

2020

Momentum Metropolitan beyond Covid-19

Results for the year ended 30 June 2020



Part
01

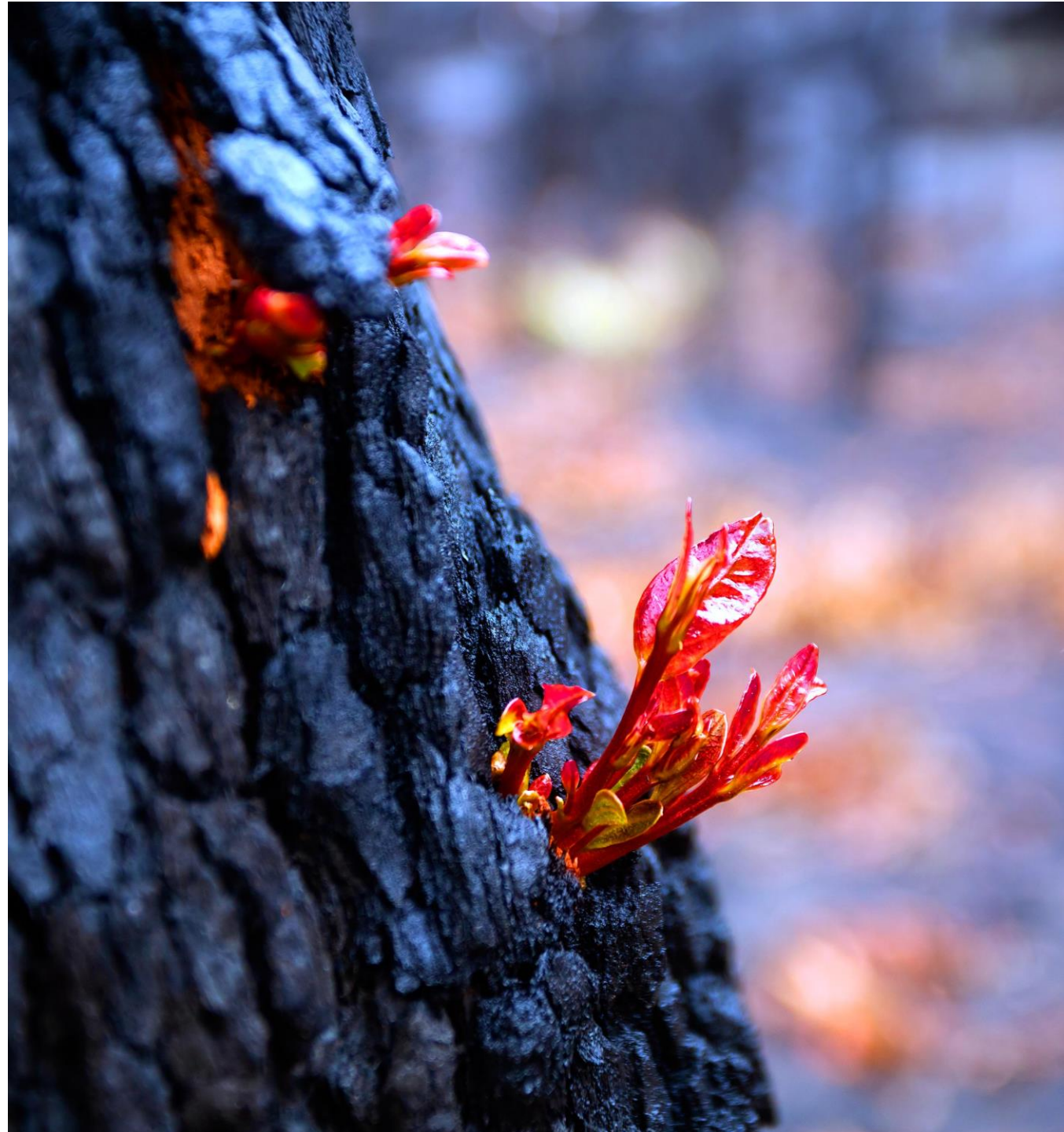
Hillie Meyer
Group CEO

Update on Reset and Grow

Part
02

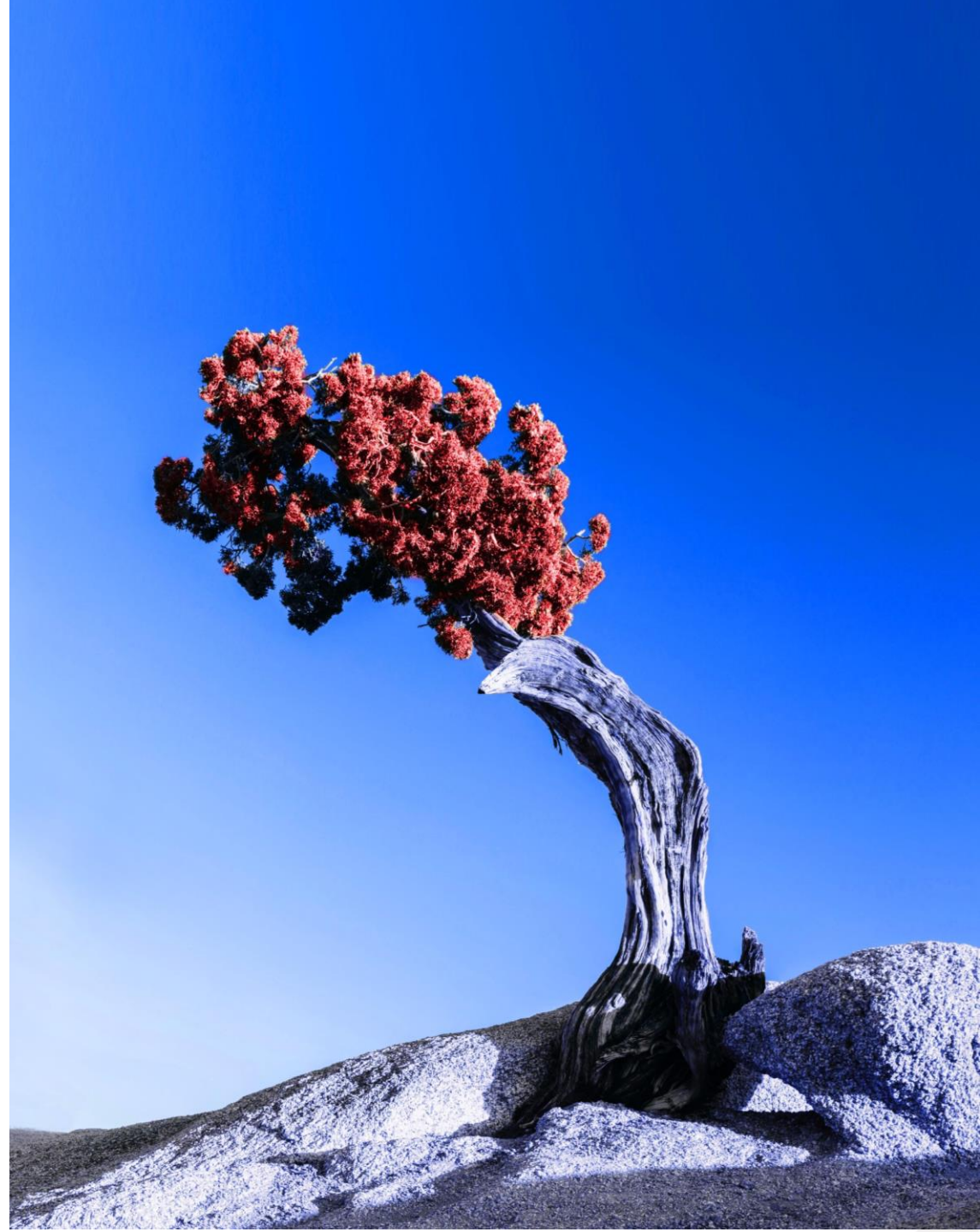
Risto Ketola
Group FD

Financial results



Overview and Update on Reset and Grow

- 1 Covid-19
- 2 Highlights
- 3 Reset and Grow



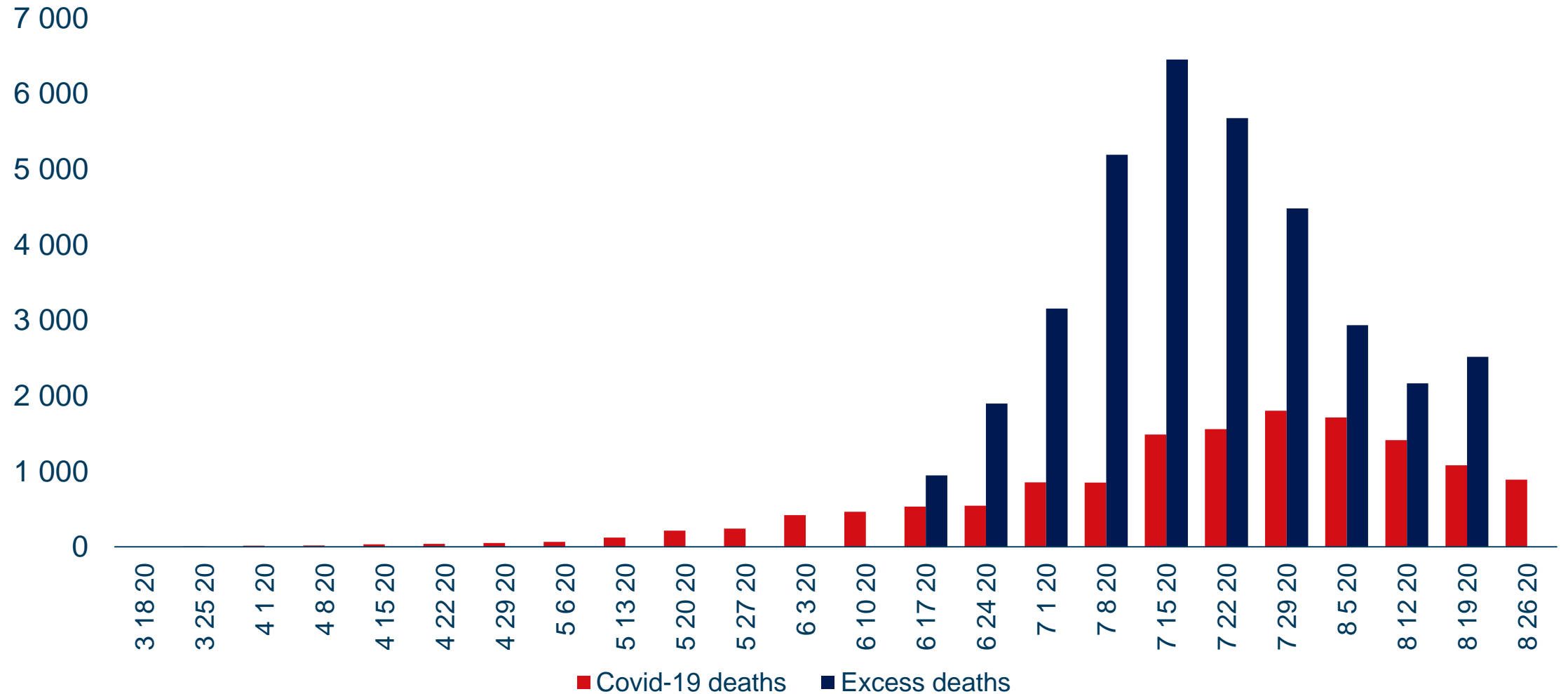
Covid-19

01



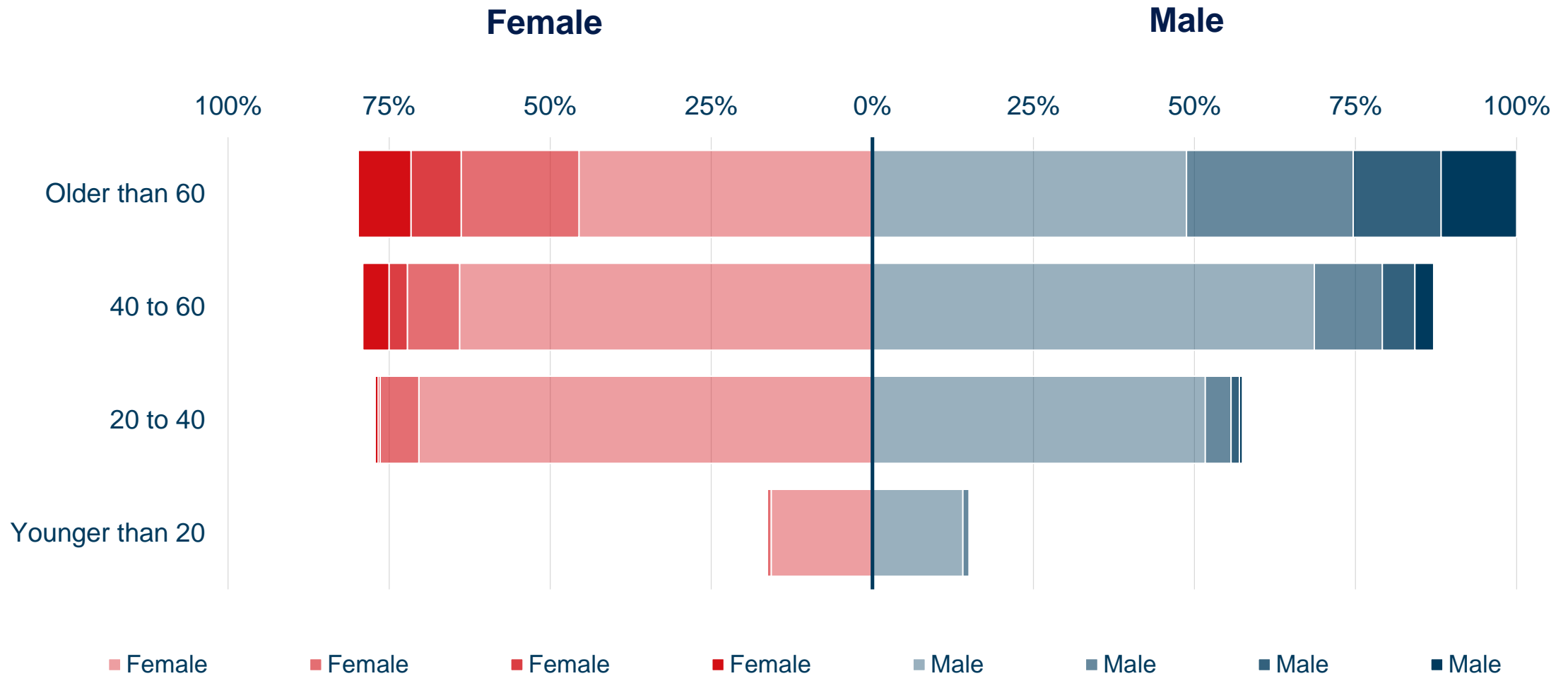
Excess deaths in South Africa

Weekly reported deaths



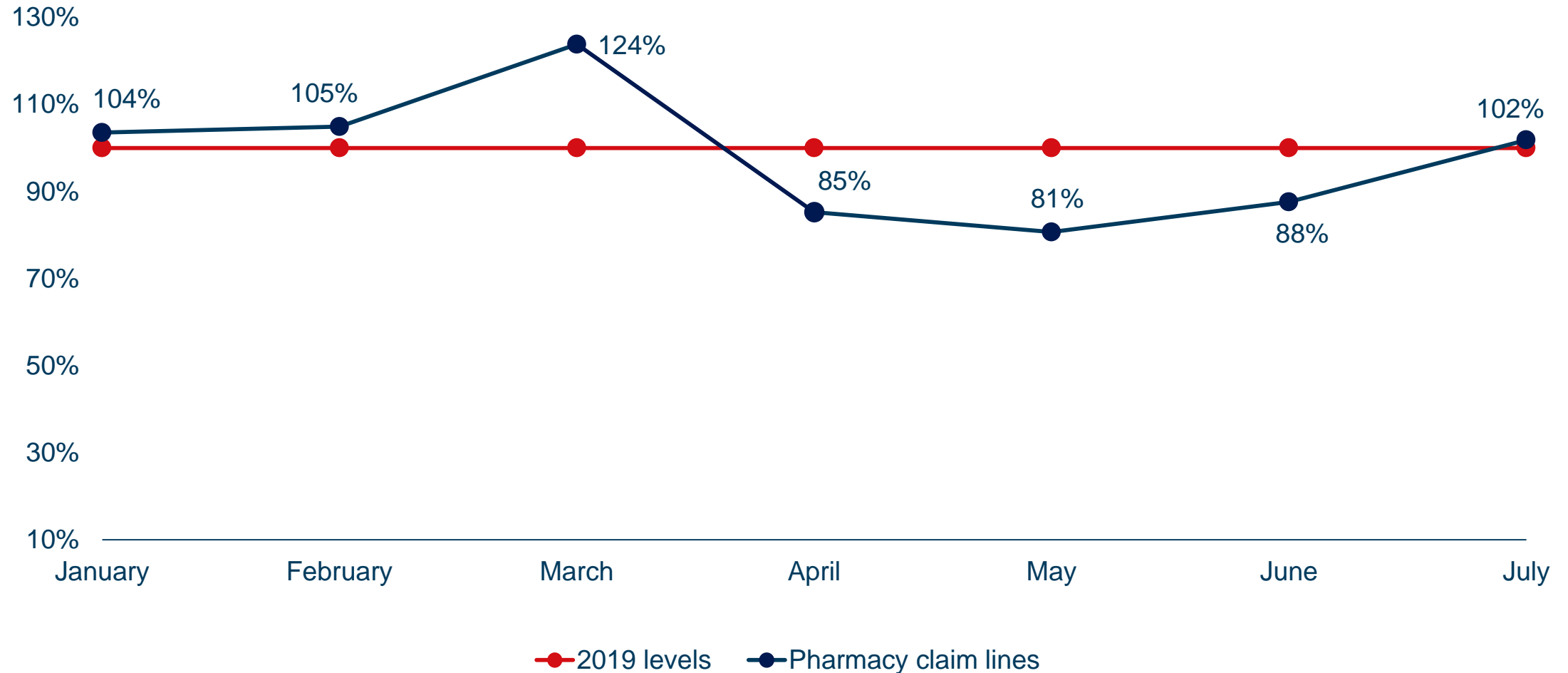
Relative infection rate and severity

Momentum Medical Scheme



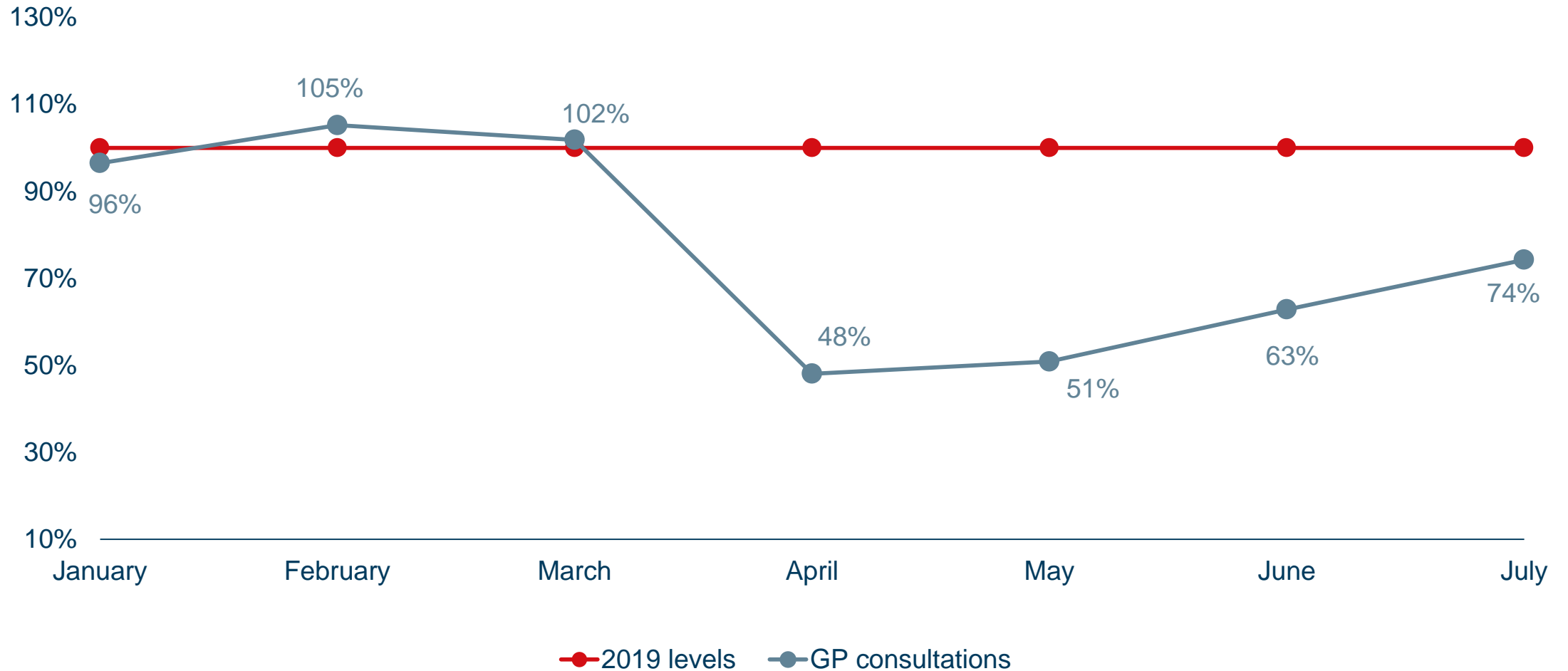
Impact on healthcare industry and patient behaviour

