

# Q4

2019

## Quarterly Earnings Newsletter



**Grupo Sura obtained a 27.9% growth in consolidated net income at year-end 2019, thereby reaching an all-time high of COP 1.72 trillion (USD 523,8 million)**

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This was made possible by the sound levels of subsidiary business performance on the part of SURA Asset Management and Suramericana, increased revenues from associates such as Bancolombia and Protección, as well as higher returns on our own subsidiary investment portfolios, corresponding to our pension fund and insurance lines of business.

### QUARTERLY HIGHLIGHTS »



#### **Gonzalo Pérez shall be taking over as Grupo SURA's Chief Executive Officer, in April**

The Company's Board of Directors announced this appointment on February 27. Mr. Perez has served as Chief Executive Officer of the Group's insurance subsidiary, Suramericana, for the last 16 years.

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#### **David Bojanini is retiring from his post as Chief Executive Officer of Grupo SURA.**

The Organization, under his leadership over the past 13 years, has undergone a great deal of transformation, as it has focused on its portfolio of investments, ongoing growth and gaining greater international scale.

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#### **Suramericana extends its SURA Enterprise program throughout Latin America**

Eight of the nine countries where Seguros SURA is present are implementing this flagship program aimed at enhancing the competitiveness of regional micro, small and medium sized enterprises.

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#### **SURA reinforces its commitment to sustainability**

Grupo SURA has again been included in RobecoSAM's Sustainability Yearbook for 2020, while Protección has embraced the Principles for Responsible Investment (PRI) and staff from SURA and Bancolombia took part in the UN's COP 25 Climate Change Conference.

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#### **SURA Asset Management ranks among the best companies to work for**

The operations of this core subsidiary have been included in the rankings of the Great Place to Work Institute in Chile, Colombia, Mexico, Peru, Uruguay and El Salvador.

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#### **Sale of stake held in Sodexo Colombia**

This divestiture obeys one of the Group's strategic priorities of concentrating its capital investment in its core financial service business.

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#### **The SURA Foundation continues to play an important role in furthering education and culture throughout the region.**

In 2019 alone, more than 600 thousand Latin Americans benefited from the Group's social investments, as channeled through the SURA Foundation.

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## A record net income obtained at year-end 2019 was driven by sound levels of business performance

Grupo SURA posted a consolidated net income of COP 1.72 trillion (USD 523.8 million\*), showing a year-on-year increase of 27.9%. This was made possible by the organic growth of the SURA insurance, pension, savings and investment businesses throughout the region, as well as the good levels of performance of the Company's own investment portfolios and the benefits of the company's well diversified sources of income. This was reflected in a 19.5% year-on-year increase in operating earnings, which reached COP 3 trillion (USD 920.4 million).

This was possible even in what was after all a demanding social and economic environment, taking into account the impact that Argentina's complex macroeconomic reality had on our operating performance as well as the recent protests in Chile and the current situation of the Colombian health care system.

Operating revenues increased by 13.3%, for a total of COP 21.9 trillion (USD 6,679 million) thanks to the growths obtained by Suramericana in its Life (22.2%), Property and Casualty (4%) and Health Care (24%) insurance segments, as well as by SURA Asset Management with its Mandatory Pensions (8.3%) and Voluntary Savings (17.7%) lines of business. Other driving factors included increases of 60% in investment income and 18.6% in revenues obtained from associates via the equity method, particularly Bancolombia and Protección.

On the other hand, operating expense rose by 12.3% to COP 18.9 trillion (USD 5,758.7 million) which was less than the increase in operating income, this in keeping with our efficiency and cost control efforts, despite the increase in the claims rate.

Finally, there was the 7% decline in Grupo SURA's individual debt compared to year-end 2018, after amortizing a total of COP 379,781 million in 2019, which represents a total reduction of COP 853,698 million since 2017. Shareholders' equity rose by 4.4% to COP 28.1 trillion (USD 8,571.8 million) at year-end, this mainly driven by the increase in consolidated net income.

