



# Primerica Investor Presentation

**Full Year 2016**

# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation may contain forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in our Form 10-K for the year ended December 31, 2016, available in the “Investor Relations” section of our website <http://investors.primerica.com>.

## Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures. A reconciliation of those measures to GAAP financial measures is included in our Financial Supplement, which is posted in the Investor Relations section of our website, <http://investors.primerica.com>.

# Major Distributor of Financial Services to Middle Income Families <sup>(1)</sup>

**Large sales force** allows effective penetration of the vast and frequently ignored **middle income market** in North America

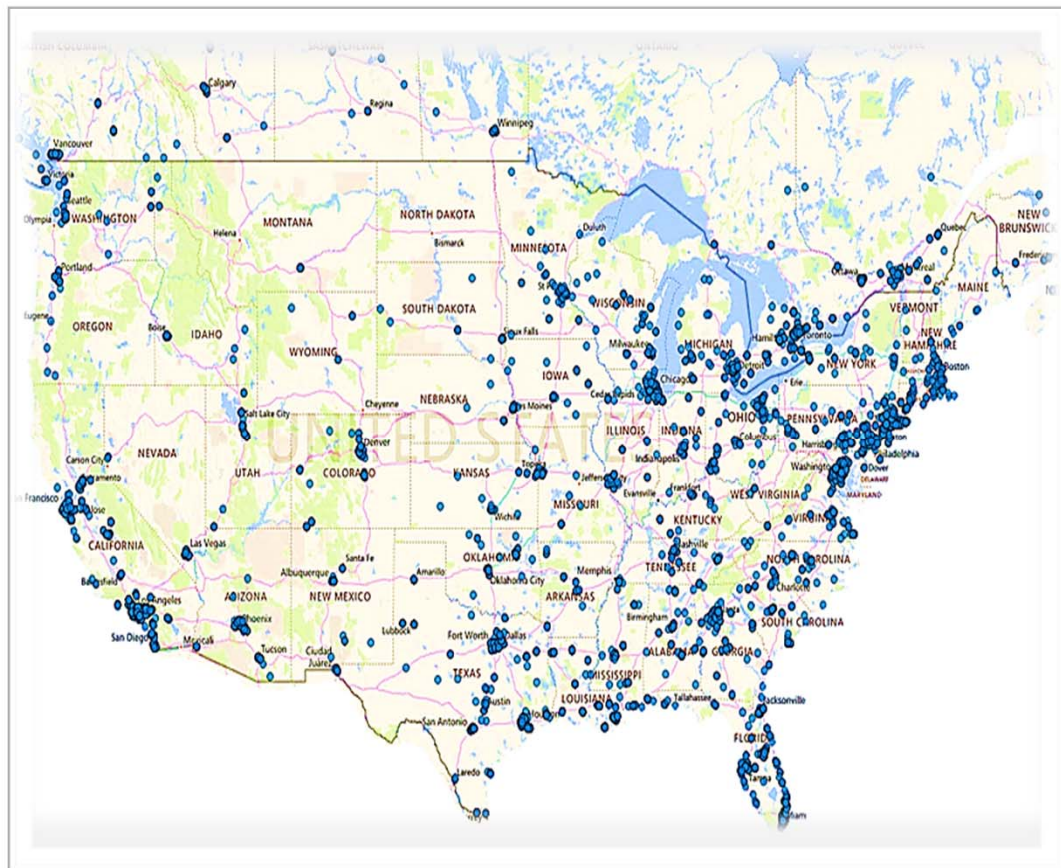
**116,827** life insurance licensed representatives

