Cytonn H1'2024 Kenya Listed Insurance Sector Report

Cytonn

18th October 2024

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1. Introduction to Cytonn

About Us

Cytonn Investments is an alternative investment manager, with real estate development capability, and a primary focus on private equity and real estate investments in the high growth Kenyan Region. Cytonn has a unique strategy of coupling two compelling demand areas - the lack of high yielding investment products and the lack of institutional grade real estate. We provide high yielding investment instruments to attract funding from investors, and we deploy that funding to largely pre-sold investment grade real estate. With offices in Kenya and Washington, DC - USA, we are primarily focused on offering alternative investment solutions to global and local institutional investors, individual high net-worth investors, and diaspora investors interested in the East-African region. Real estate investments are made through our development affiliate, Cytonn Real Estate, where we currently have over Kshs. 82 billion (USD 820 mn) of projects under mandate across ten projects. In private equity, we invest in banking, education, and hospitality.

82	Over Kshs. 82 billion worth of projects under mandate	**3**	Three offices across 2 continents	**500**	Over 500 staff members, including Cytonn Distribution	**10**	10 investment ready projects in real estate

A unique franchise differentiated by:

Independence & Investor Focus

Focused on serving the interest of clients, which is best done on an independent platform to minimize conflicts of interest

Alternative Investments

Specialized focus on alternative assets - Real Estate, Private Equity, and Structured Solutions

Strong Alignment

Every staff member is an owner in the firm. When clients do well, the firm does well; and when the firm does well, staff do well

Committed Partners

Strong global and local partnerships in financing, land and Cytonn Real Estate, our development affiliate

Why We Exist

Africa presents an attractive investment opportunity for investors seeking attractive and long-term returns. Despite the alternative markets in Africa having high and stable returns, only a few institutional players serve the market. Cytonn is focused on delivering higher returns in the alternative markets, while providing the best client service and always protecting our clients' interests.

WE SERVE THREE MAIN CLIENT SEGMENTS:

- High Net-worth Individuals through Cytonn Private Wealth. This is done through our captive Distribution Network
- East Africans in the Diaspora through Cytonn Diaspora
- Global and Local Institutional Clients. These clients are served from our Investment & Fundraising Team

WE INVEST OUR CLIENT FUNDS IN:

- Real Estate, and Real Estate Related Businesses
- Private Equity
- Fixed Income Structured Solutions
- Equities Structured Solutions

Cytonn Business Structure

Cytonn Investments Management Plc

Cytonn Investments (Private Markets)

- Private Offers (CREN)
- Cytonn Hospitality
- Superior Homes Kenya

Cytonn Asset Managers (Regulated by CMA and RBA)

- Collective Investment Schemes (CMMF, CBF, CEF, CAFF & CHYF)
- REIT Management
- Cytonn Advisory
- Pension Fund Management (CURBS, CPRBS & CIDDF)

Cytonn Real Estate

- Real Estate Projects (Alma, Ridge, Taraji, Situ, Applewood, Newtown, Riverrun & Kilimani)
- Research and Deal Origination
- Project Management
- Quality Assurance/Quality Control
- Facilities and Property Management
- Cytonn Centre for Affordable Housing

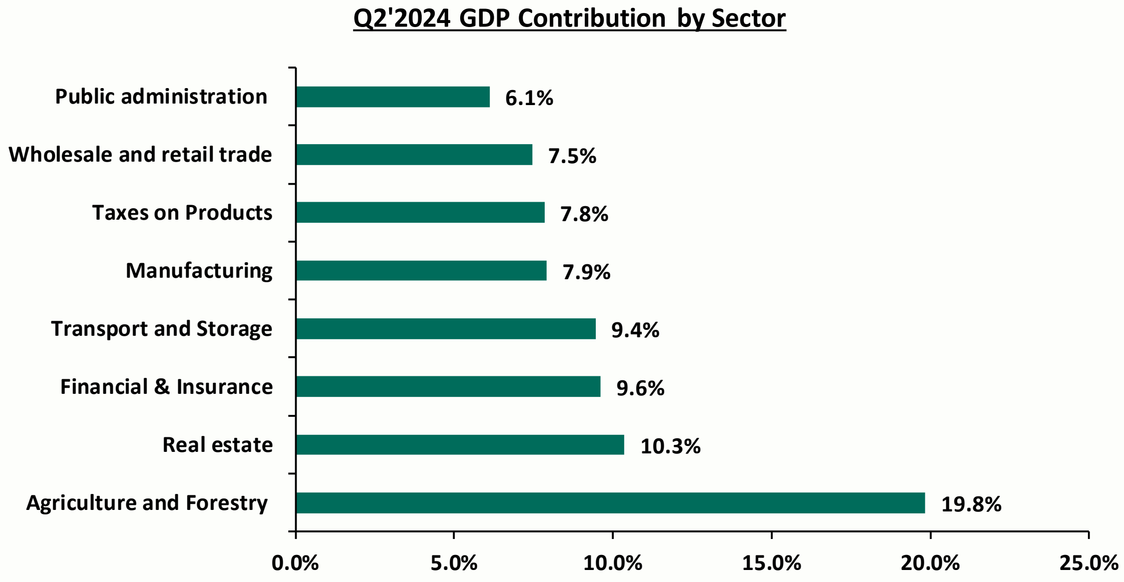
Strategic Support Services

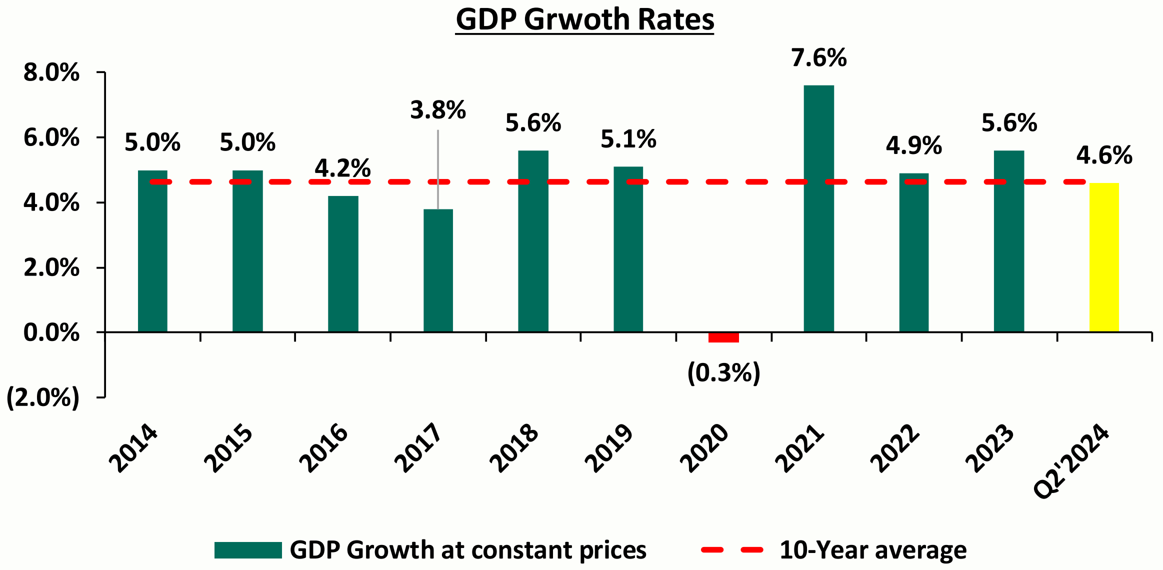
1. Finance
2. ICT
3. Legal & Compliance
4. Brand (PR& Communication)
5. Client Service
6. HR & Business Admin
7. Risk
8. Internal Audit
9. Distribution

