
Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 21, 2019**

SIRIUS INTERNATIONAL INSURANCE GROUP, LTD.

(Exact name of registrant as specified in charter)

Bermuda
(State or other jurisdiction of
incorporation)

001-38731
(Commission
File Number)

98-0529995
(IRS Employer
Identification No.)

14 Wesley Street
Hamilton HM 11, Bermuda
(Address of principal executive offices)

(441) 278-3140
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 21, 2019, Sirius International Group, Ltd. issued a press release reporting its financial results for the fourth quarter and year ended December 31, 2018 and the availability of its fourth quarter and year ended December 31, 2018 investor financial supplement. A copy of the press release and the investor financial supplement are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively.

The information contained in this Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 attached hereto, are being furnished pursuant to this Item 2.02. This information shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are filed or furnished, as applicable, herewith.

Exhibit Number	Description of Exhibit
99.1	<u>Press Release dated February 21, 2019, announcing the earnings of Sirius International Insurance Group, Ltd. for the Fourth Quarter and Year Ended December 31, 2018</u>
99.2	<u>Fourth Quarter and Year Ended December 31, 2018 Investor Financial Supplement</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sirius International Insurance Group, Ltd.

Date: February 21, 2019

By: /s/ RALPH SALAMONE

Name: Ralph Salamone

Title: Chief Financial Officer

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Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



SIRIUS INTERNATIONAL INSURANCE GROUP, LTD. REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

Hamilton, Bermuda, February 21, 2019 — Sirius International Insurance Group, Ltd. (Nasdaq: SG) (“Sirius Group” or the “Company”) today reported results for the quarter and full year ended December 31, 2018. The Company reported a comprehensive (loss) of \$(136) million for the fourth quarter of 2018 compared to comprehensive income of \$17 million for the fourth quarter of 2017. For the year ended December 31, 2018, the comprehensive (loss) was \$(80) million compared to a comprehensive (loss) of \$(78) million for the year ended December 31, 2017.

Book value per common share was \$14.80 as of December 31, 2018 compared to book value per common share of \$16.44 as of September 30, 2018, a decrease of 10.0%. For the year ended December 31, 2018, book value per common share decreased 7.4% compared to book value per common share of \$15.98 as of December 31, 2017. Book value per common share as of December 31, 2018 includes a charge of \$36 million, or \$0.32 per common share, related to the issuance of Series B preference shares in conjunction with the closing of the merger (the “Merger”) with Easterly Acquisition Corp. and the resulting public listing on the Nasdaq Global Select Market.

Adjusted book value per share⁽¹⁾, which assumes that the Series B preference shares will convert into common shares on a one-for-one basis, was \$15.24 as of December 31, 2018. This compares to Adjusted book value per share of \$16.44 as of September 30, 2018 and \$15.98 as of December 31, 2017. This represents a decrease of 7.3% for the fourth quarter and 4.6% for the year, respectively.

“Sirius Group accomplished a lot in the fourth quarter of 2018, and continues to evolve as a global reinsurance group with specialty insurance operations,” said Kip Oberting, President and Chief Executive Officer of Sirius Group. “We achieved a public listing, brought on four highly respected cornerstone investors, and added a group of highly qualified independent directors to our board. These long-term wins were unfortunately veiled by a financial loss during the quarter arising from storm losses and pockets of loss reserve development.”

“Despite this recent volatility,” Oberting said, “we continue to build upon our unique franchise. We are pleased by the profitable growth in our Global Accident & Health segment. Our investment in specialty growth initiatives are on track. Pie Insurance, where we have a minority investment and carrier relationship, is a particularly bright star as it embarks on its direct, data-driven roll-out of workers’ compensation insurance. Lastly, despite recent high levels of global cat activity, our property reinsurance business remains core to our long term success. In this business, as in the others, we find honest, capable partners and clients. We treat one another fairly. Together we thrive. It’s a long game.”

⁽¹⁾ Adjusted book value, Adjusted book value per share and Operating (loss) income attributable to common shareholders are non-GAAP financial measures. See the accompanying Reconciliation of Non-GAAP Financial Measures.

- Net (loss) attributable to common shareholders for the fourth quarter of 2018 was \$(154) million and basic earnings per common share was \$(1.31). This compares to net income attributable to common shareholders of \$16 million and basic earnings per common share of \$0.13 for the fourth quarter of 2017. For the year ended December 31, 2018, the net (loss) attributable to common shareholders was \$(43) million and basic earnings per common share was \$(0.36). This compares to a net (loss) attributable to common shareholders of \$(156) million and basic earnings per common share of \$(1.30) for the year ended December 31, 2017. These results reflect the \$36 million charge related to the increase in the redemption value of the Series B preference shares incurred in the fourth quarter of 2018.
- For the fourth quarter of 2018, Operating (loss) attributable to common shareholders was \$(106) million compared to Operating income attributable to common shareholders of \$8 million for the fourth quarter of 2017. For the year ended December 31, 2018, Operating (loss) attributable to common shareholders was \$(56) million compared to Operating (loss) of \$(128) million for 2017.
- The return on net (loss) attributable to common shareholders on beginning common shareholders' equity was (2.3)% for 2018 compared to (7.9)% for 2017.

Chief Financial Officer, Ralph Salamone further commented, "During the quarter, we added \$43 million to our Typhoon Jebi reserves, bringing our total loss from the late third quarter event to \$91 million, net of reinsurance and reinstatement premiums. We now believe the market loss for Jebi is now in excess of \$10 billion. On investments, the break-even total return in original currencies for the year is in line with our investment philosophy given market conditions where the performance of major equity and bond indices were negative."

Fourth Quarter 2018 Summary

Underwriting

Sirius Group's combined ratio was 127% for the fourth quarter of 2018 compared to 91% for the fourth quarter of 2017. The increase in the combined ratio was driven by higher catastrophe losses and net unfavorable prior year loss reserve development, as well as higher current accident year losses in certain segments as detailed below. Sirius Group's fourth quarter of 2018 combined ratio included 33 points of catastrophe losses, net of reinsurance and reinstatement premiums, compared to 7 points for the fourth quarter of 2017. The fourth quarter of 2018 also included 5 points of net unfavorable prior year loss reserve development compared to 2 points of net favorable prior year loss reserve development for the fourth quarter of 2017.

- Gross written premiums for the quarter were \$303 million, an increase of 11% compared to the fourth quarter of 2017, driven by top line growth in the Specialty & Casualty segment and premiums in the Runoff & Other segment as a result of a Loss Portfolio Transfer ("LPT") completed in the quarter through Sirius Global Solutions.
- Pre-tax catastrophe losses, net of reinsurance and reinstatement premiums, amounted to \$114 million in the quarter, primarily related to Hurricane Michael (\$36 million), the California wildfires (\$12 million), and other small catastrophe losses. Also, in the quarter, prior 2018 catastrophe losses related to Typhoon Jebi (\$43 million), Typhoon Trami (\$7 million), and Typhoon Mangkhut (\$3 million) were increased.

- Highlights by reportable segment for the fourth quarter of 2018 included the following:
 - Global Property produced an underwriting (loss) for the quarter of \$(92) million and a 158% combined ratio driven mainly by catastrophe losses and higher current accident year losses.
 - Global A&H produced \$16 million of underwriting income, including net service fee income from IMG and Armada, and a combined ratio of 87%.
 - Specialty & Casualty produced a \$(10) million underwriting (loss) for the quarter and a combined ratio of 114%, driven mainly by higher current accident year losses for the Aviation book.
 - Runoff & Other produced a \$(9) million of underwriting (loss) mainly from unfavorable loss reserve movements. No underwriting gain or loss was recognized as a result of an LPT completed through Sirius Global Solutions.

Investments and Other

- The investment portfolio returned (1.0)% in original currencies and (1.2)% in U.S. Dollars.
 - Net investment income increased \$7 million or 54% for the fourth quarter of 2018 to \$20 million, from \$13 million for the fourth quarter of 2017, due to a higher interest rate environment.
 - Net realized and unrealized investment losses were \$(58) million for the fourth quarter of 2018 compared to net realized and unrealized investment losses of \$(14) million for the fourth quarter of 2017. The increase was driven by losses arising from investments in global equities consistent with overall market performance.
- Overall, net currency effects on common shareholders' equity were unfavorable for the fourth quarter of 2018 by \$(2) million.
- Common shareholders' equity ended the fourth quarter of 2018 at \$1,704 million. The decline is primarily due to a comprehensive (loss) of \$(136) million, the repurchase of common shares from CM Bermuda Ltd. of \$164 million, and the \$36 million charge related to the increase in the redemption value of the Series B preference shares, partially offset by the \$70 million of common shares sold in connection with the Merger. Adjusted book value ended the fourth quarter of 2018 at \$1,937 million.

Full Year 2018 Summary

Underwriting

Sirius Group's combined ratio was 103% for the year ended December 31, 2018 compared to 108% for the year ended December 31, 2017. The decrease in the combined ratio was driven by lower catastrophe losses, partially offset by higher current accident year losses in certain segments as detailed below. Sirius Group's 2018 combined ratio included 15 points of catastrophe losses, net of reinsurance and reinstatement premiums, compared to 25 points for 2017, partially offset by current accident year losses in certain lines of business.

- Gross written premiums for 2018 were \$1,821 million, an increase of 27% compared to 2017, driven by top line growth in the Specialty & Casualty and Global Property segments.
- Pre-tax catastrophe losses, net of reinsurance and reinstatement premiums, amounted to \$194 million including Typhoon Jebi (\$91 million), Hurricane Michael (\$36 million), the California wildfires (\$12 million) and Typhoon Trami (\$9 million).

- Highlights by reportable segment for 2018 included the following:
 - Global Property produced an underwriting (loss) for the year of \$(82) million and a 113% combined ratio driven mainly by catastrophe losses and higher current accident year losses.
 - Global A&H produced \$58 million of underwriting income, including net service fee income from IMG and Armada, and a combined ratio of 93%.
 - Specialty & Casualty produced a \$(3) million underwriting (loss) and a combined ratio of 101%.
 - Runoff & Other produced \$2 million of underwriting income due to favorable loss reserve development.

