

5 September 2024

Sanlam achieves robust operating performance in the first half of 2024

Sanlam today reported robust operating performance across the group in its 2024 interim results. This was based on consistent implementation of the business strategy in the last four years, which centres on enhancing organic growth while complementing this with strategic acquisitions.

The group's earnings momentum continued, growing net result from financial services (NRFFS) by 19% per share to a new high of over R7 billion for the first half of the year. This reflects strong trading performances across the group, the advantages of scale and market positions, diversification by geography and line of business, and continued focus on operational efficiency.

FINANCIAL HIGHLIGHTS

The group performed well across the key metrics it uses to measure performance.

Highlights included:

- Adjusted return on group equity value (**RoGEV**), the key metric the group uses for creating value for shareholders, was 10,7% for the six-month period, above the six-month hurdle rate of 7,5%.

The improved performance relative to 2023 was underpinned by robust new business and positive risk, working capital and credit spread experience in the life insurance operations. In the non-life operations, results buoyed due to positive performance from the Indian credit business (Shriram Finance Limited), strong operating results from Santam and cost efficiencies in the South Africa asset management operations.

- **Life insurance and health** operations grew NRFFS by 14%, new business volumes by 14% and value of new business by 10%.
- **General insurance** reported a 16% rise in NRFFS, highlighted by a particularly robust performance from Santam, where effective management actions and lower attritional losses offset the impact of continued adverse weather-related claims.
- **Investment management** performance was satisfactory with 10% growth in NRFFS and net client cash inflows of R4,1 billion for the six-month period.
- **Credit and structuring** operations recorded growth in NRFFS of 9%.

The group's discretionary capital balance rose to R3,8 billion at 30 June 2024, up from R2,7 billion at the end of December 2023.

Sanlam group Chief Executive Officer, Mr Paul Hanratty, said: “The strategic choice to concentrate our efforts on fortifying our South Africa operations through leveraging our substantial scale and competitive edge, alongside focusing on Pan-Africa and Asia where we already have robust market positions in rapidly growing economies, continues to position our business favourably for long-term growth and value creation for all stakeholders.”

STRATEGY

The group continued to implement its strategy as part of strengthening market positioning in its core regions of South Africa, Pan-Africa and Asia.

In February 2024, the group announced the intention to acquire the South African mass market focused insurer Assupol Holdings (Assupol) for R6,5 billion, pending approval from regulators and Assupol shareholders. This proposal received Assupol shareholder support on 17 April 2024. The transaction received Competition Tribunal approval on 22 August 2024 and is subject to an employment related condition. Remaining regulatory approvals are imminent.

In April 2024, Sanlam announced the intention to increase its effective economic shareholding to more than 50% in the group’s insurance businesses in India, Shriram Life Insurance and Shriram General Insurance. This transaction stands to increase Sanlam’s exposure to the fast-growing Indian insurance sector. It is subject to regulatory approvals in India.

In June 2024, the group announced its intention to acquire 60% of the insurance business of MultiChoice group. The transaction, which is subject to regulatory approval, offers Sanlam significant cross-sell opportunities into MultiChoice’s extensive client base across the continent.

The conclusion of the Capitec funeral JV at the end of October 2024 is expected to result in a reinsurance recapture fee of R1,9 billion (gross of tax) being paid to Sanlam in November 2024.

Strategic acquisitions that the group undertook in 2023 are making valuable contributions to operations.

The BrightRock and Capital Legacy transactions closed in 2023 and both have contributed positively to the group’s performance.

The Absa and Alexander Forbes investment platform businesses, both acquired in 2023, have contributed 5% to the group’s new business volumes.

The final step of the Absa asset management business integration into Sanlam’s investment operations took place with the merger of the Absa Fund Managers platform into the Sanlam Collective Investments platform in March 2024. The synergy benefits from the integration resulted in an uplift to group equity value.

Afrocentric continues to experience challenging trading conditions. Sanlam remains confident of the value that Afrocentric will add to the Sanlam group in the long run, particularly through its contribution to an overall holistic and integrated product offering.

The SanlamAllianz joint venture integration is progressing well, with ongoing focus on operational synergies. First regulatory approvals have been received in Côte d'Ivoire, Senegal, Ghana and Cameroon and in-country mergers are complete. SanlamAllianz recorded strong performance for the half year.

OUTLOOK

Sanlam is prepared for the implementation of the ‘two-pot’ retirement fund legislation in South Africa, allowing members access to a small portion of their retirement fund savings, for emergency

purposes, before retirement. The group expects a modest outflow of assets from retirement funds in the short-term but for improved asset accumulation in the long term through increased preservation.

With strong momentum and continued investment in the business, the group has confidence regarding overall performance for the remainder of 2024.

“We remain mindful about the risks posed by global geopolitics and the risks of a global recession as the global economy brings inflation under control. The group’s balance sheet is strong and able to withstand macro shocks. Our earnings are also sensitive to significant moves in global investment market levels,” concluded Mr Hanratty.

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MEDIA ENQUIRIES

Pearl Majola, Sanlam Group Communications
+27 83 286 7476 | pearl.majola@sanlam.co.za

Allim Milazi, Sanlam Group Communications
+27 82 889 5874 | allim.milazi@sanlam.co.za

About Sanlam

The Sanlam group is a leading pan-African financial services group listed on the JSE, Namibian Stock Exchange and A2X Markets Limited. The group provides comprehensive and bespoke financial solutions to institutional clients and consumers across all market segments, including life and general insurance, health, financial planning, retirement, investments, wealth management and credit.

Established in 1918 as a life insurance company, the Sanlam group has evolved into the largest non-banking financial services group in Africa through its diversification strategy achieved through strategic partnerships and acquisitions. Headquartered in South Africa, the Sanlam group operates in 31 countries including eight of the top ten largest economies in Africa.

For more information on Sanlam, visit www.sanlam.com