

**Q4**

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

# EXCELLENT RESULTS WITH RECORD HIGH NET INCOME

Driven by operating dynamics and investment income

## ♦ OPERATING REVENUES

**COP**  
**21.9 tn**

▲ 13.3%

## ♦ OPERATING INCOME

**COP 3.0 tn**

▲ 19.5%

## ♦ NET INCOME

**COP 1.7 tn**

▲ 27.9%

## ♦ ADVANCES IN STRATEGY

- Improvement in profitability

**+ 55 bps**  
Adjusted ROE

- Optimization of invested capital

**COP 2.5 tn**  
Before taxes

- Divestments by Grupo SURA and subsidiaries

**USD 500 MM**  
2017-2019

- Grupo SURA (holding) debt reduction

**COP 380,000 MM**  
2019

**COP 850,000 MM**  
2017-2019

- Transformation of our businesses and creation of greater value to clients

## ♦ PROPOSALS FOR AGM

- Dividend payment

**+15.3%**

- Share repurchase

**COP 300,000 MM**  
3 years

## ♦ COMMENTS FROM CEO

- David Bojanini is retiring after 40 years in the Group and 13 as CEO.
- Gonzalo Pérez named as new CEO with 38 of experience in the Group's insurance subsidiary.

# SHARE REPURCHASE PROPOSAL

Additional tool for financial management

♦ **AMOUNT:** Up to **COP 300,000 MM**

♦ **TERM:** Up to **3 years**

♦ **PROPOSAL FOR AGM:**

- Set up a reserve
- Request to delegate to the Board of Directors the definition of the conditions in which the operations will be carried out
- Adoption of mechanisms that allow equal treatment for all shareholders

♦ **PROPOSED AMOUNT:**

- **Significant:** Relative to market conditions
- **Reasonable:** Benchmarked from international standards of this type of operations
- **Viable:** Cash flow allocation in line with a comprehensive vision of financial resources management

♦ **RATIONALE**

**Optionality:**

Management tool that can be used when conditions are appropriate

**Undervalued share price:**

Market price doesn't reflect estimated portfolio value

**Capital allocation decision:**

Current price discount makes Grupo SURA's shares an excellent investment alternative

**Return to shareholders:**

Frequently used in international markets as an additional source of return to investor

# DEBT REDUCTION, HIGHER VALUE OF INVESTMENTS

And net income contribution explain the increase in net income

## | STATEMENT OF FINANCIAL POSITION |

	DEC - 19	DEC - 18	Var\$	Var%
Cash, investments and investment properties	26,498	24,731	1,766	7.1%
Investments in associates	19,966	19,170	796	4.2%
Intangibles and Goodwill	8,910	9,197	(286)	-3.1%
Available-for-sale non-current assets	5	5,539	(5,534)	-99.9%
Right-of-use assets	645	0	645	
Other	13,013	12,436	577	4.6%
<b>TOTAL ASSETS</b>	<b>69,038</b>	<b>71,073</b>	<b>(2,036)</b>	<b>-2.9%</b>
Technical reserves	23,215	22,199	1,016	4.6%
Financial liabilities and issued securities	10,093	10,447	(354)	-3.4%
Available-for-sale non-current liabilities	0	4,872	(4,872)	-100.0%
Lease liabilities	667	0	667	
Other	6,972	6,655	317	4.8%
<b>TOTAL LIABILITIES</b>	<b>40,947</b>	<b>44,172</b>	<b>(3,226)</b>	<b>-7.3%</b>
<b>EQUITY</b>	<b>28,091</b>	<b>26,901</b>	<b>1,190</b>	<b>4.4%</b>

▼ Annuities Divestment

▲ Investments

▲ EQUITY

▼ Annuities Divestment

▼ Debt

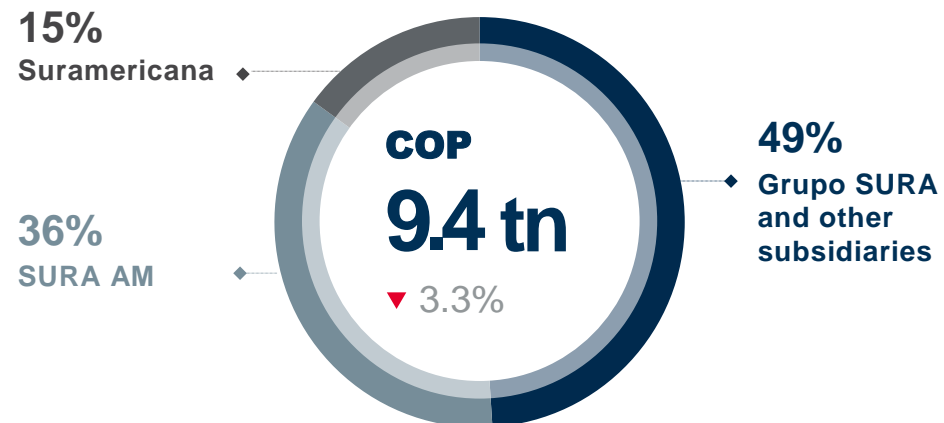
Other assets = Accounts receivable + technical reserves reinsurers + tax assets + other assets + PP&E  
Other liabilities = Accounts payable + tax liabilities + provisions + other liabilities

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

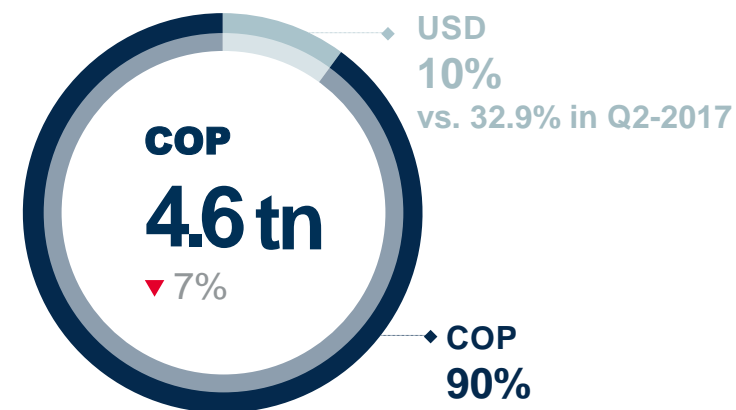
# DEBT REDUCTION ON A CONSOLIDATED AND INDIVIDUAL LEVEL

