



MMI HOLDINGS

Delivering on our promise

2014 year-end results

10 September 2014

Agenda

Economic environment

Financial results

Operational summary

Capital management

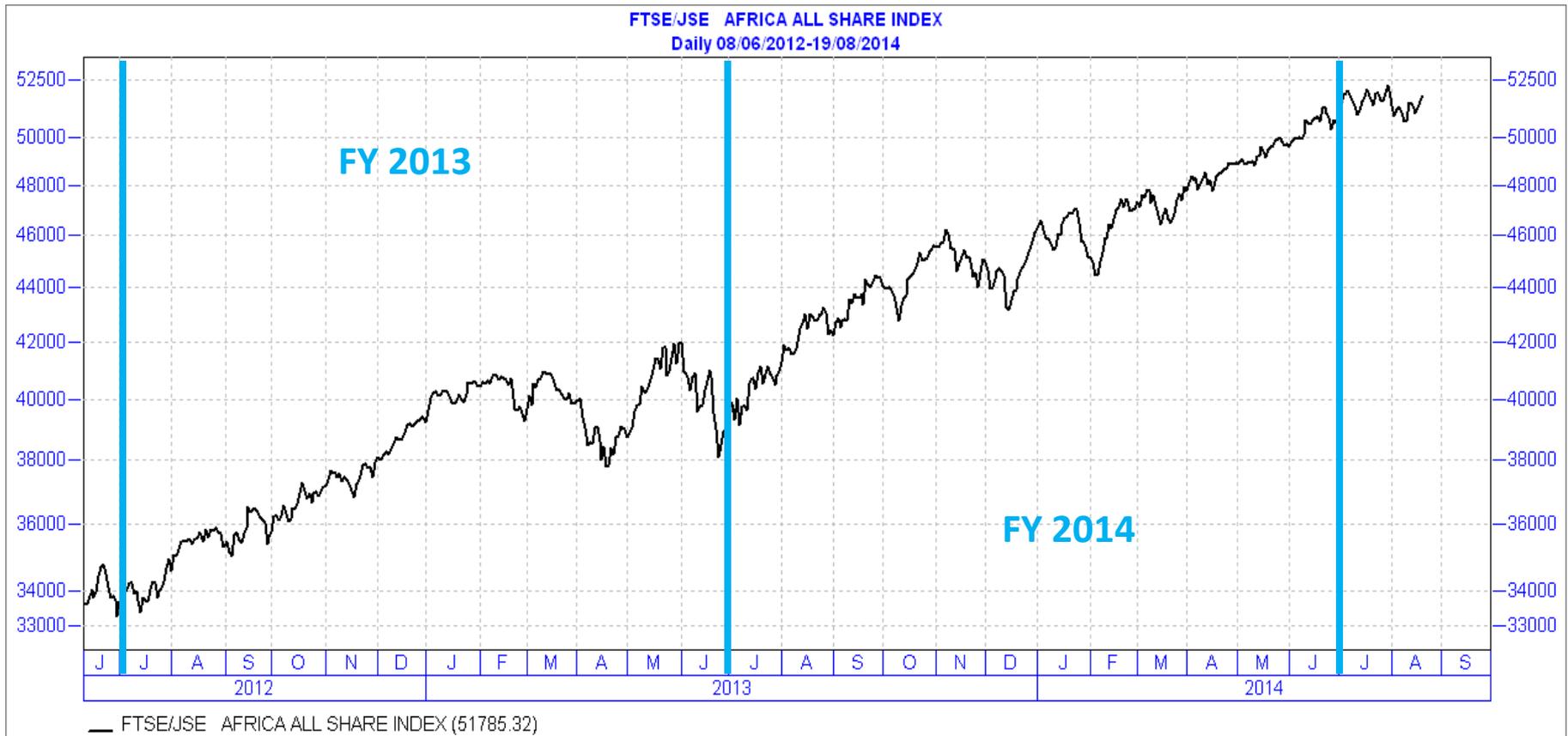
Client-centric operating model

Strategic focus areas

External environment

Strong equity market

Volatile, rising interest rates



	2013	2014
JSE All Share	+17%	+29%
Risk discount rate	+10bps	+60bps

Challenging operating environment

SA economy facing challenges

- Lower growth expectations
- Credit rating
- Unemployment and labour unrest
- Fiscal pressure (lower tax collections)
- Slow growth in household credit extension

Industry under pressure

- Regulatory pressure
- EY Life Insurance confidence Index at lowest level in 5 years

Consumers under pressure

- Inflation increasing and interest rate hikes expected
- Weak rand
- High indebtedness and cost of debt
- Soaring fuel prices, higher household taxes
- Moderation in government wage growth and welfare spending

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Delivering on our promise

New
business
PVP *

+18%
R42bn

Value of
new
business *

+14%
R779m

Return on
embedded
value

+19%
to
2 474cps

Profits from
operating
divisions

+22%
R2 965m

Total
dividend
(including special)

