

# Q2 - 2018

## QUARTERLY NEWSLETTER



**Grupo SURA increased its consolidated net profits by 8.6% as of June and 64.8% during the second quarter, driven by its operating performance.**

These profits reflect the good performance of the operations of SURA Asset Management and Suramericana, a more favorable FX exchange, and the strategic decisions about the focus of the business and efficient capital allocations.

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[PERFORMANCE OF OUR AFFILIATES](#)

[INFORMATION ABOUT THE SHARE](#)

### HIGHLIGHTS OF THE QUARTER



#### **Grupo SURA expands its corporate venture program**

SURA Ventures invested in a new company with a disruptive model in health (HealthTech).

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#### **SURA Asset Management leverages innovation in the financial sector**

SURA AM Mexico and Protección Colombia launched the second invitation for the Acceleration Program.

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#### **Suramericana, one of the best multi-Latin companies to work for**

Our affiliate received this recognition from Great Place to Work. Five of its operations stood out.

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#### **S&P confirms rating for SURA Colombia Insurance companies**

The risk rating agency maintained its local AAA rating, and confirmed the international BBB- rating.

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#### **AFP Capital (Chile) will have a new General Manager starting next September**

The company will be led by Jaime Munita, who has ample experience in the financial market.

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#### **Alliance to promote sustainable mobility in Mexico is completed**

Seguros SURA México provides protection for the users of the shared bike company VBike.

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# Q2 - 2018

## QUARTERLY NEWSLETTER



### NET PROFITS WERE COP 691,914 MILLION (USD 236.1 MILLION) DURING THE FIRST QUARTER

Consolidated net profits for Grupo Sura increased 64.8% during the second quarter, to COP 381.760 million (USD 130.3 million). These results led to an accumulated increase of 8.6% for the first semester for this indicator, which came to COP 691.914 million (USD 236.1 million).

The controlling company's net profits increase 11% during the quarter COP 594,767 million or USD 203 million).

These results are a reflection of SURA Asset Management's positive dynamics) (expert in pensions, savings, and investments) and Suramericana (specialized in insurance, trends and risk management), a more positive foreign exchange effect compared to the first quarter of 2017, strategic decision to focus the business, and an efficient capital allocation.

The more favorable consolidate net profits were impacted, mostly, by three factors:

- △ Lower revenue from the yield of the affiliates own portfolios, associated with external factors such as high volatility of the financial markets.
- △ Lower inflation in Colombia compared to 2017, and indicator that is linked to the profitability of some investments in the insurance business.
- △ Lower revenue due to the method of participation of Grupo SURA holding, as the majority shareholder in Bancolombia and Grupo Argos.

### NET PROFITS, Q2- 2018

#### CONSOLIDATED

**COP 381,760** million  
**USD 130.3** million ▲ **64.8%**

#### CONTROLLING COMPANY

**COP 325,785** million  
**USD 111.2** million ▲ **65.3%**



# Q2 - 2018

## QUARTERLY NEWSLETTER



These factors also led to the consolidated revenue for Grupo SURA being COP` 9.63 billion (USD 3284 million) between January and June, a decrease of 3.2%; for the second quarter, consolidated revenue was 4.86 billion (USD 1659 million), 4.3% lower than in the same period in 2017.

At the same time, there was a greater reduction in total expenses, 4.2% during the semester, to COP 8.68 billion (USD 2961 million), while during the second quarter total expenses decreased by 7.6% to COP 4.33 billion (USD 1479 billion). The improved revenue dynamics produces positive operating results.

The company closed the first semester with assets for a total of COP 67.03 billion (USD 22. 871 million), 2.9% less than December 2017, due in part to the effects of market volatility on investments. Liabilities decreased by 2.6%, to COP 41.65 billion (USD 14,211 million), while equity decreased by 3.2% to close at COP 25.38 billion (USD 8661 million).



While our affiliates have had a positive performance in the environment of a slow recovery of the economy in the region, and as part of the volatility of financial markets, **Suramericana** continues on its path to diversify and improve the portfolio solutions in those countries where it is present, enabling new channels and strengthening the current ones. **SURA Asset Management** also secures its growth in the voluntary saving segments, and strengthens its asset management for the institutional segment.

CEO of Grupo SURA

**David Bojanini García.**



**Ricardo Jaramillo Mejia, vice president of corporate finance**, speaks in the following video about these results and the management advances at Grupo Empresarial during the first semester.



**WATCH VIDEO**



# Q2 - 2018

QUARTERLY  
NEWSLETTER



## PERFORMANCE OF OUR AFFILIATES

With respect to Suramericana, progress in the integration of the international subseries should be noted. The positive operating performance is reflected in an 8.5% increase in the technical results, which is the policy underwriting before administration expenses and revenue from investments. An increase in revenue for health service provision in Colombia also contributed as well as an improved retained claims ratio, which went from 55.6% to 54.4%.

