

ALEXANDER FORBES GROUP HOLDINGS LIMITED  
 Incorporated in the Republic of South Africa  
 (Registration number: 2006/025226/06)  
 JSE Share Code: AFH ISIN: ZAE000191516  
 ("Alexander Forbes" or "the company" or "group")

EXTRACT OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION  
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Financial highlights

In millions of South African rands (Rm)	2019/2018 % change	Unaudited six months ended 30 September		
		2019	2018(A)	2017(A)
Continuing operations				
Operating income(B)	1	1 588	1 571	1 459
Profit from operations (before non-trading and capital items)	3	403	391	411
Cost-to-income ratio(C)	(50) bps	74.6	75.1	71.8
Profit for the period	na	250	53	242
Cash generated from operations	1	489	485	471
Basic earnings per share (cents)	na	17.5	2.8	15.9
Headline earnings per share (cents)	33	17.8	13.4	15.5
Closing AuA and AuM (in billions of South African rands)	(7)	344	371	363
Total operations				
Basic earnings/(loss) per share (cents)	na	24.2	(3.5)	21.7
Headline earnings per share (cents)	42	24.5	17.3	21.3
Normalised headline earnings per share (cents)	43	27.2	19.0	25.6
Interim dividend (cents)	-	18	18	18

(A) Prior-year numbers restated for the effects of discontinued operations and IFRS 16 Leases.

Refer to notes 2 and 9 of the condensed consolidated financial statements in the long form announcement

(B) Operating income represents revenue net of direct expenses (throughout)

(C) Cost-to-income ratio is a percentage of the operating expenses (before non-trading and capital items) over operating income

Chief executive officer, Dawie de Villiers, commented: 'We continue to work with determination to implement our strategy of simplifying our business, improving our product offering to our clients and ensuring that we deliver best advice and measurable benefits to them. We are pleased with the progress made to date and we are confident that through our new integrated value proposition, our clients will benefit positively from our best advice. And it will also reflect favourably in the quality of our earnings and the performance of our business in the longer term.'

Overview of financial results

Alexander Forbes is pleased to report the financial results for the six months ended 30 September 2019 which clearly shows early signs that our strategic initiatives are starting to bear fruit. Whilst our clients are experiencing the benefits of our client-centric and advice-led consulting approach, the top-line benefits will take some time to fully materialise. Our continued engagement of our clients and our employees has resulted in good client retention and some notable new client wins against a worsening macro-economic environment. We are pleased with the progress made through brisk but disciplined execution of our strategic agenda and remain confident of this approach and its benefits to clients and shareholders.

- Strategic initiatives on track:

- We are advanced in our journey to provide an integrated service model to our clients, leveraging our expertise in retirements benefits, investments, healthcare and individual financial planning - thereby

- retaining and stabilising our client base
  - New operating model on track for full implementation
  - We have strengthened our employee engagement interventions and improved our culture, which is refocused on ONE Alexander Forbes
  - Our capital light strategy is well under way with the disposal of the South African short-term insurance business expected to conclude early in 2020
  - Good progress made in the roll-out and delivery of default retirement solutions, showing measurable benefits to our clients
  - Simplifying and rationalising our product offering
  - Notable traction gained in our ARRIVE service offering to multinational clients in Africa through our collaboration with Mercer
- Operating income from continuing operations up 1% to R1 588 million
  - Profit from continuing operations (before non-trading and capital items) up 3% to R403 million, which reflects good expense management
  - Headline earnings per share, for the total group, up 42% to 24.5 cents
  - Cash generated from continuing operations remains strong at R489 million
  - Interim dividend of 18 cents per share declared
  - Assets under administration (AuA) and Assets under management (AuM) of R344 billion, down 7% year on year, largely owing to client losses during the second half of the previous financial year. Good progress in the current period, with AuA and AuM up R2 billion from 31 March 2019.

The disciplined execution of our strategic initiatives together with our new operating model, that simplifies and focuses our business, will better position Alexander Forbes for the economic period anticipated over the next three to five years. The successful implementation of key enablers over the past six months is already a major step change with an increasingly visible impact in our day-to-day operations.

Cumulatively, we believe that our strategy and the new way of operating will provide our clients with holistic best-in-class advice across a broader spectrum and will significantly enhance our integrated value proposition. It will provide the impetus to continue to lead the industry, leverage our scale and simplify our processes.

#### Interim dividend declaration

An interim dividend declaration has been considered by the board which takes into account the group's dividend policy, current and projected regulatory position, the available cash in the group as well as the cash-generative nature of the group.

The board has declared an interim gross cash dividend of 18 cents (14.4 cents net of dividend withholding tax) per ordinary share for the six months ended 30 September 2019. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued number of shares at the date of declaration is 1 287 858 154. The dividend has been declared from income reserves of the company.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend:	Tuesday, 7 January 2020
Shares commence trading 'ex' dividend:	Wednesday, 8 January 2020
Record date:	Friday, 10 January 2020
Payment date:	Monday, 13 January 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 January 2020 and Friday, 10 January 2020, both days inclusive.

For further information

This short form announcement is the responsibility of the directors. Shareholders are advised that this

short form announcement represents a summary of the information contained in the full long form announcement and does not contain full details.

The full long form announcement is published and available at:  
<https://senspdf.jse.co.za/documents/2019/JSE/ISSE/AFH/AFHDec2019.pdf>

The full announcement is also available on the company's website:  
<https://www.alexanderforbes.co.za/investorrelations/financial-results/interim-results>

Electronic copies of the full announcement may be requested by emailing: [InvestorRelations@aforbes.com](mailto:InvestorRelations@aforbes.com)

Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and investors and/or shareholders are encouraged to review the full announcement, which is available as set out above. Any financial information contained in this short form announcement and the full long form announcement that may be construed as forecast information has not been reviewed or reported on by the group's external auditors.

On behalf of the board of directors

N Nyembezi	DJ de Villiers
Non-executive chair	Chief executive officer

9 December 2019  
Sandton

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RAND MERCHANT BANK (A division of FirstRand Bank Limited)