**COP 634**  
per share

this is the proposed dividend, as approved by the Board of Directors, on a total of 489,037,260 ordinary shares and 112,940,288 preferred shares, and shall be submitted for consideration of the General Assembly of Shareholders at their upcoming Annual Meeting on March 27 at the Plaza Mayor Convention Center (Medellín-Colombia). This proposal includes an ordinary dividend of COP 583 and an extraordinary dividend of COP 51, for a total increase of 15.3% compared to 2019.

The ordinary dividend is to be paid out in four equal installments on April 20th, July 1st and October 1st 2020, as well as on January 4th 2021; the extraordinary dividend would be paid out in a single lump sum on July 1st, 2020.

Restating dollar amounts: \*Figures from the Statement of Comprehensive Results were converted using the average exchange rate for 2019, namely COP 3,281.09 per US dollar; while those from the Statement of Financial Position at year-end 2019 were converted using the year-end exchange rate, that is to say COP 3,277.14 per US dollar.



## Subsidiary Performance

**SURA Asset Management.** This subsidiary, specialized in pensions, savings, investment and asset management, contributed to Grupo SURA’s consolidated results with a net income figure of COP 724,989 million\* (USD 221 million), showing an increase of 95.4% compared to the same period last year.

This was made possible by a year-on-year increase of 35.1% in operating income, with expense increasing by just 14.2%. Consequently, operating earnings rose by 75.2% to COP 1.43 trillion (USD 435.9 million).

At year-end 2019, this subsidiary posted a growth of 15.5% in Assets under Management (AuM) totaling COP 483.5 trillion (USD 147,536 million), while its client base reached 20.5 million, 3.7% more than at year-end 2018.

**Suramericana.** This subsidiary, specialized in insurance and trend and risk management, posted a net income figure of COP 390,327 million (USD 119 million), which was 25.6% less than at year-end 2018, after recording operating revenues of COP 17.1 trillion (USD 5,224 million), for a year-on-year growth of 13.5%, thanks to important advances with written premiums throughout the region as well as health care services in Colombia.

Good levels of sales performance led to an increase of 17.9 million clients in nine countries and a firm control over expense, produced a 15.2 % ratio over operating revenues compared to 15.6% at year-end 2018, all of which partly offset the increase in the retained claims rate.

The aforementioned increase in the retained claims rate was mainly due to external situations such as high levels of inflation and devaluation in Argentina; the impact of events relating to a wave of protests that took place in Chile; a significant increase in the membership base of our Health Care Provider, EPS SURA (Colombia), due to additional users migrating from other Health Care Providers currently being wound up; as well as the amount of new VAT tax levied on life insurance commissions.

*\*The difference between the net income figure that SURA AM contributed to Grupo SURA’s results and that reported by SURA AM in its own financial statements corresponds to the positive conversion effect into Colombian pesos, this being Grupo SURA’s reporting currency*

"2019 was an important year for more than 20.5 million of our clients in terms of seeing their savings grow. We have seen a significant recovery with the investment market that in turn is allowing us to provide much higher rates of return".

Ignacio Calle  
CEO of SURA Asset Management



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"There were specific factors impacting our performance over the last year, but even so we managed to go 2% above our budgeted revenue figure and, more importantly, we made great strides in consolidating ourselves as a superior trend and risk management firm".

Gonzalo Pérez  
CEO of Suramericana



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"We are very pleased with these results, which shall allow us to provide greater added value to our shareholders and society as a whole. This is consistent with the progress made with bringing to fruition our strategic priorities of business transformation, strengthening our financial position, extending our investment capacity, as well as creating greater added value for more than 38.4 million SURA clients in Latin America".

