



INVESTOR BRIEFING SESSION
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RETIREMENTS | WEALTH | INVESTMENTS | INSURANCE

**ALEXANDERFORBES**
Securing your financial well-being

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Recap: What were my thoughts after my first nine months on the job

Strengths



- Very diverse and balanced portfolio of businesses, including market leaders
- Diverse and balanced portfolio of products and services
- Powerful, recognised and trusted brand
- Strong capital base
- Highly cash generative
- Capital light business model

Opportunities



- Simplify group structure
- Focus on enhancing the leadership team
- Bring greater execution focus and improve accountability throughout organisation
- Better position umbrella proposition and increase retail presence
- Reinvigorate technical excellence and delivery of client solutions
- Reduce group expense base and improve balance sheet efficiency

Alexander Forbes has challenges to address in order to succeed...

Complacent and slow to react to opportunities resulting in historical underperformance



1 Complexity

2 Cost inefficiency

3 Lack of investment in technology and innovation

4 Slow to react to key market opportunities

5 Slow to retailization and building retail distribution

6 Lack of clear capital deployment and balance sheet strategy

Ambition 2022 | A clear, transformation driven strategy to unlock value

New strategic direction to change our growth trajectory

Our Vision and Strategy

A strategy focused on **BUILDING** a **GLOBALLY DISTINCTIVE PAN-AFRICAN** financial services **LEADER...**

- ✓ Grow Corporate & employee benefits and investments – focus on umbrella
- ✓ Grow Retail – greater access to member base to improve penetration rates
- ✓ Expand across select sub-Saharan Africa & Emerging markets
- ✓ Excellence across service, operational and technology enablement
- ✓ Create internal capacity to disrupt ourselves through Innovation

... with a **value proposition of helping clients secure a lifetime of financial well-being and security**

Ambition 2022 | Delivery of cash flow plus growth

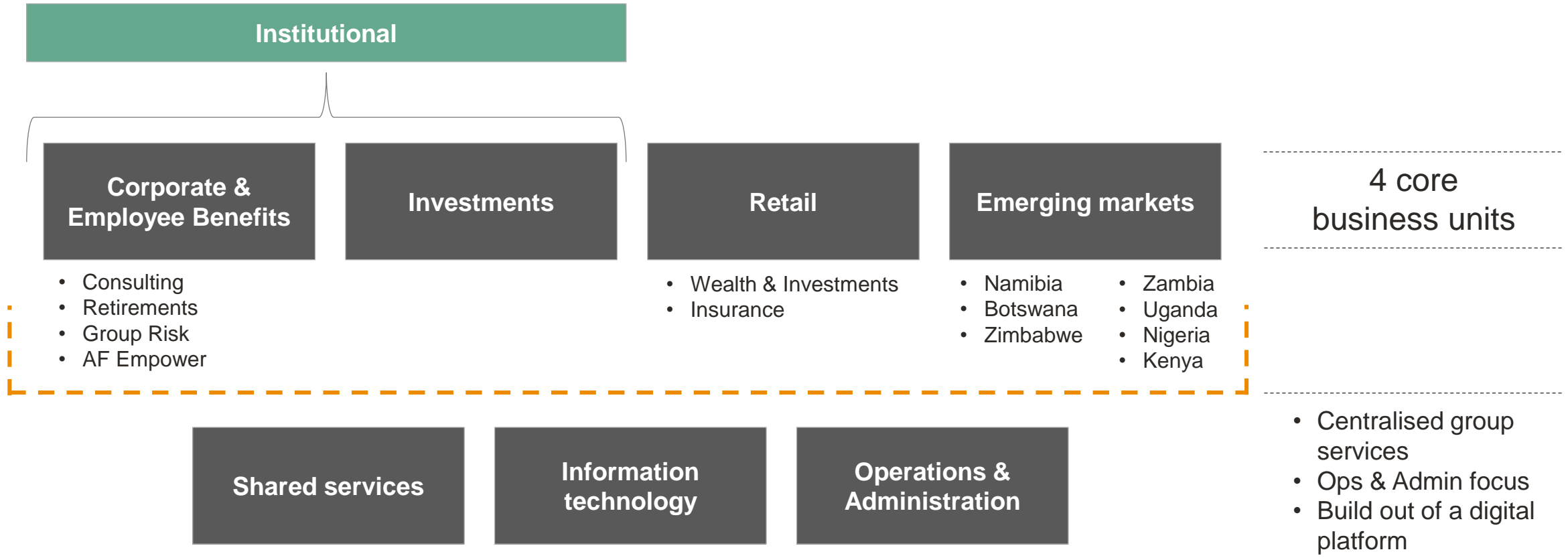
Delivery of 'cash flow plus growth' investment thesis supported greater execution focus to deliver targets set under Ambition 2022

