

**UNAUDITED INTERIM RESULTS
PRESENTATION
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2014**



UNAUDITED INTERIM RESULTS PRESENTATION

for the six months ended 30 September 2014



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HIGHLIGHTS

Solid operating profit growth

Top line revenue for continuing operations was

R2 377 billion

This is a

17% growth

when compared to the six month of the previous year

Profit from operations before non trading items

R544 million

This is a

16% growth

when compared to the six month of the previous year

Investment Solutions Assets Under Management and Administration breaks through

R300 billion

This is a

14% growth

when compared to September 2013

70 000 new members

Despite an economic environment which has resulted in low employment growth

Alexander Forbes Growth Strategies: Revenue

AfriNet +23%

Retail +12%

Public Sector +16%

When compared to September 2013

An anchor US investor through

Mercer,

A subsidiary of the Marsh & McLennan Companies

RESULTS PRESENTATION for the six months ended 30 September 2014



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RESTATING WHY WE EXIST | Our higher purpose

In rendering our services to clients, we respond to a higher purpose by providing impactful service that touches people's lives, provides peace of mind and secures their financial well-being

IMPACTFUL
SERVICE

- S** **IMPLICITY**
How we deliver
- E** **XPERT INNOVATIVE SOLUTIONS**
What we deliver
- R** **ELATIONSHIPS**
What we strive for
- V** **ALUE OF TRUST**
What we stand for
- E** **NRICH PEOPLE'S LIVES**
Why we exist

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OUR STRATEGIC FOCUS

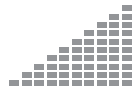
- To protect and continue to grow the **core business** of employee benefits and investment
- Leverage this core to drive **growth strategies** in:
 - Retail (individual)
 - Public Sector
 - Rest of Africa
- Supported by complementary retail businesses
 - Short-term Insurance and Life
- Consider **acquisitive growth** opportunities focused on South, East and West Africa
- Use resources more effectively with a focus on **service and operational excellence and consumer technology**

RESULTS PRESENTATION for the six months ended 30 September 2014



NOTES

A series of horizontal dotted lines provided for taking notes.



WE CONTINUE TO INVEST IN OUR PEOPLE

- We maintain a high performance culture supported by a the balanced scorecard
- Our employee engagement is **59.7**
- Employee turnover has reduced to **3.6%** from 4.9% year on year
- Our employee absenteeism rate is **1.4%**
- We continue to invest in leadership programmes through Harvard Manager mentor and Duke University
- We have a comprehensive employee wellness programme

RESULTS PRESENTATION for the six months ended 30 September 2014



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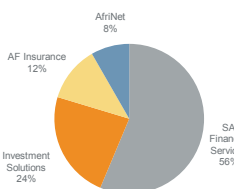
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SEGMENTAL OVERVIEW | Africa

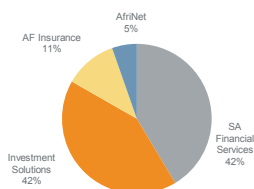
Rm	Operating Income (Rm)			Operating profit (Rm)		
	6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
SA Financial Services	936	11%	842	193	5%	184
Investment Solutions	388	16%	335	195	17%	167
AF Insurance	200	13%	177	53	15%	46
AfriNet	138	23%	112	25	56%	16
Total Africa	1 662	13%	1 466	466	13%	413

- 13% growth in operating income from African operations with continuing capacity building in growth areas
- Analysis of segmental results provided in the operational review. (refer later slides)

Operating income by segment



Operating profit by segment



RESULTS PRESENTATION for the six months ended 30 September 2014



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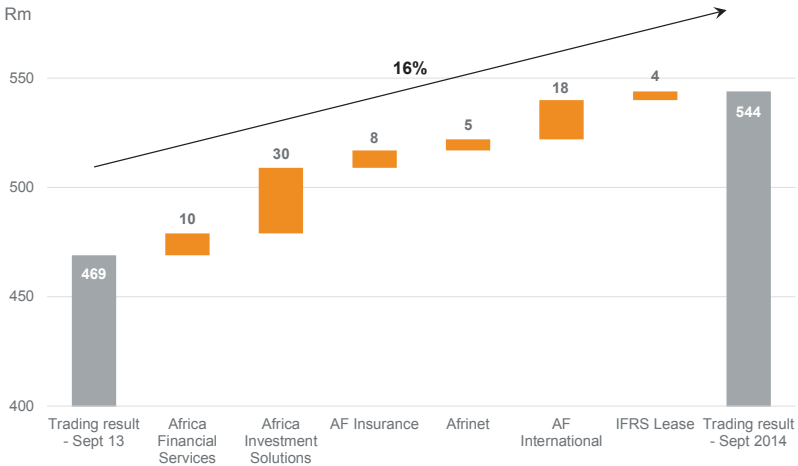
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OPERATING PROFIT BRIDGE for the six months ended 30 September 2014



