

investor presentation
2007 year-end results

METROPOLITAN 

**A decade of diversification
under the leadership of
Peter Doyle**



Highlights of results



Total assets under management	>R100bn
Diluted core headline earnings	>R1bn
Dividend per share	95cps



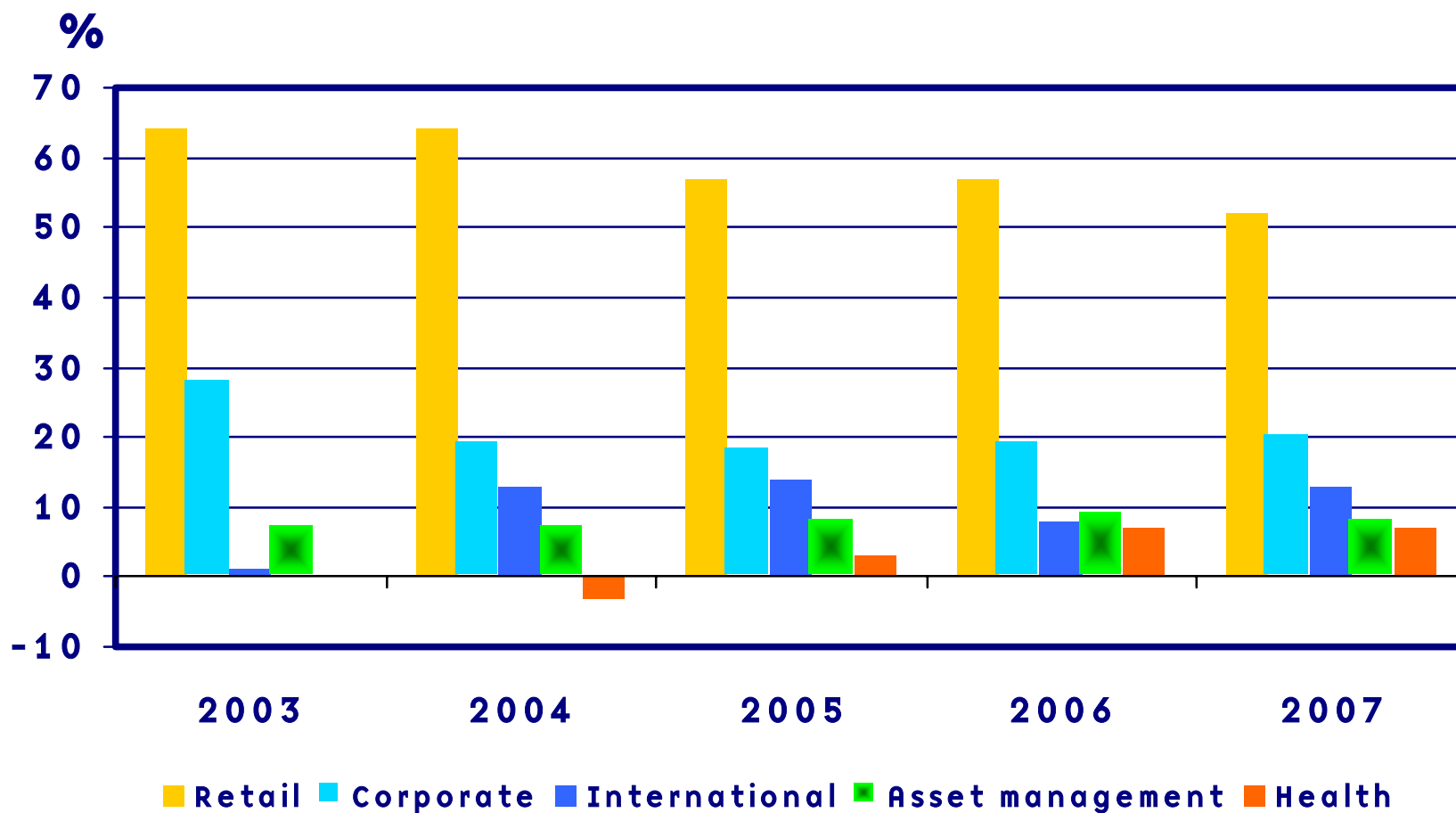
Highlights of results



	%
Net funds from clients	+353
Growth in total recurring premiums	+10
Return on embedded value	+18
Diluted core headline earnings per share	+26
Dividend per share	+23
Assets under management	+20



