

ADVANCING MMI'S STRATEGY

Results for the year ended 30 June 2017



Agenda

1

Key financial metrics

2

MMI strategy

3

Strategic delivery

4

Business performance

5

Capital management

6

Focus on execution



momentum



METROPOLITAN

GUARDRISK

multiply



Key financial metrics

Weaker new business volumes, stable earnings

Financial aspirations

Growth in earnings

Growth in value of new business

Return on embedded value

Key financial metrics

	June 2017 Actual	June 2016 Actual	% change	
	<i>Rm</i>	<i>Rm</i>		
Diluted core headline earnings	3 208	3 206	-	↔
Ordinary dividend per share (cents)	157	157	-	↔
New business PVP	41 595	44 090	(6)	↓
Value of new business	547	712	(23)	↓
Return on embedded value (%)	4.7	12.8	(8.1)	↓

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Key financial metrics

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Focus on execution



momentum



GUARDRISK

multiply

MMI Strategy

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Client centricity



Growth



Excellence

Financial aspirations

Growth in earnings

Growth in value of new business

Return on embedded value

Client aspirations

“My Financial Wellness partner”

Enablers

Flexible and modular systems

Innovation

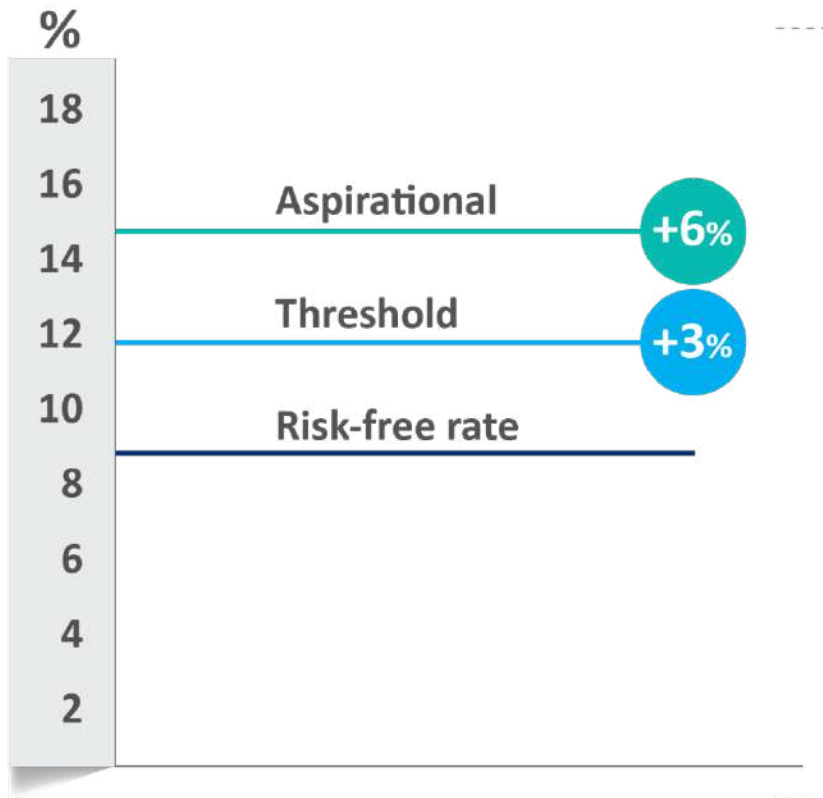
Culture

Data analytics

Financial aspirations

Maximise shareholder value

Return on embedded value



Supported by

Growth in earnings

Growth in value of new business

Improve efficiencies

Agenda

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Strategic focus areas: Client centricity

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



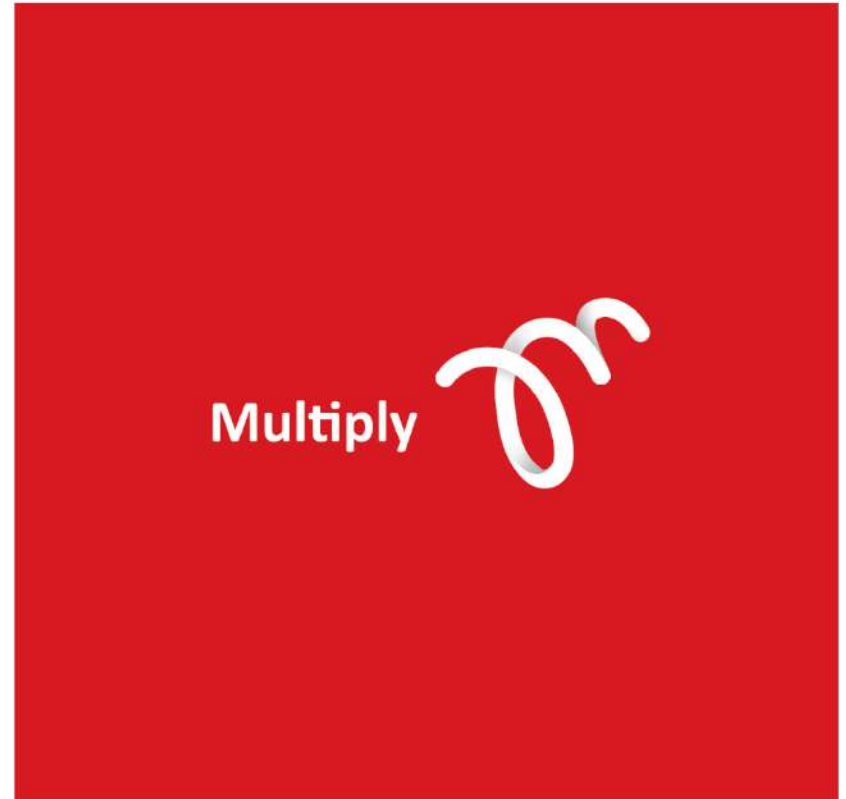
Client centricity



Growth



Excellence



Enablers

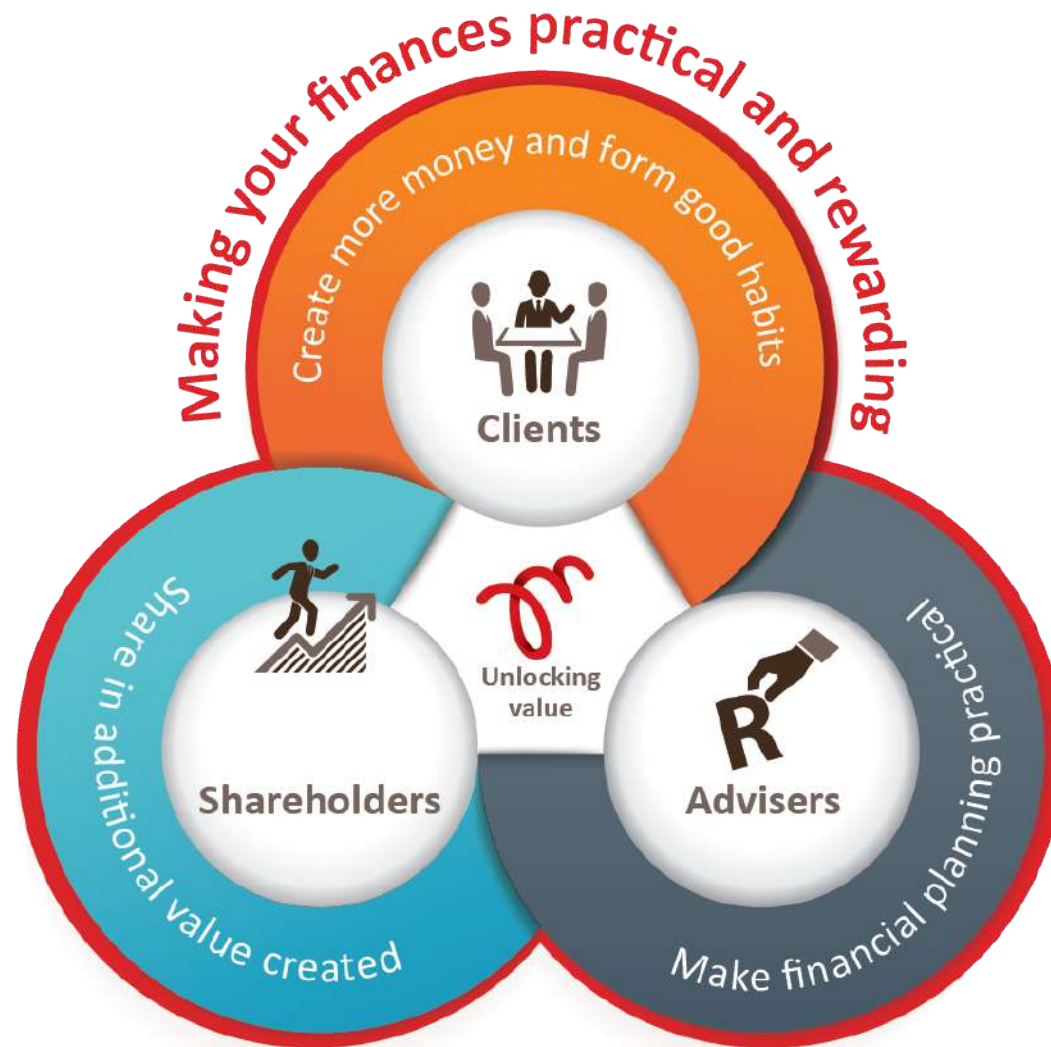
Flexible and modular systems

Innovation

Culture

Data analytics

The purpose of our Financial Wellness offering



Creating value for our clients



Active Dayz users



- Burned enough calories to power 100 households for a year
- Took enough steps for 70 000 trips from Jhb to Cape Town

Multiply clients are rated 20% safer



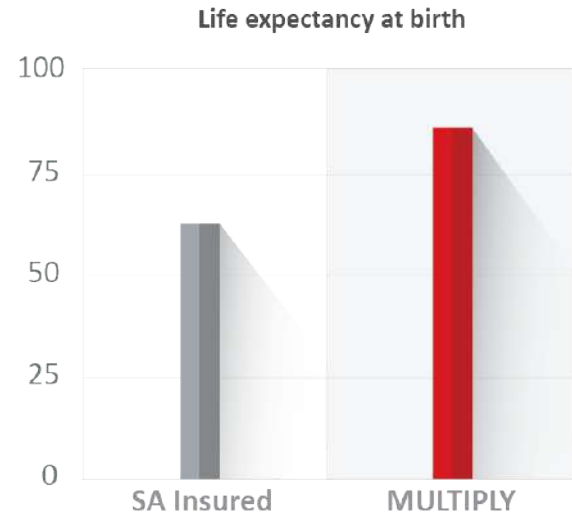
Multiply creates enough money for life's journey

- Multiply clients saved more than **R600 million** last year
- Private Club households save R50 000 per year



Multiply clients cover their needs more comprehensively with at least one more benefit

