



Delivering on our promises

Results for the year
ended 30 June 2019



Agenda

Part 1 Introduction

Hillie Meyer
Group CEO

Part 2 Reset and Grow update

Hillie Meyer
Group CEO

Part 3 Financial results

Risto Ketola
Group FD

Part 4 Q&A

Dan Moyane



Introduction

Staff engagement and commitment



#CountUsIn

#CountUsIn



Introduction

Salient features

 Financial

 Sales

 Service

 Product

Introduction

Salient features

Financial

Sales

Service

Product



Introduction

Salient features

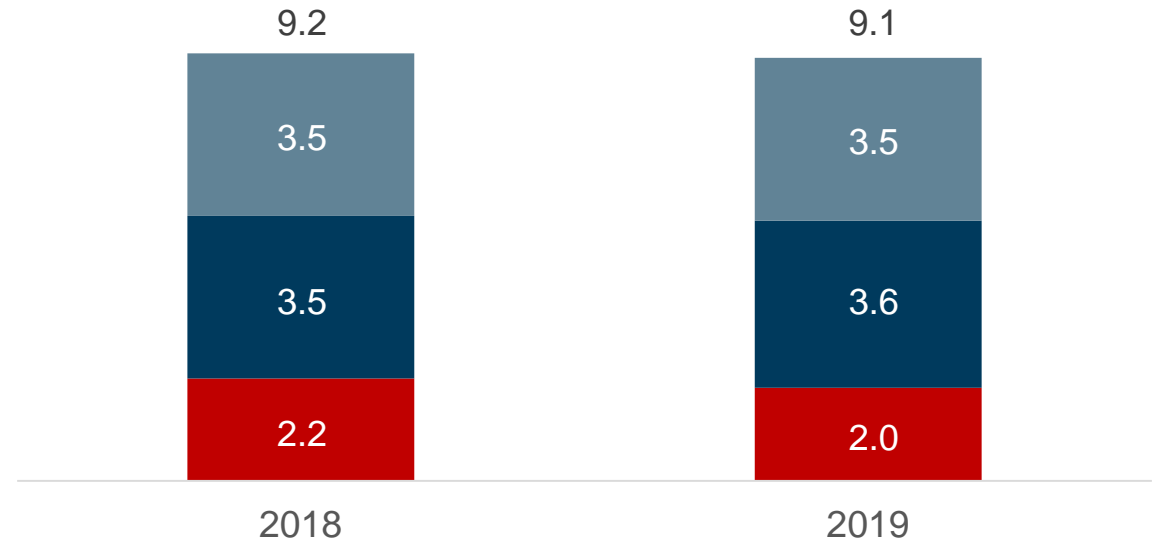
➔ Financial

➔ Sales

➔ Service

➔ Product

Financial discipline: Controllable costs (R billion)



■ Head office functions ■ Product and Service ■ Distribution and sales

Introduction

Salient features

Financial

Sales

Service

Product

R million

New sales (PVP)

25 000

20 000

15 000

10 000

5 000

-

Momentum
Life

Metropolitan
Retail

Momentum
Corporate

Africa

Momentum
Investments

+2%

-4%

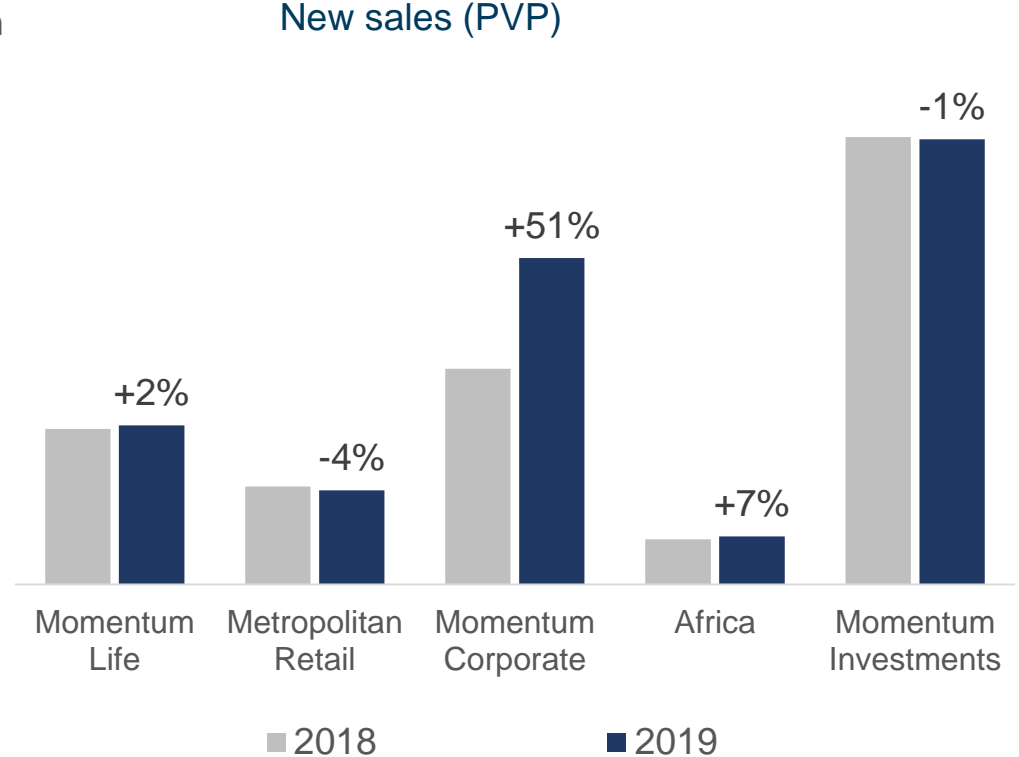
+51%

+7%

-1%

■ 2018

■ 2019



Introduction

Salient features

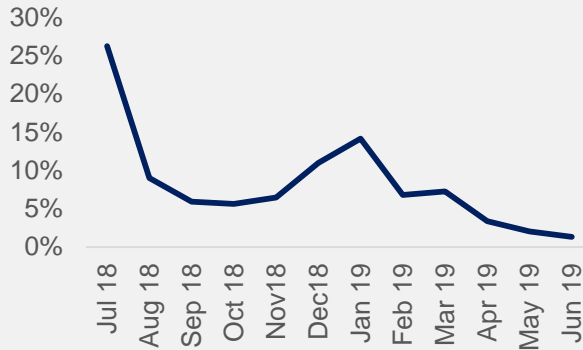
➔ Financial

➔ Sales

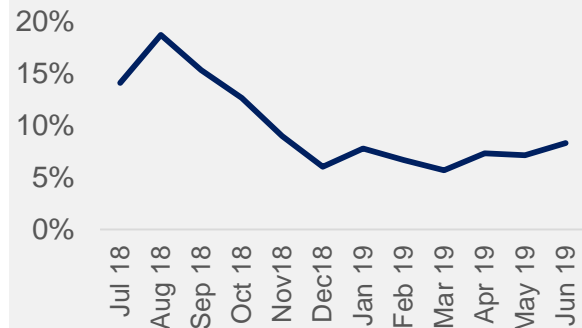
➔ Service

➔ Product

Improvement in lost call rates Momentum Retail



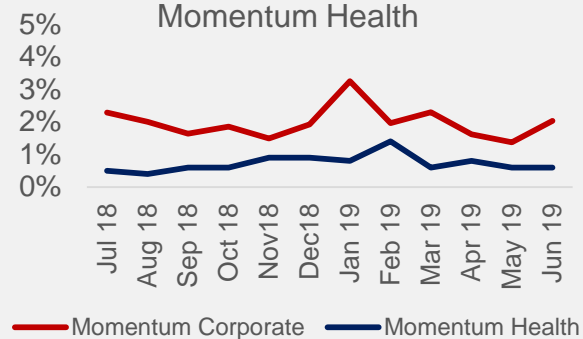
Improvement in lost call rates Metropolitan Retail



Improvement in lost call rates Investments (Momentum Wealth)



