



MMI HOLDINGS



Reset and grow

Results for the
year ended
30 June 2018



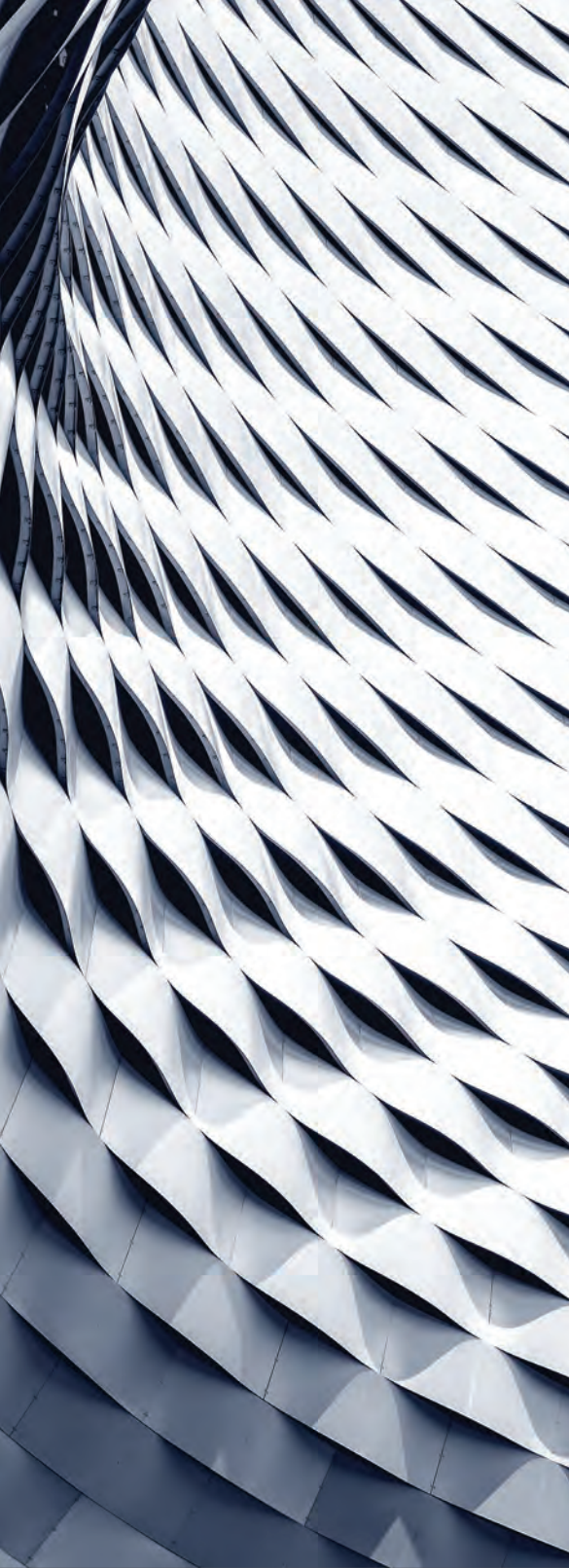
momentum



multiply

GUARDRISK

ERIS



Financial Results

Results for the year ended 30 June 2018

Summary of key metrics

During the year MMI Holdings has made good progress on implementing our plan to increase focus on execution. This reset in priorities is done to enable improved performance and future growth. Key activities include encouraging a more entrepreneurial culture, increased focus on successfully growing our core businesses in South Africa, and exiting marginal operations outside South Africa. To this end, we have also simplified our operating model and empowered our businesses with end-to-end accountability from sales to service. Although the continued challenging macro-economic environment negatively impacted MMI's financial results for the year ended 30 June 2018, operational shortcomings also played a part in the disappointing set of results.

MMI's diluted core headline earnings of R2 809m (176 cents per share) were down 12% year-on-year. This was despite strong mortality and disability results across the group (risk experience improved by R201m), as well as improved International results for remaining core operations (improvement of R118m). These positive factors were more than offset by increased investment in client engagement activities and specific technology investments to improve intermediary and client experience (increase of R92m), the impact of a reinsurance correction and a reinsurance loss including an allowance for higher future reinsurance premiums on Momentum Retail risk products (R181m aggregate negative impact), lower profits from the Momentum Retail legacy life products (R120m decline) and weaker early duration lapse experience in Metropolitan Retail (R44m reduction in IFRS persistency variance). MMI's share of losses from our new initiative investments in India and aYo increased by R90m, in line with business plans.

Diluted headline earnings were R1 341m lower than diluted core headline earnings in F2018. Of this difference, R685m arises from changes to actuarial assumptions. The positive investment variances seen during the first half of the year reversed due to the low investment market returns and a downward move in the yield curve between 31 December 2017 and 30 June 2018. Material actuarial assumption changes include a strengthening of the expense basis for retail operations, strengthened early duration lapse rates in Metropolitan Retail, and a lower assumed exposure to equities for the long-term portfolio supporting some of our large product lines. Another R115m of the difference is attributable to non-recurring items, including R77m arising from our decision to reduce our footprint in Africa and the UK.

At the interim results announcement, we communicated that we have revised our dividend policy and that we would repurchase R2bn worth of shares in lieu of paying dividends during the current calendar year as long as the share price remained at discount to embedded value (EV). At 30 June 2018, 47 million shares (R971 million, excluding trading cost) have been bought back. In doing this, we acquired R1.2 bn EV.

New business volumes are up 1% year-on-year to R42.2bn on a present value of new business premiums (PVNBP) basis. This included year-on-year growth of 3% for Momentum Retail and 1% growth for Momentum Corporate. PVNBP for Metropolitan Retail was down 1% for the year and International's PVNBP was down 8%, driven by a 13% decline in Namibia.

Overall value of new business (VNB) was disappointing and declined to R301m. This resulted in new business margins declining from 1.3% to 0.7% of premiums. Although overall sales volumes remained flat over the period, the margins were driven down by expenses increasing at a faster rate, significant assumption changes which partly resulted from more realistic treatment of expenses that were previously classified as unallocated, and re-pricing of some products. The increase in expenses includes investment into initiatives aimed at improving client and intermediary experience during the new business process. We believe that the main drivers of margin improvement in the future will be to improve the productivity and scale of our various distribution capabilities, as well as reducing operational and infrastructure costs. This will require ongoing product development and improvements in client service experience.

Group embedded value declined to R39.6bn (June 2017 EV was R42.5bn). This equates to EV per share of R25.43 at 30 June 2018. The return on embedded value (ROEV) for the year was -1.1% with the ROEV on covered business (mature life insurance operations) increasing by 7.3% during the period. The actuarial assumption changes mentioned above had a negative impact on covered EV earnings. The ROEV on non-covered business was significantly negative. This was mainly due to the implementation of a new methodology to determine non-covered valuations, which resulted in downward adjustments in the valuation of most businesses. The businesses mostly affected include asset management subsidiaries, Client Engagement Solutions and the holding company.

Key metrics	F2018	F2017	Δ %
Diluted core headline earnings (Rm)	2 809	3 208	(12)
Diluted core headline earnings per share (cents)	176	200	(12)
Diluted headline earnings per share (cents)	93	118	(21)
Operating profit after new initiatives (Rm)	2 345	2 600	(10)
Operating profit before new initiatives (Rm)	2 667	2 795	(5)
New business volumes (PVNBP, Rm)	42 177	41 595	1
Value of new business (Rm)	301	547	(45)
New business margin (%)	0.7	1.3	(0.6)
Embedded value per share (cents)	2 543	2 651	(4)
Return on Embedded Value (%)	(1.1)	4.7	(5.8)

Analysis of Group earnings

Diluted core headline earnings of R2 809m for the period declined by 12% year-on-year. Operating profits declined by 10% year-on-year, however, if we exclude the impact of our four large strategic investments (India, aYo, MMI Lending and Money Management) the operating profit on the established businesses declined by 5%.

Momentum Retail

Momentum Retail's core headline earnings declined by 28% to R920m. Earnings from covered operations (life insurance) were down 25% to R1 096m while losses from non-covered operations narrowed by 10% to R176m. Life Insurance demographic experience was strong with mortality, morbidity and persistency experience all better than expected. This was however offset by an allowance to correct a historic underpayment of reinsurance premiums (R43m), higher reinsurance premiums in the current year (R138m), and generally higher operating expenses relative to F2017. Covered core headline earnings for Momentum Investments declined R145m year-on-year. This was mainly due to modest growth in funds under management. Core headline earnings from the Legacy book declined by R120m year-on-year, largely as a result of a lower opening asset base. The corrected reserving for Investo Loyalty Bonus also continues to put pressure on the Legacy earnings.

Non-covered business in Momentum Retail showed an improvement of 10% to a loss of R176m. Notably, MSTI's core earnings improved by R91m year-on-year to a profit of R8m due to good growth in earned premiums, lower claims ratios, good expense management and the full recognition of the deferred tax asset in line with continued improvement in results. Momentum Health (the open scheme) also showed improved results due to increased membership and good expense management. These improvements were partly offset by the lower earnings from the non-covered Investments business and increased investment in our client engagement capabilities.

Metropolitan Retail

Metropolitan Retail's core headline earnings declined by 14% to R570m, mainly due to the weaker early duration lapse experience on funeral products, as well as investments in the African Bank joint venture, in our own branch network, and to improved technology available to our senior advisers. The decision to adopt a more conservative approach to capitalising IT development costs also affected earnings negatively. This was partly offset by positive mortality experience and investment returns.

Momentum Corporate

Momentum Corporate's core headline earnings increased by 8% to R903m. This increase was partly driven by an improvement in group risk underwriting experience.

This includes a strong improvement of roughly R100m year-on-year on PHI disability experience. This was partly offset by a decline in risk experience on group life insurance and lump sum disability business. Management initiatives around the underwriting experience such as premium re-ratings, increased focus on client servicing and the revised risk-pricing strategy have all contributed to the improved underwriting earnings performance. An emphasis on expense management also had a positive impact on earnings.

Guardrisk performed exceptionally well again, increasing its core headline earnings by 29% year-on-year to R258m. One of the main drivers of the performance is a significant improvement in underwriting experience for the year. In the Health business (corporate and public sector schemes), expense savings were a notable contributor of the 11% earnings improvement to R150m. This includes the impact of introducing a 49% BEE shareholding into our public sector business which reduced our share of earnings by R25m.

International

Core headline earnings have improved significantly from a loss of R166m for the previous period to a loss of R48m for F2018. This includes the impact of R88m higher losses from our mobile insurance start up initiative (aYo) and the health insurance joint venture in India (Aditya Birla). These losses are in line with our business plans. The overall improvement was mainly due to a R57m reduction in central support costs as we start our exit from some African countries, improved PHI experience in Namibia, as well as strong profit growth from our UK asset management business. Growth in the Ghana, Nigeria, and Lesotho life businesses also contributed to the improved result.

Shareholder Capital

The Shareholder Capital segment reflects investment income on capital held to support operations, earnings from start-up ventures not yet incorporated into other segments, and costs not allocated to operating segments (mainly holding company expenses).

The core headline earnings contribution from Shareholder Capital is down 24% to R464m for F2018, partially due to the sale of a high-yielding property that was held in the shareholder portfolio during F2017, the proceeds of which are now utilised for ongoing property developments that are not yet in rental generating stage. A decrease in average money market yields also impacted the Shareholder Capital earnings. Finance costs on subordinated debt also increased due to R750m of new debt being issued during the period. It should also be noted that the ongoing investments into new initiatives have a negative impact on the size of the investment income earning asset base.

Core headline earnings (Rm)	F2018	F2017	Δ %
Momentum Retail	920	1271	(28)
Metropolitan Retail	570	660	(14)
Momentum Corporate	903	835	8
International	(48)	(166)	71
Operating segments	2 345	2 600	(10)
Shareholder Capital	464	608	(24)
Diluted core headline earnings	2 809	3 208	(12)

New business commentary

New business volumes for the year increased 1% to R42.2bn when measured as PVNBP. The largest contributor to new business is Momentum Retail where volumes ended 3% higher for the period. Overall the new business margin was disappointing and declined to 0.7%.

Momentum Retail

Momentum Retail sales were 3% up over the year on a PVNBP basis. Single premium business increased by 2% while recurring premium business increased by 1%. We have seen good growth in our offshore Wealth business, in the new Guaranteed Return Option product, and in recurring savings products. The increase in volumes did not translate into growth in value of new business, which decreased to R98m (0.4% margin on premiums). This was mainly driven by initial expenses increasing at a faster rate than volume growth. In addition, more competitive pricing introduced on our Momentum Wealth platform in April 2017 also negatively affected value of new business.

Metropolitan Retail

Metropolitan Retail sales volumes on a PVNBP basis were down 1% year-on-year. Metropolitan grew recurring premiums by 2%, including risk business up 1% and savings business up 4%. PVNBP was negatively affected by strengthening of the early duration lapse assumptions. Value of new business

declined to R84m mainly due to the new lapse assumptions, higher renewal expense assumptions and a change in mix towards lower margin products. New business margin decreased to 1.6%.

Momentum Corporate

Momentum Corporate new business on PVNBP basis increased 1% for the year. Recurring premiums were up 7% while single premiums were 10% down year-on-year. Improved recurring premiums were driven by our FundsAtWork umbrella fund. Large corporate risk inflows remained under pressure in line with the competitive underwriting cycle as well as the stricter pricing. With significant effort and resources having been dedicated to re-building the sales and distribution environment, it was pleasing to see increasingly improved new business performance as the financial year progressed. Value of new business in Corporate increased by 82% to R124m, while new business margin increased from 0.6% to 1.1%.

International

International new business volumes were down 8% year-on-year, which resulted in value of new business declining to a negative R5m. The decline can be ascribed to the combination of lower volumes and modelling changes on sales related expenses as well as an increase in initial expenses.

Present Value of New Business Premiums (Rm)	F2018	F2017	Δ %
Momentum Retail	23 531	22 774	3
Metropolitan Retail	5 091	5 164	(1)
Momentum Corporate	11 218	11 121	1
International	2 337	2 536	(8)
MMI total PVNBP	42 177	41 595	1

Embedded Value

Our total EV was R25.43 per share on 30 June 2018, representing an ROEV of negative 1.1% for the year. Our covered business produced reasonable EV growth given the significant negative impact of assumption changes and generated ROEV of 7.3%. The ROEV on non-covered operations was -35%, mainly resulting from a new valuation approach, which resulted in significant downward adjustments in the valuation of most businesses.

Operating assumption changes

We made significant operating assumption changes with a net negative impact on EV of R975m. The impact of the expense basis change for the retail businesses was negative R974m and was introduced following significant overall negative expense variances during F2018. This was partly offset by a positive expense basis change of R526m for Momentum Corporate.

Embedded value profits(Rm)	EV total	ANW	Net VIF
New business	301	(1658)	1 959
Unwind of RDR	2 691	0	2 691
Expected profit	0	3 766	(3 766)
Experience variance	(177)	(22)	(155)
Operating assumptions	(975)	(966)	(9)
Investment return on ANW	636	636	0
Investment variance	(46)	(81)	35
Economic assumption changes	29	18	11
FX translation effect	21	13	8
EV profit on non-covered	(2 949)	(2 949)	0
EV Earnings	(469)	(1 243)	774

Experience variance

Our overall experience variance, including development expenses, for the period was negative R177m.

Demographic risk experience variances were strong in aggregate (R359m) following the recovery in Momentum Corporate. Retail mortality and disability generated R279m of positive variances while Corporate generated a positive variance of R28m, compared to the R152m negative variance in the previous period. International generated a positive variance of R52m.

Our credit risk variance of R96m is down on the prior year number of R117m.

