

Intact Financial Corporation reports Q1-2025 results

(TSX: IFC)

(in Canadian dollars except as otherwise noted)

TORONTO, May 6, 2025 /CNW/ -

Highlights

- Operating DPW^{1,2} grew 3%, attributable to continued momentum in Personal lines
- Combined ratio¹ was solid at 91.3%, remaining stable year-over-year despite 2.5 points of higher catastrophe losses
- Net operating income per share¹ increased 10% to \$4.01 driven by solid underwriting results, as well as investment and distribution income increasing 9% and 17%, respectively
- BVPS¹ increased 4% sequentially and 13% year-over-year to \$96.16, with solid EPS of \$3.69 in the quarter
- Operating ROE¹ of 16.5% (ROE¹ of 13.7%) with a strong and resilient balance sheet, including \$3.1 billion of total capital margin¹

Charles Brindamour, Chief Executive Officer, said:

"We had a strong start to 2025 across our business, with a solid underwriting performance and double-digit NOIPS growth. In the context of economic uncertainties, our organization is highly resilient and well-positioned to succeed. This is demonstrated through an operating ROE of 16.5% and book value per share growth of 13% year-over-year. We are on track to continue achieving our financial objectives to exceed the industry ROE by 500 basis points and grow NOIPS 10% annually over time, while also delivering on our promise to our customers, brokers, employees."

Consolidated Highlights

(in millions of Canadian dollars except as otherwise noted)

	Q1-2025 Q1-2024 Change		
Operating direct premiums written^{1 2}	5,364	5,110	3 %
Combined ratio¹	91.3 %	91.2 %	0.1 pts
Underwriting income (loss) ¹	485	459	6 %
Operating net investment income	415	380	9 %
Distribution income ¹	117	100	17 %
Net operating income attributable to common shareholders ¹	717	647	11 %
Net income	676	673	- %
Per share measures (in dollars)			
Net operating income per share (NOIPS) ^{1,3}	\$4.01	\$3.63	10 %
Earnings per share (EPS) – diluted ⁶	\$3.69	\$3.68	- %
Book value per share ¹	\$96.16	\$84.76	13 %
Return on equity for the last 12 months			
Operating ROE ¹	16.5 %	14.3 %	2.2 pts
Adjusted ROE ¹	16.1 %	13.5 %	2.6 pts
ROE ¹	13.7 %	10.6 %	3.1 pts
Capital management			
Total capital margin ¹	3,099	2,654	445
Adjusted debt-to-total capital ratio ¹	19.1 %	20.5 %	(1.4) pts

12-Month Industry Outlook

- We expect the current insurance market conditions to persist, mainly due to catastrophe loss trends and uncertainty driven by geopolitical conflicts:
 - In both Personal auto and property, we expect low double-digit premium growth; and
 - In Commercial and Specialty lines across all geographies, we expect mid-single-digit premium growth.

¹ This release contains Non-GAAP financial measures, Non-GAAP ratios and other financial measures (each as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure"). Refer to Section 15 – Non-GAAP and other financial measures in the Q1-2025 Management's Discussion and Analysis for further details.

² DPW change (growth) is presented in constant currency.

³ Per share metric is calculated based on the weighted-average diluted number of common shares.

Segment Results

(in millions of Canadian dollars except as otherwise noted) **Q1-2025 Q1-2024 Change**

Operating direct premiums written^{1,2}

Canada	3,480	3,252	7 %
UK&I	1,253	1,245	(4) %
US	631	613	(3) %
Total	5,364	5,110	3 %

Combined ratio¹

Canada	90.2 %	90.7 %	(0.5) pts
UK&I	97.6 %	94.6 %	3.0 pts
US	86.8 %	88.0 %	(1.2) pts
Combined ratio	91.3 %	91.2 %	0.1 pts

Q1-2025 Consolidated Performance

- Overall operating DPW growth was 3% and attributable to rate actions as well as unit growth in Personal lines. Within Commercial lines, growth was led by mid-single digit rates in the majority of our portfolio, while we continue to see pressure in large accounts.
- Combined ratio was solid at 91.3% and remained comparable to last year, despite 2.5 points of higher catastrophe losses. This is a result of our strong underlying performance in Canada and in the US, along with healthy favourable prior year development, particularly in Commercial lines.
- Operating net investment income increased 9% from last year to \$415 million, primarily due to higher book yields, non-recurring distributions of \$9 million and favourable foreign currency movements.
- Distribution income increased by 17% from last year to \$117 million, reflecting organic growth, increased margins in BrokerLink and M&A activities.