Investments and Other

- The investment portfolio returned 0.3% in original currencies, and (0.9)% in U.S. Dollars.
 - Net investment income increased \$14 million or 25% for 2018 to \$71 million, from \$57 million for 2017 due to a higher interest rate environment and increased dividend income.
 - Net realized and unrealized investment losses were \$(21) million for 2018 compared to net realized and unrealized investment losses of \$(38) million for 2017.
- Overall, net currency effects on common shareholders' equity were favorable for 2018 by \$16 million.

Conference Call

A conference call discussing the fourth quarter and full year results will be held on February 21, 2019 at 5:00 p.m. Eastern Time. A live, listen-only webcast of the call will be available via the Investor Relations section of our website located at <http://ir.siriusgroup.com>. A replay of the webcast will be available on the website shortly after the call and archived for 1 year. The teleconference can be accessed by dialing (888) 317-6016 for U.S. callers and (412) 317-6016 for international callers.

Supplemental Materials

In addition to this press release, we have provided supplemental financial information relating to fourth quarter and full year results. Recipients are encouraged to visit the "Financial Information" section of Sirius Group's website located at <http://ir.siriusgroup.com> to view the supplemental financial information.

Non-GAAP Financial Measures

In presenting Sirius Group's results, management has included and discussed non-GAAP financial measures: Adjusted book value, Adjusted book value per share and Operating (loss) attributable to common shareholders. The Company believes that these non-GAAP financial measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of the Company's results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission. A reconciliation of Adjusted book value, Adjusted book value per share and Operating (loss) attributable to common shareholders to the most comparable GAAP figures is included in the attached financial information in accordance with Regulation G.

About Sirius Group

Sirius Group, with roots back to 1945 in Stockholm, is a global multi-line (re)insurer that utilizes its unique global branch network to provide solutions to approximately 2,000 clients in over 140 countries, with approximately 7,000 treaties in force. The primary (re)insurance operating subsidiaries are located in Bermuda, Stockholm, New York, and London. Sirius Group provides a fully diversified set of health and travel products to consumers through its two managing general underwriters, ArmadaGlobal and International Medical Group. Sirius Group has been publicly traded since November 2018. Additional information is available at Sirius Group's website located at www.siriusgroup.com.

Cautionary Statement Concerning Forward-Looking Statements

We have made statements in this document that are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by the use of forward-looking terminology such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "target," "continue," "could," "may," "might," "will," "possible," "potential," "predict," "should," "would" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements are based on the current expectations of the management of Sirius Group and speak only as of the date of this document. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, Sirius Group's exposure to unpredictable catastrophic and casualty events and unexpected accumulations of attritional losses; increased competition from existing insurers and reinsurers and from alternative capital providers, such as insurance-linked funds and collateralized special purpose insurers; decreased demand for Sirius Group's insurance or reinsurance products, consolidation and cyclical changes in the insurance and reinsurance industry; the inherent uncertainty of estimating loss and loss adjustment expenses reserves, including asbestos and environmental reserves, and the possibility that such reserves may be inadequate to cover Sirius Group's ultimate liability for losses; a decline in Sirius Group's operating subsidiaries' ratings with rating agencies; the limited liquidity and trading of Sirius Group's securities; Sirius Group's status as a publicly traded company; and other factors identified in Sirius Group's Registration Statement on Form S-4 and other filings with the U.S. Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of the assumptions made by the management of Sirius Group prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Except as required by applicable law, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, or new information, data or methods, future events or other changes.

Contact:

Sirius Group

Matthew Kirk

Investor Relations

investor.relations@siriusgroup.com

(212) 312-2525

Sirius International Insurance Group, Ltd.
Consolidated Balance Sheets
As at December 31, 2018 and December 31, 2017 (Unaudited)

(Expressed in millions of U.S. dollars, except share information)	December 31, 2018	December 31, 2017
Assets		
Fixed maturity investments, trading at fair value (<i>Amortized cost 2018: \$1,952.9; 2017: \$2,195.3</i>)	\$ 1,949.2	\$ 2,180.0
Short-term investments, at fair value (<i>Amortized cost 2018: \$716.1; 2017: \$625.3</i>)	715.5	625.0
Equity securities, trading at fair value (<i>Cost 2018: \$409.4; 2017: \$275.1</i>)	380.0	299.2
Other long-term investments, at fair value (<i>Cost 2018: \$337.6; 2017: \$255.5</i>)	365.0	269.5
Cash	119.4	215.8
Restricted cash	12.8	14.8
Total investments and cash	3,541.9	3,604.3
Accrued investment income	14.1	14.1
Insurance and reinsurance premiums receivable	630.6	543.6
Reinsurance recoverable on unpaid losses	350.2	319.7
Reinsurance recoverable on paid losses	55.0	17.5
Funds held by ceding companies	186.8	153.2
Ceded unearned insurance and reinsurance premiums	159.8	106.6
Deferred acquisition costs	141.6	120.9
Deferred tax asset	202.5	244.1
Accounts receivable on unsettled investment sales	5.0	0.3
Goodwill	400.6	401.0
Intangible assets	195.6	216.3
Other assets	124.0	82.0
Total assets	\$ 6,007.7	\$ 5,823.6
Liabilities		
Loss and loss adjustment expense reserves	\$ 2,016.7	\$ 1,898.5
Unearned insurance and reinsurance premiums	647.2	506.8
Ceded reinsurance payable	206.9	139.1
Funds held under reinsurance treaties	110.6	73.4
Deferred tax liability	237.4	282.2
Debt	696.8	723.2
Accounts payable on unsettled investment purchases	3.2	0.3
Other liabilities	150.5	176.8
Total liabilities	4,069.3	3,800.3
Commitments and contingencies		
Mezzanine equity		
Series A redeemable preference shares	—	106.1
Series B preference shares	232.2	—
Total Mezzanine equity	232.2	106.1
Common shareholders' equity		
Common shares (<i>shares issued and outstanding: 2018:115,151,251; 2017: 120,000,000</i>)	1.2	1.2
Additional paid-in surplus	1,089.1	1,197.9
Retained earnings	816.6	858.4
Accumulated other comprehensive (loss)	(202.4)	(140.5)
Total common shareholders' equity	1,704.5	1,917.0
Non-controlling interests	1.7	0.2
Total equity	1,706.2	1,917.2
Total liabilities, mezzanine equity, and equity	\$ 6,007.7	\$ 5,823.6

Sirius International Insurance Group, Ltd.
Consolidated Statements of (Loss) Income (Unaudited)
For the three months and years ended December 31, 2018 and 2017

(Expressed in millions of U.S. dollars, except share and per share information)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Revenues				
Net earned insurance and reinsurance premiums	\$ 347.8	\$ 284.7	\$ 1,262.3	\$ 1,035.3
Net investment income	19.6	12.6	71.4	56.8
Net realized investment (losses) gains	(5.7)	(0.3)	2.3	(27.2)
Net unrealized investment (losses) gains	(52.2)	14.7	(23.2)	(10.5)
Net foreign exchange gains (losses)	1.0	(7.8)	22.7	9.2
Gain on revaluation of contingent consideration	9.6	48.8	9.6	48.8
Other revenue	16.7	9.9	112.7	21.7
Total revenues	336.8	362.6	1,457.8	1,134.1
Expenses				
Loss and loss adjustment expenses	347.2	184.6	900.0	811.2
Insurance and reinsurance acquisition expenses	66.4	53.7	255.4	197.2
Other underwriting expenses	29.1	19.5	146.2	106.1
General and administrative expenses	19.9	31.3	77.9	91.9
Intangible asset amortization expenses	4.0	3.9	15.8	10.2
Impairment of intangible assets	8.0	5.0	8.0	5.0
Interest expense on debt	7.7	7.8	30.8	22.4
Total expenses	482.3	305.8	1,434.1	1,244.0
Pre-tax (loss) income	(145.5)	56.8	23.7	(109.9)
Income tax benefit (expense)	15.0	(37.7)	(40.4)	(26.4)
Net (loss) income	(130.5)	19.1	(16.7)	(136.3)
Income attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Net (loss) income attributable to Sirius Group	(131.0)	18.6	(18.1)	(150.0)
Accrued dividends on Series A redeemable preference shares	—	(2.6)	(2.6)	(6.1)
Change in carrying value of Series B preference shares	(36.4)	—	(36.4)	—
Redemption of Series A redeemable preference shares	13.8	—	13.8	—
Net (loss) income attributable to Sirius Group common shareholders	\$ (153.6)	\$ 16.0	\$ (43.3)	\$ (156.1)
Net (loss) income per common share and common share equivalent				
Basic earnings per common share and common share equivalent	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)
Diluted earnings per common share and common share equivalent	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)
Weighted average number of common shares and common share equivalents outstanding:				
Basic weighted average number of common shares and common share equivalents outstanding	117,040,026	120,000,000	119,253,924	120,000,000
Diluted weighted average number of common shares and common share equivalents outstanding	117,040,026	120,000,000	119,253,924	120,000,000
Loss ratio				
Loss ratio	99.8%	64.8%	71.3%	78.4%
Acquisition expense ratio				
Acquisition expense ratio	19.1%	18.9%	20.2%	19.0%
Other underwriting expense ratio				
Other underwriting expense ratio	8.4%	6.8%	11.6%	10.2%
Combined ratio	127.3%	90.5%	103.1%	107.6%

Sirius International Insurance Group, Ltd.
Consolidated Statements of Comprehensive (Loss) Income (Unaudited)
For the three months and years ended December 31, 2018 and 2017

(Expressed in millions of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Comprehensive (loss) income				
Net (loss) income	\$ (130.5)	\$ 19.1	\$ (16.7)	\$ (136.3)
Other comprehensive (loss) income, net of tax				
Change in foreign currency translation, net of tax	(4.7)	(1.8)	(61.9)	71.7
Total other comprehensive (loss) income	(4.7)	(1.8)	(61.9)	71.7
Comprehensive (loss) income	(135.2)	17.3	(78.6)	(64.6)
Income attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Comprehensive (loss) income attributable to Sirius Group	\$ (135.7)	\$ 16.8	\$ (80.0)	\$ (78.3)

