Emergent Capital, Inc. Announces First Quarter 2016 Results

BOCA RATON, Fla., May 9, 2016 /PRNewswire/ -- Emergent Capital, Inc. (NYSE: EMG) ("Emergent" or the "Company"), today announced its financial results for the three month period ended March 31, 2016.

Three Months Ended March 31, 2016

Total income from continuing operations was \$8.5 million for the three month period endedMarch 31, 2016 compared to income from continuing operations of \$13.0 million for the same period in 2015. This decrease was primarily due to a\$3.4 million reduction in realized gains from policy maturities.

The following table provides a summary of the components of income from the Company's life settlements.

	Three Months Ended March 31, 2016		 e Months Ended larch 31, 2015	
Change in estimated probabilistic cash flows	\$	18,828,990	\$ 21,093,601	
Premiums paid during period		(16,653,465)	(15,528,155)	
Change in life expectancy evaluation		(2,066,712)	(11,092,090)	
Change in discount rates		_	3,332,671	
Unrealized gain on acquisitions		_	3,420,895	
Realized gain on maturities		8,278,763	11,685,383	
Change in fair value of life settlements	\$	8,387,576	\$ 12,912,305	

Total expenses from continuing operations were \$15.9 million for the three month period endedMarch 31, 2016 compared to \$19.1 million for the same period in 2015. The decrease was primarily related to a reduction of \$1.9 million in legal expenses and \$680,000 in professional fees. The decrease in legal fees was primarily related to the USAO Investigation that concluded on December 31, 2015.

The Company reported a net loss from continuing operations of \$7.4 million, or \$(0.27) per diluted share for the three month period ended March 31, 2016, compared to a net loss of \$4.2 million, or \$(0.19) per diluted share for the same period in 2015. The net loss for the three month period ended March 31, 2015 includes an income tax benefit of approximately \$1.9 million. There was no tax benefit included in the net loss for the three month period ended March 31, 2016.

Life Settlements Portfolio Highlights

On March 31, 2016, the estimated fair value of the Company's 626 life insurance policies wa\$475.4 million compared to \$461.9 million for 632 life insurance policies on December 31, 2015. The weighted average discount rate was 16.92% on March 31, 2016 compared to 17.02% on December 31, 2015. The aggregate face value of the Company's portfolio of life insurance policies was approximately \$3.0 billion on March 31, 2016. During the quarter, six life insurance policies that served as collateral under the revolving credit facilities matured totaling \$13.0 million.

Antony Mitchell, Chief Executive Officer of Emergent, commented: "We remain keenly focused on reducing our cash expenses going forward. In the first quarter we benefited from lower operating expenses, excluding interest and other related financing costs, which resulted in a \$2.9 million, or 34%, reduction year over year." Mr. Mitchell continued, "Looking ahead, we expect cash costs to decline further while we look for opportunities to maximize value from our maturing portfolio."

As of March 31, 2016 the Company had cash and cash equivalents of \$47.9 million and a Book Value per share of \$7.74.

Conference Call

The Company will be hosting a conference call today at4:30pm ET. To join the call, please dial toll free (855) 656-0929, or from outside the U.S. (412) 317-6021. The conference call will also be broadcast live through a link on the Investor Relations section of the Company's website at www.emergentcapital.com. Please visit the website at least 10 minutes prior to the call to register, download and install any necessary audio software.

About Emergent Capital, Inc.

Emergent Capital (NYSE: EMG) is a specialty finance company that invests in life settlements. More information about Emergent can be found at www.emergentcapital.com.

Safe Harbor Statement

This press release may contain certain "forward-looking statements" relating to the business of Emergent Capital, Inc. and its subsidiary companies. All statements, other than statements of historical fact included herein are "forward-looking statements." These forward-looking statements are often identified by the use of forward-looking terminology such as "believes," "expects" or

similar expressions, and involve known and unknown risks and uncertainties. Although Emergent believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required under the securities laws, Emergent does not assume a duty to update these forward-looking statements.

