Enterprise Group Plc 9M2025 Results

Current rating **UNDER REVIEW**

Current Price: **GHS 3.45**

Ghana | 05 November 2025

Margins pressured despite topline growth and investment gains

Enterprise Group Plc's (EGL) 9M2025 results showed a 7.1% y/y decline in profit after tax to GHS 289.2mn, from GHS 311.2mn in the same period last year. The decline reflected weaker reinsurance outcomes, a sharp rise in net insurance finance expenses, and higher operating costs, which outweighed strong insurance and investment income growth. Insurance revenue increased 10.9% y/y to GHS 1.33bn, supported by volume gains across life and non-life businesses. Investment income surged 232.8% y/y to GHS 411.0mn, driven by higher yields and an expanded securities portfolio. However, these gains were offset by a GHS 175.4mn reinsurance loss, a 224.7% jump in insurance finance expenses to GHS 274.0mn, and a GHS 50.1mn loss in other income. On the balance sheet, total assets expanded 26.4% y/y to GHS 4.6bn, supported by a 40.7% increase in investment securities to GHS 3.0bn. Equity improved 3.7% y/y to GHS 1.77bn, reflecting retained earnings and reserve transfers. Despite margin pressures, operating cash flow remained strong, rising to GHS 690.9mn. Looking ahead, we believe the continued decline in discount rates could further elevate the value of insurance liabilities and increase finance expenses. Profitability will depend on stable reinsurance recoveries, disciplined cost management, and the sustainability of investment income gains.

9M2025 Performance: Margins under strain despite resilient growth

- Profit after tax declined 7.1% y/y to GHS 289.2mn, reflecting higher finance and operating costs.
- Insurance revenue rose 10.9% y/y to GHS 1.33bn, supported by growth across life and non-life segments.
- Net reinsurance results deteriorated to a loss of GHS 175.4mn, from a gain of GHS 1.6mn in 9M2024, due to weaker recoveries.
- Net insurance finance expense surged 224.7% y/y to GHS 274.0mn, reflecting lower discount rates and liability revaluation effects.
- Other income swung to a loss of GHS 50.1mn, compared to a gain of GHS 20.4mn last year, impacting earnings quality.
- Operating expenses increased 23.0% y/y to GHS 253.0mn, driven by inflation (17.3% average inflation in 9M2025) and expansion-related costs.
- Investment income jumped 232.8% y/y to GHS 411.0mn, supported by higher interest yields and portfolio growth.
- Investment securities expanded 40.7% y/y to GHS 3.0bn, underscoring a stronger income-oriented investment stance.
- Operating cash flow rose to GHS 690.9mn, highlighting solid cash generation despite margin compression.
- Total equity grew 3.7% y/y to GHS 1.77bn, supported by retained earnings and reserve transfers, though FX translation losses of GHS 4.9mn reduced comprehensive income.
- Earnings per share declined to GHS 1.085, from GHS 1.188 in 9M2024, consistent with the lower profit outturn.

Outlook: EGL Positioned to Leverage Improving Macros and Structural Reforms

We believe Enterprise Group Plc (EGL) is well positioned to capitalise on Ghana's improving macroeconomic and regulatory landscape. The disinflation trend, anticipated policy rate cuts, and expanding bancassurance opportunities are set to unlock earnings upside, while the company's continued digital transformation should enhance efficiency and long-term competitiveness.

- **Disinflation to Support Premium Growth and Margin Recovery:** We expect the ongoing disinflation trend to lift real household incomes and improve consumer purchasing power, enabling policyholders to upgrade to higher-value or longer-term insurance packages. In our view, this will translate into stronger premium income growth across both life and non-life segments. Lower inflation should also ease claims inflation and administrative expenses, support margin recovery and improve cost efficiency in 4Q2025.
- **Declining Policy and Market Rates to Ease Funding Pressures**: We anticipate that the expected policy rate cuts and downward movement in market yields will reduce EGL's funding and financing costs while stabilising investment returns. Although lower discount rates will increase the present value of insurance liabilities, we believe this impact will be partly offset by portfolio revaluation gains and lower operating costs. In our opinion, the net effect will be neutral to slightly positive for earnings, depending on the company's asset-liability alignment.
- **Bancassurance and Regulatory Tailwinds to Deepen Market Reach:** In our view, the new Bancassurance Directives issued by the Bank of Ghana in September 2025 will provide a structured framework for insurer–bank collaborations, enabling EGL to expand its distribution footprint through partner banks and SDIs. We expect this to unlock cross-selling potential and improve premium collection efficiency. At the same time, the National Insurance Commission's (NIC's) market sanitisation efforts, stricter claims payment enforcement, and enhanced oversight will strengthen consumer confidence and elevate industry discipline, creating a more credible operating environment for top-tier players like EGL.

- **Digital Expansion to Drive Efficiency and Scale**: We believe EGL's continued investment in digital platforms, analytics, and automation will enhance customer acquisition, policy servicing, and claims management. These capabilities will not only reduce turnaround times but also expand access to younger, tech-savvy customers and underpenetrated markets. In our opinion, digital scalability will be central to sustaining revenue momentum and controlling cost escalation in a lower-inflation environment.

Valuation: Under Review

- EGL is trading at a P/B value of 0.3x and we intend to re-initiate coverage on the stock soon.

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