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## ***Sanlam Reports Strong Financial Performance For The First Half of 2023***

Sanlam today reported a strong financial performance for the first half of 2023, saying the group's earnings pattern was back on track after a series of what management described as one-in-25 or one-in-100-year events between 2020 to 2022, highlighted by the Covid-19 pandemic.

The performance was broad-based and enabled by management's successful execution of the group's strategy. Strong profitability in the group's life insurance, credit and general insurance operations, and a steady performance from investment management, underpinned the pleasing overall group performance.

The group's measure of underlying earnings performance, net result from financial services, increased by 26%. The general insurance line of business increased by 38%, life insurance by 28% and credit and structuring by 36%. The investment management operations increased by 2% and would be 9% higher when excluding the earnings from disposed UK businesses in the 2022 base. The group's key earnings metric, cash net results from financial services, increased by 30%.

Sanlam's primary performance target for measuring long-term shareholder value creation is return on group equity value (RoGEV). RoGEV per share was 12% and group equity value per share was R67,85 on 30 June 2023. RoGEV benefited from robust contributions from value of new business, improved performance and outlook in Sanlam's credit business in India as well as a strong contribution from Santam. Strong investment markets and a weakening of the rand relative to the main valuation currencies in the non-South African operations also contributed to the higher return for the first six months of 2023.

Total new business volumes increased by 19% to R191 billion, driven by strong investment business sales. Life insurance new business volumes increased by 4% on a present value of new business premiums basis, with value of new covered business (VNB) of R1,3 billion, 21% higher than the first six months of 2022, both on a constant economic basis. VNB benefited from expense efficiency and product mix shifts to more profitable lines.

Net client cash inflows of R11,4 billion remained solid, albeit lower than the first six months of 2022, due to an increase in outflows from savings products in life insurance as well as the investment management operations, reflecting the challenging consumer environment.

Sanlam group chief executive officer, Mr Paul Hanratty, said: "We are delighted with the group's robust performance and earnings growth across our operations. This growth from the pre-pandemic basis indicates that the underlying growth engine of Sanlam remains intact. It also underscores the strength and resilience of our diversified operations. Our diligent delivery on strategy amid challenging operating conditions is testimony to our people's dedication to ensure our clients can live a life of confidence, commitment to deliver value to clients and other stakeholders, as well as focus to create a path for future growth for the company."

## **STRATEGY**

Sanlam continues to make progress on implementing its strategy.

The actions to fortify the group's position in South Africa have progressed well.

In the first half of 2023, Sanlam completed acquiring 60% of AfroCentric, a leading health insurance provider. This transaction has filled in a product line in Sanlam's South African offering that is essential to the group's customer base.

Sanlam also concluded a transaction with Capital Legacy, which will allow the group to provide innovative wills and estate services to South African clients, further extending the group's range of client solutions.

The group also concluded the buyout of remaining shareholders in BrightRock, an innovative insurer in the affluent market in South Africa. Sanlam expects significant synergies to emerge over time within this business.

The Absa asset management and AlexForbes transactions completed in 2022 and 2023 have contributed positively to earnings and new business volume growth over the period. The Absa asset management integration has progressed well, with synergy benefits realised sooner than expected.

On the Pan-African front, Sanlam is pleased to have finally announced the conclusion of the transaction with Allianz to form an Africa-wide insurance joint venture, having received all the necessary regulatory approvals. Sanlam and Allianz have high expectations for the new SanlamAllianz business and believe that this business will grow strongly and profitably over time. The business is well positioned to benefit from Africa's economic growth, rising incomes and consequent increase in penetration rates as well as from the technical and financial support of both Sanlam and Allianz.

In Asia, the Indian economy has recovered well from the Covid-19 pandemic and the group is positive about the medium and long-run prospects of the Indian operations.

## **CAPITAL AND SOLVENCY**

Discretionary capital decreased from R5,3 billion on 31 December 2022 to R3,2 billion on 30 June 2023, due to corporate actions including AfroCentric and BrightRock, and share repurchases. The AfroCentric transaction closed on 26 May 2023 and BrightRock on 5 June 2023.

In August, the group acquired from the Standard Bank of South Africa Limited (SBSA) the senior ranking preference shares issued by the Special Purpose Vehicle structure established as part funding for the broad-based black economic empowerment (B-BBEE) transaction in 2019. The purchase consideration of R2,4 billion was funded from discretionary capital. Sanlam now effectively owns the junior and senior ranking preference shares in the structure, which are backed by 85 million Sanlam shares.

These capital management actions have resulted in the full use of Sanlam's discretionary capital.

The capital and solvency position of the group and its main operating entities remained strong and within target ranges on 30 June 2023. The group solvency cover ratio was 167%, Sanlam Life solo solvency cover ratio was 240% and Sanlam Life covered business solvency cover ratio was 173%.

## **OUTLOOK**

The group has performed well in the first half of 2023 and the outlook for RoGEV and dividend growth for the full year is positive.

Sanlam welcomes the efforts in South Africa to improve the energy supply situation, to improve the country's logistics performance and to tackle levels of crime and corruption. It remains important that there is a continued turnaround in these areas to support a recovery in South Africa's economic growth.

“We remain positive about the medium to long-run prospects for the African countries where we operate, with the short-term economic challenges set to reverse over time and the continent likely to achieve good income growth, which is supportive of our operations,” Mr Hanratty concluded.

## **ENDS**

*Issued by Sanlam Group Communications*

### **MEDIA ENQUERIES**

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### **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 Botswana, Kenya, Namibia, Nigeria, Malawi, Mauritius, Mozambique, Rwanda, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

The group has a footprint of insurance operations in Angola, Benin, Burkina Faso, Cameroon, Cote D'Ivoire, Gabon, Ghana, Madagascar, Mali, Morocco, Niger, Lesotho, Senegal, and Togo. 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)