



Investment case

Incorporating 2018 Annual Results





- Why invest in Sanlam
- Overview
- The Sanlam strategy and progress in 2018
- Operating environment in 2018
- Financial performance – 2018 annual results
- Capital management and Solvency
- Cluster results – 2018 annual results

Why invest in Sanlam



WE OUTPERFORMED OUR ROGEV TARGET –

which measures the value created for shareholders – on a cumulative basis since listing in 1998.

WE INCREASE OUR DIVIDEND

in real terms through a stable dividend policy.



Our strategic objectives remain relevant and

CONTINUE TO CREATE VALUE OVER THE SHORT, MEDIUM AND LONG TERM.

WE HAVE A SKILLED AND EXPERIENCED MANAGEMENT TEAM

with appropriate incentives to drive high performance.

Partnerships across networks, industries and countries



OUR LARGE, STABLE SOUTH AFRICAN BASE AND MATURE BOOK ALLOW US TO INVEST

in other high-growth, but more volatile, territories through a partnership model.

A COMPELLING OFFERING

through our African footprint.

OUR OMNI-CHANNEL DISTRIBUTION APPROACH CREATES SEAMLESS INTERACTION AND COMPREHENSIVE SUPPORT

to enhance the personal intermediary model with a strong direct sales capability.

OUR DIVERSIFIED NATURE CREATES RESILIENCE

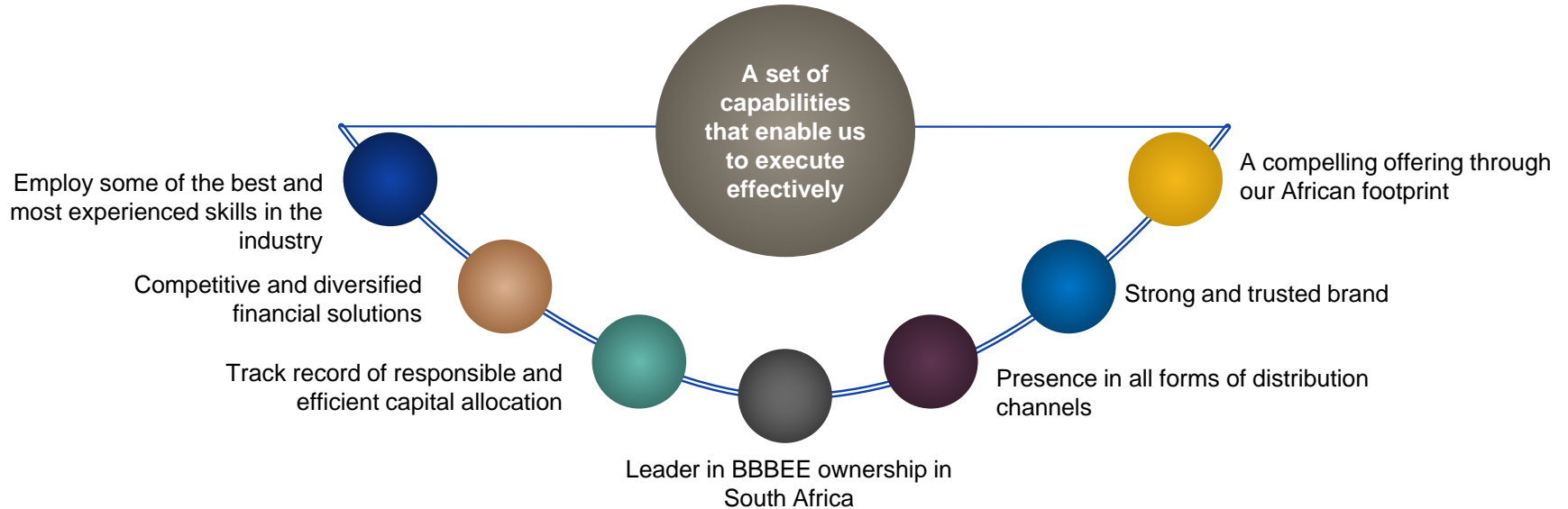
while offering growth opportunities grounded in our culture of client-centricity.

Leading BBBEE credentials in South Africa

Our competitive positioning into the future



Our execution capability has set us apart from our peers and will continue to do so

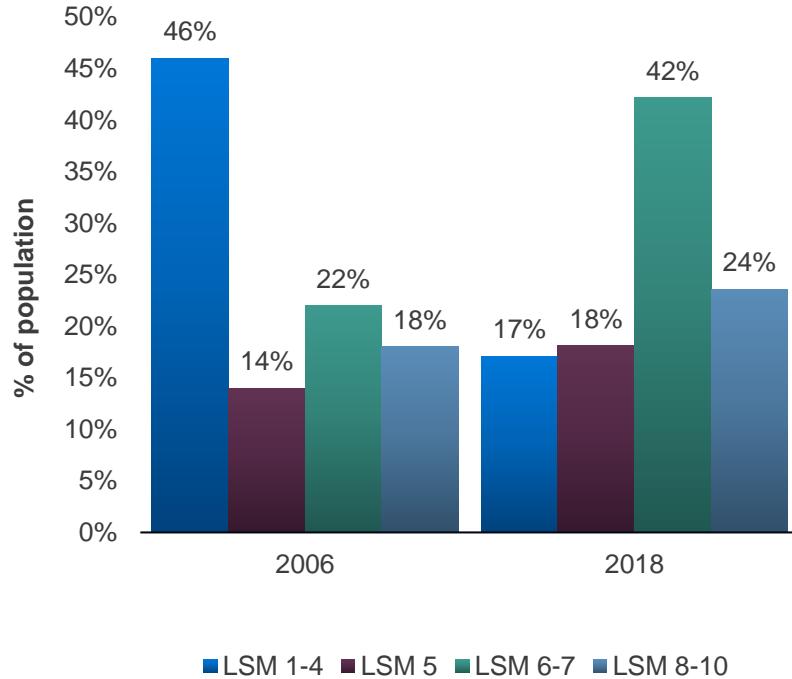


Our diversification creates resilience while offering growth opportunities grounded in our culture of client-centricity

