



# MMI Holdings Investor Conference

Hillie Meyer  
15 October 2018



# Reset and grow

**Reset**



**Grow**



Fix the basics



Address cost base



Distribution



Products

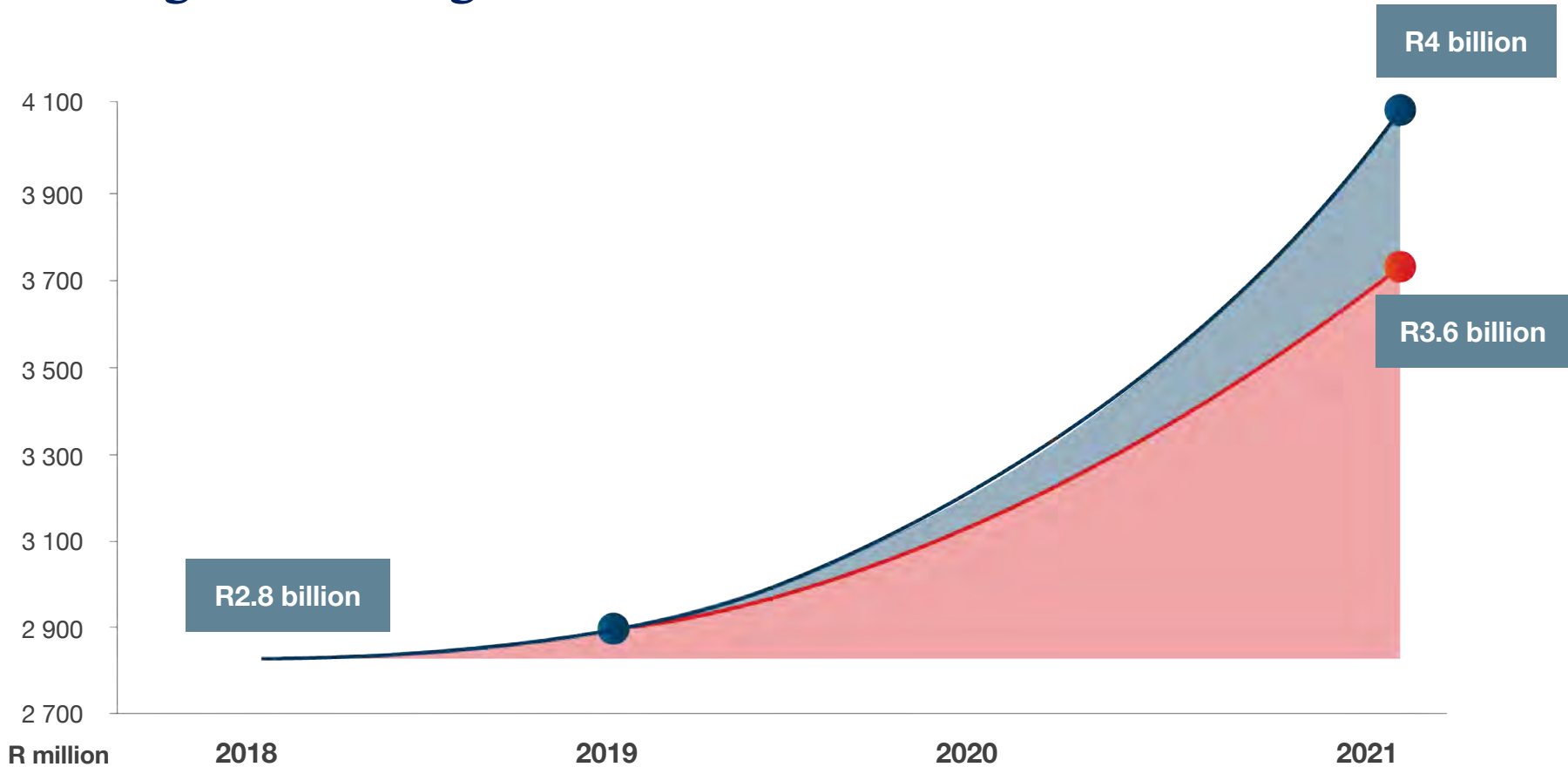


Service



Marketing

# Earnings reset and grow

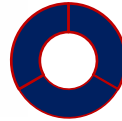


# Group-wide

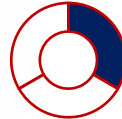
Reset progress



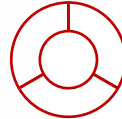
**Strengthen** senior leadership



**Revisit** Sandton head office



**Cost savings**



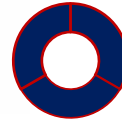


# Momentum Retail

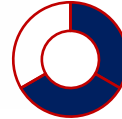
Reset progress



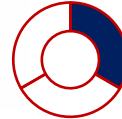
Full value chain



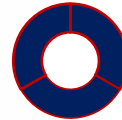
Reshape distribution channels



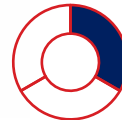
Improve client service



Scale back UK presence



Wealth platform fees

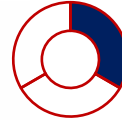


# Metropolitan Retail

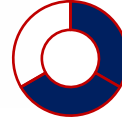
Reset progress



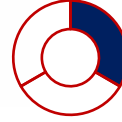
**Stabilise** sales force



System **migration**



**Upgrade** points of sale

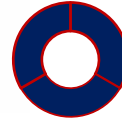


# Momentum Corporate

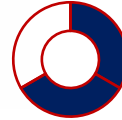
Reset progress



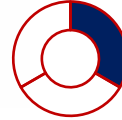
Full value chain **responsibility**



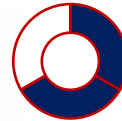
**Strengthen** leadership team



**Rebuild** distribution



**Improve** underwriting experience

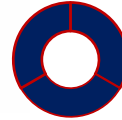


# Health

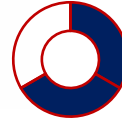
Reset progress



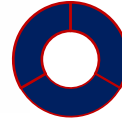
Systems **consolidation**



Public sector **value proposition**



BEE **transactions**

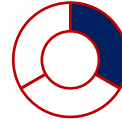


# Africa

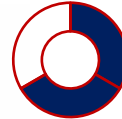
Reset progress



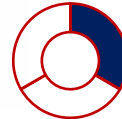
Exit selected countries



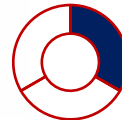
In-country **governance and control**



Strengthen leadership teams



Finalise operating model

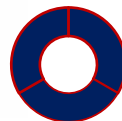


# Guardrisk

Reset progress



Reprice loss-making schemes

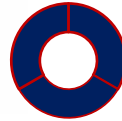


# Momentum Short-Term Insurance

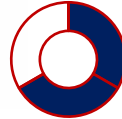
Reset progress



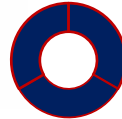
Full value chain **responsibility**



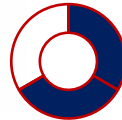
SA focus **only**



**Exit car dealerships**



**Enhance pricing and underwriting capability**





**#CountUsIn**





MMI HOLDINGS



## MMI Holdings Investor Conference

## Reset & Grow Financial projections

Risto Ketola  
15 October 2018



momentum

*multiply*



METROPOLITAN

GUARDRISK

ERIS

# Agenda

## Part 1

The really big picture

## Part 2

Stylised explanation

## Part 3

Business unit contributions to “Reset & Grow” financials

## Part 4

Head Office & Group Finance role

## Part 5

Closing comments

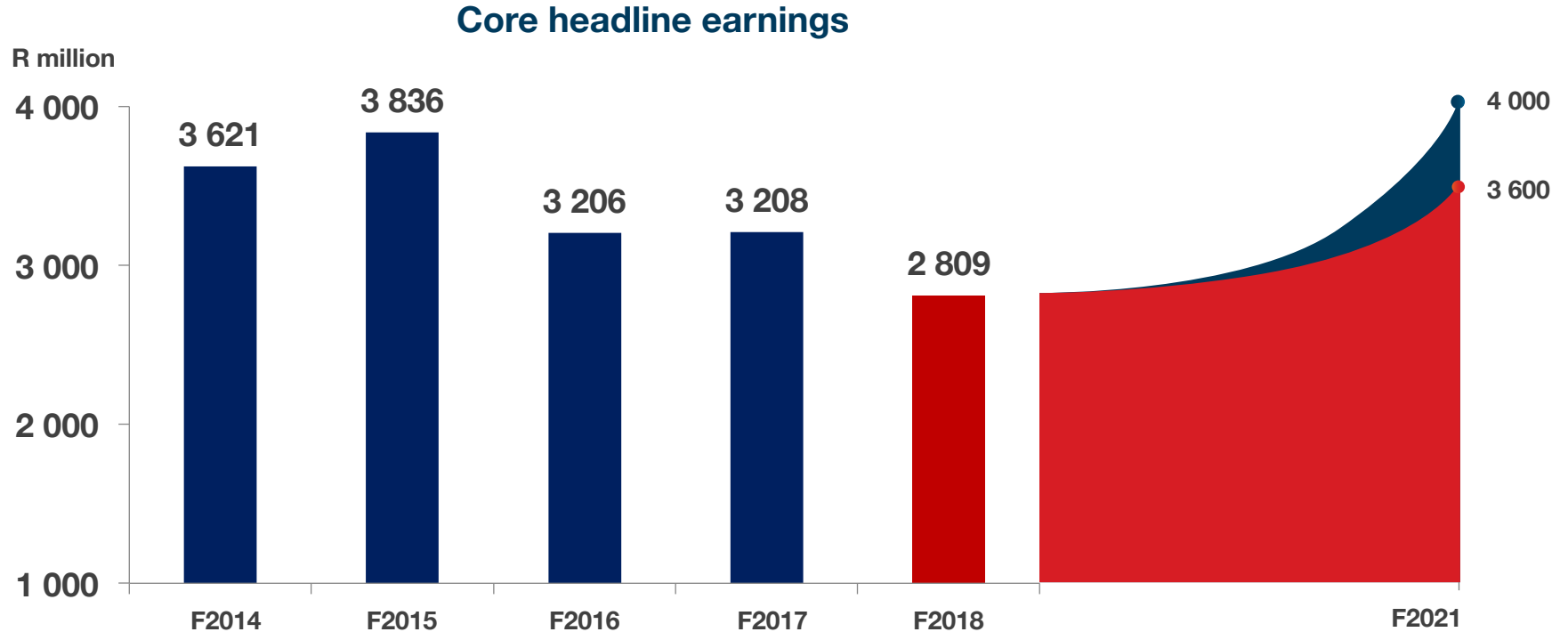


**The really  
big picture**



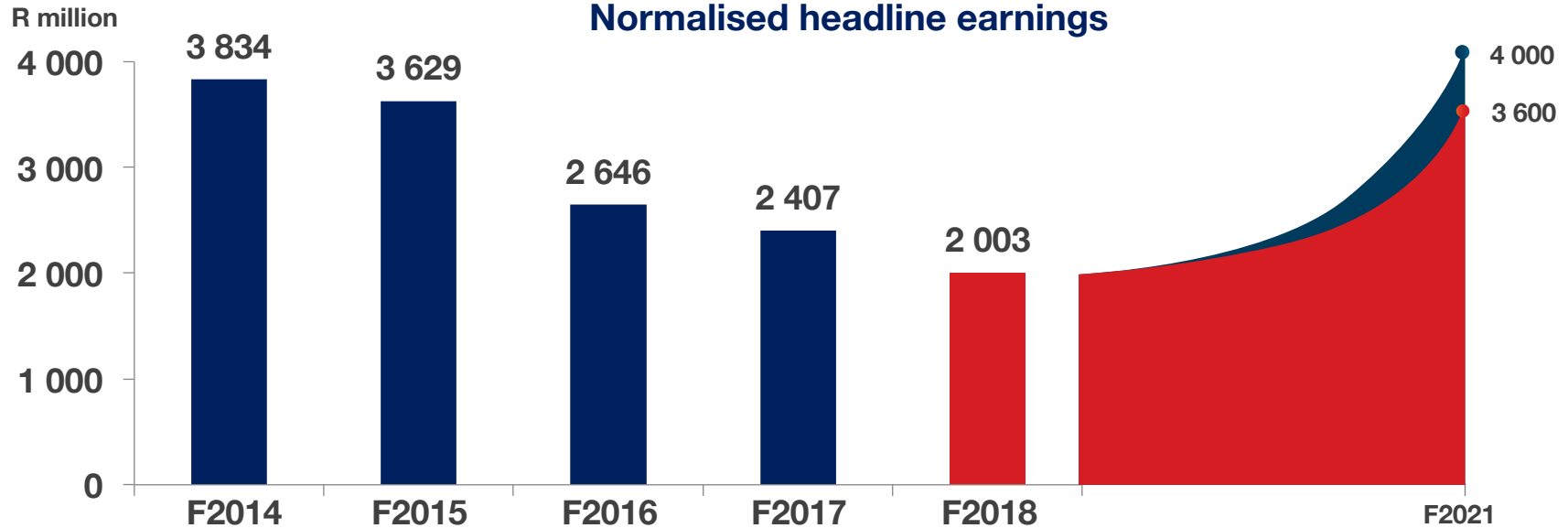
# Core headline earnings

Past and projected



# Normalised headline earnings

Past and projected



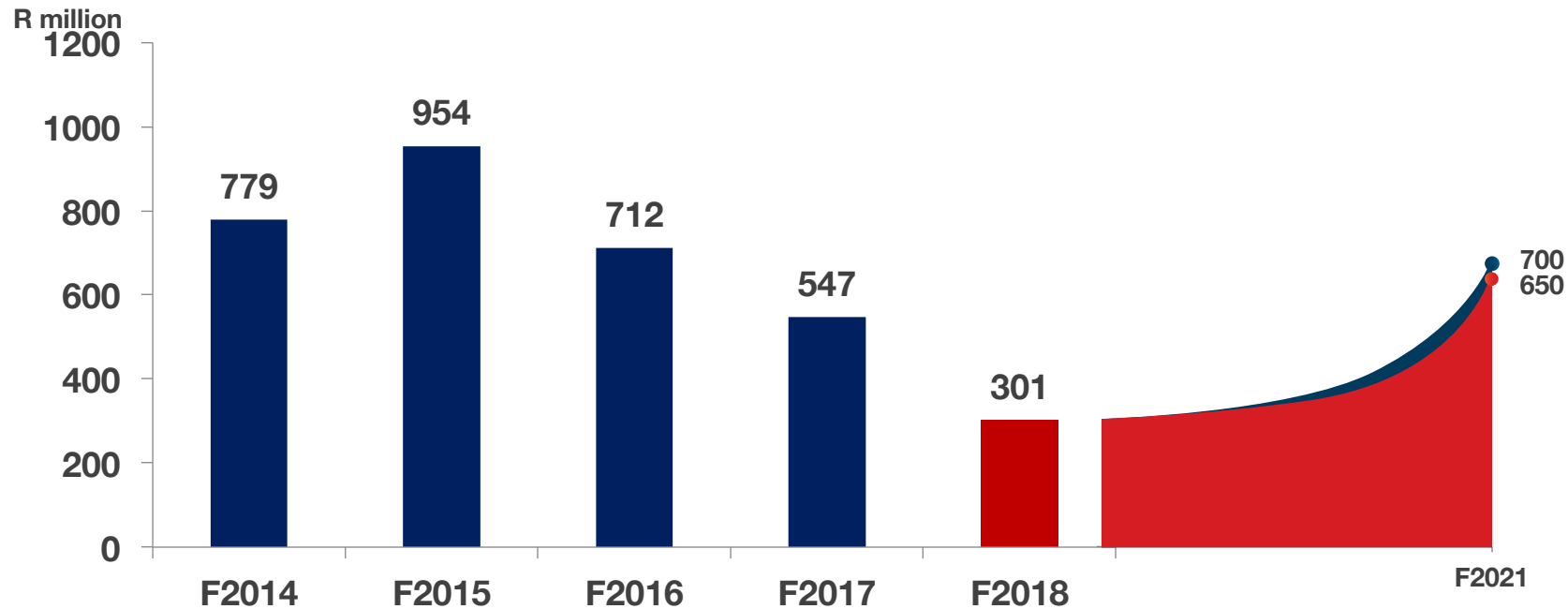
## Assumptions for Normalised Headline Earnings projection

- Actual investment return in line with assumed returns
- No material assumption changes
- No material non-recurring items

# Value of new business

Past and projected

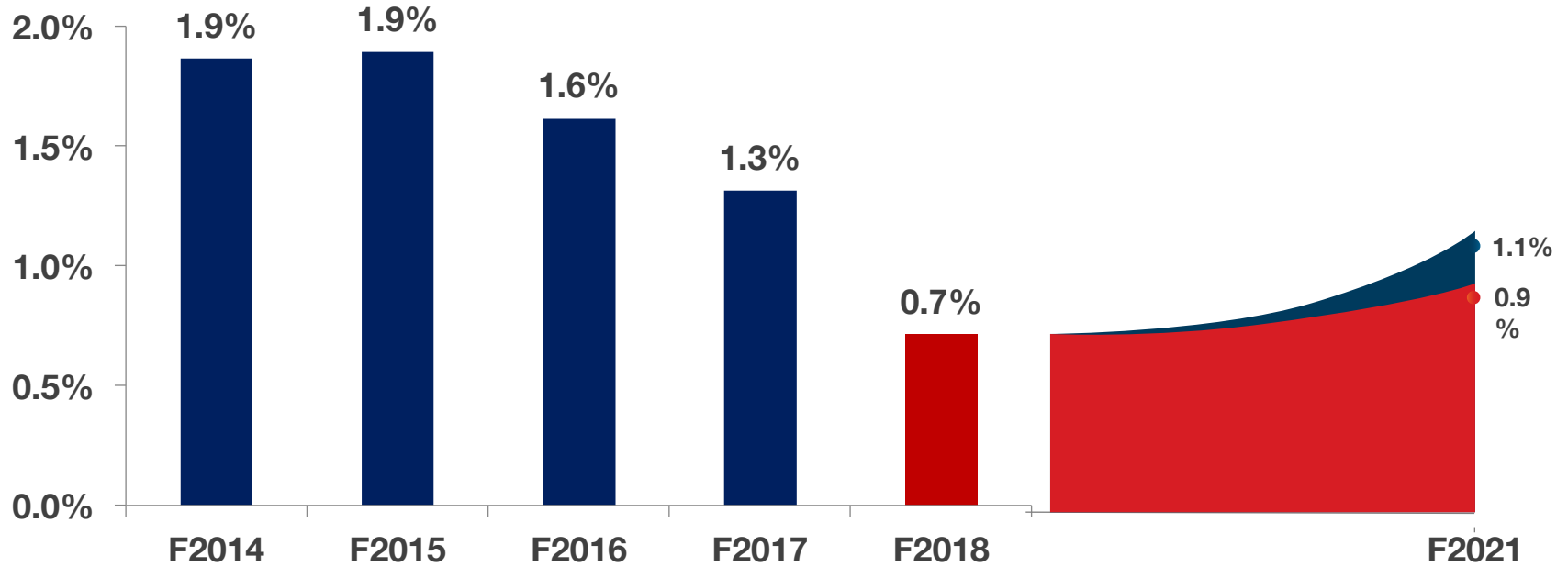
## Value of new business



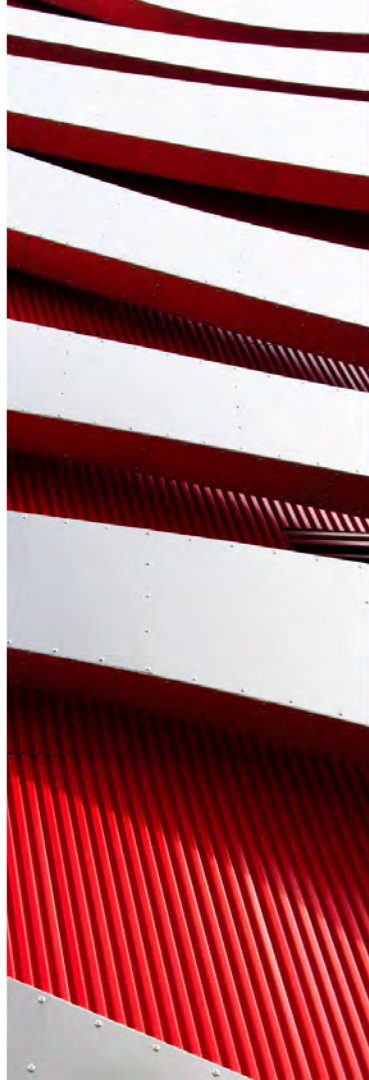
# New business margin

Past and projected

## New business margin



**Stylised  
explanation**





# Where does the additional R1bn\* earnings growth come from?



F2018 earnings R2.8bn

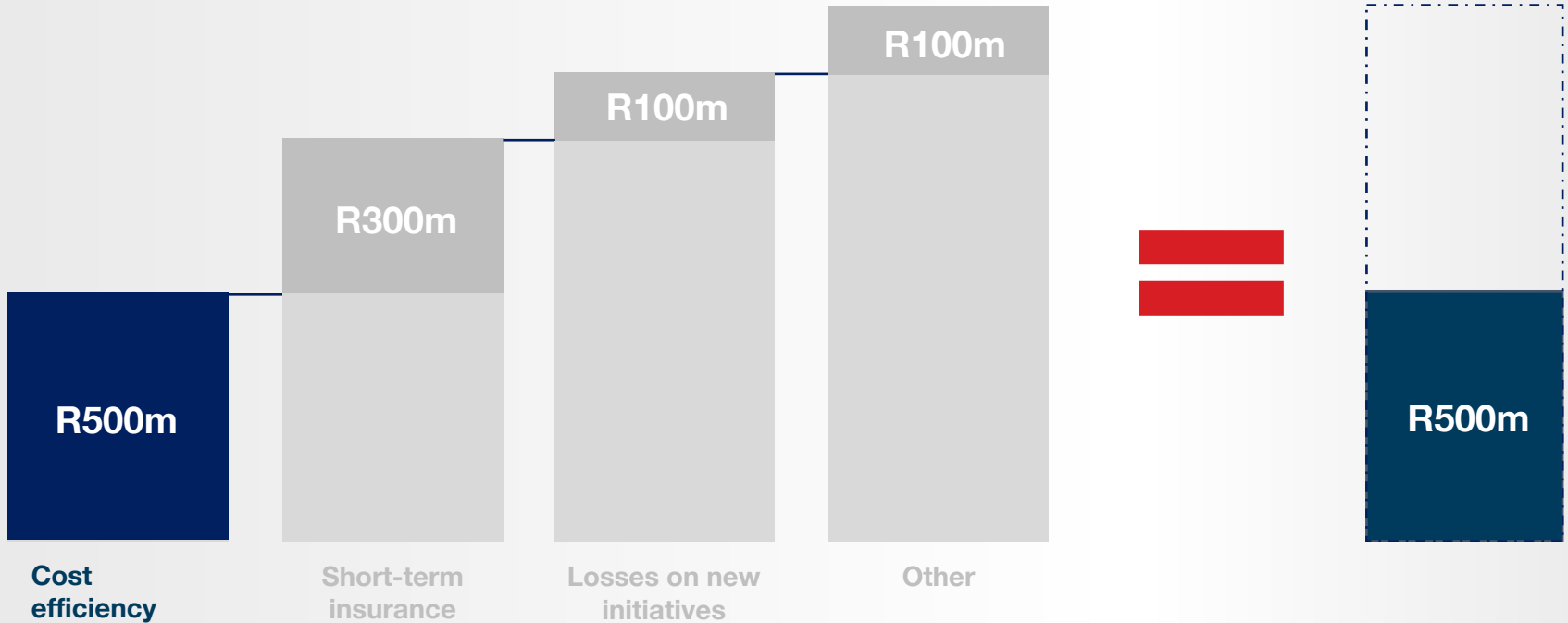


F2021 earnings R3.8bn

CAGR = 11%

\* R1bn reflects core headline earnings growth from R2.8bn in F2018 to the midpoint of the R3.6bn – R4.0bn target range in F2021. All amounts reflect the after tax contribution over the three years to core headline earnings.

# Where does the additional R1bn\* earnings growth come from?



F2018 earnings R2.8bn



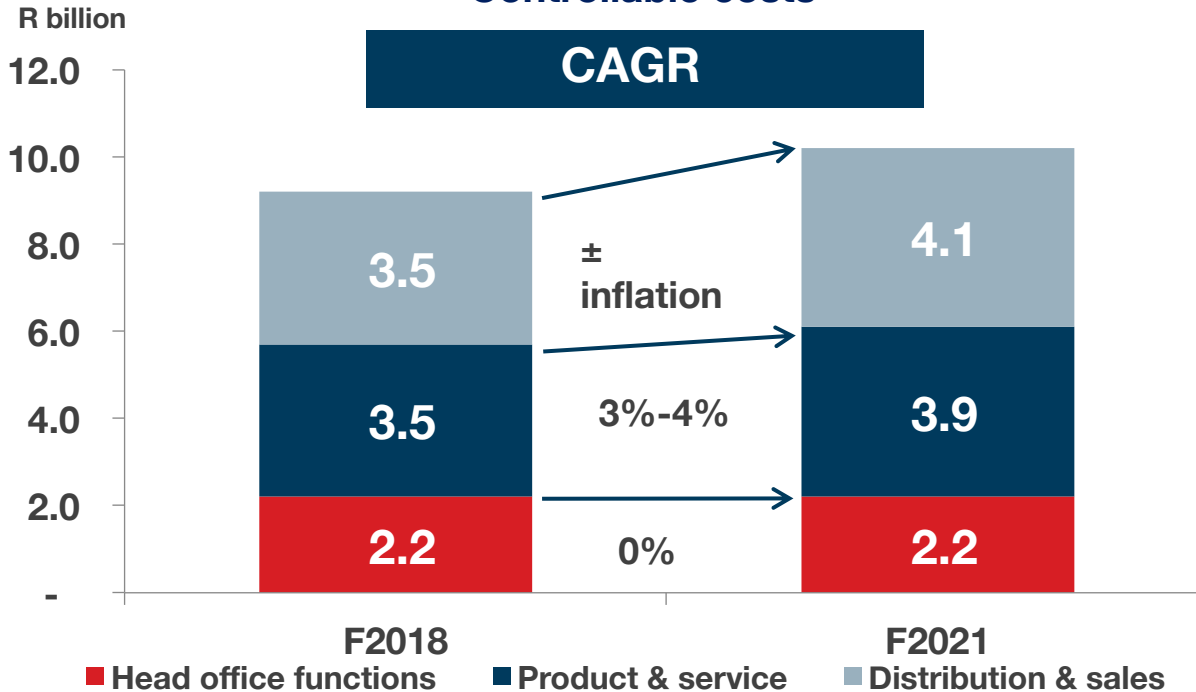
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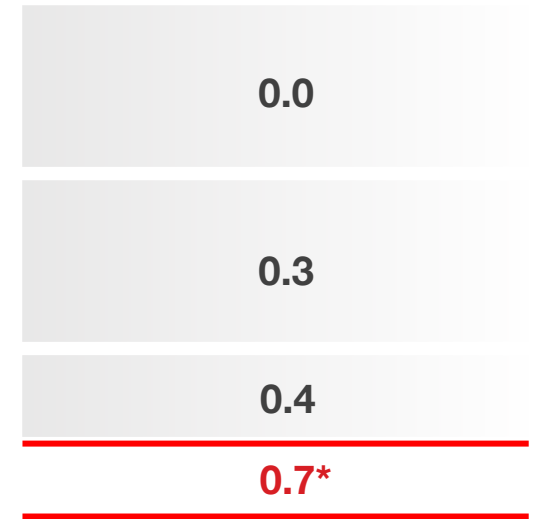
\* R1bn reflects core headline earnings growth from R2.8bn in F2018 to the midpoint of the R3.6bn – R4.0bn target range in F2021. All amounts reflect the after tax contribution over the three years to core headline earnings.

# How we will achieve the cost efficiencies

## Controllable costs



## REAL SAVING



F2018 costs R9.1bn

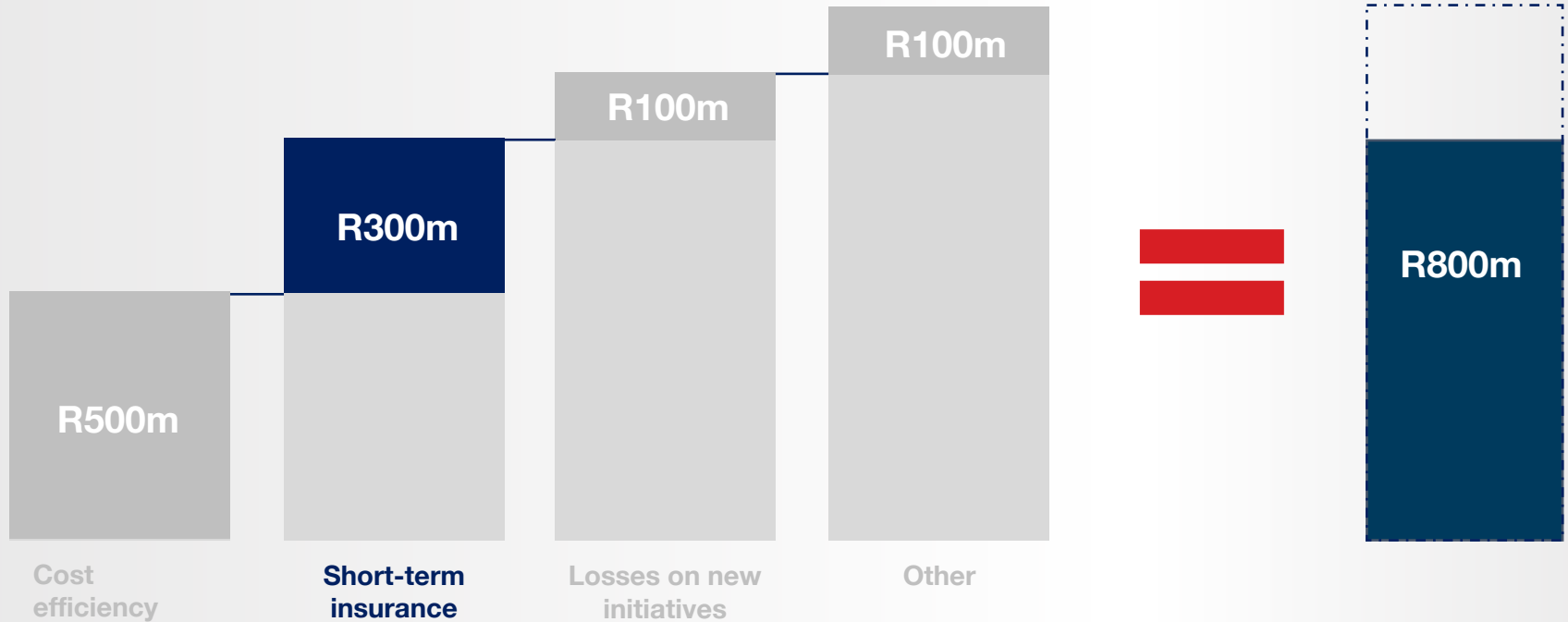


F2021 costs R10.2bn

**CAGR = 4%**

*\*Before tax*

# Where does the additional R1bn\* earnings growth come from?



F2018 earnings R2.8bn



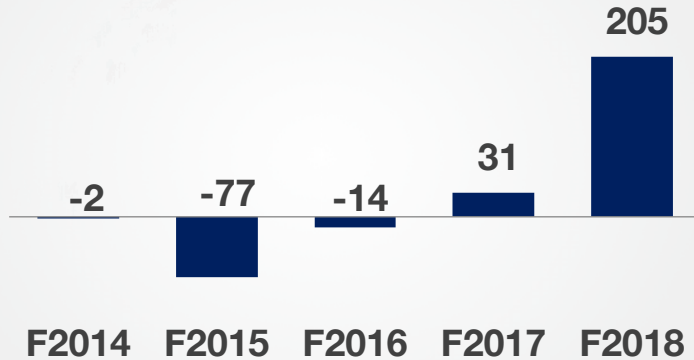
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\* R1bn reflects core headline earnings growth from R2.8bn in F2018 to the midpoint of the R3.6bn – R4.0bn target range in F2021. All amounts reflect the after tax contribution over the three years to core headline earnings.

