

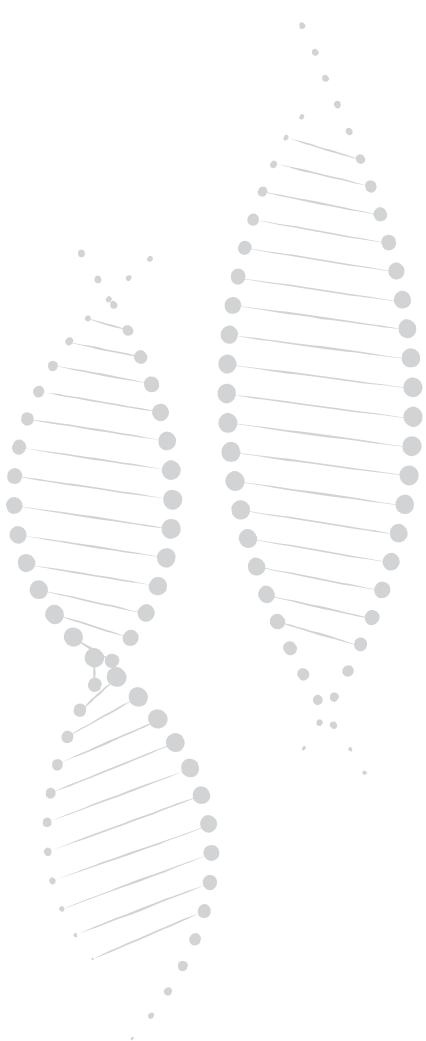


# RESULTS PRESENTATION

for the year ended 31 March 2015



OPERATING ENVIRONMENT

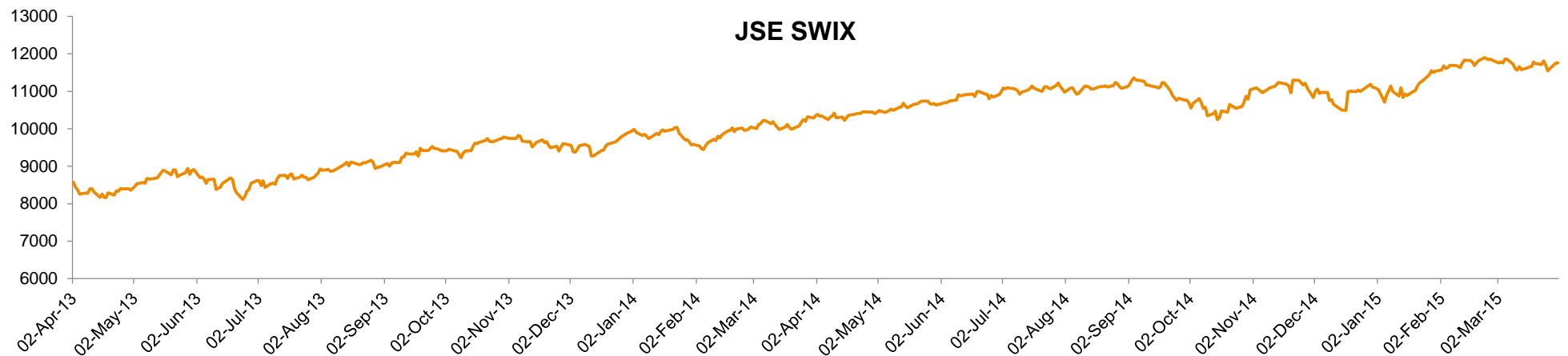
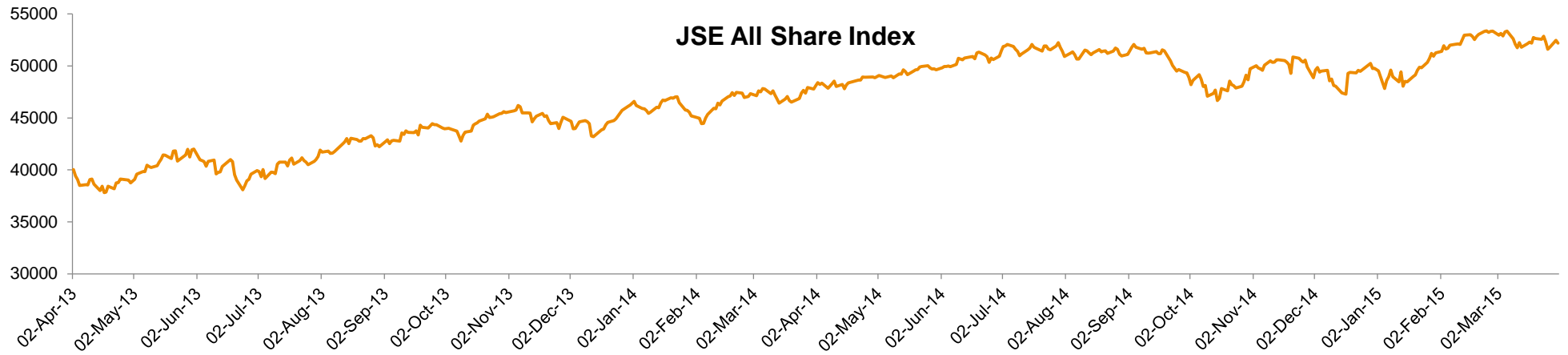
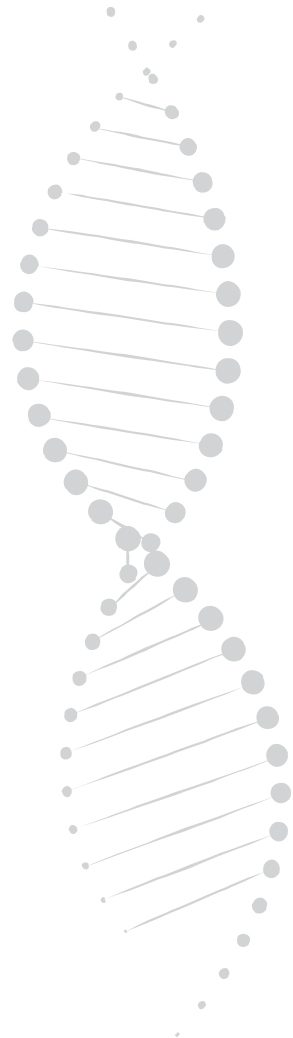


- Globally, growth in China is slowing to below 7%. Europe battles with deflationary pressures and America not out of the woods
- African continent growth is restated by the IMF to 4.7%
- South African growth at 2.1%, (manufacturing contracting by 0.5% y/y; power disruptions; labour unrest) Employment growth is flat and some sectors are shedding jobs - communications, mining, manufacturing. Equally public sector is reducing in Post Office, Eskom and Telkom
- We benefitted from positive capital markets due to the diversity of our portfolios and equity bias
- Positive translation gain from the weakening rand vs US\$ and Sterling
- With minimal job growth, growth in members under administration remains a challenge
- Wage inflation is above general inflation which supports business flows
- Business confidence levels dipped below the 50 threshold  
– RMB/ BER

# OPERATING ENVIRONMENT | Economic drivers

	MEASURE		STATISTIC
SA Inflation	CPI % change y/y	<b>4.0%</b>	March 2015
SA Economic expansion	GDP % change y/y	<b>2.1%</b>	March 2015
SA Wage inflation	Gross earnings	<b>+7.6%</b>	(499,269 billion Dec '14 , 464,130 billion Dec '13)
SA Labour market	Number of employees in South Africa	<b>- 0.2%</b>	(8.989 million Dec '14, 9,009 million Dec '13)
SA Equity Markets	JSE All Share Index (total return incl. dividend	<b>12.53%</b>	1 year to 31 March 2015
	JSE Shareholder weighted Index (SWIX) (total return incl. dividends)	<b>17.73%</b>	1 year to 31 March 2015
	Large Manager Watch	<b>13.79%</b>	1 year to 31 March 2015
SA Bonds	BESA All Bond Index (ALBI)	<b>12.44%</b>	1 year to 31 March 2015
SA Cash	Short Term Fixed Interest Composite Index (STEFI)	<b>6.13%</b>	1 year to 31 March 2015
Global Equity	MSCI AC world	<b>21.46%</b>	1 year to 31 March 2015
Exchange rate	GBP / ZAR	<b>2.3%</b>	(17.9 GDP/ZAR Mar '15 17.5 GDP/ZAR Mar '14) Closing
		<b>8.5%</b>	(17.8 GDP/ZAR Mar '15 16.4 GDP/ZAR Mar '14) Average
UK Inflation	CPI% change y/y	<b>0.0%</b>	March 2015
UK Economic expansion	GDP% Q1 2015	<b>0.3%</b>	March 2015

# OPERATING ENVIRONMENT | Equity market performance





# HIGHLIGHTS

## Solid revenue and profit growth

Top line revenue for continuing operations was

**R4 851 million**

This is a

**12% growth**

when compared to the previous year

Profit from operations before non trading items

**R1 137 million**

This is a

**10% growth**

when compared to the previous year

Normalised Profit After Tax

**R850 million**

This is a

**15% growth**

when compared to normalised profit after tax for the previous year

**268** new institutional clients in Financial Services

Active members under administration in South Africa **exceeded 1 million** and **380 000** in the rest of Africa

**13% growth** in Asset Under Management in Investment Solutions

Retail assets under advisement increase **17%** from March 2014 to **R57 billion**

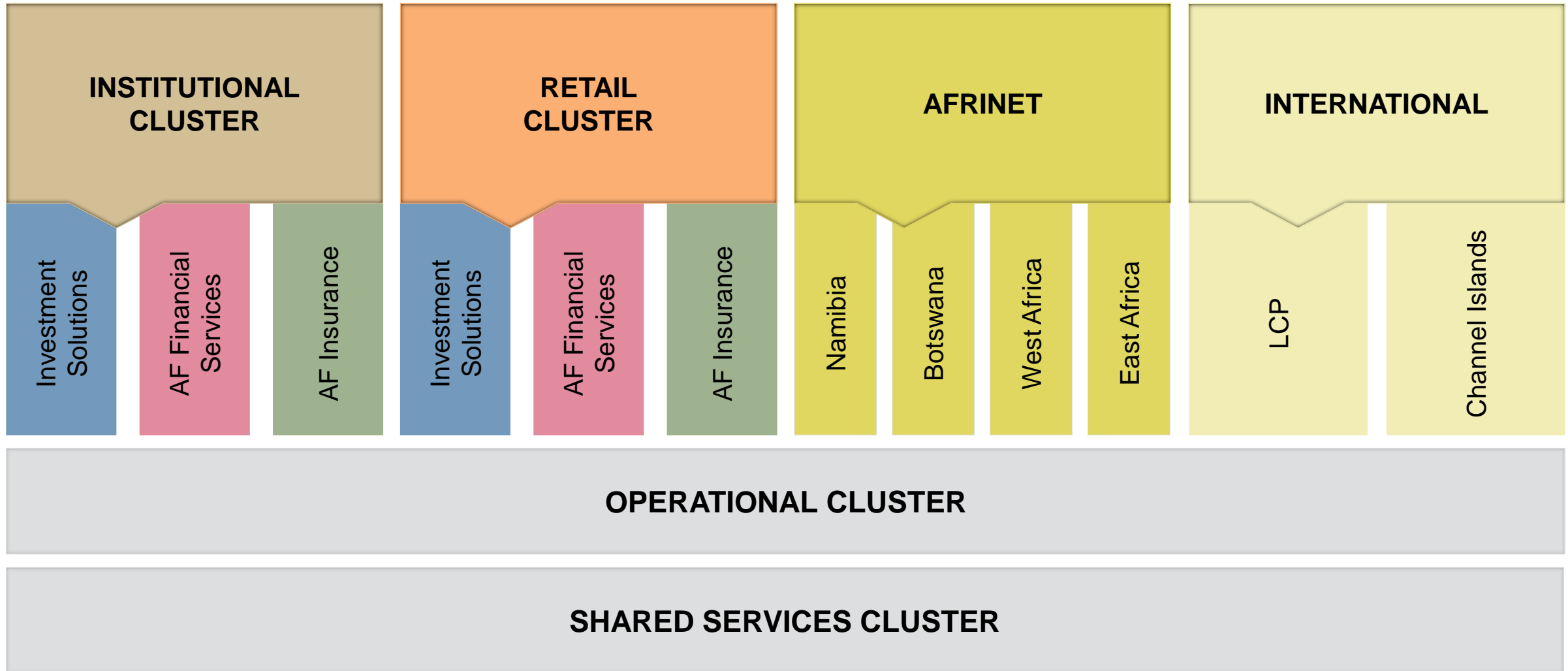
**Well positioned** with regards to anticipated consolidated supervision capital requirements

