

2007 interim results

“Diversification = Growth”

Peter Doyle

Group chief executive



Business environment

- ▶ **Growing economy & financial services industry**
- ▶ **Globalisation of financial services**
- ▶ **Growing middle class in Africa**
- ▶ **Blurring of traditional business lines**
- ▶ **Rise in consumerism**
- ▶ **Continued legislative reform**
- ▶ **African unity & economic collaboration**



Metropolitan: relative competitive strengths

- ▶ **Empowerment strategy**
- ▶ **Proven track record with government**
- ▶ **AIDS impact analysis**
- ▶ **Large & focused customer base**
- ▶ **Brand strength**
- ▶ **African exposure**
- ▶ **Large scale low cost admin capabilities**
- ▶ **Wide product range**



Business concept

Driving force

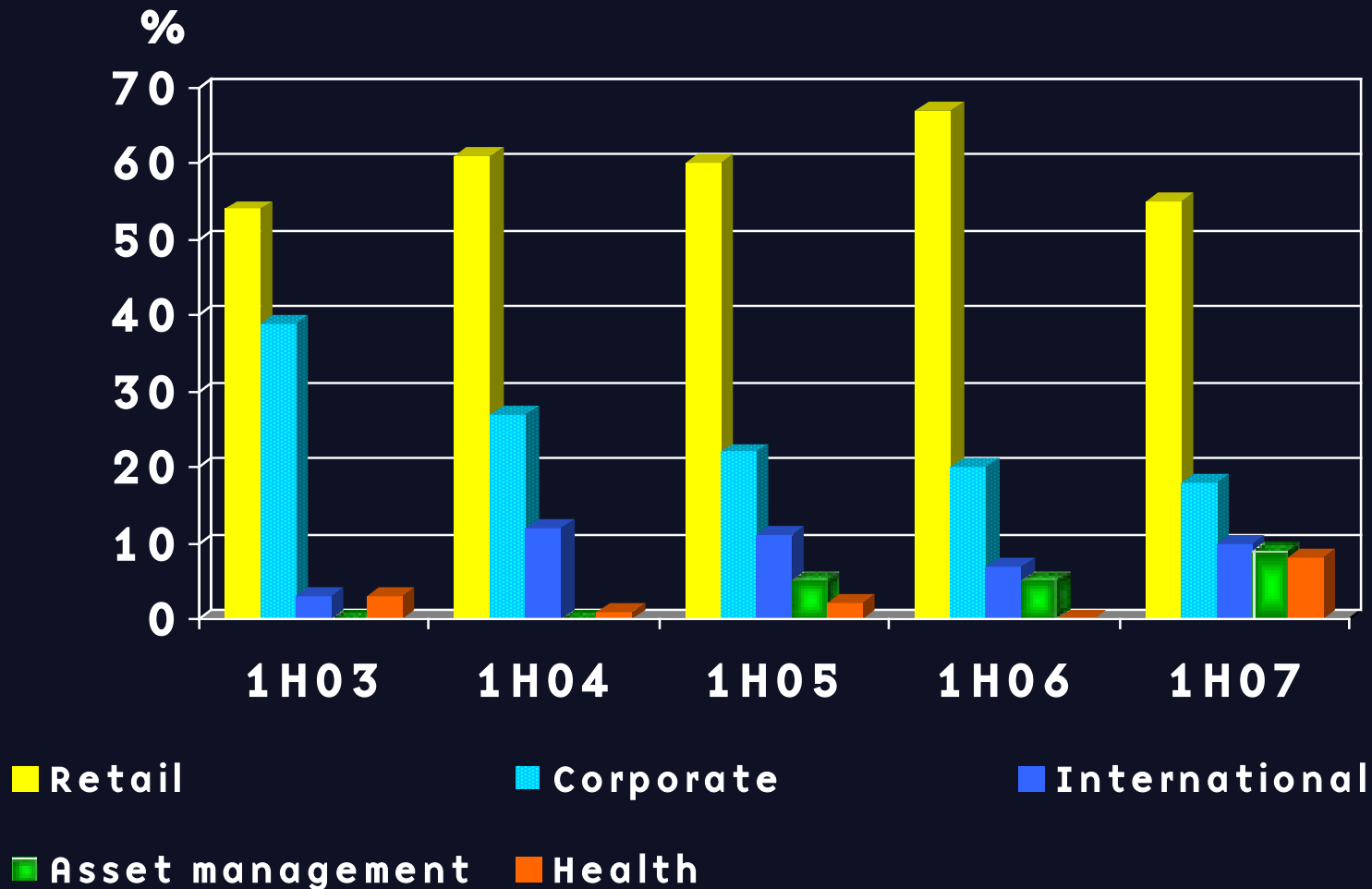
Customers

Strategic focus

Leading financial services business focused on creating prosperity for Africa's people



% split of operating profit



Highlights of results

	%
Net funds from clients	+168
Growth in total premiums	+40
Diluted core headline earnings per share	+35
Dividend per share	+24



Size of group

	1H03	1H04	1H05	1H06	1H07
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Embedded value	6023	7 262	9 575	11 128	12 308
Embedded value per share (cents)	924	1 119	1 296	1 486	1 761
Total assets	39 960	53 725	58 103	75 224	95 010
Ten million clients in total					



