



Reset & Grow

Results for the year ended
30 June 2018



Agenda

Part 1 Strategy

Hillie Meyer

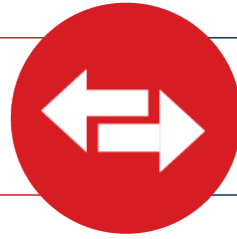
Part 2 Financials

Risto Ketola



Reset and grow

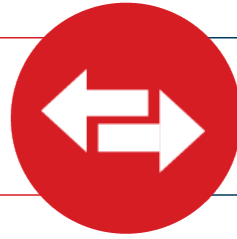
Reset



Grow

Reset and grow

Reset



Grow



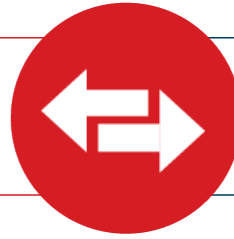
Fix the basics



Address cost base

Reset and grow

Reset



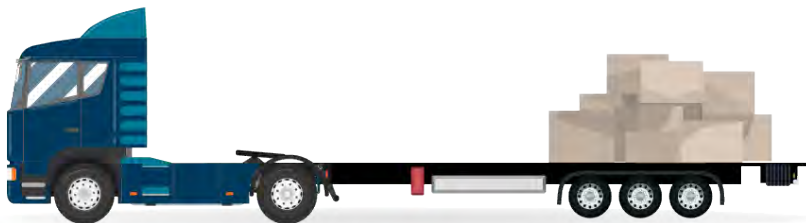
Grow



Fix the basics

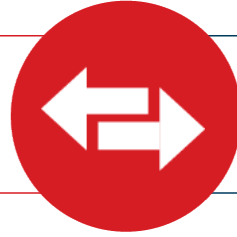


Address cost base



Reset and grow

Reset



Grow



Fix the basics



Address cost base



Distribution



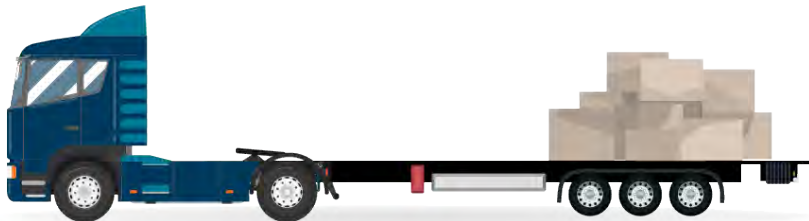
Products



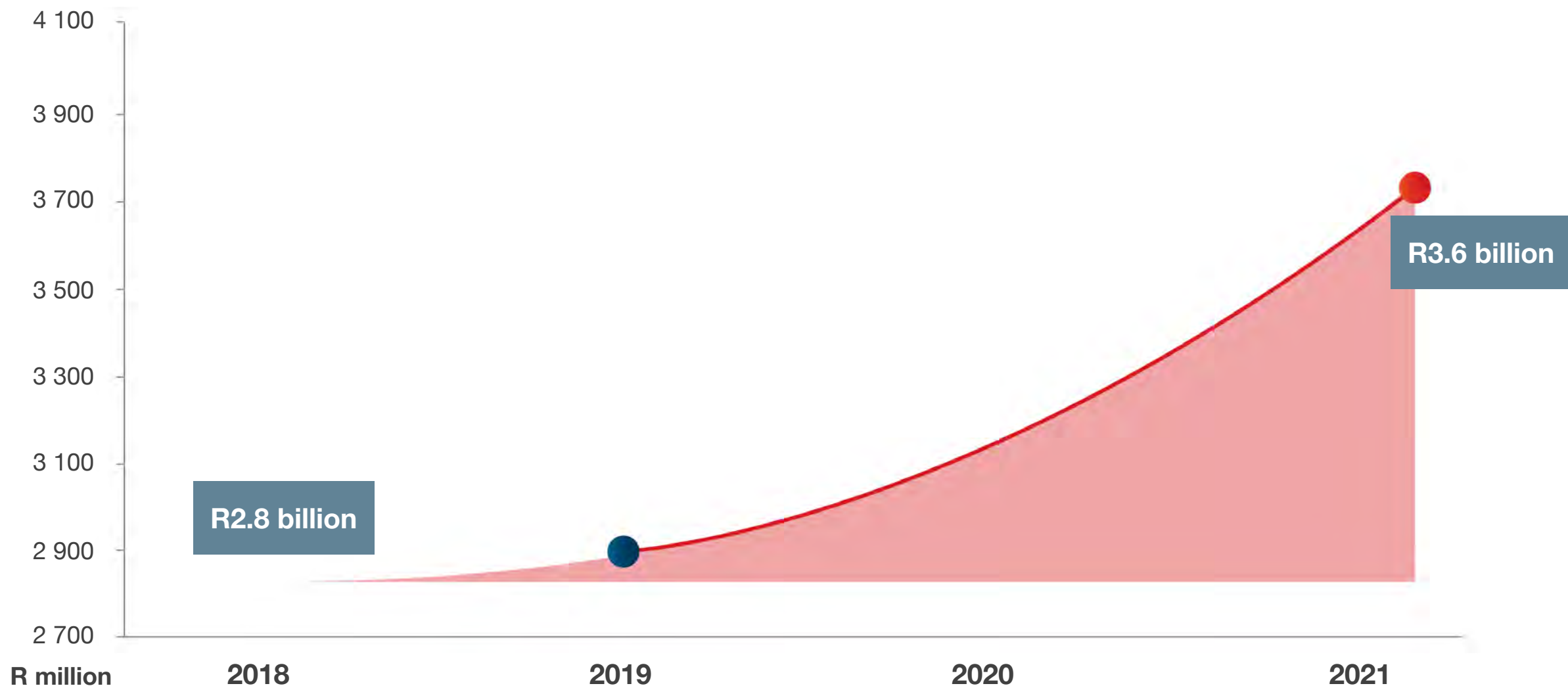
Service



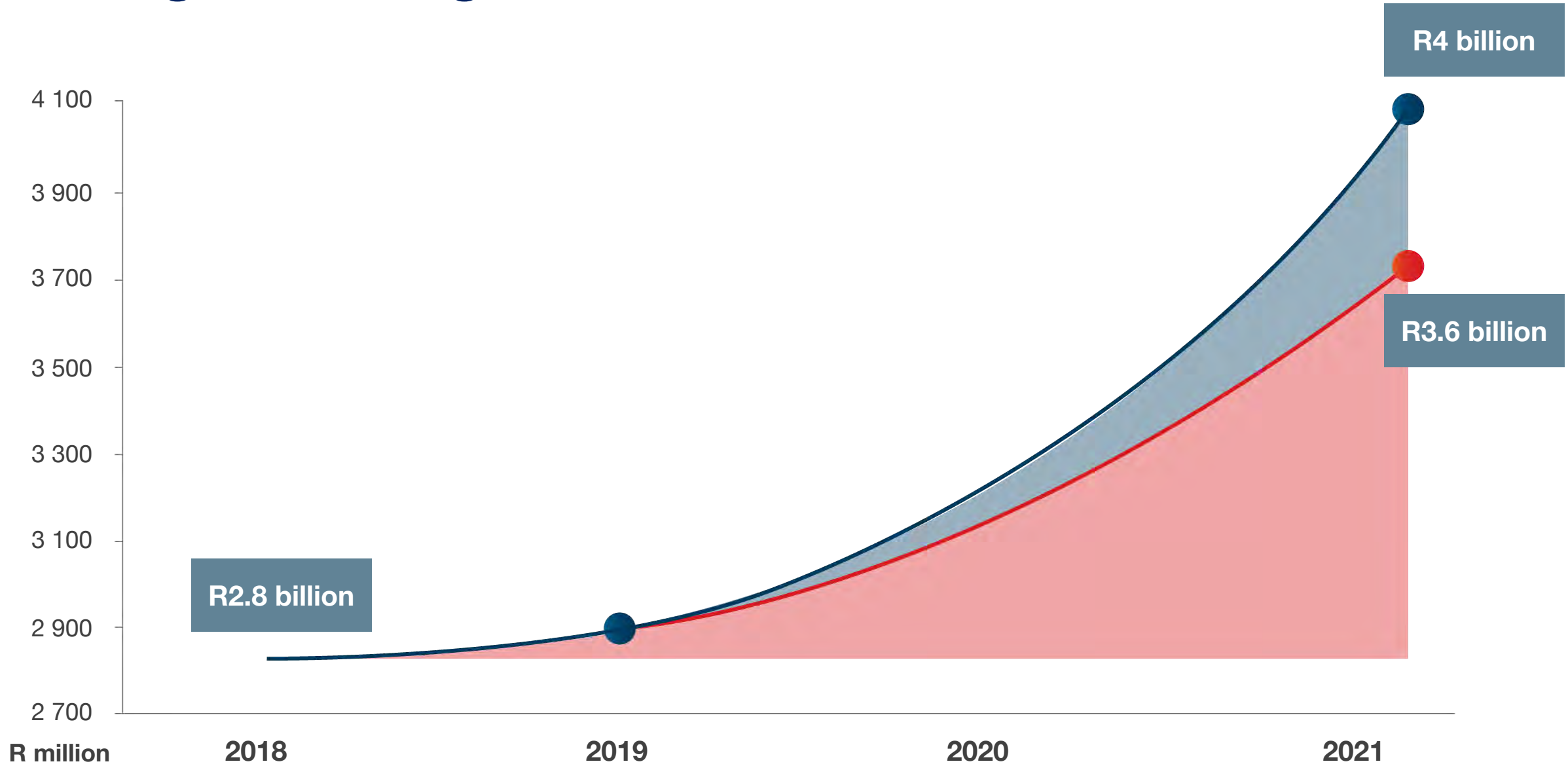
Marketing



Earnings reset and grow



Earnings reset and grow



Momentum Retail



Reset



Grow

Momentum Retail



Reset



Grow



Full value chain



Reshape distribution channels



Improve client service



Scale back UK presence



Wealth platform fees

Momentum Retail



Reset



Grow



Full value chain



Reshape distribution channels



Improve client service



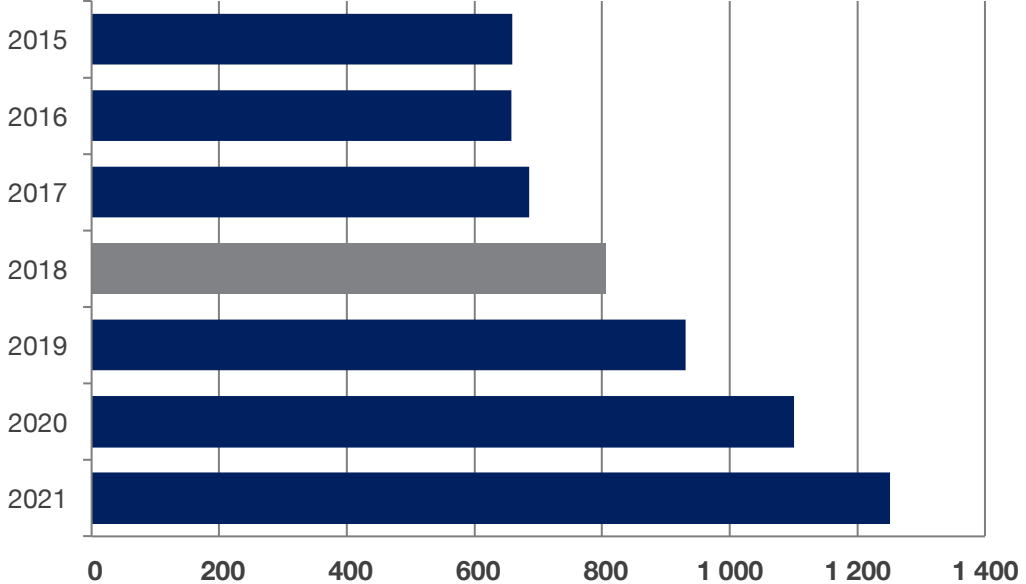
Scale back UK presence



Wealth platform fees



Momentum advisers footprint growth



Momentum Retail



Reset



Grow



Full value chain



Reshape distribution channels



Improve client service



Scale back UK presence



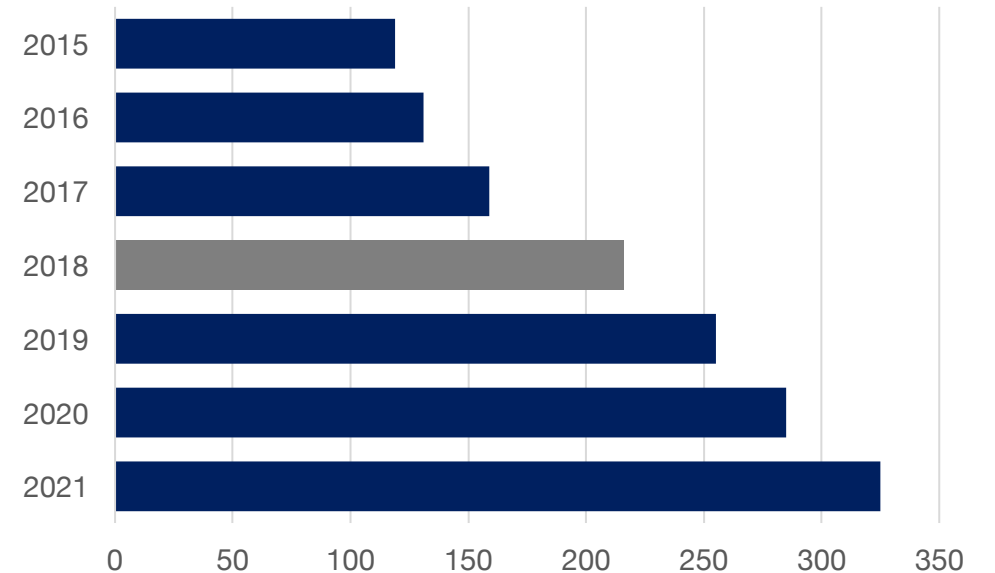
Wealth platform fees



Momentum advisers footprint growth



Momentum Consult footprint growth



Momentum Retail



Reset



Grow



Full value chain



Reshape distribution channels



Improve client service



Scale back UK presence



Wealth platform **fees**



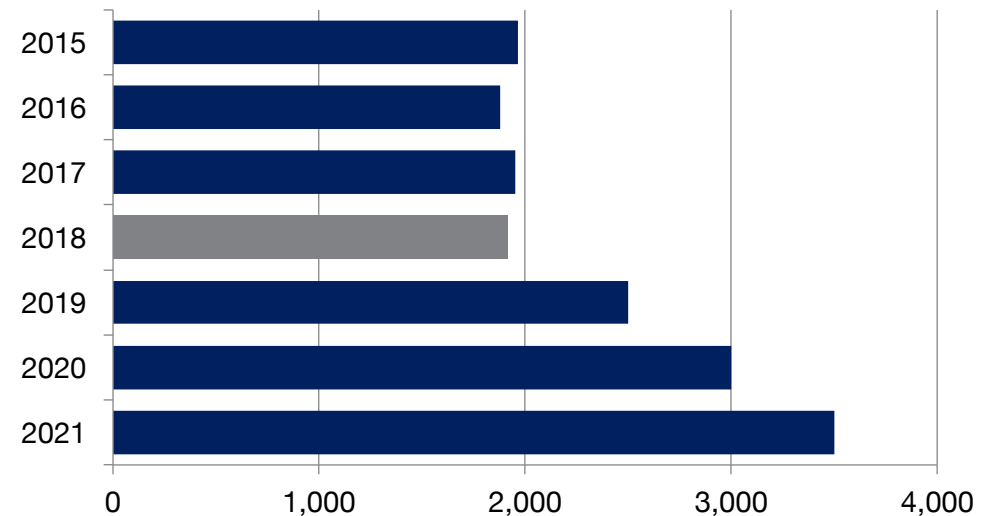
Momentum advisers footprint growth



Momentum Consult footprint growth



Grow productive brokers



Momentum Retail



Reset



Grow



Full value chain



Reshape distribution channels



Improve client service



Scale back UK presence



Wealth platform **fees**



Momentum advisers **footprint growth**



Momentum Consult **footprint growth**



Grow productive brokers



Product **innovation**



Increase flows into own funds



Enhance Multiply offering

Metropolitan Retail



Reset



Grow

Metropolitan Retail



Reset



