Enterprise Group Plc 1H2026 Results

Current rating **UNDER REVIEW**

Current Price: **GHS 10.02**
Year-to-date: 187.9%

Ghana | 12 August 2026

Core Underwriting Discipline and Investment Returns Drive Earnings Recovery

Enterprise Group Plc (EGL) released its 1H2026 unaudited results for the period ended 30 June 2026, delivering solid top-line insurance revenue expansion and strong profitability growth, supported by robust core insurance performance and investment income. Profit after tax rose 26.3% y/y to GHS 204.9m, driven by higher insurance revenue, disciplined underwriting gains, and an expansion in net investment returns. Insurance revenue grew 4.8% y/y to GHS 900.7m, underpinning an 11.1% increase in the insurance service result to GHS 264.4m, thanks to sustained claim containment and sound underwriting discipline. Insurance finance expense increased 20.6% y/y to GHS 156.3m, reflecting ongoing discount rate adjustments and liability remeasurement dynamics under IFRS 17. Owing to this, net insurance service result contracted 8.8% y/y to GHS 103.7m, highlighting the impact of compressed rates on insurance finance expense discount factor. Net investment income increased 17.3% y/y to GHS 239.1m, driven by higher portfolio yields and expanding interest-earning assets. Non-underwriting income was further bolstered by other revenue rising 25.9% y/y to GHS 106.1m, while total other income losses narrowed significantly to a net loss of GHS 5.3m from GHS 37.3m in 1H2025. Operating expenses increased 5.2% y/y to GHS 185.4m, demonstrating strict cost discipline alongside continued business scaling and distribution operations. Operating cash flow expanded substantially by 94.1% y/y to GHS 808.2m, underpinned by strong operational collection efficiency. Net investment securities outflows of GHS 571.8m reflected continued strategic portfolio allocation into yield-accretive instruments.

Overall, core earnings show strengthening momentum and lower volatility as underwriting discipline and robust investment performance offset finance expense pressures. With Treasury yields stabilising, steady operational performance and cost management should keep earnings on a positive trajectory through 2H2026.

1H2026 Performance: Solid top-line momentum and disciplined cost control drive profit recovery

- Profit before tax increased 35.1% y/y to GHS 256.5m, while Profit After Tax (PAT) rose 26.3% y/y to GHS 204.9m.
- Insurance revenue grew 4.8% y/y to GHS 900.7m, supported by steady expansion in underwriting premiums across key operational lines.
- Insurance service result rose 11.1% y/y to GHS 264.4m, reflecting robust claim control and favorable underwriting margins.
- Insurance finance expense grew 20.6% y/y to GHS 156.3m, driving an 8.8% y/y decline in net insurance service result to GHS 103.7m (1H2025: GHS 113.8m).
- Net investment income increased 17.3% y/y to GHS 239.1m, driven by improving yields and an expansion in earning assets.
- Other revenue surged 25.9% y/y to GHS 106.1m, providing additional non-underwriting support to total net income.
- Operating expenses rose moderately by 5.2% y/y to GHS 185.4m, demonstrating effective operational efficiency and cost containment.
- Investment securities expanded 43.1% y/y to GHS 3.75bn, reinforcing the group's income-generating asset capacity.
- Insurance contract liabilities grew 29.1% y/y to GHS 2.41bn, reflecting underlying portfolio growth and actuarial valuation updates.
- Total equity increased 19.5% y/y to GHS 2.03bn, bolstered by continuous retained earnings accumulation.
- Earnings per share rose to GHS 0.810 from GHS 0.583 in 1H2025, reflecting robust growth in overall profitability.

Outlook: Underwriting Growth and Digitalisation to Offset Yield Compression

Improving Macro Conditions to Support Underwriting Recovery

- We believe improving macroeconomic conditions will support Enterprise Group Plc's (EGL) earnings outlook, with lower inflation expected to strengthen household purchasing power and corporate risk appetite. We expect inflation to remain in the low-to-mid single digits, which should support demand for long-term life and general insurance products while easing claims-cost pressures, particularly across the motor and medical segments. In our view, this should support a gradual recovery in underwriting margins. However, we remain mindful that intense industry competition and aggressive pricing could limit the extent of margin expansion. We therefore expect EGL to increasingly rely on technical underwriting profitability as investment income tailwinds normalise.
- We also expect the decline in interest rates to stimulate private-sector credit growth, supporting demand for credit-life products and bancassurance as financial intermediation gradually shifts away from sovereign securities towards private-sector lending. In addition, we believe the Local Marine Cargo Insurance directive should create opportunities for EGL to capture higher-value underwriting business and participate in local consortiums for complex marine and energy risks that were previously ceded offshore. However, the near-term earnings benefit may be limited, as premiums collected ahead of claims settlement are recognised as insurance contract liabilities rather than immediate profit.

Lower Interest Rates to Weigh on Investment Income

- Although interest rates have briefly trended upwards, we anticipate that the renewed decline in inflation will limit the scope for a sustained rise in rates. We therefore expect lower yields to place increasing pressure on EGL's investment income, particularly as new premium collections are reinvested into lower-yielding assets. This represents a key earnings headwind given the Group's significant investment portfolio.
- We also expect lower discount rates to increase the present value of future insurance cash flows and, consequently, insurance contract liabilities. In our opinion, the resulting changes in discount rates and the unwinding of these discounts could increase insurance finance expenses, further weighing on the net insurance finance result. Against this backdrop, we believe EGL's earnings growth will increasingly depend on stronger underwriting performance to offset the normalisation of investment yields.

Digitalisation and Capital Strength to Support Long-Term Resilience

- We believe EGL's continued investment in digital platforms, data analytics and automation will strengthen its competitive position and support earnings resilience over the medium term. The integration of Ghana Card-based KYC, automated claims processing and digital policy servicing should improve turnaround times, enhance customer acquisition and expand access to younger and underpenetrated customer segments. In our opinion, these capabilities should allow EGL to grow its retail footprint without a corresponding linear increase in operating expenses.
- We also believe EGL's robust capital position, diversified product offering and strong claims-paying capacity leave it well positioned to benefit from regulatory changes and capture larger underwriting opportunities. As the industry adjusts to a lower-yield environment and competitive pricing pressures persist, we expect EGL's combination of underwriting discipline, regulatory opportunities and digital efficiency to become increasingly important drivers of earnings resilience.

Valuation: Under Review

- EGL is currently trading at a P/B value of 0.8x and we intend to re-initiate coverage on the stock soon.

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