



INTERIM RESULTS 2017 INVESTOR PRESENTATION



Insurance | Financial Planning | Retirement | Investments | Wealth



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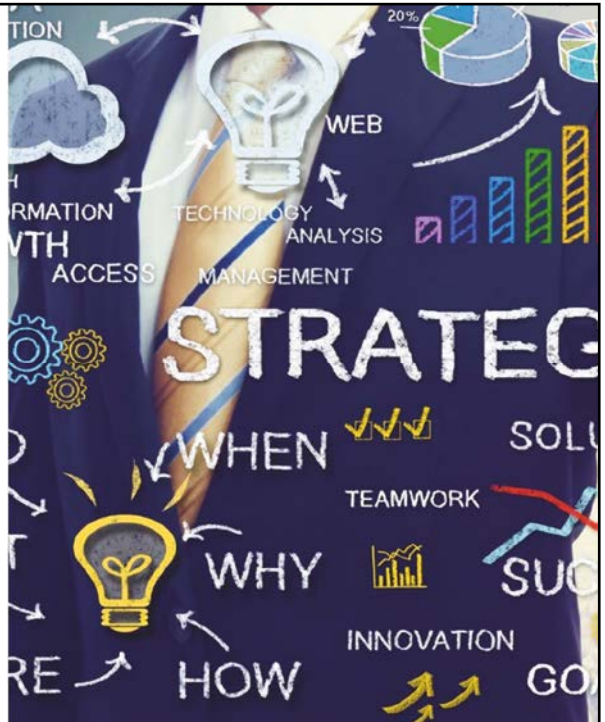
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Sanlam Group Strategy

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Notes

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An Integrated Approach to Sustainable Performance

Strategy reviewed and refined



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A sustainable strategy



Vision and strategic intent pursued through a four pillar strategy



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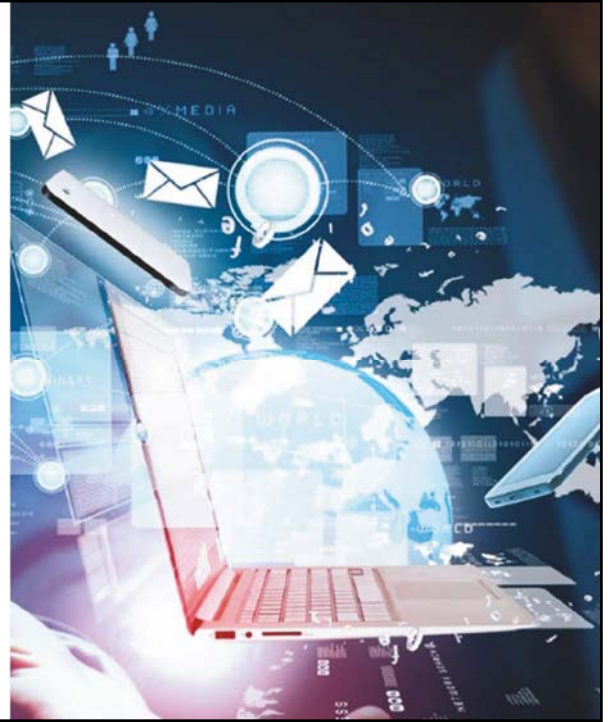
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Operating Environment

Challenging SA environment persists



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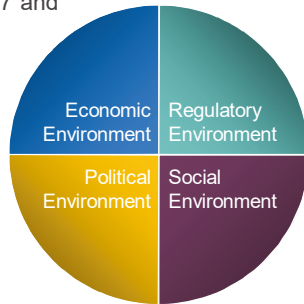
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South Africa



Political environment not conducive to economic growth

- ⌚ Business and investor confidence under pressure
- ⌚ Economy in technical recession
- ⌚ Pedestrian growth outlook for 2017 and 2018
- ⌚ Risk of further sovereign credit rating downgrades
- ⌚ Investment market and currency volatility



