



MMI HOLDINGS

Pursuing Growth

2014 interim results

For the six months ended 31 December 2013

Agenda

Economic environment

Financial results

Operational summary

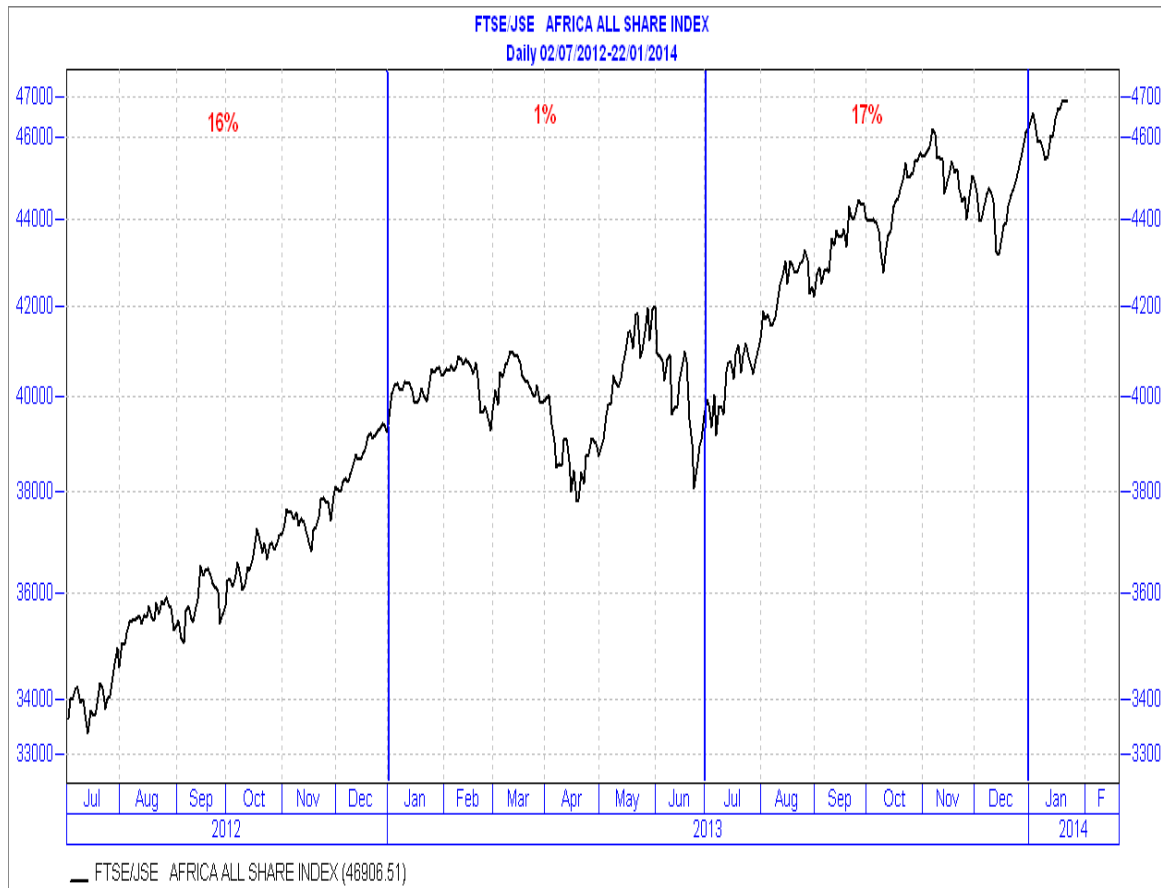
Capital management

Strategic focus areas

External environment

Strong equity market

JSE all-share index



- Continued strong market performance
- SA credit outlook
- Labour challenges
- Consumers under pressure
- SA GDP growth uncertainty
- African GDP growth strong

