

# Q4'19

## Results fact sheet



OUR AMBITION IS TO BE **ONE OF THE BEST** INSURANCE AND ASSET MANAGEMENT COMPANIES GLOBALLY

A growth strategy focused on **high ROE** and **strong capital generation** through **leading positions** in **attractive markets** globally

**40,600** EMPLOYEES<sup>(2)</sup>      **125,900** ADVISORS<sup>(2)</sup>

OFFICES IN 26 COUNTRIES<sup>(2)</sup>

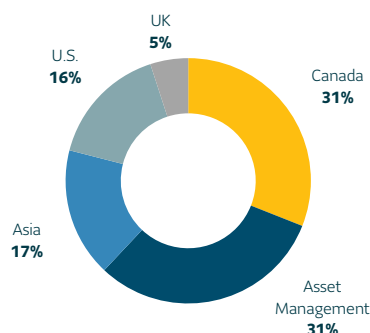
**\$17.4B** Gross claims & benefits paid in 2019  
**\$1,099B** Assets under management (AUM)<sup>(2,3)</sup>  
**11%** (per annum) Shareholder Return over the past 5 years<sup>(2)</sup>

### Q4'19 and 2019 highlights

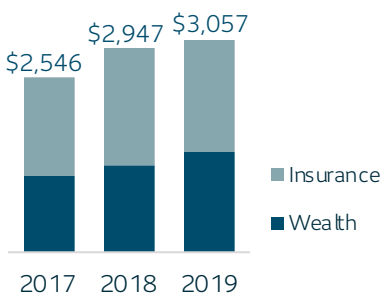
FINANCIAL RESULTS <sup>(3)</sup>	Q4'19	CHANGE FROM 2018	2019	CHANGE FROM 2018
REPORTED NET INCOME	\$719M	▲ 24%	\$2,618M	▲ 4%
UNDERLYING NET INCOME	\$792M	▲ 10%	\$3,057M	▲ 4%
UNDERLYING EPS	\$1.34	▲ 13%	\$5.16	▲ 6%
REPORTED ROE	13.6%	▲ 270 BPS	12.3%	▲ 20 BPS
UNDERLYING ROE	15.0%	▲ 140 BPS	14.3%	▲ 10 BPS
INSURANCE SALES	\$1,402M	▲ 7%	\$3,524M	▲ 11%
WEALTH SALES	\$44.9B	▲ 24%	\$159.0B	▲ 16%
VALUE OF NEW BUSINESS	\$337M	▲ 9%	\$1,206M	▲ 5%
AUM	\$1,099B	▲ 16%	\$1,099B	▲ 16%

### A balanced & diversified business model

2019 UNDERLYING NET INCOME BY BUSINESS GROUP<sup>(3)</sup>



UNDERLYING NET INCOME BY BUSINESS TYPE<sup>(3,5)</sup> (C\$ MILLIONS)



Graphic excludes Corporate Support results

### MEDIUM-TERM OBJECTIVES<sup>(1)</sup>

AVERAGE UNDERLYING EPS GROWTH: 8-10% PER ANNUM

UNDERLYING ROE: 12-14%

TARGET DIVIDEND PAYOUT RATIO: 40-50%

Figures as at December 31, 2019 and in C\$, unless otherwise stated

TICKER (TSX & NYSE)	SLF
TSX SHARE PRICE	\$59.21
NYSE SHARE PRICE (USD)	\$45.57
MARKET CAPITALIZATION	\$34.8B
COMMON SHARES OUTSTANDING	587.8M
BOOK VALUE PER SHARE	\$35.97
2019 DIVIDEND PER SHARE	\$2.10
2019 DIVIDEND YIELD	3.9%
2019 TOTAL DIVIDENDS PAID	\$1.24B
LICAT RATIO (Sun Life Financial Inc.)	143%

### FINANCIAL STRENGTH RATINGS<sup>(4)</sup>

S&P	AA
MOODYS	AA3
AM. BEST	A+
DBRS	AA

### Capital strength

**143%**  
LICAT ratio for Sun Life Financial

**\$2.3B**  
Cash at the holding company<sup>(6)</sup>

**21.2%**  
Financial leverage ratio<sup>(3)</sup> (25% target)

# Our growth strategy and highlights from Q4'19

## CAN A LEADER IN INSURANCE AND WEALTH SOLUTIONS IN OUR CANADIAN HOME MARKET

- GRS grew sales 19% over prior year driven by strong Defined Benefit Solutions sales of \$1.5 billion as we continue to shape the market by bringing customized and innovative solutions to companies to assist them in de-risking their pension plans
- Sun Life Global Investments (SLGI) AUM of \$29 billion<sup>(3)</sup>; 27% growth over prior year
- 98%, 100%, and 84% of SLGI Granite Managed Portfolio retail assets exceeded their peer median for five-, three-, and one-year performance, respectively<sup>(7)</sup>

