





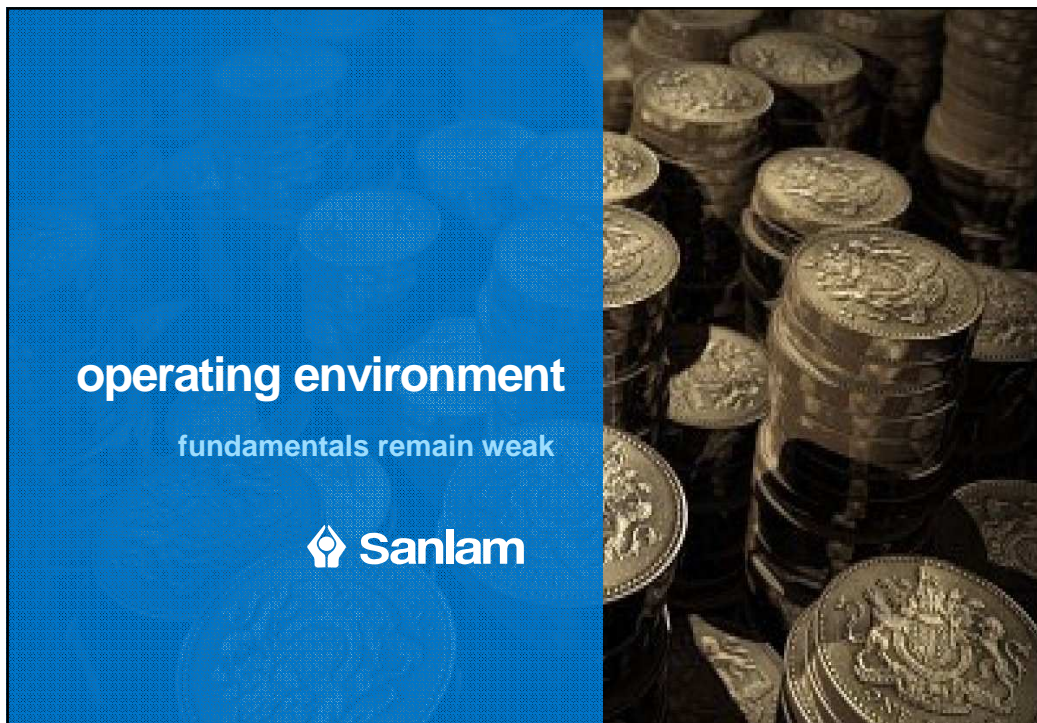



Sanlam  **investor presentation**
2014 interim results
4 September 2014

agenda



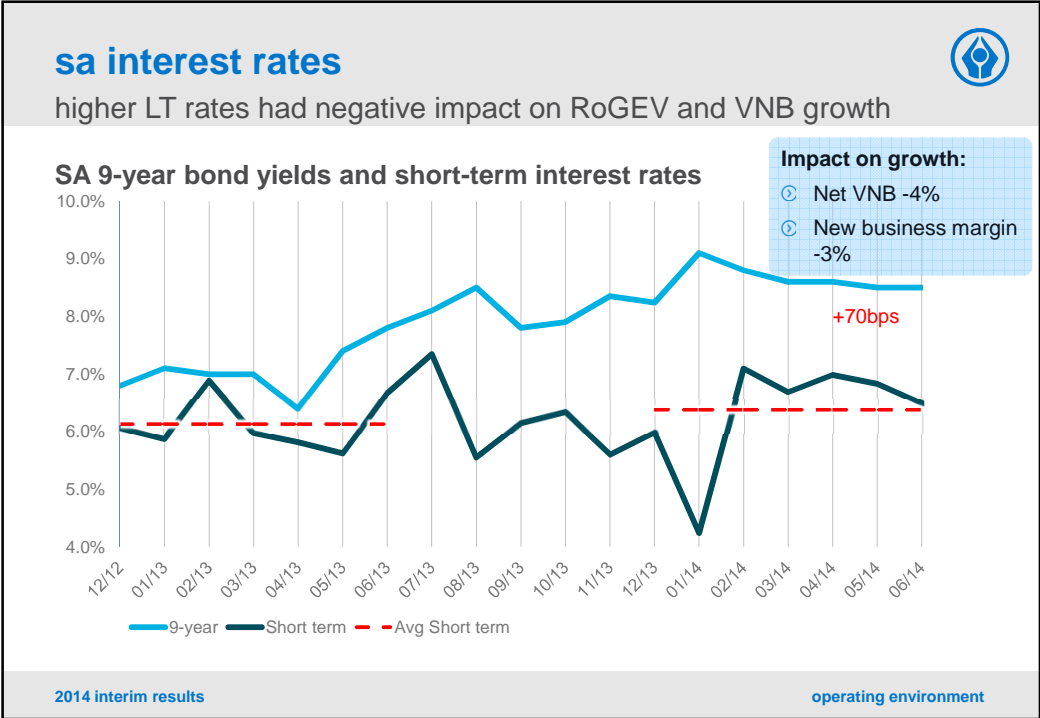
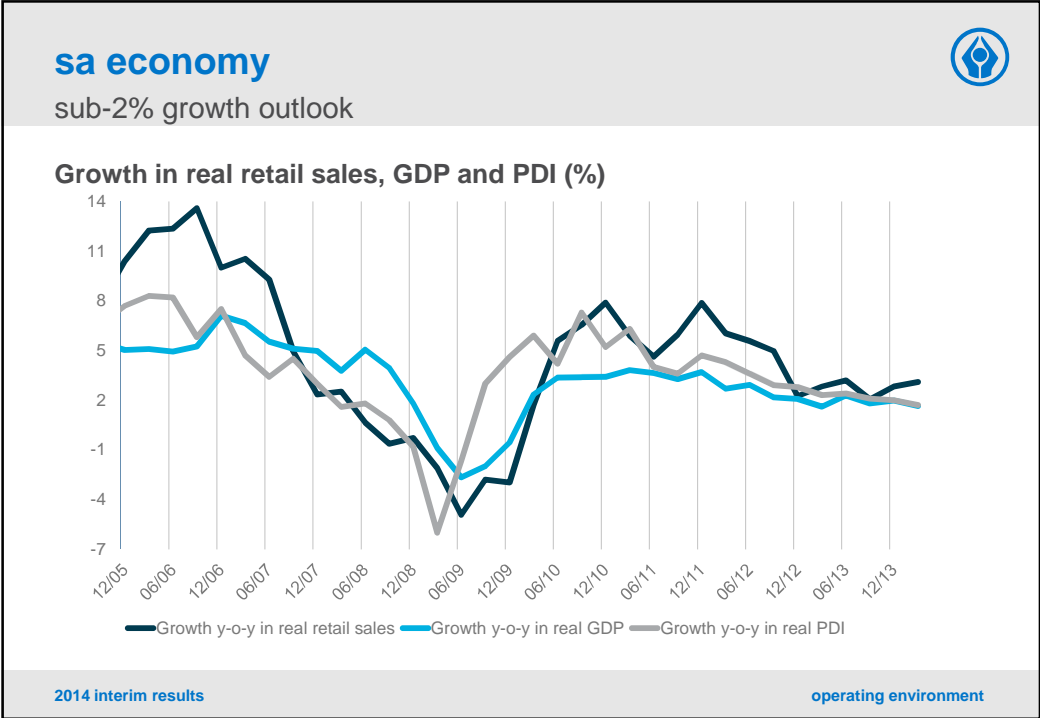
-  Operating environment
-  Strategic overview
-  Financial review
-  Priorities and outlook

