

ANNUAL RESULTS PRESENTATION

12 March 2020



AGENDA

- 01** Strategic review *Ian Kirk*
- 02** Our operating context in 2019 *Ian Kirk*
- 03** The financial results we delivered *Wikus Olivier*
- 04** Priorities for 2020 *Ian Kirk*
- 05** Environment in 2020 *Ian Kirk*



STRATEGIC REVIEW

Building a Pan-African business
Strategic execution sets us apart
Creating inclusive value for all our stakeholders

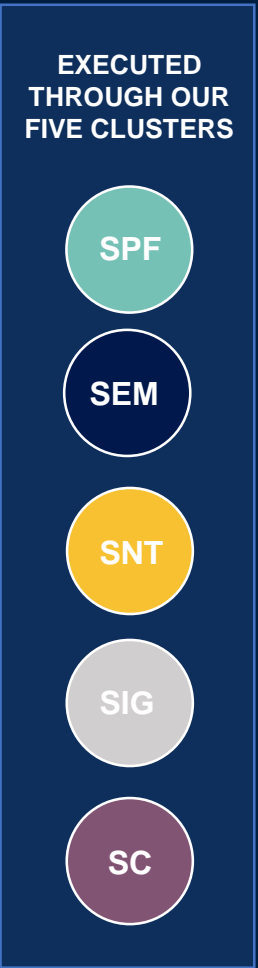




STRATEGY AT A GLANCE

Our purpose

Our purpose is to build a world that supports people in living their best possible lives through financial resilience and prosperity.



A consistent strategy with strength in execution through:

- Mutually beneficial partnerships
- Diversification across geographies, market segments and lines of business
- Continuous transformation to adapt to a changing world
- Continuous mitigation of risk and pursuit of opportunities
- Continuous focus on ethical leadership, values and culture

Transformation

Continuous transformation is central to Sanlam's ability to adapt to a changing world and underpins all of the strategic pillars.

KEY STRATEGIC INDICATORS

16%
 Adjusted Return on Group Equity Value per share (5-year average)

67%
 Contribution from South Africa to net result from financial services (98% in 2003)

Level 1
 B-BBEE contributor in South Africa

Leading footprint across Africa
 Among top three market leaders in 10 African countries for life and general insurance



STRATEGY AT A GLANCE

PERFORMANCE SCORECARD FOR 2019



Strong recovery in 2nd half of 2019 in underwriting results at Santam and Sanlam Corporate



Credible performance in SPF under tough conditions



Capitec Bank partnership: 1,4 million funeral policies sold since launch in May 2018



5% B-BBEE share issuance completed – strengthening capital base and simultaneously providing Sanlam with leading empowerment credentials in support of future growth



Investment in digital and technological transformation is ongoing and supports client-centric growth



Integration of Saham on track and synergies being realised



African Rainbow Life launched as a complementary distribution channel in the South African entry-level market



Pressure on general insurance claims experience in key markets, collapse of the Angolan and Zimbabwean currencies and social and political unrest in Lebanon detracted from SEM results and Group RoGEV



Higher corporate credit provisioning in South Africa – no defaults yet



Weak South African economic conditions and low levels of investor confidence impacted negatively on new business growth in SPF



Underperformance by financial planning businesses in the UK detracted from excellent SIG results

We delivered solid growth across most metrics, contributing to systemic resilience.

We create value by protecting our stakeholders against the potential negative financial consequences of unexpected events.

We create financial prosperity through enhancing people's ability to maintain financial independence beyond their income-generating capability.

STRATEGY AT A GLANCE

SOUTH AFRICA

LEADING

General insurance, wealth management, mass affluent and middle-income life and investments

STRATEGIC OPPORTUNITIES

Third-party asset management, entry-level, employee benefits and healthcare

OTHER EMERGING MARKETS

PAN-AFRICAN FOOTPRINT

Seek top-3 position in insurance in all key markets to support multinational opportunity

INDIA, MALAYSIA, LEBANON

Strategic diversifiers; strong performance in India and Malaysia life; Malaysia GI lagging

DEVELOPED MARKETS

NICHE PRESENCE

Providing asset management and wealth management solutions to African client base

STRATEGIC OPPORTUNITIES

Improving planning and advice businesses



EMERGING
MARKETS

DEVELOPED
MARKETS

FUTURE
EXPANSION

Sanlam has a unique Pan-African footprint, scale and expertise.

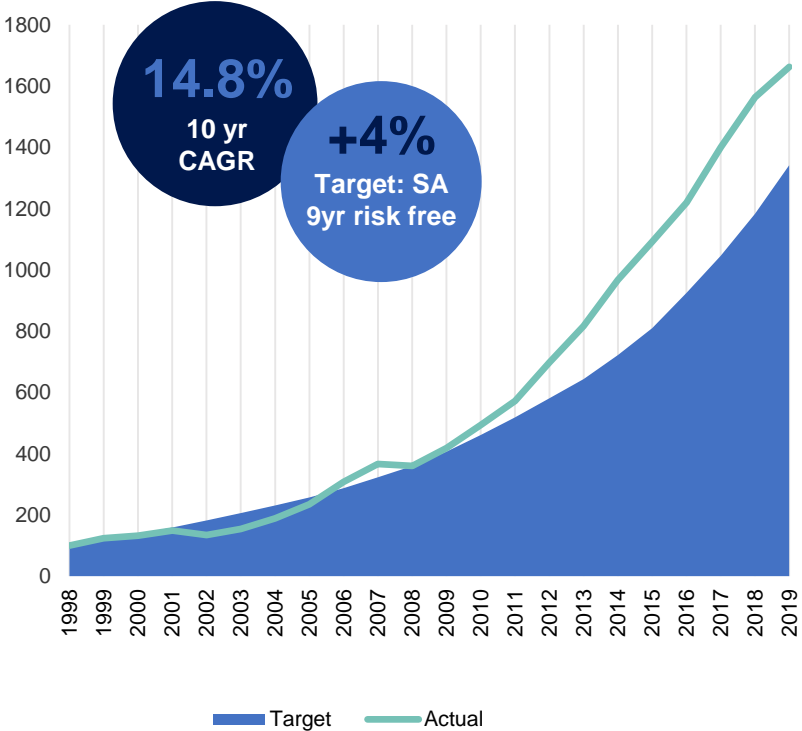
We continue to extract synergies following the Saham acquisition in 2018 and expand our offering to multinational companies operating across the African continent, wrapped around leading in-country businesses. Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.

STRATEGY AT A GLANCE

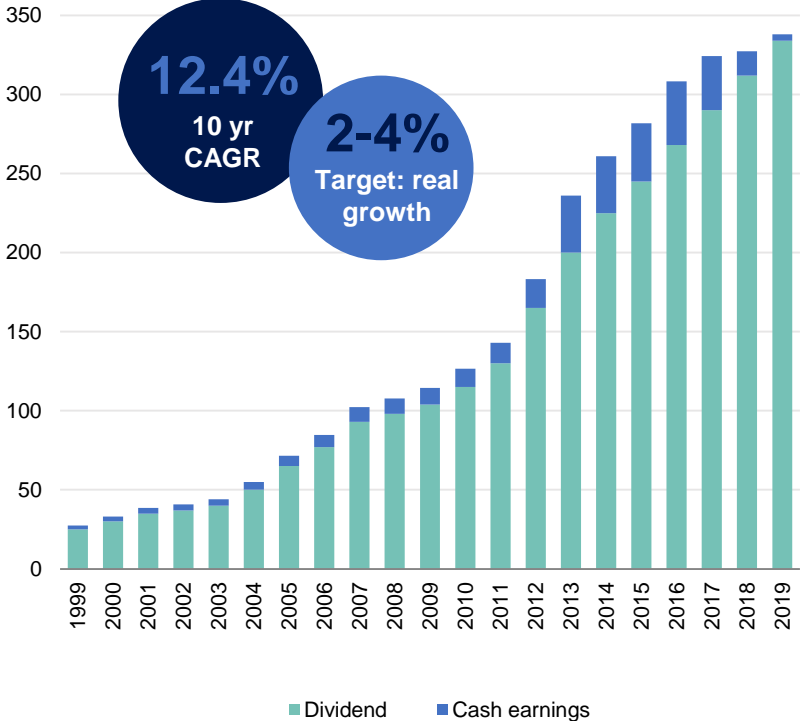


We have a dual focus on future growth and dividend flows

CONSISTENT CUMULATIVE OUTPERFORMANCE OF RoGEV TARGET

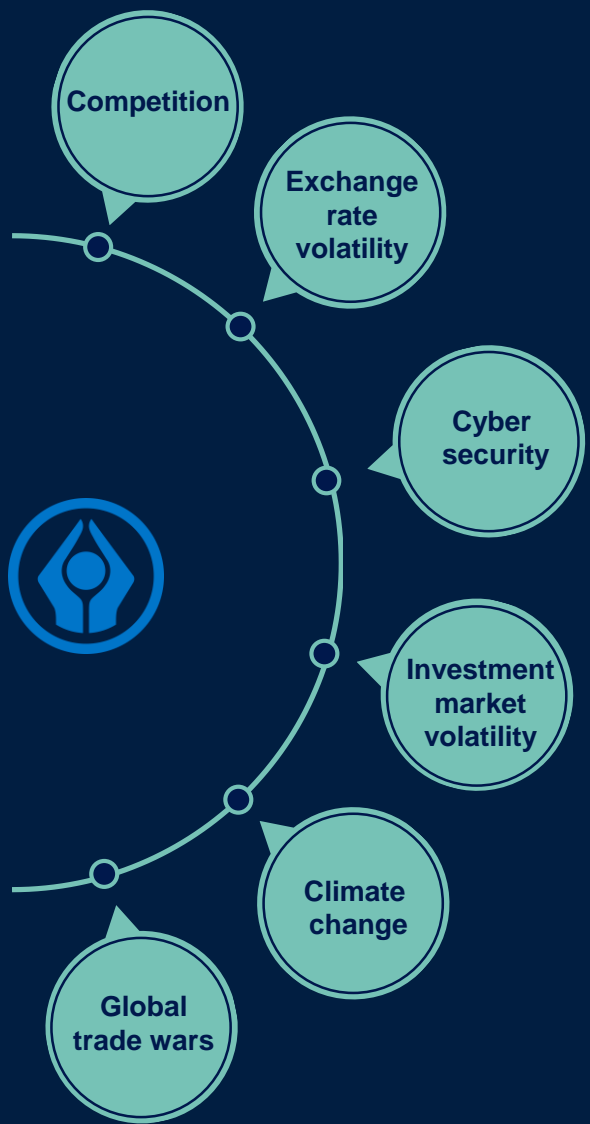


STABLE AND CONSISTENT DIVIDEND GROWTH



PERFORMANCE IN 2019

- Dividend per share of 334 cents (3% real growth)
- Quality of earnings remains solid: continuation of positive experience variances and strong cash flow generation
- Difficult operating environments resulting in adjusted RoGEV per share of 11.9%



