

# A year of extremes: Record sales and highest ever death claims

Profit declines 34% but dividend maintained

2021



# Overview

1

2021: A year of extremes

2

Reset and Grow: 2018 – 2021

3

Reinvent and Grow: 2021 – 2024

Hillie Meyer  
Group Chief Executive Officer



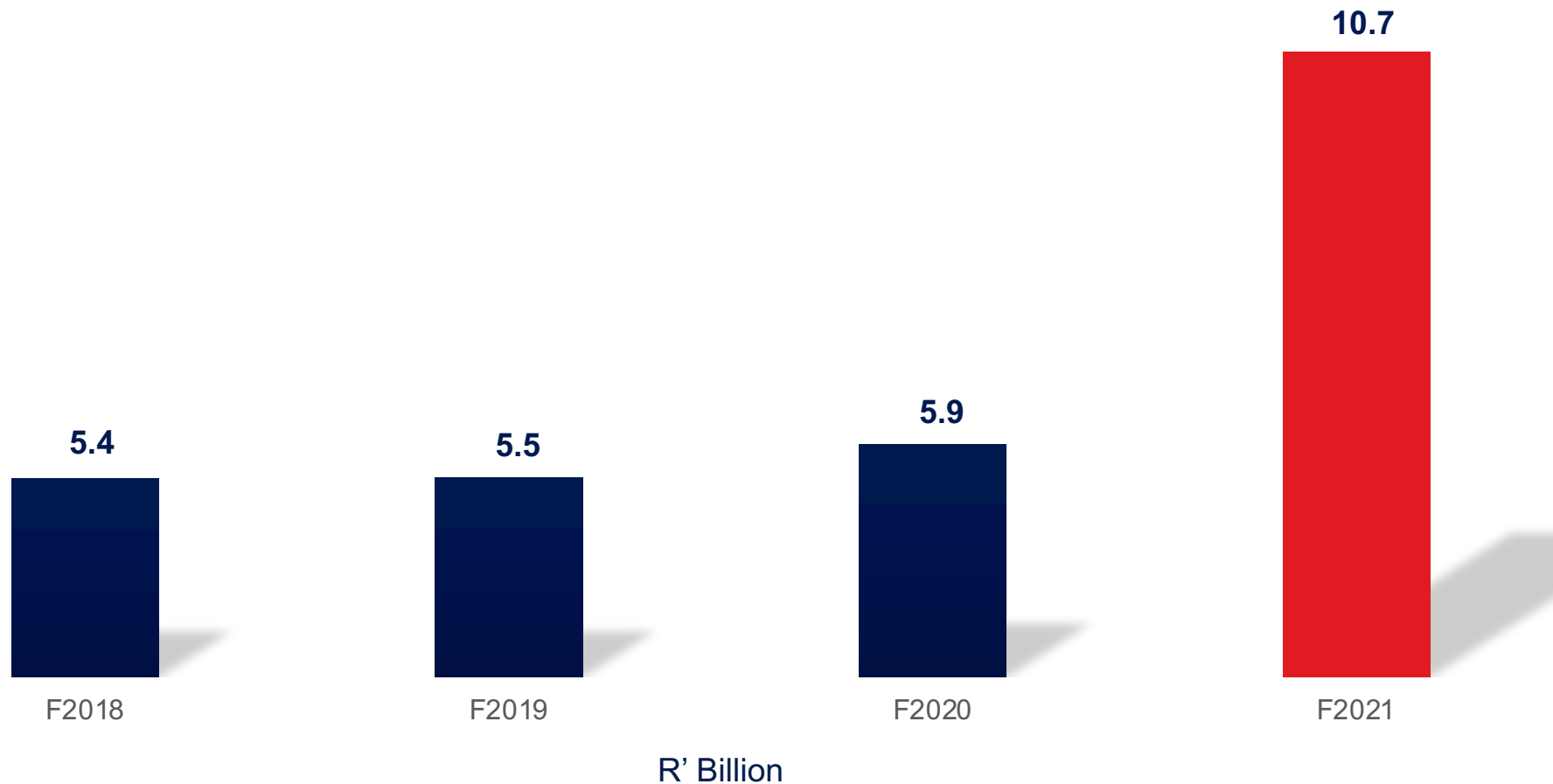
**2021**

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**A year of extremes**

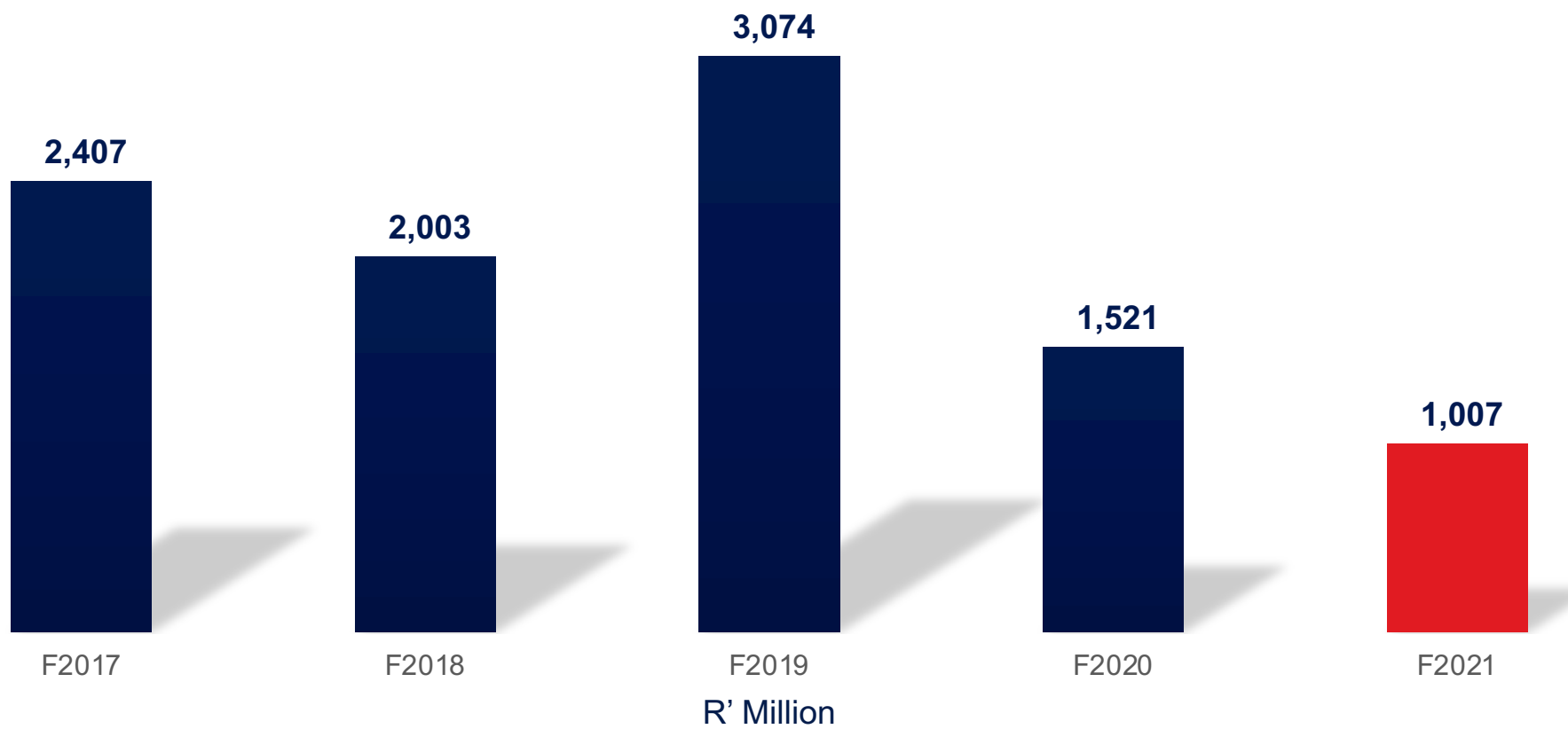
# COVID-19 DOUBLED DEATH CLAIMS

## Gross SA death claims



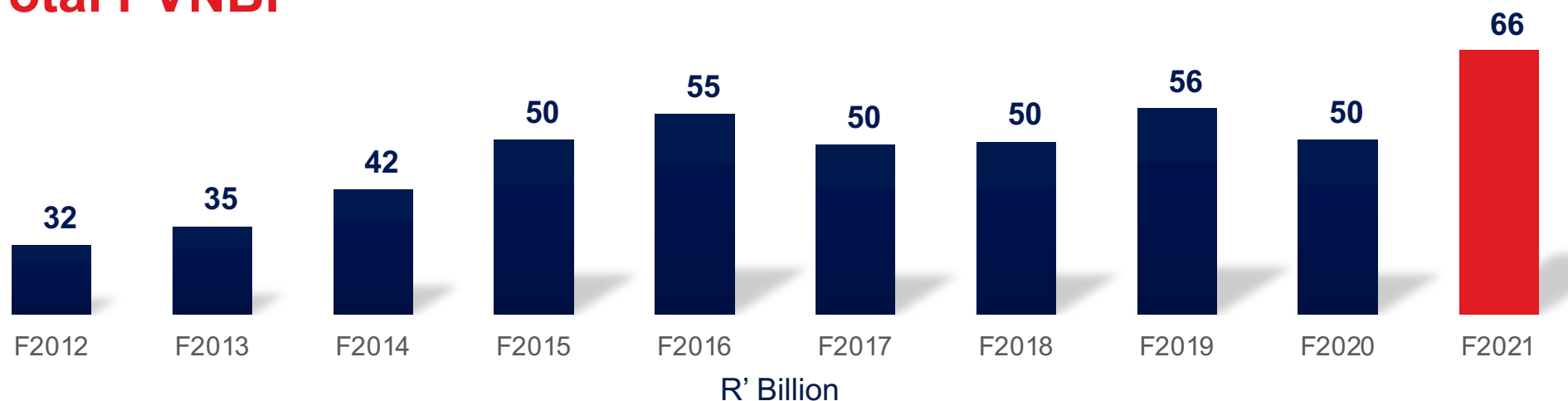
# COVID-19 REDUCED EARNINGS TO A RECORD LOW

