

March 6, 2018

## **E-L FINANCIAL CORPORATION LIMITED ANNOUNCES DECEMBER 31, 2017 FINANCIAL RESULTS**

TORONTO, Ontario - E-L Financial Corporation Limited (“E-L Financial”) (TSX: ELF) (TSX: ELF.PR.F) (TSX: ELF.PR.G) (TSX: ELF.PR.H) today reported for the year ended December 31, 2017, consolidated shareholders' net income of \$668.1 million or \$166.17 per common share compared with \$333.1 million or \$80.88 per common share in 2016. For the fourth quarter of 2017, E-L Financial had consolidated net income of \$257.1 million or \$64.47 per common share compared with \$100.1 million or \$24.49 per common share in 2016.

E-L Financial's net equity value per common share was \$1,316.64 at December 31, 2017, compared to \$1,159.26 as at December 31, 2016.

“Today I am pleased to report a record year end net equity value per share of \$1,316.64 as at December 31, 2017, representing a total return of 14% for the year. Our global equity portfolios continued to have strong momentum through 2017 with double digit returns. During the first quarter of 2017 investments were reallocated with the introduction of two new investment managers. This has improved the diversification of the global equity portfolio and contributed to higher returns for 2017. Empire Life has delivered solid earnings contributing \$169.8 million to E-L Financial shareholder net income, an increase of 12% over the prior year. Empire Life continues to be well capitalized with the completion of a subordinated debt issuance and E-L Financial's investment in Empire Life Series 3 preferred shares, both completed in the fall of 2017,”  
Duncan N.R. Jackman, Chairman, President and CEO of E-L Financial.

### **E-L Corporate**

For the year ended December 31, 2017, E-L Corporate earned net income of \$498.3 million compared to \$181.6 million in 2016. The increase in net income is primarily due to E-L Corporate's net gain on investments of \$544.5 million compared to \$155.8 million in 2016. E-L Corporate's global investment portfolio was positively impacted by strong equity markets returns as 2017 yielded a pre-tax total return of 14% compared to 6% in the prior year.

E-L Corporate's fourth quarter 2017 net income was \$209.0 million compared to \$47.9 million in 2016. The increase in the net gain on investments was due to both higher equity market returns and foreign currencies strengthening against the Canadian dollar in the fourth quarter of 2017. Income from associates earned \$13.6 million for the fourth quarter of 2017 compared to a loss of \$31.2 million in 2016. The 2016 results included an impairment write down of \$31.8 million related to the Company's investment in Algoma.

### **Empire Life**

For the year ended December 31, 2017, Empire Life's net income attributable to E-L Financial was \$169.8 million compared to \$151.5 million for the comparable period in 2016. The increase in net income was a result of continued growth in the Wealth Management product line, improved performance of the Employee Benefits product line and lower hedge costs partly offset by lower gains in the Individual Insurance product line.

Empire Life's fourth quarter net income attributable to E-L Financial was \$48.1 million compared to \$52.2 million in 2016. The decrease in income is mainly due to lower gains in the Individual Insurance product line partly offset by improved operating performance in the Wealth Management product line.

Empire Life's assets under management (including segregated fund and mutual fund assets) increased 10% over December 31, 2016 levels to reach \$17.6 billion.

Empire Life's Minimum Continuing Capital and Surplus Requirements ratio increased to 282% at December 31, 2017 compared to 248% at December 31, 2016. The increase in the MCCR ratio in 2017 was primarily due to growth in retained earnings, a \$200 million debenture issue and a \$100 million preferred share issue.

#### CONSOLIDATED SUMMARY OF NET INCOME (UNAUDITED)

<b>E-L Financial Consolidated</b> <i>(millions of dollars)</i>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Contribution to net income				
E-L Corporate <sup>1</sup>	\$ 209.0	\$ 47.9	\$ 498.3	\$ 181.6
Empire Life <sup>2</sup>	48.1	52.2	169.8	151.5
<b>Net income</b>	<b>\$ 257.1</b>	<b>\$ 100.1</b>	<b>\$ 668.1</b>	<b>\$ 333.1</b>

<b>E-L Corporate</b> <i>(millions of dollars)</i>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>				
Net gain on investments <sup>3</sup>	\$ 257.4	\$ 65.9	\$ 544.5	\$ 155.8
Investment and other income	26.2	22.9	117.6	107.6
Share of associates income (loss)	13.6	(31.2)	35.8	(12.1)
	<b>297.2</b>	<b>57.6</b>	<b>697.9</b>	<b>251.3</b>
<b>Expenses</b>				
Operating	8.7	7.2	28.5	25.4
Income taxes	37.6	7.3	92.3	31.2
Non-controlling interests	41.9	(4.8)	78.8	13.1
	<b>88.2</b>	<b>9.7</b>	<b>199.6</b>	<b>69.7</b>
<b>Net income</b>	<b>\$ 209.0</b>	<b>\$ 47.9</b>	<b>\$ 498.3</b>	<b>\$ 181.6</b>

<b>Empire Life</b> <i>(millions of dollars)</i>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>				
Net premiums	\$ 210.0	\$ 222.5	\$ 834.2	\$ 881.5
Net gain (loss) on investments <sup>3</sup>	269.5	(374.4)	302.4	43.7
Investment and other income	77.2	68.7	281.2	254.9
Fee income	70.1	58.2	256.8	228.4
	<b>626.8</b>	<b>(25.0)</b>	<b>1,674.6</b>	<b>1,408.5</b>
<b>Expenses</b>				
Benefits and expenses	552.8	(98.8)	1,428.4	1,182.1
Income and other taxes	20.2	21.9	70.3	69.2
Non-controlling and participating policyholders' interests	5.7	(0.3)	6.1	5.7
	<b>578.7</b>	<b>(77.2)</b>	<b>1,504.8</b>	<b>1,257.0</b>
<b>Net income</b>	<b>\$ 48.1</b>	<b>\$ 52.2</b>	<b>\$ 169.8</b>	<b>\$ 151.5</b>

<sup>1</sup> Net of non-controlling interests

<sup>2</sup> Net of non-controlling interests and participating policyholders' income (loss)

<sup>3</sup> Includes fair value change on FVTPL investments and realized gains on AFS investments

### **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 assets under management to provide investors with a supplemental measure 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 income from its investments.

Empire Life is a subsidiary of E-L Financial. Since 1923, Empire Life has provided competitive 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.

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