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& BEYOND**



**Sagicor Financial Company Ltd. (TSX: SFC)**

*Q2 2021 Financial Results*



## Caution regarding forward-looking information and non-IFRS measures

Certain information contained in this presentation may be forward-looking statements within the meaning of Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “will”, “may” and “should” and similar expressions or words suggesting future outcomes. These forward-looking statements reflect material factors and expectations and assumptions of Sagikor. Sagikor’s estimates, beliefs and assumptions are inherently subject to uncertainties and contingencies regarding future events and, as such, are subject to change. No assurance can be given that growth or capital optimization will occur or be successful. Risks and uncertainties not presently known to Sagikor or that it presently believes are not material could cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect events and results are included in other documents and reports. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Sagikor expectations only as of the date of this document. Sagikor disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

The Company reports certain non-IFRS measures that are used to evaluate the performance of its businesses and the performance of their respective segments. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measure.

The Company references non-IFRS measures and insurance industry metrics in this document and elsewhere. Non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these are provided as additional information to complement those IFRS measures by providing further understanding of the results of the operations of the Company from management’s perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company’s financial information reported under IFRS. Non-IFRS measures used to analyze the performance of the Company’s businesses include but are not limited to: underlying net income, return on shareholders’ equity, book value per share, MCCSR, debt to capital ratio, debt to equity ratio, dividend pay-out ratio, and coverage ratio. Please see the “Non-IFRS Financial Information” section of the Management’s Discussion and Analysis for a reconciliation of these non-IFRS measures.

**All figures in this presentation are in US\$ unless otherwise noted**



# Dodridge Miller

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Group President & Chief Executive Officer

## Q2 2021 financial highlights

Net income to  
shareholders<sup>1</sup>

**\$9m**

+3,200% Y/Y

Total revenue

**\$516m**

+13% Y/Y

Net insurance  
premium revenue

**\$365m**

+18% Y/Y

Earnings  
per share

**US\$0.064**

+3,300% Y/Y

Book value  
per share

**US\$7.57**

+5% Y/Y

MCCSR

**247%**

improved 1 pt Q/Q

- Q2 2021 was another quarter of solid profitability and growth with an aim for Sagikor to build on this momentum into the second half of 2021
  - Sagikor Life USA posted a strong quarter reflecting progress in our U.S. strategy as that business grows towards scale
  - Our businesses in the Caribbean also grew compared to a challenging period in Q2 2020, and they remain profitable in the face of continued economic headwinds

<sup>1</sup>Core net income to shareholders of \$14.9 million, excluding \$5.6 million in one-time costs related to bond refinancing



# Andre Mousseau

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Group COO & CFO

## Q2 2021 results



Profitability	Q2'20	Q1'21	Q2'21	Y/Y
Net premium revenue	309.9	276.1	364.9	18%
Net investment income	121.0	111.1	107.8	(11%)
Other revenue	27.6	44.3	43.6	58%
Net income to shareholders	(0.3)	31.5	9.3 / 14.9 <sup>1</sup>	3,200%
EPS (basic)	(0.2¢)	21.5¢	6.4¢ / 10.2¢ <sup>1</sup>	3,300%
ROE (annualized)	(0.1%)	11.6%	3.4% / 5.5% <sup>1</sup>	3.5 pts

Driven by strong sales across all segments with significant new annuity sales for the period in the USA segment

Q2'20 included realized/unrealized gains of \$36.3 million from the reversal of some unrealized losses incurred in Q1'20 due to impact of COVID-19 on the capital markets

Driven by strong revenue growth across all operating segments, particularly in the USA with strong revenue growth and higher profitability margins from higher yielding assets backing new business



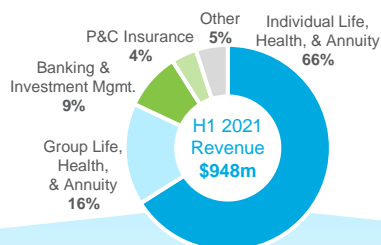
Financial Strength	Q2'20	Q1'21	Q2'21	Y/Y
Shareholder's equity	1,072.5	1,100.5	1,102.0	3%
Debt / capital	23.9%	22.0%	31.3%	(7.4 pts)
MCCSR	264%	246%	247%	(17 pts)