2. Kenya Economic Review and Outlook

Economic Growth

The Kenyan economy grew by 4.6% in Q2’2024, slower than the 5.6% growth in Q2’2023





**Source: KNBS*

- The Kenyan economy recorded an average growth of 4.6% in the period between April to June 2024, slower than the growth rate of 5.6% recorded in Q2’2023.
- The main contributor to Kenyan GDP remains to be the Agriculture, fishing and forestry sector which grew by 4.8% in Q2’2024, lower than the 7.8% expansion recorded in Q2’2023
- Most sectors recorded declining growth rates compared to Q2’2023 with Accommodation and Food Services; Financial & Insurance; and Construction Sectors recording the highest declines of 16.2%, 8.1%, and 5.6% points, respectively

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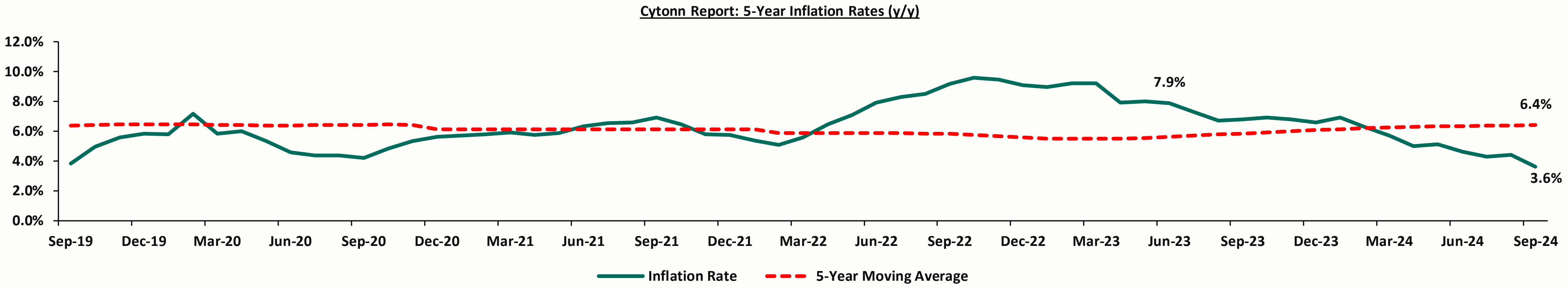
Inflation

The y/y inflation in September 2024 decreased by 0.8% points to 3.6%, from the 4.4% recorded in August 2024



**Source: KNBS*

- The average inflation rate eased to 5.6% in H1'2024, compared to 8.5% in H1'2023. Notably, y/y inflation in September 2024 decreased by 0.8% points to 3.6%, from the 4.4% recorded in August 2024. This was in line with our expectation of a decrease, but slightly above our projected range of 4.1% to 4.4%
- The headline inflation in September 2024 was majorly driven by increase in prices of commodities in the following categories; Food & Non-Alcoholic Beverages, Housing, Water, Electricity, Gas & other fuels, and Transport by 5.1%, 2.6%, and 0.5% respectively. Notably, September's overall headline inflation declined again after slightly rising in August. Furthermore, it has remained within the Central Bank of Kenya (CBK) target range of 2.5% to 7.5% for the fifteenth consecutive month

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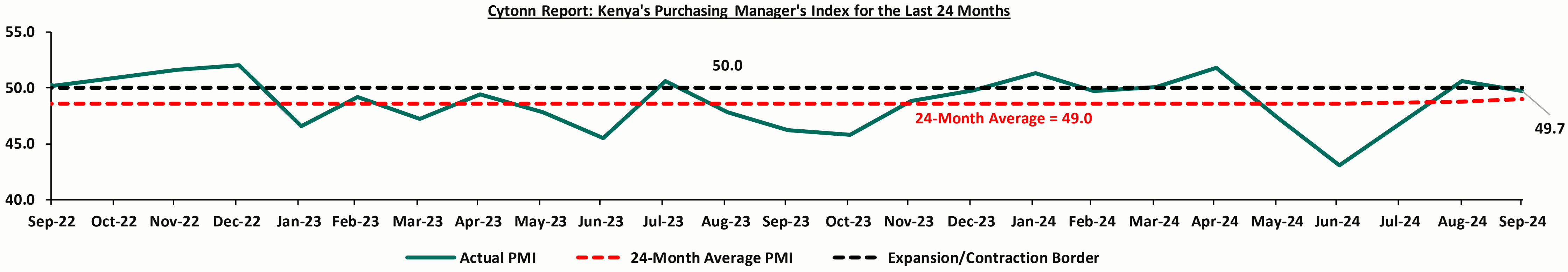
Stanbic PMI Index

The PMI averaged at 50.0 in H1'2024, compared to 48.7 in H1'2023



**Source: Market Economics, Stanbic PMI*

- The Stanbic Purchasing Managers Index (PMI) for the month of September 2024 declined, coming in at 49.7, down from 50.6 in August 2024, signaling a deterioration in business conditions. Key to note, a PMI reading of above 50 indicates improvements in the business environment, while a reading below 50 indicates a worsening outlook.
- This is attributable to the slowdown in business activity and reduced intake of new business intakes, owing to challenging economic conditions. This also implied that the uptick in August was due to some recovery after disruptions by the protests
- Going forward, we anticipate that the business environment will improve in the short to medium term as a result of the improving economic environment driven by lower interest rates following the easing monetary policy, the stability of the Kenyan Shilling against the USD and the easing inflation, which is currently at its lowest in years

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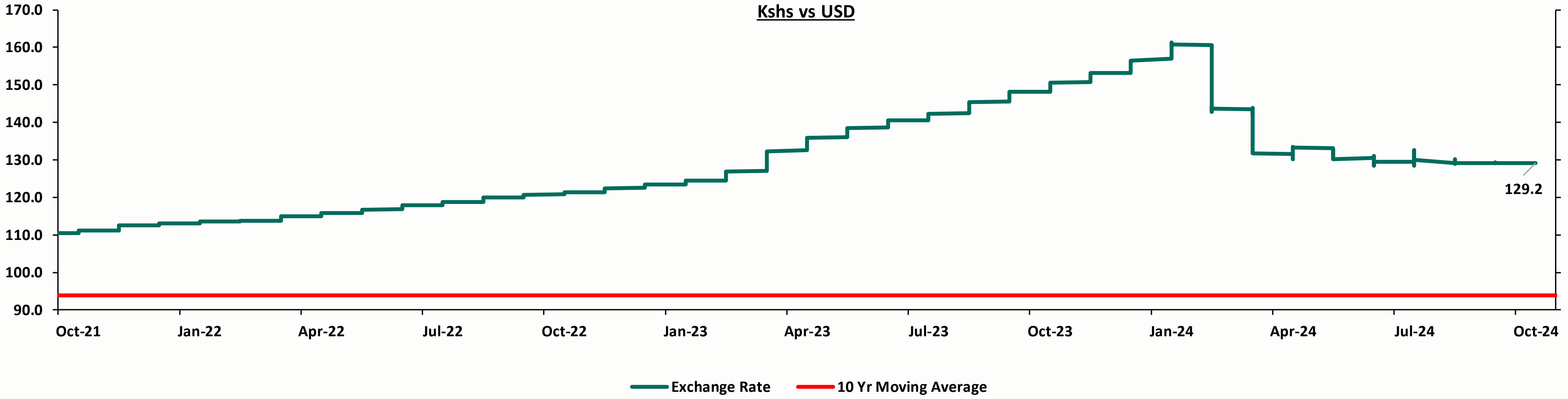
Currency

