

Momentum Metropolitan Holdings Limited
 (formerly MMI Holdings Limited)
 Incorporated in the Republic of South Africa
 Registration number: 2000/031756/06
 JSE share code: MTM
 NSX share code: MMT
 ISIN code: ZAE000269890
 ("Momentum Metropolitan" or "the Group")

Momentum Metropolitan Life Limited
 (formerly MMI Group Limited)
 Incorporated in the Republic of South Africa
 Registration number: 1904/002186/06
 Company code: MMIG

Short form announcement

Audited financial results for the year ended 30 June 2019

Key metrics	Basic			Diluted		
	F2019	F2018	Δ%	F2019	F2018	Δ%
Earnings (R million)	2 255	1 369	65%	2 275	1 393	63%
Headline earnings (R million)	2 474	1 444	71%	2 494	1 468	70%
Normalised headline earnings (R million) ¹	3 054	1 979	54%	3 074	2 003	53%
Earnings per share (cents)	153.1	88.2	74%	151.6	88.1	72%
Headline earnings per share (cents)	168.0	93.0	81%	166.2	92.9	79%
Normalised headline earnings per share (cents) ¹	207.3	127.5	63%	202.5	125.5	61%
Interim dividend per share - March (cents)				35	-	100%
Final dividend per share - September (cents)				35	-	100%
Total dividend per share (cents)				70	-	100%
Present value of new business premiums ²				55 783	50 002	12%
Value of new business ²				541	345	57%
Value of new business margin ²				1.0%	0.7%	
Diluted embedded value (EV) per share (R) ²				27.48	25.43	8%
Return on EV				8.0%	(1.1)%	
Return on EV per share				9.4%	(0.6)%	
Diluted number of shares in issue (m)				1 499	1 557	(4)%
Diluted weighted average number of shares (m)				1 501	1 580	(5)%

¹ Normalised headline earnings adjust the standard JSE definition of headline earnings for the impact of treasury shares, the amortisation of intangible assets arising from business combinations and BEE costs. Momentum Metropolitan is of the opinion that these adjustments present a more realistic picture of the underlying performance of the Group and remove distortions that might arise from elimination of treasury shares (potential distortions that are peculiar to financial institutions that invest in own securities on behalf of clients). The definition of normalised headline earnings remained unchanged over F2019. The prior year comparatives have been restated.

² Momentum Wealth has been reclassified as covered business, with prior year comparatives restated.

Net asset value

(R million)	F2019	F2018	Δ%
Total assets	502 902	476 365	6%
Total liabilities	(479 356)	(453 575)	6%
Total equity	23 546	22 790	3%

Momentum Metropolitan delivers on its promises

Business performance

Momentum Metropolitan is making steady progress on the three-year Reset and Grow strategy announced a year ago. Diluted normalised headline earnings of R3.1 billion for the year ended 30 June 2019 represents an increase of 53% on the prior year. On a per share basis, diluted normalised headline earnings increased by 61%, reflecting the impact of the share buy-back programme completed in November 2018.

The diluted normalised headline earnings at segmental level were as follows:

R million	F2019	F2018	Δ%
Momentum Life	883	472	87%
Momentum Investments	512	227	>100%
Metropolitan Retail	610	201	>100%
Momentum Corporate	601	909	(34)%
Non-life Insurance	164	204	(20)%
Momentum Metropolitan Africa	262	147	78%
Earnings from operating segments	3 032	2 160	40%
New Initiatives	(492)	(377)	(31)%
Shareholders	534	220	>100%
Normalised headline earnings	3 074	2 003	53%

The financial results in the prior year were impacted by large negative operating basis changes and investment variances across the South African retail businesses and the rest of Africa. If this impact is excluded, diluted normalised headline earnings improved by 21% year-on-year.

The solid results for F2019 were underpinned by resilient operational performance in most businesses, supported by efficiency improvements and good underwriting results across the Group. The positive impacts were partly offset by a provision at Guardrisk and higher losses from New Initiatives, albeit in line with business plans.

