

Intact Financial Corporation Announces \$401 Million Subscription Receipt Offering

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TORONTO, Aug. 15, 2019 /CNW/ - Intact Financial Corporation (TSX: IFC) ("Intact" or the "Company") announced today that it has entered into an agreement with a group of underwriters, led by TD Securities Inc. and CIBC Capital Markets for the issuance of 3.3 million subscription receipts at a price of \$120.45 per subscription receipt (less an underwriting fee) for gross proceeds of \$401 million (the "Offering") pursuant to a bought deal public offering in Canada and to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933, as amended ("the U.S. Securities Act"). Each subscription receipt will entitle the holder to receive one common share of Intact upon closing of the Acquisition (as defined below). Intact has also granted the underwriters the option to buy an additional 0.5 million subscription receipts exercisable at the Offering price for a period ending 30 days after the closing of the Offering for additional gross proceeds of up to approximately \$60 million. The Offering is expected to close on August 26, 2019.



The Company is pursuing the Offering to finance a portion of the purchase price for the previously announced acquisition of The Guarantee Company of North America ("The Guarantee") and Frank Cowan Company Limited ("Frank Cowan") from Princeton Holdings Limited (the "Acquisition"). The Guarantee is a specialty insurer in Canada and the U.S. and Frank Cowan is a managing general agent focused on specialty insurance.

Intact expects the Acquisition to generate a return of capital above its threshold and expects the Acquisition to be immediately accretive to net operating income per share ("NOIPS") with low single-digit NOIPS accretion within 24 months after close. The financing structure of the Acquisition preserves Intact's strong capital position at closing with an estimated total capital margin of approximately \$1.2 billion, an estimated MCT of 195% and a debt to total capital ratio of approximately 21% at year end.

The subscription receipts and the common shares underlying the subscription receipts of Intact have not been, and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy the subscription receipts or the common shares underlying the subscription receipts within the United States or in any jurisdiction in which such offer or solicitation would be unlawful.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America, with over \$10 billion in total annual Direct Premiums Written. The Company has approximately 14,000 full- and part-time employees who serve more than five million personal, business and public-sector clients through offices in Canada and the U.S. In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. In the U.S., OneBeacon Insurance Group, a wholly-owned subsidiary, provides specialty insurance products through independent agencies, brokers, wholesalers and managing general agencies.

Forward Looking Statements

This press release contains forward-looking statements. When used in this press release, the words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. This press release contains forward-looking statements with respect to, among other things, the size of the Offering, the use of proceeds of the Offering, the anticipated closing of the Offering and the anticipated effect of the Acquisition and the financing on the Company's total capital margin, MCT and debt to total capital ratio.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation the timing and completion of the Offering.

Certain material factors or assumptions are applied in making these forward-looking statements, including completion of the

Offering.

All of the forward-looking statements included in this press release are qualified by these cautionary statements, those made in the "Risk Management" section of management's discussion and analysis of operating and financial results for the year ended December 31, 2018 and those that may be made in the prospectus supplement to be filed in respect of the Offering. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Investors should not rely on forward-looking statements to make decisions and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements made in this press release. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-IFRS Measures

The Company uses both International Financial Reporting Standards ("IFRS") and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Management analyzes performance based on underwriting ratios such as combined, expense, loss and claims ratios, MCT, RBC and debt-to-total capital, as well as other non-IFRS financial measures, namely DPW, change or growth in constant currency, underlying current year loss ratio, underwriting income (loss), underwriting expenses, NEP, NOI, NOIPS, OROE, ROE, AROE, non-operating results, net distribution income, adjusted net income, AEPS, total net claims, and total capital margin. See section 27 of the Annual MD&A, which is posted under the Company's profile on SEDAR at www.sedar.com, for the definition and historical reconciliation to the most comparable IFRS measure, where such a measure exists.

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