The Kenyan shilling has appreciated by 17.7% year to date to Kshs 129.2 as of 18th October 2024, from Kshs 157.0 recorded at the beginning of the year



**Source: Central Bank of Kenya*

- On a year to date basis, the shilling has appreciated by 17.7% against the US Dollar, a sharp contrast to the 26.8% depreciation recorded in 2023. We note that the shilling has being supported by diaspora remittances standing at a cumulative USD 4,644.5 mn in the 12 months to August 2024, 12.7% higher than the USD 4,119.7 mn recorded over the same period in 2023, which has continued to cushion the shilling against depreciation.
- However, we expect the shilling to remain under pressure in 2024 as a result of an ever-present current account deficit and the need for government debt servicing which continues to put pressure on the forex reserves given that 67.9% of Kenya's external debt was US Dollar denominated as of March 2024.

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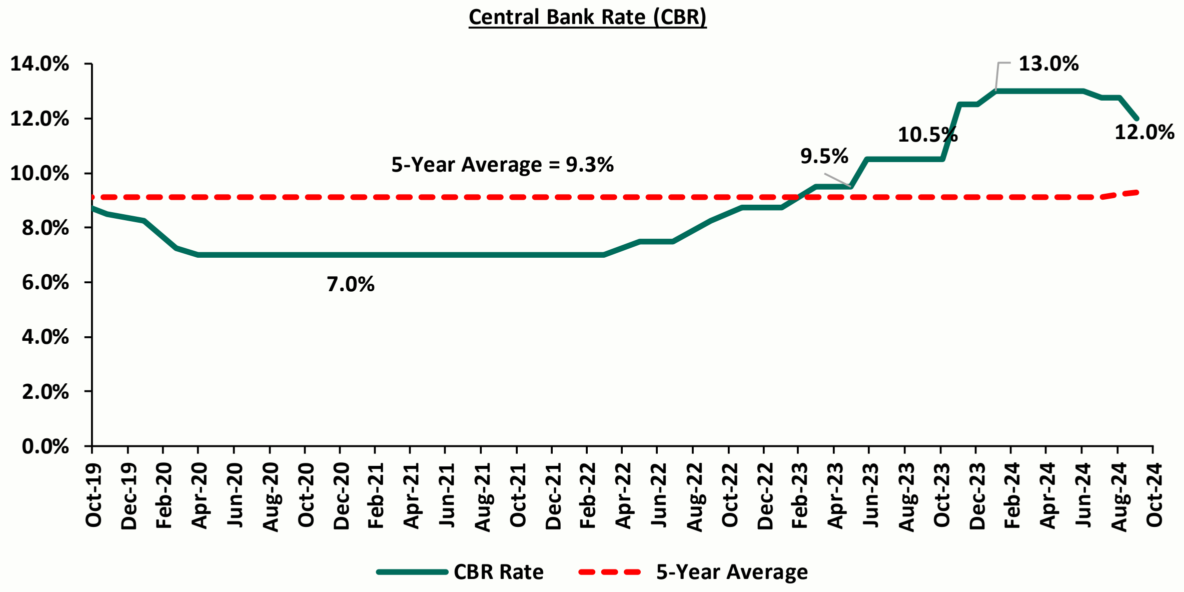
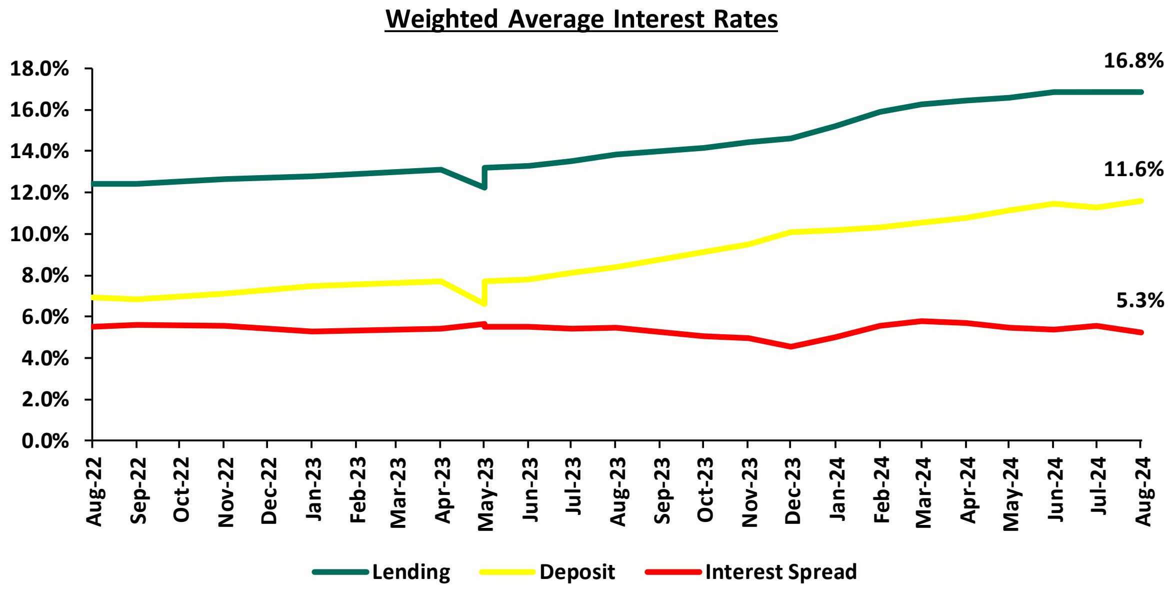
Interest Rates and Monetary Policy





**Source: CBK*

- The Monetary Policy Committee (MPC) has met five times during 2024, to review the outcome of its previous policy decisions. The MPC decided to ease the CBR rate by 75 bps points to 12.00% from 12.75% in August, after cutting it by 25 bps to 12.75% from 13.00% from June 2024.
- The decision was on the back of a stable exchange rate, anchored inflationary pressures, some major economies starting to cut on their interest rates and the need to support the economy by adopting a more accommodative interest rate policy.
- The committee noted that there was scope for gradual easing of the monetary policy stance, while ensuring a stable exchange rate.