25.1% pro forma after adjusting for debt repayment subsequent to quarter end

\$ millions unless otherwise stated

<sup>1</sup>Core earnings figures, excluding \$5.6 million in one-time costs related to bond refinancing

# Group performance

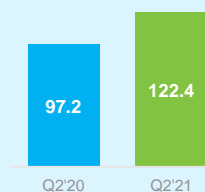


## Sagikor Life

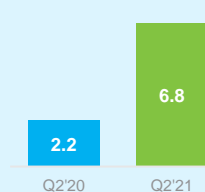
(100% ownership)

27%  
of H1 2021  
group revenue

**Total net revenue**  
(\$ millions)



**Net income to shareholders**  
(\$ millions)



### Q2 2021 Highlights

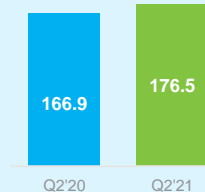
- Total net revenue of \$122 million increased 26% Y/Y as the segment meaningfully grew new business sales to individuals compared to the prior year which was impacted by the COVID-19 pandemic

## Sagikor Jamaica

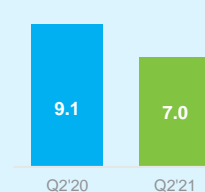
(49% ownership)

36%  
of H1 2021  
group revenue

**Total net revenue**  
(\$ millions)



**Net income to shareholders**  
(\$ millions)



### Q2 2021 Highlights

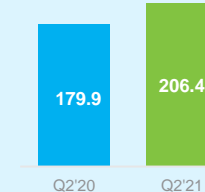
- Total net revenue of \$177 million increased 6% Y/Y as the segment benefitted from strong fees and other revenue which increased 48% (\$11 million Y/Y)
- Offset in profitability largely due to higher benefits in our insurance businesses from increases in death claims partly because of COVID-19, as well as higher health claims driven by medical cost inflation

## Sagikor Life USA

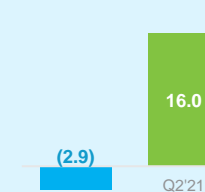
(100% ownership)

33%  
of H1 2021  
group revenue

**Total net revenue**  
(\$ millions)



**Net income to shareholders**  
(\$ millions)



### Q2 2021 Highlights

- Total net revenue of \$206 million increased 15% Y/Y as the segment increased sales of annuities as part of its stated strategy to scale the business
- Net income to shareholders of \$16 million as compared to a net loss of \$3 million for the same period in the prior year
- Strong profitability driven by growth in new annuity business and improved asset spreads reflected in the actuarial liabilities due to asset allocation improvements

## Executing on capital management priorities



### Funding *organic growth*

- Focused on supporting growth in Sagikor Life USA and leveraging our industry leading digital capabilities
- Continuing growth in core Caribbean markets leveraging Sagikor's brand and customer loyalty to deepen penetration
- Expanding product shelf in banking and wealth management



### Capital returns to investors

- Paid US\$33 million in dividends to investors in 2020 and US\$16 million in H1 2021 (~4% annualized dividend yield at the current share price)
- Repurchased US\$13 million in common shares in 2020 with continued momentum in H1 2021 of US\$8 million



### M&A opportunities and strategic investments

- Constantly exploring inorganic opportunities that meet strategic and financial hurdle targets
- Affiliate reinsurance strategy
- Look to build scale and leverage our brand and capabilities in the markets in which we operate and to best serve our customers




### Maintain *strong capital base*

- Bond refinancing during Q2 2021 to save \$7 million in annual interest costs and provided \$70 million in additional growth capital
- SFC credit rating upgrade to BB+ during Q4 2020 by S&P
- Strong capital available with MCCR ratio of 247% at Q2 2021
- Significant capital deployment potential



## Sagikor investment highlights



**Diversified operations** with **solid market-leading positions** in the Caribbean and a **fast-growing** US business



**Significant growth opportunities** both organic and inorganic



**Established track record** of robust growth driving consistent profitability



**Well capitalized to execute growth**, conservative leverage and strong risk culture



**Technological transformation** deeply embedded throughout the organization



**Best in class management** team and Board of Directors

## Investor Inquiries

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