Lines of Business

P&C Canada

- Personal auto operating DPW increased by 11%, reflecting rate actions and 2% unit growth in hard market conditions. The combined ratio of 97.5% was in line with our full year sub-95 expectations, when adjusted for approximately 4 points of impact from seasonality and harsher- than-normal winter conditions.
- Personal property operating DPW grew by 9%, primarily due to rates coupled with 1% unit growth in hard market conditions. The combined ratio remained solid at 88.9%, but increased from last year, due to higher catastrophe losses and severe winter conditions in the quarter.
- Commercial lines operating DPW growth was 1%, driven by mid-single-digit rates in most lines. We continue to see increased competition in large accounts. The combined ratio was very strong at 81.2% for the quarter, 6.1 points better

than last year, driven by robust underlying performance and favourable prior-year development.

P&C UK&I²

- Operating DPW decreased 4%, as we continue to take remediation actions in the DLG portfolio and see continued competition in large accounts. In aggregate, pricing was in the mid-single digits and new business remained solid. The combined ratio of 97.6% included elevated weather-related catastrophe losses in the quarter. We remain well positioned to evolve the combined ratio towards 90% in 2026.

P&C US²

- Operating DPW decreased 3%, reflecting a 5-point negative impact from the non-renewal of a large account. Growth in aggregate reflected varying rate momentum, with mid-single digit rates or better across the majority of lines. The combined ratio remained strong at 86.8% for the quarter, despite the impact of high CAT losses, reflecting our continued focus on profitability.

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² DPW change (growth) is presented in constant currency.

Net Operating Income, EPS and ROE

- Net operating income attributable to common shareholders increased 11% to \$717 million, driven by solid underwriting performance, as well as higher investment and distribution income.
- Earnings per share was solid at \$3.69 in the quarter, driven by strong operating income and non-significant non-operating losses overall.
- Operating ROE of 16.5% reflected strong performance across our lines of business and geographies over the last 12 months. Adjusted ROE of 16.1% and ROE of 13.7% improved 3 points from last year, primarily due to higher operating earnings coupled with lower exited lines and restructuring costs.

Balance Sheet

- The Company ended the quarter in a strong financial position with a total capital margin of \$3.1 billion, up \$0.2 billion from last quarter, and solid regulatory capital ratios in all jurisdictions.
- Adjusted debt-to-total capital ratio stood at 19.1% as at March 31, 2025, an improvement vs. Q4-2024, driven by strong capital generation in the quarter.
- IFC's book value per share (BVPS) of \$96.16 as at March 31, 2025 increased 13% year-over-year, and was 4% higher than Q4-2024, driven by solid earnings and favourable market movements in our debt securities portfolio.

Common Share Dividend

- The Board of Directors approved the quarterly dividend of \$1.33 per share on the Company's outstanding common shares. The common share dividends are payable on June 30, 2025, to shareholders of record on June 16, 2025.

Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 30.25625 cents per share on the Company's Class A Series 1 preferred shares, 21.60625 cents per share on the Class A Series 3 preferred shares, 32.5 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 37.575 cents per share on the Class A Series 7 preferred shares, 33.75 cents per share on the Class A Series 9 preferred shares, and 32.8125 cents per share on the Class A Series 11 preferred shares. The dividends are payable on June 30, 2025, to shareholders of record on June 16, 2025.

Analysts' Estimates

- The average estimate of earnings per share and net operating income per share for the quarter among the analysts who follow the Company was \$3.17 and \$3.54, respectively.
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Social Impact & ESG Report

- IFC also announced that its 2024 Social Impact & ESG Report is available at www.intactfc.com. The report also includes the 2024 public accountability statement for Intact and its applicable subsidiaries.
- The report details how Intact is delivering on its social impact mandate and how ESG considerations are embedded in the organization's strategy and its three objectives: having customers as advocates, engaged employees, and being a most respected company. The report also details progress on Intact's Climate Strategy and Resilience Barometer.

Management's Discussion and Analysis (MD&A) and Interim Consolidated Financial Statements

This Press Release, which was approved by the Company's Board of Directors on the Audit Committee's recommendation, should be read in conjunction with the Q1-2025 MD&A, as well as the Q1-2025 interim condensed consolidated financial statements, which are available on the Company's website at www.intactfc.com and later today on SEDAR+ at www.sedarplus.ca.