+51%
R3 014m

* Excludes FNB Life

Financial results

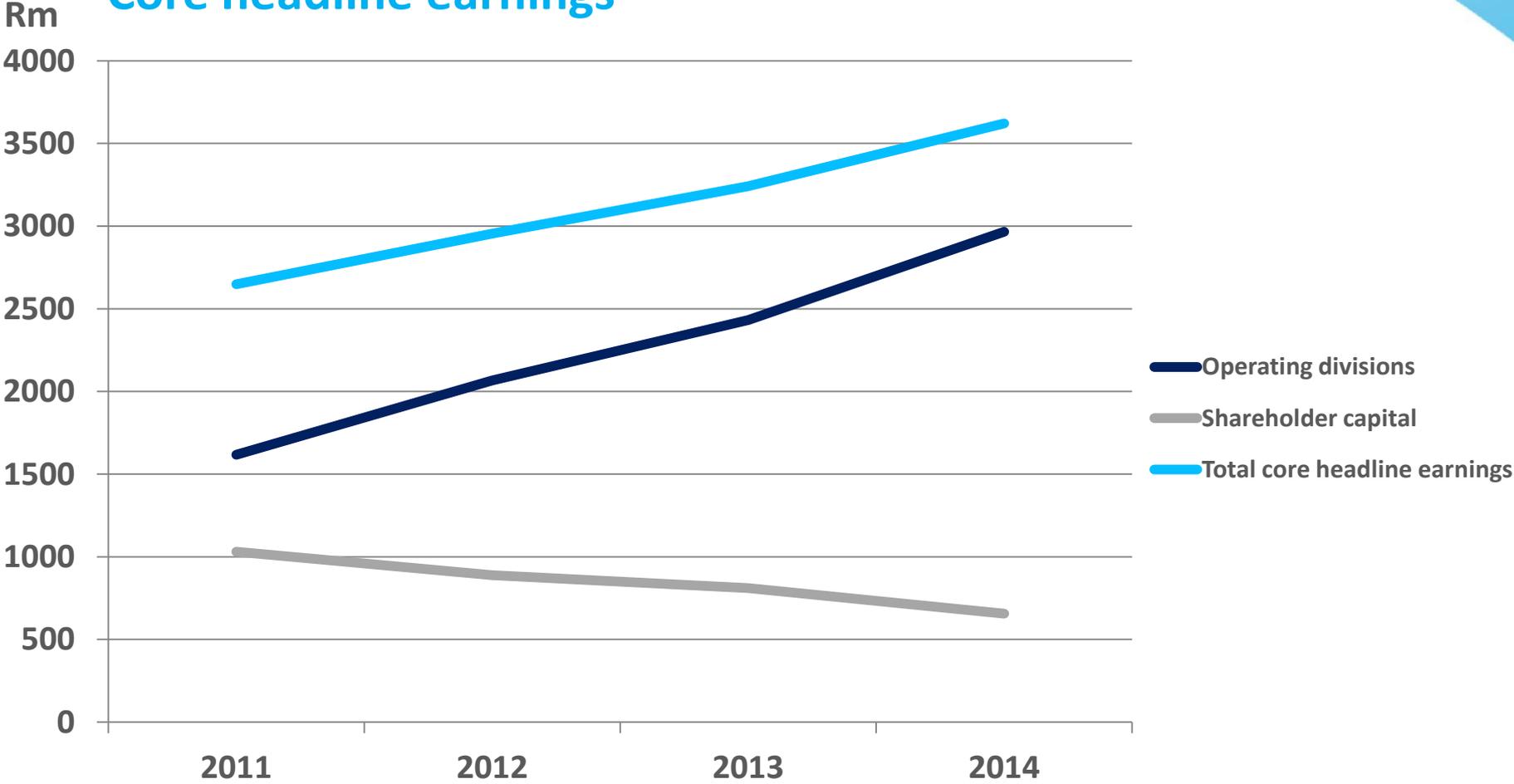
Diluted core headline earnings per division

	June 2012	June 2013	June 2014	1 year change	Comp growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>		
Momentum Retail	1 064	1 158	1 372	18%	14%
Metropolitan Retail	438	509	587	15%	16%
Momentum Employee Benefits	249	341	516	51%	44%
Metropolitan International	57	108	122	13%	46%
Momentum Investments	125	175	197	13%	26%
Metropolitan Health	133	140	171	22%	13%
Operating divisions	2 066	2 431	2 965	22%	20%
Shareholder capital	889	810	656	(19)%	(14)%
Total	2 955	3 241	3 621	12%	11%

Operational growth continues

Financial results

Core headline earnings



Positive trend in operating profit

Financial results

Total earnings (diluted)

	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Core headline earnings	3 241	3 621	12%
Amortisation of intangibles	(587)	(575)	2%
Fair value gains	340	544	60%
Basis changes and investment variances	(367)	(160)	54%
Other adjustments	(76)	(185)	
Headline earnings	2 551	3 245	27%
Other adjustments	63	(25)	
Total earnings	2 614	3 220	23%

Financial results

New business per division

	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	17 421	20 434	17%
Metropolitan Retail *	5 042	5 372	7%
Momentum Employee Benefits	11 627	14 491	25%
Metropolitan International	1 635	1 866	14%
Total PVP *	35 725	42 163	18%
Total APE *	4 900	5 664	16%

* Excludes FNB Life

Volumes increased in difficult operating environment

Financial results

Value of new business per division

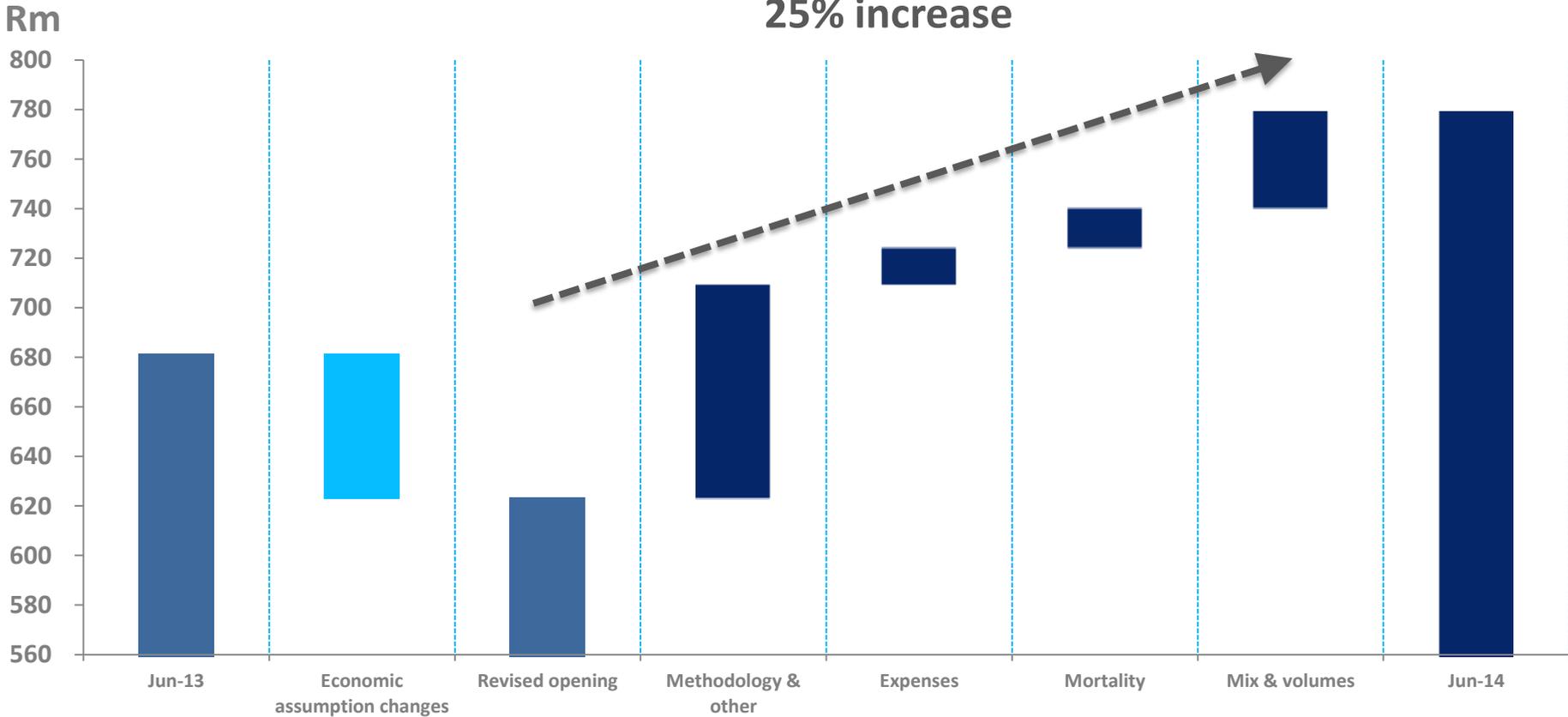
	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Momentum Retail	203	240	18%
Metropolitan Retail *	209	236	13%
Momentum Employee Benefits	213	254	19%
Metropolitan International	56	49	(13)%
Total *	681	779	14%
New business margin (PVP)	1.9%	1.8%	

