



LIBERTY

LIBERTY HOLDINGS LIMITED

Financial results presentation

For the six months ended 30 June 2019



ADVICE INSURE INVEST HEALTH

Liberty - an Authorised Financial Service Provider in terms of the FAIS Act (Licence No. 2409).



Liberty Holdings Limited
Financial results presentation for the six months ended 30 June 2019

ADVICE INSURE INVEST HEALTH



Strategic update
David Munro, Chief Executive

Notes

Liberty's strategic direction remains unchanged



Group purpose	Improving people's lives by making their financial freedom possible	
Group vision	Transforming Liberty to be the trusted leader in South Africa and chosen markets by delivering superior value through exceptional client and adviser experiences	
Strategic focus areas		
	Client and Adviser experience	Deliver an exceptional client and financial adviser experience
	Digitisation	Through digital platforms
	Universal financial services organisation	Integral part of the Standard Bank Group

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Disciplined execution of our strategy is delivering value



To guide the achievement of our strategy we utilise a strategic value driver model



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Notes

Client and adviser experience






- ✓ Supporting our clients
- ✓ Enhancing the client experience
- ✓ Supporting our advisers
- ✓ Improved STANLIB performance
- ✓ Relationship with Standard Bank

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Supporting our clients



- ✓ R3.8bn in Retail death and disability claims paid to help families meet their financial responsibilities 
- ✓ R1.2bn death and disability claims paid to employees of our institutional clients 
- ✓ R3.9bn in annuity payments in support of our retired clients 



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Notes



Focus on enhancing the client experience



- ✓ Re-positioned flagship Lifestyle Protector risk proposition
- ✓ Launched the Liberty Wellness Bonus and the Advanced Global Equity T2 portfolio
- ✓ Enhanced the Liberty Corporate investment and annuity proposition
- ✓ Simplified, connected and enhanced customer experiences using Agile work methodologies



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We have listened to the needs of our advisers



- ✓ Focused on adviser productivity by:
 - Enabling them with smart tools
 - Striving to provide excellent service
 - Providing competitive products
- ✓ Rolled out atWORK financial needs analysis tool to 1 000 advisers, made possible by MuleSoft
- ✓ Refocused service strategy for IFA and SBFC channels
- ✓ Hosted inaugural Liberty Risk Conference



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Notes



STANLIB performance and Standard Bank relationship



STANLIB

- ✓ An improved overall performance from STANLIB
- ✓ Investment performance building a 3 and 5 year track record
- ✓ Strengthened operational environment significantly through diligent finance and operations teams under new leadership
- ✓ Continued fund rationalisation efforts in order to improve the competitiveness of the client offering



Standard Bank

- ✓ Relationship with Standard Bank a differentiator
- ✓ Growth in simple risk and net client cash flows through bancassurance relationship
- ✓ Launched an enhanced funeral proposition
- ✓ Continued progress in Assurance Banking

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Employee experience initiatives and risk enhancement are ongoing



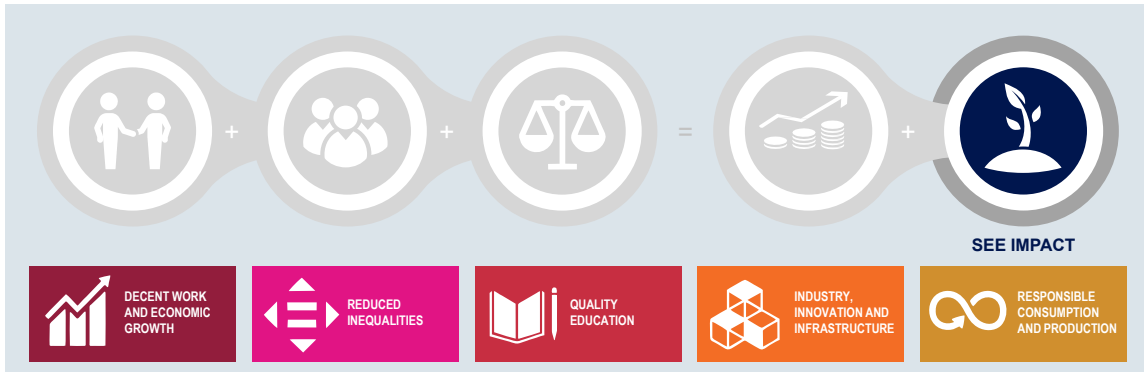
- ✓ Embraced new ways of working
- ✓ Adopted modern digital technologies
- ✓ Implemented Office365 and SAP Success Factors
- ✓ Initiated culture shifts through conscious behaviours

- ✓ Maintained robust capital and managed within risk appetite
- ✓ Risk and Control Enhancement Programme continues
- ✓ Strengthened the group's cyber security resilience
- ✓ Enhanced the financial control environment

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Notes

SEE impact



UNCLAIMED BENEFITS

- ✓ Tracing members in the Liberty sponsored unclaimed benefit funds continues
- ✓ R64 million paid, representing 16 000 beneficiaries

