

▶ Trust, responsibility and the connectivity of solid performance and expertise

# Investor presentation **2013** annual results





# INVESTOR PRESENTATION

2013 Annual Results



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## AGENDA

- ▶ Operating environment
- ▶ Strategic overview
- ▶ Financial review
- ▶ Outlook and priorities



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# OPERATING ENVIRONMENT

Fundamentals remain uncertain



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## OPERATING ENVIRONMENT

- ▶ Conditions remain challenging
  - Slow global recovery, but signs of improvement
  - Tapering of Quantitative Easing impacting negatively on emerging markets
  - Low short-term interest rate environment in 2013
  - Weak short-term insurance claims cycle
- ▶ SA economy
  - Growth
  - Interest rates
  - Equity markets
  - Currencies
- ▶ Africa/India environment



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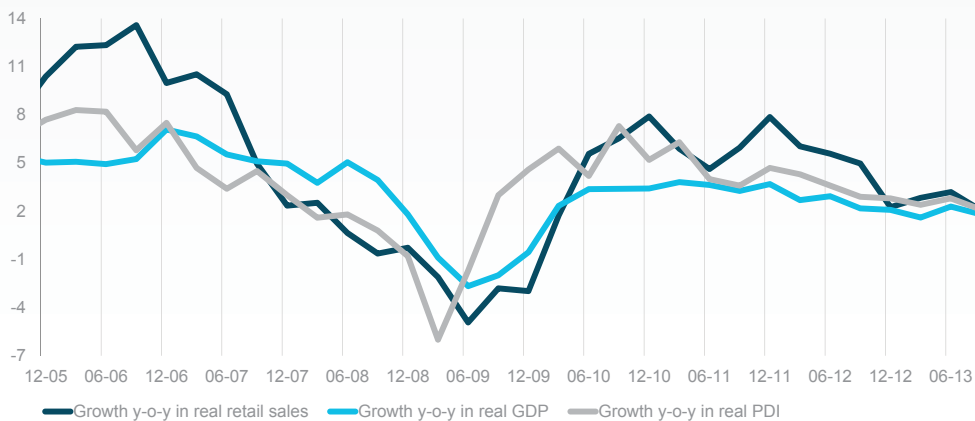
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## SA ECONOMY

### Low level of growth expected to continue into 2014

Growth in real retail sales, GDP and PDI (%)



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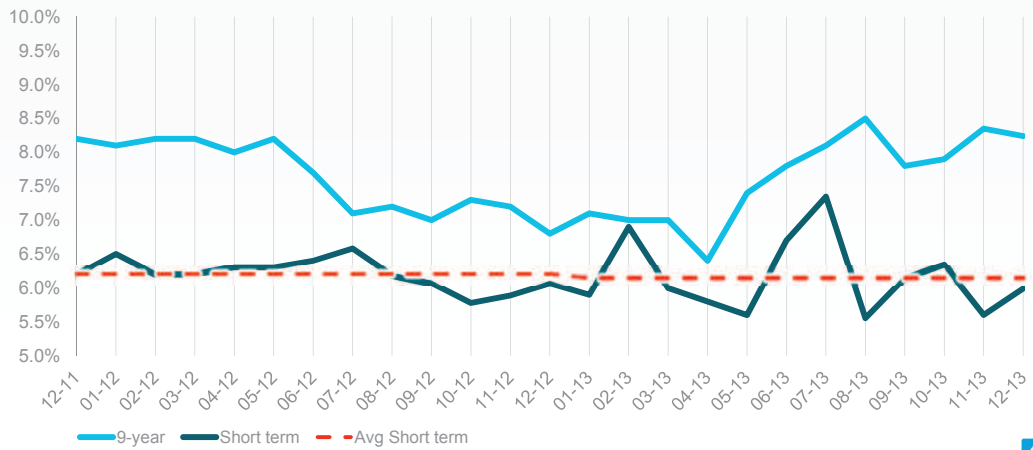
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## SA INTEREST RATES

