

# Reinvent and Grow strategy delivers





Good operational performance sets the base for future growth

20  
24



# Overview

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-  **Key take-outs from annual results**
-  **Reinvent and Grow strategy**
-  **Impact strategy**
-  **Closing**





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**Jeanette Marais**  
Group Chief Executive Officer



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- 





## Growth in NHE continues

R'million

5 000

4 500

4 000

3 500

3 000

2 500

2 000

1 500

1 000

500

-

F18

F19

F20

F21

F22

F23

F24

2 003

3 074

1 521

1 007

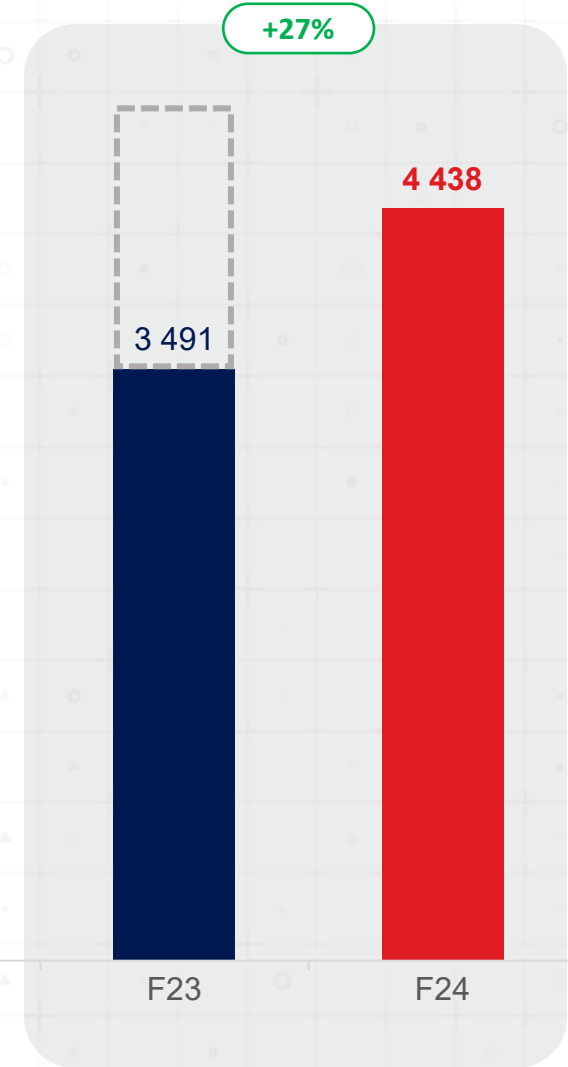
4 383

3 491

4 438

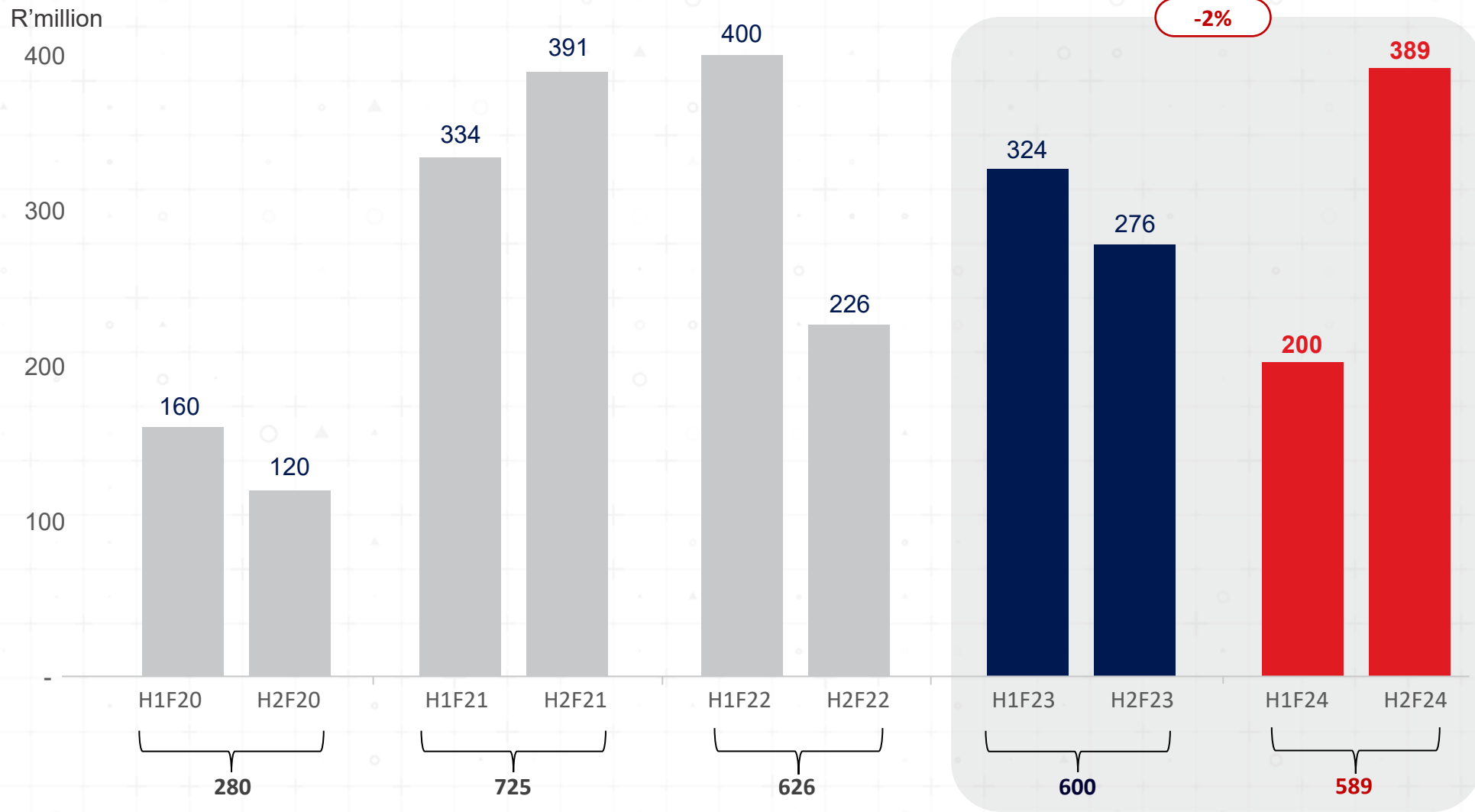
+27%

Key take-outs from annual results





## VNB remains a challenge





## Another year of strong sales growth

R'million

80 000

70 000

60 000

50 000

40 000

30 000

20 000

10 000

-

F19

F20

F21

F22

F23

F24

55 783

50 447

65 898

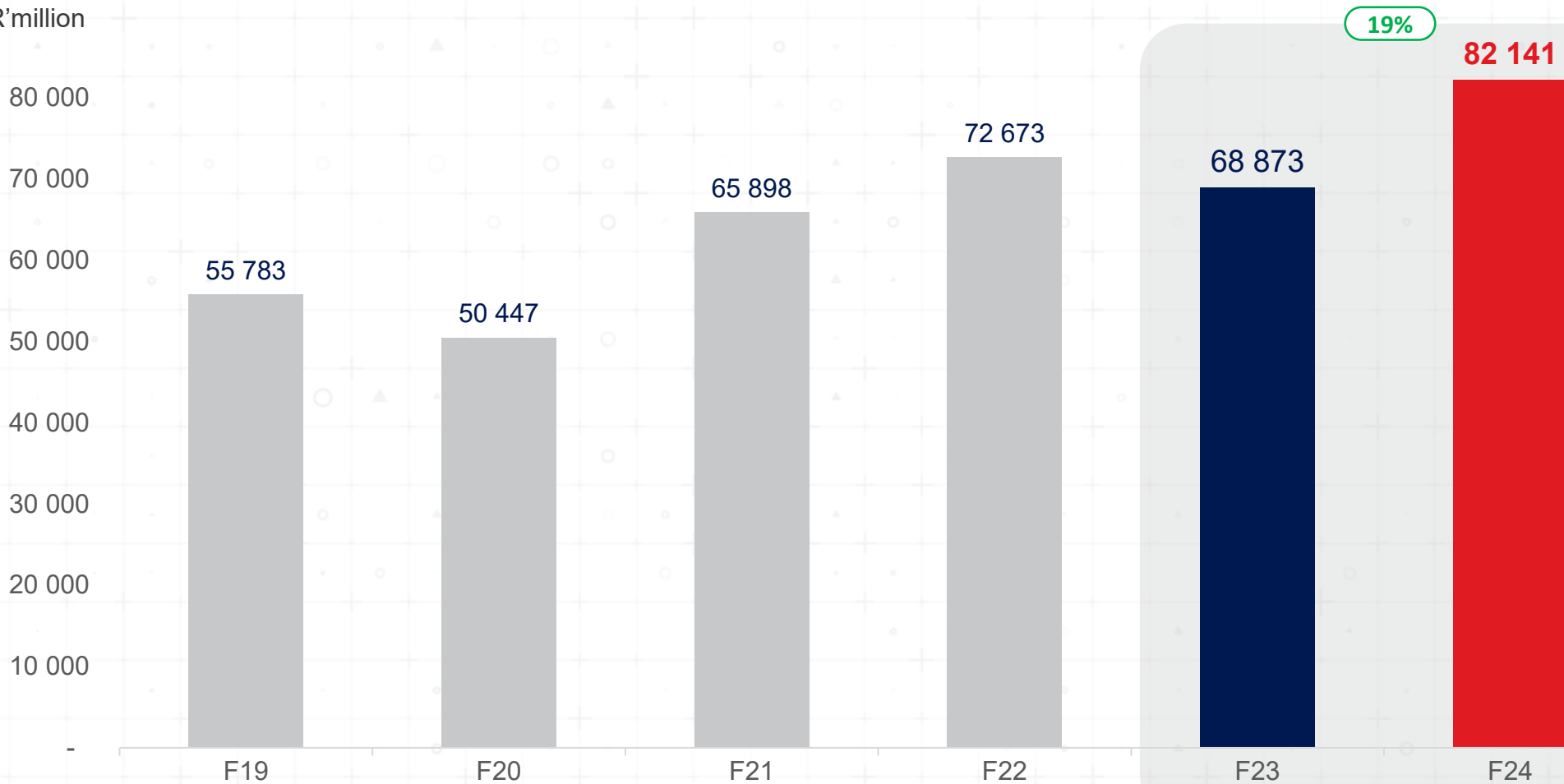
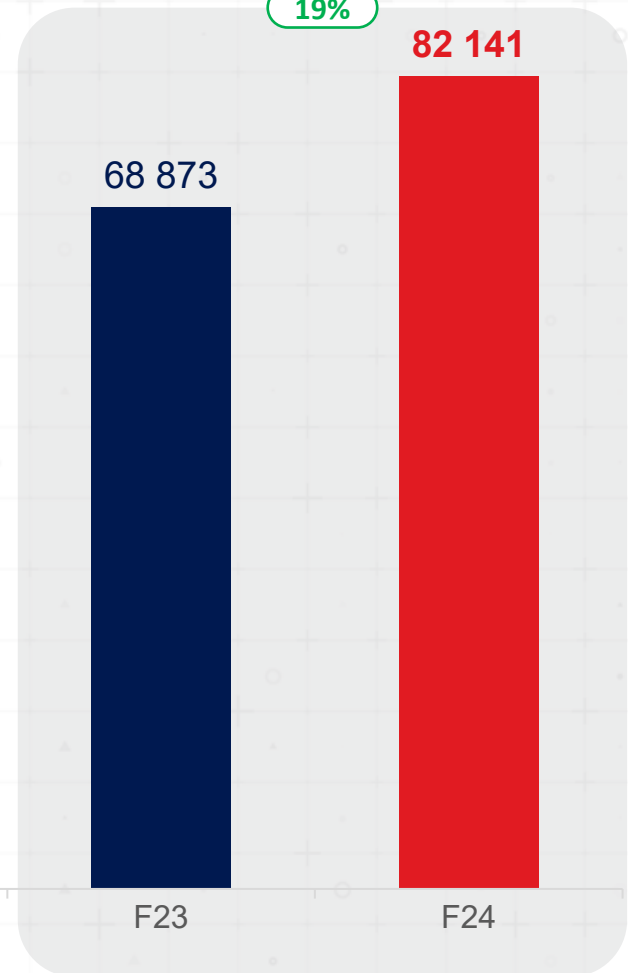
72 673

