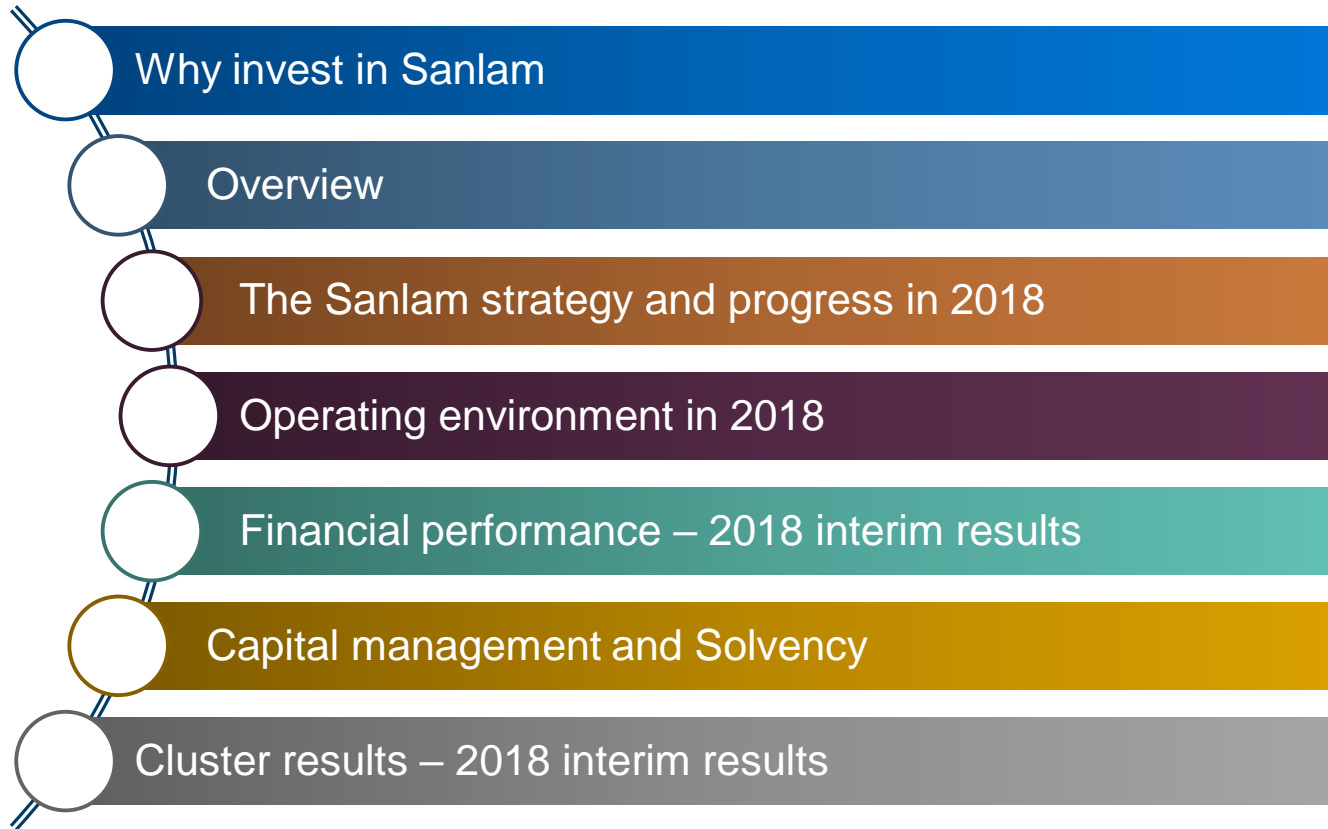




# Investment case

Incorporating 2018 Interim Results







## **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.

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

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



## **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.

## **SANLAM HAS BEEN CREATING VALUE**

and contributing to financial resilience and prosperity for almost 100 years – for all our stakeholders.



## **OUR DIVERSIFIED NATURE CREATES RESILIENCE**

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

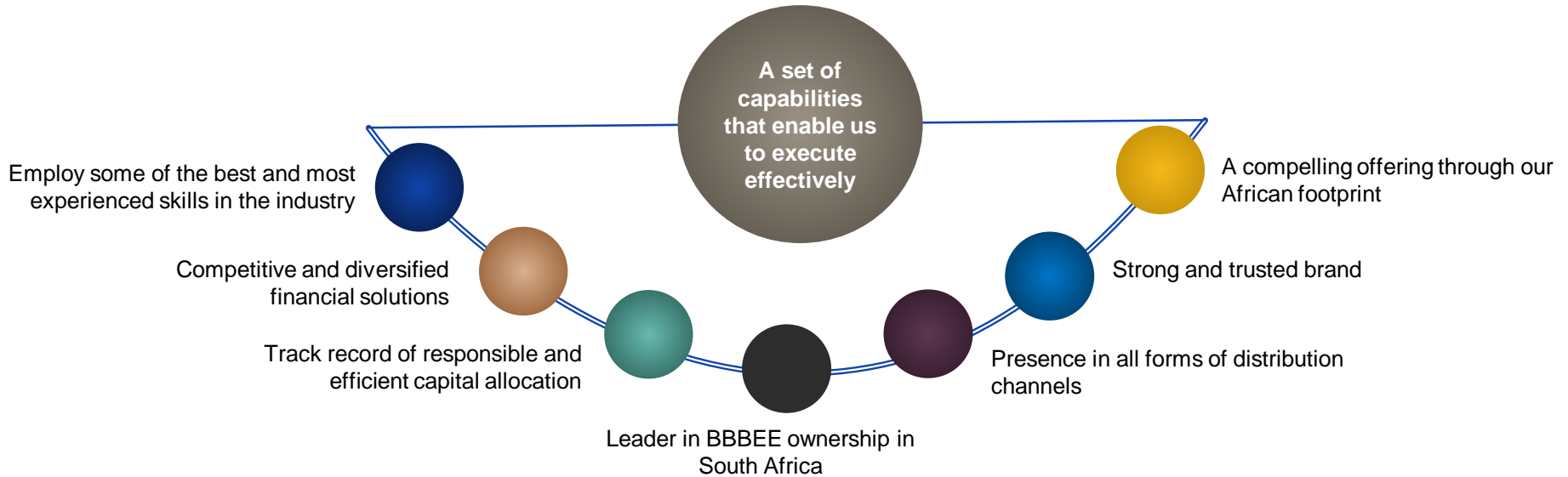
# A century of value creation

Milestone for our clients, shareholders, employees and other stakeholders



# 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**

# Our Pan-African opportunity

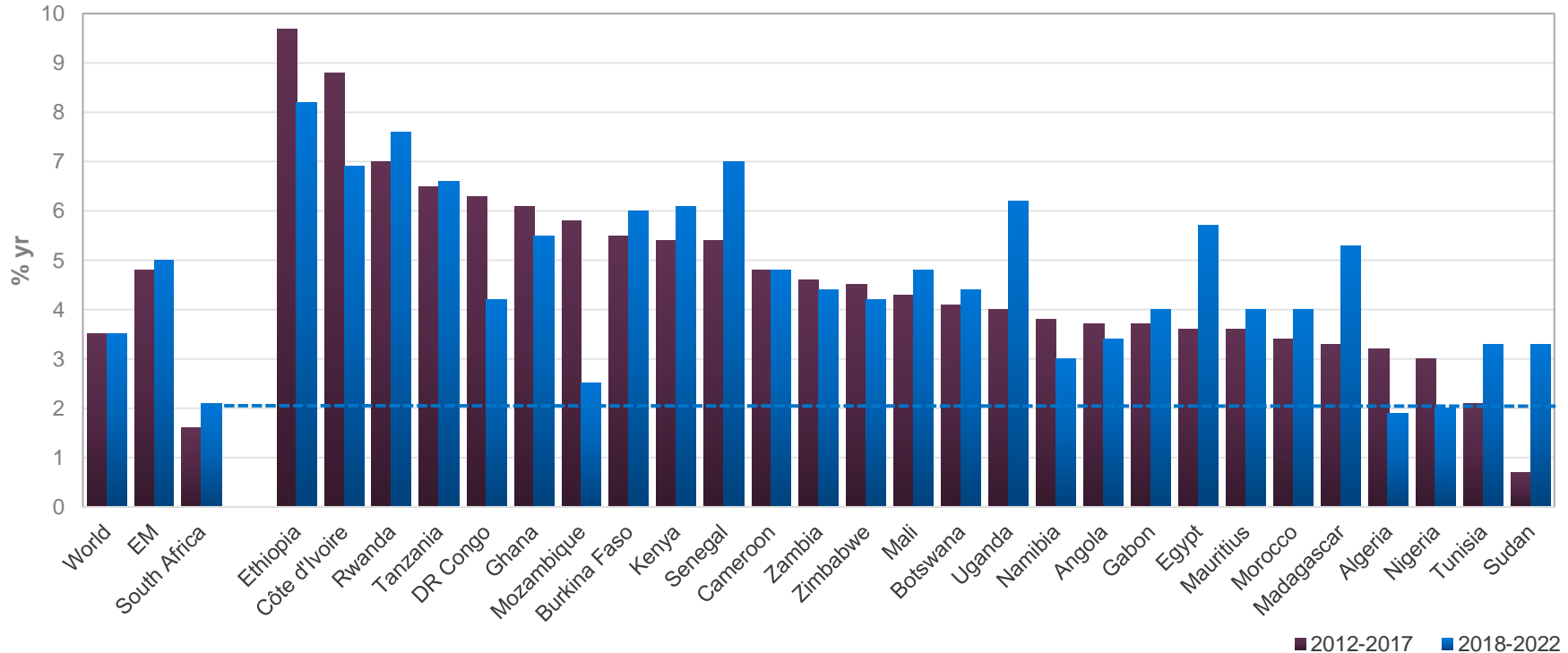
| A medium to long term growth engine

 Sanlam



# Pan-African GDP growth

Driving accelerated organic growth over the medium to long term

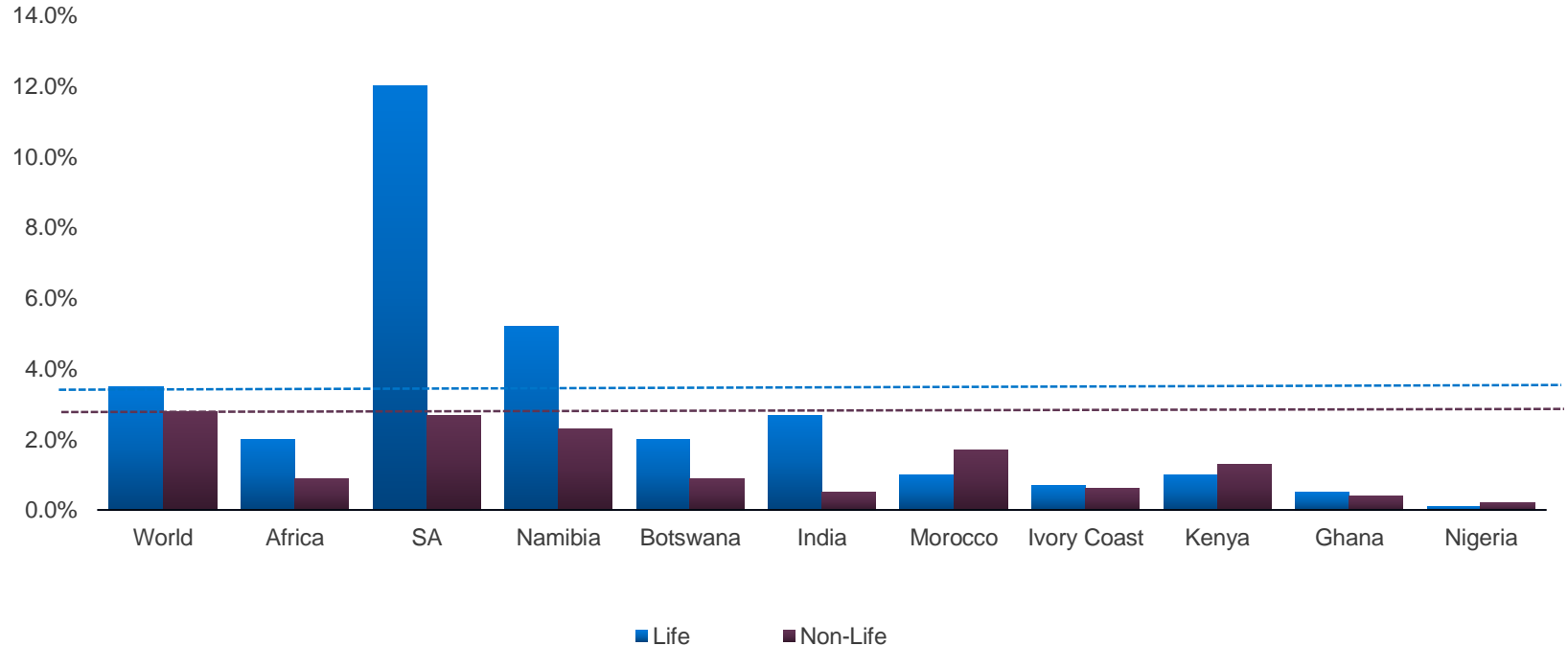


# Pan-African insurance penetration

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

- ① Strong life footprint and expertise
- ① GI presence characterised by start-up businesses