SOUTH AFRICA

- ⌚ Pedestrian economic growth and high unemployment; requires structural reforms
- ⌚ Risk of sovereign credit rating downgrade increasing
- ⌚ Need to restore confidence
- ⌚ Public/private partnerships key to deliver favourable environment

OTHER AFRICAN REGIONS

- ⌚ Commodity-based economies growing at much slower pace, in particular Angola, Nigeria and Namibia. Robust growth in West, North and East Africa
- ⌚ Angolan and Zimbabwean currencies depreciated sharply, fuelling inflation
- ⌚ Elevated general insurance claims experience: motor, health and catastrophes

INDIA, LEBANON AND MALAYSIA

- ⌚ Liquidity constraints in India persisting into 2019; slowdown in economic growth
- ⌚ Share prices of Indian credit businesses under pressure in line with other NBFCs
- ⌚ Significant weakening in Lebanon economic environment

GLOBAL

- ⌚ Protectionism impacting on global growth and investment market volatility
- ⌚ Uncertainties around Brexit
- ⌚ Accommodative monetary policy stance by most central banks
- ⌚ Fading impact of US fiscal stimulus



There's never been a better time to partner with us



R540m
invested in communities over the past ten years

R190bn of wealth distributed in 2019:

- ⌚ **R153bn** to clients
- ⌚ **R6,4bn** to government
- ⌚ **R7,8bn** to shareholders
- ⌚ **R13,3bn** to employees and the balance to suppliers



€160m
managed in a joint venture with the Dutch Development Bank to mitigate against climate change

R185m
in enterprise and supplier development up to 2019

R3,4bn
invested in B-BBEE transactions by Sanlam



R856bn
of assets under management by SIG

99%
of death claims paid out, maintaining a 5-year record

38 years
of retirement research via Sanlam Benchmark Symposium



FINANCIAL REVIEW

Solid overall performance

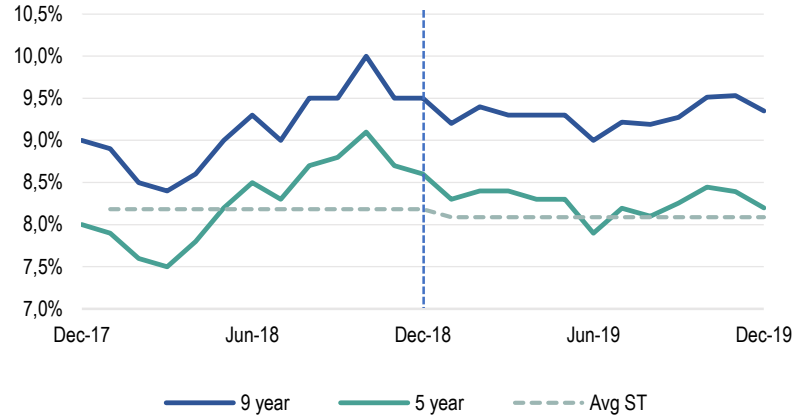
Partnerships delivering value

Challenging conditions impacted on RoGEV

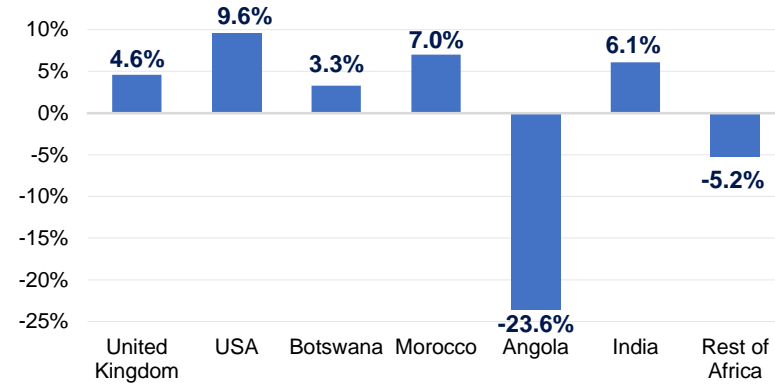
OPERATING AND UNDERWRITING ENVIRONMENT



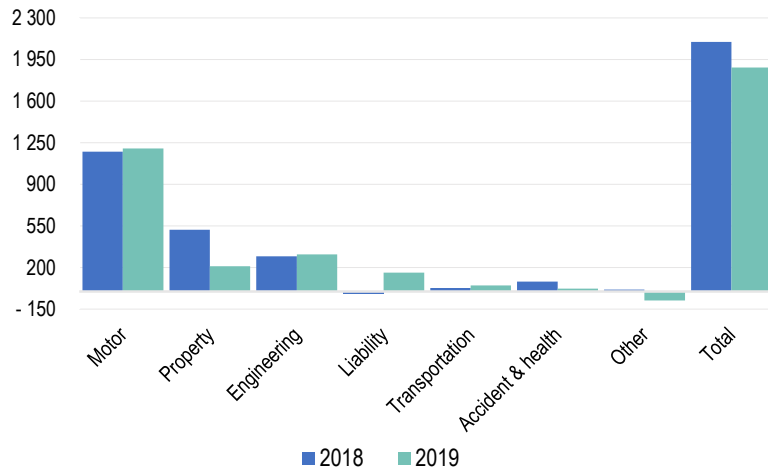
SA bond yields & short-term interest rates



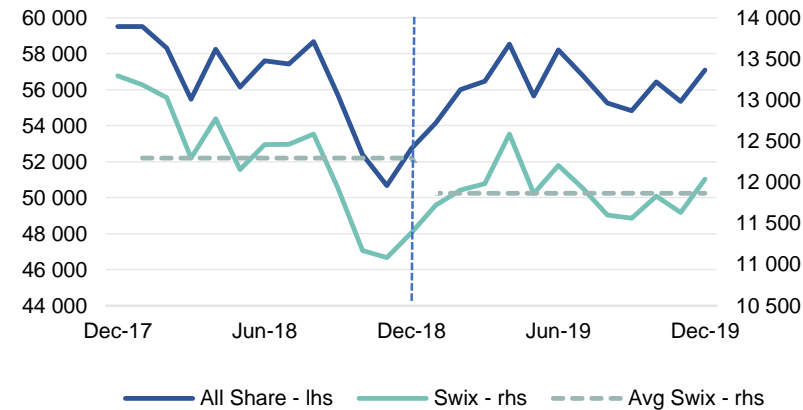
Average Rand exchange rates (% change)



Santam underwriting result (R million)



JSE indices



EXCHANGE RATES

+2%

Net result from financial services

-3%

RoGEV

INTEREST RATES

+3%

RoGEV

+5%

VNB

GI UNDERWRITING

7.7%

Santam underwriting margin

2.0%

SEM Africa underwriting margin

INVESTMENT RETURN

-R358m

EV investment variances

Pressure on fee income



EARNINGS



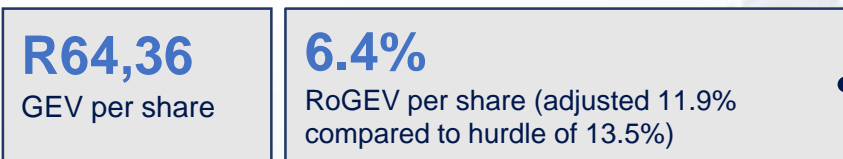
- ⌚ Corporate activity supported the results, as well as strong float returns at Saham and exceptional growth from SIG third-party asset manager and Indian operations
- ⌚ 11% growth excluding increased new business strain
- ⌚ Weak SEM GI claims experience in Africa, lower earnings at SIG International and credit provisioning at Sanfin detracted from the results
- ⌚ Operational earnings benefited from relatively stronger investment market returns

BUSINESS VOLUMES



- ⌚ Strong new business growth from all operations and lines of business, apart from SPF mass affluent and middle-income market, Namibia investments and SIG International
- ⌚ Sterling growth of 37% in net fund inflows to R57bn
- ⌚ Saham broadly in line with targets
- ⌚ Partnerships and new initiatives in SA contributing to VNB performance

GROUP EQUITY VALUE



- ⌚ RoGEV negatively impacted by ZAR appreciation
- ⌚ Low return on listed Santam share (in line with financial index)
- ⌚ Reduced net inflow assumptions for SA wealth and asset management businesses in light of challenging environment
- ⌚ Lower medium-term earnings estimates for Saham operations in line with current experience

