

2020

**Focus pays off for
Momentum Metropolitan**

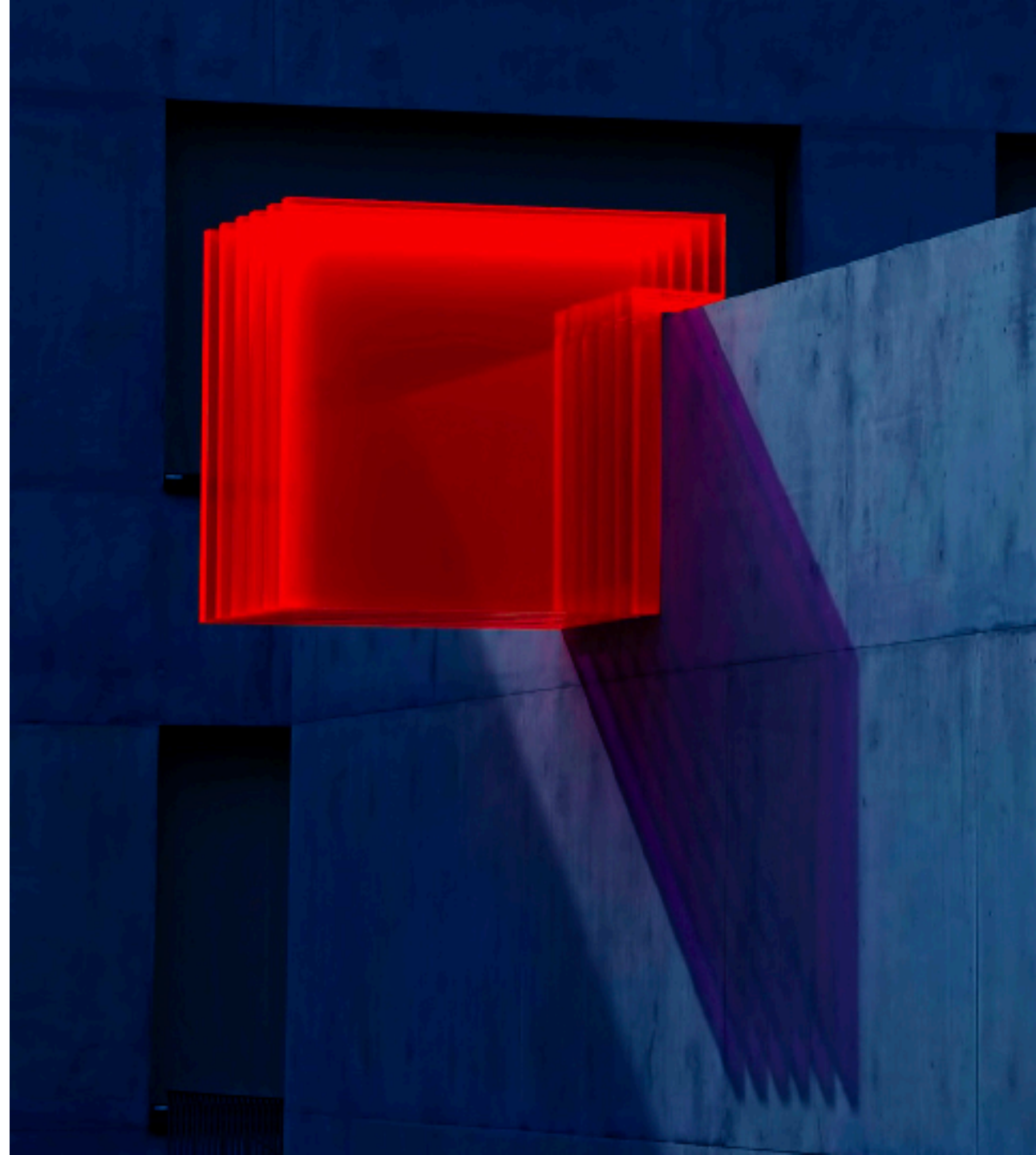
Results for the six months ended
31 December 2019

