

CHAIRMAN'S STATEMENT

The Sagicor Group recorded another strong performance for the first three months to March 31, 2019. Group net income closed the period at US \$32.9 million against a prior year result of US \$38.9 million. Net income attributable to shareholders from continuing operations was US \$15.1 million compared to the prior year result of US \$19.5 million. Net income to shareholders from continuing operations in 2018 benefited from certain one-time positive earnings releases that did not recur in 2019.

Total revenue for the Group amounted to US \$523.5 million, against a prior year amount of US \$291.3 million, an increase of US \$232.2 or 80%. Revenue growth was driven primarily by the USA business segment which generated meaningful premium growth, amplified by our strategic decision to cease reinsuring its premiums to third parties. Revenues grew year over year in the Sagicor Jamaica and Sagicor Life business segments as well.

Benefits were US \$347.8 million, compared to US \$132.1 million for the previous year and was consistent with the growth in premium income. Expenses were US \$131.0 million, compared to US \$117.6 million for the same period in the prior year, an increase of 11%, the growth in expenses has been impacted by the consolidation of the Sagicor X Fund Group from October 1, 2018. Excluding this impact expenses grew by 4%.

Group comprehensive income was US \$66.5 million, compared to US \$17.0 million for the prior year. Shareholder comprehensive income from continuing operations was US \$38.2 million, compared to US \$5.4 million for the prior year. The Group benefited from significant net gains on investments measured at Fair Value through Other Comprehensive Income.

Sagicor benefited from strong performance in each of its three operating segments. Net income to shareholders from continuing operations in Sagicor Life was US \$11.2 million, a strong performance although down compared to 2018 which had one-time factors. Net income to shareholders from continuing operations for Sagicor Jamaica was US \$10.4 million. Net income to shareholders from continuing operations for the USA business segment increased significantly to US \$6.9 million compared to a loss in Q1 2018, as the segment benefits from critical mass.

During the first three months of the year Sagicor Group adopted a new accounting standard which became effective from January 1, 2019. IFRS 16, Leases, removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

There was no significant impact on the net assets of the Company on the implementation of this standard.

In the statement of financial position as at March 31, 2019, assets amounted to US \$7.6 billion, and liabilities amounted to US \$6.4 billion. Group equity was US \$1,202.7 million, compared to US \$1,135.5 million at December 31, 2018. Shareholders' equity was US \$640.4 million, compared to US \$600.9 million at December 31, 2018, and book value per share increased from US \$1.96 per share at year-end 2018 to US \$2.09 per share. The Group's debt was US \$480.3 million with a debt to capital ratio of 28.5%, compared to 30.2% at December 31, 2018.

On behalf of the Board of Sagicor, I wish to thank our Shareholders and Customers for their continued support.



Stephen McNamara
Chairman
May 9, 2019

FINANCIAL HIGHLIGHTS <i>(in US Currency except percentages)</i>	Three months ended	
	MARCH 31	
	2019	2018
Total revenue	\$523.5m	\$291.3m
Overall Group net income	\$32.9m	\$38.9m
Shareholders' net income from continuing operations	\$15.1m	\$19.5m
Net income allocated to non-controlling interests	\$17.0m	\$10.8m
Total equity	\$1,202.7m	\$931.7m
Book Value per share	\$2.09	\$2.03
Ratio of Debt to Capital	28.5%	30.4%
Earnings per common share from continuing operations	4.9¢	6.4¢
Annualised return to common shareholders' equity from continuing operations	9.9%	12.7%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

	March 31 2019	March 31 2018	December 31 2018
	(unaudited)	(unaudited)	(audited)
ASSETS			
Financial investments	5,615,931	5,021,369	5,347,663
Other investments and assets	2,023,856	1,833,988	1,960,522
Assets of discontinued operation	-	10,502	17,239
Total assets	7,639,787	6,865,859	7,325,424
LIABILITIES			
Policy liabilities	3,921,494	3,551,362	3,662,438
Other liabilities	2,515,572	2,382,788	2,527,525
Total liabilities	6,437,066	5,934,150	6,189,963
EQUITY			
Shareholders' equity	640,447	622,890	600,869
Participating accounts	4,672	6,043	4,078
Non-controlling interests	557,602	302,776	530,514
Total equity	1,202,721	931,709	1,135,461
Total liabilities and equity	7,639,787	6,865,859	7,325,424