**23,745** mutual fund licensed representatives

**\$728 billion** of Term Life face amount in force

**\$52.34 billion** in client asset values

1 As of December 31, 2016

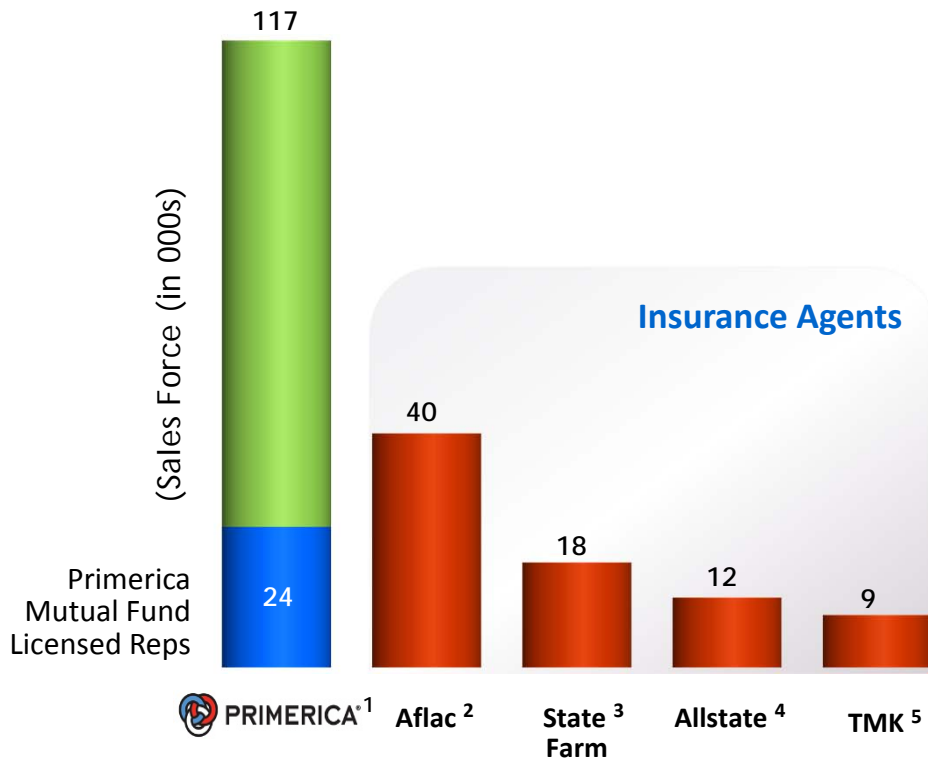


Approximately 4,800 Primerica Regional Vice President businesses in the U.S., Canada and Puerto Rico

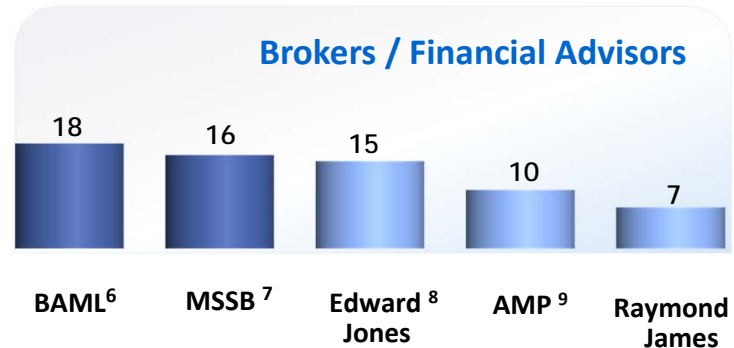


# Distribution Capability is a Competitive Advantage

## Primerica Life Insurance Licensed Representatives



- Independent contractors exclusive to Primerica
- ~90% of sales force is estimated to be part-time
- Pay their own business expenses - variable cost for sales force growth
- Sales force leaders with significant longevity
  - 24,500 → +10 years
  - 10,000 → +20 years



Source: company filings, annual reports and websites.

1. Size of life sales force as of December 31, 2016. Approximately 24,000 sales representatives (18,000 in the U.S. and 6,000 in Canada) are also licensed to sell mutual funds in North America as of December 31, 2016.
2. Number of U.S. monthly average producers from Aflac Incorporated Year in Review 2015
3. Number of agents from "State Farm's Fast Facts" on website dated 3/14/16
4. Number of exclusive agencies and financial representatives from "About Allstate 2016" on website dated March 2016

5. Number of producing exclusive agents from TMK Q4 2015 Agent Count Report
6. Total wealth advisors from BOFA 10-K for year ended 12/31/2015
7. Wealth management representatives from MS 10-K for year ended 12/31/2015
8. Number of financial advisors from Jones Financial Companies 10-K for year ended 12/31/15
9. Number of financial advisors from AMP Form 10-K for year ended 12/31/2015
10. Number of financial advisors from RJF Form 10-K for fiscal year year ended 9/30/2015