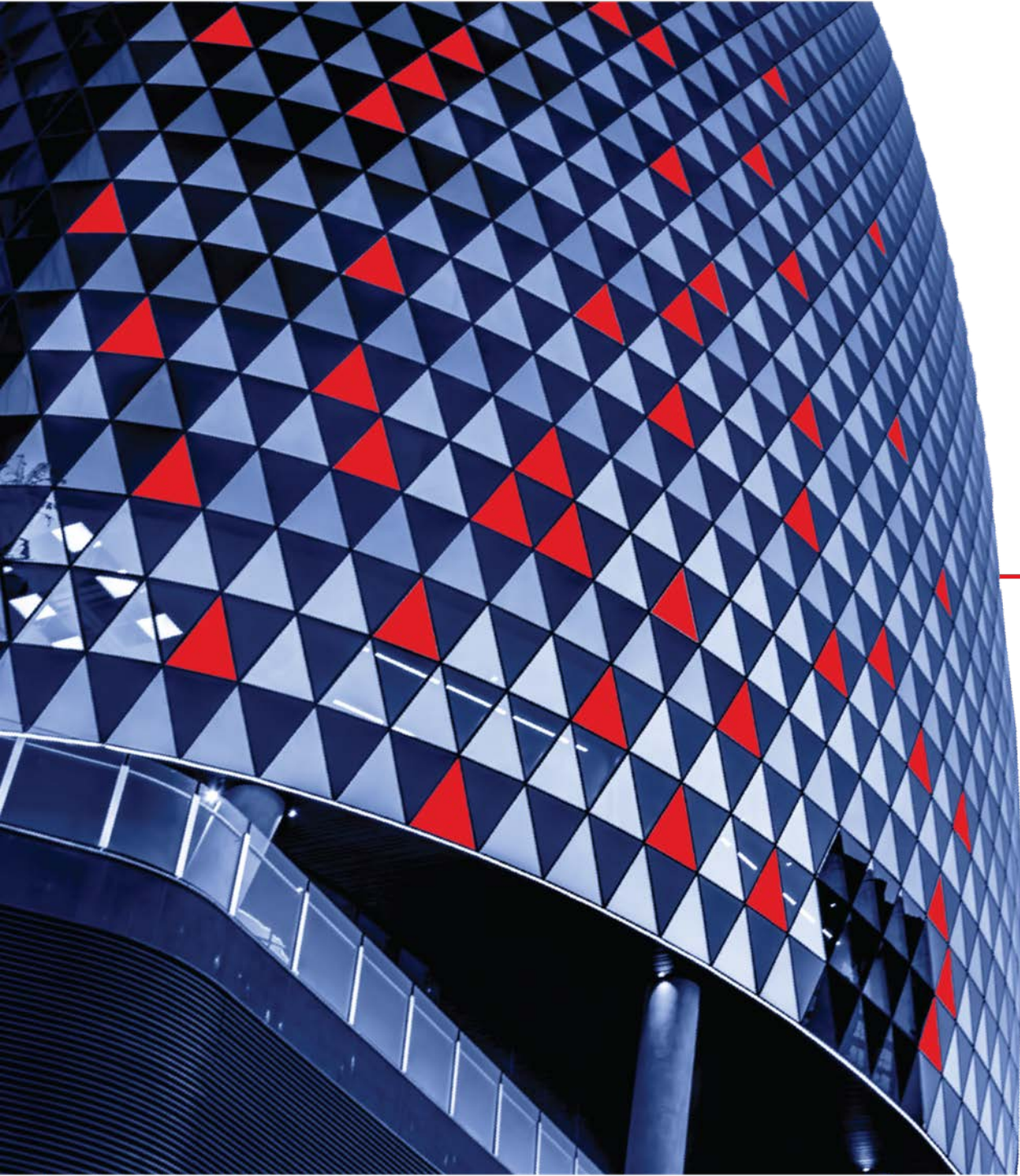
Part
01 **Hillie Meyer** Group CEO

Update on Reset and Grow

Part
02 **Risto Ketola** Group FD

Financial results





2019 **2020** 2021

Reset and Grow

Update on Reset and Grow

RESET



Fix the basics



Address cost base

GROW



Distribution



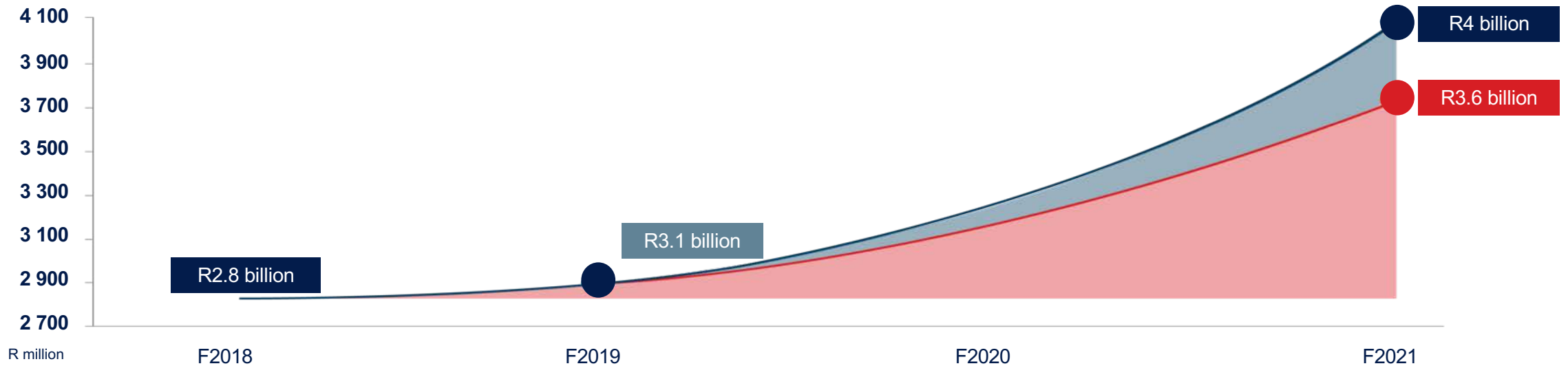
Service



Products



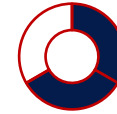
Marketing



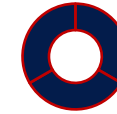
No progress



Limited progress



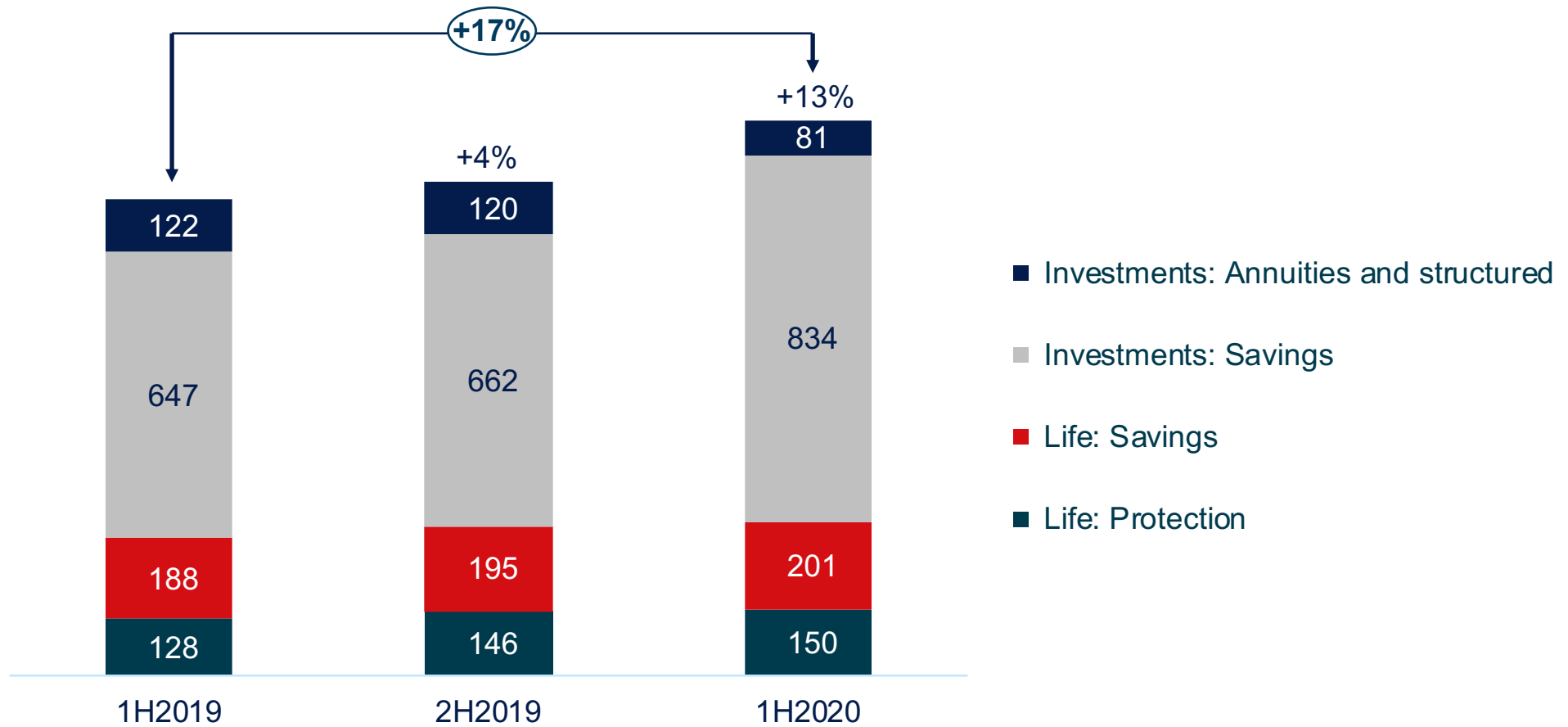
Meaningful progress



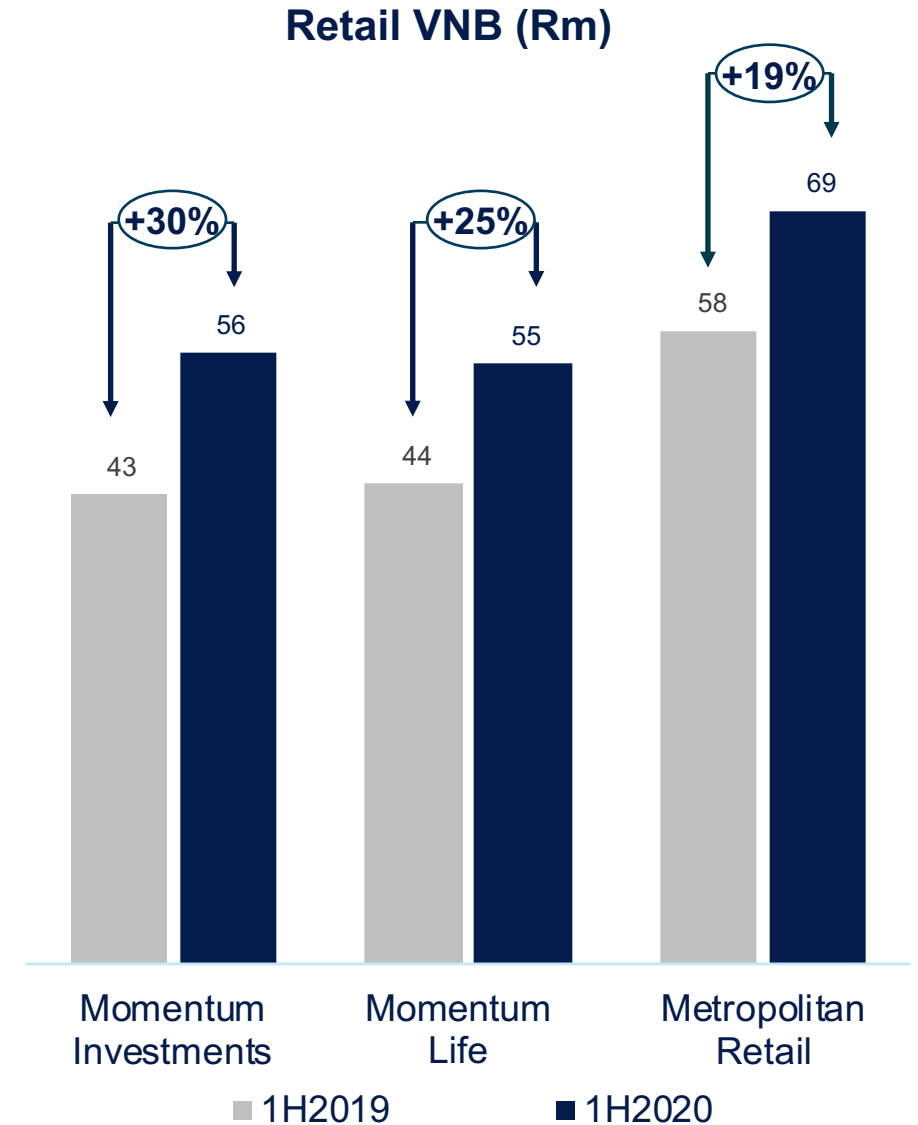
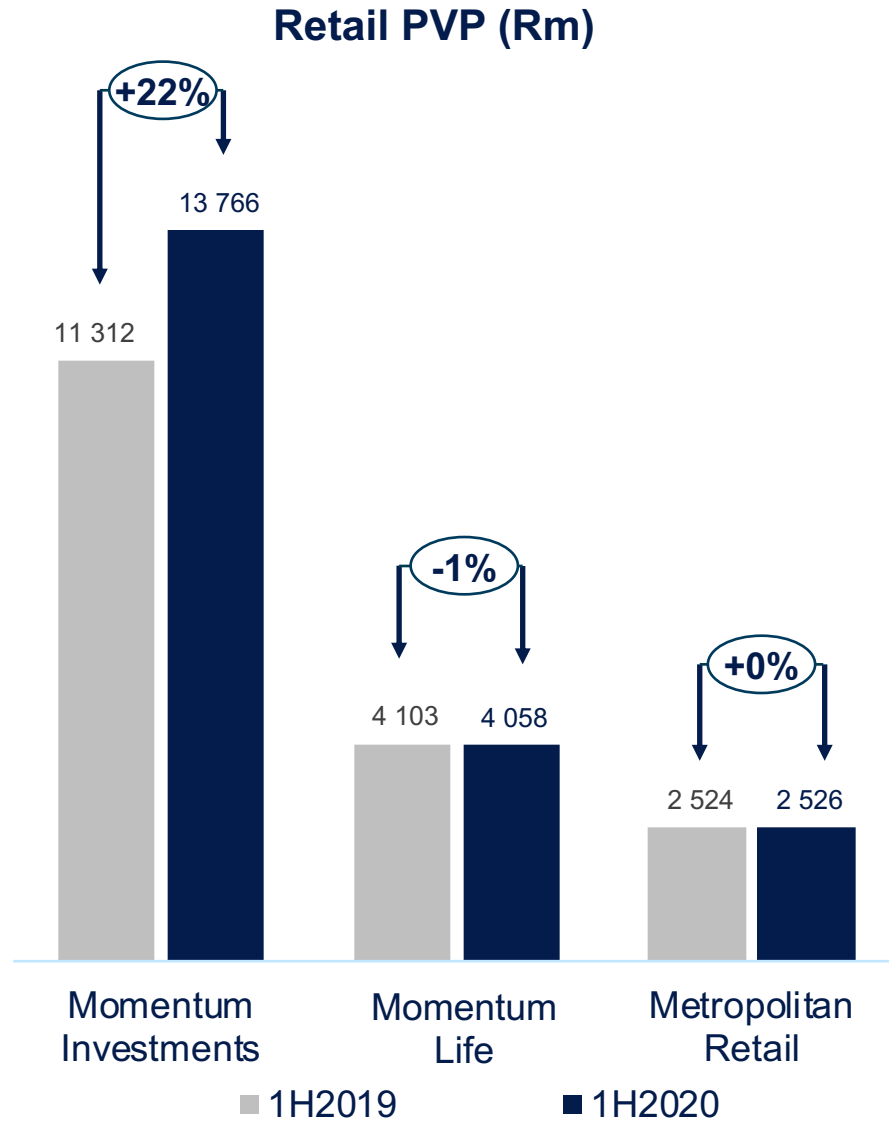
Completed

Improving IFA support

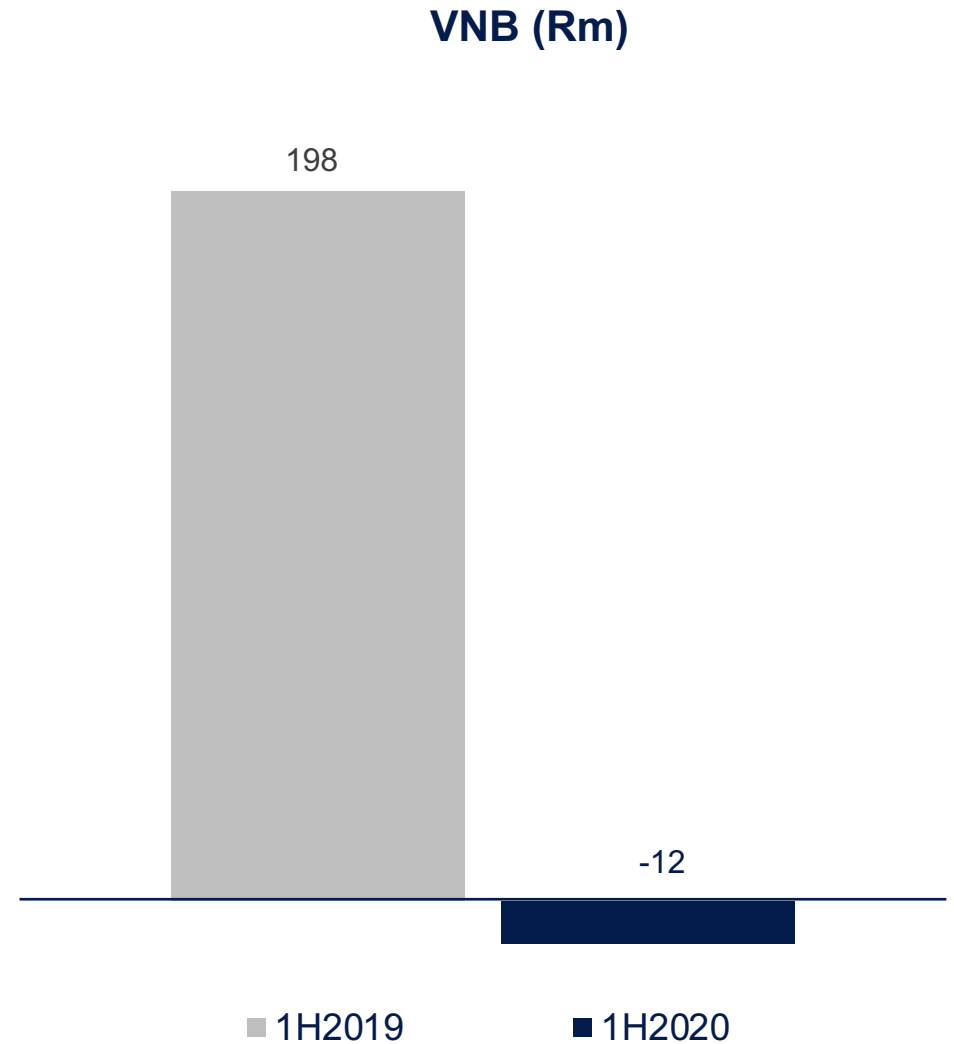
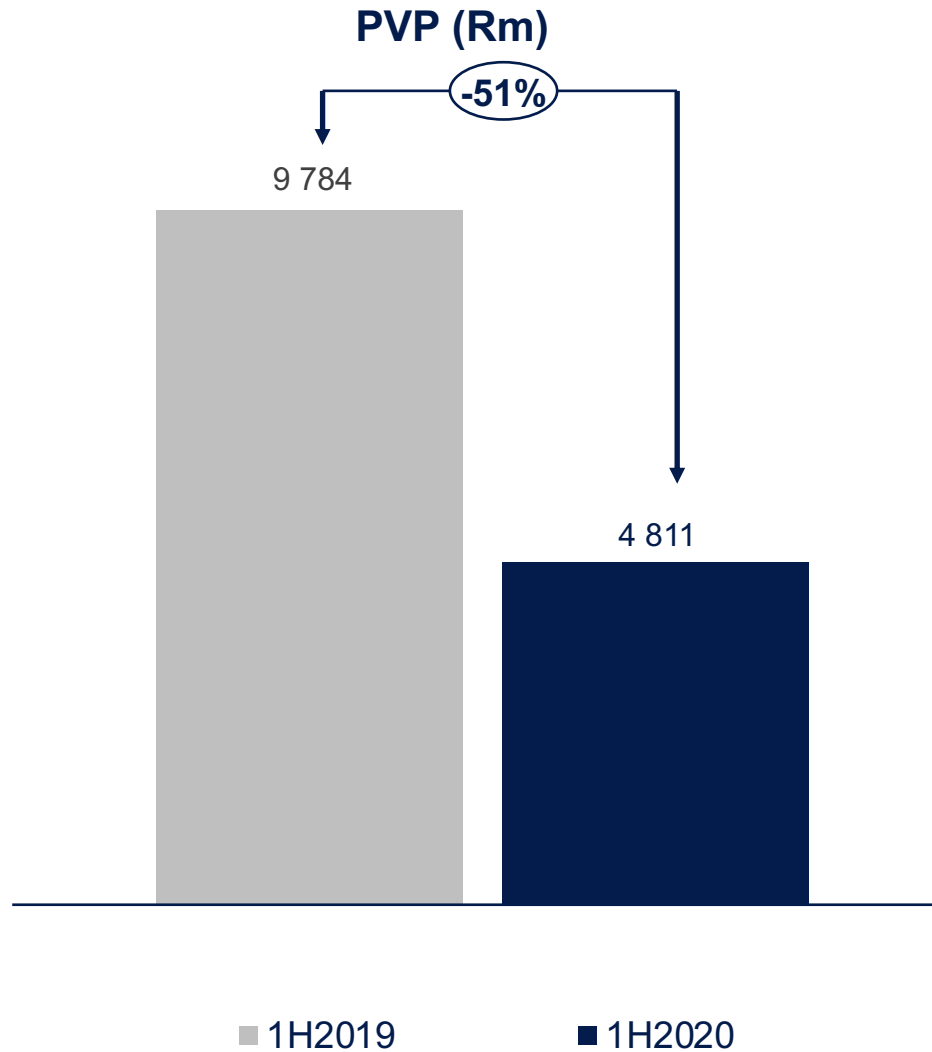
Retail broker sales (MDS APE, Rm)