% split of operating profit



results 2007



Funds received from clients

	Gross inflow	Gross outflow	Net inflow 2007	Net inflow 2006
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
Retail	6 726	4 140	2 586	1 845
Corporate	3 947	2 712	1 235	1 623
International	975	670	305	410
Long-term insurance business cash flows	11 648	7 522	4 126	3 878
Health	10 701	9 337	1 364	373
Asset administration	16 097	9 389	6 708	1 531
Asset management	414	192	222	(3 394)
Corporate	78	-	78	371
Total	38 938	26 440	12 498	2 759



Size of group



Total number of clients 10 million

Total number of employees 8 275

	2003	2004	2005	2006	2007
Embedded value (Rbn)	7.6	9.1	11.5	12.3	12.6
Embedded value per share (cents)	1068	1225	1499	1710	1857
Total assets under management (Rbn)	45.3	53.6	71.2	85.9	102.2



Business environment



- ▶ **Growing economy & financial services industry**
- ▶ **Growing middle class in Africa**
- ▶ **Continued legislative reform**
- ▶ **African unity & economic collaboration**
- ▶ **Pressure on disposable income (food & fuel inflation)**
- ▶ **Turbulent investment markets**



Strategic focus



**Leading financial services business
focused on creating prosperity
for Africa's people**



Financial results

Preston Speckmann

Group finance director



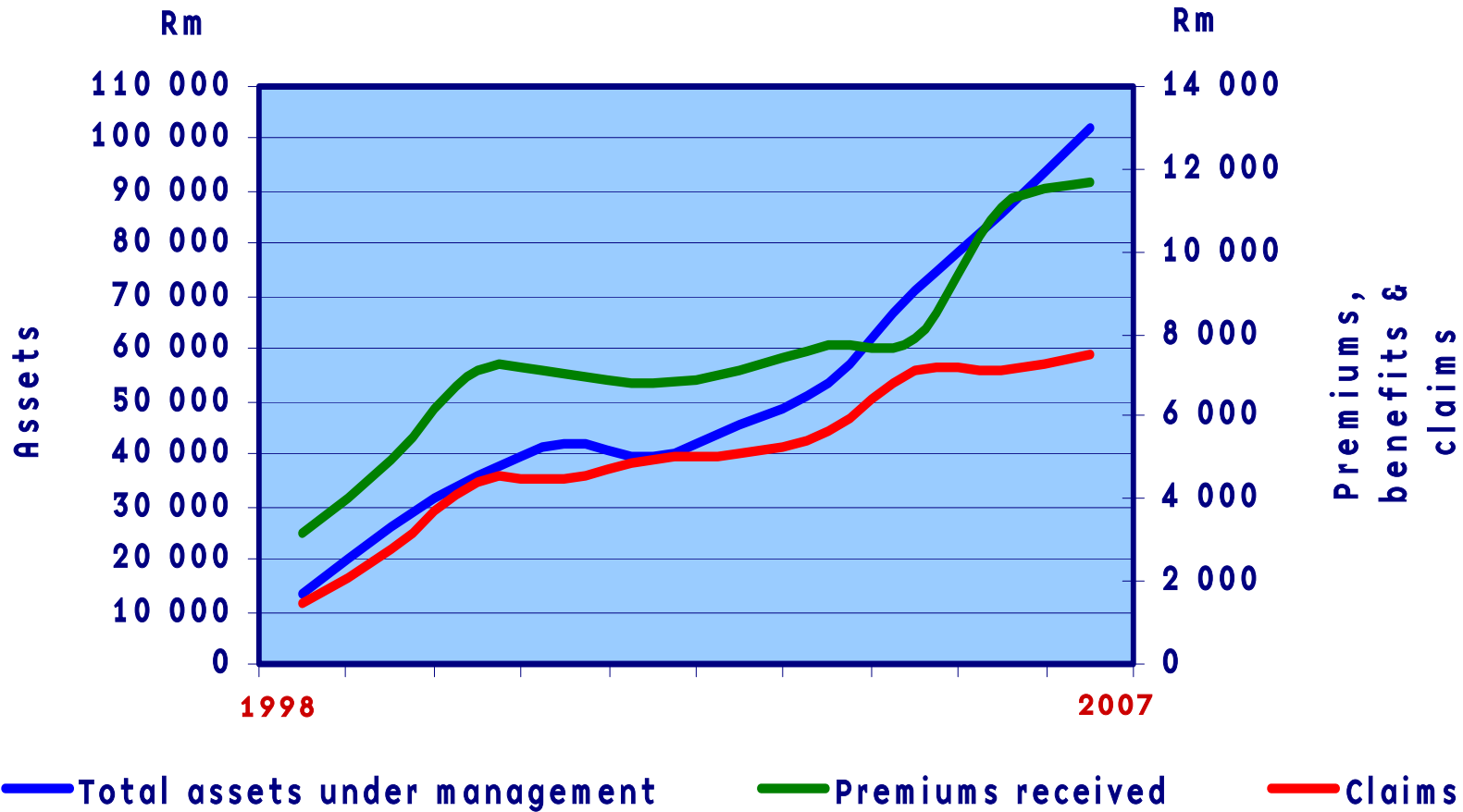
Ten year review



	1998	2007	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Total assets under management	13 113	102 194	25.6
Premiums received	3 167	11 667	15.6
Net benefits & claims	1 433	7 539	20.3
Ordinary dividend per share (cents)	20.50	95.00	18.6
Number of employees	5 939	8 275	3.8



