



Britam Holdings Plc FY20 Results Presentation

29 April 2021

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Overview

- Operating Environment Highlights
- Strategic Focus



Group Managing Director

The Numbers

- Group Financial Performance
- Select BUs Financial Performance



Finance Director

Strategy, Outlook & Focus for 2021



Group Managing Director

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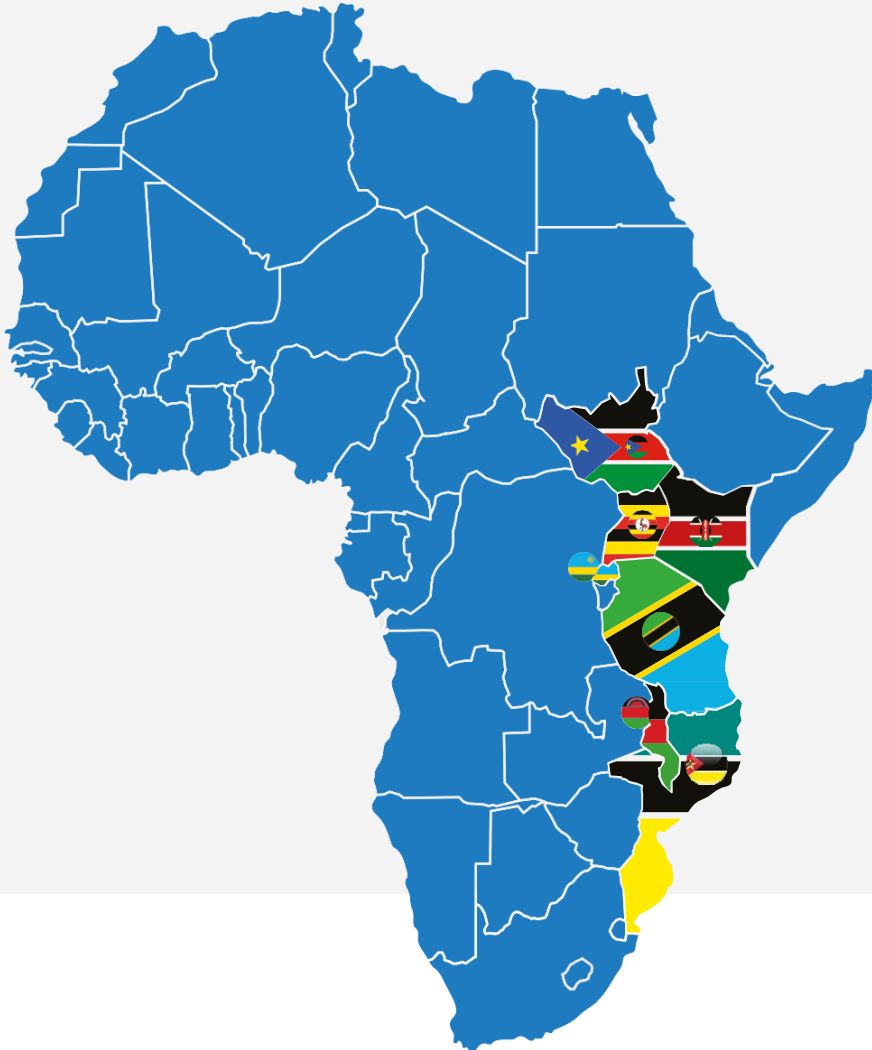
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BUSINESS
COMMUNICATION

Overview

Britam is a leading diversified financial services group listed on the Nairobi Securities Exchange with a presence in seven countries



Kenya

Est

1965

Offices

32

Staff

642



Uganda

2010

9

64



Rwanda

2012

3

41



S Sudan

2012

1

16



Tanzania

2014

8

64



Malawi

2014

2

68



Mozambique

2014

4

42

The group offers a wide range of financial solutions in:-

- Life Assurance,
- General Insurance,
- Health Insurance,
- Retirement Planning,
- Asset Management, and Property.

Leadership & Accolades

- Maintained leadership in Life Assurance in Kenya
- Won the Association of Kenya Insurers' (AKI) Life Insurer of the year 13 years in a row
- Fire (Financial Reporting) Awards 2020 1st Runners up in Insurance Category

Our Operations Remained Resilient in a Tough Year

Unprecedented Disruption and Crisis



- Lives and livelihoods adversely impacted
- Volatility in local and global capital markets
- Economic growth impacted by lockdowns and restrictions

Resilient Operating Results



- Growth in Group Topline especially supported by regional General Insurance
- Drop in operating expenses

Strong Operating Cashflow Generation



- Ahead of peers in operating cash flows
- Operating Cash Flows with a 4 year 11% CAGR

Support to Our People



- Premiums relief initiatives to our clients
- Support to Covid-19 emergency fund and to vulnerable members of society

