

**Q2**

2019

RESULTS  
PRESENTATION

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## **DISCLAIMER**

The forward-looking statements contained herein are based on Management's current forecasts and outlook.

For better illustration and decision-making, figures for Suramericana, SURA Asset Management and its subsidiaries are administrative rather than accounting, and therefore may differ from those presented to official entities. Thus, Grupo de Inversiones Suramericana assumes no obligation to update or correct the information contained in this presentation.

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# AGENDA

Grupo SURA

Consolidated Results

Suramericana

Insurance, Trends and Risk  
Management

SURA  
Asset Management

Pension Funds, Savings  
and Investments



# CONSOLIDATED RESULTS

MAR DEL PLATA,  
BUENOS AIRES, ARGENTINA



# CONTINUES POSITIVE TREND IN OPERATING AND NET INCOME

good revenue growth with specific impacts on the expenses of some operations

## ♦ OPERATING EARNINGS

**COP 1.54 tn**

▲ 23.7%

## ♦ NET INCOME

**COP 950,715 MM**

▲ 37.4%

## ♦ OPERATING REVENUES

**COP**

**10.5 tn**

▲ 13.3%

- Operating growth
- Investment income
- Equity method

## ♦ OPERATING EXPENSES

**COP**

**9.0 tn**

▲ 11.7%

Improvements in claims ratio and expense control contrasts with impacts on some operations

## STRATEGIC PRIORITIES

- Transformation and evolution of our businesses
- Financial strength and investment capacity
- Higher value creation for customers

## ♦ HOLDING COMPANY CASHFLOW

- Debt payments YTD

**COP**

**265,000 MM**

- Estimated additional debt payments

**COP**

**60,000 – 80,000 MM**

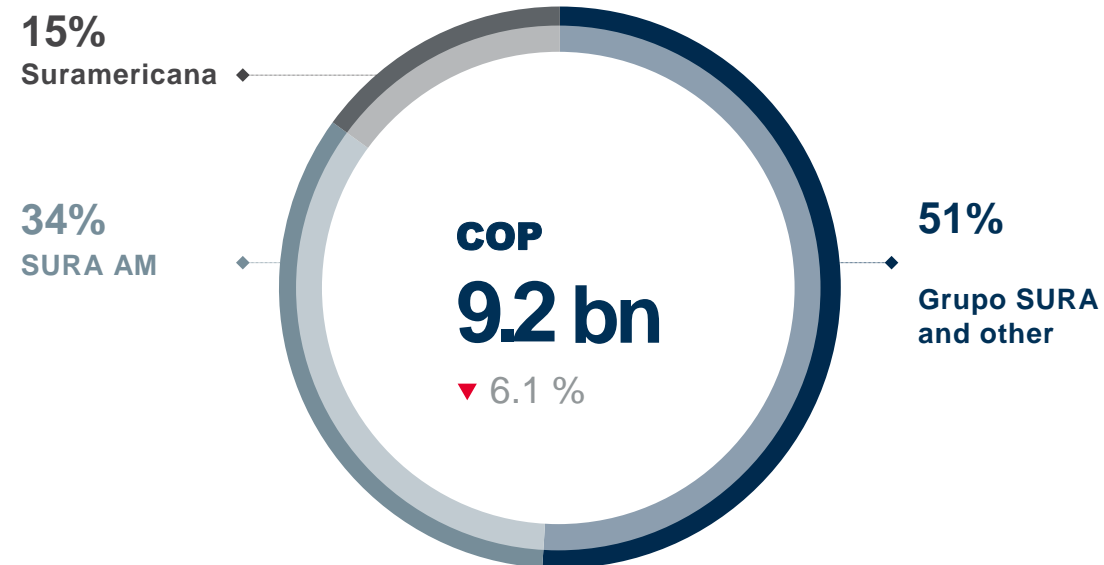
# BALANCE SHEET STRENGTH: GROWTH IN TOTAL EQUITY

driven by organic growth in insurance and higher returns on the investment portfolios

## STATEMENT OF FINANCIAL POSITION

	JUN - 19	DEC - 18	VAR %	VAR \$
Cash, investments and investment properties	25,829	24,731	4.4%	1,098
Investments in associates	19,393	19,170	1.2%	223
Intangibles and Goodwill	9,139	9,197	-0.6%	(57)
Available-for-sale non-current assets	3	5,539	-100%	(5,536)
Right-of-use assets	667	0	-	667
Other	12,378	12,436	-0.5%	(59)
<b>TOTAL ASSETS</b>	<b>67,409</b>	<b>71,073</b>	<b>-5.2%</b>	<b>(3,664)</b>
Technical reserves	22,536	22,199	1.5%	337
Financial liabilities and issued securities	9,839	10,447	-5.8%	(608)
Available-for-sale non-current liabilities	-	4,872	-100.0%	(4,872)
Lease liabilities	694	0	-	694
Other	6,732	6,655	1.2%	77
<b>TOTAL LIABILITIES</b>	<b>39,800</b>	<b>44,172</b>	<b>-9.9%</b>	<b>(4,372)</b>
<b>EQUITY</b>	<b>27,609</b>	<b>26,901</b>	<b>2.6%</b>	<b>708</b>

## CONSOLIDATED FINANCIAL DEBT



Other assets = Accounts receivable + technical reserves reinsurers + tax assets + other assets + PP&E

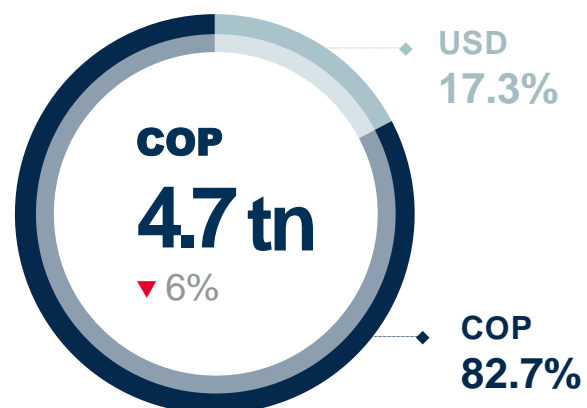
Other liabilities = Accounts payable + tax liabilities + provisions + other liabilities