Ten year review



Growth in core headline earnings



	2003	2004	2005	2006	2007	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	%
Retail	207	259	369	436	460	22.1
Corporate	88	77	115	145	176	18.9
International	3	52	86	61	110	146.1
Asset management	23	28	52	69	70	32.1
Health	1	(11)	20	51	64	182.8
Shareholder equity	48	90	66	85	123	26.5
Total	370	495	708	847	1 003	28.3



Growth in core headline earnings & dividend per share



	2003	2004	2005	2006	2007	Compound growth %
Diluted CHEPS (cents)	57	71	96	113	142	25.8
Dividend per share (cents)	43	52	63	77	95	21.9

results 2007



APE % split of individual life new business (production)



	2003	2004	2005	2006	2007
	%	%	%	%	%
Personal financial advisors	41	43	37	36	36
Brokers	25	32	32	27	25
Wholesale	*20	*11	*14	21	21
3 rd party	2	3	6	8	9
International	12	11	11	8	9

* excluding credit life



New business APE



	2003	2004	2005	2006	2007	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>%</i>
Retail	710	888	869	940	1 056	10.4
Corporate	318	554	135	407	422	7.3
International	105	122	122	105	103	(0.5)
Total	1 133	1 564	1 126	1 452	1 581	8.7



Total premiums received



	2003	2004	2005	2006	2007	Compound growth
	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	%
Retail	3 826	4 482	4 928	5 790	6 726	15.2
Corporate	2 679	2 379	1 981	4 253	3 947	10.0
International	561	893	977	987	975	14.8
Total	7 084	7 754	7 886	11 030	11 648	13.2



New business margin APE



	2003	2004	2005	2006	2007
	%	%	%	%	%
Retail	8.2	15.2	11.5	12.1	11.3
Corporate	10.7	9.7	4.3	7.4	10.9
International	10.5	13.1	22.5	6.7	14.6
Total	9.1	13.1	11.9	10.4	11.4



