



POWERING RESILIENCE

Santam Group CEO: Tavaziva Madzinga

10 OCTOBER 2023

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.



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THE SANTAM GROUP IS THE LARGEST SHORT-TERM INSURER IN SOUTH AFRICA, WITH A SOLID LEGACY AND A CONSISTENT PROVEN RECORD OF SUSTAINABLE VALUE CREATION



- Listed on the JSE and subsidiary of the Sanlam Group



- **Certified as a Top Employer** by the Top Employer Institute for the seventh consecutive year



- Leading market share **exceeding 23%** (+R35 billion in GWP)



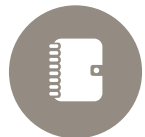
- Listed on the **Top 30 FTSE/JSE Responsible Investment Index** and a constituent of the **FTSE4Good Index Series**



- A uniquely diversified group
 - Product lines
 - Geography
 - Multi-channel distribution with **over 3 500 intermediaries**



- Relationship with **Sanlam Allianz provides** growth opportunities in specialist lines across Africa



- Insures over **1 million policyholders** and more than 80 of the top 100 companies listed on the JSE



- Stable dividend policy with ordinary dividend per share at **7% compound annual growth rate**

AN EVOLVING RISK LANDSCAPE REQUIRES THAT WE PROACTIVELY ENHANCE OUR RISK MITIGATION EFFORTS AND PIVOT TOWARDS GROWTH-ORIENTATED STRATEGIES