Grow



Stabilise sales force



System migration



Upgrade points of sale

Metropolitan Retail



Reset



Grow



Stabilise sales force



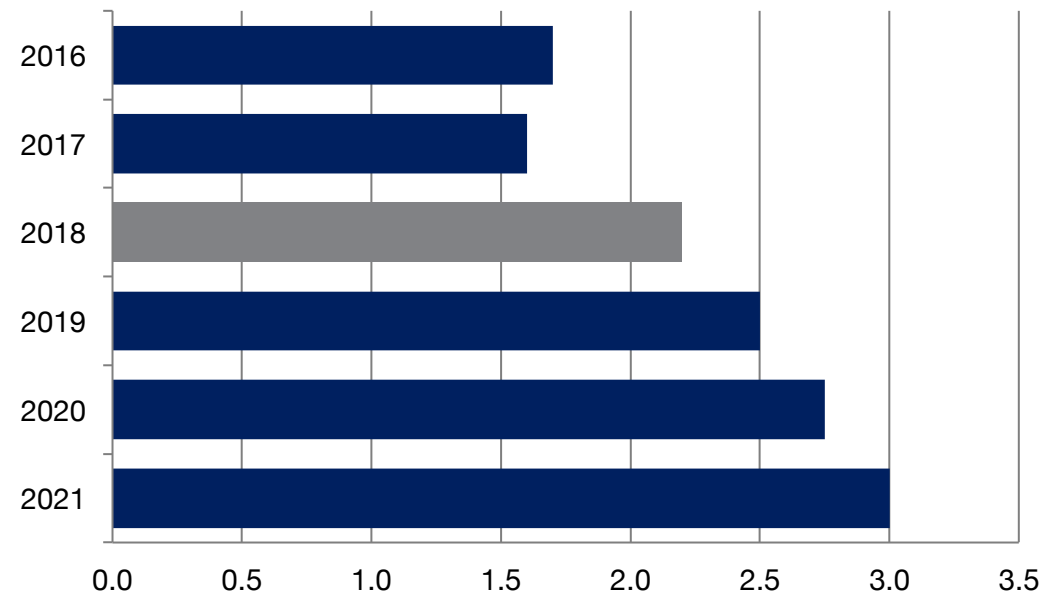
System migration



Upgrade points of sale



Adviser productivity



Metropolitan Retail



Reset



Grow



Stabilise sales force



System migration



Upgrade points of sale



Adviser productivity



Improved client value proposition



Dignified funeral



Children education



Special events



Breadwinner protection

Metropolitan Retail



Reset



Grow



Stabilise sales force



System migration



Upgrade points of sale



Adviser productivity



Improved client value proposition



Sales and service efficiencies



African Bank JV

Reset



Grow

Reset



Grow



Full value chain **responsibility**



Strengthen leadership team



Rebuild distribution



Improve underwriting experience

Reset



Grow



Full value chain **responsibility**



Strengthen leadership team



Rebuild distribution



Improve underwriting experience



Diversify distribution channels



Increase underwriting margins



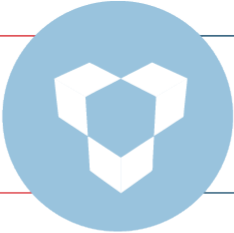
Organised Labour and **Public Sector**



Retailisation

Health

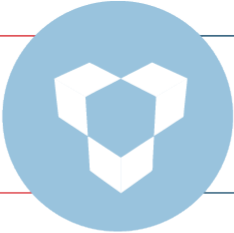
Reset



Grow

Health

Reset



Grow



Systems **consolidation**



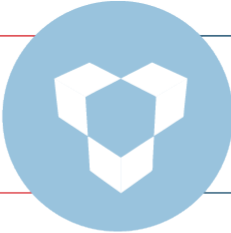
Public sector **value proposition**



BEE **transactions**

Health

Reset



Grow



Systems **consolidation**



Public Sector



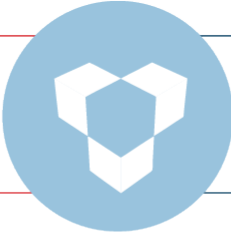
Public sector **value proposition**



BEE transactions

Health

Reset



Grow



Systems consolidation



Public sector value proposition



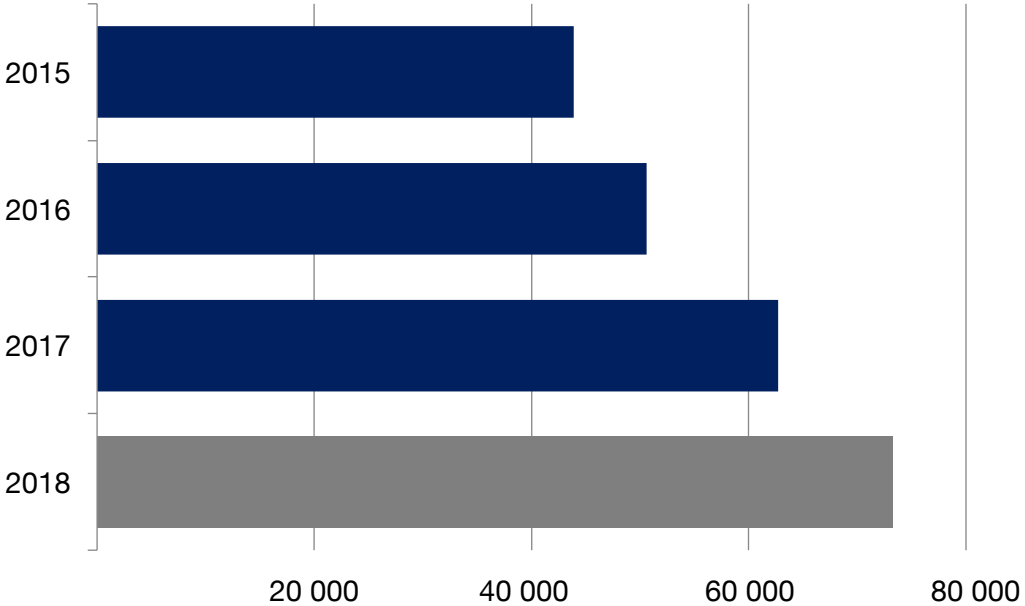
BEE transactions



Public Sector

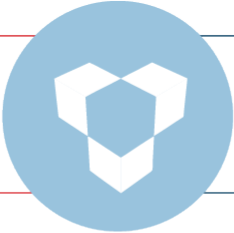


Low-income health



Health

Reset



Grow



Systems **consolidation**



Public sector **value proposition**



BEE **transactions**



Public Sector



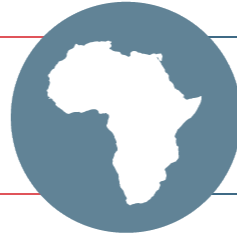
Low-income health



Focused distribution

Africa

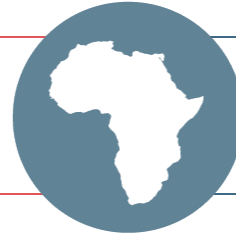
Reset



Grow

Africa

Reset



Grow



Exit selected countries



In-country **governance and control**



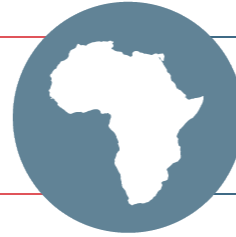
Strengthen leadership teams



Finalise operating model

