

Alexander Forbes and MMI Holdings Announce Guardrisk Transaction

Published: Jan 4, 2013 8:00:00 AM South Africa Standard Time

Johannesburg, South Africa - Financial services groups, Alexander Forbes and MMI Holdings Limited (MMI) have announced that they have reached agreement on the sale of Guardrisk (including Euroguard) to MMI for R1.6 billion.

The conclusion of the transaction is subject to, inter alia, regulatory approvals by the Financial Services Board and the competition authorities.

MMI, a JSE-listed financial services group, is the successful bidder from a list of several investors who expressed an interest in acquiring Guardrisk, a wholly owned subsidiary of Alexander Forbes. Announcing the sale, Edward Kieswetter said: "The sale of Guardrisk was considered in the context of positioning the Alexander Forbes Group for growth in its employee benefits, investment and risk benefits institutional businesses, as well as leveraging off that established client base into three key growth markets: retail (individuals), the public sector and sub-Saharan Africa. This transaction will further enable us to deliver on our

promise of securing the financial well-being of our clients - now and into the future."

Nicolaas Kruger, Group CEO of MMI says: "The acquisition of Guardrisk is an important milestone to support our strategic intent to diversify our business to enable further growth. The Guardrisk transaction enables MMI to provide a comprehensive and exciting suite of specialist insurance solutions in the alternative risk transfer space to our large corporate clients and brokers. This enhanced product offering will be complementary to the innovative product offering of Momentum Employee Benefits."

Herman Schoeman, Guardrisk Managing Director, who will continue to lead the company along with his current management team, said he is excited about the future prospects of Guardrisk under the MMI umbrella: "We have been a leader in the specialised insurance industry since our inception and we look forward to unlocking synergies and providing value enhancing products and services to our current and future clients. Our highly experienced employees will also have the opportunity to contribute their unique skill set to MMI."

The purchase price of R1.6 billion will be funded from MMI's capital buffer, which remains healthy to fund other strategic growth initiatives. "We are comfortable that we will extract revenue synergies from the Guardrisk transaction, which are expected to enhance MMI's earnings and grow embedded value over time," concludes Kruger.