68 873

82 141

19%

Key take-outs from annual results





## Corporate portfolio performance

### Momentum Investments

- Strong life annuity sales lifted Group's VNB
- Further Wealth platform growth
- Strengthened asset management capabilities – IMG and Curate
- Improve vertical integration, margins and provide new solutions



### Momentum Retail

- Momentum Life re-established market leadership with LifeReturns
- Specialisation focus in IFA channel achieved all-time sales record
- Digital platform enabled client and adviser engagement
- VNB and MFP agency need more work





## Corporate portfolio performance

### Momentum Corporate

- Focus on growth and expense management – step change in earnings
- Net risk margin – well above 5% target
- Omnichannel member engagement strategy: digital interactions up from 187k in F21 to 2.2m in F24



### Momentum Insure

- Turnaround on track
- R500 million improvement in earnings
- Improved claims ratio – from 80% to 63%
  - Adjusted new business rates for personal and commercial products
  - New policy renewal model to improve profitability
- Achievement despite persistent motor claims inflation and materially higher flooding and hail claims







## Corporate portfolio performance

### Guardrisk

- Cemented position as leading cell captive and alternative risk transfer insurer in SA
- Successfully established General Insurance business – specialist corporate and commercial insurance
- Significant earnings and valuation uptick: R377m earnings in F21 to R653m in F24, and R1.6bn DV increase to R5.7bn
- Purchased for R1.6bn in 2014
- Note: Guardrisk Life is not for sale!





## Corporate portfolio performance

### Health

- 22 million lives across Africa and India
- More health for more people for less
- Partnered with Labour Unions to expand to employed-but-uninsured
- Health4Me membership
  - increased by 16% to more than 150k members
  - largest and fastest growing affordable healthcare insurance offering in SA
- Hello Doctor, a first in SA, 43% increase in virtual consultations





## Corporate portfolio performance

### Metropolitan

- Remains a significant business, contributing R600m to earnings – and improving
- Good progress on 5-point turnaround plan
- Sales workforce management and VNB challenges



### Africa

- NHE improved due to investment income, operational performance lagging
- Namibia largest contributor to Africa segment – positive growth in APE and improving VNB
- VNB, sales volumes, sales mix challenges
- Focus on operating model and distribution





## Corporate portfolio performance

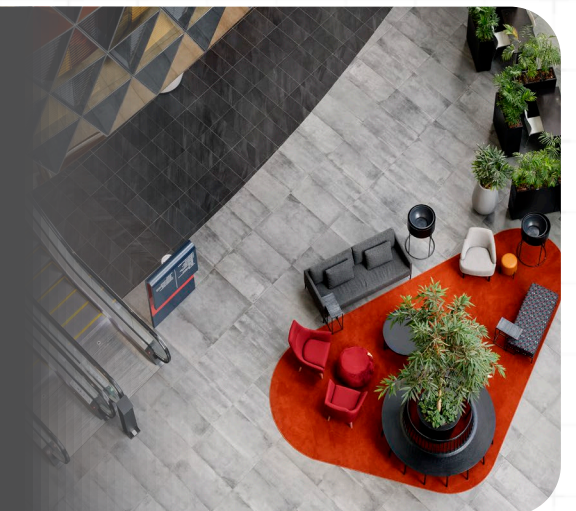
### India

- Fastest growing health insurance business in India, with 12.5% market share
- Optimistic about growth potential: differentiated business model, strong market share growth, strong partnership
- Claims ratio focus







### Shareholders

- VC investments – volatile nature
- Highly attractive returns pulled back
- Conservative valuation buffer
- Valuable strategic and innovation benefits



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# Reinvent and Grow





## Reinvent and Grow

### Market share

- Wealth platforms grew to 18%
- Guaranteed life annuities: largest market share with IFAs at 32%
- Myriad increased from 8% to 11%
- Extended dominant IFA market share across Momentum products

### Accelerate digital

- Health: Straight-through digital processing: more than 750 000 transactions per day, 96% digital
- Myriad: FastTrack digital screening and underwriting a world-first
- Metropolitan: Digital solutions reduced walk-ins by 40% and contact centre volumes by 20%
- Insure: Expanded straight-through digital claims process
- Corporate:
  - Used digital for 80% of 2-pot claims
  - Digital up from 187k to 2.2m interactions



## Reinvent and Grow

### Grow existing channels

- IFA market leader
- Consult by Momentum exceeded footprint growth target
- Strong sales in Momentum Corporate
- Challenges with tied agency channels

### Establish new channels

- Retail:
  - Myriad – 28% direct sales, from <1% APE to 8% APE
- Insure:
  - Direct and digital sales increased from 25% in F20 to 35% in F24
- Metropolitan:
  - Broker channel APE from 3% in F21 to 8% in F24,
  - Telesales APE from 9% in F21 to 11% in F24
- Metropolitan GetUp discontinued





## Reinvent and Grow

### Product and service leadership

- Retail
  - Myriad new business on LifeReturns rewards programme, digital FastTrack underwriting a differentiator
  - Investo and Momentum Trust digitalisation
- Insure
  - Safety CVP – Accident Alert
  - Doubled safety adoption rates
- Corporate
  - Momentum Grow, fully digital access to risk and retirement benefits for SMMEs
  - Dragonfly, a marketplace platform that brought individual choice to employee benefits. 7-fold increase in uptake from F22 to F24

- Investments
  - Hybrid annuity sales up 243%
  - Launched Curate
  - Machine learning investment decision-making
- Metropolitan
  - Flexible benefit design and no penalties for premium payment adjustments
  - Benefit and market access review lifted protection business margin by 3%
- Momentum Money discontinued

### Client service awards

- Metropolitan: Ask Africa Orange Index
- Momentum: Highest reputational net sentiment rating in DataEQ's Insurance Sentiment Index



## Reinvent and Grow

### Transformation

- Improved all EE measures
  - Top management from 36% – 46%
  - Senior management from 36% – 43%
  - Middle management from 42% – 49%
  - Junior management from 84% – 86%
- Strong increase in Top management
- Maintained B-BBEE Level 1

### Reinvent and Grow: A foundation for growth

- **Achieved** our strategic goals that **set us up** for future **success**
- Entering next 3 years from a **strong position** made **possible** by our **2 previous** strategies
- Confidence in our ability to deliver significant value to our clients and shareholders

# Overview

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Key take-outs from annual results