In line with deleveraging and capital optimization plan

## CONSOLIDATED FINANCIAL DEBT



## INDIVIDUAL FINANCIAL DEBT



## CAPITAL OPTIMIZATION INITIATIVES

**COP 2.5 bn**  
Consolidated

**COP 1.5 bn**  
Divestments

## DEBT REDUCTION

**COP 380,000 MM**  
2019

**COP 850,000 MM**  
2017-2019

## NET DEBT / DIVIDENDS (FTM)

**4.1x** vs **5.6x**  
Max. 5x Q2-2017

## LEVERAGE (LTV)

**13.1%** vs **18.3%**  
Max. 25-30% Q2-2017



# NET INCOME GROWTH

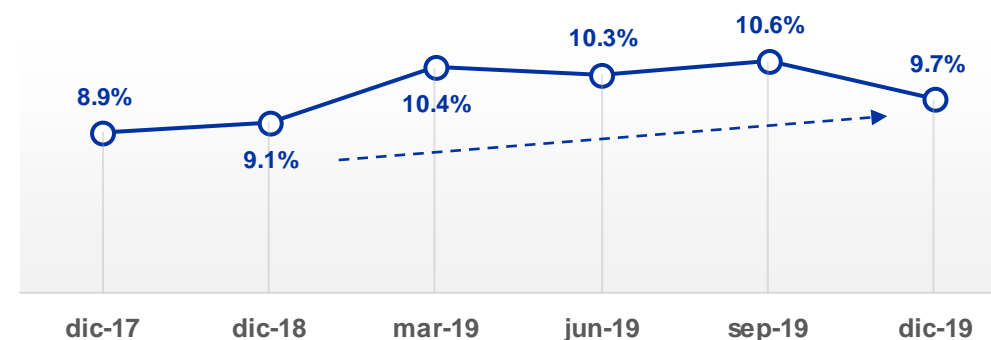
Drives increase in consolidated profitability

## | ESTADO DE RESULTADOS CONSOLIDADO |

	DIC - 19	SEP - 18	Var\$	Var%
Retained premiums	11,219	10,735	484	4.5%
Commission income	2,734	2,504	230	9.2%
Revenues from services rendered	4,027	3,293	733	22.3%
Investment income	2,373	1,483	890	60.0%
Equity method – associates	1,255	1,058	197	18.6%
Other revenues	307	277	30	10.9%
<b>OPERATING REVENUES</b>	<b>21,915</b>	<b>19,350</b>	<b>2,565</b>	<b>13.3%</b>
Retained claims + Adj. Reserves	6,888	6,546	342	5.2%
Costs of services rendered	3,846	3,099	747	24.1%
Admin. expenses	8,160	7,178	983	13.7%
<b>OPERATING EXPENSES</b>	<b>18,895</b>	<b>16,823</b>	<b>2,072</b>	<b>12.3%</b>
<b>OPERATING INCOME</b>	<b>3,020</b>	<b>2,527</b>	<b>493</b>	<b>19.5%</b>
Financial Result	626	848	-222	-26.2%
<b>EARNINGS BEFORE TAXES</b>	<b>2,394</b>	<b>1,680</b>	<b>715</b>	<b>42.5%</b>
Taxes	684	273	410	150.2%
Discontinued operations	8	-63	71	-113.0%
<b>NET INCOME</b>	<b>1,719</b>	<b>1,343</b>	<b>375</b>	<b>27.9%</b>
<b>SHAREHOLDERS' NET INCOME</b>	<b>1,526</b>	<b>1,183</b>	<b>343</b>	<b>29.0%</b>

## | ADVANCES IN PROFITABILITY PLAN |

### Adjusted ROE



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 FY-2018

# CONSOLIDATED NET INCOME GREW 27.9%

Explained by results from SURA AM and equity method from associates

| GRUPO SURA & OTHER \* | **COP +68,958 MM**



PARENT COMPANY'S  
NET INCOME

**COP**  
**1.5 tn**

▲ 29.0%

\* Grupo SURA and Other (GS) includes Grupo SURA, Grupo SURA Finance, Grupo SURA Panama, Habitat and Arus, among other.

\*\*GS Admin. Expenses includes Administrative Expenses, Employee Benefits and Fees at Grupo SURA and Other level.

\*\*\* Exchange difference + valuation of hedging derivatives, net of associated deferred tax

\*\*\*\* Equity method from associates at Grupo SURA doesn't include AFP Protección since its already accounted in SURA AM's net income



SEGUROS, TENDENCIAS  
Y RIESGOS

CONSOLIDATED  
RESULTS

GUATAPÉ, ANTIOQUIA,  
COLOMBIA



# SURAMERICANA CONTINUES WITH POSITIVE REVENUE GROWTH

But specific impacts in Argentina, Chile and Health sector in Colombia affected net income



♦ Written premiums

COP  
**13.3 tn**

▲ 10.9%  
▲ 13.1% exc. Argentina

♦ Revenues from services rendered

COP  
**3.8 tn**


▲ 23.6%

♦ Net Income

COP  
**390,327 MM**

▼ 25.6%  
▼ 10.3% exc. Argentina

♦ Advances in strategy

- Empresas SURA  
**8 countries      8 attention centers      1.2 MM SMEs**
- Individual life insurance  
**8 countries; missing:** 
- Capital optimization process  
**Voluntary health premiums      Merger Workers' Comp Split of portfolio**
- Divestments  
**Sodexo and Palic**

♦ Good operating dynamics with impacts in business segments:

**Life**

VAT on commissions: **COP 52,100 MM**

**P&C**

- Argentina **COP -88,000 MM**
- Higher claims ratio due to social protests in Chile

**Healthcare**

Improvement in claims ratio during 2H-2019

♦ SURA Ventures strategic returns: Pager, Zendrive

**ADJUSTED ROE\***

**9.0%**

**ADJUSTED ROTE\***

**11.4%**

\*\*\* 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



# HIGHER HEALTH CARE COSTS AND NON-COMPARABLE IMPACTS

Affected financial results

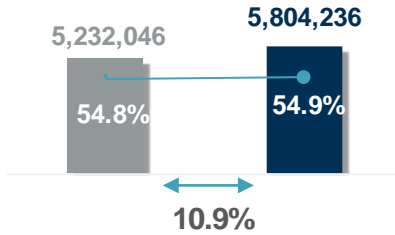
## WRITTEN PREMIUMS + REVENUES FROM SERVICES

