

Enterprise Group Plc FY2025 Results

Current rating **UNDER REVIEW**

Current Price: **GHS 3.54**

Year-to-date: 11.3%

Ghana | 03 February 2026

Underwriting Strength Overshadowed by Insurance Finance Volatility

Enterprise Group Plc (EGL) released its FY2025 unaudited results on 30 January 2026, churning out a solid underwriting expansion but weaker overall earnings, largely driven by insurance finance volatility under IFRS 17. Profit after tax declined 7.8% y/y to GHS 337.8m as a sharp increase in insurance finance expenses, weaker reinsurance recoveries and adverse fair value movements offset strong insurance service and investment income growth. Insurance revenue rose 11.3% y/y to GHS 1.76bn, supporting a 79.1% increase in insurance service result to GHS 488.2m, driven by improved underwriting discipline and claims containment. However, insurance finance expense surged 401.9% y/y to GHS 451.5m, reflecting discount rate adjustments and liability remeasurements amid compressed interest rates. Consequently, net insurance service result declined 77.9% y/y to GHS 43.1m, highlighting earnings sensitivity to interest rate movements despite underlying underwriting improvements. Net investment income increased 20.4% y/y to GHS 511.4m, supported by higher yields and portfolio growth. Nonetheless, non-underwriting income was moderated by a GHS 8.8m fair value loss on investment property compared with a GHS 133.6m gain in FY2024. Operating expenses rose 13.5% y/y to GHS 341.7m, reflecting continued investment in digital platforms, distribution channels and business expansion. Operating cash flow strengthened 28.0% y/y to GHS 964.5m, supported by strong premium collections and improved working capital management. Investment outflows of GHS 651.3m reflected continued portfolio expansion, reinforcing future income generation capacity. Overall profitability remains sensitive to interest rate volatility, reinsurance recovery trends and cost discipline. With interest rates forecast to stabilise in the year ahead, we expect insurance finance expense volatility to ease following the sharp liability revaluation impact seen in 2025. While rates remain on a gradual decline, a more stable yield environment should support earnings stability and reduce pressure on overall profitability in 2026.

FY2025 Performance: Earnings strain persist despite strong underwriting and investment growth

- Profit before tax declined 20.7% y/y to GHS 405.5m, while PATJ fell 7.8% y/y to GHS 337.8m, supported by a lower effective tax rate.
- Insurance revenue grew 11.3% y/y to GHS 1.76bn, reflecting sustained premium growth across life and non-life segments.
- Insurance service result increased 79.1% y/y to GHS 488.2m, driven by improved claims experience and stronger underwriting margins.
- Insurance finance expense surged 401.9% y/y to GHS 451.5m due to discount rate movements and liability remeasurement effects, resulting in a 77.9% decline in net insurance service result to GHS 43.1m (FY2024: GHS 195.1m).
- Net investment income rose 20.4% y/y to GHS 511.4m, supported by improved yields and growth in interest-earning assets.
- Other revenue increased 20.4% y/y to GHS 178.5m, although overall non-underwriting income was moderated by adverse investment property valuation movements.
- Operating expenses increased 13.5% y/y to GHS 341.7m, reflecting continued investment in technology infrastructure, and distribution expansion.
- Investment securities expanded 22.4% y/y to GHS 3.0bn, reinforcing EGL's income-generating asset base.
- Insurance contract liabilities rose 26.0% y/y to GHS 2.05bn, reflecting premium growth and actuarial remeasurements.
- Total equity increased 16.3% y/y to GHS 1.81bn, supported by retained earnings accumulation despite FX translation losses.
- Earnings per share declined to GHS 1.263 from GHS 1.414 in FY2024, consistent with the lower profitability.

Outlook: Structural Growth Tailwinds Tempered by Margin Pressures

We expect Enterprise Group Plc to benefit from improving macroeconomic conditions, increasing insurance penetration and regulatory reforms that favour well-capitalised industry players. However, earnings recovery is likely to remain sensitive to interest rate dynamics, competitive pricing pressures and execution of digital efficiency gains.

- **Disinflation to Catalyse Real Premium Growth & Margin Expansion:** We expect the sustained disinflation trend to improve household purchasing power and corporate risk appetite, supporting growth in long-term life and general insurance products. The lower inflation should also moderate claims cost escalation, particularly within motor and medical segments, supporting gradual underwriting margin recovery. However, competitive pricing pressures across the industry could partially offset margin expansion.
- **Monetary Easing to Pivot Revenue Mix Toward Underwriting Profit:** We forecast declining interest rates to pressure investment yields as insurers reinvest maturing securities and new collections at lower returns. That said, finance-related earnings volatility should moderate as interest rate movements become more predictable, limiting valuation swings in discounted insurance liabilities. We also expect the lower rates to stimulate private sector credit growth, supporting demand for

credit life, bancassurance transition from sovereign paper to retail lending. We expect EGL to increasingly rely on technical underwriting profitability as investment yield tailwinds normalise.

- **Regulatory Flight to Quality & Market Consolidation:** We believe the [Local Marine Cargo Insurance directive](#) and the shift to Risk-Based Capital (RBC) will act as a structural filter, accelerate industry consolidation and favour financially strong insurers. We believe EGL's robust capital base, diversified product suite, and AAA-rated claims-paying ability position the Group to benefit from a flight to quality as large corporate and oil & gas clients migrate from under-capitalised insurers. This will enable EGL to capture higher-value underwriting opportunities and lead local consortiums for complex marine and energy risks previously ceded offshore.
- **Digital Scalability as a Moat for Operational Leverage:** We believe EGL's continued investment in digital platforms, analytics, and automation will enhance customer acquisition, policy servicing, and claims management. In our opinion, these capabilities will not only reduce turnaround times but also expand access to younger, tech-savvy customers and underpenetrated markets. We anticipate that the integration of the Ghana Card for instant KYC, coupled with automated claims processing, will allow EGL to scale its retail footprint without a linear increase in OPEX. We expect this digital efficiency to be the primary driver of earnings resilience as the Group navigates a more competitive, lower-yield environment.

Valuation: Under Review

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

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