



Sanlam Emerging Markets

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Insurance

Financial Planning

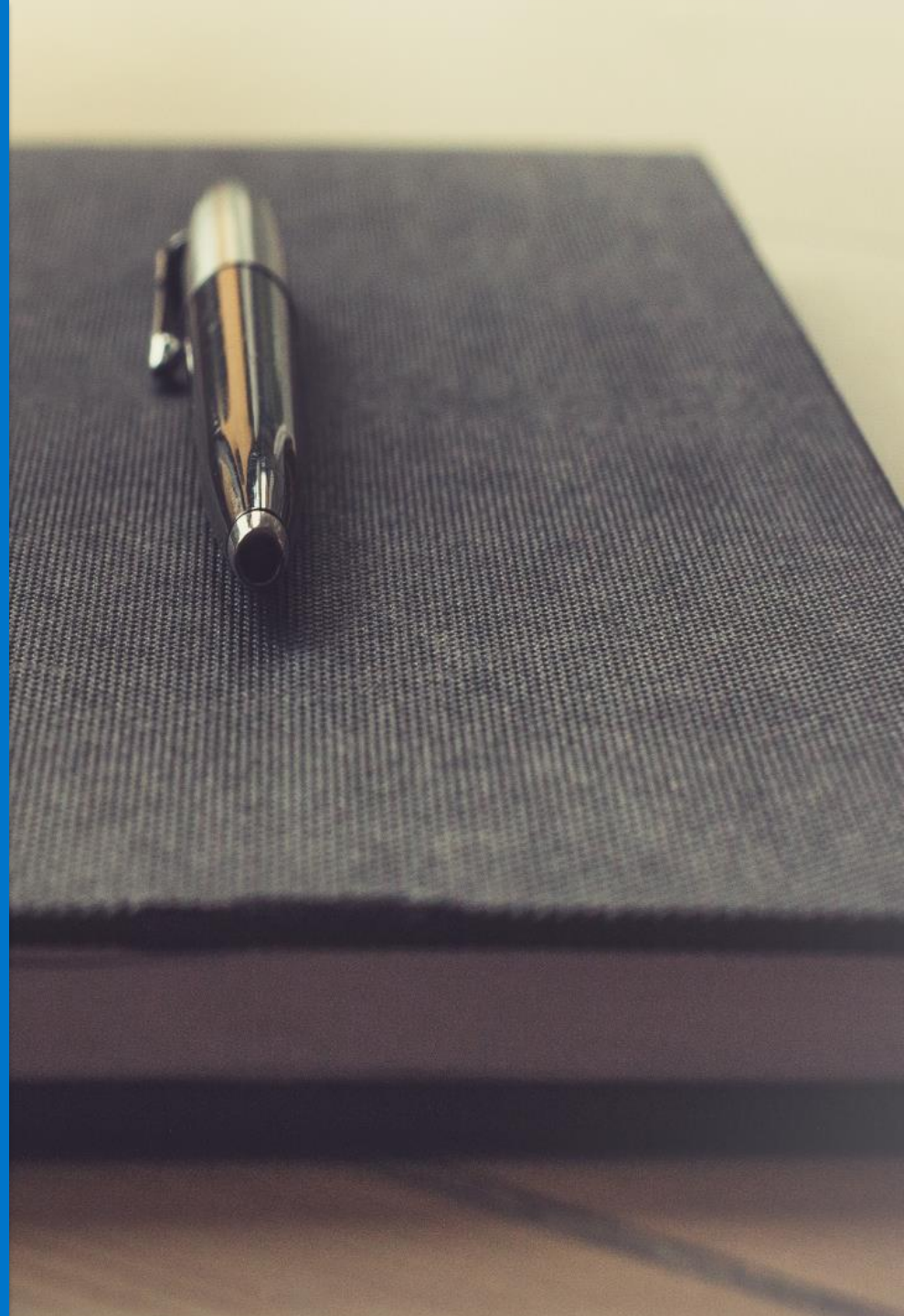
Retirement

Investments

Wealth

agenda

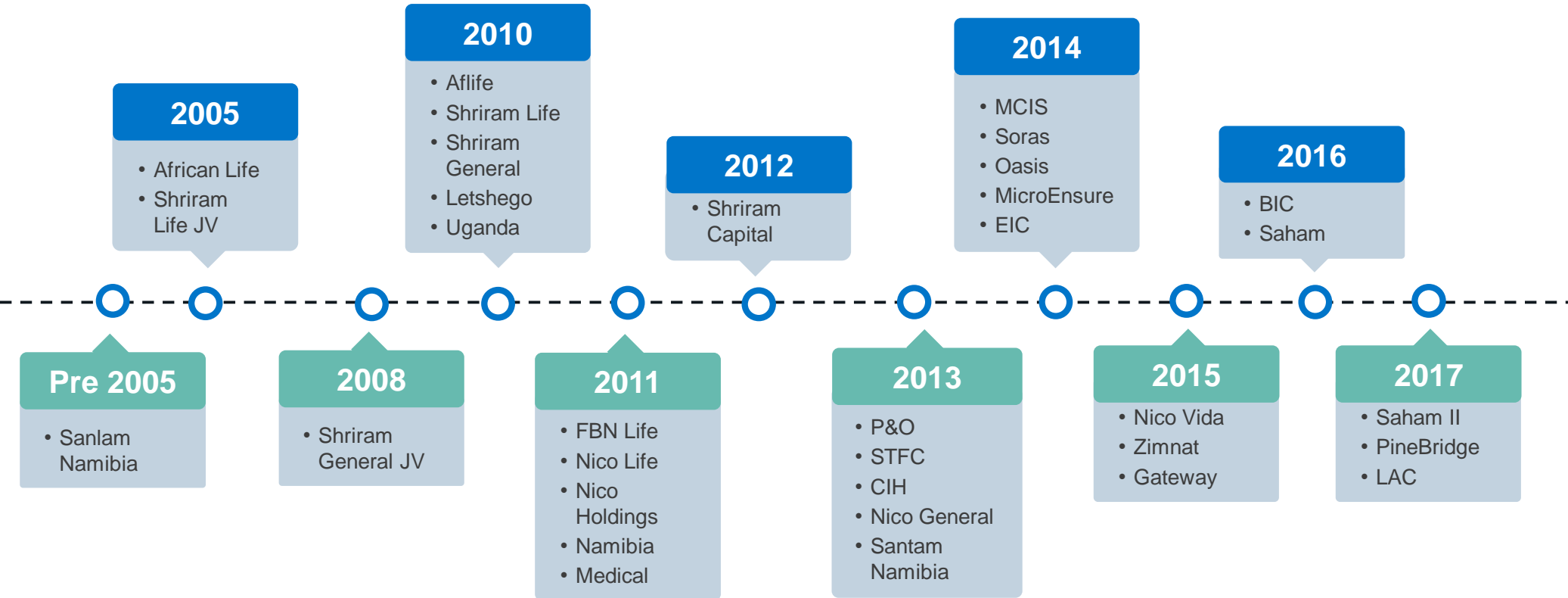
- the SEM journey
- SEM strategy
- focus on priority markets to end 2018
 - SAHAM
 - Southern Africa (Namibia/Botswana)
 - Kenya
 - Malaysia
- growth through products
- summary