COP  
17.1 trillion

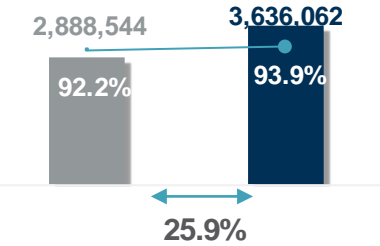
▲ COP 2.0 tn

▲ 13.5%

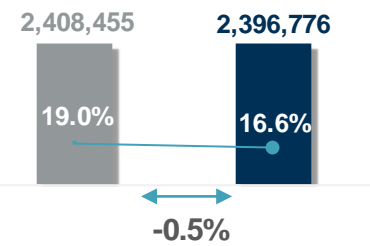
### CLAIMS + ADJ. RESERVES: % RET. PREMIUMS



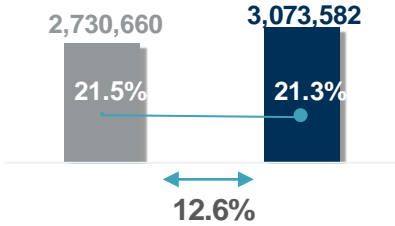
### SERVICES RENDERED: COSTS / REVENUES



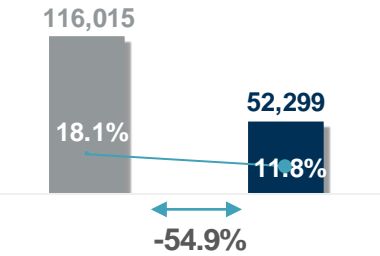
### TECHNICAL RESULT: % OPERATING REVENUES



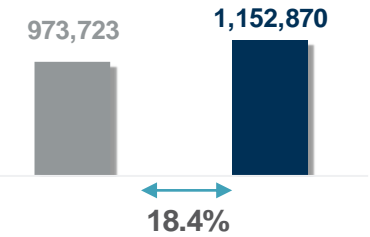
### OPER. EXPENSES\*\*: % OPERATING REVENUES



### TAXES % EBT



### INVESTMENT INCOME



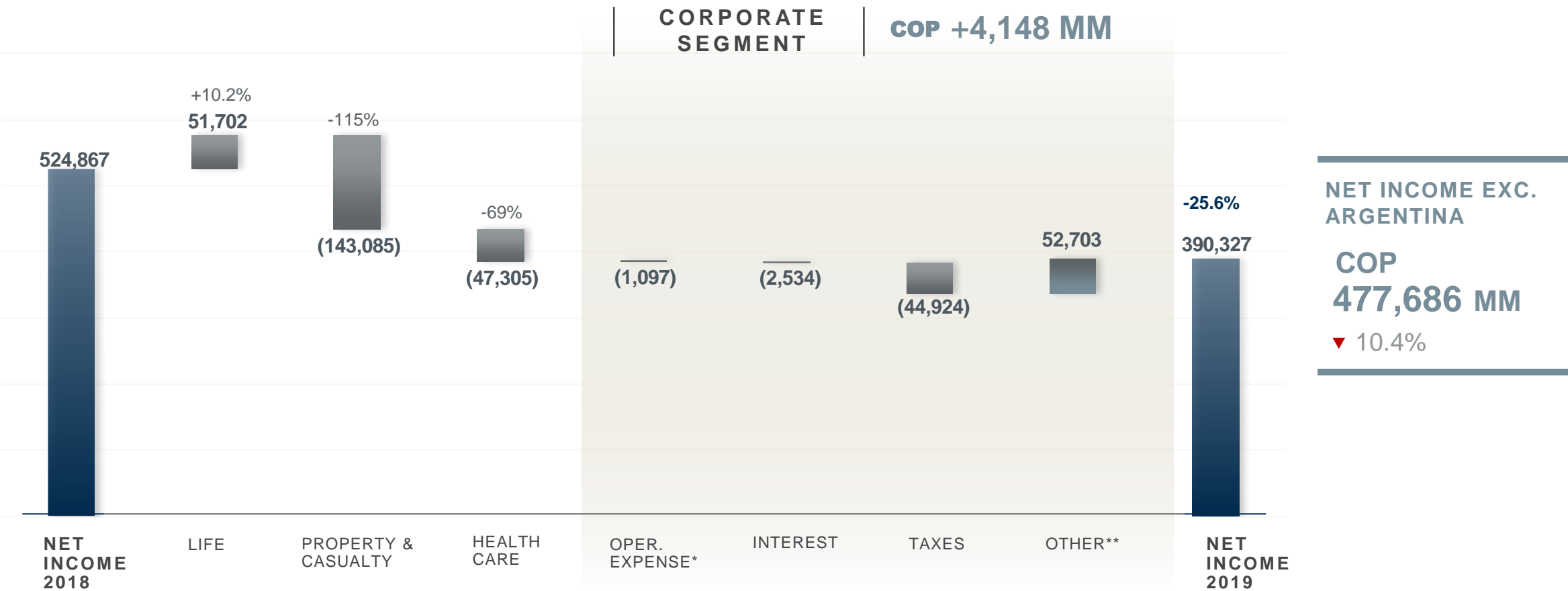
2018 2019

\*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 DUE TO SPECIFIC NEGATIVE IMPACTS

Despite the positive operating dynamics and organic growth



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

\*\*"Other" variation mainly corresponds to the profit of the sale of Palic Salud and Sodexo.