Figures in billion COP. Var\$ and Var% correspond to variations against Q4-2018

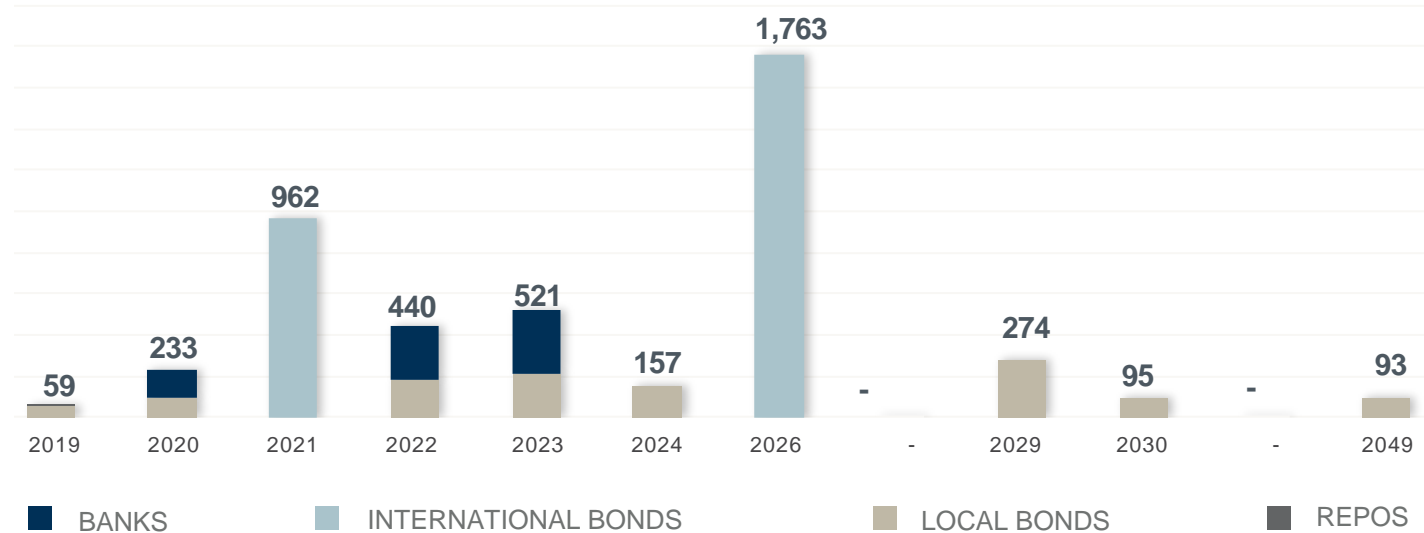
# WE CONTINUE MANAGING

deleveraging process and investment capacity as the holding company

## INDIVIDUAL DEBT (HOLDING)



## INDIVIDUAL DEBT MATURITY PROFILE



Cifras en miles de millones COP.

## NET DEBT / DIVIDENDS (FTM)

**4.89 x**

Max. 5x

## LEVERAGE (LTV)

**13.4%**

Max. 25-30%

## COST OF DEBT

**7.55%**

# OPERATING EARNINGS GROW 23.7%

driven by investment income and equity method

CONSOLIDATED INCOME STATEMENT			
	JUN - 19	VAR \$	VAR %
Retained premiums	5,332	193	3.8%
Commission income	1,334	111	9.1%
Revenues from services rendered	1,905	342	21.9%
Investment income	1,148	383	50.1%
Equity method – associates	673	218	48.0%
Other revenues	127	(13)	-9.0%
<b>OPERATING REVENUES</b>	<b>10,518</b>	<b>1,236</b>	<b>13.3%</b>
Retained claims + Adj. Reserves	(3,237)	(63)	2.0%
Costs of services rendered	(1,847)	(393)	27.0%
Admin. expenses	(3,899)	(486)	14.2%
<b>OPERATING EXPENSES</b>	<b>(8,983)</b>	<b>(942)</b>	<b>11.7%</b>
<b>OPERATING EARNINGS</b>	<b>1,536</b>	<b>294</b>	<b>23.7%</b>
Financial result	(334)	(18)	5.6%
<b>EARNINGS BEFORE TAXES</b>	<b>1,202</b>	<b>276</b>	<b>29.9%</b>
Taxes	(254)	(5)	1.9%
Discontinued operations	3	(13)	-79.6%
<b>NET INCOME</b>	<b>951</b>	<b>259</b>	<b>37.4%</b>

## ◆ Operating earnings excluding return on legal reserves grow 8.0%

	JUN - 19	VAR \$	VAR %
Fx Effect*	16	43	-160%
Interest expense	(351)	(61)	21.0%
<b>FINANCIAL RESULT</b>	<b>(334)</b>	<b>(18)</b>	<b>5.6%</b>

## ◆ IFRS 16

	JUN - 19	JUN - 18	VAR \$
Depreciation	66	0	66
Interest expense	23	0	23
Lease expense	12	64	(52)
<b>TOTAL</b>	<b>101</b>	<b>64</b>	<b>38</b>

Otros revenues = Otros revenues + Dividends  
Admin. expenses = Administrative expense + Employee benefits + Depreciations + Amortizations + Brokerage commissions + Fees + Other expenses + Impairment  
Figures in billion COP. Var\$ and Var% correspond to variation against 1H-2018



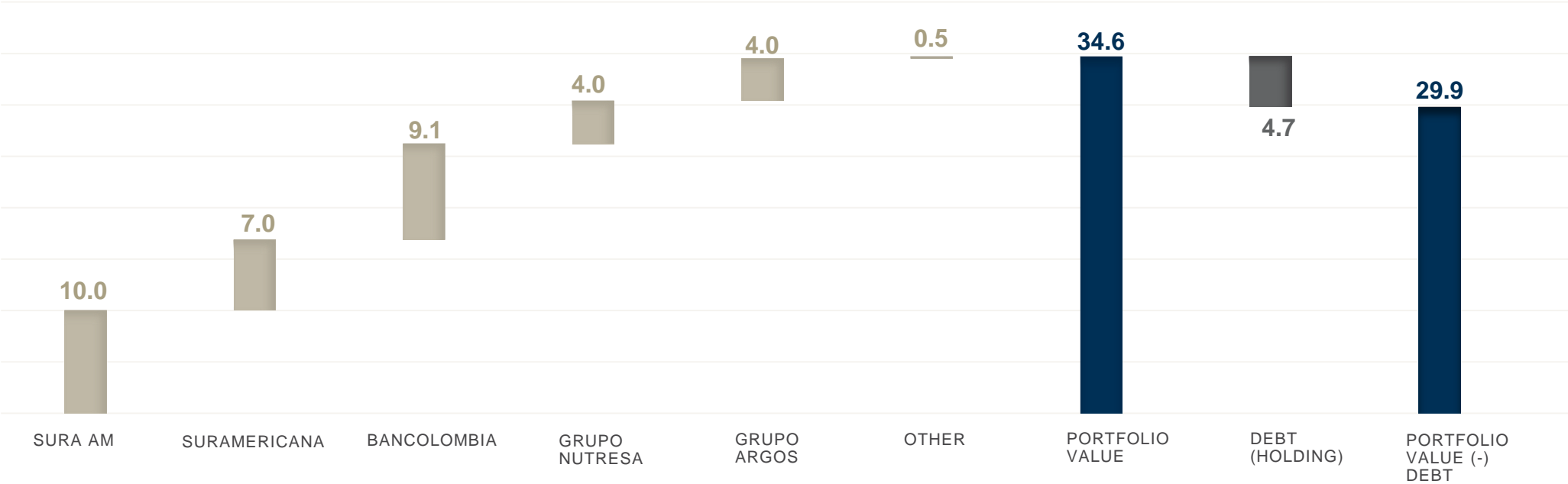
even with non-comparable effects in Suramericana



