

Unaudited Abridged Financial Results

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

FIRST MUTUAL

HOLDINGS LIMITED

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FINANCIAL HIGHLIGHTS

The financial highlights for the nine months ended 30 September 2019 are shown below:

Comprehensive Income Highlights

Total Gross Premium Written
Net premium earned
Investment income
Rental income
Operating profit
Profit before income tax
Profit for the period

Unaudited	Unaudited
30-Sep-19	30-Sep-18
ZWL000	ZWL000
286 707	128 171
206 652	110 859
145 904	7 802
13 288	6 022
15 063	7 407
292 198	13 344
241 243	9 679

Financial Position Highlights

Total assets
Cash generated from operations

Unaudited	Audited
30-Sep-19	31-Dec-18
ZWL000	ZWL000
1 176 789	392 277
104 060	28 783

Historical Financial Performance Analysis

The business achieved growth in Gross Premium Written (GPW) but experienced pressure in operating costs due to persistent inflationary conditions.

GPW for the period at \$286.7 million, was 124% higher than the same period in 2018. The growth was mainly as a result of the conversion of United States of America Dollar ("USD") business at interbank rate for the period 1 January 2019 to 24 June 2019 written by some of the subsidiaries and revision of sums insured to align to market values.

Rental income for the period, at \$13.3 million, was 127% ahead of prior year. The growth relative to prior year is due to rental reviews in line with inflationary environment, new lettings and increased turnover rentals. Occupancy levels increased to 82.79% (2018: 75.35%).

The Group's administration expenses increased by 183% due to inflationary factors driven by depreciation of the Zimbabwean Dollar ("ZWL") against the USD. However, the increase is below inflation of 353%.

Operating profit improved by 103% to \$15.1 million. The increase was largely driven by growth in revenue higher than increase in expenses and foreign currency exchange gains from USD denominated balances.

The Group achieved investment income of \$145.9 million for the period under review, compared to \$7.8 million in 2018. The growth in investment income is in line with the performance of the equities market and the impact of converting foreign investments to ZWL.

The positive fair value gain on investment property of \$302.8 million was mainly due to the migration from USD to ZWL.

No dividend has been declared for the quarter ended 30 September 2019.