David Bojanini  
CEO of Grupo SURA



SEE VIDEO

### Figures for year-end 2019

(Consolidated Income)

#### OPERATING REVENUE

▲ 13.3%

**COP 21.9** trillion

(USD 6,679 million)

#### OPERATING EXPENSE

▲ 12.3%

**COP 18.9** trillion

(USD 5,759 million)

#### OPERATING EARNINGS

▲ 19.5%

**COP 3** trillion

(USD 920 million)

#### CONSOLIDATED NET PROFITS

▲ 27.9%

**COP 1.7** trillion

(USD 524 million)

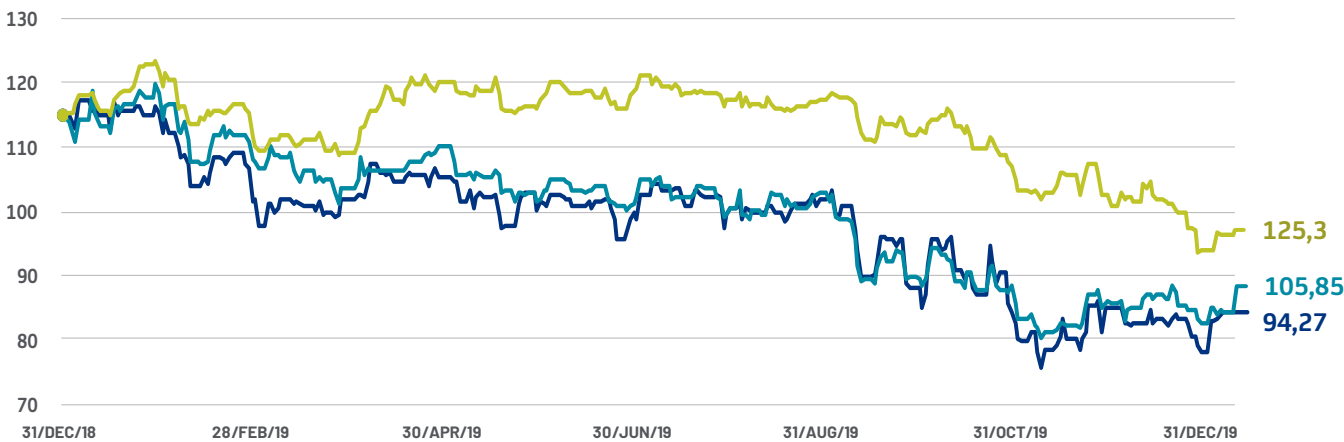


Share Information

The **GRUPOSURA ordinary share** ended up at COP 34,000 at year-end 2019, for a QoQ increase of 3% and a YoY increase of 5.9%.

The **PFGRUPSURA preferred share** ended up at COP 29,300 at year-end 2019, for a QoQ decline of -0.3% and a YoY decline of -5.7%.

PERFORMANCE OF BOTH SHARES ON THE COLOMBIAN STOCK EXCHANGE



◆ GRUPOSURA  
**34,000**  
COP

◆ PFGRUPSURA  
**29,300**  
COP

◆ COLCAP  
**1,662**  
Puntos

508

INTERNATIONAL FUNDS

holding a combined

13.1%

stake in Grupo SURA

	YEAR-END 2019	QoQ % CHANGE	YoY % CHANGE
GRUPOSURA (Pesos)	34,000	3%	5.9%
PFGRUPSURA (Pesos)	29,300	-0.3%	-5.7%
COLCAP (Puntos)	1,662	5.4%	25.4%





**Gonzalo Alberto Pérez shall be taking over as Chief Executive Officer of Grupo SURA as of April 1st**

Grupo SURA's Board of Directors, with the support of its Appointments and Remuneration Committee, announced on February 27th, its decision to appoint Mr. Gonzalo Alberto Pérez as the Group's new Chief Executive Officer, after the Company's current Chief Executive Officer, Mr. David Bojanini García, announced at the end of January, that he would be retiring.