% of normal expectation
(per capita)



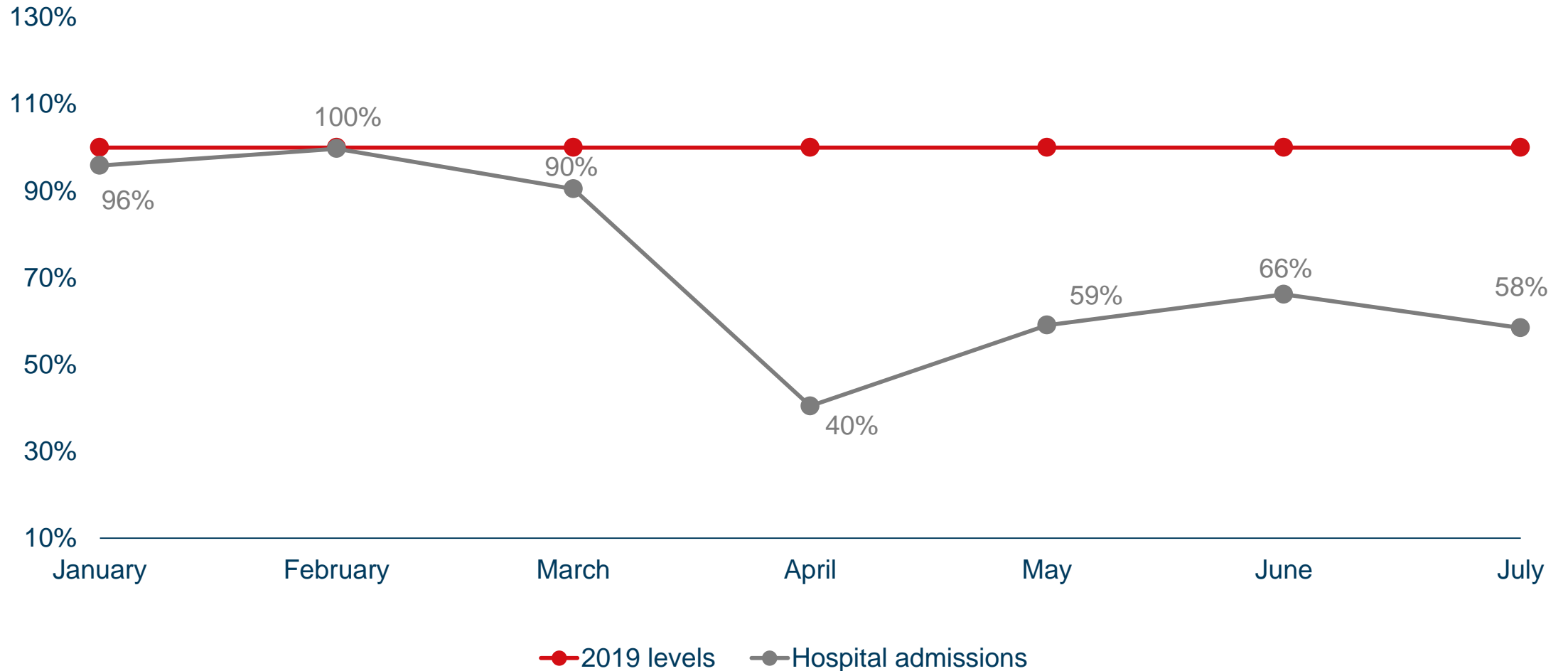
Impact on healthcare industry and patient behaviour

% of normal expectation
(per capita)



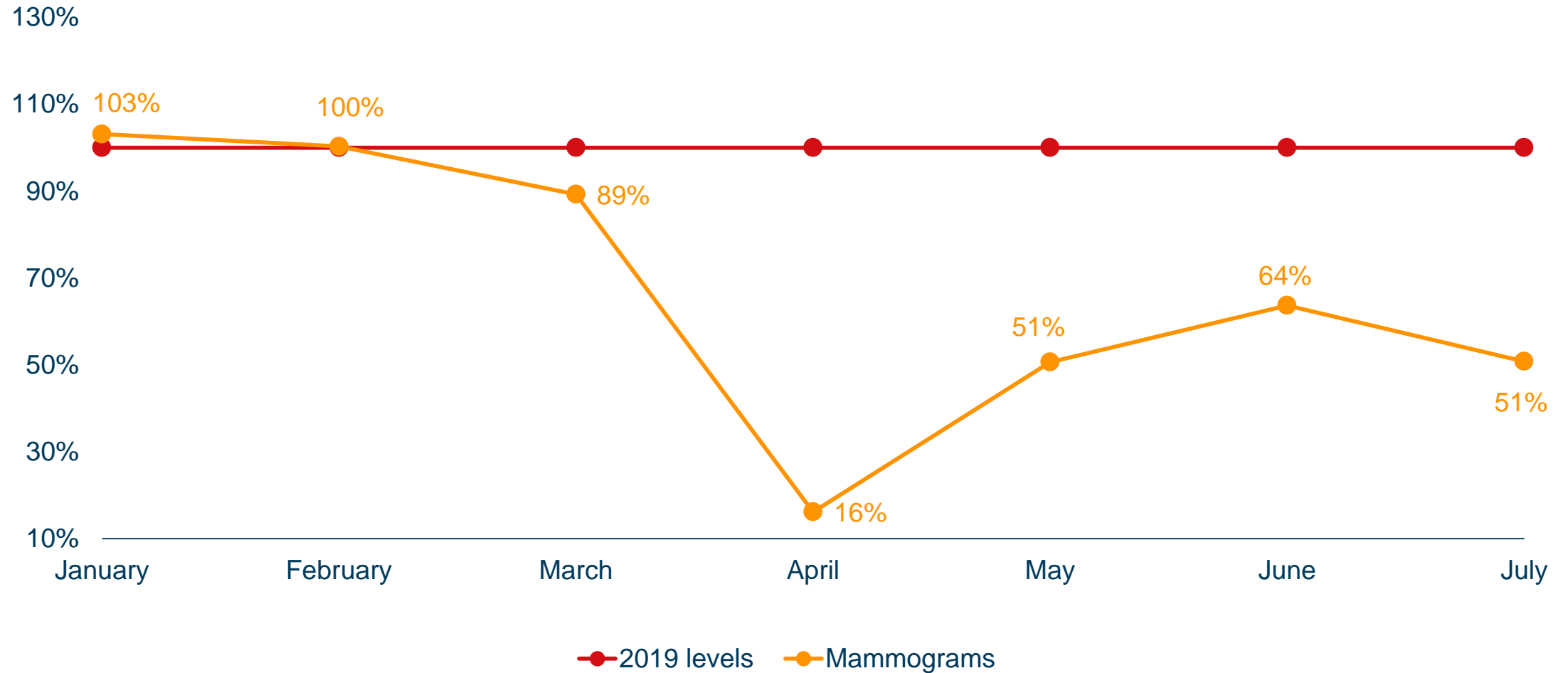
Impact on healthcare industry and patient behaviour

% of normal expectation
(per capita)



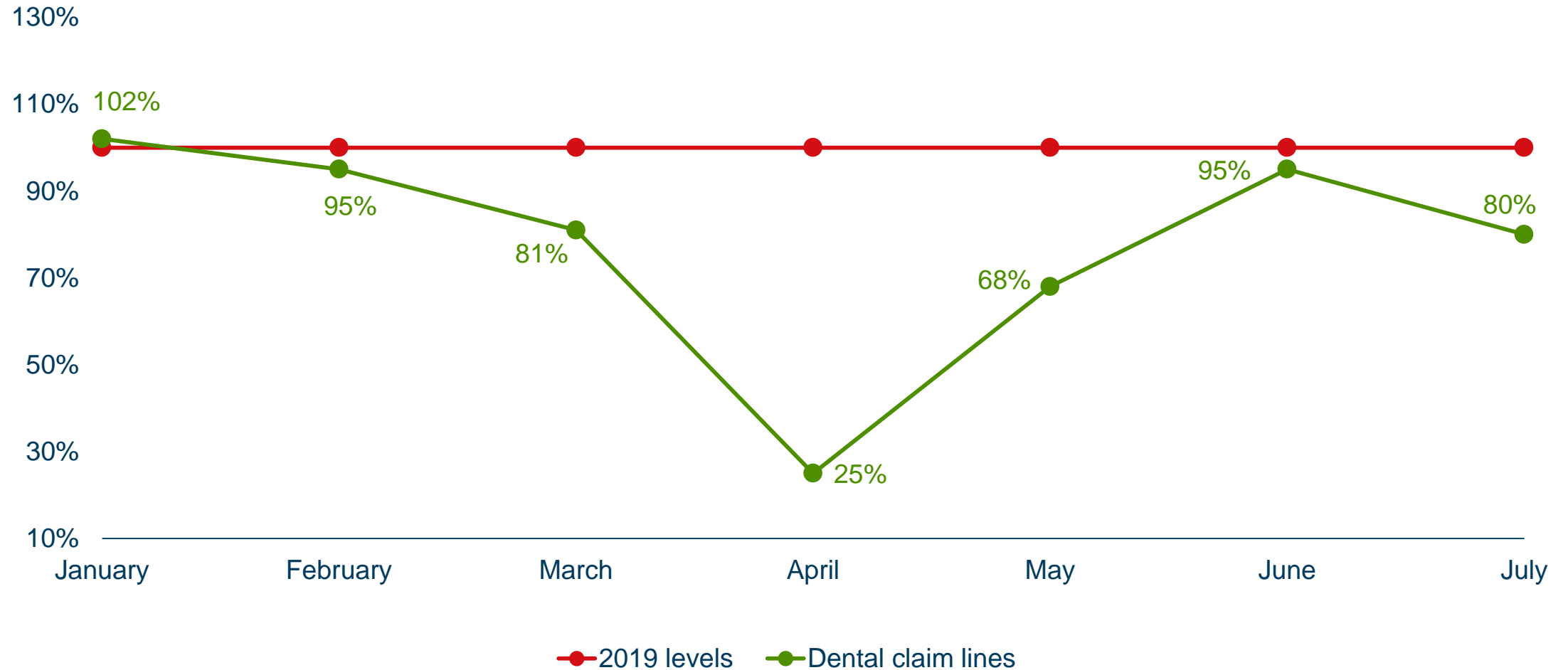
Impact on healthcare industry and patient behaviour

% of normal expectation
(per capita)



Impact on healthcare industry and patient behaviour

% of normal expectation
(per capita)



Highlights

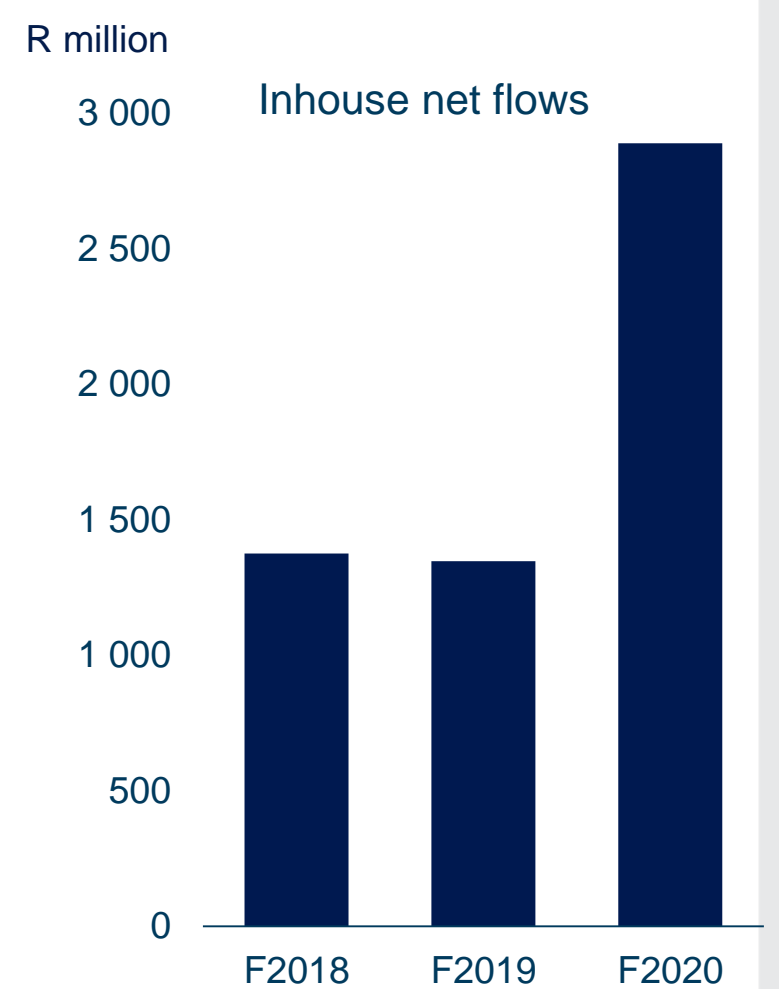
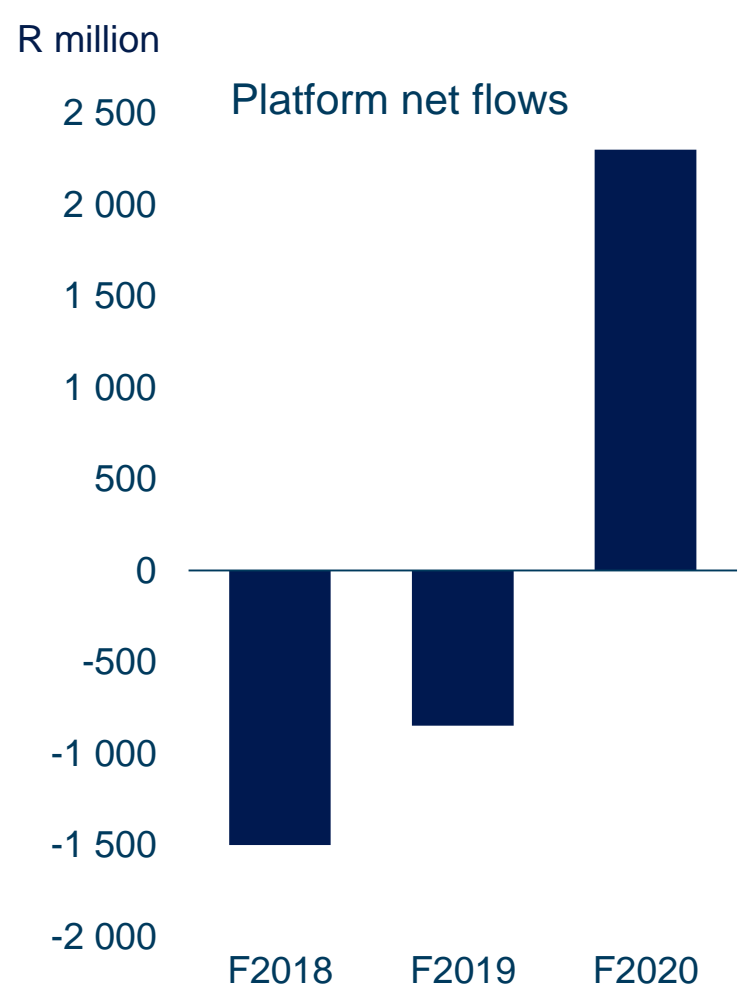
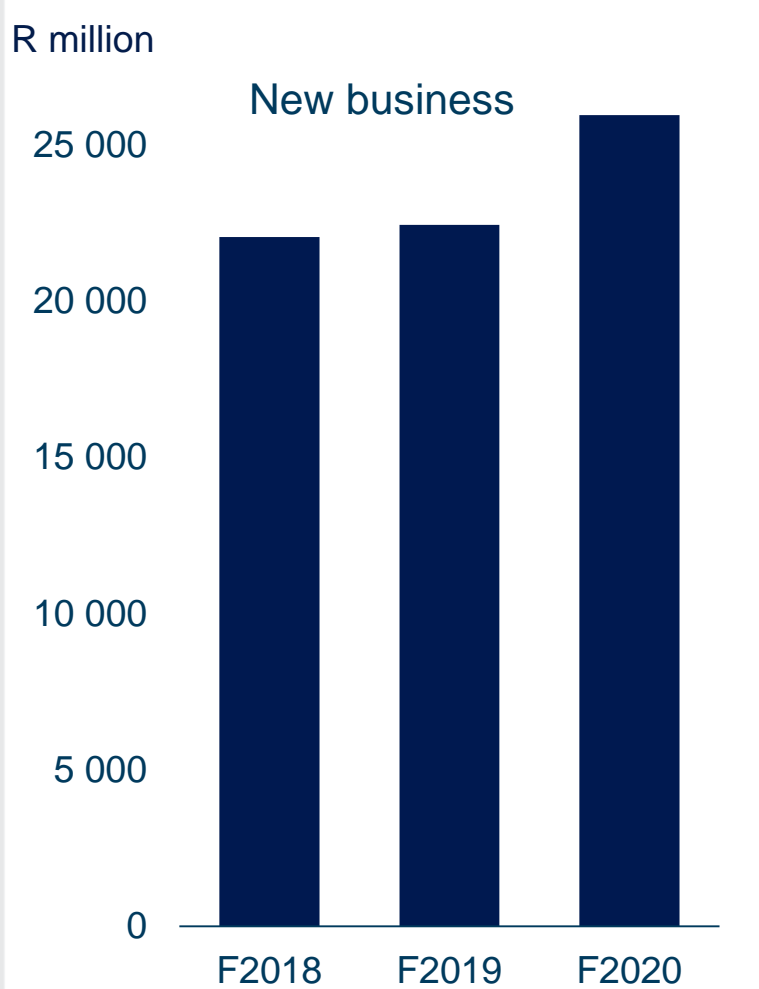
02





Momentum Investments

Retail new business turnaround





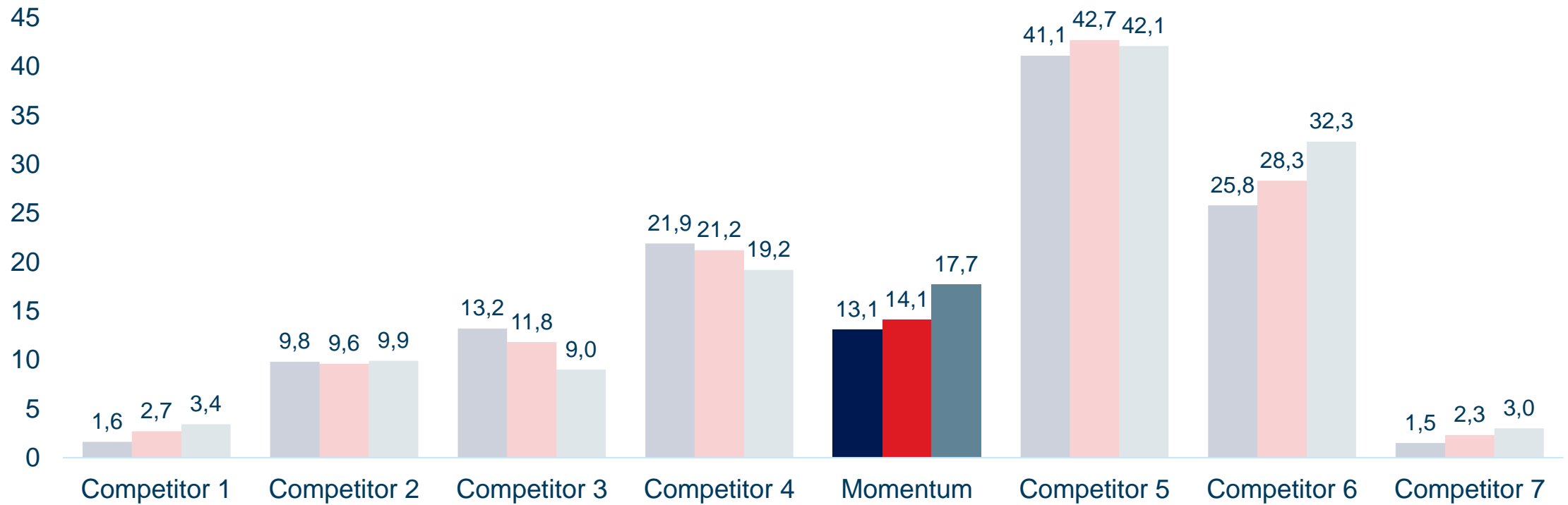
Momentum Investments

Regaining retail broker market share

Percentage Change in IFA Market share of Platform Gross new business

25,1% 3,3% (24,3%) (9,4%) **25,5%** (1,6%) 13,7% 26,2%

Gross new business (R billion)



