

MMS/DSD/MSE00320

12 March 2020

The following is a Company Announcement issued by MAPFRE Middlesea p.l.c., pursuant to the Listing Rules of the Listing Authority.

**Quote**

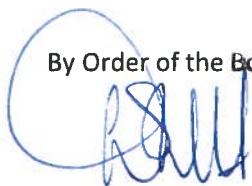
The Board of Directors of MAPFRE Middlesea p.l.c., has today, the 12 March 2020, approved the audited financial statements for the financial year ended 31 December 2019. The Board resolved that these audited financial statements be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting (AGM) scheduled for Friday, 24 April 2020. A preliminary statement of the annual results is being attached herewith in terms of the Listing Rules.

Shareholders on the Company's register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Monday, 23 March 2020 (the record date), will receive notice of the AGM together with a copy of the Annual Report and Financial Statements for the year ended 31 December 2019. The Audited Financial Statements will be available for viewing on the Company's website ([www.middlesea.com](http://www.middlesea.com)) as from the 13 March 2020 at <https://www.middlesea.com/insurance-mt/about-us/investors/>.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €13,000,000 (2018 – €9,000,000) equivalent to a gross dividend of €0.16745 per share (2018 – €0.11531). The final dividend, if approved at the AGM, will be paid on the 22 May 2020 to the Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange at the close of business as at the 6 May 2020.

**Unquote**

By Order of the Board



**Dr Daphne Sims Dodebier**  
Company Secretary

## Financial Highlights as at the 31 December 2019

Financial highlights of the results for the year ended 31 December 2019 include the following:-

- Total Group profit before tax for the year amounted to €20.08 million as compared to €18.56 million during the previous year with after tax profits at €15.51 million compared to €14.04 million in 2018.

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €74.38 million in gross premium written, a 6.7% increase over FY2018 registering a marginal decrease in its market leadership share. Technical results remained strong even though experiencing the worst windstorm during February coupled with an increase in the severity of large motor claims particularly those involving foreign nationals. Investment property income and gains helped investment income to rise above previous year although partly offset by low yields and negative fair value movements on financial investments. Dividends from Group companies increased significantly following the receipt of €12.17 million in special dividend from MAPFRE MSV Life p.l.c. which together with normal dividends reached €18.03 million, up from the €6.84 million in 2018. The Company registered a profit before tax for FY 2019 amounting to €23.82 million, compared to a profit of €11.42 million in FY 2018. Profit after tax increased from €9.43 million in FY 2018 to €21.68 million in FY 2019.

- The Group's results include the consolidated MAPFRE MSV Life p.l.c. ("MMSV") profit before tax of €14.53 million (2018: €13.70 million). MMSV reported a turnover (including investment contracts without DPF) of €285.73 million compared to €322.72 million in 2018 impacted by a lower demand for single premium business partially offset by a growing demand for longer term regular premium savings and retirement products. MAPFRE MSV's With-Profit Fund returned a gross return of 11.91% reflecting strong gains in most assets in its portfolio. Investment income bounced back strongly from the loss incurred in the previous year with a return of €234.92 million compared to a negative €45.39 million in 2018. The profit after tax consolidated for FY 2019 amounted to €11.75 million (2018: €10.88 million).
- Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2019 was €89.51 million, compared to €91.67 million as at 31 December 2018.

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €72.80 million still maintaining a strong regulatory solvency position as at 31 December 2019 under the Solvency II regime.

A final gross dividend in respect of year ended 31 December 2019 of €0.16745 per share amounting to a total dividend of €15,405,828 (2018: €10,608,738) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.14130 per share amounting to a total net dividend of €13,000,000 (2018: €9,000,000). This dividend includes a second special dividend of €4.00 million received from MAPFRE MSV in December 2019.

The Board outlook for 2020 is one of cautious optimism where the demand for general business is expected to continue to grow while the demand for the protection savings and investments products in life is expected to remain strong.

The Company will continue forging ahead on the Group Strategic plan of "Transforming to grow and improve profitably". The Client Orientation, the Excellence in Technical and Operational Management and the promotion of our Excellence in Culture and Talent are going to be our main driving forces.