- ⌚ Financial sector regulation bill passed, establishing twin peaks model
 - › Prudential regulator by end-2017
 - › Market conduct regulator by 2018
- ⌚ Solvency Assessment and Management planned to be effective 1 July 2018
- ⌚ Retail Distribution Review being phased in
- ⌚ International Insurance Capital Standards field testing
- ⌚ Historic high levels of unemployment
- ⌚ Widening wealth inequality
- ⌚ Technical skills development a priority
- ⌚ Need traction on inclusive growth initiatives

- ⌚ Political and policy uncertainty
- ⌚ Allegations of state capture
- ⌚ ANC elective conference in December

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Rest of Africa



General improvement in growth prospects

- ⌚ Improved terms of trade for commodity-based economies
- ⌚ Oil-based economies adapting to structurally lower oil price (Nigeria & Angola)
- ⌚ Much higher growth prospects than SA in medium to long term
- ⌚ Namibia liquidity constraints
- ⌚ Competitive pressures in Botswana in unsecured lending and life annuities

- ⌚ Elections in a few countries
- ⌚ Political and policy uncertainty arising from time to time



- ⌚ Risk-based capital regimes on the agenda of a few countries
- ⌚ TCF and RDR following international trends

- ⌚ Technical skills shortage
- ⌚ Favourable demographic profile over long term
- ⌚ Increased need for insurance and investments

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India and Malaysia



Economic growth gaining traction

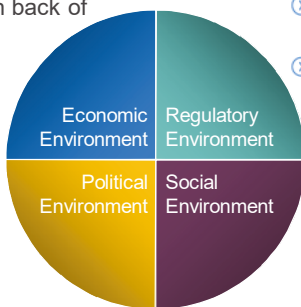
⌚ Economic growth in India affected by demonetisation, but gaining traction

➤ Growth of 7% expected for 2017

⌚ Malaysian economy accelerating on back of competitive Ringgit

➤ Manufacturing output improving

➤ Exports



⌚ Demonetisation in India during 2016 impacted economy and credit providers

➤ Temporary setback for Shriram Capital

⌚ Goods and Services Tax in India may impact transport sector over short-term

⌚ De-tariffing of insurance sector in Malaysia

➤ Opportunity to price more efficiently

➤ Market response uncertain

⌚ Stable relative to 2016

⌚ Favourable demographic profile over long term

⌚ Increased need for insurance and investments in lower segments

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Strategic progress

Sustainable strategy supported resilient results



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Strategic progress in 1H17



Execution remains a key differentiator

- ④ Strong growth in recurring premium risk business in SA
 - › Sanlam SKY business mix continued to improve
 - › Double-digit growth in middle and mass affluent segments
- ④ Solid growth at SEM in constant currency despite pressures in Namibia and Botswana
- ④ 17% growth in VNB in constant currency; overall increase in VNB margin
- ④ Persistency holding up well under difficult conditions
- ④ Positive experience variances of more than 3% of VIF on annualised basis

Strategic pillars	Profitable top-line growth through a culture of client-centricity	Enhancing resilience and earnings growth through diversification
	Extracting value through innovation and improved efficiencies	Responsible capital allocation and management
Transformation		

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Strategic progress in 1H17



Execution remains a key differentiator

- ⦿ Resilient overall performance in 1H17 confirms benefits of diversification strategy
- ⦿ Additional 16.6% stake in Saham Finances further enhanced Group profile
 - › Expansion in higher-growth markets
 - › Increased exposure to general insurance
 - › Larger participation in synergies
- ⦿ Acquisition of PineBridge's Kenyan asset management operations
 - › East-African asset manager of scale
- ⦿ Good progress with Central Credit Manager initiative

Strategic pillars	Profitable top-line growth through a culture of client-centricity	Enhancing resilience and earnings growth through diversification
	Extracting value through innovation and improved efficiencies	Responsible capital allocation and management
Transformation		

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Strategic progress in 1H17



Execution remains a key differentiator

- ④ Cost efficiencies key in low-growth environment
 - › Savings extracted at Sanlam Investments
- ④ Good progress with technological and product innovation, raising the base constantly
 - › BrightRock acquisition finalised in SPF – innovative risk product platform
 - › EasyEquities acquisition in SI – award-winning fintech disrupter in investments sector
 - › Business Intelligence project at Group level – advanced analytics
 - › Award-winning Sanlam Design Studio