Persistency variance was negative R301m across the group, with the largest impact from the deterioration of persistency experience in Metropolitan Retail of R141m. This relates to the early duration lapses as discussed under new business commentary. We also saw R59m higher than expected terminations in group risk products as a result of highly competitive pricing observed across that market segment. Persistency experience on risk business in Momentum Retail was also negative due to a lower than expected termination experience on level-premium type products.

The negative expense variance for this period reflects the significant investment in our core business.

The termination basis for Momentum Retail was strengthened again for the better than expected persistency on some of our Myriad products and Metropolitan Retail was strengthened in line with observed early lapse experience. Overall the termination basis changes had an impact of negative R315m.

Another major basis change includes a change in the assumed asset allocation (to a lower risk portfolio) for the long-term portfolio supporting the Myriad business, thereby reducing the consequential mismatch exposure for shareholders. We have also allowed for the impact of integrating Multiply into the valuation. Total modelling and other basis changes had a negative impact of R54m on EV.

Non-covered EV earnings

Non-covered EV earnings amounted to nearly negative R3bn for the period. This was mainly due to the reduced valuations of our asset management businesses, health operations, rewards programme and holding company expenses. Non-covered operations with positive ROEV contributions included Guardrisk, Eris, and our various health operations.

In reviewing the approach to modelling the non-covered operations, we have adopted a valuation approach that aims to achieve five outcomes:

- Valuations should be based on prudently realistic cash flows.
- Valuations should result in valuation metrics that are aligned to those found for listed entities of similar nature.
- Valuations should be expected to progress broadly in line with emergence of earnings from the business.
- Valuation methodologies should be as consistent as possible across the group.
- Generally simplicity is preferred to complexity in the valuation methodology.

Capital, capital distribution and outlook

Our capital position remains strong on the current statutory basis and we had a buffer of R2.4bn on 30 June 2018 on our internal basis. The CAR cover ratio was 2.6x as of 30 June 2018 compared to 2.7x as of 30 June 2017. On a Solvency Assessment and Management (SAM) basis MMI is also well capitalised after taking into account all capital deployment initiatives and planned capital distributions. In March 2018, Moody's Investors Service confirmed MMIGL's Insurer Financial Strength (IFS) international scale rating of Baa2 (national rating of Aaa.za) and Guardrisk's IFS rating of Baa3 (national scale rating of Aaa.za) with a stable outlook.

The capital buffer decreased by R1.3bn compared to 30 June 2017. This is the net impact from the following movements:

- R0.9bn decrease in the NAV as per the EV statement, driven by the low level of retained earnings
- R1.4bn increase in the NAV of strategic subsidiaries, the NAV is deemed ineligible for loss absorption purposes and therefore removed from the excess capital position
- An increase in subordinated debt of R750m that was raised during the financial year

Movement in capital buffer	R' billion
Opening capital buffer 30 June 2017	3.7
Profit from covered business	1.7
Profit from non-covered business	(0.2)
Dividends and new capital	(1.9)
Net subordinated debt raised	0.8
Increase in required capital	(1.2)
Change in strategic commitments	(0.4)
Closing capital buffer 30 June 2018	2.4

Actual capital investments during the period are generally budgeted for at the start of the year and thus do not tie up to 'Change in strategic commitments' in the table above. The following strategic investments were actually made during the period:

Area of capital distribution	R' billion
Capital support for subsidiaries	1.0
UK & Africa operations	0.5
Aditya Birla Joint Venture	0.2
Momentum Short Term Insurance	0.1
Other	0.2
Total	2.0

Capital distribution

At the interim results announcement it was announced that we have reviewed our dividend policy to ensure that it remains consistent with our capital deployment plans and the need to maintain steady capital ratios under the SAM regime. We indicated that we would in future target a dividend cover range centred on 2.5x core headline earnings.

Given that our shares are valued at a discount to EV, we also communicated at the interim results announcement that we opted to buy back shares of up to R2bn in 2018 in lieu of paying out dividends. We commenced our share repurchase programme on 7 March 2018. At 30 June 2018, 47 million shares, valued at R971m (excluding trading cost) have been bought back. In doing this, we acquired R1.2bn of EV in exchange for the R1.0bn of cash deployed.

The current buyback programme will almost certainly be fully utilised by end of the current calendar year. We will review the decision between continuing with the buyback programme versus paying a cash dividend for our F2019 interim results. The decision will be a function of our price-to-EV rating, our capital position, and shareholder requirements at such time.

Strategy update

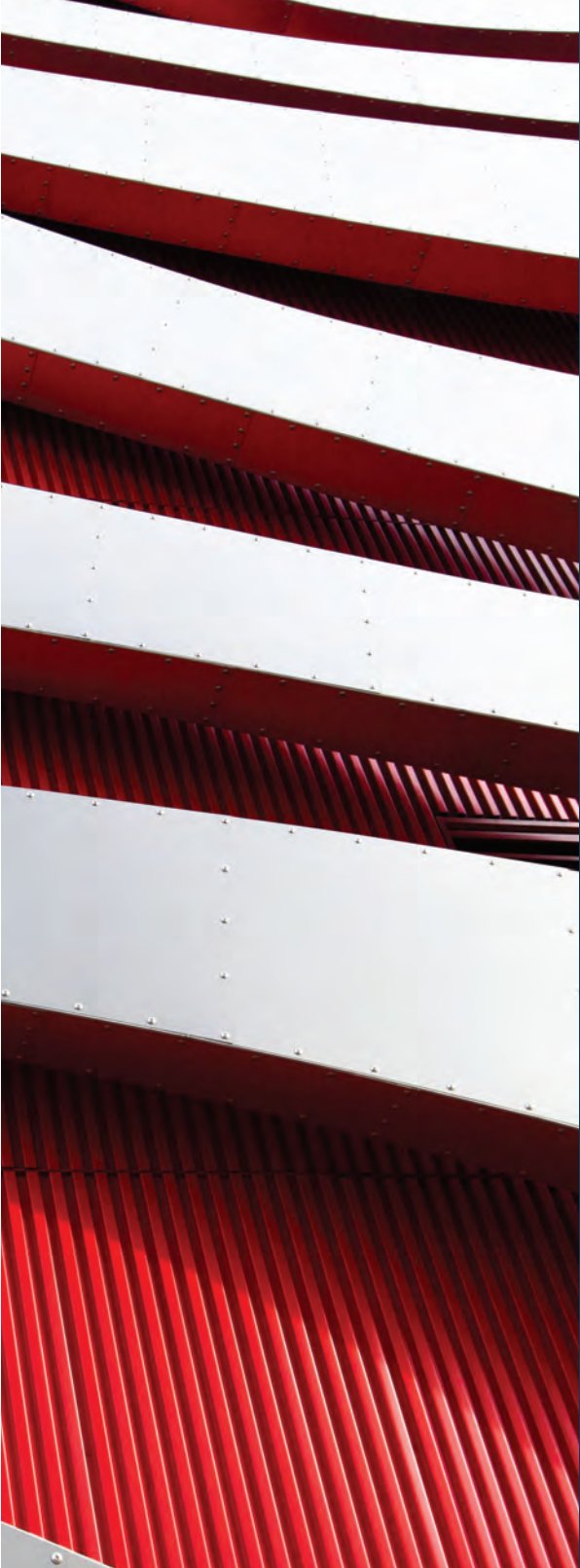
MMI's vision to be the preferred lifetime Financial Wellness partner with a reputation for innovation and trustworthiness remains appropriate. It will however be brought to life in simpler terms: We exist to enable people from all walks of life and businesses to achieve their financial and life aspirations. The MMI Group strategy which focuses on client centricity, growth and excellence therefore remains intact. The specific strategic objectives will, however, be set in more practical and meaningful terms, with an increased focus on execution and delivery. As a group, MMI will refocus to be more entrepreneurial and commercial in its thinking and decision-making.

To execute on this strategy in a more efficient manner, we have introduced refinements to MMI's operating model. The new operating model design aims to encourage growth by empowering businesses with end-to-end accountability, which includes a practical client focus. Centralised functions need to demonstrate clear efficiency or standardisation benefits. We will also be increasingly vigilant on not attempting too many new initiatives at any given time.

Outlook

It is not easy to turn around a comprehensive financial services company like MMI. The maturity of the South African insurance markets and modest short-term macro-economic growth prospects continues to put pressure on our revenue growth expectations. Given these factors, combined with increased losses expected in F2019 from our new initiatives, we expect only a modest increase in earnings for F2019. We will continue to focus on financial discipline, cost efficiencies and streamlining infrastructure to restore annual earnings to a level of R3.6bn – R4.0bn by F2021. Leading up to F2021, we will be working hard to build the foundation for longer-term prosperity, which will depend on a strong distribution and service culture, and relevant digital enablement.

5 September 2018
CENTURION



Summary of financial information

Audited results for the year ended 30 June 2018

MMI HOLDINGS GROUP

DIRECTORS' STATEMENT

The directors take pleasure in presenting the audited summarised results of MMI Holdings financial services group for the year ended 30 June 2018. The preparation of the group's results was supervised by the group finance director, Risto Ketola (FIA, FASSA, CFA).

Corporate events

BEE transactions

In March, Metropolitan Health Holdings Ltd entered into a transaction with Workerslife SPV and Thebe SPV whereby they purchased 30% and 19% "A" ordinary shares in Metropolitan Health Corporate (Pty) Ltd (MHC) respectively. The "A" ordinary shares will automatically convert into ordinary shares after six months.

Providence Risk Managers (Pty) Ltd entered into a transaction with Thebe Ya Bophelo Administrators (Pty) Ltd whereby they purchased 48% ordinary shares in Providence Healthcare Risk Managers (Pty) Ltd.

Listed debt

MMI Group Ltd listed new instruments to the total value of R750 million on the JSE Ltd on 4 December 2017. The instruments are unsecured subordinated callable notes.

Basis of preparation of financial information

These summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standard 34 (IAS 34) – Interim financial reporting (with the exception of disclosures required in terms of paragraph 16A(j)); the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; the JSE Listings Requirements and the South African Companies Act, 71 of 2008. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the previous years except as described below. Critical judgements and accounting estimates are disclosed in detail in the group's integrated report for the year ended 30 June 2018, including changes in estimates that are an integral part of the insurance business. The group is exposed to financial and insurance risks, details of which are also provided in the group's integrated report.

New and revised standards effective for the period ended 30 June 2018 and relevant to the group

- The following amendments to standards and interpretations became effective for the first time in the current period and had no impact on the group's earnings or net asset value: Amendments to IAS 7 Cash flow statements and IAS 12 Income taxes.
- The International Accounting Standards Board (IASB) made amendments to various standards as part of their annual improvements project. These amendments had no impact on the group's earnings.

MMI HOLDINGS GROUP

Segmental report

The group's reporting view reflects the following segments:

Momentum Retail: Momentum Retail offers a wide range of financial solutions to middle and affluent market segments. Our product range spans all major insurance lines (life, disability, health, motor, property, and all-risks) and a wide range of savings and investment products. We differentiate our business through the quality of our advice channels and our commitment to high levels of client engagement to encourage our clients to make choices that optimise their financial and physical wellness. Our most popular product solutions are retirement savings and life insurance. Momentum Retail is closely associated with Multiply, our client engagement programme. Clients who have Multiply active on their policies enjoy premium discounts, partner rewards and access to personal financial management tools. Multiply encourages clients to be more healthy and active.

Metropolitan Retail: Metropolitan Retail is a long-established life insurance provider in the lower- and middle-income segments. Metropolitan Retail's most popular products include funeral plans, savings policies, underwritten life cover policies, and annuities. Our funeral plans are low sum insured whole life policies designed to pay for funeral costs. To extend our distribution channels and expand our solutions basket, Metropolitan recently partnered with African Bank to offer insurance products to African Bank's client base and lending products to the existing Metropolitan client base.

Momentum Corporate: Momentum Corporate provides insurance, administration and investment services to employee groups in the private and public sectors. The business is one of the largest underwriters of death and disability insurance in the corporate market. We also have a strong market share in umbrella funds (multi-employer retirement schemes) and annuity solutions.

International: MMI International operates in the rest of Africa, India and the United Kingdom. We offer a wide range of solutions in these areas, with a focus on life, health and short-term insurance products. In Africa, life insurance is offered in nine countries and health insurance offered in seven as well as in India. Our Multiply wellness programme is only active in India at present, where it complements the health insurance offering. We have announced our plan to exit a number of African countries to improve focus on remaining operations.

Shareholder Capital: The Shareholder Capital segment reflects investment income on capital held to support operations, earnings from start-up ventures not yet allocated to other segments, and some costs not allocated to operating segments (eg certain holding company expenses).

The product houses support the segments to deliver best of breed product solutions that segments can distribute to clients. There are five of these product houses supporting the segments, namely: Momentum Investments, Life Insurance, Health, Short-term Insurance and Client Engagement Solutions. Each of the product houses design solutions that meet unique Financial Wellness needs of clients as identified by our segment business.

Corporate governance

The board has satisfied itself that appropriate principles of corporate governance (King IV) were applied throughout the year under review.

MMI HOLDINGS GROUP

Changes to the directorate, secretary and directors' shareholding

On 9 October 2017, Voyt Krzychylkiewicz resigned from the board. On 24 November 2017, Ben van der Ross retired from the board having reached retirement age. On 16 January 2018, Risto Ketola was appointed to the board as group finance director. On 15 February 2018, Nicolaas Kruger stepped down from the board and as CEO. On the same date, Hillie Meyer was appointed to the board as CEO. On 1 March 2018, Jeanette Cilliers (Marais) was appointed to the board and as deputy CEO. On 31 March 2018, Mary Vilakazi resigned from the board and as deputy CEO. The group's company secretary, Maliga Chetty, resigned with effect from 30 September 2018.

All transactions in listed shares of the company involving directors were disclosed on SENS.

Changes to the group executive committee

<i>Appointments/resignations</i>	<i>Role</i>	<i>Appointments</i>	<i>Resignations</i>
Innocent Dutiro	CEO International		30 September 2017
Nontokoza Madonsela	Group Chief Marketing Officer	9 October 2017	
Khanyi Nzukuma	CEO Momentum Retail and acting CEO Metropolitan Retail		31 December 2017
Andrew Le Roux	Chief Business Transformation Officer	1 January 2018	31 August 2018
Nicolaas Kruger	Group CEO		15 February 2018
Hillie Meyer	Group CEO	15 February 2018	
Peter Tshiguvho	CEO Metropolitan Retail	26 February 2018	
Jeanette Cilliers (Marais)	Deputy CEO and CEO Momentum Investments	1 March 2018	
Mary Vilakazi	Deputy CEO and CEO Momentum Retail and Metropolitan Retail		31 March 2018
Johann Le Roux	CEO Momentum Life	1 April 2018	

Contingent liabilities and capital commitments

The group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The group had no material capital commitments at 30 June 2018 that were not in the ordinary course of business other than those disclosed in the 2018 integrated report.

Events after year-end

No material events occurred between the reporting date and the date of approval of these results.

Final dividend declaration

Ordinary shares

- No interim or final dividend has been declared.

Preference shares

- Dividends of R18.5 million (2017: R19.0 million) (132 cents per share p.a.) were declared on the unlisted A3 MMI Holdings Ltd preference shares as determined by the company's Memorandum of Incorporation.

MMI HOLDINGS GROUP

Final dividend declaration (continued)

Share buy-back programme

- The group will continue to distribute capital to shareholders by means of repurchasing shares, in lieu of paying a dividend. Up to R2 billion will be used to buy back shares. At 30 June 2018, 47 million shares (R971 million excluding transaction costs) have been bought back.

Integrated information

The integrated report for 2018 will be posted to shareholders on or around 30 September 2018, and can be viewed online on 7 September 2018 at www.mmiholdings.com following the results announcement.