Sustaining lost call rates Momentum Corporate and Momentum Health



Introduction

Salient features

➔ Financial

➔ Sales

➔ Service

➔ Product

Strong
retail mortality
profits

Good
short-term
insurance underwriting
results

Positive
group risk
experience

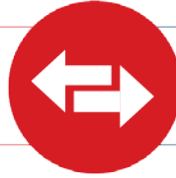
Positive
credit
experience

Improved
experience
in Africa

Better
persistency
experience in
Metropolitan Retail

Reset and Grow update

Reset



Grow



Fix the basics



Distribution



Service



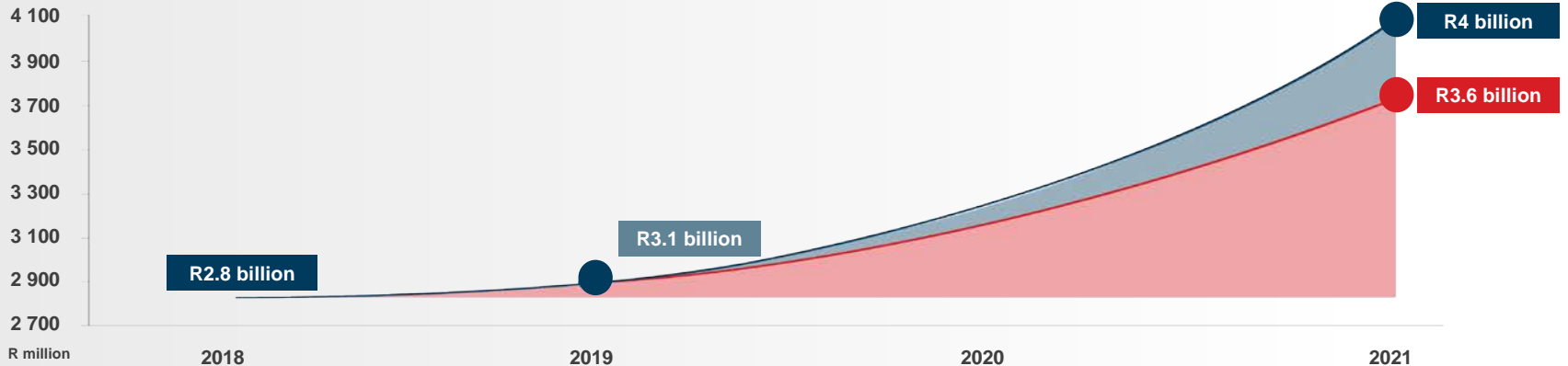
Products



Marketing



Address cost base



Reset



Grow



Full value chain



Reshape distribution channels



Scale back UK presence



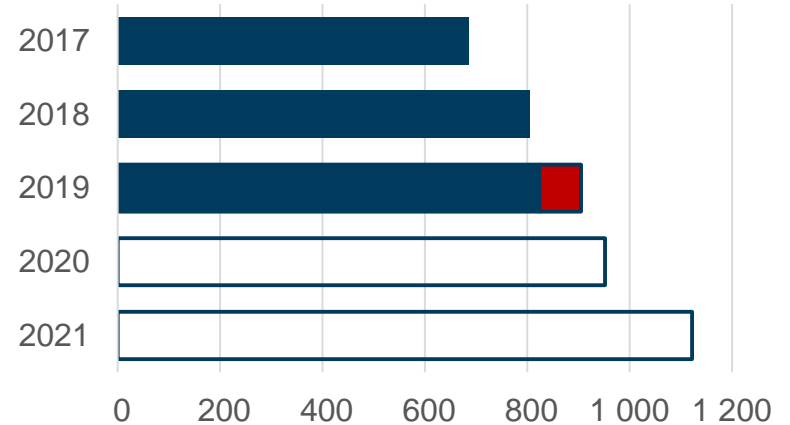
Improve service



Wealth platform fees



Momentum agents footprint growth



Reset



Grow



Full value chain



Reshape distribution channels



Scale back UK presence



Improve service



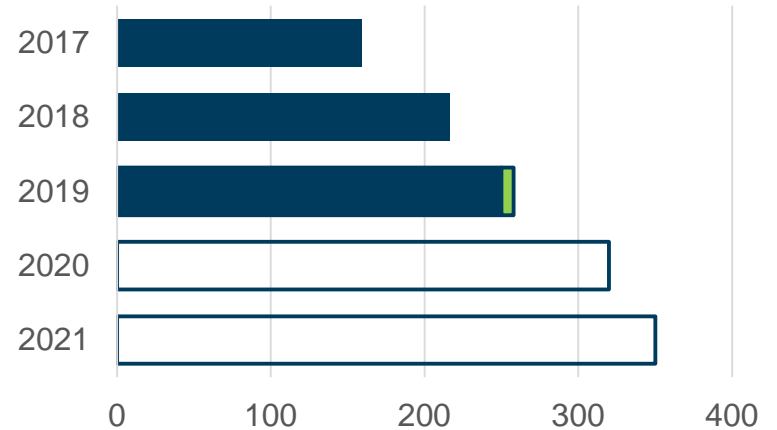
Wealth platform fees



Momentum agents footprint growth



Momentum Consult footprint growth



Reset



Grow



Full value chain



Reshape distribution channels



Scale back UK presence



Improve service



Wealth platform fees



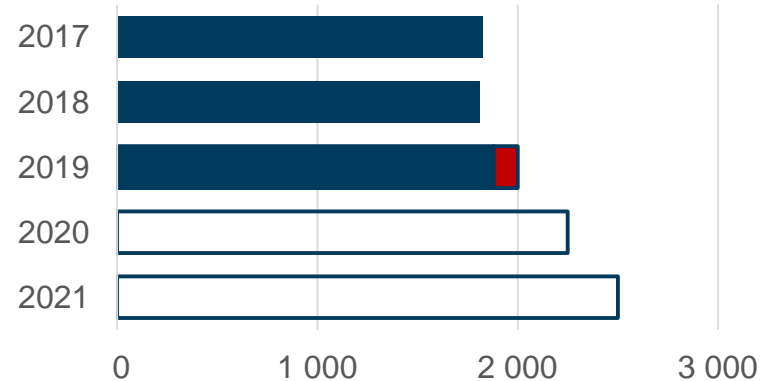
Momentum agents **footprint growth**



Momentum Consult **footprint growth**



Grow productive brokers



Reset



Grow



Full value chain



Reshape distribution channels



Scale back UK presence



Improve service



Wealth platform fees



Momentum agents **footprint growth**



Momentum Consult **footprint growth**



Grow productive brokers



Increase flows into own funds



Product **innovation**



Enhance Multiply offering

Metropolitan Retail



Reset



Grow



Stabilise sales force leadership



Upgrade points of sale



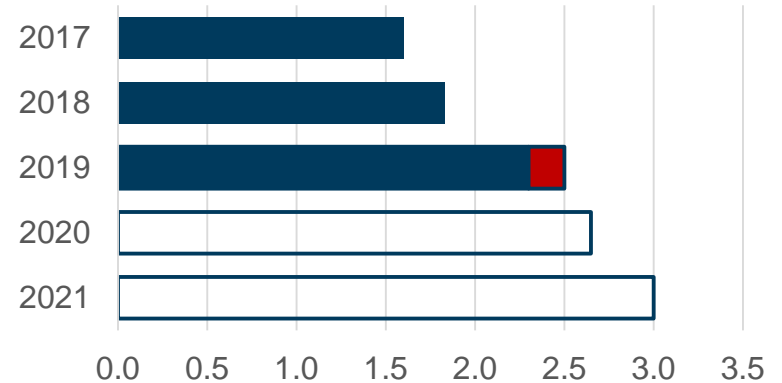
Legacy system **migration**



Improve client value proposition



Adviser productivity



Metropolitan Retail



Reset



Grow



Stabilise sales force leadership



Upgrade points of sale



Legacy system **migration**



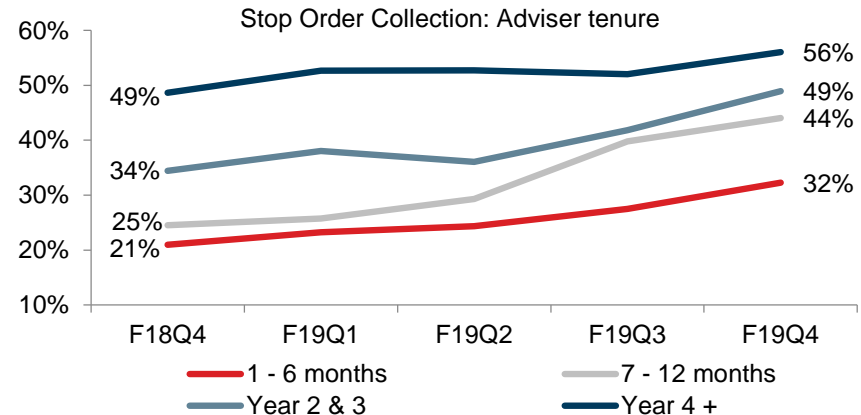
Improve client value proposition



Adviser productivity



Sales and service efficiencies



Reset



Grow



Full value chain



Improve underwriting experience



Strengthen leadership team



Rebuild distribution



Diversify distribution channels