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



Guardrisk

Reset



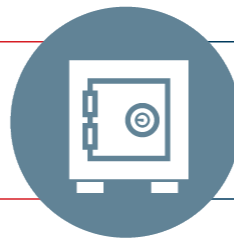
Grow



Reprice loss-making schemes



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

Momentum Short-term Insurance



Reset



Grow



Full value chain **responsibility**



SA focus **only**



Exit car dealerships



Enhance **pricing** and **underwriting**
capability

Momentum Short-term Insurance



Reset



Grow



Full value chain **responsibility**



SA focus **only**



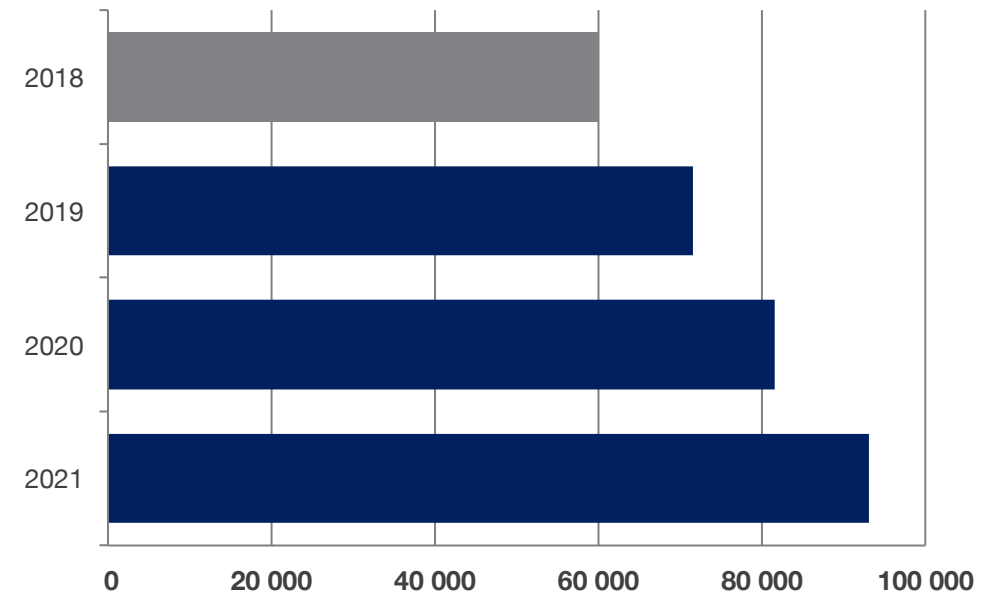
Exit car dealerships



Enhance pricing and **underwriting** capability



Grow client base



Momentum Short-term Insurance



Reset



Grow



Full value chain **responsibility**



SA focus **only**



Exit car dealerships



Enhance **pricing** and **underwriting** capability



Grow client base



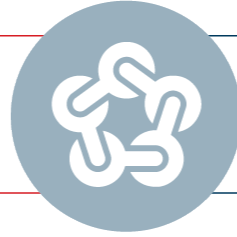
Improve claims ratio



Streamline processes

Group-wide

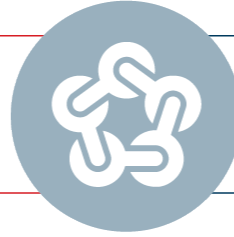
Reset



Grow

Group-wide

Reset



Grow



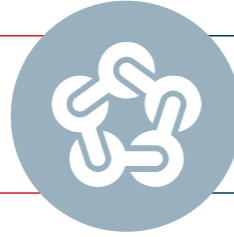
Strengthen senior leadership



Revisit Sandton head office

Group-wide

Reset



Grow



Strengthen senior leadership



Revisit Sandton head office



Better performance measurement



Improve diversity



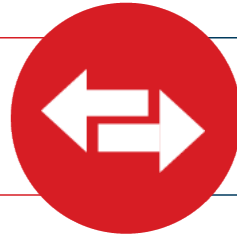
Brand positioning



Unite staff behind a common purpose

Concluding remarks

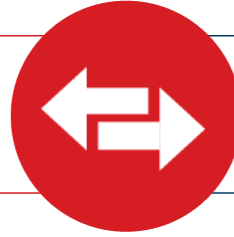
Reset



Grow

Concluding remarks

Reset



Grow



Fix the basics



Address cost base



Distribution



Products



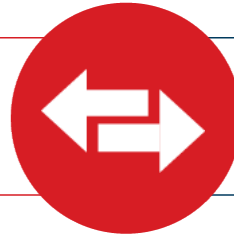
Service



Marketing

Concluding remarks

Reset



Grow



Fix the basics



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Distribution



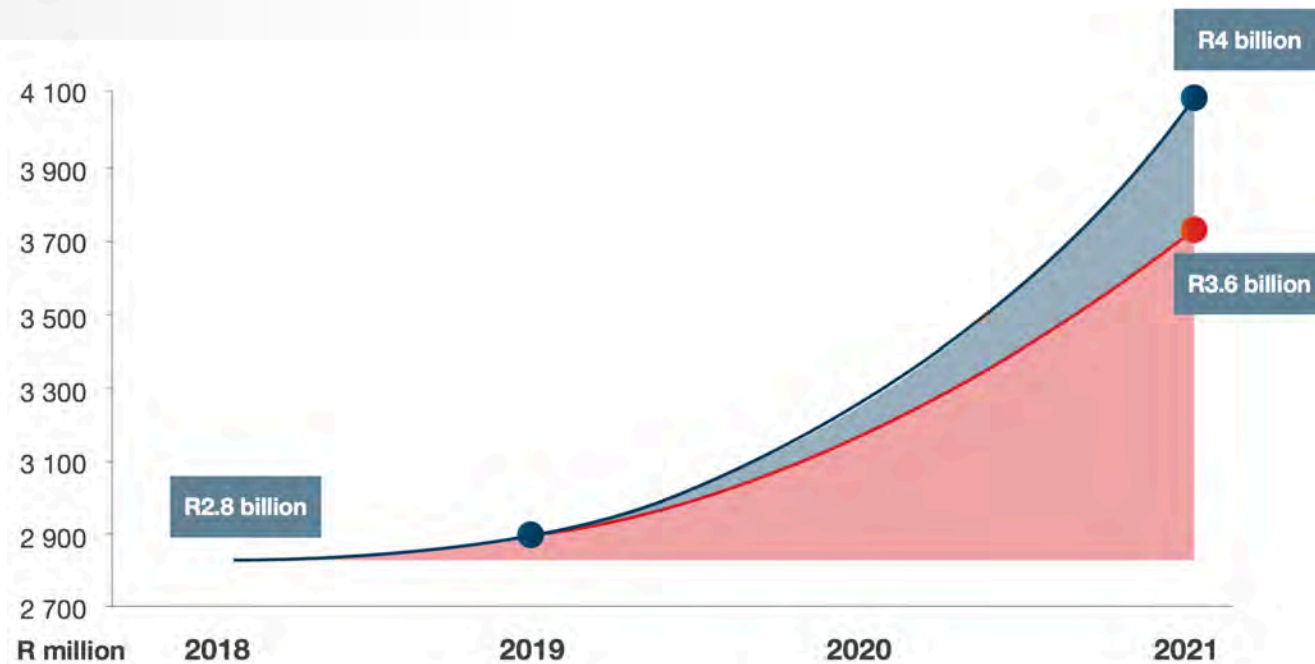
Service



Products



Marketing



Agenda

Part 1
Strategy

Hillie Meyer

Part 2
Financials

Risto Ketola



Key financial measures



Overview

Disappointing F2018 results

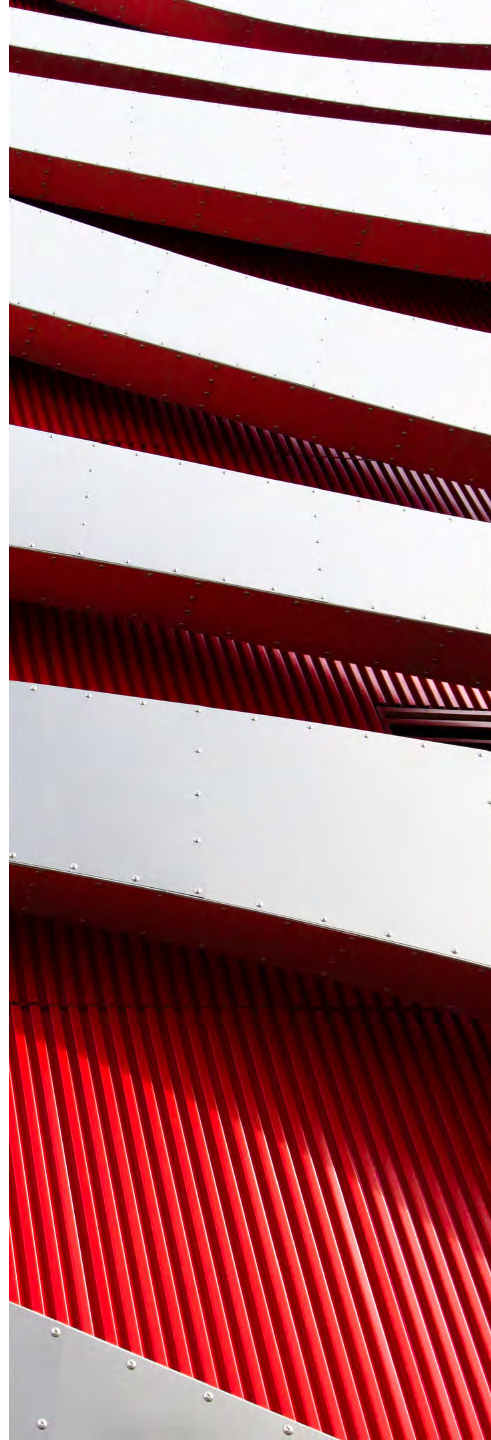
Core headline earnings decreased by **12%** to **R2 809m**

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

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

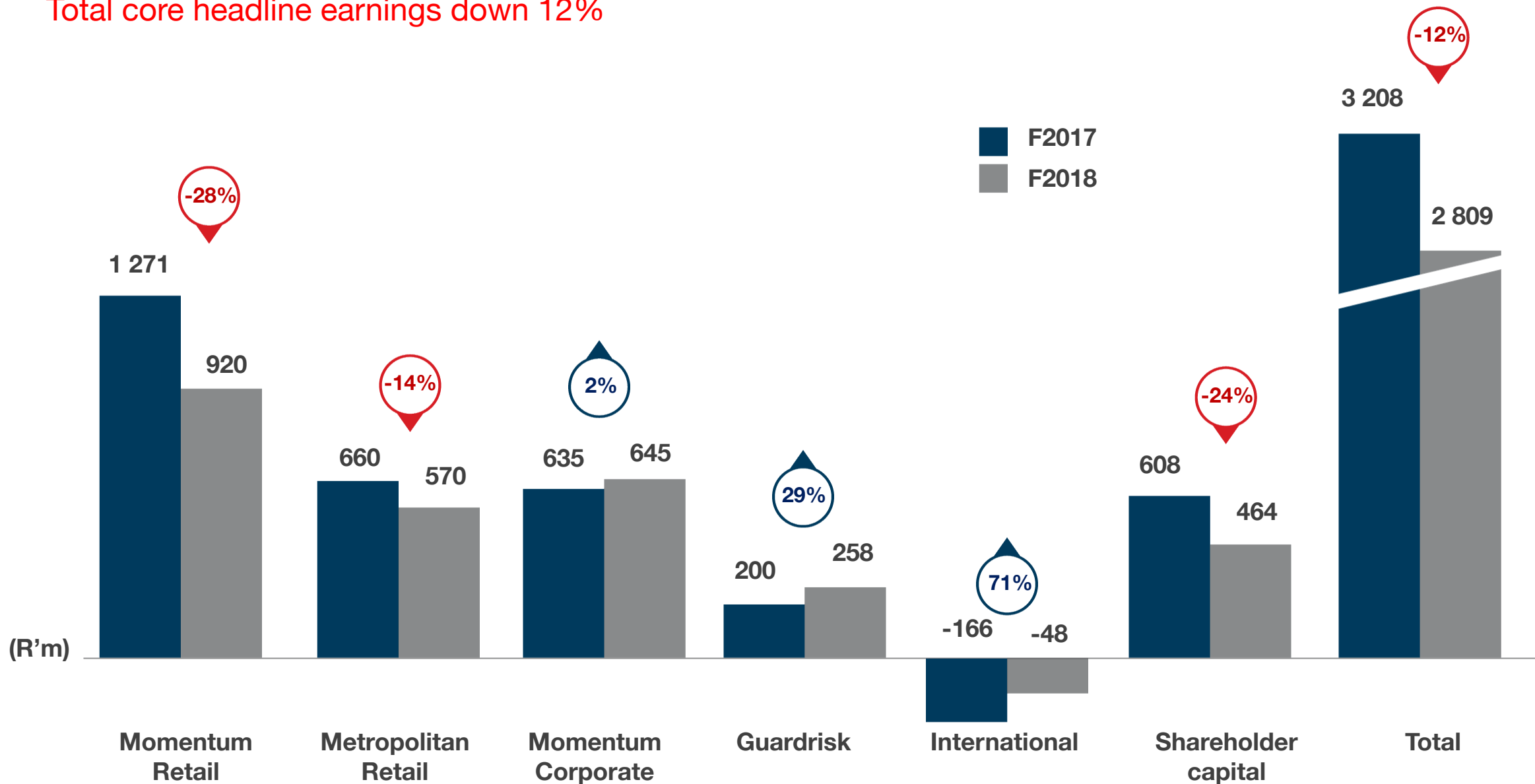
Value of new business decreased by **45%** to **R301m**