Dividend of **12 cents per share** and total dividend of **R156 million**

# ALEXANDER FORBES STRATEGIC INTENT 2016–2020



# STRATEGIC INTENT | New operating structure





# STRATEGIC INTENT | New operating structure



Derrick  
Msibi



Peter  
Edwards



Edward  
Kieswetter



Gari  
Dombo



Ryan  
Knipe



Luendran  
Pillay



Grant  
Stobart



Grant  
Stobart



Vishnu  
Naicker



Stephen  
Price



# FINANCIAL RESULTS



# INCOME STATEMENT | Operating profit

Rm	Mar 2015	%	Mar 2014
<b>Operating income net of direct expenses</b>	<b>4 851</b>	11.8%	4 338
Operating expenses	<b>(3 714)</b>	12.3%	(3 308)
<b>Operating profit before non-trading and capital items</b>	<b>1 137</b>	10.4%	1 030
<b>Operating Margin</b>	<b>23.4%</b>		23.7%

- The above results include the impact of accounting for the new share based long term management incentive and remaining amortisation of deferred compensation of transaction incentives totalling R32 million (3% negative growth impact). In the prior year these incentives were largely ownership based
- Operating profit growth negatively impacted by repricing of our retail offering impacting revenue in the current year by R16 million (2014: R24 million) and the investment in retail totalling approximately R38 million (expenses incurred above Institutional expense growth) (a further 3.7% negative growth impact)
- The above includes the impact of IFRS lease accounting of R40 million (2014: R47 million) shown separately in the segmental report. Excluding the impact of the IFRS lease adjustment the operating margin for the current year is **24.3%** (2014: **24.8%**)



# SEGMENTAL OVERVIEW | Operating income and profit

Rm	Operating Income (Rm)			Operating Profit (Rm)		
	Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
SA Financial Services (Rm)	1 852	9%	1 700	386	2%	377
Investment Solutions (Rm)	806	12%	717	407	13%	360
AF Insurance (Rm)	407	16%	350	105	19%	88
AfriNet (Rm)	291	17%	249	60	25%	48
Total Africa (Rm)	3 356	11%	3 016	958	10%	873
International (GBPm)	84.2	4%	80.8	12.3	0%	12.4
International (Rm)	1 495	13%	1 322	219	7%	204
Total (before IFRS lease)	4 851	12%	4 338	1 177	9%	1 077
IFRS lease adjustment (Rm)	-		-	(40)	(15%)	(47)
Total (Rm)	4 851	12%	4 338	1 137	10%	1 030

# INCOME STATEMENT | Profit from operations

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Rm	Mar 2015	%	Mar 2014
<b>Operating income net of direct expenses</b>	<b>4 851</b>	11.8	<b>4 338</b>
Operating expenses	(3 714)	12.3	(3 308)
<b>Operating profit before non-trading and capital items</b>	<b>1 137</b>	10.4	<b>1 030</b>
Non-trading and capital items	(355)		(105)
<b>Operating profit</b>	<b>782</b>	(15.5)	<b>925</b>
Net finance income / (costs)*	107		(610)
Reported loss arising from accounting for policyholder investments as treasury shares	(26)		-
Share of profits of associates	3		2
<b>Profit before tax</b>	<b>866</b>	173.2	<b>317</b>
Taxation – corporate	(258)		(322)
<i>Policyholder taxation</i>	(103)		(162)
<b>Profit from continuing operations</b>	<b>505</b>	402.4	<b>(167)</b>
Discontinued operations	(145)		546
<b>Profit from operations</b>	<b>360</b>	(5.0)	<b>379</b>

# INCOME STATEMENT | Items to consider when analysing results

14

Rm	Refer to note in AFS for more detail	Mar 2015	Mar 2014
<b>Reported profit / (loss) from continuing operations</b>		<b>505</b>	(167)
<b>ONCE OFF ITEMS AND ITEMS DISTORTING COMPARABILITY</b>			
Listing transaction costs / capital restructure costs as disclosed in PLS	5	<b>207</b>	60
Results of cell captive insurance entity	5	<b>23</b>	(64)
Comparability adjustment to prior year interest costs	estimate	-	700
<b>ACCOUNTING ADJUSTMENTS</b>			
Accounting for long term lease contracts – under IFRS	4	<b>40</b>	47
Amortisation of intangible assets arising from business combination in terms of IFRS	5	<b>131</b>	141
Tax payable on policyholder investment returns recorded in interest income under IFRS	6	<b>¢ (103)</b>	¢ (162)
Reported loss arising from accounting for policyholder investments as treasury shares under IFRS	11	<b>26</b>	-
<b>RESULTING TAX ADJUSTMENTS</b>			
Tax settlement	8	-	126
Policyholder tax treatment	8	<b>¢ 103</b>	¢ 162
Tax effect of the above adjustments**		<b>(82)</b>	(100)
<b>Normalised profit from continuing operations</b>		<b>850</b>	743

\*\* refer detailed slide in annexure V



# INCOME STATEMENT | Items to consider when analysing results

15

Rm	Mar 2015	Adjustment	Normalised Mar 2015	Normalised Mar 2014	Growth %
<b>Operating income net of direct expenses</b>	<b>4 851</b>	-	<b>4 851</b>	4 338	11.8%
Operating expenses	(3 714)	40	(3 674)	(3 261)	
<b>Operating profit before non-trading and capital items</b>	<b>1 137</b>	40	<b>1 177</b>	1 077	9.3%
Non-trading and capital items	(355)	361	6	32	
<b>Operating profit</b>	<b>782</b>	401	<b>1 183</b>	1 109	6.7%
Net finance income / (costs)*	107	(103)	4	(72)	
Reported loss arising from accounting for policyholder investments as treasury shares	(26)	26	-	-	
Share of profits of associates	3	-	3	2	
<b>Profit before tax</b>	<b>866</b>	324	<b>1 190</b>	1 039	14.5%
Taxation – corporate	(258)	(82)	(340)	(296)	
<i>Policyholder taxation</i>	(103)	103	-	-	
<b>Profit from continuing operations</b>	<b>505</b>	345	<b>850</b>	743	14.5%

*These normalisations are presented to improve interpretations of our results and are not in terms of IFRS and are therefore not audited.*

ANNUAL RESULTS PRESENTATION for the year ended 31 March 2015

# HEADLINE EARNINGS

Rm	31 March 2015	%	31 March 2014
<b>Profit for the year</b>	<b>360</b>	(5%)	379
Attributable to:			
Non controlling interests	<b>(107)</b>		(110)
<b>Profit for the year attributable to ordinary shareholders</b>	<b>253</b>	(6%)	269
<b>Less headline adjusting items:</b>			
Add back capital losses / (profits) *	<b>141</b>		(450)
<b>Headline earnings / (loss)</b>	<b>394</b>	318%	(181)

\* The capital losses include goodwill written off for disposed subsidiaries, losses on disposal / discontinuance of subsidiaries

# EARNINGS PER SHARE (cents)

Rm	31 March 2015	%	31 March 2014
<b>Weighted average number of shares (m)</b>	<b>1 237</b>	<b>359%</b>	<b>345</b>
<b>Headline earnings per share (cents)</b>	<b>32</b>	<b>162%</b>	<b>(52)</b>
<b>Basic earnings per share (cents)</b>	<b>20</b>	<b>(74%)</b>	<b>78</b>
<b>Normalised headline earnings per share (cents) from continued operations</b>	<b>60</b>	<b>14%</b>	<b>53*</b>

\* Calculated on normalised number of shares

The diluted earnings per share is not materially different from the earnings per share



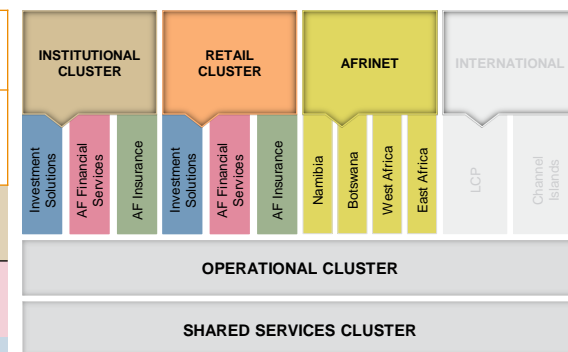
# OPERATIONAL PERFORMANCE REVIEW

# SEGMENTAL OVERVIEW | Operating structure

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Total (Rm)	4 851	12%	4 338	1 137	10%	1 030

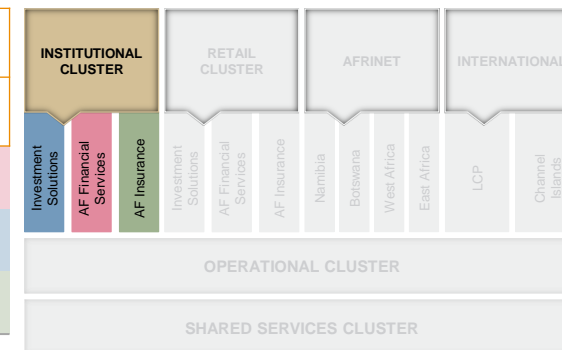
# SEGMENTAL OVERVIEW | Strategic view

Rm	Operating income (Rm)			Operating profit (Rm)		
	Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
<b>INSTITUTIONAL CLUSTER</b>	<b>2 004</b>	<b>10%</b>	<b>1 819</b>	<b>563</b>	<b>12%</b>	<b>503</b>
- Financial Services	1 311	8%	1 211	208	6%	196
- Investment Solutions	680	12%	605	353	14%	311
- AF Insurance	13	333%	3	2	>100%	(4)
<b>RETAIL CLUSTER</b>	<b>1 061</b>	<b>12%</b>	<b>948</b>	<b>335</b>	<b>4%</b>	<b>322</b>
- Financial Services	541	11%	489	178	(2%)	181
- Investment Solutions	126	13%	112	54	10%	49
- AF Insurance	394	14%	347	103	12%	92
<b>AFRINET</b>	<b>291</b>	<b>17%</b>	<b>249</b>	<b>60</b>	<b>25%</b>	<b>48</b>
<b>Total Africa</b>	<b>3 356</b>	<b>11%</b>	<b>3 016</b>	<b>958</b>	<b>10%</b>	<b>873</b>

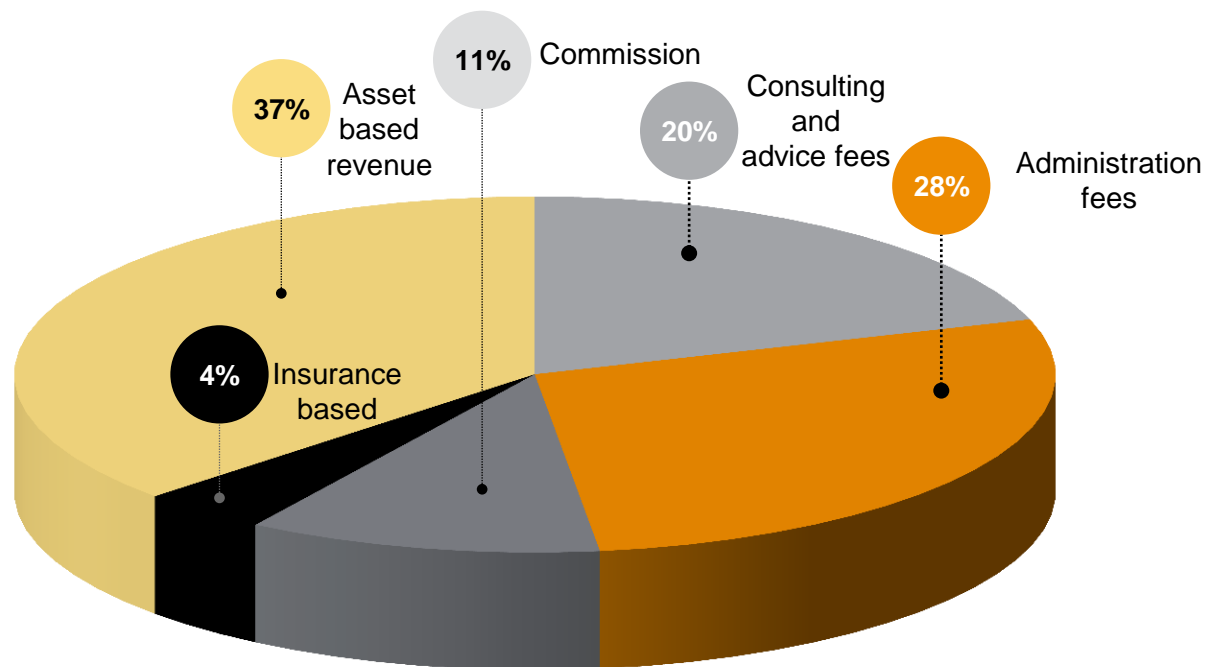




	Operating income (Rm)			Operating profit (Rm)		
	Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
AFFS	1 311	8%	1 211	208	6%	196
IS	680	12%	605	353	14%	311
AFI	13	>100%	3	2	>100%	(4)
<b>Total</b>	<b>2 004</b>	<b>10%</b>	<b>1 819</b>	<b>563</b>	<b>12%</b>	<b>503</b>



INSTITUTIONAL REVENUE BY TYPE





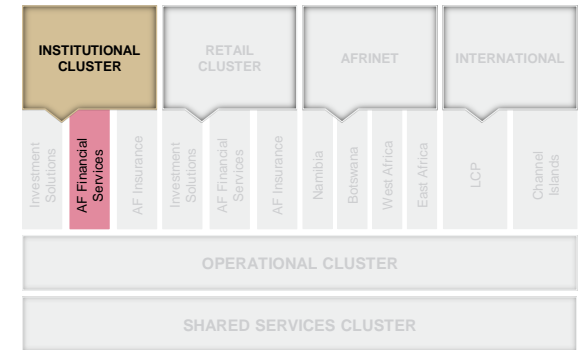
## KEY PERFORMANCE INDICATORS

- Members under administration
- Umbrella fund assets under administration
- Client retention and new clients (market share)



