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COMPANIES & MARKETS

Prestige Assurance H1 profit falls 81% on cost pressure

• CHINWE MICHAEL

Prestige Assurance Plc, a non-life insurer, posted its weakest first-half after-tax profit in six years as cost pressures and lower investment income hit its bottom line.

According to the insurer's financial statement on the Nigerian Exchange Group, its after-tax profit for H1'2025 came in at N519 million, an 81 percent fall compared to N2.78 billion in the prior period.

The drop came despite a solid 32 percent rise in gross written premium to N15.32 billion and a 39 percent increase in insurance revenue to N12.3 billion, driven by improved marketing and prompt claims settlement.

However, insurance service expenses surged 86 percent to N10.9 billion, leading to a sharp contraction in insurance service results to just N18.3 million, a 97 percent drop from last year.

Reinsurance recoveries provided some relief, cutting net expenses by 41 percent, but were not

Prestige Assurance Plc after-tax profit performance (N'bn)

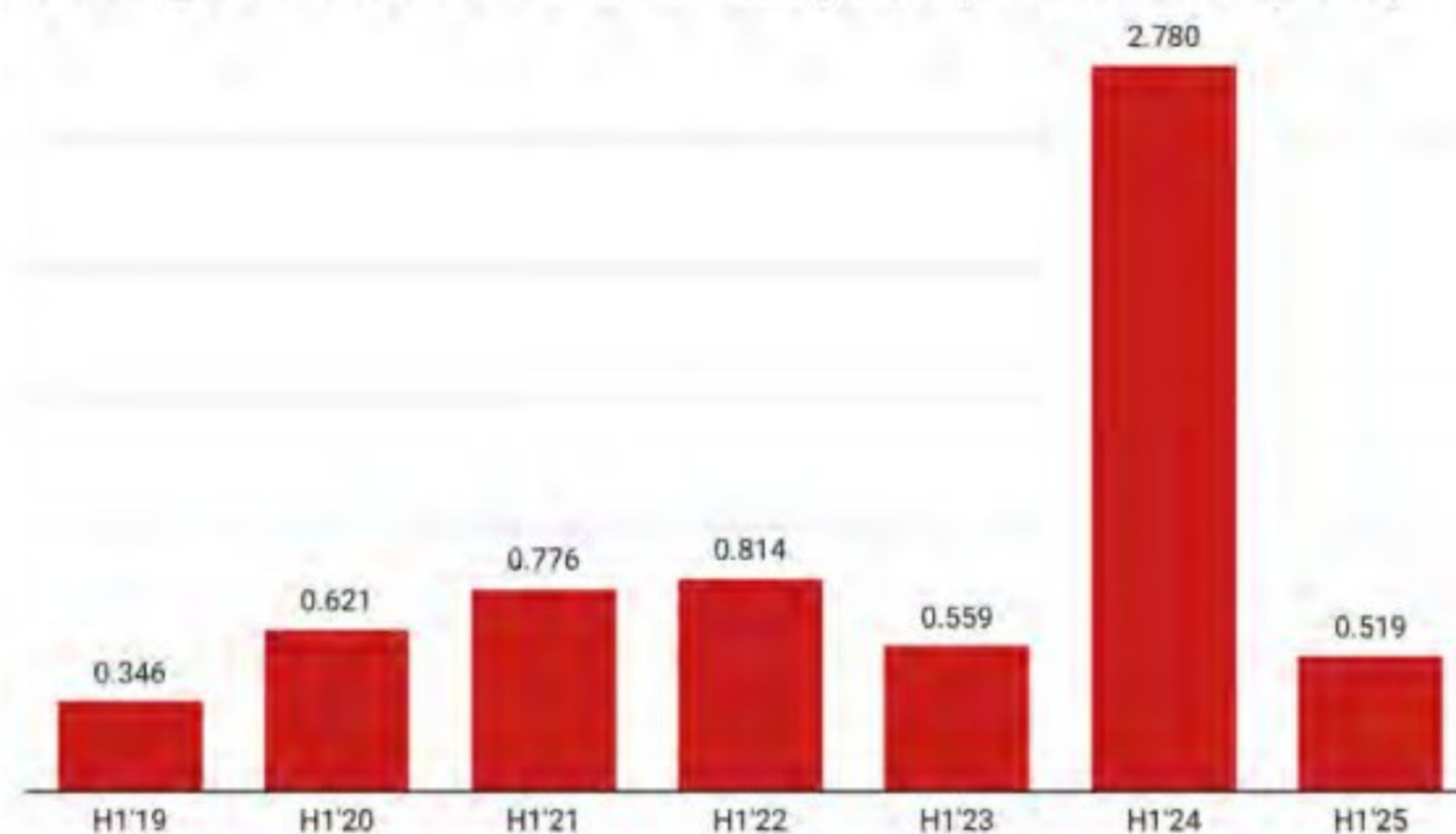


Chart: BusinessDay • Source: NGX • Created with Datawrapper

enough to offset the higher claims and acquisition costs.