**Earnings
commentary**



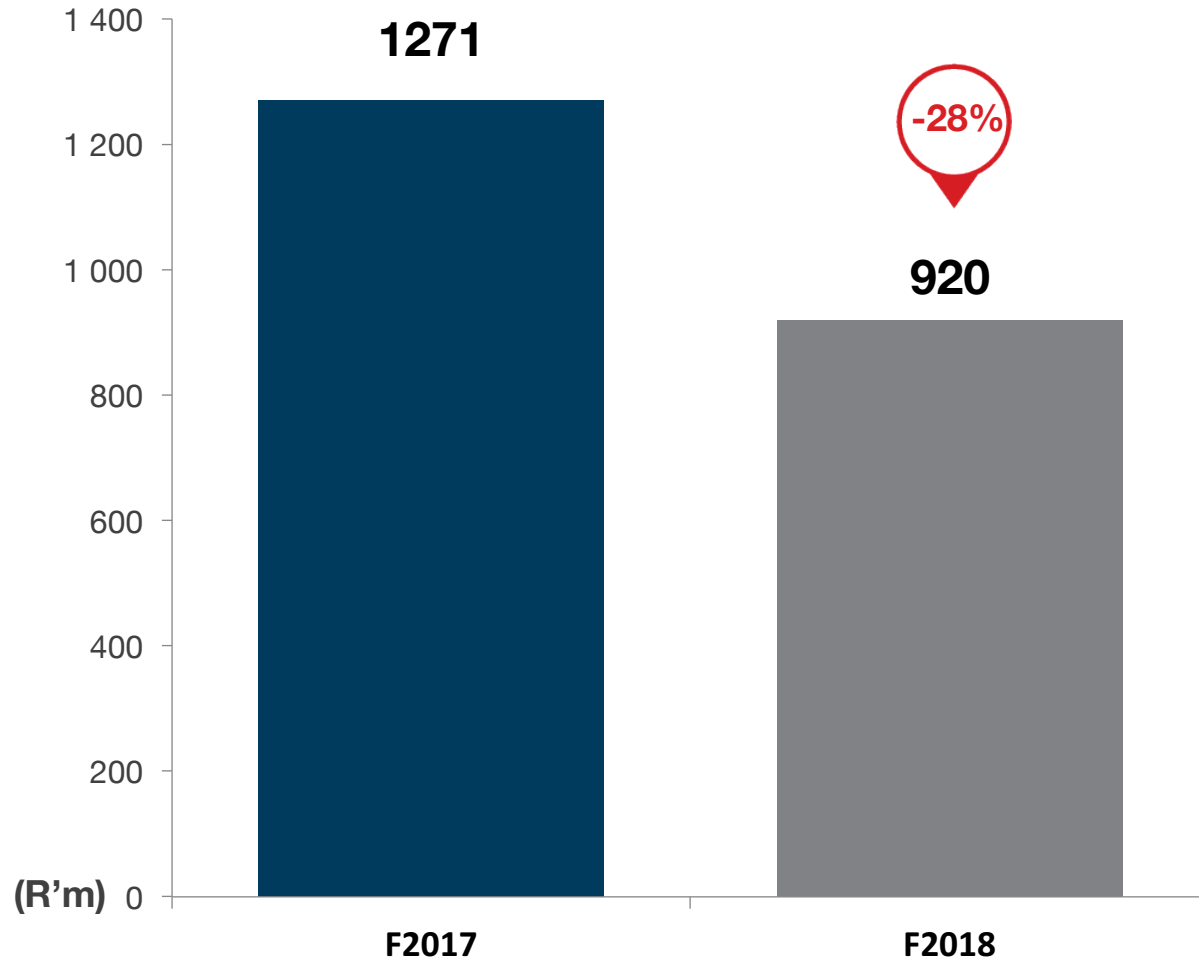
Core headline earnings by segment

Total core headline earnings down 12%



Momentum Retail

Core headline earnings deteriorated despite strong demographic experience

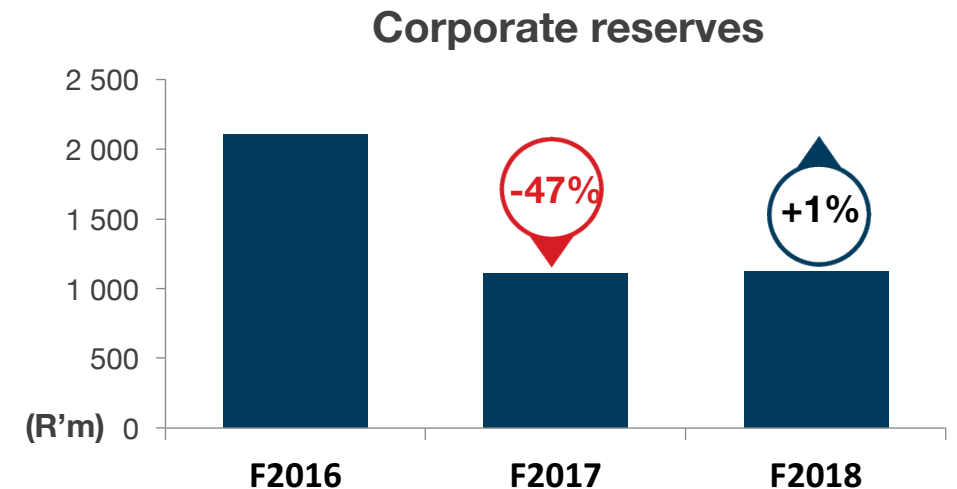


↑ Strong demographic experience

↓ Reinsurance correction

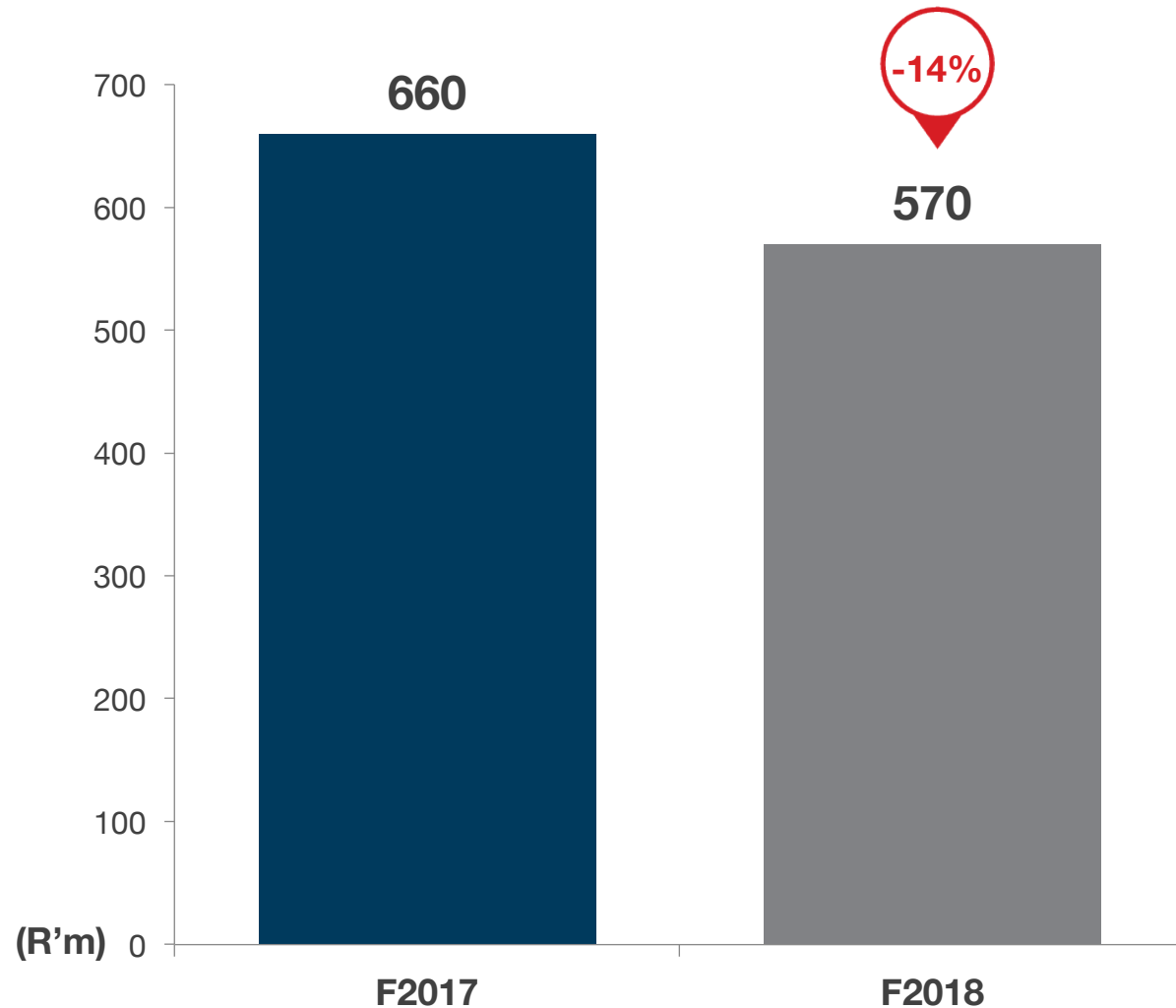
↓ Investment in initiatives to improve client and intermediary experience

↓ Run down of corporate reserves



Metropolitan Retail

Core headline earnings declined despite positive mortality and morbidity experience

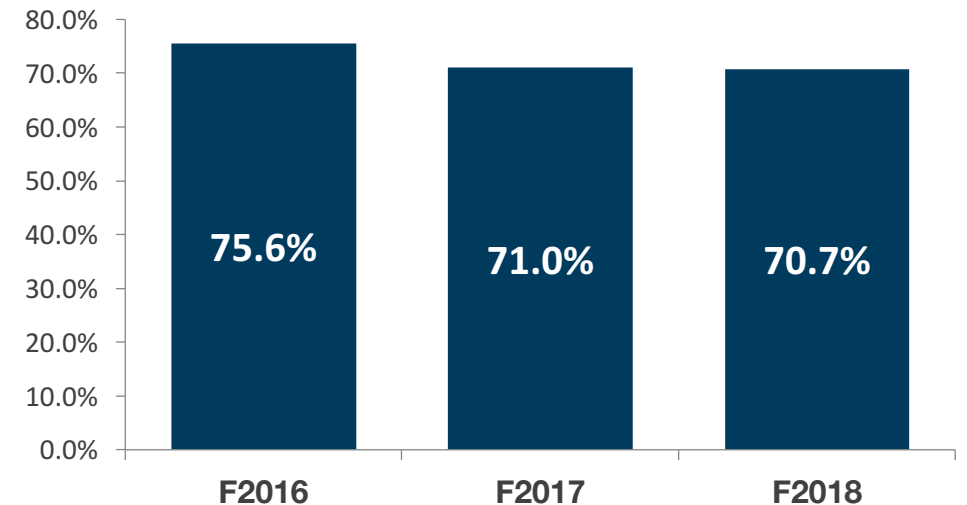


⬇️ Early duration lapse experience **outweighed positive mortality and morbidity experience**

⬇️ Investment in technology to **support advisers**

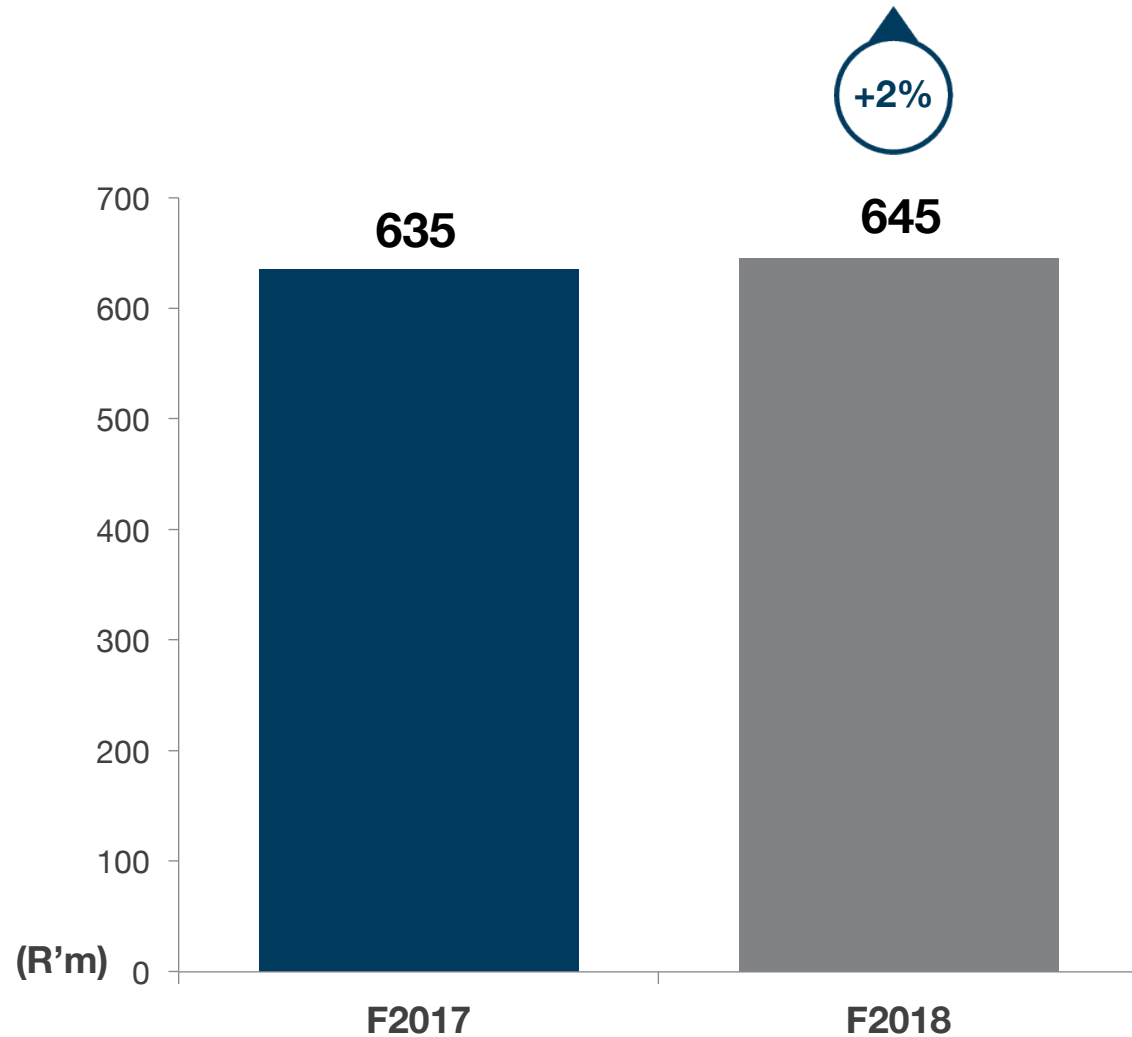
⬇️ Lending **set up costs**

Premium collection ratio



Momentum Corporate

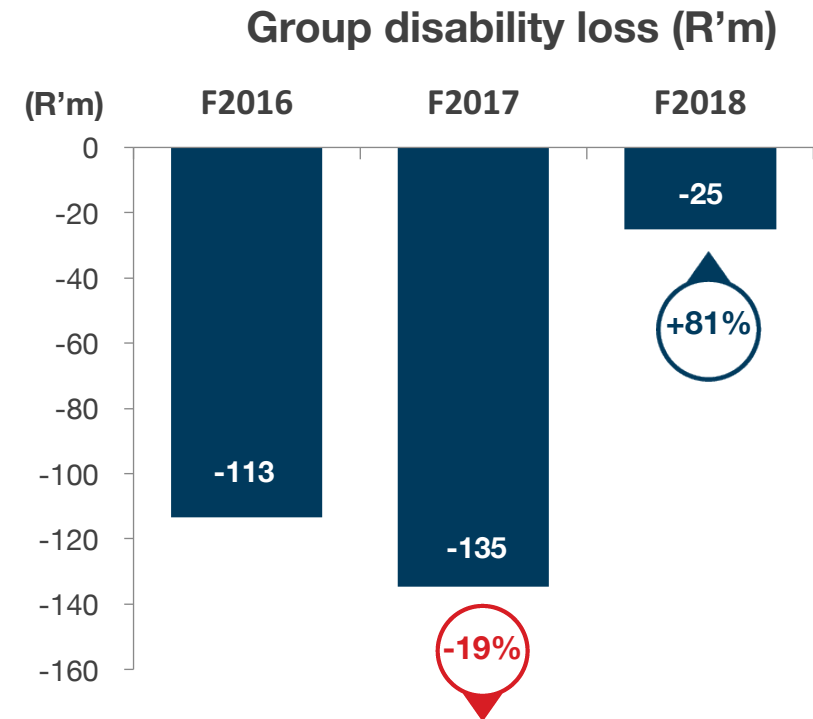
Core headline earnings improved following a recovery in group disability