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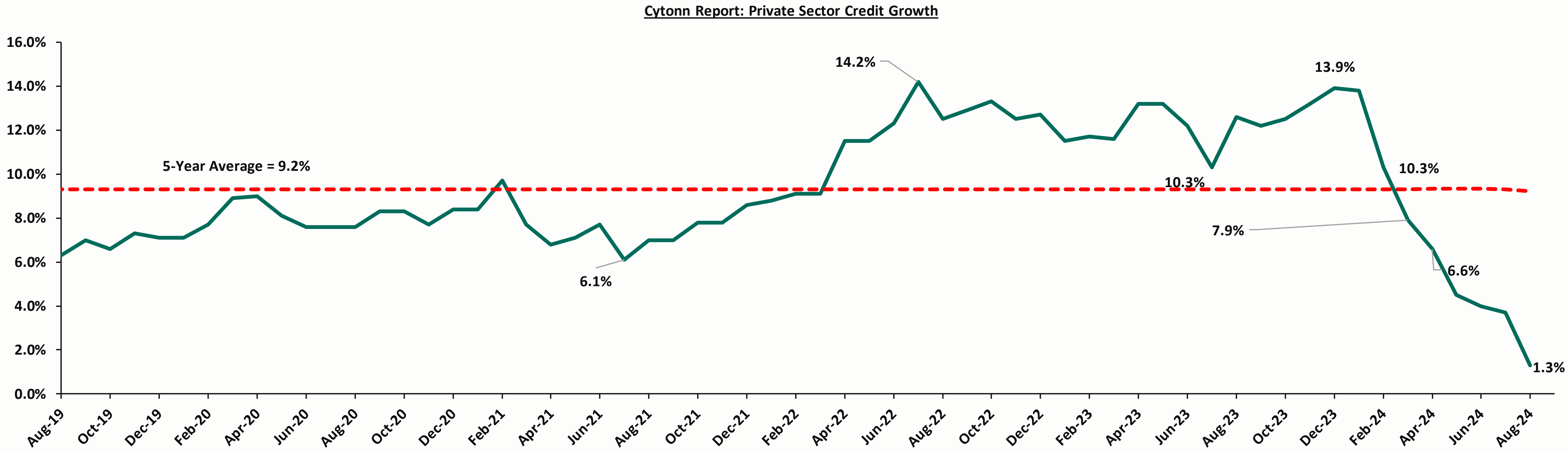
Private Sector Credit growth



**Source: KNBS*

- Growth in private sector credit decreased to 1.3% in August 2024 from 3.7% July 2024, mainly attributed to exchange rate valuation effects on foreign currency-denominated loans due to the appreciation of the Shilling. In August, local currency loans increased by 5.2%, while foreign currency loans, which make up around 26.0% of total loans, decreased by 10.6%

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3. Kenya Insurance Sector Overview

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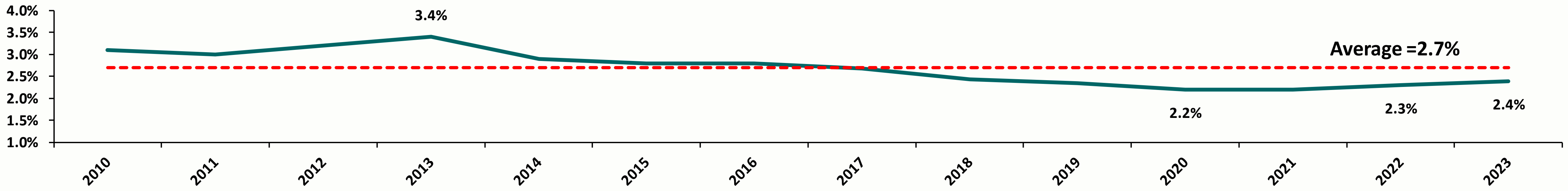
Kenyan Insurance Sector Overview

The Insurance penetration in Kenya stood at 2.4% as at the end of 2023

- The industry is regulated by Insurance Regulatory Authority which is responsible for licensing, regulating and developing the insurance sector
- In the last five years, the life insurance market in Kenya has experienced growth in both the level of direct premiums as well as in the equity held by the industry constituents
- As of December 2023, Kenya had 57 insurance companies, 5 reinsurance companies, 220 insurance brokers and 11,828 insurance agents (which includes 27 Bancassurance agents)
- Insurance penetration (Gross Premiums as a % Gross Domestic Product (GDP)) in Kenya stood at 2.4% in 2023. The low penetration rate, which is below the global average of 7.0%, according to Swiss RE institute, is attributable to the fact that insurance uptake is still seen as a luxury and mostly taken when it is necessary or a regulatory requirement.

Insurance Penetration in Kenya



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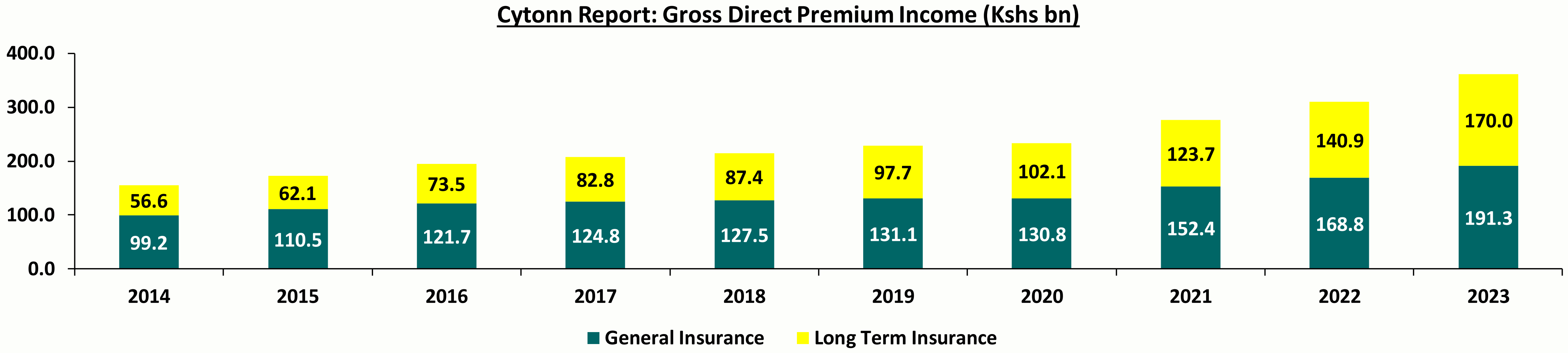
Source: Central Bank of Kenya, FinAccess report

Kenyan Insurance Sector Overview

General insurance business remains the largest contributor to industry insurance activity at 52.9%



- Industry gross written premium stood at Kshs 361.3 bn as of FY'2023, representing an increase of 16.7% from Kshs 309.7 bn in FY'2022. Long term insurance segment grew by 20.7%, while general Insurance recorded a growth of 13.3%
- General insurance business remained the largest contributor to industry insurance activity contributing 52.9% of the total premium. Motor insurance and medical insurance classes of business account for 63.5% of the gross premium income under the general insurance business
- In the long term insurance segment, deposit administration and life assurance classes remained the biggest contributors to the long term gross premium income, accounting for 59.8% in FY'2023, compared to the 61.1% contribution by the two classes recorded in FY'2022

Insurance Sector Growth Drivers

Alternative channels for both premium distribution and claims verification and disbursement is driving the sector

The drivers of growth in the insurance sector in H1'2024 include;

a) **Partnerships and alternative distribution channels:** We anticipate that underwriters will continue to form alliances and offer additional distribution channels in the future. This can be accomplished by collaborating with other financial services providers, such as fund managers who have moved into delivering insurance-linked products, in addition to the present bancassurance connection with banks. The insurance business can also use the penetration of bank products to promote its own products. Integration of mobile money payments to allow for policy payments is also predicted to continue due to the ease it provides, as well as the country's high mobile phone penetration; thus, insurance companies would wish to exploit this to improve penetration

b) **Innovation:** To aid portfolio expansion and growth, insurers must harness the digital insurance solutions at their disposal in order to improve internal efficiency and accelerate time to market. As such, we anticipate cooperation between insurers and InsurTechs