RESULTS PRESENTATION for the six months ended 30 September 2014



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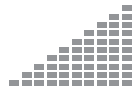
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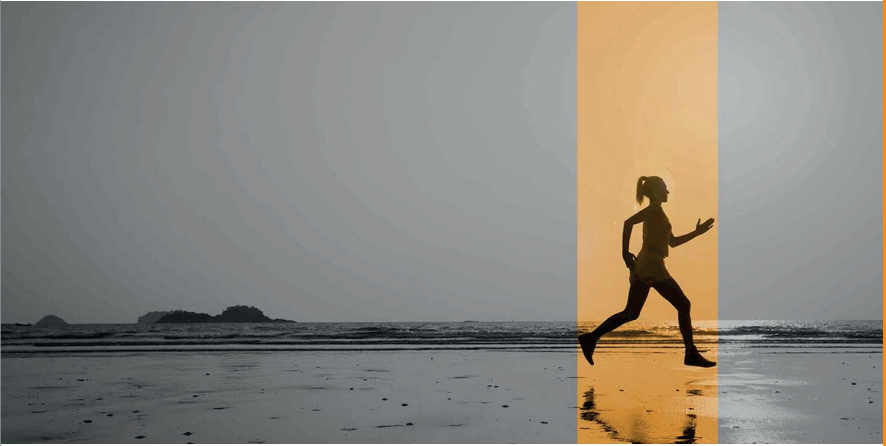
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OPERATIONAL REVIEW

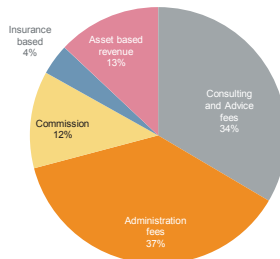


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SA FINANCIAL SERVICES

Operating Income (Rm)			Operating profit (Rm)		
6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
936	11%	842	193	5%	184

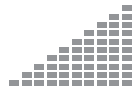
- Active members under administration **exceeded the 1 million mark**
- Retail assets under management increase **20%** from Sept 2013 to R52.3 billion
- Strong growth in FPC revenues at **19%**
- Institutional revenues grew by **11%**
- The umbrella fund assets are up **17%** and membership numbers are up **5%**, these are key drivers of annuity income
- AFFS Institutional acquired 129 new appointments for the first 6 months of the financial year
- Regulatory costs continue to grow ahead of inflation - driven by TCF, POPI and related monitoring systems



RESULTS PRESENTATION for the six months ended 30 September 2014

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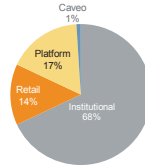


INVESTMENT SOLUTIONS

Operating Income (Rm)			Operating profit (Rm)		
6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
388	16%	335	195	17%	167

Assets Under Management and Administration					
	30 Sep 2014	Growth %	31 Mar 2014	Growth %	30 Sep 2013
Assets under management (AUM)	268,4	5.8%	253.7	3.9%	244,1
Assets under administration (AUA)	31,6	1.9%	31,0	71.3%	18,1
Closing AUM & AUA	300,0	5.4%	284.7	8.9%	262,2
Average AUM & AUA	297,5	14.1%	260.7	5.4%	247,3

- Assets under management and administration **exceed R300 billion**
- New business wins **R3.1 billion**
- **20.3%** growth in average assets from Sept 2013
- Blended gross margin remains at **0.27%** for the period
- Equity markets have had a positive impact on our business
- Large reinsurance client moving to admin only platform