* Excludes FNB Life

Solid growth, margins maintained

Financial results

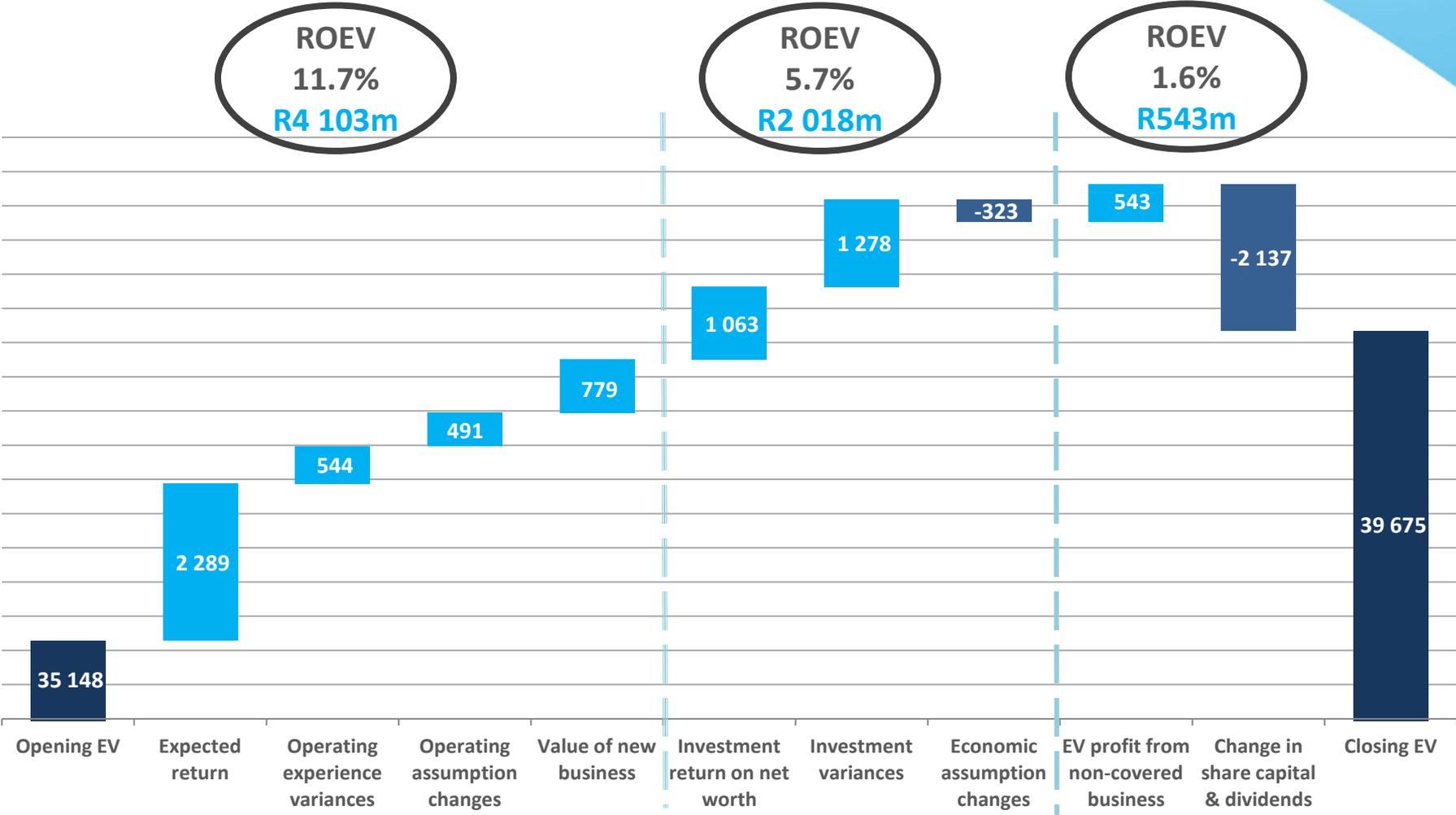
Value of new business attribution



* Excludes FNB Life

Quality + efficiencies = growth

EV analysis (Rm)



|.....Operational impact.....| |.....Market impact.....| |.....Other.....|

ROEV 19%

Analysis of return on embedded value (ROEV)

	2013		2014	
	Rm	ROEV	Rm	ROEV
Expected return – unwind of RDR	1 992	6.1%	2 289	6.5%
Operating experience variances	912	2.8%	544	1.5%
Embedded value from new business	711	2.2%	779	2.2%
Investment return on adjusted net worth	919	2.8%	1 063	3.0%
Investment variances	1 011	3.1%	1 278	3.6%
Non-covered (excl basis changes)	131	0.4%	718	2.0%
Total (excl assumption changes)	5 676	17.5%	6 671	19.0%
Operating assumption changes	154	0.5%	316	0.9%
Economic assumption changes	(182)	(0.6)%	(323)	(0.9)%
Total return on embedded value	5 648	17.4%	6 664	19.0%

Merger-related savings

Total committed annual savings

R500m

*To be achieved roughly evenly over a three year period
(F2012-F2014)*

	2012	2013	2014	Total
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Momentum Retail	25	30	20	75
Metropolitan Retail	26	11	22	59
Momentum Employee Benefits	71	21	39	131
Metropolitan International	-	9	15	24
Momentum Investments	15	16	41	72
Metropolitan Health	19	20	14	53
Group services	45	38	25	108
	201	145	176	522