	Ambition 2022 Target	FY 2017 RESULTS	HY 2018 RESULTS
Sales growth	8 – 10%	1% ●	3% ●
Contain cost growth	7 – 9%	1% ●	2% ●
Operating profit growth	10 – 12%	3% ●	5% ●
RoE* (normalised earnings on IFRS equity)	From 12% to > 14%	12.1% ●	10.3% ●
Dividend cover ratio	1.5 times	1.5 times ●	1.5 times ●

**Annualised Return on average Equity (normalised)*

1 Complexity | A clear enabling group structure

Simplification and execution focus



1 Complexity | Highly experienced and driven leadership team



Andrew A. Darfoor
Group Chief Executive

Over 20 years of experience



Naidene Ford-Hoon
Group Chief Financial Officer

Over 25 years of experience



Leon Greyling
CEO, Investments

Over 20 years of experience



Sugendhree Reddy
CEO, Retail Clients

Over 25 years of experience



Bernhard Schlupe
CEO, Emerging Markets

Over 25 years of experience



Vishnu Naicker
Group Chief Risk Officer

Over 25 years of experience



John Mather
Group Chief Information Officer

Over 25 years of experience



Lynn Stevens
Group Chief Marketing Officer

Over 25 years of experience



Christian Schaub
Group Chief Human Resource Officer

Over 15 years of experience

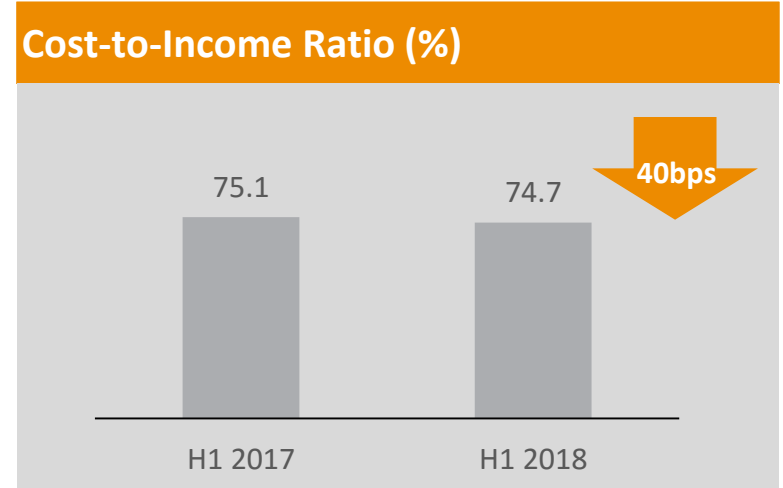
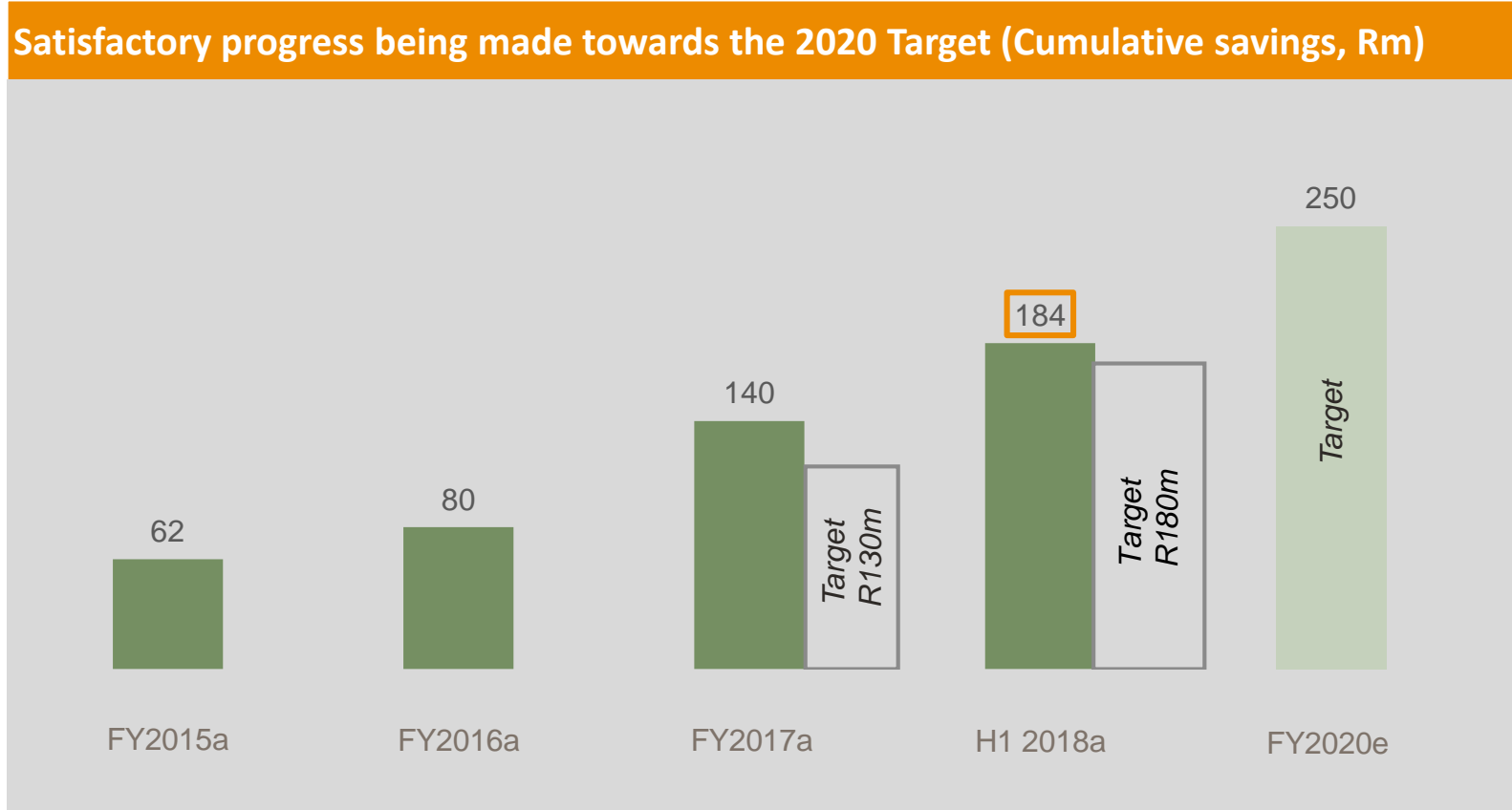