Strategic pillars	Profitable top-line growth through a culture of client-centricity	Enhancing resilience and earnings growth through diversification
	Extracting value through innovation and improved efficiencies	Responsible capital allocation and management
Transformation		

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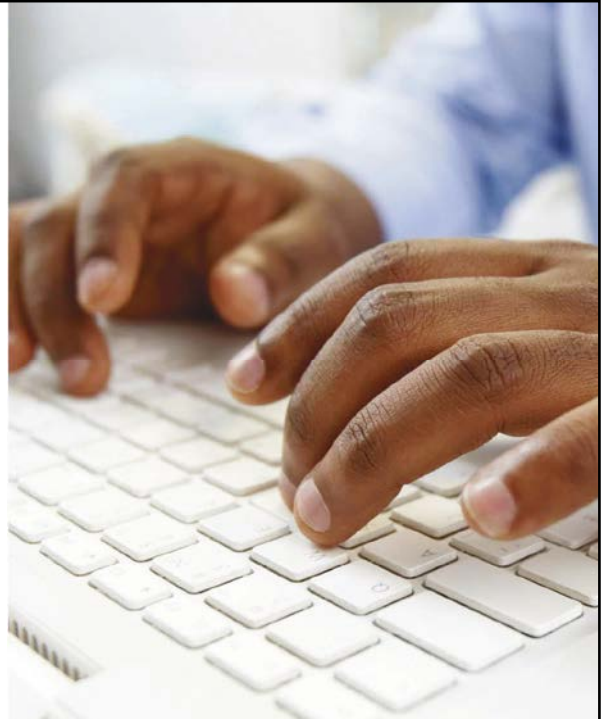
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Financial Review



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Key Performance Indicators



Sanlam shareholders

- ④ Earnings per share
 - › Net operating profit per share increased by **1%** (**5%** constant currency)
 - › Normalised headline earnings per share up **5%**
- ④ Business volumes
 - › New business volumes declined by **4%** to **R110bn**
 - › Net fund inflows of **R19bn** compared to R22bn in 2016
 - › Net life VNB up **11%** (**17%** constant currency)
 - › Net VNB margin of **2.61%**, up from 2.44% in 2016
- ④ Group Equity Value
 - › Group Equity Value of **R54.69** per share
 - › Annualised RoGEV per share of 11.7%, adjusted **16.2%** - above hurdle rate

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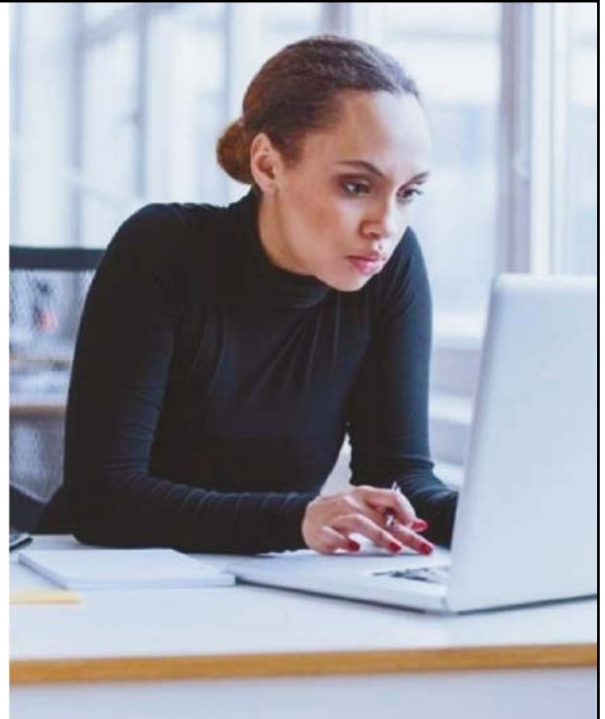
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Financial Review

Sanlam Personal Finance



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Sanlam Personal Finance



R million	2017	2016	△
Value of new life business	585	499	17%
Sanlam Sky	203	129	57%
Individual Life	294	251	17%
Glacier	88	119	-26%
New business margin	2,76%	2,49%	
Sanlam Sky	7,79%	6,20%	
Individual Life	2,88%	2,61%	
Glacier	1,05%	1,42%	

