. Primarily consists of unremitted insurance premiums and guarantee deposits required by China Banking and Insurance Regulatory Commission. Unremitted insurance premiums were RMB3.3 mm, RMB121.2 mm, RMB136.7 mm and RMB75.2 mm as of December 31, 2017, December 31, 2018, December 31, 2019 and March 31, 2020 respectively. The restricted cash balance related to the guarantee deposits was RMB24.5 mm as of December 31, 2017, December 31, 2018, December 31, 2019 and March 31, 2020