FUND REHABILITATION

- ✓ Working with S26 trustees of 25 reinstated funds
- ✓ Preparing high court application to reinstate remaining funds
- ✓ Continuing proactive engagement with stakeholders and industry body support

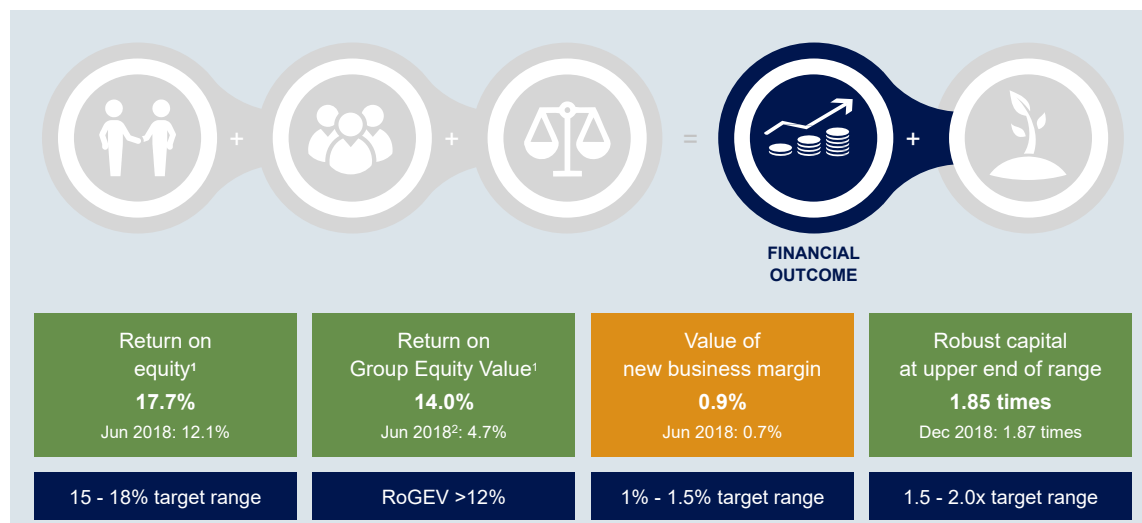


Delivering financial outcomes for the period ended 30 June 2019

Yuresh Maharaj, Group Financial Director

Notes

Progress continues towards our medium-term financial outcomes



1. Annualised

2. 2018 comparative revised to reflect the change to the embedded value basis effective 31 December 2018

● In target range ● Close to target range

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Annualised return on equity moves into target range



	Jun 19	Jun 18	% Δ
Return on equity	17.7%	12.1%	
<ul style="list-style-type: none"> Improved earnings from SA Retail and STANLIB South Africa Stringent cost management Improved investment market returns 			
15 - 18% target range			
Normalised headline earnings Rm	Jun 19	Jun 18	% Δ
South African Insurance Operations	1 012	950	7
SA Retail	782	704	11
Liberty Corporate	39	77	(49)
LibFin Markets	191	169	13
STANLIB South Africa	209	175	19
Africa regions	31	8	>100
Operations under ownership review	(64)	(81)	21
Central costs and sundry income	(97)	(94)	(3)
Normalised operating earnings	1 091	958	14
Shareholder Investment Portfolio	922	374	>100
Normalised headline earnings	2 013	1 332	51

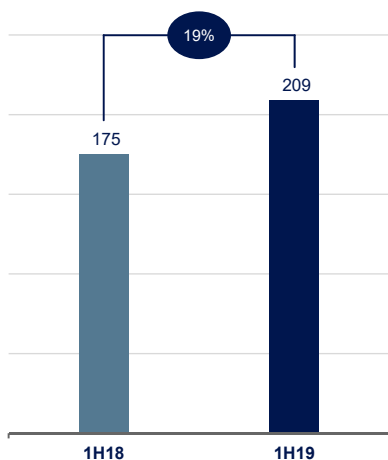
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Notes

Improved contribution from STANLIB South Africa



Earnings (Rm)



Net cash flows (Rm)