Directors' responsibility

The preparation of these results, and the correct extraction thereof from the group's audited 2018 annual financial statements, are the responsibility of the directors. This announcement does not include the information required by paragraph 16A(j) of IAS 34. The full summarised IAS 34 compliant results (including paragraph 16A(j)) are available on MMI's website and at MMI's registered offices upon request. A printed version of the full financial statements and the SENS announcement may be requested from the group company secretary, Maliga Chetty tel: 012 684 4255.

External audit

These summarised results have not been audited, but have been extracted from the group's 2018 annual financial statements, which have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report, together with the group's audited 2018 annual financial statements, are available for inspection at the company's registered office and on MMI's website. In addition, the summarised group embedded value information has been extracted from the 2018 group embedded value report, which has been reviewed by PricewaterhouseCoopers Inc. in accordance with the embedded value basis of MMI, and the review report is available for inspection at the company's registered office.

MMI HOLDINGS GROUP

Signed on behalf of the board

JJ Njeke *Chairman*
Hillie Meyer *Group chief executive officer*

Centurion
4 September 2018

DIRECTORS: MJN Njeke (chairman), LL von Zeuner (deputy chairman), HP Meyer (group chief executive officer), JC Cilliers (Marais) (deputy chief executive officer), RS Ketola (group finance director), P Cooper, F Daniels (Jakoet), Prof SC Jurisich, Prof JD Krige, PJ Moleketi, SA Muller, V Nkonyeni, KC Shubane, FJC Truter, JC van Reenen

GROUP COMPANY SECRETARY: Maliga Chetty

WEBSITE: www.mmiholdings.com

TRANSFER SECRETARIES – SOUTH AFRICA: Link Market Services SA (Pty) Ltd (registration number 2000/007239/07) Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein 2001. PO Box 4844, Johannesburg 2000 Telephone: +27 11 713 0800 E-mail: info@linkmarketservices.co.za TRANSFER SECRETARIES – NAMIBIA: Transfer Secretaries (Pty) Ltd (registration number 93/713) 4 Robert Mugabe Avenue, Windhoek. PO Box 2401, Windhoek Telephone: +264 61 22 7647 E-mail: info@nsx.com.na SPONSOR – SOUTH AFRICA: Merrill Lynch South Africa (Pty) Ltd SPONSOR – NAMIBIA: Simonis Storm Securities (Pty) Ltd

AUDITORS: PricewaterhouseCoopers Inc.

REGISTERED OFFICE: 268 West Avenue, Centurion 0157

REGISTRATION NUMBER: 2000/031756/06

JSE CODE: MMI NSX CODE: MIM ISIN NO: ZAE000149902

SENS ISSUE: 5 September 2018

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30.06.2018 Rm	30.06.2017 Rm
ASSETS		
Intangible assets	10 515	11 260
Owner-occupied properties	3 864	4 105
Property and equipment	323	389
Investment properties	8 614	7 340
Properties under development	136	111
Investments in associates and joint ventures	636	595
Employee benefit assets	436	410
Financial assets designated at fair value through income	395 146	369 205
Investments in associates designated at fair value through income	11 383	15 039
Derivative financial assets	2 910	2 439
Available-for-sale financial assets	-	18
Held-to-maturity financial assets	437	397
Loans and receivables	5 629	7 293
Reinsurance contract assets	4 989	4 495
Deferred income tax	290	249
Insurance and other receivables	4 962	4 621
Current income tax assets	283	581
Cash and cash equivalents	25 812	27 353
Total assets	476 365	455 900
EQUITY		
Equity attributable to owners of the parent	22 328	22 956
Non-controlling interests	462	292
Total equity	22 790	23 248
LIABILITIES		
Insurance contract liabilities		
Long-term insurance contracts	109 203	106 581
Short-term insurance contracts	8 728	7 661
Investment contracts	272 411	257 772
– with discretionary participation features (DPF)	24 550	24 338
– designated at fair value through income	247 861	233 434
Financial liabilities designated at fair value through income	38 217	37 331
Derivative financial liabilities	2 255	1 827
Financial liabilities at amortised cost	2 420	1 229
Reinsurance contract liabilities	1 685	1 368
Deferred income tax	2 874	3 198
Employee benefit obligations	1 153	1 334
Other payables	14 304	14 128
Provisions	73	57
Current income tax liabilities	252	166
Total liabilities	453 575	432 652
Total equity and liabilities	476 365	455 900

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED INCOME STATEMENT	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Net insurance premiums	29 893	28 191
Fee income ⁽¹⁾	7 536	7 411
Investment income	20 084	18 958
Net realised and fair value gains	17 786	183
Net income	75 299	54 743
Net insurance benefits and claims	27 232	24 441
Change in actuarial liabilities and related reinsurance	1 794	(2 267)
Change in long-term insurance contract liabilities	1 612	(1 437)
Change in short-term insurance contract liabilities	(71)	(86)
Change in investment contracts with DPF liabilities	285	(855)
Change in reinsurance assets	(322)	(278)
Change in reinsurance liabilities	290	389
Fair value adjustments on investment contract liabilities	17 555	6 650
Fair value adjustments on collective investment scheme liabilities	2 738	688
Depreciation, amortisation and impairment expenses	1 226	1 665
Employee benefit expenses	5 457	5 249
Sales remuneration	5 796	5 283
Other expenses	7 779	7 367
Expenses	69 577	49 076
Results of operations	5 722	5 667
Share of loss of associates and joint ventures	(213)	(126)
Finance costs ⁽²⁾	(1 048)	(1 023)
Profit before tax	4 461	4 518
Income tax expense	(3 039)	(2 937)
Earnings for year	1 422	1 581
Attributable to:		
Owners of the parent	1 369	1 536
Non-controlling interests	53	45
	1 422	1 581
Basic earnings per ordinary share (cents)	88.2	98.4
Diluted earnings per ordinary share (cents)	88.1	98.1

1. Fee income consists of the following:

- Investment contracts: R2 384 million (2017: R2 477 million)
- Trust and fiduciary services: R1 506 million (2017: R1 608 million)
- Health administration: R1 780 million (2017: R1 764 million)
- Other fee income: R1 866 million (2017: R1 562 million)

2. Finance costs consist of the following:

- Preference shares issued by MMI: R110 million (2017: R113 million)
- Subordinated debt: R397 million (2017: R351 million)
- Cost of carry positions: R363 million (2017: R408 million)
- Other: R178 million (2017: R151 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Earnings for year	1 422	1 581
Other comprehensive income/(loss), net of tax	138	(103)
Items that may subsequently be reclassified to income	(6)	(224)
Exchange differences on translating foreign operations	9	(218)
Available-for-sale financial assets	(7)	(4)
Share of other comprehensive loss of associates	(8)	(2)
Items that will not be reclassified to income	144	121
Land and building revaluation	131	142
Remeasurements of post-employee benefit funds	14	11
Income tax relating to items that will not be reclassified	(1)	(32)
Total comprehensive income for year	1 560	1 478
Total comprehensive income attributable to:		
Owners of the parent	1 507	1 434
Non-controlling interests	53	44
	1 560	1 478

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings		Diluted earnings	
	12 mths to 30.06.2018	12 mths to 30.06.2017	12 mths to 30.06.2018	12 mths to 30.06.2017
	Rm	Rm	Rm	Rm
Earnings	1 369	1 536	1 369	1 536
Finance costs – convertible preference shares			40	39
Dilutory effect of subsidiaries ⁽¹⁾			(16)	(14)
Diluted earnings			1 393	1 561
Realised gains on available-for-sale financial assets	(13)	-	(13)	-
Tax on realised gains on available-for-sale financial assets	2	-	2	-
Intangible assets and other impairments ⁽²⁾	97	417	97	417
Tax on intangible assets and other impairments	(16)	(61)	(16)	(61)
Loss/(Gain) on sale of business/subsidiary	18	(94)	18	(94)
Tax on loss/(gain) on sale of business/subsidiary	-	21	-	21
FCTR reversal on sale of foreign subsidiary	(13)	-	(13)	-
Impairment of owner-occupied property below cost	-	28	-	28
Headline earnings ⁽³⁾	1 444	1 847	1 468	1 872
Net realised and fair value losses on excess	40	94	40	94
Basis and other changes and investment variances	651	458	651	458
Adjustments for MMI shares held by policyholder funds	(32)	(42)	(32)	(42)
Amortisation of intangible assets relating to business combinations	543	577	543	577
Non-recurring items ⁽⁴⁾	115	249	115	249
BEE cost	24	-	24	-
Core headline earnings ⁽⁵⁾	2 785	3 183	2 809	3 208

- MHC is consolidated at 51% (2017: 100%) and the MMI Holdings Namibian group, Metropolitan Kenya and Cannon are consolidated at 96% in earnings. For purposes of diluted earnings, diluted non-controlling interests and investment returns are reinstated. From June 2017, there is no longer a dilutory effect for MHC as all the shares which were held by Kagiso Tiso Holdings (Pty) Ltd (KTH) were purchased by the group in June 2017. The subsequent sale of the 49% shareholding in MHC in the current year does not have a dilutory effect.
- Current year impairments relate mainly to software in Metropolitan Retail as certain components are no longer used and goodwill in International due to a decline in the directors' valuation relating to a restructure of the UK businesses.
The June 2017 period includes impairments relating to:
 - Goodwill, customer relations and internally developed software (R213 million) in the International segment that were recognised on acquisition of subsidiaries as the companies are making losses. A risk discount rate of 18.2% has been used in the impairment calculation.
 - Internally developed software in International (R88 million) and Metropolitan Retail (R76 million) whereby certain components will no longer be used and/or the costs to maintain the system exceed the economic benefits. A risk discount rate of 11.6% has been used in the impairment calculation.
- Headline earnings consist of operating profit, investment income, net realised and fair value gains, investment variances and basis and other changes.
- Non-recurring items include costs relating mainly to the restructuring of the group. It also includes the core earnings/loss relating to companies in countries that the group has or will be exiting in the near future.
- Core headline earnings comprise operating profit and investment income on shareholder assets. It excludes net realised and fair value gains on financial assets and liabilities, investment variances and basis and other changes that can be volatile, certain non-recurring items, BEE costs, as well as the amortisation of intangible assets relating to business combinations.

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

EARNINGS PER SHARE (cents) attributable to owners of the parent	12 mths to 30.06.2018	12 mths to 30.06.2017
Basic		
Core headline earnings	179.4	203.9
Headline earnings	93.0	118.3
Earnings	88.2	98.4
Weighted average number of shares (million)	1 552	1 561
Basic number of shares in issue (million)	1 512	1 557
Diluted		
Core headline earnings	176.0	200.0
Weighted average number of shares (million) ⁽¹⁾	1 596	1 604
Headline earnings	92.9	117.7
Earnings	88.1	98.1
Weighted average number of shares (million) ⁽²⁾	1 580	1 591

1. For diluted core headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.
2. For diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

DIVIDENDS	2018	2017
Ordinary listed MMI Holdings Ltd shares (cents per share)		
Interim – March	-	65
Final – September	-	92
Total	-	157

Share buy-back programme

At 30 June 2018, 47 million shares (R971 million excluding transaction costs) have been bought back as part of the R2 billion share buy-back programme.

MMI Holdings Ltd convertible redeemable preference shares (issued to KTH)

The A3 MMI Holdings Ltd preference shares are redeemable in June 2019 (after extending it under the same terms by 18 months in the current year) at a redemption value of R9.18 per share unless converted into MMI Holdings Ltd ordinary shares on a one-for-one basis prior to that date. On 2 October 2017, 1 million preference shares were converted into ordinary shares. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September).

Significant related party transactions

R369 million of the ordinary dividends declared by MMI Holdings Ltd in September 2017 (R369 million of the ordinary dividends declared in September 2016) and R261 million of the ordinary dividends declared in March 2017 were attributed to RMI Holdings Ltd.

A3 MMI Holdings Ltd preference share dividends	2018 Rm	2017 Rm
KTH		
Interim – March	19	20
Final – September	19	19
Total	38	39

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Changes in share capital		
Balance at beginning and end	9	9
Changes in share premium		
Balance at beginning	13 737	13 847
Conversion of preference shares	7	14
Decrease/(Increase) in treasury shares held on behalf of contract holders	14	(124)
Balance at end	13 758	13 737
Changes in other reserves		
Balance at beginning	1 788	1 955
Total comprehensive income/(loss)	138	(102)
Employee share schemes – value of services provided	43	(22)
Change in non-distributable reserves	(6)	(3)
Transfer to retained earnings	(196)	(40)
Balance at end ⁽¹⁾	1 767	1 788
Changes in retained earnings		
Balance at beginning	7 422	8 298
Total comprehensive income	1 369	1 536
Dividend paid	(1 442)	(2 456)
Shares repurchased	(974)	-
Transactions with non-controlling interests	223	4
Transfer from other reserves	196	40
Balance at end	6 794	7 422
Equity attributable to owners of the parent	22 328	22 956
Changes in non-controlling interests		
Balance at beginning	292	290
Total comprehensive income	53	44
Dividend paid	(32)	(53)
Transactions with owners	133	11
Business combinations	16	-
Balance at end	462	292
Total equity	22 790	23 248

1. Other reserves consist of the following:

- Land and building revaluation reserve: R732 million (2017: R807 million)
- Foreign currency translation reserve: -R97 million (2017: -R98 million)
- Revaluation of available-for-sale investments: Rnil (2017: R7 million)
- Non-distributable reserve: R57 million (2017: R54 million)
- Employee benefit revaluation reserve: R102 million (2017: R88 million)
- Fair value adjustment for preference shares issued by MMI Holdings Ltd: R940 million (2017: R940 million)
- Equity-settled share-based payment arrangements: R33 million (2017: -R10 million)

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Cash flow from operating activities		
Cash utilised in operations	(12 313)	(12 702)
Interest and dividends received	18 936	17 742
Income tax paid	(3 053)	(3 463)
Interest paid	(920)	(991)
Net cash inflow from operating activities	2 650	586
Cash flow from investing activities		
Net (acquisition)/disposal of subsidiaries	(98)	74
Net acquisition of associates and joint ventures	(264)	(55)
Net loan repayments by related parties	11	33
Net purchases of owner-occupied properties	(47)	(544)
Net purchases of property and equipment	(117)	(119)
Net purchases of intangible assets	(81)	(163)
Disposal of non-current assets held for sale	-	470
Dividends from associates	2	16
Net cash outflow from investing activities	(594)	(288)
Cash flow from financing activities		
Net (repayments)/proceeds of borrowings	(2 275)	547
Dividends paid to equity holders	(1 442)	(2 456)
Dividends paid to non-controlling interest shareholders	(32)	(53)
Increase/(Decrease) in treasury shares held on behalf of contract holders	14	(124)
Transactions with minority shareholders	356	15
Other equity transactions	6	(22)
Net issue of subordinated call notes	750	-
Shares repurchased and cancelled	(974)	-
Net cash outflow from financing activities	(3 597)	(2 093)
Net cash flow	(1 541)	(1 795)
Cash resources and funds on deposit at beginning	27 353	29 148
Cash resources and funds on deposit at end	25 812	27 353
NON-CONTROLLING INTERESTS	30.06.2018	30.06.2017
	%	%
Cannon Assurance	33.7	33.7
Eris Property Group	23.9	23.7
Metropolitan Health Ghana	0.9	0.9
Metropolitan Health Namibia Administrators	49.0	49.0
Metropolitan Kenya	33.7	33.7
Metropolitan Swaziland	33.0	33.0
Metropolitan Tanzania	33.0	33.0
Metropolitan Health Zambia	35.0	35.0
MMI Holdings Namibia	9.9	9.9
Momentum Mozambique	33.0	33.0
Momentum Swaziland	33.0	33.0
Metropolitan Health Corporate	49.0	-
Quanta Insurance (Namibia)	30.0	-

MMI HOLDINGS GROUP – IFRS FINANCIAL INFORMATION

BUSINESS COMBINATIONS – JUNE 2018

There were no significant business combinations for the 12 months ended June 2018. Intangibles relating to goodwill (R27 million), customer relationships relating to short-term business (R84 million) and health (R23 million), broker network (R71 million), and computer software (R5 million) were recognised due to small acquisitions.

