

18 June 2024

Sanlam to acquire 60% of MultiChoice's insurance business

Sanlam Limited (Sanlam) and MultiChoice Group Limited (MultiChoice) today announced that they have entered into an agreement for Sanlam to acquire 60% of MultiChoice's insurance business, NMS Insurance Services (NMSIS), as well as a long-term commercial arrangement to expand insurance and related financial service offerings into MultiChoice's extensive African subscriber base.

Sanlam will pay an upfront cash consideration of R1.2 billion to MultiChoice for its 60% stake and a potential performance-based cash earn-out of up to a maximum consideration of R1.5 billion that is contingent upon the amount of gross written premium generated (GWP) by NMSIS for the financial year ending 31 December 2026.

MultiChoice will utilise the cash proceeds received from this transaction for working capital purposes. Also, through this agreement, MultiChoice retains a substantial 40% interest in NMSIS and will have the same participation in the Africa-wide venture, allowing it to continue benefiting from the high-growth potential of this segment, while maximising value for its shareholders.

Through this commercial arrangement, Sanlam and its affiliates have the opportunity to cross-sell financial services products to MultiChoice's extensive and engaged subscriber base of 21 million households across 50 countries in Africa. Sanlam will leverage MultiChoice's engagement channels and integrated payment collection capabilities to deliver these broader offerings to MultiChoice's subscribers. Opportunities outside of South Africa will be facilitated through SanlamAllianz.

Sanlam Group CEO, Mr Paul Hanratty said: "We are pleased to announce the coming together of Sanlam and MultiChoice to enhance insurance access in Africa. It affords us the opportunity to leverage our respective market footprints and technological capabilities that will support growth and market penetration, as well as provide opportunities to realise synergies for the benefit of all stakeholders."

For MultiChoice, the transaction represents an opportunity to expand its value-enhancing services such as insurance to its subscribers across Africa, leveraging the expertise and technology of Sanlam.

MultiChoice CEO, Mr Calvo Mawela said: "This collaboration with Sanlam is a strategic milestone for MultiChoice. It not only allows us to increase the value we provide to our subscribers, but also enables us to leverage Sanlam's expertise to drive growth and innovation in our insurance offerings across the continent. It is a nod to the incredible work done by our teams."

NMSIS, a registered South African composite micro-insurer and authorised financial services provider, is licensed to underwrite both non-life and life insurance products. It has been writing insurance for the past 20 years under the DStv brand of MultiChoice focussing on device, installation, funeral, subscription waiver and debt waiver insurance products.

The business has demonstrated robust growth in recent years, increasing its in-force policies by 19% to 3.3 million for the financial year ended 31 March 2024. The Life products, introduced three years ago as NMSIS diversified beyond device insurance, experienced rapid growth and now account for 30% of in-force policies.

NMSIS's key financials for the year ended 31 March 2024, audited and prepared in terms of IFRS, were as follows:

- GWP increased 36% year-on-year to R970 million;
- Profit after tax increased 51% to R296 million; and
- The net asset value of NMSIS was R277 million.

NMSIS has enjoyed substantial traction and profitability in South Africa, as shown by these numbers. Its growth ambitions, such as expanding its local product offering and geographic presence across Africa, require a step-up in resources, expertise and technology, which the acquisition by Sanlam will help unlock.

Sanlam will oversee the NMSIS operations through its Sanlam Fintech cluster, ensuring a seamless integration into the Sanlam Group and positioning NMSIS to meet its growth objectives.

The transaction is subject to the necessary regulatory approvals from the South African competition and regulatory authorities.

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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

About MultiChoice Group

MultiChoice Group (MCG), listed on the Johannesburg Stock Exchange (JSE), is a leading provider of entertainment and related consumer services, with an expanding ecosystem, underpinned by scalable technologies, and a track record now spanning almost 40 years.

MCG provides video entertainment products and services through its linear and streaming platforms to 21m households across 50 countries on the African continent and continues to grow by producing and acquiring the best local, sport and international content and offering tiered subscription packages and aggregated streaming services to its customer base. MCG's superior technology capabilities enables it to continue innovating around distribution, digital and payment solutions and content security to offer the best customer experience across the continent. Reaching almost 100 million individuals on a daily basis, the MultiChoice Group is using its scale and distribution to expand its platform to include sports betting and interactive entertainment, fin-tech services, household services (focused on internet connectivity and emergency response services) and ed-tech. Irdeto, MCG's technology business, provides platform cybersecurity services which protect over 6bn devices and applications globally for some of the world's best media and technology brands, as well as clients in the connected industries sector.