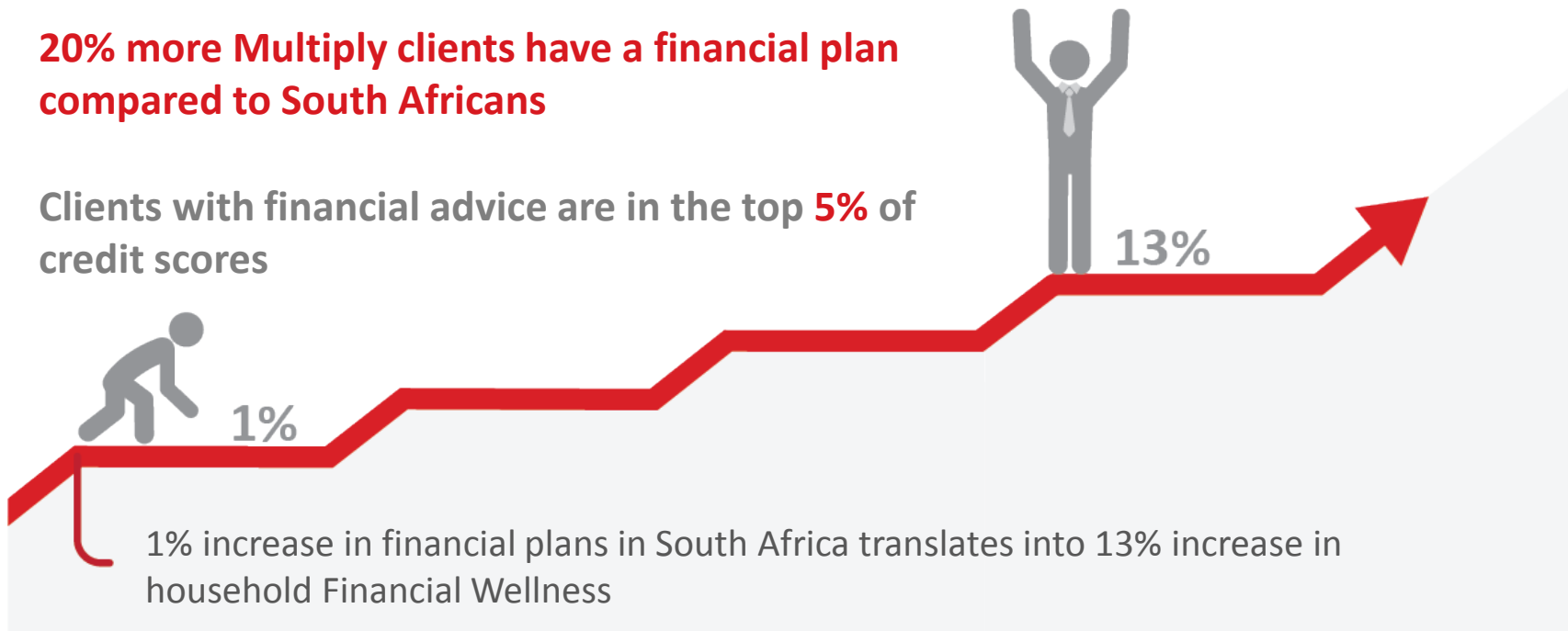
Multiply clients live 18 years longer



Creating value for advisers

20% more Multiply clients have a financial plan compared to South Africans

Clients with financial advice are in the top 5% of credit scores



2x

Even after discounts, Multiply clients have twice the cover

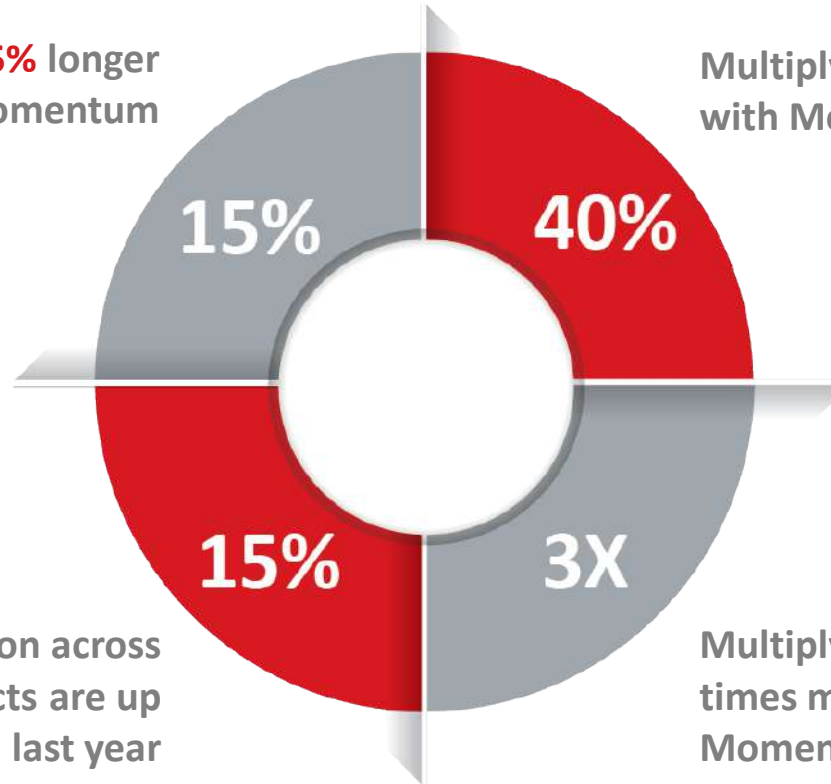
50%

Advisers with Multiply have clients that engage more with their wellness by up to 50%

Creating value for shareholders

Multiply clients stay **15%** longer with Momentum

Multiply clients claim **40%** less with Momentum



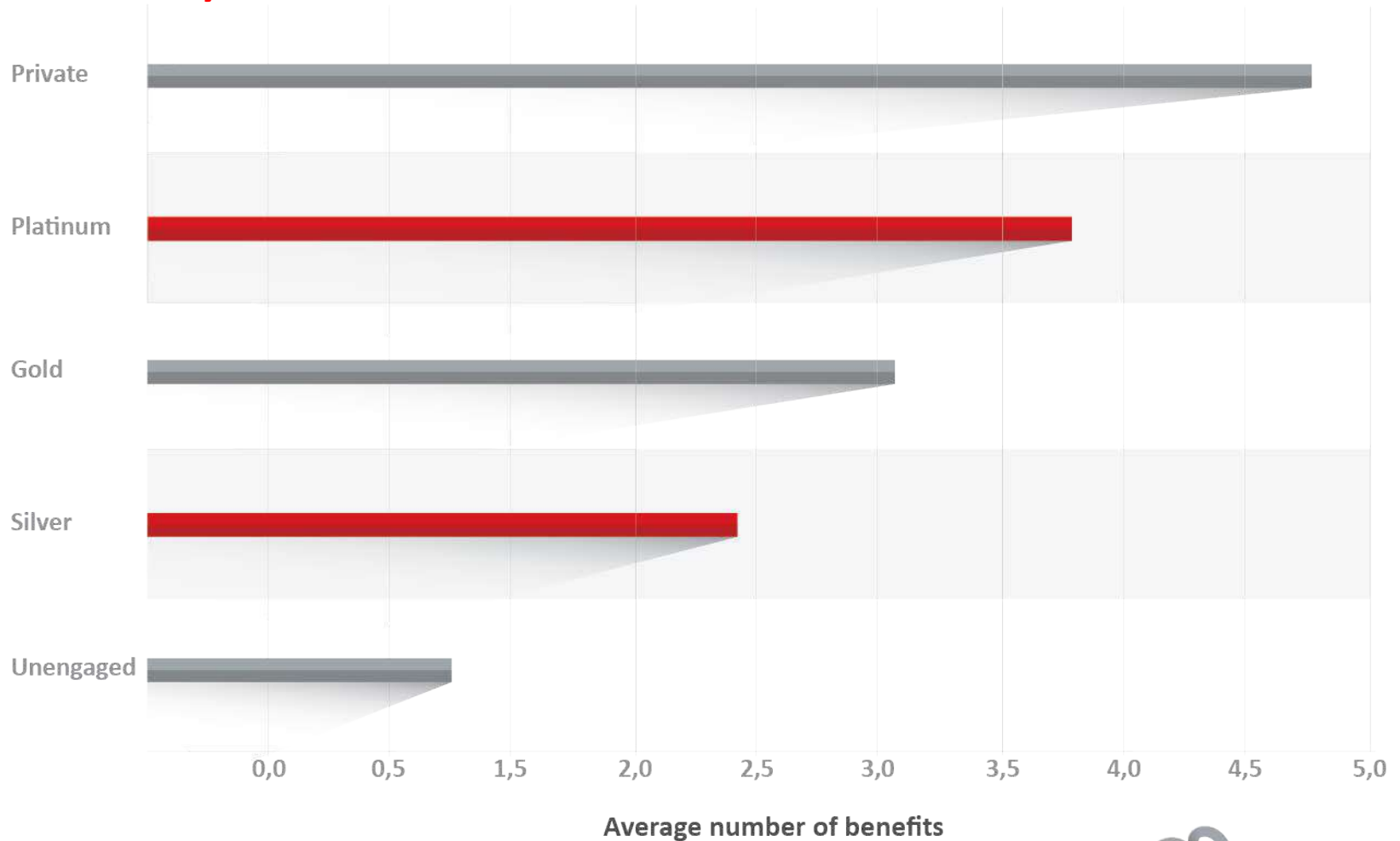
Multiply penetration across Momentum products are up **15%** from last year

Multiply clients have up to three times more benefits with Momentum

Multiply penetration on new business is up to **60%** in some product lines

Increased benefit holding of Multiply clients

Benefits by status



Developments to enhance value



Multiply Online Shop

Giving clients more bang for their buck



Multiply Visa® Card

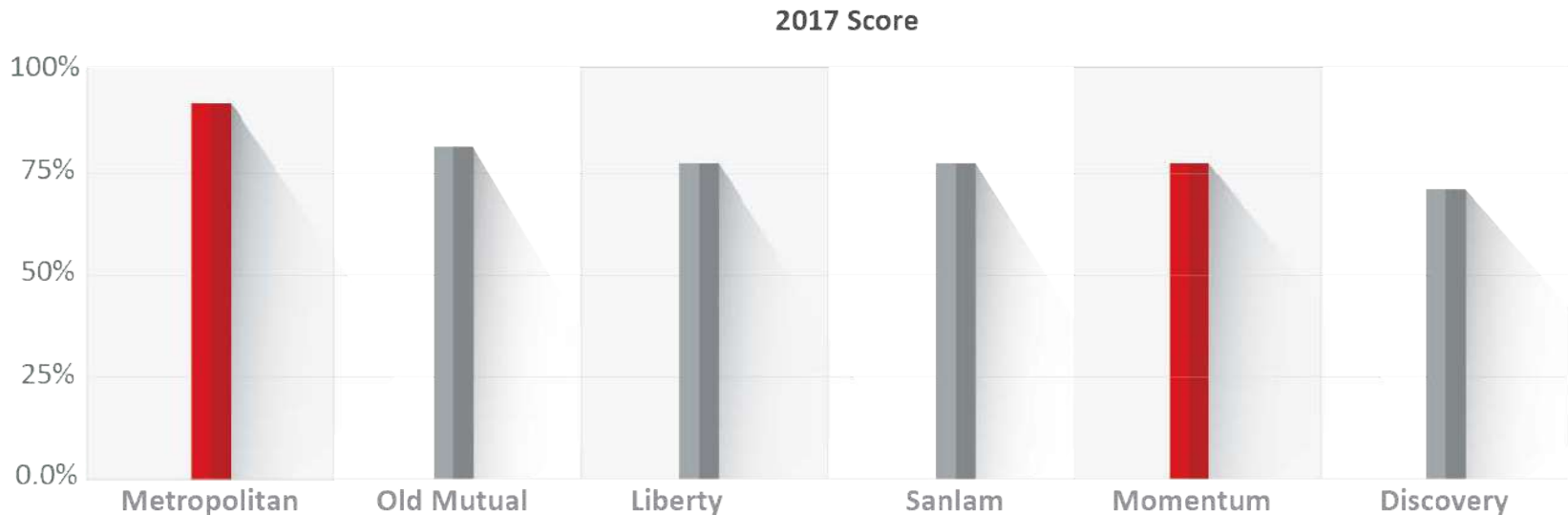
HealthSaver integration – instant access to your Momentum HealthSaver account
* More integration to follow



Client satisfaction

South African Customer Satisfaction Index survey

- Metropolitan took 1st place for the second consecutive year with a score of 82.6
- Metropolitan showed consistent improvement in service quality, customer loyalty and complaints management
- Momentum was 5th with a score of 77.5



Strategic focus areas: Growth

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Client centricity



Growth



Excellence

Geographical
Diversification

Aditya Birla Health
(India JV)

Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Growth focus area

Geographic diversification: ABHI and ABW (India)



Partner strength

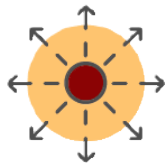
- Well-respected brand in India
- 3rd largest private sector conglomerate in India
- Aditya Birla Capital –listed on the BSE and the NSE on 1 September 2017

Segments

Group

Retail

Wellness



Distribution

- Multi-channel approach
 - Bancassurance
 - Agents
 - Direct online & tele-assisted
 - Corporate Brokerages



Product offering

- Retail and group health indemnity and fixed benefits
- Embedded Wellness – market go live August 2017



ADITYA BIRLA GROUP

Growth focus area

Geographic diversification: ABHI and ABW (India)



Wellness

- Free access to fitness centres
- Earn Multiply points on wearable devices
- Healthy Heart scores & Active Dayz™
- Partner brands: Uber, Amazon, Samsung, Fitbit, Garmin, Big Basket (Groceries), ABOF (Fashion), travel, movies, etc.



