

MMI boosts new business volumes and remains resilient in a challenging economic environment

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MMI Holdings Limited (MMI) today announced its results for the six months to 31 December 2015. The group reported a 14% increase in new business flows, an increase in total diluted earnings of 14% to R1.5 billion and an annualised return on embedded value of 7%.

Core headline earnings decreased by 9% compared to the previous half-year, impacted by the economic environment and lower underwriting profits across the group (with more claims received than expected). MMI expects underwriting profits to normalise over time.

Nicolaas Kruger, CEO of MMI, says: "MMI's performance demonstrates resilience given the difficult operating environment. We understand the pressure on households' disposable income and remain committed to working with our clients to ensure they continue to enhance their lifetime financial wellness".

MMI's client-facing segments reported strong performance, with growth in new business (measured as present value of premiums)

increasing by 14% to R27 billion. The value of new business amounted to R361 million.

With profits of R705 million, Momentum Retail continued to be the biggest contributor to group profit. This business experienced higher than usual mortality claims in the first quarter. Distribution capacity continues to increase and diversification into an omni-channel solution is making good progress.

Metropolitan Retail increased its profit contribution to the group by 14% to R311 million. “Metropolitan Retail implemented a new remuneration model for its financial planners to support MMI’s client-centric strategy that enhances the lifetime financial wellness of clients. The model is bearing fruit, as demonstrated by the significant increase in productivity among our financial planners”, says Kruger.

The Corporate and Public Sector segment (which includes specialist insurer Guardrisk) once again reported very good new business growth of 30% for the period under review.

MMI’s International division has a presence in 16 countries across the globe and continues to focus on geographical diversification. Plans for expanding in India through the launch of a health and wellness solution remain on track. New business volumes in the rest of Africa increased by 30%.

At 31 December 2015, MMI held a capital buffer of R4 billion after setting money aside for investment in strategic growth initiatives. The balance sheet remains strong and there is sufficient capital to

meet the imminent Solvency Assessment and Management requirements.

The implementation of MMI's new client-centric operating model is enabling the group to streamline the business and achieve expense savings through optimisation projects that are eliminating duplication and consolidating IT systems, as well as a conservative approach to new appointments. The group has established centres of excellence that provide products and solutions for the benefit of the entire business. MMI has announced an expense savings target of R750 million up to the 2019 financial year.

"MMI's strategic focus areas remain growth, client centricity and excellence. We will continue to be driven by these focus areas, with the ultimate aim of enhancing the lifetime financial wellness of our clients," concludes Kruger.

Six months to December 2015 numbers	
New business (present value of premiums)	R27 billion
Value of new business	R361 million
Annualised return on embedded value	7%
Core headline earnings	R1.7 billion

Six months to December 2015 numbers	
Interim dividend	65 cents per share
Expense savings target	R750 million