

Britam Holdings Plc – Earnings Update H1-2020

- Britam Holdings Plc reported KES 1.64Bn loss in H1-2020 compared to a profit of KES 1.86Bn in H1-19. The insurer Loss before tax stood at KES 2.31Bn against a profit before tax of 2.43Bn over the same period. The heavy loss emanated from losses on unearned gains of KES 3.22Bn.
- Britam Holdings weathered the effects of COVID-19 pandemic to the economy to recorded 8.7% y-y increase in gross commission and investment income to KES 14.06Bn from KES 12.93Bn in H1-19. Net written premiums edged up by 5.0% y-y to KES 11.68Bn from 11.12Bn.
- The gross earned revenues performance was attributed to international general insurance business which recorded 34% increase contributing to 23% in gross earned premiums and contributing KES 575Mn to profits.
- Investment income increased by 33.5% with preferred shift to fixed income from equities. This pushed investment income contribution to total income from 16.1% in H1-19 to 28.1% in H1-2020.
- Total income declined by 23.6% to KES 12.94Bn from KES 16.94Bn. This was due to fair value loss of KES 3.10Bn from depressed listed stock and KES 0.93Bn property revaluation loss on depressed property market due to low occupancy levels.
- Expenses were up 4.4% as claims and benefit increased by 22.3%. This affected claims and benefit to net earned revenues pushing it higher to 69.4% from 59.6% in H1-19.
- Balance sheet saw assets increase by 12.9% y-y with shareholders' funds easing by 2.6% to KES 25.14Bn from KES 25.582Bn. Return on Average Assets (ROaA) improved to 0.2% from -1.3% while Return on Average Equity (ROaE) declined to 15.4% from 26.6% on lower profitability.

Bloomberg Ticker: BRIT KN

Share Stats

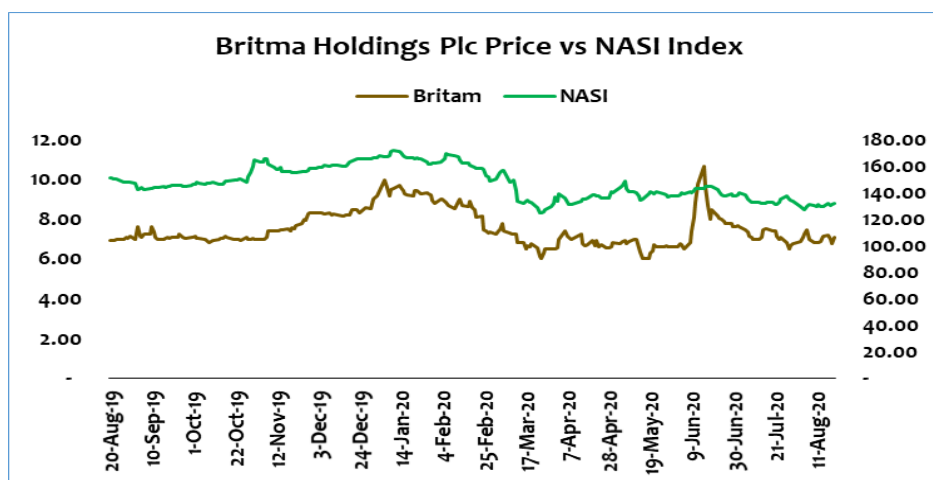
Current Price	7.10
52 Week Average	7.52
52 Week High	10.65
52 Week Low	6.00
Issued shares Mn	2,523.49
Free Float	48.80%
Market Cap (KES Bn)	17.92
Market Cap (USD Mn)	165.04
EPS (LTM)	0.1
P/E (LTM)	71.0
PB (LTM)	0.6

Profit and Loss KES Mn

	H1-2019	H1-2020	y-y %Δ
Gross Earned Premium and Fund Mgmt Fee	12,930	14,056	8.7%
Net Written Premium	11,125	11,682	5.0%
Investment income	2,724	3,637	33.5%
Total Income	16,942	12,943	-23.6%
Net Claims and Policy Holders Benefits	(6,631)	(8,110)	22.3%
Total expenses	(14,469)	(15,109)	4.4%
PBT	2,426	(2,308)	-195.1%
PAT	1,673	(1,635)	-197.7%
EPS	0.66	(0.65)	-198.5%

Balance Sheet KES Mn

	H1-201	H1-2020	y-y %Δ
Total assets	113,786	128,507	12.9%
Equity	25,818	25,140	-2.6%
Total liabilities	87,968	103,367	17.5%



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- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 10% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 5% and 10%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of -5% to +5%.
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- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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