# Primerica's Licensed Sales Force

Licensing Progression	Rep License <sup>(1)</sup>	Average Tenure
	Total Life Insurance	6 Years
First obtain a Life Insurance License <sup>(2)</sup>	~94,000 Life only <ul style="list-style-type: none"> <li>▪ 89,000 U.S. Reps</li> <li>▪ 5,000 Canadian Reps</li> </ul>	4 Years
Obtain mutual fund license after success selling life insurance & building a business	~24,000 Mutual Fund Licensed Representatives <ul style="list-style-type: none"> <li>▪ 18,000 in U.S.</li> <li>▪ 6,000 in Canada</li> </ul>	13 Years
Become Investment Advisor reps after success in ISP business	3,200 Investment Advisor reps who sell managed accounts	15 Years

(1) As of December 31, 2016

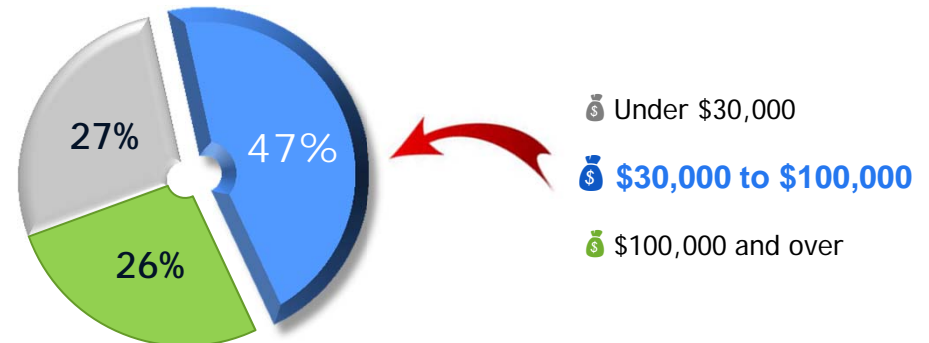
(2) Largely part-time representatives

# Vast Opportunity in Middle Market

- Traditional financial services companies have focused on more affluent consumers
- Middle income market has substantial needs
  - Inadequate life insurance
  - Need help saving
  - Lack of trusted financial advice
- Primerica's unique distribution model is designed to efficiently reach and serve middle income families

## Primerica's Target Market

U.S. Household Income <sup>(1)</sup>



\$67,000 is Primerica's Average Client Household Income <sup>(2)</sup>

(1) Source: U.S. Census Bureau, Census Population Survey 2016 Annual Social and Economic Supplement, last revised August 26, 2016. Based upon 125.8 mm households.

(2) Primerica Financial Needs Analysis Clients



# Simple Products for Long-Term Financial Needs

- Younger families need more income protection: they have young children, higher debt and lower savings
- As they age they need less insurance because their liabilities lessen and their investments grow
- Primerica teaches basic investment principles like diversification and systematic investing through dollar cost averaging over time

## Term Life

### Term Life Insurance Products

*underwritten by Primerica, Inc. companies*

#### TermNow

(10, 15, 20, 25, 30, 35 years)

#### CustomAdvantage

(10, 15, 20, 25, 30, 35 years)

## Investment & Savings Products

### Investment & Savings Products

*through third-party providers*

Mutual Funds

Managed Accounts

Annuities

401(k) Plans

## Term Life 2016 Statistics

- 57% of issued policies were 30 or 35-year Term Life Policies
- Average issue age of life insurance clients was 37 years old
- \$242,000 was the average face amount of a life policy issued

## Investment & Savings Products 2016 Statistics

- 74% of U.S. client asset values were in qualified retirement plans
- \$10,300 average initial mutual fund investment per account
- \$91,000 average initial variable annuity investment

# Strategy to Drive Stockholder Value

## Organic Growth

- Build Distribution
- Enhance Product Offerings
- Leverage technology

## Active Capital Deployment

- Deploy a significant portion of operating earnings annually

## Enhance Stockholder Value

Earnings Per Share & Return on Equity





# Successfully Executing Strategy

## Momentum continued in 2016

- 9% increase in life insurance licensed salesforce to 116,827 representatives versus 2015
- 23% increase in Term Life operating income before income taxes versus 2015
- Returned approximately 85% of net operating income to stockholders in 2016
- 22% growth in diluted operating EPS versus 2015
- Operating ROAE expanded 210 basis points to 19.0% in 2016 from 16.9% in 2015