Increase underwriting margins



Organised Labour and Public Sector



Retailisation

Health

Reset



Grow



Systems **consolidation**



Focused distribution



BEE **transactions**



Public sector **value proposition**

Public sector

+3%

Low income

+8%

**Restricted
schemes**

-7%

Thebemed

+72%

**Momentum
Health**








0%

Africa

Reset



Grow

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



Reset



Grow

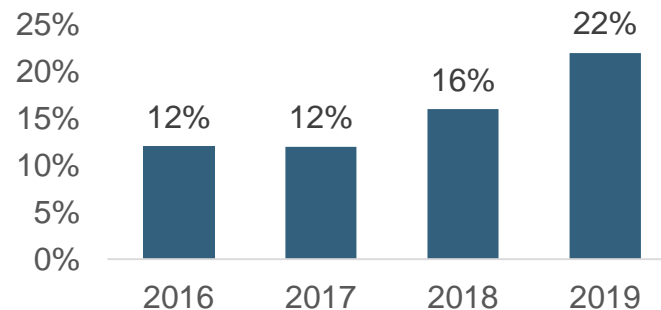


Reprice loss-making schemes



Increase underwriting revenue

Underwriting profit as % of net revenue





Reset



Grow



Reprice loss-making schemes



Increase underwriting revenue



Bolt-on transactions



Linked investment products



Open architecture insurance **platform**

Momentum Short-term Insurance



Reset



Grow



Full value chain



SA focus **only**



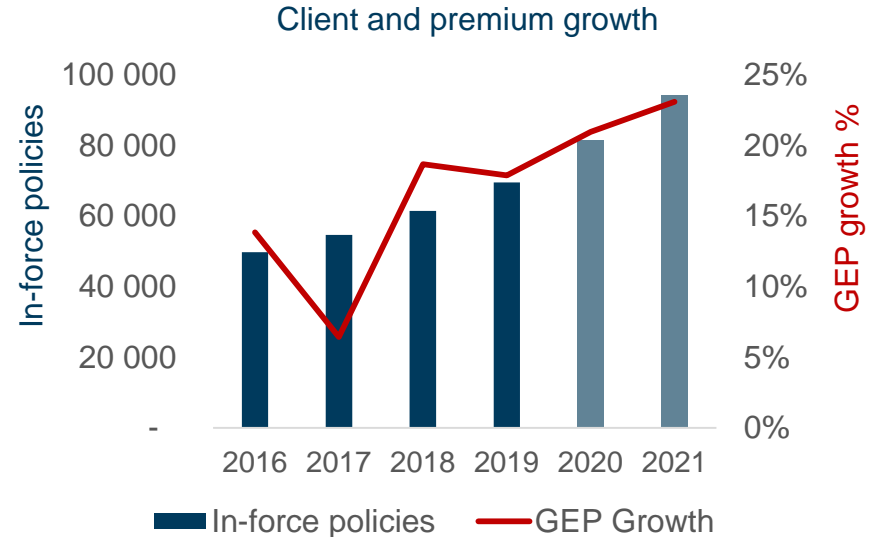
Exit unprofitable portfolios



Enhance pricing and underwriting capability



Grow client base



Momentum Short-term Insurance



Reset



Grow



Full value chain



SA focus **only**



Exit unprofitable portfolios



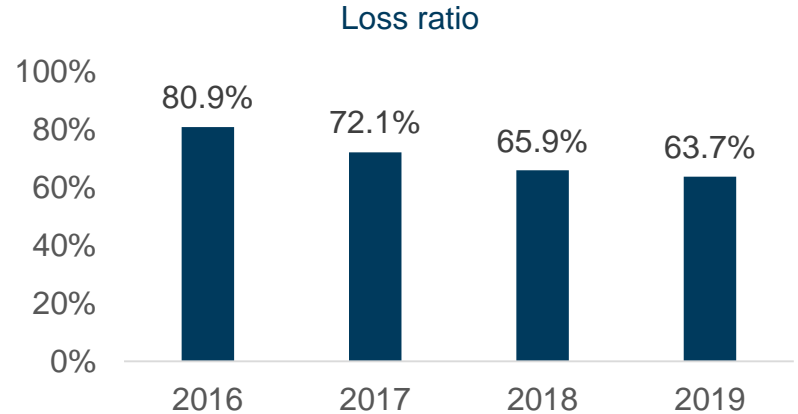
Enhance pricing and underwriting capability



Grow client base



Improve claims ratio



Momentum Short-term Insurance



Reset



Grow



Full value chain



SA focus **only**



Exit unprofitable portfolios



Enhance pricing and underwriting capability



Grow client base



Improve claims ratio



Enhance CVP



AFI transaction

Momentum Short-term Insurance

Alexander Forbes Insurance acquisition



Strategic rationale

1.
Improving
scale

2.
Specialised
tied distribution

3.
Expanded
CVP

4.
Enhanced
growth

Momentum Short-term Insurance

Alexander Forbes Insurance acquisition targeted end-state



Momentum
brand



Enhanced CVP
and integrated
operations



One Insurance
license

Group-wide

Reset



Grow



Operating model



Strengthen senior leadership



Sandton office



Cost management



Align rewards to performance



Improve diversity



Brand positioning



Unite staff behind a common purpose



Reset and Grow

2019 

2020

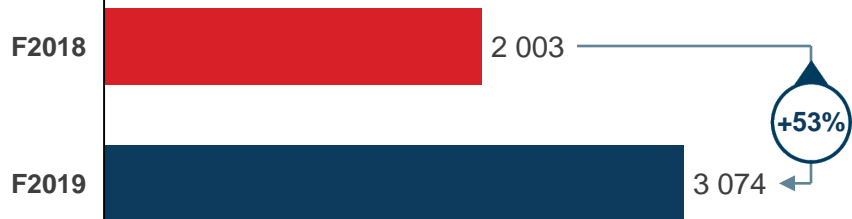
2021

**Financial results for
twelve months to
30 June 2019**



Key financial measures

Diluted normalised headline earnings (Rm)



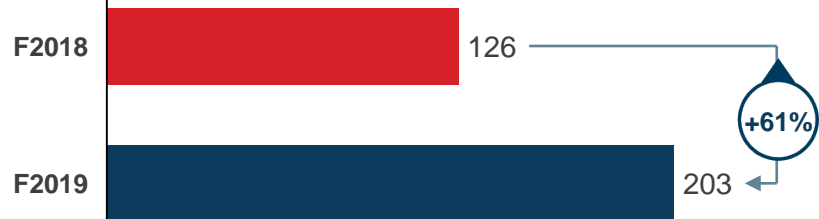
Present value of premiums (PVNBP, Rm)



