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**SAGICOR FINANCIAL COMPANY LTD.  
Q1 2020 Review of Performance**



# Forward-looking information and non IFRS

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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.

## Why invest in Sagicor (TSX:SFC)

- Solid, market-leading and profitable Caribbean life insurer and financial services provider with three strong operating segments – Sagicor Life Inc., Sagicor Group Jamaica (49% controlling ownership) and Sagicor Life USA
- Well-capitalized to execute growth
- Compelling valuation with US\$7.07 book value per share (approximately C\$9.55)
- Over 5% current dividend yield; US\$0.225 annualized (paid quarterly)

# Review of Q1 2020 key highlights

- COVID-19 brought significant disruption to the markets
- All segments were impacted to varying degrees by market reaction to COVID-19
- Reported net income to shareholders from continuing operations was a loss \$29 million, impacted by lower asset valuations
- Underlying net income of \$18 million, excluding estimated impact from COVID-19
- Total revenues of \$343 million
- Book value per share of US\$7.07
- Total available capital of \$2.1 billion, total debt/capital of 24%

## Recall FY 2019 highlights

- Net income to shareholders from continuing operations of \$87 million (versus target of \$77 million)
- Total revenues of \$1.9 billion, up 35%
- Book value per share of US\$7.81 at the end of Q4 2019
- Completed transaction with Alignvest Acquisition II Corp
  - Added new anchor shareholders
  - Secured \$450 million of new equity
  - Transitioned listing to Toronto Stock Exchange



All figures in USD unless otherwise noted.

Non-recurring cash and non-cash transaction expenses of \$43 million have been excluded from net income.

# Capitalization

- \$1.1 billion of shareholders equity, including \$450 million of additional equity capital raised in 2019 to be deployed in 2020 and beyond
- Approximately 148.5 million shares outstanding, of which approximately 44% is held by new anchor shareholders with strong board representation
- Debt/capital ratio of 24%, including \$390 million of financial debt at holding company
- Financial metrics at investment grade level (current S&P and Fitch ratings BB)
- MCCSR of 227% for its insurance entities as at Q1 2020

Shares outstanding includes 3.2 million shares that will be cancelled if shares do not trade above C\$12 by December 2024 and 3.2 million shares that will be cancelled if book value does not increase by \$125 million by year end 2024.

# Sagicor is a market leader in the Caribbean

- Leading indigenous life insurer in English-speaking Caribbean countries
- Strong market share across core geographies
- 180-year history, >4,500 employees including 1,300 agents in 20 countries

## LEADING MARKET POSITIONING



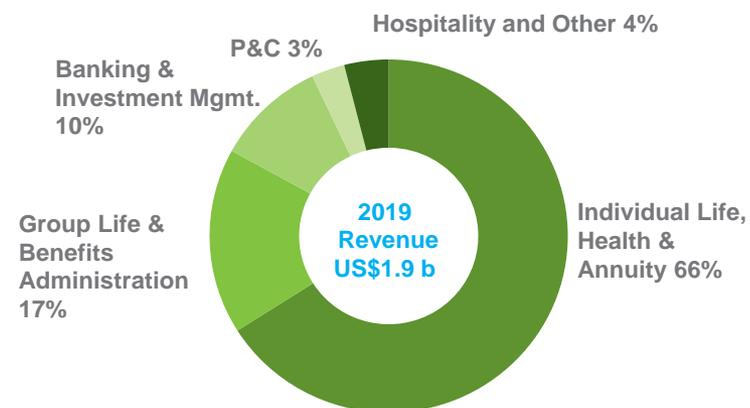
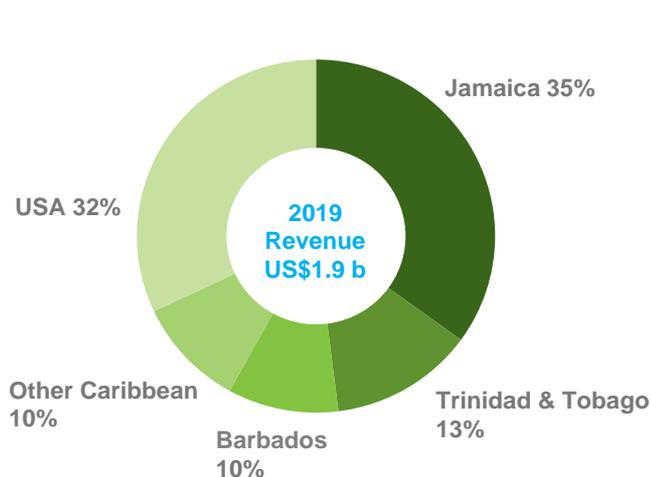
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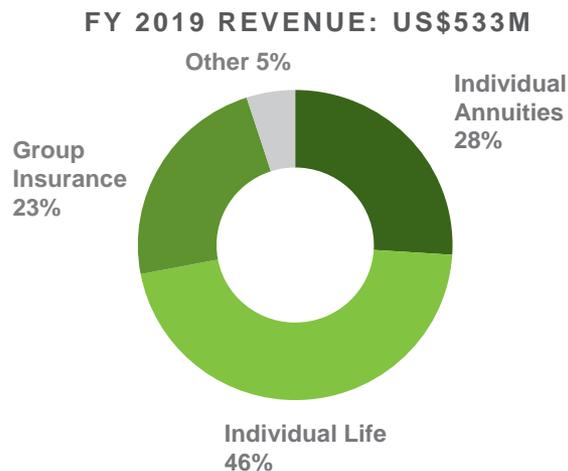
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# Sagicor Life – Q1 2020

