

## Sagicor Financial Corporation Limited (SFC) Results for the Nine Months Ended September 30, 2018

### Key Points:

Sagicor Financial Corporation Limited's ('SFC') adopted 2 new accounting standards which became effective from January 1, 2018.

- International Financial Reporting Standard (IFRS) No 9, this accounting standard changed the way that financial instruments were recognized and measured. It also introduced new measurement categories for financial instruments and an expected credit loss model for impairment.
- IFRS15, Revenue from Contracts with Customers was adopted, and effected how income was recognized on contracts by companies.

In June 2018, the Government of Barbados announced its intention to suspend all payments to creditors of its external commercial debt and plans to maintain interest-only payments on its domestic debt. In light of this, Sagicor, has increased its provision for expected losses on Government of Barbados debt in accordance with IFRS9.

### Diluted Earnings Per Share (EPS):

SFC reported an EPS of US\$0.101, down 42.94 per cent or US\$0.076 per share on the corresponding period's EPS of US\$0.177 in NM17.

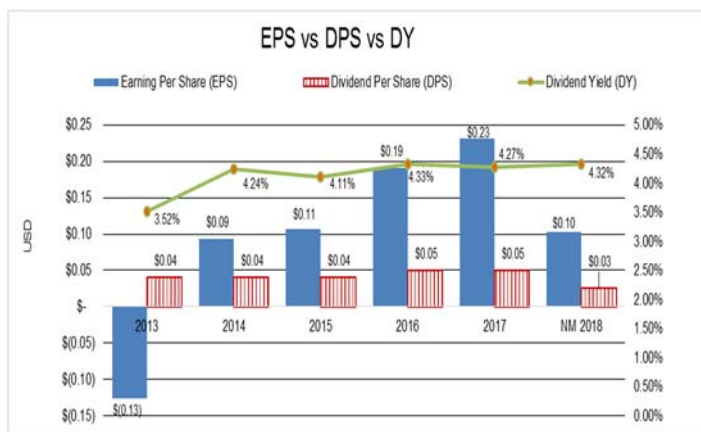
### Dividend:

The Board of Directors declared an interim dividend of US\$0.025 per share in 2018(2017: US\$0.025). The interim dividend was paid on November 15, 2018 to shareholders on record as at October 17, 2018.

| Diluted EPS   | Q1   | Q2    | Q3   | Q4    | Total US\$ |
|---------------|------|-------|------|-------|------------|
| 2018          | 0.06 | 0.02  | 0.02 |       | \$ 0.101   |
| 2017 Restated | 0.05 | 0.02  | 0.99 |       | \$ 0.177   |
| 2017          | 0.04 | 0.02  | 0.09 | 0.08  | \$ 0.23    |
| 2016          | 0.04 | 0.01  | 0.11 | 0.03  | \$ 0.19    |
| 2015          | 0.03 | -0.01 | 0.04 | 0.05  | \$ 0.11    |
| 2014          | 0.01 | -0.04 | 0.01 | 0.11  | \$ 0.09    |
| 2013          | 0.02 | -0.09 | 0.02 | -0.07 | \$ (0.13)  |

| Financial Year End               | December 30                |
|----------------------------------|----------------------------|
| <b>Sector</b>                    | <b>Non-Banking Finance</b> |
| Symbol on TTSE                   | SFC                        |
| Issued Share Capital             | TTD306.56MM                |
| Market Capitalization            | TTD\$2.38B                 |
| Current Price (January 18, 2019) | TTD\$8.56                  |
| 52 Week Price Range              | TTD\$7.00 - TTD\$10.50     |
| Trailing EPS                     | TTD\$1.04                  |
| Price to Earnings Multiple       | 8.20x                      |
| Current Book Value/Share         | TTD\$13.23                 |
| Price to Book                    | 0.65x                      |
| Return on Equity                 | 4.61%                      |
| Return on Assets                 | 0.62%                      |

| Dividend | Interim | Final | Total | Dividend Yield |
|----------|---------|-------|-------|----------------|
| 2018     | 0.03    |       |       |                |
| 2017     | 0.03    | 0.03  | 0.05  | 4.27%          |
| 2016     | 0.03    | 0.03  | 0.05  | 4.33%          |
| 2015     | 0.02    | 0.02  | 0.04  | 4.11%          |
| 2014     | 0.02    | 0.02  | 0.04  | 4.24%          |
| 2013     | 0.02    | 0.02  | 0.04  | 3.52%          |



