

Unaudited interim results and cash dividend declaration

FOR THE SIX MONTHS
ENDED 31 DECEMBER 2018





Core new business

+16%

to R9 049m

Investment in new businesses

21%

Normalised operating profit

-4%

to R3 799m

Normalised headline earnings

-16%

to R2 376m

+16% to R9 508m incl. DH take-on of new closed schemes and gross revenue for Vitality Group

Excludes DSY JV Card profits and includes allocated finance costs



Operating profit

-4%

New business³

+16%

R3.8bn R9.0bn

Established businesses

Emerging businesses

New

Discovery Health	+10%	+3% ⁴	Strong performance in a difficult macroeconomic environment with continued excellence from DHMS evidenced by robust growth and average contributions now 16.6% lower than competitors. Ongoing investment in technologies resulting in operational efficiency, service levels and improving margins.
Discovery Life	-13%	+8%	A complex period for the business coinciding with the effective date of SAM and with earnings impacted by significant claims volatility. The business remains strong with continuing growth, improved policy alterations experience and positive cash flow.
Discovery Invest	+9%	+14%	Robust performance amid weak financial markets saw a 7% growth in assets under administration, and positive behaviour change in the context of long-term savings due to the Shared-Value model.
Vitality HEALTH INSURANCE	+26%	+18%	Stand-out performance driven by record sales, improved retention and sustained low loss ratios. Business continues to generate strong positive cash flow.
Vitality LIFE INSURANCE	+15%	+8%	Robust performance despite economic uncertainty. There was a significant improvement in fundamentals following management action. The business is taking action to differentiate in a tough environment.
Discovery Insure	+114%	+4%	Continued excellent performance with gross premium income growing by 21% and continued improvements in the quality of the in-force book, a consequence of the durational impact and the efficacy of the model. Softbank's Vision Fund invested USD500m in CMT, a transaction that will contribute USD55m to the business's full year profits.
Vitality GROUP	+179%	+36% ⁵	Continued growth from more mature markets as well as a successful launch and high Vitality take-up in Sumitomo Life. Strong franchise markets pipeline, with 2 due to launch this year.
中国平安 PING AN	+26%¹	+117%	Exceptional growth, enabled by significant investments made to future capability. Already seeing value from investment despite temporary dampened profit growth.
New businesses	21%²	of earnings	Discovery made huge strides in delivering against its strategic plans in the period, with the doubling of investment in new initiatives to 21% of earnings.

1 Before tax profits

2 Excludes Discovery Card profits and includes financing costs

3 Excludes DH take-on of new closed schemes and gross revenue for the Vitality Group

4 Excludes new scheme take-ons

5 Includes gross recurring and lump sum revenues

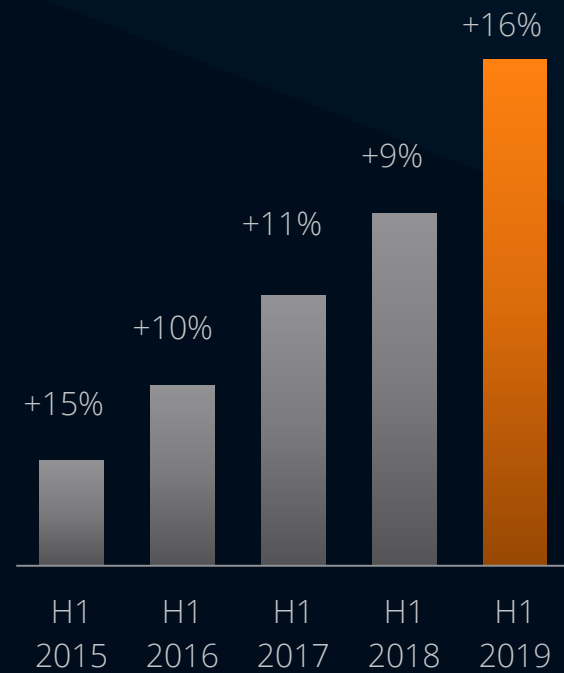


Core new business annualised premium income

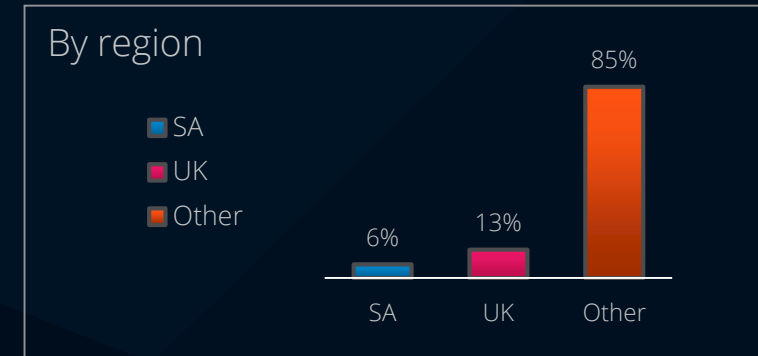
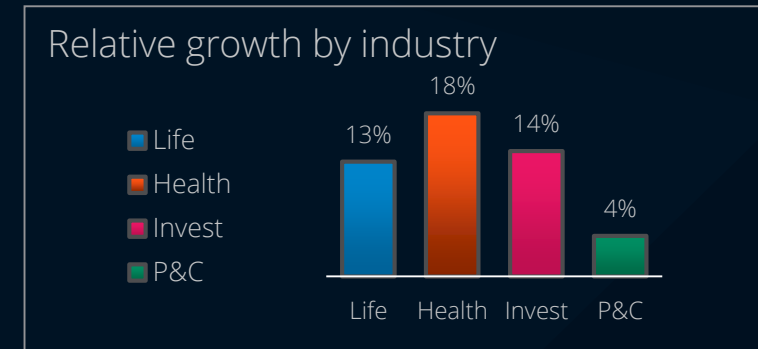
+16%

to R9 049m

+16% to R9 508m incl. DH take-on of new closed schemes and gross revenue for Vitality Group



	Rm ²	6 months to 31 Dec 2018	6 months to 31 Dec 2017	% change
Established	Discovery Health	3 420	3 324	+3%
	Discovery Life	1 212	1 121	+8%
	Discovery Invest	1 387	1 220	+14%
	Vitality HEALTH INSURANCE	616	522	+18%
	Vitality LIFE INSURANCE	600	557	+8%
Established businesses		7 235	6 744	+7%
Emerging	Discovery Insure	517	495	+4%
	Vitality GROUP	441	324	+36%
	中国平安 PING AN HEALTH	1 080 ¹	497 ¹	+117%
	Emerging businesses		2 038	1 316



Consistent long-term growth

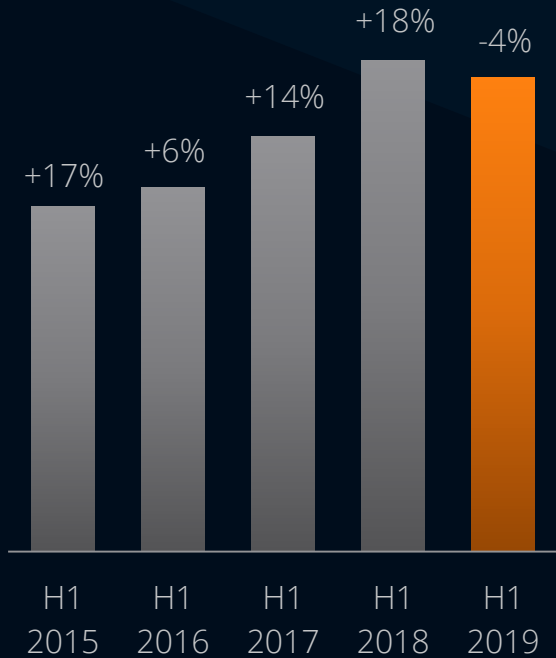
Continuing excellent growth from emerging businesses

¹ Represents 25% of Ping An Health new business API
² Excludes Vitality SA, other new businesses and new closed schemes

Normalised operating profit

-4%

to R3 799m

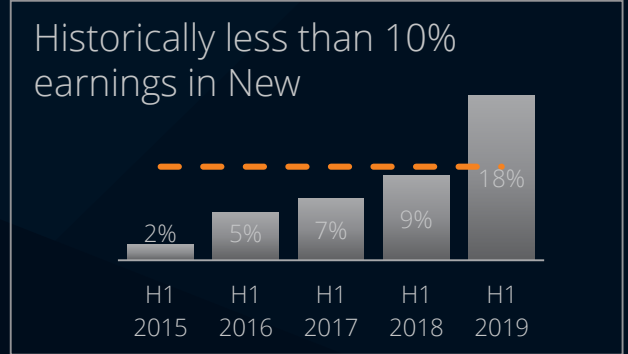
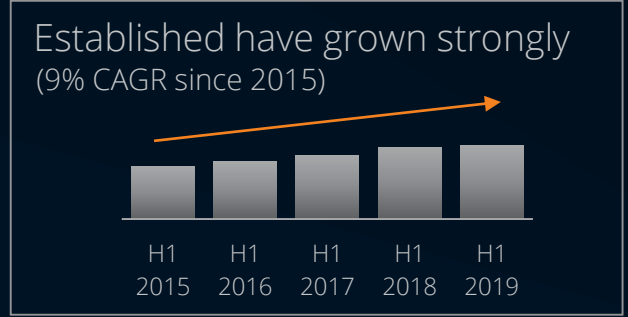
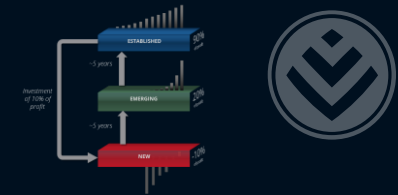


	Rm	6 months to 31 Dec 2018	6 months to 31 Dec 2017	% change
Established	Discovery Health	1 464	1 332	+10%
	Discovery Life	1 500	1 721	-13%
	Discovery Invest	455	419	+9%
	Vitality HEALTH INSURANCE	446	355	+26%
	Vitality LIFE INSURANCE	300	261	+15%
	Established businesses	4 185	4 103	+2%
Emerging	Discovery Insure	62	29	+114%
	Vitality GROUP	95	34	+179%
	中国平安 PING AN HEALTH	12	36	-67%
	Emerging businesses	169	99	+71%
New	New businesses	(679)	(385)	+76%

CPI-0.3%

>100%

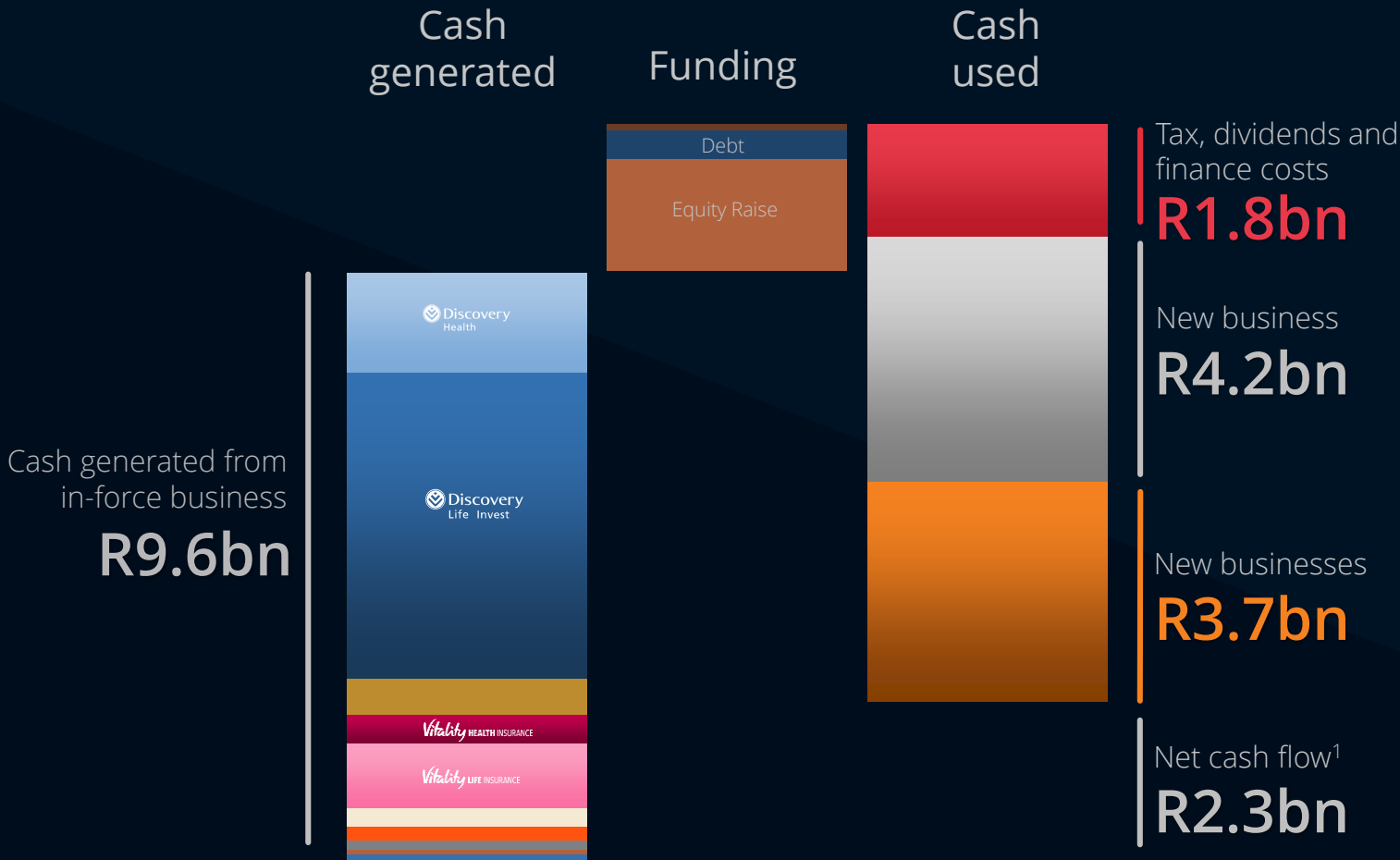
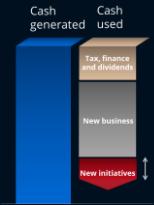
18% of earnings



Using an earnings weighted CPI rate across SA and UK
 DSY Card profits excluded from New businesses
 DSY Life profits for 2017 have been restated by R118m for SAM capital release
 Non-insurance based business excluded – Vitality SA

Net cash flow

R2.3bn



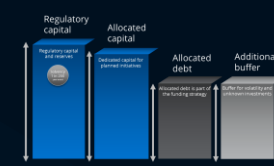
Established and Emerging

Net cash flow¹
Rm

Discovery Health	1 141
Discovery Life Invest	3 579
Vitality HEALTH INSURANCE	228
Vitality LIFE INSURANCE	-208
Discovery Insure	20
Vitality GROUP	-58
中国平安 PINGAN	-160

¹Movement in shareholder free cash

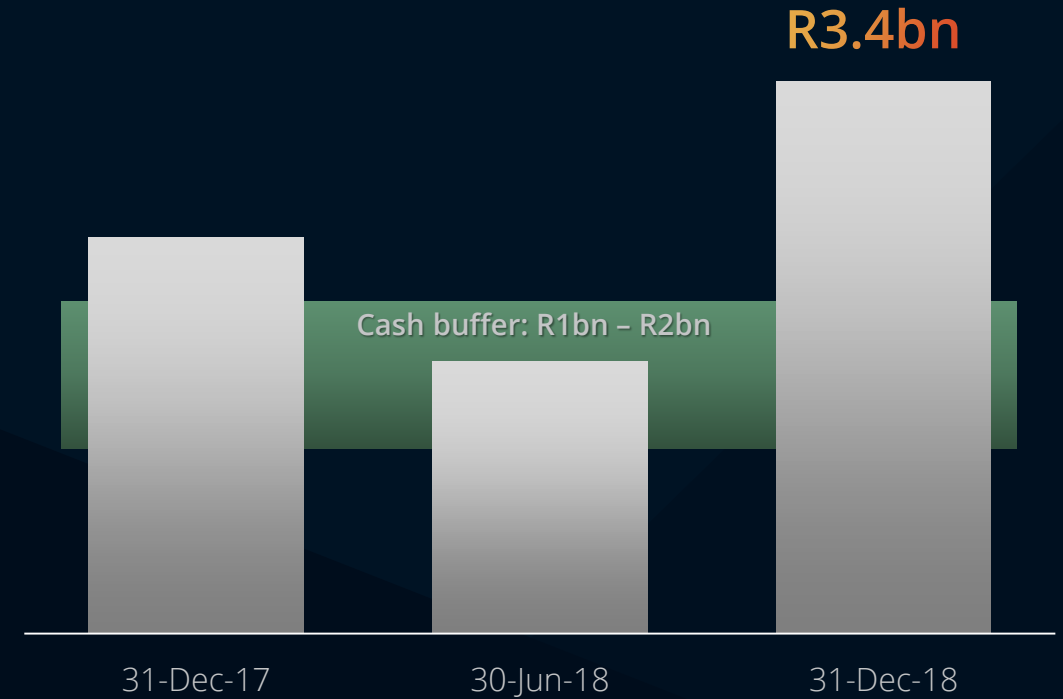
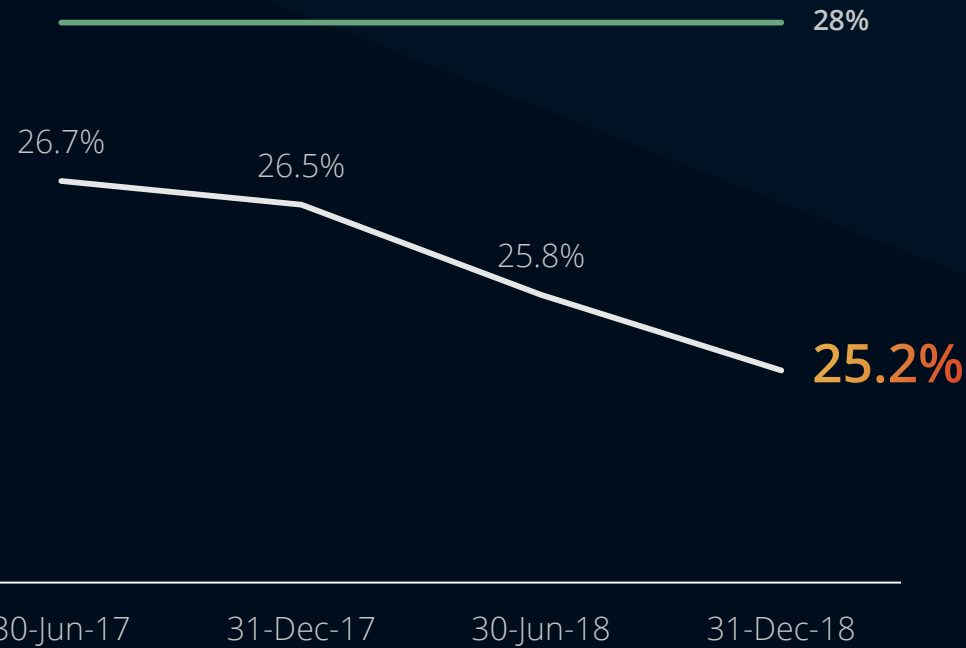
Capital management



Return on Capital - Risk free + 5%

FLR decreasing

Sufficient cash buffer





Return on Embedded Value (EV)

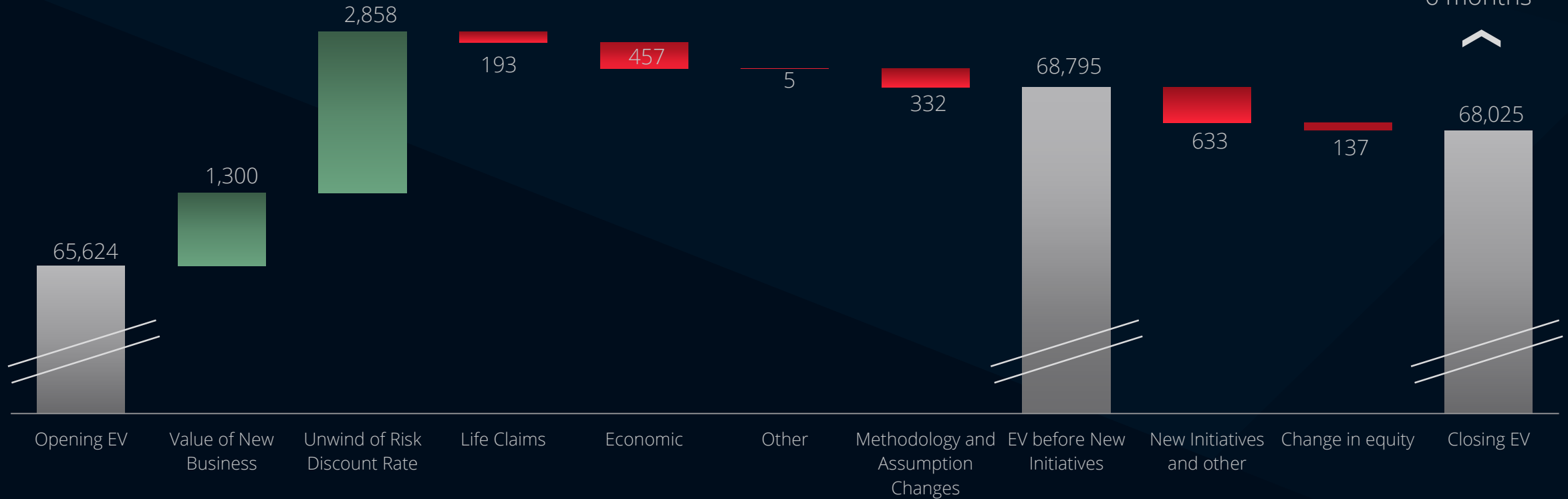
+8%

Annualised return

Rm

+4%

Growth in EV over 6 months



— Experience Variances —



Normalised headline earnings

-16%

to R2 376m

Rm	6 months ended Dec 2018	6 months ended Dec 2017	% change
Profit from operations	3 799	3 941	-3.6
Finance costs	(479)	(351)	
Profit from operations after finance costs	3 320	3 590	-7.5
Fair value adjustments	(116)	-	
Finance lease accounting	(142)	(47)	
Investment income	247	235	
Impairment of intangible assets	18	109	
Other	4	(17)	
Normalised profit before tax	3 331	3 870	-13.9
Normalised tax	(915)	(1 000)	-8.5
Profit attributable to preference shareholders	(40)	(41)	
Normalised headline earnings	2 376	2 829	-16

Higher finance costs due to **increase in borrowings** to fund new initiatives

Equity and bond **market movements** resulted in fair value losses (IFRS9)

Due to **timing of move**, prior period does not account for full 6 months

Dividend declaration of: **101cps (+0%)**



Basic earnings

-14%

to R2 286m

Rm

	6 months ended Dec 2018	6 months ended Dec 2017	% change
Normalised headline earnings	2 376	2 829	-16.0
Initial expenses related to Prudential Book transfer	(11)	0	
Unrealised losses on foreign exchange contracts not designated as hedges	(26)	0	
Debt restructuring costs resulting from DiscoveryCard joint venture transaction	(33)	0	
Amortisation of intangibles from business combinations net of deferred tax	(54)	(55)	
Duplicate building costs	0	(25)	
Headline earnings	2 252	2 749	-18.1
Gain on dilution of equity-accounted investments	51	0	
Impairment of intangible assets, net of tax	(17)	(99)	
Realised gains on available-for-sale assets net of CGT	0	6	
Basic earnings	2 286	2 656	-13.9

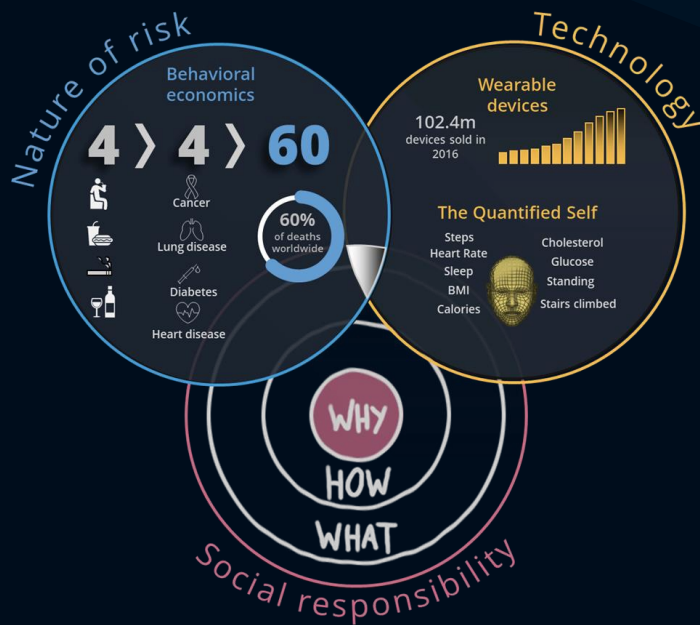


Rationale, strategy and our businesses

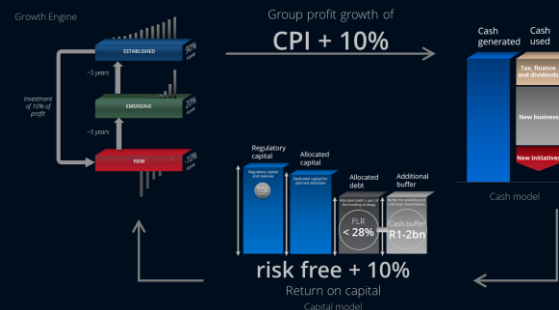


WHY

Make people healthier and enhance and protect their lives



HOW



WHAT

- Life insurance
- Health insurance
- Short-term insurance
- Long-term savings
- Banking

WHY



Life & Health insurance

- Poor diet
- Physical inactivity
- Tobacco use
- Excess alcohol intake

4 > 4 > 60

Lifestyle behaviours Chronic conditions Deaths worldwide

Motor insurance

- Excessive drinking
- Cellphone use while driving
- Excessive speeding
- Harsh braking
- Tailgating

5 > 3 > 60

Driving behaviours Driving conditions Fatal accidents

Long-term savings

- Insufficient contribution levels
- Inadequate investment terms
- Irresponsible withdrawals in retirement

3 > 3 > 90

Controllable behaviours Conditions Inadequate retirement funding

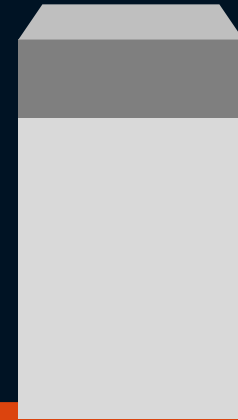
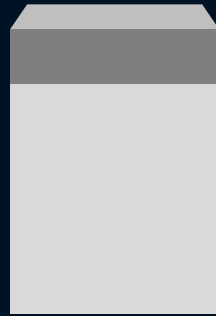
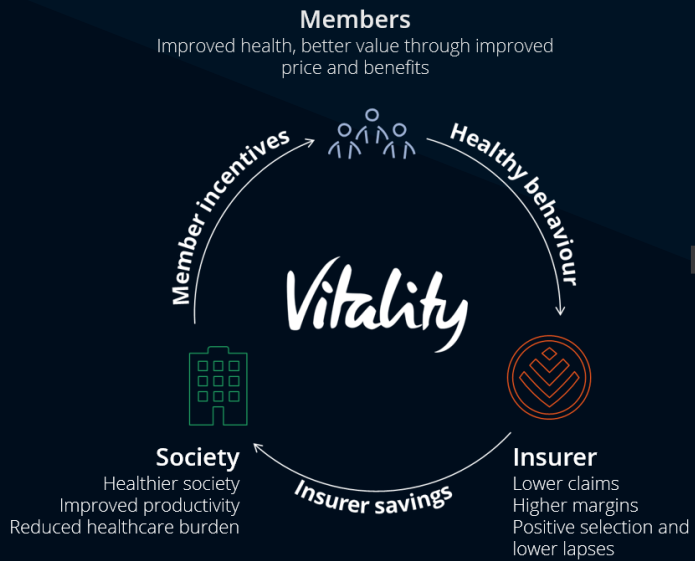
Banking

- Corrosive consumption
- Lack of financial protection
- Not saving for emergencies
- Excess secured debt
- Low retirement savings