Solid retail new business result



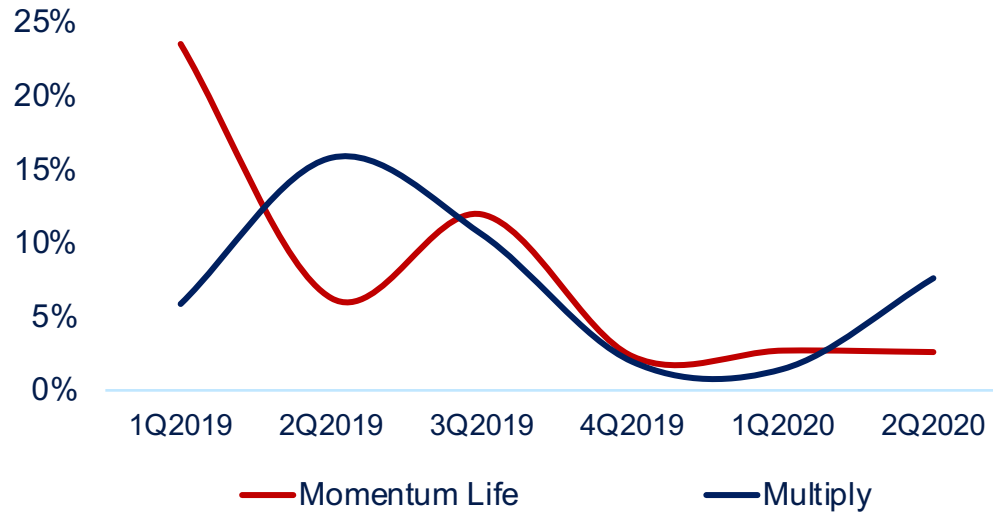
Challenging period for Corporate



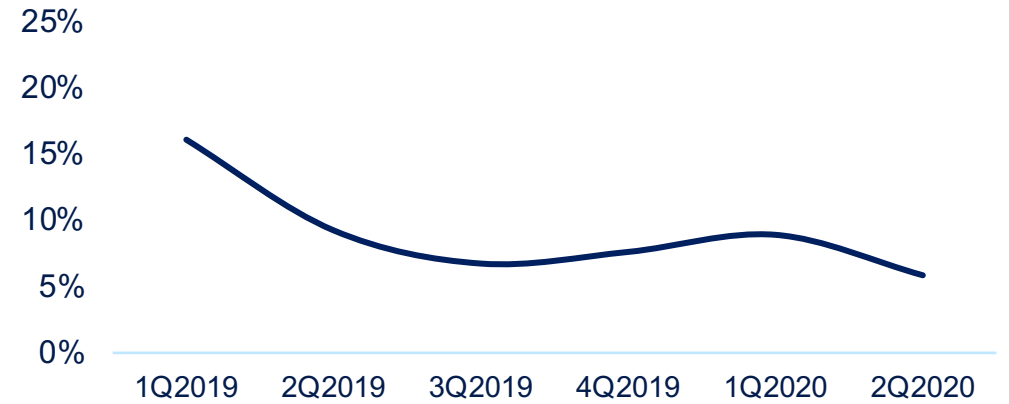
Consistent service delivery

Lost call rates

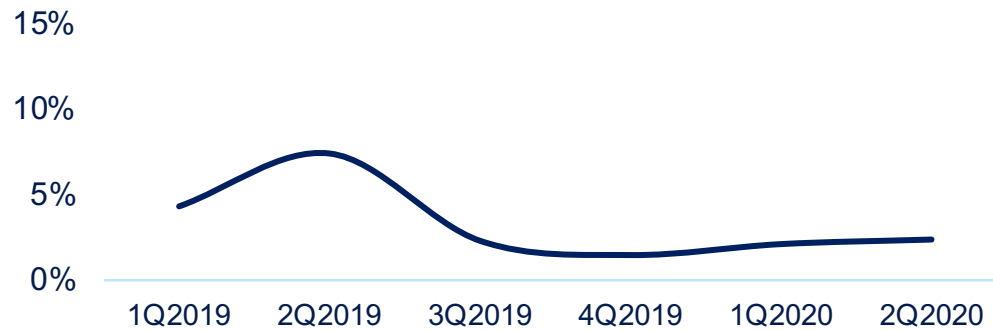
Momentum Life and Multiply



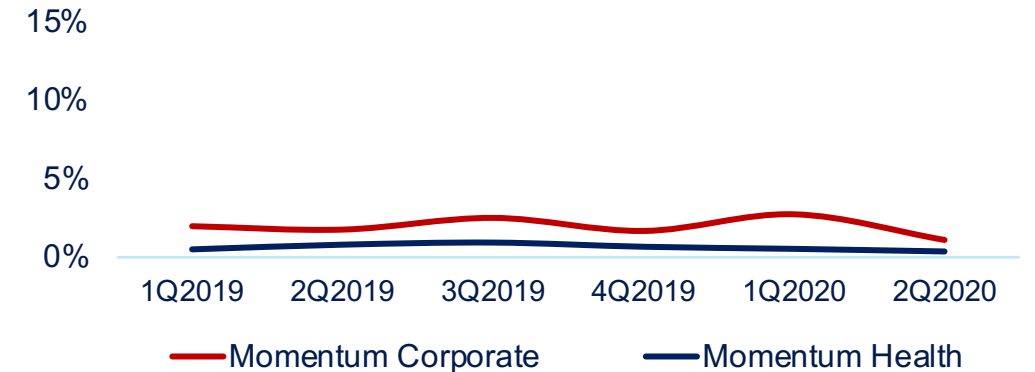
Metropolitan Retail



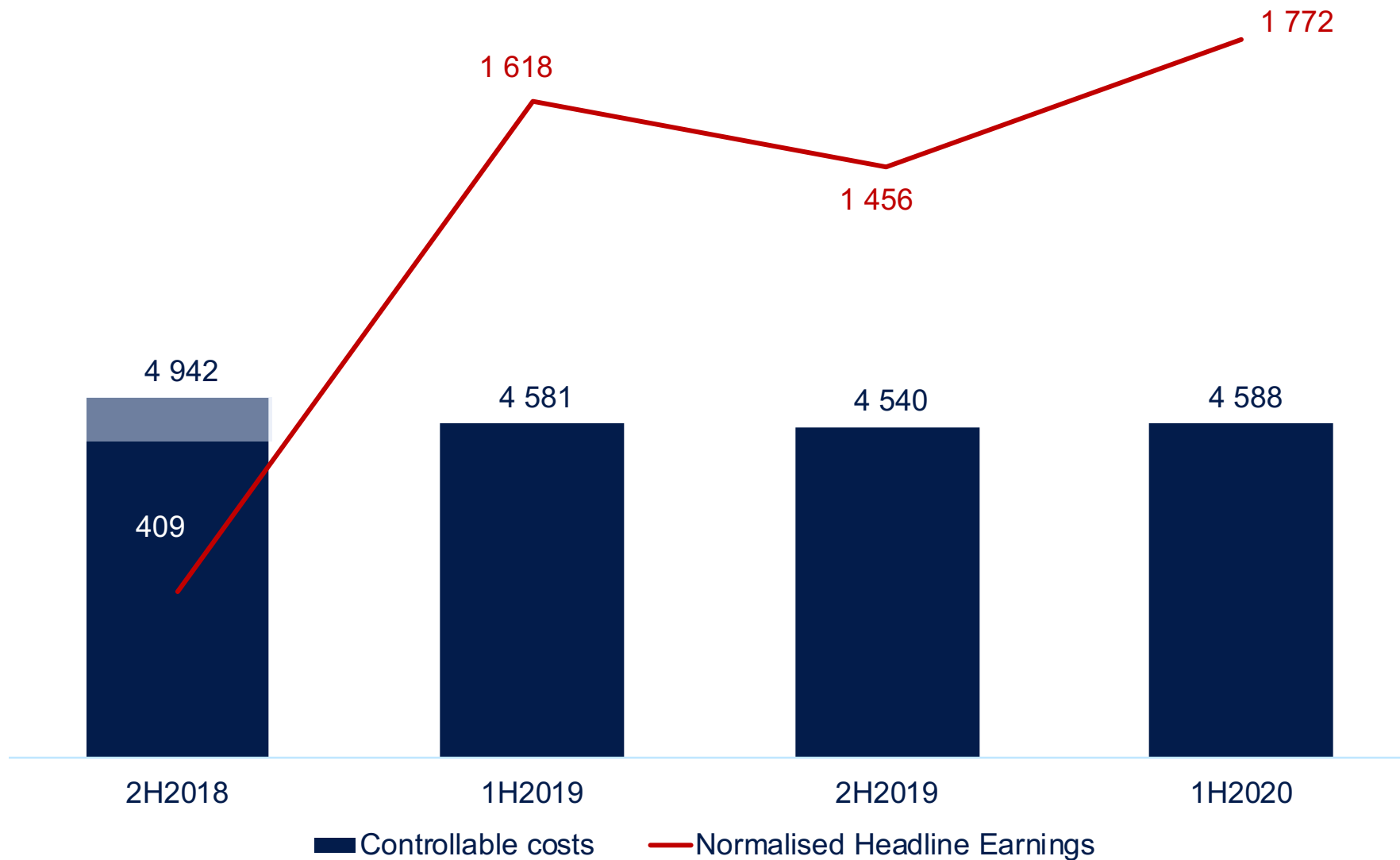
Momentum Investments



Momentum Corporate and Momentum Health



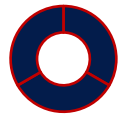
Penny saved is penny earned (Rm)



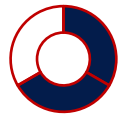


Momentum Life and Momentum Investments

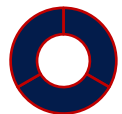
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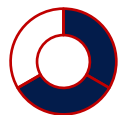
Full value chain



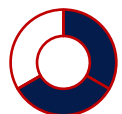
Reshape distribution channels



Scale back UK presence

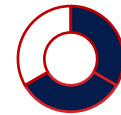


Improve service

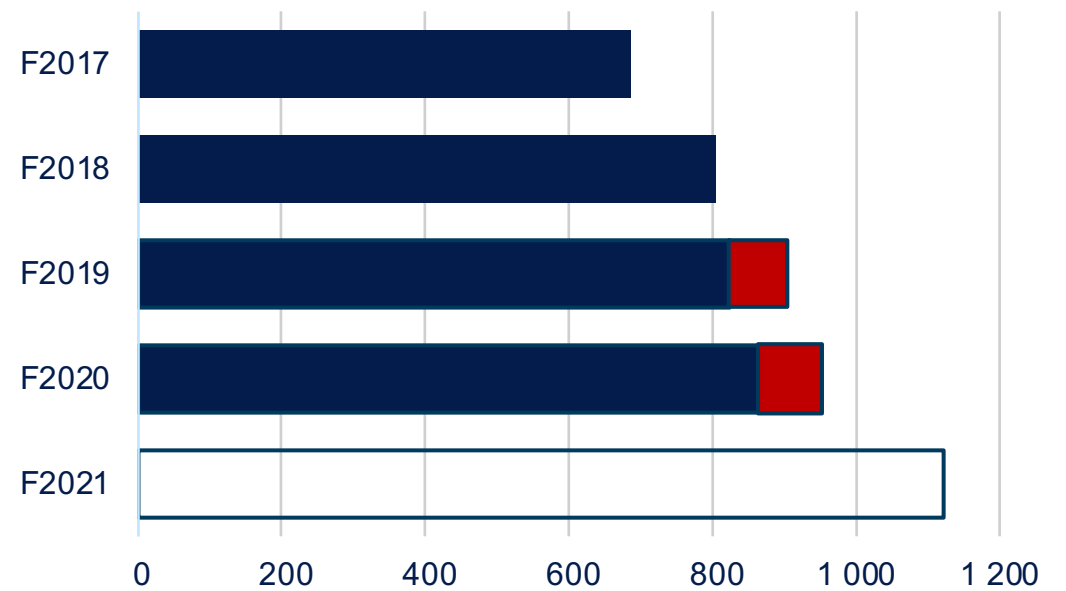


Wealth platform fees

GROW



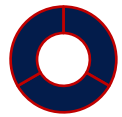
Momentum agents footprint growth



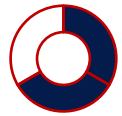


Momentum Life and Momentum Investments

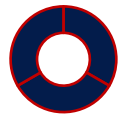
RESET



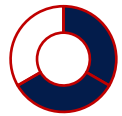
Full value chain



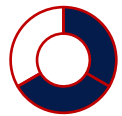
Reshape distribution channels



Scale back UK presence

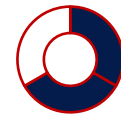


Improve service

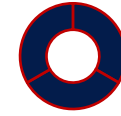


Wealth platform fees

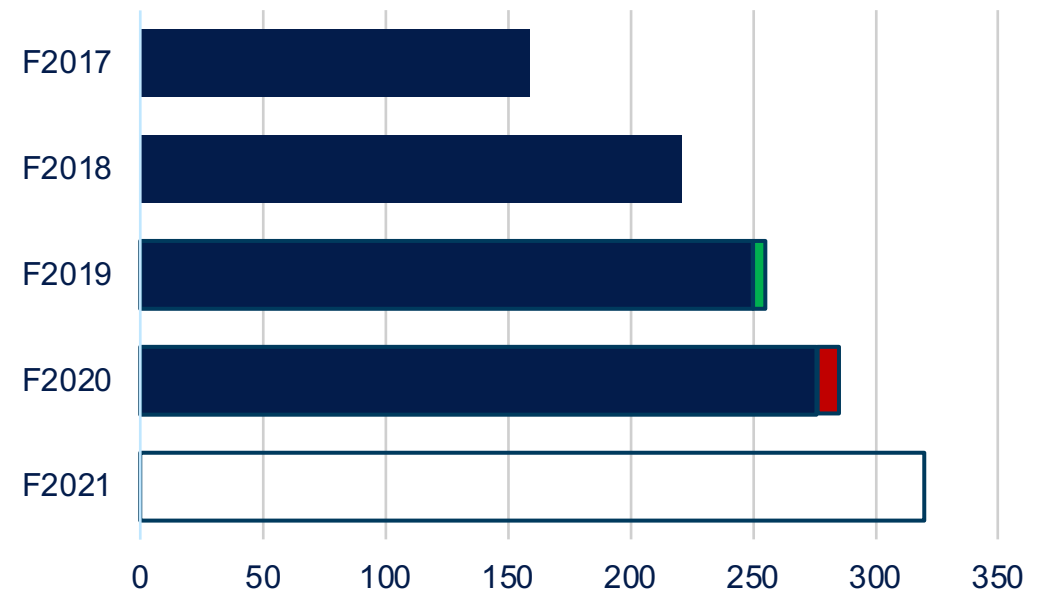
GROW



Momentum agents footprint growth



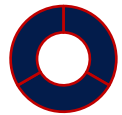
Momentum Consult footprint growth



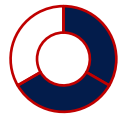


Momentum Life and Momentum Investments

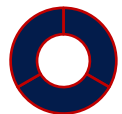
RESET



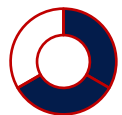
Full value chain



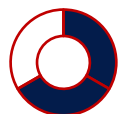
Reshape distribution channels



Scale back UK presence

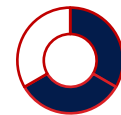


Improve service

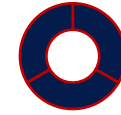


Wealth platform fees

GROW



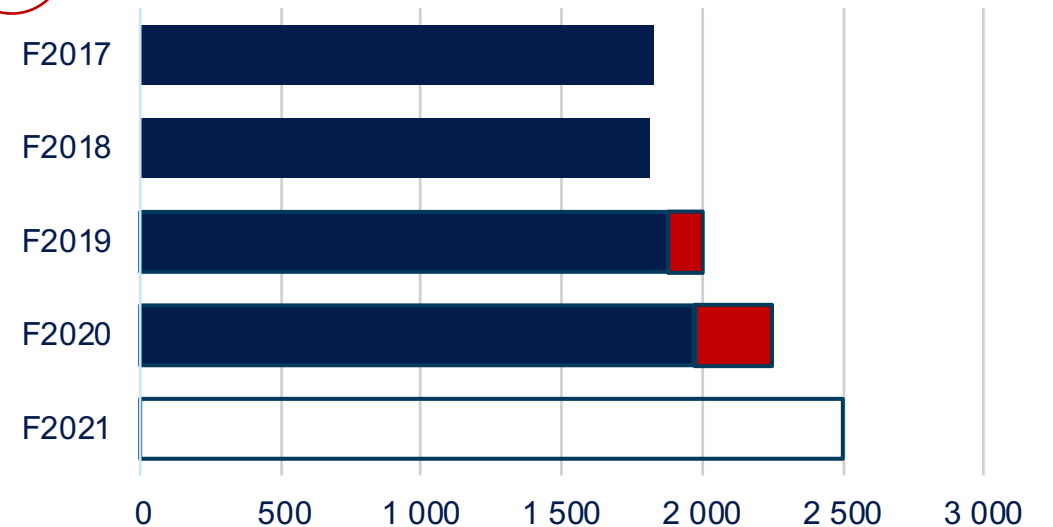
Momentum agents footprint growth



Momentum Consult footprint growth



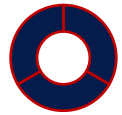
Grow productive brokers





Momentum Life and Momentum Investments

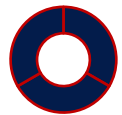
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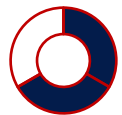
Full value chain



