

# 180 & BEYOND



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

*Q4 2021 Investor Presentation*



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

## Cautionary Statements

Certain information contained in this news release 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”, “would” and “should” and similar expressions or words suggesting future outcomes. This presentation includes forward-looking information and statements pertaining to the impact of the COVID-19 pandemic. These forward-looking statements reflect material factors and expectations and assumptions of Sagcor Financial Company Ltd. (“Sagcor” or the “Company”). Sagcor’s estimates, beliefs and assumptions are inherently subject to uncertainties and contingencies regarding future events and as such, are subject to change. Risks and uncertainties not presently known to Sagcor 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 that will be filed by Sagcor with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Sagcor’s expectations only as of the date of this document. Sagcor 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.

## Non-IFRS Measures

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: return on shareholders’ equity, book value per share, debt to capital ratio and total capital. Please see the “Non-IFRS Financial Information” section of the Management’s Discussion and Analysis and the discussion below for a reconciliation of these non-IFRS measures.

**Return on Shareholders’ Equity:** IFRS does not prescribe the calculation of return on shareholders’ equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the total weighted average common shareholders’ equity for the period. The quarterly return on shareholders’ equity is annualised. The ROE provides an indication of overall profitability of the company.

**Book value per share:** To determine the book value per share, shareholders’ equity is divided by the number of shares outstanding at the period end, net of any treasury shares. All components of this measure are IFRS measures.

**Debt to capital ratio:** The debt to capital ratio is the ratio of notes and loans payable (refer to note 16 to the 2021 audited consolidated financial statements) to total capital (excluding participating accounts), where capital is defined as the sum of notes and loans payable and total equity excluding participating accounts. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

**Total capital:** This measure provides an indicator for evaluating the Company’s performance. Total capital is the sum of shareholders’ equity, notes and loans payable and non-controlling interest. This measure is the sum of several IFRS measures.

**Minimum Continuing Capital and Surplus Requirements (MCCSR):** The MCCSR is a capital adequacy measure for life insurance companies that was established by the Office of the Superintendent of Financial Institutions Canada (“OSFI”). It was used to monitor that insurers maintain adequate capital to meet their financial obligations with 150% being the minimum standard that was recommended by Canadian regulators when it was in effect; companies were expected to establish and meet an internal target greater than 150%. Refer to note 45.2 to the 2021 audited financial statements, for details. IFRS does not prescribe the calculation for the MCCSR, therefore a comparable measure under IFRS is not available.

**Market capitalisation:** Market capitalisation is the value a company is traded on the stock market. It is calculated by multiplying the total number of shares by the present share price, at a given date. IFRS does not prescribe the calculation of market capitalization, therefore a comparable measure under IFRS is not available.

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

# Business Overview

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# Sagicor at a glance

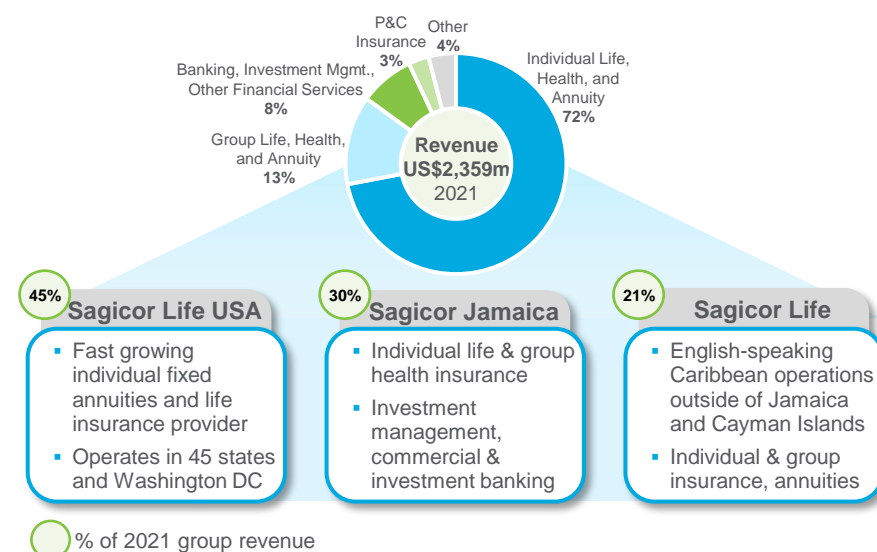
- **Leading financial services provider in 20 countries** primarily in the Caribbean, with a growing presence in the U.S.
- Provides **life, health, and P&C insurance, annuities, banking, asset management and pension products** to individuals and groups
- Over 180-years-old, with a **long track record of strong organic and inorganic growth**
- Public company **listed on the Toronto Stock Exchange**

4,600+ workforce including 1,300+ advisors



## Financial Results (US\$ million)

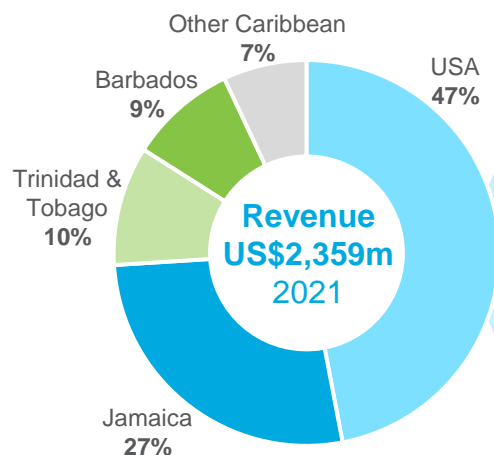
	2019	2020	2021
Revenue	1,867	1,878	2,359
Net income to shareholders	87	(4)	139
Total assets	8,729	9,266	10,378
Shareholders' equity	1,154	1,110	1,134
Total capital <sup>1</sup>	2,266	2,128	2,349



Note: Net income excludes one-time debt refinance costs in Q2 2021, and transaction related expenses in 2019.