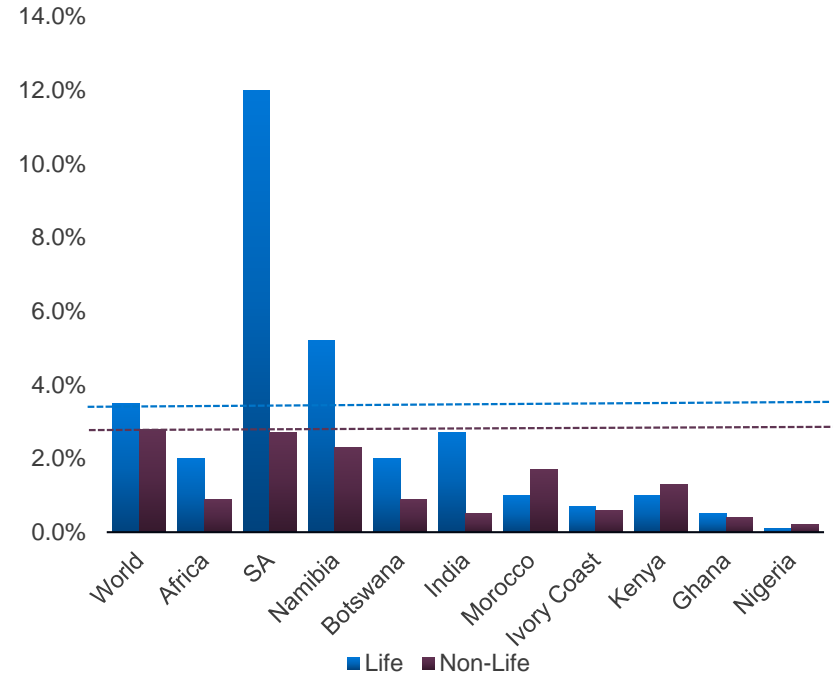
The growth opportunity



SA LSM



Insurance penetration as % of GDP



Our Pan-African opportunity

| A medium to long term growth engine

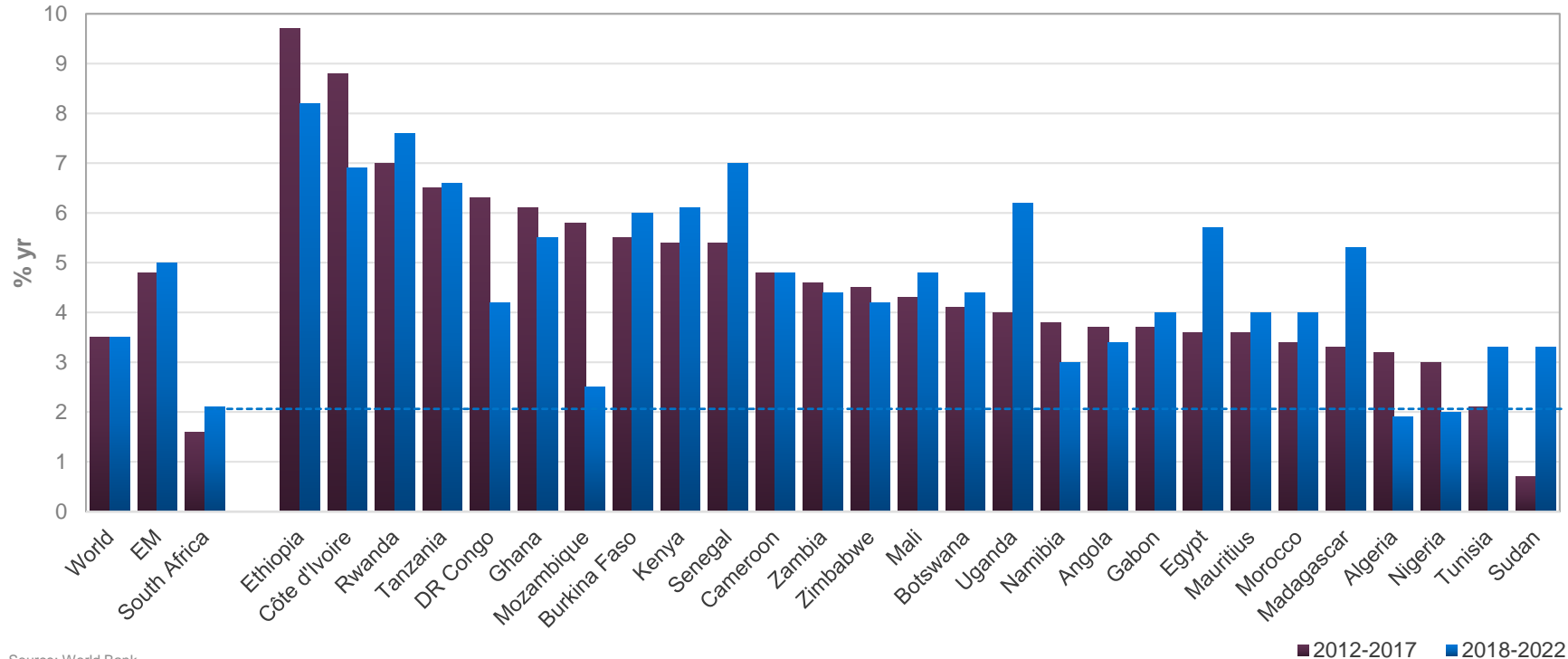
 Sanlam



Pan-African GDP growth



Driving accelerated organic growth over the medium to long term



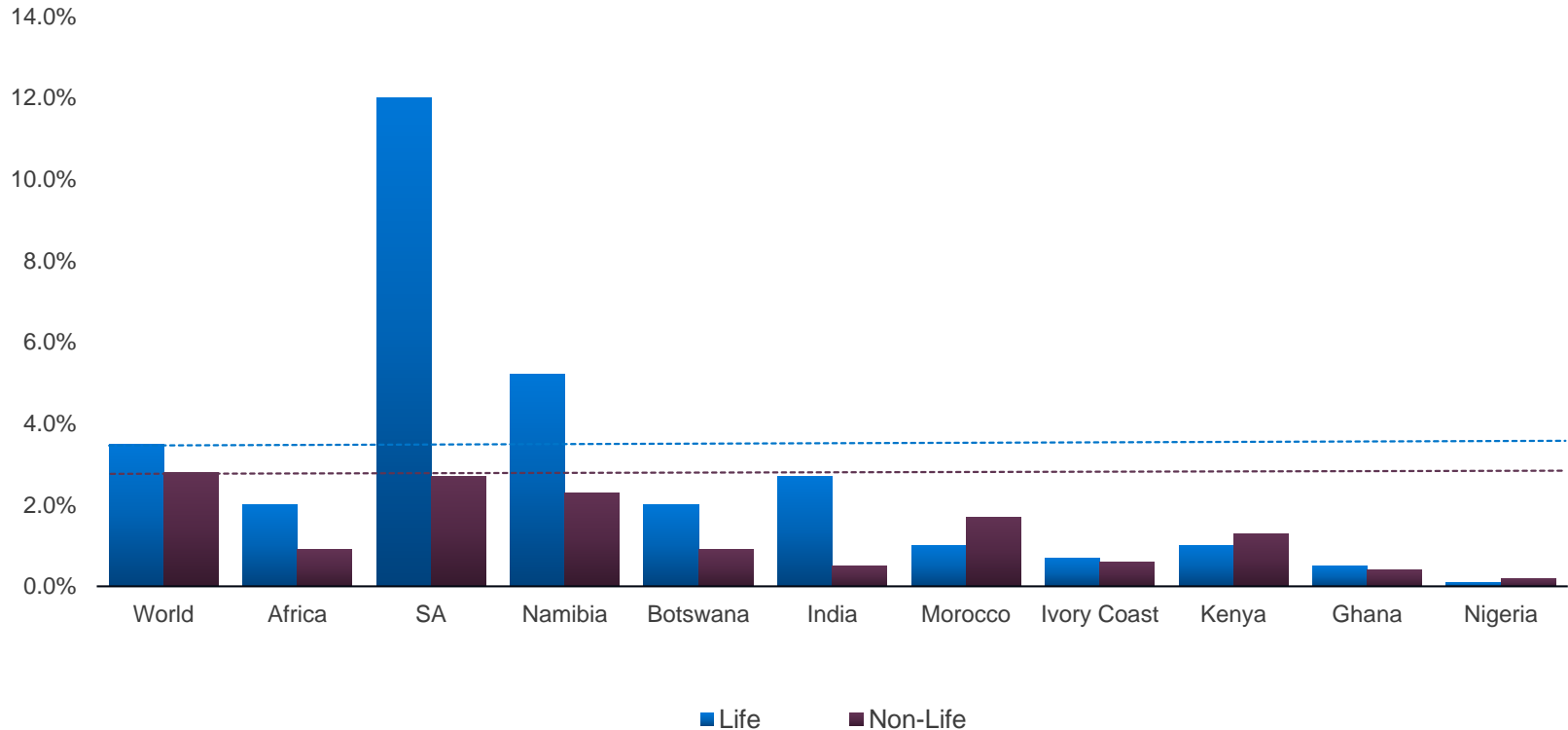
Source: World Bank

Pan-African insurance penetration

Leveraged organic growth over the medium to long term



Insurance penetration as % of GDP



Key drivers of insurance penetration



- ④ Africa's demographic dividend – population growth and urbanisation
- ④ Underlying economic growth (GDP)
- ④ Low insurance penetration presents opportunity for growth – nascent markets
- ④ Rising consumer demand (emerging middle class and increasing disposable income)
- ④ New technology
 - › Mobile/online usage growth enables distribution, fulfilment and claims
 - › Opportunities for cross industry collaboration
- ④ General insurance penetration increases first, followed by life insurance, employee benefits, asset management and healthcare
- ④ Regulatory change, e.g. compulsory retirement savings and general insurance coverage

Saham Finances acquisition

A key component in our Pan-African strategy



SEM

- ⌚ Strong life footprint and expertise
- ⌚ GI presence characterised by start-up businesses



Santam

- ⌚ Strong GI expertise in SA
- ⌚ Specialist and reinsurance skills



Saham Finances

- ⌚ Complementary footprint provides us with an unparalleled presence with minimal overlap
- ⌚ Strong GI footprint and expertise
- ⌚ Assistance and Health business - complementarity to Saham Finances GI expertise
- ⌚ Life presence characterised by start-up businesses



Opportunities

- ⌚ Drive organic growth in current SEM GI portfolio in conjunction with Saham Finances
- ⌚ Grow Saham Finances LI portfolio
- ⌚ New products, e.g. assistance and medical, in current SEM market
- ⌚ Drive growth in specialist classes in conjunction with Santam
- ⌚ Santam plays a meaningful role in 3rd party reinsurance growth across the continent
- ⌚ Footprint enables multinational offering including P&C and Employee Benefits (GLA & Health)
- ⌚ Saham Finances has African health expertise
- ⌚ Internal reinsurance optimisation through Saham Re

An unmatched Pan-African footprint

Unique offering to multinationals wrapped around local presence

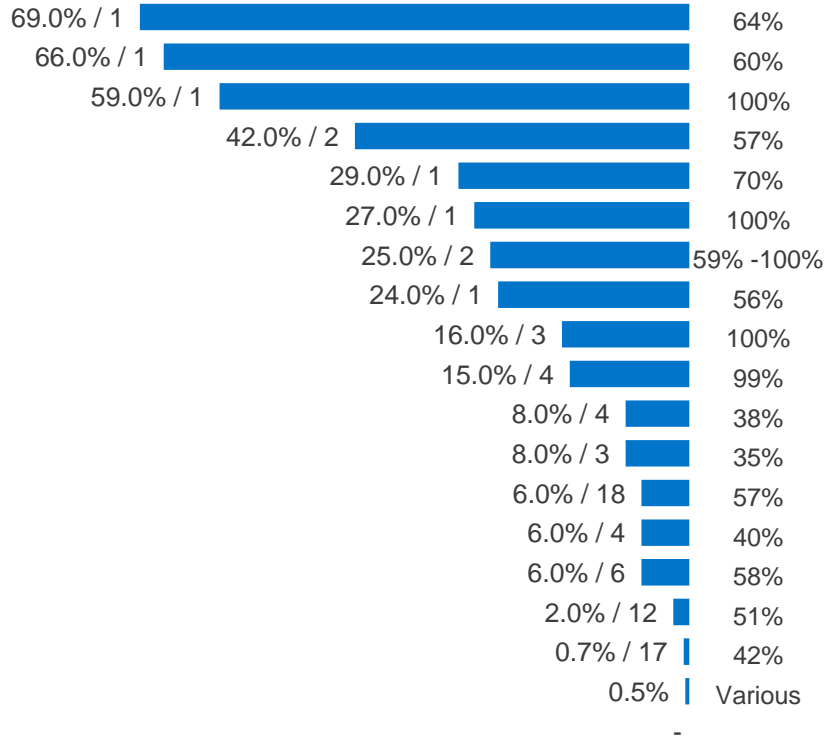


Our African footprint



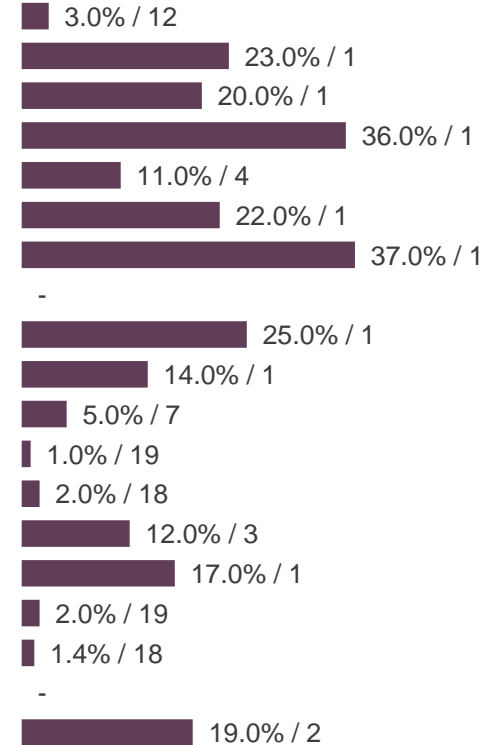
Market share target: Top 3 in Africa, Top 10 in India & Malaysia