## PERFORMANCE

- The institutional business continued to show solid growth in revenue of **8%** with **268** new client wins during the year. Client retention remained high across all institutional clients
- The number of active member records administered within the Institutional businesses are up by **21 040** members to **1 018 044**, a 2% growth on the comparable number as at 31 March 2014 in an environment of little or no employment creation
- Our flagship umbrella retirement fund, the Alexander Forbes Retirement Fund (AFRF), remains one of the largest of its kind in the market measured by assets. The umbrella fund assets are up **17% (from R 57.2 bn to R 66.8 bn)**
- The number of active member records administered by our institutional umbrella funds increased by **6%** on the comparable number in the prior year to close at **278 960** members at 31 March 2015 with the number of participating employer clients in these umbrella funds increasing by **11%** year on year to 1 144
- AF Life GWP R374 million, a decrease of 10%, negatively impacted by our decision not to match a competitor quote on a significant client which would have resulted in AF making loss on the client





# INSTITUTIONAL | Public Sector

Operating income (Rm)		
Mar 2015	%	Mar 2014
207	12%	184

- Revenue from public sector clients increased by 12% to exceed R200 million for the year ended 31 March 2015 and showed good progress in building our brand within the sector and strengthening strategic networks and relationships
- Annual value of new business is **R14 million**
- We have on boarded **38** new accounts this past year
- Public Sector Division part of Institutional Cluster





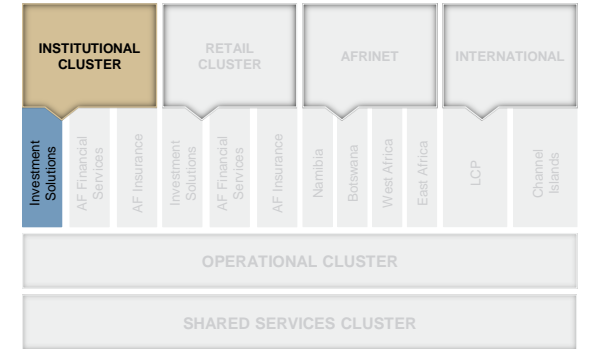
## KEY PERFORMANCE INDICATORS

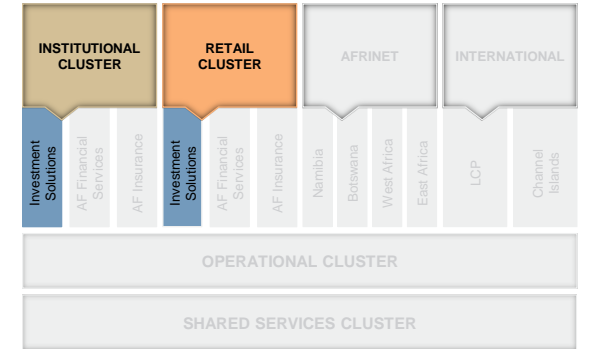
- Assets Under Management and Assets Under Administration (“(AUM) and (AUA)”)
- Margin
- Investment performance



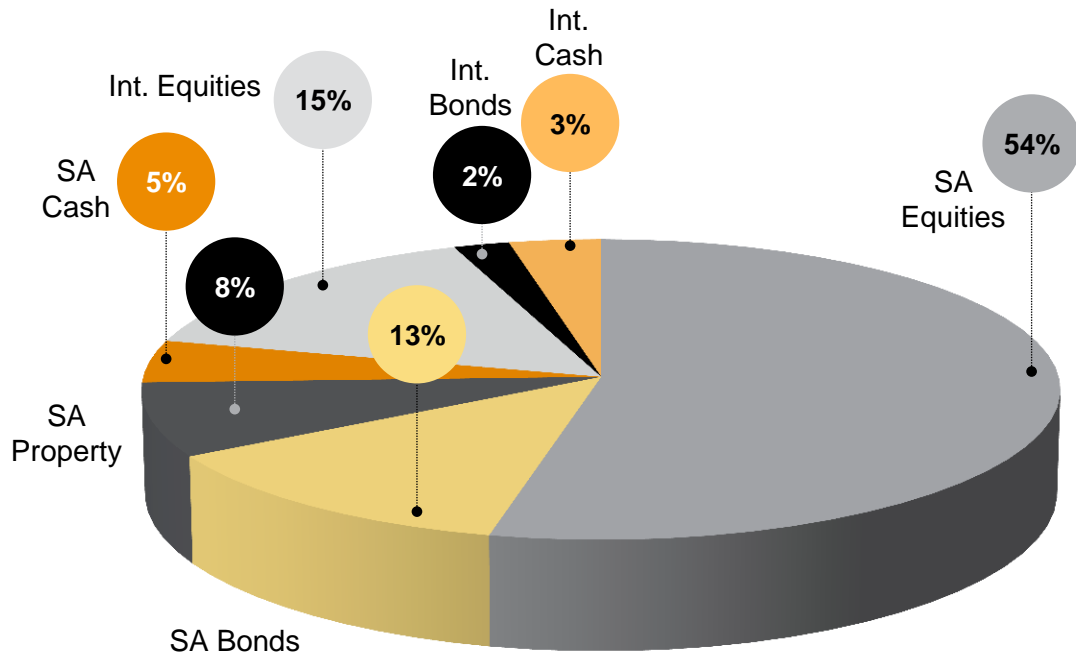
## PERFORMANCE

- Total AUA and AUM at **R322 billion, 13%** growth in average assets from Mar 2014
- New business wins **R9.9 billion**
- Blended gross margin remains at **27bps** for the period
- Equity markets have had a positive impact on our business
- Large reinsurance client moving to admin only platform
- We enjoyed respectable investment performance for the year with 71% of the funds ahead of benchmark in the second half of the year
- Investment performance:
  - Performer 13.89% vs benchmark 13.79% (R79.5bn of total AUM)
  - Pure Equity 13% vs 18.77%
  - Banker 6.94% vs. 5.39%
  - Pure Fixed Interest 12.7% vs. 11.77%

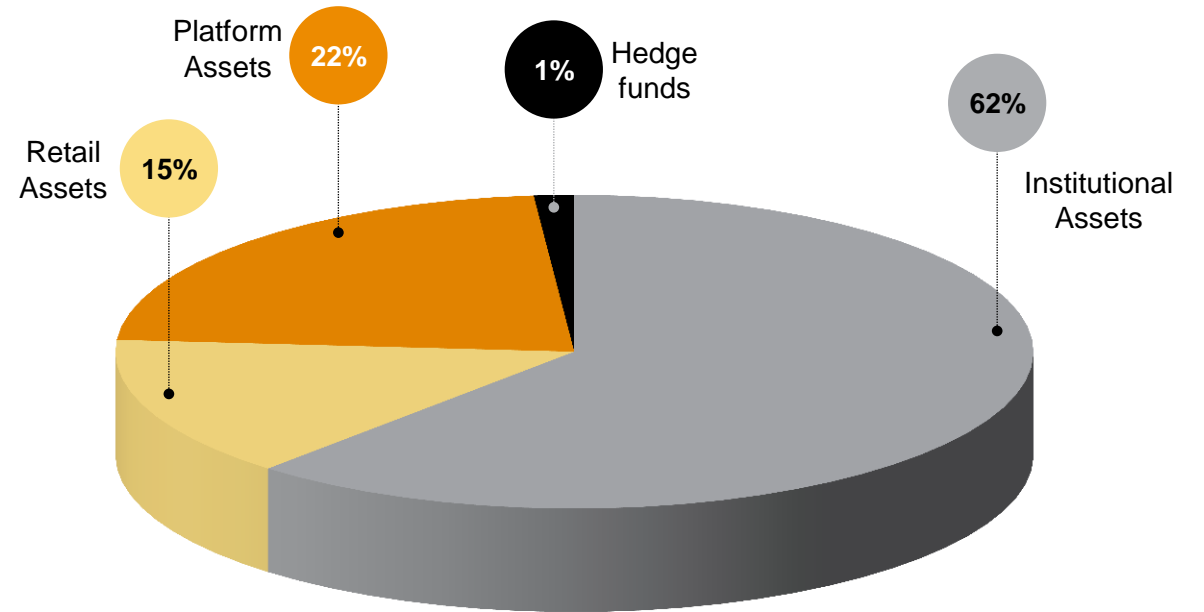




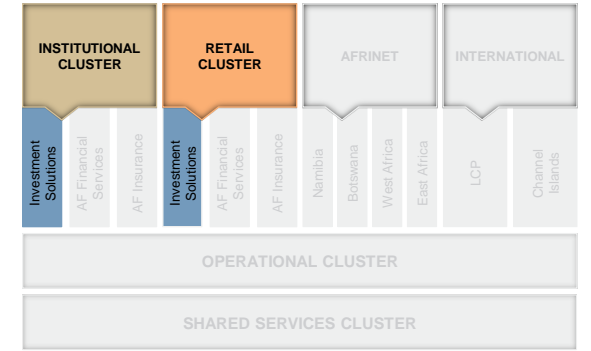
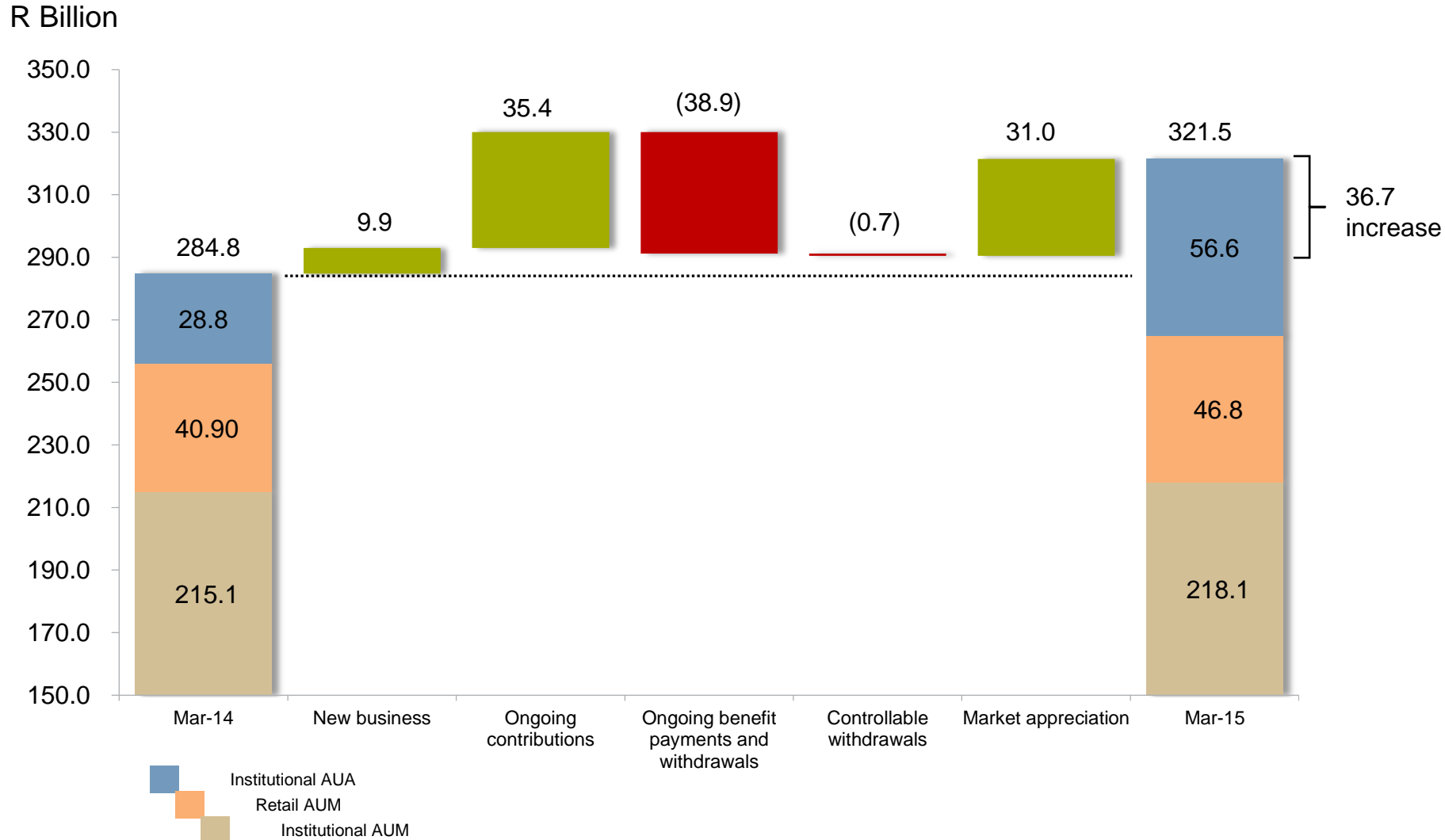
## COMPOSITION OF ASSETS