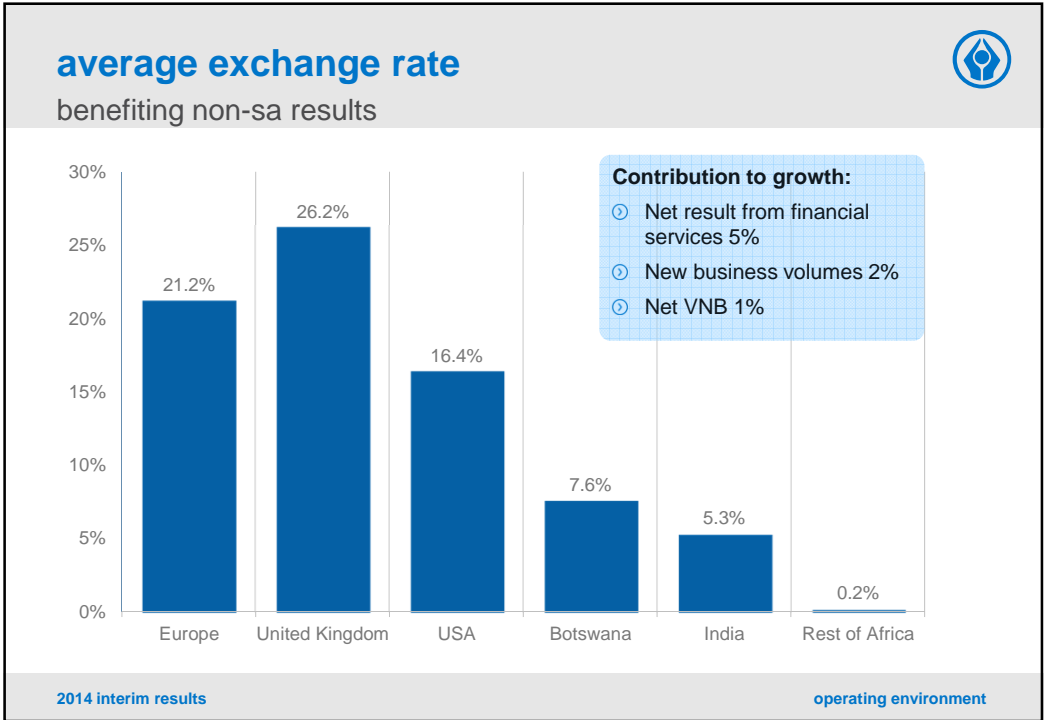
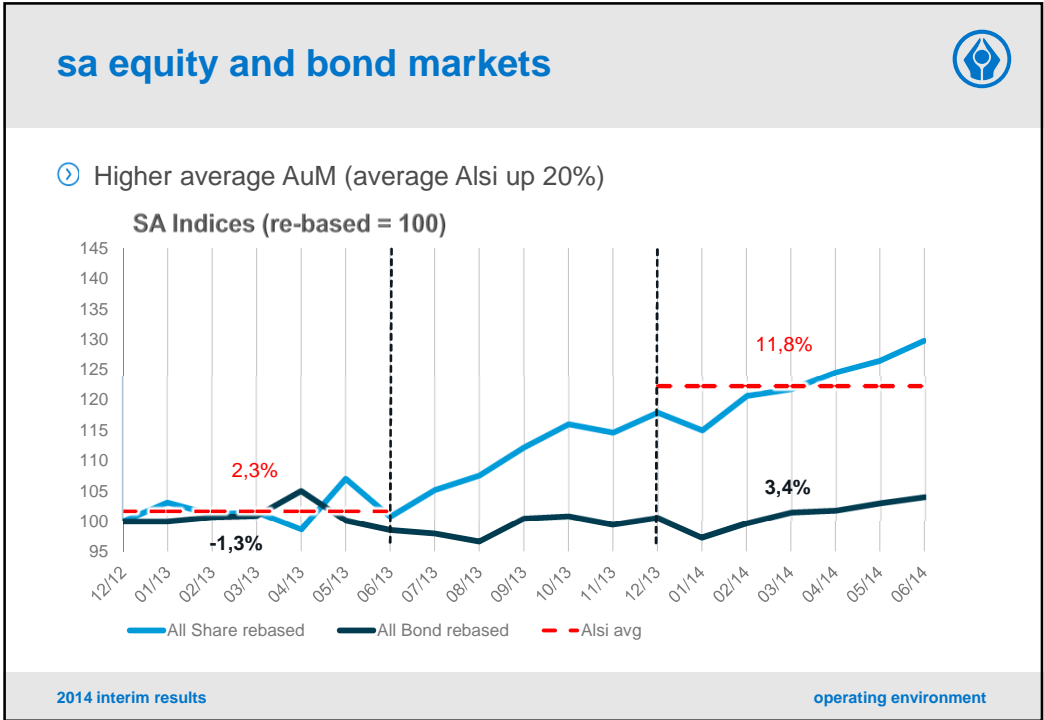


operating environment 

- ⌚ Challenging operating conditions
 - ⌚ Slow growth in global demand
 - ⌚ Weak economic growth in SA
 - ⌚ Industrial action, in particular platinum mines
 - ⌚ SA consumer under pressure
- ⌚ SA economy
 - ⌚ Growth
 - ⌚ Interest rates
 - ⌚ Equity markets
 - ⌚ Currencies
- ⌚ Africa/India/Malaysia

2014 interim results operating environment






rest of africa/india/malaysia

- ⌚ Botswana
 - ⌚ Resilient economy and consumer base
- ⌚ Rest of Africa
 - ⌚ GDP growth prospects exceed SA, despite slow growth in global demand
 - ⌚ Ghana economy struggling; devaluation of currency
- ⌚ India
 - ⌚ Below-trend economic growth
 - ⌚ Buoyant equity market
 - ⌚ Positive environment post elections
- ⌚ Malaysia
 - ⌚ Growth prospects remain in place

2014 interim results operating environment



strategic delivery
value delivered

 **Sanlam**

strategic focus remains unchanged

maximise shareholder return

Returns (ROGEV)	Growth / Operational Efficiency	Net Business Flows
		Diversification
		Operational Efficiency
	Capital Efficiency	Optimal Application
		Strategic Investments
		Return of Excess

2014 interim results strategic delivery

core strategic objectives


progress in all areas during 2014, particularly growth markets

South Africa Delivery of sustainable growth	Maximising return on Investment in existing business	Effective capital management
	Efficient and effective management	
	Sourcing new growth opportunities	
	Identification of core markets for growth & expansion	
International Creating a platform for future growth		

