



PRESS RELEASE

CONTINENTAL REINSURANCE PLC ANNOUNCES A 60% INCREASE IN PROFIT

Lagos, 14th March 2017: Continental Reinsurance Plc has announced its 2016 audited year-end results which show an increase of 60% in profit before tax from N2.92billion in 2015 to N4.65billion. Gross premium income at N22.41billion is 14% higher than the N19.74billion reported in 2015.

In a challenging macro-economic and market environment across the continent and adverse claims experience resultant from significant outlays on a couple of large property claims in Nigeria, underwriting performance was muted. However, group net investment and other income improved substantially from N1.85billion in 2015 to N4.87billion in 2016, a 162% increase, underpinned by a strong investment result bolstered by gains on hard currency assets. Underwriting profit for 2016 was N414million, down from N 2.05billion in 2015.

Commenting on the results, Dr Femi Oyetunji, Group Managing Director / CEO said, "Despite varied developments and widely contrasting fortunes in individual business lines in our underwriting portfolio, our geographic diversity and varied asset mix cushioned us. We continued to see sturdy growth and profitability in some regions and overall maintained strong group performance."

The global commodity price melt-down and its impact on the hydro-carbon sector and the devaluation of the Nigerian Naira remain disconcerting factors for the business. However, market analysts believe that current local intervention strategies and the upturn in the global economy justify general optimism regarding a sustained turnaround and a recovery and repositioning of the Nigerian economy for greater productivity and growth.

"It was the realization of the likelihood of shocks in our principal market, and vulnerability to portfolio concentration, that made us commit to diversification as a core element of our strategy. We continue to see stability and strong traction in specific locations across our network and our pan-African footprint allows us ample room to counterbalance local volatility and hedge downside risks in our investments portfolio."

Dr Oyetunji added, "Even as new risks emerge, we will persist in our efforts to grow our business by expanding our client base, building partnerships, and excelling in localized service delivery. We are also focused on improving the profitability of our business through better risk selection, more efficient distribution, process improvement, cost optimization and judicious asset management. We look forward to continuing to report results that reflect the overall net positive impact of these actions in the years ahead."

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Summary of performance

Income Statement:

- Gross premium income; N22.41billion, up from N19.74billion in 2015 giving a 14% year-on-year growth.
- Claims expenses; N10.93billion in 2016 compared to N8.75billion in 2015, an increase of 25%.
- Underwriting profit; N414 million in 2016, down from N2.05billion in 2015 (80% year-on-year decrease).
- Net investment and other income; N4.87billion in 2016, a 162% growth compared to N1.86billion in 2015.
- Profit before tax; N4.65billion in 2016, up from N2.92billion in 2015, an increase of 60%.
- Profit after tax; N3.12billion in 2016, up by 46% from N2.14billion in 2015.

Statement of Financial Position:

- Total assets; N40.25billion in 2016, up from N29.67billion in 2015, a 36% year-on-year growth.
- Investment portfolio; grew by 37% to N22.44billion in 2016 from N16.38billion in 2015.
- Reinsurance reserves; N13.75billion in 2016, up by 24% from N11.08billion in 2015.
- Shareholders' fund; N19.73billion in 2016, up by 27% from N15.54billion in 2015.

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About Continental Reinsurance:

Continental Reinsurance is the largest private pan-African reinsurer, outside South Africa, writing business in more than 50 countries across the African continent.

Established in 1985, and listed on the Nigerian Stock Exchange (NSE) in 2007, Continental Reinsurance provides support to over 200 insurance companies in Africa with its main offices in Nigeria, Cameroon, Kenya, Côte d'Ivoire, Tunisia and Botswana. It also has a specialist subsidiary – Continental Property and Engineering Risk Services (CPERS) – registered in South Africa.