the SEM growth journey

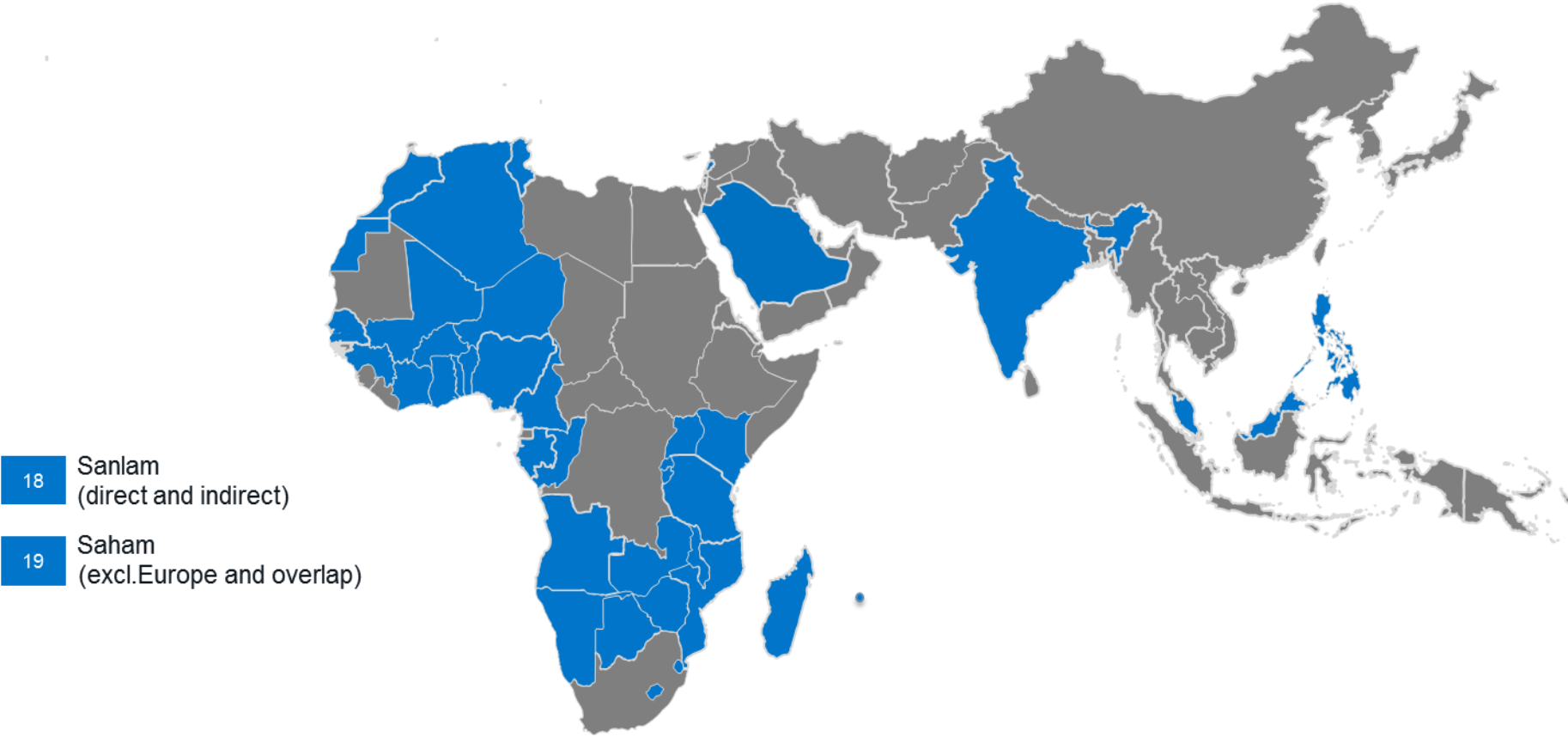
... largely building footprint



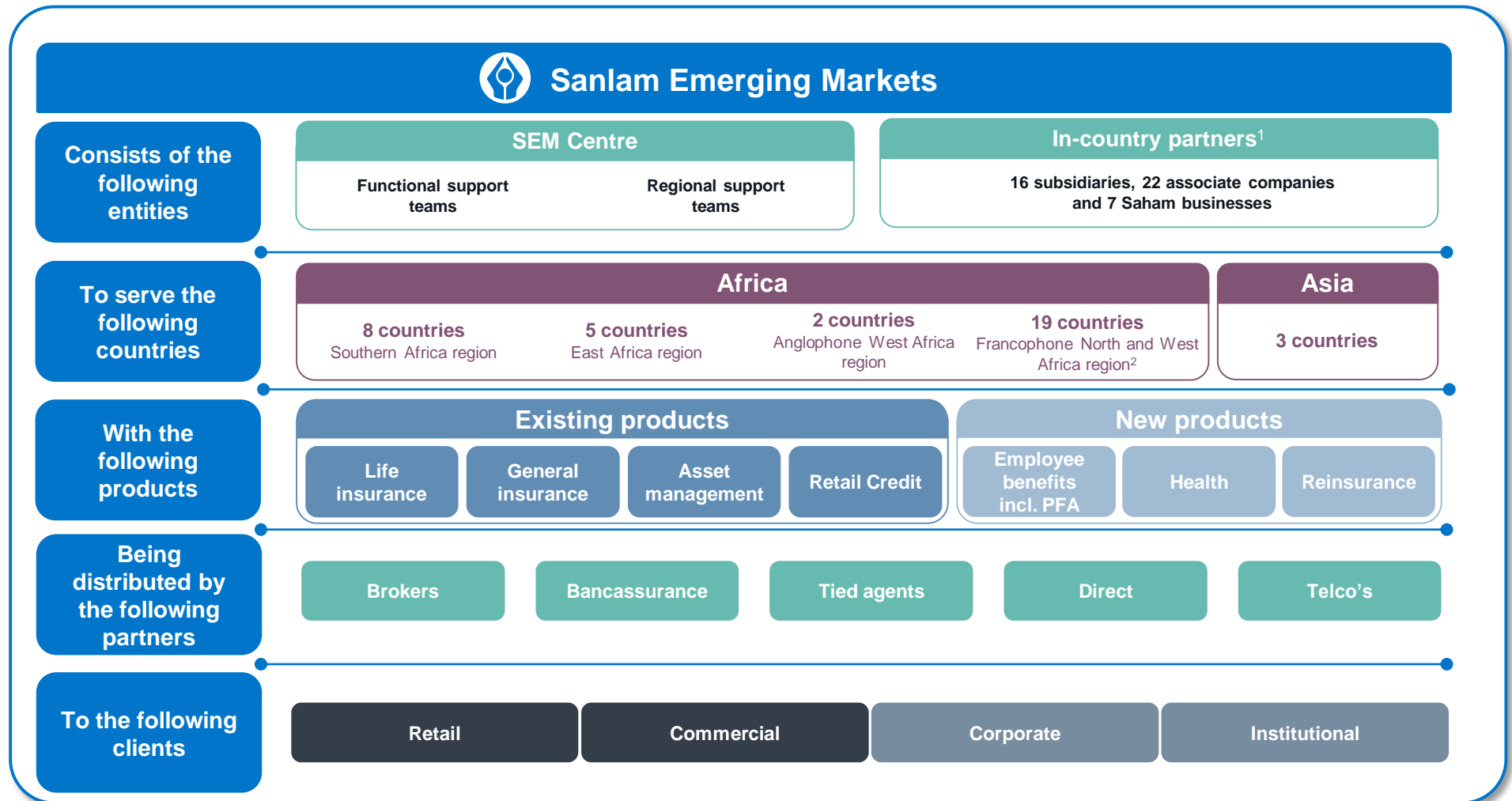


our geographic footprint largely complete

stay ahead in Africa (bolt-on acquisitions), keep optionality in South and SE Asia








SEM's vision is to be a **leading pan-African diversified financial services player** and have a **meaningful presence in India and Southeast Asia**. We will become the **number 1, 2 or 3 player** in our markets or niche segments. We will pursue new opportunities to improve and extend our product and service offerings in order to become the **go-to partner for corporates**.



Note: ¹ distinction between subsidiaries and associates is based on direct ownership by Sanlam | ²Saham countries exclude overlaps and Europe

SEM's strategic pillars

strategic shifts

- 01**  drive **profitable** growth in existing businesses focussing on high potential markets and ensure **sufficient capacity** and **capabilities** to **execute**
- 02**  increase the delivery off the **SEM footprint** and pursue **product growth** through innovation and new product lines
- 03**  unlock value through **increased shareholding**, in-country **consolidations**, cross-border **collaboration with regional partners and strategic alliances**
- 04**  entrench and build the Sanlam brand, align culture and **ensure strong values and ethics**
