

MMS/CF/MSE00319

13 March 2019

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 13 March 2019, approved the audited financial statements for the financial year ended 31 December 2018. 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 26 April 2019. 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 Tuesday 26 March 2019 (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 2018. The Audited Financial Statements will be available for viewing on the Company's website as from 14 March 2019 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 €9,000,000 (2017 – €9,700,000) equivalent to a gross dividend of €0.11531 per share (2017 – €0.11304). The final dividend, if approved at the AGM, will be paid on the 22 May 2019 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 3 May 2019.

The Board will also recommend the payment of a special net dividend amounting to €8,000,000 equivalent to a gross dividend of €0.08696 per share. This special dividend results from a dividend to be distributed by the subsidiary MAPFRE MSV Life p.l.c. from past years retained earnings. This dividend, if approved at the AGM, will be paid on the 22 May 2019 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 3 May 2019.

**Unquote**

By Order of the Board



**Carlo Farrugia**  
Company Secretary

## Financial Highlights as at the 31 December 2018

Financial highlights of the results for the year ended 31 December 2018 include the following:-

- Total Group profit before tax for the year amounted to €18.56 million as compared to €17.71 million during the previous year with after tax profits at €14.04 million compared to €13.52 million in 2017.

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €69.69 million in gross premium written, a 12.5% increase over FY2017 registering a marginal increase in its market leadership share. Technical results remained strong notwithstanding experiencing the worst Motor claim in the history of the Maltese insurance market. Investment Income saw a decline through low yields and negative fair value movements from financial markets. With dividends from Group companies marginally reducing to €6.84 million compared to €7.08 million in 2017, the Company registered a profit before tax for FY 2018 amounting to €11.42 million, compared to a profit of €12.17 million in FY 2017. Profit after tax decreased from €10.34 million in FY 2017 to €9.43 million in FY 2018.

- The Group's results include the consolidated MAPFRE MSV Life p.l.c. ("MMSV") profit before tax of €13.70 million (2017: €12.31 million). MMSV reported a turnover (including investment contracts without DPF) of €322.72 million compared to €291.46 million in 2017 as a result of increases in demand across all products in particular single premium savings contracts and life protection business. With all the major investment asset classes experiencing negative returns a negative investment income of €43.3 million was registered compared to an income of €66.4 million in 2017. The profit after tax consolidated for FY 2018 amounted to €10.88 million (2017: €10.02 million).
- Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2018 was €91.67 million, compared to €92.88 million as at 31 December 2017.

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €68.31 million still maintaining a strong regulatory solvency position as at 31 December 2018 under the Solvency II regime.

A gross dividend in respect of year ended 31 December 2018 of €0.11531 per share amounting to a total dividend of €10,608,738 (2017: €10,400,000) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.09783 per share amounting to a total net dividend of €9,000,000 (2017: €9,700,000).

MAPFRE MSV Life p.l.c. have declared, in their AGM held on the 5 March 2019, a net dividend payment of €16.35 million from past retained earnings of which half will be income for MAPFRE Middlesea p.l.c. in 2019. Although not forming part of the Company's distributable profits as at 31 December 2018, the Board of Directors has today ratified a resolution to propose for approval at the forthcoming annual general meeting the payment of such distribution by way of a special interim dividend on a gross and net basis of €0.08696 per share to a total net dividend of €8,000,000.

The Board outlook for 2019 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 to maintain strong focus on its customers through the implementation of a number of initiatives to strengthen further the digital platform and widen the digital marketing strategy.

Notice is hereby given that Tuesday, 26 March 2019 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 Tuesday, 26 March 2019 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 26 April 2019.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Friday, 3 May 2018 will be paid, on the 22 May 2019, 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 2018, as approved by the Directors on 13 March 2019, and are published in terms of MFSA Listing Rule 5.54.