## Santam

- ① Strong GI expertise in SA
- ① Specialist and reinsurance skills



## Saham Finances

- ① Complementary footprint provides us with an unparalleled presence with minimal overlap
- ① Strong GI footprint and expertise
- ① Assistance and Health business - complementarity to Saham Finances GI expertise
- ① Life presence characterised by start-up businesses



## Opportunities

- ① Drive organic growth in current SEM GI portfolio in conjunction with Saham Finances
- ① Grow Saham Finances LI portfolio
- ① New products, e.g. assistance and medical, in current SEM market
- ① Drive growth in specialist classes in conjunction with Santam
- ① Santam plays a meaningful role in 3rd party reinsurance growth across the continent
- ① Footprint enables multinational offering including P&C and Employee Benefits (GLA & Health)
- ① Saham Finances has African health expertise
- ① Internal reinsurance optimisation through SAHAM Re

# An unmatched Pan-African footprint

Unique offering to multinationals wrapped around local presence



# Return on Saham Finances acquisition

Meeting return hurdles on a comparable basis



ZAR'm	2016	Annualised RoGEV	2017	Annualised RoGEV	2018	Annualised RoGEV
<b>Opening GEV</b>			<b>3 880</b>		<b>8 195</b>	
Purchase price	4 263		4 599		–	
Goodwill adjustment – life	(172)	-5%	(43)	-1%	–	
Acquisition premium adjustment	(184)	-5%	(268)	-4%	–	
Normalised return	692	20%	1 025	15%	645	16%
Investment return variances	–	0%	(101)	-1%	–	0%
Foreign currency translation	(719)	-20%	(408)	-6%	517	13%
Economic assumption changes	–	0%	(411)	-6%	(193)	-5%
Dividends retained	–		–		168	4%
Dividends paid	–		(77)		(25)	
<b>Closing GEV</b>	<b>3 880</b>		<b>8 195</b>		<b>9 307</b>	
<b>Reported GEV</b>		<b>-11%</b>		<b>-3%</b>		<b>31%</b>
<b>Normalised RoGEV</b>		<b>20%</b>		<b>15%</b>		<b>16%</b>
<b>SEM hurdle</b>		<b>18%</b>		<b>17%</b>		<b>17%</b>

Compares to a 16% hurdle for Saham Finances

Return from currency movements across the portfolio, especially Moroccan Dirham and Angolan Kwanza

Impact from increased US risk free rate and reduced long term GDP estimates



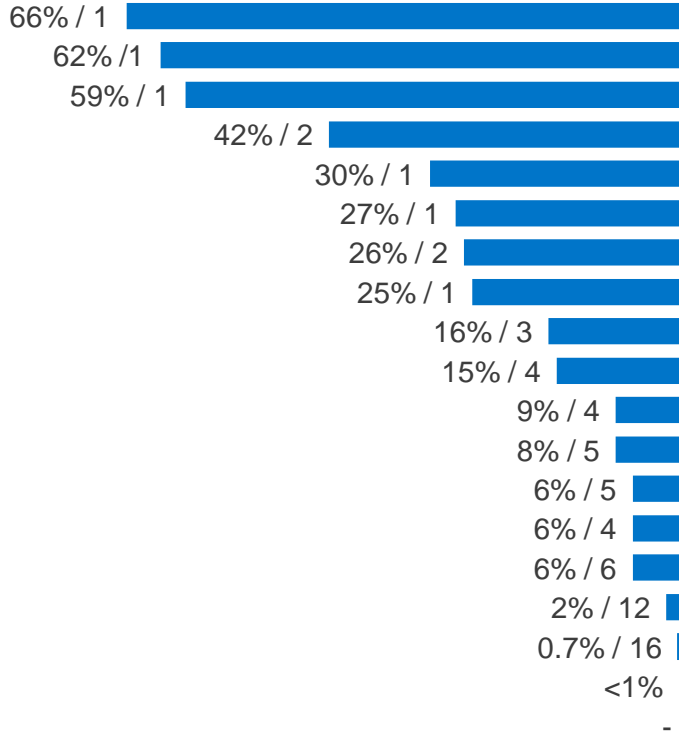
- ④ Santam participation post the acquisition of the remaining stake in Saham Finances
  - › Santam to increase its effective stake in Saham Finances from 7% to 10%
  - › Align Santam's economic participation in the other SEM general insurance businesses in Africa, excluding Namibia, over time from 35% to also 10%
  - › Santam to take the lead in managing the combined Saham Finances and Santam specialist business on the continent in conjunction with SEM and Saham Finances
  - › Santam will play a more meaningful role in the reinsurance businesses of Saham Finances
- ④ Additional support to India and Malaysia from Santam and SPF
- ④ Strengthening and elevating role of Chief Risk Officer

# Our African footprint



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

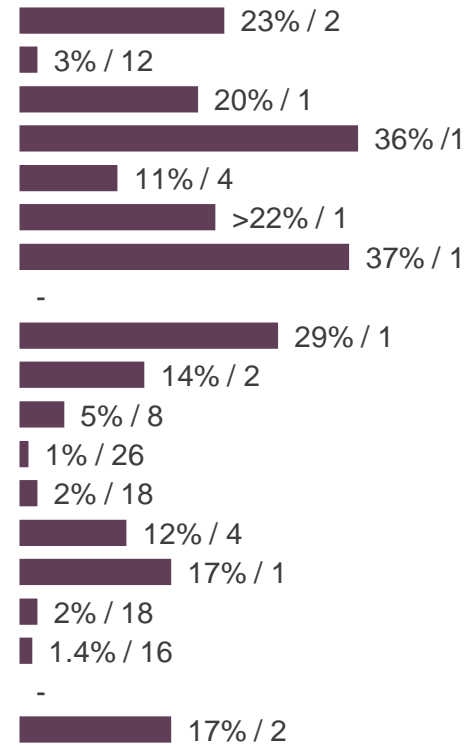
## Life insurance Market share / Position



## Country & effective interest

Country	Effective interest
Botswana	60%
Tanzania	50%
Rwanda	100%
Malawi	57%
Zambia	57%
South Africa	62%
Namibia	37%
Mozambique	56%
Ivory Coast	47%
Uganda	82%
Lebanon	38%
Nigeria	35%
Kenya	39%
Zimbabwe	40%
Morocco	24%
Malaysia	49%
India	43%
Various Developed	-
Angola	23%

## General insurance Market share / Position



# Overview

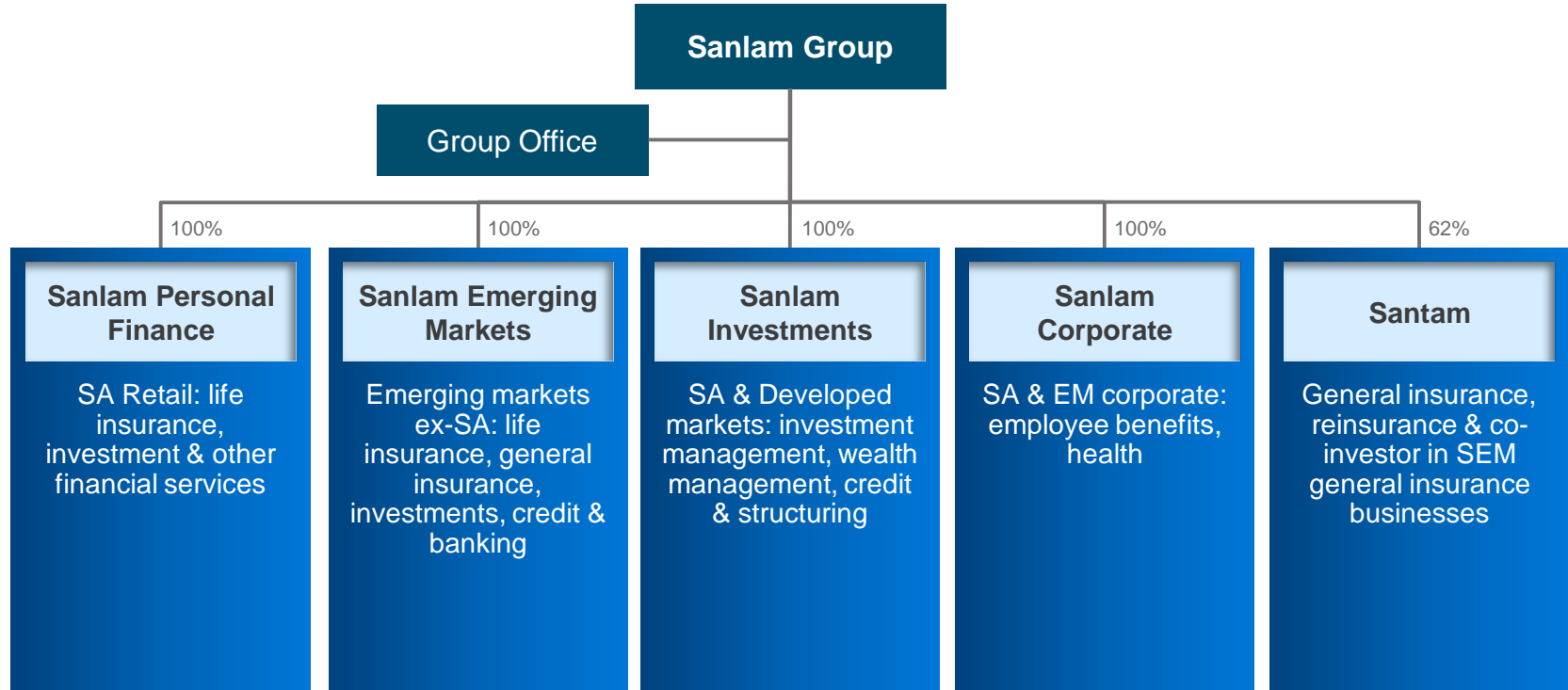
| of the Sanlam Group





- 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 87%, 41% offshore shareholding, 14% direct BEE shareholding





