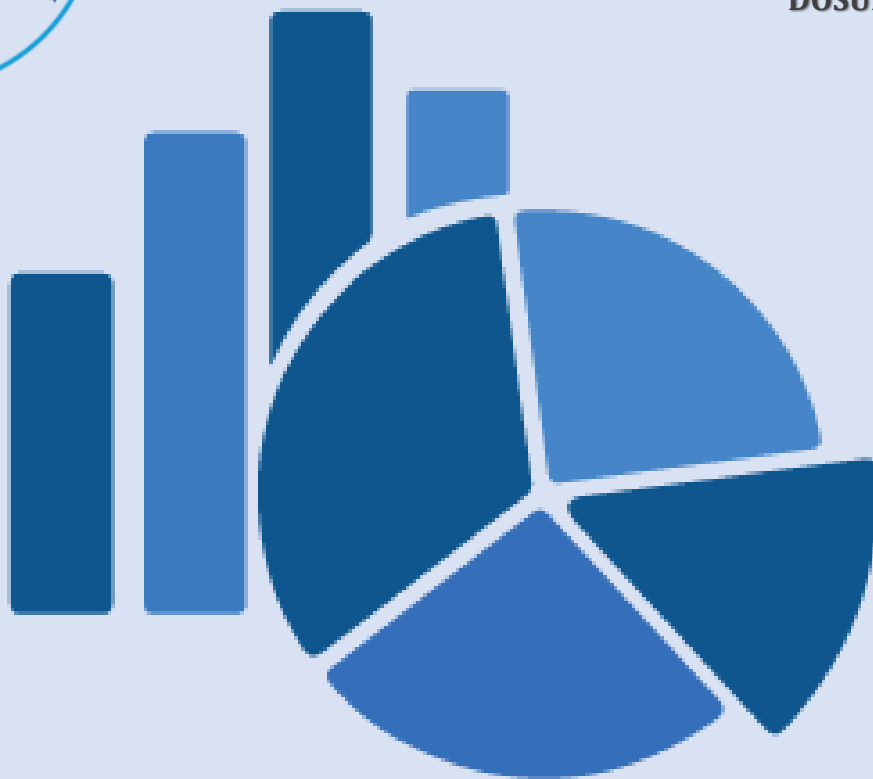




WRITTEN BY:  
RESEARCH ANALYST  
DOSUNMU OLUWASEYI



ANALYST RESEARCH REPORT  
OF  
LINKAGE ASSURANCE PLC  
TO



**InfoWARE** & ULSIS RESEARCH TEAM

Reported as at 11<sup>th</sup> August 2017



POWERED BY

**InfoWARE MARKET**

**DATA TERMINAL**

# LINKAGE ASSURANCE RESEARCH REPORT

## COMPANY OVERVIEW

Linkage Assurance provides full range of integrated non-life insurance with services cutting across Automobile Insurance, Transportation, Property, Health and compulsory Insurance, General Accident, Marine, Liability Group, Aviation, Bonds, Oil/Gas & Special Risk and Engineering Insurance.

Linkage assurance PLC was incorporated 26 March, 1991 and became public limited liability company in 2003.

## MACRO ECONOMIC ANALYSIS

With the current administration putting effort into moving Nigeria economic situation from recession, recent Monetary and Fiscal Policies have been formulated to heal the economy. The Forex Market have been stable with the current exchange rate maintained at ₦364.90 to \$1. The inflation rate is currently at 16.1 which has decreased by 14% Year-to-date against 18.72 value at Jan 2017. The Monetary Policy Committee (MPC) has maintained the interest rate at 14%. These economic factors has collectively boosted consumer confidence and has put NSE ASI Index on a bullish trends making almost all stocks bullish.

## INDUSTRIAL ANALYSIS

The Nigeria Insurer Association (NIA) reported that the total premium for the Insurance sector hit ₦380B in 2016 which is 22.2% increase against ₦311B in 2015. The industry has been facing rapid growth from 2005 till date as seen from the total premium of ₦75B in 2005 increasing to ₦380B in 2016, nonetheless, the National Insurance Commission (NAICOM) initiated a transformation agenda envisaged to increase the Total Premium to ₦1T in the next three years. The Industry have strengths such as: stable macro economical environment, influx of foreign investors, leverage on technology, strong and reliable regulators, progressive new legislation to support premiums and market growth, and increasing level of mobile telephony to provide access to the informal sector; which implies continuous market growth. The weaknesses noticed in the industry are: Inadequate enforcement of regulation, Unhealthy competition, insufficient skilled personnel, Inadequate capitalization restricting underwriting capacity and increasing need to develop product to suit various lifestyle.



