



Momentum Metropolitan Debt Investor Roadshow

21 & 28 September 2023



momentum

momentum
multiply

 METROPOLITAN

GUARDRISK 

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Agenda

1 Strategic overview

2 Financial results

3 Capital Management & Solvency

4 Instrument Structure



1. Strategic overview



Key take-outs



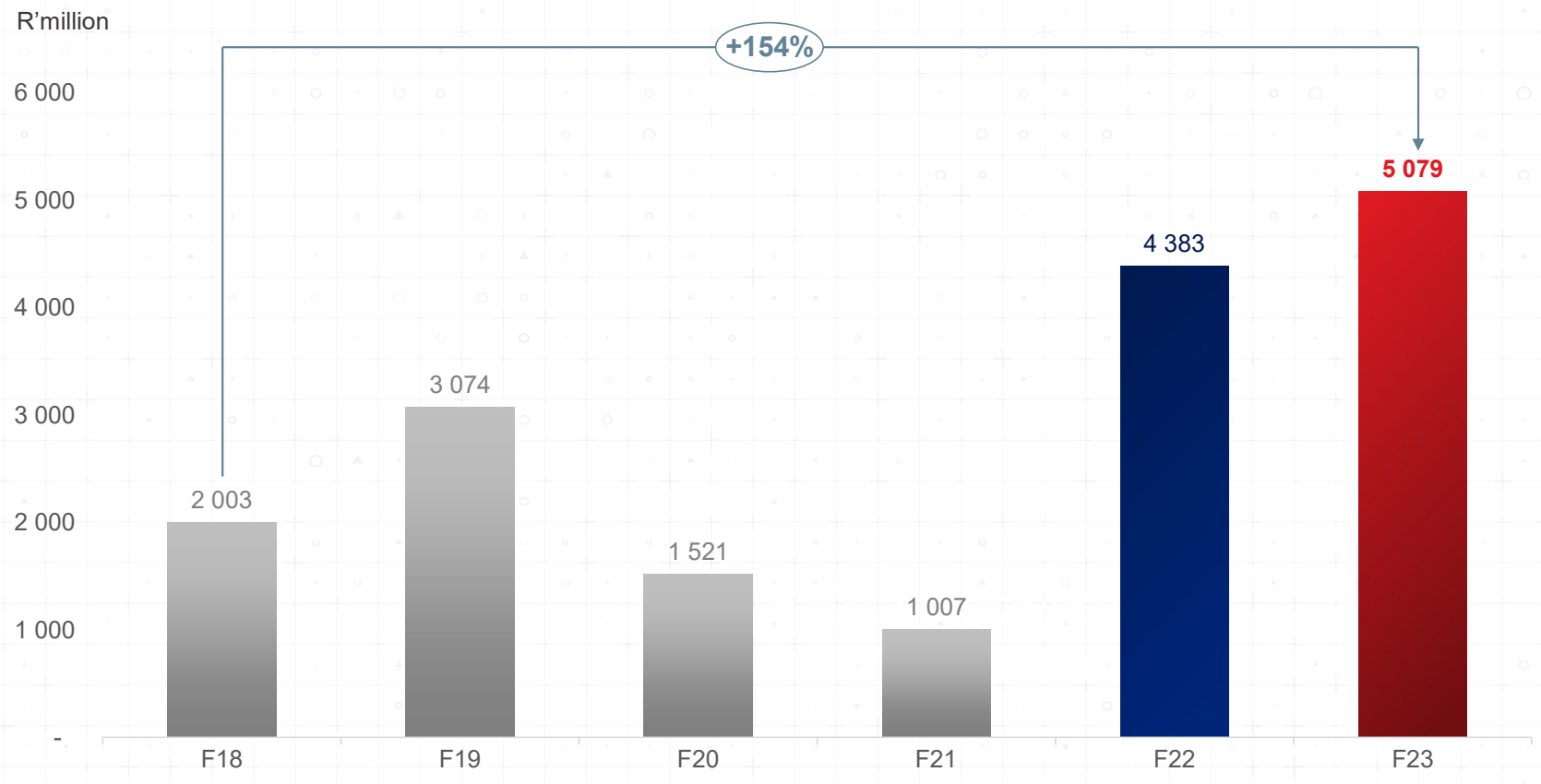
Reinvent and Grow





Key take-outs

Record high NHE of R5.1 billion



Corporate portfolio performs again

Strong contribution to earnings growth

- Momentum Life
- Momentum Corporate
- Guardrisk
- Momentum Metropolitan Africa
- Momentum Metropolitan Health

Stable contribution to earnings growth

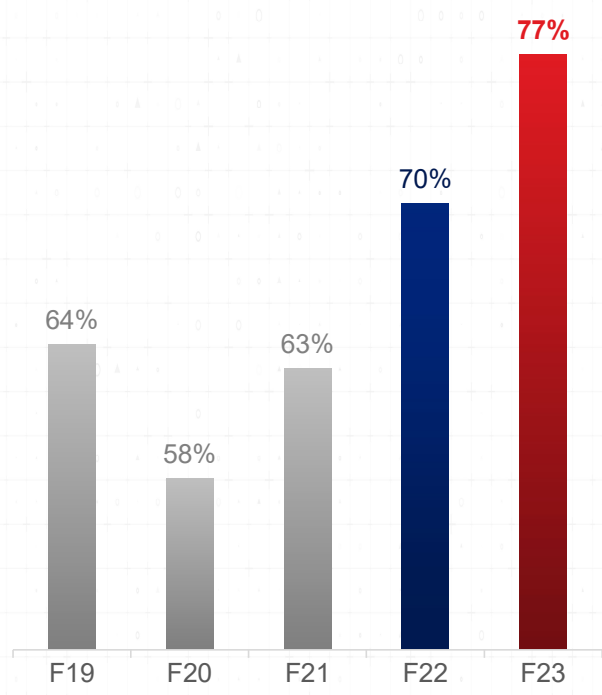
- Momentum Investments

Challenging year

- Momentum Insure
- Metropolitan Life

Momentum Insure: Turnaround plan

Claims ratio



Plans

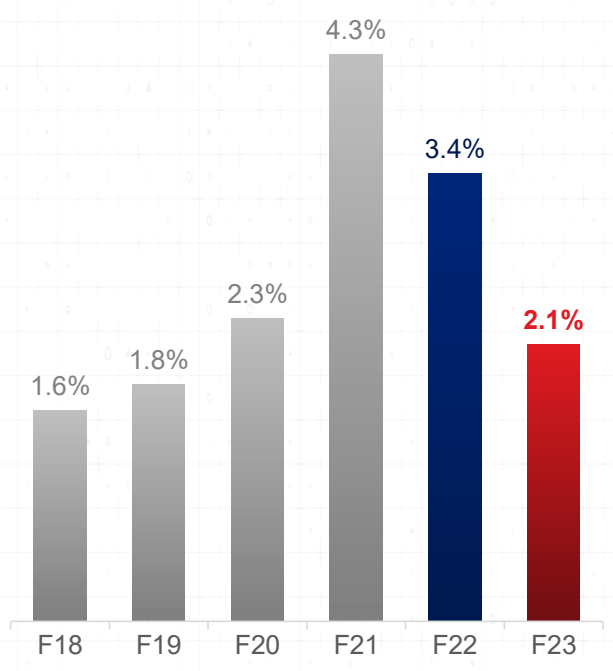
AFI integration completed

Strong management actions to curb claims ratio

- Premium corrections
- Cancellation of policies outside risk appetite
- Benefit changes

Metropolitan Life: Turnaround plan

VNB margin



Plans

- Dynamic product and benefit design
- New business quality management
- Cost savings