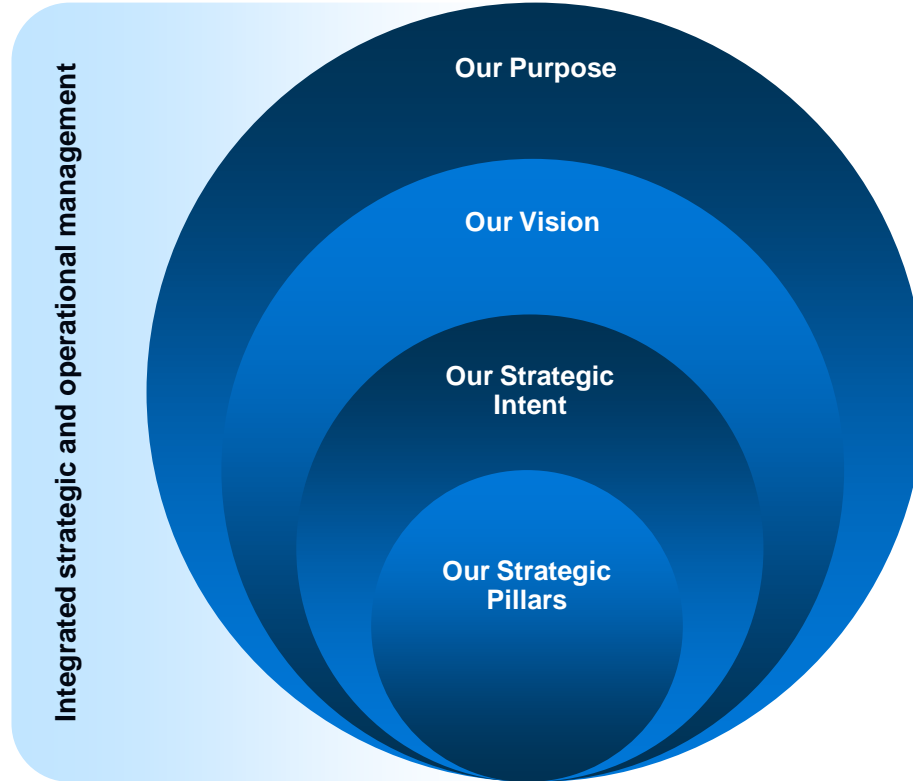
# The Sanlam Strategy

| Good progress on all pillars in 2018



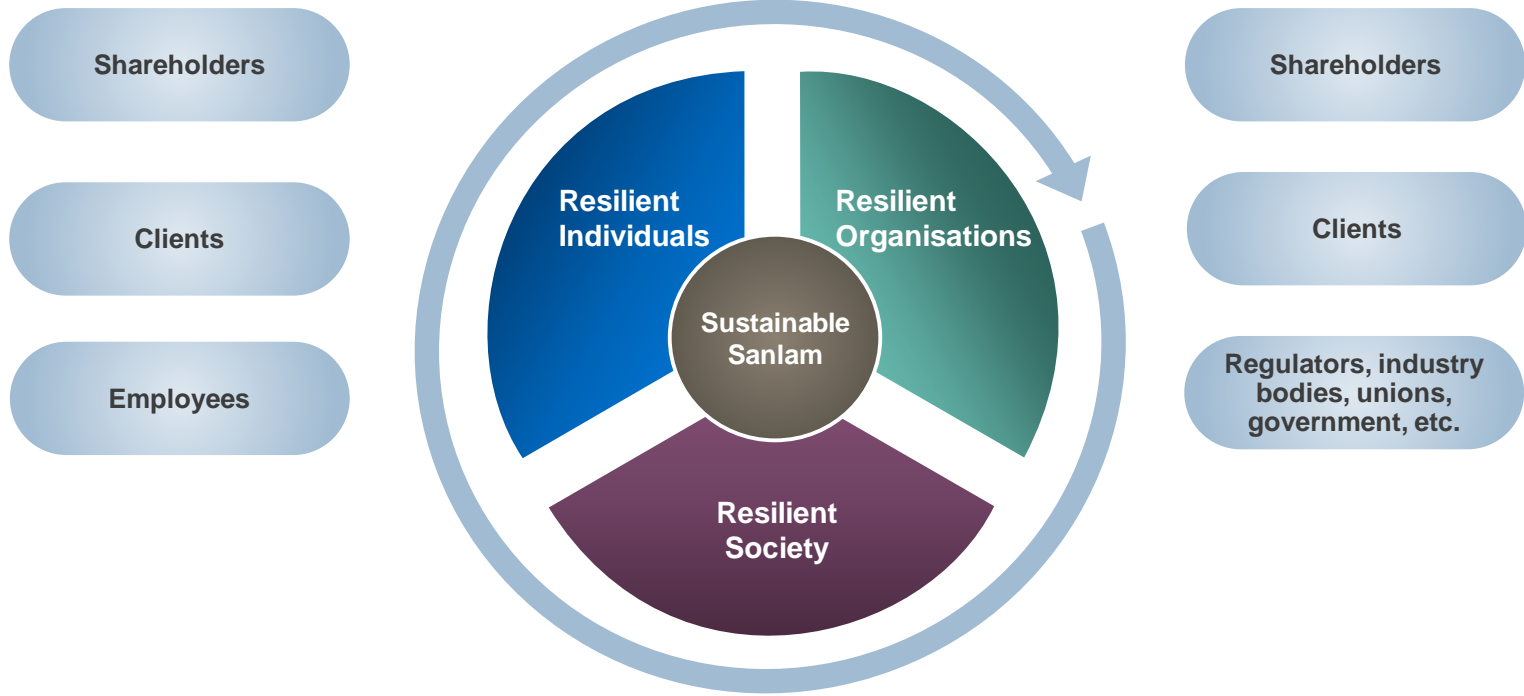
# An integrated approach to sustainable performance

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**

# A strategy that supports sustainable performance



A key focus is to deliver on the Pan-African opportunity



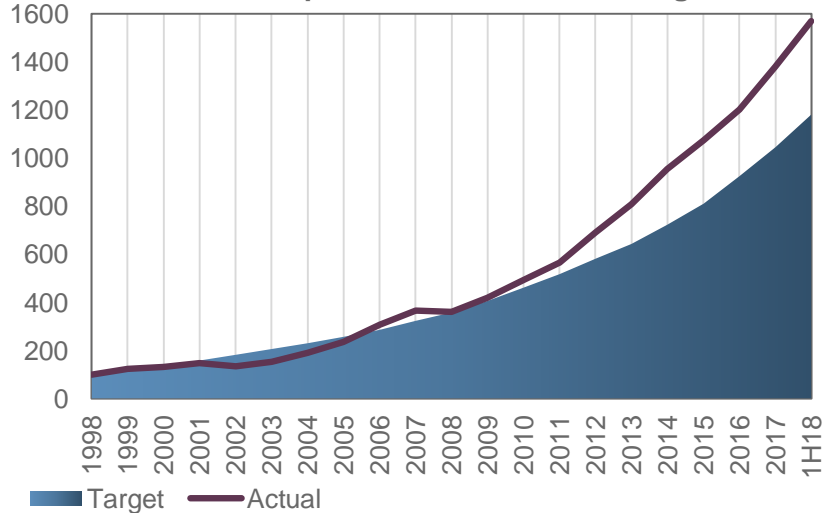
# Our long term strategic execution

Optimising shareholder value with a meaningful cash component



Target: SA 9yr risk free + 4%

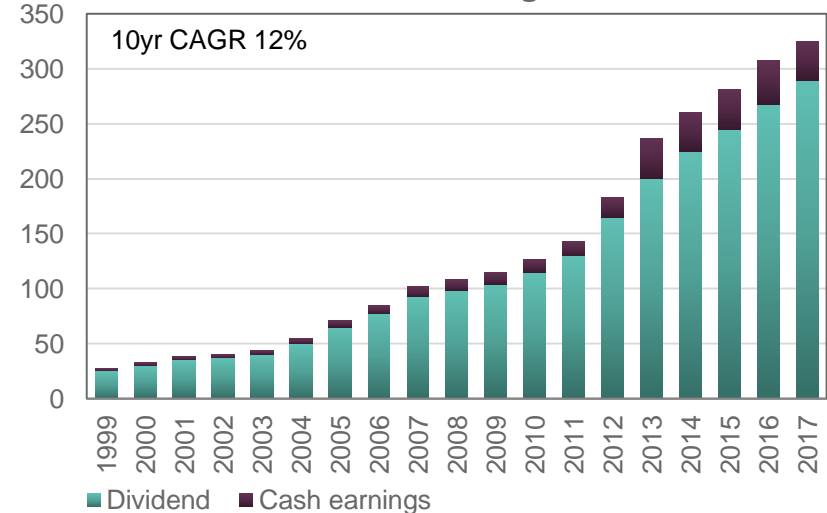
Consistent outperformance of RoGEV target



Balancing growth and dividend flows

Target: 2% - 4% real growth

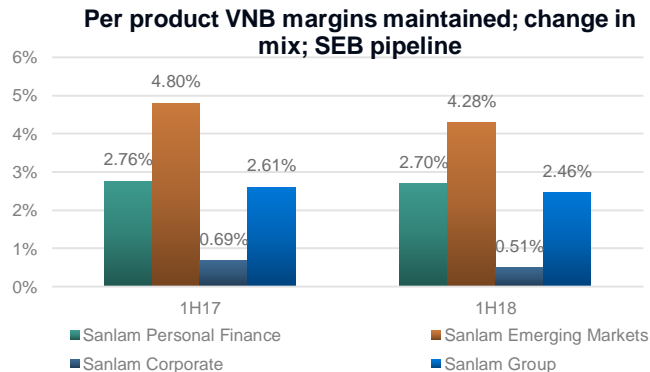
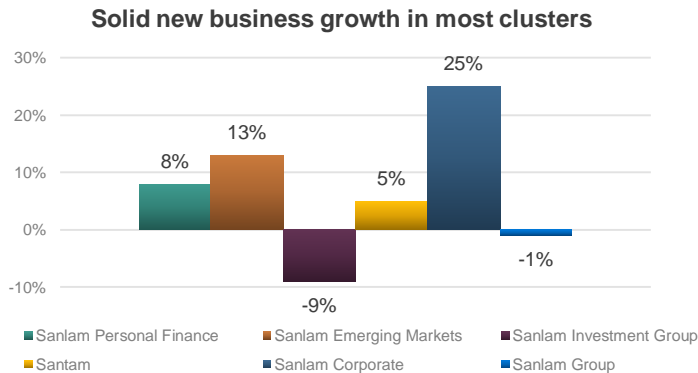
Stable dividend growth



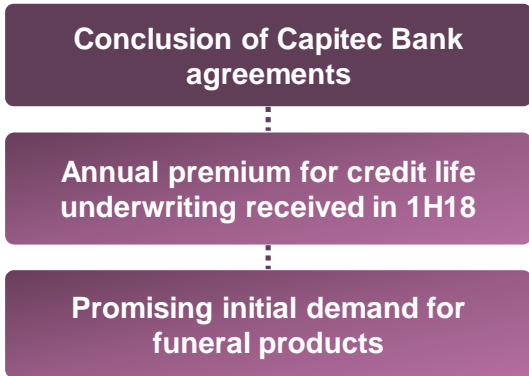
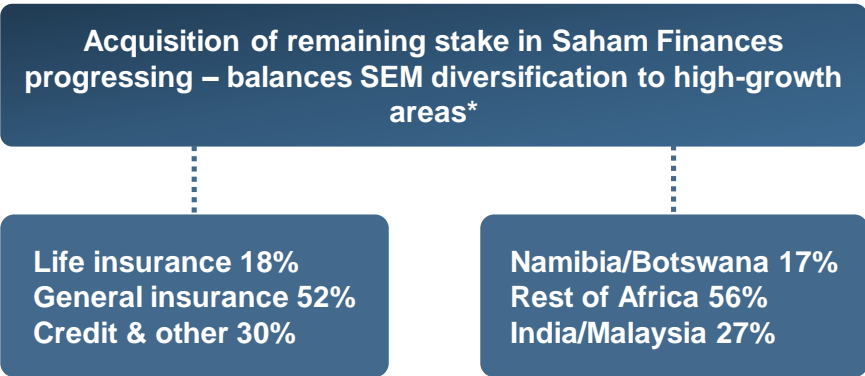
**Target is to increase cash generation from SEM operations over time; also need to deliver returns on recent investments, in particular Saham Finances**