## FINANCIAL SUMMARY

	30TH JUNE 2017 ₦'000,000	30TH JUNE 2016 ₦'000,000
Gross Premium Income	2,699	2,566
Net Premium	1,509	1,565
Investment and other income	3,242	386
PAT	2,514	751
Total assets	23,993	20,332
Total liabilities	4,946	4,975
Shareholders funds	19,047	16,533

## STOCK OVERVIEW

Day's range	0.75-0.75
52 weeks range	0.50-0.78
YTD Return	50.0%
Market Beta	0.1873
Market Cap.	₦6.00B

## YTD PRICE CHART



## INDUSTRIAL ANALYSIS

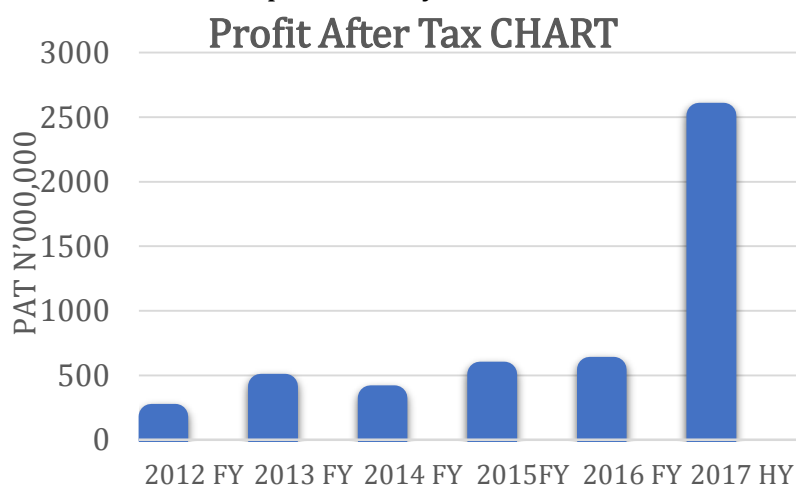
### PORTER'S FIVE ANALYSIS ON THE INSURANCE SECTOR:

Three factors of the five factors in Porter's five forces significantly affects the insurance industry. The most significant factor is the industry rivalry which is high coming from the fact there are 57 insurance companies in the industry all battling for major proportion of the market share. Following the high competitive environment, the bargaining power of the buyer moderately affect the industry. The increase in share capital requirement decreased the threat of new entrant making it difficult for emergence of new insurance companies. The threat of substitute and power of the suppliers are insignificant factors as CBN ensure enough money supply for insurance companies to assist the companies provided their claims is not beyond their underwriting capacity.

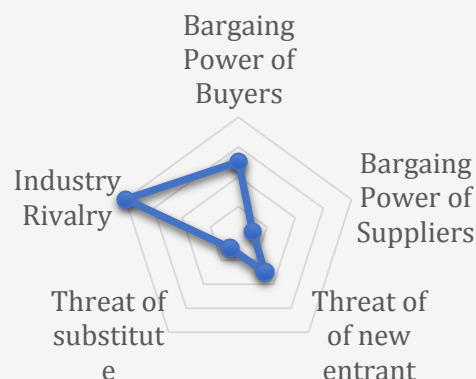
## FINANCIAL ANALYSIS

Over the period of 5 years, Linkage assurance stock price has been steady as the company maintain steady growth with less than 5% market share. As at the beginning of the year 2017, the company made decision in investing over ₦3.12B in financial instrument which led to ₦2.8B (approx.) earned dividend. Despite the harsh economical condition where claim and underwriting expenses of the company summed up to ₦1.492B making the underwriting profit hit ₦120M (approx.), the company reported profit after tax to be ₦2.514B for 2017 HY. The PAT increased by 234.4% against the 2016 HY PAT and by 361.7% against the 2016 FY PAT.

The profit for HY 2017 is the highest profit ever declared over the period of 5 years.



## Porter's Five Forces Analysis



KEY FINANCIAL STATEMENT SUMMARY	30TH JUNE 2017 N'000,000	30TH JUNE 2016 N'000,000
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### Investing Activities Cash Flow

	30 <sup>th</sup> JUNE	31 <sup>st</sup> DEC
Purchase of financial instrument	3,120	34
Interest and Dividend received	3,186	401

## TECHNICAL ANALYSIS



### 3Y STOCK CHART

Low activity on the company stock was observed not until 2017

Market beta was calculated has **0.1873** as the stocks hardly respond to market fluctuation



### 6M STOCK CHART

Activities started surfacing as at early May with a bullish trend observed.

A new 52 weeks was recorded at **0.78** mark



### 3M STOCK CHART

The market capitalization increased from N4B to N6B

The current P/E ratio increased to **11.03** as

reported by  
  
 Market Data Terminal