# Short-term insurance (Guardrisk and MSTI)

## Core headline earnings history



## F2021 Core headline earnings target

R480<sup>MILLION</sup> - R540<sup>MILLION</sup>

30% - 40% PA  
CAGR over 3 years

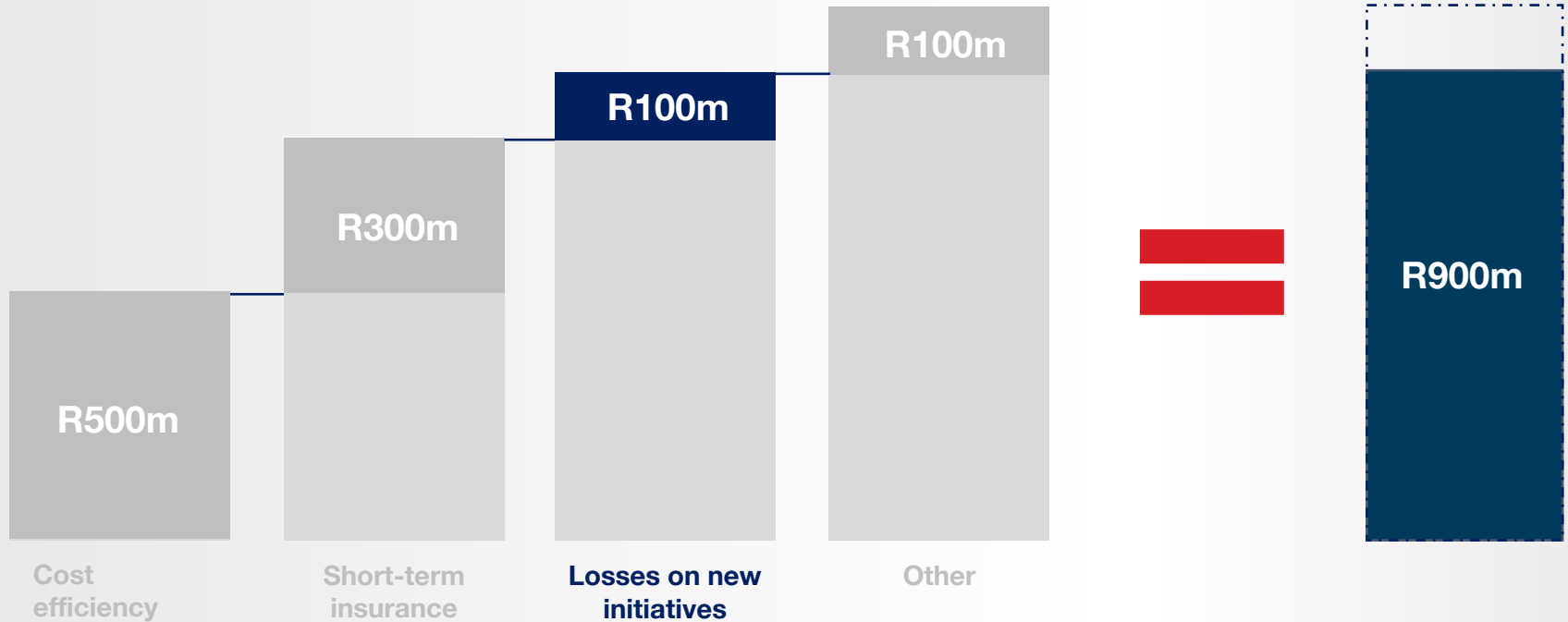
## Key drivers

- Double digit revenue growth in both Guardrisk and MSTI
- Increased underwriting risk retained by Guardrisk
- MSTI claims ratio between 60% and 65%

## Key risks

- More severe claims environment for both businesses
- Both businesses assume further market share gains
- Regulatory environment for Guardrisk

# Where does the additional R1bn\* earnings growth come from?



F2018 earnings R2.8bn

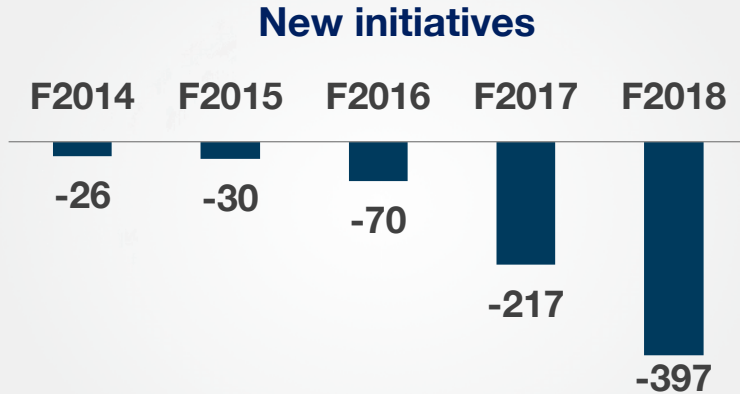


F2021 earnings R3.8bn

CAGR = 11%

\* R1bn reflects core headline earnings growth from R2.8bn in F2018 to the midpoint of the R3.6bn – R4.0bn target range in F2021. All amounts reflect the after tax contribution over the three years to core headline earnings.

# New initiatives



## F2021 Core headline earnings target

**-R310** MILLION to **-R270** MILLION

Roughly **R100m** improvement on  
**F2018** losses over 3 years

## Key drivers

- Materially lower India losses expected by F2021
- Losses in aYo and Money Management sharply lower by F2021
- No further large initiatives assumed

## Key risks

- India projections highly dependent on favorable claims ratio outcome
- Consumer behaviour assumptions in Money Management
- aYo still in early stages = high forecast risk

**Business unit  
contributions to**  
“Reset and Grow” financials



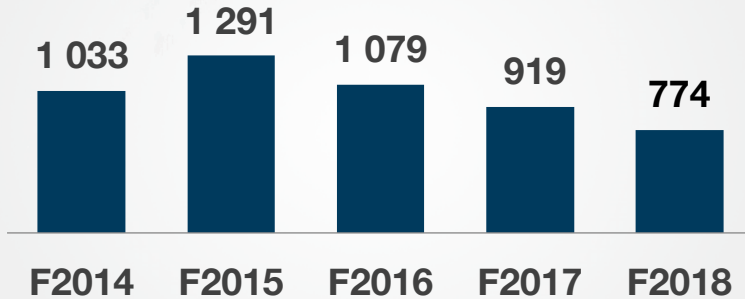


## The assumptions underlying the F2021 targets

- Muted **revenue growth** assumed in mature business units
- Strong **revenue growth** in STI and new initiatives
- **Expenses** in head office support functions remain flat
- **Experience variances** in line with recent history
- **Investment returns** projected at same rates as used for EV
- No material assumption and other **basis changes**

# Momentum Life\*

## Core headline earnings history



\*Majority of Multiply costs are aggregated into Momentum Life results

## F2021 Core headline earnings target

R950<sup>MILLION</sup> - R1 050<sup>MILLION</sup>

7% - 11% PA  
CAGR over 3 years

## Key drivers

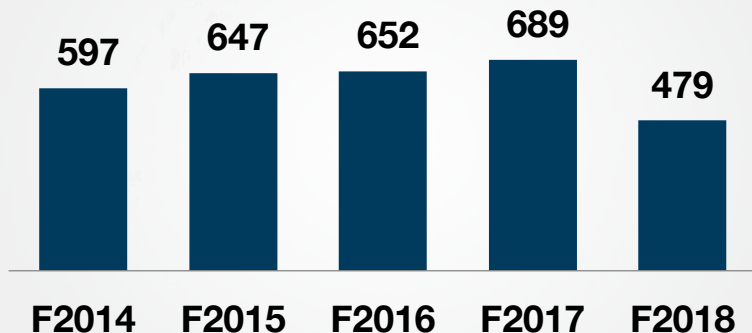
- Growth of distribution bandwidth
- Superior service, technology environment and Multiply are key differentiators
- Ongoing product innovation

## Key risks

- Highly competitive market segment
- Projections assume well below inflation expense growth; re-engineering
- Mortality and morbidity experience assumed to remain favourable

# Momentum Investments

## Core headline earnings history



## F2021 Core headline earnings target

R590<sup>MILLION</sup> - R650<sup>MILLION</sup>

7% -11% PA  
CAGR over 3 years

## Key drivers

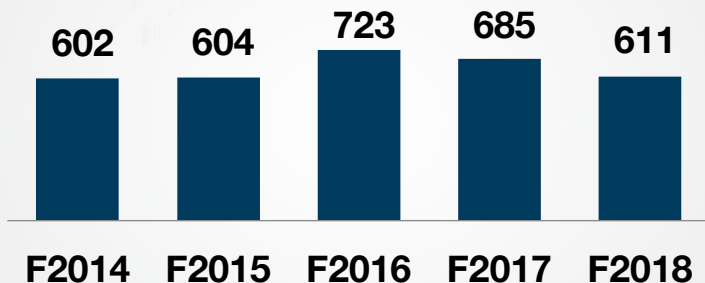
- Improved LISP market share
- Re-establish Momentum Investments as a credible investment brand
- Maintain strong position in structured products

## Key risks

- Assumes normal market conditions
- Investment performance has impact on flows potential
- Assumes stable fees after the recent round of fee reductions

# Metropolitan Retail

## Core headline earnings history



## F2021 Core headline earnings target

R610<sup>MILLION</sup> - R670<sup>MILLION</sup>

0% - 3%PA  
CAGR over 3 years

## Key drivers

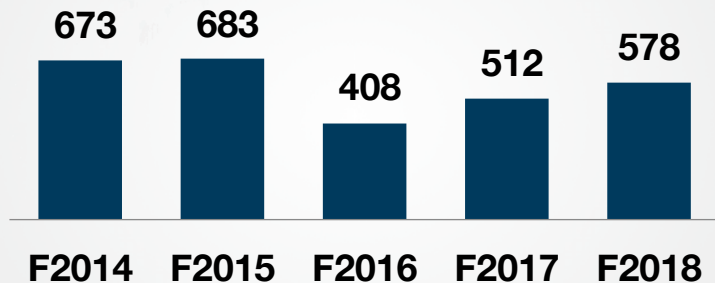
- Assumes modest increase in agent productivity
- Lapse rate in line with new assumptions
- Allows for significant investment into upgraded branch infrastructure

## Key risks

- Weak distribution performance could see VNB stuck at current levels
- Expenses outside of branch costs assumed to grow at below inflation
- New entrants into the market segment

# Momentum Corporate

## Core headline earnings history



## F2021 Core headline earnings target

R690<sup>MILLION</sup> - R770<sup>MILLION</sup>

6% - 10%**PA**  
CAGR over 3 years

## Key drivers

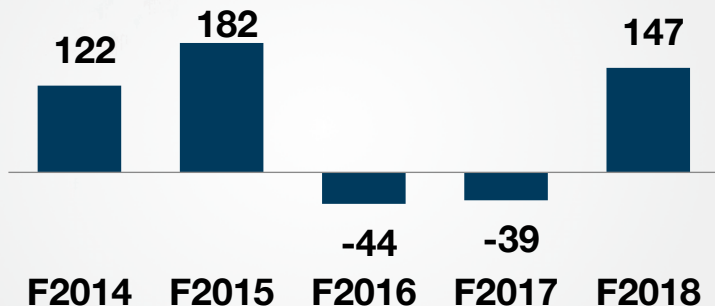
- Assumes normalisation of underwriting results by F2020
- Maintenance of high market share assumed in new business flows
- Assumes that GEMS retained in Health business

## Key risks

- Inherent volatility of new business flows
- Recent hardening in prices not guaranteed to continue in commoditised environment
- Health business revenues concentrated around few key clients

# Africa

## Core headline earnings history



## F2021 Core headline earnings target

R220<sup>MILLION</sup> - R270<sup>MILLION</sup>

14% - 22%**PA**  
CAGR over 3 years

## Key drivers

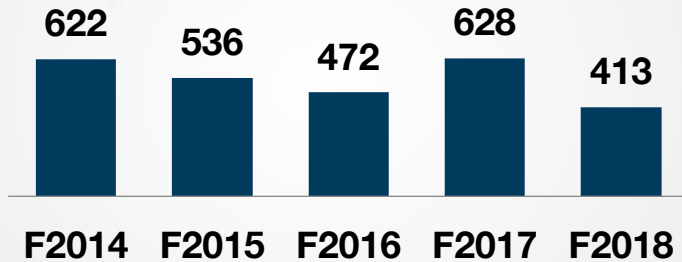
- Namibia to recover from weak F2018
- Ghana expected to continue recent positive trends
- Assumes that we complete earmarked exits in F2019

## Key risks

- 70% market share in Lesotho will attract competition
- Recent launch of Wealth and Unit Trusts offering in Namibia = forecast risk
- Prone to surprises

# Shareholders

## Core headline earnings history



## F2021 Core headline earnings target

R520<sup>MILLION</sup> - R570<sup>MILLION</sup>

8% - 11% PA  
CAGR over 3 years

## Key drivers

- Assumes stable money market rates
- Investable assets driven by retained earnings
- Assumes tight control of head office costs

## Key risks

- Reinvestment risk as most assets are floating rate instruments
- Outcome on 102 Rivonia important
- Could be impacted by overruns on special projects (e.g. IFRS 17)

**Head Office &  
Group Finance  
role in “Reset and  
Grow” financials**





# New governance structures



- Formal (sub) committees of MMI Executive
- Feedback loop to MMI Board

Supported by improved Business Performance Management

# Business Performance management

## Stakeholder Engagement

- Investor relations
- Regulatory engagement
- Internal stakeholders

## Strategic Execution & Intelligence

- Balanced scorecards
- Financial planning and forecasting
- Performance based remuneration
- Competitor analysis

## Strategic Reporting

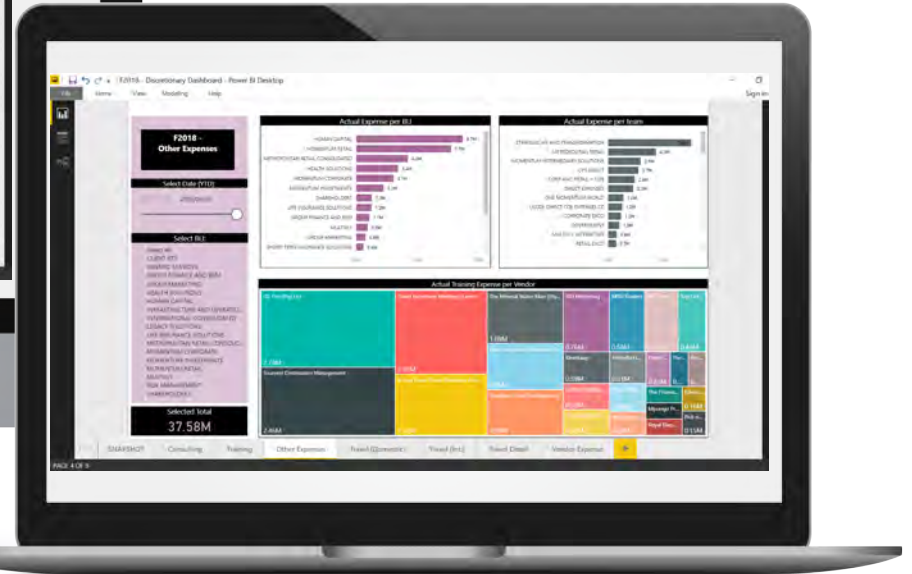
- Results announcements and trading updates
- Regular Executive and Board level financial and operational performance reporting

**Enable  
appropriate  
business  
decision  
making**

## New financial planning approach

- **Drive forward looking** budgeting and financial planning
- **Design** rolling forecasts across all business units to replace cumbersome annual budgeting process
- **Longer term** outlook of projected earnings; main focus on three year projections
- **Greater focus** on expense forecasting to contain costs
- **Identify key assumptions** by business unit to inform improvement to management accounting

# More dynamic financial management



# Performance based remuneration

Incentives linked to performance measured through Balanced Scorecards

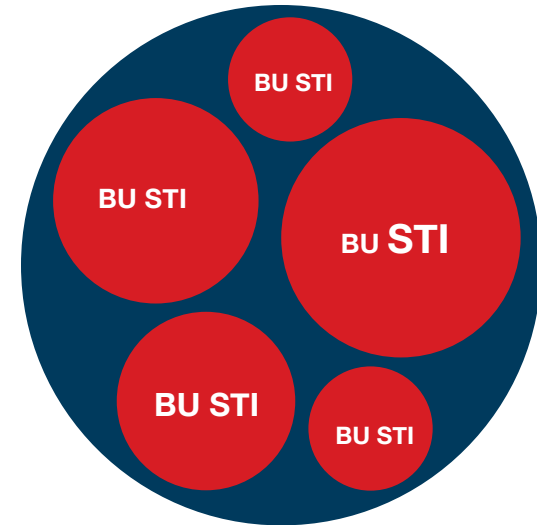
## Balanced Scorecard

| Objective                            | Weighting  |
|--------------------------------------|------------|
| <b>Financial</b>                     | <b>60%</b> |
| • Normalised Headline Earnings       | 30%        |
| • Value of new business              | 15%        |
| • Return on Embedded Value           | 15%        |
| <b>Strategic</b>                     | <b>30%</b> |
| • Client outcomes                    |            |
| • Distribution capability            |            |
| • Exit loss making Africa operations |            |
| • Success of new initiatives         |            |
| <b>Transformation</b>                | <b>10%</b> |

- **Balanced scorecard monitored at Group and business unit level**



## Short Term Incentive (STI)



*BU = Business Unit*

- **Group performance determine overall STI pool**
- **Business unit STI pool tilted due to its performance**
- **Individual STI adjusted for own performance**

**Governed by MMI Board Remuneration Committee**

**Additional  
comments**



## Capital distribution

- Complete buyback program by December 2018
- Reinstate interim dividend at the interim stage (early-2019)
- Target dividend cover of 2.5x Normalised Headline Earnings (NHE) within target range of 2.0x to 3.0x
- New dividend cover range is wider than in the past due to NHE being inherently a more volatile number than core headline earnings were
- Plan to apply same policy to interim and final dividend
- Payout ratio driven by projected balance sheet results; things could look different once we are through the significant investment into new initiatives

# Capital position under SAM

- **As at 30 June 2018**, MMIGL had a SCR cover of 1.93x

## Solvency Position

**30 June 2018**  
**R million**

### **SAM basis**

|  |               |
|--|---------------|
| Eligible own funds                         | 29 851        |
| Solvency Capital Requirement (SCR)         | 15 874        |
| Excess own funds                           | <b>13 978</b> |
| <br>                                       |               |
| Solvency ratio before foreseeable dividend | <b>1.93x</b>  |
| Solvency ratio after foreseeable dividend  | <b>1.88x</b>  |





| Questions?



**MMI Holdings Investor  
Conference**

**Momentum Retail**

**Jeanette Marais  
Johann le Roux  
Zureida Ebrahim  
15 October 2018**



# Momentum Retail

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Resetting our strategy  
for growth



MMI HOLDINGS

momentum

# Reset

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- Establish business unit focus
- Reshape channel sales
- Fix service experience
- Commercial ethos
- Winning culture



- Business unit accountability
- Growth in adviser support
- Product innovation
- Improved client engagement
- Digitisation

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# Grow

# Momentum Retail structure



Jeanette Marais



Zureida Ebrahim



Johann le Roux

Investments

Marketing

Momentum Intermediary  
Solutions

Momentum Securities

Transactional banking

Client delivery

Multiply

Insurance

Channel delivery

Investo & Traditional

Momentum Financial  
Planning

# Momentum Brand

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Reinventing our brand  
and creating visibility



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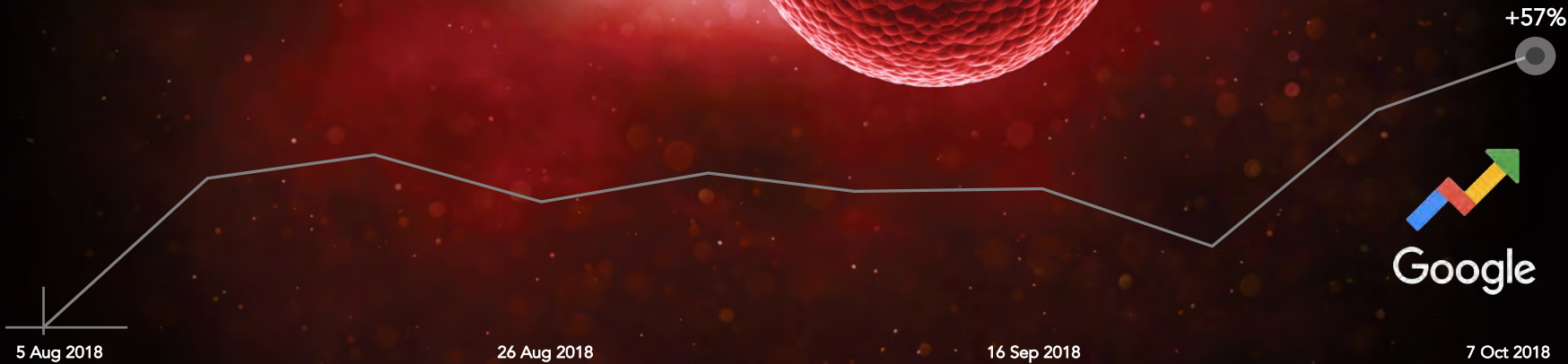
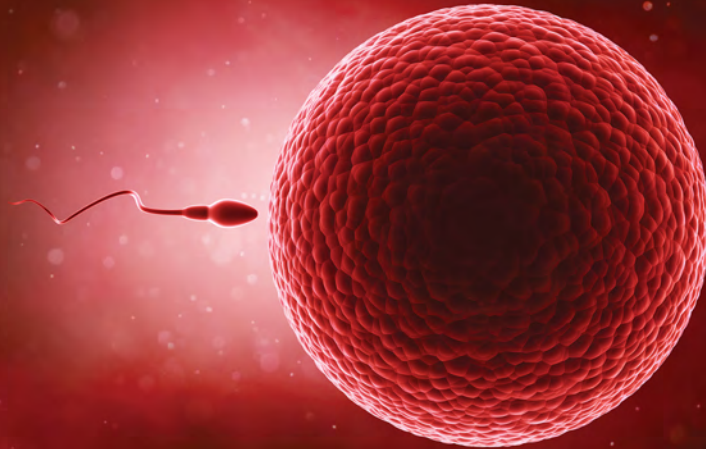
momentum





# momentum

You are born with it.  
It's called Momentum.



Source: Google Trends. Weekly Google searches for 'Momentum' for South Africa only.



# Reset

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- Financial Wellness
- Sponsorships
- Multiple brands



- Brand visibility
- Optimise marketing spend
- Differentiated positioning
- Consumer brand building

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# Grow

# Client experience

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Unwavering focus on  
service excellence



MMI HOLDINGS



momentum

# Reset

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- Service focus
- Proximity to business units
- Engineered service experience
- Systems and processes



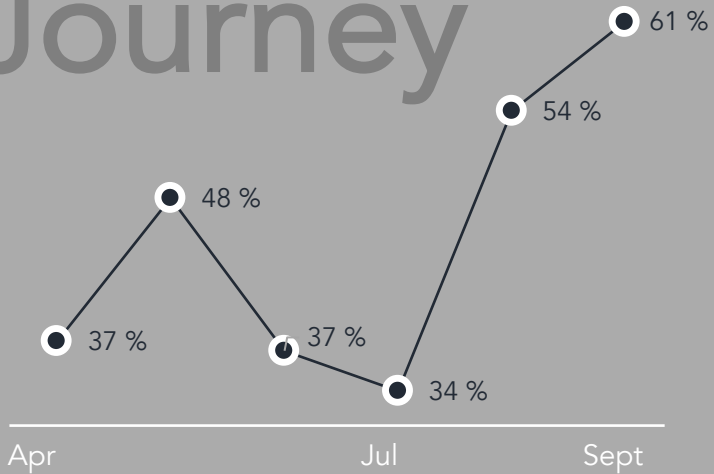
- Training
- Knowledge levels
- Recruitment discipline
- Intelligent data
- Ease-of-business

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# Grow

# Our Service Journey

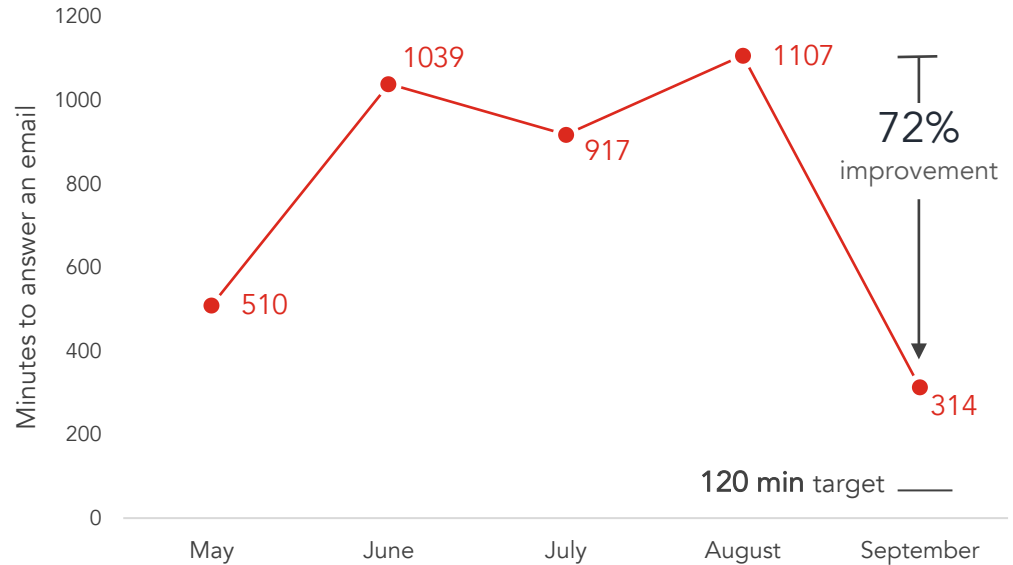
Calls answered within 20 seconds



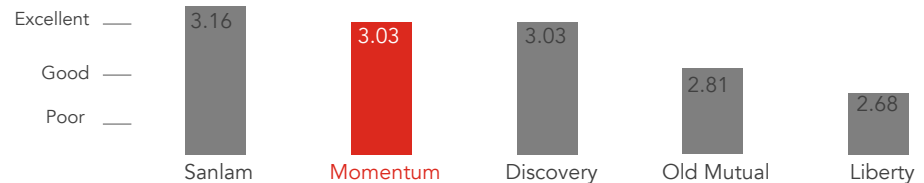
## Lost call rate

Jul 2018 35%

Sept 2018 6%



## IFA Service Feedback



Source: SBG Securities, IFA Survey. Sept 2018.

# Product innovation

---

A focus on building  
market-leading products



MMI HOLDINGS

momentum

---

momentum



Momentum  
**Investments**

Jeanette Marais

# Momentum Investments

## Platforms

Momentum  
Wealth

Momentum  
Wealth  
International

## Investment management

**OBI**

|            |               |
|------------|---------------|
| Retail     | Institutional |
| Enhanced   | Factor        |
| Target     | Target        |
| MIC        |               |
| Global OBI |               |

Building blocks

Guarantees and annuities

Securities

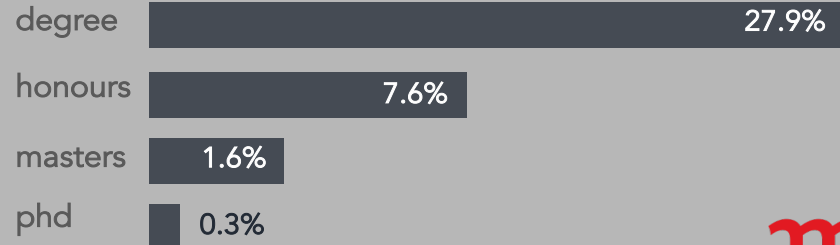
IM Partners

388

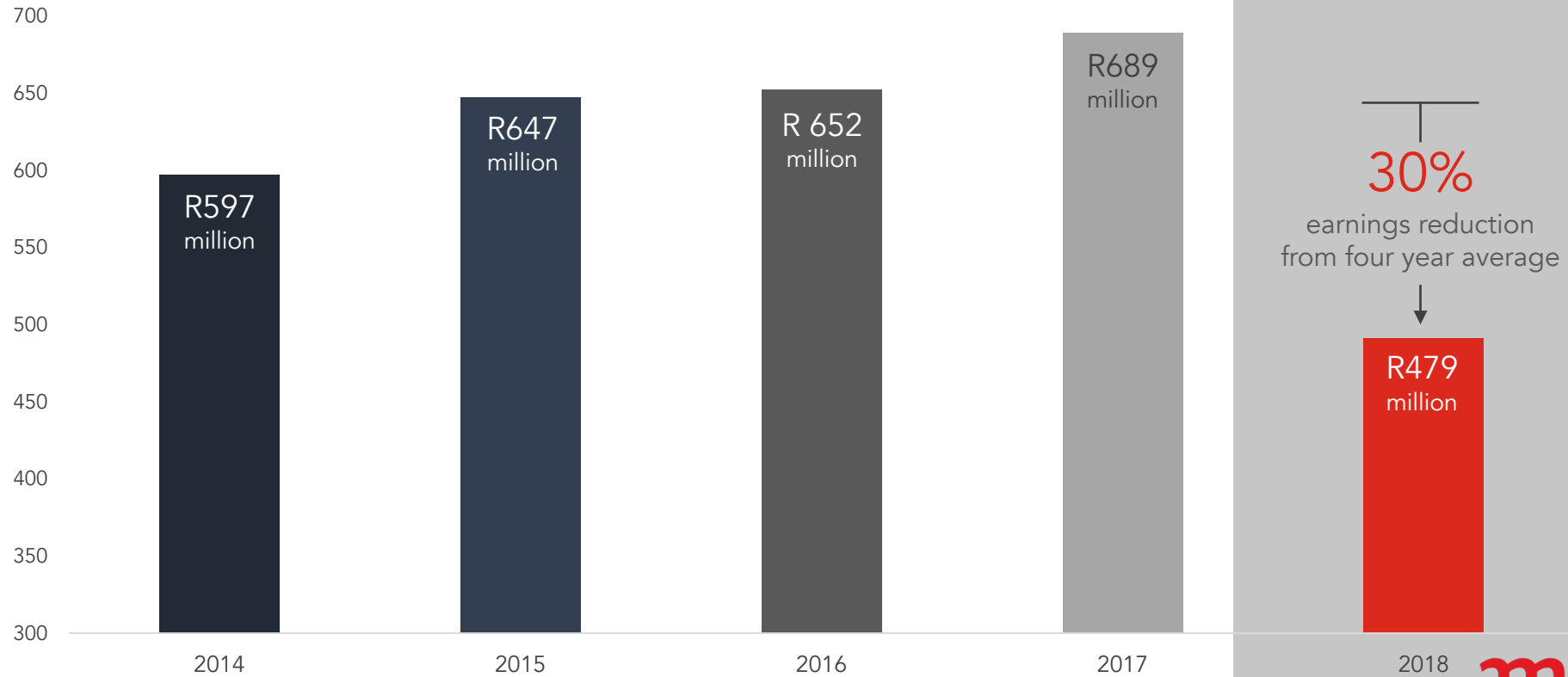
full-time  
employees

7 years

average tenure at MMI

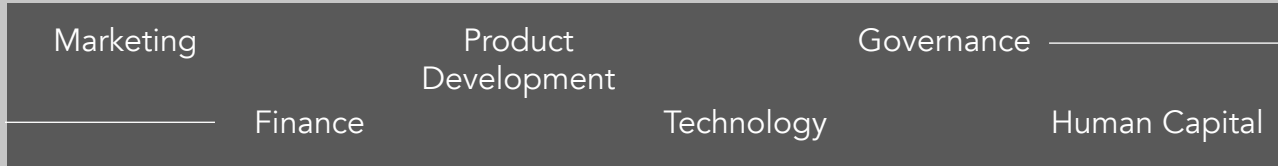
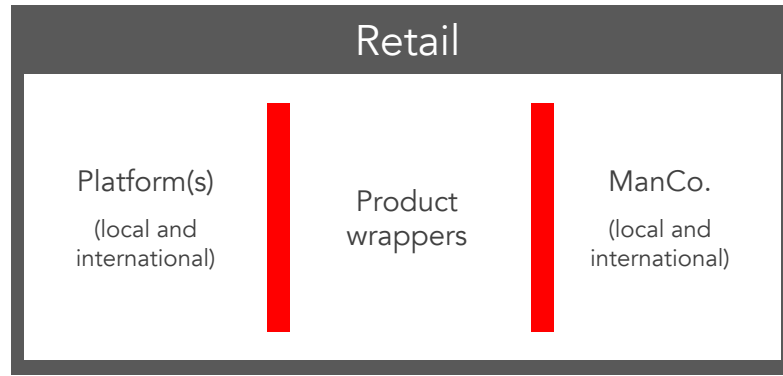
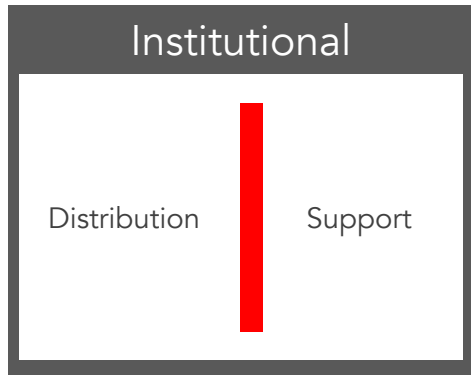