CLUSTER CONTRIBUTIONS

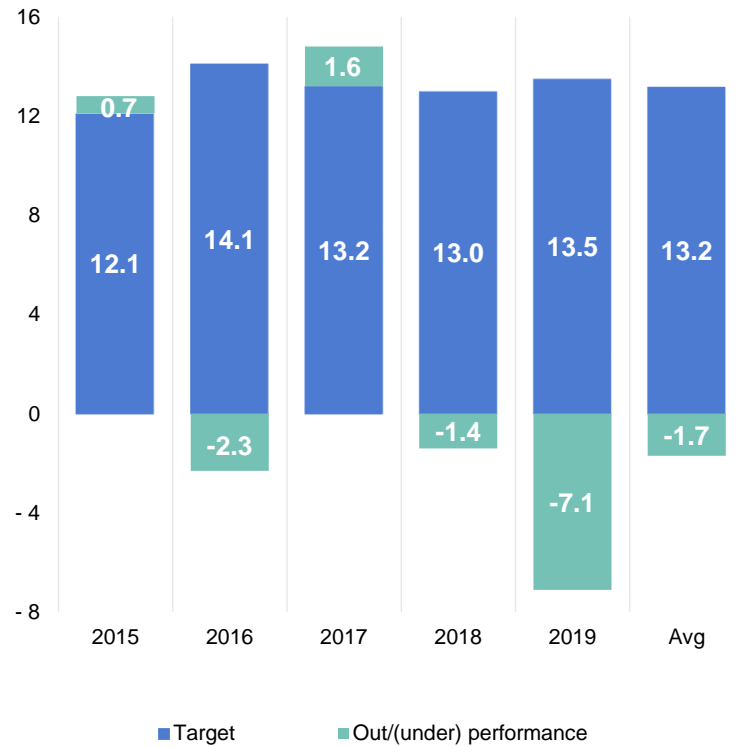


R million	Net result from financial services			New business volumes			VNB		
	2019	2018	Var	2019	2018	Var	2019	2018	Var
Sanlam Personal Finance	4 265	4 033	6%	61 813	60 971	1%	1 763	1 504	17%
Sanlam Emerging Markets	2 632	2 038	29%	34 809	26 224	33%	343	338	1%
Sanlam Investment Group	1 070	1 152	-7%	113 236	99 696	14%	-	-	-
Santam	1 217	1 196	2%	24 227	22 812	6%	-	-	-
Sanlam Corporate	590	580	2%	15 238	13 326	14%	174	143	22%
Corporate & other	(100)	(109)	8%	-	-	-	-	-	-
Sanlam Group	9 674	8 890	9%	249 323	223 029	12%	2 280	1 985	15%
<i>Excl Saham structural</i>	<i>9 425</i>	<i>8 890</i>	<i>6%</i>	<i>243 830</i>	<i>223 029</i>	<i>9%</i>	<i>2 263</i>	<i>1 985</i>	<i>14%</i>
<i>SEM</i>	<i>2 383</i>	<i>2 038</i>	<i>17%</i>	<i>29 316</i>	<i>26 224</i>	<i>12%</i>	<i>326</i>	<i>338</i>	<i>-4%</i>

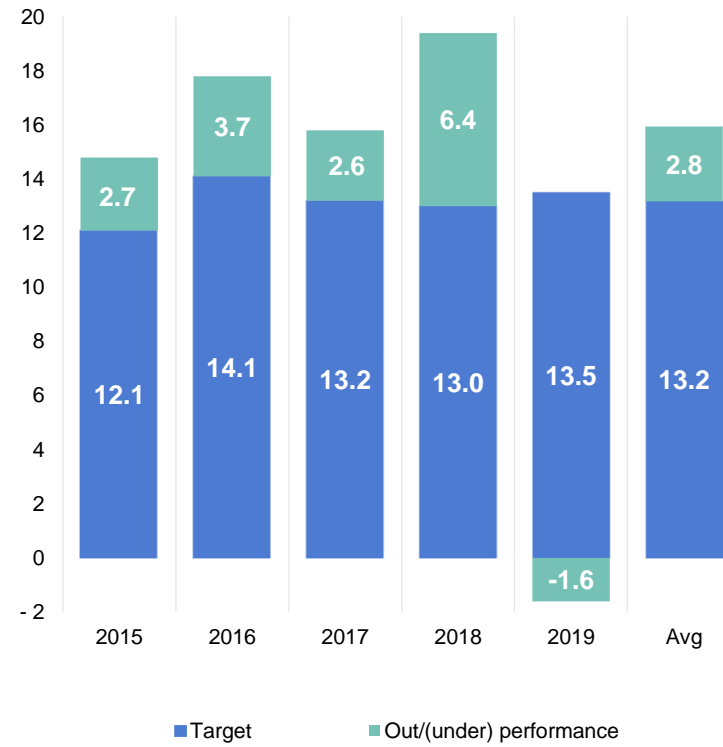


RETURN ON GROUP EQUITY VALUE

RoGEV (%)



Adjusted RoGEV (%)



SALIENT FEATURES

- ③ Currency volatility more pronounced as Group diversifies
- ③ Prolonged period of weak SA equity markets
- ③ Pedestrian growth in SA economy
- ③ Saham claims experience; modelling changes
- ③ Lebanese economy under pressure
- ③ Listed share prices capping returns

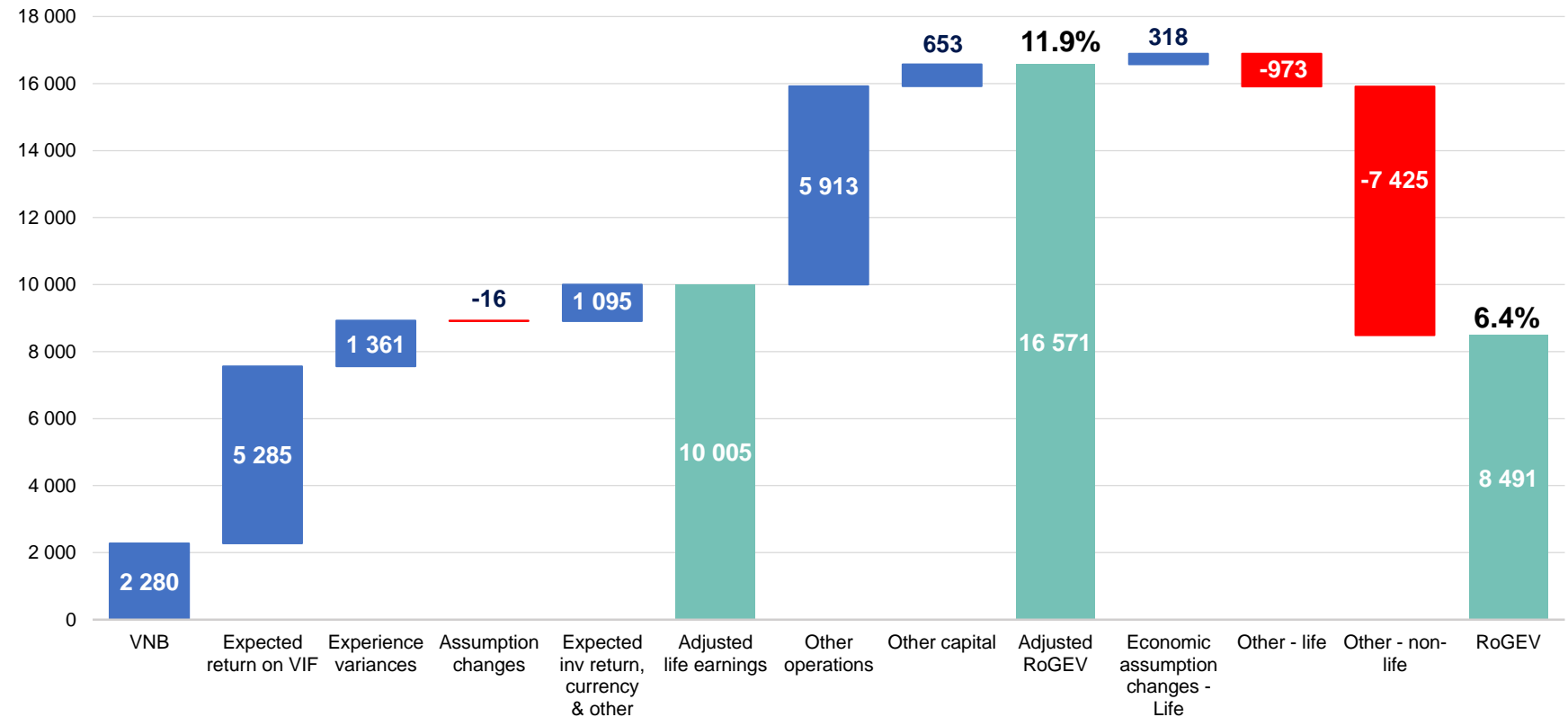
GROUP EQUITY VALUE EARNINGS



SALIENT FEATURES

- Increased contribution from VNB – 4.1% of life return
- Continued positive experience variances
- One-off R292m cost of capital benefit in 2018
- Some deterioration in Sanlam SKY and SEM persistency experience and SIG credit spreads
- Other Life and Non-life include exchange rate differences (-R4,4bn), valuation caps applied with reference to listed share prices (-R3bn) and IFRS 9 charge in Lebanon (-R340m)

Group Equity value earnings (R million)

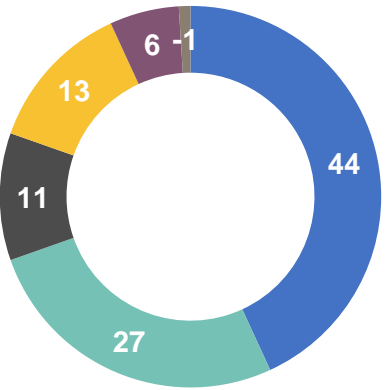




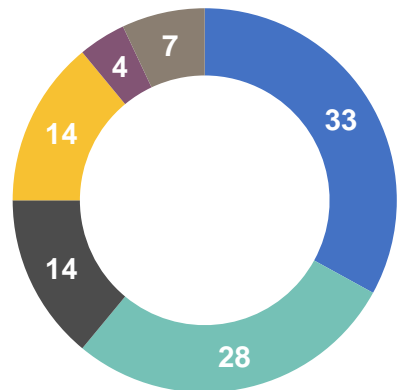
Cluster analysis of net result from financial services and contribution to GEV

