

Strategy in motion

Interim results presentation

Unaudited interim results for the six months ended 30 September 2023





Disclaimer and forward-looking statements

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Action replay | Year in review





Confidence in strategy and execution

Consistent delivery and focus on implementing our strategy yielding solid results

- **Strong performance** given the challenging operating environment
- **Acquisitions** and **new business** adding to top-line growth
- **Individualisation strategy** gaining traction
- Continuous **automation improvement**
- **Focus on sustainability**
- **Competitive investment performance**
- Enhanced customer value proposition is **enabling growth**



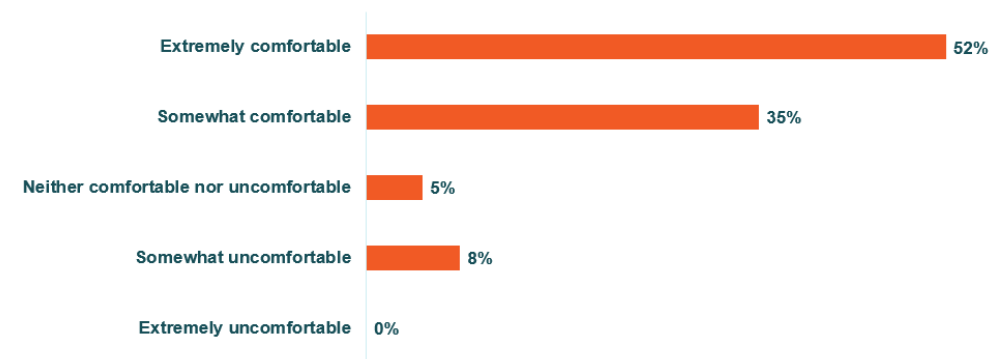
"The individualization of the member's experience of retirement funding is **the biggest opportunity** that we have to make an impact on people's lives by educating, informing and engaging them to make better financial choices"

Alexforbes Hot Topics 2023 Stakeholder Survey
n = 146

What do you want more of from your umbrella fund?



Would you provide your employees with access to financial advisers to support their financial decision-making throughout their lifestages?





H1 2024 highlights

Strong performance in a challenging environment

Operating income¹
up **13%** to
R1 911 million

Profit from continuing operations²
up **11%** to
R394 million

Headline EPS for total operations
up **96%** to
27.7 cps

Interim dividend
up **33%** to
20 cps

New business³
R68 million
in annualised revenue across core businesses

Retail new business flows
up **34%** to
R10 billion

Total closing assets⁴
up **10%** year on year
to **R455 billion**

Total number of active members⁵
up **20%** year on year
to **1 114 764**

1. Operating income net of direct expenses
2. Profit from continuing operations before non-trading and capital items
3. New business in corporate and institutional in South Africa, Namibia and Botswana (excludes Channel Islands and individual consulting)
4. Total assets include assets under administration (AuA) and assets under management (AuM)
5. Total number of active members across standalone and umbrella funds



Moving pieces

Retail evolution

Making advice more accessible to more individuals

Digital and data strategies creating value

Accelerating AI adoption

Two-pot system an inflection point

Purchase and integration of TSA

Proposed acquisition of OUTvest



Operating performance



H1 2024 operating performance | Retirements

Retirements	H1 2024	H1 2023	% change	FY 2023
Operating income (R million)	556	468	▲ 19	978
Total number of active members	1 114 764	927 976	▲ 20	1 088 050
<i>Member losses from retrenchments</i>	5 407	4 328	▲ 25	8 522
Total number of umbrella fund members	397 609	355 230	▲ 12	397 399
Number of participating employers in umbrella funds	1 881	1 746	▲ 8	1 824
Umbrella AuM (R billion)	117.5	103.3	▲ 14	115.7

- Operating income growth underpinned by acquisitions and underlying increases in payroll
- Efficiency projects continue to show benefits



H1 2024 operating performance | Healthcare

Healthcare	H1 2024	H1 2023	% change	FY 2023
Operating income (R million)	182	174	▲ 5	356
Total number of healthcare broking members	230 395	241 689	▼ (5)	241 642
Total number of healthcare members under advice	794 014	766 413	▲ 4	794 143

- Operating income growth impacted by the loss of a large client, partially offset by new business wins and an increase in the cap commission
- Robotic process automation solution that includes AI-driven intelligent document reading and processing capability for HMS

