

# Liberty Holdings Ltd

Thabo Dloti  
Group Chief Executive  
16 October 2014



**LIBERTY**

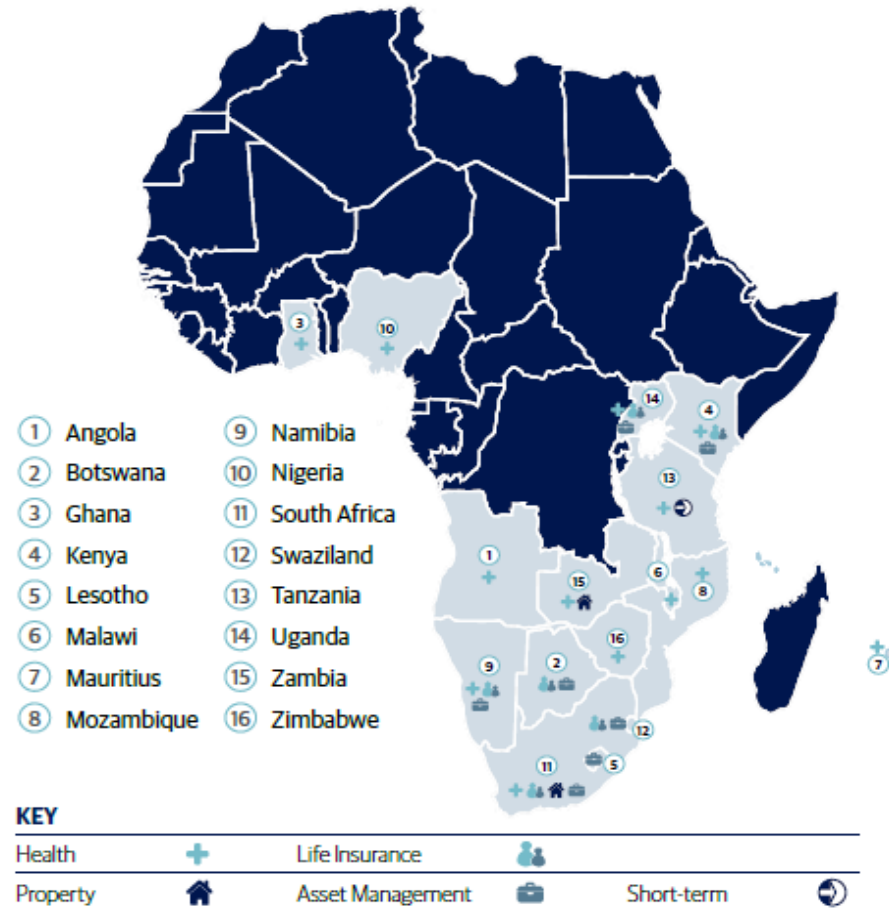




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# Liberty Holdings Limited - today

- A leading financial services holding company in sub-Saharan Africa that provides wealth creation and preservation offerings to individuals and businesses
- In South Africa;
  - 28% market share in Retail Affluent sales
  - Third biggest in total insurance sales by VoNB
  - STANLIB - the largest retail unit trust manager
- In the rest of Africa
  - STANLIB - the most profitable asset manager in Kenya
  - Largest composite insurer in Kenya
  - Exclusive partnership with Standard Bank