2014 interim results strategic delivery

top-line earnings growth

financial performance in 1H2014




- ⌚ Earnings per share
 - ⌚ Net operating profit per share increased by 43%
 - ⌚ Normalised headline earnings per share up 27%
- ⌚ Business volumes
 - ⌚ New business volumes increased by 8% to R82bn (excl white label)
 - ⌚ Net fund inflows of R19bn (excl white label), up 40%
 - ⌚ Net life VNB up 7% to R626m
 - ⌚ Net VNB margin of 2,68% – maintained on per product basis
 - ⌚ Group Equity Value of 4 277 cents per share
 - ⌚ Annualised RoGEV per share of 18% (15,3% adjusted)

2014 interim results strategic delivery

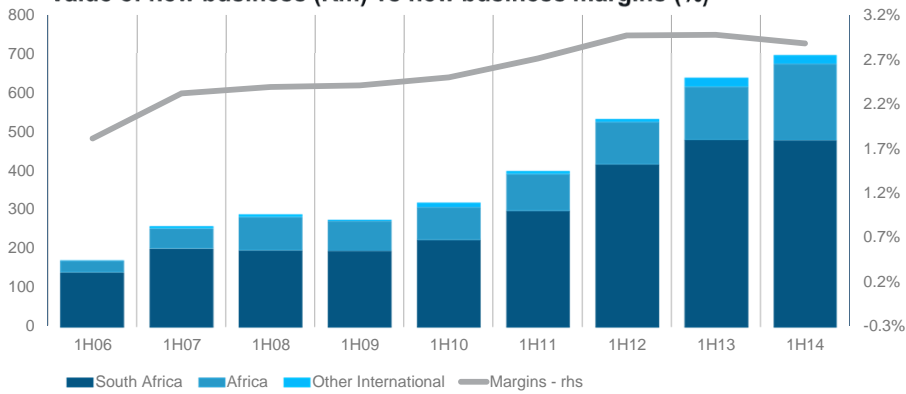
operational efficiencies

profitable volume growth



- ⌚ Gross VNB grew by 9%; 13% on comparable economic basis

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



Period	South Africa (Rm)	Africa (Rm)	Other International (Rm)	Margins (%)
1H06	150	20	10	1.7%
1H07	200	50	20	2.2%
1H08	180	80	30	2.2%
1H09	180	80	30	2.2%
1H10	220	80	30	2.2%
1H11	280	100	30	2.7%
1H12	420	120	30	2.7%
1H13	480	150	30	2.7%
1H14	480	180	30	2.7%