Profitable top-line growth through a culture of client-centricity



Enhancing resilience and earnings growth through diversification



\* Composition post acquisition of remaining Saham Finances stake



Extracting value through innovation and improved efficiencies

**BRIGHTROCK**  
exceeding new business and VNB targets

**indie**

backed by Sanlam

digital learnings opening new partnership opportunities



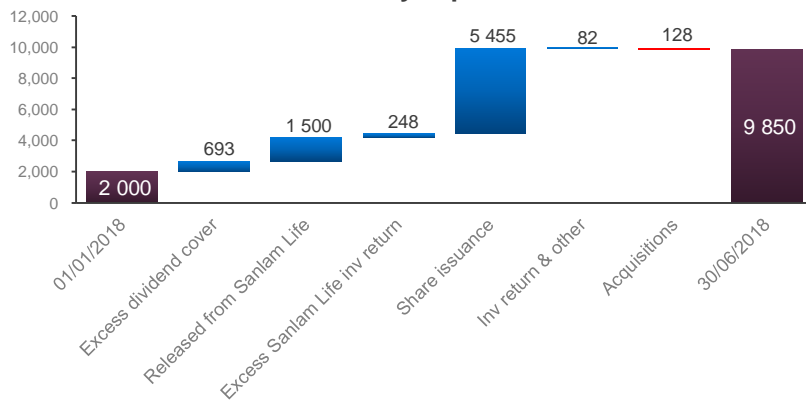
**BI & Big Data**

business demand exceeding expectations

focus on improving underwriting accuracy, client engagements and consolidating data management

Responsible capital allocation and management

**Discretionary capital**



**R1.5bn capital released from operations**

**Equity raised at favourable price to de-risk Saham Finances acquisition**

**Protection provided by Saham Finances hedge against Rand volatility**

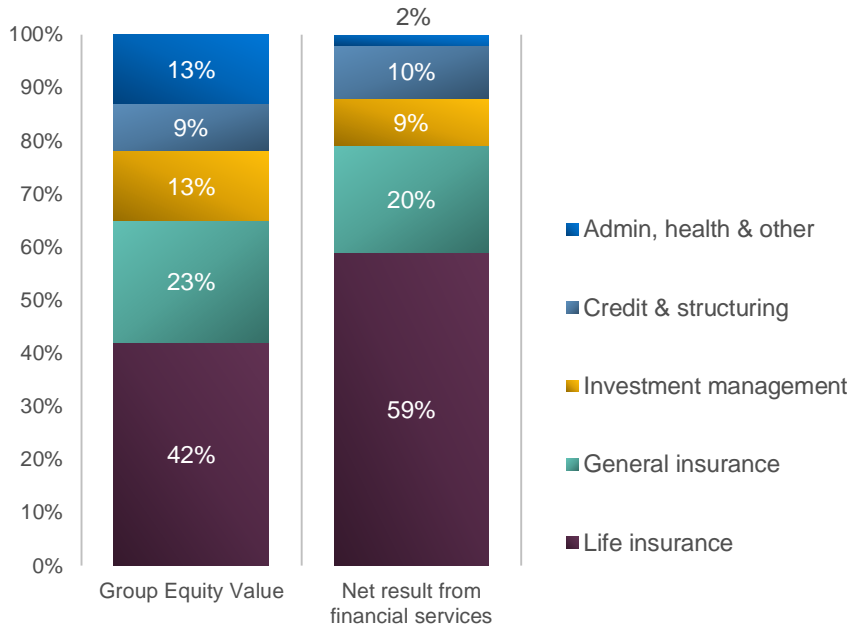


# Diversification

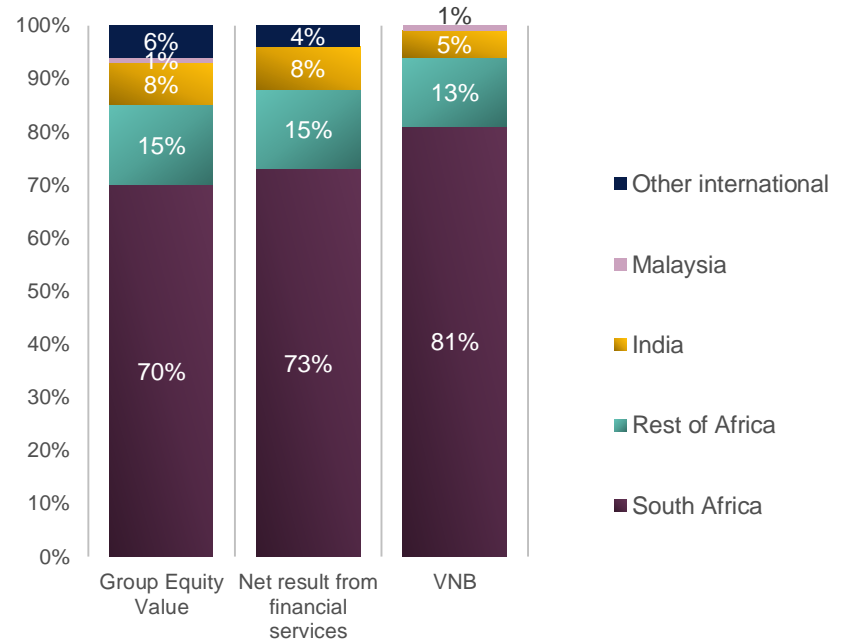
## Resilience through line of business and geographic diversification



Line of business (as at 30 June 2018)



Geographic (as at 30 June 2018)



# Diversification

## Line of business profile



Algeria		Ireland		Philippines	
Angola		Kenya		Rwanda	
Australia		Lebanon		Saudi Arabia	
Benin		Lesotho		Senegal	
Botswana		Luxembourg		South Africa	
Burkina Faso		Madagascar		Swaziland	
Burundi		Malawi		Tanzania	
Cameroon		Malaysia		The Gambia	
Congo-Brazzaville		Mali		Togo	
Côte d'Ivoire		Mauritius		Tunisia	
France		Morocco		Uganda	
Gabon		Mozambique		United Kingdom	
Ghana		Namibia		United States	
Guinea		Niger		Zambia	
India		Nigeria		Zimbabwe	

Life insurance

General insurance

Investment management

Credit and structuring

Administration, health and other

# Strategic risks



The Group's key top-down strategic risks and trends as at 30 June 2018



# Operating environment in 1H2018

Challenging conditions in South Africa and Namibia



# Business environment

## Headwinds in South Africa and Namibia



- Investor confidence remains under pressure, but with some improvement
- Pedestrian economic growth
- Investment market volatility
- Rising interest rates
- Currency volatility



- Strong economic growth
- Positive outlook
- No major changes in policy expected

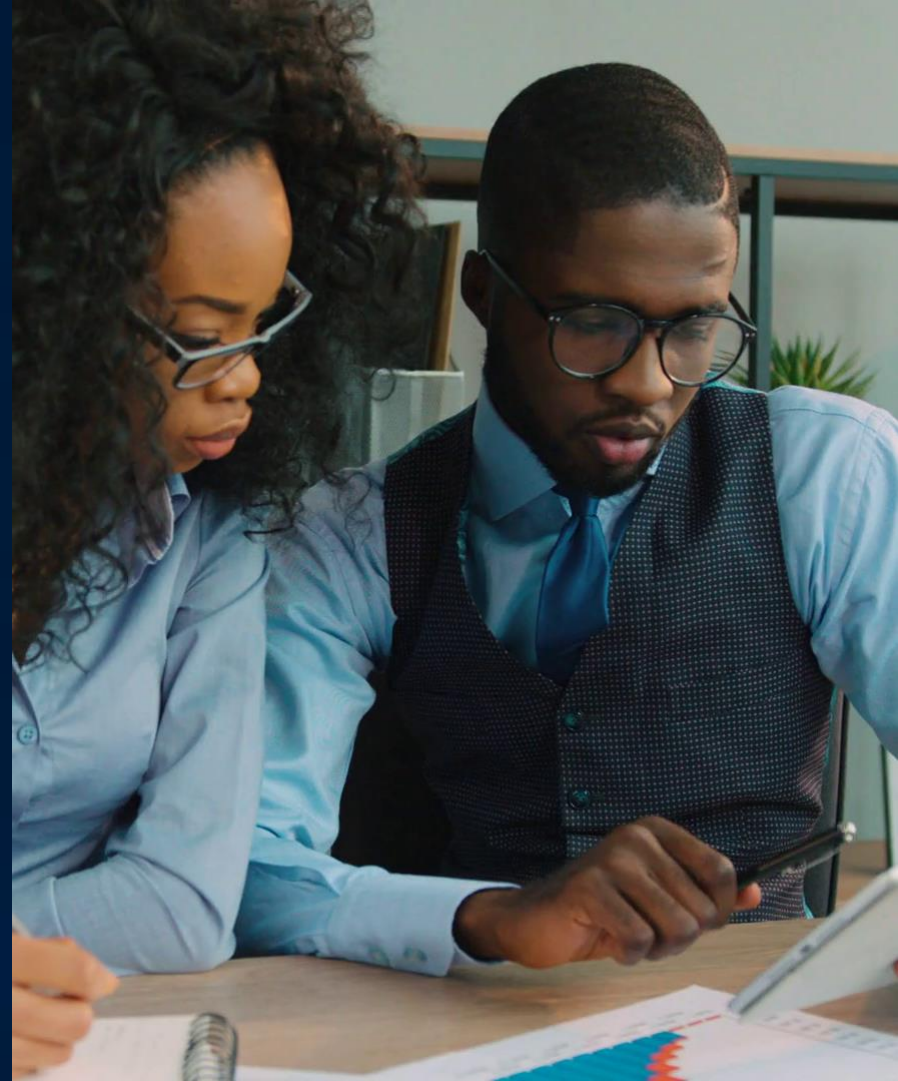
- Namibian economy impacted by weak public sector investment and sluggish private sector credit extension
- Nigerian and Angolan currencies remained under pressure
- Economic outlook improving elsewhere

- Favourable economic growth outlook
- Measured tightening in monetary policy
- Risk of trade war between US, Europe and China

# Financial Performance

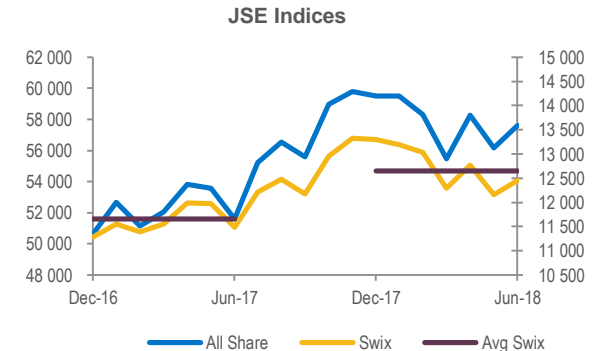
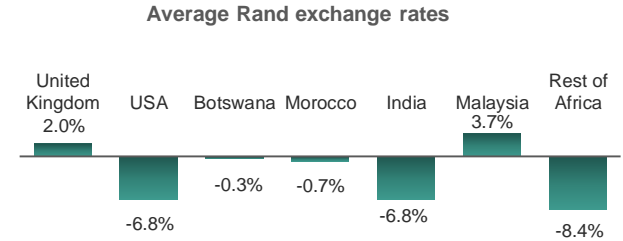
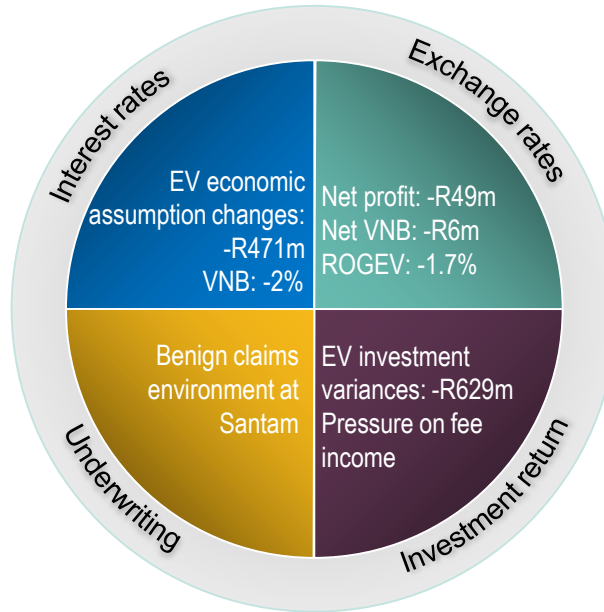
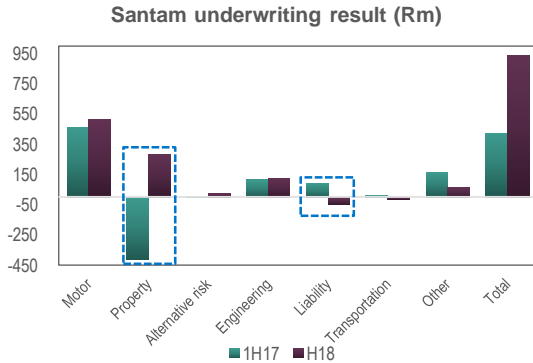
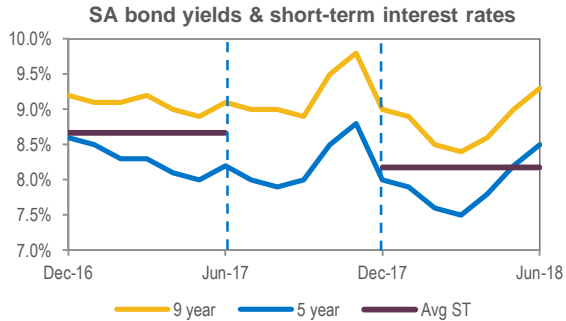
Diversification provided resilience under  
difficult conditions