Notes

Sanlam Emerging Markets



R million	2017	2016	Δ	ΔCCY
Value of new life business	235	277	-15%	1%
<i>Excluding structural growth</i>	212	271	-22%	-7%
Namibia	44	71	-38%	-38%
Botswana	72	109	-34%	-28%
Rest of Africa	77	60	28%	78%
India	27	4	575%	675%
<i>Excluding structural growth</i>	12	4	200%	250%
Malaysia	15	33	-55%	-39%
New business margin	4,88%	4,87%		
Namibia	4,29%	4,30%		
Botswana	5,30%	7,12%		
Rest of Africa	6,13%	4,81%		
India	4,41%	1,12%		
Malaysia	2,65%	3,66%		

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Financial Review

Sanlam Investments



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Sanlam Investments



R million	2017	2016	Δ	Δ CCY
Gross operating profit	743	787	-6%	1%
Investment management SA	277	320	-13%	-12%
Wealth management	101	108	-6%	-4%
International	194	153	27%	56%
Capital management	171	206	-17%	-16%
Net operating profit	573	580	-1%	6%
Group Equity Value*	16 828	15 807		
Covered business	2 316	1 137		
Other	14 512	14 670		
RoGEV (6 months)	4,0%	-0,1%		

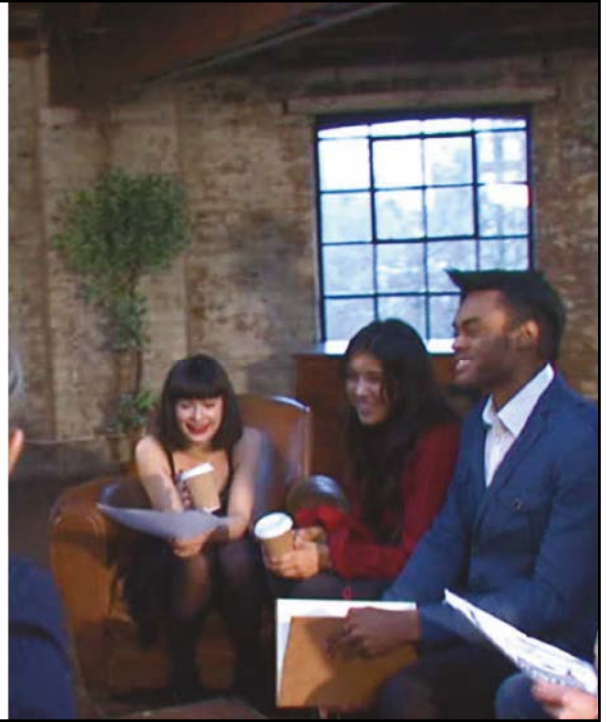
* Comparative information as at 31 December 2016