## Normalised Headline Earnings

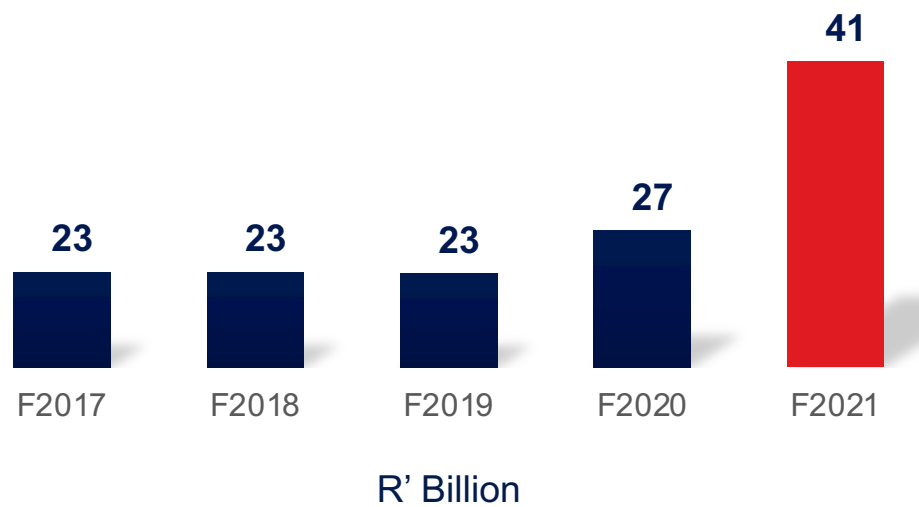


# SALES THE BEST IN OUR HISTORY

## Total PVNBP

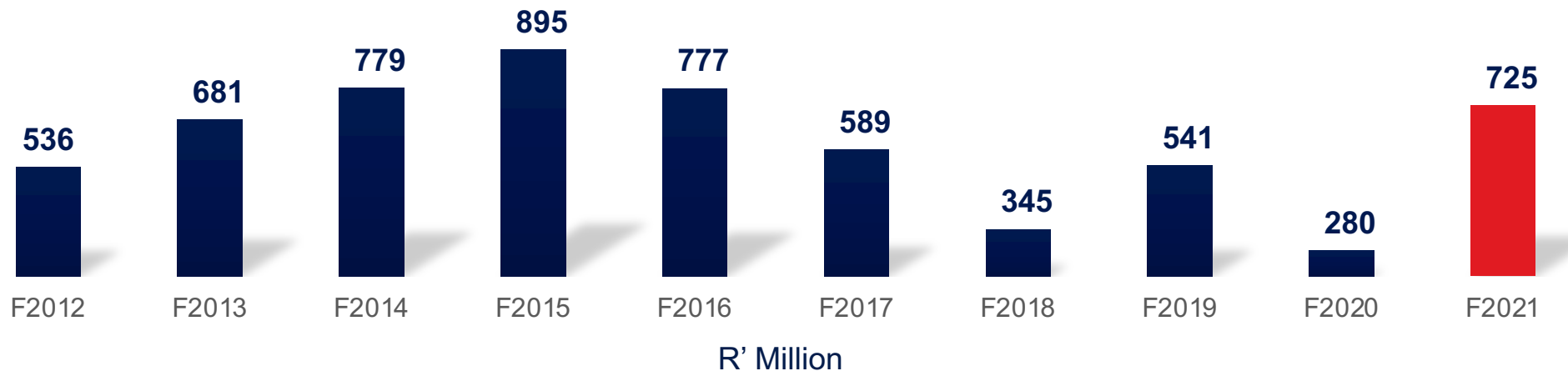


## Investments PVNBP

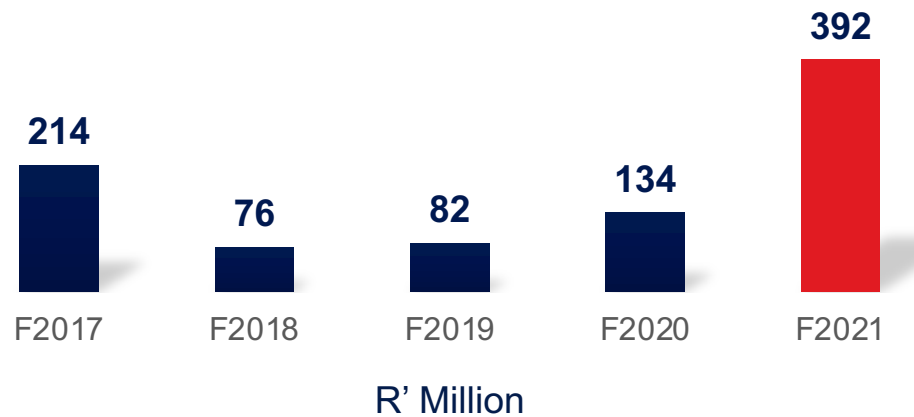


# EXCELLENT VALUE OF NEW BUSINESS

## Total VNB



## Investments VNB



# MOMENTUM INSURE – UNLOCKING THE POWER OF ONE

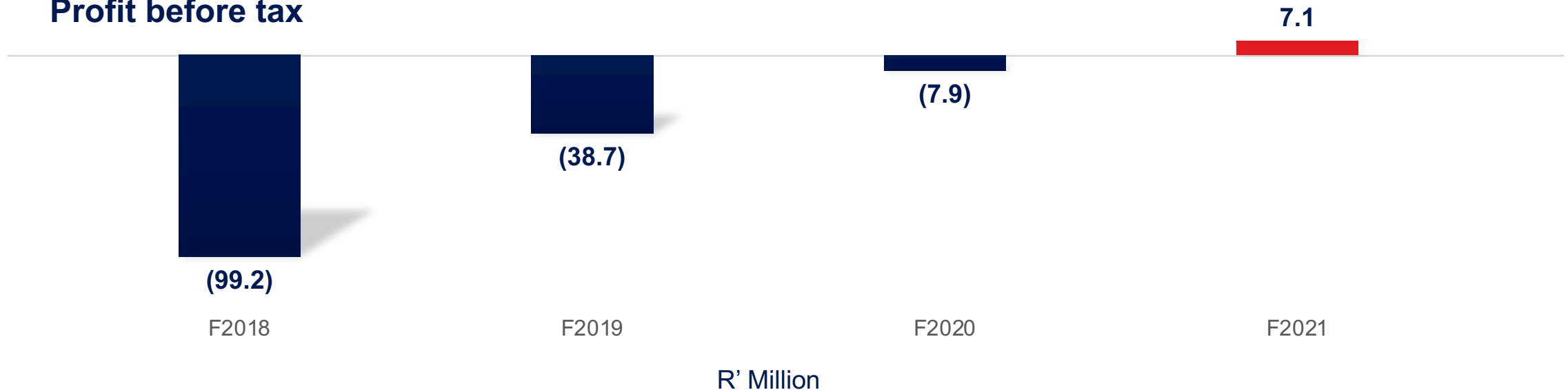
**Integrated business successfully launched on 1 July 2021**

1

- Business and licence
- Brand and customer value proposition
- Strategy and culture

**MSTI cash-flow positive, independent of integration**

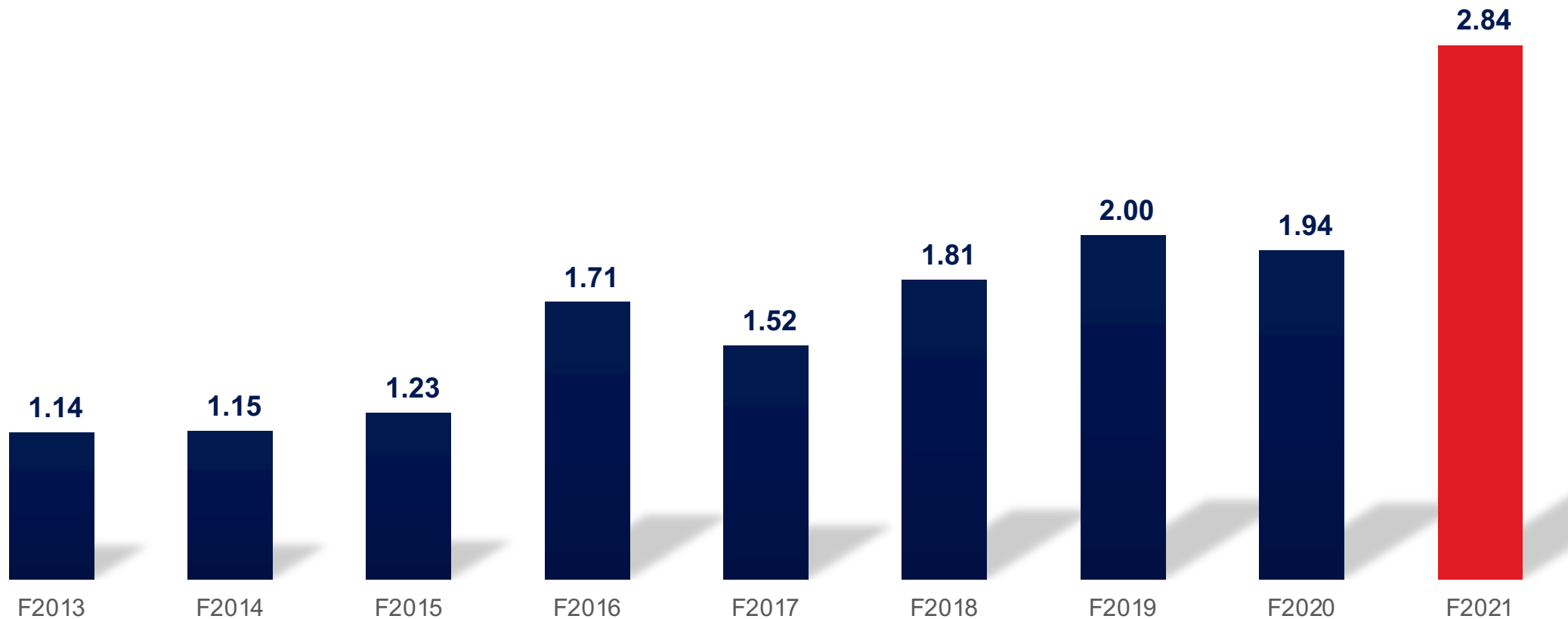
Profit before tax





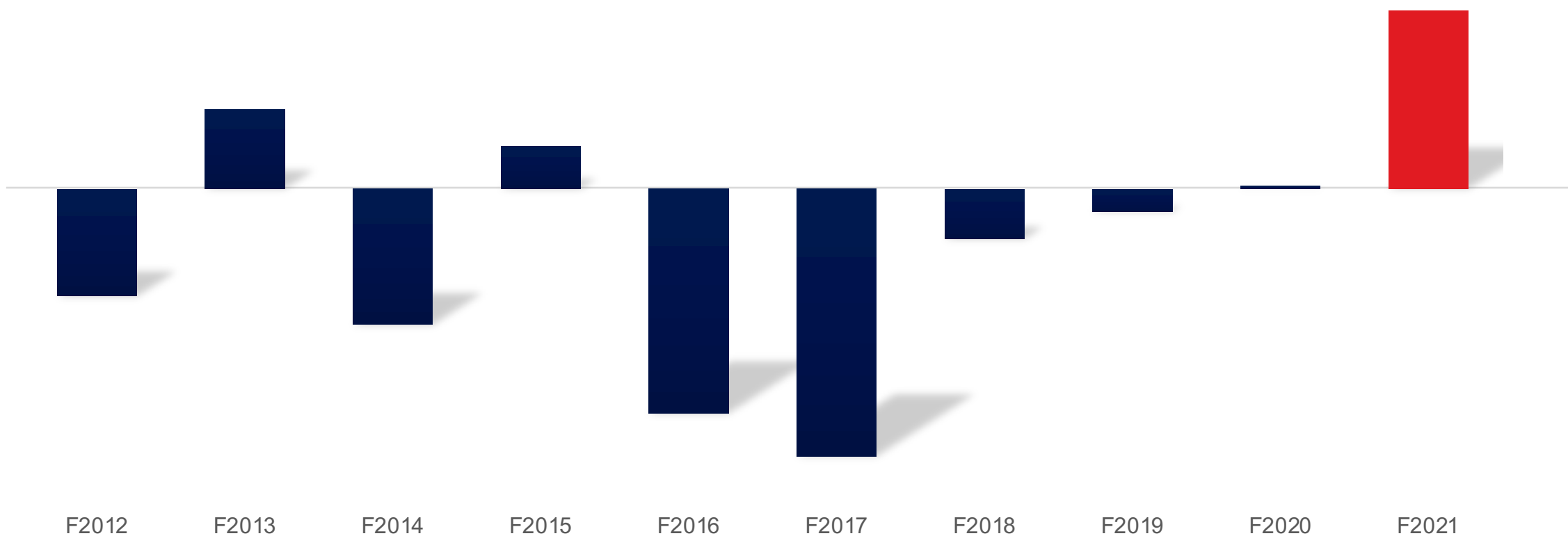
# METROPOLITAN LIFE CONTINUES TO SET NEW RECORDS

## Average policies per week per adviser



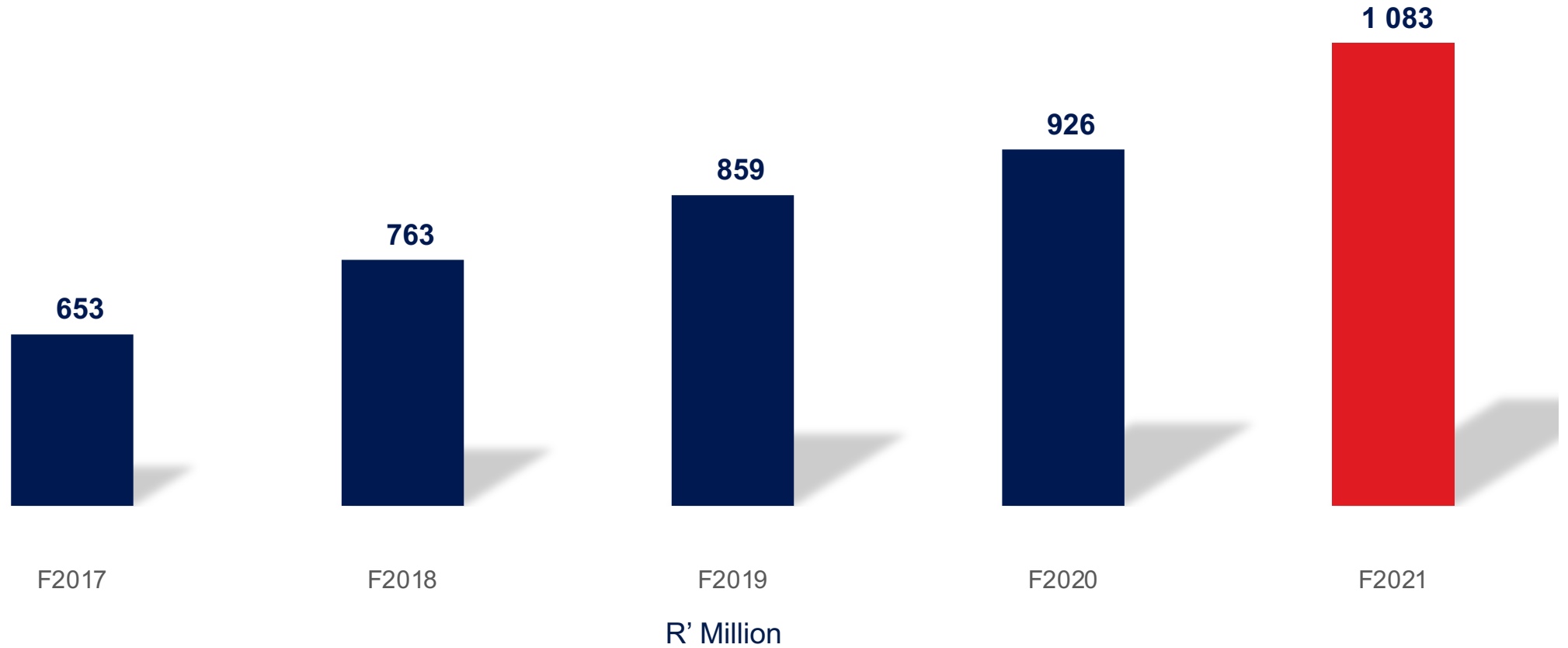
# BEST PHI UNDERWRITING RESULT EVER

**Income disability underwriting profit/(loss)**



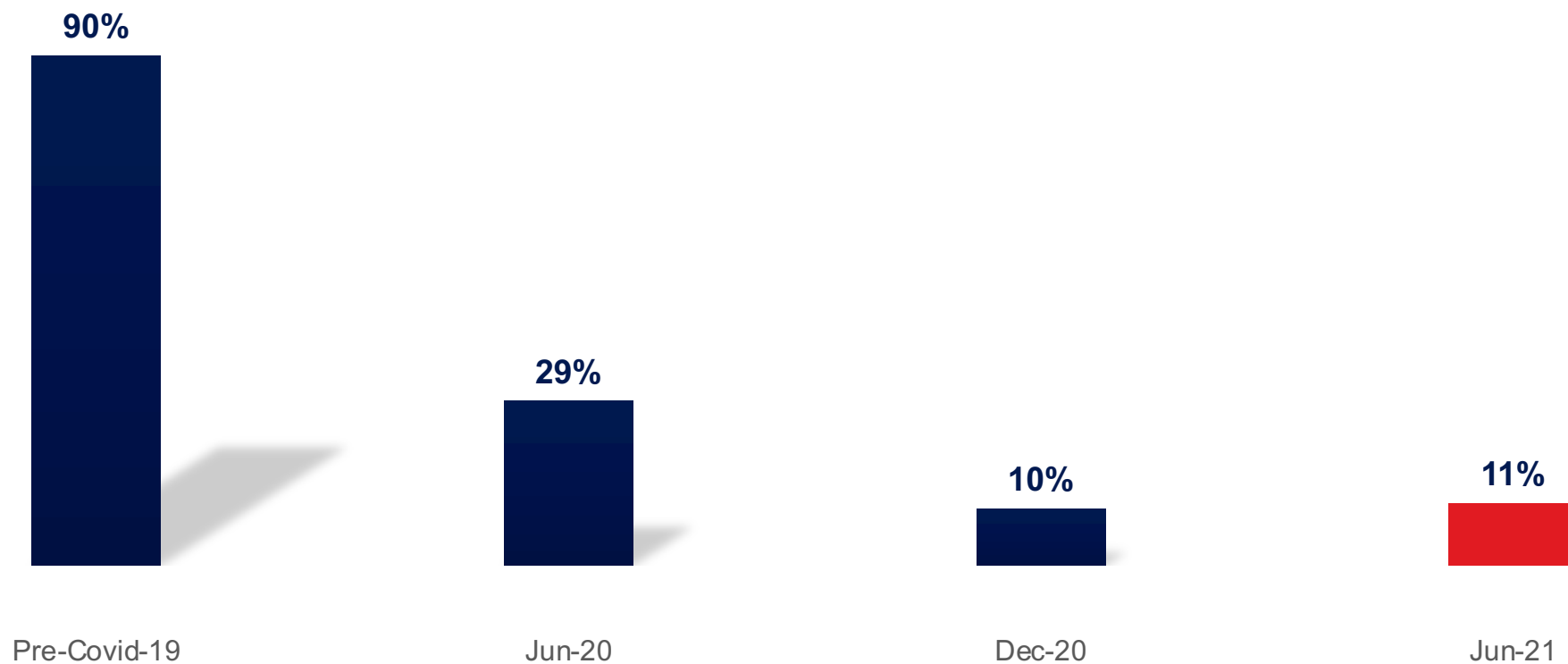
# GUARDRISK REVENUE BROKE THROUGH R1 BILLION