 Sanlam



# Reporting environment

## Volatile investment and currency markets



# Overview of 1H2018 performance



HIGHLIGHTS	LOWLIGHTS
Adjusted RoGEV of 18.2% well in excess of target	Underperformance in SEM Kenya Life, Tanzania GI, Uganda Life and Zambia Life
Exceptional underwriting performance by Santam	Low growth in SPF Individual Life risk new business and lower margin mix at Glacier
Strong operating profit growth at SEM and Sanlam Corporate	Lower new business volumes and net inflows at Sanlam Investment Group; decline in profitability
Positive experience variances persisting	
Improved single premium inflows at Glacier and strong individual life risk business growth at Sanlam Sky	
Strong new business volumes in most SEM operations	
Conclusion of Capitec Bank credit life and distribution agreements	
Strong pipeline of new business at SEB and Safrican post 30 June 2018	





## ④ Earnings per share

- › Net operating profit per share increased by 7% (8% on comparable basis)
- › Normalised headline earnings per share up 8%

## ④ Business volumes

- › New business volumes declined by 1% to R110bn (in line with 2017 in constant currency)
- › Net life VNB up 1% (6% on comparable basis)
- › Net VNB margin of 2.46%, compared to 2.61% in 2017
- › Net fund inflows of R17.2bn compared to R18.9bn in 2017

## ④ Group Equity Value

- › Group Equity Value of R60.90 per share
- › Annualised RoGEV per share of 13.7%, adjusted 18.2% - well above hurdle rate



R million	Gross			Net	
	2018	2017	Δ	2018	2017
<b>by business</b>					
Personal Finance	31 022	28 614	8%	6 777	3 961
Emerging Markets	11 407	10 068	13%	3 201	1 859
Sanlam Investment Group	53 429	58 983	-9%	3 411	9 232
Santam	11 122	10 551	5%	4 203	3 298
Sanlam Corporate	2 542	2 041	25%	(353)	529
<b>by licence</b>					
Life insurance	23 192	21 267	9%	6 167	4 935
General insurance	14 852	13 274	12%	5 697	4 250
Investment	71 478	75 716	-6%	5 375	9 694
<b>Total</b>	<b>109 522</b>	<b>110 257</b>	<b>-1%</b>	<b>17 239</b>	<b>18 879</b>

# Net value of new covered business



R million	Net value of New Business				Margin	
	2018	2017	Δ	Δ CCY*	2018	2017
Personal Finance	622	585	6%	6%	2,70%	2,76%
Emerging Markets	150	171	-12%	-9%	4,28%	4,80%
Sanlam Corporate	19	26	-27%	-27%	0,51%	0,69%
<b>Total</b>	<b>791</b>	<b>782</b>	<b>1%</b>	<b>2%</b>	<b>2,46%</b>	<b>2,61%</b>

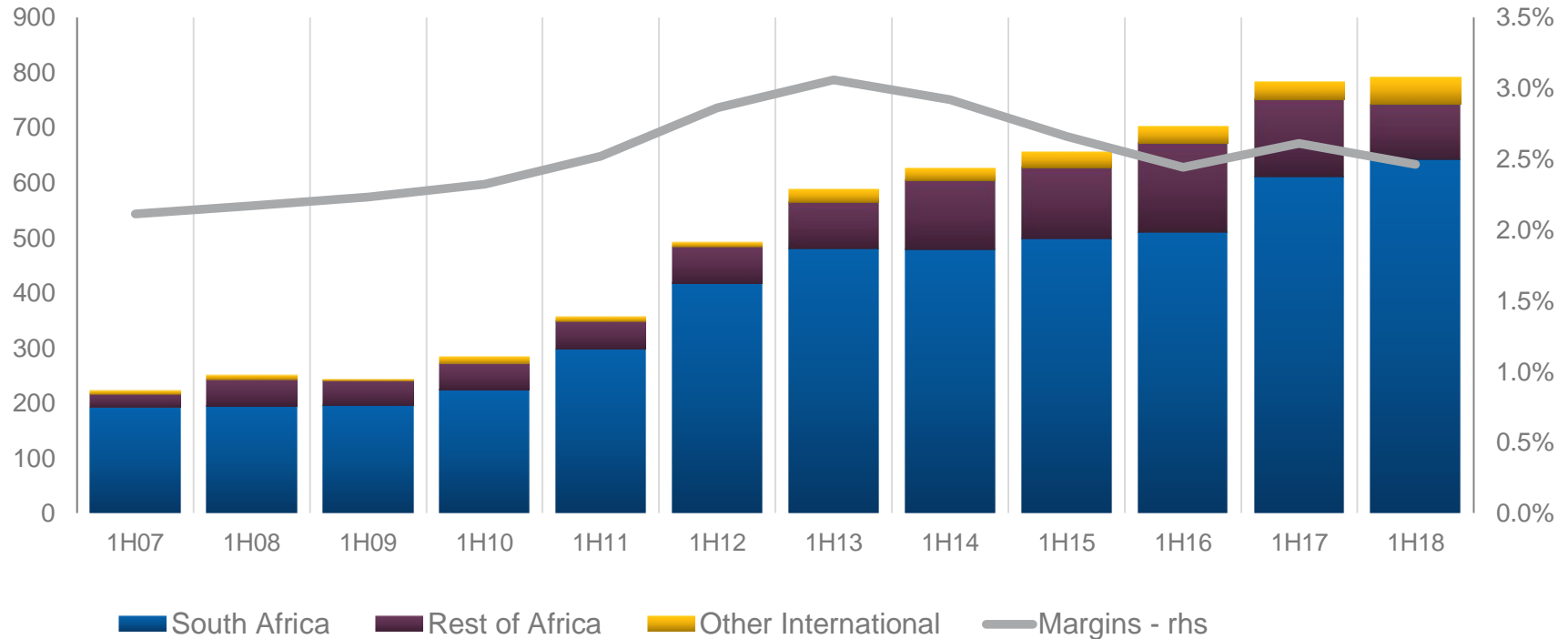
\* 6% excluding structural growth and on consistent economic basis

# Net value of new covered business



Change in mix to lower margin products and underperformance in East Africa

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



# Net operating profit



R million	2018	2017	Δ	ΔCCY
Personal Finance	2 096	2 133	-2%	-2%
Emerging Markets	911	771	18%	23%
Sanlam Investment Group	523	573	-9%	-7%
Santam	573	337	70%	70%
Sanlam Corporate	308	244	26%	26%
Corporate & other	(18)	(2)	>-100%	>-100%
<b>Total</b>	<b>4 393</b>	<b>4 056</b>	<b>8%</b>	<b>10%</b>

# Income statement



R million	2018	2017	△
<b>Net operating profit</b>	<b>4 393</b>	<b>4 056</b>	<b>8%</b>
<i>Per share (cents)</i>	211,0	197,9	7%
Net investment return	691	586	18%
Other	(167)	(161)	-4%
<b>Normalised headline earnings</b>	<b>4 917</b>	<b>4 481</b>	<b>10%</b>
<i>Per share (cents)</i>	236,2	218,7	8%
Fund transfers	209	84	
<b>Headline earnings</b>	<b>5 126</b>	<b>4 565</b>	<b>12%</b>
<i>Per share (cents)</i>	248,6	225,3	10%

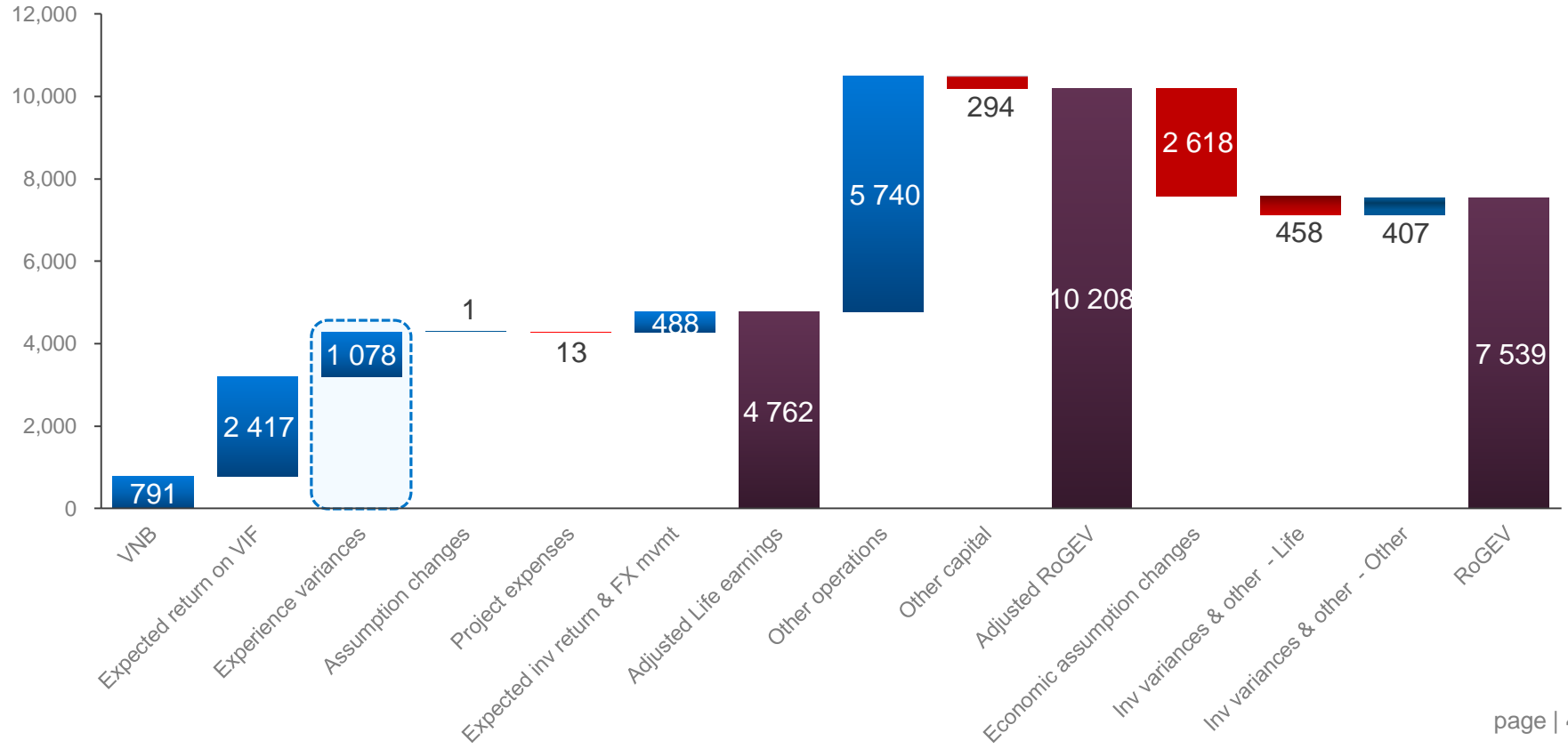
# Group Equity Value



R million	Equity Value*		RoGEV	
	2018	2017	Rm	%
<b>Group operations</b>	<b>117 161</b>	<b>113 829</b>	<b>7 833</b>	<b>7,0%</b>
Personal Finance	42 860	43 401	2 352	5,5%
Emerging Markets	29 909	27 621	2 429	8,8%
Investments	19 144	18 331	984	5,3%
Santam	19 355	18 108	1 665	9,2%
Sanlam Corporate	5 893	6 368	403	6,9%
<b>Discretionary &amp; Other</b>	<b>11 507</b>	<b>7 934</b>	<b>(294)</b>	<b>-3,2%</b>
<b>TOTAL</b>	<b>128 668</b>	<b>121 763</b>	<b>7 539</b>	<b>6,2%</b>
<b>cps</b>	<b>6 090</b>	<b>5 940</b>	<b>440</b>	<b>7,4%</b>
<b>cps annualised</b>				<b>13,7%</b>
<b>Adjusted cps annualised</b>				<b>18,2%</b>
Return target				13,0%