Exceeded target

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Strategic focus areas

Momentum Retail

	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	33 210	33 849	2%
New business PVP	17 421	20 434	17%
Recurring	1 057	1 022	(3)%
Single	11 376	14 926	31%
Value of new business	203	240	18%
PVP margin	1.2%	1.2%	
Operating profit after tax	1 158	1 372	18%

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 profits

Focus on quality paying off

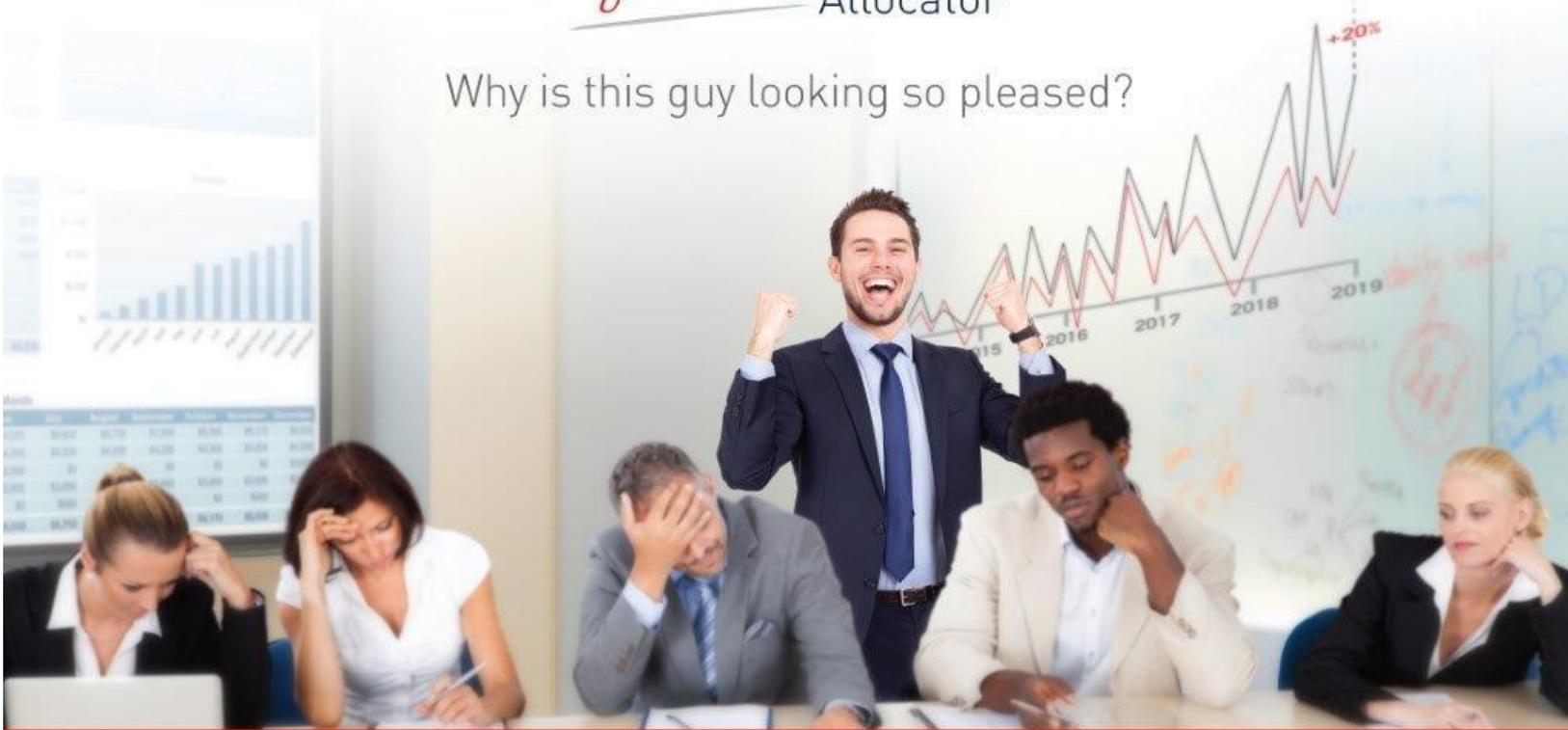
Momentum Retail

momentum

for your financial wellness

Global Growth
Allocator

Why is this guy looking so pleased?



He invested globally with the benefit of hindsight while his colleagues didn't get the chance. With Momentum's Global Growth Allocator we will retrofit your global investment after five years according to which markets had performed best in the previous five years. And you get a booster of at least 20% on your growth while your capital is fully protected.

Only at Momentum. Invest today.
Phone your financial adviser or visit momentum.co.za.

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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 and Rewards**
- **Increase penetration in the middle-income market**

Metropolitan Retail

	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	6 246	6 820	9%
New business PVP*	5 042	5 372	7%
Recurring	990	1 083	9%
Single	1 230	1 501	22%
Value of new business	209	236	13%
PVP margin	4.2%	4.4%	
Operating profit after tax	509	587	15%

Key aspects

- Good growth in value of new business
- Strong mortality experience
- Good expense management
- Reduced FNB Life participation
- Strong growth in profits

* Excludes FNB Life

Sustained value creation

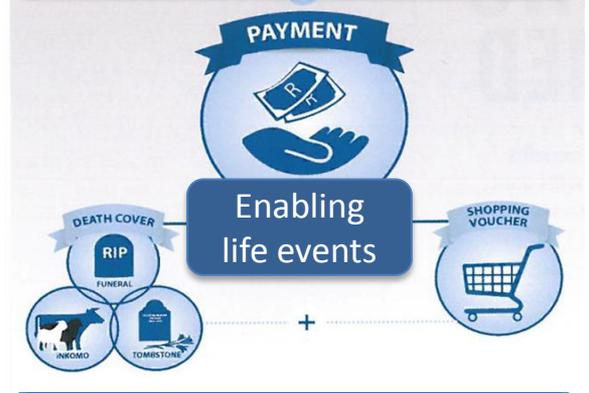
Metropolitan Retail Funeral Cover

- A dignified funeral is one of the most pervasive needs in the entry level market
- Products are distributed by both traditional insurers and other “retail” providers – competitive environment
- Three differentiators:

Augmented reality advice in multiple languages

Minimal waiting periods and individualised pricing

Premium holidays, loyalty benefits and no premiums payable post retirement



Proactive claims & high claims ratios – a trusted reputation



Metropolitan Retail

Focus areas

- **Process and systems renewal**
- **Diversify and grow distribution**
 - **Remuneration of agents**
 - **Increase sales productivity**
 - **Embed segmentation insights**
- **Persistency management**
- **Expense efficiencies**
- **Customer value proposition delivery**

Momentum Employee Benefits

	June 2013	June 2014	Change
	<i>Rm</i>	<i>Rm</i>	
Total funds received	14 826	19 914	34%
New business PVP	11 627	14 491	25%
Recurring	769	1 033	34%
Single	5 067	5 351	6%
Value of new business	213	254	19%
PVP margin	1.8%	1.8%	
Momentum Open Scheme membership ('000)	112	117	4%
Operating profit after tax	341	516	51%

Key aspects

- Positive net cash flow
- Strong new business volumes
- Excellent value of new business
- Strong contribution from Guardrisk
- Satisfactory underwriting margins
- Continued operational efficiencies

Excellent performance

Momentum Employee Benefits



Administration

Enabling financial wellness for
employers & their employees



FundsAtWork

GUARDRISK  **momentum**
TAILORED RISK SOLUTIONS **health**

A subsidiary of MMI Holdings



Group Insurance

Investments



Health



Momentum

Employee Benefits

Focus areas

- Further strengthen and diversify distribution channels
- Entrench position as leading incapacity insurer
- Guardrisk – enhance corporate value proposition
- Enhance SMME value proposition
- Focus on employee financial wellness

Metropolitan Health

	June 2013	June 2014	Change
Total principal members	1 144 171	1 169 045	2%
	<i>Rm</i>	<i>Rm</i>	
Revenue	1 489	1 560	5%
Expenses	(1 331)	(1 357)	2%
Operating profit after tax	140	171	22%

Key aspects

- Significant player - three million lives
- Acquisition of Providence Health
- Operational efficiencies driving profits

Three million lives under administration

Metropolitan Health

- Largest closed schemes administrator in the market
- Over three million beneficiaries
- Amalgamation of best-of-breed and innovative product range



“Ensuring access to healthcare according to the needs of individuals and employers.”

Metropolitan Health

Focus areas

- Continued focus on scale and efficiencies
- Diversify healthcare capabilities and income streams (CareCross)
- Finalise and integrate CareCross acquisition
- Build public private partnerships
- Improve access to healthcare (Hello Doctor; Alpha Pharm)
- Leverage local scale and capabilities for international expansion

Momentum Investments

	June 2013	June 2014	Change	Key aspects
	<i>Rbn</i>	<i>Rbn</i>		
Net flows	20	(7)		<ul style="list-style-type: none">• Good market growth• Improved investment performance
Assets under management	356	395	11%	<ul style="list-style-type: none">• New mandates• Performance fees
	<i>Rm</i>	<i>Rm</i>		
Operating profit after tax	175	197	13%	<ul style="list-style-type: none">• Improved expense ratios

Progress in building excellence

Momentum Investments

Focus areas

- **Strengthen alignment with the Group**
- **Superior investment capabilities**
- **Outcomes-based client value proposition**
- **Improve customer value**

Metropolitan International

	June 2013	June 2014	Change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Total funds received	3 471	3 740	8%	<ul style="list-style-type: none"> • Difficult operating environment • New business growth • Positive mortality experience • Good medical claims ratios
Life insurance				
New business PVP	1 635	1 866	14%	
Value of new business	56	49	(13)%	
PVP margin	3.4%	2.6%		
Health				
Membership ('000)	394	415	5%	
Claims ratio	69%	71%		
Core headline earnings after tax	108	122	13%	

Foundation for growth

Metropolitan International

MTN / Hello Doctor Partnership

- Provide affordable and accessible healthcare across the MTN platform
- Offering access to: 1) Health Education; 2) Doctors; 3) Health Insurance.
- Launched in South Africa, expanding further into Africa
- Providing Health & Insurance access to more than 90 million subscribers



Metropolitan International

Focus areas

- Acquisitions complementary to growth initiatives
- Africa
 - Integration of Cannon Assurance (Kenya)
 - Top line growth in all lines of business
 - Support centre efficiencies
- International
 - Leverage group capabilities
 - UK / India / Southeast Asia

Momentum Short-Term Insurance

	June 2013	June 2014	Change	Key aspects
	<i>Rm</i>	<i>Rm</i>		
Premium income	287	332	16%	<ul style="list-style-type: none"> • Good growth in premium income • Strong policy count growth
Policy count	29 114	37 812	30%	<ul style="list-style-type: none"> • Claims experience within acceptable range
Claims ratio	55.2%	61.5%		<ul style="list-style-type: none"> • Building capacity in operations
Combined ratio	97.4%	115.6%		
Solvency ratio	59.0%	44.8%		<ul style="list-style-type: none"> • New system successfully implemented

Building capacity

Momentum Short-Term Insurance Personal Cover

Comprehensive tailor made solutions



Contents



All risk



Buildings



Vehicle



Watercraft



Personal Accident

Excellent client service



HELLO PETER.COM

Compliment ratio in excess of 75%



Momentum Assist & Home Drive



Client mobile apps

Claims notification
Vehicle accident
Emergency, arrive safely
And other value adds



Broker mobile apps

Assist with pre-inspection
Client quotes



- ✓ Individual underwriting model
- ✓ Flexible fixed excesses
- ✓ Fixed premiums for 12 months
- ✓ Fast claims turnaround
- ✓ Excellent service provider management and integration

RATED NO.1

Ombudsman for short-term insurance

One of lowest overturned ratios in industry - Great claims philosophy and process