## Annual revenue



# EXTREME RESULTS IN EXTREME CIRCUMSTANCES

## Employees working from office





# Reset and Grow

2018 – 2021



# RESET



Fix the basics



Address cost base

# GROW



Distribution



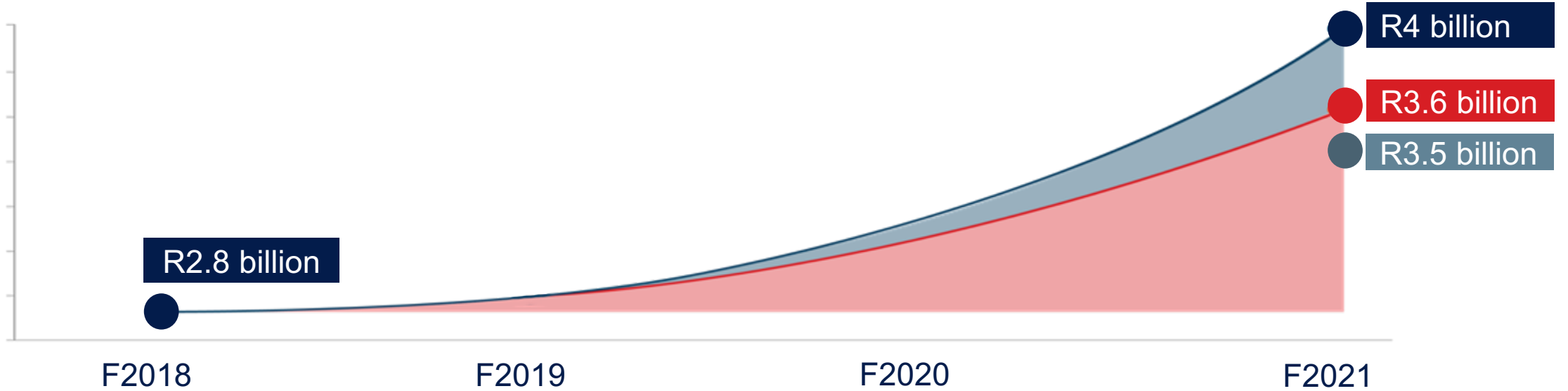
Products



Service



Marketing





# Reinvent and Grow

2021 – 2024





# CORPORATE PORTFOLIO APPROACH

**We expect our portfolio of empowered businesses to deliver superior performance**

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- **Being best in class** – product and/or service leaders, leveraging individual and Group strengths and being highly competitive
- **Creating value** – through real earnings growth and contributing to the Group ROE target
- **Ensuring sustainability** – through Group diversification, new initiatives, digital transformation and sound governance



# REINVENT AND GROW

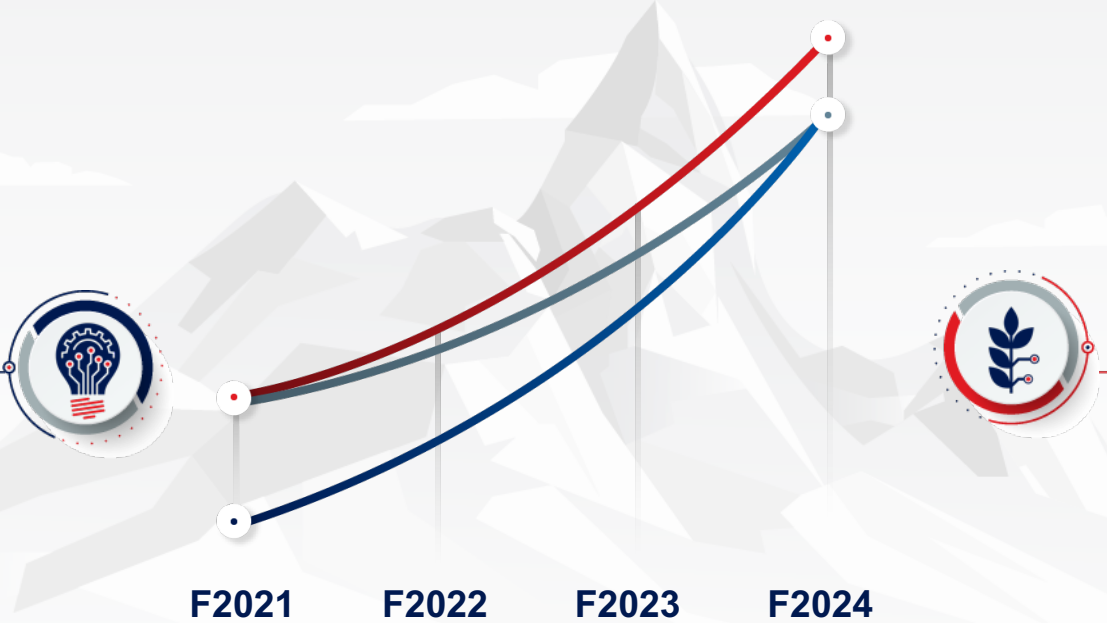
Grow existing channels

Establish new channels

Accelerate digital

Product and service leadership

Transformation



NHE R5 billion

>R500 million cost efficiencies

Non-life insurance at 20% of NHE

Market share +1% to +6%

ROE 20%

# TRANSFORMATION



*B-BBEE scorecard*  
**Maintain Level 1**



*Improve black senior executive representation*  
**30% ➔ 50% in 2025**





# MOMENTUM METROPOLITAN AFRICA



*Grow sales (PVNBP)*  
**R2,8 bn** ➔ **R4 bn**



*Increase NHE*  
**R250 m** ➔ **R500 m**



*Improve VNB*  
**-R3 m** ➔ **R35 m**



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# MOMENTUM LIFE

## Myriad



*Grow IFA market share*  
**16% > 20%**



*Increase new business margin*  
**2,8% > 5%**

## Investo



*Grow retirement annuity market share*  
**15% > 17%**



*Digitise to realise efficiencies*  
**Reduce cost base by 20%**



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# MOMENTUM INVESTMENTS

## Retail Investments

 *Re-platform system*  
**Digitise to realise efficiencies**

 *Grow GWP*  
**R35 bn ➤ R45 bn**

## Institutional business

 *Grow net cash flows*  
**Net outflow ➤ R8 bn**

 *Reduce cost-to-income ratio*  
**85% ➤ 75%**

## UK business

 *Grow net new business*  
**Net outflow ➤ \$400 m**



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# MOMENTUM ADVICE CHANNELS

## Momentum Distribution Service



*Transform*  
**Advice-led specialised distribution**



*Grow APE*  
**10% p.a.**



*Reduce acquisition cost through digitisation*  
**> 5% p.a.**

## Momentum Consult



*Grow adviser footprint*  
**300 > 450**



*Double AUM in Consult solutions*  
**R3,5 bn > R7 bn**

## Momentum Financial Planning



*Grow planners*  
**818 > 1 360**



*Grow APE*  
**10% p.a.**



*Reduce acquisition cost through digitisation*  
**> 5% p.a.**



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# MOMENTUM CORPORATE

## FundsAtWork



*Increase AUM*  
**R60 bn** ➤ **R80 bn**



*Increase digital member engagement*  
**50%** ➤ **80%**

## Other



*Reduce cost-to-income ratio*  
**78%** ➤ **70%**



*Improve group insurance margin*  
**Negative** ➤ **5%**



# MOMENTUM METROPOLITAN HEALTH

## Grow membership



*Open schemes*  
**260 000** ➤ **360 000**



*Public sector*  
**750 000** ➤ **850 000**



*Corporate schemes*  
**35 000** ➤ **40 000**



*Digitisation to realise efficiencies*  
**Reduce cost base by R150 m**





# METROPOLITAN LIFE



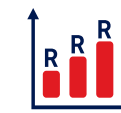
*Increase gross new business APE*  
**R2 bn ➔ R3 bn**



*Policy migration and automation*  
**Annual savings of R90 m**



*Digitisation to realise efficiencies*  
**Reduce acquisition cost per policy by 10%**



*Increase Metropolitan GetUp contribution*  
**5% of new business**



# ○ GUARDRISK

## Guardrisk Group

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 *Double 2018 NHE*  
**R510 m**

 *Increase UW profits*  
**26% ➤ 33% of revenue**

 Establish **micro-insurance** initiative

## Guardrisk Non-life (including GGI)

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 *Grow net revenue*  
**R800 m ➤ R1,1 bn**

## Guardrisk Life

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 *Increase net revenue*  
**R250 m ➤ R300 m**



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# MOMENTUM INSURE



*Complete AFI integration by mid 2022*  
**Cumulative savings of R160 m p.a. by 2024**



*Grow GWP*  
**8% p.a.**



*Double NHE*  
**R330 m**



*Distinctive client value proposition*  
**Anchored in “Safety”**



# Overview

1

Financial results 30 June 2021

2

Impact of Covid-19 on earnings

3

Non-covered business valuations

4

Guardrisk and Group capital

5

Conclusion

Risto Ketola  
Group Finance Director



*multiply*  
MONEY



4000

12

4314

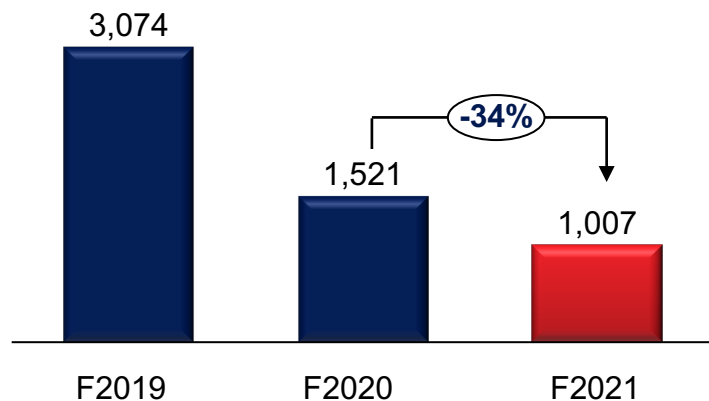
CARDHOLD

Financial results for the year ended

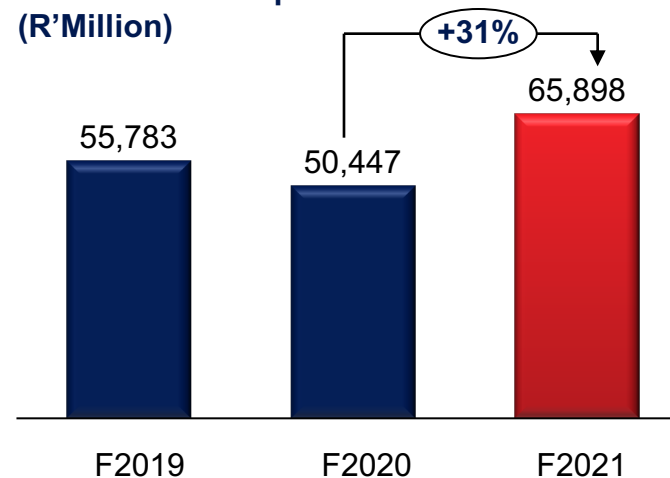
**30 June 2021**

# KEY FINANCIAL MEASURES

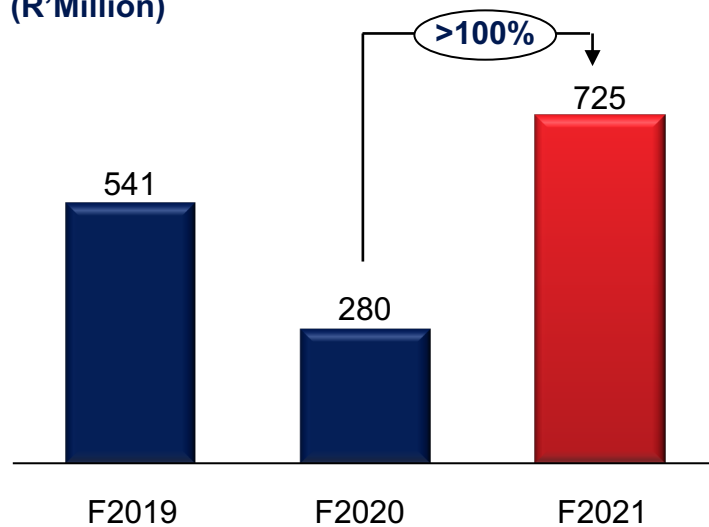
**Normalised headline earnings**  
(R'Million)



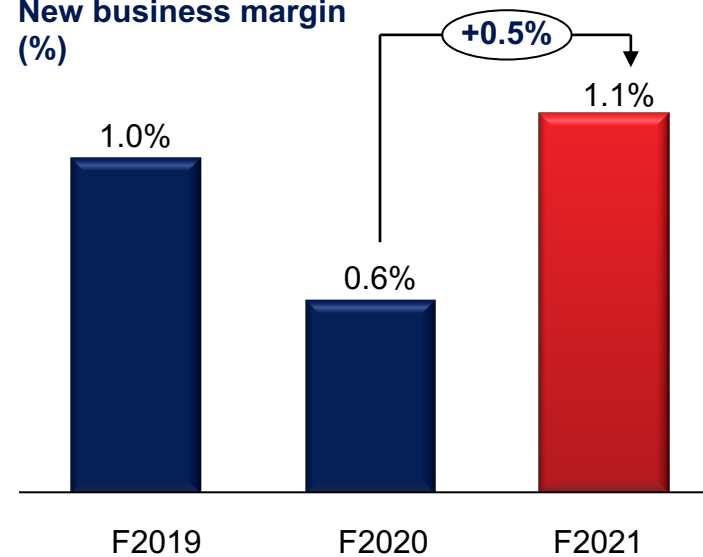
**Present value of premiums**  
(R'Million)