Source: Momentum Investments

■ 1Q2017 - 1Q2018 ■ 1Q2018 - 1Q2019 ■ 1Q2019 - 1Q2020



Momentum Life

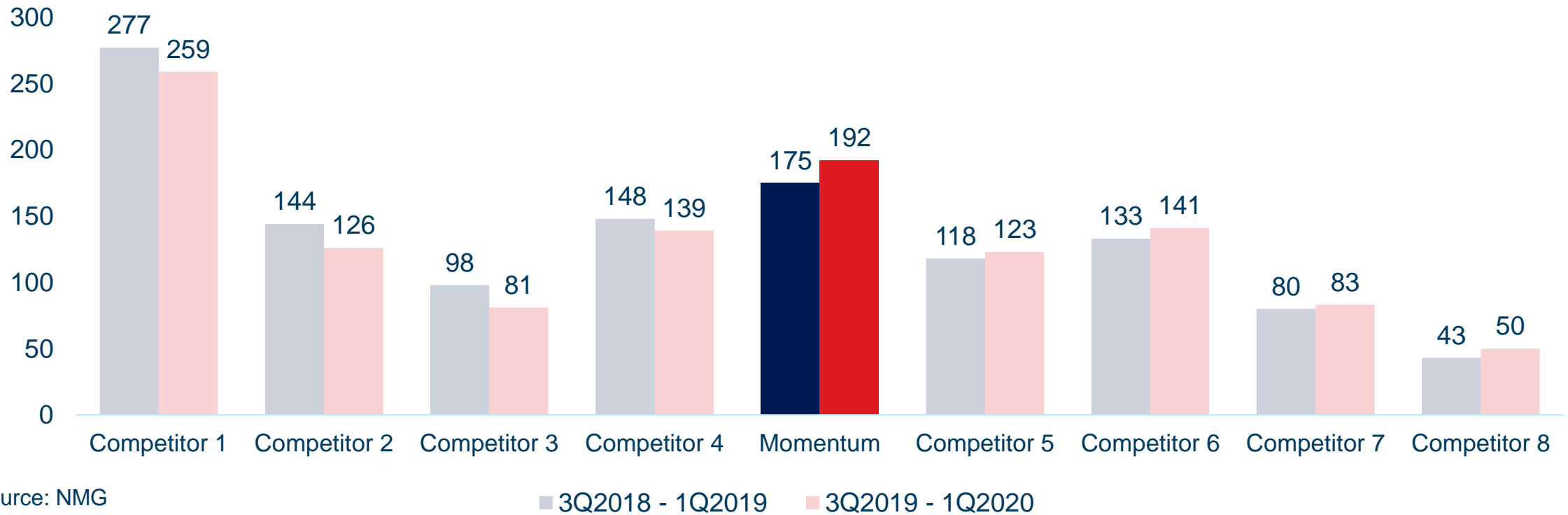
Upper Income segment: Increasing broker share

Percentage Change in Broker Market share of Protection Net New Sales (APE)

(6.7%) (12.4%) (17.5%) (6.1%) **9.3%** 3.9% 6.2% 4.1% 14.0%

APE (R million)

