Enterprise Group Plc 9M2026 Results

Ghana | 05 November 2026

Current rating: **ACCUMULATE**

Current Price: **GHS 8.50** | Current Fair Value: **GHS 9.69** | Upside: **14.0%**

Rate Relief Lifts Earnings

Rating Summary

We re-initiate coverage on Enterprise Group PLC ("EGL") with an ACCUMULATE rating (vs UNDER REVIEW at 1H2026), with a fair value of GHS 9.69 per share against a current market price of GHS 8.50, implying a 14.0% upside. EGL's 9M2026 results were strong, with profit after tax up 35.2% y/y to GHS 390.9mn. Our valuation uses a risk-free rate of 14.49%, the average yield on the newly issued 7-year and 4-year bonds. We add a 5.0% risk premium in place of CAPM because EGL's beta is not statistically valid. The 15.2% decline in the share price since our 1H2026 update (GHS 10.02) is what opens the upside.

Our optimism comes with two caveats:

- **Earnings quality.** Growth came mainly from a 42.3% y/y fall in net insurance finance expense, which depends on interest rates. Net investment income fell 20.9% y/y, and the insurance service result rose only 3.6% y/y.
- **Shareholder returns.** About a third of group profit goes to minority shareholders, and the dividend yield is only about 1.9%.

We expect EPS growth (9M2026: +38.3% y/y) to moderate in 4Q2026 as the boost from lower finance costs fades.

9M2026 Earnings Update: Finance Cost Relief Drives Earnings as Investment Income Softens

Enterprise Group Plc (EGL) released its 9M2026 unaudited results for the period ended 30 September 2026 on 29 October 2026. The results showed steady insurance revenue growth and strong profitability, driven mainly by a sharp fall in insurance finance expense and a rebound in other income, which more than offset weaker investment returns. Profit after tax rose 35.2% y/y to GHS 390.9mn (3Q2026: GHS 186.0mn), with attributable PAT up 38.4% y/y to GHS 256.6mn. Insurance revenue grew 5.8% y/y to GHS 1.4bn, supporting a 3.6% increase in the insurance service result to GHS 370.7mn. Insurance service expenses (+6.0% y/y) and net reinsurance expenses (+9.5% y/y) grew faster than revenue, so the service margin eased 0.6pp to 26.4%. Net insurance finance expense declined 42.3% y/y to GHS 158.0mn, with only GHS 1.7mn recognised in 3Q2026, likely reflecting favourable discount rate movements under IFRS 17. Owing to this, net insurance service result more than doubled (+126.3% y/y) to GHS 203.0mn, reversing the 8.8% contraction recorded in 1H2026. Net investment income declined 20.9% y/y to GHS 319.0mn as lower portfolio yields cut investment income by 19.2% y/y, and 3Q2026 contributed only GHS 79.9mn. Non-underwriting income was bolstered by other revenue rising 26.4% y/y to GHS 164.0mn, while other income swung to a GHS 58.0mn gain from a GHS 29.1mn loss in 9M2025, lifting total other income 120.6% y/y to GHS 222.1mn. Operating expenses increased 9.6% y/y to GHS 277.1mn, ahead of insurance revenue growth. Net income grew faster (+25.3% y/y), however, the cost-to-income ratio improved 5.4pp to 37.2%. Net operating cash flow expanded 43.4% y/y to GHS 986.6mn, underpinned by strong premium collections.

Overall, we believe EGL's earnings recovery is intact, but its drivers have changed. In 1H2026, investment income carried the result. In 9M2026, lower insurance finance costs did the heavy lifting. Neither is fully within management's control, and both depend on interest rates. The next phase needs to come from underwriting. We believe pricing discipline, claims containment and growth in the retail and bancassurance channels will be critical to keeping the momentum as rate-driven tailwinds normalise.

9M2026 Performance: Strong Headline, Softer Core

Underwriting and Insurance Performance

- Insurance revenue increased 5.8% y/y to GHS 1.4bn, supported by steady premium growth across key lines.
- Insurance service result rose 3.6% y/y to GHS 370.7mn. The margin eased 0.6pp to 26.4% as service and reinsurance expenses outpaced revenue.
- Net insurance finance expense declined 42.3% y/y to GHS 158.0mn (3Q2026: GHS 1.7mn), likely reflecting favourable discount rate movements.
- Net insurance service result rose 126.3% y/y to GHS 203.0mn, the main driver of 9M2026 profit growth.