**Value of new business**  
(R'Million)

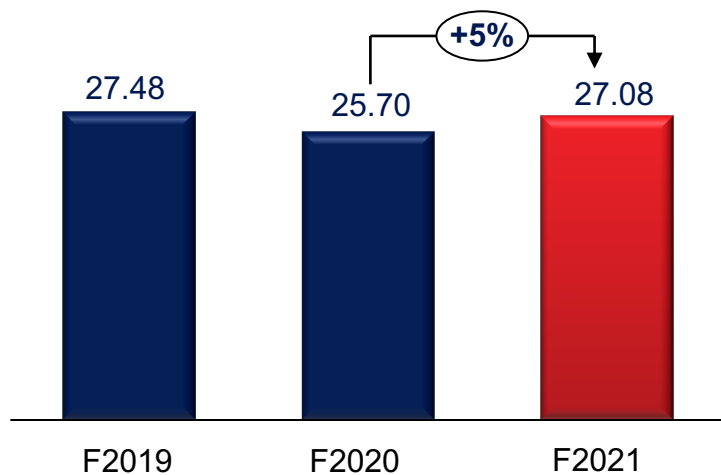


**New business margin**  
(%)

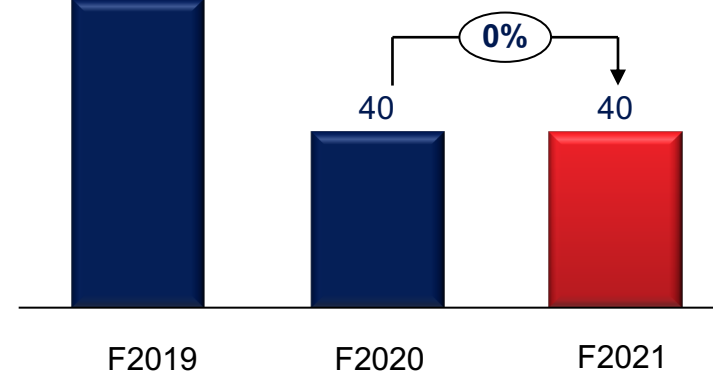


# KEY FINANCIAL MEASURES

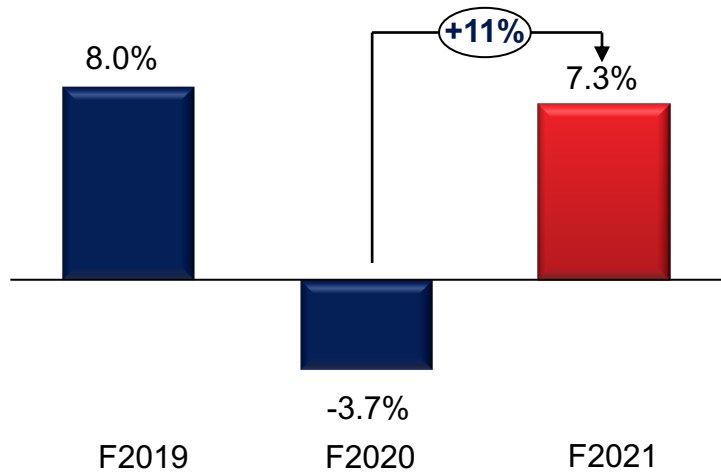
Diluted embedded value per share (R)



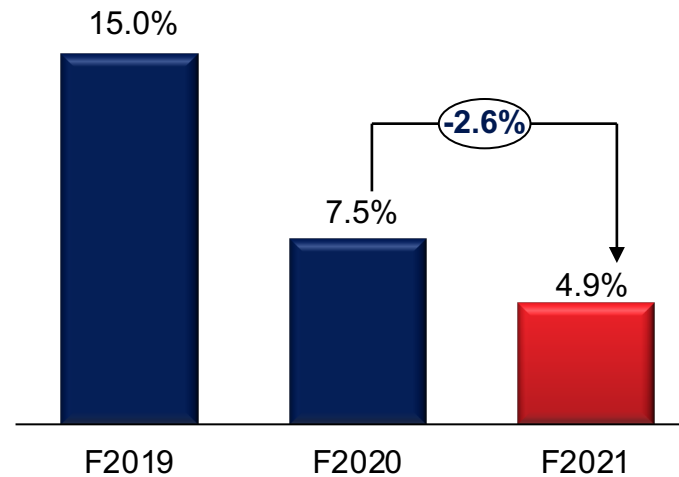
Dividend per share (cents)



Return on embedded value per share (%)



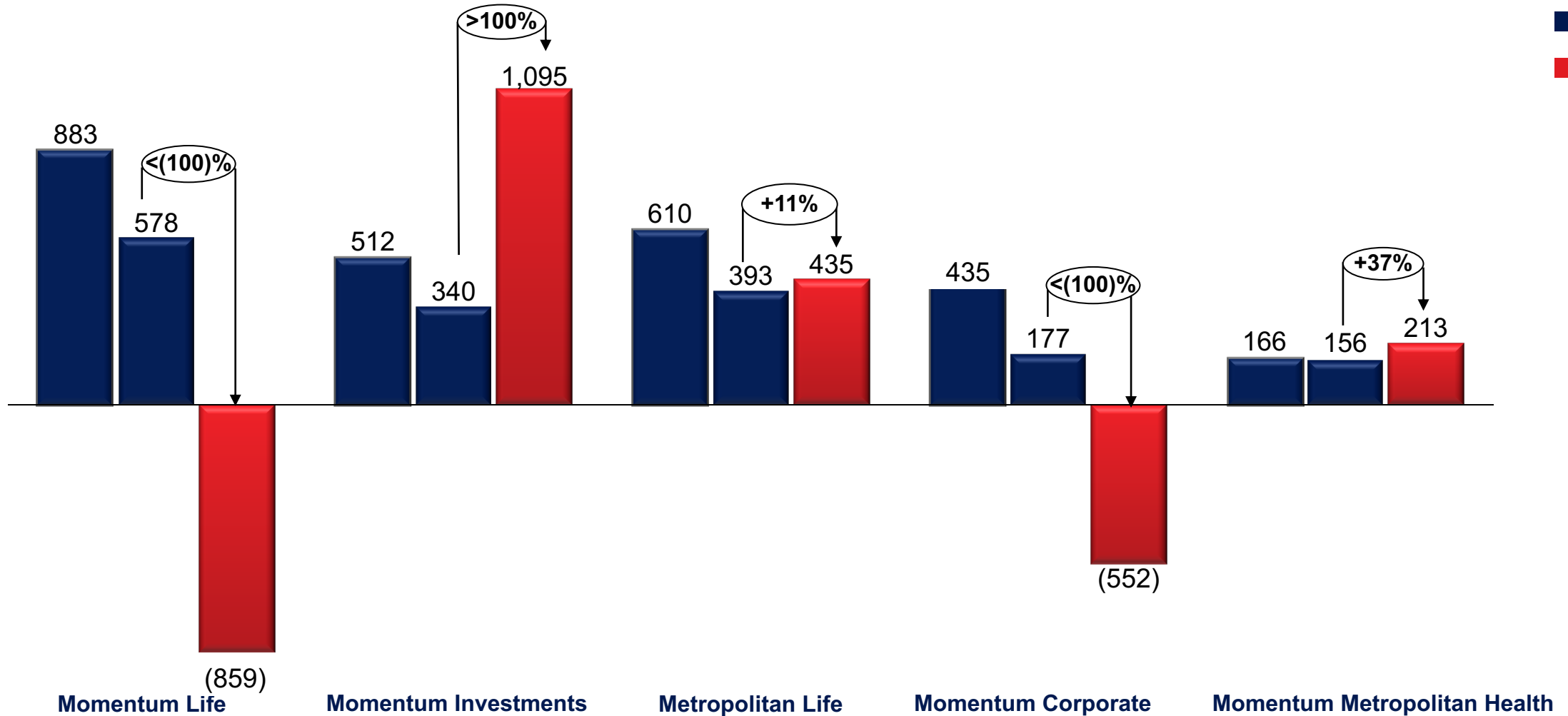
Return on equity (%)



# NORMALISED HEADLINE EARNINGS – MATURE BUSINESSES

R'Million

■ F2019  
 ■ F2020  
 ■ F2021



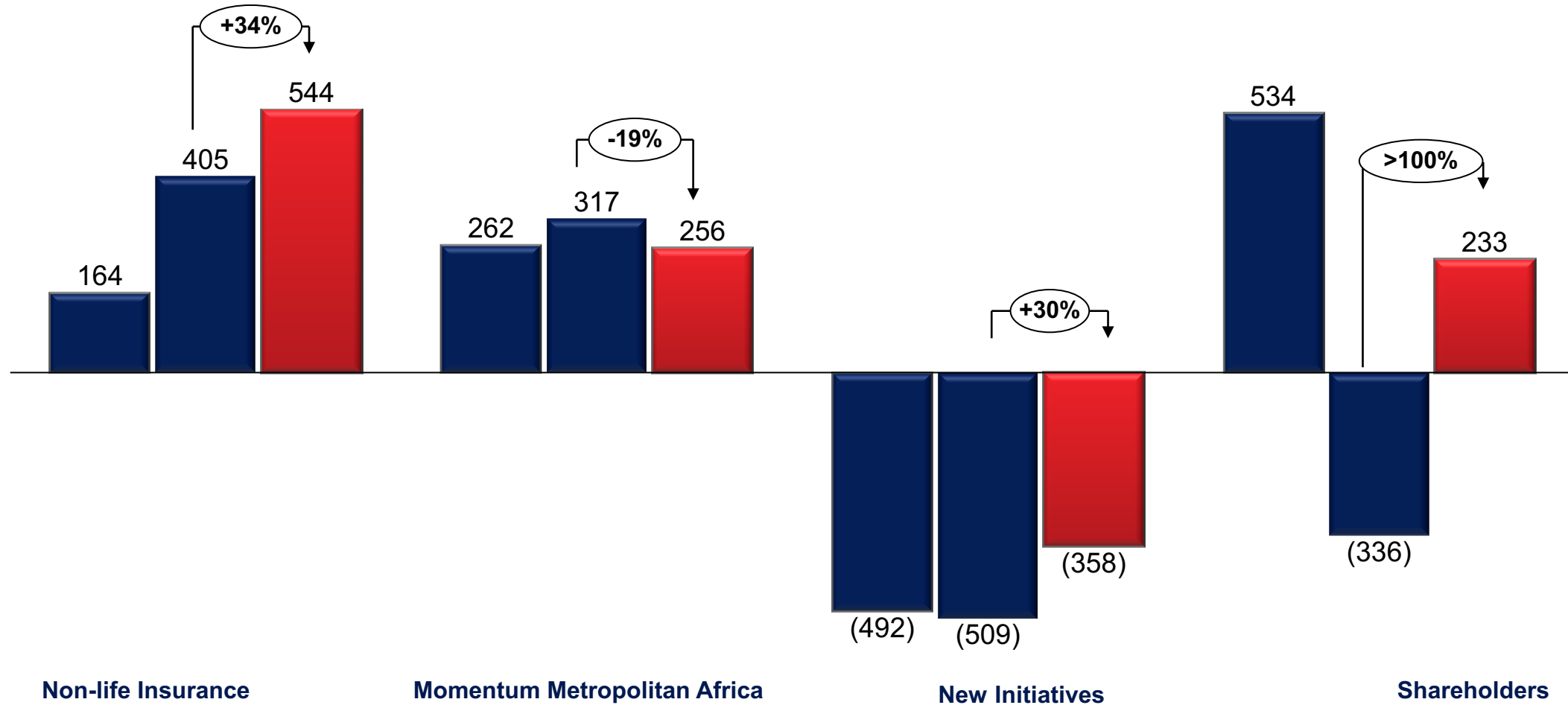
In F2019, investment return on shareholder assets are included in Shareholders. In F2020 and F2021 this investment return is included in the businesses



# NORMALISED HEADLINE EARNINGS – GROWING BUSINESSES

R'Million

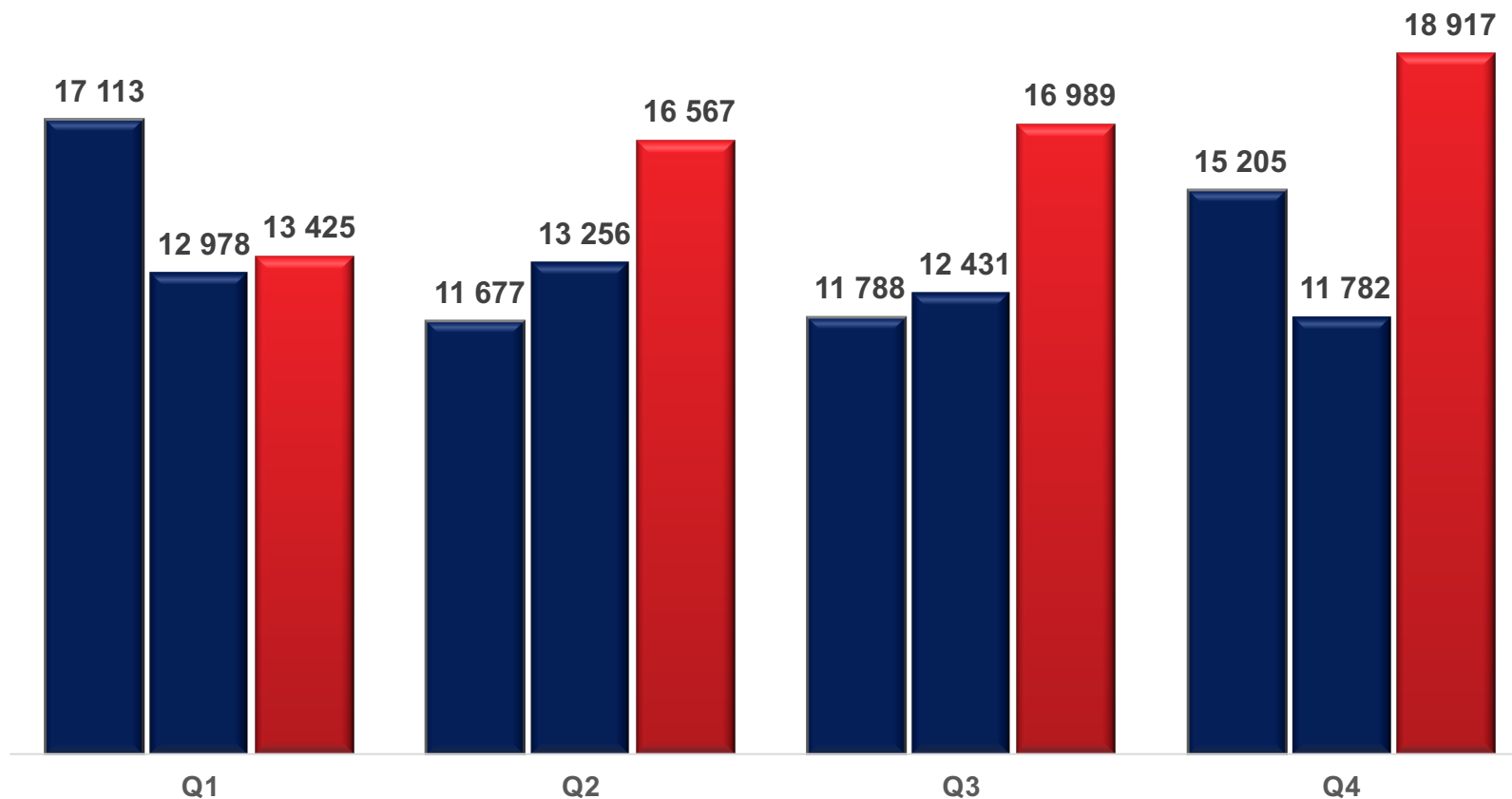
■ F2019  
 ■ F2020  
 ■ F2021



In F2019 investment return on shareholder assets are included in Shareholders. In F2020 and F2021 this investment return is included in the businesses