RESULTS PRESENTATION for the six months ended 30 September 2014



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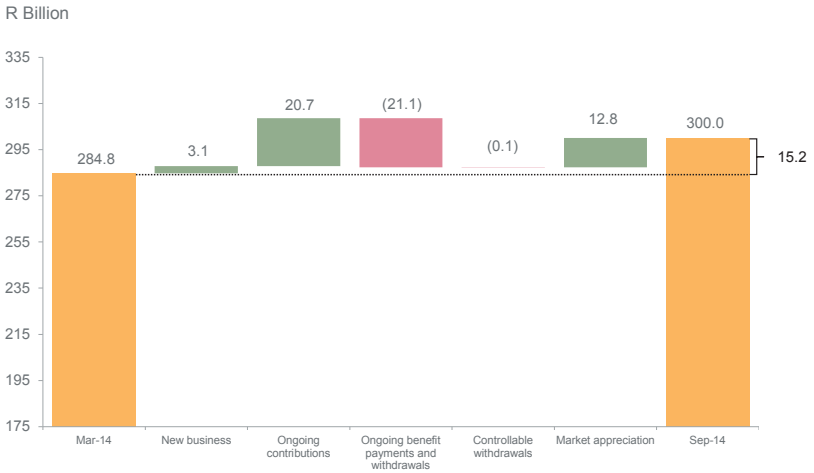
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INVESTMENT SOLUTIONS | Growth in the asset base



RESULTS PRESENTATION for the six months ended 30 September 2014



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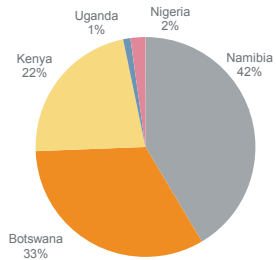
AFRINET | (Africa excl. South Africa)

Operating Income (Rm)			Operating profit (Rm)		
6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
138	23%	112	25	56%	16

- 12% increase in assets under management*
- 11% growth in members*
- 48% 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
- Ebola has had a negative impact on our West African markets
- The group continues to focus on markets where social reform is conducive to private sector pension operations in sub-Saharan Africa

* When compared to September 2013

Operating income



RESULTS PRESENTATION for the six months ended 30 September 2014



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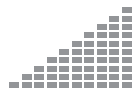
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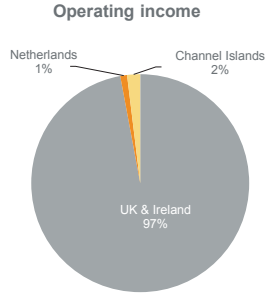
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INTERNATIONAL

Operating Income (£m)			Operating profit (£m)		
6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
39.9	6%	37.6	5.5	4%	5.3

- Good growth 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 strong growth in Rand terms (operating profit growth **23%** to **R98 million**)



RESULTS PRESENTATION for the six months ended 30 September 2014



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PROGRESS ON GROWTH STRATEGIES



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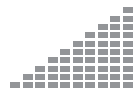
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RESULTS BY BUSINESS STRATEGY

Rm	Operating Income (Rm)			Operating profit (Rm)		
	6 months Sept 2014	%	6 months Sept 2013	6 months Sept 2014	%	6 months Sept 2013
Institutional business	1 057	13%	935	285	12%	254
Retail business	467	12%	419	156	9%	143
AfriNet	138	23%	112	25	56%	16
International	715	25%	573	98	23%	80
Total before IFRS lease	2 377	17%	2 039	564	14%	493
IFRS Lease adjustment				(20)	17%	(24)
Total (Rm)	2 377	17%	2 039	544	16%	469

Public sector

102 16% 88

- Public sector clients are serviced through various divisions of the business, the revenue is measured as a strategy, however costs are not specifically allocated and as such is not presented

RESULTS PRESENTATION for the six months ended 30 September 2014



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GROWTH STRATEGY | Retail

The essence of the group's retail growth strategy is to deepen our relationships with the 1.4m members we administer through earlier engagement and fit for purpose advice and solutions that improve their financial well-being

For the half-year to 30th September 2014:-

- Net revenue growth of the retail cluster businesses was **12%**
- Strong revenue growth of **19%** in the Financial Planning and Consulting (FPC) division
- Retail assets under advice (FPC) have grown **20% to R52.3bn**
- Despite the fact that Alexander Forbes Insurance (AFI) has **grown by 10%**, churn remains an area of key focus
- AF Life's net revenue is **up 39% year on year**
- AF Life will be launching their new product set early next year
- Our Independent Partners (IFA) strategy in Investment Solutions has delivered **R1.1bn in new business assets**

We are investing to improve the client experience through technology enablement

RESULTS PRESENTATION for the six months ended 30 September 2014



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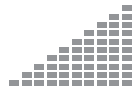
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GROWTH STRATEGY | Public sector