SPF still dominates

Contribution to Group net result from financial services (%)



Contribution to Group Equity Value (%)

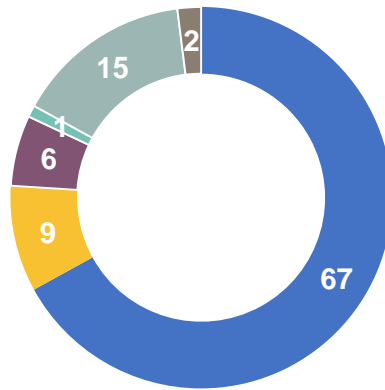


■ SPF ■ SEM ■ SIG ■ SNT ■ SC ■ Discretionary capital and other

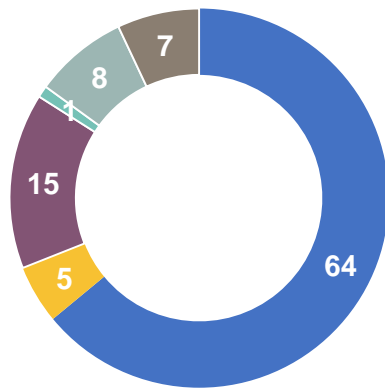
Geographic analysis

South Africa still dominates

Net result from financial services (%)



GEV (%)

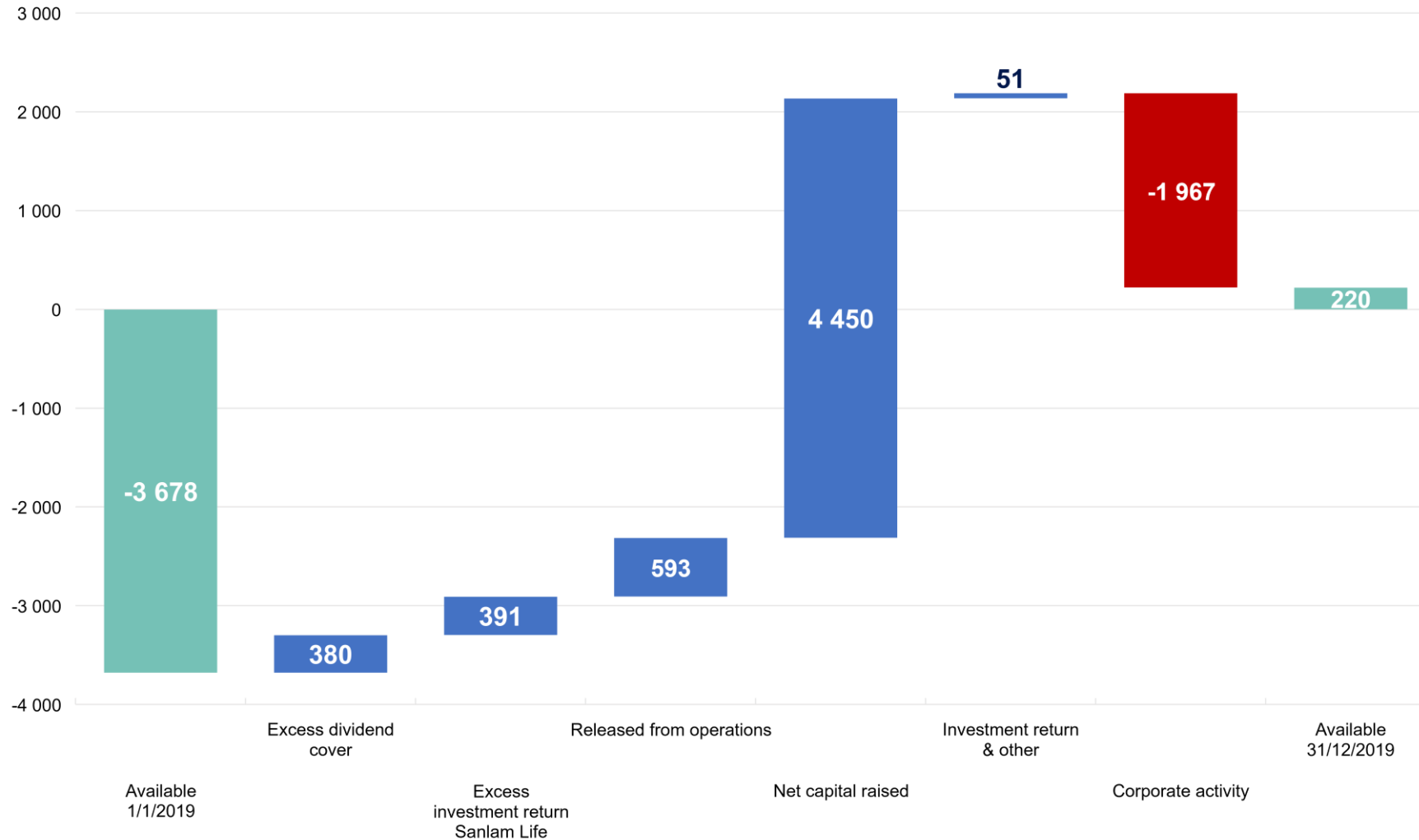


■ South Africa ■ Other Southern Africa ■ North and West Africa
 ■ East Africa ■ Other emerging markets ■ Developed markets



DISCRETIONARY CAPITAL

Discretionary capital (R million)



SALIENT FEATURES

- ⌚ B-BBEE issuance strengthened capital base following Saham acquisition in 2018
- ⌚ R382m of capital released from Namibia and R211m from Sanlam Sky
- ⌚ African Rainbow Life capitalisation of R152m
- ⌚ CIMA capitalisation and Saham corporate restructuring utilised R806m
- ⌚ Santam effective stake in Africa GI reduced to 10% for R167m
- ⌚ Thesis acquisition in UK - R521m with R130m of potential deferred payments

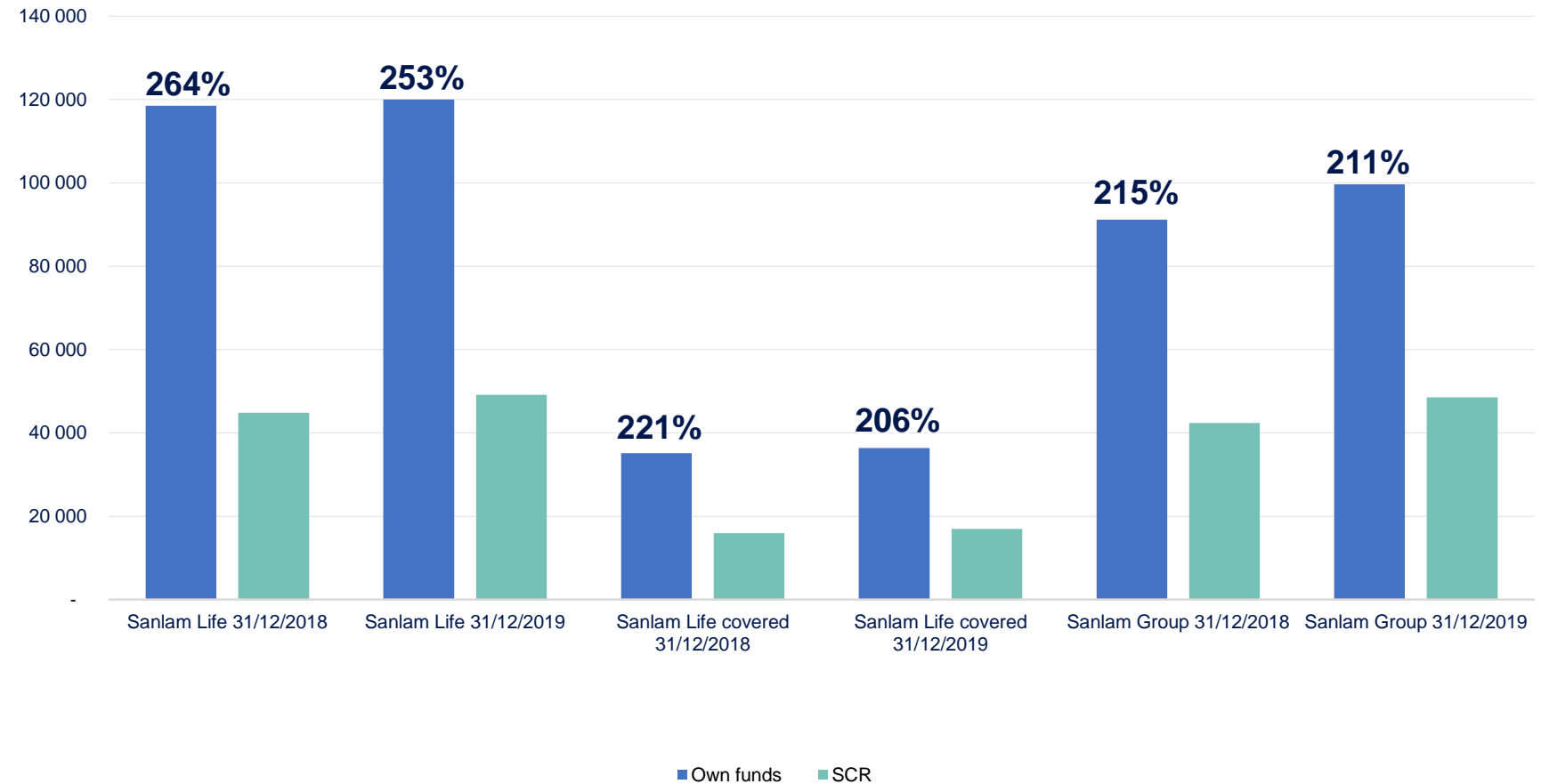
SOLVENCY POSITION



SALIENT FEATURES

- Group remains well capitalised
- Sanlam Life covered business solvency cover remains at upper end of target range – reflective of prudence in valuation of liabilities
- Balance sheet optimisation continuing
- IFRS 17 presents opportunity for capital release