## Distribution Highlights

(\$ in billions, or as noted otherwise)	2016	2015	% Change
Recruits	262,732	228,115	15.2%
New Life Licensed Representatives	44,724	39,632	12.8%
Life Insurance Licensed Sales Force <sup>(2)</sup>	116,827	106,710	9.5%
Issued Life Insurance Policies	298,244	260,059	14.7%
Life Insurance Face Amount In Force <sup>(2)</sup>	\$728.4	\$693.2	5.1%
Mutual Fund Licensed Sales Force <sup>(2) (6)</sup>	23,745	23,663	nm
Investment & Savings Products Sales	\$5.59	\$5.86	(4.5%)
Investment & Savings Products Client Asset Values <sup>(2)</sup>	\$52.34	\$47.35	10.5%

## Operating Financial Results <sup>(1)</sup>

(\$ in millions, except per-share amounts or as noted otherwise)	2016	2015	% Change
Operating Revenues	\$1,515.0	\$1,405.9	7.8%
Net Operating Income	\$216.8	\$191.1	13.5%
Adjusted Stockholders' Equity <sup>(2)</sup>	\$1,178.6	\$1,113.7	5.8%
Diluted Operating EPS <sup>(3)</sup>	\$4.53	\$3.72	21.7%
Adjusted Book Value Per Share <sup>(4)</sup>	\$25.78	\$23.06	11.8%
Operating ROAE <sup>(6) (7)</sup>	19.0%	16.9%	nm
Debt-to-Capital <sup>(2) (6)</sup>	23.4%	24.5%	nm

1) For reconciliation of GAAP to non-GAAP financial measures refer to page 7 of our financial supplement

2) As of end of period

3) 47,453,064 weighted-average shares used in computing diluted EPS for 2016

4) 45,720,822 common shares outstanding as of December 31, 2016

5) Annualized net income return on equity

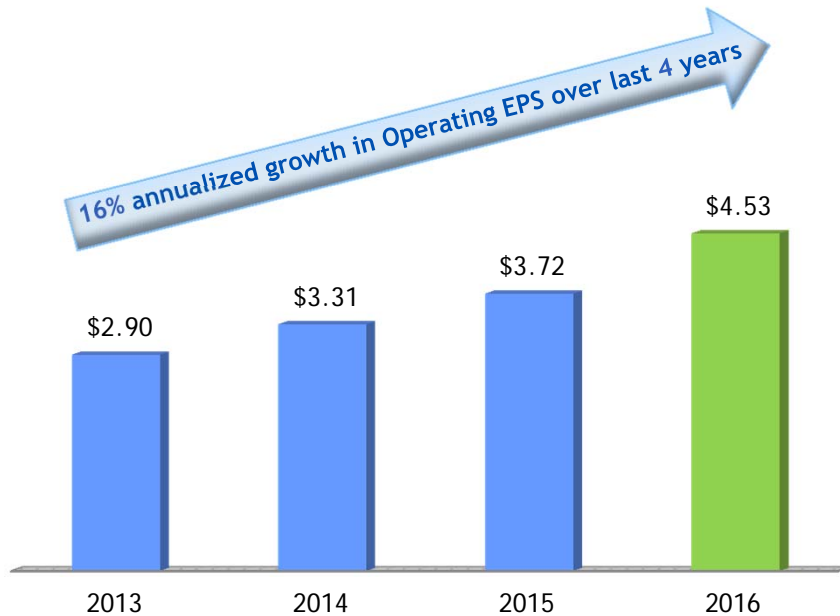
6) Certain variances are noted as "nm" to indicate not meaningful

7) Annualized Net Operating Income Return on Adjusted Equity

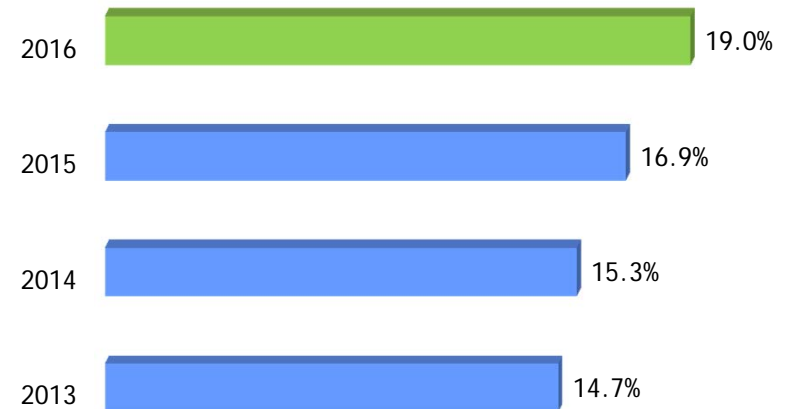


# Capital Deployment has driven growth in both EPS and ROAE

## Operating Earnings per Diluted Share



## Net Operating Return on Adjusted Stockholders' Equity (ROAE)



(1) Reconciliations between non-GAAP and GAAP financial measures can be found in the Financial Supplement posted in the Investor Relations section of our website.