\* Comparative information as at 31 December 2017

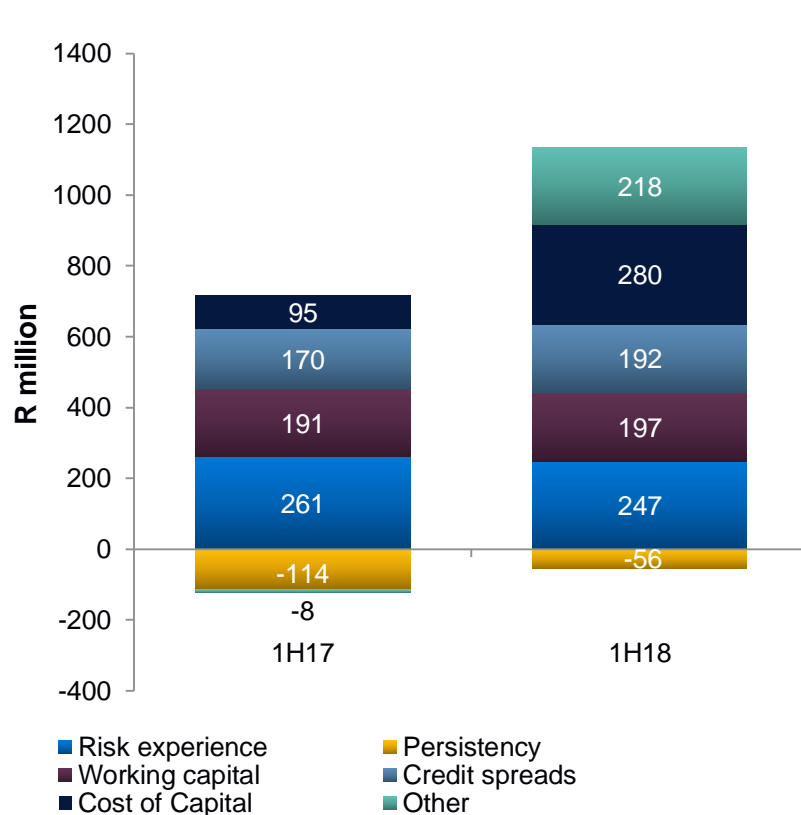
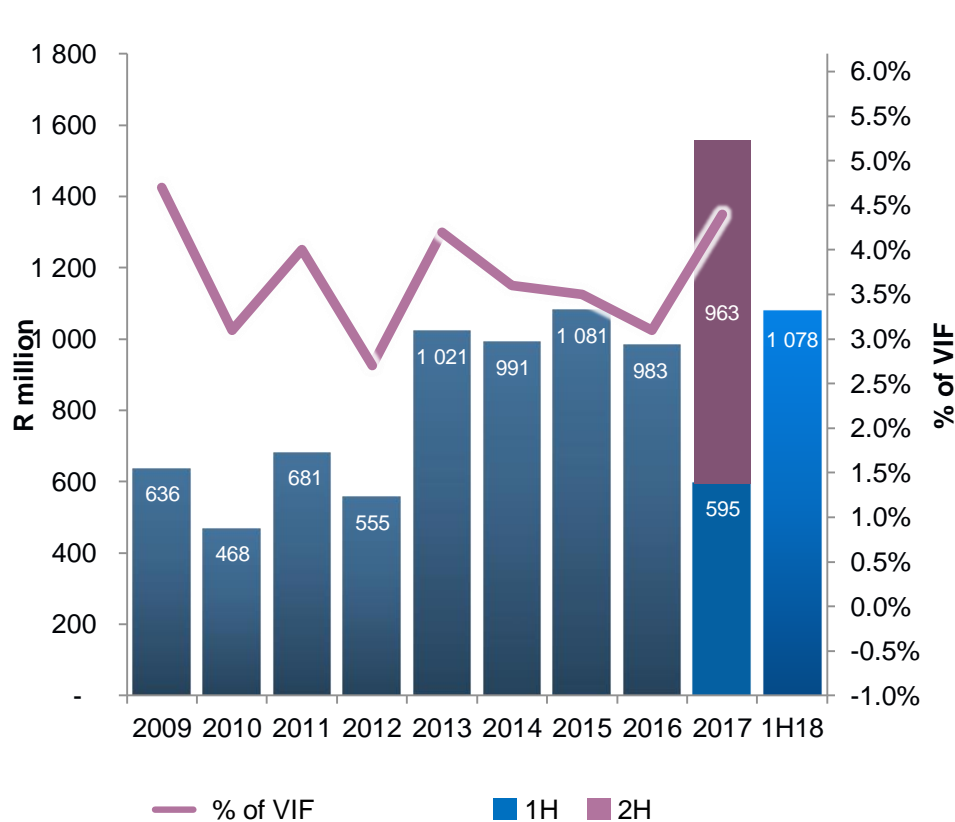
# Group Equity Value earnings





# Experience variances

One-off cost of capital impact in 1H18 from capital release

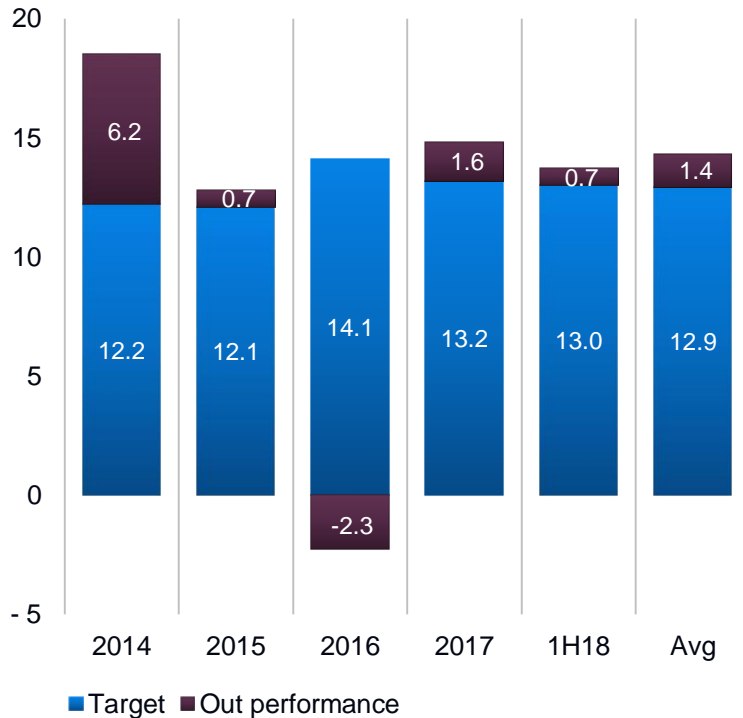


# Return on Group Equity Value

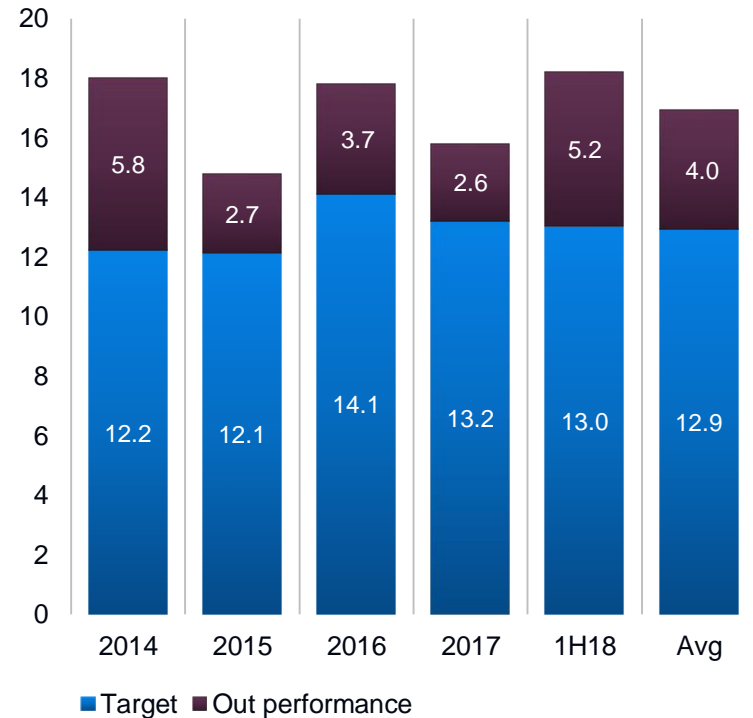
Out perform growth target of long-bond rate +400bp