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# OUR PORTFOLIO

Estimated value



MARKET CAPITALIZATION  
(Mar. 31, 2019)

COP 19.6 tn

SHARES ADTV  
(COMMON + PREF)

COP 15,643 MM

Average LTM as of Q2-2019

COMMON SHARE  
PRICE

COP 34,100

+6.2% (Var% YTD)

SURA AM valued at the last transaction (CDPQ), Suramericana at 1.8x equity and companies listed at market value at the end of the quarter  
Portfolio valuation estimated by Grupo SURA. Does not constitute an investment advisory  
Figures in COP trillion



SEGUROS, TENDENCIAS  
Y RIESGOS

CONSOLIDATED  
RESULTS

GUATAPÉ, ANTIOQUIA,  
COLOMBIA



# SURAMERICANA CONTINUES WITH POSITIVE GROWTH DYNAMIC

in revenues and consolidating its regional operations

<p>◆ <b>WRITTEN PREMIUMS</b></p> <p><b>COP 6.2 tn</b></p> <p>▲ 12.3%</p>	<p>◆ <b>REVENUES FROM SERVICES RENDERED</b></p> <p><b>COP 1.8 tn</b></p> <p>▲ 21.9%</p>	<p>◆ <b>NET INCOME</b></p> <p><b>COP 173,771 MM</b></p> <p>▼ 33.0%</p>
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◆ **Non-comparable expenses in Insurance and EPS results explain the lower consolidated results**

### Life

VAT on commissions  
**COP 22,000 MM**

### P&C

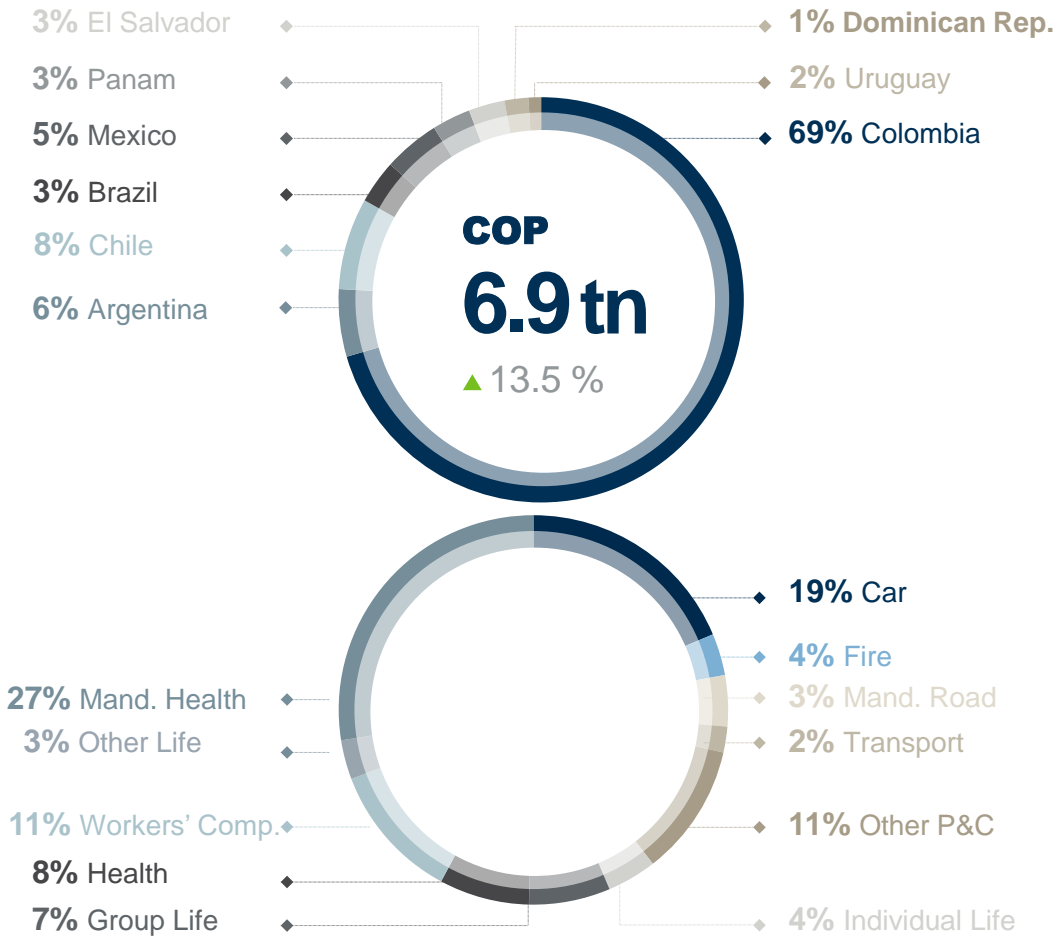
- Inflation adjustment in Argentina  
**COP 18,500 MM**
- Higher reinsurance costs in Chile

### Healthcare

Results impacted by current situation of the public health system in Colombia:

- Higher claims ratio from new affiliates
- Increase in the frequency and severity
- Increase in inclusions to the PBS (basic health plan)
- Reduction in official rate recognized for disabilities

RETAINED PREMIUMS + REVENUES SERVICES RENDERED 2019



# POSITIVE REVENUE GROWTH

net income impacted by specific expenses in some operations

## RETAINED PREMIUMS + REVENUES FROM SERVICES

COP  
**6.9** trillion

▲ COP **817,500** MM

▲ 13.5%

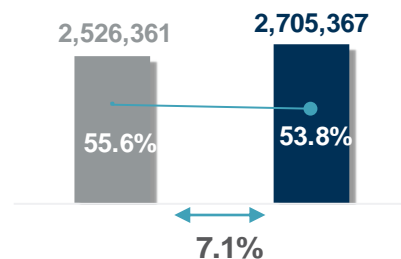
## TECHNICAL RESULT\*

COP  
**1.18** trillion

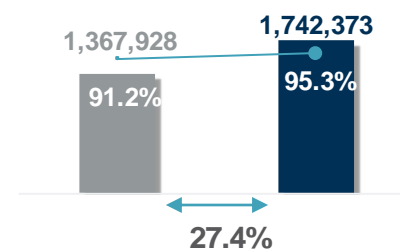
▲ COP **31,650** MM

▲ 2.8%

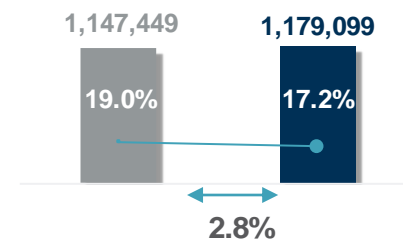
### CLAIMS + ADJ. RESERVES: % RET. PREMIUMS