Insurance Sector Growth Drivers

New regulations and the use of block chain have also contributed to growth in the insurance sector

d) **Regulation:** The newly introduced regulations in the insurance sector have helped most companies improve their capital management systems. The new compliance requirements as stipulated in IFRS 17 come at a high implementation cost but they also assist companies manage their risks and capital in a better way

e) **Adoption of Alternative Distribution Channels**: Insurance companies have been dynamic and fast in adopting new alternative channels for both distribution and premium collection with financial sector deepening leading to an improved method of distribution of insurance products, collection and payment of premiums like bank assurance, online and mobile payment

f) **Redirection in Core Operations-** With the limited growth of the insurance industry, insurers are moving their focus to growing investment income which involves and increase in the assets under management segments and investments in property. Most insurance companies are now moving into asset management to boost their group revenues

Recent Developments in the Kenyan Insurance Sector

The following are the most recent developments witnessed in the Insurance sector;

1. **Portfolio Optimization:** insurance firms are re-evaluating their products and services to sustain the sector's recovery and realize profitability by focusing on core and profitable offerings and dispose non-core offerings. For instance, in July 2024, NCBA Group announced the completion of 100% acquisition of AIG Kenya Insurance Company (AIG Kenya). This move allows NCBA to leverage its physical and digital platforms to boost insurance penetration in Kenya and the wider East African region. As insurers focus more on profitable goods, portfolio optimization will eventually include reducing holdings in unprofitable subsidiaries and affiliates and impact underwriters' products

2. **IFRS 17 Implementation:** The standard, having replaced IFRS 4, is expected to give better information on profitability by providing more insights into the current and future profitability of insurance contracts. Separation of financial and insurance results in the income statement will allow for better analysis of core performance for the entities and allow for better comparability of insurance companies

3. **High Market Competition**: Despite low insurance penetration in the country, the sector is served by 57 insurance companies offering the same products. Some insurers have resorted to shady tactics in the fight for market dominance, such as premium undercutting, which involves offering clients implausibly low premiums in order to gain a competitive advantage and protect their market share.

Recent Developments in the Kenyan Insurance Sector

The insurance sector has seen mergers and acquisitions mainly with companies trying to protect their market share in a competitive environment

3. **Merger & Acquisition activity:** The insurance sector is booming with mergers and acquisitions mainly with companies trying to protect their market share in a competitive environment and meet the capital requirements. In October 2022, Allianz announced that it had completed the transaction to acquire a majority stake in Jubilee Holdings Limited's general insurance business in East Africa., with the aim to leverage on the two entities footprints in Africa.

4. **Investment Diversification -** There has been need for diversification necessitated by the slow growth in premiums against an increase in underwriting expenses, leading to insurers pursuing non-traditional asset classes. An example is Jubilee Holdings investment in associates such as Bujagali hydropower plant in Uganda, PDM Holdings Ltd and IPS Cable Systems Ltd whose share of profits has been boosting its bottom-line,

Insurance Sector Market Share

APA Insurance Company leads in General Insurance business, while Britam Life Assurance dominates in Long term Insurance business

Insurer	General Insurance Business	Insurer	Long-Term Insurance Business
	Market Share		Market Share
APA Insurance Company	9.0%	Britam Life Assurance	21.5%
Old Mutual General Insurance	8.7%	ICEA Lion Life Assurance	16.2%
CIC General Insurance	8.4%	Jubilee Insurance Company	10.2%
Britam General Insurance	8.2%	Equity Life Assurance	8.7%
GA Insurance Company	8.1%	Kenindia Assurance Company	6.6%
Jubilee Insurance Company	6.2%	CIC Life Insurance Company	5.8%
Others	51.4%	Others	31.0%
Total	**100.0%**		**100.0%**

Source: IRA FY'2023 report

- The top 6 insurance companies control 48.6% of the General Insurance market share
- In terms of long term insurance, the top 4 insurers control 56.6% of the market share

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4. Listed Insurance Sector Metrics

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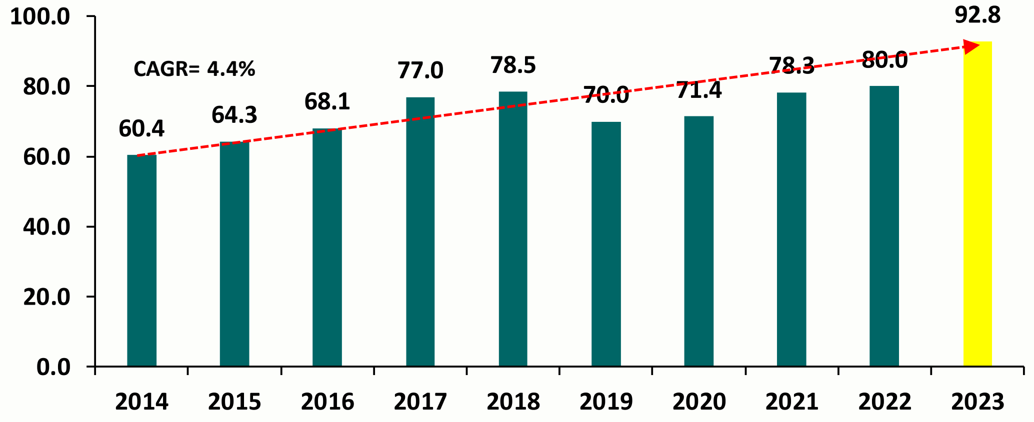
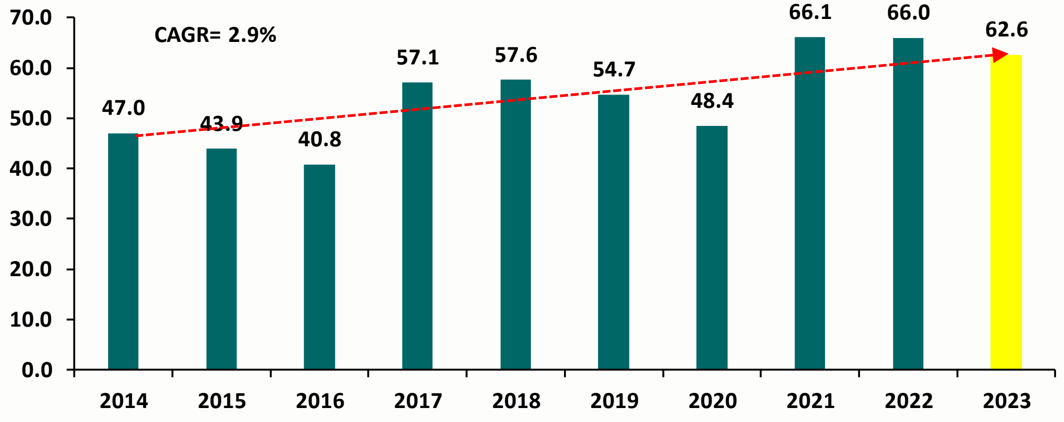
Listed Insurance Sector Metrics