# Financial history – in need of a reset



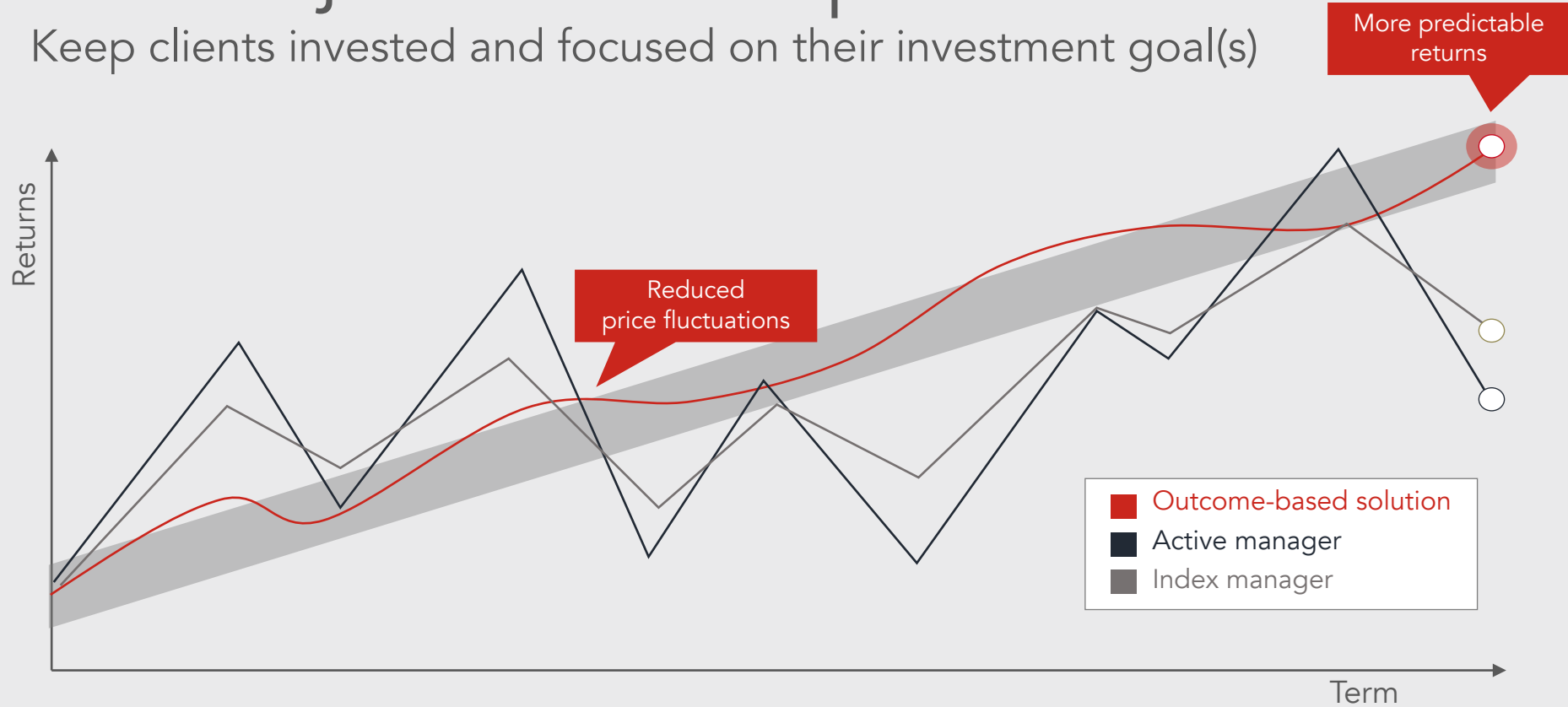


# Momentum Investments' model



# Our objective is simple

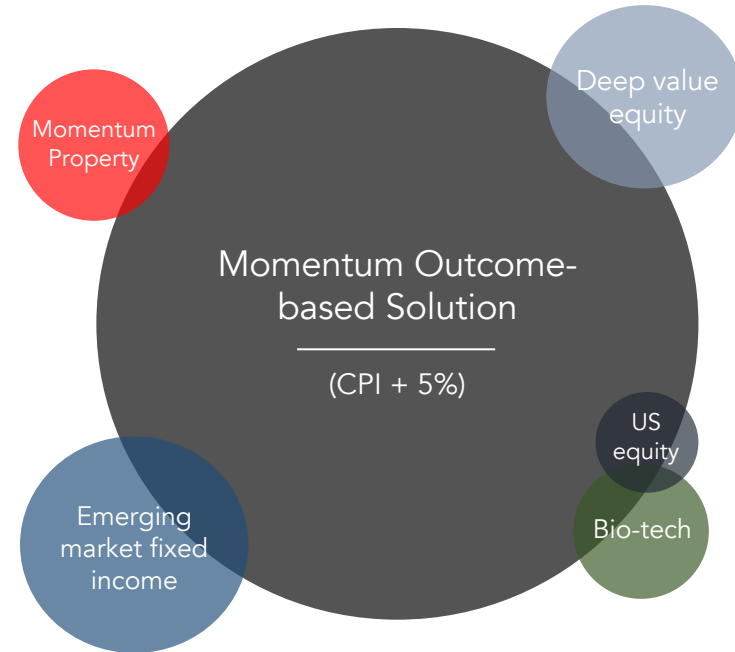
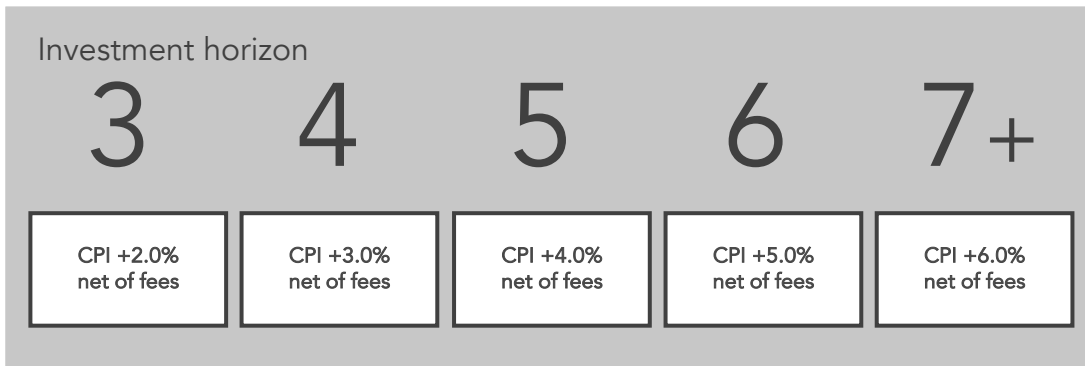
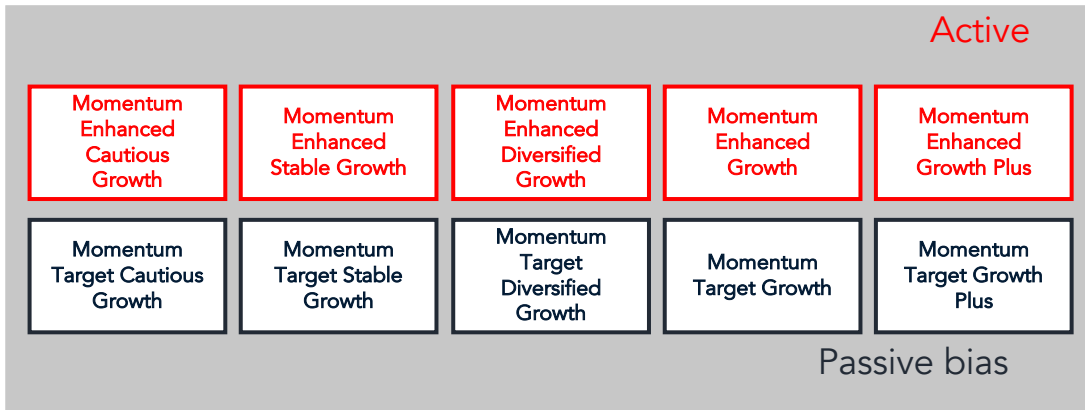
Keep clients invested and focused on their investment goal(s)



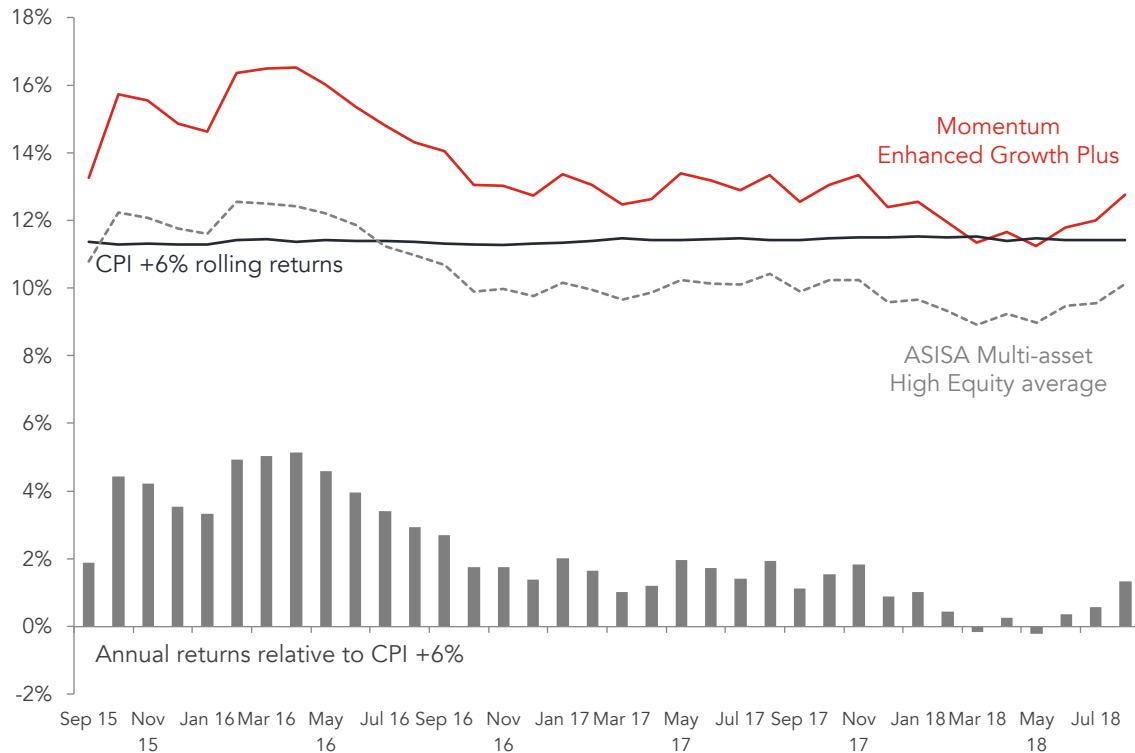
Note: For illustrative purposes only.



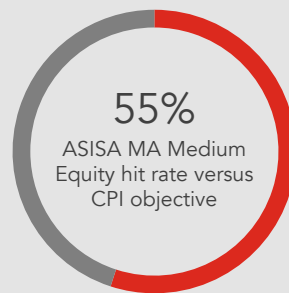
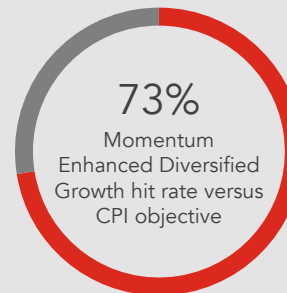
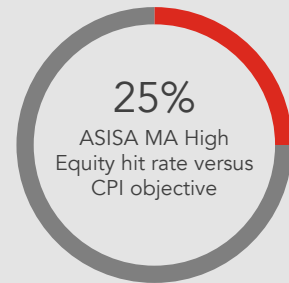
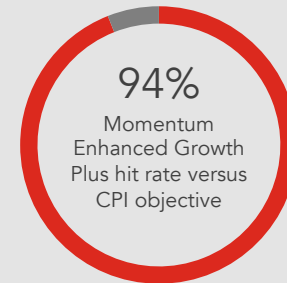
# Momentum Outcome-based Solution range



# But are we any good at it?



Source: Momentum and Morningstar.



Returns from Oct 2008.



# Momentum's investment platforms



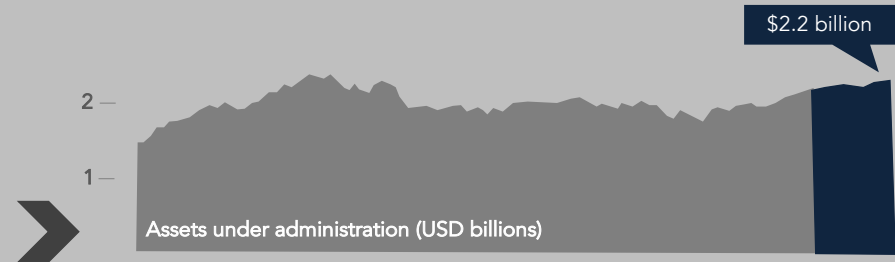
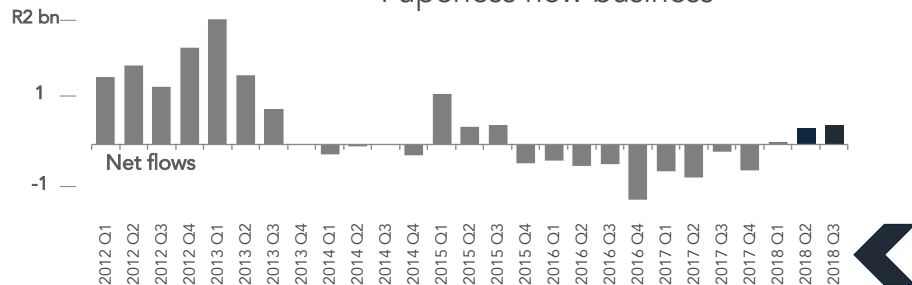
Local

International

## Competitive advantages

- Personal Share Portfolios (PSPs) <
- Pricing competitiveness <
- Fund availability <
- Breadth of product range <
- Offshore flexibility <
- DFM and model functionality <
- Paperless new business <

- > Offshore endowment wrapper
- > Personal Share Portfolios (iPSPs)
- > Broker funds and model availability
- > Fund availability
- > Breadth of product range
- > DFM functionality
- > Fee special offer



Source: LISPA and Momentum.

# Platform focus areas



## Wealth

- Multiple pricing generations
- Perceived complexity
- Service

## Wealth International

- International narrative
- Capability awareness
- International share portfolios

## Ease-of-business

- Streamline processes
- Technology
- Operational stability

---

## Reset

- Competitiveness
- Bolster distribution
- Gross and net flow targets

- Distribution support
- Remove complexity
- Externalising assets

- Digital adviser ecosystem
- Paperless new business
- Tools and calculators

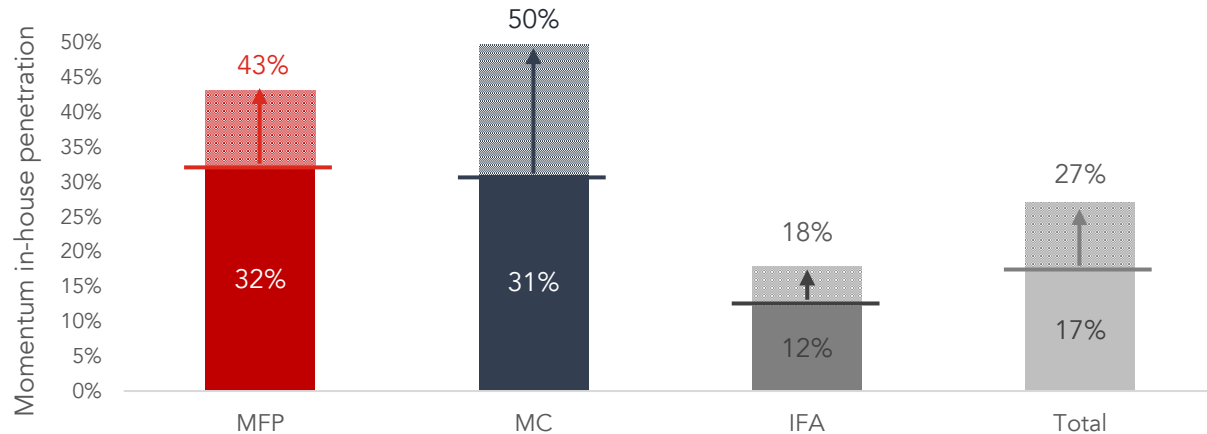
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Grow

# Our approach is simple

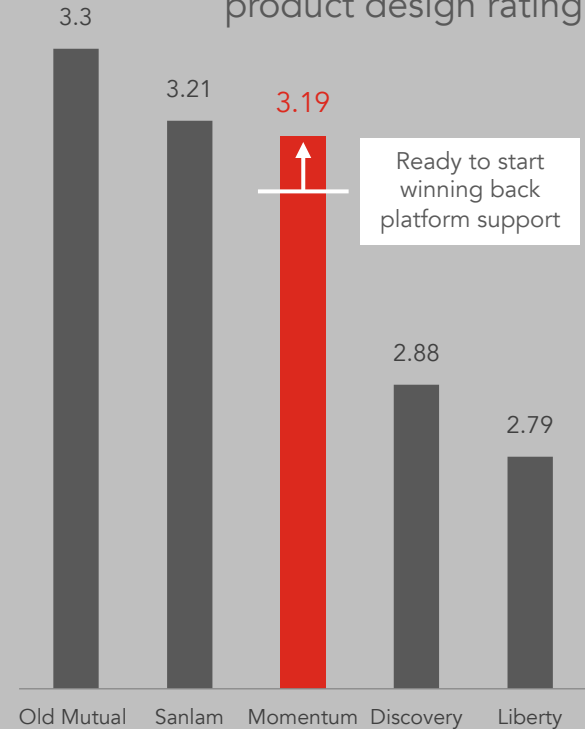


Assets under administration **X** Percentage managed in-house **=** Enhanced earnings outcome



As at Oct 2018. Including Money Market.

## Investments and Savings product design rating



Source: SBG Securities' IFA Survey. Sept 2018.

# Key business focus areas



## Retail

- Client service
- Ease-of-business
- OBI narrative

## Institutional

- Distribution expansion
- Client service
- Rebuild brand

## Investment Management

- Capability set
- Operational stability
- Partnerships

---

## Reset

- Distribution
- OBI and platform(s) support
- Marketing

- Platform strategy
- MMI Balance Sheet
- Retailisation

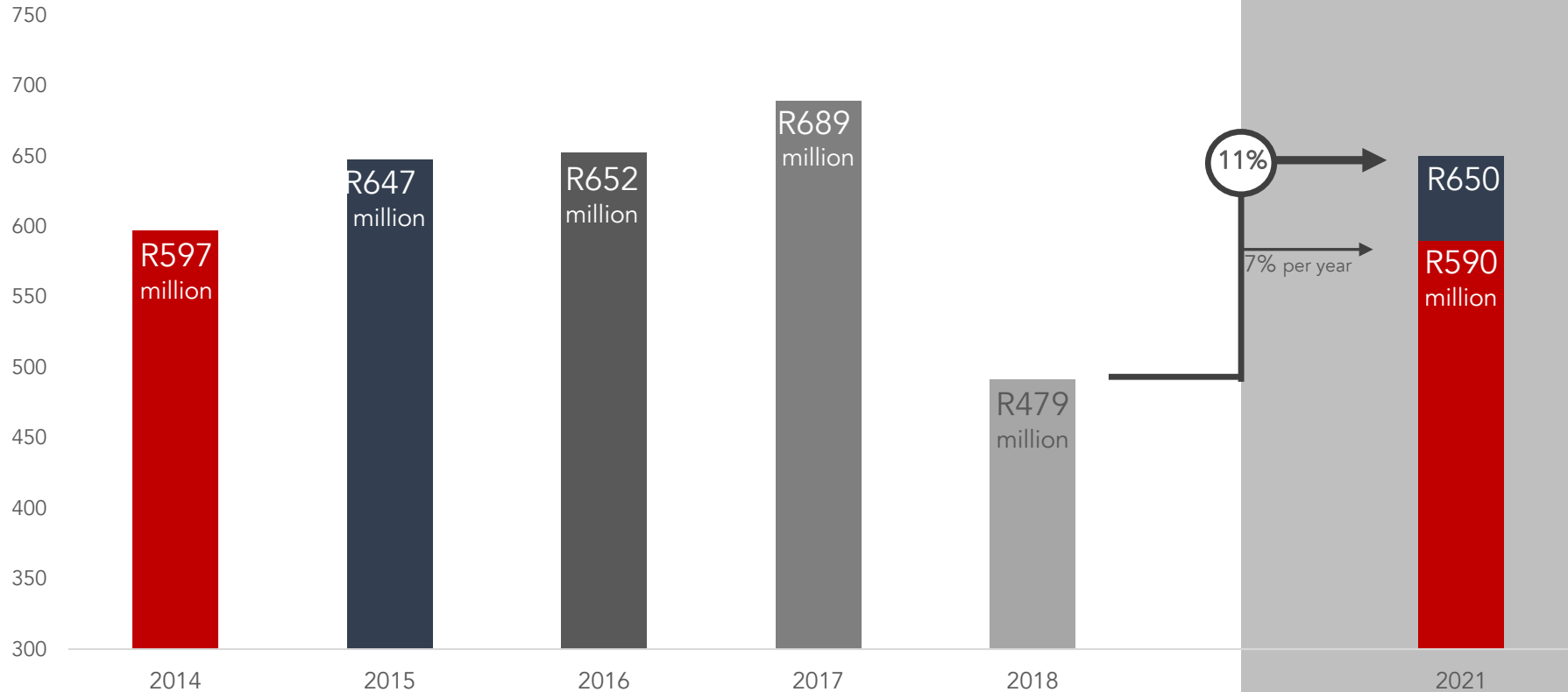
- Cost efficiencies
- Income enhancements
- Third party sales

---

Grow



# Growth strategy - Back on track



# Reset

---

- Steady loss of market share
- Unknown investment brand
- Lackluster new business growth
- Negative net flows
- Once-off earnings deferred symptoms



- Focus on net flows
- Distribution and service overhaul
- Explicit OBI targets
- Strategic partnerships
- Platform re-price
- Marketing and product innovation

---

# Grow

---

momentum



Momentum

Life

Johann le Roux

# Momentum Life's key leadership themes



Commercial ethos



How we interrogate profitability



Competitive culture



How we compete/enable sales?



Business outcomes



How we deliver?



Engagement culture



How we engage?


# Momentum Life Products

What are some of our key features?





## Momentum Myriad

 R5.8bn premiums

 R1.3tn sum assured


 302k contracts

 100 benefit types


 R780m retirement booster benefits


## Momentum Investo

 R3.7bn premiums

 R44.2bn AUM


 396k contracts

 90 products

 R660m in accrued loyalty bonuses

## Momentum Traditional

 R1.5bn premiums

 R31.5bn AUM

 333k contracts

 1167 products



# Momentum Myriad





Transparency and Treating Customers Fairly

# Momentum Myriad

What are Myriad's key strategic focus areas?

## Products

- ➔ Benefit innovation
- ➔ New Metropolitan product

## Processes

- ➔ On-boarding
- ➔ Claims & service
- ➔ Product management

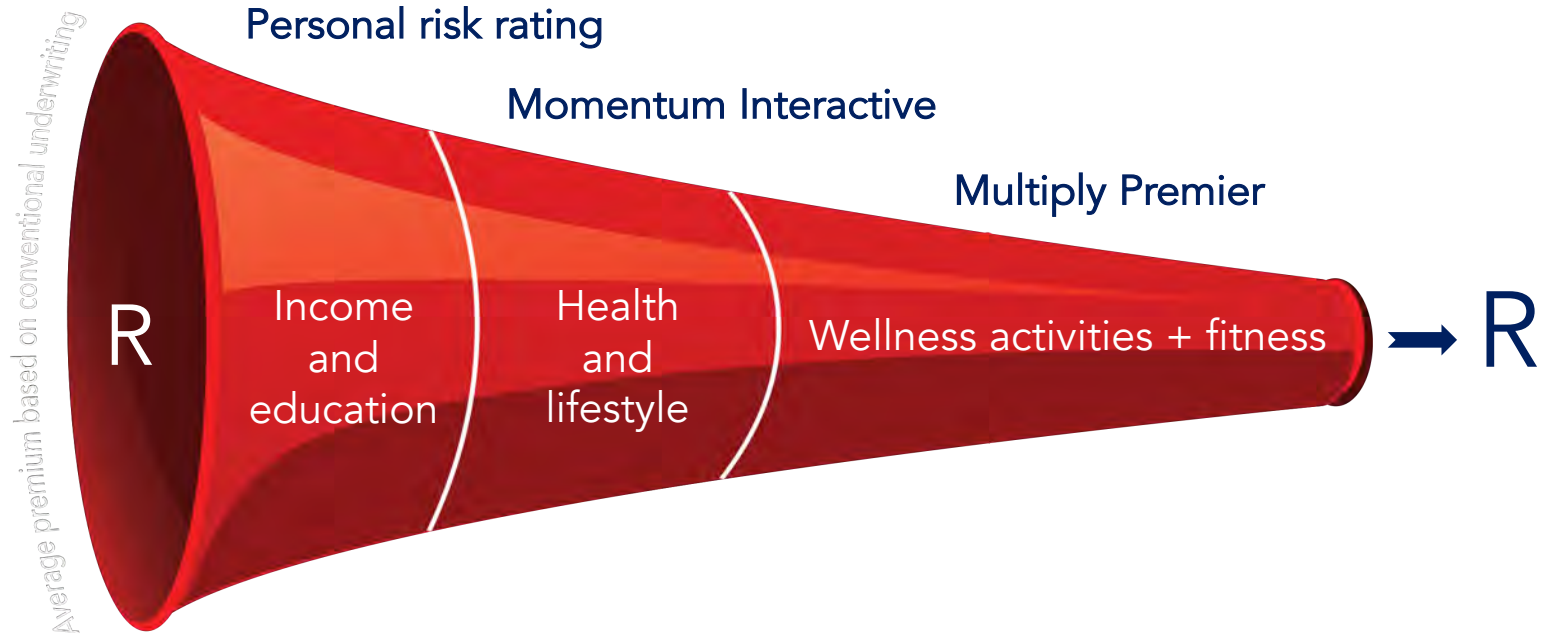
## Positioning

- ➔ Channel marketing
- ➔ Industry awareness



# Momentum Myriad

What is Myriad's pricing approach?



# Momentum Myriad

Interactive 2.0



Simplified risk rating  
factors


















More than  
**DOUBLE**  
the discounts\*

\*Calculated on an average basis.



# Momentum Myriad

Myriad and Multiply rewards

| <br>Healthy Heart Score |  | <br>Active Dayz™ or Fitness Assessment | Bronze                 | Silver | Gold | Platinum | Private Club |     |
|--|--|---|------------------------|--------|------|----------|--------------|-----|
| <br>GREEN                | <br>AMBER | <br>RED                                | 16+ p.m.<br>Or Level 5 | 20%    | 25%  | 30%      | 40%          | 60% |
| <br>GREEN                | <br>AMBER | <br>RED                                | 12+ p.m.<br>Or Level 4 | 15%    | 20%  | 25%      | 30%          | 40% |
| <br>GREEN                | <br>AMBER | <br>RED                                | 8+ p.m.<br>Or Level 3  | 10%    | 15%  | 20%      | 25%          | 30% |
| <br>GREEN                | <br>AMBER | <br>RED                                | 4+ p.m.<br>Or Level 2  | 5%     | 10%  | 15%      | 20%          | 25% |
| <br>GREEN                | <br>AMBER | <br>RED                                | 0+ p.m.<br>Or Level 1  | 5%     | 10%  | 15%      | 20%          | 25% |



# Momentum Investo and Traditional



# Momentum Investo and Traditional

What are our key strategic focus areas?