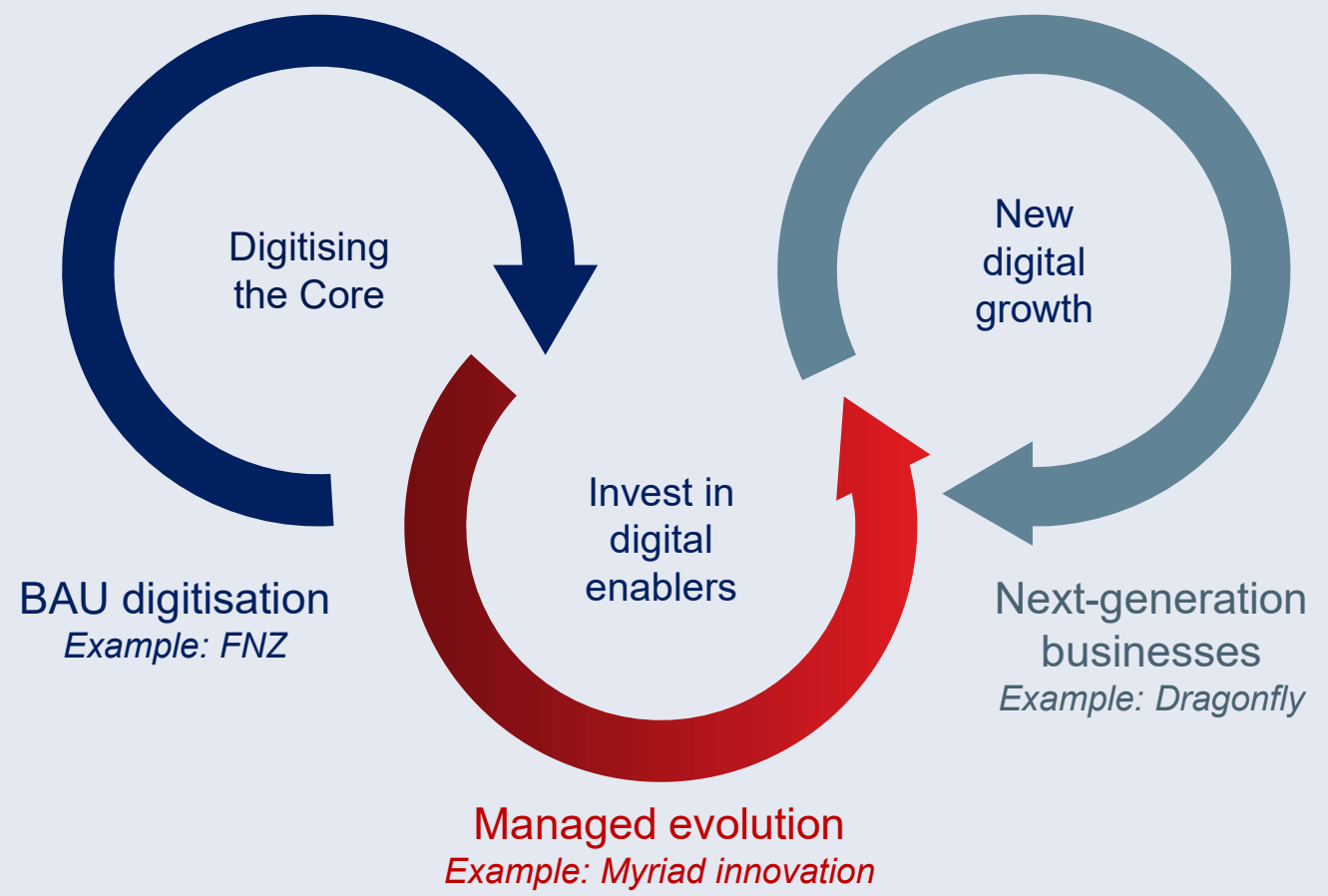
Reinvent and Grow



Reinvent and Grow update

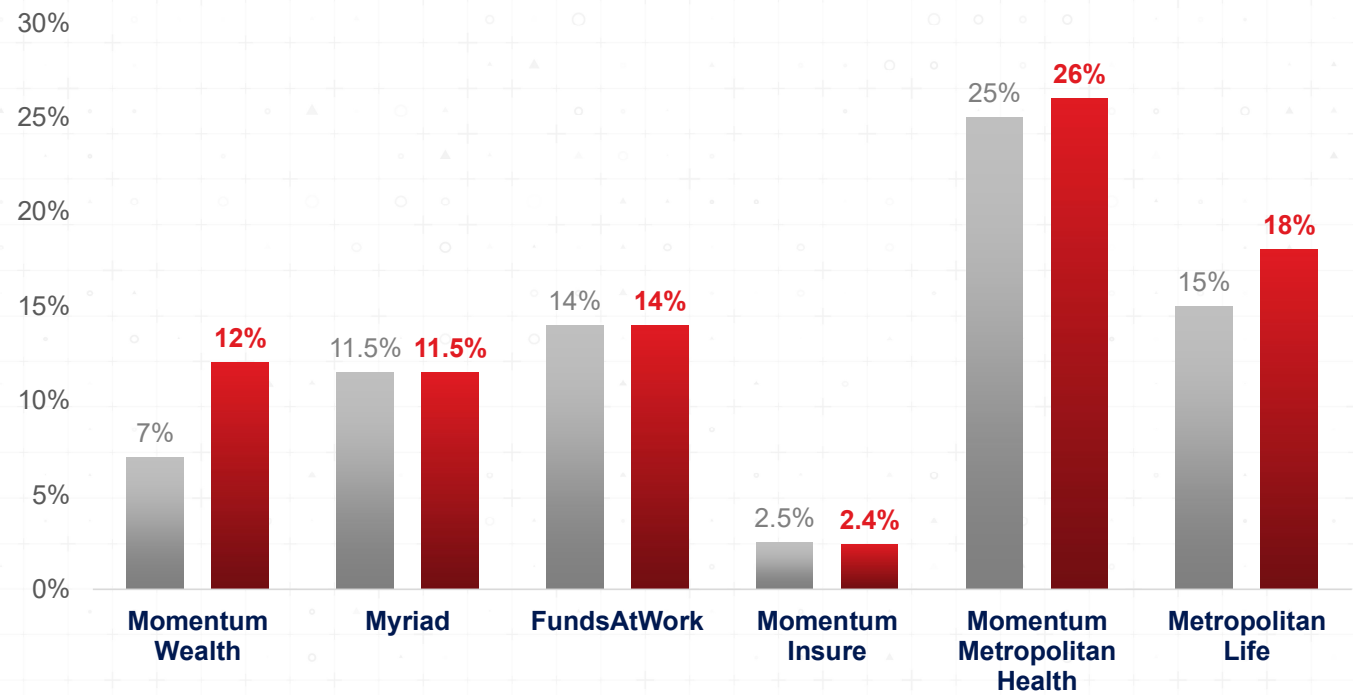


Three horizons approach



Overall market share of businesses

F2020 to F2023





Conclusion

Strategic overview conclusion

- 1** Significant value added to wide range of stakeholders.

- 2** Continuing to focus on achieving F2024 Reinvent and Grow targets.

- 3** Strategic planning for beyond Reinvent and Grow has commenced.

- 4** Changing of the guard.

2. Financial results



Financial overview



Cash generation



Other topical matters

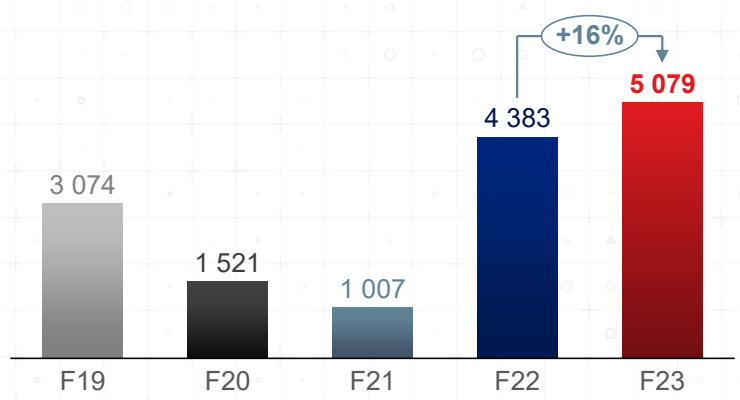




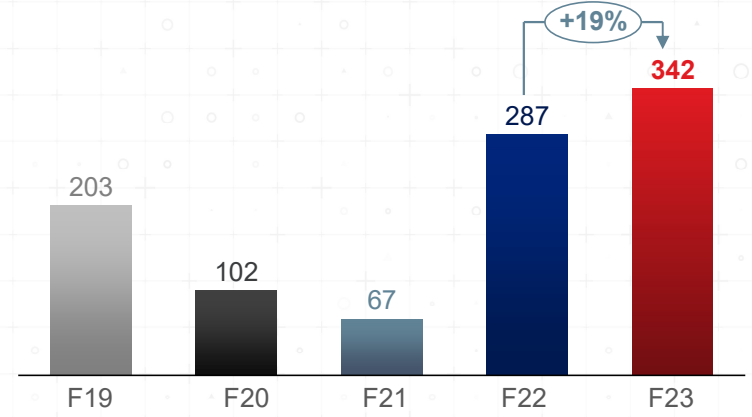
Financial overview

Key financial measures

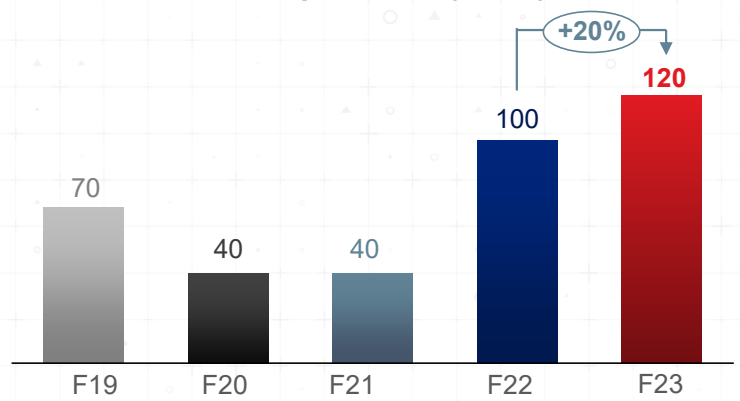
Normalised headline earnings (R'million)