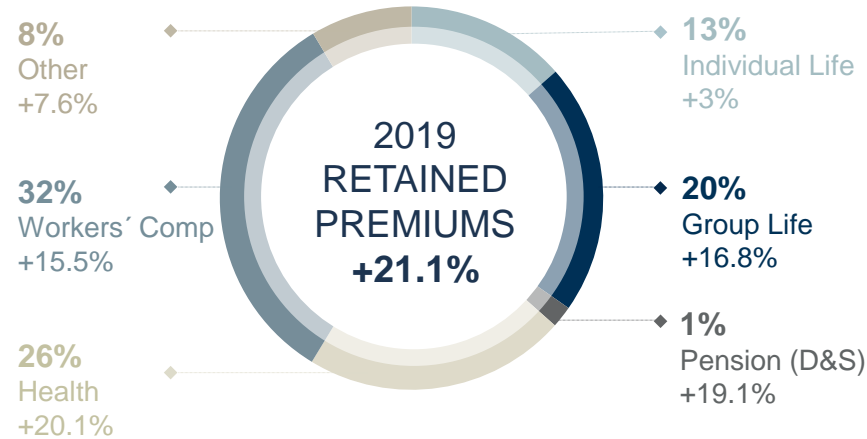
# LIFE SEGMENT: CONTINUES AS HIGHEST NET INCOME CONTRIBUTOR

with positive operating and investment results

## NET INCOME 2019FY

**COP 557,886 MM**

▲ 10.2%

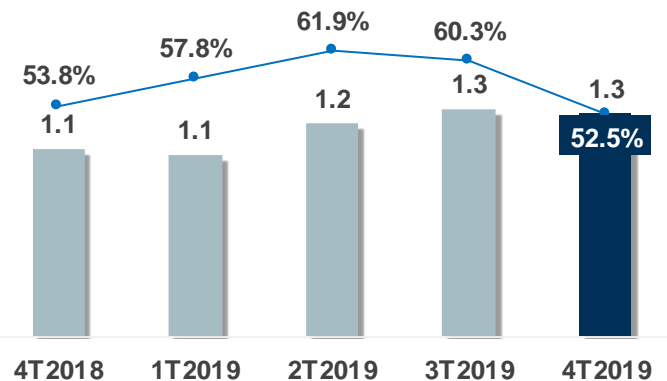


- ◆ Capital optimization effect on premiums "premium = collection"
- ◆ VAT on commissions: **COP -52,100 MM.**
- ◆ Increase in **investment income** driven by fixed income performance

## RETAINED PREMIUMS (COP tn)

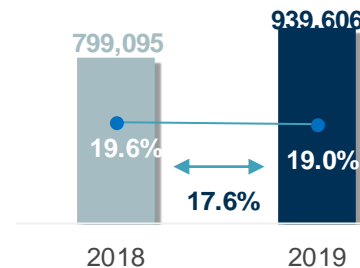
% Retained claims ratio\*

**2019: 58.1% (-30 bps)**



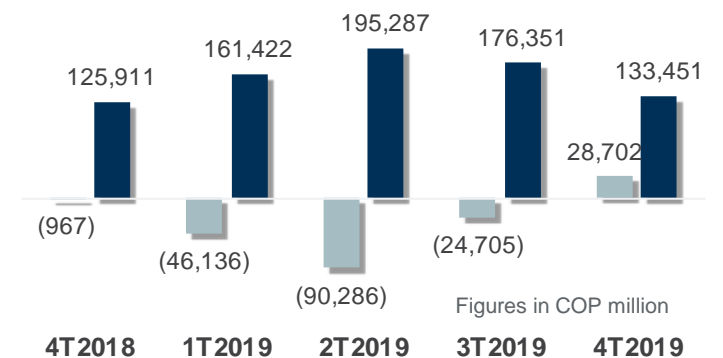
## OPERATING EXPENSES\*\* (COP MM)

% Retained premiums



## INVESTMENT INCOME

UNDERWRITING RESULT



\*Retained claims ratio = (retained claims + adjustment from reserves) / retained premiums. \*\* Oper. Expenses = fees + administrative expenses + amortizations and depreciations + impairment

# P&C SEGMENT: ARGENTINA AND CHILE

Negatively impacted the segment's results

## NET INCOME 2019 FY

Adjusted\*

**COP 36,082 MM**

▼ 80.3%

## RETAINED PREMIUMS BY COUNTRY

	dic-19	%Var COP	% Var ML
Colombia	1,793	8.5%	8.5%
Chile	924	-20.4%	-21.5%
Argentina	721	-14.3%	33.9%
México	760	51.6%	36.7%
Brasil	483	14.0%	10.9%
Panamá	415	18.2%	6.5%
Uruguay	252	-12.0%	-9.0%
Rep. Dominicana	155	22.7%	14.6%
El Salvador	129	1.3%	-8.7%
<b>Total</b>	<b>5,632</b>	<b>2.9%</b>	<b>12.2%</b>

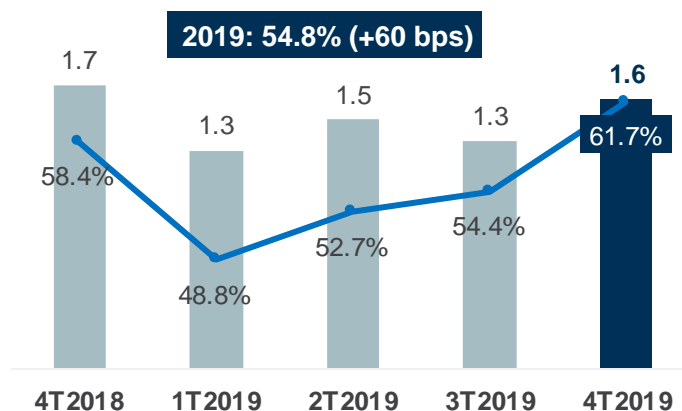
Figures in COP billion

 **Protests:** COP -40,000 MM due to an increase in claims and reinsurance costs

 COP 88,000 MM loss

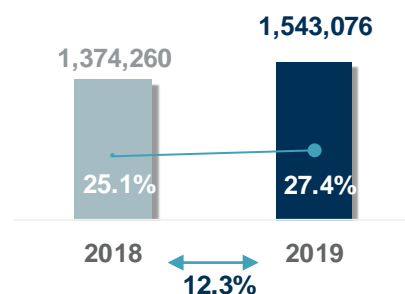
## RETAINED PREMIUMS (COP tn)