<sup>1</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

# Sagicor's leading market position in key geographies



**Emerging leader**



**U.S.**

- **Rapidly growing** in the largest insurance market in the world



**Jamaica**

- **#1** market share in individual life insurance (66%), group life (61%), group health (56%), pensions (83%)
- **#1** in asset management
- **#3** largest commercial bank



**Barbados**

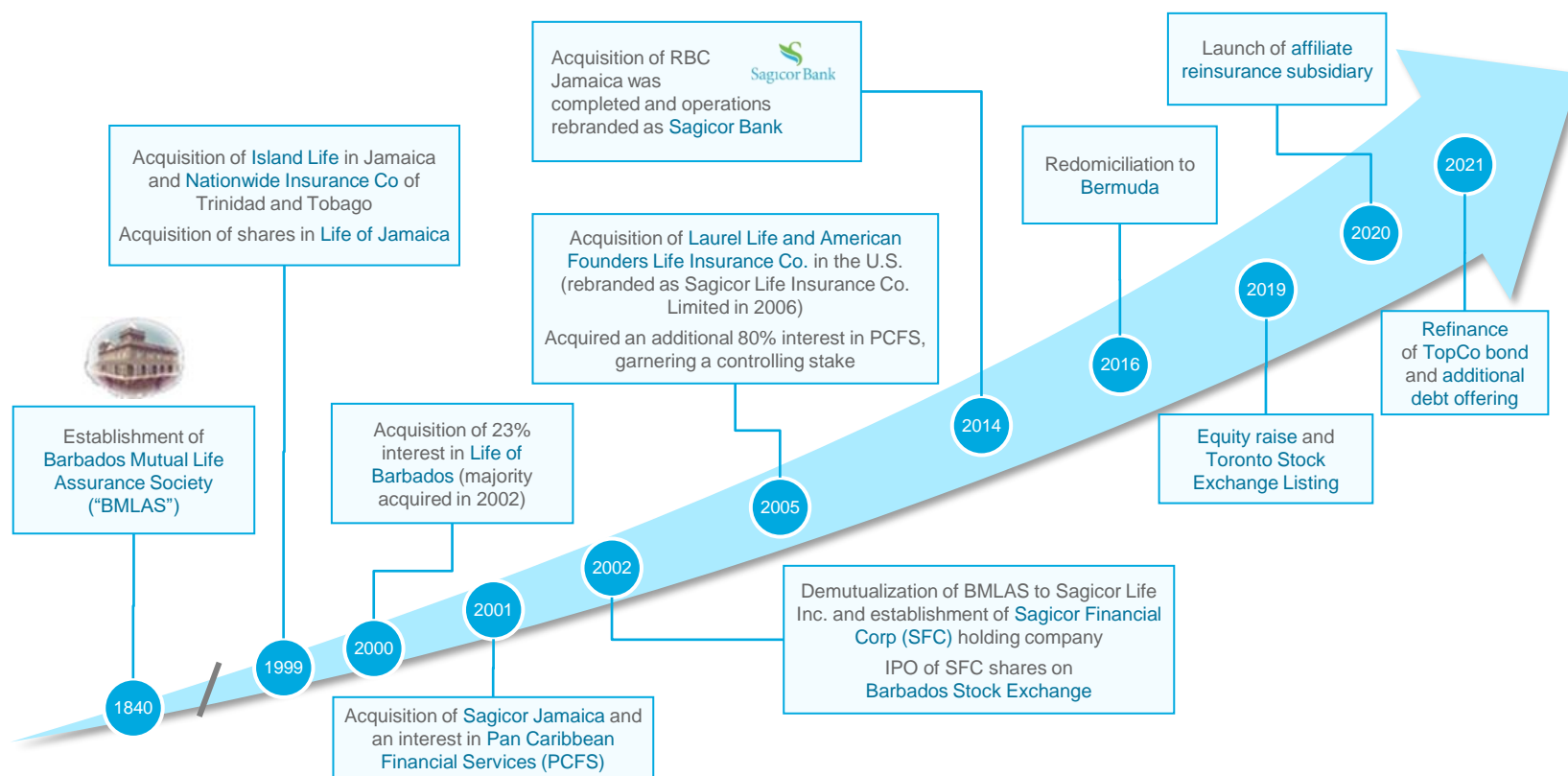
- **#1** market share in ordinary life, group life, and annuities (71%)



**Trinidad & Tobago**

- **#2** market share in ordinary life, group life, and annuities (26%)