- 05**  ensure strong governance of **in-country partners**

driving organic growth...

focusing on priority markets



**SAHAM key to future
growth**



Saham earnings

as per Saham Finance reported consolidated income statement

MMAD 100%	1H 2016	2H 2016	1H 2017
gross premiums	5 496	4 862	5 951
net premiums	4 537	3 852	4 879
net result from financial services	167	207	273
life insurance	27	34	41
non-life operations	140	173	232
net investment return	72	22	86
life insurance	12	4	13
non-life operations	60	18	73
<i>shareholder net investment returns</i>	53	46	53
<i>foreign exchange gains</i>	52	16	73
<i>net finance charges</i>	-33	-40	-40
normalised headline earnings	239	228	360
<i>Average MAD / Rand exchange rate</i>	1.57	1.48	1.34

2016 performance

in constant currencies



- ⊗ Gross Written Premiums of MAD 10 358m in 2016 represented 14% growth on 2015 and included:
 - ⊗ 8% organic growth
 - ⊗ Strong contributions from Saham Maroc and Saham Assistance
 - ⊗ A 26% decline in the volumes from Angola
 - ⊗ Poor 2H16 from the West African region (Gabon, Cameroun)
 - ⊗ Including Continental Re for the full year

- ⊗ Aggregate Net Profit (before minorities) of MAD 709m represented a decline on the MAD 755m achieved in 2015, and included:
 - ⊗ Negative MAD 105m Morocco tax impact, which was not for Sanlam's account
 - ⊗ Angola result deterioration
 - ⊗ Aside from Angola, an 18% organic profit growth achievement