## Migration



Metropolitan Life

## Products



Investo  
enhancements

## Processes



Data quality



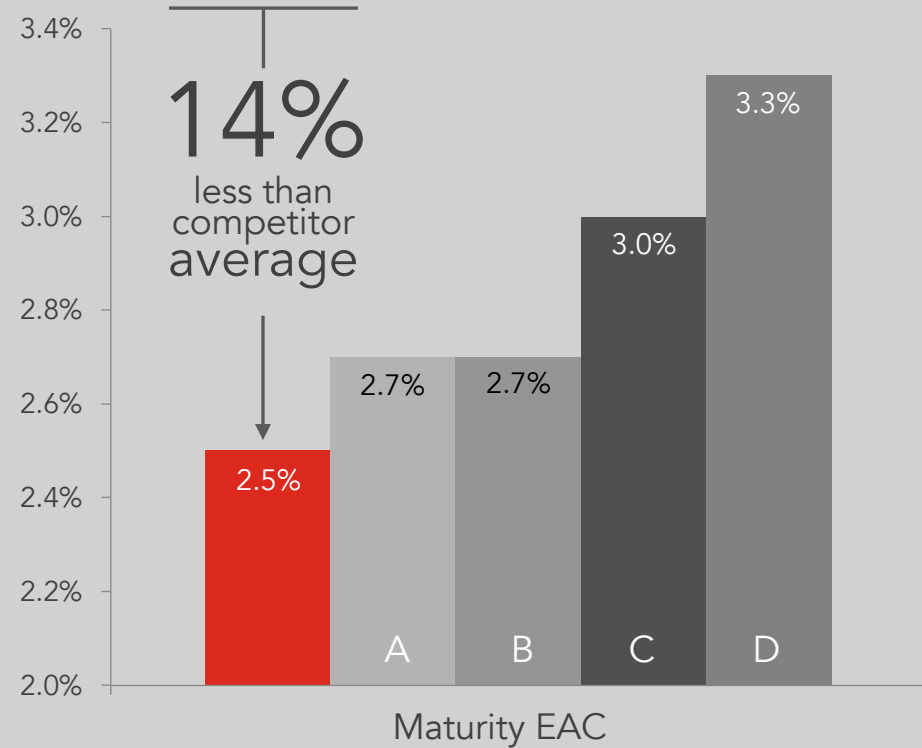
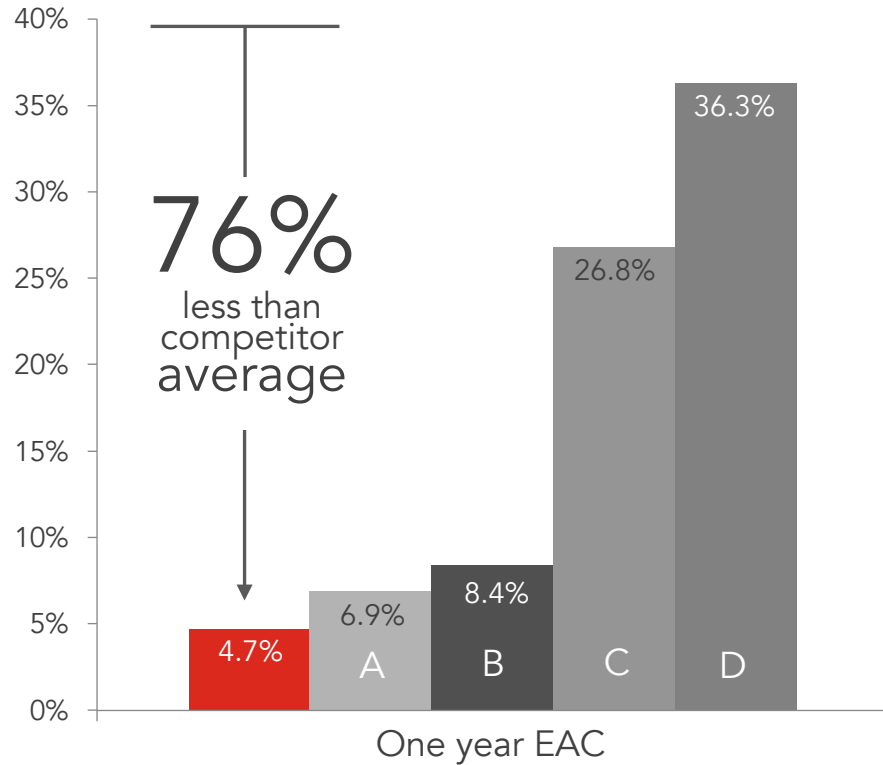
Product management

## International

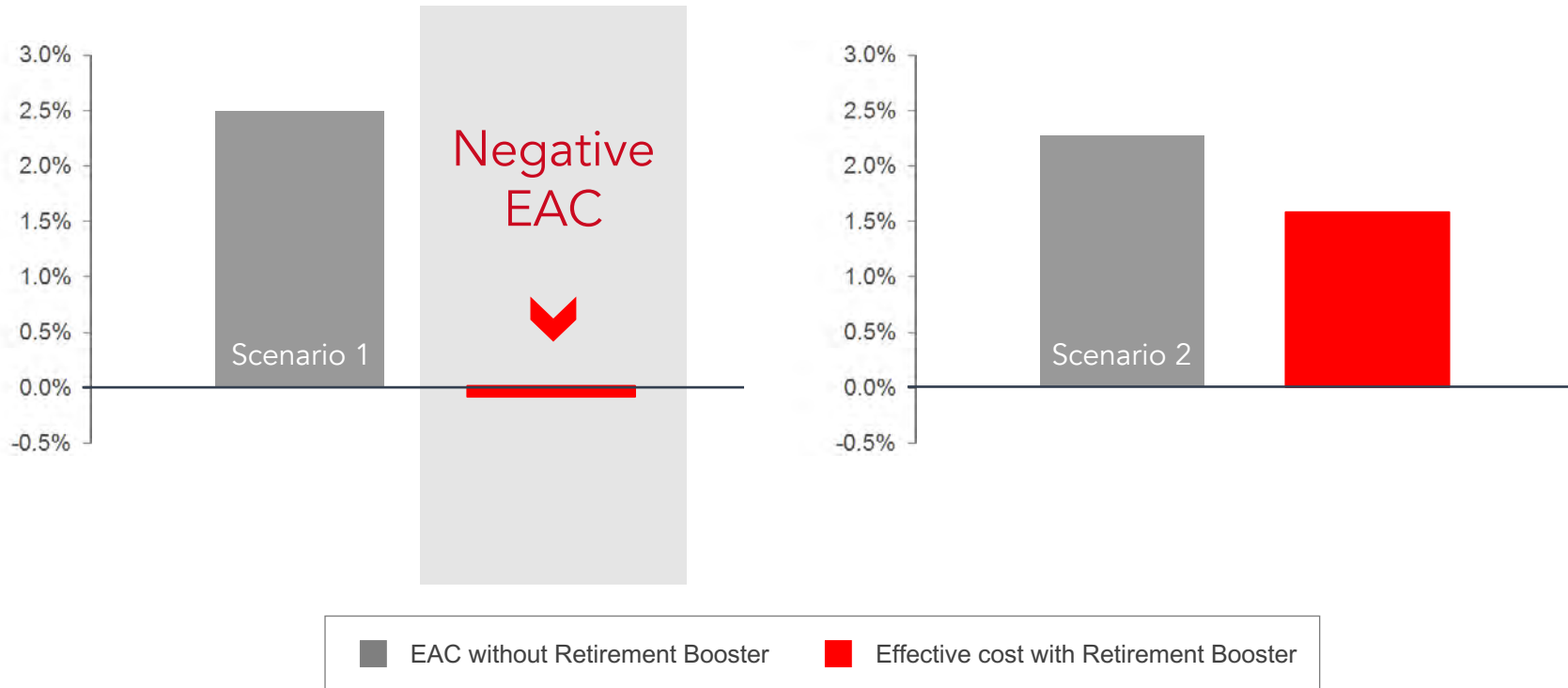


Africa support

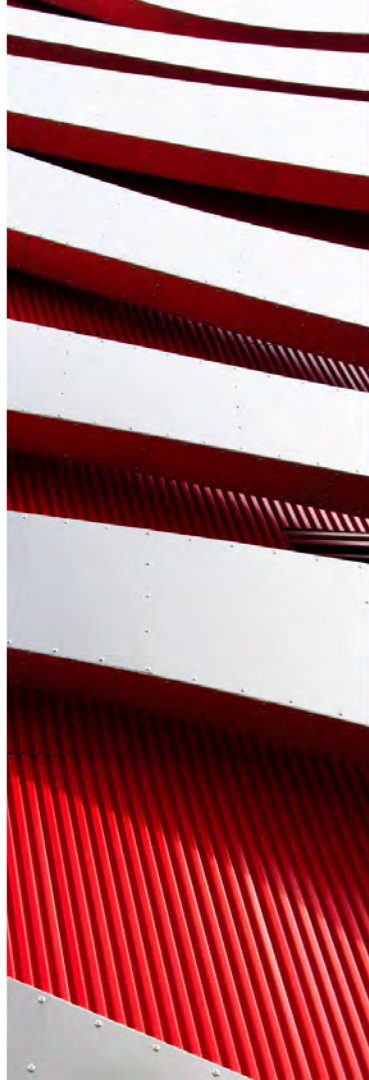
# Unrivalled client value – Investo RA



# Combining Investo RA with Myriad



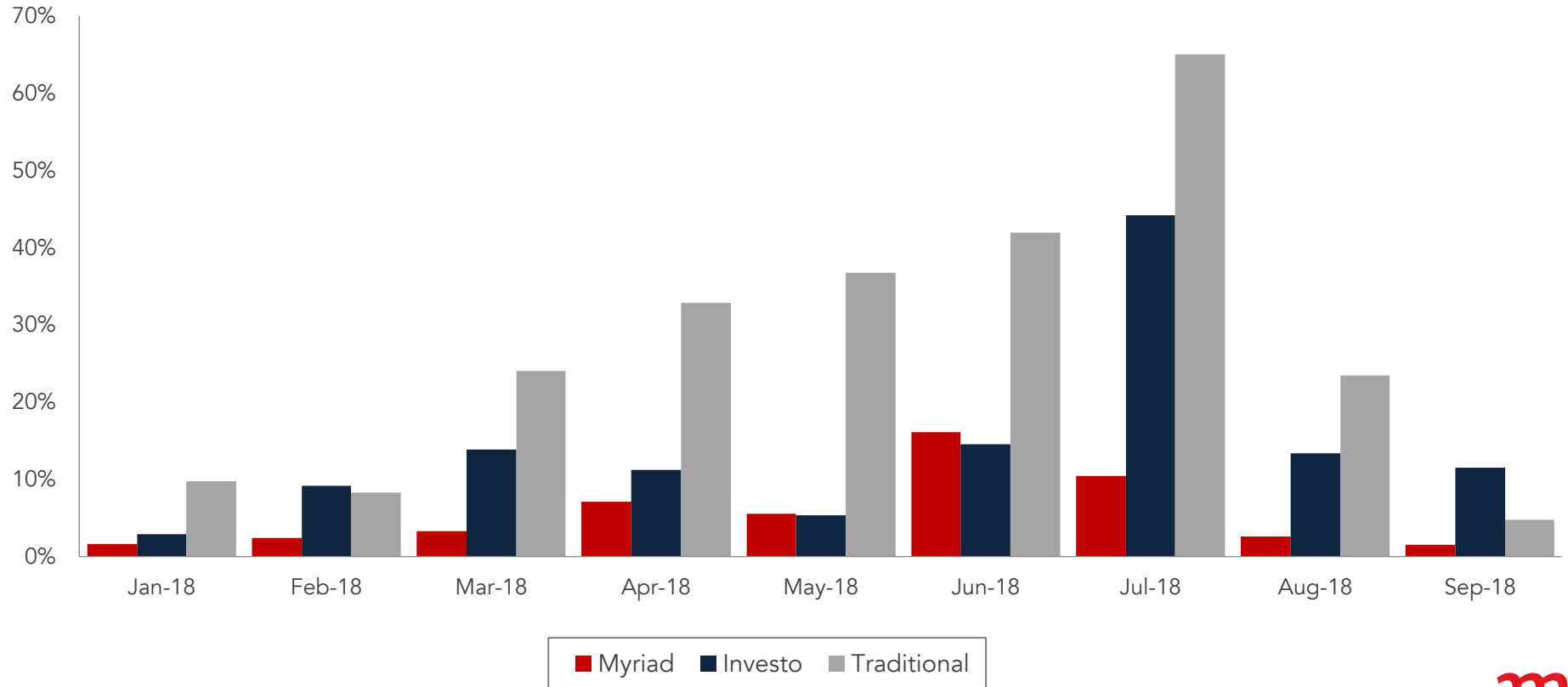
# Service





# Momentum Service

## Improvements in our loss call ratio

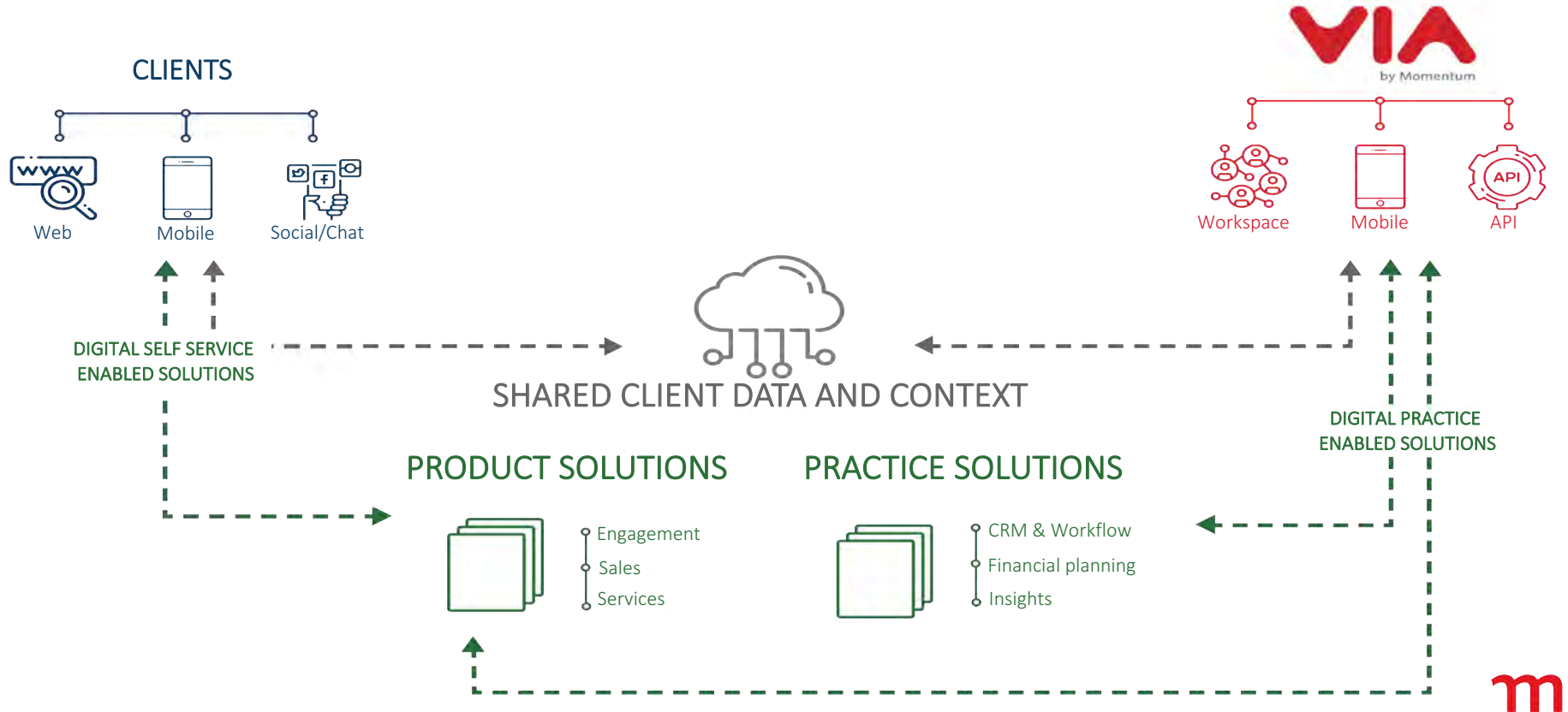


# Digitisation



# Momentum Digitisation

What is our digital platform and capability landscape?





# Financial Outcomes



# Momentum Life financial outcomes

What are our targeted key financial outcomes?



7% to 11% increase in core headline earnings



20% to 30% increase in new business margin



Value Chain Optimisation



Footprint growth



Superior service



Technology environment



Client engagement



Product innovation

momentum



Momentum

Multiply

Zureida Ebrahim



# Multiply

Zureida Ebrahim

MMI Investor Conference

15 October 2018

*multiply*



**m**omentum

# Content

- 01 The WHY
- 02 Multiply
- 03 Transactional Banking





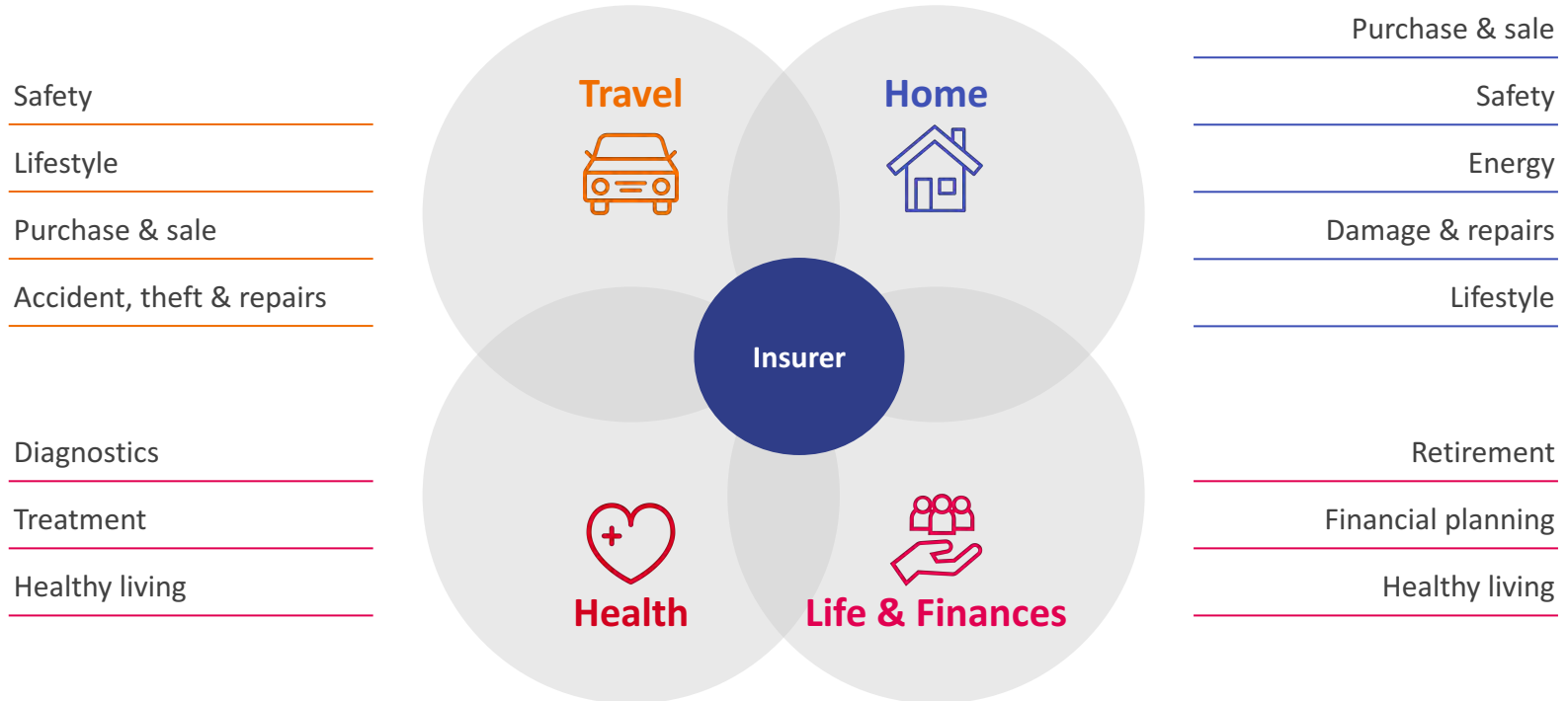


# 01

The WHY

# To succeed, we need to reimagine the value we deliver as an insurer

Solving client outcomes means getting involved in how they use our products

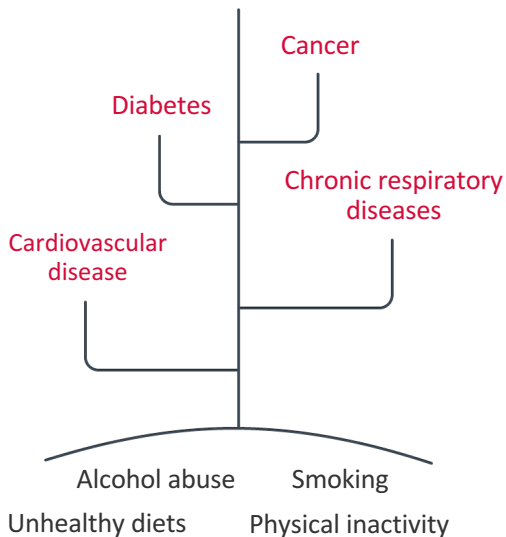


# Multiply your life



## Be healthier

Responsible for **71%** of all deaths worldwide



## Be safer



At home

**1 468 278**  
crime incidents were  
experienced during  
2016/2017

**53%**  
were  
housebreaking  
or burglary



On the roads

**14 050**  
people died on  
South African roads  
during 2017

**91%**  
of these were  
due to human error



## Be on top of your finances



Heavily indebted

**Only 13%**  
of consumers pay off  
their credit cards  
each month

**and 51%**  
are in arrears



Unable to deal with emergencies

**R10 000** financial shock

The breaking point  
for more than **40%** of South  
Africans



Poor spending

**52%** of South Africans spent more  
than they earned in 2017



02

**Multiply**

# Rewarding you on your journey to success



## Clients want

Outcomes, not just products

### Be healthier

Healthy Heart Score  
Active Dayz™



health and life



### Be safer

Safety Score  
Safe Dayz™



car and home



### Be on top of your finances

Financial Wellness Score  
Track your money



spend and save

Help and incentives

## Discounts

Momentum products and partners

Stretch their rand – now and in the future

**Save**  
Breadcrumb savings



# Multiply Money



**Spend**  
Use your money

Trusted partner/  
ongoing involvement

KNOW

TRACK

IMPROVE

# Rewarding you on your journey to success

## Momentum gets

An integrated lifestyle management platform



### Be healthier

Healthy Heart Score  
Active Dayz™



health and life



### Be safer

Safety Score  
Safe Dayz™



car and home



### Be on top of your finances

Financial Wellness Score  
Track your money



spend and save

Clients who get more, buy more, stay longer

## Discounts

Momentum products and partners

New revenue streams

Save

Breadcrumb savings



# Multiply Money



Spend

Use your money

KNOW

TRACK

IMPROVE

Become a trusted financial wellness partner



# Rewarding you on your journey to success



## Be healthier

Healthy Heart Score  
Active Dayz™



health and life



## Be safer

Safety Score  
Safe Dayz™



car and home



## Be on top of your finances

Financial Wellness Score  
Track your money



spend and save

## Momentum gets

An integrated lifestyle management platform

## Discounts

Momentum products and partners

Clients who get more, buy more, stay longer

Save

Breadcrumb savings



# Multiply Money



Spend

Use your money

New revenue streams

KNOW

TRACK

IMPROVE

Become a trusted financial wellness partner

## 3 Multiply Options

We have **>1million** Multiply members

Multiply rewards you for making the right choices so that you can be healthier, safer and on top of your finances.







Delivering  
**VALUE**



On average a Multiply  
client on Gold status  
saved more than

**R1000**  
**per month**

# Last year, we filled...



**240 000**

Grocery trolleys

Spending in total

**R538** million

Savings

**R25** million



**136 000**

Healthcare trolleys

Spending in total

**R271** million

Savings

**R15** million



**1 103**

Cinemas

**45** for Black Panther alone!

Savings

**R3** million



**520**

Mango airplanes

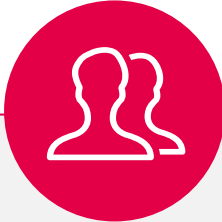
Spending in total

**R196** million

Savings

**R50** million

...had significantly fewer claims per person...



**Multiply members**

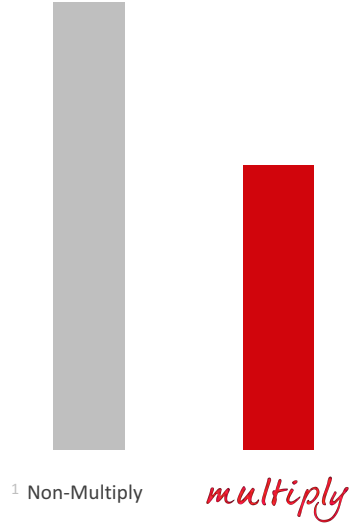
claim  
**36% less**  
with Momentum

are  
**26% more**  
likely to receive standard  
underwriting rates

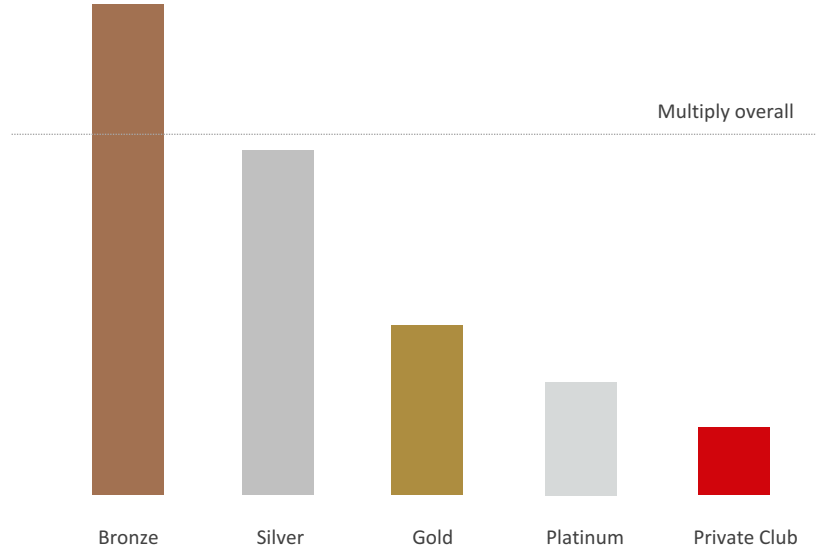
live  
**18 years**  
longer than  
non-Multiply members

# ...experienced lower lapse rates...

## Lapse rates



## Lapses per *multiply* status



## ...and now driving safer



**40 000 clients**

activated Safe Dayz™



**1,4 million**

Safe Dayz™ earned



**80 million km**

of driving data gathered



Resetting  
**CLIENT  
EXPERIENCE**

# Get the basics right

## Improve service levels

Moved service back into business

Service promise for 2019

## Improve client experience and engagement

Build on digital capabilities –  
Multiply website and app

Improve communication with clients – engage in a relevant way

## Get the team engaged

Optimise new operating model

Establish agile way of work

## Transition from legacy systems to modern technology

Improve client experience

Save costs

Improve implementation agility





Creating  
**GROWTH**

# Targeting 35 – 40% growth to F2021



---

Increase IFA and Agency channel support and growth



---

Establish specialist distribution relationships with product house partners



---

Increased marketing and PR



---

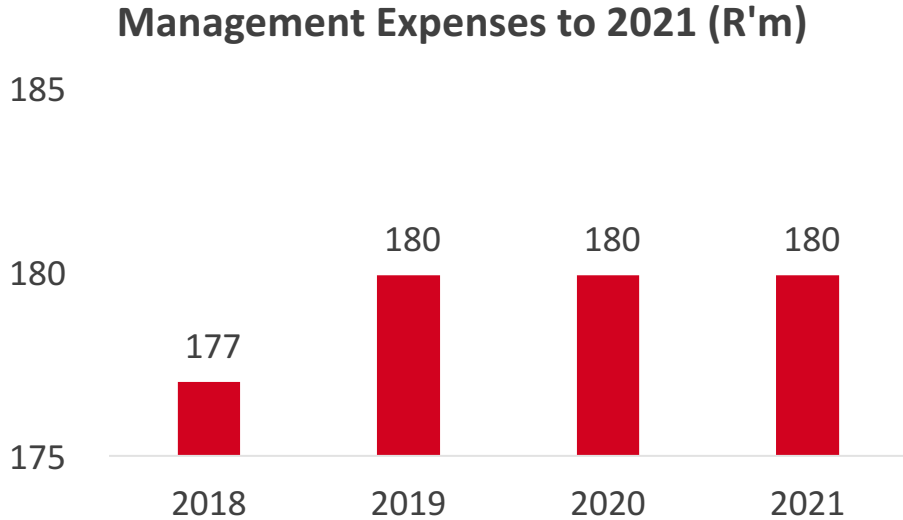
Establish a direct sales capability



---

Reduce lapse rates by further 15% over three years

# Expenses flat to F2021

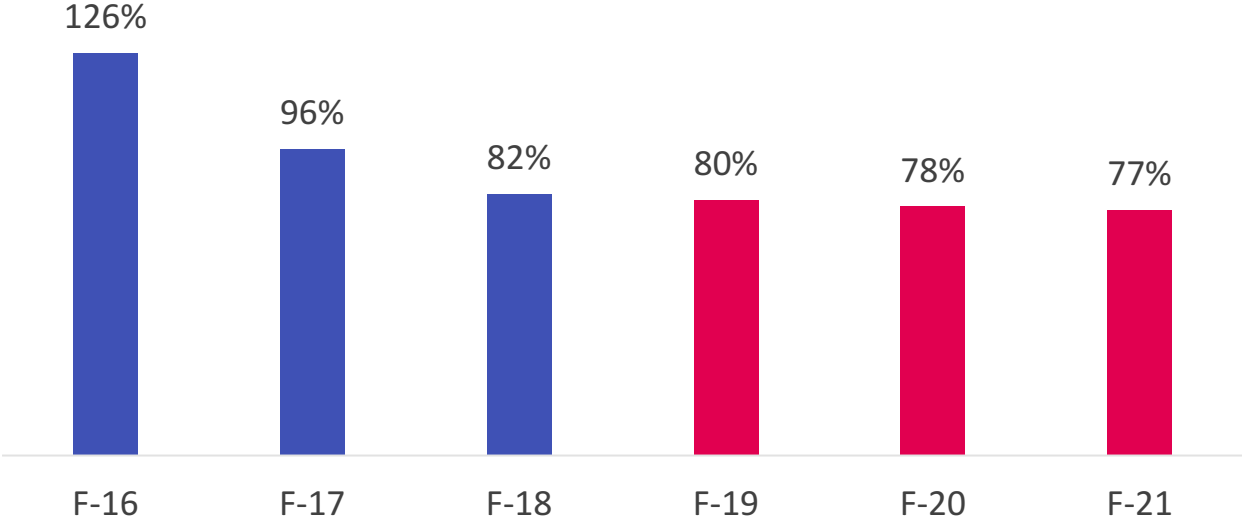


Migrate line of business system to modern technology platform

Efficiency savings of R8 million p.a. in F2020 and F2021

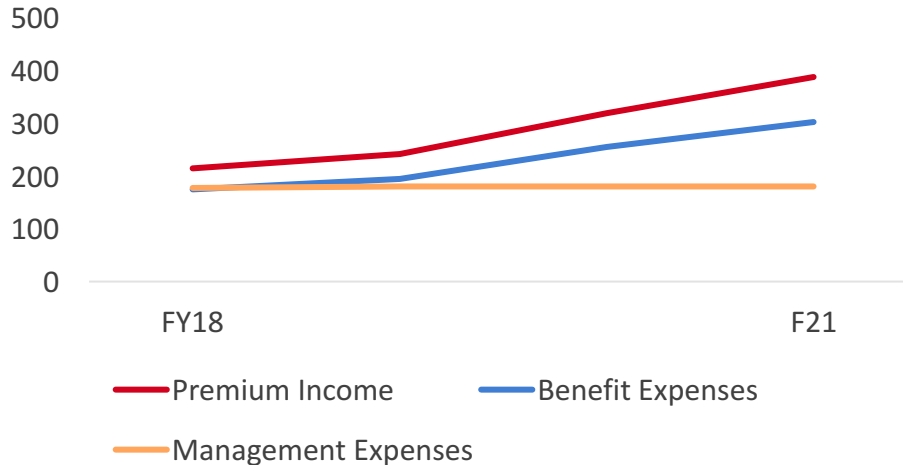
# Partner benefit expense ratio maintained at 75% - 80%

Historic & Targeted Expense Ratio



# Growth and cost management key

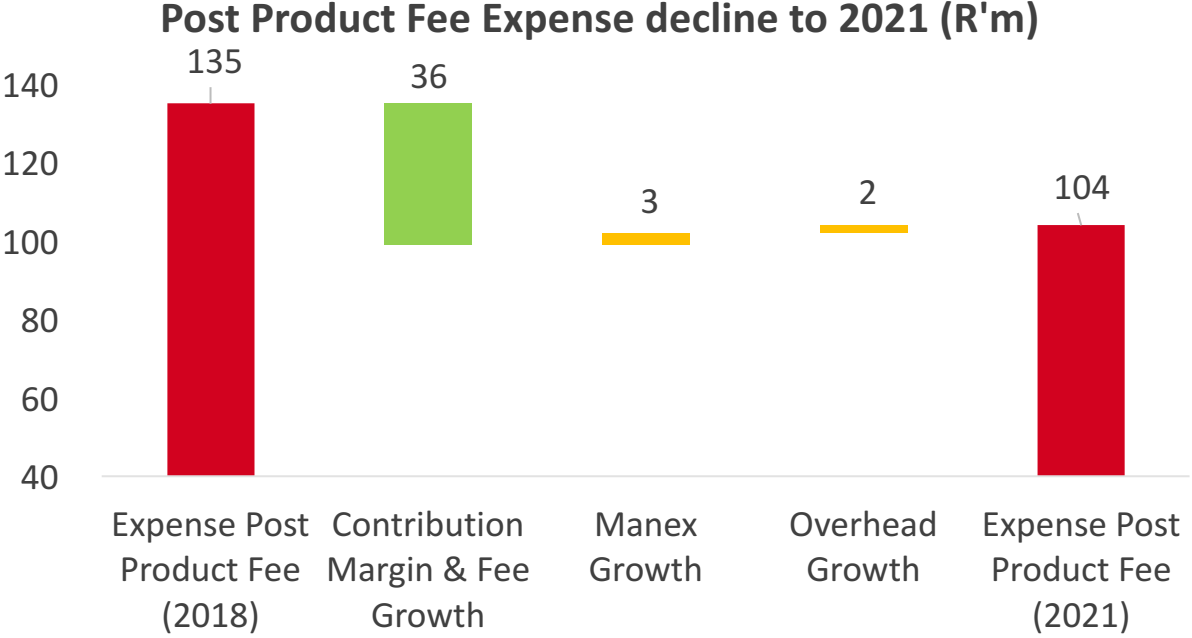
Key metrics (R'm)



## Key Assumptions and Targets:

- Member growth of 35%-40%
- 15% improvement in lapse rates
- Partner benefit expense ratio to reduce to 75% - 80%
- Contained overhead and expense growth

# Reduction in funding requirement to ~R100m in F2021





# 03

## Transactional Banking

# The WHY again...

Research shows that South Africans are struggling financially

## Heavily indebted



ONLY

**13%**

of consumers **pay off** their credit cards each month

AND

**51%**

are in arrears

## Planned poorly for life events



ONLY

**33%**

of South Africans are currently working with **monthly budgets** and expenses to keep their finances in check

## Wealth creation



**8 out of 10**

South Africans **consider** taking a second job to assist with monthly expenses and bills

## Unable to deal with emergencies



**R10,000**

financial **shock**



The **breaking point** for more than

**40%** of South Africans

## Poor spending



**52%**

of South Africans spent **more than they earned** in 2017



# In addition, lines are blurring...

There is a blurring of the lines between banks and insurers and the winners will be those that can regularly engage with their clients in order to retain, up-sell and cross-sell

## Increased competition

The focus has shifted to gaining and protecting share of client wallet. Simple integrated models increase client value and therefore loyalty

## Loss of funds

Long-term savings within the asset management and insurance industries find their way back into banks in the form of shorter duration saving

## Regular client interaction (big data)

To retain clients it is important to "touch" clients on a regular basis. Mobile banking is a big enabler in retail banking. Banks are in a better position to interact with clients and therefore sell more products

# An integrated model

Simple, integrated models increase client value and therefore loyalty



---

Generates new revenue streams from lazy balances



---

Strengthens the various MMI brands through regular client engagement



---

Creates demand for MMI products by triggering awareness and freeing up money



---

Simplifies the reinvestment process by directing funds back into the MMI eco-system



---

Provides access to new consumers and new data insight

# In tough economic times, we do the things that really matter

Enable people from all walks of life and businesses to achieve their financial goals and life aspirations



Better manage  
their debts



Prepare for  
emergencies



Set money  
goals



Grow your  
money



Improve spending  
habits



Multiply  
**MONEY**

# Multiply your money



## Be healthier

Healthy Heart Score  
Active Dayz™

health and life



## Be safer

Safety Score  
Safe Dayz™

car and home



## Be on top of your finances

Financial Wellness Score  
Track your money

spend and save

## Cashbacks and discounts

product and partner

### Save

Breadcrumb savings



# Multiply Money



### Spend

Use your money

KNOW

TRACK

IMPROVE

To do the things you want, now and in the future

# How Multiply Money works

**Get. Save. Spend.**

Create more money with Multiply

**Get cashbacks**

When you shop at our retail partners

**Click n Pay**

**Dis-Chem**

**Up to 12% back**

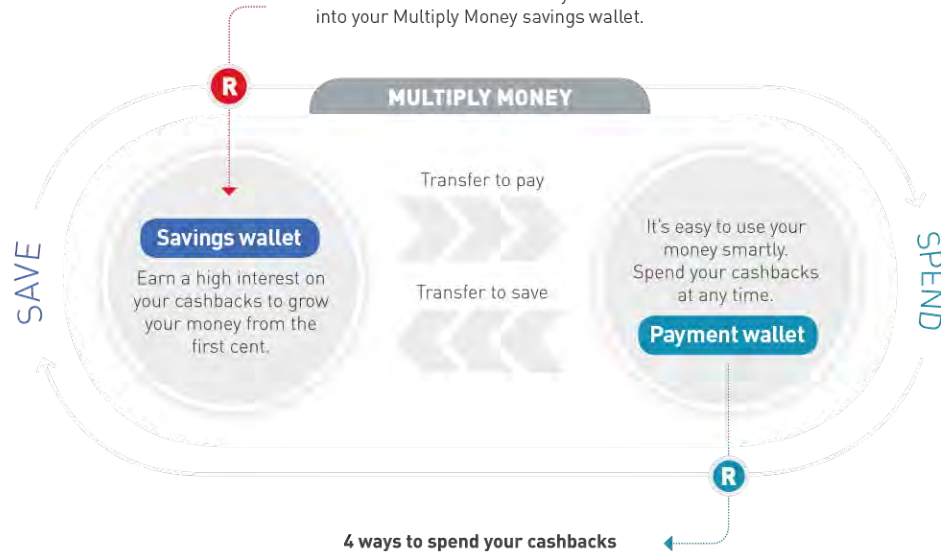
When you buy from our Multiply online shop

|   |  |
|---|--|
| <b>FITNESS DEVICES</b><br>Up to 40% back<br>BUNNINGS GARMIN<br>WomensHealth finweek | <b>ELECTRONICS AND APPLIANCES</b><br>Up to 25% back<br>Canon Russell Hobbs<br>Edgars Tiger |
|---|--|

and many more...