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Financial Review

Sanlam Corporate



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Business flows



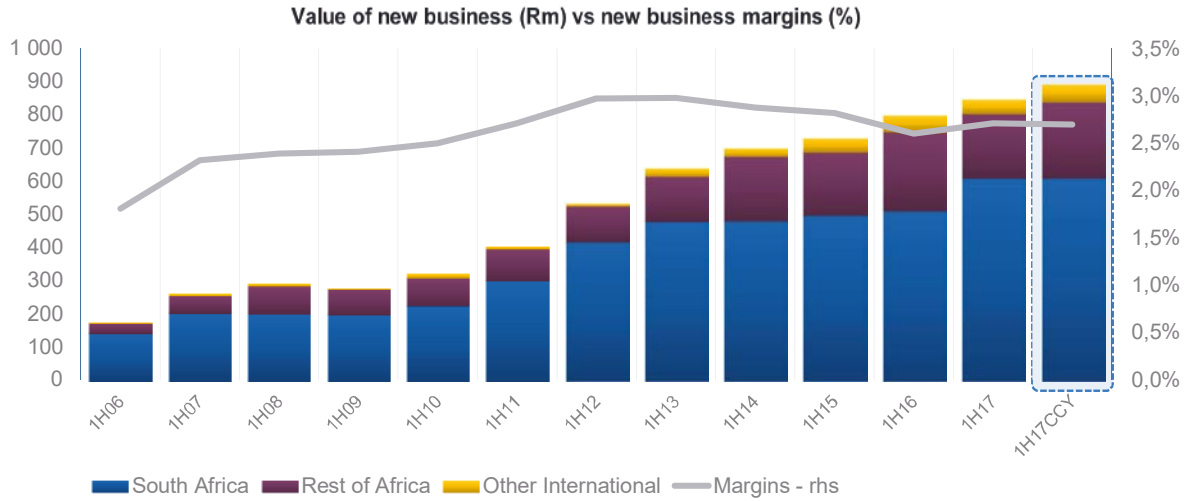
R million	Gross			Net	
	2017	2016	Δ	2017	2016
by business					
Personal Finance	28 614	30 806	-7%	3 961	8 680
Emerging Markets	10 068	8 487	19%	1 859	2 562
Sanlam Investments	58 983	64 218	-8%	9 232	6 914
Santam	10 551	9 700	9%	3 298	3 411
Sanlam Corporate	2 041	2 142	-5%	529	179
by licence					
Life insurance	21 267	21 853	-3%	4 935	6 034
Investment	75 716	82 054	-8%	9 694	11 680
General insurance	13 274	11 446	16%	4 250	4 032
Total	110 257	115 353	-4%	18 879	21 746

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Value of new covered business



Long-term interest rates and business mix supporting margin



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Net operating profit



R million	2017	2016	Δ	ΔCCY
Personal Finance	2 133	2 088	2%	2%
Emerging Markets	771	788	-2%	14%
Sanlam Investments	573	580	-1%	6%
Santam	337	388	-13%	-9%
Sanlam Corporate	244	186	31%	31%
Corporate & other	(2)	(2)	–	–
Total	4 056	4 028	1%	5%

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Group Equity Value

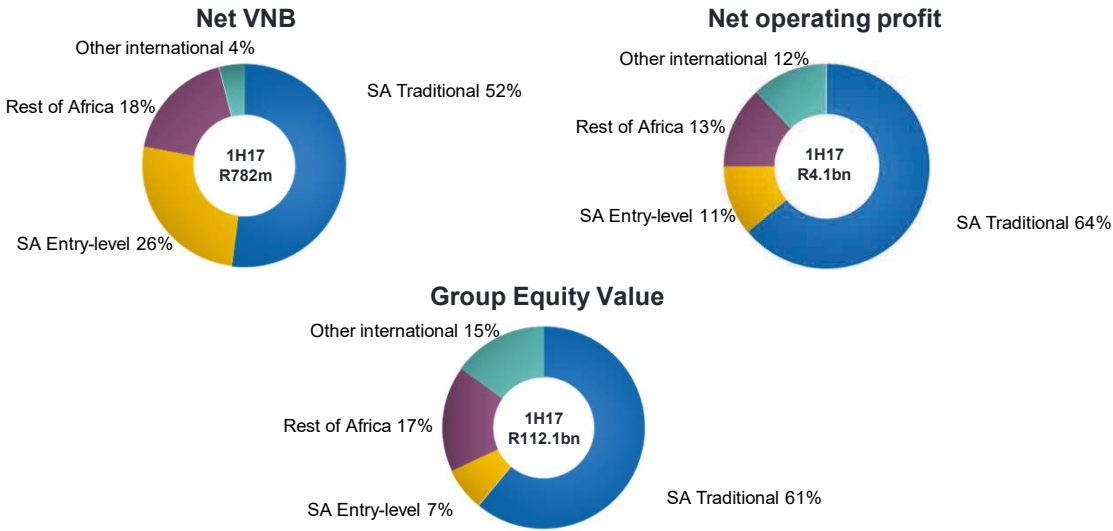


R million	Equity Value		RoGEV	
	2017	2016*	Rm	%
Group operations	109 312	102 035	7 050	6,8%
Ⓜ Personal Finance	41 665	41 878	3 535	8,5%
Ⓜ Emerging Markets	28 171	22 097	1 550	6,6%
Ⓜ Investments	16 828	15 807	655	4,0%
Ⓜ Santam	16 228	15 868	747	4,7%
Ⓜ Sanlam Corporate	6 420	6 385	563	9,2%
Discretionary & Other	2 788	8 682	(100)	-1,4%
TOTAL	112 100	110 717	6 950	6,3%
cps	5 469	5 407	329	6,1%
Adjusted RoGEV cps				8,1%
Return target				6,4%