5 > 3 > 80

Controllable behaviours Conditions Credit defaults and retirement shortfalls

HOW



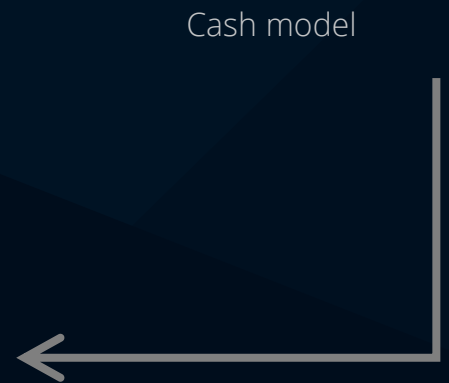
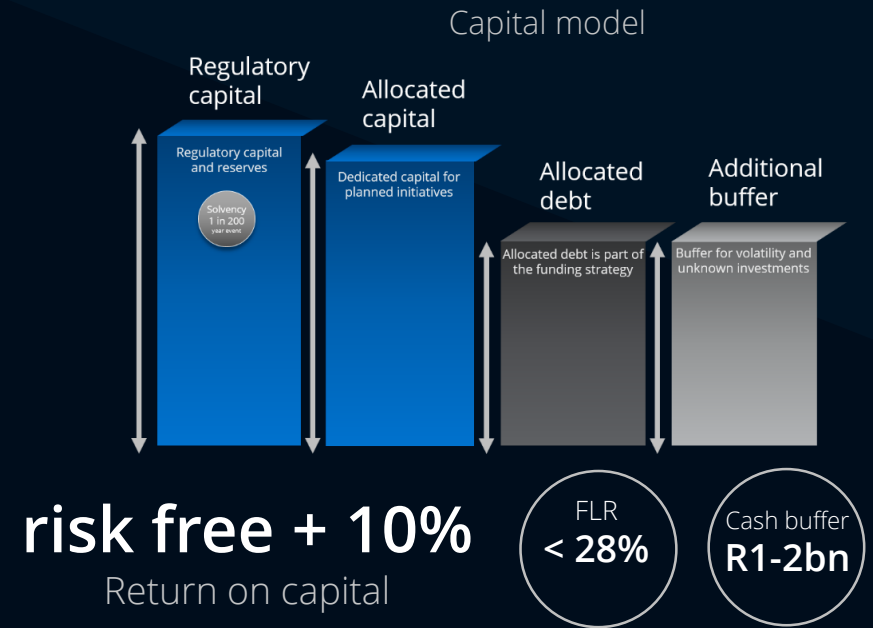
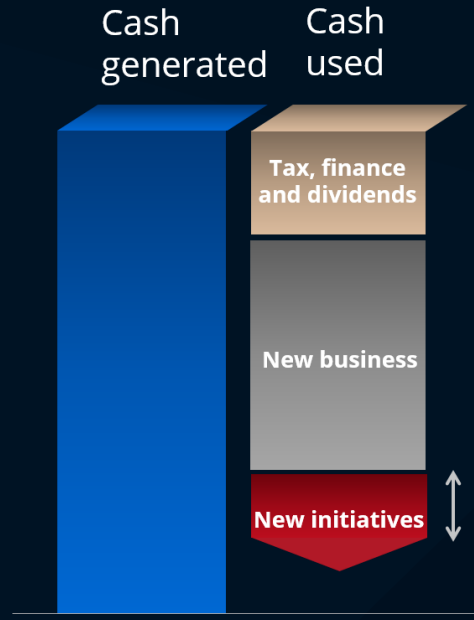
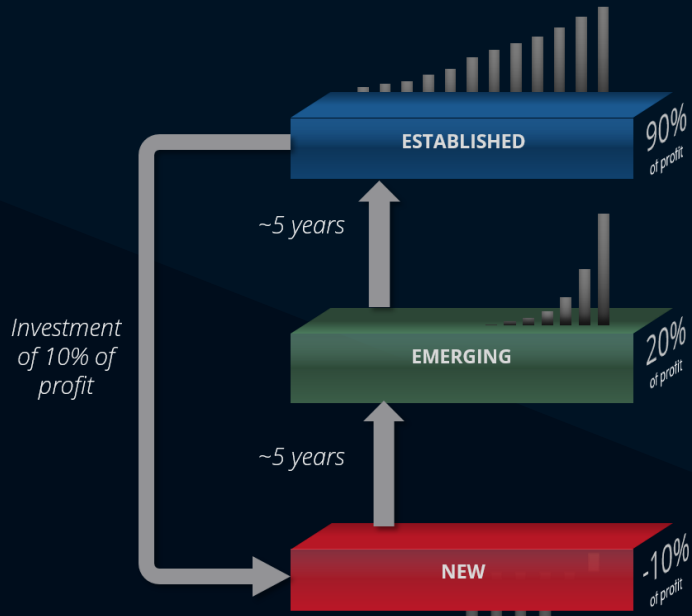
$$\frac{\text{Value Member}}{\text{Shared-Value}} = \frac{\text{Incentive Member}}{\text{Vitality chassis}} \times \frac{\Delta \text{Behaviour}}{\text{Incentive}} \times \frac{\text{Bent (qx)}}{\Delta \text{Behaviour}} \times \frac{\text{Value Bent (qx)}}{\text{Product}}$$

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Operating model



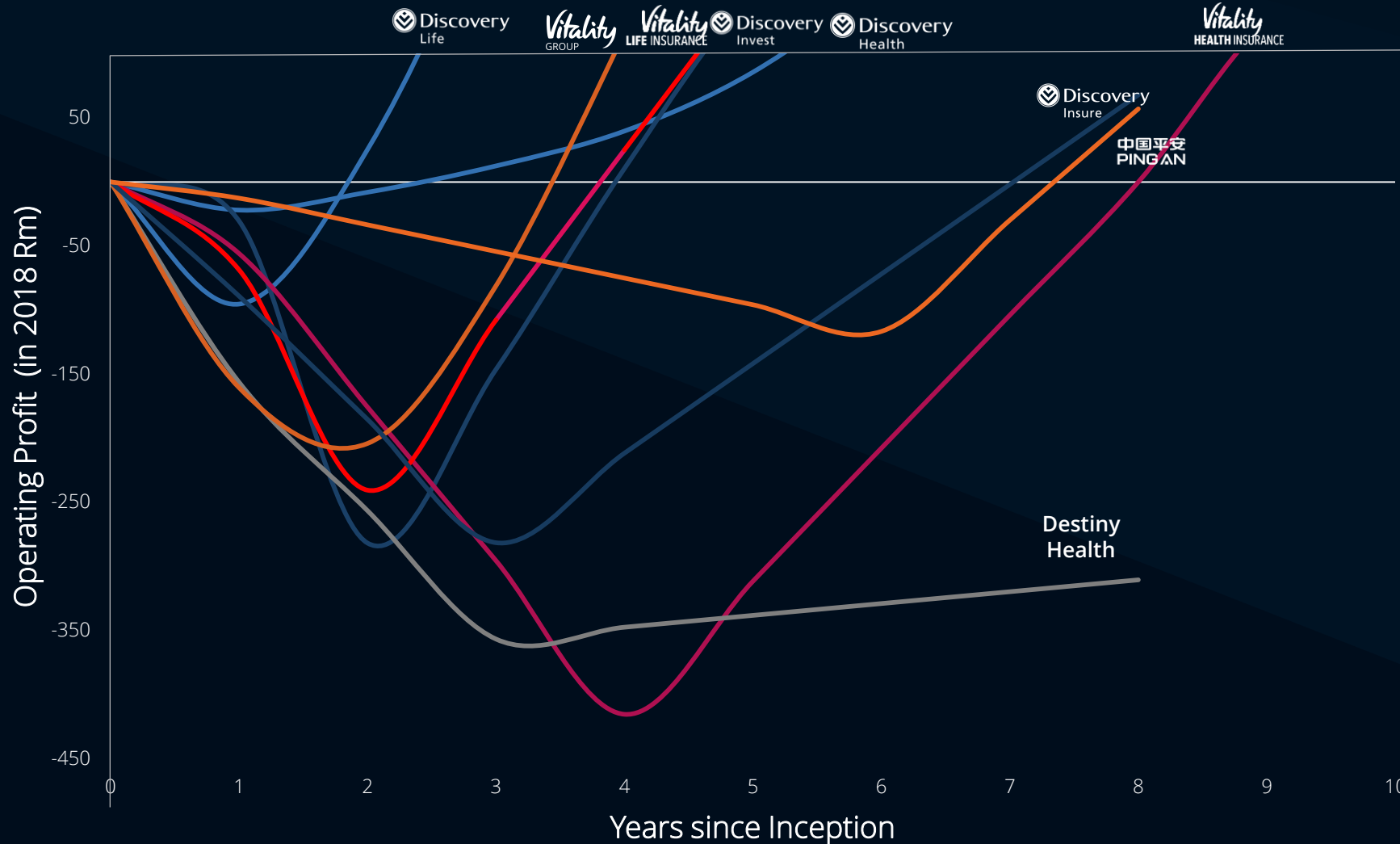
Group profit growth of
CPI + 10%





Deliberate strategy to grow organically

Operating profit in 2018 terms



Consequences

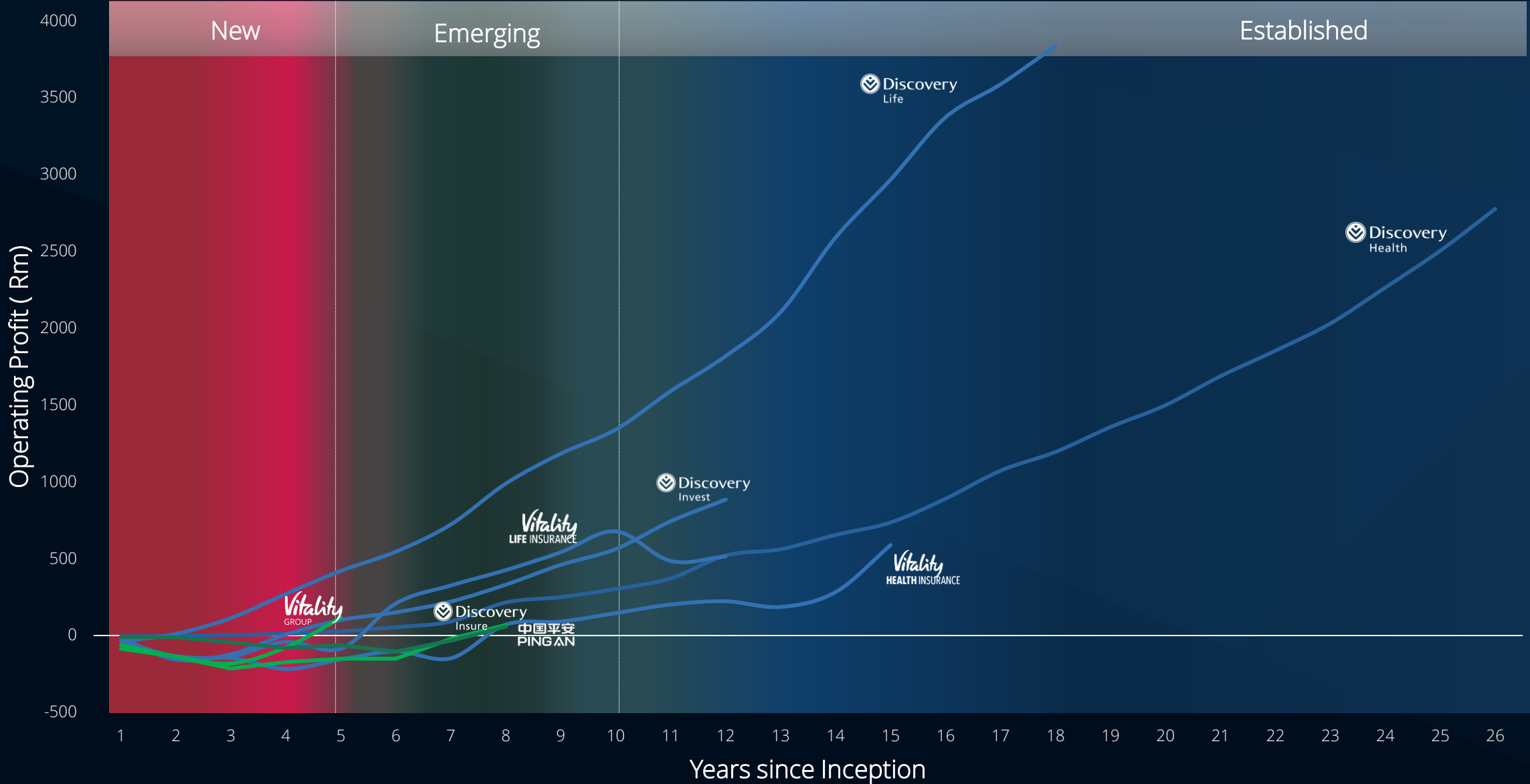
9 out of 10 successful organically grown businesses

5-year average breakeven

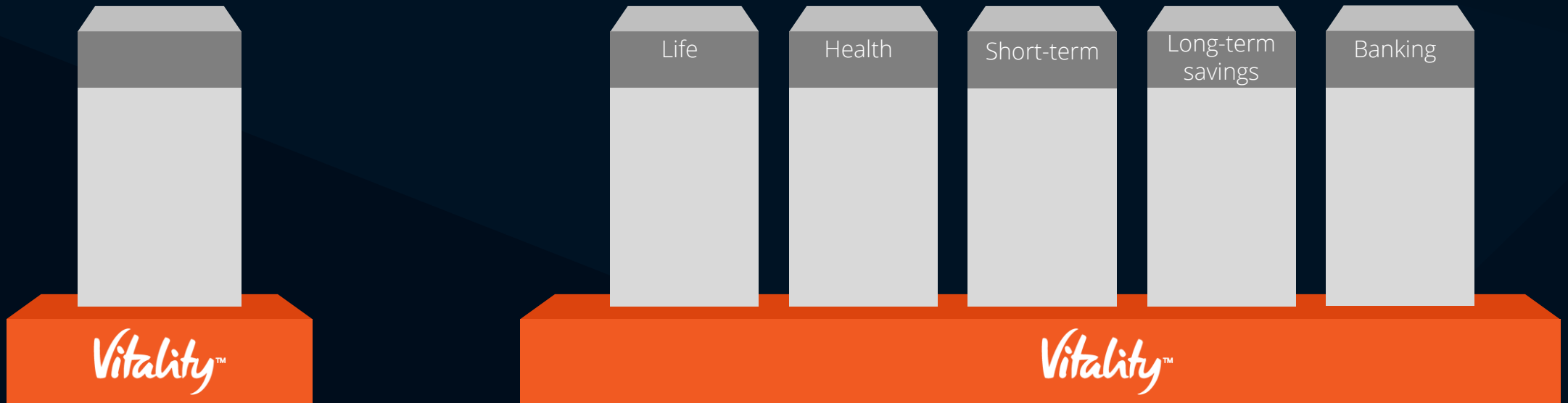
1. Initial strain on earnings
2. Increase in financing costs
3. Depletes Embedded Value
4. Success punishing – requirement for even greater new initiatives

But provides a greater return on shareholder capital

Organic Growth Engine has been a successful mechanism for growth



WHAT





SA COMPOSITE MODEL







UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



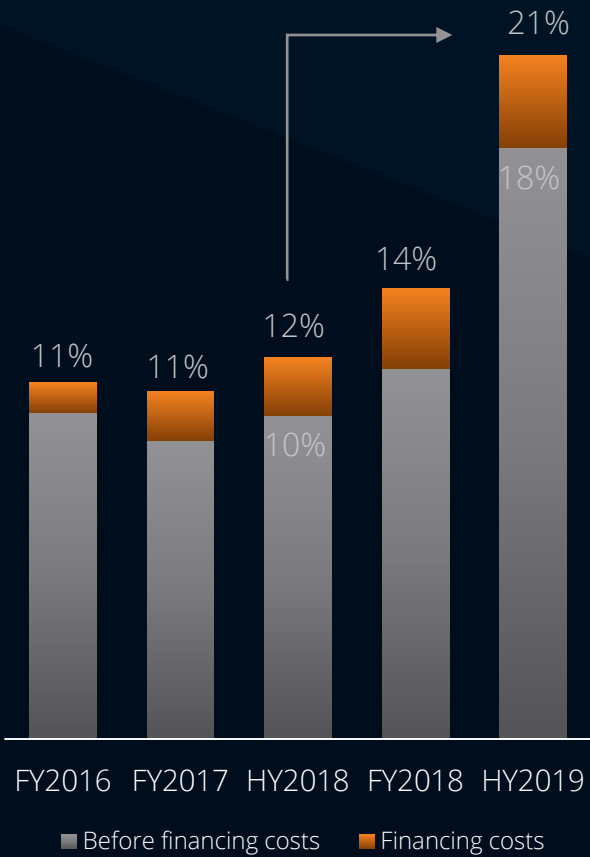
- 1  Perfect composite model, #1 in every industry, and laboratory for shared value in financial services. A successful entry into banking
- 2  The best insurer in the UK, making use of a composite shared-value model
- 3  Vitality is the world's largest and most sophisticated behavioural platform linked to financial services, with disciplined execution
- 4  Ping An Health delivers on its plan to become the leading health insurer in China with over 50m clients



Doubling of investment into new initiatives

21%

of earnings, excluding Card profits and after allowing for finance costs



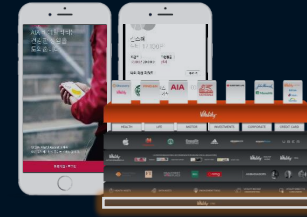
Discovery Bank



VitalityInvest



Vitality1



Discovery Business Insurance



Umbrella Funds



Total capital injected to 31 December 2018:

R2.625bn

£33.5m

R552m

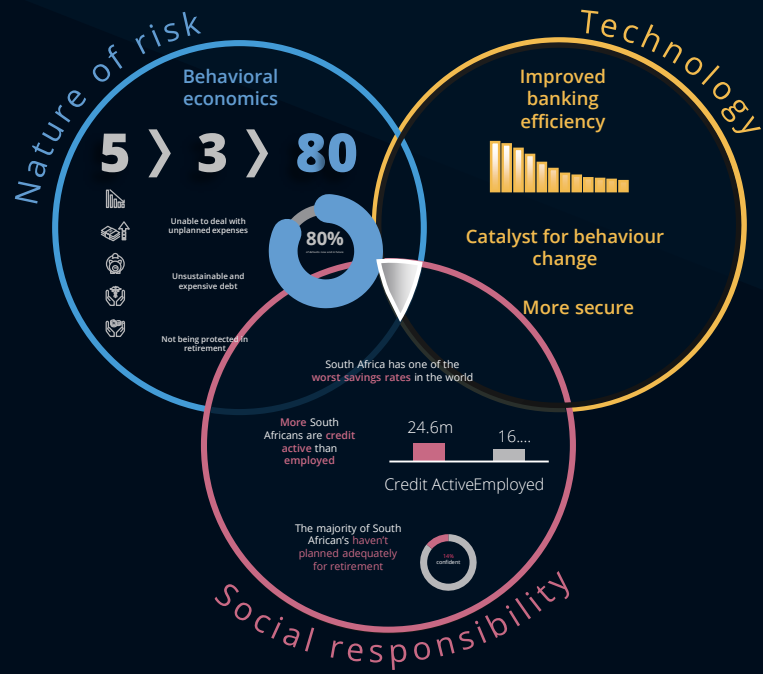
R92m

R140m

R807m opex and financing costs for the 6 months to 31 December 2018

Resulted in flat earnings

Launching the world's first behavioural Bank





VITALITY MONEY

MEASURE MANAGE

Debt, Property, Savings, Insurance, Retirement

DYNAMIC INTEREST RATES

SAVINGS RATE: Max to Market

BORROWING RATE: Market to Min

DYNAMIC DISCOUNTS

Local flights, International flights, Healthy Food, Gym

ACTIVE REWARDS

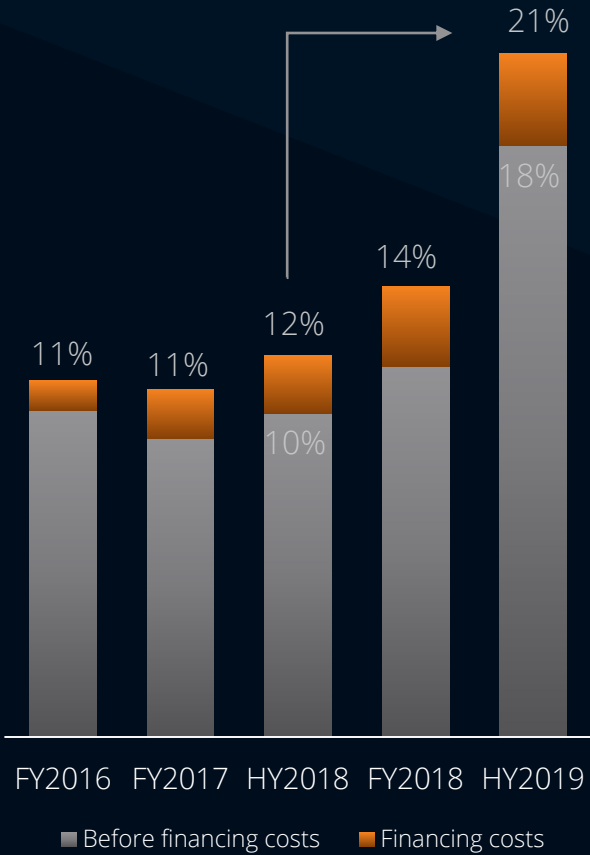
Woolworths, Click n Pay, Kudu.com, British Airways, Emirates, Virgin Active, Click n Go, Di-Chem, Sportsman Warehouse, Apple, Shell



Doubling of investment into new initiatives

21%

of earnings, excluding Card profits and after allowing for finance costs



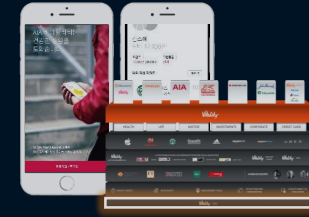
Discovery Bank



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SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



Vitality 1





SA COMPOSITE MODEL



UK COMPOSITE MODEL



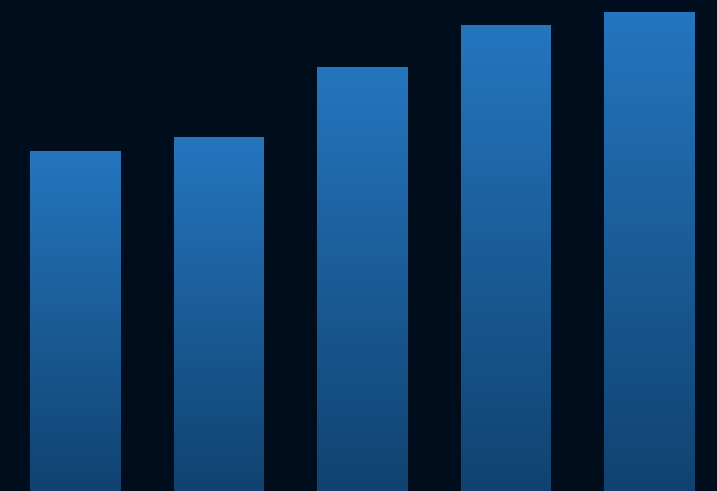
PARTNER COMPOSITE MODEL





Core new business API (Rm)

+2.9%
to R3 420m
excl. take-on of new closed schemes

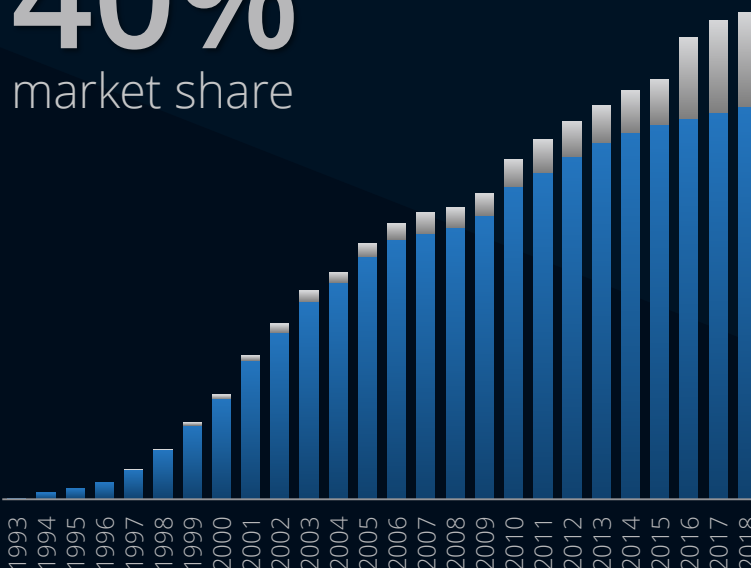


H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Membership

>3.5m
under administration

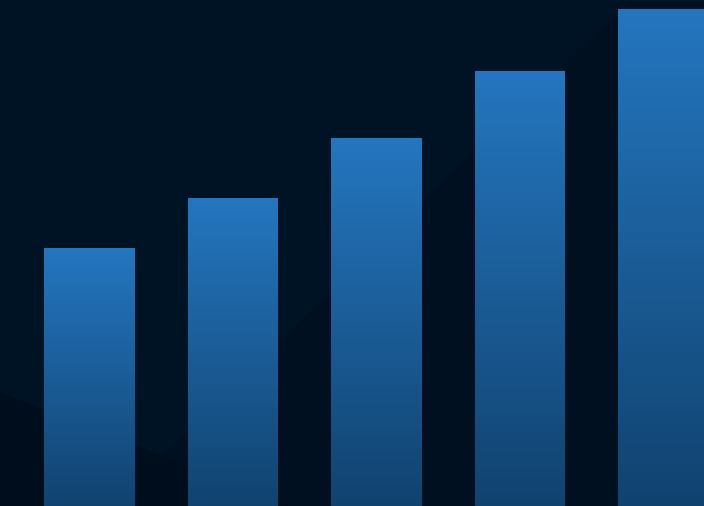
40%
market share



1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Normalised Operating Profit (Rm)

+10%
to R1 464m



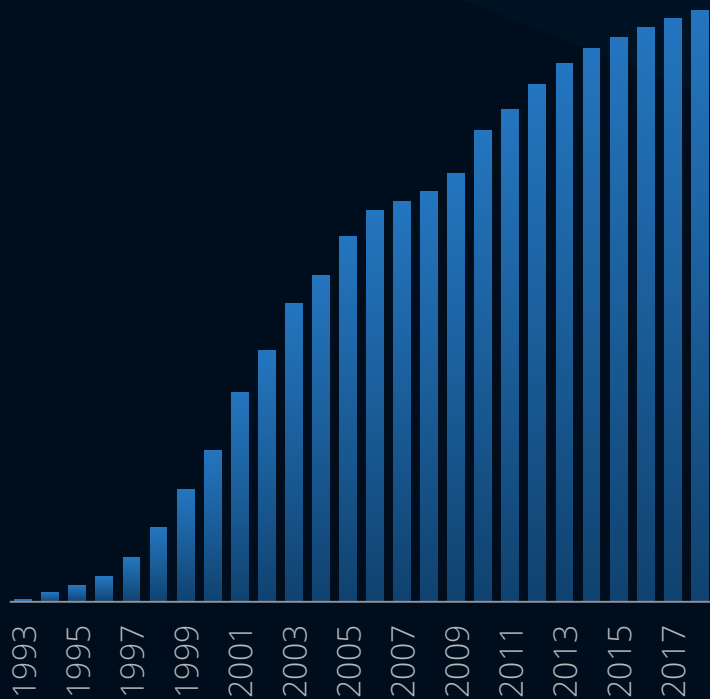
H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

DHMS continued excellence in a challenging environment

Growth in a difficult economic environment

56.6% Market share *as at Sep 2018*

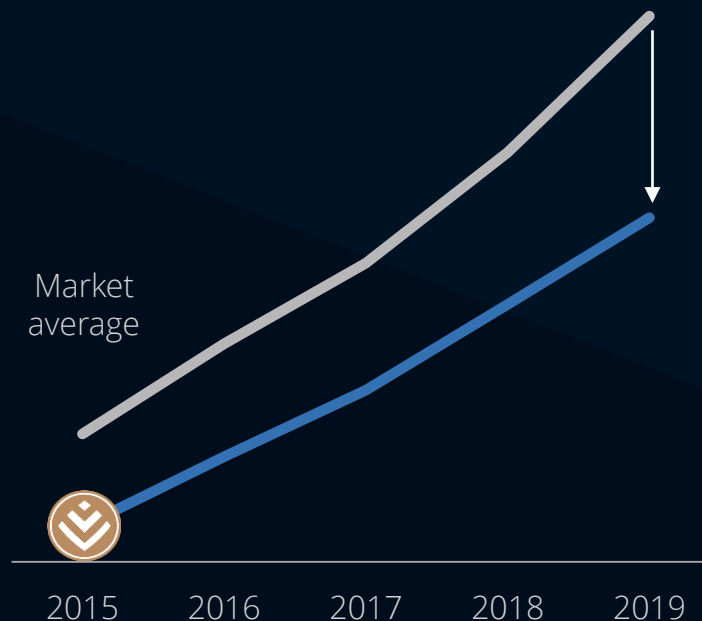
+2.1% Membership growth



Competitive contribution rates

-16.6% Lowest premiums in the scheme market
(2018: -16.4%)

DHMS relative contribution differential

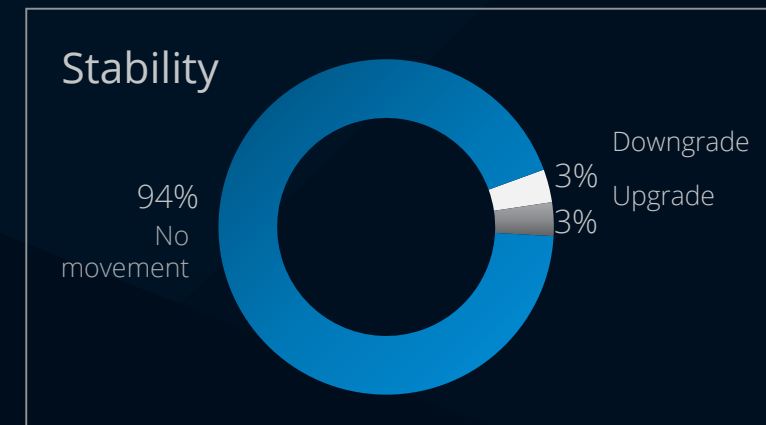


Continuing stability and security

27.3% Unaudited solvency

AAA GCR credit rating

5.4% Annualised lapse rate



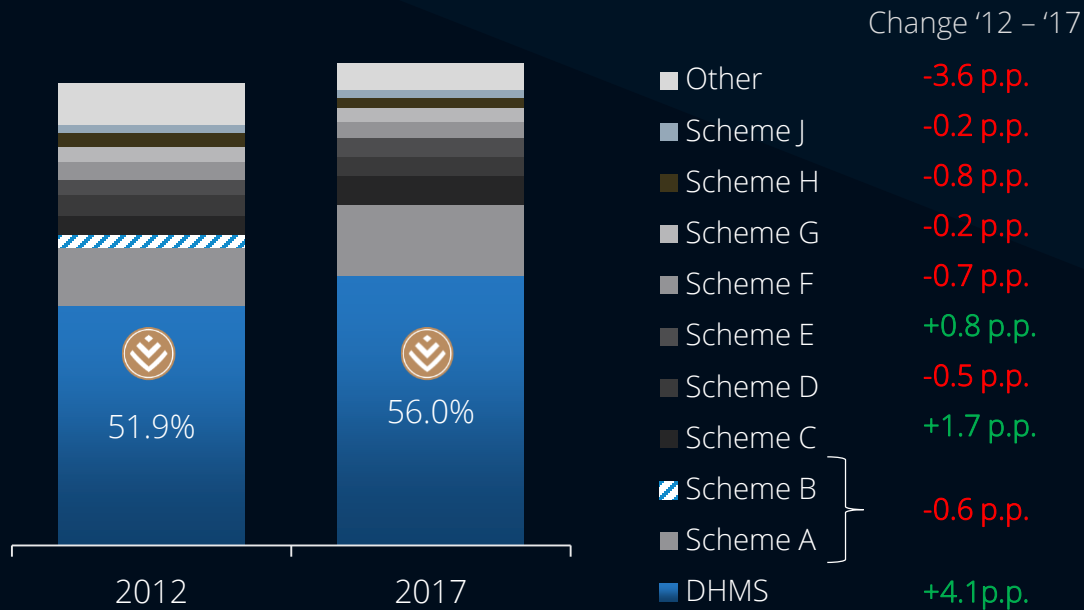
Sources: Published contributions for 2018
P + A + C = Principal member + Adult dependant + Child dependant
DHMS vs the next 8 largest open schemes