BUSINESS COMBINATIONS – JUNE 2017

There were no significant business combinations for the 12 months ended June 2017. Goodwill and customer relationships to the value of R11 million each were recognised due to a small acquisition.

RECONCILIATION OF GOODWILL	30.06.2018 Rm	30.06.2017 Rm
Balance at beginning	1 128	1 237
Business combinations ⁽¹⁾	27	11
Impairment charges ⁽²⁾	(31)	(100)
Exchange differences	-	(20)
Balance at end	1 124	1 128

1. An acquisition was made in the Guardrisk group for R90 million. This resulted in the recognition of R27 million goodwill in the current year. The entity's business is that of underwriting managers.

2. Goodwill relating to the Financial Partners (International segment) acquisition was impaired in the current year due to a decline in the directors' valuation relating to a restructure of the UK businesses. In the prior year, goodwill relating to the Cannon (International segment) and Momentum Financial Technology (International segment) acquisitions were fully impaired by R62 million and R38 million respectively due to these companies making losses.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International ⁽¹⁾ Rm	Shareholder Capital Rm	Segmental total Rm	Reconciling Items ⁽²⁾ Rm	IFRS total Rm
12 mths to 30.06.2018								
Revenue								
Net insurance premiums	25 012	7 368	28 562	4 363	-	65 305	(35 412)	29 893
Recurring premiums	9 938	6 064	18 642	3 751	-	38 395	(13 152)	25 243
Single premiums	15 074	1 304	9 920	612	-	26 910	(22 260)	4 650
Fee income	3 330	178	4 654	839	85	9 086	(1 550)	7 536
Intergroup fee income	2 965	174	4 001	740	-	7 880	(344)	7 536
	365	4	653	99	85	1 206	(1 206)	-
Expenses								
Net payments to contract holders								
External payments	25 045	5 660	30 002	2 714	-	63 421	(36 189)	27 232
Other expenses	6 137	2 652	6 212	2 344	280	17 625	2 633	20 258
Sales remuneration	2 065	1 066	2 024	623	-	5 778	18	5 796
Administration expenses	3 064	1 392	2 995	1 284	731	9 466	65	9 531
Amortisation due to business combinations and impairments	-	58	22	31	46	157	715	872
Cell captive business	-	-	153	-	-	153	2 092	2 245
Direct property expenses	-	-	-	-	-	-	460	460
Asset management and other fee expenses	365	87	258	46	27	783	489	1 272
Holding company expenses	-	-	-	-	82	82	-	82
Intergroup expenses	643	49	760	360	(606)	1 206	(1 206)	-
Diluted core headline earnings	920	570	903	(48)	464	2 809	-	2 809
Operating profit/(loss)	1 387	809	1 099	(26)	(162)	3 107	-	3 107
Tax on operating profit/(loss)	(525)	(239)	(308)	(48)	6	(1 114)	-	(1 114)
Investment income	77	-	155	32	787	1 051	-	1 051
Tax on investment income	(19)	-	(43)	(6)	(167)	(235)	-	(235)
Covered	1 096	611	425	191	538	2 861	-	2 861
Non-covered	(176)	(41)	478	(239)	(74)	(52)	-	(52)
	920	570	903	(48)	464	2 809	-	2 809
Actuarial liabilities	205 817	34 903	135 394	14 228	-	390 342	-	390 342

1. The 'international' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R682 million; external payments R481 million and administration expenses R103 million.

2. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property and asset management fees for all entities, except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

12 mths to 30.06.2017	Momentum		Metropolitan		Momentum		International ⁽¹⁾		Shareholder		Segmental		Reconciling		IFRS total		
	Retail	Retail	Retail	Corporate	Corporate	International ⁽¹⁾	Capital	Capital	total	total	Items ⁽²⁾	Rm	Rm	Rm	Rm	Rm	
Revenue																	
Net insurance premiums	24 740	6 898	27 167	4 130	-	62 935	(34 744)	28 191									
Recurring premiums	9 663	5 877	16 951	3 476	-	35 967	(9 291)	26 676									
Single premiums	15 077	1 021	10 216	654	-	26 968	(25 453)	1 515									
Fee income	3 496	146	4 270	835	73	8 820	(1 409)	7 411									
Fee income	3 011	143	3 708	794	2	7 658	(247)	7 411									
Intergroup fee income	485	3	562	41	71	1 162	(1 162)	-									
Expenses																	
Net payments to contract holders																	
External payments	25 360	5 321	25 574	2 624	-	58 879	(34 438)	24 441									
Other expenses	5 994	2 448	5 681	2 419	201	16 743	2 821	19 564									
Sales remuneration	2 184	1 029	1 462	615	-	5 290	(7)	5 283									
Administration expenses	2 631	1 280	3 125	1 346	589	8 971	121	9 092									
Amortisation due to business combinations and impairments	-	73	31	88	37	229	977	1 206									
Cell captive business	-	-	186	-	-	186	1 800	1 986									
Direct property expenses	-	-	-	-	-	-	443	443									
Asset management and other fee expenses	379	60	309	84	10	842	649	1 491									
Holding company expenses	-	-	-	-	63	63	-	63									
Intergroup expenses	800	6	568	286	(498)	1 162	(1 162)	-									
Diluted core headline earnings	1 271	660	835	(166)	608	3 208	-	3 208									
Operating profit/(loss)	1 861	926	969	(102)	(48)	3 606	-	3 606									
Tax on operating profit/(loss)	(631)	(267)	(270)	(87)	(12)	(1 267)	-	(1 267)									
Investment income	57	2	187	27	822	1 095	-	1 095									
Tax on investment income	(16)	(1)	(51)	(4)	(154)	(226)	-	(226)									
Covered	1 467	685	387	203	648	3 390	-	3 390									
Non-covered	(196)	(25)	448	(369)	(40)	(182)	-	(182)									
	1 271	660	835	(166)	608	3 208	-	3 208									
Actuarial liabilities	195 283	32 417	131 420	12 894	-	372 014	-	372 014									

1. The 'international' column includes amounts received/incurred by companies the group has decided to exit: Net insurance premiums R524 million; external payments R359 million and administration expenses R11 million.

2. The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property and asset management fees for all entities, except non-life entities that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business; the amortisation of intangibles relating to business combinations; expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

CHANGE IN DILUTED CORE HEADLINE EARNINGS	Change %	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Momentum Retail	(28)	920	1 271
Metropolitan Retail	(14)	570	660
Momentum Corporate	8	903	835
International	71	(48)	(166)
Operating segments ⁽¹⁾	(10)	2 345	2 600
Shareholder Capital	(24)	464	608
Total diluted core headline earnings	(12)	2 809	3 208

1. Includes investments in four main new initiatives being India, aYo, Money Management and MMI Lending of R322 million (2017: R195 million).

SEGMENT BY CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
12 mths to 30.06.2018						
Covered						
Operating profit/(loss)	1 096	611	425	191	(8)	2 315
Investment income	-	-	-	-	546	546
Total	1 096	611	425	191	538	2 861
Non-covered						
Investment and savings	1	-	91	99	-	191
Life insurance	-	-	-	(69)	-	(69)
Health	19	-	151	(156)	-	14
Short-term insurance	(56)	-	260	(3)	-	201
Client engagement	(140)	(29)	(8)	(19)	9	(187)
Unallocated expenses	-	-	-	-	(104)	(104)
Other operations	-	(12)	(16)	(91)	21	(98)
Total	(176)	(41)	478	(239)	(74)	(57)
Core earnings	920	570	903	(48)	464	2 809
12 mths to 30.06.2017						
Covered						
Operating profit	1 467	685	387	203	37	2 779
Investment income	-	-	-	-	611	611
Total	1 467	685	387	203	648	3 390
Non-covered						
Investment and savings	61	-	119	82	-	262
Life insurance	-	-	-	(111)	-	(111)
Health	(29)	-	136	(82)	-	24
Short-term insurance	(162)	(7)	200	(80)	-	(49)
Client engagement	(66)	(18)	(25)	(24)	12	(116)
Unallocated expenses	-	-	-	-	(60)	(60)
Other operations	-	-	18	(154)	8	(128)
Total	(196)	(25)	448	(369)	(40)	(182)
Core earnings	1 271	660	835	(166)	608	3 208

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

MOMENTUM INVESTMENTS CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2018				
Revenue	940	764	479	2 183
Fee income	872	713	413	1 998
Performance fees	1	-	-	1
Investment income	66	52	2	120
Fair value gains/(losses)	1	(1)	64	64
Expenses and finance costs	(905)	(630)	(378)	(1 913)
Fair value adjustments on investment contracts	-	-	(64)	(64)
Other expenses	(879)	(595)	(314)	(1 788)
Finance costs	(26)	(35)	-	(61)
Share of profit of associates	-	1	-	1
Profit before tax	35	135	101	271
Income tax expense	(34)	(23)	(2)	(59)
Non-controlling interest	-	(21)	-	(21)
Core earnings	1	91	99	191
Operating (loss)/profit before tax	(7)	109	98	200
Tax on operating (loss)/profit	(22)	(28)	(1)	(51)
Investment income	40	14	2	56
Tax on investment income	(10)	(4)	-	(14)
Diluted core headline earnings	1	91	99	191
Assets under management at year-end	304 880	117 080	74 951	496 911
Restated				
12 mths to 30.06.2017 ⁽¹⁾				
Revenue	1 105	802	490	2 397
Fee income	1 041	656	386	2 083
Performance fees	3	13	-	16
Investment income	61	121	1	183
Fair value gains	-	12	103	115
Expenses and finance costs	(1 001)	(626)	(405)	(2 032)
Fair value adjustments on investment contracts	-	-	(103)	(103)
Other expenses	(992)	(577)	(302)	(1 871)
Finance costs	(9)	(49)	-	(58)
Share of profit of associates	-	1	-	1
Profit before tax	104	177	85	366
Income tax expense	(43)	(32)	(3)	(78)
Non-controlling interest	-	(26)	-	(26)
Core earnings	61	119	82	262
Operating profit before tax	61	90	84	235
Tax on operating profit	(30)	(11)	(3)	(44)
Investment income	43	55	1	99
Tax on investment income	(13)	(15)	-	(28)
Diluted core headline earnings	61	119	82	262
Assets under management at year-end	306 359	114 454	68 685	489 498

1. The fee income and other expenses line items were being disclosed gross of inter-segmental intercompanies. This is now being eliminated within the segment. The prior year has been restated.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2018				
Revenue	605	1 861	477	2 943
Net insurance premiums	217	382	274	873
Fee income	370	1 428	181	1 979
Investment income	13	24	22	59
Intergroup fees	5	27	-	32
Expenses and finance costs	(579)	(1 608)	(389)	(2 576)
Net payments to contract holders	(164)	(260)	(186)	(610)
Other expenses	(413)	(1 347)	(203)	(1 963)
Finance costs	(2)	(1)	-	(3)
Share of loss of associates	-	-	(188)	(188)
Profit/(Loss) before tax	26	253	(100)	179
Income tax expense	(7)	(68)	(31)	(106)
Non-controlling interest	-	(34)	(25)	(59)
Earnings attributable to ordinary shareholders	19	151	(156)	14
Operating profit/(loss) before tax	15	192	(154)	53
Tax on operating profit/(loss)	(4)	(56)	(19)	(79)
Investment income	11	21	18	50
Tax on investment income	(3)	(6)	(1)	(10)
Diluted core headline earnings	19	151	(156)	14
Closed schemes	-	104	61	165
Open scheme	26	12	(217)	(179)
Other	(7)	35	-	28
	19	151	(156)	14

	Open schemes	Closed schemes	Total
Momentum Retail principal members	114 018	-	114 018
Momentum Corporate principal members	52 130	818 296	870 426
International lives	1 049 726	399 590	1 449 316
	1 215 874	1 217 886	2 433 760

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

HEALTH CENTRE OF EXCELLENCE – NON-COVERED BUSINESS	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
Restated				
12 mths to 30.06.2017 ⁽¹⁾				
Revenue	560	1 884	468	2 912
Net insurance premiums	209	390	259	858
Fee income	340	1 419	191	1 950
Investment income	11	27	18	56
Intergroup fees	-	48	-	48
Expenses and finance costs	(603)	(1 691)	(384)	(2 678)
Net payments to contract holders	(151)	(279)	(168)	(598)
Other expenses	(450)	(1 411)	(216)	(2 077)
Finance costs	(2)	(1)	-	(3)
Share of loss of associates	-	-	(105)	(105)
(Loss)/Profit before tax	(43)	193	(21)	129
Income tax expense	14	(57)	(36)	(79)
Non-controlling interest	-	-	(25)	(25)
Earnings attributable to ordinary shareholders	(29)	136	(82)	25
Operating (loss)/profit before tax	(53)	167	(72)	42
Tax on operating (loss)/profit	17	(49)	(24)	(56)
Investment income	10	26	15	51
Tax on investment income	(3)	(8)	(1)	(12)
Diluted core headline earnings	(29)	136	(82)	25
Closed schemes	-	106	66	172
Open scheme	(23)	(6)	(148)	(177)
Other	(6)	36	-	30
	(29)	136	(82)	25

	Open schemes	Closed schemes	Total
Momentum Retail principal members	108 244	-	108 244
Momentum Corporate principal members	50 380	834 061	884 441
International lives	207 882	404 756	612 638
	366 506	1 238 817	1 605 323

1. The other expenses line item was being disclosed gross of inter-segmental intercompanies. This is now being eliminated within the segment. The prior year has been restated.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2018				
Net insurance premiums	731	-	4	735
Fee income	6	656	15	677
Management fees	-	456	-	456
Investment fees	-	73	-	73
Underwriting fees	-	125	-	125
Other fee income	6	2	15	23
Investment income	41	117	1	159
Total income	778	773	20	1 571
Expenses and finance costs	(867)	(420)	(24)	(1 311)
Net payments to contract holders	(486)	-	(2)	(488)
Acquisition costs ⁽¹⁾	(113)	-	(8)	(121)
Other expenses	(268)	(409)	(14)	(691)
Finance costs	-	(11)	-	(11)
(Loss)/Profit before tax	(89)	353	(4)	260
Income tax expense	33	(93)	-	(60)
Non-controlling interest	-	-	1	1
Earnings attributable to ordinary shareholders	(56)	260	(3)	201
Operating (loss)/profit before tax	(109)	236	(4)	123
Tax on operating (loss)/profit	39	(60)	-	(21)
Investment income	20	116	1	137
Tax on investment income	(6)	(32)	-	(38)
Diluted core headline earnings	(56)	260	(3)	201
Ability	-	2	-	2
Momentum Short-term Insurance	8	-	-	8
MMI Short-term Insurance Administration	(64)	-	-	(64)
Guardrisk Group	-	258	-	258
Quanta Insurance (Namibia)	-	-	(3)	(3)
	(56)	260	(3)	201

