

MMI and KTH extend partnership

Published: Jun 18, 2012 8:00:00 AM South Africa Standard Time

Today MMI Holdings(MMI) shareholders voted in favour of the group extending its partnership with Kagiso Tiso Holdings (KTH).

Listed financial services group, MMI, created from the merger between Metropolitan and Momentum, has extended the successful empowerment partnership that Metropolitan had with KTH.KTH is the investment company formed when Kagiso Trust Investments (KTI) and the Tiso Group merged in 2011. It will now have an effective shareholding of 7% in MMI.

The partnership began in 2004 when the then KTI acquired a stake in Metropolitan, a shareholding that was subsequently increased between 2005 and 2007. KTH's shareholding was diluted in 2010 when Metropolitan merged with Momentum to form MMI.

The partnership was due to come to an end in 2012 but a new agreement has been reached which will facilitate KTH's meaningful economic shareholding in MMI for another five years.

'As a committed South African corporate citizen, empowerment and transformation are at the heart of the way we do business at MMI. Having a partnership with KTH is a very important pillar in

strengthening our empowerment foundation. Both parties have benefitted from the partnership in the past. We are very pleased to be able to continue this important strategic partnership into the future,' says MMI group CEO Nicolaas Kruger.

The shareholders of KTH are widely diversified, with the largest groupings being two charitable organisations, the Kagiso Charitable Trust and the Tiso Foundation Charitable Trust.

KTH CEO Vuyisa Nkonyeni says, 'as an investment company looking to create value for our broad base of shareholders, we see MMI as a key entry point into the financial services market, which is consistent with the KTH group's investment strategy. We see potential for sustainable growth into the future. The partnership is therefore of great importance to us and it was a natural progression to decide to extend the partnership'.

As part of the restructure, KTH has agreed to convert approximately 66 million MMI preference shares into listed MMI ordinary shares, and MMI will extend the term of the remaining MMI preference shares (34 million) for a further five years. This will result in KTH having a shareholding of 7% in MMI.

MMI recently achieved level 3 broad based black economic empowerment contributor status for 2011 in terms of the Department of Trade and Industry's Codes of Good Practice. This was the MMI group's first combined scorecard since the merger and it followed a comprehensive verification audit.

'One of the important building blocks that help us to become a leader in meeting the financial services needs across our full customer spectrum is by having a solid empowerment foundation in place on which to build,' concludes Kruger.

The shareholders also approved an odd-lot offer whereby shareholders in MMI who hold 500 shares or less can sell their holdings back to the company in a cost-effective manner.