

**Extract of the unaudited interim results and cash dividend declaration  
for the six months ended 30 September 2021**

**Financial highlights**

		Unaudited six months ended 30 September		
In millions of South African rands (Rm)	2021/2020 % change	2021	2020 <sup>A</sup>	2019 <sup>A</sup>
<b>Continuing operations</b>				
Operating income <sup>B</sup>	6	1 565	1 475	1 525
Profit from operations (before non-trading and capital items)	5	389	371	410
Profit for the period	(1)	240	243	255
Cash generated from operations	(8)	298	324	496
Basic earnings per share (cents)	6	18.8	17.8	17.9
Headline earnings per share (cents)	4	18.9	18.2	18.2
Closing AuA and AuM (in billions of rands)	20	423	353	344
<b>Discontinued operations</b>				
Operating income <sup>B</sup>	(95)	7	133	443
(Loss)/Profit from operations (before non-trading and capital items)	>(100)	(84)	28	135
<b>Total group</b>				
Basic earnings per share (cents)	(11)	12.6	14.1	24.2
Headline earnings per share (cents)	(12)	12.7	14.5	24.5
Normalised headline earnings per share (cents)	(12)	12.2	13.9	27.2
Interim dividend per share (cents)	(8)	12.0	13.0	18.0

A. Restated for the effects of discontinued operations. Refer to note 8 of the condensed consolidated interim financial statements contained in the long form announcement.

B. Operating income represents revenue net of direct expenses (throughout).

Chief executive officer, Dawie de Villiers, commented: 'Our business has focused on strengthening our core capabilities of administration, consulting and investments which created the stable foundation that now enables us to accelerate growth. Our performance over the period demonstrates the benefits of the disciplined execution of our strategy. We are excited by the recently announced corporate transactions aligned to our strategic objectives and enable Alexander Forbes to amplify the positive impact it has on people's lives by delivering insight and advice. These transactions rapidly transform Alexander Forbes towards becoming a member-oriented financial services provider.'

## Executive Summary

- Alexander Forbes is pleased to report the financial results for the six months ended 30 September 2021 that have begun to demonstrate the benefits of our strategic focus, underpinned by the sustained operational and commercial stability of the business.
- The group has concluded and recently announced three corporate transactions in line with its growth strategy. The transactions will:
  - Consolidate Alexander Forbes's leading position in the employee benefits market.
  - Enable the rapid transformation of Alexander Forbes towards being a member-oriented financial services provider.
  - Unlock our ability to accelerate growth by scaling up our core capabilities and enhancing our customer experience to amplify our impact on people's lives.
- Management efforts to win new business and improve top-line growth have been effective. The group achieved new business wins of R82 million in annualised revenue, with notable wins across retirements, healthcare, investments and increasingly in the individual consulting segment:
  - 39% increase in new business written to R5.4 billion within the individual consulting segment.
  - R2.1 billion in new business into Alexander Forbes Retirements Income Solution (AFRIS), adding 5 new funds with a 19% increase in members to 5 591 since March 2021.
  - 75 new umbrella fund clients added with 6 200 members.
  - Two new large clients added to our standalone retirement fund offering with 11 000 members.
  - 47 new appointments, with R7.9 billion in total assets under administration (AuA) and assets under management (AuM) won in our investments business.
- AuA and AuM increased 20% year on year to R423 billion (up 6% since 31 March 2021) owing to higher market returns and an increase in net new business flows during the period.
- Operating income from continuing operations increased 6% year on year to R1 565 million, underpinned by market performance, higher opening asset balances and continued momentum in new business wins.
- Profit from continuing operations (before non-trading and capital items) increased 5% year on year to R389 million owing to top-line growth and disciplined cost containment.
- Headline earnings per share from continuing operations improved 4% to 18.9 cents.
- Headline earnings per share from total operations of 12.7 cents declined 12% owing to the financial performance of the discontinued operations that have been impacted by:
  - Increased claims received and paid as a result of the deaths related to the Covid-19 pandemic affecting the discontinued group risk and retail life business which reported a loss for the period of R85 million (2020: R20 million profit).
  - The loss from the group risk business was partially offset by the profit from the recently discontinued Alexander Forbes Individual Client Administration (AFICA) group that reported a profit of R6 million (2020: R8 million).
- Our capital position remains strong, with a surplus of own funds over regulatory capital of R1 243 million, 8% lower from year end. The group cover ratio of 1.8 times is well above our policy solvency capital requirements (SCR) cover ratio of 1.2 times.
- Interim dividend of 12 cents (2019: 13 cents) per share declared.

## Prospects

### Accelerating growth

Alexander Forbes is unlocking its potential to rapidly transform towards becoming a member-oriented financial services provider by enhancing the digital capabilities available to our financial advisers and increasing the number of members within our traditional retirement fund base who may benefit from our independent financial advice and best-in-class propositions.