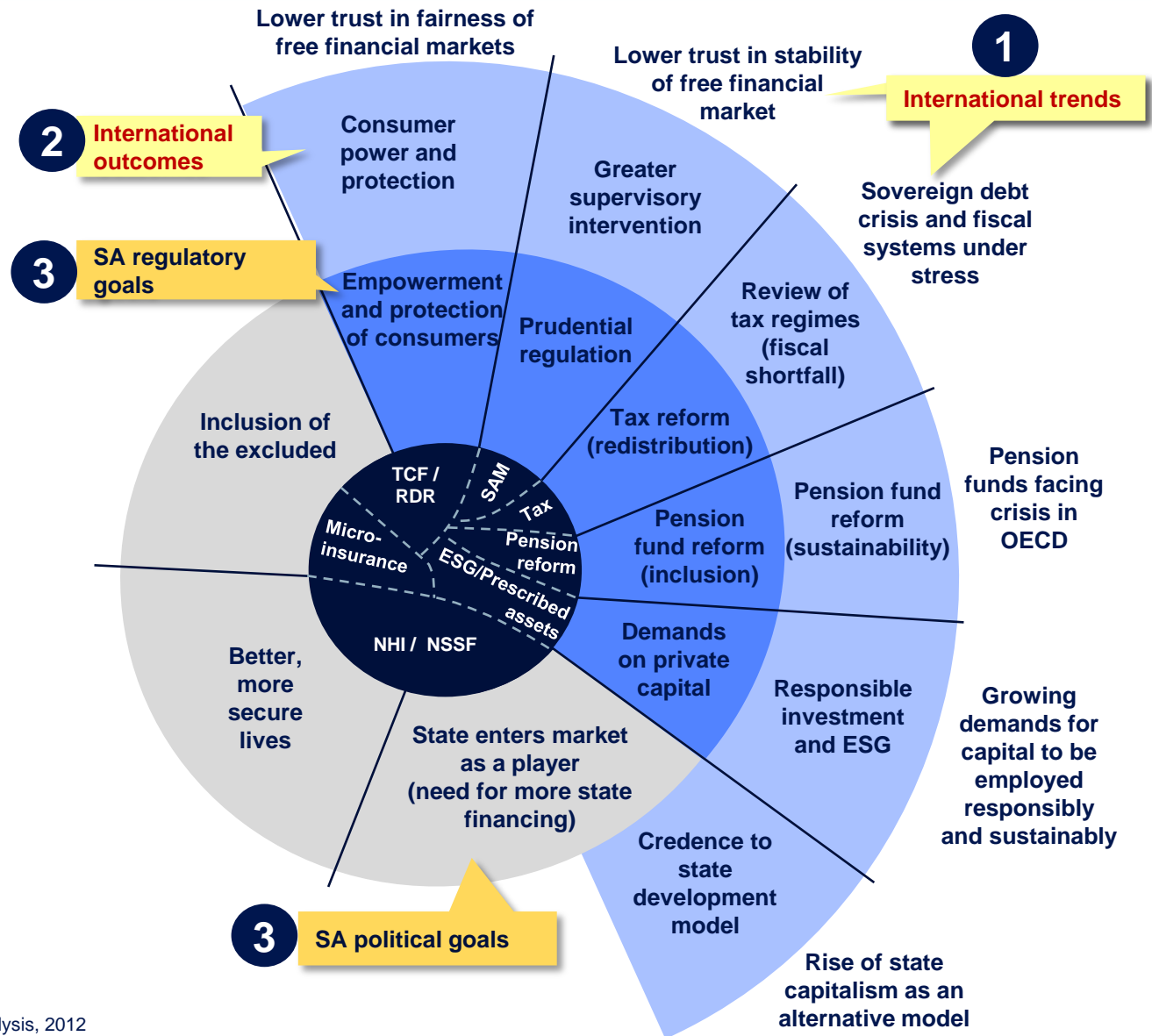
Our vision is to be the trusted leader in insurance and investment in Africa and other chosen markets



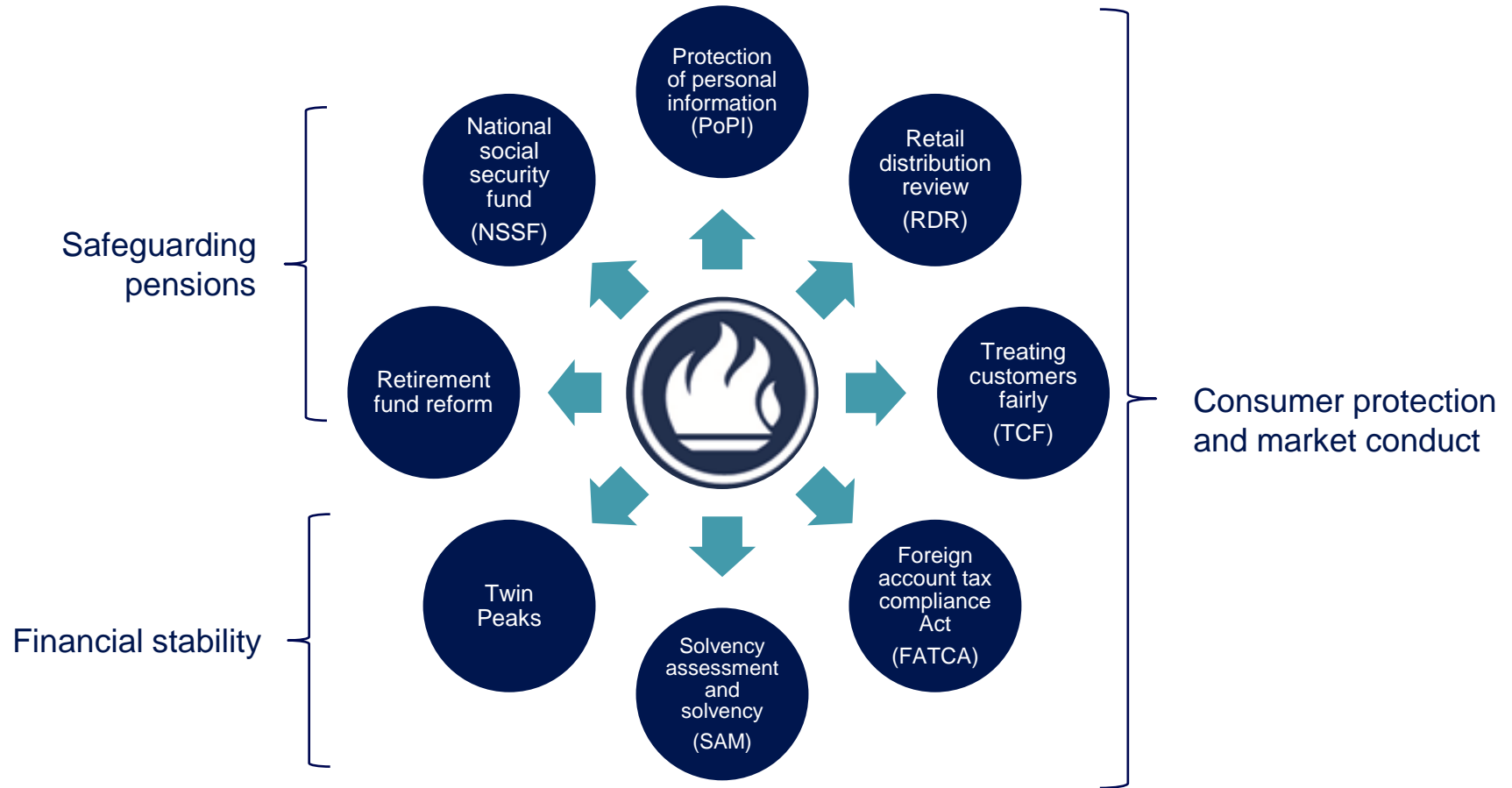
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We operate in a changing environment ...