- Year on year Public Sector **Growth in Revenue** for the 6 months ended, 30th September 2014 **is 16%**
- **Annual value of new business is R26 million**
- We have on boarded 17 new accounts this past 6 months which is encouraging as the lead time on Public Sector deals is typically long

RESULTS PRESENTATION for the six months ended 30 September 2014



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FINANCIAL REVIEW



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INCOME STATEMENT | Operations

	6 months Sept 2014 Rm	%	6 months Sept 2013 Rm
Fee and commission income	2 615	17%	2 232
Net income from insurance operations	233		198
Direct expenses attributable to fee and commission income	(471)		(391)
Operating income net of direct expenses	2 377	17%	2 039
Operating expenses	(1 833)	17%	(1 570)
Profit from continuing operations before non trading and capital items	544	16%	469
<i>Trading margin</i>	22.8%		23.0%

RESULTS PRESENTATION for the six months ended 30 September 2014

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INCOME STATEMENT | Non trading items

	6 months Sept 2014 Rm	%	6 months Sept 2013 Rm
Profit from operations before non trading items	544	16%	469
Profit from Group cell captive insurance arrangement	2		44
Amortisation of intangible assets arising from business combinations	(70)		(72)
Corporate restructuring and listing costs	(48)		-
Historic and transaction linked incentives realised on listing	(99)		-
MST make good payment resulting from the capital restructure	(58)		-
Other non trading items	-		17
Total non trading and capital items	(273)		(11)
Operating profit	271	(41%)	458

RESULTS PRESENTATION for the six months ended 30 September 2014

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INCOME STATEMENT | Financing, tax and discontinued ops

	6 months Sept 2014 Rm	%	6 months Sept 2013 Rm
Operating profit	271	(41%)	458
Investment income – corporate	51		6
<i>Policyholder investment income (refer taxation)</i>	129		73
Finance costs	(72)		(418)
Reported profit arising from accounting for policyholder investments as treasury shares	14		-
Share of profits of associates	1		1
Profit before tax	394	328%	120
Taxation – corporate	(79)		(75)
<i>Policyholder taxation (refer investment income)</i>	(129)		(73)
Profit / (loss) from continuing operations	186	764%	(28)
Discontinued operations	(19)		45
Profit for the period	167	982%	17

RESULTS PRESENTATION for the six months ended 30 September 2014



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HEADLINE EARNINGS

	6 months Sept 2014 Rm	%	6 months Sept 2013 Rm
Profit for the period	167	982%	17
Attributable to:			
Non controlling interests	(53)		(51)
Profit / (loss) for the period attributable to ordinary shareholders	114	435%	(34)
Less headline adjusting items:			
Add back capital losses included in discontinued operations*	24		2
Headline earnings / (loss)	138	531%	(32)

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

RESULTS PRESENTATION for the six months ended 30 September 2014



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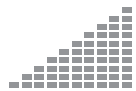
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INCOME STATEMENT | Adjustments to normalise

	6 months Sept 2014 Rm
Profit / (loss) from continuing operations	186
Accounting for IFRS lease adjustment*	20
Amortisation of intangible assets arising from business combinations**	70
Corporate restructuring and listing costs	48
Historic and transaction linked incentives realised on listing	99
MST make good payment resulting from the capital restructure	58
Reported profit arising from accounting for policyholder investments as treasury shares	(14)
Tax effect of the above adjustments	(69)
Normalised profit from continuing operations	398

* These recurring items should either be included or excluded from the normalisation depending on the purpose of the normalised result
 ** Similarly the profits from the groups cell captive arrangement should be taken into account where appropriate as the result will be volatile from year to year but more predictable over the long term (theoretically neutral or marginally positive)

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INCOME STATEMENT | Normalised

Rm	6 months Sept 2014	Adjustment	6 months Normalised Sept 2014
Operating profit before capital items	544	20	564
Non-trading and capital items	(273)	275	2
Operating profit	271	295	566
Net finance income / (costs)*	108	(129)	(21)
Reported profit arising from accounting for policyholder investments as treasury shares	14	(14)	-
Share of profits of associates	1	-	1
Profit before tax	394	152	546
Taxation – corporate	(79)	(69)	(148)
<i>Policyholder taxation</i>	<i>(129)</i>	129	-
Profit from continuing operations	186	212	398

RESULTS PRESENTATION for the six months ended 30 September 2014



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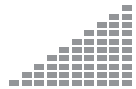
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EARNINGS PER SHARE (cents)