Growth is under pressure due to the economic environment

Open medical scheme membership has remained largely static since 2015

Only 3 open schemes are experiencing growth and gaining market share

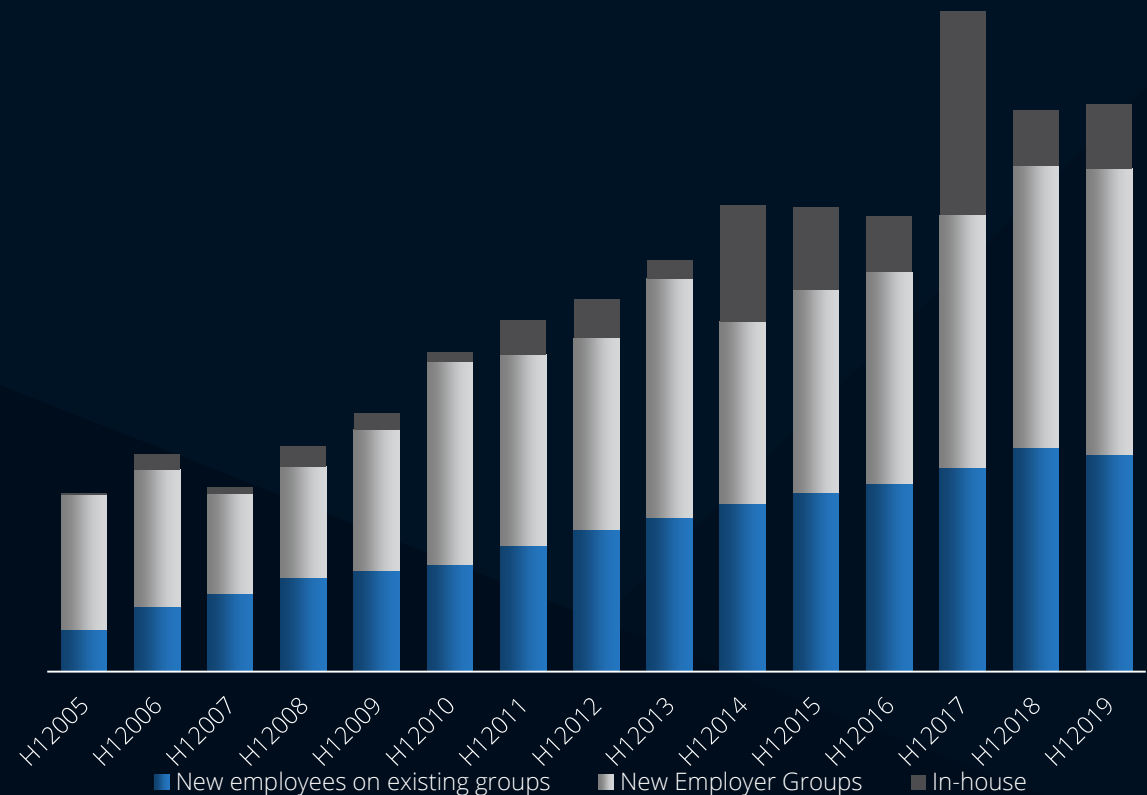
Market share of top 10 open medical schemes (2012, 2017)



200k increase in beneficiaries from 2012 - 2018 Q3

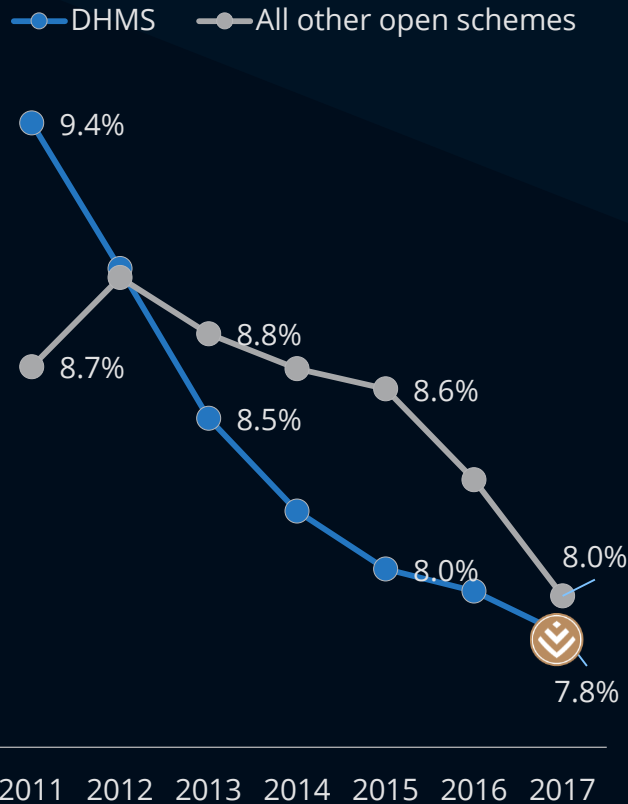
Slowing Type II growth

New business API for DHMS and LA Health



Strategic objective to become the lowest cost administrator

Admin fees reducing



Ongoing investment in technologies to optimise operational efficiency and service levels

>R548m

spend on technology in 2018

>R650m

Projected operational savings

-9%

Change in DH manex pmpm
from 2013 to 2018

AI BASED VIRTUAL AGENT

4,300 daily users



>90% response rate

WEB AND APP ASSETS

400k+ monthly users



20% call reduction

ROBOTIC PROCESS AUTOMATION



Claims Rework - Adjustments
Claims Rework - Authorisations Updates
Claims Rework
Member Enquiry - Status Update
Clinical Indexing - New Authorisations
Debit Order - Credit Control
Pin Automation Process
Rejoining Members - Claims
Staff Production Tracking
Duplicate Claims
Incentive Capture
Proof of Payment
Supplier Price Increases

65 processes to be automated

INTEGRATED DIGITAL HEALTH AND SERVICING PLATFORM



Positively influencing the service experience of members through Affinity Matching

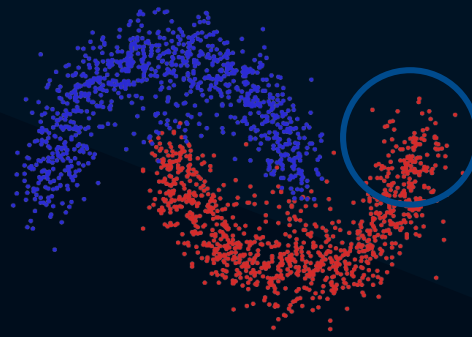


FACTORS

- Age
- Gender
- Health plan
- Personality
- Chronic status
- Vitality status
- Vitality benefit usage
- Socio economic status
- Digital index
- Agent tenure

Most significant factors

Clusters based on which members have best experience with each group of agents



70%

of calls routed to matched agents

MEMBER SATISFACTION SCORE

8.88

FIRST CALL RESOLUTION

80%



A world-class claims and administration platform

>R300m

Spent on DH system

>258k

Claims processed per day

98.8%

Of claims are auto-adjudicated



Partnership to build and sell the next generation global claims management platform

 **Discovery Health**





Council of Medical Schemes



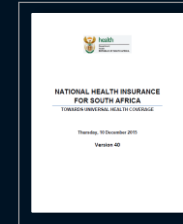
Managing an evolving policy environment

Health Market Inquiry



Comprehensive and insightful

National Health Insurance Bill



Phased roll-out

Micro regulation

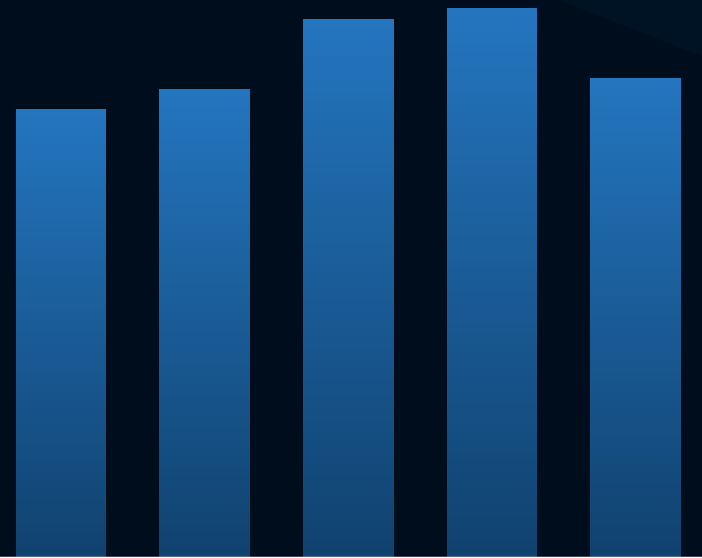


Macro regulation



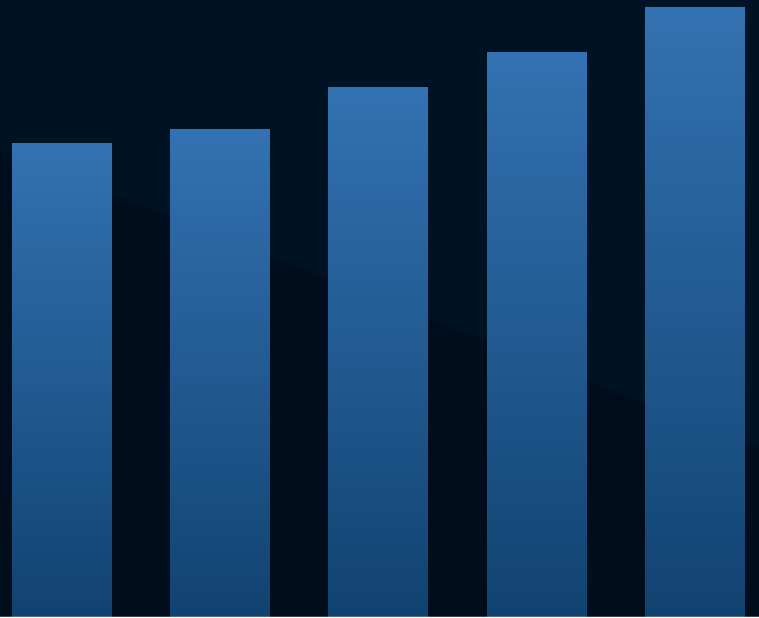
Normalised Operating Profit (Rm)

-13%
to R1 500m



Core new business API (Rm)

+8%
to R1 212m



Discovery Life and Invest cash generated

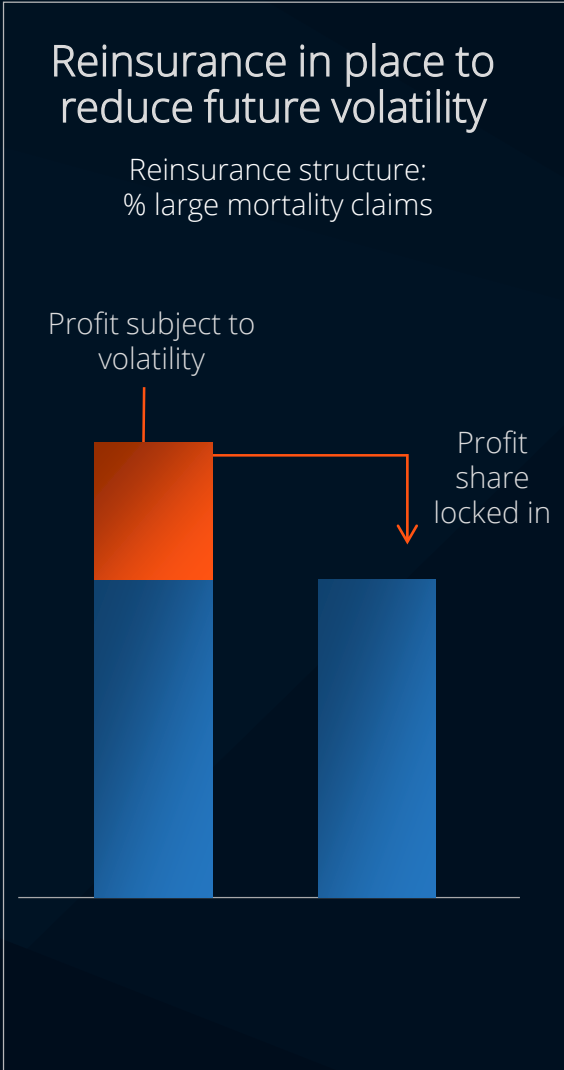
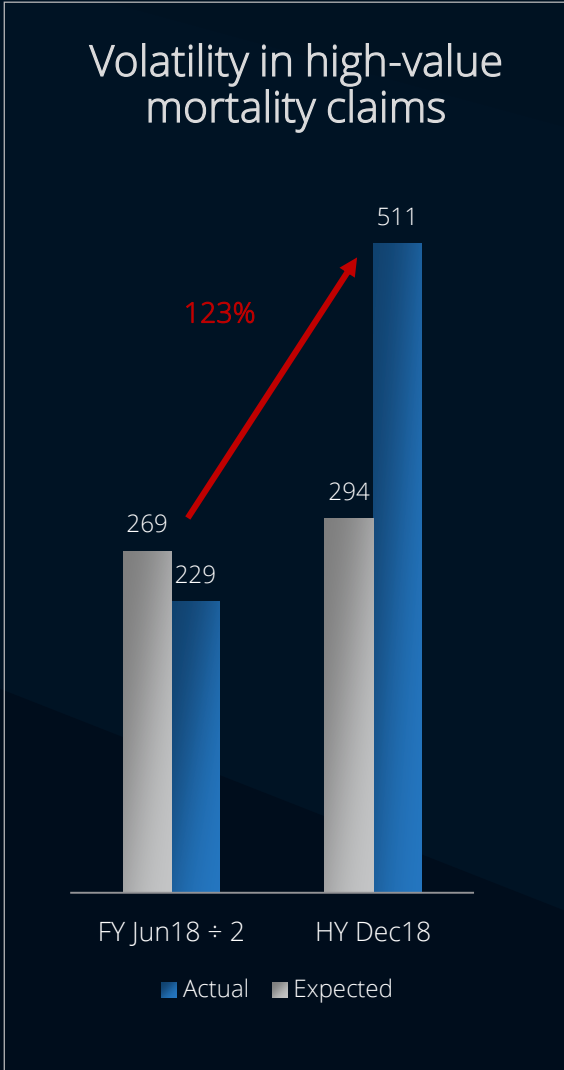
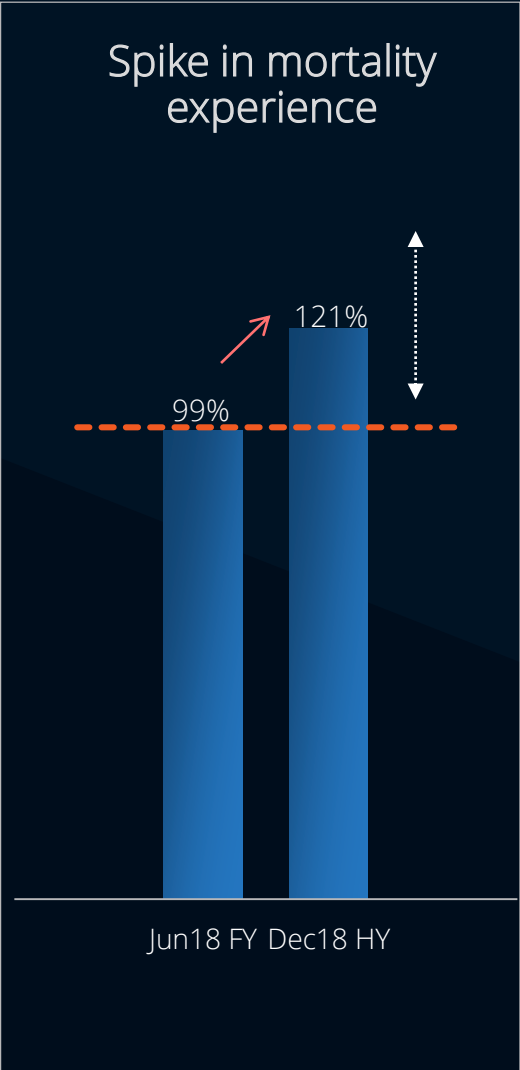
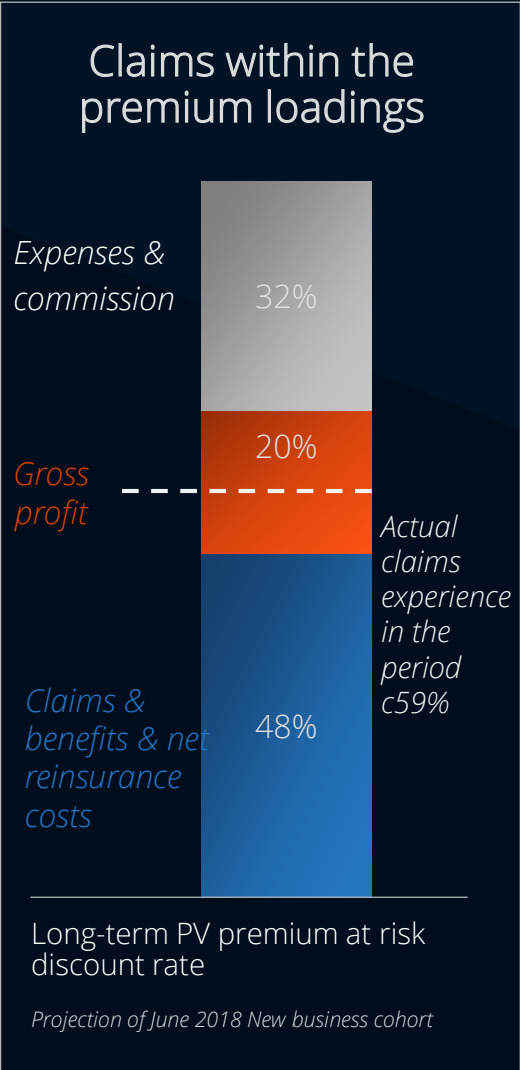
R5.5bn
Cash from existing

R3.6bn
Net cash flow generated

H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Earnings impacted by claims volatility, primarily due to large claims

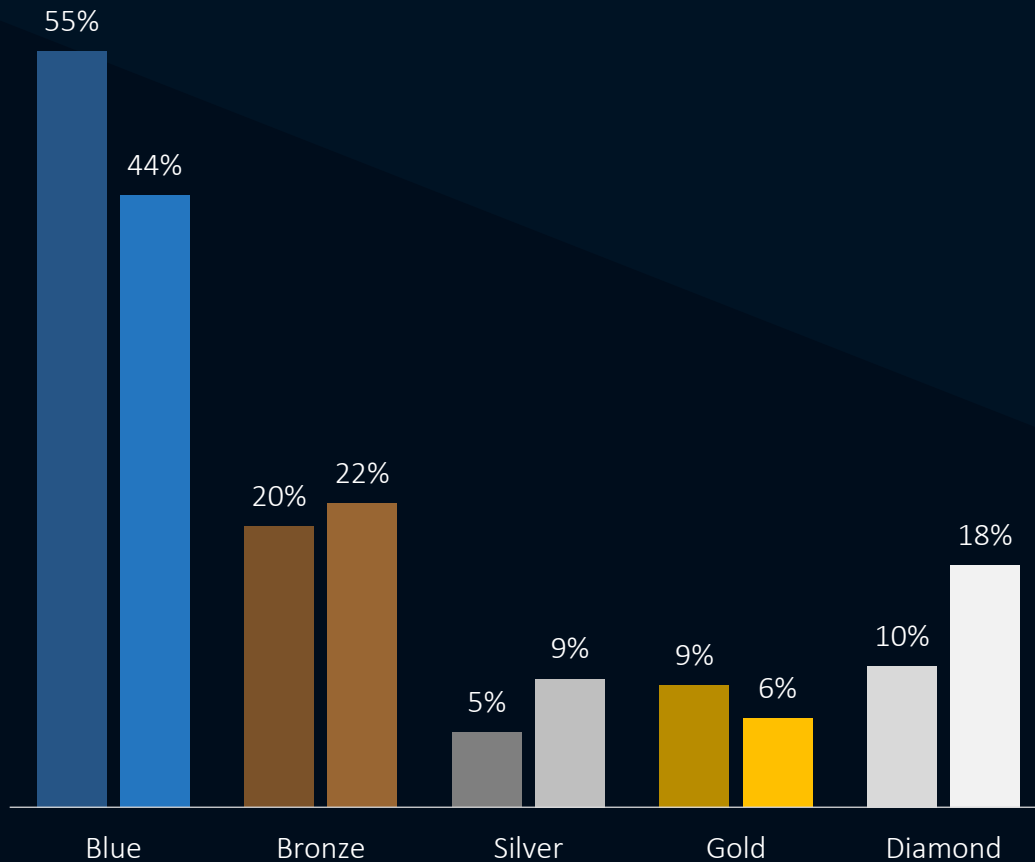




Vitality correlations over time are intact

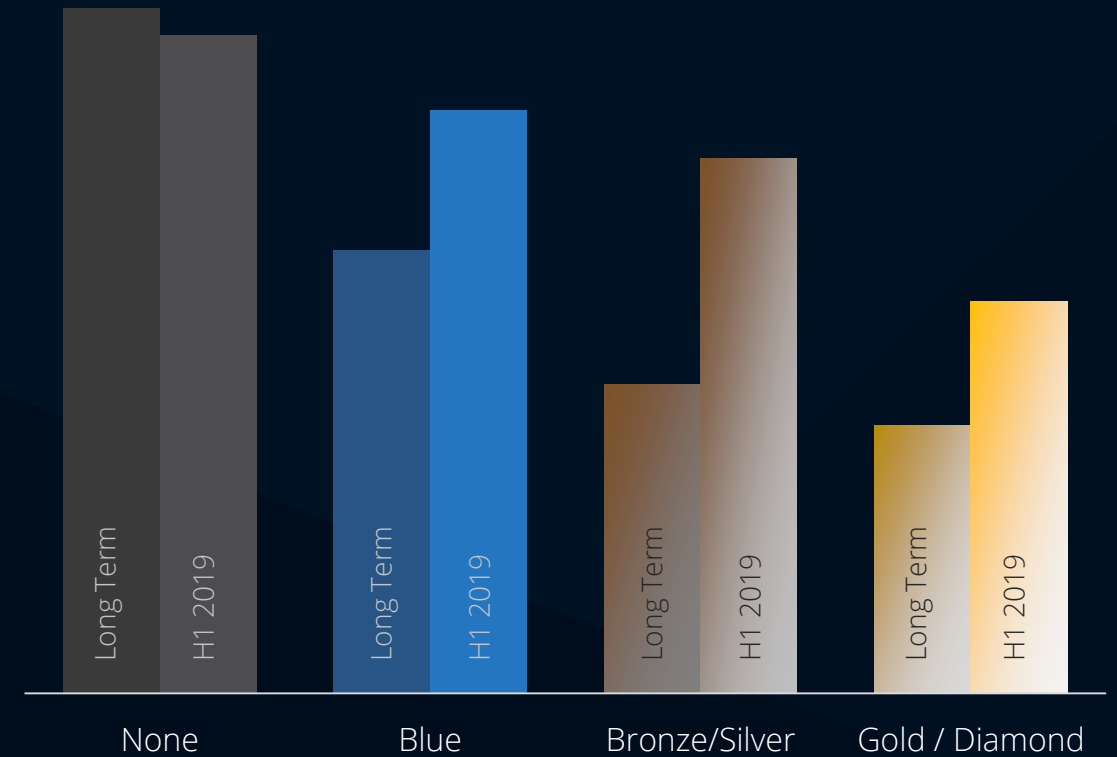
Vitality distribution history

Dec 2013 vs. Dec 2018



Mortality claims experience by Vitality Status

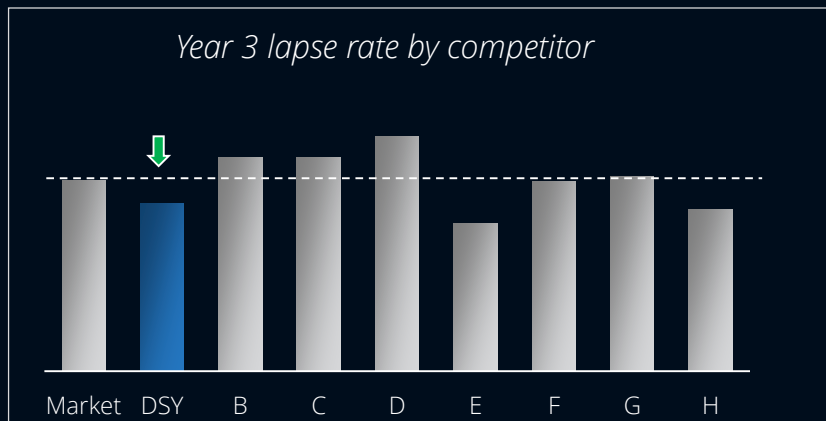
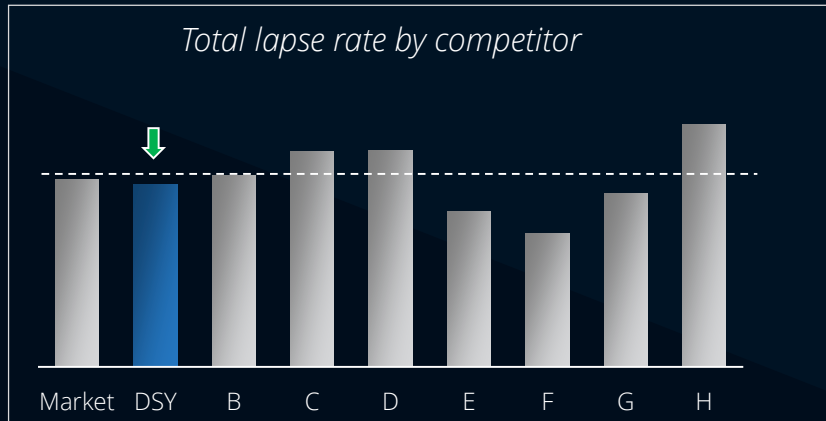
Normalised expected assumptions by Vitality Status