% Retained claims ratio\*\*

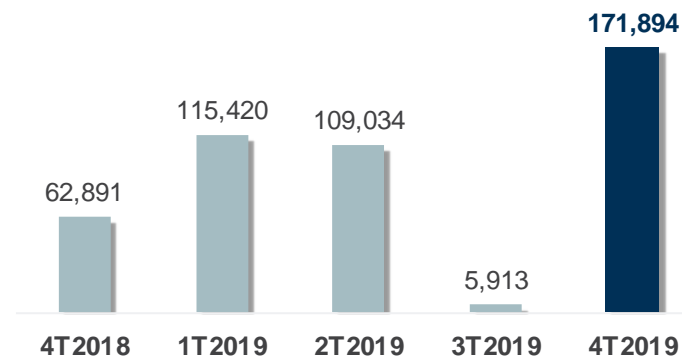


## OPERATING EXPENSES (COP MM)

% Retained premiums



## INVESTMENT INCOME (COP MM)



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

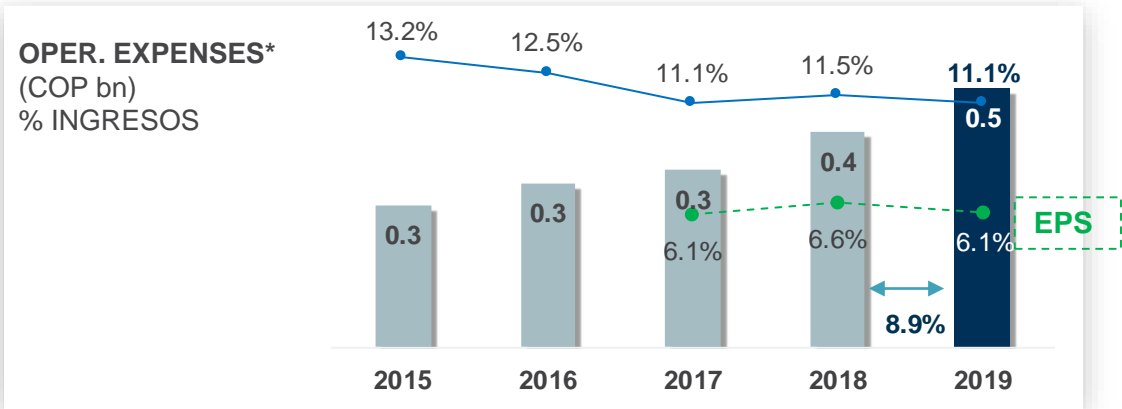
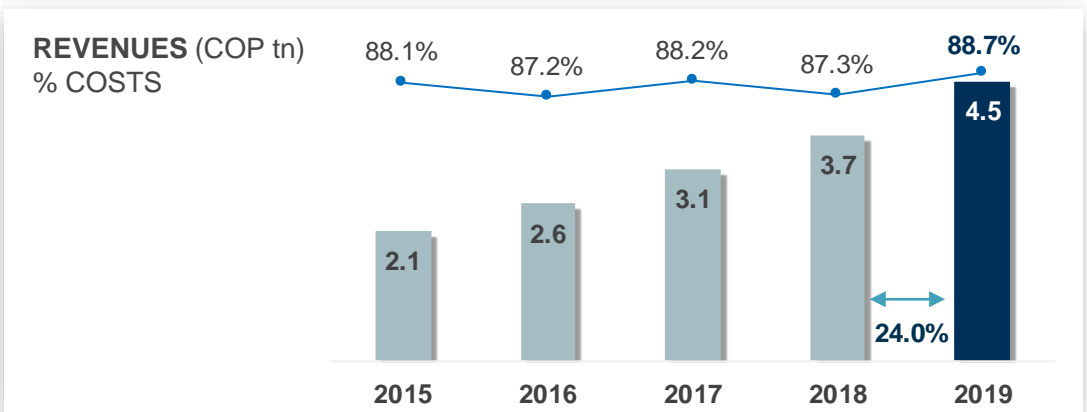
\*\*Retained claims ratio = (retained claims + adjustment from reserves) / retained premiums. \*\*\* Oper. Expenses = fees + administrative expenses + amortizations and depreciations + impairment



# HEALTH CARE SEGMENT: Q4 RESULTS

reflect a stabilization in claims ratio and positive effects from cost control initiatives

NET INCOME	FY 2019	Q4-2019
	<b>COP 21,141 MM</b>	<b>COP 19,155 MM</b>
	▼ 69%	▲ 138%



	REVENUES ON SERVICES		COSTS / REVENUES	
	DEC-19	%VAR	DEC-19	DEC-18
EPS	3,571,561	25.1%	94.3%	92.3%
IPS	621,530	15.2%	70.0%	69.2%
Dinámica	350,737	30.1%	64.8%	71.3%
<b>TOTAL</b>	<b>4,543,828</b>	<b>24.0%</b>	<b>88.7%</b>	<b>87.3%</b>

Figures in COP million

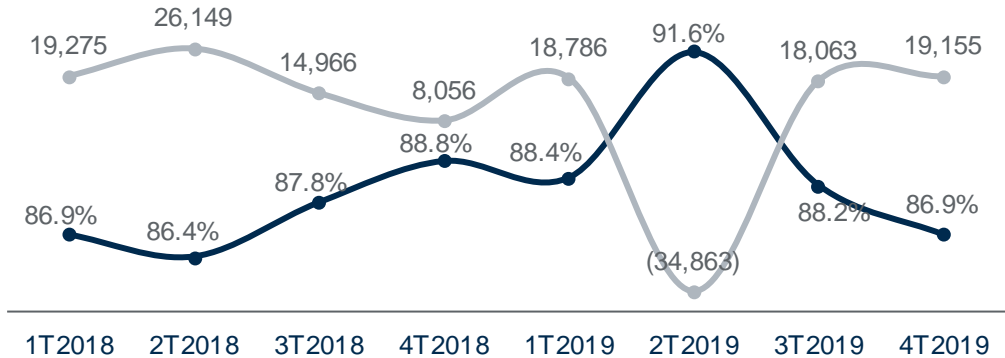
## ◆ TOTAL CLIENTS

**3.67 millones**  
▲ 17.9%

## ◆ GROWTH IN PAC\*\* REVENUES

▲ +50%

## ◆ QUARTERLY EVOLUTION OF COST RATIO AND NET INCOME



Figures in COP million

\*Oper. Expenses = fees + administrative expenses + amortizations and depreciations + impairment