Reinvent and Grow strategy



**Impact strategy**



Closing

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THE

# IMPACT

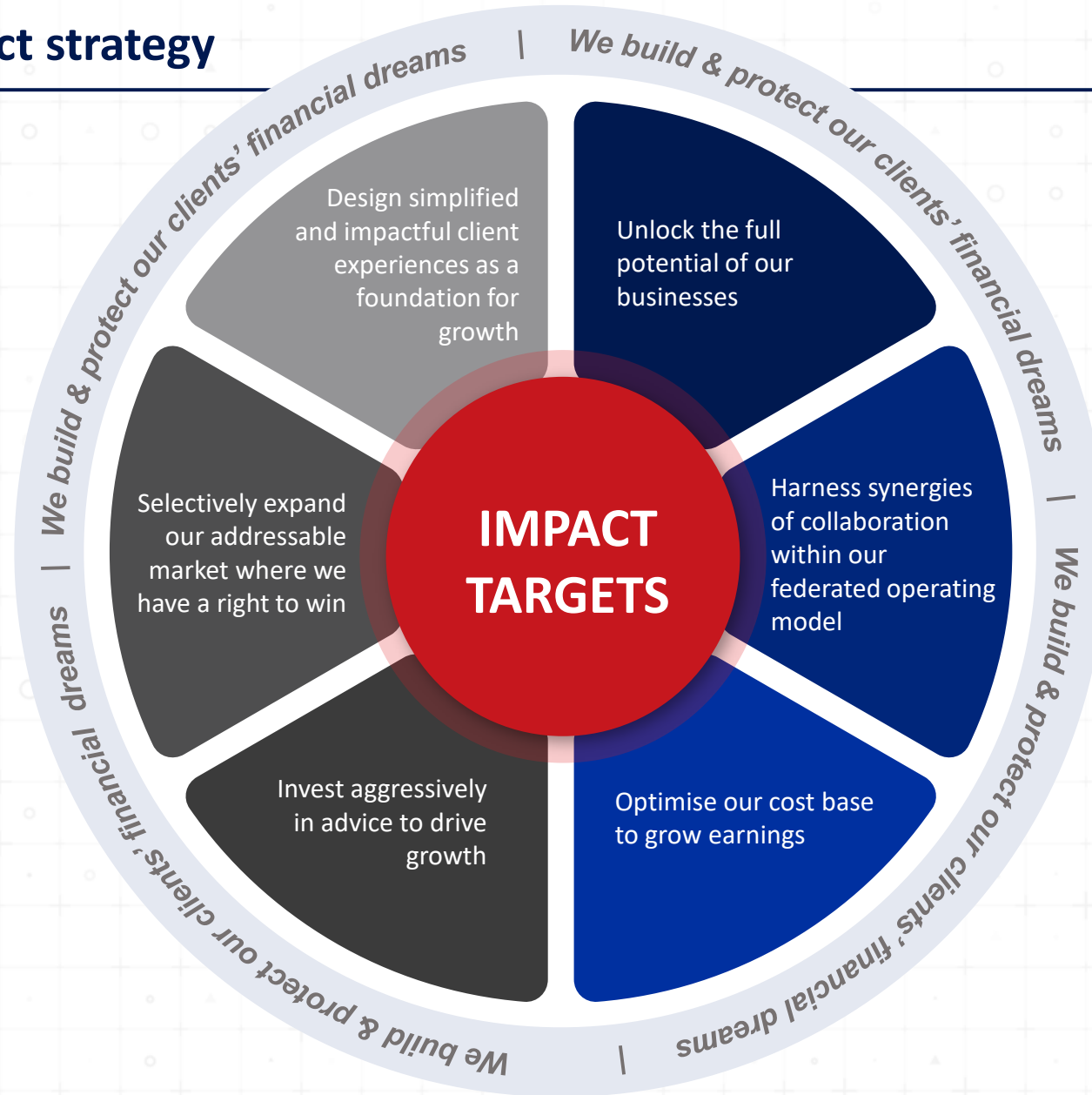
F2025 to F2027

STRATEGY





# Impact strategy



People | Transformation | Digital | Sustainability | Capital deployment



## Impact strategy targets

By

20% 2% 7 bn

We will  
achieve

Return on  
equity

New  
business  
margin

Earnings

Through **execution** of our Impact strategy

**Delivery** of Objectives and Key Results (OKRs) **tracked**  
per strategic objective in each business unit

# Overview

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Key take-outs from annual results



Reinvent and Grow strategy



Impact strategy



Closing

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## Two-pot feedback

- 1** Ready to serve clients from day one, processed payments from **day one**
- 2** About **150 000** withdrawal requests worth **R2.5 billion**
- 3** Our interactions were **80%** digital
- 4** Age of applicants: 80% between 30 to 49, 16% between 50 to 59 year old group
- 5** More than 98% take maximum withdrawals
- 6** The value of financial advice





## In closing

1

New Group purpose, strategy and brand

2

Amidst a tough economy, we had **strong** earnings and **remarkable** employee energy

3

**Disciplined** capital management: **invest** in great businesses, **fix** underperformers

4

Thank you

# Financial results



**Financial overview**



Covered business analysis



Capital management



Conclusion

**Risto Ketola**  
Group Finance Director



## Performance against Reinvent and Grow targets

### Original target

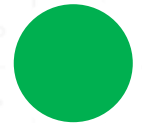
**NHE** R4.6 – R 5 billion

**ROE** 18% – 20%

### IFRS 17 adjusted target

R4.4 – R 4.8 billion

14% – 16%



### Non-life Insurance

20% contribution to NHE



### Cost efficiency

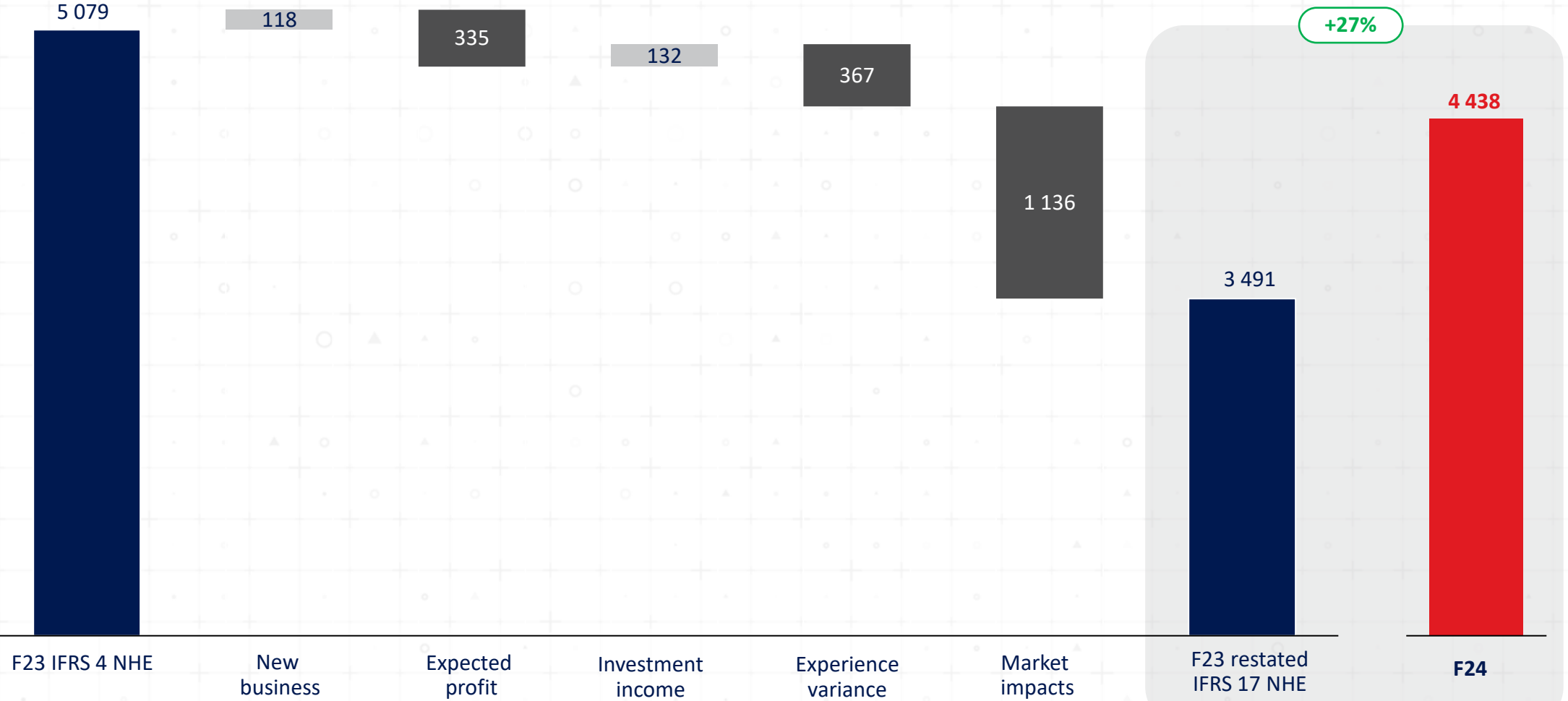
R500 million saving





# IFRS 4 to IFRS 17 NHE

(R'million)



