

## Sagicor Financial Corporation Results for the Nine Months ended September 30, 2017

*All figures quoted in United States Dollars unless otherwise stated*

### Earnings Per Share

Sagicor Financial Corporation (SFC) for the Nine Months Ended September 30, 2017 (NM17) reported a Diluted Earnings Per Share (EPS) of 15.2 cents, down 4.40 per cent on the corresponding period's EPS of 15.9 cents in fiscal 2016.

On Continuing Operations alone, SFC reported a Diluted EPS of 15.2 cents for NM17, a decrease of 1.30 per cent from NM16's EPS from Continuing Operations of 15.4 cents.

|  | NM17<br>US\$'000 | NM16<br>US\$'000 | \$ Change<br>NM17 -<br>NM16<br>US\$'000 | % Change<br>NM17 -<br>NM16 |
|--|------------------|------------------|---|----------------------------|
| <b>Revenue</b>                                 |                  |                  |   |                            |
| Net premium revenue                            | 558,804          | 492,686          | 66,118                                  | 13.42%                     |
| Net investment and other income                | 352,125          | 357,788          | (5,663)                                 | -1.58%                     |
| Total revenue                                  | 910,929          | 850,474          | 60,455                                  | 7.11%                      |
| <b>Benefits and Expenses</b>                   |                  |                  |   |                            |
| Benefits                                       | 474,373          | 422,192          | 52,181                                  | 12.36%                     |
| Expenses                                       | 329,148          | 312,720          | 16,428                                  | 5.25%                      |
| Total benefits and expenses                    | 803,521          | 734,912          | 68,609                                  | 9.34%                      |
| <b>Income Before Taxes</b>                     | 107,408          | 115,562          | (8,154)                                 | -7.06%                     |
| Income taxes                                   | (29,303)         | (27,524)         | (1,779)                                 | 6.46%                      |
| <b>Net Income From Continuing Operations</b>   | 78,105           | 88,038           | (9,933)                                 | -11.28%                    |
| Net income/(loss) from discontinued operations |                  | 1,850            | (1,850)                                 | -100.00%                   |
| <b>Net Income For The Period</b>               | 78,105           | 89,888           | (11,783)                                | -13.11%                    |
| <b>Net Income Attributable To:</b>             |                  |                  |   |                            |
| Common Shareholders                            |                  |                  |   |                            |
| From continuing operations                     | 47,211           | 50,162           | (2,951)                                 | -5.88%                     |
| From discontinued operation                    | 0                | 0                | 0                                       | 0%                         |
|  | 47,211           | 52,012           | (4,801)                                 | -9.23%                     |
| Participating policyholders                    | (1,595)          | (2,015)          | 420                                     | -20.84%                    |
| Non-controlling interests                      | 32,489           | 39,891           | (7,402)                                 | -18.56%                    |
|  | 78,105           | 89,888           | (11,783)                                | -13.11%                    |



**Basic earnings per common share (cents):**

|                             |      |      |       |          |
|-----------------------------|------|------|-------|----------|
| From continuing operations  | 15.5 | 16.2 | (0.7) | -4.32%   |
| From discontinued operation | 0.0  | 0.6  | (0.6) | -100.00% |
|                             | 15.5 | 16.8 | (1.3) | -7.74%   |

**Fully diluted earnings per common share (cents):**

|                             |      |      |       |          |
|-----------------------------|------|------|-------|----------|
| From continuing operations  | 15.2 | 15.4 | (0.2) | -1.30%   |
| From discontinued operation | 0.0  | 0.5  | (0.5) | -100.00% |
|                             | 15.2 | 15.9 | (0.7) | -4.40%   |

During the nine months period under review, Net Premium Revenue increased by 13.42 per cent or \$66.12MM to \$558.80MM from \$492.69MM in NM16. Net Investment Income and Other Income fell by \$5.66 MM or 1.58 per cent to \$352.13MM in NM17 from \$357.79MM in NM16. As such, the Group recorded Total Revenue of \$910.93MM for NM17, up 7.11 per cent or \$60.46MM from \$850.47MM in the corresponding nine month period in 2016.