Sirius International Insurance Group, Ltd.
Consolidated Underwriting Results by Segment

(Expressed in millions of U.S. dollars)	Three months ended December 31, 2018					
	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
Gross written premiums	\$ 86.7	\$ 125.6	\$ 72.2	\$ 18.3	\$ —	\$ 302.8
Net written premiums	\$ 85.9	\$ 93.6	\$ 64.4	\$ 17.8	\$ —	\$ 261.7
Net earned insurance and reinsurance premiums	\$ 159.7	\$ 99.2	\$ 71.2	\$ 17.7	\$ —	\$ 347.8
Loss and allocated LAE	(206.4)	(51.0)	(55.5)	(25.3)	—	(338.2)
Insurance and reinsurance acquisition expenses	(27.6)	(27.4)	(20.6)	(0.5)	9.7	(66.4)
Technical (loss) profit	(74.3)	20.8	(4.9)	(8.1)	9.7	(56.8)
Unallocated LAE	(2.8)	(1.6)	(1.4)	—	(3.2)	(9.0)
Other underwriting expenses	(15.2)	(6.7)	(3.9)	(1.1)	(2.2)	(29.1)
Underwriting (loss) income	(92.3)	12.5	(10.2)	(9.2)	4.3	(94.9)
Service fee revenue	—	26.2	—	—	(10.7)	15.5
Managing general underwriter unallocated LAE	—	(4.2)	—	—	4.2	—
Managing general underwriter other underwriting expenses	—	(2.2)	—	—	2.2	—
General and administrative expenses, MGU + Runoff & Other	—	(16.1)	—	(0.2)	—	(16.3)
Underwriting (loss) income, including net service fee income	\$ (92.3)	\$ 16.2	\$ (10.2)	\$ (9.4)	\$ —	\$ (95.7)
Underwriting Ratios (1) (2)						
Loss ratio	131.0%	53.0%	79.9%	NM	NM	99.8%
Acquisition expense ratio	17.3%	27.6%	28.9%	NM	NM	19.1%
Other underwriting expense ratio	9.5%	6.8%	5.5%	NM	NM	8.4%
Combined ratio	157.8%	87.4%	114.3%	NM	NM	127.3%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

(2) Ratios considered not meaningful (“NM”) to Runoff & Other and Corporate Eliminations.

Sirius International Insurance Group, Ltd.
Consolidated Underwriting Results by Segment (Continued)

<u>(Expressed in millions of U.S. dollars)</u>	Year ended December 31, 2018					Total
	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	
Gross written premiums	\$ 962.4	\$ 500.6	\$ 325.1	\$ 32.9	\$ —	\$ 1,821.0
Net written premiums	\$ 655.0	\$ 379.8	\$ 292.7	\$ 29.6	\$ —	\$ 1,357.1
Net earned insurance and reinsurance premiums	\$ 636.0	\$ 357.6	\$ 239.5	\$ 29.2	\$ —	\$ 1,262.3
Loss and allocated LAE	(518.2)	(189.0)	(142.9)	(13.0)	—	(863.1)
Insurance and reinsurance acquisition expenses	(121.1)	(109.7)	(65.5)	(2.8)	43.7	(255.4)
Technical (loss) profit	(3.3)	58.9	31.1	13.4	43.7	143.8
Unallocated LAE	(10.5)	(5.9)	(5.9)	(1.6)	(13.0)	(36.9)
Other underwriting expenses	(68.2)	(27.4)	(28.2)	(6.3)	(16.1)	(146.2)
Underwriting (loss) income	(82.0)	25.6	(3.0)	5.5	14.6	(39.3)
Service fee revenue	—	115.7	—	—	(44.7)	71.0
Managing general underwriter unallocated LAE	—	(14.0)	—	—	14.0	—
Managing general underwriter other underwriting expenses	—	(16.1)	—	—	16.1	—
General and administrative expenses, MGU + Runoff & Other	—	(53.6)	—	(3.1)	—	(56.7)
Underwriting (loss) income, including net service fee income	\$ (82.0)	\$ 57.6	\$ (3.0)	\$ 2.4	\$ —	\$ (25.0)
Underwriting Ratios (1) (2)						
Loss ratio	83.1%	54.5%	62.1%	NM	NM	71.3%
Acquisition expense ratio	19.0%	30.7%	27.3%	NM	NM	20.2%
Other underwriting expense ratio	10.7%	7.7%	11.8%	NM	NM	11.6%
Combined ratio	112.8%	92.9%	101.2%	NM	NM	103.1%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

(2) Ratios considered not meaningful (“NM”) to Runoff & Other and Corporate Eliminations.

Sirius International Insurance Group, Ltd.
Reconciliation of Non-GAAP Financial Measures

Sum of Total common shareholders' equity and Series B preference shares (Adjusted book value) and Adjusted book value per common and preference shares outstanding, including Series B preference shares (Adjusted book value per share)

In connection with the closing of the Merger, the Company completed the private placement of Series B preference shares and common shares (the "Private Placement"). The price per share of \$17.22447 for the common shares and Series B preference shares issued in the Private Placement was the same. Sirius Group believes that the Merger and the Private Placement were parts of an overall integrated capitalization strategy for the Company, which should be assessed on a combined basis, not as separate transactions.

Adjusted book value and Adjusted book value per share are non-GAAP financial measures used to show the Company's total worth on a per-share basis and is useful to management and investors in analyzing the intrinsic value of the Company.

Total shares outstanding is derived by summing common shares and Series B preference shares outstanding. Adjusted book value is derived by summing common shareholders' equity and the Series B preference share amount reflected in mezzanine equity. Outstanding warrants are excluded as they are anti-dilutive. Adjusted book value per share is derived by dividing the Adjusted book value by the total shares outstanding. The reconciliation to Total common shareholders' equity and book value per common share, the most directly comparable GAAP measures, are presented in the table below.

(Expressed in millions of U.S. dollars, except share information)	As at December 31,	
	2018	2017
Common shares outstanding	115,151,251	120,000,000
Series B preference shares outstanding	11,901,670	—
Total shares outstanding	127,052,921	120,000,000
Total common shareholders' equity	\$ 1,704.5	\$ 1,917.0
Series B preference shares	232.2	—
Adjusted book value	\$ 1,936.7	\$ 1,917.0
Book value per common share	\$ 14.80	\$ 15.98
Adjusted book value per share	\$ 15.24	\$ 15.98

Operating (loss) income attributable to common shareholders

The Company uses Operating (loss) income attributable to common shareholders as a measure to evaluate the underlying fundamentals of its operations and believes it to be a useful measure of its corporate performance. Operating (loss) income attributable to common shareholders as used herein differs from net (loss) income attributable to common shareholders, which the Company believes is the most directly comparable GAAP measure, by the exclusion of net realized and unrealized gains and losses on investments, net foreign exchange gains (losses) and the associated income tax expense or benefit. The Company's management believes that Operating (loss) income attributable to common shareholders is useful to investors because it more accurately measures and predicts the Company's results of operations by removing the variability arising from fluctuations in the Company's fixed maturity investment portfolio, equity investments trading, investments-related derivatives, and net foreign exchange gains (losses) and the associated income tax expense or benefit of those fluctuations. The following is a reconciliation of net (loss) income attributable to common shareholders to Operating (loss) income attributable to common shareholders:

(Expressed in millions of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Net (loss) income attributable to common shareholders	\$ (153.6)	\$ 16.0	\$ (43.3)	\$ (156.1)
Adjustment for net realized and unrealized losses (gains) on investments	57.9	(14.4)	20.9	37.7
Adjustment for net foreign exchange (gains) losses	(1.0)	7.8	(22.7)	(9.2)
Adjustment for income tax (benefit) expenses (1)	(9.7)	(1.7)	(11.3)	(0.8)
Operating (loss) income attributable to common shareholders	\$ (106.4)	\$ 7.7	\$ (56.4)	\$ (128.4)

- (1) Adjustment for income tax (benefit) expense represents the income tax benefit (expense) associated with the adjustment for net realized and unrealized losses (gains) on investments. The income tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors.

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Section 3: EX-99.2 (EX-99.2)

Exhibit 99.2



Sirius International Insurance Group, Ltd.

Investor Financial Supplement
December 31, 2018

(Unaudited)

This financial supplement is for informational purposes only. It should be read in conjunction with documents filed with the Securities and Exchange Commission by Sirius International Insurance Group, Ltd., including its Annual Report on Form 10-K for the year ended December 31, 2018.

Sirius International Insurance Group, Ltd.
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Sirius International Insurance Group, Ltd.
Basis of Presentation

BASIS OF PRESENTATION AND NON-GAAP FINANCIAL MEASURES:

Sirius International Insurance Group, Ltd. (the “Company”) is a Bermuda exempted company whose principal businesses are conducted through its wholly- and majority-owned insurance subsidiaries (collectively with the Company, “Sirius Group”, “we,” “our” and “us”). Sirius Group provides insurance, reinsurance and insurance services on a worldwide basis.

We have made rounding adjustments to reach some of the figures included in this financial supplement and, unless otherwise indicated, percentages presented in this financial supplement are approximate.

