

## Chairman's letter

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# Dear Shareholders

The beginning of the 2018 calendar year coincided with the changes in the leadership of the governing party, the ANC, and this change was aptly termed “the new dawn”.

While leadership changes in the ANC brought about much needed optimism in the country, longer term structural and economic challenges remain. It could be some time before positive change translates into economic growth. The State faces a number of challenges including rising unemployment, declining revenues and rising levels of poverty with limited capacity to respond to these challenges because of the muted economic growth. The leadership changes have, however, presented an opportunity for business, government and labour to work together to build a better South Africa.

MMI remains committed to inclusive value creation for all South Africa's people. We believe business has a major role to play in partnering with government, labour and community-based organisations to achieve economic growth, transformation and inclusion.

In 2018 MMI continued its sponsorship of The Directors Event, a forum where critical issues facing South Africa were discussed by leaders across all sectors in our society. In 2018 we focused the agenda of The Directors Event on youth employment and entrepreneurship, and

sustainable technology to develop and grow a more inclusive economy and society. Inclusive growth will be achieved only if practical solutions are found to enable job creation, drive investment, improve educational outcomes, upskill workers for a new digital world and speed up real transformation.

MMI's Deputy CEO, Jeanette Cilliers (Marais), said at The Directors Event that it is just as much the responsibility of the private sector as of the public sector to pitch in.

### Leadership changes

The MMI Holdings Board is acutely aware of the fact that the company has lagged the performance of its peers in the sector over the past few years. In light of this, the Board then decided to make certain changes in key management.

Hillie Meyer joined MMI as Group CEO in February 2018, and Jeanette Cilliers (Marais) joined in March 2018 as the group's new Deputy CEO. Of the twelve MMI Executive Committee (Exco) members, five are new to Exco and I would like to assure the executive team of the MMI Board's support to bring about a revitalisation of the company.

### Commitment to South Africa

On the corporate social investment (CSI) front, the MMI Foundation has aligned its strategy to youth employment and committed itself to exclusively supporting young people on their journey to employment and to achieving their financial goals and life aspirations. The approach of the MMI Foundation is to prioritise projects where there is a clear path from recruitment, technical training, job placement or self-employment and business mentoring and support. One example of such a project is the Foundation's partnership with the Rhiza Babuyile initiative to develop jobs through a holistic approach that involves skills and enterprise development. The partnership with the MMI Foundation will help Rhiza Babuyile support 400 young people through the Jobs 'n Jozi programme.

### Implementing MMI's strategy

During the past year we continued to implement MMI's client-centric strategy and the integrated report provides you with an overview of the progress we have made to achieve MMI's vision to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.

**JJ Njeke**  
Chairman

The highlights of the 2018 financial year support MMI's strategic objectives. For example, our objective to create a superior client experience has been validated by our Metropolitan client-facing brand's first place in the 2017 South African Customer Satisfaction Index, for the third year in a row. Our strategic goal to diversify geographically into India made excellent progress and the Health and Wellness business partnership with Aditya Birla Capital ended the year with more than one million clients after opening for business in November 2016. Similarly, the aYo microinsurance joint venture with MTN in Africa showed attractive client growth during the year.

The Board also initiated a strategic review, which resulted in scaling down MMI's geographic footprint in Africa and the UK, increasing the focus on successfully growing the core businesses in South Africa and narrowing the number of longer-term strategic growth initiatives.

I am very pleased with the appointment of the new CEO at this time in MMI's history, to streamline and drive the focus on MMI's core South African businesses and to successfully implement the longer-term growth initiatives. The Board does not believe there is a need to revisit the group's strategy in totality, but has confidence that under the new CEO's leadership the executive team will refine the strategy and adjust the implementation approach in accordance with developments in the fast-changing external environment.

## Governance

MMI is a values-based organisation and will, at all times, ensure that all our professional relationships mirror our personal integrity, respect for the rights of others, honesty and a commitment to do what is right, fair, reasonable and lawful. All MMI employees and representatives are expected to act in a manner that inspires trust and confidence from our stakeholders, and we have a formal Board approved code of ethics that prescribes our approach to business ethics and our obligations to all our stakeholders.

MMI's governance structures and processes provide for sound management and oversight of MMI in the interests of all our stakeholders, and these structures enhance the ability of the Board and management team to manage our businesses effectively. The Board has reviewed our governance structures and introduced enhancements to further improve oversight. The most significant improvement is the establishment of an Investments Committee that will function as a committee of the MMI Board and consider investments into large new initiatives.

## MMI Board

During the year Nicolaas Kruger and Mary Vilakazi resigned from the company and consequently the Board. I would like to thank Nicolaas for his contribution to the group during his 26 years of service, with the last nine years as CEO (including two years as CEO of Momentum).

A highlight of Nicolaas' tenure as CEO was the successful merger between Momentum and Metropolitan to create MMI Holdings in 2010. Mary served as Head of Balance Sheet Management, Finance Director and most recently as MMI Holding's Deputy CEO responsible for its retail operations covering both the Metropolitan and Momentum retail businesses. I would like to thank Mary for her valuable contribution to MMI.

Hillie Meyer, Jeanette Cilliers (Marais) and Risto Ketola were respectively appointed to the MMI Board as Group CEO, Deputy CEO and Finance Director. Hillie is an experienced insurance executive who can contribute immediately to strengthen and further develop the existing executive line-up and support the Board in its succession planning for the longer term. Jeanette brings extensive knowledge of intermediary distribution and operational aspects in retail asset management. Risto joined MMI in 2016 after spending 15 years as an equity research analyst. He is a qualified actuary and brings a unique blend of actuarial skills, understanding of financial reporting demands and industry knowledge into the Finance Director role.

## Prospects

In my 2017 letter I stated my expectation for a tough operating environment in the short to medium term, where consumers will remain under pressure and that technology advances will continue to disrupt the industry. This expectation has not changed, but I would be remiss not to again state my sense of optimism for longer-term improvements in our country and in MMI. I continue to believe MMI's client-centric strategic direction is appropriate and have confidence in the management team to implement the strategy in a more focused manner, which will result in improved performance and introduce the next phase of growth for MMI.

## Thanks

In closing, I would like to express my thanks to all MMI's stakeholders. To our clients, thank you for the opportunity to provide solutions that enable you to achieve your financial goals and aspirations. To shareholders and the MMI Board, thank you for your support and guidance. I also want to express the Board's gratitude to Syd Muller who, having reached retirement age, retires at the annual general meeting having been on the Board of MMI since the merger.

To MMI's executive management and employees, I value your commitment to the organisation and appreciate all the hard work during the past year.



**JJ NJEKE**  
Chairman