

Trading update - three months ended 30 September 2017

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MMI Holdings limited (MMI) released results for the first quarter of their financial year to 30 September 2017.

The first quarter of the 2018 financial year shows a decline in diluted core headline earnings of 4%. Headline earnings, which include the full impact of market-related gains on earnings, increased by 54% compared to the first quarter of 2017, while basic earnings increased by 51%.

Operating profit remained flat as compared to the previous period, this taking into consideration expenses incurred on improving intermediary and client experience in the Momentum Retail space. These investments go toward delivering on MMI's client-centric strategy and positioning the business for the turn in the economic cycle. The group is pleased with the progress made on its client-centric strategy and continues to invest in transforming its core operations towards building a future ready business.

Operating business performance overview:

- Momentum Retail increased its present value of new business premiums by 2% to R5.6 billion, the margin for new business however deteriorated from 0.8% to

0.5% driven by the new pricing introduced on the Momentum Wealth platform in April 2017.

- Momentum Short-term Insurance is performing well with a 20% growth in net earned premiums while achieving a 72% claims ratio, an improvement on the 78% of the first quarter of 2017 financial year.
- Metropolitan Retail increased its present value of new business premiums by 1% to R1.4 billion, new business margin also improved to 5% from 4.1% in the first quarter of 2017.
- Momentum Corporate (previously Momentum Corporate and Public Sector) saw a decline in present value of new business premiums, with a decrease in the margin from 0.8% to 0.5% compared to the previous quarter.
- Momentum Corporate has adjusted premium rates to restore the sustainability of the corporate disability business. This together with good annuity earnings for the quarter has resulted in overall life insurance earnings improving significantly compared to the first quarter of 2017.
- From an International perspective, Namibia, the largest contributor to life insurance operations outside of South Africa, saw an increase in sales of 5% year on year. Botswana's new business volumes were also higher. Lesotho volumes were, however, lower than the first quarter of 2017 as a result of large corporate new business wins that were not repeated in the current period.
- Core headline earnings at International improved materially despite MMI's share of added investment to expand activities in the India joint venture. The joint venture now has in excess of 600 000 insured lives.

The operating environment remains difficult in South Africa. To counter the difficult environment MMI will continue applying strong discipline in capital allocation decisions and find increasingly efficient ways of doing business while also investing sufficiently for the future.