- ⊗ Saham Finance achieved an aggregate non-life combined ratio of 96.5%

1H2017 performance

in constant currencies



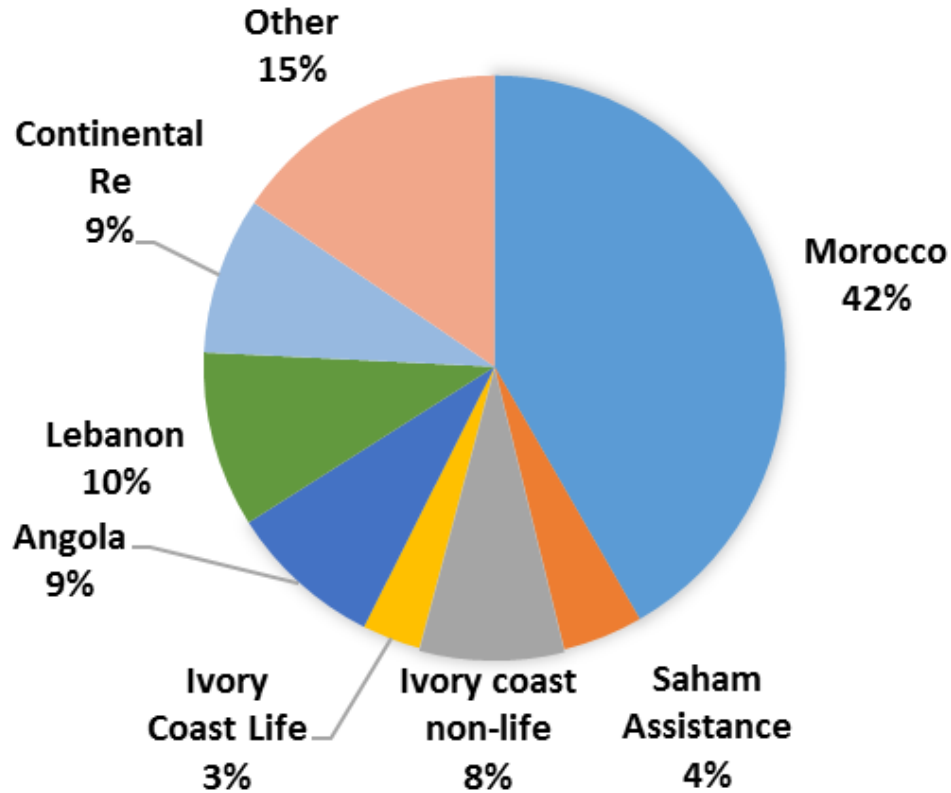
- ⊗ Gross Written Premiums of MAD 5 951m represented an 11% year on year achievement and included:
 - ⊗ Recovery from Angola
 - ⊗ No external growth
 - ⊗ GWP consist of 14 : 86 contributions for life : non-life
 - ⊗ Main lines of non-life insurance are 34% motor, 21% health and 12% fire (55% therefore from local risks and individuals)

- ⊗ Aggregate Net Profit (before minorities) of MAD 565m represented a 31% year on year growth and included:
 - ⊗ Organic growth of 12% (strong growth in internal reinsurance profits but underperformance from West African region as well as Lebanon)
 - ⊗ Exchange rate gains at holding company level (Saham hedged the \$ inflows from the Sanlam transaction)
 - ⊗ Following Sanlam's capital injection: repayment of debt

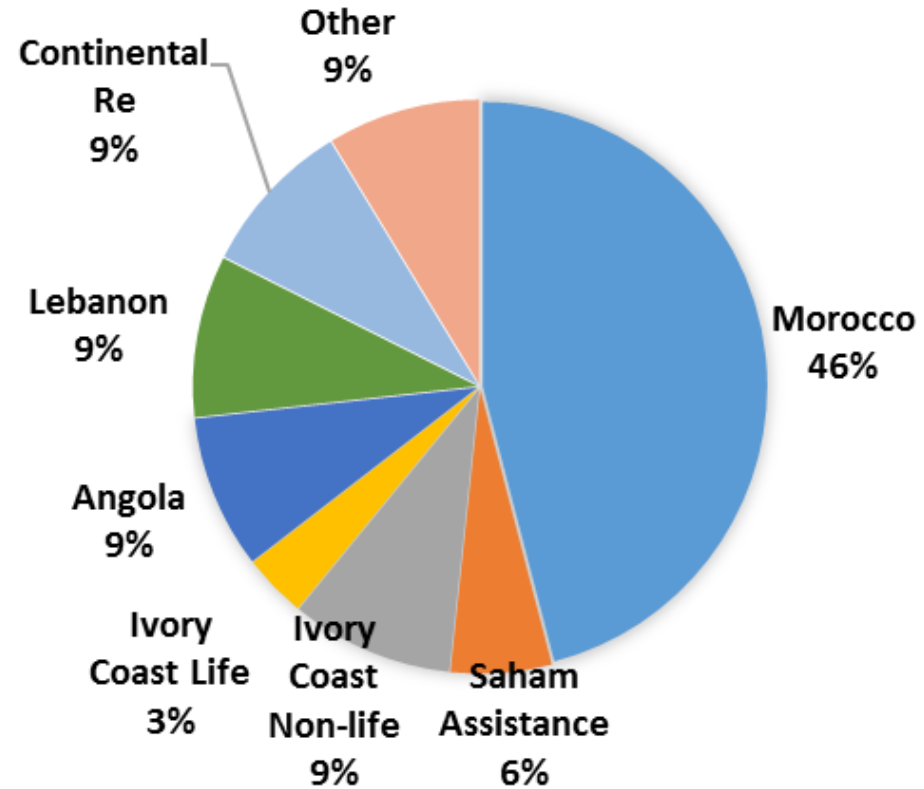
- ⊗ Saham Finance achieved an aggregate non-life combined ratio of 96.0%