H1 2024 operating performance | Multinational

Multinational	H1 2024	H1 2023	% change	FY 2023
Operating income (R million)	164	147	▲ 12	307
Total number of multinational consulting clients	99	89	▲ 11	95
Total number of active members	121 781	111 826	▲ 9	115 198

- Growth in operating income led by
 - Growth in Botswana from new business
 - Inflationary increases in admin fee income earned in Botswana and Namibia
 - Sustained growth from the multinational consulting business led by client wins in our health and consulting solution offerings

H1 2024 operating performance | Investments

Investments	H1 2024	H1 2023	% change	FY 2023
Operating income (R million)	800	716	▲ 12	1 468
Closing total assets (R billion)	455	412	▲ 10	454
Average total assets (R billion)	464	425	▲ 9	436
Net controllable institutional flows (R billion)	(0.3)	1.7	▼ >100	4.0
Net institutional flows (R billion)	(7.1)	(2.2)	▼ >100	(5.5)
Blended market return (%)	12.8	(4.1)	▲ >100	6.5
JSE capped SWIX index (%)	8.4	(3.0)	▲ >100	(3.9)
Institutional blended margin (bps)	28.9	27.8	▲ 4	27.9

- Operating income growth owing higher average assets and market performance
- Cash inflows from institutional new business impacted by the timing of landing new business with several new business mandates, both into our platform and product offerings, signed after the current period
- Institutional blended margin improved slightly due to strategies implemented within the portfolios and product mix



Investments | Ensuring Investment Destination

Leading *responsibly* in terms of reporting and policy implementation – comprehensive stewardship report & climate change policy

A pragmatic approach has benefited client portfolios, general increase across growth portfolios. Launched maximum offshore portfolios as member choice portfolios will see good uptake



Multi-manager proposition is well positioned in the current climate – a trusted partner

Purposeful diversification - remains an investment edge where track record and experience matters

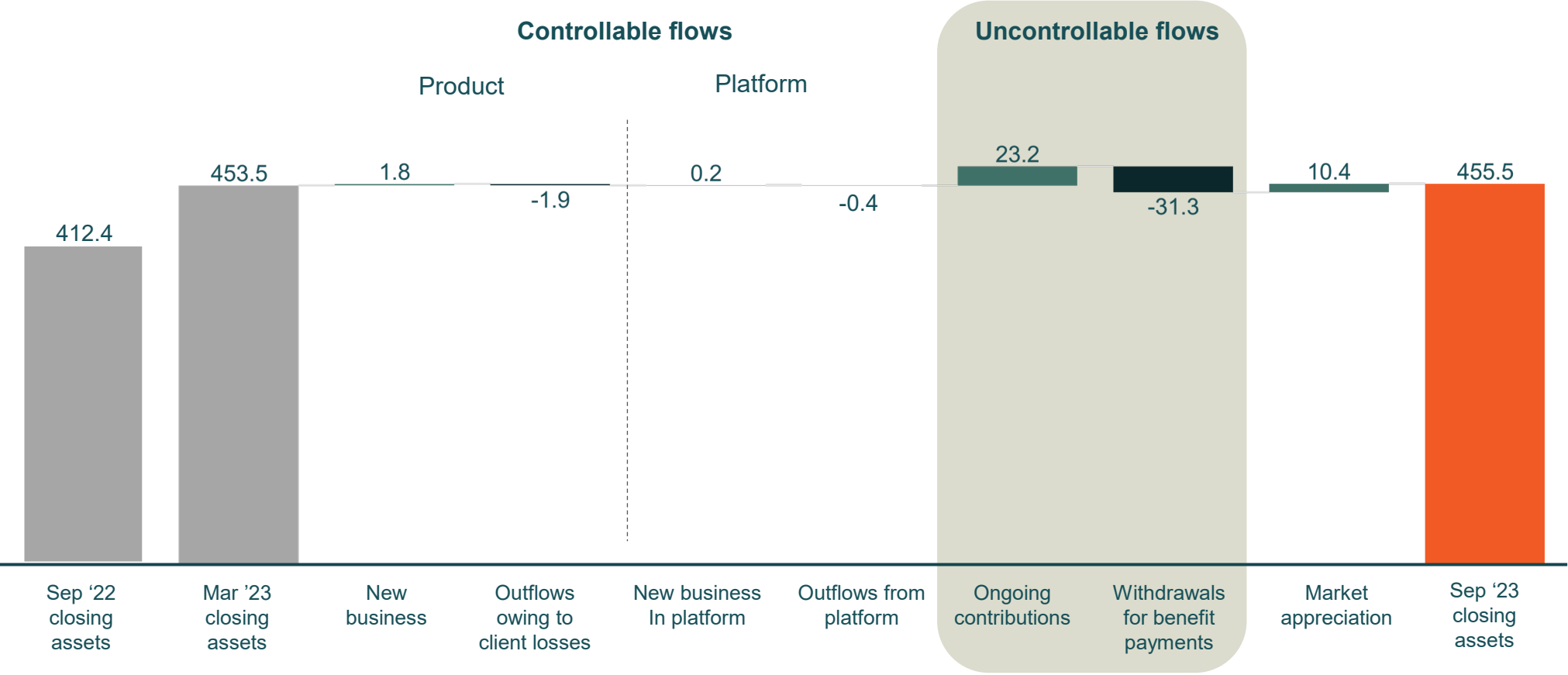
Engagements on D&I continue to bear fruit – Industry adoption progressing well

