



FY 2019 Investor Update – Strategic review

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Dawie de Villiers
Group Chief Executive

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We announced a strategic review in December 2018



Refocusing on the customer, as well as the culture and values of the Alexander Forbes brand.

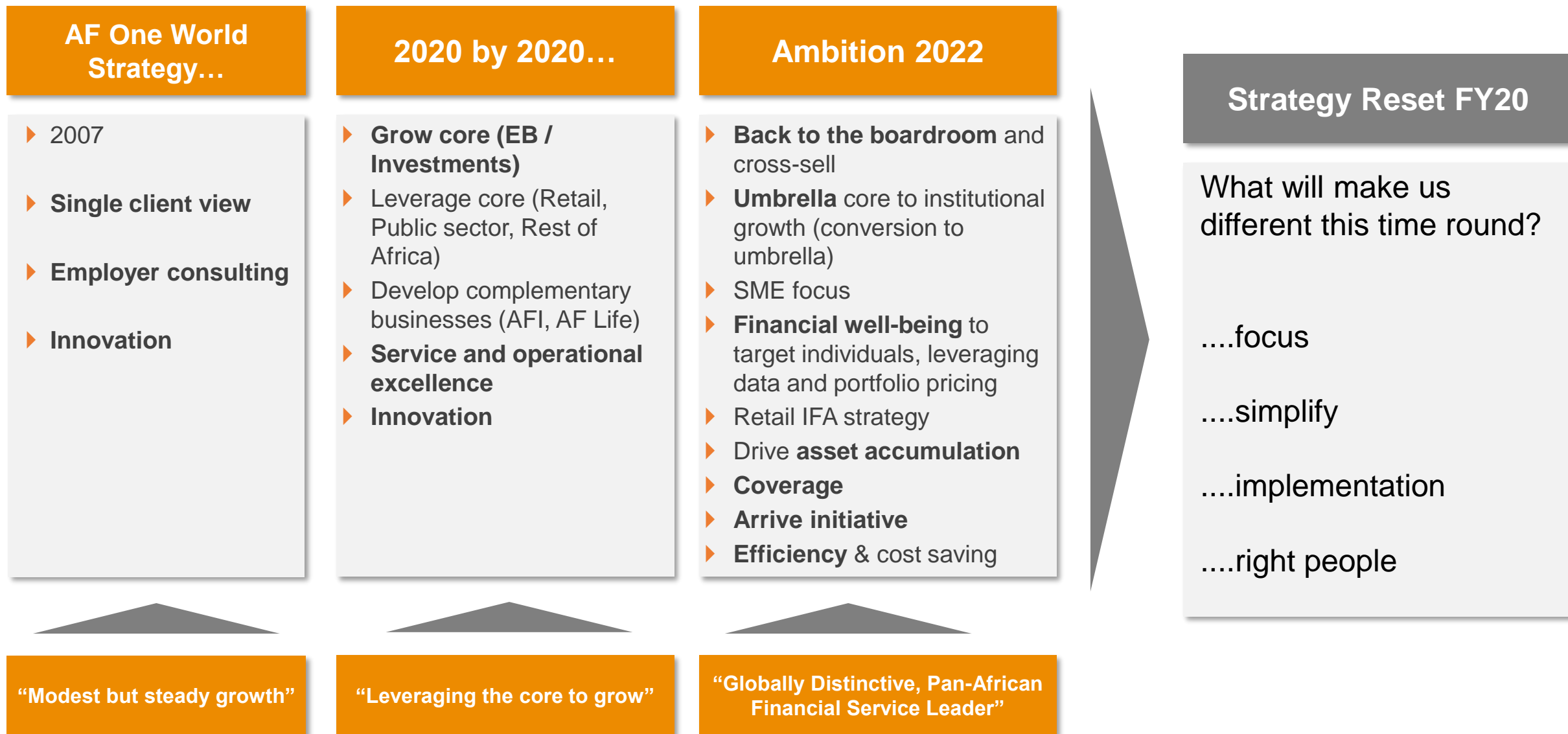


Strengthening the company's competitive position in the employee benefits, savings and retirement markets.



Positioning the business appropriately for profitable growth and commensurate returns on capital invested.