Since 2003, Gonzalo Perez has served as Chief Executive Officer of Suramericana, a core subsidiary of Grupo SURA, specialized in the insurance /trend and risk management industry, which today is the fourth largest Latin American insurance company, with a presence spanning nine countries throughout the region.



*"I am very pleased with the Board's decision. Gonzalo has, without doubt, the highest personal and professional qualities, and is the ideal person to lead the Sura Business Group in its next stage of development. I would like to make special mention of his extraordinary ability to motivate people towards greater, overarching purposes as well as his disruptive vision, which has led Suramericana to become a benchmark for our own insurance industry", stated David Bojanini, Chief Executive Officer of Grupo SURA, after the Board of Directors announced this appointment.*

Mr. Perez was born in 1958 and holds a law degree from the Universidad de Medellin, as well as a specialization from Swiss Re Insurance, in Zürich Switzerland. He also completed the Kellogg Graduate School of Management's CEO Management Program. He has been working for the Suramericana companies for the last 38 years. He is also a member of the Boards of Directors of Bancolombia, Grupo Nutresa, Celsia, as well as the SURA Insurance subsidiaries. He is also a member of the Board of Trustees of the SURA Foundation and the Medellín Philharmonic Orchestra

**"**"I would like to express my gratitude to the Board of Directors for the confidence placed in me upon giving me this enormous responsibility. I shall continue striving to deserve such trust on a daily basis. I would also like to thank David Bojanini for his leadership, which is something that I have deeply appreciated during all this time we have worked together. I continue firmly committed to building up the Group's sustainability, with the same vision that we have always had of creating shared value for shareholders, employees, clients, suppliers and society as a whole **"**.

Gonzalo Pérez  
CEO of Suramericana



## David Bojanini is retiring from his post as Grupo SURA's Chief Executive Officer

Grupo SURA's Board of Directors today announced that Mr. David Bojanini García, has presented his resignation as the Company's Chief Executive Officer, a post he has held since October 2006.

This follows his decision to retire as of March 31st, after the Annual Meeting of the General Assembly of Shareholders. This shall bring an end to four decades of service to the companies belonging to the SURA Business Group. During these past 13 years in which David Bojanini has led Grupo Sura, the Organization has undergone an important transformation by strengthening its portfolio of financial services, extending its growth and gaining greater international scale.

During this same time frame, Grupo SURA has gone from being a holding made up of leading companies in Colombia, to being considered one of the key players in the Latin American financial industry, through its core subsidiaries Suramericana and Sura Asset Management as well as in its capacity as a non-controlling shareholder of Bancolombia.

*"We would like to convey our deepest gratitude to David for his invaluable contribution to the Organization's profitable and sustainable growth over these last 13 years, as well as his firm commitment, leadership, strategic vision together with his humanistic and social sensibilities. Our very best wishes for this new stage of his life that is just about to begin", stated Luis Fernando Alarcón, Chairman of Grupo SURA's Board of Directors.*

**"It has indeed been a fascinating opportunity for me to have been able to lead the transformation of this Organization as it continues to tread a strategic path towards greater sustainable growth. Each achievement has been made possible on a collective basis, thanks to the knowledge, talent and above all the human qualities of an excellent team of staff, to whom I would like to express my deepest gratitude".**

**David Bojanini**

Chief Executive Officer - Grupo SURA.



## The companies belonging to the SURA Business Group continue firmly committed to their ongoing sustainability.

### Grupo SURA has been included yet again in the RobecoSAM Sustainability Yearbook - 2020

The Company forms part of a group of 458 organizations that have been included in the latest RobecoSAM Sustainability Yearbook, having obtained the third highest score out of a total of 18 organizations from the Diversified Financial Service and Capital Markets sector. This while continuing to be the only Latin American Organization from this same industry to be included

The reasons why Grupo SURA was included for the ninth straight year include:

- ▶ Having been admitted to the Dow Jones Sustainability Index (DJSI) - Global since 2011.
- ▶ SURA Asset Management's adherence to the Principles of Responsible Investment.
- ▶ Suramericana's ability to develop solutions encouraging greater energy efficiency and sustainable mobility.

