



From integration to growth

2013 year-end results

11 September 2013



Agenda

Economic environment

Financial results

Operational summary

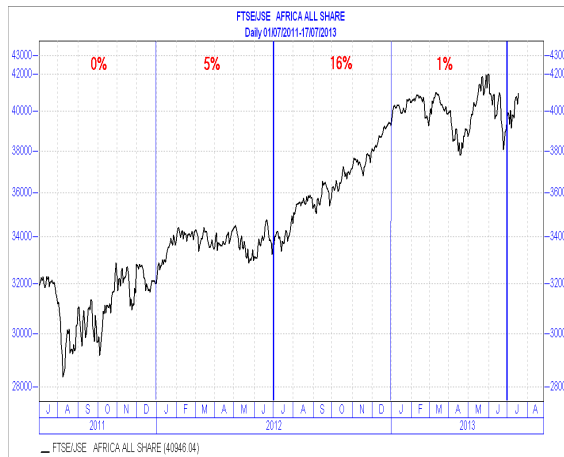
Capital management

Strategic focus areas

External environment

Continued uncertainty

JSE all-share index



- Strong market performance
- SA credit outlook downgraded
- Labour challenges
- Consumers under pressure
- SA GDP growth slowing
- African GDP growth strong
- Volatility continues

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Highlights

Return on
embedded
value

+17%
to
2 191cps

Value of
new
business

+19%
R711m

Diluted
core
headline
earnings

+10%
R3 241m

Cumulative
merger
savings

R346m

Annual
dividend
per share

+12%
127cps

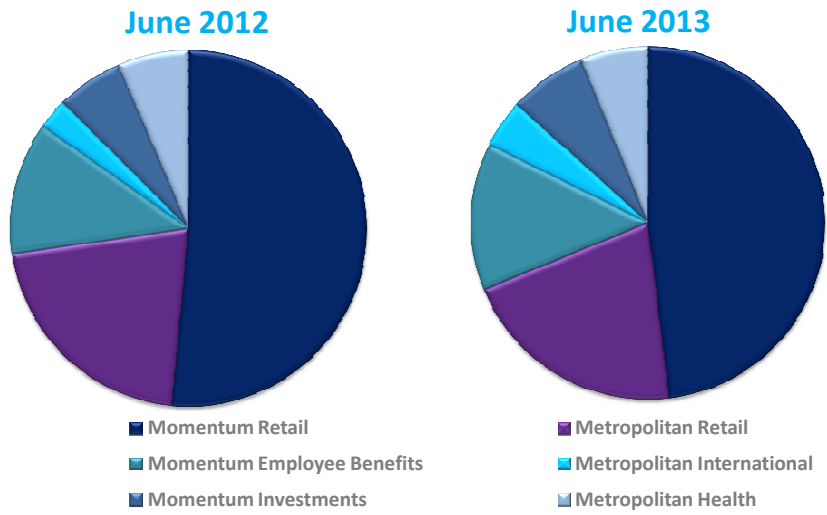
Financial results

Diluted core headline earnings per division

	June 2011	June 2012	June 2013	1 year change	Comp growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>		
Momentum Retail	759	1 064	1 179	11%	25%
Metropolitan Retail	394	438	509	16%	14%
Momentum Employee Benefits	187	249	330	33%	33%
Metropolitan International	32	57	108	89%	84%
Momentum Investments	131	125	175	40%	16%
Metropolitan Health	114	133	151	14%	15%
Operating divisions	1 617	2 066	2 452	19%	23%
Shareholder capital	1 031	889	789	(11)%	(13)%
Total	2 648	2 955	3 241	10%	11%