Notice is hereby given that Monday 23 March 2020 is the "record date" for the purposes of Article 53 (2) (b) of the Company's Articles of Association. All shareholders appearing on the Company's Register of Members as at the close of business on Monday 23 March 2020 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 24 April 2020.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Wednesday 6 May 2020 will be paid, on the 22 May 2020, the final dividend as approved by the Annual General Meeting.

By Order of the Board

## Basis of preparation

These figures have been extracted from MAPFRE Middlesea Group's audited financial statements for the year ended 31 December 2019, as approved by the Directors on 12 March 2020, and are published in terms of MFS Listing Rule 5.54.

## Statement of profit and loss

Non - technical accounts for the year ended 31 December

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Balance on the general business technical account	6,868	4,988	6,868	4,988
Balance on the long term business technical account	15,113	14,748	884	1,355
<b>Total income from insurance activities</b>	<b>21,981</b>	<b>19,736</b>	<b>7,752</b>	<b>6,343</b>
Other investment income	2,079	1,950	19,903	8,374
Investment expenses and charges	(433)	(307)	(424)	(303)
Allocated investment return transferred to the general business technical account	(1,454)	(1,228)	(1,454)	(1,228)
Other income	1,211	1,420	-	-
Administrative expenses	(3,308)	(3,015)	(1,958)	(1,767)
<b>Profit for the financial year before tax</b>	<b>20,076</b>	<b>18,556</b>	<b>23,819</b>	<b>11,419</b>
Tax expense	(4,571)	(4,521)	(2,137)	(1,991)
<b>Profit for the financial year</b>	<b>15,505</b>	<b>14,035</b>	<b>21,682</b>	<b>9,428</b>
<b>Attributable to:</b>				
- owners of the Company	9,632	8,594	21,682	9,428
- non-controlling interests	5,873	5,441	-	-
	<b>15,505</b>	<b>14,035</b>	<b>21,682</b>	<b>9,428</b>
<b>Earnings per share attributable to owners of the Company</b>	<b>10.5c</b>	<b>9.3c</b>		

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Preliminary Statement of Annual Results  
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Statement of comprehensive income  
for the year ended 31 December

	Group		Company	
	2019	2018	2019	2018
	€'000	€'000	€'000	€'000
<b>Profit for the financial year</b>	<b>15,505</b>	<b>14,035</b>	<b>21,682</b>	<b>9,428</b>
<b>Other comprehensive income:</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Change in fair value of available-for-sale investments	51	(180)	101	(215)
Available-for-sale investments reclassified to profit or loss	(53)	(42)	(53)	(42)
<i>Items that will not be reclassified to profit or loss</i>				
Re-measurement actuarial (loss)/gain on provision for other liabilities and charges	(48)	(13)	(48)	(13)
Increase in value of in-force business	10,870	252	-	-
Total other comprehensive income, net of tax	<u>10,820</u>	<u>17</u>	<u>-</u>	<u>(270)</u>
<b>Total comprehensive income for the year</b>	<b><u>26,325</u></b>	<b><u>14,052</u></b>	<b><u>21,682</u></b>	<b><u>9,158</u></b>
<b>Attributable to:</b>				
- owners of the Company	15,017	8,485		
- non-controlling interests	11,308	5,567		
<b>Total comprehensive income for the year</b>	<b><u>26,325</u></b>	<b><u>14,052</u></b>		

Items disclosed in the statement above are disclosed net of tax

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Statement of financial position

