



Media Release

Sanlam Kenya fine tunes business strategy to facilitate growth

29/08...Listed non-bank financial service provider Sanlam Kenya has announced the commencement of a strategic business recovery strategy following the release of its half year trading results.

In its trading results released this morning, Sanlam Kenya posted a Kshs 1.53 billion loss attributed to a 100% prudent impairment of distressed financial assets, slower economic growth and continued interest rates capping effects within the period under review.

Speaking when he confirmed the commencement of the business recovery strategy, Sanlam Kenya Group CEO, Patrick Tumbo said the firm had in maintaining prudent standards opted to proactively impair financial assets including corporate bonds worth more than Kshs 1.1billion earlier invested in companies currently showing signs of financial strain. Immediate collection efforts on the outstanding amounts, he said, have already started with a high chance of recovery.

To ensure business stability, the firm he confirmed, will be adopting a variety of remedial interventions including an enhanced investment policy to facilitate sustained growth.

The interventions which also feature the firm's management team reorganisation are expected to accelerate growth from alternative market segments and new revenue streams including enhanced focus on the firm's General and Life Insurance businesses.

"It will no longer be business as usual. We have adopted a revised business model and we will be pursuing key initiatives geared at elevating the business back on a profitability path," Tumbo said, adding that, "on this journey, we shall be anchoring our business operations on an enhanced investment policy, to secure the interests of all our stakeholders."

Compounded by economic headwinds that have characterized the local market, Sanlam Kenya in keeping with prudent business practice has impaired financial assets amounting to Kshs 1.114 billion covering earlier corporate bond investments in distressed local enterprises. Some of the corporate bond investees included Athi River Mining (Under Administration) Kshs 574million, Real People Kshs 398million and Kaluworks Kshs 169million.

“These companies are at various stages of financial distress and it remains prudent for us to maintain a balance sheet that reflects this status as collection and recovery efforts progress,” Tumbo explained.

Reflecting the prevailing depressed market climate for non-bank financial services providers, Sanlam Kenya posted a marginal growth in gross written premiums which stood at Kshs 3.340 billion up from Kshs 3.308 billion realized during the same period last year. Total revenue during the period for the firm stood at Kshs 3.688 billion.

The firm’s investment income largely affected by the impairment of financial assets also dropped by 24% to Kshs 1.194billion down from Kshs 1.571billion posted during the same period last year.

Ends

ABOUT SANLAM KENYA PLC

Sanlam Kenya, formerly Pan Africa Insurance Holdings is a Kenyan incorporated diversified financial services group listed on the Nairobi Securities Exchange. Sanlam Kenya provides a comprehensive suite of financial solutions tailored to meet the distinctive Kenyan market needs. Through its subsidiaries Sanlam Life Insurance Limited, Sanlam Investments Limited, Sanlam General Insurance Limited and Sanlam Securities Limited, Sanlam Kenya is well positioned to meet unique client needs in the Asset Management, General and Life Insurance space. Founded on a rich heritage and good corporate citizenship, Sanlam Kenya currently features a branch network of 34 client experience centres across Kenya’s major towns. The firm enjoys an estimated market share of 8% in the Kenyan life insurance industry, serving over 99,401 policyholders under individual life and more than 236,507 under group life. www.sanlam.co.ke