aggregate GWP before minorities

2016 GWP



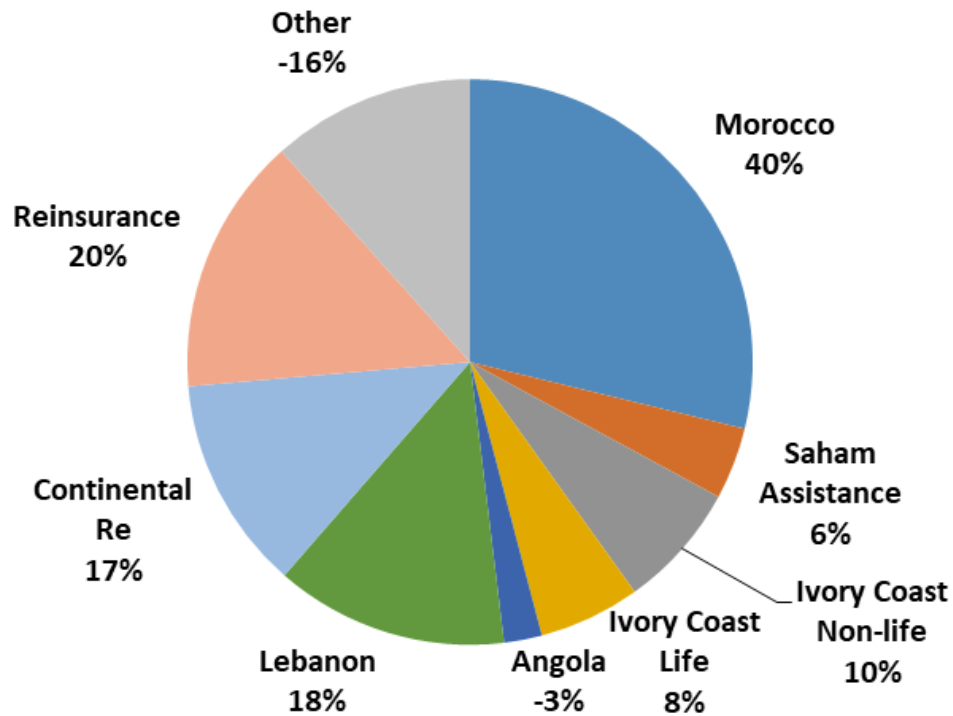
1H17 GWP



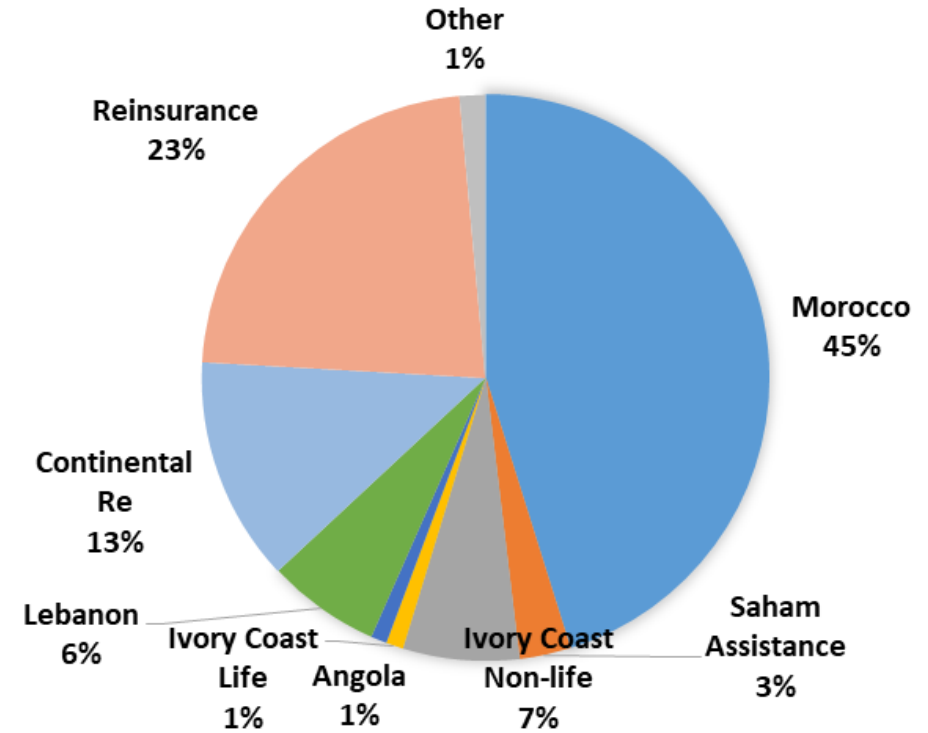
aggregate net profit before minorities

Saham Maroc a significant contributor

2016 NET PROFIT



1H17 NET PROFIT



Saham earnings reported by SEM

Acquired 1 March 2016, increased stake 1 May 2017. Estimate accounting is applied.

R'm	10 months 2016	1H 2017
Effective share	22.5%	22.5% - 39.63%
net result from financial services	88	116
life insurance	18	24
non-life operations	70	92
net investment return	26	35
life insurance	6	8
non-life operations	20	27
normalised headline earnings	114	151

progression of the GEV 2016

SEM effective share (22,5% after 2016 transaction)