Michael Weiss
Group Head of Strategy & Operations

Over 20 years of experience

2 Cost inefficiency | Cost reduction targets are on track

Decisive action taken to deliver expense and operational efficiencies

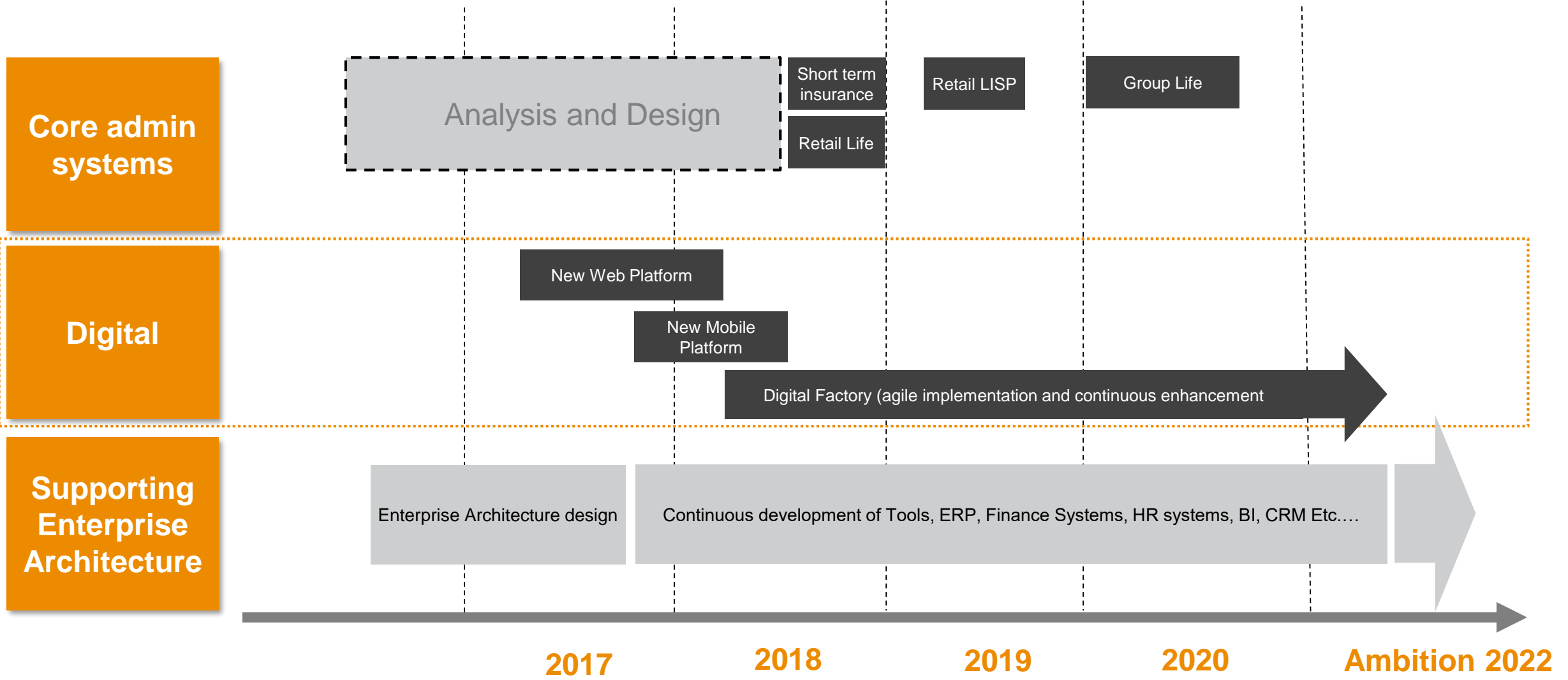