Net new IFA Sales

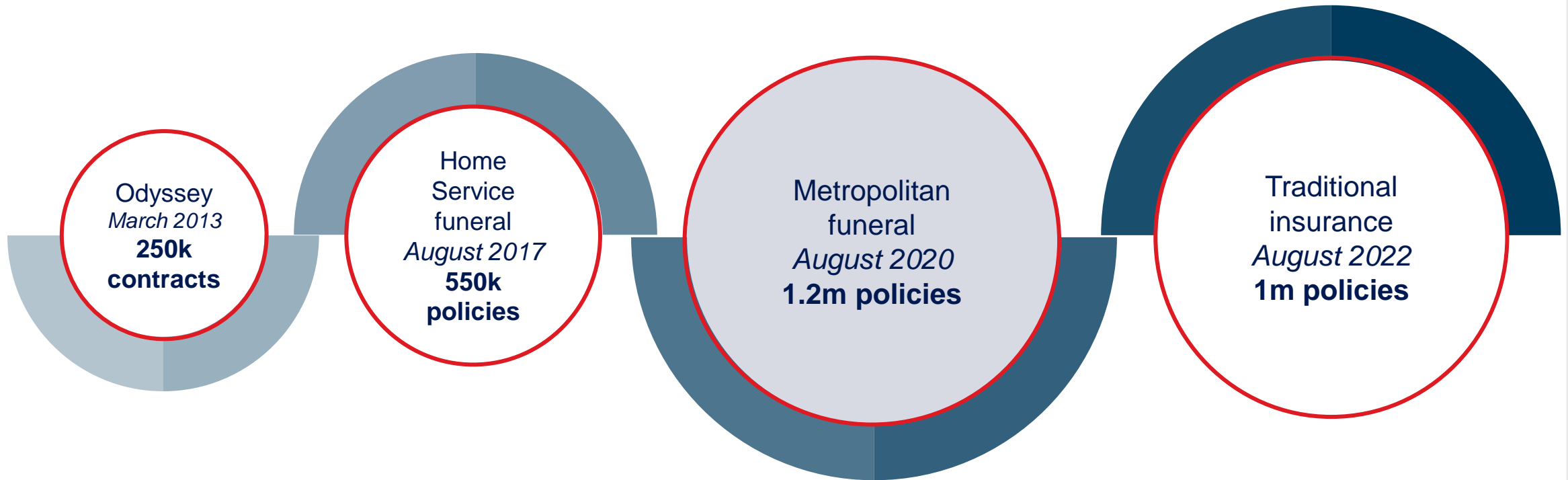


Source: NMG



Metropolitan Life

Migration to Momentum policy administration systems

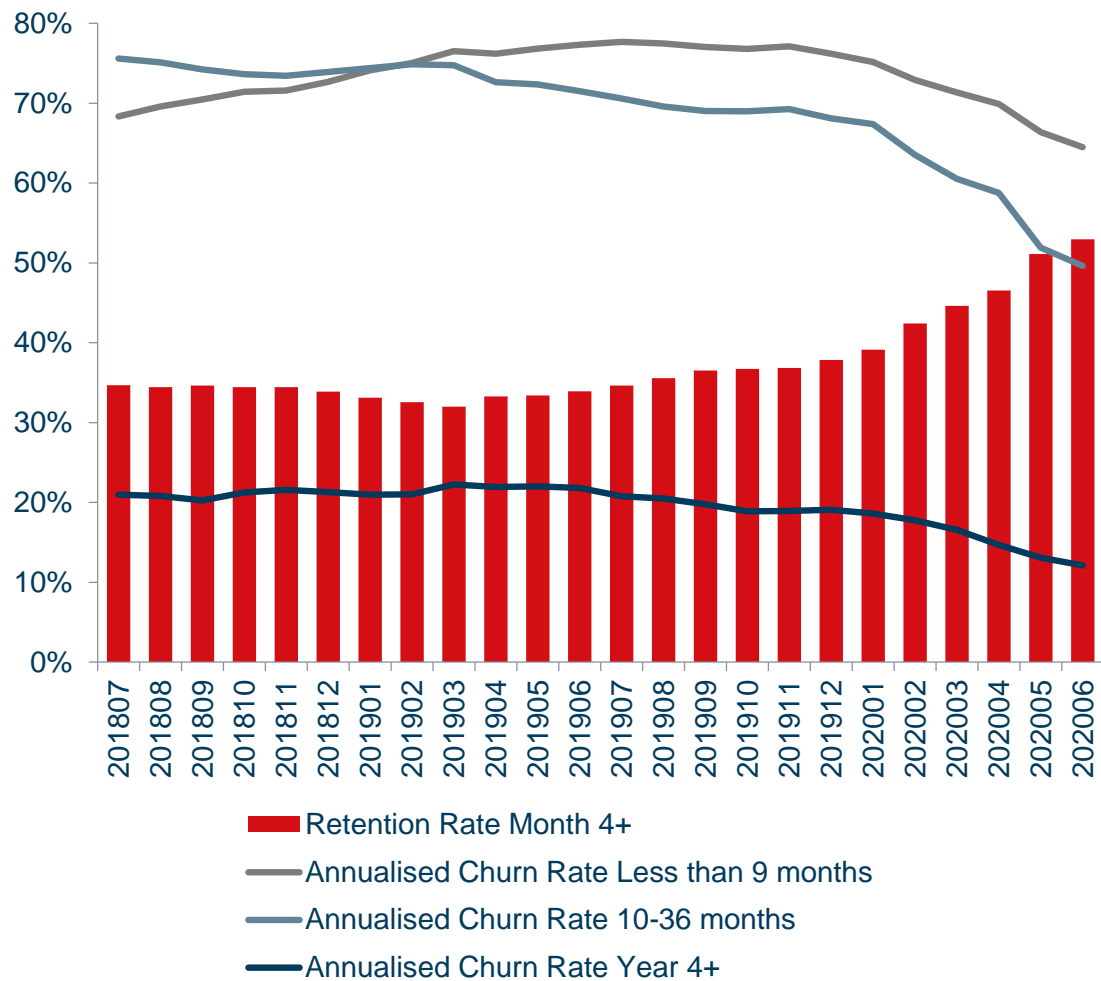




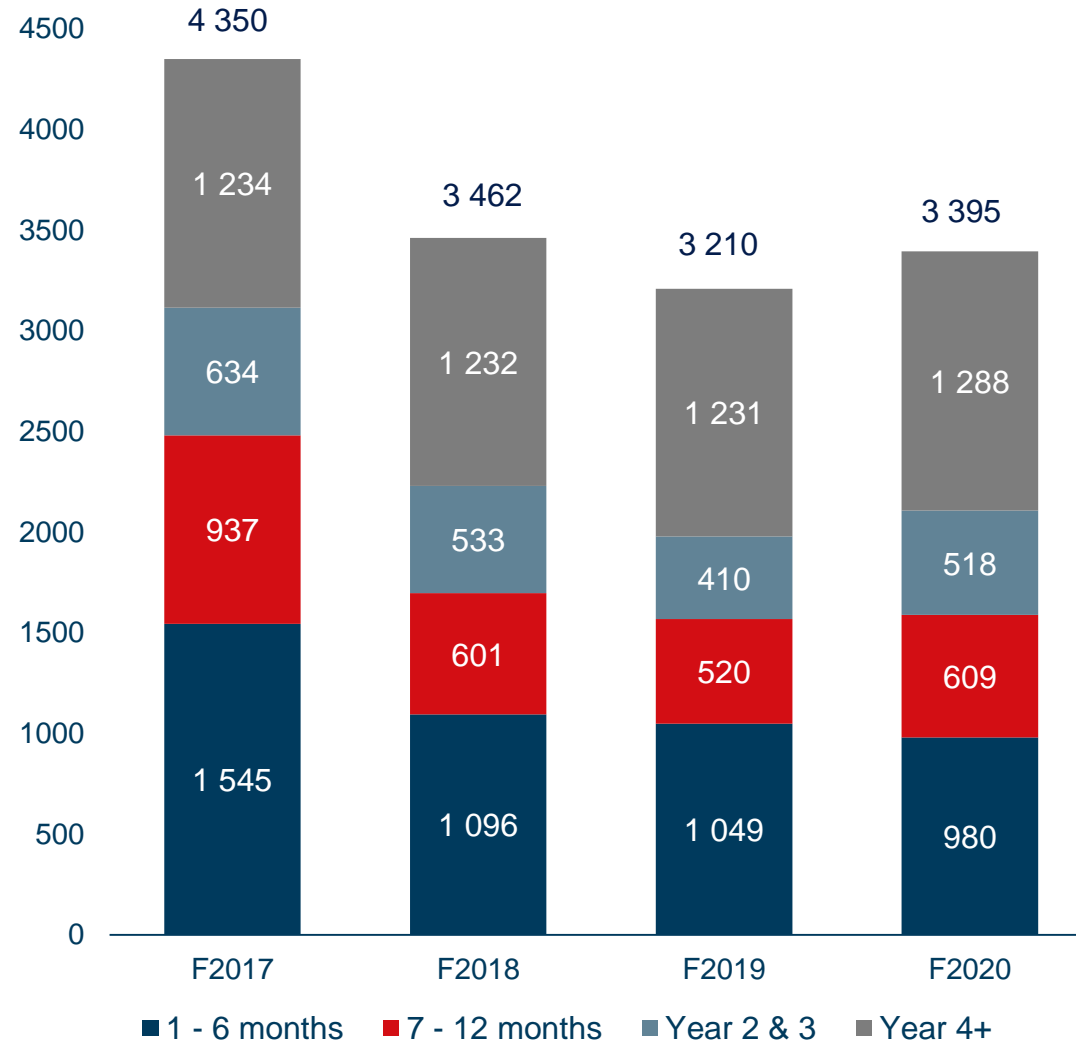
Metropolitan Life

Stabilised distribution

Adviser retention



Adviser tenure

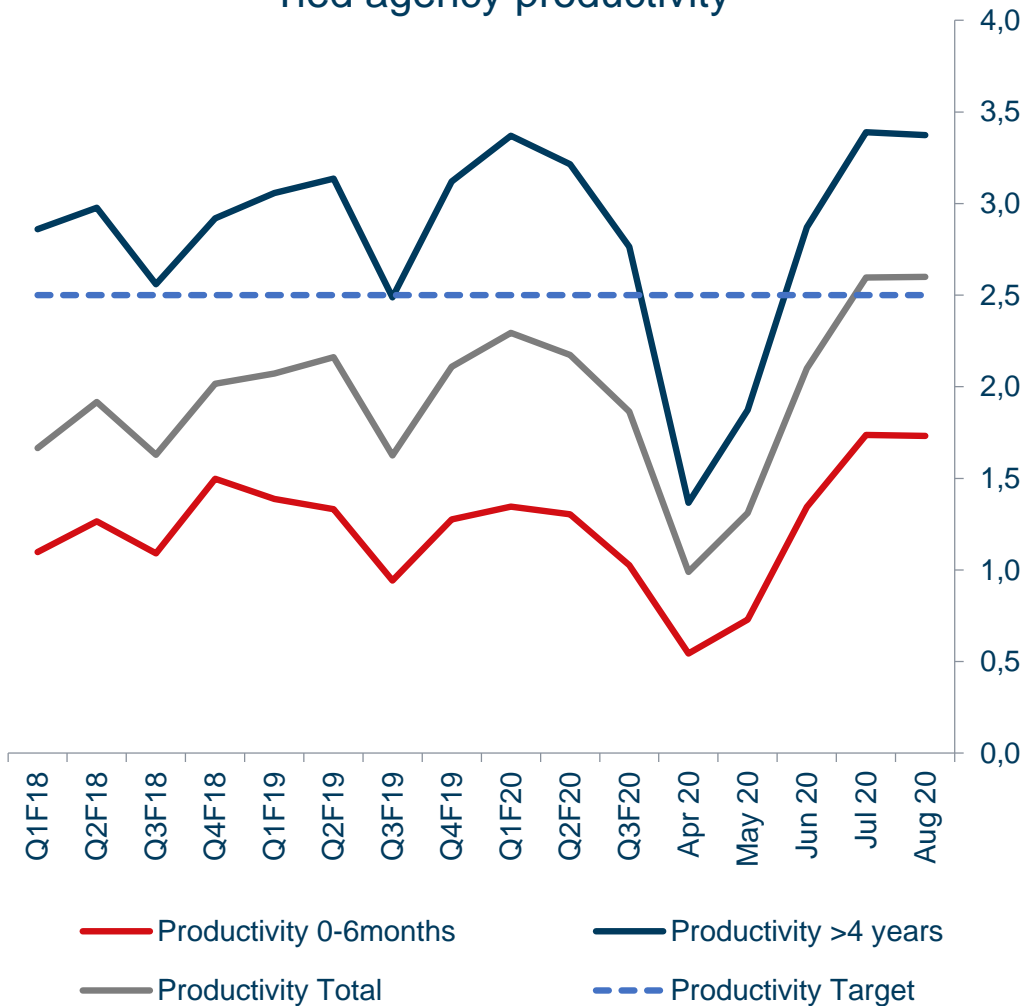




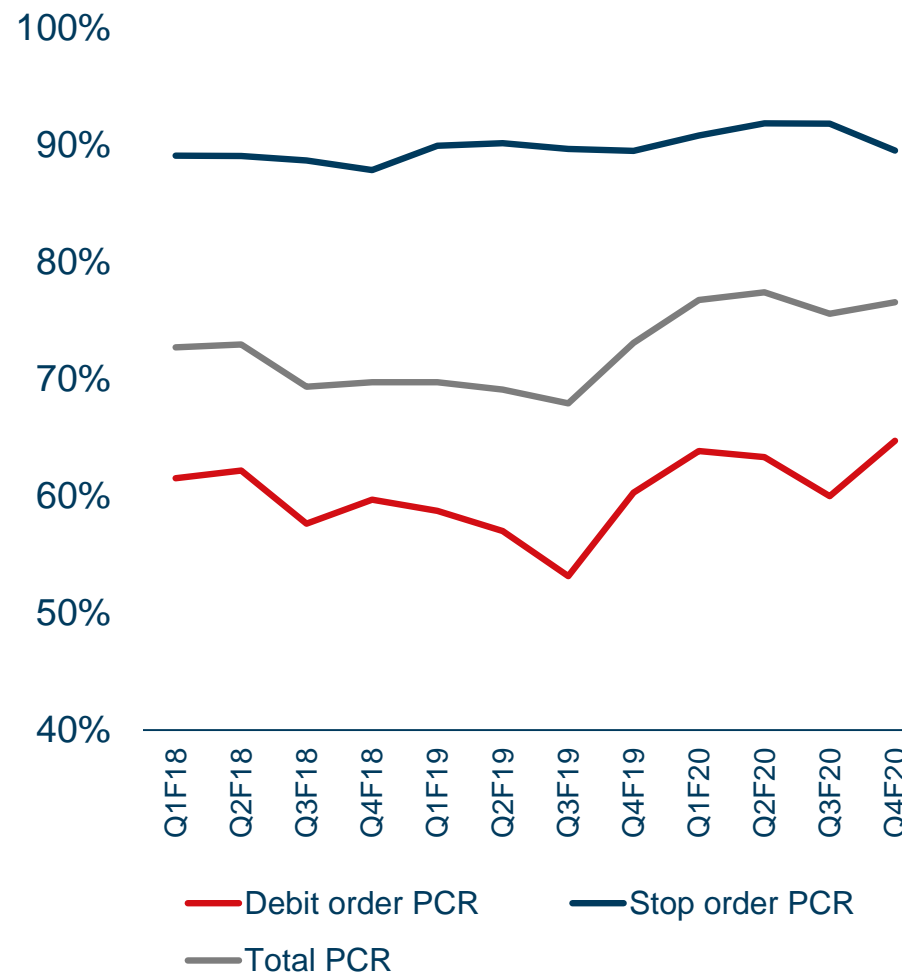
Metropolitan Life

Distribution progress

Tied agency productivity



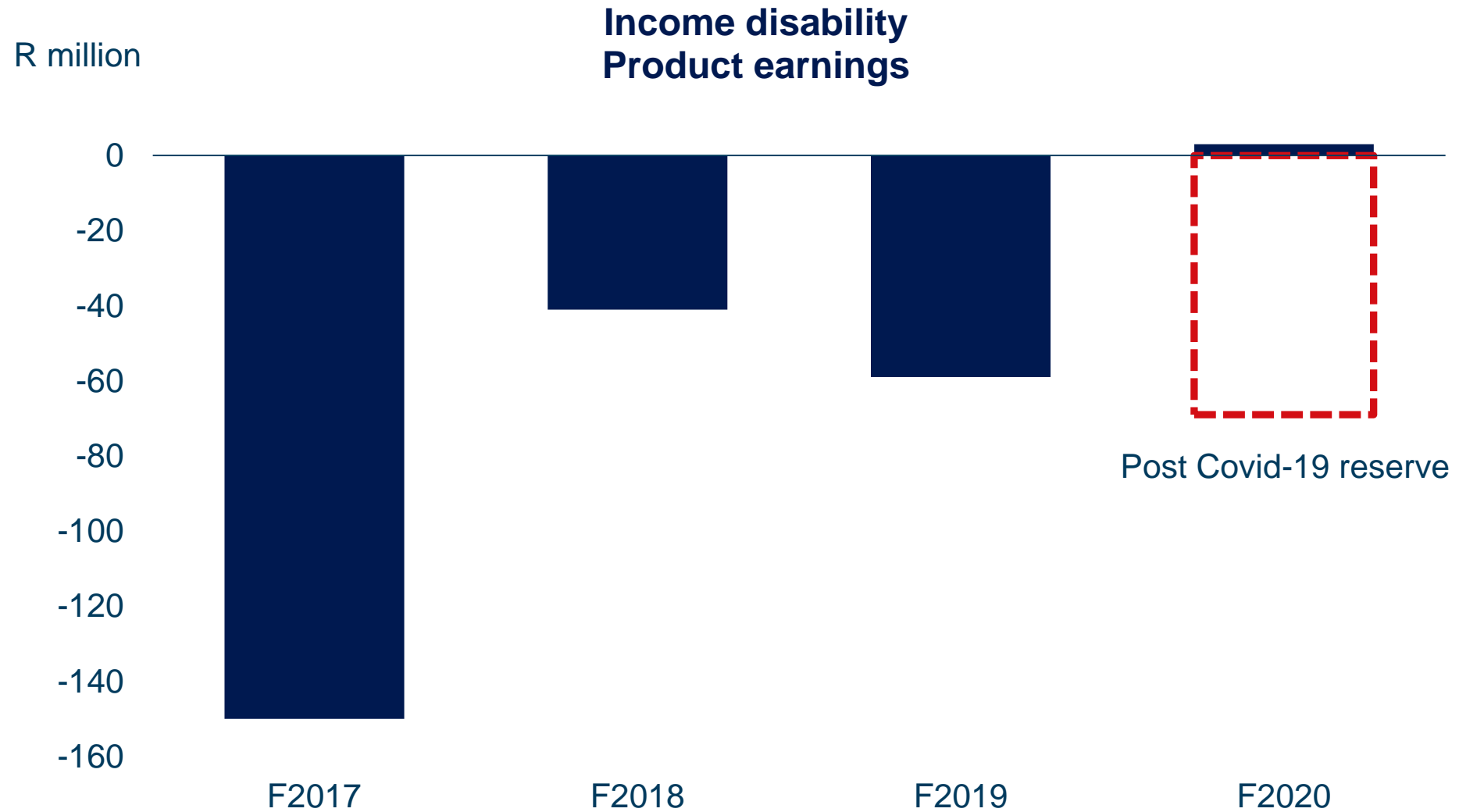
Premium persistency





Momentum Corporate

Progress with PHI





Momentum Health

Beginning to win large schemes again



Open Scheme

- 1st large employer group in 8 years - **1 500 members**
-



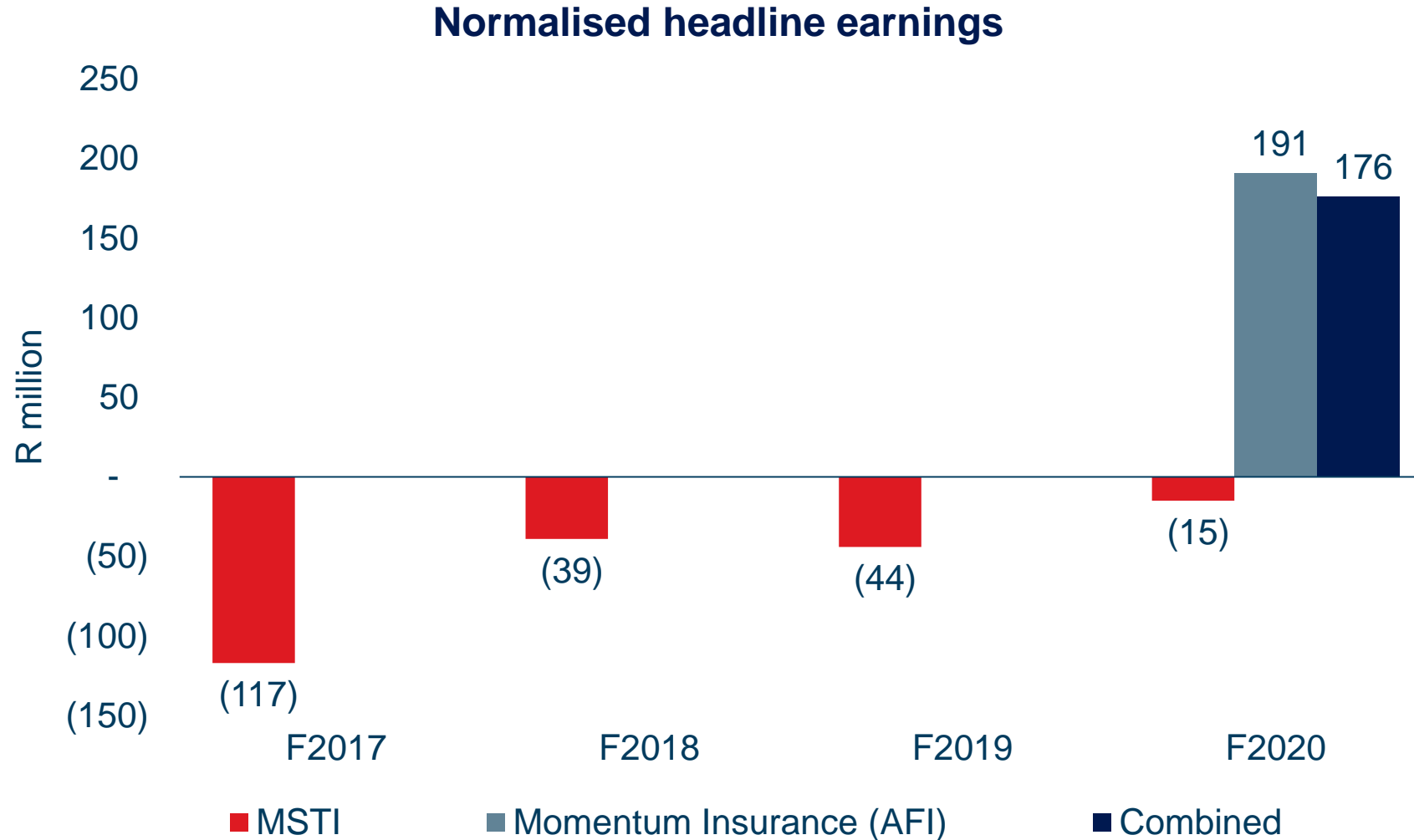
Restricted Schemes

- 1st new appointment in 12 years - **30 000 members**
-



Momentum Short-term Insurance

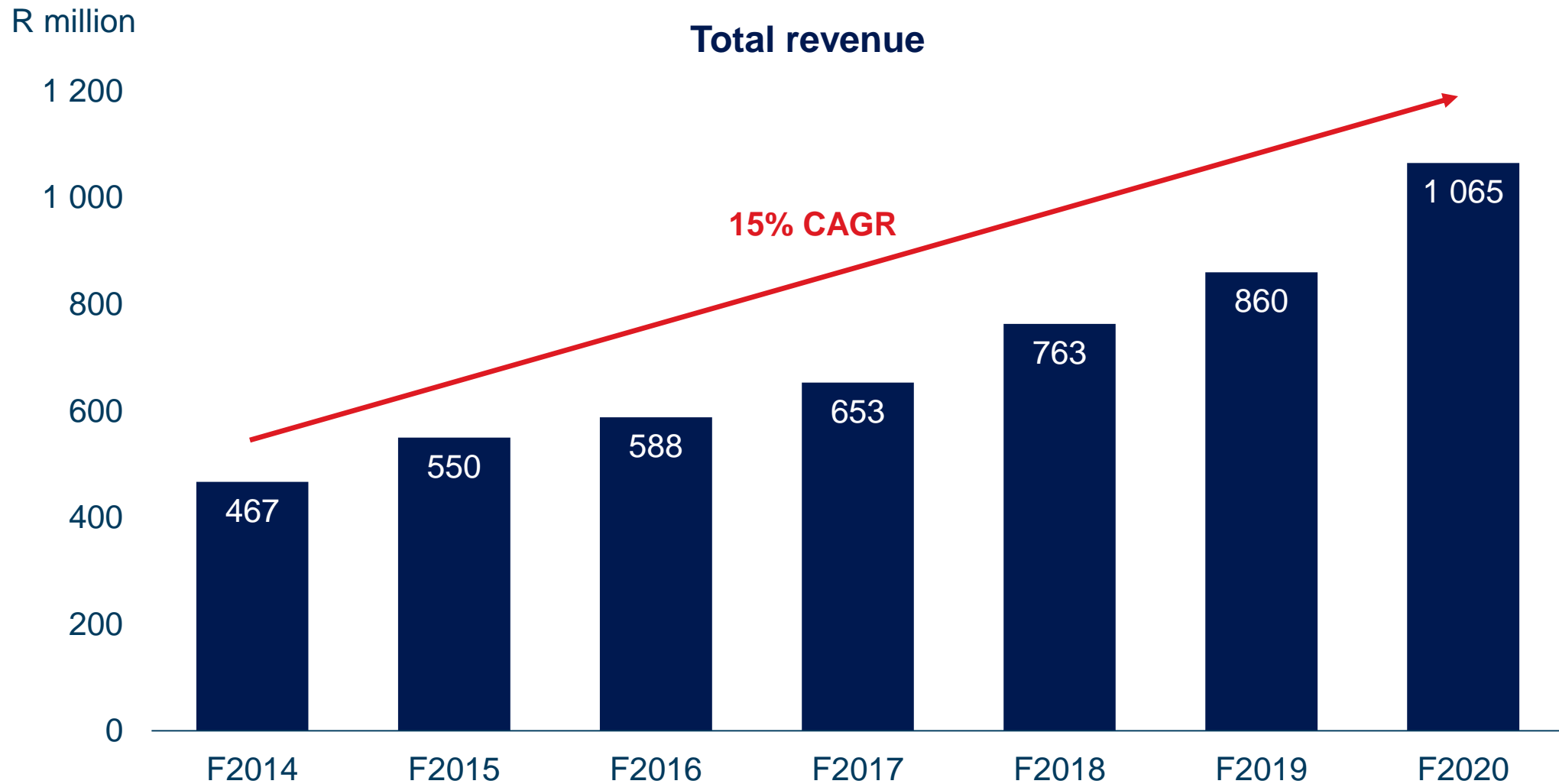
Strategic acquisition living up to expectations





Guardrisk

Consistently strong revenue growth



Employee Share Ownership Programme



B-BBEE ESOP

- 3% of Momentum Metropolitan Holdings ordinary shares
- All current and future South African-based permanent employees
- 85% black shareholding