Mobile App

- Access to health and activity records
- Doctor appointment scheduling functionality
- Increase in App downloads in last months



Growth focus area

Geographic diversification: ABHI and ABW (India)



Progress at 31 March 2017

- 200 000 + lives
- 2 000 + agents
- R100 m + in gross written premium
- Well established provider network
- 1 500 + network hospitals
- 4 Bancassurance partners signed
- Good progress with digital adoption



Future plans

- Increase sales and distribution capacities
- Create more brand awareness
- Embed Wellness agenda further
- Increase digital adoption
- Capital injections still required from both partners



6 Industry awards

“Product Innovator and Rising Star of the Year” – Insurance India Summit 2017

“New Insurance Product of the Year” – Global Health Insurance Awards

“Best Health Insurance Co” – Times Network National award for National Excellence

“Innovation of the Year “– ASSOCHAM India

“Digital Insurance Innovation of the Year” - World Quality Congress

“Emerging Brand” – CMO Asia Singapore



Strategic focus areas: Growth

PURPOSE:

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Strategic focus areas



Client centricity



Growth



Excellence



Increase client base

African
Bank JV

Momentum
Retail
Distribution



Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Growth focus area

Increasing client base: The African Bank Joint Venture

A mutually beneficial relationship on three fronts:



Insurance:

Expanded distribution network

Lending and Banking:

Expanded solution set

- Insurance venture – fully functional since July 2017
- Lending – will be fully functional during H12018
- Financial Wellness extended into both ventures
- African Bank will act as sponsoring bank to transactional capabilities over time

Growth focus area

Increasing client base: The African Bank Joint Venture

Insurance – “Metropolitan @ African Bank”

- Good progress with roll-out
- 98 agents in 48 branches in 3 provinces
- All 48 branches are dual branded
- Annual Premium Income in excess of R1million reached
- Productivity exceeding expectations



Growth focus area

Increasing client base: The African Bank Joint Venture

Financial prospects and considerations



Insurance

- Limited capital injections required
- Material effort to recruit and train agents for African Bank branches
- Expect to have inforce premiums in excess of R1bn in 5 years' time



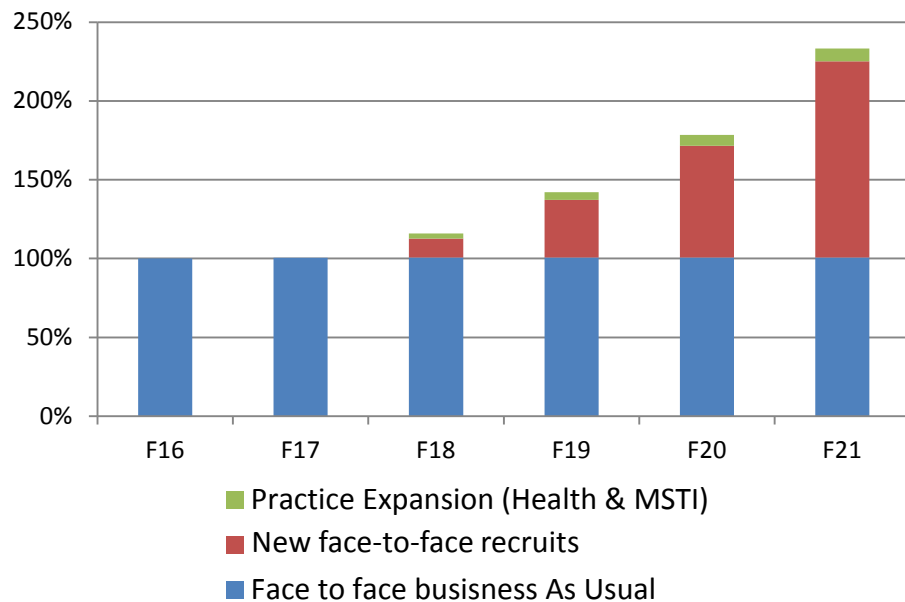
Lending

- MMI budgeting for up to R2bn of capital injections
- Expect to build a loan book in excess of R10bn in the next five years

Growth focus area

Increasing client base: Momentum Retail sales force expansion

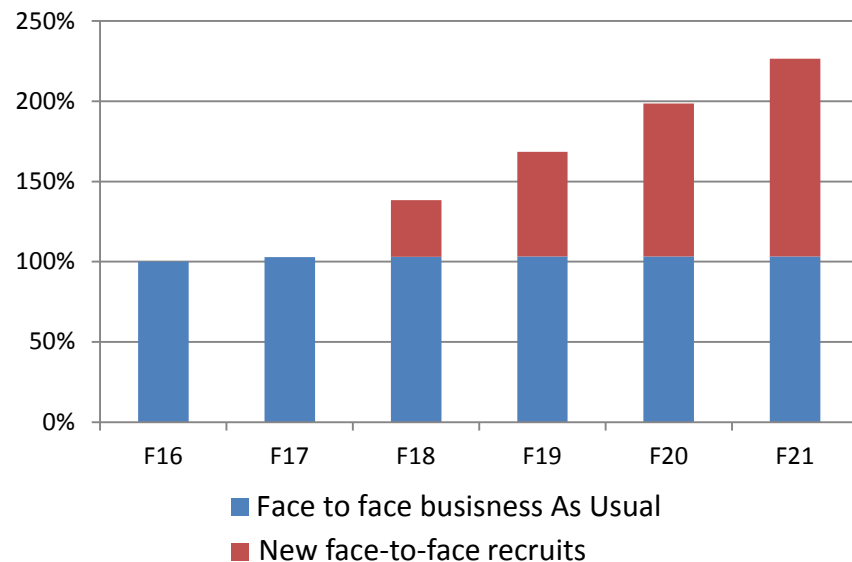
Momentum Financial Planning



F2016 = 650 advisers F2021 = 1 575 advisers

The focus is to increase new face-to-face active advisers resulting in the base increasing by 150%

Momentum Consult



F2016 = 130 advisers F2021 = 260 advisers

A focus to significantly increase the recruitment of face-to-face advisers by 100% in F21



Strategic focus areas: Growth

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Client centricity



Growth



Excellence

Increase value of
existing clients

Funds at Work

Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Growth focus area

Increasing value of existing clients: Funds at Work – MMI's umbrella fund



R46 billion

Assets Under
Management



R3 billion

Net client flows



324 000

Members



78%

Of umbrella fund
members have their
insurance benefits
with MMI



1610

Brokers



80%

Of Assets Under Management
invested in internal portfolios



Strategic focus areas: Excellence

PURPOSE:

To enhance the lifetime Financial Wellness of people, their communities and their businesses

Strategic focus areas



Client centricity



Geographical diversification



Excellence



Optimisation project



Centres of Excellence



Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Excellence strategic focus area

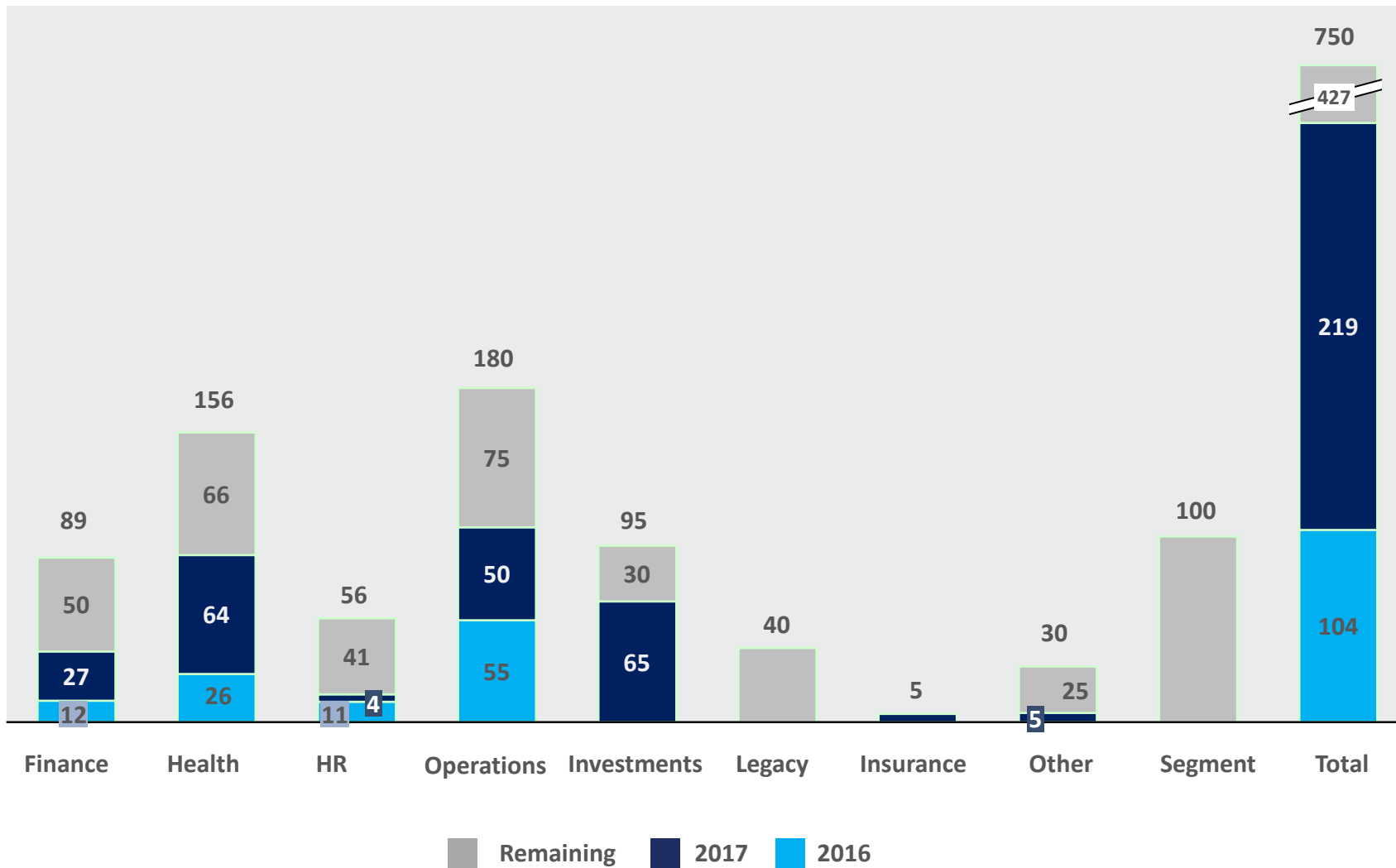
Optimisation project

- Operating model enables optimisation
- Accumulative savings target of R750 million by F2019
- R104 million of the target achieved in F2016
- R219 million of the target achieved in F2017
- R323 million of target realised to date

Excellence strategic focus area

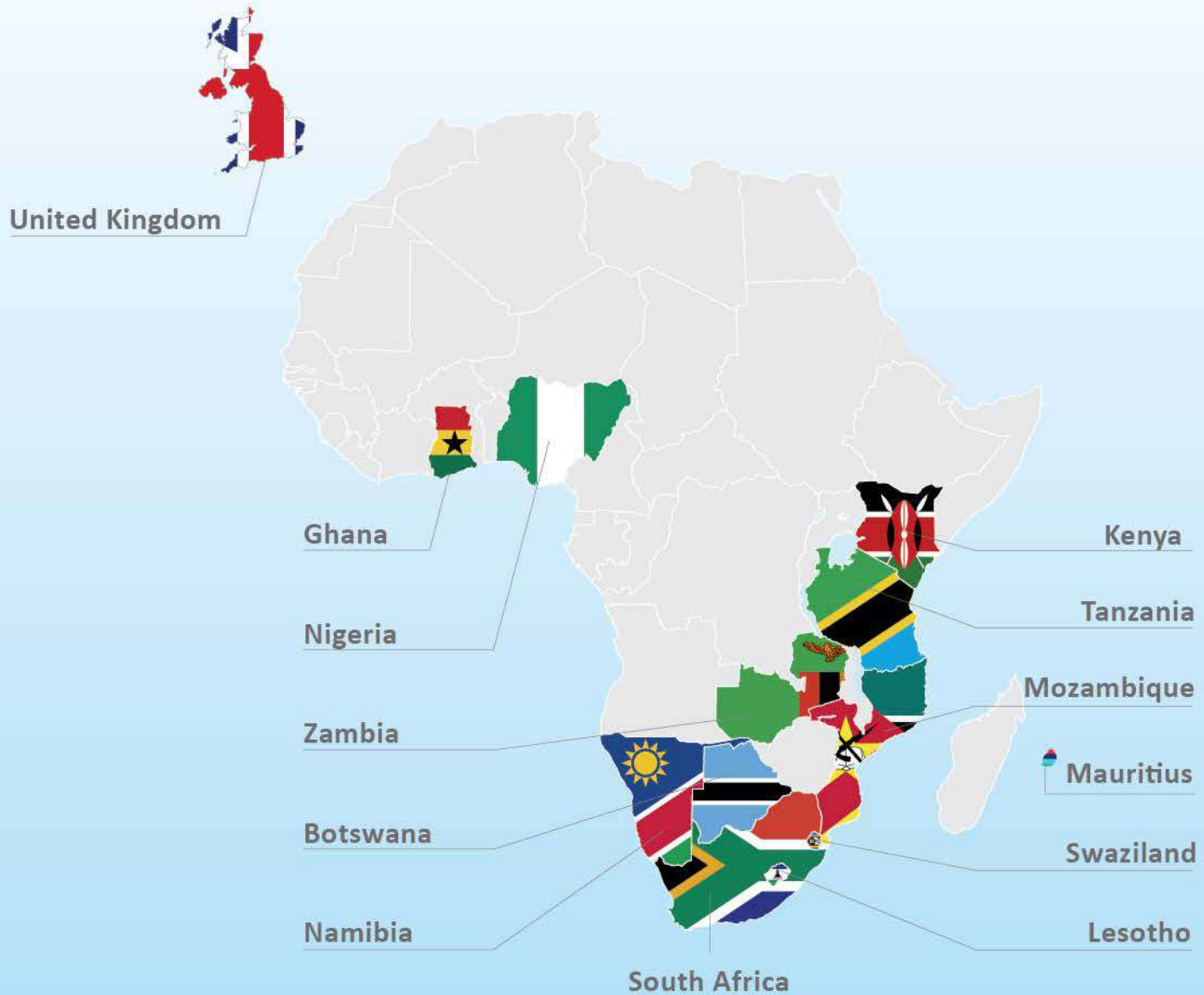
Good early progress: Achieved R323m of R750m target

