

## **Sanlam Limited**

(Incorporated in the Republic of South Africa)

Registration number 1959/001562/06

JSE share code: SLM

A2X share code: SLM

NSX share code: SLA

ISIN: ZAE000070660

("Sanlam" or the "Company" or the "Group")

## **Sanlam Life Insurance Limited**

(Incorporated in the Republic of South Africa)

(Registration No. 1998/021121/06)

LEI: 378900E10332DF012A23

Bond Issuer Code: BISLI

("Sanlam Life")

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# **VOLUNTARY ANNOUNCEMENT RELATING TO THE PROPOSED TRANSACTION IN RESPECT OF SANLAM'S INSURANCE BUSINESSES IN INDIA**

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## **1. INTRODUCTION**

The board of directors of Sanlam (the "**Sanlam Board**"), through its wholly owned subsidiary Sanlam Emerging Markets Mauritius Limited, is pleased to announce that an agreement has been reached in respect of transactions to increase the Sanlam Group's ("**Sanlam**") effective shareholding in Shriram General Insurance Company ("**SGIC**") and Shriram Life Insurance Company ("**SLIC**") (the "**Transaction**"). The Sanlam Board recognises India as a core market and strategic pillar to achieving long term earnings growth and sustainable shareholder value creation for Sanlam. This Transaction will enable Sanlam to further enhance its position in this important market and drive growth.

The Transaction entails:

- (i) the acquisition of an effective 6.29% in SGIC and 7.04% in SLIC from TPG India Investments II Inc ("**TPG**"),
- (ii) the acquisition of an effective 4.45% in SGIC and 4.98% in SLIC from the Shriram Ownership Trust ("**SOT**"), and;
- (iii) the disposal of a part of Sanlam Life's direct holding in Shriram Finance Limited ("**SFL**") as detailed in paragraph 3 (iii), which took place on 28 March 2024 at the prevailing market price, the proceeds of which will be used to partly fund the Transaction as contemplated in (i) and (ii) above.

The Transaction will result in Sanlam's effective economic shareholding in SGIC increasing from the current 40.25% to 50.99% and the effective economic shareholding in SLIC increasing from the current 42.38% to 54.40%. Sanlam's effective economic shareholding in SFL will decrease from 10.19% to 9.54%.

## **2. RATIONALE FOR THE TRANSACTION**

This Transaction represents a unique opportunity for Sanlam to increase its stakes in SGIC and SLIC and achieve 50% plus effective economic interest in the insurance entities.

It represents a natural next step for Sanlam and has a number of strategic benefits:

- Further strengthens Sanlam's existing position in India, a market that is core to Sanlam's stated strategy, and also enhances Sanlam's geographic diversification and scale in Emerging Markets outside of Africa;

- Increases Sanlam's exposure to the underpenetrated and fast-growing Indian insurance market in line with its stated strategy, set to benefit from a number of underlying structural tailwinds driving an attractive growth opportunity in insurance;
- Builds upon existing and established corporate infrastructure, relationships, and long-standing knowledge of SGIC and SLIC having been invested in these assets for more than a decade; and
- Maintains a disciplined approach to capital allocation, with limited deployment of additional capital as c.60% of the funding requirement will be funded via the sale of part of Sanlam Life's stake in SFL; this capital redeployment also increases Sanlam's exposure towards core insurance entities and decreases exposure to the credit business in line with its stated strategy.

### 3. OVERVIEW OF THE TRANSACTION

#### i. Background to Shriram Entities

SGIC and SLIC are joint ventures in India between Shriram Capital Limited and Sanlam licensed with the Insurance Regulatory and Development Authority of India. SGIC offers a wide range of general insurance solutions including Motor, Travel and Home. SLIC offers a diverse basket of long-term financial products and solutions targeted mainly at the underbanked and unbanked segments of the Indian population.

SFL is India's second largest retail Non-Bank Financial Company by asset under management offering credit solutions for commercial vehicles, two-wheeler loans, car loans, home loans, gold loans, personal and small business loans. SFL is listed on the National Stock Exchange of India Limited.

Sanlam has been in partnership with Shriram Group since 2005 and during this time Sanlam has gained a deep understanding of the Indian insurance market as well as the portfolio of businesses under Shriram. Shriram continues to deliver strong growth in its key performance indicators since Sanlam's investment and the transaction further underlines the value of Sanlam's partnership with Shriram.

#### ii. Consideration

The consideration payable to acquire the combined 10.74% in SGIC and 12.02% in SLIC will be partially funded using the net proceeds from the disposal of the SFL shares. The balance of the consideration of ZAR2.0 billion will be funded using a combination of available capital resources.

#### iii. Disposal of SFL shares

On 28 March 2024, Sanlam Life sold 1.59% (of its 2.01% direct holding) in SFL to Shriram Value Services ("SVS"), at the listed market value of INR2,386 per share, resulting in gross proceeds of ZAR3.3 billion (INR1427crores) ("**SFL Disposal**").

SVS is a subsidiary of Shriram Capital Private Limited ("**SCPL**") and Sanlam currently owns 40.70% of SCPL while the balance is controlled by SOT and its affiliated entities.

Sanlam currently owns an effective 26% stake in SVS, the SFL Disposal will result in a net decrease of Sanlam's effective economic shareholding in SFL from 10.19% to 9.54%.

#### iv. Conditions and other key terms to the Transaction

The implementation of the Transaction will remain subject to the fulfilment or waiver, as the case may be, of a number of conditions precedent, including (but not limited to) approvals from the relevant regulatory authorities (including the Prudential Authority).

### 4. JSE Limited ("JSE") Listings Requirements categorisation

In terms of the JSE Listings Requirements, the Transaction is below the Category 2 threshold and this announcement is made on a voluntary basis.

## 5. CONCLUSION

The Transaction is expected to have a marginal positive impact on net result from financial services and a marginal negative impact on dividends in the initial years. Both net result from financial services and dividends are expected to grow strongly in the medium-to-long-term. The Transaction is expected to deliver an internal rate of return on capital deployed well in excess of Sanlam's internal hurdle rate.

## 6. EFFECTIVE DATE

The effective date of the Transaction will be dependent on the fulfilment of the suspensive conditions to the Transaction and is expected to occur during the second half of 2024.

## 7. CONFERENCE CALL

A teleconference for analysts and investors will take place at 16h00 (South African time) today, 5 April 2024. Investors and analysts who wish to participate in the conference call should follow the Zoom link as indicated below.

<https://sanlam.zoom.us/j/92062891906?from=addon>

Meeting ID: 920 6289 1906

Passcode: 215691

The teleconference presentation will be made available on [www.sanlam.com](http://www.sanlam.com) after the teleconference.

Bellville  
5 April 2024

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