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# Guardian Holdings Limited (GHL)
# Results for the Nine Months Ended September 30, 2020

## Key Points:

- The Group recorded strong performance in the third quarter of 2020, which was as a result of growth in pensions and the acquisition of the life and annuity portfolio of NCB Insurance Company Limited (NCBIC).
- The NCBIC acquisition created synergies which allowed for cost reductions by eliminating redundant systems. It also allows the Group to hold lower reserves and capital due to the larger scale and provides proven bancassurance expertise that can be deployed throughout the Caribbean.
- The Property and Casualty business segment – increased net income by $113MM, due to the growth in the Dutch markets and reduced claims as no major catastrophic events occurred during the year.
- GHL purchased the minority interest in Guardian General Insurance (OECS) Limited in Grenada.
- With ongoing economic and social challenges arising out of the COVID-19 pandemic, the traditional methods of premium collections continue to be affected, however the Group was still able to increase Gross Written Premiums (GWP) by 2 per cent.

## Basic Earnings Per Share (EPS):

GHL reported a basic EPS of $2.09 for NM20, up 12.37 per cent or $0.23 per share on the corresponding period's EPS of $1.86 in NM19. The basic EPS recorded in Q320 of $1.38 was the highest quarterly basic EPS over the past eight years.

## Dividend:

The Board of Directors did not declare an interim dividend for the half year period of 2020. Over the past eight years, this was the first time the directors decided not to recommend an interim dividend.

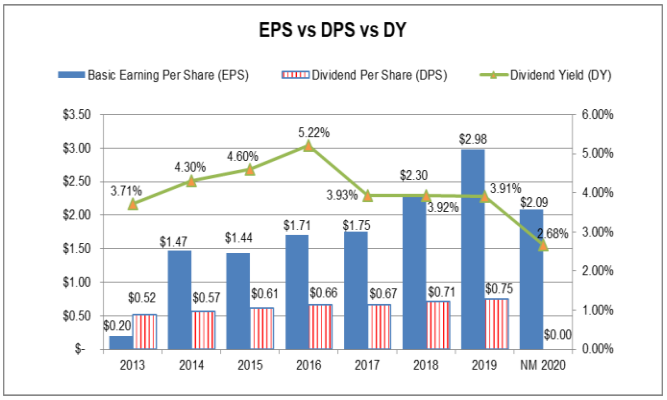
## Industry:

At the current price of $20.40 the trailing P/E ratio is 6.36 times which is below the non-banking finance sector weighted average P/E of 10.69 times. GHL's trailing dividend yield is 2.50 per cent, which is above the non-banking finance sector weighted average dividend yield of 2.41 per cent. Between FY 2014 & 2019 the Group has shown an average dividend payout ratio of 35.68%.

| Dividend | Interim | Final | Total | Dividend Yield |
|---|---|---|---|---|
| **NM 2020** | 0.00 | | 0.00 | **2.68%** |
| **2019** | 0.24 | 0.51 | 0.75 | **3.91%** |
| **2018** | 0.23 | 0.48 | 0.71 | **3.92%** |
| **2017** | 0.22 | 0.45 | 0.67 | **3.93%** |
| **2016** | 0.21 | 0.45 | 0.66 | **5.22%** |
| **2015** | 0.19 | 0.42 | 0.61 | **4.60%** |
| **2014** | 0.17 | 0.40 | 0.57 | **4.30%** |
| **2013** | 0.15 | 0.37 | 0.52 | **3.71%** |

| **Financial Year End** | **December 31** |
|---|---|
| **Sector** | **Non-Banking Finance** |
| Symbol on TTSE | GHL |
| Issued Share Capital | 232.02MM |
| Market Capitalization | $4.41B |
| Current Price (November 12, 2020) | $20.40 |
| 52 Week Price Range | $17.04 - $23.03 |
| Trailing EPS | $3.21 |
| Trailing Price to Earnings Multiple | 6.36x |
| Current Book Value/Share | $18.07 |
| Price to Book | 1.13x |
| Return on Equity | 15.85% |
| Return on Assets | 2.06% |

| Basic EPS | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| **2020** | (0.16) | 0.87 | 1.38 | | **$ 2.09** |
| **2019** | 0.49 | 0.57 | 0.80 | 1.12 | **$ 2.98** |
| **2018** | 0.31 | 0.62 | 0.67 | 0.70 | **$ 2.30** |
| **2017** | 0.39 | 0.44 | 0.27 | 0.65 | **$ 1.75** |
| **2016** | 0.27 | 0.43 | 0.42 | 0.59 | **$ 1.71** |
| **2015- Restated** | 0.23 | 0.31 | 0.37 | 0.53 | **$ 1.44** |
| **2014** | 0.37 | 0.42 | 0.44 | 0.24 | **$ 1.47** |
| **2013** | 0.30 | 0.16 | 0.39 | -0.65 | **$ 0.20** |