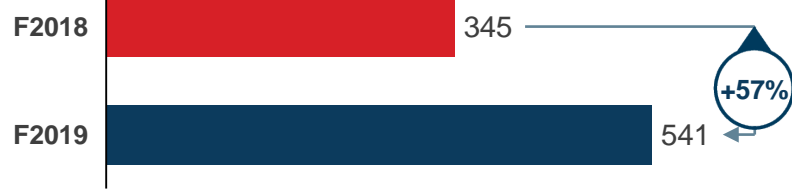
Embedded value per share (EVPS, R)



Diluted normalised headline earnings per share (cents)



Value of new business (VNB, Rm)

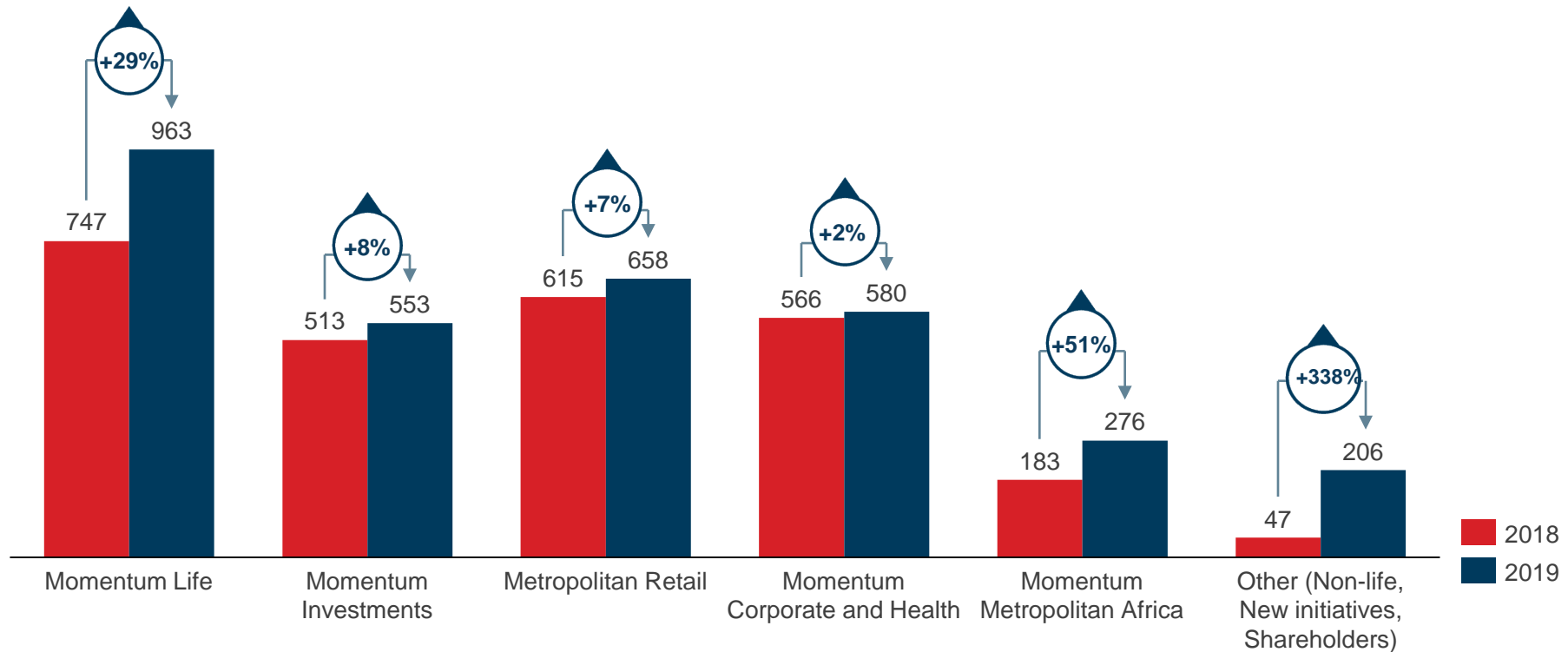


Return on embedded value per share (%)



Like-for-like growth was 21%

NHE before basis changes and investment variances (Rm)






Solid operating results before assumption changes

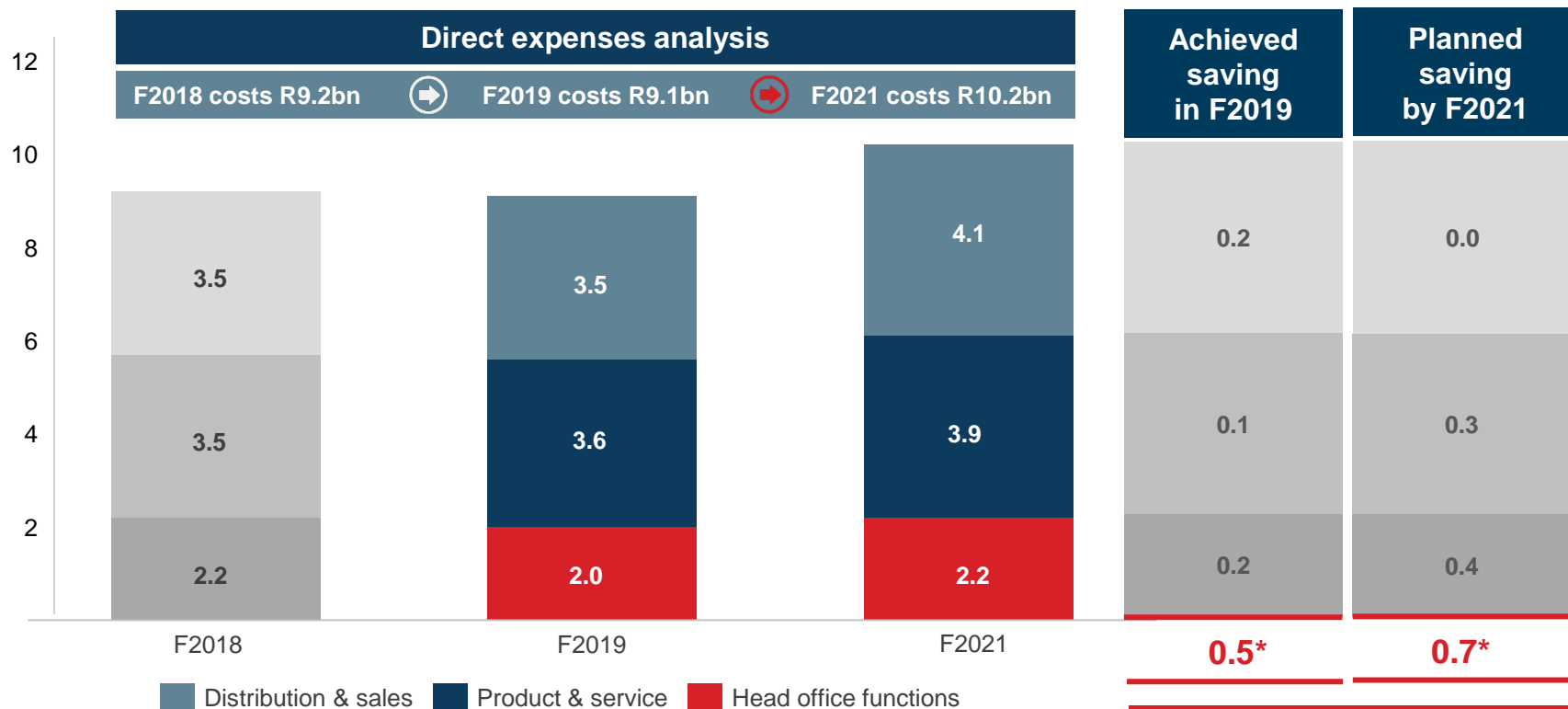
Review of Reset and Grow financial targets



Review on Reset and Grow – efficiency improvements

	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	883	472	87	 Efficiency improvements - We promised a R700m saving
Momentum Investments	512	227	>100	
Metropolitan Retail	610	201	>100	
Momentum Corporate	601	909	(34)	
Earnings from mature businesses	2 606	1 809	44	 Grow non-life insurance
Non-life Insurance		204	(20)	
Momentum Metropolitan Africa		147	78	
Earnings from operating segments		2 160	40	 Well managed spending on new initiatives
New Initiatives		(377)	(31)	
Shareholders		220	>100	
Normalised headline earnings		2 003	53	

