



An introduction to **Discovery Limited**

Discovery Group



SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



FY 2019

Core new business

R18bn

14% 5yr CAGR

Gross Flows

R139bn

12% 5yr CAGR

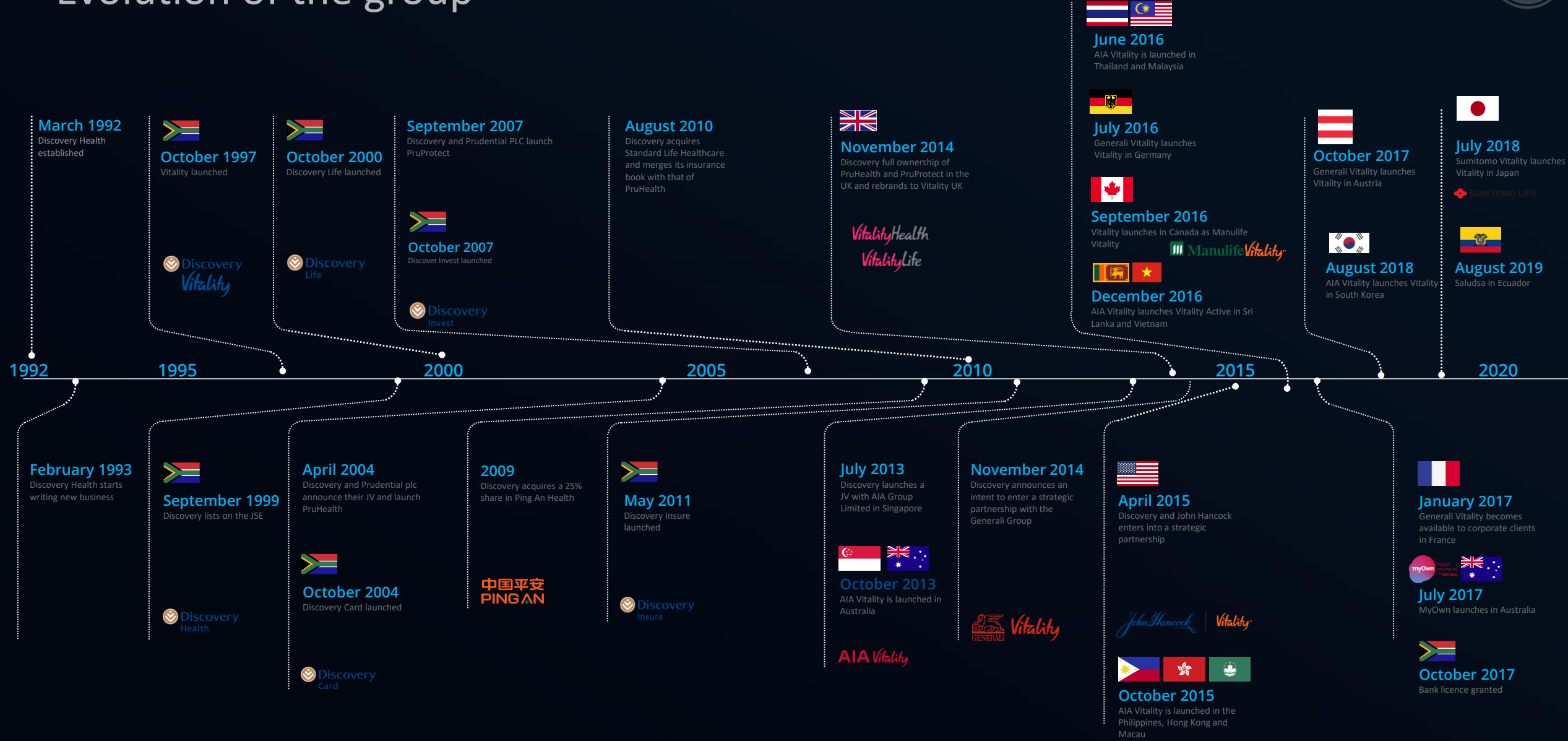
Lives

26m


Countries

20

Evolution of the group



March 1992
Discovery Health established


October 1997
Vitality launched




October 2000
Discovery Life launched



September 2007
Discovery and Prudential PLC launch PruProtect


October 2007
Discover Invest launched



August 2010
Discovery acquires Standard Life Healthcare and merges its insurance book with that of PruHealth


November 2014
Discovery full ownership of PruHealth and PruProtect in the UK and rebrands to Vitality UK




June 2016
AIA Vitality is launched in Thailand and Malaysia


July 2016
Generali Vitality launches Vitality in Germany


September 2016
Vitality launches in Canada as Manulife Vitality


December 2016
AIA Vitality launches Vitality Active in Sri Lanka and Vietnam


October 2017
Generali Vitality launches Vitality in Austria


August 2018
AIA Vitality launches Vitality in South Korea


July 2018
Sumitomo Vitality launches Vitality in Japan


August 2019
Saludsa in Ecuador

February 1993
Discovery Health starts writing new business


September 1999
Discovery lists on the JSE



April 2004
Discovery and Prudential plc announce their JV and launch PruHealth


October 2004
Discovery Card launched



2009
Discovery acquires a 25% share in Ping An Health




May 2011
Discovery Insure launched



July 2013
Discovery launches a JV with AIA Group Limited in Singapore


October 2013
AIA Vitality is launched in Australia



November 2014
Discovery announces an intent to enter a strategic partnership with the Generali Group




April 2015
Discovery and John Hancock enters into a strategic partnership




October 2015
AIA Vitality is launched in the Philippines, Hong Kong and Macau


January 2017
Generali Vitality becomes available to corporate clients in France


July 2017
MyOwn launches in Australia


October 2017
Bank licence granted



1

Core purpose and unique Shared-Value Model



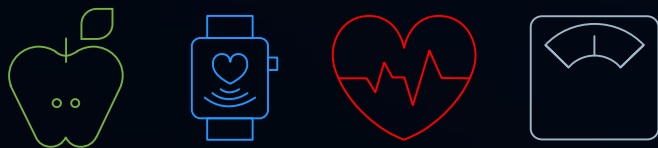



WHY

HOW

WHAT

Make people healthier
and enhance and
protect their lives



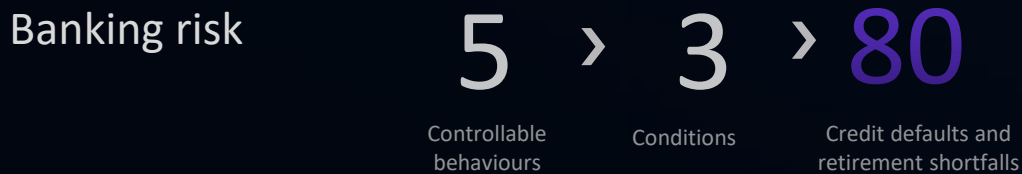
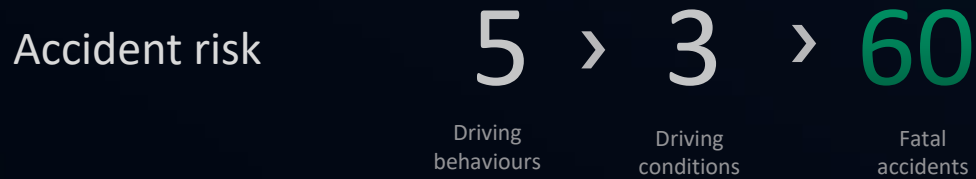
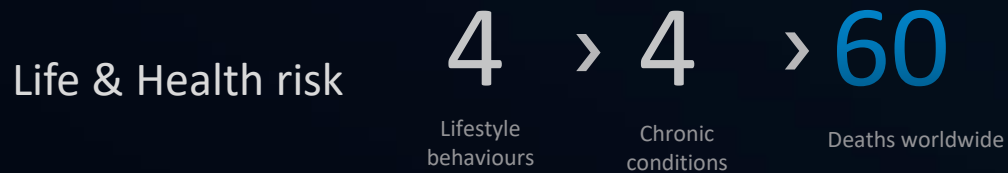
-  Health insurance
-  Life insurance
-  Long-term savings
-  Short-term insurance
-  Banking
-  Wellness



$$\frac{\text{Value}}{\text{Member}} = \frac{\text{Incentive}}{\text{Member}} \times \frac{\Delta \text{Behaviour}}{\text{Incentive}} \times \frac{\text{Bent (qx)}}{\Delta \text{Behaviour}} \times \frac{\text{Value}}{\text{Bent (qx)}}$$



Few key behaviours per industry and they are correlated



Example | Relative risk of defaulting on credit based on how you manage your money vs. how you manage your health

→ Better Health

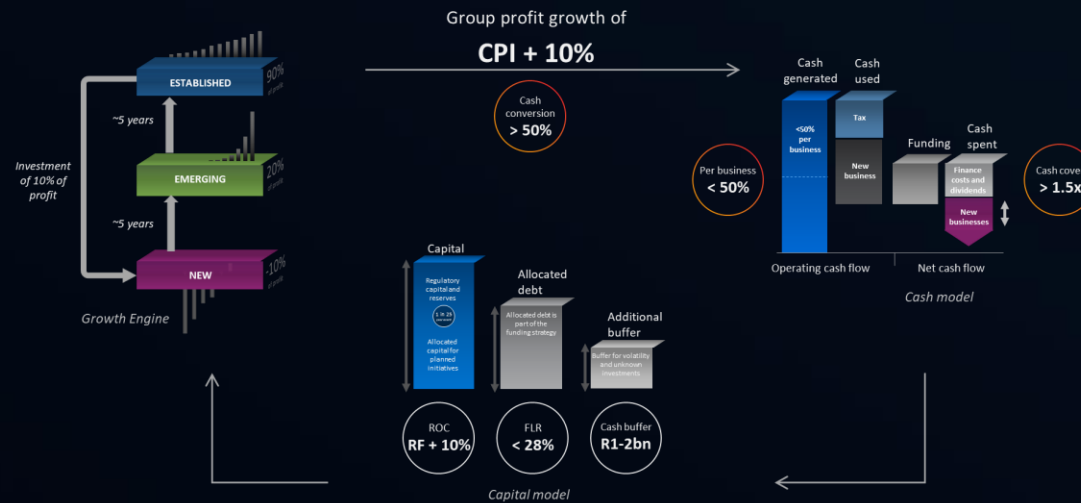
	Blue	Bronze	Silver	Gold	Diamond
Blue	100%	83%	53%	31%	36%
Bronze	39%	24%	18%	10%	8%
Silver	12%	6%	3%	4%	3%
Gold	6%	4%	3%	1%	0%

Better Financial Management ↓

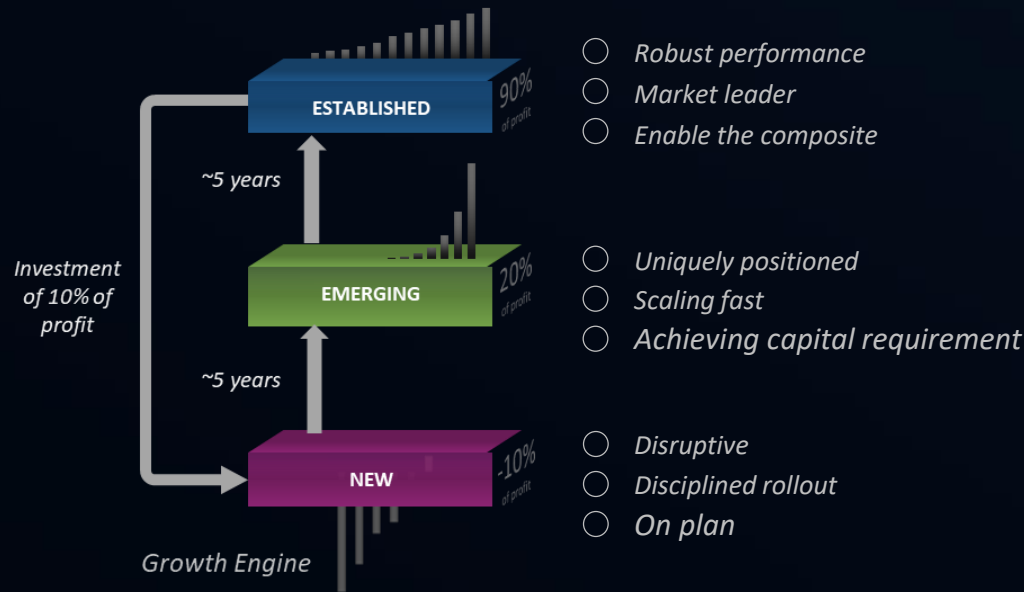


2

Growth and Capital Model



Organic growth methodology



- Robust performance
- Market leader
- Enable the composite

- Uniquely positioned
- Scaling fast
- Achieving capital requirement

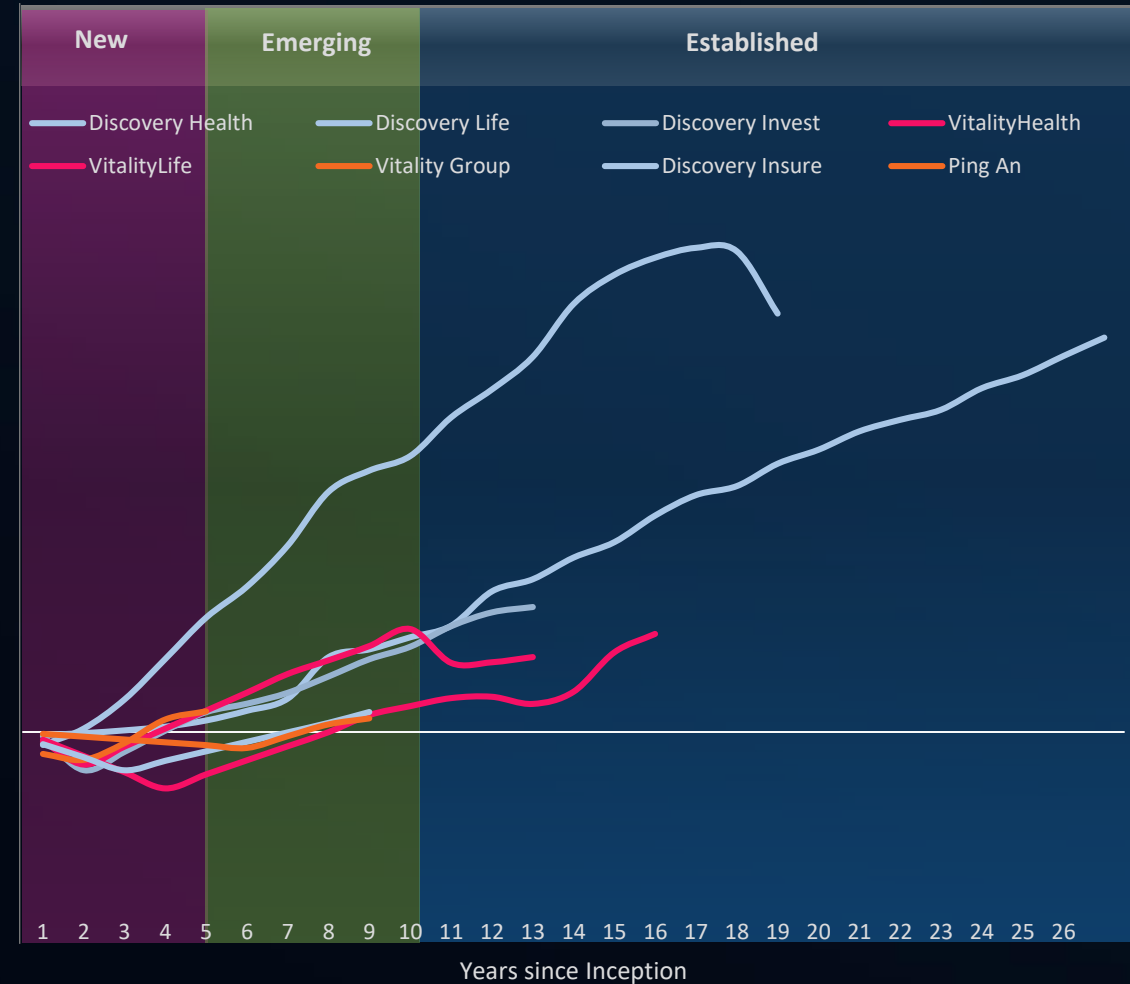
- Disruptive
- Disciplined rollout
- On plan

Profit growth of
CPI + 5%

Profit growth of
CPI + 30%

Growth in investment of
CPI + 10%

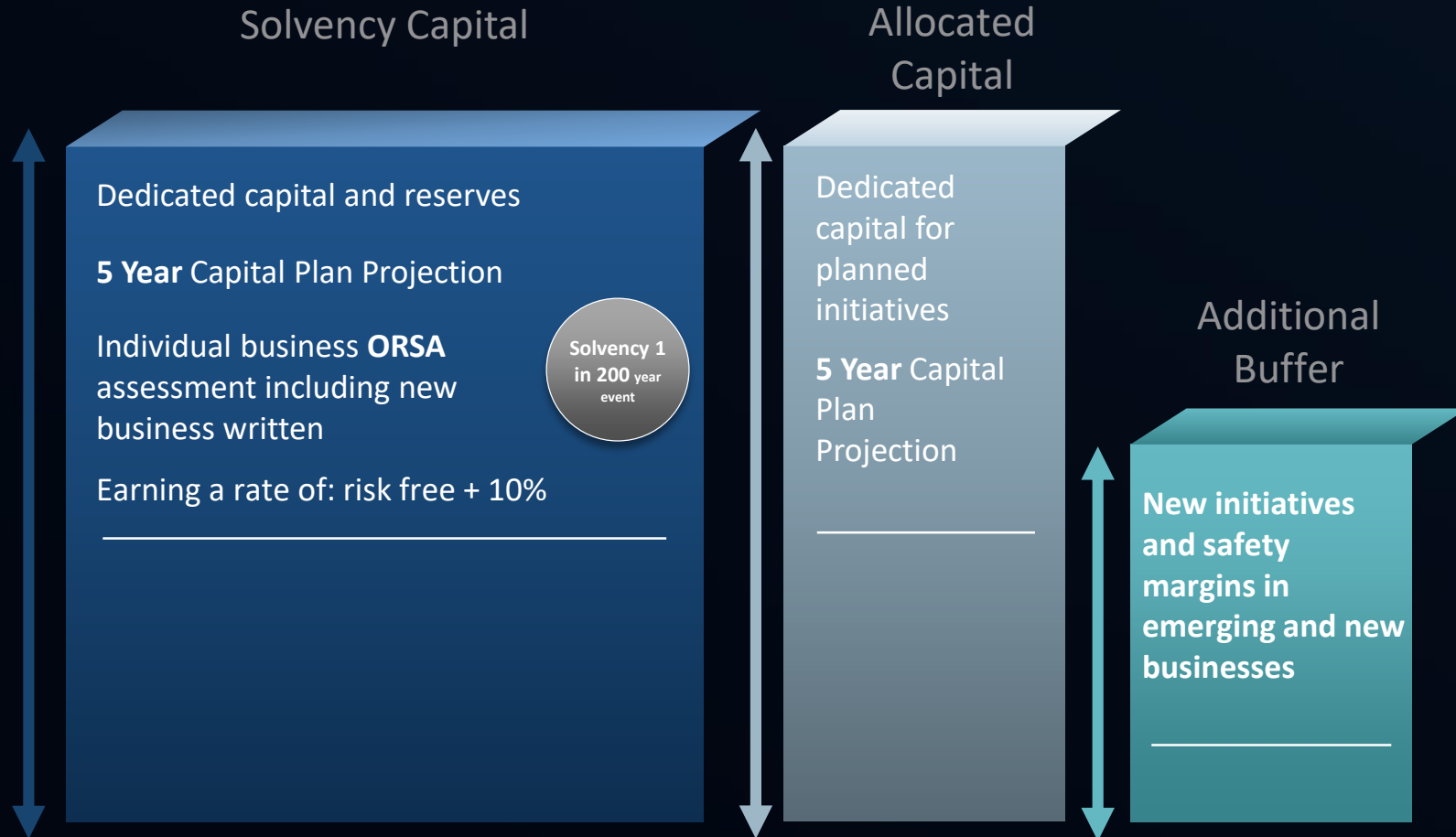
Group Profit growth of
CPI + 10%



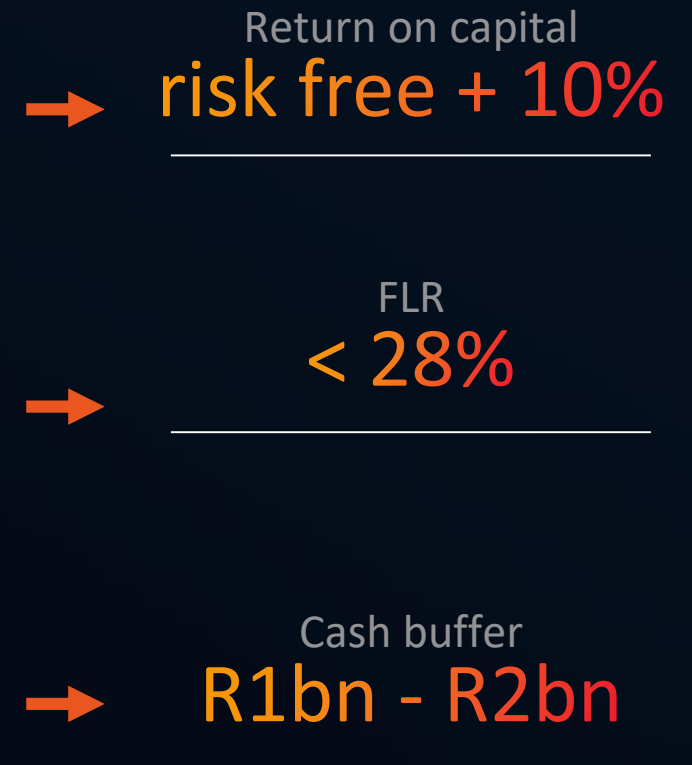


Capital Management framework

Three pillars of capital



Targeted capital measures





Cashflow Management framework

R5.9bn

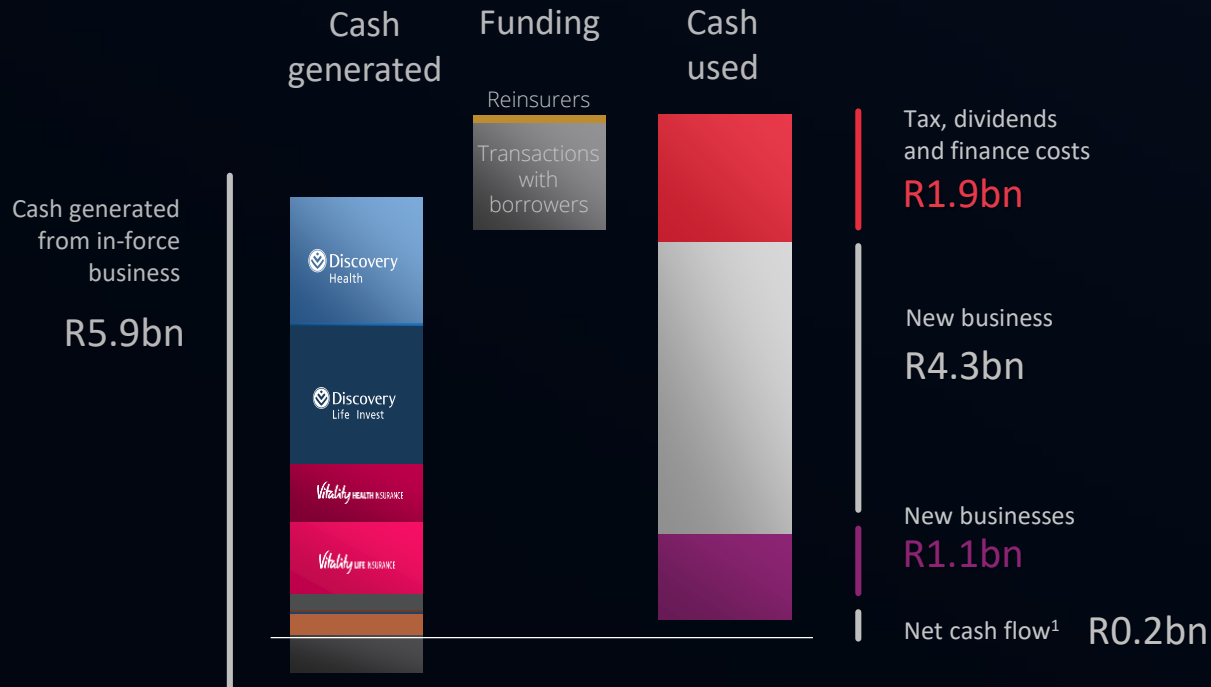
Cash generated from in-force

(R5.7bn)

