

IPO Simulation - Bank 11

INVESTMENT BANKS IN PRACTICE



Introduction & Objectives

Welcome to the Initial Public Offering (IPO) Simulation and to the Equity Capital Markets division (ECM) of your bank.

Your ECM team have won a mandate from a company intending to float. It will be your responsibility to take the company through the roadshow and book-building process and gain investor interest.

This document will outline key information about the company mandate you have won including:

- The published price range valuation and minimum amount the company aims to raise
- Company information
- Financials & Comparable information

Your first responsibility is to create a one-pager to distribute to investor teams and a 2 minutes presentation for the event day providing your investment thesis.

Offering Summary

Issuer

InsureNow Holdings

Price Range

\$20 - \$30

Shares Issued

5 million (i.e. \$100 million minimum capital to raise)

Company Information - Bank 11

Company Background

This year, your team have had success in bringing a number of companies public in the financials sector. Given the success, you have recently won the mandate to be the lead Investment Bank to take InsureNow Holdings public.

InsureNow Holdings are a provider of individual retirement, group retirement and life insurance products with more than 3 million clients across the United States with over \$800bn assets under management. They provide products, services and strategies to help their clients meet their retirement goals and protect their wealth across generations.

InsureNow are at intersection of advice, asset management and financial protection which provides clients with products and strategies to help them address their long-term financial needs and shareholders with attractive growth potential.

These products and services enable individuals to choose from advantages such as wealth accumulation, guaranteed income, death benefits and tax-efficient distribution options. We distribute our variable annuity products through our affiliated retail sales force and a wide network of approximately 600 third-party firms, reaching more than 100,000 financial professionals.

Company Information - Bank 11

Risk Factors

- 1) Overall, our ability to generate cash is subject to general economic, financial market, competitive, legislative, regulatory, client behavior and other factors that are beyond our control. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital or the expansion of our operations.
- 2) Weaknesses or failures in our internal processes or systems could lead to disruption of our operations, liability to clients, exposure to disciplinary action or harm to our reputation. Our business is highly dependent on our ability to process, on a daily basis, large numbers of transactions, many of which are highly complex, across numerous and diverse markets.

Key Performance Indicators

- 1) INH are leading provider of variable annuity products, which primarily meet the needs of individuals saving for retirement or seeking retirement income with almost 900,000 variable annuity policies in force
- 2) Higher net investment income of \$159 million driven by an increase of \$84 million in the first six months of 2017 reflecting higher income from equity method investments.
- 3) Our Investment Management and Research segment had approximately \$400 million in AUM consisting of 34% equities, 55% fixed income and 11% multi-asset class solutions, alternatives and other assets.

Operating & Financial Metrics

Name of Company	InsureNow Holdings
Ticker	INH
Industry	Financials

Estimated Enterprise Value (USD, mn)	1087.50
Revenue	914
Revenue Growth (t-1, %)	15%
Revenue Growth (t-2, %)	16%
EBITDA (USD, mn)	435
Net Income (USD, mn)	400
Shares Issued	5,000,000
Valuation Range	\$20 - \$30

Comparable Company Analysis

Market Data & Financials					
	Share Price	Mkt. Cap	EV	Revenue	EPS
Company 1	147	341	34.3	200	6.70
Company 2	3.67	1600	1.1	65.1	0.20
Company 3	92	2251	22.7	1450	3.40
Company 4	85	1111	100	1500	2.80
Company 5	96	4000	39	300	3.90

Multiples			
	P/E	EV/EBITDA	P/SALES
Company 1	21.94	1.14	0.74
Company 2	18.35	4.78	0.06
Company 3	27.06	3.78	0.06
Company 4	30.36	2.50	0.06
Company 5	24.62	0.11	0.32