### Actual RoGEV



### Adjusted RoGEV



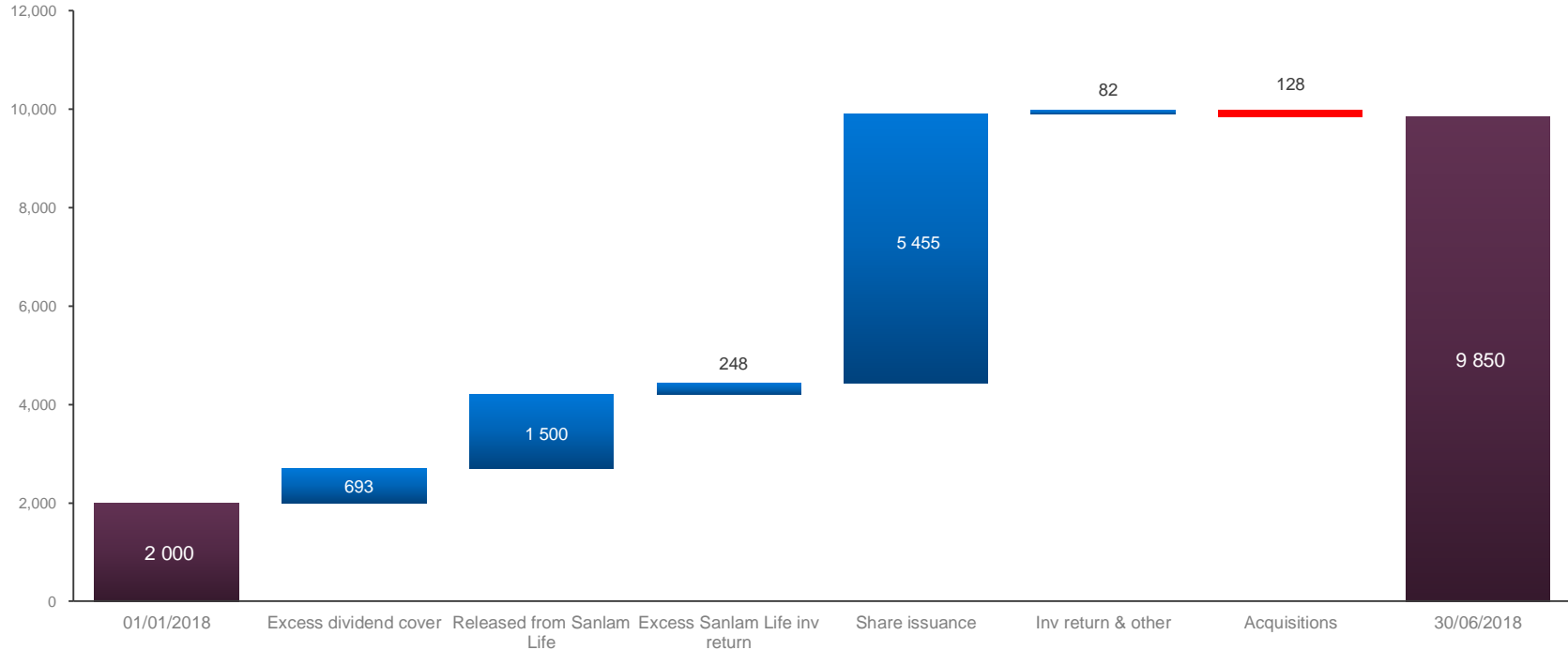
# Capital management and Solvency



# Discretionary capital

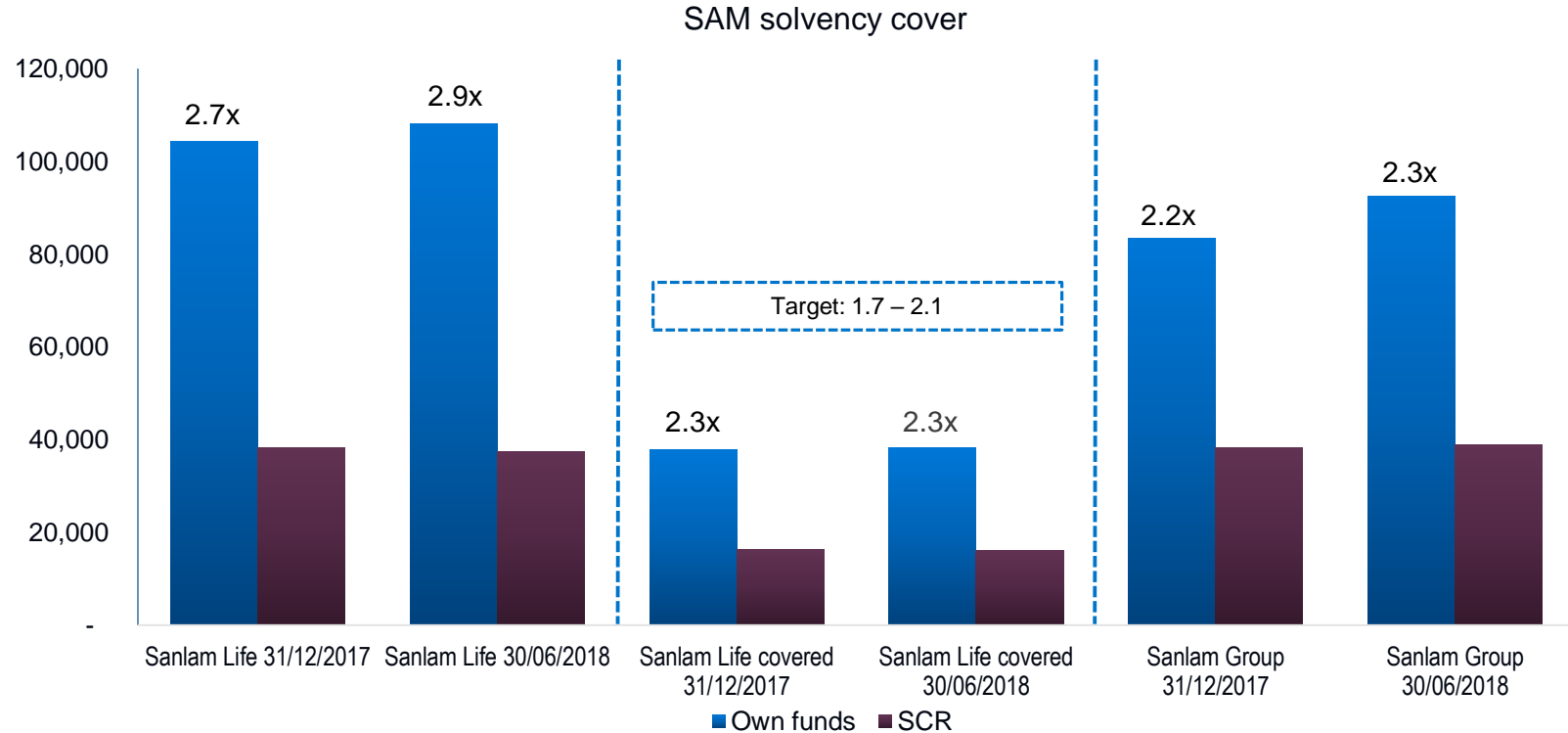


Equity raised at favourable price to de-risk Saham Finances acquisition



# Solvency position

Solvency cover at upper end of target range

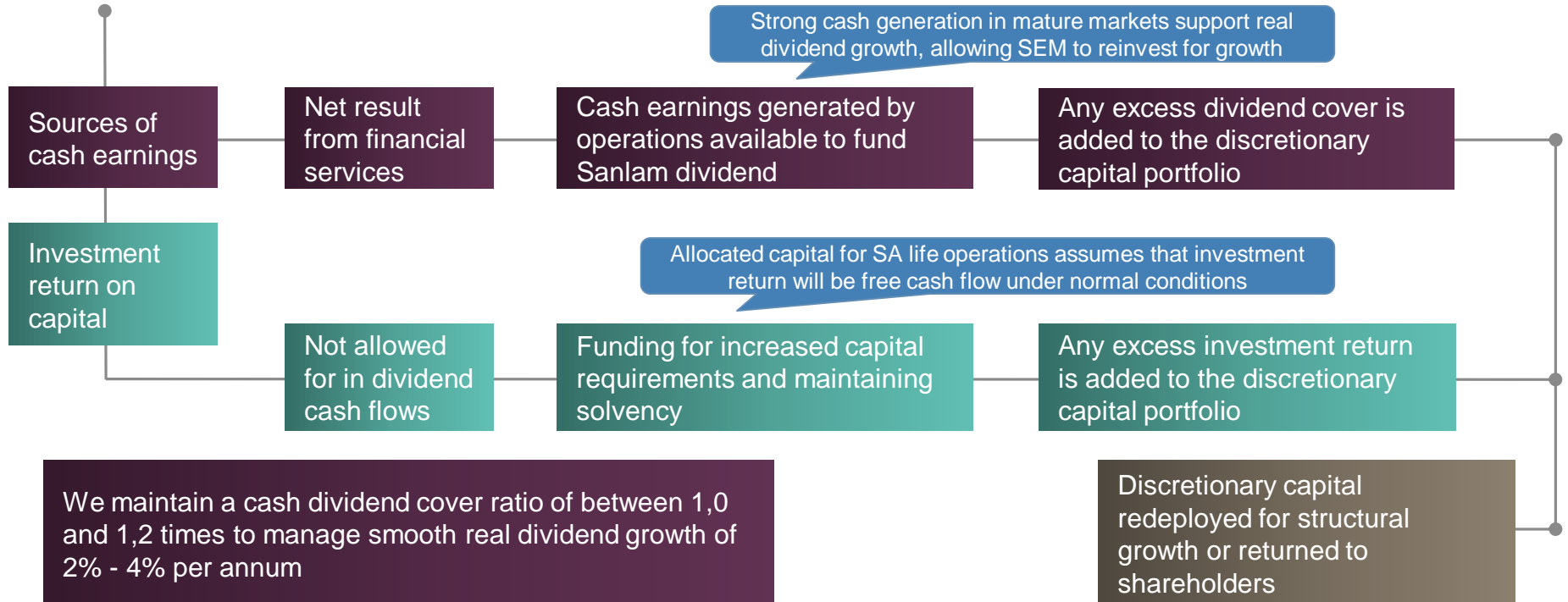


# Capital management philosophy



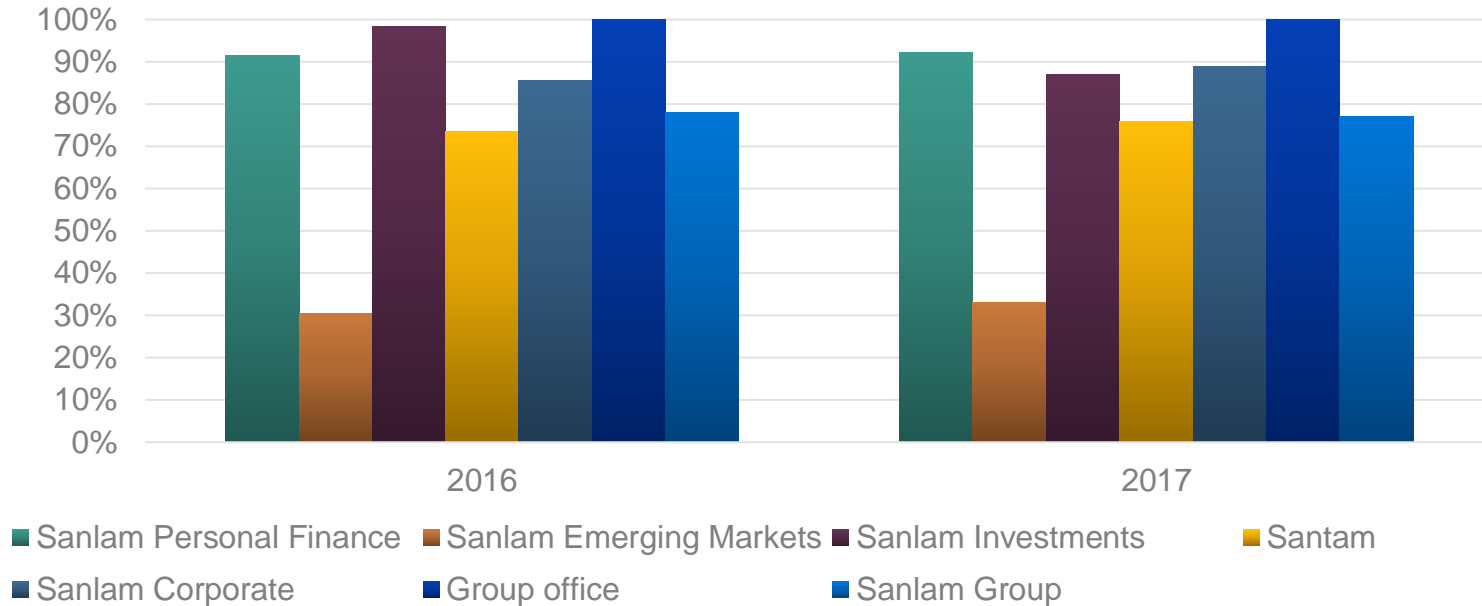
Dual focus on stable dividend growth and investment for future growth

We follow a prudent approach: we only use free cash flow to fund dividends  
We do not manage our capital and solvency through our dividend policy





### Cash earnings as % of net result from financial services



# Cluster results

Interim 2018





# Financial Review

| Sanlam Personal Finance





R million	2018	2017	△
<b>New business volumes</b>	<b>31 022</b>	<b>28 614</b>	<b>8%</b>
Sanlam Sky	1 194	675	77%
<i>Individual life risk</i>	526	427	23%
<i>Capitec credit life</i>	566	-	-
<i>Other</i>	102	248	-59%
Recurring premium & SBD	1 666	1 295	29%
<i>BrightRock</i>	180	-	-
<i>Other</i>	1 486	1 295	15%
Glacier	28 162	26 644	6%
<i>LISP</i>	23 323	21 802	7%
<i>Life investments</i>	4 839	4 842	0%
<b>Net flows</b>	<b>6 777</b>	<b>3 961</b>	
Sanlam Sky	1 886	1 768	
Recurring premium & SBD	(1 261)	(2 227)	
Glacier	6 152	4 420	



R million	2018	2017	△
<b>Net value of new life business</b>	<b>622</b>	<b>585</b>	<b>6%</b>
Sanlam Sky	244	203	20%
Recurring premium & SBD	160	109	47%
<i>BrightRock</i>	21	-	-
<i>Other</i>	139	109	28%
Glacier	218	273	-20%
<b>Net new business margin</b>	<b>2,70%</b>	<b>2,76%</b>	
Sanlam Sky	8,00%	7,79%	
Recurring premium & SBD	2,72%	2,02%	
Glacier	1,54%	2,07%	