	6 months Sept 2014	%	6 months Sept 2013
Weighted average number of shares (m)	1 198	347%	345
Headline earnings per share (cents)	12	233%	(9)
Basic earnings per share (cents)	10	200%	(10)
Normalised headline earnings per share (cents) from continued operations	29		

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RETURN ON EQUITY

	6 months Sept 14 Actual	6 months Sept 14 Normalised
Weighted average equity (excluding treasury shares)	5 254	5 314
Profit for the period from continuing operations	186	398
- less attributable to non controlling interest	(53)	(53)
Profit from continuing operations attributable to ordinary shareholders	133	345
Return on equity for six months ended 30 Sept 2014	2.5%	6.5%
Annualised return on equity	5.1%	13.0%

- Prior year comparative numbers are not presented due to the significant capital restructure
- The weighted average equity excludes the treasury shares as these are held for the benefit of policyholders and other third parties who will benefit from the returns
- The annualised return on equity is based on a simple extrapolation of the first six month results and do not take into account the cyclical nature of the operations
- The weighted average equity above includes intangible assets of R4.8 billion which largely arose on the 2007 acquisition by the private equity consortium

RESULTS PRESENTATION for the six months ended 30 September 2014



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CASH FLOW

	6 months Sept 2014 Rm	%	6 months Sept 2013 Rm
Cash flows from operating activities			
Cash generated from normal operations	639	18%	540
Non-trading cash flows	(143)		22
Cash flow from operations per cash flow statement	496	(12%)	562
Net investment income / (finance costs) (excl. policyholder income)	(23)		(137)
Taxation payments (excl. policyholder taxes, settlement and discontinued operations)	(214)		(187)
Tax settlement	(60)		-
Movement in working capital balances	(213)		(83)
Cash flows from discontinued operations	(57)		101
Cash flows from core operations	(71)	(127%)	256
Movement in insurance and policyholder - working capital balances	103		801
Cash flows from policyholder investment and insurance contracts	3 229		726
Cash flows from operations	3 261	83%	1 783
Cash flows from investing activities	(38)		(231)
Cash flows from financing activities	(5)		(214)
Net cash flows	3 218	141%	1 338

RESULTS PRESENTATION for the six months ended 30 September 2014

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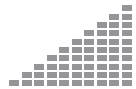
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CASH POSITION

	6 months Sept 2014 Rm	6 Months Sept 2013 Rm
Cash and cash equivalents	3 930	3 895
Cash held on behalf of policyholders	(1 757)	(1 642)
Cash held for regulatory capital, liquidity and solvency requirements	(777)	(747)
Cash held in cell captive insurance facilities	(361)	(342)
Cash held in restricted entities	(161)	(351)
Available cash	874	813
Net current liabilities	(393)	(561)
Available cash resources	481	252

The available cash resources should be seen in the context of the regulatory capital requirements. The Insurance Law Amendment Bill (ILAB) has been withdrawn, however the group is required to report on the consolidated position based on current capital requirements which reflects a theoretical shortfall of R116 million (after taking into account the R481 million) at 30 September 2014. (refer next slide)

RESULTS PRESENTATION for the six months ended 30 September 2014

ALEXANDERFORBES
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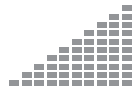
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OUTLOOK AND SUMMARY



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OUTLOOK AND SUMMARY

The group continues to strengthen its core businesses and market position even further whilst driving its growth strategies (Retail, Public sector and Africa) with a clear focus

Strengthening the integrity of the business through:

- Increased Stakeholder Engagement and relationship building
- Deepening our Leadership Development to diversify and enhance our bench strength
- An ongoing focus on our customers, technology enablement and their brand experience
- Optimising our organisational sustainability and improving margins
- Investing in our people, including leadership development to enhance our bench strength
- Actively engaging with policymakers on social reform and contributing through thought leadership
- Ensuring we remain socially responsible

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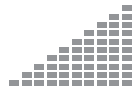
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OUTLOOK AND SUMMARY

We will continue to drive organisational sustainability through:

- Focusing on operational leverage with a renewed focus on cost discipline
- Deepening our bias for execution, while maintaining our culture of ethics and accountability
- Continuing to engage with and respond to an increasingly dynamic regulatory & policy landscape
- Considering emerging demands of clients' aspirations in highly connected digital world
- Innovating for growth
- Pursuing non organic growth opportunities aligned with our strategic intent that provide long term value for our stakeholders

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UNAUDITED INTERIM RESULTS PRESENTATION

for the six months ended 30 September 2014



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