

MMS/DSD/MSE00621

25 March 2021

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 25 day of March 2021, approved the audited financial statements for the financial year ended 31 December 2020. 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, 30 April 2021. 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, 30 March 2021 (the record date), will receive notice of the AGM. The Audited Financial Statements as well as the Annual Report will be available for viewing on the Company's website (www.middlesea.com) as from the 26 March 2021 at <https://www.middlesea.com/insurance-mt/about-us/investors/>. A hard copy of the Annual Report will also be available upon a request to this end addressed to the Office of the Company Secretary.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €3,200,000 (2019 – nil) equivalent to a gross dividend of €0.052434 per share (2019 – nil). The final dividend, if approved at the AGM, will be paid on the 25 May 2021 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 12 May 2021.

Unquote

By Order of the Board

Dr Daphne Sims Dodebier
Company Secretary

Financial Highlights as at the 31 December 2020

Financial highlights of the results for the year ended 31 December 2020 include the following:-

- Total Group profit before tax for the year amounted to €21.19 million as compared to €20.08 million during the previous year with after tax profits at €14.29 million compared to €15.51 million in 2019.

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €75.12 million in gross premium written, a 1.0% increase over FY2019 registering a marginal increase in its market leadership share. In a year dominated by the COVID-19 pandemic, premium growth was severely depressed, with the market only marginally increasing in volume as economic activity slowed down. Technical results improved over previous year as the near lockdown months and the lack of tourist visiting the island affected favourably the claim frequency particularly in Motor. Fewer large losses occurred during the year with a lower effect on results compared to the previous year.

Investment income was subdued as rental income and lower gains on properties mitigated the low or negative yields registered in financial instruments including an impairment of available-for-sale equities. Dividends from Group companies were limited to those received from the associate company Middlesea Assist Ltd as in view of the effects of the pandemic on financial markets and its subsequent consequences on its Solvency Ratio led MAPFRE MSV Life p.l.c. to cancel the dividend that was previously proposed. In FY 2019 €18.03 million had been received by way of Group dividends.

The Company registered a profit before tax for FY 2020 amounting to €6.39 million, compared to a profit of €23.82 million in FY 2019. Profit after tax dropped from €21.68 million in FY 2019 to €4.12 million in FY 2020.

- The Group's results include the consolidated MAPFRE MSV Life p.l.c. ("MMSV") profit before tax of €15.04 million (2019: €14.53 million). MMSV reported a turnover (including investment contracts without DPF) of €273.16 million compared to €285.73 million in 2019 impacted by the generally lower interest rate climate that characterised the year and the softening of demand for single premium business partially offset by a growing demand for smaller sized longer term regular premium savings and retirement products. MAPFRE MSV's With Profit Fund returned a gross return of 2.75% compared to the 11.02% generated in 2019 reflecting far more volatile markets as the pandemic evolved. Investment income closed in positive quarters towards the end of the year with a return of €62.71 million compared to €234.92 million in 2019. The profit after tax consolidated for FY 2020 amounted to €10.33 million (2019: € €11.75 million).
- Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2020 was €100.60 million, compared to €89.51 million as at 31 December 2019 as a result of the cancellation of FY2019 dividend by both MAPFRE Middlesea p.l.c. and MAPFRE MSV Life p.l.c..

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €77.05 million still maintaining a strong regulatory solvency position as at 31 December 2020 under the Solvency II regime.

A final gross dividend in respect of year ended 31 December 2020 of €0.052434 per share amounting to a total dividend of €4,823,996 (2019: nil) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.034782 per share amounting to a total net dividend of €3,200,000 (2019: nil).

The Board outlook for 2021 is one of cautious optimism as the pandemic continues to bear down the economic activity in the country. We expect that with the vaccine rollout gaining traction and the pandemic spread restrained the economy starts heading to the much-needed growth. We expect the demand for general business to grow at a lower rate than that experienced in recent years, while that for the protection savings and investments products in life 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 remain our main driving forces.

Notice is hereby given that Tuesday 30 March 2021 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 30 March 2021 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 30 April 2021.

