



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

OUTsurance Holdings FY 2026 Results

Share Price	R83.25
Date	10 September 2026

RESULTS SUMMARY

OUTsurance delivered another strong full-year result, with the second half improving on the interim period. Normalised earnings increased 18.5% to R5.6bn, supported by strong premium growth and lower claims in South Africa, although higher natural peril claims in Australia partly offset this. Short-term insurance gross written premiums increased 15.7% y-o-y to R40.8bn, excluding exited operations, reflecting strong growth across key markets.

Youi continued to perform well, with comparable gross written premiums up 18.5% and net earned premiums increasing 24.7%. However, natural disaster losses in Australia weighed on earnings, resulting in lower operating profit for the year. OUTsurance Ireland, launched in May 2024, reported a R468m loss due to start-up costs and is still expected to reach breakeven in 2029. Ireland currently contributes around 2% of group premiums.

The group declared a full-year dividend of 291.5c per share, up 22.7%, as well as a special dividend of 117.8c. Capital remains strong, with solvency ratios above the group's target ranges.

Looking ahead, management remains positive on growth, supported by market share gains and strong momentum across the core business. Efficiency improvements should continue to support competitive premiums and top-line growth, while the losses from Ireland are expected to have peaked for the current investment phase. With monthly breakeven targeted for April 2029, the Irish business remains a longer-term growth opportunity, with the group expecting the financial drag to reduce from here.

OUR LONG-TERM INVESTMENT VIEW

- We regard OUTsurance as a quality short-term insurer with considerable scope to continue growing its market share, particularly in Australia. The group has a strong balance sheet, with capital levels above the target range and relatively superior underwriting metrics.
- In part, the group's impressive underwriting metrics are a result of its large market share in the motor vehicle segment, a position we believe the group can sustain, despite the competitive dynamics within short-term insurance.
- OUTsurance's insurance book is diversified across motor and personal property insurance. We believe that there remains an opportunity for the group to grow meaningfully within the business and property insurance. The group's business portfolio is relatively small and is an area management have been increasingly investing in. The group's operations in Australia further add diversification to the group's strong South African operations, which we believe places the overall group in a good position.

UNPACKING THE FY 2026 RESULTS

High-level numbers

- The group's **normalised earnings** increased by 18.5% to R5.6bn. Strong performance in the South African operation drove growth. In contrast, the Australian operations were negatively impacted by the rand strengthening against the Australian dollar and a period of high weather-related claims in the first half of the year. Notwithstanding these factors, the Australian operations continued to show strong operational performance and market share gains.

SA remains resilient

- **OUTsurance SA** delivered a solid performance, with operating profit increasing by 62.4% to R5.1bn - benefiting from a lower cost-to-income ratio following reduced share-based payment expenses. Gross written premiums increased by 7.4% to R14.3bn, supported by premium inflation and some growth in policy volumes.
- **Personal Insurance** benefited from strong written premium growth (+7.7%) and strong retention rates. Operating profit for the segment rose 14.4%, with improved combined and cost-to-

- **Gross written premiums** saw a solid increase of 15.7%, excluding disinvestments, with Youi Group delivering growth of 21.3% in constant currency. Over the past decade, the group has increased gross written premiums by an average of 11% per annum, which is an impressive feat.
- The **claims ratio** for short-term Insurance deteriorated from 53.6% to 54.9%, due to large increases in natural peril claims in Australia. However, this improved from the half-year period.
- The **combined ratio improved to 82.6% from 85.6%**, showing the group's good cost control.

Strong organic growth despite higher claims

- **Youi's** normalised gross written premiums rose by 21.3% (constant currency) to R25.6bn, benefiting from premium inflation and strong organic growth.
- However, the division's operating profit fell 6.5% to R2.8bn, reflecting higher claim costs experienced during the first half of the year. After operating income fell by over 40% in the interim period, the segment reported a strong recovery in the second half of the year, highlighting the impact of unpredictable short-term weather patterns on earnings. However, over longer periods, the group has shown solid profit growth within the region.
- During the period, the Claims ratio increased from 58.5% to 62.2%, lower than the reported 66% at the interim.
- Management commented that over time, the group's increased product and geographic diversification in Australia will reduce claims volatility.

income ratios. **The Business segment** also grew significantly, with OUTsurance Business operating profit rising 49.8% to R1.0bn, driven by 12.1% premium growth and a lower claims ratio of 41.2%. A notable highlight was the continued scaling of OUTsurance Brokers, a segment now experiencing economies of scale. The broker channel expands the group's distribution reach and diversifies revenue streams. Management remains optimistic about this channel's long-term potential as it scales further.

- **OUTsurance Life** reported operating profit of R407m, 7.1% lower than the prior year. This decline resulted from significant moves in the yield curve, which distorted comparisons. Value of new business (VNB) rose 41.5%, and the VNB margin increased 1.6% to 23.7%, indicative of the segment's operational strength.

Looking ahead

Management remains upbeat about organic growth prospects, with a long runway across key markets despite lower premium inflation. Expansion of the broker channel should provide further access to high-net-worth clients, while proprietary technology and AI-driven automation continue to support efficiency gains.

OUTsurance Ireland is targeting monthly breakeven by April 2029, further diversifying the group. Around 65% of group premiums already come from outside South Africa, and this should increase further as Australia and Ireland grow faster than the SA business. Overall, OUTsurance's strong execution, expanding international footprint and focus on efficiency continue to underpin an attractive long-term growth outlook.

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