## ASSET TYPE



# INVESTMENT SOLUTIONS | AUA and AUM







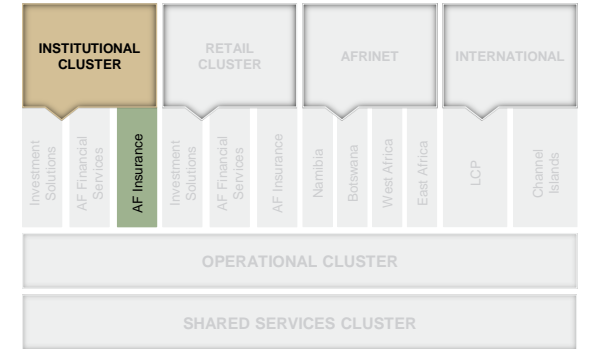
## KEY PERFORMANCE INDICATORS

- Gross Written Premium
- Underwriting result

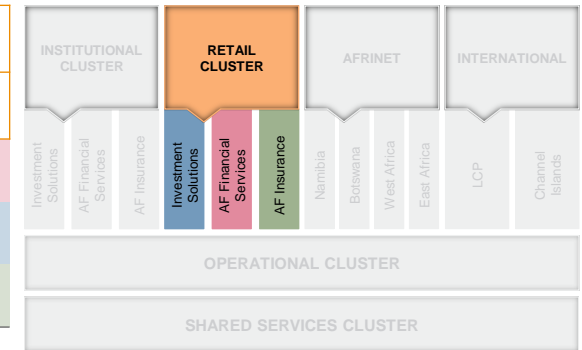


## PERFORMANCE

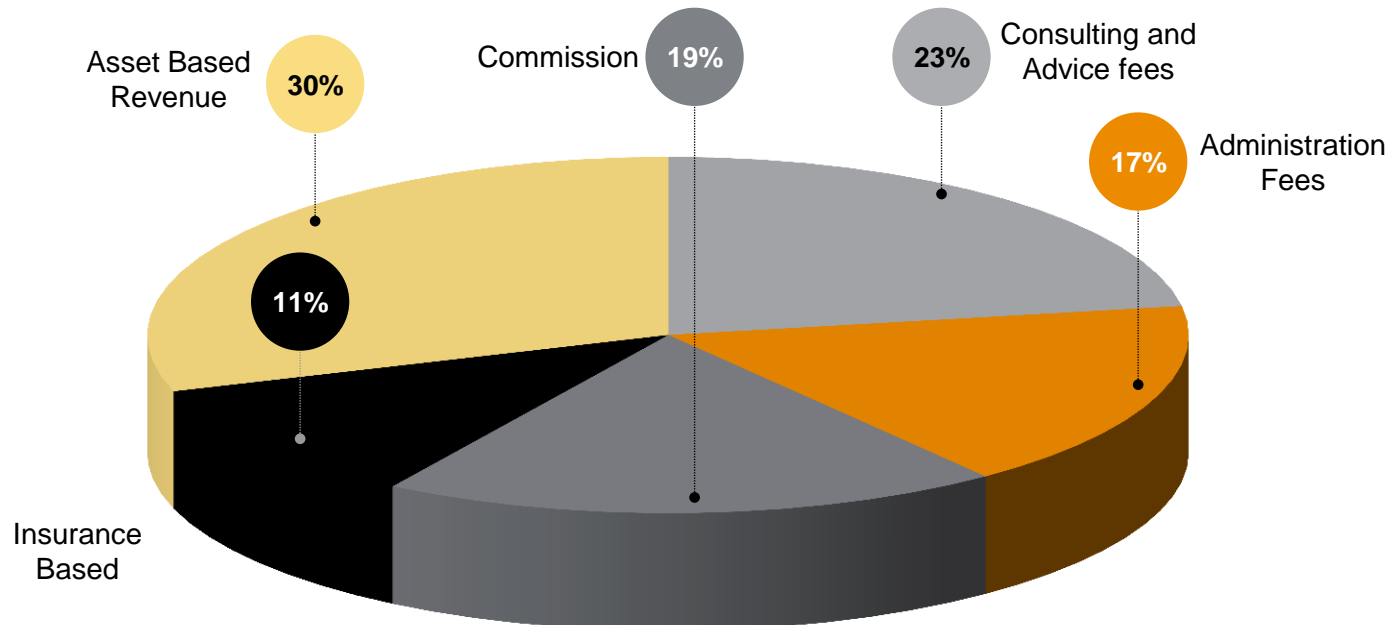
- Business insurance division grows GWP **by 65%** off low base
- Underwriting result normalising as critical mass increases and is expected to be better than retail underwrite



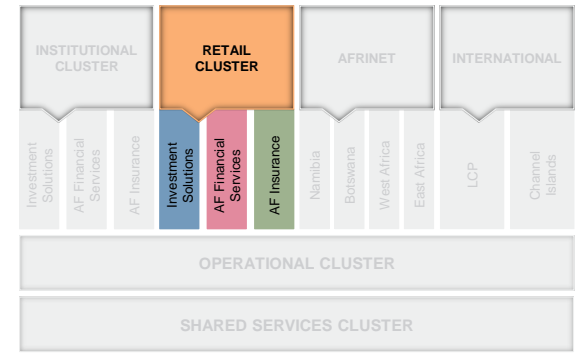
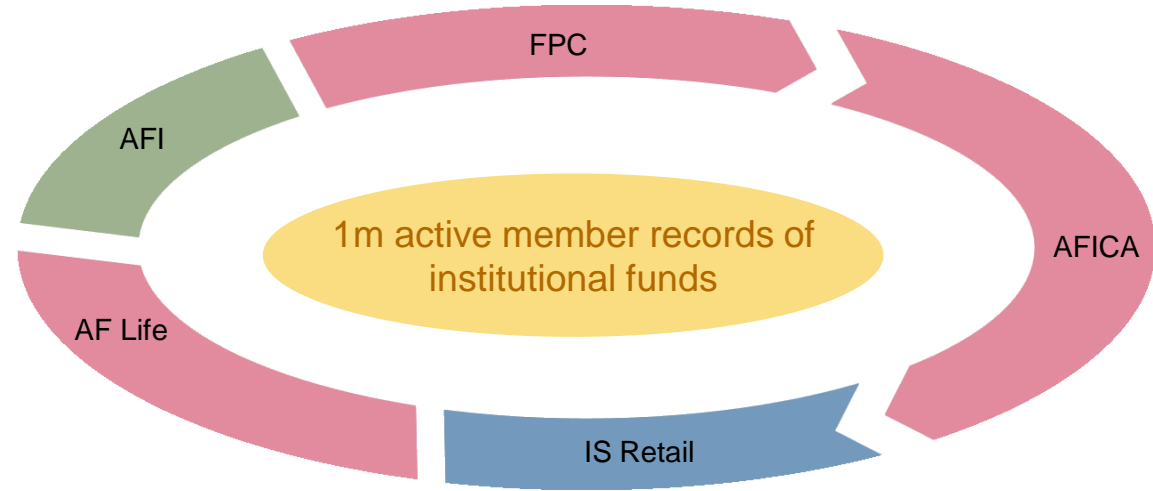
	Operating income (Rm)			Operating profit (Rm)		
	Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
AFFS	541	11%	489	178	(2%)	181
IS	126	13%	112	54	10%	49
AFI	394	14%	347	103	12%	92
<b>Total</b>	<b>1 061</b>	<b>12%</b>	<b>948</b>	<b>335</b>	<b>4%</b>	<b>322</b>



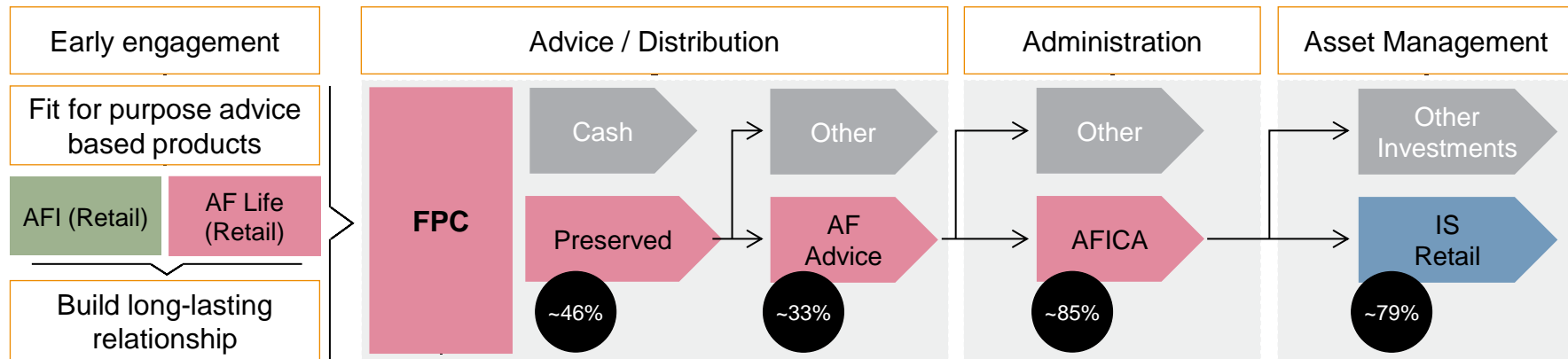
## REVENUE BY TYPE



# RETAIL SUCCESS RATES: CORE STRATEGY



- Trusted advisor status with employers – work site education
- Focused on early engagement • Product hooks driving preservation and improved capture rates



AFICA: AF Individual Client Administration  
 FPC: Financial Planning Consultant



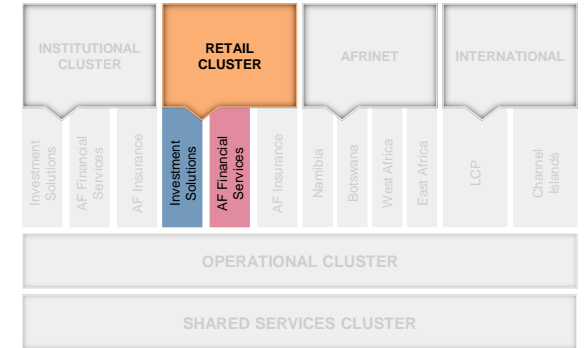
## KEY PERFORMANCE INDICATORS

- Number of clients and policyholders
- Retail assets under advice
- Retail assets under administration
- Retail assets under management

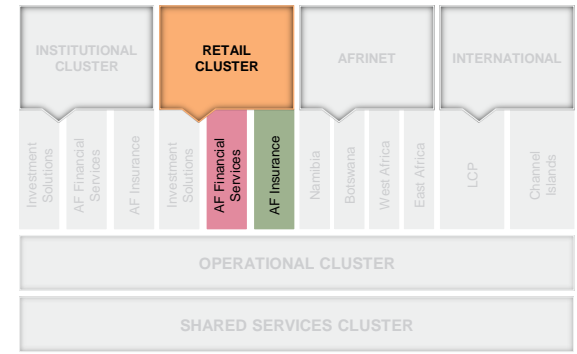


## PERFORMANCE

- **44 129** (41 021 March 2014) FPC retail clients **76 812** (75 197 March 2014) AFI motor & household policyholders and **1 860** (1 620 March 2014) life insurance policy holders through AF Life
- Strong revenue growth of **19%** in Financial Planning Consultants (FPC) division
- Assets under advisement have grown **17% to R56.9 billion**
- Assets under administration have grown **14.2% to R43.3 billion**
- Asset under management Investment Solutions Retail up **14.5% to R46.9 billion**
- Our Independent Partners (IFA) strategy in Investment Solutions has delivered **R300 million in new business assets**
- The growth in profit from operations was muted by a conscious decision to invest in the growth strategies, specifically in the Retail part of our business where we strengthened our distribution
- Technology investment in the LISP (AFICA) and significant repricing exercise on AFICA. Total impact of over R50 million over a 2 year period (4% growth impact), comprising mainly of revenue impact of R40m from repricing. These investments have yielded an additional R850 million of assets



Rm	Mar 2015	%	Mar 2014
Short term gross written premium	1 340	10%	1 223
Short term insurance loss ratio	70%	(14%)	80%
Long term gross written premium	18.8	12%	16.8