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Capital management

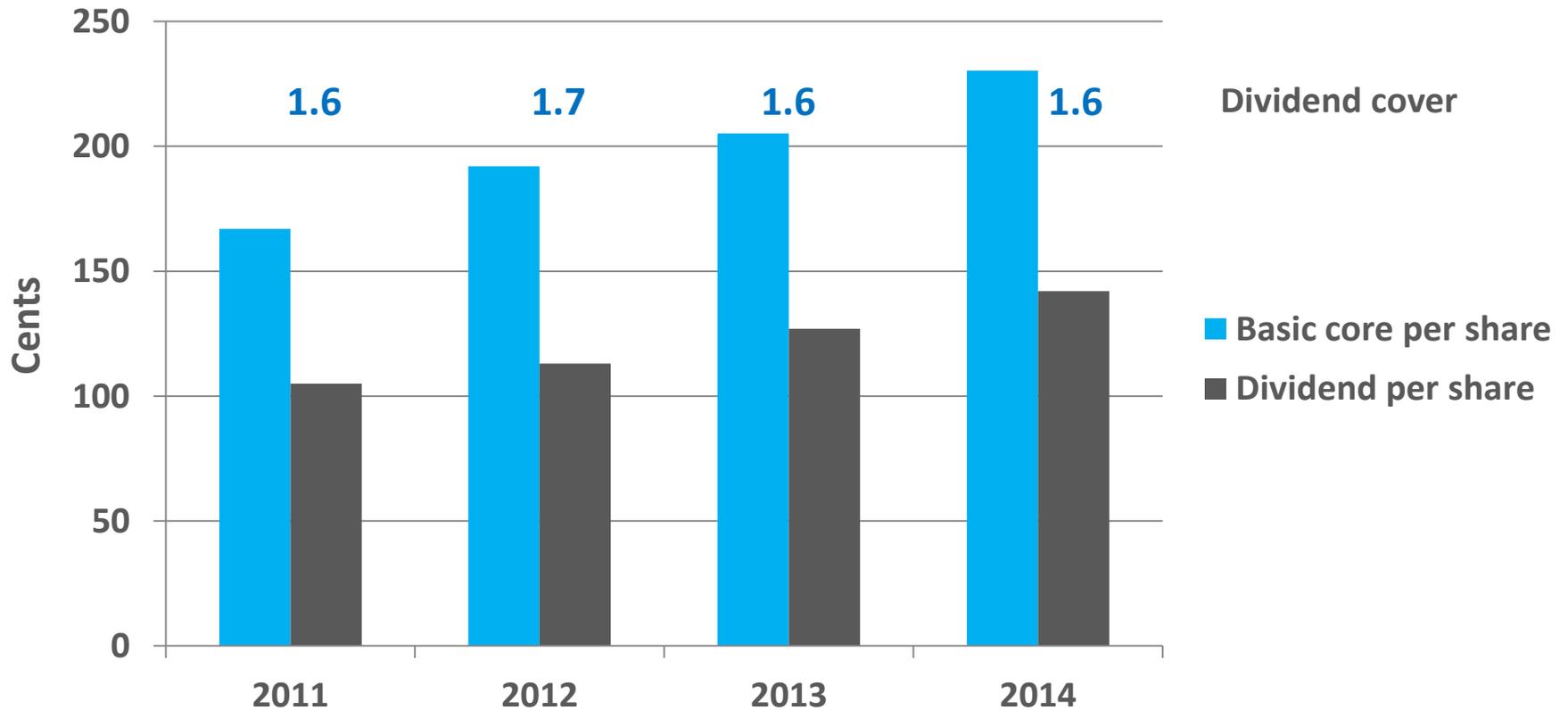
Client-centric operating model

Strategic focus areas

Financial results

Ordinary dividend

Earnings and ordinary dividends



Good dividend track record

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

Dividend per share (cents)

	2011	2012	2013	2014	1 yr change
Interim ordinary dividend	42	44	51	57	12%
Final ordinary dividend	63	69	76	85	12%
Total ordinary dividend	105	113	127	142	12%
Special dividend	21	65		50	

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	17.0
Qualifying debt	3.0
Less: net asset value of strategic subsidiaries	(2.1)
Less: required capital	(10.1)
Capital buffer before deployment	7.8
Deployed	(4.6)
Final & special dividend	(2.2)
Debt redemption	(0.5)
Strategic: Committed	(0.6)
Growth initiatives	(1.3)
Capital buffer after deployment	3.2

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Group strategic focus

Client-centricity

OUR VISION

Where we are headed

To be the *preferred lifetime financial wellness partner*, with a reputation for innovation and trustworthiness.

OUR PURPOSE

Why we exist

To *enhance the lifetime financial wellness* of people, their communities and their businesses.

OUR STRATEGIC FOCUS AREAS

The way we will compete

Growth

Client-centricity

Excellence

OUR VALUES

What we stand for

A culture that is grounded in the values of *accountability, excellence, integrity, diversity, innovation and teamwork.*

Client-centric operating model

effective 1 July 2014

CLIENT SEGMENT BUSINESSES

- Momentum Retail
- Metropolitan Retail
- Corporate and Public Sector
- International



PRODUCTS AND SOLUTIONS BUSINESS

- Centres of excellence

GROUP-WIDE FUNCTIONS

Group finance



Risk management



Brand and corporate affairs



Balance sheet management



Strategic HR and transformation



Chief operating officer

Group executive



Nicolaas Kruger
Chief Executive Officer

OPERATING BUSINESSES

GROUP-WIDE FUNCTIONS



Etienne de Waal
CEO: Products and Solutions



Blum Khan
CEO: International



Preston Speckmann
Group Finance Director



Mary Vilakazi
CEO: Balance Sheet
Management



Khanyi Nzukuma
CEO: Metropolitan Retail



Mark van der Watt
CEO: Momentum Retail



Ngao Motsei
Group Executive: Strategic
HR and Transformation



Vuyo Lee
Group Executive: Brand
and Corporate Affairs



Herman Schoeman
CEO: Corporate and
Public Sector



Danie Botes
Chief Operating Officer



Jan Lubbe
Chief Risk Officer

MMI Leading the Future

Nicolaas Kruger and the MMI Exco invite you to the **CEO Roadshow**.