## Sagicor Life (100% Ownership)

- Leading market shares throughout English-speaking Caribbean
- Revenue growth opportunity in a region that remains under pensioned and under insured



## Q1 2020 Highlights

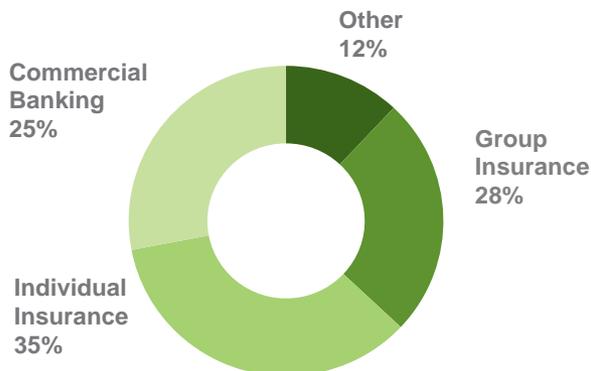
- Revenues of \$153 million declined 16% Q/Q
  - Impacted by mark-to-market losses on its financial investments
  - Prior year premiums had the benefit of a large single premium contract in the Eastern Caribbean
  - Excluding that impact, net premiums would have increased 8%
- Benefits and expenses improved 9% Q/Q
  - Mainly due to decreased provisions from lower single premium business during the quarter as compared to prior year
- Net income to shareholders of \$2 million for the quarter as compared to \$12 million in the prior year quarter
- Management estimates that underlying net income was approximately \$10 million

# Sagicor Jamaica – Q1 2020

## Sagicor Jamaica (JSE: SJ) (49% Ownership)

- #1 individual life, group health provider in Jamaica, plus significant investment management and commercial bank
- 2<sup>nd</sup> largest publicly traded conglomerate on Jamaica Stock Exchange with ~ \$1.3 billion market cap (SFC's stake is worth ~\$650 million)

FY 2019 REVENUE: US\$735M



## Q1 2020 Highlights

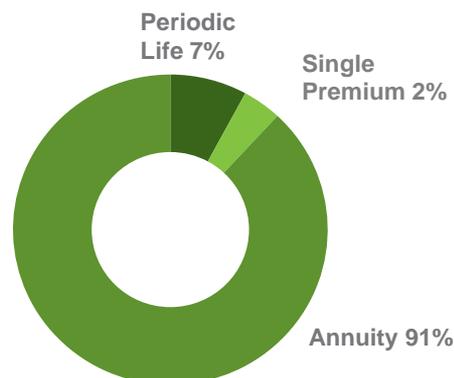
- Revenues of \$132 million declined 19% Q/Q
  - Primarily driven by broad market decline in the bond and equity markets and significant unrealized expected credit losses on investment securities from the market response to COVID
  - Net premiums increased 18% with growth across all business lines
- Benefits and expenses improved 23% Q/Q
  - In part due to improvements in actuarial assumptions for morbidity and lapses
- Net income to shareholders of \$9 million as compared to \$10 million in the prior year quarter
- Management estimates underlying net income was approximately \$14 million

