

Metropolitan posts record fund inflows

Today (12 September) Metropolitan announced financial results for the six months to 30 June 2007 reflecting sustained growth over four consecutive interim reporting periods thanks to the group's diversification strategy.

Group chief executive Peter Doyle, who has been the main architect of this strategy, declared himself well satisfied with the way it continues to lift operational performance.

Net funds received from clients reached a record R6.7 billion, more than 2.5 times the group's previous best, and 168% up year on year. Most group businesses recorded significant improvements in inflows.

In striking contrast to industry norms, where cashflows have been strained in recent years, Metropolitan has maintained a compound annual growth rate of 59% in net funds received every June since as far back as 2003.

"It is particularly pleasing," said Doyle, "that our core individual life insurance business is continuing to grow along with the newer businesses.

"By way of example, corporate, one of the businesses established as part of our revenue diversification drive, increased its after-tax operating profit by 19% while health, another of our diversified sources of revenue, recorded an impressive R32 million profit.

"For international, where we are exploring business opportunities in line with our commitment to creating prosperity for the people

of Africa, after-tax operating profit was 95% higher while the asset management contribution was 119% up.

“Retail, on the other hand, generated 55% of the group’s total after-tax operating profit.”

At 35% up, diluted core headline earnings per share were impressive. Once again, earnings and headline earnings per share also showed healthy increases (30%), clear evidence of sustained shareholder value-add.

An interim dividend per share of 36 cents per share was declared for 2007, 24% higher, indicating that the directors expect the group’s underlying earnings to continue growing in the medium term.

Turning to embedded value - a key life industry measure - the return of 20% notched up by Metropolitan over the six months was amongst the highest in the industry. The 22% rise in embedded value per share (annualised) from 1 585 cents (adjusted for the dividend paid) to 1 761 cents over the last six months was also a first-rate achievement.

With total assets under management passing the R95 billion mark, Metropolitan is now firmly positioned amongst the bigger players in the financial services sector.

In addition to the group’s robust 40% increase in total premium income, the life businesses registered overall growth of 68% in the present value of new premium income (PVP). The value of the new business written by each of them also trended sharply upwards, showing a 48% increase overall.

Corporate new business soared 267% whilst new business from the health operations almost trebled, demonstrating yet again the wisdom of diversification. Health's figures were boosted by exponential growth in membership of the Government Employees Medical Scheme (GEMS).

"Metropolitan's entrenched position in the low and middle income markets - we have one of the largest customer bases in the industry with some 10 million customers on the books across all our businesses - continues to give us a competitive edge," says Doyle.

"Our efforts to enhance the value proposition offered to each and every customer are ongoing regardless of how far and how fast we diversify."

Summary of Metropolitan's stakeholder value-add to June 2007

	June 2006	June 2007	% growth
Diluted core headline earnings	R344m	R440m	+28
Diluted core headline earnings per share	45.26c	61.28c	+35
Diluted earnings	R704m	R879m	+25
Diluted earnings per share	95.26c	124.15c	+30
Return on embedded value (%)	17.7	20.3	
Embedded value per share	1 486c	1 761c	
Interim dividend per ordinary share	29.00c	36.00c	+24
Total premiums received	R4.2 bn	R5.9 bn	+40
Present value of new premium income (PVP)	R3 141m	R5 283m	+68
Total assets under management	R75 bn	R95 bn	+26