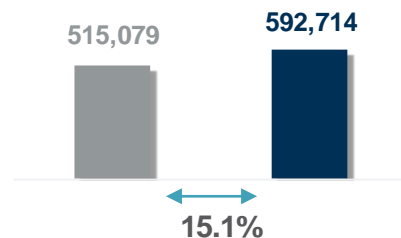
### SERVICES RENDERED: COSTS / REVENUES



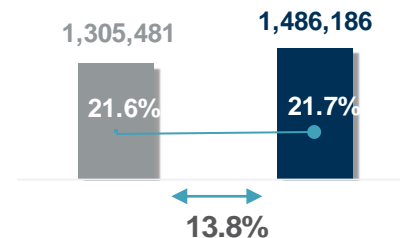
### TECHNICAL RESULT: % OPERATING REVENUES



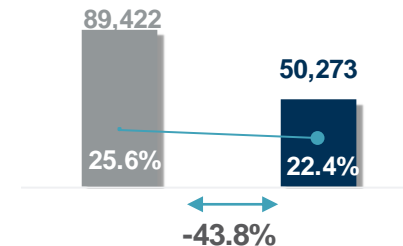
### INVESTMENT INCOME



### OPER. EXPENSES\*\*: % OPERATING REVENUES



### TAXES % EBT



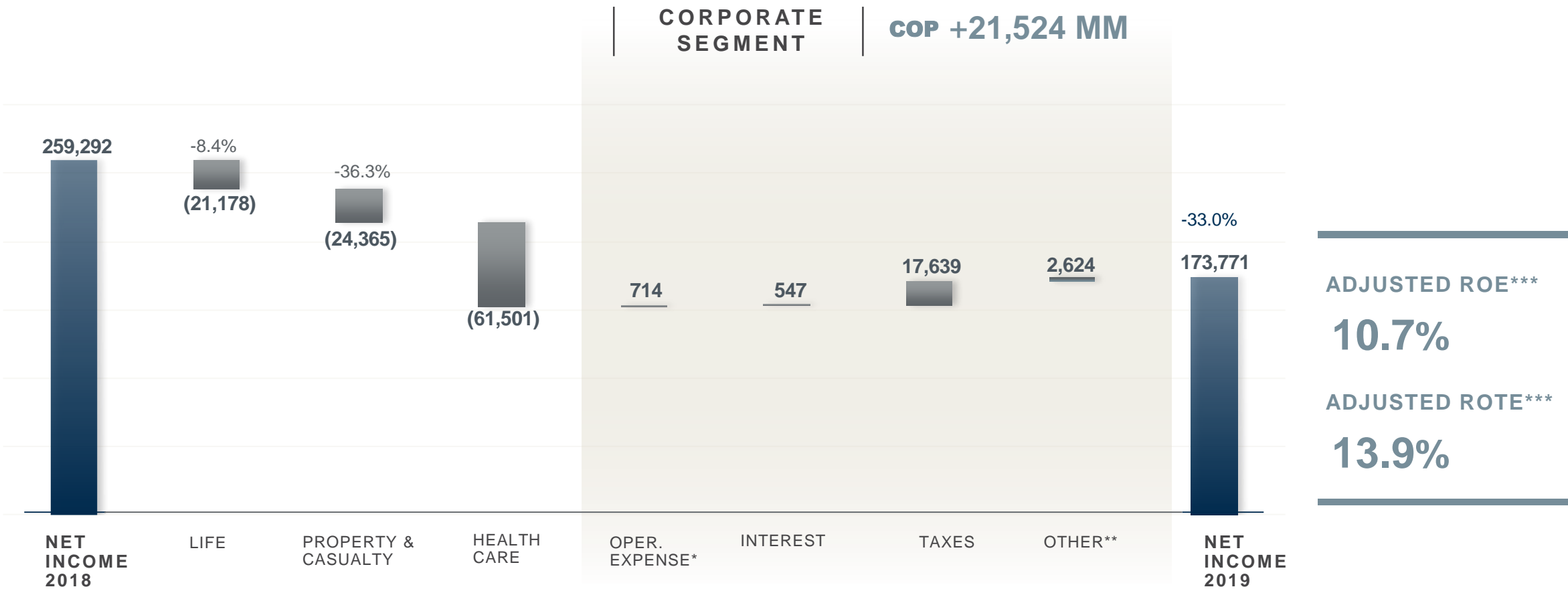
2018 2019

\*Technical result equals underwriting result before administrative expenses and investment income

\*\*Oper. Expenses = Administrative Expenses + Fees + Amortizations and Depreciations + Impairment. Figures in COP millions

# LOWER NET INCOME

explained by specific impacts on the 3 business segments



\* Oper. Expenses includes Administrative Expenses, Employee Benefits and Fees of the corporate segment.

\*\*\*Other" variation mainly corresponds to other income and expenses of the corporate segment, as well as the variation in the net income of the "Other" segment, which includes the support operations of Suramericana SA.