## KEY PERFORMANCE INDICATORS

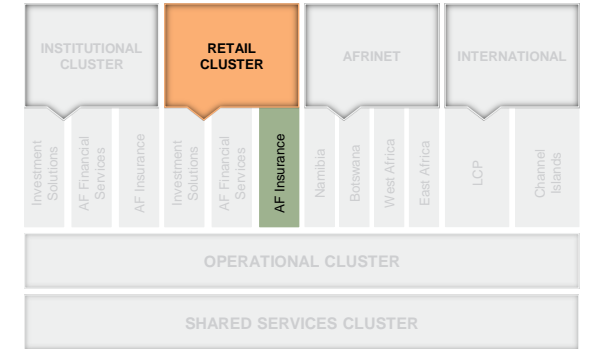
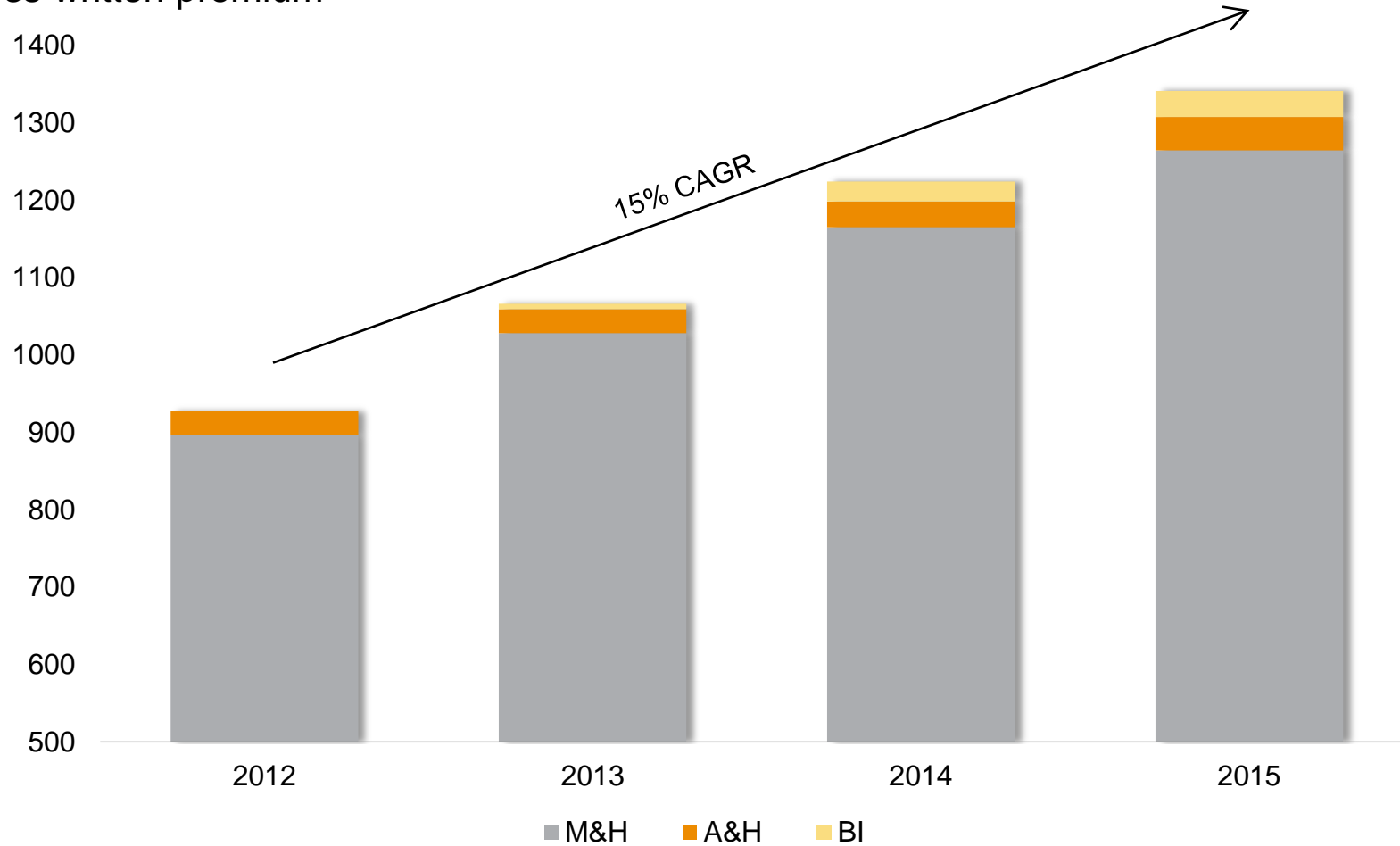
- Gross written premium (“GWP”)
- Underwriting result



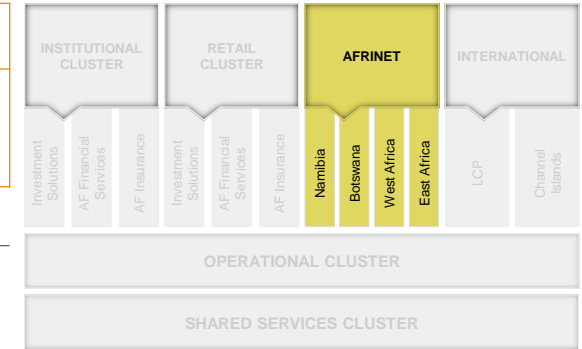
## PERFORMANCE

- Initial signs are positive around the strategy to access the institutional membership: Alexander Forbes Insurance (AFI) wrote new policies with annualised premium income of R10.2 million into this base
- Continued growth in GWP – **10%** in highly competitive market (entire market grew by **7%** - GWP)
- Tough business cycle - financial strain on consumers, weakening rand and inflation
- A focus on procurement practices and good risk selection has improved underwriting results leading to a **14% reduction** in the loss ratio compared to the previous year
- Underwriting results in Motor remains under pressure
- GWP Long Term Insurance up 12% to R18.8 (R16.8m 2014)

## Gross written premium

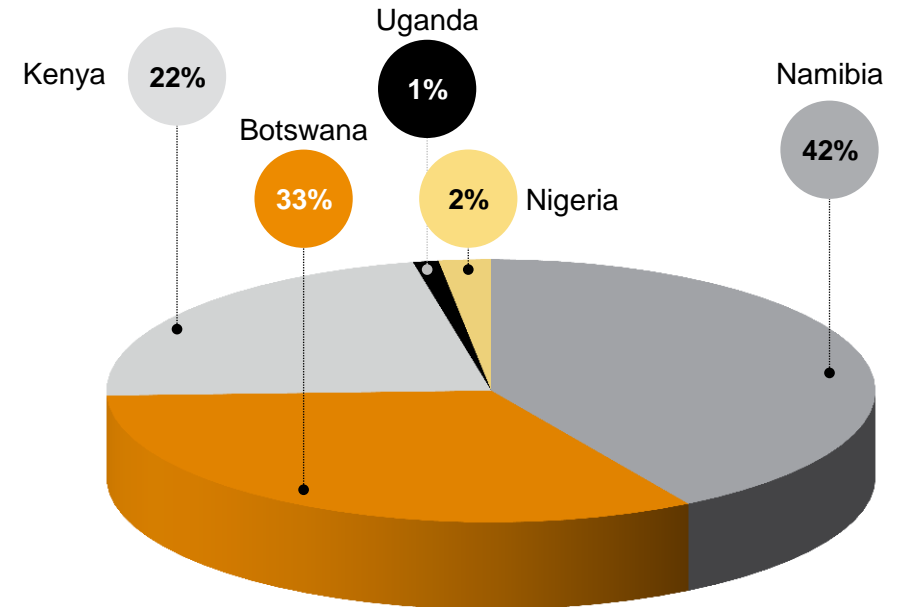


Operating income (Rm)			Operating profit (Rm)		
Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
291	17%	249	60	25%	48



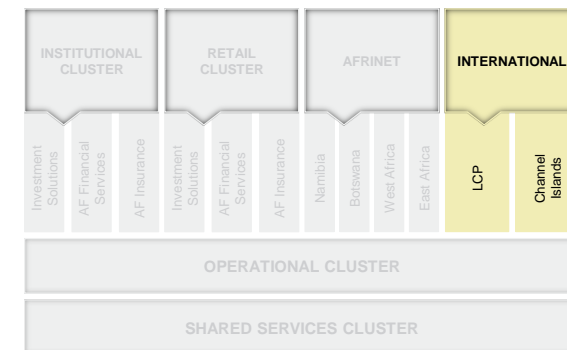
- From March 2014 y/y
  - **24%** increase in assets under management
  - **3%** growth in members
  - **27%** growth in AFI policies in Namibia
- East and Southern Africa demonstrated good performance
- Positive traction with the retail pilots in Namibia, Botswana and Kenya now generating sufficient profits to be standalone profit centers
- The group continues to focus on markets where social reform is conducive to private sector pension operations in sub-Saharan Africa

## OPERATING INCOME



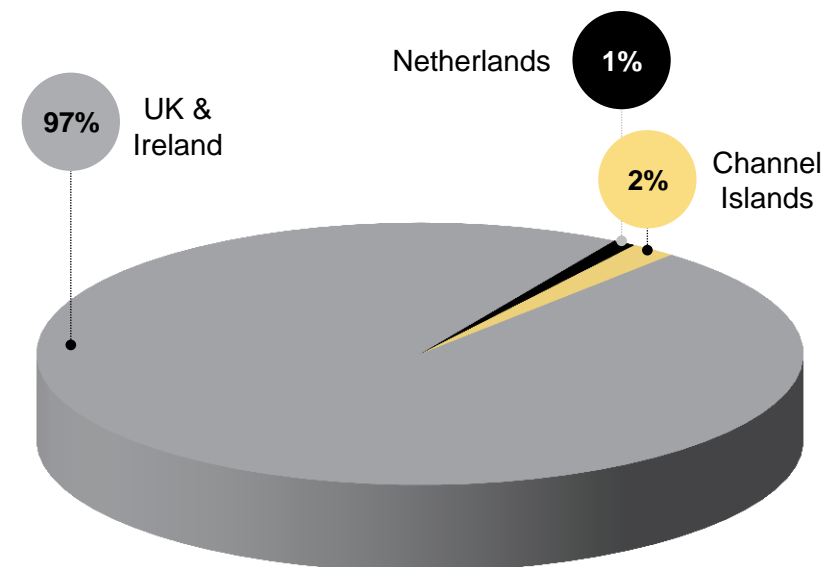
# INTERNATIONAL

Operating Income (£m)			Operating profit (£m)		
Mar 2015	%	Mar 2014	Mar 2015	%	Mar 2014
84.2	4%	80.8	12.3	-%	12.4



- Good growth in operating income in GBP currency
- Comprises mainly LCP consulting and actuarial business (60% partnership stake). Based mainly in London, with smaller businesses in Ireland, Netherlands and Channel Islands
- Decline in margin reflects the property costs increases associated with the move in London premises
- Weakening rand results in **7%** growth in Rand terms (profit **R219m**)
- Continued development of innovative solutions for clients recognised through industry awards

## OPERATING INCOME





# NON FINANCIAL HIGHLIGHTS

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## TAX FREE SAVINGS

- Tax Free Savings Account (TFSA) successfully delivered 1 March together with a new digital CI, fresh new online application experience and major alignment across Retail and Institutional business units

## COMPLIANCE

- During the period under review, significant progress has been made under the various pillars of SAM, it is anticipated that by the 1st of January 2016, when the framework becomes effective, the group will be fully compliant
- TCF has been fully embedded in the group, the POPI project is ahead of schedule. The CRM, centralised client complaints and compliments register is being rolled out

## INNOVATION

- Create a culture of innovation and an environment where new ideas are welcomed and engaged

## PEOPLE

- Stable Group leadership team
- Employee engagement improved year on year
- 98% of staff have Balanced Scorecards in place
- 91% of the staff report that they understand the impact of their work
- Year to date staff attrition has fallen from 12% to 9.6%

# NON FINANCIAL HIGHLIGHTS

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## AWARDS

- PMR Diamond Award Best Consulting and Actuarial Award – 8 years in a row
- PMR Diamond Award Pension fund administrator - 8 years in a row
- Finalist: The AF Community Trust – Socio-economic Development (SED) category, 14th Annual Oliver Empower Awards
- Caveo Performance Fund – voted Best Hedge Fund of Funds
- LCP won “Pensions Consultancy of the Year” at the Pension Age awards 2015
- LCP won “Pensions Consultancy of the Year” at the Irish Pensions Awards 2014
- LCP won “DC Consultancy of the Year” at the Professional Pensions UK Pension Awards 2014
- LCP won “Risk Reduction Adviser of the Year” at the Professional Pensions UK Pension Awards 2014
- Alexander Forbes ranked no #1 in sub-category pension and retirement benefits
- Gamechanger of the year - Group Chief Executive, Edward Kieswetter - ACQ Global Awards
- Chief Financial Officer of the year, Deon Viljoen – 2015 CFO of the Year Award
- Nominations: 2014 CFI.co awards for Best Corporate Governance – South Africa 2014 as well as the Group CFO nominated for the Finance Monthly CFO Award
- Our Group CE was featured in a newly released book - Seamless Leadership - one of 40 Top South African leaders



# BALANCE SHEET AND CAPITAL POSITION



# SUMMARISED BALANCE SHEET | Excluding policyholder balances

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Rm	Mar 2015	Mar 2014
Assets including developed software	415	415
Intangible assets (largely arising from PE transaction)	4 663	4 871
Financial assets and associates	239	260
Deferred tax	149	117
Current assets and assets held for sale	960	964
Cash and cash equivalents	2 496	2 260
<b>Total Assets</b>	<b>8 922</b>	<b>8 887</b>
Borrowings	(1 000)	(1 652)
Long term liabilities	(1 031)	(978)
Current liabilities and liabilities held for sale	(1 183)	(1 420)
<b>Equity</b>	<b>5 708</b>	<b>4 837</b>
<b>Return on average Equity (normalised)</b>	<b>13.8%</b>	negative
<b>Return on average Capital Employed (normalised)</b>	<b>17.9%</b>	14.9%
<b>Normalised Return on Tangible Net Asset Value</b>	<b>92.1%</b>	-
<b>Share Appreciation from IPO to financial year end</b>	<b>37.3%</b>	-
<b>Dividend yield (12c dividend / 10.30 share price at year end) (impacted by transition to SAM)</b>	<b>1.2%</b>	-