Cash used net of funding

R221m

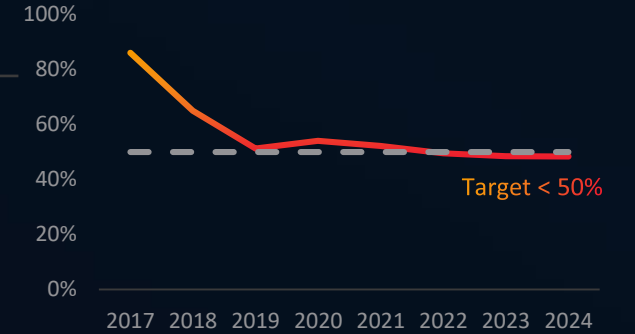
Net cash flow



Diversification of cashflow improving

Cash from any one business should not contribute more than 50% of the total operating cash

$$\max\left(\frac{\text{Cashflow from Business}_i}{\sum_i \text{Cashflow from Business}_i}\right) < 50\%$$



Cash conversion above target

More than 50% of operating profit must be cash earnings

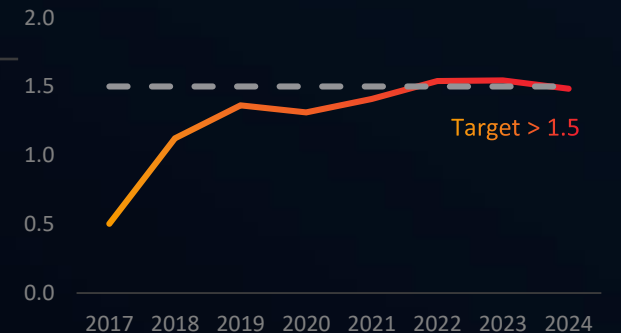
$$\frac{\text{Operating cashflow}}{\text{Operating profit}} > 50\%$$



Cash cover on target

Operating cashflow should be enough to at least cover dividends and finance costs 1.5x

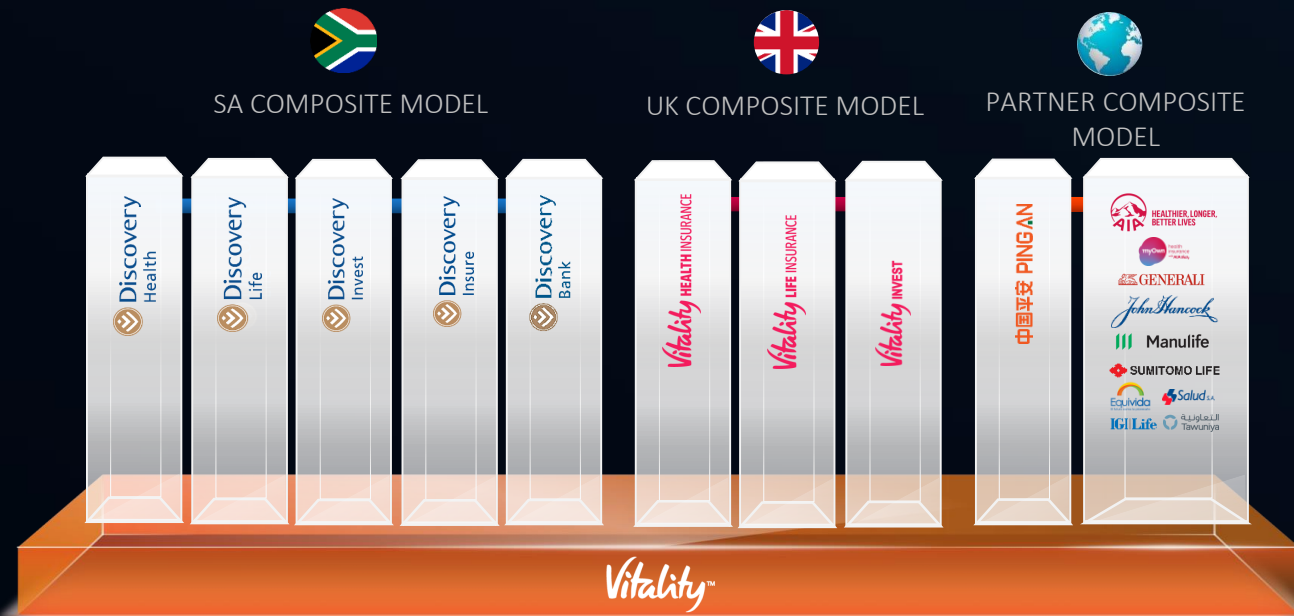
$$\frac{\text{Operating cashflow}}{\text{Dividends+finance costs}} > 1.5x$$





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Business overview





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 HEALTHIER. LONGER. BETTER LIVES.
myOne
GENERALI
John Hancock
Manulife
SUMITOMO LIFE
Equivida Salud SA
IGI Life C.S.I.

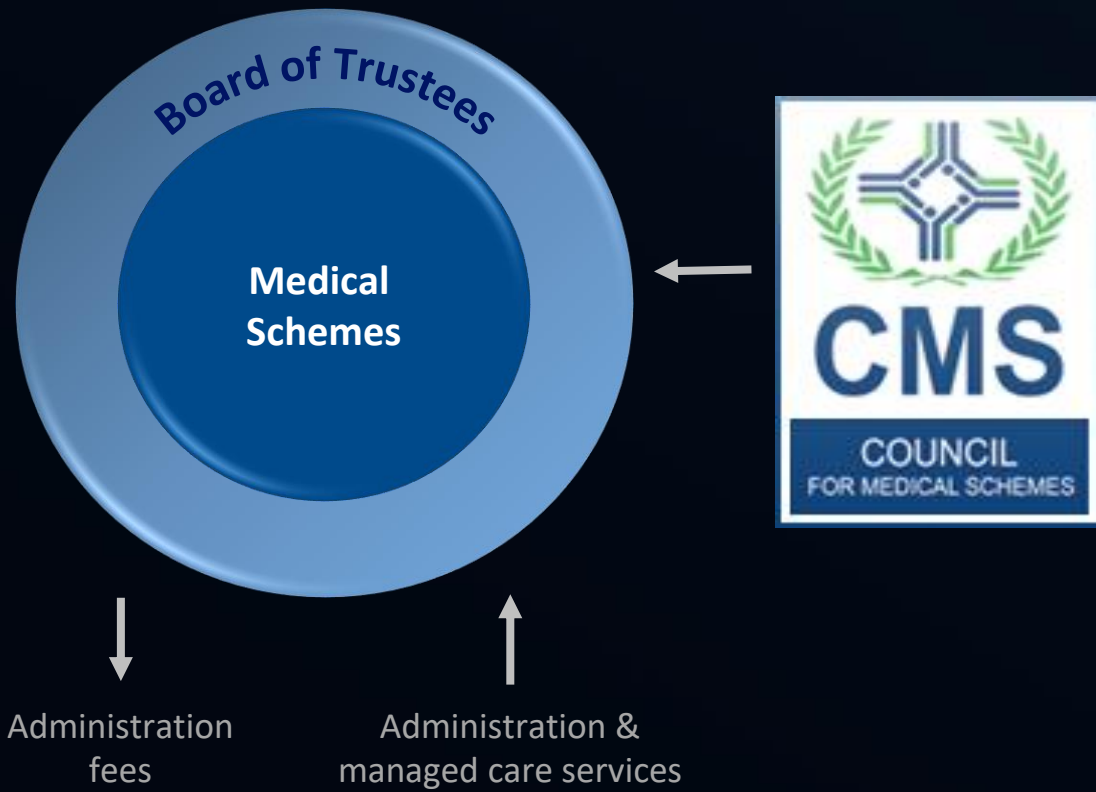




Regulatory Environment: non-profit funds with open enrolment and community rating with no mandate

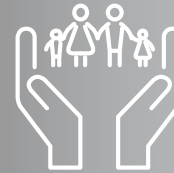


Health Funds are not for profit “mutuals” governed by the Council for Medical Schemes



Significant adverse selection pressures

Open enrolment; Guaranteed acceptance; limited underwriting



Community rating



Strict solvency regulations

25%

>300 Prescribed Minimum Benefits





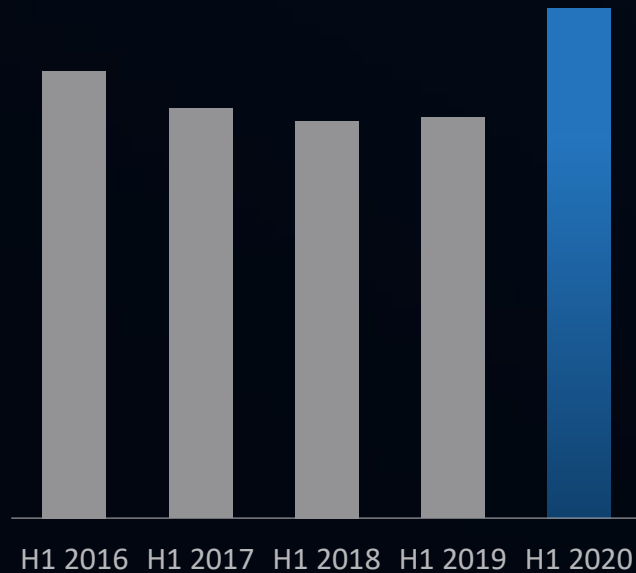
New business API

Rm

+26%

to R4 367m

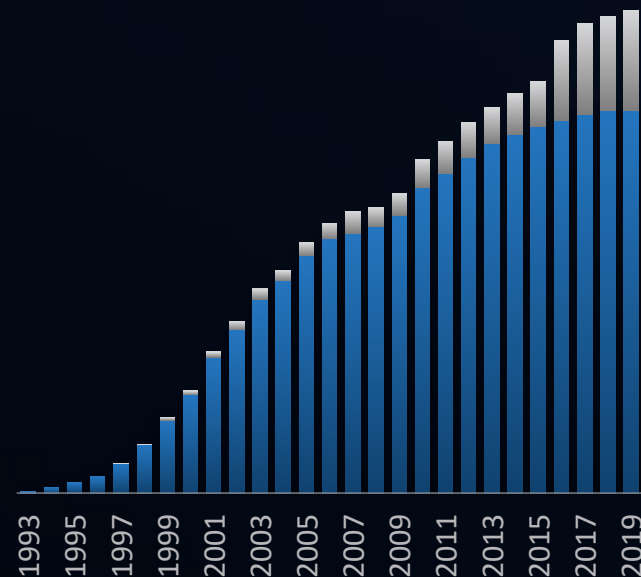
incl. take-on of new closed schemes



Membership

>3.5m

under administration

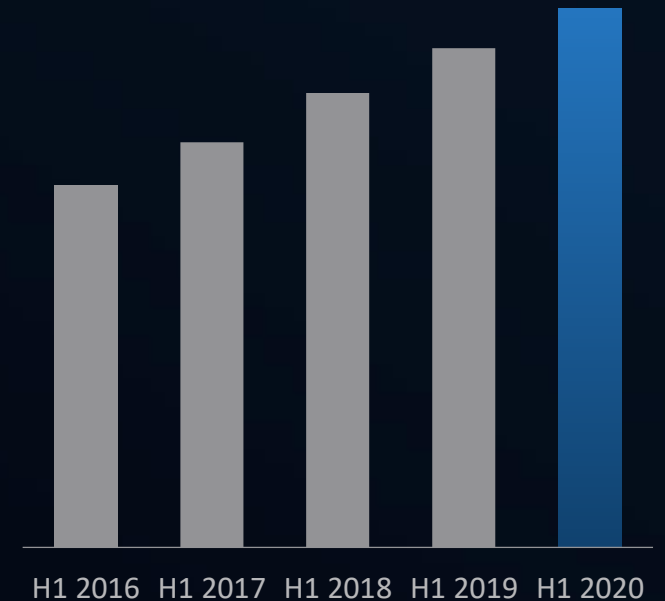


Normalised operating profit

Rm

+8%

to R1 575m

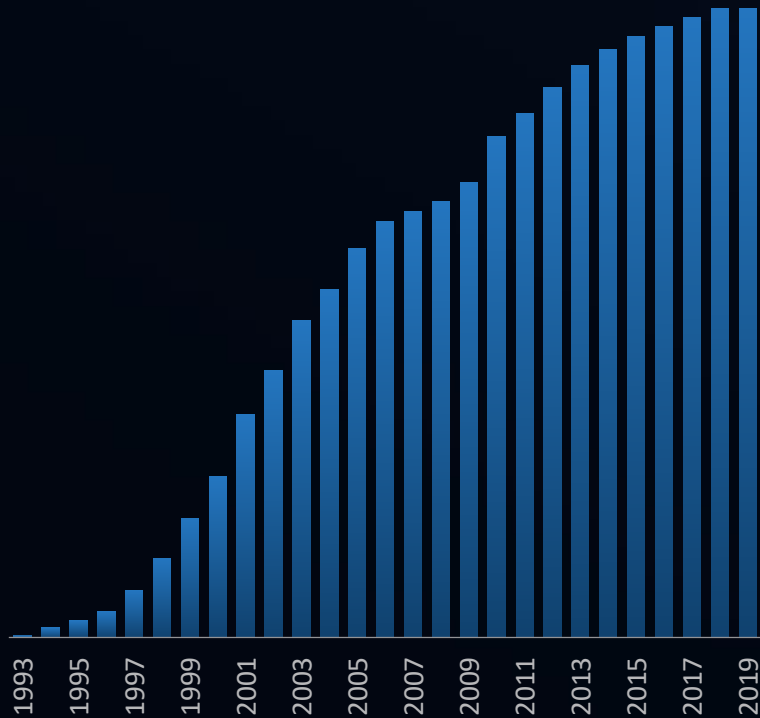




Membership

56.6%

Market share¹
as at Sep 2018



Value and competitive advantage

-16.7%

(2019: -16.6%)

Lower average premiums in the scheme market

7.38%

DHMS administration expenditure as % of gross contribution income

R6.8bn

Saved due to managed care interventions

Financial strength

AAA

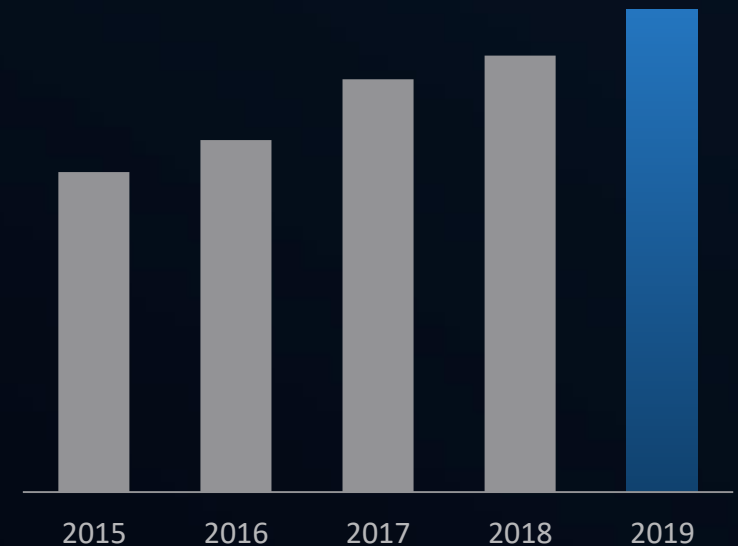
Credit rating

27.3%

Unaudited solvency

R19.5bn

Unaudited reserves



¹ Council of Medical Schemes

Notes: Comparison amongst the seven schemes by size;
Source: Published results 2018; CMS Annual Report 2017-18

Managing a complex regulatory environment

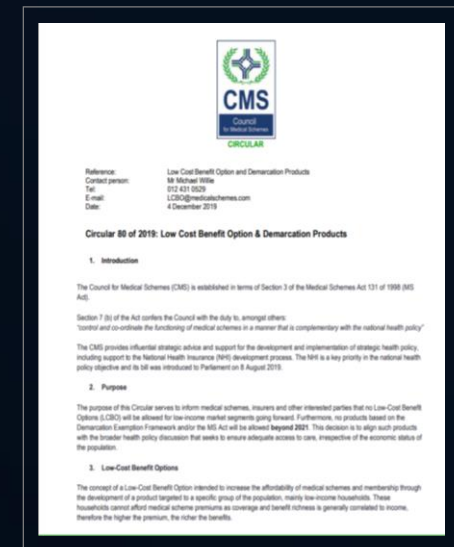
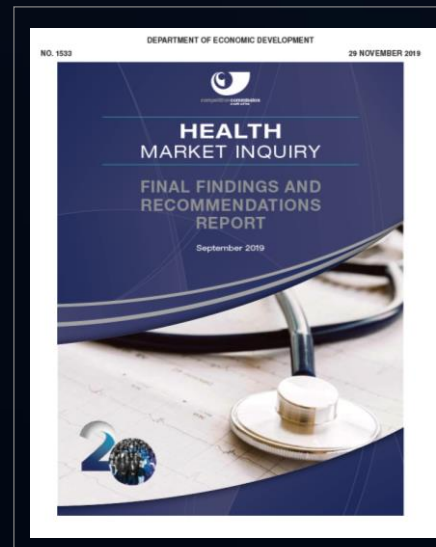
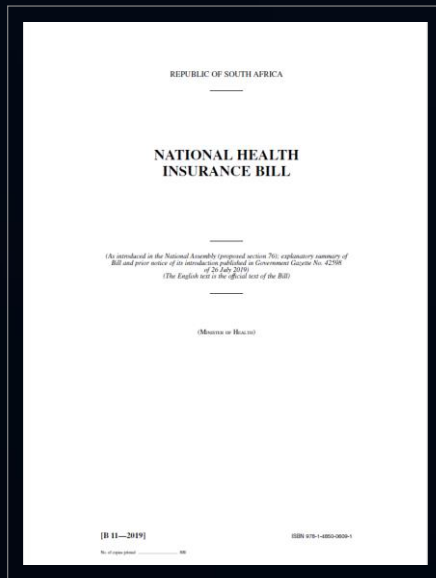


NHI

HMI

Section 59 hearings

Circular 80





Discovery
Life



The dynamics of the model in practice

Growing Market Share



Sales

X

Positive Upfront Selection



Selection

X

Improving Mortality by Engagement



Mortality

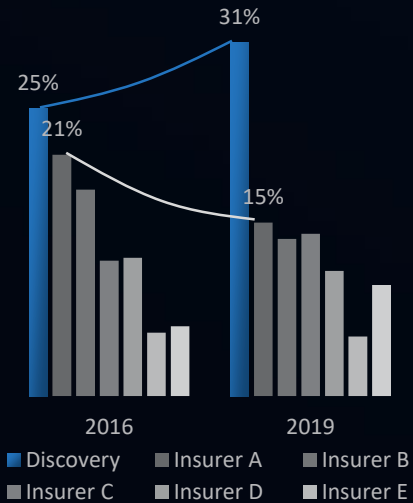
X

Positive Selective lapses

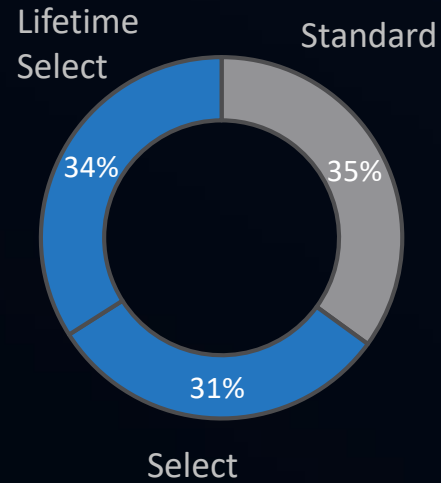


Lapses

Market share

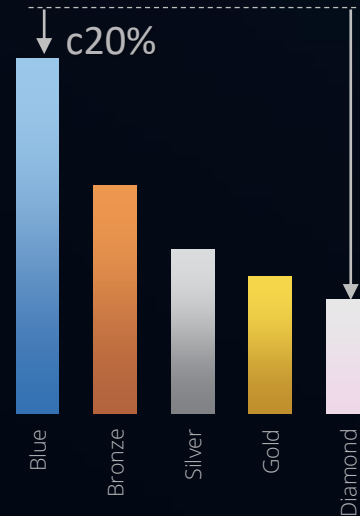


Proportion of healthy lives at underwriting (Vitality Rating)