SAM solvency cover (R million)





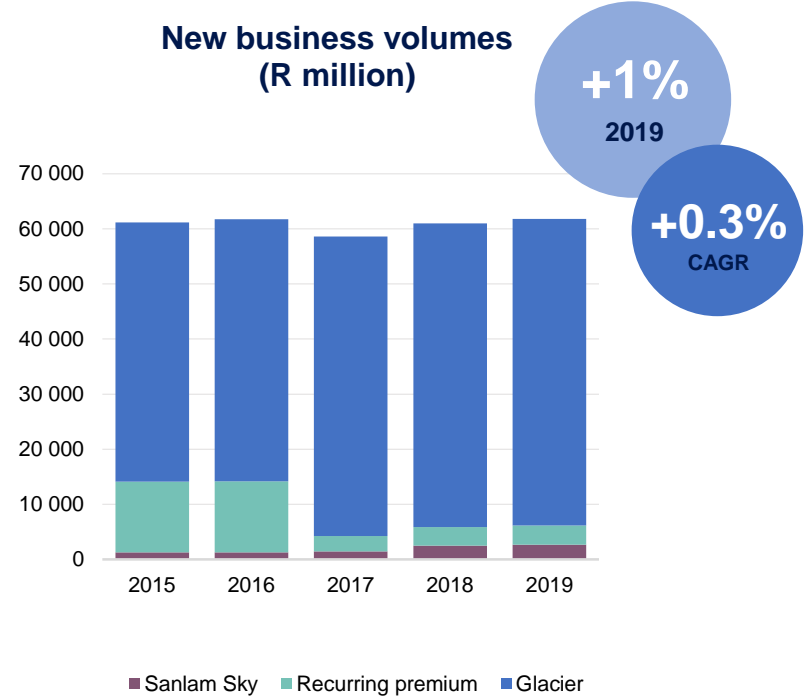
CLUSTER PERFORMANCE

SANLAM PERSONAL FINANCE

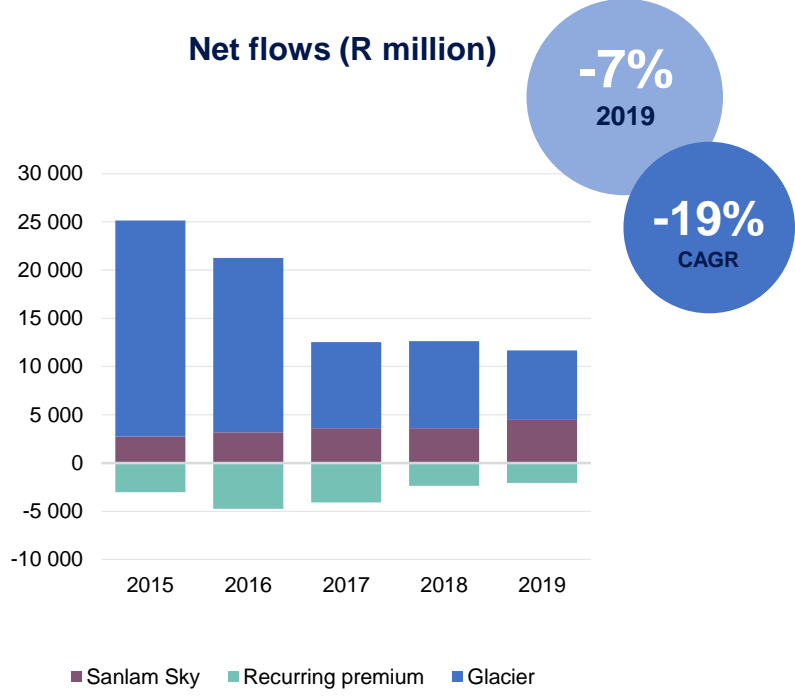
CLUSTER PERFORMANCE



New business volumes (R million)



Net flows (R million)



SALIENT FEATURES

- ⌚ Solid new business performance in difficult environment
- ⌚ Renewed traction at Glacier
- ⌚ New ventures generating strong growth: Capitec Bank, BrightRock, MiWayLife, Sanlam Indie and African Rainbow Life
- ⌚ Sanlam Sky traditional intermediated channel +10%
- ⌚ Good demand for discretionary savings and retirement annuities in mass affluent and middle-income markets offset lower volumes in other lines of business

R2 726m
Sanlam Sky
+9%

R3 429m
Recurring premiums & SBD
+0.5%

R55 658m
Glacier
+1%

+41%
Sanlam Sky ex credit life

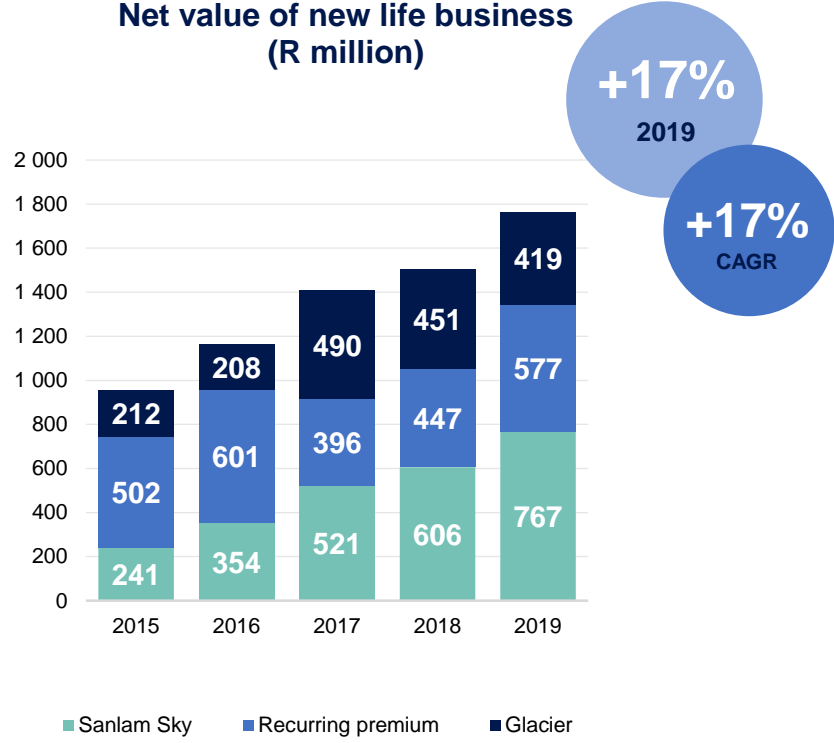
R1.1bn
Capitec funeral new business

SANLAM PERSONAL FINANCE

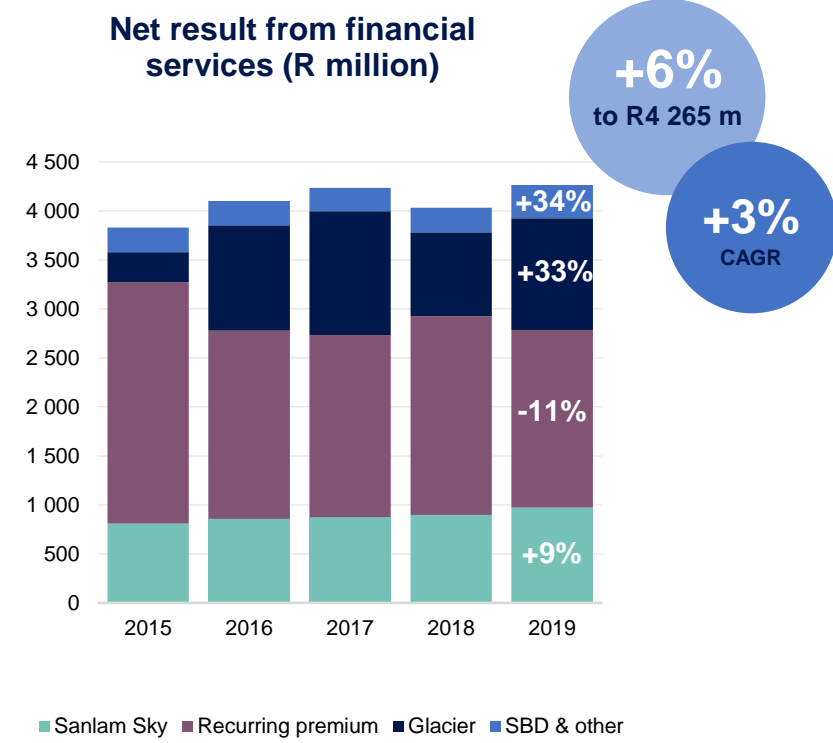
CLUSTER PERFORMANCE



Net value of new life business (R million)



Net result from financial services (R million)



SALIENT FEATURES

VNB

- Strong growth at Sanlam Sky and Recurring premium sub clusters
- Capitec Bank exceeding expectations

Net result from financial services

- Up 10% excluding increased new business strain; Sanlam Sky up 15%
- Continued positive experience variances
- Glacier benefited from participating fee income
- Recurring premium impacted by higher new business strain and actuarial basis changes

