Emergent Capital, Inc. Announces First Quarter 2017 Results

BOCA RATON, Fla., May 15, 2017 /PRNewswire/ -- Emergent Capital, Inc. (OTCQB: EMGC) ("Emergent" or the "Company"), today announced its financial results for the three month period ended March 31, 2017.

Three Months Ended March 31, 2017

Total income from continuing operations was \$25.6 million for the three month period endedMarch 31, 2017 compared to \$8.5 million for the same period in 2016. The increase was primarily due to a\$16.3 million gain on the maturity of four policies compared to an \$8.3 million gain on maturity of six policies for the same period in 2016.

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

		Months Ended rch 31, 2017	Three Months Ended March 31, 2016		
Change in estimated probabilistic cash	-				
flows	\$	22,600	\$	18,480	
Premiums paid during period		(20,582)		(16,653)	
Change in life expectancy evaluation		7,298		(2,067)	
Change in discount rates		(40)			
Unrealized gain on acquisitions		<u> </u>		349	
Realized gain on maturities		16,264		8,279	
Change in fair value of life settlements	\$	25,540	\$	8,388	

Total expenses from continuing operations were \$23.7 million for the three month period endedMarch 31, 2017 compared to \$15.9 million for the same period in 2016. The increase was primarily attributable to an increase o\$7.7 million on the loss in fair value of the Revolving Credit Facility and a \$1.5 million increase in interest expense associated with increased borrowings on the Company's Revolving Credit Facility, 8.5% Senior Unsecured Convertible Notes, and 15% Senior Secured Notes. These were offset by a reduction in operating expenses of \$1.4 million primarily related to a decrease in legal fees and personnel costs.

The Company reported net income from continuing operations of \$1.9 million, or \$0.07 per diluted share for the three month period ended March 31, 2017, compared to a net loss of \$7.4 million, or \$(0.27) per diluted share for the same period in 2016.

Life Settlements Portfolio Highlights

On March 31, 2017, the estimated fair value of the Company's 617 life insurance policies wa\$506.7 million compared to \$498.4 million for 621 life insurance policies at December 31, 2016. The weighted average discount rate was 16.37% at March 31, 2017 and December 31, 2016. The aggregate face value of the Company's portfolio of life insurance policies was approximately \$2.9 billion on March 31, 2017. During the quarter, four life insurance policies that served as collateral under the revolving credit facility matured totaling \$37.9 million.

As of March 31, 2017, the Company had cash and cash equivalents and certificates of deposit of \$19.0 million and a Book Value per share of \$6.15.

About Emergent Capital, Inc.

Emergent (OTCQB: EMGC) 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,			
	2017	2016		
	(in thousands, except share and per share data)			
Income				
Change in fair value of life settlements	\$ 25,540	\$ 8,388		
Other income	50	66		
Total income	25,590	8,454		
Expenses				
Interest expense	7,535	6,050		
Change in fair value of Revolving Credit Facilities	11,831	4,097		
Personnel costs	1,085	1,557		
Legal fees	995	1,818		
Professional fees	1,604	1,643		
Insurance	192	244		
Other selling, general and administrative expenses	464	490		
Total expenses	23,706	15,899		
Income (loss) from continuing operations before income				
taxes	1,884	(7,445)		
Benefit for income taxes	_	_		
Net income (loss) from continuing operations	\$ 1,884	\$ (7,445)		
Discontinued Operations:				
Income (loss) from discontinued operations	(189)	(68)		
Benefit for income taxes	_	_		
Net income (loss) from discontinued operations	(189)	(68)		
Net income (loss)	\$ 1,695	\$ (7,513)		
Basic and diluted income (loss) per share:				
Continuing operations	\$ 0.07	\$ (0.27)		
Discontinued operations	\$ (0.01)	\$		
Net income (loss)	\$ 0.06	\$ (0.27)		
Weighted average shares outstanding:		. , ,		
Basic and Diluted	28,148,632	27,481,249		
Basis and Bilated	20,110,002	27,101,240		

Emergent Capital, Inc. CONSOLIDATED BALANCE SHEETS

	March 31, 2017		December 31, 2016*	
	(Unaudited) (In thousands except sha			hare data)
ASSETS	(·			,
Assets				
Cash and cash equivalents	\$	2,100	\$	2,246
Cash and cash equivalents (VIE)		15,923		9,072
Certificates of deposit		1,004		6,025
Prepaid expenses and other assets		2,601		1,112
Deposits - other		1,377		1,347
Life settlements, at estimated fair value		708		680
Life settlements, at estimated fair value (VIE)		505,964		497,720
Receivable for maturity of life settlements (VIE)		32,850		5,000
Fixed assets, net		208		232
Investment in affiliates		2,384		2,384
Total assets	\$	565,119	\$	525,818

LIABILITIES AND STOCKHOLDERS' EQUITY Liabilities Accounts payable and accrued expenses 3,873 2,590 Accounts payable and accrued expenses (VIE) 593 683 Other liabilities 359 273 Interest payable - Convertible Notes 806 2,272 Convertible Notes, net of discount and deferred debt costs 65,002 60.535 Interest payable - Senior Secured Notes 213 213 Senior Secured Notes, net of discount and deferred debt costs 29,387 29,297 White Eagle Revolving Credit Facility, at estimated fair value (VIE) 290,200 257,085 Total liabilities 390,437 352,944 Commitments and Contingencies Stockholders' Equity Common stock (par value \$0.01 per share, 80,000,000 authorized at March 31, 2017 and December 31, 2016; 29,021,844 issued and 28,413,844 outstanding as of March 31, 2017 and December 31, 2016 290 290 Preferred stock (par value \$0.01 per share, 40,000,000 authorized; 0 issued and outstanding as of March 31, 2017 and December 31, 2016) Treasury Stock, net of cost (608,000 shares as of March 31, 2017 and December 31, 2016) (2,534)(2.534)Additional paid-in-capital 307,760 307,647 Accumulated deficit (132,529)(130,834)Total stockholders' equity 174,682 172,874 Total liabilities and stockholders' equity 565,119 \$ 525,818

Emergent Capital, Inc. Selected Operating Data (dollars in thousands):

For the Three Months Ended March

	31,				
	<u></u>	2017	2016		
Period Acquisitions — Policies Owned					
Number of policies acquired		_		_	
Average age of insured at acquisition		_		_	
Average life expectancy — Calculated LE (Years)		_		_	
Average death benefit	\$	_	\$	_	
Aggregate purchase price	\$	_	\$	_	
End of Period — Policies Owned					
Number of policies owned		617		626	
Average age of insured		00.7		04.7	
		82.7	_	81.7	
Average death benefit per policy	\$	4,715	\$	4,744	
Average Life Expectancy — Calculated LE (Years)		8.9		9.7	
Aggregate Death Benefit	\$	2,908,876	\$	2,969,670	
Aggregate fair value	\$	506,672	\$	475,360	
Monthly premium — average per policy	\$	11.4	\$	9.6	
Period Maturities					
Number of policies matured		4		6	
Weighted average age of insured at maturity		82.8		84.9	
Weighted average life expectancy - Calculated LE					
(Years)		3.5		5.5	
Aggregate death benefit	\$	37,850	\$	12,980	
Gains on maturity	\$	16,264	\$	8,279	
Proceeds collected	\$	10,000	\$	15,480	

^{*} Derived from audited consolidated financial statements.

SOURCE Emergent Capital, Inc.

For further information: David Sasso, Emergent Capital, Inc., Senior Vice President, Corporate Development & Investor Relations, 561.995.4300, IR@emergentcapital.com