R million



Excellence strategic focus area

Portfolio optimisation



Strategic focus areas: Excellence

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Excellence



Optimisation project



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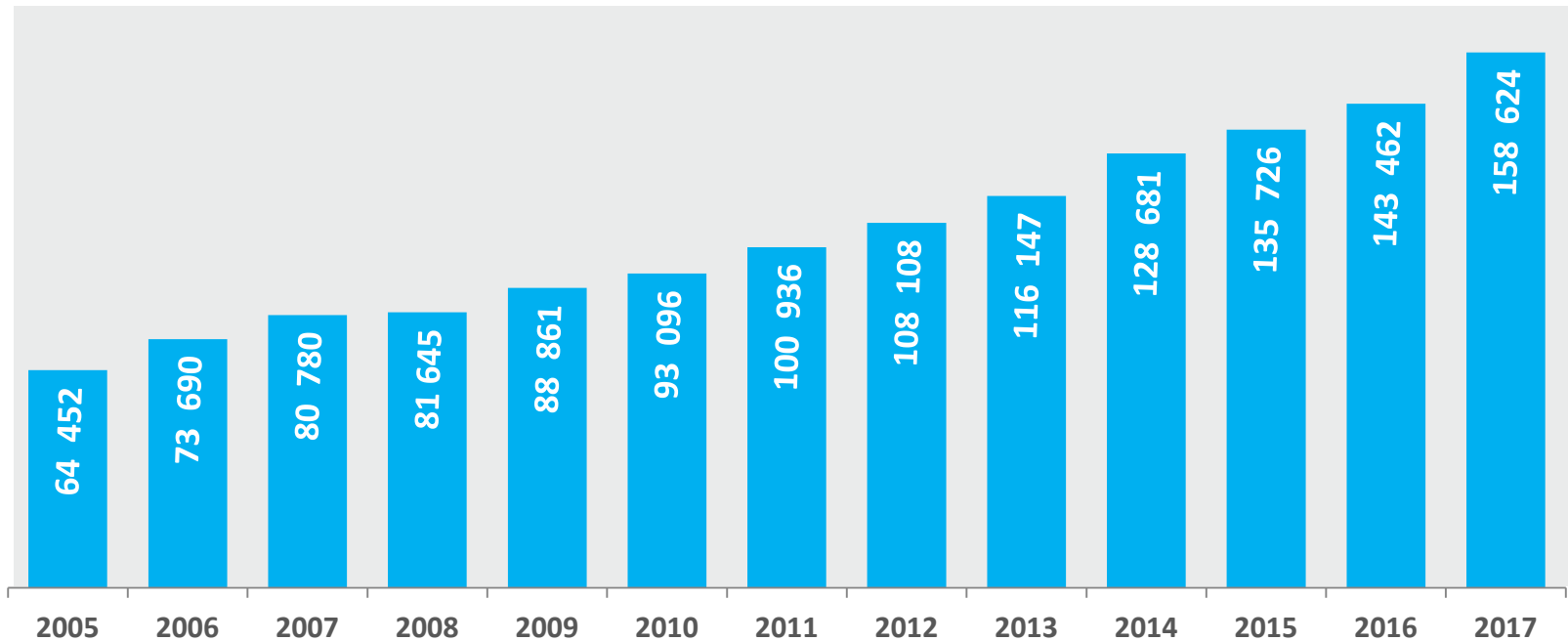
Culture

Data analytics

Excellence strategic focus area

Momentum Health: Open scheme growth

Open scheme membership growth

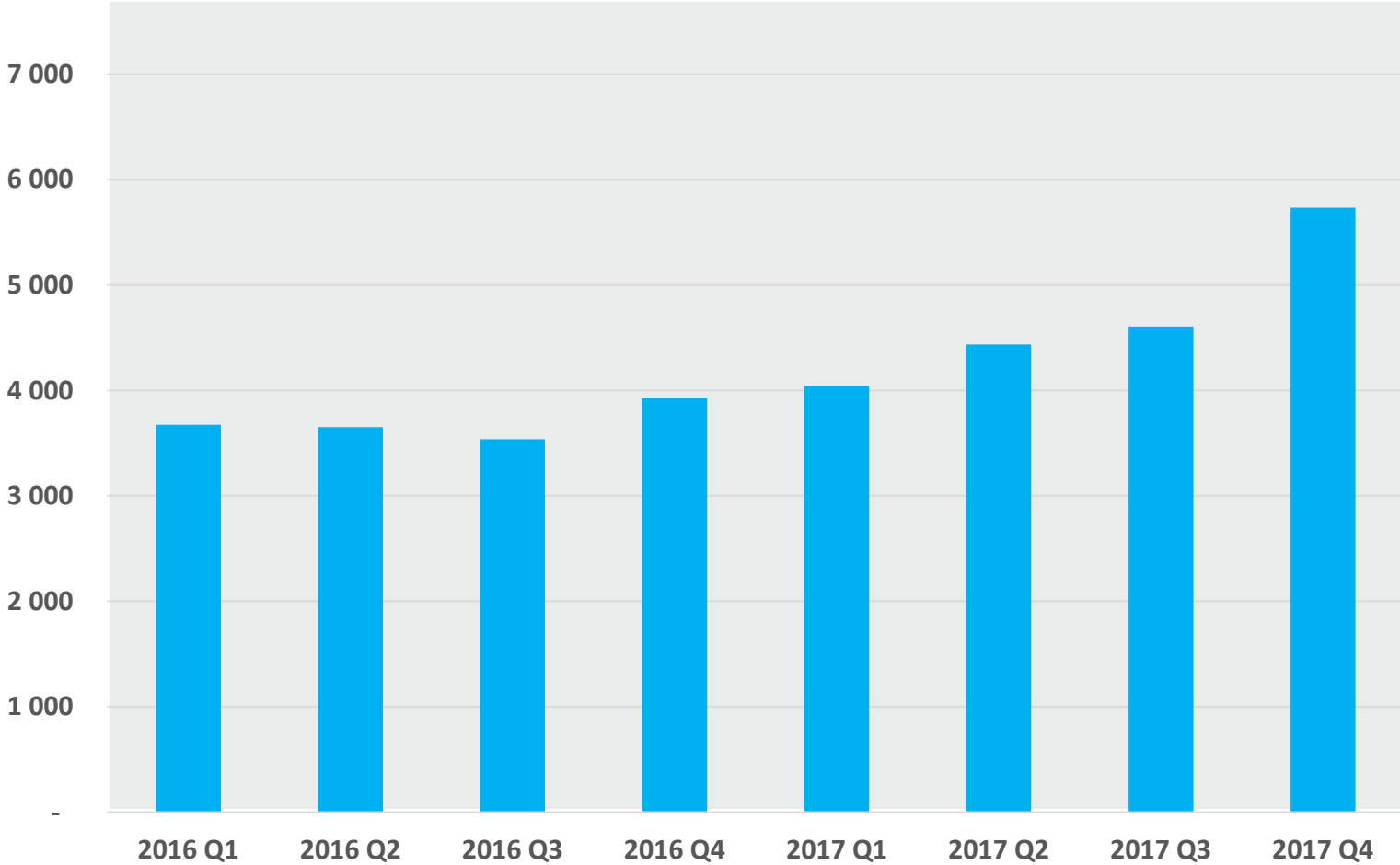


- Market leading growth
- Rated in top 2 health value propositions by consumers and advisers
- Took first place in “Product Supplier of the Year” – Healthcare category at the Financial Intermediaries Association Awards (June 2017).

Excellence strategic focus area

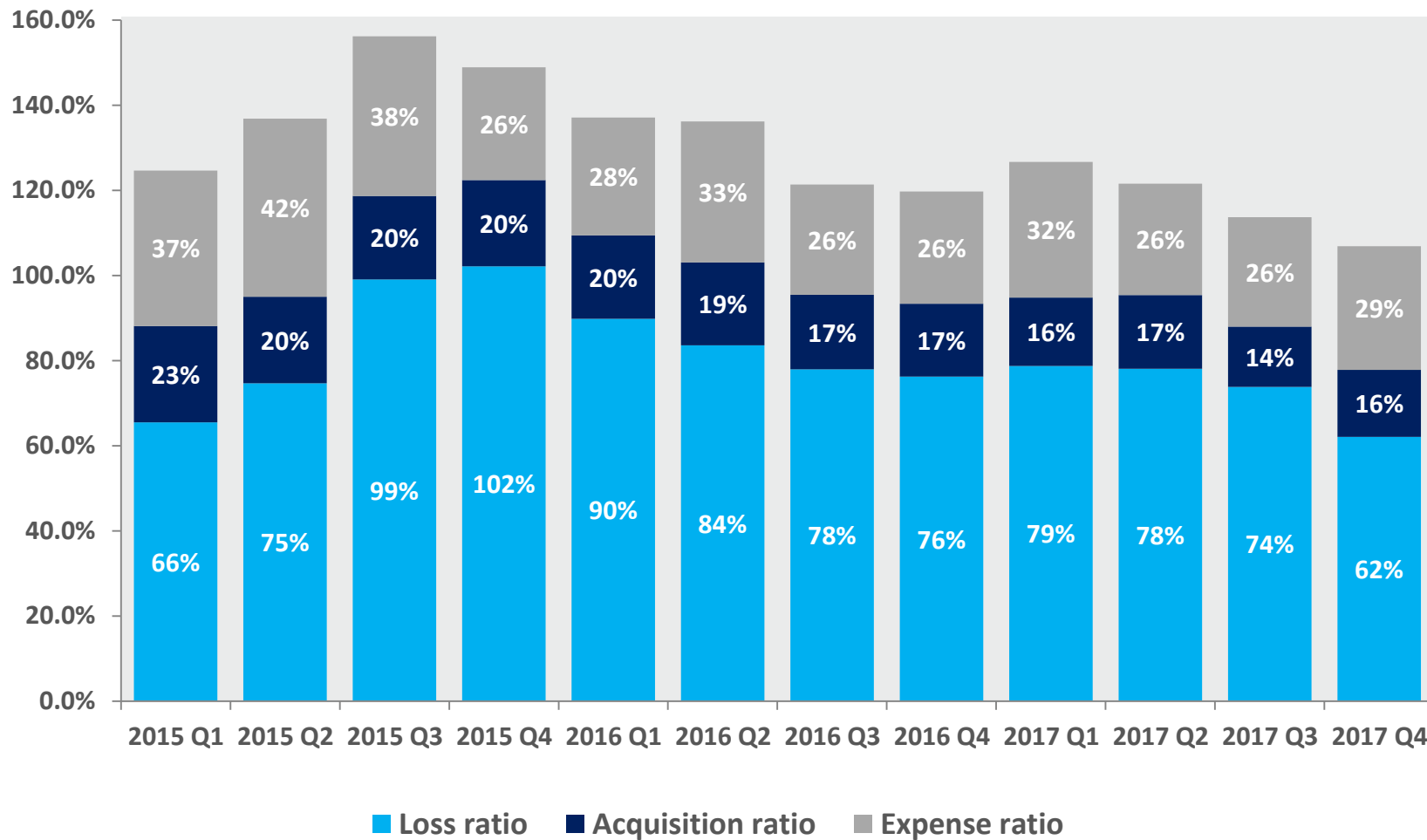
Short-term Insurance: Sales volumes increasing