Review of controllable costs



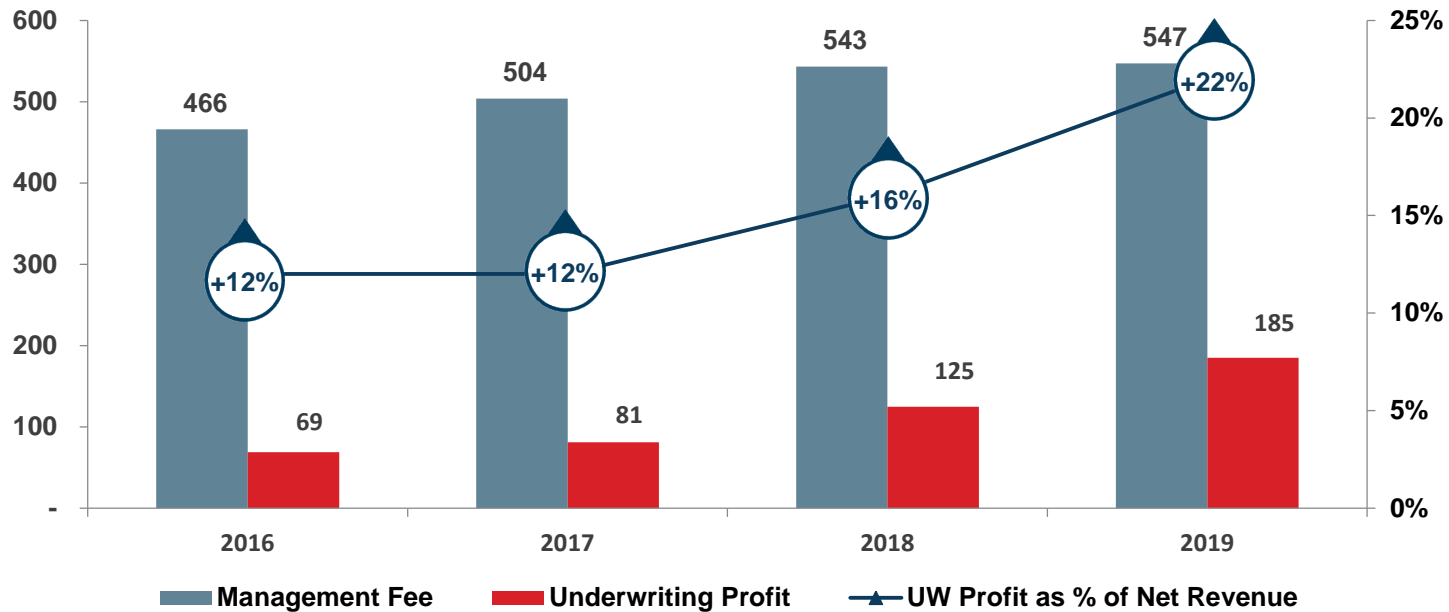
* Before tax

Relative to inflation at 6% p.a

Grow non-life insurance aggressively

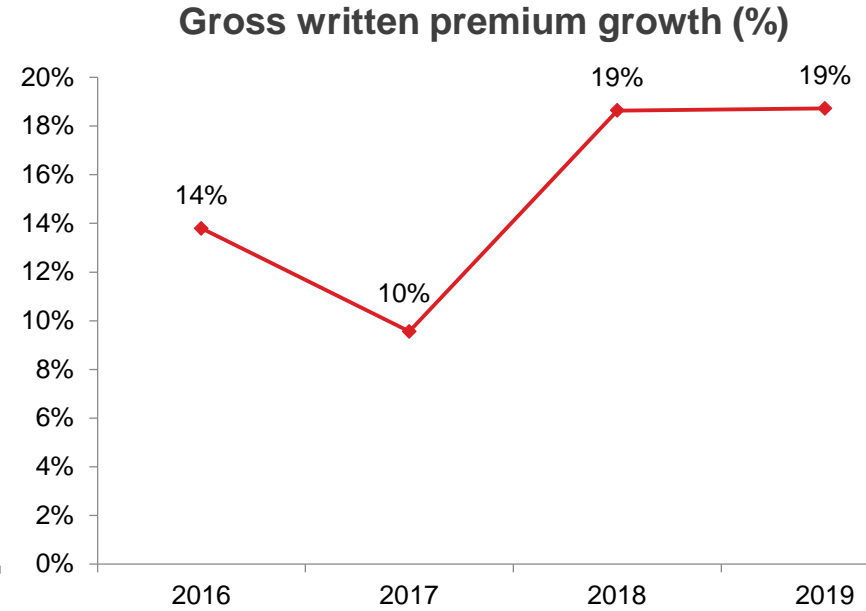
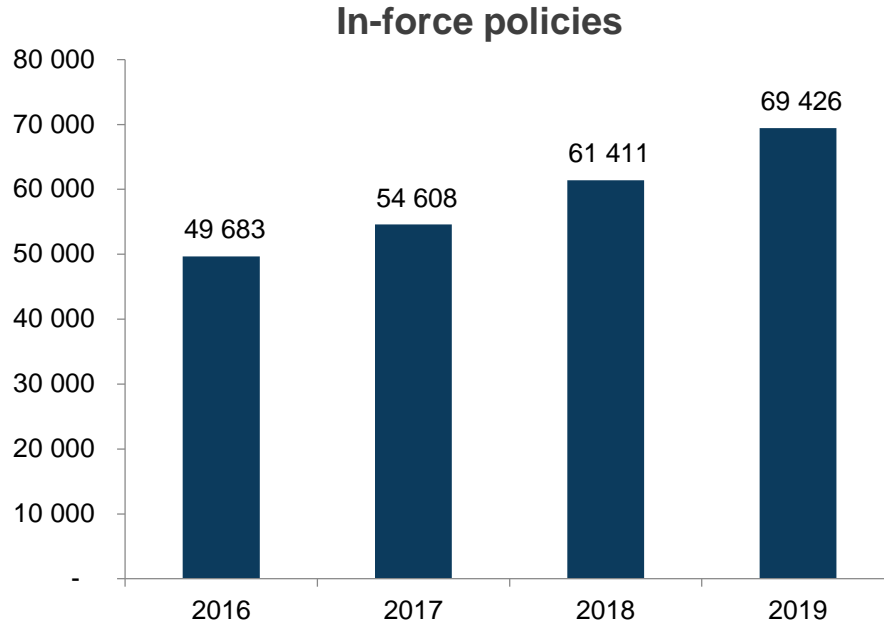
	Jun 2019 Rm	Jun 2018 Rm	Change %	Reset and Grow priorities
Momentum Life	883	472	87	
Momentum Investments	512	227	>100	➔ Efficiency improvements
Metropolitan Retail	610	201	>100	
Momentum Corporate	601	909	(34)	
Non-life Insurance	164	204	(20)	➔ Grow non-life insurance - Plan to make R500m by F2021
Momentum Metropolitan Africa	262	147	78	
Earnings from operating segments	3 032	2 160	40	
New Initiatives	(492)	(377)	(31)	➔ Well managed spending on new initiatives
Shareholders	534	220	>100	
Normalised headline earnings	3 074	2 003	53	