# The future policy landscape in South Africa is collectively shaped by a number of high-level international trends and outcomes as well as domestic political and regulatory goals...



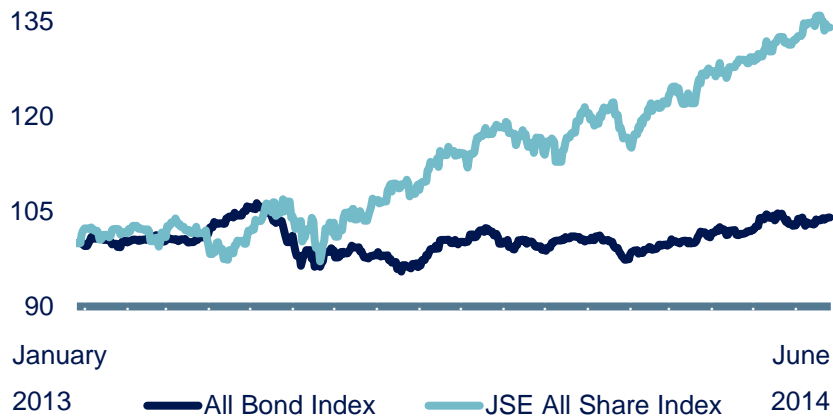
... for Liberty in particular, the following regulatory changes will have a near-term impact on our business



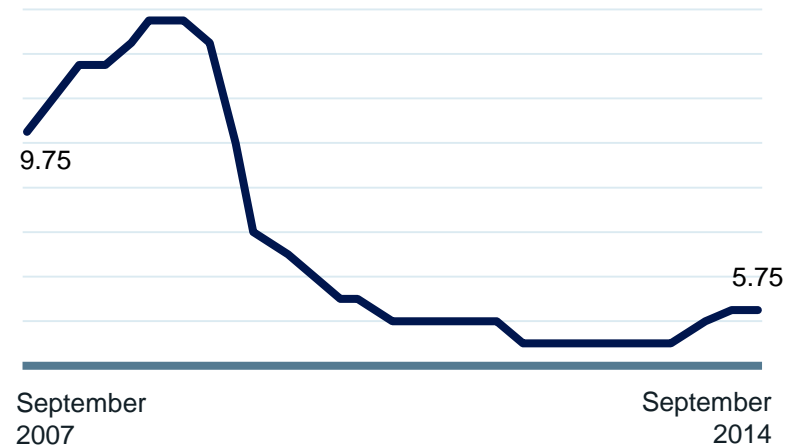
# Markets driven by global events and local socio-political uncertainty, adds to complex conditions