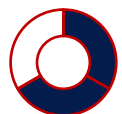
Reshape distribution channels



Scale back UK presence

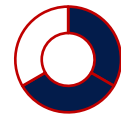


Improve service

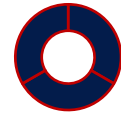


Wealth platform fees

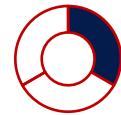
GROW



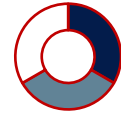
Momentum agents footprint growth



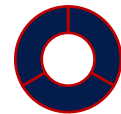
Momentum Consult footprint growth



Grow productive brokers



Increase flows into own funds



Product innovation

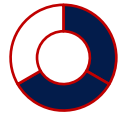


Enhance Multiply offering

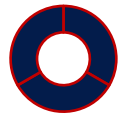


Metropolitan Retail

RESET



Stabilise sales force leadership

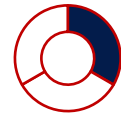


Upgrade points of sale

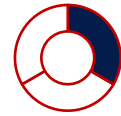


Legacy system migration

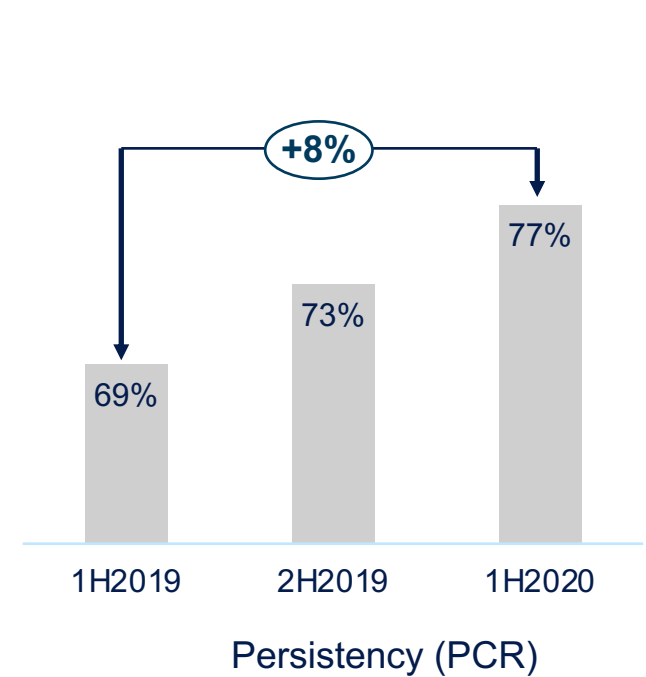
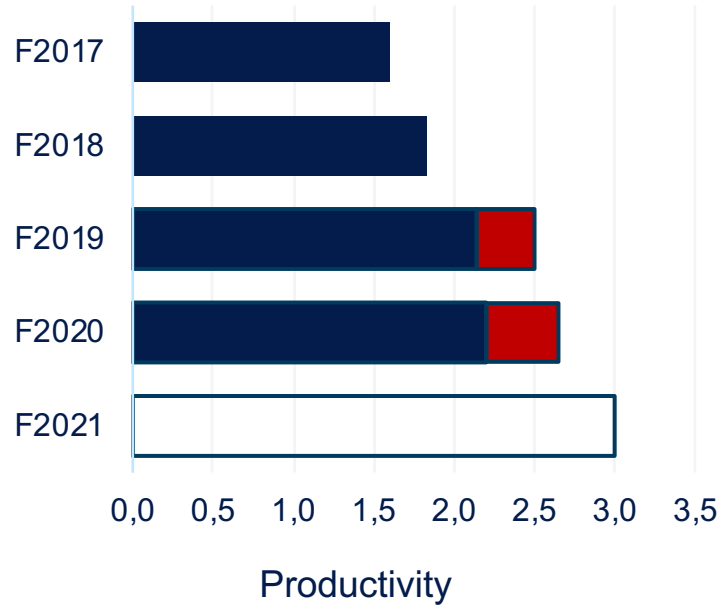
GROW



Improve client value proposition



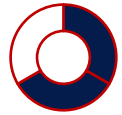
Adviser productivity



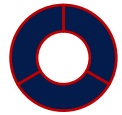


Metropolitan Retail

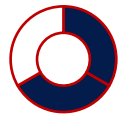
RESET



Stabilise sales force leadership

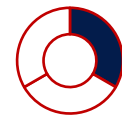


Upgrade points of sale

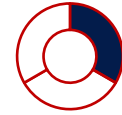


Legacy system migration

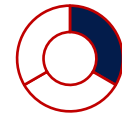
GROW



Improve client value proposition

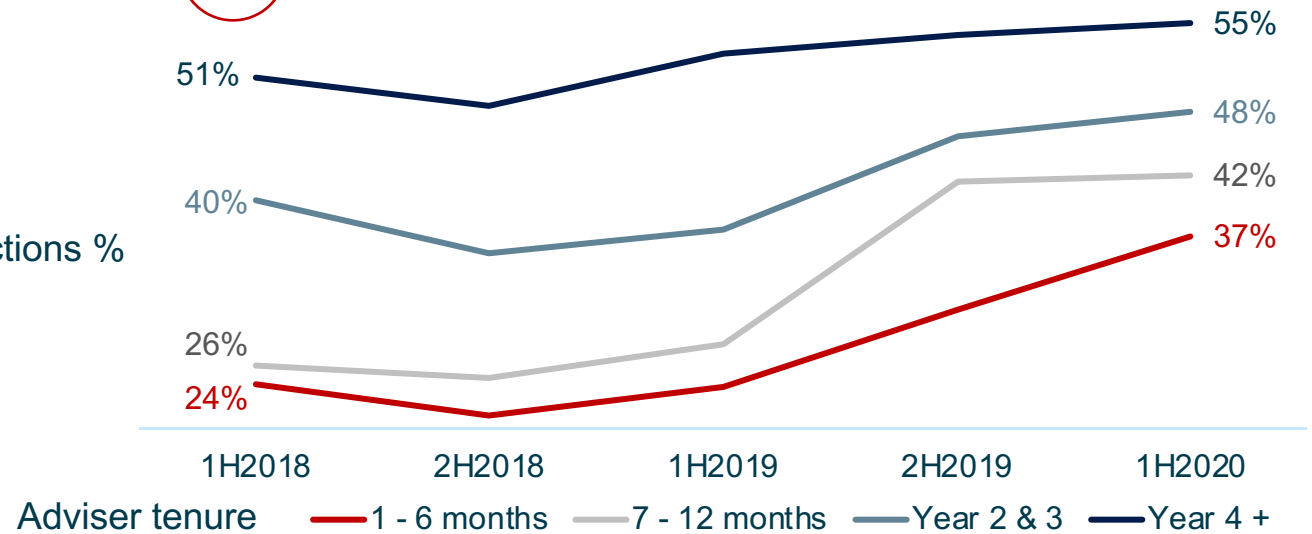


Adviser productivity



Sales and service efficiencies

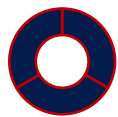
Payroll deductions %



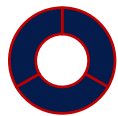


Momentum Corporate

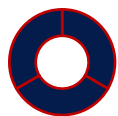
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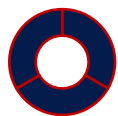
Full value chain



Improve underwriting experience

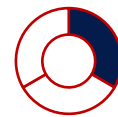


Strengthen leadership team

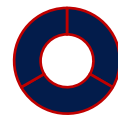


Rebuild distribution

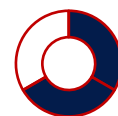
GROW



Diversify distribution channels



Increase underwriting margins



Organised Labour and Public Sector

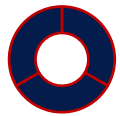


Retailisation

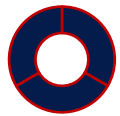


Health

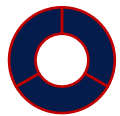
RESET



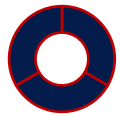
Systems consolidation



Focused distribution

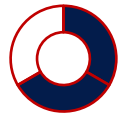


BEE transactions

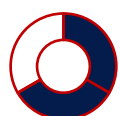


Public sector value proposition

GROW

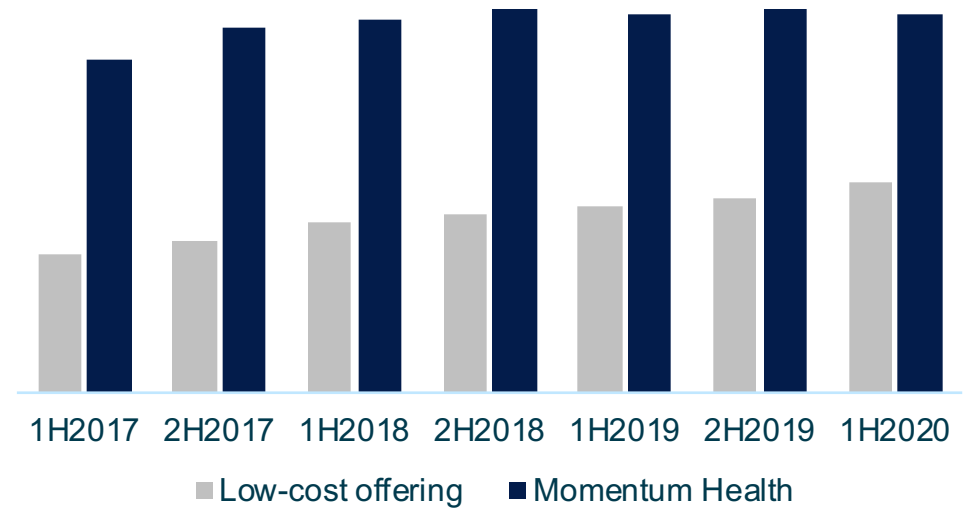


Open scheme distribution



Low-cost offering

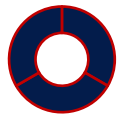
Members



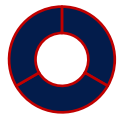


Health

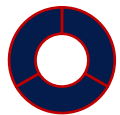
RESET



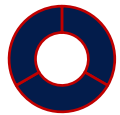
Systems consolidation



Focused distribution

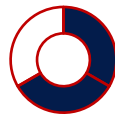


BEE transactions

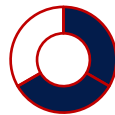


Public sector value proposition

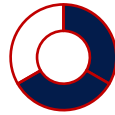
GROW



Open scheme distribution

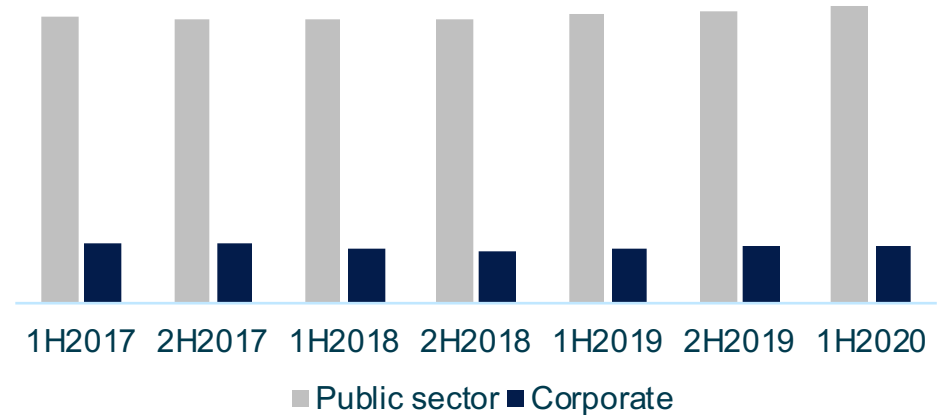


Low-cost offering



Corporate and Public sector

Members





Africa

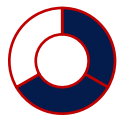
RESET



In-country governance and control



Exit selected countries

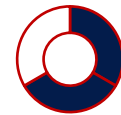


Strengthen leadership teams

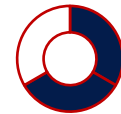


Finalise operating model

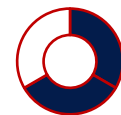
GROW



Strengthen distribution



Improve product mix and margins

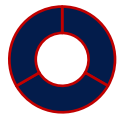


aYo roll-out (MTN JV)