Covid-19
pandemic/
Contingent
business
interruption



KZN riots/
Deteriorating
operating
environment



Weather
catastrophes/
Above
avg NatCat
losses



Slowing
economic
growth/
Extraordinary
market
volatility



Russia-
Ukraine
conflict/
Rising
geopolitical
tensions



Elevated
inflation/Rising
cost of living



Failing
infrastructure/
Loadshedding



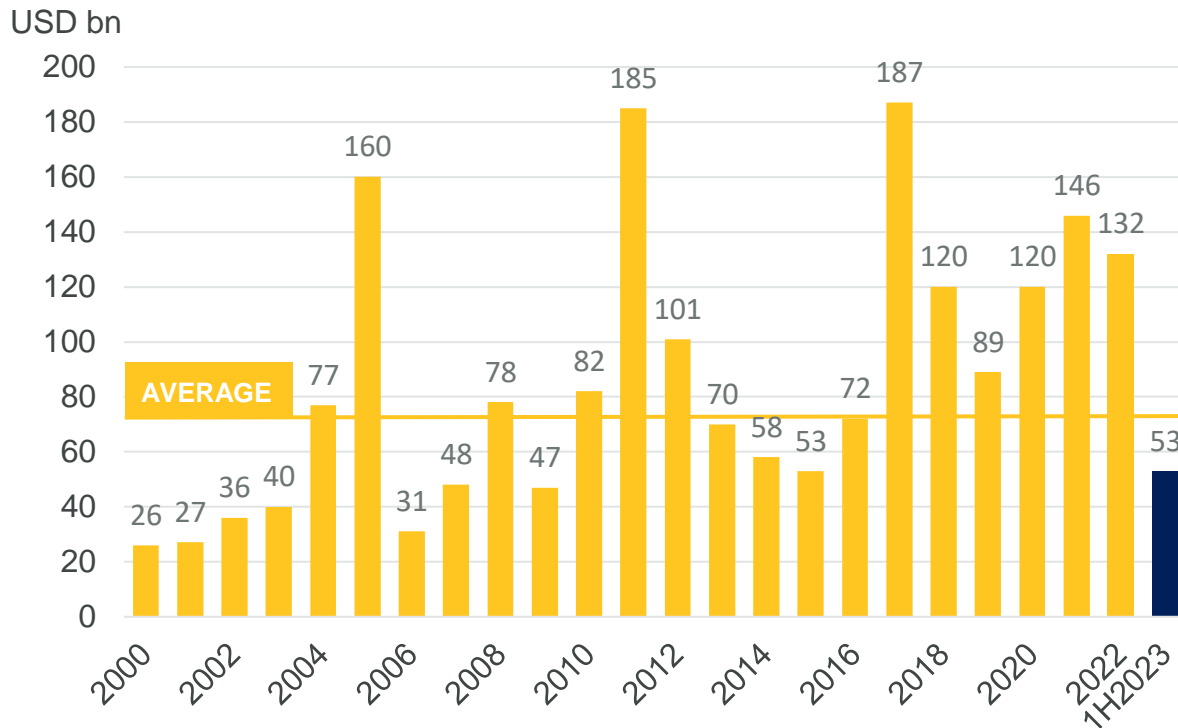
Rate
hardening/
InsureTech
competitors



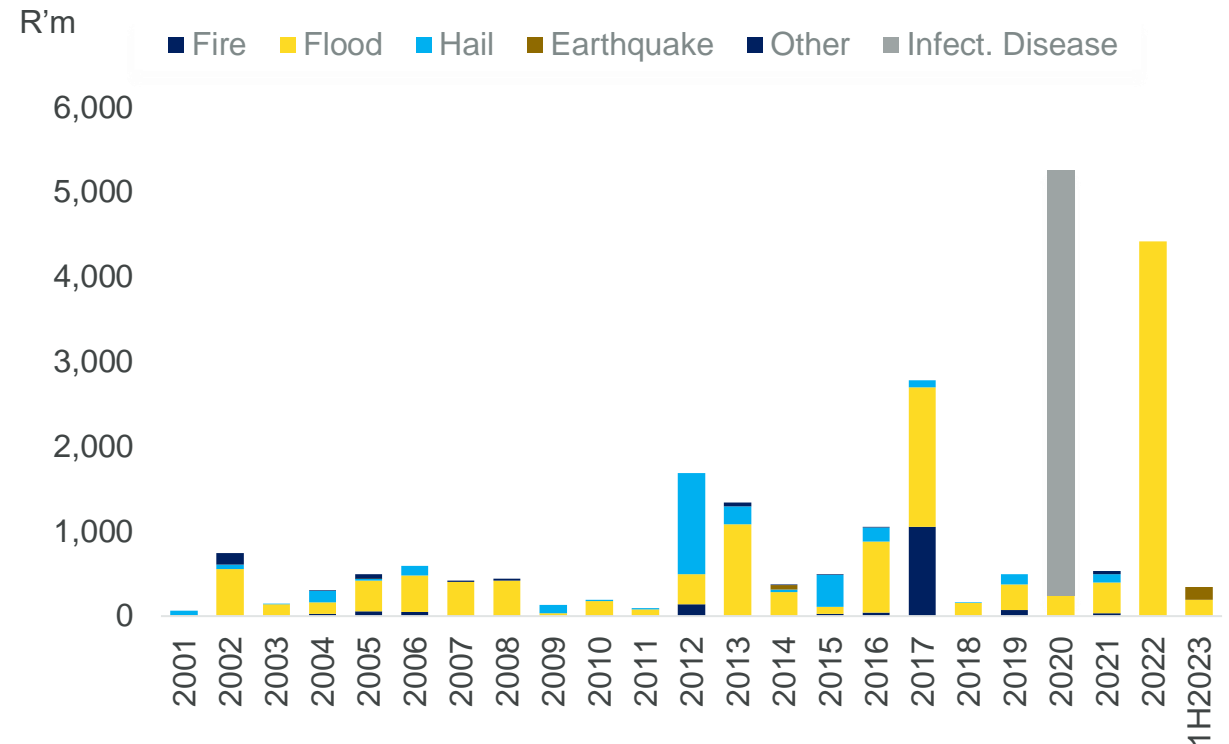
POPIA/
increasing
sustainability
and climate
disclosures

NATIONAL CATASTROPHES (NATCAT) LOSSES HAVE BEEN ELEVATED OVER THE LAST FEW DECADES DUE TO HIGH LOSS EVENTS SUCH AS STORMS AND FLOODS. THE SIZE AND FREQUENCY OF CATASTROPHE CLAIMS HAVE INCREASED IN SOUTH AFRICA AND AROUND THE WORLD

GLOBAL INSURED LOSSES: ALL PERILS (\$ BN)



SANTAM: GROSS TOTAL CATASTROPHE CLAIMS, ALL PERILS (RM)



FINANCIAL RESULTS – JUNE 2023

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.



DESPITE EXTRAORDINARY CHALLENGES, WE HAVE PROVEN TO BE A RESILIENT BUSINESS WITH ROBUST PERFORMANCE

GROWTH

Conventional insurance
GWP growth of **7%**
(2022: **7%**)

GWP grew by **12%**
(cancelled
business excluded)

EARNINGS

Underwriting margin for
conventional insurance
business of **3.8%**

(2022: **3.0%**)

Alternative Risk Transfer
earnings of **R200 million**

(2022: **R117 million**)

Return on Capital **24%** (2022:
12%)

FINANCIAL STRENGTH

Group economic capital
coverage ratio of **159%**
(Dec 2022: **156%**)

Interim dividend of **495 cps**
(2022: **462 cps**), up **7%**

Further announced special
dividend of **1780 cps**

VALUE DRIVERS

Direct as % of GWP **15%**
(2022: **19%**)

International as % of GWP
17% (2022: **18%**)

Policy count: **over 1 022 000**

Gross claims paid of **R14.6
billion**

(2022: **R14.2 billion**)