In the case of SURA Asset Management, we should note the increase in revenue from commissions, which increased by 7.9% in local currency, due to a 6.8% growth in the mandatory business and 17.1% in the voluntary business. It should be noted that 68.6% of the assets under management (AUM) from the managed funds had better yields than the average for the market.

The AUM grew by 8.4% compared to the 1st semester of 2017, and came to COP 397.2 billion (USD 135.512 MILLION). This growth is based on the commercial performance which made it possible to increase the number of clients to 19.6 million, 2.7% more than the same. In the previous year.

### NET PROFITS

1ST SEMESTER

#### SURA ASSET MANAGEMENT

**COP 291,031** million

**USD 99.3** million ▲ **15.7%**

#### SURAMERICANA

**COP 259,292** million

**USD 88.5** million ▼ **11%**

To see the  
presentation of  
results to the  
market,

[CLIC HERE](#)



# Q2 - 2018

## QUARTERLY NEWSLETTER



### INFORMATION ABOUT THE SHARE

The price of common shares (GRUPOSURA) as of the last of June 2018 closed at COP 35,600, with a quarterly variational 0.9% and an annual variational 5.1%. The preferred shares (PFGRUPOSURA) closed the first semester at COP 35,740, with a quarterly variational 0.4% and an annual variational 7.5%.

### HOW OUR SHARES HAVE PERFORMED ON THE COLOMBIAN STOCK EXCHANGE



## 866

### INTERNATIONAL FUNDS

having

**20.38%**

of the total shares in the Company

	30-JUN-18	% ANNUAL VAR*	% VAR. YTD*
GRUPOSURA (Pesos)	37,600	-5,1%	0,9%
PFGRUPOSURA (Pesos)	35,740	-7,5%	0,4%
COLCAP (Points)	1,577	7,8%	8,3%

\*Appreciation with dividend



# Q2 - 2018

QUARTERLY  
NEWSLETTER



## WELLTOK COMES INTO THE INVESTMENT PORTFOLIO OF SURA VENTURE

As part of our strategy of investing companies with disruptive models, great potential for growth, that contribute to the illusion of our strategic business, the corporate venture program of Grupo SURA as the holding company, SURA Ventures completed a minority investment in Welltok last May.



This is an American company technology apply to health. It offers tools to manage prevention and well-being programs to optimize physical conditioning on the basis of an in-depth knowledge of the beneficiaries, micro segmentation. In fact, it has proven experience in changing peoples' habits and behaviors, and bringing them closer to an optimal health status.

### BUILDING ALLIANCES

The investment by SURA Ventres is already up to you is the 27 million since 2016, represented by 9 companies and the risk capital fund focused on deceptive companies. we continue to evaluate other investment opportunities in the segment.

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## USD 27million

have been Invested by Grupo SURA since 2016 in its corporate venture program

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Some of these companies are already working in alliances with companies related to Grupo SURA. One such case is Alkanza, which has a (Robo-advisor) to structure and manage financial portfolios. Together with Proteccion, they just lost a robotic investment platform called Oroteccion Smart, based on analytics and artificial intelligence.

### Other investments by SURA Ventures



# Q2 - 2018

QUARTERLY  
NEWSLETTER



## THE 2018 EXCLAMATION PROGRAM IS LOOKING FOR ENTERPRISES FOCUSED ON FINTECH SAVINGS

SURA Asset Management México and Protección Colombia, together with the company BlueBox Ventures, are advancing the second invitation to the 2018 acceleration program. In this version, the objective would be to find entrepreneurs who are interested in solving the challenges of the savings industry in Latin America through the use of new technologies.

This regional program works as a platform to evaluate value propositions, technologies, and integration capabilities, before setting up a formal alliance between the entrepreneurs and the companies.



**This is an opportunity to materialize projects that provide solutions for the challenges faced** by the industry division and, especially, that benefit our clients.



**Enrique Solórzano,**  
CEO de SURA AM Mexico



**Corporate accelerators are no longer a fad and have become a key factor in making innovation and reality.**

SURA AM Mexico is leveraging its impact this year with the participation of Priteccion. We are very happy to be with them in this path.



**Gustavo Huerta,**  
CEO de BlueBox Ventures.

During DemoDay, November, the results of each pilot trial will be presented and SURA AM Mexico and Proteccion will be able to evaluate and make alliances, supply relationships, or joint creation with the selected entrepreneurs.

Programa de  
**Aceleración 2018**

IN THE 2017 EDITION:

**200** startups evaluated.

**80** entries received.

**6** startups selected.



# Q2 - 2018

## QUARTERLY NEWSLETTER



### SURAMERICANA IS ONE OF THE BEST PLACES TO WORK IN LATIN AMERICA

Our affiliate that specializes in insurance, trends and risks, was recognized last May by the independent consulting firm Great Place To Work as one of the best multinationals to work for in Latin America. Its operations in Argentina, Colombia, El Salvador, Dominican Republic, and Uruguay, had the honor of being among the best places to work in their respective countries.