# REGULATORY CAPITAL | Theoretical position based on current discussion documents

Rm	<b>SAM Standard formulae Mar 2015</b>	Current Measures Mar 2015	Current Measures Mar 2014	% change
Own funds	<b>1 108</b>	1 159	611	72%
Tax settlement	-	-	(126)	
Adjusted own funds	<b>1 108</b>	1 159	485	117%
Solvency Capital Requirement (“SCR”)	<b>1 006</b>	1 012	916	10%
Theoretical consolidated regulatory position 31 Mar 2015	<b>102</b>	147	(431)	>100%

- The solvency position is shown based on the anticipated SAM regulations using standard formulae. The expected date that the legislation will be promulgated is 1 January 2016
- The improvement in own funds includes the initial public offering, net of the preference shares redemption for the PE shareholders
- The regulatory requirement for solvency capital is driven by a measure of the underlying risk elements. Going forward, the growth in SCR will largely be effected by growth in the underlying operations
- The above analysis uses standard formulae and does not take into account the internal model of IS as the approval time frame from the FSB is uncertain. Current indications are that this may provide further R200 million in headroom, however there are a number of uncertainties that we are clarifying with the FSB





OUTLOOK

# ALEXANDER FORBES STRATEGIC INTENT 2016–2020





# Thank you



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# ANNEXURE I

BEE ESOP transaction

# BEE ESOP TRANSACTION

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- B-BBEE empowerment contributor level 2
- BEE ESOP transaction effective 1 June 2015
  - Aimed at maintaining our pre IPO level 2 status
  - Issue of c. 39 million shares to BEE ESOP Trust
  - Notional Vendor Finance (“NVF”) at an interest rate of 7%
  - 30% Trickle dividend to ESOP Trust
  - 70% dividend towards repayment of NVF
  - DTI notice regarding Broad Based Ownership Scheme (“BBOS”) has been withdrawn
  - AF has an option to unwind the BEE ESOP under certain circumstances, including if there is material negative impact on AF’s BEE status
  - The ESOP Trust is a general staff scheme (excluding management) and biased towards black female employees



**ANNEXURE II**  
Retirement Reform

# RETIREMENT REFORM

## Expected Change

Consolidation of products: Pension, Provident and RA's are the current retirement saving products in the market. This will change to a "retirement fund". All member contributions will be tax deductible at 27.5% of taxable salary (capped at R350 000). This means better tax deductibility (with the exception of high income earners) and the consumer can save more for retirement. On retirement 1/3 cash and 2/3 must go towards a annuity product

Compulsory preservation: likely to be partial compulsory preservation only

## Impact on AF

- AF has been involved in ongoing discussions with the regulator
- Consolidation of clients (multicarrier clients and move from standalone to umbrella funds)
- Could lead to an increase in contributions to AF (Provident fund previously capped at 20% and RA's 15%)
- A higher proportion of compulsory saving in respect of provident funds upon retirement could lead to an increase in flows to AF
- AF has been ready to implement these proposed changes in the business since 1 March 2015
- May result in a reduction of outflow of funds out of AF
- Agreement still needs to be reached between stakeholders

# Retail Distribution Review

## Expected Change

Retail Distribution Review is designed to provide transparency to the consumer on exactly what products they are buying, relationships between parties involved and the cost involved today and into the future. It is designed to educate the consumer on financial products, services and fees in order to eliminate bad practices, increase healthy competition and increase transparency. It is also aimed at widening access of financial advice to consumers in a cost effective manner

Performance fees: National Treasury has specifically highlighted performance fees as an area for attention in its retirement reform papers

## Impact on AF

- AF contributes to the discussion and has representation on various industry forums and we have formally responded to the RDR proposals by the FSB
- AF was one of the first financial services companies to have a fee for advice model; as opposed to operating purely on commissions
- AF has the Higher Purpose and SERVE embedded in its DNA, so embracing RDR is a natural fit
- It is also aligned to our retail strategy where we are focusing on growing the number of retail clients by providing appropriate solutions

Investment Solutions was one of the first local unit trust management companies to remove all performance fees from its unit trust funds





# ANNEXURE III

People Matters





- Rules will be presented to shareholders again at the AGM for approval
- Number of constructive inputs received for consideration from shareholders and independent external advice obtained by the Remuneration Committee to evolve towards best practice over time
- Performance measures currently still HEPS growth only; will be diversified once clarity is obtained with regards to regulatory capital
- The rules of the LTIP allow for settlement through the purchase of Shares on the open market, the use of treasury shares or the issue of new Shares. The maximum number of shares permitted to be issued under the plan is 64 million shares, which equates to approximately 5% of the issued share capital.
- Currently 15 million number of shares are allocated which represents approximately 1.2% of the issued share capital. This full number of shares will only be issued if the stretch performance target is reached, which is cumulative HEPS growth of CPI + real GDP + 10% per annum over the performance period of three years.

# EMPLOYEE ENGAGEMENT

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- We maintain a high performance culture supported by the balanced scorecard
- Our employee engagement index improved to **63.8** (59.4 in 2014)
- Employee turnover has reduced to **9.6%** from 12% year on year
- Our employee absenteeism rate is **1.4%** (up slightly from 1.2% in 2014)
- We continue to invest in leadership programmes through Harvard Manager mentor and Duke University
- We have a comprehensive employee wellness programme

# EMPLOYEE STATISTICS | 31 March 2015

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- We employ **4 100** people globally (3 900 2014)
- Number of qualified Actuaries **166** International, **45** Africa incl. SA
- SA Number of FPC consultants **60** (2014 **60**) SA Number of associate consultants **21** (2014 **6**), number of SA Financial Well Being consultants **10** (2014 **0**)
- Number of AFI consultants **198** (2014 **166**)
- Number of Health care consultants **109** (2014 **100**)
- Number of administrators and finance staff in AFRF **168**, AFICA **104** and AFAS **617**

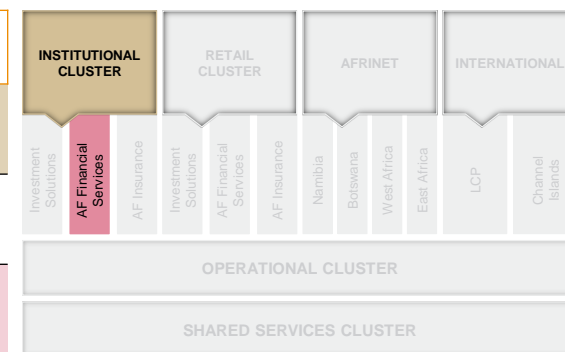


# ANNEXURE IV

Long term trend analysis – Key Performance Indicators

# LONG TERM TREND ANALYSIS | KPI's

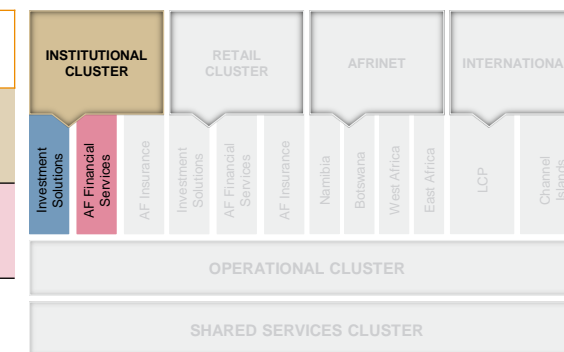
	31 March 2012	31 March 2013	31 March 2014	31 March 2015
<b>INSTITUTIONAL</b>				
Net Revenue Rm *	1 493	1 632	1 819	<b>2 004</b>
<b>AF FINANCIAL SERVICES</b>				
Number of Umbrella Corporate clients	792	848	1 031	<b>1 144</b>
Umbrella Fund Assets Under Management Rbn	34.7	45.6	57.2	<b>66.8</b>
Number of standalone retirement funds	338	343	331	<b>328</b>
Standalone retirement funds AUA Rbn	219.1	230	274.9	<b>314.8</b>
Number of active member records '000	855	902	997	<b>1018</b>
Number of healthcare corporate clients	482	484	513	<b>523</b>
Life Insurance GWP Rm	407	394	417	<b>374</b>



\* Numbers presented for prior year reporting years have been restated for discontinued operations and reallocations made in the current year to ensure comparability

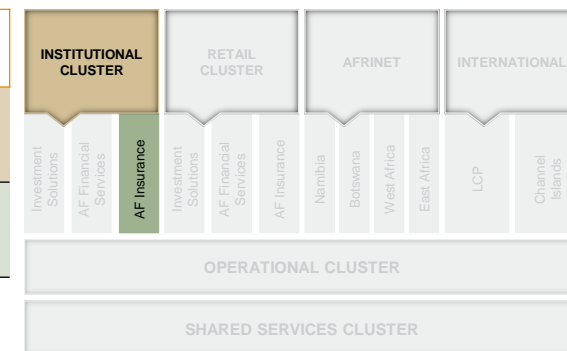
# LONG TERM TREND ANALYSIS | KPI's

	31 March 2012	31 March 2013	31 March 2014	31 March 2015
<b>INSTITUTIONAL</b>				
<b>PUBLIC SECTOR</b>				
Revenue	136	151	184	<b>207</b>
Public Sector tender participation	<20%	53%	74%	<b>90%</b>
Public Sector New Clients	-	15	42	<b>38</b>
<b>INVESTMENT SOLUTIONS</b>				
Investment Solutions Assets Under Administration and Management Rbn	193	238	285	<b>322</b>
Blended Net Margin	30.3	29.2	27.5	<b>27.0</b>
Number of clients	2 078	2 014	2 108	<b>2 147</b>
Net Client Cash Flows	0.3	10.9	11.9	<b>5.7</b>



# LONG TERM TREND ANALYSIS | KPI's

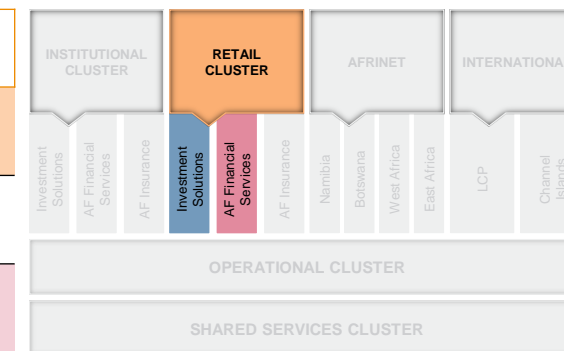
	31 March 2012	31 March 2013	31 March 2014	31 March 2015
<b>INSTITUTIONAL</b>				
<b>BUSINESS INSURANCE</b>				
Number of policies	-	540	1 072	<b>1 322</b>
Gross Written Premium	-	7	26	<b>43</b>
Claims Ratio	-	92%	75%	<b>68%</b>
Risk Retention	-	10%	10%	<b>10%</b>





# LONG TERM TREND ANALYSIS | KPI's

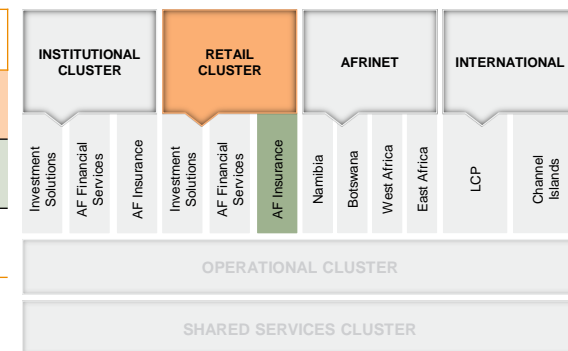
	31 March 2012	31 March 2013	31 March 2014	31 March 2015
<b>RETAIL</b>				
Net Revenue Rm *	756	847	948	<b>1 061</b>
<b>AF FINANCIAL SERVICES</b>				
Number of FPC clients '000	36.0	38.4	41.0	<b>44.1</b>
Assets under advice Rbn FPC	32.7	40.3	48.5	<b>56.9</b>
Assets under administration Rbn AFICA *	26.6	32.5	37.9	<b>43.3</b>
GWP Long Term Rm	13.6	15.2	16.8	<b>18.8</b>
<b>INVESTMENT SOLUTIONS</b>				
Assets Under Management*	29.7	34.9	40.9	<b>46.8</b>



\* Numbers presented for prior year reporting years have been restated for reallocations made in the current year to ensure comparability

