

## SUNU ASSURANCES NIGERIA PLC

### 2020 EARNINGS FORECAST FOR THE FOURTH QUARTER

#### ASSUMPTIONS

- 1 Gross Written Premium projected for the fourth quarter 2020 is N3.06 billion representing 89.7% of 2020 Full Year Budget and an increase of 36.4% over the Gross premium in 2019 which stood at N2.24 billion
- 2 Product mix are projected at 21.6%, 21.8%, 12.0%, 20.6%, 5.9%, 15.5% and 4.0% for Fire, Oil & Gas, Marine, Motor, Engineering, General Accident and Aviation respectively.
- 3 Investment income from Treasury bills was the actual income expected from the redemption of the bills; Interest on short term instruments was projected at an average of 6% and interest on CBN deposit was projected at 5%.
- 4 The following non cash transactions were included in the Statement of Profit or Loss and Other comprehensive income:
  - Provision for Depreciation in line with the Company's depreciation policy
  - Amortization of investment in Equity Resort Hotel based on the remaining concession year
  - Amortization of intangible assets
  - Impairment of financial assets
  - Net fair value gain/loss on financial assets and investment properties
- 5 Reinsurance expenses was projected at an average of 29.7% of Gross Premium Income. The projections were based on the Underwriting projected revenues on the various product lines. We also took into consideration the capacity of our various lines of treaties in 2020.
- 6 The following underwriting expenses were projected as indicated below:
  - (i) Commission received was projected at 20.1% of Outward reinsurance cost
  - (ii) Commission expenses was projected at 18.9% of Gross Premium Income
  - (iii) Net Claim incurred was projected at 20.8% of Net Premium Income. This was arrived at after taking cognizance of claims recovered from reinsurers, salvages and adjustment for outstanding claims.
  - (iv) Maintenance costs was projected at 3.6% of Gross Written Premium.
- 7 Accretion to Contingency reserve was based on 3% of Gross Written Premium.
- 8 A loss of N29.006million was projected from Equity Resort Hotel investment by the year end
- 9 Conversion of daewoo debt of N2.989Billion into Equity as passed during the Extra ordinary General Meeting and this was projected for Quarter 4
- 10 Share reconstruction of the company share capital by the deletion of 4 for every 5 held was projected to take place during Quarter 4
- 11 The impact of Coronavirus Pandemic on the company business has been considered in the projections.

## SUNU ASSURANCES NIGERIA PLC

### EARNING FORECAST FOR THE FOURTH QUARTER 2020

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Gross Written Premium	3,055,993,346.51
Change in Unexpired Risks	(168,079,634.06)
<b>Gross Premium Income</b>	<b>2,887,913,712.46</b>
Outward reinsurance cost	(857,710,372.60)
<b>Net Premium income</b>	<b>2,030,203,339.86</b>
Commission Received	173,257,495.27
<b>Total Revenue</b>	<b>2,203,460,835.12</b>
<b>Underwriting Expenses</b>	
Commission Expenses	(545,815,691.65)
Maintenance Exps	(110,015,760.47)
Net claims incurred	(422,282,294.69)
<b>Underwriting expenses</b>	<b>(1,078,113,746.82)</b>
<b>Underwriting profit</b>	<b>1,125,347,088.30</b>
Operating expenses	(1,266,721,038.94)
Net fair value gain(loss) on quoted shares	(6,692,560.00)
Net fair value gain(loss) on Investment Properties	3,360,000.00
Profit on disposal of investment	1,332,000.00
Profit from Equity Resort Hotel	(29,006,000.00)
Impairment loss	(2,128,120.32)
Investment and other Income	352,243,786.85
<b>Profit Before tax</b>	<b>177,735,155.90</b>
Income tax expense	(47,347,222.28)
<b>Profit After tax</b>	<b>130,387,933.62</b>
Contingency Reserve	(91,679,800.40)
<b>Retained Profit</b>	<b>38,708,133.23</b>

**SUNU ASSURANCES NIGERIA PLC****CASHFLOW FORECAST  
AS AT 31 DECEMBER 2020**

<b>Cashflow from Operating Activities</b>	<b>₦</b>
Premium Received from policy holders	3,055,434,000.00
Reinsurance Claims Recovery	646,454,000.00
Commission received	173,257,495.27
Commission paid	(556,042,066.11)
Reinsurance premium paid	(697,355,495.27)
Direct Claims paid	(1,153,833,729.64)
Cash paid to and on behalf of employees	(536,688,996.74)
Other operating cash payments	(757,298,348.26)
Interest & dividend received	75,884,722.98
Company's income tax paid	(1,379,000.00)
<b>Net Cash flows from operating activities</b>	<b>248,432,582.22</b>
<b>Cash from Investing Activities</b>	
Purchase of fixed assets	(3,025,137,000.00)
(Purchase)/Redemption of investment	3,750,369,896.87
<b>Net cash flows from investing activities</b>	<b>725,232,896.87</b>
<b>Cash Flow from Financing Activities</b>	
Proceeds from Fresh Shares Capital	-
Financial Liabilities	-
<b>Net cashflows from financing activities</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalent	973,665,479.09
Cash and cash equivalent at the beginning of the year	2,318,374,000.00
<b>Cash and cash equivalent at the end of the quarter</b>	<b>3,292,039,479.09</b>
<b>Cash and cash equivalent</b>	
Cash and bank balances	34,763,226.14
Short Term Placements	3,257,276,252.95
<b>Cash and cash equivalent at the end of the quarter</b>	<b>3,292,039,479.09</b>