



Building a
**Diversified
Insurance**
Investment group

**2021 Annual General Meeting
Presentation**

CONDUIT  CAPITAL

30 November 2021

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-  **“Underwriting profitability”** included throughout the presentation reflects amounts before operating expenses
-  **“Underlying business”** excludes non-recurring and legacy losses
-  **“Actual Cash Generation”** reflects amounts before legacy cash outflows
-  **“Period Under Review”** is 1 July 2020 to 30 June 2021



-  Conduit Capital is an **investment holding company** invested primarily in the insurance industry
-  Conduit **wholly owns** the Constantia Insurance group of companies
-  The insurer's target **combined ratio is 95%** or better over the long-term
-  Additional investments are made in **public or private companies that increase our capital base** and allow Constantia to write more profitable business and generate more float
-  **Private investments include** real estate brokerage Century 21 South Africa; Africa Special Opportunities Capital's Fund I; and Conduit Ventures, a fintech incubator

Key Highlights for the year to June 2021

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Constantia returned to sustained underwriting and operating profits, achieving a 98.1% combined ratio from underlying operations



Constantia generated operating profit of R38 million from underlying operations, compared to a R152 million operating loss in the prior period



Century21 grew revenue 61% to record levels



ASOC Fund I is expected to realise a positive cash return in Fund I in fiscal 2022



Performance



Constantia is a diversified pan-African insurer writing business in Health, Life, Medical Malpractice and Property & Casualty. First licensed in 1952, Constantia operates 3 insurance licenses providing insurance solutions across 19 countries, with dominant positions in Health and Medical Malpractice insurance.

P&C

- Focus on specialised business such as:
 - aviation
 - marine cargo
 - guarantees
 - mechanical warranty

Health

- Largest Health Insurer in SA
- Leading provider of GAP with 600 000 members
- One of the largest Primary Care networks
- Provide cover in 19 African countries

Medical Malpractice

- Leading Medical Malpractice insurer in SA
- Only locally based insurer offering Occurrence Based cover
- Insure 60% of Obstetricians and Gynecologists

Life & Funeral

- Provide funeral and non-underwritten life products through non-life partner network
- Focused on developing niche solutions and bundled products

Constantia Group Results



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 Our restructure and focus on improved underwriting over the past 18 months has delivered an operating performance in line with expectation.

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 Financial highlights:
 - all segments achieved underwriting profitability;
 - 139% increase in underlying profit to R248 million;
 - 98.2% combined ratio from underlying business;
 - underlying operating profit of R35 million against prior year operating loss of R64 million;
 - R89 million cash generated from underlying operations; and
 - operating expenses reduced by 18% against prior year.

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 Besides the financial metrics, we have achieved important milestones in implementing new technology solutions that will ensure sustainable earnings and enable the business to grow at scale.

R million	June 2021	June 2020	% Change
Gross Premium Income	1 949	2 110	(7.6)
Underwriting Result	222	137	62.0
Health	119	82	45.0
Medical Malpractice	63	45	40.0
P&C Specialty	17	25	(32.0)
P&C General	22	(30)	173.3
Life	1	15	(93.3)
Operating Costs	(231)	(310)	25.5
Reported Operating Result	(9)	(173)	94.8
Impact of discontinued & legacy business	44	109	59.6
Underlying Operating Result	35	(64)	154.7



Health



- Consistent premium growth maintained
- Improved underwriting margins across all product lines
- Launched new distribution channels

Medical Malpractice



- High persistency leading to **solid premium growth**
- Gross written premium **grew to over R215 million** with underwriting profit improving by 40%
- Implemented new operating model, resulting in **improved efficiencies**

Life



- Exited funeral parlour business
- Grew our non-life partner business
- Focus on **growing cross-sell opportunities** and expanding into niche products and market segments

P&C Specialty



- 28% premium growth** in 2021
- Consistent underwriting performance maintained
- Marine cargo** launched

P&C General



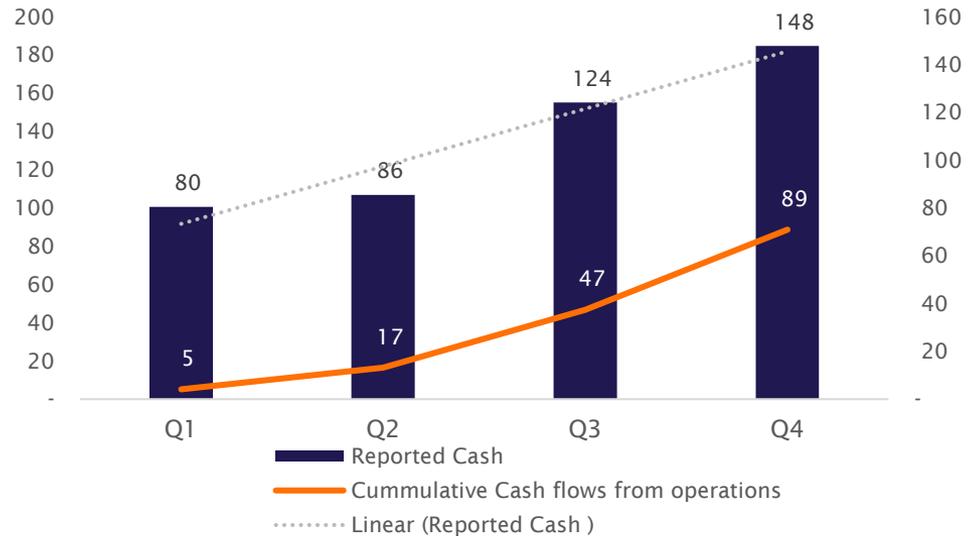
- Remediation completed**
- Commercial mix has **increased to 54%** in line with diversification strategy
- Exceptional loss ratio of 51%** achieved

Positive Cash Generation



- The business continues to generate **positive cash flows** in line with improved operational performance and disciplined expense management
- The underlying business generated **R89 million** in cash from operations.

Positive Cash Generation





- The capital position of Constantia Life Limited and Constantia Life and Health Limited (“Life”) were successfully restored to in excess of minimum regulatory levels
- The longer than expected time it took Constantia Insurance Company Limited (“Non-Life”) to move through the underwriting J-curve back to underwriting profitability, compounded by the negative effects of Covid-19 on the investment portfolio, and certain other capital issues not within our control, CICL’s regulatory capital is temporarily below the minimum regulatory level
- The pending transaction will restore Constantia Insurance Company Limited’s capital to above the required regulatory level and support future growth
- Constantia Insurance Company Limited has access to adequate cash and capital reserves to meet all liabilities as they arise



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Private
Investments

Century 21 is the franchisor of the world's principal residential real estate sales organisation

- Founded in 2006
- 2021 revenue **increased 61%** to all time high
- **48 franchises** across the country, large growth opportunity
- Since 2011, group sales have **grown at 18.75% annually**





ASOCapital provides companies with flexible funding solutions to facilitate holistic re-structuring and re-capitalization

ASOC Fund I end of life in fiscal 2022, already received approximately R34 million in cash proceeds from sale of SkyNet





Leymic Holdings is an investment holding company with interests in motor and non-motor insurance claims solutions and technologies



Rikatec is an insure-tech company that specialises in information management systems, digital solutions, big data and advanced analytics



Questions

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Thank You for attending our webinar

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