

Emergent Capital, Inc. Announces Third Quarter 2015 Results

Company Reports Book Value of \$8.40 per Share

BOCA RATON, Fla., Nov. 9, 2015 /PRNewswire/ -- Emergent Capital, Inc. (NYSE: EMG) ("Emergent" or the "Company"), today announced its financial results for the three month and nine month periods ended September 30, 2015.

Three Months Ended September 30, 2015

Total income from continuing operations was \$2.8 million for the three month period ended September 30, 2015 compared to a loss from continuing operations of \$3.6 million for the same period in 2014. This increase was primarily a result of a \$2.4 million realized gain on maturities less an adverse impact from updated life expectancies received during the quarter as compared to the same period in 2014.

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

| | Three Months Ended September 30, 2015 | Three Months Ended September 30, 2014 |
|---|--|--|
| Change in estimated probabilistic cash flows | \$ 19,870,666 | \$ 17,998,036 |
| Premiums paid during period | (16,826,204) | (13,692,055) |
| Change in life expectancy evaluation | (4,257,970) | (14,489,437) |
| Change in discount rates | - | 4,103,448 |
| Unrealized gain on acquisitions | 1,460,280 | 2,436,792 |
| Realized gain on maturities | 2,420,658 | - |
| Change in fair value of life settlements | \$ 2,667,430 | \$ (3,643,216) |

Total expenses from continuing operations were \$21.0 million for the three month period ended September 30, 2015 compared to \$2.9 million for the same period in 2014. The increase was primarily related to the expenses totaling \$8.8 million associated with the extinguishment of the senior secured notes as well as additional interest expense of \$4.3 million and a reduction in the fair value of the White Eagle Revolving Credit Facility of \$4.2 million compared to the same period in 2014.

The Company reported net loss from continuing operations of \$13.5 million, or \$(0.48) per fully diluted share, for the three month period ended September 30, 2015, compared to a net loss of \$4.3 million, or \$(0.20) per fully diluted share, for the same period in 2014. The net loss for the three month period ended September 30, 2015 includes an income tax benefit of approximately \$4.7 million compared to \$2.2 million for the same period in 2014.

Nine Months Ended September 30, 2015

Total income from continuing operations was \$43.8 million for the nine month period ended September 30, 2015 compared to \$19.0 million for the same period in 2014. The increase was primarily due to maturities totaling \$53.5 million on 14 life settlement policies. The net gain on fair value from these maturities totaled \$40.2 million for the first nine months of 2015.

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

| | Nine Months Ended September 30, 2015 | Nine Months Ended September 30, 2014 |
|---|---|---|
| Change in estimated probabilistic cash flows | \$ 60,588,446 | \$ 53,745,646 |
| Premiums paid during period | (48,243,438) | (40,578,531) |
| Change in life expectancy evaluation | (18,700,215) | (10,962,910) |
| Change in discount rates | 3,840,503 | 4,103,448 |
| Unrealized gain on acquisitions | 5,856,032 | 2,436,792 |
| Realized gain on maturities | 40,240,406 | 10,568,321 |
| Change in fair value of life settlements | \$ 43,581,734 | \$ 19,312,766 |

Total expenses were \$67.5 million for the nine month period ended September 30, 2015 compared to \$35.3 million for the same period in 2014. The increase was primarily due to an \$18.0 million increase in the change in fair value (liability) of the Company's revolving credit facilities due to higher than expected maturities, extinguishment of the senior secured notes totaling \$8.8 million and higher interest expense of \$10.3 million.

The Company reported a net loss from continuing operations of \$16.7 million, or \$(0.70) per fully diluted share, for the nine month period ended September 30, 2015, compared to a net loss of \$13.9 million, or \$(0.65) per fully diluted share, for the same period in 2014. The net loss for the nine month period ended September 30, 2015 includes an income tax benefit of approximately \$7.0 million compared to \$2.5 million for the same period in 2014.