Vitality engagement has been a driver of improving persistency

Actual lapse rate better than the market average

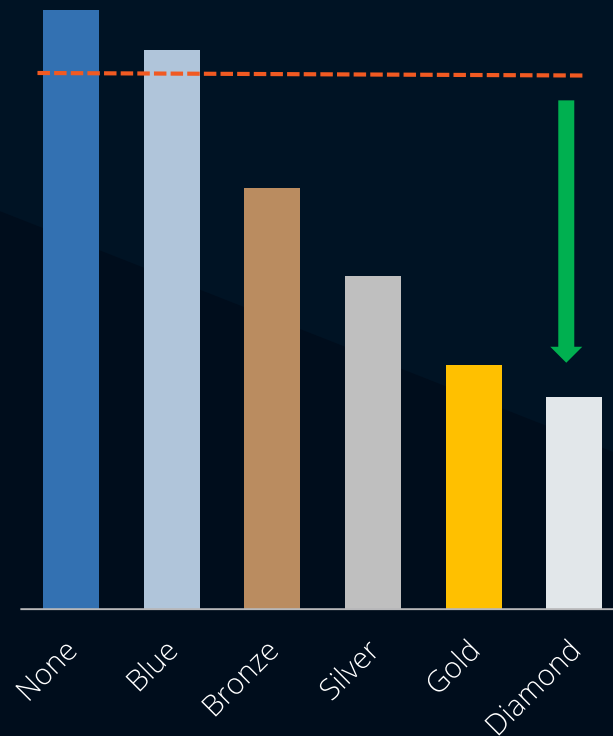


Figures based on NMG market share stats 2018

Vitality engagement results in lower lapse rates

Lapse experience by Vitality status

Lapse Rate, %

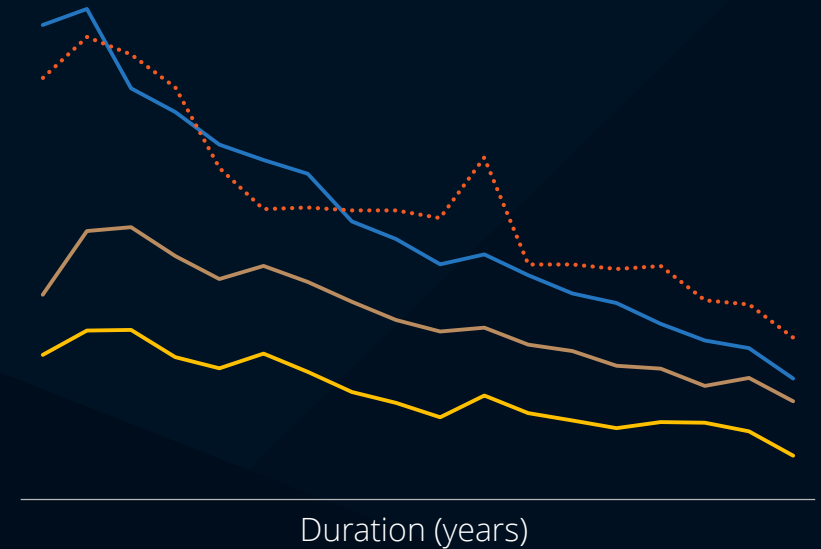


December 2018 figures

Lapse experience by Vitality Status and across various durations

Lapse Rate, %

None and Blue Bronze and Silver
Gold and Diamond Expected Lps %



FY 2018 and December 2018 figures

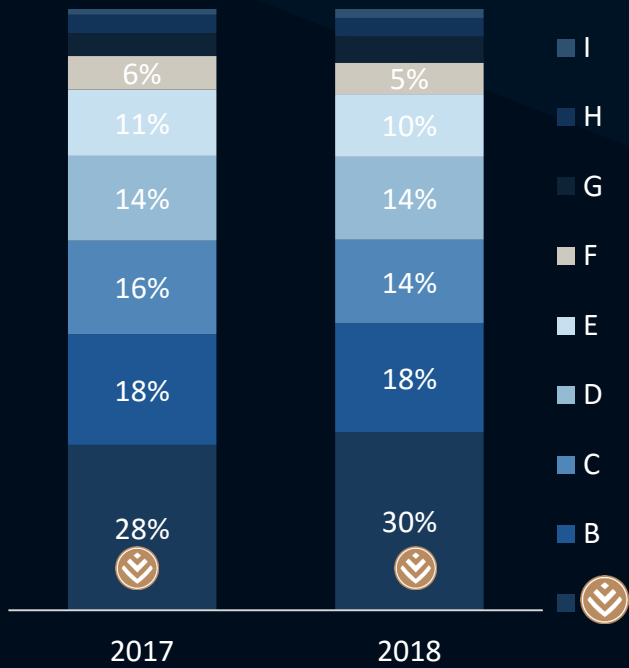


Steady growth in market share supported by product innovation

Total market share

Q4, Retail affluent market share
Annual market share

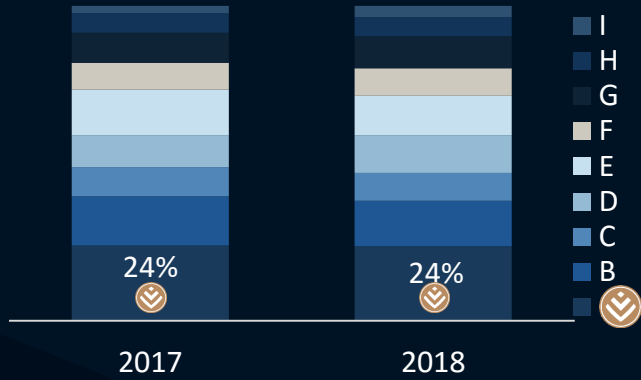
Annual market share - total



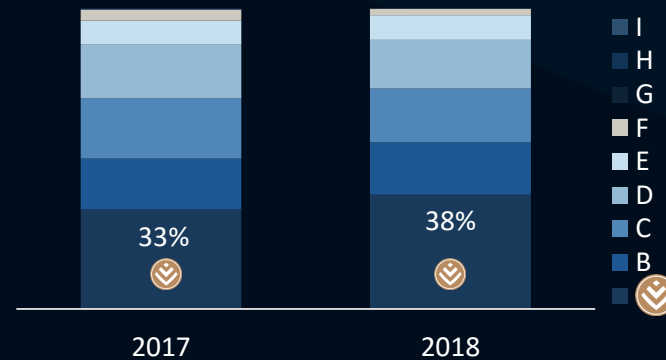
IFA and agency market share

Annual market share

Annual market share - IFA



Annual market share - agency



Product innovation

Annual Guaranteed PayBack	Business Life Plan	Purple Life Plan
Dollar Life Plan	Vitality rating	Bank Integrator
Active Integrator	Buy-up Cash Conversion	University Funder Benefit
Income Continuation Benefit	Smart Life Plan	Global Treatment Benefit
Managed Care Integrator	Capital Disability Benefit	Drive Integrator
Vitality Fund	Child Protector	



Range of plan types available to meet customer needs

Allows for various levels of savings and flexibility

Implicit savings *Flexibility*

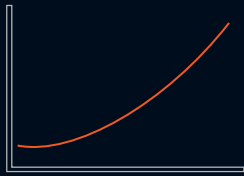
Standard



Accelerator

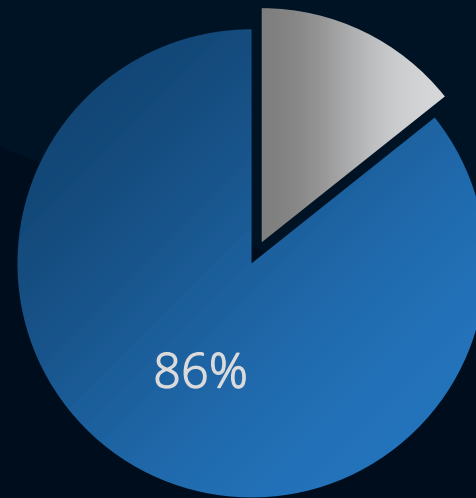


FlexRater



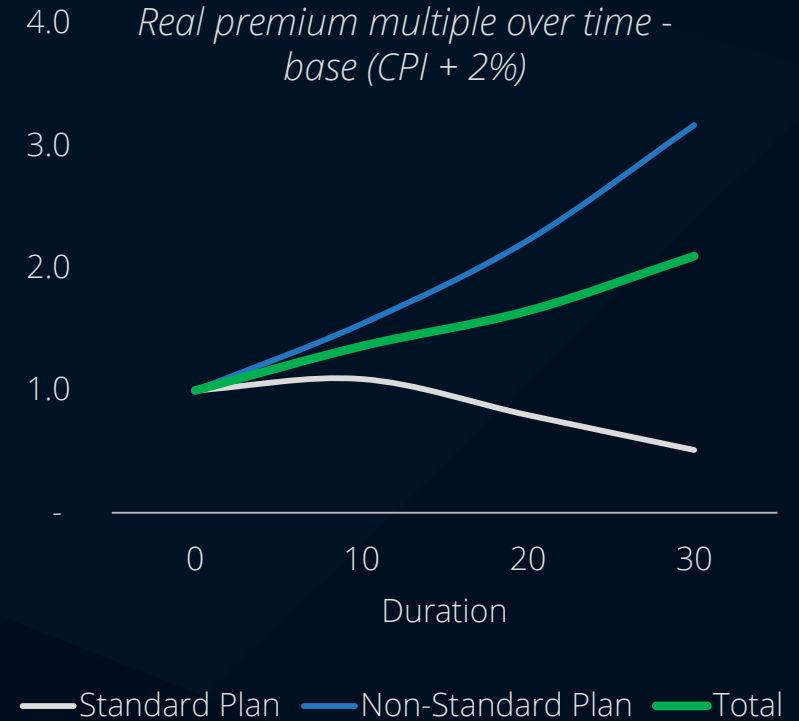
Take-up across plan type
June 2018

■ Standard Plan ■ Non Standard Plan



Funding plan and real premium build-up over time

Projected real premium on average increases to 2 at year 30



Individual life book as at 30 June 2018



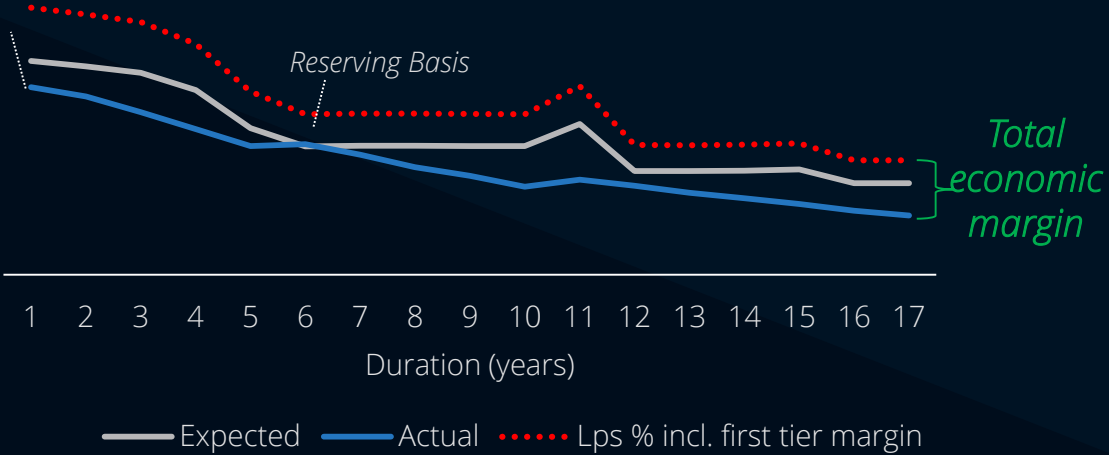
Number of lapses well below expected and reducing by age and duration

Overall lapse experience better than expected (policy count basis)

Larger reduction in actual to expected lapses observed by age and duration across all plan types

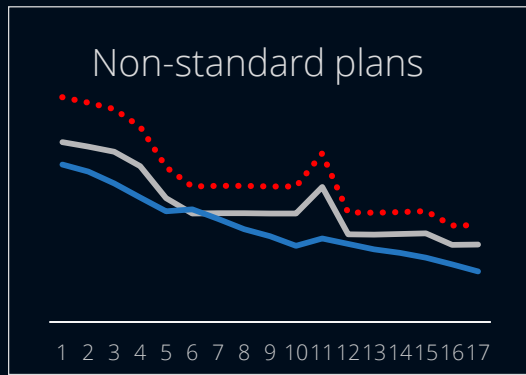
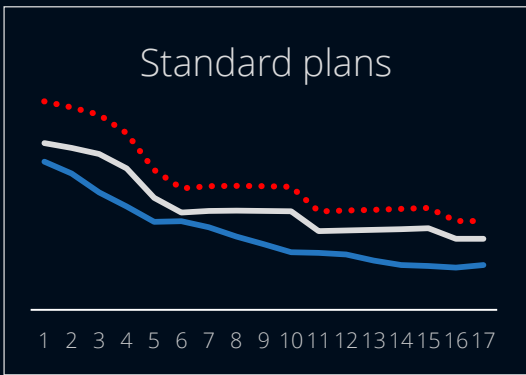
Lapse Rate, %

Best Estimate Basis

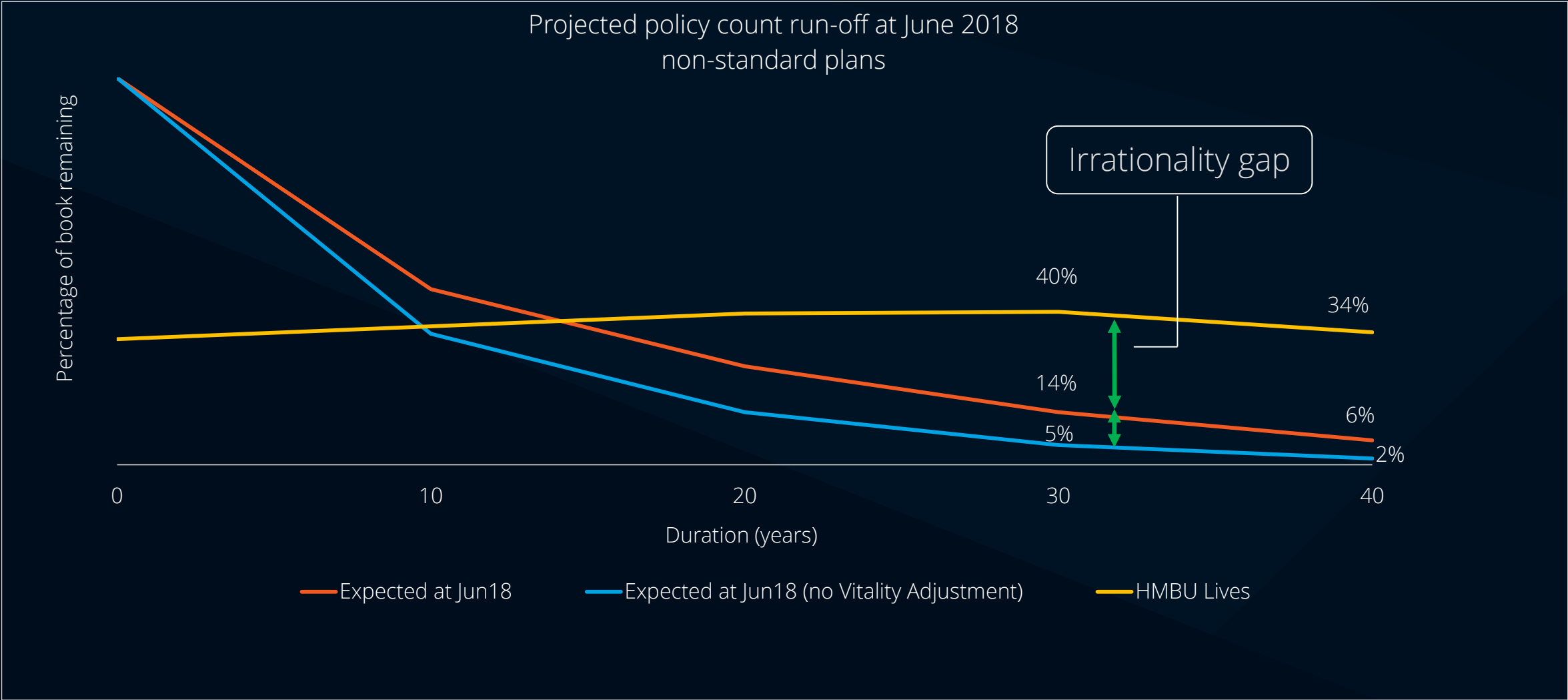


Non-standard plans, age, A/E %

DURATION	0 to 25	36 to 45	56 to 65	> 65
1 - 2	92%	82%	67%	61%
3 - 5	80%	78%	73%	86%
6 - 10	85%	84%	79%	80%
> 11 yrs	78%	69%	67%	63%



Projection over time shows that we prudently assume a smaller book than what is rational



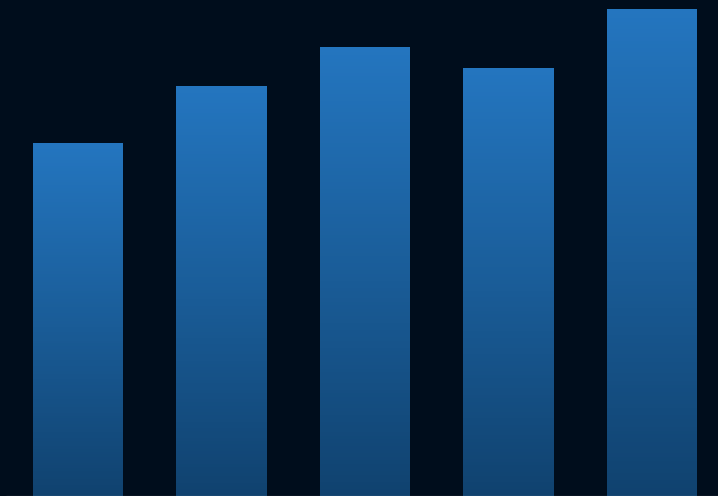
Projection based on average inforce age of 45, projected forward for 40 years

High Medical Benefit utilisation lives (HMBU lives) based on average age of 45, using half of Rub group 3 and full Rub Group 4 & 5 across ages and adjusted for mortality



New business API (Rm)

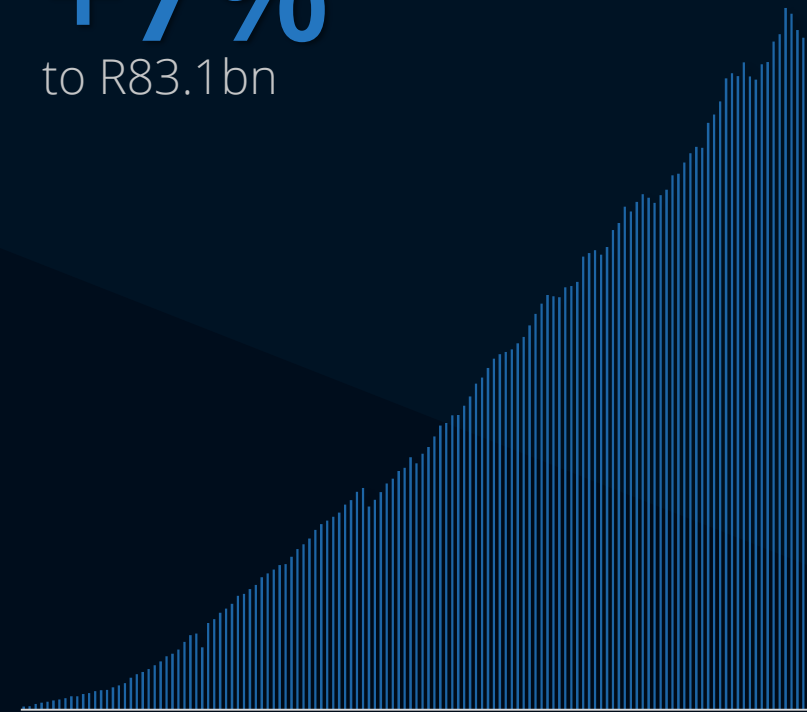
+14%
to R1 387m



H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Assets under administration

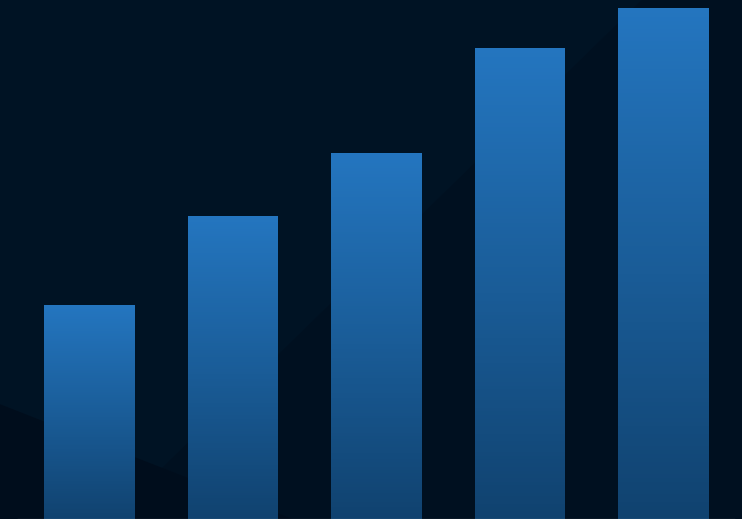
+7%
to R83.1bn



Dec-07 Jun-08 Dec-08 Jun-09 Dec-09 Jun-10 Dec-10 Jun-11 Dec-11 Jun-12 Dec-12 Jun-13 Dec-13 Jun-14 Dec-14 Jun-15 Dec-15 Jun-16 Dec-16 Jun-17 Dec-17 Jun-18 Dec-18

Normalised Operating Profit (Rm)

+9%
to R455m



H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Robust growth in net flows in a difficult operating environment



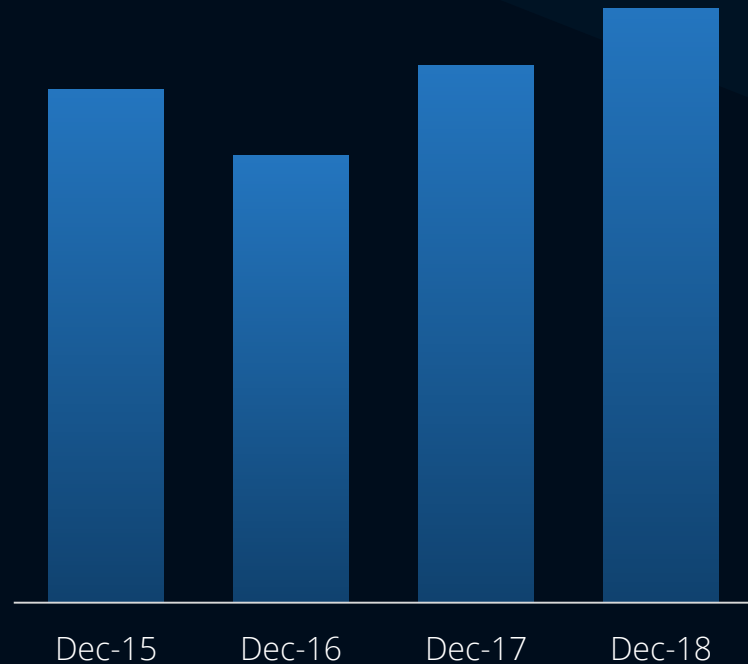
Strong net flows

+11%

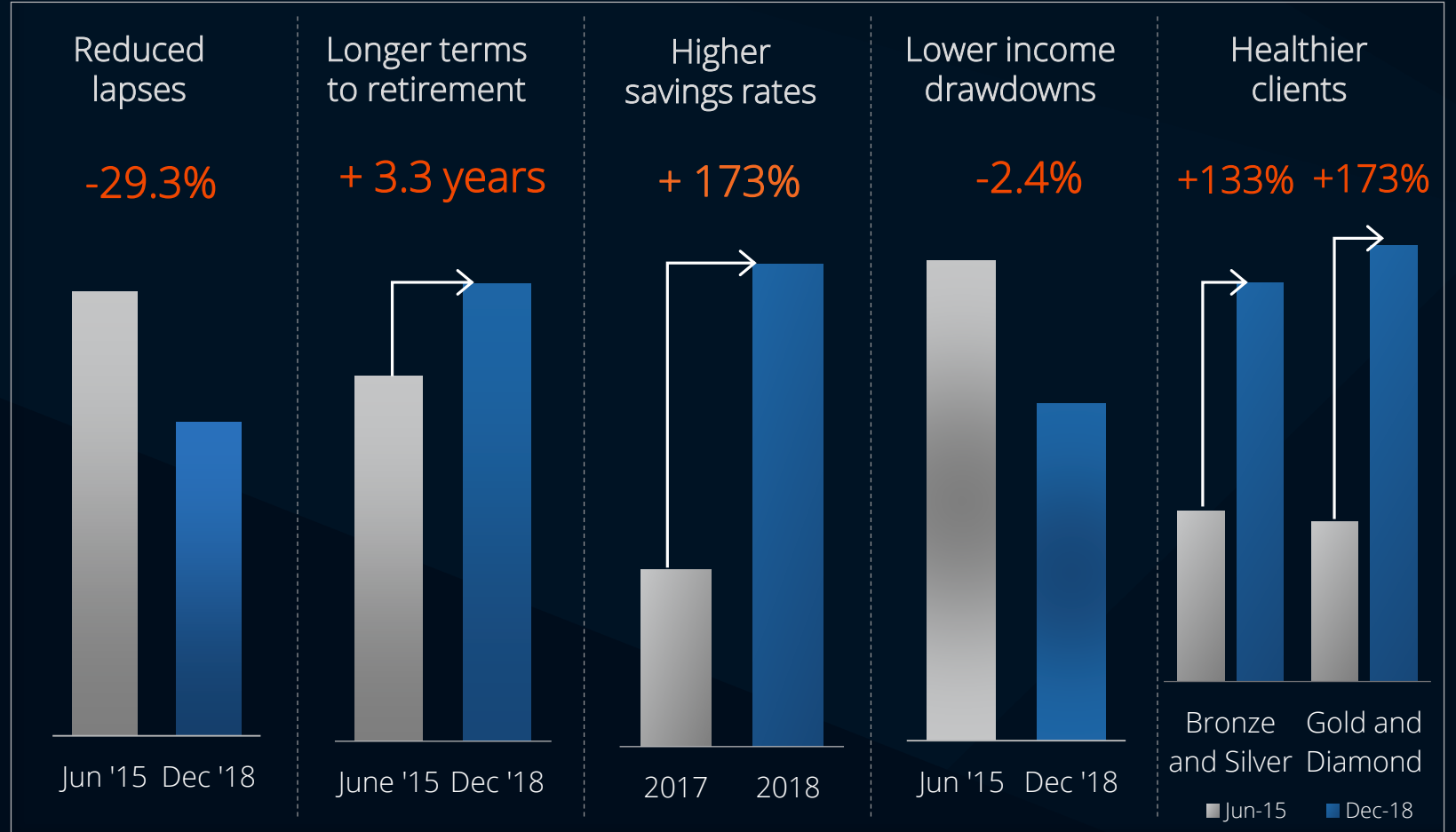
to R3 641m

Top 10

Discovery Life Collective Investment Scheme in the top 10 retail flow takers



Continued success of the model



All data as at December 2018

Tangible improvements in performance through shared value



Impact of extra return for living well on sector performance ranking

Fund Name	ASISA Sector	Base	Low Engagement	Medium Engagement	High Engagement
Discovery Balanced	SA MA High Equity	2 nd quartile	Top quartile	Top quartile	Top quartile
Discovery Cautious Balanced	SA MA Low Equity	Top quartile	Top quartile	Top 5%	Top 5%
Discovery Diversified Income	SA MA Income	Outside of top 2 quartile	Top quartile	Top quartile	Top quartile
Discovery Equity	SA EQ General	2 nd quartile	2 nd quartile	Top quartile	Top quartile
Discovery Flexible Property	SA RE General	Outside of top 2 quartile	2 nd quartile	2 nd quartile	2 nd quartile
Discovery Global Balanced FoF	Global MA High Equity	2 nd quartile	2 nd quartile	Top quartile	Top quartile
Discovery Global RE Securities FF	Global RE General	Outside of top 2 quartile	2 nd quartile	2 nd quartile	Top quartile
Discovery Global Value Equity FF	Global EQ General	2 nd quartile	Top quartile	Best fund in sector	Best fund in sector
Discovery Moderate Balanced	SA MA Medium Equity	Top 5%	Best fund in sector	Best fund in sector	Best fund in sector

Low Engagement: Blue Vitality Health & Drive, Bronze Vitality Money | **Medium Engagement:** Silver Vitality Health & Drive, Gold Vitality Money | **High Engagement :** Gold Vitality Health & Drive, Diamond Vitality Money | Source: Morningstar, 3 year return figures as at 31 December 2018

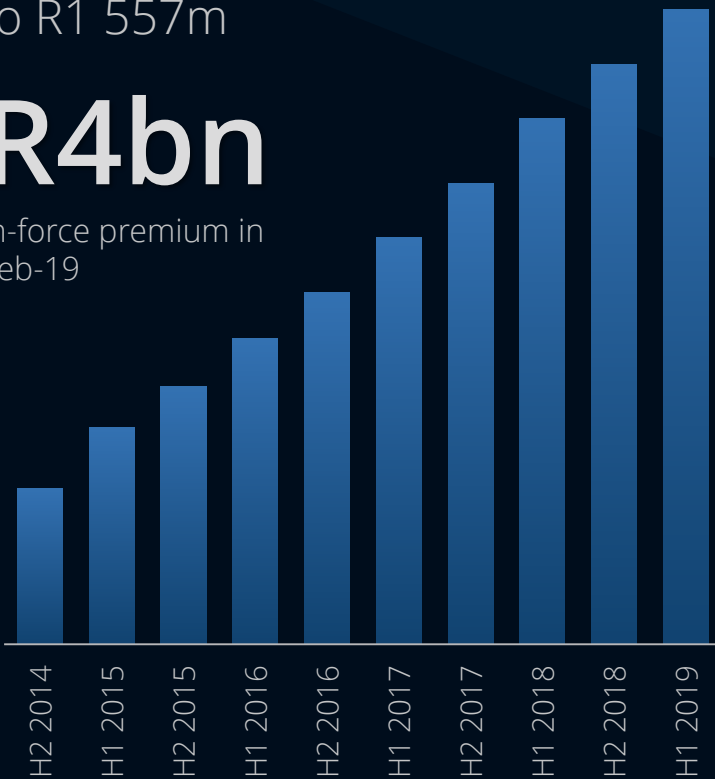


Gross written premium (Rm)

+21%
to R1 557m

R4bn

in-force premium in
Feb-19

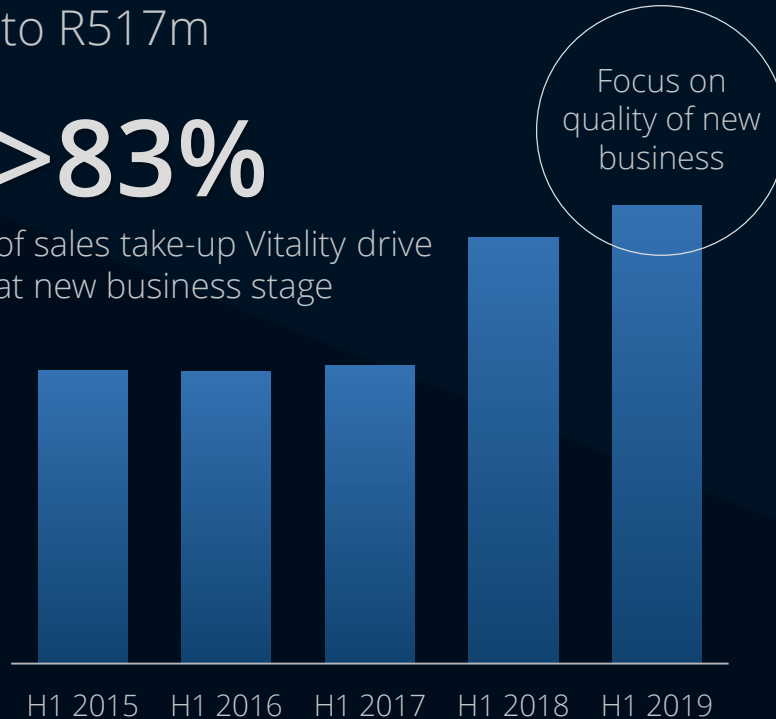


New business API (Rm)