Funds received from clients

	Gross inflow	Gross outflow	Net inflow 1H07	Net inflow 1H06
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Retail	3 078	(1 928)	1 150	822
Corporate	2 397	(1 362)	1 035	(535)
International	452	(331)	121	168
Long-term insurance business cash flows	5 927	(3 621)	2 306	455
Health	4 964	(4 717)	247	(392)
Asset management	7 847	(3 666)	4 181	2 215
Corporate	-	-	-	231
Total	18 738	(12 004)	6 734	2 509





Financial results

Preston Speckmann

Group finance director

Growth in core headline earnings

	1H03	1H04	1H05	1H06	1H07	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Retail	65	100	148	199	217	35
Corporate	47	44	54	59	70	10
International	4	20	28	21	41	79
Asset management	★	★	12	16	35	71
Health	4	1	4	-	32	68
Shareholder equity	33	27	42	49	45	8
Total	153	192	288	344	440	30

★ included in corporate



Growth in core headline earnings & dividend per share

	1H03	1H04	1H05	1H06	1H07	Compound growth %
Diluted CHEPS (cents)	22.05	28.36	35.97	45.26	61.28	29
Dividend per share (cents)	18.00	20.50	24.00	29.00	36.00	19



APE % split of individual life new business

	1H03	1H04	1H05	1H06	1H07
	%	%	%	%	%
Odyssey broker channel	13	19	20	27	29
Direct writers	44	44	35	22	24
Direct mail & telemarketing	28	9	14	24	23
Group schemes	*	*	7	9	9
International	#	13	11	9	8
General intermediary channel	15	15	13	9	7

* included in direct writers
 # not separately disclosed



New business APE

	1H03	1H04	1H05	1H06	1H07	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Retail	307	405	398	428	467	11
Corporate	116	210	43	78	265	23
International	48	48	67	51	48	-
Total	471	663	508	557	780	13



New business margin APE

	1H03	1H04	1H05	1H06	1H07
	%	%	%	%	%
Retail	2.6	9.6	11.2	8.2	9.6
Corporate	8.6	10.9	(25.6)	12.8	8.7
International	10.4	2.1	13.4	13.6	18.8
Total	4.9	9.5	8.3	9.3	9.9

