



Proposed Transaction in respect of Sanlam's insurance businesses in India

5 April 2024

Summary

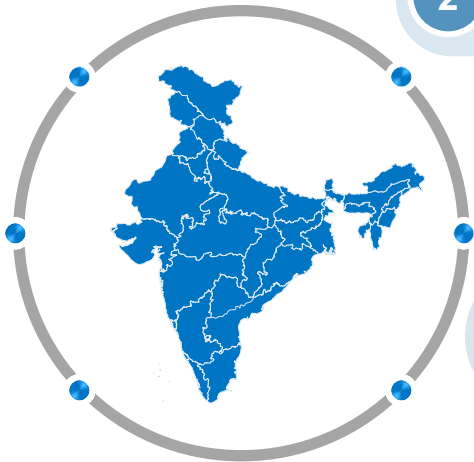
- ⊙ Transaction significantly increases Sanlam's exposure to Shriram insurance businesses (Shriram Life Insurance Company (SLIC) and Shriram General Insurance Company (SGIC)), while slightly reducing the groups exposure to Shriram Finance Limited (SFL)
- ⊙ Sanlam has reallocated capital from a less core business line (credit) at an attractive point in the cycle, to core business lines (insurance)
- ⊙ Sanlam's economic interest in the Shriram insurance businesses > 50%
- ⊙ The transaction increases Sanlam's investment in the fast-growing Indian insurance sector for a modest cash outlay
- ⊙ The terms of the transaction imply valuation of the insurance businesses well above Sanlam's published GEV⁽¹⁾ valuations for these entities, but well below market comparable valuations and precedent transaction valuations
- ⊙ Slight increase in NRFFS⁽²⁾, short term dilution to dividends and RoGEV⁽³⁾ which are justified by the strategic position the transaction creates for Sanlam, and the long-term growth prospects for the insurance businesses