(2) Earnings per Diluted Share for the comparable periods was \$2.83 (2013), \$3.29 (2014), \$3.70 (2015) and \$4.59 (2016)

(3) Net Return on Stockholders' Equity for the comparable periods was 13.3% (2013), 14.3% (2014), 15.9% (2015) and 18.3% (2016)

- \$125-150 million of shares repurchases are expected in 2017 reflecting the company's solid results and strong financial position

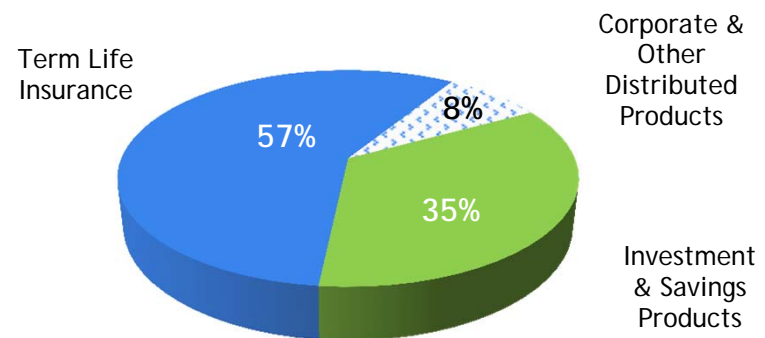
# Core Income Dynamics

- Two primary business segments: Term Life Insurance and Investment & Savings Products
- Third Segment: Corporate & Other Distributed Products consists of net investment income not allocated to the Term Life Segment, revenues and expenses for other distributed products as well as corporate expenses not allocated to the other two segments

## Primerica's Operating Income before Income Tax

(\$ in millions)	2016	2015
Term Life	\$213.4	\$173.2
Investment & Savings Products	\$144.4	\$146.1
Corporate & Other Distributed Products	(\$24.2)	(\$26.6)
Total	\$333.5	\$292.7

## Primerica's Operating Revenue in 2016



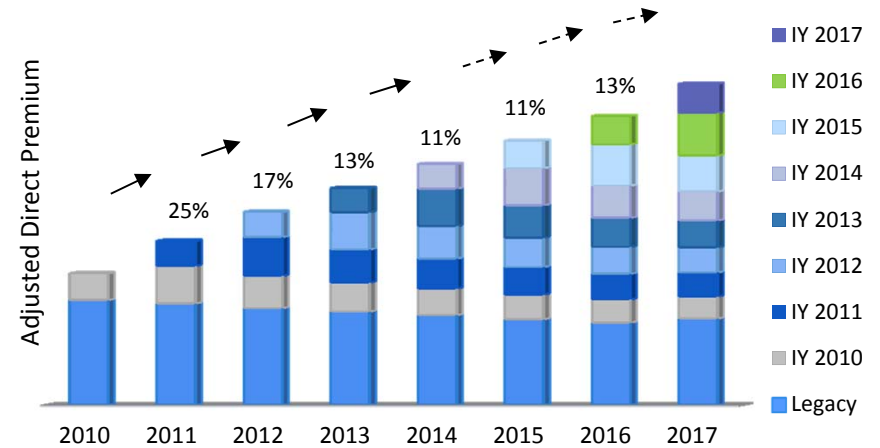
\$1.51 billion of Operating Revenue

# Term Life Income Growth Dynamics

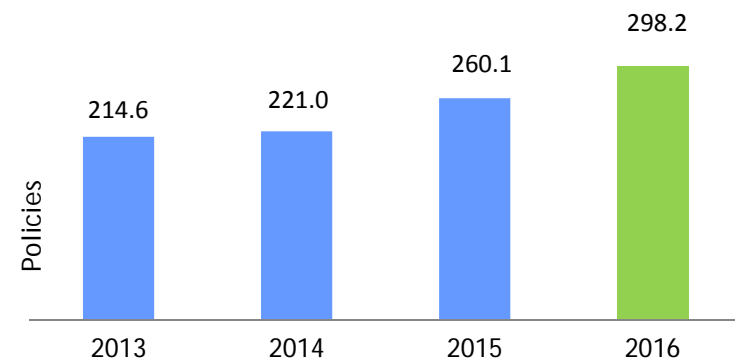
- Reinsurance transactions with IPO coinsurers at time of the IPO continue to positively impact year-over-year growth
- Expect mid-teens growth in adjusted direct premiums<sup>(1)</sup> in 2017
- Expect operating margin to be in the 19-20% range in 2017
- Stable recurring income with little impact from market fluctuations