Expanding capabilities to serve new segments



Total assets¹ up 10% year-on-year

Movement in total assets (R billion)



1. Total assets include assets under administration (AuA) and assets under management (AuM)

H1 2024 operating performance | Individual consulting

Individual Consulting	H1 2024	H1 2023	% change	FY 2023
Operating income (R million)	209	181	▲ 15	369
Closing assets under advice (R billion)	91	83	▲ 10	90
New business flows (R billion)	9.9	7.4	▲ 34	16.7
AFRIS AuM (R billion)	20.7	15.3	▲ 35	18.1

- Growth in operating income due to
 - Higher average assets under advisement
 - Sustained new business and asset retention from improved customer engagement
- Individualisation strategy gaining traction
 - Added 15 advisers since March 2023 to 239
 - Another 12 expected by January 2024
 - In-fund asset flows of R3.5 billion for the year (up 40% year on year)



Impact | Individualisation in action



- Scaling of our automation into the AFRF
- Will exceed advisor growth target for FY2024
- Launch of AF Connect platform with >100 000 registrations
- >120 000 digital engagements
- >300 wellness days
- >100% increase in leads generated from pre-retirement seminars
- WhatsApp self-service launched with >9 000 service interactions
- Acquisition of OUTvest

Financial performance



Solid performance

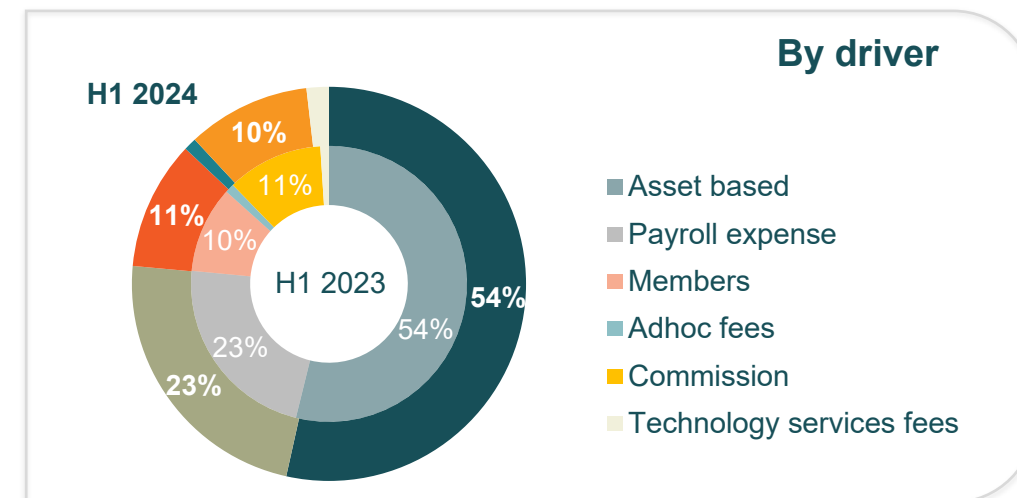
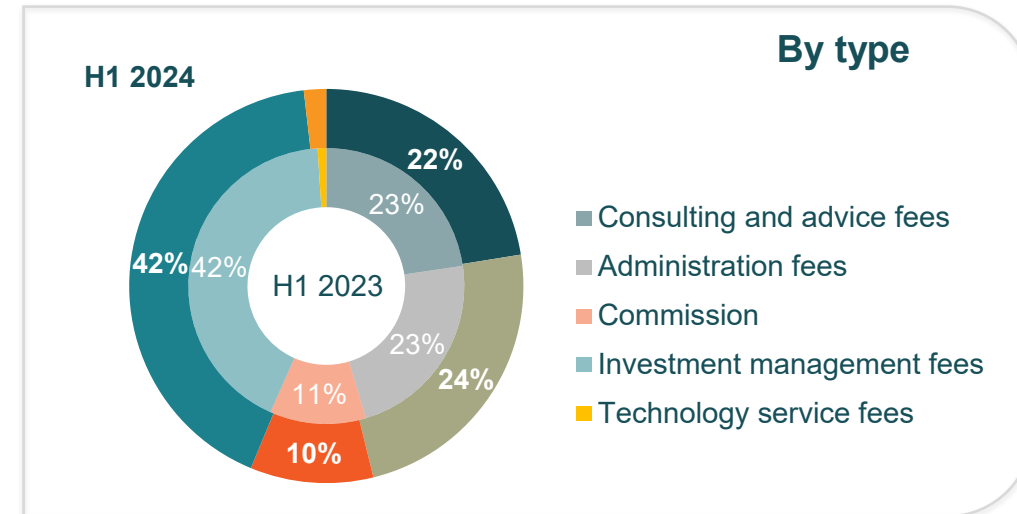