(1) Group equity value

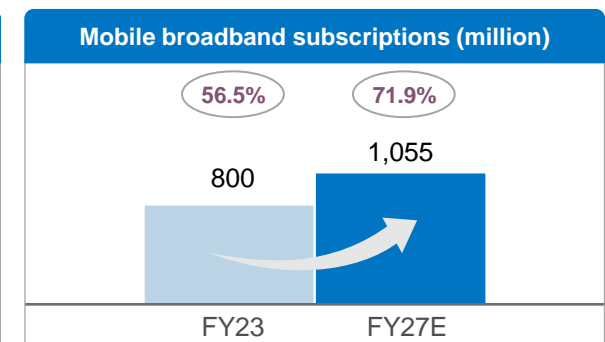
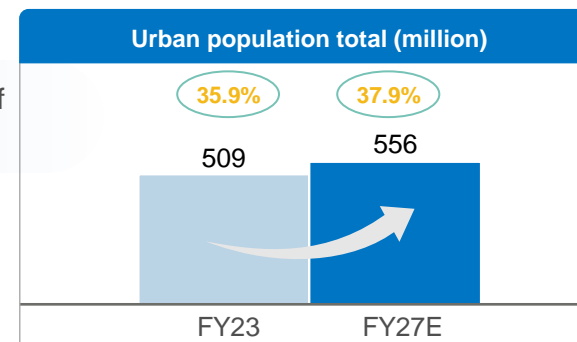
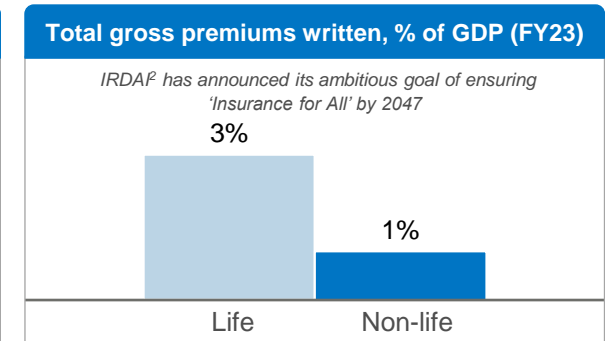
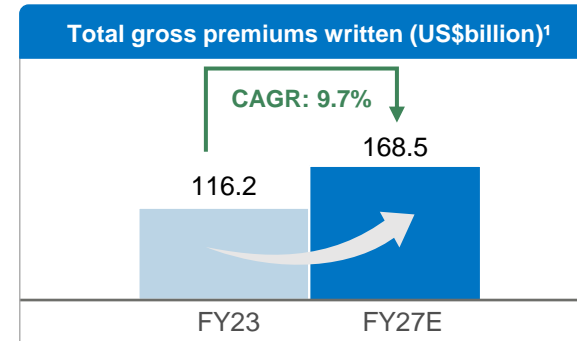
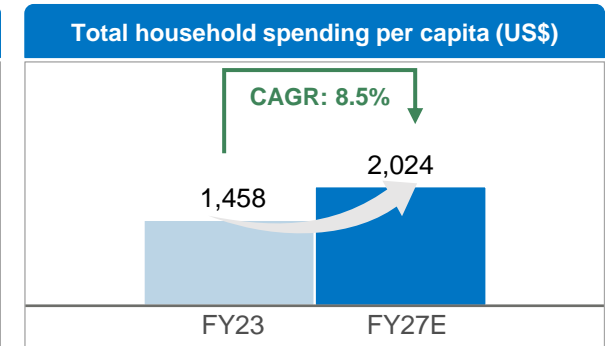
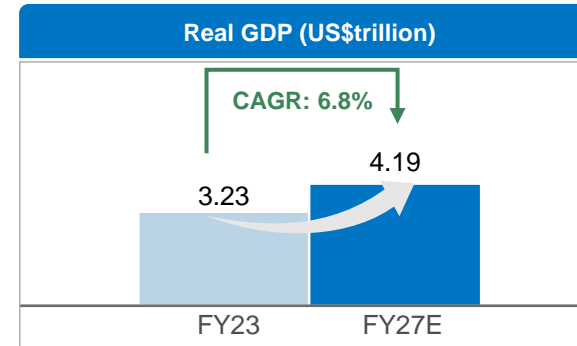
(2) Net result from financial services

(3) Return on group equity value

India's growth story and potential remains strong



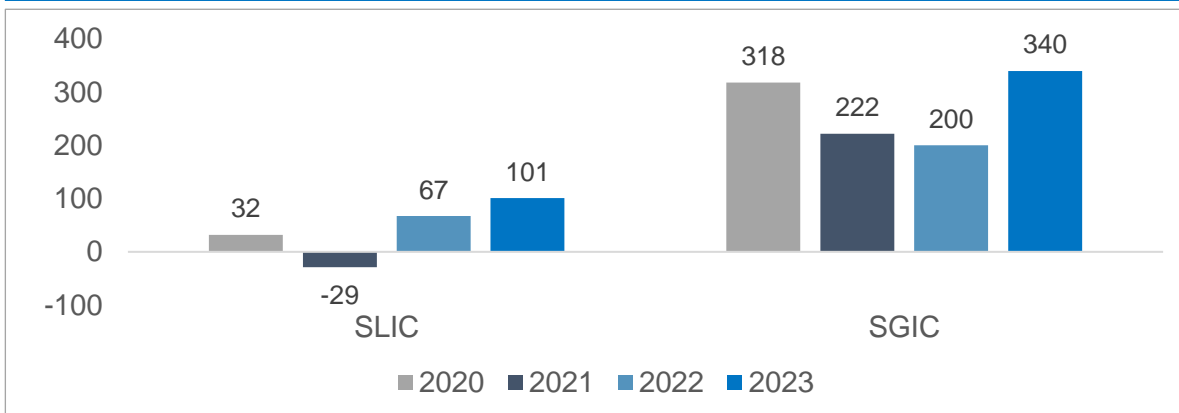
- 1 **5th largest economy** with sizable young and growing aspirational middle-class population
- 2 **Fastest growing emerging economy** led by private consumption and government investment
- 3 **Lower insurance penetration** than many of its emerging market peers provides a large opportunity for the sector
- 4 **Strong growth in insurance sector** fueled by **easing of regulatory policies**, fast-paced **digitisation efforts**, and increased **awareness** among customers
- 5 **3rd largest internet users base in the world**, spurring the adoption of online purchase and digital payments



