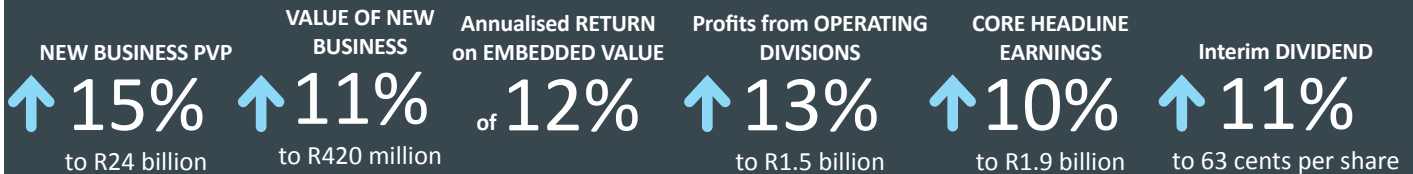




MMI HOLDINGS

Financial highlights



A summary of results

Group results

MMI delivered solid financial results for the period under review.

- Embedded value increased to R40 billion (2 478 cents per share), reflecting an annualised return on embedded value for shareholders of 12%.
- Diluted core headline earnings increased by 10% to R1.9 billion for the period while the contribution from operating divisions increased 13% to R1.5 billion.
- Core headline earnings is regarded as an appropriate measure of operational performance given that items of both a once-off and inherently volatile nature are eliminated.
- All the existing businesses increased their profits; however, overall growth was impacted by new initiatives that are being pursued in line with the group strategy of growth, client-centricity and excellence.
- Total earnings and headline earnings, a measure that includes fair value movements on shareholder assets and investment variances, were negatively impacted by the declining local equity market.
- An interim dividend of 63 cents per share was declared, an increase of 11% on the prior period.

Operating environment

Local operating conditions remained economically challenging and highly competitive. The strong performance of the South African equity markets ended, slowing dramatically during the reporting period and ending slightly negative for the six-month period.

MMI once again delivered satisfactory financial results for the period, despite the tough environment and a number of investments into new growth initiatives. The need for and provision of investment and protection products within MMI's client base remains an important part of financial wellness and planning.

Capital management

- MMI successfully issued R750 million of subordinated debt and redeemed R500 million in December 2014 as scheduled.
- A strong capital buffer of R3.5 billion was reported as at 31 December 2014, after allowing for capital requirements, strategic growth initiatives and the interim dividend.
- Taking into account the growth focus and changing regulations, the group is satisfied that its present capital level is appropriate in the current environment.

Prospects

- The strategic focus areas of the MMI group are firmly focused on growth, client-centricity and excellence.
- Each segment is implementing plans and processes to identify and optimise structures, operations, target markets, distribution channels and product offerings through innovation and collaboration, in order to grow the group through client-centricity.
- Taking into account the current environment, the group will increase focus on efficiencies, having identified specific cost-savings initiatives, while continuing to pursue top-line growth.
- Growth in new business volumes and profits will, however, be impacted by many factors including employment levels, disposable income and the electricity supply.
- The board of MMI Holdings believes that the group has identified and is implementing innovative strategies to continue unlocking value and generating the required return on capital for shareholders over time.

Level
2
B-BBEE
status

Member
of the
JSE's SRI
Sustainability
Index

Total
employees
(including
international)
17 976

Total
employees
(SA only)
15 634