\*\* PAC: Supplementary Care Plan in spanish



# CONSOLIDATED RESULTS

MACHU PICCHU, PERÚ

# SURA AM: NET INCOME GROWS 66%

Driven by return on legal reserve and operating results



◆ **CLIENTS**

**20.5** million

▲ 3.7%

252,000 Peru bidding process

◆ **NET INCOME (CONTINUED OP.)**

**COP 716,817** million

▲ 65.8%

◆ **MANDATORY PENSION BUSINESS**

Resilient growth

▲ 8.3% Commission income

Investments

- “Encaje”: yield 15%.
- Alpha in Chile y México




Pension reforms

◆ **SAVINGS AND INVESTMENTS**

Excellent net flows in the year **COP 5.1 tn**

**AUM**

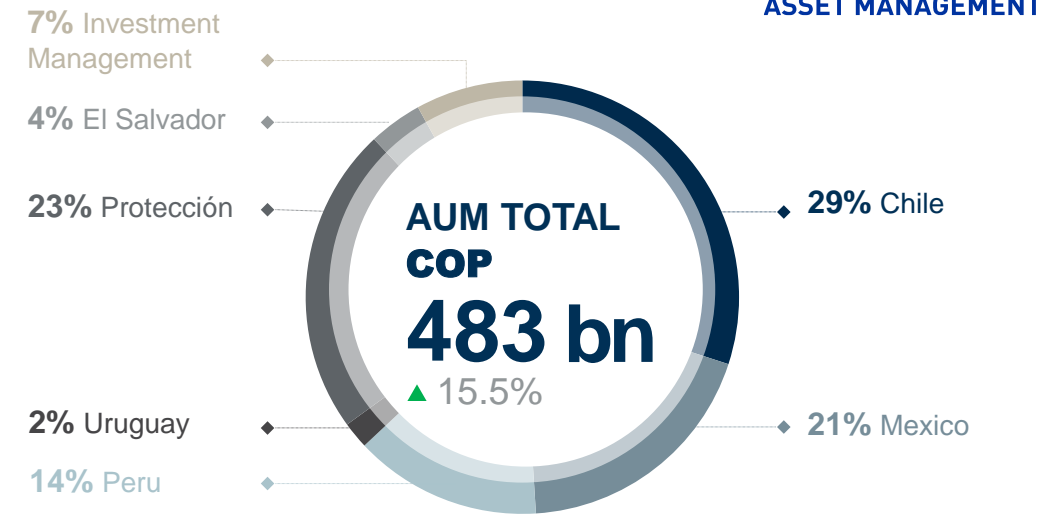
▲ 25.8%

◆ **INVESTMENT MANAGEMENT**

- 6 new alternative funds
- 136 new institutional clients

**AUM**

▲ 17% (exc. annuities Chile)



◆ **ADVANCES IN STRATEGY**

**Portfolio Management**






**Innovation & Digital Transf.**

- Analytics
- Artificial Intelligence
- Automatization

**Channel Management**

- Digital channel
- Kiosks and self-service
- Apps

**Human Talent**





# GROW IN ALL REVENUE LINES

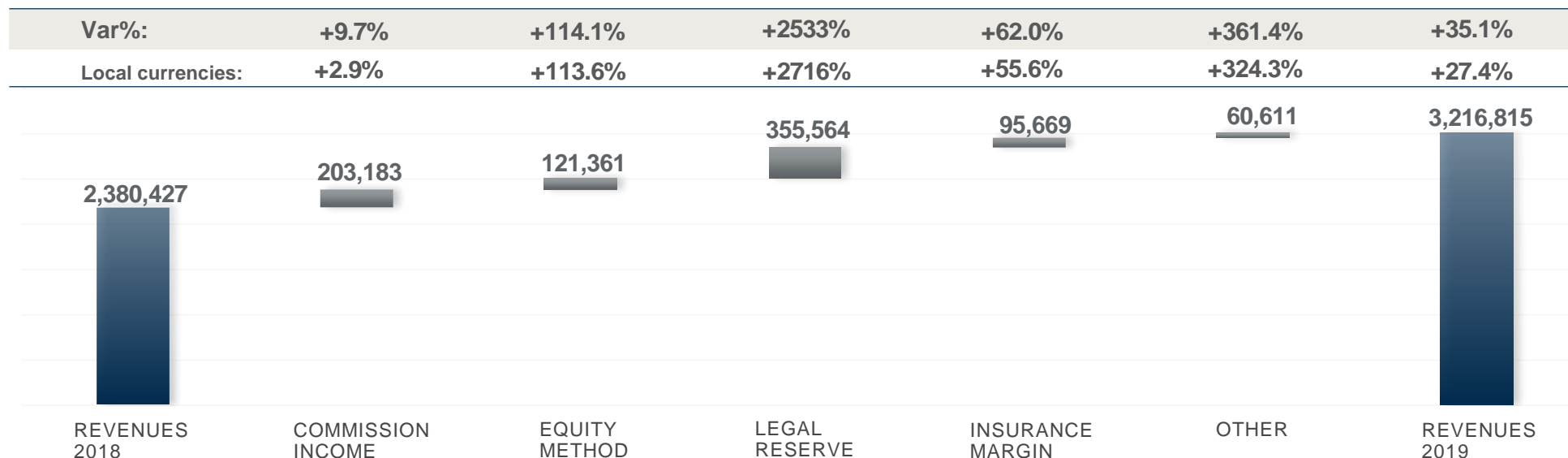
And better investment returns drive a 75% growth in operating earnings