\*\*\* ROE and ROTE adjusted for amortization of intangibles associated to M&A, net of deferred taxes; divided by average equity and average tangible equity, respectively

Figures in COP million



# LIFE SEGMENT: PREMIUM GROWTH

and control in claims ratio don't offset higher expenses due to VAT on commissions paid

## NET INCOME

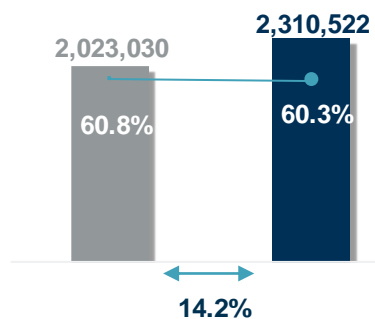
**COP 232,208 MM**

▼ 8.4%

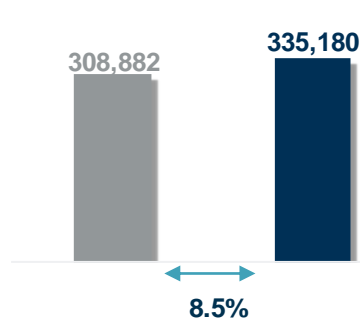


- ◆ Double digit growth in premiums, even with the accounting effect on healthcare premiums
- ◆ **Positive net adjustment of reserves** offset higher claims ratio
- ◆ **VAT** on commissions impacts results on COP 22,000 MM.
- ◆ Higher **investment income** driven by returns on fixed income

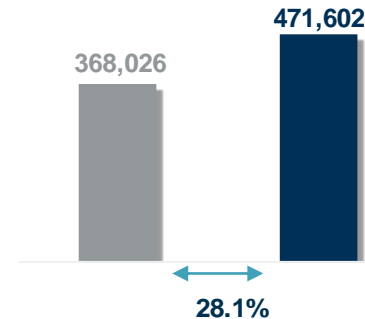
### RET. PREMIUMS CLAIMS RATIO (%)



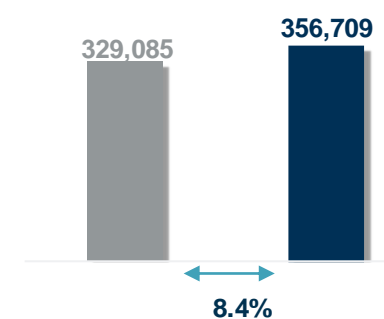
### TECHNICAL RESULT



### ADMIN. EXPENSES



### INVESTMENT INCOME



## P&C Segment:

higher reinsurance costs and Argentina's hyperinflation effect negatively impact results

### NET INCOME

Adjusted\*

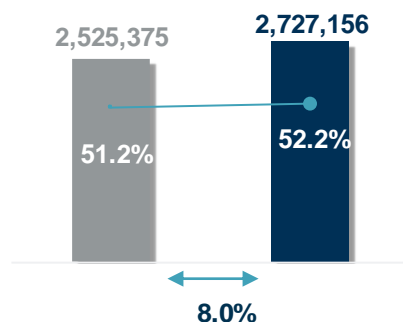
**COP 88,854 MM**

▼ 11.2%

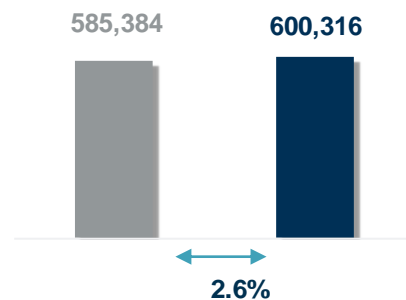


- ◆ **Organic growth in premiums** offsets negative effect from Argentinean peso's devaluation
- ◆ **Combined ratio reaches 105.3%** with 88 bps increase
- ◆ Inflation adjustments from Argentina for a total of COP 18,500 MM in 1H2019
- ◆ All operations contribute positively to **Investment Income** growth

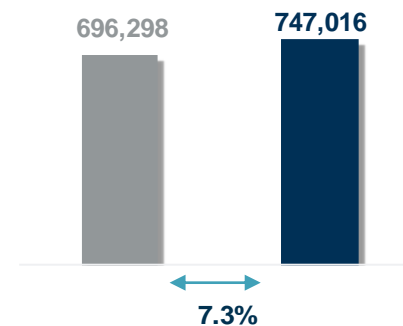
### RET. PREMIUMS CLAIMS RATIO (%)



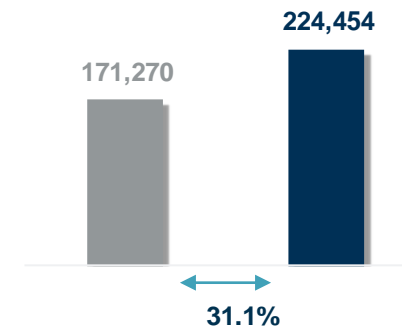
### TECHNICAL RESULT



### ADMIN. EXPENSES



### INVESTMENT INCOME

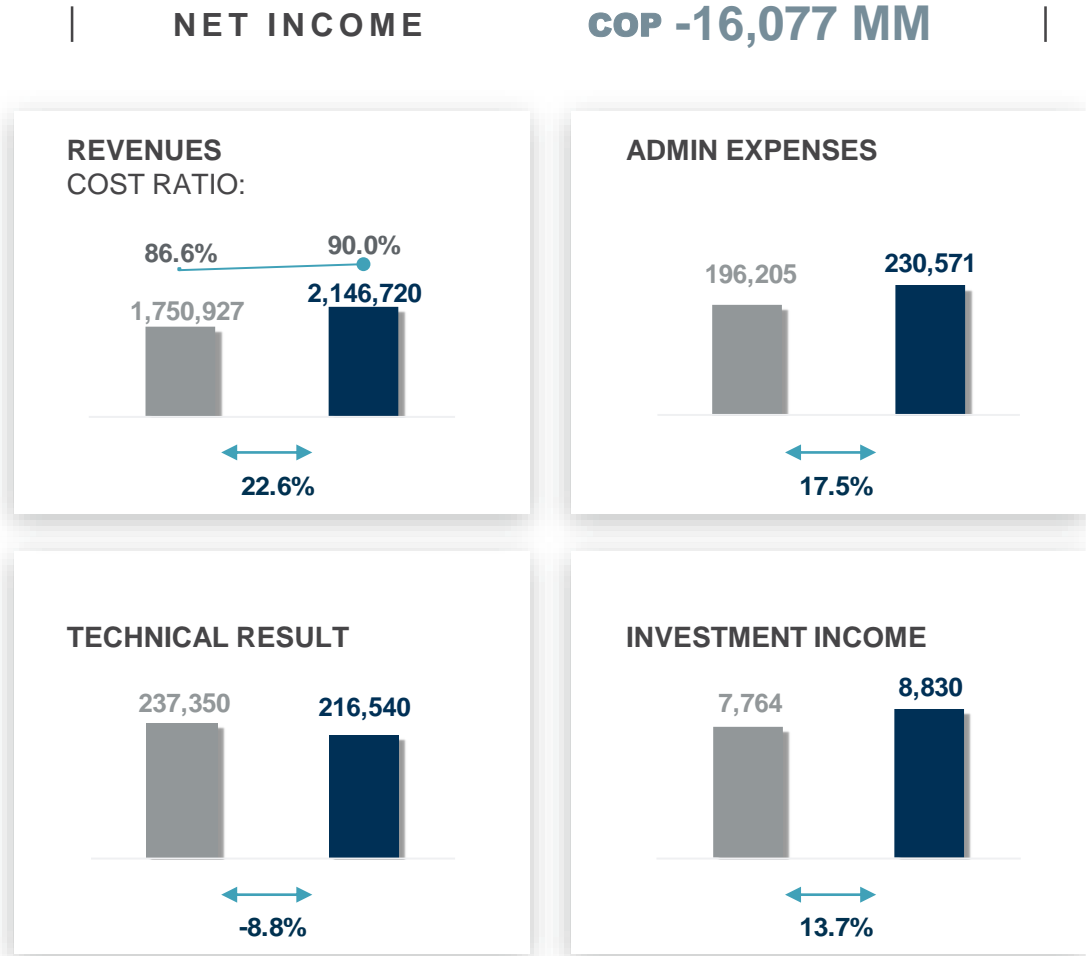


\*Net income adjusted for amortization of intangibles and adjustment for inflation in Argentina