Total Assets have recorded a steady growth over the years

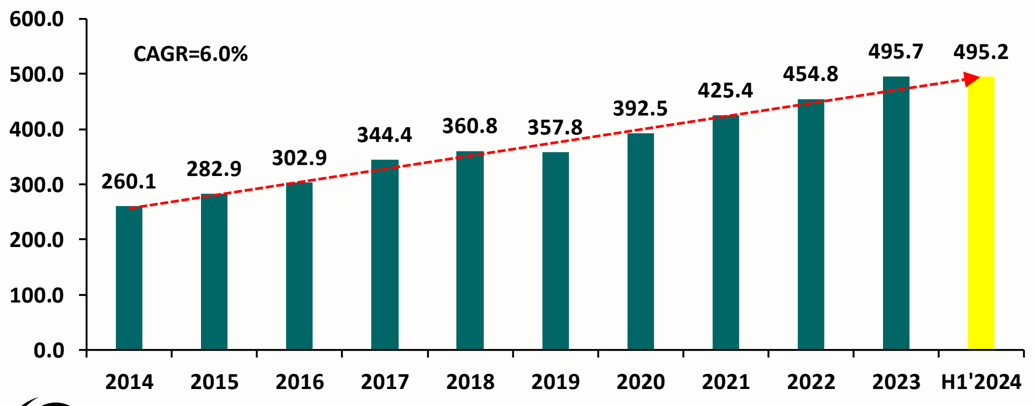
Net Premiums (Kshs Bn)



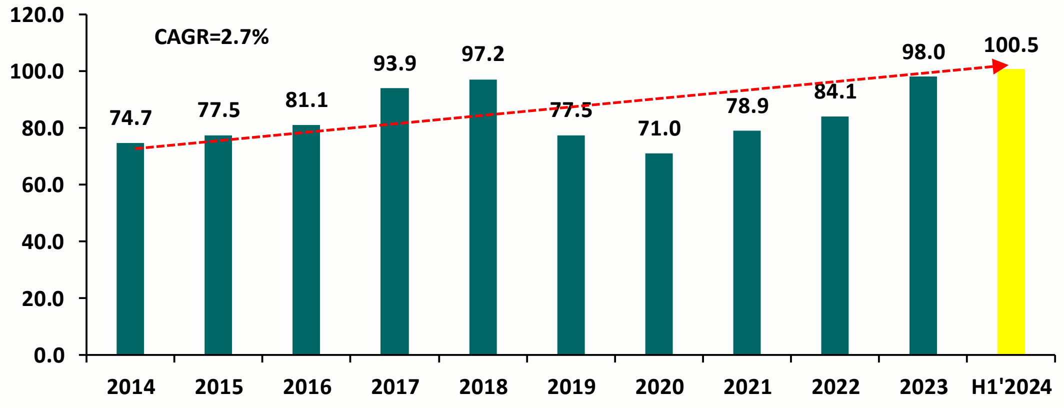
Net Claims (Kshs Bn)



Total Assets (Kshs Bn)



Shareholders Equity (Kshs Bn)



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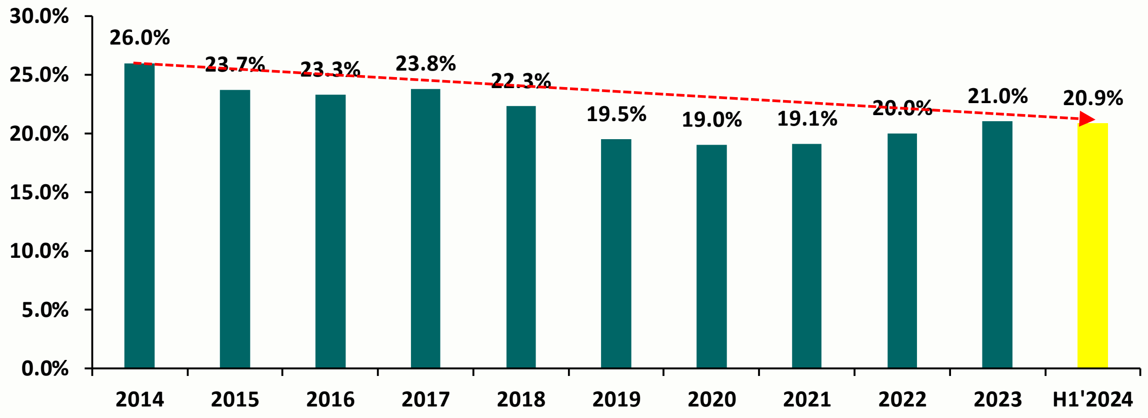
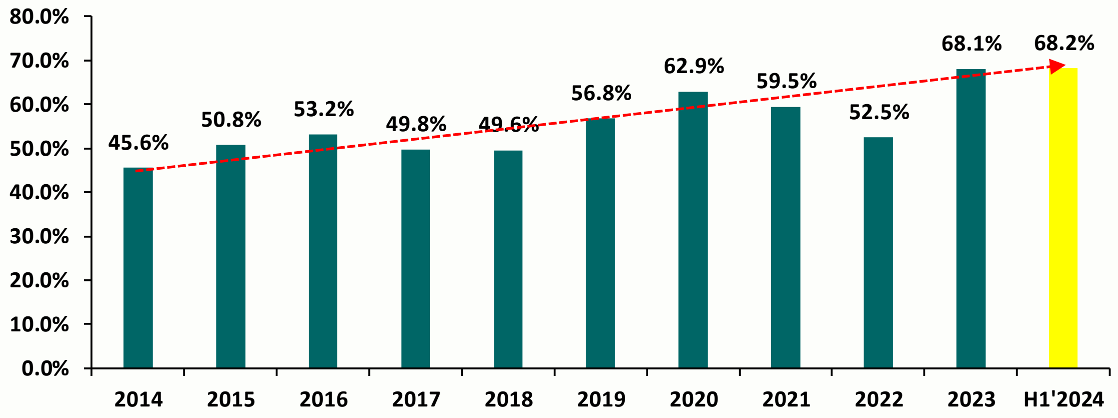
Listed Insurance Sector Metrics