Multiply Money

Your cashbacks are automatically transferred into your Multiply Money savings wallet.



4 Ways to spend your cashbacks



Make mobile payments



Send money to friends who have Multiply Money



Pay on the Multiply Online Shop

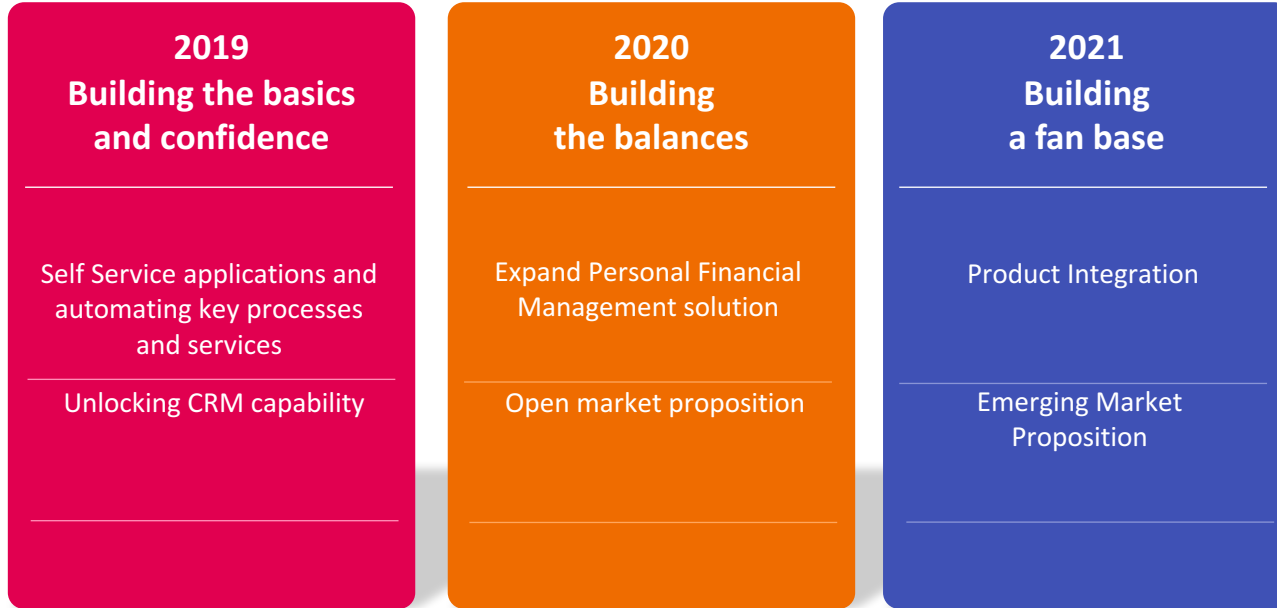


Swipe your Multiply Visa Card



Building great  
**CLIENT  
EXPERIENCE  
and GROWTH**

# Building client experience



**2019**  
**Building the basics  
and confidence**

---

Self Service applications and  
automating key processes  
and services

---

Unlocking CRM capability

---

**2020**  
**Building  
the balances**

---

Expand Personal Financial  
Management solution

---

Open market proposition

---

**2021**  
**Building  
a fan base**

---

Product Integration

---

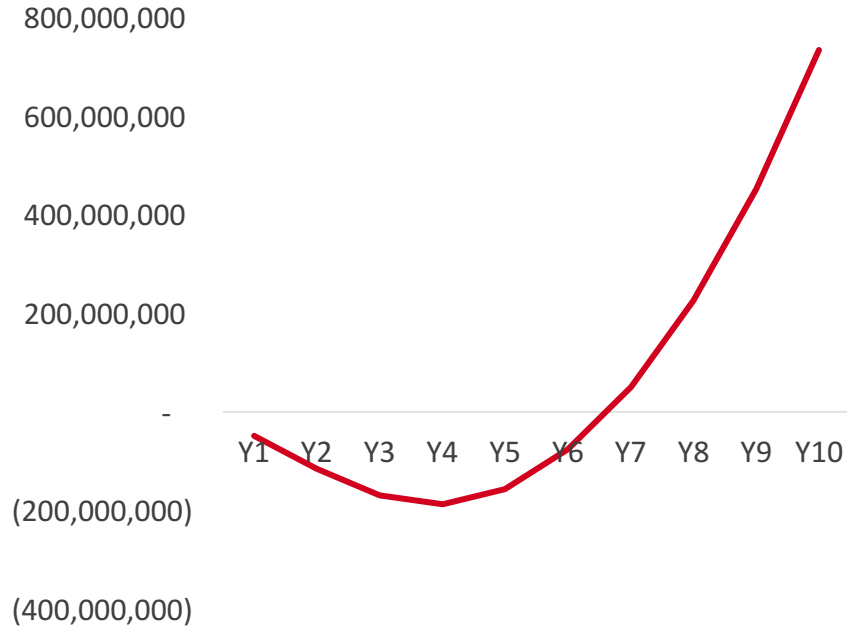
Emerging Market  
Proposition

---



# The Financials

## Cumulative Profit over 10 years



## Sensitivities

- Change in Transactional Interest Rate
- Change in Savings Interest Rate
- Change in outflow of Savings
- Change in take up
- Change Card to Credit Card
- Change in Multiply Saving Accounts Outflows from Transactional Account

**Thank you  
for today**

*multiply*



**momentum**



**| Questions?**

# METROPOLITAN

## TOGETHER WE CAN

**Peter Tshiguvho**  
**October 2018**

Metropolitan, a division of MMI Group Ltd, an authorised financial services provider.



**METROPOLITAN**  
Together we can

# CONTENTS:

- Strategic Context
- Reset Focus Areas
- Growth Focus Areas





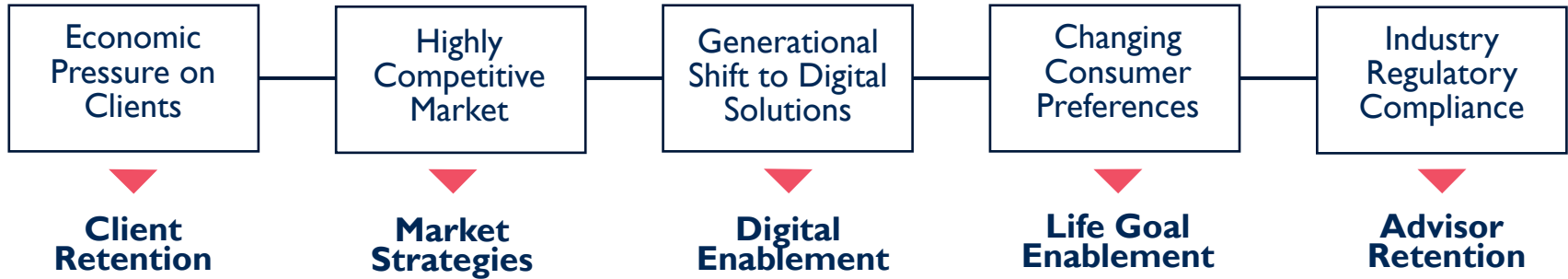
**STRATEGIC DIRECTION**

**METROPOLITAN  
HELPS **YOU**  
ACHIEVE YOUR  
**FINANCIAL  
LIFE GOALS.****



**METROPOLITAN**  
Together we can

# Themes & Challenges in Market

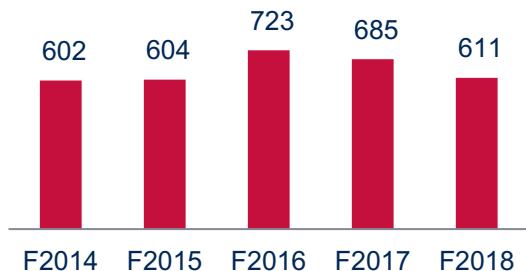


## Stakeholders

Clients, Employees, Group Executives, MMI Board & Shareholders, Government, Regulators and Industry Bodies

# Financial Overview

## Core headline earnings history



## F2021 Core headline earnings target

**R610m – R670m**

**0% - 3% pa**

CAGR over 3 years

## Key drivers

- Assumes modest improvements in agent productivity
- Lapse rates in line with new assumptions
- Allows for significant investment into upgraded branch infrastructure

## Key risks

- Weak distribution performance could see VNB stuck at current levels
- Expenses outside of branch costs assumed to grow at below inflation
- New entrants into the market segment



# Our Strategic Direction

## RESET

- Stabilise sales force
- Upgrade office footprint
- Migration

## GROW

- Adviser productivity
- Improved Client Value Proposition
- Sales & service efficiencies
- Market Access

# RESET FOCUS



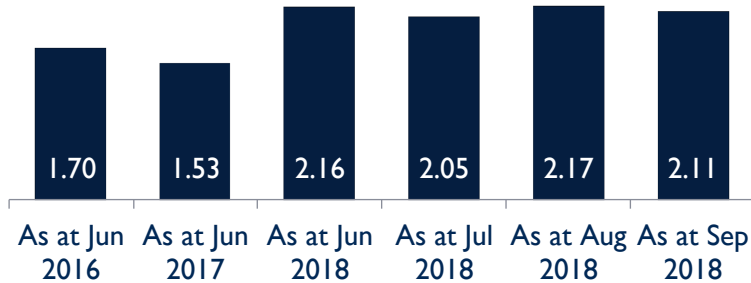
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**STABILISE THE  
SALES FORCE &  
ENABLE SALES  
GROWTH**

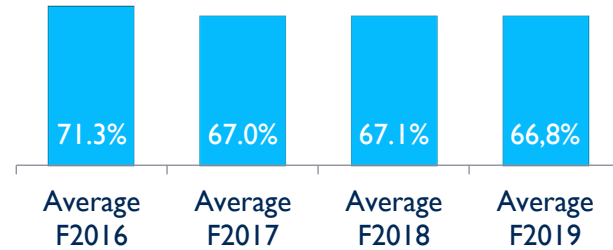


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# Improving levers of profitability



**Productivity Improvement**



**Average PCR Achieved**

**Equipping the Channel:**

**Manager Development:**

**Market Access Strategy:**

**Geo-mapping potential:**

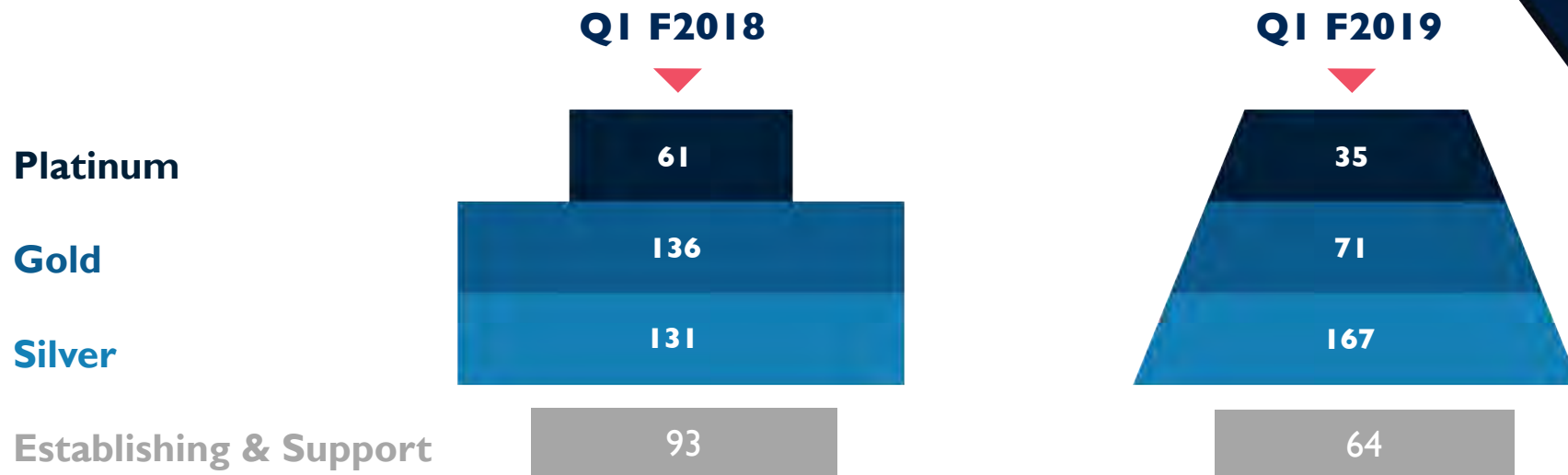
Program and process changes to attract, recruit, onboard, train, vest and supervise advisers

Branch Manager Accelerator Program to develop and retain managers

Utilise MyMarkets tool to identify, plan, activate and track new business

Utilise MyMarkets and geo-mapping tools to identify branch potential

# Resetting and recalibrating branch categories



## MANAGEMENT ACTIONS THAT RESULTED IN CHANGE

**Geo-locating** branches to reach target client segments

**Consolidating** under performing branches

**Recalibrating** to higher performance standards

**Adviser vesting** into markets and coaching advice, solutions and processes.

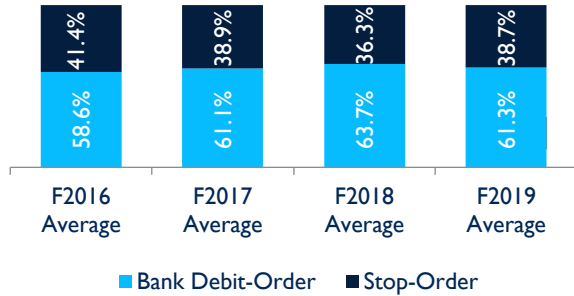


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# Adviser vesting: Market Access strategy

Growth enabled through union and worksite activations, sponsored events and engagements

## Mode of payment



## Metropolitan Client Sub-Segment Focus

| Client Sub-Segment | Market Opportunity (millions) | Market penetration (%) | PCR Rate (%) |
|--------------------|-------------------------------|------------------------|--------------|
| Traditionalist     | 10.1                          | 2%                     | 57%          |
| Realist            | 1.2                           | 3%                     | 69%          |
| Aspirer            | 5.1                           | 7%                     | 74%          |
| Pioneer            | 0.2                           | 6%                     | 81%          |
| Vocationalist      | 1.7                           | 24%                    | 83%          |
| Striver            | 0.7                           | 17%                    | 87%          |
| Sustainer          | 1.1                           | 8%                     | 89%          |

**Improved stop-order mix leads to:**

Improved persistency / Improved productivity / Stabilised sales force and adviser retention



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# UPGRADE OFFICE FOOTPRINT



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# Geo-locating / Points of presence



## Client

Preferred access point for emerging market



## Adviser

Most productive adviser (average 17 per month)



## Shareholder

ROI measured in viability linked to branch category



Physical points of presence are a competitive imperative (Old Mutual, Capitec, FNB)



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# Challenges experienced in the African Bank insurance partnership

| Locus in African Bank   | Locus in Metropolitan   |
|---|---|
| <b>Mismatch in Metropolitan targeted client sub-segments and African Bank branch traffic, resulting in:</b>   | <b>High adviser churn in African Bank branches, resulting in:</b> |
| - Limited sales opportunities for experienced advisers – causing these advisers to opt out of the opportunity | - Low productivity and business volumes                           |
| - Poor business quality for less experienced advisers – causing significant remuneration impacts              | - Under-performance on targets set                                |
| <b>Reduced profitability and value-share for both parties</b>   |   |

Insurance partnership terminated October 2018

# GROWTH FOCUS



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ENABLING  
**GROWTH** IN  
PRODUCTIVITY



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# Value chain of management

- **Change leaders**
- **Branch Manager Accelerator**
  - High staff turnover of advisers linked to calibre of manager
  - Closest proximity layer to the adviser
  - Managers currently not well equipped to lead and activity manage
  - Programme to build excellence in the branch manager layer
- **Culture of execution** – accountability and consequences
- **Growing “smart” managers** – MetHub and “just-in-time” analytics



# Digital supervision – supporting and growing better advisers

OUR NEXT DIGITAL INNOVATION – Digital supervision



- This digital tool will allow us to track and predict adviser behavioural patterns.
- Process automation is used to provide channel managers with the insights to personalize coaching and training per adviser.

## There are three key benefits of this process:

- From a **compliance and governance** perspective we can provide clear evidence of the supervision practices required in terms of FAIS regulation for less experienced advisers.
- Grow better channel managers and advisers by **noticing, supplementing and suggesting interventions.**
- Reducing cost – **Interventions** triggered only **where and when needed.**



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# **DIGITALISING** FOR SALES AND SERVICE **EFFICIENCIES**

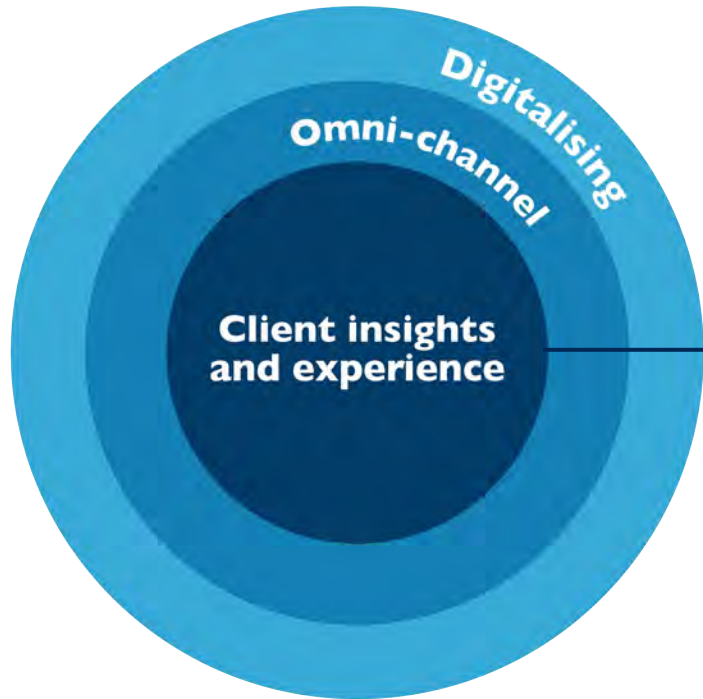


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# 3 Intertwined capabilities



**Step 1 KNOW** – Client insights capability: know our clients intimately and from a quantitative and qualitative perspective

**Step 2 ACTION** – Embed client insights into all of our systems, process and client interactions across all channels

**Step 3 OUTCOME** – our clients experience us as intuitive, warm, empathetic, responsive, trustworthy, and relateable

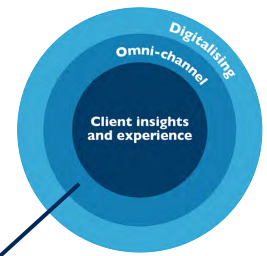


1st place for third consecutive year



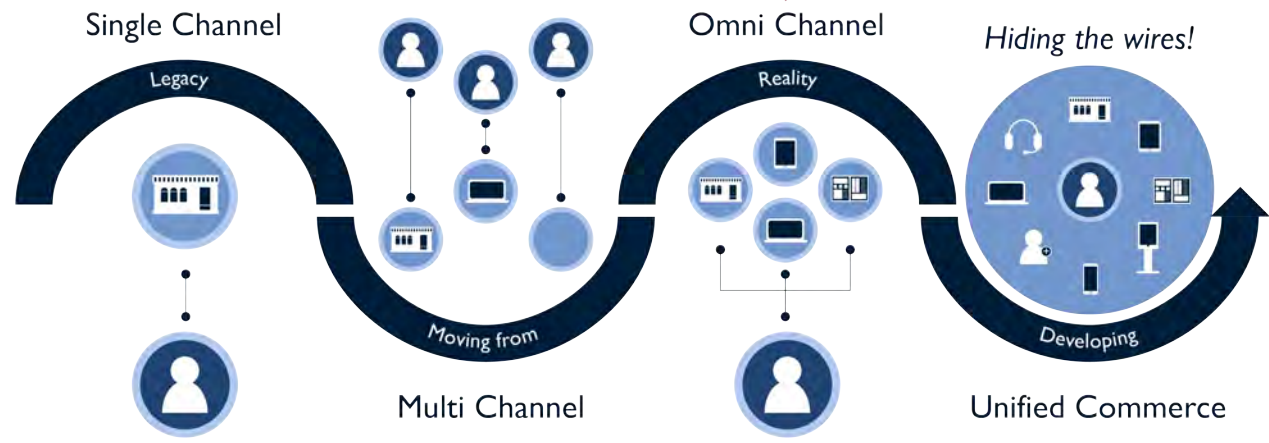
Understanding target market digital behaviour is imperative for our digitalisation approach

# Omni-channel client engagement strategy



Our new reality! →

Solutions **designed** and **built once** for reuse by all our sales channels



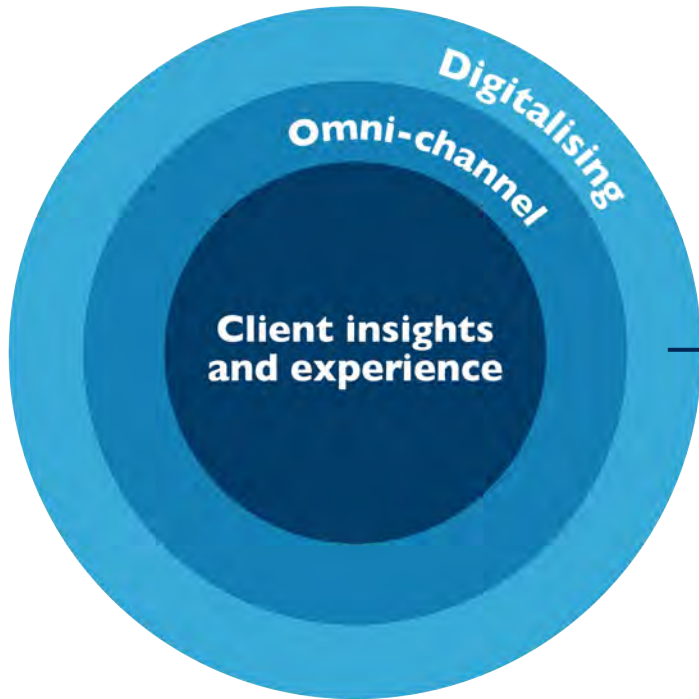
**Tech-savvy clients** prefer digital self-help sales and service options

**Relationship** with **brand** and **CVP** is stronger than with our sales channels

Omni-channel efficiencies – build once, use in all channels



# Digitilisation approach



**Step 1 KNOW** – Target market clients currently prefer human interactions for advice and purchase decisions and digital or telephonic channels for low-stakes transactions.

**Step 2 ACTION** – We use digitalisation to innovate and optimise – making human interactions magnificent

**Step 3 OUTCOME** – A differentiating human : digital strategy

**Digitilisation** is the use of digital technologies to change a business model and provide new revenue and value producing opportunities; it is the process of moving to a digital business | **Digitisation** is the process of changing from analog to digital form.