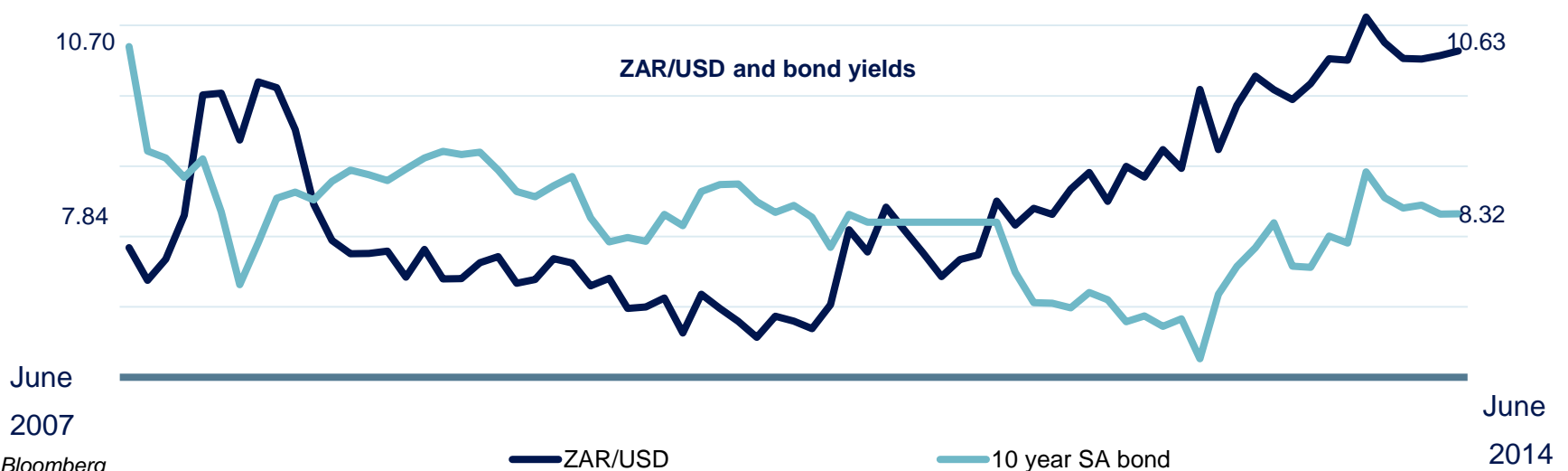
### SA market performance\*



### Official interest rates



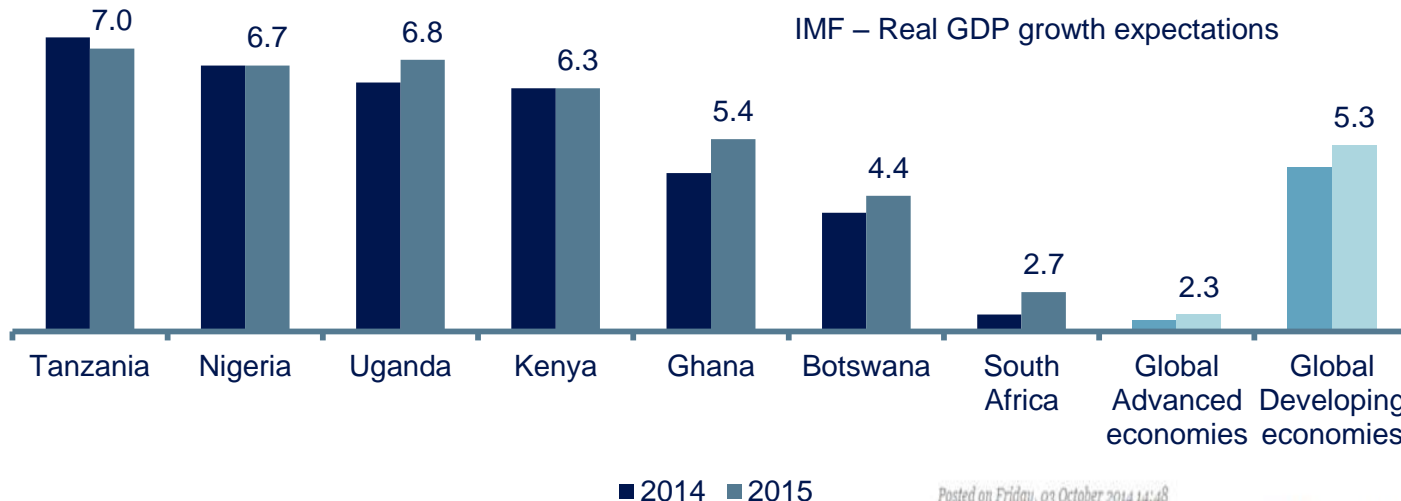
### ZAR/USD and bond yields



Source: Bloomberg

\* Indices based to 1 Jan 2013 = 100

# The rest of Africa has its challenges – but remains the best growth option



Africa / African Business

## Ebola casts pall over rosy outlook for Africa

BY PASCAL FLETCHER, OCTOBER 08 2014, 05:46

Tweet



Posted on Friday, 03 October 2014 14:48

## Banking and Energy: Nigeria's power progress is sustainable

By Vincent Nwanmah in Lagos

## Rapid economic growth sparks a new 'scamble for Africa'

## Private Equity: Bringing in Capital

KENYAN ECONOMY

## Just one number

GDP rebasing increases size of economies but investors consider other factors as well



Source: IMF

# An opportunity to diversify is created as a result of the changing environment



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- Changing regulation on the continent provides opportunities where we have a presence
  - Preservation, annuitisation and compulsion
  - Improved regulatory environments supportive of growth
  - Established new capabilities to capture opportunities available
  - Increasing savings pools – reaping benefit of reforms
- We can expand our operations using less capital because of prior investments
  - Established Health Insurance footprint
  - Retirement reforms talks to areas we have already made significant investments – administration platforms
  - Invested in alternative capabilities in STANLIB
- SBG, our strategic partner, is growing their African footprint