Expense and loss ratios remain elevated

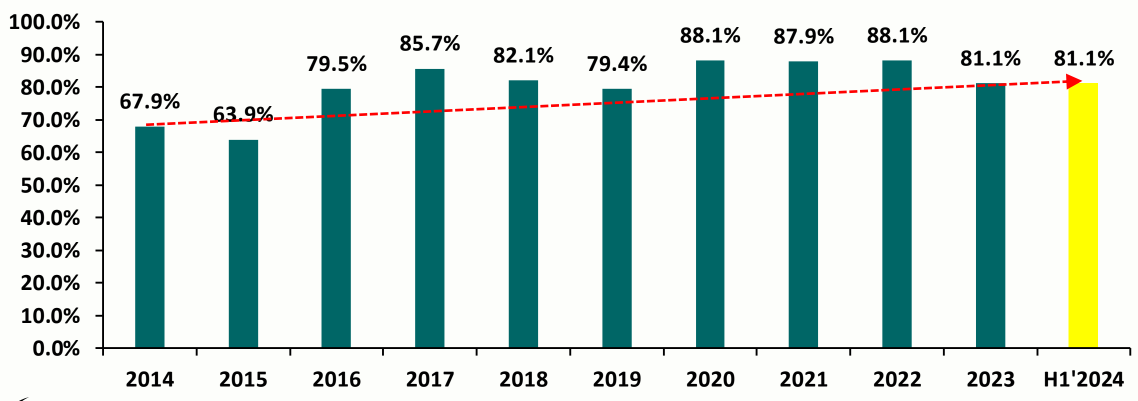
Solvency Ratio



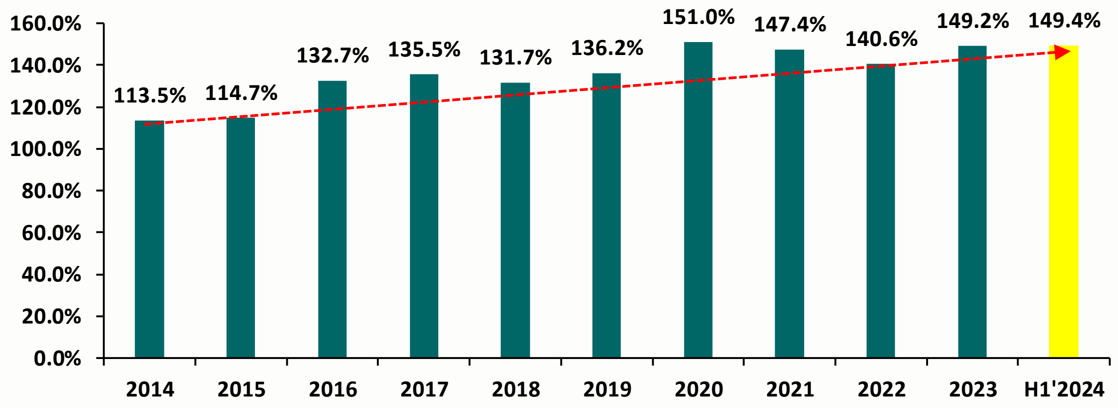
Expense Ratio



Loss Ratio



Combined Ratio



Listed Insurance Earnings and Growth Metrics

The Loss and Expense ratios increased across the sector

Listed Insurance Companies H1'2024 Earnings and Growth Metrics								
Insurance	Core EPS Growth	Net Premium growth	Claims growth	Loss Ratio	Expense Ratio	Combined Ratio	ROaE	ROaA
Liberty	**196.7%**	403.1%	(295.6%)	70.6%	104.4%	175.0%	6.7%	1.4%
Sanlam	**164.1%**	28.4%	15.6%	89.6%	74.3%	163.9%	28.0%	0.8%
Jubilee Insurance	**22.7%**	28.4%	15.6%	89.6%	74.3%	163.9%	4.8%	1.3%
Britam	**22.6%**	7.4%	14.6%	76.2%	69.1%	145.3%	8.0%	2.0%
CIC	**0.6%**	(0.4%)	(6.9%)	81.0%	29.1%	110.1%	7.9%	1.3%
***H1'2024 Weighted Average**	**39.6%**	**51.7%**	**(18.2%)**	**81.1%**	**68.2%**	**149.4%**	**7.3%**	**1.6%**
****H1'2023 Weighted Average**	**(235.5%)**	**6.7%**	**(3.6%)**	**57.8%**	**56.4%**	**114.2%**	**3.2%**	**1.0%**

Market cap weighted as at 18/10/2024

****Market cap weighted as at 27/10/2023***

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Listed Insurance Sector Trading Metrics

Kenya's Insurance sector is trading at an average P/TBV of 0.5x and a P/E of 3.2x

Insurance Company	Share Price*	No of Shares	Market Cap	P/TBV	P/E
Sanlam Kenya	6.5	0.1	0.9	1.7x	2.8x
CIC Group	2.2	2.6	5.6	0.7x	3.9x
Britam Holdings	5.8	2.5	14.6	0.6x	4.0x
Liberty Holdings	6.6	0.5	3.5	0.4x	1.7x
Jubilee Holdings	168.0	0.1	12.2	0.2x	2.5x
Median				**0.6x**	**2.8x**
Weighted Average H1’2024* **				**0.5x**	**3.2x**

*Share Price as at 18th October 2024

*** The weighted average is based on Market Cap as at 18th October 2024

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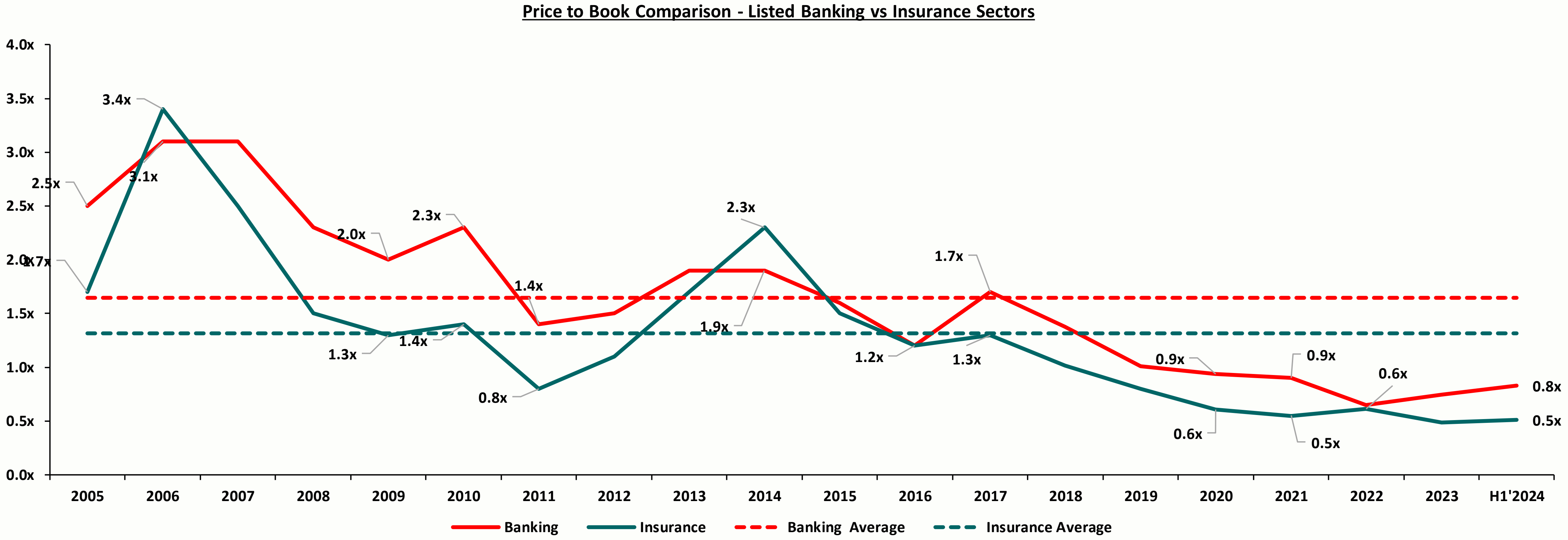
Listed Insurance and Banks Trading Metrics

The listed Insurance sector is trading at an average P/B of 0.5x, lower than the banking sector which is priced at 0.8x. Both sectors are trading below their 16-year averages of 1.4x and 1.6x, respectively



On a price to book valuation, listed Insurance companies are currently priced at a PBV of 0.5x, lower than listed banks 0.8x, with both lower than their historical averages of 1.4x for the insurance sector and 1.6x for the banking sector

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5. Cytonn's Insurance Sector Report

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Executive Summary

- All listed insurance companies in the Kenyan market were analyzed by the Cytonn Investment Team
- The analysis was brought about by a need to be able to offer our investors, especially global investors, which insurance companies in our view are the most stable from a franchise value and from a future growth opportunity perspective
- The analysis covers the health and future expected performance of the financial institution, by highlighting their performance using metrics to measure Profitability, efficiency, diversification, risk appetite and solvency
- For insurance companies which are part of a group structure, the financials of the group were utilized to take into consideration the listed counter which an investor will purchase
- Ranking based on a weighted average ranking of Franchise value (40.0%) and Intrinsic value (60.0%)
- All the listed insurance companies are composite insurance companies, offering both life and general business

