

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

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

Momentum Metropolitan unaudited interim results for the six months ended 31 December 2019

Summary of key metrics

	Basic			Diluted		
	1H2020	1H2019	change%	1H2020	1H2019	change%
Earnings (R million)	1 518	1 241	22%	1 518	1 241	22%
Headline earnings (R million)	1 465	1 356	8%	1 484	1 365	9%
Normalised headline earnings (R million) ¹	1 753	1 609	9%	1 772	1 618	10%
Earnings per share (cents)	104.3	83.2	25%	103.6	82.2	26%
Headline earnings per share (cents)	100.7	90.9	11%	100.1	89.8	11%
Normalised headline earnings per share (cents) ¹	120.5	107.8	12%	118.2	105.3	12%
Operating profit (R million) ²				1 858	1 706	9%
Interim ordinary dividend per share - March (cents)				40	35	14%
Present value of new business premiums (R million)				26 234	28 790	(9)%
Value of new business (R million)				160	335	(52)%
Value of new business margin				0.6%	1.2%	
Diluted embedded value (EV) per share (R)				28.56	26.60	7%
Return on EV (annualised)				10.7%	6.8%	
Return on EV per share (annualised)				10.6%	9.4%	
Diluted number of shares in issue (million)				1 499	1 499	-
Diluted weighted average number of shares (million)				1 499	1 536	(2)%

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. The first adjustment removes mismatches that might arise from elimination of treasury shares (potential mismatches that are peculiar to financial institutions that invest in their own securities on behalf of clients).

² Operating profit is diluted normalised headline earnings less tax, investment income and fair value gains.

Net asset value

R million	1H2020	1H2019	change%
Total assets	511 529	462 322	11%
Total liabilities	(487 164)	(439 429)	11%
Total equity	24 365	22 893	6%

Focus pays off for Momentum Metropolitan

- *Group posts double-digit earnings growth*

Operational highlights

Momentum Metropolitan has reached the half-way milestone in its three-year Reset and Grow turnaround strategy and has successfully executed on most of our plans for the "Reset" phase. We are now increasingly turning our focus to the "Growth" objectives.

In pursuit of the Reset and Grow strategy, great strides were made in a number of important aspects:

- **Embedding a culture of financial discipline:** efficiency improvements are a common theme across the various South African operations.
- **Scaling our short-term insurance business:** on 31 January 2020 we concluded the acquisition of Alexander Forbes Insurance, which offers a complementary value proposition to our suite of short-term insurance products and client segments.
- **Delivering innovative products and improving client service:** over the last few months, product innovations were introduced for investments (e.g. Enhanced Guaranteed Option) and product enhancements in the Myriad range of protection products. We have also made meaningful improvements in service levels.
- **Retail investment new business:** Momentum Investments saw strong new business volumes growth, driven by exceptional Momentum Wealth investment platform inflows.
- **Increased support from independent financial advisers ("IFAs"):** new business volumes from IFAs across Momentum branded retail protection, savings and investment products increased by 17% year-on-year.
- **Maintaining a strong balance sheet:** our solvency capital ratio has strengthened to 2.2 times SCR at 31 December 2019.
- **New Initiatives performing in line with expectations:** over the six months our share of losses on new initiatives has reduced, with the India joint venture losses bottoming out.
- **Sustaining our Broad Based Black Economic Empowerment (B-BBEE) Level 1 status:** we are proud to have retained our Level 1 B-BBEE contributor status under the revised Financial Sector Charter, which was confirmed in February 2020.

Business performance

Diluted normalised headline earnings of R1.8 billion for the six months ended 31 December 2019 represents an increase of 10% year-on-year. On a per share basis, diluted normalised headline earnings increased by 12%, reflecting the impact of the share buy-back programme that was completed in November 2018.

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

R million	1H2020	1H2019	change%
Momentum Life	483	462	5%
Momentum Investments	270	261	3%
Metropolitan Retail	349	333	5%
Momentum Corporate	335	319	5%
Non-life Insurance	143	135	6%
Momentum Metropolitan Africa	208	94	+100%
Diluted normalised headline earnings from operating segments	1 788	1 604	11%
New Initiatives	(240)	(248)	3%
Shareholders	224	262	(15)%
Diluted normalised headline earnings	1 772	1 618	10%

This operating result supports our continued commitment to grow our diluted normalised headline earnings to between R3.6 billion and R4.0 billion by F2021.

The growth in diluted normalised headline earnings was supported by resilient performance in our core South African life insurance businesses. Life insurance diluted normalised headline earnings growth was underpinned by disciplined expense management and steady underwriting results. The Health operations, included in Momentum Corporate, performed well and in Non-life Insurance, Guardrisk contributed strongly to overall growth in diluted normalised headline earnings, partly offset by a decline in Momentum Short-term Insurance. In the Africa business unit, higher earnings in Lesotho and Botswana offset a decline in the contribution from Namibia. The sale of loss making operations in Africa also led to an improvement.

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 its new business performance:

- Total present value of new business premiums declined by 9% year-on-year, while total value of new business declined by 52%. This can be explained by a reduction in Momentum Corporate, for which the prior period included the impact of a R5 billion with-profit annuity transaction in Momentum Corporate, while the current period saw a shift of sales towards lower margin products.
- Present value of new business premiums for the South African retail operations increased by 13%, while the value of new business for these operations increased by 24%.

Solvency

Momentum Metropolitan Life Limited, the Group's main life insurance entity, strengthened its strong solvency cover on the regulatory basis from 2.1 times the Solvency Capital Requirement (SCR) at 30 June 2019 to 2.2 times SCR at 31 December 2019.

Interim 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 an interim ordinary dividend of 40 cents per ordinary share, a 14% increase on the prior period's interim ordinary dividend. 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 interim dividend of 32 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	Thursday, 5 March 2020
Last date to trade cum-dividend	Tuesday, 24 March 2020
Trading ex-dividend	Wednesday, 25 March 2020
Record date	Friday, 27 March 2020
Payment date	Monday, 30 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 March 2020 and Friday, 27 March 2020, both days inclusive.

Outlook

Looking ahead, Momentum Metropolitan will focus on successfully completing the execution of the "Growth" objectives in each of the business units as well as at a Group level. We will continue to invest carefully in new revenue generating opportunities and in improved ways of work, while maintaining a clear focus on running the core South African life insurance operations optimally.

We are pleased with the positive set of results for 1H2020, however we caution against annualising these results. Consumers are under strain from the continued slow growth in disposable income and uncertain economic environment. This could have a moderating impact on the Group's operational performance in the second half of F2020.

Beyond F2020, we remain cautiously optimistic that we will successfully deliver our Reset and Grow target of diluted normalised headline earnings between R3.6 billion to R4.0 billion in F2021.

Short form statement

This announcement is the responsibility of the directors. The information in this short form announcement, including the forecast financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. 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 5 March 2020, via the JSE link

<https://senspdf.jse.co.za/documents/2020/jse/isse/MTME/HY20Result.pdf> and also available on the Group's website at www.momentummetropolitan.co.za, as well as other information which can be found on the Group's website.

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@mmltd.co.za, alternatively collected from the Group's

registered office, 268 West Avenue, Centurion, or the offices of the Group's sponsor, Merrill Lynch South Africa (Pty) Ltd, 138 West Street, Sandton, weekdays Monday to Friday during office hours from 09:00-16:00.

SENS issue date: 5 March 2020

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