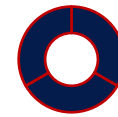
Guardrisk

RESET

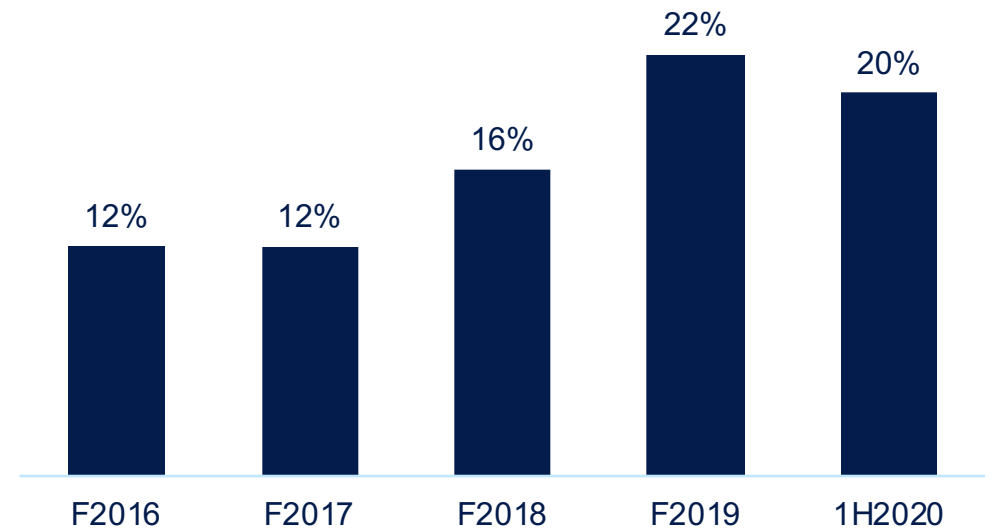


Reprice loss-making schemes

GROW



Increase underwriting revenue

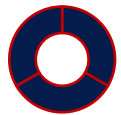


Underwriting profit as % of net revenue



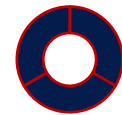
Guardrisk

RESET

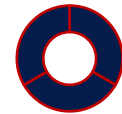


Reprice loss-making schemes

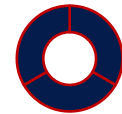
GROW



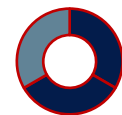
Increase underwriting revenue



Bolt-on transactions



Linked investment products

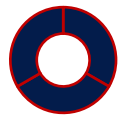


Open architecture insurance platform

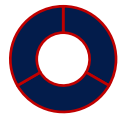


Momentum Short-term Insurance

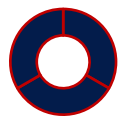
RESET



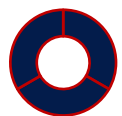
Full value chain



SA focus only

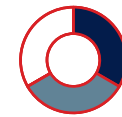


Exit unprofitable portfolios

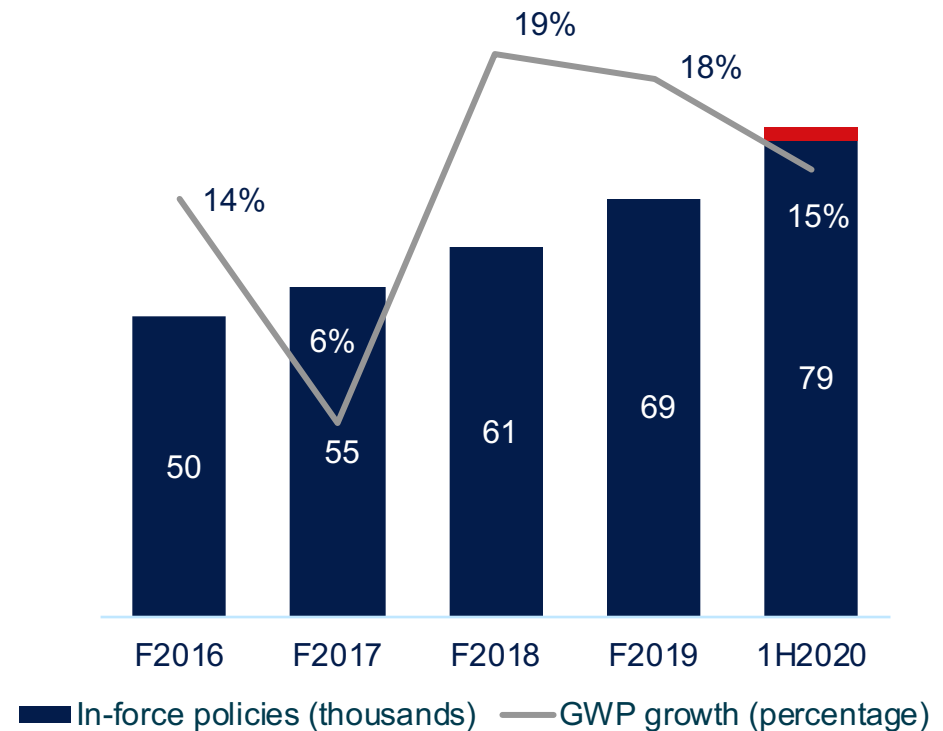


Enhance pricing and underwriting capability

GROW



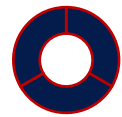
Grow client base



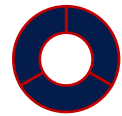


Momentum Short-term Insurance

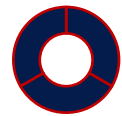
RESET



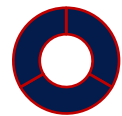
Full value chain



SA focus only

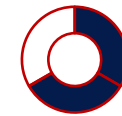


Exit unprofitable portfolios

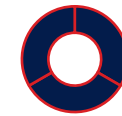


Enhance pricing and underwriting capability

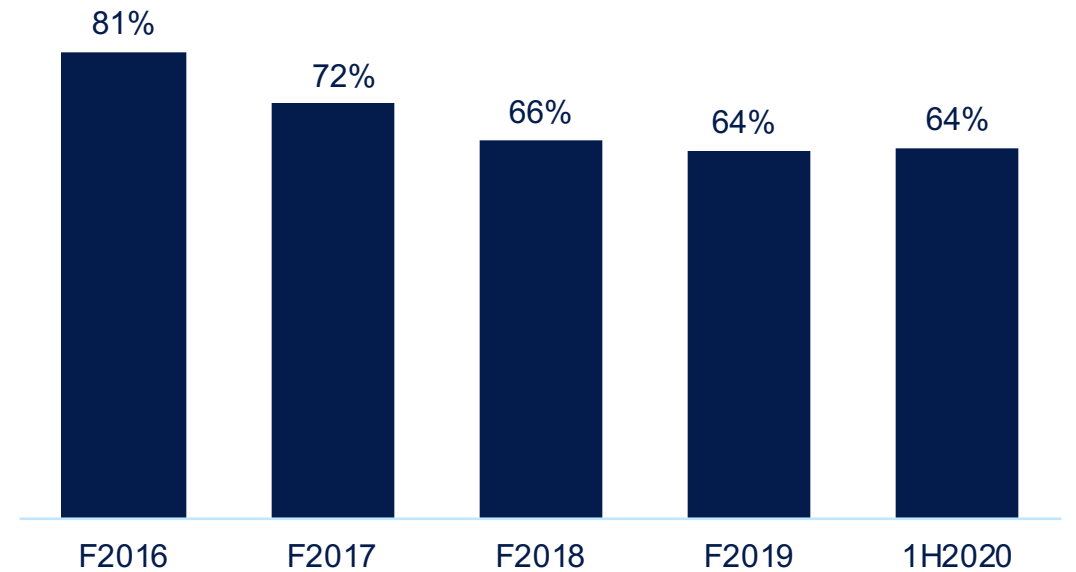
GROW



Grow client base



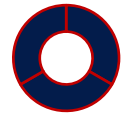
Improve claims ratio



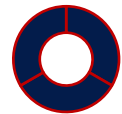


Momentum Short-term Insurance

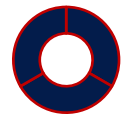
RESET



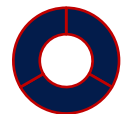
Full value chain



SA focus only

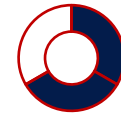


Exit unprofitable portfolios

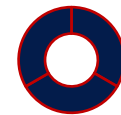


Enhance pricing and underwriting capability

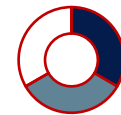
GROW



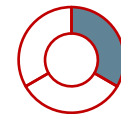
Grow client base



Improve claims ratio



Enhance CVP

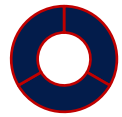


AFI transaction

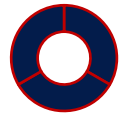


Group-wide

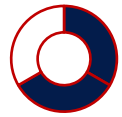
RESET



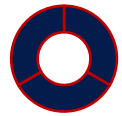
Operating model



Strengthen senior leadership

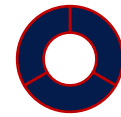


Sandton office

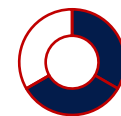


Cost management

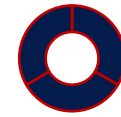
GROW



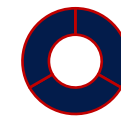
Align rewards to performance



Improve diversity



Brand positioning



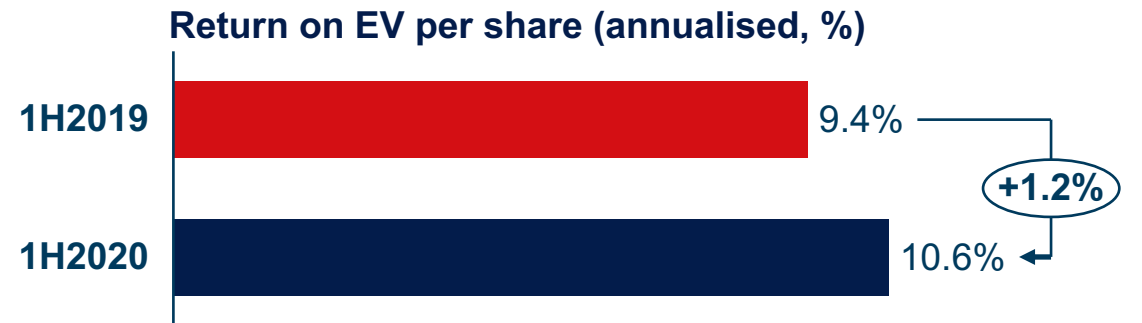
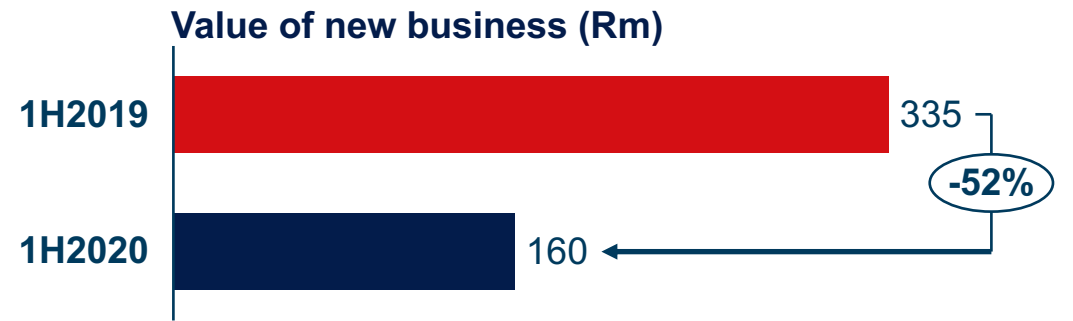
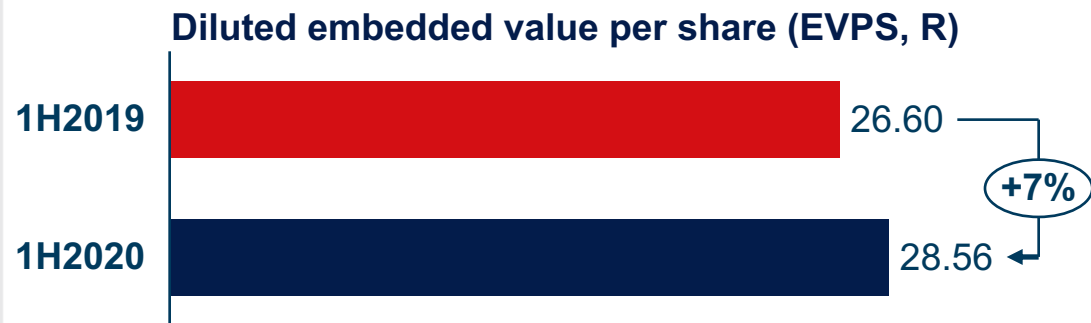
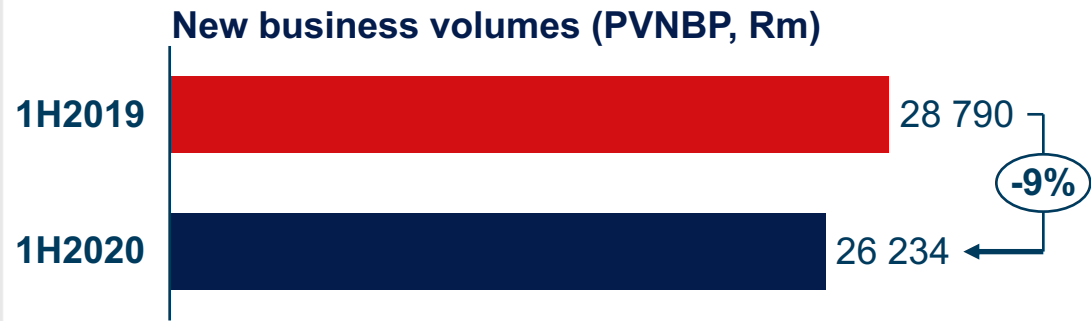
Unite staff behind a common purpose