Agenda

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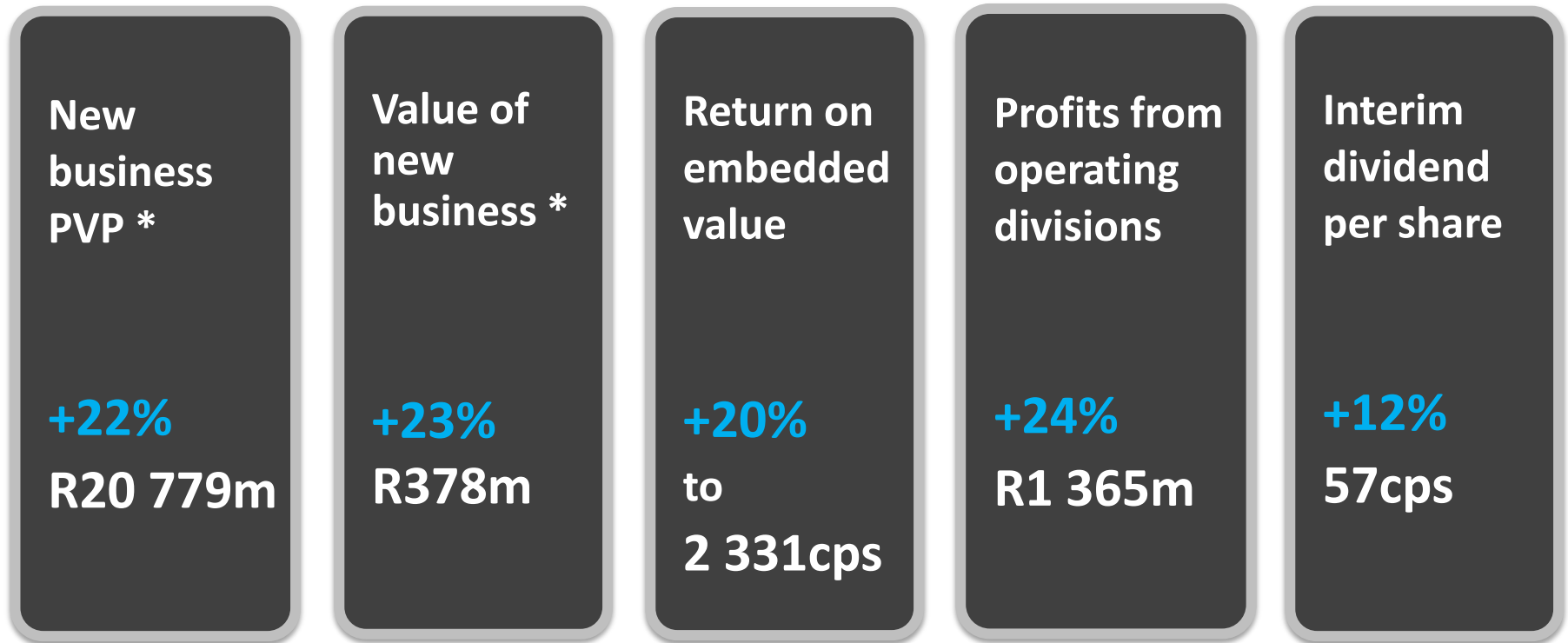
Operational summary

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Financial results

Delivering on our strategy – investing in the future



* Excludes FNB Life

Financial results

Diluted core headline earnings per division

	Dec 2012	Dec 2013	1 year change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	514	652	27%
Metropolitan Retail	242	315	30%
Momentum Employee Benefits	159	179	13%
Metropolitan International	39	49	26%
Momentum Investments	74	95	28%
Metropolitan Health	70	75	7%
Operating divisions	1 098	1 365	24%
Shareholder capital	403	325	(19)%
Total	1 501	1 690	13%

Operational growth continues

Financial results

Total earnings (diluted)

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Core headline earnings	1 501	1 690	13%
Amortisation of intangibles	(302)	(277)	8%
Fair value gains	232	398	72%
Basis changes and investment variances	10	64	>100%
Other adjustments	(3)	(48)	>(100)%
Headline earnings	1 438	1 827	27%
Other adjustments	53	(18)	>(100)%
Total earnings	1 491	1 809	21%

Financial results

New business per division

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	8 459	10 499	24%
Metropolitan Retail *	2 783	2 831	2%
Momentum Employee Benefits	4 977	6 506	31%
Metropolitan International	874	943	8%
Total PVP *	17 093	20 779	22%
Total APE *	2 381	2 787	17%