# EXCELLENT NEW BUSINESS ACROSS THE GROUP

Present value of premiums (R'Million)



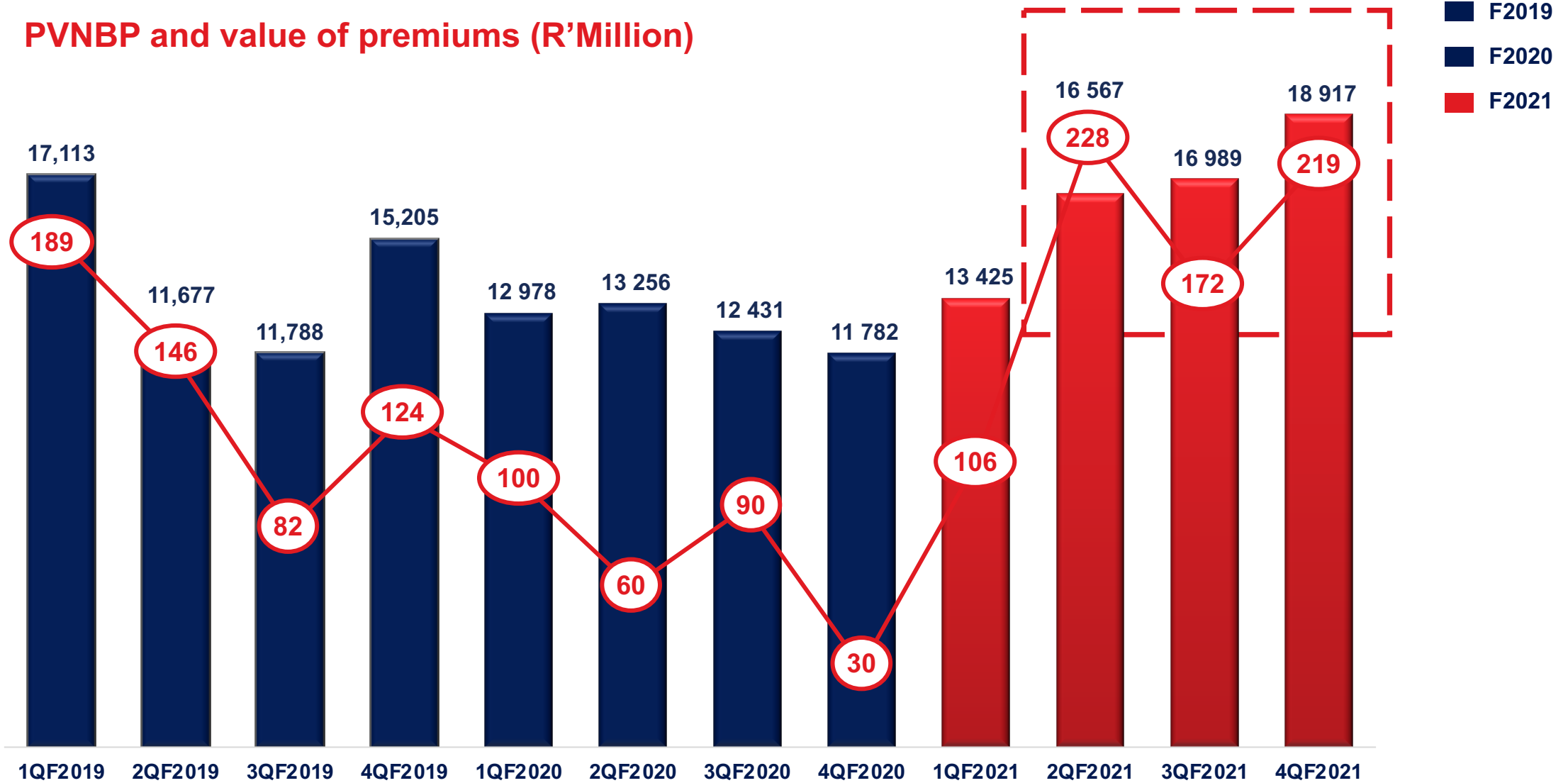
## Year-on-year growth in F2021

- Momentum Life **+6%**
- Momentum Investments **+55%**
- Metropolitan Life **+25%**
- Momentum Corporate **-11%**
- Africa **+7%**



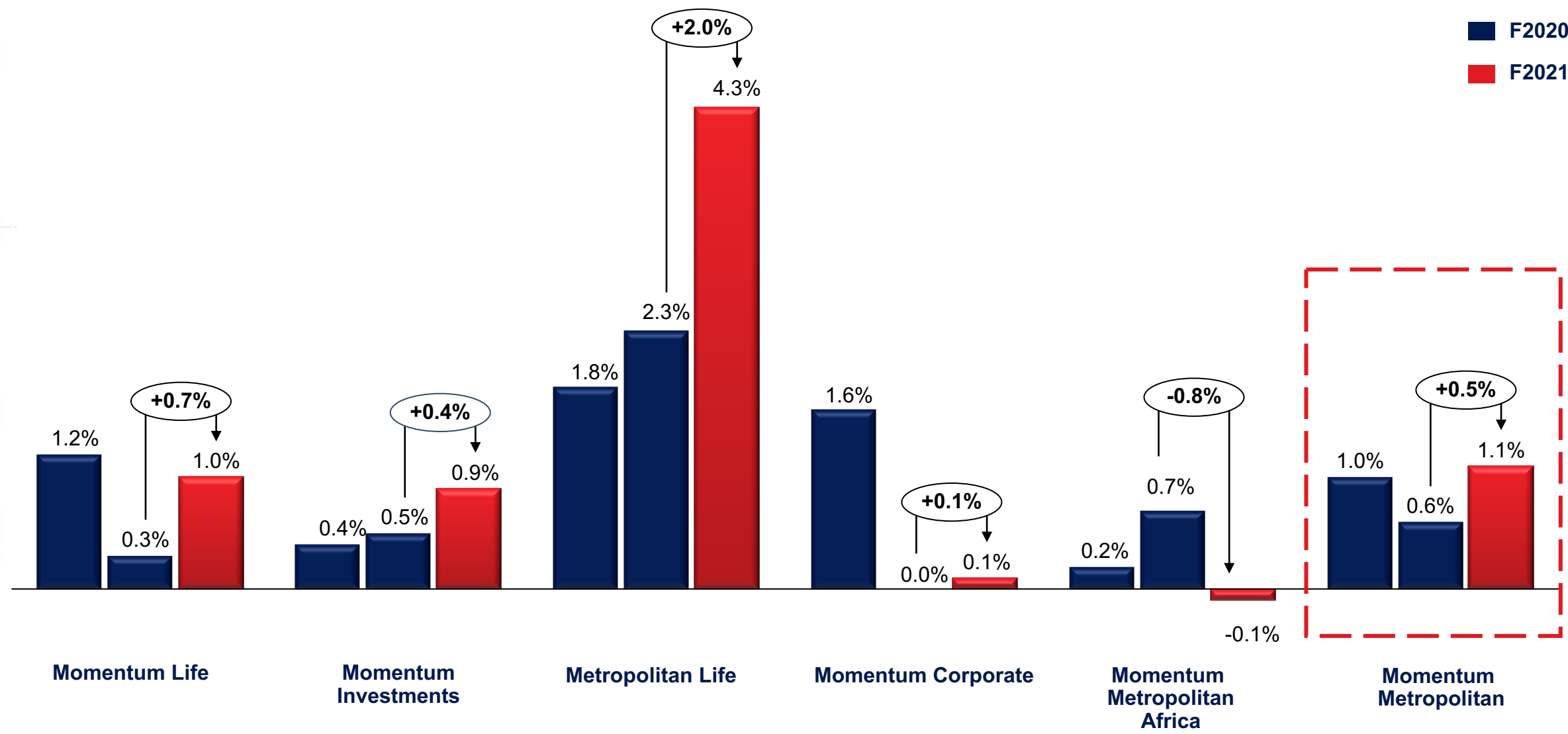
# SALES UP BY 31% YEAR-ON-YEAR

PVNB and value of premiums (R'Million)



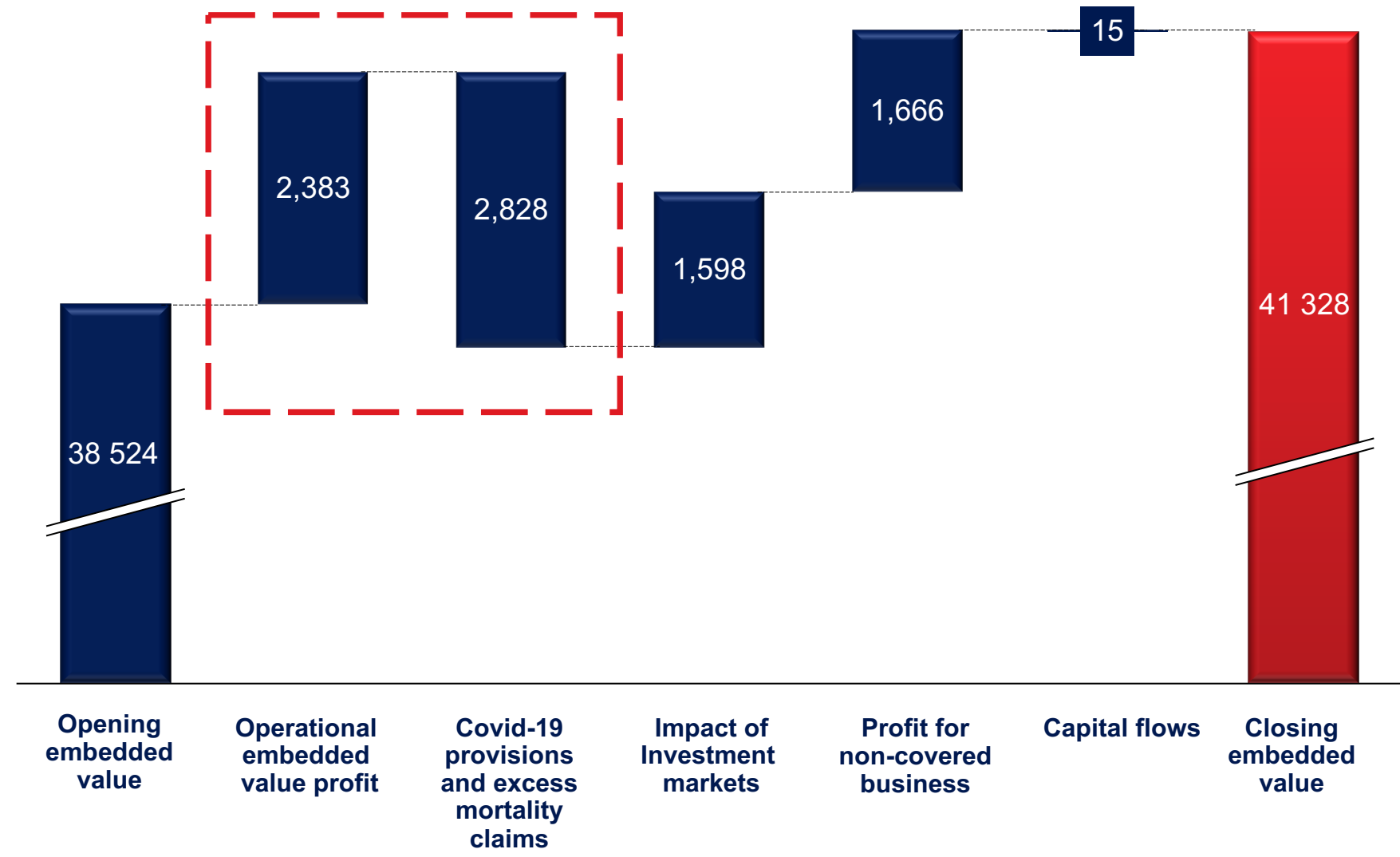
# NEW BUSINESS MARGIN INCREASED TO 1.1%

■ F2019  
■ F2020  
■ F2021



# EMBEDDED VALUE PER SHARE UP 5%

Embedded value (R'Million)