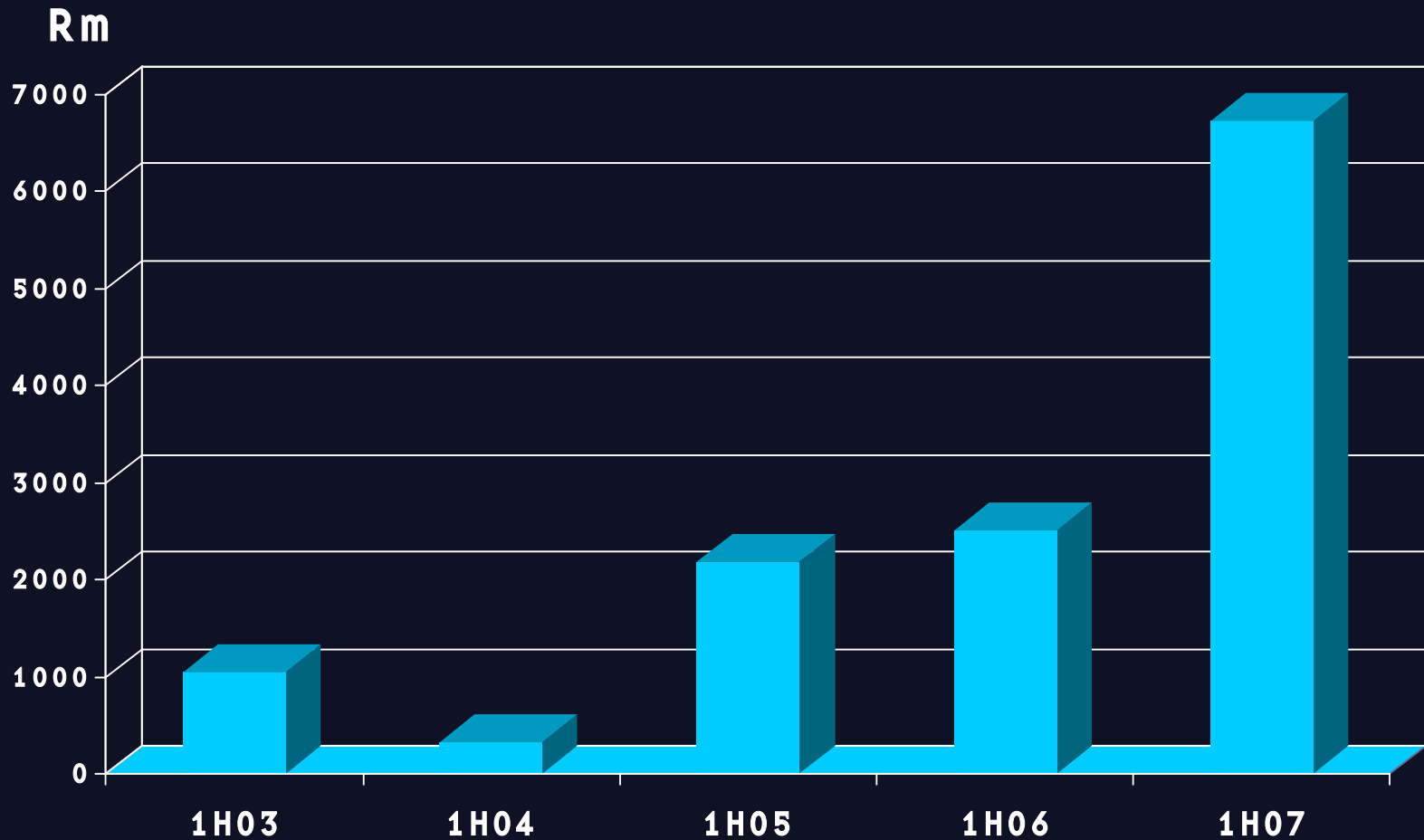


Value of new business

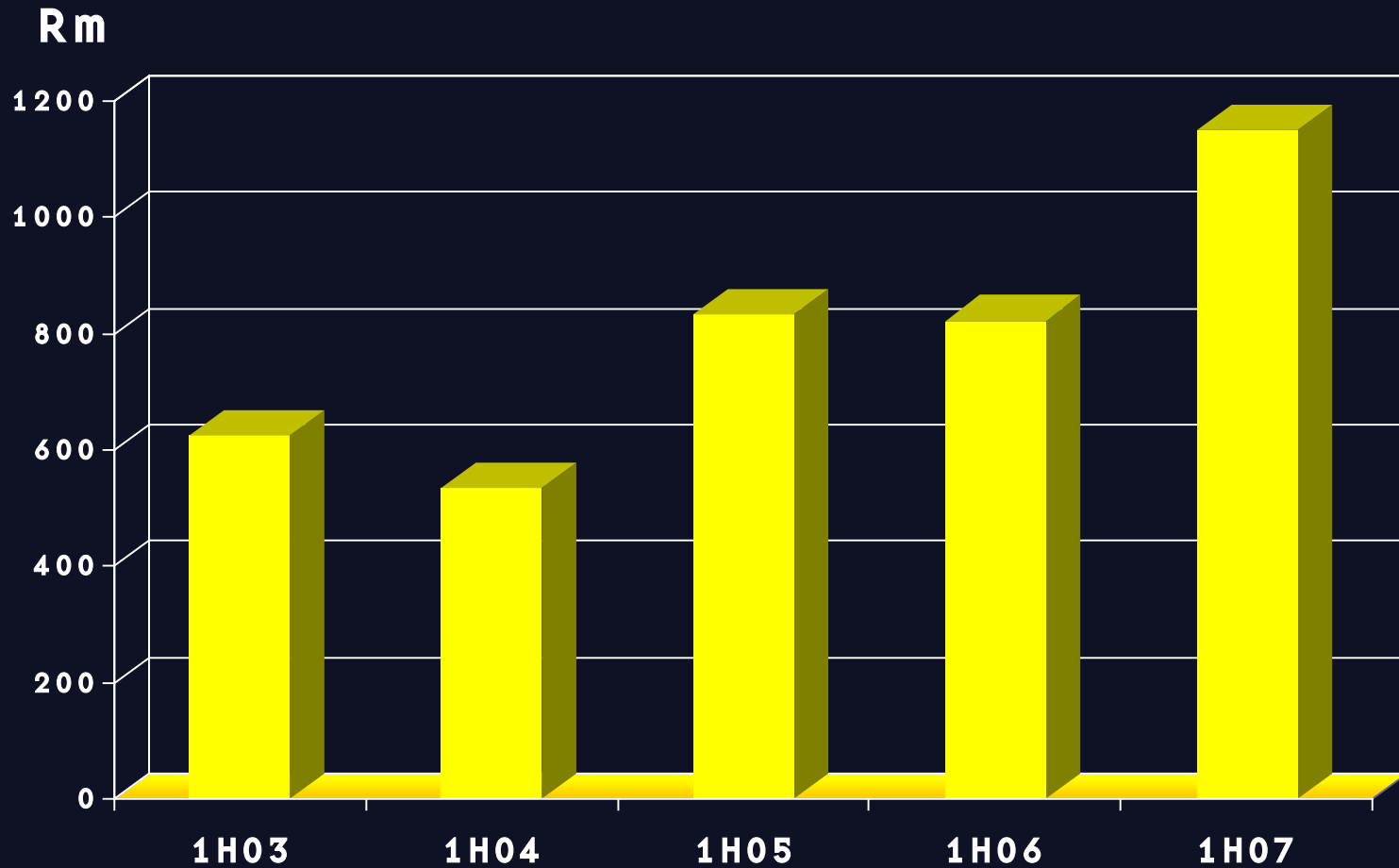
	1H03	1H04	1H05	1H06	1H07	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Retail	8	39	44	35	45	54
Corporate	10	23	(11)	10	23	23
International	5	1	9	7	9	16
Asset management	7	10	10	13	16	23
Health	4	18	20	19	55	93
Total	34	91	72	84	148	44