* Excludes FNB Life

Strong new business volumes

Financial results

Value of new business per division

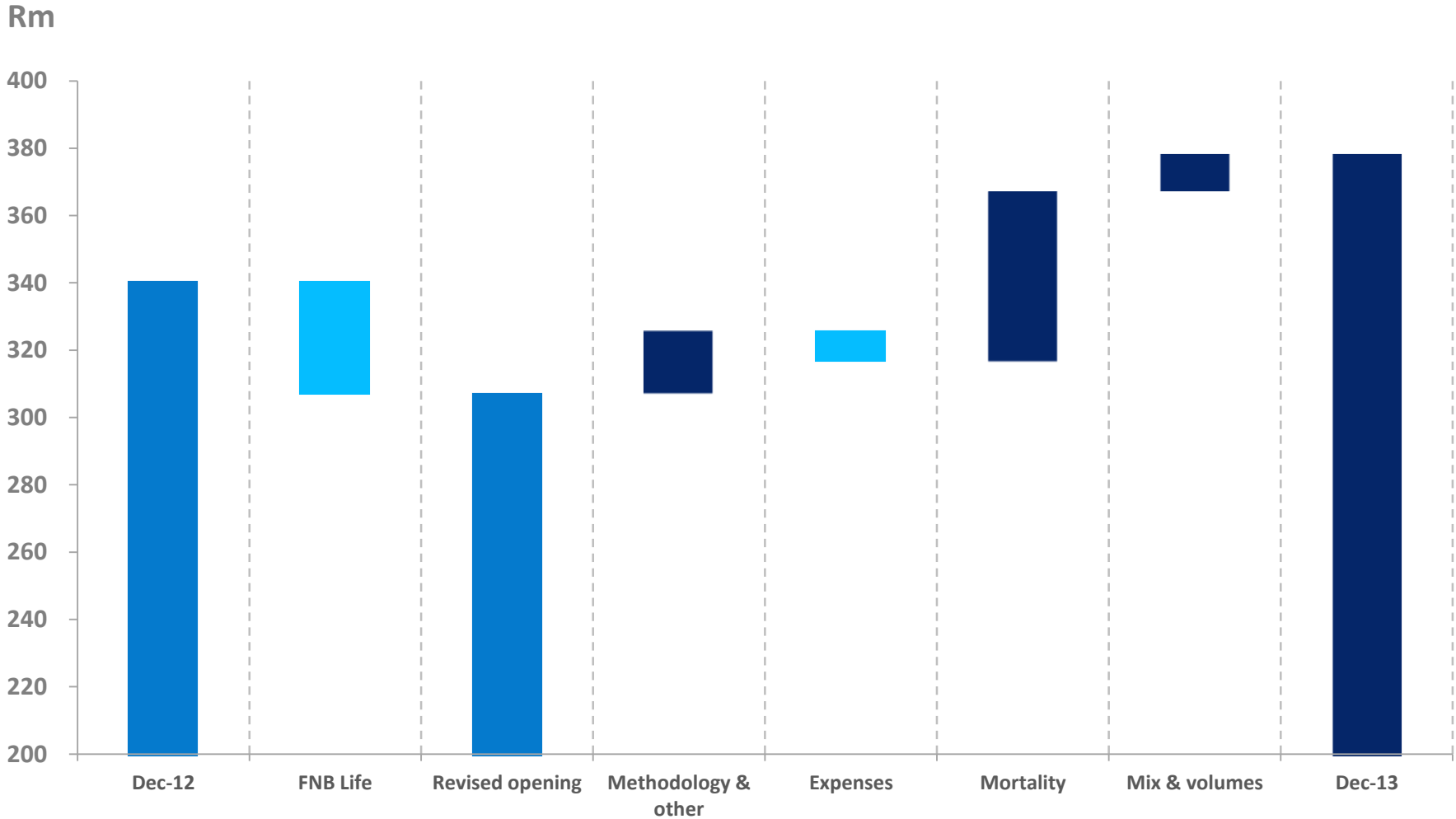
	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	93	136	46%
Metropolitan Retail *	120	122	2%
Momentum Employee Benefits	66	90	36%
Metropolitan International	28	30	7%
Total *	307	378	23%
New business margin (PVP)	1.8%	1.8%	

