



Intact Financial Corporation
(TSX: IFC)

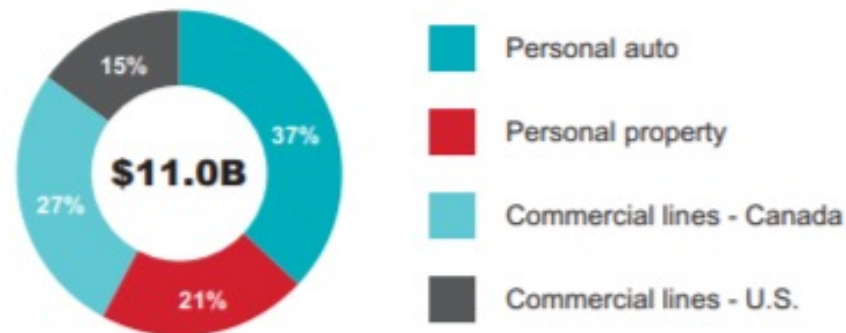
Company Overview

Company Description

- **Business Model:** Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. The business has grown organically and through acquisitions to over \$20 billion of total annual premiums.
- **Extra Information (Recent Acquisitions, Expansion Plans, etc...):** In 2021, successfully completed the acquisition of RSA Insurance plc, Intact's largest acquisition to date, growing premiums from \$12 to \$20 billion.

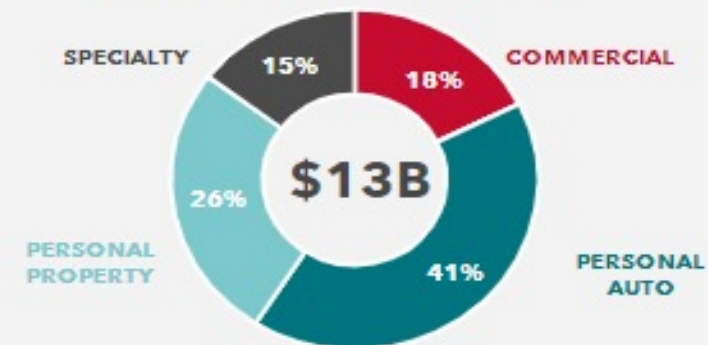
Revenue by Segment

DPW by business line¹



Revenue Growth by Segment

Canada 2020 DPW
By lines of business, pro forma



Company Overview



Key Financials

- Share Price: 173.3
- Market Cap: 30.52 B
- P/B: 2.231
- P/E: 14.56
- Earnings per Share: \$11.9
- Dividend Yield: 6.87%
- Revenue LTM: 13.08B
- Debt to Equity: 36.40

Management

Name	Position	Background
Charles Brindamour	CEO	CEO since 2008. Company became independent and mostly Canadian company in 2009 and two years later, acquired AXA Canada; at the time, the largest acquisition in the history of Canada's property and casualty insurance industry. Grew into the United States with the acquisition of OneBeacon Insurance Group. Acquired RSA in 2021, grew into UK and Ireland.
Ken Anderson	Executive Vice President, Corporate Development & Investor Relations	Mr. Anderson previously worked in the reinsurance industry in Bermuda and has more than 20 years of progressive finance experience within the insurance sector.
Patrick Barbeau	Executive Vice President and Chief Operating Officer	Been in the industry for 20+ years in multiple different companies.

Performance YTD



Investment Thesis



Argument 1:

Their priorities in terms of next steps is to increase dividends and have share buybacks, which are both good aspects for investors as it means more earnings. These go hand in hand because the share buybacks will cause an increase in share price, meaning an increase in earnings per share for investors. This increases dividends as well.

Argument 2:

Outperform recommendation of 8. Over the year the number has been a steadily increasing number as well. Outperform, also known as "moderate buy," "accumulate," and "overweight." Outperform is an analyst recommendation meaning a stock is **expected to do slightly better than the market return**.