Life insurance Market share / Position



Country & effective interest

General insurance Market share / Position



Overview

| of the Sanlam Group

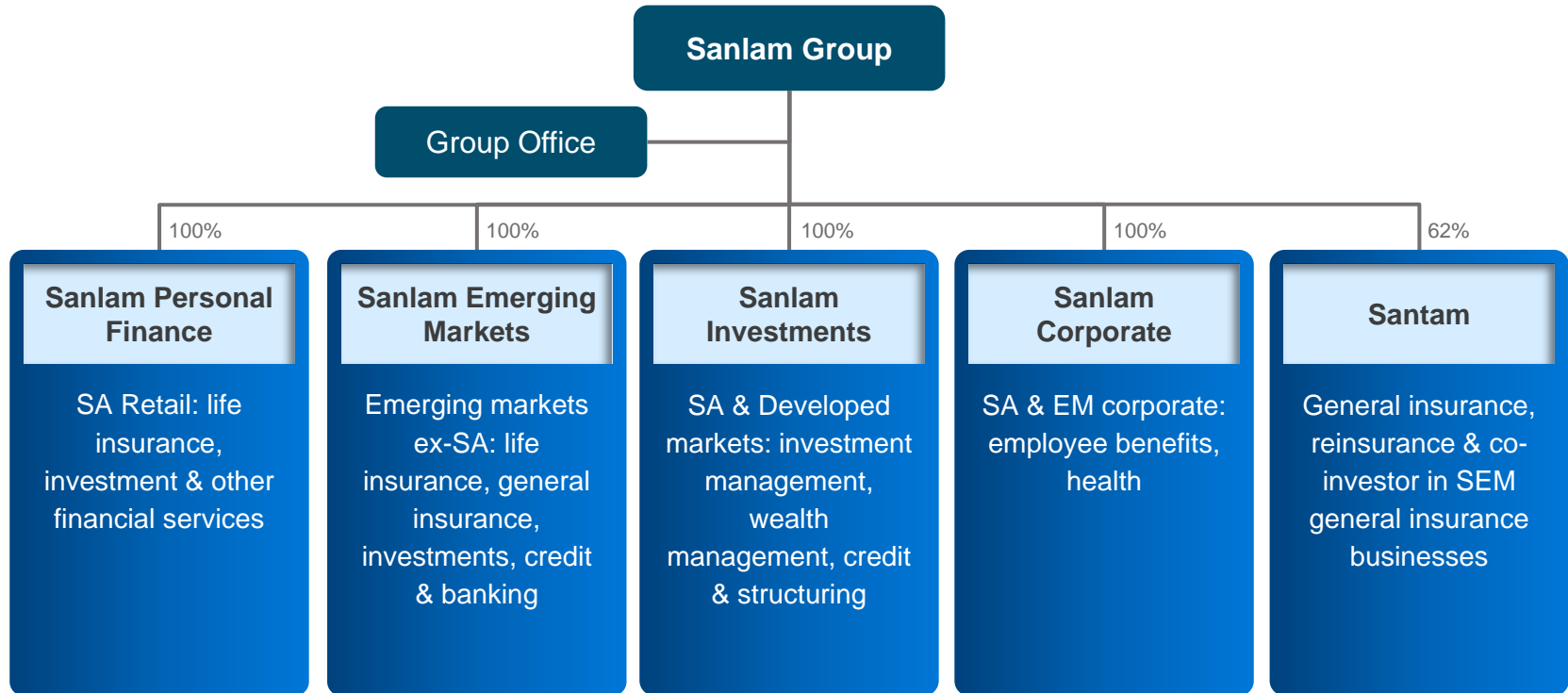


Overview



- ④ Leading financial services group in Africa, with presence in India and Malaysia
- ④ Established in 1918, listed in 1998 on the JSE & Namibian Stock Exchange
- ④ 2 232 million issued shares, 450 000 shareholders
- ④ JSE/ALSI40 index stock; top-20 based on market capitalisation
- ④ Liquidity: >60% of shares traded in 2017
- ④ Institutional shareholding of 86%, 40% offshore shareholding, 14% direct BEE shareholding

Operational structure



The Sanlam Strategy

| Good progress on all pillars in 2018

 Sanlam



An integrated approach to sustainable performance

Maximising value for all stakeholders



Returns to stakeholders

Sustained through shared value creation



Our purpose is to build a world of Wealthsmiths™, supporting people in living their best possible lives through financial resilience and prosperity

Delivery on all strategic pillars in 2018



Dual focus on operational execution and corporate activity for future growth

Our vision

To **lead** in client-centric wealth creation, management and protection in South Africa

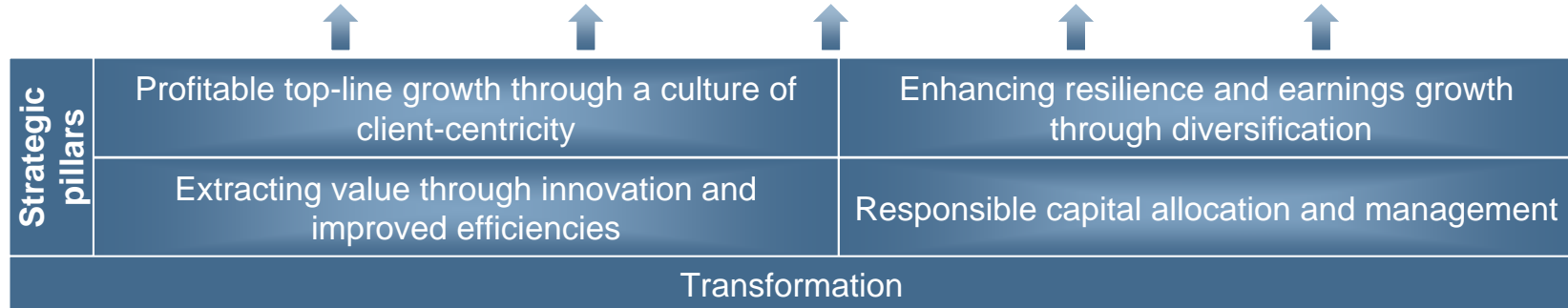
To be a **leading** Pan-African financial services group with a meaningful presence in India & Malaysia

To play a **niche** role in wealth and investment management in specific developed markets



Our strategic intent

Sustainable value creation for all our stakeholders



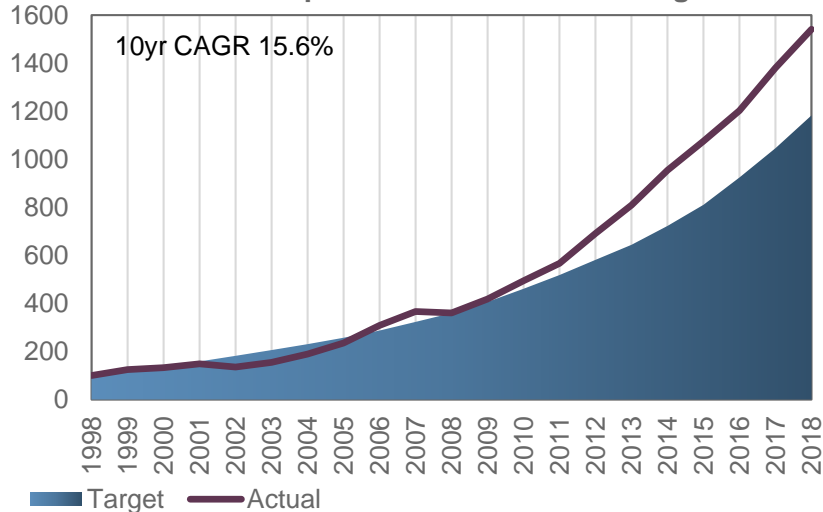
Sustainable shareholder value creation



Solid growth despite major headwinds

Target: SA 9yr risk free + 4%

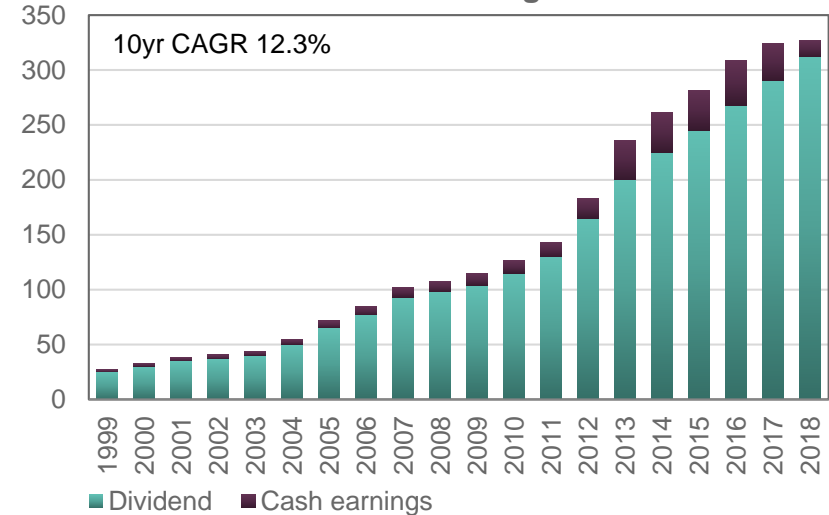
Consistent outperformance of RoGEV target