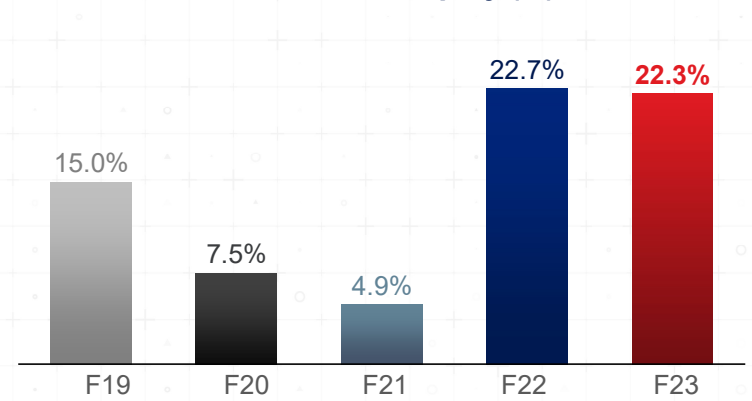
Normalised headline earnings per share (cents)



Dividend per share (cents)

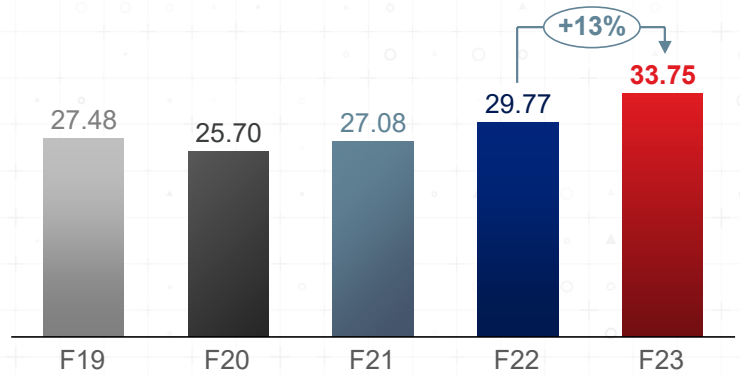


Return on equity (%)

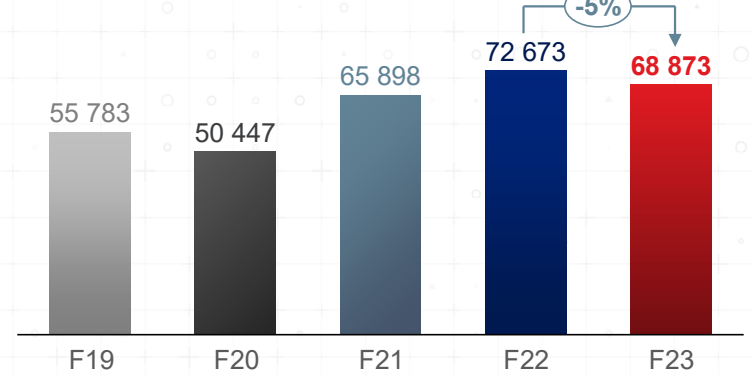


Key financial measures

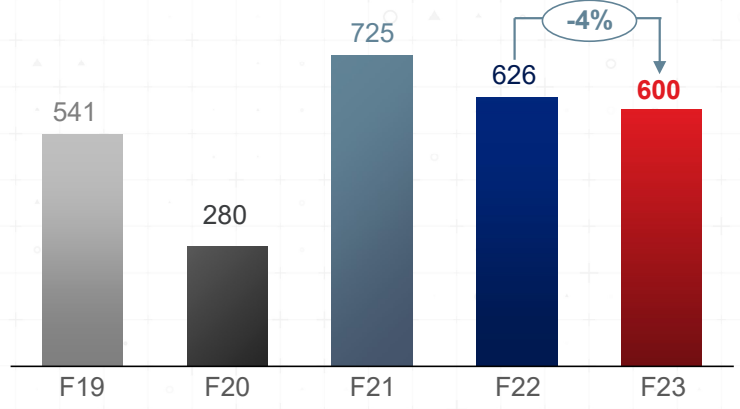
Diluted embedded value per share (R)



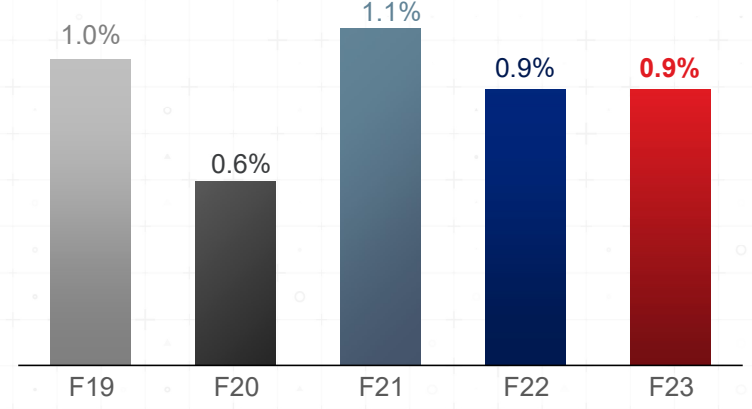
Present value of new business premiums (R'million)



Value of new business (R'million)

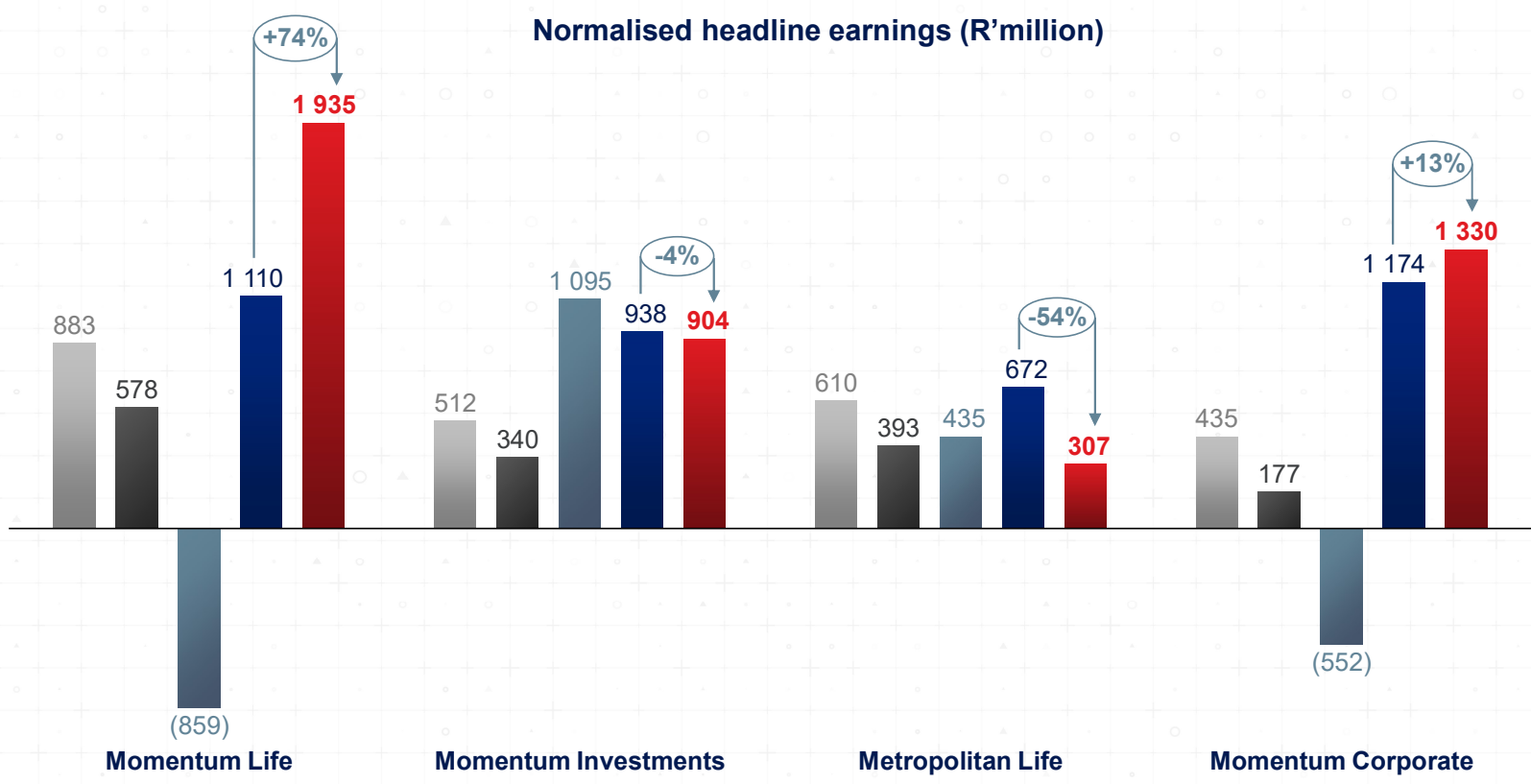


New business margin (%)