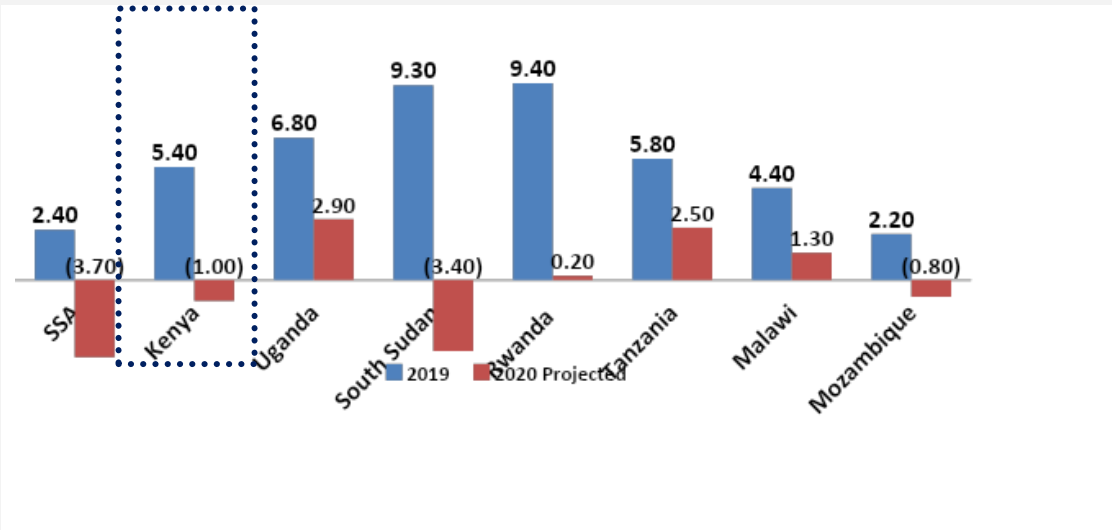
Adaptive Operations



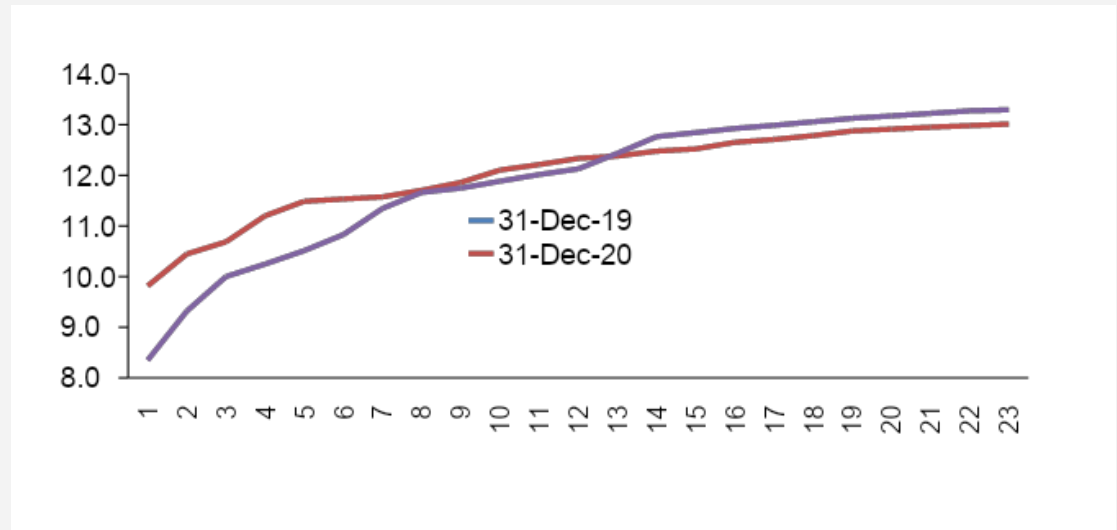
- Prioritized health and safety of our employees and advisers
- Expansion of service to clients through digital platforms
- Enhanced service delivery through support to our FAs

Weak Macroeconomic Performance

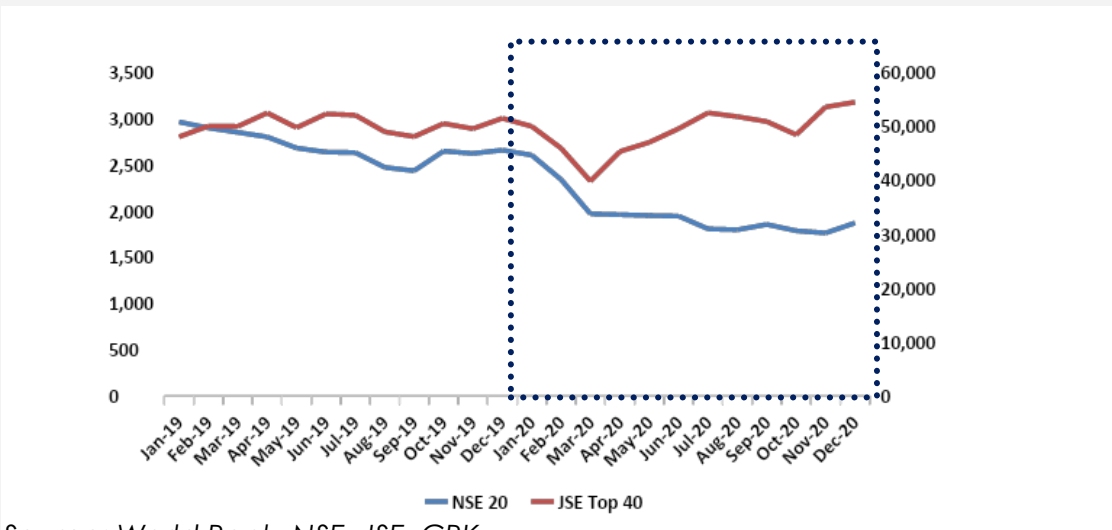
Kenya and the Regional Markets GDP (%)