Improves black ownership credentials



Subject to shareholder approval

Reset and Grow

03



Reset and Grow

RESET



Fix the basics



Address cost base

GROW



Distribution



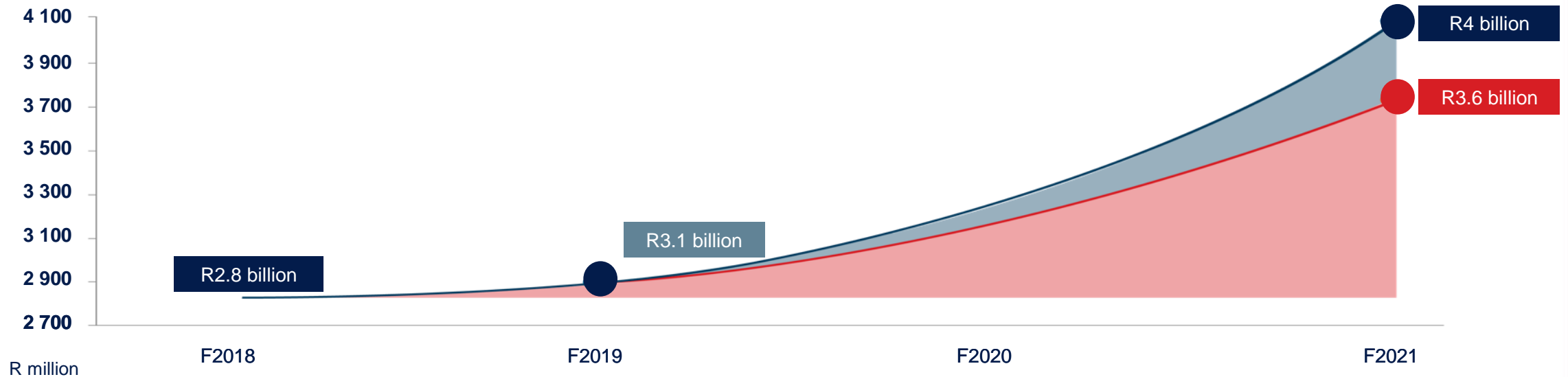
Service



Products



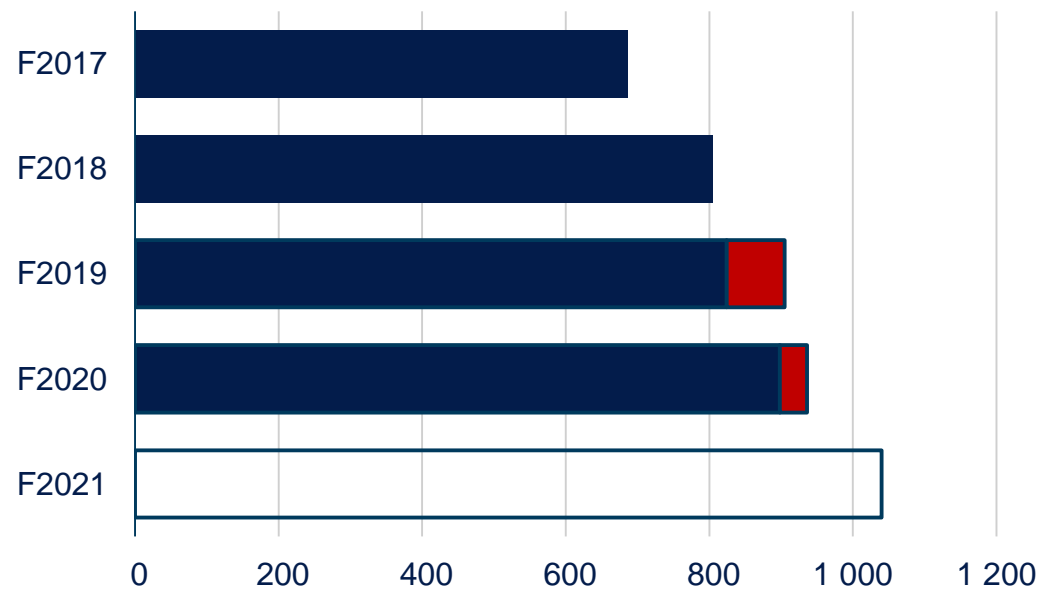
Marketing



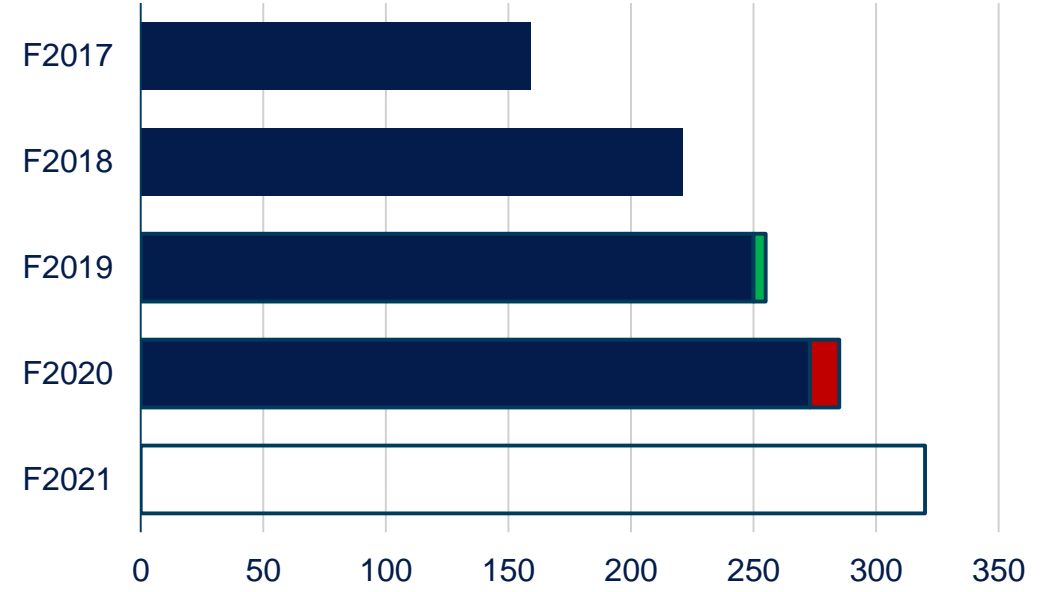


Momentum Life and Momentum Investments

Momentum agents footprint growth



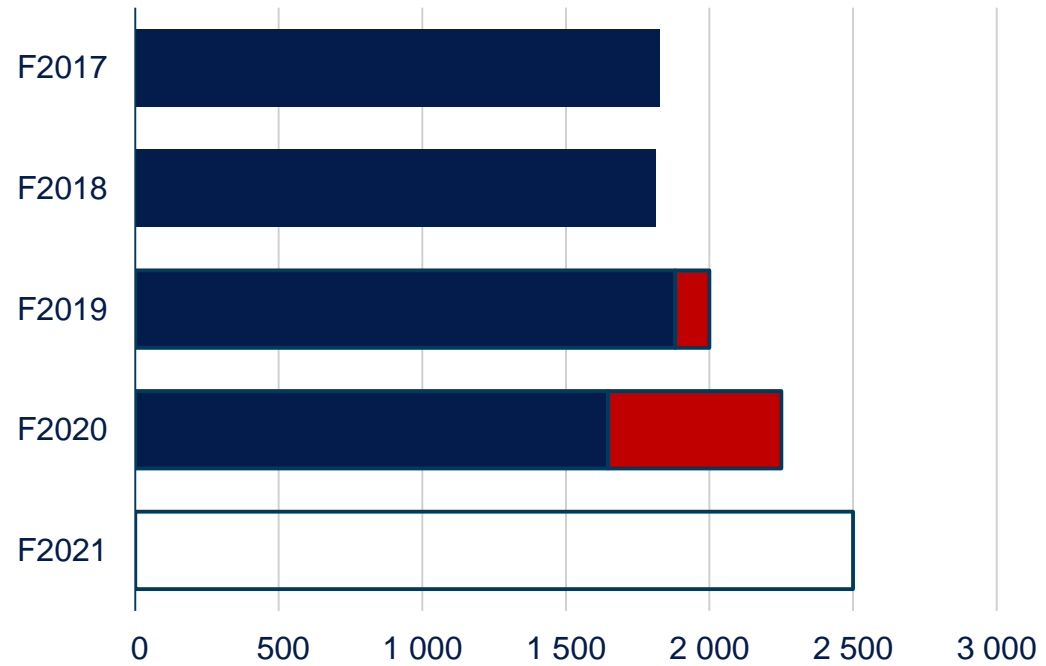
Momentum Consult footprint growth





Momentum Life and Momentum Investments

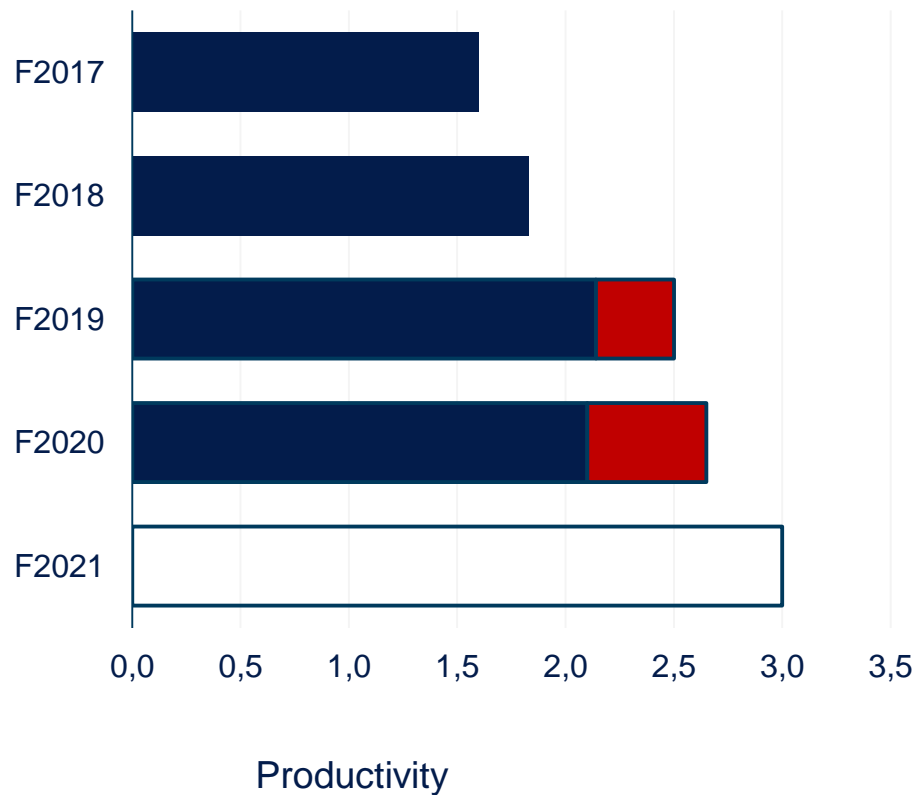
Grow productive brokers



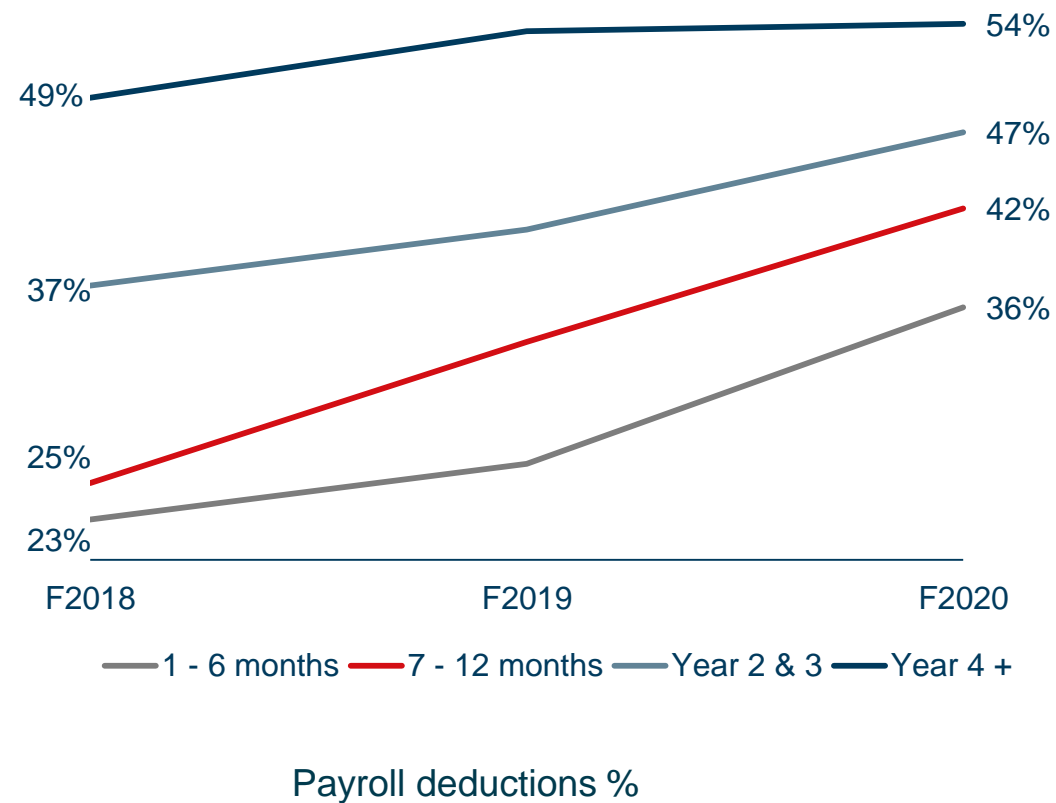


Metropolitan Life

Adviser productivity



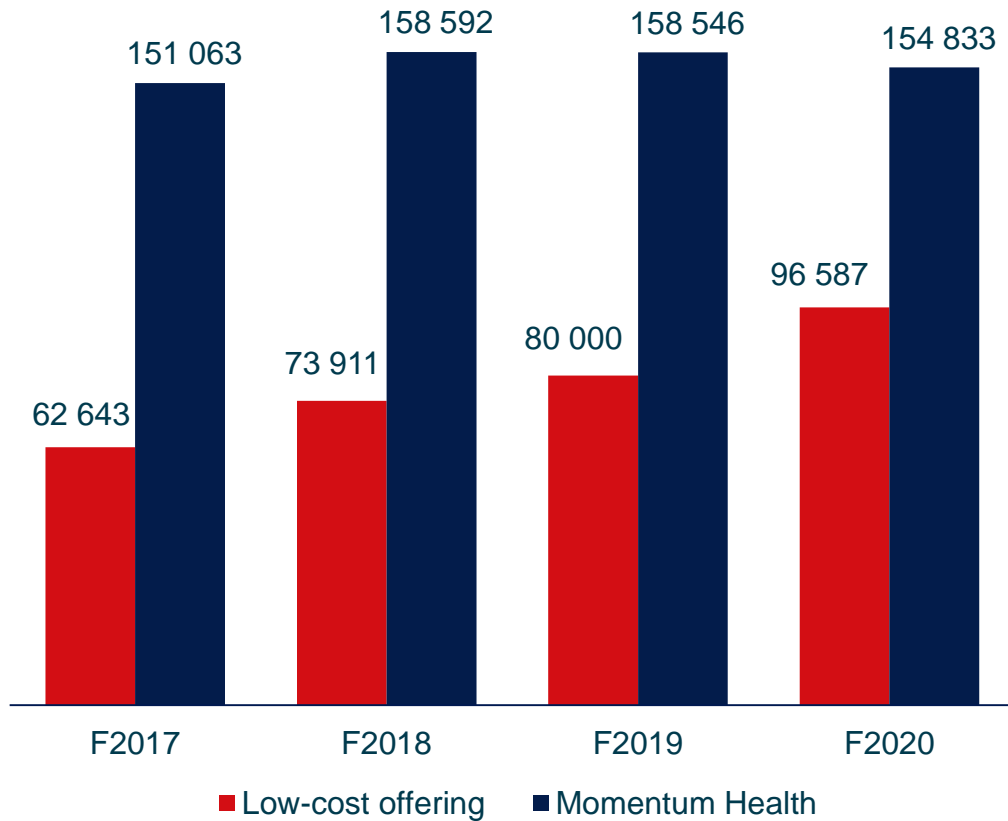
Sales and service efficiencies





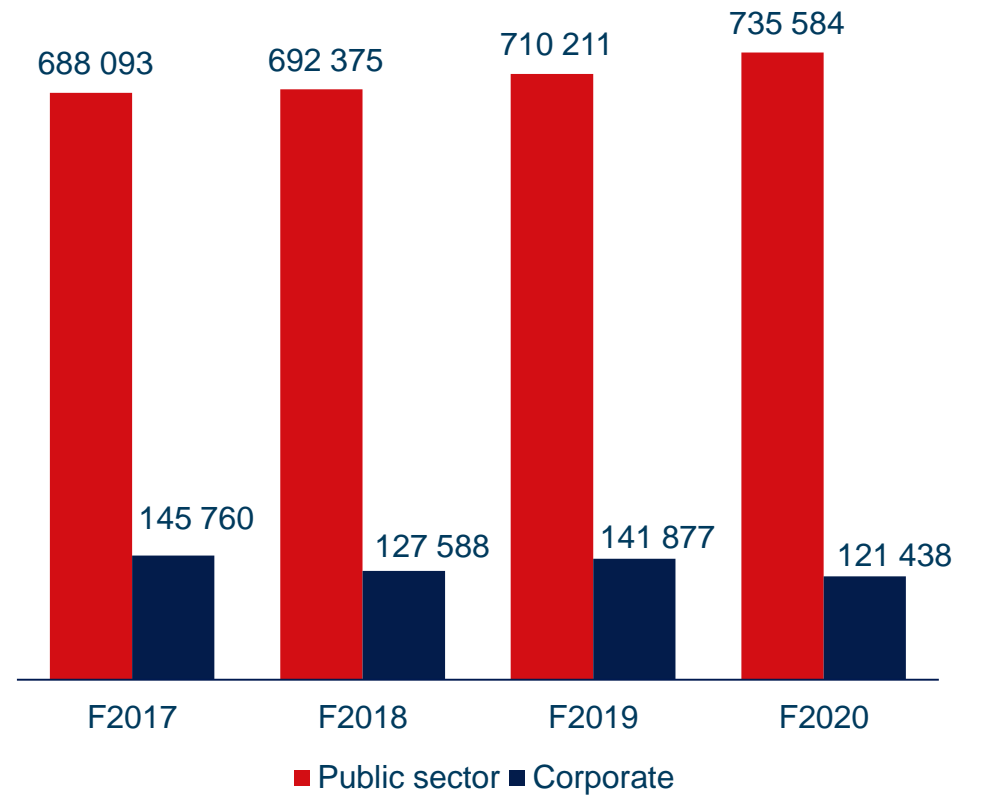
Low-cost offering

Members



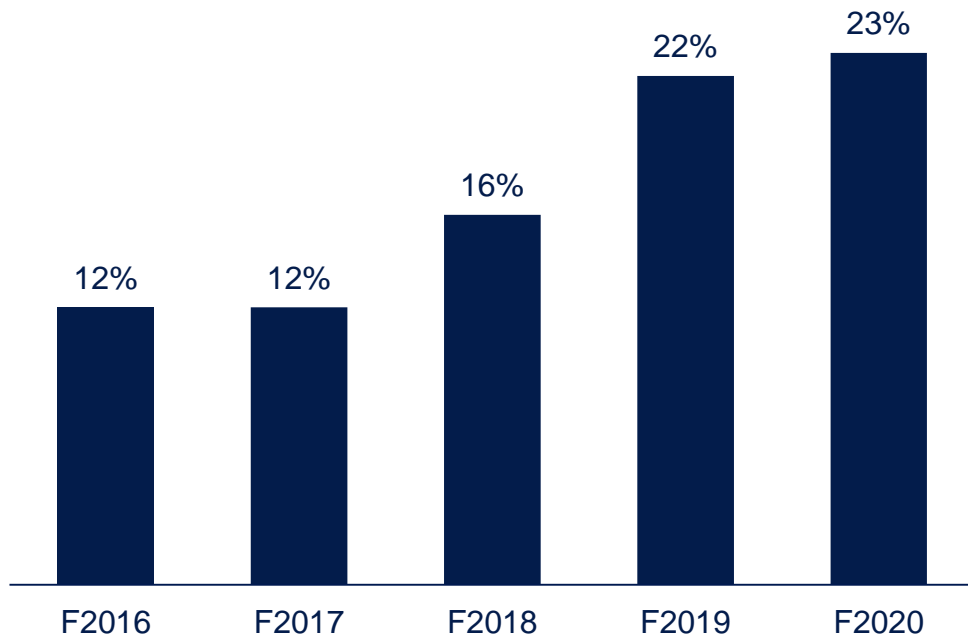
Corporate and Public sector

Members





Increase underwriting revenue