Net new business margin

Sanlam Sky	8.96%
Recurring premium	4.36%
Glacier	1.52%

3.58%
Compared to 3.08% in 2018

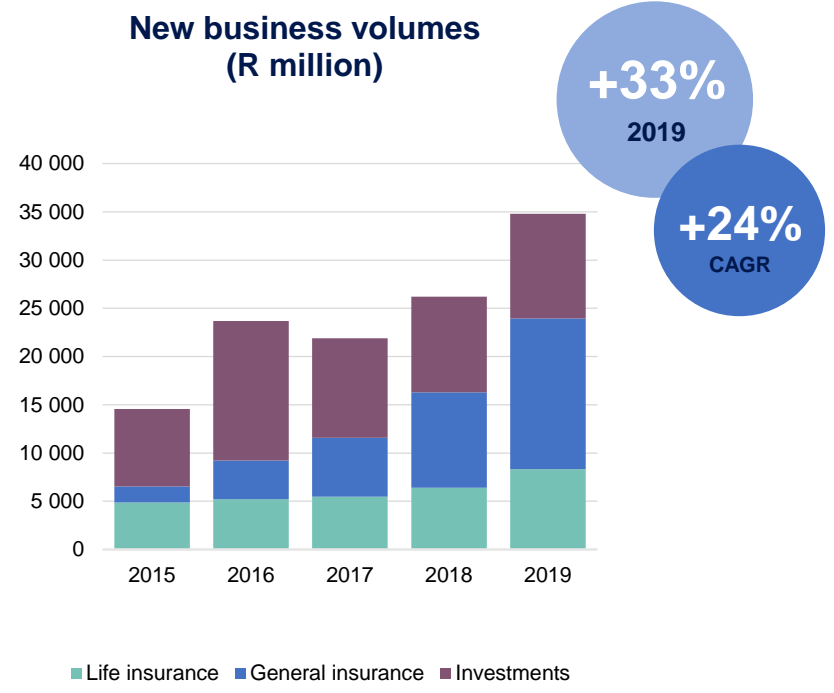
	2019	2018
RoGEV	20.0%	11.4%

SANLAM EMERGING MARKETS

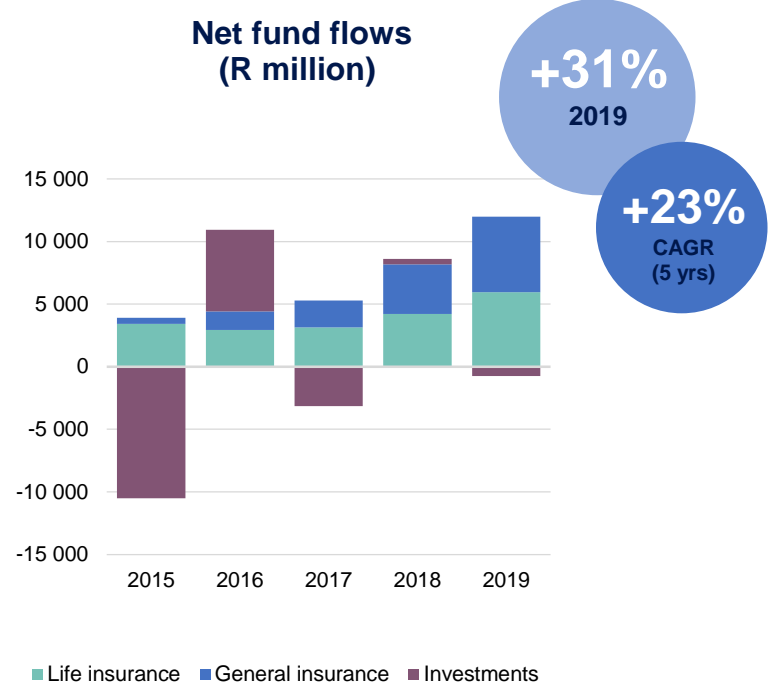
CLUSTER PERFORMANCE



New business volumes (R million)



Net fund flows (R million)



SALIENT FEATURES

- Strong double-digit growth from most regions and lines of business
- Namibia investment flows and Kenya individual life business below expectations
- Former Saham businesses broadly in line with targets despite underperformance in Angola, Cote d'Ivoire and Lebanon
- Indian life insurance under pressure from low disbursements in credit businesses; good growth in GI

R15,7bn
Southern
+12%

R12,7bn
North & West
+81%

R2,4bn
East
+26%

R4,1bn
Other
+21%

+58%
General insurance

+30%
Life insurance

SANLAM EMERGING MARKETS

CLUSTER PERFORMANCE



SALIENT FEATURES

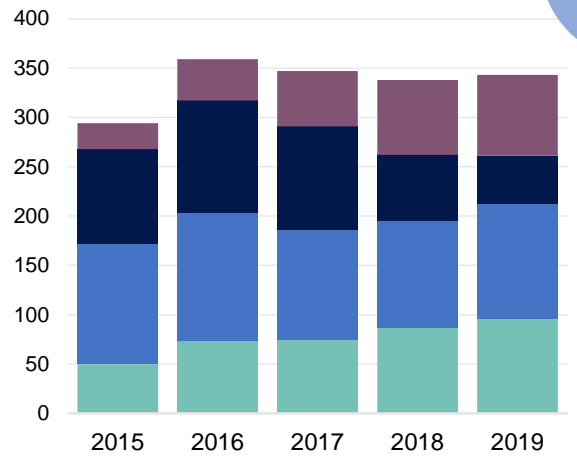
VNB

- Strong growth in Namibia, Botswana and Malaysia in line with new business performance
- Decline in India and Nigeria
- Lower margins in Morocco and Côte d'Ivoire

Net result from financial services

- Good growth in life insurance across most markets
- Adverse GI claims experience across Africa portfolio; net insurance result within target range
- Exceptional growth in India

Net value of new life business (R million)

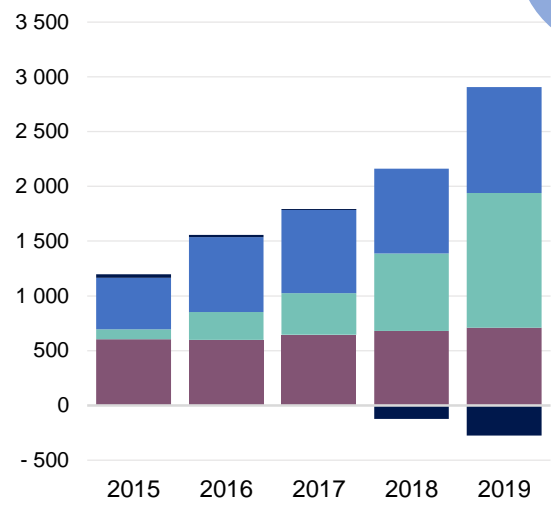


+1%
2019

+4%
CAGR

Other international Other African countries
Botswana Namibia

Net result from financial services (R million)



+29%
2019

+22%
CAGR

Life insurance General insurance Credit Other

Net new business margin

Southern Africa	5.19%
North and West Africa	1.92%
East Africa	-1.56%
Other international	1.35%

3.35%
Compared to 4.04% in 2018

	2019	2018
RoGEV	-7.1%	14.8%



Analysis of Saham conventional net insurance result before taxation and non-controlling interest (100% view)

	2019 Rm	% of NEP	2018 Rm	% of NEP	2019/ 2018
Gross written premium	16 312		14 466		13%
Net earned premium	12 248	100.0	10 666	100.0	15%
Net claims incurred	7 757	63.3	6 559	61.5	18%
Net acquisition cost	4 251	34.7	3 665	34.4	16%
Net underwriting margin	240	2.0	442	4.1	-46%
Investment return on insurance funds	1 454	11.9	860	8.1	69%
Net insurance margin	1 694	13.9	1 302	12.2	30%

SALIENT FEATURES

- ⌚ Net insurance margin within target range
- ⌚ Underwriting margin below 5% - 9% target
 - ⌚ Morocco motor book
 - ⌚ Large catastrophe claims
 - ⌚ Angola claims inflation
 - ⌚ Health

General insurance ratios – 31 December 2019

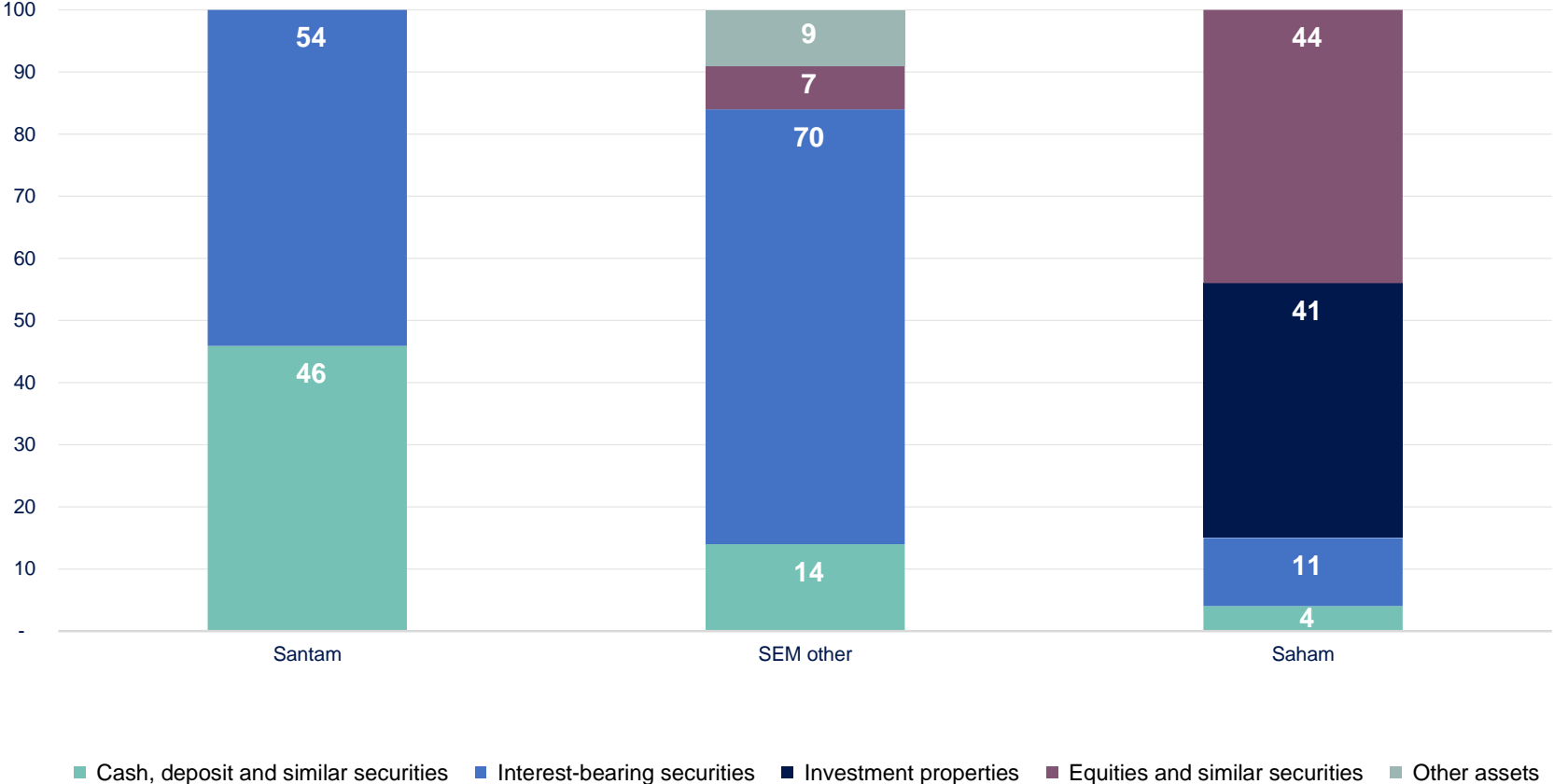
% of NEP	Santam	SEM other	Saham
Net earned premium	100.0	100.0	100.0
Net claims incurred	62.1	55.5	63.3
Net acquisition cost	30.2	32.8	34.7
Net underwriting margin	7.7	11.7	2.0
Investment return on insurance funds	2.4	17.7	11.9
Net insurance margin	10.1	29.4	13.9
Target return on insurance funds margin	2.5%		7% to 9%