# Over 180 years of building a regional insurance leader through integration of strategic acquisitions



## Total assets evolution

**1990**  
\$154 million

**2001**  
\$876 million

**2016**  
\$6.5 billion

**2018**  
\$7.3 billion

**2021**  
\$10.4 billion

# Sagcor 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

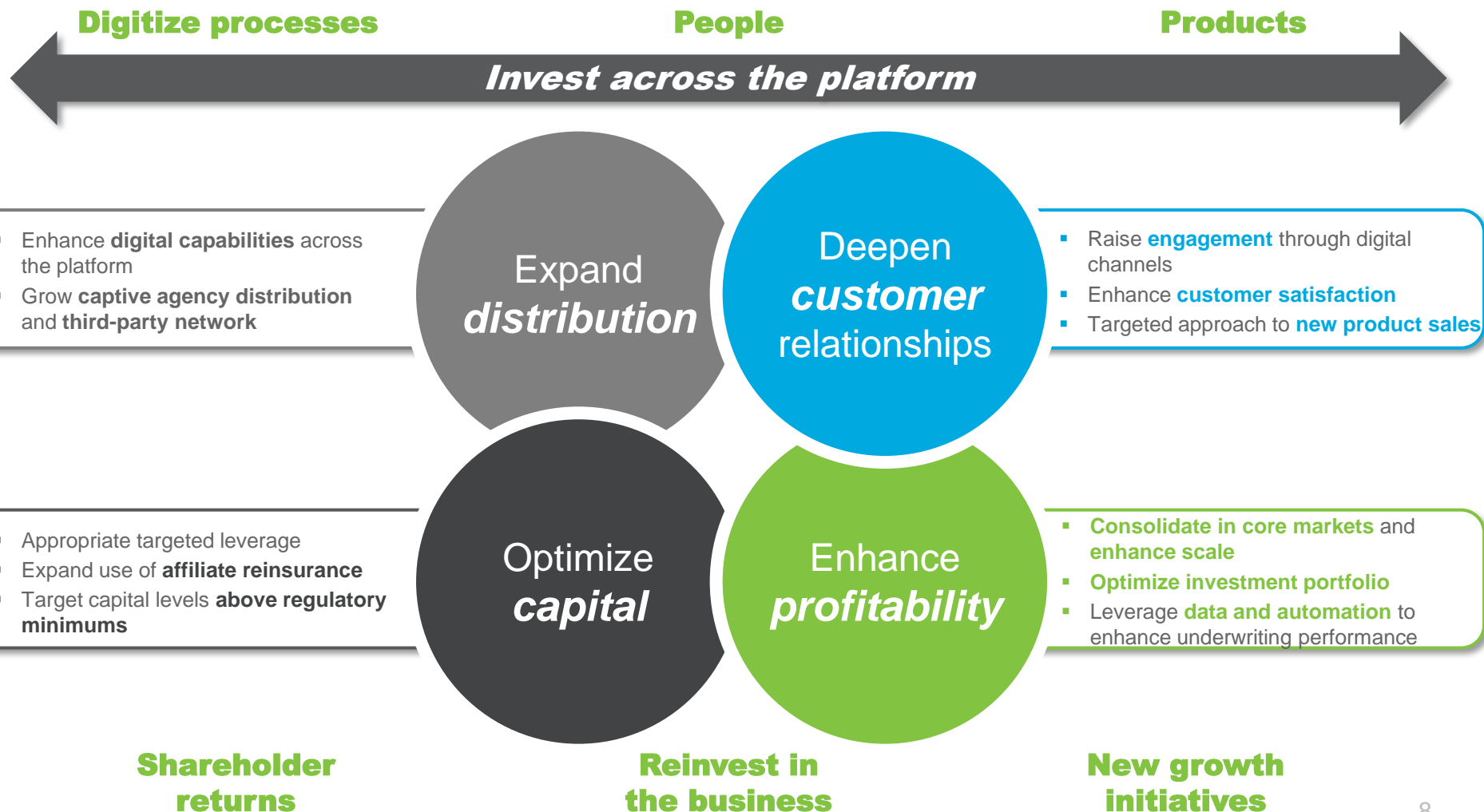


**Technological transformation** deeply embedded throughout the organization



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

## Building for future growth: ongoing continuum



## Executing on capital management priorities



### *Funding **organic growth***

- Focused on supporting growth in Sagcor Life USA and leveraging our industry leading digital capabilities
- Continuing growth in core Caribbean markets leveraging Sagcor'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 2021 and US\$33 million in 2020 (~4% annualized dividend yield at the current share price)
- Repurchased US\$20 million in common shares in 2021 and US\$13 million in 2020



### *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; additional \$150 million debt raise in Q4 2021
- SFC credit rating upgrade to BB+ during Q4 2020 by S&P
- Strong capital available with MCCR<sup>1</sup> ratio of 269% at Q4 2021
- Significant capital deployment potential

<sup>1</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

# Investment Highlights

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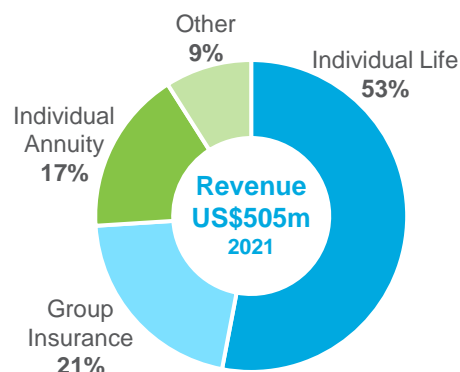
# Sagicor Life