Modernisation cost (expensed, Rm)

	HY17	HY18
Modernisation	-	24
Cost-to-Income (excl modernisation)	75.1%	73.3%

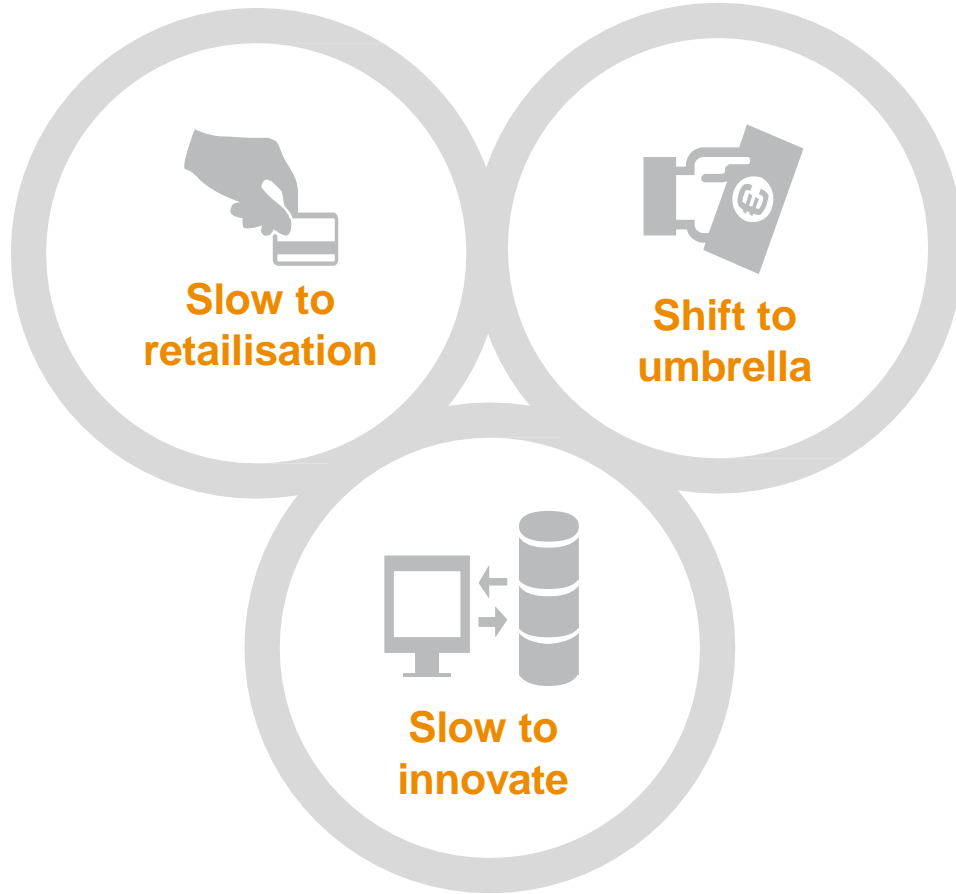
3 Lack of technology investment | Modernisation program on track