In presenting the Company’s results, management has included and discussed certain non-GAAP financial measures. The Company believes that these non-GAAP measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of the Company’s results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This financial supplement contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements about Sirius Group’s exposure to catastrophe losses and catastrophe modeling. Forward-looking statements are typically identified by use of forward-looking statements such as “plan,” “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “target,” “continue,” “could,” “may,” “might,” “will,” “possible,” “potential,” “predict,” “should,” “would” and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements are based on the current expectations of the management of the Company and speak only as of the date of this document. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- Sirius Group’s exposure to unpredictable catastrophic and casualty events and unexpected accumulations of attritional losses;
- increased competition from existing insurers and reinsurers and from alternative capital providers, such as insurance-linked funds and collateralized special purpose insurers;
- decreased demand for Sirius Group’s insurance or reinsurance products, consolidation and cyclical changes in the insurance and reinsurance industry;
- the inherent uncertainty of estimating loss and loss adjustment expenses reserves, including asbestos and environmental reserves, and the possibility that such reserves may be inadequate to cover Sirius Group’s ultimate liability for losses;
- a decline in the Company’s operating subsidiaries’ ratings with rating agencies;
- the risk that Sirius Group’s reinsurance underwriting is dependent upon the underlying ceding companies’ evaluation of risk;
- the risk that managing general underwriters and other agents acting on Sirius Group’s behalf may act based on inaccurate or incomplete information regarding the accounts Sirius Group underwrites, or such agents may exceed their authority or commit fraud when binding policies on Sirius Group’s behalf;
- the inherent uncertainty of modeling, pricing for, and managing insurance and reinsurance risk, including with respect to catastrophe and attritional losses that may be different than actual losses;
- the risk that Sirius Group may not adequately assess and price for the increased frequency and severity of catastrophes resulting from global climate change;
- the exposure of Sirius Group’s investments to interest rate, credit, equity risks and market volatility, which may limit Sirius Group’s net income and may affect the adequacy of its capital;
- the effects of volatility in the global economy and capital markets, which may impair Sirius Group’s investment portfolio and affect the primary insurance market;
- the impact of various risks associated with transacting business in foreign countries, including foreign currency exchange-rate risk and political risks on investments in, and revenues from, Sirius Group’s operations outside the U.S.;
- unexpected volatility or illiquidity associated with Sirius Group’s investments;

- Sirius Group's ability to obtain reinsurance and retrocessional protection at reasonable prices or on terms that adequately protect it;
- the potential volatility in its quarterly results;
- the potential effects on Sirius Group's business of emerging claim and coverage issues;
- Sirius Group's dependence on a small number of brokers and managing general underwriters for a large portion of its revenues;
- Sirius Group's exposure to the credit risk of reinsurance counterparties and intermediaries;
- risks relating to the inability of Sirius Group's operating subsidiaries to declare and pay dividends;
- the possibility that Sirius Group may become subject to additional onerous governmental or regulatory requirements or fail to comply with applicable regulatory requirements;
- uncertainties relating to the Eurozone, including the effects of the United Kingdom's referendum to leave the European Union, and U.S. health care legislation;
- operational risks, including system or human failures or cyber-attacks, which could result in Sirius Group incurring material losses;
- risks associated with potential for loss of services of any one of Sirius Group's key personnel, and the risk that Sirius Group fails to attract or retain the executives and employees necessary to manage its business;
- unforeseen liabilities or asset impairments arising from possible acquisitions and dispositions of businesses or difficulties integrating acquired businesses;
- risks that Sirius Group may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- risks that Sirius Group's significant deferred tax assets may become materially impaired as a result of insufficient taxable income or a reduction in applicable corporate tax rates or other change in applicable tax law;
- risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to Sirius Group's financial results;
- the seasonality of Sirius Group's insurance and reinsurance business;
- risks relating to Sirius Group's indebtedness;
- the risk that the Company will fail to comply with Nasdaq's continued listing standards;
- the limited liquidity and trading of the Company's securities;
- risks related to the Company's status as a foreign private issuer and controlled company; and
- risks identified in the Company's filings with the Securities and Exchange Commission.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions made by the management of the Company prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Except to the extent required by applicable law or regulation, Sirius Group undertakes no obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, or new information, data or methods, future events or other circumstances after the date of this financial supplement.

Sirius International Insurance Group, Ltd.
Key Performance Indicators

(Expressed in millions of U.S. dollars, except share and per share information)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Key Underwriting Metrics:				
Underwriting (loss) income (1)	\$ (94.9)	\$ 26.9	\$ (39.3)	\$ (79.2)
Combined ratio(2)	127.3%	90.5%	103.1%	107.6%
Key Investment Return Metrics:				
Net investment income	\$ 19.6	\$ 12.6	\$ 71.4	\$ 56.8
Total return on investments:				
U.S. dollars	-1.2%	0.7%	-0.9%	4.1%
Local currencies	-1.0%	0.6%	0.3%	2.9%
Selected Financial Data:				
Basic earnings per common share and common share equivalent	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)
Diluted earnings per common share and common share equivalent	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)
Weighted average number of common shares and common share equivalents outstanding	117,040,026	120,000,000	119,253,924	120,000,000
Operating (loss) income attributable to common shareholders (3)	\$ (106.4)	\$ 7.7	\$ (56.4)	\$ (128.4)
Return on equity(4)	-7.8%	0.8%	-2.3%	-7.9%
Growth in Adjusted book value per share	-7.3%	0.8%	-4.6%	-3.6%

- (1) Underwriting (loss) income is calculated as net earned insurance and reinsurance premiums less loss and loss adjustment expenses, insurance and reinsurance acquisition expenses, and other underwriting expenses.
- (2) The combined ratio is calculated by combining the loss ratio, the acquisition expense ratio, and the other underwriting expense ratio.
- (3) Operating (loss) income attributable to common shareholders is a non-GAAP financial measure. There is no comparable GAAP measure. See the accompanying Reconciliation of non-GAAP Financial Measures for an explanation and calculation of Operating (loss) income attributable to common shareholders.
- (4) Return on equity is calculated by dividing net (loss) income attributable to Sirius Group's common shareholders for the period by the beginning common shareholders' equity.

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Selected Balance Sheet Data:					
Book value per common share	\$ 14.80	\$ 16.44	\$ 16.64	\$ 16.23	\$ 15.98
Adjusted book value per share (1)	\$ 15.24	\$ 16.44	\$ 16.64	\$ 16.23	\$ 15.98

- (1) Adjusted book value per share is a non-GAAP financial measure. There are no comparable GAAP measures. See the accompanying Reconciliation of non-GAAP Financial Measures for an explanation and calculation of Adjusted book value per share.

Sirius International Insurance Group, Ltd.
Consolidated Statements of (Loss) Income
For the Three Months and Years Ended December 31, 2018 and 2017

(Expressed in millions of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Revenues				
Net earned insurance and reinsurance premiums	\$ 347.8	\$ 284.7	\$ 1,262.3	\$ 1,035.3
Net investment income	19.6	12.6	71.4	56.8
Net realized investment (losses) gains	(5.7)	(0.3)	2.3	(27.2)
Net unrealized investment (losses) gains	(52.2)	14.7	(23.2)	(10.5)
Net foreign exchange gains (losses)	1.0	(7.8)	22.7	9.2
Gain on revaluation of contingent consideration	9.6	48.8	9.6	48.8
Other revenue	16.7	9.9	112.7	21.7
Total revenues	336.8	362.6	1,457.8	1,134.1
Expenses				
Loss and loss adjustment expenses	347.2	184.6	900.0	811.2
Insurance and reinsurance acquisition expenses	66.4	53.7	255.4	197.2
Other underwriting expenses	29.1	19.5	146.2	106.1
General and administrative expenses	19.9	31.3	77.9	91.9
Intangible asset amortization expenses	4.0	3.9	15.8	10.2
Impairment of intangible assets	8.0	5.0	8.0	5.0
Interest expense on debt	7.7	7.8	30.8	22.4
Total expenses	482.3	305.8	1,434.1	1,244.0
Pre-tax (loss) income	(145.5)	56.8	23.7	(109.9)
Income tax benefit (expense)	15.0	(37.7)	(40.4)	(26.4)
Net (loss) income	(130.5)	19.1	(16.7)	(136.3)
Less: Income attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Net (loss) income attributable to Sirius Group	(131.0)	18.6	(18.1)	(150.0)
Less: Accrued dividends on Series A redeemable preference shares	—	(2.6)	(2.6)	(6.1)
Less: Change in carrying value of Series B preference shares	(36.4)	—	(36.4)	—
Add: Gain on redemption of Series A redeemable preference shares	13.8	—	13.8	—
Net (loss) income attributable to Sirius Group's common shareholders	\$ (153.6)	\$ 16.0	\$ (43.3)	\$ (156.1)

Sirius International Insurance Group, Ltd.
Consolidated Statements of Comprehensive (Loss) Income
For the Three Months and Years Ended December 31, 2018 and 2017

(Expressed in millions of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Comprehensive (loss) income				
Net (loss) income	\$ (130.5)	\$ 19.1	\$ (16.7)	\$ (136.3)
Other comprehensive (loss) income				
Change in foreign currency translation, net of tax	(4.7)	(1.8)	(61.9)	71.7
Total other comprehensive (loss) income	(4.7)	(1.8)	(61.9)	71.7
Comprehensive (loss) income	(135.2)	17.3	(78.6)	(64.6)
Net (income) attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Comprehensive (loss) income attributable to Sirius Group	<u>(135.7)</u>	<u>16.8</u>	<u>(80.0)</u>	<u>(78.3)</u>