### Statement of profit and loss

Non - technical accounts for the year ended 31 December

	Group		Company	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Balance on the general business technical account	4,988	5,787	4,988	5,787
Balance on the long term business technical account	14,748	12,829	1,355	1,004
<b>Total income from insurance activities</b>	<b>19,736</b>	<b>18,616</b>	<b>6,343</b>	<b>6,791</b>
Other investment income	1,950	2,374	8,374	9,264
Investment expenses and charges	(307)	(42)	(303)	(256)
Allocated investment return transferred to the general business technical account	(1,228)	(1,925)	(1,228)	(1,925)
Other income	1,420	1,497	-	-
Administrative expenses	(3,015)	(2,811)	(1,767)	(1,705)
<b>Profit for the financial year before tax</b>	<b>18,556</b>	<b>17,709</b>	<b>11,419</b>	<b>12,169</b>
Tax expense	(4,521)	(4,188)	(1,991)	(1,830)
<b>Profit for the financial year</b>	<b>14,035</b>	<b>13,521</b>	<b>9,428</b>	<b>10,339</b>
<b>Attributable to:</b>				
- owners of the Company	8,594	8,510	9,428	10,339
- non-controlling interests	5,441	5,011	-	-
	<b>14,035</b>	<b>13,521</b>	<b>9,428</b>	<b>10,339</b>
<b>Earnings per share attributable to owners of the Company</b>	<b>9.3c</b>	<b>9.3c</b>		

Statement of comprehensive income  
for the year ended 31 December

	Group		Company	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
<b>Profit for the financial year</b>	<b>14,035</b>	<b>13,521</b>	<b>9,428</b>	<b>10,339</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	(180)	(37)	(215)	35
Available-for-sale investments reclassified to profit or loss	(42)	(145)	(42)	(148)
<i>Items that will not be reclassified to profit or loss</i>				
Re-measurement actuarial (loss)/gain on provision for other liabilities and charges	(13)	27	(13)	27
Increase in value of in-force business	252	2,416	-	-
Total other comprehensive income, net of tax	<u>17</u>	<u>2,261</u>	<u>(270)</u>	<u>(86)</u>
<b>Total comprehensive income for the year</b>	<b><u>14,052</u></b>	<b><u>15,782</u></b>	<b><u>9,158</u></b>	<b><u>10,253</u></b>
<b>Attributable to:</b>				
- owners of the Company	8,485	9,563		
- non-controlling interests	5,567	6,219		
<b>Total comprehensive income for the year</b>	<b><u>14,052</u></b>	<b><u>15,782</u></b>		



MAPFRE Middlesea p.l.c.  
Preliminary Statement of Annual Results  
31 December 2018

Statement of financial position

	Group		Company	
	At 31 December		At 31 December	
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
<b>ASSETS</b>				
Intangible assets	72,320	72,352	6,170	5,871
Property, plant and equipment	15,841	13,301	1,972	1,933
Investment property	102,832	99,872	15,364	14,822
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	27,799	30,876	330	366
Other investments	1,965,850	1,875,456	16,068	20,229
Deferred income tax	2,190	2,233	1,221	1,177
Reinsurers' share of technical provisions	23,464	18,216	22,994	17,607
Deferred acquisition costs	7,142	6,174	7,142	6,174
Insurance and other receivables	28,616	28,858	15,795	14,585
Income tax receivable	2,338	2,834	-	-
Cash and cash equivalents	70,387	64,580	18,438	15,064
<b>Total assets</b>	<b>2,318,779</b>	<b>2,214,752</b>	<b>162,708</b>	<b>155,042</b>
<b>EQUITY</b>				
Capital and reserves attributable to owners of the Company	91,673	92,876	68,307	68,838
Non-controlling interests	80,021	80,604	-	-
<b>Total equity</b>	<b>171,694</b>	<b>173,480</b>	<b>68,307</b>	<b>68,838</b>
<b>LIABILITIES</b>				
Deferred income tax	30,968	28,444	2,016	1,680
Provision for other liabilities and charges	1,074	1,100	1,074	1,100
Technical provisions				
- Insurance contracts and investment contracts with DPF	2,049,991	1,943,310	80,658	73,010
- Investment contracts without DPF	45,032	49,067	-	-
Derivative financial instruments	64	-	-	-
Insurance and other payables	19,222	18,449	10,519	10,180
Income tax payable	734	902	134	234
<b>Total liabilities</b>	<b>2,147,085</b>	<b>2,041,272</b>	<b>94,401</b>	<b>86,204</b>
<b>Total equity and liabilities</b>	<b>2,318,779</b>	<b>2,214,752</b>	<b>162,708</b>	<b>155,042</b>