Dual focus on future growth and dividend flows

Target: 2% - 4% real growth

Stable dividend growth

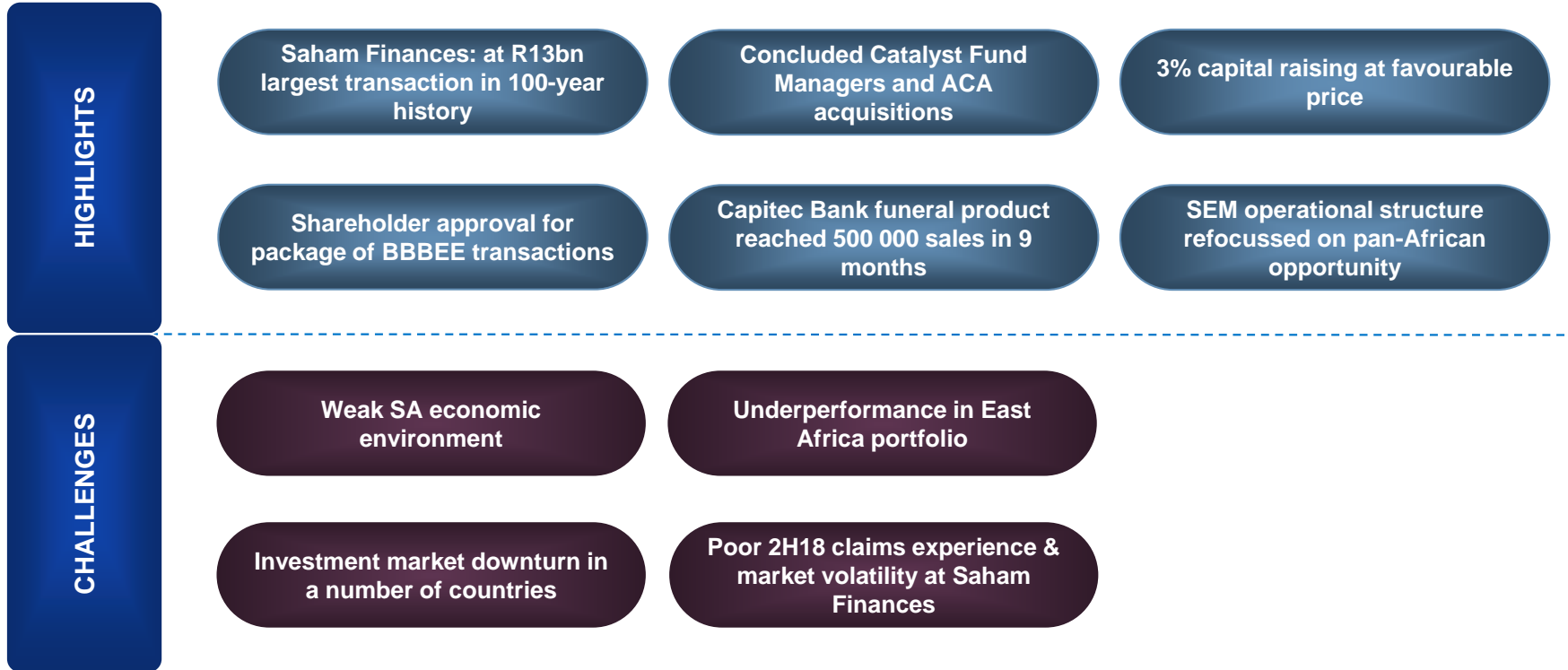


Strategic focus on growing dividends from SEM operations

Our strategic scorecard - 2018



Positioning for accelerated growth in SA and beyond



Key priorities for the Group

SA and beyond

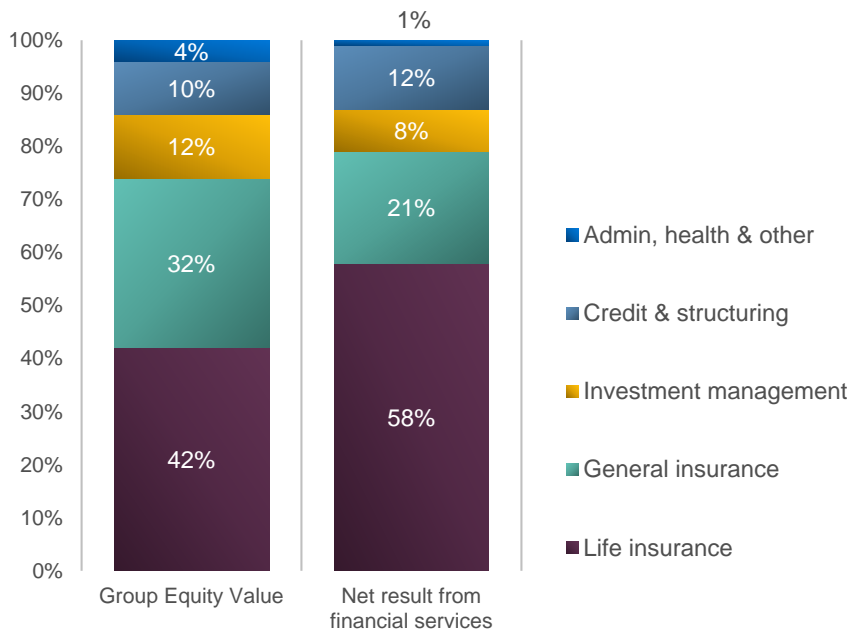


Diversification

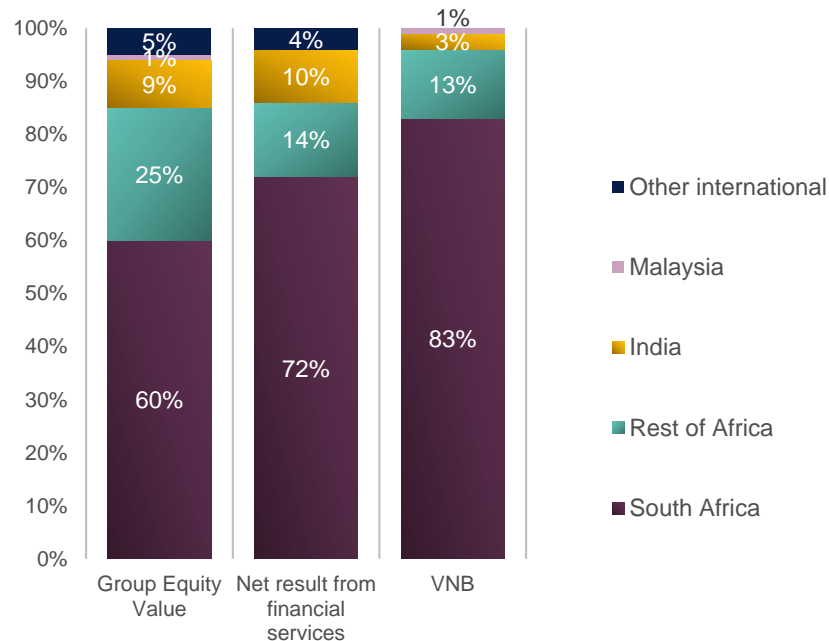
Resilience through line of business and geographic diversification



Line of business (as at 31 December 2018)



Geographic (as at 31 December 2018)



Strategic risks



The Group's key top-down strategic risks and trends as at 31 December 2018

Strategic risks for 2018

Key Descriptors	Trend	Internal / external
Poor economic growth	↑	External
Disruptive threats / Fourth Industrial Revolution	→	External
Cyber-risk	→	External
Human resource scarcity and stretched resources	→	Internal
Simultaneous regulatory implementation	↑	External
Diversified growth initiatives	↑	Internal
Implementation of the Group's Pan-African strategy	→	Internal
Transformation and diversity	→	Internal
Political and social instability	↓	External
Severe weather / climate change	→	External

Operating environment in 2018

Challenging conditions in South Africa and Namibia



Our business environment in 2018



Not conducive to growth in short term, but more favourable outlook

- ⌚ Renewed optimism at start of the year soon turned into more realistic views of path to recovery
- ⌚ Economic growth remains under pressure; requires structural reform
- ⌚ Sovereign credit rating downgrade risk remains
- ⌚ More positive outlook
- ⌚ Need to restore confidence

- ⌚ Liquidity constraints in India
- ⌚ Share prices of credit businesses under pressure despite robust operational performance
- ⌚ Strong economic growth prospects



- ⌚ Slow recovery in most regions
- ⌚ Regulatory changes supportive of insurance opportunity
- ⌚ Risk-based capital introduced in a number of markets – provides opportunities

- ⌚ Steady rise in US interest rates during 2018
- ⌚ Uncertainties around Brexit
- ⌚ Escalating trade war between US and China
- ⌚ Risks to Chinese economic growth and impact on commodity prices

Financial Performance

Diversification provided resilience under
difficult conditions

 Sanlam

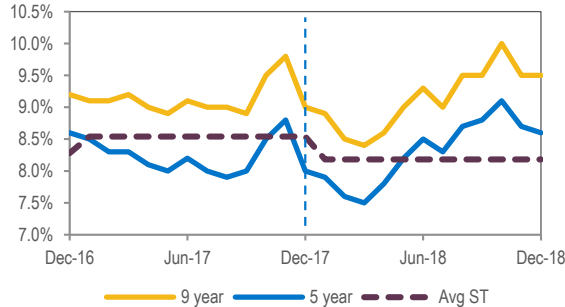


Our economic and underwriting environment in 2018

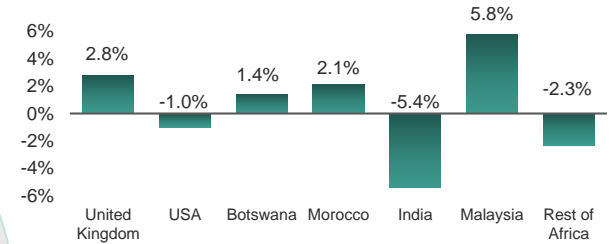


Weak equity markets had a pronounced negative effect on earnings and RoGEV

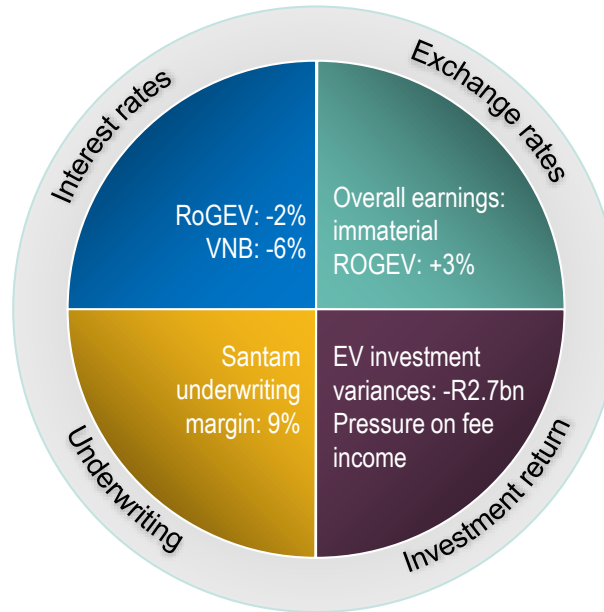
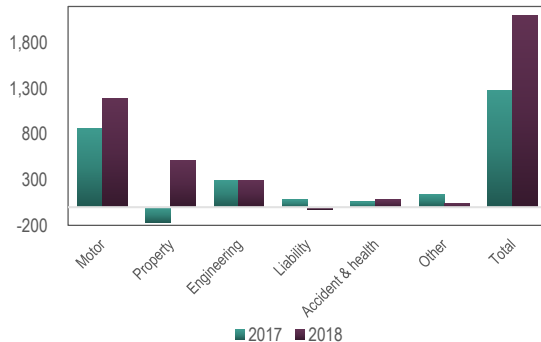
SA bond yields & short-term interest rates



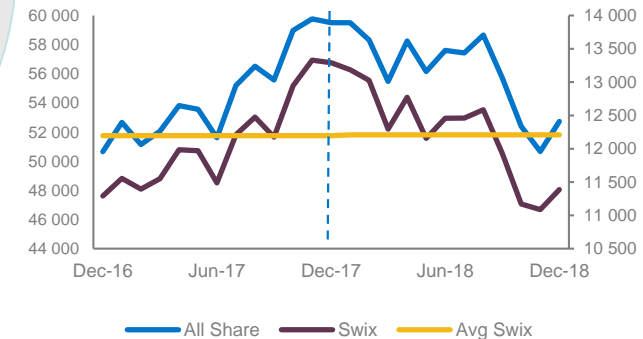
Average Rand exchange rates



Santam underwriting result (Rm)