* Excludes FNB Life

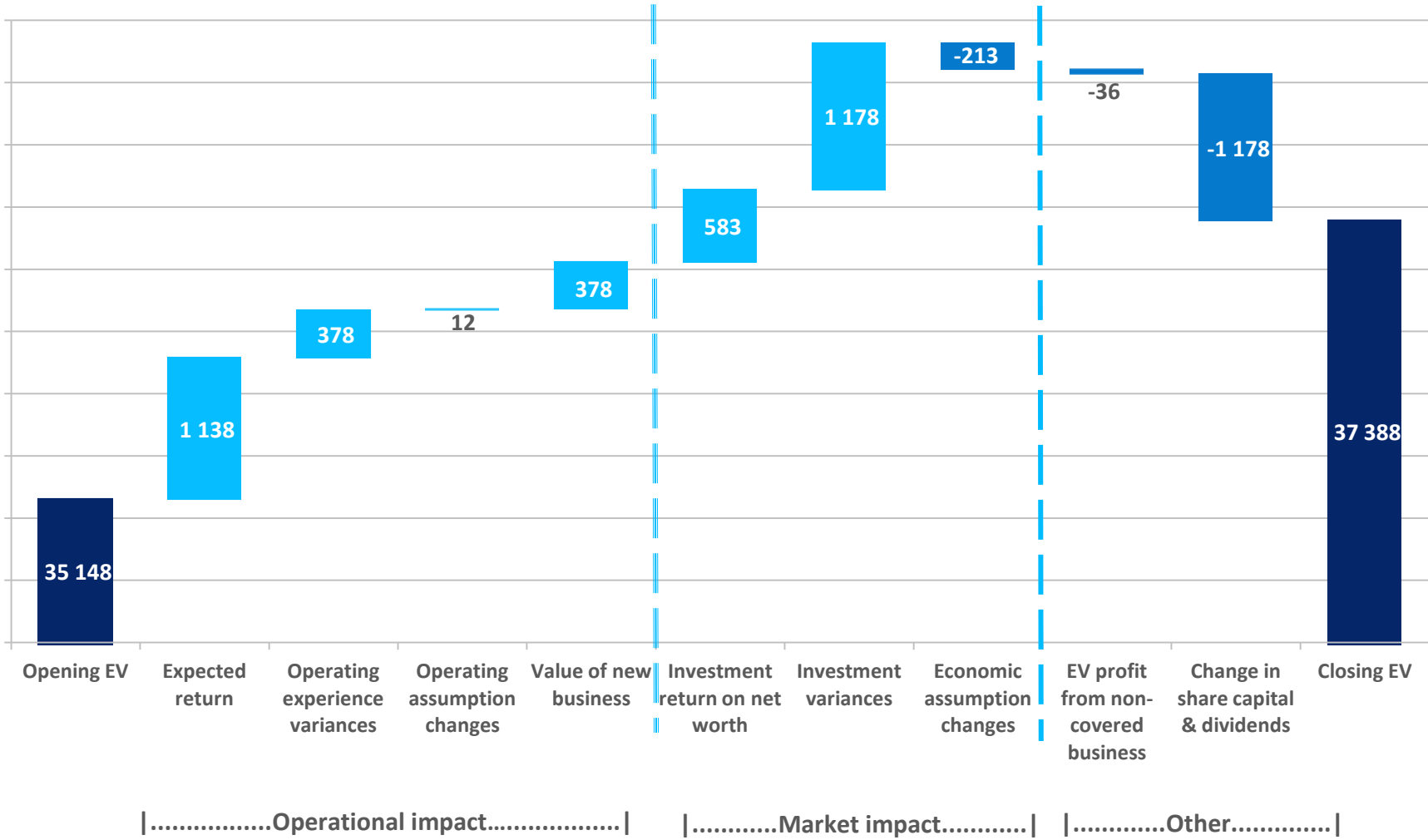
Excellent growth, margins maintained

Financial results

Value of new business attribution



EV analysis (Rm)



Analysis of return on embedded value (ROEV)

	Dec 2012 <i>Rm</i>	Dec 2013 <i>Rm</i>	Annualised ROEV
Expected return – unwind of RDR	1 006	1 138	6.8%
Operating experience variances	504	378	2.2%
Embedded value from new business	340	378	2.2%
Investment return on adjusted net worth	507	583	3.5%
Investment variances	989	1 178	7.1%
Non-covered (excl basis changes)	(38)	44	0.2%
Total (excl assumption changes)	3 308	3 699	22.0%
Operating assumption changes	(398)	(68)	(0.3)%
Economic assumption changes	185	(213)	(1.3)%
Total return on embedded value	3 095	3 418	20.4%

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Momentum Retail

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	15 370	17 676	15%
New business PVP	8 459	10 499	24%
Recurring	539	519	(4)%
Single	5 426	7 609	40%
Value of new business	93	136	46%
PVP margin	1.1%	1.3%	
Operating profit after tax	514	652	27%