**Financial results for
six months to
31 December 2019**

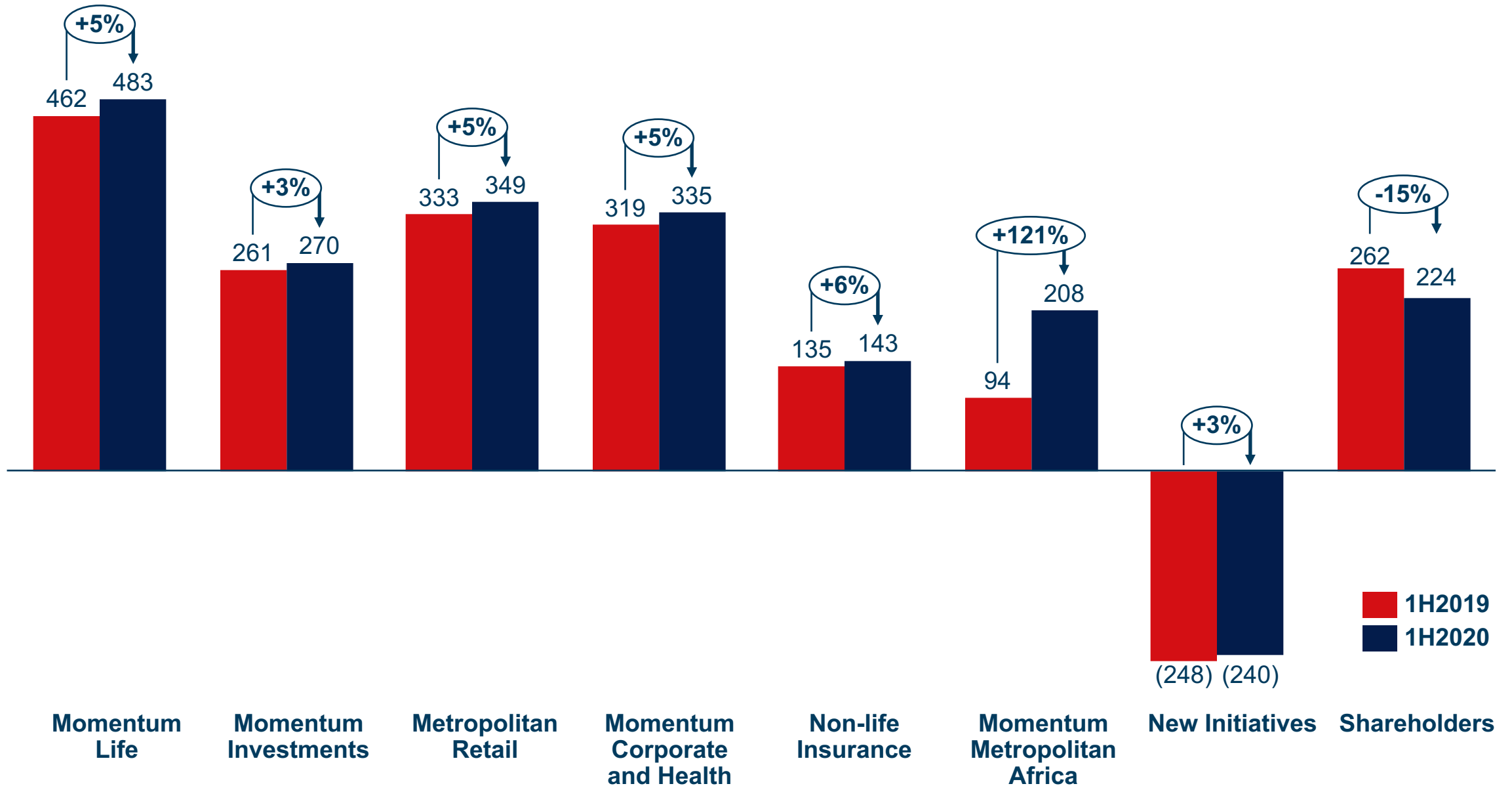
01



Key financial measures

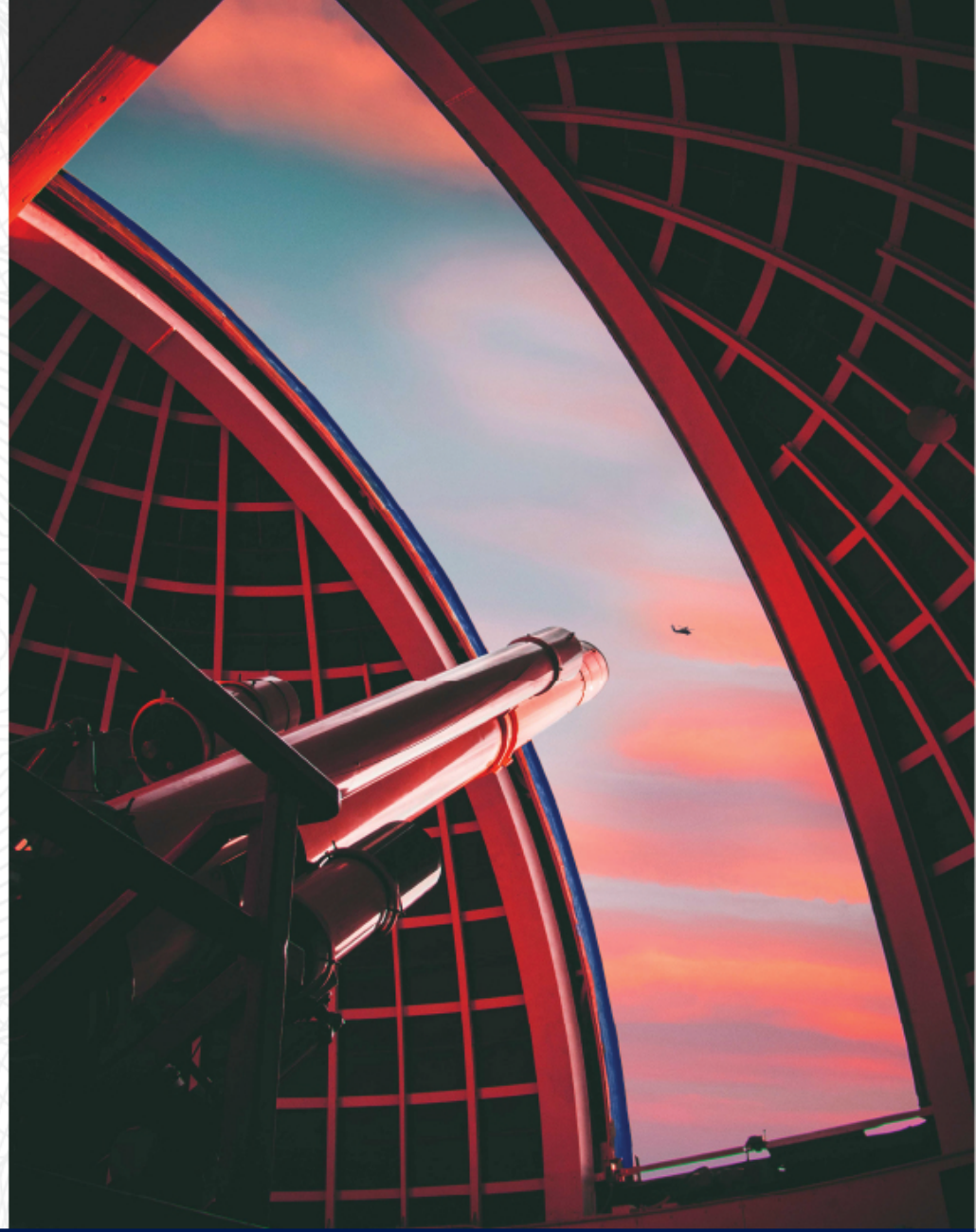


Diluted normalised headline earnings up by 10%

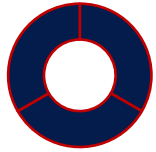


Review of Reset and Grow financial targets

02

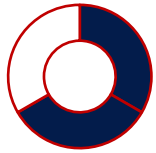


Review on Reset and Grow financial targets



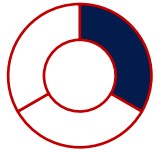
Efficiency improvements

We promised a R700 million expense saving by F2021



Grow Non-life Insurance

We plan to make R500 million diluted normalised headline earnings by F2021



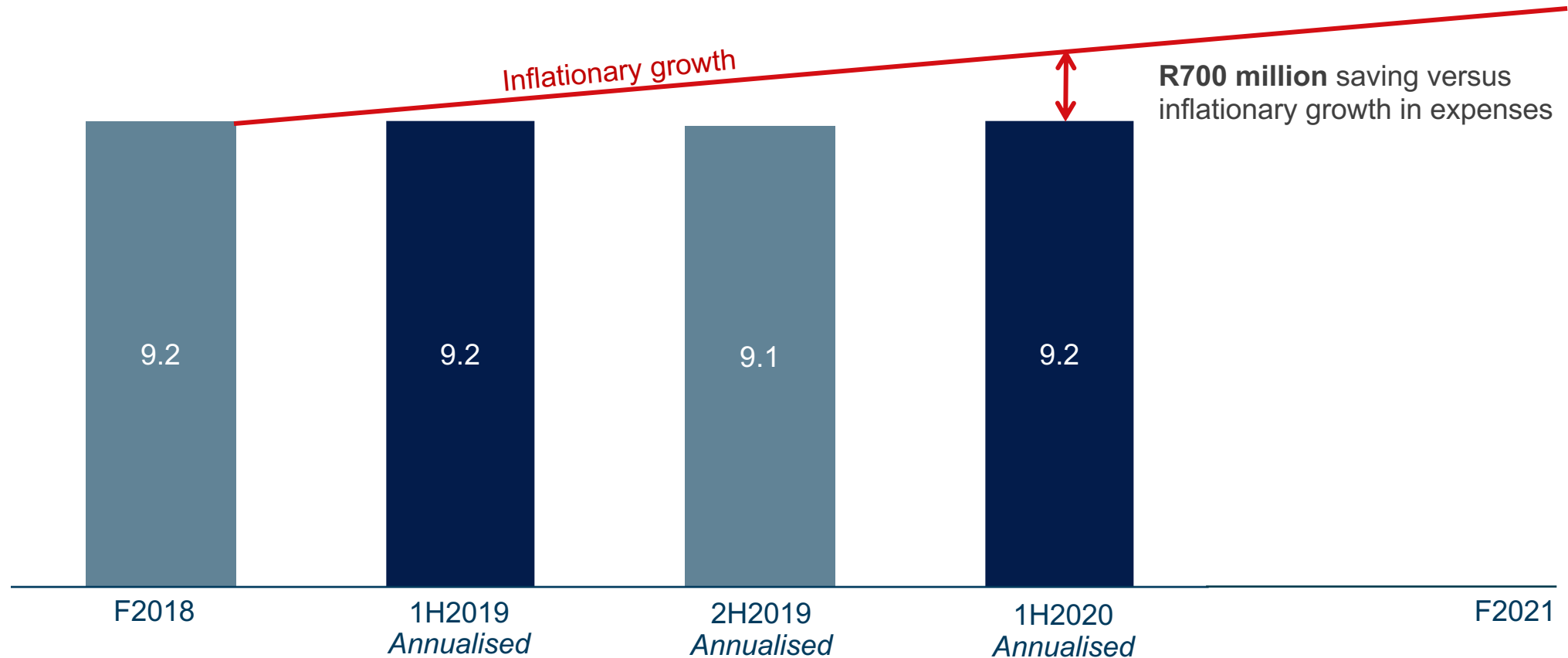
Well-managed spending on New Initiatives

We promised roughly R100 million reduction in losses over 3 years to F2021

Already delivered R700 million in savings

Direct expense analysis (Rbn)

Planned saving by F2021 of R700 million has been achieved



On track to R500 million in earnings from Non-life Insurance

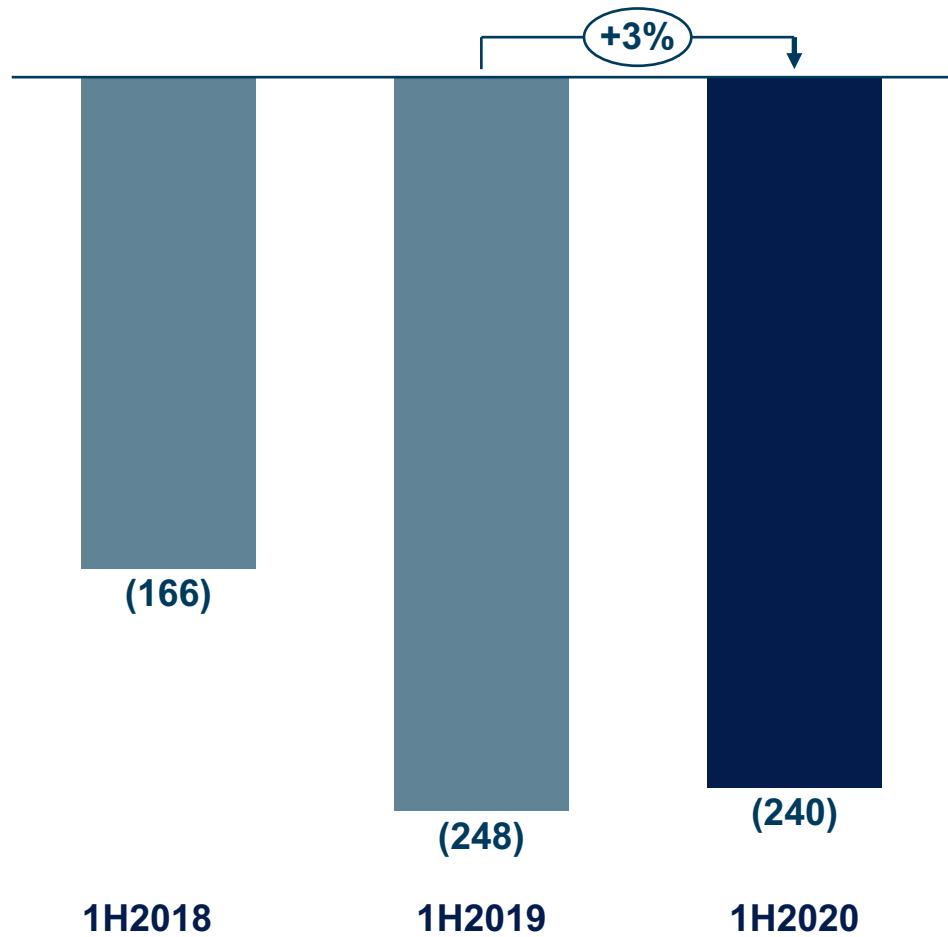
6 months to December 2019	Momentum Short-term Insurance	Guardrisk	Total	Alexander Forbes Insurance ¹
Rm				
Gross written premium	488	1 262 ²	1 750	±900
Underwriting profit	(60)	104	44	
Diluted normalised headline earnings	(22)	165	143	
Annualised Reset and Grow target	100	400	500	

¹ Acquisition of Alexander Forbes Insurance effective 31 January 2020

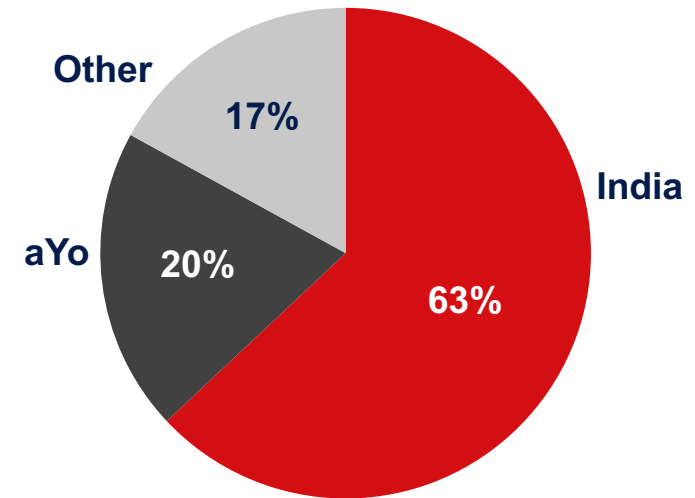
² Premiums and underwriting profit for Guardrisk General Insurance

New Initiatives — losses have reduced

Losses on New Initiatives (Rm)



Contribution to New Initiatives losses

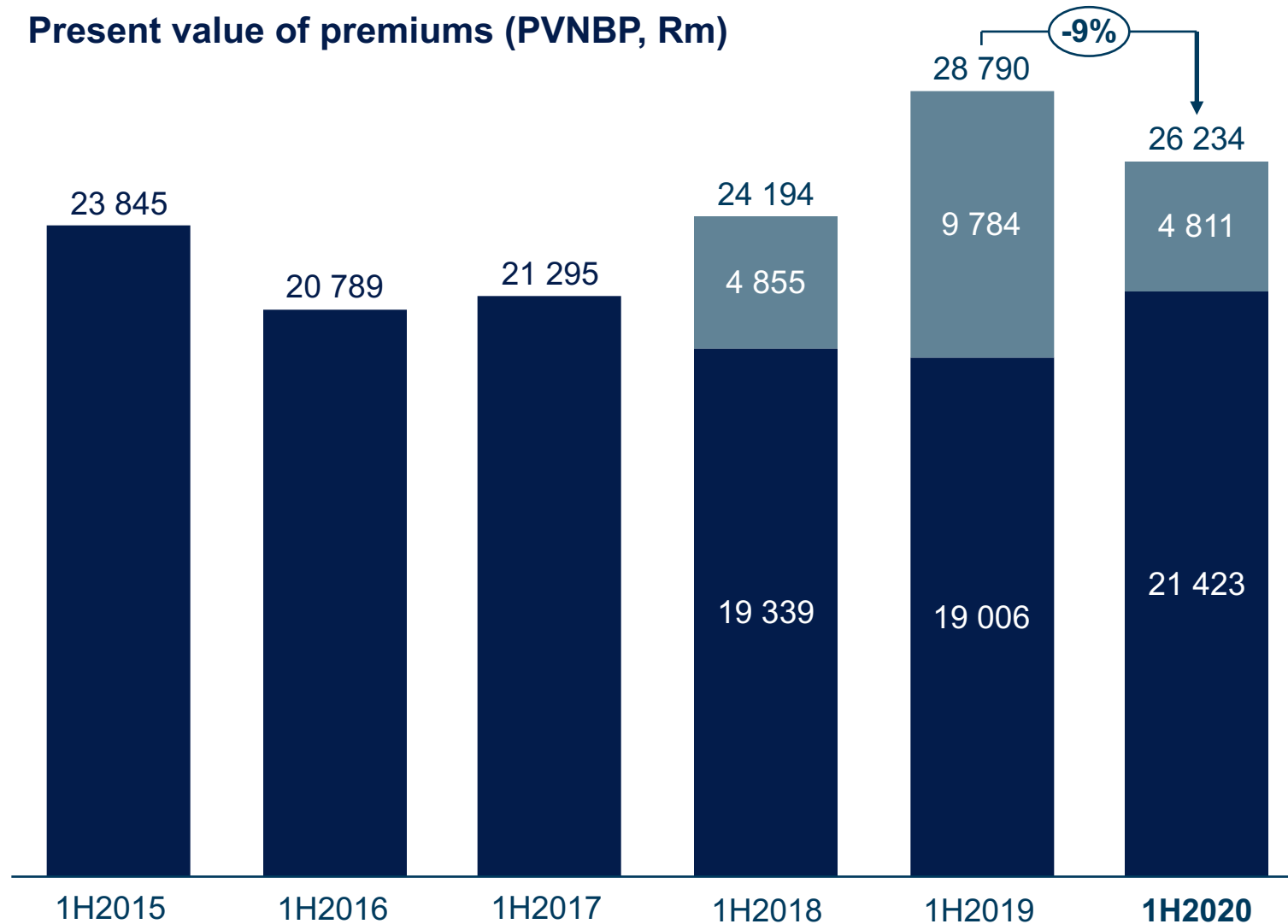


Group financial results

03

New business volumes declined by 9% year-on-year

Present value of premiums (PVNBP, Rm)