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**Income Statement for the period ending September 30, 2020**

| | NM20 $'000 | NM19 $'000 | $ Change NM20 - NM19 $'000 | % Change NM20 - NM19 | Change | YE19 $'000 |
|---|---|---|---|---|---|---|
| Gross written premiums | 4,991,878 | 4,910,098 | 81,780 | 1.67% | ↑ | 6,366,679 |
| Net written premiums | 3,267,840 | 3,390,683 | (122,843) | -3.62% | ↓ | 4,484,742 |
| Net results from insurance underwriting activities | 998,199 | 564,049 | 434,150 | 76.97% | ↑ | 958,579 |
| Net income from investing activities | 580,745 | 945,021 | (364,276) | -38.55% | ↓ | 1,369,846 |
| Fee & commission income from brokerage activities | 106,830 | 88,921 | 17,909 | 20.14% | ↑ | 117,052 |
| **Net income from all activities** | 1,685,774 | 1,597,991 | 87,783 | 5.49% | ↑ | 2,445,477 |
| Net impairment gains / (losses) on financial assets | (24,792) | (4,672) | (20,120) | 430.65% | ↓ | (87,586) |
| Operating expenses | (922,755) | (907,025) | 15,730 | 1.73% | ↑ | (1,374,500) |
| Finance charges | (110,010) | (109,709) | 301 | 0.27% | ↑ | (146,705) |
| **Operating (loss) / profit** | 628,217 | 576,585 | 51,632 | 8.95% | ↑ | 836,686 |
| Share of after tax profit of associated companies | 18,946 | 22,344 | (3,398) | -15.21% | ↓ | 18,033 |
| **(Loss) / Profit before taxation** | 647,163 | 598,929 | 48,234 | 8.05% | ↑ | 854,719 |
| Taxation | (170,989) | (156,137) | 14,852 | 9.51% | ↑ | (151,006) |
| **(Loss) / Profit after taxation** | 476,174 | 442,792 | 33,382 | 7.54% | ↑ | 703,713 |
| (Loss) / Profit attributable to participating policyholders | 13,877 | (8,273) | 22,150 | 267.74% | ↑ | (8,753) |
| **(Loss) / Profit for the period** | 490,051 | 434,519 | 55,532 | 12.78% | ↑ | 694,960 |
| (Loss) / Profit attributable to non-controlling interests | (4,824) | (1,873) | 2,951 | 157.55% | ↑ | (2,652) |
| **(Loss) / Profit attributable to equity holders** | 485,227 | 432,646 | 52,581 | 12.15% | ↑ | 692,308 |
| **Basic EPS** | $ 2.09 | $ 1.86 | $0.23 | 12.37% | ↑ | $ 2.98 |

**Balance Sheet as at September 30, 2020**

| | NM20 $'000 | NM19 $'000 | $ Change NM20 - NM19 $'000 | % Change NM20 - NM19 | Change | YE19 $'000 |
|---|---|---|---|---|---|---|
| Total Assets | **32,608,101** | **29,137,936** | **3,470,165** | **11.91%** | ↑ | **30,068,087** |
| Total Liabilities | 28,410,244 | 25,539,977 | 2,870,267 | 11.24% | ↑ | 26,103,867 |
| Total Equity | 4,197,857 | 3,597,959 | 599,898 | 16.67% | ↑ | 3,964,220 |
| | **32,608,101** | **29,137,936** | **3,470,165** | | | **30,068,087** |

## Financials:

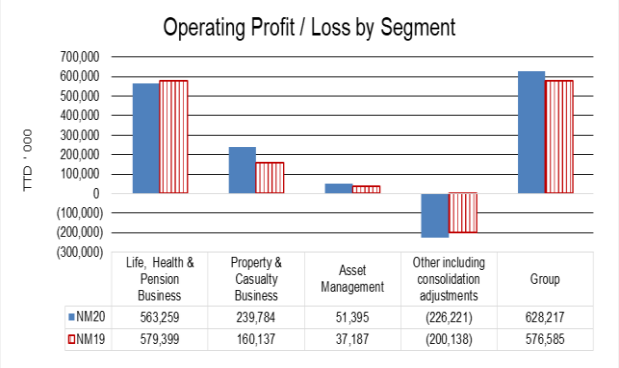
- Net Income from all activities closed at $1.69B, up 5.49 per cent or $87.78MM from NM19's total of $1.60B.
- Operating Expenses stood at $922.76MM, a slight rise of 1.73 per cent from the previous corresponding period NM19 of $907.03MM. This was a result of acquired businesses, primarily within the brokerage segment.
- GHL declared a Profit After Tax in NM20 of $476.17MM, an increase of 7.54 per cent or $33.38MM, compared to $442.79MM in NM19.
- The Group recorded a Profit attributable to equity holders of $485.23MM in NM20 up 12.15 per cent or $52.58MM from $432.65MM in NM19. This performance was due to improved net results from insurance activities and partial offset of adverse net fair value losses in the regional equity market.
- Total Assets rose by 11.91 per cent or $3.47B to $32.61B in NM20.
- Total Liabilities amounted to $28.41B in NM20 and Total Equity was up by 16.67 per cent or $599.90MM to close at $4.20B.

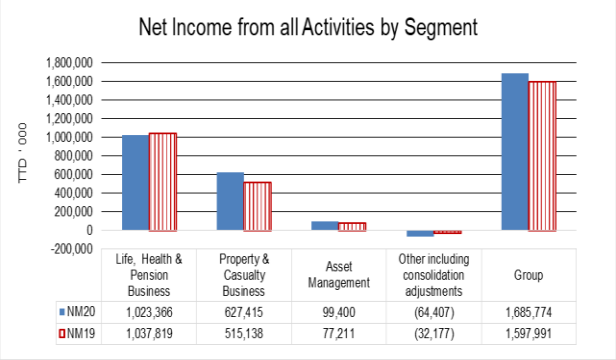
## Segments:

For the NM20 period, the Life, Health & Pension Business segment contributed 89.66 per cent to the Group's Operating Profit, followed by the Property & Casualty Business segment with 38.17 per cent.

In third place was the Asset Management segment representing 8.18 per cent of the Group's Operating Profit.

For the NM20 period, the Life, Health & Pension Business segment was the major contributor to the Group's Net Income with 60.71 per cent. In second place was the Property & Casualty Business segment representing 37.22 per cent, followed by the Asset Management segment with 5.90 per cent of the Group's Net Income from all Activities.

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