Strategic reset | Earlier strategies unpacked... identified areas that are still relevant





Growth path



Business model



Pan-Africa



Stand – alone



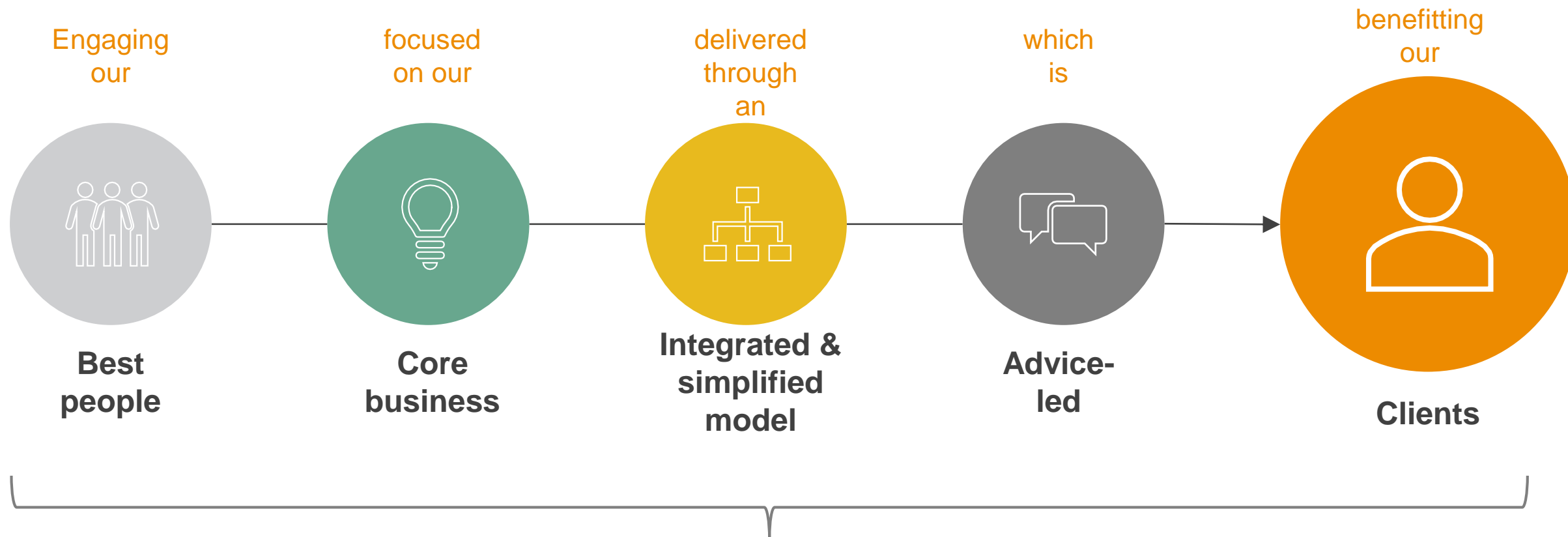
Operations

Ambition 2022

- Drive growth through diversification:
 - Focus on retail
 - IFA as key distribution platform for retail
 - Expand into emerging markets
 - Focus C&EB on umbrella conversions
- Portfolio of different business lines, focus on greater collaboration across businesses, cross-sell and overlapping shared services
- Country focused, stand alone operations
- Rapid scale up of South African ‘pension fund administration’ model through M&A
- Rigorous conversion towards umbrella funds as key profit contributor
- Operations are loss-making activities that require a stand alone optimisation (price adjustment or exit)

Strategy review 2020

- Drive growth through focus on the core of consulting, investments and administration:
 - Advice-led / best solutions for clients
 - Re-build a leading edge consulting team
 - Win with an integrated value proposition
- Client-centric integrated operating model
- Reduced complexity (operationally and structurally)
- Advice-led, country agnostic
- Capital light service delivery initiative “ Arrive”
- Stand-alone is one of Alexander Forbes’ flagship products and market differentiators, focus on member administration
- Umbrella funds equally important
- Process efficiency and scale enabled competitiveness
- Operations are critical to core business
- Enhance member engagement experience across the full value chain
- We need to focus on improving our scale



SECURING YOUR FINANCIAL WELL-BEING FOR A LIFETIME

Future growth vision | Five key deliverables

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BEST ADVICE FOR CLIENTS

- Advising clients to successfully implement holistic employee benefits programmes
- Educating individual members on the importance of saving and investing pre- and post retirement

MEASURABLE CLIENT BENEFITS

- Financial well-being for all members, innovative solutions to employers
- Cost effective, better retirement/preservation for individuals through our institutional offering