SA life businesses

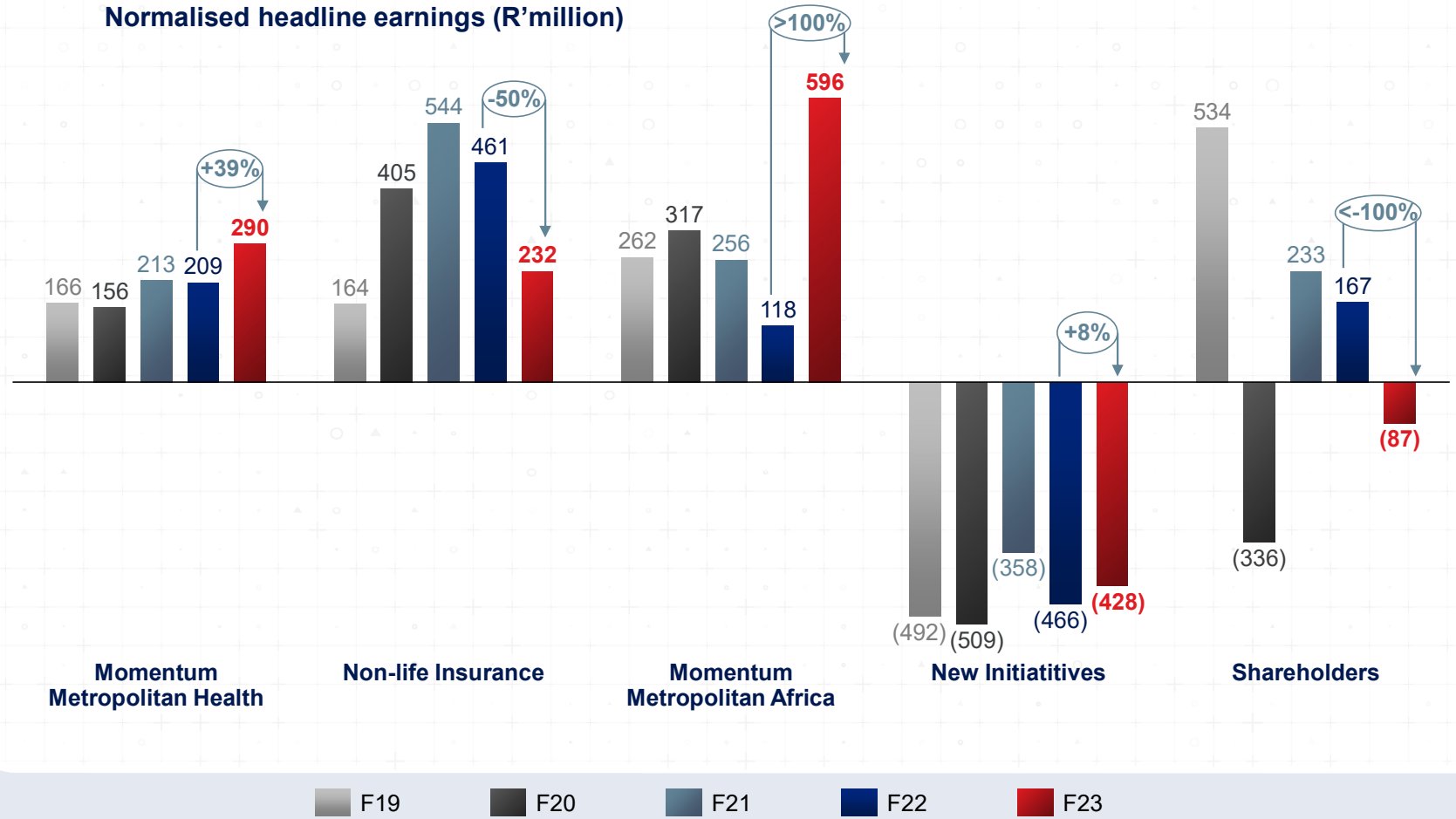
Normalised headline earnings (R'million)



F19 F20 F21 F22 F23

Other businesses

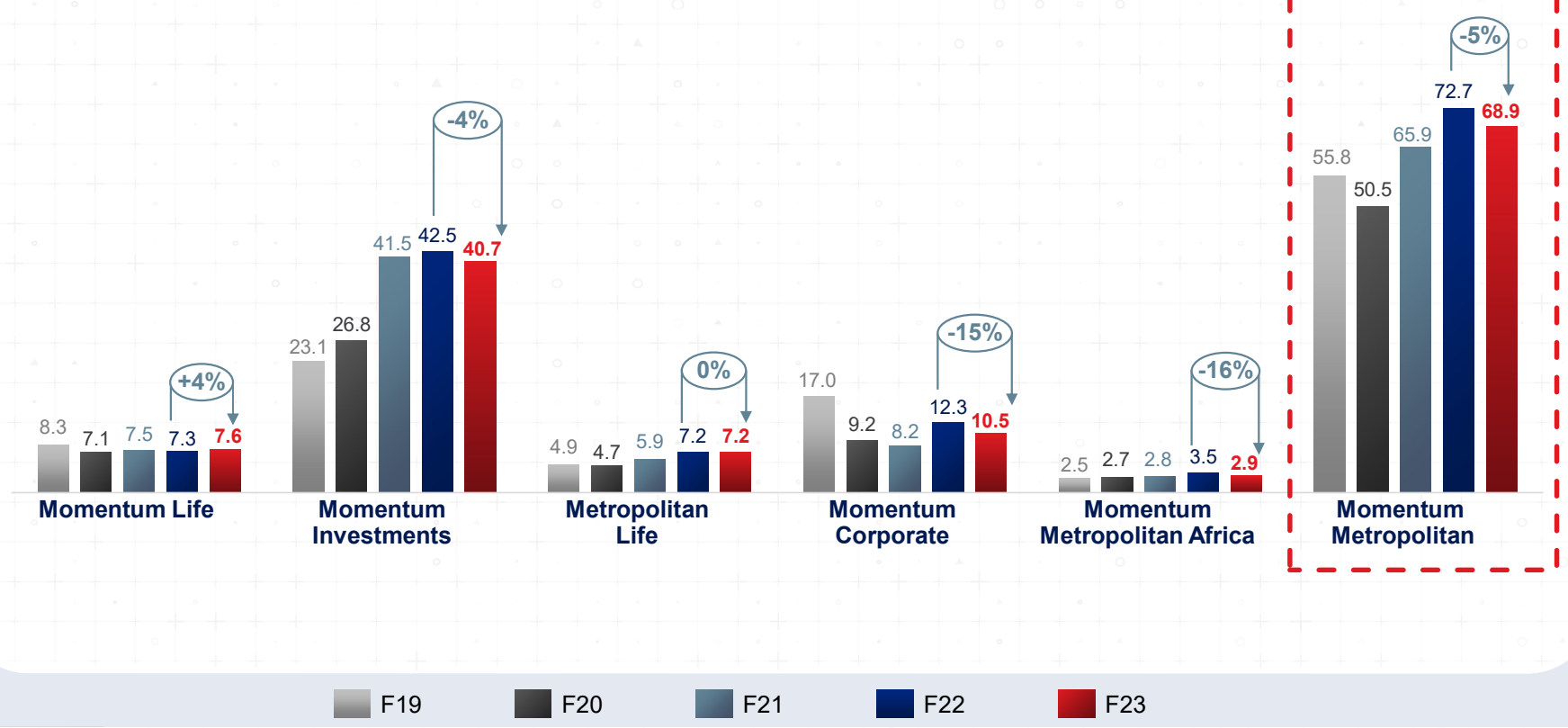
Normalised headline earnings (R'million)