New business margin PVP



	2005	2006	2007
	%	%	%
Retail	2.3	2.1	2.0
EB	0.5	0.8	1.3
International	4.3	1.3	3.6
Total	2.2	1.6	1.8



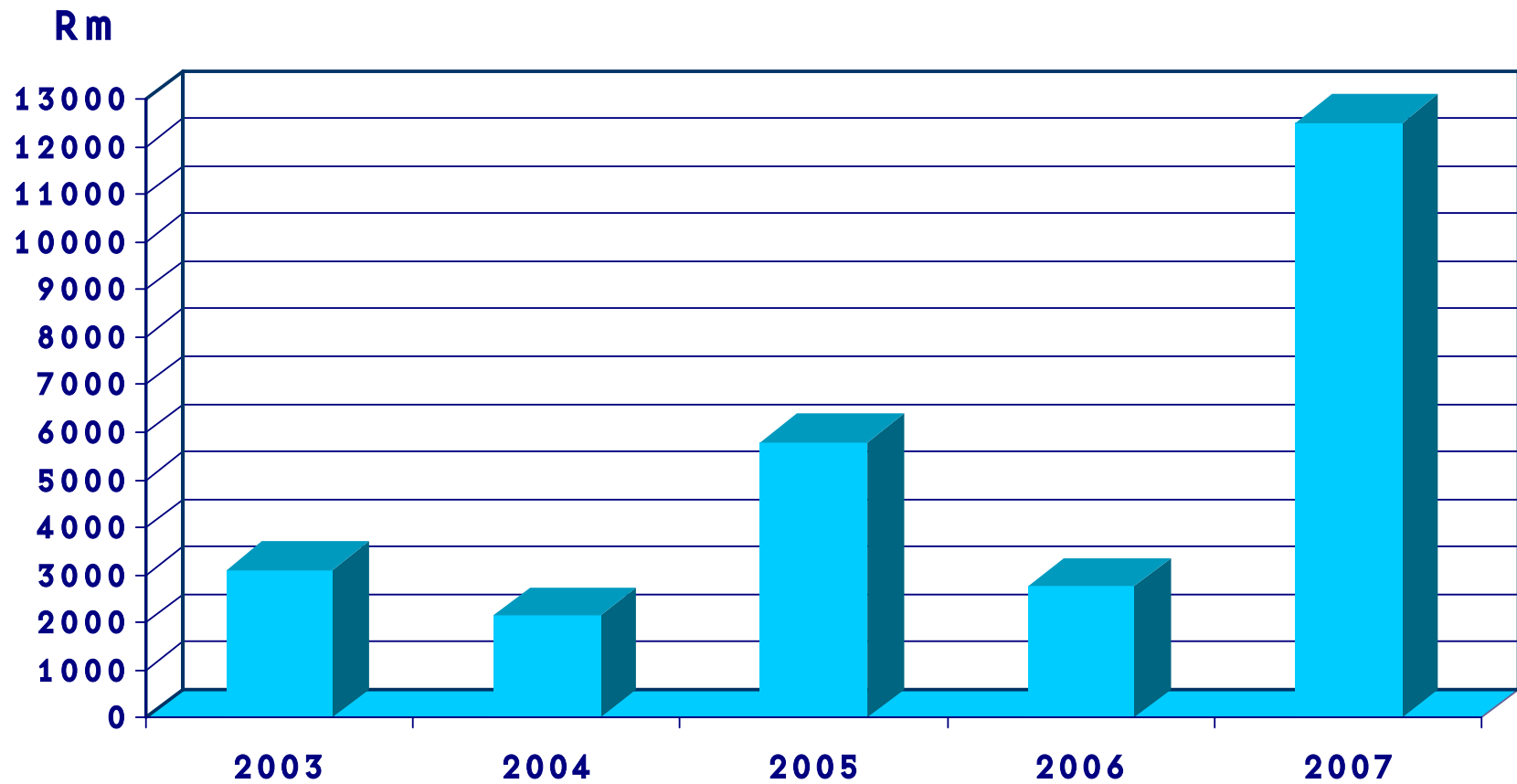
Value of new business



	2003	2004	2005	2006	2007	Compound growth
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	%
Retail	58	135	100	114	119	19.7
Corporate	34	54	6	30	46	7.8
International	11	16	28	7	15	8.1
Asset management	36	11	22	25	35	(0.7)
Health	36	173	76	78	121	35.4
Total	175	389	232	254	336	17.7