2014 interim results strategic delivery

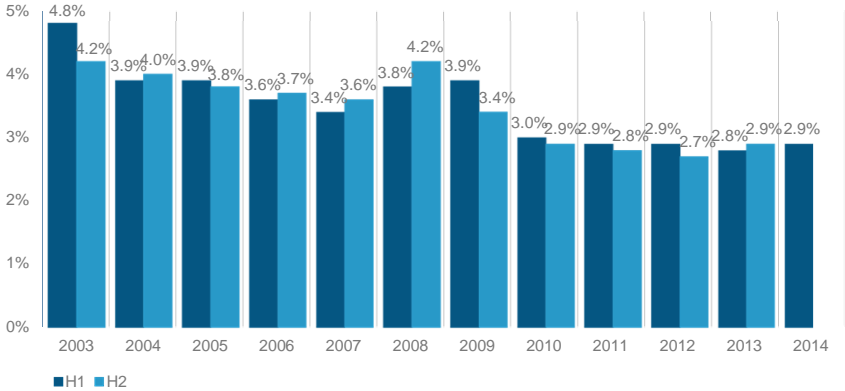
operational efficiencies



focus on quality

Persistency – SA middle-income market

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



2014 interim results

strategic delivery

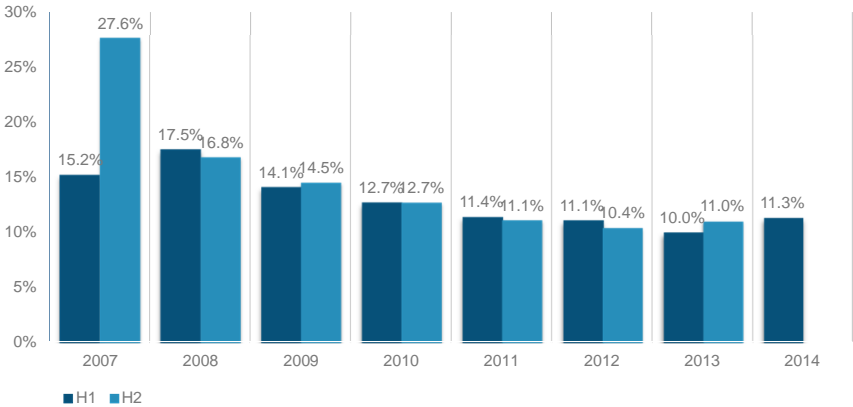
operational efficiencies



focus on quality

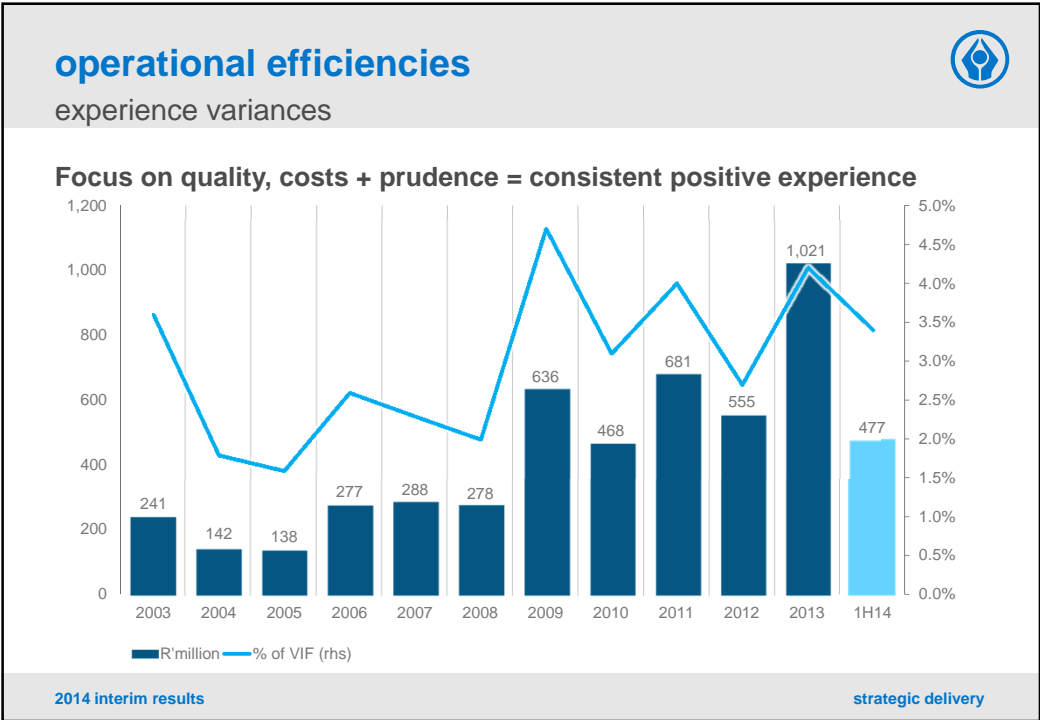
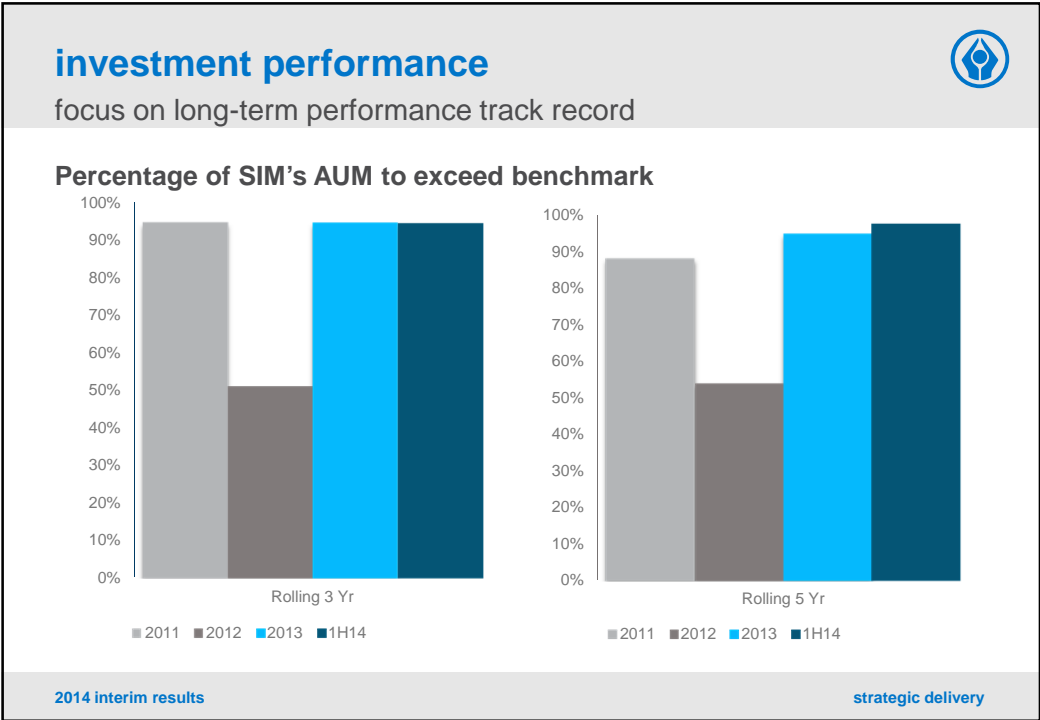
Persistency – SA lower income market

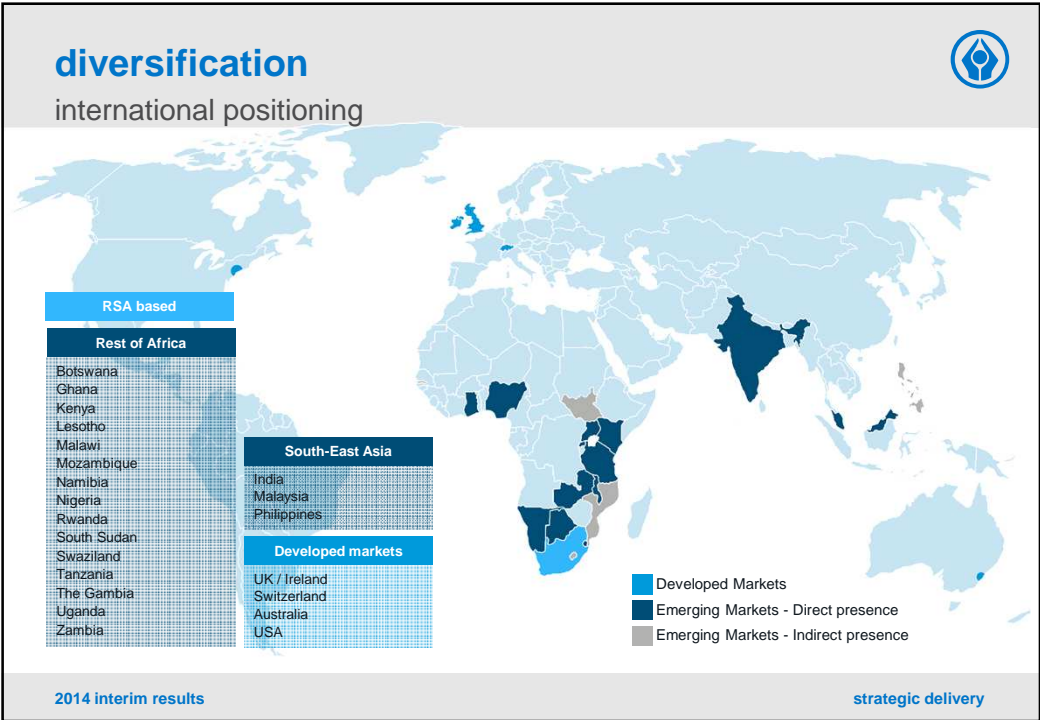
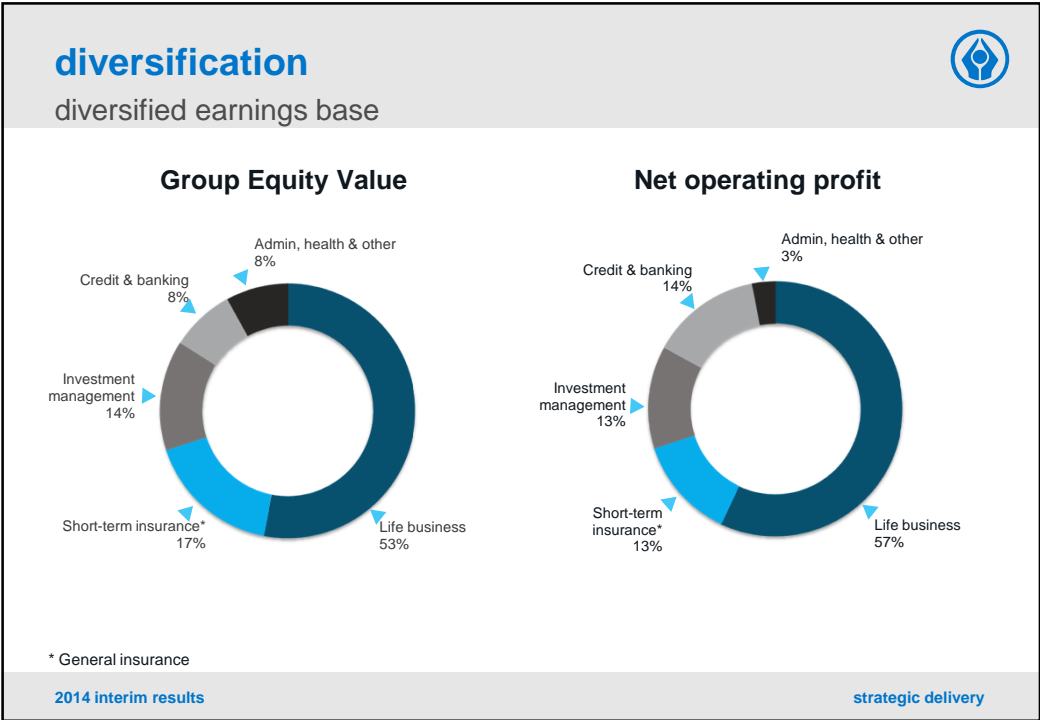
Number of NTUs, lapses and surrenders as % of in-force