JSE Indices



Overview of 2018 performance



HIGHLIGHTS	CHALLENGES
Adjusted RoGEV of 19.4% per share exceeded target of 13%	Weak investment markets impacted on SIG and SPF profitability
Exceptional underwriting performance by Santam	New business volumes at SIG and Glacier under pressure from low investor confidence
Strong growth in VNB, sterling contributions from Sanlam Sky and Sanlam Corporate	Adverse group risk claims experience continued in 2018
Positive experience variances exceeded R2 billion for the first time	Underperformance in East Africa and Letshego
Dividend up 8% to 312 cents per share	Saham Finances 2H18 results impacted by adverse claims experience and lower investment markets
Net fund inflows of R42 billion	

Key Performance Indicators



④ Earnings

- › Net result from financial services increased by 4%
- › Normalised headline earnings down 8%

④ Business volumes

- › Net value of new covered business up 8% to R2 billion (+14% on consistent economic basis)
- › Net new covered business margin of 2.8% on consistent economic basis (2.94% in 2017)
- › New business volumes increased by 1% to R223 billion
- › Net fund inflows of R42 billion compared to R37 billion in 2017

④ Group Equity Value

- › Group Equity Value of R63.41 per share
- › RoGEV per share of 11.6%; adjusted 19.4% compared to hurdle of 13%

④ Dividend per share of 312 cents; up 8% (3% real growth)

Business flows



R million	2018	Gross 2017	Δ	2018	Net 2017	Δ
by business						
Personal Finance	60 971	58 615	4%	10 294	8 454	22%
Emerging Markets	26 224	21 903	20%	8 607	2 140	>100%
Investment Group	99 696	114 391	-13%	7 214	18 678	-61%
Santam	22 812	21 435	6%	8 986	7 265	24%
Sanlam Corporate	13 326	4 828	176%	6 438	606	>100%
by licence						
Life insurance	53 815	44 615	21%	16 814	10 235	64%
General insurance	32 685	27 557	19%	12 946	9 417	37%
Investment	136 529	149 000	-8%	11 779	17 491	-33%
Total	223 029	221 172	1%	41 539	37 143	12%

Net value of new covered business



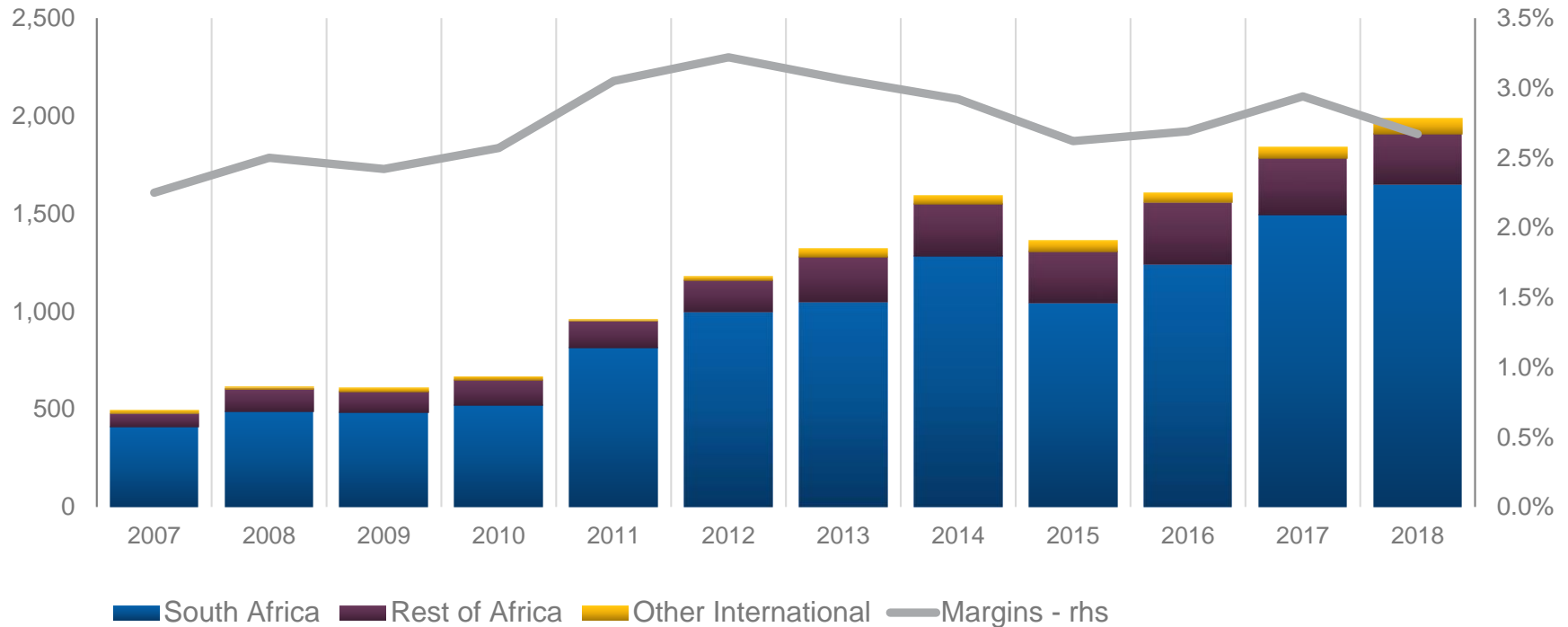
R million	Net value of New Business				Margin		
	2018	2017	Δ	ΔCEB*	2018	2017	CEB*
Personal Finance	1 504	1 407	7%	14%	3,08%	3,20%	3,26%
Emerging Markets	338	347	-3%	-1%	4,04%	4,86%	4,11%
Sanlam Corporate	143	87	64%	71%	1,03%	1,05%	1,06%
Total	1 985	1 841	8%	14%	2,67%	2,94%	2,80%

* Consistent economic basis

Net value of new covered business



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



Net operating profit



R million	2018	2017	△
Personal Finance	4 033	4 235	-5%
Emerging Markets	2 038	1 793	14%
Investment Group	1 152	1 227	-6%
Santam	1 196	851	41%
Sanlam Corporate	580	558	4%
Corporate & other	(109)	(115)	5%
Total	8 890	8 549	4%

Income statement



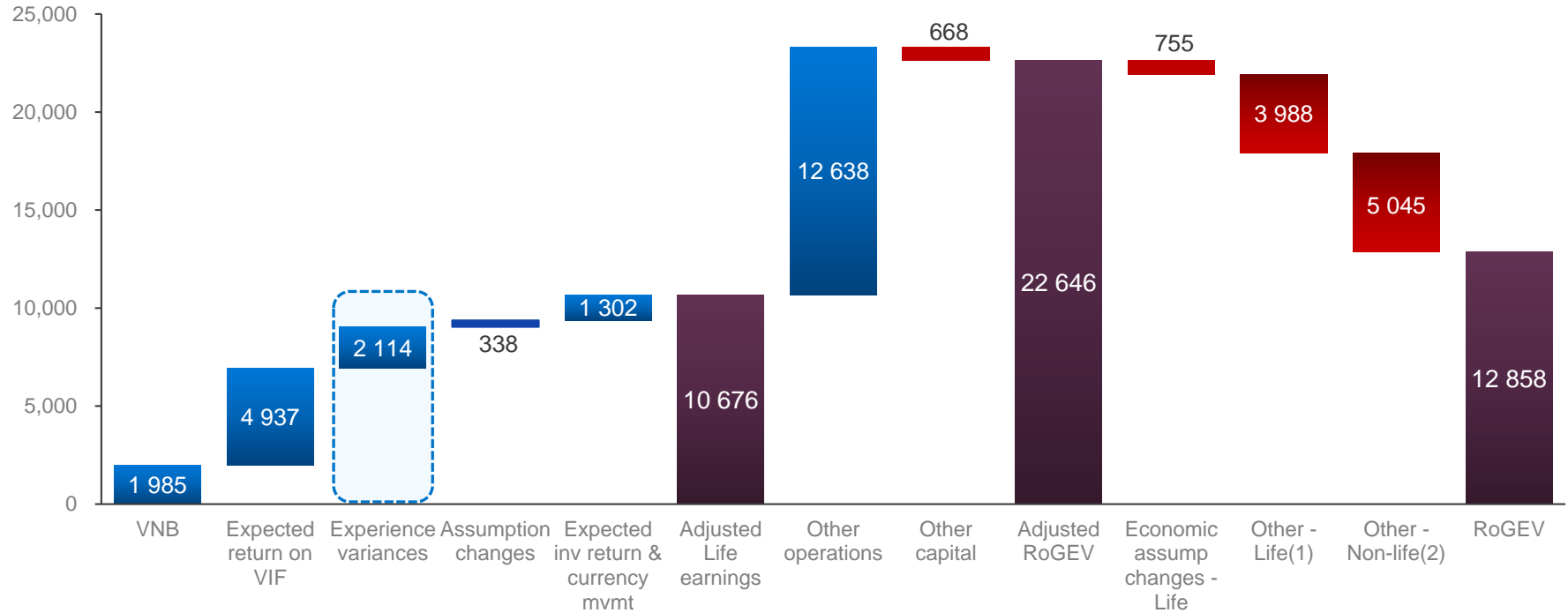
R million	2018	2017	△
Net operating profit	8 890	8 549	4%
<i>Per share (cents)</i>	423,6	417,2	2%
Net investment return	707	1 663	-57%
Amortisation of intangible assets	(400)	(261)	-53%
Project expenses and other	(141)	(116)	-22%
Normalised headline earnings	9 056	9 835	-8%
<i>Per share (cents)</i>	431,5	480,0	-10%
Fund transfers	106	(78)	
Headline earnings	9 162	9 757	-6%
<i>Per share (cents)</i>	441,1	481,3	-8%

Group Equity Value



R million	Equity Value		RoGEV	
	2018	2017	Rm	%
Group operations	132 658	113 829	13 526	11,6%
Personal Finance	43 185	43 401	4 832	11,4%
Emerging Markets	44 659	27 621	4 580	14,8%
Investment Group	18 703	18 331	682	3,7%
Santam	20 102	18 108	2 658	14,7%
Sanlam Corporate	6 009	6 368	774	12,8%
Discretionary & Other	1 394	7 934	(668)	-12,0%
TOTAL	134 052	121 763	12 858	10,6%
cps	6 341	5 940	691	11,6%
Adjusted RoGEV cps				19,4%
Return target				13,0%

