

Earnings – Full Year 2020

Resilience and strong operational performance

Press Release

3 April 2021

MUA Ltd (MUA) today released its financial results for the year ended 31 December 2020.

Some of the **key highlights** of this financial year include:

- **Gross premium earned up 17%** to Rs 5,238m (compared to Rs 4,480m as at December 2019)
- **Net assets per share up 12%** to Rs 70.66 (compared to Rs 62.97 as at December 2019)
- East African subsidiaries **gross premium earned increased by 42%**
- MUA Life Ltd **gross premium earned grew by 19%** to Rs 1,311m (Rs 1,100m as at December 2019)
- **Profit after Tax down 18%** to Rs 365m (versus Rs 444m as at December 2019)
- **Earnings per Share Rs 7.24** (compared to Rs 8.45 as at December 2019)
- **Solvency remains solid at 217%**

MUA Ltd demonstrated resilience during the year with **gross premiums earned growing by 17%** from Rs 4,480m to Rs 5,238m as a result of **strong operational performance** in both Mauritius and East Africa.

Net profit after tax amounted to Rs 365m compared to Rs 444m in 2019. While the profit of Saham Kenya for the 6 months since acquisition **positively contributed to group profitability**, the decrease in net profit was predominantly attributable to **MUA Life Ltd's lower net profit** of Rs 85m, compared to Rs 187m in 2019.

Basic earnings per share amounted to Rs 7.24 (2019: Rs 8.45) and diluted earnings per share amounted to Rs 7.19 (2019: Rs 8.42). **Net assets per share** amounted to Rs 70.66 compared to Rs 62.97 as at 31 December 2019, **an increase of 12%**.

General Insurance in Mauritius (through the group's wholly owned subsidiary, The Mauritius Union Assurance Cy. Ltd) **gross premiums earned grew by 3.4%** to Rs 2.4bn, **net profit after tax increased by 33%** to Rs 256m (vs. Rs 193m for Dec 2019) and a **94% growth in operating profit** to Rs 214m (vs. Rs 110m for Dec 2019). Performance was driven by **robust growth in health and motor insurance** both in terms of average premium size, policy renewals and new policy sales as well as **lower operating expenses and claims**. Travel restrictions and border closures led to lower performance in non-motor segments such as travel insurance.



MUA Life Ltd's gross premium grew by **19%** to Rs 1,311m with **new business reaching a record high of 35% growth** despite the lockdown restrictions. Good operating results were significantly impacted by an **increase of Rs 108m in reserves** due to lower investment yields, linked to **falling interest rates and equity values** as a result of the COVID-19 impact.

MUA Ltd's acquisition of Saham Kenya through its local subsidiary, MUA Kenya, in July 2020 **contributed 18% to the total growth of 42% in gross premiums earned** by the East African subsidiaries. However, their results were affected by one-off transaction costs of Rs 24m related to the acquisition of Saham Kenya and Rs 12m of foreign exchange loss on loan from MUA Ltd to finance the acquisition of MUA Kenya. Change in accounting policy in Kenya and Tanzania resulted in a further negative impact of Rs 27m.

“Our **business continuity plan** and **investment in information technology** over the years served the group well during 2020 particularly during the lockdown where our digital business processes were used extensively to **provide timely and efficient support to clients**”, said **Bertrand Casteres**, Group CEO of MUA.

The **rights issue of 5,010,000 new ordinary shares** announced in August 2020 was **fully subscribed** with total proceeds of Rs 415.8m used to refinance the Saham Kenya acquisition.

At its Rating Committee **CARE Ratings (Africa) Limited** (“CARE Ratings”) maintained the credit rating of **MUA Ltd's (“MUA”) Bond Credit Rating at CARE MAU AA-Stable** (“the Rating”). According to CARE Ratings, despite the heightened uncertainty in the market amidst the current pandemic, MUA has **maintained its strong market position** and **demonstrated its ability to generate stable results** whilst continuing **successful execution of its expansion strategy** with the Saham Kenya acquisition announced during the period.

Despite the **challenging financial environment** created by COVID-19, MUA's fundamentals and **solvency remain solid**. The group embarked on a new **3 year strategic plan Transition 2023**, confident in its ability to **stay resilient, adapt to the changing market conditions and continue delivering strong results**.

“I would like to thank all MUA **colleagues, agents** and **partners** for their unwavering commitment during these challenging times, as well as our clients for their loyalty and trust. We are confident that **our strategy**, which aligns the **interests of all stakeholders**, with those of our **clients** and **society**, is firmly rooted in **our purpose as an insurer**. More than ever, we are committed to focusing on **prevention, protection and responsible investment**. The principles of **solidarity** and **sustainability** will continue to drive our actions and engagement, taking the group from strength to strength”, said Bertrand Casteres.

Details of the **results for the year ended 31 December 2020** will be available for download at **mua.mu** on **Monday 5 April 2021**.

For further information on **Transition 2023** and our **strategic plan objectives**, please click **HERE**.