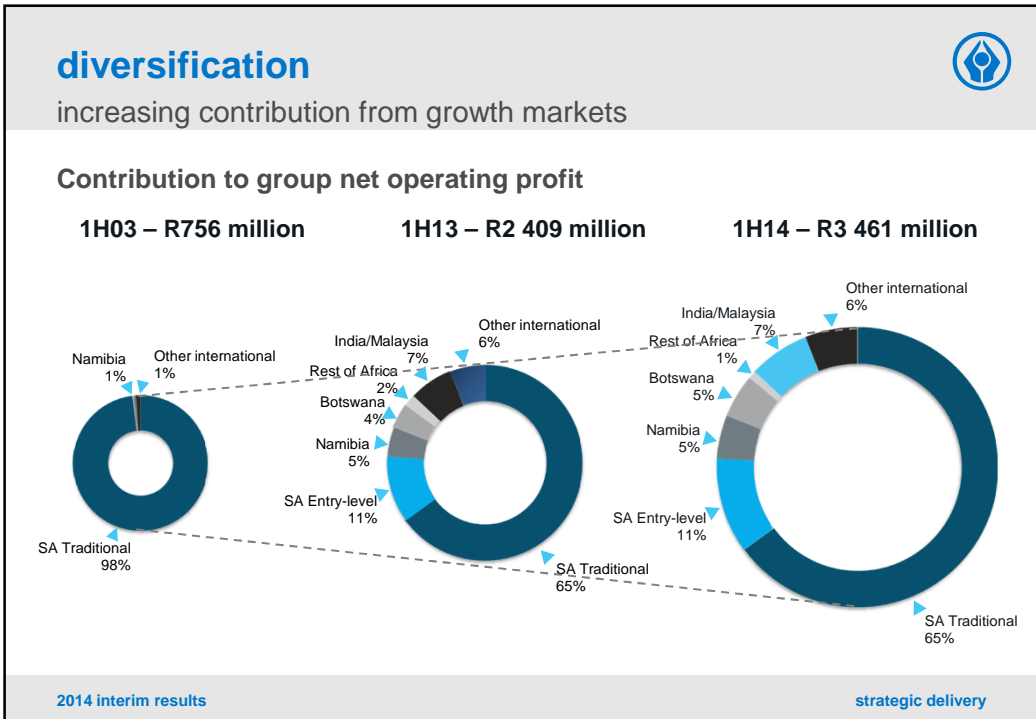
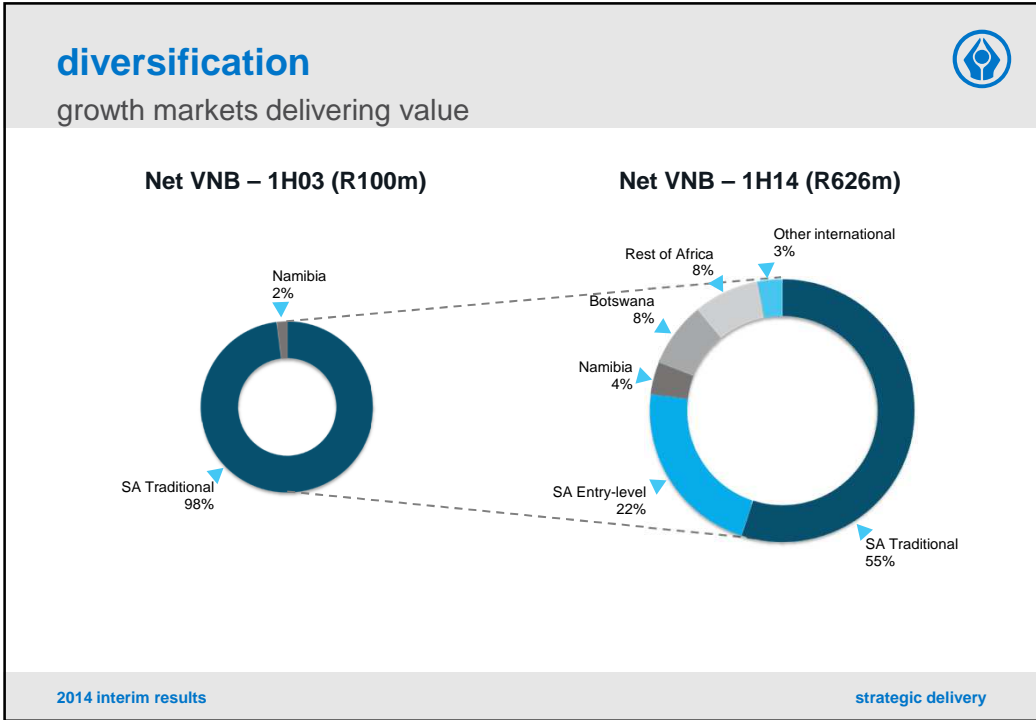