↑ **Improvement** in group disability experience

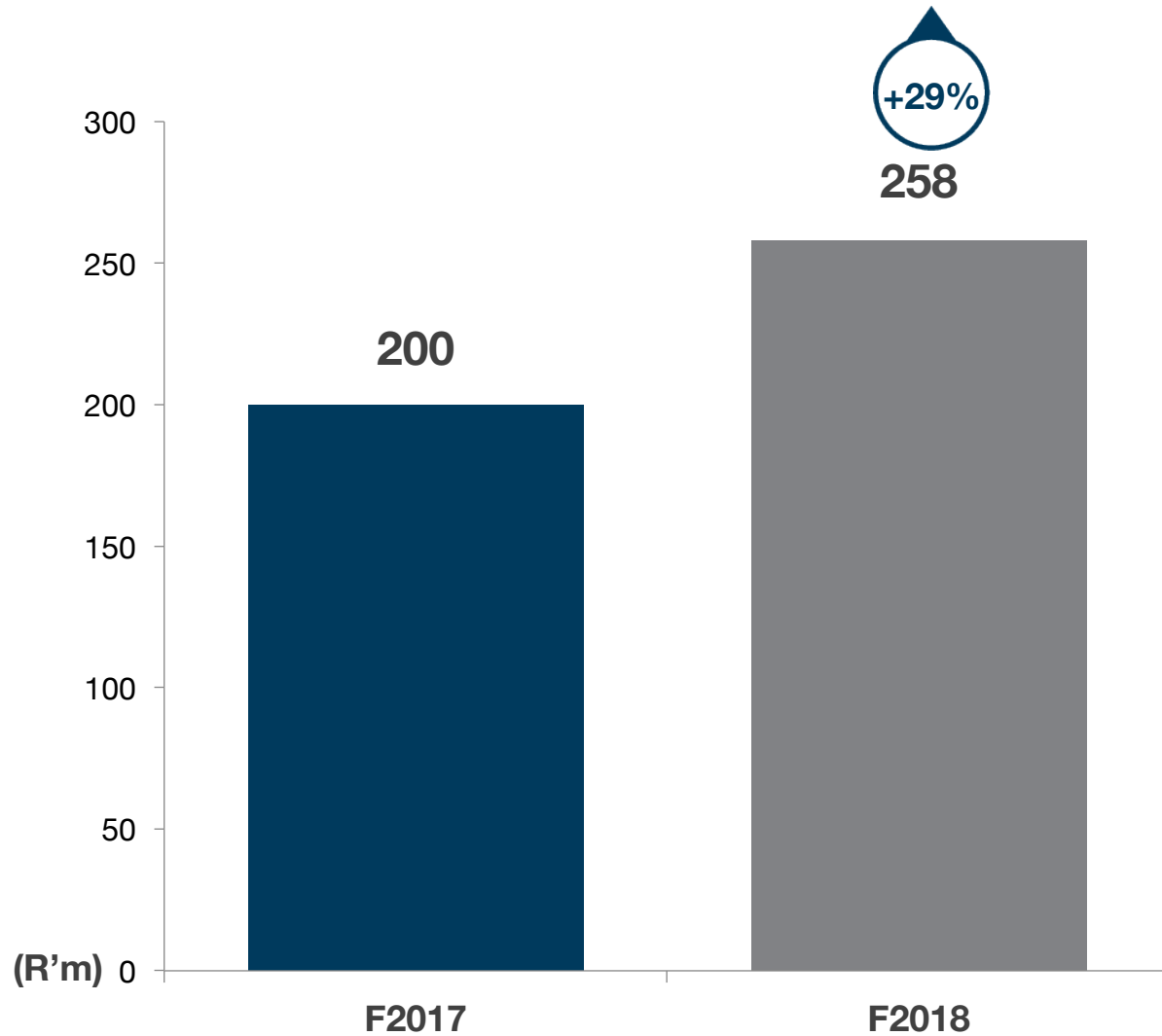
↑ **Emphasis** on expense management

↓ **Minority** share on Health profits



Guardrisk

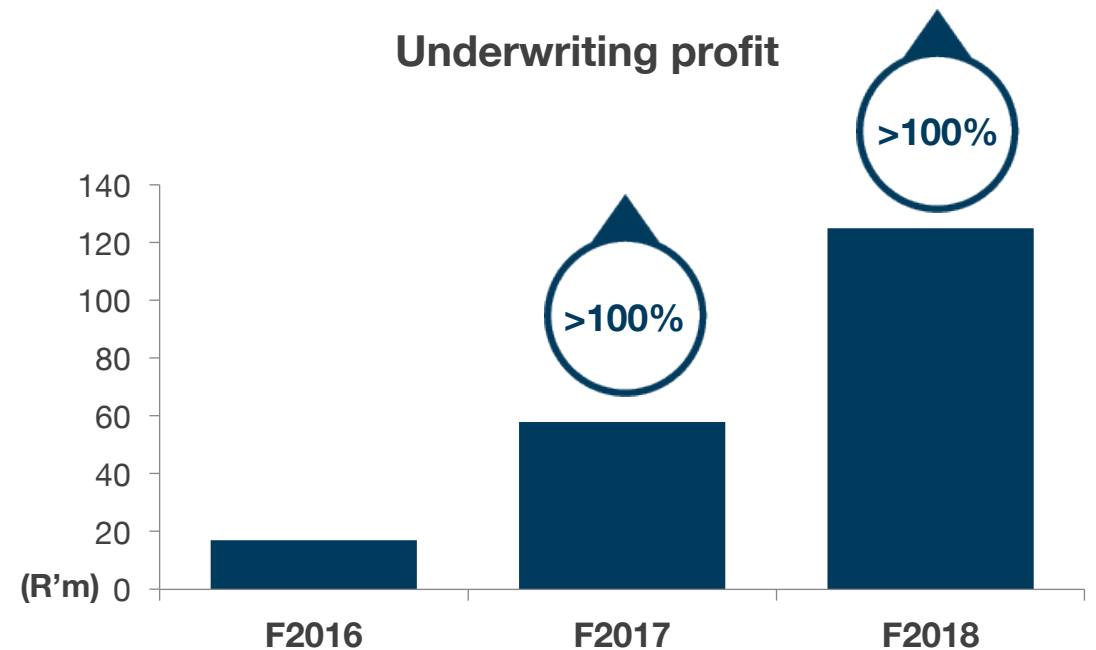
Core headline earnings showing strong growth



↑ Improvement in underwriting performance

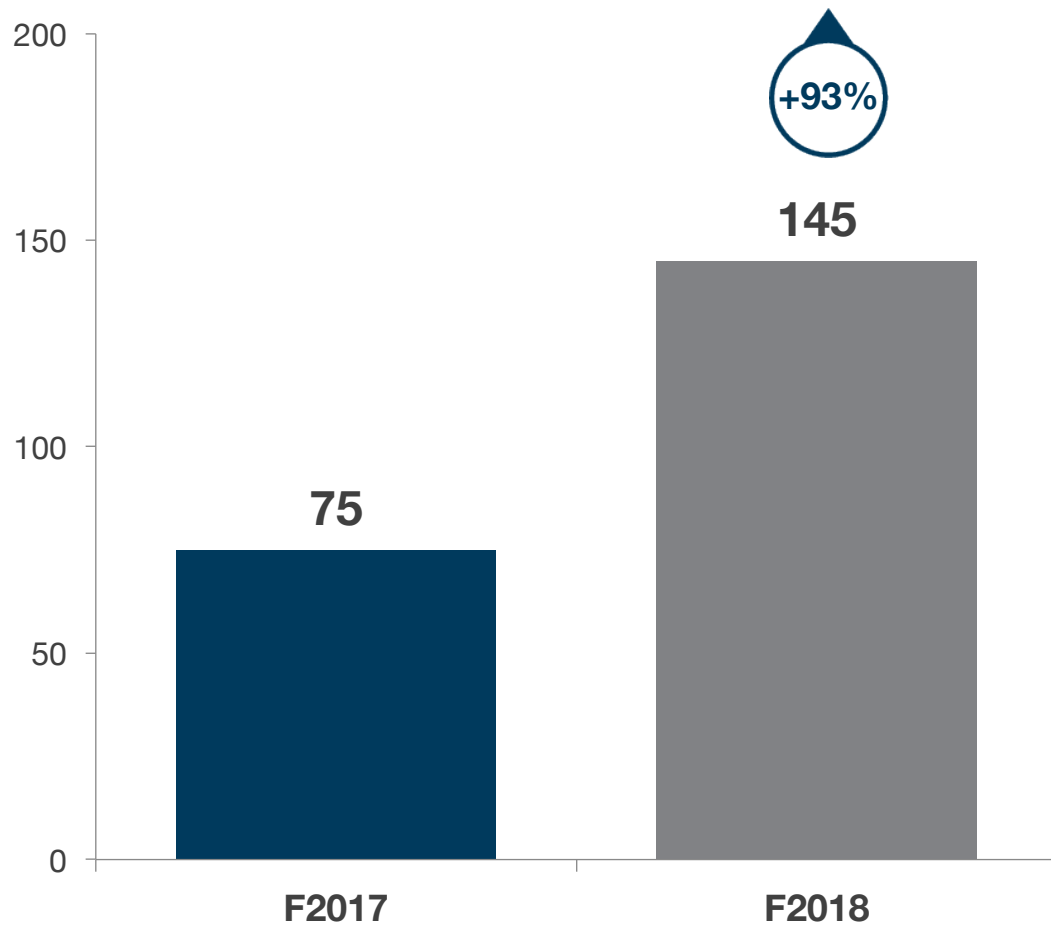
↑ Excellent expense management

↑ Repricing of some business lines



International - Africa

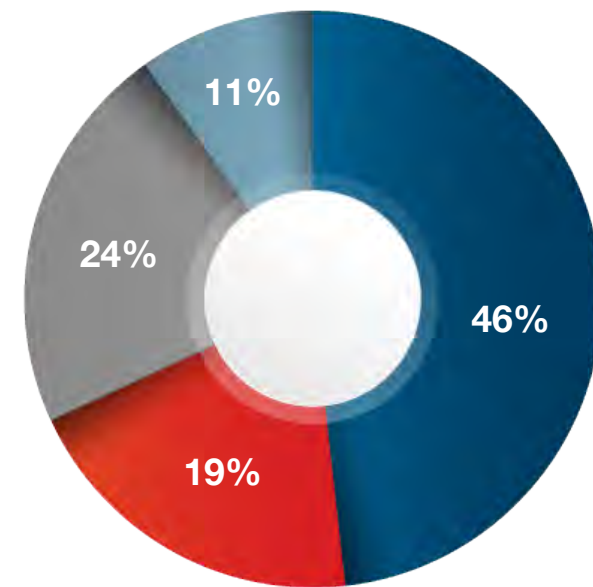
Core headline earnings improving significantly as a result of Africa exits



↑ Reduction in central support costs

↑ Ghana significant improvement

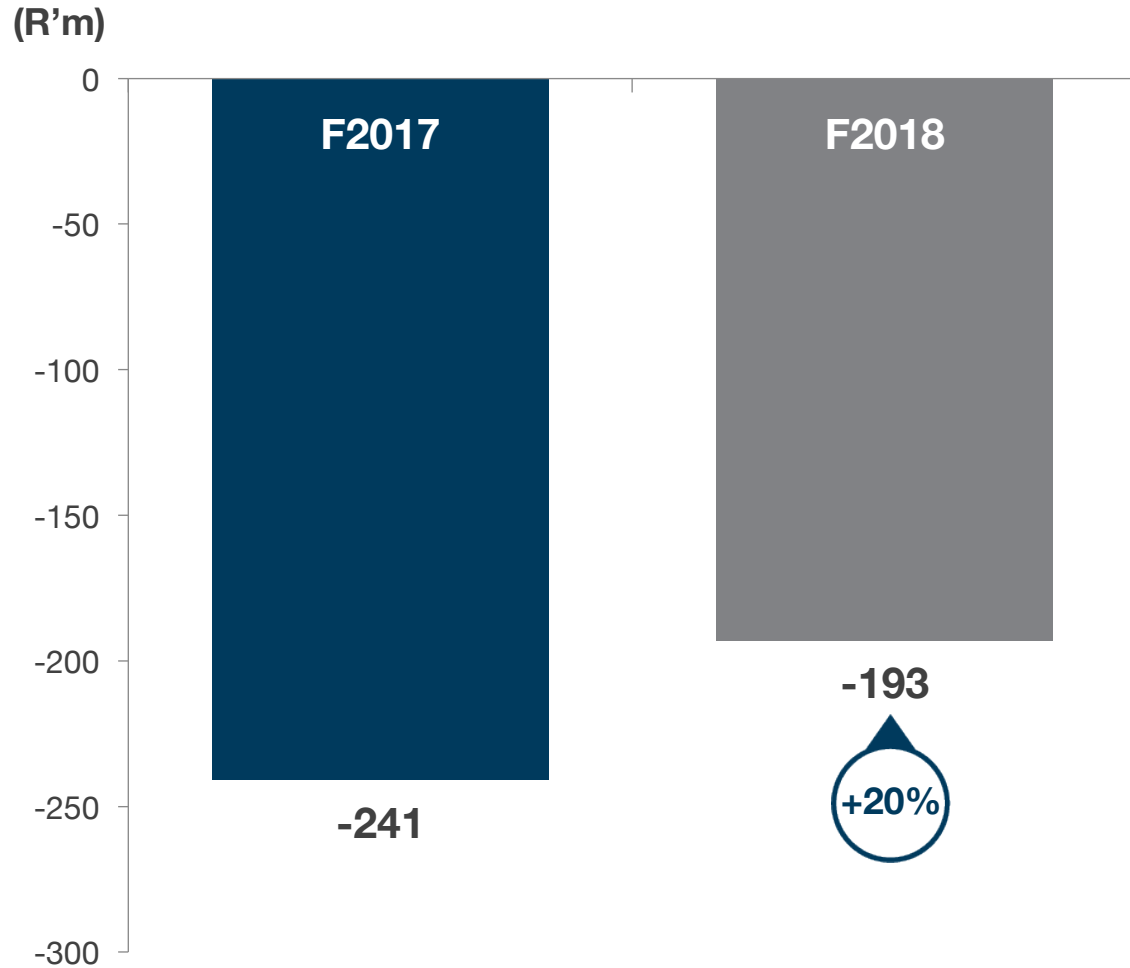
↓ Namibia weaker (lapses)