Figures in COP million    2018    2019

# HEALTH CARE SEGMENT: CURRENT MARKET CONDITIONS

reflect on a high client growth and higher claims ratio



	REVENUES ON SERVICES		COSTS / REVENUES	
	JUN-19	%VAR	JUN-19	JUN-18
EPS	1,679,571	22.7%	96.2%	91.2%
IPS	300,654	17.7%	69.7%	70.0%
Dinámica	166,495	31.1%	64.6%	70.7%
TOTAL	2,146,720	22.6%	90.0%	86.6%

♦ TOTAL CLIENTS

3.4 millones  
▲ 17.3%

♦ REVENUE GROWTH PAC\*

▲ 62%

♦ Higher claims ratio at EPS company due to current situation in the public health system

\*PAC: Supplementary Care Plan in spanish  
Figures in COP million    2018    2019





# CONSOLIDATED RESULTS

MACHU PICCHU, PERÚ

# SURA AM: stable business dynamics and return on “encaje”

drive increase in net income



◆ **TOTAL CLIENTS**

**20.2** million  
▲ 1.9%

◆ **NET INCOME (CONTRIB. GIS)**

**COP**  
**430,372** million  
▲ 48.1%

◆ **ALPHA AND LEADERSHIP IN RETURNS**

Mandatory: Alpha in Ch.,  
Mx. y Uy.

IM: 81% of AUM with  
alpha

◆ **MANDATORY PENSION**

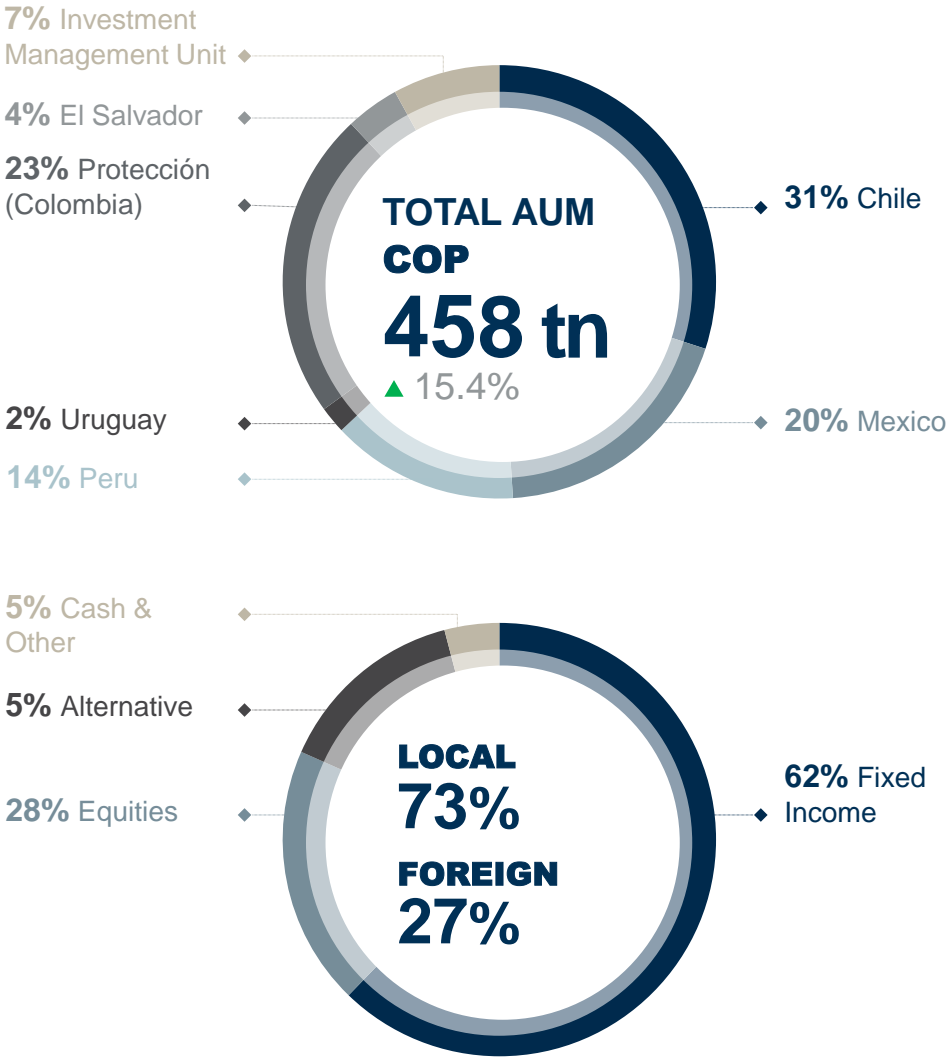
Resilient growth  
▲ 8.8% in Commission  
Income  
  