(100% ownership)

## Competitive Advantages

- English-speaking Caribbean<sup>1</sup> operations providing life, health, and annuity insurance, pension administration services and asset management
- Largest captive distribution force in the region
- Strong brand and customer loyalty driven by long history of operations
- Demonstrated track record of premium growth via new customer acquisition and product diversification

## Diversified Business Mix



## Highlights



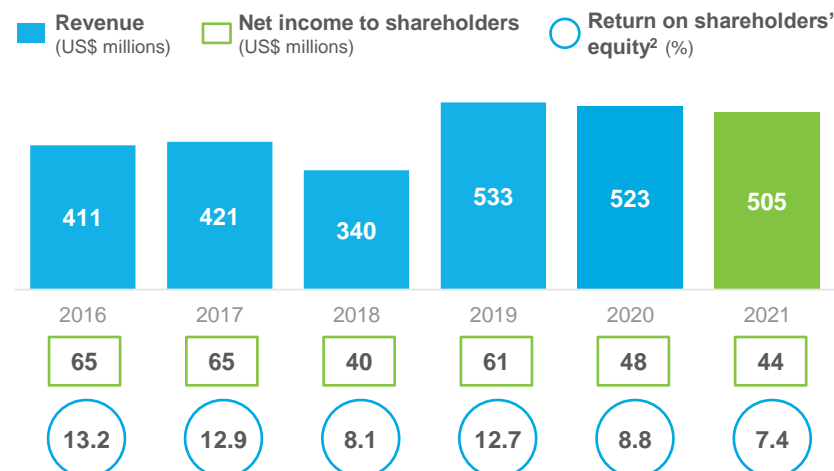
**Leading market shares** throughout the English-speaking Caribbean

- Trinidad & Tobago
- Barbados
- Cayman Islands
- Antigua & Barbuda
- Grenada
- St. Lucia
- Dominica
- Montserrat
- St. Kitts & Nevis
- Aruba
- St. Vincent & the Grenadines
- Curacao
- St. Maarten



**Significant growth upside** in a region that remains under pensioned and underinsured

## Consistent Growth and Profitability



<sup>1</sup>Outside of Jamaica and the Cayman Islands

<sup>2</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

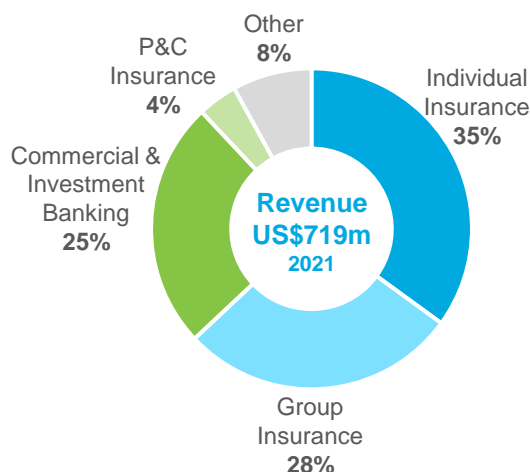
# Sagicor Jamaica

(49% ownership)

## Competitive Advantages

- Full-service financial institution offering individual life and employee benefits, P&C insurance, commercial banking, investment banking, asset management
- Very strong brand recognition
- Sagicor Bank comprised of most attractive parts of RBC Jamaica (acquired in 2014) and Sagicor's other Jamaican banking operations
- Historically outstanding ROE<sup>1</sup> performance

## Diversified Business Mix



## Highlights



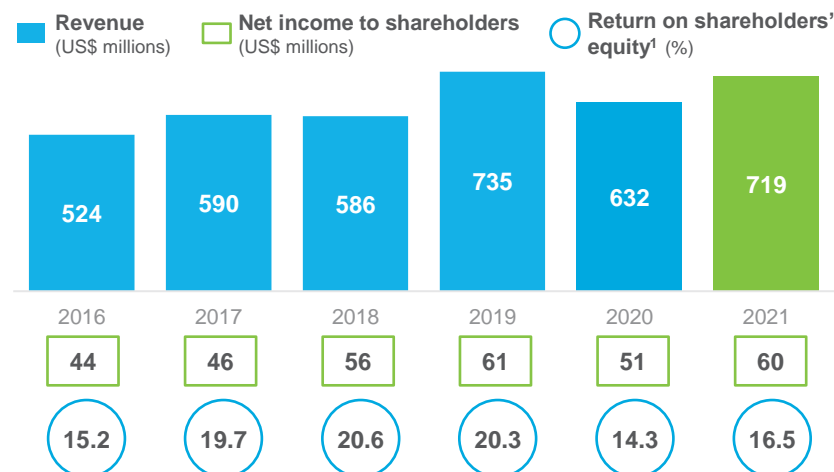
**#1 market share** in individual and group insurance, and asset management



**2nd largest publicly traded company** on the Jamaica Stock Exchange (**JSE: SJ**)

- US\$1.5 billion market cap<sup>1</sup>
- SFC equity interest worth ~US\$730 million