Key aspects

- Strong inflow of funds
- Good mortality profits
- Increase in asset-based fees
- Expenses well controlled
- Strong increase in value of new business and profit

Focus on quality paying off

Momentum Retail

Focus areas

- Value of new business
 - Quality of business
 - Business mix
 - Grow recurring premiums
- Increase distribution
 - New distribution initiatives
 - Grow agency force
- Financial Wellness
- Emphasis on innovation
- Increase penetration in the middle-income market

Metropolitan Retail

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	3 141	3 450	10%
New business PVP *	2 783	2 831	2%
Recurring *	509	558	10%
Single *	533	692	30%
Value of new business *	120	122	2%
PVP margin *	4.3%	4.3%	
Operating profit after tax	242	315	30%

* Excludes FNB Life

Key aspects

- New business margin remains strong
- Investing in sales force
- Strong mortality experience
- Reduced FNB Life participation
- Strong growth in profit

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 and persistency management**
- **Existing customer optimisation**
- **Leadership succession**

Momentum Employee Benefits

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	7 908	11 219	42%
New business PVP	4 977	6 506	31%
Recurring	253	532	>100%
Single	3 128	1 704	(46)%
Value of new business	66	90	36%
PVP margin	1.3%	1.4%	
Momentum Open Scheme membership ('000)	101	112	11%
Operating profit after tax	159	179	13%

Key aspects

- Positive net cash flow
- Strong new business volumes
- Excellent value of new business
- Continued growth in Health membership
- Mixed risk experience
- Increased operational efficiencies

Strong operating performance

Momentum

Employee Benefits

Focus areas

- **Optimise distribution**
- **Align Guardrisk with the group**
- **Entrench position as leading incapacity insurer**
- **Close collaboration with health operations**
- **Strengthen brand presence in target markets**
- **Product innovation**

Metropolitan International

	Dec 2012	Dec 2013	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	1 762	1 766	-
Life insurance			
New business PVP	874	943	8%
Value of new business	28	30	7%
PVP margin	3.2%	3.2%	
Health			
Membership ('000)	381	408	7%
Claims ratio	72%	69%	
Operating profit after tax	39	49	26%

Key aspects

- Difficult operating environment
- Slower new business growth
- Medical claims ratios improved
- Good mortality experience
- Delivering growth in profits

Steady progress

Metropolitan International

Focus areas

- Acquisition of Cannon Assurance (Kenya)
- Acquisitions complementary to growth initiatives
- Namibian integration
- Top line growth in all lines of business
- Implement mass-market initiatives
- Product innovation and diversification
- Support centre efficiencies

Momentum Investments

	Dec 2012	Dec 2013	Change	Key aspects
	<i>Rbn</i>	<i>Rbn</i>		
Net flows	11	(3)		<ul style="list-style-type: none">• New focused operating model• Improved investment performance• Lower expense ratio• Good recovery in profits
Assets under management	340	371	9%	
	<i>Rm</i>	<i>Rm</i>		
Operating profit after tax	74	95	28%	

Progress in building excellence

Momentum Investments

Focus areas

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

Metropolitan Health

	Dec 2012	Dec 2013	Change
Total principal members	1 179 043	1 182 746	-
GEMS	662 469	681 218	3%
Other schemes	516 574	501 528	(3)%
	<i>Rm</i>	<i>Rm</i>	
Operating profit after tax	70	75	7%

Key aspects

- Slow-down in GEMS membership growth
- Acquisition of Providence Health
- Consolidation continues
- Operational efficiencies

Focus on operational efficiencies

Metropolitan Health

Focus areas

- **Diversify income streams**
- **Retain and expand current business**
- **Improve margin conversion and service delivery**
- **Corporate market collaboration to leverage health expertise**
- **Build a public private partnership framework**