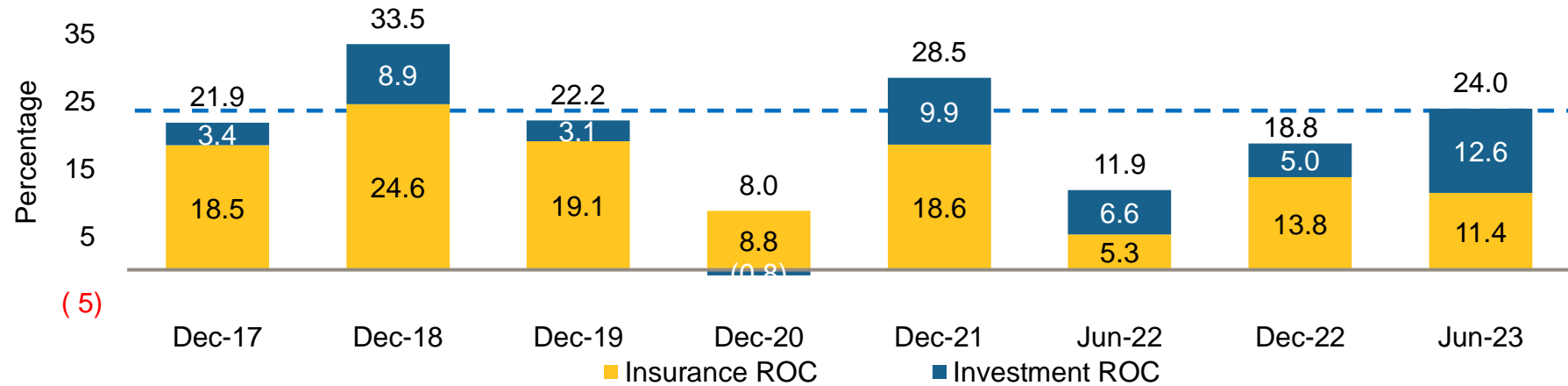
RESULTS AFFECTED BY:

Negatives: Attritional weather losses, Western Cape floods, Large losses

Positives: Motor, Power surge under control, Specialist performance

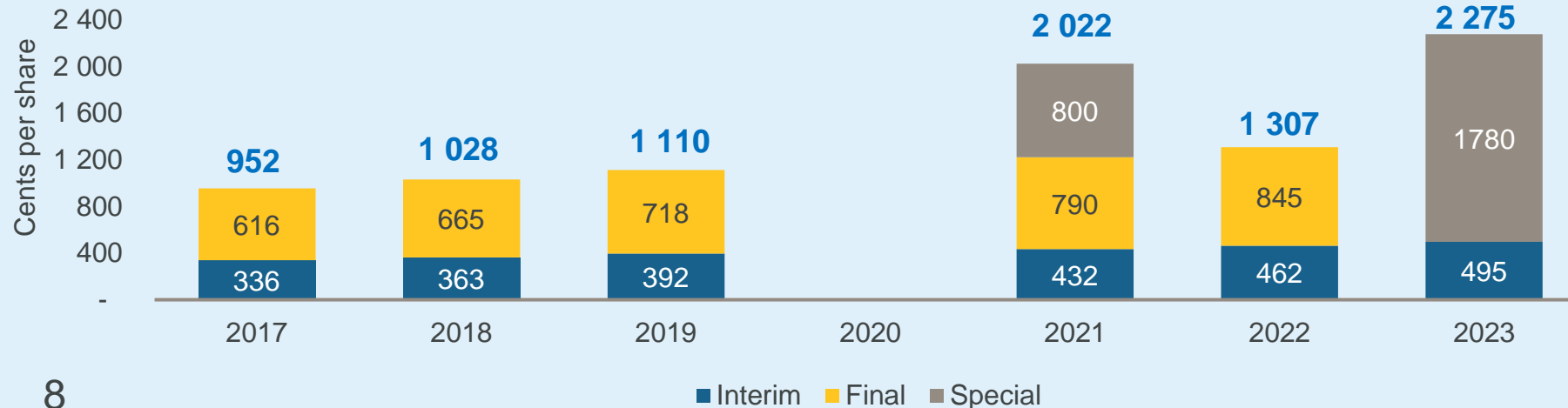
WE HAVE A SOLID LEGACY AND A CONSISTENT, PROVEN RECORD OF SUSTAINABLE VALUE CREATION