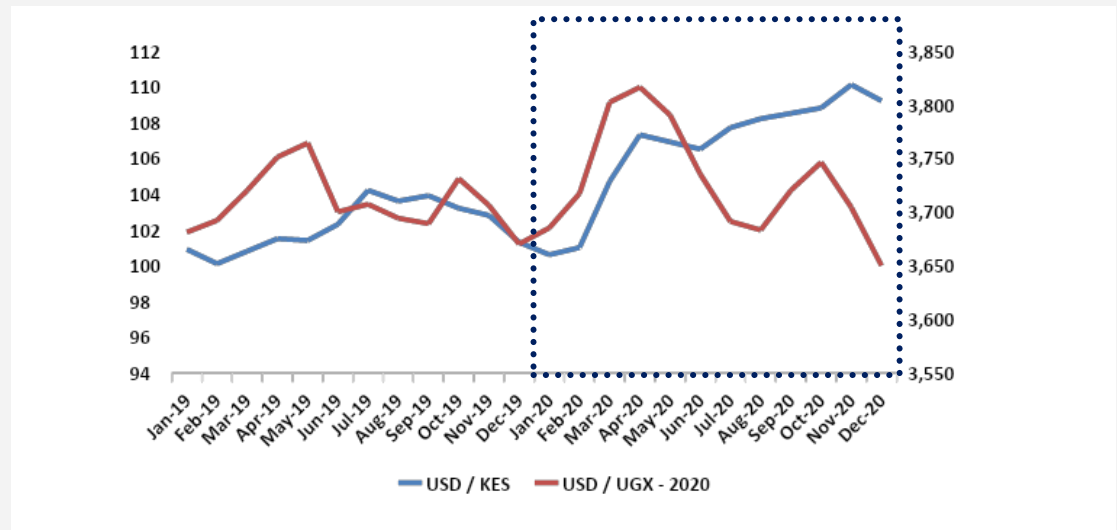
Bond Yields(%) Supported by Flight from Equities



Weak Performance by Listed Equities



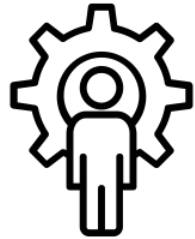
Appreciation of the USD against KES / UGX



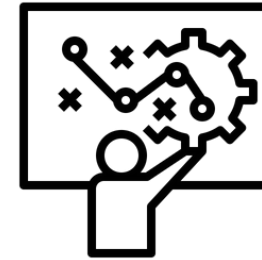
Source: World Bank, NSE, JSE, CBK

Positive Impact of our Resilient Response to the Crisis

Navigation through the crisis



Year 2021 +



Financial

Focus on Performance

Investment Returns optimization

Review of asset allocation in line with operating environment with interest and dividend income growing by **22%**

4% revenue growth achieved in a Covid-19 year

Focus on Cost Containment

6% decline in underlying opex as we dropped non-essential expenses

Operational

Operational Continuity

Health and safety of our people

80+% Employees working safely and remotely from home

Continued service to customers

Continued to serve our customers with increased focus on contactless options

Empowered our Financial Advisors (FAs) through a portal with monthly digital applications up **c10-fold** from April to Dec 2020

Strategic Shift

Focus on Roll out of 2021-25
Customer Centric Strategy by 1H21

Roll out of our New customer segment based Operating Model

Customer Centric Organization Structure



Our Strategic Focus

Key Learnings from our 2016 – 2020 Strategy

Based on financial performance to date, we undertook an analysis of key areas of improvement going forward. The baseline analysis, yielded the following results:

Need to build on successful stories



- Launch of AMC Uganda
- Strong and growing topline and profitability contribution from Regional GI units
- Turnaround of GI Kenya to profitability
- Deployment of online portals for intermediaries and customers

Ground in customer centric vision



- Customer at heart of what we do; be more purpose driven

Deliver a truly transformational plan



- High risk of market disruption (telcos, banks, insurtechs)
- Large underpenetrated insurance market across geographies
- Ambition to drive exponential growth through new models

Need to still address critical performance issues



- Operating cost structure a key concern - driven by centre
- Yet to fully realise benefits of major recent IT programme
- Concentrated investments yielding volatile performance

Deepen customer insights to craft solutions



- Both end consumers and channel partners
- Leverage recent technology investments
- While intermediated, look at solutions within agents & brokers

Address challenges in implementation



- Challenge has been in "how" - executing these strategies
- Need to be more agile and quick to market

Critical Imperatives to Support our Transformative Strategy



Reground business
Customer at the heart



Transform for future
Led by new segment units



Enable the journey
Address performance challenges

- Organise for the future
- Embed customer-centricity
- Leverage data & analytics

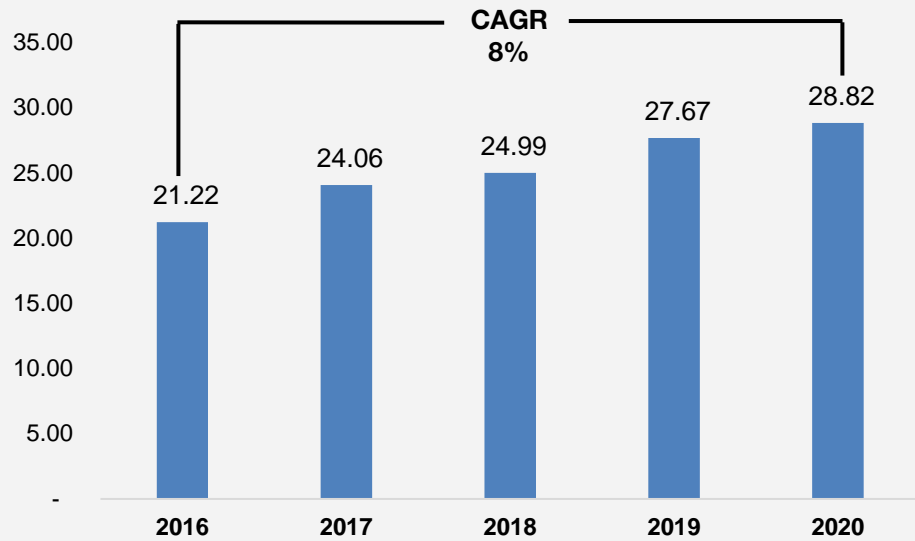
- Optimise approach to customer
- Forge strategic partnerships
- Unlock next tier of customers
- Expand regional footprint

