APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Sanlam Group FY 2025 Results

Share Price	R90.55
Date	13 March 2026

RESULTS SUMMARY

Sanlam delivered strong full-year 2025 results on a normalised basis, although headline figures were affected by several one-off items. Net results from financial services (NRFFS) rose 20% to R15.9bn, reflecting solid underlying operational performance. However, headline earnings declined 18% due to corporate activity and structural changes, lower investment returns from a stronger rand, and negative investment variances. New business volumes grew 22% to a record R500bn, driven by strong inflows across life and general insurance.

Several one-off items weighed on headline results, including impairments of investments in Afrocentric and Malaysian general insurance, an unrealised loss of R967m due a shortage of long-dated SA government bonds, and forex losses of about R265m at Santam. Additionally, 2024 benefited from a one-off reinsurance recapture fee linked to the termination of the Capitec partnership, as well as significant disposal profits, neither of which recurred in 2025.

Strategically, Sanlam has largely completed its multi-year portfolio repositioning, simplifying the group structure and strengthening its exposure to higher-growth regions such as India. The group declared a dividend of 485 cents per share, up 9% year-on-year.

Looking ahead, management remains optimistic about the outlook, with 2026 expected to mark the end of Sanlam's recent inorganic investment phase. Operating profit growth may be below CPI plus 6% as the group continues investing in technology and international expansion, but earnings growth should strengthen thereafter. Overall, Sanlam remains well positioned for long-term value creation with a diversified portfolio and growth across South Africa, Pan-Africa and India.

OUR LONG-TERM INVESTMENT VIEW

- We view Sanlam as an attractive African insurer with the largest foothold in growth markets such as Morocco, Nigeria and Kenya. The joint venture with Allianz has increased scale in certain markets, such as Egypt, which will drive growth for the group. We expect the rest of Africa segment to be one of the key growth drivers within the group.
- Within South Africa, the group is growing and competing well relative to its peers. Recently concluded acquisitions and partnerships (e.g. Absa Investment Management, Afrocentric and Capital Legacy) highlight the group's ability to supplement organic growth with inorganic growth.
- The group remains well-capitalised, as evidenced by its solvency ratios and strong balance sheet. We expect the group to weather the current economic environment, balancing dividend growth and investing in its faster-growing market segments.

UNPACKING THE FY 2025 RESULTS

High-level numbers

- **Life Insurance new business volumes** increased by 10% to R114bn, or 17% on a normalised basis, driven by the performance in corporate, living annuities, and risk sales. South African retail affluent segments saw strong single and recurring premiums during the year. South African retail mass benefited from improved persistency and mortality, with Assupol and the retail mass individual life business recording PVNBP growth of 9% in the

Segment Performance

- **The Life and Health** segment reported earnings of over R9.3bn, up 25% on a normalised basis, supported by favourable mortality experience and higher asset base fees. SA's life insurance segment showed strong underlying earnings, benefiting from improved persistency and mortality, while Pan-Africa experienced strong growth led by bank assurance in Egypt and West Africa. India's life insurance earnings were muted due to higher new business drain and first half. Pan-Africa delivered strong growth on a normalised basis, with new business volumes increasing 12% in the first half, led by bank assurance in Egypt and West Africa. Asia's net earned premium growth was 21%, primarily driven by India's 25% growth, supported by strong motor business sales and individual life sales. However, higher new business drain and regulatory changes muted earnings.

- New business volumes in **short-term insurance** increased by 15%, with earnings rising 17%. Asia's general insurance operations in India showed strong book growth and an improved net underwriting margin. Malaysia experienced a challenging claims environment in its motor book.
- **The investment management business** saw earnings increase by 14% on a normalised basis, supported by strong asset management fees driven by higher assets under management. Net client cash flows for investment management reached R67bn, primarily driven by SA, with additional support from Kenya and Namibia. In SA, higher fee income was driven by strong AUM growth, with significant contributions from multi-manager, indexation, and alternatives within the CIS business. Strong net inflows in asset management were driven by retail and institutional multi-management and Satrix operations.
- **Adjusted return on group equity value** (RoGEV) was 15.7%, exceeding the 14.7% hurdle rate, supported by strong value of new business contributions, positive operating experience, and a solid contribution from South African general insurance. Actual RoGEV was lower at 13.4%, impacted by rand strengthening, which offset investment returns. Impairments in Afrocentric and Malaysian general insurance, along with weak Pan-African general insurance results, weighed on performance.
- **Dividends per share** increased by 9% to 485 cents, ahead of the group's long-term target of CPI plus 4%.

regulatory changes, despite an increase in PVNBP driven by individual life sales.

- **The General insurance** segment reported earnings increase of 17%, with SA benefiting from improved underwriting margins, favourable claims experience, and higher investment returns. **Santam's underwriting margin** was supported by favourable weather-related claims experience, along with higher investment returns on insurance funds. India's general insurance segment showed strong momentum with 27% normalised premium growth and further margin improvement. Pan-Africa's general insurance performance was impacted by low corporate business volumes, a poor claims year, and higher tax settlements, though it delivered a 12% net insurance margin.
- **The Credit and Structuring segment** reported a 15% increase in earnings on a normalised basis. Loan growth in India remained strong, with earnings impacted by branch expansion and currency effects. South Africa's structuring fees were strong, partly offset by higher credit provisions in adherence with IFRS as lending growth resumed.

Looking ahead

Management remains optimistic, with 2026 marking the end of Sanlam's recent phase of inorganic investment. Operating profit growth for 2026 is projected to be below CPI plus 6%, reflecting continued investment in technology and international expansion. However, earnings growth should strengthen beyond 2026 as these strategic investments begin to deliver returns.

The Assupol integration was completed in 2025, strengthening Sanlam's position in SA's mass market. India is expected to be a key near-term growth engine, with the Shriram ecosystem offering opportunities across credit, insurance, and wealth. Overall, Sanlam remains well-positioned for long-term value creation, supported by a diversified portfolio and strong growth platforms across SA, Pan-Africa, and India.