Strong operational EV profit before Covid-19 mortality impact

**R27.08**

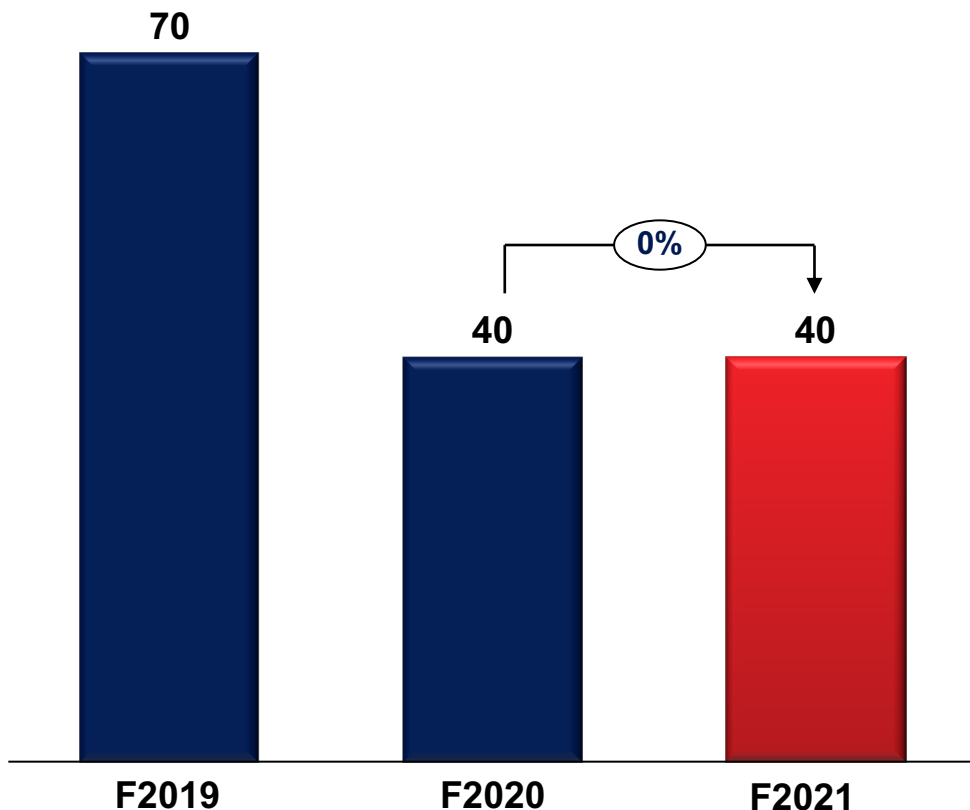
EV per share (Jun 2021)

**6.3%**

ROEV per share (Jun 2021)

# TOTAL DIVIDEND PER SHARE FLAT ON PREVIOUS YEAR

Dividend per share (cents)



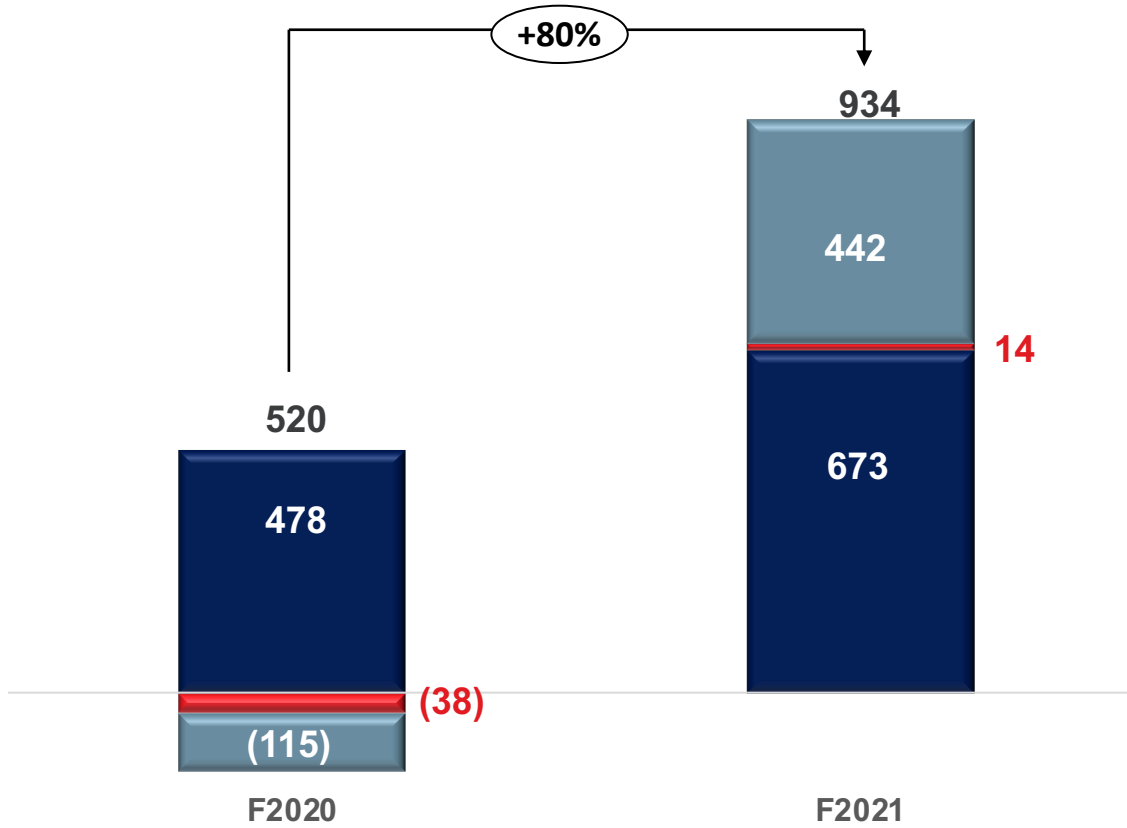
40 cents per ordinary share translates to **1.7 times** normalised headline earnings

Represents a distribution of special remittances from entities in Momentum Metropolitan Africa

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

# INVESTMENT RETURN FOR THE GROUP INCREASED SUBSTANTIALLY

## Investment return (R'Million)



### Shareholders investment return include:

- Venture capital returns improved from (R63m) in F2020 to **R268m** in F2021
- **R170m** gain from first time recognition of call option on MoneyHub

■ Business unit investment return 
 ■ Shareholders investment income  
■ Shareholders fair value gains



# Impact of Covid-19 on earnings

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# NEGATIVE MORTALITY VARIANCE FOR THE YEAR

## Mortality experience variance

R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
Excess mortality – Protection	(673)	(29)	(396)	(932)	(2 030)
Excess mortality – Annuities	-	85	159	47	291
<b>Excess mortality variance</b>	<b>(673)</b>	<b>56</b>	<b>(237)</b>	<b>(885)</b>	<b>(1 739)</b>
<b>Excess gross death claims</b>	<b>+101%</b>	<b>-</b>	<b>+81%</b>	<b>+84%</b>	<b>+91%</b>

# MORTALITY LOSS INCLUSIVE OF ADDITIONAL PROVISIONS

## Mortality experience variance

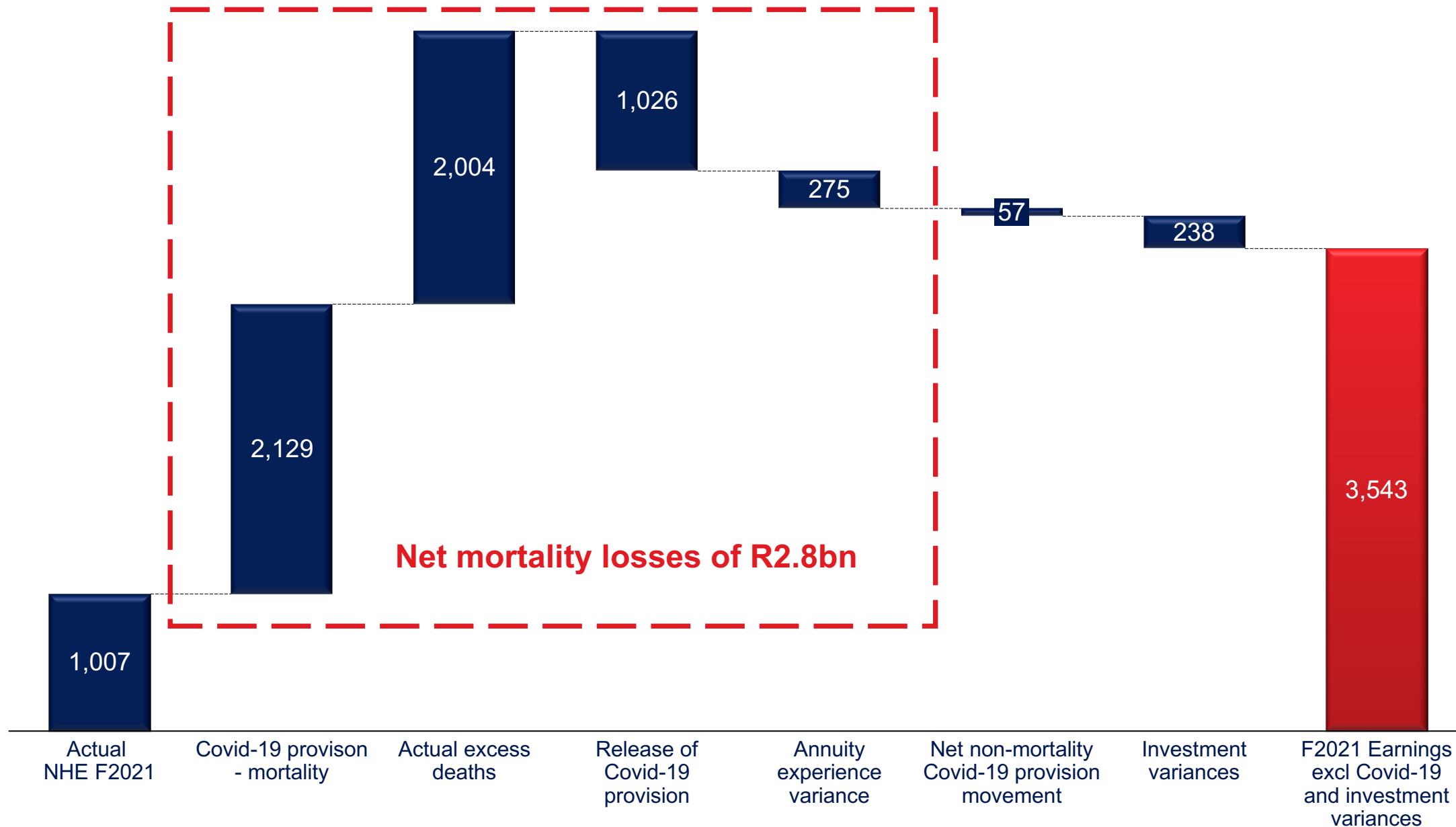
R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
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<b>Excess mortality</b>	<b>(673)</b>	<b>56</b>	<b>(237)</b>	<b>(885)</b>	<b>(1 739)</b>
Additional Covid-19 provisions	(712)	20	(376)	(990)	(2 058)
Covid-19 provisions utilised	296	-	146	532	974
<b>NHE impact</b>	<b>(1 089)</b>	<b>76</b>	<b>(467)</b>	<b>(1 343)</b>	<b>(2 823)</b>
Covid-19 provisions as % of F2021 experience	<b>109%</b>	-	<b>85%</b>	<b>79%</b>	

# NHE STRONG IN THE ABSENCE OF EXCESS CLAIMS AND PROVISIONS

## Mortality experience variance

R'Million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Total
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NHE reported – SA Life insurance	(859)	1 095	435	(552)	119
NHE reported – other	-	-	-	-	888
<b>Adjusted NHE</b>	<b>230</b>	<b>1 019</b>	<b>902</b>	<b>791</b>	<b>3 830</b>

# EARNINGS EXCLUDING COVID-19 AND INVESTMENT VARIANCE



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## Non-covered business valuations

# RECOVERY OF NON-COVERED BUSINESS VALUATIONS

R'Million	F2019	F2020	F2021	% change F2021 on F2020	% change F2021 on F2019
Established business	7 958	8 872	10 914	23%	37%
New Initiatives	1 014	1 462	1 876	28%	85%
Head Office items	(1 313)	(2 339)	(1 360)	-42%	4%
<b>Total non-covered business</b>	<b>7 659</b>	<b>7 995</b>	<b>11 430</b>	<b>43%</b>	<b>49%</b>

# NON-COVERED BUSINESS VALUATIONS DELIVER REASONABLE PE RATIOS

R'Million	Valuation	F2021 NHE	Implied PE
Established business	10 914	996	11
New Initiatives	1 876	228	(7)
Head Office items	(1 360)	35	(39)
<b>Total non-covered business</b>	<b>11 430</b>	<b>743</b>	<b>15</b>