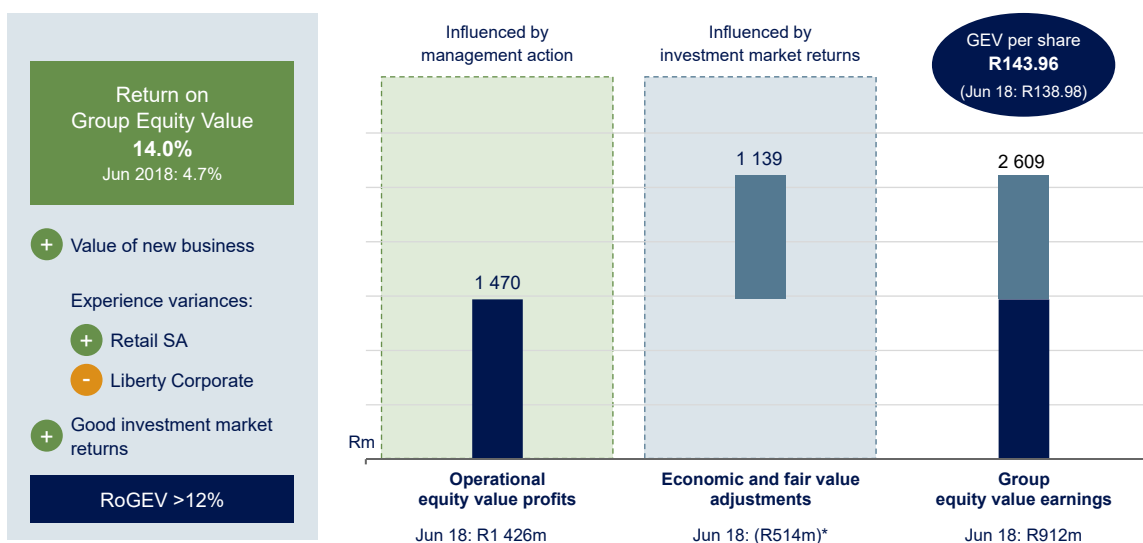
	Jun 19	Jun 18	% Δ
Retail and Institutional	13 250	8 400	58
Non-money market	9 751	8 949	9
Money market	3 499	(549)	>100

Core retail funds - quartile performance

Fund name	1H19		1H18		1H17	
	1 year	3 years	1 year	3 years	1 year	3 years
STANLIB Equity	2	2	2	2	4	3
STANLIB Balanced	1	2	2	3	4	4
STANLIB Income	1	1	2	1	1	2

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Sources of normalised group equity value earnings



* Numbers displayed in brackets reflect a loss

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Notes

Focus on driving new business continues



Insurance operations	Jun 19	Jun 18	% Δ
Embedded value of new business (Rm)*	171	142	20.4
SA Retail	134	118	13.6
Liberty Corporate	22	19	15.8
Liberty Africa Insurance	15	5	>100
New business margin (%)*	0.9	0.7	
SA Retail	0.9	0.8	
Liberty Corporate	0.6	0.4	
Liberty Africa Insurance	3.1	1.3	
Total insurance indexed new business (Rm)	3 862	3 773	2.4
SA Retail	3 130	3 111	0.6
Liberty Corporate	504	516	(2.3)
Liberty Africa Insurance	228	146	56.2

* 2018 comparative revised to reflect the change to the embedded value basis effective 31 December 2018

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Robust capital position



Liberty Group Limited - Rm (unless stated otherwise)	Jun 19	Dec 18
Regulatory capital		
Available Solvency Capital	33 238	32 586
Solvency Capital Requirement	(17 943)	(17 400)
Surplus above solvency requirement	15 295	15 186
Capital ratio at period end (times covered)	1.85	1.87

* June 2018 comparative not applicable due to the new prudential regulatory regime effective 1 July 2018

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Notes

Focus remains on achieving medium-term outcomes



Return on Equity ¹ 17.7%	Return on Group Equity Value ¹ 14.0%	Value of new business margin 0.9%	Robust capital at upper end of range 1.85 times
Dec 2018: 10.1%	Dec 2018: 3.8%	Dec 2018: 0.9%	Dec 2018: 1.87 times
Jun 2018: 12.1%	Jun 2018 ² : 4.7%	Jun 2018 ² : 0.7%	Jun 2018 ³ : n/a
15 - 18% target range	RoGEV >12%	1% - 1.5% target range	1.5 - 2.0x target range

1. Annualised
 2. 2018 comparative revised to reflect the change to the embedded value basis effective 31 December 2018
 3. Not applicable due to the new prudential regulatory regime effective 1 July 2018

● In target range ● Close to target range ● Below target range



Differentiating Liberty for the future

David Munro, Chief Executive

Notes

Differentiating Liberty for future value



- Focused South African business
- Progress on operations under ownership review
- Transforming our client and adviser experience
- Underpinned by a modern technology plan
- Part of the Standard Bank Group

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Conclusion

David Munro, Chief Executive

Notes

In conclusion



1 We have been a trusted partner to our clients and advisers for more than 60 years

More than **2.5 million** in-force policies
Supported by **3 500** tied advisers

Administer over **10 000** retirement schemes, and **>500 000** individual and institutional investment customers

Leading provider of long-term insurance solutions to the retail affluent market in South Africa

2 An intermediated distribution capability augmented by digital tools to drive excellent customer service

Strategic partners to enhance advice and long-term human relationships

3 Focused South African Insurance and Asset management businesses, with a pioneering history

First

Retirement Annuity offering	Insurer to build shopping malls	JSE-listed Life insurer	Insurer to introduce Nurses on the Road	To introduce Umbrella Funds
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4 Part of Standard Bank Group with a valuable bancassurance arrangement, and progress on joint value initiatives

5 A modern technology plan for future value

Microsoft Azure, MuleSoft, aws

6 A strong capital base and improving financial metrics

Liberty Group Limited Capital Coverage Ratio 1.85 times the regulatory requirement	Return on Equity 17.7%
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Questions

Notes