Return on “Encaje”  
Yield YTD 8%

◆ **SAVINGS AND INVESTMENTS**

Growth recovery  
  
AUM  
▲ 24.2%

◆ **INVESTMENT MANAGEMENT**

Development of  
regional platform



# OPERATING RESULTS

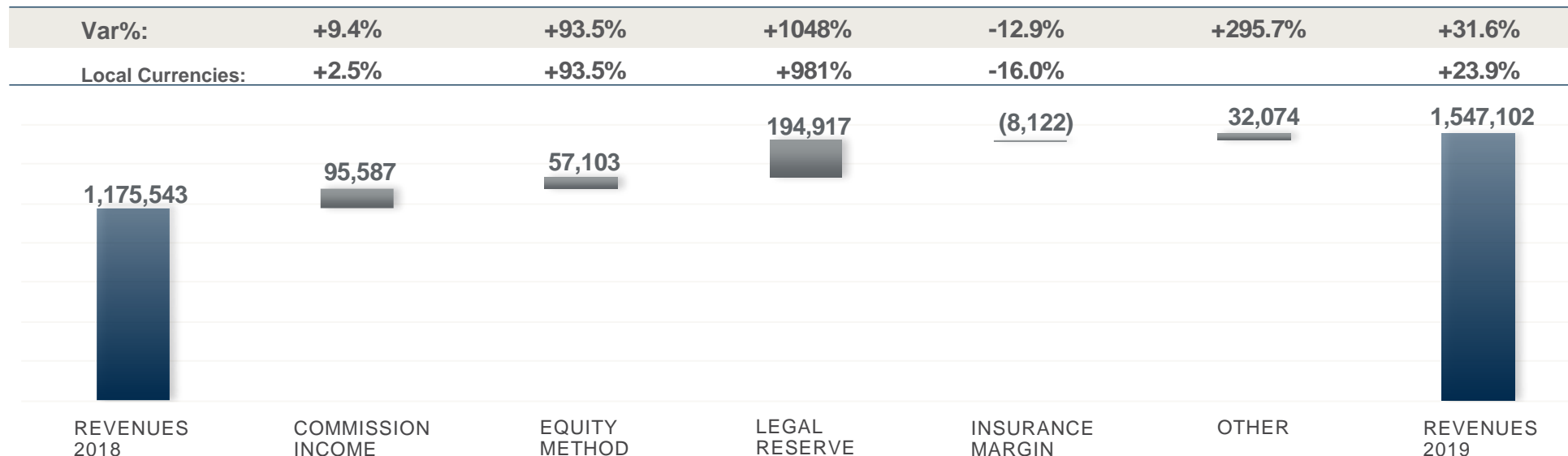
reflect return on “encaje” and stable growth in fee income