- Turnaround key cost drivers
- Shift investment strategy

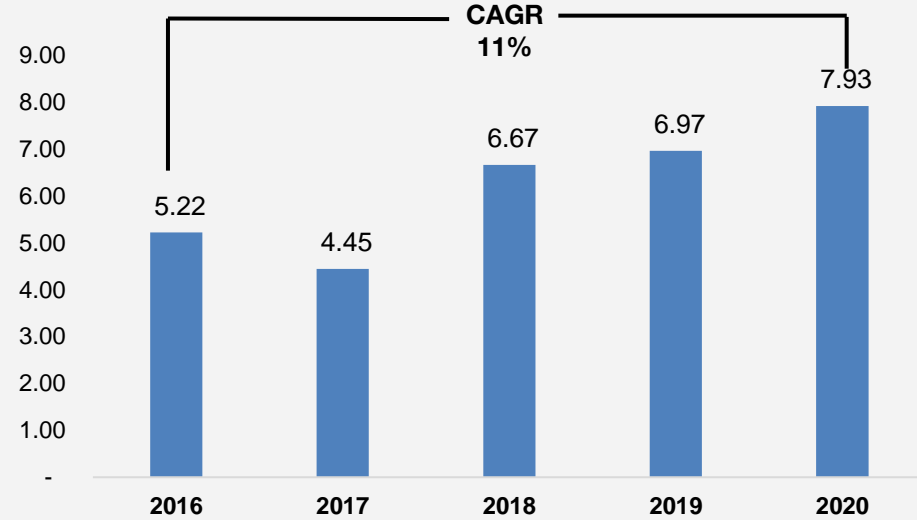
The Numbers

Strong Operating Results with Growing Revenue and Assets

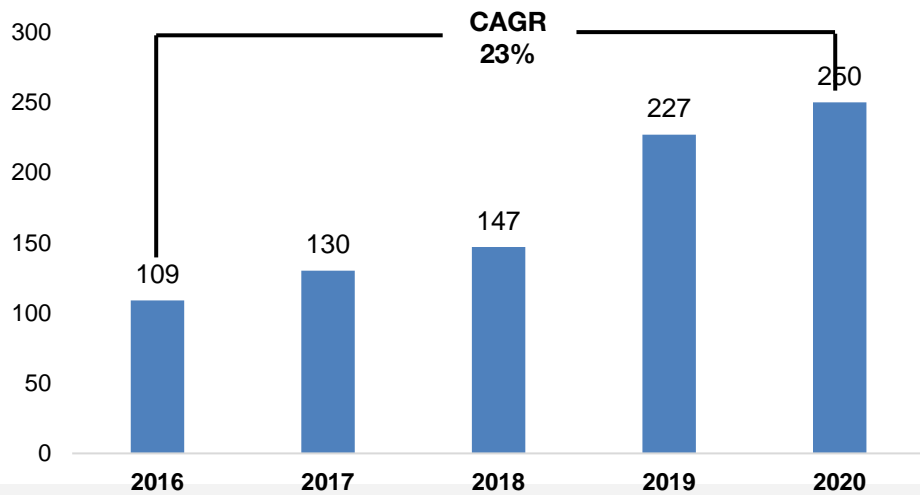
GEP & Fund Management Fees – Shs bn



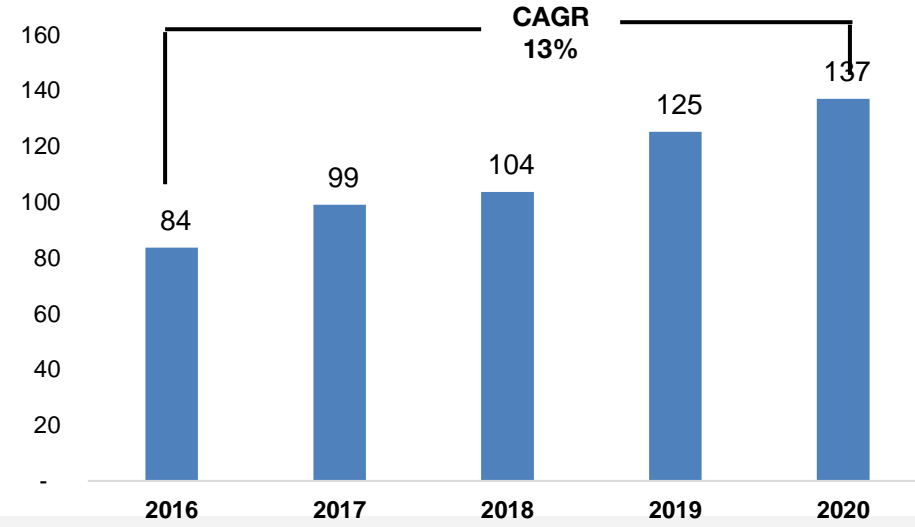
Investment income – Shs bn



AUM - Shs bn



Total Assets - Shs bn



GI Performance Contributing Profitably to the Group

Group

Life

GI Regions

GI Kenya

Revenue (Gross Earned Premium) vs 2019