Solid operational performance

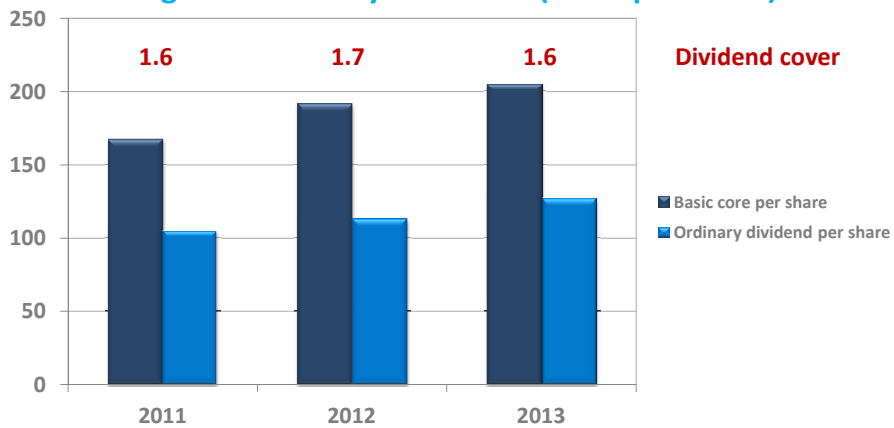
Contribution to operating profits



Increasing diversification

Financial results

Earnings and ordinary dividends (cents per share)



Good dividend track record

Financial results

New business PVP per division

	June 2012	June 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	16 384	17 421	6%
Metropolitan Retail	5 371	5 126	(5)%
Momentum Employee Benefits	9 421	11 627	23%
Metropolitan International	1 332	1 635	23%
Total PVP	32 508	35 809	10%
Total APE	4 671	4 985	7%

Volumes increased in difficult operating environment

Financial results

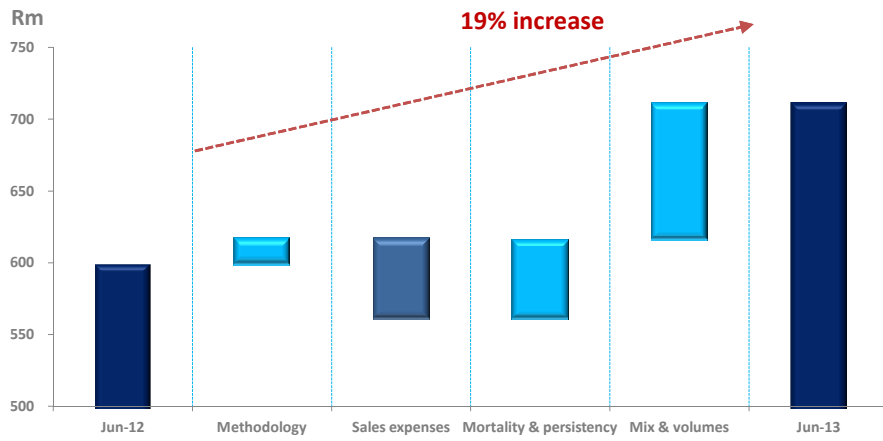
Value of new business per division

	June 2012	June 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	173	203	17%
Metropolitan Retail	262	239	(9)%
Momentum Employee Benefits	130	213	64%
Metropolitan International	34	56	65%
Total	599	711	19%
New business margin (PVP)	1.8%	2.0%	