1. The acquisition costs relating to the Momentum Corporate segment are included in underwriting profit.

MMI HOLDINGS GROUP – SEGMENTAL INFORMATION

SHORT-TERM INSURANCE CENTRE OF EXCELLENCE	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2017					
Net insurance premiums	616	-	-	148	764
Fee income	13	3	566	17	599
Management fees	-	-	435	-	435
Investment fees	-	-	73	-	73
Underwriting fees	-	-	58	-	58
Other fee income	13	3	-	17	33
Investment income	30	-	93	12	135
Fair value losses	-	-	-	(9)	(9)
Total income	659	3	659	168	1 489
Expenses and finance costs	(784)	(9)	(379)	(241)	(1 413)
Net payments to contract holders	(449)	-	-	(133)	(582)
Change in actuarial liabilities	-	-	-	7	7
Acquisition costs ⁽¹⁾	(122)	-	-	(34)	(156)
Other expenses	(213)	(9)	(367)	(81)	(670)
Finance costs	-	-	(12)	-	(12)
(Loss)/Profit before tax	(125)	(6)	280	(73)	76
Income tax expense	(37)	(1)	(80)	(9)	(127)
Non-controlling interest	-	-	-	2	2
Earnings attributable to ordinary shareholders	(162)	(7)	200	(80)	(49)
Operating (loss)/profit before tax	(130)	(6)	187	(71)	(20)
Tax on operating (loss)/profit	(34)	(1)	(54)	(9)	(98)
Investment income	3	-	93	-	96
Tax on investment income	(1)	-	(26)	-	(27)
Diluted core headline earnings	(162)	(7)	200	(80)	(49)
Momentum Short-term Insurance	(83)	-	-	-	(83)
MMI Short-term Insurance Administration	(79)	(7)	-	(25)	(111)
Guardrisk Group	-	-	200	-	200
Cannon Short-term	-	-	-	(55)	(55)
	(162)	(7)	200	(80)	(49)

1. The acquisition costs relating to the Momentum Corporate segment are included in underwriting profit.

MMI HOLDINGS GROUP – STATUTORY EXCESS

STATUTORY EXCESS	30.06.2018 Rm	30.06.2017 Rm
Group excess per reporting basis	22 328	22 956
Net assets – other businesses	(3 430)	(2 849)
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 684)	(2 946)
Excess – long-term insurance business, net of non-controlling interests ⁽¹⁾	16 214	17 161
Disregarded assets ⁽²⁾	(1 111)	(847)
Difference between statutory and published valuation methods	(1 574)	(942)
Write-down of subsidiaries and associates for statutory purposes	(1 262)	(1 328)
Unsecured subordinated debt	4 374	3 602
Consolidation adjustments	(32)	(33)
Statutory excess – long-term insurance business	16 609	17 613
Capital adequacy requirement (CAR) (Rm) ⁽³⁾	6 398	6 577
Ratio of long-term insurance business excess to CAR (times)	2.6	2.7
Discretionary margins	12 892	12 407

1. The long-term insurance business includes both insurance and investment contract business and is the simple aggregate of all the life insurance companies in the group, including life insurance companies in Africa. In respect of Guardrisk, only MMI's promoter exposure to the South African long-term insurance business, Guardrisk Life Ltd is included. It excludes the short-term insurance businesses of Guardrisk, Momentum Short-term Insurance and Cannon (Kenya), as well as the other non-life insurance entities, including African health operations. The figures are after non-controlling interests but excludes certain items which are eliminated on consolidation.
2. Disregarded assets are those as defined in the South African Long-term Insurance Act, 52 of 1998, and are only applicable to South African long-term insurance companies. Adjustments are also made for the international insurance companies from reporting excess to statutory excess as required by their regulators. It includes Sage intangible assets of R431 million (2017: R464 million).
3. The CAR is an aggregation of the separate CAR's, with no assumption of diversification benefits. MMI elected to adopt the revised actuarial guidance note SAP 104 (version 9) which was published in August 2017 but permitted adoption for reporting dates on or after 30 June 2017.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE RESULTS	30.06.2018 Rm	30.06.2017 Rm
Covered business		
Reporting excess – long-term insurance business	16 214	17 161
Reclassification to non-covered business	(2 766)	(2 206)
	13 448	14 955
Disregarded assets ⁽¹⁾	(471)	(504)
Difference between statutory and published valuation methods	(1 574)	(942)
Dilutory effect of subsidiaries ⁽²⁾	(52)	(53)
Consolidation adjustments ⁽³⁾	(15)	(21)
Value of MMI Group Ltd preference shares issued	(500)	(500)
Diluted adjusted net worth – covered business	10 836	12 935
Net value of in-force business	21 904	21 130
Diluted embedded value – covered business	32 740	34 065
Non-covered business		
Net assets – non-covered business within life insurance companies	2 766	2 206
Net assets – non-covered business outside life insurance companies	3 430	2 849
Consolidation adjustments and transfers to covered business ⁽³⁾	(2 306)	(2 415)
Adjustments for dilution ⁽⁴⁾	660	720
Diluted adjusted net worth – non-covered business	4 550	3 360
Write-up to directors' value	2 311	5 098
Non-covered business	4 124	5 995
Holding company expenses ⁽⁵⁾	(1 232)	(322)
International holding company expenses ⁽⁵⁾	(581)	(575)
Diluted embedded value – non-covered business	6 861	8 458
Diluted adjusted net worth	15 386	16 295
Net value of in-force business	21 904	21 130
Write-up to directors' value	2 311	5 098
Diluted embedded value	39 601	42 523
Required capital – covered business (adjusted for qualifying debt) ⁽⁶⁾	5 480	6 449
Surplus capital – covered business	5 356	6 486
Diluted embedded value per share (cents)	2 543	2 651
Diluted adjusted net worth per share (cents)	988	1 016
Diluted number of shares in issue (million) ⁽⁷⁾	1 557	1 604

- Disregarded assets include Sage intangible assets of R431 million (2017: R464 million), goodwill and various other items.
- For accounting purposes, MMI Holdings Namibia, Metropolitan Kenya and Cannon have been consolidated at 96% in the statement of financial position. For embedded value purposes, disclosed on a diluted basis, the non-controlling interests and related funding have been reinstated.
- Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.
- Adjustments for dilution are made up as follows:
 - Dilutory effect of subsidiaries (note 2): R114 million (2017: R106 million)
 - Treasury shares held on behalf of contract holders: R292 million (2017: R353 million)
 - Liability – MMI Holdings Ltd convertible preference shares issued to KTH: R254 million (2017: R261 million)
- The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international life assurance and health businesses.
- The required capital for covered business amounts to R9 854 million (2017: R10 051 million) and is adjusted for qualifying debt of R4 374 million (2017: R3 602 million).
- The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NET VALUE OF IN-FORCE BUSINESS	30.06.2018 Rm	30.06.2017 Rm
Momentum Retail	11 553	11 379
Gross value of in-force business	13 037	12 865
Less cost of required capital	(1 484)	(1 486)
Metropolitan Retail	4 023	3 758
Gross value of in-force business	4 659	4 396
Less cost of required capital	(636)	(638)
Momentum Corporate	4 250	3 846
Gross value of in-force business	5 183	4 743
Less cost of required capital	(933)	(897)
International	2 078	2 147
Gross value of in-force business	2 366	2 403
Less cost of required capital	(288)	(256)
Net value of in-force business	21 904	21 130

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

EMBEDDED VALUE DETAIL	Adjusted net worth Rm	Net value of in-force Rm	30.06.2018 Rm	30.06.2017 Rm
Covered business				
Momentum Retail	3 977	11 553	15 530	15 716
Metropolitan Retail	2 152	4 023	6 175	6 007
Momentum Corporate	2 524	4 250	6 774	6 409
International	1 755	2 078	3 833	3 913
Shareholder Capital	428	-	428	2 020
Total covered business	10 836	21 904	32 740	34 065
		Write-up to directors' value		
	Adjusted net worth	value	30.06.2018	30.06.2017
	Rm	Rm	Rm	Rm
Non-covered business				
Momentum Retail	1 285	(322)	963	2 107
Investment and savings	686	162	848	1 402
Health	(30)	439	409	379
Short-term insurance	629	(159)	470	514
Client engagement	-	(764)	(764)	(188)
Metropolitan Retail	-	-	-	(78)
Client engagement	-	-	-	(78)
Momentum Corporate	1 690	3 716	5 406	5 747
Investment and savings	405	797	1 202	1 370
Health	171	1 016	1 187	1 515
Short-term insurance	1 137	1 903	3 040	2 853
Client engagement	-	-	-	9
Other	(23)	-	(23)	-
International	601	149	750	60
Investment and savings (1)	345	431	776	712
Life insurance	358	(77)	281	279
Health	488	339	827	800
Short-term insurance	60	37	97	139
Client engagement	-	-	-	(92)
Other (shared services) (2)	(650)	(581)	(1 231)	(1 778)
Shareholder Capital	974	(1 232)	(258)	622
Short-term insurance	-	-	-	101
Client engagement	388	-	388	368
Other (head office expenses) (2)	586	(1 232)	(646)	153
Total non-covered business	4 550	2 311	6 861	8 458
Total embedded value	15 386	24 215	39 601	42 523
Diluted net asset value – non-covered business	(4 550)			
Adjustments to covered business – net asset value	5 378			
Reporting excess – long-term insurance business	16 214			

1. This includes MMI non-covered subsidiaries domiciled in the United Kingdom and related territories.

2. The International shared services impact reflects the allowance for support services to the international life assurance and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

DIRECTORS' VALUE PER VALUATION METHOD	Covered methodology Rm	Appraisal value Rm	30.06.2018 Rm	Covered methodology Rm	Appraisal value Rm	30.06.2017 Rm
Non-covered business						
Momentum Retail	444	519	963	955	1 152	2 107
Investment and savings	444	404	848	576	826	1 402
Health	-	409	409	379	-	379
Short-term insurance	-	470	470	-	514	514
Client engagement	-	(764)	(764)	-	(188)	(188)
Metropolitan Retail	-	-	-	-	(78)	(78)
Client engagement	-	-	-	-	(78)	(78)
Momentum Corporate	3 040	2 366	5 406	4 388	1 359	5 747
Investment and savings	-	1 202	1 202	-	1 370	1 370
Health	-	1 187	1 187	1 535	(20)	1 515
Short-term insurance	3 040	-	3 040	2 853	-	2 853
Client engagement	-	-	-	-	9	9
Other	-	(23)	(23)	-	-	-
International	1 064	(314)	750	1 143	(1 083)	60
Investment and savings	393	383	776	458	254	712
Life insurance	204	77	281	242	37	279
Health	438	389	827	417	383	800
Short-term insurance	29	68	97	26	113	139
Client engagement	-	-	-	-	(92)	(92)
Other (shared services)	-	(1 231)	(1 231)	-	(1 778)	(1 778)
Shareholder Capital	-	(258)	(258)	-	622	622
Short-term insurance	-	-	-	-	101	101
Client engagement	-	388	388	-	368	368
Other (head office expenses)	-	(646)	(646)	-	153	153
Total non-covered business	4 548	2 313	6 861	6 486	1 972	8 458

- Covered methodology refers to APN107 (embedded value methodology) and the risk discount rate of covered business. Momentum Wealth, Guardrisk and selected International entities are valued using embedded value methodology.
- The International shared services impact reflects the allowance for support services to the international life and health businesses. The Shareholder head office expenses impact reflects the present value of projected recurring head office expenses.
- Appraisal value approach is followed for all remaining businesses. The key assumption used in the model is the distributable cash flow. Other assumptions include the risk discount rate (based on the risk free rate plus an assumed equity risk premium) and a calculated perpetuity factor.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Notes	Covered business			12 mths to 30.06.2018	12 mths to 30.06.2017
		Adjusted net worth (ANW) Rm	Gross value of in- force (VIF) Rm	Cost of CAR Rm	Total EV Rm	Total EV Rm
Profit from new business		(1 658)	2 233	(189)	386	643
Embedded value from new business	A	(1 658)	2 148	(189)	301	547
Expected return to end of period	B	-	85	-	85	96
Profit from existing business		2 778	(1 471)	147	1 454	3 123
Expected return – unwinding of RDR	B	-	2 503	(343)	2 160	2 327
Release from the cost of required capital	C	-	-	446	446	442
Expected (or actual) net of tax profit transfer to net worth	D	3 766	(3 766)	-	-	-
Operating experience variances	E	29	(173)	18	(126)	18
Development expenses	F	(51)	-	-	(51)	(67)
Operating assumption changes	G	(966)	(35)	26	(975)	403
Embedded value profit from operations		1 120	762	(42)	1 840	3 766
Investment return on adjusted net worth	H	636	-	-	636	652
Investment variances	I	(81)	75	(40)	(46)	(1 354)
Economic assumption changes	J	18	(9)	20	29	(164)
Exchange rate movements	K	13	10	(2)	21	(36)
Embedded value profit – covered business		1 706	838	(64)	2 480	2 864
Transfer of business to non-covered business	L	(59)	-	-	(59)	-
Other capital transfers	M	(552)	-	-	(552)	(700)
Dividend paid		(3 194)	-	-	(3 194)	(3 066)
Change in embedded value – covered business		(2 099)	838	(64)	(1 325)	(902)
Non-covered business						
Change in directors' valuation and other items					(2 033)	(749)
Change in holding company expenses					(916)	(86)
Embedded value loss – non-covered business					(2 949)	(835)
Transfer of business from covered business	L				59	-
Other capital transfers	M				552	700
Dividend paid					1 752	610
Shares repurchased					(974)	-
Finance costs – preference shares					(37)	(39)
Change in embedded value – non-covered business					(1 597)	436
Total change in group embedded value					(2 922)	(466)
Total embedded value (loss)/profit					(469)	2 029
Return on embedded value (%) - internal rate of return					(1.1%)	4.7%

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN ADJUSTED NET WORTH	Covered business					12 mths to 30.06.2018
	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Shareholder Capital Rm	Total Rm
Embedded value from new business	(941)	(294)	(182)	(241)	-	(1 658)
Expected (or actual) net of tax profit transfer to net worth	1 987	822	493	464	-	3 766
Operating experience variances	(37)	(20)	105	14	(33)	29
Development expenses	(20)	(24)	(7)	-	-	(51)
Operating assumption changes	(823)	(356)	335	(122)	-	(966)
Embedded value profit/(loss) from operations	166	128	744	115	(33)	1 120
Investment return on adjusted net worth	226	115	129	112	54	636
Investment variances	(103)	21	19	(18)	-	(81)
Economic assumption changes	(3)	25	-	(4)	-	18
Exchange rate movements	-	-	-	13	-	13
Embedded value profit – covered business	286	289	892	218	21	1 706

ANALYSIS OF CHANGES IN GROSS VALUE OF IN-FORCE	Covered business					12 mths to 30.06.2018
	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm		Total Rm
Embedded value from new business	1 122	428	342	256		2 148
Expected return – unwinding of RDR	1 269	434	580	305		2 588
Expected (or actual) net of tax profit transfer to net worth	(1 987)	(822)	(493)	(464)		(3 766)
Operating experience variances	(19)	(13)	(137)	(4)		(173)
Operating assumption changes	(277)	83	289	(130)		(35)
Embedded value profit/(loss) from operations	108	110	581	(37)		762
Investment variances	28	102	(38)	(17)		75
Economic assumption changes	36	51	(103)	7		(9)
Exchange rate movements	-	-	-	10		10
Embedded value profit/(loss) – covered business	172	263	440	(37)		838

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF CHANGES IN COST OF CAR	Covered business				12 mths to 30.06.2018	Total Rm
	Momentum Retail	Metropolitan Retail	Momentum Corporate	International		
	Rm	Rm	Rm	Rm		
Embedded value from new business	(83)	(50)	(36)	(20)		(189)
Expected return – unwinding of RDR	(143)	(62)	(106)	(32)		(343)
Release from the cost of required capital	218	102	126	-		446
Operating experience variances	-	-	18	-		18
Operating assumption changes	24	-	-	2		26
Embedded value profit/(loss) from operations	16	(10)	2	(50)		(42)
Investment variances	(14)	12	(38)	-		(40)
Economic assumption changes	-	-	-	20		20
Exchange rate movements	-	-	-	(2)		(2)
Embedded value profit/(loss) – covered business	2	2	(36)	(32)		(64)