+4%
to R517m

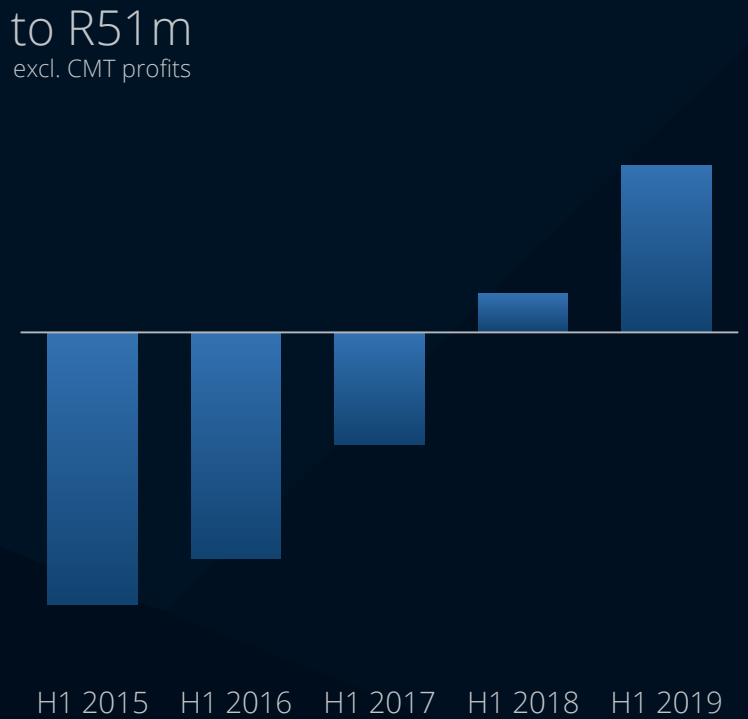
>83%

of sales take-up Vitality drive
at new business stage

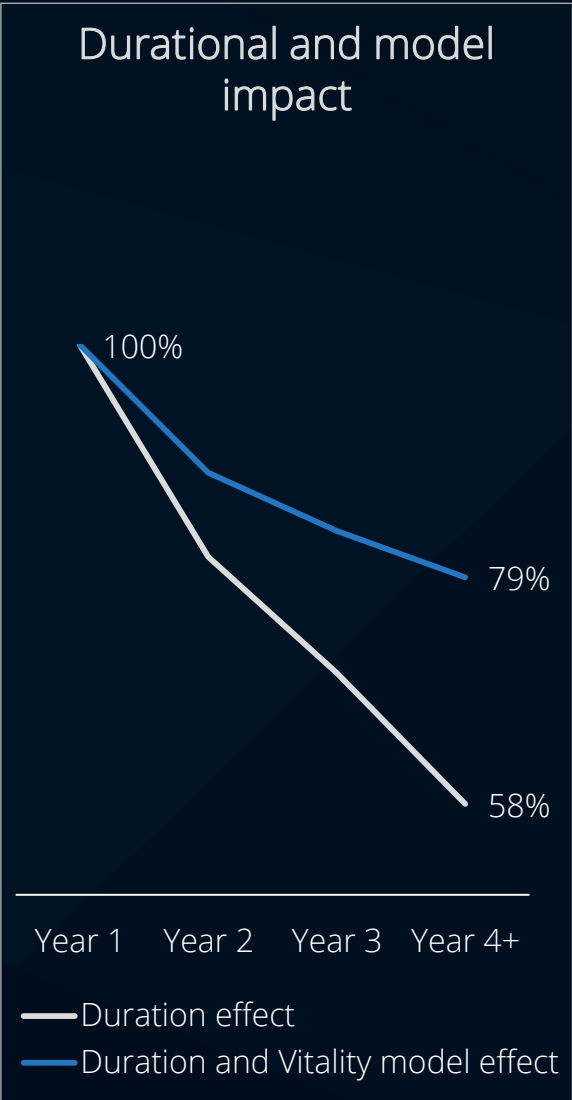
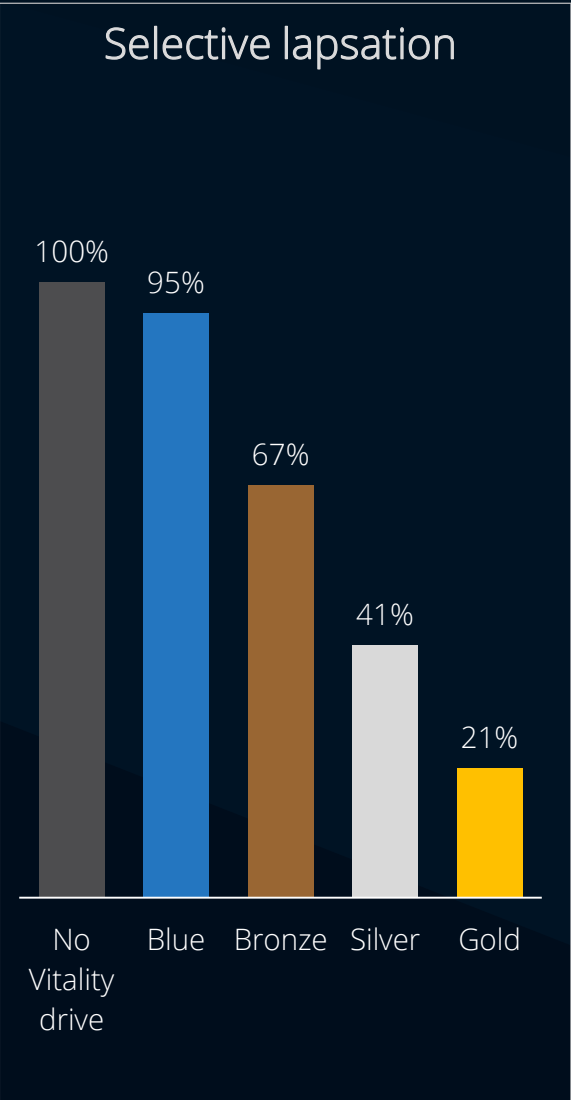
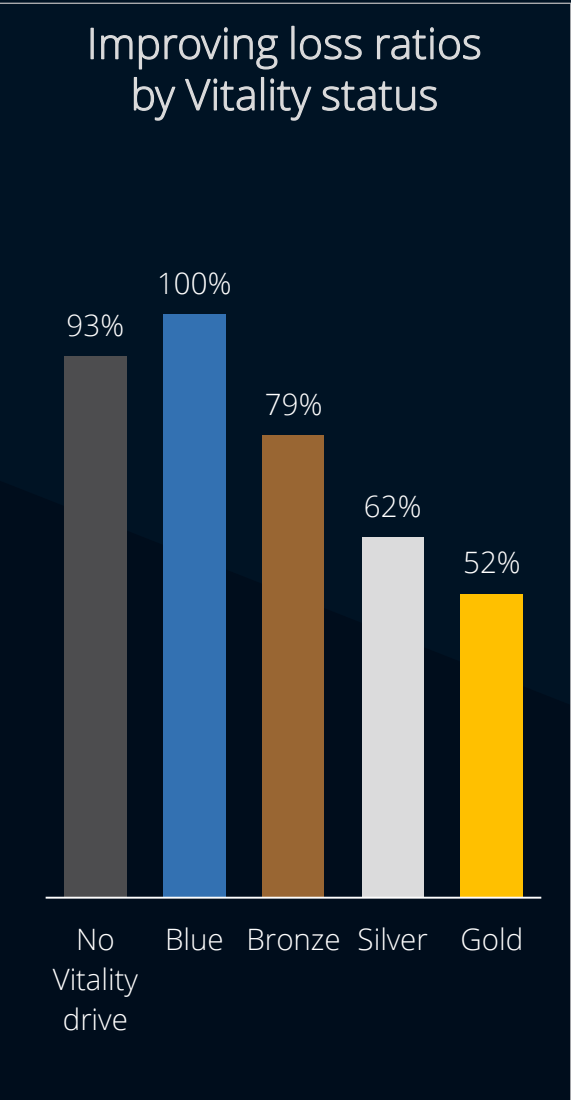
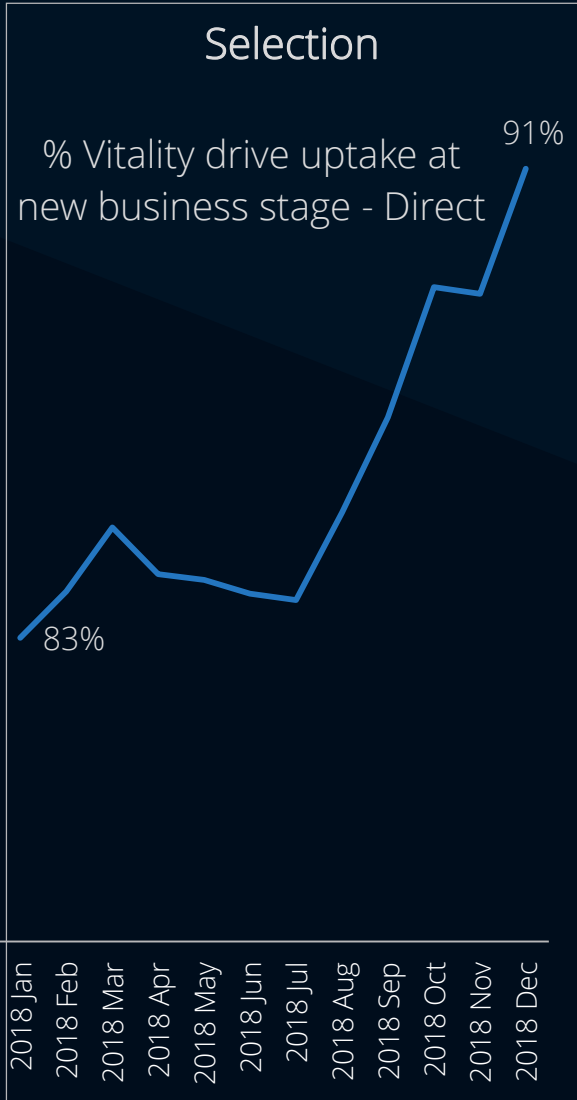


Normalised Operating Profit (Rm)

+325%
to R51m
excl. CMT profits



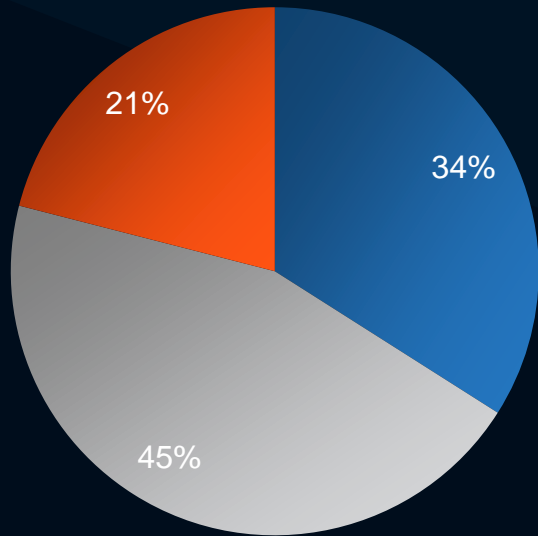
Success of the model has manifested in continued quality of business





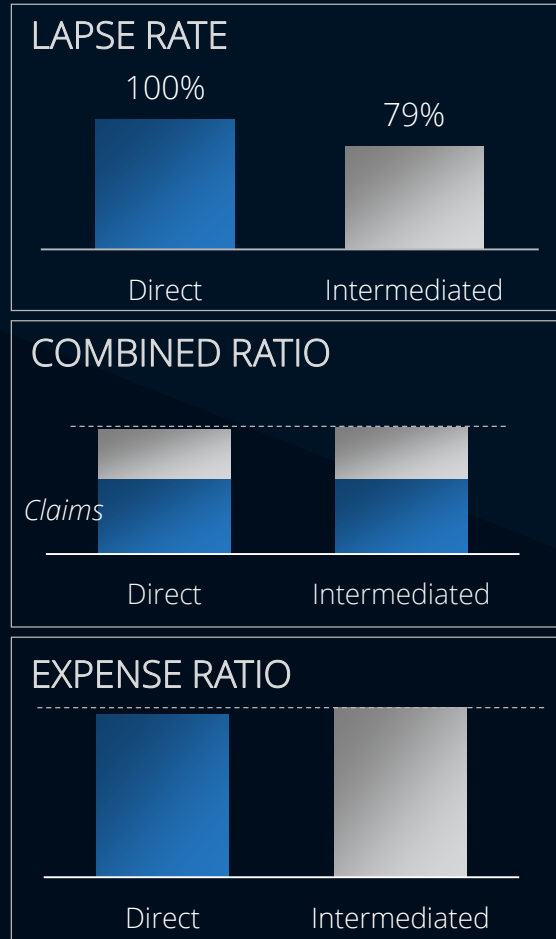
Success of diverse distribution strategy

Earned premium split by distribution channel



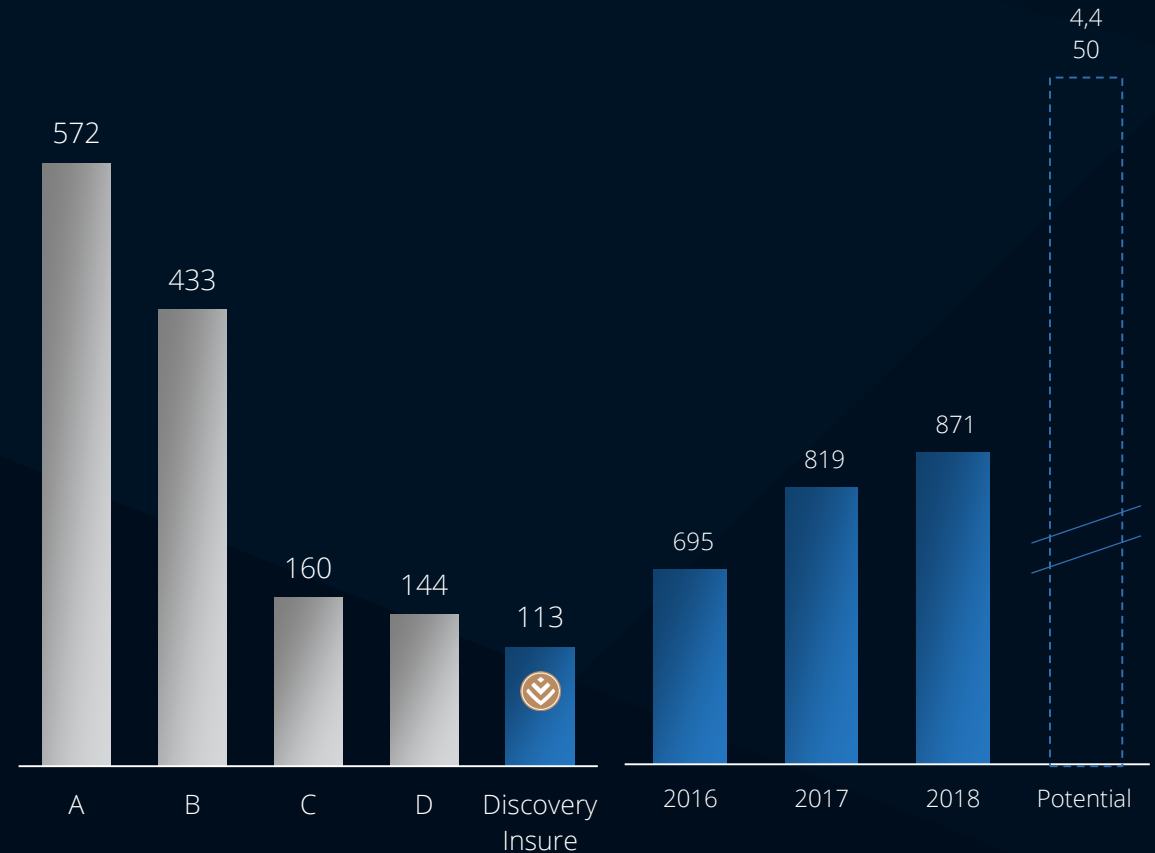
- Direct
- Independent advisers
- Tied advisers

Key metrics by channel



High return on advertising spend

2018 competitor advertising spend R'm



Potential to drive growth amongst advisers

Number of supporting advisers

Success of CMT demonstrates the global relevance of the model





**CAMBRIDGE
MOBILE TELEMATICS**

**>25
customers**

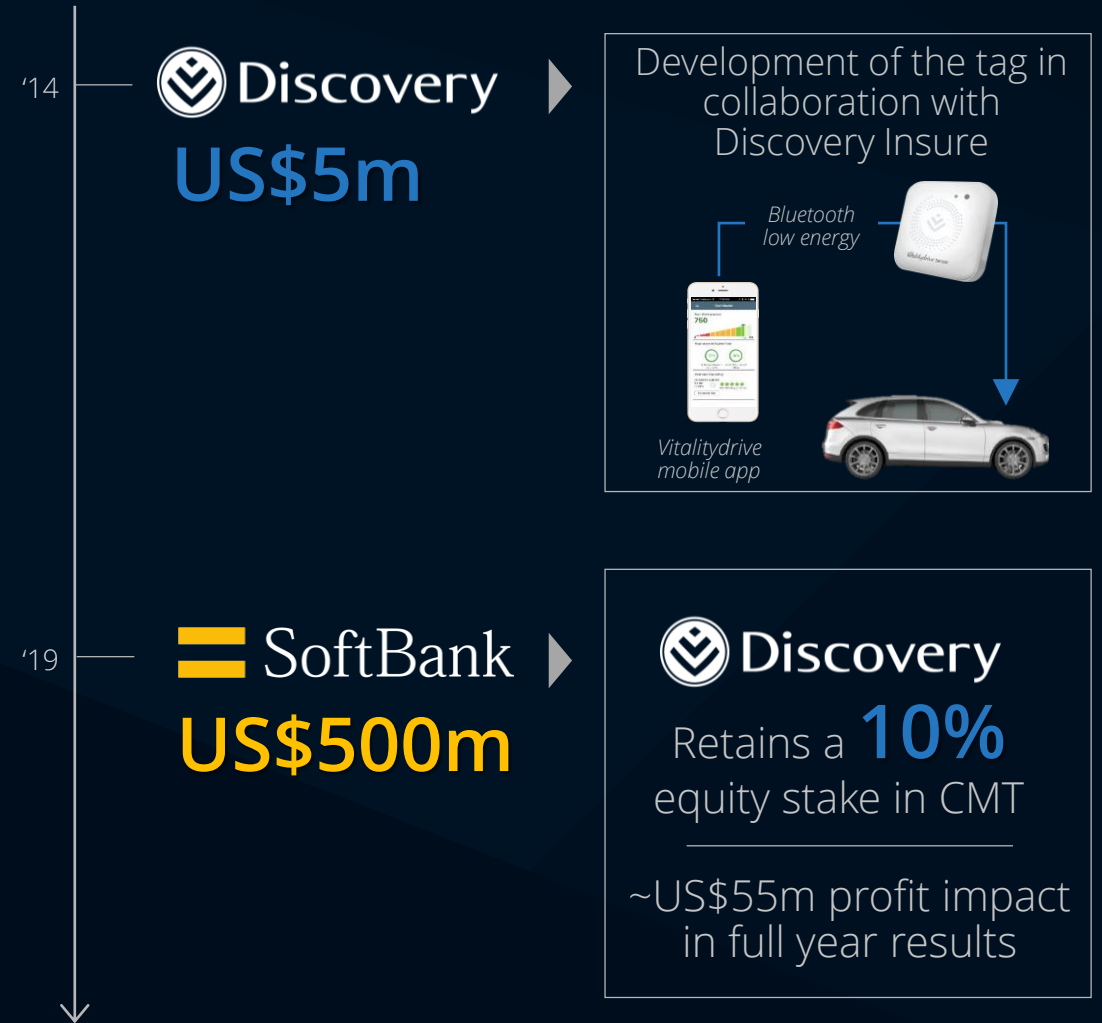
**>6
continents**





- ▶ WHITE-LABELED APP + WIRELESS TAG
- ▶ TELEMATICS PROCESSING
- ▶ BEHAVIOURAL ANALYTICS

Investment into CMT by the SoftBank Vision Fund





SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL

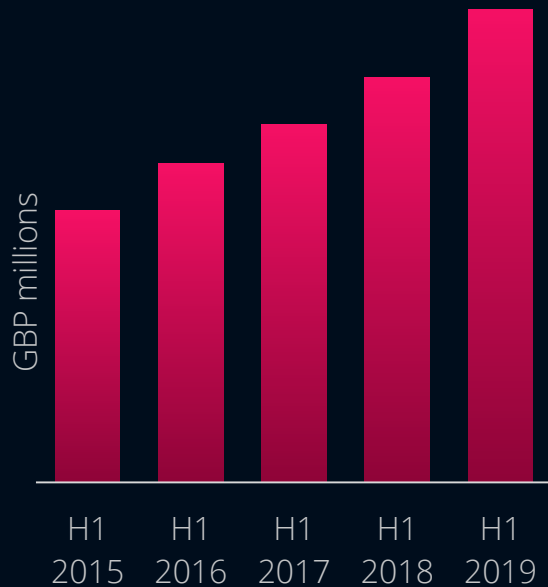




HEALTH AND LIFE INSURANCE

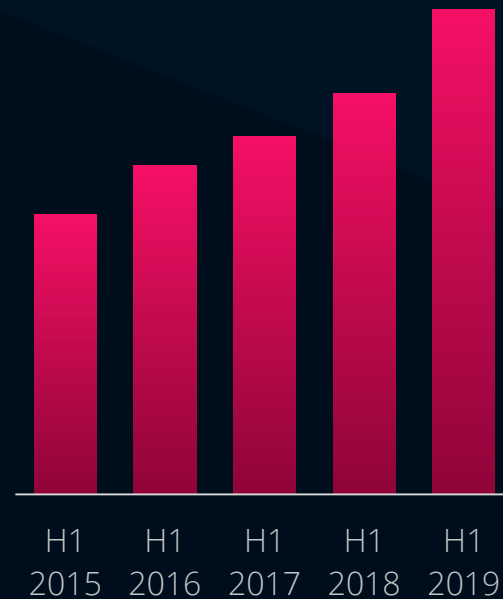
New business

+13%
to R1 216m



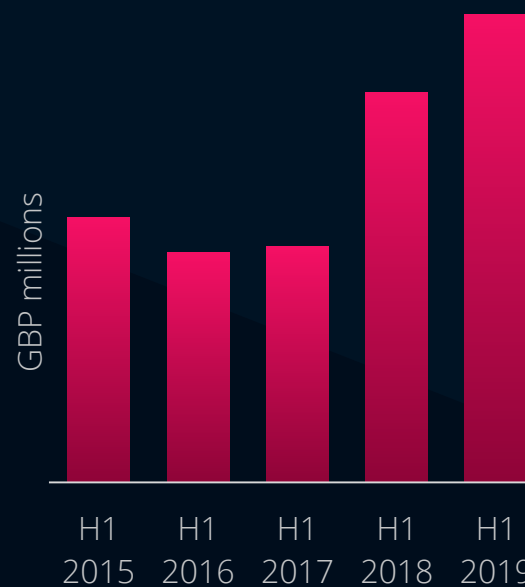
Lives covered

+13%
to 1.147m lives



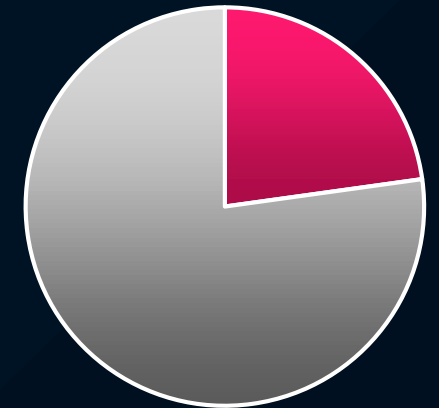
Operating profit

+21%
to R746m



Contribution to Group EV

22.8%
of the Group
Embedded Value

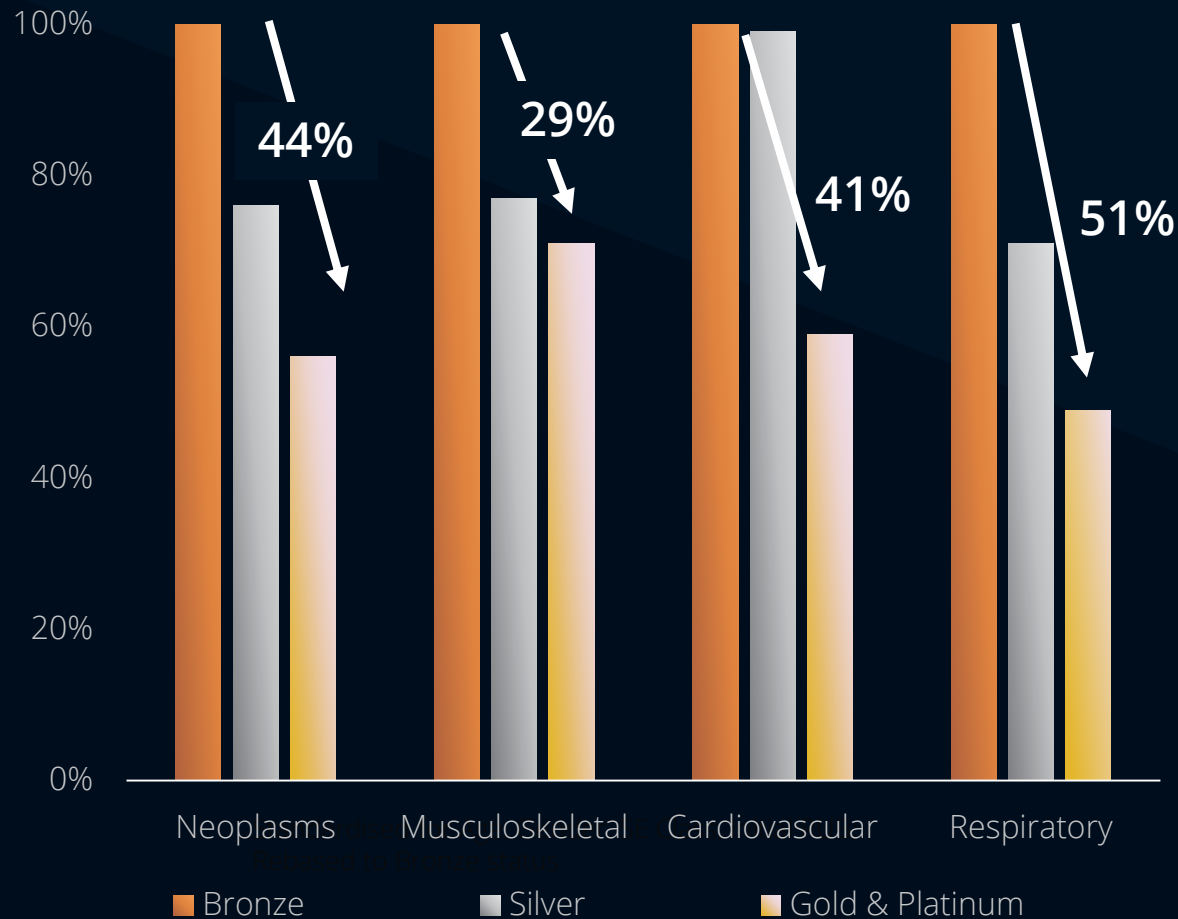




The manifestation of the Shared-Value Model

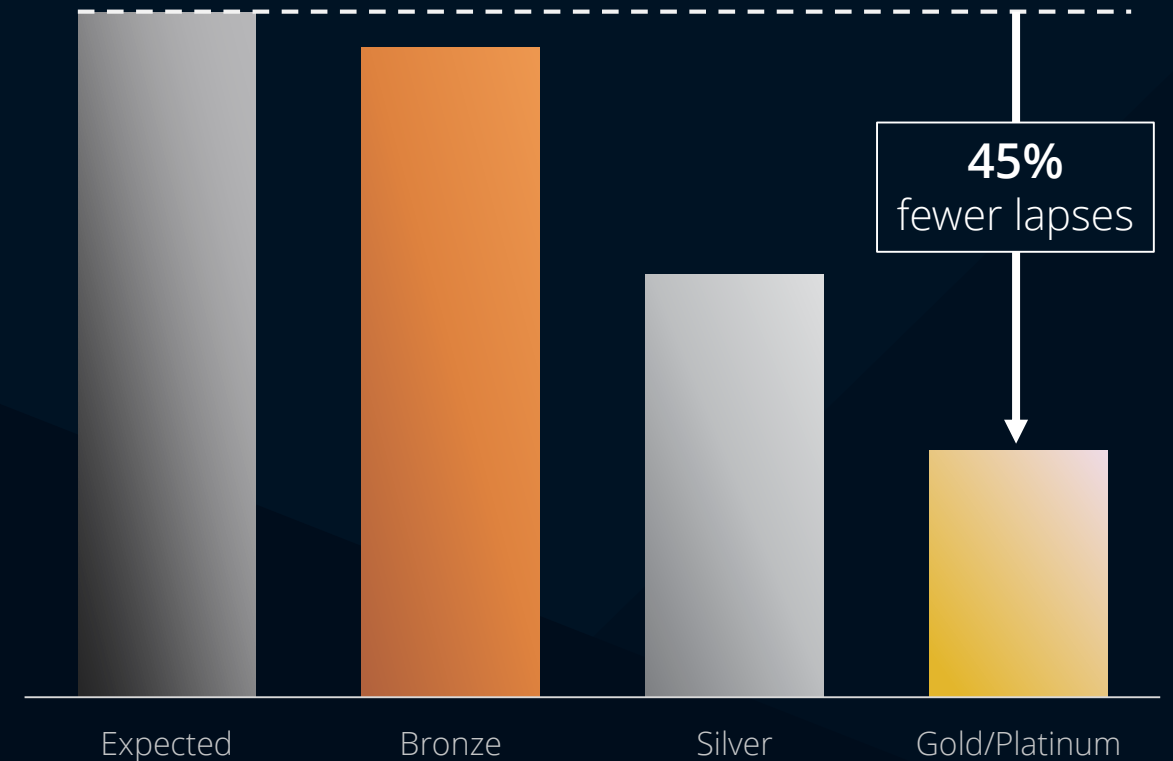
The link between Vitality engagement and health claim costs

