

MMI interim results to 31 December 2012 show strong growth

Published: Mar 6, 2013 8:00:00 AM South Africa Standard Time

MMI Holdings Limited (MMI) released its interim results today for the six months to 31 December 2012, showing strong growth in core headline earnings of 16% to R1 501 million. The group declared an interim dividend of 51 cents per share, representing a 16% increase compared to the previous half year.

MMI remains on a growth path, with its embedded value having increased to R33.4 billion and having delivered an annualised return on embedded value of 20% over the six months. The return on embedded value was boosted by strong operating performance across the group, as well as the positive impact of the growth in the investment markets during the six months.

Nicolaas Kruger, MMI CEO, said that he is pleased with the strong set of results, particularly the healthy contributions made by all six operating divisions.

MMI is on track with meeting the R500 million annual merger-savings target, having thus far realised merger savings of R256 million. 'We are very pleased with the progress we have made with

the merger so far. Although the successful completion of the integration process remains important, we are shifting our strategic focus from integration to growth initiatives,' said Kruger.

MMI divisions continue to focus on acquiring good quality new business. The value of new business increased by 18% to R340 million, supported by an improvement in the overall new business margin from 1.9% to 2.0%. This was achieved in challenging market conditions, characterised by weak economic growth, declining employment numbers and labour unrest.

'Three strategic investments - the acquisition of a controlling stake in Eris Property Group; the remaining 50% of Momentum Short-term Insurance and the remaining stake in Momentum Namibia - have already started to show benefits and are contributing positively to the earnings of MMI,' said Kruger.

'Africa remains a very important market to fast-track the growth of the group,' said Kruger. MMI has earmarked R500 million for further investments in the 12 African countries outside South Africa where it already has a presence. MMI's capital buffer remained at a healthy R3.8 billion at 31 December 2012.

MMI is in the process of applying for the amalgamation of its main long-term insurance licences, Momentum Group and Metropolitan Life, into MMI Group. This application process is due to be finalised in May 2013 and will add further efficiencies to the group's operating model. 'The Metropolitan and Momentum brands will remain intact and continue to service its respective groups of

policyholders, who will not be impacted by the amalgamation of our insurance licences,' said Kruger

'We are increasing our strategic focus on client-centricity, to ensure that we are on track to realise our vision which is to become a leader in meeting the financial services needs of our clients,' concluded Kruger.