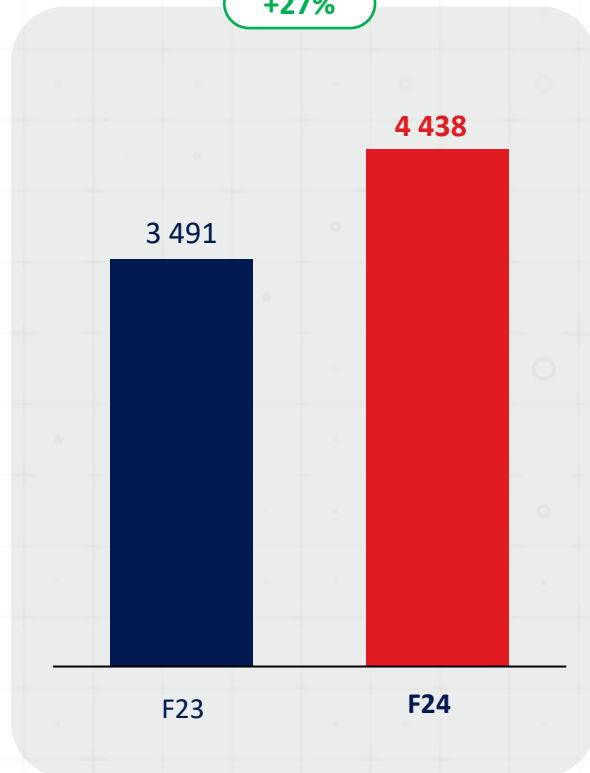


# Key financial measures

## Normalised headline earnings

R'million

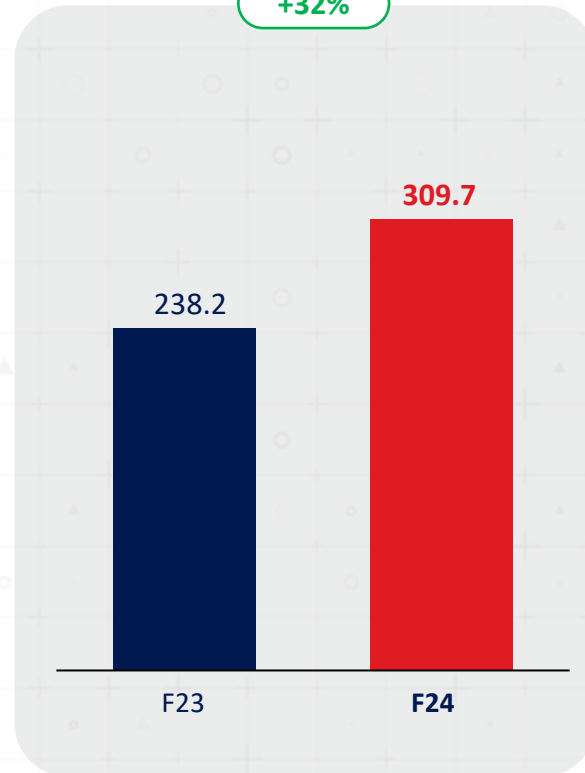
+27%



## Normalised headline earnings per share

cents

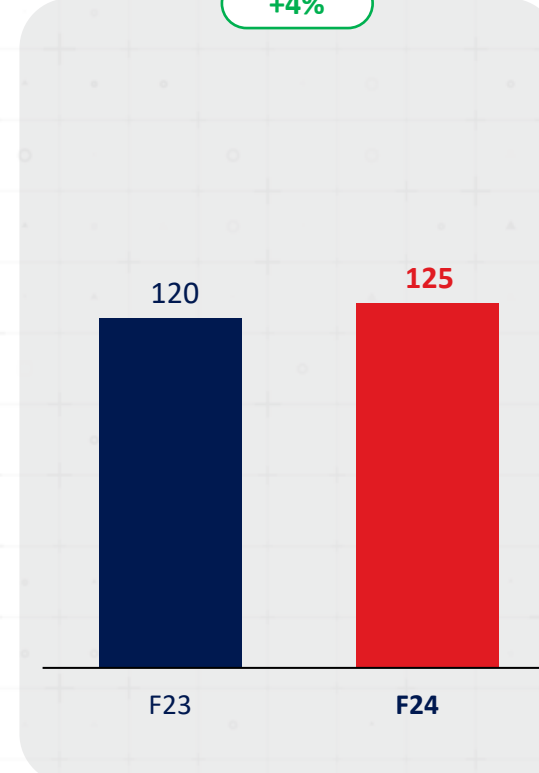
+32%



## Dividend per share

cents

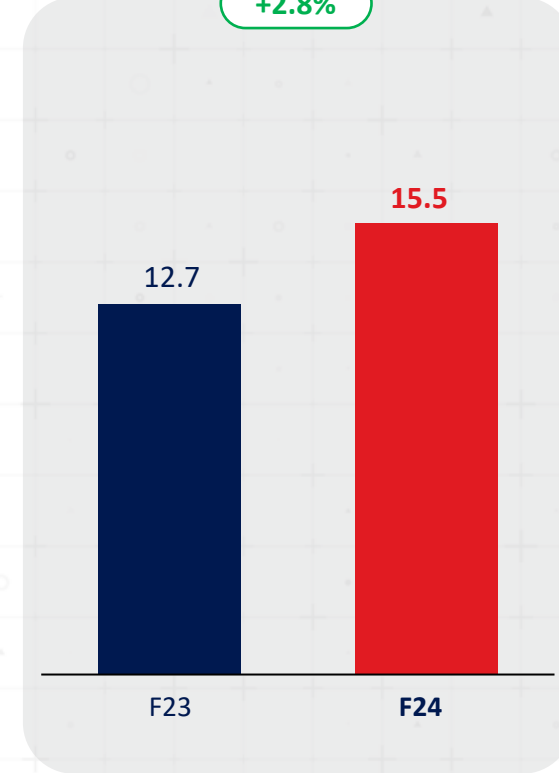
+4%



## Return on equity

%

+2.8%





# Key financial measures

## Diluted embedded value per share

Rands

+10%

33.75

36.94

F23

F24

## Present value of new business premiums

R'million

+19%

68 873

82 141

F23

F24

## Value of new business

R'million

-2%

600

589

F23

F24

## New business margin

%

-0.2

0.9

0.7

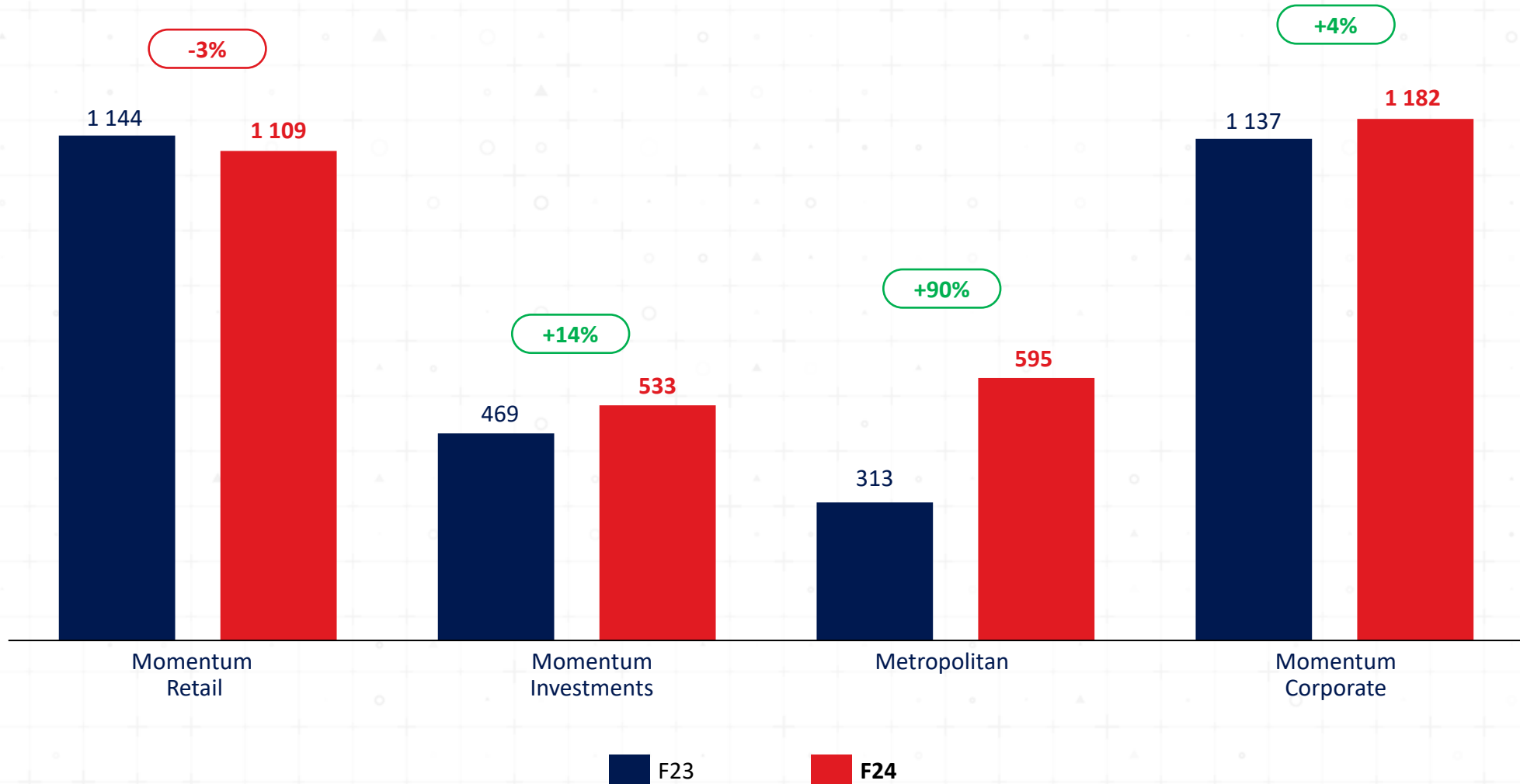
F23

F24



# SA life businesses

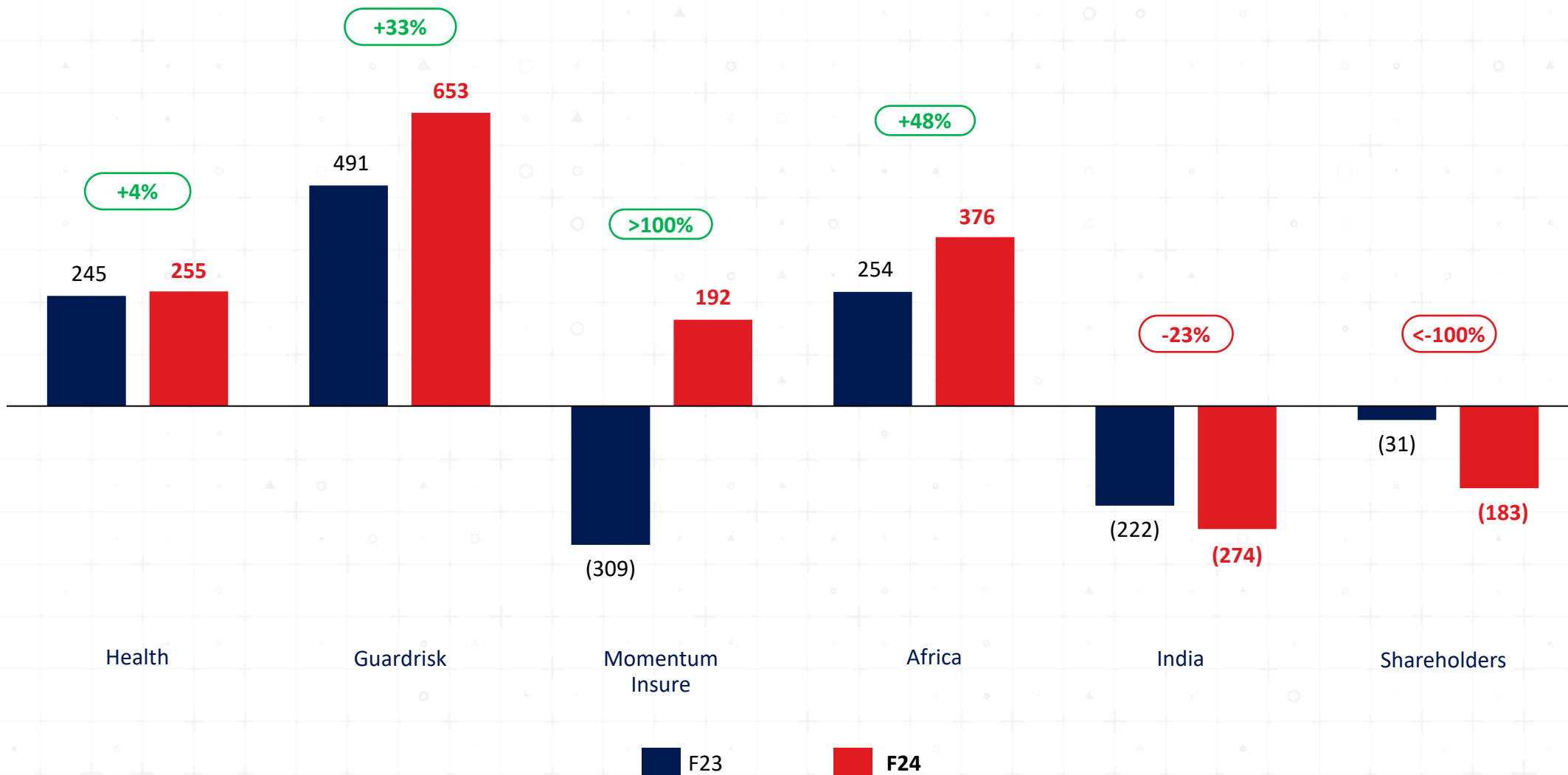
Normalised headline earnings (R'million)





# Other businesses

Normalised headline earnings (R'million)