## Consistent Growth and Profitability



<sup>1</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

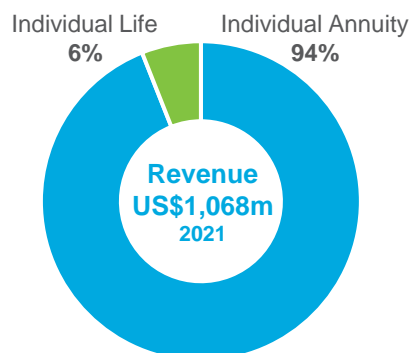
# Sagicor Life USA

(100% ownership)

## Competitive Advantages

- Fast-growing provider of fixed annuity and life insurance products in the U.S. focused on the middle-market
- Strong distribution relationships through independent channels
- Simple and “easy-to-buy” products targeting familiar customer profile
- State-of-the-art and scalable IT platform

## Business Mix



## Highlights



**Strong secular trends of U.S. retirement age population**

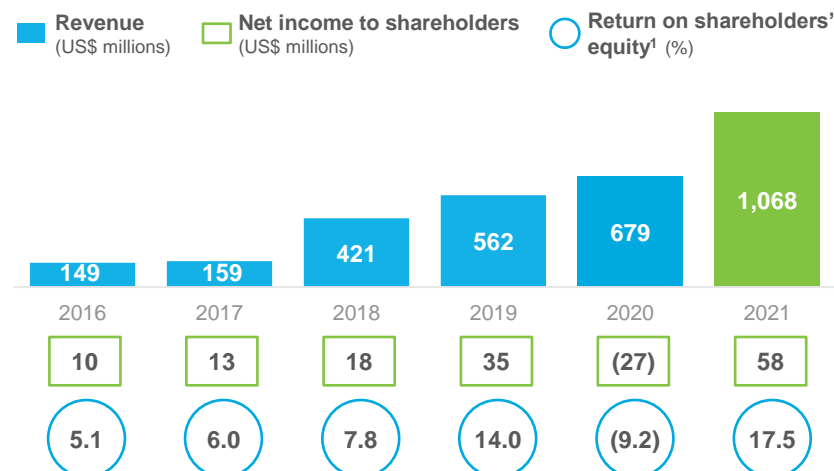


**Award-winning, simple, easy-to-buy** fixed annuity and life products

**A-  
Stable**

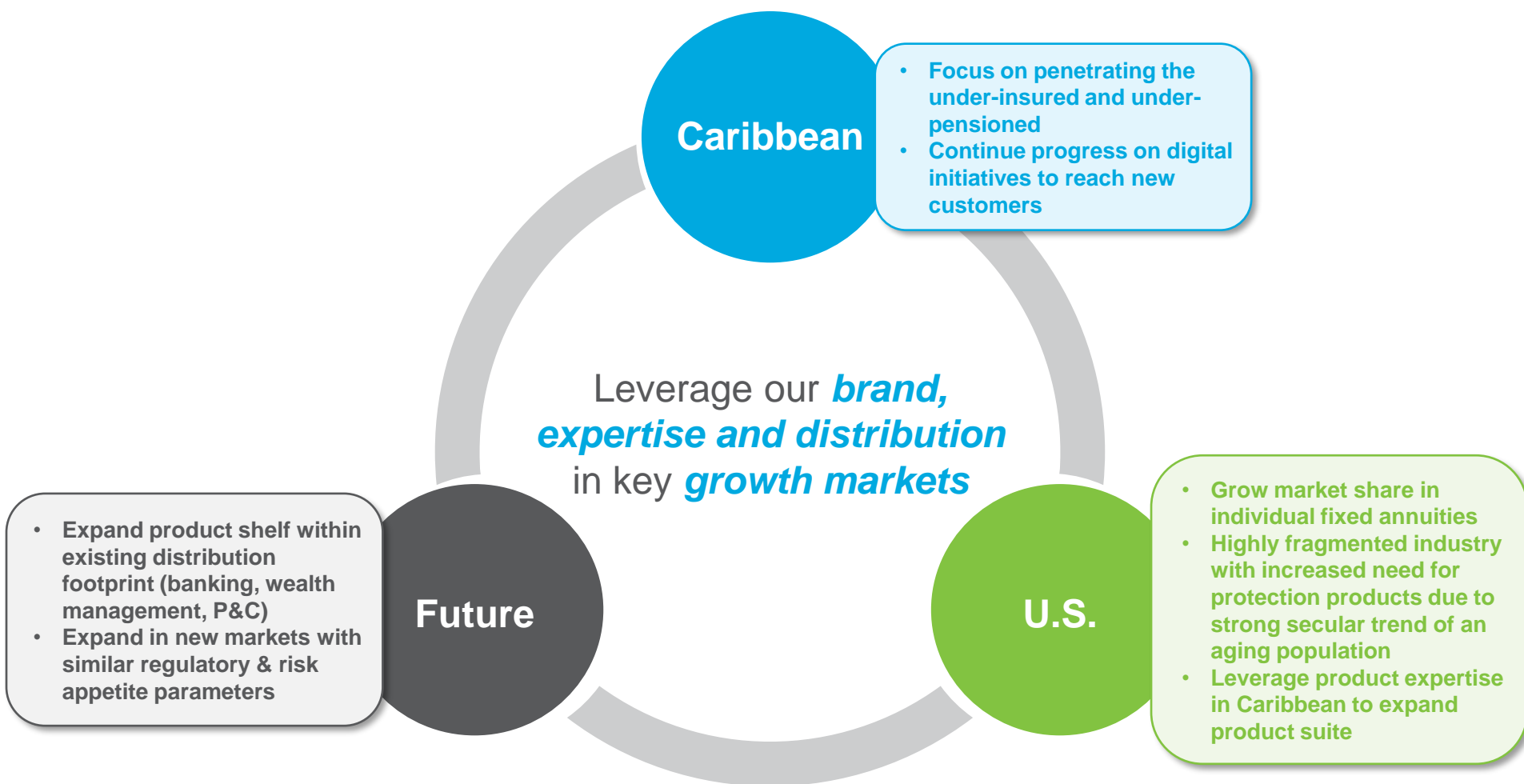
**Excellent financial strength rating** from AM Best

