

August 8, 2019

E-L FINANCIAL CORPORATION LIMITED ANNOUNCES JUNE 30, 2019 FINANCIAL RESULTS

TORONTO, Ontario - E-L Financial Corporation Limited (“E-L Financial” or the “Company”) (TSX: ELF) (TSX: ELF.PR.F) (TSX: ELF.PR.G) (TSX: ELF.PR.H) today reported a net equity value per common share of \$1,397.35 as at June 30, 2019, an increase of 8% from \$1,295.65 as at December 31, 2018.

For the second quarter ended June 30, 2019, E-L Financial earned a consolidated shareholders’ net income of \$42 million, or \$9.70 per common share, compared with \$108 million, or \$26.56 per common share in 2018. For the six months ended June 30, 2019, E-L Financial earned consolidated shareholders’ net income of \$351 million, or \$87.38 per common share, compared with \$174 million, or \$42.26 per common share in 2018.

E-L Corporate

E-L Corporate reported a net income of \$22 million for the second quarter ended June 30, 2019, compared to \$51 million for the comparable period in 2018. The decrease in net income is primarily due to a net loss on investments of \$19 million in the second quarter of 2019 compared to a net gain of \$42 million in 2018. The pre-tax total return on investments for the second quarter of 2019 was 0% compared to 2% in the prior year. During the second quarter of 2019, foreign currency negatively impacted investment returns due to an appreciation of the Canadian dollar relative to most major currencies.

For the six months ended June 30, E-L Corporate earned net income of \$288 million in 2019 compared to \$78 million in 2018. The increase in net income is primarily due to higher net gains on investments of \$322 million in 2019 compared to \$64 million in 2018. E-L Corporate’s global investment portfolio had a pre-tax total return of 8% for the six months ended June 30, 2019 compared to a pre-tax total return of 3% in the prior year. Investments in Canada, U.S. and Europe were the largest contributors to the 2019 investment performance with a positive pre-tax total return of approximately 11%.

Empire Life

For the second quarter ended June 30, 2019, the Empire Life segment reported net income of \$20 million compared to \$57 million in 2018. The net income for 2019 decreased primarily due to unfavourable changes in bond yields, which contributed to an increase in insurance contract liabilities that more than offset the impact of fair value gains on fixed income investments in the Individual Insurance product line. Lower earnings in the Wealth Management and Employee Benefits product lines were primarily driven by less favourable expense and claims experience relative to the second quarter of 2018.

The Empire Life segment reported net income of \$63 million for the six months ended June 30, 2019 compared to \$96 million in 2018. The net income for 2019 decreased primarily due to the above mentioned items.

Empire Life’s Life Insurance Capital Adequacy Test (“LICAT”) total ratio was 149% at June 30, 2019 compared to 149% at December 31, 2018, well above the requirements set by the Office of the Superintendent of Financial Institutions Canada as well as Empire Life’s minimum internal targets.

CONSOLIDATED SUMMARY OF NET INCOME (UNAUDITED)

E-L Financial Consolidated <i>(millions of dollars)</i>	Second quarter		Year to date	
	2019	2018	2019	2018
Contribution to net income				
E-L Corporate ¹	\$ 22	\$ 51	\$ 288	\$ 78
Empire Life ²	20	57	63	96
Net income	\$ 42	\$ 108	\$ 351	\$ 174

E-L Corporate <i>(millions of dollars)</i>	Second quarter		Year to date	
	2019	2018	2019	2018
Revenue				
Net (loss) gain on investments ³	\$ (19)	\$ 42	\$ 322	\$ 64
Investment and other income	51	50	81	75
Share of associates income	7	7	9	5
	39	99	412	144
Operating expenses	9	9	18	18
Income taxes	7	17	55	22
Non-controlling interests	1	22	51	26
	17	48	124	66
Net income	\$ 22	\$ 51	\$ 288	\$ 78

Empire Life <i>(millions of dollars)</i>	Second quarter		Year to date	
	2019	2018	2019	2018
Revenue				
Net premiums	\$ 225	\$ 205	\$ 463	\$ 416
Net gain (loss) on investments ³	229	33	640	(47)
Investment and other income	83	83	158	151
Fee income	66	67	130	132
	603	388	1,391	652
Benefits and expenses	569	308	1,297	514
Income and other taxes	10	22	27	39
Non-controlling and participating policyholders' interests	4	1	4	3
	583	331	1,328	556
Net income	\$ 20	\$ 57	\$ 63	\$ 96

¹ Net of non-controlling interests

² Net of non-controlling interests and participating policyholders' net income (loss)

³ Includes fair value change on FVTPL investments and realized gains on AFS investments

Empire Life's Sources of Earnings <i>(millions of dollars)</i>	Second quarter		Year to date	
	2019	2018	2019	2018
Expected profit on in-force business	\$ 46	\$ 52	\$ 97	\$ 102
Impact of new business	(6)	(1)	(8)	(4)
Experience (losses) gains	(13)	8	(10)	10
Management actions and changes in assumptions	(9)	10	(10)	11
Earnings on operations before income taxes	17	69	70	119
Earnings on surplus	12	11	20	15
Income taxes	(5)	(19)	(19)	(31)
Non-controlling interests	(4)	(4)	(8)	(7)
Net income	\$ 20	\$ 57	\$ 63	\$ 96

Non-GAAP Measures

The Company uses non-GAAP measures including net equity value per common share to provide investors with supplemental measures of its operating performance that may not otherwise be apparent when relying solely on International Financial Reporting Standards ("IFRS") financial measures. Net equity value per common share provides an indication of the accumulated shareholder value, adjusting shareholders' equity to reflect investments in associates at fair value, net of tax, as opposed to their carrying value.

The Company also uses sources of earnings and assets under management to provide investors with supplemental measures of Empire Life's performance and to highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers.

About E-L Financial

E-L Financial operates as an investment and insurance holding company. In managing its operations, E-L Financial distinguishes between two operating segments, E-L Corporate and Empire Life.

E-L Corporate represents investments in stocks and fixed income securities held directly and indirectly through pooled funds, closed-end investment companies and other investment companies. The investment strategy is to accumulate shareholder value through long-term capital appreciation and dividend and income from its investments.

Empire Life is a subsidiary of E-L Financial. Since 1923, Empire Life has provided individual and group life and health insurance, investment and retirement products to Canadians. Empire Life's mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security. As of June 30, 2019 Empire Life had total assets under management of \$18 billion.

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