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Economic environment

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Operational summary

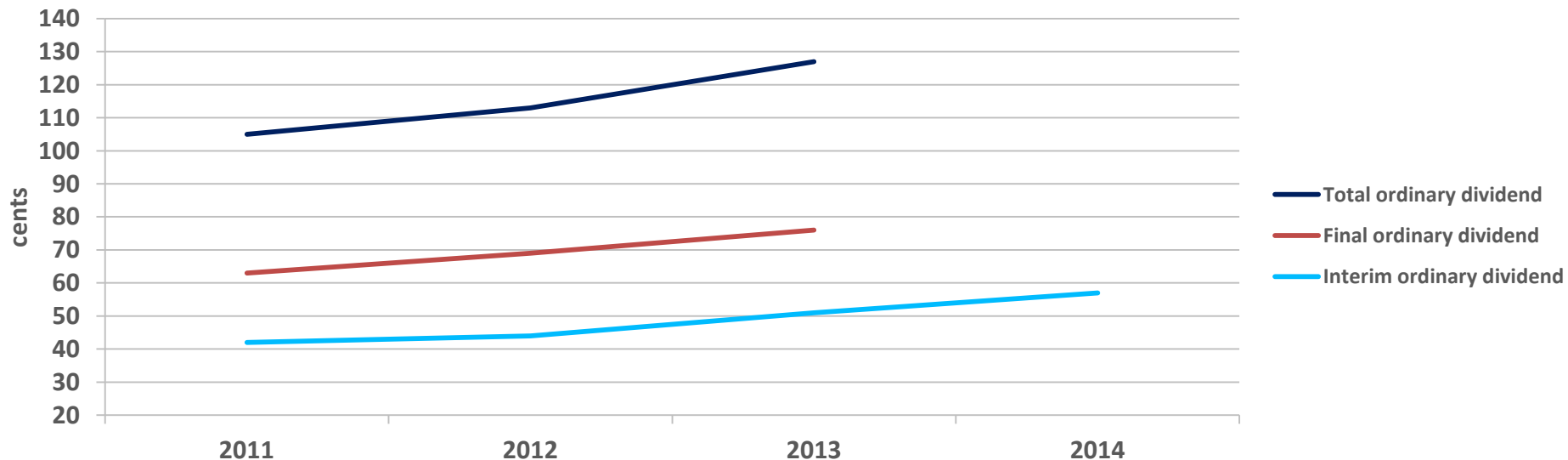
Capital management

Strategic focus areas

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
upgrade**

IFS AA+ (zaf)

Sub-debt A+ (zaf)

New debt issue

R1.5bn

March 2014

SAM

Capital strength

Economic capital

	Rbn
Net asset value as per embedded value statement	17.1
Qualifying debt	1.5
Less: net asset value of strategic subsidiaries	(1.6)
Less: required capital	(10.0)
Capital before deployment	7.0
Deployed	(3.5)
Interim dividend	(0.9)
Acquisition of Guardrisk	(1.6)
Other strategic initiatives	(1.0)
Capital buffer	3.5