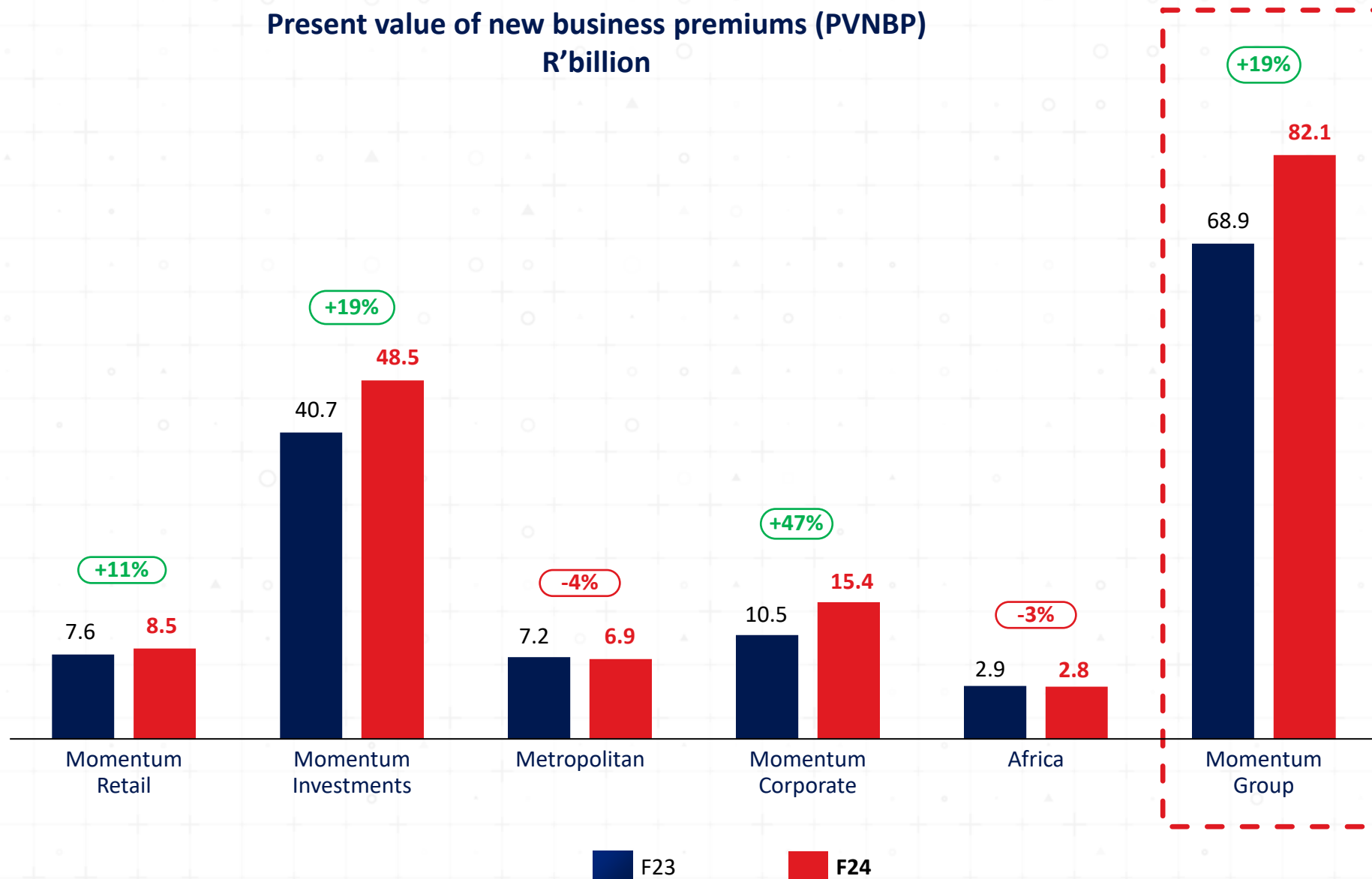






# New business volumes up 19%

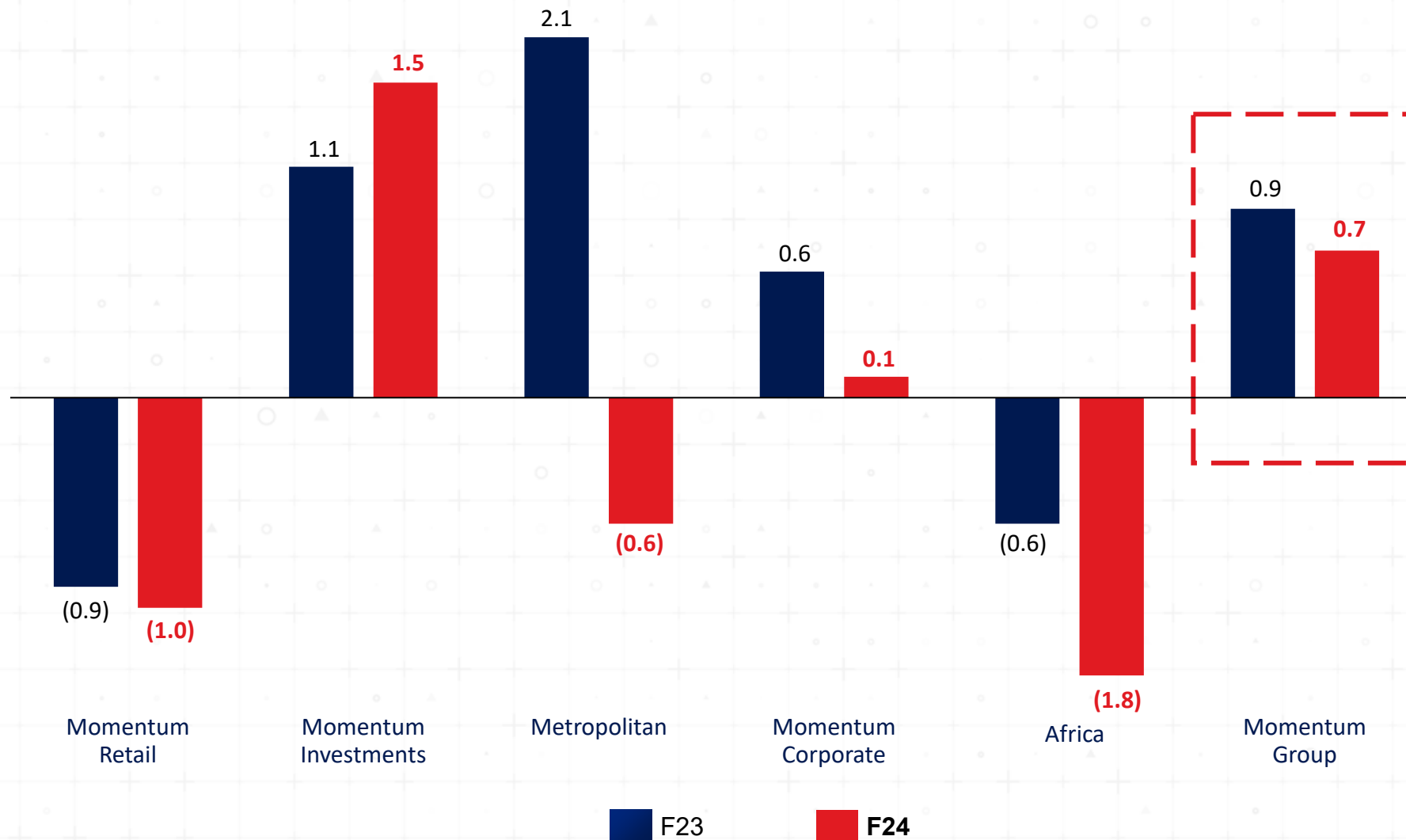
Present value of new business premiums (PVNBP)  
R'billion





# New business profitability

New business margin (%)





## Detailed VNB breakdown

R'million	Momentum Retail	Momentum Investments	Metropolitan	Momentum Corporate	Africa	Total
Future revenue	1 121	1 559	2 016	466	813	5 975
Future expenses	(243)	(498)	(359)	(247)	(325)	(1 672)
<b>Present value of future cash flows</b>	878	1 061	1 657	219	488	4 303
Commission	(336)	(131)	(990)	(25)	(319)	(1 801)
Other acquisition cost	(445)	(157)	(565)	(143)	(165)	(1 475)
<b>“Simple” profit</b>	97	773	102	51	4	1 027
Stress to 85 <sup>th</sup> confidence interval	(81)	(110)	(137)	(4)	(28)	(360)
<b>“Risk adjusted” profit</b>	16	663	(35)	47	(24)	667
Cost of capital	(102)	81	(6)	(25)	(26)	(78)
<b>Value of new business</b>	<b>(86)</b>	<b>744</b>	<b>(41)</b>	<b>22</b>	<b>(50)</b>	<b>589</b>

# Financial results

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Financial overview



**Covered business analysis**



Capital management



Conclusion

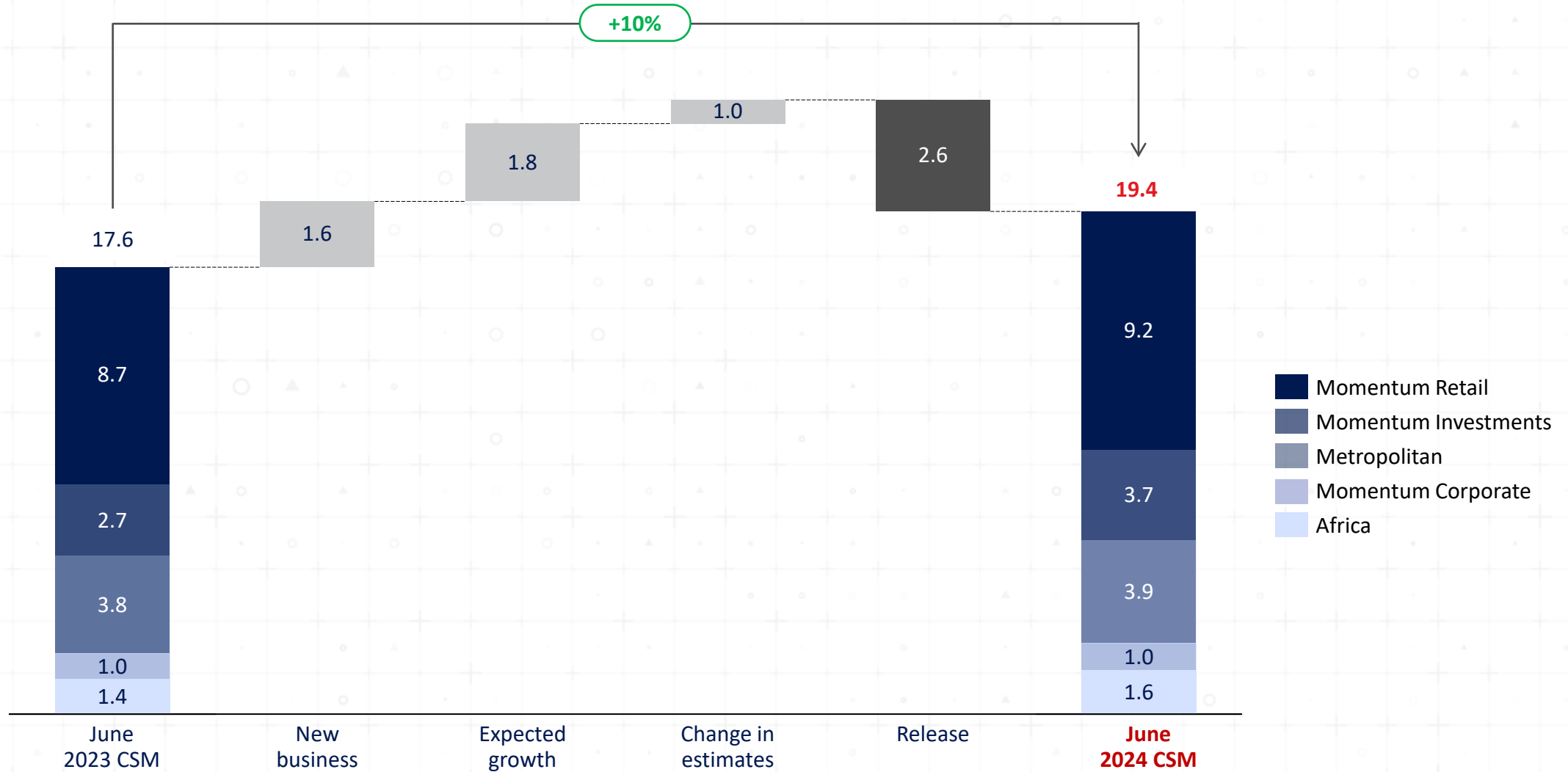
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# CSM driven by annuity sales and interest accretion