# MIGRATING TO NEW **CLIENT** **VALUE** **PROPOSITION**



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# Client Value Proposition components

Our clients are individuals who have individual names, hopes, goals and aspirations



## Hassle free claims



Our strategy must be able to evolve with and positively influence our client's choice of interaction, engagement, advice and ongoing service mediums in the **emerging** and **middle markets**

# Financial Life Goals

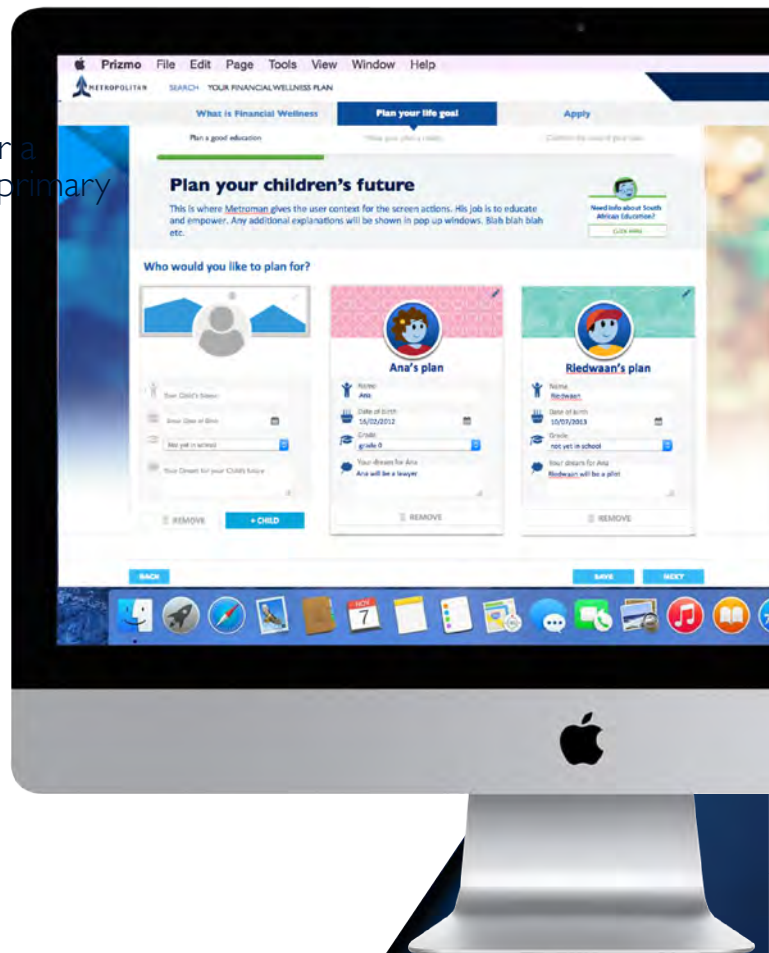
METROPOLITAN IS A HOLISTIC ENGAGEMENT, ADVICE AND SOLUTIONS BRAND – we aim to be a **one-stop-shop** for a market where **trust, ease of access and affordability** are the primary considerations for Brand choice

OUR SOLUTIONS  
“RECIPE”

ENGAGEMENT  
ADVICE  
PRODUCTS

DIGITAL INNOVATION  
AS DIFFERENTIATOR

FLEXIBLE ADVICE PLATFORM  
PRODUCTS DECOMMODITISED  
DIGITAL INNOVATION



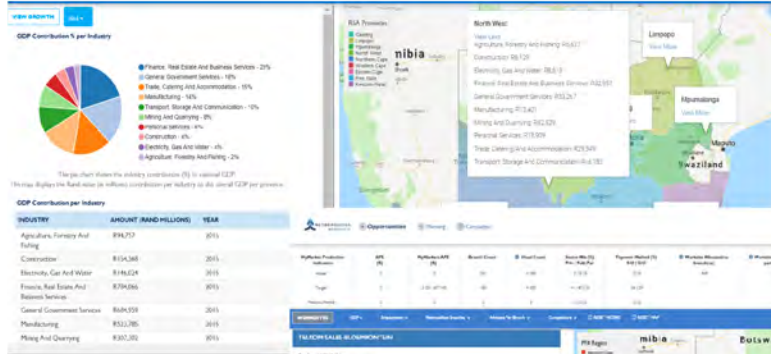
# **GROWTH** THROUGH WORKSITE MARKETING **(MARKET ACCESS)**



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# MyMarkets



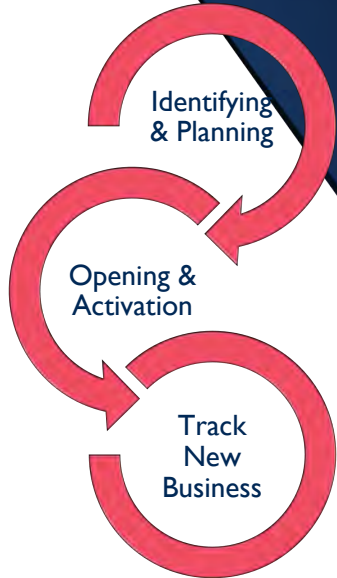
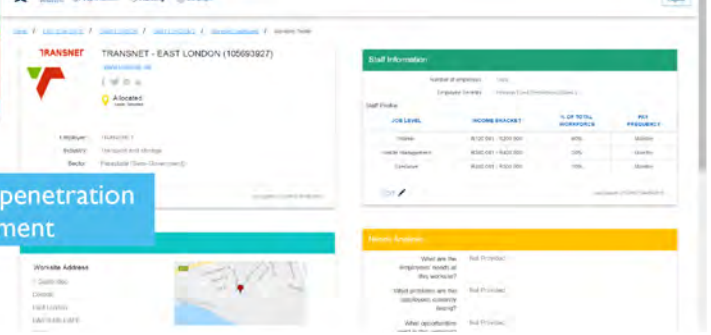
Planning and industry / sector selection



Worksite selection and allocation

**My Potential Clients**

| Filter by            | ID        | Name     | Special        | Allocated Address  | Business Name | Address                     | Contact               |
|----------------------|-----------|----------|----------------|--------------------|---------------|-----------------------------|-----------------------|
| View All             | 11654532  | Martin   | Dave           | COVENTRY           | METROPOLITAN  | 15000000000                 | 15000000000           |
| By Campaigns         | 921037408 | Jonathan | Southwest      |                    |               |                             |                       |
| Transnet in State    | 2629820   | JR       | Malden         | 14/09/2018 - 10:43 | Futsal        | Online advertising campaign | Disabled - No contact |
| From the Most Active | 22413256  | Jonathan | Scap           | 14/09/2018 - 10:43 | Service       | Online advertising campaign | Disabled - No contact |
| Most Active          | 13481234  | JR       | Plattar Malden | 14/09/2018 - 10:43 | Futsal        | Online advertising campaign | Available             |
| Transnet in State    | 1341234   | Jonathan | Scap           | 14/09/2018 - 10:43 | Service       | Online advertising campaign | Available             |
| Most Active          | 12341234  | JR       | Malden         | 14/09/2018 - 10:43 | Futsal        | Online advertising campaign | Available             |
| From the Most Active | 823412345 | Jonathan | Scap           | 14/09/2018 - 10:43 | Service       | Online advertising campaign | Available             |
| Most Active          | 12341234  | JR       | Malden         | 14/09/2018 - 10:43 | Futsal        | Online advertising campaign | Available             |
| From the Most Active | 12341234  | Jonathan | Scap           | 14/09/2018 - 10:43 | Service       | Online advertising campaign | Available             |



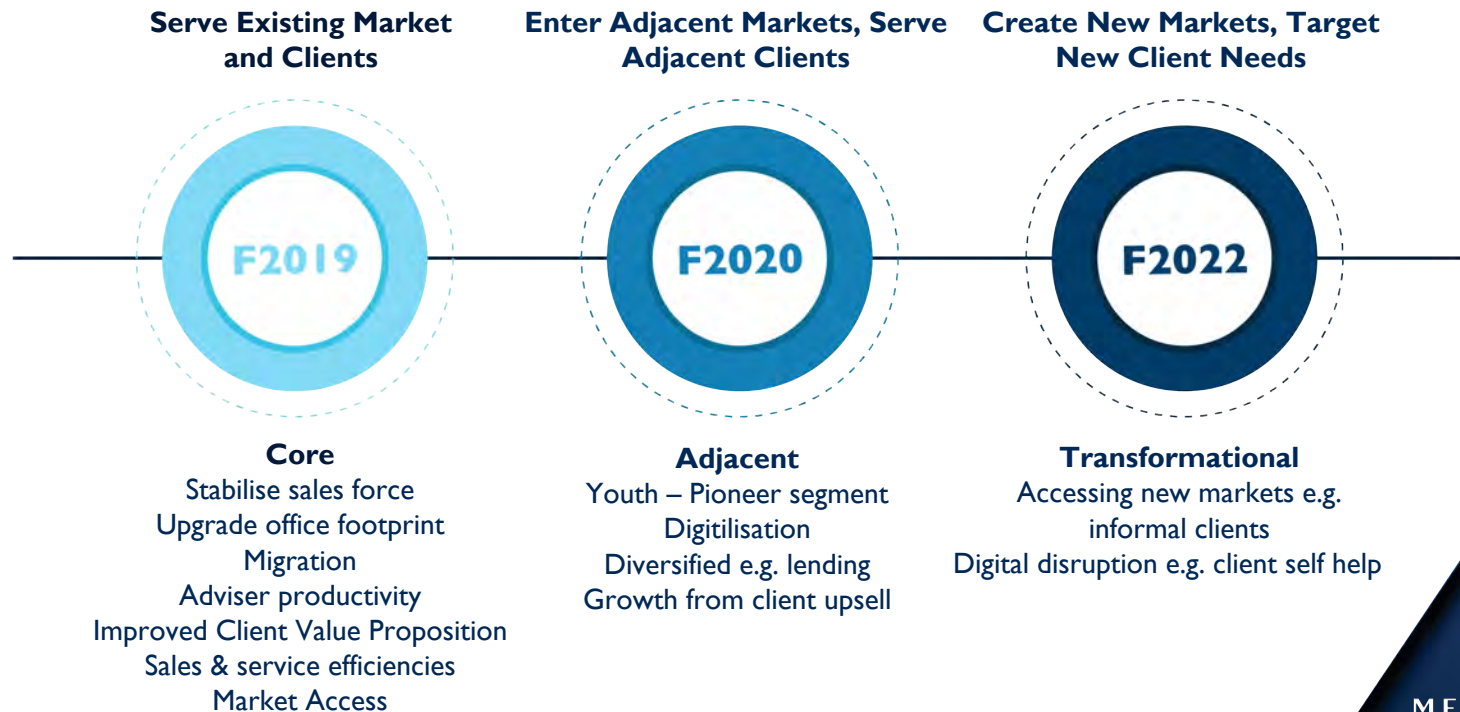
LOOKING  
**FORWARD...**



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# Core, adjacent and transformational focus areas

Balancing “business-of-today” with the opportunities of our “business-of-tomorrow”





**QUESTIONS?**



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# MMI Investor Conference

## Aditya Birla Health



PROTECTING INVESTING FINANCING ADVISING

15 Oct 2018

## Agenda

## Aditya Birla Health

1

Overview of Aditya Birla Capital and Aditya Birla Group

2

India Health care market Trend & Opportunity

3

Our strategy and key differentiators

4

Our journey so far

5

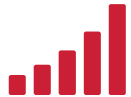
Way Forward & Key Strategic initiatives



# India has huge potential due to huge scale...



Every **6th** Person in the World is Indian

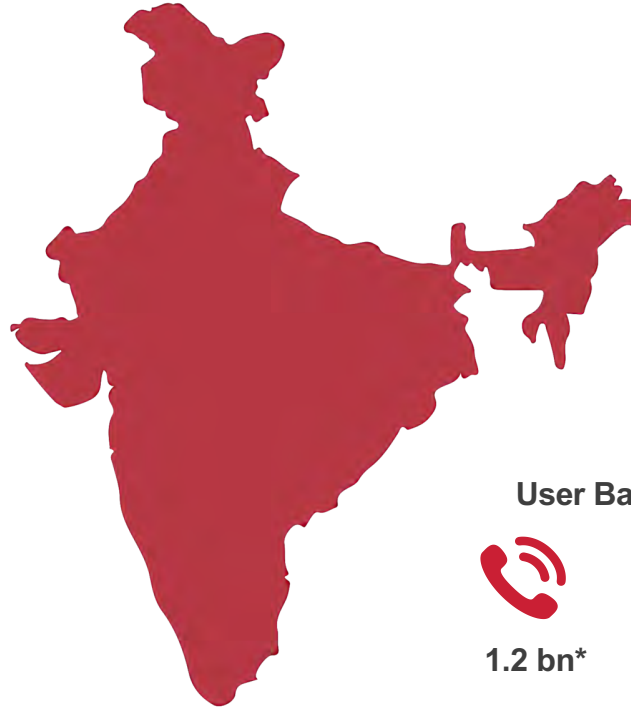


**3rd** largest economy (PPP)  
Nominal GDP – **US\$ 2.6tn** to **US\$ 4.6tn** by 2023

FY18 Growth **6.7%**



Forecast FY19 **7.4%**



Largest Democracy



Largest Youth Population at **600 million**

## User Base



1.2 bn\*



330m



500m



#1



#2

# India has huge potential due to vast diversity...



120+ Languages



31%  
Urban

69%  
Rural



3rd largest tech start-up location



45% Middle class  
population



46 cities (>1m  
Population)

68 cities by  
2030



100 Indians  
in Forbes richest

22% Below  
Poverty line



63% Working  
Class population

Revenues  
~ **US\$ 44bn**

Market cap  
**US\$ 50bn+**

**Best employer**  
in India as per  
AON - 3<sup>rd</sup> time  
over the last 7  
years



**14 businesses** across  
manufacturing and  
services

**50%**  
overseas revenues

**120,000+**  
employees ;  
42 nationalities

Stock exchange Listing  
**1st September 2017**

Revenues  
~ **US\$ 2bn**

12 businesses

|                  |                         |
|------------------|-------------------------|
| NBFC             | Broking                 |
| Housing Finance  | Insurance Advisory      |
| Life Insurance   | Private Equity          |
| AMC              | Online Money Management |
| Health Insurance | Asset Reconstruction    |
| Wellness         | Pension                 |

Assets Managed  
**US\$ 46bn**

Market Cap  
~ **US\$ 4bn**

Customers  
**> 10m**

**Best employer**  
to work for  
14,500+  
employees

**PAN India presence**  
1600 touchpoints across  
400+cities

Agents and Partners  
**190,000+**



## Agenda

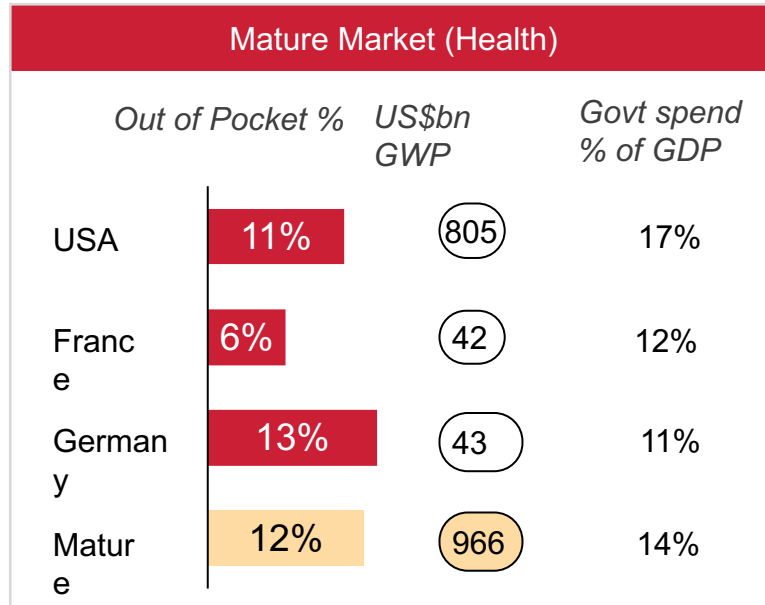
## Aditya Birla Health

- 1 Overview of Aditya Birla Capital and Aditya Birla Group
- 2 India Health care market Trend & Opportunity**
- 3 Our strategy and key differentiators
- 4 Our journey so far
- 5 Way Forward & Key Strategic initiatives

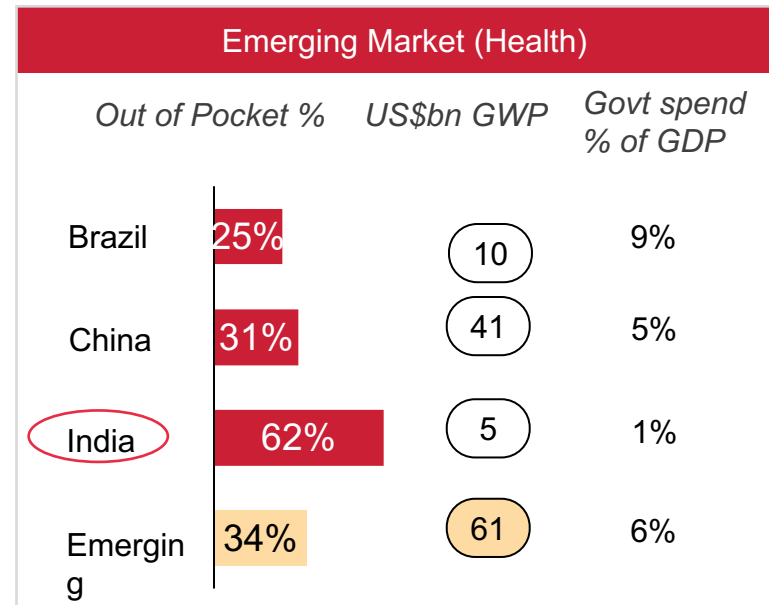




# India has highest % of out-of-pocket health care expenditure



Source: Mckinsey Global insights 2017/ WHO



Source: OECD Data

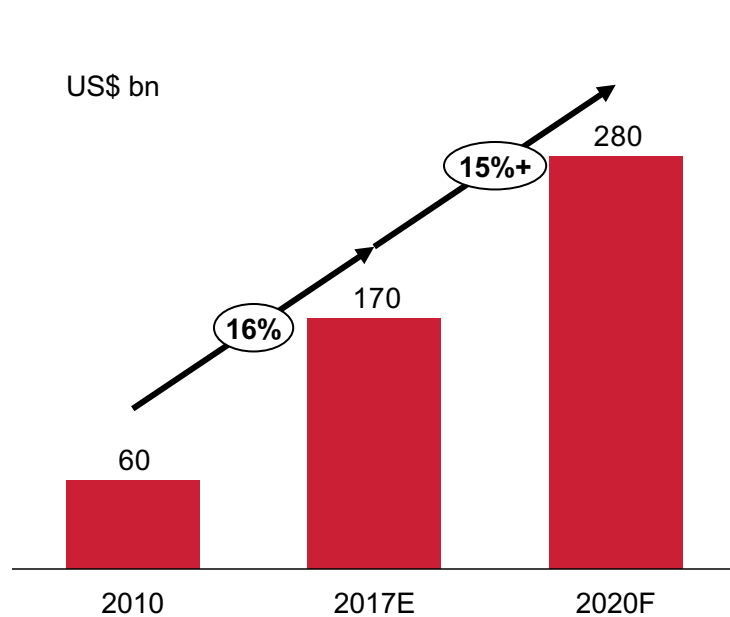
High out-of-pocket expenditure coupled with lower public expenditure provides huge opportunity for Insurance in India

# India Health care to grow at 15%+ backed by strong fundamentals



Health care expenditure (HCE) is expected to double by 2021

Key Demand Drivers



Source: IBEF 2018



## Increase in Population

1.35bn by 2022



## Increase in lifestyle diseases

No of Diabetes patients to increase to 120m by 2020



## Increase in medical tourism

From US\$ 3bn in 2015 to US\$ 9bn by 2020



## Conducive regulatory framework

FDI, tax benefits & favourable govt. policies to propel health care

Growth in Health care sector to propel health Insurance growth as currently ~7% of Pvt. Expenditure is funded by Insurance

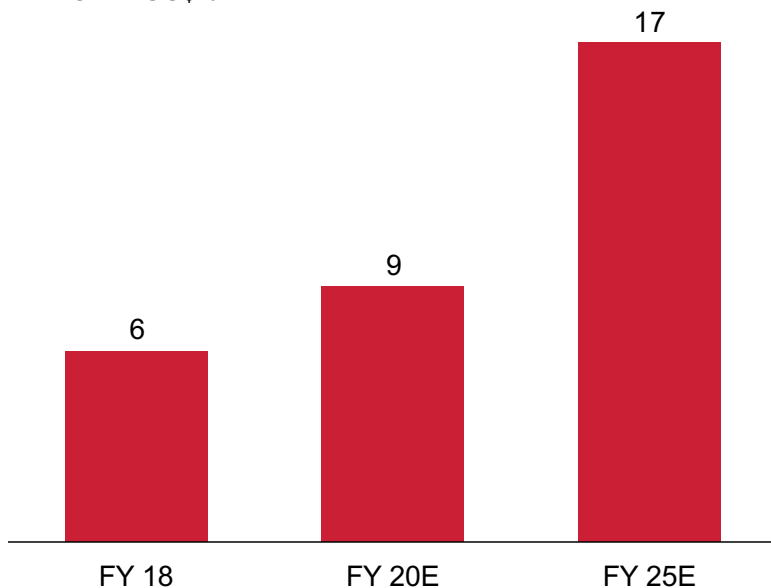
# Health Insurance is expected to grow upward of 15% fueled by strong demographics



Industry to touch ~ US\$ 15bn GWP by 2025

Key Demand Drivers

GWP US\$ bn



## Increase in Retail penetration

Significant opportunity as currently <3% of the population covered (excl. Govt. / Group)



## Expanding Middle class

Middle class HH to increase from 70m in 2016 to 110m by 2025



## Increase in access and health care infra

Increase in hospitals beds from 1.5m 2015 to 2.5m by 2025

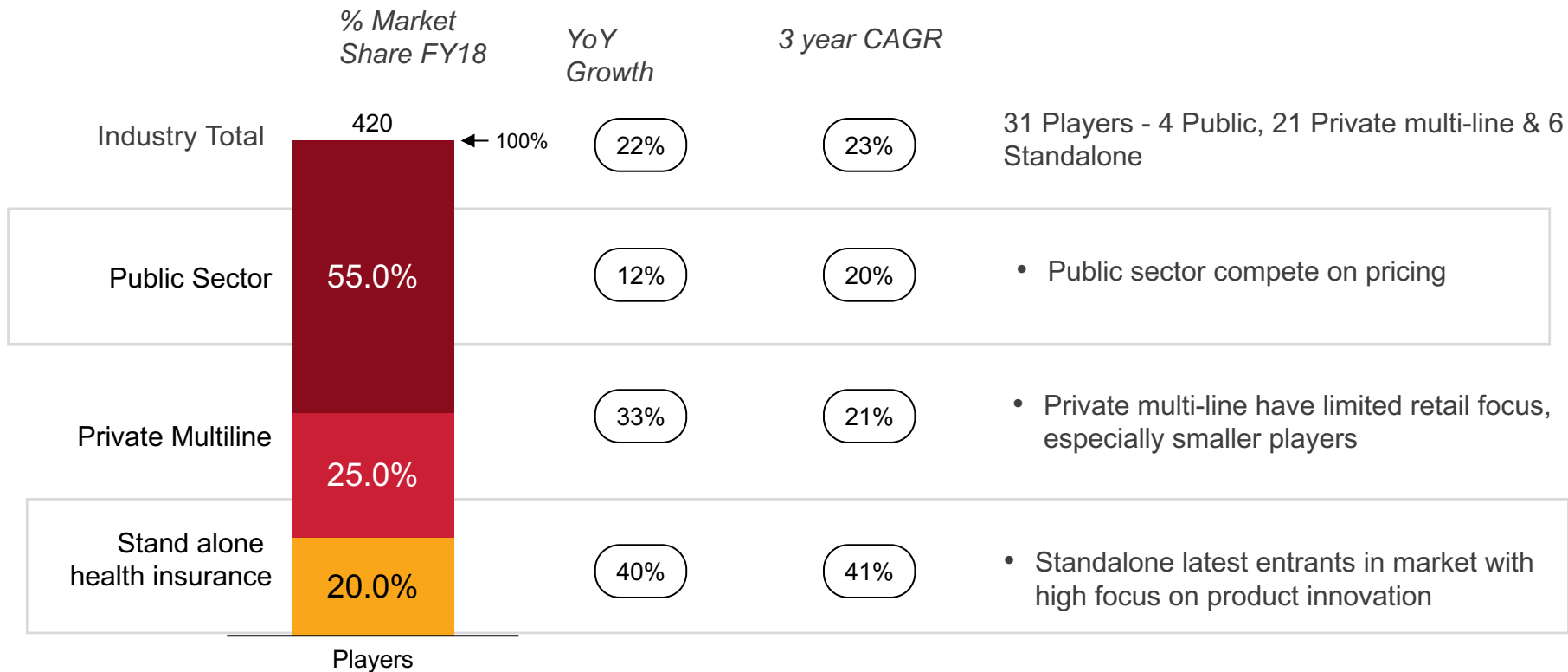


## Evolving models of Insurers

SAHI, Focus on Tier III cities, New technologies and online distribution

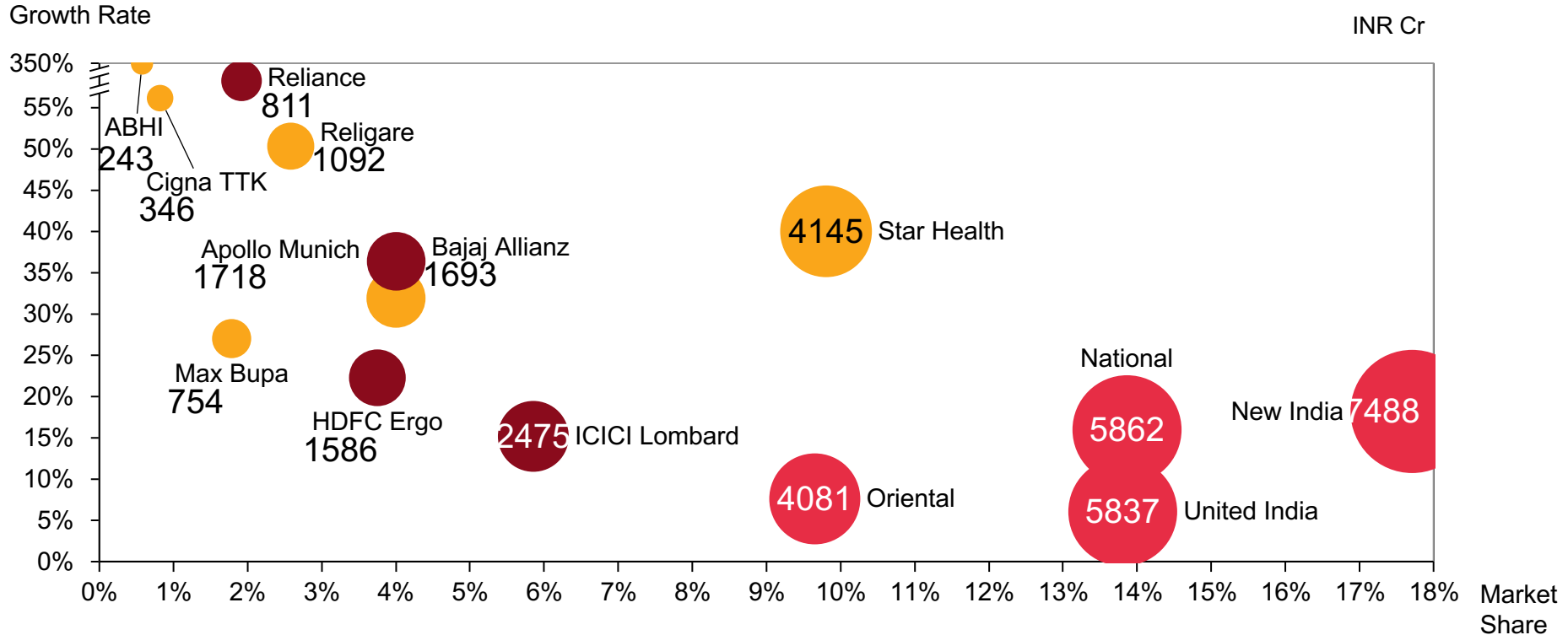
Source: GIC & IRDA for FY 18. Projection basis KPMG & Internal estimates

# Stand alone health insurance players have been growing faster than the industry consistently every year



Health Insurance has been growth at 2X of GDP growth rate and SAHI has been growing at 2X of Insurance growth

# Standalone health insurers have shown higher growth rates



While PSU players have higher market share due to vintage, Stand-alone health players have higher growth rate

# White spaces continue to exist for ABHI to leverage

## Untapped Customer Segments



|           |                                     |
|-----------|-------------------------------------|
| <30       | <input type="checkbox"/>            |
| 30-50     | <input checked="" type="checkbox"/> |
| >50 years | <input type="checkbox"/>            |

## Scaling-up Opportunity



|                 |                                     |
|-----------------|-------------------------------------|
| Top 100 cities  | <input checked="" type="checkbox"/> |
| Next 500 cities | <input type="checkbox"/>            |

## Untapped Product Segment



|              |                                     |
|--------------|-------------------------------------|
| Hospital     | <input checked="" type="checkbox"/> |
| Pharma/Dr    | <input type="checkbox"/>            |
| Wellness     | <input type="checkbox"/>            |
| Chronic care | <input type="checkbox"/>            |

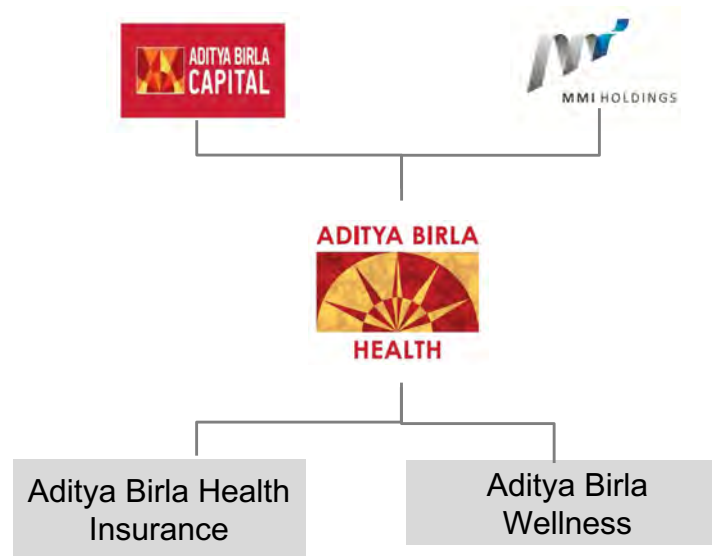
## Sub-Optimal Operating Model



|                         |                                     |
|-------------------------|-------------------------------------|
| Digital delivery        | <input type="checkbox"/>            |
| Provider network        | <input checked="" type="checkbox"/> |
| Experience & Engagement | <input type="checkbox"/>            |
| Claims Management       | <input checked="" type="checkbox"/> |

# ABH fits into both ABC's & MMI's vision

ABHI formed a 51:49 joint venture between ABC and MMI



MMI Expertise on managing health of customers through their chronic care program and incentivizing them on their health would help ABH fill key industry white spaces

## Agenda

## Aditya Birla Health

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- 4 Our journey so far
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# Our Purpose and Key differentiators

**WHY**

**Purpose : “Empowering and motivating families to prioritize their health and live fulfilling lives”**

**WHAT****Differentiators**

Expand market through CVP



Optimal Distribution Scale-  
Ideal for Top 3 players



Engagement - Move from “Buy & Forget” to “Buy & Engage”



Superior Financial Management

**HOW****Initiatives**

- Through a differentiated Product suite
- Right Customer & Product Mapping
- Multi Distribution strategy to increase our geographical spread
- Deepening of Banca tie-ups – Industry 1st
- Phygital strategy to reach all customers
- Incentivised Wellness - Active Dayz/ Health Score
- Experience -Care Managers / NPS , Digital Health Care Ecosystem & APP
- Healthier Customers lead to lower claims
- Engaged Customers lead to higher retention

Wellness targeted at <35 years  
Chronic care targeted at >50 years



# Our Product innovation – Industry 1<sup>st</sup> in many cases



Low cost plans for indemnity and incentivised wellness for certain segments

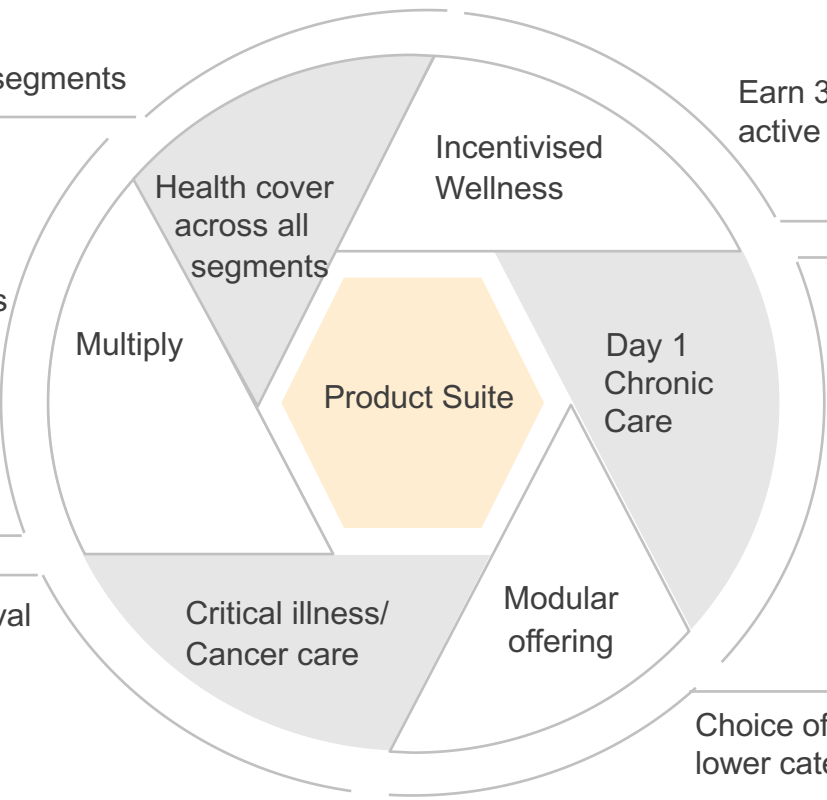
Earn 30% of Annual premium based on active days through gym visits, wearables

India's first wellness & rewards program with Free access to gyms and life style rewards\*

Highest no of Cl. + Lowest survival period & Cancer care plan

Day 1 cover for cost of medicine, diagnostics and consultation

Choice of room rent, Incentive for utilising lower category room



# Access - Our Multi-Distribution Strategy – 1/2

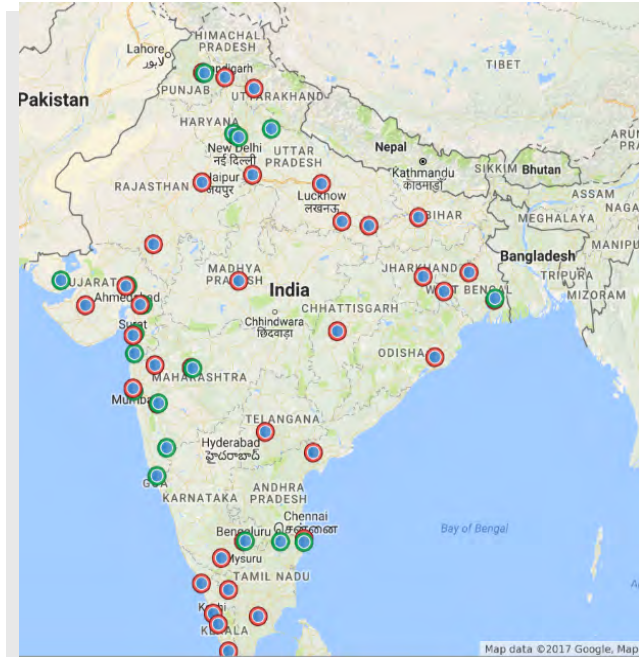



ABHI has strong multi-distribution capabilities with flexibility to scale up Agency channel going forward

# Access - Growing distribution network across channels – 2/2



## Wide Distribution Network



## Agency Branch Network

|                    | Q1 FY18 | Q4 FY18 | Q1 FY19 |
|--------------------|---------|---------|---------|
|                    | 15      | 59      | 59      |
| Agents             | 2986    | 15,500+ | 17,600+ |
| Active POS (Banks) | 100     | 400     | 1574    |
| No. of Cities      | 40      | 150     | 600+    |
| Hospital network   | 1,910   | 4,200   | 4,580   |
| Sales Force        | 500     | 1,110   | 1,140   |