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Covered business					Shareholder Capital	Total Rm
	Momentum Retail	Metropolitan Retail	Momentum Corporate	International	International		
	Rm	Rm	Rm	Rm	Rm		
12 mths to 30.06.2018							
Embedded value from new business	98	84	124	(5)	-		301
Expected return – unwinding of RDR	1 126	372	474	273	-		2 245
Release from the cost of required capital	218	102	126	-	-		446
Operating experience variances	(56)	(33)	(14)	10	(33)		(126)
Development expenses	(20)	(24)	(7)	-	-		(51)
Operating assumption changes	(1 076)	(273)	624	(250)	-		(975)
Embedded value profit/(loss) from operations	290	228	1 327	28	(33)		1 840
Investment return on adjusted net worth	226	115	129	112	54		636
Investment variances	(89)	135	(57)	(35)	-		(46)
Economic assumption changes	33	76	(103)	23	-		29
Exchange rate movements	-	-	-	21	-		21
Embedded value profit – covered business	460	554	1 296	149	21		2 480

12 mths to 30.06.2017							
Embedded value from new business	228	178	68	73	-		547
Expected return – unwinding of RDR	1 255	451	490	227	-		2 423
Release from the cost of required capital	210	127	105	-	-		442
Operating experience variances	36	20	(147)	65	44		18
Development expenses	(36)	-	(31)	-	-		(67)
Operating assumption changes	537	184	(295)	(23)	-		403
Embedded value profit from operations	2 230	960	190	342	44		3 766
Investment return on adjusted net worth	269	157	145	63	18		652
Investment variances	(932)	(193)	(203)	(21)	(5)		(1 354)
Economic assumption changes	(54)	(14)	(103)	7	-		(164)
Exchange rate movements	-	-	-	(36)	-		(36)
Embedded value profit – covered business	1 513	910	29	355	57		2 864

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

A. VALUE OF NEW BUSINESS

VALUE OF NEW BUSINESS ^(1, 2)	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2018					
Value of new business	98	84	124	(5)	301
Gross	181	134	160	15	490
Less cost of required capital	(83)	(50)	(36)	(20)	(189)
New business premiums	17 890	2 616	4 319	861	25 686
Recurring premiums	1 152	1 248	806	429	3 635
Single premiums	16 738	1 368	3 513	432	22 051
New business premiums (APE)	2 826	1 385	1 157	472	5 840
New business premiums (PVP)	23 531	5 091	11 218	2 337	42 177
Profitability of new business as a percentage of APE	3.5	6.1	10.7	(1.1)	5.2
Profitability of new business as a percentage of PVP	0.4	1.6	1.1	(0.2)	0.7
12 mths to 30.06.2017					
Value of new business	228	178	68	73	547
Gross	314	230	113	95	752
Less cost of required capital	(86)	(52)	(45)	(22)	(205)
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Single premiums	16 489	1 105	3 886	385	21 865
New business premiums (APE)	2 784	1 331	1 140	478	5 733
New business premiums (PVP)	22 774	5 164	11 121	2 536	41 595
Profitability of new business as a percentage of APE	8.2	13.4	6.0	15.3	9.5
Profitability of new business as a percentage of PVP	1.0	3.4	0.6	2.9	1.3

1. Value of new business and new business premiums are net of non-controlling interests.

2. The value of new business has been calculated on closing assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at the reporting date have been used.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

ANALYSIS OF NEW BUSINESS PREMIUMS	Momentum Retail Rm	Metropolitan Retail Rm	Momentum Corporate Rm	International Rm	Total Rm
12 mths to 30.06.2018					
New business premiums	17 890	2 616	4 319	861	25 686
Recurring premiums	1 152	1 248	806	429	3 635
Risk	517	822	271	-	1 610
Savings/Investments	635	426	533	-	1 594
Annuities	-	-	2	-	2
International	-	-	-	429	429
Single premiums	16 738	1 368	3 513	432	22 051
Risk	-	-	10	-	10
Savings/Investments	15 841	631	2 700	-	19 172
Annuities	897	737	803	-	2 437
International	-	-	-	432	432
New business premiums (APE)	2 826	1 385	1 157	472	5 840
Risk	517	822	272	-	1 611
Savings/Investments	2 219	489	803	-	3 511
Annuities	90	74	82	-	246
International	-	-	-	472	472
12 mths to 30.06.2017					
New business premiums	17 624	2 325	4 637	824	25 410
Recurring premiums	1 135	1 220	751	439	3 545
Risk	532	811	306	-	1 649
Savings/Investments	603	409	442	-	1 454
Annuities	-	-	3	-	3
International	-	-	-	439	439
Single premiums	16 489	1 105	3 886	385	21 865
Savings/Investments	15 455	439	2 917	-	18 811
Annuities	1 034	666	969	-	2 669
International	-	-	-	385	385
New business premiums (APE)	2 784	1 331	1 140	478	5 733
Risk	532	811	306	-	1 649
Savings/Investments	2 149	453	734	-	3 336
Annuities	103	67	100	-	270
International	-	-	-	478	478

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

RECONCILIATION OF LUMP SUM INFLOWS	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Total lump sum inflows	26 910	26 968
Inflows not included in value of new business	(6 603)	(6 518)
Term extensions on maturing policies	438	345
Automatically Continued Policies	1 318	1 107
Non-controlling interests and other adjustments	(12)	(37)
Single premiums included in value of new business	22 051	21 865

PRINCIPAL ASSUMPTIONS (South Africa) ^(1, 4)	30.06.2018 %	30.06.2017 %
Pre-tax investment return		
Equities	13.0	12.9
Properties	10.5	10.4
Government stock	9.5	9.4
Other fixed-interest stocks	10.0	9.9
Cash	8.5	8.4
Risk-free return ⁽²⁾	9.5	9.4
Risk discount rate (RDR)	11.8	11.7
Investment return (before tax) – balanced portfolio ⁽²⁾	11.7	11.6
Renewal expense inflation rate ⁽³⁾	6.5	6.8

1. The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.
2. Risk-free returns are taken from an appropriate market related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
3. An inflation rate of 6.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An additional 1% expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off.
4. The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the statutory valuation method.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

E. OPERATING EXPERIENCE VARIANCES

OPERATING EXPERIENCE VARIANCES	Notes	12 mths to 30.06.2018			12 mths to
		ANW Rm	Net VIF Rm	EV Rm	30.06.2017 EV Rm
Momentum Retail		(37)	(19)	(56)	36
Mortality and morbidity	1	161	20	181	165
Terminations, premium cessations and policy alterations	2	(18)	(44)	(62)	58
Expense variance	3	(115)	-	(115)	40
Credit risk variance		31	-	31	39
Other	4	(96)	5	(91)	(266)
Metropolitan Retail		(20)	(13)	(33)	20
Mortality and morbidity	1	85	13	98	83
Terminations, premium cessations and policy alterations	5	(105)	(36)	(141)	(69)
Expense variance		(18)	-	(18)	(23)
Credit risk variance		17	-	17	21
Other		1	10	11	8
Momentum Corporate		105	(137)	(32)	(135)
Mortality and morbidity	1	28	-	28	(152)
Terminations	6	(2)	(57)	(59)	(191)
Expense variance	7	51	-	51	36
Credit risk variance		48	-	48	57
Other	8	(20)	(80)	(100)	115
International		14	(4)	10	65
Mortality and morbidity	1	44	8	52	44
Terminations, premium cessations and policy alterations	9	(18)	(21)	(39)	4
Expense variance		(4)	-	(4)	(3)
Other		(8)	9	1	20
Shareholder Capital		(33)	-	(33)	44
Opportunity cost of required capital		-	18	18	(12)
Total operating experience variances		29	(155)	(126)	18

Notes

- Overall, mortality and morbidity experience for the 12 months was better compared to what was allowed for in the valuation basis.
- Mainly due to a change in the classification of business as alterations versus new business.
- Due to additional investment in order to improve Momentum Retail's capabilities available to clients and intermediaries.
- Includes one-off impact arising from reinsurance premium as well as larger than expected premium discounts.
- Higher than expected terminations at early durations.
- Terminations in respect of group risk business.
- The impact of efficiencies achieved in the segment.
- Mainly due to a reduction in the investment fees of Smooth Bonus business.
- A bulk lapse was done in Namibia due to correction of a system error.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

OPERATING ASSUMPTION CHANGES	Notes	12 mths to 30.06.2018			12 mths to
		ANW Rm	Net VIF Rm	EV Rm	30.06.2017 EV Rm
Momentum Retail		(823)	(277)	(1 100)	587
Mortality and morbidity assumptions		(98)	92	(6)	410
Termination assumptions	1	(369)	102	(267)	(60)
Renewal expense assumptions	2	(388)	(370)	(758)	(56)
Modelling, methodology and other changes	3	32	(101)	(69)	293
Metropolitan Retail		(356)	83	(273)	184
Mortality and morbidity assumptions		(7)	10	3	(15)
Termination assumptions	4	(39)	(16)	(55)	(15)
Renewal expense assumptions	2	(224)	8	(216)	(55)
Modelling, methodology and other changes		(86)	81	(5)	269
Momentum Corporate		335	289	624	(295)
Mortality and morbidity assumptions	5	42	(185)	(143)	(358)
Termination assumptions		(6)	15	9	105
Renewal expense assumptions	2	86	440	526	(46)
Modelling, methodology and other changes	6	213	19	232	4
International		(122)	(130)	(252)	3
Mortality and morbidity assumptions	7	35	14	49	102
Termination assumptions		(5)	3	(2)	(56)
Renewal expense assumptions	2	(86)	(1)	(87)	19
Modelling, methodology and other changes	8	(66)	(146)	(212)	(62)
Methodology change: cost of required capital		-	26	26	(76)
Total operating assumption changes		(966)	(9)	(975)	403

Notes

1. Strengthening of the basis in line with experience observed in certain product lines.
2. Expense assumptions have been revised based on management's budgeted expenses for the new financial year.
3. Various modelling and methodology changes including refinements in the valuation of risk products offset by allowance for expected pricing reviews of Wealth products.
4. Strengthening of the lapse basis as well as splitting the bases by method of payment for certain funeral products.
5. Mainly due to lower expected experience profits from group risk business.
6. Updating of IBNR reserves.
7. Allowance for better than assumed mortality experience on risk business.
8. Various modelling and methodology changes made mainly in Namibia.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

H. INVESTMENT RETURN ON ADJUSTED NET WORTH

INVESTMENT RETURN ON ADJUSTED NET WORTH	12 mths to 30.06.2018 Rm	12 mths to 30.06.2017 Rm
Investment income	557	620
Capital appreciation and other	114	68
Preference share dividends paid and change in fair value of preference shares	(35)	(36)
Investment return on adjusted net worth	636	652

I. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

J. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

L. TRANSFER OF BUSINESS TO NON-COVERED BUSINESS

Transfer of business between covered and non-covered business.

M. OTHER CAPITAL TRANSFERS

Capital transfers include the alignment of the net asset value of subsidiaries between covered and non-covered business and the recapitalisation of some International subsidiaries.

MMI HOLDINGS GROUP – EMBEDDED VALUE INFORMATION

COVERED BUSINESS: SENSITIVITIES – 30.06.2018	Adjusted net worth Rm	In-force business			New business written		
		Net value	Gross value	Cost of CAR ⁽³⁾	Net value	Gross value	Cost of CAR ⁽³⁾
		Rm	Rm	Rm	Rm	Rm	Rm
Base value	10 836	21 904	25 245	(3 341)	301	490	(189)
1% increase in risk discount rate % change		20 080 (8)	23 724 (6)	(3 644) 9	159 (47)	361 (26)	(202) 7
1% reduction in risk discount rate % change		23 986 10	26 977 7	(2 991) (10)	467 55	634 29	(167) (12)
10% decrease in future expenses % change ⁽¹⁾		23 292 6	26 633 5	(3 341) -	431 43	620 27	(189) -
10% decrease in lapse, paid-up and surrender rates % change		22 529 3	25 870 2	(3 341) -	438 46	635 30	(197) 4
5% decrease in mortality and morbidity for assurance business % change		24 025 10	27 397 9	(3 372) 1	450 50	639 30	(189) -
5% decrease in mortality for annuity business % change		21 570 (2)	24 883 (1)	(3 313) (1)	292 (3)	481 (2)	(189) -
1% reduction in gross investment return, inflation rate and risk discount rate % change ⁽²⁾	10 836 -	22 532 3	25 794 2	(3 262) (2)	370 23	556 13	(186) (2)
1% reduction in inflation rate % change		22 713 4	26 029 3	(3 316) (1)	376 25	564 15	(188) (1)
10% fall in market value of equities and properties % change	10 523 (3)	21 159 (3)	24 442 (3)	(3 283) (2)			
10% reduction in premium indexation take-up rate % change		21 410 (2)	24 751 (2)	(3 341) -	261 (13)	450 (8)	(189) -
10% decrease in non-commission related acquisition expenses % change					427 42	616 26	(189) -
1% increase in equity/property risk premium % change		22 617 3	25 958 3	(3 341) -	343 14	532 9	(189) -

1. No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
2. Bonus rates are assumed to change commensurately.
3. The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED ⁽¹⁾	30.06.2018 Rm	Restated 30.06.2017 Rm
Managed and/or administered by Investments		
Financial assets	418 540	414 070
Momentum Manager of Managers ⁽²⁾	88 943	86 757
Momentum Investment Consultants ⁽²⁾	5 850	4 956
Momentum Collective Investments	82 157	72 667
Metropolitan Collective Investments	120	19 860
Momentum Asset Management	152 247	151 241
Momentum Global Investments	60 476	55 724
Momentum Alternative Investments	6 278	6 390
Momentum Securities ⁽²⁾	22 469	16 475
Properties – Eris Property Group	21 859	21 307
On-balance sheet	8 346	8 778
Off-balance sheet	13 513	12 529
Momentum Wealth linked product assets under administration	160 839	151 203
On-balance sheet	104 327	97 082
Off-balance sheet	56 512	54 121
Managed internally or by other managers within MMI (on-balance sheet)	71 097	67 399
Managed by external managers (on-balance sheet)	16 543	15 144
Properties managed internally or by other managers within MMI or externally	4 268	2 778
Momentum Corporate – cell captives on-balance sheet	16 575	15 508
Total assets managed and/or administered	709 721	687 409
Managed and/or administered by Investments		
On-balance sheet	231 035	223 792
Off-balance sheet	187 505	190 278
	418 540	414 070

- Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.
- Restatements relate primarily to the inclusion of Momentum Securities, as well as the removal of double-counted CIS assets.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

NET FUNDS RECEIVED FROM CLIENTS ⁽¹⁾	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
12 mths to 30.06.2018					
Momentum Retail	15 074	9 938	25 012	(25 045)	(33)
Metropolitan Retail	1 304	6 064	7 368	(5 660)	1 708
Momentum Corporate	9 920	18 642	28 562	(30 002)	(1 440)
International	612	3 751	4 363	(2 714)	1 649
Long-term insurance business fund flows	<u>26 910</u>	<u>38 395</u>	65 305	(63 421)	1 884
Off-balance sheet fund flows					
Managed and/or administered by Investments			70 861	(81 246)	(10 385)
Properties – Eris Property Group			1 819	(835)	984
Momentum Wealth linked product assets under administration			7 545	(9 280)	(1 735)
Total net funds received from clients			<u>145 530</u>	<u>(154 782)</u>	<u>(9 252)</u>
Restated					
12 mths to 30.06.2017					
Momentum Retail	15 077	9 663	24 740	(25 360)	(620)
Metropolitan Retail	1 021	5 877	6 898	(5 321)	1 577
Momentum Corporate	10 216	16 951	27 167	(25 574)	1 593
International	654	3 476	4 130	(2 624)	1 506
Long-term insurance business fund flows	<u>26 968</u>	<u>35 967</u>	62 935	(58 879)	4 056
Off-balance sheet fund flows					
Managed and/or administered by Investments ^(2,3)			66 343	(102 076)	(35 733)
Properties – Eris Property Group			2 067	(8 350)	(6 283)
Momentum Wealth linked product assets under administration			7 368	(10 081)	(2 713)
Momentum Corporate– segregated assets			-	(216)	(216)
Total net funds received from clients			<u>138 713</u>	<u>(179 602)</u>	<u>(40 889)</u>

1. Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.
2. The Aluwani assets were transferred to Aluwani in the prior year.
3. Restatements relate primarily to the inclusion of Momentum Securities, as well as the removal of double-counted CIS assets.