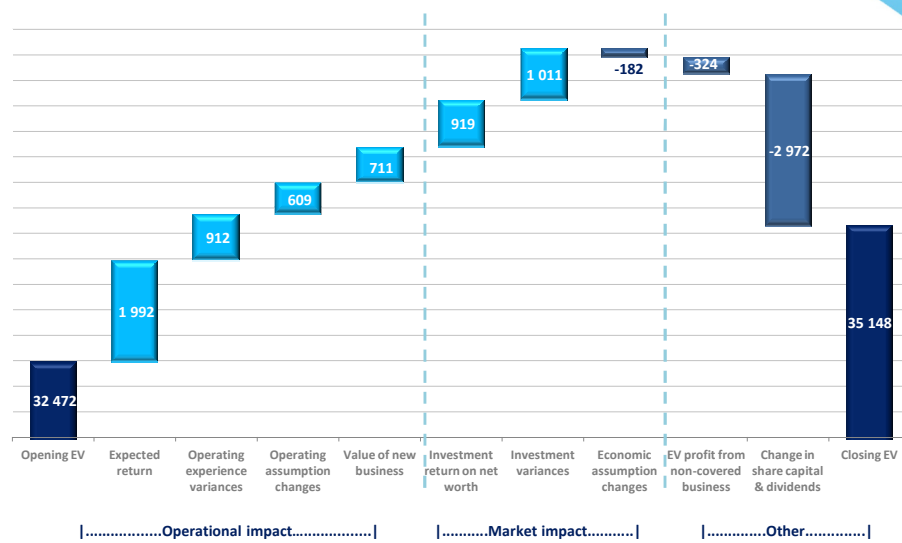
Excellent growth at improved margins

Financial results

Value of new business attribution



EV analysis (Rm)



Analysis of return on embedded value (ROEV)

	<i>Rm</i>	Annualised ROEV
Expected return – unwind of RDR	1 992	6.1%
Operating experience variances	912	2.8%
Embedded value from new business	711	2.2%
Investment return on adjusted net worth	919	2.8%
Investment variances	1 011	3.1%
Non-covered (excl basis changes)	131	0.4%
Total (excl assumption changes)	5 676	17.5%
Operating assumption changes	154	0.5%
Economic assumption changes	(182)	(0.6)%
Total return on embedded value	5 648	17.4%

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Momentum Retail

	June 2012	June 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	30 022	33 210	11%
New business APE	2 100	2 195	5%
Recurring	1 054	1 057	-
Single	10 464	11 376	9%
Value of new business	173	203	17%
PVP margin	1.1%	1.2%	
Operating profit after tax	1 064	1 179	11%

Key aspects

- Strong inflow of funds
- New business margin improved
- Good mortality profits
- Increase in asset-based fees
- Expenses well controlled

Focus on quality paying off

Momentum Retail

Focus areas

- Improve value of new business
 - Quality of business
 - Driving operational efficiency
 - Grow recurring premiums
- Increase distribution
 - New distribution initiatives
 - Grow agency force
 - Embed Financial Wellness
- Emphasis on innovation
- Increase penetration in the middle-income market

Metropolitan Retail

	June 2012	June 2013	Change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Total funds received	6 042	6 246	3%	<ul style="list-style-type: none"> • New agreement with FNB Life • Strong mortality experience
New business APE	1 159	1 198	3%	
Recurring	1 035	1 075	4%	<ul style="list-style-type: none"> • New business margin remains strong • Good discretionary expense management
Single	1 247	1 230	(1)%	
Value of new business	262	239	(9)%	<ul style="list-style-type: none"> • Investing in sales force • Strong growth in profit
PVP margin	4.9%	4.7%		
Operating profit after tax	438	509	16%	

Good growth in core market

Metropolitan Retail

Focus areas

- Process and systems renewal
- Diversify and grow distribution
 - Partnership strategies
 - Mastering distribution initiative
 - Embed segmentation insights
- Expense management
- Persistency management
- Existing customer optimisation

Momentum Employee Benefits

	June 2012	June 2013	Change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Total funds received	10 107	12 086	20%	<ul style="list-style-type: none"> • Positive net cash flow and good retention • Strong new business volumes • Excellent value of new business
New business APE	1 157	1 276	10%	
Recurring	790	769	(3)%	
Single	3 668	5 067	38%	
Value of new business	130	213	64%	<ul style="list-style-type: none"> • Good risk experience • Increased operational efficiencies
PVP margin	1.4%	1.8%		
Operating profit after tax	249	330	33%	

Excellent operating performance

Momentum Employee Benefits

Focus areas

- Optimise distribution
- Entrench position as leading incapacity insurer
- Close collaboration with the health business
- Diversify earnings
- Strengthen brand presence in target markets
- Product innovation – micro employers