Higher LT rates had negative impact on RoGEV and VNB growth

**SA 9-year bond yields and short-term interest rates**



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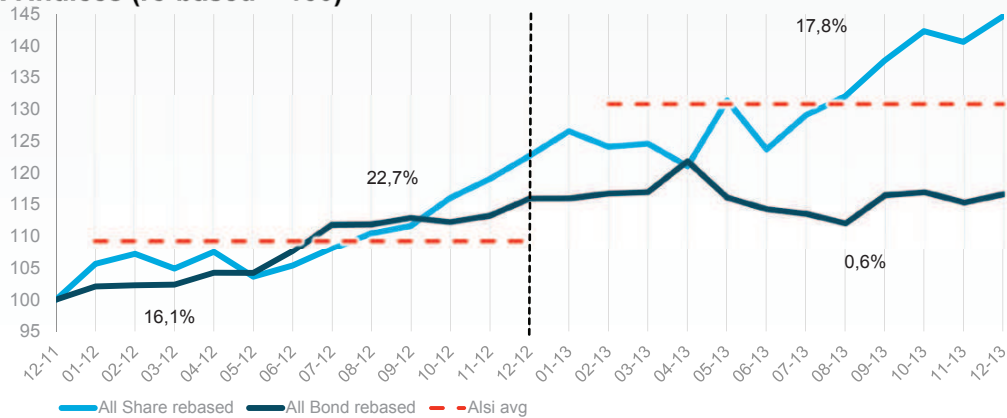
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## SA EQUITY & BOND MARKETS

- ▶ Equity market recovered strongly in 2H13
- ▶ Partly offset by weak bond market performance

**SA Indices (re-based = 100)**



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## REST OF AFRICA/INDIA ENVIRONMENT

- ▶ Botswana
  - Consumer remains under pressure
- ▶ Rest of Africa
  - Low demand for resources, but overall growth remains higher than SA
- ▶ India
  - Below-trend economic growth during FY13
  - Relatively high inflation, rising interest rates
  - Currency volatility similar to SA



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# STRATEGIC DELIVERY

Track record remains intact



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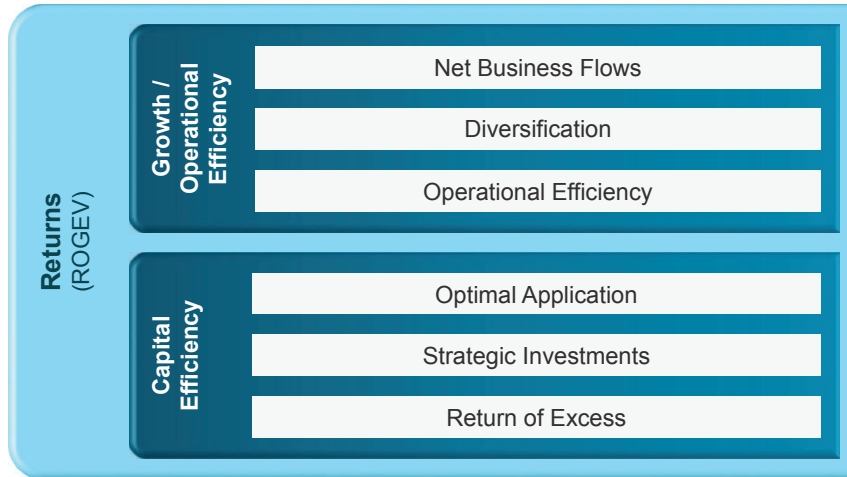
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## STRATEGIC FOCUS REMAINS UNCHANGED