Guardrisk is on track for its F2021 contribution



Guardrisk is the clear #1 player in cell captive industry

Momentum Short-term Insurance also on track



Strong premium growth in MSTI

Additional investment into the non-life growth strategy

Alexander Forbes Insurance acquisition

R1.8bn

Gross written
premium
F2019

84 000

In-force policies

**Loyal client
base**

<20% annualised
lapse rate

Well diversified

<64% Loss ratio
F2018 and F2019

94%

Personal lines

**Strong tied
distribution**

70% of new
business from tied
agents

Profitable

19% CAGR in
trading profit
F2015 – F2019

**c.500 staff
members**

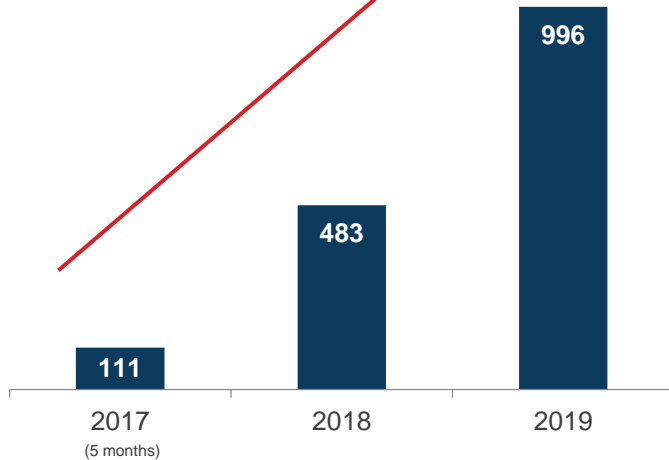
300 sales and
service
200 support staff

Well managed spending on new initiatives

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Momentum Life	883	472	87	
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Momentum Metropolitan Africa	262	147	78	
Earnings from operating segments	3 032	2 160	40	
New Initiatives	(492)	(377)	(31)	➔ Well managed spending on new initiatives - target R300m loss in F2021
Shareholders	534	220	>100	
Normalised headline earnings	3 074	2 003	53	

India health JV remains in line with business plan

Gross written premium
(GWP, Rm)



3.8 million in-force lives*

Retail lives contribute **64%** to gross written premium

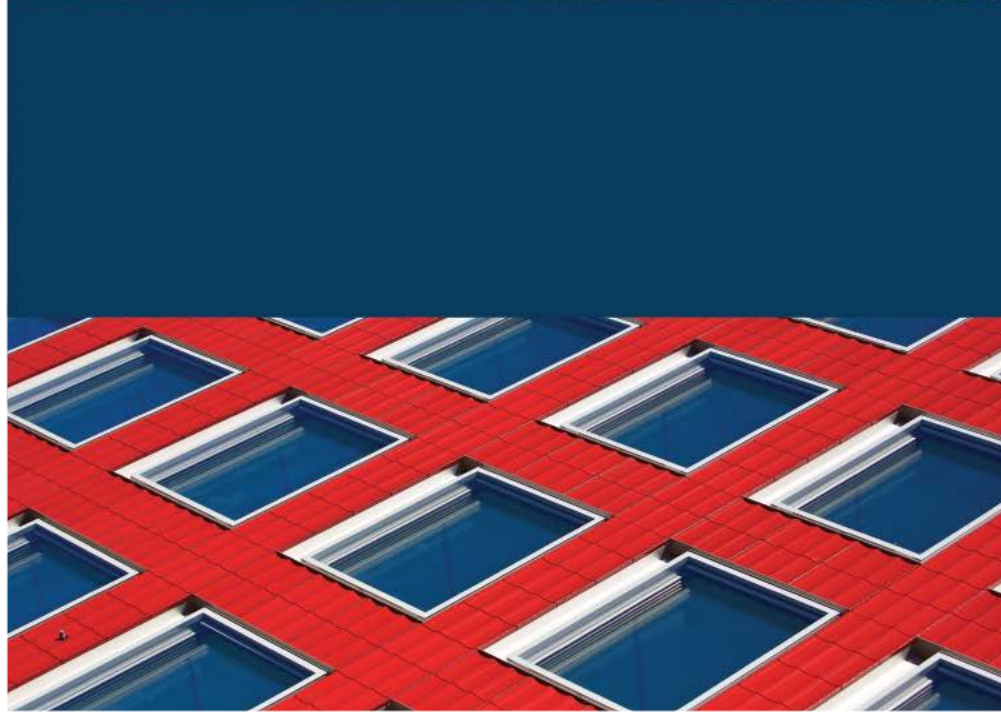
Claims ratios improving as per plan

Weaker rand has had a small negative impact on our P&L share

*Published lives as at 1Q20

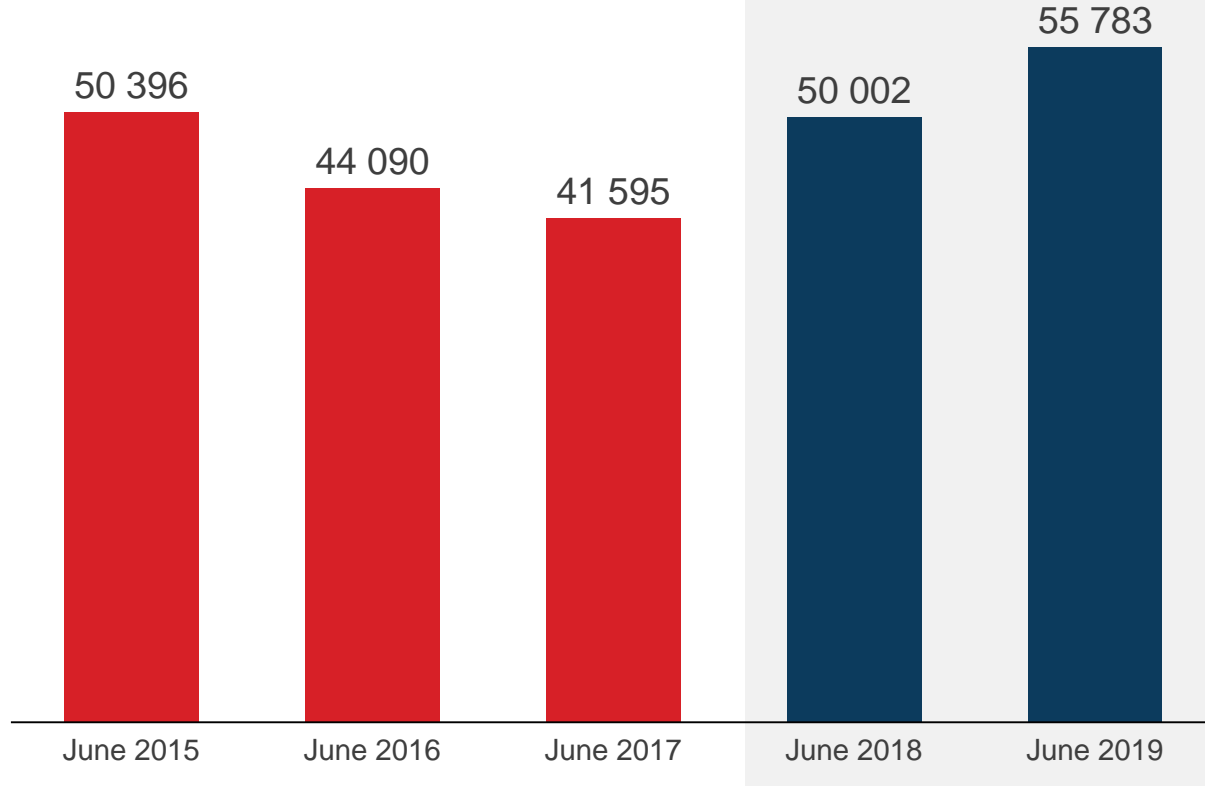
Strong growth led by retail

Group financial results



Sales up 12% year-on-year

Present value of premiums (PVNBP, Rm)



