

Clientèle Limited
(Registration number 2007/023806/06)
Share code: CLI
ISIN: ZAE000117438

Interim results
For the six months ended 31 December 2021

Diluted headline earnings per share increased by 15% to 67.56 cents

Annualised return on average shareholders' interest of 39%

Recurring Embedded Value Earnings increased by 5% to R437.3 million

Annualised Recurring Return on Embedded Value of 16.1%

Value of New Business increased by 22% to R152.3 million

Embedded Value per share of R17.30

Introduction

The Clientèle Group ("the Group"), operating in a tough trading environment, particularly given the context of the difficult economic and operating environment characterised by lockdowns, civil unrest, COVID-19 and load-shedding has continued to build on the strong set of results reported last year and is pleased to report improvements in several of its key performance metrics when compared to the same period last year. This has been largely driven by tight cost control, good investment returns and the underwriting of a large number of funeral policies for certain funeral parlour intermediaries towards the end of the period.

Additional reserves for IBNR claims of R13.7 million and COVID-19 claims of R9.8 million were provided for the funeral parlour business mentioned above. These policies are expected to add meaningful value to the business over the long-term.

In addition to the impact of the once-off suspension of debit order mandates referred to in the previous financial year's final results, Clientèle experienced a further related withdrawal loss in the first quarter of the financial year of R30.5 million. This was offset to some extent by withdrawal profits in the second quarter of the financial year. The suspension of mandates resulted in a loss in VIF of R85.8 million as at 30 June 2021 and a corresponding reduction in premium income of R30.4 million in the current period to 31 December 2021.

The challenges in the banking collections environment, particularly when it comes to stability, have persisted into the current financial year. Clientèle was impacted by these and, furthermore, by the final closure of the AEDO and NAEDO debit order collection channels towards the end of the period. This is expected to continue to impact debit order users in the short term. Nonetheless, Clientèle is pleased with the progress that has been made within the banking environment and anticipates more stability in future now that the "old" debit order channels have been closed and all parties are focused on the new debit order channels.

The explicit COVID-19 risk reserve at 31 December 2021 amounts to R45.0 million (2020: R19.3 million) net of expected reinsurance recoveries. This was set up to cover the expected additional claims as a result of the pandemic.

Despite the challenges referred to above the Group remains in a sound solvency and liquidity position.

The Group achieved an annualised investment return for the period of 20.5% (2020: 10.7%) from its investment portfolios.

Use of the Clientèle Application ("the Clientèle App") continues to expand following its early adoption by clients and agents alike. The Clientèle App serves as a platform for sales capture and policy administration as well as an access point for Clientèle Rewards and Clientèle Mobile.

Outlook

Clientèle is, more than ever, aware of the demand for its products and the need to continue to Treat its Clients Well. Management continues to successfully navigate the business through the prevailing challenges and the Group remains well positioned to service new and existing clients into the future.

Value adding initiatives for our clients which include Clientèle Rewards, the Clientèle App, Clientèle Mobile and the roll-out of Debi-Check are contributing to improvements in persistency and the quality of new business written. Clientèle will continue to focus on increasing production of quality business across all of its new (including funeral parlours) and existing distribution channels.

Tight cost control will continue to be kept on expenses and every effort will be made to maintain and improve business efficiencies.

Clientèle remains committed to providing products and services that are relevant and meet our clients' needs and will continue to improve on the delivery of them to the market conveniently and efficiently.

Clientèle is pleased with the results for the period and is comfortable that the ongoing challenges continue to be handled well. Despite the pressure on clients' disposable income the Board remains encouraged by the prospects for growth and value creation over time.

By order of the Board

GQ Routledge BW Reekie
Chairman Managing Director

Johannesburg

28 February 2022

	Six months ended 31 December			Year ended 30 June
	2021	2020	% Change	2021
Risk Discount Rate (%)	12.4	10.7		12.1
Net profit for the period (R'000)	221,015	196,678	12	392,255
Headline earnings per share for the period (cents)	67.64	58.64	15	117.82
Earnings per share for the period (cents)	65.91	58.65	12	116.98
Embedded Value at the end of the period (R'000)	5,799,555	5,896,376	(2)	5,806,456
Embedded Value per share (cents)	1,729.55	1,758.42	(2)	1,731.61
Annualised Recurring return on Embedded Value (%)	16.1	14.9		12.4
Value of New Business for the period (R'000)	152,302	124,881	22	215,468
Recurring Embedded Value Earnings for the period (R'000)	437,311	414,581	5	687,456

Short-form announcement dated 28 February 2022

This short-form announcement is the responsibility of the Directors and is only a summary of the information in the full announcement and does not contain the full or complete details. The full announcement can be found through this link (<https://senspdf.jse.co.za/documents/2022/jse/isse/CLI/CLI2021.pdf>). Copies of the full announcement are available for inspection at the Company's registered office, at no charge, during office hours and may also be requested from Wilna van Zyl on 011 320 3284 or wvanzyl@clientele.co.za. Any investment decisions should be based on consideration of the full announcement accessible via the JSE link above and published on the Company's website. Comprehensive commentary including regulatory requirements is contained in the full announcement.

Sponsor: PricewaterhouseCoopers Corporate Finance Proprietary Limited

Registered office: Clientèle Office Park, Cnr Rivonia and Alon Roads, Morningside, Johannesburg 2196, South Africa PO Box 1316, Rivonia 2128, South Africa

Transfer secretaries: Computershare Investor Services Proprietary Limited, First floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2106, South Africa PO Box 61051, Marshalltown 2107, South Africa

Directors:

GQ Routledge BA LLB (Chairman); BW Reekie BSc (Hons), FASSA* (Managing Director); ADT Enthoven BA, PhD (Political Science); GK Chadwick MAgric, MBA#; PR Gwangwa BProc LLB, LLM; LED Hlatshwayo CA(SA), MBA; IB Hume CA(SA), ACMA*; H Louw BSc (Hons), FASSA*; PG Nkadameng BSc Statistics and Economics; BA Stott CA(SA); RDT Tabane BA, MPhil, MBA*; RD Williams BBusSc (Hons), FASSA (*Executive Director) (#Alternate Director)

Company secretary: W van Zyl CA(SA)

Clientèle Limited is a licensed controlling company.