Momentum Investments profitability has recovered with improved markets

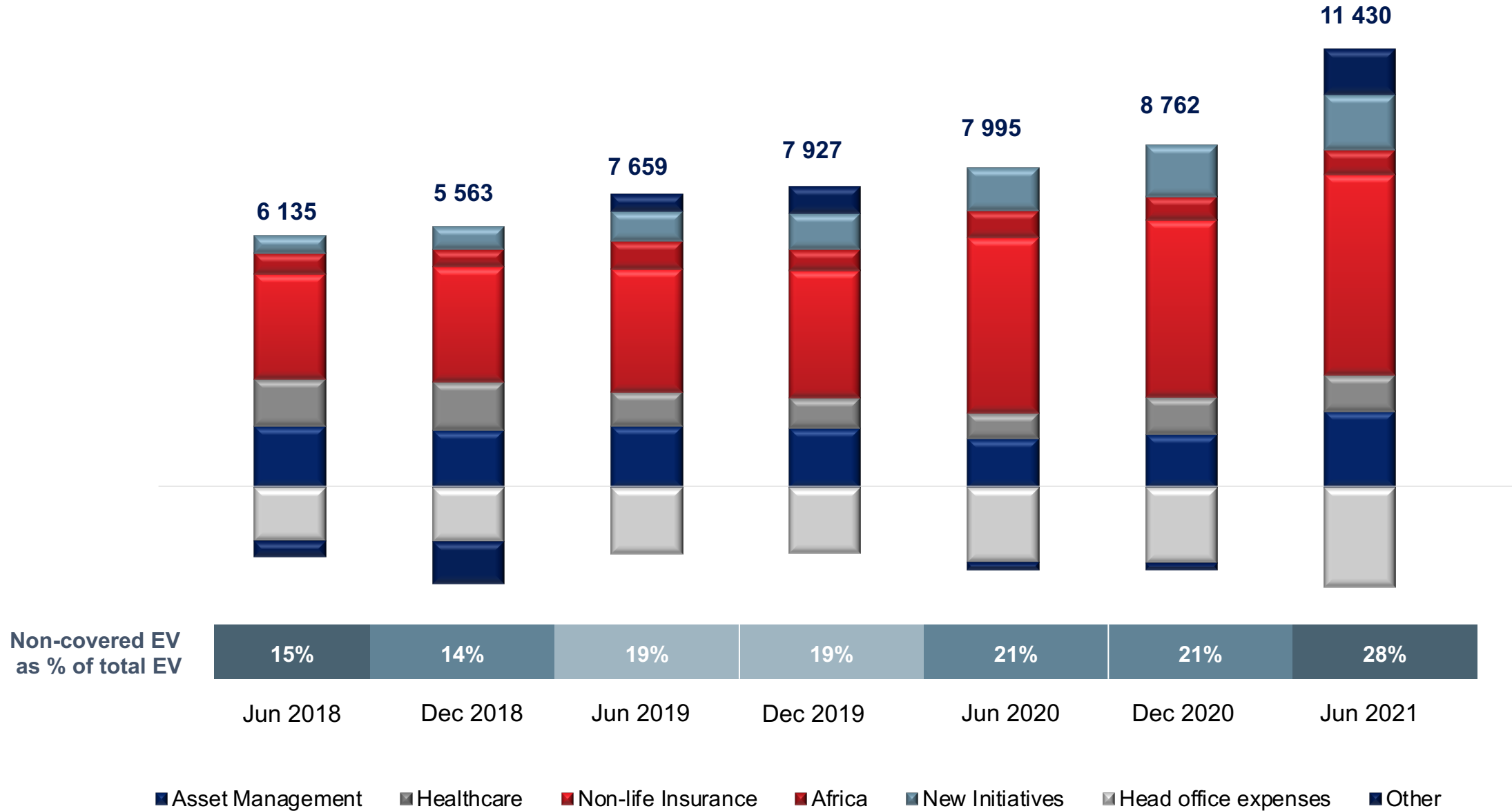
Guardrisk continue to grow strongly

Momentum Insure now at scale

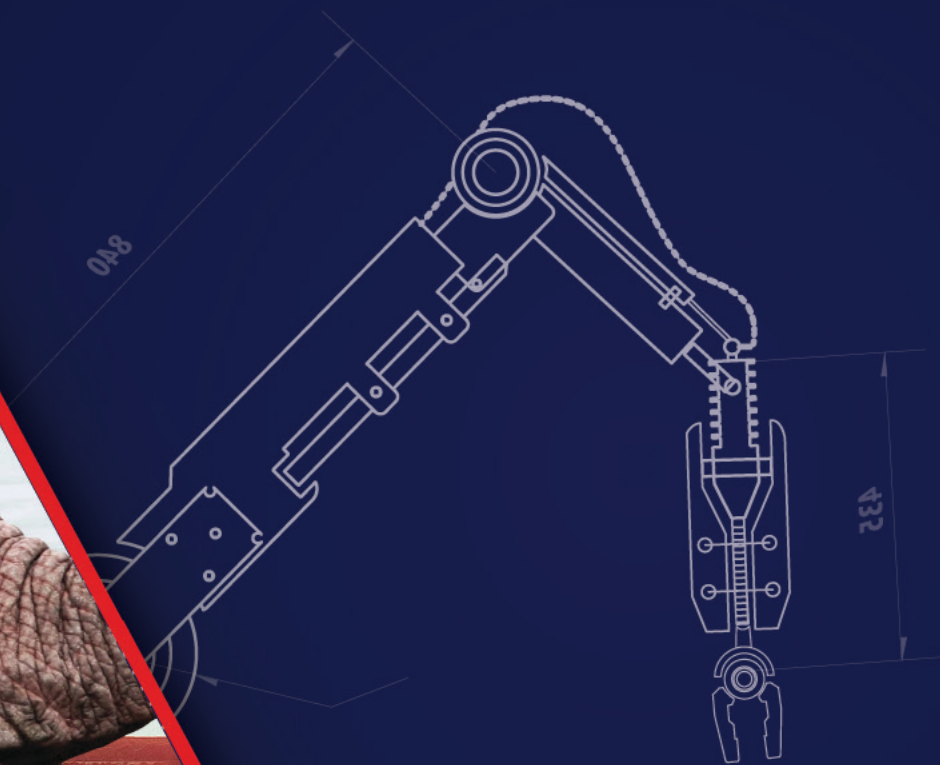
Profitability from Africa health insurance particularly strong

India investment continue, but losses narrowing despite Covid-19 impacts

# NON-COVERED BUSINESS AS % OF EMBEDDED VALUE





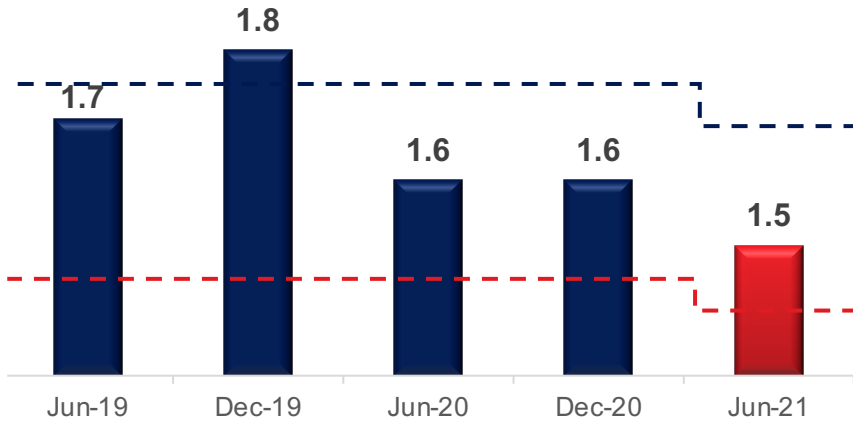


## Guardrisk and Group capital

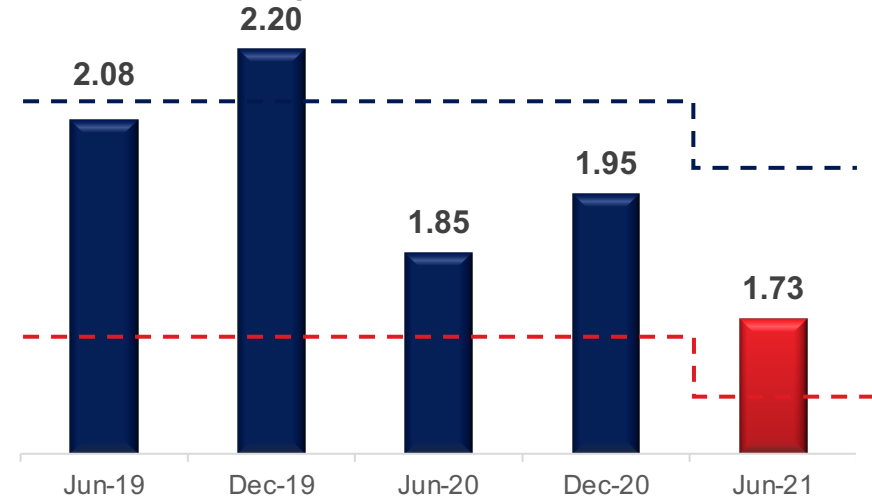
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# REGULATORY SOLVENCY COVER FOR THE MAIN INSURANCE LICENSES