* Comparative information as at 31 December 2016

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Geographic diversification



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Financial Review

Capital management



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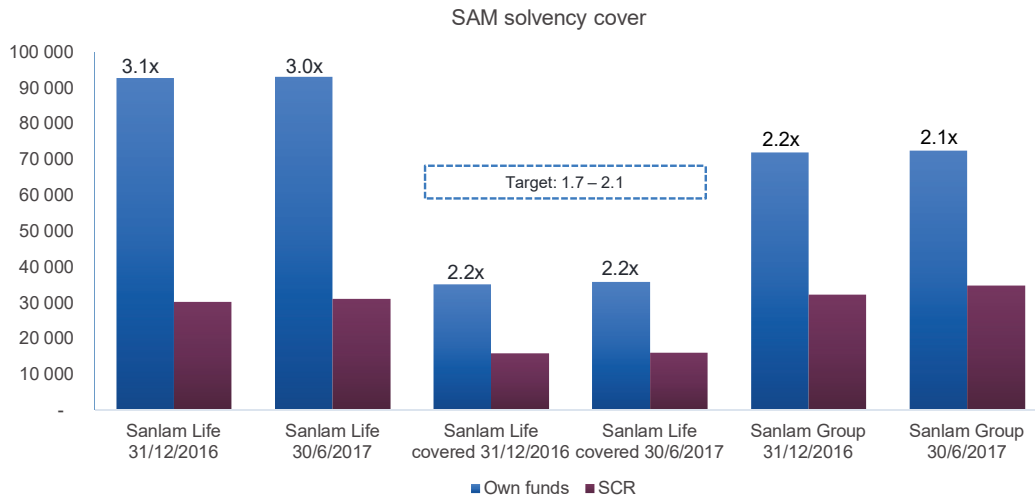
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Solvency position



Solvency cover at upper end of target range



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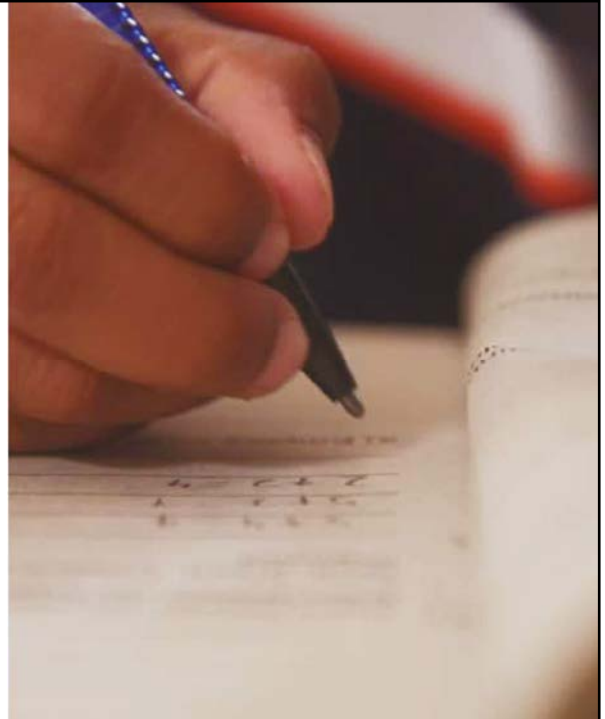
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Strategic Priorities for 2017



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Sanlam Personal Finance



- ④ Continue to adapt to regulatory changes, evolving consumer demands and technology trends
- ④ Focus on profitable sales growth through
 - Product innovation aimed at greater simplicity and outcomes-driven design
 - Adopting digital to improve customer experience and advanced analytics capability
 - Improving speed to market of new offerings
 - Expanding distribution footprint through range of intermediary models
- ④ Strong drive on operational efficiencies and delivering value for money
- ④ Bedding down BrightRock acquisition