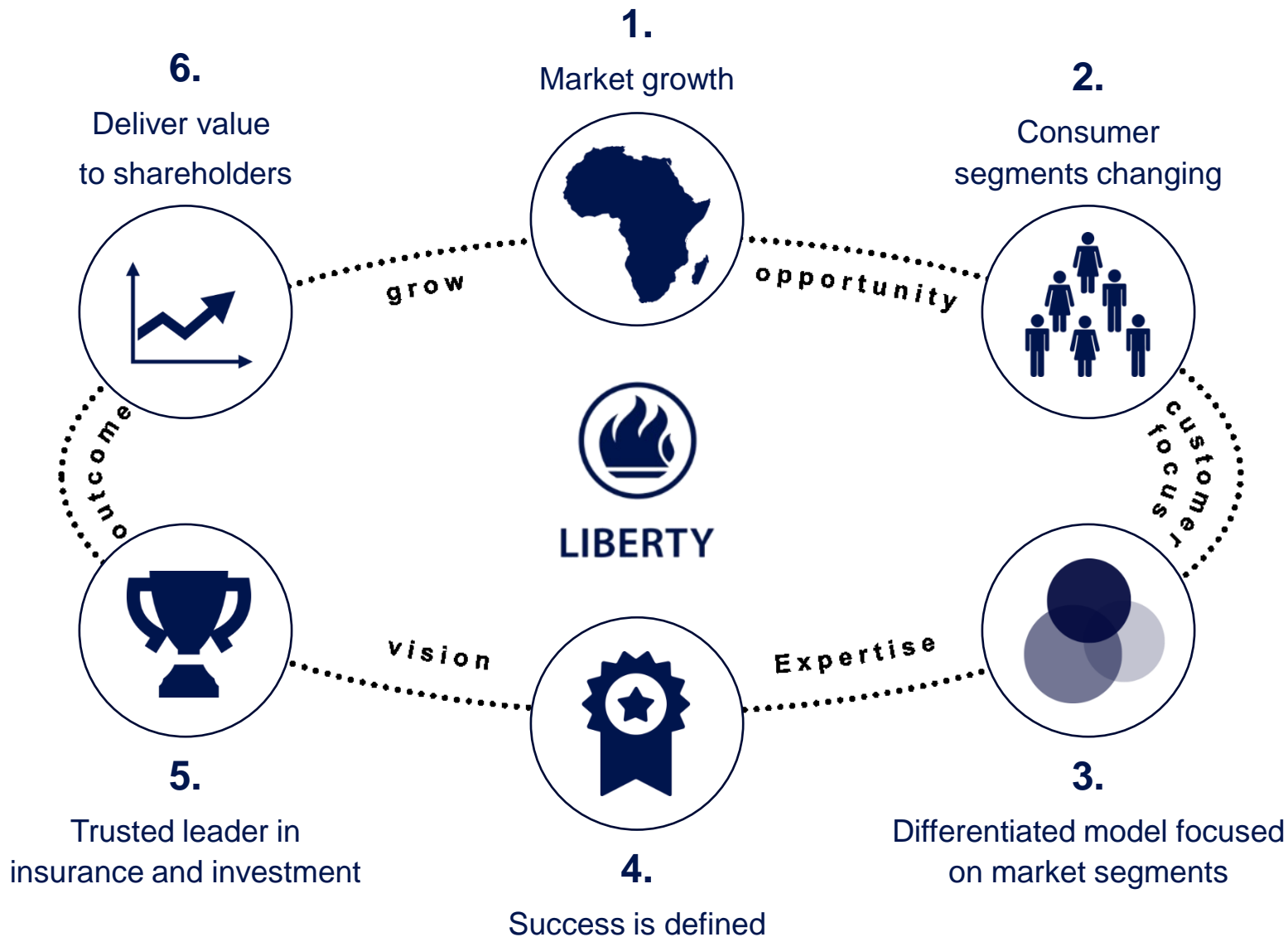




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Liberty is adapting to ensure we capture opportunities and deliver long-term value