## Growing to Scale and Profitability



<sup>1</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

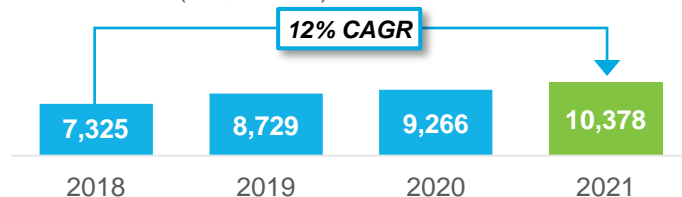
## Significant growth opportunities



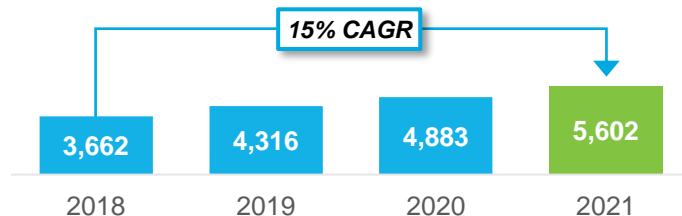
***Significant excess capital provides optionality for organic and inorganic growth***

# Track record of robust growth and profitability

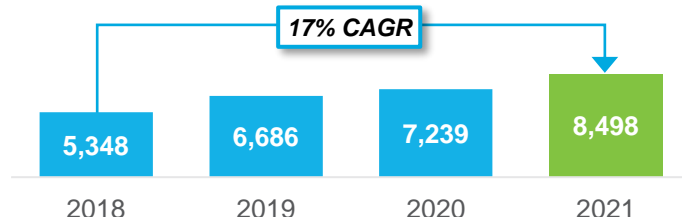
**Total assets** (US\$ million)



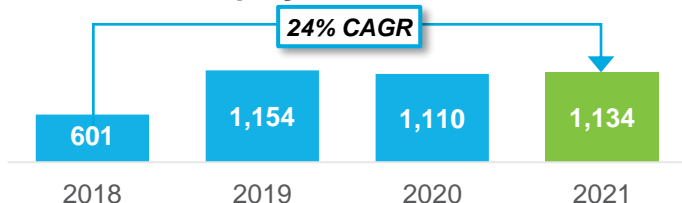
**Policy liabilities** (US\$ million)



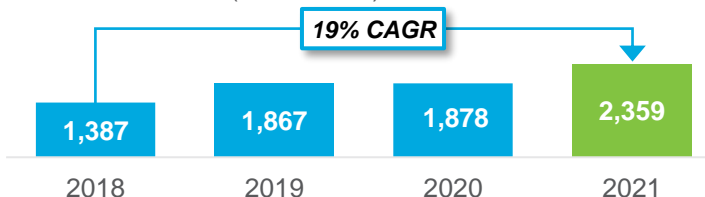
**Financial investments** (US\$ million)



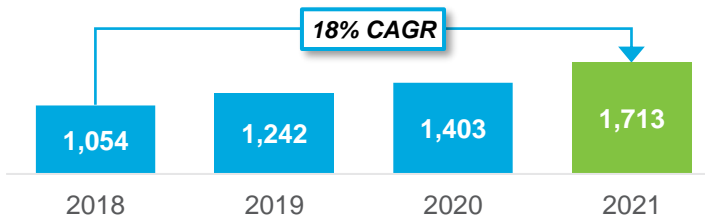
**Shareholders' equity** (US\$ million)



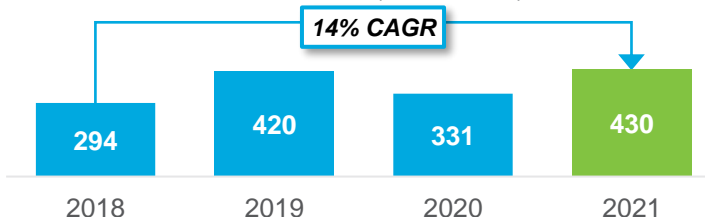
**Total revenue** (US\$ million)



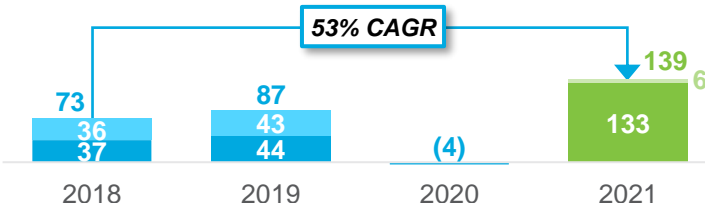
**Net premium revenue** (US\$ million)