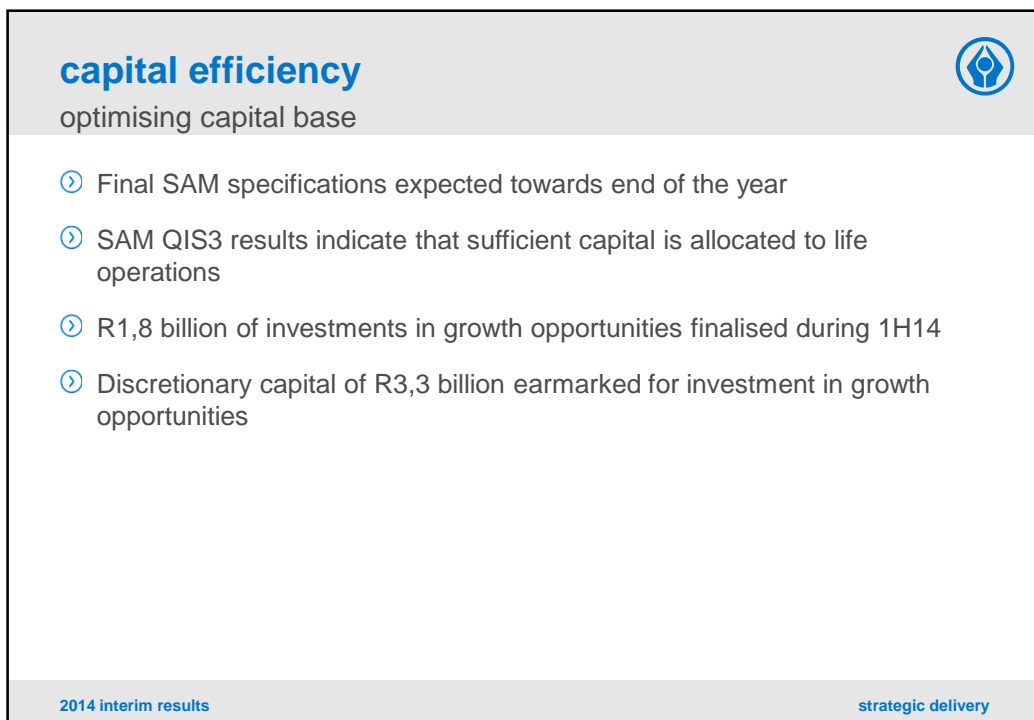
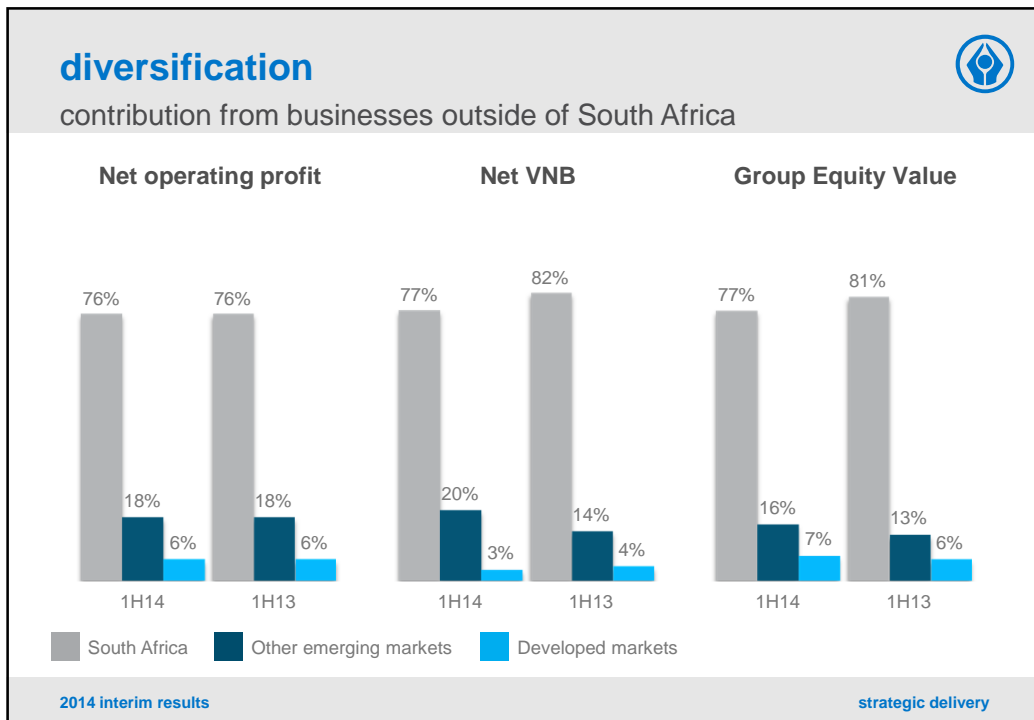
2014 interim results

strategic delivery



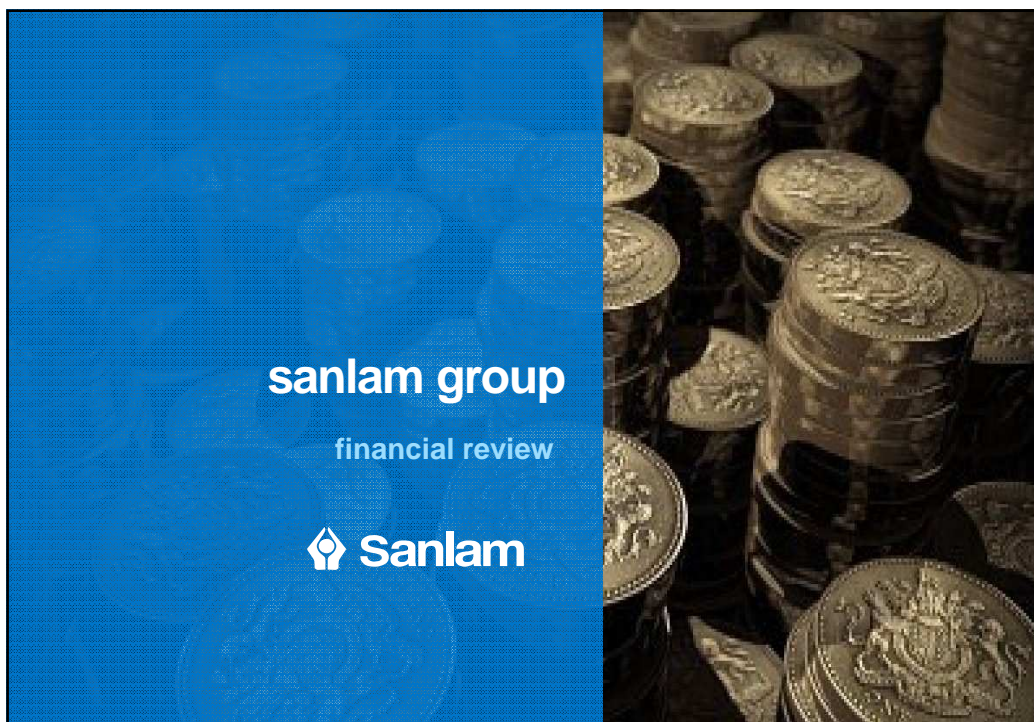






capital efficiency	
discretionary capital	
Balance 1 January 2014	4 000
Investments	(1 761)
SE Asia	(1 258)
Rwanda	(255)
Botswana	(95)
Rest of Africa	(81)
SEM/Santam co-investment	43
Developed markets	(25)
South Africa	(90)
Investment return & other	1 061
Balance 30 June 2014	3 300

2014 interim results strategic delivery



changes in presentation / key assumptions	
Accounting policies & basis of presentation	<ul style="list-style-type: none"> No change from 2013
Changes in RDR: (Sanlam Life 11,0%)	<ul style="list-style-type: none"> 30 bps up from December 2013 70 bps up from June 2013 <ul style="list-style-type: none"> Negative impact on valuations and RoGEV

2014 interim results financial review

salient features	
	2014 2013 Δ
Group Equity Value*	cps 4 277 4 121 4%
Annualised RoGEV per share	% 18,0 14,3
Annualised RoGEV per share (adjusted)	% 15,3 15,1
CAR cover (Sanlam Life)*	4,4 4,5
Net operating profit	R mil 3 461 2 409 44%
	cps 169,2 118,1 43%
Normalised Headline earnings	R mil 4 393 3 449 27%
	cps 214,8 169,1 27%
New business volumes +	R mil 81 833 75 796 8%
Net fund flows +	R mil 19 222 13 746 40%
New Life business EV (net)	R mil 626 587 7%
New Life EV margin	% 2,68 2,83

* Comparative information as at 31 December 2013
+ Excludes white label

2014 interim results financial review

sanlam personal finance			
R million	2014	2013	△
New business flows	23 662	19 239	23%
Sanlam Sky	474	503	-6%
Individual Life	5 821	5 368	8%
Glacier	17 367	13 368	30%
Net flows	8 087	6 564	
Sanlam Sky	1 307	1 410	
Individual Life	(859)	(701)	
Glacier	7 639	5 855	