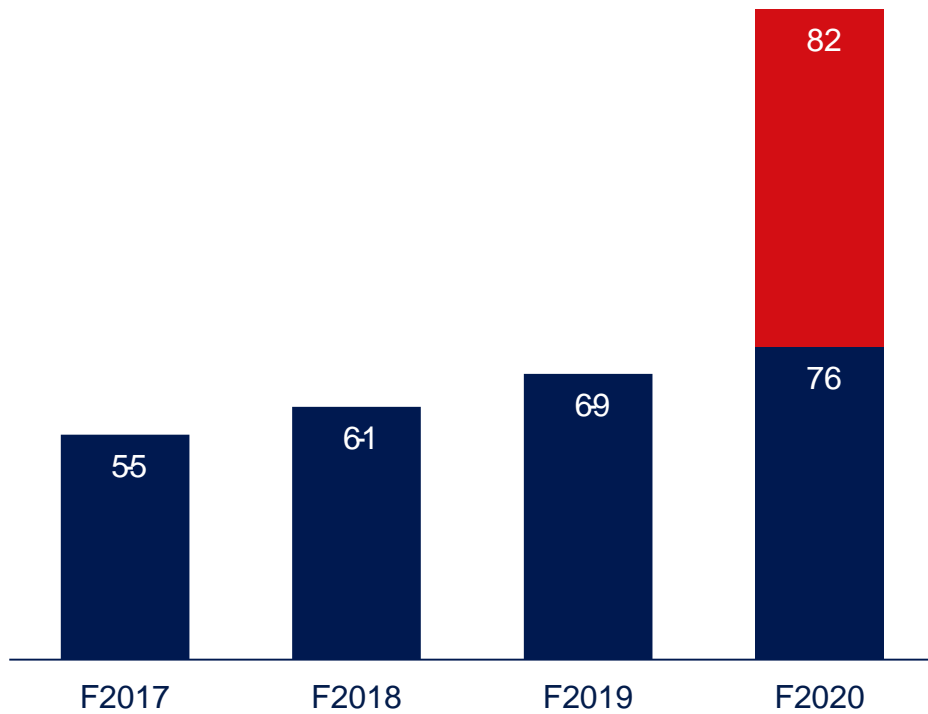


Underwriting profit as % of net revenue

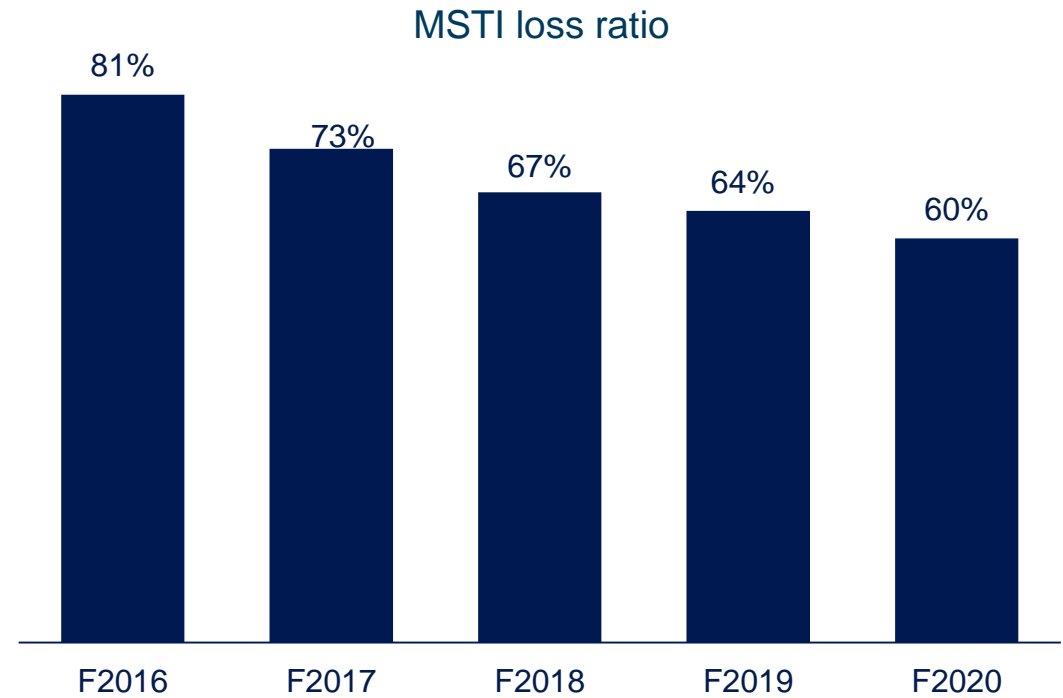


Momentum Short-term Insurance

Grow client base

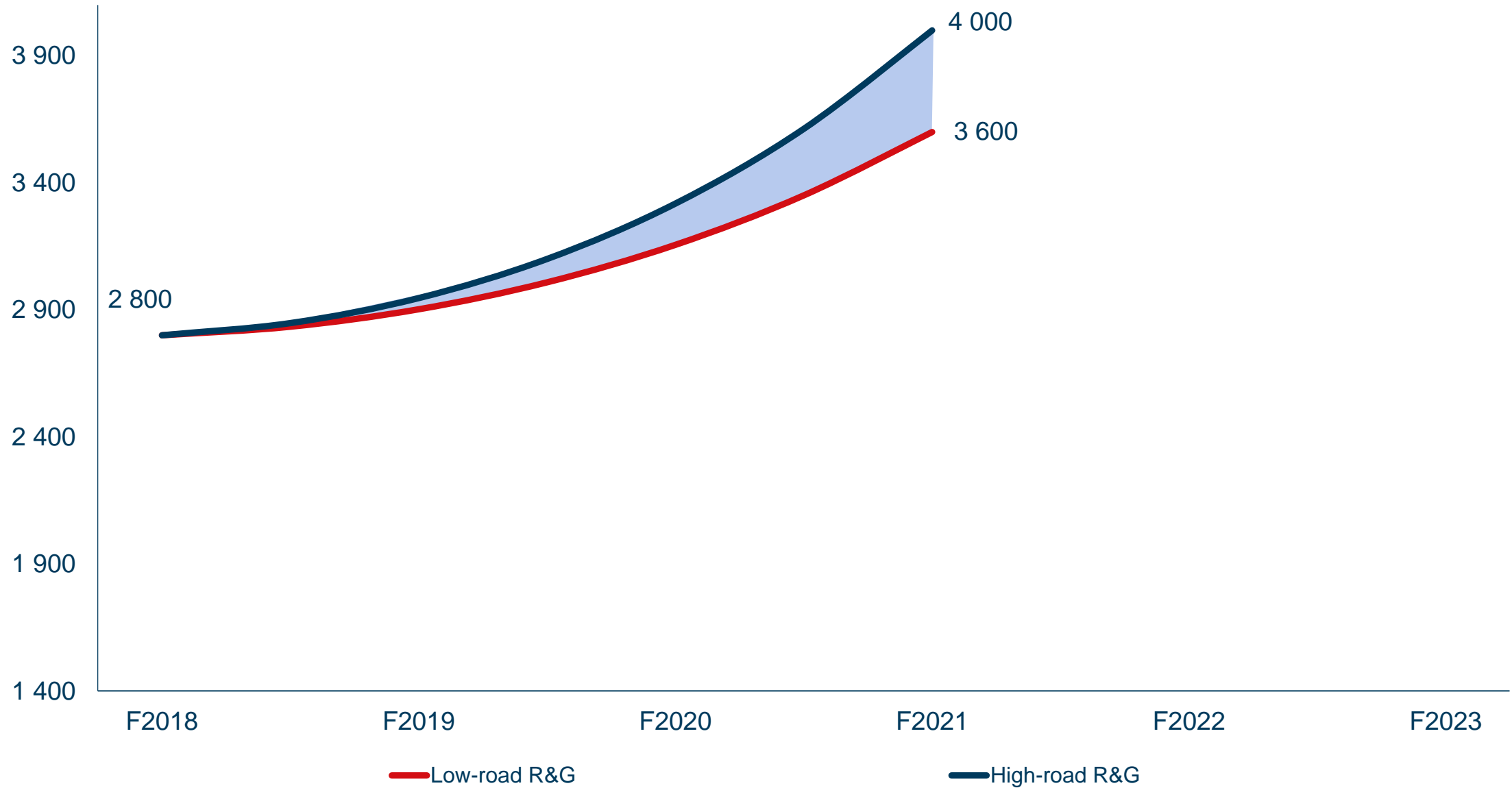


Improve claims ratio



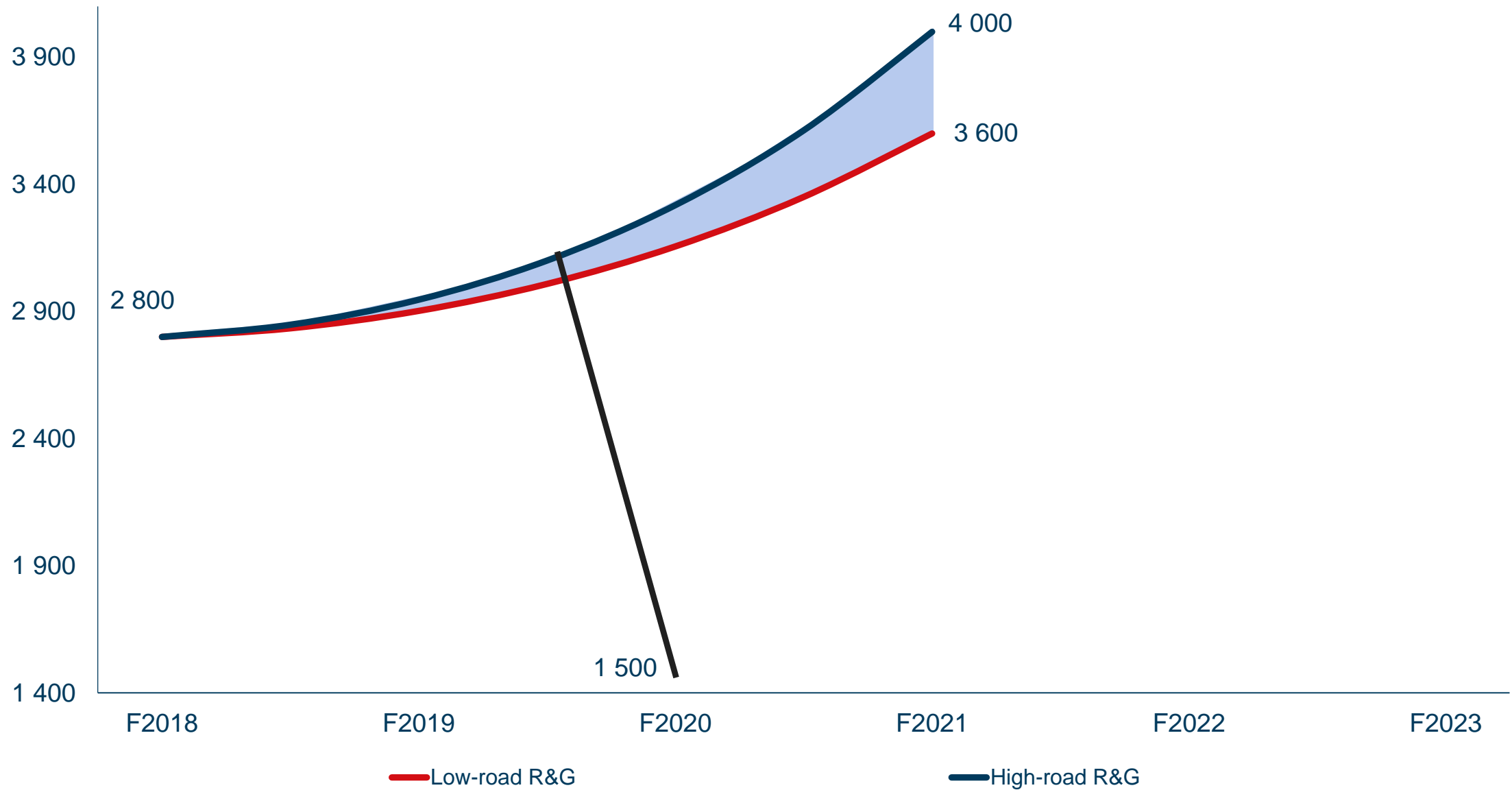
Reset and Grow

Original target range



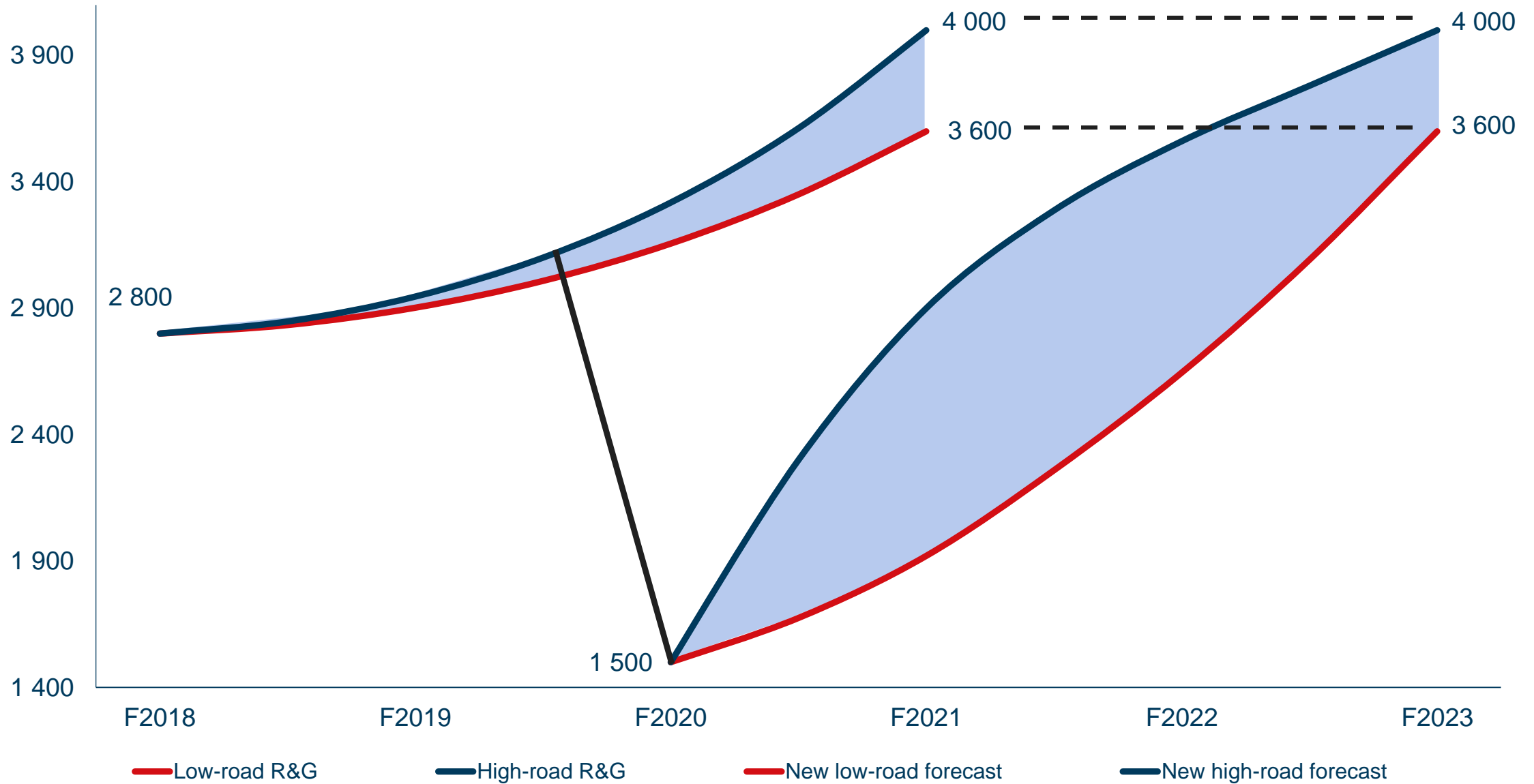
Reset and Grow

Covid-19 impact on F2020



Reset and Grow

Revised target range



Preserving value for stakeholders



Clients



R500 million relief



Advisers



R70 million support



Employees



Safe working conditions



Shareholders



Resilient balance sheet



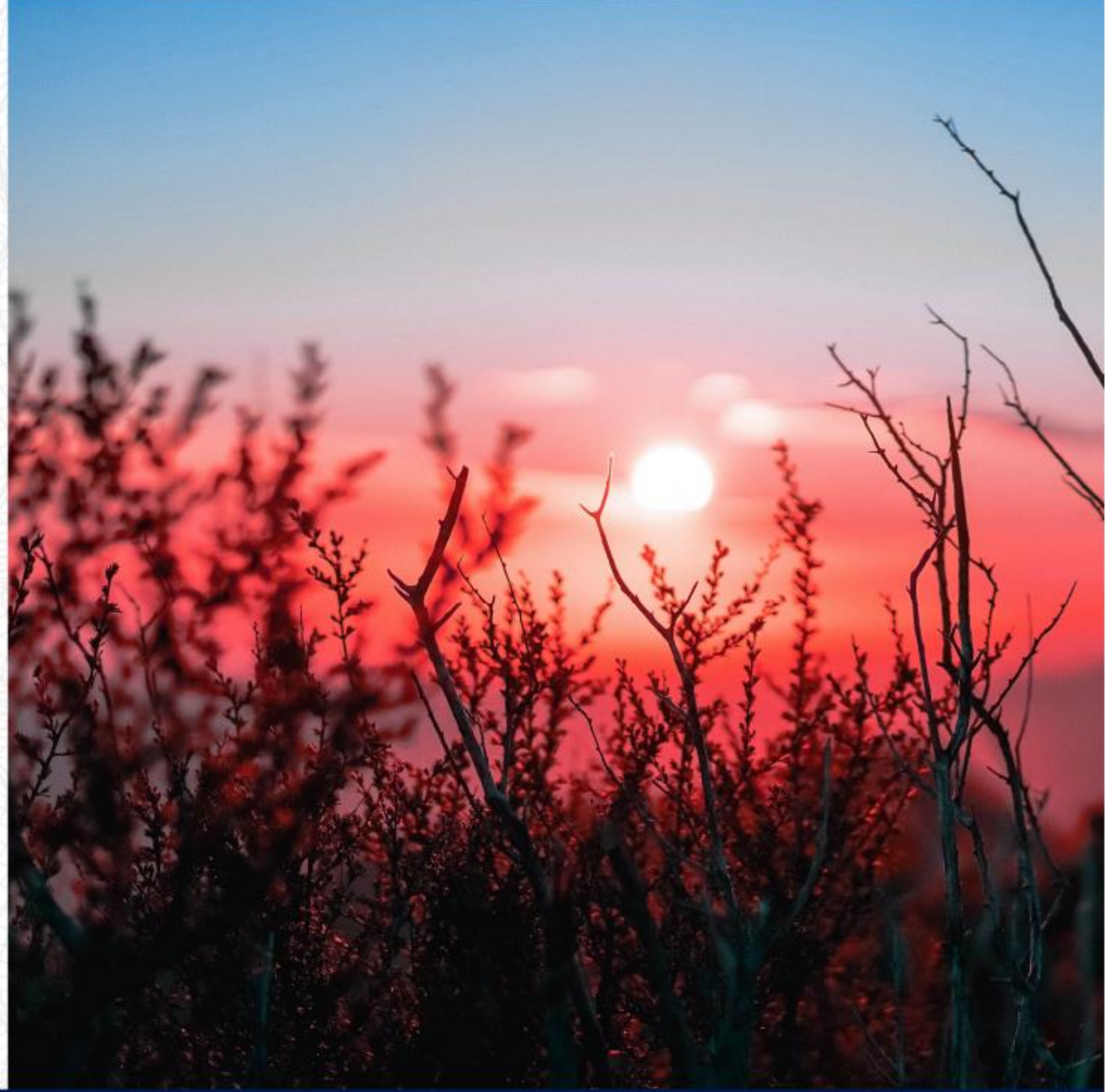
Earnings impact within appetite



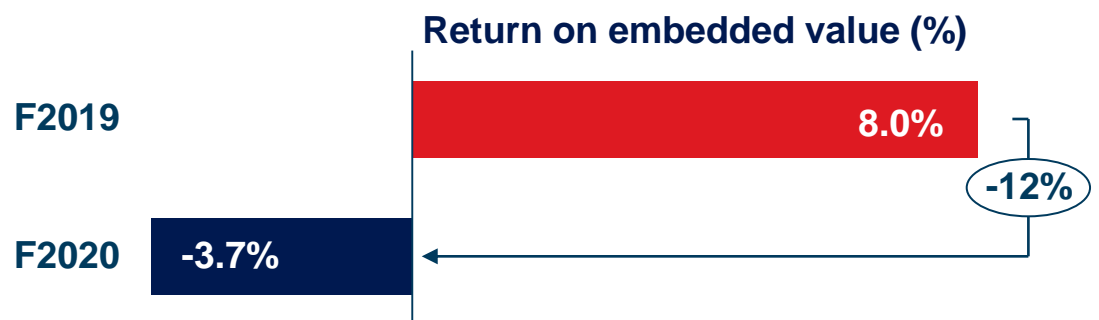
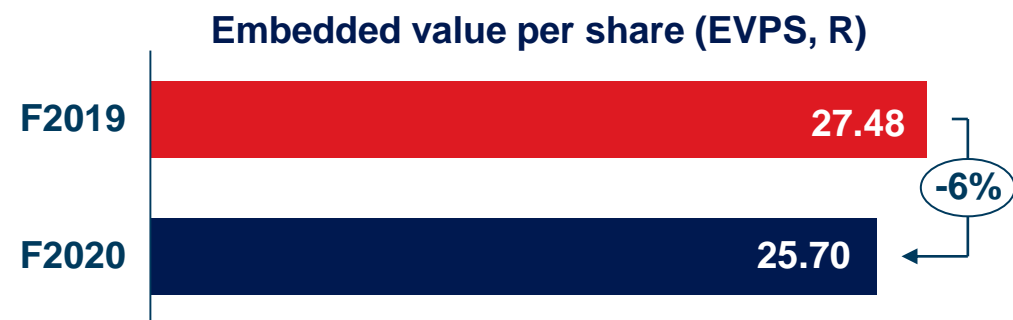
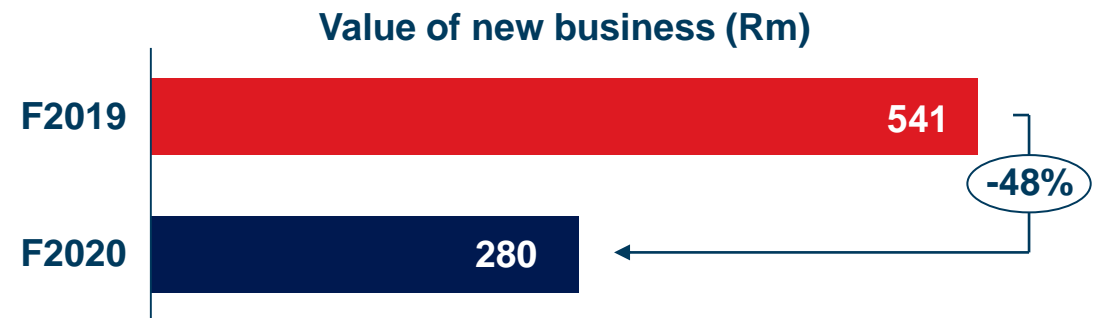
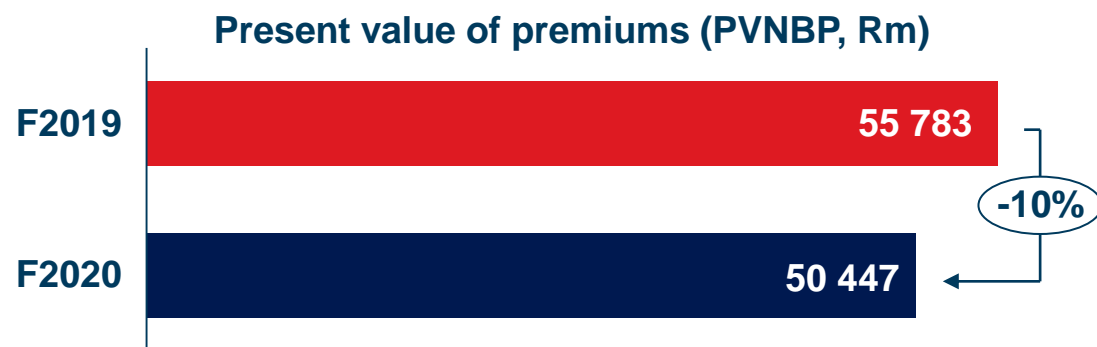
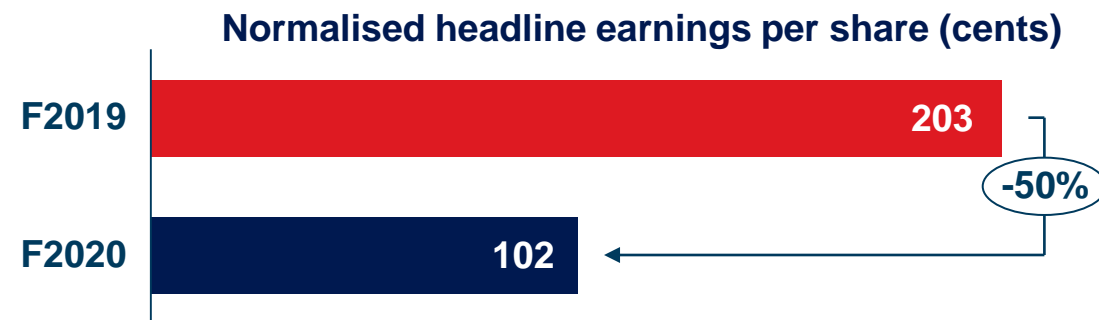
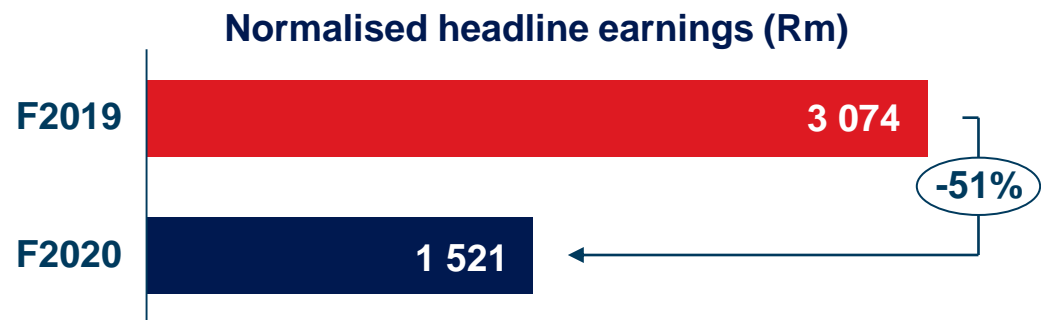
Solid long-term prospects