MMI HOLDINGS



Namibia
Thursday 24 July



Bloemfontein
Monday 11 August

Parc du Cap, Cape Town
Thursday 5 June
St George's Mall, Cape Town
Friday 6 June



Port Elizabeth
Tuesday 5 August

East London
Monday 9 June

Mthatha
Tuesday 10 June

Durban
Monday 4 August

Centurion
Monday 2 June
Johannesburg
Tuesday 3 June

Nelspruit
Tuesday 12 August



Polokwane
Thursday 7 August

Rustenburg
Wednesday 6 August

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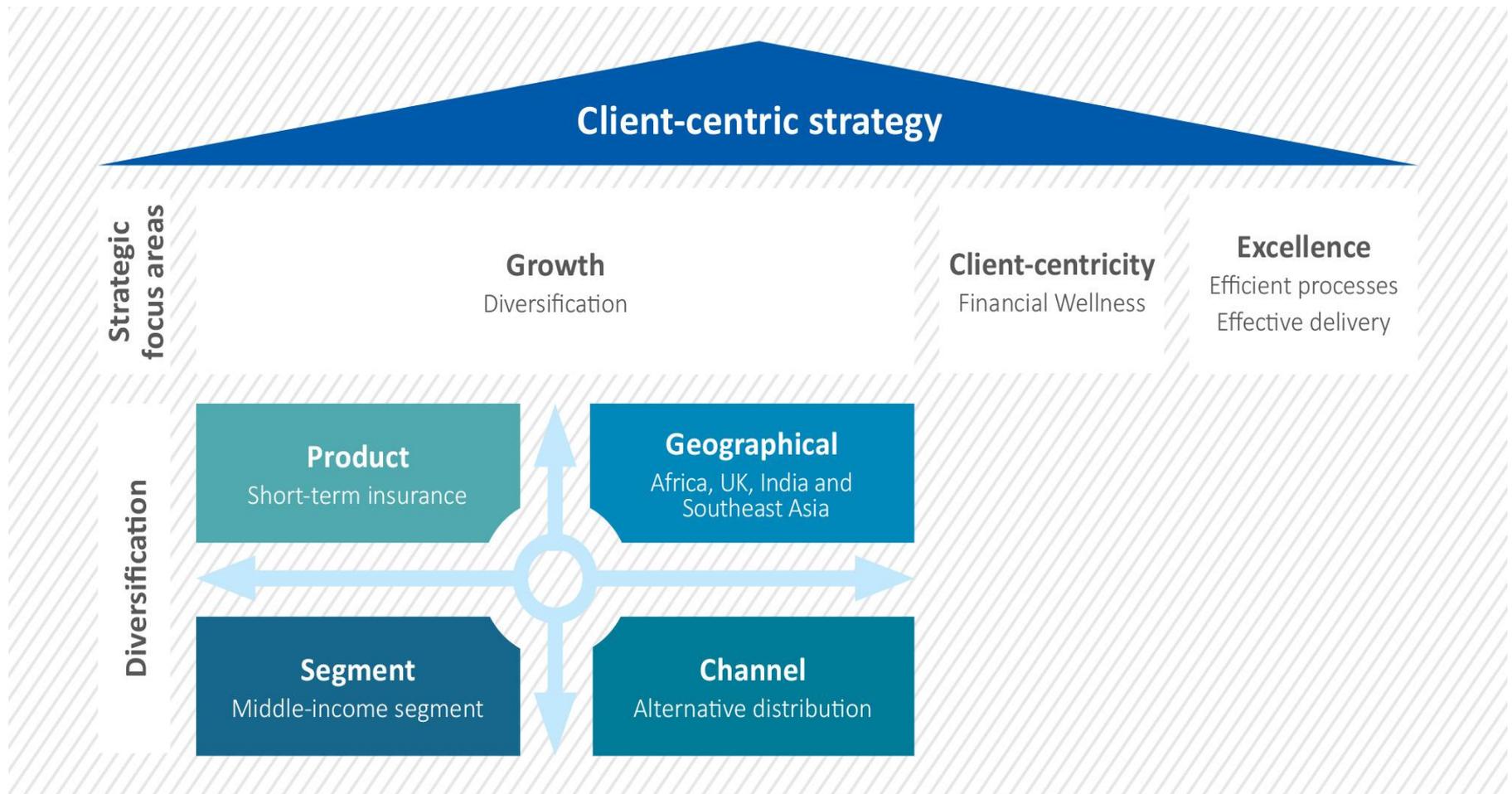
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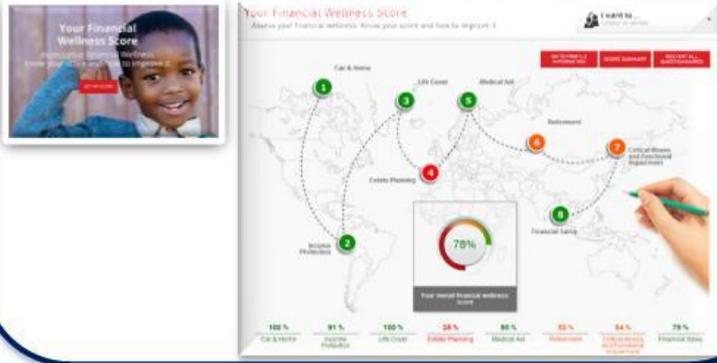
Financial Wellness

Online client solutions

1

MyScore

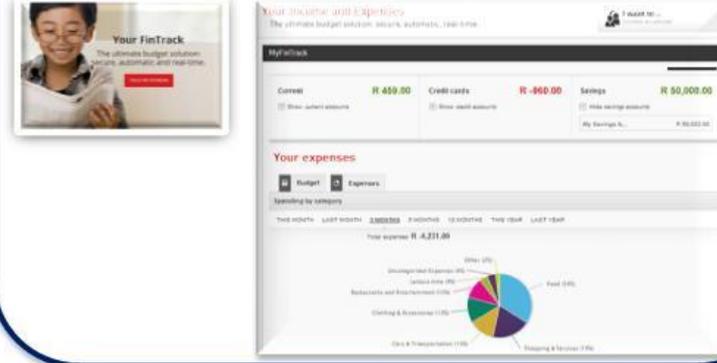
Questionnaire that shows you how financially well you are, and how to improve it over time



2

MyFintrack

Simple, easy-to-use, completely safe & secure automatic budgeting solution - at a click of a button



3

MySmarts

User-friendly tools & calculators that show you the financial impact of everyday decisions & scenarios



4

MyFiling

Digital vault to store all your important documents, that you can access anywhere and share with anyone



Financial wellness & rewards



Multiply F2014

Our vision

"To be the leader in partnering with and rewarding people on their journeys to wellness"



- 203 Mango planes (R18m savings)**
- R10.6m cumulative savings at Dis-Chem**
- Launched new online shop**

- R61.4m benefit to life insurance clients (10% to 60% discount)**
- R6.3m benefit to Momentum Health clients (up to R5400 per annum in HealthReturns)**
- Healthy Heart Score launch Sept 2014**
- 1 product more than non-Multiply members**

Total R174m saving (up 45% yoy)

Growth initiatives

Acquisitive progress



Segment diversification

Middle-income focus

momentum



➤ more certainty

Life Cover Provider

I want my daughter to share the same sense of security that I felt growing up with my father. I know that life is unpredictable and I could become disabled, critically ill or pass away. That is why I took out the Life Cover Provider from Momentum to provide for my family should any life-changing event happen to me.

- Taking out the policy was quick and easy – no medical examination.
- I got full cover of R500 000 for R7.50 per day*.
- My premiums are fixed for 10 years.
- Momentum offers death, disability, critical illness and terminal illness pay-outs.