These financial statements have been approved for issue by the Board of Directors on May 9, 2019.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

	Three months to March 31	
	2019 (unaudited)	2018 (unaudited)
REVENUE		
Net premium revenue	365,059	187,302
Net investment and other income	158,460	103,978
Total revenue	523,519	291,280
BENEFITS AND EXPENSES		
Benefits	347,835	132,092
Expenses	130,964	117,617
Total benefits and expenses	478,799	249,709
OTHER		
Gain arising on business combinations, acquisitions and divestitures	-	5,280
INCOME BEFORE TAXES	44,720	46,851
Income taxes	(12,370)	(8,381)
NET INCOME FROM CONTINUING OPERATIONS	32,350	38,470
Net income from discontinued operation	517	392
NET INCOME FOR THE PERIOD	32,867	38,862
NET INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	15,099	19,497
From discontinued operation	517	392
	15,616	19,889
Participating policyholders	248	8,187
Non-controlling interests	17,003	10,786
	32,867	38,862
Basic earnings per common share:		
From continuing operations	4.9 cents	6.4 cents
From discontinued operation	0.2 cents	0.1 cents
	5.1 cents	6.5 cents
Fully diluted earnings per common share:		
From continuing operations	4.9 cents	6.2 cents
From discontinued operation	0.2 cents	0.1 cents
	5.1 cents	6.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts expressed in US \$000

	Three months to March 31	
	2019 (unaudited)	2018 (unaudited)
NET INCOME FOR THE PERIOD	32,867	38,862
Items net of tax that may be reclassified subsequently to income:		
Available for sale financial assets:		
Net gains / (losses) on investments in debt instruments measured at FVOCI	65,935	(28,391)
Net losses / (gains) on financial assets measured at FVOCI reclassified to profit or loss on disposal	429	(3,637)
Net change in actuarial liabilities	(34,150)	13,163
Retranslation of foreign currency operations	4,460	(3,041)
Other items	-	(1)
	36,674	(21,907)
Items net of tax that will not be reclassified subsequently to income:		
Unrealised losses arising on revaluation of owner occupied property	(3,023)	-
Net gains on investments in equity instruments designated at fair value through other comprehensive income	17	14
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	33,668	(21,893)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	66,535	16,969
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Common Shareholders		
From continuing operations	38,248	5,381
From discontinued operation	517	392
	38,765	5,773
Participating policyholders	644	8,160
Non-controlling interests	27,126	3,036
	66,535	16,969

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Amounts expressed in US \$000

(unaudited)

	Share Capital	Share Premium	Reserves	Retained Earnings	Participating Accounts	Non-controlling Interest	Total
Three months to March 31, 2019:							
Balance, beginning of period	3,061	300,665	(76,995)	374,138	4,078	530,514	1,135,461
Total comprehensive income from continuing operations	-	-	23,149	15,099	644	27,126	66,018
Total comprehensive income from discontinued operation	-	-	-	517	-	-	517
Transactions with holders of equity instruments:							
Movements in treasury shares	2	180	-	-	-	-	182
Changes in reserve for equity compensation benefits	-	-	440	-	-	-	440
Transfers and other movements	-	-	1,046	(855)	(50)	(38)	103
Balance, end of period	3,063	300,845	(52,360)	388,899	4,672	557,602	1,202,721
Three months to March 31, 2018:							
Balance, beginning of period	3,059	300,470	(47,482)	367,327	865	308,089	932,328
Prior period adjustment	-	-	94	3,454	-	3,677	7,225
January 1, 2018 adjustment-change on initial application of IFRS 9	-	-	(217)	(10,442)	(2,930)	(2,352)	(15,941)
Balance as restated	3,059	300,470	(47,605)	360,339	(2,065)	309,414	923,612
Total comprehensive income from continuing operations	-	-	(14,116)	19,497	8,160	3,036	16,577
Total comprehensive income from discontinued operation	-	-	-	392	-	-	392
Transactions with holders of equity instruments:							
Movements in treasury shares	-	31	-	-	-	-	31
Changes in reserve for equity compensation benefits	-	-	1,259	-	-	-	1,259
Dividends declared	-	-	-	-	-	(10,464)	(10,464)
Transfers and other movements	-	-	(176)	(260)	(52)	790	302
Balance, end of period	3,059	300,501	(60,638)	379,968	6,043	302,776	931,709