**Financial results for
the year ended
30 June 2020**

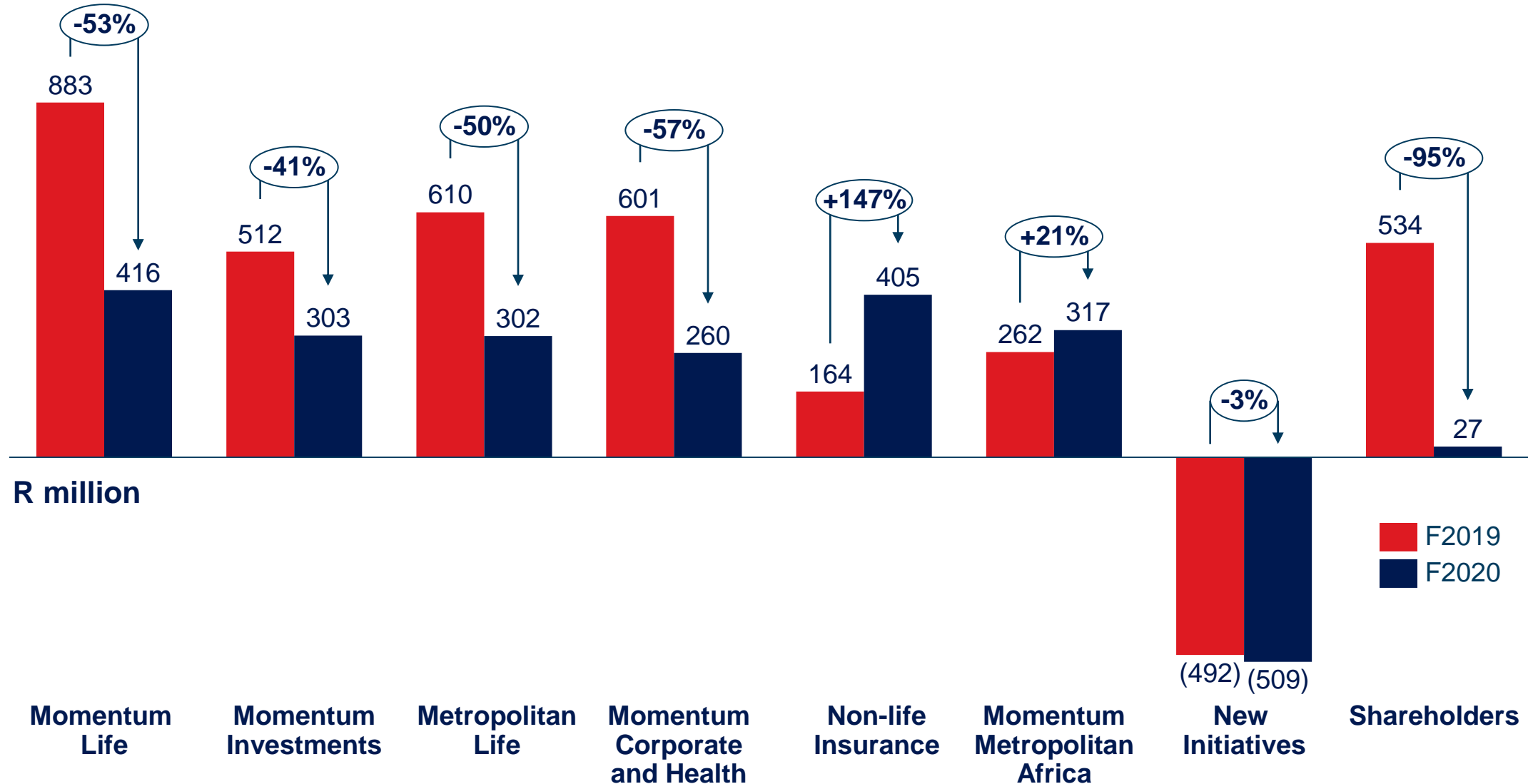
04



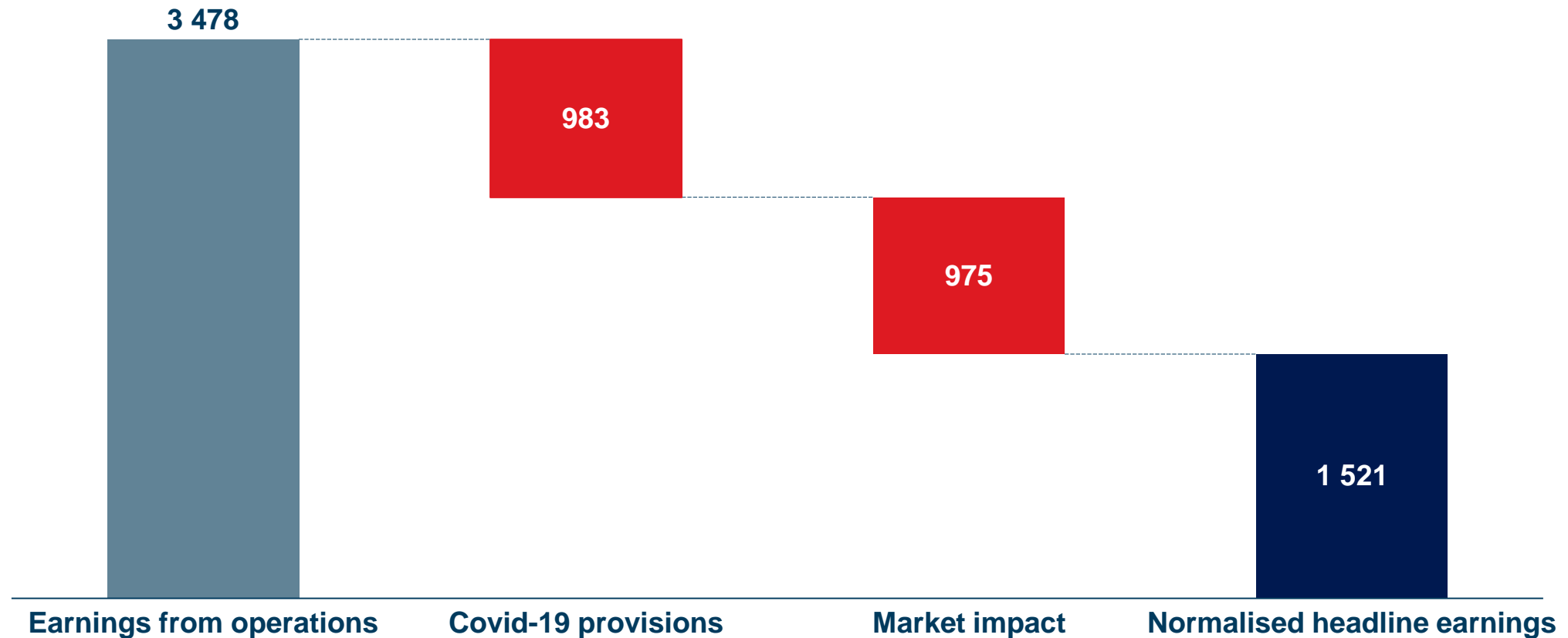
Key financial measures



Normalised headline earnings by business unit



Impact of Covid-19 on our normalised headline earnings



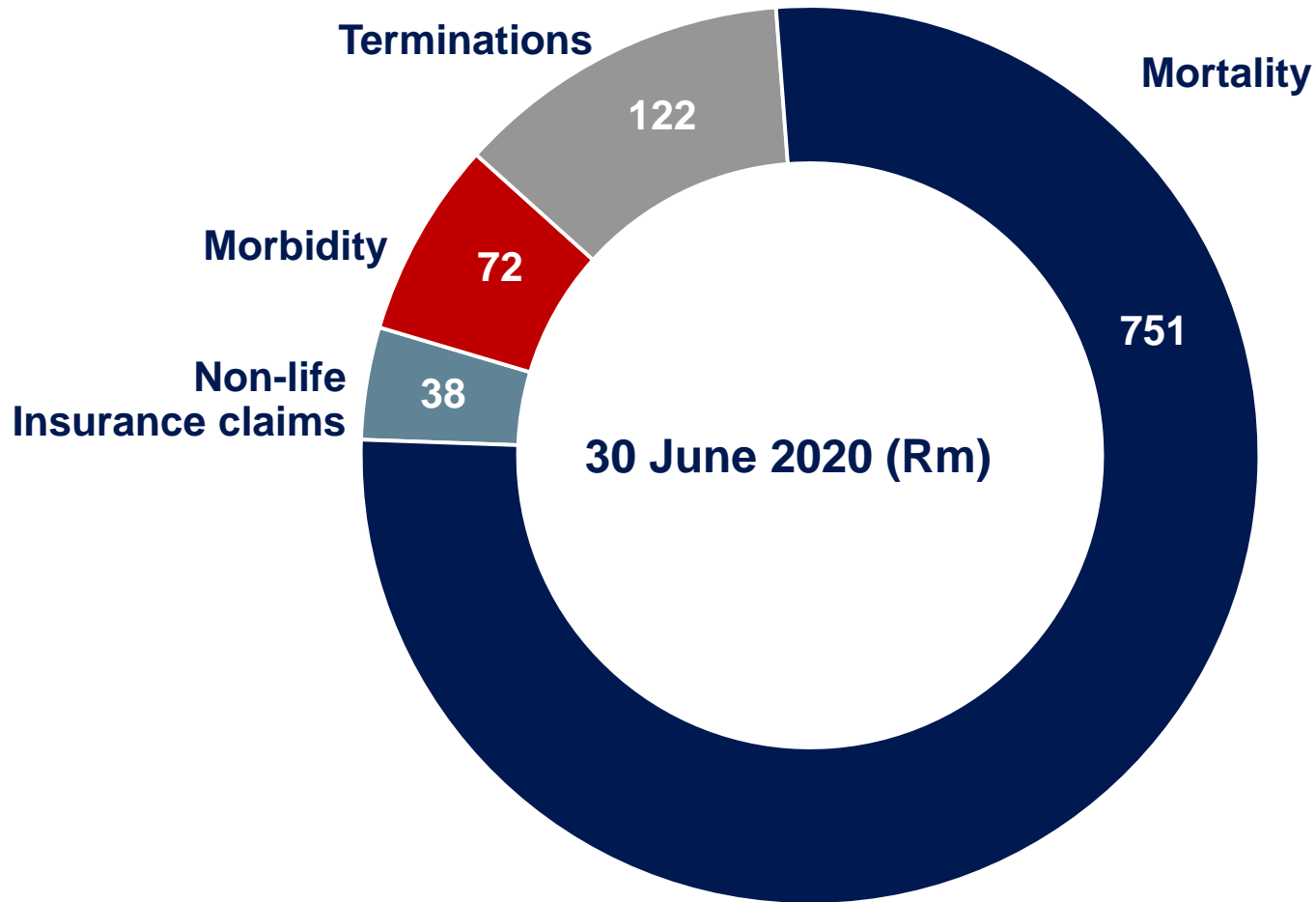
F2019 earnings R3.1 billion



F2020 earnings from operations R3.5 billion

- Market impact includes the investment variances on the life insurance businesses; and excess investment returns, fair value adjustments and economic assumption changes on the shareholder portfolio.
- 3Q20 market impact reported at R1.2 billion; ended year at R1.0 billion.

Impact of Covid-19 on our normalised headline earnings



Our Covid-19 provisions reduced earnings by **R1 billion**

Assumptions based on best estimate basis

Largest impact expected in F2021 and F2022

Low exposure to terminations due to product design in retail risk business

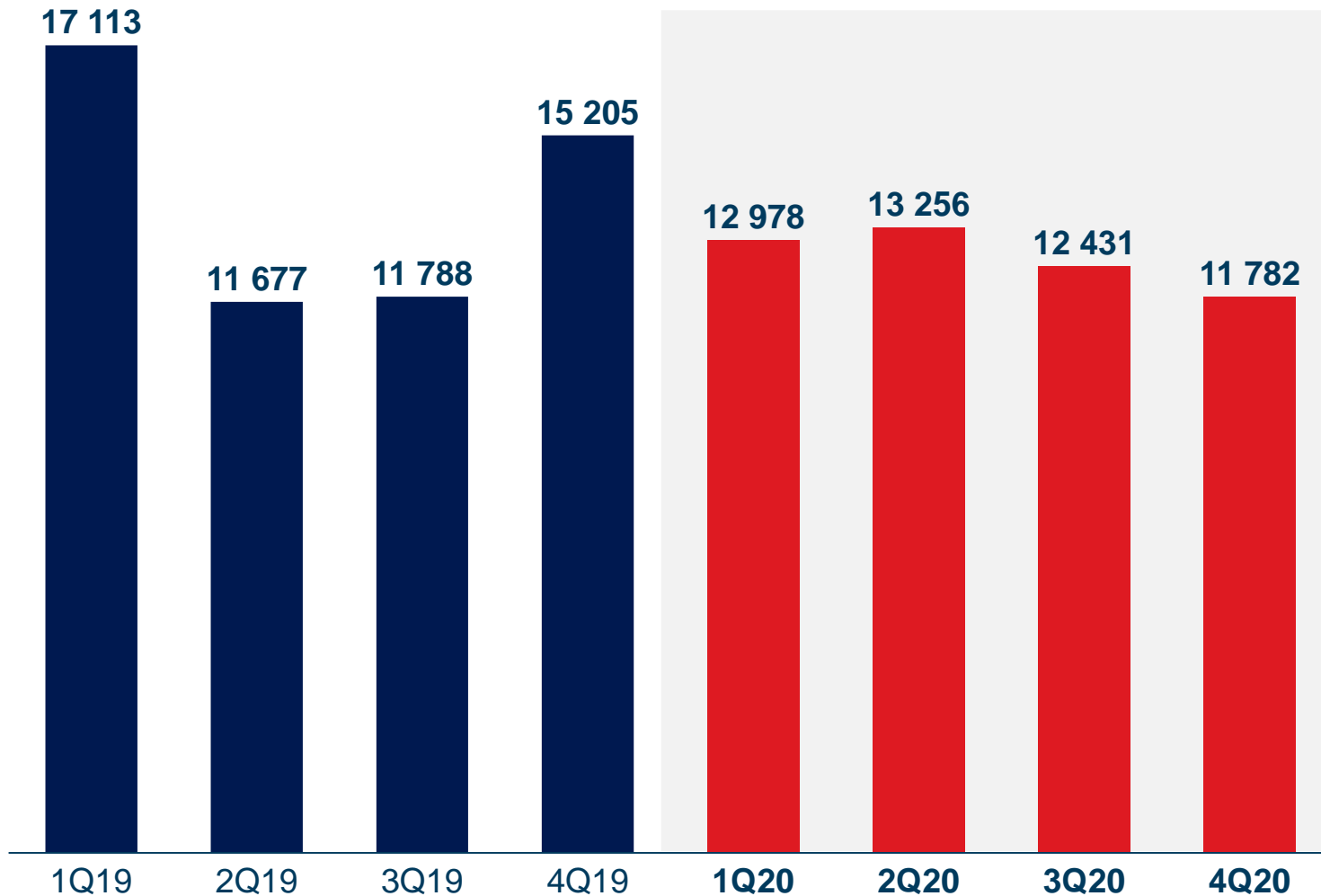
Group results

05



Sales declined by 10% year-on-year

Present value of premiums (PVNBP, Rm)



Year-on-year movements

Momentum Life **-14%**

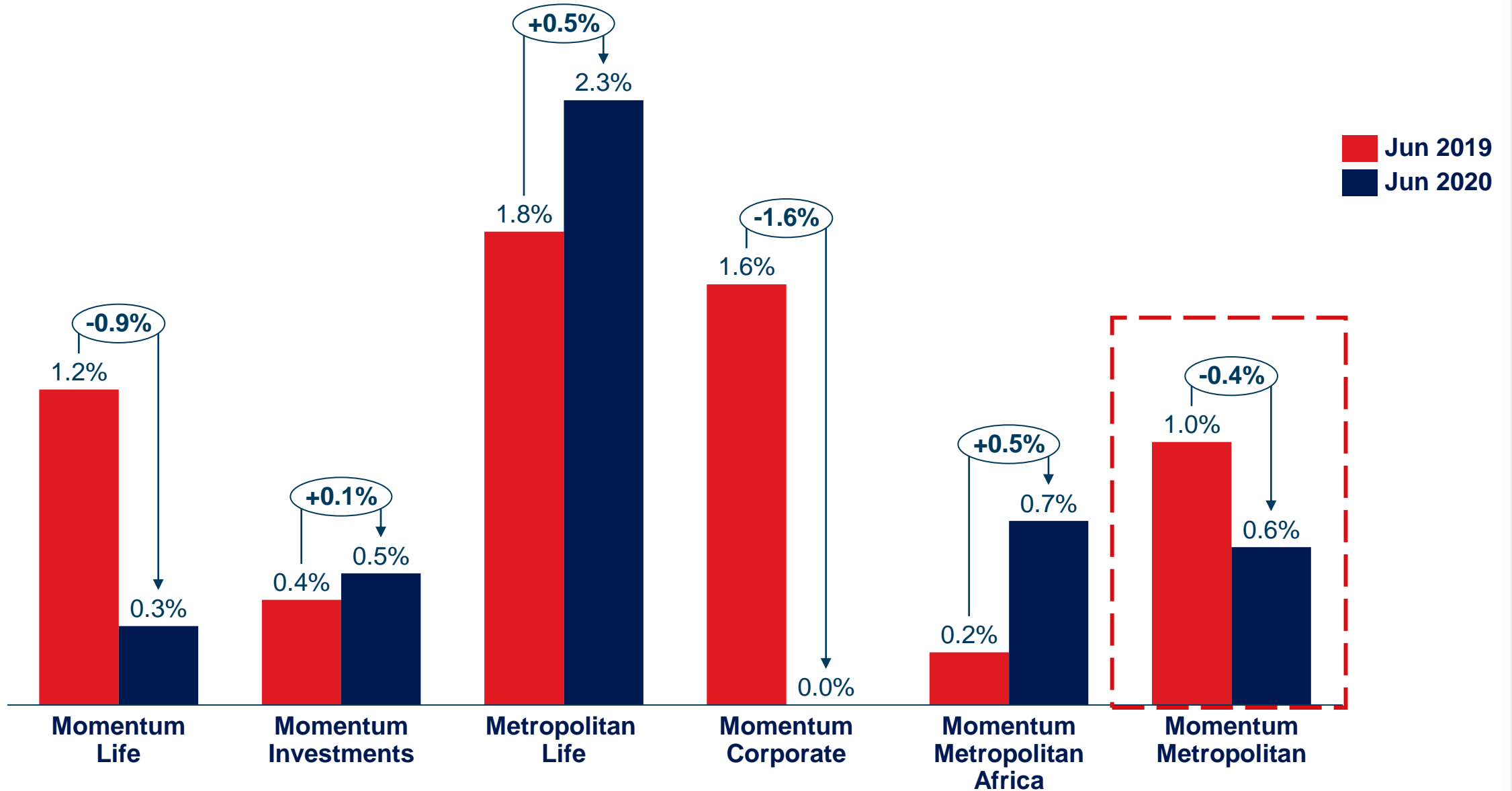
Momentum Investments **+16%**

Metropolitan Life **-4%**

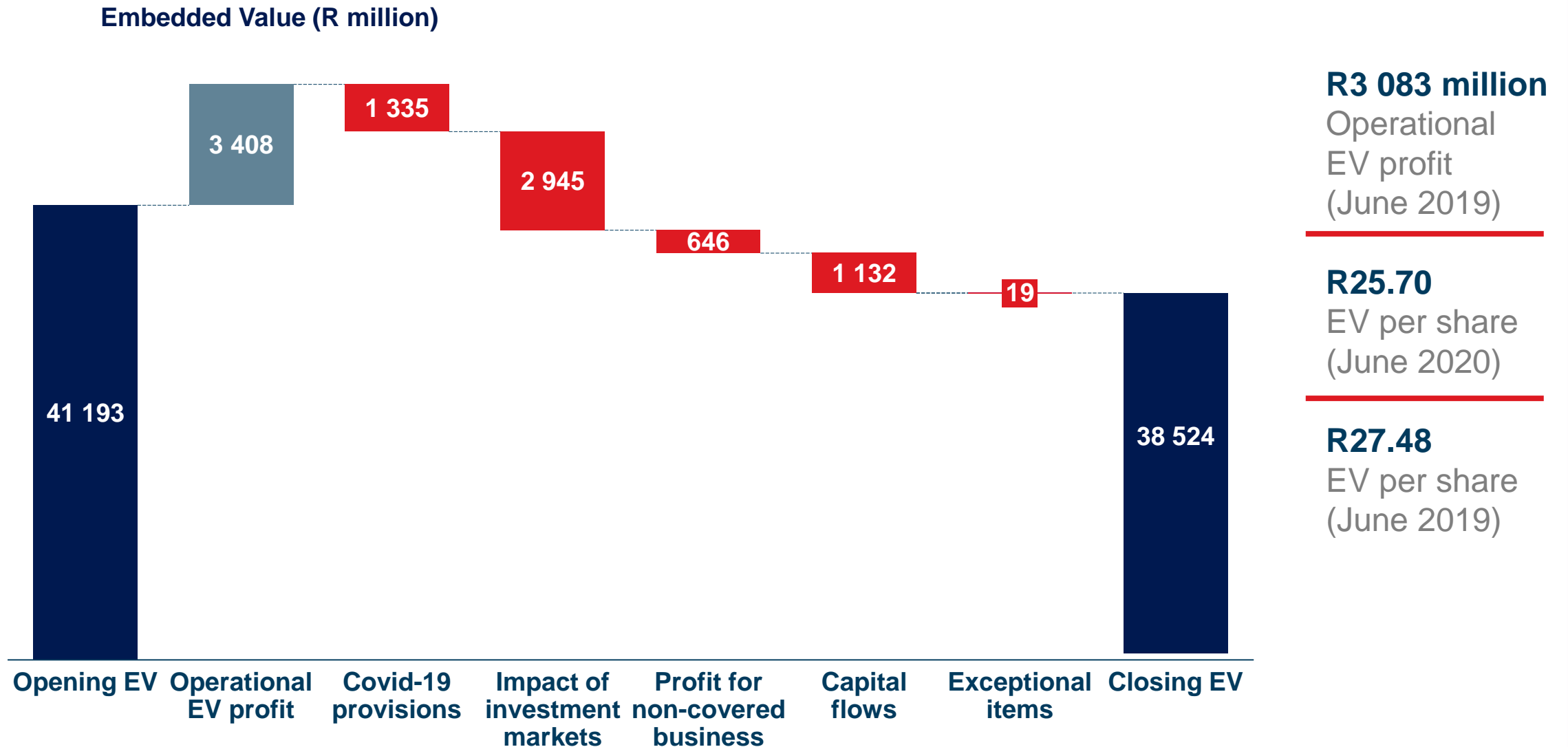
Momentum Corporate **-46%**

Africa **+6%**

New business margin was 0.6% for F2020



Embedded value per share declined to R25.70



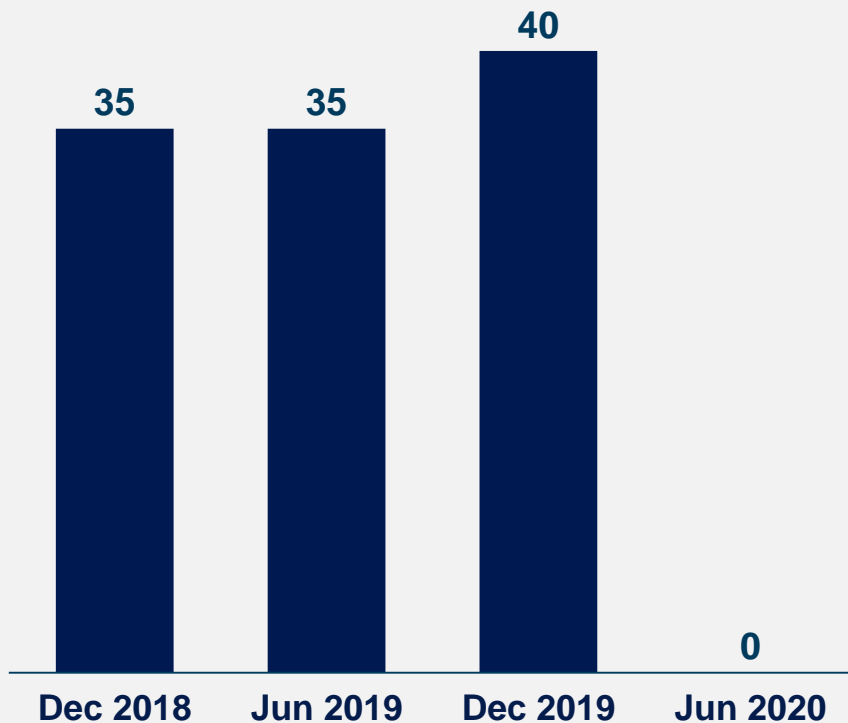
Capital cover ratio weathers Covid-19

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre-dividend)	29 067
Solvency Capital Requirement (SCR)	15 737
SCR cover (times)	1.85
SCR cover (times) - 30 June 2019	2.08