R'billion





# CSM increased 10%

## Closing CSM

R'million

+10%

17 644

19 398

F23

F24

## New business CSM

R'million

+34%

1 209

1 606

F23

F24

## CSM release

R'million

+6%

2 446

2 597

F23

F24

## Change in estimates

R'million

-19%

1 175

955

F23

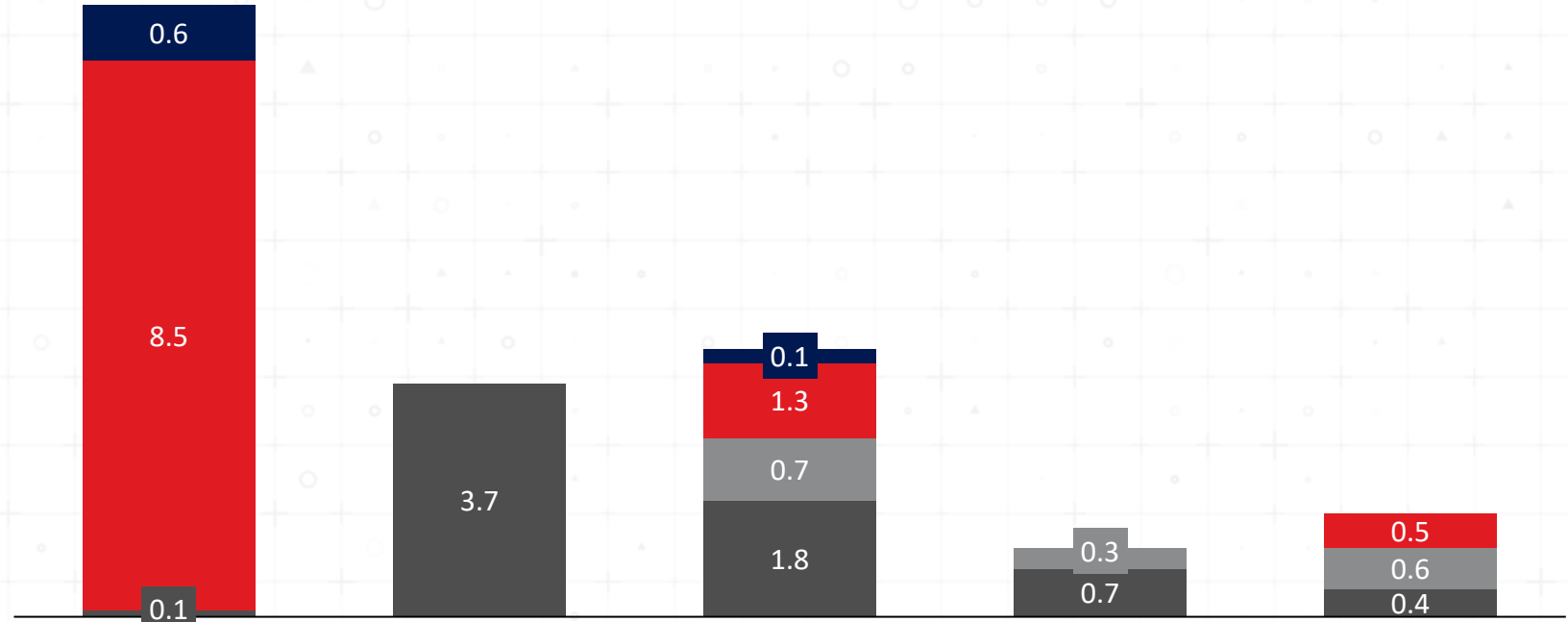
F24



# CSM by operating segment and product

R'billion

- Traditional
- Protection
- Long-term savings
- Annuities



Operating segment	Momentum Retail	Momentum Investments	Metropolitan	Momentum Corporate	Africa
CSM (R'billion)	9.2	3.7	3.9	1.0	1.6
Expected 1-year release rate	13%	12%	13%	12%	12%



## Covered business earnings – IFRS 17 profit deferral

<b>R'million</b>	<b>F24</b>	<b>F23</b>	<b>Δ%</b>
New business	(858)	(805)	(7)%
Existing business	3 738	3 358	11%
Expected profit	3 651	3 117	17%
Experience variances	206	336	(39)%
Assumption changes	(192)	(398)	(52)%
Development expenses	(137)	(68)	<(100)%
Market impacts	210	371	(43)%
Investment return	867	761	14%
<b>Total earnings</b>	<b>3 747</b>	<b>3 314</b>	<b>13%</b>
Present value of future cash flows	5 248	4 496	17%
Risk adjustment	(179)	(122)	47%
Contractual service margin	(1 322)	(1 060)	25%



# Financial results

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Financial overview



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**Capital management**



Conclusion

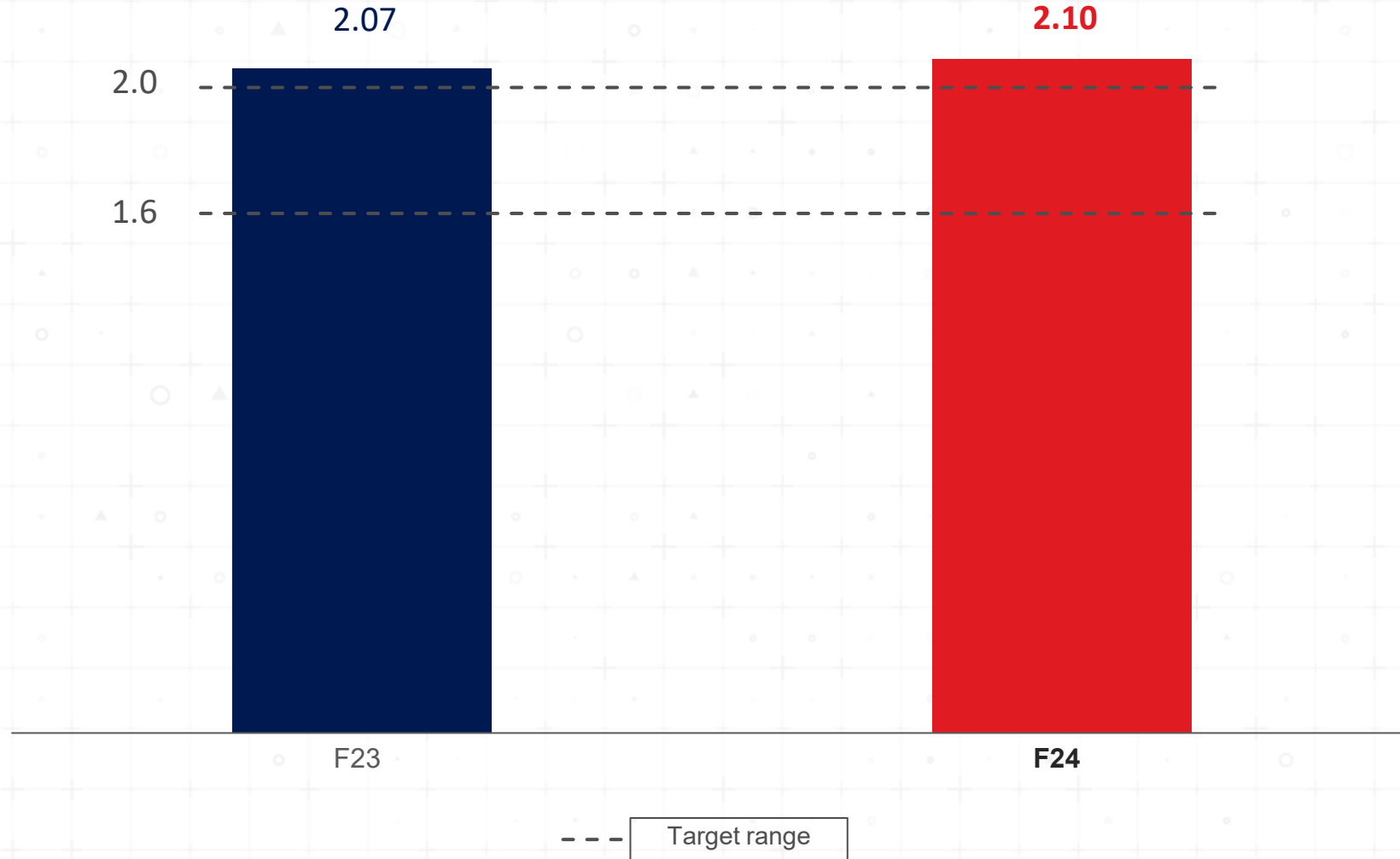
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# Capital covers above upper end of specified target ranges