PAN-AFRICAN SOLUTIONS

- Servicing clients across Africa, independent of an in-country presence
- Leveraging our partnership with Mercer to deliver the value expected from our international brand

FOCUSED BUSINESS MODEL

- Focus on the core of consulting, investments and administration as an integrated value proposition
- Reduce complexity
- Increase agility and ease of execution
- Leverage partnerships

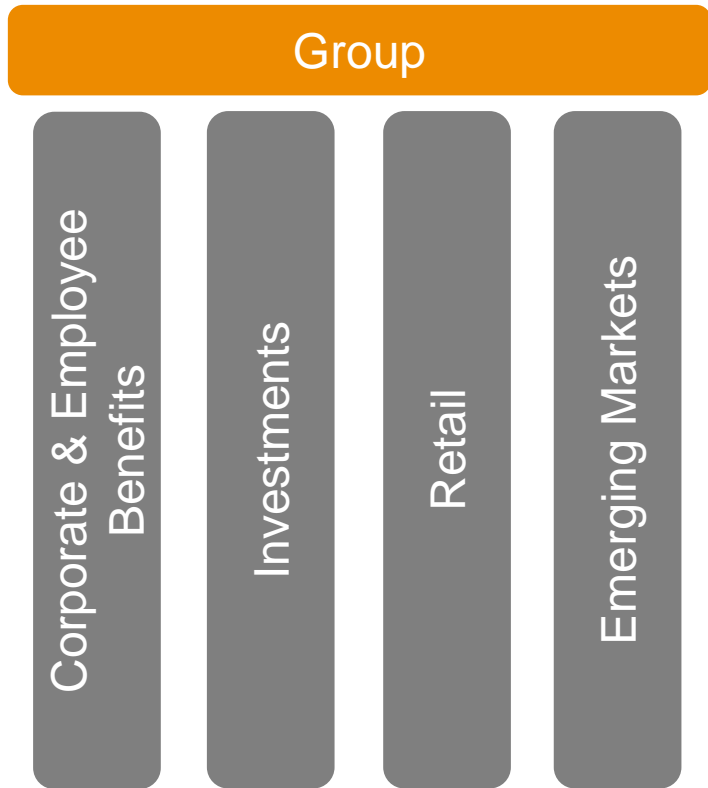
CAPITAL-LIGHT

- Aim to decrease regulatory requirements for capital implementing a capital-light business that delivers a superior return on capital for shareholders
- Further optimising the quantum of regulatory capital retained

Fundamental change in the way we do business, unlocking growth through an integrated approach that focuses on best advice for our clients

Way forward | Target operating model: “client-centric – one company”

To deliver on the revised strategy and unlock growth opportunities we need to transition to a new operating model



Through a single Alexander Forbes brand, we will strengthen the ‘client-centric – one company’ approach through the integration of the different business lines Corporate & Employee Benefits, Investments, Retail (Financial Planning Consultants and Individual Client Administration) and Emerging Markets.

- 1** One jointly orchestrated client-facing team, with divisional experts
- 2** A hub for innovative solutions development and product enablement
- 3** A joint platform for services, including fund administration and supporting centres of excellence

The new operating model will allow us to lead with advice, service and engage the client with an integrated offering that includes divisional experts

Strengthening Consulting, Administration and Investments

- ✓ Expand core businesses of consulting, administration and investments to leverage synergies and scale opportunities
- ✓ Ensure we retain our position as the market leader who provides best value for our clients
- ✓ Alexander Forbes will be exploring opportunities to acquire a similar focused employee benefit business that supports our strategy

Exit Insurance cluster (Group risk, Retail life & Short-term)

- Commencing a process to seek a buyer for our insurance businesses
- Disposal of these premium businesses based on a value proposition that:
 - balances appropriate solutions for our clients
 - protects and values the employees who have contributed to the success of these businesses; and
 - realises fair value to our shareholders

- Management changes arising from the revision of the strategy are being addressed, together with the reassignment of internal portfolios.
 - Critical appointments already made: CFO appointment announced (effective 1 April 2019)
- Further details relating to the strategic review will be included with the annual results for the year ending 31 March 2019, scheduled for release on SENS on or about 18 June 2019

The strategic review allowed us to refocus and simplify, but also identify a broad set of growth opportunities that capitalise on our proven strengths and expertise as the premier provider of retirement solutions for members. Through active change management, working across the organisation as one, we will drive our range of strategic initiatives to deliver best value for all our stakeholders as Alexander Forbes.

Dawie de Villiers, CE



Thank you