Capital cover target range is **1.7 to 2.1 times** the SCR

Capital management — dividend decreased by 43%

Dividend per share



Dividend policy is to pay out 33% to 50% of normalised headline earnings

Loss for 2H20 implies zero dividend under dividend policy

Final dividend decision reflects also desire to preserve capital and liquidity

Projected balance sheet work confirms that 2.0 to 3.0 times dividend cover is still optimal for MMH

Other current topical matters

06

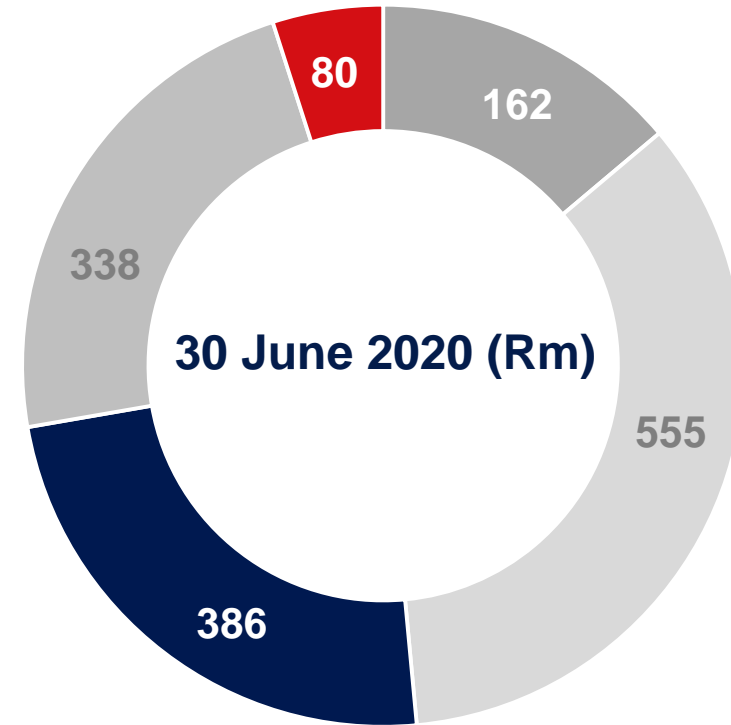
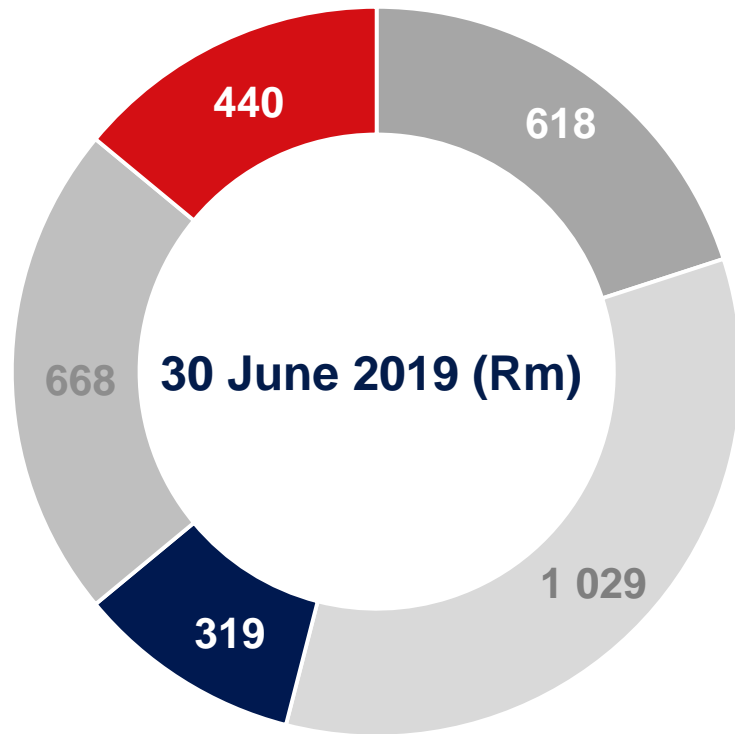


Other current topical matters

- 1** Understanding resilience of our earnings
- 2** Impact of investment markets
- 3** Metropolitan Life Covid-19 trends
- 4** Sales over the last six months



Resilience — diversified sources of earnings



- Investment returns
- Asset-based fees
- Administration fees
- Underwriting profits
- Spreads

Impact of investment markets

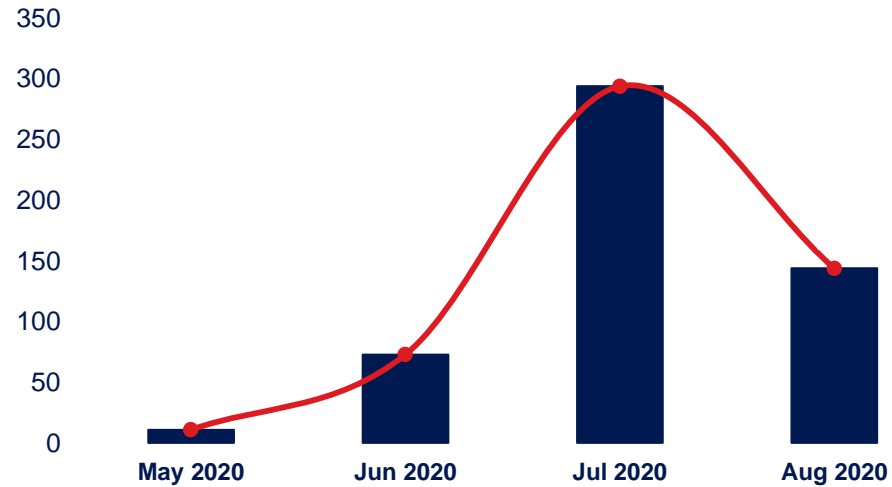
Analysis of investment variances (R million)

By product type	1Q20	2Q20	3Q20	4Q20	F2020
Protection	5	5	23	(7)	26
Long-term savings	12	-	(234)	83	(139)
Annuities and structured products	14	1	(323)	(226)	(534)
Traditional	(17)	7	(337)	338	(9)
Other	(6)	33	(189)	92	(70)
Total investment variances	8	46	(1 060)	280	(726)

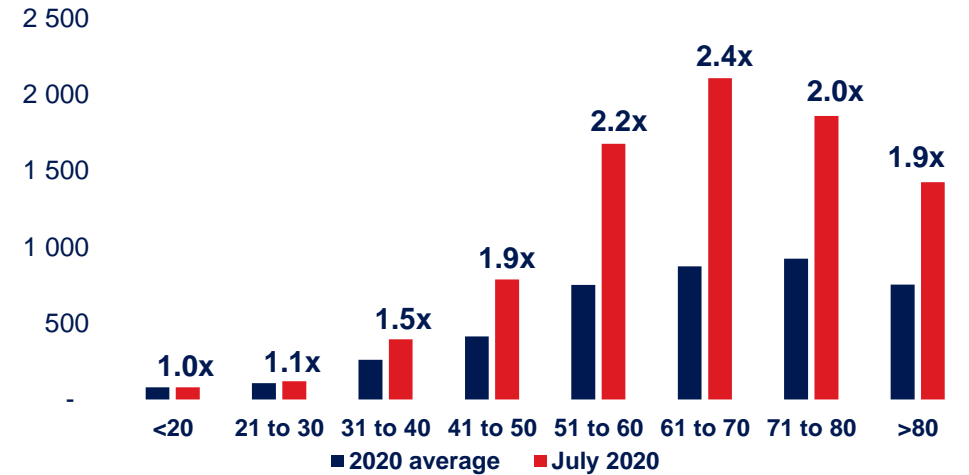
Equity markets recovered in 4Q20, but fixed income market dislocation became more prominent

Metropolitan Life Covid-19 trends

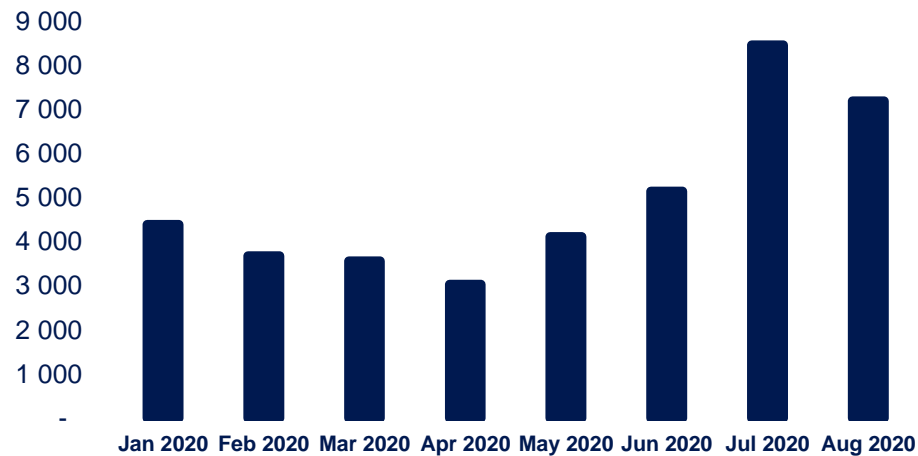
Covid-19 claims



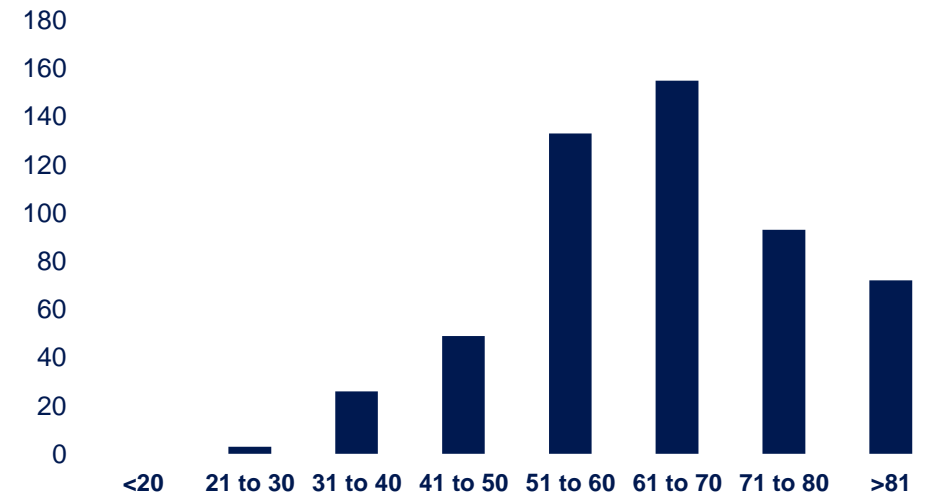
July 2020 claims compared to 2020 average



Total claims

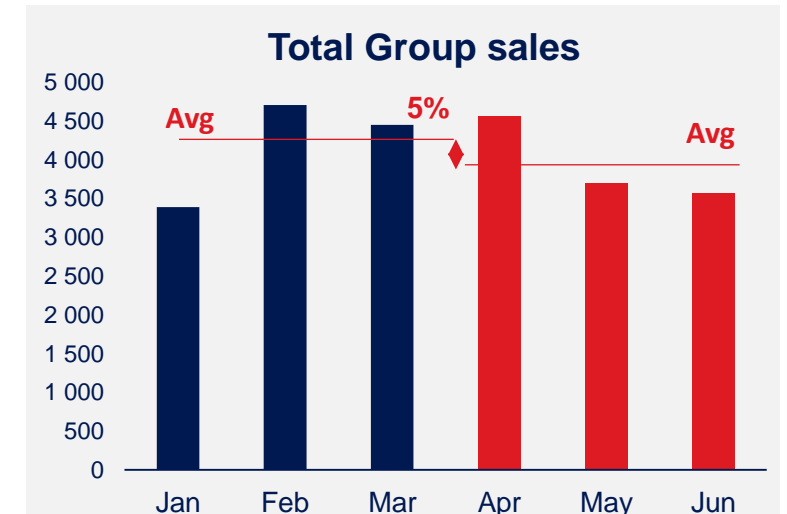
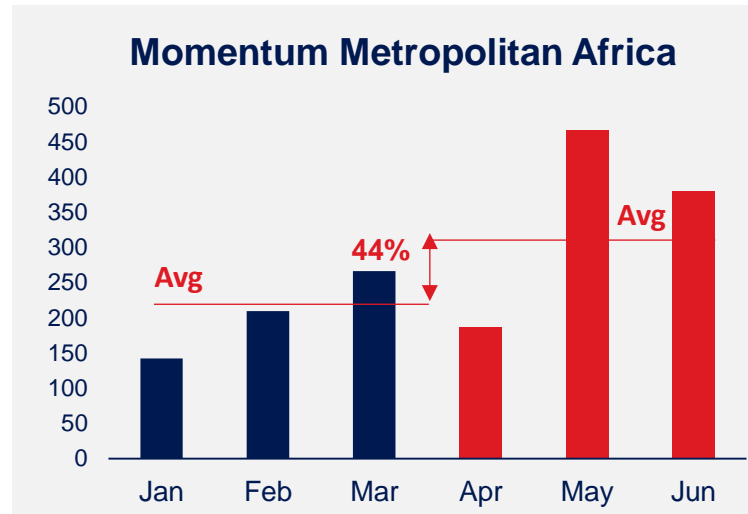
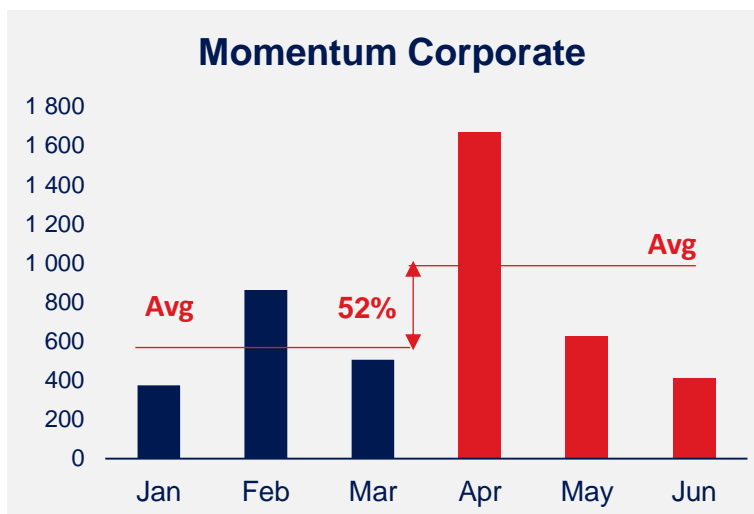
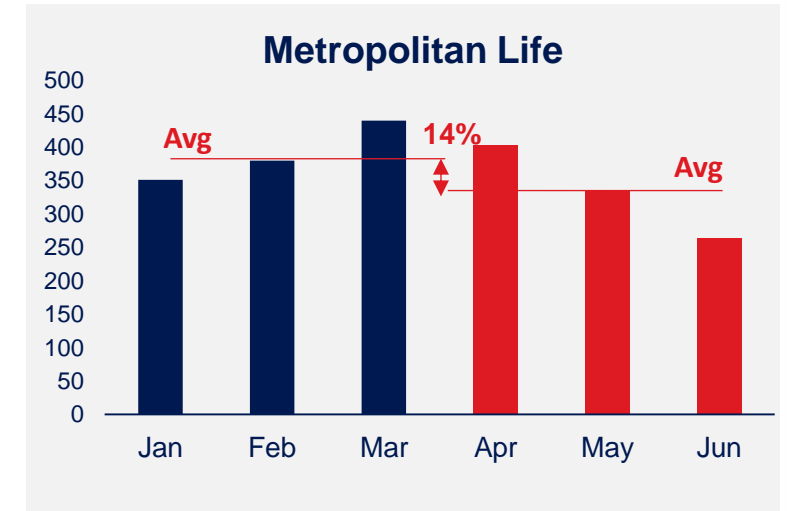
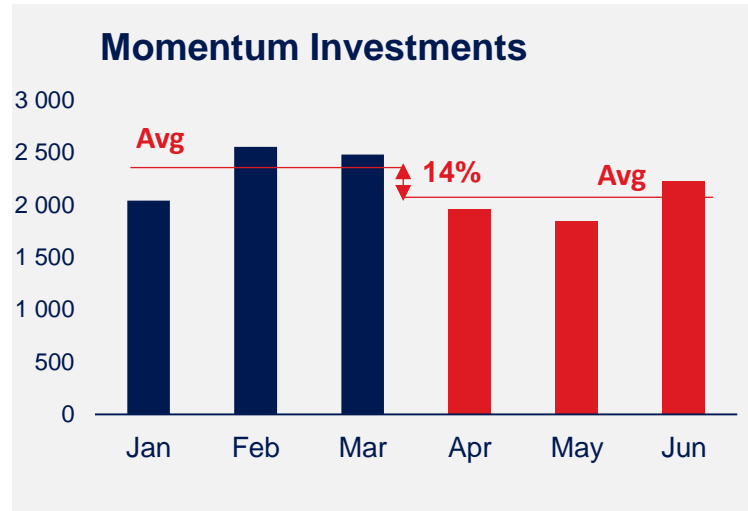
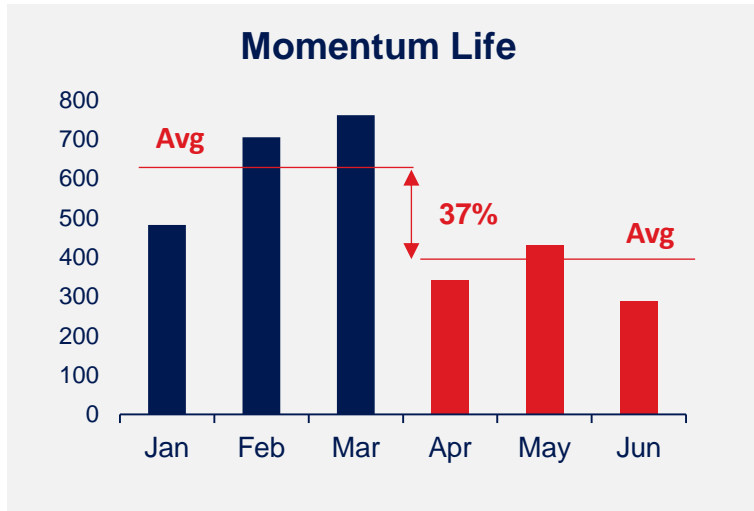


Covid-19 claims by age to July 2020



Sales trends over the last six months

New business volumes (PVNBP, Rm)



In closing

07



In closing

- 1** We want to share our appreciation to all the frontline healthcare staff and emergency workers who have worked tirelessly to minimise the mortality and morbidity impact of the pandemic.

- 2** This was a very demanding period for our clients and we are grateful for the excellent persistency during this difficult time when money is tight.

- 3** Thank you to our staff for your continued perseverance and grit as we focus on delivering on our promises in these extraordinary times.

- 4** Finally, we also want to look ahead with a sense of optimism. South Africa is a country with massive potential and hopefully this health crisis will become the catalyst for tangible changes in economic policy that will unlock this growth potential.