Metropolitan International

	June 2012	June 2013	Change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Total funds received	2 972	3 522	19%	<ul style="list-style-type: none"> • Difficult operating environment • Good new business growth
Life insurance				
New business APE	255	316	24%	<ul style="list-style-type: none"> • Improved medical claims ratios
Value of new business	34	56	65%	
PVP margin	2.6%	3.4%		<ul style="list-style-type: none"> • Improved mortality experience
Health				
Membership ('000)	388	394	2%	<ul style="list-style-type: none"> • Delivering strong growth in profits
Claims ratio	74%	69%		
Operating profit after tax	57	108	89%	

Becoming meaningful

Metropolitan International

Focus areas

- Top line growth in all lines of business
- Acquisitions complementary to growth initiatives
- Implement mass-market initiatives
- Product innovation and diversification
- Support centre rationalisation and decentralisation
- Leadership development in-country

Momentum Investments

	June 2012	June 2013	Change	Key aspects
	<i>Rbn</i>	<i>Rbn</i>		
Funds received	81	120	48%	<ul style="list-style-type: none"> • Unconstrained team • Acquired Eris Property Group • Retail offering gaining traction • Cost management initiatives
Funds paid	82	108	32%	
Net flows	(1)	12		
Assets under management	299	364	22%	
	<i>Rm</i>	<i>Rm</i>		
Operating profit after tax	125	175	40%	

Progress in building capability

Momentum Investments

Focus areas

- Superior investment performance
- Developing solutions-based client value propositions
- Develop strong client relationships
- Invest in growth initiatives and capabilities
- Optimising efficiencies and systems integration

Metropolitan Health

	June 2012	June 2013	Change	Key aspects
Total principal members	1 271 343	1 255 744	(1)%	<ul style="list-style-type: none"> • Slow-down in GEMS membership • Good growth in Momentum Health membership • Industry consolidation • Improved operational efficiencies
GEMS	641 922	673 966	5%	
Momentum Health	100 574	111 573	11%	
Other schemes	528 847	470 205	(11)%	
	<i>Rm</i>	<i>Rm</i>		
Operating profit after tax	133	151	14%	

3 million lives under administration

Metropolitan Health

Focus areas

- Retain and expand current business
- Improve margin conversion and service delivery
- Diversify through growth and acquisitions
- Leverage health expertise into employer market
- Build a public private partnership framework

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Dividend

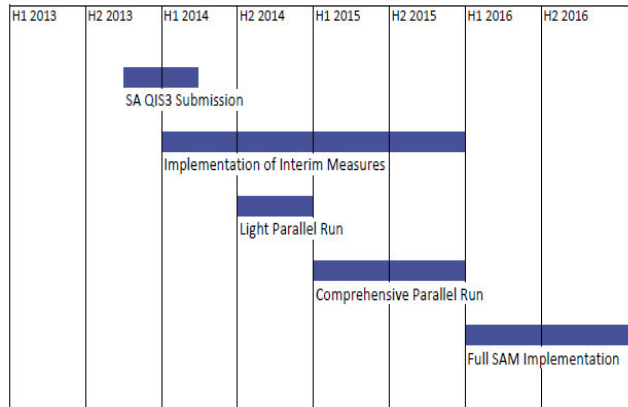
Dividend policy

- 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*

Dividend per share (cents)

	2011	2012	2013	Change
Interim ordinary dividend	42	44	51	16%
Final ordinary dividend	63	69	76	10%
Total ordinary dividend	105	113	127	12%
Special dividend	21	65		

SAM timeline



2013

- SA QIS2 completed
- SA QIS3 in progress
- CRO appointed
- Internal projects progressing

Capital strength

Economic capital

	Rbn
Net asset value as per embedded value statement	16.4
Qualifying debt	1.5
Less: net asset value of strategic subsidiaries	(1.7)
Less: required capital	(10.2)
Capital buffer before deployment	6.0
Deployed	(2.2)
Final dividend	(1.2)
Strategic	(1.0)
Capital buffer	3.8