Investment and Other Income

- Net investment income declined 20.9% y/y to GHS 319.0mn as investment income fell 19.2% y/y amid lower yields.
- Other revenue increased 26.4% y/y to GHS 164.0mn, providing non-underwriting support.
- Other income swung to a GHS 58.0mn gain from a GHS 29.1mn loss in 9M2025, lifting total other income 120.6% y/y to GHS 222.1mn
- .Net income increased 25.3% y/y to GHS 744.2mn. The investment income share fell to 42.9% from 67.9% in 9M2025.

Cost and Profitability

- Operating expenses increased 9.6% y/y to GHS 277.1mn, outpacing insurance revenue growth.
- The cost-to-income ratio improved 5.4pp to 37.2%, reflecting positive operating leverage.
- Profit before tax increased 35.1% y/y to GHS 463.0mn, and PAT rose 35.2% y/y to GHS 390.9mn.
- EPS increased 38.3% y/y to GHS 1.501, with attributable PAT up 38.4% y/y to GHS 256.6mn.

Balance Sheet and Capital

- Investment securities increased 33.9% y/y to GHS 4.0bn, expanding the group's earning asset base.
- Insurance contract liabilities rose 18.9% y/y to GHS 2.4bn, and investment contract liabilities rose 38.4% y/y to GHS 536.2mn.
- Shareholders' funds increased 19.9% y/y to GHS 1.6bn (total equity: +21.4% y/y to GHS 2.1bn), supported by a 25.6% rise in retained earnings to GHS 1.0bn.
- Net operating cash flow increased 43.4% y/y to GHS 986.6mn, underscoring strong cash generation.

Investment Outlook

We re-initiate coverage on EGL, maintaining our constructive view of the franchise while remaining cautious about the sustainability of rate-driven earnings. Our assessment of EGL continues to be anchored on the company's underlying fundamentals.

Underwriting to Take the Baton

- We expect lower inflation to keep supporting demand for life and general insurance products and to ease claims-cost pressure, particularly in motor and medical. However, the slight compression in the insurance service margin shows that intense competition and pricing pressure continue to cap margin expansion.
- We believe the Local Marine Cargo Insurance directive and the expected pick-up in private sector credit, through credit-life products and bancassurance, should open new underwriting opportunities. However, the near-term earnings benefit may be limited, as premiums are first recognised as insurance contract liabilities.

Rates Cut Both Ways

- We expect the recent rise in yields on newly issued bonds to give some support to reinvestment yields on EGL's growing GHS 4.0bn securities portfolio. However, with inflation in single digits, we see limited scope for a sustained rise in rates and expect investment income to stay under pressure.
- Lower insurance finance expense flattered the 9M2026 result. In our view, the near-zero 3Q2026 charge is unlikely to repeat, and a renewed fall in discount rates would push finance expense back up. We therefore expect earnings growth to moderate in 4Q2026 and FY2027.

Shareholder Returns: We Perceive Room to Do More

- EGL's 30.2% increase in dividend per share paid in 2026 (about GHS 0.16 vs GHS 0.13) is welcome, but the payout remains modest relative to earnings. With retained earnings of GHS 1.0bn and strong operating cash flow, we see scope for a more generous distribution policy, subject to management's discretion. However, we believe a continued modest payout policy over the medium term could constrain share price upside.
- We also expect EGL's ongoing digitalisation, including Ghana Card-based KYC, automated claims and digital policy servicing, to support retail growth without a linear increase in costs, which would help sustain the cost-to-income gains.

Valuation & Recommendation: ACCUMULATE

- Our ACCUMULATE rating is based on our weighted average fair value of GHS 9.69 per share, representing an upside of 14.0% from the current market price of GHS 8.50. The fair value is the equally weighted average of prices from our price-to-book (P/B), dividend discount (DDM), residual income (RIM) and embedded value (EV) models. We use a cost of equity built from a risk-free rate of 14.49% (the average yield on the newly issued 7-year and 4-year bonds) plus a 5.0% risk premium. The re-initiation at ACCUMULATE comes mainly from the 15.2% decline in the share price since our 1H2026 update. We would like to see underwriting profitability, rather than finance cost relief, drive earnings and a higher payout ratio before turning more positive.
- EGL is trading at a TTM P/E of 5.8x and P/B of 0.7x.

Key Risks to Our Rating

A sharper-than-expected decline in yields compressing investment income, a reversal of favourable discount rate movements raising insurance finance expense, intense pricing competition and claims inflation squeezing underwriting margins, macroeconomic volatility, and unexpected regulatory or supervisory reforms in the insurance sector.

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