On the investment side, Prestige saw a 47 percent slump in investment income to N1.63 billion, mainly due to lower foreign exchange gains and muted fair-value gains on financial assets.

Operating expenses further squeezed margins, with management expenses rising 53

percent to N947.96 million, reflecting higher staff costs, professional fees, and office expenses.

As a result, profit before tax dropped 82 percent to N577.3 million, while earnings per share fell to 4 kobo, down from 21 kobo a year ago.

The insurer with over seventy years' experience in Nigeria has its core areas of business, including motor, marine, bond,

engineering, fire, aviation, oil and gas, and general accident.

The company is known for providing expertise, especially in high-risk businesses such as aviation, marine, and oil and gas.

Prestige Assurance was incorporated on 6 January 1970. The company is a subsidiary of New India Assurance Limited, which was established on 18 August 1918.

New India Assurance Company owns a majority 78.3% stake in Prestige Assurance.

Prestige's total assets grew 12 percent year-on-year to N42.7 billion, supported by higher reinsurance assets and debt instruments, while shareholders' funds rose 3 percent to N19.9 billion.

A new insurance reform bill signed into law by President Bola Tinubu proposes that the minimum capital required for life, non-life, and reinsurance businesses be raised to N10 billion, N15 billion, and N35 billion, respectively.

The company ended the second quarter of 2025 with a strong liquidity position, as net cash generated from operations and investment activities drove a N2.4 billion boost in cash and cash equivalents, despite an 81 percent drop in profit after tax.

Operating activities produced N809 million net cash inflow, though this was 30 percent lower than the N1.16 billion recorded in the same period of 2024.

Premium receipts from policyholders rose to N14.79 billion, but higher

reinsurance premiums (N7.69 billion) and claims payments (N6.08 billion) absorbed much of the inflow, leaving a relatively modest net operating surplus.

Investing activities were the major source of cash. Prestige posted a N1.59 billion net inflow, reversing a N1.54 billion outflow in 2024. This was supported by N2.40 billion in proceeds from the redemption of debt instruments, robust interest income of N996.1 million, and N265.3 million in dividends.

Financing activities were neutral, with only N0.85 million spent on lease interest repayment and no dividends paid during the period.

As a result, cash and cash equivalents closed at N4.16 billion, more than double the N1.76 billion at the start of the year, providing Prestige with a stronger buffer to meet claims and investment opportunities going into the second half of 2025.

Prestige Assurance stock listed on the NGX is up 73 percent year-to-date and has a market capitalisation of N25.04 billion.

Health stocks rally as investors bet on Nigeria's pharma growth

• CHIMA CHIMA

Nigeria's pharmaceutical sector has emerged as one of the stock market's strongest performers in 2025, with Fidson and May & Baker recording year-to-date gains of 117 percent and 86.2 percent, respectively, as of 16 September 2025.

In a market still navigating persistent inflation, currency volatility, and uneven corporate earnings, investors appear to be placing their bets on healthcare companies as a source of both growth and relative stability.

The surge in pharma shares stands in sharp contrast to sectors struggling under economic headwinds. Industrials, real estate, and select consumer goods companies continue to face compressed margins

due to rising input costs and FX fluctuations, highlighting a widening performance gap between healthcare and other sectors.

Fidson and May & Baker have benefited from resilient domestic demand and strong earnings, cementing their positions as top leaders

in Nigeria's equity market.

The rally builds on robust H1 2025 results. Fidson's after-tax profit surged almost fourfold to N6.02 billion, while May & Baker posted a 150 percent increase in profit to N876.6 million.

Revenue growth and

operational efficiency, supported by reduced foreign exchange losses compared with 2024, helped both companies maintain healthy margins despite elevated input costs and inflationary pressures.

Yet, beneath these headline figures lies a nuanced

story. Operating cash flows were negative for both companies, driven by higher trade receivables and prepayments, while debt levels rose.

Fidson doubled its borrowings and May & Baker's debt climbed 28 percent. Rising finance costs, including a 77 percent jump for May & Baker, underscore that while growth has been rewarding, it comes with financial leverage that investors will be monitoring closely.

The market's response indicates confidence that these firms can continue to manage liquidity and debt pressures while expanding market share. Strong domestic demand for healthcare products, combined with government incentives supporting local manufacturing, has strengthened the

sector's growth outlook and helped limit currency-related margin erosion.

Fidson's strategic product expansion and distribution reach, alongside May & Baker's deepening market footprint, have further bolstered investor sentiment.

As domestic production scales up and healthcare consumption continues to rise, Fidson, May & Baker, and their peers are likely to sustain investor interest. Their performance illustrates how a combination of operational discipline, strategic positioning, and alignment with national economic priorities can deliver shareholder value even amid macroeconomic uncertainty, positioning the pharmaceutical sector as a rare bright spot in Nigeria's equity market in 2025.



L-R: Aliyu Kalgo Abubakar, director, MRS Oil Nigeria plc; Oluwakemi Jafojo, company secretary; Patrice Alberti, chairman; Macro Storari, managing director; and Charles Onum, deputy managing director, during the company's 56 annual general meeting in Lagos, recently.