



INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

2020

Recurring Embedded Value Earnings increased by 47% to

R414.6 million

Diluted headline earnings per share increased by 11% to

58.57 cents per share

Annualised return on average shareholders' interest of

41%

Net insurance premiums increased to

R1.09 billion

Embedded Value per share of

R17.58

Value of New Business increased by 145% to

R124.9 million

Annualised Recurring Return on Embedded Value of

14.9%

INTRODUCTION

Despite the impact of the COVID-19 pandemic, Clientèle Limited ("Clientèle") is pleased to report a strong set of results for the period with an improvement in all of its key performance metrics when compared to the same period last year. This has been achieved against the backdrop of a struggling economy and has been driven by production which has exceeded expectations, improved collection practices, better investment returns and tight control of expenses. The excess claims incurred during the period as a result of the COVID-19 pandemic were provided for at 30 June 2020 and an additional COVID-19 risk reserve has been established to cover expected additional claims for the six months to 30 June 2021.

We are pleased to report that the distribution capabilities and demand for Clientèle's products remains strong, however pressure on our clients' payment ability due to the lockdown, reduced disposable income, increasing unemployment and the poor state of the economy are expected to endure for the foreseeable future.

Reassuringly, given the tough environment and factors referred to above, the Group is in a sound solvency and liquidity position.

The Clientèle Group ("the Group") achieved an annualised investment return for the period of 10.7% (2019: 5.5%) from its investment portfolios.

Clientèle's loyalty program, Clientèle Rewards, has been well subscribed to by clients and Rewards contracts have now been taken up by approximately 17% of Clientèle's client base.

The Clientèle Application ("the Clientèle App") which has been keenly adopted by our clients enables a more interactive relationship with them and serves as a platform for Clientèle Rewards and Clientèle Mobile, as well as many future opportunities.

OUTLOOK

Clientèle is, more than ever, aware of the demand for its products and the need to continue to treat its clients well. Management continue to successfully navigate the business through the COVID-19 lockdown challenges and Clientèle remains well positioned to service new and existing clients into the future.

Management's recent initiatives, which include Clientèle Rewards, the Clientèle App and Clientèle Mobile coupled with the roll-out of DebiCheck are aimed at improving persistency, the quality of new business written and adding value to our customers. These initiatives have progressed during the period. Clientèle will continue to focus on increasing production levels across all of its distribution channels, many of which have been successfully re-engineered for the new operating environment.

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

Clientèle Rewards, the Clientèle App and Clientèle Mobile are important ingredients in offering our customers improved value, convenience and service which we believe will further enhance and differentiate the Clientèle business model in future.

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

The Board is pleased with the results for the period, particularly given the context of a difficult economic, investment and operating environment and is comfortable that the recent challenges have been handled well. Despite the pressure on Clientèle's customers' disposable income which has been compounded by COVID-19 and the lockdown, the Board remains encouraged by the prospects for growth and value creation over time. Nonetheless in the short-term the Board still anticipates great uncertainty and a poor economic climate.

The Board commends management and all employees for their effort and commitment in these extraordinary times.

By order of the Board

GQ Routledge
Chairman

Johannesburg

22 February 2021

BW Reekie
Managing Director

Six months ended 31 December

	2020	2019	% change	Year ended 30 June 2020
Net profit for the period (R'000)	196,678	176,671	11	328,517
Headline earnings per share for the period (cents)	58.64	52.69	11	99.18
Earnings per share for the period (cents)	58.65	52.69	11	97.97
Embedded Value at the end of the period (R'000)	5,896,376	6,352,354	(7)	5,874,486
Embedded Value per share (cents)	1,758.42	1,894.44	(7)	1,751.90
Annualised Recurring return on Embedded Value (%)	14.9	9.1		*
Value of New Business for the period (R'000)	124,881	50,913	145	(90,549)**
Recurring Embedded Value Earnings for the period (R'000)	414,581	282,005	47	*

* As a consequence of COVID-19 and the lockdown, the change in EV was negative for the year ended 30 June 2020 and any split between recurring and once-off items would be spurious due to the inter-relationship of various factors following the shutdown of much of the new business operations for a few months.

** Value of New Business for the year ended 30 June 2020 includes the once-off COVID-19 impact of negative R159.4 million.

SHORT-FORM ANNOUNCEMENT DATED 22 FEBRUARY 2021

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/2021/jse/issue/CLI/CLI2020.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

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Directors: GQ Routledge BA LLB (Chairman); BW Reekie BSc (Hons), FASSA* (Managing Director); ADT Enthoven BA, PhD (Political Science); GK Chadwick MAgric, MBA*; B du Toit BCom*; PR Gwangwa BProc LLB, LLM; LED Hlatshway CA(SA), MBA; IB Hume CA(SA), ACMA*; BY Mkhondo BCom, MBA; PG Nkadameng BSc Statistics and Economics; BA Stott CA(SA); RD Williams BBusSc (Hons), FASSA (*Executive Director) (*Alternate Director)

Company secretary: W van Zyl CA(SA)