We have laid the foundation for growth by stabilising our core. Our strategic focus has helped us to capitalise on opportunities in our market that are aligned with our growth vision. These transactions will materially expand our institutional base and greatly enhance our ability to serve the financial needs of individual members within our market-leading retirement fund administration base.

The proposed acquisition of the standalone retirement fund administration business of Sanlam accelerates our growth in a mature industry segment and will increase the membership of the Alexander Forbes retirement fund administration capability by approximately 40%.

The increased membership base presents the opportunity for Alexander Forbes to connect with South Africa's largest distinct pool of retirement fund members (outside of the Government Employees Pension Fund) as we shift our strategic focus towards engaging with and serving the financial needs of individual clients. The implementation and adoption of our member engagement suite is maturing amongst our clients as more employers begin to appreciate the potential to impact their employees' lives by providing access to Alexander Forbes' insight and financial advice.

The sale of the AFICA group to Sanlam aims to modernise the digital experience delivered to our financial advisers and clients through the improved user functionality that is enabled by the best-in-class technological capability of the Glacier system. This will enable Alexander Forbes to better compete in the retail segment for compulsory and discretionary savings. The strategic advantage of providing retirement fund administration creates the platform for our financial advisors to connect with potential clients as they accumulate wealth and require financial advice.

Alexander Forbes will drive brand awareness to reach more members into the future and continue to modernise our digital capabilities so that members are able to efficiently connect with the business.

The proposed acquisition of EBS accelerates our growth by expanding our service offering into adjacent segments of the South African and African retirement funding markets. This uniquely positions Alexander Forbes to serve the breadth of institutional retirement fund administration needs. We will now be able to unlock previously inaccessible opportunities to serve the self-administration needs of very large retirement funds based in South Africa and select countries in Africa.

The implementation of the respective corporate transactions to extract the anticipated synergies and to execute on the opportunities now available are a key strategic priority for the business.

We anticipate legislative changes that will create greater opportunities to engage members to balance short- and long-term savings needs. Our advice-led approach, member engagement suite and fund administration capability uniquely position Alexander Forbes to access and help clients to plan for their future as such legislation further individualises the retirement fund experience.

The One Alexander Forbes model has acted to protect and grow our market share as the integration of our respective capabilities matures. In particular, the vertical integration of the value chain between retirements consulting, fund administration, investments and individual consulting continues to deliver success and the proposed transactions serve to create further runway to capitalise on such integration.

Our flagship Alexander Forbes Retirement Income Solution (AFRIS) has been made available to all our clients across all lines of business so that individuals may access institutionally priced investments that include our leading AF Performer portfolio to create wealth.

In line with our strategy, we will continue to explore selective opportunities to acquire businesses to strengthen our core capabilities and accelerate our transformative ambitions.

## Interim dividend declaration

An interim dividend declaration has been considered by the board, taking into account the group's current and projected regulatory position, the available cash in the group, as well as the group's high cash generation ability.

The board has declared an interim gross cash dividend of 12 cents (9.6 cents net of dividend withholding tax) per ordinary share for the six months ended 30 September 2021 (2020: 13 cents per ordinary share). In determining the interim dividend for this period, the board considered the performance of the discontinued operations that includes the impact of the group risk Covid-19 loss (refer to note 8.2) and adjusted for this loss.

The interim dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt. The issued number of shares at the date of declaration is 1 354 083 992. The directors have satisfied the solvency and liquidity test as required in terms of section 4(1) of the Companies Act 71 of 2008.

The salient dates for the interim dividend will be as follows:

- Last day of trade to receive a dividend: Tuesday, 4 January 2022
- Shares commence trading 'ex' dividend: Wednesday, 5 January 2022
- Record date: Friday, 7 January 2022
- Payment date: Monday, 10 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 January 2022 and Friday, 7 January 2022, both days inclusive.

## For further information

This short form announcement is the responsibility of the directors of the group. Shareholders are advised that this short form announcement represents a summary of the information contained in the full long form announcement and does not contain full details.

The full announcement is published and available at:

<https://senspdf.jse.co.za/documents/2021/JSE/ISSE/AFH/AFHDec2021.pdf>

The full announcement is also available on the Alexander Forbes website:

<https://www.alexanderforbes.co.za/investorrelations/financial-results/interim-results>

Electronic copies of the full announcement may be requested by emailing: [InvestorRelations@aforbes.com](mailto:InvestorRelations@aforbes.com)

Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and investors and/or shareholders are encouraged to review the full announcement, which is available as set out above. Any reference to future financial performance included in this announcement has not been separately audited, reviewed or reported on by the group's auditors.

On behalf of the board of directors

M Ramplin  
Non-executive chair

DJ de Villiers  
Chief executive officer

6 December 2021  
Sandton

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