**Net investment income** (US\$ million)



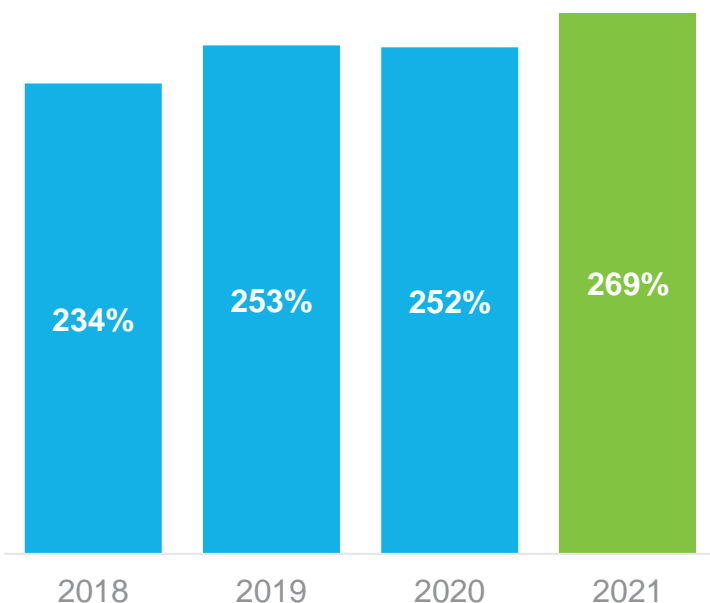
**Net income to shareholders<sup>1</sup>** (US\$ million)



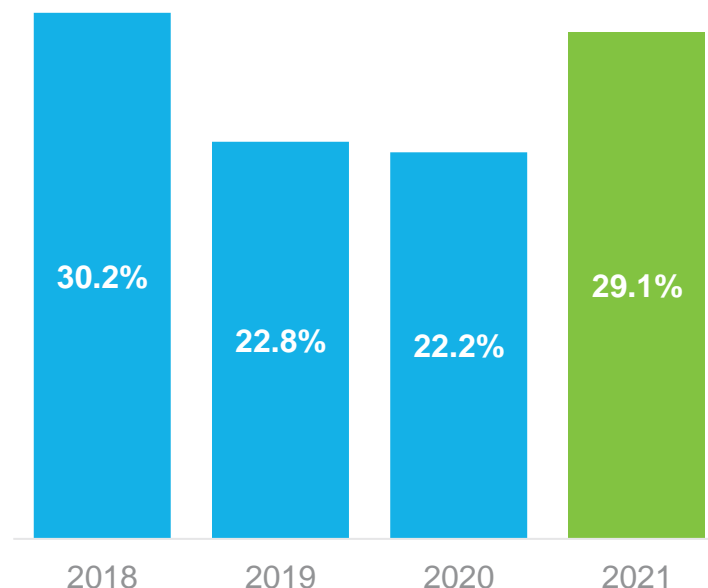
<sup>1</sup>Net income to shareholders affected by the following one-time items: \$6 million in bond refinance fees in Q2 2021, \$43 million in Alignvest transaction costs in 2019, and \$36 million of costs related to the Barbados debt restructuring in 2018. Net income to shareholders CAGR (compound annual growth rate) based on reported figures.

## Strong capital base supports future growth

MCCSR<sup>1</sup> (%)



Debt / capital ratio<sup>1</sup> (%)

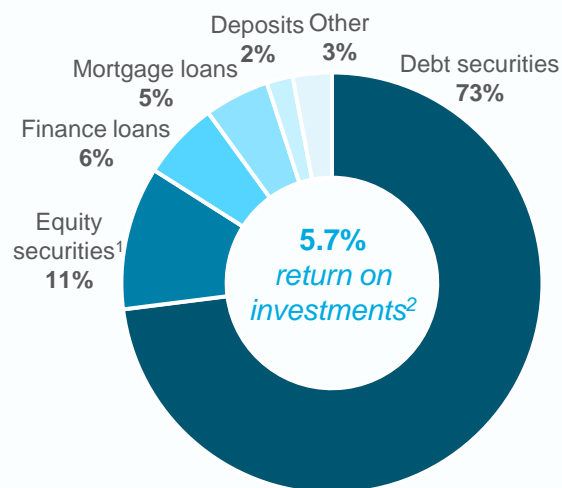


**Capital<sup>1</sup> base strengthened by \$450 million capital raise in 2019 (Alignvest transaction), approximately \$70 million from TopCo debt refinance and upside in 2021, and additional \$150 million offering in 2021**

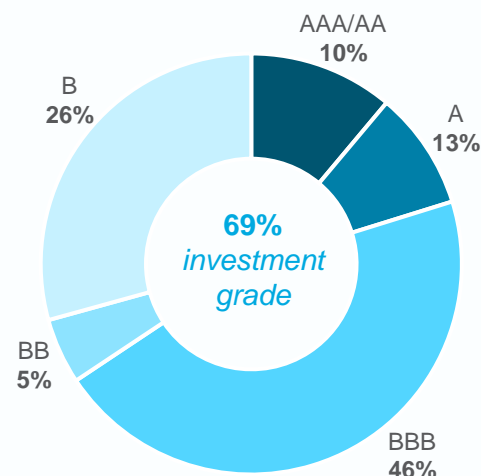
<sup>1</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

# Conservative, resilient, diversified investment portfolio

**Financial investments by asset class**  
\$8.5 billion (2021)



**Debt securities by credit rating**  
\$6.2 billion (2021)



***Strategic focus on growing Sagcor Life USA to scale and resulting increase in U.S. asset exposure leading to improved credit quality of the investment portfolio***

<sup>1</sup>Equity securities includes investment grade corporate bond ETFs and segregated funds.