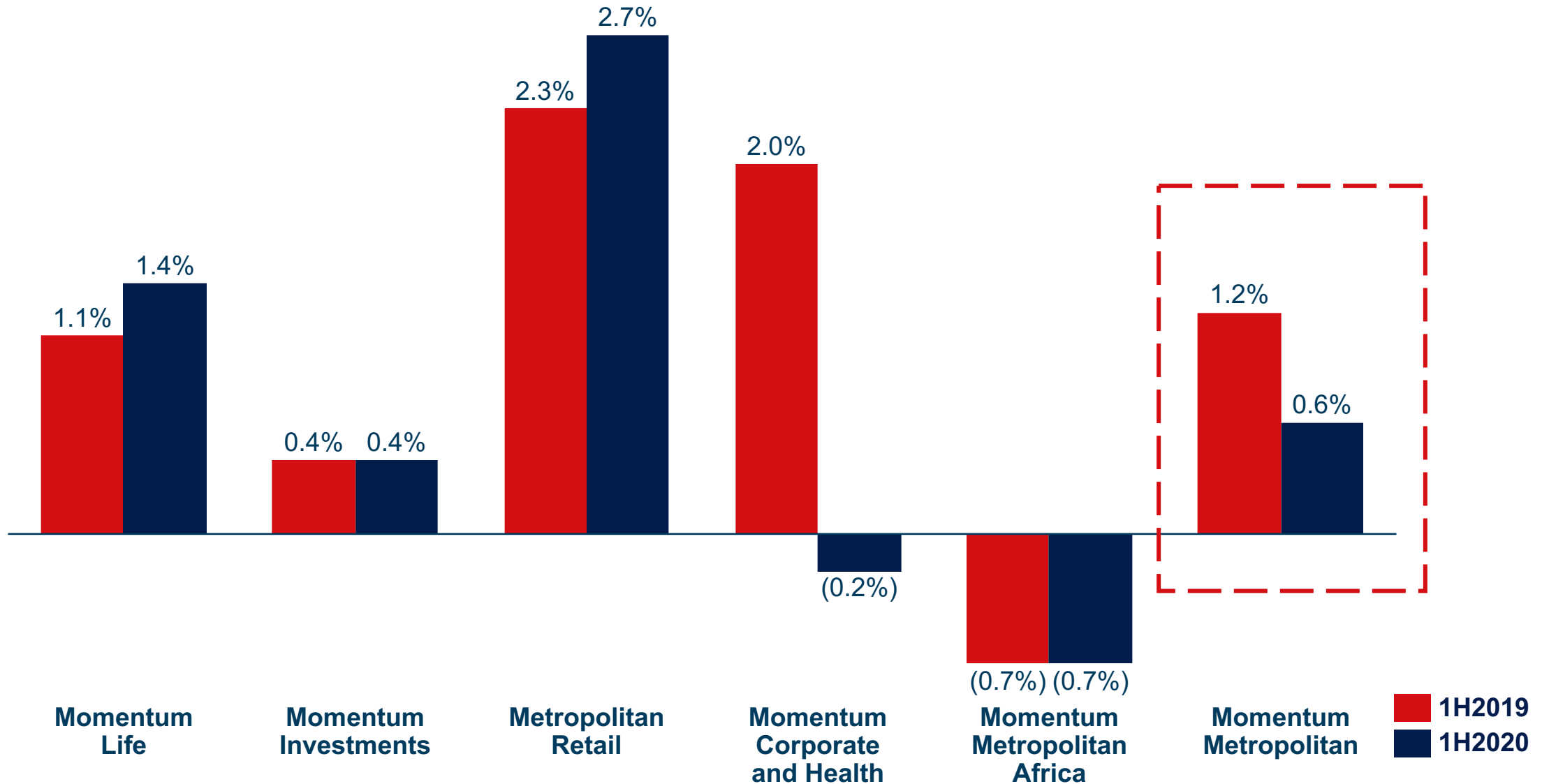
Momentum Corporate explains the decline in new business volumes

Exceptional results on Investments Wealth platform

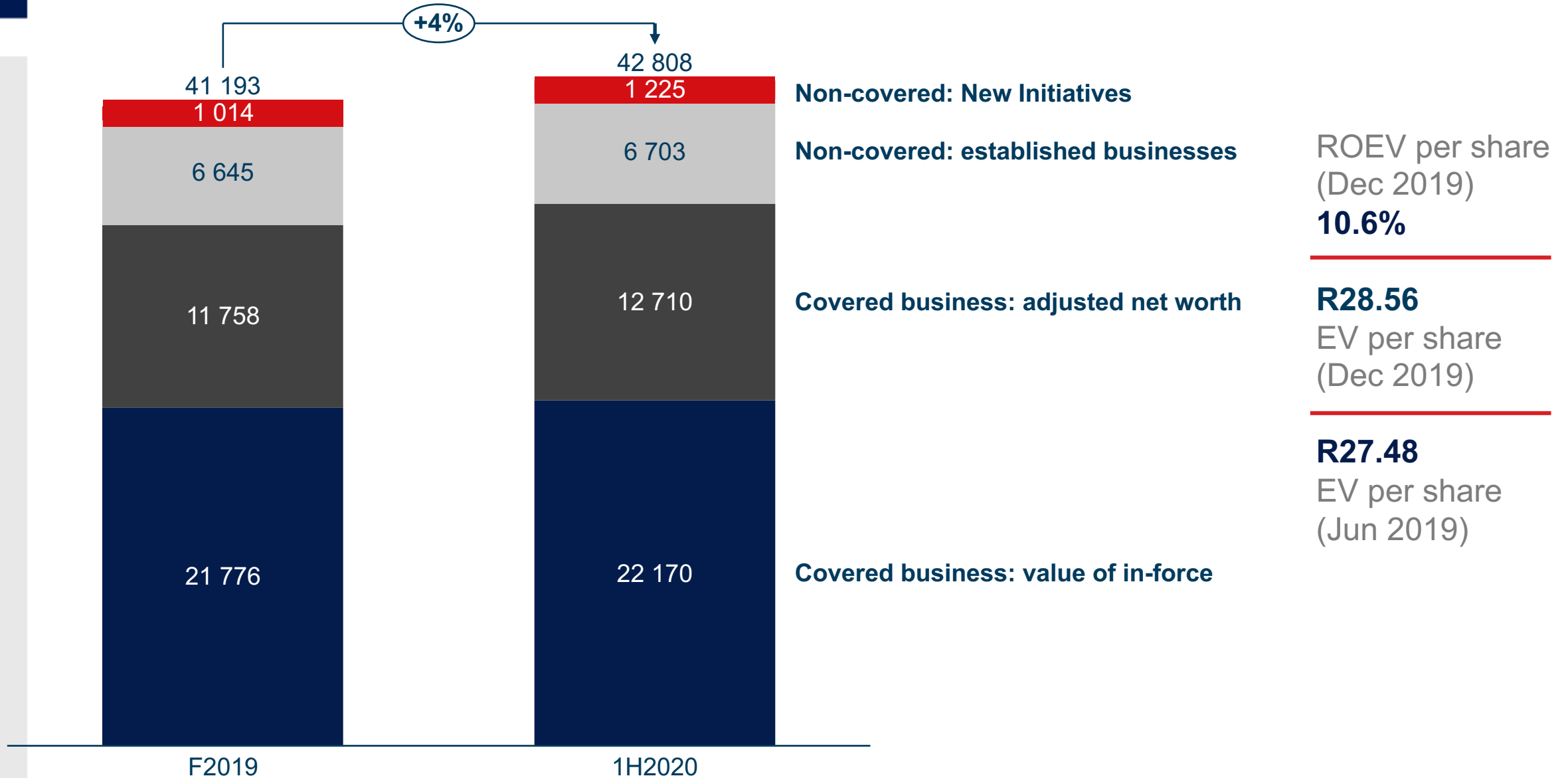
Strong growth in life annuity products

Momentum Corporate

New business margin declined to 0.6%



Embedded value per share up to R28.56

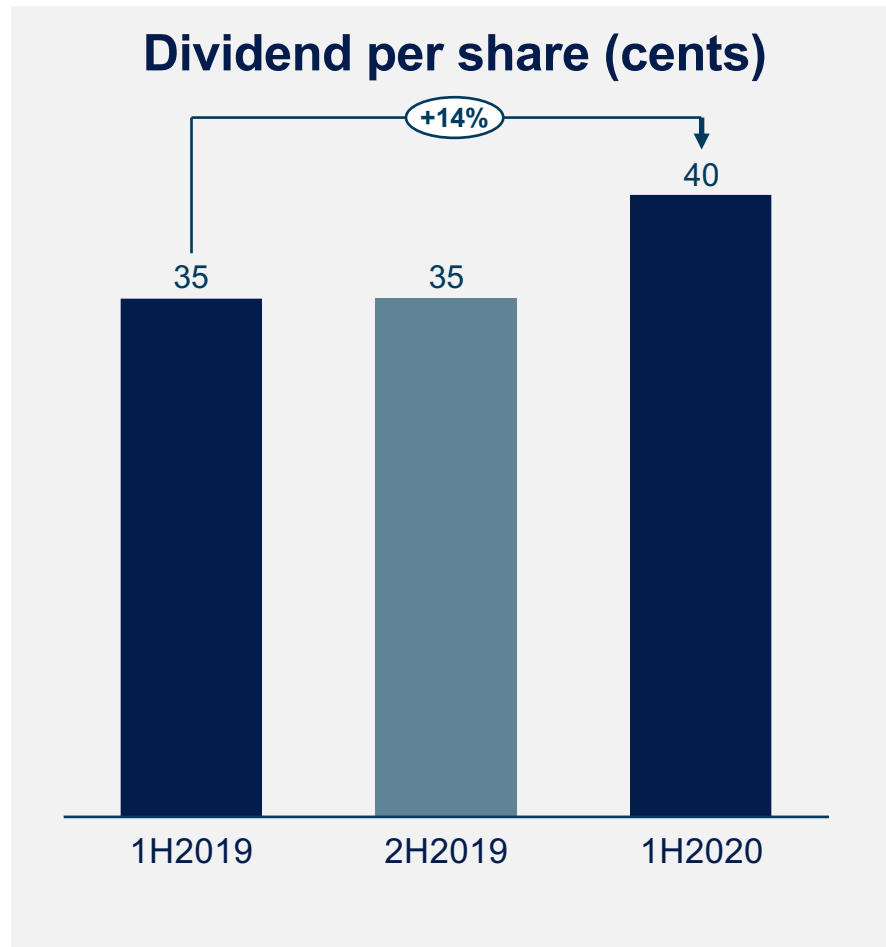


Capital coverage ratio strong

Regulatory solvency position (R million)	Momentum Metropolitan Life
Eligible own funds (pre-dividend)	34 463
Solvency Capital Requirement (SCR)	15 674
SCR cover (times)	2.20
SCR cover (times) - 30 June 2019	2.08

Capital cover target range is **1.7 to 2.1 times** the SCR

Dividend increased to 40 cps



Interim dividend increased by **14%** year-on-year

Dividend cover supports steady solvency ratios in medium term

Dividend cover target range remains at **2.0 to 3.0 times** diluted normalised headline earnings

Dividend cover is **3.0 times**, at the upper end of target range

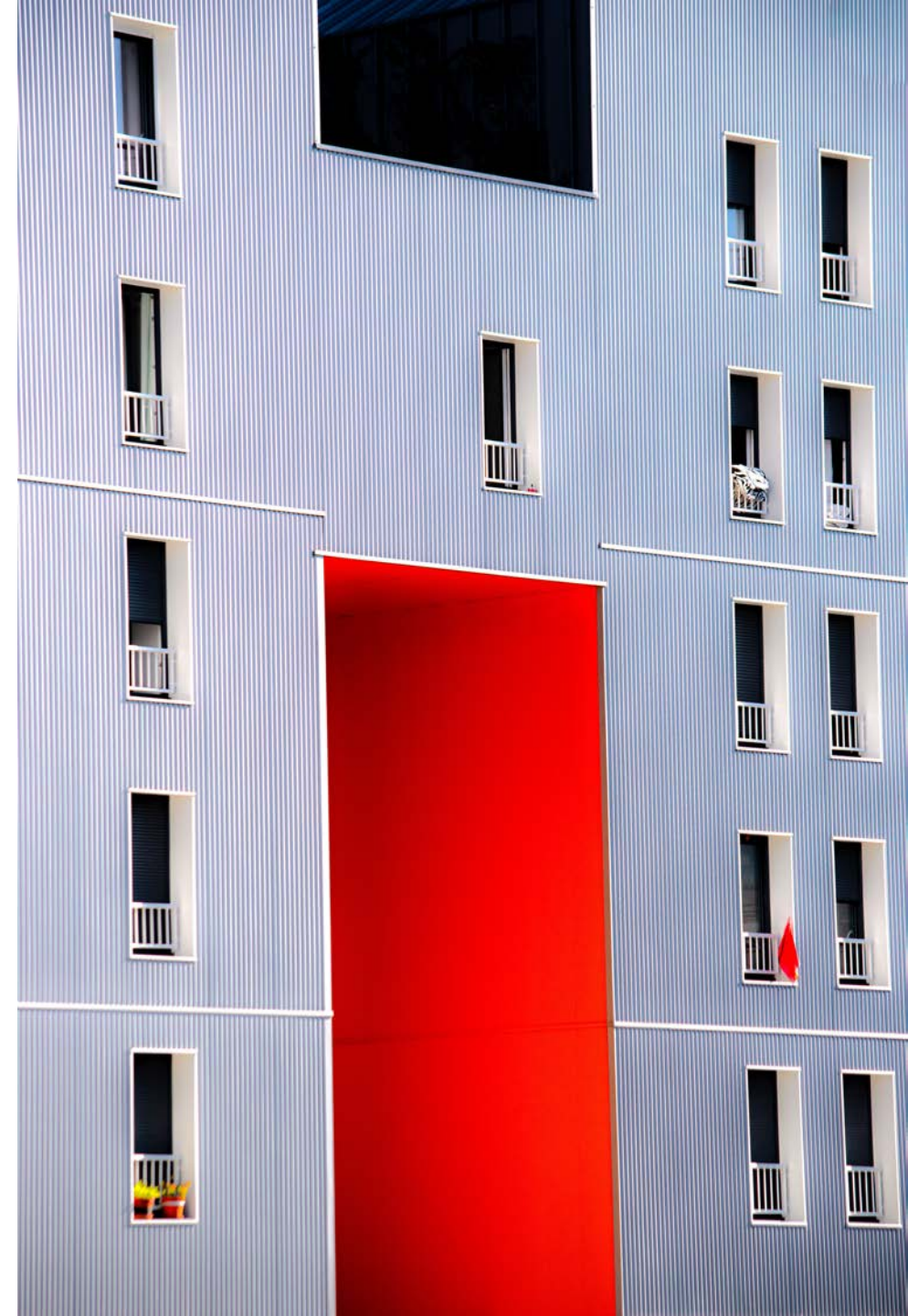
**Other current
topical matters**

04



Other current topical matters

- 1 IFRS 17 project update
- 2 Understanding resilience of our earnings
- 3 India



IFRS 17 project update

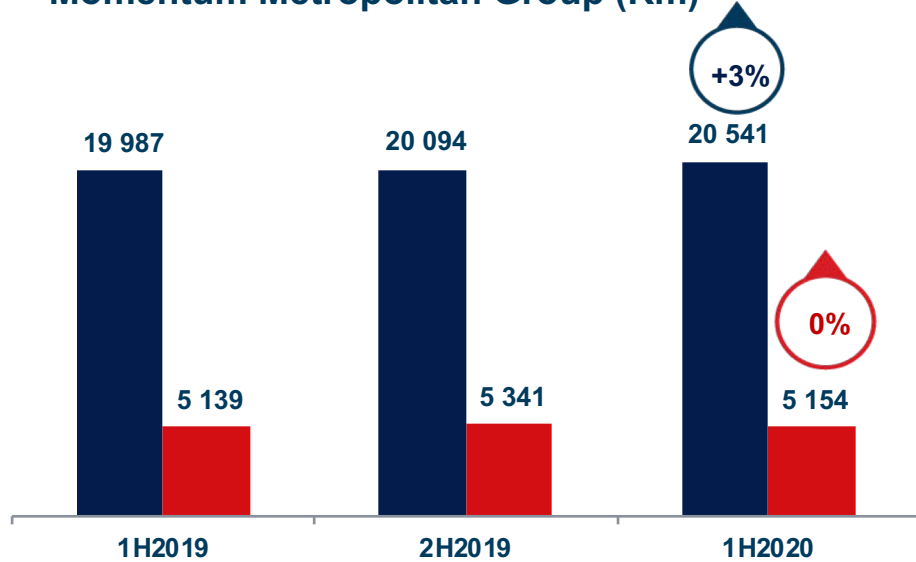
- 1** Incremental approach is containing costs – but more internal resources getting tied up in the project