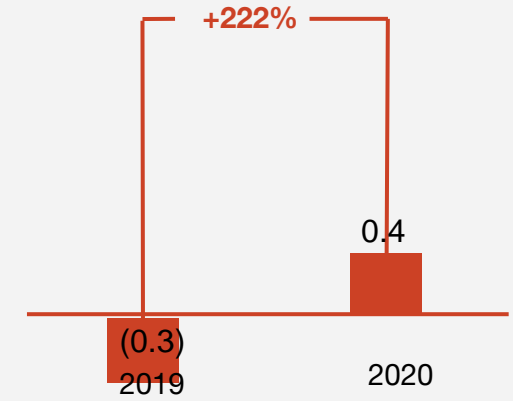
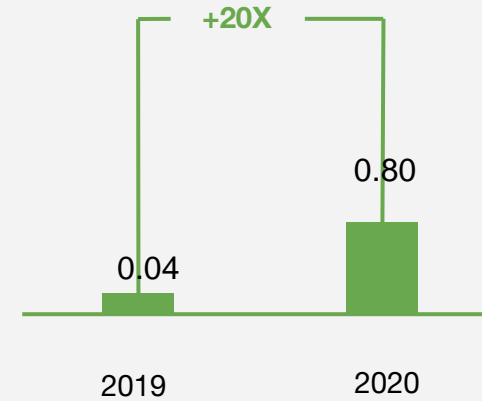
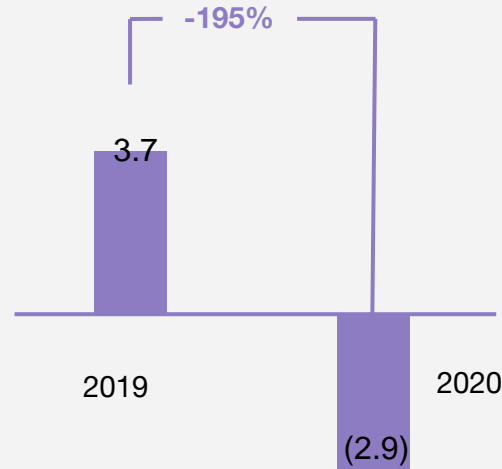
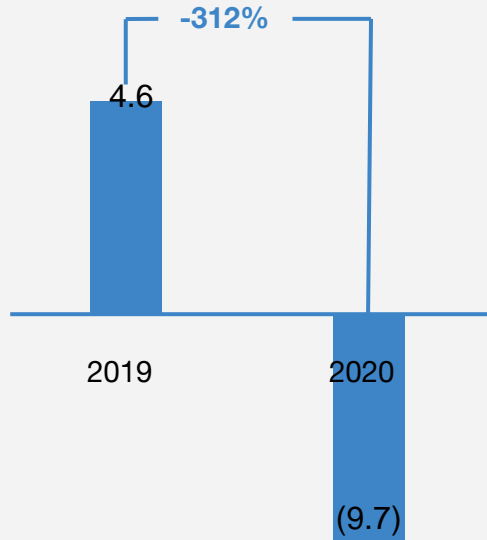
Shs 28.2 billion (+4.2%)

Shs 12.4 billion (-10.6%)

Shs 7.9 billion (+50%)

Shs 8.0 billion (-1%)

Profit/(Loss) Before Tax – Shs billion

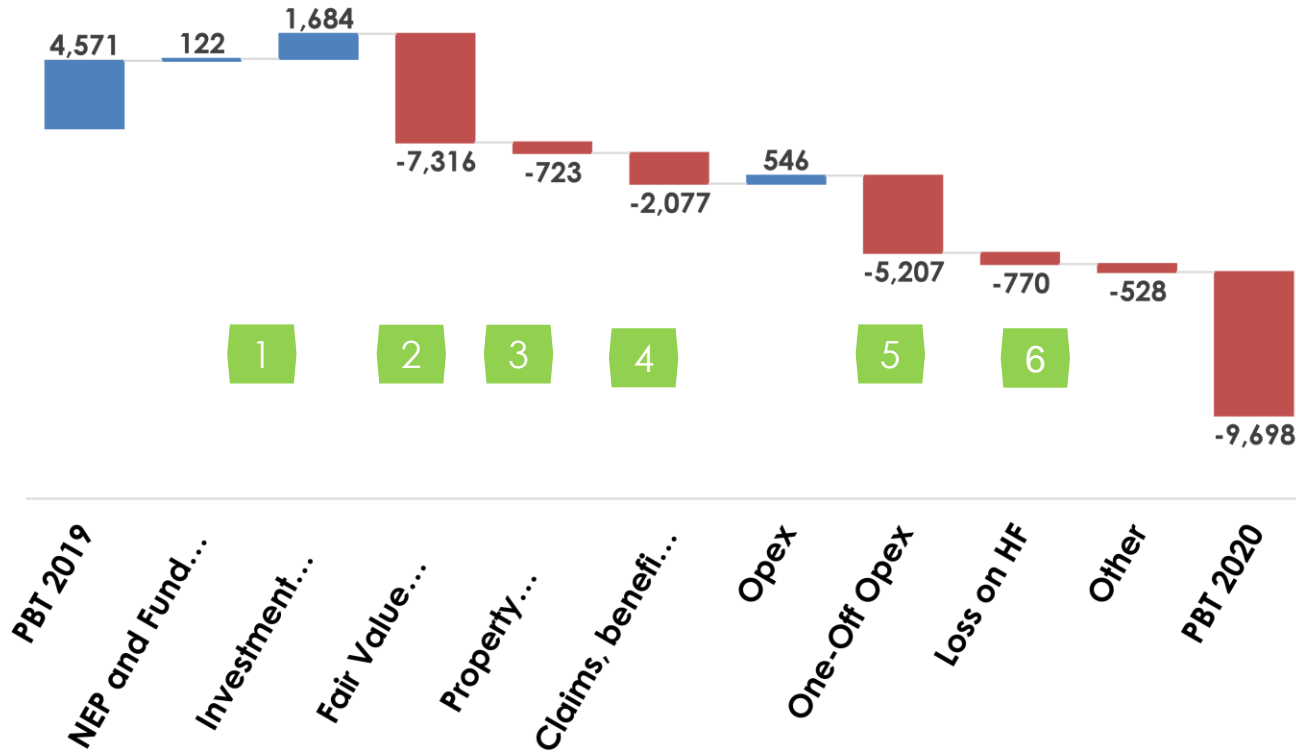


Adverse Impact on PBT of : Fair value losses, HF and Property Impairments, Increase in HF share of loss and a provision Shs 5.2 billion to support Wealth Management Fund LLP.