Lesotho Botswana Namibia Ghana

International - Other

Other International losses narrowing



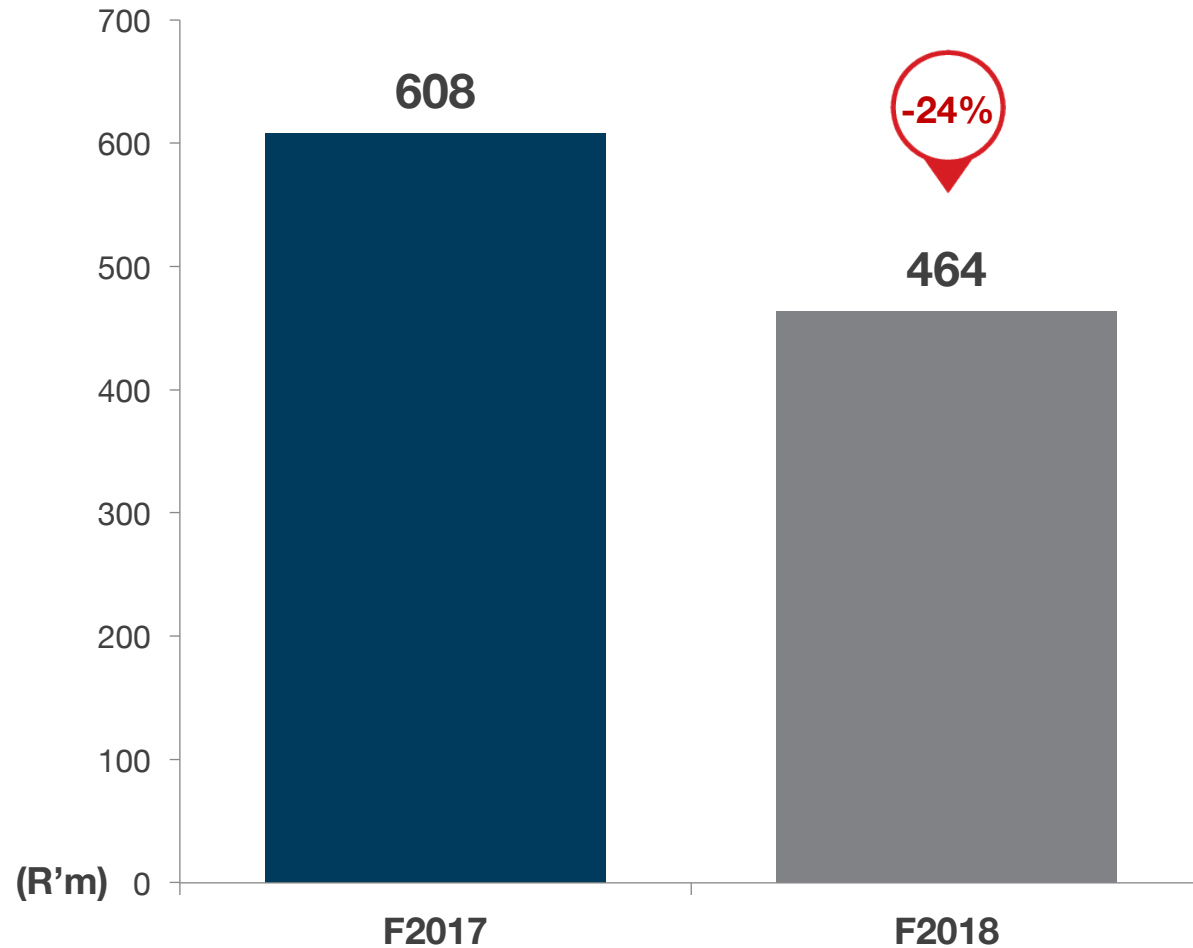
↓ R69m increase in our share of India JV losses

↑ 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

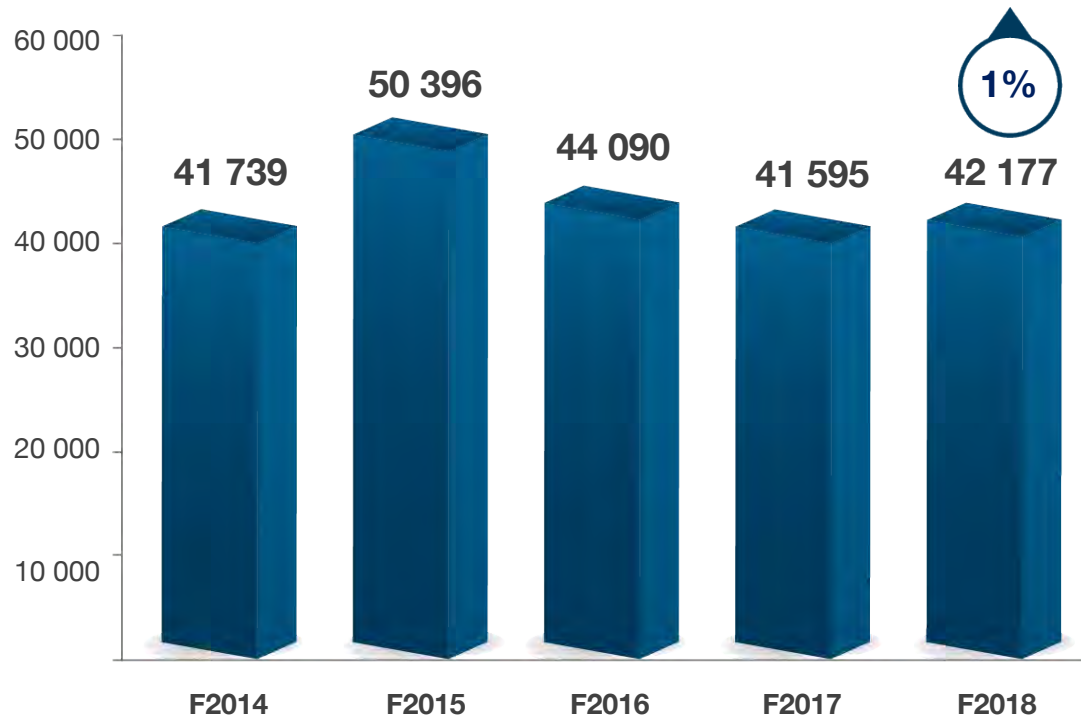
Analysis of new business



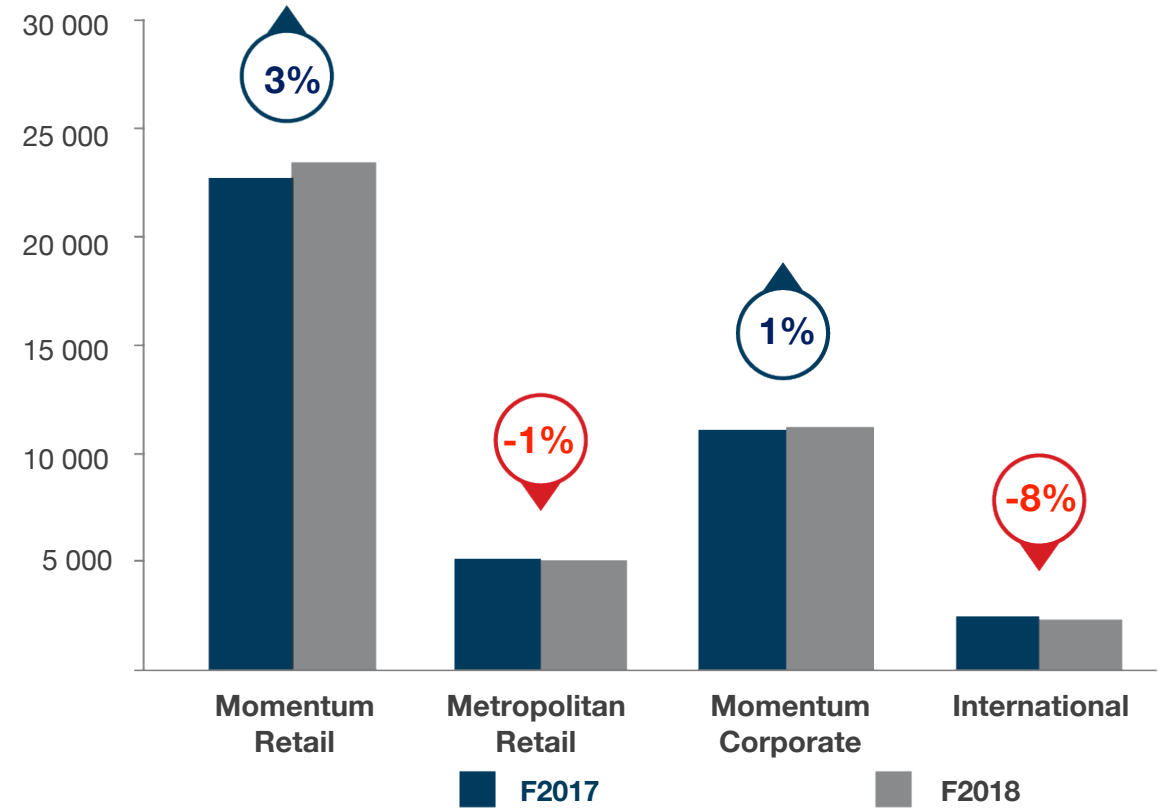
Present value of new business premiums (PVNBP)

Total new business volumes increased 1% for the year

Total PVNBP



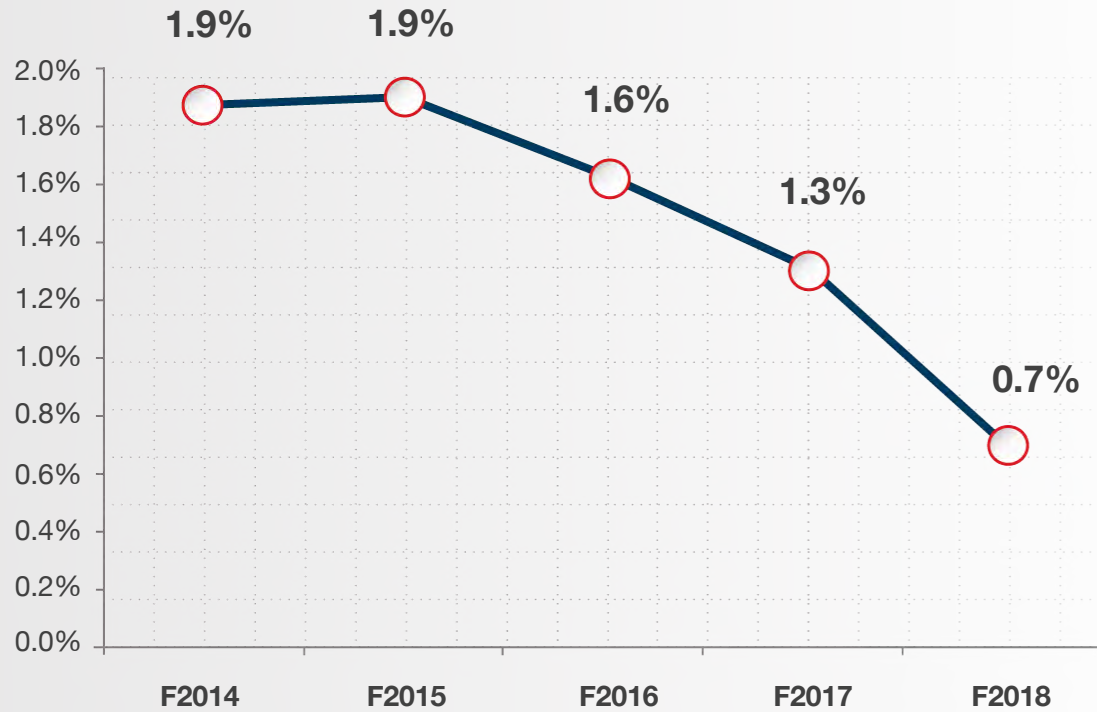
PVNBP by business unit



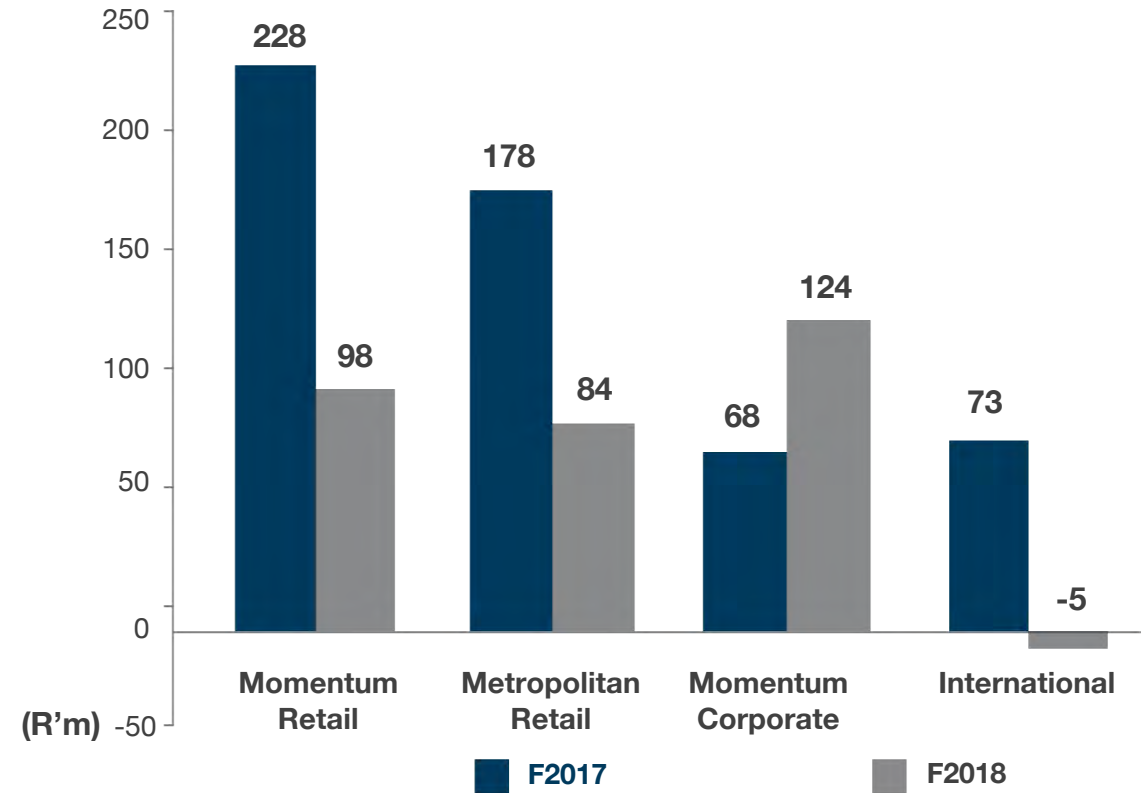
New business margin

Pressure on new business margins

Total new business margin



Value of new business (R'm)



New business margin detail

Momentum Retail

- Expense basis change
- Wealth re-price
- Product management
- Multiply integration