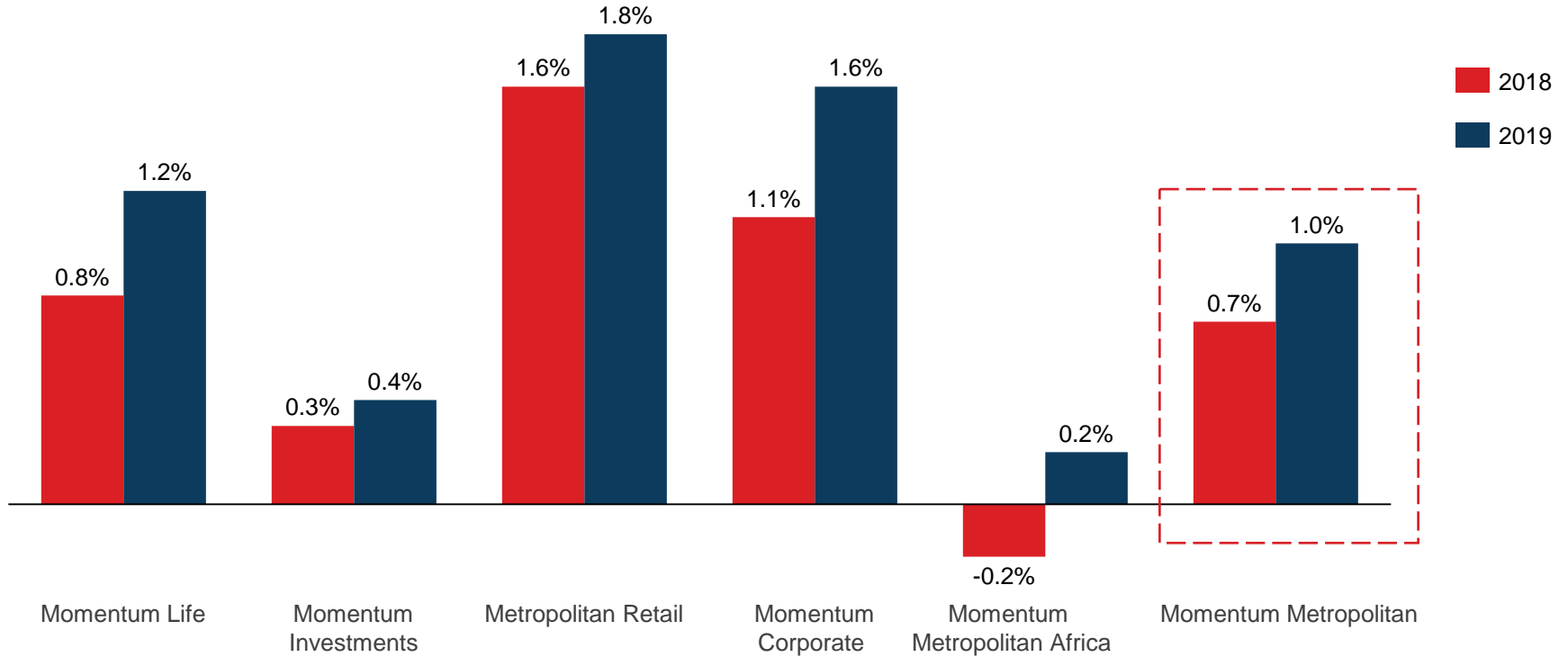
Sales volumes up by **12%**

Momentum Corporate had a great year winning numerous large deals

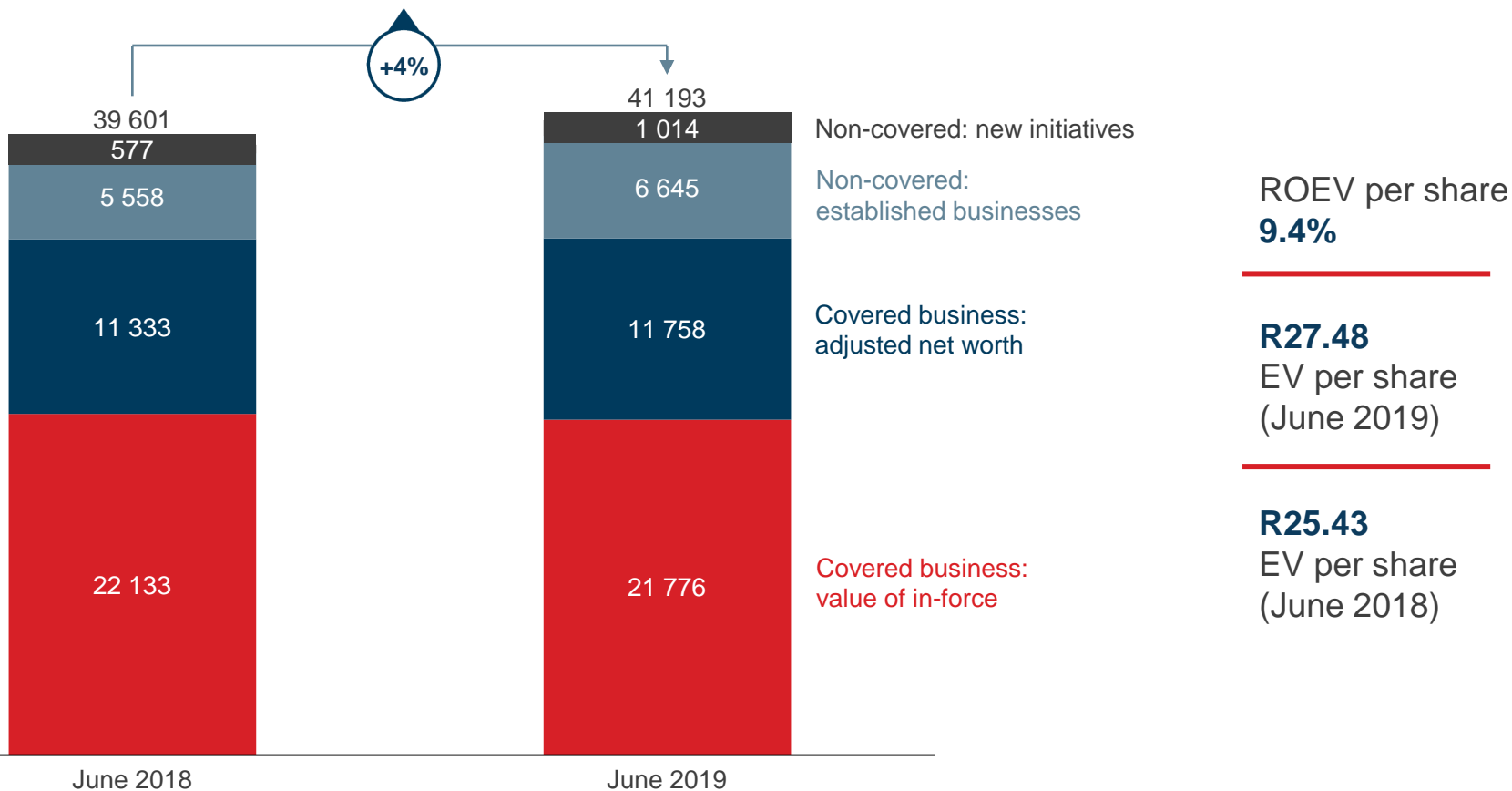
Solid retirement annuity sales from Momentum Life

Strong recovery in Momentum Metropolitan Africa during 2H19

New business margin up from 0.7% to 1.0%



Embedded value up by 4%

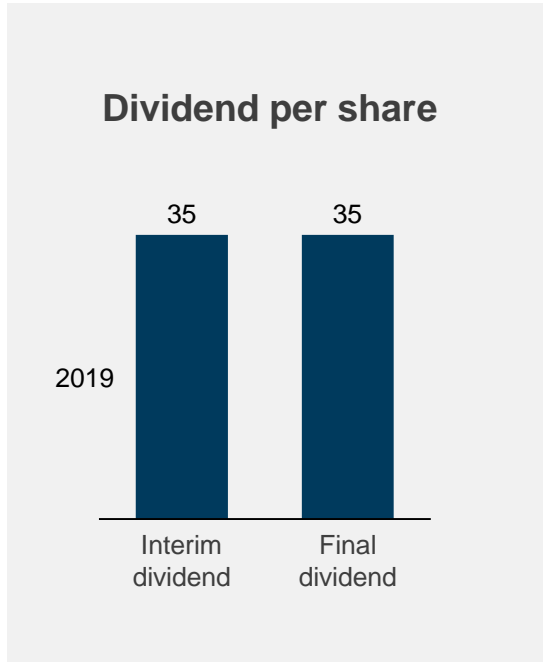


Capital management – capital cover ratio

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre dividend)	32 948
Solvency Capital Requirement (SCR)	15 869
SCR cover (times)	2.08
SCR cover (times) - 30 June 2018	1.93