MMI HOLDINGS GROUP – ADDITIONAL INFORMATION

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2018		30.06.2017	
	Rm	%	Rm	%
Equity securities	411	1.8	441	1.9
Preference shares	1 456	6.5	1 325	5.8
Collective investment schemes	367	1.6	330	1.4
Debt securities	6 833	30.6	6 762	29.5
Properties	3 479	15.6	3 630	15.8
Owner-occupied properties	2 426	10.9	2 374	10.3
Investment properties	1 053	4.7	1 256	5.5
Cash and cash equivalents and funds on deposit	5 927	26.5	6 003	26.2
Intangible assets	6 653	29.8	7 144	31.1
Other net assets	2 122	9.5	1 537	6.7
	27 248	122.0	27 172	118.4
Redeemable preference shares	(254)	(1.1)	(261)	(1.1)
Subordinated redeemable debt	(4 374)	(19.6)	(3 602)	(15.7)
Treasury shares	(292)	(1.3)	(353)	(1.5)
Shareholder excess per reporting basis	22 328	100.0	22 956	100.0

NUMBER OF EMPLOYEES	30.06.2018	30.06.2017
Indoor staff	9 350	9 199
SA	8 099	7 984
International	1 251	1 215
Field staff	7 585	8 031
Momentum Retail	1 038	1 130
Metropolitan Retail	4 535	5 395
International	2 012	1 506
Total	16 935	17 230

MMI HOLDINGS GROUP – STOCK EXCHANGE PERFORMANCE

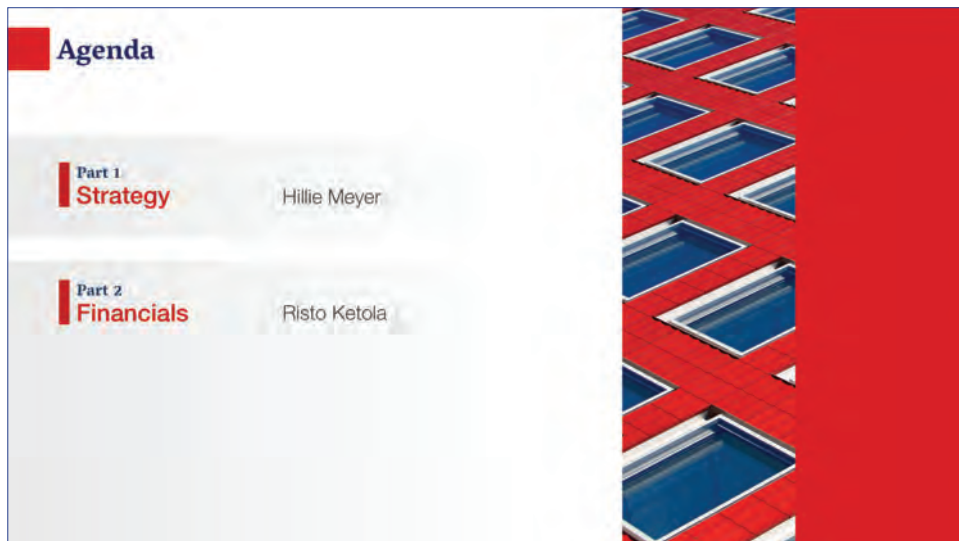
STOCK EXCHANGE PERFORMANCE	30.06.2018	30.06.2017
12 months		
Value of listed shares traded (rand million)	17 396	20 072
Volume of listed shares traded (million)	853	863
Shares traded (% of average listed shares in issue)	56	55
Trade prices		
Highest (cents per share)	2 424	2 669
Lowest (cents per share)	1 673	1 920
Last sale of year (cents per share)	1 767	2 024
Percentage (%) change during year	(13)	(11)
Percentage (%) change – life insurance sector (J857)	10	(6)
Percentage (%) change – top 40 index (J200)	13	(1)
30 June		
Price/diluted core headline earnings (segmental) ratio	10.0	10.1
Dividend yield % (dividend on listed shares)	-	7.8
Dividend yield % – top 40 index (J200)	2.8	2.8
Total shares issued (million)		
Ordinary shares listed on JSE	1 529	1 575
Treasury shares held on behalf of contract holders	(17)	(18)
Basic number of shares in issue	1 512	1 557
Treasury shares held on behalf of contract holders	17	18
Convertible redeemable preference shares	28	29
Diluted number of shares in issue ⁽¹⁾	1 557	1 604
Market capitalisation at end (Rbn) ⁽²⁾	28	32

1. The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.
2. The market capitalisation is calculated on the fully diluted number of shares in issue.



Investor presentation

5 September 2018





Reset and grow

Reset



Grow

 Fix the basics

 Address cost base

 Distribution

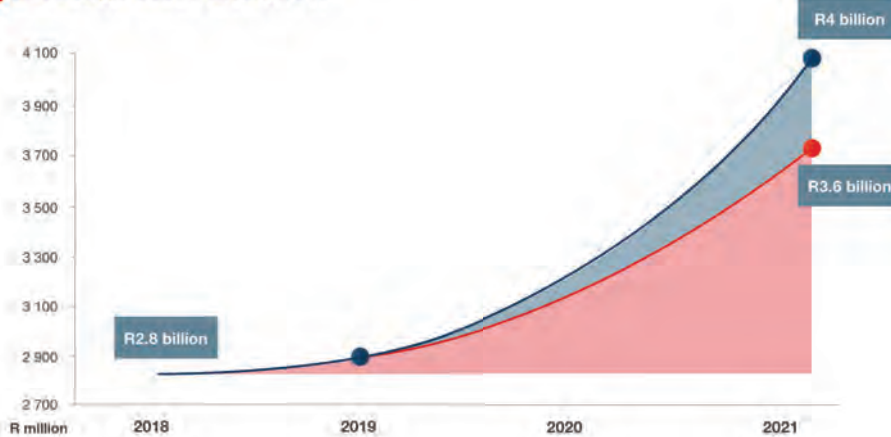
 Products

 Service

 Marketing



Earnings reset and grow





Momentum Corporate



Reset



Grow

- Full value chain responsibility
- Strengthen leadership team
- Rebuild distribution
- Improve underwriting experience

- Diversify distribution channels
- Increase underwriting margins
- Organised Labour and Public Sector
- Retailisation

Health

Reset




Grow


- Systems consolidation
- Public sector value proposition
- BEE transactions


- Public Sector
- Low-income health
- Focused distribution






Africa

Reset  **Grow**

-  **Exit** selected countries
-  **In-country governance and control**
-  **Strengthen** leadership teams
-  **Finalise** operating model
-  **Strengthen** distribution
-  **Improve** product margins
-  **aYo** roll-out

 **Guardrisk**

Reset  **Grow**

-  **Reprice** loss-making schemes
-  **Increase** underwriting revenue
-  **Bolt-on** transactions
-  **Underwritten** investment products
-  **Open architecture** insurance platform

Momentum Short-term Insurance






Reset



Grow

-  Full value chain responsibility
-  SA focus only
-  Exit car dealerships
-  Enhance pricing and underwriting capability



-  Grow client base
-  Improve claims ratio
-  Streamline processes





Group-wide

Reset



Grow

-  Strengthen senior leadership
-  Revisit Sandton head office

-  Better performance measurement
-  Improve diversity
-  Brand positioning
-  Unite staff behind a common purpose

Concluding remarks

Reset



Grow



Fix the basics



Address cost base



Distribution



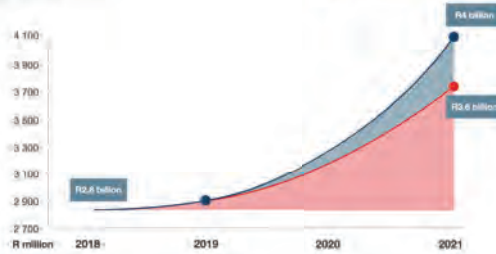
Service



Products



Marketing



Key financial measures



Overview

Disappointing F2018 results

Core headline earnings
decreased by **12%**
to **R2 809m**

Embedded Value per share
decreased by **4%** to
R25.43

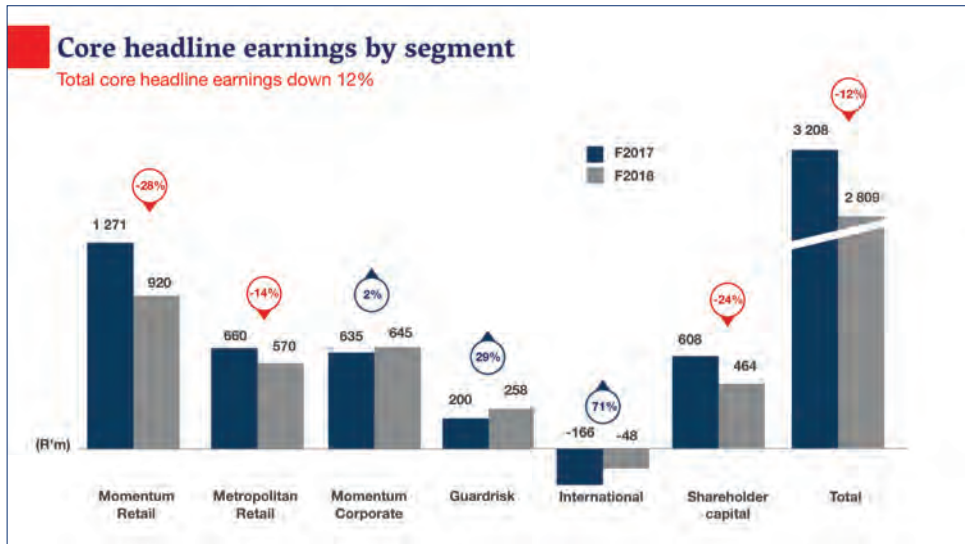
Present value of future
premiums increased by **1%**
to **R42 177m**

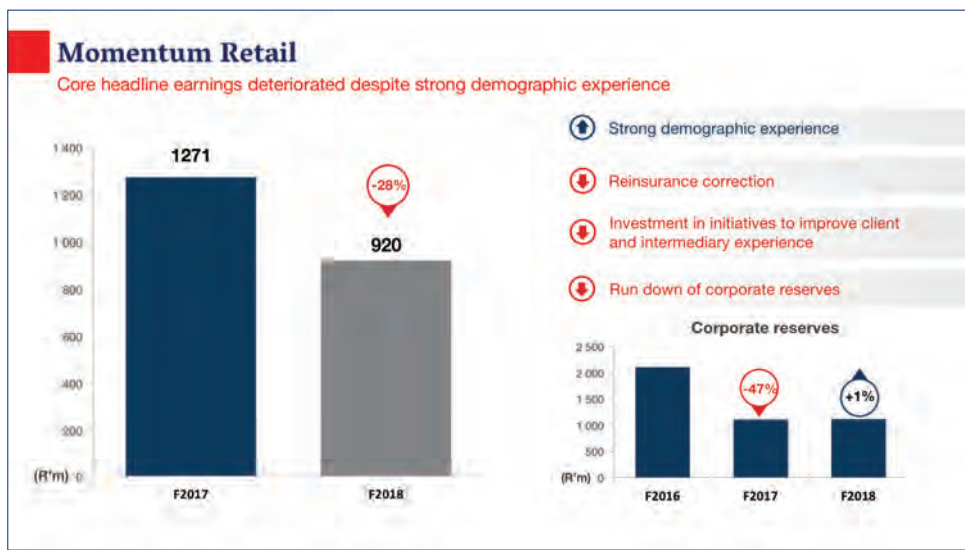
Value of new business
decreased by **45%** to
R301m



Earnings
commentary

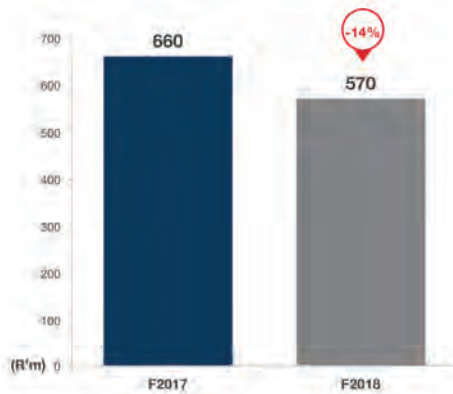






Metropolitan Retail

Core headline earnings declined despite positive mortality and morbidity experience

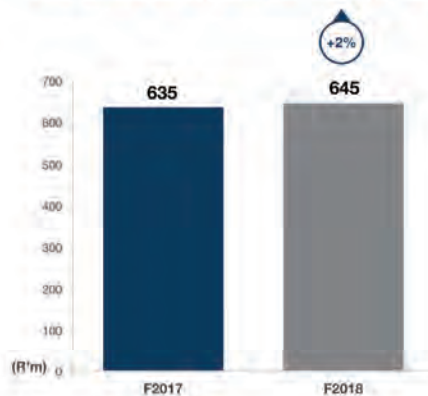


- Early duration lapse experience **outweighed positive mortality and morbidity experience**
- Investment in technology to **support advisers**
- Lending **set up costs**



Momentum Corporate

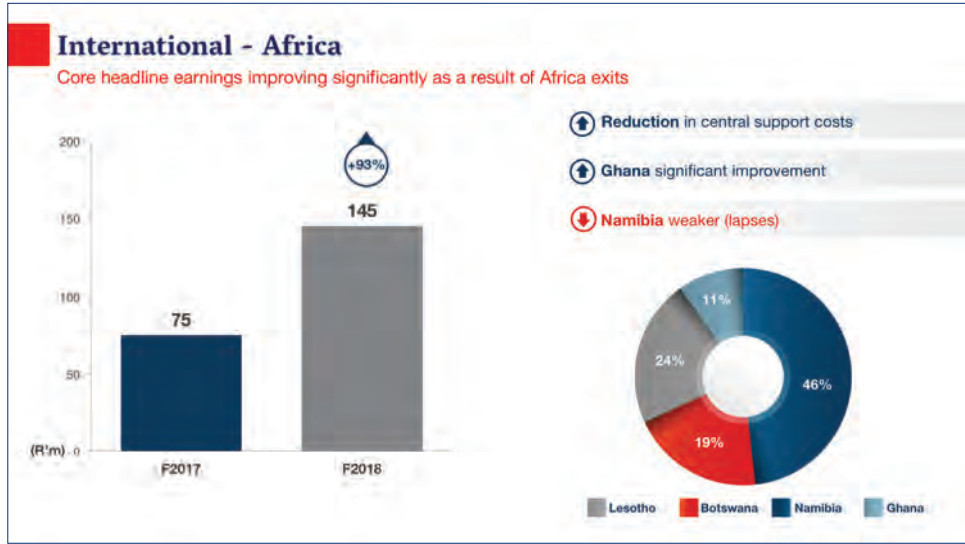
Core headline earnings improved following a recovery in group disability



- Improvement** in group disability experience
- Emphasis** on expense management
- Minority share** on Health profits