Metropolitan Retail

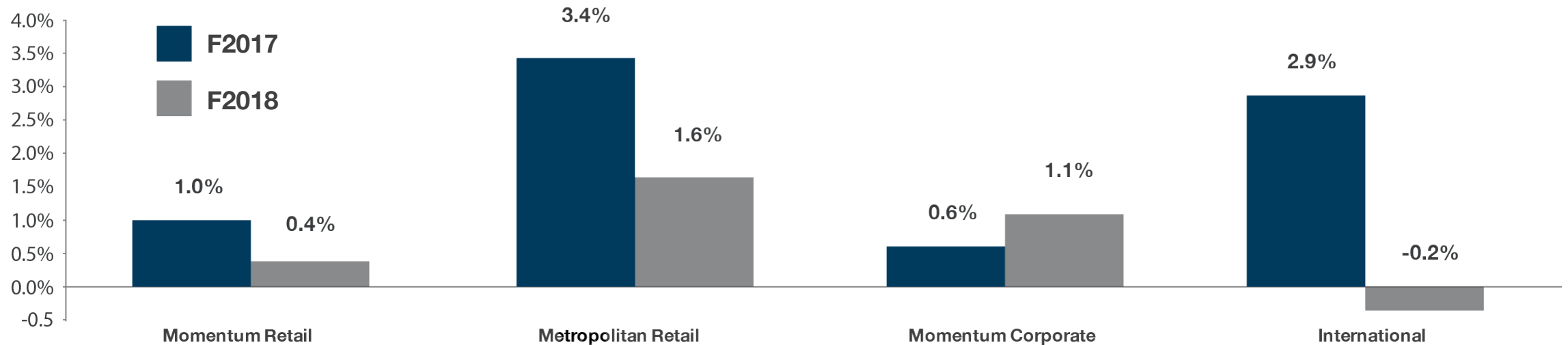
- Termination basis change
- Expense basis changes
- New business mix

Momentum Corporate

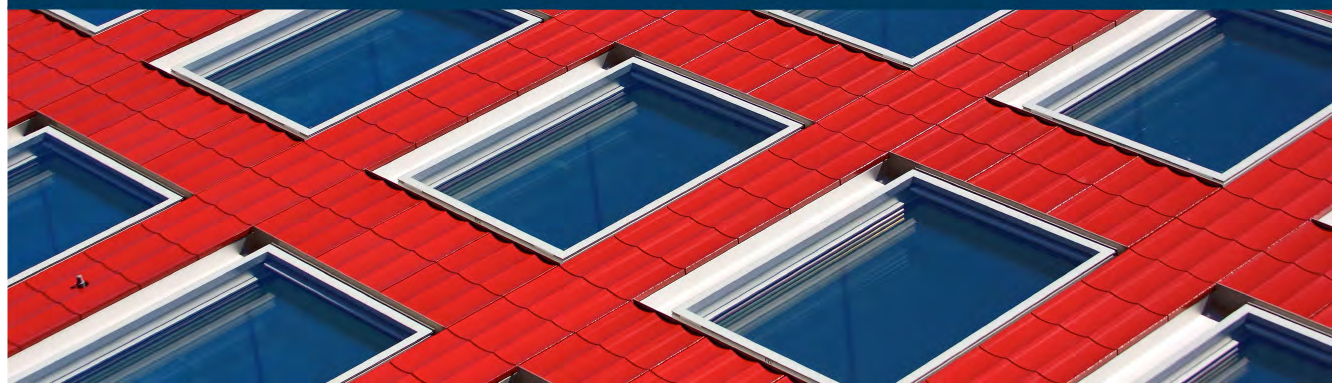
- Expense basis change
- Increased volumes
- Improved pricing

International (Africa)

- Modelling changes
- Lower volumes
- Expense variance



Update on capital



Share repurchase programme progress at 30 June 2018

47 MILLION number of shares acquired

R20.67 price of acquired shares
AVERAGE

1 557 MILLION Closing number of total issued shares

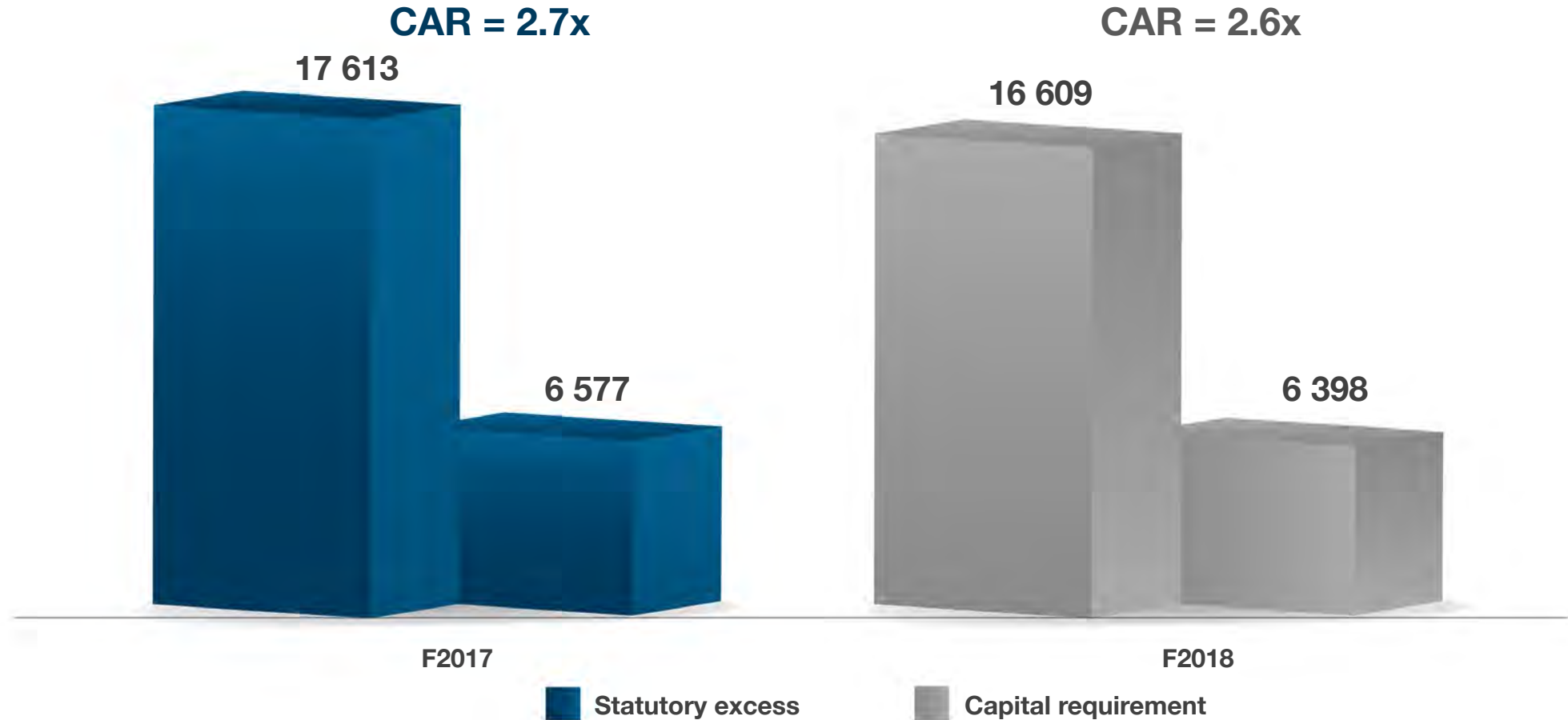
R 1 160 MILLION EV acquired

** On closing EV*

R971 million spent on repurchases to 30 June 2018

CAR capital ratio

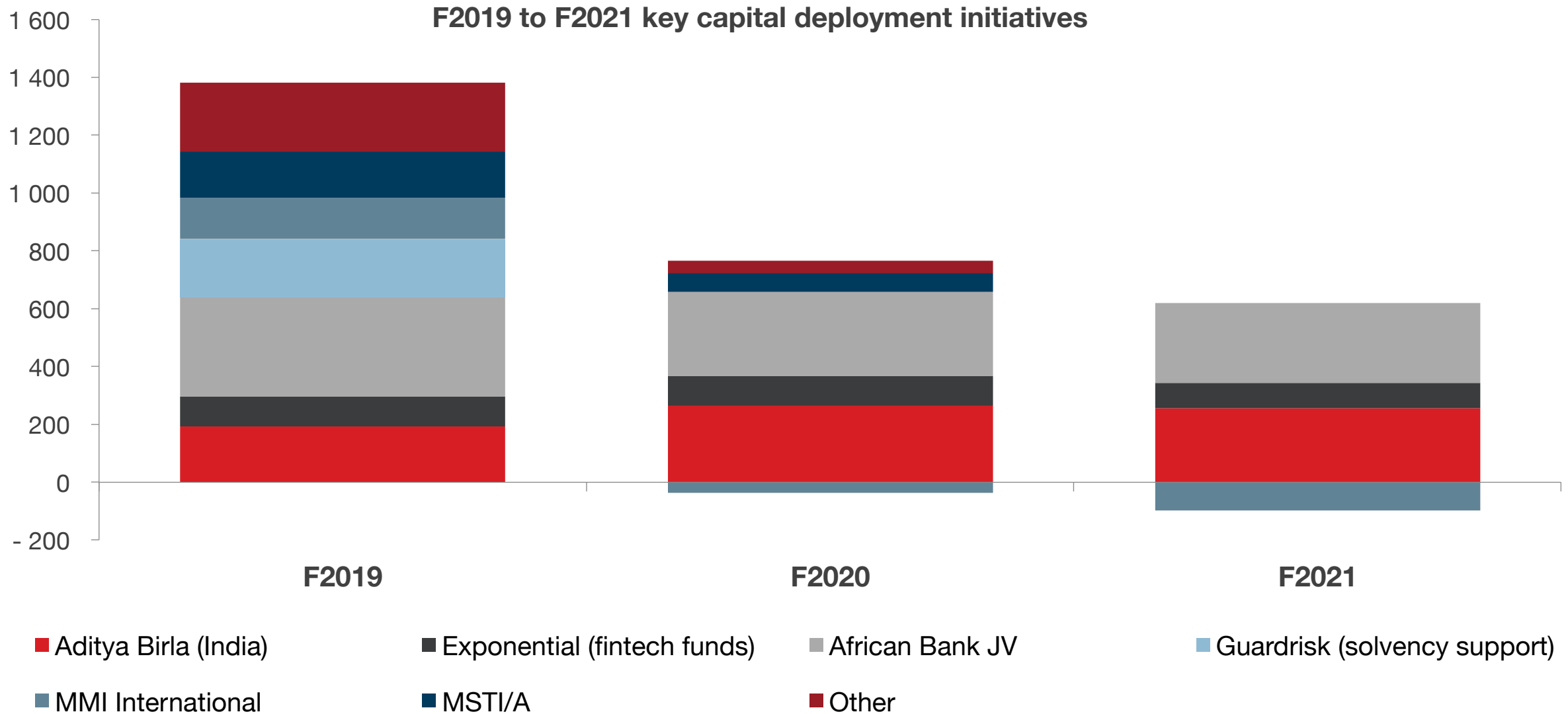
Capital position remains strong



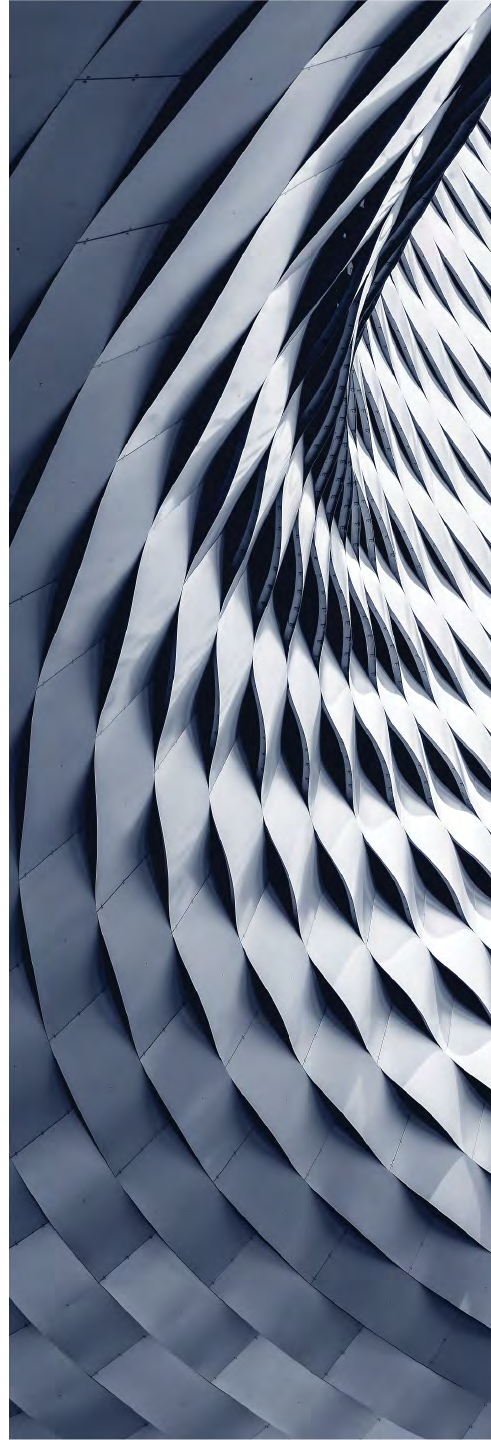
SAM solvency position also at upper end of target range