For the definitions of measures and other insurance-related terms used in this Press Release, please refer to the MD&A and to the glossary available in the "Investors" section of the Company's website at www.intactfc.com.

Conference Call Details

Intact Financial Corporation will host a conference call to review its earnings results tomorrow at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's interim condensed consolidated financial statements, MD&A, presentation slides, Supplementary financial information and other information not included in this Press Release, visit the Company's website at www.intactfc.com and link to "Investors". The conference call is also available by dialing 416-945-7677 or 1-888-699-1199 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available on May 7, 2025 at 2:00 p.m. ET until 11:59 p.m. ET on May 14, 2025. To listen to the replay, call 289-819-1450 or 1-888-660-6345 (toll-free in North America), entry code 27846. A transcript of the call will also be made available on Intact Financial Corporation's website.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of Property and Casualty (P&C) insurance in Canada, a leading Specialty lines insurer with international expertise and a leader in Commercial lines in the UK and Ireland. The business has grown organically and through acquisitions to almost \$24 billion of total annual operating direct premiums written (DPW).

In Canada, Intact distributes insurance under the Intact Insurance brand through agencies and a wide network of brokers, including its wholly-owned subsidiary BrokerLink. Intact also distributes directly to consumers through the belairdirect brand and affinity partnerships. Additionally, Intact provides exclusive and tailored offerings to high-net-worth customers through Intact Prestige.

In the US, Intact Insurance Specialty Solutions provides a range of Specialty insurance products and services through independent agencies, regional and national brokers, wholesalers and managing general agencies.

Across the UK, Ireland, and Europe, Intact provides Personal, Commercial and/or Specialty insurance solutions through the RSA, 123.ie, NIG and FarmWeb brands.

Non-GAAP and other financial measures

Non-GAAP financial measures and Non-GAAP ratios (which are calculated using Non-GAAP financial measures) do not have standardized meanings prescribed by IFRS (or GAAP) and may not be comparable to similar measures used by other companies in our industry. Non-GAAP and other financial measures are used by management and financial analysts to assess our performance. Further, they provide users with an enhanced understanding of our financial results and related trends, and increase transparency and clarity into the core results of the business.

Non-GAAP financial measures and Non-GAAP ratios used in this Press Release and other Company's financial reports include measures related to our consolidated performance, underwriting performance and financial strength.

For more information about these supplementary financial measures, Non-GAAP financial measures, and Non-GAAP ratios, including definitions and explanations of how these measures provide useful information, refer to Section 15 – Non-GAAP and other financial measures in the Q1-2025 MD&A dated May 6, 2025, which is available on our website at www.intactfc.com and on SEDAR+ at www.sedarplus.ca.

Table 1 Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders

Net income attributable to shareholders, as reported under IFRS	676	673
Remove: pre-tax non-operating results	74	12
Remove: non-operating tax expense (benefit)	(16)	(21)
NOI attributable to shareholders	734	664
Remove: preferred share dividends and other equity distribution	(17)	(17)
NOI attributable to common shareholders	717	647
Divided by weighted-average diluted number of common shares (in millions)	178.7	178.3
NOIPS (in dollars)	4.01	3.63
NOI attributable to common shareholders for the last 12 months	2,646	2,119
Adjusted average common shareholders' equity, excluding AOCI	16,082	14,785
ROE for the last 12 months	16.5 %	14.3 %

Table 2 Reconciliation of underwriting results on a MD&A basis with the interim consolidated financial statements

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A	
Quarter ended March 31, 2025														
Insurance revenue	6,653	(598)	(277)						(197)	(48)	21	(1,099)	5,554	Operating net underwriting revenue
														Sum of: Operating net claims
Insurance service expense	(5,587)	393	282	(119)	8	(62)	(218)	207	48	(21)	518	(5,069)	(\$3,208 million) and Operating net	
														underwriting expenses (\$1,861 million)
Expense from reinsurance contracts	(598)	598									598	-	n/a	
Income from reinsurance contracts	393	(393)									(393)	-	n/a	
Insurance service result	861	-	5	(119)	8	(62)	(218)	10	-	-	(376)	485	Underwriting income (loss)	
Quarter ended March 31, 2024														
Insurance revenue	6,511	(673)	(359)						(281)	(20)	15	(1,318)	5,193	Operating net underwriting revenue
														Sum of: Operating net claims
Insurance service expense	(5,358)	314	420	(148)	8	(49)	(228)	302	20	(15)	624	(4,734)	(\$2,945 million) and Operating net	
														underwriting expenses (\$1,789 million)
Expense from reinsurance contracts	(673)	673									673	-	n/a	
Income from reinsurance contracts	314	(314)									(314)	-	n/a	
Insurance service result	794	-	61	(148)	8	(49)	(228)	21	-	-	(335)	459	Underwriting income (loss)	