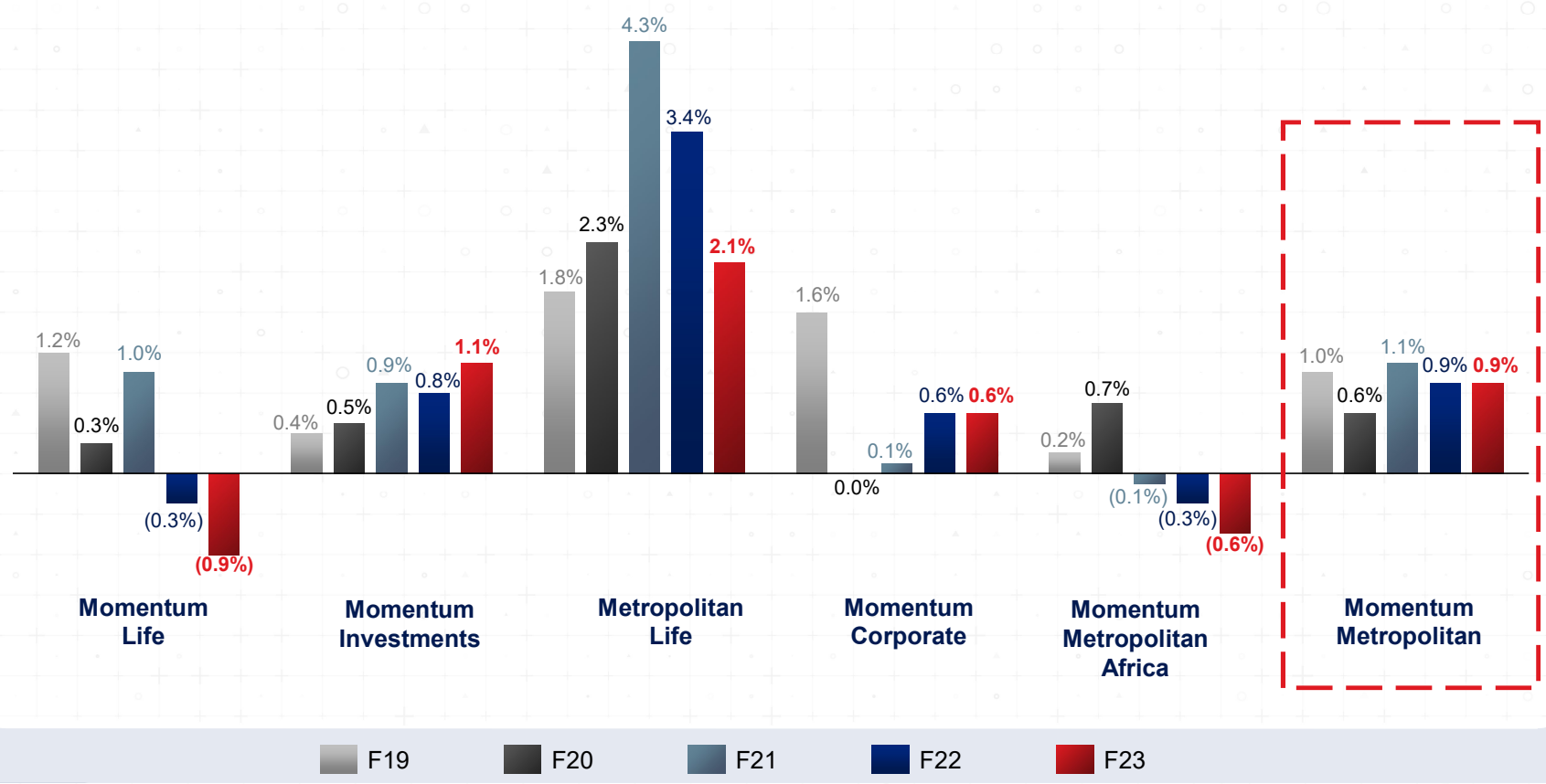
F19 F20 F21 F22 F23

New business volumes down 5%

Present value of new business premiums (PVNBP)
(R'-billion)



New business margin steady

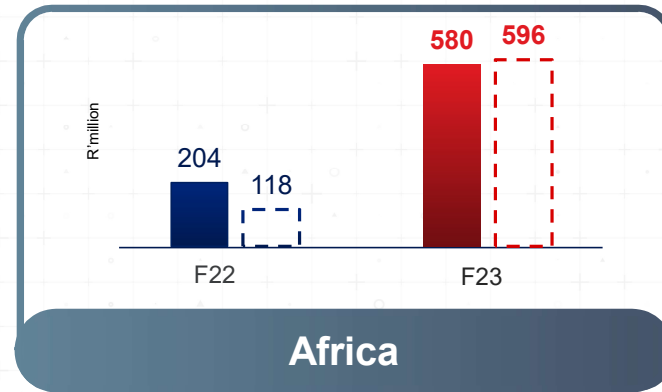
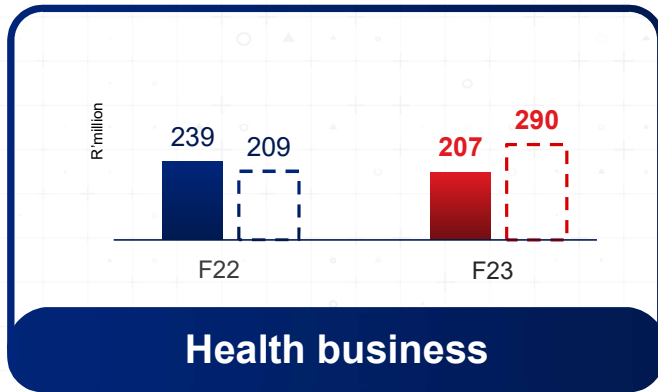
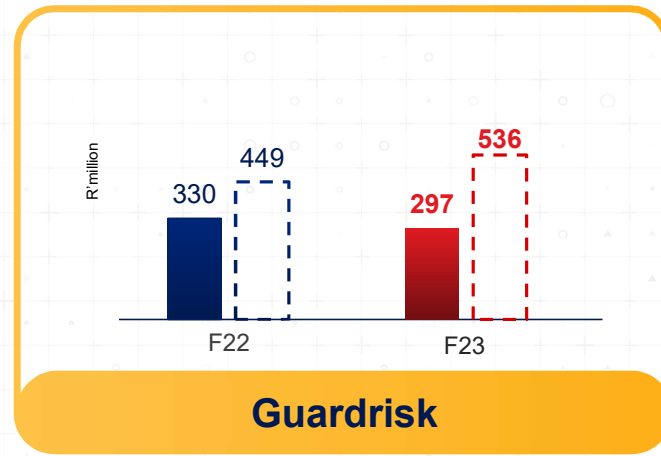
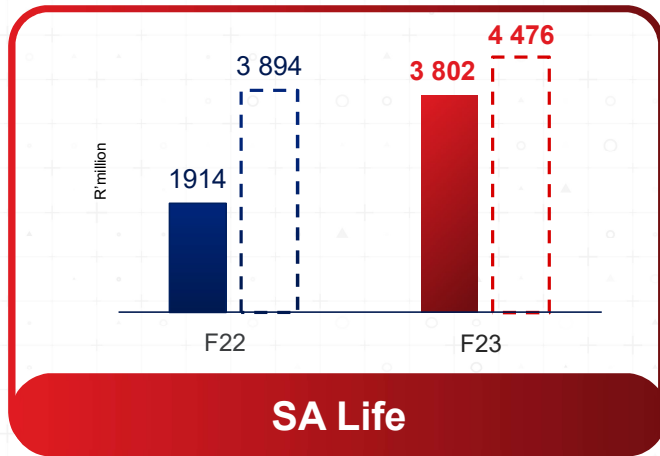




Cash generation



Remittances to MMH from the four cash generating entities



— Cash remittances to MMH

-- Normalised headline earnings

Strong cash generation in F2023

Net capital flow

R'million	F2023	F2022
SA Life	3 802	1 914
Guardrisk	297	330
Health	207	239
Africa	580	204
M&A disposal	11	192
India	-	(433)
Momentum Insure	(580)	-
MM Finance company	(153)	-
Momentum Money	(160)	-
Other operations	(56)	62
Preference shares	(524)	(108)
Cash generated to MMH	3 424	2 400
Ordinary dividend	(1 816)	(1 498)
Net of dividend payment	1 608	902
Approved buyback	(1 000)	(750)
Net of buyback & dividend	608	152