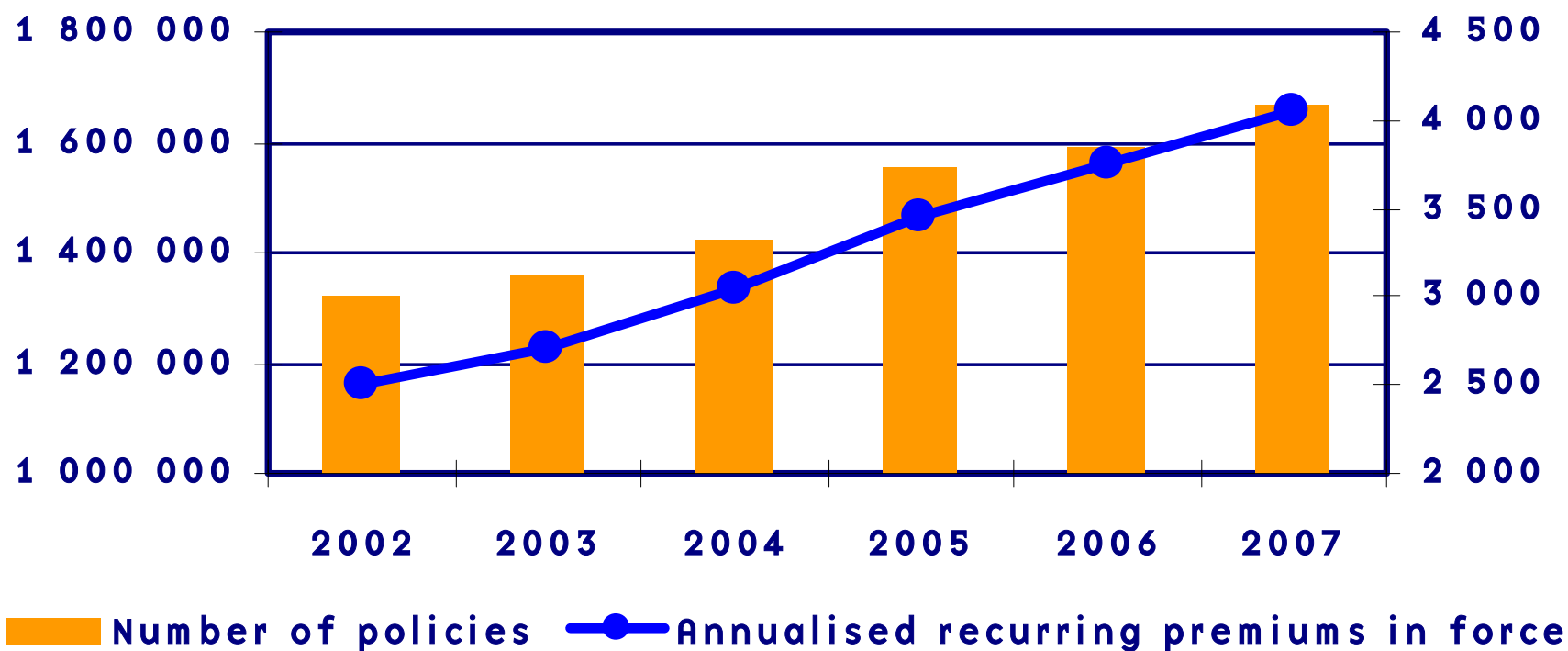
Group net funds received



Growth in in-force



Number of individual life policies & annualised recurring premiums (Home Service policies excluded)