Group Equity Value earnings



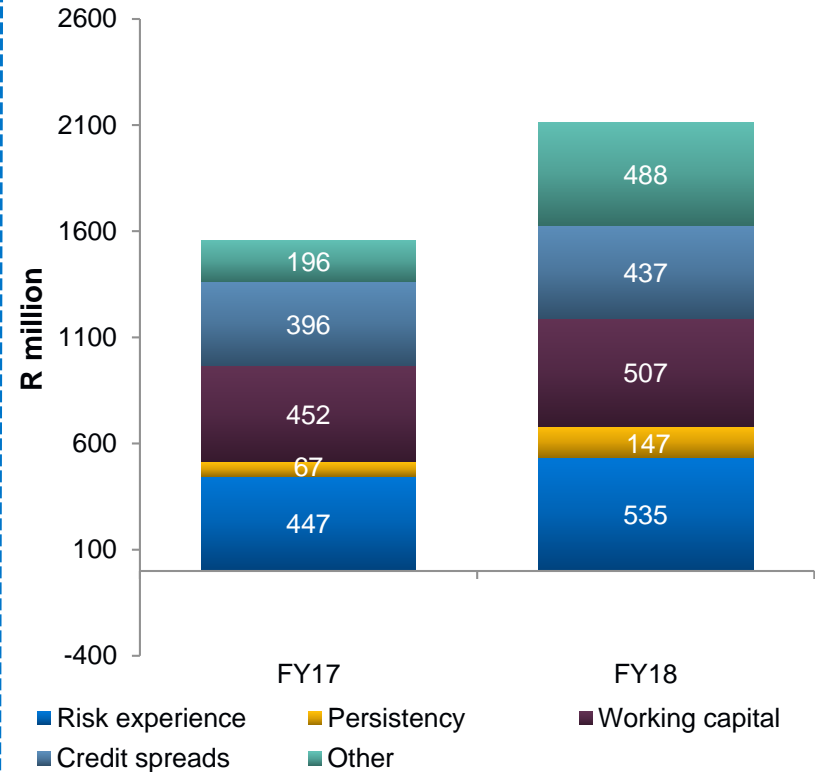
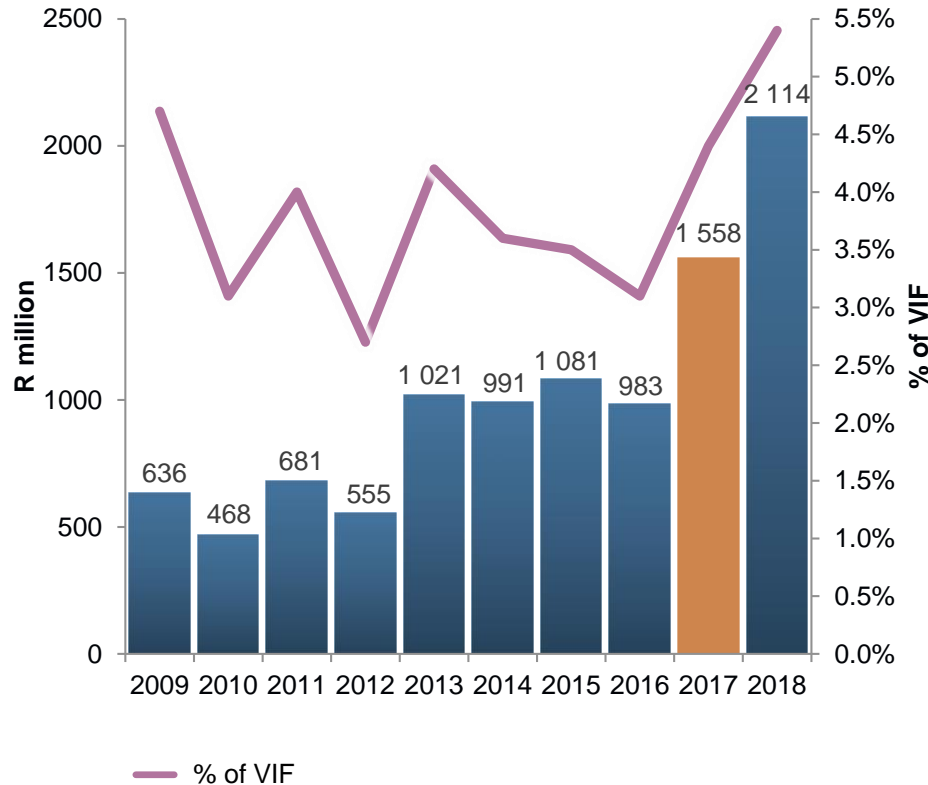
¹ Investment variances, currency movements, goodwill write-off & other