## AM A LEADER IN GLOBAL ASSET MANAGEMENT

- Entered into an agreement with InfraRed Capital Partners, a global infrastructure and real estate investment manager, to purchase 80% of the company and the ability to acquire the remaining interest in the future
- MFS achieved U.S. retail net inflows for the fourth consecutive quarter, demonstrating the continued strength of MFS's performance and brand presence
- Pre-tax net operating profit margin ratio for MFS of 40%<sup>(3)</sup> for Q4 2019
- 93%, 93% and 98% of MFS's U.S. retail mutual fund assets ranked in the top half of their Lipper categories based on ten-, five-, and three-year performance

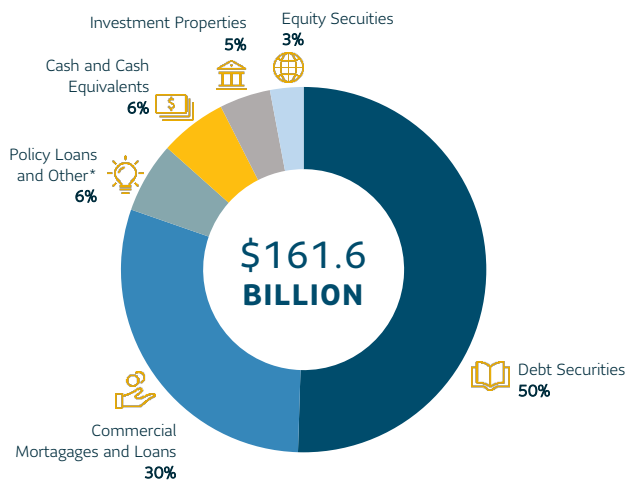
## US A LEADER IN U.S. GROUP BENEFITS

- Completed the major milestones of our integration of the employee benefits business acquired in 2016, which includes reaching our full target of US\$100 million in pre-tax run-rate synergies on schedule
- Surpassed 10,000 families on the Sun Life + Maxwell Health platform, which was launched earlier in 2019, enabling more families to make better choices for insurance protection
- Medical stop-loss business in-force increased to US\$1.9 billion, up 17% from the same period in 2018
- After-tax profit margin for U.S. Group Benefits of 7.3%<sup>(3,8)</sup>

## ASIA A LEADER IN ASIA THROUGH DISTRIBUTION EXCELLENCE IN HIGHER GROWTH MARKETS

- In Vietnam, signed a 15-year bancassurance partnership with Tien Phong Commercial Bank, a digital leader in Vietnamese banking
- In Indonesia, became the preferred partner to Nobu National Bank by signing an expanded distribution agreement
- Commenced sales of Sun Life's sharia-based products via our exclusive bancassurance partnership with Bank Muamalat Indonesia, a pioneer in the Islamic banking industry
- Sun Life Hong Kong Ltd. has been assigned "AA-" long-term issuer credit and financial strength ratings by S&P Global Ratings

## General account invested assets



Invested assets as at December 31, 2019

\*Consists of: Other invested assets (3%), Policy loans (2%), Derivative assets (1%).

**99% of our debt securities are investment grade or higher**

## Achievements & recognition



## Events calendar

March 26, 2020	National Bank Financial Services Conference
May 5, 2020	Annual Meeting and 1 <sup>st</sup> Quarter 2020 Financial Results
July 29, 2020	2 <sup>nd</sup> Quarter 2020 Financial Results

[Click here for Earnings News Release and other quarterly materials](#)

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<sup>(1)</sup> The objectives are based on underlying net income measures. The objectives are forward-looking non-IFRS financial measures and are not earnings guidance. Additional information is provided in our 2019 annual MD&A under the heading "Forward-looking Statements - Medium-Term Financial Objectives" and under the heading "Overview - Financial Objectives". <sup>(2)</sup> As at December 31, 2019. Includes Asia joint ventures. <sup>(3)</sup> Management uses certain non-IFRS measures such as underlying net income (loss), underlying EPS, underlying ROE, assets under management, sales, value of new business, after-tax profit margin for U.S. Group Benefits, financial leverage ratio, pre-tax net operating profit margin for MFS and information calculated on a constant currency basis. These measures should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. <sup>(4)</sup> Ratings are for Sun Life Assurance Company of Canada. <sup>(5)</sup> Wealth underlying net income includes results of Individual Wealth and Group Retirement Services in Canada, Asset Management, and the Company's wealth businesses in Asia. <sup>(6)</sup> Cash at the holding company includes cash and other liquid assets at Sun Life Financial Inc. and its wholly-owned holding companies. <sup>(7)</sup> Based on the Funds' Series F returns against their respective Canadian Investment Funds Standards Committee ("CIFSC") peer group. <sup>(8)</sup> After-tax profit margin for U.S. Group Benefits is calculated on underlying net income as a percentage of net premiums on a trailing four quarters basis. Additional information concerning non-IFRS financial measures and reconciliations to IFRS measures are included in our annual and interim MD&A. EPS measures refer to fully diluted EPS, unless otherwise stated. The items excluded in determining underlying income measures are set out in the 2019 Annual MD&A in Section L - Non-IFRS Financial Measures. All data is in C\$ unless otherwise noted.