Total assets under management



	2003	2004	2005	2006	2007	Compound growth
	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	<i>Rbn</i>	%
On-balance sheet	37	45	53	66	75	19.3
Off-balance sheet	8	9	18	20	27	34.0
Total	45	54	71	86	102	22.4

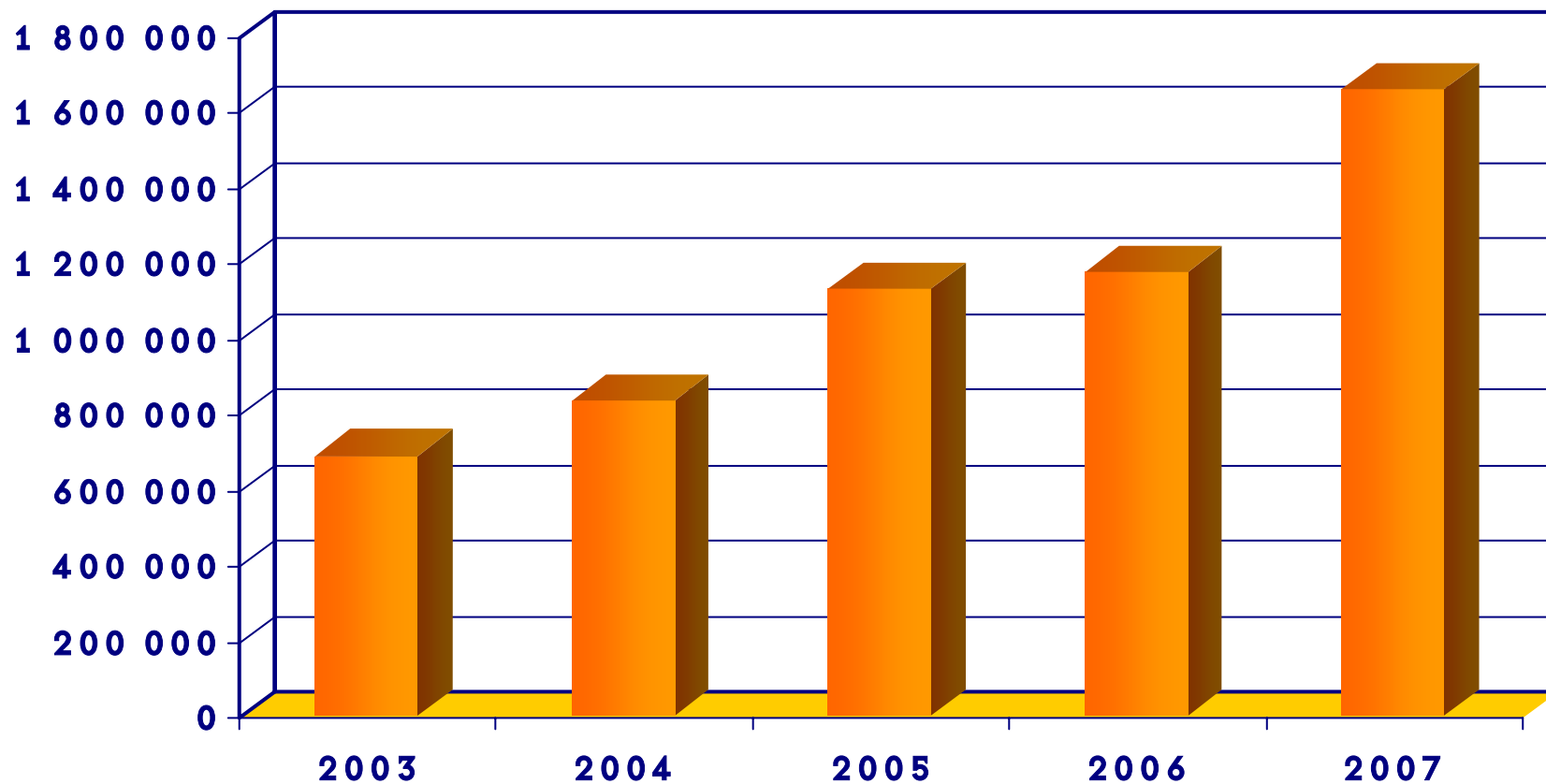


Strong return on embedded value

	2003	2004	2005	2006	2007
	%	%	%	%	%
Return on embedded value	21.3	29.4	28.9	25.5	17.8
Risk discount rate	11.8	10.8	10.0	10.5	11.0
JSE all-share index	12.0	21.8	43.1	37.8	16.1