Maximise shareholder return



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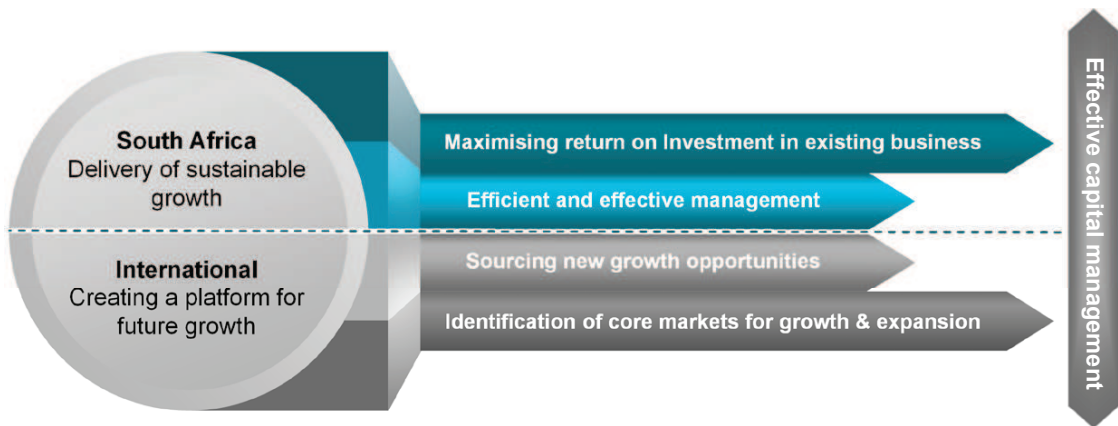
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## CORE STRATEGIC OBJECTIVES

Progress in all areas during 2013, particularly international



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## TOP-LINE EARNINGS GROWTH

### Financial performance in 2013

- ▶ Earnings per share
  - Net operating profit per share increased by 34%
  - Normalised headline earnings per share up 35%
- ▶ Business volumes
  - New business volumes increased by 36% to R185bn
  - Net fund inflows of R32bn
  - Net life VNB up 12% to R1 320m
  - Net VNB margin of 3,06% – improved performance on comparable basis
  - Group Equity Value of 4 121 cents per share
  - RoGEV per share of 17%



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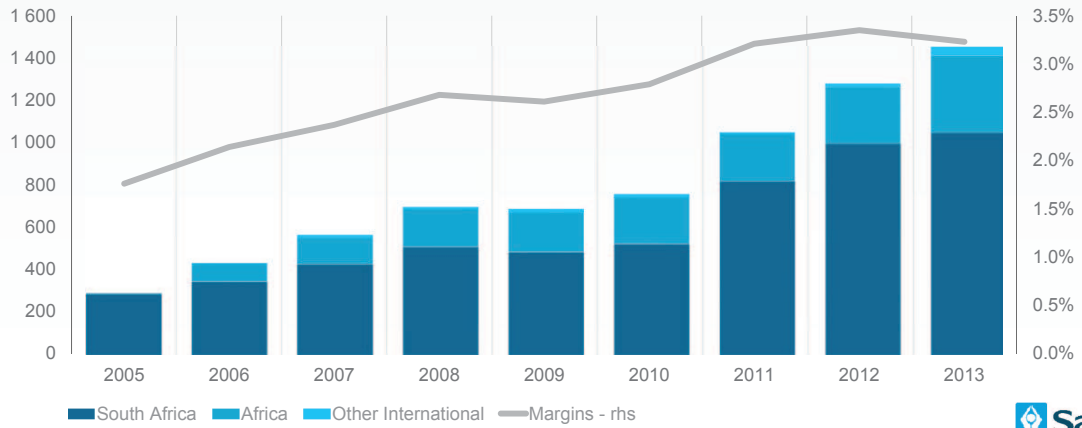


## OPERATIONAL EFFICIENCIES

### Profitable volume growth

- ▶ Gross VNB grew by 13%, at sustained average margins despite higher interest rates

Value of new business (Rm) vs new business margins (%)



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## CAPITAL EFFICIENCY

### Optimising capital base

- ▶ Prudent approach while awaiting final SAM specifications
- ▶ R2,5 billion of investments in growth markets finalised during 2013
- ▶ Discretionary capital earmarked mainly for Africa, India and SE Asia



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## CAPITAL EFFICIENCY

### Discretionary capital

<b>Balance 1 January 2013</b>	<b>4 200</b>
Investments	(1 763)
India & SE Asia	(1 334)
Rest of Africa	(551)
Santam co-investment	181
Developed markets	(46)
South Africa	(13)
Capital released	1 906
Non-core operations	412
Excess return on life capital	1 494
Investment return & other	734
Special dividend	(1 077)
<b>Balance 31 December 2013</b>	<b>4 000</b>