## OPERATING REVENUES + INSURANCE MARGIN

**COP 3.2**  
trillion

**+836,388 MM**

▲ 35.1%

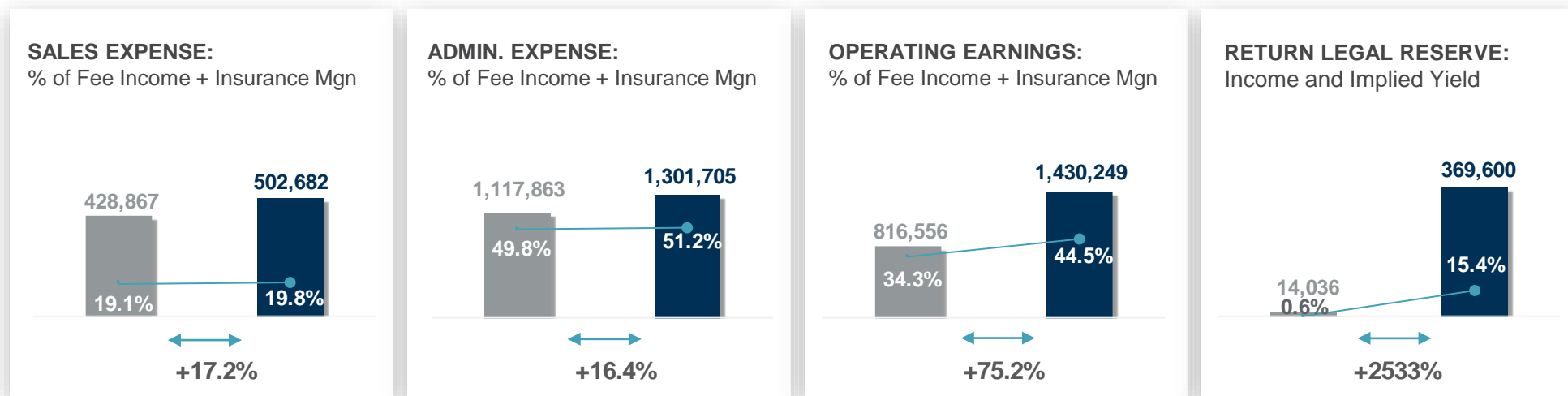


## OPERATING EXPENSES

**COP 1.3**  
trillion

**+222,695 MM**

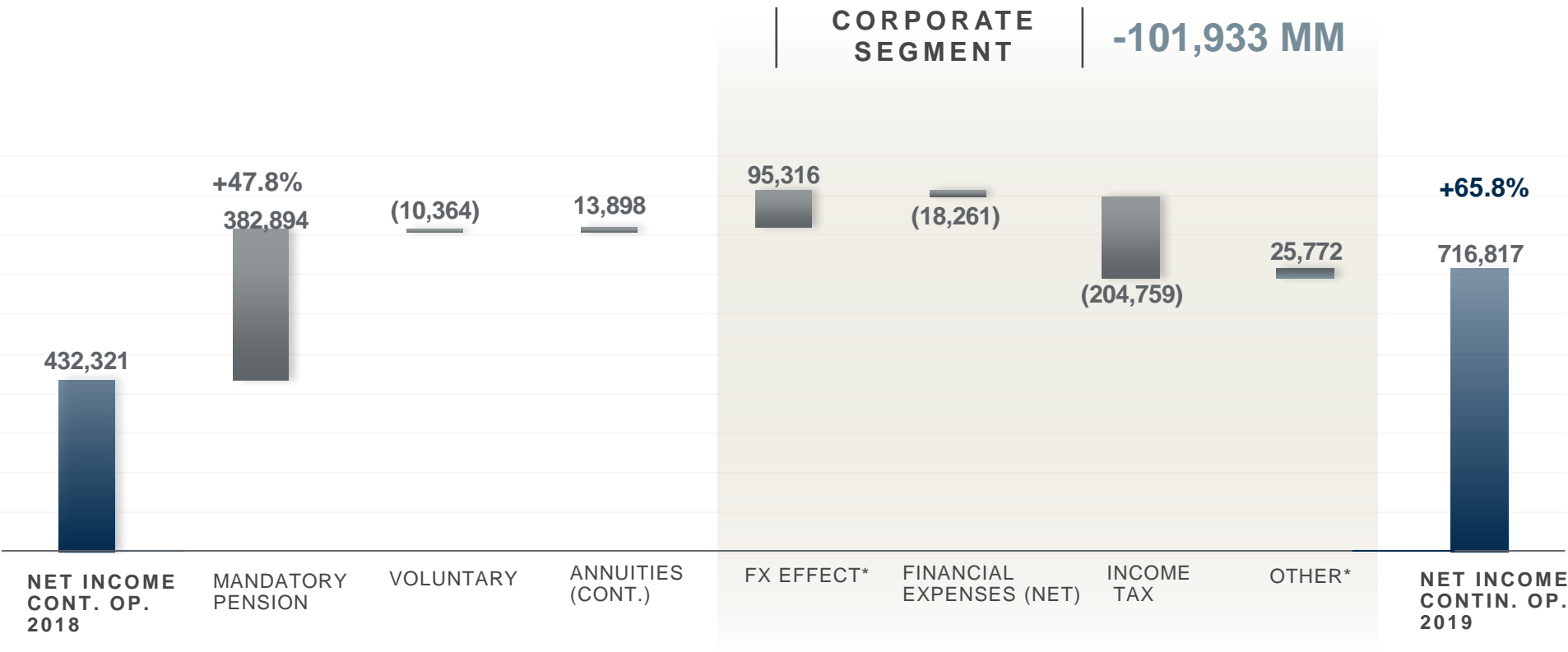
▲ 14.2%





# NET INCOME GROWTH DRIVEN BY MANDATORY PENSION BUSINESS

Offsetting higher tax expenses



ADJUSTED ROE\*\*\*

8.7%

ADJUSTED ROTE\*\*\*

31%

\*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 PENSION: RETURN ON LEGAL RESERVE AND COMMERCIAL

activity overcome pressure on lower fees

## OPERATING REVENUES

**COP 2.6 bn**

▲ 31.5%

## AUM

**COP 427 bn**

▲ 16.5%

◆ MEXICO  
▲ 25.3%

◆ PERU  
▲ 13.6%

## SALARY BASE

◆ CHILE  
▲ 6.5%

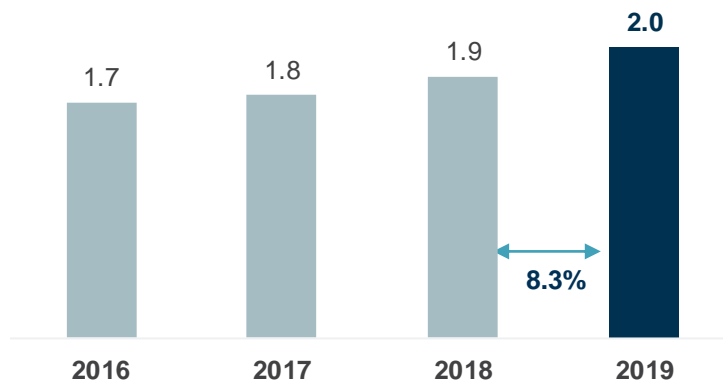
◆ COLOMBIA  
▲ 8.1%

◆ URUGUAY  
▲ 3.8%

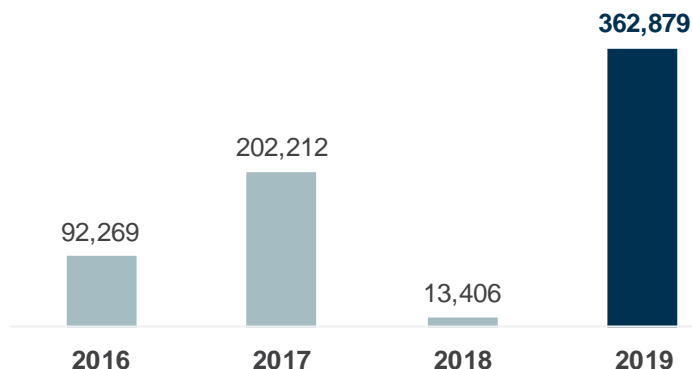
 **252,000** new affiliates

- ◆ Fee reduction   
- ◆ High investment yield benefits clients and return on legal reserves
- ◆ Evolution of alternative commercial channels

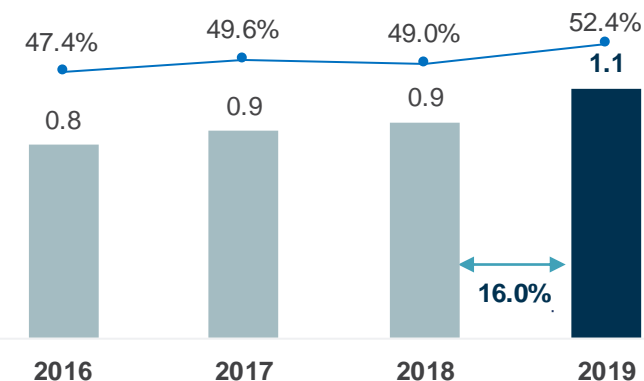