2014 interim results financial review

sanlam personal finance			
R million	2014	2013	△
Value of new life business	437	450	-3%
Sanlam Sky	135	146	-8%
Individual Life	228	240	-5%
Glacier	74	64	16%
Comparable economic basis	467	450	4%
New business margin	2,73%	3,07%	
Sanlam Sky	7,62%	7,46%	
Individual Life	2,59%	2,89%	
Glacier	1,37%	1,45%	
Comparable economic basis	2,89%	3,07%	

2014 interim results financial review


sanlam personal finance			
R million	2014	2013	△
Gross operating profit	2 439	1 941	26%
Sanlam Sky	518	360	44%
Individual Life life and investments	1 571	1 267	24%
Glacier	171	122	40%
Personal loans	148	157	-6%
Other	31	35	-11%
Net operating profit	1 763	1 409	25%
Group Equity Value*	36 976	35 666	
RoGEV (six months)	8,7%	6,8%	

* Comparative information as at 31 December 2013

2014 interim results financial review


sanlam emerging markets			
R million	2014	2013	△
New business flows	4 030	5 933	-32%
Namibia	1 541	4 263	-64%
Botswana	1 137	871	31%
Rest of Africa	827	436	90%
India/Malaysia	525	363	45%
Net fund flows	1 762	607	
Namibia	343	(419)	
Botswana	478	460	
Rest of Africa	814	530	
India/Malaysia	127	36	
Value of new life business	196	136	44%
Margin	7,30%	6,52%	

2014 interim results financial review


sanlam emerging markets				
R million	2014	2013	△	
Gross operating profit	1 129	697	62%	
Namibia	254	112	127%	
Botswana	348	276	26%	
Rest of Africa	108	76	42%	
India/Malaysia	432	244	77%	
Corporate	(13)	(11)	-18%	
Net operating profit	624	391	60%	
Group equity value*	12 967	10 189		
RoGEV (six months)	12,3%	22,0%		

* Comparative information as at 31 December 2013

2014 interim results financial review


sanlam investments				
R million	2014	2013	△	
Net investment business flows	4 871	2 959		
Investment management SA	3 883	(810)		
Wealth management	(457)	2 457		
International	1 346	1 312		
Capital management	99	-		
New life business	4 389	3 644	20%	
Employee benefits	952	1 157	-18%	
Sanlam UK	3 437	2 487	38%	
Net life business	1 491	1 235		
Value of new life business	64	53	21%	
Margin	1,16%	1,13%		

2014 interim results financial review

sanlam investments				
R million	2014	2013	△	
Gross operating profit	982	687	43%	
Investment management	605	451	34%	
Employee benefits	216	174	24%	
Capital management	161	62	160%	
Net operating profit	727	523	39%	
Group Equity Value*	19 267	17 971		
Covered business	7 268	6 901		
Other	11 999	11 070		
RoGEV (six months)	11,2%	9,2%		

* Comparative information as at 31 December 2013

2014 interim results financial review

santam				
R million	2014	2013	△	
Net earned premiums	8 459	8 096	4%	
Gross operating profit	871	296	194%	
Underwriting surplus	626	101	520%	
Working capital & other	245	195	26%	
Net operating profit	353	128	176%	
Underwriting margin	7,4%	1,3%		
Group Equity Value*	13 236	12 644		
RoGEV (six months)	7,0%	2,9%		

* Comparative information as at 31 December 2013

2014 interim results financial review

business flows					
R million	Gross			Net	
	2014	2013	△	2014	2013
by business					
Personal Finance	23 662	19 239	23%	8 087	6 564
Emerging Markets	4 030	5 933	-32%	1 762	607
Sanlam Investments	45 682	42 528	7%	6 362	4 194
Santam	8 459	8 096	4%	3 011	2 381
by licence					
Life insurance	17 536	14 956	17%	6 137	5 159
Investment	55 251	52 436	5%	9 979	6 160
Short-term	9 046	8 404	8%	3 106	2 427
Total	81 833	75 796	8%	19 222	13 746
* Excludes white label					
2014 interim results			financial review		


value of new covered business					
R million	Value of New Business			Margin	
	2014	2013	△	2014	2013
Personal Finance	437	450	-3%	2,73%	3,07%
Emerging Markets	196	136	44%	7,30%	6,52%
Employee Benefits	42	30	40%	2,30%	1,45%
Sanlam UK	22	23	-4%	0,59%	0,87%
Total	697	639	9%	2,88%	2,98%
Net of minorities	626	587	7%	2,68%	2,83%
Comparable economic basis	650	587	11%	2,77%	2,83%
2014 interim results			financial review		


net operating profit			
R million	2014	2013	△
Personal Finance	1 763	1 409	25%
Emerging Markets	624	391	60%
Sanlam Investments	727	523	39%
Santam	353	128	176%
Corporate & other	(6)	(42)	86%
Total	3 461	2 409	44%

2014 interim results financial review

income statement			
R million	2014	2013	△
Net operating profit	3 461	2 409	44%
Per share	169,2	118,1	43%
Net investment return	1 122	1 150	-2%
Other	(190)	(110)	-73%
Normalised headline earnings	4 393	3 449	27%
Per share	214,8	169,1	27%
Fund transfers	54	25	
Headline earnings	4 447	3 474	28%
Per share	220,2	171,4	28%

2014 interim results financial review

group equity value					
R million	Equity Value*		RoGEV ⁺		
	2014	2013	Rm	%	
Group operations	82 446	76 470	7 282	9,5%	
Personal Finance	36 976	35 666	3 107	8,7%	
Emerging Markets	12 967	10 189	1 258	12,3%	
Investments	19 267	17 971	2 031	11,2%	
Santam	13 236	12 644	886	7,0%	
Discretionary & Other	5 142	7 939	6	0,1%	
TOTAL	87 588	84 409	7 288	8,6%	
cps	4 277	4 121	356	8,6%	
Adjusted return				7,4%	
Return target				5,9%	
<small>* Comparative information as at 31 December 2013 * Return for six months</small>					
2014 interim results			financial review		