# We are focusing on what we are good at, how we leverage this expertise to grow and deliver returns

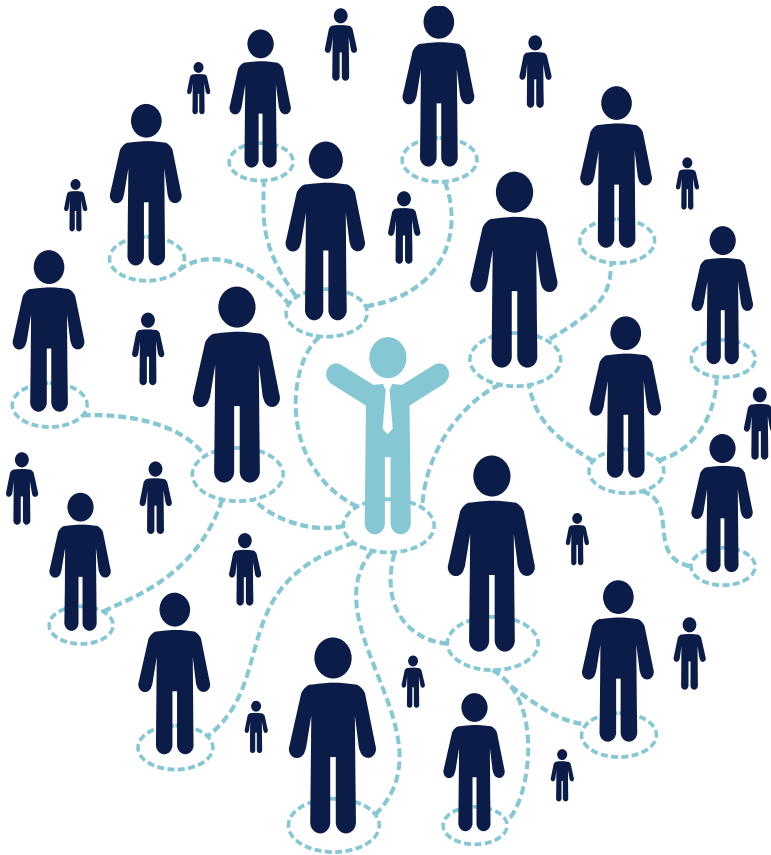


# To do this, we identified specific opportunities to pursue



Business models	Markets	Growth opportunities
Individual arrangements	SA and Nigeria	Grow market share in a more defined middle market that is growing
Group arrangements	SSA	<ul style="list-style-type: none"><li>• Ability to capture a broader market through corporate and group arrangements</li><li>• Maximise on opportunities created by reforms</li></ul>
Asset management	Africa	<ul style="list-style-type: none"><li>• Capture growth momentum created by reforms in Africa and provide expertise in the growing alternatives market</li><li>• Provide investable assets for international funds</li></ul>
SBG relationship	SSA	<ul style="list-style-type: none"><li>• Leverage distribution footprint across all product pillars and regions – drive bancassurance</li><li>• Leverage insurance balance sheet and asset management competency in new regulatory environment</li></ul>
Group		Create additional shareholder value through delivery and strategy execution

# Changing consumer segments provide opportunities for our Retail / Individual proposition

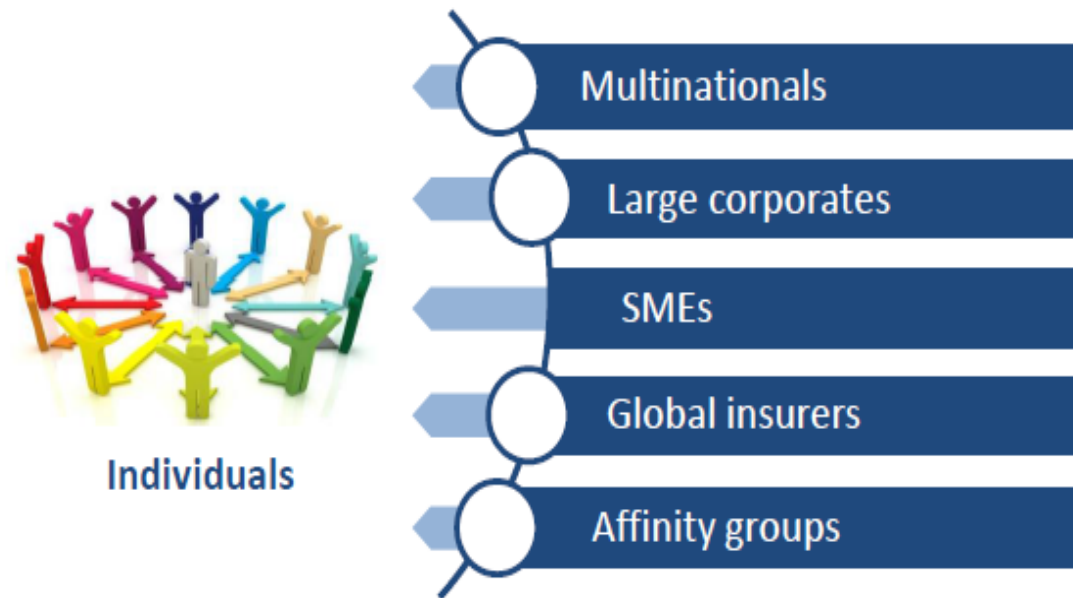


- **For Liberty the mass-affluent market is defined:**
  - South Africa
  - Rest of Africa (Nigeria & Kenya)
- **Multi-channel arrangements to access customers**
  - Intermediaries
  - Direct (call centre, internet)
  - Standard Bank
- **A comprehensive range of solutions, presented as a single customer experience**
  - Investment & Risk
  - Health
  - Short-term
- **Improved governance, systems and process efficiency**

Build meaningful relationships with customers that present long-term relationship potential with multiple financial needs

# Regulation will provide additional opportunities for our Group arrangements proposition in all our markets

- **Create an attractive value proposition to the group who makes the buying decision**
  - Simple packaged solutions
  - Solutions that are competitively priced but deliver good value
  - Groups and individuals have easy and flexible access to solutions, service and their data, across Africa
  - Partner with the customer to deliver financial solutions to their employees