Other topical matters

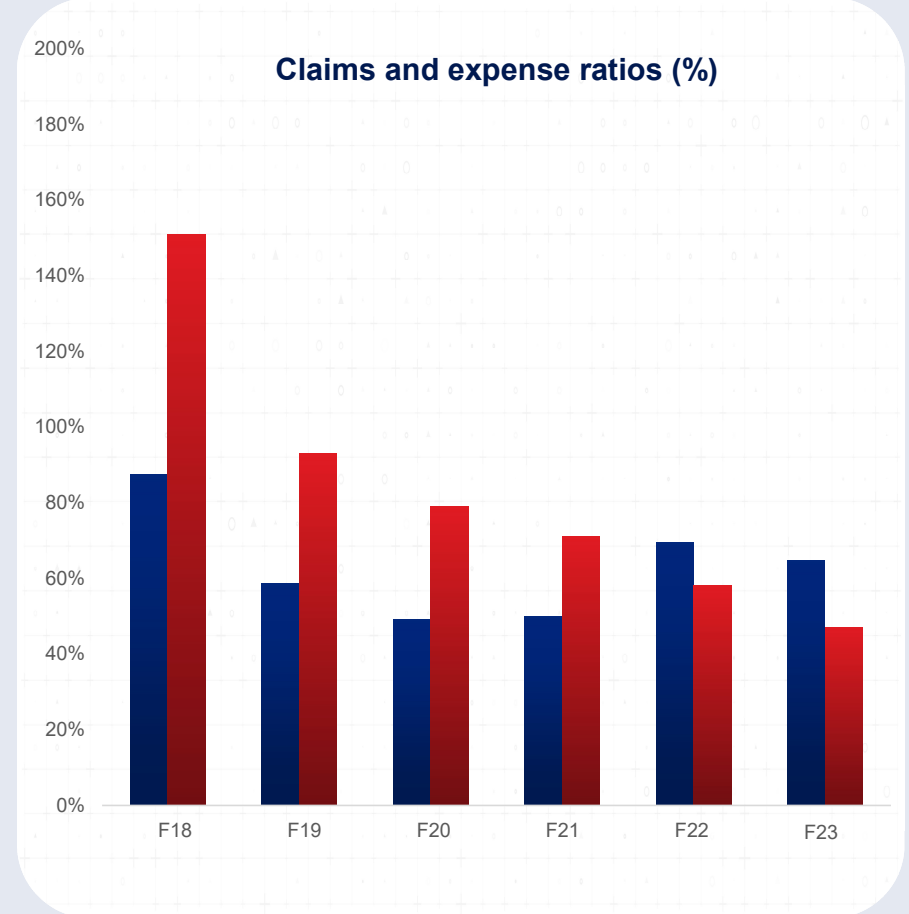
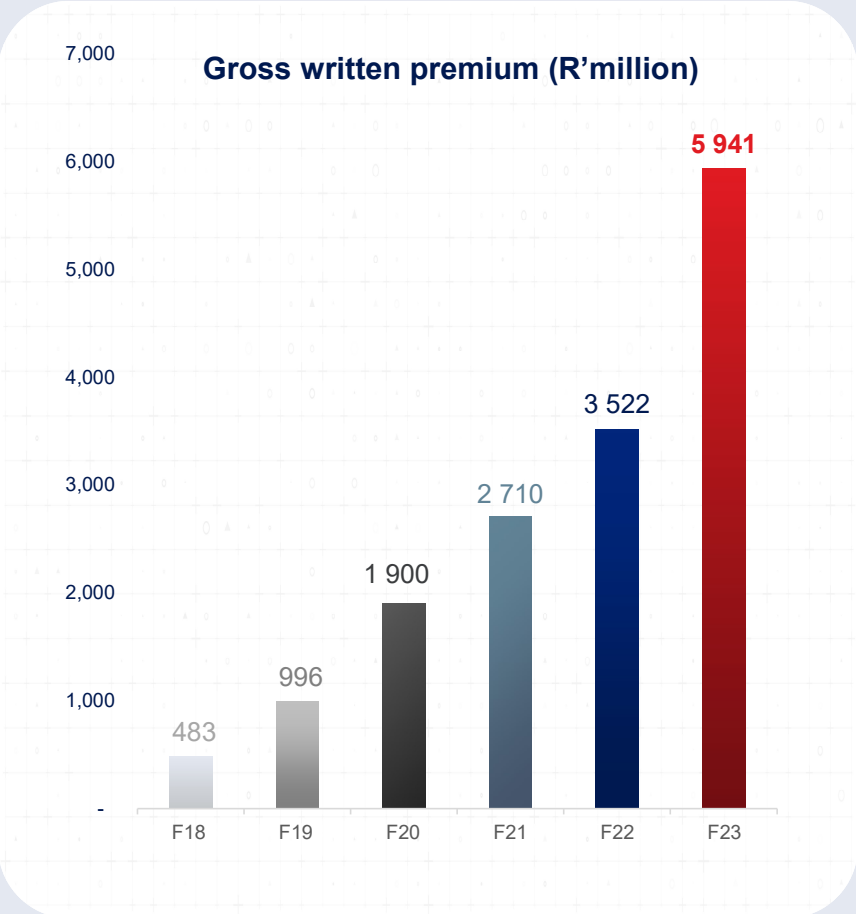
1 ABHI journey

2 IFRS17 Transition note

IFRS 17 Transition

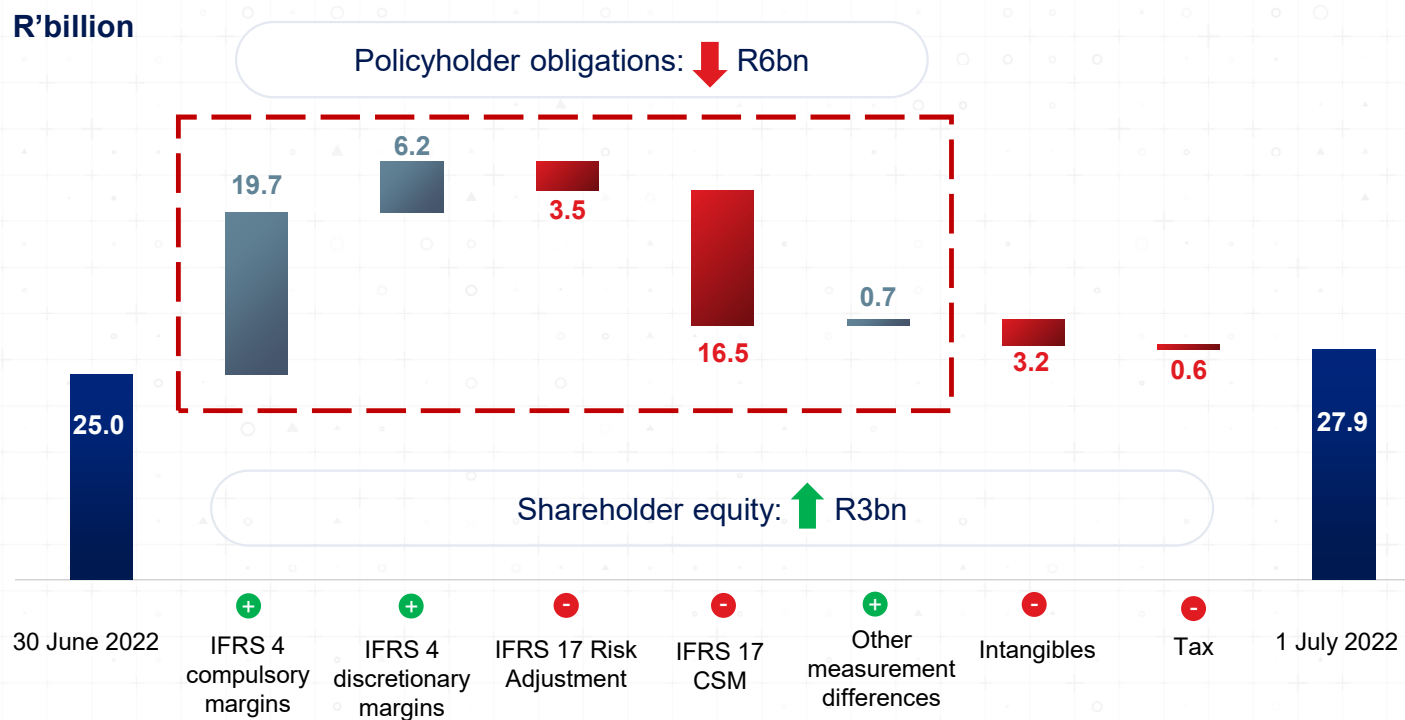


India story to date



■ Claims ratio ■ Expense ratio

Expected shareholder equity impact on 30 June 2022



Financial overview conclusion

- 1** Underlying earnings evidence of solid progress in operations and on execution of our strategy.
- 2** Strong balance sheet and liquidity enables concurrent attractive dividends and a buyback.
- 3** Winning market share remains number one priority in current macro-environment.
- 4** My 3 top-of-mind issues; (1) embed IFRS 17 into everything, (2) margins on retail protection businesses, and (3) Insure underwriting actions.

3. Capital management and solvency



Capital & Solvency level



Assets backing Capital



Gearing position



Maturity profile



Capital management and solvency highlights

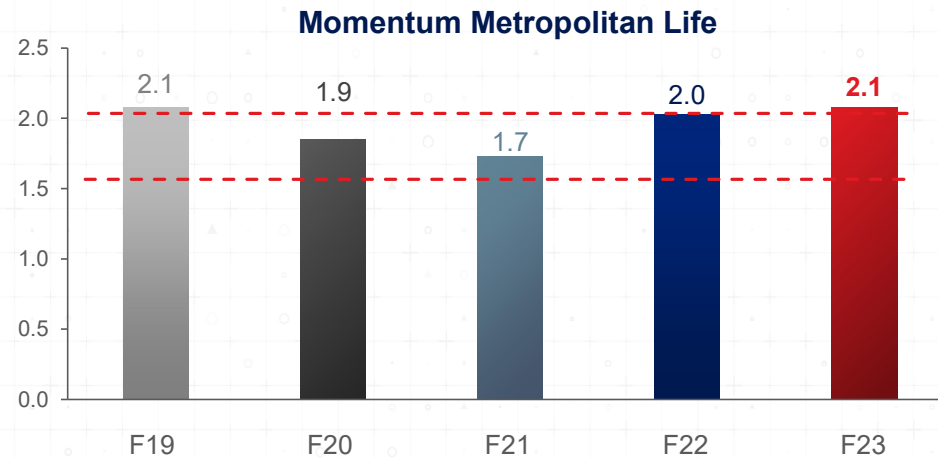
- 1** Capital managed efficiently according to a well-defined framework.

- 2** Strong solvency position with regular stress testing and balance sheet projections.

- 3** Natural balance sheet de-gearing from earnings growth and conservative debt issuance.

- 4** Maturity profile managed conservatively with consistent level of regular debt issuances.