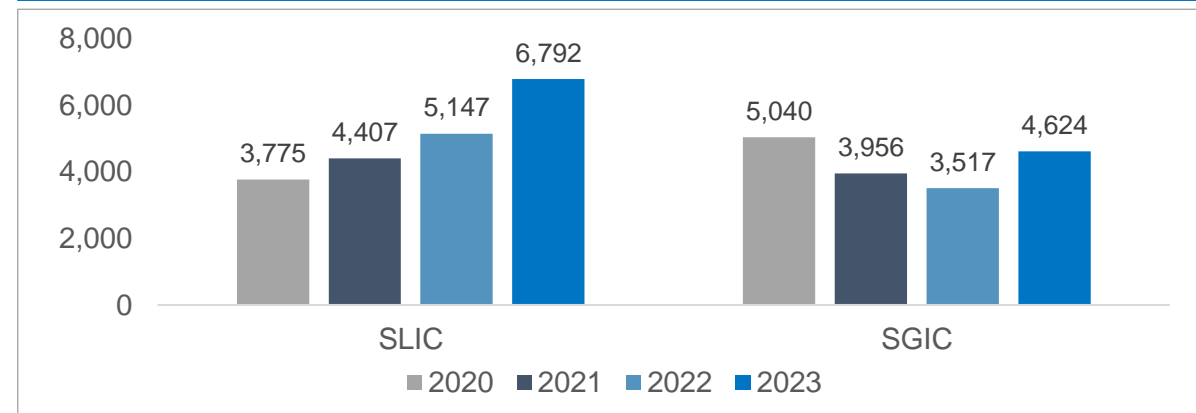
Source: Fitch, EIU, IRDAI; Note: FY stands for fiscal year ending March 31; ¹ Sum of premiums for both life and non-life insurance; ² Insurance Regulatory and Development Authority of India; ³ % of total population with mobile broadband subscription

SLIC and SGIC historical financial performance

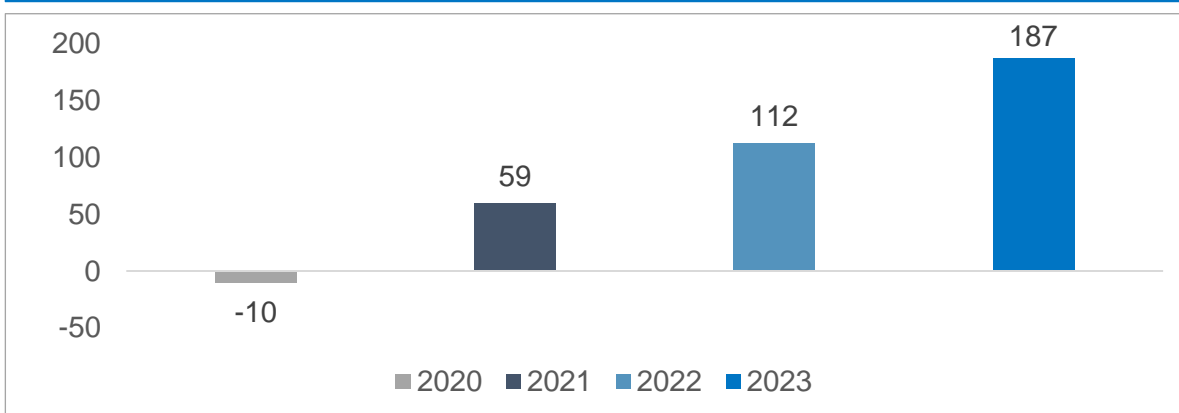
Sanlam share of SLIC and SGIC NRFFS (R million)