# Sagicor Life USA – Q1 2020

## Sagicor Life USA (100% Ownership)

- Growing provider of life insurance and fixed annuities

FY 2019 GROSS PREMIUMS: US\$456M



## Q1 2020 Highlights

- Revenues of \$91 million declined 56% Q/Q
  - Premiums impacted by continued low interest rates on annuity products
  - Significant realized and unrealized investment losses due to market response to COVID
- Benefits and expenses improved 45% Q/Q
  - Due to lower premiums and associated reserves
- Net loss to shareholders of \$14 million compared to net income of \$7 million in the prior year quarter
- Management estimates underlying net income was approximately \$8 million

# COVID-19 response

We are focused on employees, customers and community

| Employees                                                                                                    | Customers                                                                            | Community                                                                                                  |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Immediate travel restrictions                                                                                | Early pension payments in case of need                                               | Sagicor Group donated US\$1 million to assist Caribbean regions                                            |
| Varying levels of “Working from Home” (approx. 60% to 98%)                                                   | Mortgage payment deferrals                                                           | Sagicor donates 20,000 N 95 masks to essential workers in Trinidad                                         |
| Slowly reopening offices in some locations with enhanced health and safety protocols and physical distancing | Temporary non-termination of life insurance policies and suspension of policy lapses | Sagicor Antigua distributes care packages to nurses on front lines                                         |
|                                                                                                              | Promotion of telemedicine claims to support medical practitioners                    | Launched online camp for 4-10 year old children during COVID                                               |
|                                                                                                              | Product launch in Caribbean of aimed at group insurance for health workers           | Launched small business virtual webinars focused on marketing strategies to help them manage in new normal |

# Estimated financial impact from COVID-19

## Underlying net income

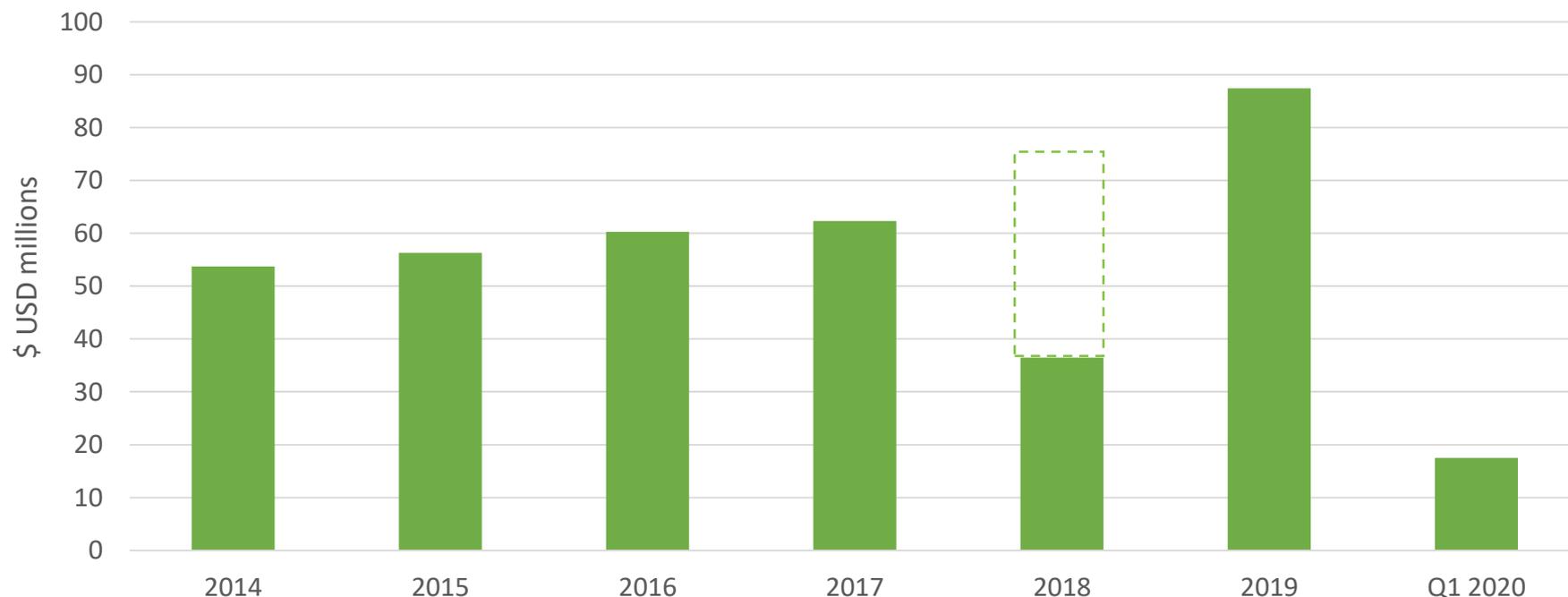
- Non-IFRS measure to help better understand normalized earnings capacity and valuation of the business, excluding the impact of the COVID-19 pandemic due to :
  - higher estimated credit loss provisions
  - marking to market of investment assets, including bonds, equities and hedging instruments
  - write down of intangibles
  - reduced value of certain deferred tax losses as a result of lower gain positions on investments
- Some of these adjustments may reverse in future quarters if and as economic conditions improve in a post pandemic environment