RETURN ON CAPITAL: TOTAL COMPREHENSIVE INCOME EXPRESSED AS % OF WEIGHTED AVERAGE SHAREHOLDERS' FUNDS



- We continue to produce a strong return on capital

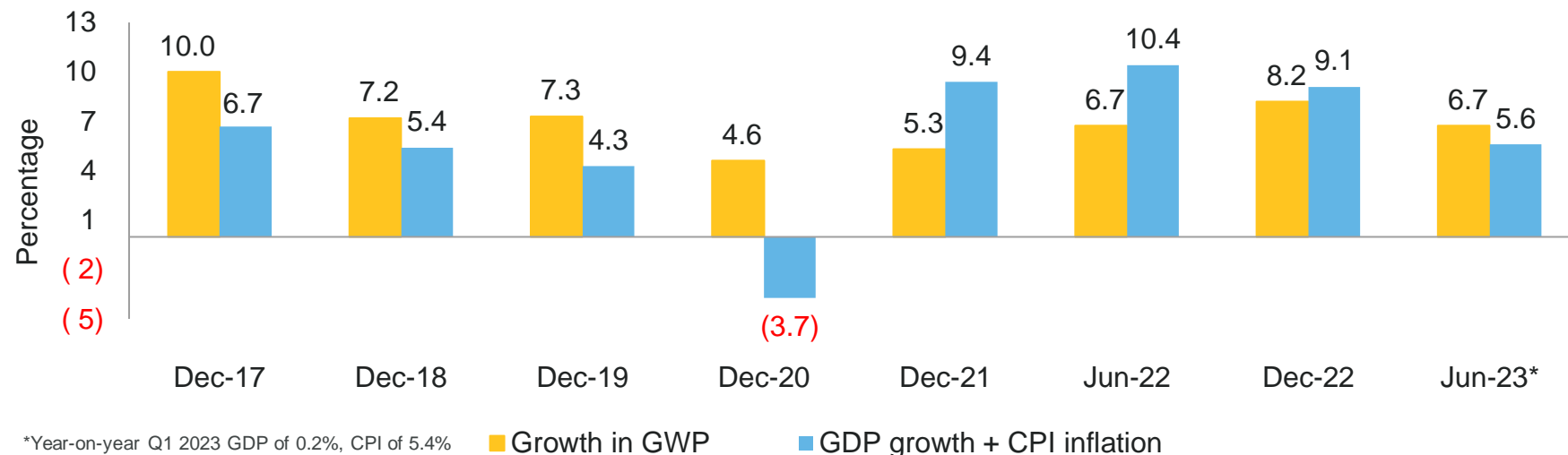
DIVIDEND PER SHARE



- We have a stable dividend policy that has enabled an ordinary dividend per share compounded growth of 7% CAGR over the last seven years
- Following the disposal of our stake in SAN JV, we have declared a special dividend of R17.80 per share

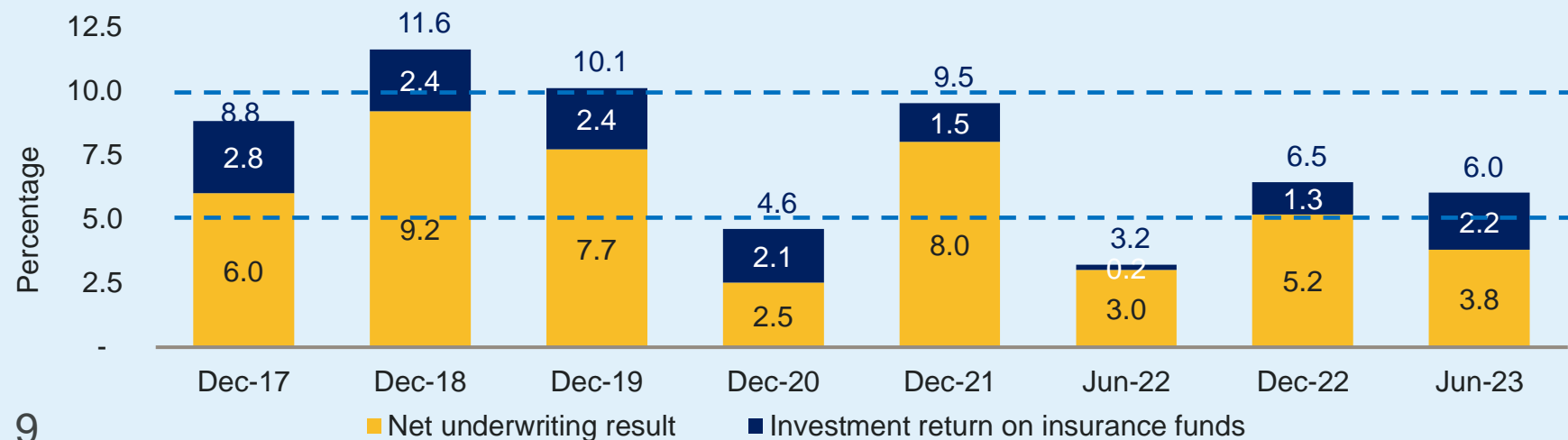
GROWTH AND MARGIN REMAIN UNDER PRESSURE IN RECENT TIMES DUE TO A CHANGING RISK LANDSCAPE

GROSS WRITTEN PREMIUM VS CPI + GDP GROWTH



- 12% growth excluding cancelled business
- Excellent contribution from Specialist Solutions
 - Engineering, Marine, Property
- Segmented premium increases achieved – double digit growth in Broker Services with persistency remaining within expectations
- MiWay reflects pressure on consumer