Roadmap to support Ambition 2022 – working in collaboration with our business partners



4 Slow to react to trends | Closing the gap to realise latent potential

Slow to react to key market opportunities...



...resulting in significant latent potential in business

Increase cross-sell to retirement base

Stronger revenue contribution from growing market segment

Shift to greater portion of umbrella funds

Increase in profitability from higher margin funds

Higher asset retention through preservation

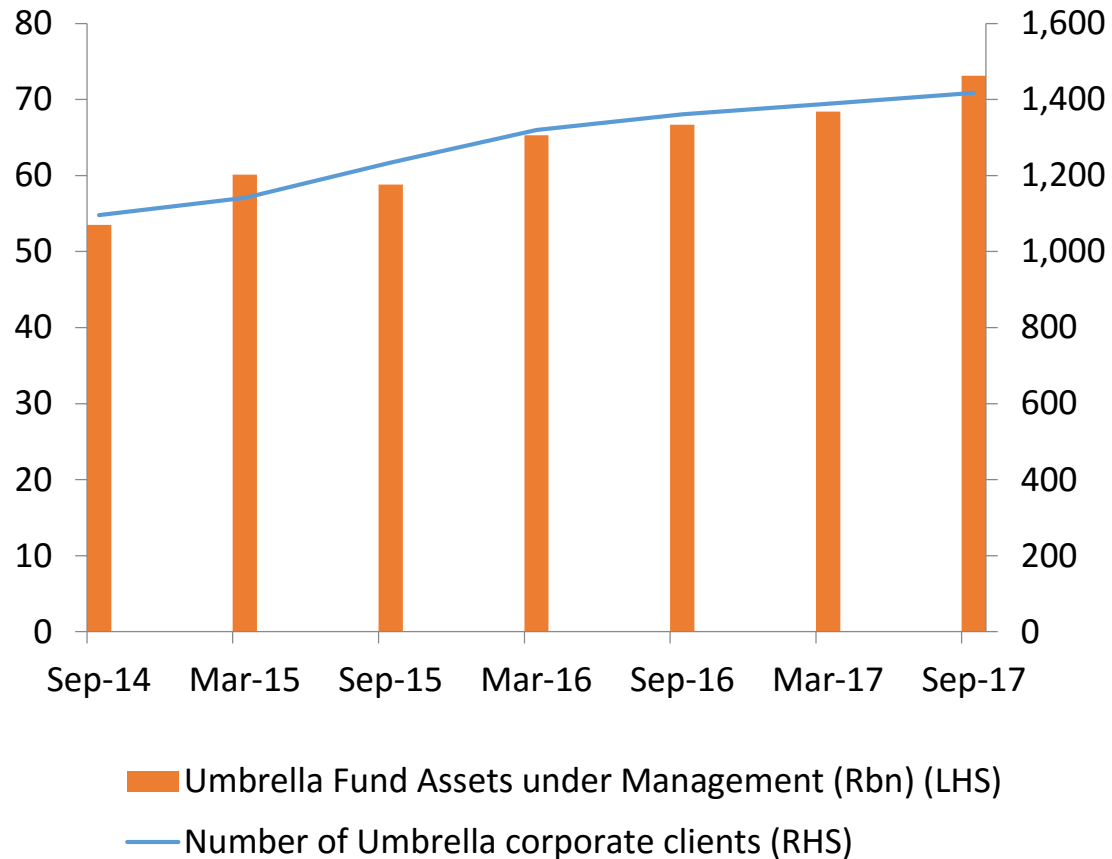
Greater income from higher AuM

Innovation

New product launches