Favorable Impact of:-
•Higher retention and new business driving revenue growth

Favorable Impact of:-
•Strong investment returns, and
•Turnaround in health business

The Positive and the Negative Movements on the Results



Results Positively impacted by

- 1 Growth in revenue and investment income
And by 6% drop in Underlying Opex.

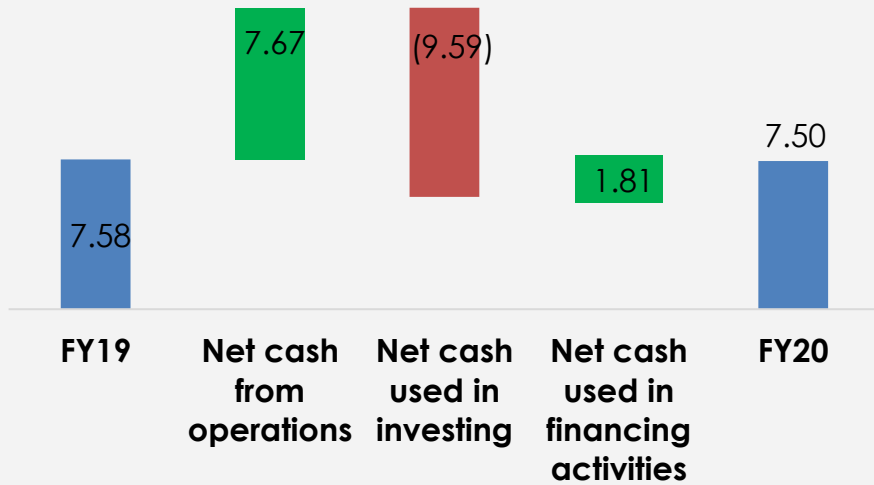
Adverse impact from:

- 2 Fair value losses
 - o Realized Shs 71m (2019 : 478m)
 - o Unrealized Shs 1,864m (2019: 4,300m)
 - o HF Impairment of Shs 603m
- 3 Property Impairments of Shs 1,470m (2019:747m)
- 4 Increase due to relatively higher surrenders and measures to cushion clients
- 5 A provision of Shs 5.2 billion to support Wealth Management Fund LLP
- 6 Increase in HF share of loss to Shs 823m (2019: 53m)

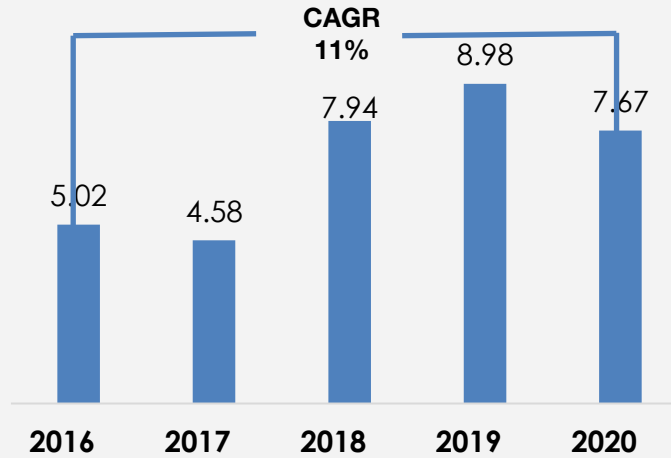
Strong Operating Cashflow Generation Ahead of Peers