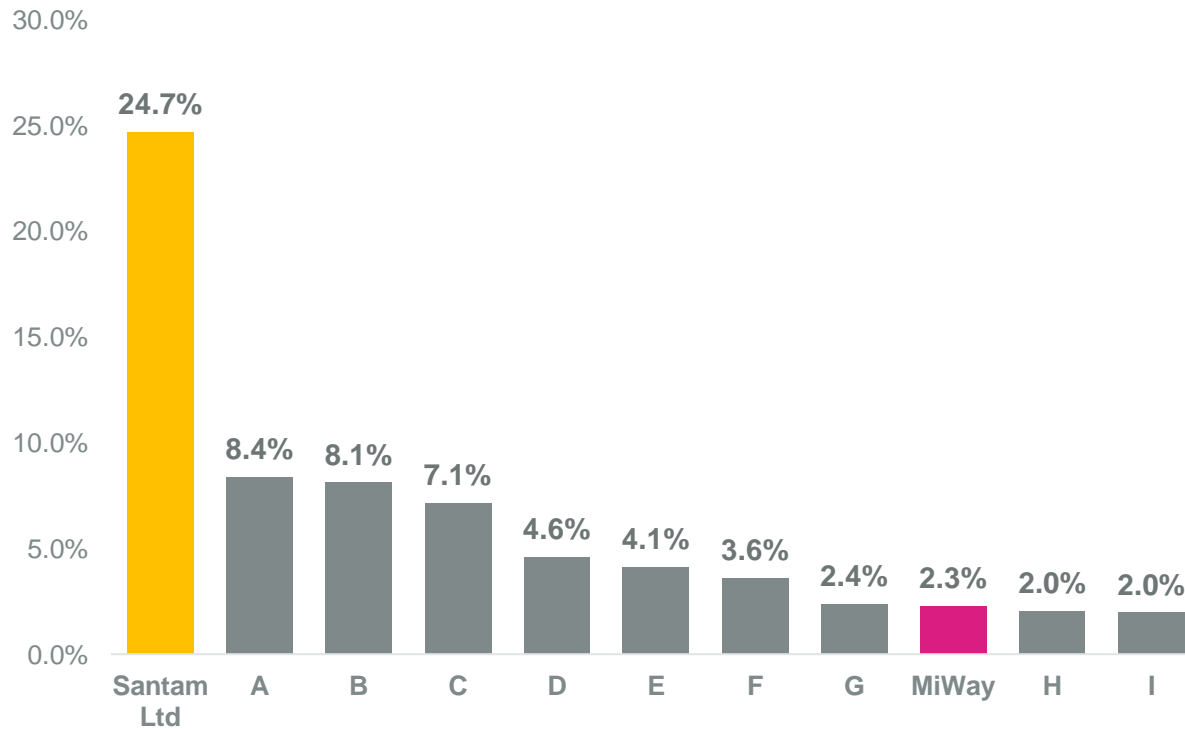
NET INSURANCE RESULT AS % OF NET EARNED PREMIUM



- Large losses in both periods
- 2023: Türkiye, run-off losses in Israel, Western Cape floods, fire claims
 - CBI reserve release of R155m
 - 2022: KZN floods, fire claims
 - CBI reserve release of R397m
- Adjusted underwriting margin of 7.5% for 1H23 and 5.6% for 1H22

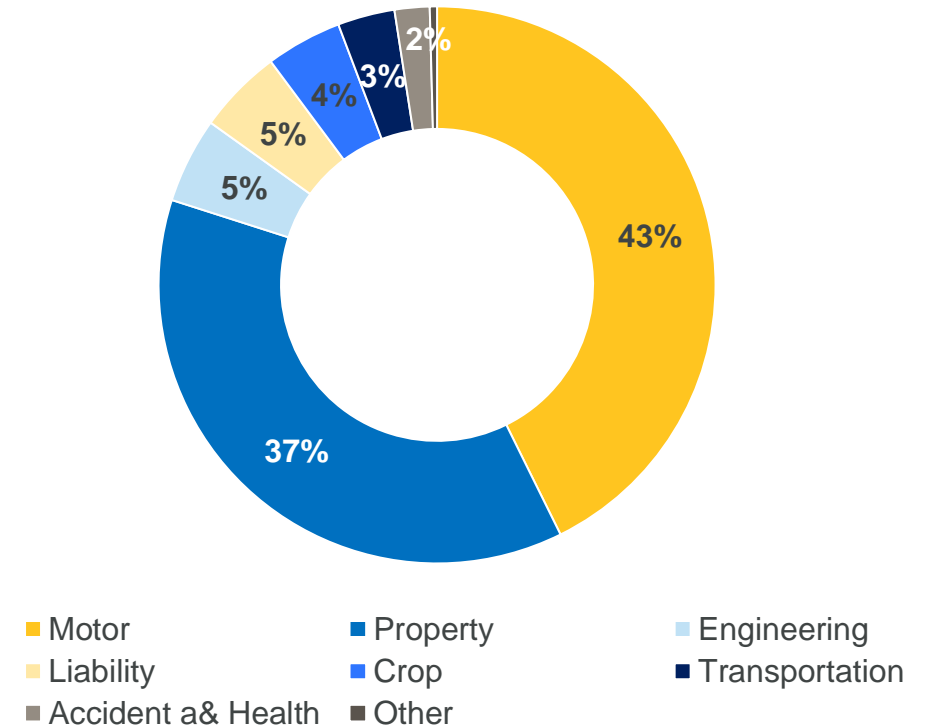
WE CONTINUE TO BE THE DOMINANT INSURER, WITH A STRONG MARKET SHARE OF MORE THAN 23%. THIS IS SUPPORTED BY OUR DIVERSE PRODUCT LINES