	Group		Company	
	At 31 December		At 31 December	
	2019	2018	2019	2018
	€'000	€'000	€'000	€'000
<b>ASSETS</b>				
Intangible assets	87,733	72,320	6,934	6,170
Property, plant and equipment	17,711	15,841	2,303	1,972
Riġt-of-use assets	694	-	570	-
Investment property	109,583	102,832	16,170	15,364
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	26,416	27,799	380	330
Other investments	2,230,250	1,965,850	9,855	16,068
Deferred income tax	2,193	2,190	1,218	1,221
Reinsurers' share of technical provisions	30,396	23,464	29,953	22,994
Deferred acquisition costs	7,775	7,142	7,775	7,142
Insurance and other receivables	30,314	28,616	17,353	15,795
Income tax receivable	2,073	2,338	-	-
Cash and cash equivalents	70,987	70,387	27,045	18,438
<b>Total assets</b>	<b>2,616,125</b>	<b>2,318,779</b>	<b>176,770</b>	<b>162,708</b>
<b>EQUITY</b>				
Capital and reserves attributable to owners of the Company	89,505	91,673	72,804	68,307
Non-controlling interests	73,684	80,021	-	-
<b>Total equity</b>	<b>163,189</b>	<b>171,694</b>	<b>72,804</b>	<b>68,307</b>
<b>LIABILITIES</b>				
Deferred income tax	33,220	30,968	2,075	2,016
Provision for other liabilities and charges	1,101	1,074	1,101	1,074
Technical provisions				
- Insurance contracts and investment contracts with DPF	2,337,692	2,049,991	88,166	80,658
- Investment contracts without DPF	52,692	45,032	-	-
Derivative financial instruments	117	64	-	-
Lease liabilities	845	-	717	-
Insurance and other payables	26,440	19,222	11,774	10,519
Income tax payable	829	734	133	134
<b>Total liabilities</b>	<b>2,452,936</b>	<b>2,147,085</b>	<b>103,966</b>	<b>94,401</b>
<b>Total equity and liabilities</b>	<b>2,616,125</b>	<b>2,318,779</b>	<b>176,770</b>	<b>162,708</b>

These condensed financial statements were approved by the Board on 12 March 2020 and were signed on its behalf by:



Martin Galea  
Chairman



Alfred Attard  
Director



Felipe Navarro Lopez de Chicheri  
President & Chief Executive Officer

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Statement of changes in equity  
for the year ended 31 December

GROUP

	Attributable to owners of the Company				Total €'000	Non- controlling interests €'000	Total equity €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000			
Balance as at 1 January 2018	19,320	688	31,525	41,343	92,876	80,604	173,480
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	8,594	8,594	5,441	14,035
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(179)	-	(179)	-	(179)
Available-for-sale investments reclassified to profit or loss	-	-	(42)	-	(42)	-	(42)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(13)	(13)	-	(13)
Increase in value of in-force business	-	-	126	-	126	126	252
Total other comprehensive income, net of tax	-	-	(95)	(13)	(108)	126	18
<b>Total comprehensive income</b>	-	-	(95)	8,581	8,486	5,567	14,053
<b>Transactions with owners</b>							
Dividends for 2017	-	-	-	(9,700)	(9,700)	(6,150)	(15,850)
Write-back of prior year dividends	-	-	-	11	11	-	11
<b>Total transactions with owners</b>	-	-	-	(9,689)	(9,689)	(6,150)	(15,839)
<b>Balance as at 31 December 2018</b>	<b>19,320</b>	<b>688</b>	<b>31,430</b>	<b>40,235</b>	<b>91,673</b>	<b>80,021</b>	<b>171,694</b>
Balance as at 1 January 2019	19,320	688	31,430	40,235	91,673	80,021	171,694
Effect of adopting IFRS 16	-	-	-	(197)	(197)	-	(197)
Balance as at 1 January 2019 as restated	19,320	688	31,430	40,038	91,476	80,021	171,497
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	9,632	9,632	5,873	15,505
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	51	-	51	-	51
Available-for-sale investments reclassified to profit or loss	-	-	(53)	-	(53)	-	(53)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(48)	(48)	-	(48)
Increase in value of in-force business	-	-	5,435	-	5,435	5,435	10,870
Total other comprehensive income, net of tax	-	-	5,433	(48)	5,385	5,435	10,820
<b>Total comprehensive income</b>	-	-	5,433	9,584	15,017	11,308	26,325
<b>Transactions with owners</b>							
Dividends for 2018	-	-	-	(17,000)	(17,000)	(17,645)	(34,645)
Write-back of prior years dividends	-	-	-	12	12	-	12
<b>Total transactions with owners</b>	-	-	-	(16,988)	(16,988)	(17,645)	(34,633)
<b>Balance as at 31 December 2019</b>	<b>19,320</b>	<b>688</b>	<b>36,863</b>	<b>32,634</b>	<b>89,505</b>	<b>73,684</b>	<b>163,189</b>