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Sanlam Emerging Markets



- ④ Shift in focus from acquisitive to accelerated organic growth through superior execution, enhanced strategic alliances and improved distribution
- ④ Increased visibility of Sanlam brand as partnership brand for markets and our employees
- ④ Drive synergies with Saham Finances
- ④ Deliver on corporate opportunities in Africa in support of retail and commercial business growth
- ④ Increased collaboration on human resource development across the cluster
- ④ Continued focus on governance, compliance and ethics
- ④ Industry consolidation/increasing shareholding/strategic partnerships where it makes sense

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Sanlam Investments



- ④ Maintain consistent superior investment performance
- ④ Enhance competitiveness in third party market to grow net inflows
- ④ Focus on operational efficiencies to address fee income pressures
- ④ Leverage capabilities across businesses to provide solutions for both Retail and Institutional clients
- ④ Growth in non traditional asset classes, e.g. Passive and Alternatives
- ④ Leverage Credit capabilities in Credit Manager across Sanlam Investments and Sanlam Group
- ④ Continued focus on transformation and people development
- ④ Further align UK businesses to enhance competitiveness in international market

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- ↳ Underwriting actions focused on commercial and corporate property
- ↳ Optimisation of the non-motor claims channel
- ↳ Development of full multichannel capability in South Africa
- ↳ Balancing profitable growth with continued efficiency drive to optimise cost ratio
- ↳ Together with SEM unlock value in general insurance partners
- ↳ Continue with Internal Model Approval Process (IMAP) application
- ↳ Work with local municipalities to reduce risk and improve resilience
- ↳ Innovate for long-term sustainability across the business portfolio and the value chain
- ↳ Work with industry on wider economic transformation

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Sanlam Corporate



- ④ Provide a coordinated 'One Sanlam' solution to targeted corporates by addressing Employee, Employer Income Statement and Balance Sheet levers
- ④ Implement strategy, bed down operations and leadership
- ④ Build best of breed EB and Health businesses
- ④ Drive growth in EB and Health to achieve fairer market share
- ④ Drive collaboration opportunities (EB + Health) to increase clients' employee value propositions
- ④ Profitable growth: balance cross-cluster pricing to win and retain business while maintaining adequate margins
- ④ Progress acquisition of ABSA Consultants and Actuaries

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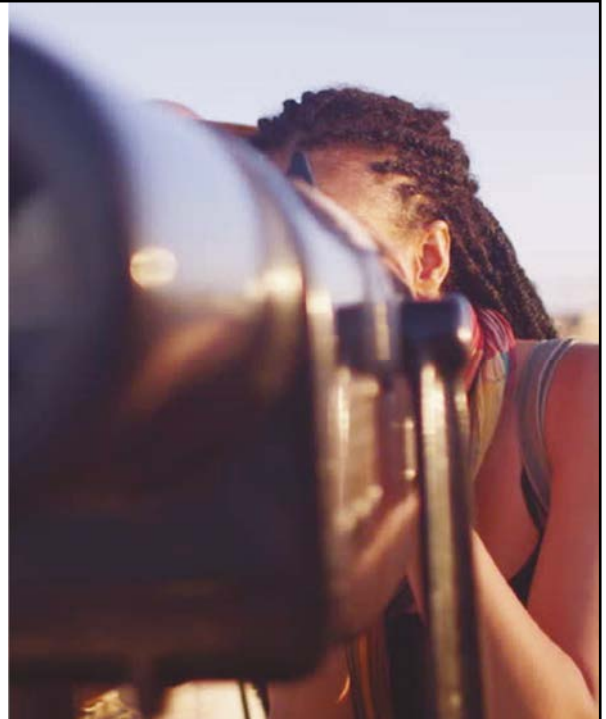
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Outlook



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Outlook for 2017



- ④ Challenging SA business environment will persist
 - › No real improvement in economic growth prospects for remainder of year
 - › Risk of further downgrades in sovereign rating
 - › Business and investor confidence likely to remain under pressure in uncertain environment
- ④ More promising growth prospects outside of SA
- ④ Risk of currency, interest rate and investment market volatility
- ④ Growth in all key performance indicators expected to be muted for full year

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