## COMMISSION INCOME



## RETURN ON LEGAL RESERVE “ENCAJE”



## ADMIN. & SALES EXPENSES (% COMMISSION INCOME)



# COMMERCIAL PRODUCTIVITY DRIVES NET FLOW AND REVENUES

## NET OPERATING REVENUES

**COP 399,184 MM**

▲ 24.1%

## AUM SAVINGS & INVESTMENTS

**COP 35.0 bn**

▲ 25.8%

◆ FLUJO NETO  
COP 5.1 bn

◆ RENDIMIENTO  
COP 2.6 bn

## AUM INVESTMENT MANAGEMENT

**COP 34.4 bn**

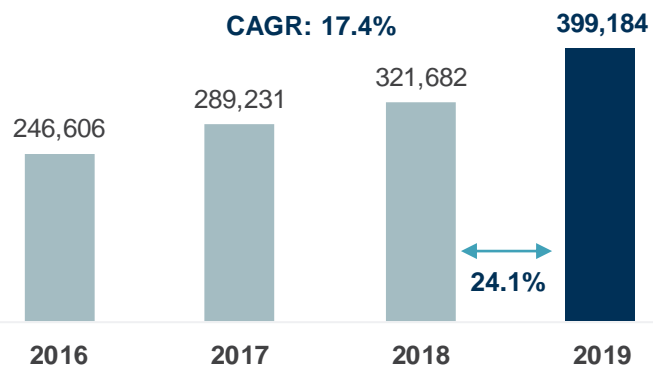
▼ 0.9%

▲ 17%

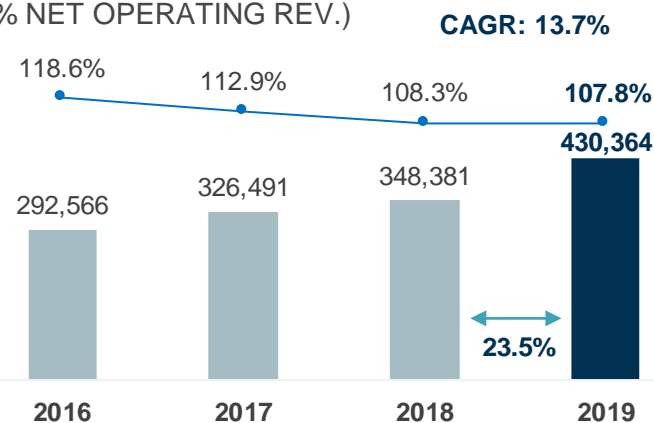
exc. RRVV Chile

- **S&I:** better commercial productivity
  - 16 new investment products
- **IM:** launch of new funds
  - 6 alternative funds
  - 11 traditional funds

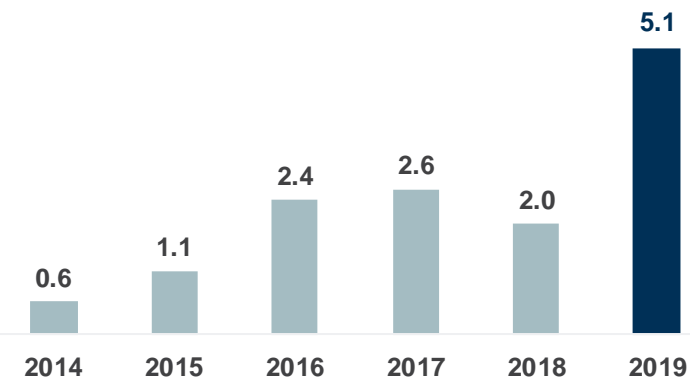
## NET OPERATING REVENUES (OPER. REVENUES + INSURANCE MARGIN)



## ADMIN. & SALES EXPENSES (% NET OPERATING REV.)



## SAVINGS AND INVESTMENTS NET FLOW (COP tn)



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**CEO: DAVID BOJANINI**

**CFO: RICARDO JARAMILLO**

Gerente IR:

**JUAN CARLOS GOMEZ**

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