PRIMARY INSURERS: MARKET SHARE BY GWP - 2022



Source: Internal calculations based on the PA's Annual Reports, KPMG
Market share excludes cell captives and reinsurance numbers

SANTAM CONVENTIONAL: GWP PER INSURANCE CLASS - 2022



Source: Santam Integrated Annual Report 2022



STRATEGY OVERVIEW

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.



OUR REFRESHED STRATEGY IS ANCHORED AROUND THREE KEY STRATEGIC GROWTH VECTORS, UNDERPINNED BY DATA AND ANALYTICS IN RESPONSE TO THE SHIFTING LANDSCAPE

STRATEGIC INTENT:

Leading South African insurer driven by data, with the client at the centre of everything we do

GROWTH VECTORS:



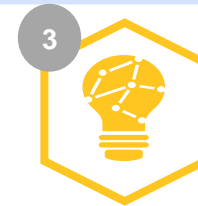
Strengthen leadership position in South Africa

- Shift to multichannel model
- Maintain dominance in Broker
- Scale Direct and tied agency



Drive international expansion and diversification

- Leverage Sanlam Allianz
- Specialist capability
- Scale Reinsurance



Scale ecosystems and explore new markets through partnerships

- Ecosystem/platform play
- Cross-sell with Sanlam
- Partnerships, MTN

UNLOCK AND DEVELOP DATA CAPABILITIES TO SOLIDIFY OUR COMPETITIVE ADVANTAGES

Modernise IT and digital capabilities

Digitise our E2E value chain and customer journey

Leverage data and AI to enhance innovation and underwriting (pricing/risk selection)

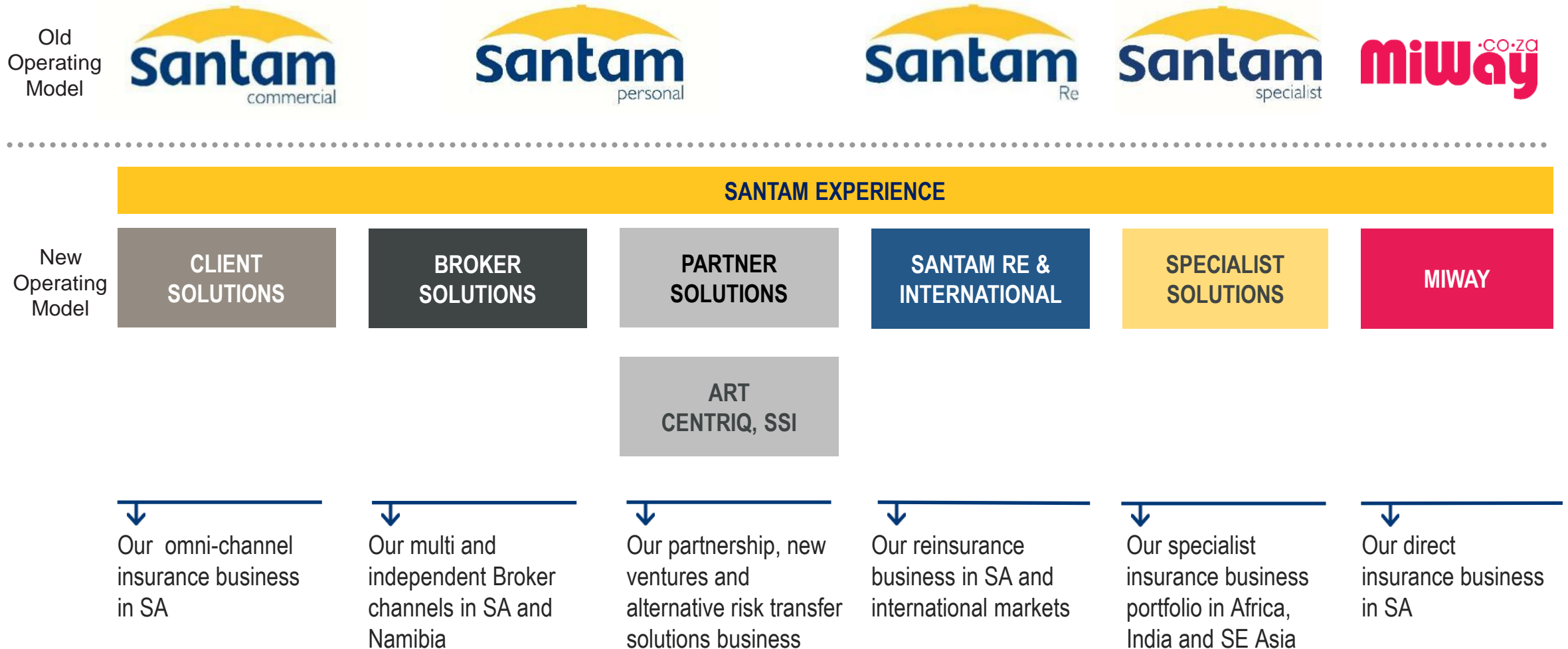
GOOD CORPORATE CITIZEN AND DRIVE TRANSFORMATION