² Investment variances, economic assumption changes, currency movements & other

Experience variances



Risk, working capital, credit spreads major contributors

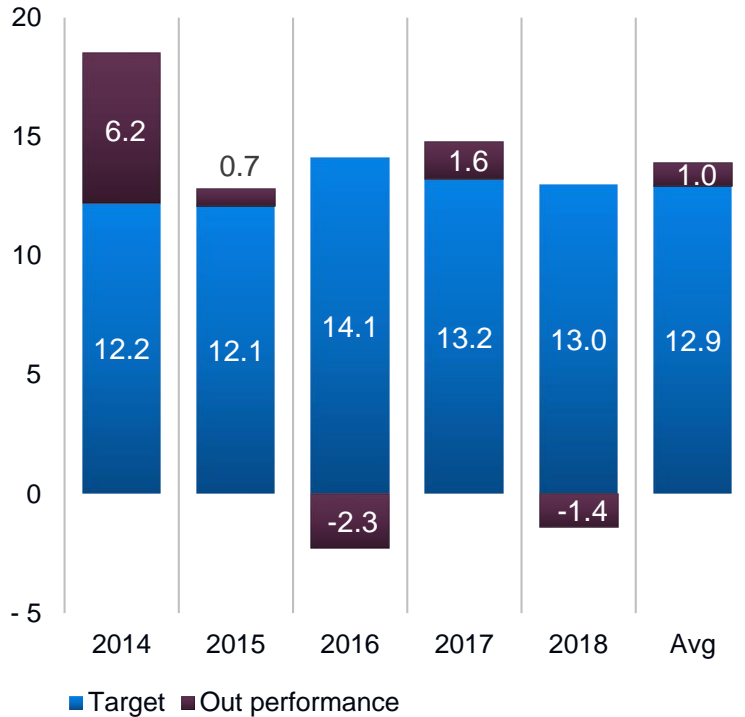


Return on Group Equity Value

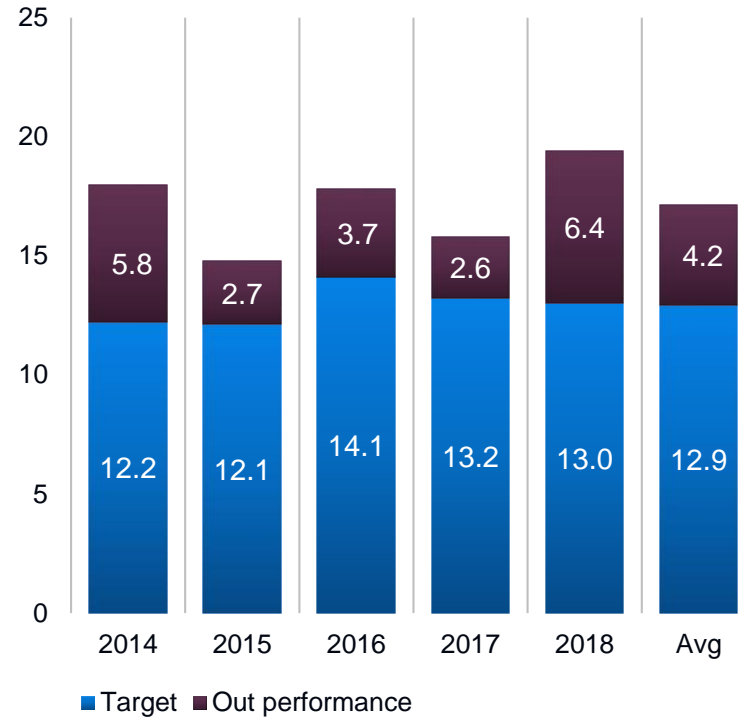


Out perform growth target of long-bond rate +400bp

Actual RoGEV



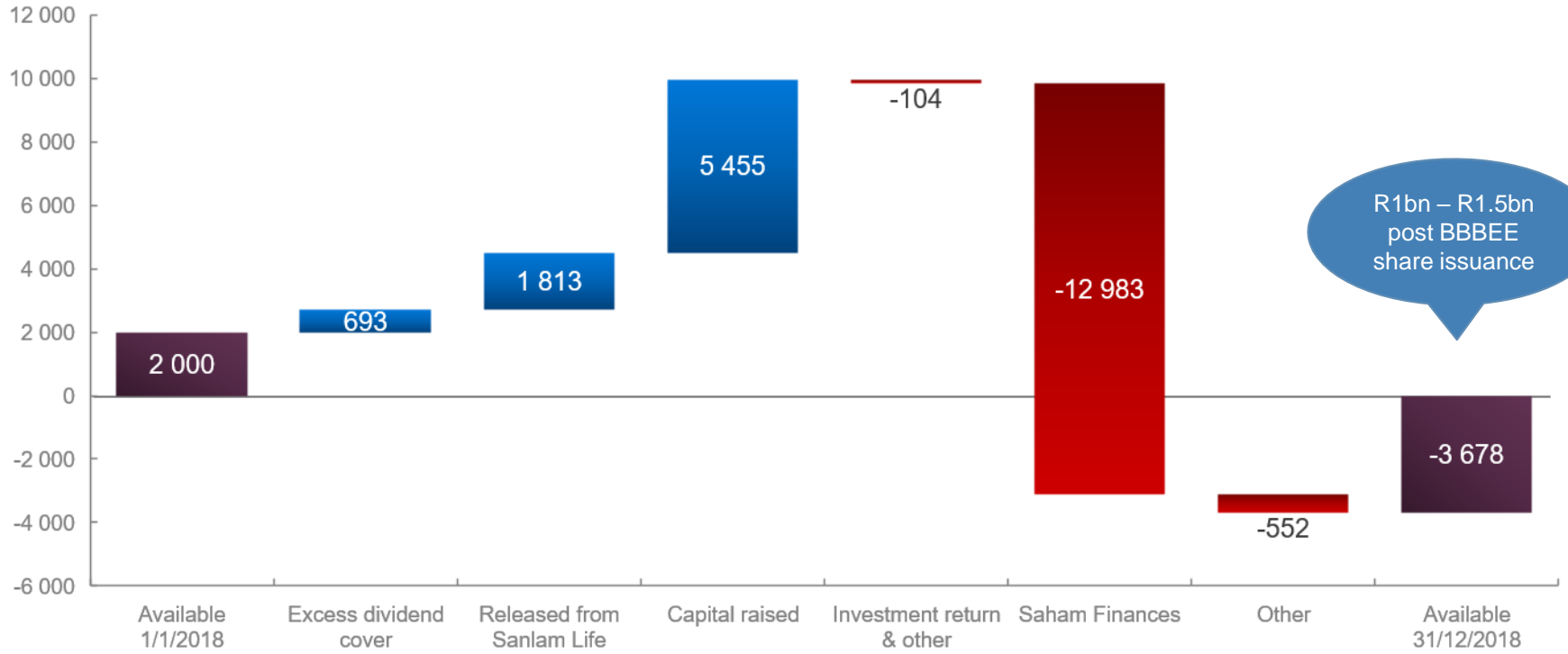
Adjusted RoGEV



Capital management and Solvency



Discretionary capital

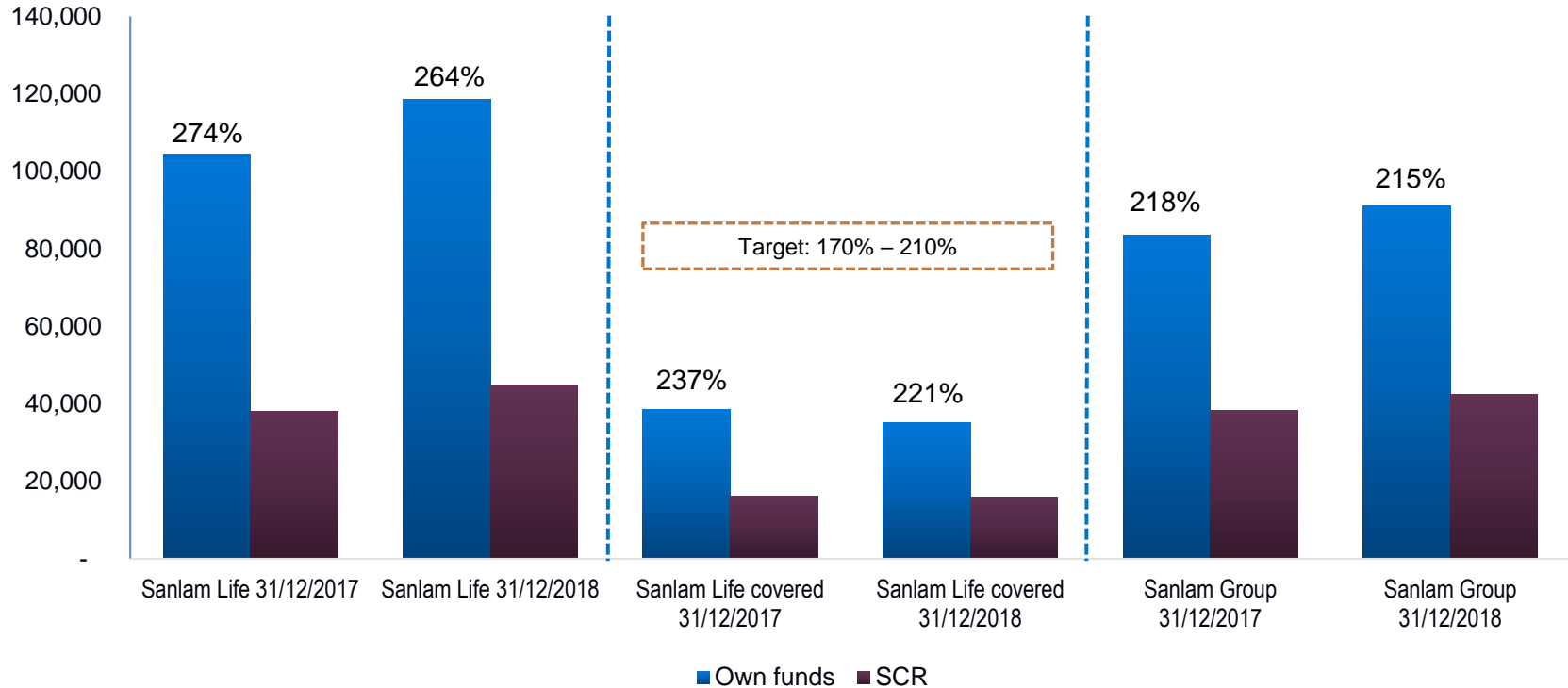


Solvency position



Solvency cover exceeding upper end of target range

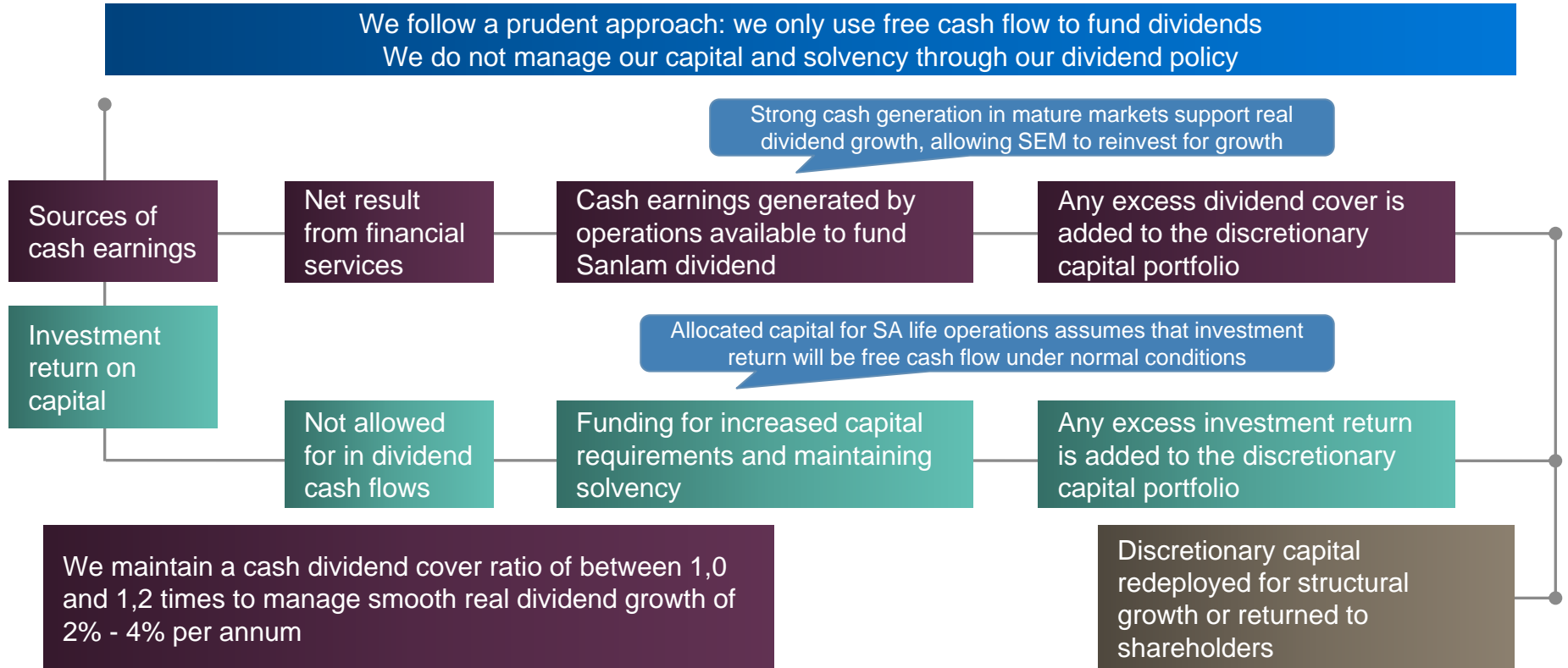
SAM solvency cover



Capital management philosophy



Dual focus on stable dividend growth and investment for future growth

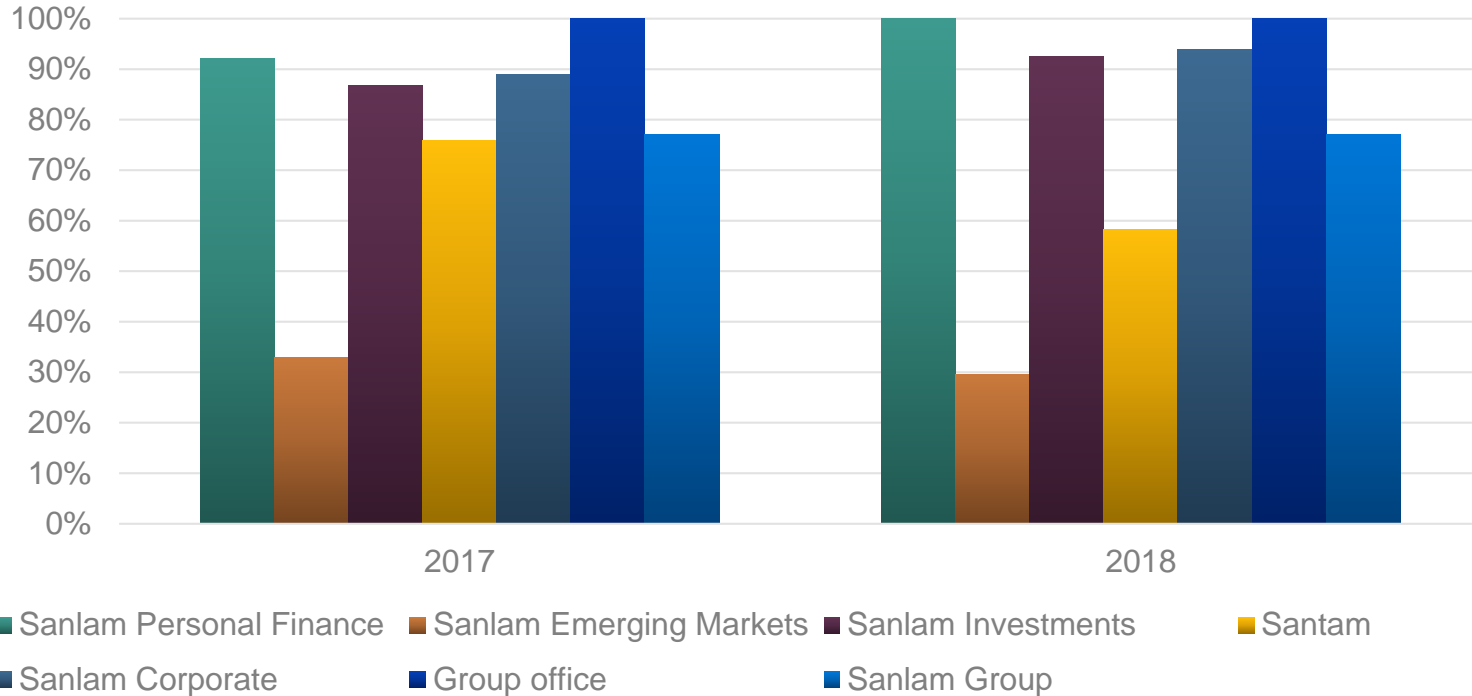


Dividend

Cash dividend generation



Dividend as % of net result from financial services



Cluster results

annual 2018



Financial review

| Sanlam Personal Finance

 Sanlam





R million	2018	2017	△
New business volumes	60 971	58 615	4%
Sanlam Sky	2 494	1 455	71%
<i>Individual life recurring</i>	1 125	994	13%
<i>Capitec Bank credit and funeral</i>	999	-	-
<i>Other channels</i>	370	461	-20%
Recurring premium & SBD	3 412	2 838	20%
Glacier	55 065	54 322	1%
<i>Life</i>	28 336	27 135	4%
<i>Non-life</i>	26 729	27 187	-2%
Net flows	10 294	8 454	
Sanlam Sky	3 625	3 623	
Recurring premium & SBD	(2 355)	(4 074)	
Glacier	9 024	8 905	



R million	2018	2017	Δ	CEB*
Net value of new life business	1 504	1 407	7%	14%
Sanlam Sky	606	521	16%	28%
Recurring premium & SBD	447	396	13%	20%
Glacier	451	490	-8%	-6%
Net new business margin	3,08%	3,20%		3,26%
Sanlam Sky	7,89%	8,88%		8,93%
Recurring premium & SBD	3,47%	3,55%		3,54%
Glacier	1,60%	1,82%		1,63%

* Consistent economic basis



R million	2018	2017	△
Net operating profit	4 033	4 235	-5%
Sanlam Sky	897	875	3%
<i>Excl NUB strain and African Rainbow Life</i>	970	875	11%
Recurring premium sub cluster	2 028	1 856	9%
Glacier	854	1 264	-32%
SBD & Other	254	240	6%
Excluding growth initiatives	4 258	4 280	-1%
Group Equity Value	43 185	43 401	
RoGEV	11,4%	17,5%	

Financial review

Sanlam Emerging Markets

 Sanlam





R million	2018	2017	△
New business volumes	26 224	21 903	20%
Namibia	6 802	5 593	22%
Botswana	5 833	7 137	-18%
Rest of Africa	10 655	6 360	68%
<i>Saham Finance</i>	7 569	3 385	124%
<i>Ghana</i>	-	130	-100%
<i>Other</i>	3 086	2 845	8%
India	2 329	2 224	5%
Malaysia	605	589	3%
Net fund flows	8 607	2 140	
Namibia	354	(3 105)	
Botswana	1 538	1 399	
Rest of Africa	5 636	2 928	
India/Malaysia	1 079	918	



R million	2018	2017	△
Net value of new life business	338	347	-3%
Namibia	87	75	16%