In hospital claims experience from VitalityHealth



The link between Vitality engagement and life lapses

12 month rolling lapse rates

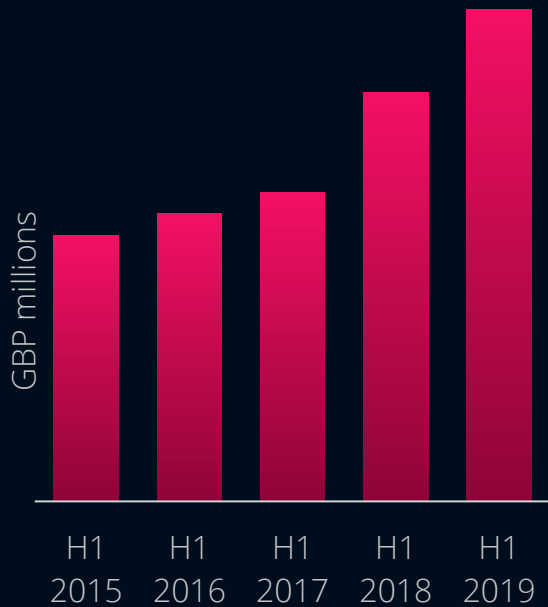


Vitality HEALTH INSURANCE



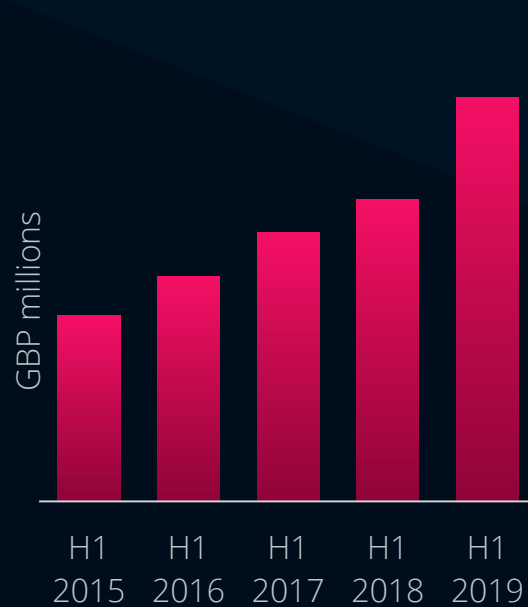
New business

+18%
to R616m



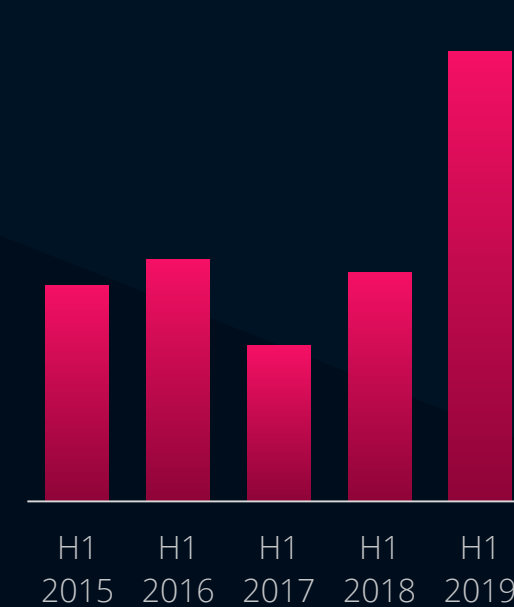
Individual new business

+34%
to R354m



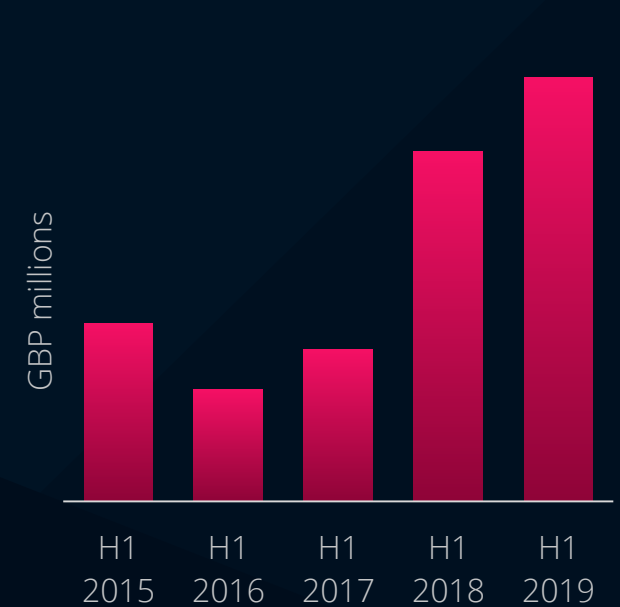
Lives covered

+9%
to 604k lives



Operating profit

+26%
to R446m

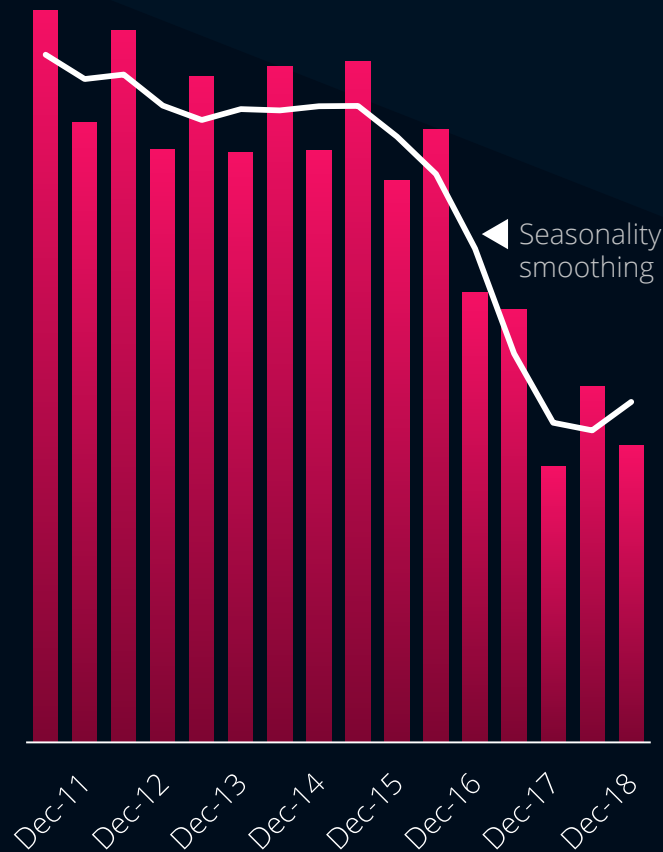




Strong performance

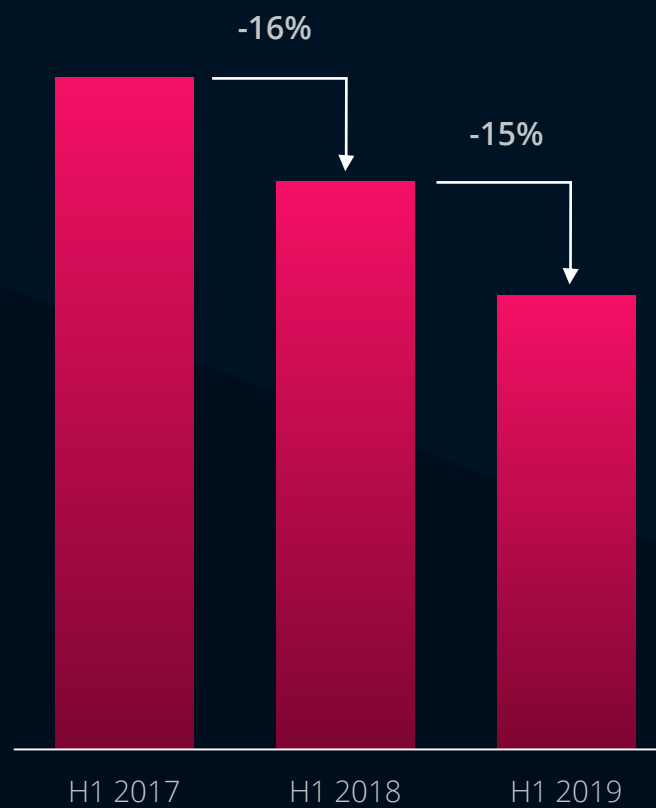
Sustained lower loss ratio

Aggregate 6-month loss ratio

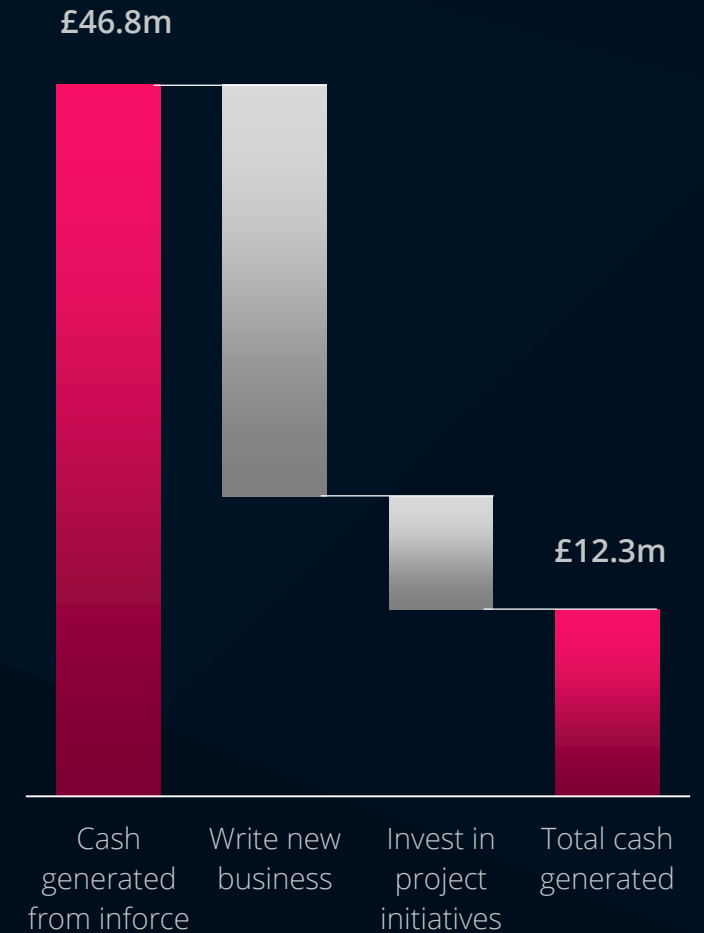


Improved retention

Lapse rate



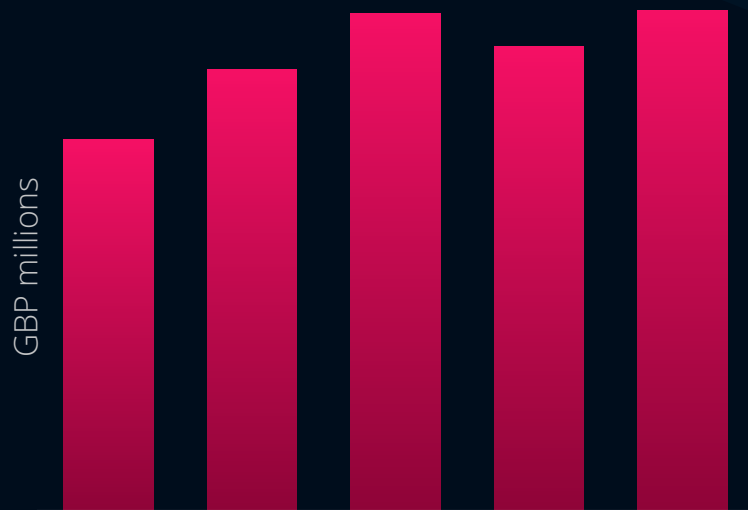
Strong cash generation





New business

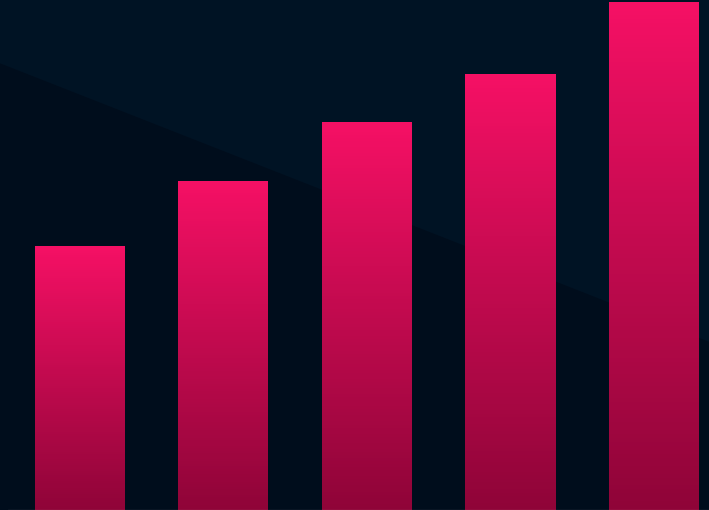
+8%
to R600m



H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Lives covered

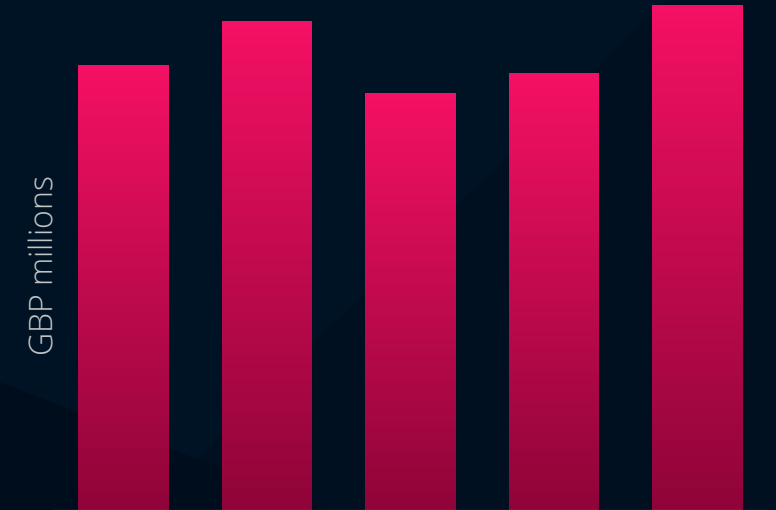
+16%
to 543k lives



H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

Operating profit

+15%
to R300m



H1 2015 H1 2016 H1 2017 H1 2018 H1 2019

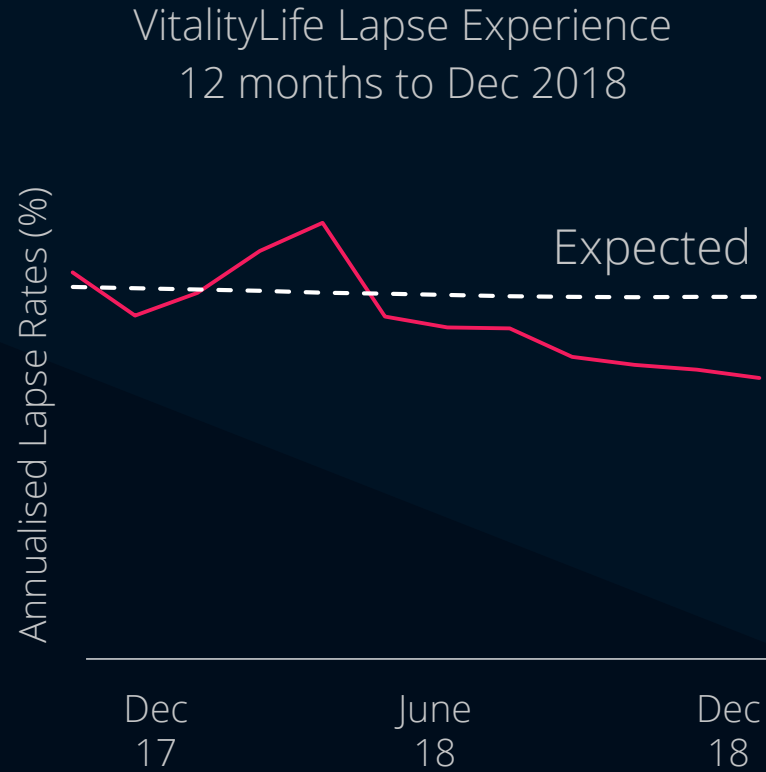
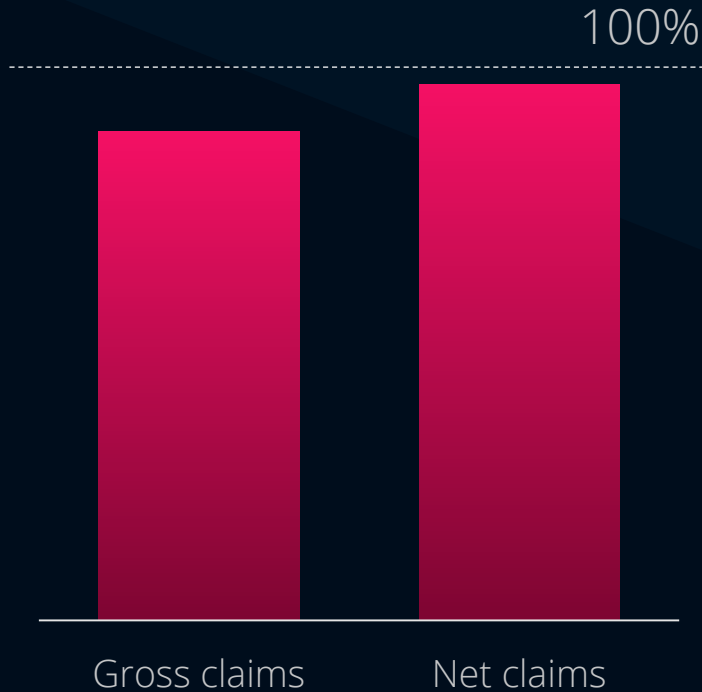


Fundamentals remain strong

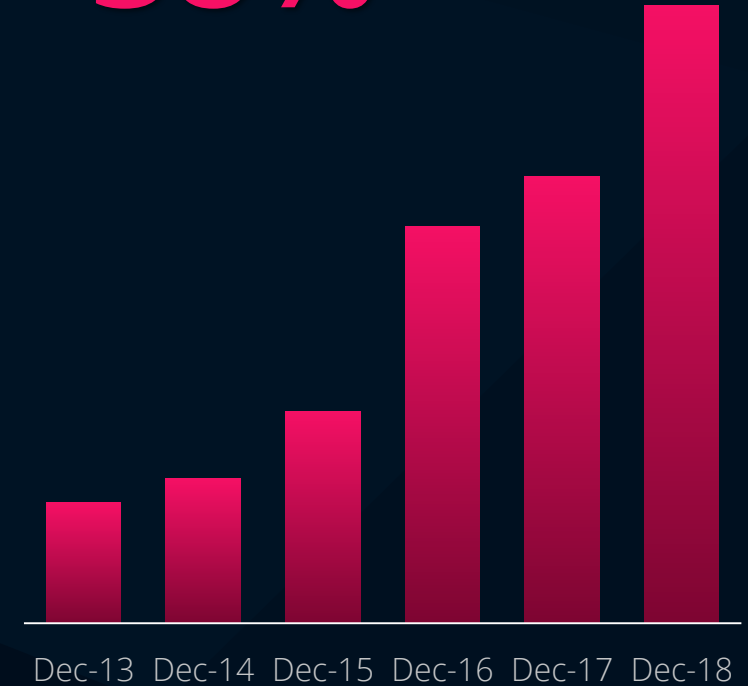
Claims experience within expectation

Lapses improve following management initiatives

Value of in-force growing



+38%



Good lapse experience variance negatively offset by large lost commission claw back

Vitality INVEST

Expanding the Vitality proposition

First provider in the UK to link investment products to engagement in healthy lifestyle behaviours

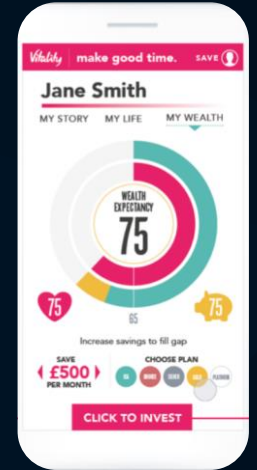
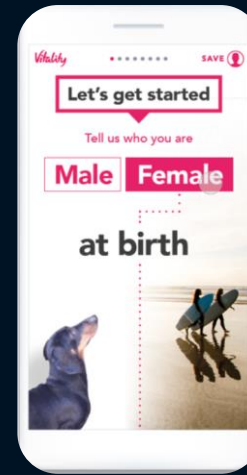


£33.5m
Invested to
31 December 2018

Vitality INVEST			
BEHAVIOURAL WELLNESS PLATFORM	Save sooner, more and for longer	Stay healthy	Manage health and wealth in retirement
PRODUCTS	Stocks and shares ISA	Junior ISA	Retirement Plan Accumulation and drawdown
TECHNOLOGY PLATFORM	Personalised Life Expectancy	Personalised Savings Roadmap	Adviser Hub
ASSET MANAGEMENT	Vitality Funds	Third Party Funds	Woodford



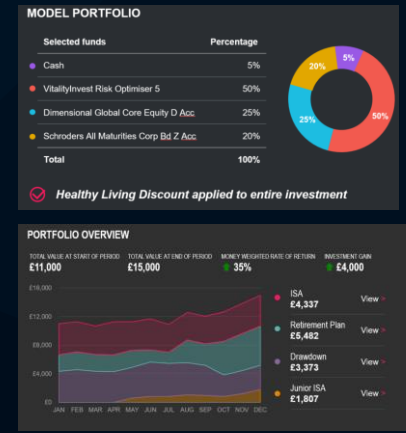
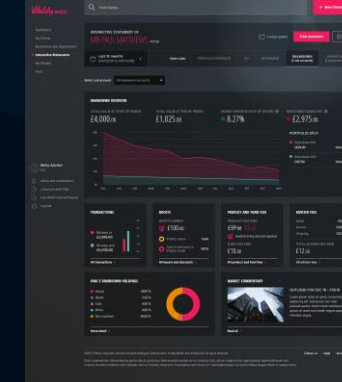
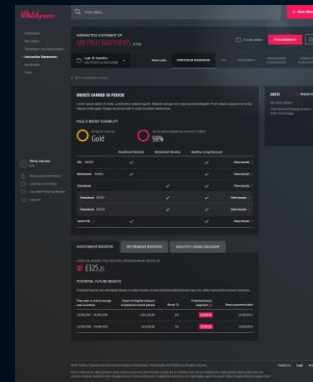
Life and Wealth Expectancy Tool

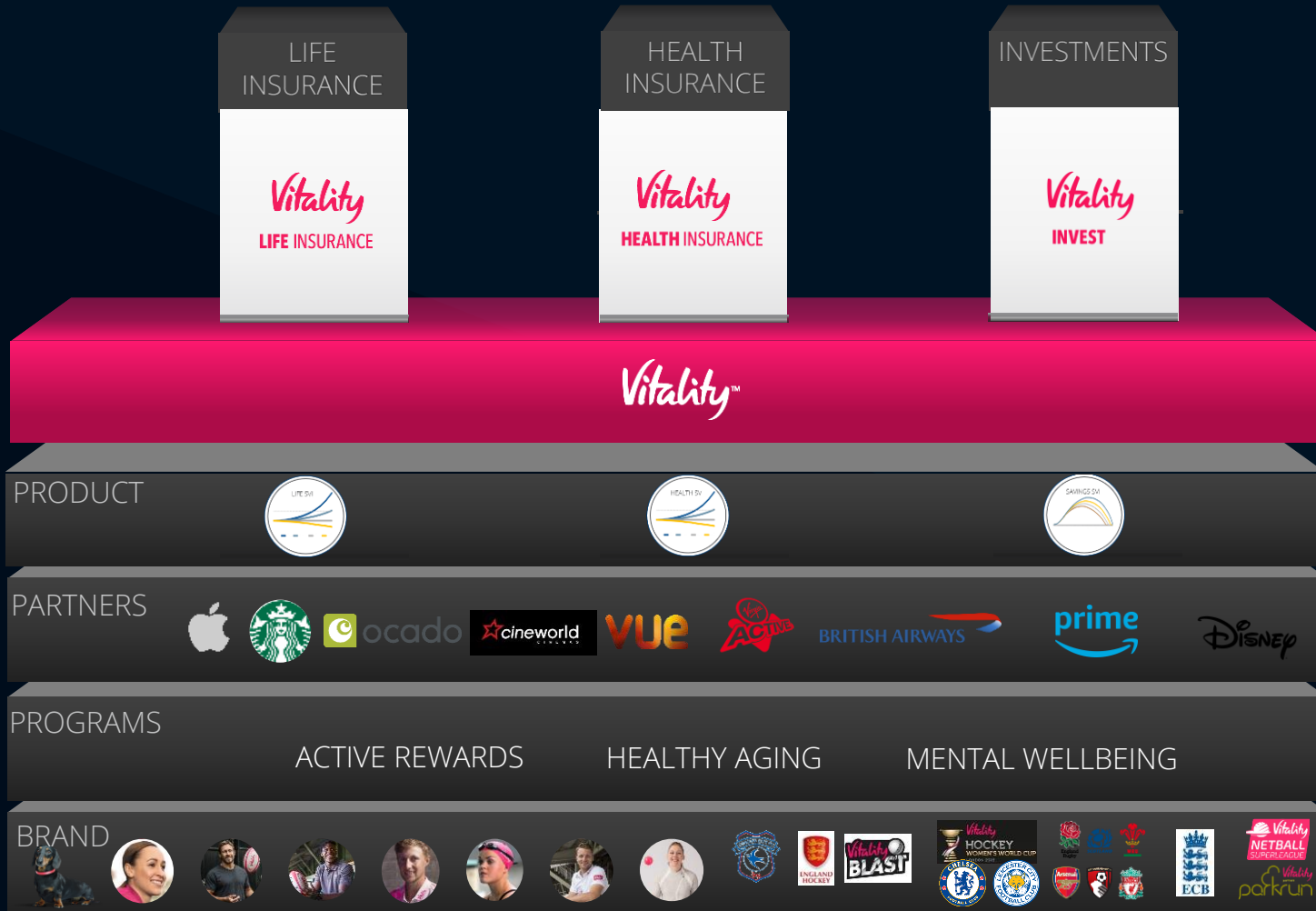


ISA and Sky News Campaigns



Interactive Advisor Statements





There is a significant cross-sell opportunity to be unlocked



Only **1.6%** of the inforce membership have both VitalityHealth and VitalityLife



SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



Vitality™



New business¹

+117%
to R4.3bn

Written premium

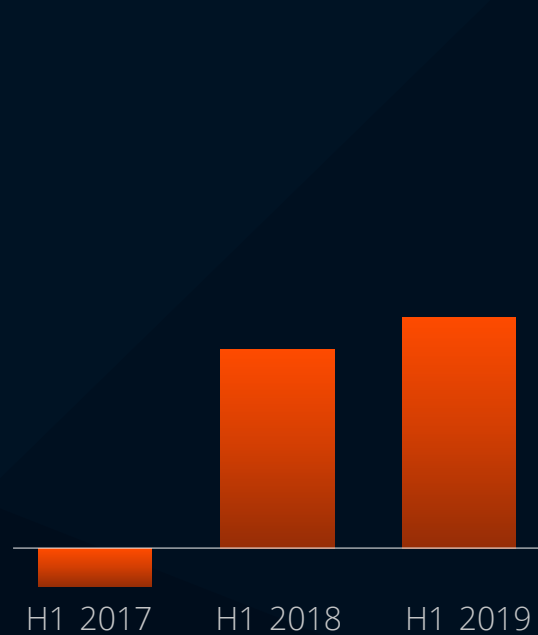
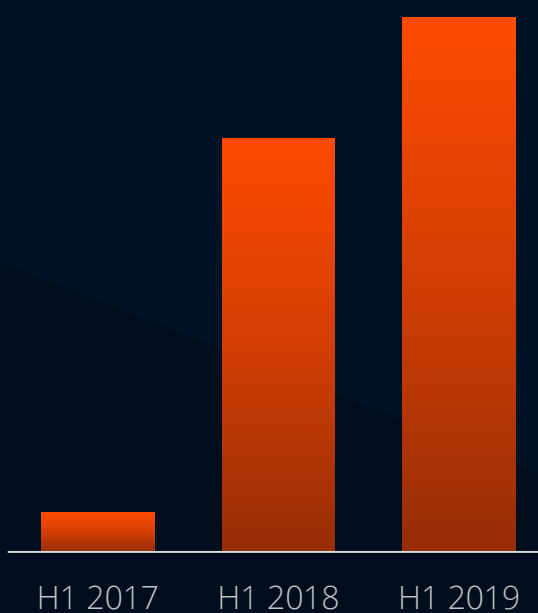
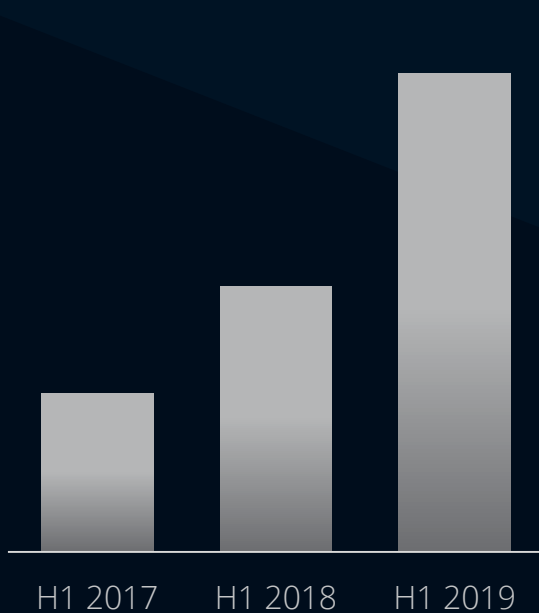
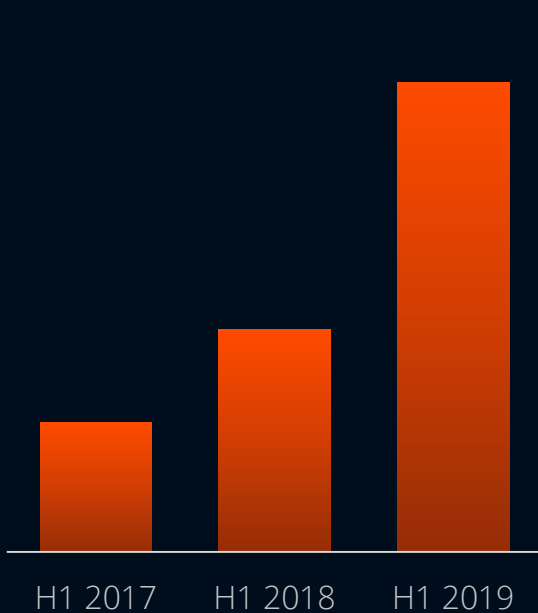
+84%
to R7.0bn