Financial Well-Being

4 Slow to react to trends | Accelerating retirements growth

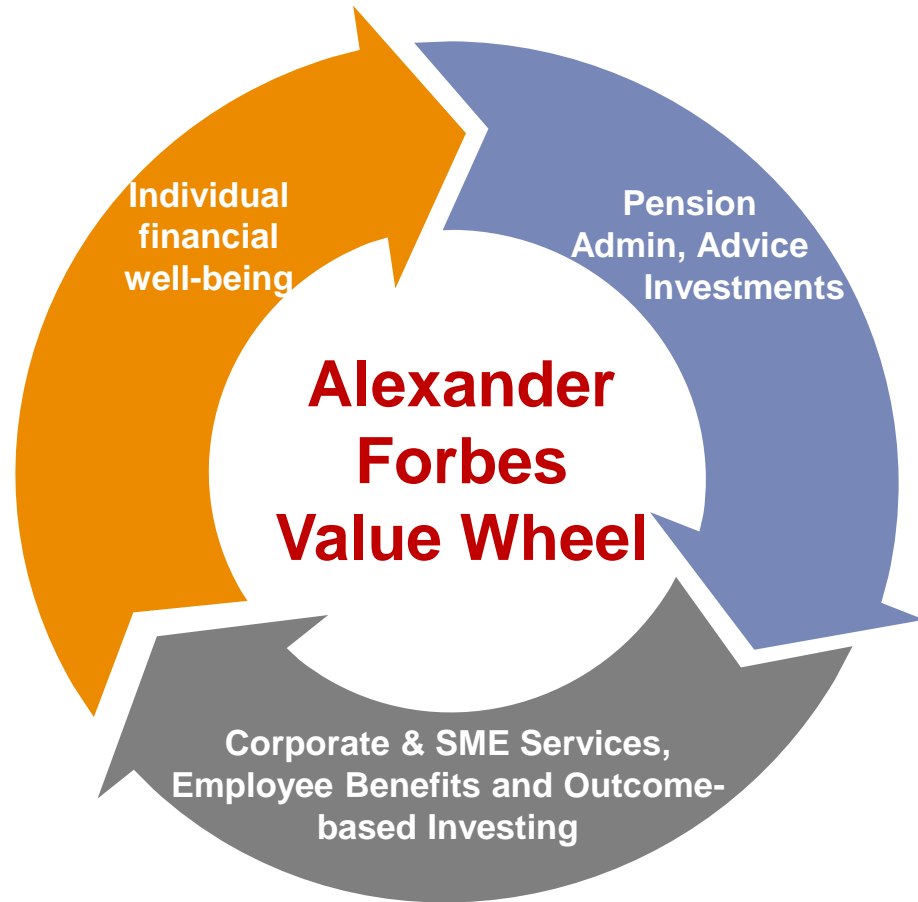
Focus on improving growth and expansion of the Umbrella value proposition



- Steady progress being made on conversion of clients from standalone to umbrella
- Standalone conversion: Target 20 - 25 clients p.a.
- Products: Launch of In Fund Preservation, AF Clarity™ (managed DC)
- Continue to drive in-fund solutions: Successful launch of In-fund Solutions, improved capture rates
- Asset accumulation: Deliver AF Access; asset preservation from assets exiting umbrella funds