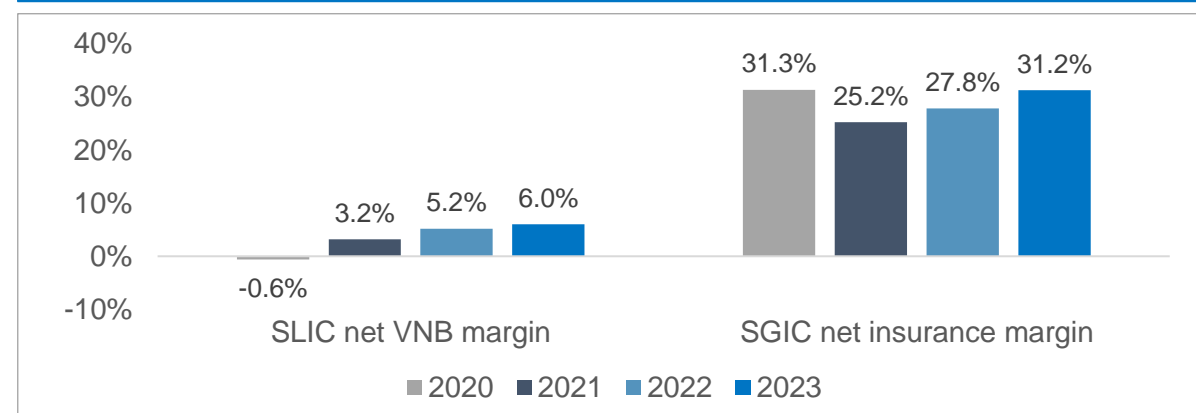
SLIC and SGIC total premium income (R million)⁽¹⁾



Sanlam share of SLIC net VNB (R million)



SLIC net VNB margin (%) and SGIC net insurance margin (%)



(1) 100% of SLIC and SGIC

A natural next step to bolster and scale-up in India

Strategic Rationale



Accelerates our expansion into India, further strengthening our position in a market that is core to our strategy of pursuing high growth emerging markets



Increases investment in the underpenetrated fast-growing Indian insurance market, underpinned by macro and consumer dynamic tailwinds that are supportive of growth



Develops our innovative existing strategic partnerships, allowing Sanlam and partners to benefit from knowledge sharing and potential synergies across business and capital lines



Maintains disciplined capital allocation, with limited additional capital outlay, recycling capital through reducing exposure to credit and increasing exposure in core insurance



Builds upon established corporate infrastructure, relationships and knowledge, having been invested in the region for more than a decade



Transaction overview

Insurance business acquired

- ⌚ SGIC effective economic shareholding increased from 40,25% to 50,99%
- ⌚ SLIC effective economic shareholding increased from 42,38% to 54,40%

Financed by

- ⌚ SFL effective economic shareholding reduced from 10,19% to 9,54%
- ⌚ Cash outlay of ZAR2,0 billion

Valuation considerations

- ④ Transaction valuation implied for the increased insurance stakes is significantly above Sanlam's implied valuation in the published GEV
- ④ This is justified given that this transaction results in a strategic position for Sanlam within Indian insurance sector
- ④ The implied valuations are significantly below market comparable valuations and precedent transaction valuations, reflecting the considerable degree of prudence in the Sanlam GEV for these businesses
- ④ The insurance businesses are growing quickly and expected to continue their strong growth over the medium term
- ④ The current performance of the insurance businesses and positive outlook may justify an upward revision of the GEV in due course
- ④ Further boosts our presence in Asia, significantly contributing to our overall scale and is a more near-term growth engine for Sanlam