### SURA and Bancolombia contributed to the discussions held at the UN's COP 25 Climate Change Conference.

For the first time ever, Suramericana, SURA Asset Management and Bancolombia, companies which lie at the heart of Grupo SURA's portfolio, took part in the United Nations Framework Convention on Climate Change (COP 25). Staff from all three companies attended this event, which was held in Madrid (Spain), and participated in the discussions held on the role of the financial services sector in raising capital for facilitating the transition towards low carbon economies as well as developing new instruments, products and solutions.

### Proteccion is firmly committed to upholding the Principles of Responsible Investment

Proteccion is the first pension fund management firm in Colombia to become a signatory of the PRI upon including environmental, social and corporate governance factors in its investment evaluations and decision-making processes.

The adoption of these principles is part of an overall commitment that our subsidiary SURA Asset Management assumed as of last November.

### Grupo SURA has received the top ALAS20 sustainability award given to investors

Grupo SURA was ranked as the Grand Prix Institution by ALAS20 as part of its latest awards that track companies from Colombia, Mexico, Peru, Chile and Brazil. This category is given to investors for "their leadership, consistency and excellence in the public reporting of their investor relations, sustainable development, and corporate governance practices," according to GovernArt, the Chilean organization sponsoring the Sustainable Leaders Agenda 2020 (ALAS20).





## The SURA AM subsidiaries are included for the first time in the Great Place to Work Ranking

SURA Asset Management deploys various strategies on a regional level to enhance the organizational climate of all its subsidiaries, this in order to ensure happy, satisfied employees who are truly appreciated in their place of work, this based on the understanding that human talent is one of their main competitive advantages.

This subsidiary evaluated its initiatives for attracting, developing and retaining its employees in conjunction with the global consulting firm Great Place to Work (GPTW), and its operations in the

region were included in this institute's national rankings of best places to work as follows: Peru (7th position), Uruguay (8th position), Chile (18th position), El Salvador (19th position), Colombia (19th position) and Mexico (48th position).

These evaluations took into account best practices aimed at enhancing areas such as employee perception of both their leaders and their organizations, how employees think they are viewed by their superiors, and degree of camaraderie, among others.

"This evaluation allows us to measure what we do for our employees as well as our spotlight on the "people" factor in our organizational culture. Today, people are looking at which companies they want to work for, as well as the possibilities offered for them to grow, places where they can express themselves freely and Great Place to Work provides us with the possibility of showing ourselves to potential new talent".

Catalina Restrepo

Chief Human Talent Officer for SURA AM



## The SURA Enterprise Program expects to help 50 thousand micro-, small and medium size enterprises throughout the region in 2020

Suramericana is already deploying its SURA Enterprise program in Colombia, Panama, Brazil, Argentina, Chile, Dominican Republic, El Salvador and Mexico with Uruguay soon to follow. This regional program evidences Suramericana's evolution as a trend/risk management firm given its ability to deliver new capabilities, in this case, greater competitiveness for micro, small and medium enterprises (MSMEs) throughout the region.

Each of the 1.2 million MSMEs that are current clients of Seguros SURA throughout the region can obtain, free of charge, access to knowledge, personalized assistance and specialized advisory services, this in the form of added value for the coverage traditionally provided.

For this purpose, Suramericana already has eight "bricks and mortar" offices in Bogotá, Medellín, Panama City, Sao Paulo, Santiago de Chile, San Salvador, Santo Domingo and Mexico City. This year, six more branches are scheduled to be set up and we expect to be able to help 50,000 small entrepreneurs in managing their future risks, in areas such as human talent, capital, markets, technology and the regulatory environment.