# LONG TERM TREND ANALYSIS | KPI's

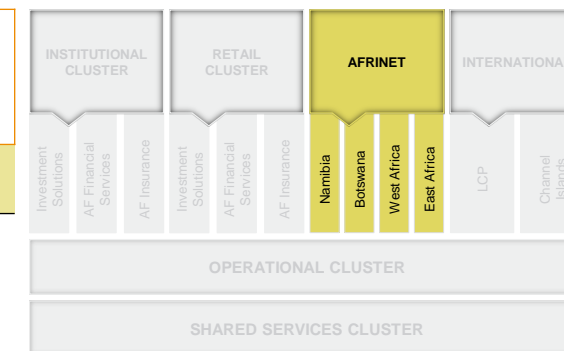
	31 March 2012	31 March 2013	31 March 2014	31 March 2015
<b>RETAIL</b>				
<b>AF INSURANCE</b>				
GROSS WRITTEN PREMIUM (Rm)	926	1 059	1 198	<b>1 297</b>
Motor & Household	896	1 028	1 165	<b>1 264</b>
Accident & Health	31	31	33	<b>33</b>
NUMBER OF POLICIES	139 277	142 576	147 301	<b>141 318</b>
Motor & Household	69 000	73 074	75 197	<b>76 812</b>
Accident & Health	70 277	69 502	72 104	<b>64 506</b>
<b>CLAIMS RATIO</b>				
Motor & Household	73%	78%	81%	<b>71.2%</b>
Accident & Health	29%	33%	30%	<b>19%</b>
<b>RISK RETENTION</b>				
Motor & Household	12.5%	15%	25%	<b>25%</b>
Accident & Health	100%	100%	100%	<b>100%</b>



# LONG TERM TREND ANALYSIS | KPI's

	Revenue Rm (comparative 31 March 2014)	Trading profit *	Headcount	Ownership
<b>AFRINET</b>				
Namibia	<b>125.9</b> (109.9)	<b>37.5</b> (17.6)	<b>145</b> (112)	<b>70%</b>
Botswana	<b>94.6</b> (81.4)	<b>38.5</b> (23.5)	<b>120</b> (89)	<b>67%</b>
Kenya	<b>59.5</b> (48.9)	<b>15.0</b> (8.6)	<b>83</b> (64)	<b>60%</b>
Nigeria	<b>7.0</b> (5.8)	<b>(0.2)</b> (-0.5)	<b>14</b> (10)	<b>100%</b> (60%)
Uganda	<b>3.2</b> (2.6)	<b>(1.4)</b> (-0.7)	<b>11</b> (10)	<b>51%</b>
	<b>31 March 2012</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2015</b>
Number of members under Administration	257 253	322 128	351 796	<b>381 592</b>
Number of policies AFI Namibia	5 886	7 474	9 149	<b>11 594</b>
IS Namibia AUM Rm	1.8	2.3	2.6	<b>3.3</b>

\* Before corporate cost allocations



# LONG TERM TREND ANALYSIS | KPI's

AfriNet Head Office	
Trading Loss	(R13m)

Uganda	
Trading Loss	(R1m)
Revenue % (yoy)	-%
TP % (yoy)	-%

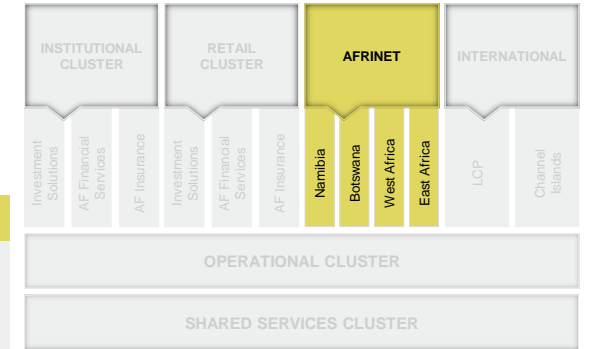
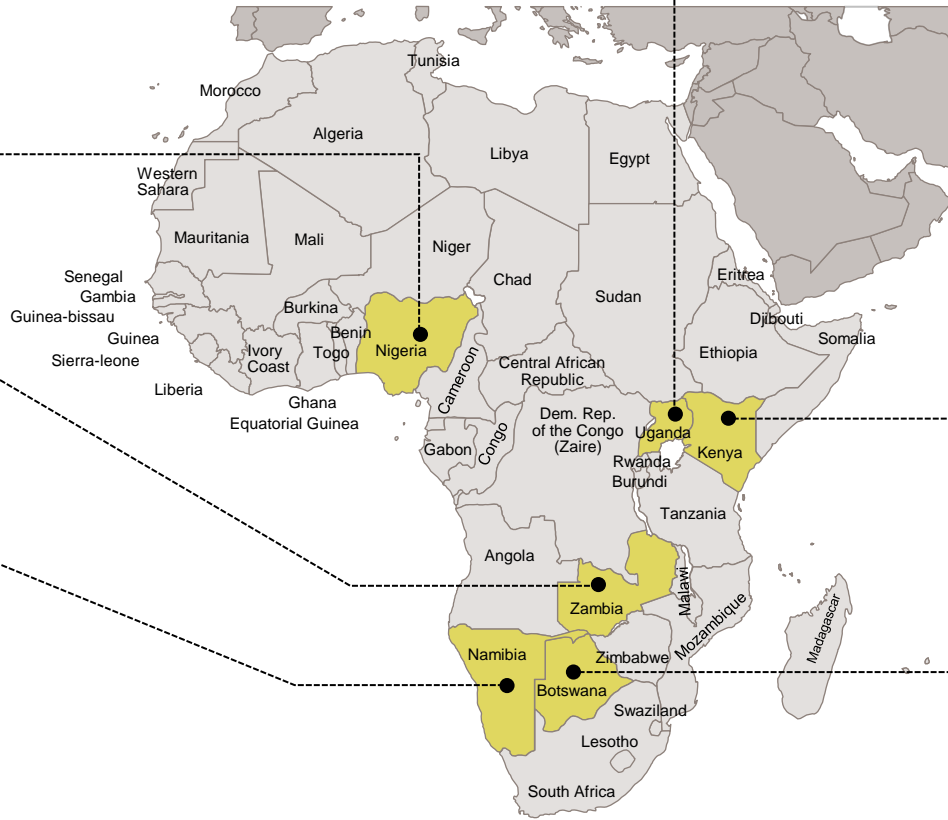
Nigeria	
Trading Loss	(R0.1m)
Revenue % (yoy)	17%
TP % (yoy)	100%

Zambia	
Trading Loss	(R0.1m)
Revenue % (yoy)	42%
TP % (yoy)	41%

Namibia	
Trading Result	R37m
Revenue % (yoy)	17%
TP % (yoy)	42%

Kenya	
Trading Result	R15m
Revenue % (yoy)	20%
TP % (yoy)	25%

Botswana	
Trading Result	R39m
Revenue % (yoy)	17%
TP % (yoy)	15%





# ANNEXURE V

Additional Financial Information

# INCOME STATEMENT | Operating profit

Rm	31 March 2015	%	31 March 2014
Fee and commission income	5 268	12%	4 718
Net income from insurance operations	498		417
Direct expenses attributable to fee and commission income	(915)		(797)
<b>Operating income net of direct expenses</b>	<b>4 851</b>	12%	4 338
Operating expenses	(3 714)	12%	(3 308)
<b>Profit from continuing operations before non trading and capital items</b>	<b>1 137</b>	10%	1 030
<i>Trading margin</i>	<b>23.4%</b>		23.7%

# INCOME STATEMENT | Operating expenses

Rm	31 March 2015	%	31 March 2014
Employee costs	2 612	14%	2 292
New LTIP cost	17	-	-
Premises (excl. IFRS adj.)	312	16%	270
IT Costs	213	16%	184
Professional fees	95	-8%	103
Insurance costs	95	-	95
Sub total	3 344	14%	2 944
% of total costs	90%		89%
Other costs	370	2%	364
Total operating expenses	3 714	12%	3 308



# INCOME STATEMENT | Non trading terms

Rm	31 March 2015	%	31 March 2014
<b>Profit from operations before non trading items</b>	<b>1 137</b>	10%	1 030
Professional indemnity insurance cell captive results	(23)		64
Amortisation of intangible assets arising from business combination	(131)		(141)
Corporate transaction and listing costs	(50)		-
Historic and transaction linked incentives realised on listing	(99)		-
Contractual payment to MST resulting from the capital restructure	(58)		-
Other non trading items	6		32
<b>Total non trading and capital items</b>	<b>(355)</b>		(105)
<b>Operating profit</b>	<b>782</b>	(15%)	925

# INCOME STATEMENT | Financing, tax and discontinued ops

Rm	31 March 2015	%	31 March 2014
<b>Operating profit</b>	<b>782</b>	(15%)	925
Investment income – corporate	123		71
<i>Policyholder investment income (refer taxation)</i>	<b>103</b>		162
Finance costs	(119)		(843)
Reported loss arising from accounting for policyholder investments as treasury shares	(26)		-
Share of profits of associates	3		2
<b>Profit before tax</b>	<b>866</b>	173%	317
Taxation – corporate	(258)		(196)
Taxation – settlement	-		(126)
<i>Policyholder taxation (refer investment income)</i>	<b>(103)</b>		(162)
<b>Profit / (loss) from continuing operations</b>	<b>505</b>	402%	(167)
Discontinued operations (comprising mainly of goodwill R95m and intangible assets R7m of discontinued operations impaired in the current year)	(145)		546
Profit for the year	<b>360</b>	(5%)	379

# HEADLINE EARNINGS

Rm	31 March 2015	%	31 March 2014
<b>Profit for the year</b>	<b>360</b>	(5%)	379
Attributable to:			
Non controlling interests	<b>(107)</b>		(110)
Profit for the year attributable to ordinary shareholders	<b>253</b>	(6%)	269
<b>Less headline adjusting items:</b>			
Add back capital gains/ (losses) included *	<b>141</b>		(450)
<b>Headline earnings / (loss)</b>	<b>394</b>	318%	(181)

\* The capital losses include goodwill written off for disposed subsidiaries, losses on disposal / discontinuance of subsidiaries

# EARNINGS PER SHARE (cents)

	31 March 2015	%	31 March 2014
Weighted average number of shares (m)	1 237	359%	345
Headline earnings per share (cents)	32	162%	(52)
Basic earnings per share (cents)	20	(74%)	78
Normalised earnings pre share (cents)	60	8%	53

Shares in issue	1 302 356 263
Policyholder shares in IS treated as treasury shares	16 360 228
<u>Treasury shares due to consolidation of staff scheme</u>	<u>3 352 733</u>
Shares in terms of IFRS	1 282 643 292

*ESOP shares to be issued 39 070 000*

# CASH FLOW

Rm	31 March 2015	%	31 March 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from normal operations	1 358	5%	1 301
Non-trading cash flows	(144)		(28)
Cash flow from operations per cash flow statement	1 214	(5%)	1 281
Net finance costs (excl. policyholder income)	(15)		(2 059)
Taxation payments (excl. policyholder taxes, settlement and discontinued operations)	(464)		(387)
Tax settlement	(60)		-
Movement in working capital balances	(171)		75
Cash flows from discontinued operations	3		199
Cash flows from core operations	507	157%	(891)
Movement in insurance and policyholder - working capital balances	274		588
Cash flows from policyholder investment and insurance contracts	(2 901)		(5 054)
<b>Cash flows from operating activities</b>	<b>(2 120)</b>	<b>40%</b>	<b>(5 357)</b>
<b>Cash flows from investing activities</b>	<b>(82)</b>		<b>1 042</b>
<b>Cash flows from financing activities</b>	<b>(266)</b>		<b>(678)</b>
<b>Net cash flows</b>	<b>(2 468)</b>	<b>141%</b>	<b>(4 993)</b>

# CASH POSITION

Rm	31 March 2015	31 March 2014
Cash and cash equivalents	4 350	3 907
Cash held on behalf of policyholders	(1 855)	(1 647)
Cash held for regulatory capital, liquidity and solvency requirements by regulated entities	(696)	(739)
Cash held in cell captive insurance facilities	(364)	(343)
Cash held in restricted entities	(271)	(296)
Available cash	1 164	883
Net current liabilities	(457)	(541)
Available cash resources	707	342

The available cash resources should be seen in the context of the proposed new regulatory capital requirements which becomes effective 1 January 2016, the group is required to report on the consolidated position based on current capital requirements which reflects a theoretical surplus of R102 million (after taking into account the R709 million) at 31 March 2015.

