

London South East (blog)

30th September 2016

Helios Underwriting's profit rises as it plans further acquisitions

AIM-listed Helios Underwriting, a constituent of the Lloyd's insurance market, reported a rise in profit as it plans to raise about 8.2m from a share placing and open offer to make further acquisitions.

For the six months ended June, operating profits have increased to 605,000 from 73,000 last year.

The company also said it is to raise about 5m from a share placing and a proposed open offer of new shares to raise a further 3.2m.

In January, the company bought Devon Underwriting, which is also a corporate member of Lloyd's for 1.07m and Nameco in May for 3.72m in order to build its portfolio capacity

Contributions from the older underwriting years benefitted from the weak sterling at the end of June, from the additional capacity acquired on the 'off risk' underwriting, where Helios retains 100% of the benefit.

The loss from the 2016 underwriting year was 188,000 for the first half, which was as expected, as expenses are incurred before profits from underwriting are recognised.

Operating and reinsurance costs are in line with expectations and the company said it benefitted from the fees and profit from commissions payable by the quota share reinsurers.

Earnings per share increased to 6.38p from 2.89p and net asset value per share rose to 2 per share from 1.83.

The company said that Lloyds' capacity auctions, which are scheduled for mid-November, are expected to have "strong demand" for the top syndicates that make up a large proportion of the Helios capacity fund.

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The syndicates that Helios supports announced overall increases in the business to be underwritten for 2017, which is expected to increase the Helios capacity fund by over 2m.

"The board currently expects that the syndicate results for the 2014 and 2015 underwriting years will exceed current mid-point forecasts published by the managing agents which should make a meaningful contribution to the Helios full year result."