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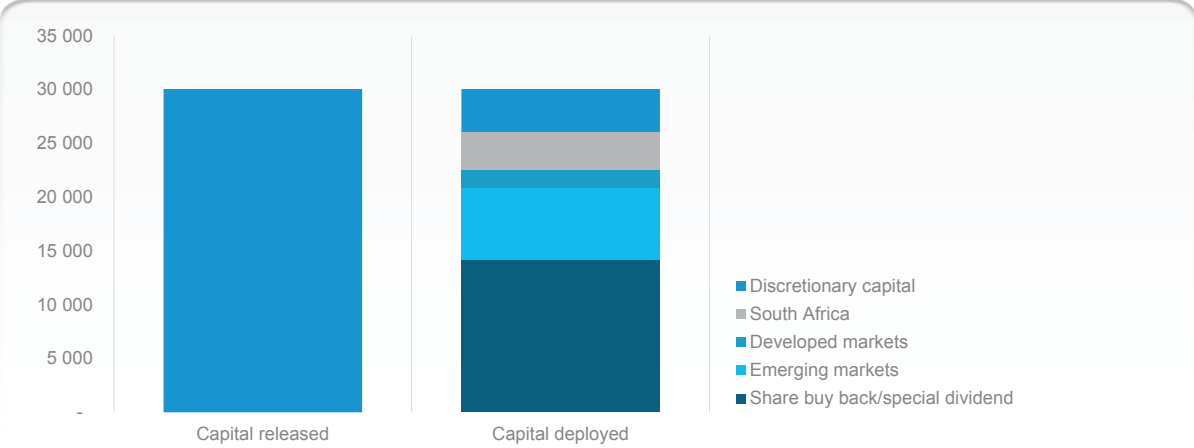
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## CAPITAL EFFICIENCY

### Capital redeployed since 2005



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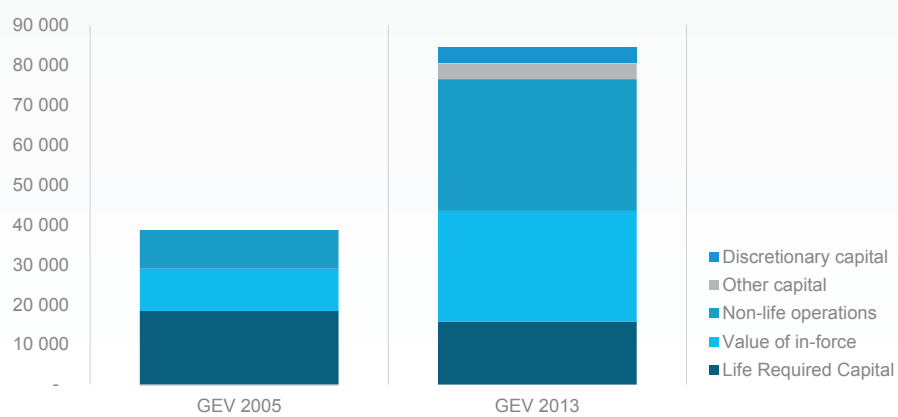
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## CAPITAL EFFICIENCY

### Composition of GEV transformed since 2005



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## CHANGES IN PRESENTATION / KEY ASSUMPTIONS

- ▶ Accounting policies & basis of presentation (no change from 1H13)
  - IFRS 10 restatements – no impact on shareholders' fund balance sheet
  - Investment classifications aligned with SAM
  - STC replacement with withholding tax
  - Presentation of non-life operations in GEV
- ▶ Changes in RDR: (Sanlam Life 10,7%)
  - 140 bps up from December 2012
    - Negative impact on valuations and RoGEV



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## SANLAM PERSONAL FINANCE

R million	2013	2012	△
<b>New business flows</b>	<b>42 507</b>	<b>32 355</b>	<b>31%</b>
Entry-level	1 155	984	17%
Middle-income	11 328	9 972	14%
Affluent	30 024	21 399	40%
<b>Net flows</b>	<b>14 993</b>	<b>8 974</b>	
Entry-level	2 880	1 342	
Middle-income	(1 826)	233	
Affluent	13 939	7 399	



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