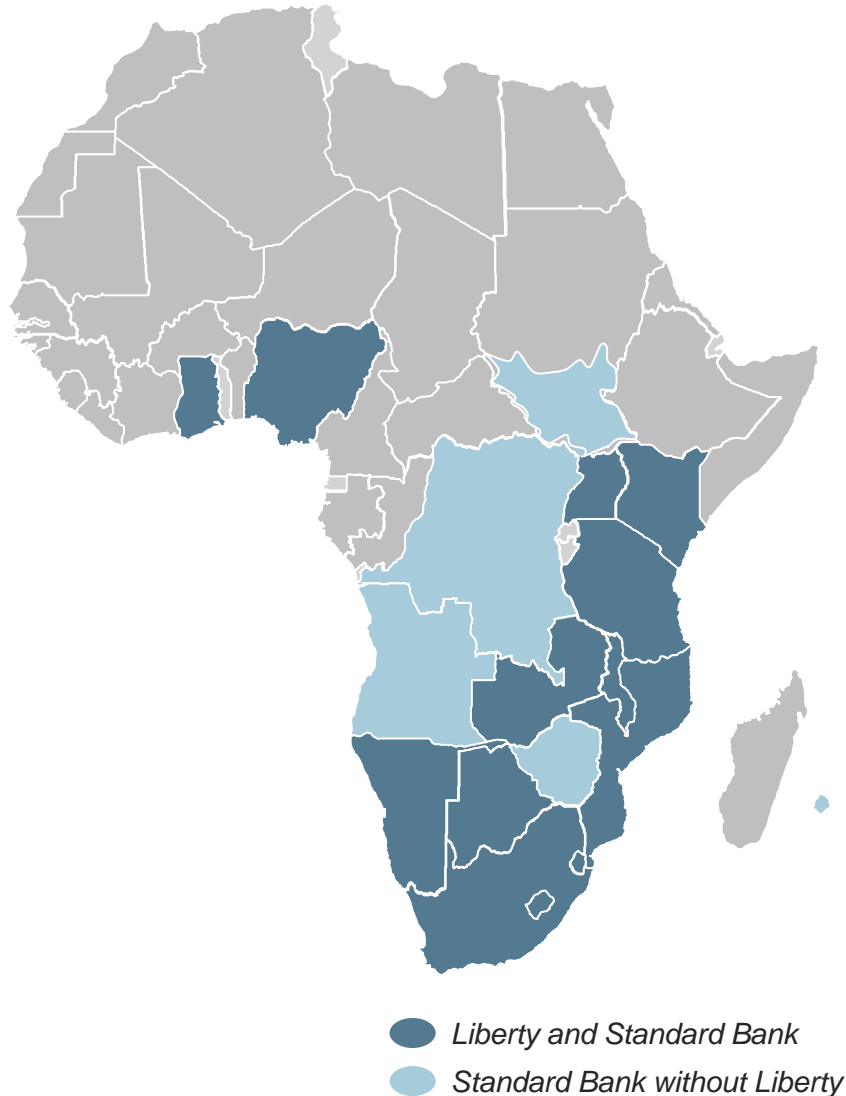
To partner and deliver financial solutions in a relevant, simple and accessible way through defined solutions that are competitively priced

# Asset management on the continent needs to have capacity to develop assets to attract funds and have the expertise to deliver returns



- **Third party Retail and Institutional in SA and SSA and offshore**
  - HNW and specialist buyers
  - Pension funds & parastatals
  - International asset allocators
  - Wholesale retailers
- **Investment expertise**
  - Solution and portfolio construction capability
  - Wealth preservation
  - Asset and liability matching
  - Develop investable African assets to attract international flows
- **Global distribution and pan-African presence**
- **Leverageable investment skills across the continent**

The partnership with SBG gives Liberty the opportunity to grow on the continent through collaboration, access to customers and bank infrastructure



- **Mature contract with defined terms across all business and product lines**
  - Significant opportunities are still to be unlocked in the corporate client space
  - Cross selling represents additional opportunities
- **Preferred partner on the continent**
  - Focus on Business and Corporate clients in Africa
- **Cost synergies**
  - Significant cost savings from deal and transactional values, leveraging of synergistic initiatives and cross provisioning of technology services
- **African expansion enabled by less capital intense business strategies**
  - Leverage group resources and technology to gain further advantage



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In conclusion



Successful execution of our strategy will result in growth, operational value and sustainable returns



A focused strategy with growth opportunities that exist in the markets we operate in

1

Focus on core businesses, reduce complexity and increase agility

2

Generate a differentiated customer value proposition with established capabilities

3

Create value through group wide leverage of differentiated competencies

Generate healthy cash returns  
Growing dividends  
Sustainable operating earnings

# A business strategy is only as good as its successful execution and delivery – Liberty’s investor proposition



- **Grow Individual business with established strengths;**
  - Manage to model – no negative variances
  - Margin within target range – 2 to 2.5%
  - Valuable cash generation
  - Cost efficiencies
- **Invest in Corporate by building capabilities using new solutions;**
  - Grow in scale on the continent
  - Grow AUM
  - Improve efficiencies
- **Excellerate Asset management strategy;**
  - Grow margins
  - Grow through the cycle client cash flows
  - Deliver competitive investment performance

Operational efficiencies, product innovation and risk management

19%  
ROE  
(through  
the cycle)