New Policies



Excellence strategic focus area

Short-term Insurance: Key ratios improving

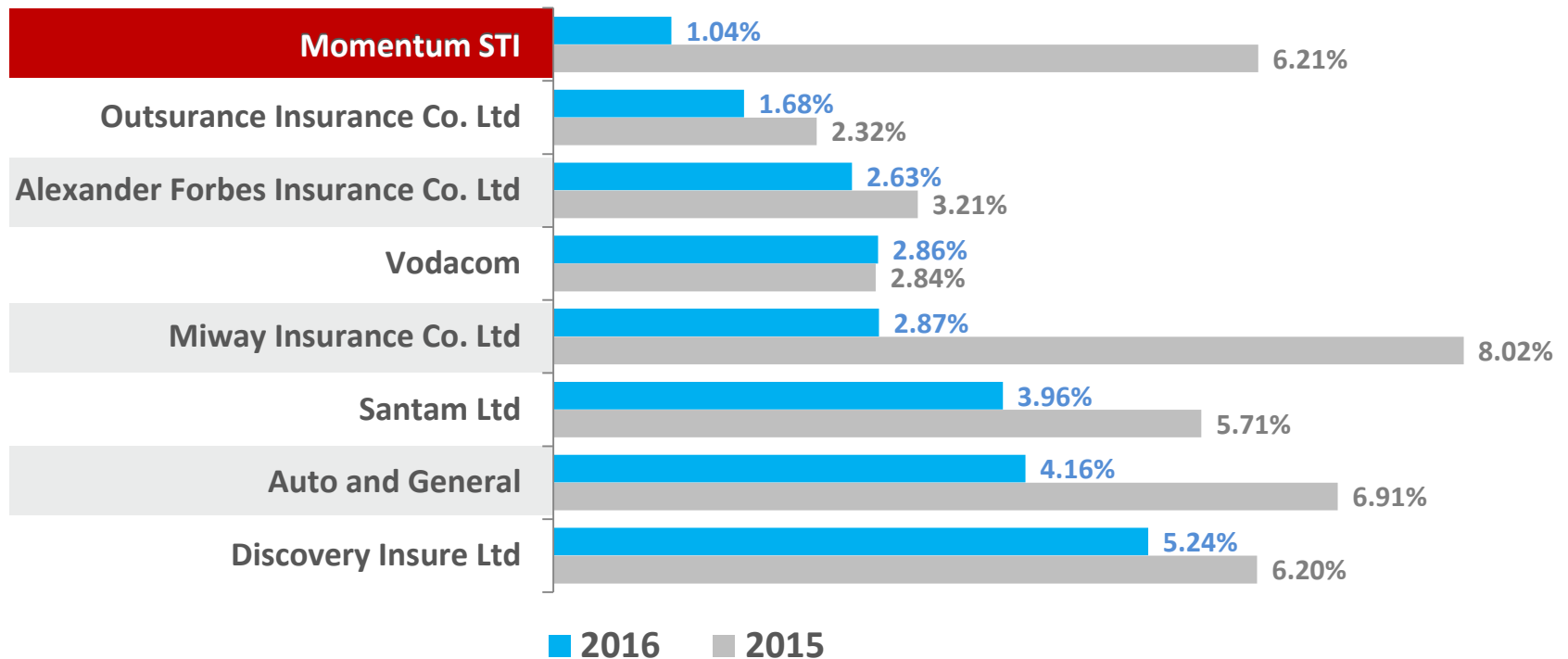


Excellence strategic focus area

Short-term Insurance: Lowest overturn rate of any insurer in the SA industry

- Only 3.41 complaints out of every 1 000 claims submitted
- Overturn rate: 4.29% significantly below the industry average of 27%

Complaints overturned per 10 000 claims



Excellence strategic focus area

Investments: Outcome-based Investing

Momentum Mom Enhanced Factor portfolio range returns as at 30 June 2017

Portfolio	Three years	Four years	Five years	Six years	Seven years
Momentum MoM Enhanced Factor 7 CPI +7%	7.3% 12.4%	11.6% 12.7%	14.0% 12.7%	14.0% 12.7%	14.5% 12.5%
Momentum MoM Enhanced Factor 6 CPI +6%	7.3% 11.4%	11.1% 11.7%	13.1% 11.7%	13.1% 11.7%	13.5% 11.5%
Momentum MoM Enhanced Factor 5 CPI +5%	7.4% 10.4%	9.9% 10.7%	11.0% 10.7%	11.3% 10.7%	11.9% 10.5%
Momentum MoM Enhanced Factor 4 CPI +4%	7.0% 9.4%	9.2% 9.7%	9.8% 9.7%	10.0% 9.7%	10.5% 9.5%
Momentum MoM Enhanced Factor 3 CPI +3%	6.6% 8.4%	8.5% 8.7%	8.7% 8.7%	9.2% 8.7%	9.1% 8.5%

Strategic focus areas: Enablers

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Client centricity



Geographical diversification



Excellence



Financial aspirations

Growth in earnings

Growth in value of new business

Return on embedded value



Client aspirations

“My Financial Wellness partner”



Enablers

Flexible and modular systems

Innovation

Culture

Data analytics

Enablers

Innovation: LifeQ Health and Wellness – the LifeQ solution



- LifeQ and MMI in close partnership for the last year
- Pilot of 1 000 people to test and validate the value of a wearable based solution
- Positive outcome and commercial launch planned for early 2018

Initial underwriting

Dynamic and personalised underwriting

LifeQ



Effective client engagement

Disease prediction and prevention

**THE SMART EXIT SERVICE HAS RECEIVED INDUSTRY
RECOGNITION FOR ITS INNOVATION AND BRILLIANT
CUSTOMER EXPERIENCE**



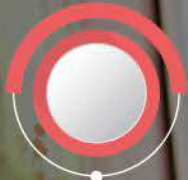
LOERIES
DURBAN

WITHIN MMI'S C&PS BUSINESS WE HAVE
STARTED A JOURNEY TO **RE-IMAGINE** OUR
KEY CLIENT JOURNEYS



WE FOLLOWED AN INNOVATIVE APPROACH TO DELIVER THE SOLUTION

Discover



Describe



Design



Develop



Release



Architect and integrate



WE RECOGNISED THAT OUR CURRENT EXPERIENCE NEEDED TO IMPROVE

momentum

FundsAtWork Umbrella Funds
Withdrawal form (resignation, dismissal, retrenchment, end of contract, liquidation of employer, employer's termination of participation in the Fund, other)

Member number

Please complete this form using the fields provided. Use the tab key to move from one field to the next.

Please attach the following documents:
* A copy of ID / Passport.
* A copy of your bank statement not older than three months or a cancelled cheque.

Note:
SARS does not allow cancellation of a tax directive once it is received. Please consider your choice carefully before this form is sent to Momentum for processing.

Section 1: Employer and fund details

Name of fund:

Name of employer:

Section 2: Member details

Employee number:

Title: Initials: First name:

Surname:

Date of birth: - -

RSA ID: Yes No ID / Passport number:

Passport country of origin:

Residential address:

Section 6: Withdrawal details and options (to be completed by the member)

If you belong to the FundsAtWork Umbrella Pension Fund, complete the Pension Fund section.
If you belong to the FundsAtWork Umbrella Provident Fund, complete the Provident Fund section.
If you belong to both, complete both the Pension Fund and Provident Fund sections.

Cash withdrawals are subject to income tax.

Pension Fund

transfer the whole withdrawal benefit to the Momentum Corporate Pension Preservation Fund (not necessary to complete section 6a and 6b);

transfer the whole withdrawal benefit to another approved pension fund, approved provident fund, approved pension preservation fund, or approved retirement annuity fund (complete section 6b);

take a portion of the withdrawal benefit in cash and transfer the balance to the Momentum Corporate Pension Preservation Fund (complete section 6a);
Indicate the rand amount / percentage you want to withdraw in cash: R or %

take a portion of the withdrawal benefit in cash and transfer the balance to another approved pension fund, approved provident fund, approved pension preservation fund or approved retirement annuity fund (complete section 6a and 6b);
Indicate the rand amount / percentage you want to withdraw in cash: R or %

transfer a portion of the withdrawal benefit to an approved retirement annuity fund and the balance to an approved pension preservation fund (complete section 6b1 and 6b2);
Indicate the rand amount / percentage you want to transfer to the approved annuity fund: R or %

take the whole withdrawal benefit in cash (complete section 6a).

Provident Fund

transfer the whole withdrawal benefit to the Momentum Corporate Pension Preservation Fund (not necessary to complete 6a and 6b);

transfer the whole withdrawal benefit to the Momentum Corporate Provident Preservation Fund (not necessary to complete 6a and 6b);

transfer the whole withdrawal benefit to another approved pension fund, approved provident fund, approved pension preservation, approved provident preservation or approved retirement annuity fund (complete section 6b);

take a portion of the withdrawal benefit in cash and transfer the balance to the Momentum Corporate Pension Preservation Fund (complete section 6a);
Indicate the rand amount / percentage you want to withdraw in cash: R or %

take a portion of the withdrawal benefit in cash and transfer the balance to the Momentum Corporate Provident Preservation Fund



Tedious manual process



Uninformed decision making



Lacking the right information

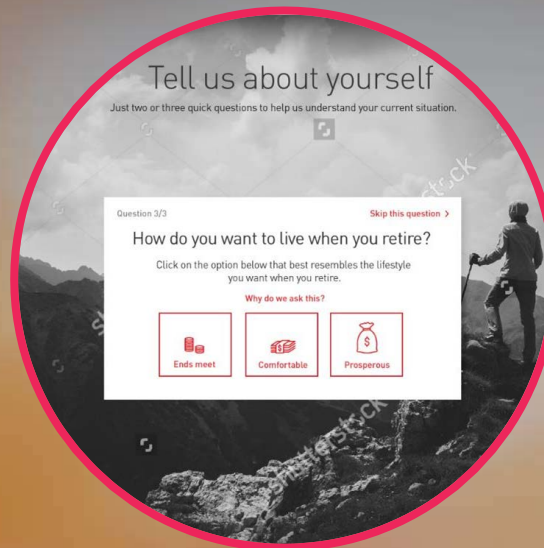


No holistic view



Complex language

WE HAVE DELIVERED WHAT WE BELIEVE IS A CLIENT-CENTRIC SERVICE



The right information

At the right time

Thought provoking questions

Interactive scenario analysis

Simple language

Powerful visuals

OUR GOAL WITH THE NEXT JOURNEYS – MEMBER RETIREMENTS & THEN ONBOARDING – IS NOT TO MATCH WHAT WE DID WITH SMART EXIT, BUT TO TAKE IT TO THE NEXT LEVEL

“We don’t get a chance to do that many things, and every one should be really excellent. Because this is our life. Life is brief, and then you die, you know? And we’ve all chosen to do this with our lives. So it better be damn good. It better be worth it.”