Expected financial effects

- ⤵ Marginal positive impact on NRFFS, marginal negative impact on dividends in initial years
- ⤵ Slight reduction in RoGEV for current year, but group still expects to achieve its 2024 RoGEV target
- ⤵ Group solvency improves slightly
- ⤵ We expect that the Indian insurance operations will grow fast which will support medium to long-term NRFFS and dividend growth
- ⤵ We also anticipate that at current growth rates, the return, measured by RoGEV, on the marginal capital deployed, will be above our hurdle rate over the medium and long-term



Q&A



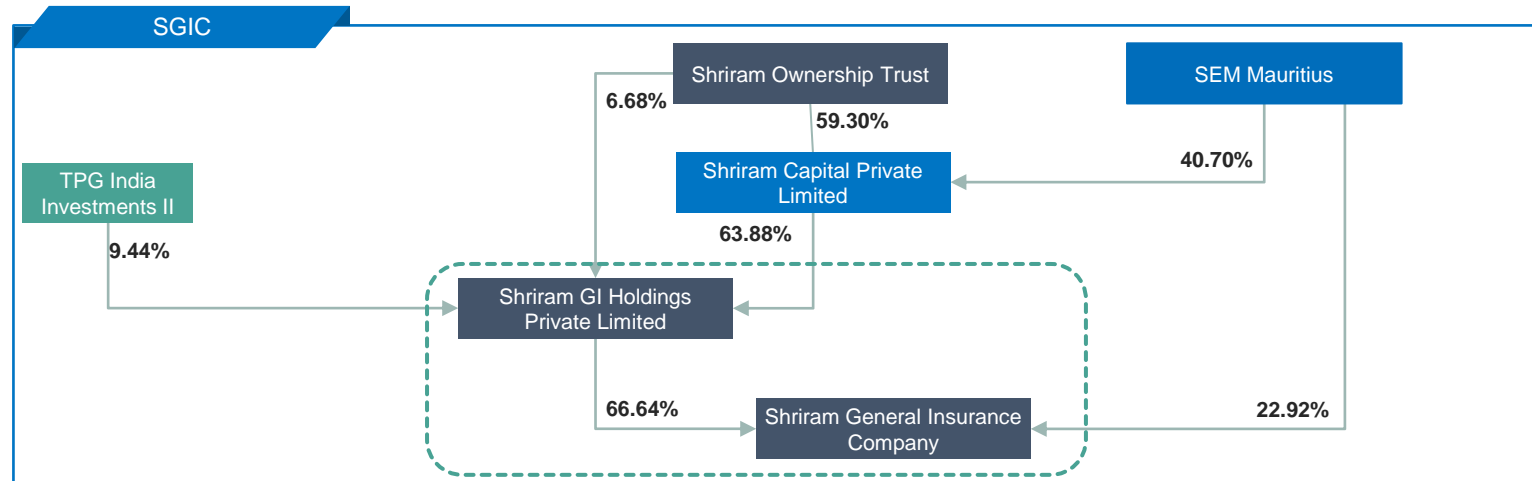


Annexure

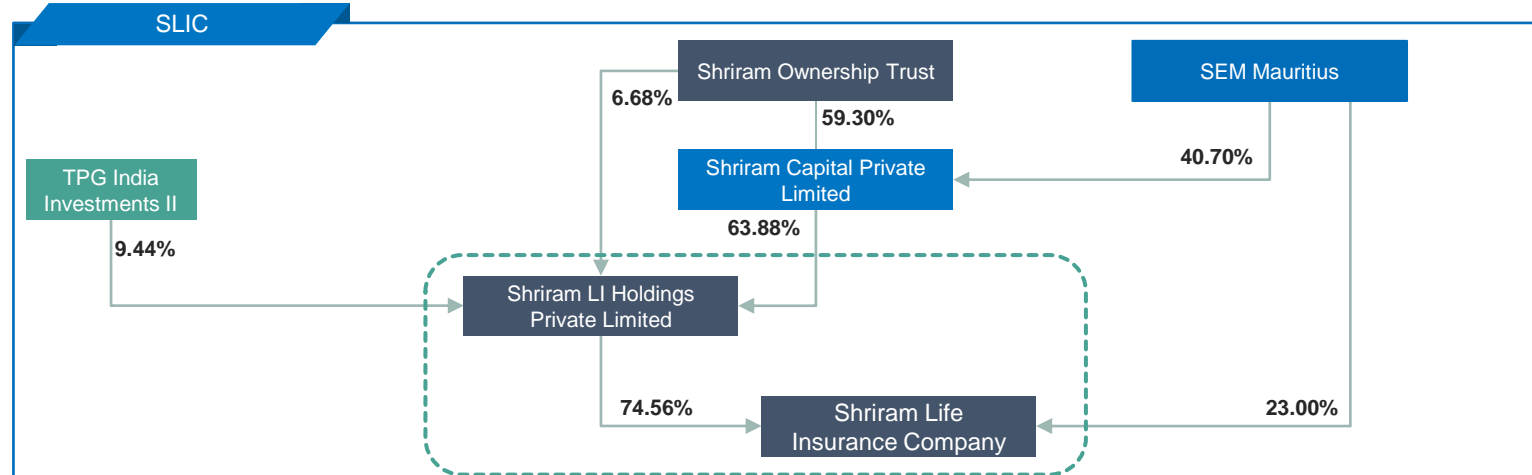




Pre-transaction SGIC and SLIC organogram



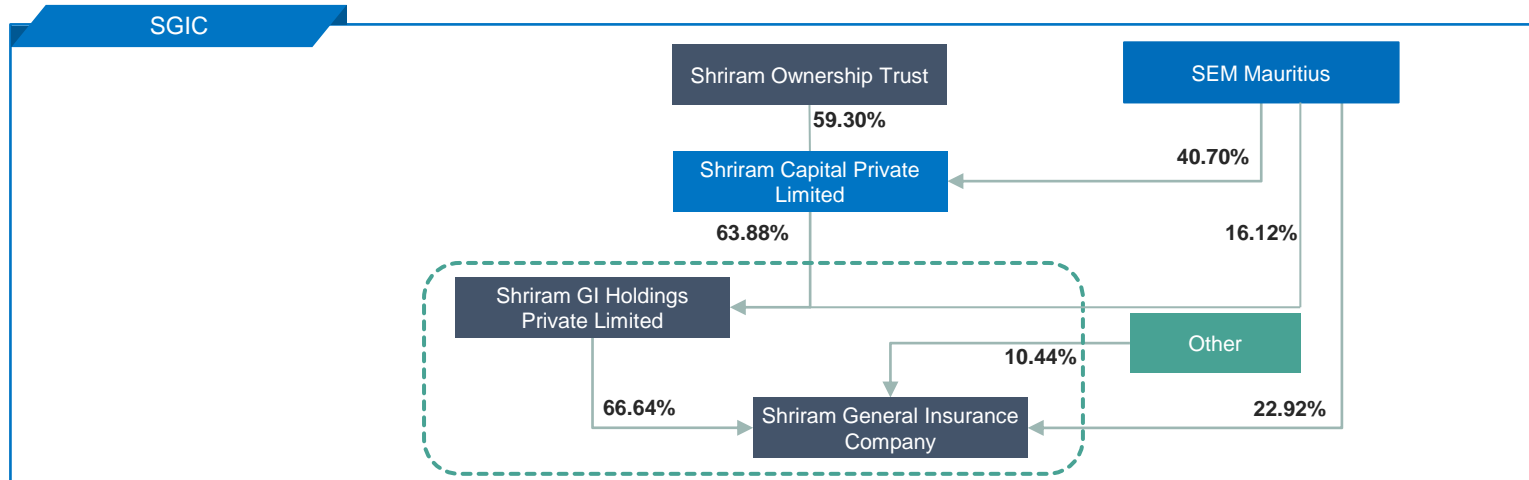
Sanlam Effective Shareholding	Direct	Indirect	Total
SGIC	22.92%	17.33%	40.25%