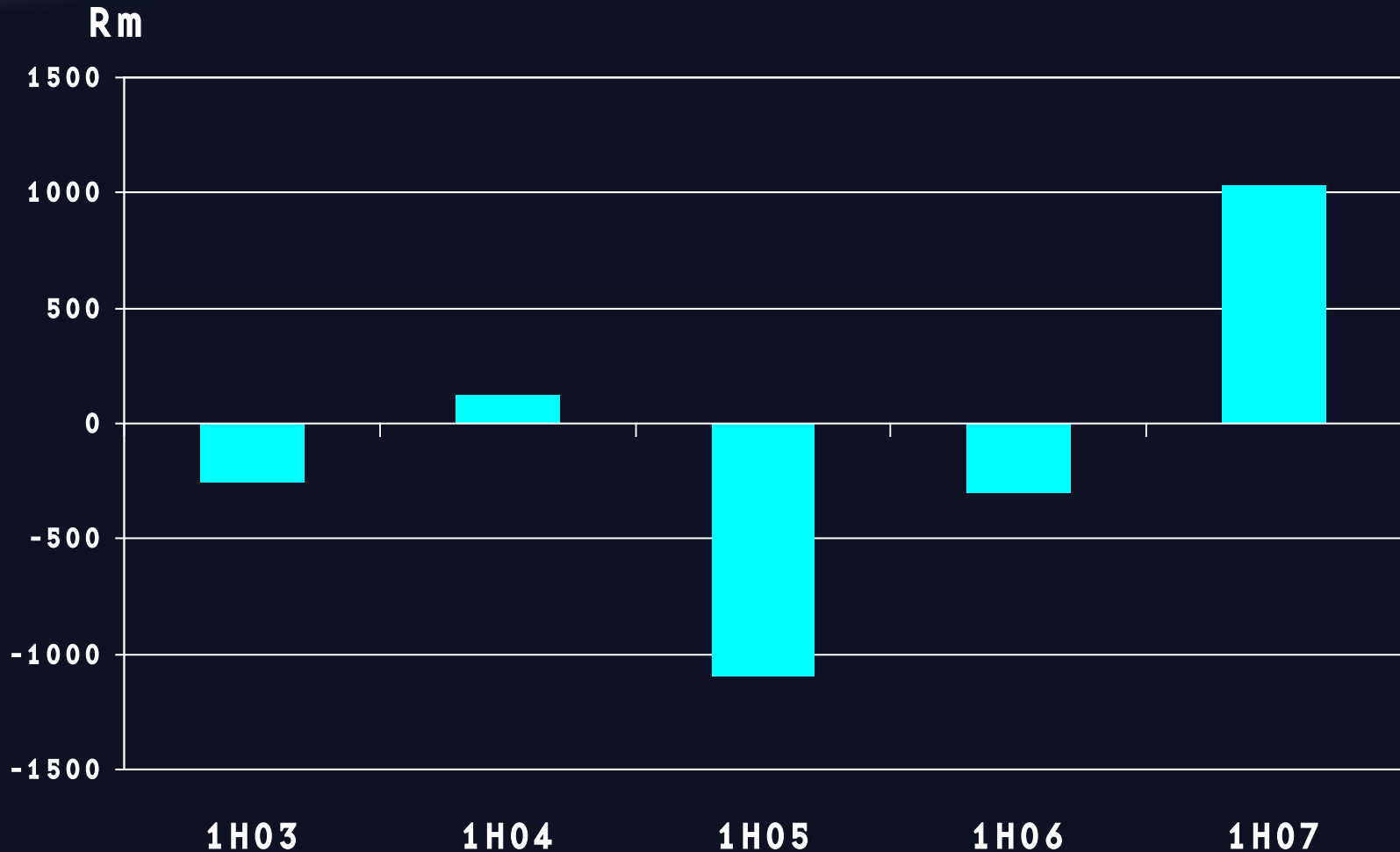
Group net funds received



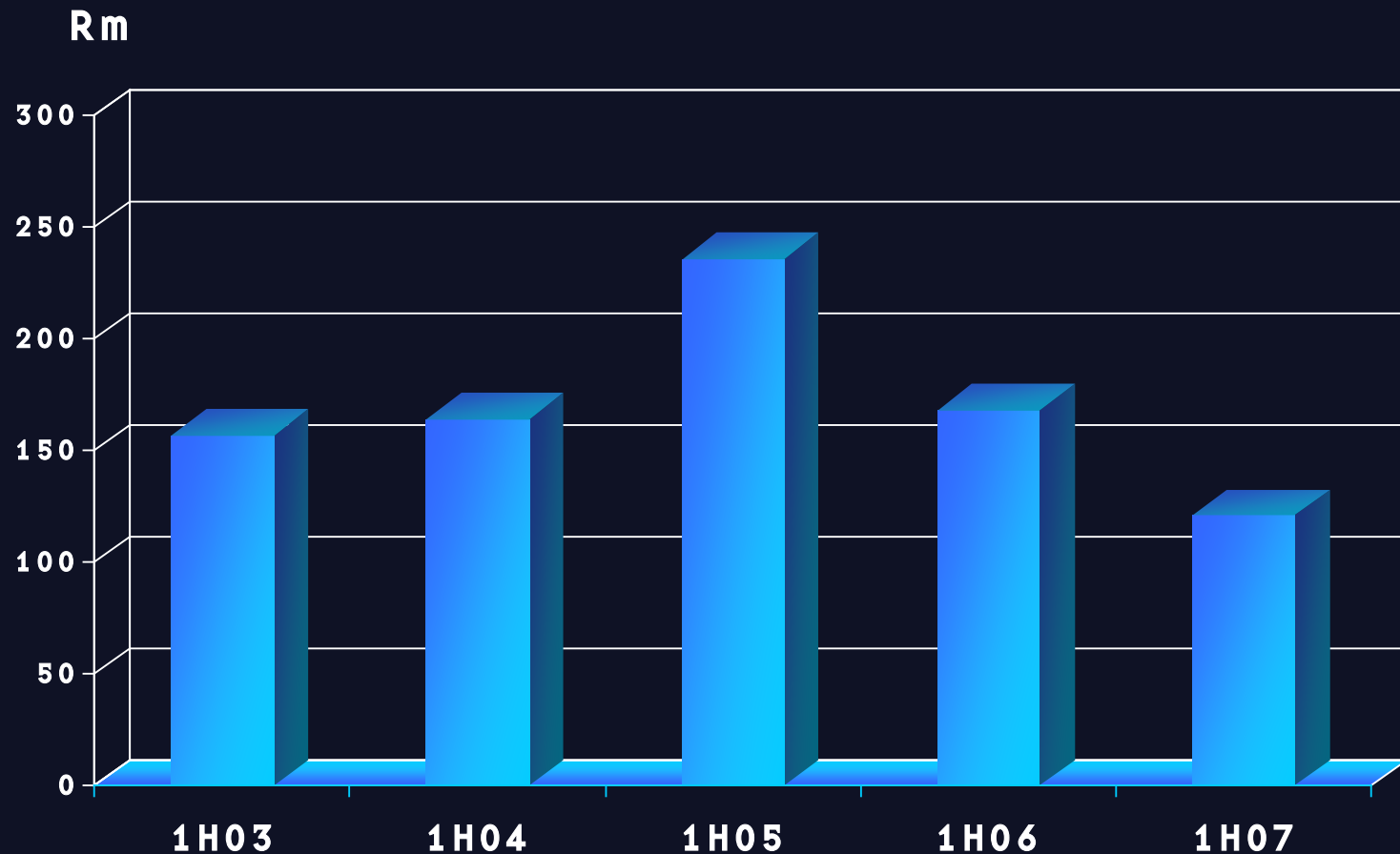
Retail net funds received



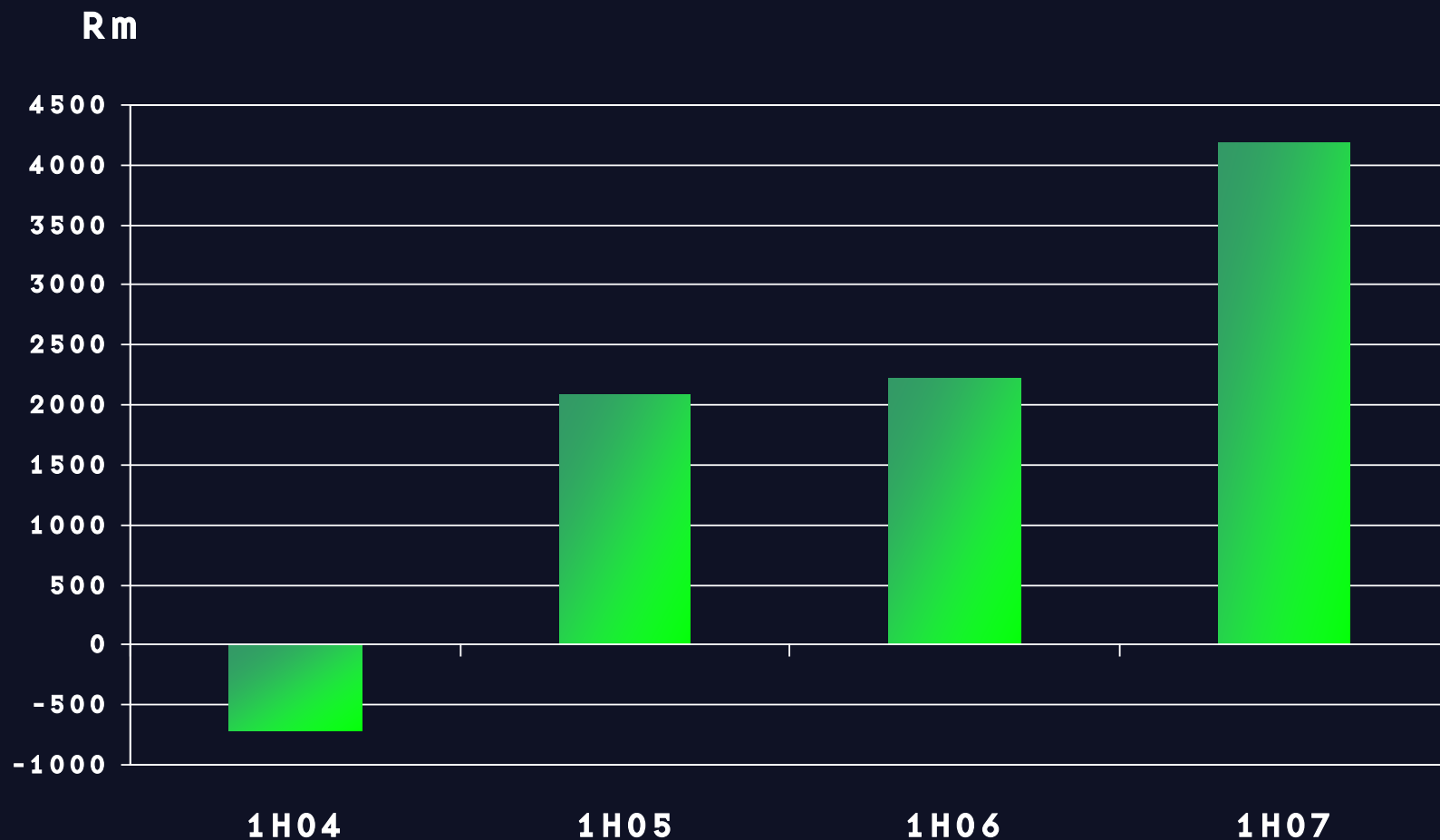
Corporate net funds received



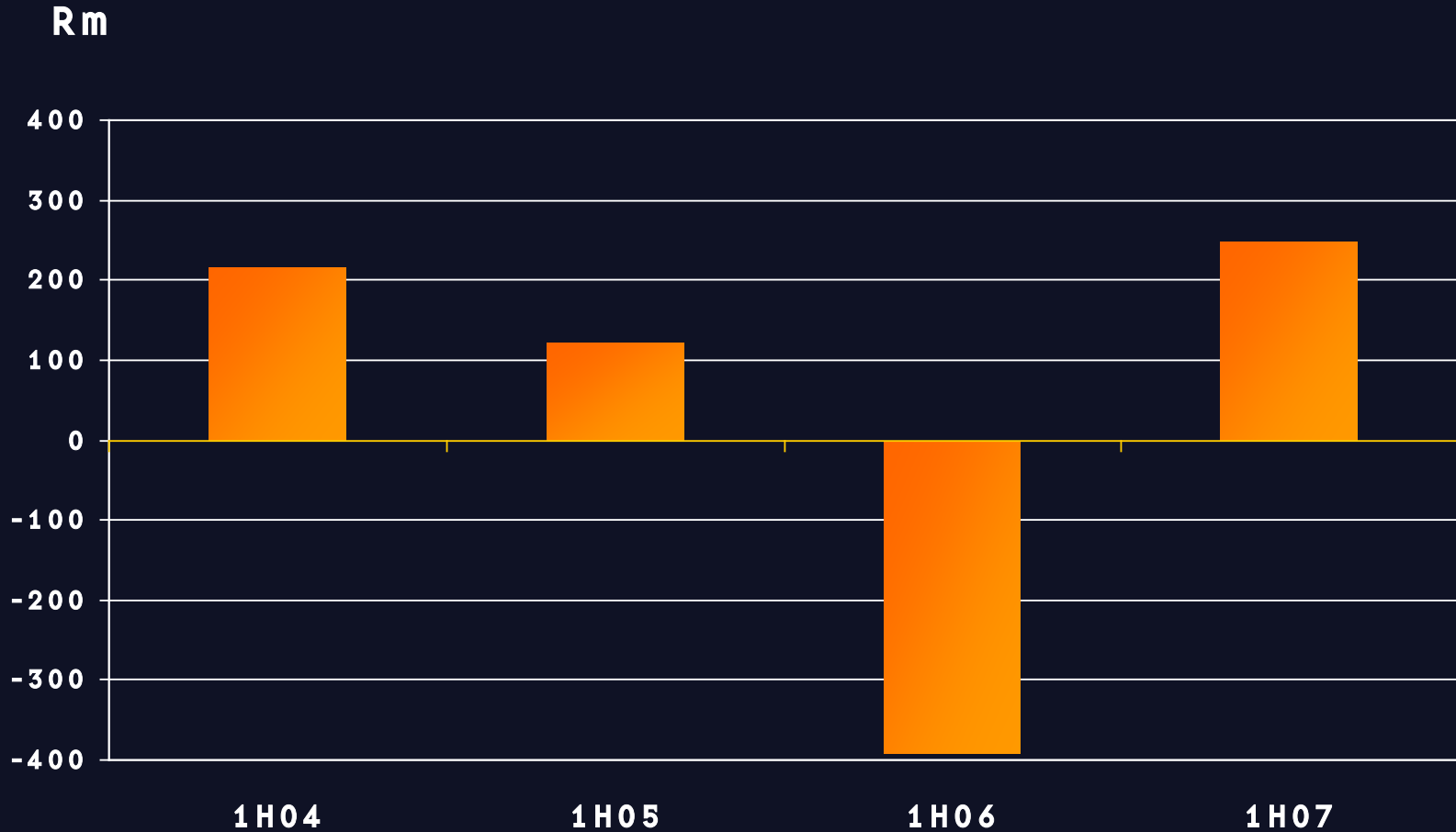