Sirius International Insurance Group, Ltd.
Consolidated Balance Sheets

(Expressed in millions of U.S. dollars, except share information)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Assets					
Fixed maturity investments, trading at fair value	\$ 1,949.2	\$ 1,979.6	\$ 1,885.4	\$ 2,059.0	\$ 2,180.0
Short-term investments, at fair value	715.5	760.0	819.6	801.0	625.0
Equity securities, trading at fair value	380.0	430.4	415.1	369.7	299.2
Other long-term investments, at fair value	365.0	349.0	316.6	286.8	269.5
Cash	119.4	106.5	114.1	174.9	215.8
Restricted cash	12.8	15.0	15.9	16.6	14.8
Total investments and cash	3,541.9	3,640.5	3,566.7	3,708.0	3,604.3
Accrued investment income	14.1	12.1	12.5	13.6	14.1
Insurance and reinsurance premiums receivable	630.6	762.5	807.4	723.7	543.6
Reinsurance recoverable on unpaid losses	350.2	349.0	358.3	327.8	319.7
Reinsurance recoverable on paid losses	55.0	29.8	17.8	21.2	17.5
Funds held by ceding companies	186.8	180.0	157.4	162.3	153.2
Ceded unearned insurance and reinsurance premiums	159.8	191.2	207.3	173.0	106.6
Deferred acquisition costs	141.6	152.8	151.4	151.0	120.9
Deferred tax asset	202.5	197.7	197.9	217.6	244.1
Accounts receivable on unsettled investment sales	5.0	0.1	—	0.2	0.3
Goodwill	400.6	400.7	400.8	401.3	401.0
Intangible assets	195.6	207.5	208.4	212.3	216.3
Other assets	124.0	134.8	124.2	92.6	82.0
Total assets	\$ 6,007.7	\$ 6,258.7	\$ 6,210.1	\$ 6,204.6	\$ 5,823.6
Liabilities					
Loss and loss adjustment expense reserves	\$ 2,016.7	\$ 1,891.0	\$ 1,827.1	\$ 1,875.9	\$ 1,898.5
Unearned insurance and reinsurance premiums	647.2	766.9	800.5	765.9	506.8
Ceded reinsurance payable	206.9	239.2	254.2	182.8	139.1
Funds held under reinsurance treaties	110.6	105.4	72.6	82.5	73.4
Deferred tax liability	237.4	256.9	255.7	253.1	282.2
Debt	696.8	697.7	695.9	717.6	723.2
Accounts payable on unsettled investment purchases	3.2	18.1	6.2	97.3	0.3
Other liabilities	150.5	200.6	191.8	173.2	176.8
Total liabilities	4,069.3	4,175.8	4,104.0	4,148.3	3,800.3
Mezzanine equity					
Series A redeemable preference shares	—	108.8	108.8	108.8	106.1
Series B preference shares	232.2	—	—	—	—
Total mezzanine equity	232.2	108.8	108.8	108.8	106.1
Common shareholders' equity					
Common shares	1.2	1.2	1.2	1.2	1.2
Additional paid-in surplus	1,089.1	1,199.3	1,199.3	1,199.3	1,197.9
Retained earnings	816.6	970.2	998.2	900.4	858.4
Accumulated other comprehensive (loss)	(202.4)	(197.7)	(202.4)	(153.9)	(140.5)
Total common shareholders' equity	1,704.5	1,973.0	1,996.3	1,947.0	1,917.0
Non-controlling interests	1.7	1.1	1.0	0.5	0.2
Total equity	1,706.2	1,974.1	1,997.3	1,947.5	1,917.2
Total liabilities, mezzanine equity, and equity	\$ 6,007.7	\$ 6,258.7	\$ 6,210.1	\$ 6,204.6	\$ 5,823.6

Sirius International Insurance Group, Ltd.
Consolidated Statements of Shareholders' Equity

(Expressed in millions of U.S. dollars)	Year to date for the period ended,				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Common shares					
Balance at beginning of period	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2
Issue of common shares	0.1	—	—	—	—
Share repurchase from CM Bermuda	(0.1)	—	—	—	—
Balance at end of period	1.2	1.2	1.2	1.2	1.2
Additional paid-in surplus					
Balance at beginning of period	1,197.9	1,197.9	1,197.9	1,197.9	1,184.6
Issuance of common shares and warrants, net of expenses	52.7	—	—	—	—
Share compensation expense	2.5	—	—	—	—
Share repurchase from CM Bermuda	(163.9)	—	—	—	—
Return of capital to CM Bermuda	(1.6)	—	—	—	—
Capital contribution from former parent	1.4	1.4	1.4	1.4	13.3
Other, net	0.1	—	—	—	—
Balance at end of period	1,089.1	1,199.3	1,199.3	1,199.3	1,197.9
Retained earnings					
Balance at beginning of period	858.4	858.4	858.4	858.4	1,014.5
Cumulative effect of an accounting change	1.6	1.6	1.6	1.6	—
Balance at beginning of period, as adjusted	860.0	860.0	860.0	860.0	1,014.5
Net income	(16.7)	113.8	141.5	43.3	(136.3)
Income attributable to non-controlling interest	(1.4)	(0.9)	(0.6)	(0.2)	(13.7)
Accrued dividends on Series A redeemable preference shares	(2.6)	(2.6)	(2.6)	(2.6)	(6.1)
Change in carrying value of Series B preference shares	(36.4)	—	—	—	—
Redemption of Series A redeemable preference shares	13.8	—	—	—	—
Other, net	(0.1)	(0.1)	(0.1)	(0.1)	—
Balance at end of period	816.6	970.2	998.2	900.4	858.4
Accumulated other comprehensive (loss) income					
Balance at beginning of period	(140.5)	(140.5)	(140.5)	(140.5)	(212.2)
Accumulated net foreign currency translation (losses)					
Balance at beginning of period	(140.5)	(140.5)	(140.5)	(140.5)	(212.2)
Net change in foreign currency translation	(61.9)	(57.2)	(61.9)	(13.4)	71.7
Balance at end of period	(202.4)	(197.7)	(202.4)	(153.9)	(140.5)
Balance at the end of period	(202.4)	(197.7)	(202.4)	(153.9)	(140.5)
Total common shareholders' equity	1,704.5	1,973.0	1,996.3	1,947.0	1,917.0
Non-controlling interests	1.7	1.1	1.0	0.5	0.2
Total equity	\$ 1,706.2	\$ 1,974.1	\$ 1,997.3	\$ 1,947.5	\$ 1,917.2

Sirius International Insurance Group, Ltd.

Consolidated Statements of (Loss) Income — Segment Results Format
For the Three Months and Years Ended December 31, 2018 and 2017

(Expressed in millions of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Underwriting Results:				
Gross written premiums	\$ 302.8	\$ 272.9	\$ 1,821.0	\$ 1,439.3
Net written premiums	\$ 261.7	\$ 215.5	\$ 1,357.1	\$ 1,090.2
Net earned insurance and reinsurance premiums	\$ 347.8	\$ 284.7	\$ 1,262.3	\$ 1,035.3
Loss and allocated loss adjustment expenses (“LAE”)	(338.2)	(183.1)	(863.1)	(785.1)
Insurance and reinsurance acquisition expenses	(66.4)	(53.7)	(255.4)	(197.2)
Technical (loss) profit	(56.8)	47.9	143.8	53.0
Unallocated LAE	(9.0)	(1.5)	(36.9)	(26.1)
Other underwriting expenses	(29.1)	(19.5)	(146.2)	(106.1)
Underwriting (loss) income	(94.9)	26.9	(39.3)	(79.2)
Service fee revenue	15.5	9.1	71.0	23.0
General and administrative expenses, MGU + Runoff & Other	(16.3)	(16.2)	(56.7)	(48.8)
Underwriting (loss) income, including net service fee income	(95.7)	19.8	(25.0)	(105.0)
Net investment income	19.6	12.6	71.4	56.8
Net realized investment (losses) gains	(5.7)	(0.3)	2.3	(27.2)
Net unrealized investment (losses) gains	(52.2)	14.7	(23.2)	(10.5)
Net foreign exchange gains (losses)	1.0	(7.8)	22.7	9.2
Gain on revaluation of contingent consideration	9.6	48.8	9.6	48.8
Other revenue	1.2	0.8	41.7	(1.3)
General and administrative expenses	(3.6)	(15.1)	(21.2)	(43.1)
Intangible asset amortization expenses	(4.0)	(3.9)	(15.8)	(10.2)
Impairment of intangible assets	(8.0)	(5.0)	(8.0)	(5.0)
Interest expense on debt	(7.7)	(7.8)	(30.8)	(22.4)
Pre-tax (loss) income	(145.5)	56.8	23.7	(109.9)
Income tax benefit (expense)	15.0	(37.7)	(40.4)	(26.4)
Net (loss) income	(130.5)	19.1	(16.7)	(136.3)
Less: Income attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Net (loss) income attributable to Sirius Group	(131.0)	18.6	(18.1)	(150.0)
Less: Accrued dividends on Series A redeemable preference shares	—	(2.6)	(2.6)	(6.1)
Less: Change in carrying value of Series B preference shares	(36.4)	—	(36.4)	—
Add: Gain on redemption of Series A redeemable preference shares	13.8	—	13.8	—
Net (loss) income attributable to Sirius Group’s common shareholders	\$ (153.6)	\$ 16.0	\$ (43.3)	\$ (156.1)

Sirius International Insurance Group, Ltd.
Consolidated Underwriting Results by Segment

(Expressed in millions of U.S. dollars)	Three months ended December 31, 2018					
	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
Gross written premiums	\$ 86.7	\$ 125.6	\$ 72.2	\$ 18.3	\$ —	\$ 302.8
Net written premiums	\$ 85.9	\$ 93.6	\$ 64.4	\$ 17.8	\$ —	\$ 261.7
Net earned insurance and reinsurance premiums	\$ 159.7	\$ 99.2	\$ 71.2	\$ 17.7	\$ —	\$ 347.8
Loss and allocated LAE	(206.4)	(51.0)	(55.5)	(25.3)	—	(338.2)
Insurance and reinsurance acquisition expenses	(27.6)	(27.4)	(20.6)	(0.5)	9.7	(66.4)
Technical (loss) profit	(74.3)	20.8	(4.9)	(8.1)	9.7	(56.8)
Unallocated LAE	(2.8)	(1.6)	(1.4)	—	(3.2)	(9.0)
Other underwriting expenses	(15.2)	(6.7)	(3.9)	(1.1)	(2.2)	(29.1)
Underwriting (loss) income	(92.3)	12.5	(10.2)	(9.2)	4.3	(94.9)
Service fee revenue	—	26.2	—	—	(10.7)	15.5
Managing general underwriter unallocated LAE	—	(4.2)	—	—	4.2	—
Managing general underwriter other underwriting expenses	—	(2.2)	—	—	2.2	—
General and administrative expenses, MGU + Runoff & Other	—	(16.1)	—	(0.2)	—	(16.3)
Underwriting (loss) income, including net service fee income	\$ (92.3)	\$ 16.2	\$ (10.2)	\$ (9.4)	\$ —	\$ (95.7)
Underwriting ratios (1) (2)						
Loss ratio	131.0%	53.0%	79.9%	NM	NM	99.8%
Acquisition expense ratio	17.3%	27.6%	28.9%	NM	NM	19.1%
Other underwriting expense ratio	9.5%	6.8%	5.5%	NM	NM	8.4%
Combined ratio	157.8%	87.4%	114.3%	NM	NM	127.3%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

(2) Ratios considered not meaningful (“NM”) to Runoff & Other and Corporate Eliminations.