# BALANCE SHEET | Excluding policyholder balances (detailed analysis: summarised on slide 38)

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	Rm	Mar-15	Adjustments		Mar-15
		Actual	Linked investment policies	Insurance related balances	Corporate
Assets under management		262 362	(262 362)		-
Property, equipment and computer software		415			415
Goodwill & Intangible assets		4 663			4 663
Financial assets & associates		428	(189)		239
<i>Deferred tax asset</i>		149			149
Insurance receivables		820		(820)	-
Trade and other receivables		782			782
Cash & cash equivalents		4 350	(138)	(1 716)	2 496
Assets classified as held for sale		178			178
<b>Total assets</b>		<b>274 147</b>	<b>(262 689)</b>	<b>(2 536)</b>	<b>8 922</b>
Liabilities under management		(262 530)	262 530		-
Borrowings		(1 000)			(1 000)
Employee benefits		(177)			(177)
Deferred tax liabilities		(323)	104		(219)
Finance & operating Lease Liabilities		(293)			(293)
Provisions & deferred income		(342)			(342)
Insurance payables		(2 536)		2 536	-
Trade and other payables		(1 334)	223		(1 111)
Liabilities associated with assets held for sale		(72)			(72)
<b>Total liabilities</b>		<b>(268 607)</b>	<b>262 857</b>	<b>2 536</b>	<b>(3 214)</b>
<b>Equity</b>		<b>5 540</b>	<b>168</b>	<b>-</b>	<b>5 708</b>



# RETURN ON EQUITY

Rm	12 months March 15 Actual	12 months March 15 Normalised
<b>Weighted average equity</b>	<b>5 386</b>	<b>5 386</b>
Profit for the period from continuing operations	<b>360</b>	<b>850</b>
- Less attributable to non controlling interest	<b>(107)</b>	<b>(107)</b>
Profit from continuing operations attributable to ordinary shareholders	<b>253</b>	<b>743</b>
Annualised return on equity	<b>4.7%</b>	<b>13.8%</b>

- Prior year comparative numbers are not presented due to the significant capital restructure
- The weighted average equity is before deduction of treasury shares as these are held for the benefit of policyholders and other third parties who will benefit from the returns
- The weighted average equity above includes intangible assets of R4.8 billion which largely arose on the 2007 acquisition by the private equity consortium. Return on tangible equity is provided on slide 38.

# NORMALISED PAT | March 2015 detailed analysis (summarised on slide 14 and 15)

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Rm	Mar 15	Once off items and items distorting comparability				Accounting adjustments				Normalised
	Actual	Listing	Incentive	Make good	Insurance cell	Lease	Amort of intangibles	Treasury shares	Policy-holder tax	
<b>Operating income net of direct expenses</b>	<b>4 851</b>									4 851
Operating expenses	(3 714)					40				(3 674)
<b>Operating profit before non -trading and capital items</b>	<b>1 137</b>	-	-	-	-	40	-	-	-	1 177
Non-trading and capital items	(355)	50	99	58	23		131			6
<b>Operating profit</b>	<b>782</b>	50	99	58	23	40	131	-	-	1 183
Net finance income *	107								(103)	4
Reported loss arising from accounting for policyholder investments as treasury shares	(26)							26		-
Share of profits of associates	3									3
<b>Profit before tax</b>	<b>866</b>	50	99	58	23	40	131	26	(103)	1 190
Taxation – corporate	(258)		(28)		(6)	(11)	(37)			(340)
<i>Policyholder taxation</i>	<b>(103)</b>								103	-
<b>Profit from continuing operations</b>	<b>505</b>	50	71	58	17	29	94	26	-	850

- The actual (normalised) rate of 28.5% is largely due to exempt income and disallowed expenses.

# NORMALISED PAT | March 2014 detailed analysis (summarised on slide 13 and 14)

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Rm	Mar-14	Once off items and items distorting comparability				Accounting adjustments			Mar-14
	Actual	Transaction	Interest adjustment	Tax settlement	Insurance cell	Lease	Amort of intangibles	Policy-holder tax	Normalised
<b>Operating income net of direct expenses</b>	<b>4 338</b>								4 338
Operating expenses	(3 308)					47			(3 261)
<b>Operating profit before non -trading and capital items</b>	<b>1 030</b>	-	-		-	47	-	-	1 077
Non-trading and capital items	(105)	60			(64)		141		32
<b>Operating profit</b>	<b>925</b>	60	-		(64)	47	141	-	1 109
Net finance income / (costs)*	(610)		700					(162)	(72)
Share of profits of associates	2								2
<b>Profit before tax</b>	<b>317</b>	60	700	-	(64)	47	141	(162)	1 039
Taxation – corporate	(322)		(65)	126	18	(13)	(39)		(296)
<i>Policyholder taxation</i>	(162)							162	-
<b>Profit from continuing operations</b>	<b>(167)</b>	60	635	126	(46)	34	102	-	743

- The adjustment to interest is calculated based on an approximate average loan balance of estimated at R1.4 billion using interest at JIBAR plus 2.1%.
- The tax adjustment is calculated to achieve a normalised tax rate of 28.5% which is consistent with the current year effective rate.

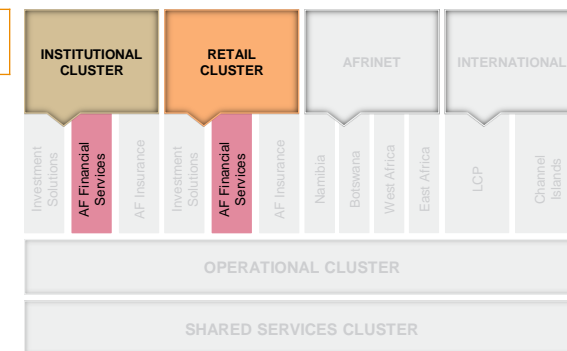
# EBITDA

Rm	Actual 31 March 2015	Normalised 31 March 2015	%	Normalised 31 March 2014
Profit before tax	866	1 190	14.5%	1 039
Add back depreciation and amortisation	217 *	86	7.5%	80
Add interest cost of long term borrowing	102	102	(10.5%)	114
<b>EBITDA (incl. interest received on capital)</b>	<b>1 185</b>	<b>1 378</b>	<b>11.7%</b>	<b>1 234</b>

\* Actual depreciation & amortisation includes the amortisation of intangible assets arising from business combinations

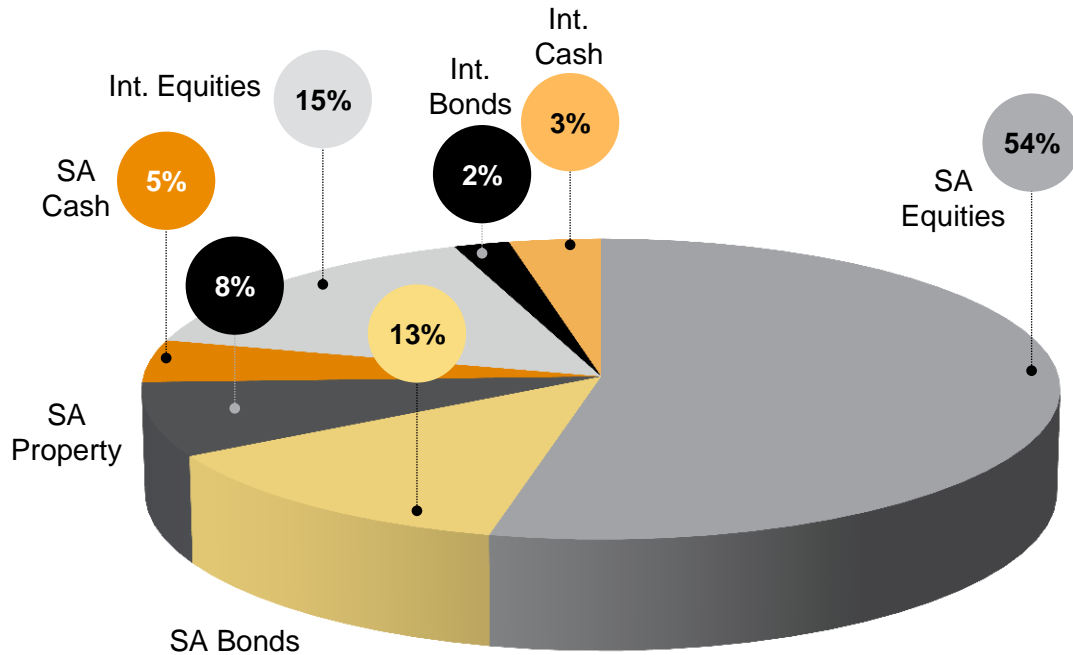
# AFFS | Divisional revenue analysis

Rm	Mar-15		Mar-14
Consultants and Actuaries	293	2.4%	286
Umbrella fund consulting	167	9.2%	153
Health consulting	213	9.8%	194
AF Life – group risk	84	21.7%	69
Operations and Administration	516	8.4%	476
Other	38	15.2%	33
<b>INSTITUTIONAL</b>	<b>1 311</b>	<b>8.3%</b>	<b>1 211</b>
AF Individual Client Administration	289	17.5%	246
Financial Planning Consultants	240	4.3%	230
AF Life – individual risk	9	-10.0%	10
Other	3	0.0%	3
<b>RETAIL</b>	<b>541</b>	<b>10.6%</b>	<b>489</b>
<b>AF FINANCIAL SERVICES</b>	<b>1 852</b>	<b>8.9%</b>	<b>1 700</b>

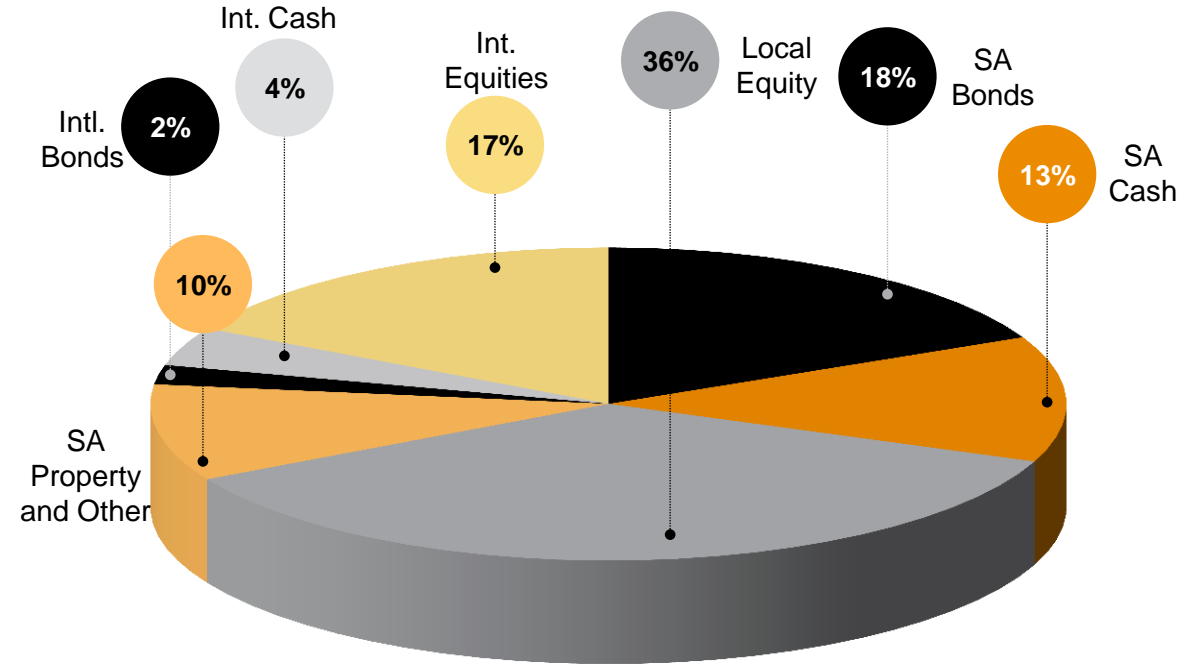


# MARKET SENSITIVITY | Composition of assets

## INVESTMENT SOLUTIONS COMPOSITION OF ASSETS



## SA FINANCIAL SERVICES COMPOSITION OF ASSETS



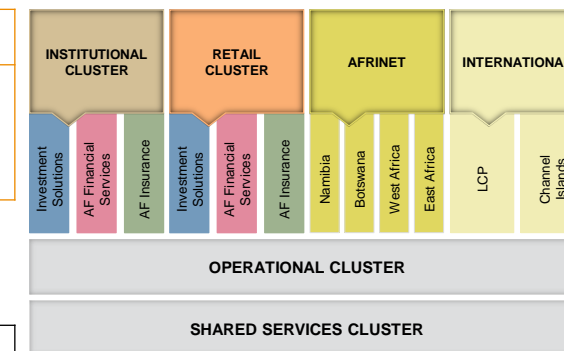
- The composition of assets is driven by client choice
- Equity market movements may result in correlated movements in other asset classes

- R56.9 billion assets under advisement
  - of which
- R43.3 billion is under administration
  - of which
- R34.2 (79%) is invested through Investment Solutions

The approximate annual effect on net revenue of a 10% increase or fall in equity markets at the beginning of a period with all other asset classes remaining equal would be R34.3m

# REGIONAL OVERVIEW

	Operating Income			Operating profit		
	6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
Africa (Rm)	<b>3 356</b>	11%	3 016	<b>958</b>	10%	873
International (£m)	<b>84.2</b>	4%	80.8	<b>12.3</b>	-%	12.4
International (Rm)	<b>1 495</b>	13%	1 322	<b>219</b>	7%	204
<b>Total (before (IFRS Lease))</b>	<b>4 851</b>	<b>12%</b>	<b>4 338</b>	<b>1 177</b>	<b>9%</b>	<b>1 077</b>
IFRS Lease adjustment (Rm)				<b>(40)</b>	(15%)	(47)
<b>Total (Rm)</b>	<b>4 851</b>	<b>12%</b>	<b>4 338</b>	<b>1 137</b>	<b>10%</b>	<b>1 030</b>



## OPERATING INCOME GROWTH DRIVERS