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Statements of changes in equity  
for the year ended 31 December

COMPANY

	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance as at 1 January 2018	19,320	688	35,073	13,757	68,838
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	9,428	9,428
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	(215)	-	(215)
Available-for-sale investments reclassified to profit or loss	-	-	(42)	-	(42)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(13)	(13)
Total other comprehensive income, net of tax	-	-	(257)	(13)	(270)
<b>Total comprehensive income</b>	-	-	(257)	9,415	9,158
<b>Transactions with owners</b>					
Dividend for 2017	-	-	-	(9,700)	(9,700)
Write-back of prior years dividends	-	-	-	11	11
<b>Total transactions with owners of the company</b>	-	-	-	(9,689)	(9,689)
<b>Balance as at 31 December 2018</b>	<b>19,320</b>	<b>688</b>	<b>34,816</b>	<b>13,483</b>	<b>68,307</b>
Balance as at 1 January 2019	19,320	688	34,816	13,483	68,307
Effect of adopting IFRS16	-	-	-	(197)	(197)
Balance as at 1 January 2019 as restated	19,320	688	34,816	13,286	68,110
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	21,682	21,682
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	101	-	101
Available-for-sale investments reclassified to profit or loss	-	-	(53)	-	(53)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(48)	(48)
Total other comprehensive income, net of tax	-	-	48	(48)	-
<b>Total comprehensive income</b>	-	-	48	21,634	21,682
<b>Transactions with owners</b>					
Dividend for 2018	-	-	-	(17,000)	(17,000)
Write-back of prior years dividends	-	-	-	12	12
<b>Total transactions with owners of the company</b>	-	-	-	(16,988)	(16,988)
<b>Balance as at 31 December 2019</b>	<b>19,320</b>	<b>688</b>	<b>34,864</b>	<b>17,932</b>	<b>72,804</b>



**MAPFRE Middlesea p.l.c.**  
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**Statement of cash flows**  
**for the year ended 31 December**

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	71,413	165,602	6,425	6,098
Dividends received	13,592	11,219	18,086	7,014
Interest received	25,567	25,363	437	459
Interest paid	(90)	(52)	(90)	(52)
Income tax paid	(1,952)	(1,659)	(2,019)	(1,776)
Net cash generated from operating activities	<u>108,530</u>	<u>200,473</u>	<u>22,839</u>	<u>11,743</u>
<b>Cash flows from investing activities</b>				
Purchase of investment property	(1,307)	(898)	(46)	(91)
Disposal of investment property	11	607	11	5
Purchase of financial investments	(1,230,659)	(1,212,837)	-	-
Disposal of financial investments	1,168,582	1,037,916	5,788	3,450
Purchase of property, plant and equipment and intangible assets	(10,424)	(3,629)	(3,497)	(2,058)
Disposal of property, plant and equipment and intangibles assets	500	14	500	14
Net cash (used in)/ generated from investing activities	<u>(73,297)</u>	<u>(178,827)</u>	<u>2,756</u>	<u>1,320</u>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company	(16,988)	(9,689)	(16,988)	(9,689)
Dividends paid to non-controlling interests	(17,645)	(6,150)	-	-
Cash used in financing activities	<u>(34,633)</u>	<u>(15,839)</u>	<u>(16,988)</u>	<u>(9,689)</u>
Net movement in cash and cash equivalents	600	5,807	8,607	3,374
Cash and cash equivalents at beginning of year	<u>70,387</u>	<u>64,580</u>	<u>18,438</u>	<u>15,064</u>
Cash and cash equivalents at end of year	<u>70,987</u>	<u>70,387</u>	<u>27,045</u>	<u>18,438</u>