Strong operating cashflow generation

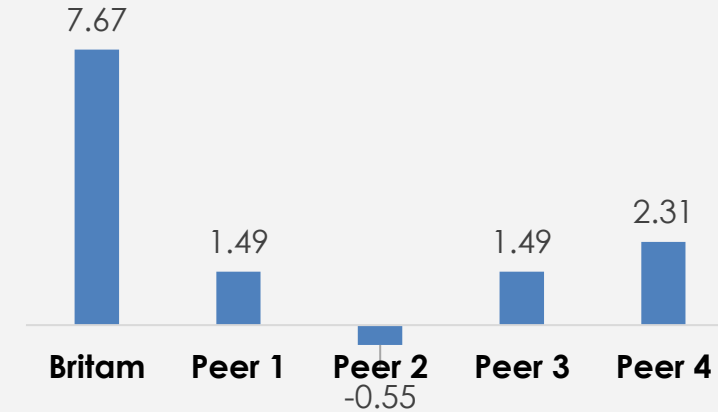
Cash generation / Use in 2020 – Shs bn



5 Yr Operating Cashflows - Shs bn



Britam and Listed Peers FY20 Operating Cashflows – Shs bn



- CF generation supported by a retail base of customers

- Strong growth with 4 year 11% CAGR

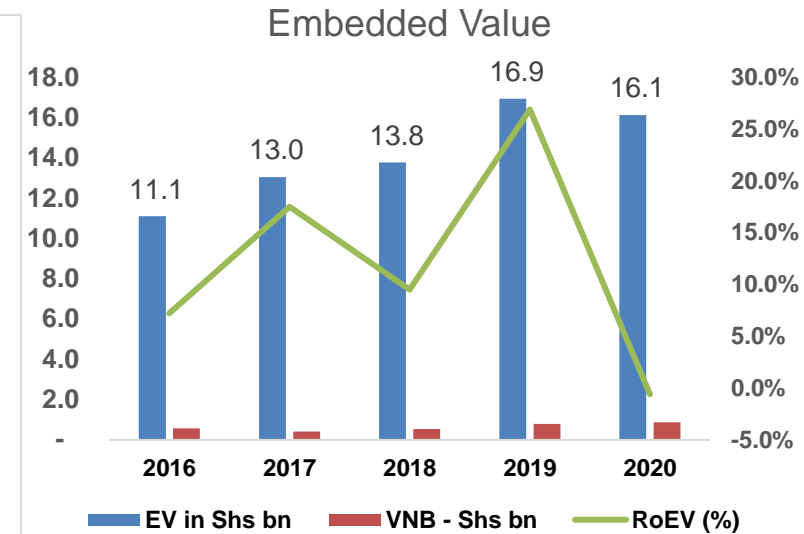
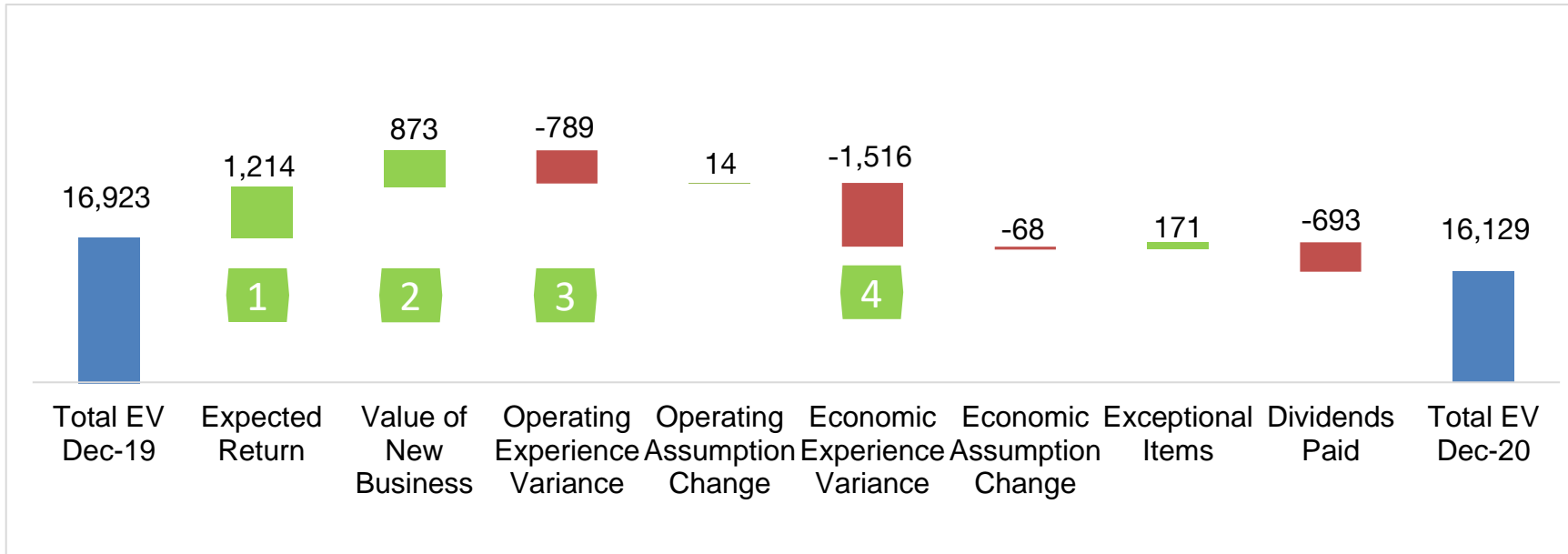
- Ahead of listed peers...

A photograph of a beach at sunset. In the foreground, an orange lifebuoy with white stripes is mounted on a wooden post. The beach is sandy with many footprints. The ocean waves are breaking in the distance under a bright, hazy sky. The sun is low on the horizon, creating a warm, golden glow.

Select BUs Financial Performance

Life Embedded Value Remained Resilient Through Crisis

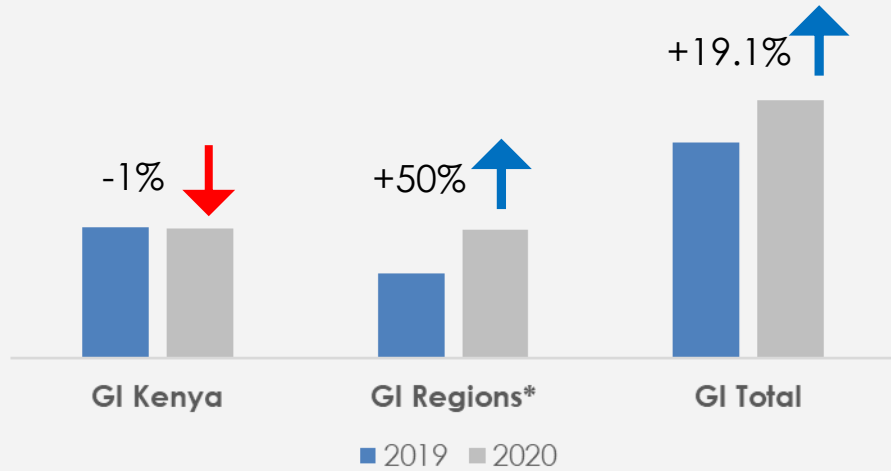
EV Recorded a marginal drop in annualized return at negative 0.6% in spite of the tough operating environment



