

Sagicor Financial Company Ltd. Reports First Quarter 2021 Results

Strong revenue growth and net income

Toronto and Barbados (May 14, 2021) – Sagicor Financial Company Ltd. (TSX: SFC, “Sagicor” or “Company”), a leading financial services provider in the Caribbean with a growing presence in the US, today announced its results for the first quarter ended March 31, 2021. All figures are in US\$ unless otherwise stated.

Highlights

- **Total net revenue** of \$431.5 million in Q1 increased 26% year over year
- **Net insurance premiums** of \$276.1 million in Q1 decreased 13% year over year
- **Net income to shareholders** of \$31.5 million in Q1
- **Earnings per share** of US\$0.215 in Q1
- **Return on shareholders’ equity (annualised)** of 11.6%
- **Total comprehensive loss to shareholders** was \$1.6 million in Q1
- **Strong financial position with total capital available** of \$2,079.5 million and **MCCSR** of 246%
- **Book value per share** of US\$7.52 or C\$9.46
- **Dividend of US\$0.05625 per common share** to be paid during the second quarter (US\$0.225 annualized dividend)

Dodridge Miller, Group President and Chief Executive Officer, said:

“We are pleased with the performance of our company this quarter. We delivered meaningful revenue growth and strong net income to shareholders. Our results were positively impacted by strategic investments that supported the growth across all our main operating segments.”

“The results from our first quarter reflect continued normalization of our operations in our markets. While the global pandemic continues to affect lives around the world, and in particular several source countries of visitors to the Caribbean with uncertain resolution, we have pivoted well to working remotely where required, and remained nimble enough to make solid investments and take advantage of the recovery in the capital markets. After quarter end, we took advantage of favourable market conditions and were able to refinance our top company bonds with interest rate savings of over 3.5%. The new notes have the overall effect of significantly lowering our cost of capital and providing us with additional liquidity for growth. Our capital position remains strong and we are well positioned to progress our strategic initiatives.”

Consolidated Highlights

| Profitability (US\$ millions) | Q1 2021 | Q1 2020 | Change |
|---|---------|---------|----------|
| Total net revenue | 431.5 | 343.2 | 26% |
| Net income (loss) to shareholders | 31.5 | (29.3) | 208% |
| Annualized return on shareholders' equity (%) | 11.6% | (10.5%) | 22.1 pts |

| Financial strength (US\$ millions) | Q1 2021 | Q1 2020 | Change |
|---------------------------------------|---------|---------|-----------|
| Shareholders' equity | 1,101 | 1,050 | 5% |
| Book value per share (US\$ per share) | 7.52 | 7.07 | 6% |
| MCCSR ratio (%) | 246% | 227% | 19 pts |
| Debt to capital ratio (%) | 22.0% | 24.0% | (2.0 pts) |
| Total capital | 2,080 | 2,124 | (2%) |

Overall Sagicor Group - Quarterly Highlights

- **Total net revenue including premiums** of \$431.5 million increased 26% in the quarter compared to the same period in the prior year while net insurance premium revenue of \$276.1 million decreased by 13% Y/Y. Revenues were supported by significantly higher net investment income, compared to Q1 2020 which suffered from unusual negative net investment income driven by capital markets volatility due to the onset of the COVID-19 pandemic.
- **Net income to shareholders** of \$31.5 million in the quarter was a significant improvement over the net loss of \$29.3 million recorded in Q1 2020. The main contributing factor to the financial performance during the three-month period was strong net investment income, including net gains from SFC's direct investment in Playa Hotels and Resorts ("Playa") which contributed \$26 million of net income to shareholders. As of Q1 2021, Playa is accounted for as an investment held at fair value through profit and loss and is no longer accounted for as an associate.
- **Total comprehensive loss to shareholders** was \$1.6 million with \$33.1 million of other comprehensive loss to shareholders. The other comprehensive loss was primarily due to the marking to market of prices of bonds held at fair value through other comprehensive income as rising interest rates in the USA caused the value of our bonds backing capital to fall. In addition, we experienced retranslation losses due to the devaluation of the Jamaican dollar.
- **Total capital** of \$2,080 million decreased 2% compared to the prior quarter due to deterioration in asset values. The Company's voluntarily adopted **MCCSR ratio** for its insurance businesses remained strong at 246% and the Company's **debt to capital ratio** was 22.0%, representing an improvement of 2.0 percentage points Y/Y.

Dividends

The Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US\$0.05625 per common share. This quarterly dividend will be paid on June 15, 2021, to shareholders of record at the close of business on May 25, 2021. This is the sixth dividend payment Sagicor has paid to its shareholders since becoming a publicly listed company on the Toronto Stock Exchange. The Company will continue to review its dividend policy going forward given the economic situation stemming from the COVID-19 pandemic.

Business Segment Performance

Sagicor considers its business within three main operating segments: Sagicor Life (includes southern Caribbean), Sagicor Jamaica (of which the Company owns 49.1% and which is consolidated by the Company), and Sagicor Life USA.

| Performance (US\$ millions) | Q1 2021 | Q1 2020 | Change (%) |
|--|------------|------------|---------------|
| Total net revenue | | | |
| Sagicor Life | 130 | 113 | 15% |
| Sagicor Jamaica | 166 | 132 | 25% |
| Sagicor Life USA | 111 | 91 | 22% |
| Head office ⁽¹⁾ | 25 | 7 | 264% |
| Benefits and expenses | | | |
| Sagicor Life | (121) | (110) | (10%) |
| Sagicor Jamaica | (137) | (104) | (32%) |
| Sagicor Life USA | (109) | (109) | (1%) |
| Head office ⁽¹⁾ | (25) | (33) | 24% |
| Net income/(loss) to shareholders | | | |
| Sagicor Life | 8 | 2 | 337% |
| Sagicor Jamaica | 10 | 9 | 9% |
| Sagicor Life USA | 1 | (14) | 108% |
| Head office ⁽¹⁾ | 12 | (26) | 147% |