-SELECTED FINANCIAL TABLES FOLLOW-

Emergent Capital, Inc. CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended March 31,				
		2016		2015	
	(in thousands, except share and share data)			e and per	
Income					
Change in fair value of life settlements		8,388		12,912	
Other income		66		68	
Total income (loss)		8,454		12,980	
Expenses					
Interest expense		6,050		6,278	
Change in fair value of Revolving Credit Facilities		4,097		4,139	
Personnel costs		1,557		1,728	
Legal fees		1,818		3,761	
Professional fees		1,643		2,323	
Insurance		244		346	
Other selling, general and administrative expenses		490		507	
Total expenses		15,899		19,082	
Income (loss) from continuing operations before income taxes		(7,445)		(6,102)	
Benefit for income taxes				1,937	
Net income (loss) from continuing operations	\$	(7,445)	\$	(4,165)	
Discontinued Operations:					
Income (loss) from discontinued operations		(68)		(256)	
Benefit for income taxes				99	
Net income (loss) from discontinued operations		(68)		(157)	
Net income (loss)	\$	(7,513)	\$	(4,322)	
Basic and diluted income (loss) per share:					
Continuing operations	\$	(0.27)	\$	(0.19)	
Discontinued operations	\$		\$	(0.01)	
Net income (loss) from continuing operations	\$	(0.27)	\$	(0.20)	
Weighted average shares outstanding:					

Basic and Diluted

Emergent Capital, Inc. CONSOLIDATED BALANCE SHEETS

27,481,249

21,361,930

	M	March 31, 2016		ember 31, 2015*	
	(Unaudited)				
	(In thousands except share data)				
ASSETS					
Assets					
Cash and cash equivalents	\$	32,450	\$	12,946	
Cash and cash equivalents (VIE)		15,446		7,395	
Certificate of deposit		2,502		2,501	
Prepaid expenses and other assets		1,687		1,017	
Deposits - other		1,347		1,347	
Deposits - other (VIE)		150		_	
Deposits on purchases of life settlements		31		_	
Life settlements, at estimated fair value		14,490		11,946	

Life settlements, at estimated fair value (VIE)	460,870		449,979
Receivable for maturity of life settlements (VIE)	15,588		18,223
Fixed assets, net	302		322
Investment in affiliates	2,384		2,384
Total assets	\$ 547,247	\$	508,060
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	\$ 4,479	\$	3,051
Accounts payable and accrued expenses (VIE)	436		419
Other liabilities	1,732		360
Interest payable - Convertible Notes	768		2,272
Convertible Notes, net of discount and deferred debt costs	57,673		56,812
Interest payable - Senior Secured Notes	215		_
Senior Secured Notes, net of discount and deferred debt costs	29,069		_
White Eagle Revolving Credit Facility, at estimated fair value (VIE)	182,311		169,131
Red Falcon Revolving Credit Facility, at estimated fair value (VIE)	57,660		55,658
Total liabilities	334,343		287,703
Commitments and Contingencies			
Stockholders' Equity			
Common stock (par value \$0.01 per share, 80,000,000 authorized; 28,130,508 issued and 27,522,508 outstanding as of March 31, 2016 and December 31, 2015)	281		281
and 27,322,300 outstanding as of March 31, 2010 and December 31, 2013)	201		201
Preferred stock (par value \$0.01 per share, 40,000,000 authorized; 0 issued and			
outstanding as of March 31, 2016 and December 31, 2015) Treasury Stock, net of cost (608,000 shares as of March 31, 2016 and December 31,	_		_
2015)	(2,534)		(2,534)
Additional paid-in-capital	305,510		305,450
Accumulated deficit	(90,353)		(82,840)
Total stockholders' equity	212,904		220,357
Total liabilities and stockholders' equity	\$ 547,247	\$	508,060

^{*} Derived from audited consolidated financial statements.

Selected Operating Data (dollars in thousands):

Three Months Ended March 31,

	2016	2015		
Period Acquisitions — Policies Owned				
Number of policies acquired	_	30		
Average age of insured at acquisition	_	86.0		
Average life expectancy — Calculated LE (Years)	_	5.0		
Average death benefit	\$ _	\$ 2,798		
Aggregate purchase price	\$ _	\$ 25,411		
End of Period — Policies Owned				
Number of policies owned	626	632		
Average Life Expectancy — Calculated LE (Years)	9.7	10.4		
Aggregate Death Benefit	\$ 2,969,670	\$ 3,001,987		
Aggregate fair value	\$ 475,360	\$ 429,550		
Monthly premium — average per policy	\$ 9.6	\$ 8.2		
Period Maturities				
Number of policies matured	6	5		
Average age of insured at maturity	85	83		
Average life expectancy - Calculated LE (Years)	5.5	9.8		
Aggregate death benefit	\$ 12,980	\$ 13,188		
Gains on maturity	\$ 8,279	\$ 11,685		
Proceeds collected	\$ 15,480	\$ 13,000		

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