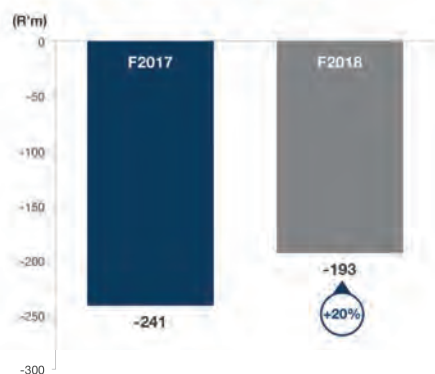






International - Other

Other International losses narrowing



↓ R69m increase in our share of India JV losses

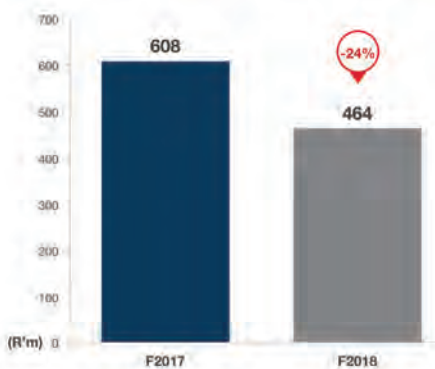
↑ Reduction in losses due to exit from non-core countries

↑ Significant improvement in UK asset management profits



Shareholder capital

Core headline earnings deteriorated considerably



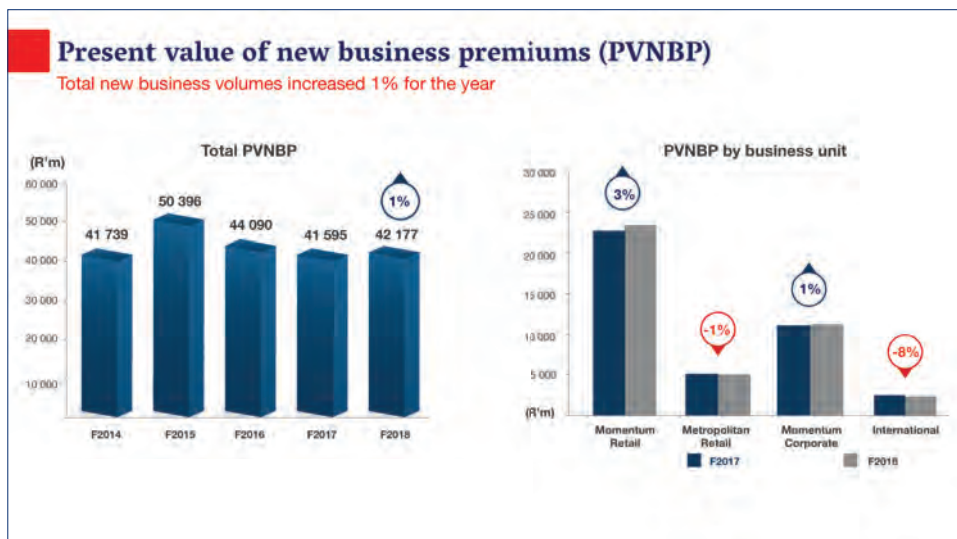
↓ Sale of high-yielding property

↓ Finance costs on subordinated debt

↓ Investments in new initiatives

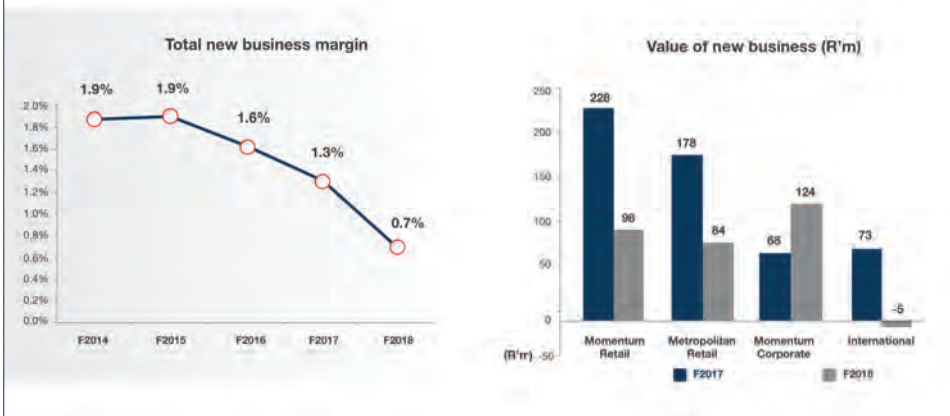
↓ Consulting fees

Analysis of new business



New business margin

Pressure on new business margins



New business margin detail



Update on capital



Share repurchase programme progress at 30 June 2018

47 MILLION number of shares acquired

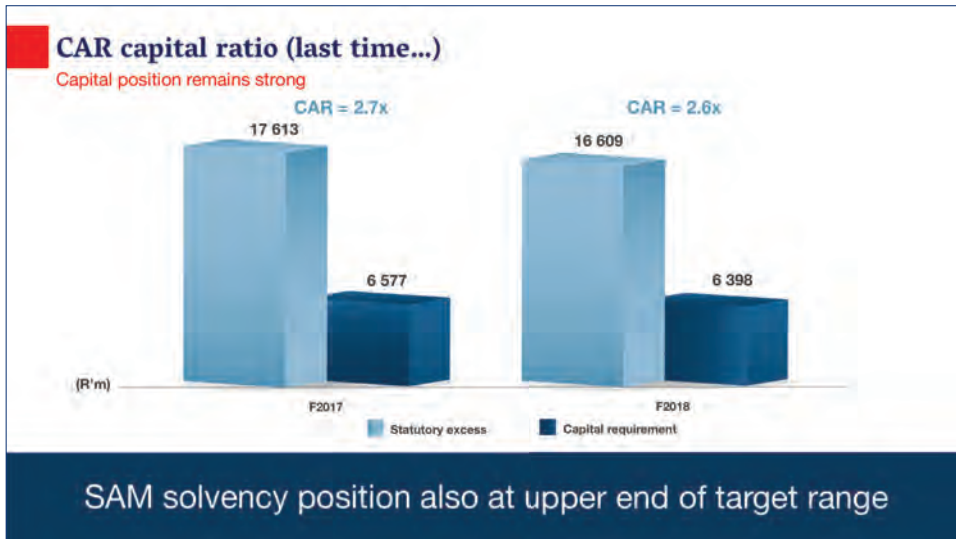
R20.67 price of acquired AVERAGE shares

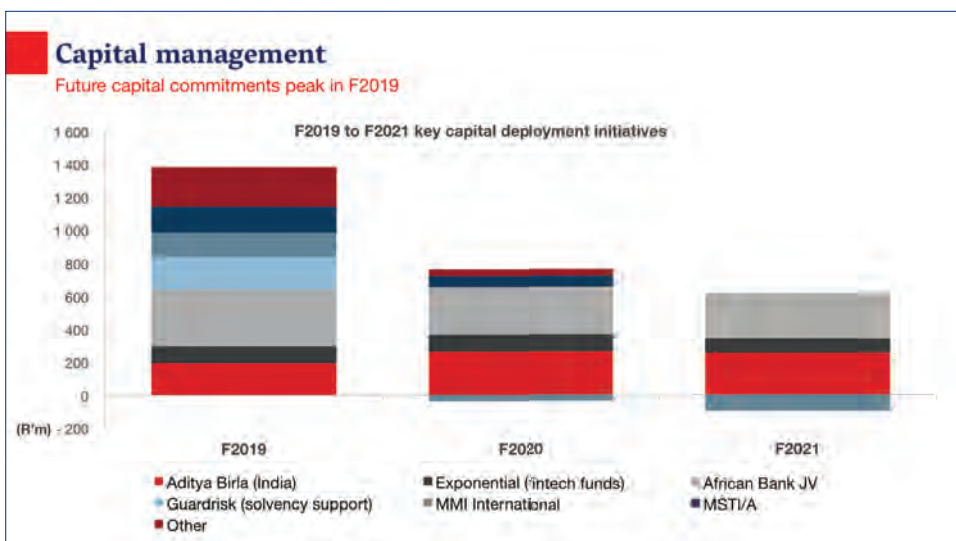
1 557 MILLION Closing number of total issued shares

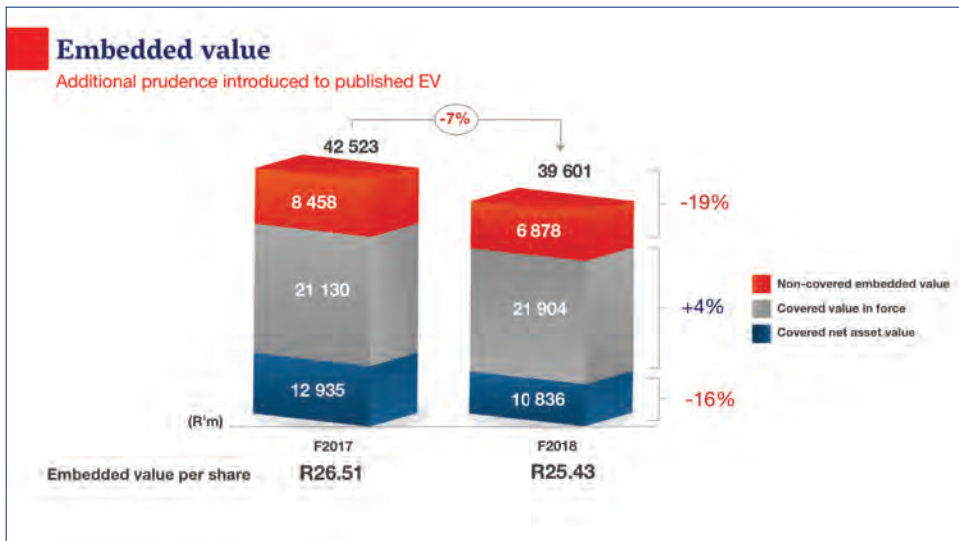
R 1 160 MILLION EV acquired

* On closing EV

R971 million spent on repurchases to 30 June 2018







Value of non-life operations

Three categories of directors valuations

(R'm)

	Earnings	Valuation	PE Multiple
Mature operations			
Guardrisk	258	3 019	12
Investments	191	2 827	15
SA Health business	170	1 595	9
Other international businesses	47	673	14
Total mature operations	668	8 135	12
Emerging operations			
MSTI	-56	470	n/a
India	-217	453	n/a
aYo	-58	77	n/a
Multiply	-187	-376	n/a
Total emerging operations	-518	625	n/a
Other			
Head office expenses (SA & International)	-202	-1 901	9

Guardrisk

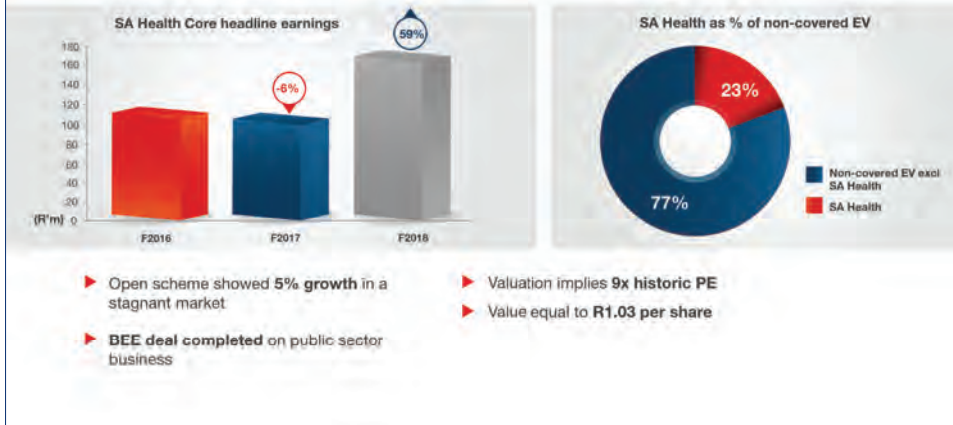
Guardrisk is the largest contributor to non-life valuation



- ▶ Market leader
- ▶ SA's largest cell captive insurer
- ▶ Improved underwriting
- ▶ Valuation implies 12 x historic PE
- ▶ Value equal to R1.94 per share

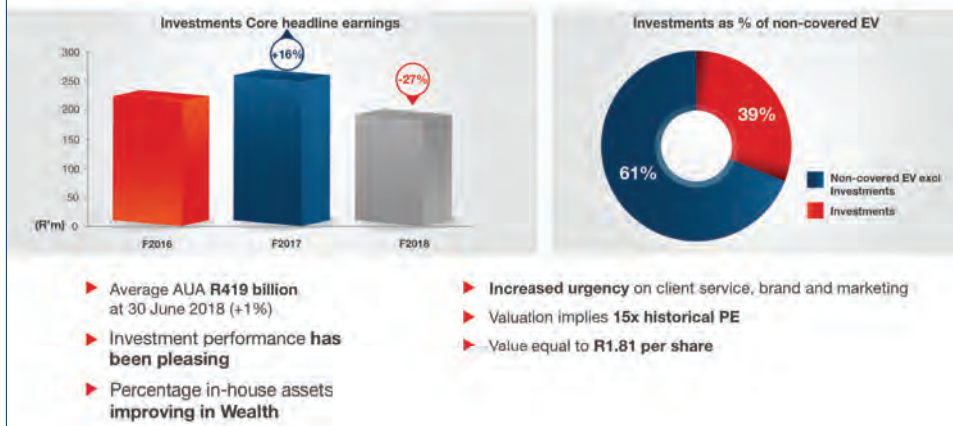
SA Health

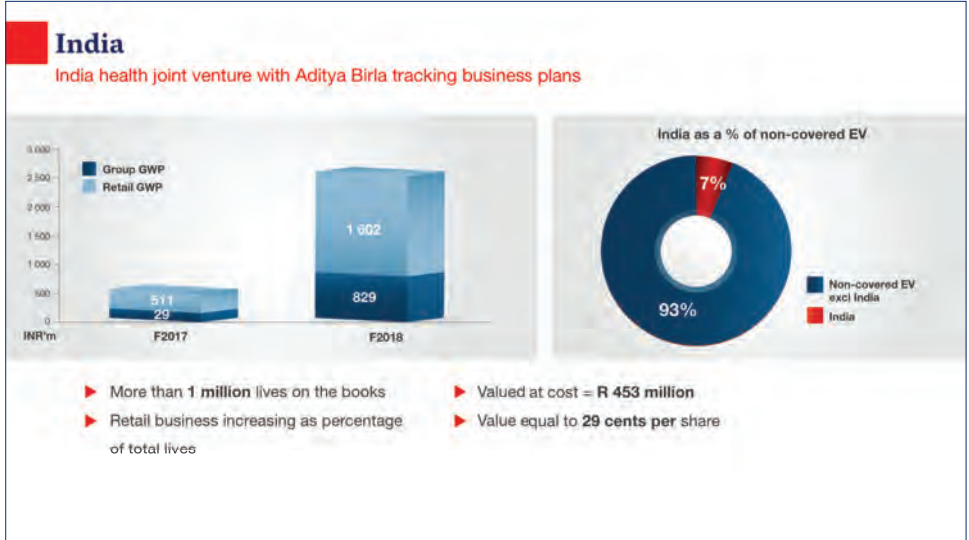
Momentum Health showing above industry growth



Investments

Investments showing good investment performance





Basis changes

Reset of our basis to introduce more prudence in the embedded value

(R'm)

BASIS CHANGES		
Type	IFRS impact	EV impact
Terminations	-480	-314
Expenses	-692	-536
Product management	-654	-1,024
Methodology	787	1,184
Other	-493	-265
Total	-546	-875



Financial priorities



Financial priorities

- 1 Successful insurers need to have a 'fortress balance sheet'
- 2 Clear financial targets and plans for the next three years
- 3 Increase financial discipline
- 4 Shareholder capital needs to be treated with respect
- 5 Can't have group-wide J-curves