Sirius International Insurance Group, Ltd.
Consolidated Underwriting Results by Segment (Continued)

(Expressed in millions of U.S. dollars)	Year ended December 31, 2018					
	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
Gross written premiums	\$ 962.4	\$ 500.6	\$ 325.1	\$ 32.9	\$ —	\$ 1,821.0
Net written premiums	\$ 655.0	\$ 379.8	\$ 292.7	\$ 29.6	\$ —	\$ 1,357.1
Net earned insurance and reinsurance premiums	\$ 636.0	\$ 357.6	\$ 239.5	\$ 29.2	\$ —	\$ 1,262.3
Loss and allocated LAE	(518.2)	(189.0)	(142.9)	(13.0)	—	(863.1)
Insurance and reinsurance acquisition expenses	(121.1)	(109.7)	(65.5)	(2.8)	43.7	(255.4)
Technical (loss) profit	(3.3)	58.9	31.1	13.4	43.7	143.8
Unallocated LAE	(10.5)	(5.9)	(5.9)	(1.6)	(13.0)	(36.9)
Other underwriting expenses	(68.2)	(27.4)	(28.2)	(6.3)	(16.1)	(146.2)
Underwriting (loss) income	(82.0)	25.6	(3.0)	5.5	14.6	(39.3)
Service fee revenue	—	115.7	—	—	(44.7)	71.0
Managing general underwriter unallocated LAE	—	(14.0)	—	—	14.0	—
Managing general underwriter other underwriting expenses	—	(16.1)	—	—	16.1	—
General and administrative expenses, MGU + Runoff & Other	—	(53.6)	—	(3.1)	—	(56.7)
Underwriting (loss) income, including net service fee income	\$ (82.0)	\$ 57.6	\$ (3.0)	\$ 2.4	\$ —	\$ (25.0)
Underwriting ratios (1) (2)						
Loss ratio	83.1%	54.5%	62.1%	NM	NM	71.3%
Acquisition expense ratio	19.0%	30.7%	27.3%	NM	NM	20.2%
Other underwriting expense ratio	10.7%	7.7%	11.8%	NM	NM	11.6%
Combined ratio	112.8%	92.9%	101.2%	NM	NM	103.1%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

(2) Ratios considered not meaningful (“NM”) to Runoff & Other and Corporate Eliminations.

Sirius International Insurance Group, Ltd.
Segment Data — Quarterly
Global Property

(Expressed in millions of U.S. dollars)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gross written premiums	\$ 86.7	\$ 203.7	\$ 325.4	\$ 346.6	\$ 125.5
Net written premiums	85.9	144.9	177.0	247.2	105.4
Net earned insurance and reinsurance premiums	159.7	172.7	167.5	136.1	152.3
Loss and allocated LAE	(206.4)	(173.2)	(68.2)	(70.4)	(111.9)
Insurance and reinsurance acquisition expenses	(27.6)	(30.1)	(34.1)	(29.3)	(30.8)
Technical (loss) profit	(74.3)	(30.6)	65.2	36.4	9.6
Unallocated LAE	(2.8)	(3.3)	(2.5)	(1.9)	(0.2)
Other underwriting expenses	(15.2)	(17.5)	(18.1)	(17.4)	(11.7)
Underwriting (loss) income	\$ (92.3)	\$ (51.4)	\$ 44.6	\$ 17.1	\$ (2.3)
Underwriting ratios (1)					
Loss ratio	131.0%	102.2%	42.2%	53.1%	73.6%
Acquisition expense ratio	17.3%	17.4%	20.4%	21.5%	20.2%
Other underwriting expense ratio	9.5%	10.1%	10.8%	12.8%	7.7%
Combined ratio	157.8%	129.7%	73.4%	87.4%	101.5%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

Sirius International Insurance Group, Ltd.
Segment Data — Quarterly
Global A&H

(Expressed in millions of U.S. dollars)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gross written premiums	\$ 125.6	\$ 117.1	\$ 112.3	\$ 145.6	\$ 113.2
Net written premiums	93.6	87.9	82.8	115.5	81.4
Net earned insurance and reinsurance premiums	99.2	89.6	80.8	88.0	92.7
Loss and allocated LAE	(51.0)	(51.3)	(40.9)	(45.8)	(51.5)
Insurance and reinsurance acquisition expenses	(27.4)	(26.7)	(26.4)	(29.2)	(27.9)
Technical profit	20.8	11.6	13.5	13.0	13.3
Unallocated LAE	(1.6)	(1.7)	(1.0)	(1.6)	(1.0)
Other underwriting expenses	(6.7)	(6.4)	(6.3)	(8.0)	(5.1)
Underwriting income	12.5	3.5	6.2	3.4	7.2
Service fee revenue	26.2	29.3	27.4	32.8	25.3
MGU unallocated LAE	(4.2)	(4.7)	(5.1)	—	—
MGU other underwriting expenses	(2.2)	(2.0)	(3.5)	(8.4)	—
MGU General and administrative expenses	(16.1)	(13.8)	(14.2)	(9.5)	(16.3)
Underwriting income, including net service fee income	\$ 16.2	\$ 12.3	\$ 10.8	\$ 18.3	\$ 16.2
Underwriting ratios (1)					
Loss ratio	53.0%	59.2%	51.9%	53.9%	56.6%
Acquisition expense ratio	27.6%	29.8%	32.7%	33.2%	30.1%
Other underwriting expense ratio	6.8%	7.1%	7.8%	9.1%	5.5%
Combined ratio	87.4%	96.1%	92.4%	96.2%	92.2%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

Sirius International Insurance Group, Ltd.
Segment Data — Quarterly
Specialty & Casualty

(Expressed in millions of U.S. dollars)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gross written premiums	\$ 72.2	\$ 76.5	\$ 60.9	\$ 115.5	\$ 33.9
Net written premiums	64.4	72.6	55.1	100.6	28.5
Net earned insurance and reinsurance premiums	71.2	58.4	55.5	54.4	39.5
Loss and allocated LAE	(55.5)	(34.1)	(31.7)	(21.6)	(25.5)
Insurance and reinsurance acquisition expenses	(20.6)	(16.2)	(14.6)	(14.1)	(10.4)
Technical (loss) profit	(4.9)	8.1	9.2	18.7	3.6
Unallocated LAE	(1.4)	(1.6)	(1.7)	(1.2)	0.2
Other underwriting expenses	(3.9)	(8.4)	(7.9)	(8.0)	(3.0)
Underwriting (loss) income	\$ (10.2)	\$ (1.9)	\$ (0.4)	\$ 9.5	\$ 0.8
Underwriting ratios (1)					
Loss ratio	79.9%	61.1%	60.2%	41.9%	64.1%
Acquisition expense ratio	28.9%	27.7%	26.3%	25.9%	26.3%
Other underwriting expense ratio	5.5%	14.4%	14.2%	14.7%	7.6%
Combined ratio	114.3%	103.2%	100.7%	82.5%	98.0%

(1) Underwriting ratios are calculated by dividing the related expense by net earned insurance and reinsurance premiums.

Sirius International Insurance Group, Ltd.
Segment Data — Quarterly
Runoff & Other

(Expressed in millions of U.S. dollars)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gross written premiums	\$ 18.3	\$ 0.7	\$ 6.4	\$ 7.5	\$ 0.3
Net written premiums	17.8	0.3	5.4	6.1	0.2
Net earned insurance and reinsurance premiums	17.7	0.4	5.1	6.0	0.2
Loss and allocated LAE	(25.3)	10.2	(0.3)	2.4	5.8
Insurance and reinsurance acquisition expenses	(0.5)	(0.1)	(1.5)	(0.7)	(0.8)
Technical (loss) profit	(8.1)	10.5	3.3	7.7	5.2
Unallocated LAE	—	(0.7)	—	(0.9)	(0.5)
Other underwriting expenses	(1.1)	(1.4)	(2.4)	(1.4)	0.3
Underwriting (loss) income	(9.2)	8.4	0.9	5.4	5.0
Service fee revenue	—	—	—	—	—
General and administrative expenses	(0.2)	(0.8)	(1.0)	(1.1)	0.1
Underwriting (loss) income, including net service fee income	\$ (9.4)	\$ 7.6	\$ (0.1)	\$ 4.3	\$ 5.1

Sirius International Insurance Group, Ltd.
Gross Written Premiums by Segment

(Expressed in millions of U.S. dollars)	Three months ended				Years ended		
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2017	
Global Property							
Other Property	\$ 79.0	\$ 138.8	\$ 232.5	\$ 172.7	\$ 92.0	\$ 623.0	\$ 405.2
Property Catastrophe Excess	7.8	55.3	45.6	166.6	10.0	275.3	255.3
Agriculture	(0.1)	9.6	47.3	7.3	23.5	64.1	71.6
Total	86.7	203.7	325.4	346.6	125.5	962.4	732.1
Global A&H	125.6	117.1	112.3	145.6	113.2	500.6	494.6
Specialty & Casualty							
Casualty	39.8	41.4	28.1	27.1	15.0	136.4	38.2
Aviation & Space	27.1	13.5	10.8	21.1	14.8	72.5	65.7
Trade Credit	(9.8)	10.7	6.2	41.0	(5.7)	48.1	39.7
Marine	7.1	1.5	8.5	17.6	7.3	34.7	56.1
Contingency	3.4	2.8	3.5	6.9	2.5	16.6	18.4
Environmental	3.4	3.9	2.4	0.4	—	10.1	—
Surety	1.2	2.7	1.4	1.4	—	6.7	—
Total	72.2	76.5	60.9	115.5	33.9	325.1	218.1
Runoff & Other	18.3	0.7	6.4	7.5	0.3	32.9	(5.5)
Total	\$ 302.8	\$ 398.0	\$ 505.0	\$ 615.2	\$ 272.9	\$ 1,821.0	\$ 1,439.3