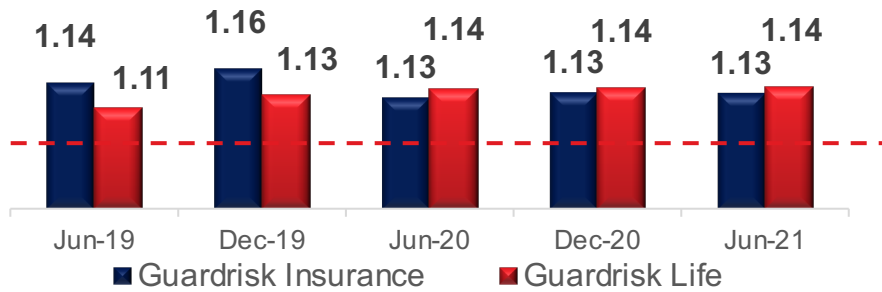
Momentum Metropolitan Holdings



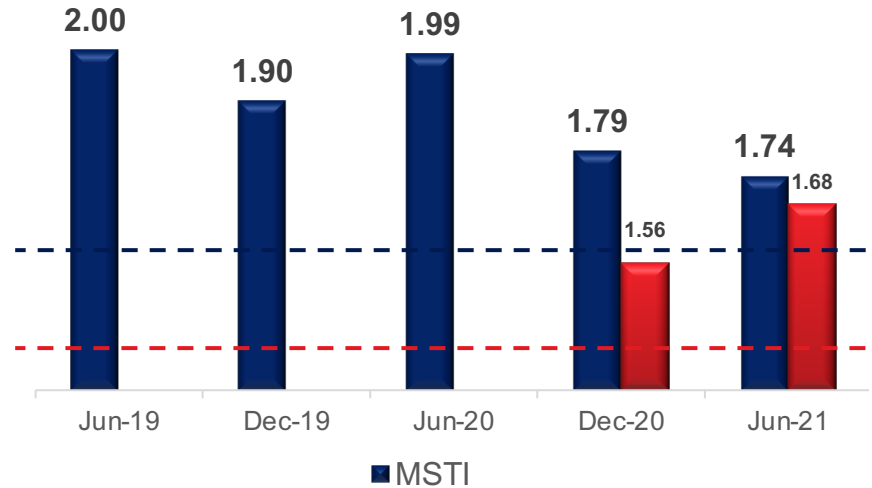
Momentum Metropolitan Life



Guardrisk

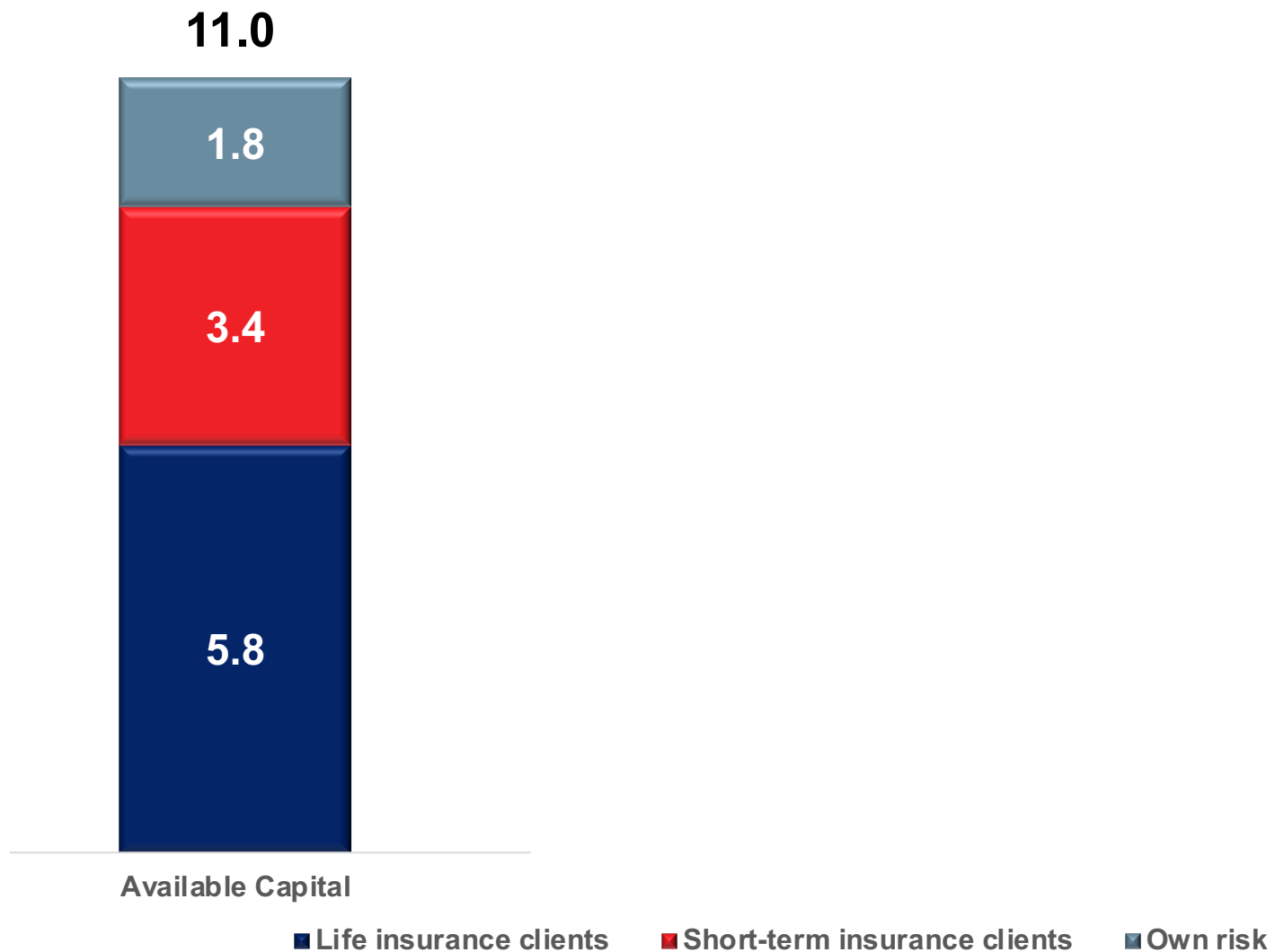


Momentum Insure



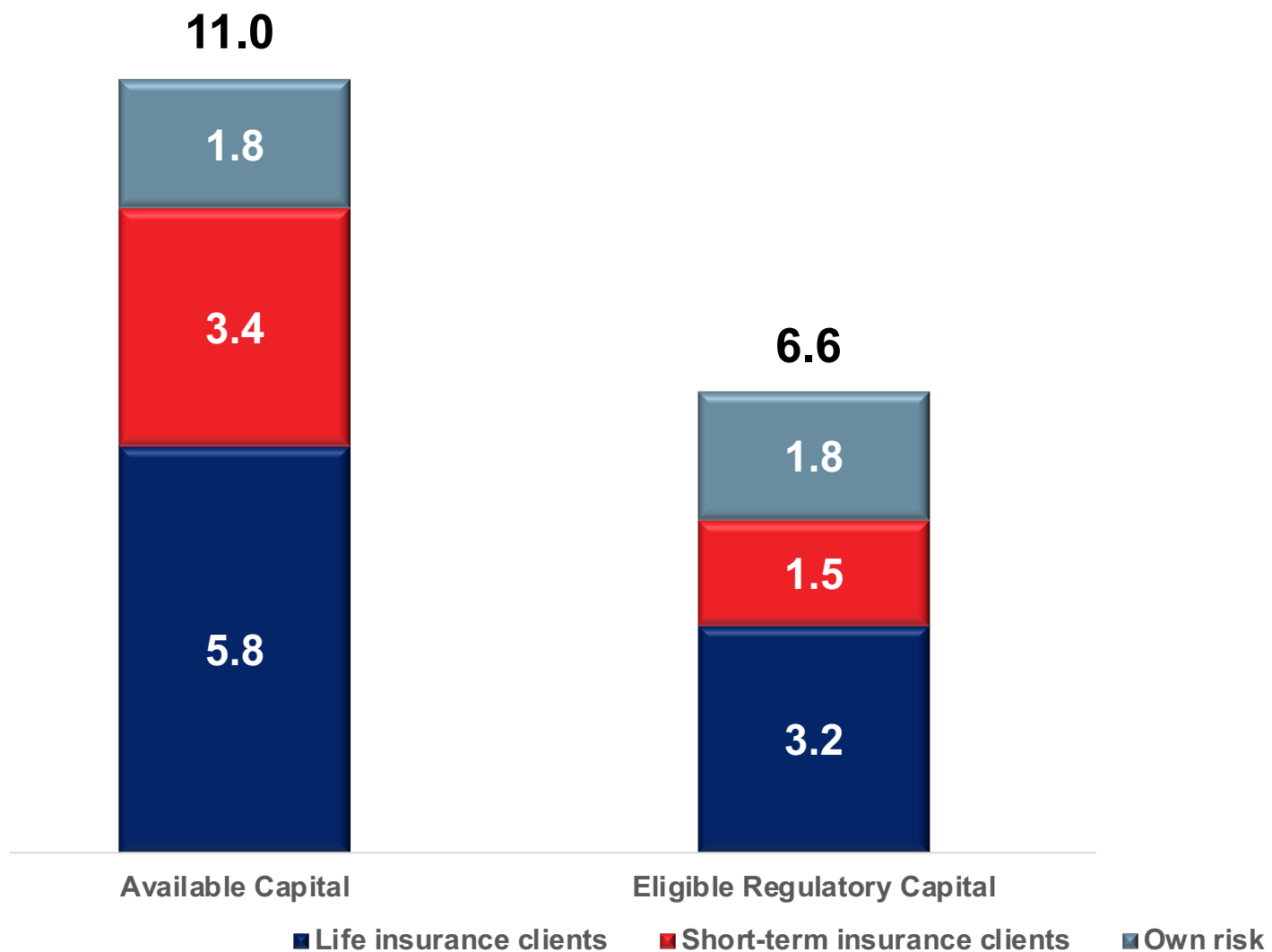
Group SCR for MMH calculated under provisions of the Comprehensive Parallel Run

# GUARDRISK ASSETS – INCLUDING EXCESS OWN FUNDS



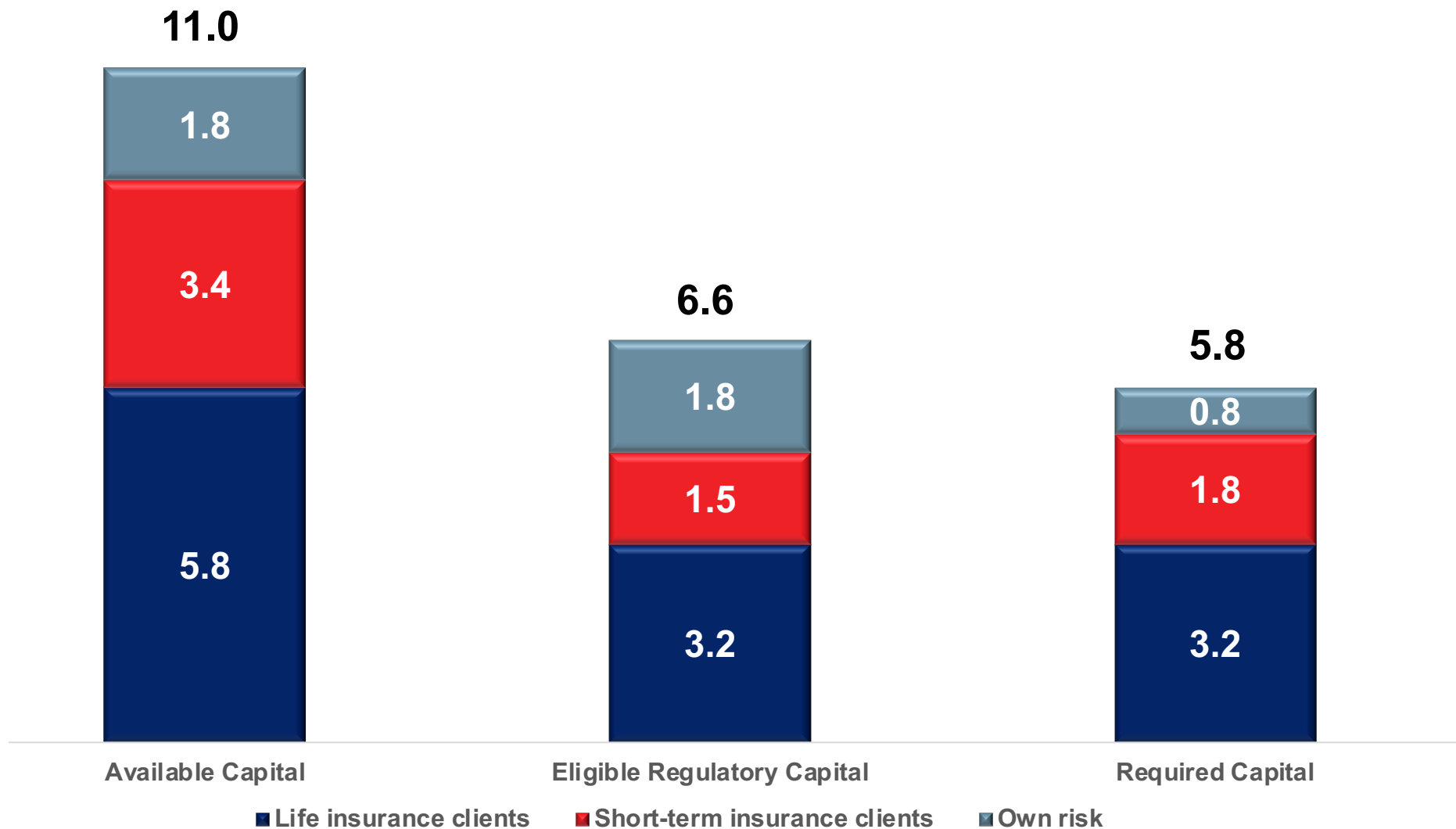
Include own funds in excess of SCR attributable to cell owners (clients)

# GUARDRISK CELLS WELL CAPITALISED



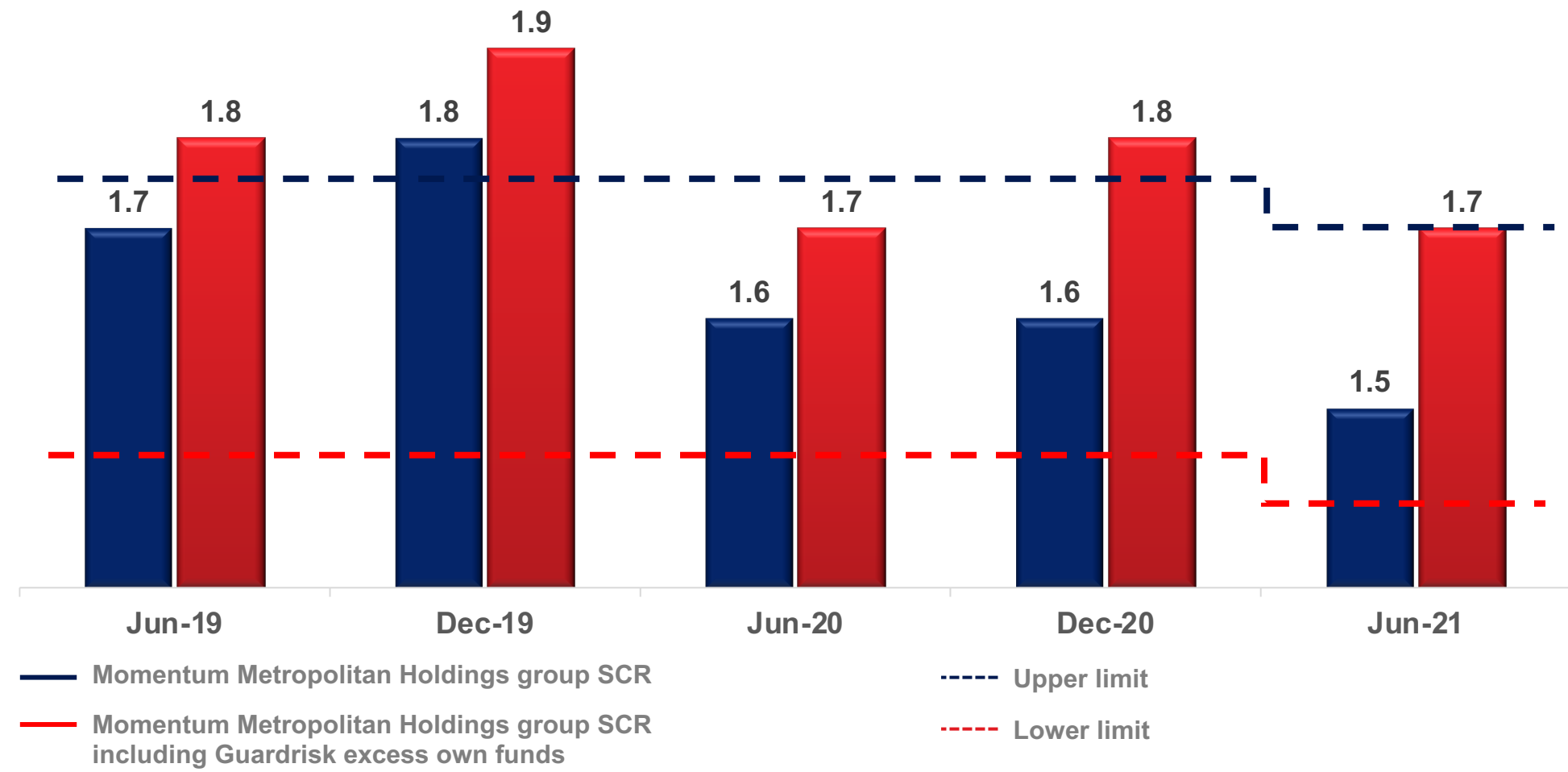
Include own funds in excess of SCR attributable to cell owners (clients)

# GUARDRISK REGULATORY SOLVENCY COVER RATIO



Excess own funds of R4.4 billion are disregarded

# GROUP SOLVENCY – IMPACT OF GUARDRISK



From 30 June 2021 group regulatory capital cover target range is 1.4 to 1.7 times the SCR

Group SCR calculated under provisions of the Comprehensive Parallel Run



**In conclusion**

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# IN CONCLUSION



1

This has been an incredibly demanding year and our resilience has been tested

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2

Operational delivery and quality of strategic planning remained high despite the environment

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3

The business is in better shape than a few years ago – especially in respect of its distribution capabilities

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4

We believe we are winning the relative game and will reap the benefits when the environment improves

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5

A huge thank you to our staff and business partners for their commitment and effort over the past year



# NON-COVERED BUSINESS VALUATIONS RECOVERED IN F2021

	F2019	F2020	F2021	% change F2021 on F2020	% change F2021 on F2019
<b>Non-covered subsidiaries</b>					
<b>Established Businesses</b>	<b>7 958</b>	<b>8 872</b>	<b>10 914</b>	<b>23%</b>	<b>37%</b>
Momentum Investments	2 078	1 639	2 559		
Momentum Metropolitan Health	1 144	866	1 234		
Guardrisk	3 725	3 536	4 110		
Momentum Insure	428	2 392	2 666		
Momentum Metropolitan Africa	1 098	919	821		
Multiply	(574)	(525)	(566)		
Other	59	45	90		
<b>New Initiatives</b>	<b>1 014</b>	<b>1 462</b>	<b>1 876</b>	<b>28%</b>	<b>85%</b>
India	801	1 154	1 547		
Other	213	308	329		
<b>Head office</b>	<b>(1 313)</b>	<b>(2 339)</b>	<b>(1 360)</b>	<b>-42%</b>	<b>4%</b>
HO expenses (SA)	930	182	2 014		
HO expenses (other Africa)	(1 413)	(1 398)	(2 204)		
SA holding company	(830)	(1 123)	(1 170)		
<b>Total non-covered</b>	<b>7 659</b>	<b>7 995</b>	<b>11 430</b>	<b>43%</b>	<b>49%</b>

# NON-COVERED BUSINESS VALUATIONS DELIVER REASONABLE PE RATIOS



Non-covered subsidiaries	Valuation	F2021 NHE	Implied PE
<b>Established Businesses</b>	<b>10 914</b>	<b>996</b>	<b>11</b>
Momentum Investments	2 559	210	12
Momentum Metropolitan Health	1 234	213	6
Guardrisk	4 110	379	11
Momentum Insure	2 666	165	16
Momentum Metropolitan Africa	821	139	6
Multiply	(566)	(107)	5
Other	90	(3)	(30)
<b>New Initiatives</b>	<b>1 876</b>	<b>(288)</b>	<b>(7)</b>
India	1 547	(230)	(7)
Other	329	(58)	(6)
<b>Head office</b>	<b>(1 360)</b>	<b>35</b>	<b>(39)</b>
SA holding company	2 014	336	6
Head office expenses (SA)	(2 204)	(193)	11
Head office expenses (Africa)	(1 170)	(108)	11
<b>Total non-covered</b>	<b>11 430</b>	<b>743</b>	<b>15</b>

Momentum Investments profitability has recovered with improved markets

Guardrisk continue to grow strongly

Momentum Insure now at scale

Profitability from Africa health insurance particularly strong

India investment continue, but losses narrowing despite Covid-19 impacts