Regulation and Consolidation to Drive Attractiveness

Focus Area	Summary	Effect on Insurance Sector
Regulation	• **Risk Based-Supervision:** The IRA is implementing risk-based supervision which looks at the risk exposure of a company • **IFRS 17**: Effected on January 2023 encompass separation of financial and insurance results in the income statement	• Regulatory changes are foreseen to impact the sector positively in line with international best practices, thus buoying investor confidence in the capitalization and future position of the Insurance sector • IFRS 17 will affect the volatility of profits, net assets and equity in the Insurance sector
Digital Innovations	• **Digital Innovations:** High mobile phone penetration rates in Kenya have aided in the digitization of distribution channels, shifting focus to the customer. Insurtechs and Bancassurance partnerships to continue to disrupt competition in the industry	• Leveraging more on technology will transform how the insurance business is conducted. The use of Blockchain technology, AI and Big Data will also help prevent fraudulent claims by enabling early detection and audit trails
Consolidation	• **Increase in Mergers & Acquisitions:** Most of the smaller players in the insurance industry are lacking adequate capital to finance operations and meet regulatory requirements	• Will be driven by capital adequacy requirements coupled by erosion of capital buffer erosion following the tough pandemic year FY'2020. We expect the more M &A activity as smaller players look to strengthen their capital and market positions
Insurance Fraud	• **Fraudulent claims:** It is estimated that 25.0% of the insurance industry's income fraudulently claimed. In H1'2023, 522 fraud cases were reported to the Insurance Fraud Investigation Unit, with Motor Insurance Claims being the most prevalent	• Fraudulent claims have had the effect of hurting the profitability, translating into high premium rates and huge claim reserve ratios. As a result, verification of claims has resulted in the slowing down of the settlement pace

Regulatory trends in the Insurance sector will very much determine growth and investments prospects. Newer minimum capital requirements are expected to set off mergers and acquisitions in the sector, with many insurers failing to meet the minimum. The regulatory reforms also present an opportunity to international firms to enter into the Kenyan market, given it has strong economic growth prospects

Rankings by Franchise Value

Britam Holdings presents the most attractive insurance franchise, with a Score of 13

Insurance Company	Loss Ratio	Expense Ratio	Combined Ratio	Net Premium Growth	PEG ratio	ROaA	Total	Rank
Britam Holdings	2	3	2	3	2	1	13	1
Liberty Holdings	1	5	5	1	1	2	15	2
CIC Group	3	1	1	4	5	3	17	3
Jubilee Holdings	4	4	4	2	3	4	21	4
Sanlam Kenya	5	2	3	5	4	5	24	5

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Valuation Summary of Listed Insurers

Jubilee presents the highest upside with an expected total return of 43.7%

Insurance Company	Current Price	Target Price	Upside/ (Downside)	Dividend Yield	Total Potential Return
Jubilee Holdings	168.0	239.5	42.6%	1.2%	**43.7%**
Sanlam Kenya	6.5	8.6	32.2%	0.0%	**32.2%**
CIC Group	6.6	7.0	5.1%	0.0%	**5.1%**
Britam Holdings	5.8	6.4	11.2%	0.0%	**11.2%**
Liberty Holdings	2.2	2.8	29.6%	0.0%	**29.6%**

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Cytonn Insurance Report – Comprehensive Rankings

Jubilee Holdings emerged top of the rankings, with strong intrinsic value scores

Listed Insurance Companies H1'2024 Comprehensive Ranking					
Insurance Co.	Franchise Value Score	Intrinsic Value Score	Weighted Score	H1'2024 Ranking	H1'2023 Ranking
Jubilee Holdings	4	1	2.2	1	2
Britam Holdings	1	4	2.8	2	5
CIC Group	3	3	3.0	3	1
Sanlam Kenya	5	2	3.2	4	4
Liberty Holdings	2	5	3.8	5	3

- Jubilee Holdings improved to position 1 in H1’2024 mainly due to the strong intrinsic scores and an improvement in franchise score in H1’2024, driven by a decrease in loss ratio to 89.6% in H1’2024, from 114.5% recorded in H1’2023,
- Britam Holdings improved to position 2 in H1’2024 driven by an improvement in franchise score, attributable to the improvement in return on average assets to 2.0%, from 1.0%, coupled with a decline in expense ratio to 69.1% in H1’2024 from 71.4% recorded in H1’2023,
- CIC Group declined to position 3 in H1’2024, mainly due to declines in franchise scores in H1’2024, driven by the deterioration in the net premium growth to a decline of 0.4%, from the 19.9% growth recorded in H1’2023, and,
- Liberty Holdings declined to position 5 in H1’2024 driven by a deterioration in franchise score, attributable to the increase in the expense ratio to 104.4%, from a 71.2% recorded in H1’2023.

6. Appendix – Valuation Summaries

Valuation Summary – Jubilee Holdings

Jubilee Holdings is undervalued with an upside of 55.4%

Valuation Summary:	Implied Price	Weighting	Weighted Value
Residual Income	41.7	40.0%	16.7
Dividend Discount Model	405.4	35.0%	141.9
PBV Multiple	383.0	20.0%	76.6
PE Multiple	517.8	5.0%	25.9
Fair Value			**261.1**
Current Price			**168.0**
Upside/(Downside)			**55.4%**
Dividend Yield			7.1%
Total Return			**62.5%**

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Valuation Summary – CIC Group

CIC Group is undervalued with an upside of 14.2%

Valuation Summary:	Implied Price	Weighting	Weighted Value
Dividend Discount	3.2	40%	1.3
Residual Income	2.2	35%	0.4
PBV Multiple	1.8	15%	0.3
PE Multiple	1.5	10%	0.2
Fair Value		**100%**	**2.50**
Current Price			**2.19**
Upside/(Downside)			**14.2%**
Dividend Yield			0.0%
Total Return			**14.2%**

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Valuation Summary – Liberty Holdings

Liberty Holdings is Undervalued with an upside of 5.0%

Valuation Summary:	Implied Price	Weighting	Weighted Value
Residual Income	4.1	40.0%	1.6
Dividend Discount	5.7	40.0%	2.3
PBV Multiple	6.5	10.0%	0.7
PE Multiple	4.1	10.0%	0.4
Fair Value			**7.0**
Current Price			**6.6**
Upside/(Downside)			**5.0%**
Dividend Yield			0.0%
Total Return			**5.0%**

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Valuation Summary – Sanlam Insurance

Sanlam Insurance is Undervalued with an upside of 32.2%

Valuation Summary	Implied Price	Weighting	Weighted Value
Residual Income	5.4	60%	3.3
PBV Multiple	2.6	20%	0.5
PE Multiple	24.0	20%	4.8
Fair Value			**8.6**
Current Price			**6.5**
Upside/(Downside)			**32.2%**
Dividend Yield			0%
Total Return			**32.2%**

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Valuation Summary – Britam Holdings

Britam Holdings is undervalued with an upside of 11.6%

Valuation Methodology	Implied Price	Weighting	Weighted Value
Dividend Discount	9.6	40%	3.9
Residual Income	4.4	35%	1.5
PBV	2.9	15%	0.4
PE	6.2	10%	0.6
Fair Value		**100%**	**6.5**
Current Price			**5.8**
Upside/(Downside)			**11.6%**
Dividend Yield			5.2%
Total Return			**16.8%**

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Thank You!

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