Botswana	108	111	-3%
Rest of Africa	67	105	-26%
<i>Saham Finances</i>	38	20	90%
<i>Ghana</i>	-	34	-100%
<i>Other</i>	29	51	-43%
India/Malaysia	76	56	36%
Net new business margin	4,04%	4,86%	
Namibia	4,66%	4,98%	
Botswana	6,46%	6,34%	
Rest of Africa	2,39%	4,96%	
India/Malaysia	3,76%	3,16%	



R million	2018	2017	△
Net operating profit	2 038	1 793	14%
Namibia	294	344	-15%
Botswana	315	356	-12%
Rest of Africa	595	377	58%
<i>Saham Finances</i>	511	243	110%
<i>Ghana</i>	-	28	-100%
<i>Other</i>	84	106	-21%
India	793	759	4%
Malaysia	29	24	21%
Corporate expenses	12	(67)	>100%
Group equity value	44 659	27 621	
RoGEV	14,8%	11,5%	

Financial review

Sanlam Investments





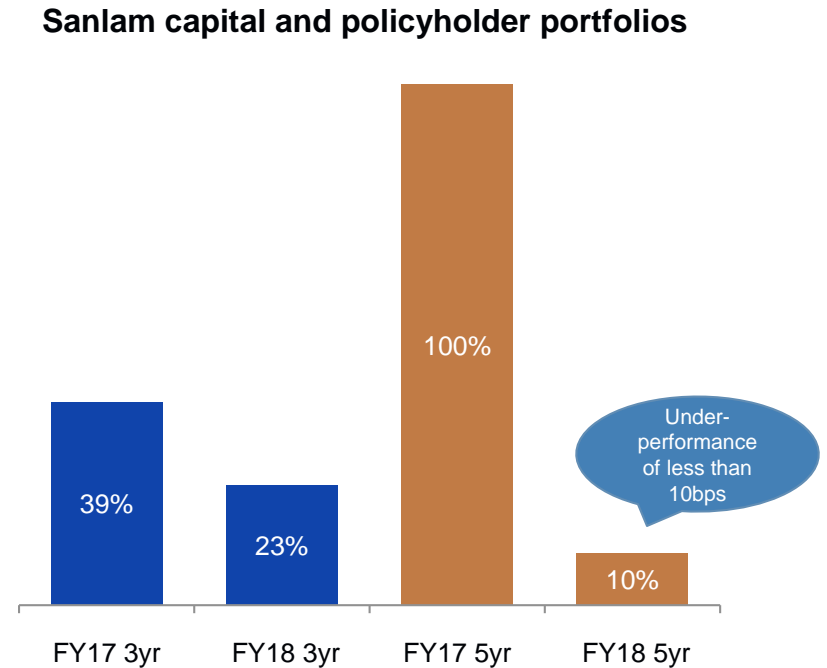
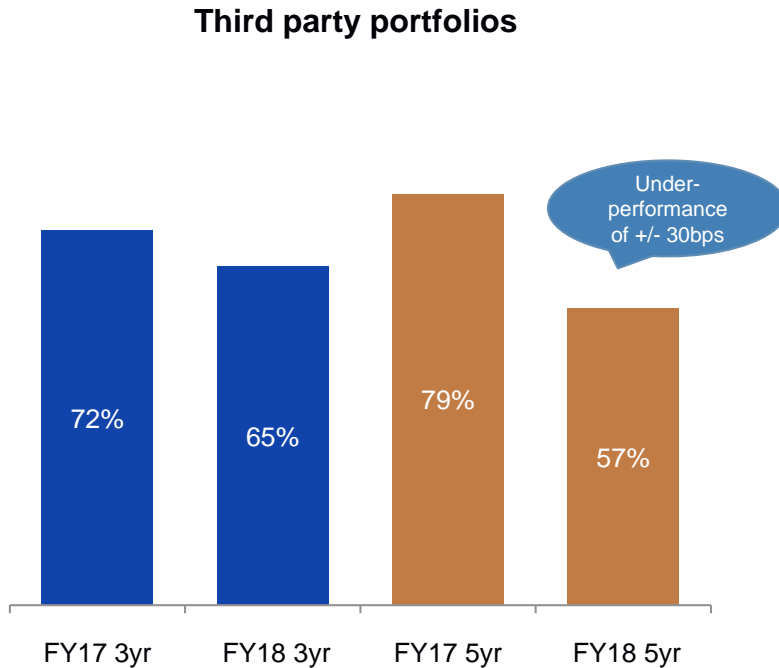
R million	2018	2017	△
Net investment business flows	7 602	19 035	
Investment management SA	4 133	13 247	
Wealth management	785	3 052	
International	2 684	2 736	
New life business	3 219	3 137	3%
Net life business	(388)	(357)	



R million	2018	2017	△
Net operating profit	1 152	1 227	-6%
Investment management SA	258	256	1%
Wealth management	125	140	-11%
International	405	351	15%
Specialised finance	364	480	-24%
Group Equity Value	18 703	18 331	
Covered business	2 797	2 768	
Other	15 906	15 563	
RoGEV	3,7%	14,2%	



Percentage of SIM's benchmark-managed funds exceeding hurdle



Financial review

Santam

 Sanlam





R million	2018	2017	△
Net earned premiums	22 812	21 435	6%
Gross operating profit	2 978	2 173	37%
Underwriting surplus	2 097	1 281	64%
Working capital & other	881	892	-1%
Net operating profit	1 196	851	41%
<i>Excl 2017 abnormal catastrophe claims</i>	<i>1 196</i>	<i>1 007</i>	<i>19%</i>
Underwriting margin	9,2%	6,0%	
Group Equity Value	20 102	18 108	
RoGEV	14,7%	18,0%	

Financial review

| Sanlam Corporate





R million	2018	2017	△
New business volumes	13 326	4 828	176%
Risk	379	344	10%
Investment & retirement - life	9 695	4 484	116%
Investment – non-life	3 252	-	-
Net fund flows	6 438	606	
Value of new life business	143	87	64%
New business margin	1,03%	1,05%	



R million	2018	2017	△
Net operating profit	580	558	4%
Employee Benefits	467	443	5%
Healthcare	136	120	13%
Integrated solutions and corporate	(23)	(5)	>-100%
Group Equity Value	6 009	6 368	
RoGEV	12,8%	21,0%	

Sanlam ADR programme

Sponsored level 1 ADR



Ticker symbol:	SLLDY
CUSIP:	80104Q208
Ratio:	1 ADR : 2 Ordinary Shares
Depository bank:	Deutsche Bank Trust Company Americas
Depository bank contact:	Begonia Roberts
ADR broker helpline:	+1 212 250 9100 (New York) +44 207 547 6500 (London)
e-mail:	adr@db.com
ADR website:	www.adr.db.com
Depository bank's local custodian:	Standard Bank of South Africa