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 12 May 2021 will be paid, on the 25 May 2021, 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 2020, as approved by the Directors on 25 March 2021, 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	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Balance on the general business technical account	7,932	6,868	7,932	6,868
Balance on the long term business technical account	15,353	15,113	495	884
Total income from insurance activities	23,285	21,981	8,427	7,752
Other investment income	1,319	2,079	1,153	19,903
Investment expenses and charges	(1,143)	(433)	(1,075)	(424)
Allocated investment return transferred to the general business technical account	58	(1,454)	58	(1,454)
Other income	1,296	1,211	-	-
Administrative expenses	(3,624)	(3,308)	(2,175)	(1,958)
Profit for the financial year before tax	21,191	20,076	6,388	23,819
Tax expense	(6,905)	(4,571)	(2,271)	(2,137)
Profit for the financial year	14,286	15,505	4,117	21,682
Attributable to:				
- owners of the Company	9,123	9,632	4,117	21,682
- non-controlling interests	5,163	5,873	-	-
	14,286	15,505	4,117	21,682
Earnings per share attributable to owners of the Company	9.9c	10.5c		

Statement of comprehensive income
for the year ended 31 December

	Group		Company	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
Profit for the financial year	14,286	15,505	4,117	21,682
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Change in fair value of available-for-sale investments	(216)	51	(211)	101
Available-for-sale investments reclassified to profit or loss	333	(53)	333	(53)
<i>Items that will not be reclassified to profit or loss</i>				
Re-measurement actuarial loss on provision for other liabilities and charges	(8)	(48)	(8)	(48)
Increase in value of in-force business	3,698	10,870	-	-
Total other comprehensive income, net of tax	<u>3,807</u>	<u>10,820</u>	<u>114</u>	<u>-</u>
Total comprehensive income for the year	<u>18,093</u>	<u>26,325</u>	<u>4,231</u>	<u>21,682</u>
Attributable to:				
- owners of the Company	11,081	15,017		
- non-controlling interests	7,012	11,308		
Total comprehensive income for the year	<u>18,093</u>	<u>26,325</u>		

Items disclosed in the statement above are disclosed net of tax

MAPFRE Middlesea p.l.c.
Preliminary Statement of Annual Results
31 December 2020

Statement of financial position

	Group		Company	
	At 31 December		At 31 December	
	2020	2019	2020	2019
	€'000	€'000	€'000	€'000
ASSETS				
Intangible assets	94,836	87,733	7,762	6,934
Property, plant and equipment	17,913	17,711	2,252	2,303
Right-of-use assets	931	694	766	570
Investment property	111,518	109,583	16,205	16,170
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	25,174	26,416	385	380
Other investments	2,262,757	2,230,250	5,354	9,855
Deferred income tax	2,350	2,193	1,332	1,218
Reinsurers' share of technical provisions	31,807	30,396	31,306	29,953
Deferred acquisition costs	8,080	7,775	8,080	7,775
Insurance and other receivables	33,828	30,314	19,584	17,353
Income tax receivable	1,174	2,073	-	-
Cash and cash equivalents	97,060	70,987	31,432	27,045
Total assets	2,687,428	2,616,125	181,672	176,770
EQUITY				
Capital and reserves attributable to owners of the Company	100,603	89,505	77,052	72,804
Non-controlling interests	80,696	73,684	-	-
Total equity	181,299	163,189	77,052	72,804
LIABILITIES				
Deferred income tax	37,467	33,220	2,230	2,075
Provision for other liabilities and charges	1,057	1,101	1,057	1,101
Technical provisions				
- Insurance contracts and investment contracts with DPF	2,383,550	2,337,692	87,272	88,166
- Investment contracts without DPF	53,531	52,692	-	-
Derivative financial instruments	168	117	-	-
Lease liabilities	1,021	845	849	717
Insurance and other payables	27,491	26,440	11,975	11,774
Income tax payable	1,844	829	1,237	133
Total liabilities	2,506,129	2,452,936	104,620	103,966
Total equity and liabilities	2,687,428	2,616,125	181,672	176,770