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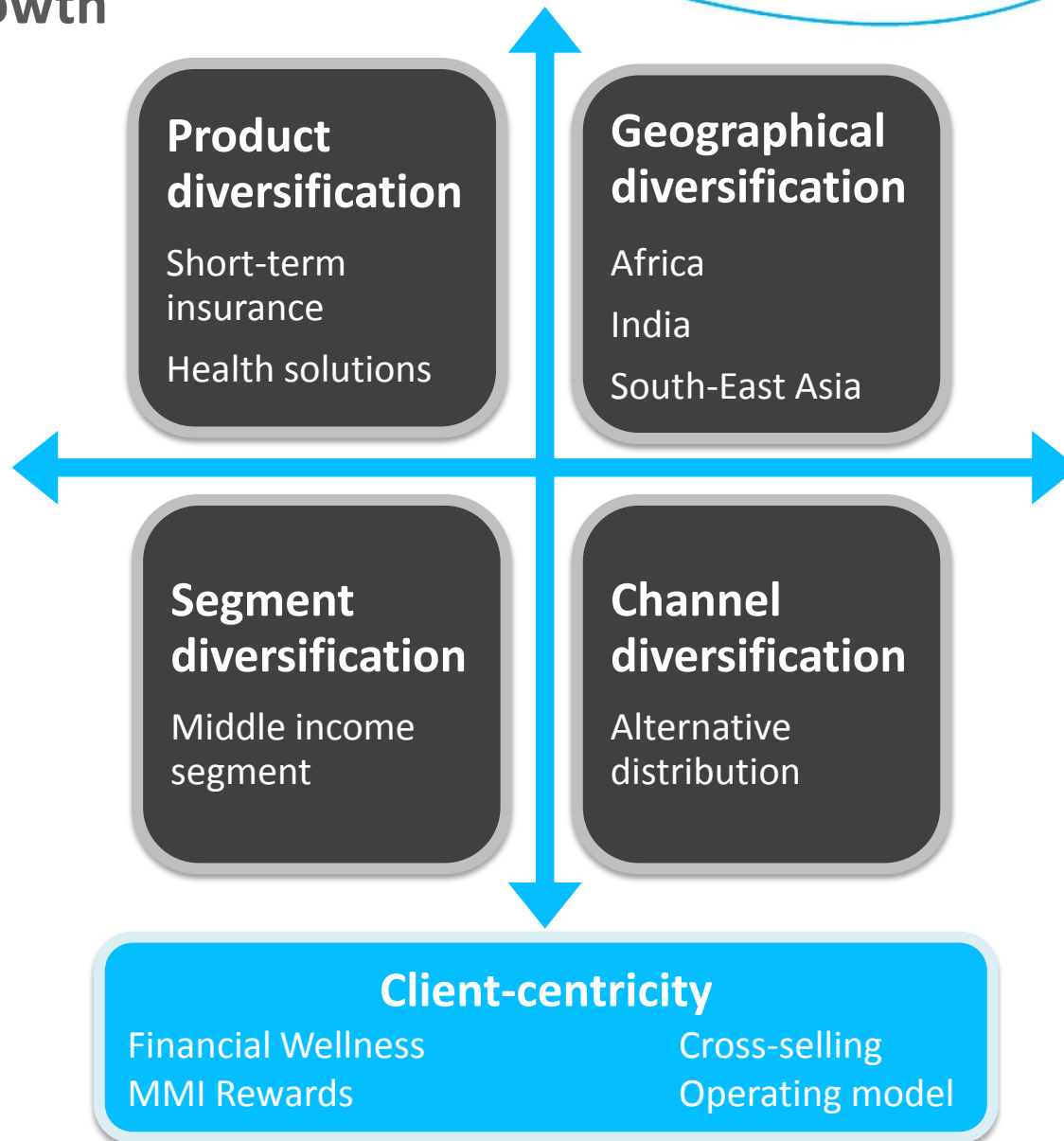
Operational summary

Capital management

Strategic focus areas

Group strategic focus

Pursuing growth



Growth initiatives

Acquisitive progress

GUARDRISK
TAILORED RISK SOLUTIONS



momentum
short-term insurance

 **hello doctor**

 **PROVIDENCE**
Healthcare Risk Managers


Cannon Assurance

Transformation and sustainability

Level **2** B-BBEE status

Listed on the JSE's
Socially Responsible
Investment index (SRI)
since 2006

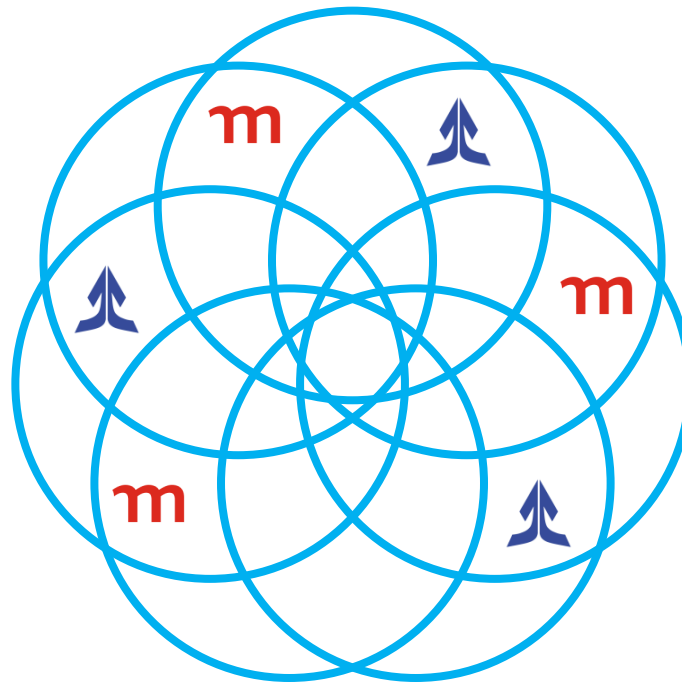
Areas of strength

Diversified portfolio
of large scale cash-
generating financial
services businesses

Client centricity
through trusted
and respected
brands

Empowerment
credentials

Merger-related
enhancements



Broad distribution
capability across
Africa

Diversified and
experienced team

Strong and efficient
balance sheet

Shareholder structure as at 31 December 2013



MMI Investor relations

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