4 Slow to react to trends | Improving retailisation and distribution

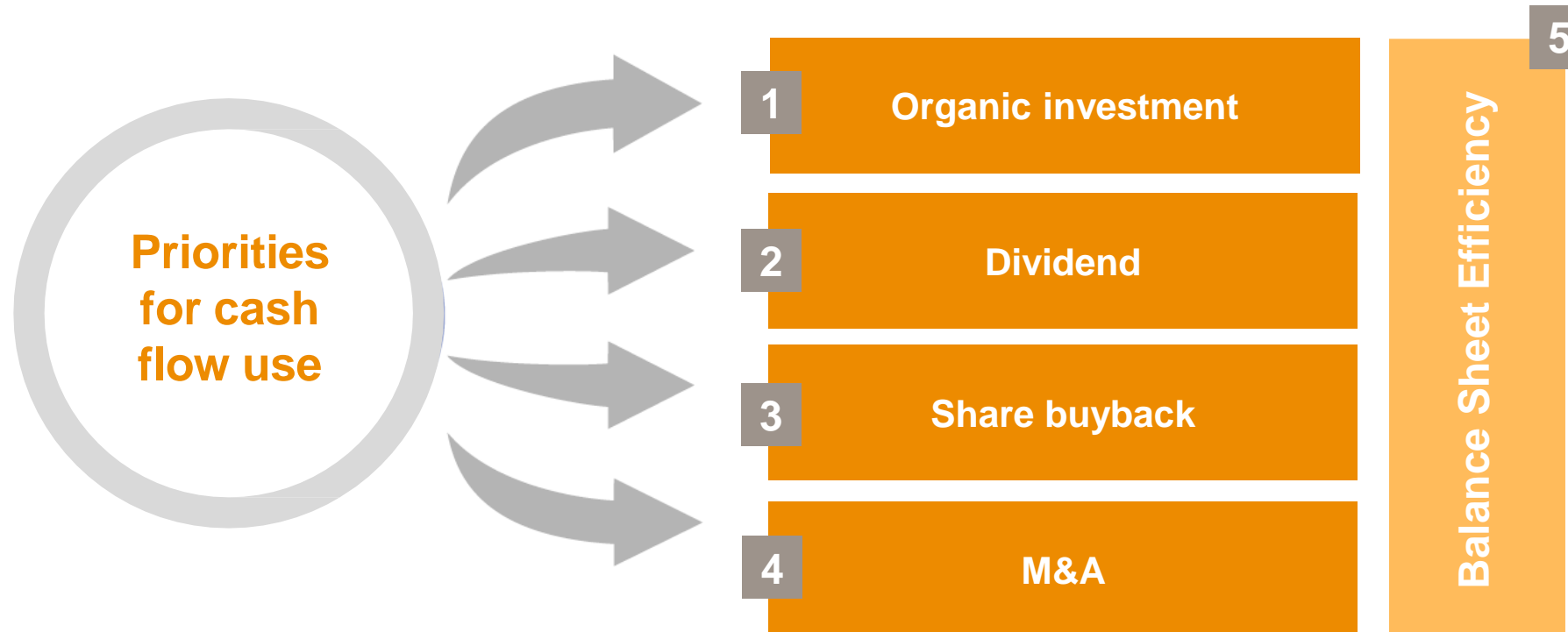
Deliver financial well-being through a holistic financial advice model



- Steady progress being made – improved penetration rate to 4.1% (at half year)
- Ongoing roll-out of financial well-being and outcome based solutions with 215 wellness days in H1 2018
- Launch and roll-out of new products: AF Clarity™ allowing earlier member interaction
- Strong ongoing growth momentum in insurance
- Asset accumulation: AFRIS continues to gain traction and outcomes based investment solutions
- Advancing with intermediary distribution strategy

5 Capital Deployment | Focus on deploying capital effectively

Balanced capital allocation strategy to support growth and returns, alongside actions to improve balance sheet efficiency



Leadership actions completed during the financial year

- Redefined customer value proposition. Launch of financial well-being proposition and roll-out to corporates
- Strategic reviews completed of key business areas to better align with Ambition 2022 strategy
- Review of the product governance and development processes resulting in the creation of a Group Client solutions team to develop new customer solutions and propositions aligned to “lifetime of financial well-being” proposition
- Redefined approach to Innovation with the launch of AF Empower (online learning platform)
- Enhanced retention plans and strategies for key staff
- Launched culture change initiative to identify new cultural values of Learning, Caring and Results

Closing comments

- Ambition 2022 ... a clear transformation driven strategy focused on improved group collaboration (value wheel) while driving operating efficiencies
- Investment thesis remains generating cash flow and capturing growth opportunities (“cash flow plus growth”)
- Leading franchises across the Group – with good momentum across retirements, investments, group risk and insurance
- Ongoing roll-out of financial well-being and outcome based solutions with the aim of improving retailisation
- Tangible progress being made across key group metrics – more to come
- Strong balance sheet supported by sustained cash generation
- Work still needed to optimise balance sheet with acceleration of capital allocation strategy