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Delivering on the merger

- The integration projects have all progressed well
- The two main life licences amalgamated
- Annual savings of R346 million achieved to date
- Merger-savings target - R500 million, over three years
- Diversification growing top line
- Operational synergies are growing the embedded value

Merger-related savings

Total committed annual savings

R500m

To be achieved roughly evenly over a three year period
(F2012-F2014)

	2012	2013	Total
	Rm	Rm	Rm
Momentum Retail	25	30	55
Metropolitan Retail	26	11	37
Momentum Employee Benefits	71	21	92
Metropolitan International	-	9	9
Momentum Investments	15	16	31
Metropolitan Health	19	20	39
Group services	45	38	83
	201	145	346

On-track with R500m target

Performance management

Short-term incentive - balanced scorecard

	Weighting	Progress
Core headline earnings	30%	↑
Value of new business	20%	↑↑
Merger savings	15%	↑↑↑
Transformation	15%	↑↑
Strategic initiatives	20%	↑↑

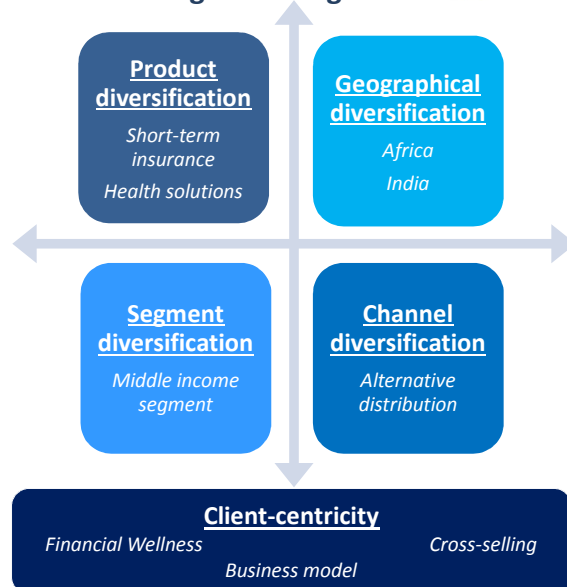
Long-term incentive

Return on embedded value	↑↑↑
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Measured against agreed targets

Group strategic focus

Change in focus – from integration to growth



Group operational focus

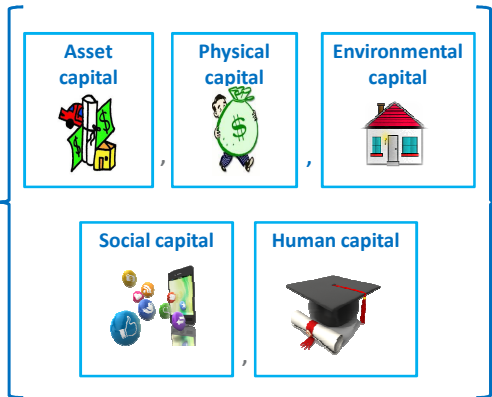
- New business volumes
- Client retention through the cycle
- Expense efficiencies
- Transformation
- Culture (innovation and collaboration)
- Utilisation of capital
- Investments proposition