Below are the inflation adjusted and historical abridged financial results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	INFLATION ADJUSTED				HISTORICAL			
	UNAUDITED 30-Sep-19 9 months ZWL000	UNAUDITED Jul - Sep 19 3 months ZWL000	UNAUDITED 30-Sep-18 9 months ZWL000	UNAUDITED Jul - Sep 18 3 months ZWL000	UNAUDITED 30-Sep-19 9 months ZWL000	UNAUDITED Jul - Sep 19 3 months ZWL000	UNAUDITED 30-Sep-18 9 months ZWL000	UNAUDITED Jul - Sep 18 3 months ZWL000
INCOME								
Gross premium written	537,872	151,059	581,024	198,411	286,707	129,110	128,171	43,447
Reinsurance	(112,570)	(29,627)	(71,429)	(24,514)	(65,788)	(25,322)	(15,757)	(5,368)
Net premium written	425,302	121,432	509,595	173,897	220,919	103,788	112,414	38,079
Unearned premium reserve	(26,872)	(9,677)	(7,051)	7,205	(14,267)	(8,271)	(1,555)	1,578
Net premium earned	398,430	111,755	502,544	181,102	206,652	95,517	110,859	39,657
Rental income	22,935	7,781	27,298	10,187	13,288	6,650	6,022	2,231
Fair value adjustments - investment property	412,119	152	25,473	-	302,832	130	5,619	-
Investment income	509,742	60,811	35,368	27,387	145,904	51,975	7,802	5,997
Fee income:								
- Insurance contracts	3,215	-	5,090	3,475	1,089	-	1,123	761
- Investment contracts	11,536	4,555	11,050	2,478	6,225	3,893	2,438	543
Other income	1,864	7,204	4,604	1,416	1,607	6,157	1,015	310
Foreign currency exchange gain	23,612	8,523	-	-	12,036	7,285	-	-
Monetary loss - IAS29	(408,234)	(200,034)	-	-	-	-	-	-
Total income	975,219	747	611,427	226,045	689,633	171,607	134,879	49,499
EXPENDITURE								
Pension benefits	(25,217)	(6,839)	(35,726)	(12,892)	(12,456)	(5,845)	(7,881)	(2,823)
Insurance claims and loss adjustment expenses	(177,124)	(56,447)	(293,175)	(116,598)	(102,280)	(48,245)	(64,673)	(25,532)
Insurance claims and loss adjustment expenses recovered from reinsurers	18,280	4,749	23,862	21,887	8,705	4,059	5,264	4,793
Net insurance benefits and claims	(184,061)	(58,537)	(305,039)	(107,603)	(106,031)	(50,031)	(67,290)	(23,562)
Movement in insurance liabilities	(320,690)	(22,271)	(73,856)	(37,594)	(173,556)	(19,035)	(16,292)	(8,232)
Investment gain on investment contract liabilities	(48,675)	(7,730)	(8,447)	(9,113)	(21,694)	(6,607)	(1,863)	(1,995)
Acquisition of insurance and investment contracts expenses	(30,488)	(10,869)	(43,428)	(16,888)	(16,090)	(9,290)	(9,580)	(3,698)
Administration expenses	(124,703)	(46,587)	(120,794)	(45,721)	(75,575)	(39,818)	(26,647)	(10,012)
Impairment allowances	(7,786)	(3,106)	304	179	(4,386)	(2,655)	67	39
Finance cost on borrowings	(4)	(1)	(216)	(39)	(1)	(1)	(48)	(9)
Total expenditure	(716,407)	(149,100)	(551,476)	(216,779)	(397,333)	(127,437)	(121,653)	(47,469)
Profit before share of (loss)/profit of associate	258,812	(148,353)	59,951	9,272	292,300	44,170	13,225	2,030
Share of (loss)/profit of associate	(617)	247	538	546	(102)	211	119	120
Profit before income tax	258,195	(148,106)	60,489	9,818	292,198	44,381	13,344	2,150
Income tax expense	(33,175)	(5,649)	(16,611)	(5,179)	(50,955)	(4,828)	(3,665)	(1,134)
Profit for the period	225,020	(153,755)	43,878	4,639	241,243	39,553	9,679	1,016
Other comprehensive income/(loss)								
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period								
Exchange gain/(loss) on translating foreign operations	47,965	19,132	(920)	(580)	47,965	16,352	(203)	(127)
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods	47,965	19,132	(920)	(580)	47,965	16,352	(203)	(127)
Total comprehensive profit for the period	272,985	(134,623)	42,958	4,059	289,208	55,905	9,476	889
Profit attributable to:								
Non-controlling interest	86,812	2,864	6,537	(2,379)	74,917	2,448	1,442	(521)
Equity holders of the parent	138,208	(156,619)	37,341	7,018	166,326	37,105	8,237	1,537
Profit for the period	225,020	(153,755)	43,878	4,639	241,243	39,553	9,679	1,016
Comprehensive income attributable to:								
Non-controlling interest	86,812	2,864	6,537	(2,379)	74,917	2,448	1,442	(521)
Equity holders of the parent	186,173	(137,487)	36,421	6,438	214,291	53,457	8,034	1,410
Total comprehensive income for the period	272,985	(134,623)	42,958	4,059	289,208	55,905	9,476	889
Basic earnings/(loss) per share (cents)	19.18	(21.73)	5.18	0.97	23.08	5.15	1.14	0.21
Headline earnings/(loss) per share (cents)	20.18	(21.18)	6.00	1.67	23.93	5.62	1.32	0.36