⁽¹⁾ Head office, other, and adjustments

Note: Values may not add due to rounding

Business Segment - Quarterly Highlights

Sagicor Life

- **Total net revenue including premiums** of \$130.1 million increased 15% Y/Y. Net premium revenue of \$94.9 million increased 1% Y/Y as the segment benefitted from 7% growth in its new business sales to individuals. Net investment income of \$25.6 million was \$8.2 million above the \$17.5 million reported in the same quarter last year.
- **Net income to shareholders** of \$8.3 million increased by 337% or \$6.4 million Y/Y.

Sagicor Jamaica

- **Total net revenue including premiums** of \$165.5 million increased 25% Y/Y. Net premium revenue decreased 10% Y/Y to \$85.1 million primarily due to the devaluation of the Jamaican dollar. Investment gains totaled \$3.2 million and were higher than the mark-to-market losses of \$45.9 million reported in the same period in the prior year.
- **Net income to shareholders**, after consideration of Sagicor's 49.1% ownership, increased by 9% Y/Y to \$9.9 million, relative to a profit of \$9.1 million in the same quarter in the prior year.

Sagicor Life USA

- **Total net revenue including premiums** increased 22% Y/Y to \$110.8 million. Net premium revenue closed the period at \$86.8 million, down 28% Y/Y, as the segment had lower sales of annuities, partially offset by a 126% increase in life premiums during the quarter.
- **Net income to shareholders** of \$1.1 million relative to a loss of \$14.3 million in the same quarter in the prior year.

Bond Refinance – Subsequent to the Quarter

On May 13, 2021 Sagicor completed an offering of \$400 million of 5.300% Senior Notes due May 13, 2028. The Company used partial proceeds of the transaction to repurchase \$130 million in aggregate principal amount of its 8.875% Senior Notes due 2022 issued by its subsidiary Sagicor Finance (2015) Limited (the "2022 Notes"). Sagicor intends to repurchase the remaining \$188 million 2022 Notes later this year. Sagicor expects to retain approximately \$70 million of net cash proceeds to be used for general corporate purposes once all the 2022 Notes are repurchased.

Outlook for 2021

The Group's outlook for 2021 continues to be affected by the uncertain resolution to the pandemic that was declared in March 2020. The Group's financial results in Q1 2021 reflect continued normalization of operations in our markets. However, the economies in which we operate continue to be directly impacted by the lockdown in our markets and reduction in global economic activity, including tourism, which affects our Caribbean economies significantly. It is unclear when the pandemic will recede enough to fully open the economies in which we operate. As such, we will continue to monitor the situation and will resume providing specific guidance with respect to earnings targets when the timing of economic recovery becomes more certain.

Normal Course Issuer Bid

As announced in September, Sagicor received approval for an amended share buyback program that allows it to repurchase up to 8,000,000 of its common shares under a normal course issuer bid. Sagicor repurchased 266,600 shares in Q1 2021 for a total cost of US\$1.3 million. Since the start of the program in June 2020, the Company has repurchased 3,209,100 shares in the open market for cancellation for an aggregate purchase price of approximately US\$14.4 million as at Q1 2021. The number of issued and outstanding common shares at March 31, 2021 was 146,428,904.

Management's Discussion and Analysis and Consolidated Financial Statements (unaudited)

This press release, which was approved by the Company's Board of Directors and Audit Committee, should be read in conjunction with the Company's unaudited financial statements and accompanying management's discussion and analysis ("MD&A"). The unaudited financial statements and MD&A are available on the Company's website at www.sagicor.com and will soon be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Conference Call

Sagicor Financial Company Ltd. will host a conference call for analysts and investors to review its earnings results on May 19 at 11:00 a.m. EST in Toronto (11:00 a.m. AST in Barbados and Trinidad, 10:00 a.m. EST in Jamaica). To listen to the call via live audio webcast, visit the Company's website at www.sagicor.com, under the tab "Investor Relations." The conference call is also available by dialing 1-416-764-8688 or 1-888-390-0546 (North American toll free) or 08006522435 (United Kingdom) or 1-866-290-2216 (Barbados) or 1-800-207-8221 (Trinidad), passcode 83411748. A replay will also be available until June 19, 2021 by dialing 1-416-764-8677 or 1-888-390-0541 (North American toll free), passcode 411748#. A transcript of the call will also be made available on www.sagicor.com.

About Sagicor Financial Company Ltd.

Sagicor Financial Company Ltd. (TSX: SFC) is a leading financial services provider in the Caribbean, with over 180 years of history, and has a growing presence as a provider of life insurance products in the United States. Sagicor offers a wide range of products and services, including life, health, and general insurance, banking, pensions, annuities, and real estate. Sagicor's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. Additional information about Sagicor can be obtained by visiting www.sagicor.com.

As a result of the transaction with Alignvest Acquisition II Corporation, the financial history of the Company presented herein, as well as in the Company's filings made after the closing of the transaction, are that of Sagicor Financial Corporation Limited, now a wholly-owned subsidiary of the Company.

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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, MCCSR, debt to capital ratio, debt to equity ratio, and dividend pay-out ratio. Please see the "Non-IFRS Financial Information" section of the Management's Discussion and Analysis for a reconciliation of these 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 news release 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 Sagicor. Sagicor'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 Sagicor 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 Sagicor with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Sagicor's expectations only as of the date of this document. Sagicor 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.