Visit www.momentum.co.za for an online quote or SMS 'A' to 44828 and we'll call you back.

*Terms and conditions apply. SMS charged at standard rates. Momentum is a division of the MMI Group Limited, an authorised financial services and credit provider.

POB 60308 KENILCOTT

momentum



➤ more benefits

Funeral Cover Provider

Some say you can't choose your family. We say you can. Only Momentum's Funeral Cover Provider allows you to cover up to 50 people of your choice.

- We offer up to R100 000 cover.
- We pay cash back of one year's premiums every five years.
- The policy remains active for a year after the passing of the main member.
- We give airtime, groceries and a tombstone benefit.
- From as little as R11 per day*, a family of five could get R50 000 cover.

Visit www.momentum.co.za for an online quote or SMS 'B' to 38126 and we'll call you back.

*Terms and conditions apply. SMS charged at standard rates. Momentum is a division of the MMI Group Limited, an authorised financial services and credit provider.

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Balanced scorecard

Weighted for growth

Key performance indicator (KPI)	2013	2014	2015
Return on embedded value (ROEV)	-	20%	20%
Core earnings	30%	25%	25%
Embedded value of new business (VNB)	20%	20%	20%
Integration expense savings	15%	-	-
Transformation	15%	15%	15%
Strategic initiatives	20%	20%	20%
Total	100%	100%	100%

Align management with shareholders

Performance management

Short-term incentive - balanced scorecard 2014

	Weight	F2014 target	Actual	Achieved
Return on embedded value	20%	11%	16%	↑↑↑
Core headline earnings	25%	11% growth	12%	↑↑
Value of new business	20%	R756m	R779m	↑↑↑
Transformation	15%	FSC score of 75	79	↑↑
Strategic initiatives	20%	Internal assessment		↑↑

Performance exceeded targets

Performance management

Long-term performance targets – rolling three-year return on embedded value

Threshold (GDP+3%) 11%

Actual 2012 11%

Actual 2013 17%

Actual 2014 19%

Three-year average 16%

Delivering value

Transformation and sustainability

Level **2** B-BBEE status

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

Group operational focus

Growth

- New business volumes
- Grow embedded value
- Utilisation of capital
- Diversification

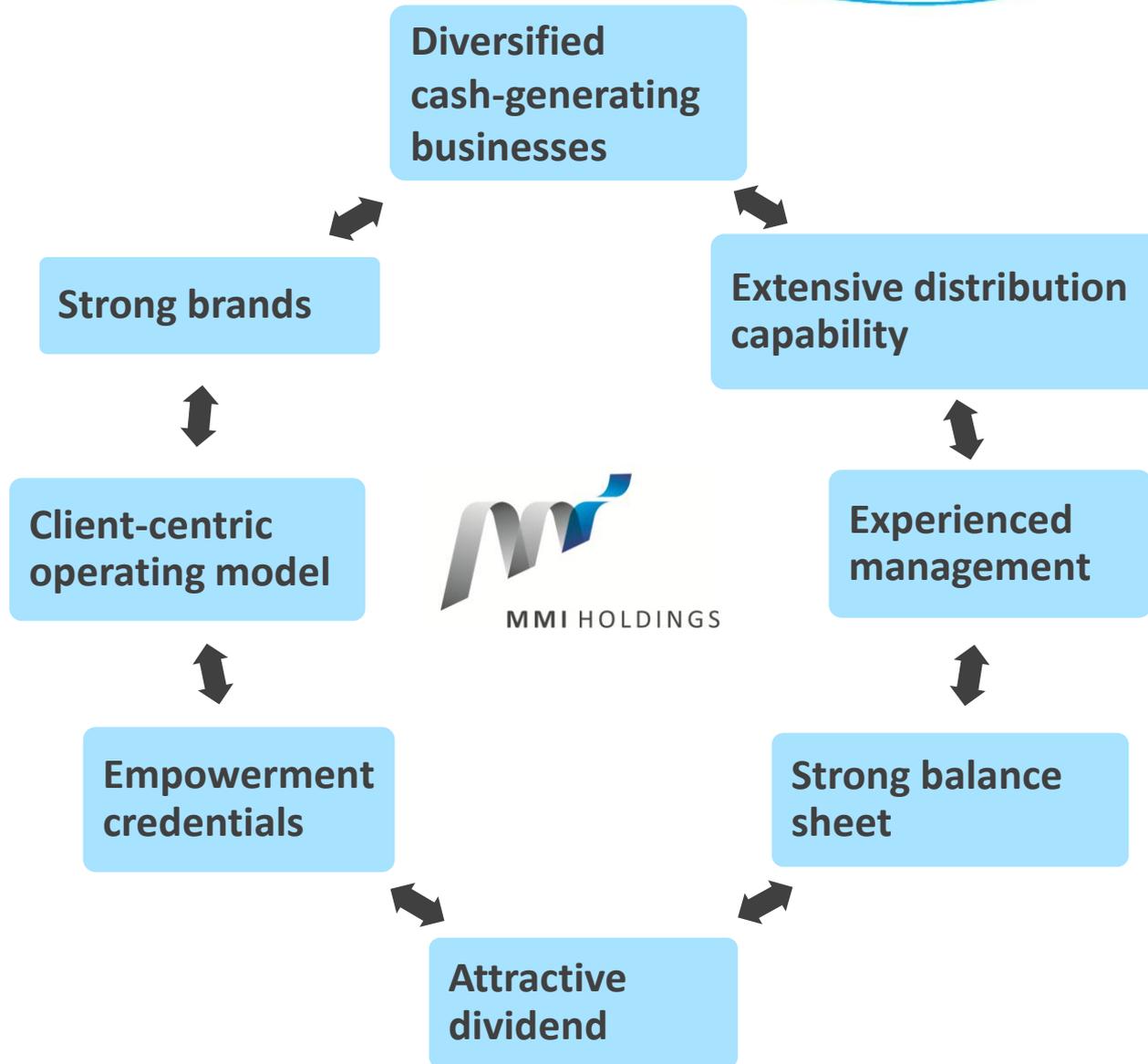
Client-centricity

- Implement client-centric operating model
- Client retention through the cycle
- Innovation as key enabler

Excellence

- Increase collaboration and alignment across businesses

Areas of strength



Shareholder structure as at 30 June 2014





MMI HOLDINGS

Thank you
Questions?

Investor relations

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www.mmiholdings.com

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