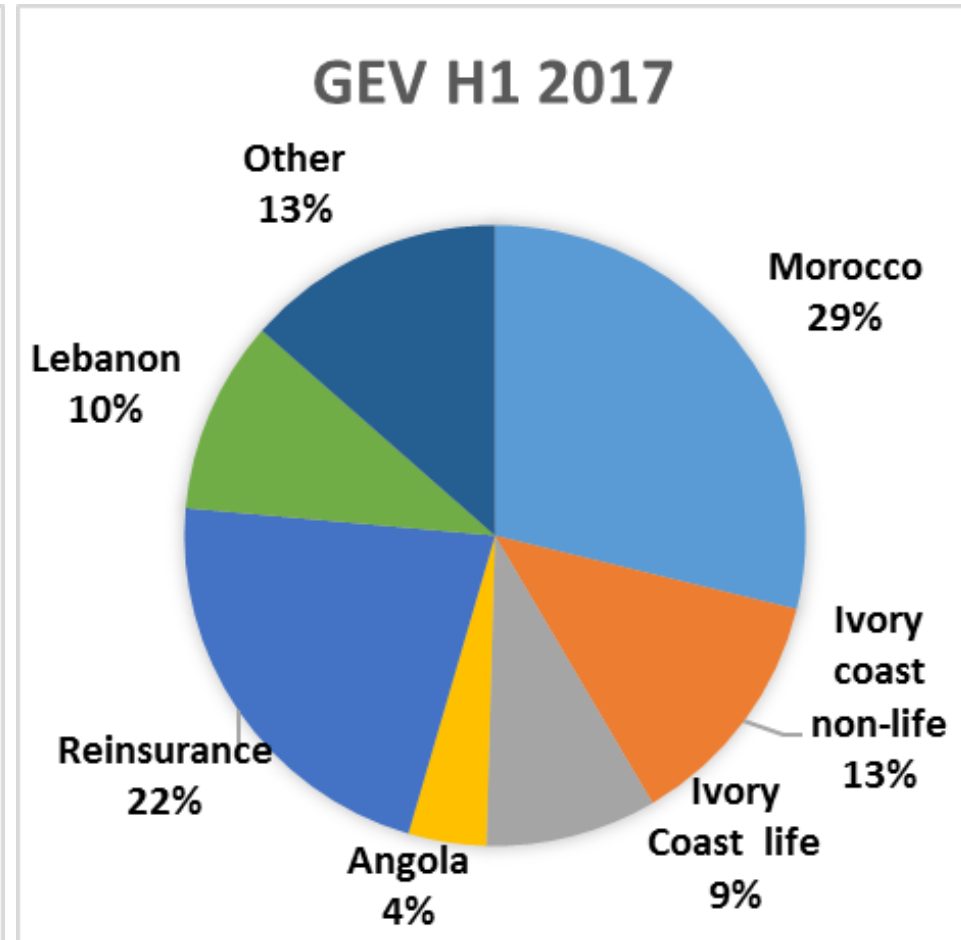
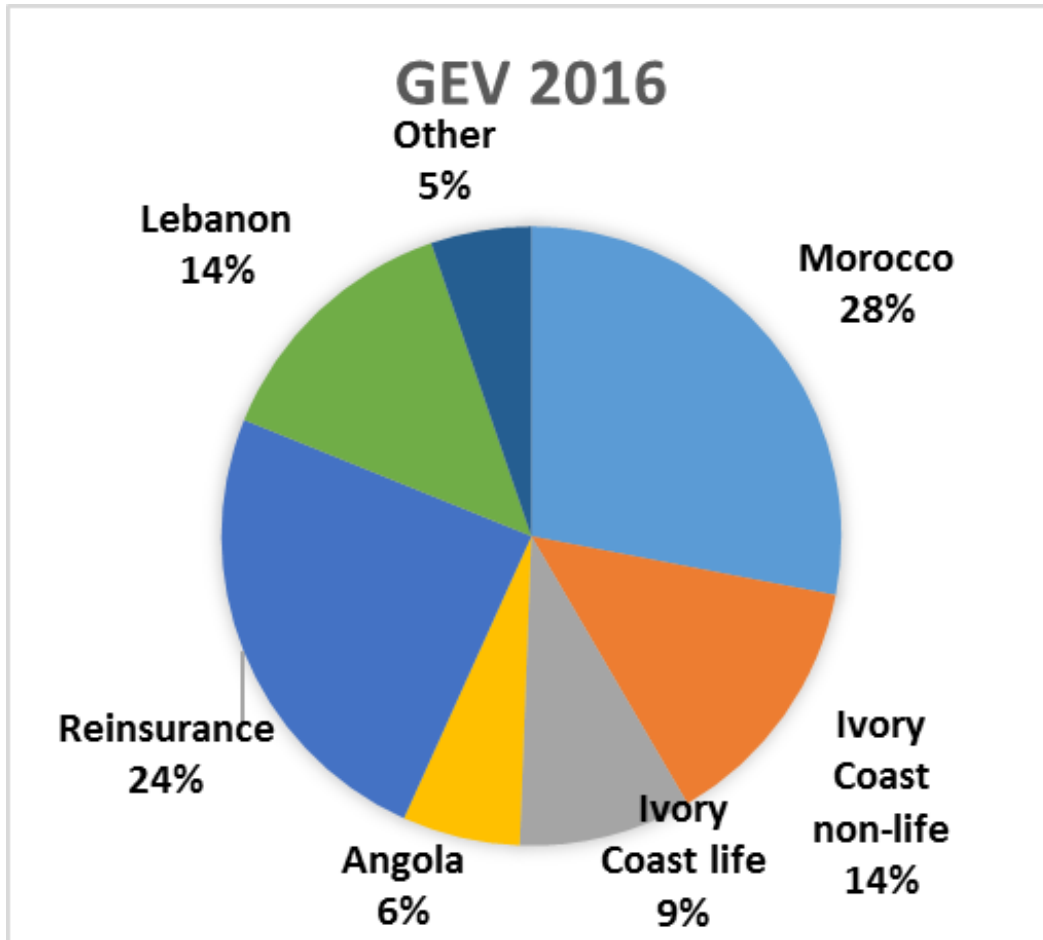
annualised		Covered	Non-covered	Total
RoGEV	Price paid - March 2016	853	3 411	4 263
				-
-5%	- goodwill adjustment	-172	-	-172
-5%	- acquisition premium adjustment	-37	-147	-184
20%	- normalised return	180	512	692
0%	- investment return variances	-	-	-
-20%	- foreign currency translation	-140	-579	-719
0%	- economic assumption changes			
	- dividend paid			
	GEV December 2016	683	3 197	3 880
	<i>reported RoGEV for the full year</i>	<i>-23%</i>	<i>-7%</i>	<i>-11%</i>
	<i>SEM hurdle for the full year</i>			<i>18%</i>

progression of the GEV 2017

SEM effective share (39,6% after 2017 transaction)

		Covered	Non-covered	Total
	GEV December 2016	543	2 618	3 161
6 month	Price paid - May 2017	690	3 909	4 599
RoGEV				-
-1%	- goodwill adjustment	-43	-	-43
-4%	- acquisition premium adjustment	-40	-228	-268
8%	- normalised return	54	450	503
-3%	- investment return variances	-	-182	-182
-2%	- foreign currency translation	11	-120	-108
-6%	- economic assumption changes	-21	-348	-369
	- dividend paid		-78	-78
	GEV June 2017	1 876	9 218	11 095
	<i>reported RoGEV for the 6 months</i>	<i>-4%</i>	<i>-9%</i>	<i>-8%</i>
	<i>SEM hurdle for the full year</i>			<i>17%</i>

Group Equity Value



Risk going forward: further devaluation of the Angolan Kwanza

Saham strategic focus areas

opportunities for growth and synergies



- ⑤ opportunity to optimise reinsurance via a pan-African structure
- ⑤ cooperation on bancassurance, bancassurance and broker partnerships
- ⑤ cooperation on TPA and health insurance
- ⑤ leverage footprint for multi-national offering
- ⑤ build Saham's Life Insurance presence (Ghana/Cameroon/Senegal in phase 1 and Ivory Coast, Morocco and Angola in phase 2)
- ⑤ explore assistance business for Southern Africa
- ⑤ capital and investments optimisation
- ⑤ build Saham Ghana as part of re-entry into Ghanaian market