<sup>2</sup>Represents a non-IFRS measure. See the Non-IFRS Measures section in this document and in our MD&A for relevant information about such measures.

# Sagikor is leaning in on digital: recent initiatives

## Enhancing Customer Touchpoints & Service

- **Sagikor One Client Centre** created a modern Client Service Center bringing together staff across services and products.
- **Virtual Customer Experience** enhanced online scheduling facility
- **Portals Enhancements** enriched processes for claims, payments, renewals, notes and certificates.
- **Chatbot Deployment** expanded use of chatbots in markets utilizing WhatsApp Business.

## New Products and New Business Lines

- **New and Expanded Insurance Products** included the launch of the Saver Series and expanded Peace Assured III. Implementation of Simplified Issue for Sagikor Life Solutions, Whole Life and Saver Series in various markets.
- **Wealth Management** implemented technology stack including online application forms, client and portfolio management, compliance, workflow, and account payments.



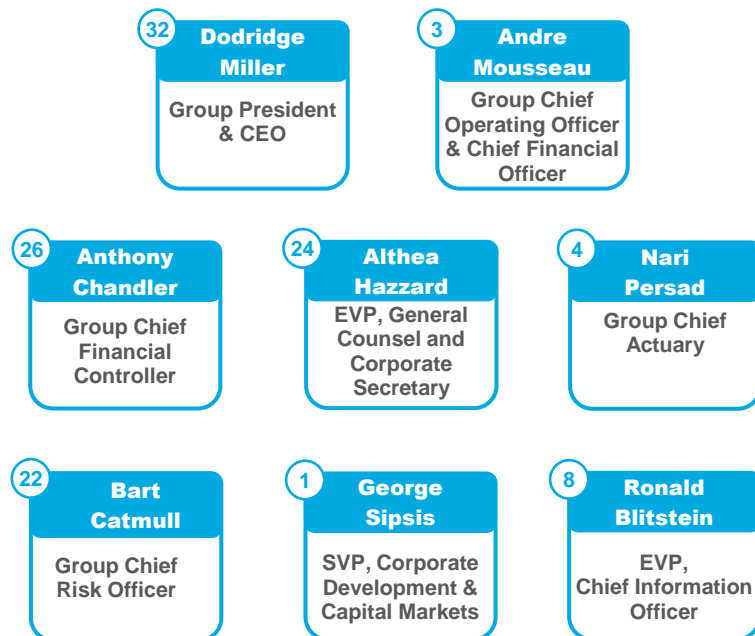
## Enhanced Sales, eCommerce and Leads

- **Safe Driver Telematics** successful experiment for a safe driver mobile application that integrates a driver's scores into mobile app feature to be offered to reduce their renewal premium, while fostering retention of better risk.
- **ApplyOn Pilot** to deliver a Leads Management solution as well as six online quotation calculators as a source of leads for the advisor force and integration with social media.
- **elife Direct to Consumer Portal** delivers an online platform for life insurance products.
- **Connect Platform with Engage** automates customer onboarding and eligibility checking and provides a seamless way of managing the digital wellness program.
- **Individual Health (IH) New Business Electronic Application** provides an electronic IH application for advisors to complete and submit online and automated integration with systems.

# Best-in-class management team and board of directors

## Sagikor Financial Company Ltd.

# Years at Sagikor



## Segments



## Board of Directors

Chairman

Mahmood Khimji

Group President & CEO

Dodridge Miller

Directors

Sir Hilary Beckles  
Archibald Campbell  
Peter Clarke  
Keith Duncan  
Monish Dutt  
Stephen Facey  
Jonathan Finkelstein  
Dennis Harris  
Stephen McNamara  
Gilbert Palter  
Reza Satchu  
Aviva Shneider

# Results Update

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## 2021 Financial Summary

## 2021 financial summary

2021

Net income to  
shareholders

**\$133m**

+3,800% Y/Y

Earnings  
per share

**US\$0.919**

+3,929% Y/Y

Return on  
shareholders' equity<sup>1</sup>

**12.6%**

+12.9 pts Y/Y

Q4 2021

Net income to  
shareholders

**\$42m**

+44% Y/Y

Earnings  
per share

**US\$0.293**

+48% Y/Y

Return on  
shareholders' equity<sup>1</sup>  
(annualised)

**15.1%**

+4.3 pts Y/Y

Financial  
Strength

Book value  
per share<sup>1</sup>

**US\$7.92**

+4% Y/Y

MCCSR<sup>1</sup>

**269%**

Improved 17 pts Y/Y

Total  
Assets

**\$10.4bn**

+12% Y/Y

### **Q4 2021: excellent quarter of strong profitability and growth**

- Sagicor Life USA posted yet another robust quarter reflecting continued progress in our U.S. strategy as that business grows towards scale
- Sagicor Jamaica had a very solid quarter overall across many of its business lines

## Investor Inquiries

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Please visit **[Sagikor.com](http://Sagikor.com)**