As of September 30, 2015, the Company had cash and cash equivalents of approximately \$40.4 million. The Company had 28,130,508 shares outstanding at September 30, 2015 and a book value of \$8.40 per share.

Life Settlements Portfolio Highlights

At September 30, 2015, the estimated fair value of the Company's 634 life insurance policies was \$457.8 million compared to \$388.9 million for 607 life insurance policies at December 31, 2014. The weighted average discount rate was 17.00% at September 30, 2015 compared to 17.77% at December 31, 2014. The aggregate face value of the Company's portfolio of life insurance policies was approximately \$3.0 billion at September 30, 2015. During the quarter, two life settlement policies matured totaling \$3.7 million. Of the life settlement policies that matured in the first nine months of 2015, 13 served as collateral under the revolving credit facilities.

Subsequent to the quarter end, two life settlement policies have matured totaling \$5.9 million. Both policies served as collateral under the revolving credit facilities.

Antony Mitchell, Chief Executive Officer of Emergent, commented: "During the quarter, we closed our second revolving credit facility and retired the Company's senior secured notes." Mr. Mitchell continued, "We are now focused on raising additional debt capital to leverage our second credit facility."

Conference Call

To join the call, please dial toll free (877) 870-4263, or from outside the U.S. (412) 317-0790. 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 esoteric asset classes, primarily 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-

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|--|-------------|--|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousands, except share and per share data) | | | |
| Income | | | | |
| Interest income | \$ 7 | \$ 9 | \$ 16 | \$ 22 |
| Loss on life settlements, net | — | — | — | (426) |
| Change in fair value of life settlements | 2,667 | (3,643) | 43,582 | 19,313 |
| Other income | 95 | 17 | 185 | 72 |
| Total income (loss) | 2,769 | (3,617) | 43,783 | 18,981 |

| | | | | |
|--|------------|------------|------------|-------------|
| Expenses | | | 0 | |
| Interest expense | 8,614 | 4,303 | 21,491 | 11,165 |
| Extinguishment of Secured Notes | 8,782 | — | 8,782 | — |
| Change in fair value of Revolving Credit Facilities | (4,203) | (8,375) | 13,489 | (4,556) |
| Change in fair value of conversion derivative liability | — | — | — | 6,759 |
| Personnel costs | 1,945 | 1,910 | 5,425 | 6,627 |
| Legal fees | 3,370 | 2,943 | 10,345 | 9,121 |
| Professional fees | 1,579 | 1,143 | 5,284 | 3,562 |
| Insurance | 309 | 414 | 966 | 1,253 |
| Other selling, general and administrative expenses | 585 | 544 | 1,671 | 1,365 |
| Total expenses | 20,981 | 2,882 | 67,453 | 35,296 |
| Income (loss) from continuing operations before income taxes | (18,212) | (6,499) | (23,670) | (16,315) |
| Benefit for income taxes | 4,721 | 2,235 | 6,981 | 2,452 |
| Net income (loss) from continuing operations | (13,491) | (4,264) | (16,689) | \$ (13,863) |
| Discontinued Operations: | | | | |
| Income (loss) from discontinued operations | (147) | (249) | (640) | (454) |
| Benefit for income taxes | 34 | — | 224 | — |
| Net income (loss) from discontinued operations | (113) | (249) | (416) | \$ (454) |
| Net income (loss) | (13,604) | (4,513) | (17,105) | (14,317) |
| Basic and diluted income (loss) per share: | | | | |
| Continuing operations | \$ (0.48) | \$ 0.20 | \$ (0.70) | \$ 0.65 |
| Discontinued operations | — | 0.01 | (0.02) | \$ 0.02 |
| Net income (loss) | \$ (0.48) | \$ 0.21 | \$ (0.72) | \$ 0.67 |
| Weighted average shares outstanding: | | | | |
| Basic and diluted | 28,084,254 | 21,361,930 | 23,827,030 | 21,352,086 |