- **Sustained growth in top line** up 13% year on year
 - **Acquisitions contribute** 4% to the top-line
- Increase in operating expenses (up 15% year on year) reflects the result of the corporate activity over the past 18 months
 - Organic growth in operating expenses of 8% year on year, excluding the impact of stranded costs and lease adjustments
- **Profit from continuing operations** (before not trading and capital items) up 11%
- **Increase in profit from total operations** owing to the positive trading result, improvement in non-trading and capital items and discontinued operations
- **Continued strong cash generation of R446 million** and **capital strength** with a cover ratio of 2.6 times
- **Regulatory capital measured** in line with the **solo-plus methodology**
- **33% increase in interim dividend** to 20 cps

Analysis of operating income

Strong growth given challenging operating environment

R million	Sep 2023	Sep 2022	% change
Retirement consulting	556	468	19
Healthcare consulting	182	174	5
Investments	800	716	12
Individual consulting	209	181	15
Multinational consulting	164	147	12
Total operating income	1 911	1 686	13

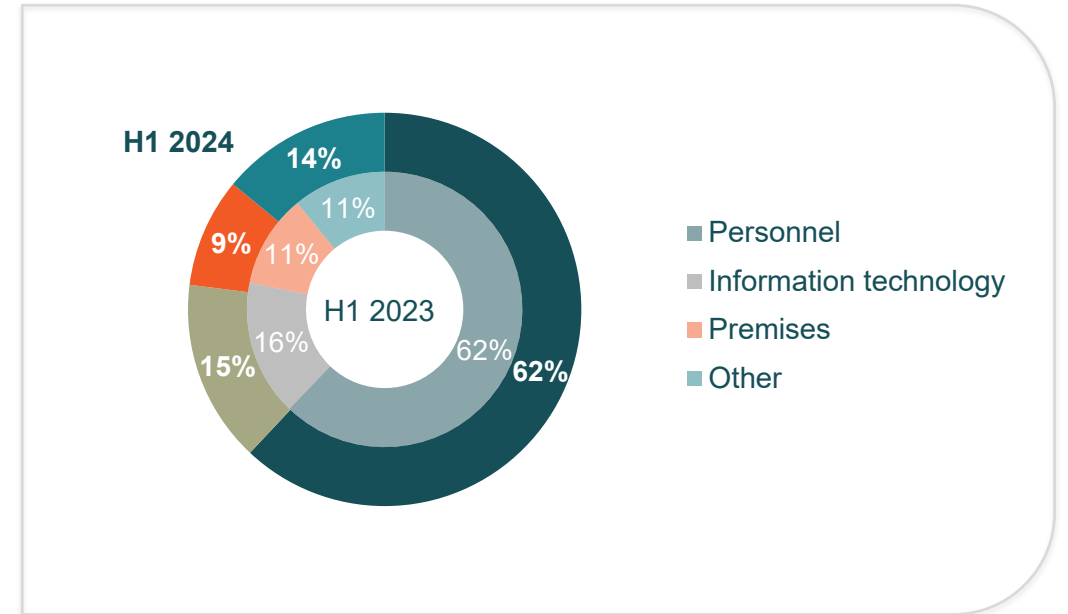
- Acquisitions of EBS, BWEB, TSA and the funds acquired from Sanlam standalone business reflected in retirement consulting
- Excluding acquisitions:
 - Retirement consulting is up 6%
 - Total operating income is up 9%