Financial Wellness Index

momentum

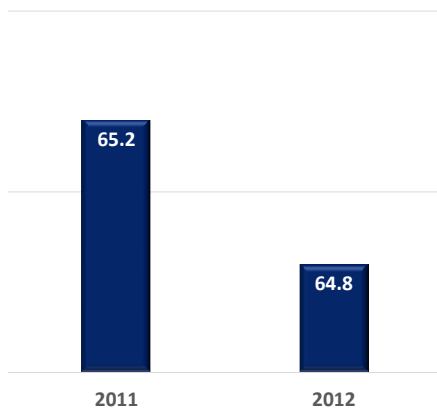
UNISA university of south africa

Purposeful collaboration towards Financial Wellness in South Africa



Financial Wellness of South Africa, is decreasing

Real average Financial Wellness Index*

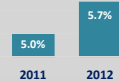


Changes in the macro-economic environment

Economic growth reduced



CPI increased



Unemployment increased

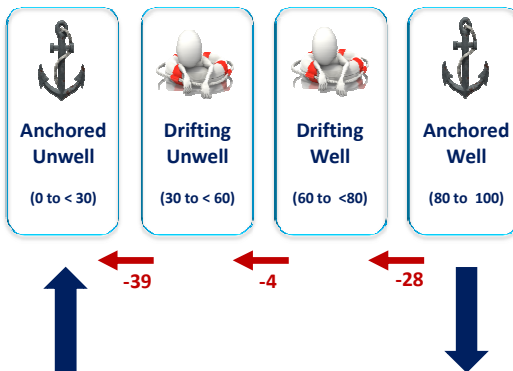
+ 250,000

* Note: Calculated using 2012 as a base, and working backwards in real term

We need to do something about it

Remain Drifting Well;
but massive impact on households

South Africa
64.8



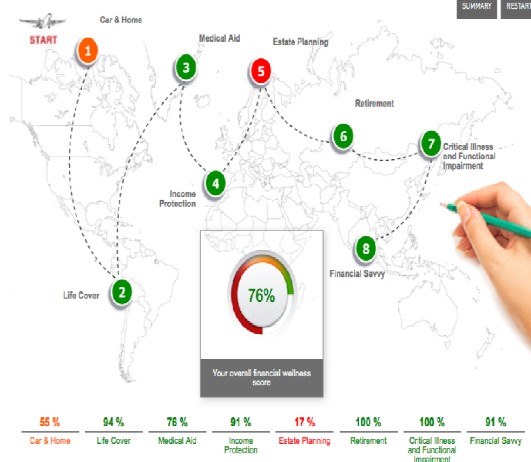
Impact on society;
and potential action steps



Wellness Score assists in assessing an individual's financial wellness

Your Financial Wellness Score

Assess your financial wellness. Know your score and how to improve it.



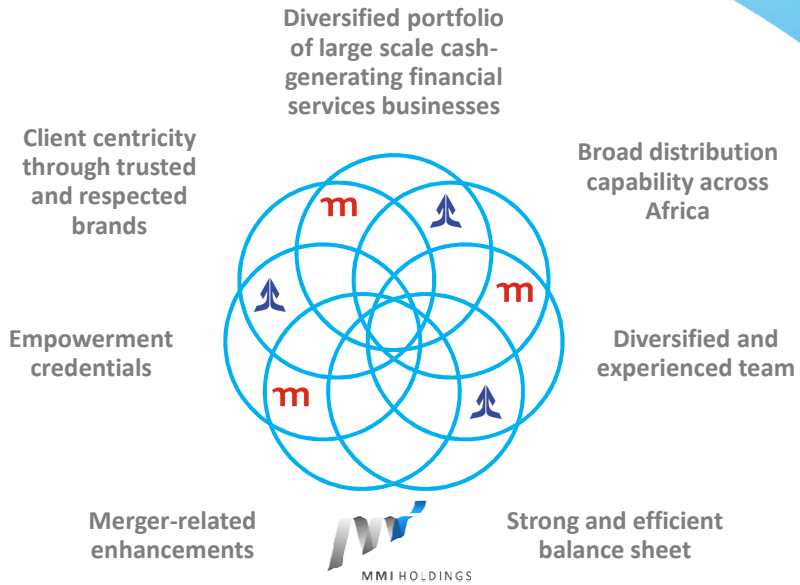
Holistic approach

Qualitative Q&A

Score out of 100 +
actions steps to improve

Benchmark / compare
yourself to others

Areas of strength



Thank you
Questions?

Investor relations

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