| | September 30, 2015 | December 31, 2014* |
|--|----------------------------------|--------------------------|
| | (Unaudited) | |
| | (In thousands except share data) | |
| ASSETS | | |
| Assets | | |
| Cash and cash equivalents | \$ 31,260 | \$ 51,166 |
| Cash and cash equivalents (VIE) | 9,157 | 3,751 |
| Prepaid expenses and other assets | 1,527 | 1,502 |
| Deposits - other | 1,347 | 1,340 |
| Deposits on purchases of life settlements | — | 1,630 |
| Structured settlement receivables, at estimated fair value | — | 384 |
| Structured settlement receivables at cost, net | — | 597 |
| Life settlements, at estimated fair value | 13,023 | 82,575 |
| Life settlements, at estimated fair value (VIE) | 444,787 | 306,311 |
| Receivable for maturity of life settlements (VIE) | 10,088 | 4,000 |
| Fixed assets, net | 335 | 355 |
| Investment in affiliates | 2,384 | 2,384 |
| Deferred debt costs, net | 1,907 | 3,936 |
| Total assets | \$ 515,815 | \$ 459,931 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 4,817 | \$ 6,140 |
| Accounts payable and accrued expenses (VIE) | 388 | 423 |
| Other liabilities | 419 | 1,256 |
| Interest payable - Convertible Notes | 768 | 2,272 |
| Convertible Notes, net of discount | 57,867 | 55,881 |
| Interest payable - Secured Notes | — | 261 |
| Secured Notes, net of discount | — | 24,036 |
| White Eagle Revolving Credit Facility, at estimated fair value (VIE) | 157,946 | 145,831 |

| | | |
|---|------------|----------|
| Red Falcon Revolving Credit Facility, at estimated fair value (VIE) | 55,685 | — |
| Deferred tax liability | 1,524 | 8,728 |
| Total liabilities | 279,414 | 244,828 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Common stock (par value \$0.01 per share, 80,000,000 authorized; 28,130,508 and 21,402,990 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively) | 281 | 214 |
| Preferred stock (par value \$0.01 per share, 40,000,000 authorized; 0 issued and outstanding as of September 30, 2015 and December 31, 2014) | — | — |
| Treasury Stock, net of cost (65,621 and 0 shares as of September 30, 2015 and December 31, 2014, respectively) | (348) | — |
| Additional paid-in-capital | 305,389 | 266,705 |
| Accumulated deficit | (68,921) | (51,816) |
| Total stockholders' equity | 236,401 | 215,103 |
| | | \$ |
| Total liabilities and stockholders' equity | \$ 515,815 | 459,931 |

* Derived from audited consolidated financial statements.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|--------------|---------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Period Acquisitions — Policies Owned | | | | |
| Number of policies acquired | 3 | 2 | 41 | 2 |
| Average age of insured at acquisition | 85.4 | 84.5 | 85.0 | 84.5 |
| Average life expectancy - Calculated LE (Years) | 5.6 | 5.6 | \$ 5.4 | 5.6 |
| Average death benefit | \$ 6,232 | 7,176 | \$ 2,924 | 7,176 |
| Aggregate purchase price | \$ 2,679 | 3,488 | \$ 30,534 | 3,488 |
| End of Period — Policies Owned | | | | |
| Number of policies owned | 634 | 595 | 634 | 595 |
| Average Life Expectancy - Calculated LE (Years) | 10.0 | 11.0 | 10.0 | 11.0 |
| Aggregate Death Benefit | \$ 2,997,903 | \$ 2,888,289 | \$ 2,997,903 | \$ 2,888,289 |
| Aggregate fair value | \$ 457,810 | \$ 350,383 | \$ 457,810 | \$ 350,383 |
| Monthly premium — average per policy | \$ 8.9 | \$ 7.6 | \$ 8.9 | \$ 7.6 |

Logo - <http://photos.prnewswire.com/prnh/20150902/263203LOGO>

SOURCE Emergent Capital, Inc.