# These 5 initiatives will drive engagement & lead to superior customer experience



Engagement - Move from "Buy & Forget" to "Buy & Engage"



Phygital - Physical + Digital Delivery



Creating Platform for Health Ecosystem via partnership



NPS covering ~80% of critical customer journeys

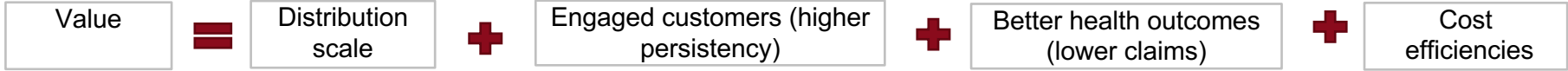


Increase customer engagement through self-servicing, and focus on health outcomes



Health risk management and chronic care management initiatives

# Value creation through Superior Financial Management

## Key Levers

### Accelerated growth - GWP

ABHI Growth to be higher than Industry growth

### ↑ Renewal book (Renewal % of Total GWP)

Digital Engagement / Servicing

Sustained Customer NPS at all stage at > 40%

### Better claims mgmt. - Retail claims ratio

Target -35% customers on health journey

Health risk management through health data

**Sustainable Profitability** - through efficient expense and combined ratios

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# 24 months back ABHI initiated its journey to transform health insurance perception in India



Robust  
Revenue  
growth

- In a short span of 12 months, ABHI covered 1m+ customers



Distribution &  
Product journey

- Comprehensive product suite with product launched for all customer segments
- All channels activated within 3 months of launch



Customer  
engagement  
experience

- One of the youngest customer base in the Industry

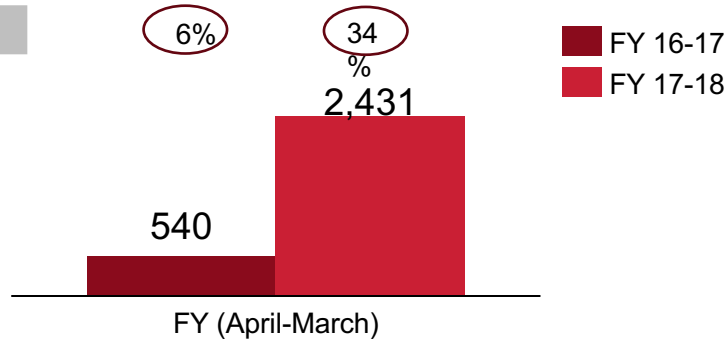
Strength of our business model has been validated by the company's performance



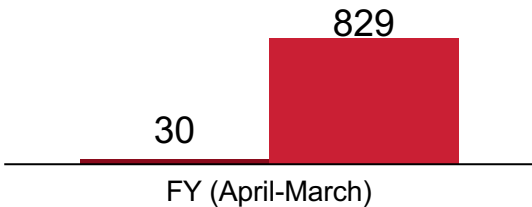
# Our Journey So Far- Revenue – 1/3

## Total GWP (Rs'm) - Full Year

Retail Mix

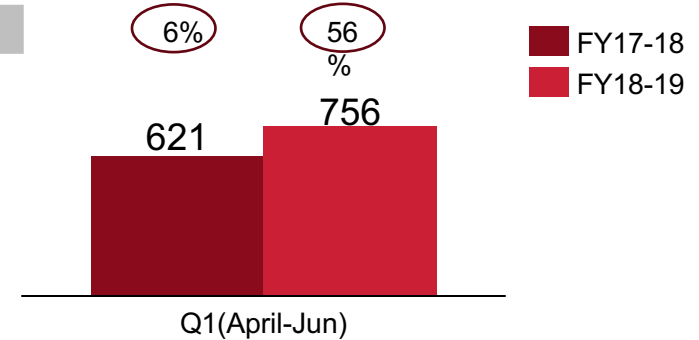


## Retail GWP (Rs'm) - Full Year

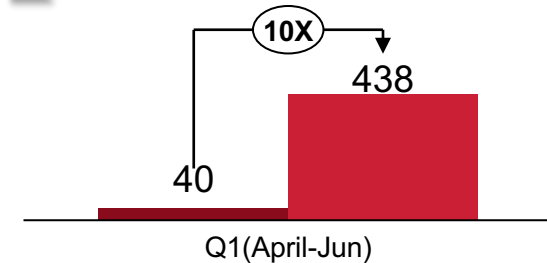


## Total GWP (Rs'm) - Q1

Retail Mix



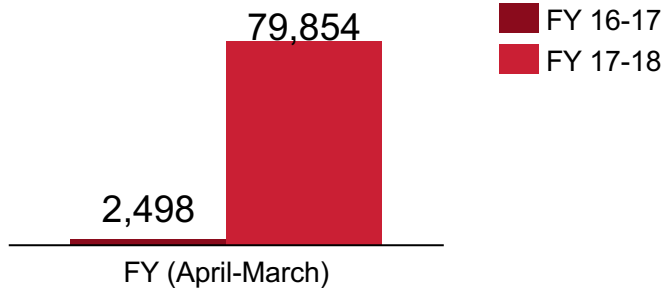
## Retail GWP (Rs'm) - Q1



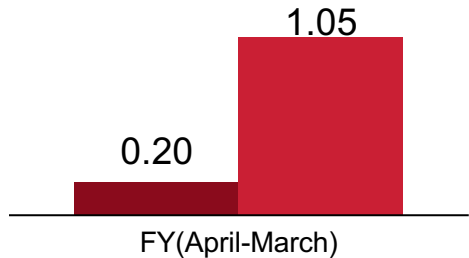
Focus on Retail segment to drive profitability & create strong customer franchisee for long term

# Our Journey So Far- Revenue – 2/3

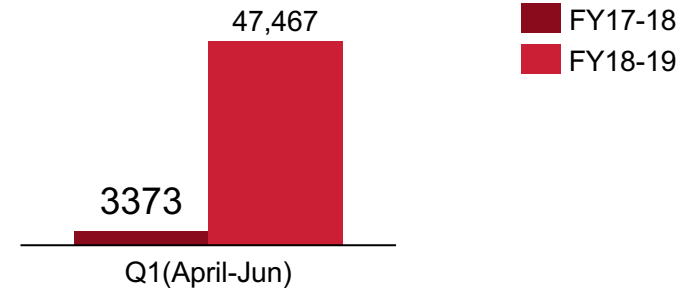
## Total No. of Policies – Full Year



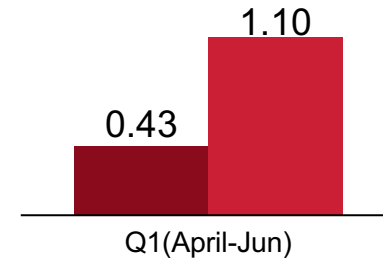
## No. of Lives (Inforce) In million – Full Year



## Total No. of Policies – Q1

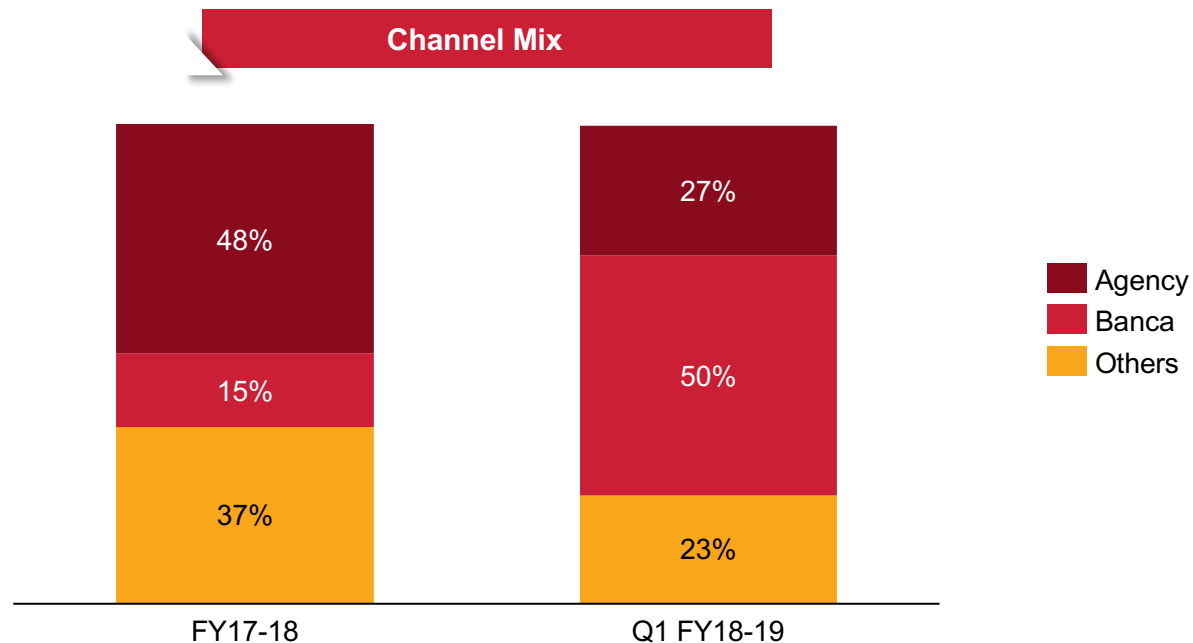


## No. of Lives (Inforce) In million – Q1



Covering 1.1 Mn lives by putting “Health” in Health Insurance

# Our Progress till date- Revenue – 3/3



Capacities created in Banca delivering growth with more than 50% contribution from Banca

## To Summarize,



Differentiated Business model with **Focus on “health” first** before insurance



We are **doing well in initial years compared to key peers in the industry** , but we aspire to be the leader



Revenue growth will continue to be higher than market



Continue to build new capacities and leverage the existing to its full potential



Keep strengthening our health ecosystem for better customer engagement



Focus will remain on value creation for long term

## Leadership Recognition

Rising Star of the Year at the 2nd Annual India Insurance Summit & Awards 2017

'Best Health Insurance Company of the Year'

## Product Recognition

Won the 9<sup>th</sup> edition of FICCI Healthcare Awards 2017

Awarded "New Insurance Product of the year " by "World Health and Wellness Congress" for " Activ Health

## Brand Recognition

Won silver for best crowd sourced content at 2<sup>nd</sup> E4M Content Marketing Award 2017

Paul Writer recognition of ABHI as "Hot 50 Brands"

## Customer Service Recognition

"Care Manager" Service was awarded under Star Performer Outreach category by ASSOCHAM India



Questions?

# MMI Holdings Investor Conference

## Guardrisk

Lourens Botha

15 October 2018



momentum

*multiply*



GUARDRISK 

ERIS 

# Agenda



Who we are

Investing for past and future Growth

Landscape Changes







# Who we are

**To be the trusted insurance partner to our clients for sustainable growth and financial stability**

# High level Overview



Market Share (GWP Total) R20 billion



Market share > 60% (Guardrisk Insurance)

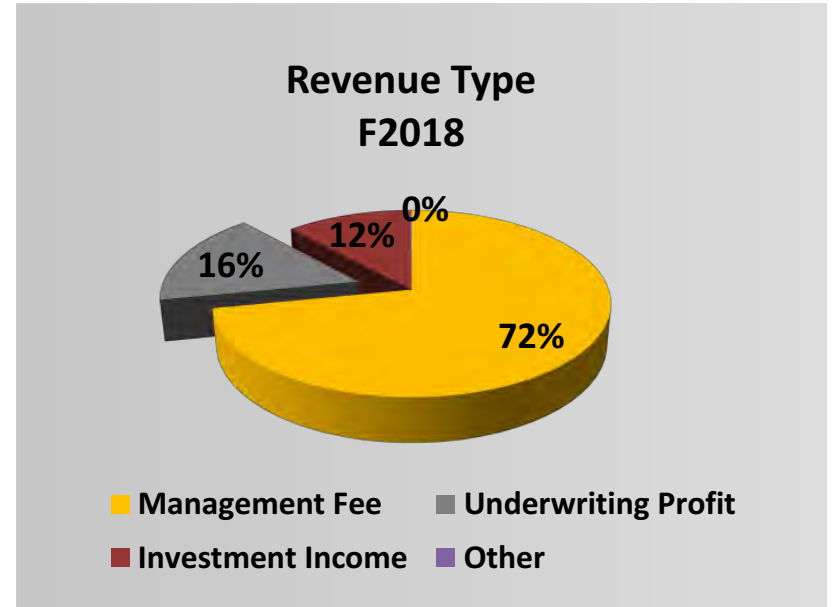
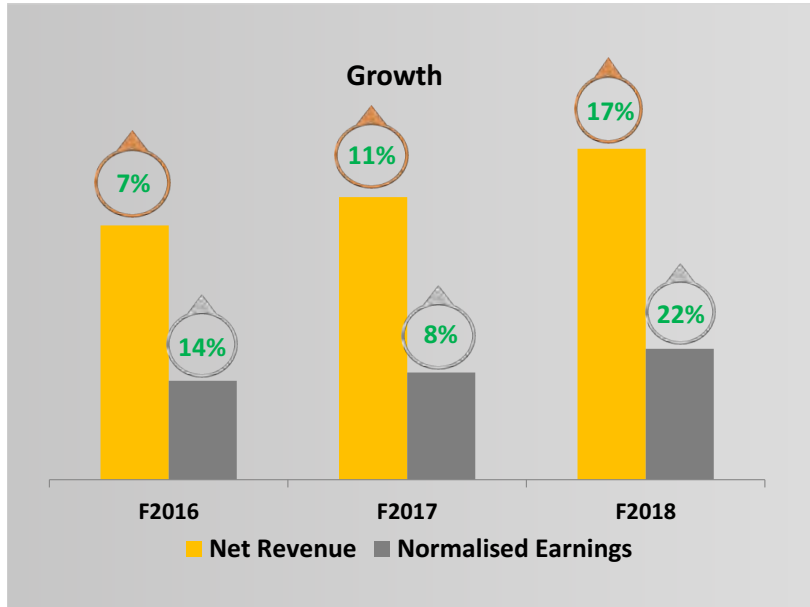


Cell Shareholders' funds of R7 billion



Over past 25 years paid back dividends in excess of R8.5 billion to our clients

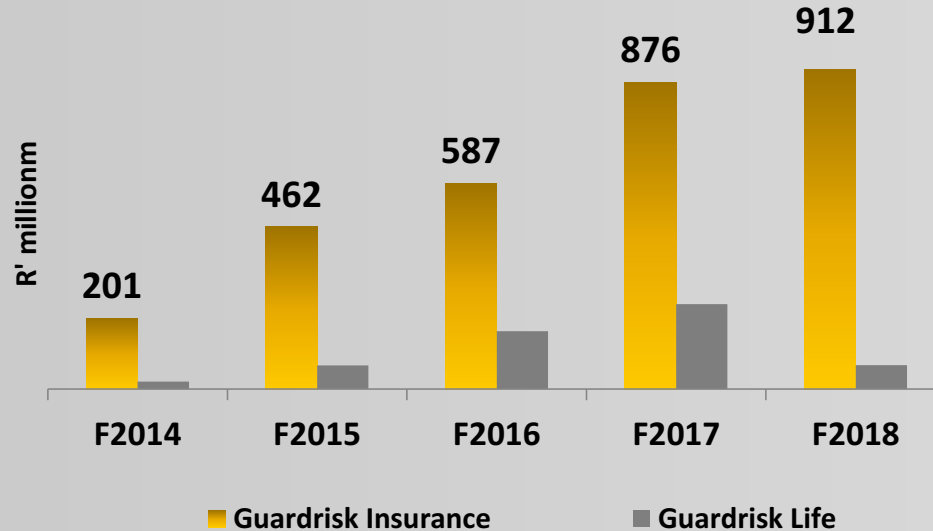
# Historical Glance



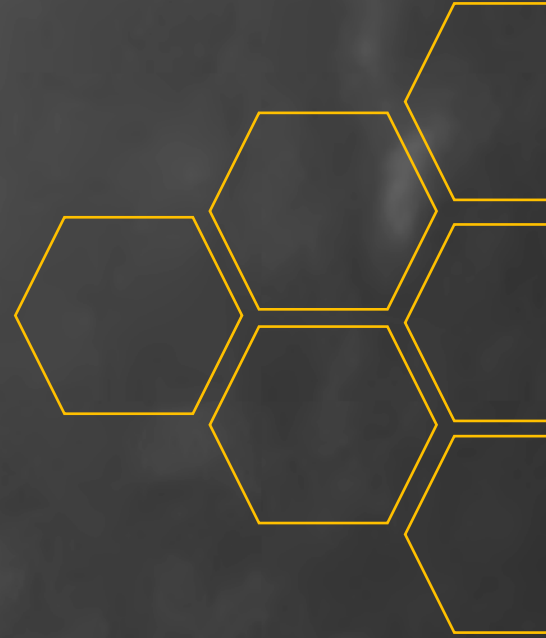
# Historical Glance (Own Risk)



Net Written Premium growth



# Investing for past and future growth



# Strengthening the Foundation



Market realignment



Capacity catch-up



Fixing loss making schemes / products







Embracing regulatory certainty


# Investing for Growth – Growing our own



## Non-Life Growth Strategies


-  Increase in front-end client engaging and new business staff
-  Increase in broker footprint
-  Aggregated Commercial Offering
-  Mining Rehabilitation


## Life Growth Strategies

-  Focused segments strategy with specific new business targets






# Investing for Growth – New Initiatives



 Transformation and Micro-Insurance

 Digital / Insuretech

 Guardrisk General Insurance

-  Gradual and targeted increased risk taking with modest retentions;
-  Specialize in- and segment along Niche Corporate, Commercial and Specialist lines;
-  Use of prudent reinsurance structures, with high market security in order to limit volatility in earnings;
-  Existing premium base allows for focus on profitable growth rather than the philosophy of writing for top line and fees;
-  Increased focus on enhancement of claims management process and procurement efficiencies to sustain and strengthen margins in expanded underwriting environment;



# What are we aiming for?



CAGR Earnings > 10%



Increasing Underwriting Profit 25% to 30%



Substantial Increase in value



**Landscape challenges**

# Landscape Changes



Navigating SAM and Standard Formula



Competitor Environment



Potential increased earnings volatility

# Questions?



momentum

*multiply*





**MMI Holdings  
Investor Conference  
Momentum Short  
Term Insurance**

**Brand Pretorius  
15 October 2018**



# Agenda

## Part 1

Where have we come from?

## Part 2

Where are we now?

## Part 3

Our plans going forward





**Where have we  
come from?**



# Momentum Short-term Insurance (MSTI)

A brief history lesson



September 2005

Started as JV between  
OUTsurance &  
Momentum



July 2012

MSTI becomes wholly  
owned subsidiary of MMI



## Mandate

- Rebuild MSTI (specifically back office) in MMI
- Establish retail STI centre of excellence (back office)
- Provide (where appropriate) back office support to STI entities (over and above MSTI)



# Momentum Short-term Insurance (MSTI)

What challenges did we encounter?



Growth from the non-profitable sources



Lack of focus – too many initiatives at the same time



Limited management bandwidth and unclear accountabilities in operating model



Core capabilities required for profitable growth (and excellence) not yet established, immature or not under control of management

# Momentum Short-term Insurance (MSTI)

How did we Reset the business

## Reset: Phase 1 (F2015, F2016)



Reduce new business volumes from high loss ratio sources



Significant focus on reducing the claims ratio



Stabilise systems



Fix service challenges



Establish clear full value-chain (profitability) accountability



Focus business and prioritise personal-lines market segment



Drastically reduce support to African countries – focus on SA only



Regain management control of marketing, distribution & digital capabilities



Invest in profit-making capabilities – pricing & underwriting critical

# Momentum Short-term Insurance

**Reset**



**Grow**



Full value chain **responsibility**



SA focus **only**



**Exit car dealerships**



Enhance **pricing** and **underwriting** capability



Grow client base



**Improve** claims ratio



**Streamline** processes

**Where are we now  
and what progress  
has been achieved?**



# What are we aiming for?

Definition of success

## Transform MSTI into a sustainably profitable business in the next 3 years

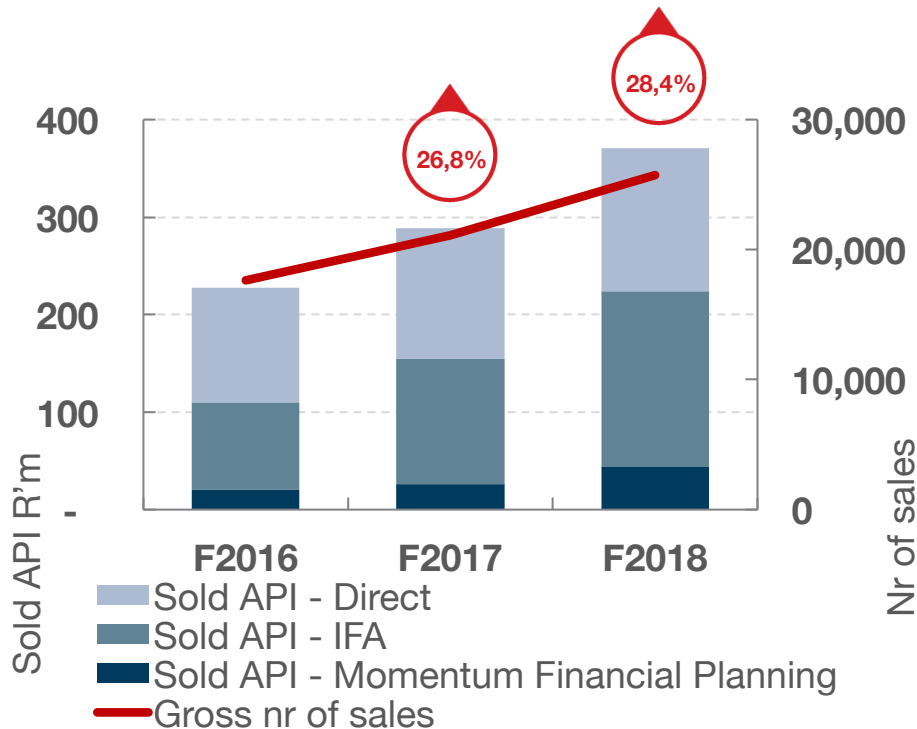
### Financial aspirations

- 1 MSTI (license only) profitable on a before tax basis in F2019
- 2 Consolidated MSTI (license and full back office) profitable on a before tax basis by F2021
- 3 Achieve >20% premium growth per annum for the period

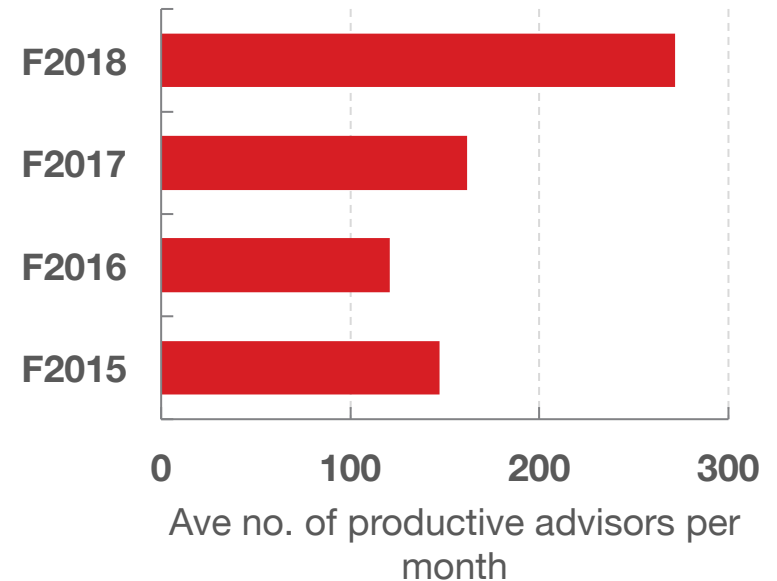
# How are we doing?

Reset – New business volumes

### New business volumes



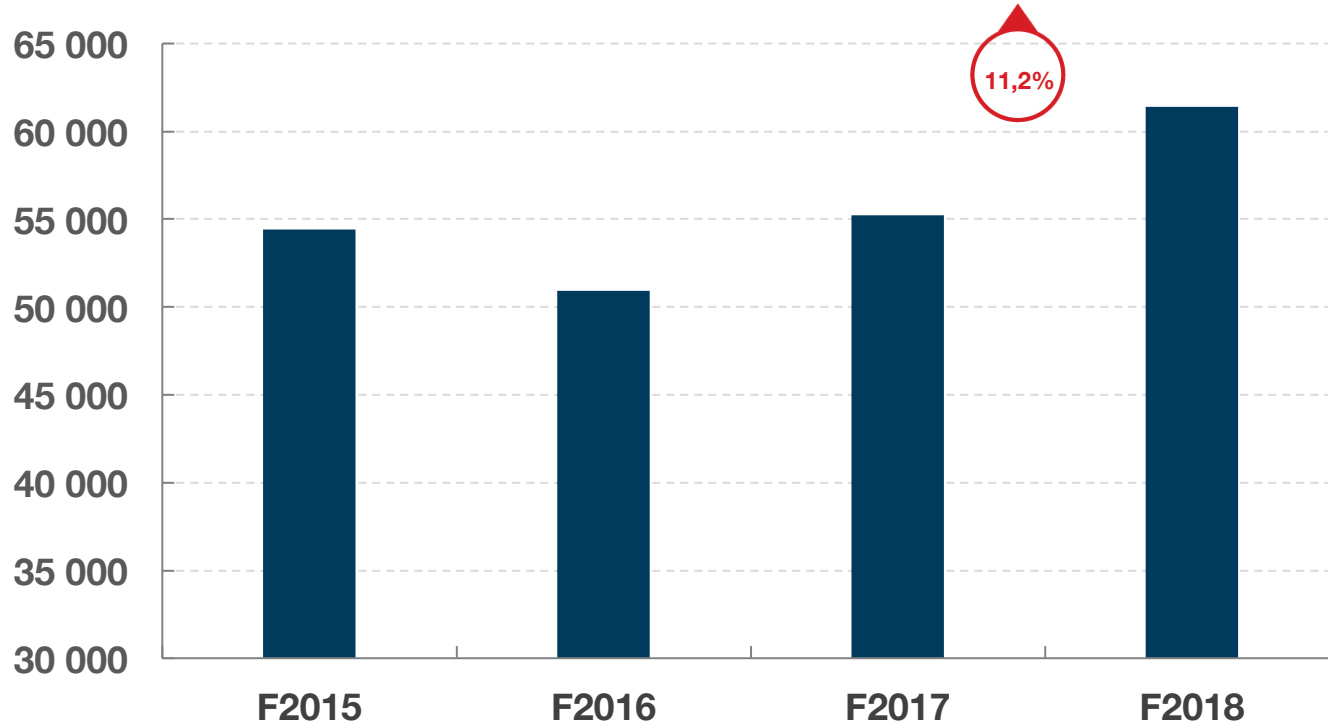
### Productive Face-to-Face advisors



# How are we doing?

Reset – Growing the client base

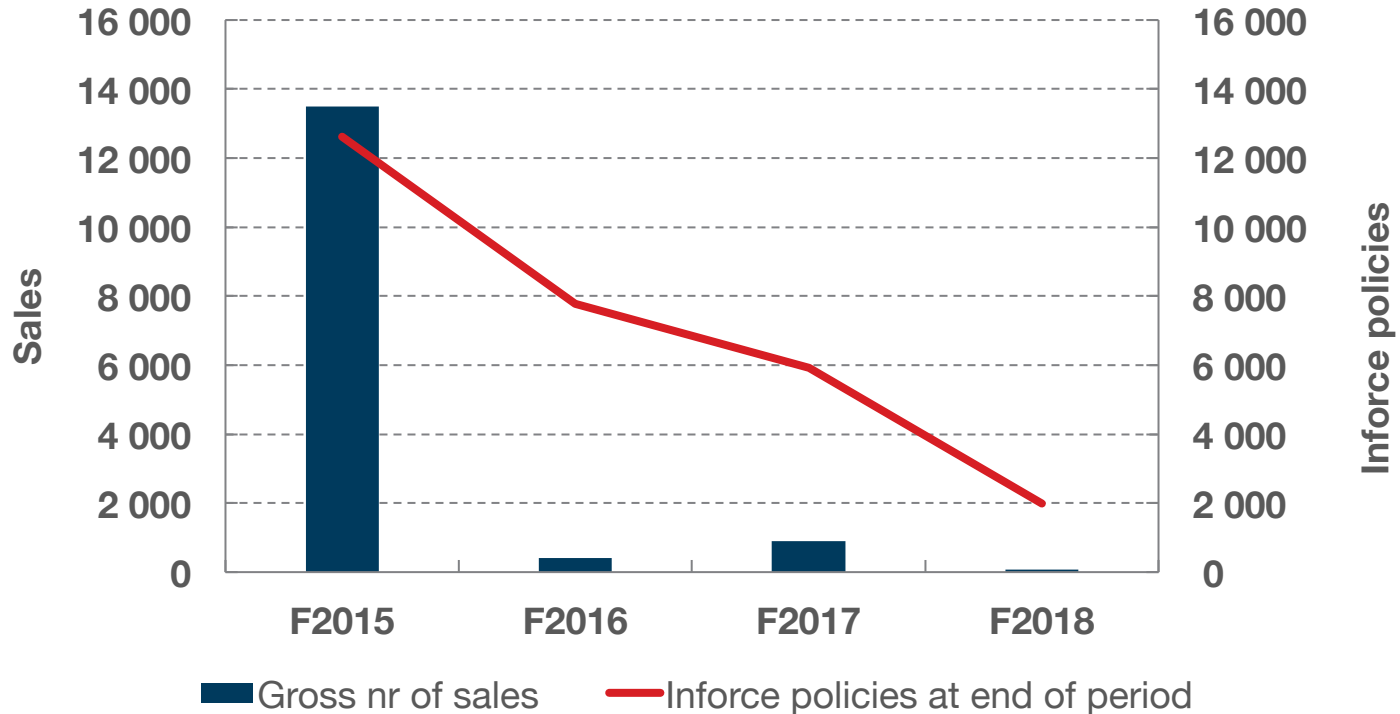
## Inforce clients



# How are we doing?

Reset – Managing unprofitable lead sources

## Exit the car dealership channel

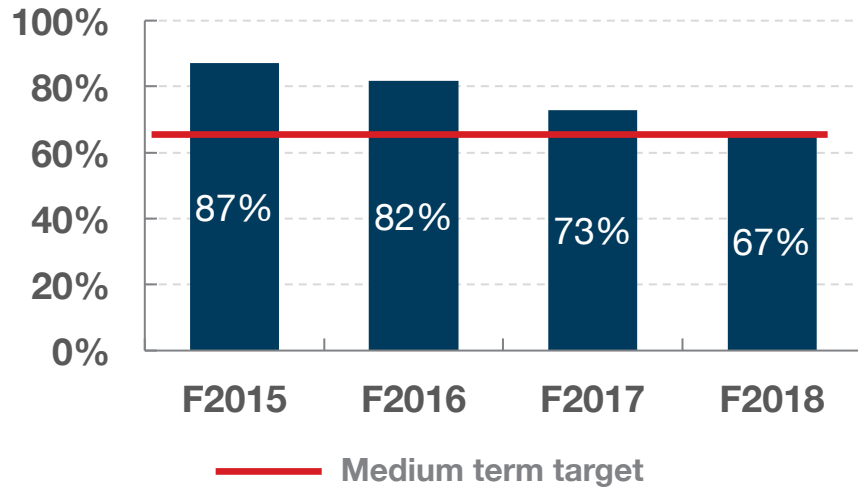




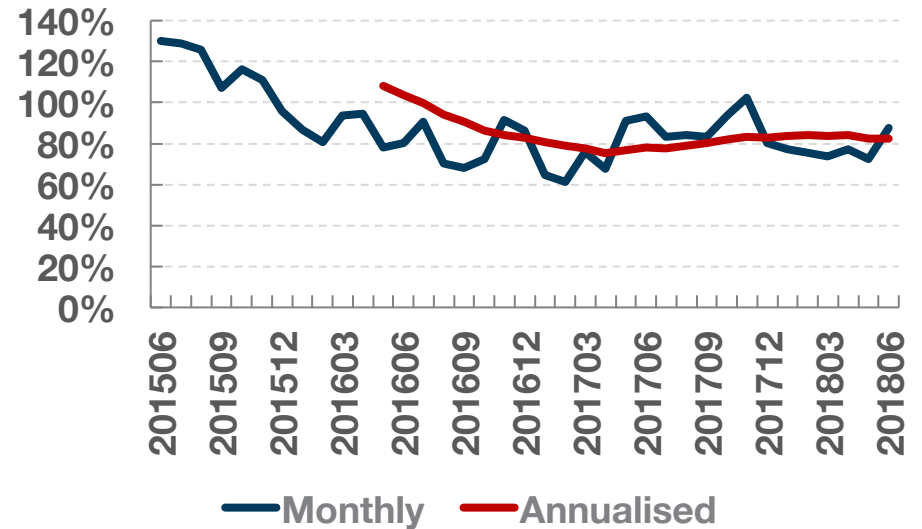
# How are we doing?