Suramericana occupied the seventh position among 25 outstanding organizations in the region. The report highlighted the employees' positive perception of human talent programs implemented in the countries where it operates .

These are 3 of the reasons why the company was recognized:

- △ Encouraging a continuous learning and collaborative work environment.
- △ Promoting a leadership style that leverages the employees' capabilities.
- △ Offering a portfolio of incentives to improve the employees' quality of life and professional development.



**This evaluation lets us identify areas for improvement in the workplace and reinforce human talent development,** which is a starting point of our strategy intended to provide well-being and sustainable competitiveness for people and companies.



**Sergio Pérez,** Vice-president  
of Human Talent - Suramericana



Being included in this ranking of multi-leading companies by great **Place To Work** is an invitation to continue working for the well-being of our employees in the 9 countries where we are present.



# Q2 - 2018

## QUARTERLY NEWSLETTER



### S&P HIGHLIGHTS THE FINANCIAL STRENGTH OF THE BUSINESS OF SEGUROS SURA COLOMBIA

The firm Standard & Poor's's Global Rating confirmed, the end of last May, the international BBB - with a stable outlook for the life, general insurance, and work risk insurance companies (ARL SURA) of Suramericana's main operation.

In addition, S&P's technical committee confirmed the local "AAA" rating for SURA Coombia's three insurance companies. The reports, with data for 2017, agree in areas such as:

- △ The relevance they have in the respective segments.
- △ The priority given to customer satisfaction levels.
- △ The conservative exposure to credit risk.
- △ The fact that their strategic direction "allows us to foresee a very strong position in the industry over the next 24 months" said the report.

With respect to the Life business, the rating firm pointed to its leadership in the market through the diversification of premiums by line of business, and the growth of the most representative lines (health, group life, an individual life) which reduces exposure to business cycles.

With respect to the funeral insurance, the rating agency indicated that it is strategy for diversification of sales channels, and resolution is different from the traditional ones it will have a positive impact on revenue composition.

About ARL SURA the firm pointed to it is annual growth in premiums, higher than the market average, its ability to adapt to changes in the environment, and the penetration of the micro, small, and medium-size companies.

**S&P's rating reports highlight the strategic consistency of the life, general insurance, and work risk businesses**



# Q2 - 2018

## QUARTERLY NEWSLETTER



### JAIME MUNITA WILL TAKE OVER AS GENERAL MANAGER OF AFP CAPITAL, IN CHILE

THE pension fund management company AFP Capital informed the regulators and the market, on August 6, that Jaime Munita Valdivieso will take over as general manager of that SURA ASsset Management Chile business as of September 3.

This commercial engineer by the University of Finis Terra with an MBA from the Adolfo Ibañez University, has 25 years experience in the financial market and is currently the leader in Chile for the investment management firm Compass Group. Between 2012 and 2016 he was a general manager for Corpbanca in Colombia, a position

for which he led the mergers of this company with Helm Bank and then with Banco Itau.

Juan Carlos Jobet, president of AFP Capital, praised Jaime Munita's record and experience in facing the challenges and transformations required by the industry in light of the forthcoming pension system reform.

The position he will take over has been held temporarily since last April by Romero Hodali, after Eduardo Vildosola's resignation. Hodali will continue on as commercial manager for AFP Capital.



#### AFP CAPITAL IN NUMBERS

##### CHILE

**1.7** million  
clients

**USD 40,000** million  
in assets under management

**30** is a number of cities  
where it is present

Jaime Munita Valdivieso will take over as general manager of AFP Capital. Photo courtesy of latercera.com



# Q2 - 2018

## QUARTERLY NEWSLETTER



### ALLIANCE TO PROMOTE SUSTAINABLE MOBILITY IN MEXICO

Seguros SURA Mexico announced early last year an agreement with VBike, the operator of a shared bicycle system, to protect the uses of the service initially in the Benito Juarez delegation, in the Mexican capital.

This alliance facilitates coverage for accidents, medical expenses, and damage to 3rd parties, for the 65,000 users of this application who make, on average, approximately 6000 trips per day, according to VBike.

“This action is a response to the growing trend and demand for protection and safety for the mobility options that are growing every day in Mexico City and the rest of the country”, said Francisco Oliveros, CEO of Seguros SURA Mexico, during the launch of the alliance.

In this manner, the company helps strengthen initiatives that deal with problems such as environmental pollution and obesity and, at the same time, encourage healthy and safe mobility.

In addition, VBike’s operations leader, Federico Polakoff explained that, after obtaining the permits from the local mobility authority, coverage may be expanded to other areas of the city because the company is in a position to provide up to 5000 bicycles.

#### IN MEXICO CITY:

22 millions  
trips of  
every type

5% of the population uses a  
bicycle for transportation

#### AVERAGE DURATION

43.6 MINUTES (general)

20 MINUTES (bicycle)