SALIENT FEATURES

- ⌚ Saham and Shriram General Insurance exposed to longer tail lines of business (bodily injury)
- ⌚ Santam motor book exposure to loss of property
- ⌚ Level of float and float returns more pronounced in SEM



Insurance funds composition at 31 December 2019 (%)

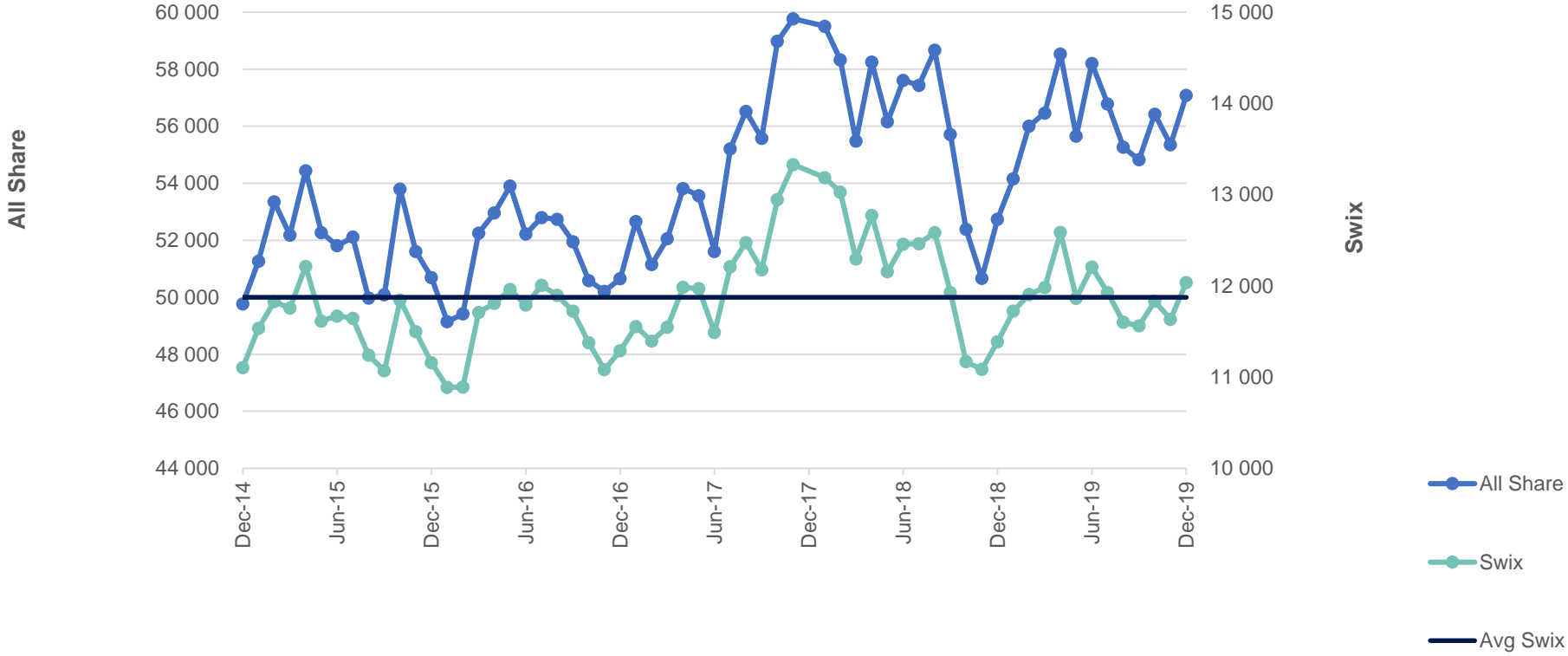


SALIENT FEATURES

- Saham portfolio exposed to equity and property to optimise RoGEV over the long term
- Higher expected volatility in float returns
- Investment management support provided by Sanfin



JSE indices



SALIENT FEATURES

- SA equity markets and GDP unsupportive of growth for a number of years
- International and asset class diversification provided resilience
- Diligent cost management remains a priority



SALIENT FEATURES

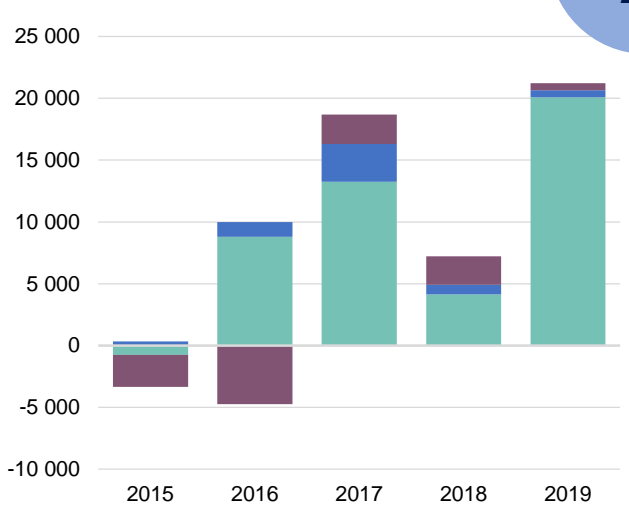
Net fund flows

- Strong inflows at SA third-party asset manager across retail, institutional and alternative asset classes

Net result from financial services

- Exceptional growth at third-party asset manager (+29%)
- Sanfin impacted by credit-related provisioning (R133m)
- International wealth and advice businesses underperforming

Net investment business flows (R million)

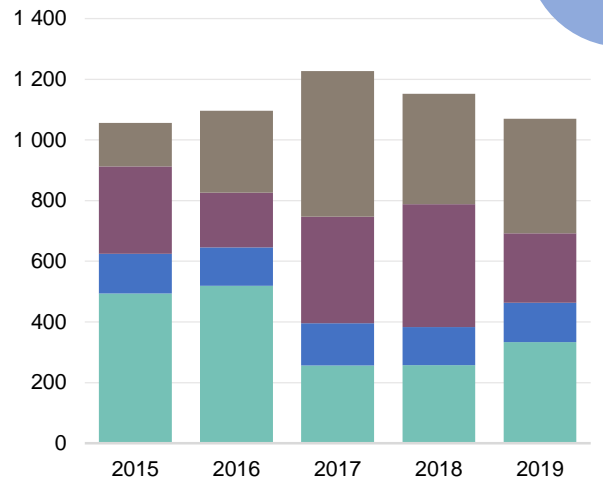


+194%
2019

+12%
CAGR
(5 yrs)

International
Wealth management
Investment management SA

Net result from financial services (R million)



