

BRITAM HOLDINGS PLC 1H2024 EARNINGS UPDATE

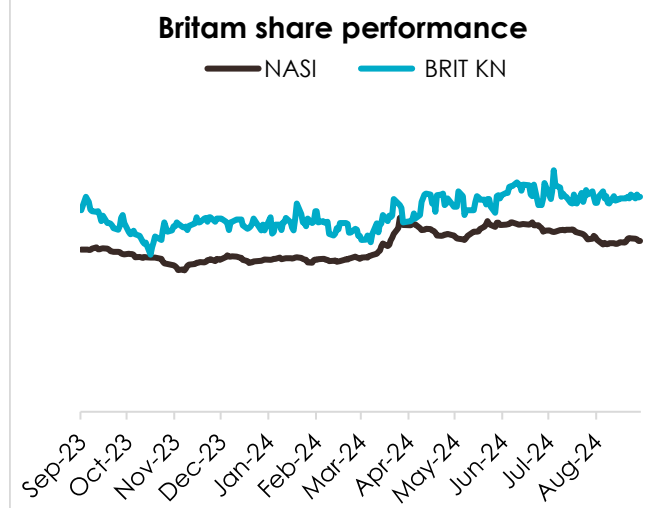
Britam Holdings released **1H2024** financial results posting a **22.6%** increase in **PAT** to KES 2.0Bn. The performance was on the back of a 150% increase in net investment income but was weighed down by a 161.2% increase in net insurance finance expenses during the year.

The **earnings per share** rose to **KES 0.80** from KES 0.65 in the previous period.

PERFORMANCE HIGHLIGHTS

- **Total earnings:** Net earnings grew by 22.6% to KES 2.0Bn from KES 1.6Bn on the back of 150% growth in net investment income.
- The Group's PBT increased by 18% to KES 2.8Bn in 1H2024 from KES 2.4Bn recorded the same period last year. The performance was on the back of prudent cost management practices, coupled with enhanced revenue streams from both insurance and investment activities.
- Britam however, experienced a 58.4% decline in other comprehensive income compared to the previous period, primarily due to the appreciation of the KES against the currencies of its regional subsidiaries.
- **Net insurance finance expenses:** Finance expenses related to insurance recorded a significant growth by 484.8% to KES 1.1Bn. Additionally, other operating expenses increased by 57.9% to KES 747Mn weighing down on the Group's bottom-line.
- **Insurance revenue:** Despite challenging macroeconomic conditions, which included high inflation and elevated interest rates, insurance revenue increased by **7.4%** to KES 17.8Bn. This growth was driven by strong performance of the Kenya insurance business and the regional general insurance operations, which together accounted for 30% of the total insurance revenue.

Share Data	Britam Holdings Plc
Current Price (KES)	5.68
52WK High (KES)	6.48
52WK Low (KES)	4.01
No. of shares issued (Bn)	2.52
Market Cap (KES Bn)	16.42
Annualized EPS (FY'24)	KES 1.60
P/E	4.18x
P/B	0.54x
DPS	Nil
Current Price = VWAP as at 29th August 2024	



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The net insurance result however declined by 12.7% to KES 2.1 Bn, primarily due to a 25.2% increase in net expenses from reinsurance contracts held.

- **Net investment income:** Rose significantly by 150% to KES 13.3Bn driven by 34.1% and 17.6% increase in interest and dividend income and net income from investment property, respectively.
- Notably, the increase in the Group's interest and dividend income for the period was partly fueled by revenue growth and the strategic realignment of the Group's investment portfolio to enhance and stabilize yields.
- **Insurance finance expense:** Net insurance finance expenses increased significantly by 161.2% to KES 12.3Bn due to a substantial uptick in costs for the deposit administration business.
- **Balance Sheet position** - The Group's balance sheet remains robust, with total equity increasing to KES 26.6Bn from KES 25.7Bn reflective of a strengthened financial position and underscores its ability to weather economic uncertainties.
- Total asset base also increased by 9.1% to KES 43.8Bn pointing to a robust balance sheet.

FINANCIAL SUMMARY

Britam Holdings PLC	Key Metrics Y/Y
Net Insurance Service Result	▼ 12.7% to KES 2.11Bn
Net Investment Income	▲ 150.0% to KES 13.27Bn
Net Insurance Finance Expenses	▲ 161.2% to KES 12.31Bn
Net Insurance and Investment Result	▲ 1.8% to KES 1.55Bn
Profit Before Taxation	▲ 18.0% to KES 2.81Bn
Taxation	▲ 112.8% to KES 0.35Bn
Profit After Tax	▲ 7.8% to KES 0.80Bn
EPS	▲ 23.1% to KES 0.80
Total Assets	▲ 8.3% to KES 188.82Bn

Source: Company financials, NCBA IB Research

OUTLOOK

The Group remains dedicated to driving sustainable growth and maximizing shareholder value by focusing on cost efficiency and optimizing the balance sheet by continuing to execute the **2021-2025 strategy**.

Britam has made significant progress in its key strategic initiatives, including **digitization, sustainability**, and the optimization of **distribution network**. It intends to continue investing in system upgrades to further enhance customer experience and advance their digital transformation journey.

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