

# Discovery surpasses targets: Strong half-year results

Discovery showcased robust half-year results to investors, along with news of Discovery Bank achieving monthly operational break-even ahead of schedule.



Source: Wikipedia.

Group chief executive, Adrian Gore, commented, “In an environment characterised by continued macroeconomic complexities, Discovery delivered a strong operating performance that is underpinned by our continued investment in future growth platforms as well as an adherence to financial discipline.”

At a group level, normalised operating profit increased 13% to R5,622m; headline earnings were largely unchanged at R3,260m; normalised headline earnings increased 11% to R3,320m; and new business annual premium income (API) increased 28% to R14,197m.

The key financial highlights include:

- South Africa (Discovery Health, Discovery Bank, Discovery Life, Discovery Invest, Discovery Insure): normalised operating profit increased by 9% to R4,355m and new business by 29% to R11,100m.
- United Kingdom (Vitality Health, Vitality Life): normalised operating profit decreased by 2% to £34.7m (increased 13% to R812m).

- Vitality Global (Vitality Network, Ping An Health Insurance, and Vitality Health International): increased operating profits by 55% to \$24.4m (71% to R455m).

During the reporting period, Discovery continued its focus on achieving growth, cash generation and capital resilience, while ensuring platforms geared for accelerated future growth (Discovery Bank and Vitality Global) were scaled further.

Gore commented, “We’ve been disciplined in our strategy of diligent capital allocation, growing cash generation, and balance-sheet strength. Growth in core businesses remained robust over the period, and the focused investment in Discovery Bank and Vitality Global manifested in exceptional performance, with these businesses being positioned as strong platforms for continued growth.”

## Financial triumphs; growth momentum

The group’s banking business delivered excellent results achieving its stated target of monthly operational break-even before acquisition costs during the period, ahead of plan.

For the six months under review, Discovery Bank’s operating loss, before new business acquisition costs, improved by 40% and the bank had more than 825,000 clients as of December 2023.

The bank is growing rapidly through the acquisition of quality clients on a scalable platform and its exceptional customer engagement position is set to play a central role in advancing the group’s South African business through integrated ecosystems.



### Discovery Bank and Worth empower SA's finances

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The rest of the South African businesses delivered strong individual results in the complex operating environment.

Discovery Health’s growth demonstrates the consistent performance across the business with new business increasing 52%, including the take-on of Sasolmed closed medical scheme.

Discovery Individual Life delivered strong earnings growth with improving new business margins, while Group Life declined from the prior year’s exceptional performance.

Discovery Invest’s performance was robust with revenues and profit benefitting from higher market levels. Discovery Insure recorded pleasing revenue growth, however, its profit recovery was constrained by two severe weather events.

## UK expansion and strategic growth

In the UK, earned premiums from VitalityHealth and VitalityLife increased by 11% year-on-year to £536.8m (up 27% to R12.6bn), and total lives insured increased by 5% to 1.83m. New business API increased 6% to £88m (22% to R2,070m).

Solvency cover remains strong and was positively impacted by the risk margin reforms passed in UK. The business continues to focus on actions that position it for strong sustainable growth in the core health and life market, without recourse to funding from the group, with VitalityLife now fully self-funding.

Vitality Global is another key growth enabler for the group, with Vitality Global delivering exceptional growth over the period.

Gore commented on Discovery’s successful partnership in China with leading insurer Ping An: “Ping An Health Insurance

has emerged as a specialist health insurer of scale in China, delivering high-quality operating metrics and cash generation, with a robust balance sheet. We are certainly excited about its prospects.”

Gore is optimistic about the global adoption of the Vitality Shared-value Insurance model with leading insurance partners. “Growth in the Vitality Network demonstrates the emerging operational leverage within the business, with the evolving model creating opportunities for further growth and even greater impact and global relevance,” Gore concluded.

An interim ordinary dividend of 65 cents per share was issued.

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