



## Empire Life reports first quarter 2019 results

All numbers expressed in millions of dollars, except per share amounts and as otherwise indicated.

### Q1 2019 highlights (compared to Q1 2018)

- Increase in common shareholders' net income to \$43 compared to \$39
- Earnings per share (basic and diluted) of \$43.59 compared to \$39.30
- Return on common shareholders' equity<sup>1</sup> ("ROE") of 11.2% compared to 10.8%

(Kingston, ON – May 2, 2019) – The Empire Life Insurance Company ("Empire Life") (TSX: EML.PR.A) today reported common shareholders' net income of \$43 million for the first quarter of 2019, compared to \$39 million in 2018.

The increase in earnings was primarily a result of higher income from the Individual Insurance, Wealth Management and Capital and Surplus product lines, partially offset by lower income from Employee Benefits.

"All three of our product lines have performed well with net premiums higher than those in Q1 2018. First quarter return on shareholders' equity was also higher than the same period in 2018. Our capital position, as measured by LICAT, continues to be very strong—above both supervisory and internal targets," says Mark Sylvia, President and CEO.

### Financial highlights

| (in millions of dollars except per share amounts)                               | First quarter |          |
|---------------------------------------------------------------------------------|---------------|----------|
|                                                                                 | 2019          | 2018     |
| <b>Common shareholders' net income</b>                                          | \$ 43         | \$ 39    |
| <b>Earnings per share - basic and diluted</b>                                   | \$ 43.59      | \$ 39.30 |
| <b>Return on common shareholders' equity (quarterly annualized)<sup>1</sup></b> | 11.2%         | 10.8%    |

| Sources of Earnings <sup>1</sup><br>(in millions of dollars) | First quarter |       |
|--------------------------------------------------------------|---------------|-------|
|                                                              | 2019          | 2018  |
| Expected profit on in-force business                         | \$ 51         | \$ 49 |
| Impact of new business                                       | (2)           | (4)   |
| Experience gains (losses)                                    | 4             | 4     |
| Management actions and changes in assumptions                | (1)           | -     |
| Earnings on operations before income taxes                   | 52            | 50    |
| Earnings on surplus                                          | 8             | 5     |
| Income before income tax                                     | \$ 60         | \$ 54 |
| Income taxes                                                 | 14            | 12    |
| Shareholders' net income                                     | \$ 46         | \$ 42 |
| Dividends on preferred shares                                | (3)           | (3)   |
| Common shareholders' net income                              | \$ 43         | \$ 39 |

<sup>1</sup> See non-IFRS Measures

The expected profit on in-force business for the first quarter increased by 4% driven primarily by an increase in the Wealth Management line, partially offset by a decline in the Individual Insurance line.

The impact of new business was primarily driven by an increase in point-of-sale profitability on Individual Insurance product line sales, partially offset by the strain from segregated fund new business in the Wealth Management product line relative to 2018.

The experience gains for the first quarter of 2019 declined slightly from 2018 due to less favourable claims experience in the Employee Benefits line, partially offset by favourable investment experience in the Individual Insurance line.

Earnings on surplus increased primarily due to higher yield on invested assets in surplus in 2019, partly offset by higher expenses from Empire Life's hedging program.

Empire Life's Life Insurance Capital Adequacy Test (LICAT) Total Ratio was 150% at March 31, 2019 compared to 149% at December 31, 2018, well above the requirements set by the Office of the Superintendent of Financial Institutions Canada (OSFI) as well as Empire Life's minimum internal targets.

### **Non-IFRS measures**

Empire Life uses non-IFRS measures including return on common shareholders' equity, source of earnings, assets under management, annualized premium sales, gross and net sales for mutual funds, segregated funds and fixed annuities to provide investors with supplemental measures of its operating performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on International Financial Reporting Standards financial measures. Empire Life also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

### **Additional information**

All amounts are in Canadian dollars and are based on the unaudited consolidated financial results of Empire Life for the period ended March 31, 2019. Additional information about Empire Life can be found in Empire Life's latest Management's Discussion & Analysis and Annual Information Form. These documents are filed on Empire Life's profile available at [www.sedar.com](http://www.sedar.com). Empire Life's Series 1 preferred shares are listed on the Toronto Stock Exchange as EML.PR.A (TSX: EML.PR.A).

### **About Empire Life**

Established in 1923 and a subsidiary of E-L Financial Corporation Limited, Empire Life provides individual and group life and health insurance, investment and retirement products to Canadians. Our mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security. As of March 31, 2019, Empire Life had total assets under management of \$17.6 billion. Follow Empire Life on Twitter @EmpireLife or visit [www.empire.ca](http://www.empire.ca) for more information.

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Contact: Julie Tompkins  
Vice-President, Corporate Services & Chief Communications Officer  
613 548-1890, ext. 3301 [julie.tompkins@empire.ca](mailto:julie.tompkins@empire.ca)  
[www.empire.ca](http://www.empire.ca)

<sup>1</sup> See non-IFRS Measures