Capital management

Future capital commitments peak in F2019

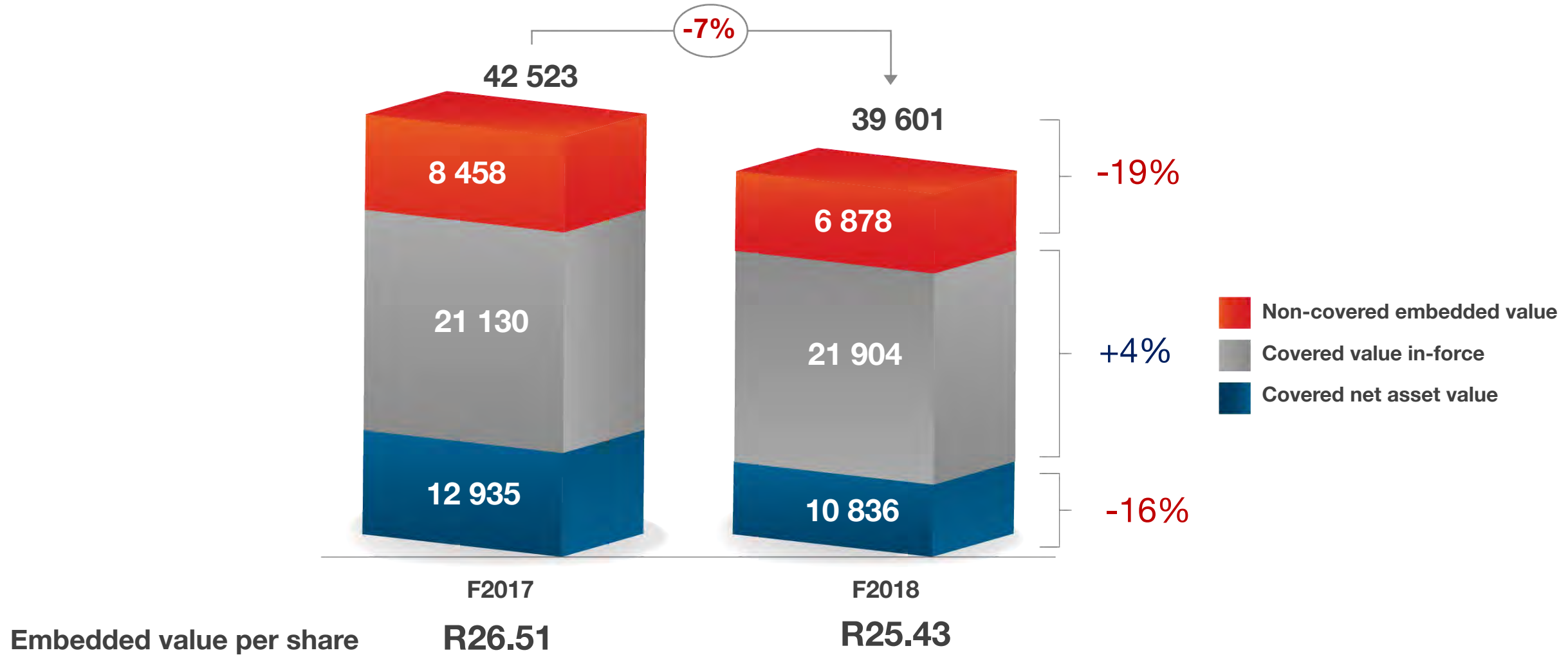


Embedded value



Embedded value

Additional prudence introduced to published EV



Value of non-life operations

Three categories of directors valuations

	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

Basis changes

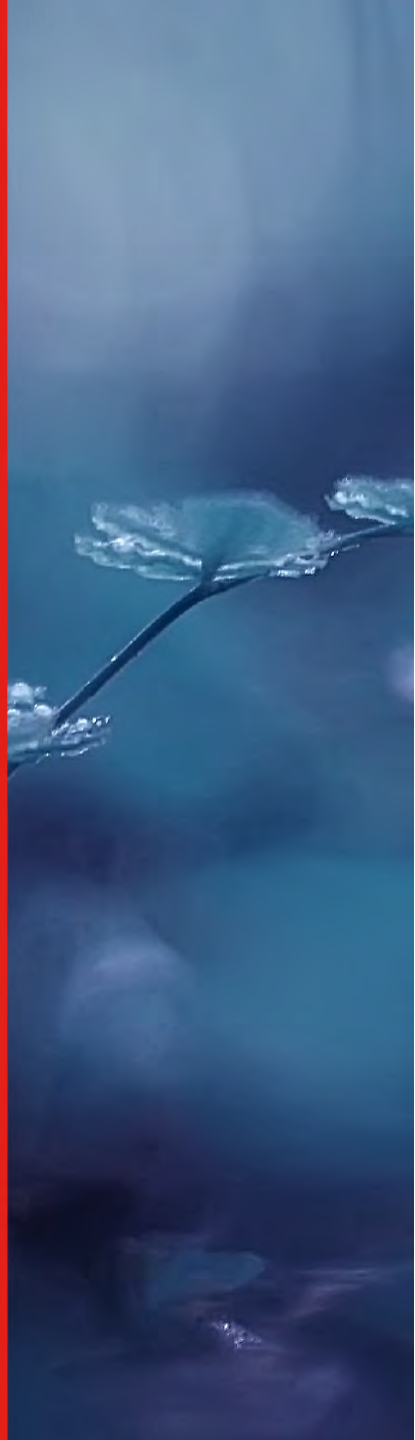
Reset of our basis to introduce more prudence in the embedded value

(R'm)

BASIS CHANGES

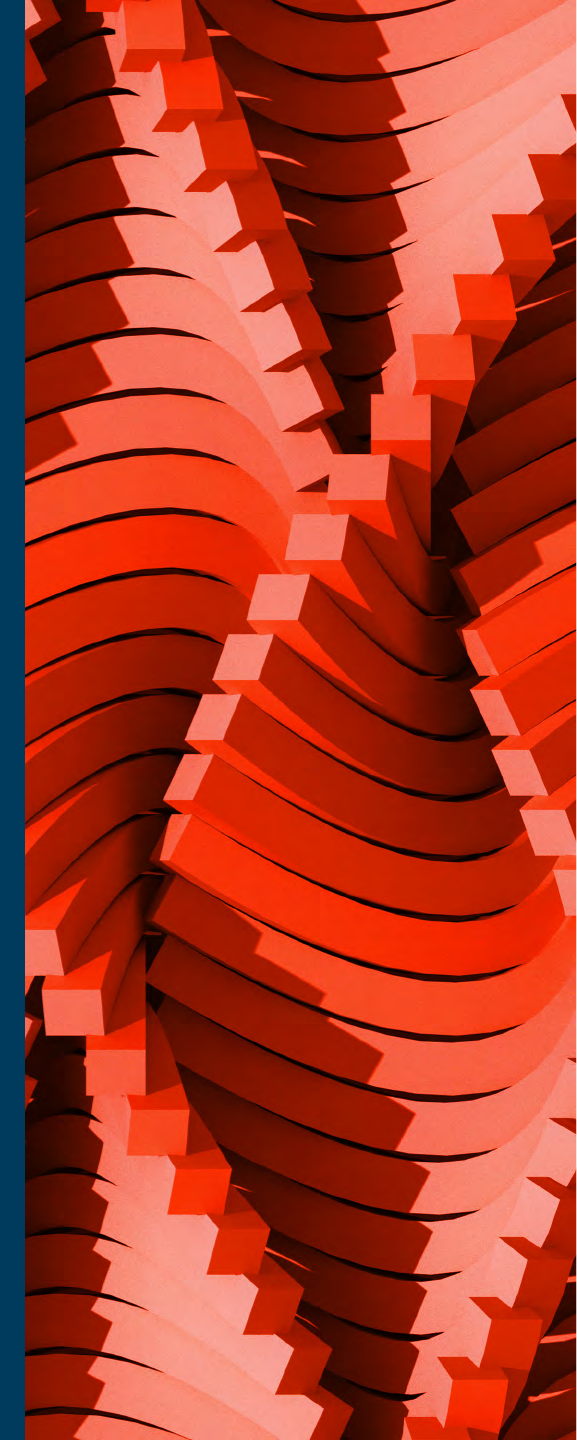
Type	IFRS impact	EV impact
Terminations	-480	-314
Expenses	-692	-536
Product management	-654	-1 024
Methodology	787	1 164
Other	493	-265
Total	-546	-975

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

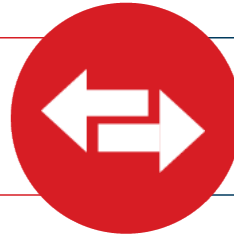


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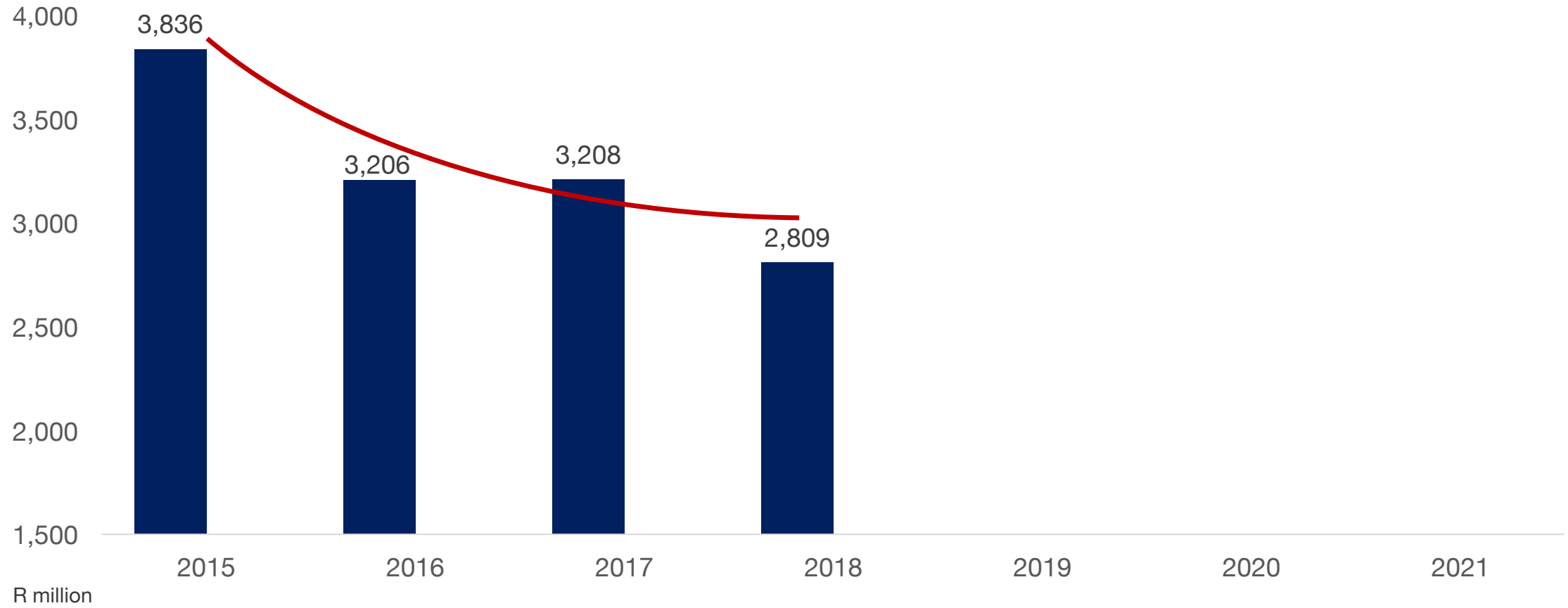


Turnaround

Reset

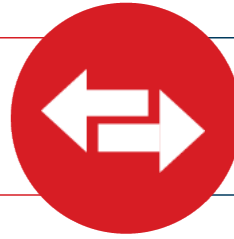


Grow

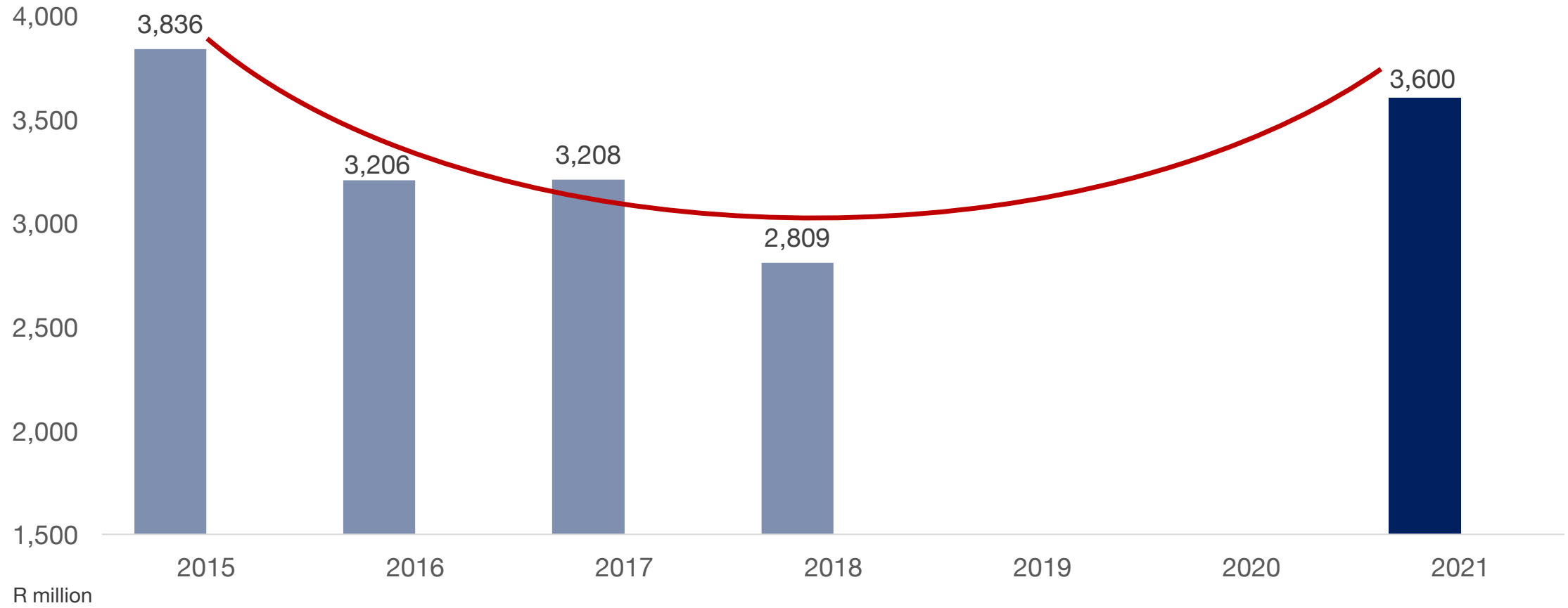


Turnaround

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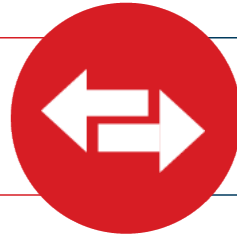


Grow



Turnaround

Reset



Grow