Reconciling items in the table above:

- 1 Adjustment to present results net of reinsurance
- 2 Adjustment to exclude net underwriting revenue, net claims, net underwriting expenses from exited lines (treated as non-operating)
- 3 Adjustment to include indirect underwriting expenses (from Other income and expense under IFRS)
- 4 Adjustment to exclude the non-operating pension expense
- 5 Adjustment to reclassify intercompany commissions (to Distribution income & Other operating income (expense))
- 6 Adjustment to exclude discount build on claims liabilities (treated as non-operating)
- 7 Adjustment to exclude Net insurance service results from claims acquired in a business combination (treated as non-operating)

8 Adjustment to reclassify Assumed (ceded) commissions and premium adjustments

9 Adjustment to reclassify Net insurance revenue from retroactive reinsurance contracts

Table 3 Reconciliation of ROE to Net income attributable to shareholders

	Q1-2025 Q1-2024	
Net income attributable to shareholders, as reported under IFRS	676	673
Remove: preferred share dividends and other equity distribution	(17)	(17)
Net income attributable to common shareholders	659	656
Divided by weighted-average basic number of common shares (in millions)	178.3	178.3
EPS, basic (in dollars)	3.70	3.68
Divided by weighted-average diluted number of common shares ¹ (in millions)	178.7	178.3
EPS, diluted (in dollars)	3.69	3.68
Net income attributable to common shareholders for the last 12 months	2,210	1,527
Adjusted average common shareholders' equity	16,135	14,397
ROE for the last 12 months	13.7 %	10.6 %

¹ Includes the net effect of the exercise of stock options. See Note 16 – Earnings per share to the interim condensed consolidated financial statements for more details.

Table 4 Reconciliation of consolidated results on a MD&A basis with the interim condensed consolidated financial statements

MD&A captions		Pre-tax						
As presented in the Financial statements	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	Total F/S caption
For the quarter ended March 31, 2025								
Insurance service result	65	-	(3)	-	-	195	604	861
Net investment income	-	-	-	415	-	-	-	415
Net gains (losses) on investment portfolio	-	-	-	-	-	86	-	86
Net insurance financial result	-	-	-	-	-	(240)	-	(240)
Share of profits from investments in associates and joint ventures	42	(3)	1	-	(9)	(9)	-	22
Other net gains (losses)	-	-	-	-	-	40	-	40
Other income and expense	10	-	(25)	-	-	(77)	(119)	(211)
Other finance costs	-	(55)	-	-	-	-	-	(55)
Acquisition, integration and restructuring costs	-	-	-	-	-	(69)	-	(69)
Income tax benefit (expense)	-	-	-	-	(173)	-	-	(173)
Total, as reported in MD&A	117	(58)	(27)	415	(182)	(74)	485	
For the quarter ended March 31, 2024								
Insurance service result	43	-	6	-	-	138	607	794
Net investment income	-	-	-	380	-	-	-	380

Net gains (losses) on investment portfolio	-	-	-	-	-	(40)	-	(40)
Net insurance financial result	-	-	-	-	-	(97)	-	(97)
Share of profits from investments in associates and joint ventures	38	(5)	2	-	(7)	(6)	-	22
Other net gains (losses)	-	-	-	-	-	180	-	180
Other income and expense	19	-	(36)	-	-	(74)	(148)	(239)
Other finance costs	-	(57)	-	-	-	-	-	(57)
Acquisition, integration and restructuring costs	-	-	-	-	-	(113)	-	(113)
Income tax benefit (expense)	-	-	-	-	(157)	-	-	(157)
Total, as reported in MD&A	100	(62)	(28)	380	(164)	(12)	459	

Table 5 Reconciliation of AEPS and AROE to Net income attributable to shareholders