In this way, Suramericana continues to transcend the traditional frontiers of the insurance industry, and go beyond merely covering the operating risks of these types of enterprises to addressing their emerging and strategic risk, this being a key segment for developing this subsidiary's markets throughout the region.

**1.2** million  
**SMEs throughout the region are Sura clients**

**50,000** MSMEs  
**receiving assistance one of the goals for 2020**

**14** Sura Enterprise  
**offices up and running throughout the region this year**



**SEE VIDEO**



## Sodexo acquires SURA's stake in its Colombian operations

After a fruitful partnership spanning 24 years, subsequent to becoming Sodexo's local partner in first establishing its operations in Colombia, Grupo SURA and Suramericana agreed last December to sell their minority stakes in the Colombian operation to the French multinational.

The prices agreed upon with Sodexo amounted to COP 74,066 million (USD 21.6 million), this including the 49% stake in Sodexo Beneficios, which offers employees incentives to improve their quality of life and a 35% stake in Sodexo On Site, dedicated to providing companies with meal and maintenance services.

This divestiture is consistent with Grupo SURA's strategic priority to concentrate on its core financial service business, through its subsidiaries Suramericana and SURA Asset Management as well as in its capacity as the main non-controlling shareholder of Bancolombia.

Both business groups shall maintain the positive business relationship they have always enjoyed with Sodexo in Colombia, with the latter supplying its services to the SURA companies throughout Colombia. Likewise, they shall continue working together to enhance Colombia's sustainable development, through the Solutions Alliance, led by Sodexo since 2008, aimed at helping the victims and ex-combatants of Colombia's armed conflict to enter the local job market.

**"There is no doubt that it has been very successful having a partner like SURA over these past 24 years of operations in Colombia and we identify with the values and ethical principles (...). This investment that Sodexo has made in Colombia shows the amount of confidence we have in this country, in our clients and in more than 10 thousand direct employees that support our operations".**

Patrick Boulrier  
CEO of Sodexo On-Site  
for Latin America





## The SURA Foundation increased its social investment this year to an all-time high



Thanks to the contributions made by Grupo SURA, Suramericana and SURA Asset Management, in addition to its own resources, the SURA Foundation increased its social investment budget for this year by 29% compared to 2019, for a total of COP 21.9 million (almost USD 9 million). This is an all-time high since the Foundation was first founded back in 1971 and over the last 15 years it has invested more than COP 169,000 million (about USD 68.4 million).

One of the Foundation's priorities this year is to explore the possibility of incorporating more public and private partnerships in its Felix and Susana program, and in this way provide more skills to children, teachers and families for a healthier, more peaceful coexistence. This comes after benefiting a total 153 thousand schoolchildren in 2019 and training 3,812 educators from state-owned schools in Colombia, the Dominican Republic and El Salvador.

Another of the Foundation's priorities, in terms of promoting cultural activities, is focused on extending the Explorando Patrimonios (Exploring our Heritage) program, in partnership with the National Museum of Colombia, which made it possible for more than 1,143 underprivileged children and seniors in Bogotá, to visit the Museum and for the Museum to visit their communities.

With regard to SURA's corporate volunteer program led by the Foundation, this year we intend to expand its coverage and reach. The Foundation is also focusing on the Sumando Voluntades volunteer corps day and for this to become the most attended simultaneous event of this type in Latin America. The latest Sumando Voluntades Volunteer Corps Day held last October mobilized a total of 3,496 people (63% of whom were employees) who dedicated the day to enhancing the infrastructure of a total of 35 schools in 26 cities in 10 countries.

**"This year we wish to expand the coverage of the Foundation's programs, so as to be able to reach more than 400 thousand people and 96 organizations that we have assisted and benefited in 2019, We are convinced that education and culture are key to transforming lives and territories, and not only in Colombia, but taking these initiatives to other Latin American countries where SURA is present".**



**Tatyana Orozco**

Chief Corporate Affairs Officer for Grupo SURA.