These condensed financial statements were approved by the Board on 25 March 2021 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 equity €'000
	Share capital €'000	Share		Retained earnings €'000	Total €'000	Non- controlling interests €'000	
		premium account €'000	Other reserves €'000				
Balance as at 1 January 2019	19,320	688	31,430	40,038	91,476	80,021	171,497
Comprehensive income							
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
Total comprehensive income	-	-	5,433	9,584	15,017	11,308	26,325
Transactions with owners							
Dividends for 2018	-	-	-	(17,000)	(17,000)	(17,645)	(34,645)
Write-back of prior year dividends	-	-	-	12	12	-	12
Total transactions with owners	-	-	-	(16,988)	(16,988)	(17,645)	(34,633)
Balance as at 31 December 2019	19,320	688	36,863	32,634	89,505	73,684	163,189
Balance as at 1 January 2020	19,320	688	36,863	32,634	89,505	73,684	163,189
Comprehensive income							
Profit for the financial year	-	-	-	9,123	9,123	5,163	14,286
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(216)	-	(216)	-	(216)
Available-for-sale investments reclassified to profit or loss	-	-	333	-	333	-	333
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(8)	(8)	-	(8)
Increase in value of in-force business	-	-	1,849	-	1,849	1,849	3,698
Total other comprehensive income, net of tax	-	-	1,966	(8)	1,958	1,849	3,807
Total comprehensive income	-	-	1,966	9,115	11,081	7,012	18,093
Transactions with owners							
Write-back of prior years dividends	-	-	-	17	17	-	17
Total transactions with owners	-	-	-	17	17	-	17
Balance as at 31 December 2020	19,320	688	38,829	41,766	100,603	80,696	181,299

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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 2019	19,320	688	34,816	13,286	68,110
Comprehensive income					
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)	-
Total comprehensive income	-	-	48	21,634	21,682
Transactions with owners					
Dividend for 2018	-	-	-	(17,000)	(17,000)
Write-back of prior years dividends	-	-	-	12	12
Total transactions with owners of the company	-	-	-	(16,988)	(16,988)
Balance as at 31 December 2019	19,320	688	34,864	17,932	72,804
Balance as at 1 January 2020	19,320	688	34,864	17,932	72,804
Comprehensive income					
Profit for the financial year	-	-	-	4,117	4,117
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	(211)	-	(211)
Available-for-sale investments reclassified to profit or loss	-	-	333	-	333
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(8)	(8)
Total other comprehensive income, net of tax	-	-	122	(8)	114
Total comprehensive income	-	-	122	4,109	4,231
Transactions with owners					
Write-back of prior years dividends	-	-	-	17	17
Total transactions with owners of the company	-	-	-	17	17
Balance as at 31 December 2020	19,320	688	34,986	22,058	77,052

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Statement of cash flows
for the year ended 31 December

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Cash flows from operating activities				
Cash generated from operations	8,098	71,413	4,458	6,425
Dividends received	6,693	13,592	179	18,086
Interest received	19,636	25,567	223	437
Interest paid	(135)	(90)	(135)	(90)
Income tax paid	(1,130)	(1,952)	(1,309)	(2,019)
Net cash generated from operating activities	<u>33,162</u>	<u>108,530</u>	<u>3,416</u>	<u>22,839</u>
Cash flows from investing activities				
Purchase of investment property	(2,059)	(1,307)	(6)	(46)
Disposal of investment property	93	11	93	11
Purchase of financial investments	(1,870,200)	(1,230,659)	-	-
Disposal of financial investments	1,873,696	1,168,582	3,778	5,788
Purchase of property, plant and equipment and intangible assets	(8,731)	(10,424)	(3,006)	(3,497)
Disposal of property, plant and equipment and intangibles assets	95	500	95	500
Net cash (used in)/ generated from investing activities	<u>(7,106)</u>	<u>(73,297)</u>	<u>954</u>	<u>2,756</u>
Cash flows from financing activities				
Dividends paid to owners of the Company	17	(16,988)	17	(16,988)
Dividends paid to non-controlling interests	-	(17,645)	-	-
Cash used in financing activities	<u>17</u>	<u>(34,633)</u>	<u>17</u>	<u>(16,988)</u>
Net movement in cash and cash equivalents	26,073	600	4,387	8,607
Cash and cash equivalents at beginning of year	70,987	70,387	27,045	18,438
Cash and cash equivalents at end of year	<u>97,060</u>	<u>70,987</u>	<u>31,432</u>	<u>27,045</u>