	Q1-2025Q1-2024	
Net income attributable to shareholders, as reported under IFRS	676	673
Remove acquisition-related items, after tax		
Amortization of acquired intangible assets	61	57
Acquisition and integration costs	30	55
Tax adjustments on acquisition-related items	1	-
Net result from claims acquired in a business combination	-	2
Adjusted net income attributable to shareholders	768	787
Remove: preferred share dividends and other equity distribution	(17)	(17)
Adjusted net income attributable to common shareholders	751	770
Divided by weighted-average diluted number of common shares (in millions)	178.7	178.3
AEPS (in dollars)	4.21	4.31
Adjusted net income attributable to common shareholders for the last 12 months	2,601	1,950
Adjusted average common shareholders' equity	16,135	14,397
AROE for the last 12 months	16.1 %	13.5 %

Table 6 Calculation of BVPS and BVPS (excluding AOCI)

As at March 31,	2025	2024
Equity attributable to shareholders, as reported under IFRS	18,768	16,740
Remove: Preferred shares and other equity, as reported under IFRS	(1,619)	(1,619)
Common shareholders' equity	17,149	15,121
Remove: AOCI, as reported under IFRS	(399)	292
Common shareholders' equity (excluding AOCI)	16,750	15,413

Number of common shares outstanding at the same date (in millions)**178.3** 178.4

BVPS **96.16** 84.76

BVPS (excluding AOCI) **93.92** 86.39

Table 7 Adjusted average common shareholders' equity and Adjusted average common shareholders' equity, excluding AOCI

As at March 31,	2025	2024
Ending common shareholders' equity	17,149	15,121
Remove: significant capital transaction in the last 12 months	-	(557)
Ending common shareholders' equity, excluding significant capital transaction	17,149	14,564
Beginning common shareholders' equity	15,121	13,622
Average common shareholders' equity, excluding significant capital transaction	16,135	14,093
Weighted impact of significant capital transactions ¹	-	304
Adjusted average common shareholders' equity	16,135	14,397
Ending common shareholders' equity, excluding AOCI	16,750	15,413
Remove: significant capital transaction in the last 12 months	-	(557)
Ending common shareholders' equity, excluding AOCI and significant capital transaction	16,750	14,856
Beginning common shareholders' equity, excluding AOCI	15,413	14,106
Average common shareholders' equity, excluding AOCI and significant capital transaction	16,082	14,481
Weighted impact of significant capital transactions ¹	-	304
Adjusted average common shareholders' equity, excluding AOCI	16,082	14,785

¹ March 31, 2024 figure represents the net weighted impact of the September 13, 2023 significant capital transaction.

Table 8 Reconciliation of Total debt outstanding before hybrid subordinated notes and Total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI

As at	March 31, 2025	Dec. 31, 2024
Debt outstanding, as reported under IFRS	4,728	4,681
Remove: hybrid subordinated notes	(247)	(247)
Total debt outstanding before hybrid subordinated notes	4,481	4,434
Debt outstanding, as reported under IFRS	4,728	4,681
Equity attributable to shareholders, as reported under IFRS	18,768	18,148
Preferred shares from Equity attributable to non-controlling interests	-	-
Adjusted total capital	23,496	22,829
Total debt outstanding before hybrid subordinated notes	4,481	4,434
Adjusted total capital	23,496	22,829
Adjusted debt-to-total capital ratio	19.1 %	19.4 %

Debt outstanding, as reported under IFRS	4,728	4,681
Preferred shares and other equity, as reported under IFRS	1,619	1,619
Preferred shares from Equity attributable to non-controlling interests	-	-
Debt outstanding and preferred shares (including NCI)	6,347	6,300
Adjusted total capital	23,496	22,829
Total leverage ratio	27.0 %	27.6 %
Adjusted debt-to-total capital ratio	19.1 %	19.4 %
Preferred shares and hybrids	7.9 %	8.2 %

Forward Looking Statements

Certain statements made in this news release are forward-looking statements. These statements include, without limitation, statements relating to the outlook for the Property and Casualty insurance industry in Canada, the U.S. and the U.K., the Company's business outlook, the Company's growth prospects and the integration of Direct Line Insurance Group plc's brokered Commercial lines operations. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements as a result of various factors, including those discussed in the Company's most recently filed Annual Information Form dated February 11, 2025 and available on SEDAR+ at www.sedarplus.ca. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Please read the cautionary note at the beginning of the Q1-2025 MD&A.

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