Embedding the Reset and Grow strategy in the new, simplified operating model remains a crucial priority for the Group. Investment in distribution capabilities, refocusing the client experience, and enhancing its comprehensive suite of product solutions within the Group's portfolio have been key drivers in our new business performance:

- Present value of new business premiums increased by 12% year-on-year
- Value of new business improved by 57% on the prior year

Solvency

Momentum Metropolitan Life Limited, the Group's main life insurance entity, maintained its strong solvency cover on the regulatory basis of 2.08 times the Solvency Capital Requirement.

Final dividend declaration

Dividends on ordinary shares were reinstated in March 2019, following the successful completion of a R2 billion share buy-back programme in November 2018. The Group declared a gross final ordinary dividend on ordinary shares of 35 cents, bringing the total ordinary dividend for the year to 70 cents per ordinary share. The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the company on Record Date. The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate. This will result in a net final dividend of 28 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.

The number of ordinary shares at the declaration date was 1 497 475 356. The income tax number of Momentum Metropolitan is 975 2050 147.

Publication of declaration data	Wed, 4 Sept
Publication of finalisation information	Mon, 16 Sept
Last date to trade cum-dividend	Mon, 23 Sept
Trading ex-dividend	Wed, 25 Sept
Record date	Fri, 27 Sept
Payment date	Mon, 30 Sept

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 September 2019 and Friday, 27 September 2019, both days inclusive.

Operational highlights

- **Brand revitalisation:** The holdings company name was changed to Momentum Metropolitan to improve exposure for the two main consumer brands.
- **Level 1 B-BBEE:** In January 2019 the Group became the first major insurance group to attain a Level 1 B-BBEE status under the revised Financial Services Charter.
- **Progress on the Africa exit strategy:** In line with a decision to exit non-core countries, the Group concluded transactions to exit Swaziland (subject to regulatory approval) and Mauritius, and is at an advanced stage of discussions to exit three more countries.
- **Proposed AFI acquisition:** Announced acquisition of the Alexander Forbes Insurance business – subject to regulatory approvals. This strategic acquisition adds significant scale to Momentum Short-term Insurance.
- **Strengthening our executive leadership:** The Board extended Hillie Meyer's tenure as Group Chief Executive by two years until June 2023. The Group's executive leadership team was further strengthened by the appointment of Dumo Mbethe as Chief Executive of Momentum Corporate and Hannes Viljoen as Chief Executive of Momentum Metropolitan's health business.

Outlook

The Group-wide focus on expense management has delivered good results and sound financial discipline will be continued. In the coming years more reliance will be placed on revenue growth.

The challenging economic environment is expected to put pressure on revenue growth and the Board believes that single digit earnings growth for F2020 might be a fair result. Momentum Metropolitan remains committed to deliver on its three-year Reset and Grow targets, but highlights that if the current economic outlook persists, the Group is more likely to achieve the lower end of its target range of R3.6 billion to R4.0 billion by F2021.

Despite the challenging environment, underlying improvements are visible in the Group, such as improved efficiency ratios, increased commerciality in decision-making, improved service metrics, modest growth in distribution footprint, and strengthening of the balance sheet. Most importantly, greater levels of engagement and energy across the Group's employees, positions it well to capitalise when the external environment improves.

Short form statement

This announcement is the responsibility of the directors. The information in this short form announcement, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Financial figures in this announcement have been correctly extracted from the audited annual financial statements. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should also take into consideration the information contained in the full announcement, published on 4 September 2019, via the JSE link and also available on the Company's website at www.momentummetropolitan.co.za.

Copies of the full announcement may also be requested from the office of the Group Company Secretary, Gcobisa Tyusha, Tel +27 12 673 1931 or Gcobisa.tyusha@momentummetropolitan.co.za, alternatively collected from the Group's registered office, 268 West Avenue, Centurion, at no charge, weekdays during office hours.

The JSE link is as follows: <https://senspdf.jse.co.za/documents/2019/jse/isse/MTME/FY19Result.pdf>

SENS issue: 4 September 2019

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