International net funds received



Asset management net funds received

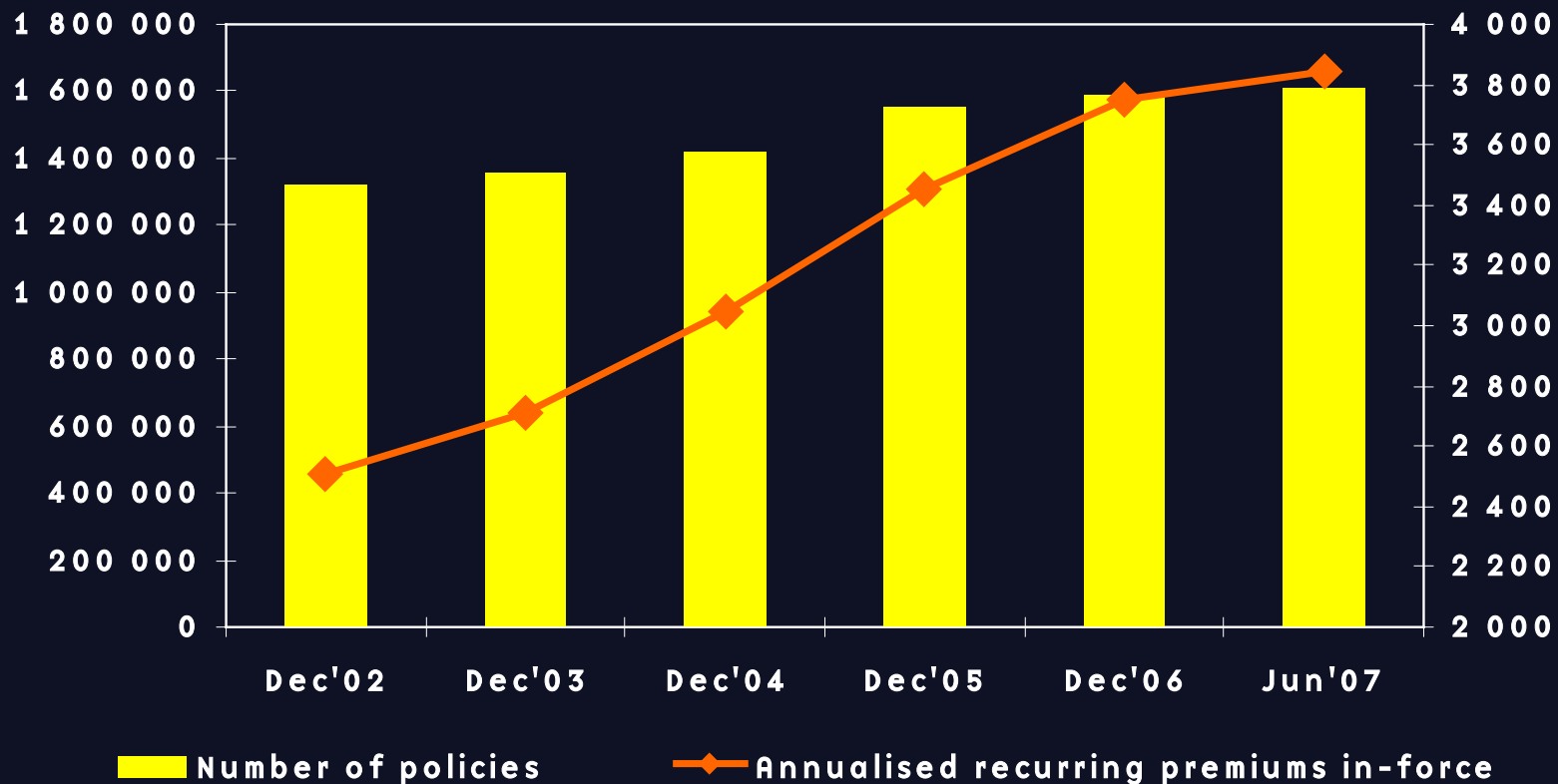


Health net funds received



Growth in in-force

Number of individual life policies and annualised recurring premiums (Home Service policies excluded)



Total premiums received

	1H03	1H04	1H05	1H06	1H07	Compound growth
	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>%</i>
Retail	1.8	2.0	2.2	2.7	3.1	15
Corporate	0.7	1.1	1.0	1.1	2.4	37
International	0.3	0.4	0.5	0.5	0.4	9
Total	2.8	3.5	3.6	4.2	5.9	21



Total assets under management

	1H03	1H04	1H05	1H06	1H07	Compound growth
	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>%</i>
On-balance sheet	33	44	46	56	72	22
Off-balance sheet	7	9	12	19	23	34
Total	40	54	58	75	95	24