## MML solvency cover





# Continue to unlock shareholder value

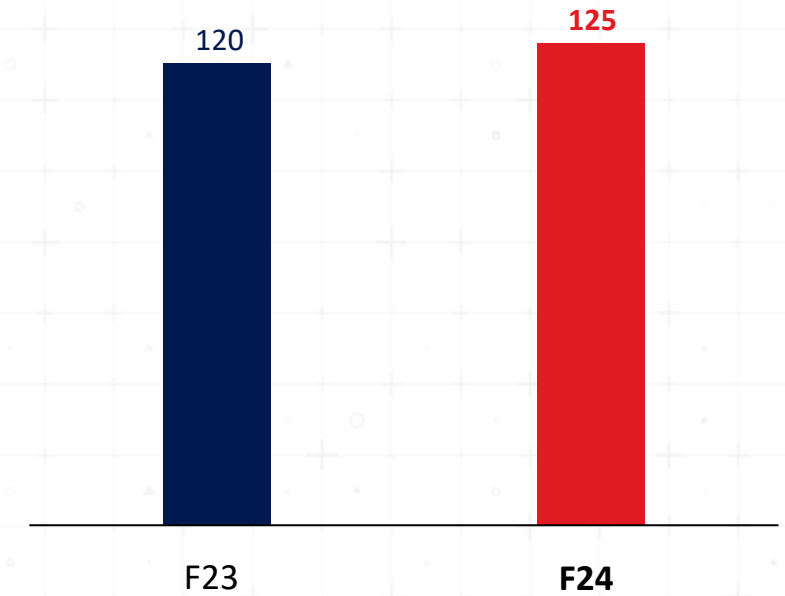
Board approved a further share buyback of **R1 billion**

Current dividend pay-out ratio  
**40% of NHE**

R'million	# of shares acquired	Tranche value	EV bought back	Value created
1HF23	45	750	1 334	584
2HF23	28	500	876	376
1HF24	24	500	813	313
2HF24	24	500	888	388
<b>Total</b>	<b>121</b>	<b>2 250</b>	<b>3 911</b>	<b>1 661</b>

Cents

+4%

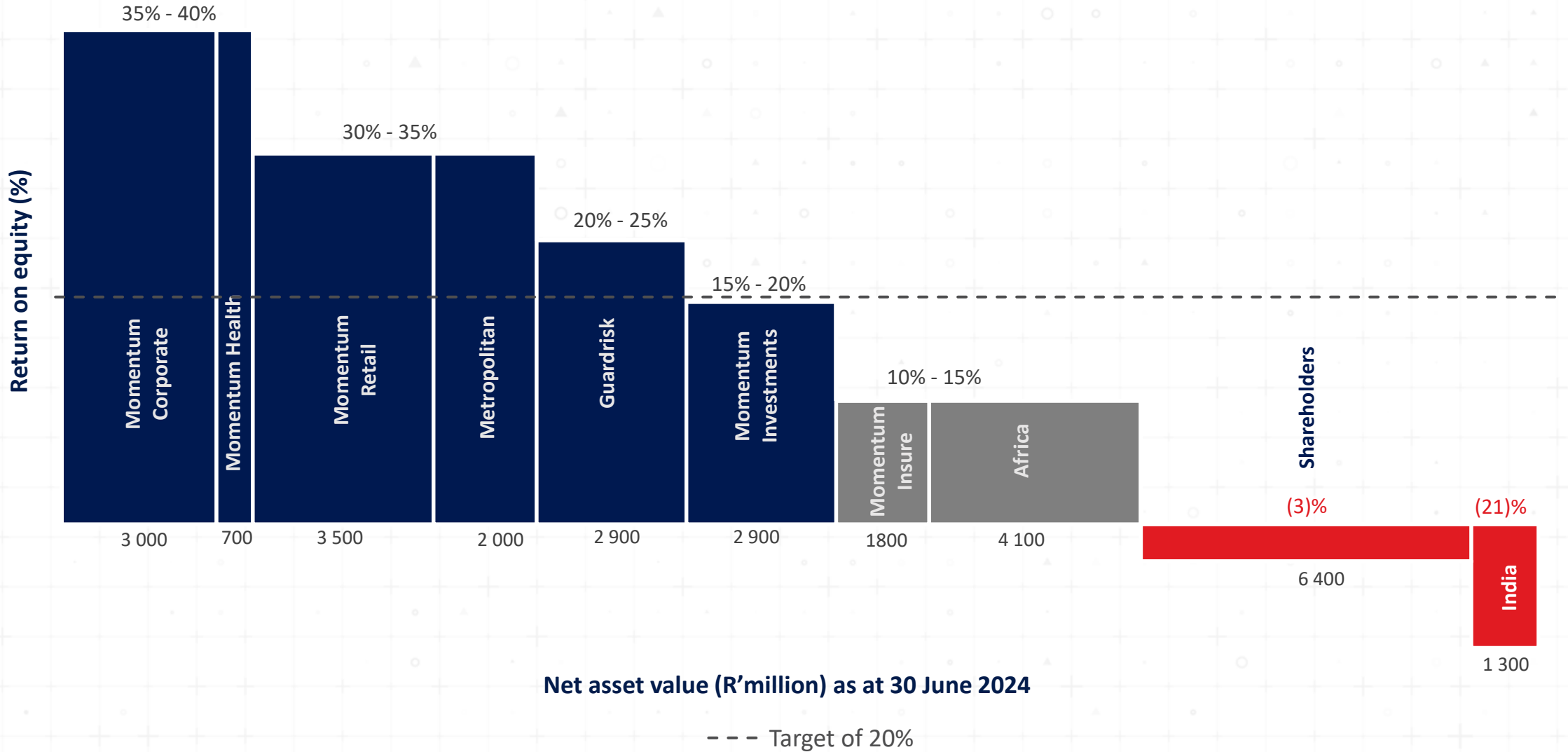


Current share price discount to EV of 20%



# Strong ROEs in mature businesses

Capital management





## Strong cumulative cash generation

R'million	F22	F23	F24	Cumulative
SA Life businesses	1 787	3 545	2 461	7 793
Guardrisk	330	297	417	1 044
Africa	198	580	186	964
Momentum Investments	271	287	277	835
Health	185	207	178	570
<b>Dividend inflow to Momentum Group</b>	<b>2 771</b>	<b>4 916</b>	<b>3 519</b>	<b>11 206</b>
Other	(15)	(56)	168	97
Net M&A flows	427	114	(366)	175
Africa MIS	(28)	(103)	(341)	(472)
MM Finance Company	14	(153)	48	(91)
Momentum Multiply	-	(31)	(112)	(143)
Momentum Money	-	(160)	(137)	(297)
Momentum Insure	3	(580)	-	(577)
India	(584)	-	(168)	(752)
Preference shares	(92)	(524)	(123)	(739)
<b>Cash generated to Momentum Group</b>	<b>2 496</b>	<b>3 423</b>	<b>2 488</b>	<b>8 407</b>
Ordinary dividend	(1 494)	(1 815)	(1 749)	(5 058)
<b>Net of dividend payment</b>	<b>1 002</b>	<b>1 608</b>	<b>739</b>	<b>3 349</b>
Approved buyback	(750)	(1 000)	(1 500)	(3 250)
<b>Net of buyback &amp; dividend</b>	<b>252</b>	<b>608</b>	<b>(761)</b>	<b>99</b>

# Financial results

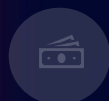
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Financial overview



Covered business analysis



Capital management



**Conclusion**

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## In conclusion

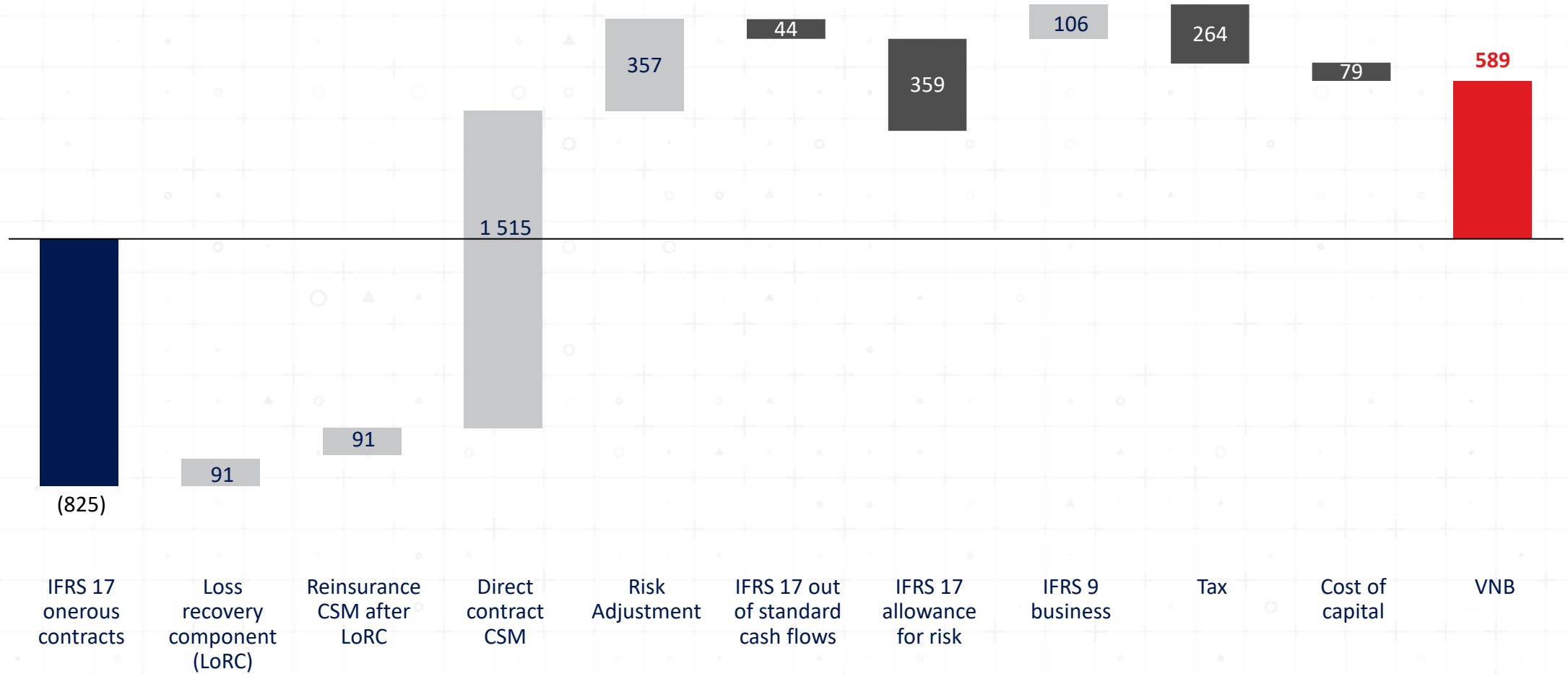
- 1 Delivered strong results, especially operating profit
- 2 Improving our VNB remains top priority
- 3 Actions to deliver on Impact strategy gaining momentum
- 4 Strong cash generation and balance sheet has never been healthier
- 5 ***Congratulations*** to our employees and ***thank you*** to our clients and advisers