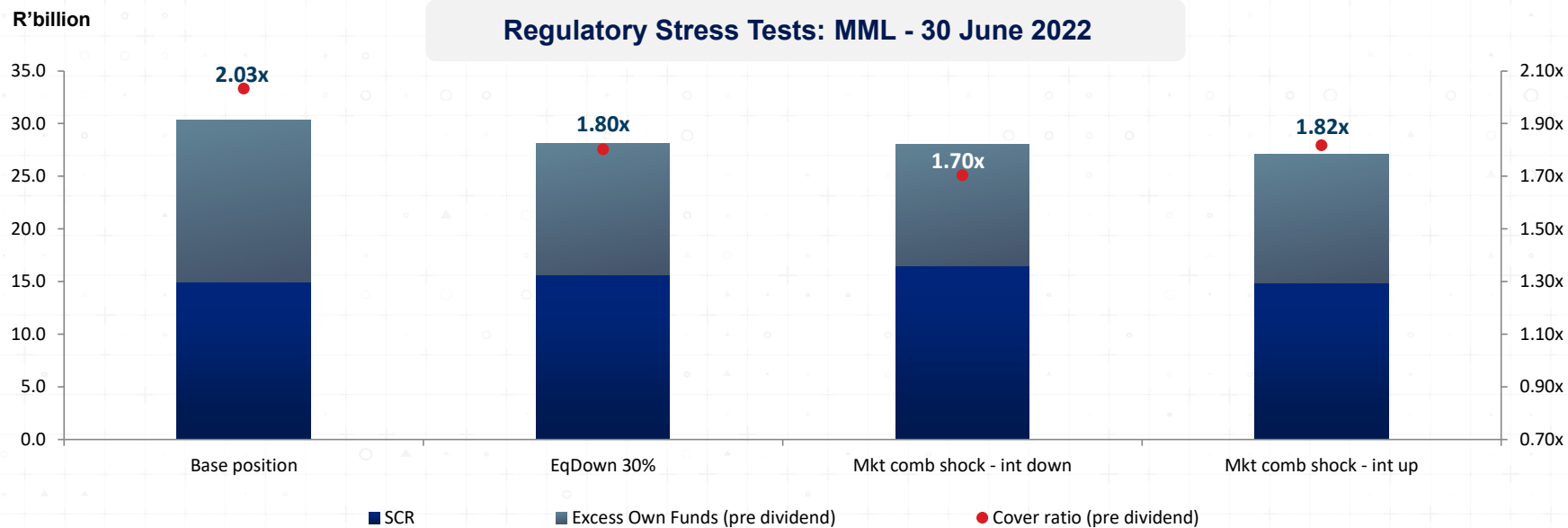
Capital cover remains toward the upper end of specified target ranges



Regulatory solvency position (R billion)	30 June 2023
Eligible own funds (pre-dividend)	31.5
Solvency Capital Requirement (SCR)	15.2
SCR cover (times)	2.1
SCR cover (times) - 30 June 2022	2.0

--- Target range

Strong and resilient solvency position under different stresses



Stress tests descriptions:

- Interest rates
- Equity prices
- Equity volatility

Equity down 30%:

- n/a
- 30% reduction
- n/a

Market combination stress – interest rates down:

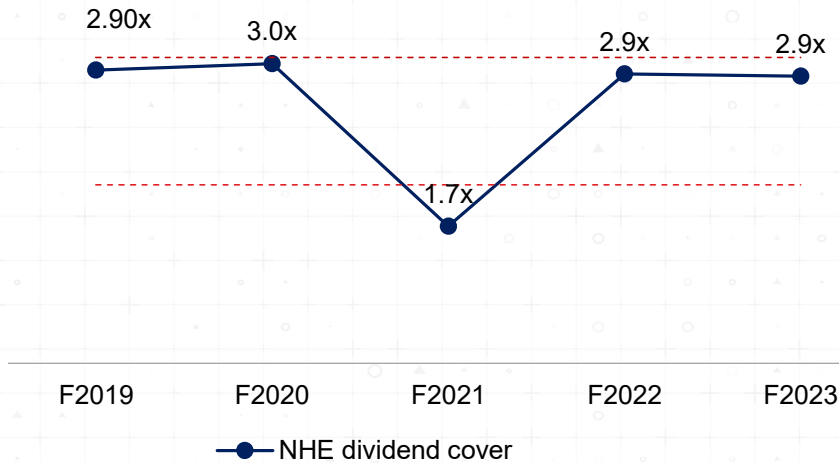
- 250bps decrease in nominal yields
- 30% reduction
- 15% absolute increase

Market combination stress – interest rates up:

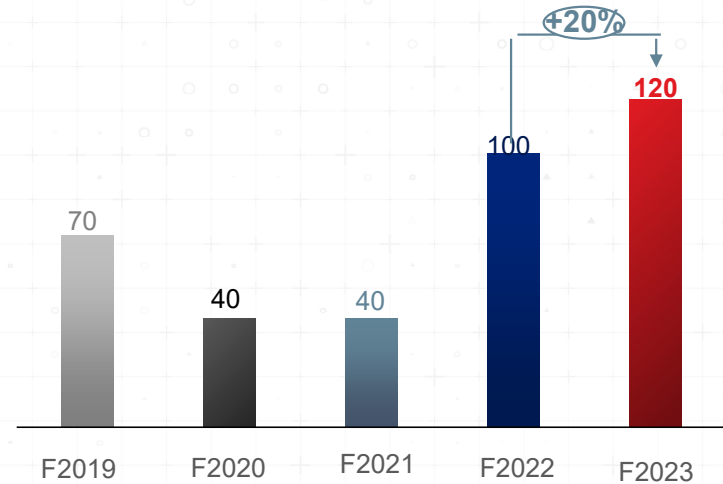
- 250bps increase in nominal yields
- 30% reduction
- 15% absolute increase

Consistent application of the sustainable dividend policy

NHE ordinary dividend cover (history)



Final dividend per share (cents)



Total dividend is **35%** of **NHE**

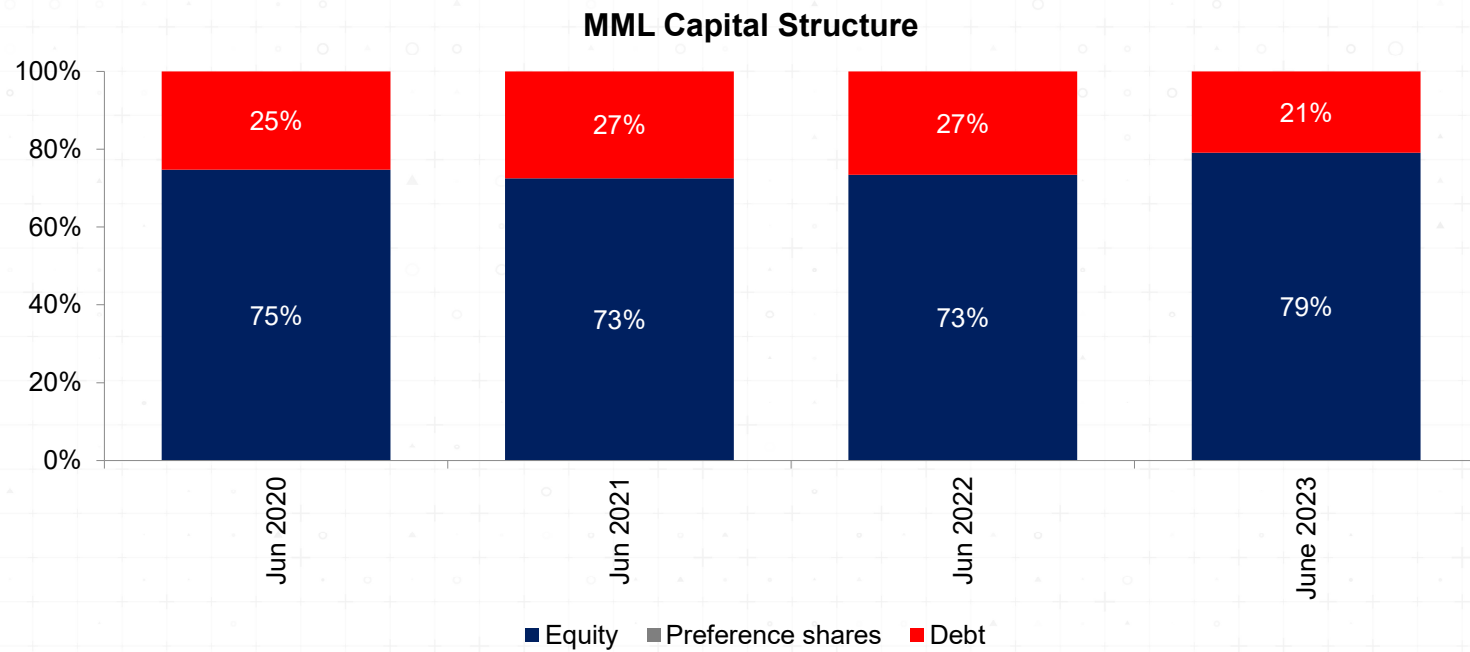
Final dividend payout target range remains at **33%** to **50%** of NHE

Total of R1 billion made possible by strong earnings – R500m concluded in the last 6 months and R500m approved for further execution

Approach to investment of assets backing the Capital

- Available capital: The assets backing the MML capital adjusted for goodwill, holdings in strategic subsidiaries and inter group loans
- Available capital is invested to back the Required capital and excess capital
- Conservative investment mandate applied for assets backing required capital
- Subordinated debt portfolio backs Required capital
 - Assets backing the subordinated debt portfolios are invested to match the term and cashflows of the subordinated debt liabilities (interest payments and principal redemptions)
- Assets backing the surplus capital available or surplus capital for distribution are invested in cash and near cash instruments to enable agile deployment and distribution of capital.