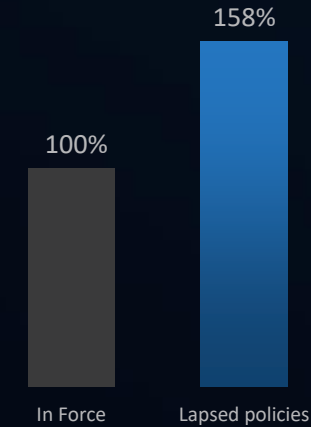


Mortality study by global reinsurer

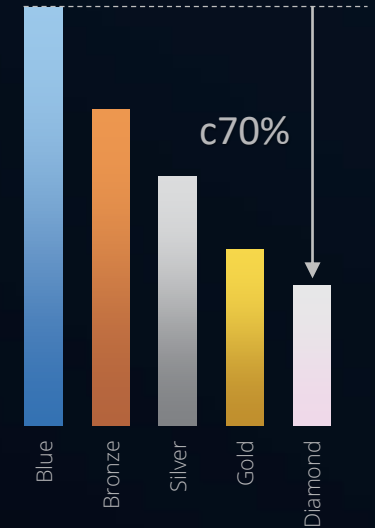
Traditional portfolios



Selective lapses¹ i.e. mortality of leavers vs stayers



Correlation with status



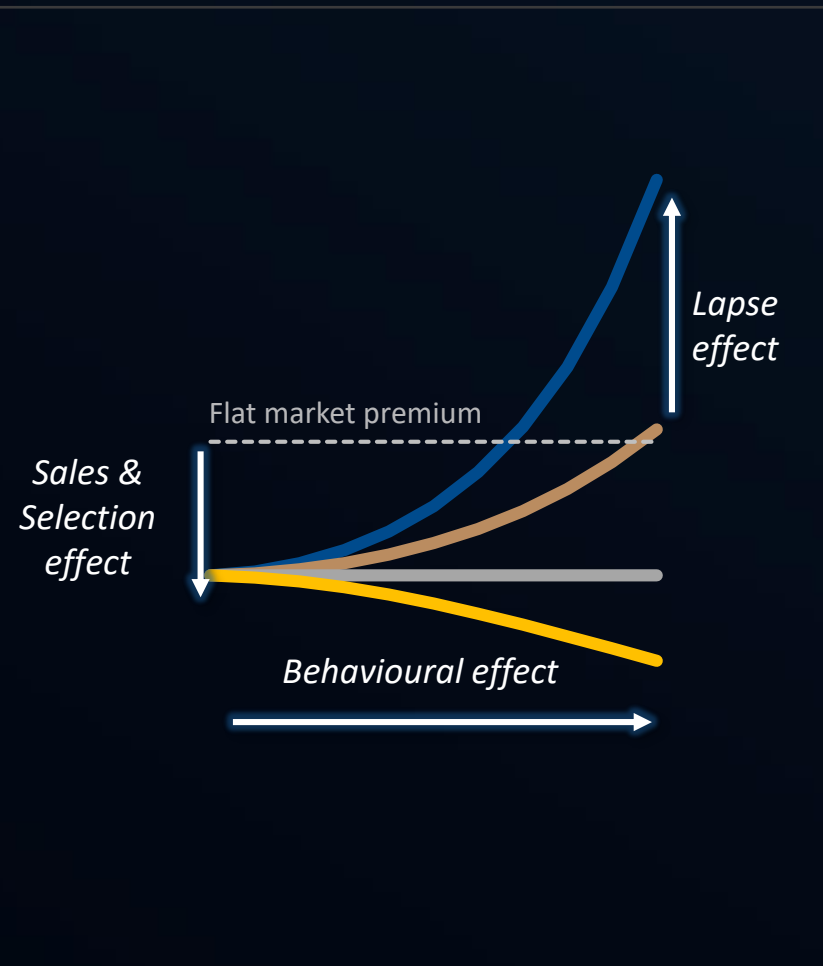
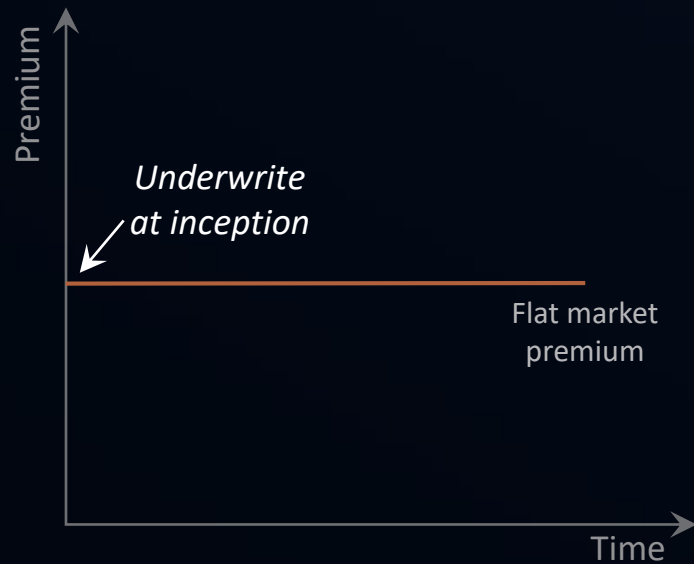
¹ Mortality study, July 2006 – June 2014



Our model creates substantially different actuarial dynamics

Relying on traditional underwriting is not optimal

Dynamic pricing through the Shared-Value Model



Sales

Increased new business

Selection

Initial selection of healthier lives

Behavioural

Engagement and behaviour change

Lapses

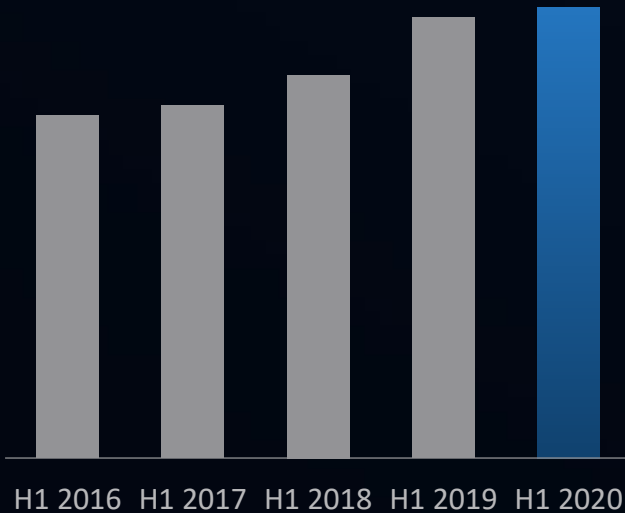
Positive selective lapsation



Core new business API

+2%

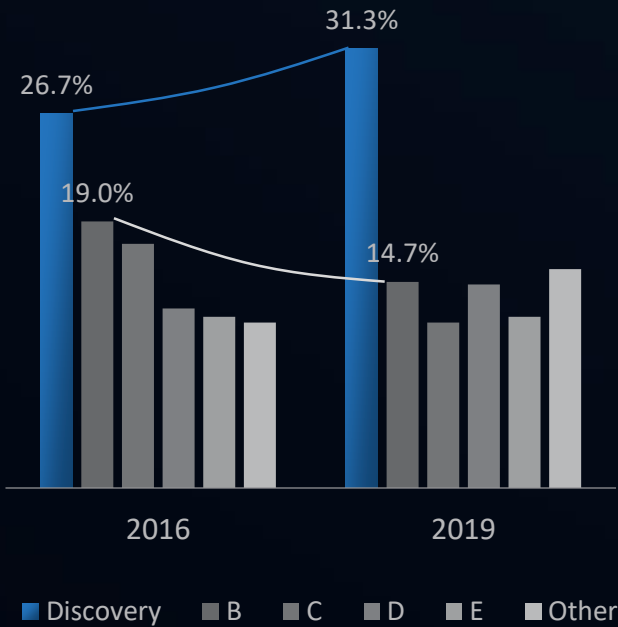
to R1 240m



Market share

31%

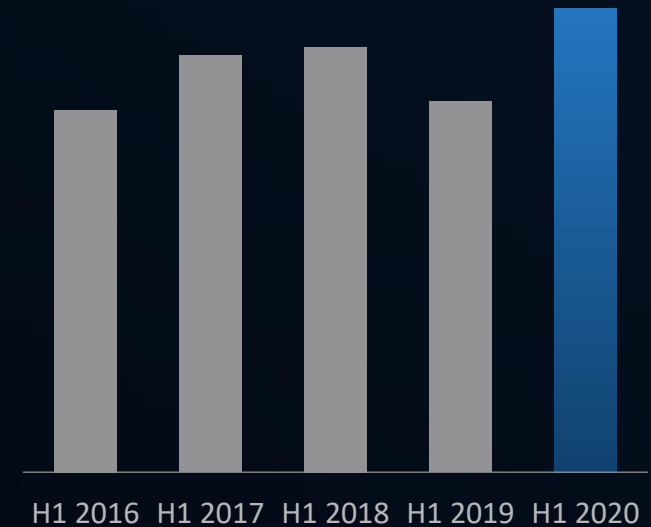
of retail affluent market



Normalised operating profit

+25%

to R1 875m

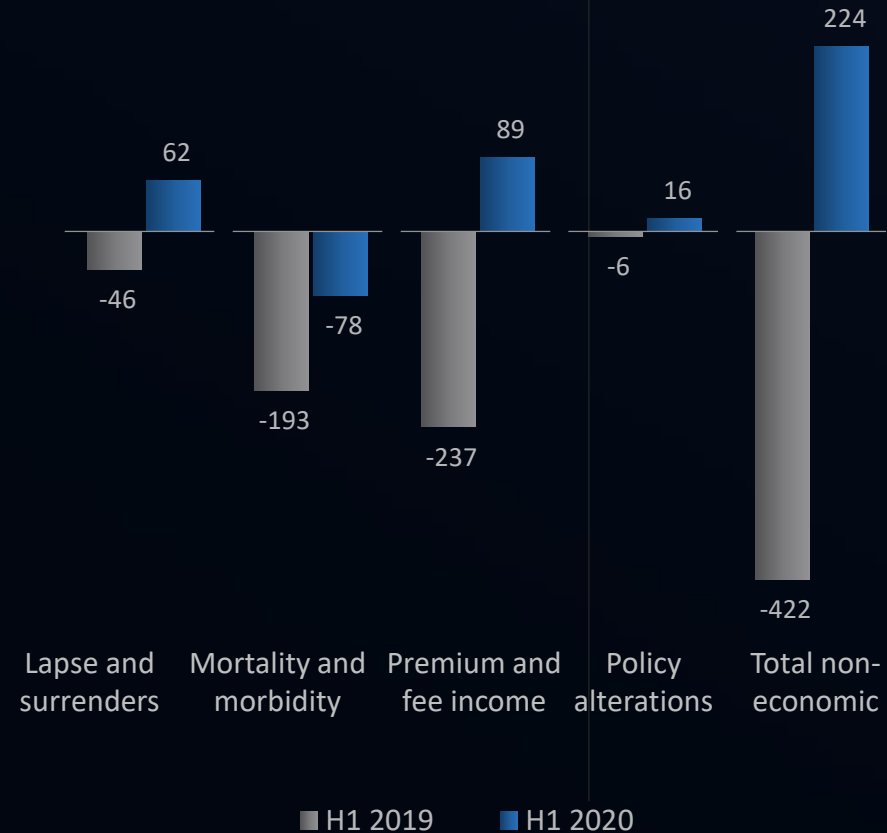




Positive experience variances

Positive non-economic experience variances

(R million)



Significant improvement in experience variances

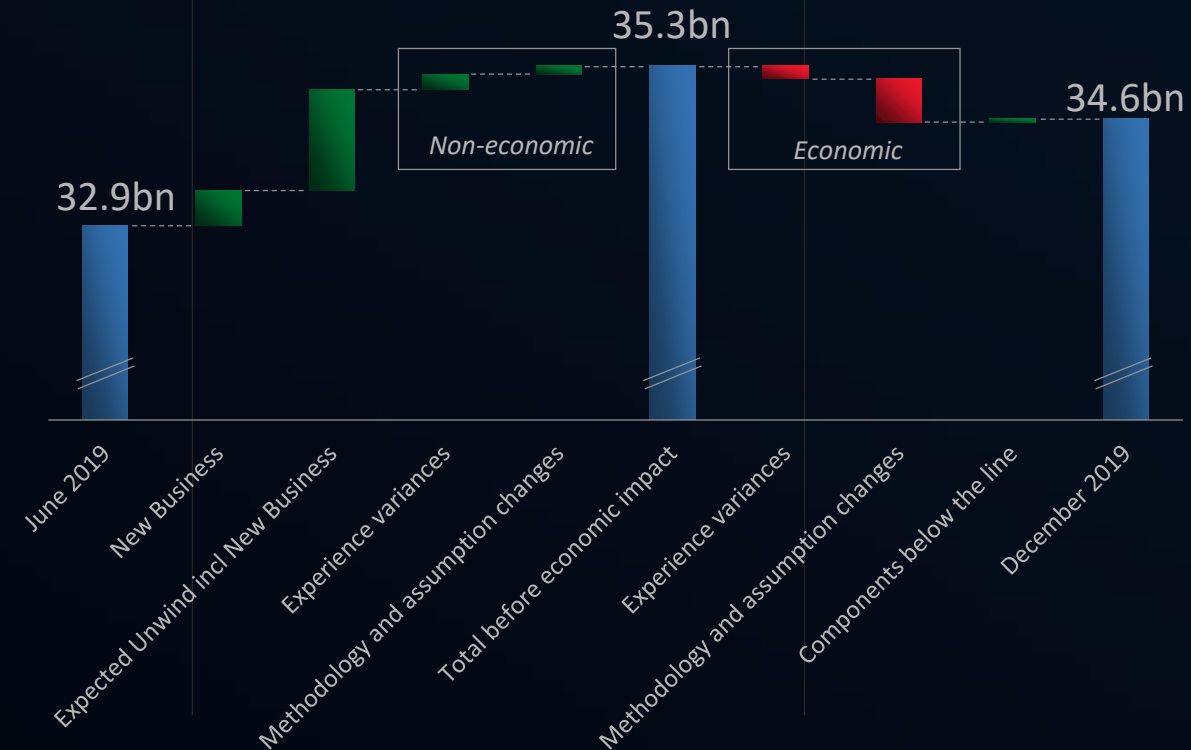
Analysis of change in embedded value, Life and Invest (R million)

+5%

to R35bn from June 2019

+10%

to R35bn from December 2018

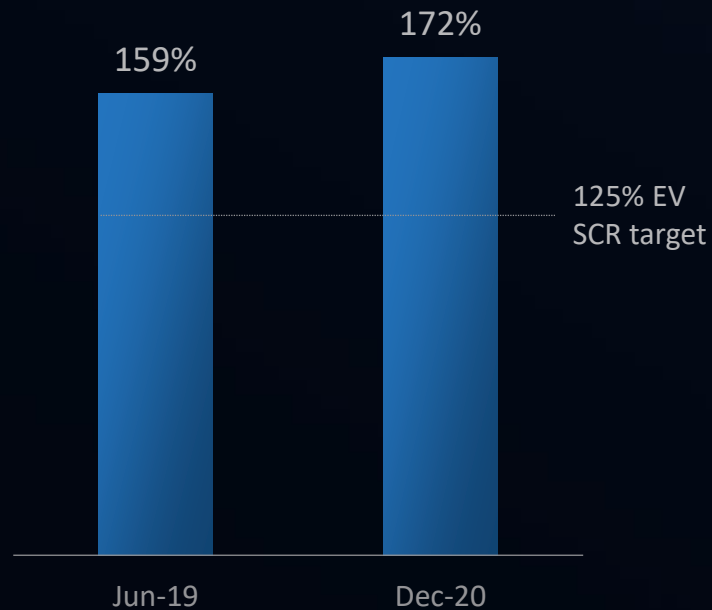




Robust capital and cash flow

Improvement in capital

SCR cover ratio



Cash emergence as planned

Rm





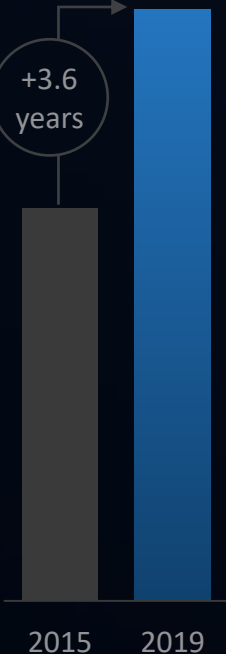


The manifestation of the Shared-Value Model

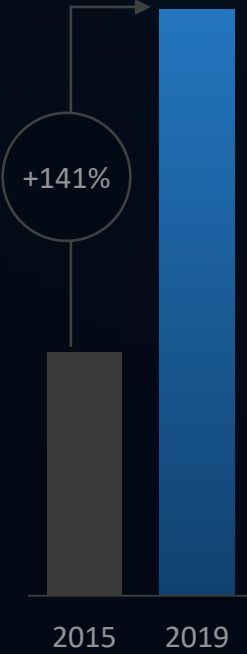
Reduced lapses



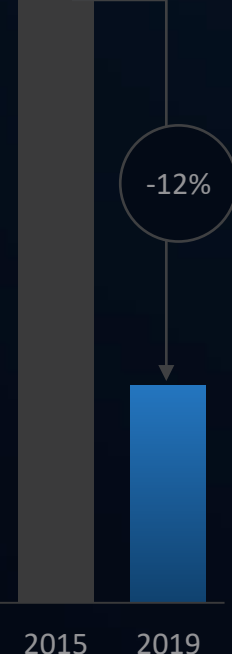
Longer terms to retirement



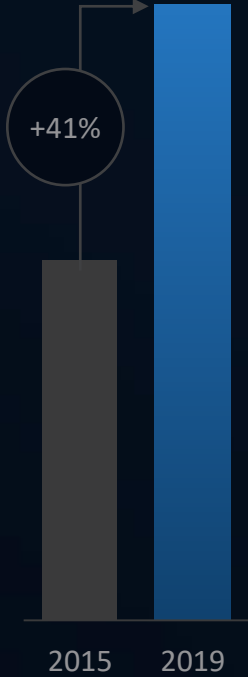
Higher savings rates



Lower income drawdowns



Gold and Diamond members



Standardised for Age, Gender, SE Class, Initial RUB; Rebased to Bronze status
All data as at December 2018



Evolution of the business into a Shared-Value platform

Best-of-breed Shared-Value platform



Boosts for healthy behaviour

Saving longer and more

Term to retirement	Save longer	Save more
10 - 14	7.5%	10%
15 - 19	10%	12.5%
20 - 24	12.5%	15%
25-34	15%	20%
35+	20%	25%

Managing behaviour

Extra return

Example for a member on Gold Vitality Drive status

		VITALITY HEALTH			
		Bronze	Silver	Gold	Diamond
VITALITY MONEY	Silver	+1.25%	+1.35%	+1.50%	+1.65%
	Gold	+1.40%	+1.50%	+1.65%	+1.80%
	Diamond	+1.55%	+1.65%	+1.80%	+1.95%

Withdrawing responsibly

Yearly retirement income %	Vitality status Up to	+	Health goals Up to
2.50% - 3.00%	30.00%		20.00%
3.51% - 4.00%	15.00%		10.00%
4.51% - 5.25%	7.50%		6.00%
6.01% - 8.00%	2.50%		2.00%

Demonstrable outcomes

12.7%

lower drawdowns

78.6%

invested in preferred funds

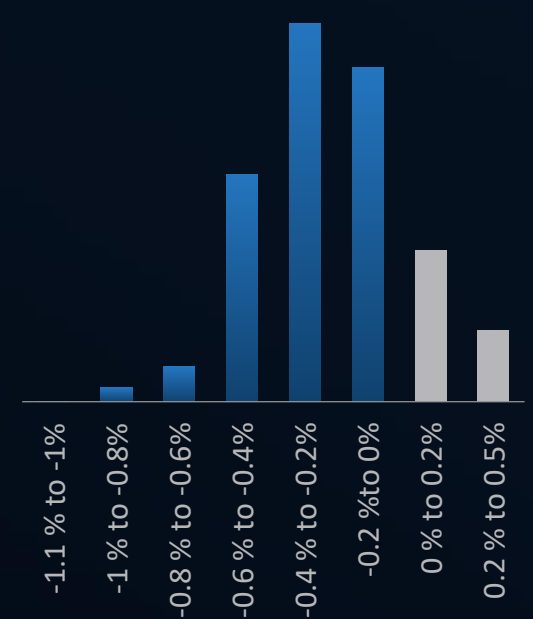
13.5%

lower lapse rates

R10.4bn

value accrued or paid to clients

Effective administration fee net of boosts*



81.6%

of clients effectively paying negative fees

*For lump sum RAs and Preservers only



Tangible improvements in performance through Shared-Value

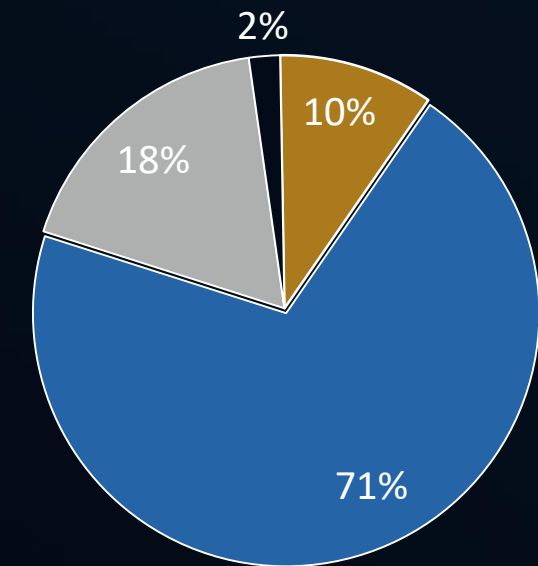
Discovery Fund Performance

<i>Fund Name</i>	<i>ASISA Sector</i>	<i>Base</i>	<i>Low Engagement</i>	<i>Medium Engagement</i>	<i>High Engagement</i>
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%	Best fund in sector
Discovery Diversified Income	SA MA Income	2 nd 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	2 nd quartile	Top quartile	Top quartile	Top quartile
Discovery Global Balanced FoF	Global MA High Equity	Top 5%	Top 5%	Top 5%	Top 5%
Discovery Global RE Securities FF	Global RE General	Top 5%	Top 5%	Best fund in sector	Best fund in sector
Discovery Global Value Equity FF	Global EQ General	Top 5%	Top 5%	Top 5%	Best fund in sector
Discovery Moderate Balanced	SA MA Medium Equity	Top quartile	Top 5%	Top 5%	Top 5%

Distribution of client returns

81%

of engaged Discovery Invest clients achieve at least top quartile returns



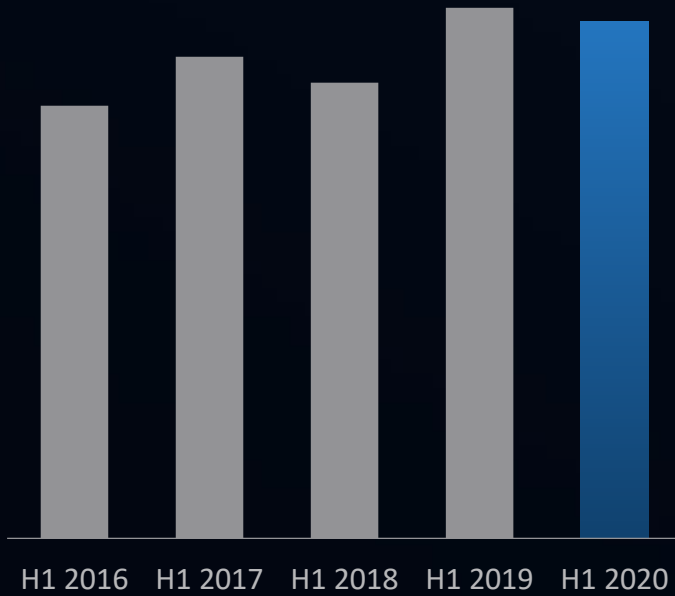
■ Top 5%
 ■ Top quartile
 ■ 2nd quartile
 ■ Below median



New business API

Rm

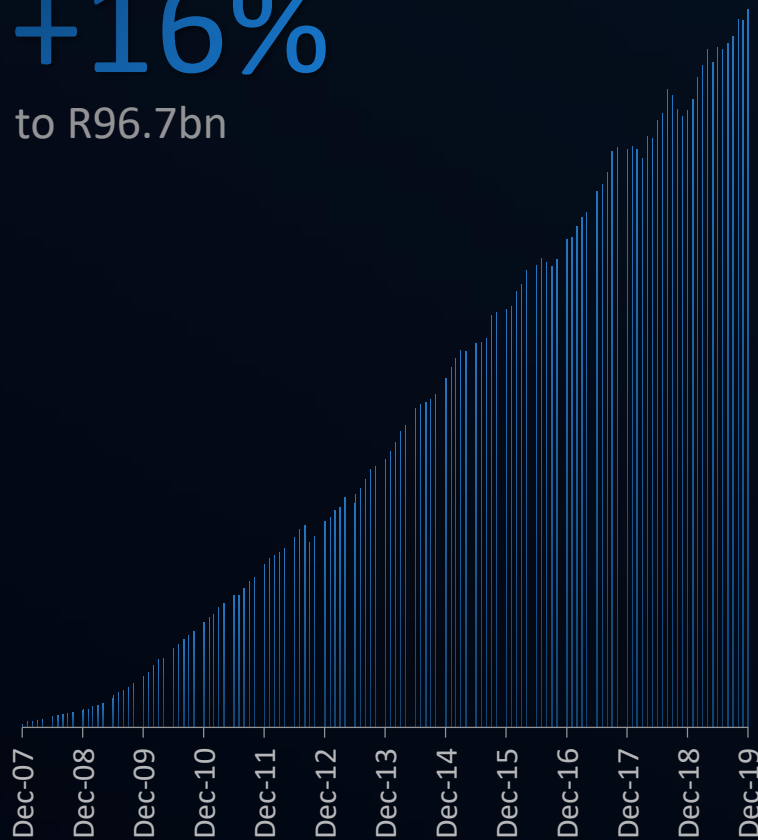
-2%
to R1 357m



Assets under administration

Rbn

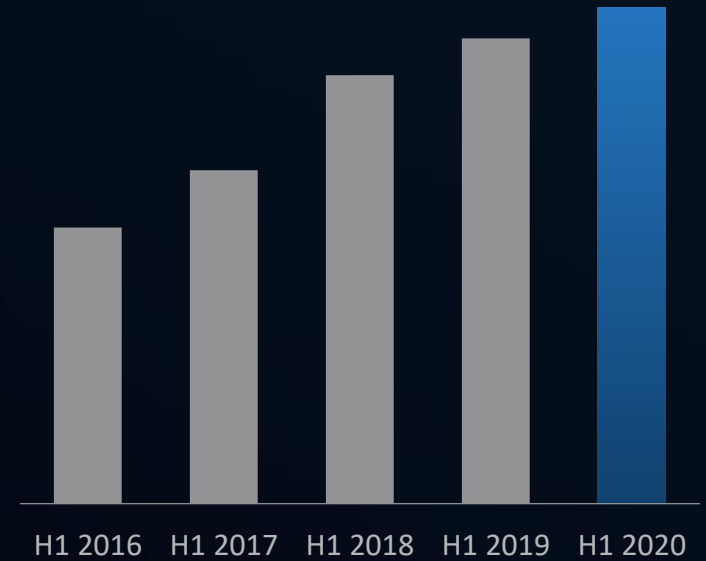
+16%
to R96.7bn



Normalised operating profit

Rm

+7%
to R485m





Discovery
Insure

The logo consists of a white circular icon on the left, containing a stylized 'V' shape with a diamond at the top. To the right of the icon, the word 'Discovery' is written in a large, white, sans-serif font, and the word 'Insure' is written below it in a smaller, white, sans-serif font.