(1) Adjusted direct premiums - direct premiums net of premiums ceded to IPO Coinsurers

Conceptual Illustration of Adjusted Direct Premiums<sup>(1)</sup> Growth by Issue Year (IY)



Issued Term Life Policies (000s)

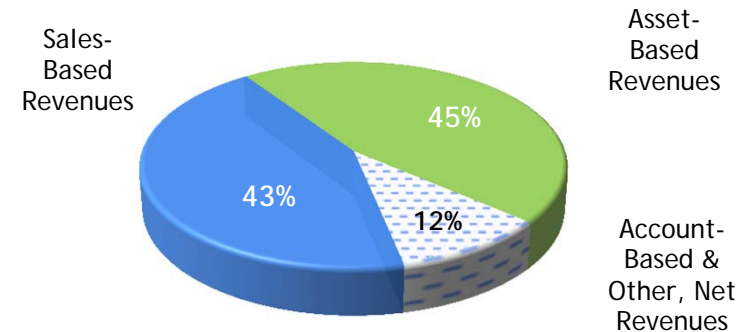


# Investment & Savings Products Dynamics

## Investment & Savings Products Income Dynamics

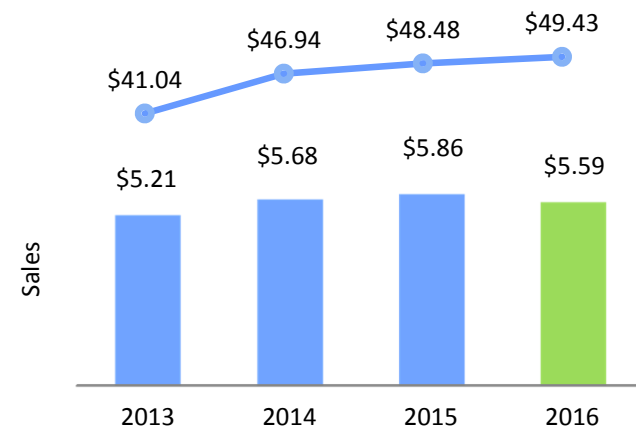
- Diversified mix of revenues
  - Sales-based revenue - fees and commissions received at point of sale
  - Asset-based revenues - fees and commissions on client asset values
  - Account-based revenues record-keeping and custodial fees
  
- Low capital requirements with largely unrestricted cash flows

## Revenue Mix 2016



\$524.6 million of ISP Operating Revenues

## Historical ISP Production (\$ in billions)



— Average Client Asset Values



# Not a Traditional Life Insurance Company

	Primerica		Traditional Life Company
Operating Revenue <sup>1</sup>			
Fee-Based & Other Revenue	39%	Significant Investment & Savings Products business with substantial recurring revenue	16%
Insurance Premiums	56%	Stable margin through extensive reinsurance	58%
Investment Income	5%	Minimal earnings dependency	26%
Investment Leverage <sup>2</sup>	2.2x	Less susceptible to market volatility	9.0x
Net Annualized Operating Return on Average Adjusted Equity <sup>3</sup>	19.0%	ROAE above average	12.4x

Note: Traditional Life Company references the mean financial metrics of Torchmark, Lincoln Financial, MetLife, Prudential and Unum's metrics are for Financial Services segment only. Peer Adjusted Equity defined as Common Equity less unrealized gains/(losses).

1 For full year 2016

2 Calculated as (Cash + Invested Assets) / Adjusted Equity without unrealized gains

3 Full year 2016 operating income divided by the average of Q1, Q2, Q3 and Q4 2016 average adjusted equity.

# Unique Investment Opportunity

Distribution

Large North American sales force

Opportunity

Vast opportunity in the middle income market

Earnings

Solid earnings from two complementary business lines

Stockholder  
Value

Strong return on equity and capital