Operating expense analysis

Operating expenses include the impact of acquisitions in line with expectations

R million	Sep 2023	Sep 2022	% change
Personnel costs	972	845	15
- Business as usual	926	834	11
- Acquisitions	46	11	>100
Information technology	231	214	8
Premises	146	156	(6)
Other	210	143	47
Total operating expenses	1 559	1 358	15



- Operating expenses reflect the result of corporate activity within the group over the past 18 months
- Organic growth in operating expenses is 8%, excluding the impact of stranded costs and lease adjustments
- Our target for organic growth in expenses over the medium to long term remains between 6% and 8% p.a.

H1 2024 Financial performance

Solid set of financial results under tough operating conditions

R million	Sep 2023	Sep 2022	% change
Operating income	1 911	1 686	13
Other income	42	26	62
Operating expenses	(1 559)	(1 358)	15
Profit from operations before non-trading and capital items	394	354	11
Non-trading and capital items	(13)	(75)	(83)
Operating profit	381	279	37
Net investment income	90	20	>100
Treasury shares	(1)	(1)	-
Profit before taxation	470	299	57
Income tax expense	(131)	(95)	38
Profit from continuing operations	339	204	66
Profit from discontinued operations	9	(25)	>100
Profit for the period	348	179	94

Interim support services provided to businesses disposed partially offsets stranded costs

Impacted by cell-captive insurance result and lower amortisation costs

Higher interest income owing to increase in interest rates

Effective tax rate of 26.6% (excluding policyholder tax)



Headline earnings and dividend per share

Interim dividend up 33% to 20 cents per share

	Sep 2023	Sep 2022	% change
Shares in issue (million)	1 328	1 328	-
Weighted average number of shares in issue ¹ (million)	1 226	1 230	(0.3)
Normalised weighted average number of shares in issue (million)	1 227	1 231	(0.3)
Headline earnings per share – continuing operations (cents)	27.0	16.1	68
Headline earnings per share – total operations (cents)	27.7	14.1	96
Normalised headline earnings per share – total operations (cents)	26.4	15.5	70
Interim dividend per share (cents)	20.0	15.0	33

1. Net of treasury shares

- Interim dividend is within the target range of the group's dividend policy
 - Alexforbes's dividend policy is set at a target range of 1.0 to 1.5 times earnings cover

H1 2024 capital, available cash and return on equity

	Sep 2023	Sep 2022	% change	FY 2023
Average equity ¹ (R million)	4 626	4 427	▲ 4	4 450
Average tangible NAV ² (R million)	3 009	2 973	▲ 1	2 910
Own funds (R million)	2 861	2 585	▲ 11	2 944
Solvency capital requirement (SCR)	1 087	1 379	▼ (21)	1 428
Regulatory surplus (R million)	1 774	1 206	▲ 47	1 516
Available cash as at 30 September 2022 (R million)	863	589	▲ 47	933
Return on equity (%)	16.8	12.0	▲ 40	14.5
Return on tangible NAV (%)	25.9	17.8	▲ 46	22.2

1. The average equity excludes policyholder treasury shares that are held for benefit of policyholders and shares purchased in terms of share schemes (the voting rights attached to these treasury shares are not AFGH rights)

2. Average tangible net asset value excluding intangible assets and the related deferred tax

Outlook





Prospects

Investment destination

Two-pot opportunity

Strong new business pipeline

Strengthening our umbrella fund offering

Individualisation

Tightening our integrated value chain

Expanding our intermediated offering

Enabling and guiding the retirement fund industry towards a more sustainable future



Our newest sponsorship

Aligns with our brand positioning

1st of its kind online championship in South Africa

Promotes strategic thinking, planning ahead and competition

Inclusive sport with no barriers to entry

Pilot in KZN, GP, NW and WC

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