



PRESS RELEASE

Continental Re releases full-year results with strong top and bottom-line growth

Lagos, 21st March 2019: Leading private pan-African reinsurer, Continental Reinsurance Plc has reported its full-year results for 2018 that show a 22% increase in pretax profit. Gross premium income increased by a sturdy 15% to N34.19billion while underwriting profit stood at N1.18billion. Pre-tax profit rose to N4.36billion in 2018, from to N3.57billion in 2017 with investment income growing strongly by 44% to N5.36billion.

Given the potential cyclicity of reinsurance underwriting business, the composition and structure of earnings reflect the benefits of the Groups geographically diversified operations that give it flexibility in generation of topline, enabling it to offset the impact of localized adverse claims experience with better quality premiums from other regions, and, broad asset mix and investment management prowess, that smoothens the volatility of underwriting earnings.

“Market and business-cycle insight are key,” said Group Managing Director, Dr. Femi Oyetunji. “It’s about deploying the right strategy and having the right operational balance. We have resources with deep local knowledge of the diverse environmental dynamics across Africa who marry their insights with strong technical capabilities to achieve sustainable positive outcomes in both our underwriting and asset management activities. I must say that our Group has once again shown resilience with our teams optimizing production and maximizing return on investments.”

Group top-line growth was driven by its deepening pan-African presence. From a segment perspective Southern Africa, Eastern Africa, Central Africa and Francophone Western Africa grew at strong double-digit rates of 48%, 25%, 24% and 12% respectively, whilst Northern Africa and Anglophone Western Africa grew by 6% and 4% respectively.

Product mix remained stable with Fire and Engineering accounting for 54%, followed by General Accident at 16%, Life at 12%, Energy at 8%, Marine at 7% and Liability accounting for 5% of the gross written premium.

“Going forward, the work of orchestrating the strengthening of our regional operations persists with a focus on continuous renewal of our talent base, our solutions offering, our operating model, our core processes and the technology we deploy, in order to embed the assimilation of our brand and our distinctive value proposition into the evolving, and increasingly sophisticated African market,” added Dr. Oyetunji.

MORE

In 2018, Continental Reinsurance completed the incorporation and capitalization of a subsidiary office for its CIMA region. “Based on strategic priorities, we have so far successfully rolled out fully fledged subsidiaries in three regions with initiatives underway to execute in the remaining one. Localization has hitherto facilitated better synergies and market strength and translated to strong growth. We expect this to be replicated in the CIMA region.”

The Company manages its Anglophone Western African business through a branch office in its head office in Nigeria, its subsidiary based in Botswana handles its Southern African operations, the Kenya subsidiary handles the Eastern operations, while its Tunis office caters for the Northern African/Maghreb region. The CIMA region is catered for by offices in Abidjan and Douala.

The Group is optimistic regarding favourable African macro- economic prospects in 2019 that should positively impact growth and performance.

Summary of performance

Income Statement:

- Gross premium income; N34.19billion, up from N29.67billion in 2017 giving a 15% year-on-year growth.
- Claims expenses; N10.72billion in 2018 compared to N10.65billion in 2017, a marginal increase of 0.6%.
- Underwriting profit; N1.18billion in 2018, compared to N1.30 billion in 2017 representing a 9% decrease year-on-year.
- Investment and other income; N5.35billion in 2018, a 44% growth over N3.71billion in 2017.
- Profit before tax; N4.36billion in 2018, compared to N3.57billion in 2017, an increase of 22%.
- Profit after tax; N3.32billion in 2018, compared to N2.47billion in 2017, an increase of 34%.

Statement of Financial Position:

- Total assets; N57.64billion in 2018, up from N43.13billion in 2017, a 34% year-on-year growth.
- Investment portfolio; an increase of 23%, at N29.81billion in 2018 compared to N24.31billion in 2017.
- Reinsurance reserves; N23.26billion in 2018, up by 29% from N17.97billion in 2017.
- Shareholders’ fund; N28.95billion in 2018, up by 39% from N20.78billion in 2018.

END