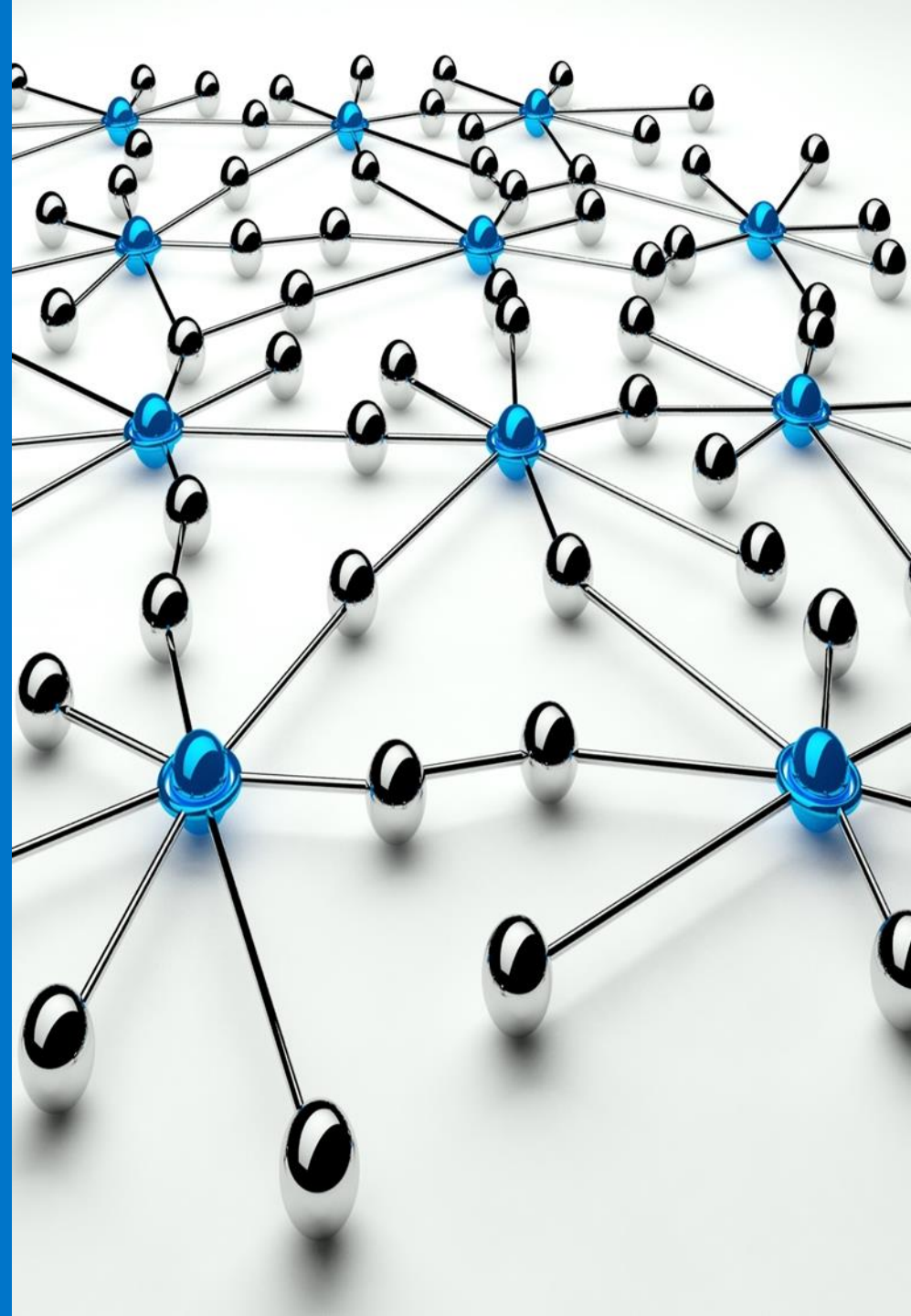
focus on priority markets

Namibia

Botswana

Kenya

Malaysia



focus on key markets

maintain leadership positions in Southern Africa



Namibia

- ⊗ sluggish economy and lack of liquidity in the market
- ⊗ the overall savings / investment business is down due to lower levels of disposable income
- ⊗ the retail insurance is down in the total market - affluent by 13% and ELM by 6%.
- ⊗ losses in low-margin group risk business
- ⊗ new system implementation
- ⊗ remedial actions

staff and broker training to extract efficiencies from the recently implemented administration system;

launched new products in second half of 2017, enhanced risk covers and funeral benefits;

bancassurance focus with Bank Windhoek partner;

enhanced reinsurance programme for the Group Risk Schemes

Botswana

- ⊗ economic decline, mainly driven by closure of a number of mines, resulting in retrenchments.
- ⊗ increased competition by aggressive pricing (annuities, GLA)
- ⊗ remedial actions

operational cost reductions given mature book and market leadership position (75%)

new products and markets (Shariah product, revamped savings and funeral products, affluent market segment)