## Estimated reconciliation

|                                                                         |                         |
|-------------------------------------------------------------------------|-------------------------|
| <b>Net income (loss) attributed to shareholders</b>                     | <b>(\$29.3 million)</b> |
| Increase in expected credit losses due COVID-19 (1)                     | \$12.9 million          |
| Mark to market losses due to COVID-19 (1)                               | \$22.0 million          |
| Write-down of intangibles and other (1)                                 | \$5.0 million           |
| Reduction in deferred tax assets (1)                                    | \$3.8 million           |
| Expenses recognized in quarter related to Alignvest Arrangement in 2019 | \$3.1 million           |
| <b>Underlying net income for Q1 2020 (1)</b>                            | <b>\$17.5 million</b>   |

(1) Management estimate

# Net income to shareholders



Represents net income to shareholders from continuing operations.

- 2018 affected by Barbados debt restructuring. Management estimates net income to shareholders in 2018 would have been approximately \$76 million excluding the debt restructuring.
- 2019 figures exclude \$43 million of cash and non-cash transaction expenses.
- Q1 2020 figure represents management's estimate of underlying net income of \$17.5 million, a non-IFRS measure, which excludes management's estimate of the financial impact from COVID-19 based on certain items outlined in a prior slide; Reported net loss to shareholders for Q1 2020 was \$29.3 million.

# 2020 Outlook

- 2020 started with positive momentum after exceeding targets in 2019
- Starting in March 2020, COVID-19 pandemic has affected all of the markets in which we operate
  - Concentrating on adjusting operations, continuing to support our policyholders, customers and local economies
  - Phased approach to reopening offices
- Q1 results primarily affected by asset price movements, much of which has reversed so far in Q2
- SFC guidance for financial targets for the year on hold until COVID effects can be assessed
- SFC is well capitalized to weather the storm and positioned to continue to grow once economic uncertainty passes

# Growth opportunities

- Continue growth in Caribbean markets where Sagicor is a leader and population is under-insured
- Expand product base in core markets into banking and wealth management
- Continue to grow U.S. business in life and annuities
- Use excess capital for inorganic growth
- Optimize balance sheet



## Key takeaways



- Established 180 year old market-leading Caribbean life insurer with opportunities for growth in core markets
- Strong brand and customer loyalty
- Well-capitalized with \$450 million new equity raise
- Compelling entry point with new listing on TSX

# For further information

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