Win the war on talent (talent mobility)

Cost excellence

Build resilient communities and establish leadership in sustainability

OUR STRATEGY IS EXECUTED THROUGH A CLIENT FACING OPERATING MODEL GEARED TOWARDS MULTICHANNEL DISTRIBUTION



OUR LONG TERM TARGETS TO 2030



FINANCIAL

GWP GROWTH RATE CPI + GDP + 1 to 2%	NET UNDERWRITING MARGIN 5% to 10%	DIVERSIFICATION International GWP > 20% Direct GWP > 30%
RETURN ON CAPITAL >24%	DIVIDEND GROWTH In line with GWP growth	CAPITAL COVERAGE RATIO 145% to 165%



NON-FINANCIAL

POLICY COUNT >2 million	CUSTOMER EXPERIENCE (NPS SCORE) >60%	EMPLOYEE ENGAGEMENT SCORE >75%
MARKET SHARE >24%	TRANSFORMATION Maintain B-BBEE Level 1	ESG Maintain Top 30 JSE Responsible Investment Index

OVER THE PAST SIX YEARS, WE HAVE PAID THE LARGEST QUANTUM OF CLAIMS IN OUR 105 YEAR HISTORY

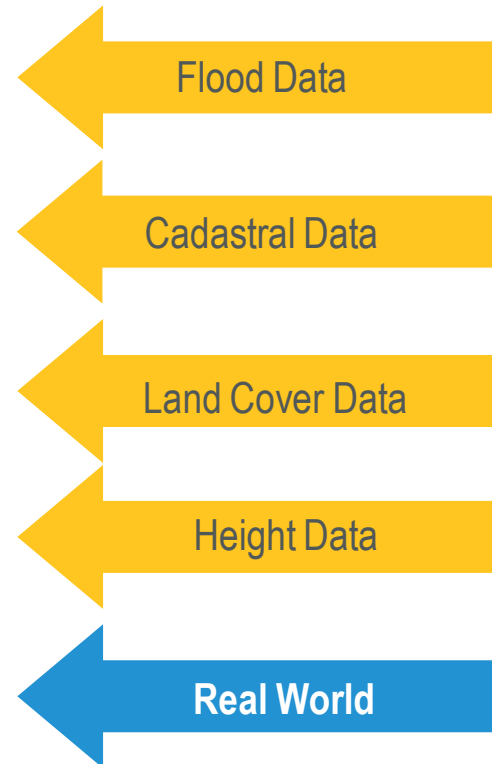
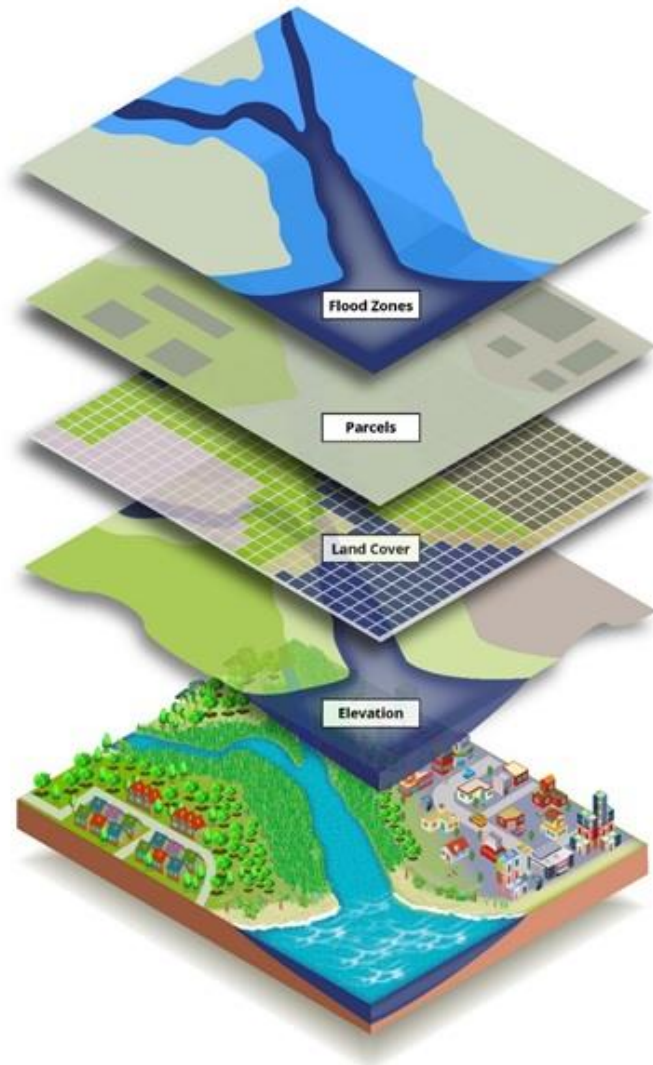
Catastrophe losses resulted in a substantial increase in the cost of non-proportional reinsurance – CAT programme premium up 78% since 2019 to R725m