MHG growth in lives under administration



results 2007



MHG results



Free cashflow

	2006	2007
	<i>Rm</i>	<i>Rm</i>
Diluted core headline earnings	51	64
Tax	27	52
Net income before tax	78	116
Non-cash items		
Amortisation of software	12	12
IAS 19 and IFRS 2 costs	14	32
Operating profit before tax	104	160

results 2007



Capital management



- ▶ Two capital reductions of 100 cents each plus a special dividend of 77 cents during the last four years
- ▶ Bought back 151 million shares using R1.8bn during the same period
- ▶ High dividend yield maintained
- ▶ Will continue to buy back shares up to fair value to further enhance earnings per share



Economic capital



- ▶ Economic capital requirement of R3.9bn at 31 December 2007
- ▶ Model updated with latest market information relating to volatilities, interest rates, etc
- ▶ Output from the model proved robust in volatile environment
- ▶ Ongoing use of model as input to internal decision-making relating to asset/liability matching and capital issues
- ▶ Economic capital model provides comfort to current & prospective clients as to financial strength of the group



Discretionary capital

		2006	2007
		<i>Rm</i>	<i>Rm</i>
Group excess per financials		6 694	6 817
Add:	Sub-ordinated redeemable debt	501	501
Less:	Disallowed assets	(194)	(293)
	Dividends payable in April	(945)	(440)
Available capital		6 056	6 585
Retained for:	Redeemable preference shares	(832)	(837)
	Economic capital (Metropolitan Life Ltd)	(3 940)	(3 884)
	Economic capital (other group companies)	(543)	(457)
Discretionary capital		741	1 407
Attributed to:	Approved for expansion	470	336
	Surplus capital	271	1 071
		741	1 407



2008 & beyond

Wilhelm van Zyl
CEO designate



Operating environment



Overall

- ▶ Volatile investment markets continue
- ▶ Rising inflation & interest rates
- ▶ Ongoing legislative reform

Retail

- ▶ Consumerism & pressure on disposable income
- ▶ Improved value proposition required
- ▶ Impact of internal realignment of processes & structures



Operating environment



Corporate

- ▶ Pension fund reform uncertainty
- ▶ Image of industry
- ▶ Niche opportunities remain

Health

- ▶ Industry impact of GEMS
- ▶ Increased pressure on non-healthcare costs
- ▶ Establishment of national health insurance



Operating environment



Asset management

- ▶ Increasingly competitive environment
- ▶ Growth in product offerings
- ▶ New CIO on board – team strengthened

International

- ▶ New markets offer exciting opportunities
- ▶ Local partnerships imperative for success
- ▶ Established markets very profitable, but nearing saturation



Areas of strength



- ▶ **Brand & franchise value**
- ▶ **Capital position**
- ▶ **Client base & customer focus**
- ▶ **Empowerment strategy**
- ▶ **Proven track record with government & unions**
- ▶ **AIDS impact analysis**
- ▶ **Large scale low cost admin capabilities**
- ▶ **Appropriate product range**
- ▶ **Clear strategic focus**



Areas of focus



- ▶ **Investment performance**
- ▶ **Cross-selling opportunities**
- ▶ **Leveraging the “areas of strength”**
- ▶ **Retirement reform process**
- ▶ **New revenue streams**
- ▶ **Retail new business profitability**
- ▶ **Enhancing value propositions**



Investor relations

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