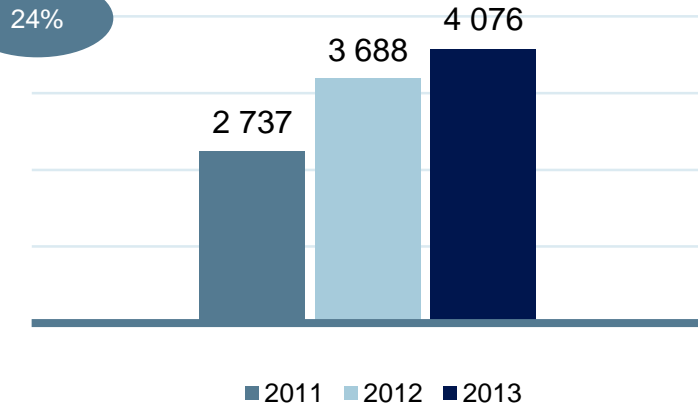
RoGEV  
10y bond  
rate +5%

Dividend  
cover  
2 to 2.5

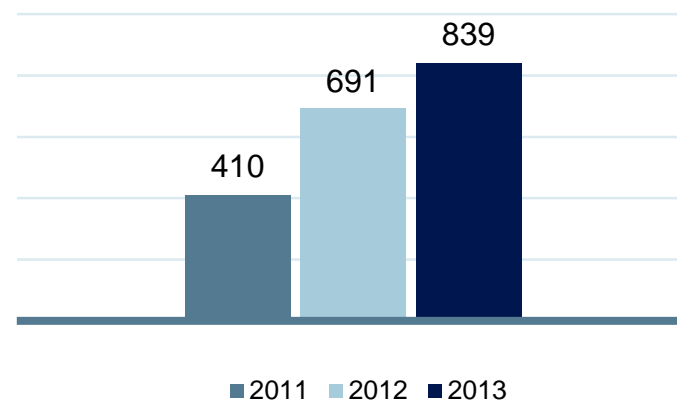
# We want to continue improving on our recent track record



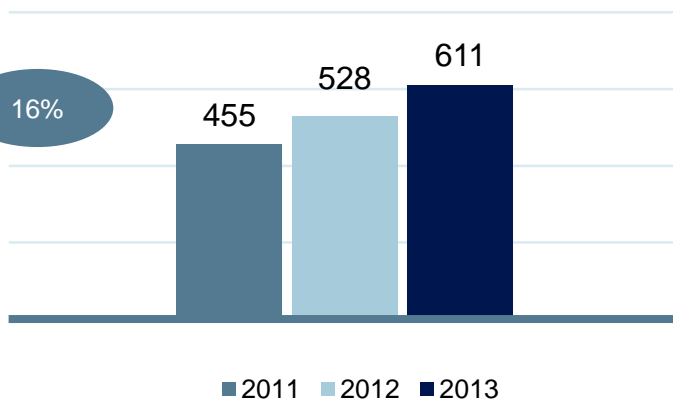
### Headline earnings Rm



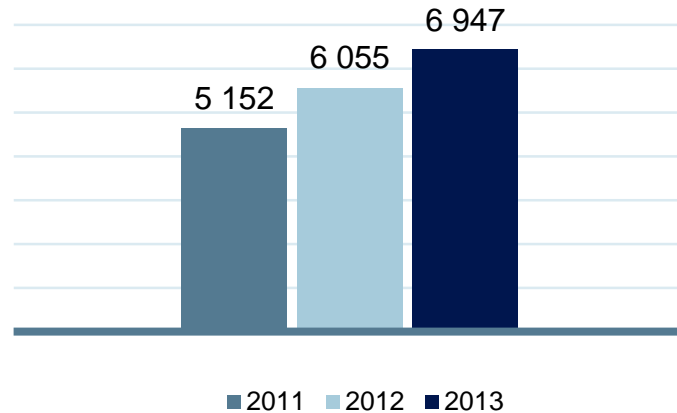
### Group VoNB Rm



### AUM Rbn



### Insurance indexed new business Rm



CAGR

# Thank You

Each day the world will turn and time will pass. Nothing can change that. In just a short time, a child born today will carry her school-bag out the front door for the first time. A couple, who are still working today, will wake up on the first morning of their retirement. And loved ones, together today, will kiss goodbye for the last time. When these are just some of the realities entrusted to your hands, you don't settle. You don't rest. And you don't carry on with business as usual. Knowing how to change realities lays a duty at your feet. To not just know. It demands, that you do. This privilege, this commitment to act, is why more people will trust us with their financial freedom than any other company in Africa. Why we will be leaders in the fastest growing market in South Africa and why more businesses will look to us to answer the questions their employees seek to ask. It is why the world will look to our knowledge first, when they realise the possibilities, the promise, and the power of Africa. Why we'll be the first choice, the only choice for the continent's largest bank. Why Liberty will become a household name in Kenya and Nigeria and any other country we choose to enter. And why ultimately in a few short years we'll double our business by doing what we know. Not because it was business as usual. It will be because seemingly ordinary men and women, stood together on a few square feet in Africa and as one, decided, we do not change reality, merely because it's good business. We change it because it's our purpose. It's our passion. We change it, because knowing how, demands that we do. We start today.

## Strategy 2020.

***Making financial  
freedom possible.***

This day. Right  
here. Right  
now.