Retention increased from R150m to R505m for the SA book. Santam Re is still protected above R150m in the international market

Growth in the overall book managed to retain reinsurance costs at a 20% level

Reinsurance has contributed to our ability to absorb and recover from shock losses whilst maintaining positive underwriting margins.

WE ARE ACTIVELY GEOCODING OUR PROPERTY BOOK TO UNDERSTAND AND PRICE FOR RISKS BETTER. TO DATE, WE HAVE GEOCODED 50% OF OUR PROPERTY PORTFOLIO WITH POSITIVE OUTCOMES



- Flood and sea surge modelling
- Crime statistics
- Proximity to policyholders and fire stations
- Historical earthquake events
- Veld fire risk

POWERING RESILIENCE THROUGH COLLABORATION WITH LOCAL GOVERNMENT AND COMMUNITIES IS KEY TO NARROWING THE RISK PROTECTION GAP



P4RR Outcomes

- Reduce fire, flood and drought risk of vulnerable South Africans
- Increase the resilience of vulnerable communities to disasters
- Increase education and awareness of climate change and disaster-related risks
- Reduce Santam's risk exposure

Progress to date

- Firefighting and Disaster Management equipment distributed to three additional municipalities
- Green Book roll-out to ten Districts in partnership with CSIR
- Provision of smoke alarms in informal settlements in Gauteng
- Santam donated and planted 200 indigenous trees on 3 October 2023 in Capricorn District as part of supporting climate change adaptation efforts

OUR ESG COMMITMENTS ARE GEARED TOWARDS SUPPORTING COMMUNITY RESILIENCE AND PROACTIVE RISK MANAGEMENT

POSITIVE IMPACT ON SOCIETY



We now support 95 municipalities through **Partnership for Risk and Resilience (P4RR)**



ESG LEADERSHIP



Continued as a constituent of the **FTSE 4 Good** index series and **FTSE/JSE Responsible Investment Top 30** index

DIVERSITY AND INCLUSION



**Level 1
BBBEE
status**

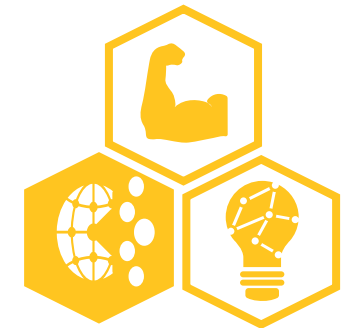
Appointed a **diverse leadership team** to execute on our new operating model, focused on driving our new, refreshed FutureFit strategy



We invested **R160m** in companies that reduce long-term systemic risk through the **Santam Resilient Investment Fund**. The fund targets investments in companies that address ESG needs



We continue to invest in **our Black Broker Programme** to contribute to the transformation of the sector



WE BELIEVE THAT OUR MULTI-CHANNEL STRATEGY, THE INVESTMENT IN DATA CAPABILITIES AND THE PARTNERING FOR RESILIENCE WILL POWER AND STRENGTHEN OUR ABILITY TO CREATE SUSTAINABLE VALUE FOR STAKEHOLDERS



Continue to implement corrective underwriting actions where necessary



Continue to roll out data use cases and drive geocoding of our book



Continue to drive profitable growth in MiWay through the new strategic growth vectors



The MTN device book is a key driver for growth in untapped market segments



Drive closer collaboration with Sanlam and leverage the large customer base



Complete climate risk assessments in line with ISSB/TCFD



QUESTIONS?

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THANK YOU

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