Capital cover ratio remains within the target range of 1.7 to 2.1 times the SCR

Capital management - dividend to 70 cents per ordinary share



Dividend cover is **2.9 times** for the year – towards upper end of target range

Dividend reflects ongoing desire to **build up** liquidity and capital coverage

Dividend policy takes into account the **capital requirements** around India and AFI

Dividend reinstated within a dividend cover range of 2.0x – 3.0x

Other current topical matters





Other current topical matters

- 1** IFRS 17 project update

- 2** Improving capital and cash generation

- 3** Momentum Metropolitan Africa earnings

- 4** Diversified sources of earnings

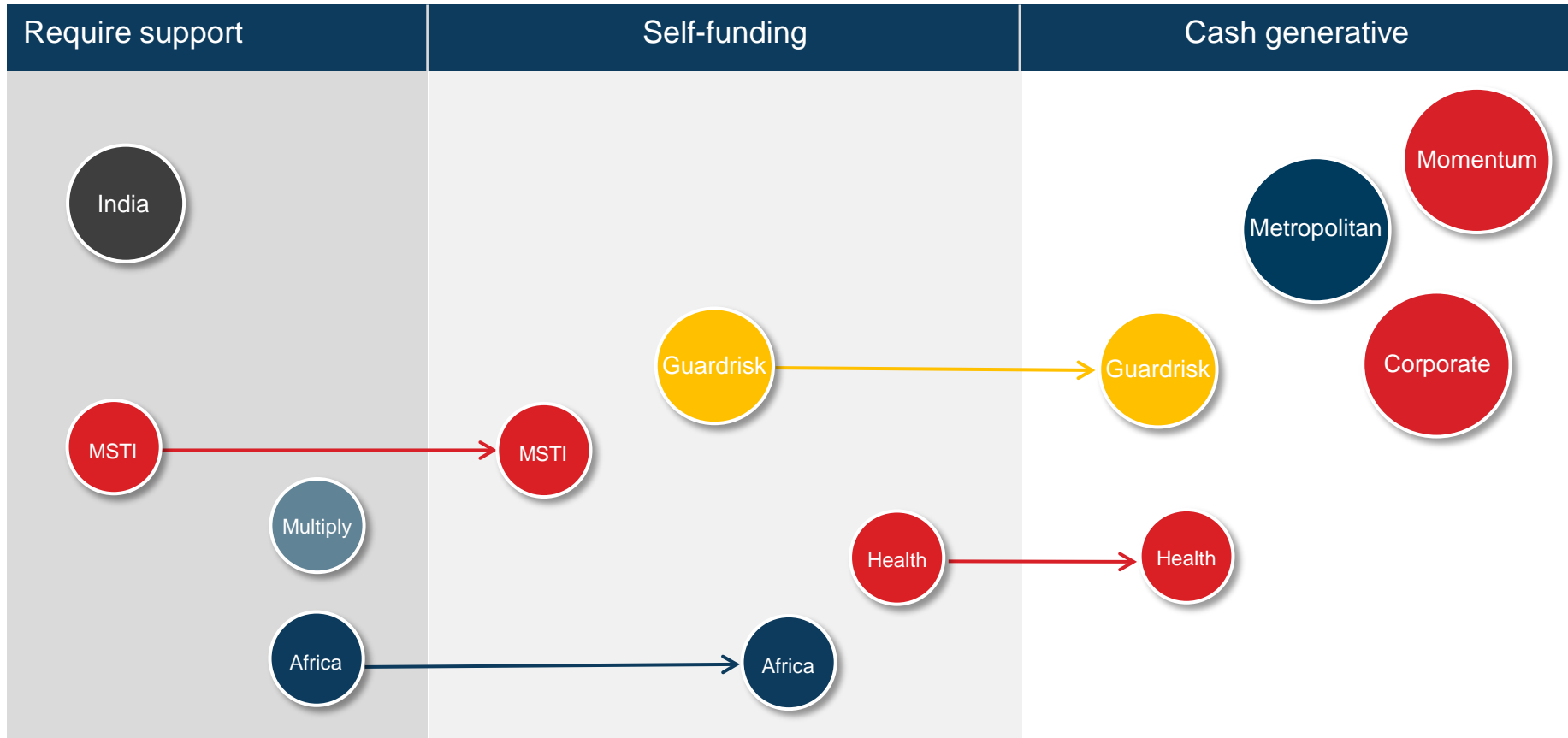


IFRS 17 progress

- 1 Comfortable with project progress to date
- 2 Uncertainty reducing – engaging consultants & industry forums
- 3 Have first results view on key products
- 4 Project costs remain well controlled



Cash generation supports AFI acquisition



Africa earnings +78% to R262m

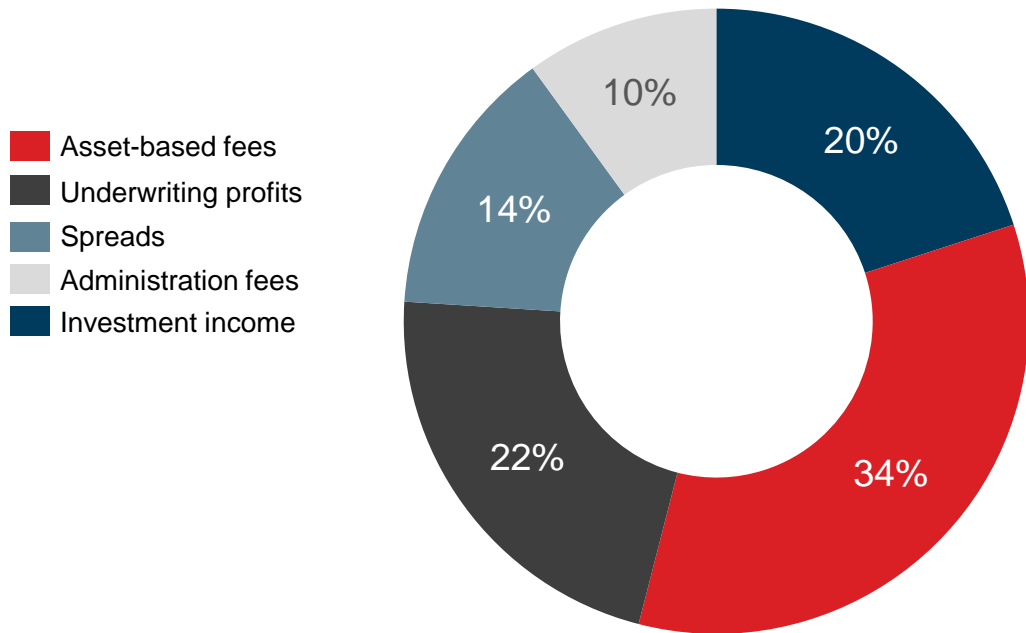
	Jun 2019 Rm	Jun 2018 Rm	Change %
Namibia	201	171	18
Lesotho	89	79	13
Botswana	59	53	11
Ghana	40	39	3
Kenya	24	(19)	>100
Other countries – ongoing	(3)	19	<(100)
Other countries – planned exits	(42)	(33)	(27)
Centre costs	(106)	(162)	35
Normalised headline earnings	262	147	78

Continued operations contributed positively to results



Group has diverse sources of earnings

Earnings sub-divided by primary driver



Asset based fees (market related) constitutes a **third** of group earnings

Underwriting profits account for a **quarter** of earnings – plan to grow over time

Spread income is on annuities and guaranteed products – suits our long-term focus

Administration accounts for **10%** of profits; thin margins despite our strong market position

Our investment income tends to be quite predictable due to focus on interest bearing assets

In closing



In closing

- 1 Coming towards the end of Reset phase – excellent progress and impact visible in earnings
- 2 Focus shifting to Grow phase – key item to deliver on is improvement in distribution channel metrics
- 3 Our staff have really taken to the Reset & Grow strategy and have delivered against challenging targets and demands – THANK YOU



Q&A