For NM17, Benefits grew by 12.36 per cent or \$52.18MM to \$474.37MM compared to \$422.19MM for NM16, this was due to the actuarial provisions for new business and the issuance of a single premium annuity in the Jamaica segment. Expenses rose by 5.25 per cent or \$16.43MM to \$329.15MM in NM17 from \$312.72MM in NM16, as a result of the expansion of credit card and payments businesses in the banking segment. Overall, Total Benefits and Expenses amounted to \$803.52MM up, 9.34 per cent or \$68.61MM from \$734.91MM in NM16.

The Group reported Income Before Taxes of \$107.41MM, down 7.06 per cent or \$8.15MM from the \$115.56MM in the comparable nine months period in 2016. The Effective Tax Rate increased from 23.82 per cent in NM16 to 27.28 per cent in NM17 and Income Taxes rose from \$27.52MM (NM16) to \$29.30MM (NM17). Net Income from Continuing Operations closed at \$78.11MM, down 11.28 per cent or \$9.93MM from \$88.04MM in NM16. There was no Net Income/(Loss) from Discontinued Operations posted in NM17 compared to a profit of \$1.87MM in NM16. Thus, Net Income for the Period closed at \$78.11MM, down 13.11 per cent or \$11.78MM from \$89.89MM in NM16. Net Income Attributable to Shareholders slid by 9.23 per cent or \$4.80MM from \$52.01MM in NM16 to \$47.21MM in NM17.

|                                       | Sagikor Life |          | Sagikor Jamaica |          | Sagikor Life USA |          | Head Office and Other |           | Inter-segment Eliminations |          | Total    |          |
|---------------------------------------|--------------|----------|-----------------|----------|------------------|----------|-----------------------|-----------|----------------------------|----------|----------|----------|
|                                       | NM17         | NM16     | NM17            | NM16     | NM17             | NM16     | NM17                  | NM16      | NM17                       | NM16     | NM17     | NM16     |
|                                       | US\$'000     | US\$'000 | US\$'000        | US\$'000 | US\$'000         | US\$'000 | US\$'000              | US\$'000  | US\$'000                   | US\$'000 | US\$'000 | US\$'000 |
| Total Revenue                         | 306,238      | 306,774  | 452,418         | 401,696  | 116,700          | 107,749  | 93,574                | 74,797    | (58,001)                   | (40,542) | 910,929  | 850,474  |
| Total Benefits & Expenses             | 249,907      | 248,132  | 365,327         | 306,571  | 102,274          | 101,551  | 72,125                | 58,020    | 13,888                     | 20,638   | 803,521  | 734,912  |
| Income Before Taxes                   | 56,331       | 58,642   | 87,091          | 95,125   | 14,426           | 6,198    | 21,449                | 16,777    | (71,889)                   | (61,180) | 107,408  | 115,562  |
| Net Income from Continuing Operations | 49,013       | 52,937   | 70,703          | 76,472   | 9,377            | 4,028    | 20,901                | 15,781    | (71,889)                   | (61,180) | 78,105   | 88,038   |
| Net Assets                            | 553,266      | 554,297  | 507,811         | 461,793  | 234,483          | 216,863  | (411,115)             | (406,161) | 0                          | 0        | 884,445  | 826,792  |



## Key Developments

The result for the period was impacted by a net provision of \$7.5MM related to claims exposure from Hurricane activity during the year.

At the current price of TT\$7.95 the P/E ratio is 6.40 times which is below the non-banking/finance sector weighted average P/E of 13.34 times. SFC's historic dividend yield is 4.2 per cent compared to the non-banking/finance sector weighted average dividend yield of 3.22 per cent.

|   |                     |
|---|---------------------|
| Financial Year End                      | December 31         |
| Symbol on TTSE                          | SFC                 |
| Issued Share Capital                    | 304.49MM            |
| Market Capitalization                   | TT\$2.35B           |
| Current Price (as at November 20, 2017) | TT\$7.95            |
| 52 Week Price Range                     | TT\$7.50 - TT\$9.41 |
| EPS                                     | TT\$1.25            |
| Price to Earnings Multiple              | 6.4 x               |
| Current Book Value/Share                | TT\$13.36           |
| Price to Book                           | 0.6x                |
| Average Return on Equity                | 11.1%               |
| Average Return on Assets                | 0.9%                |
| Dividend Yield                          | 4.2%                |

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