### Income Statement as at September 30, 2018

|   | NM18<br>US\$'000 | NM17<br>US\$'000 | \$ Change<br>NM18 - NM17<br>US\$'000 | % Change<br>NM18 - NM17 | Change   | YE17<br>US\$'000 |
|---|------------------|------------------|--------------------------------------|-------------------------|----------|------------------|
| <b>Revenue</b>  |                  |                  |                                      |                         |          |                  |
| Net premium revenue                                     | 720,000          | 558,804          | 161,196                              | 28.85%                  | ↑        | 558,804          |
| Net investment and other income                         | 348,717          | 352,125          | (3,408)                              | -0.97%                  | ↓        | 352,125          |
| Loss arising on disposal                                | (13)             | 0                | 13                                   | 100.00%                 | ↑        | 0                |
| <b>Total revenue</b>                                    | <b>1,068,704</b> | <b>910,929</b>   | <b>157,801</b>                       | <b>17.32%</b>           | <b>↑</b> | <b>910,929</b>   |
| <b>Benefits and Expenses</b>                            |                  |                  |                                      |                         |          |                  |
| Benefits  | 537,381          | 475,149          | 62,232                               | 13.10%                  | ↑        | 474,373          |
| Expenses  | 442,958          | 329,148          | 113,810                              | 34.58%                  | ↑        | 329,148          |
| <b>Total benefits and expenses</b>                      | <b>980,339</b>   | <b>804,297</b>   | <b>176,042</b>                       | <b>21.89%</b>           | <b>↑</b> | <b>803,521</b>   |
| <b>Income Before Taxes</b>                              | <b>88,365</b>    | <b>106,632</b>   | <b>(18,267)</b>                      | <b>-17.13%</b>          | <b>↓</b> | <b>107,408</b>   |
| Income taxes  | (32,591)         | (29,027)         | 3,564                                | 12.28%                  | ↑        | (29,303)         |
| <b>Net Income From Continuing Operations</b>            | <b>55,774</b>    | <b>77,605</b>    | <b>(21,831)</b>                      | <b>-28.13%</b>          | <b>↓</b> | <b>78,105</b>    |
| Net income/(loss) from discontinued operations          | 3,191            | 8,225            | (5,034)                              | -61.20%                 | ↓        |                  |
| <b>Net Income For The Period</b>                        | <b>58,965</b>    | <b>85,830</b>    | <b>(26,865)</b>                      | <b>-31.30%</b>          | <b>↓</b> | <b>78,105</b>    |
| <b>Net Income Attributable To:</b>                      |                  |                  |                                      |                         |          |                  |
| Common Shareholders                                     |                  |                  |                                      |                         |          |                  |
| From continuing operations                              | 28,541           | 46,536           | (17,995)                             | -38.67%                 | ↓        | 47,211           |
| From discontinued operation                             | 3,191            | 8,225            | (5,034)                              | -61.20%                 | ↓        | 0                |
| Participating policyholders                             | 31,732           | 54,761           | (23,029)                             | -42.05%                 | ↓        | 47,211           |
| Non-controlling interests                               | (7,722)          | (1,595)          | 6,127                                | 384.14%                 | ↑        | (1,595)          |
|   | 34,955           | 32,664           | 2,291                                | 7.01%                   | ↑        | 32,489           |
|   | 58,965           | 85,830           | (26,865)                             | -31.30%                 | ↓        | 78,105           |
| <b>Basic earnings per common share (cents):</b>         |                  |                  |                                      |                         |          |                  |
| From continuing operations                              | 9.3              | 15.3             | (6.0)                                | -39.22%                 | ↓        | 15.5             |
| From discontinued operation                             | 1.0              | 2.7              | (1.7)                                | -62.96%                 | ↓        | 0.0              |
|   | 10.3             | 18.0             | (7.7)                                | -42.78%                 | ↓        | 15.5             |
| <b>Fully diluted earnings per common share (cents):</b> |                  |                  |                                      |                         |          |                  |
| From continuing operations                              | 9.1              | 15.0             | (5.9)                                | -39.33%                 | ↓        | 15.2             |
| From discontinued operation                             | 1.0              | 2.7              | (1.7)                                | -62.96%                 | ↓        | 0.0              |
|   | 10.1             | 17.7             | (7.6)                                | -42.94%                 | ↓        | 15.2             |

