



Enstar Group Limited Reports 2020 Year-End Results

March 1, 2021

- Net Earnings of \$1.7 billion for the Year Ended December 31, 2020
- Non-GAAP Operating Income of \$1.6 billion for the Year Ended December 31, 2020
- Increase in fully diluted book value per share of 42.1% during 2020

HAMILTON, Bermuda, March 01, 2021 (GLOBE NEWSWIRE) -- Enstar Group Limited (Nasdaq: ESGR) filed its annual report on Form 10-K with the SEC earlier today, reporting its earnings and financial position for the year ended December 31, 2020.

Enstar reported consolidated net earnings of \$1.7 billion (or earnings of \$78.80 per fully diluted ordinary share) for the year ended December 31, 2020, compared to consolidated net earnings of \$902.2 million (or earnings of \$41.43 per fully diluted ordinary share) for the year ended December 31, 2019.

The key driver of net earnings for the year ended December 31, 2020 was net realized and unrealized gains of \$1.6 billion for the year ended December 31, 2020, including \$1.3 billion relating to other investments and equities and \$306.3 million relating to fixed income securities.

Non-GAAP operating income¹ was \$1.6 billion (or \$71.14 per fully diluted ordinary share) for the year ended December 31, 2020, compared to \$558.0 million (or \$25.62 per fully diluted ordinary share) for the year ended December 31, 2019.

Enstar's ordinary shareholders' equity at December 31, 2020 amounted to \$6.2 billion (or \$281.20 per fully diluted ordinary share), compared to \$4.3 billion (or \$197.93 per fully diluted ordinary share) at December 31, 2019. The Form 10-K, which is available on Enstar's website, www.enstargroup.com, contains a more detailed description of Enstar's business and financial results.

¹ Non-GAAP operating income (loss) and non-GAAP operating income (loss) per fully diluted ordinary share are non-GAAP financial measures as defined in SEC Regulation G. The reconciliations of these non-GAAP measures to the most comparable GAAP financial measures (net earnings (loss) attributable to Enstar ordinary shareholders and diluted net earnings (loss) per ordinary share, respectively) are provided below, along with a discussion of the rationale for the presentation of these items.

About Enstar

Enstar is a NASDAQ-listed leading global insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. A market leader in completing legacy acquisitions, Enstar has acquired over 100 companies and portfolios since its formation in 2001. For further information about Enstar, see www.enstargroup.com.

Non-GAAP Financial Measures

In addition to presenting net earnings (loss) attributable to Enstar ordinary shareholders and diluted earnings (loss) per ordinary share determined in accordance with U.S. GAAP, we believe that presenting non-GAAP operating income (loss) attributable to Enstar ordinary shareholders and diluted non-GAAP operating income (loss) per ordinary share, non-GAAP financial measures as defined in SEC Regulation G, provides investors with valuable measures of our performance.

Non-GAAP operating income (loss) excludes: (i) net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed included in net earnings (loss), (ii) change in fair value of insurance contracts for which we have elected the fair value option, (iii) gain (loss) on sale of subsidiaries, if any, (iv) net earnings (loss) from discontinued operations, if any, (v) tax effect of these adjustments where applicable, and (vi) attribution of share of adjustments to noncontrolling interest where applicable. We eliminate the impact of net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed and change in fair value of insurance contracts for which we have elected the fair value option because these items are subject to significant fluctuations in fair value from period to period, driven primarily by market conditions and general economic conditions, and therefore their impact on our earnings is not reflective of the performance of our core operations. We eliminate the impact of gain (loss) on sale of subsidiaries and net earnings (loss) from discontinued operations because these are not reflective of the performance of our core operations. Diluted Non-GAAP operating income (loss) per ordinary share is diluted net earnings per ordinary share excluding the per diluted share amounts of each of the adjustments used to calculate non-GAAP operating income.

We believe these non-GAAP measures enable readers of our consolidated financial statements to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance. We believe that presenting these non-GAAP financial measures, which may be defined and calculated differently by other companies, improves the understanding of our consolidated results of operations. These measures should not be viewed as substitutes for those calculated in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Financial Measures

Non-GAAP operating income attributable to Enstar ordinary shareholders is calculated by the addition or subtraction of certain items from within our consolidated statements of earnings to or from net earnings attributable to Enstar ordinary shareholders, the most directly comparable GAAP financial measure, as illustrated in the table below:

	Year Ended December 31,		
	2020	2019	2018
	In thousands of U.S. dollars (except for per share data)		
Net earnings (loss) attributable to Enstar ordinary shareholders	\$ 1,719,344	\$ 902,175	\$ (162,354)
Adjustments:			
Net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed ⁽¹⁾	(306,284)	(515,628)	237,262
Change in fair value of insurance contracts for which we have elected the fair value option	119,046	117,181	6,664
Gain on sale of subsidiary	(3,375)	—	—
Net earnings from discontinued operations	(16,251)	(7,375)	(1,489)
Tax effects of adjustments ⁽²⁾	27,534	47,091	(15,364)
Adjustments attributable to noncontrolling interest ⁽³⁾	12,087	14,524	(6,665)
Non-GAAP operating income attributable to Enstar Group Limited ordinary shareholders ⁽⁴⁾	<u>\$ 1,552,101</u>	<u>\$ 557,968</u>	<u>\$ 58,054</u>
Diluted net earnings (loss) per ordinary share ⁽⁵⁾	\$ 78.80	\$ 41.43	\$ (7.84)
Adjustments:			
Net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed ⁽¹⁾	(14.04)	(23.68)	11.42
Change in fair value of insurance contracts for which we have elected the fair value option	5.46	5.38	0.32
Gain on sale of subsidiary	(0.15)	—	—
Net earnings from discontinued operations	(0.74)	(0.34)	(0.07)
Tax effects of adjustments ⁽²⁾	1.26	2.16	(0.73)
Adjustments attributable to noncontrolling interest ⁽³⁾	0.55	0.67	(0.32)
Diluted non-GAAP operating income per ordinary share ⁽⁴⁾	<u>\$ 71.14</u>	<u>\$ 25.62</u>	<u>\$ 2.76</u>
Weighted average ordinary shares outstanding:			
Basic	21,551,408	21,482,617	20,698,310
Diluted	21,818,294	21,775,066	20,904,176

⁽¹⁾ Represents the net realized and unrealized gains and losses related to fixed maturity securities. Our fixed maturity securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance. Refer to Note 6 - "Investments" in the notes to our consolidated financial statements included within Item 8 of our Annual Report on Form 10-K for further details on our net realized and unrealized gains and losses.

⁽²⁾ Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

⁽³⁾ Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

⁽⁴⁾ Non-GAAP financial measure.

⁽⁵⁾ During a period of loss, the basic weighted average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive.

Cautionary Statement

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding the intent, belief or current expectations of Enstar and its management team. Investors are cautioned that any such forward-looking statements speak only as of the date they are made, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, including the ongoing COVID-19 pandemic and the related uncertainty and volatility in the financial markets. Important risk factors regarding Enstar can be found under the heading "Risk Factors" in our Form 10-K for the year ended December 31, 2020 and are incorporated herein by reference. Furthermore, Enstar undertakes no obligation to update any written or oral forward-looking statements or publicly announce any updates or revisions to any of the forward-looking statements contained herein, to reflect any change in its expectations with regard thereto or any change in events, conditions, circumstances or assumptions underlying such statements, except as required by law.

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Source: Enstar Group Limited