Sirius International Insurance Group, Ltd.
Net Earned Insurance and Reinsurance Premiums by Segment

(Expressed in millions of U.S. dollars)	Three months Ended				Years ended		
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2017	
Global Property							
Other Property	\$ 101.7	\$ 98.6	\$ 103.1	\$ 93.3	\$ 83.0	\$ 396.7	\$ 337.5
Property Catastrophe Excess	45.2	50.9	42.0	42.4	40.4	180.5	159.6
Agriculture	12.8	23.2	22.4	0.4	28.9	58.8	67.3
Total	159.7	172.7	167.5	136.1	152.3	636.0	564.4
Global A&H	99.2	89.6	80.8	88.0	92.7	357.6	306.8
Specialty & Casualty							
Casualty	30.1	23.2	16.8	10.7	7.7	80.8	15.0
Aviation & Space	16.2	14.1	15.3	14.8	11.7	60.4	53.8
Trade Credit	10.2	11.7	9.5	11.1	7.5	42.5	32.6
Marine	9.2	4.0	9.6	13.4	9.8	36.2	46.6
Contingency	3.7	3.1	3.7	4.5	2.8	15.0	15.2
Surety	1.4	1.9	0.5	(0.1)	—	3.7	—
Environmental	0.4	0.4	0.1	—	—	0.9	—
Total	71.2	58.4	55.5	54.4	39.5	239.5	163.2
Runoff & Other	17.7	0.4	5.1	6.0	0.2	29.2	0.9
Total	\$ 347.8	\$ 321.1	\$ 308.9	\$ 284.5	\$ 284.7	\$ 1,262.3	\$ 1,035.3

Sirius International Insurance Group, Ltd.
Net Investment Income

(Expressed in millions of U.S. dollars)	Three months ended,					Years ended,	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Fixed maturity investments	\$ 15.4	\$ 14.2	\$ 13.7	\$ 9.9	\$ 10.9	\$ 53.2	\$ 51.5
Short-term investments	1.4	2.4	0.5	0.8	1.4	5.1	1.5
Equity securities	2.3	5.9	7.1	1.2	1.2	16.5	5.1
Other long-term investments	2.7	2.7	1.3	1.2	1.2	7.9	8.5
Total investment income	21.8	25.2	22.6	13.1	14.7	82.7	66.6
Investment expenses	(2.2)	(3.4)	(3.4)	(2.3)	(2.1)	(11.3)	(9.8)
Net investment income	\$ 19.6	\$ 21.8	\$ 19.2	\$ 10.8	\$ 12.6	\$ 71.4	\$ 56.8

Sirius International Insurance Group, Ltd.
Investment Holdings — Cost to Fair Value Reconciliation

(Expressed in millions of U.S. dollars)	December 31, 2018					
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains (losses)	Fair value	Percentage
Fixed Maturity Investments						
Corporate debt securities	\$ 694.1	\$ 1.4	\$ (7.3)	\$ 7.6	\$ 695.8	20.4%
Asset-backed securities	496.3	0.1	(3.8)	1.9	494.5	14.5%
Residential mortgage-backed securities	413.0	1.7	(7.1)	5.9	413.5	12.1%
U.S. government and government agency	163.9	0.3	(0.5)	4.2	167.9	4.9%
Commercial mortgage-backed securities	117.7	0.2	(2.7)	0.7	115.9	3.4%
Non-U.S. government and government agency	50.6	—	(0.2)	(0.1)	50.3	1.5%
Preferred stocks	14.5	0.6	(6.8)	0.2	8.5	0.2%
U.S. States, municipalities and political subdivision	2.8	—	—	—	2.8	0.1%
Total fixed maturity investments	1,952.9	4.3	(28.4)	20.4	1,949.2	57.1%
Equity securities	409.4	17.8	(50.8)	3.6	380.0	11.1%
Total equity securities	409.4	17.8	(50.8)	3.6	380.0	11.1%
Total fixed maturity and equity securities	2,362.3	22.1	(79.2)	24.0	2,329.2	68.2%
Other long-term investments						
Hedge funds and private equity funds	281.9	23.9	(10.4)	6.0	301.4	8.9%
Limited liability companies and private equity securities	55.7	8.7	(3.1)	2.3	63.6	1.9%
Total other long-term investments	337.6	32.6	(13.5)	8.3	365.0	10.8%
Short-term investments	716.1	—	(0.1)	(0.5)	715.5	21.0%
Total investments	\$ 3,416.0	\$ 54.7	\$ (92.8)	\$ 31.8	\$ 3,409.7	100.0%

Sirius International Insurance Group, Ltd.
Investment Holdings — Quarterly
Investment Type

	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>
Cash and investment holdings					
Fixed maturity investments					
Corporate debt securities	19.6%	21.8%	21.9%	24.1%	28.1%
Asset-backed securities	14.0%	11.4%	8.9%	8.3%	13.2%
Residential mortgage-backed securities	11.7%	12.2%	12.2%	12.4%	8.1%
U.S. government and government agency	4.7%	3.2%	2.7%	2.2%	2.4%
Commercial mortgage-backed securities	3.3%	4.2%	4.7%	5.7%	5.3%
Non-U.S. government and government agency	1.4%	1.3%	2.3%	2.5%	3.0%
Preferred stocks	0.2%	0.3%	0.2%	0.3%	0.3%
U.S. States, municipalities and political subdivision	0.1%	0.0%	0.0%	0.0%	0.1%
Total fixed maturity investments	55.0%	54.4%	52.9%	55.5%	60.5%
Equity securities	10.7%	11.8%	11.6%	10.0%	8.3%
Total fixed maturity and equity securities	65.7%	66.2%	64.5%	65.5%	68.8%
Other long-term investments					
Hedge funds and private equity funds	8.6%	7.7%	7.0%	6.0%	5.7%
Limited liability companies and private equity securities	1.8%	1.9%	1.9%	1.7%	1.8%
Total other long-term investments	10.4%	9.6%	8.9%	7.7%	7.5%
Short-term investments	20.2%	20.9%	23.0%	21.6%	17.3%
Total investments	96.3%	96.7%	96.4%	94.8%	93.6%
Cash and restricted cash	3.7%	3.3%	3.6%	5.2%	6.4%
Total cash and invested assets	100.0%	100.0%	100.0%	100.0%	100.0%

Sirius International Insurance Group, Ltd.
Investment Holdings — Quarterly
Credit Quality and Maturity Profile

	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
Credit Quality of Fixed Maturities					
AAA	30.9%	28.9%	27.9%	25.4%	31.7%
AA	42.0%	38.8%	37.3%	37.7%	29.1%
A	14.9%	17.7%	17.6%	17.9%	19.1%
BBB	8.6%	10.0%	11.0%	13.1%	15.3%
Other	3.6%	4.6%	6.2%	5.9%	4.8%
Total fixed maturity investments	100.0%	100.0%	100.0%	100.0%	100.0%
Maturity Profile of Fixed Maturities					
Due in one year or less	13.2%	12.1%	9.4%	7.2%	5.0%
Due after one year through five years	32.6%	35.0%	37.0%	41.6%	46.2%
Due after five years through ten years	1.3%	1.3%	4.1%	2.3%	3.2%
Due after ten years	0.0%	0.0%	0.4%	1.0%	1.2%
Mortgage-backed and asset-backed securities	52.5%	51.0%	48.7%	47.4%	44.0%
Preferred Stocks	0.4%	0.6%	0.4%	0.5%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Sirius International Insurance Group, Ltd.
Impact of Foreign Currency Translation

(Expressed in millions of U.S. dollars)	Three months ended				Years ended		
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2017	
Net realized investment gains (losses) - foreign currency(1)	\$ 6.6	\$ 4.7	\$ 7.1	\$ (1.1)	\$ 1.1	\$ 17.3	\$ (19.1)
Net unrealized investment (losses) gains - foreign currency(2)	(7.4)	(5.5)	29.7	18.9	6.6	35.7	(51.7)
Net realized and unrealized investment (losses) gains - foreign currency	(0.8)	(0.8)	36.8	17.8	7.7	53.0	(70.8)
Net foreign exchange (losses) gains - foreign currency translation (losses) gains (3)	(3.0)	(0.4)	21.5	(2.1)	(6.8)	16.0	20.7
Net foreign exchange gains (losses) - currency swaps(3)	4.0	(0.1)	4.3	(1.3)	(1.1)	6.9	(11.3)
Net foreign exchange (losses) gains - other(3)	—	—	(0.1)	(0.1)	0.1	(0.2)	(0.2)
Income tax expense (benefit)	2.4	0.1	—	(0.5)	0.4	2.0	3.3
Total foreign currency remeasurement gains (losses) recognized through net (loss) income, after tax	2.6	(1.2)	62.5	13.8	0.3	77.7	(58.3)
Change in foreign currency translation on investments recognized through other comprehensive (loss) income, after tax	(4.0)	6.4	(78.6)	(20.4)	(9.9)	(96.6)	83.9
Change in foreign currency translation on non-investment net liabilities recognized through other comprehensive (loss) income, after tax	(0.7)	(1.7)	30.1	7.0	8.1	34.7	(12.2)
Total foreign currency translation (losses) gains recognized through other comprehensive income (loss), after tax	(4.7)	4.7	(48.5)	(13.4)	(1.8)	(61.9)	71.7
Total foreign currency gains recognized in comprehensive (loss) income, after tax	\$ (2.1)	\$ 3.5	\$ 14.0	\$ 0.4	\$ (1.5)	\$ 15.8	\$ 13.4

(1) Component of Net realized investment gains (losses) on the Consolidated Statements of (Loss) Income

(2) Component of Net unrealized investment (losses) gains on the Consolidated Statements of (Loss) Income

(3) Component of Net foreign exchange (losses) gains on the Consolidated Statements of (Loss) Income

Sirius International Insurance Group, Ltd.
Net Realized and Unrealized Investment (Losses) Gains

(Expressed in millions of U.S. dollars)	Three months ended					Years ended	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Gross realized gains (losses)	\$ 10.6	\$ 11.3	\$ 12.0	\$ 8.4	\$ (14.8)	\$ 42.3	\$ 24.4
Gross realized (losses) gains	(16.3)	(7.4)	(4.2)	(12.1)	14.5	(40.0)	(51.6)
Net realized (losses) gains on investments(1)(2)	(5.7)	3.9	7.8	(3.7)	(0.3)	2.3	(27.2)
Net unrealized (losses) gains on investments(3)(4)	(52.2)	(11.7)	24.7	16.0	14.7	(23.2)	(10.5)
Net realized and unrealized (losses) gains on investments	\$ (57.9)	\$ (7.8)	\$ 32.5	\$ 12.3	\$ 14.4	\$ (20.9)	\$ (37.7)

- (1) Includes \$6.6 million, \$4.7 million, \$7.1 million, \$(1.1) million and \$1.1 million of realized gains (losses) due to foreign currency for the three months ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.
- (2) Includes \$17.3 million and \$(19.1) million of realized gains (losses) due to foreign currency for the years ended December 31, 2018 and 2017, respectively.
- (3) Includes \$(7.4) million, \$(5.5) million, \$29.7 million, \$18.9 million and \$6.6 million of unrealized (losses) gains due to foreign currency for the three months ended December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.
- (4) Includes \$35.7 million and \$(51.7) million of unrealized gains (losses) due to foreign currency for the years ended December 31, 2018 and 2017, respectively.