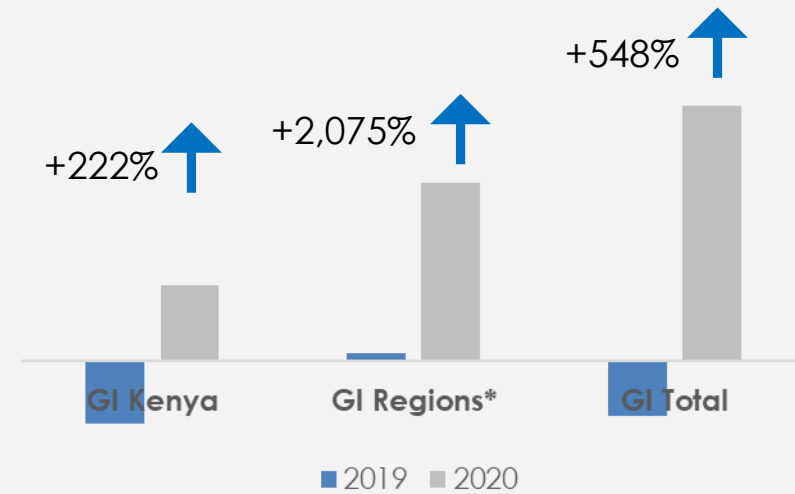
- 1 Positive EV earnings from expected releases in margins in the reserves
- 2 Positive value of new business mainly from profitable business written i.e., individual life and pensions
- 3 Claims losses were experienced within the Group/Credit Life portfolio and measures to cushion customers from the impact of COVID-19 led to an increase in reserves
- 4 Negative EV earnings from unfavorable investment experience as a result of market volatility within the Equities and Property portfolios

Regions GI Key Driver of General Insurance Revenue & Profits

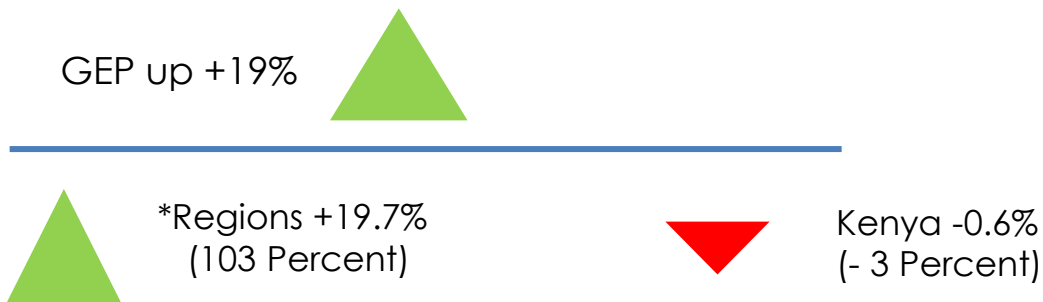
Gross Earned Premium (GEP) – Shs million



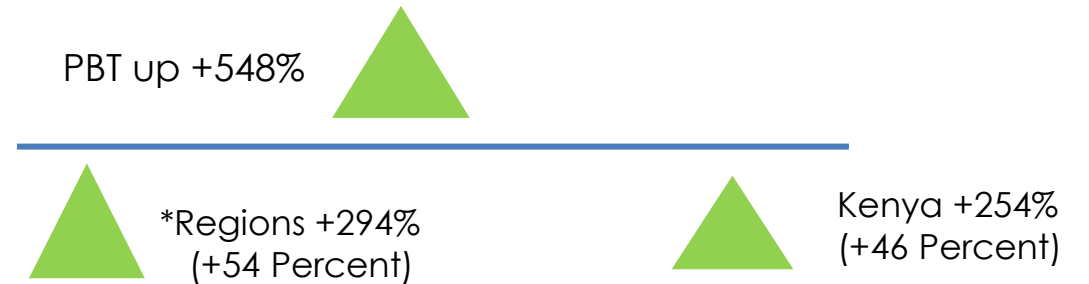
GI Profit Before Tax (PBT) – Shs million



Contribution to GEP Growth (%)



Contribution to GI PBT Growth (%)



*South Sudan, Uganda, Rwanda, Tanzania, Malawi & Mozambique

Underlying Key Performance Indicators

Key Metric	Group		Life		GI Regions		GI Kenya		Key Highlights
	2020	2019	2020	2019	2020	2019	2020	2019	
Opex Ratio	37%↓	39%	24%↓	26%	39%↓	61%	37%↓	41%	Improved underlying Opex ratio across the business
Loss Ratio	-	-	-	-	42%↓	44%	65%↓	67%	
Balance Sheet Ratios									Return on capital impacted by Fair Value Losses, Property Impairments and HF
ROE	-17%↓	12%	-39%↓	26%	24%↑	-	12%↑	-7%	
ROCE	-19%↓	16%	-56%↓	37%	28%↑	2%	12%↑	-11%	
Solvency			136%	149%	-	-	161%↑	160%	

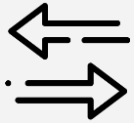
* The ratios are based on underlying results excluding the Shs 5.2 billion provision



Focus for 2021 & Strategy going forward

Outlook and Focus for 2021

In spite of the adverse operating environment in 2020 and the drop in financial performance, the business remains robust. We will continue to build momentum as activities increase in our markets. We expect a modest economic recovery across our footprint.



Strategic Shift

- Embed the Customer Centric organizational model by focusing on various customer segments.
- Complete and roll out Customer Centric 2021-2025 transformation Strategy.

Operational Efficiency

- Capitalizing on our investments in technology and the new organizational structure to achieve operational efficiencies and cost management.
- Realize the target cost savings in FY20 from the ongoing restructuring.

Investment Profiles and Returns

Review the investment profile by relooking at asset allocation and exits of particular assets with a focus on optimization of returns.

Customer Centric Culture

- Optimizing our go-to-market approach, developing targeted, customized offerings and grow our customer base.
- Leverage strategic partnerships to drive scale and unlock the next tier of customers.



The 2021 – 2025 Strategy is about **Delighting the Customer**

- ▶ We will transform Britam by putting **Customer needs at the centre of everything we do**
- ▶ Our Customers will experience “**One Britam**”; We will deploy deep customer insights and data analytics to understand their needs and provide solutions they want.
- ▶ We will leverage our **People, Technology and Culture** and **enable our partners** to deliver meaningful interactions, satisfying experiences, all the time

#OneBritam

Thank You

Kenya | Uganda | Tanzania | Rwanda | South-Sudan | Mozambique | Malawi