## OPERATING REVENUES + INSURANCE MARGIN

COP 1.55  
trillion

+371,559 MM

▲ 31.6%

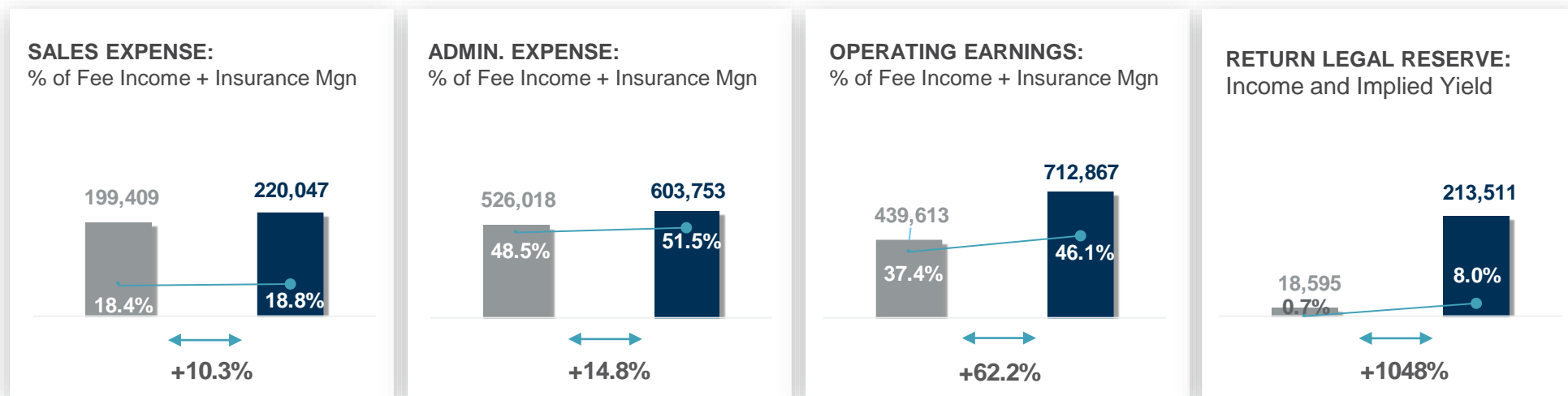


## OPERATING EXPENSES

COP 834,235  
million

+98,305 MM

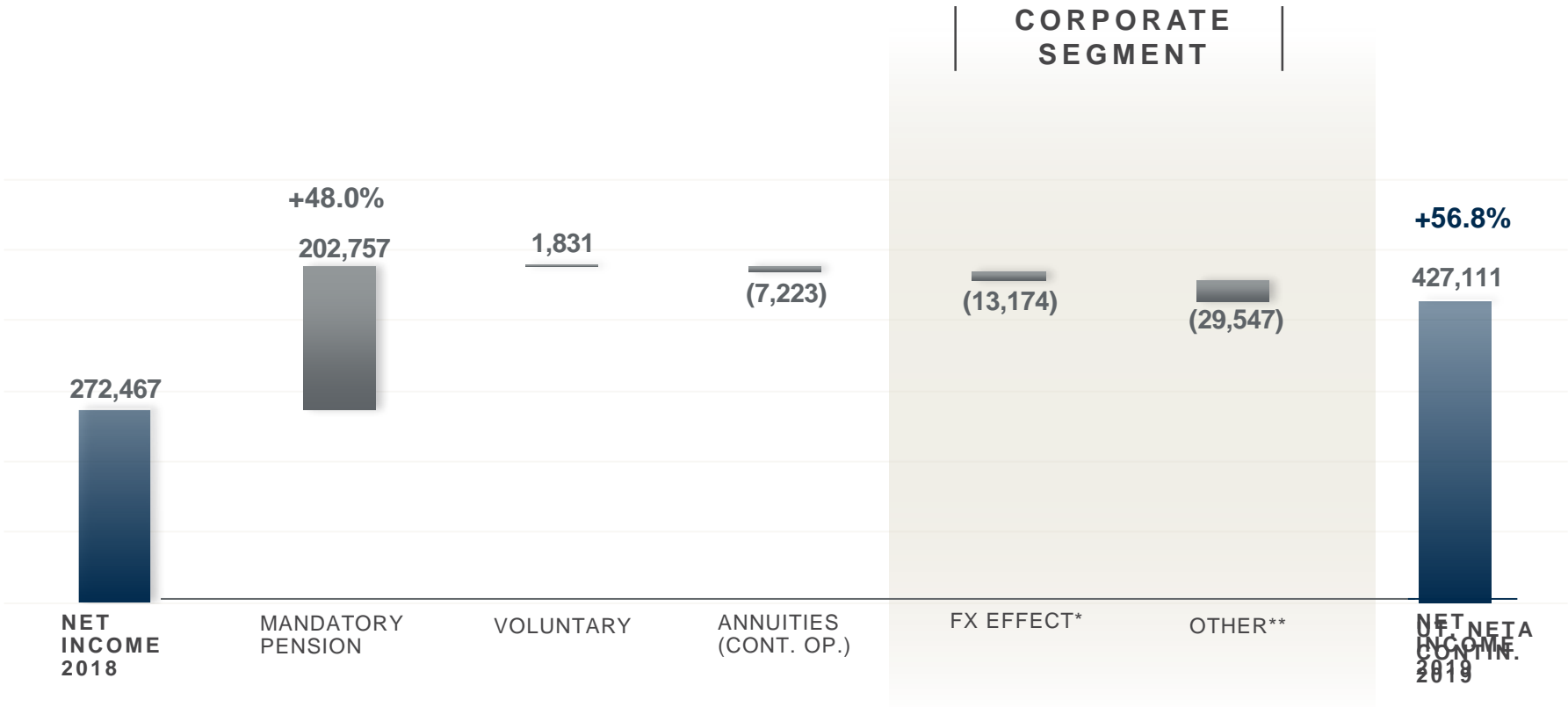
▲ 13.4%





# NET INCOME GROWTH

driven mainly by mandatory pension business



ADJUSTED ROE\*\*\*

7.3%

ADJUSTED ROTE\*\*\*

27.7%

\*FX Effect= Exchange difference + Gains (losses) at fair value from hedging derivatives.  
\*\*Other includes operating expenses from the corporate segment, income tax, financial expenses, gains (losses) from discontinued operations and other revenues/expenses from the corporate segment  
\*\*\* ROE and ROTE adjusted for amortization of intangibles associated to M&A and losses from discontinued operations, divided by average equity and tangible equity, respectively

# MANDATORY PENSIONS: RETURN ON “ENCAJE” AND COMMERCIAL ACTIVITY

overcome impact from lower fees in some countries

## OPERATING REVENUES

**COP 1.31 bn**

▲ 34.0%

## AUM

**COP 405 bn**

▲ 16.4%

◆ MÉXICO  
▲ 23.7%

◆ PERÚ  
▲ 14.0%

## SALARY BASE

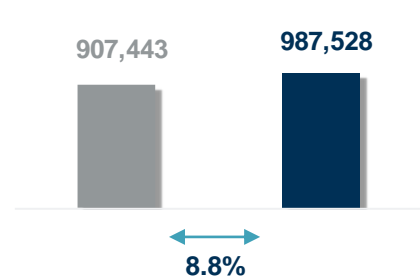
◆ CHILE  
▲ 3.9%

◆ COLOMBIA  
▲ 5.5%

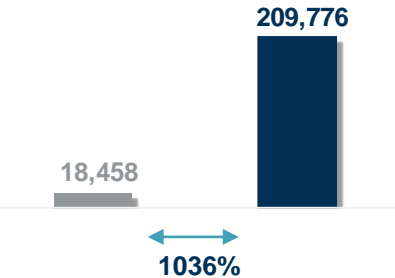
◆ URUGUAY  
▲ 16.0%

- ◆ Alpha and leadership in returns in main funds
- ◆ Equity method from Protección
- ◆ Peru: bidding process for new affiliates to pension system

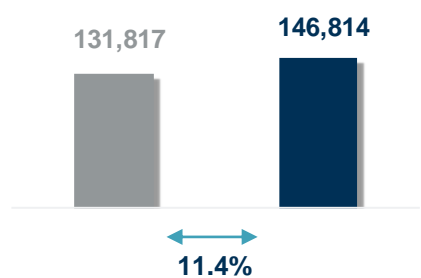
## COMMISSION INCOME



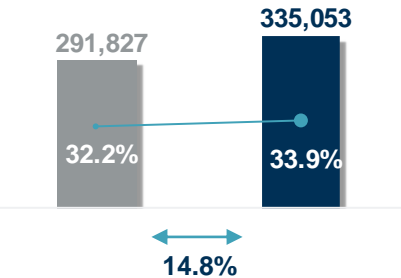
## INCOME LEGAL RESERVE



## SALES EXPENSE



## ADMIN. EXPENSE % Commission Income



Voluntary Savings business

# BETTER GROWTH DYNAMICS DURING THE QUARTER

NET OPERATING REVENUES

**COP 186,193 MM**

▲ 19.1%

AUM SAVINGS AND INVESTMENT

**COP 31.8 bn**

▲ 24.2%

◆ NET FLOW  
**COP 2.3 bn**

◆ RETURNS  
**COP 1.6 bn**

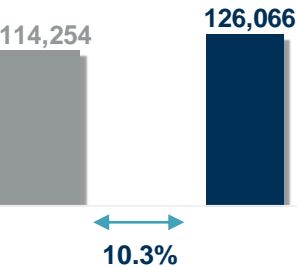
AUM INVESTMENT MANAGEMENT

**COP 33.5 bn**

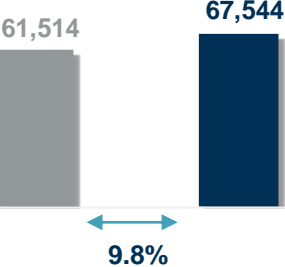
▲ 1.8%

- **A&I:** AUM growth offset pressure from lower fees
- **IM:** 21 funds launched YTD and new insurance mandates vs. lost of annuities portfolio from Chile

COMMISSION INCOME

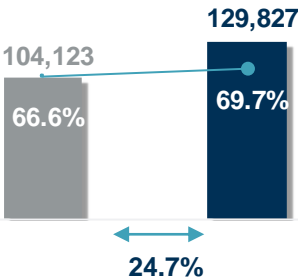


SALES EXPENSE



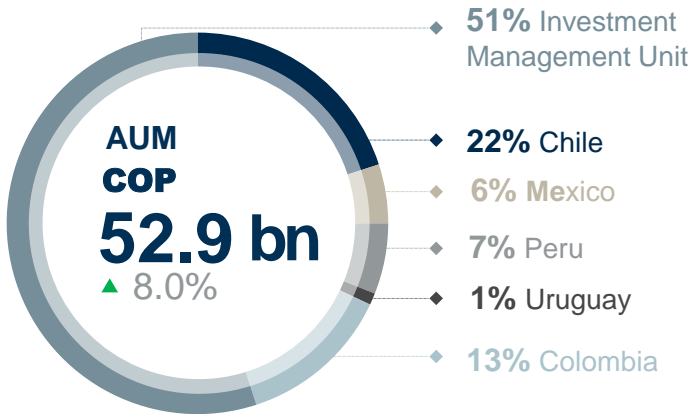
ADMIN. EXPENSES

% Commiss. Income + Insurance Mgn



■ 2018 ■ 2019

POSITIVE ALPHA >80% of AUM



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**CFO: RICARDO JARAMILLO**

Head of IR:

**JUAN CARLOS GOMEZ**

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