Changing driving behaviour: Vitality Drive



Technology



Safety features



Rewards for good driving



Shared value results

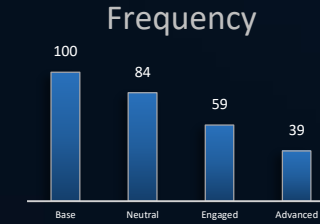
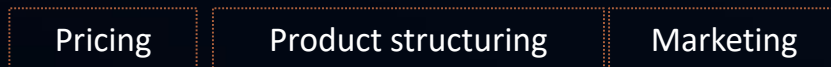


Our clients drive better

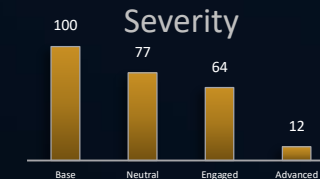
15%

Improvement within the first 6 months

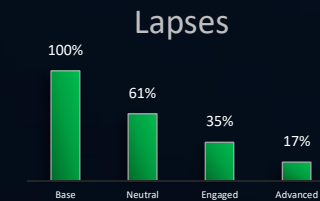
Unique insurance expertise



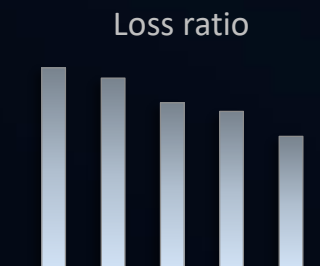
Fewer claims



Smaller claims

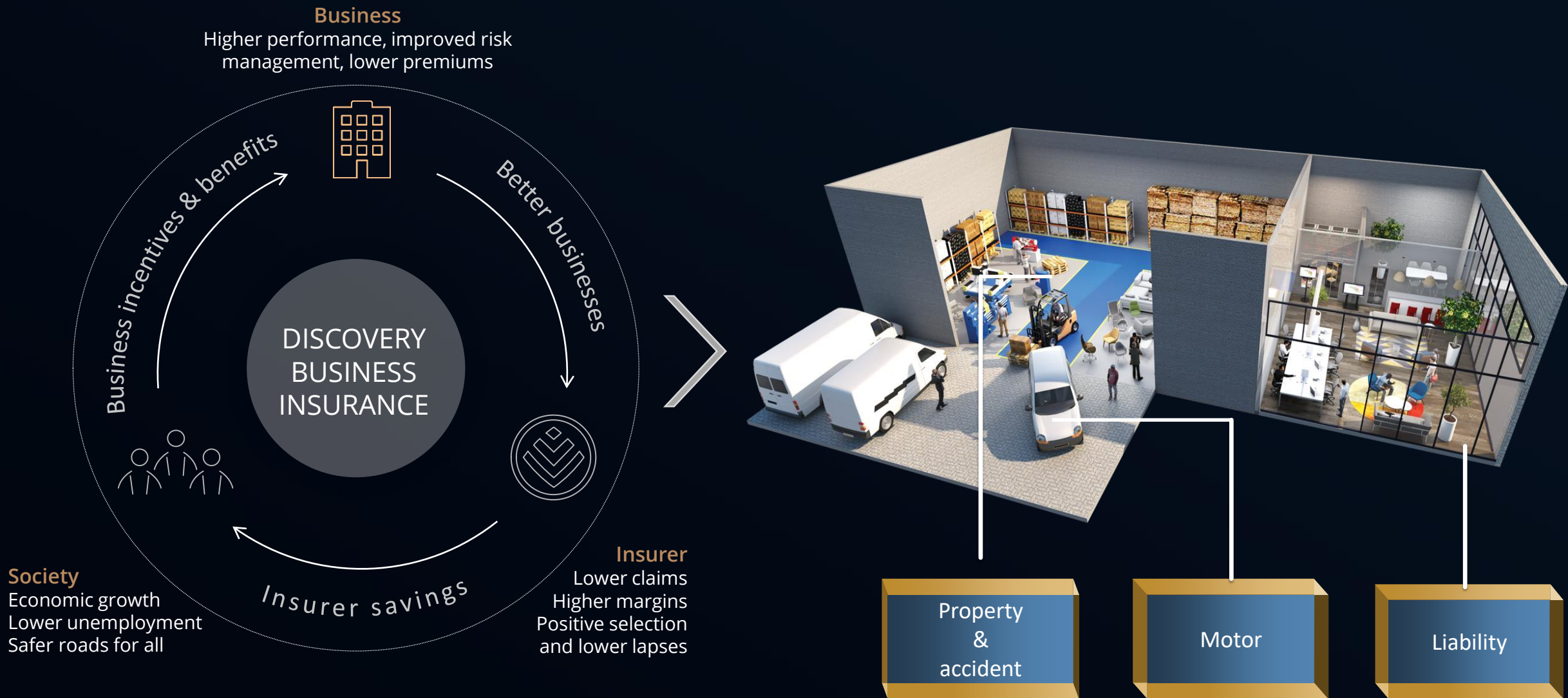


Improved retention



Better quality of book

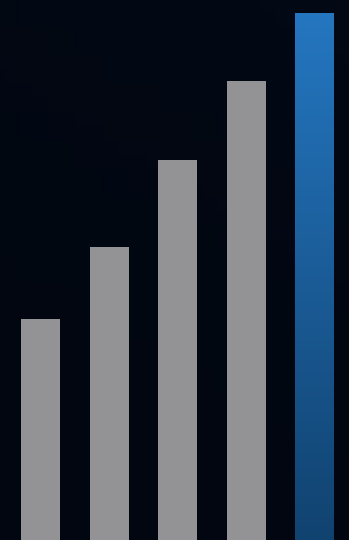
Extending the shared-value model to business insurance





Gross written premium

+15%
to R1 785m*

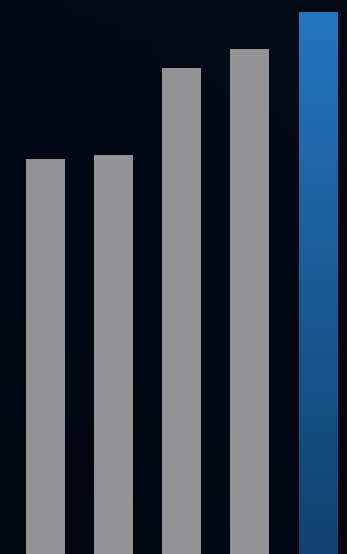


H1 2016 H1 2017 H1 2018 H1 2019 H1 2020

*Personal Lines only

New business API

+7%
to R551m*

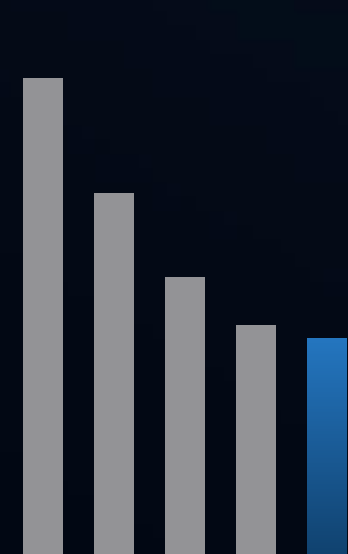


H1 2016 H1 2017 H1 2018 H1 2019 H1 2020

*Personal Lines only

Combined ratio

-1%
to 96%*



H1 2016 H1 2017 H1 2018 H1 2019 H1 2020

*Personal Lines only

Normalised operating profit

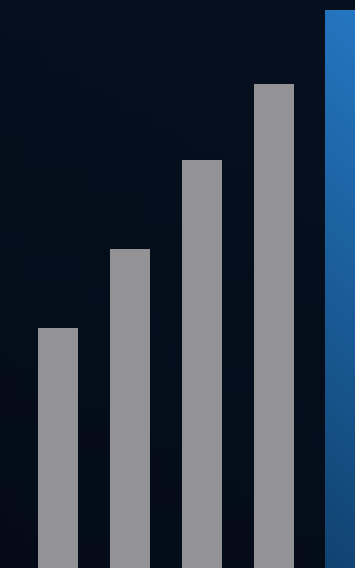
+21%
to R75m
(excl. Commercial)



H1 2016 H1 2017 H1 2018 H1 2019 H1 2020

Market share in GWP

6%



H1 2016 H1 2017 H1 2018 H1 2019 H1 2020

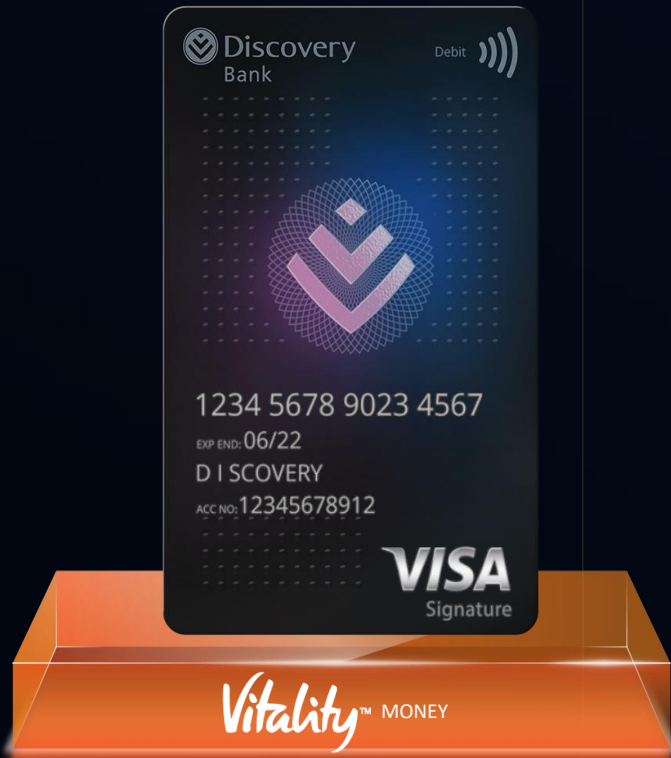
*Personal Lines only. Assumes 6% in GWP market growth since 2018



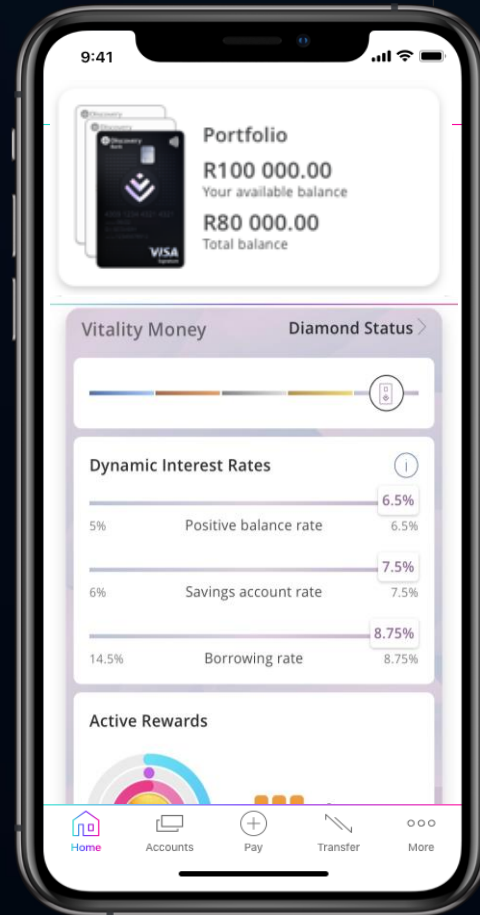


Journey to building the Discovery Bank

Architectural Concept

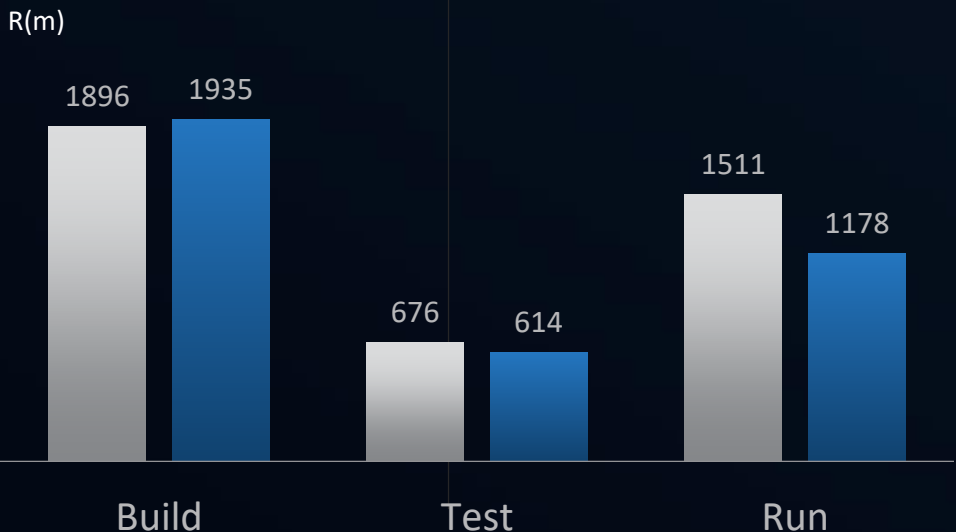


Full Bank



IFRS Result (31 December 2019)





R587m Expected	R530m Actual
Capital spend to date	
R4 083m Expected	R3 727m Actual





Discovery Bank hypotheses

Foundation to the Discovery Bank

<p>Mass Affluent Client Profile</p> <p><i>80% of DSY client footprint are LSM 8-10</i></p>	
<p>Shared-Value model and Discovery ecosystem</p> <p><i>5 behaviours -> 80% of defaults and shortfalls</i></p>	
<p>Data Capability</p> <p><i>>40 million life-years of behavioural linked financial services data</i></p>	
<p>Fintech and New Technologies</p> <p><i>Neo-bank presents a lower cost-income ratio [30% vs 50%]</i></p>	

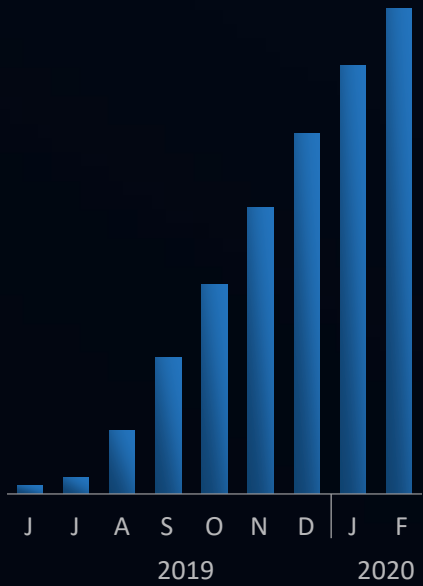
Strategic questions

- 1 Can we build a **retail-heavy bank** of scale?
- 2 Can we build a **value proposition based on Shared-Value** that gets cut-through?
- 3 Does the model provide **client engagement, behaviour change, correlation** and does the mathematics work?
- 4 Can the Bank create the **composite maker** for the SA businesses?



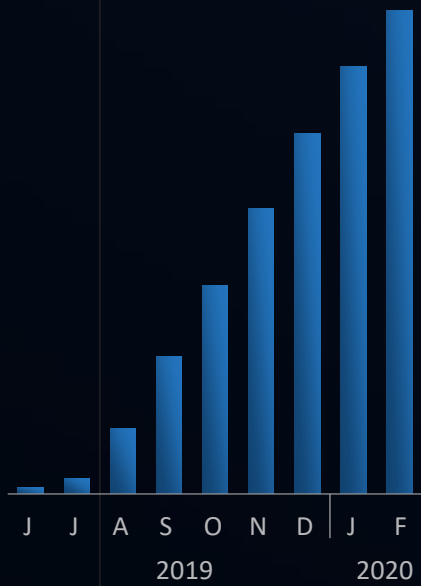
Accounts

180k



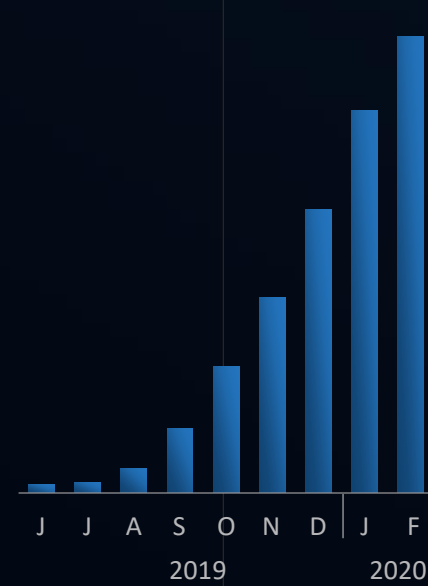
Clients

78k



Retail deposits

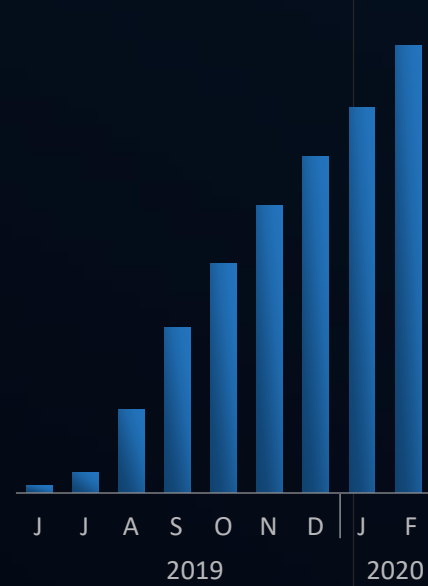
R1.2bn



Credit utilisation

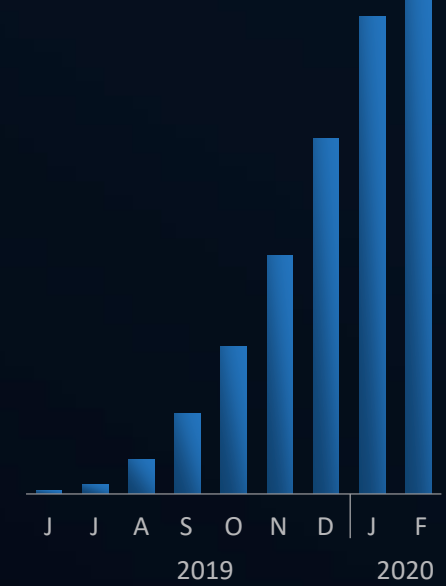
R1.0bn

Available
R2.5bn



Total spend

R2.6bn

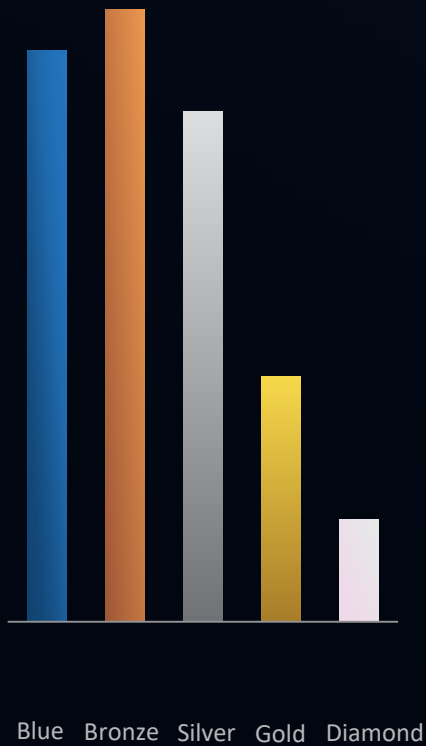




Bank utilisation and dynamics are attractive

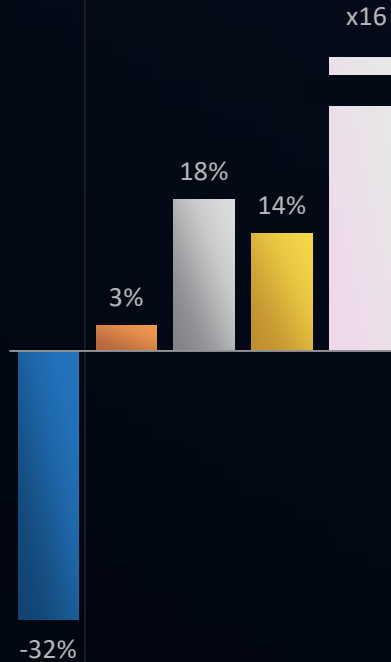
Engagement

Vitality Money
Status distribution



Behaviour change

Status shift two months since joining



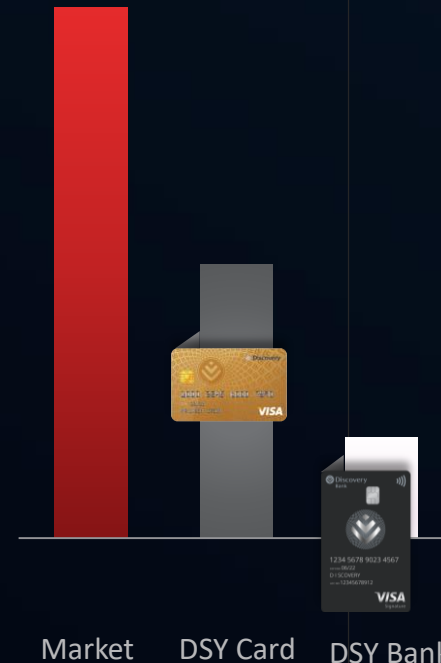
Credit card spend

3x
market average



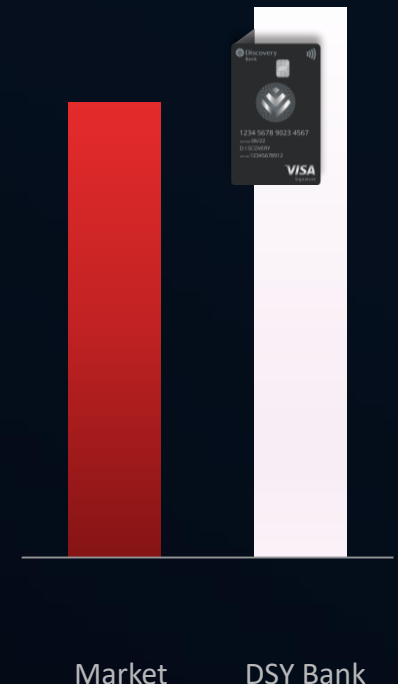
Credit arrears rate

5x
less than market*



Average deposits

20%
more than market



75% of clients are on bundled accounts

*Transunion statistics

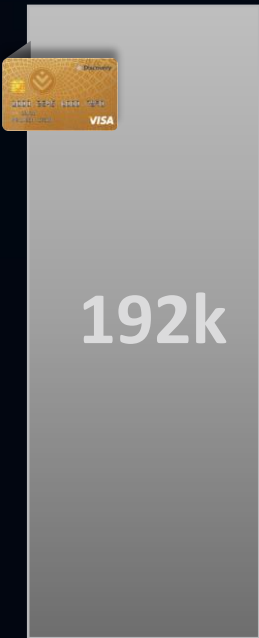
Bank client base and distribution strategy



Existing client base and migration



42% Never had a Discovery Card
58% Previously had a Discovery Card

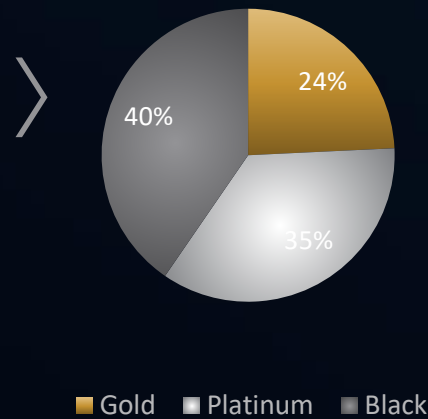


192k Credit Card clients still to migrate
Expected to be completed by H2 2020

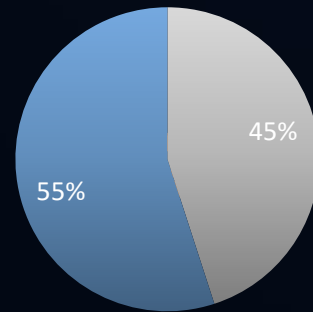
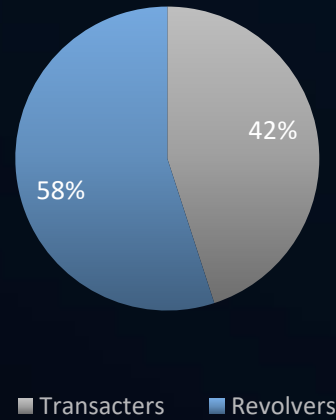


Profile of migrated segments

Account colour



Banking classification



Of active Discovery Card clients

Activation of distribution channels

H2 2020

1300

Tied agents

4500

IFAs



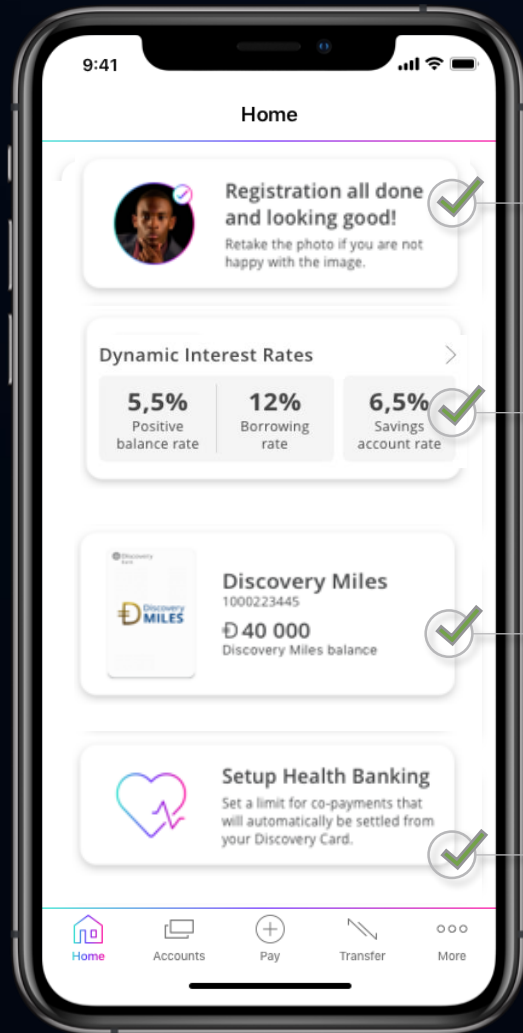
±45%

of former Discovery Card sold through adviser distribution channel

Client proposition and lessons learned



Components with wide adoption and clear appeal



Average onboarding time

8 min

Joining after hours

55%

Deposits

R1.2bn

Credit utilisation

R1bn

Miles earned per day

165k

Miles in circulation

2bn

Linked providers

924

Baskets avoided

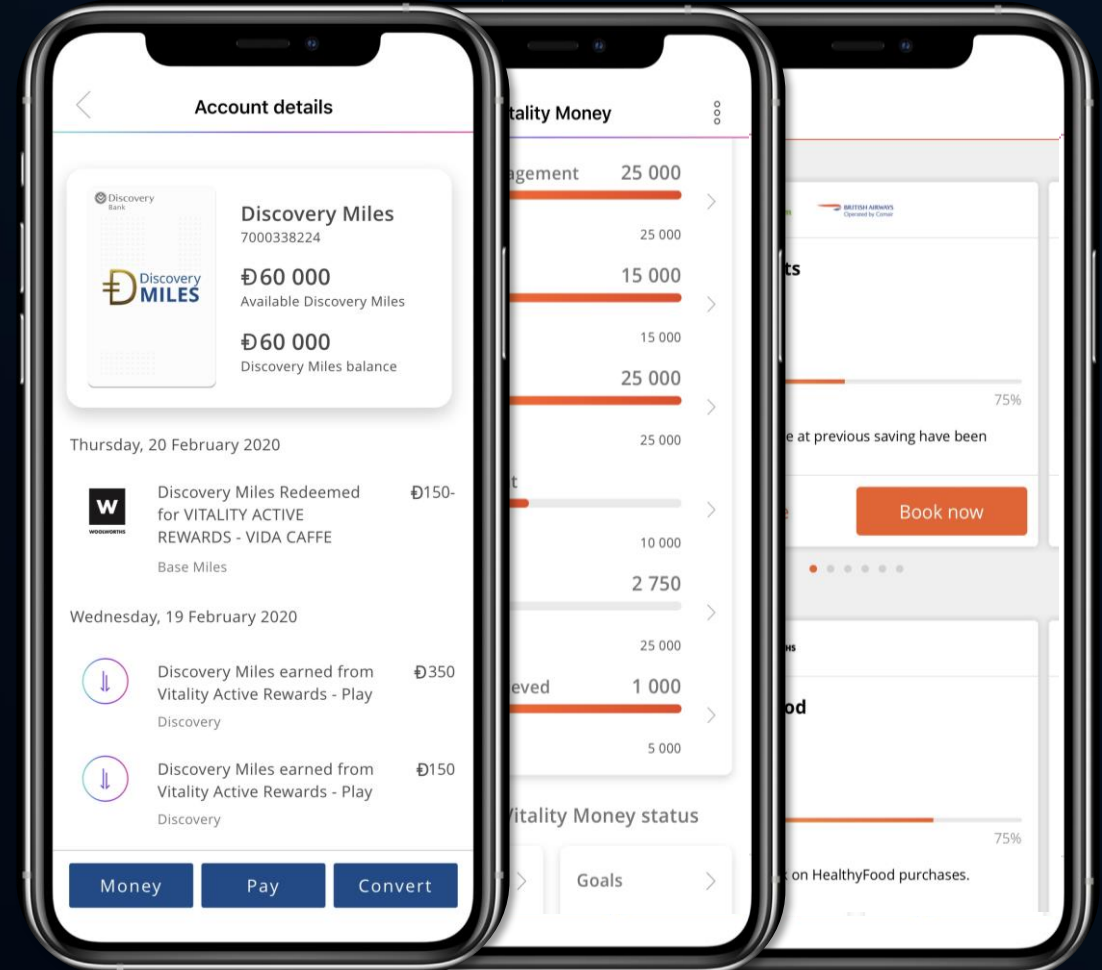
13k

Development priorities

Cash back -> Miles

Vitality Money

Behaviour change



Enhancements planned for 2020



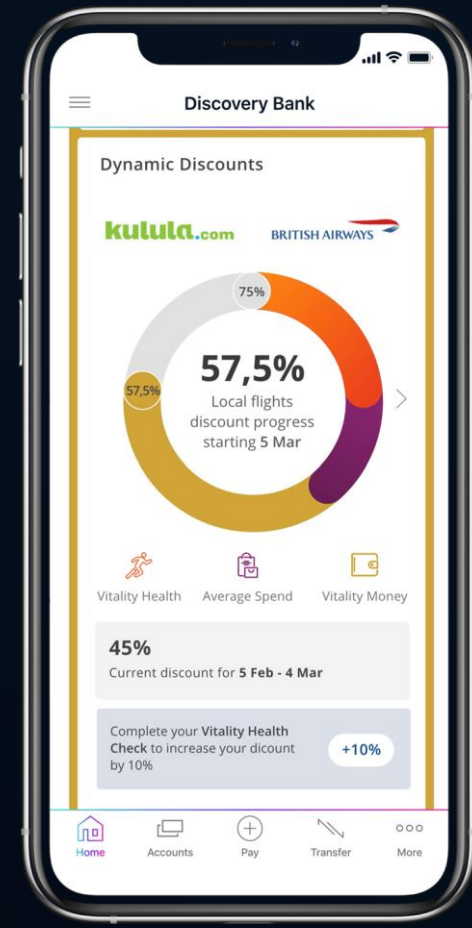
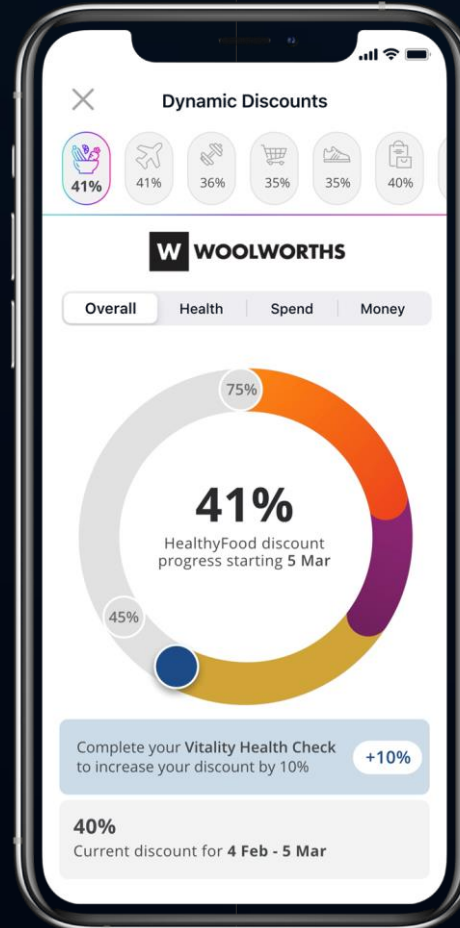
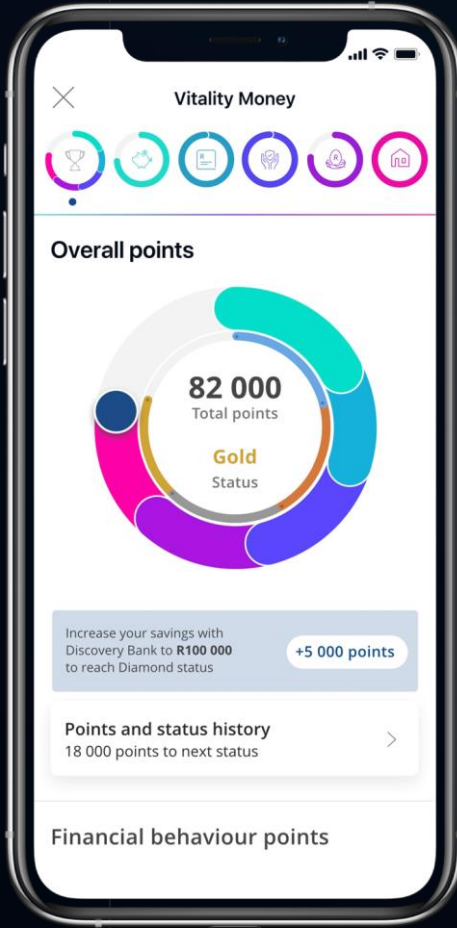
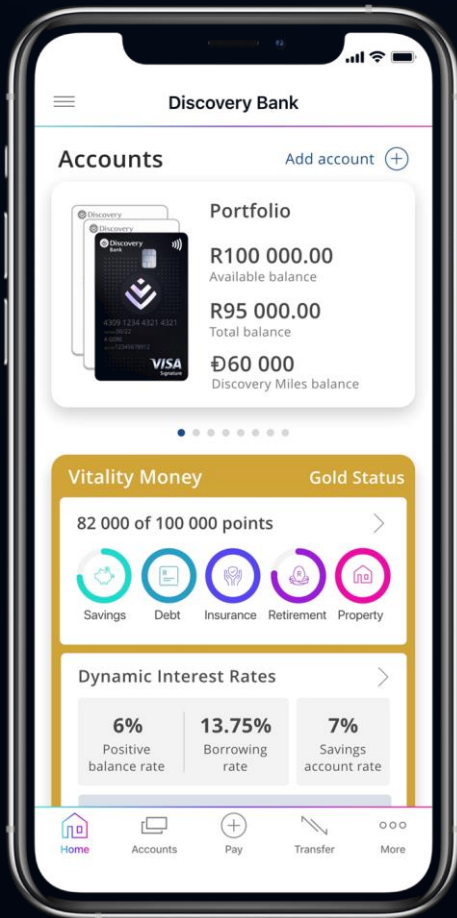
New Vitality Money

Behavioural Rings

Dynamic discounts

Next Best Actions

Composite UX





Vitality Money correlations are promising

Credit utilisation



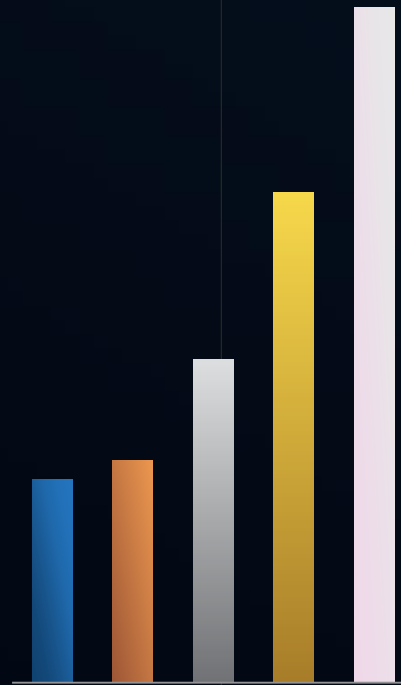
Blue Bronze Silver Gold Diamond

Deposits



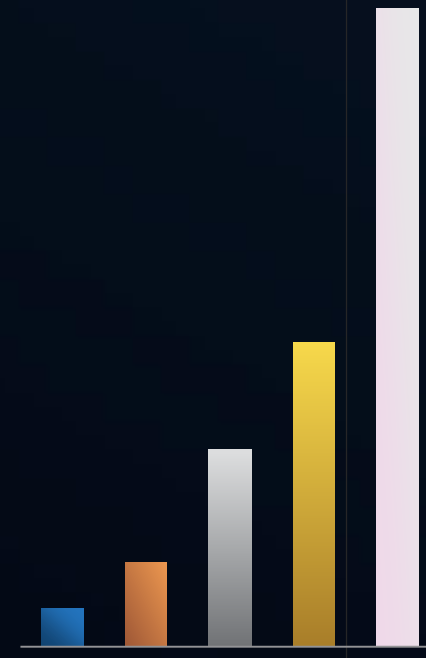
Blue Bronze Silver Gold Diamond

Spending



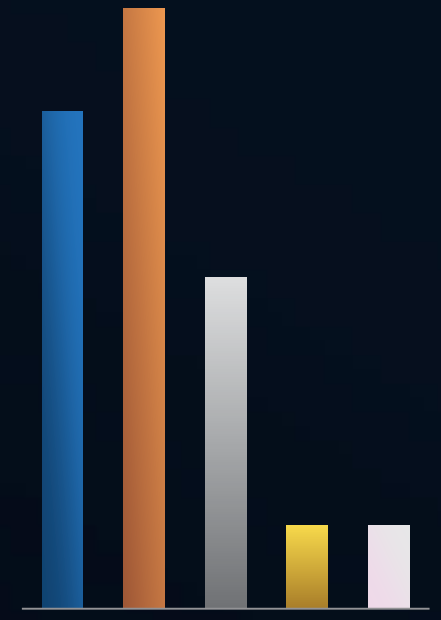
Blue Bronze Silver Gold Diamond

Rewards



Blue Bronze Silver Gold Diamond

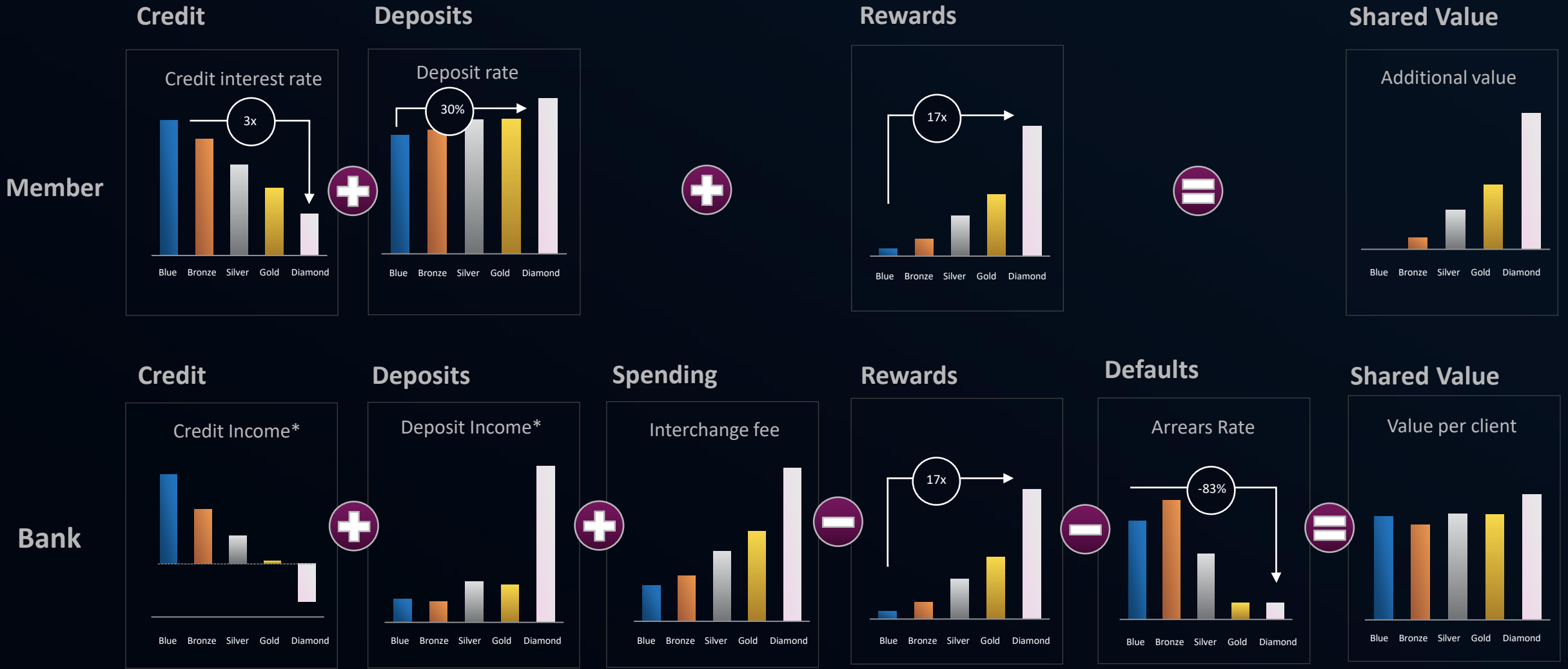
Defaults



Blue Bronze Silver Gold Diamond



The economics of Vitality Shared-Value Banking

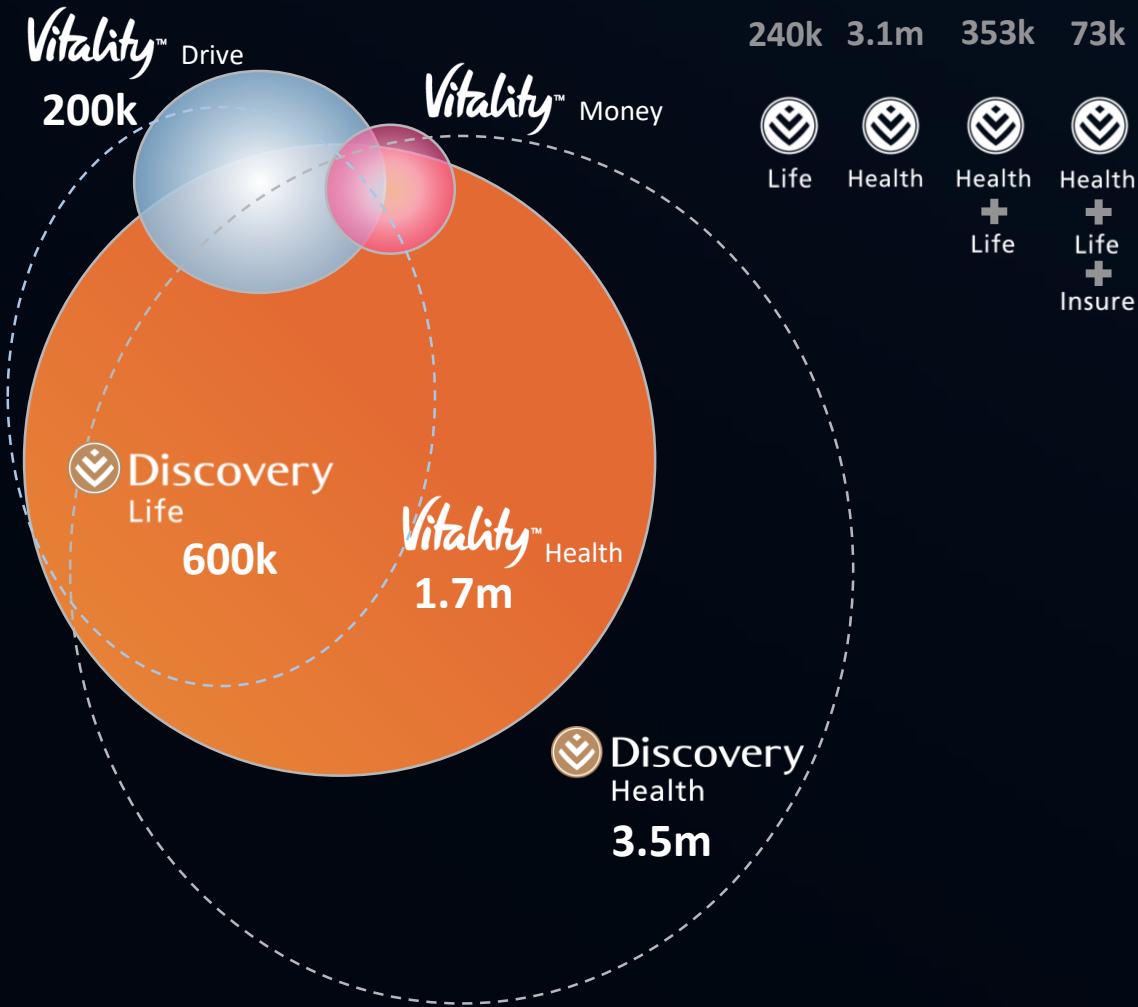


*Income on Deposits and Credits measured versus relative gains made to mid-point of equivalents deposits and advances at JIBAR 3-month and the Commercial Bank lending rate, calculated as a 7.4% comparative rate

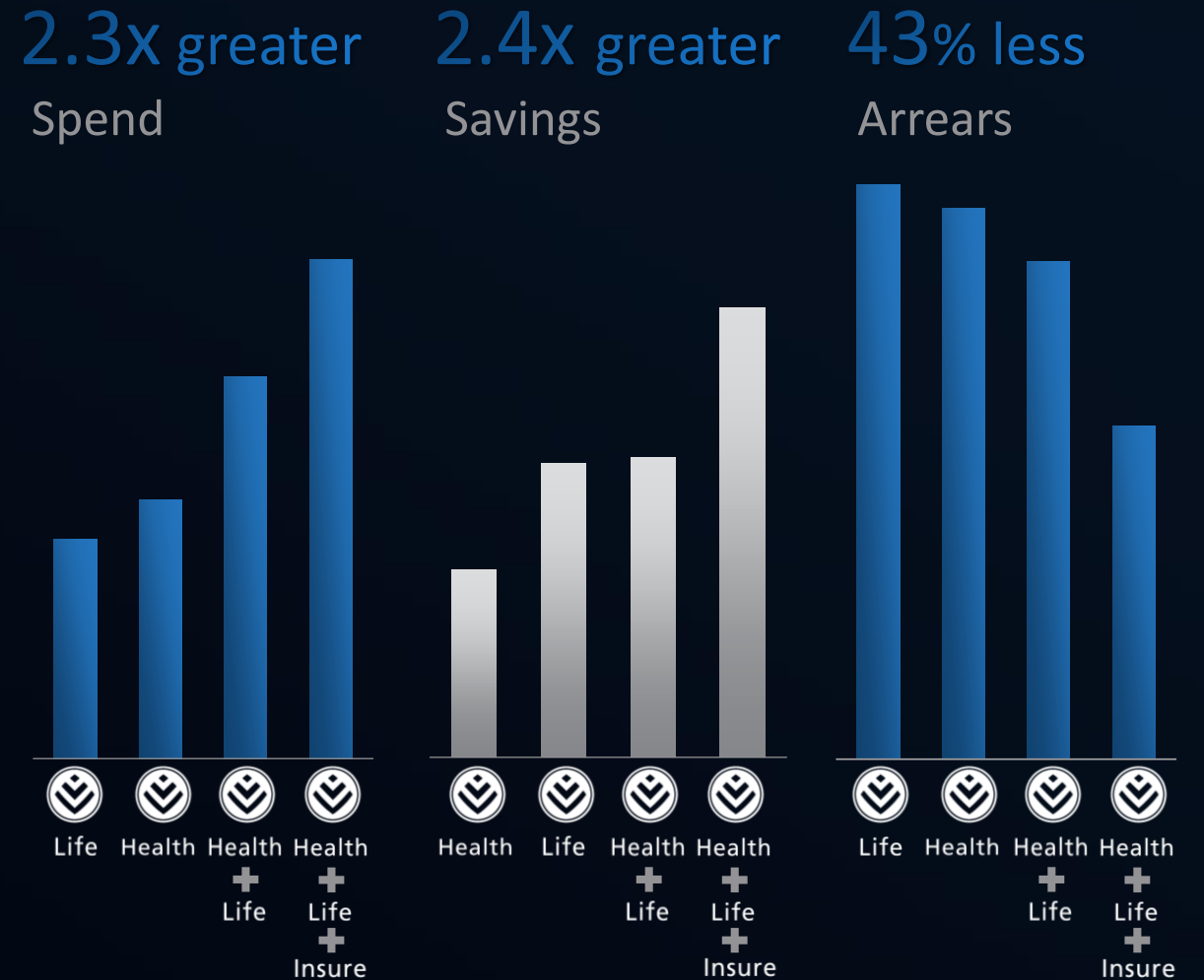


Discovery Bank as a composite maker

Overlap of products and Vitality



Correlations by behavioural composite





SA COMPOSITE MODEL



UK COMPOSITE MODEL

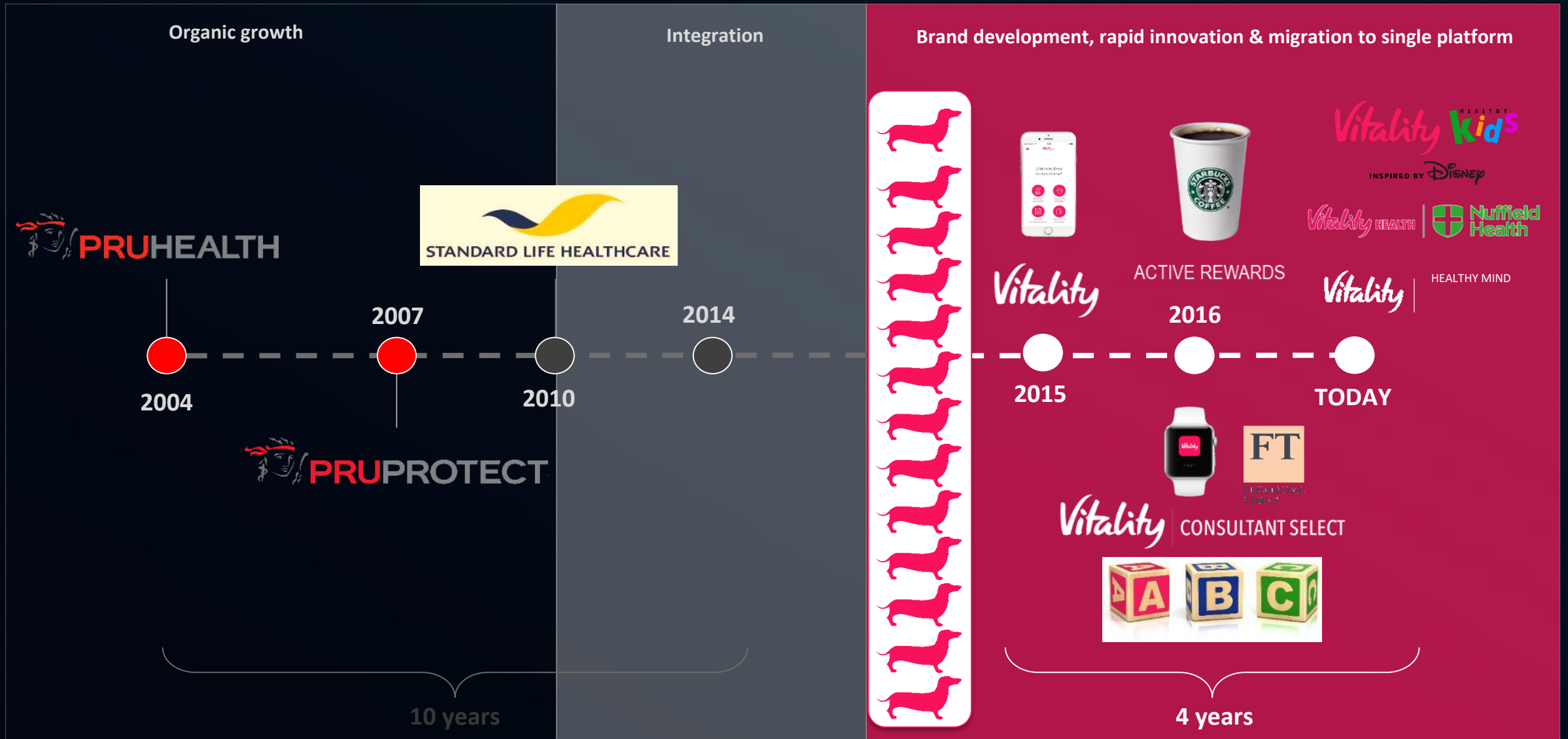


PARTNER COMPOSITE
MODEL



Leveraging the position the businesses have achieved, the **success and resonance of the Vitality model**, and the disruptive opportunity to create a **composite** that is essentially funded by the high acquisition costs in the traditional distribution channels to **create a pull strategy for quality clients**

Evolution of Vitality UK



Opportunity to build a disruptive composite model in the UK



The UK insurance market

Single line (silo) insurers



Specialised distribution

- Life specialist IFA
- Mortgage brokers
- Life telebrokers
- Health Employee Benefits
- Health telebrokers

High cost of acquisition and exposure to churn

200% - 300%
Up-front Life commission cost*

55% - 65%
Up-front Health acquisition cost*
* % of first year premium

Clients have similar profiles*

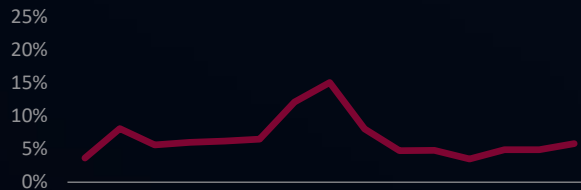
UK population



VitalityHealth clients



VitalityLife clients



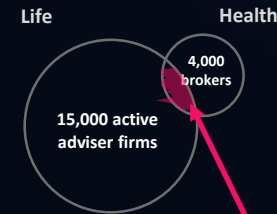
Consumer segment

A City Prosperity
B Prestige Positions
C Country Living
D Rural Living
E Senior Reality
F Suburban Stability
G Domestic Success
H Aspiring Homemakers
I Family Basics
J Transient Renters
K Municipal Challenge
L Vintage Value
M Modest Traditions
N Urban Cohesion
O Rental Hubs

Very little overlap despite similarities in profiles



Only **1.5%** of the inforce membership have both VitalityHealth and VitalityLife



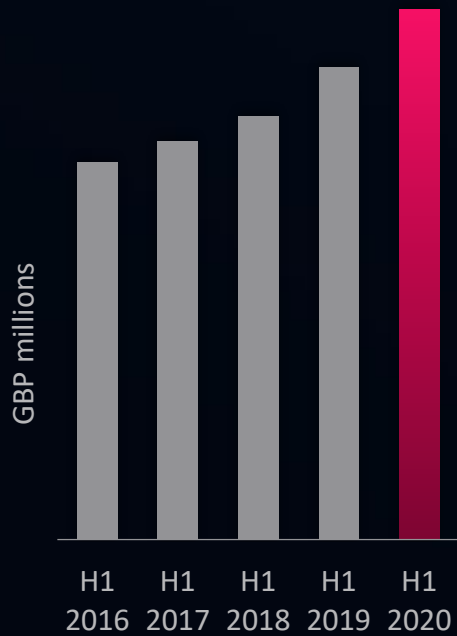
Less than **5%** of brokers have written both a Life and a Health policy with Vitality



*Segments based on Mosaic, a consumer segmentation model designed by Experian

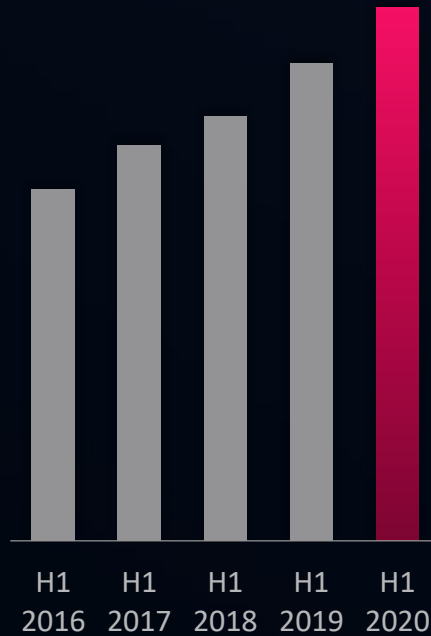
New business

+12%
to £76.4m



Lives covered

+12%
to 1.29m lives



Includes VitalityInvest lives

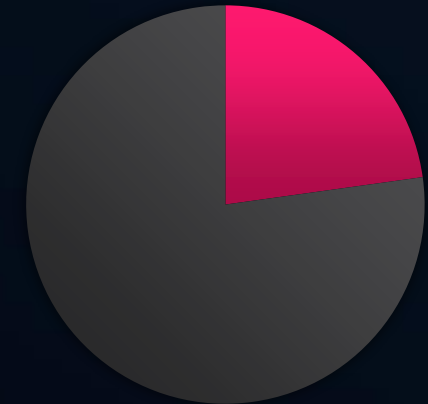
Operating profit

-52%
to £19.5m



Contribution to Group EV

23%
of the Group EV





Net positive experience variances for the UK

Analysis of change in EV for VitalityHealth and VitalityLife





Competitive value proposition

Competitive advantage



Architecture

Stacked rewards, complementary behaviour



Up to **3%**
Boosted cashback



Up to **40%**
off

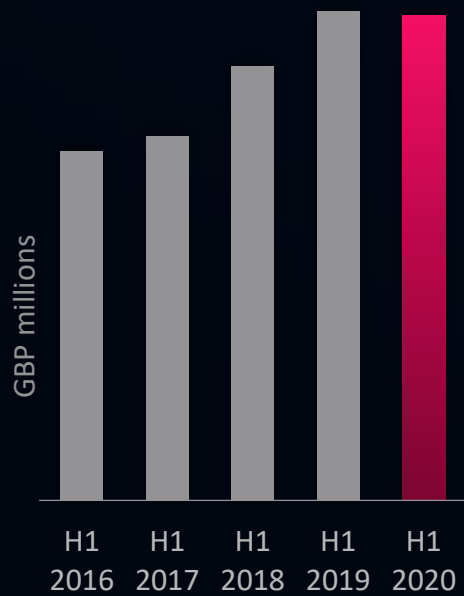


Vitality HEALTH INSURANCE



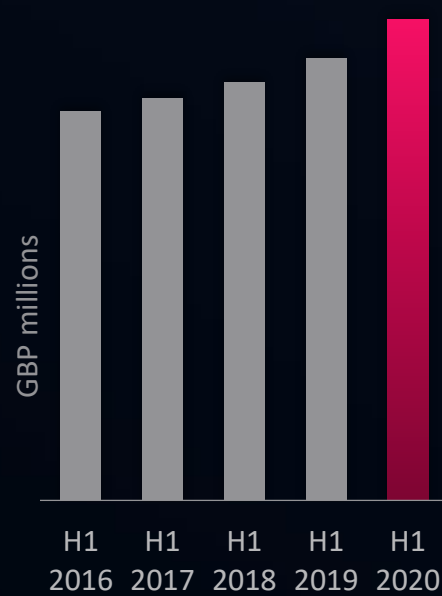
New business

-2%
to £33.1m



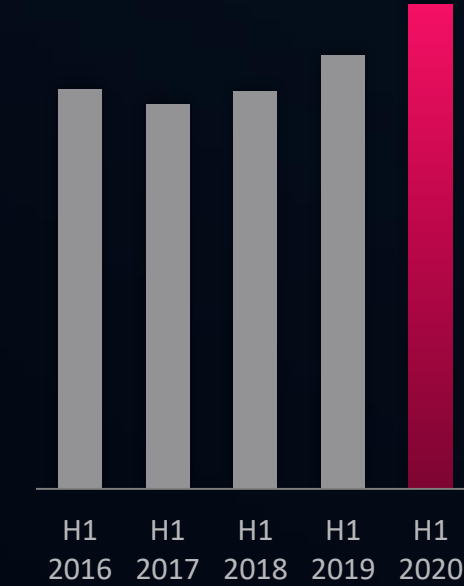
Earned premiums

+9%
to £246.5m



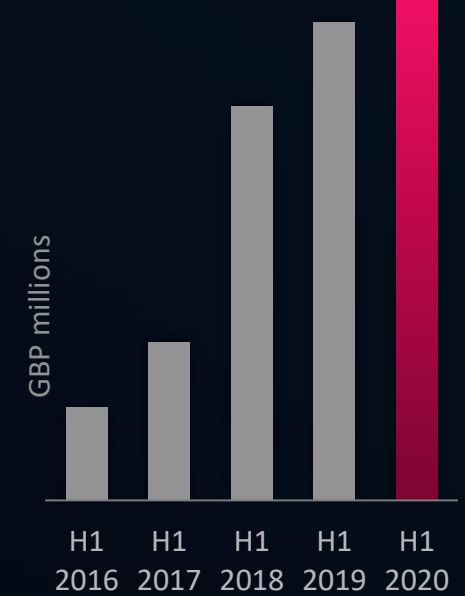
Lives covered

+12%
to 674k lives



Operating profit

+9%
to £26.7m





Vitality LIFE INSURANCE



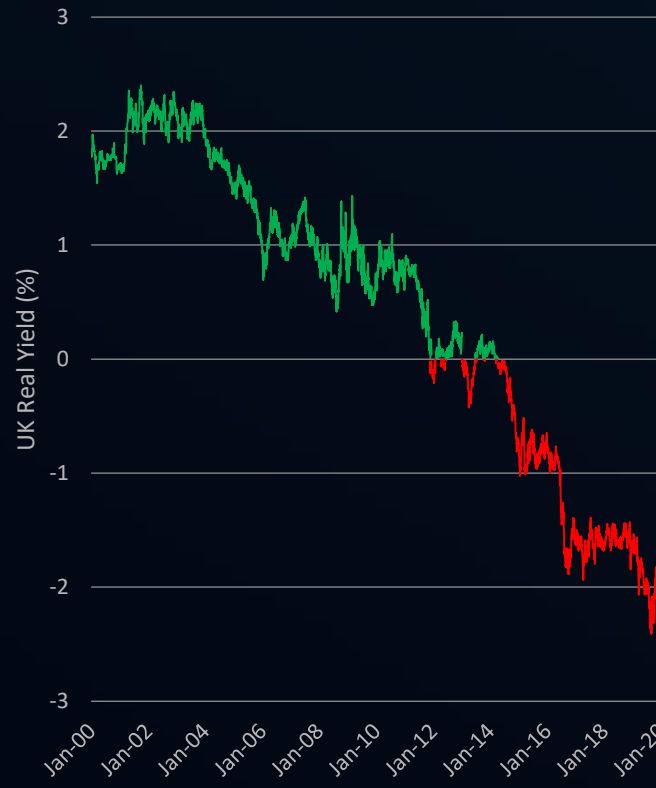
The UK was characterised by unprecedented interest rate volatility and uncertainty

25-Year UK Spot Gilt Rate Since 2000



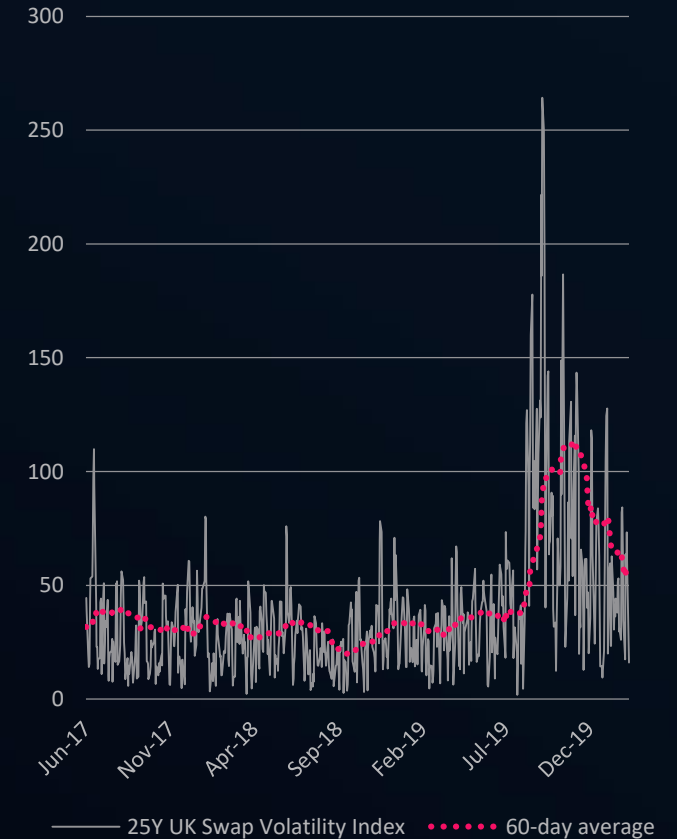
Lowest levels in history

25-year UK Real Gilt Yields



Negative real yields

25-year UK Swap Volatility Index

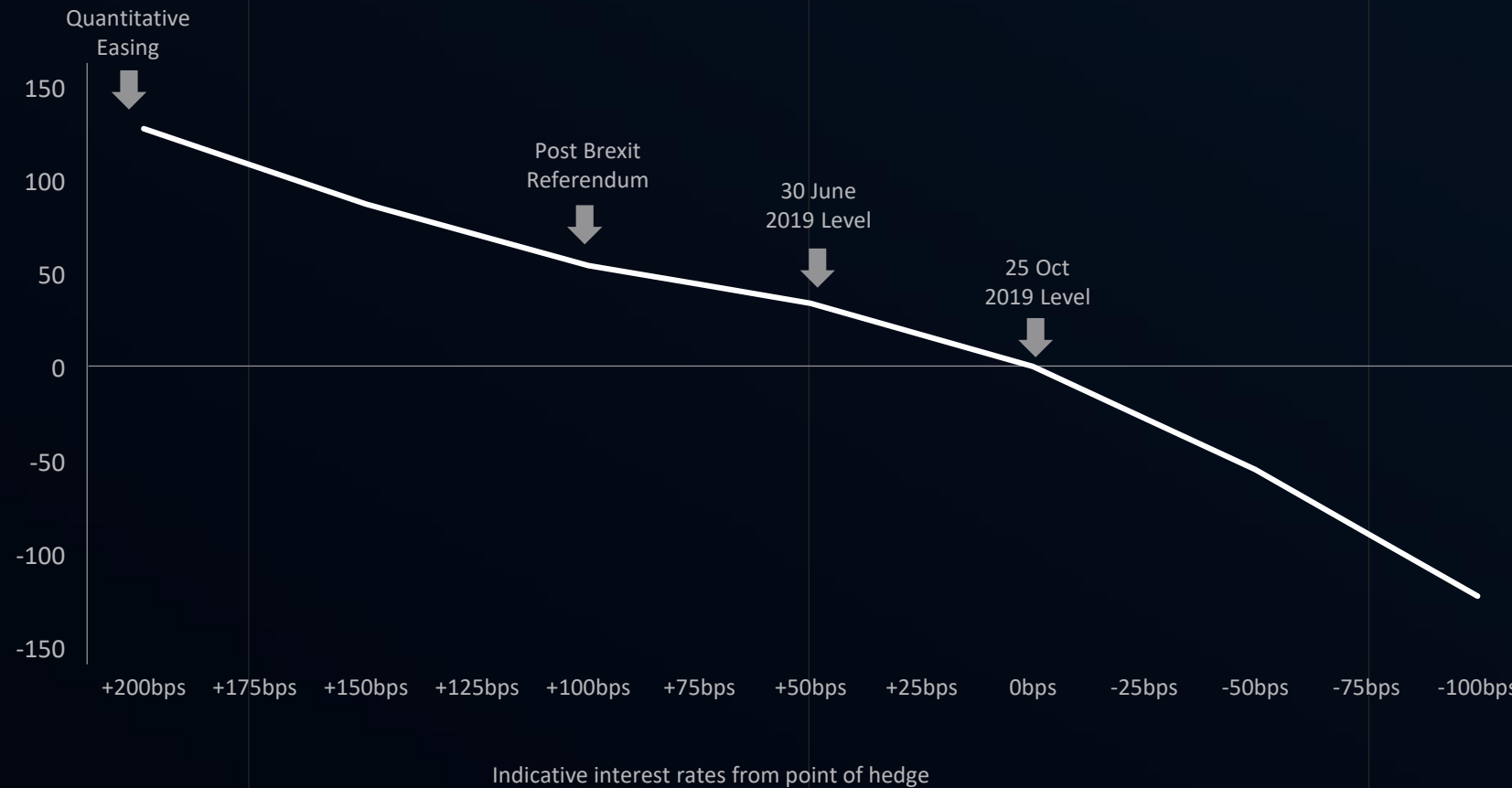


Increased volatility



Decision to protect VitalityLife against further interest rate decreases

Estimated impact on FY20 operating profit without hedge (£ millions)*

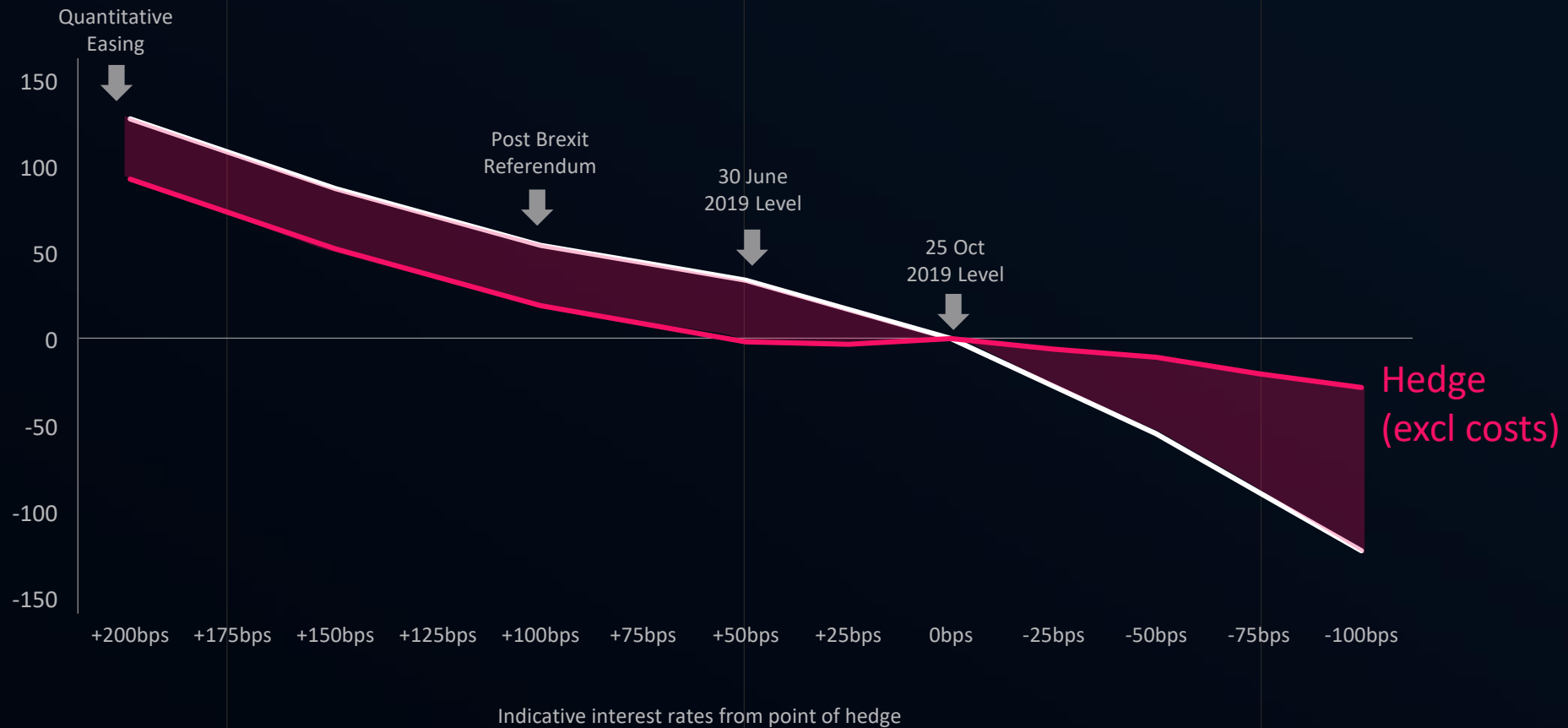


*Before potential impact of discretionary margins



Maximum downside protection at minimum cost, with ability to gain from interest rate increases

Estimated impact on FY20 operating profit with hedge (£ millions)*



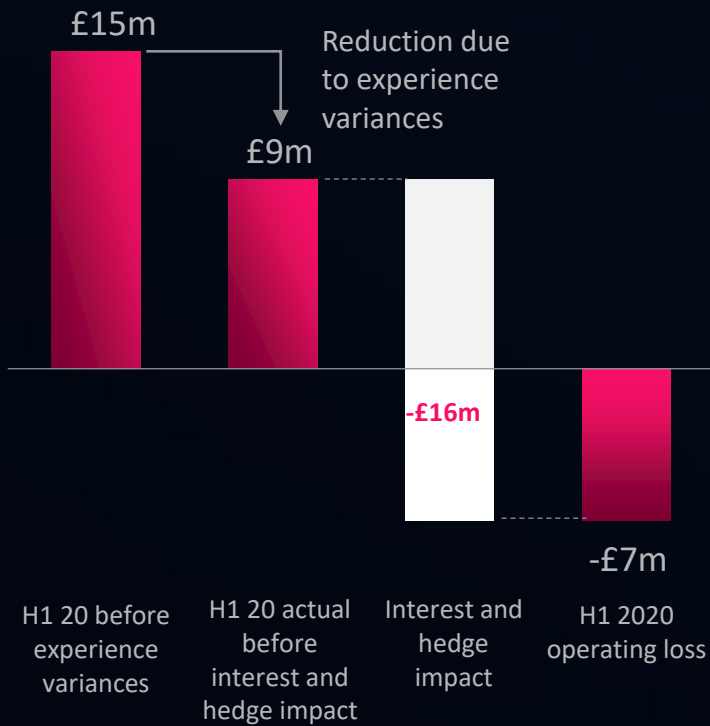
*Before potential impact of discretionary margins

The low interest rate and hedging strategy results in a decline in profit



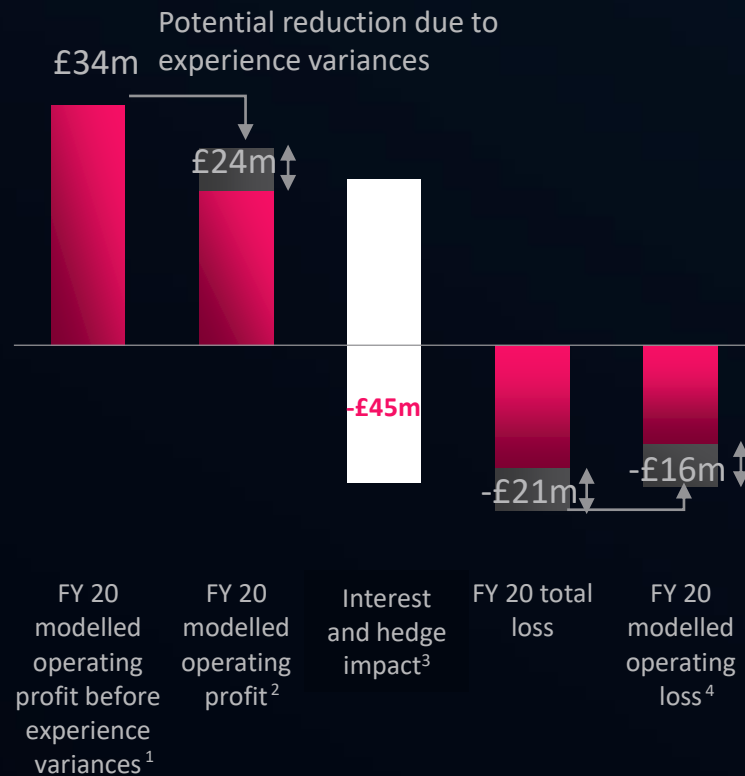
Low rates and hedge impacted profitability

H1 2020 operating profit



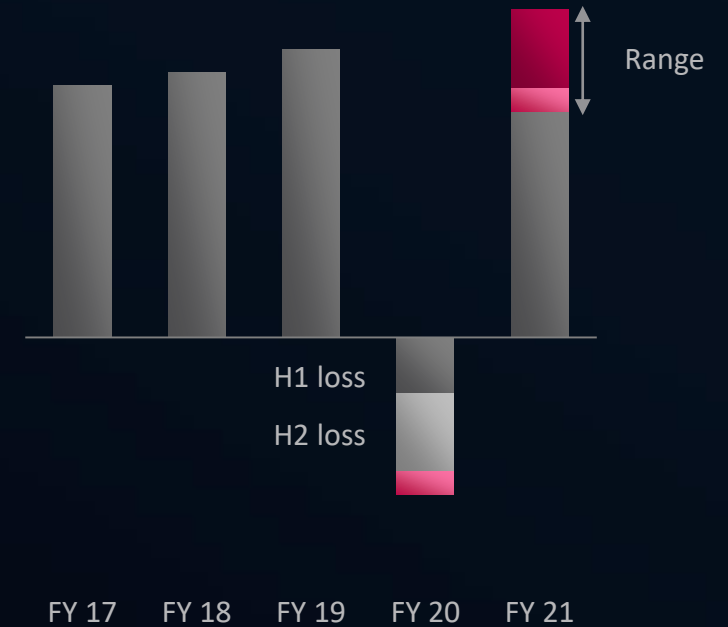
Impact felt for full financial year

FY 2020 modelled operating profit



Expect operating profits to revert

Indicative only, assumes no change in hedging costs, no assumption changes and a range to reflect potential experience variances



■ Potential cost of swaption
■ Uncertainty inherent in experience

Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors.

¹ Assumes FY2019+ CPI +5% growth, no other variances or basis changes and hedge cost allowed for

² Assuming H2 20 variances 2/3s of H1 20. No allowance for any basis changes

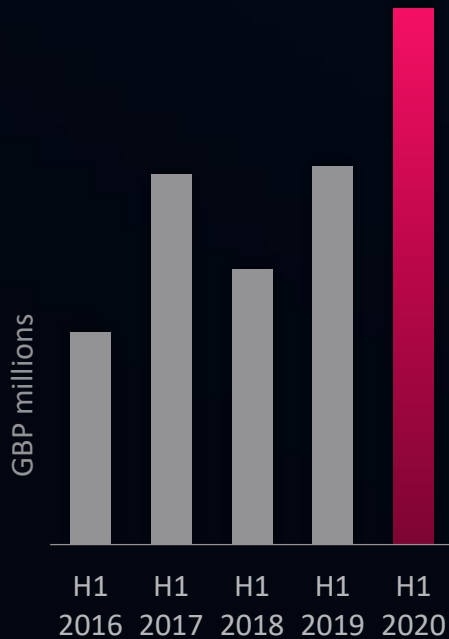
³ Using spot reference rate at 31 December 2019

⁴ Adjusted for time value amortisation of the swaption reported below operating profits



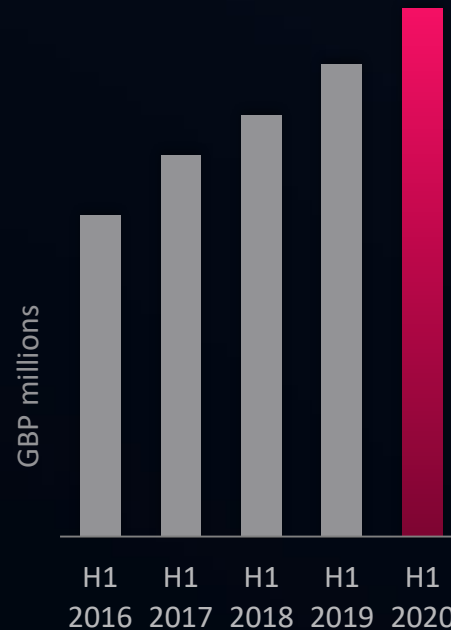
New business

+6%
to £34.8m



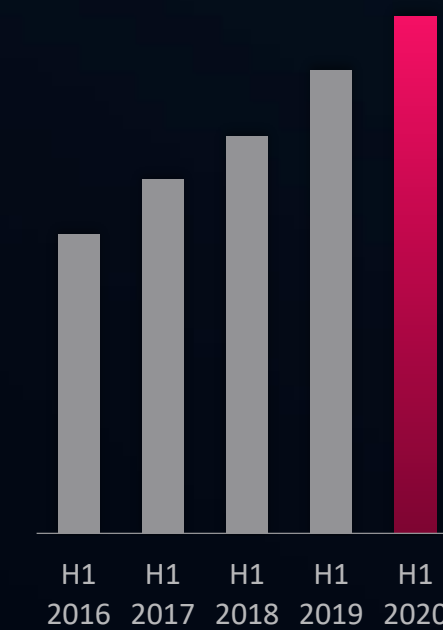
Earned premiums

+12%
to £141.4m



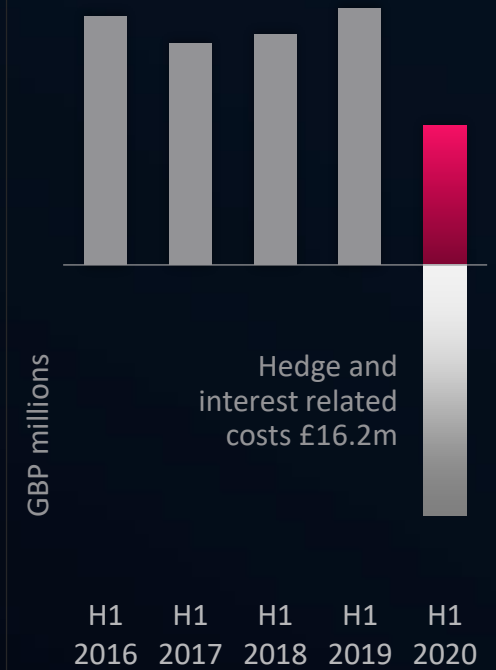
Lives covered

+12%
to 605k lives



Operating profit

-144%
to -£7.2m



*Includes Transfer Price Margin

Moving at pace to right-size the business for the current environment



Area	Key action		Targeted impact
CAPITAL AND LIQUIDITY	1 Part VII transfer deferral	April 2020	May 2023
	2 Changed legal entity structure		
EXPENSES	3 Group functions spanning VH and VL		
	4 Reorganising franchise distribution channel		
QUALITY OF NEW BUSINESS	5 Change commission clawback terms	2 years	4 years
	6 Leverage VH expertise		

> £100m

capital benefit

£7m

run rate reduction in FY2020/21

£10m

run rate reduction in FY2021/22

Eliminate negative lapse experience variances in FY2020/21 and beyond

Achieve right mix of quality new business in FY2020/21 and beyond



SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



中国平安
PING AN

Vitality
GROUP

Digital strategies to support vision of becoming China's leading tech-driven health insurer

Strong focus on expansion and investing in InsureTech capabilities like Vitality1



中国平安
PING AN

In 2010 Ping An and Discovery combined their strengths to take advantage of the Chinese private health insurance opportunity through the Ping An Health JV



中国平安
PING AN

Ping An Group's
scale and reach

75%

+



Discovery

Discovery's health
insurance expertise

25%

=

平安健康
PING AN HEALTH

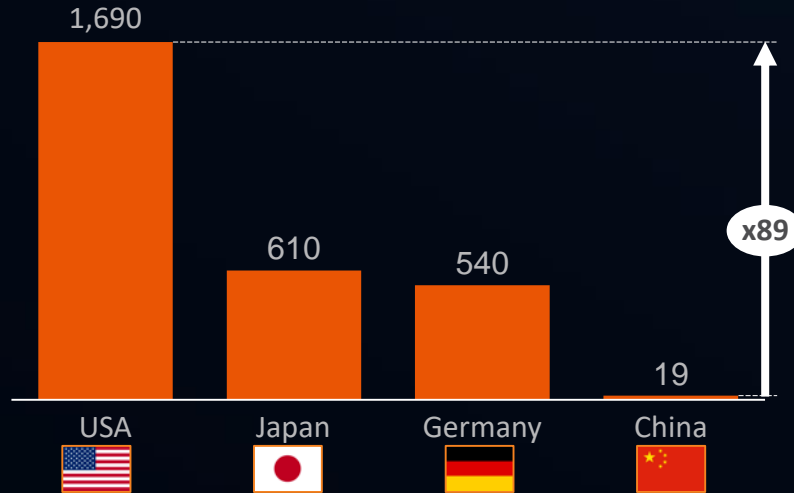
World-class health
insurance company

The Chinese private health insurance market is still very nascent and expected to grow significantly over the next decade

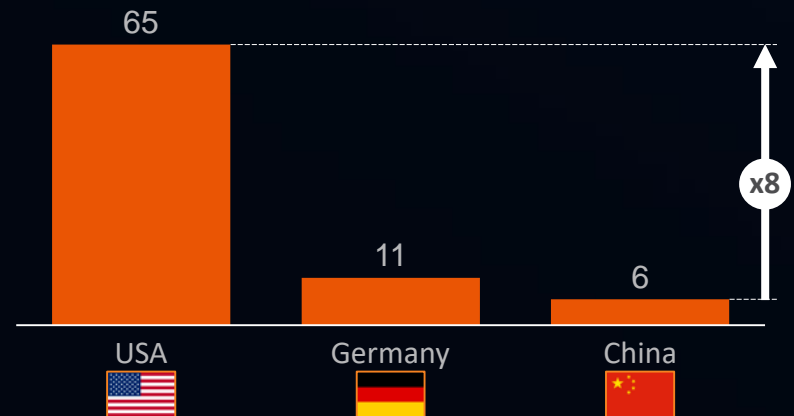


Market in its infancy

Private health insurance premiums per capita



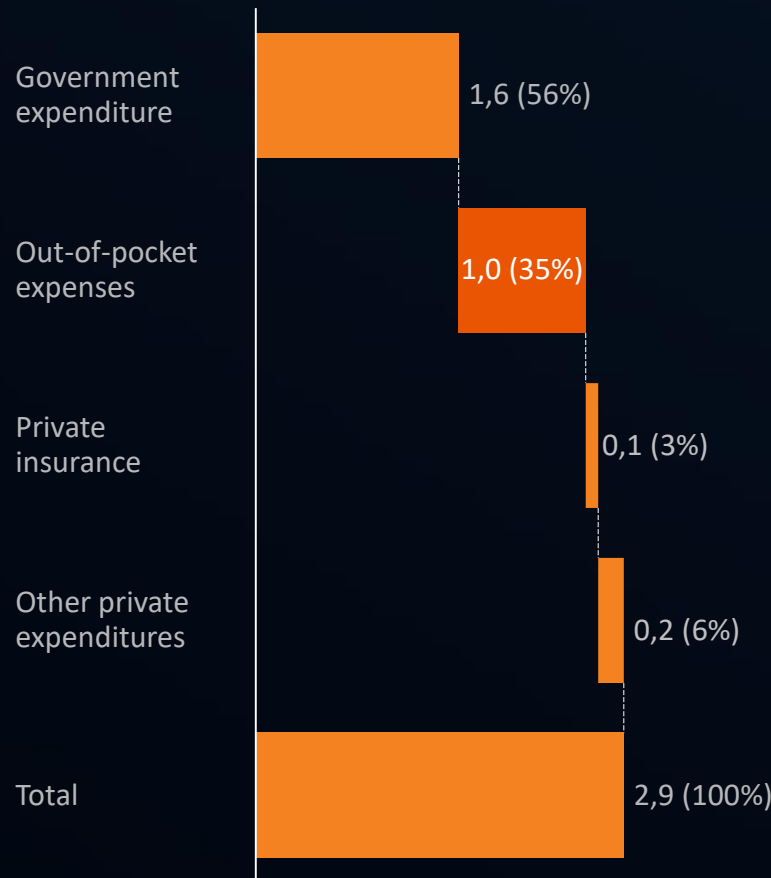
Private health insurance coverage of population



Significant out-of-pocket expenses

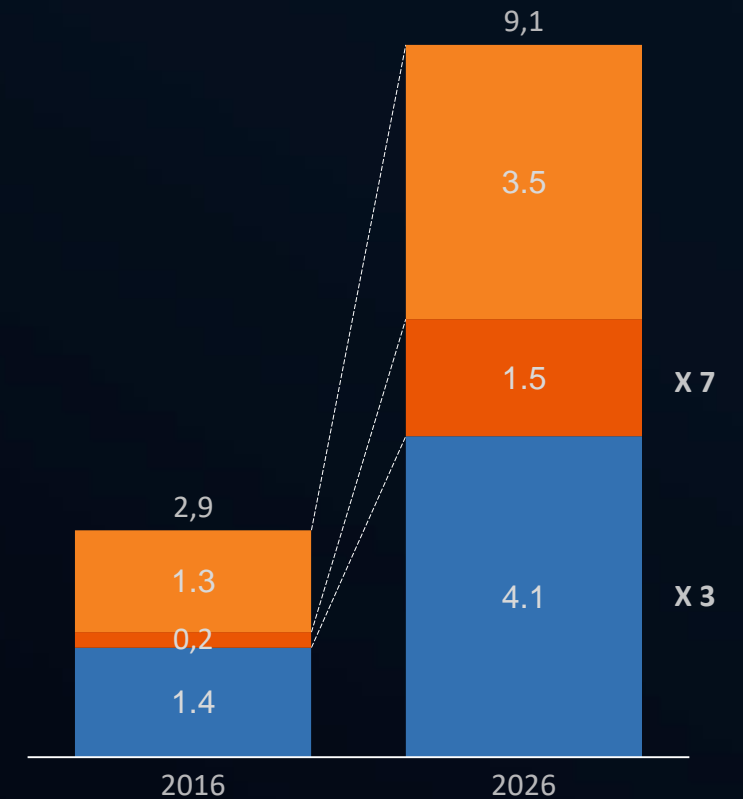
Healthcare spending in China

CNY, trillion; % of total healthcare expenditure



PHI expected to grow faster than SHI

- Out of pocket
- Private health insurance (PHI)
- Social health insurance (SHI)

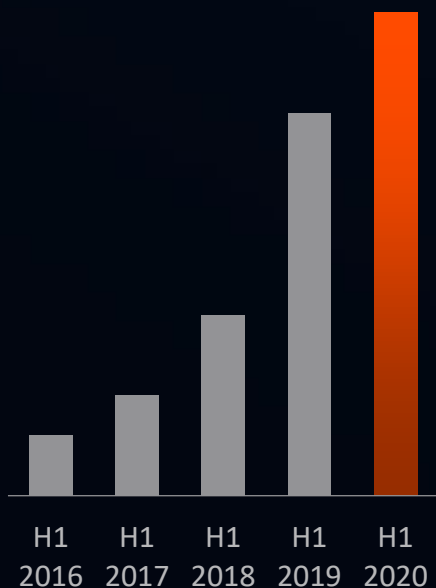




New business¹

+28%

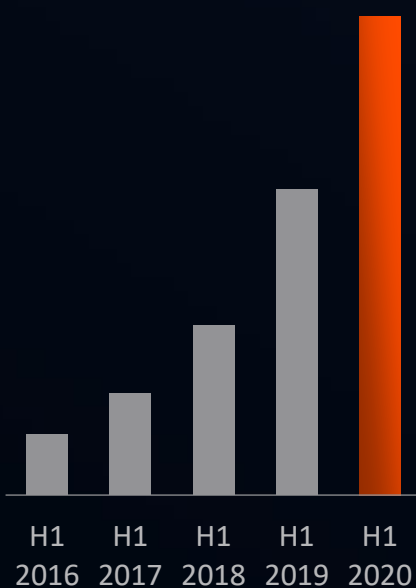
to R5.5bn



Written premium

+59%

to R11.1bn

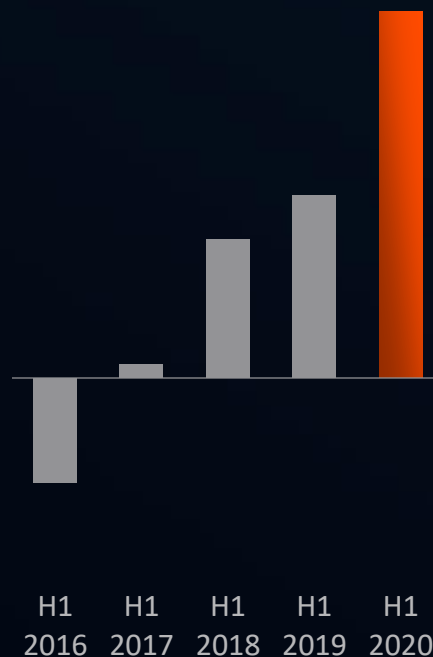


PAH's operating results pre-tax

+106%

to R806m

(DSY's share is R202m)



Discovery's operating result after tax

+467%

to R68m



¹ 100%



Expect the COVID-19 to have limited business impact



The State Council of China has announced that patients' **medical expenses related to COVID-19 will be paid for by the Social Health Insurance system**. This special reimbursement policy will include **all drugs and medical services** listed by the National Health Commission, fulfil a **catch-all function to help patients relieve their burden**, as well as **pay for expenses in advance** to alleviate any pre-payment pressures



Ping An Health is **working closely with appropriate authorities in China** to provide support to clients and other affected citizens



Since **Ping An Health** policies are all designed to provide **cover for healthcare expenses not covered by the state** it is currently expected that the **financial impact on Ping An Health will be limited**



Ping An Health does not have a branch in Hubei province, but is closely monitoring the situation with respect to customers and staff alike



Vitality
GROUP

Continual expansion of the Vitality Group



National Champions

Exploit latent potential and scale

Franchise Markets

Rapid market expansion and penetration

Powered By Vitality

Pursue Shared-Value adjacencies and partnerships

Vitality Health International

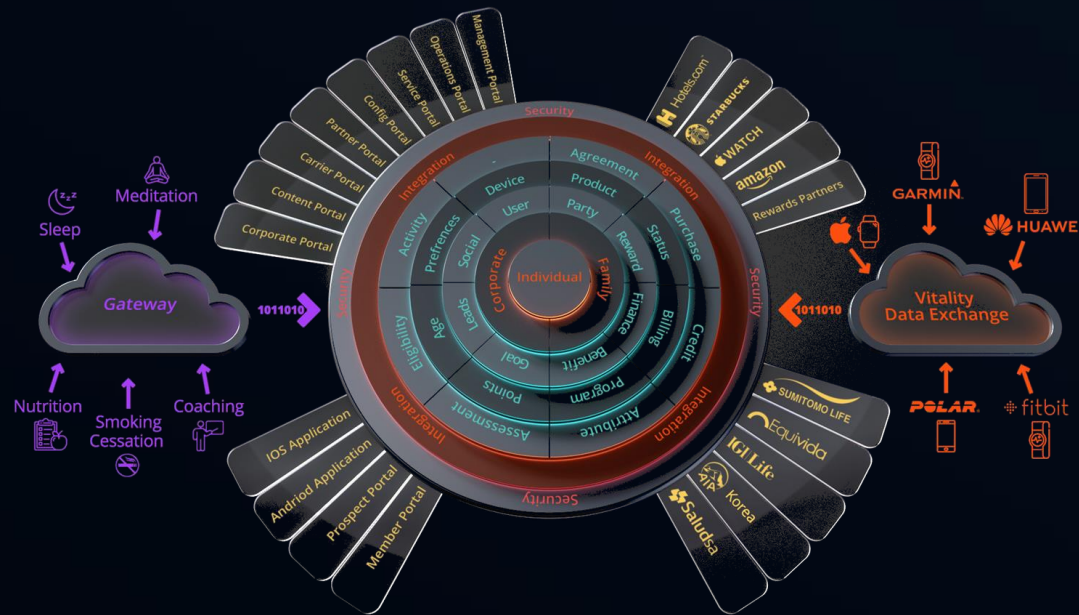
New business unit to expand global health insurance initiatives



A complete InsureTech solution

Provide a global behavioural change platform that is quick to implement, easy to configure and efficient to operate - serving over 50 million global users by 2023

— business vision for Vitality ONE



Become the global technical platform of choice for the development of behavioural change capabilities

— technical vision for Vitality ONE

- **Seamless** integration with the platform allows plug and play
- **Anti-fraud** capability read in through Vitality data exchange
- **Low cost implementation** derived from economies of scale
- **Optimised** Vitality solution rebuilt from 1st principles
- **Independence** gives partners autonomy to manage product evolution
- **Accredited partners** can build modules thus increasing speed to market
- **Quick to market** 6 months needed at most for full Vitality build

Rapid market expansion and penetration with Franchise Markets



Background

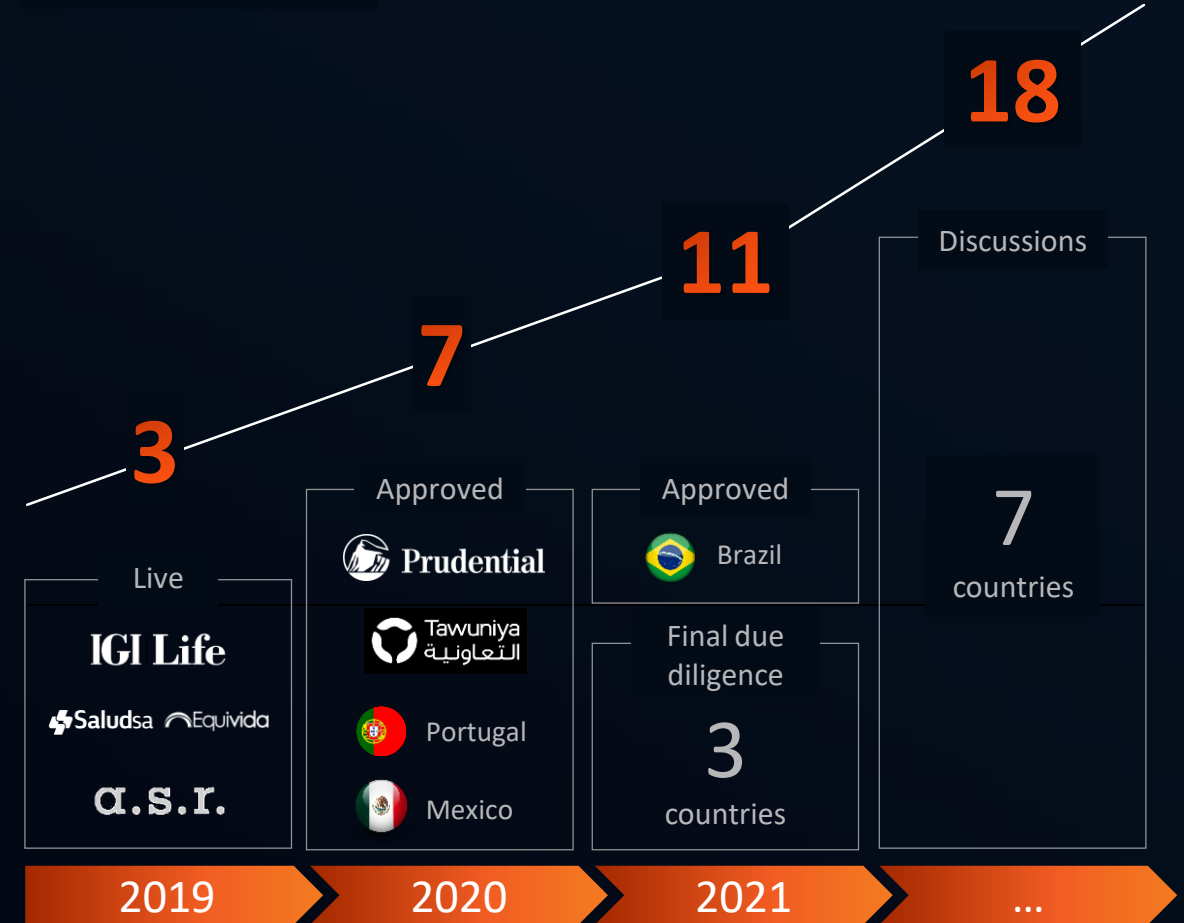


Different Needs

- Economics
- Timing
- Capital
- Size of Market

Successful scaling of the model

Cumulative total



Expansion of the business model with Apple Watch Engage adjacencies



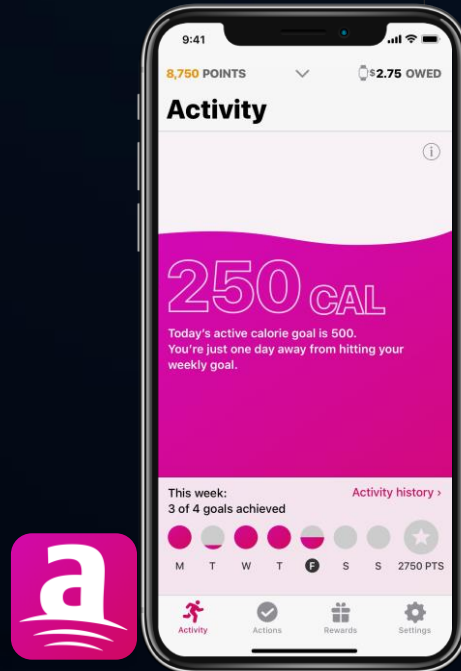
Strengthening of Apple Watch partnership

Expansion into new frontiers with select Apple partners

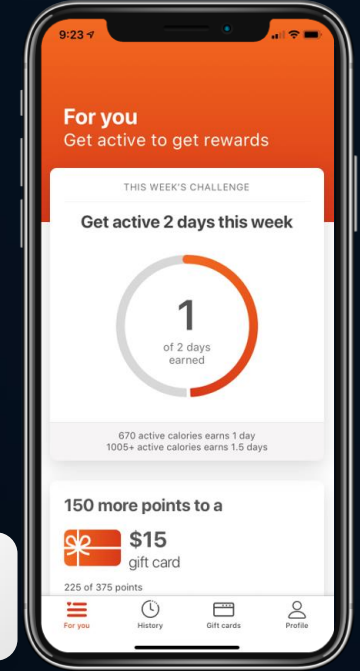
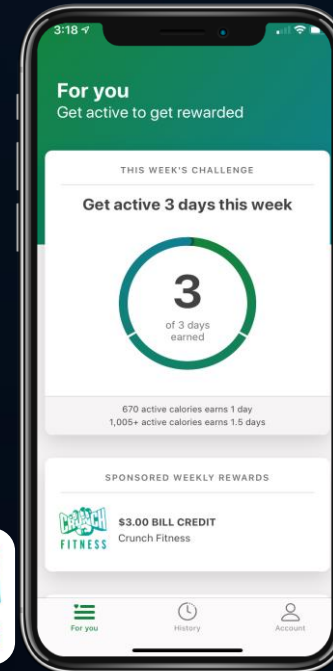
Leveraging Vitality's Active Rewards with Apple Watch programme structure



Healthcare



Gym and fitness groups



Impact



Higher engagement



Increased physical activity



Increased customer satisfaction



Higher retention



Discovery has unique health insurance capabilities and assets



Discovery Health



Vitality HEALTH INSURANCE



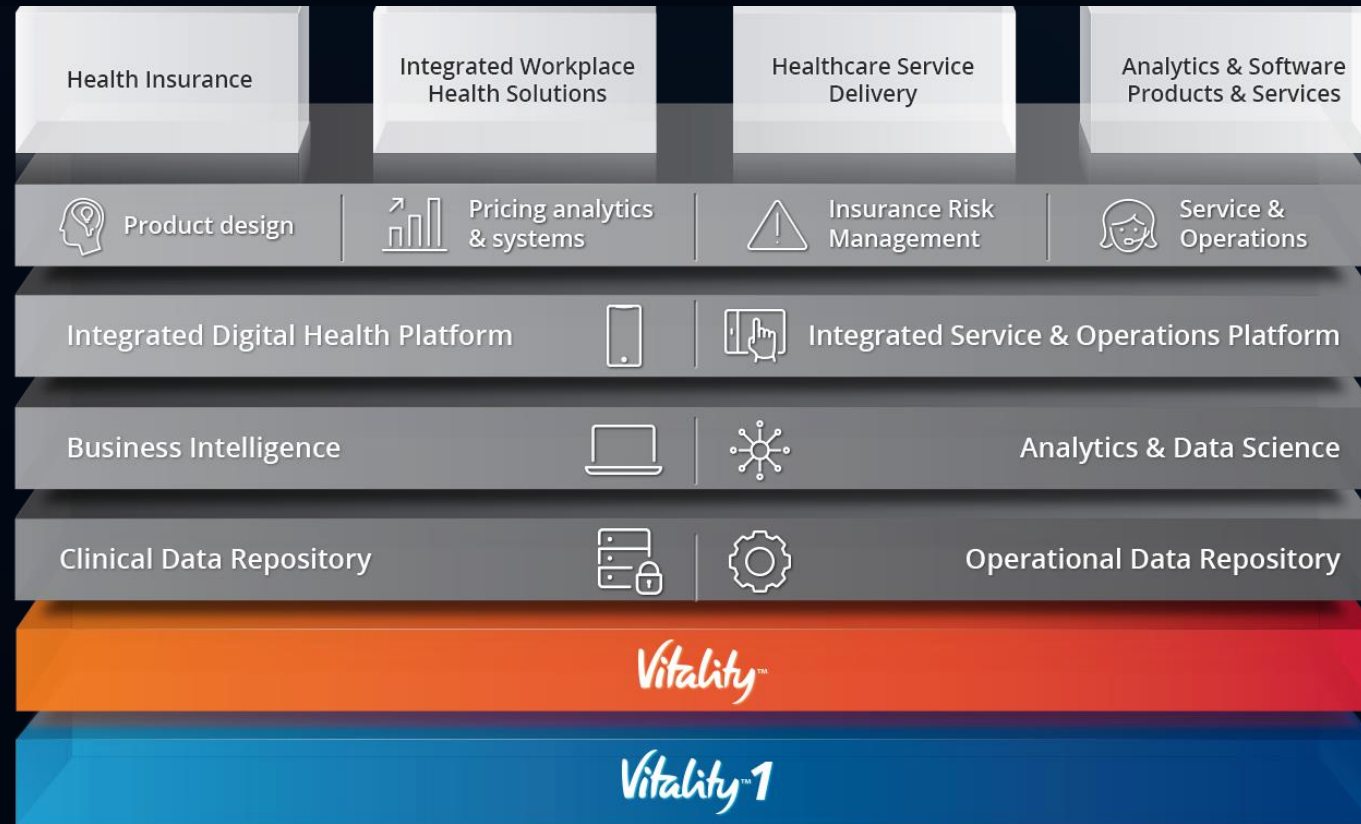
PINGAN

Market share	1st	1 st new business	1st
Premium rating environment	Open enrollment community-rated	Risk-rated environment	Risk-rated environment
Provider dynamics and networks	Very advanced smart networks	Advanced, open referral network	Developing hospital networks
Hospital beds per 1,000 lives¹	2.8	2.8	4.2
Physicians per 1,000 lives¹	0.9	2.8	1.8
National health system	Full indemnity private healthcare system, alongside public system	Integrated healthcare funding together with national healthcare system	Social healthcare system for all, with private offering choice, and indemnity against high co-pays
Disease burden²	<ul style="list-style-type: none"> HIV/AIDS Ischemic heart disease Lower respiratory infections Stroke 	<ul style="list-style-type: none"> Ischemic heart disease Alzheimer's disease and other dementias Stroke Chronic obstructive pulmonary disease 	<ul style="list-style-type: none"> Stroke Ischemic heart disease Chronic obstructive pulmonary disease Tracheal, bronchus, and lung cancer

1. World bank data
2. Top 4 diseases causing highest % of deaths



Vitality Health International tools and assets manifest as a fully integrated health insurance stack



The strategy for becoming the world's largest behavioural platform



Scalability

BEFORE

Individual rebuild required each time



Seamless integration achieved



AFTER

Value

Resulted in prohibitive costing

System Build Cost



Investment has yielded great outcomes

R653m

Spent on Vitality1

1.7m

Vitality1 members in one year

Flexibility

Lacked ability for critical processes



Plug and Play to create best combination



Adapt to different market needs



Integration with best in market health tech

Architecture creates opportunities

11 expected builds over next year

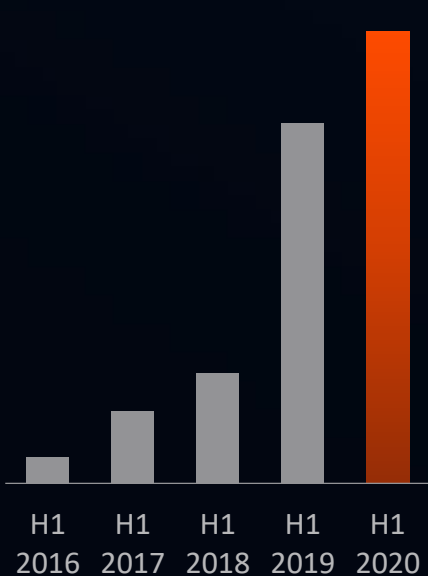
Can install Vitality Light for <\$1m within 3 months

Enabled the Franchise Market model

Integrated API by insurance partners

+31%*

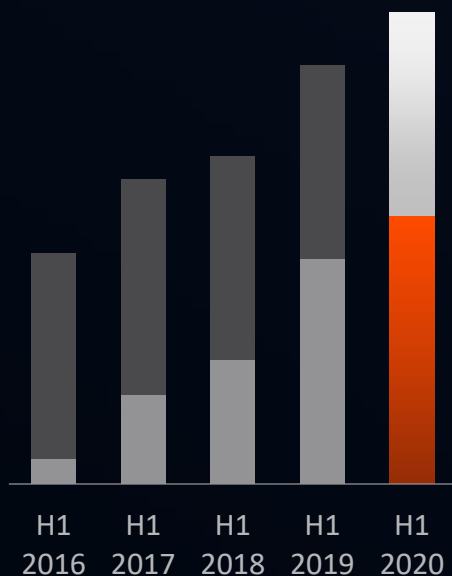
R8.7bn
USD592m



Revenue

+17%

R515m
USD35m



Operating result

+16%

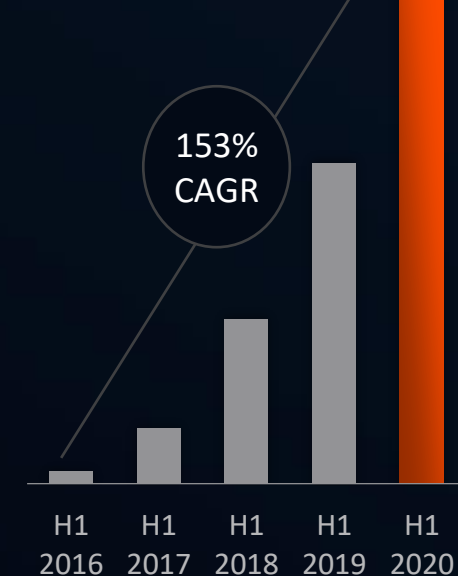
R110m
USD7.5m



Insurance and franchise partners membership

+63%*

1.8m



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

■ Vitality USA ■ Insurance Partners



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  Ping An Health delivers on its plan to become the **leading health insurer in China** with over 50m clients
- 4  Vitality is the world's largest and most sophisticated **behavioural platform** linked to financial services, with disciplined execution



An introduction to **Discovery Limited**