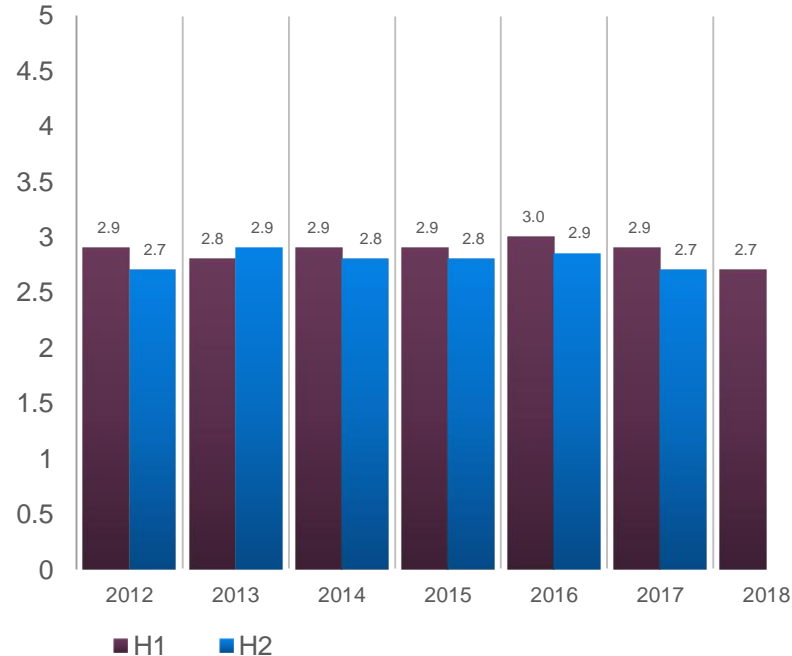
R million	2018	2017	△
<b>Net operating profit</b>	<b>2 096</b>	<b>2 133</b>	<b>-2%</b>
Sanlam Sky	487	450	8%
Recurring premium sub cluster	1 060	966	10%
Glacier	442	594	-26%
SBD & Other	107	123	-13%
<i>Sanlam Personal Loans</i>	132	126	5%
<i>Other</i>	(25)	(3)	>-100%
<b>Normalised<sup>(1)</sup></b>	<b>2 210</b>	<b>2 172</b>	<b>2%</b>
<b>Group Equity Value*</b>	<b>42 860</b>	<b>43 401</b>	
RoGEV (6 months)	5,5%	8,5%	

<sup>(1)</sup> Excludes losses from new growth initiatives

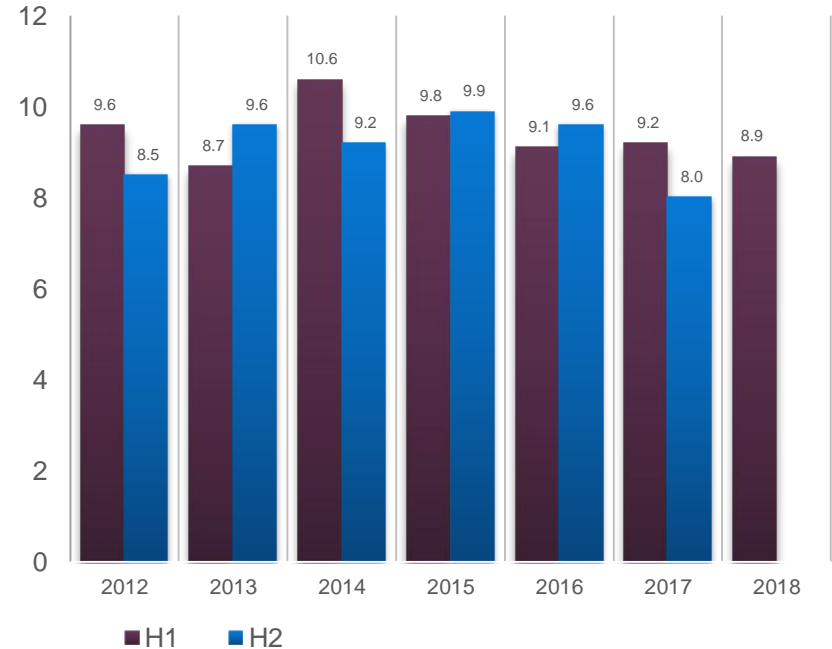
\* Comparative information as at 31 December 2017



Lapses, surrenders & fully paid-ups as % of in-force per half year – middle income market



Lapses, surrenders & fully paid-ups as % of in-force per half year – entry-level market



# Financial Review

Sanlam Emerging Markets

 Sanlam





R million	2018	2017	Δ	ΔCCY
<b>New business volumes</b>	<b>11 407</b>	<b>10 068</b>	<b>13%</b>	<b>16%</b>
<i>Excluding structural growth</i>	9 898	9 447	5%	7%
Namibia	3 286	2 635	25%	25%
Botswana	2 682	3 261	-18%	-17%
Rest of Africa (incl Saham Finances)	4 000	2 796	43%	49%
<i>Excluding structural growth</i>	2 491	2 175	15%	21%
India	1 141	1 093	4%	12%
Malaysia	298	283	5%	1%
<b>Net fund flows</b>	<b>3 201</b>	<b>1 859</b>		
Namibia	(602)	(1 486)		
Botswana	807	1 397		
Rest of Africa	2 389	1 424		
India/Malaysia	607	524		



R million	2018	2017	Δ	ΔCCY
<b>Net value of new life business</b>	<b>150</b>	<b>171</b>	<b>-12%</b>	<b>-9%</b>
<i>Excluding structural growth</i>	142	134	6%	10%
Namibia	32	27	19%	19%
Botswana	48	42	14%	14%
Rest of Africa (incl Saham Finances)	21	69	-70%	-67%
<i>Excluding structural growth</i>	13	32	-59%	-53%
India	38	27	41%	56%
Malaysia	11	6	83%	83%
<b>Net new business margin</b>	<b>4,28%</b>	<b>4,80%</b>		
Namibia	4,67%	3,47%		
Botswana	6,13%	5,12%		
Rest of Africa	1,96%	6,47%		
India	5,56%	4,41%		
Malaysia	3,91%	2,08%		





R million	2018	2017	Δ	ΔCCY
<b>Net operating profit</b>	<b>911</b>	<b>771</b>	<b>18%</b>	<b>23%</b>
<i>Excluding structural growth</i>	794	715	11%	17%
Namibia	148	153	-3%	-3%
Botswana	149	155	-4%	-3%
Rest of Africa (incl Saham Finances)	272	202	35%	40%
<i>Excluding structural growth</i>	155	146	6%	13%
India	328	253	30%	41%
Malaysia	8	20	-60%	-65%
Corporate	6	(12)	>100%	>100%
<b>Group equity value*</b>	<b>29 909</b>	<b>27 621</b>		
RoGEV (6 months)	8,8%	6,6%		

# Financial Review

Sanlam Investment Group





R million	2018	2017	△
<b>Net investment business flows</b>	<b>3 448</b>	<b>9 566</b>	
Investment management SA	3 882	11 088	
Wealth management	(302)	(2 285)	
International	(132)	763	
<b>New life business</b>	<b>1 722</b>	<b>1 383</b>	<b>25%</b>
<i>Constant currency</i>	<i>1 688</i>	<i>1 383</i>	<i>22%</i>
<b>Net life business</b>	<b>(37)</b>	<b>(334)</b>	

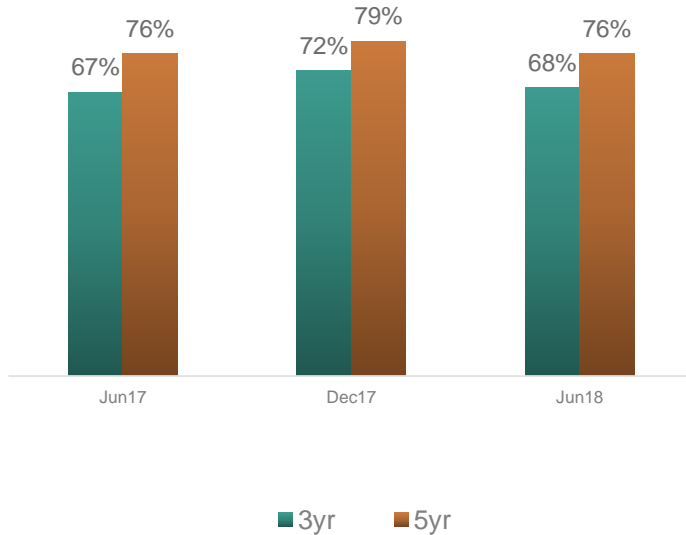


R million	2018	2017	△	△ CCY
<b>Net operating profit</b>	<b>523</b>	<b>573</b>	<b>-9%</b>	<b>-7%</b>
Investment management SA	122	133	-8%	-7%
Wealth management	64	60	7%	7%
International	138	171	-19%	-16%
Specialised Finance	199	209	-5%	-5%
<b>Group Equity Value*</b>	<b>19 144</b>	<b>18 331</b>		
Covered business	2 889	2 768		
Other	16 255	15 563		
RoGEV (6 months)	5,3%	4,0%		

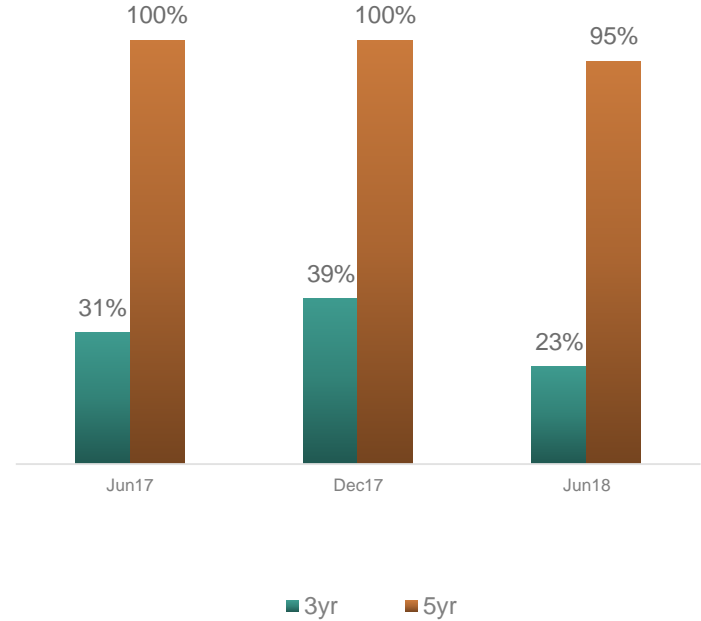


### Percentage of SIM's benchmark-managed funds exceeding hurdle

#### Third party portfolios



#### Sanlam capital and policyholder portfolios



# Financial Review

Santam





R million	2018	2017	△
<b>Net earned premiums</b>	<b>11 122</b>	<b>10 551</b>	<b>5%</b>
<b>Gross operating profit</b>	<b>1 381</b>	<b>861</b>	<b>60%</b>
Underwriting surplus	941	422	123%
Working capital & other	440	439	0%
<b>Net operating profit</b>	<b>573</b>	<b>337</b>	<b>70%</b>
Underwriting margin	8,5%	4,0%	
<b>Group Equity Value*</b>	<b>19 355</b>	<b>18 108</b>	
RoGEV (6 months)	9,2%	4,7%	

\* Comparative information as at 31 December 2017

# Financial Review

| Sanlam Corporate







R million	2018	2017	△
<b>New business volumes</b>	<b>2 542</b>	<b>2 041</b>	<b>25%</b>
Recurring risk	175	142	23%
Life other	1 680	1 899	-12%
Investment	687	-	
<b>Net fund flows</b>	<b>(353)</b>	<b>529</b>	
<b>Value of new life business</b>	<b>19</b>	<b>26</b>	<b>-27%</b>
<b>New business margin</b>	<b>0,51%</b>	<b>0,69%</b>	



R million	2018	2017	△
<b>Net operating profit</b>	<b>308</b>	<b>244</b>	<b>26%</b>
Employee Benefits	236	177	33%
Healthcare	78	67	16%
Corporate	(6)	-	-
<b>Group Equity Value*</b>	<b>5 893</b>	<b>6 368</b>	
RoGEV (6 months)	6,9%	9,2%	

# Sanlam ADR programme

Sponsored level 1 ADR



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