These condensed financial statements were approved by the Board on 13 March 2019 and were signed on its behalf by:

  
Martin Galea  
Chairman

  
Alfred Attard  
Director

  
Felipe Navaro Lopez de Chicheri  
President & Chief Executive Officer

MAPFRE Middlesea p.l.c.  
Preliminary Statement of Annual Results  
31 December 2018

Statement of changes in equity  
for the year ended 31 December

GROUP

	Attributable to owners of the Company					Non-controlling interests €'000	Total equity €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000		
Balance as at 1 January 2017	19,320	688	30,499	36,319	86,826	80,160	166,986
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	8,510	8,510	5,011	13,521
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(37)	-	(37)	-	(37)
Available-for-sale investments reclassified to profit or loss	-	-	(145)	-	(145)	-	(145)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27	-	27
Increase in value of in-force business	-	-	1,208	-	1,208	1,208	2,416
Total other comprehensive income, net of tax	-	-	1,026	27	1,053	1,208	2,261
<b>Total comprehensive income</b>	-	-	1,026	8,537	9,563	6,219	15,782
<b>Transactions with owners</b>							
Dividends for 2016	-	-	-	(3,520)	(3,520)	(5,775)	(9,295)
Write-back of prior year dividends	-	-	-	7	7	-	7
<b>Total transactions with owners</b>	-	-	-	(3,513)	(3,513)	(5,775)	(9,288)
<b>Balance as at 31 December 2017</b>	<b>19,320</b>	<b>688</b>	<b>31,525</b>	<b>41,343</b>	<b>92,876</b>	<b>80,604</b>	<b>173,480</b>
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 years 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>



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 2017	19,320	688	35,186	6,904	62,098
<b>Comprehensive Income</b>					
Profit for the financial year	-	-	-	10,339	10,339
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	34	-	34
Available-for-sale investments reclassified to profit or loss	-	-	(147)	-	(147)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27
Total other comprehensive income, net of tax	-	-	(113)	27	(86)
<b>Total comprehensive income</b>	-	-	(113)	10,366	10,253
<b>Transactions with owners</b>					
Dividend for 2016	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	7	7
<b>Total transactions with owners of the company</b>	-	-	-	(3,513)	(3,513)
<b>Balance as at 31 December 2017</b>	<b>19,320</b>	<b>688</b>	<b>35,073</b>	<b>13,757</b>	<b>68,838</b>
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>





Statement of cash flows  
for the year ended 31 December

	Group		Company	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	165,602	134,580	6,098	5,517
Dividends received	11,219	7,889	7,014	7,207
Interest received	25,363	25,643	459	606
Interest paid	(52)	-	(52)	-
Income tax paid	(1,659)	(132)	(1,776)	(24)
Net cash generated from operating activities	<u>200,473</u>	<u>167,980</u>	<u>11,743</u>	<u>13,306</u>
<b>Cash flows from investing activities</b>				
Purchase of investment property	(898)	(826)	(91)	(232)
Disposal of investment property	607	-	5	-
Purchase of financial investments	(1,212,837)	(1,298,974)	-	(686)
Disposal of financial investments	1,037,916	1,139,768	3,450	2,082
Purchase of property, plant and equipment and intangible assets	(3,629)	(4,095)	(2,058)	(3,084)
Disposal of property, plant and equipment and intangibles assets	14	-	14	-
Net cash (used in) generated from investing activities	<u>(178,827)</u>	<u>(164,127)</u>	<u>1,320</u>	<u>(1,920)</u>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company	(9,689)	(3,513)	(9,689)	(3,513)
Dividends paid to non-controlling interests	(6,150)	(5,775)	-	-
Cash used in financing activities	<u>(15,839)</u>	<u>(9,288)</u>	<u>(9,689)</u>	<u>(3,513)</u>
Net movement in cash and cash equivalents	5,807	(5,435)	3,374	7,873
Cash and cash equivalents at beginning of year	<u>64,580</u>	<u>70,015</u>	<u>15,064</u>	<u>7,191</u>
Cash and cash equivalents at end of year	<u>70,387</u>	<u>64,580</u>	<u>18,438</u>	<u>15,064</u>