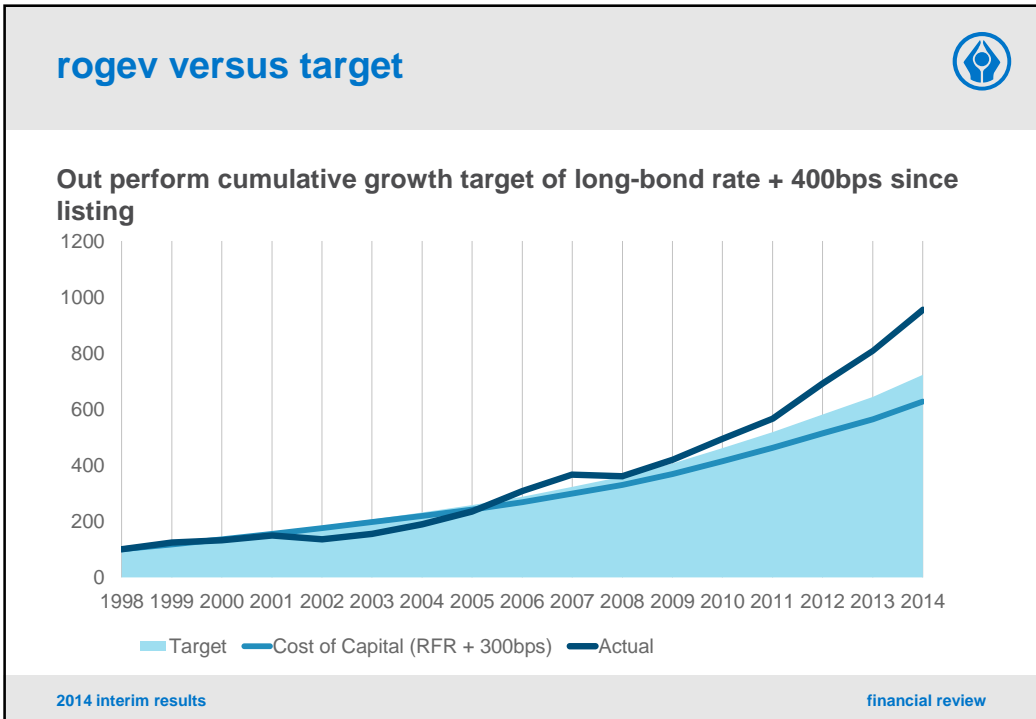
group equity value earnings					
R million	Actual		Adjusted		
	Net value of new business	626		626	
Existing business	2 260		2 260		
Expected return on VIF	1 659		1 659		
Operating experience variance	477		477		
Operating assumption changes	124		124		
	2 886		2 886		
Inv variances in-force	497	(497)	-		
Tax changes	(3)	3	-		
Economic assumption changes	(200)	200	-		
	3 180	(294)	2 886		
Return on net worth	765	(189)	576		
EV earnings	3 945	(483)	3 462		
Non-life	3 343	(578)	2 765		
GEV earnings	7 288	(1 061)	6 227		
2014 interim results			financial review		

summary 


Delivery on strategy:

- ④ Shareholder value
 - ④ Cumulative RoGEV per share exceeds hurdle
- ④ Profitable growth
 - ④ Strong growth in most markets and segments
 - ④ Net VNB +11% on comparable basis
 - ④ Net operating profit up 29% on comparable basis
- ④ Diversification
 - ④ Increasing contribution from growth markets
- ④ Capital management
 - ④ Investments in growth markets

2014 interim results financial review





sanlam personal finance


- ④ Focus on sales growth and maintain margins on same discount rate
 - ④ Grow adviser force in all market segments
 - ④ Product innovation, particularly recurring premiums
 - ④ Improve Sanlam Sky broker channel performance
- ④ Increased focus on persistency
- ④ Continue focus on operational efficiency - manage costs
- ④ Focus on transformation and employer of choice
- ④ Meet regulatory obligations

2014 interim results
priorities for 2014

sanlam emerging markets



- ④ Focus remains on Africa, India and South-East Asia
- ④ Continue focus on top-line growth, efficiencies and capital optimisation in current operations
 - ④ Bed down new acquisitions in Rwanda and Malaysia
 - ④ Unlock Shriram Capital synergies
 - ④ Bed down IT implementations
 - ④ Delivery on revenue diversification initiatives
- ④ Bolt-on transactions/deepening existing partnerships in Africa, India and Malaysia
- ④ Strong deal-making focus to remain the leading player in Africa
- ④ Continuously refine organisational capacity to support growth
- ④ Governance, ethics and values

2014 interim results
priorities for 2014

sanlam investments

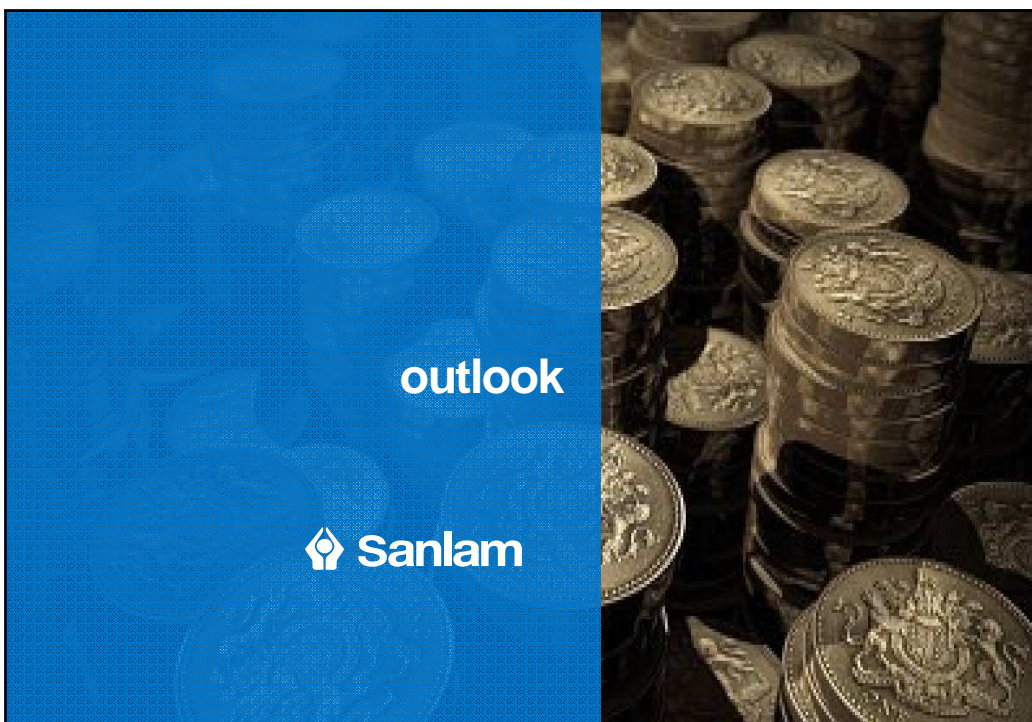

- ④ Maintain consistent upper quartile investment performance
- ④ Grow market share in higher margin areas
 - ④ Institutional fund flows
 - ④ Retail fund flows
- ④ Large mandates from promising EB pipeline
- ④ Provide appropriate, innovative and cost effective solutions to clients from across SI value chain
- ④ Further leverage competitive active and passive management capabilities
- ④ Accelerate efforts to grow a market leading African Investments proposition
- ④ Continued focus on collaboration and efficiencies across businesses

2014 interim results
priorities for 2014

santam 

- ④ Deliver on diversified growth
 - ④ Market diversification (specialist business, Santam Re, investment in SEM partners)
 - ④ Continued growth at MiWay
- ④ Increased emphasis on quality of risk pool
 - ④ Ongoing segmented premium rate increases
 - ④ Underwriting actions to rectify unprofitable accounts
- ④ Drive efficiency through value chain
 - ④ Focus on cost management and strategic sourcing to counter rand weakness
- ④ Ongoing implementation of key strategic projects in Santam Commercial and Personal


2014 interim results priorities for 2014



outlook for 2014 

- ⌚ Weak SA environment will continue to hamper new business growth
- ⌚ Some market volatility likely in second half of 2014
- ⌚ Focus on bedding down new acquisitions
- ⌚ Number of investment opportunities under consideration
- ⌚ Compliance to regulatory changes

2014 interim results outlook

questions 

thank you ☺