– Steve Jobs



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momentum



METROPOLITAN

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Business performance:

Financial aspirations

Financial aspirations

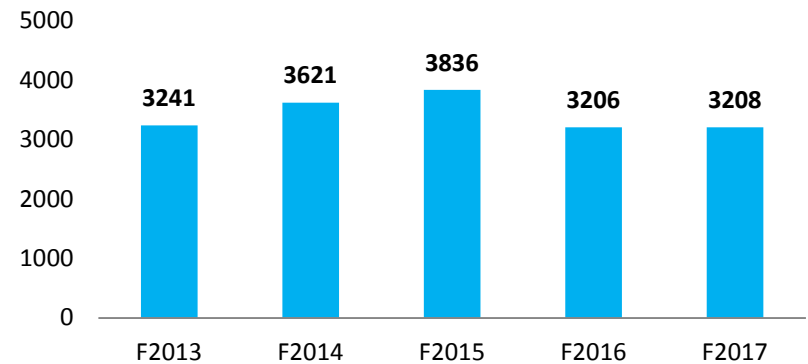
Growth in earnings

Growth in value of new business

Return on embedded value

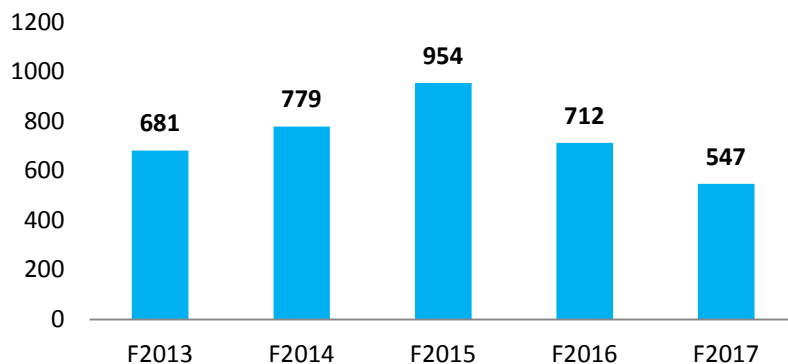
R'm

Core earnings



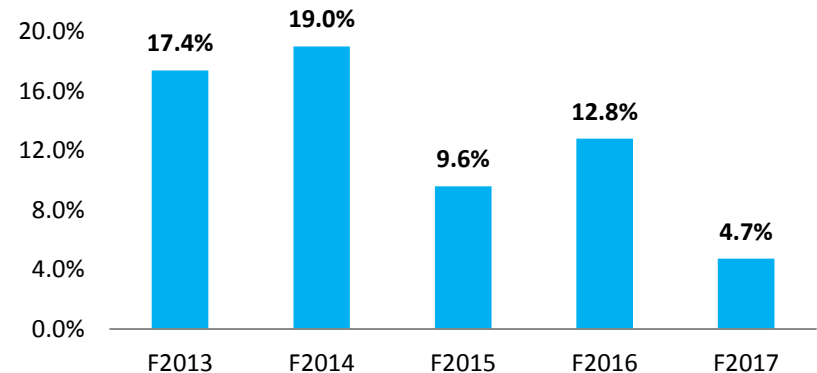
R'm

Value of new business



R'm

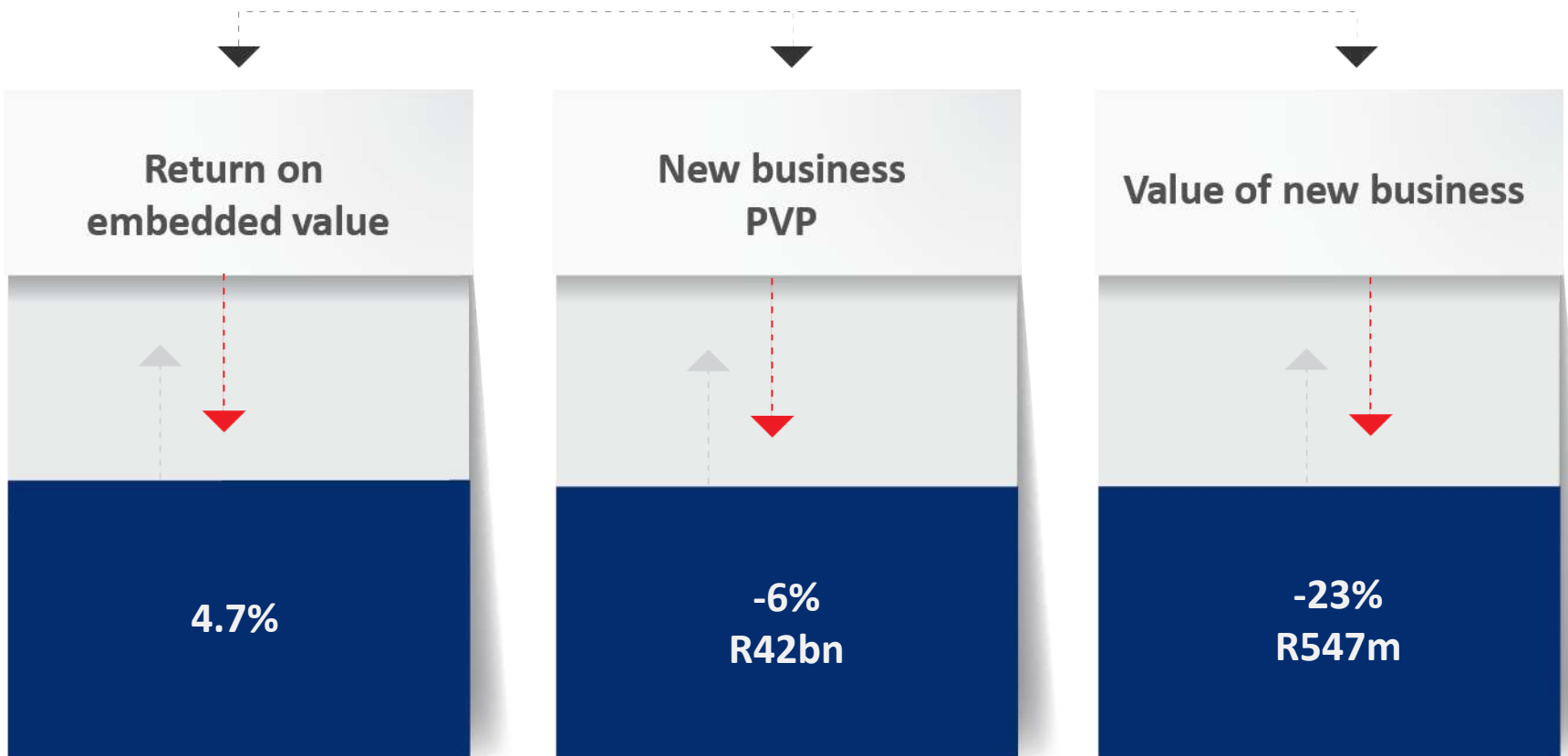
Return on embedded value



Business performance:

F2017 Financial aspirations

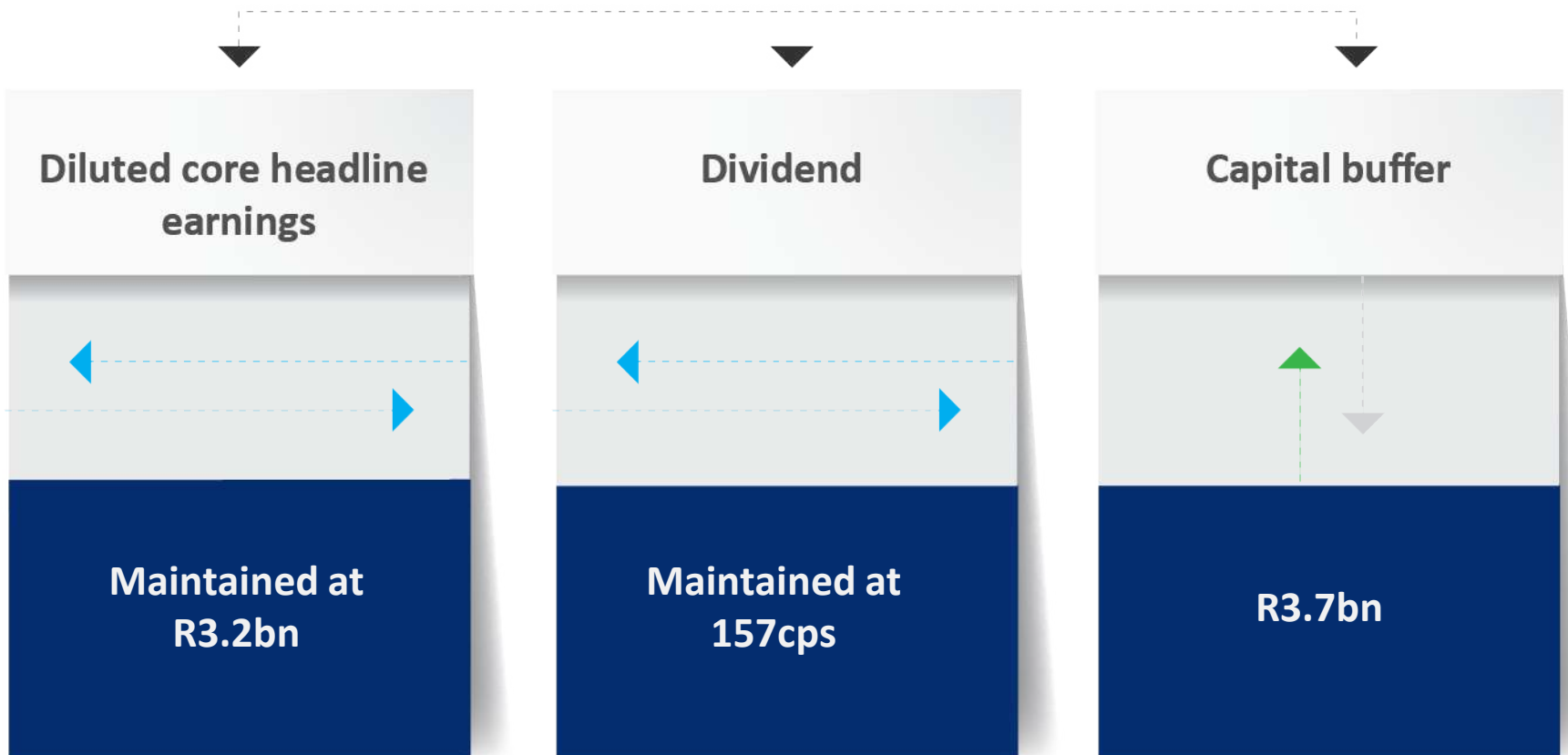
Financial aspirations



Business performance:

Financial aspirations

Financial aspirations



Financial aspirations:

Growth in earnings

Diluted core headline earnings per segment

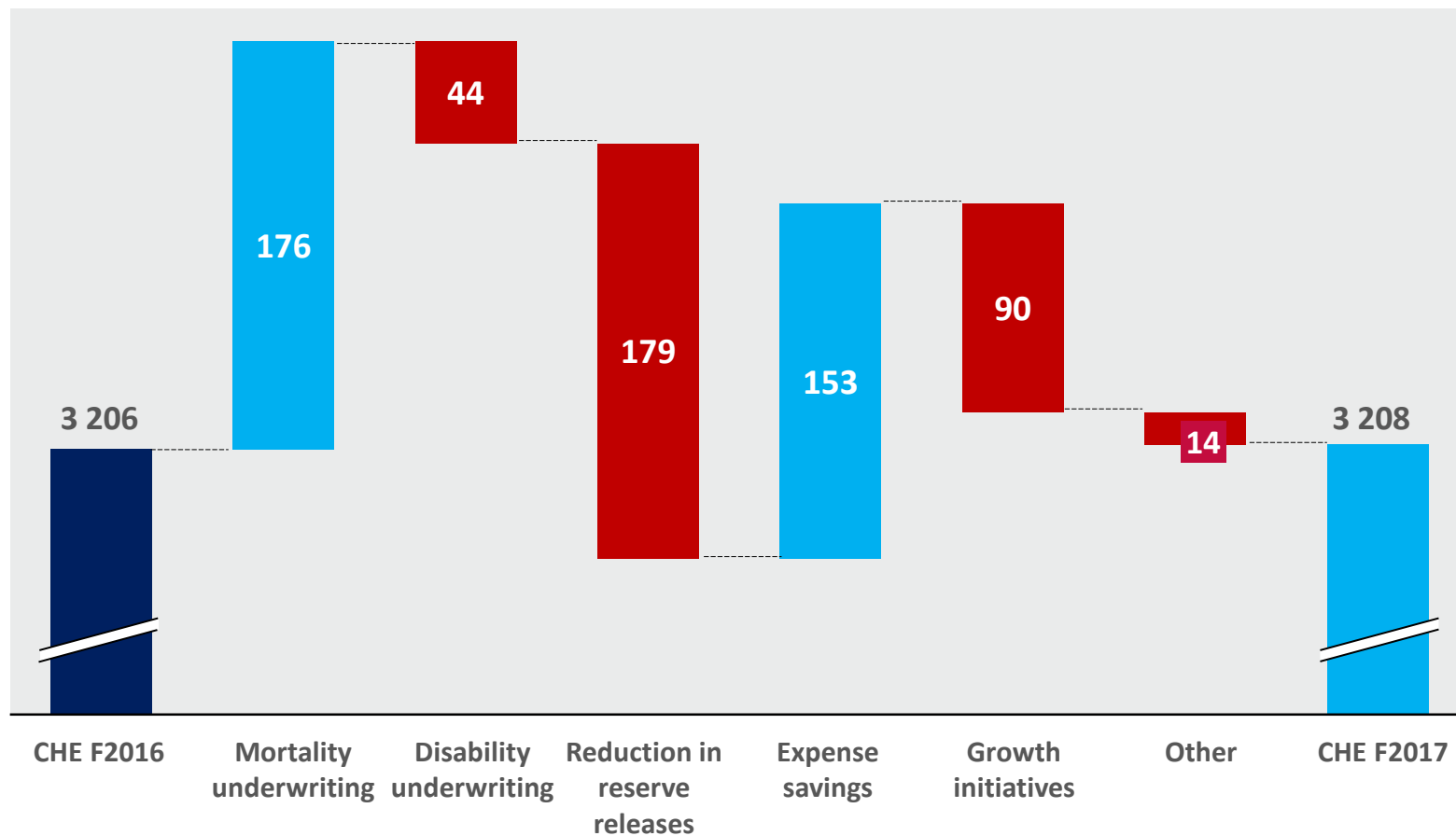
	June 2017	June 2016	1 year change
	<i>Rm</i>	<i>Rm</i>	%
Momentum Retail	1 271	1 493	(15)
Metropolitan Retail	660	700	(6)
Corporate and Public Sector	835	680	23
International	(166)	(156)	(6)
Segment results	2 600	2 717	(4)
Shareholder capital	608	489	24
Total	3 208	3 206	-