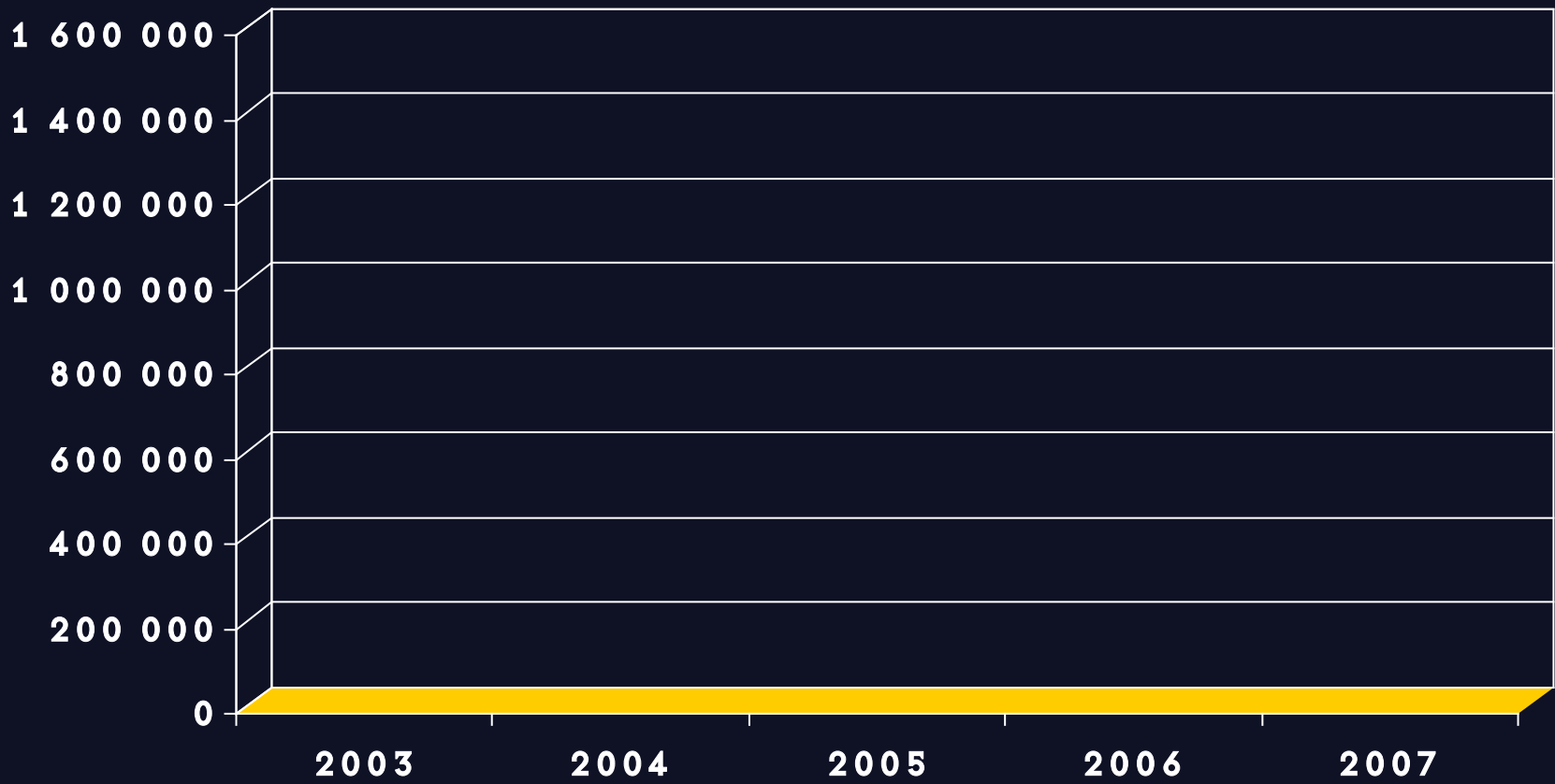
Strong return on embedded value

	1H03	1H04	1H05	1H06	1H07
	%	%	%	%	%
Return on embedded value	4.8	4.6	17.1	17.7	20.3
Risk discount rate	13.3	13.0	10.8	11.3	11.0
JSE all-share index	(19.0)	(5.3)	25.1	37.7	29.4

Percentages annualised



MHG growth in lives under administration



Metropolitan Card Operations

- ▶ **Loan book of R144m**
- ▶ **Bad debts within acceptable range**
- ▶ **Breakeven target**
 - ▶ **R550m**
 - ▶ **Year 2009**



Capital management

- ▶ **Two capital reductions of 100 cents each plus a special dividend of 77 cents during the last 30 months**
- ▶ **Bought back 89 million shares worth R1.2bn during the same period**
- ▶ **High dividend yield maintained**
- ▶ **Will continue to buy back shares up to fair value**



Economic capital

- ▶ **Economic capital requirement of R4bn at 30 June 2007**
- ▶ **Model updated with latest market information relating to volatilities, interest rates, etc**
- ▶ **Output from the model proved robust in volatile environment**
- ▶ **Ongoing use of model as input to internal decision-making relating to asset/liability matching and capital issues**
- ▶ **Economic capital model provides comfort to current & prospective clients as to financial strength of the group**





Group strategy

Peter Doyle

Group chief executive

Operating environment

Overall

- ▶ Volatile investment markets
- ▶ Rising inflation & interest rates
- ▶ Continued legislative reform
- ▶ CEO succession process

Retail

- ▶ Consumerism & pressure on disposable income
- ▶ Improved value proposition
- ▶ Impact of internal realignment of processes & structures



Operating environment

Corporate

- ▶ Pension fund reform
- ▶ Increasing pressure on costs
- ▶ Image of industry
- ▶ Niche opportunities remain
- ▶ MRA integration

Health

- ▶ Industry impact of GEMS
- ▶ Increased pressure on non-healthcare costs
- ▶ Establishment of national health insurance
- ▶ Successful retention of existing business



Operating environment

Asset management

- ▶ Positive impact of buoyant equity markets
- ▶ Increasingly competitive environment
- ▶ Poaching of empowerment appointees
- ▶ Growth in product offerings

International

- ▶ East & west African hubs successfully established
- ▶ New markets offer exciting opportunities
- ▶ Local partnerships imperative for success
- ▶ Established markets nearing saturation



Where do we want to be

- ▶ **Delivering on vision of creating wealth for Africa's people**
- ▶ **Steadily growing number of customers – individual, group, health & international**
- ▶ **Increasing revenue from new strategic ventures & international operations**
- ▶ **Recording a more stable investment performance**
- ▶ **Refining capital modelling & management to enhance shareholder value**
- ▶ **Making extensive use of cross-selling opportunities across group businesses**



Where do we want to be

- ▶ **Deriving maximum benefit from brand value while strengthening the brand**
- ▶ **Making customer needs central to all operations**
- ▶ **Leveraging empowerment credentials & track record to secure access to customers**
- ▶ **Using our knowledge & capabilities to contribute meaningfully to the process of designing and delivering social security reform for the people of South Africa**
- ▶ **Identifying & developing appropriate channels & contact points for cost-effective access to & for clients**



Thank you