launch of loyalty program to ensure client retention

focus on key markets

regain leadership position in East Africa and 'fix' Malaysia



Kenya

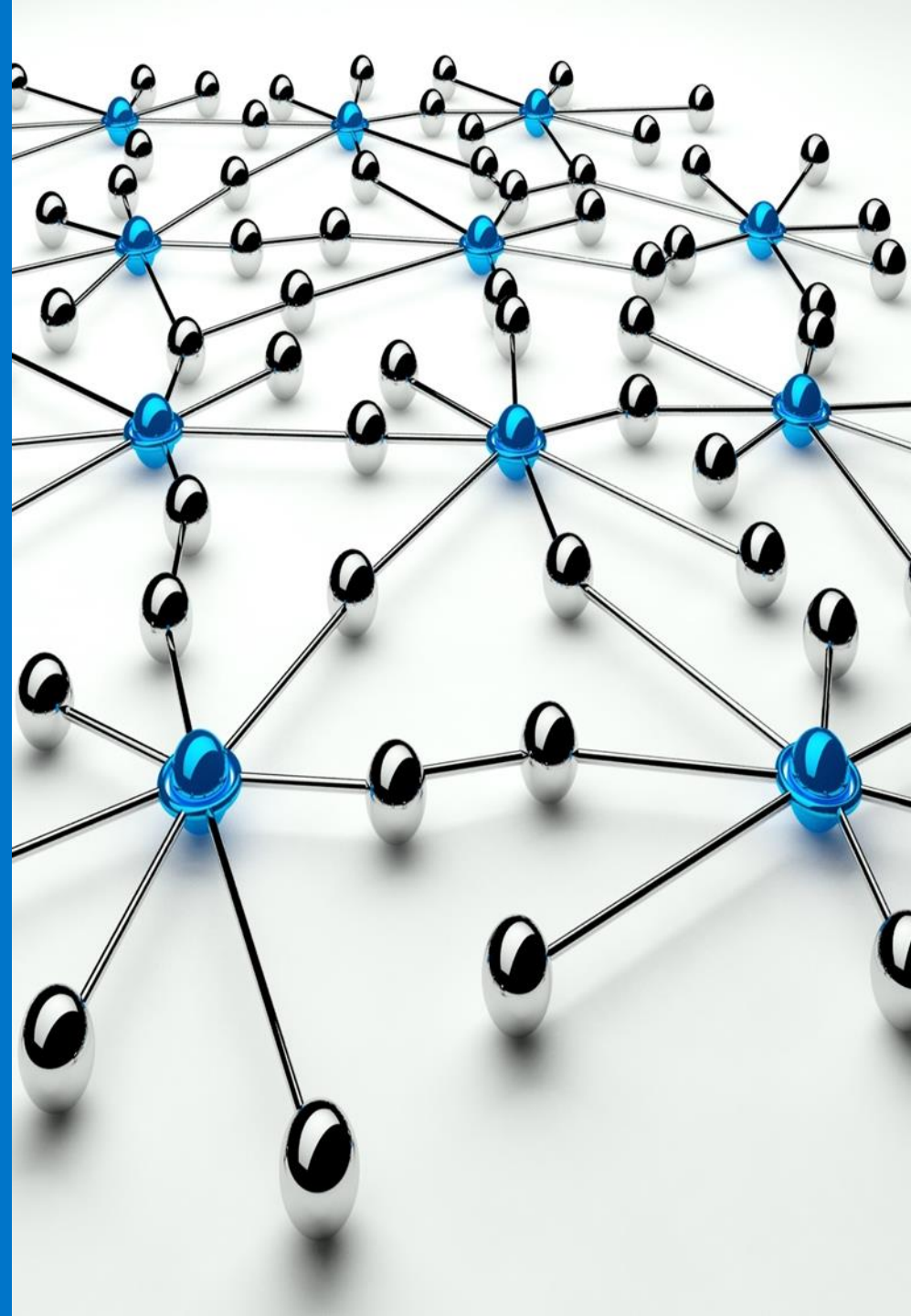
- ⊕ charted a 5-year turnaround strategy in 2015
 - restructuring the life and GI companies to achieve cost efficiencies and optimal productivity.
 - growing the retail life business and regain market share to be among top 3 life insurers in the market.
 - reposition the GI business to grow into a tier 1 GI insurer (also pursue bolt-on acquisition to gain scale)
 - maximize synergies between the subsidiaries
 - scale the AM business (integration of PineBridge acquisition)

Uganda – acquisition and integration of LAC (gain scale in GI market)



Malaysia

- ⊕ POI
 - grow topline focusing on agent productivity, new products (motor and non-motor)
 - aggressive marketing campaign given detarrifing
 - capital and investment management
- ⊕ MCIS
 - deployment of SA ex-pat management (CEO, COO, actuarial, distribution)
 - focus on improving and growing tied-agent distribution model
 - alternative distribution channels (digital, brokers)

**growth through
products**




drive profitable growth in our existing and new product lines

Drive profitable organic growth to become 1, 2 or 3 in our existing African markets			Maintain profitable operations
 <h3>Life Insurance</h3> <p>Ambition: To be a market leader in our key markets</p> <p>We will achieve growth in the following phases:</p> <ul style="list-style-type: none"> • driving organic growth to increase revenue • driving efficiencies and optimising operations • bolt-on acquisitions 	 <h3>General Insurance</h3> <p>Ambition: Gain market share and improve operational efficiency and profitability in our key markets and niche segments</p> <p>We will achieve growth in the following phases:</p> <ul style="list-style-type: none"> • optimising cost ratios • improving product mix and driving diversification • driving organic growth to increase revenue • bolt-on acquisitions 	 <h3>Asset Management</h3> <p>Ambition: Build a comprehensive asset management capability to support our own partners as well as 3rd party customers</p> <p>We will achieve growth through a strategic partnership:</p> <ul style="list-style-type: none"> • developing the operating model with PineBridge in Kenya • scaling offering into the rest of East Africa • expanding offering to SEM countries without an asset management capability currently 	 <h3>Retail Credit</h3> <p>Ambition: Retain existing exposure with a focus on returns, building-out the strategic partnerships and maintaining current position</p> <p>We will achieve growth by:</p> <ul style="list-style-type: none"> • Monitoring key ratios • Monitor achievement of ROE and ROA • Build out bancassurance partnerships • Track the group's total exposure (incl. debt and equity) • De-risk the balance sheet where possible (e.g. FX)

drive penetration into the corporate segment by creating a holistic financial services offering

 <h3>Health</h3> <p>Ambition: Run a break-even health business as part of a comprehensive offering to multinational corporations while seeking to make a profit out of third party administration</p>	 <h3>Employee Benefits / Pension Fund Administration</h3> <p>Ambition: Capture pension fund administration business for multinational corporations as regulations evolve</p>
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capture additional profit pools along the insurance value chain

 <h3>Reinsurance</h3> <p>Ambition: Build a leading pan-African reinsurance offering to support our own partners as well as 3rd party insurers and ensure that reinsurance practices in our businesses are optimised</p>
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... in summary

- ⊕ footprint largely complete... sweat the current footprint
- ⊕ extract synergies and assist Saham to grow LI businesses
- ⊕ focus on profitable growth and maintain/regain leadership in key markets
- ⊕ pursue bolt-on acquisitions to gain scale
- ⊕ new revenue streams via new products
- ⊕ leverage footprint for multi-national offering

thank you 