-7%
2019

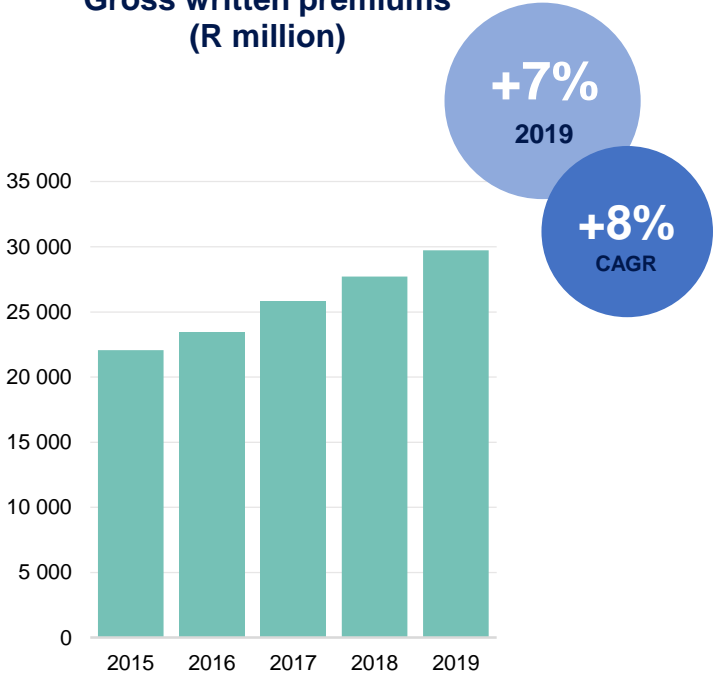
0.3%
CAGR

Sanfin
International
Wealth management
Investment management SA

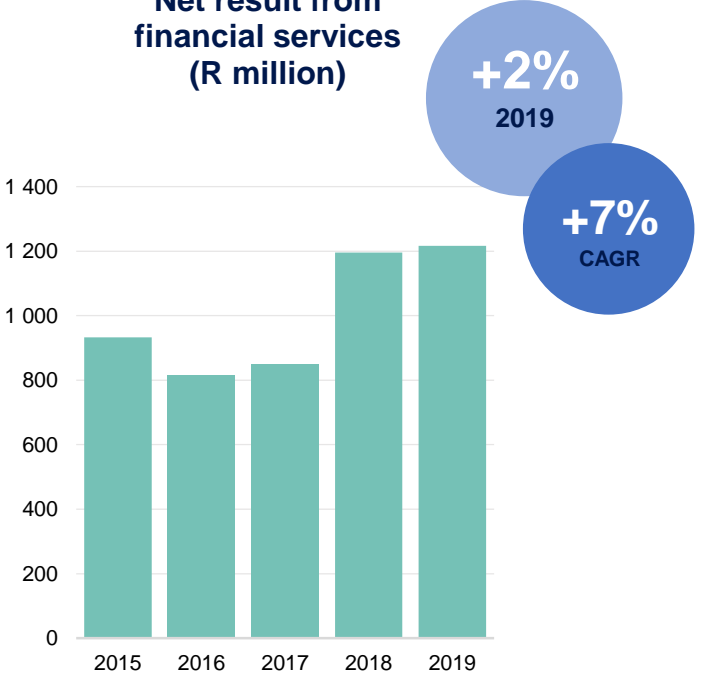
	2019	2018
RoGEV	7.6%	3.7%



Gross written premiums (R million)



Net result from financial services (R million)



SALIENT FEATURES

- Gross written premiums for conventional business grew by 7% in difficult environment
- 7.7% underwriting margin for conventional business at upper end of target range
- Property and Agri impacted by fire, flooding and hail, offsetting recovery in liability
- Strong performance from MiWay Niche and Shriram General Insurance

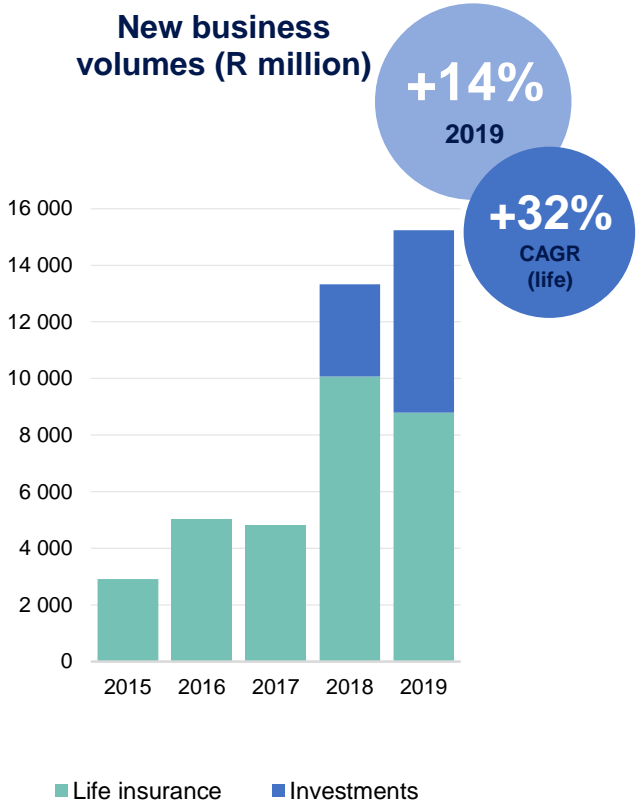
Underwriting margin – conventional business

2019	7.7%
2018	9.3%
2017	6.1%
2016	6.5%
2015	9.8%

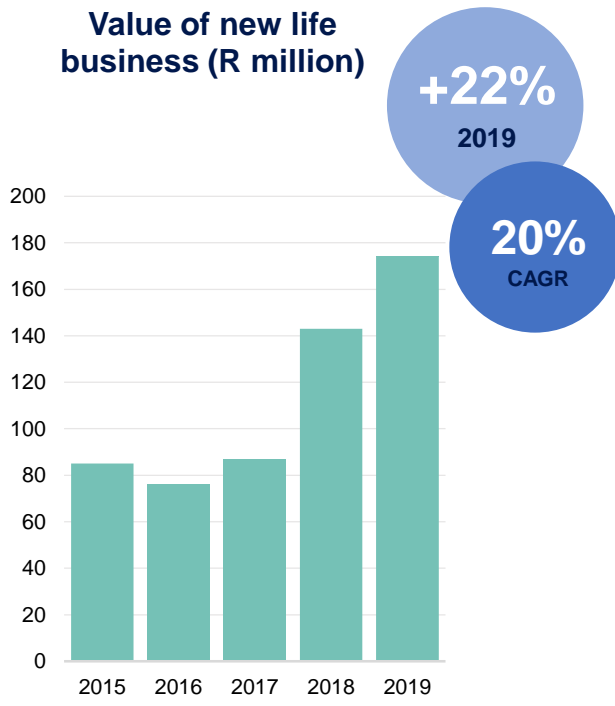
	2019	2018
RoGEV	1.4%	14.7%



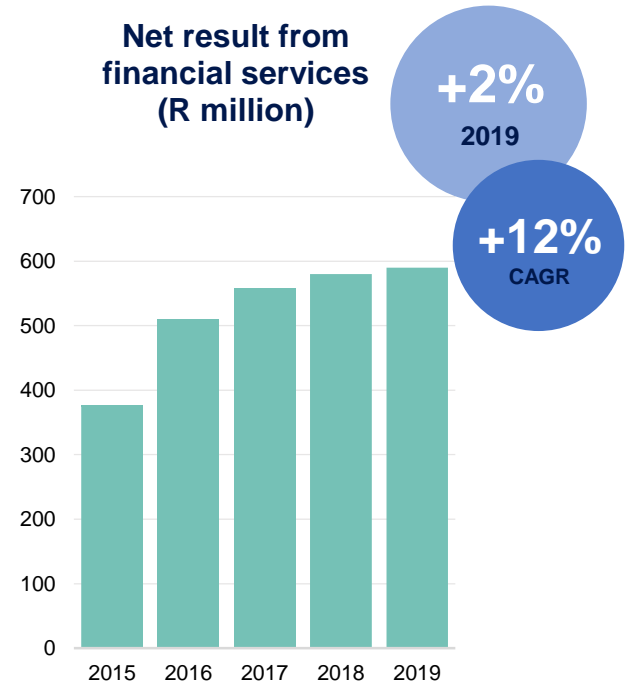
New business volumes (R million)



Value of new life business (R million)



Net result from financial services (R million)



SALIENT FEATURES

New business

- Sanlam Corporate had a very good year, growing new business volumes by 14% from high base – supported by umbrella fund conversions

- VNB up 22%

Net result from financial services

- Up 14% on comparable basis

- Turnaround in Group Risk since 1H19 despite persisting high claims experience

	2019	2018
Net new business margin	1.29%	1.03%

	2019	2018
RoGEV	13.4%	12.8%



SANLAM PERSONAL FINANCE

- ④ Continue to expand intermediary channels and grow market share in challenging conditions
- ④ Increasing sales and productivity through improved worksite offering and technology enabled distribution
- ④ Deepen strong affinity partnerships with Capitec, MTN and others
- ④ Offering best-in-class client value for savings products
- ④ Further enhancing the integrated investment solutions of Glacier and SIG
- ④ Continue multi-brand and multi-channel product innovation
- ④ Digital transformation and business intelligence to enhance client and intermediary experience and drive operational efficiencies



SANLAM EMERGING MARKETS

- ④ Improve GI margin in SPA through focus on quality of business, claims and cost management
- ④ Accelerate organic growth through superior distribution and strategic alliances/partnerships
- ④ Ongoing focus on operational processes & controls and risk & compliance management
- ④ Improve life distribution, with a specific focus on ex-Saham territories
- ④ Increased visibility of the Sanlam brand across Africa
- ④ Joint focus with Santam on reinsurance and specialist business opportunity
- ④ Pursue industry consolidation and increased shareholding where it makes sense



SANLAM INVESTMENT GROUP

- ④ Maintain consistent superior investment performance
- ④ Conclude empowerment deal with ARC FS
- ④ Establish dominant position in passive investments and broaden alternatives investment capabilities
- ④ Deliver turnaround in Sanlam UK financial planning business
- ④ Focus on transformation and people development
- ④ Driving retail flows through outcome-based fund management
- ④ Digital transformation and business intelligence to enhance client/intermediary experience



SANTAM

- Focus on profitable growth; new 5-year plan
- Pan-African strategy in partnership with Sanlam and Saham
- Implement “FutureFit” Santam Group strategy, digital transformation
- Work with industry on wider economic transformation of the value chain
- Further progress our partnerships to reduce risk and improve resilience
- Focus on improving cost ratios



SANLAM CORPORATE

- Grow market positioning in Employee Benefits and Healthcare across all major offerings
- Enhancing the customer experience through continued focus on service and digital transformation
- Continue group risk profitability recovery
- Leverage our diversified distribution channels and strong partnerships
- Further growth of the umbrella fund
- Capitalise on retailisation opportunities and default regulations
- Enhance strategic alignment with AfroCentric



GROUP

- New and expanding strategic partnerships across Africa
- Capital optimisation and balance sheet management with specific focus on SEM
- Digital transformation
- People development
- Onboarding new board members
- Announce new chair, CEO and FD appointments – subject to Prudential Authority approval