Argument 3:

Undervalued 31.91%. Has a great potential to increase even more and be quite great in earnings. Constant acquisitions to expand their company also shows a great desire to be a bigger influence in the industry.

Macro & Micro Outlook



Macroeconomic Concerns

- COVID-19 impacted the business heavily initially in early 2020, but since then they have made only positive changes to the business. In 2021 the acquisition of RSA only increased their control in the Canadian market.
- They recovered and grew since the initial COVID-19 dip.

Industry Outlook:

- Strong growth is expected for the insurance industry on par with the global economic developments. Overall, global premiums are expected to rise by +5.1 percent. After the sharp decline in the previous year, the recovery in the Life segment (+5.7%) will be somewhat stronger than in the Property segment (+4.2%).

Catalysts & Risks

Catalysts

- Lot of people coming in Canada. People also move to Europe a lot more where Intact has established themselves through RSA. More immigration, more wealth generated, incomes going up, more houses and cars bought.
- Trade boosting in the country so marine insurance and transportation insurance premium collection has gone up because of huge trade volumes immediately after the pandemic. Over the next year it will plateau but trade will still go up so collection will steadily increase.

Risks

- Natural disasters – property claims, casualty claims
- Covid-19 lockdowns
- Events such as the Suez canal event

Implications for Future Growth

4 | Future Growth

Analysis Checks 2/6



How is Intact Financial forecast to perform in the next 1 to 3 years based on estimates from 10 analysts?

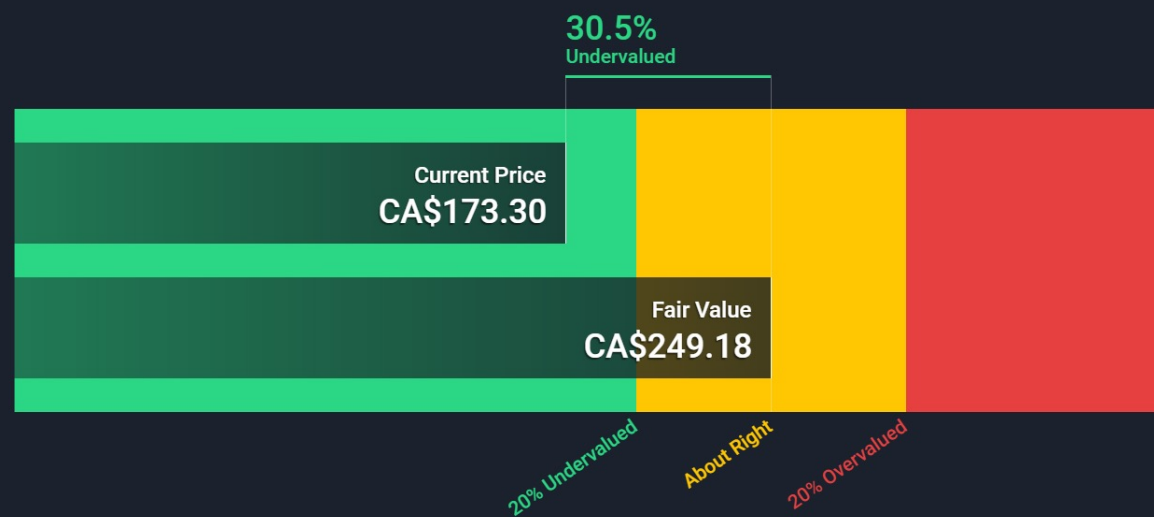
7.8%

Forecasted annual earnings growth

Valuation: Recommendations

Graph

3.1 Share Price vs. Fair Value



Analyst Recommendations

Analysis	Target Price
Said to be a 7/10 as it can be bought at a better price.	Around \$170

Recommendation, Entry & Exit Strategy

Entry Price: Can be lower than \$173.30
Target Price: \$200
Time Horizon: Minimum 1 year