CONSOLIDATED STATEMENT OF CASH FLOWS
Amounts expressed in US \$000

	Three months to March 31	
	2019 (unaudited)	2018 restated (unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	185,828	19,264
Net increase in investments and operating assets	(127,967)	(76,635)
Net change in operating liabilities	(15,481)	65,326
	42,380	7,955
Investing activities	(2,340)	(3,577)
Financing activities	(2,590)	(650)
Effects of exchange rate changes	1,171	(461)
Net change in cash and cash equivalents - continuing operations	38,621	3,267
Net change in cash and cash equivalents - discontinued operation	17,756	-
Cash and cash equivalents, beginning of period	321,561	338,349
Cash and cash equivalents, end of period	377,938	341,616

STATEMENT OF INCOME BY SEGMENT

Amounts expressed in US \$000

(unaudited)

Three months to March 31, 2019

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
Total revenue	134,791	171,073	208,381	15,118	(5,844)	523,519
Total benefits and expenses	121,028	135,582	199,615	19,335	3,239	478,799
INCOME BEFORE TAXES	13,763	35,491	8,766	(4,217)	(9,083)	44,720
Income taxes	(2,322)	(8,065)	(1,869)	(120)	6	(12,370)
NET INCOME FROM CONTINUING OPERATIONS	11,441	27,426	6,897	(4,337)	(9,077)	32,350
Net income / (loss) attributable to shareholders from continuing operations	11,193	10,433	6,897	(12,723)	(701)	15,099
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	15,735	23,495	12,772	(12,950)	(804)	38,248

Three months to March 31, 2018

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
NET INCOME FROM CONTINUING OPERATIONS	35,992	21,484	(3,194)	(6,945)	(8,867)	38,470
Net income / (loss) attributable to shareholders from continuing operations	27,805	10,550	(3,194)	(15,105)	(559)	19,497
Total Comprehensive income / (loss) attributable to shareholders from continuing operations	26,199	3,002	(8,554)	(15,455)	189	5,381

STATEMENT OF FINANCIAL POSITION BY SEGMENT

Amounts expressed in US \$000

(unaudited)

March 31, 2019

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
Total assets	2,002,566	3,233,229	2,520,933	370,356	(487,297)	7,639,787
Total liabilities	1,496,675	2,363,948	2,261,366	802,374	(487,297)	6,437,066
Net assets	505,891	869,281	259,567	(432,018)	-	1,202,721

March 31, 2018

	Sagikor Life	Sagikor Jamaica	Sagikor Life USA	Head Office and other	Inter-segment eliminations	Total
Net assets	573,366	549,305	232,325	(423,287)	-	931,709

PRODUCTS AND SERVICES

Total external revenues relating to the Group's products and services are summarised as follows:

Amounts expressed in US \$000

Three months to March 31

	2019 (unaudited)	2018 (unaudited)
Life, health and annuity insurance contracts issued to individuals	364,758	164,235
Life, health and annuity insurance and pension administration contracts issued to groups	70,274	69,816
Property and casualty insurance	11,854	11,586
Banking, investment management and other financial services	43,526	40,001
Other revenues	33,107	5,642
	523,519	291,280

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2018 audited financial statements, except for the adoption of IFRS 16 - Leases. This standard became effective from January 1, 2019. IFRS 16 removes the distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals, for virtually all lease contracts.

In accordance with the transition provisions in IFRS 16, the standard has been implemented using the modified retrospective method with no restatement of comparative information. In applying IFRS 16 for the first time, the group has used the practical expedients permitted by the standard.