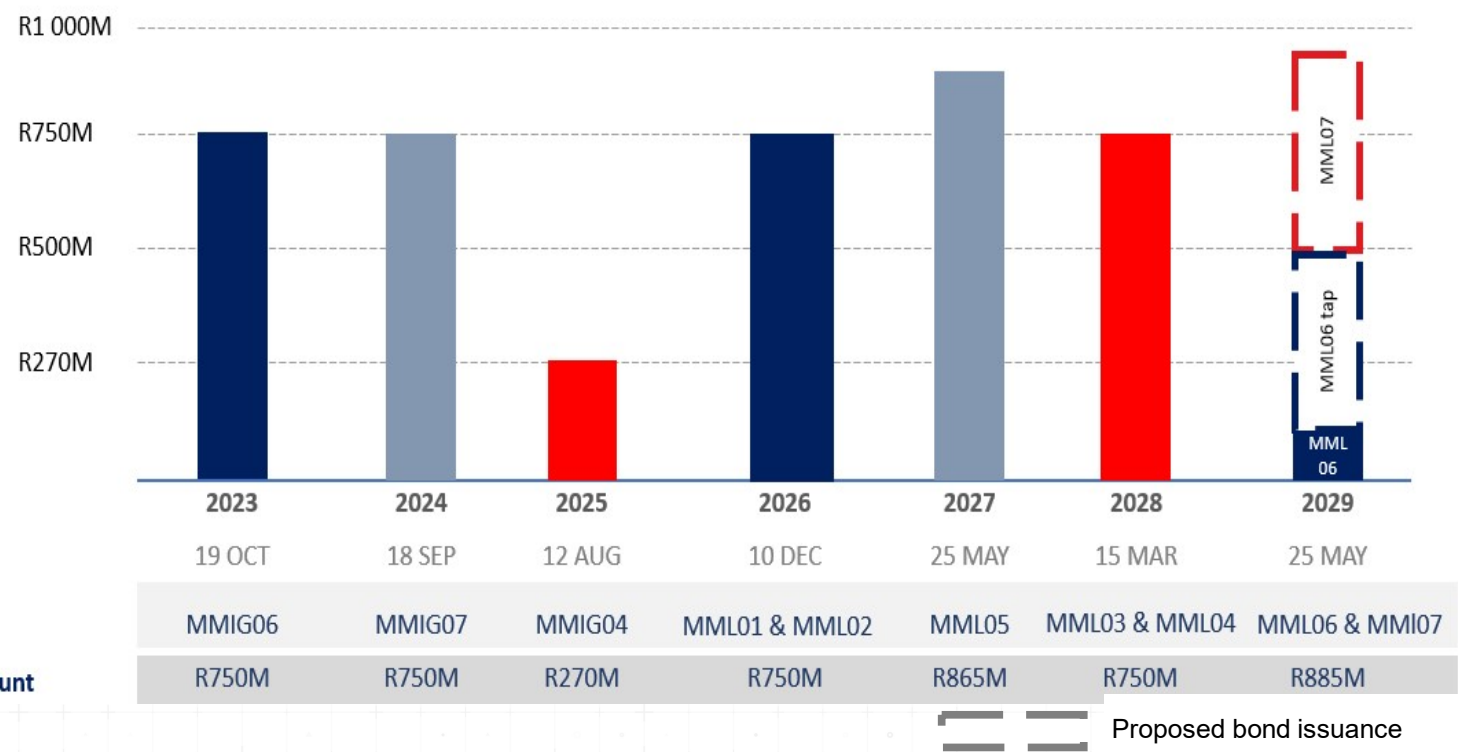
Capital management – Gearing



Gearing ratio decreased due to increase in equity while gross debt levels remained constant

Debt maturity profile well managed

Subordinated debt maturity profile



Momentum Metropolitan Life credit rating

- Credit rating issued by Moody's Investor services.
- In the February 2023 report, Moody's commented that "Momentum Metropolitan Life Limited's (MML) Ba1 global scale and Aaa.za national scale, Insurance Financial Strength (IFS) ratings reflect the insurer's top tier market position in South Africa, its solid capital position and its flexible product characteristics, which serve to reduce the impact on the group from potential stresses related to credit pressures at the sovereign level"

Entity	Type	National scale	Global scale	Outlook
Momentum Metropolitan Life	Insurance Financial Strength	Aaa.za (AAA)	Ba1 (BB+)	Stable
Momentum Metropolitan Life	Issuer rating	Aa1 .za (AA+)	Ba2 (BB)	Stable
Subordinated debt	N/a	Aa3.za (AA-)	Ba3 (BB-)	Stable

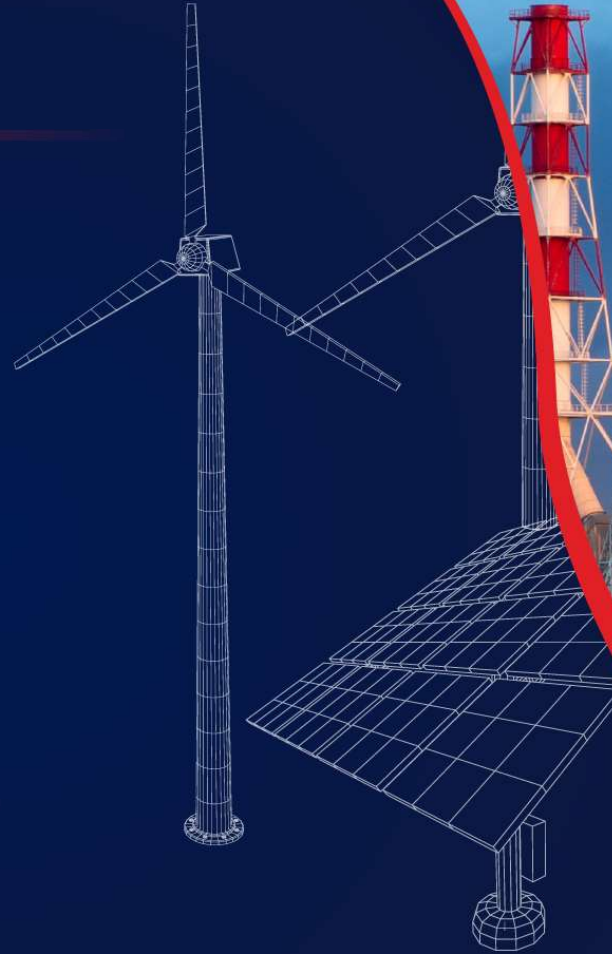
4. Instrument Structure



MML06 tap / MML07



Indicative timelines



MML06 tap indicative terms

Issuer	Momentum Metropolitan Life Limited
Credit ratings	Insurer Financial Strength Aaa.za
	Issuer Aa1.za
	Subordinated Debt Aa3.za
Rating Agency	Moody's Investor Service
Programme	ZAR10bn Subordinated Note Programme listed on the Interest Rate Market of the JSE Limited
Indicative target issue size	ZAR750m to ZAR800m in total between fixed and floating rate note, with fixed/floating rate note allocation decided on the auction day
Indicative tenor	5.5 years
Note profile	Fixed rate, Bullet
Ranking	Subordinated
Security	Unsecured
Key terms	<ul style="list-style-type: none"> • Capital Bullet payment • Issuer's Optional Redemption <ul style="list-style-type: none"> • Tax reasons • Regulatory event
Prudential Authority Approval	Granted on 7 September 2023
Auction process	Sealed bid without feedback (Dutch Auction)
Proposed auction date	11 October 2023 (09:00 to 11:00) T+3 settlement
Use of proceeds	To redeem the R750mn MMIG06 note issued in October – December 2017 and callable in October 2023

MML07 indicative terms

Issuer	Momentum Metropolitan Life Limited
Credit ratings	Insurer Financial Strength Aaa.za
	Issuer Aa1.za
	Subordinated Debt Aa3.za
Rating Agency	Moody's Investor Service
Programme	ZAR10bn Subordinated Note Programme listed on the Interest Rate Market of the JSE Limited
Indicative target issue size	ZAR750m to ZAR800m in total between fixed and floating rate note, with fixed/floating rate note allocation decided on the auction day
Indicative tenor	5.5 years
Note profile	Floating rate, Bullet
Ranking	Subordinated
Security	Unsecured
Key terms	<ul style="list-style-type: none"> • Capital Bullet payment • Issuer's Optional Redemption <ul style="list-style-type: none"> • Tax reasons • Regulatory event
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Use of proceeds	To redeem the R750mn MMIG06 note issued in October – December 2017 and callable in October 2023

Indicative timelines

Date	Action item
21 & 28 September 2023	Investor roadshow
28 September 2023	Termsheet, draft applicable pricing supplement(s) and auction details released to investors
TBU	Moody's pre-sale rating released on MML07
4 October 2023	Updated termsheet with price guidance released to investors
11 October 2023	Proposed Auction Date
16 October 2023	Settlement Date (T+3)



Thank you