

9 March 2023

## ***Sanlam delivers exceptional 2022 results amid volatile global environment***

Sanlam today reported excellent results for the year ended 31 December 2022 amid a challenging operating environment.

Diverse and complex events characterised the year including significant investment market volatility, the far-reaching impacts of the Russia-Ukraine conflict, surging inflation and energy prices, supply chain disruptions, catastrophic flooding in KwaZulu-Natal, South Africa, and hardship for consumers.

The Group's financial strength, prudent financial management, diversity and strong competitive positioning across all key product lines and market segments enabled Sanlam to deliver value to clients and shareholders over the period.

During 2022, the Group recorded growth of 8% in its key earnings metric, net results from financial services with dividend growth of 8% and adjusted Return on Group Equity Value (RoGEV) of 15,1%, above the business' hurdle rate of 14,3%.

The Group also sharpened focus on its impact on the communities where it operates, with an emphasis on financial inclusion and education; and ensuring the organisation's capital resources were invested for the good of the African continent and its people. The Group committed a further R 250 million to investment in job creation in South Africa, and increased support for the Ennajah Foundation in Morocco.

Sanlam Group Chief Executive Officer, Mr Paul Hanratty, said: "We are delighted with the Group's performance, the strength with which we have emerged from this period of extreme turbulence, and the strategic platform developed for future growth. Our people's dedication has ensured that our clients can live a life of confidence, as we focused on delivering value to clients and all other stakeholders. Simultaneously, we have been successfully focusing on the delivery of our new ambitious strategy, which was adopted in 2020, despite the external challenges posed during the period. This will create a better path for future growth for the company."

### **STRATEGY**

Sanlam continues to make progress on implementing the next phase of its strategy.

Capital was redeployed from the UK to strengthen the South African businesses through a series of investments in South Africa, including the offer to acquire a majority shareholding in AfroCentric and establishing a leading wills and trusts business with Capital Legacy, both subject to regulatory approvals.

The Sanlam Pan Africa portfolio will be considerably expanded and diversified, with cost, capital, and revenue synergies, through the creation of a joint venture (JV) with Allianz SE (Allianz), which is also subject to regulatory approvals. The creation of this JV has not required any further capital deployment by the Group.

Other strategic highlights include:

- The merger of the Shriram credit businesses in India created one of the largest non-banking financial institutions in India. This bodes well for increased cross-selling and other synergies with the insurance operations; and
- The completion of the MTN-aYo transaction giving Sanlam access to the MTN Group's client base across Africa.

## **EARNINGS**

*Net results from financial services* reached a new historic high, exceeding R10 billion for the first time. The excellent performance of the life insurance, investment management and credit and structuring operations contributed to the Group's performance.

Net result from financial services increased by 8%, with life insurance increasing by 25%, credit and structuring operations increasing by 19% and investment management operations increasing 18% on a comparable basis. General insurance net result from financial services however declined by 32%, impacted by several factors including significant claims inflation, adverse weather conditions as well as investment market volatility.

## **NEW BUSINESS**

*New business* volumes in life insurance operations were 5% lower than 2021, excluding the disposed UK businesses, but remain well above pre-pandemic levels. Volume growth declined as savings rates returned to more normal levels following the cessation of the COVID lockdowns. Net value of new covered business was only 1% lower on a comparable basis. The emerging markets portfolio made a strong contribution to the Group's new business growth.

## **GROUP EQUITY VALUE**

*Group Equity Value (GEV)* amounted to R141 billion or 6 380 cents per share on 31 December 2022, with a return on GEV (RoGEV) of 4,3% for the year (4,2% per share). Adjusted RoGEV, which excludes the impact of investment market volatility, was 15,1% for the year (14,9% per share).

## **DIVIDEND**

The Group declared a dividend of 360 cents per share (cps) (2021:334 cps).

## **CAPITAL AND SOLVENCY**

Discretionary capital increased from R2,9 billion on 31 December 2021 to R5,3 billion on 31 December 2022.

Looking forward, management has announced three transactions that in aggregate are likely to utilise around R2,3 billion of discretionary capital in 2023. This is in respect of the AfroCentric, Capital Legacy, and BrightRock transactions.

The capital and solvency position of the Group and its main operating entities remained strong and within target ranges on 31 December 2022.

## **OUTLOOK**

The Group expects the consumer environment to remain challenging but expects some recovery in the global economic environment later in 2023.

Sanlam remains focused on successfully integrating the completed transactions, while ensuring the outstanding transactions progress smoothly through their respective approval processes.

Approvals for the Allianz JV remain on track, and the Group expects implementation around mid-2023. The AfroCentric, BrightRock and Capital Legacy transactions are also expected to close around this time.

The Absa and Alexforbes transactions which were completed in 2022 and 2023 are expected to contribute positively to the Group's earnings in 2023.

"Sanlam is in an exceptionally strong position competitively and financially as we begin 2023. Following a period of turbulence in the environment and corporate activity aimed at re-positioning the Group, we are in a position to capitalise on any recovery in the environment. We are also in a position to return a small amount of excess capital to shareholders in due course," said Mr. Hanratty.

"Based on the actions we've taken to reallocate our capital strategically, we have a small amount of surplus capital, over and above the capital required to fund organic growth and small complementary business development. We have sufficient resources set aside to fund the modernisation of our technology, to develop our fintech businesses and to finance small capital demands which may arise across our operations. In the absence of any compelling new significant opportunities, we will look to return this small excess capital to shareholders in due course," concludes Mr Hanratty.

## **ENDS**

*Issued by Sanlam Group Communications*

### **MEDIA ENQUERIES**

Allim Milazi, Sanlam Group Communications  
+27 82 889 5874 | [allim.milazi@sanlam.co.za](mailto:allim.milazi@sanlam.co.za)

Pearl Majola, Sanlam Group Communications  
+27 83 286 7476 | [pearl.majola@sanlam.co.za](mailto:pearl.majola@sanlam.co.za)

### **About Sanlam**

Sanlam is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. Through its clusters - Retail Mass, Retail Affluent, Sanlam Corporate, Sanlam Emerging Markets, Sanlam Investment Group and Santam, the Group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments. Sanlam's areas of expertise include life and general insurance, financial planning, retirement, investments, and wealth management.

Established in 1918 as a life insurance company, Sanlam has evolved into the largest non-banking financial services group in Africa through its diversification strategy.

Headquartered in South Africa, Sanlam has a direct stake in financial services entities in Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, and Nigeria. The Group has a footprint of insurance operations in Morocco, Angola, Algeria, Tunisia, Ghana, Niger, Mali, Senegal, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Madagascar, and Burundi.

Sanlam also has business interests in India, Malaysia and the United Kingdom.

For more information on Sanlam, visit [www.sanlam.com](http://www.sanlam.com)