DSY share of PAH's
operating result pre-tax

+32%
to R97.6m

Discovery's operating
result pre-tax

+26%
to R61.5m



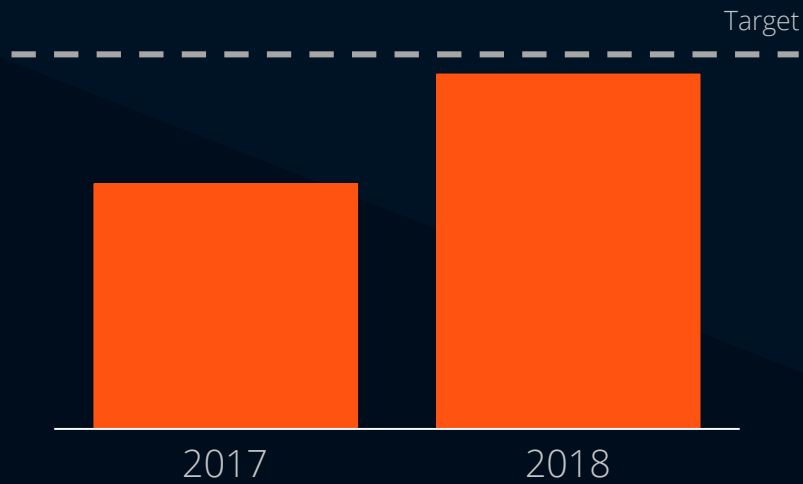
¹ 100%



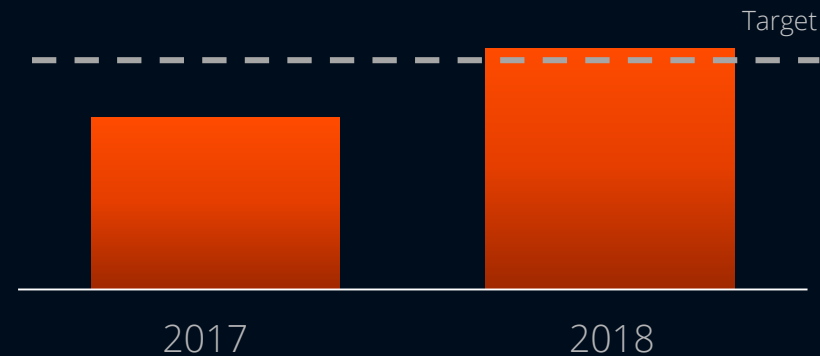
Excellent underlying dynamics

Excellent actuarial dynamics

Loss ratio



Retention rates



Strong foundation as an insurer

A- credit rating from AMBest

81.8 SARMRA* score in 2018, ranking the **first** of the specialised health insurance companies, and meeting the regulatory target of 80 points

Regulatory rating of A by Chinese insurance regulator (CIRC)**

* Solvency Aligned Risk Management Requirements and Assessment (SARMRA)

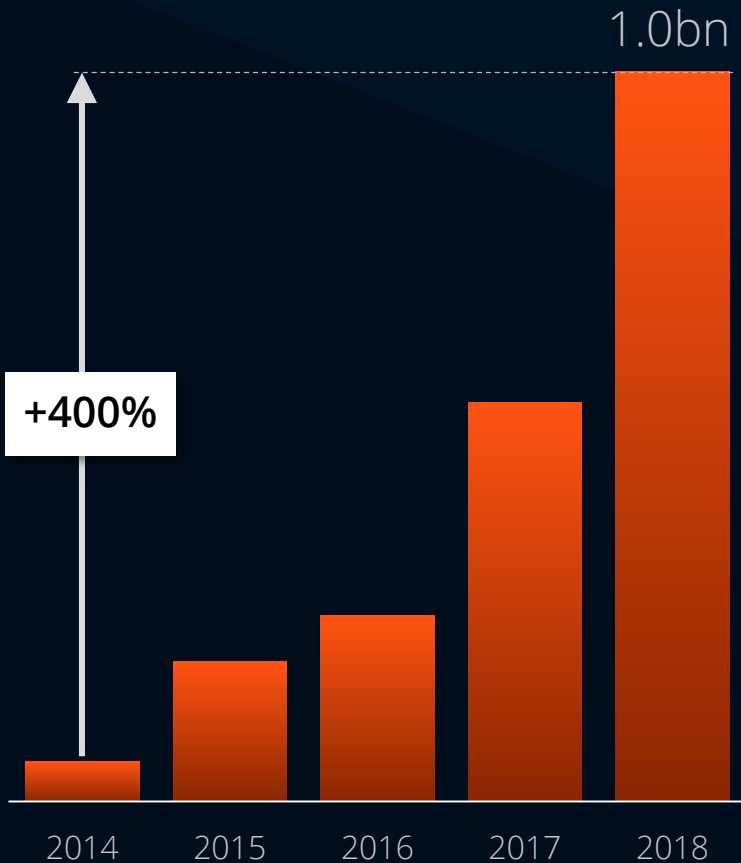
** As of Q2 2018



Ping An Health investing considerably into future capability

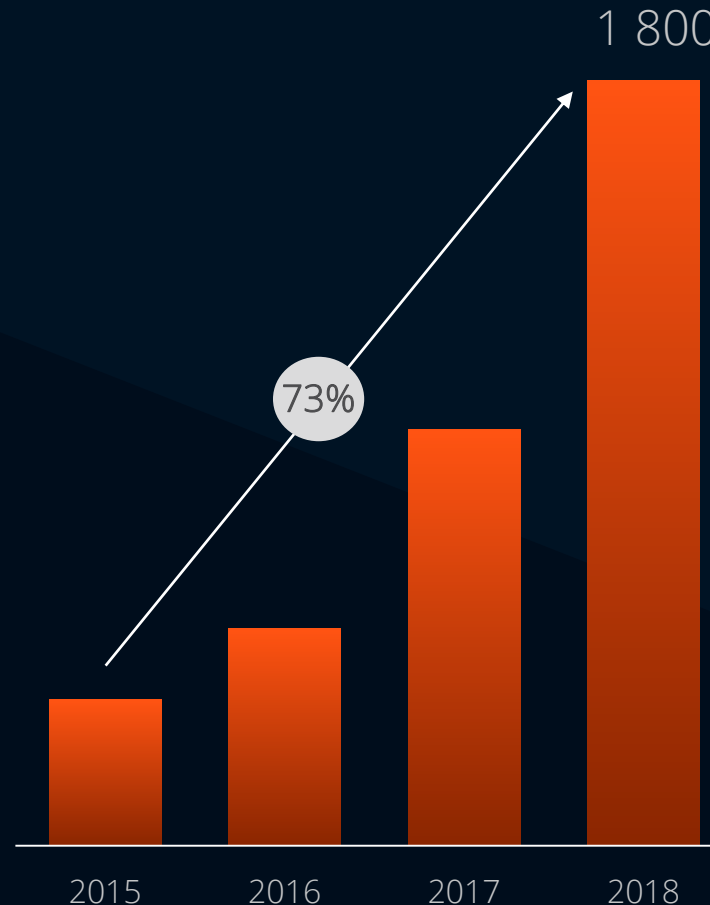
Operating expenses are increasing

Operating expense
RMB, billions



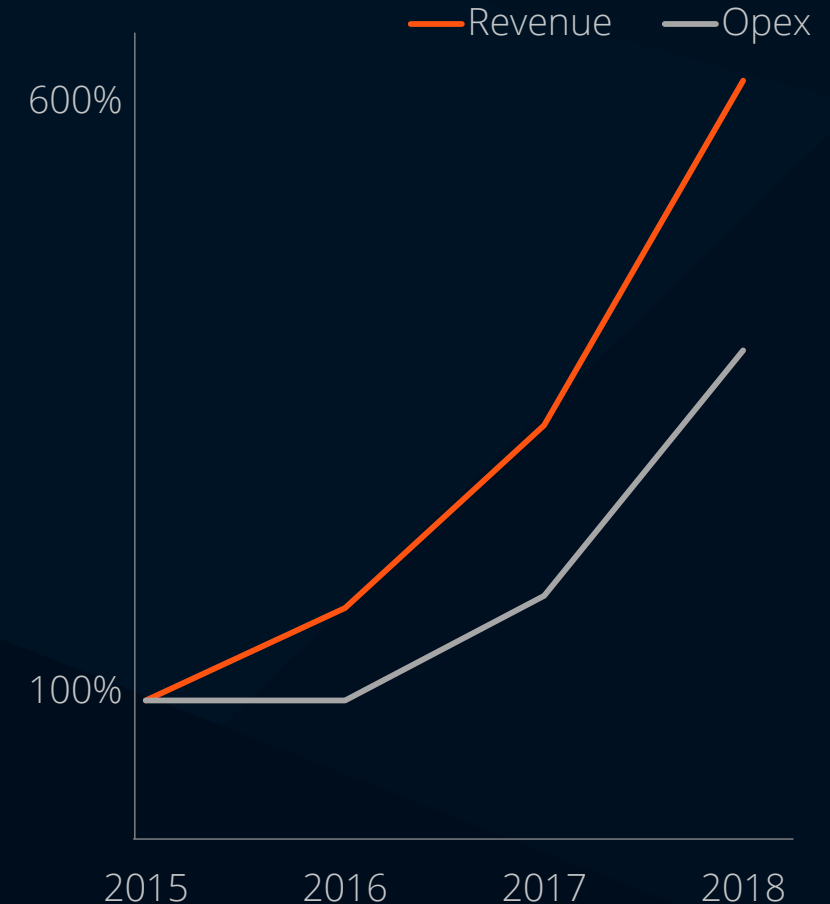
Significant headcount growth and investment in technology skills

Headcount



Investment into future capability paying off

Cumulative growth rate of revenue and operating expenses, indexed to 2015



Development of PAH APP as the go-to destination for health and medical services



Health management features



Registered users
8.0m



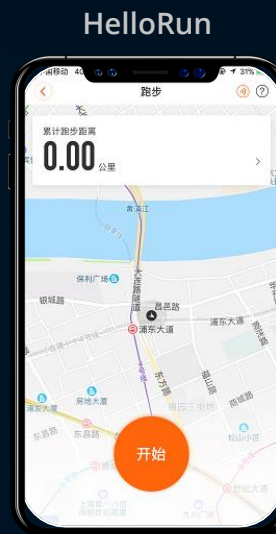
Daily active users
160k



New users registered daily
10k



Premium revenue
RMB256m



Medical services features





Increased automation of sales and servicing processes

Investment in digitalisation and operational efficiency

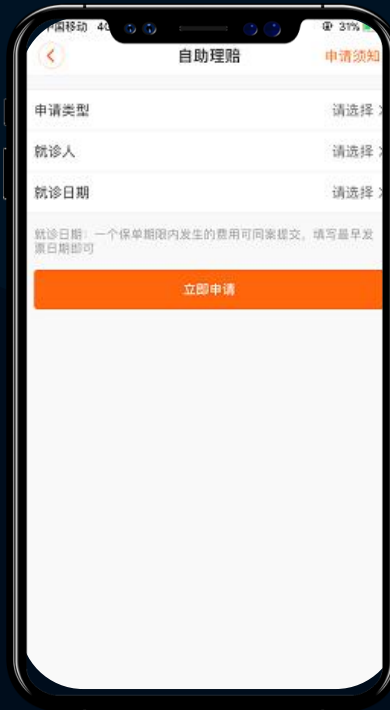
3-step Insurance Application



Smart Underwriting



E-Quick claims payment

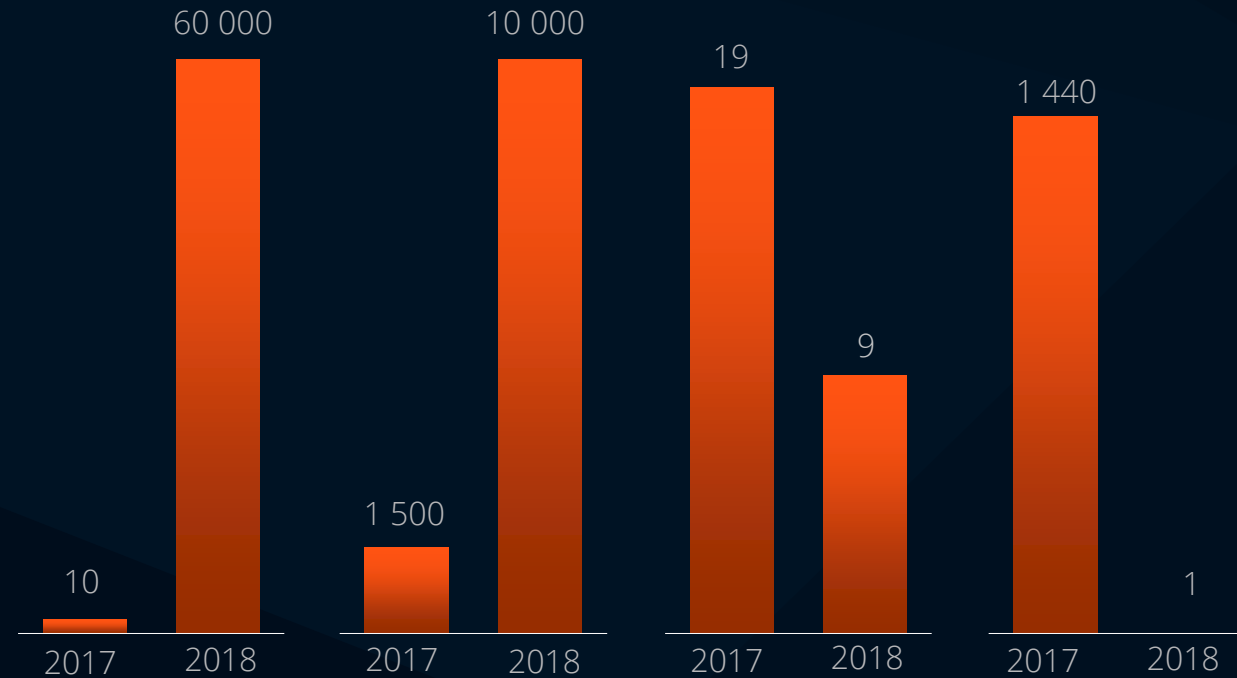


Policy applications capacity
per minute

Cases* processed
per day

Operational cost of processing claim
(CNY)

Claim settlement
(min)

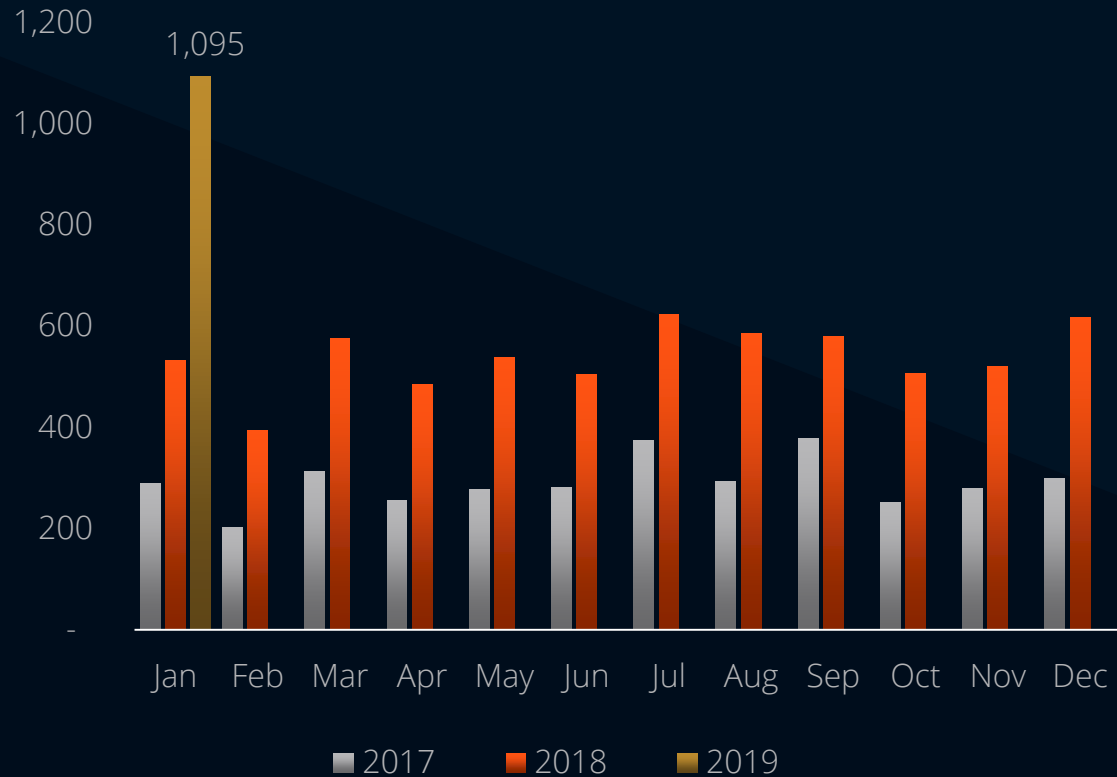


* Cases include claims, new business applications, pre-authorisations and calls



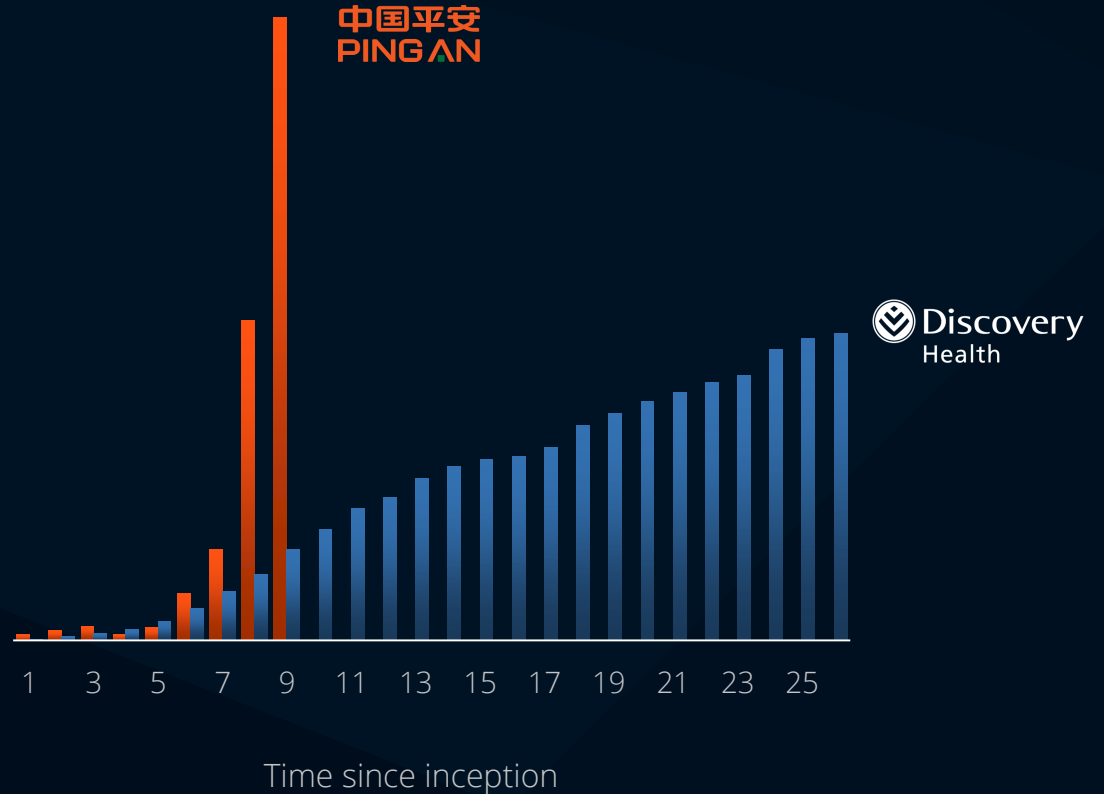
Impact of investment in distribution and technology is already evident

Total premium (RMB million) generated per month



Members¹ over time

¹Excluding Group Other

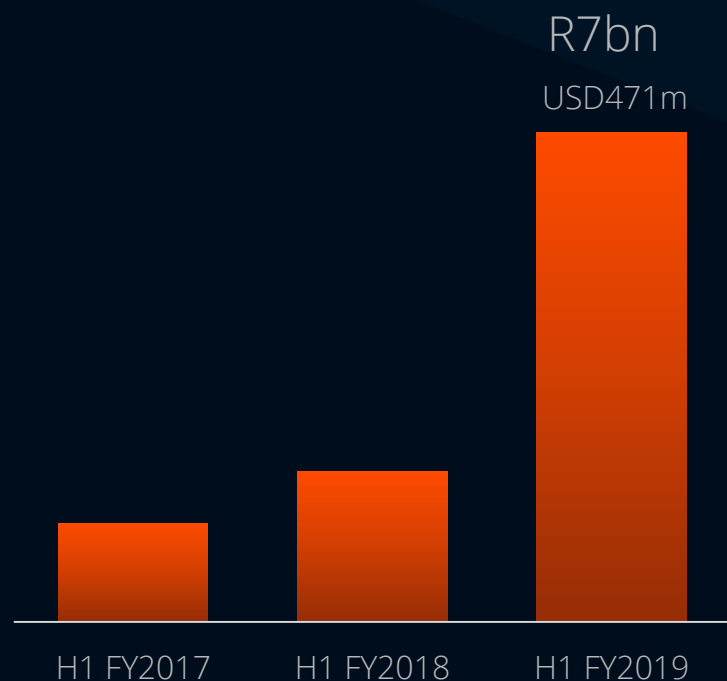


Ping An Health's vision is to be China's leading tech-driven health insurer



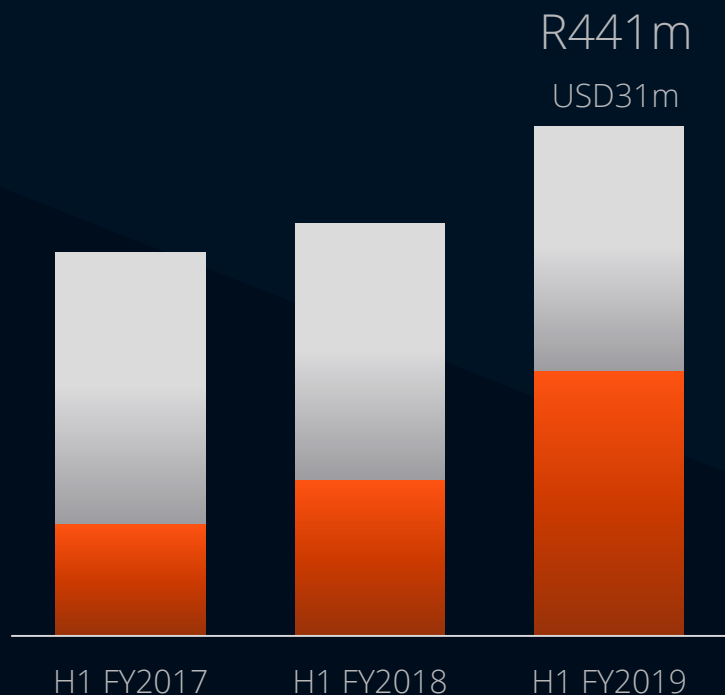
Integrated API by insurance partners

+249%*



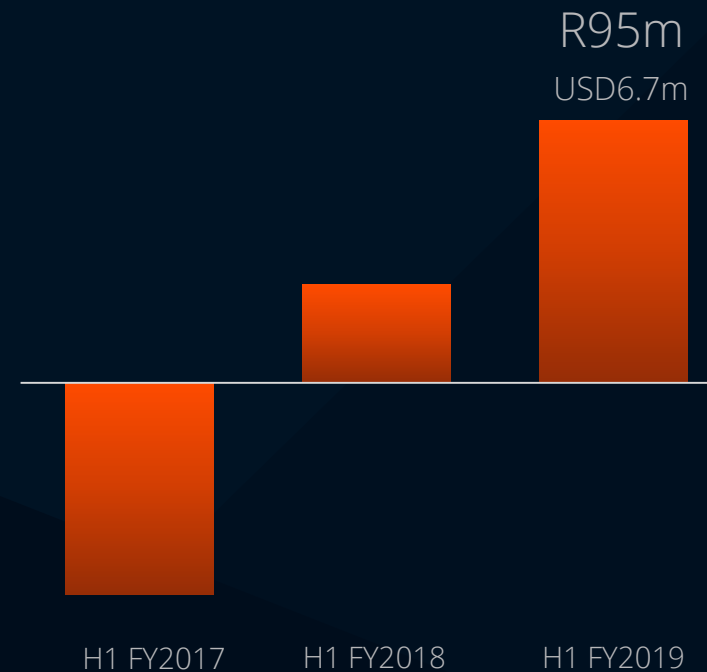
Revenue

+93%*



Operating result

+179%



All numbers exclude new VG initiatives, i.e. myOwn and Vitality1
*From insurance partners

Vitality USA
 Insurance Partners

Continued membership growth with a comprehensive partner ecosystem



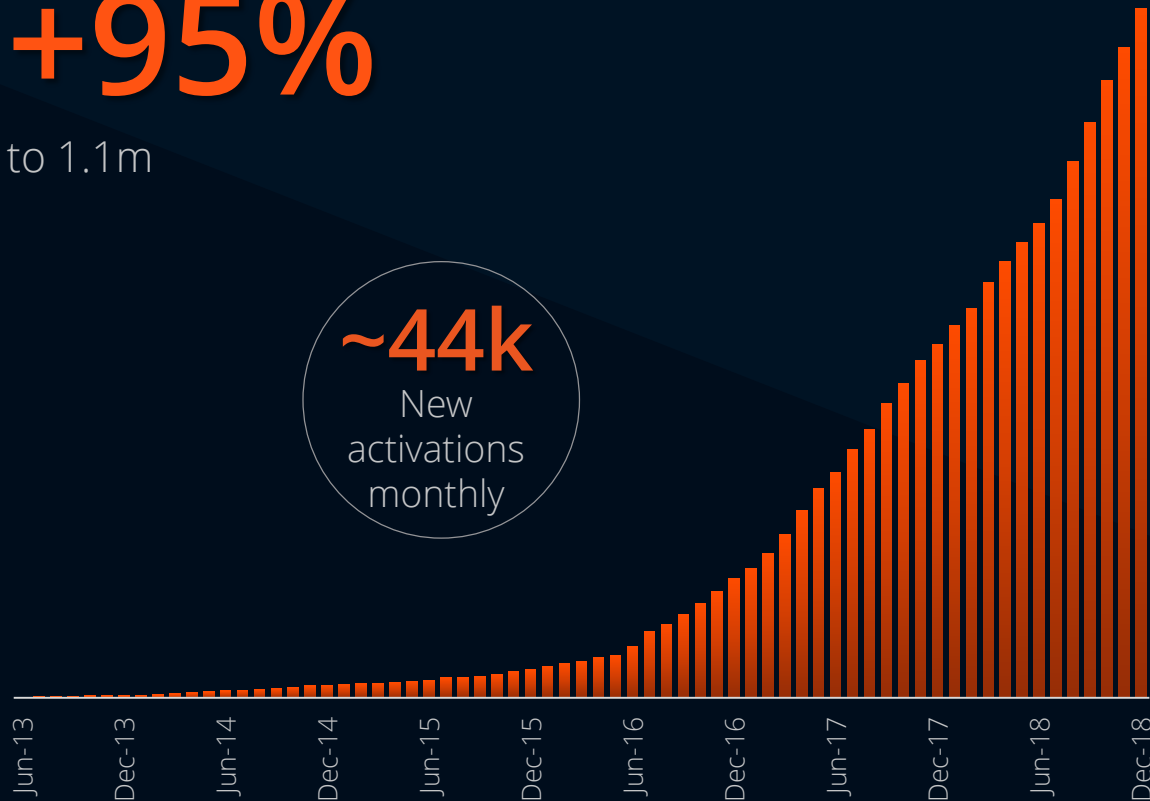
Insurance partner membership

+95%

to 1.1m

~44k

New activations monthly



Rapid partner expansion across range of categories



Expansion of the Vitality Group



National Champions

Franchises

Adjacencies

National Champions

Exploit latent potential and scale

Franchises

Rapid market expansion and penetration

Adjacencies

Pursue shared-value adjacencies and partnerships

Vitality™

GYM & DEVICES

GROCCERS

TRAVEL

OTHER

ACTIVE REWARDS

Vitality™ ONE

SMART INSURANCE

US insurer John Hancock to sell only Vitality-linked cover

20 SEPTEMBER 2018 - 05:05 by LONDIWE BUTHELEZI

The New York Times

Life Insurance Offering More Incentive to Live Longer



Brian and Carla Restid at their home in Howard, Ohio. The two stay active, encouraged by a program called Vitality, which allows them to earn points for healthy decisions that eventually lead to discounted life insurance from John Hancock. Andrew Spear for The New York Times

Business

Could a bold move by John Hancock upend the life insurance industry?



