

# MMI Holdings delivers on its promises

**Published:** Sep 10, 2014 8:00:00 AM South Africa Standard Time

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MMI Holdings Limited (MMI) today announced its year-end results to 30 June 2014 reporting a 27 percent increase in headline earnings, 23 percent increase in total earnings and a 12 percent increase in core headline earnings, compared to the previous year.

The group declared a total dividend of 192 cents per share (R3 billion) for the year, resulting in an increase of 51 percent on the last year. This dividend includes a special dividend of 50 cents a share (R0.8 billion).

MMI's divisions increased their profits by 22 percent, demonstrating strong operational performance and the positive impact of the merger synergies. This robust performance, together with the good investment markets, resulted in an impressive 19 percent return on embedded value.

Nicolaas Kruger, group CEO of MMI, says he is very pleased with the group's results which demonstrate the resilience of MMI's diversified business model in the prevailing economic conditions. He says, "As a financial services group we are concerned about the growing financial pressures faced by our current and prospective clients. We are, however, committed to sailing these difficult waters

in partnership with our clients to help them enhance their financial wellness".

MMI recorded a strong increase of 18 percent in new business volumes measured on a present value of premiums basis, to R42 billion. The value of new business increased by 14 percent to R779 million, compared to the previous year.

Strong new business growth was delivered by all businesses. Momentum Employee Benefits continued its stellar performance and reported a 25 percent increase in new business volumes, measured on a present value of premiums basis, to R14.5 billion. The value of new business grew by 19 percent to R254 million.

Momentum Retail, focusing on the middle to upper-income retail segment, reported good risk experience due to a continued focus on quality business. New business volumes rose by 17 percent to R20.4 billion measured on a present value of premiums basis. The value of new business grew by 18 percent to R240 million, boosted by a strong inflow of single premium business.

Metropolitan Retail, which focuses on the low income segment, also reported good risk experience. Single premium new business grew by 22 percent and recurring premiums by nine percent, compared to the previous year. "The business continues to manage its expenses very well. The transition in leadership has been smooth, with Khanyi Nzukuma succeeding Phillip Matlakala as CEO on 1 July 2014," says Kruger.

Metropolitan International's new business volumes increased by 14 percent to R1.9 billion on a present value of premium basis and the division contributed R49 million to the value of new business. "The Metropolitan International business, which accounts for contributions made by operations in 12 countries in the rest of Africa, remains an important strategic focus area for geographical diversification, with acquisitions being integral to accelerate growth. We have just received all the regulatory approvals for the acquisition of Cannon Assurance in Kenya," says Kruger.

Metropolitan Health contributed R171 million to the group's core headline earnings, an improvement of 22 percent from the previous year. The division benefited from scale benefits and has 1.2 million principal members and three million lives under administration.

Momentum Investments, which houses the group's asset management business, contributed R197 million to the group's core headline earnings, an increase of 13 percent from the previous year. The division remains on track to aligning its investment management business closer with the MMI group.

The merger is now concluded and has realised cumulative merger-related expense savings of R522 million, in excess of the target of R500 million. The group has also disclosed the balanced scorecard against which management is measured, and the 2014 results indicated that all the main targets were met or exceeded.

MMI invested or committed in excess of R2.5 billion in growth initiatives during the year ended 30 June 2014, including the acquisition of Guardrisk for R1.6 billion. "We are very pleased with

the strategic fit of Guardrisk and we look forward to realising the anticipated synergies between Guardrisk and the wider MMI stable," says Kruger.

MMI reported a capital buffer of R3.2 billion as at 30 June 2014, after allowing for capital requirements, strategic growth initiatives and dividends. "We believe the group is in a sound financial position and will be ready to make the transition to Solvency Assessment and Management (SAM)," says Kruger.

MMI began the implementation of its client-centric strategy on 1 July 2014 with the restructuring of its business. "Our purpose is to enhance the lifetime financial wellness of people, communities and businesses. We have reorganised ourselves in a way that will facilitate a more client-centric organisation focused on clearly defined client segments," says Kruger.

"Overall we are very pleased with the group's performance for the financial year ended 30 June 2014. We are excited about the client-centric journey we have embarked on, with clients at the centre of everything we do. We believe that this will position MMI as a sustainable business into the future and will enable us to better navigate the difficult economic times ahead." concludes Kruger.