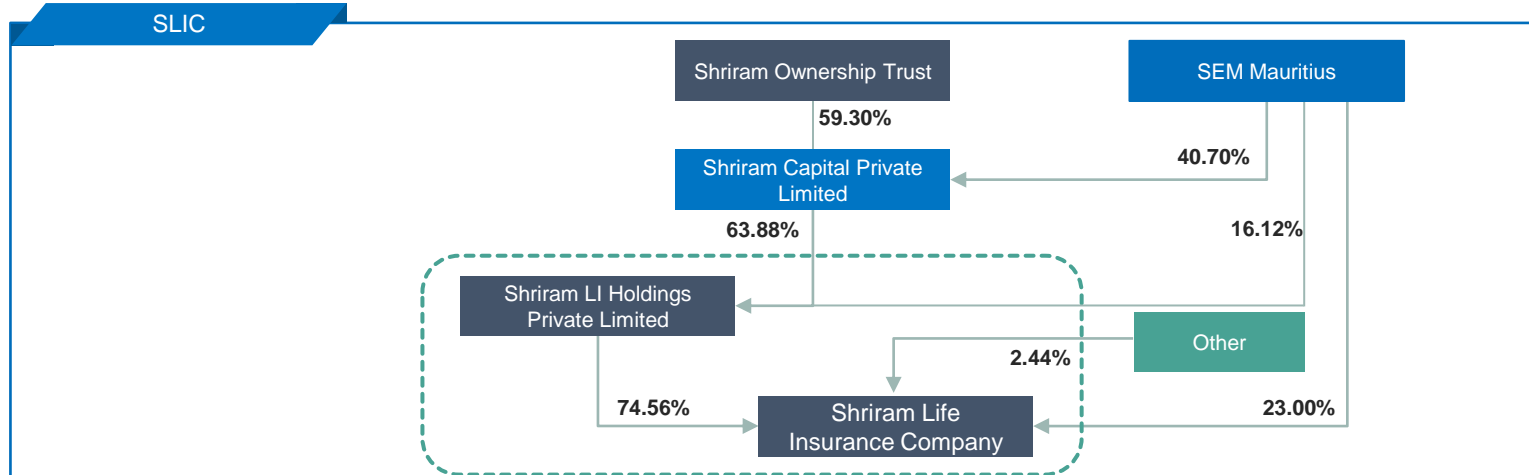
Sanlam Effective Shareholding	Direct	Indirect	Total
SLIC	23.00%	19.38%	42.38%



Post-transaction SGIC and SLIC organogram



Sanlam Effective Shareholding	Direct	Indirect	Total
SGIC	22.92%	28.07%	50.99%



Sanlam Effective Shareholding	Direct	Indirect	Total
SLIC	23.00%	31.40%	54.40%



Disclaimer

In this document, Sanlam Ltd (SLM or Sanlam), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sanlam” and the “group”.

Forward-looking statements

In this report, we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, among others, to new business volumes and investment returns (including exchange-rate fluctuations). These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “expect” and “project” and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this document has not been reviewed and reported on by Sanlam’s external auditors.

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Sanlam prepares its financial statements in accordance with international financial reporting standards (IFRS). This document includes financial measures that are not based on IFRS (non-IFRS financial measures). Sanlam believes that these non-IFRS financial measures provide information that is useful to investors in understanding Sanlam’s performance and facilitate the comparison of the quarterly and full-year results from period to period. These non-IFRS financial measures do not have any standardised meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS.



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