Sirius International Insurance Group, Ltd.
Book Value Per Share and Adjusted Book Value Per Share

(Expressed in millions of U.S. dollars except for share and per share amounts)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Numerator:					
Total common shareholders' equity (A)	\$ 1,704.5	\$ 1,973.0	\$ 1,996.3	\$ 1,947.0	\$ 1,917.0
Series B preference shares	232.2	—	—	—	—
Adjusted book value (1) numerator (B)	\$ 1,936.7	\$ 1,973.0	\$ 1,996.3	\$ 1,947.0	\$ 1,917.0
Denominator:					
Common shares outstanding (C)	115,151,251	120,000,000	120,000,000	120,000,000	120,000,000
Series B preference shares outstanding	11,901,670	—	—	—	—
Total shares outstanding (D)	127,052,921	120,000,000	120,000,000	120,000,000	120,000,000
Basic book value per share (A)/(C)	\$ 14.80	\$ 16.44	\$ 16.64	\$ 16.23	\$ 15.98
Adjusted book value per share (1) (B)/(D)	\$ 15.24	\$ 16.44	\$ 16.64	\$ 16.23	\$ 15.98

(1) Adjusted book value and Adjusted book value per share are non-GAAP financial measures. There are no comparable GAAP measures. See the accompanying Reconciliation of Non-GAAP Financial Measures for an explanation and calculation of Adjusted book value and Adjusted book value per share. Outstanding warrants are excluded as they are anti-dilutive.

Sirius International Insurance Group, Ltd.
Basic and Diluted Earnings Per Share

(Expressed in millions of U.S. dollars except for share and per share amounts)	Three months ended,		Years ended,	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Numerator:				
Net (loss) income	\$ (130.5)	\$ 19.1	\$ (16.7)	\$ (136.3)
Less: Income attributable to non-controlling interests	(0.5)	(0.5)	(1.4)	(13.7)
Less: Accrued dividends on Series A redeemable preference shares	—	(2.6)	(2.6)	(6.1)
Add: Redemption of Series A preference shares below carrying value	13.8	—	13.8	—
Less: Adjustment of Series B preference carrying value	(36.4)	—	(36.4)	—
Net (loss) income available for dividends out of undistributed earnings	(153.6)	16.0	(43.3)	(156.1)
Less: Earnings attributable to Series A redeemable preference shares	—	(0.6)	—	—
Net (loss) income available to Sirius Group's common shareholders	\$ (153.6)	\$ 15.4	\$ (43.3)	\$ (156.1)
Denominator:				
Weighted average shares outstanding for basic and diluted earnings per share	117,040,026	120,000,000	119,253,924	120,000,000
Earnings per share				
Basic earnings per share	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)
Diluted earnings per share	\$ (1.31)	\$ 0.13	\$ (0.36)	\$ (1.30)

Sirius International Insurance Group, Ltd.
Return on Common Shareholders' Equity — Consecutive Quarters

(Expressed in millions of U.S. dollars)	Three months ended					Years ended	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Beginning common shareholders' equity	\$ 1,973.0	\$ 1,996.3	\$ 1,947.0	\$ 1,917.0	\$ 1,901.0	\$ 1,917.0	\$ 1,988.1
Net (loss) income attributable to common shareholders	\$ (153.6)	\$ (28.0)	\$ 97.8	\$ 40.5	\$ 16.0	\$ (43.3)	\$ (156.1)
Return on beginning common shareholders' equity	<u>-7.8%</u>	<u>-1.4%</u>	<u>5.0%</u>	<u>2.1%</u>	<u>0.8%</u>	<u>-2.3%</u>	<u>-7.9%</u>

Sirius International Insurance Group, Ltd.
Reserves for Unpaid Losses and Loss Adjustment Expenses

(Expressed in millions of U.S. dollars)	Three months ended		Years ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Gross beginning balance	\$ 1,891.0	\$ 1,916.7	\$ 1,898.5	\$ 1,620.1
Less: beginning reinsurance recoverable on unpaid losses	(349.0)	(334.9)	(319.7)	(291.5)
Net loss and LAE reserve balance	1,542.0	1,581.8	1,578.8	1,328.6
Losses and LAE incurred relating to:				
Current year losses	331.5	189.3	907.3	811.8
Prior years losses	15.7	(4.7)	(7.3)	(0.6)
Total net incurred losses and LAE	347.2	184.6	900.0	811.2
Foreign currency translation adjustment to net loss and LAE reserves	—	3.7	(20.9)	36.8
Acquisitions	—	—	0.2	14.3
Accretion of fair value adjustment to net loss and LAE reserves	—	—	0.1	0.1
Loss and LAE paid relating to:				
Current year losses	98.9	106.5	251.4	222.8
Prior years losses	123.8	84.9	540.3	389.5
Total loss and LAE payments	222.7	191.4	791.7	612.3
Net ending balance	1,666.5	1,578.8	1,666.5	1,578.8
Plus ending reinsurance recoverable on unpaid losses	350.2	319.7	350.2	319.7
Gross ending balance	\$ 2,016.7	\$ 1,898.5	\$ 2,016.7	\$ 1,898.5

Sirius International Insurance Group, Ltd.
Reconciliation of Non-GAAP Financial Measures

Sum of Total common shareholders' equity and Series B preference shares (Adjusted book value) and Adjusted book value per common and preference shares outstanding, including Series B preference shares (Adjusted book value per share)

In connection with the closing of the Easterly Acquisition Corp. Merger (the "Merger"), the Company completed the private placement of Series B preference shares and common shares (the "Private Placement"). The price per share of \$17.22447 for the common shares and Series B preference shares issued in the Private Placement was the same. Sirius Group believes that the Merger and the Private Placement were parts of an overall integrated capitalization strategy for the Company, which should be assessed on a combined basis, not as separate transactions.

Adjusted book value and Adjusted book value per share are non-GAAP financial measures used to show the Company's total worth on a per-share basis and is useful to management and investors in analyzing the intrinsic value of the Company.

Total shares outstanding is derived by summing common shares and Series B preference shares outstanding. Adjusted book value is derived by summing common shareholders' equity and the Series B preference share amount reflected in mezzanine equity. Outstanding warrants are excluded as they are anti-dilutive. Adjusted book value per share is derived by dividing the Adjusted book value by the total shares outstanding. The reconciliation to Total common shareholders' equity and book value per common share, the most directly comparable GAAP measures, are presented in the table below.

(Expressed in millions of U.S. dollars, except share information)	As at December 31,	
	2018	2017
Common shares outstanding	115,151,251	120,000,000
Series B preference shares outstanding	11,901,670	—
Total shares outstanding	127,052,921	120,000,000
Total common shareholders' equity	\$ 1,704.5	\$ 1,917.0
Series B preference shares	232.2	—
Adjusted book value	\$ 1,936.7	\$ 1,917.0
Book value per common share	\$ 14.80	\$ 15.98
Adjusted book value per share	\$ 15.24	\$ 15.98

Sirius International Insurance Group, Ltd.
Reconciliation of Non-GAAP Financial Measures

Operating (loss) income attributable to common shareholders

The Company uses Operating (loss) income attributable to common shareholders as a measure to evaluate the underlying fundamentals of its operations and believes it to be a useful measure of its corporate performance. Operating (loss) income attributable to common shareholders as used herein differs from net (loss) income attributable to common shareholders, which the Company believes is the most directly comparable GAAP measure, by the exclusion of net realized and unrealized gains and losses on investments, net foreign exchange gains (losses) and the associated income tax expense or benefit. The Company's management believes that Operating (loss) income attributable to common shareholders is useful to investors because it more accurately measures and predicts the Company's results of operations by removing the variability arising from fluctuations in the Company's fixed maturity investment portfolio, equity investments trading, investments-related derivatives, and net foreign exchange gains (losses) and the associated income tax expense or benefit of those fluctuations. The following is a reconciliation of net (loss) income attributable to common shareholders to Operating (loss) income attributable to common shareholders:

<u>(Expressed in millions of U.S. dollars)</u>	<u>Three months ended December 31,</u>		<u>Years ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net (loss) income attributable to common shareholders	\$ (153.6)	\$ 16.0	\$ (43.3)	\$ (156.1)
Adjustment for net realized and unrealized losses (gains) on investments	57.9	(14.4)	20.9	37.7
Adjustment for net foreign exchange (gains) losses	(1.0)	7.8	(22.7)	(9.2)
Adjustment for income tax (benefit) expenses (1)	(9.7)	(1.7)	(11.3)	(0.8)
Operating (loss) income attributable to common shareholders	\$ (106.4)	\$ 7.7	\$ (56.4)	\$ (128.4)

- (1) Adjustment for income tax (benefit) expense represents the income tax benefit (expense) associated with the adjustment for net realized and unrealized losses (gains) on investments. The income tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors.