



MMI HOLDINGS

Growth, Client-centricity, Excellence

2015 interim results

For the six months ended 31 December 2014

Agenda

Economic environment

Financial results

Operational summary

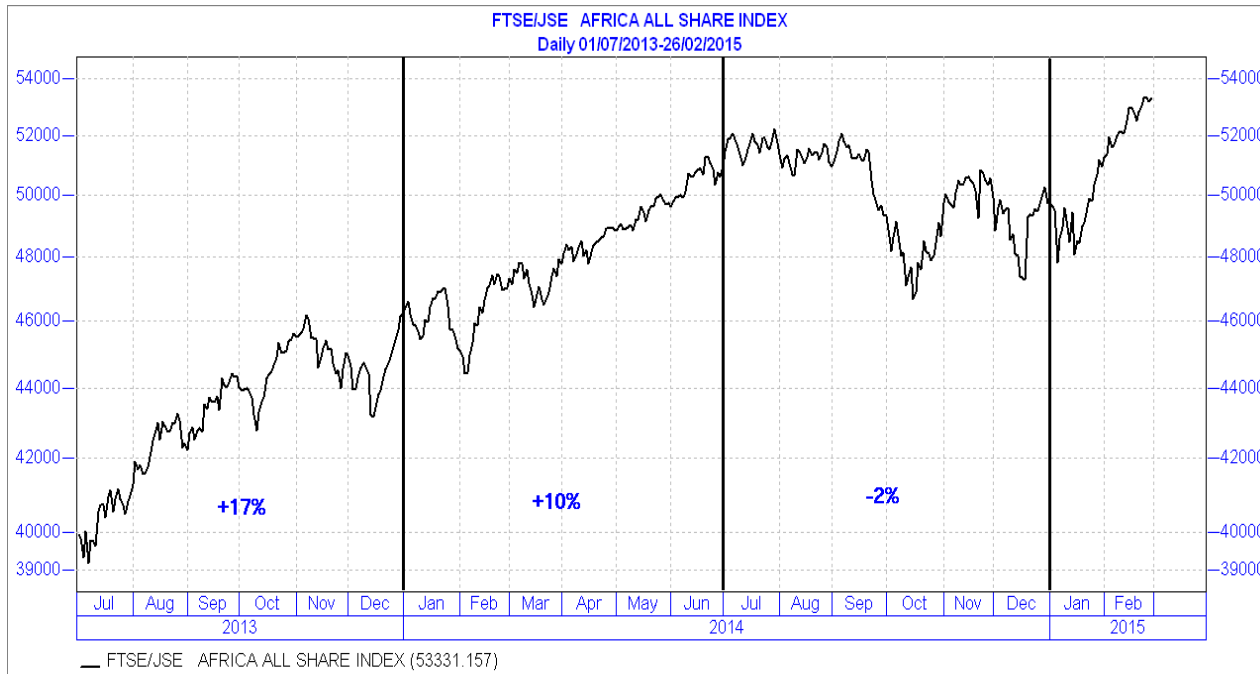
Capital management

Strategy

External environment

Volatile equity market

JSE all-share index



- Weak equity performance
- SA credit outlook
- Labour challenges
- Inflation
- GDP growth
- Oil and petrol price
- Electricity supply
- Regulations

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Delivering on our strategy – investing in growth

New
business
PVP

+15%

R23 699m

Value of
new
business

+11%

R420m

Return on
embedded
value

12%

to
2 478cps

Profits from
operating
divisions

+13%

R1 546m

Interim
dividend
per share

+11%

63cps

Financial results

Diluted core headline earnings per division

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	514	652	673	3%
Metropolitan Retail	242	315	344	9%
Momentum Employee Benefits	159	179	272	52%
International	39	49	62	27%
Momentum Investments	74	95	97	2%
Metropolitan Health	70	75	98	31%
Operating divisions	1 098	1 365	1 546	13%
Shareholder capital	403	325	306	(6)%
Total	1 501	1 690	1 852	10%

Solid operational performance

Financial results

Investments in new growth initiatives

	Dec 2013	Dec 2014
	<i>Rm</i>	<i>Rm</i>
Additional investments in growth initiatives	61	213
Momentum short-term insurance		
Middle-market initiative		
Hello Doctor, agents		
International		
Percentage of core headline earnings	3.6%	11.5%

Investments impacted overall profit growth

Financial results

New business per division

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	8 459	10 499	10 656	1%
Metropolitan Retail	2 640	2 635	2 699	2%
Momentum Employee Benefits	4 977	6 506	9 369	44%
International	874	943	975	3%
Total PVP	16 950	20 583	23 699	15%
Total APE	2 367	2 767	3 112	12%

Growth in a difficult market

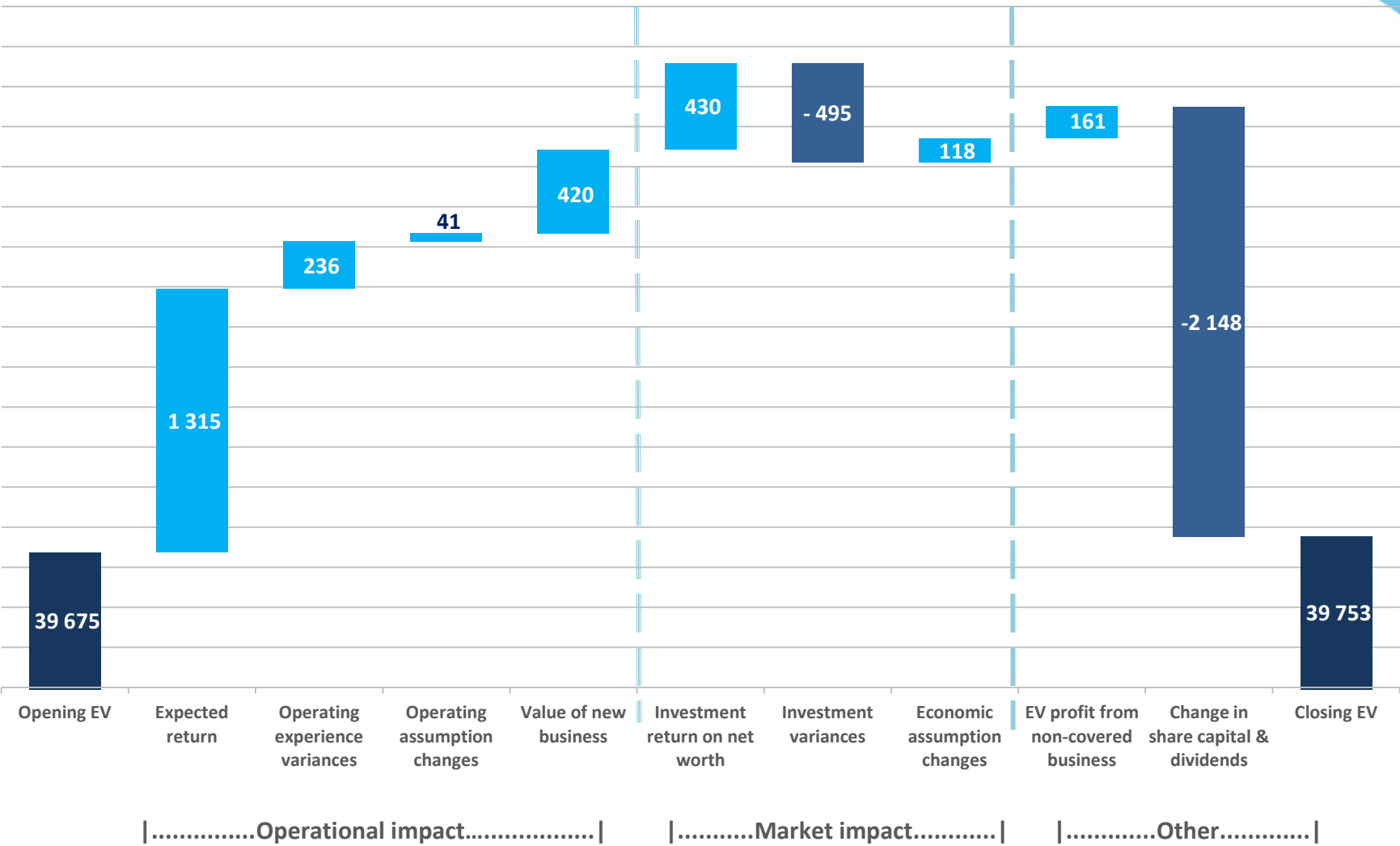
Financial results

Value of new business per division

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	93	136	118	(13)%
Metropolitan Retail	120	122	108	(11)%
Momentum Employee Benefits	66	90	167	86%
International	28	30	27	(10)%
Total	307	378	420	11%
New business margin (PVP)	1.8%	1.8%	1.8%	

Overall margin maintained

EV analysis (Rm)



Analysis of return on embedded value (ROEV)

	Dec 2012	Dec 2013	Dec 2014	Annualised ROEV
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Expected return – unwind of RDR	1 006	1 138	1 315	6.8%
Operating experience variances	504	378	236	1.2%
Embedded value from new business	340	378	420	2.1%
Investment return on adjusted net worth	507	583	430	2.2%
Investment variances	989	1 178	(495)	(2.5)%
Non-covered (excl basis changes)	(38)	44	248	1.3%
Total (excl assumption changes)	3 308	3 699	2 154	11.1%
Operating assumption changes	(398)	(68)	(46)	(0.2)%
Economic assumption changes	185	(213)	118	0.6%
Total return on embedded value	3 095	3 418	2 226	11.5%

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Momentum Retail

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Total funds received	15 370	17 674	18 012	2%
New business PVP	8 459	10 499	10 656	1%
Recurring	539	519	524	1%
Single	5 426	7 609	7 764	2%
Value of new business	93	136	118	(13)%
PVP margin	1.1%	1.3%	1.1%	
Operating profit after tax	514	652	673	3%

Key aspects


- Sustained inflow of funds
- Good mortality profits
- Increase in risk sales
- Investing in middle-market and distribution

Investing in the future

Momentum Retail

Middle Market

momentum



more certainty
Life Cover Provider

Need life insurance to share the same sense of security that your growing family has? Know that life is unpredictable and your loved ones need it. It's only \$1 a day. That's why it's not the time to think about life insurance. It's time to get it. Life insurance is the one thing that's always there for you.

- Simple and flexible term cover with easy-to-understand benefits
- Up to \$1 million in 2015 per year
- No premiums are paid for 10 years
- Momentum offers a 30-day money-back guarantee

Visit www.momentum.com for an online quote
or call 1-800-855-8585 and we'll call you back.

Terms and conditions apply. See product description. Momentum is a service of Momentum Life Insurance Company.

momentum



more benefits
Funeral Cover Provider

Some say you can't plan for death. We say you can. Our Momentum Funeral Cover Provider allows you to plan for a peaceful future.

- We step up to \$100,000 cover
- We pay your share of one year's premiums every 10 years
- The policy remains active for 1 year after the passing of the first member
- We pay entire funeral and a compassionate benefit
- There are almost \$11 per day* a family of four could get \$100,000 cover

Visit www.momentum.com for an online quote
or call 1-800-855-8585 and we'll call you back.

Terms and conditions apply. See product description. Momentum is a service of Momentum Life Insurance Company.



Momentum Retail

Progress on strategic initiatives

- Acquired Imara Reid (stock broker and wealth manager)
- Increased contribution from agents
- Significant growth in Momentum Consult's retail distribution
- Middle-market business
- Financial Wellness solution gains traction

Metropolitan Retail

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Total funds received	3 141	3 450	3 456	-
New business PVP *	2 640	2 635	2 699	2%
Recurring *	509	558	587	5%
Single *	389	496	590	18%
Value of new business *	120	122	108	(11)%
PVP margin *	4.3%	4.6%	4.0%	
Operating profit after tax	242	315	344	9%

Key aspects

- Strong single premium new business
- Investing in sales force
- Good mortality experience
- Client value proposition enhanced
- Good expense management

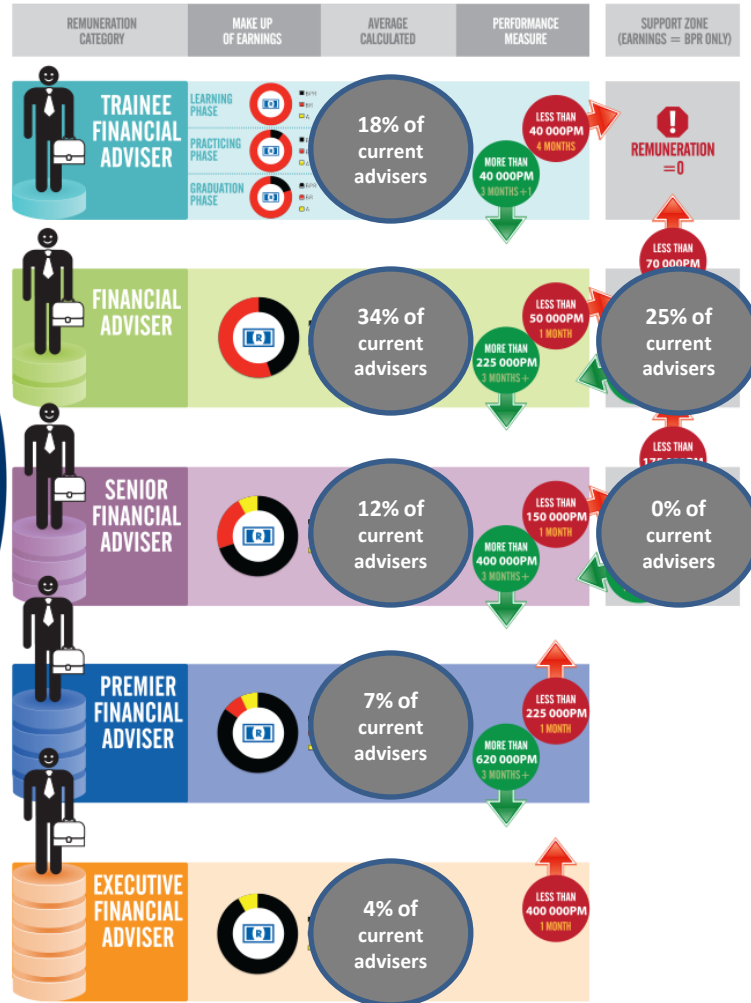
* Excludes FNB Life and ERA

Continued growth in core market

Channel solutions



CAREER PATHING



Metropolitan Retail

Progress on strategic initiatives

- **Revitalised distribution channel:**
 - Increased brand visibility
 - High performance adviser remuneration model
- **Client-centric model:**
 - Combined sales and service into a single management structure

Momentum Employee Benefits

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Total funds received	7 908	9 982	11 947	20%
New business PVP	4 977	6 506	9 369	44%
Recurring	253	532	595	12%
Single	3 128	1 704	3 800	123%
Value of new business	66	90	167	86%
PVP margin	1.3%	1.4%	1.8%	
Momentum Open Scheme membership ('000)	101	108	116	7%
Operating profit after tax	159	179	272	52%

Key aspects

- Strong new business volumes
- Positive net cash flow
- Good contribution from Guardrisk
- Ongoing management of cost ratio
- Satisfactory underwriting results

Excellent operating performance

Strategic value proposition

Purpose  to enhance the lifetime financial wellness of public and private sector



Momentum

Employee Benefits

Progress on strategic initiatives

- **Unlocking growth synergies with Guardrisk**
- **Integrated value proposition for corporates, customers and employees**
- **Combined offering between health and employee benefits**
- **Implementing client-centric model**
- **Differentiated distribution channels supporting growth**

Metropolitan Health

	Dec 2012	Dec 2013	Dec 2014	1 year change
Total principal members (‘000)	1 179	1 183	1 259	6%
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Revenue	750	761	1 029	35%
Expenses	663	672	893	33%
Operating profit after tax	70	75	98	31%

Key aspects

- Significant player
- Inclusion of CareCross
- Industry consolidation continues
- Operational efficiencies driving profit growth

Focus on operational efficiencies

Metropolitan Health

Progress on strategic initiatives

- Diversification of earnings - CareCross
- Continued focus on efficiency improvements
- Renewed GEMS administration contract
- Implementing client-centric model

Momentum Investments

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	
Net flows	11	(9)	(29)	
Insurance	-	(3)	-	
Third-party funds	(8)	(5)	(31)	
Properties	19	(1)	2	
Assets under management	340	384	410	7%
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Operating profit after tax	74	95	97	2%

Key aspects

- Expected reduction in white-label funds
- Improved quality of AUM
- Volatility of property developments (Eris)
- Continued fixed interest mandate successes

Continued alignment with group

Momentum Investments

Progress on strategic initiatives

- Restructured and aligned operations with group
- Outcome-based approach rolled-out
- Growing Africa (ex SA) investment capabilities
- Implementing client-centric model

International

	Dec 2012	Dec 2013	Dec 2014	1 year change
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	
Total funds received	1 762	1 766	3 469	96%
Life insurance				
New business PVP	874	943	975	3%
Value of new business	28	30	27	(10)%
PVP margin	3.2%	3.2%	2.8%	
Health				
Membership ('000)	381	408	431	6%
Claims ratio	72%	69%	67%	
Operating profit after tax	39	49	62	27%

Key aspects

- Reduced new business volumes and value from mature businesses
- Merged operations in Namibia
- Health claims ratios within range
- Improved profitability

Steady progress

International

Progress on strategic initiatives

- Kenya business integration – Metropolitan Cannon on track
- JV in India entering licensing and pre-implementation phase
- African businesses restructured for growth
- Product diversification – short-term insurance roll-out
- Implementing client-centric model

Momentum Short-term Insurance

	Dec 2013	Dec 2014	1 year change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Premium income	154	227	47%	• Significant growth in premium income
Policy count	30 036	53 483	78%	• Strong policy count growth
Combined ratio	111.6%	131.2%		• Investing for scale and building capacity
Solvency ratio	44.8%	34.0%		• New system successfully implemented & data migrated
				• Focus on claims ratios

Gaining traction

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Operational summary

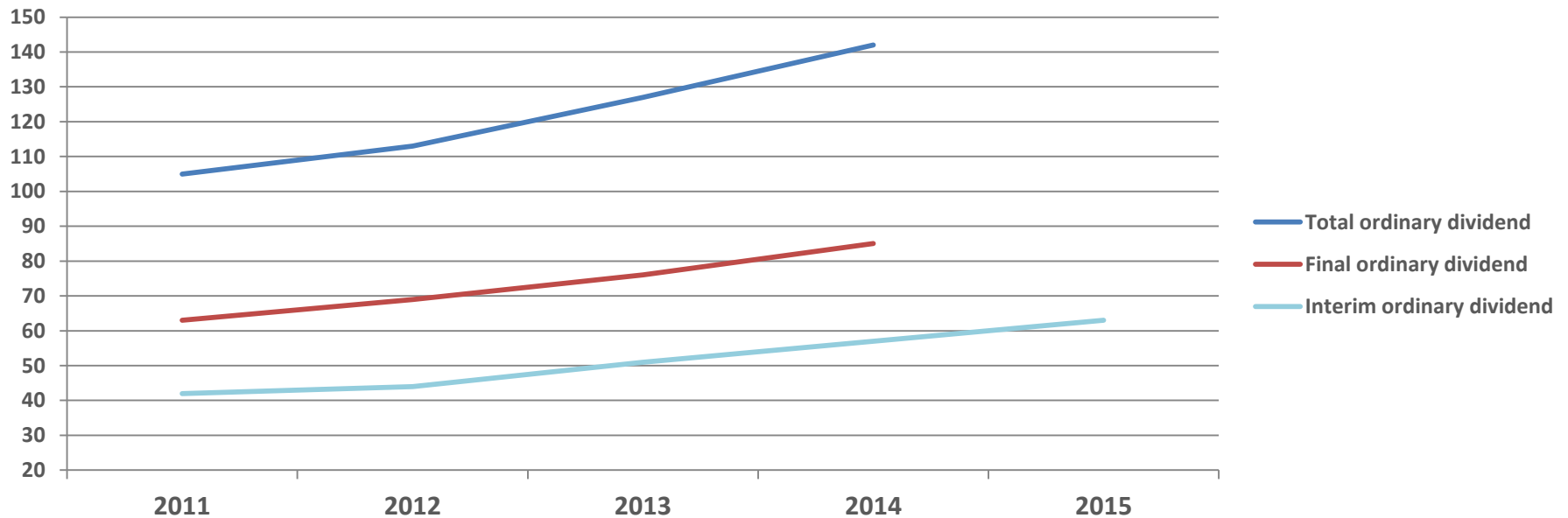
Capital management

Strategy

Dividend

Dividend policy

- Stable dividend growth
- Long-term view
- Growth in core headline earnings
- Allowance for volatile investment markets, capital requirements and changes in legislation
- **Separate dividend policy from capital management**



Capital management

Progress

Credit rating

IFS AA+ (zaf)

Sub-debt A+ (zaf)

Debt

Issue R1.5bn March 2014

Issue R750m Dec 2014

Redeem R500m Dec 2014

SAM

All projects on track

Capital strength

Economic capital

	Rbn
Net asset value as per embedded value statement	16.1
Qualifying debt	3.3
Less: net asset value of strategic subsidiaries	(1.9)
Less: required capital	(10.3)
Capital before deployment	7.2
Deployed	(3.7)
Interim dividend	(1.0)
Debt redemption	(1.0)
Strategic initiatives	(1.7)
Capital buffer after deployment	3.5

Utilisation of capital

Initiative	Rm
Cannon (Kenya)	300
CareCross	300
Acquisition of Imara Reid	120
Special dividend	800
Redemption of debt	500
New debt issued	(750)

Utilisation of capital

momentum
short-term insurance

momentum
namibia

GUARDRISK 
TAILORED RISK SOLUTIONS

 **hello doctor**


ERIS
PROPERTY GROUP

 **PROVIDENCE**
Healthcare Risk Managers


HEALTH


YourWealth.co.uk

IMARA
INVESTING
IN AFRICA

METROPOLITAN
Cannon 

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Vision, Purpose and Strategic focus areas

Vision

Preferred lifetime financial wellness partner, with a reputation for innovation and trustworthiness

Purpose

Enhance the lifetime financial wellness of people, their communities and their businesses

Growth

Client-centricity

Excellence

Implementation

Objectives for each strategic focus area

Growth

Grow through geographical diversification

Increase value of existing clients

Increase client base

Client-centricity

Increase financial wellness

Improve client relationships

Excellence

Improve efficiency

Deliver a consistently excellent client experience

Implementation progress

Growth objectives

Grow through geographical diversification



- Country segmentation
- Focus on M&A
 - Metropolitan Cannon
 - India JV (Aditya Birla)
- Hello Doctor

Increase value of existing clients



- Group-wide segmentation model
- Client Value Propositions
- Momentum Short-term Insurance

Increase client base

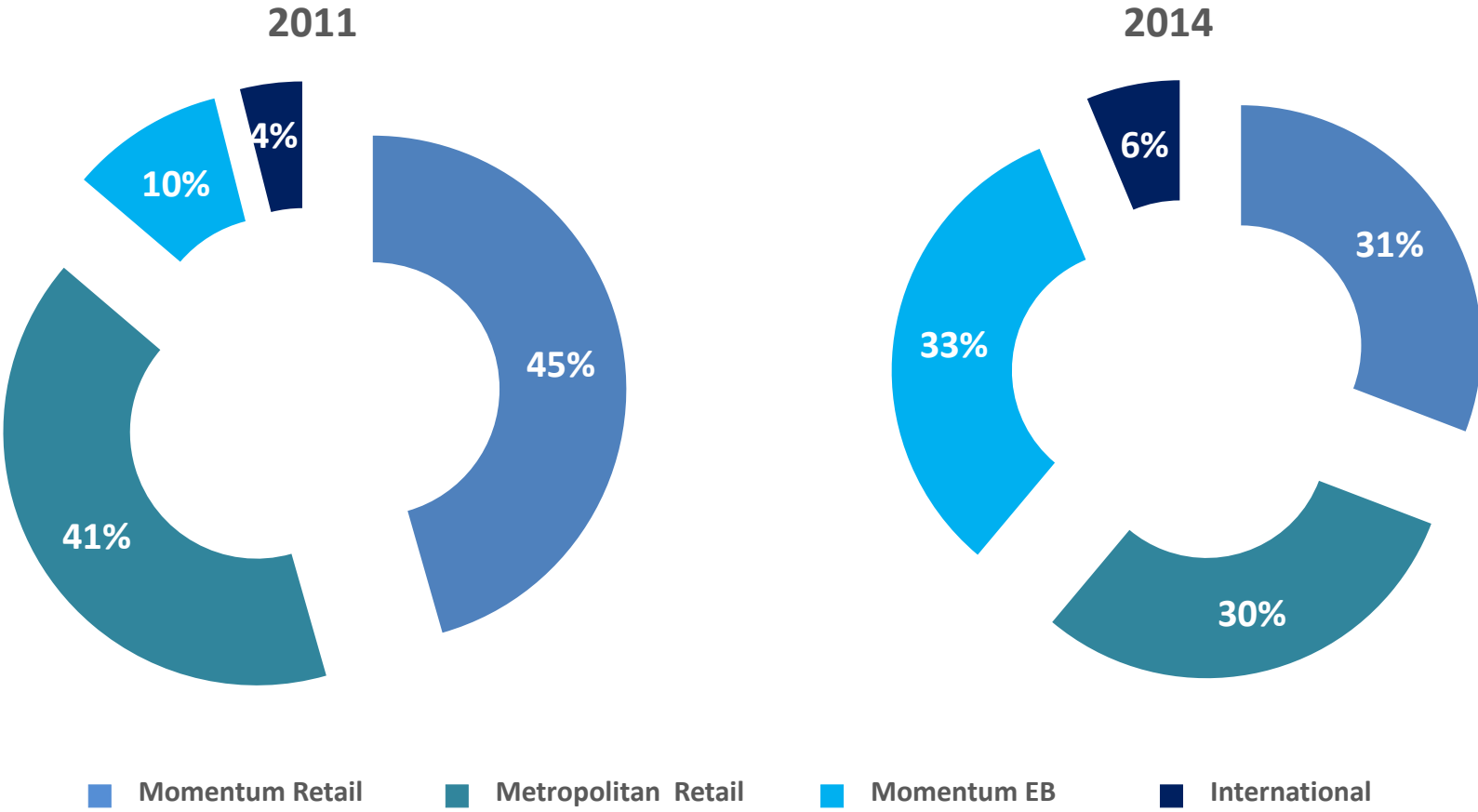


- Middle market business
- Focus on M&A
 - Imara Reid
 - CareCross
- Momentum Consult
- Metropolitan channel restructure

Implementation progress

Growth focus area - diversification progress

Value of new business split



Implementation progress

Client-centricity objectives

Increase financial wellness



- Financial Wellness take-up
- Up-sell and cross-sell benefits

Improve client relationships



- Client Engagement Solutions area
- Metropolitan Sales and Service combination

Implementation progress

Excellence objectives

Improve efficiency



- Operating model optimisation
- Legacy book optimisation
- Channel productivity

Deliver a consistently excellent client experience



- Client experience strategy
- Client Engagement Solutions area

Strategy implementation

Enablers: Foundation for effective implementation

Vision

Preferred lifetime financial wellness partner, with a reputation for innovation and trustworthiness

Purpose

Enhance the lifetime financial wellness of people, their communities and their businesses

Growth

Client-centricity

Excellence

Enablers

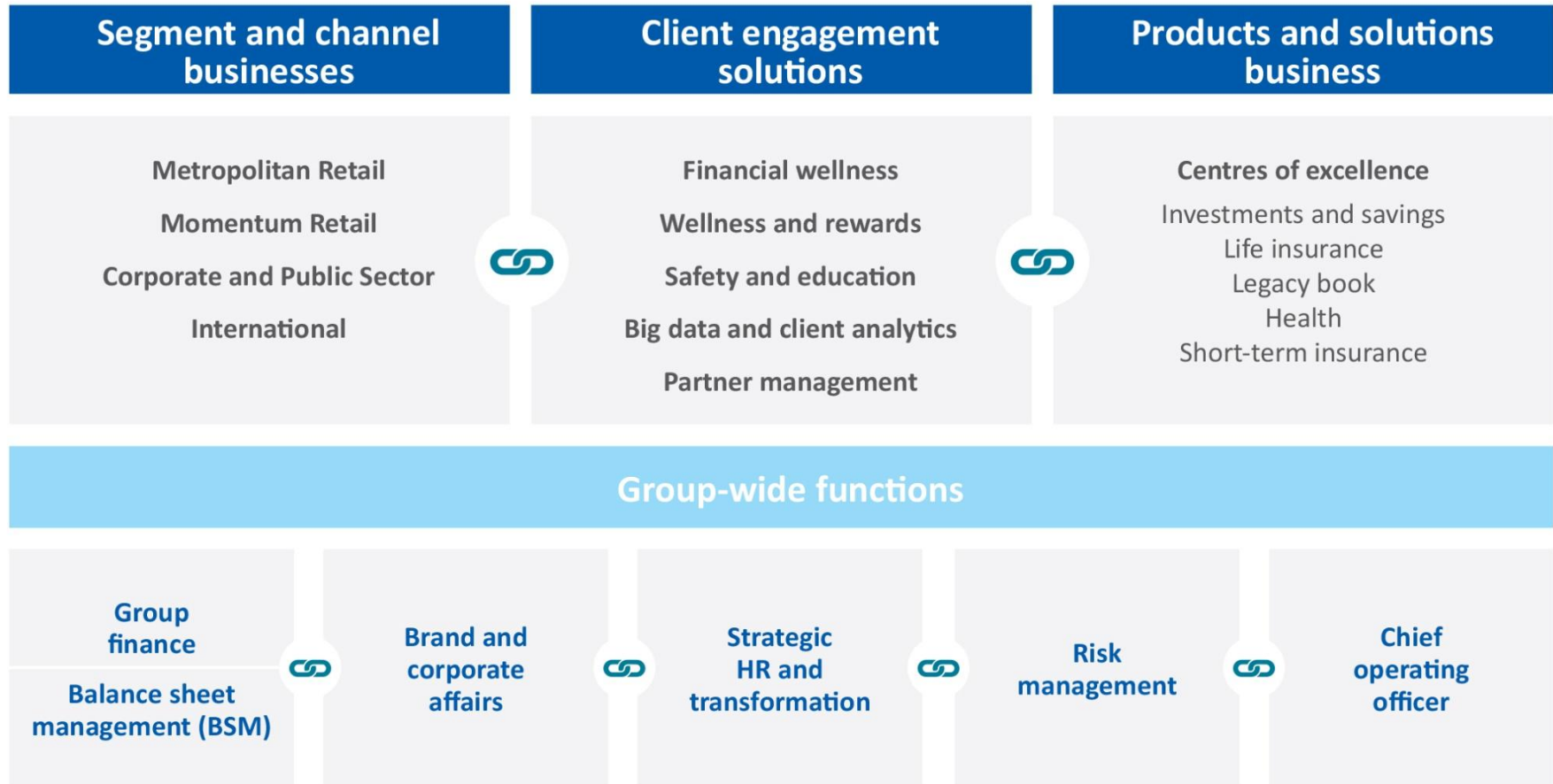
Increase flexibility and modularity of systems

Increase disruptive innovation

Enhance collaborative, client-centric and innovative culture

Strategy implementation

Enablers: Operating structure



Group operational focus areas

Growth

- Turn-around new initiatives
- Top-line volumes
- Increased efficiencies
- Embedded value earnings

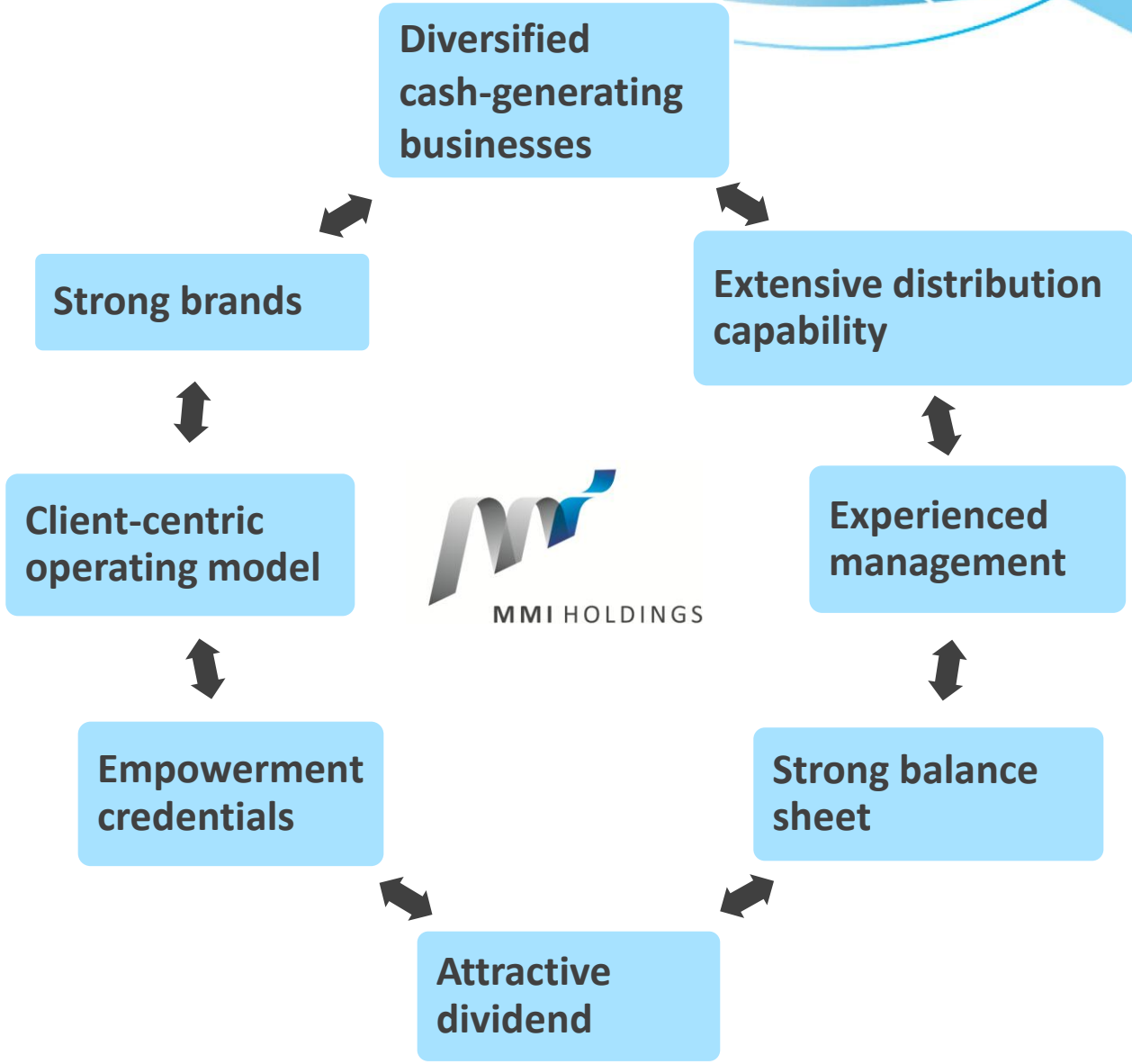
Client-centricity

- Client retention
- Innovation as key enabler

Excellence

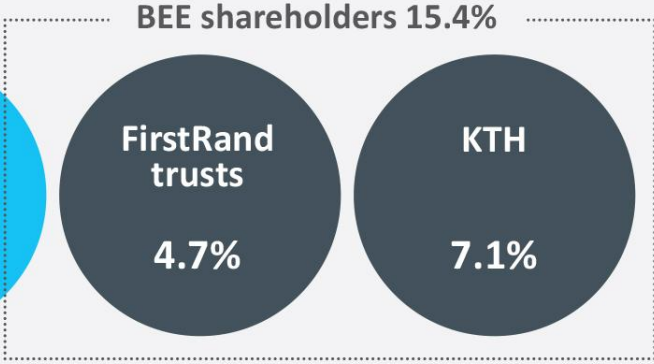
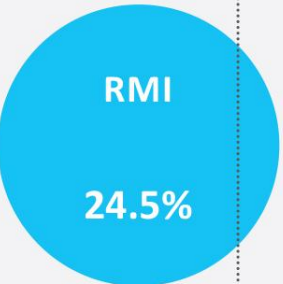
- Increase collaboration and alignment

Areas of strength

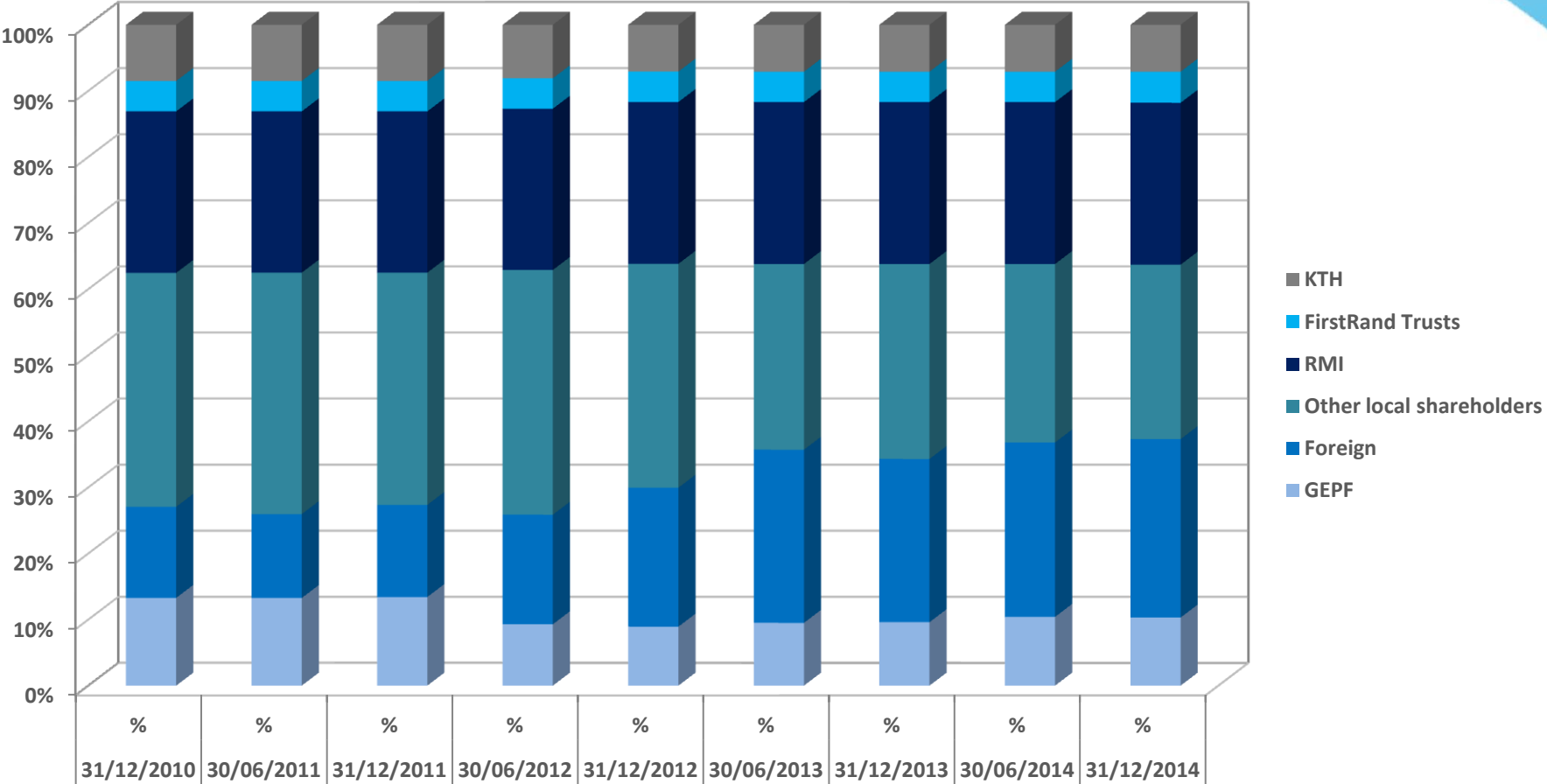


Shareholder structure

as at 31 December 2014



Shareholder structure



MMI Investor relations

Visit our website
www.mmiholdings.com

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