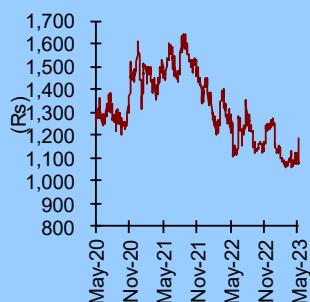
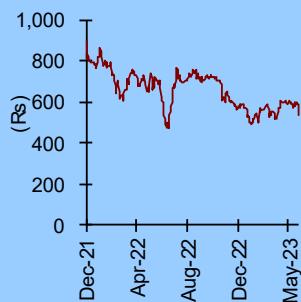


Sector update

ICICI Lombard



Star Health



Source: Media reports

Note 1: *Temasek deal is based on the media report ([Link](#))

Note 2: Price to book is calculated based on the calculated book value at the time of deal.

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General Insurance

Private transactions' valuations remain at premiums

We enlist some transactions from non-life insurance space over the past 5-6 years. Notable implications include: (1) Private transactions have happened at a premium to listed valuations. This could be driven by the control premium (like acquirers could get a Board representation) usually available in private deals. (2) Valuation multiples of these deals have increased over the time period. This is despite the slowdown in insurance premiums in FY21/22 (5.2%/11%) and the possible risk of composite licenses indicating investor comfort around long time growth potential of the sector.

Table 1: List of historical deals in non-life insurance sector

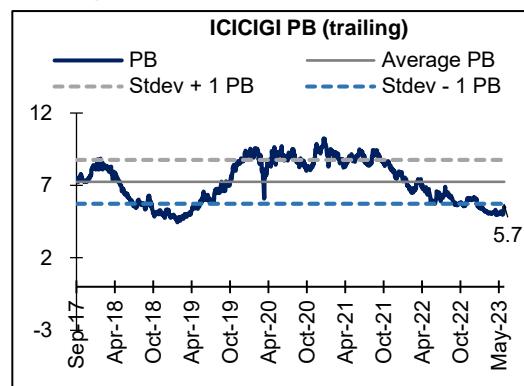
Date	Deal description	P/B (x)
Jul'15	Sundaram Finance Ltd (SFL) acquired 26% in Royal and Sun Alliance Plc at Rs4.5bn	3.2
Jun'16	HDFC Ergo General Insurance Company acquired L&T General Insurance for Rs5.5bn	3.9
Mar'19	WestBridge led consortium bought 93.9% in Star Health for a deal value of Rs65bn	6.7
Feb'19	25.9% stake was sold by SFL to Aegis at Rs9.84bn. 14.1% stake was bought by Aegis from other shareholders at Rs5.36bn.	3.3
Feb'19	Max sold 51% stake in Max Bupa for Rs5bn, implying the valuation at Rs10bn	3.8
Jun'19	HDFC acquired Apollo Hospitals Group's entire 50.8% stake in Apollo Munich Health Insurance for Rs14.85bn and also 0.4% stake held by a few employees for Rs108.4mn	6.7
Mar'20	Warburg (9.99%), Premji (16.01%) bought SBI General Insurance arm for Rs23.2bn.	4.0
Aug'20	ICICI Lombard acquired Bharti Axa. Deal value ~Rs25bn	6.1
Dec'20 and Mar'21	Total acquisition of Rs26bn led by Safecorp (Rs8bn), Gmanat PTE (Rs5.9bn), American funds (Rs2.9bn), Rakesh Jhunjhunwala (Rs1.5bn), Apis growth 15 (Rs1.3bn) and TIMF holdings (Rs1.3bn) for Rs489 per share implying a valuation of ~Rs250bn	7.2
Apr'22	KKR invests in Shriram General (Rs18bn for 9.9% stake, implying a valuation of Rs180bn	7.9
Aug'22	Strategic investment by ADIA of ~Rs6.65bn for 9.99% stake, valuing ABHI at ~Rs66.50bn	~10.0
May'23	Temasek to invest ~Rs10bn in Niva Bupa for ~10% stake, implying the valuation of Rs110-120bn	~14.0

Source: Media reports

Note 1: *Temasek deal is based on the media report ([Link](#))

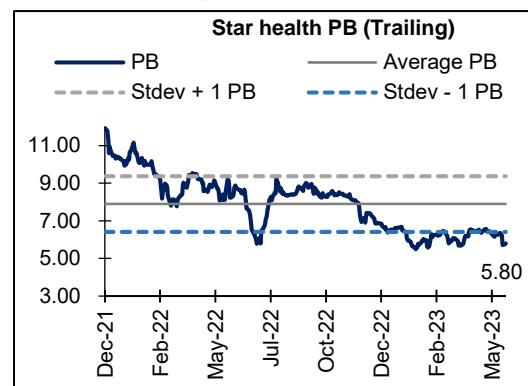
Note 2: Price to book is calculated based on the calculated book value at the time of deal.

Chart 1: ICICIGI PB is trading at 5.7x on trailing basis



Source: Company, I-Sec research

Chart 2: Star Health PB is trading at 5.8x on trailing basis



Source: Company, I-Sec research

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BUY: >15% return; **ADD:** 5% to 15% return; **HOLD:** Negative 5% to Positive 5% return; **REDUCE:** Negative 5% to Negative 15% return; **SELL:** < negative 15% return

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