### Balance Sheet as at September 30, 2018

|                          | NM18<br>USD \$'000 | NM17<br>USD \$'000 | \$ Change<br>NM18 - NM17<br>USD \$'000 | % Change<br>NM18 - NM17 | Change   | YE17<br>Restated<br>USD \$'000 |
|--------------------------|--------------------|--------------------|--|-------------------------|----------|--------------------------------|
| <b>Total Assets</b>      | <b>6,821,394</b>   | <b>6,779,865</b>   | <b>41,529</b>                          | <b>0.61%</b>            | <b>↑</b> | <b>6,814,642</b>               |
| <b>Total Liabilities</b> | <b>5,925,541</b>   | <b>5,891,230</b>   | <b>34,311</b>                          | <b>0.58%</b>            | <b>↑</b> | <b>5,877,419</b>               |
| <b>Total Equities</b>    | <b>895,853</b>     | <b>888,635</b>     | <b>7,218</b>                           | <b>0.81%</b>            | <b>↑</b> | <b>937,223</b>                 |
|                          | <b>6,821,394</b>   | <b>6,779,865</b>   | <b>41,529</b>                          |                         |          | <b>6,814,642</b>               |

### Financials:

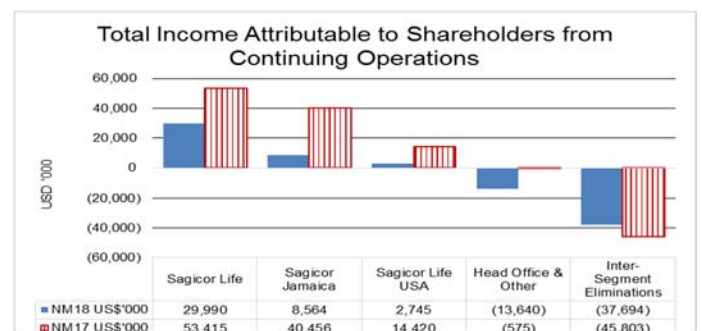
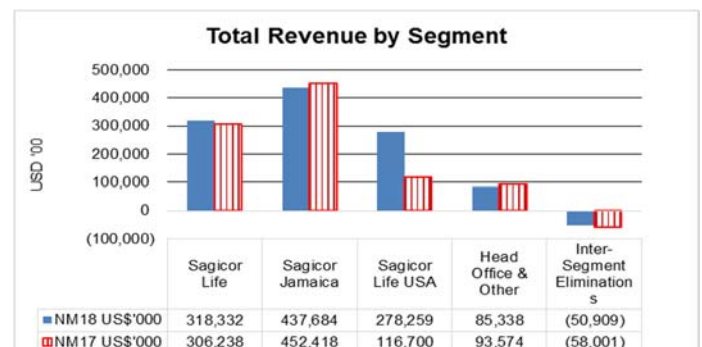
- Total revenue closed at \$1.07B, up 17.32 per cent or \$157.80MM from NM17's total of \$910.93MM, this was mainly due to the growth in premiums in the USA Segment.
- Total Expenses increased by 34.58 per cent or \$113.81MM to end at \$442.96MM in NM18, this was attributed to the provision for losses on all assets arising from the adoption of IFRS9 and the provision for the Government of Barbados securities.
- Profit Before Tax for NM18 stands at \$88.37MM, down 17.13 per cent or \$18.27MM from 106.63MM in NM17.

- The effective tax rate was 37 per cent an increase from NM17 rate of 27 per cent.
- Profit attributable to equity holders totaled \$58.97MM in NM18 down 31.30 per cent or \$26.87MM from \$85.83MM in NM17.

Total Assets increased by 0.61 per cent or \$41.53MM to \$6.82B in NM18. Total Liabilities amounted to \$5.92B in NM18 and Total Equities increased by 0.81 per cent or \$7.22MM to close at \$895.85MM.

The Sagcor Jamaica segment was the major contributor to the Group's Total Revenue, followed by the Sagcor Life segment. In third place was Sagcor Life USA segment.

The Sagcor Life segment was the major contributor of the Group's Total Income Attributable to Shareholders from Continuing Operations. In second place was Sagcor Jamaica, followed by Sagcor Life USA segment.



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