# Appendix



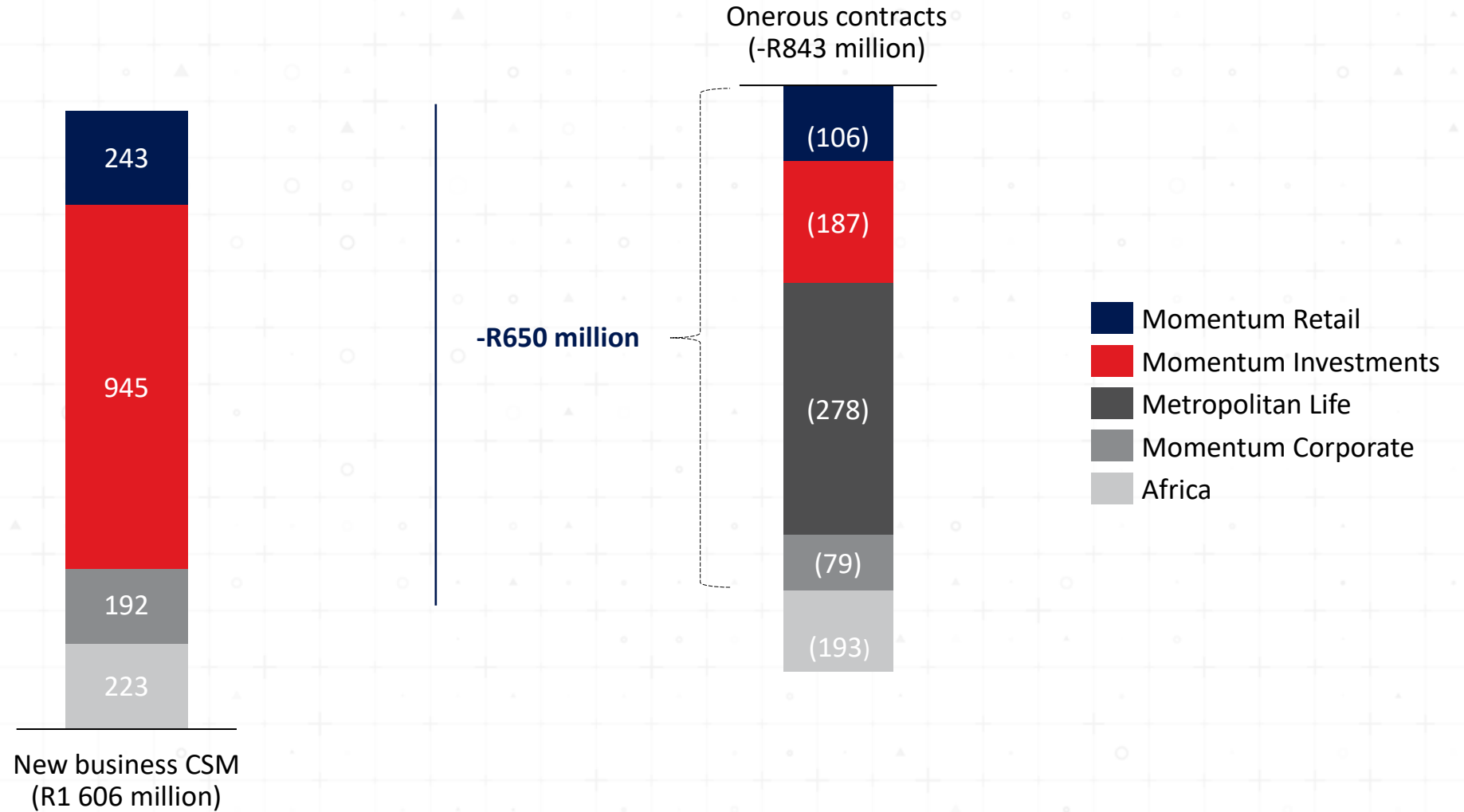


# VNB analysis



# New business CSM and onerous contracts

R'million  
(Gross of reinsurance and tax)

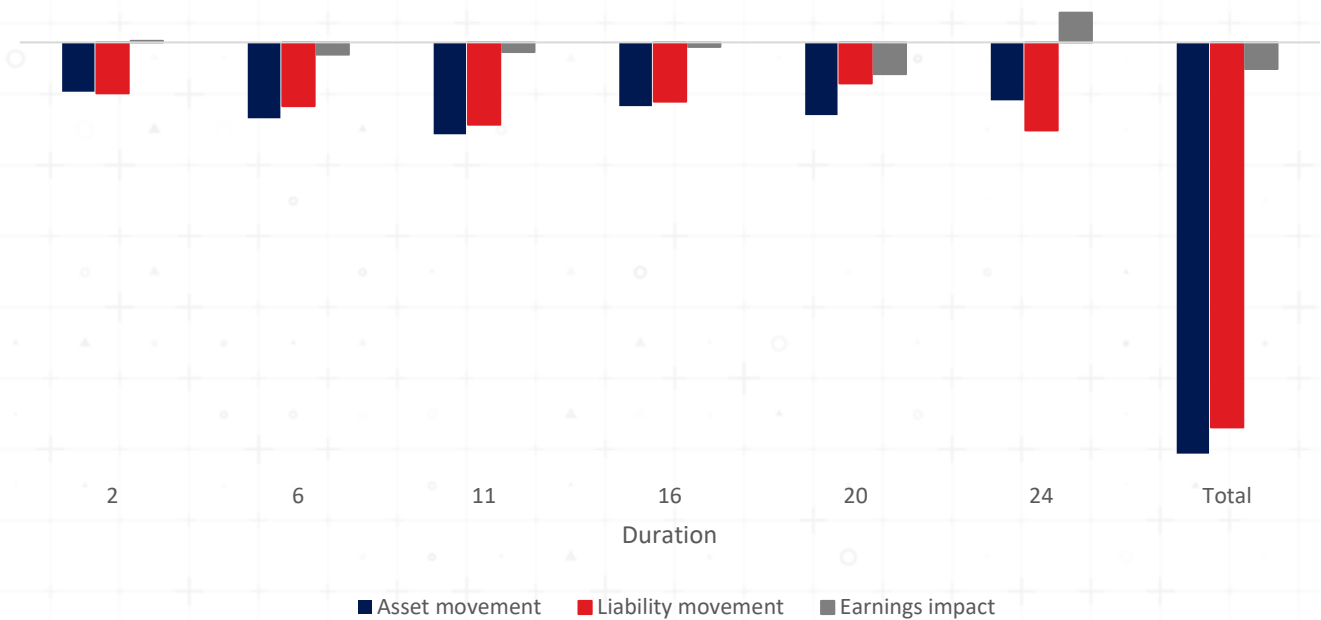




# MML interest rate sensitivity

- Insurance liabilities more closely matched and aligned with economic needs under IFRS 17
- Residual mismatch exposure:
  - MML annuity CSM matching
  - MML required capital mandates
  - Namibia shareholder portfolio
- MML exposed to non-parallel movements in the yield curve due to:
  - Long term nature of protection business (Myriad)
  - Annuity yield enhancement tolerances

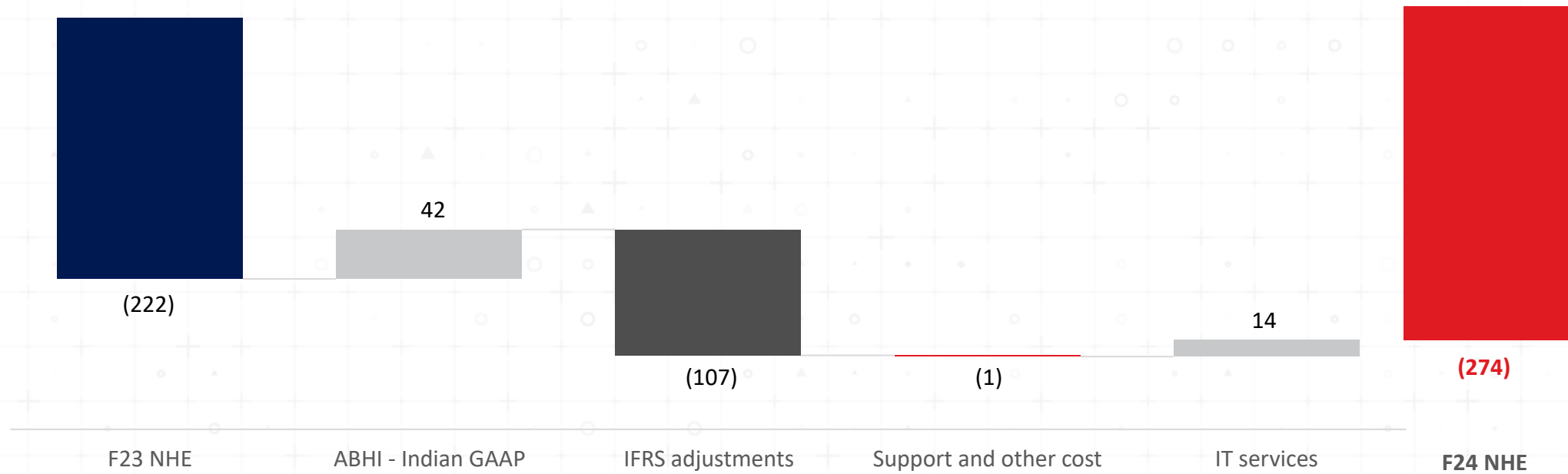
**1% increase in nominal yields → -R150m earnings impact**  
**Annuity CSM contributes c90% of impact**





# Indian GAAP to IFRS 17 earnings reconciliation

R'million



R'million	F24	F23
ABHI – Indian GAAP	(182)	(224)
IFRS adjustments	(81)	26
Support and other costs	(39)	(38)
Group IT and IT services	28	14
<b>Total NHE</b>	<b>(274)</b>	<b>(222)</b>

## Guardrisk sources of earnings

	<b>F24</b>	<b>F23</b>	<b>Δ%</b>
Fee revenue	957	855	12%
Investment income	262	206	27%
Underwriting profit	605	417	45%
Expenses	(1 171)	(987)	19%
<b>Normalised headline earnings</b>	<b>653</b>	<b>491</b>	<b>33%</b>

**Thank you**