- 2** Some key assumptions are settling – financial impact assessments somewhat delayed

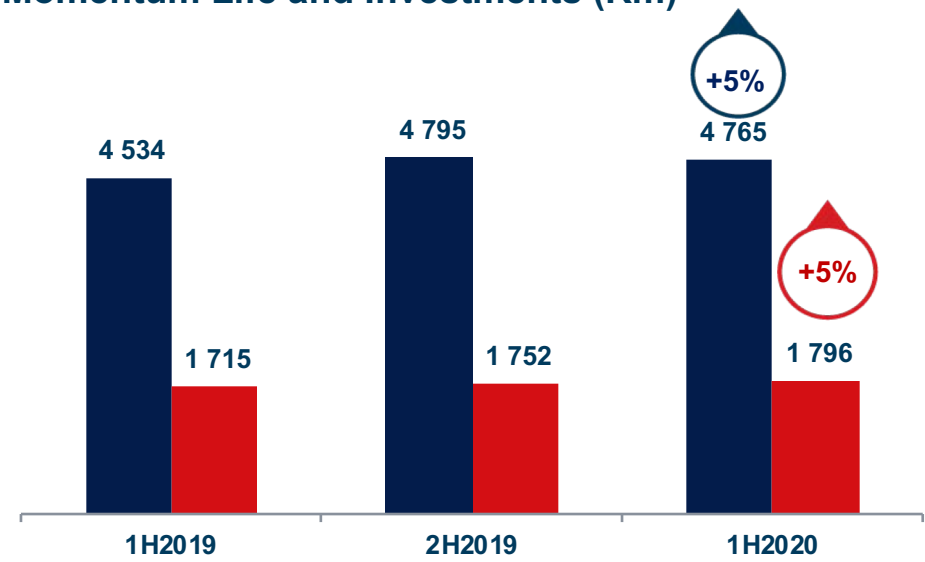
- 3** Accelerated involvement from our auditors – assessing design decisions and standard interpretations

Resilience — doing more with less

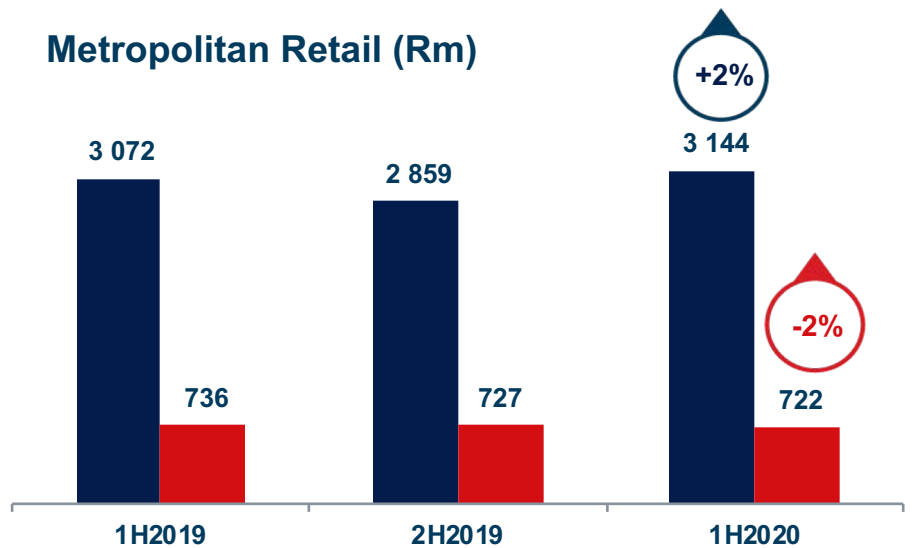
Momentum Metropolitan Group (Rm)



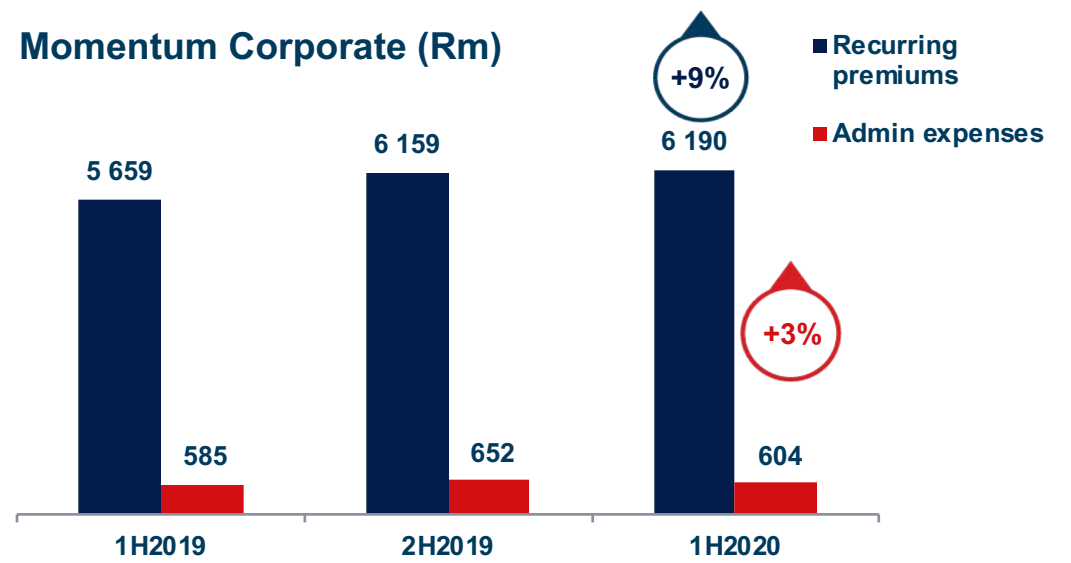
Momentum Life and Investments (Rm)



Metropolitan Retail (Rm)



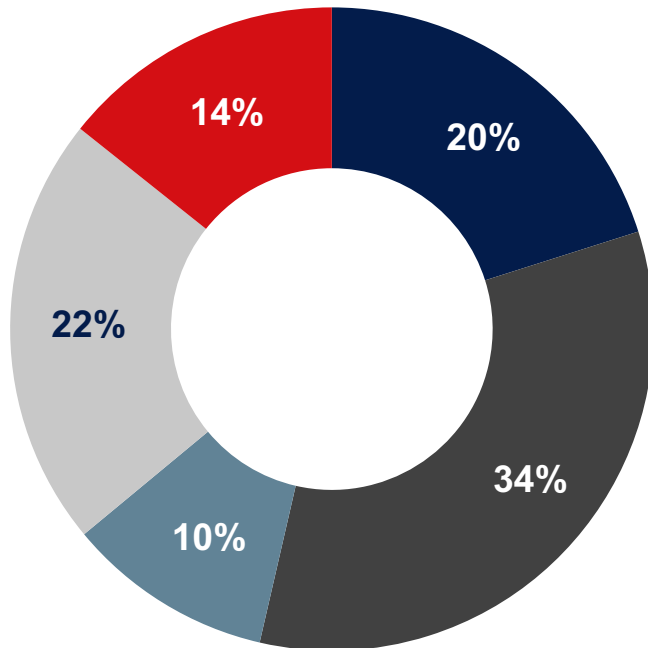
Momentum Corporate (Rm)



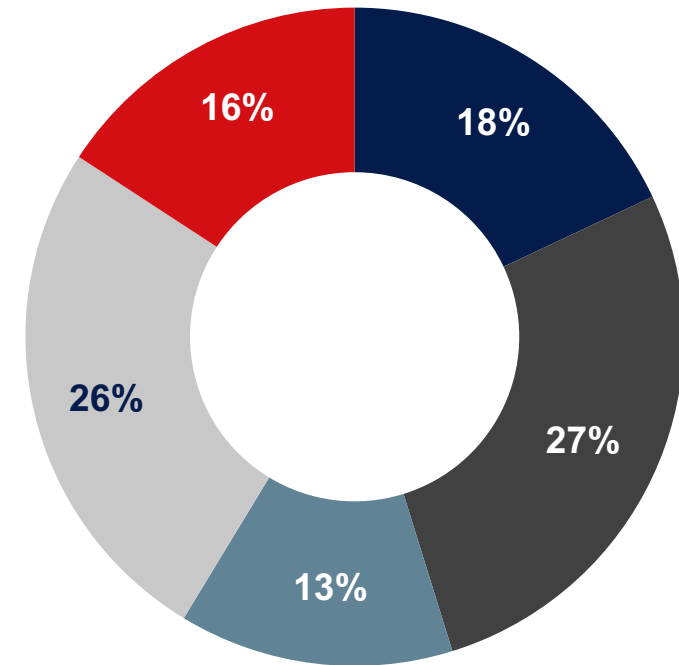
Momentum Corporate excludes Momentum Metropolitan's health business

Resilience — diversified sources of earnings

30 June 2019






31 December 2019






- Investment returns
- Asset based fees
- Administration fees
- Underwriting profits
- Spreads


India JV — we have built a large business in 4 years


One of the largest third party distribution capabilities in India


-  10 Bank tie-ups including HDFC Bank and Axis Bank
-  More than 10 000 bank branches through Banca channel
-  Focus on new age digital partners


	Dec 2018	Dec 2019
 Cities	650+	1 200+
 Agents	18 100+	22 500+
 Sales force	1 400+	2 100+

Driving value through scale

 5 700+
Hospital
Networks

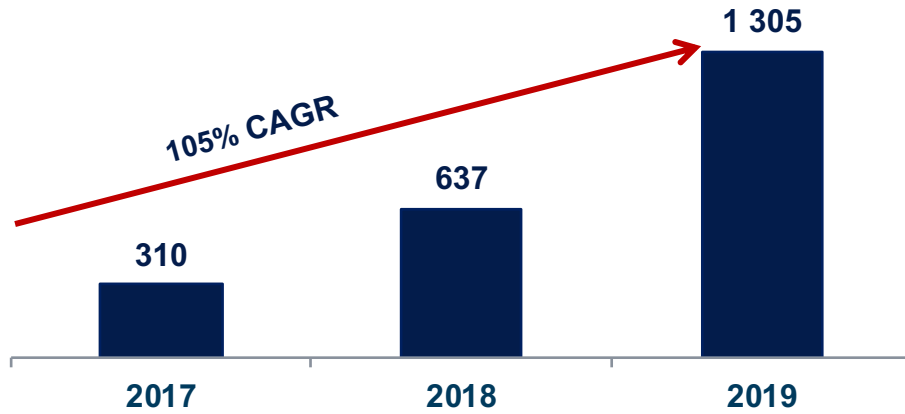
 5.2 million+
Lives insured

 47%
Started health
journey

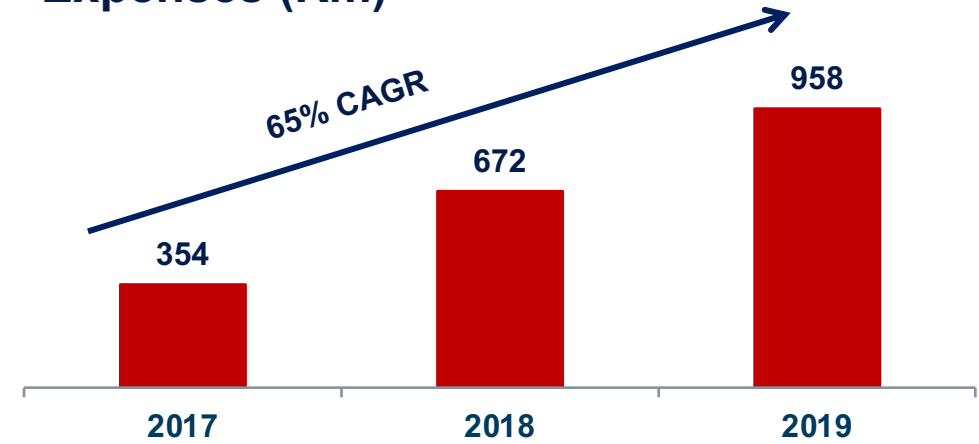
 72
ABHI branches

India JV financials are tracking plans

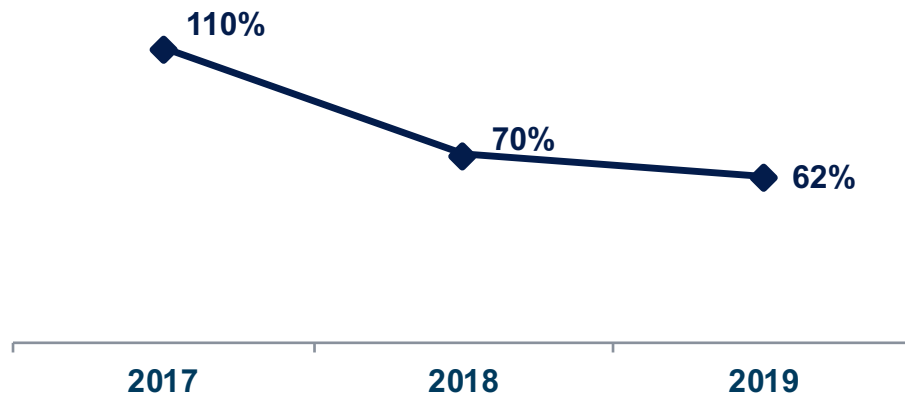
Gross written premiums (Rm)



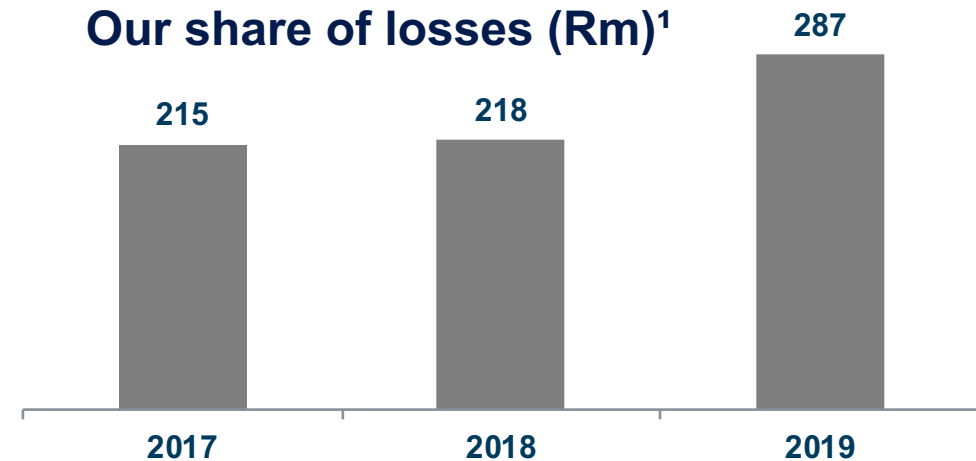
Expenses (Rm)



Claims ratio (%)



Our share of losses (Rm)¹



All figures are rolling 12 months up to December each year

¹ Figures from subsidiary financial statements are prepared under India GAAP standards. These amounts include costs incurred outside of the Joint Venture.

In closing

05



In closing

- 1** Halfway into Reset and Grow; underlying profitability has taken a step forward – despite external environment

- 2** Relative to inflation, we have reduced our expense base by R700 million, adding around R500 million to earnings

- 3** At the same time we continue to accelerate delivery – we are doing more with less

- 4** This is only possible due to the commitment and delivery by our staff

- 5** We believe that we will continue to be a relative winner within the industry.

Q&A

06