John Hancock, one of the largest and oldest insurers in the United States, owned since 2004 by Canada's Manulife, has announced it will stop selling traditional life insurance and will only market interactive policies that record the exercise activities and data of health of its customers through wearables such as Fitbit or Apple Watch..



"We are really excited today that we are reinventing the traditional life insurance model with our Vitality program. It is really about bringing a technology-based wellness program and marrying that with an insurance product."

- Marianne Harrison on CNBC Power Lunch

Extraordinary early impact for SUMITOMO LIFE



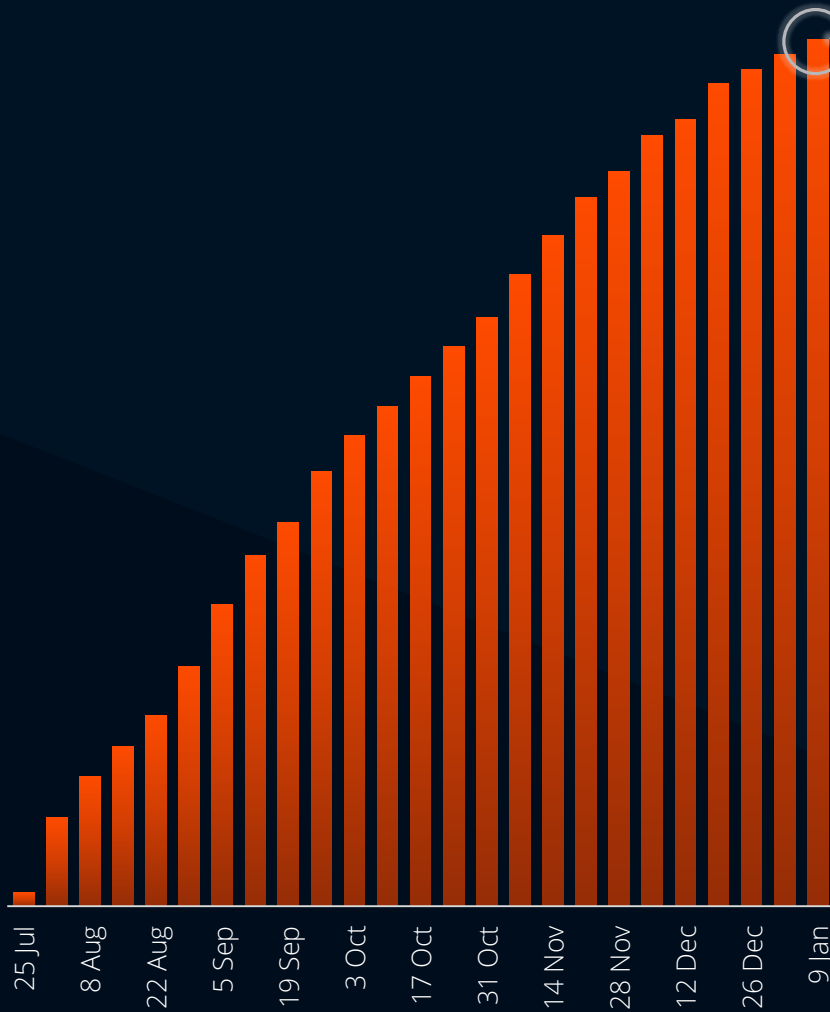
Revolutionary V1 Platform



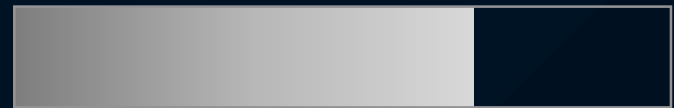
Dedicated partner insurer in a large market



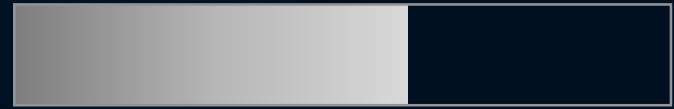
Well-developed and refined VG expertise



>2x
actual number of integrated insurance policies sold relative to other partner markets of similar duration



7 in 10
policies take up Vitality



>60%
Active Rewards take up

Vitality looks and works the same in each market



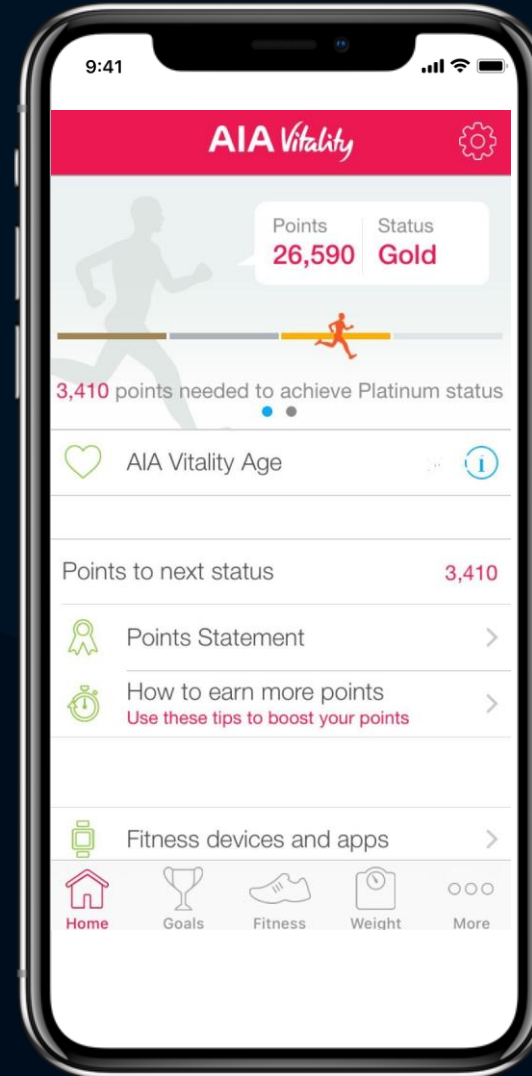
Generali
Germany



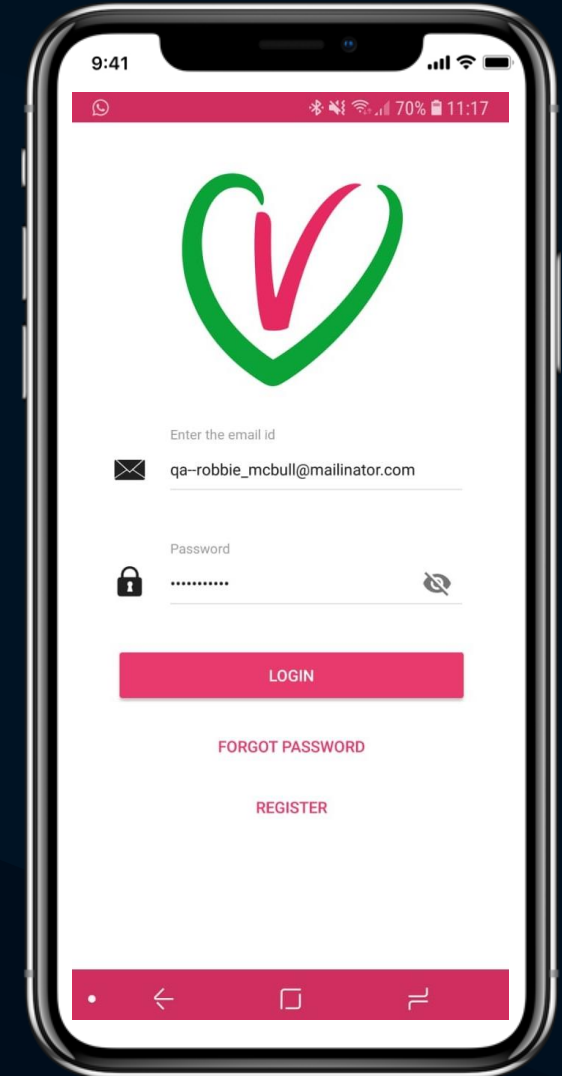
Sumitomo
Japan



AIA
Hong Kong



Vitality
UK

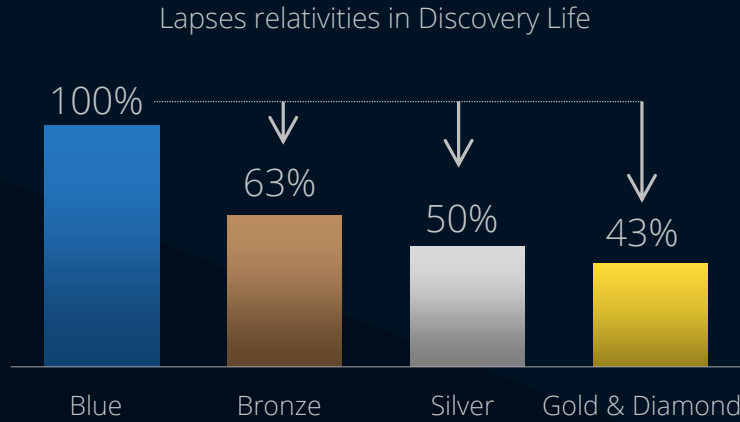


Proof points | Positive actuarial dynamics manifesting across multiple contexts



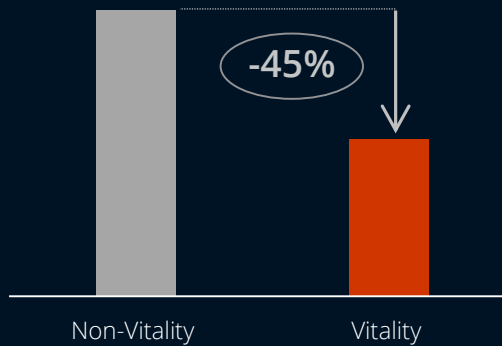
Retention improves by status

PRIMARY MARKET EXPERIENCE



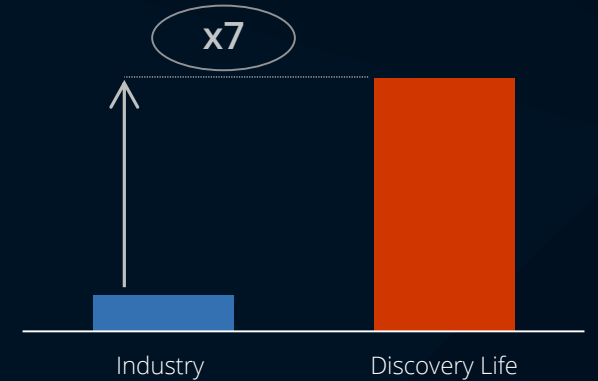
Vitality population exhibits better mortality

Relative mortality rates in Discovery Life



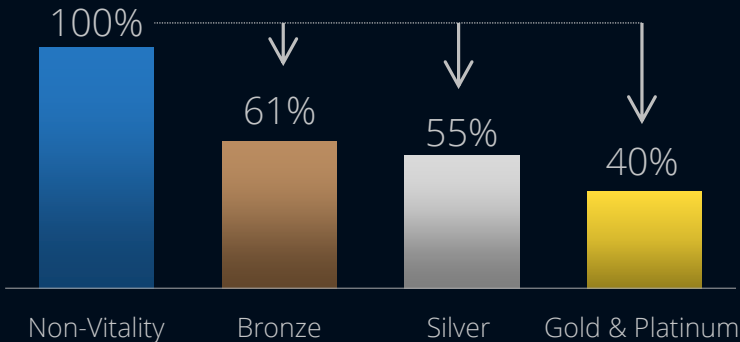
Vitality spurs new business growth

New business growth in Discovery Life*

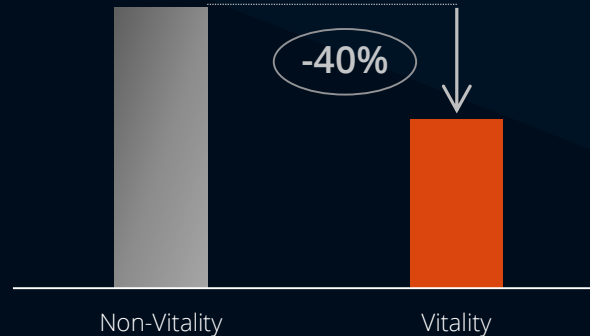


Lapses relativities in Market A

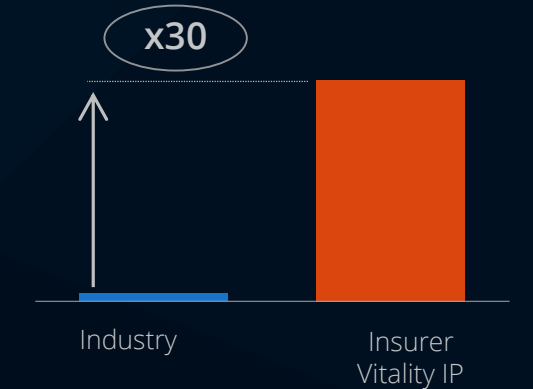
VITALITY GROUP EXPERIENCE



Relative mortality rates in Market B



New business growth in Market C



*Retail affluent market

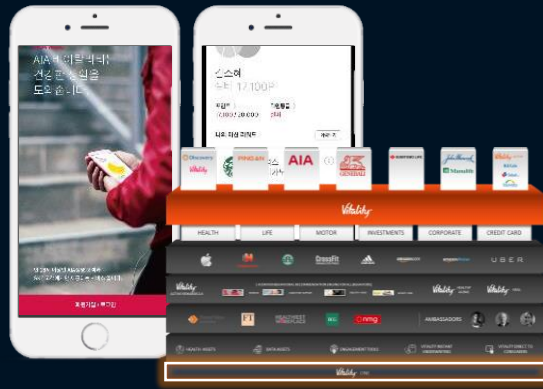


Investments in Vitality1 and anticipated rollout

Vitality1

R552m

Invested to
31 December



3

Active markets

5k

VHR's completed
per day

1k

Goals achieved
per hour

7

Rewards allocated
per minute



A pledge from the Vitality network of insurers
to transform global health.

100 MILLION
PEOPLE

20% MORE
ACTIVE BY

2025

AIA

 **Discovery**



John Hancock

 **Manulife**

**中国平安
PINGAN**

 **SUMITOMO LIFE**

Vitality



SA COMPOSITE MODEL







UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



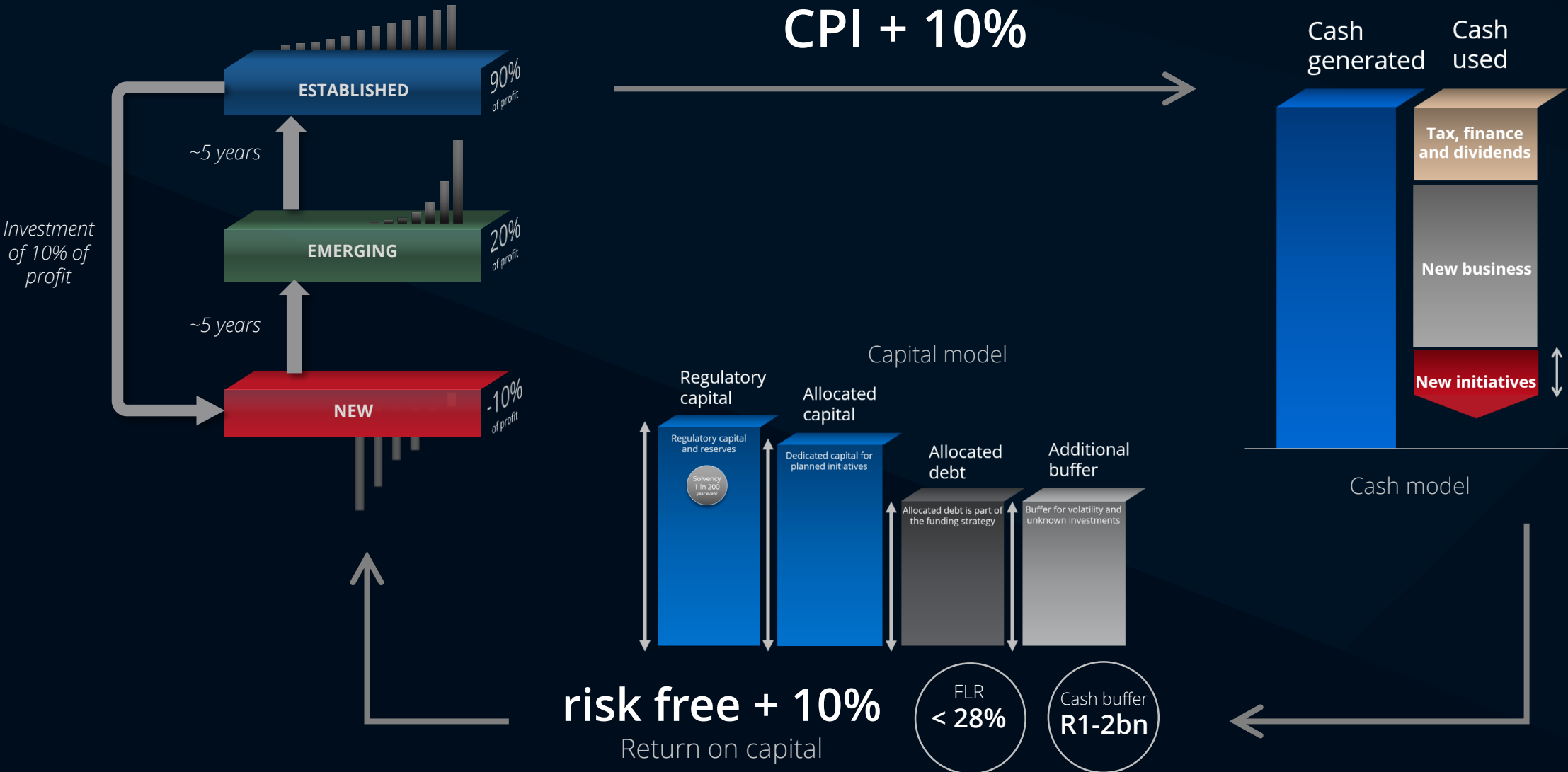
- 1  Perfect composite model, #1 in every industry, and laboratory for shared value in financial services. A successful entry into banking
- 2  The best insurer in the UK, making use of a composite shared-value model
- 3  Vitality is the world's largest and most sophisticated behavioural platform linked to financial services, with disciplined execution
- 4  Ping An Health delivers on its plan to become the leading health insurer in China with over 50m clients



What do the next few years look like?

Group profit growth of

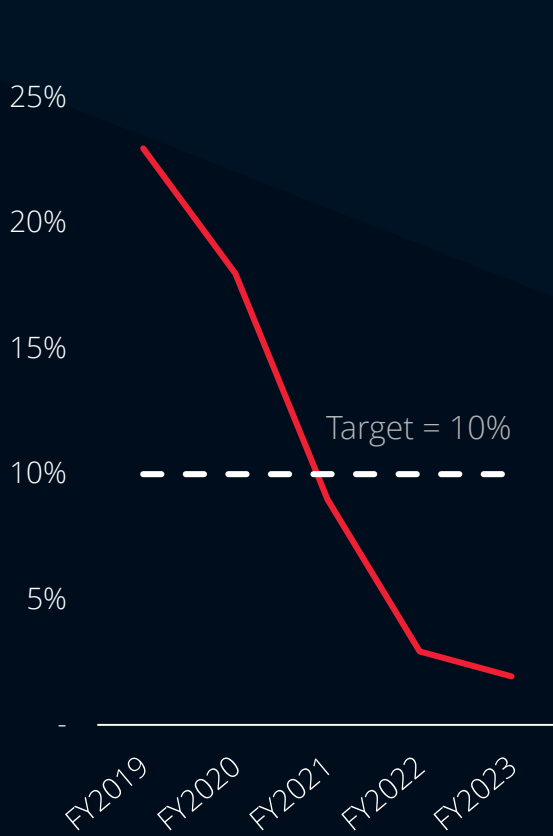
CPI + 10%



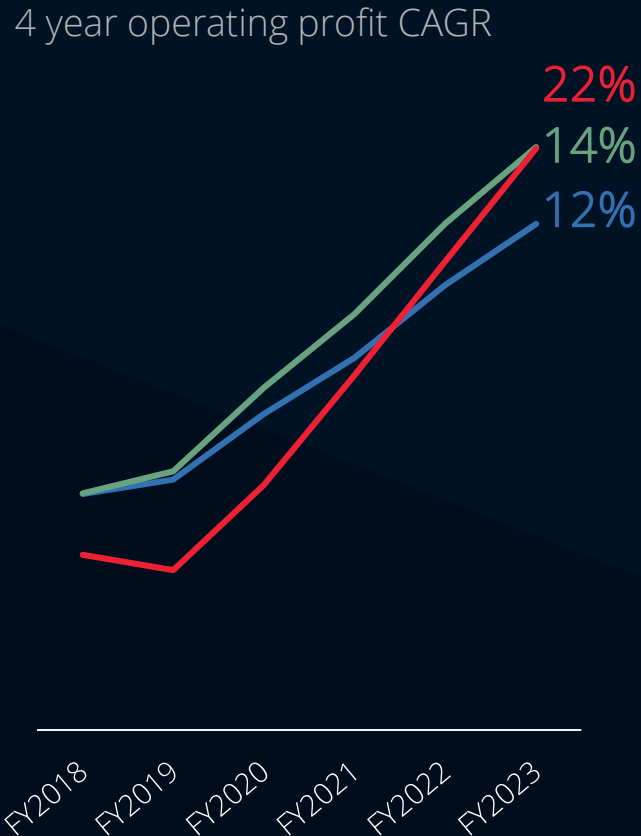


Operating model is robust under the base plan

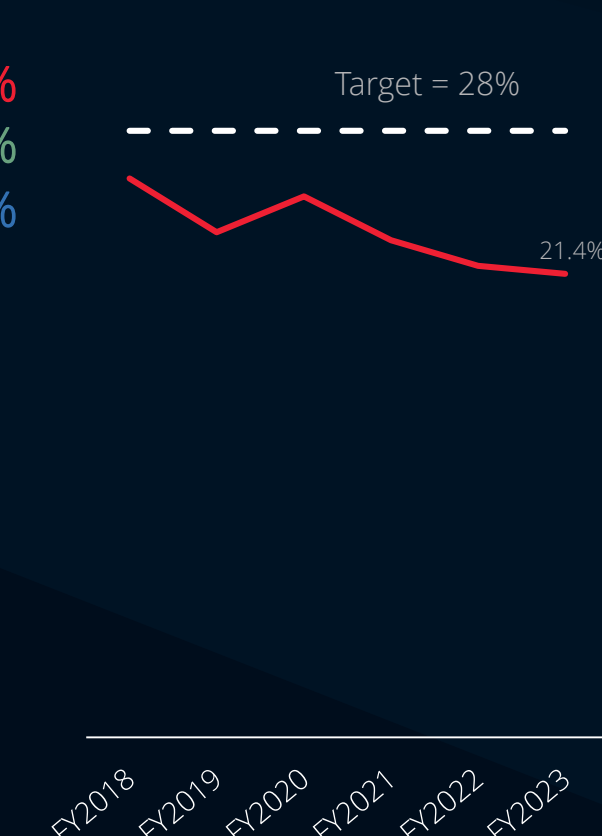
% Invested in New Businesses



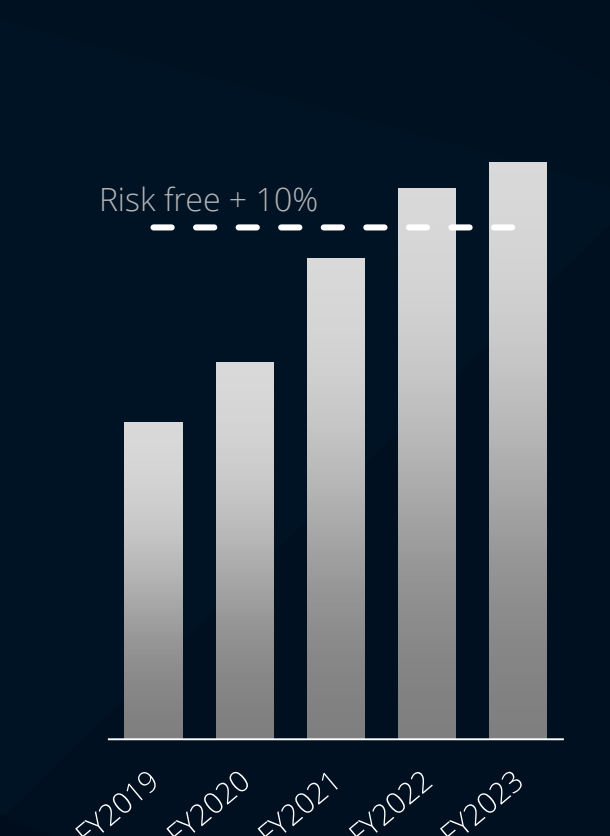
Group earnings growth



Financial leverage ratio



Return on equity

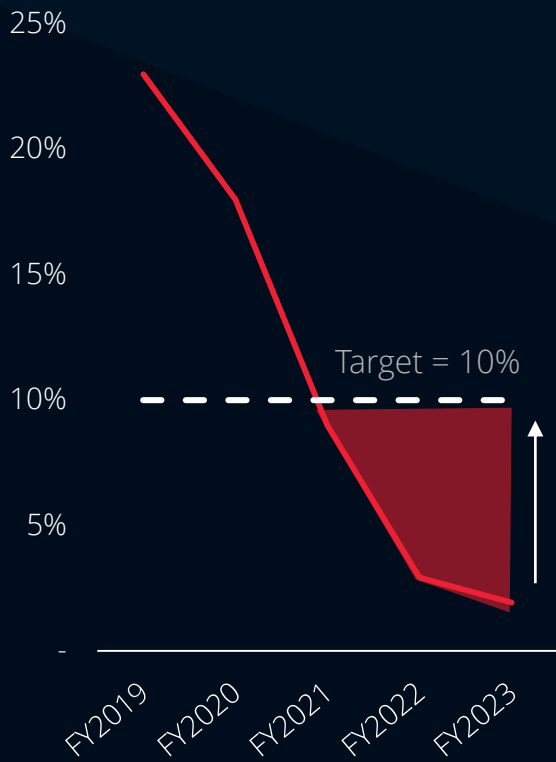


- Established
- Add Emerging
- Add New



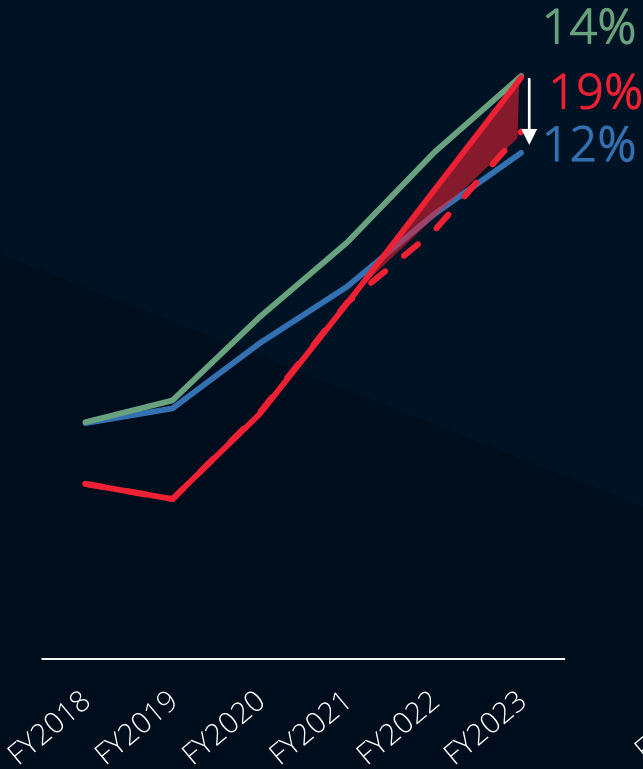
Operating model is robust when maintaining 10% investment into new businesses

% Invested in New Businesses



Group earnings growth

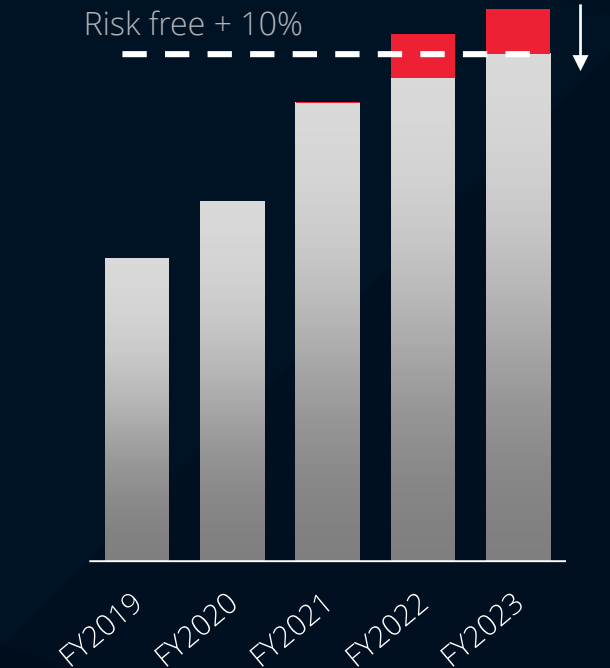
4 year operating profit CAGR



Financial leverage ratio



Return on equity



- Established
- Add Emerging
- Add New
- Add Future New



SA COMPOSITE MODEL

Discovery Health
Discovery Life
Discovery Invest
Discovery Insure
Discovery Bank



UK COMPOSITE MODEL

Vitality HEALTH INSURANCE
Vitality LIFE INSURANCE
Vitality INVEST



PARTNER COMPOSITE MODEL

中国平安 PINGAN
AIA myOwn Health Insurance with AIA Plus
GENERALI
John Hancock
Manulife
SUMITOMO LIFE
IGI Life Salud SA
Equivida

Vitality™

Unaudited interim results and cash dividend declaration

FOR THE SIX MONTHS
ENDED 31 DECEMBER 2018