Financial aspirations:

Growth in earnings

Significant factors impacting core headline earnings (CHE)

R'm



Financial aspirations:

Growth in earnings: Momentum Retail down 15%

Momentum Retail core headline earnings key factors:

- More conservative reserving on certain benefits, Investo loyalty bonuses and Myriad booster benefit
- F2016 margin releases not recurring in F2017
- Persistency and alteration experience was positive
- Reduction in losses for the Health and Short-term Insurance business

Financial aspirations:

Growth in earnings: Metropolitan Retail down 6%

Metropolitan Retail core headline earnings key factors:

- Lapse experience on new business weakened over the year
- High number of new intermediaries with lower collection ratios
- Strong annuity profits and positive mortality and credit risk variances offset negatives

Financial aspirations:

Growth in earnings: Corporate and Public Sector 23%

Corporate and Public sector core headline earnings key factors:

- Improved mortality underwriting profits
- Still offset by losses on disability business
- Minimal expense growth
- The Health administration business performed better than expected
- Good performance by Guardrisk

Financial aspirations:

Growth in earnings: International down 6%

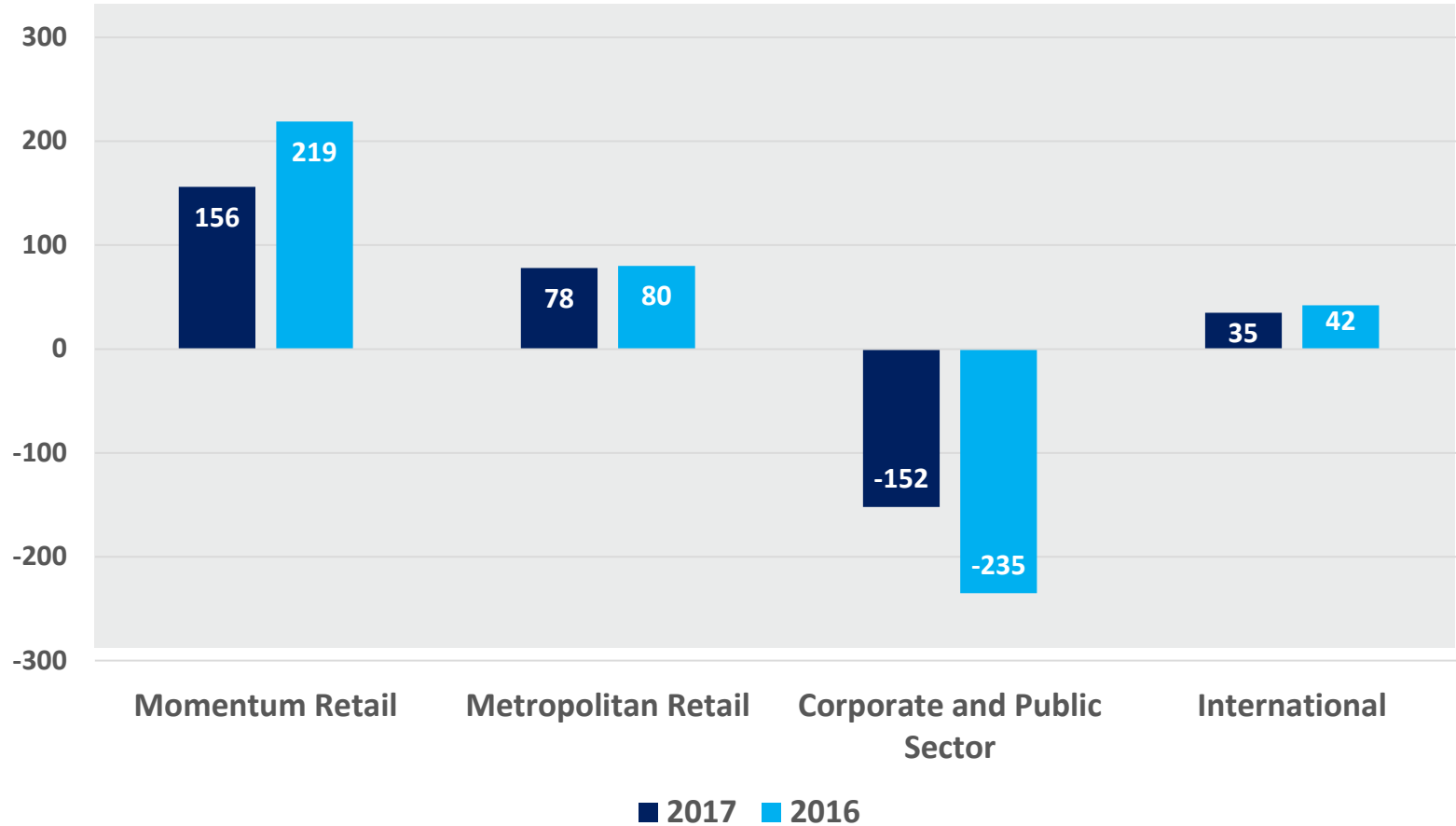
International core headline earnings key factors:

- Earnings slightly up in developed southern African countries
- Losses in the smaller life insurance operations and short-term insurance businesses
- Investments in new initiatives (India and aYo included for the full year)
- Increased centre expenses incurred to support in-country activities

Financial aspirations:

Mortality and morbidity experience variance

R'm



Financial aspirations:

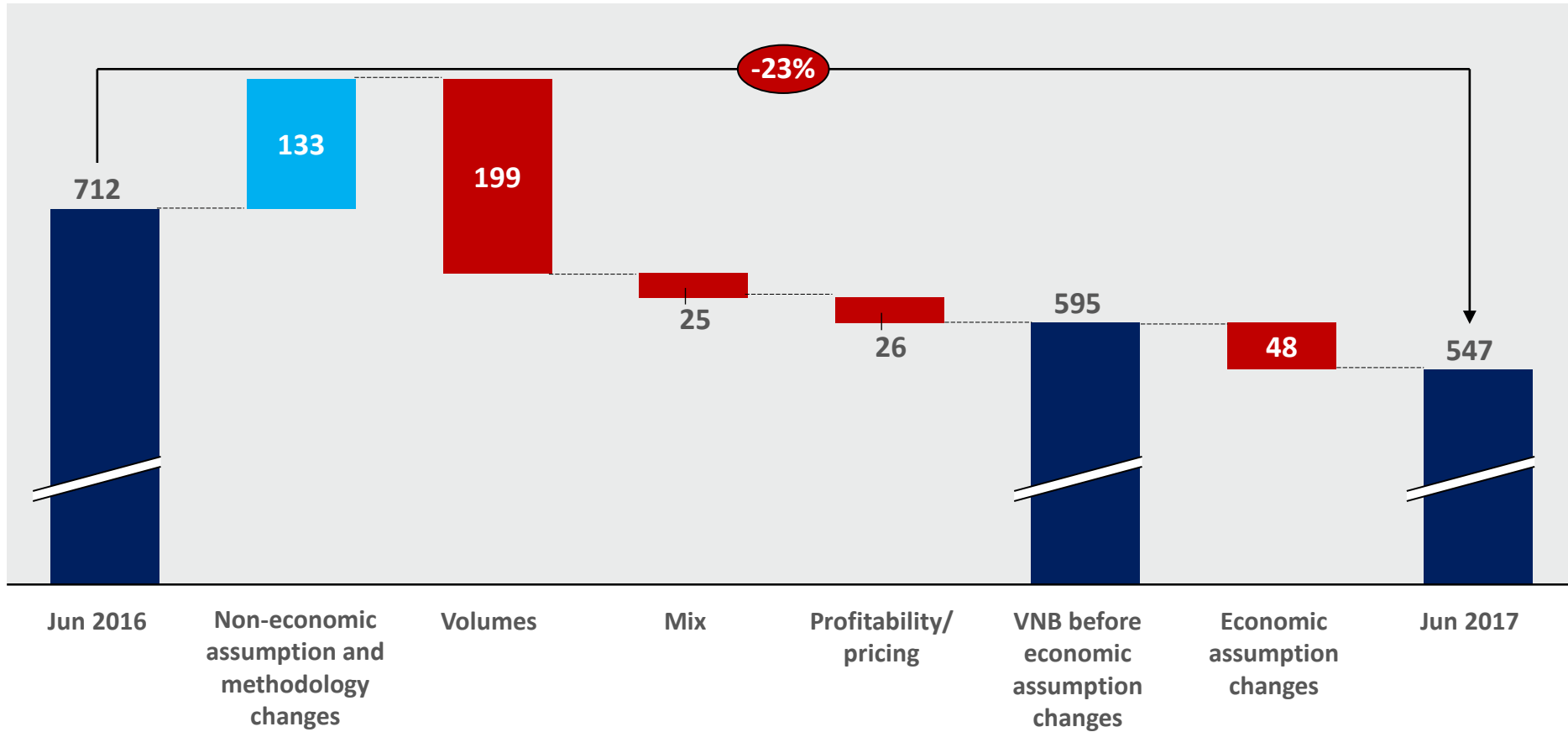
Growth in value of new business

New business per segment

	June 2017	June 2016	Change
	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Momentum Retail	22 774	23 468	(3)
Metropolitan Retail	5 164	4 936	5
Corporate and Public Sector	11 121	13 232	(16)
International	2 536	2 454	3
Total PVP	41 595	44 090	(6)
Total APE	5 733	5 928	(3)

Financial aspirations:

Growth in value of new business



Financial aspirations:

Growth in value of new business

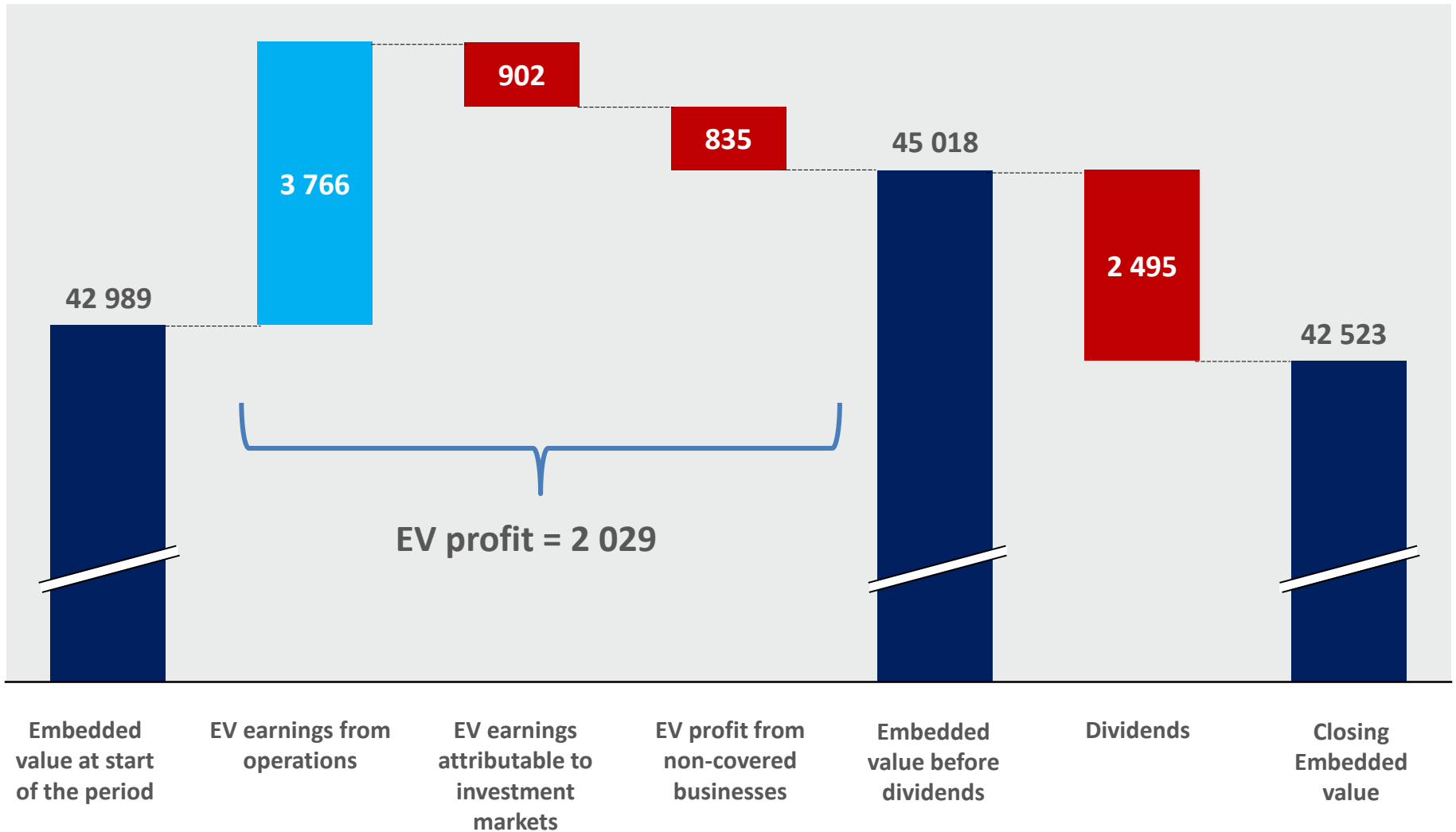
Value of new business per segment

	June 2017	June 2016	Change
	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Momentum Retail	228	251	(9)
Metropolitan Retail	178	191	(7)
Corporate and Public Sector	68	199	(66)
International	73	71	3
Total	547	712	(23)
New business margin (PVP)	1.3%	1.6%	(0.3)

Return on embedded value:

EV analysis

R'm



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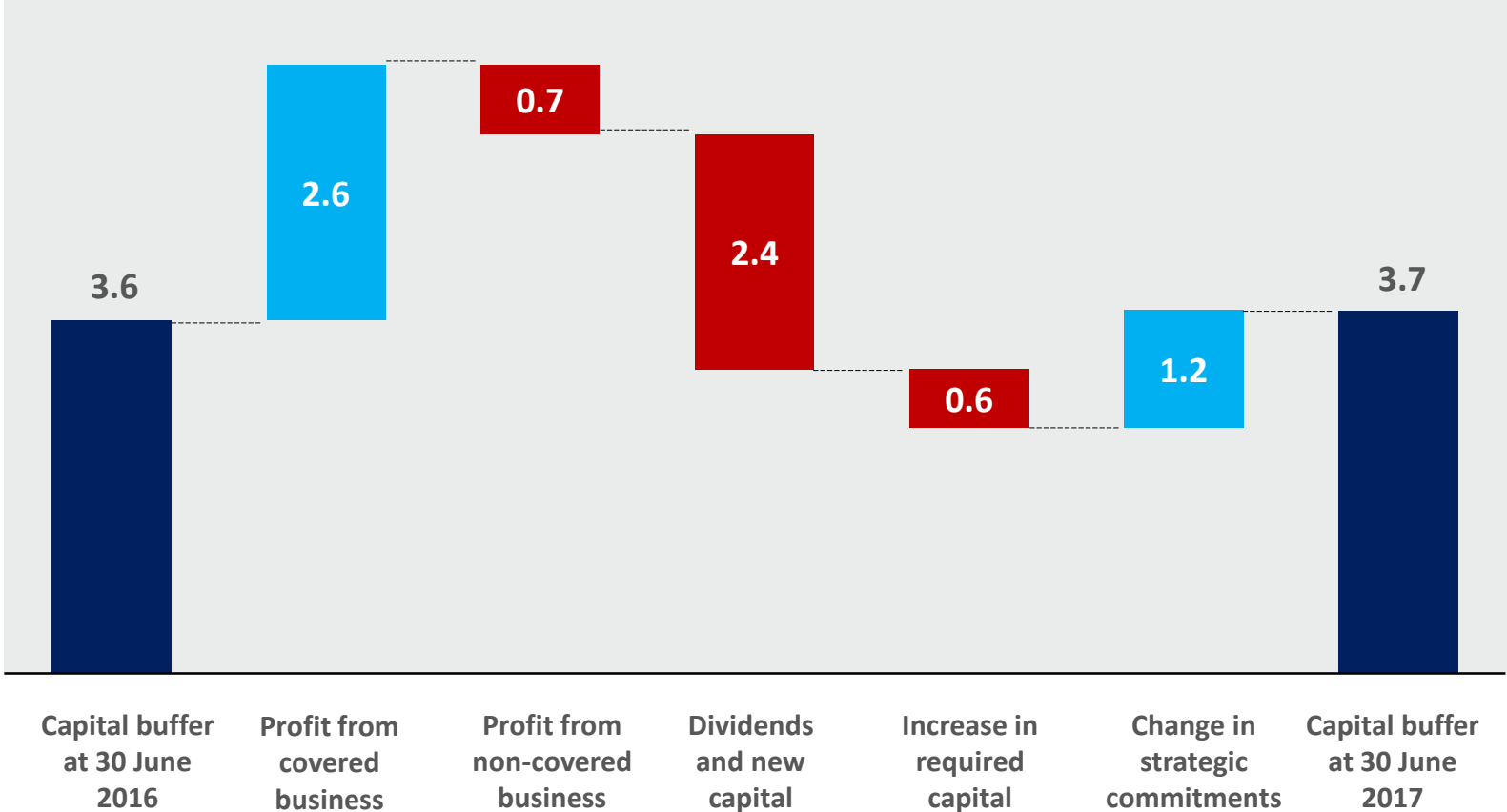
Capital management:

Economic capital

R'bn	June 2017	June 2016
Net asset value as per embedded value statement	16.3	16.9
Qualifying debt	3.6	3.6
Less: net asset value of strategic subsidiaries	(3.6)	(3.5)
Less: required capital	(10.1)	(9.7)
Capital before deployment	6.2	7.3
Deployed	(2.5)	(3.7)
Dividend payable	(1.5)	(1.5)
Strategic initiatives	(1.0)	(2.2)
Capital buffer after deployment	3.7	3.6

Capital management: Change in the capital buffer

R'bn



Capital management:

Dividend

Factors considered

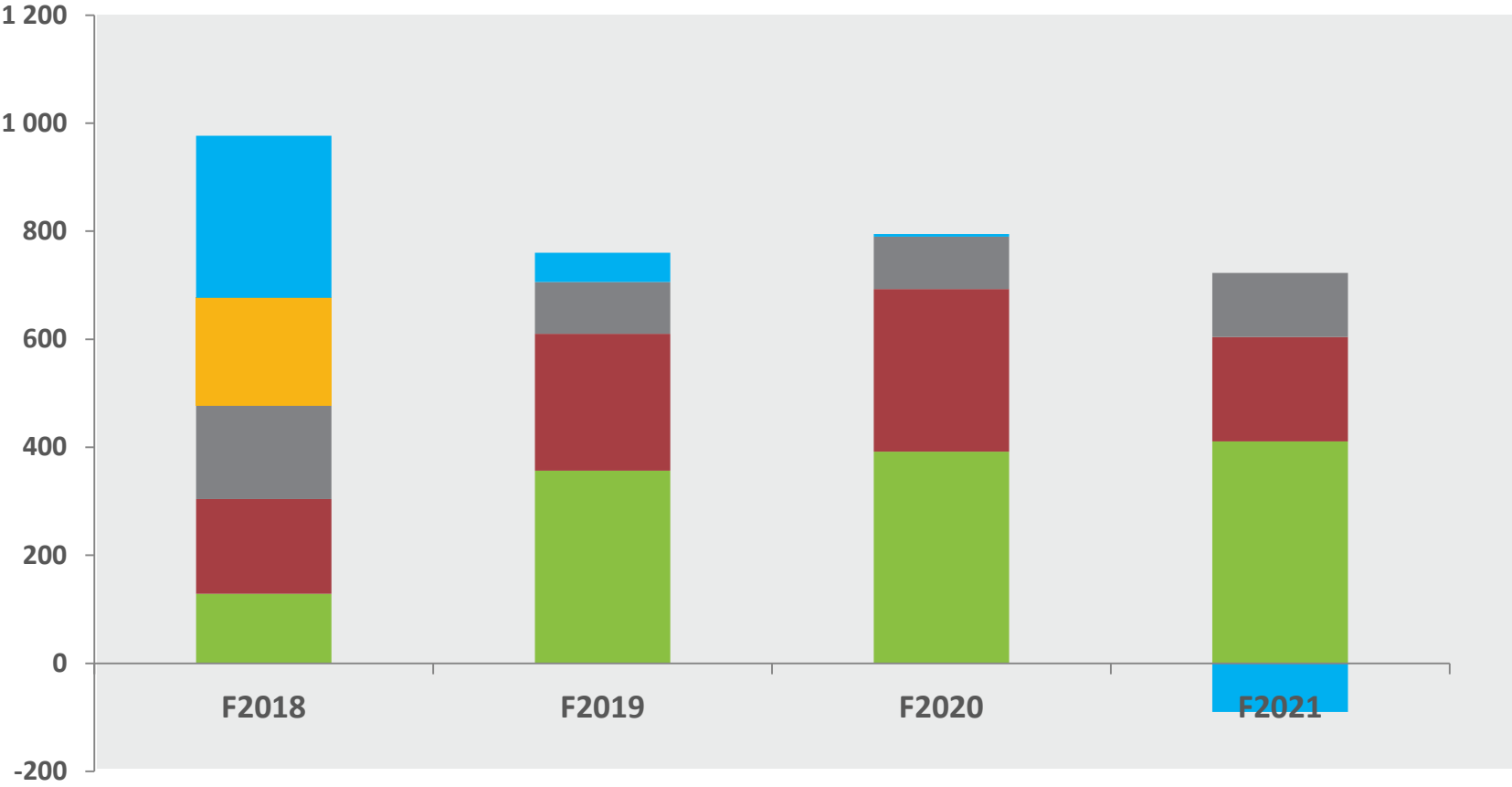
- Stable dividend growth over the long term
- Allowance for volatile investment markets, capital requirements and changes in legislation
- Earnings generation capacity and forecasts
- External factors
- Current dividend cover of 1.3x

Separate dividend policy from capital management

Dividend per share (cents)			
	2017	2016	Change
Interim ordinary dividend	65	65	0%
Final ordinary dividend	92	92	0%
Total ordinary dividend	157	157	0%

Capital management: Planned capital deployment

Rm



Other

Agenda

1

Key financial metrics

2

MMI strategy

3

Strategic delivery

4

Business performance

5

Capital management

6

Focus on execution

Focus on execution:



Client centricity

- Data analytics
- Client obsession



Growth

- Channel growth
- Geographic diversification
 - Aditya Birla
- African Bank



Excellence

- Capital optimisation
- Life Insurance
- Short-term Insurance
- Investment management
- Expense management

Focus on execution:

MMI Executive committee



Nicolaas Kruger
Group chief executive officer



Mary Vilakazi
Deputy chief executive officer
and group finance director



Khanyi Nzukuma
Chief executive Momentum Retail
and acting CE Metropolitan Retail



Innocent Dutiro
Chief executive International



Thinus Alsworth-Elvey
Chief executive Corporate
and Public Sector, UK and
Momentum Investments



Zureida Ebrahim
Chief executive Client
Engagement Solutions



Herman Schoeman
Chief executive Short-term
Insurance and Guardrisk Group



Jan Lubbe
Chief risk officer



Risto Ketola
Group chief financial officer



Linda Mthenjane
Group executive Human
Capital and Transformation



Ashlene van der Colff
Group head of operations



THANK YOU