Reset – Reducing the claims ratio

## Claims ratio by financial year

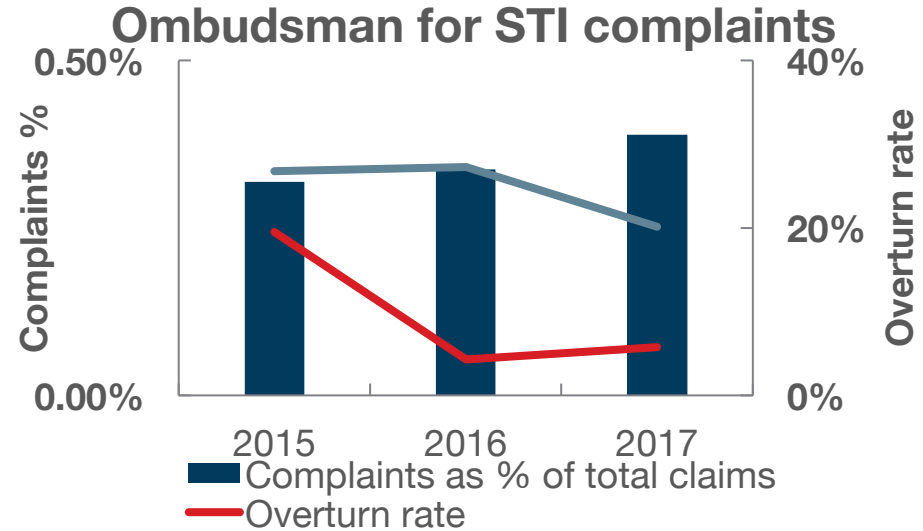
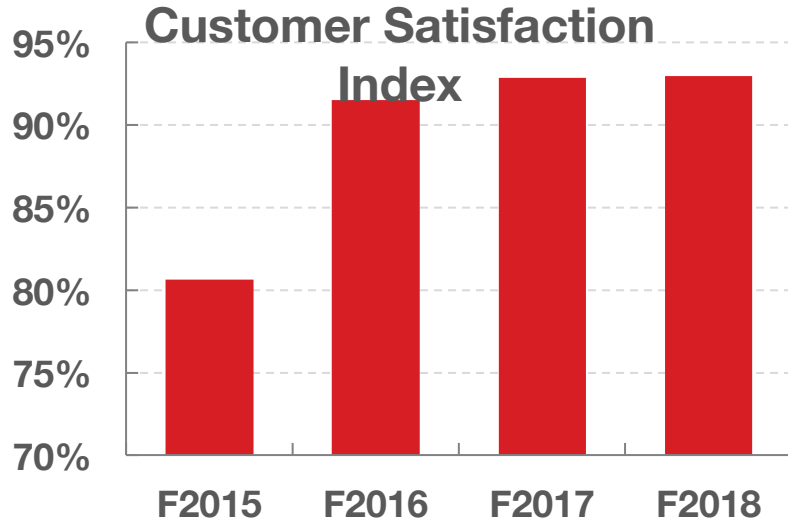


## New business claims ratio



# How are we doing?

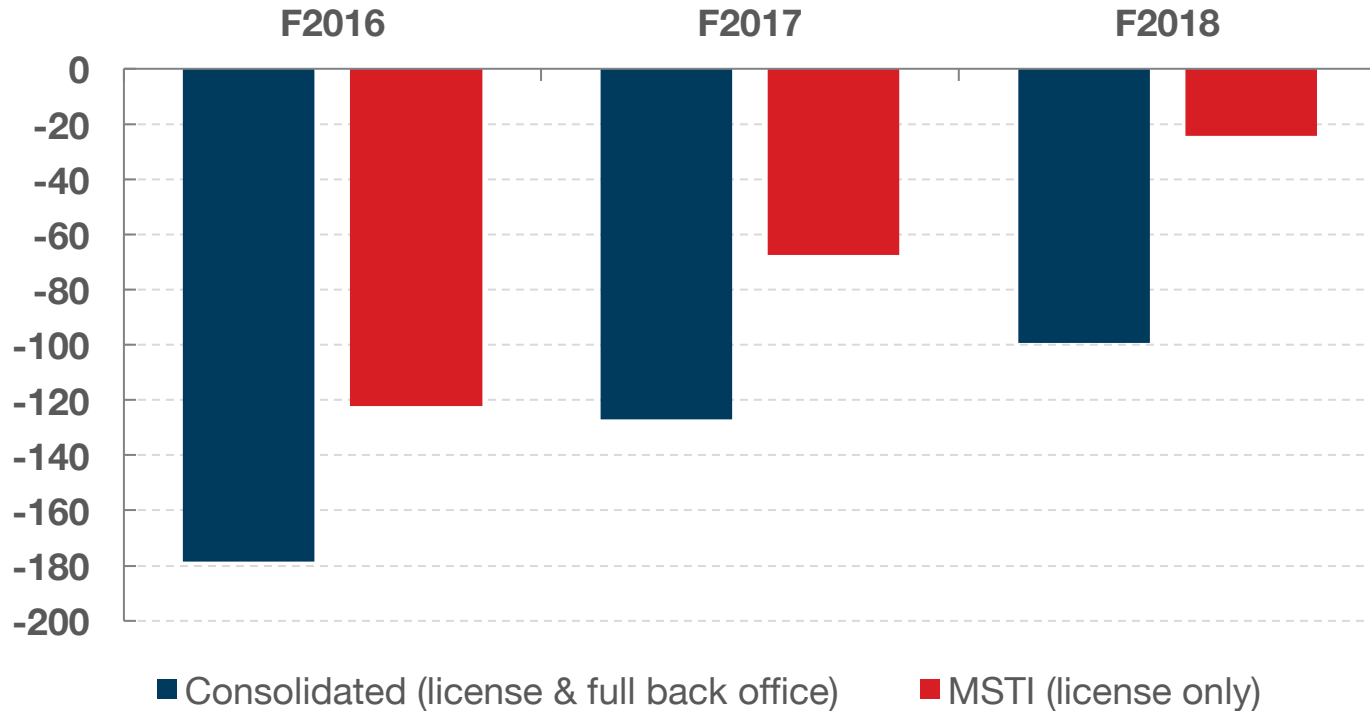
Reset – Addressing service challenges



# How are we doing?

Reset – Profitability

## Before tax profitability improvement



**Our plans going  
forward**



# Grow – 3 year success indicators

## Grow client base



## Achieve profitability



> 90 000 inforce clients



> 20% YoY Premium income growth

New business 14%

Ave premium values 9%

Lapse rate <2%



R1,35 billion in written premium by F2021



MSTI (license) profitable (before tax) by F2019



MSTI (consolidated) profitable (before tax) by F2021



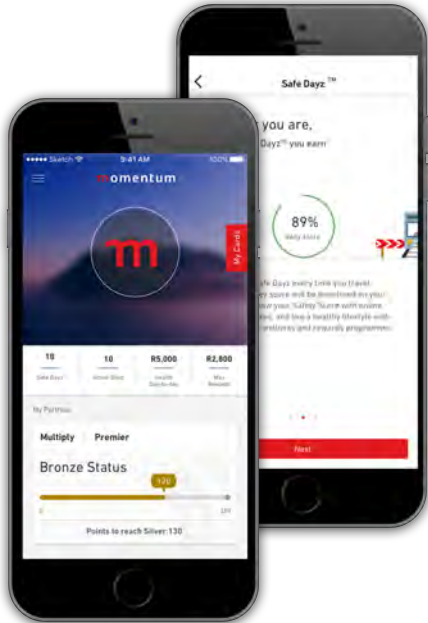
Claims ratio between 61% - 63%



Management expense ratio <26%



## Improve and expand our Safety value proposition

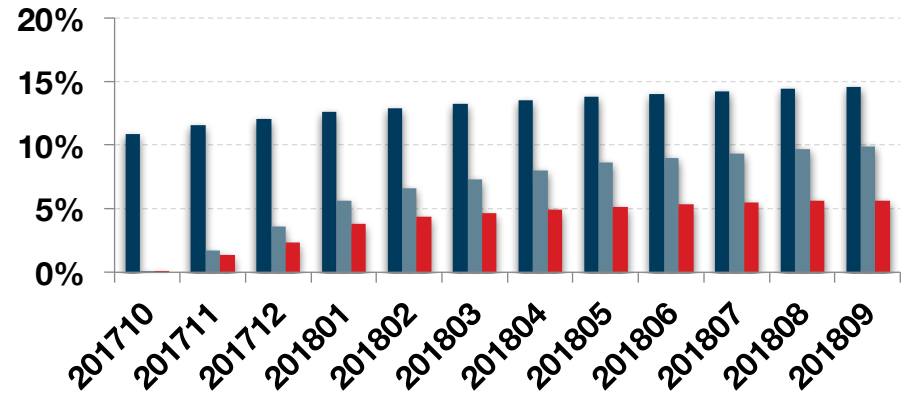


**35,100** active users

**10 million** journeys

**145 million kilometers & 3,2 million** hours of driving data

**2,2 million** Safe Dayz awarded



■ Proportion of MSTI Policies with Multiply

# Grow

Growing the client base



Improve and expand our Safety value proposition



Increase the number of supporting planners and independent brokers



Introduce online quoting capability



Make more Momentum clients MSTI clients



# Grow

Achieve profitability



Reduce the claims ratio



Improve client retention and product-holding



Streamline processes and improve efficiencies (automate and digitalise)



**Thank you**





**MMI Holdings  
Investor Conference  
Momentum  
Corporate**

**Thinus Alsworth-Elvey  
15 October 2018**



# Agenda

**1** Operating environment

**2** Strategy and purpose

**3** Financial update and key drivers

**4** Q & A session



# Operating environment

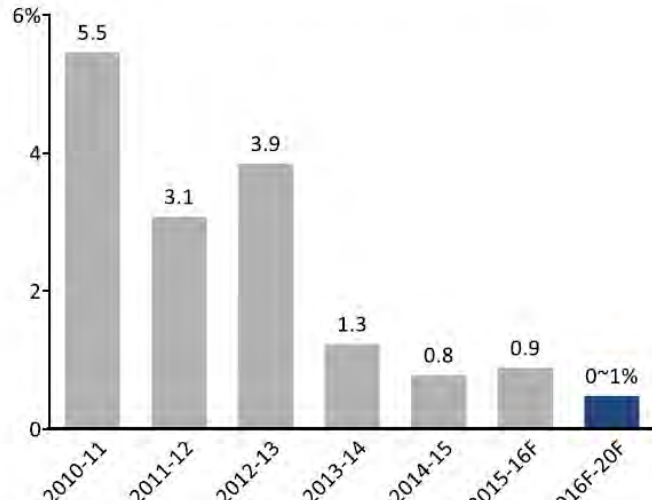


# Operating environment

Corporate market growth drivers continue to deteriorate

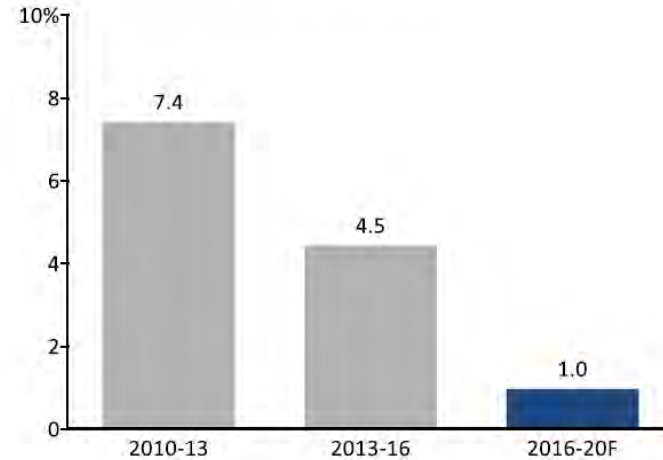
## EMPLOYMENT GROWTH IN SOUTH AFRICA IS DECLINING

YoY Employment Growth in South African Formal Sector  
(% p.a.)



## DRIVING DOWN PENSION FUND MEMBERSHIP GROWTH

South African Pension Fund Member Growth  
(% p.a.)



## AND PUSHING UP POTENTIAL FOR DISABILITY CLAIMS

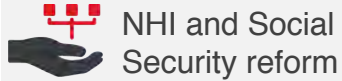
Note: 2016 full year figures based on 2016 Q2 & Q3 projections; Formal sector is non-agricultural

Source: Bain Analysis; FSB Registrar of Pension Funds 2014 & 2016; SARB Quarterly Bulletin (Q4 2016), StatsSA Quarterly Labour Survey 2016

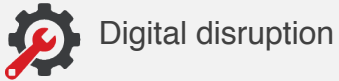
\* In line with the above analysis, FundsAtWork has seen average scheme sizes decreasing by 6% since F2015 and average contribution rates reducing

# Operating environment

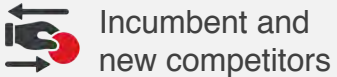
Legislation and industry developments that can impact the market



>3 year time horizon  
Increasingly populist prior to 2019 elections  
A need to balance with fiscal budget constraints



Driving efficiencies, improved client engagement and data analytics  
Changing the future way of work and employment practices  
Driving new business models



Existing competitors and brokerages operating more of the value chain  
Non-traditional players like mobile network operators launching life insurance products



Implementation 01 March 2019  
Opportunity to retain clients at retirement / resignation  
Link to RDR

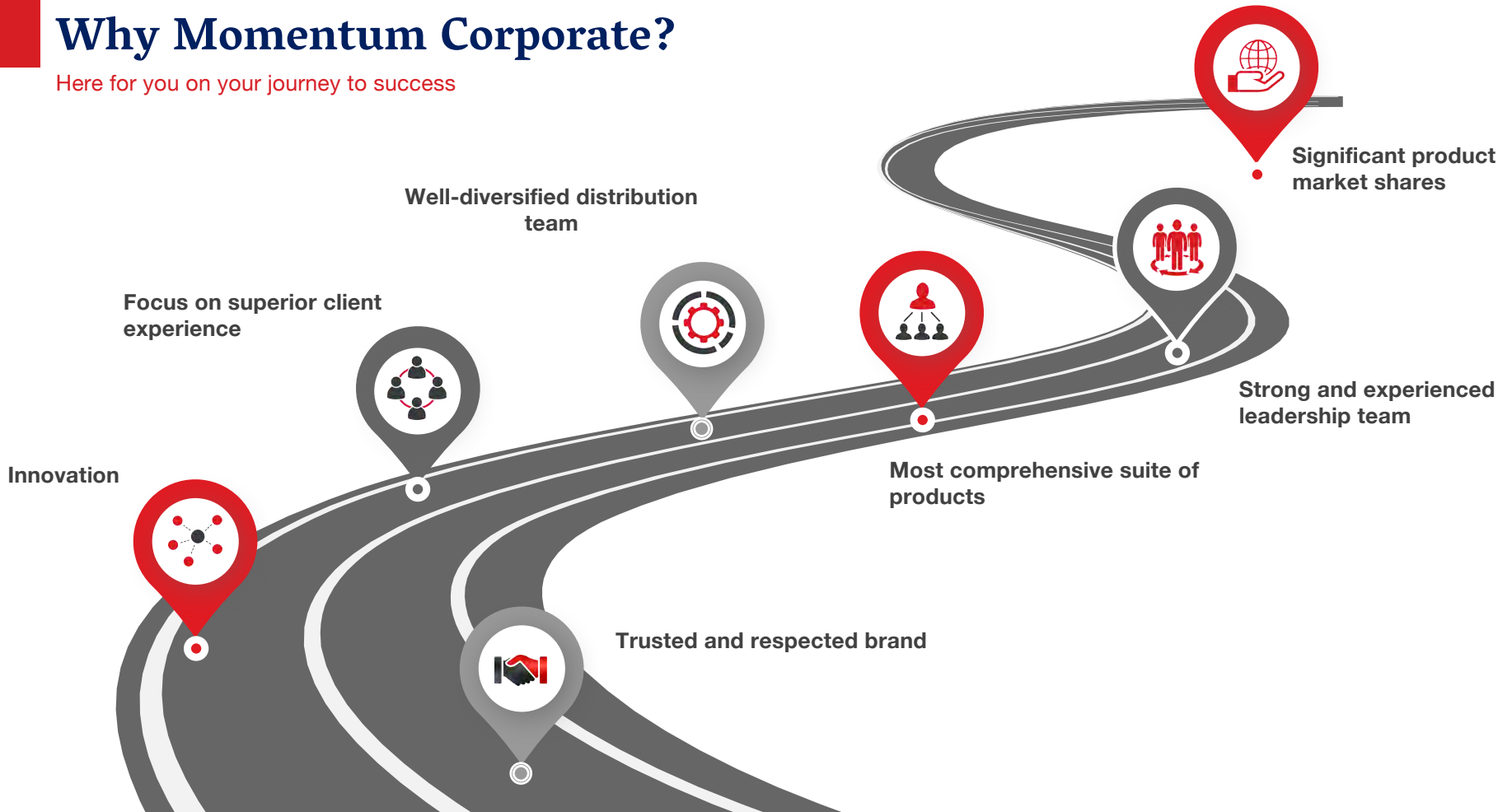


# Strategy and purpose



# Why Momentum Corporate?

Here for you on your journey to success





# Why Momentum Corporate

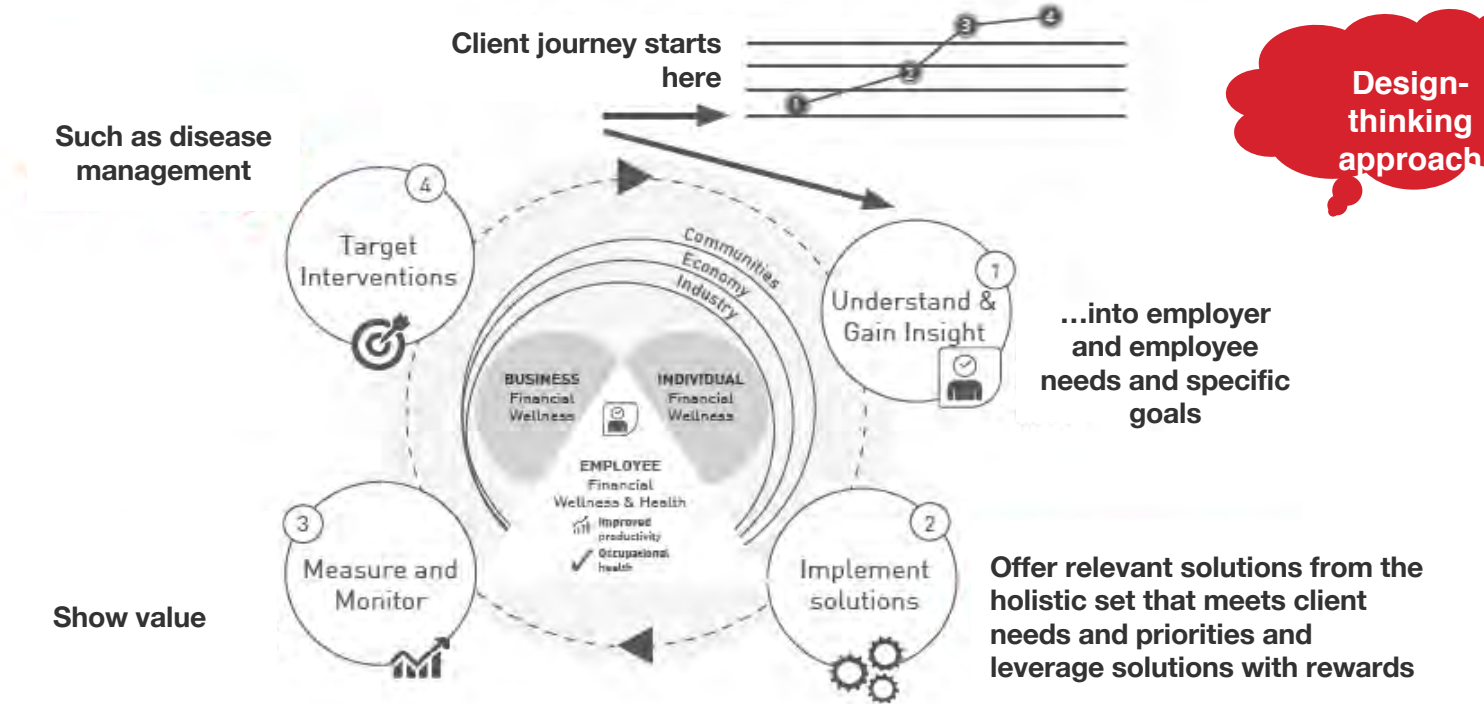
Here for your journey towards success

By **moving** employees towards financial and physical wellness, Momentum helps businesses improve employee productivity to enhance employer financial performance and growth on their journey to success

Engagement

Solutions

Service



# Purpose and strategic focus areas – Momentum Corporate

By moving employees towards **Financial Wellness**, Momentum helps businesses to improve employee productivity, enhance financial performance and grow



**Uncompromising quest for client service**

- Client engagement strategy including digital client journeys
- Back-to-basics operational focus enabled through technology
- Adequately trained and equipped staff with a culture of client excellence



**Product excellence and innovation**

- Default regulation opportunities
- Value-add vs pricing play
- Solutions tailored to client segment needs



**New business growth and client retention**

- Ownership of client through retailisation and direct strategy
- Segment-specific trusted value experts and brand loyalty
- Key client management



**Future-proofing the business**

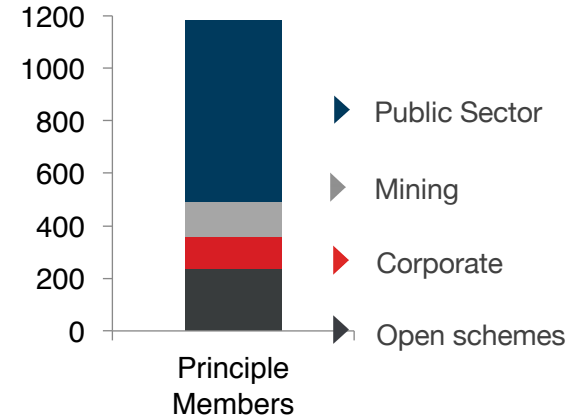
- Digitalisation initiatives
- Data gathering and client analytics
- Innovation and design thinking approach

# Purpose and strategic focus areas – Health

To deliver Health - both in quality and quantity – in relevant (sustainably profitable) segments, through an integrated outcomes-based health value proposition

|  |   |
|--|---|
| <b>Clients</b>   | <b>Growth</b>   |
| Client engagement and digitization through hyper-personalisation, proactive engagement and client service excellence                                     | A relentless <b>focus on growth</b> across all lines of business through organic and relevant acquisitive opportunities |
| <b>Business diversification</b>  | <b>Growth through BEE partners</b>  |
| Relevant <b>value chain integration</b> to better client experience and improve quality and quantity of health delivery<br><b>“MORE HEALTH FOR LESS”</b> |                                       |

South African health membership



Metropolitan Health 49% owned by Workerslife/Validate and Thebe Health consortium

Thebe Health owns 48% of a merged entity called Momentum Thebe Ya Bophelo which focuses on the mining sector

# Leadership team

Experienced Momentum Corporate leadership team

Average: **21 years** relevant financial services experience



Thinus Alsworth-Elvey  
CEO  
22 years



Steven Matthews  
Distribution  
20 years



Nomha Kumalo  
OLPS  
19 years



Regard Budler  
Product Solutions  
10 years



Rigitte van Zyl  
CVP  
10 years



Karen de Villiers  
Business  
Transformation  
39 years



Suleiman Tootla  
CFO  
14 years



Vasie Naicker  
Chief Risk Officer  
22 years



Hilda Martins  
Integrated Operation  
34 years



Ian Smith  
Customised  
Operations  
26 years



Elmarie Coetzee  
Human Capital  
20 years



Buli Mbha  
Chief Marketing Officer  
3 years

# Leadership team

Experienced Momentum Health leadership team

Average: **21 years** relevant financial services experience



Hannes Viljoen  
CEO  
28 years



Elsa Taylor  
CFO  
25 years



Patrick Furniss  
Operations  
28 years



Damian McHugh  
Marketing & Growth  
26 years



Michael Temlett  
Momentum  
22 years



Craig Comrie  
Corporate  
17 years



Mangaliso Mahlaba  
Mining  
18 years



George Botha  
International  
17 years



Ali Hamdulay  
Public  
19 years



Norman Swart  
IT  
25 years



Sivuyile Tshelu  
Risk  
9 years



Adele van Wyk  
Human Capital  
26 years



Nomo Khumalo  
Solutions  
13 years



Jeremy Williams  
Strategic programme  
office 32 years



Mike Neubert  
Strategic landscape &  
industry 18 years



Mark Mawman  
Alternative fields &  
wellness 18 years



## **Financial update and key drivers**

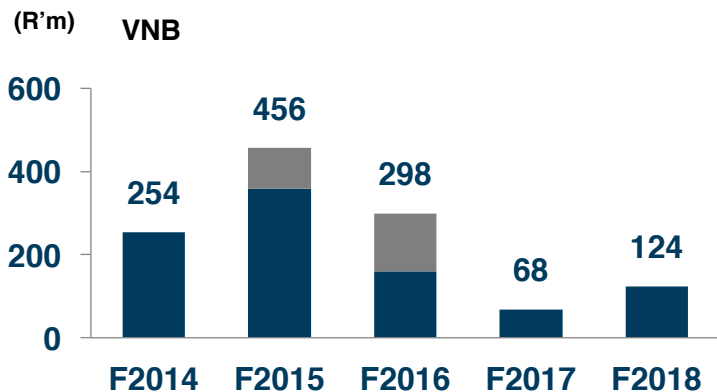
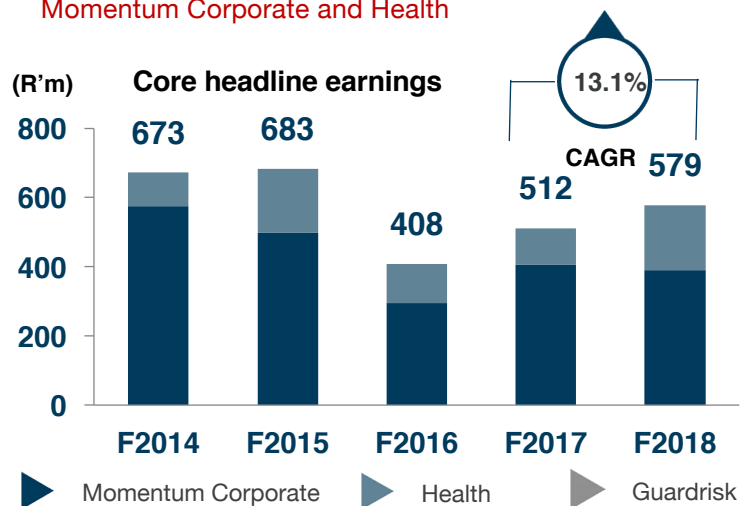


# Momentum Corporate



# Financial results

Momentum Corporate and Health



## Reset: Momentum Corporate



Full value chain **responsibility**



**Strengthen** leadership team and culture



**Rebuild** distribution

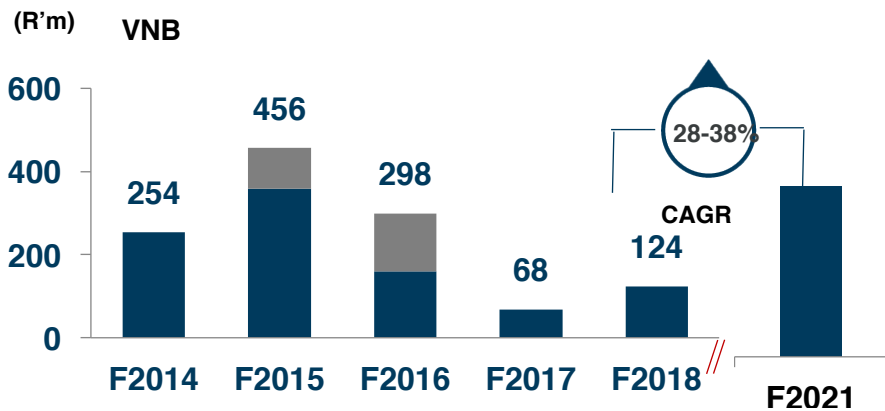
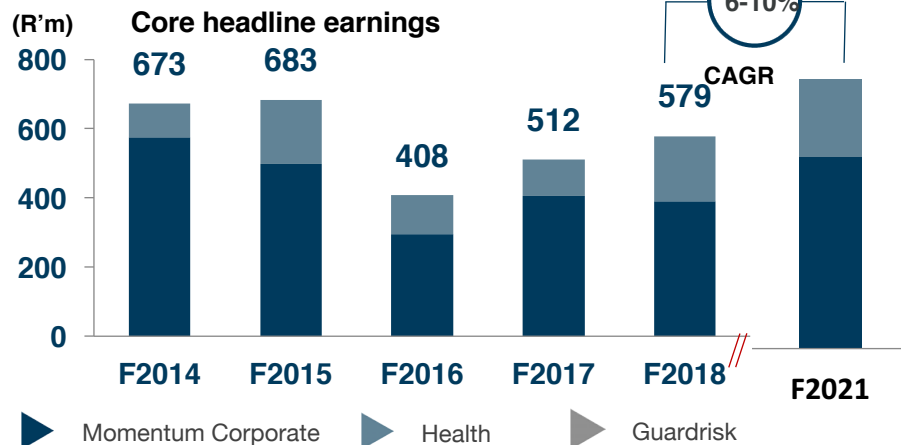


**Improve** underwriting experience



# Financial targets

Momentum Corporate and Health



## Growth: Momentum Corporate



**Normalisation** of underwriting results



**Strong growth** in new business flows



**Managing** expenses and improving efficiencies



**Focus** on quality and mix of new business

## Key risks: Momentum Corporate



**Inherent volatility** of new business flows



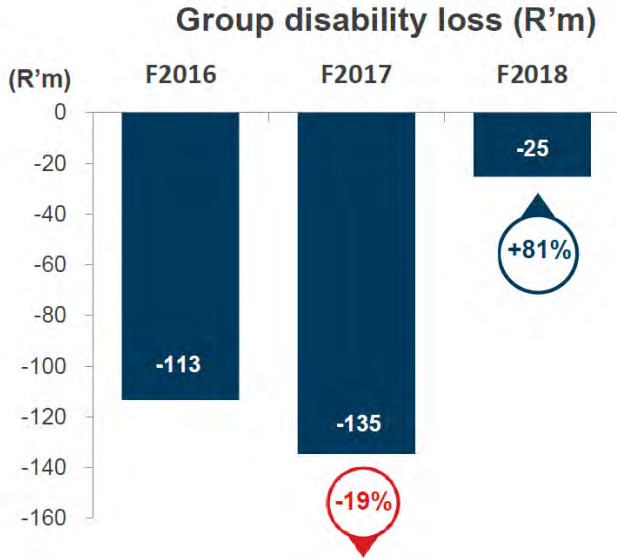
**Commoditisation** of pricing



**Prolonged** weak investment markets

# Normalisation of underwriting results

Margin focus rather than a volume play



Disciplined and **scientific approach** to pricing



Margin gap closed through **repricing or terminating** contracts\*



Sector and client specific exposure **focus**



**Direct strategy** should improve persistency (active book 1.6x)

Leading market share in disability, critical illness and funeral benefits

\* Since F2017, termination of loss-making contracts has reduced annualised losses by R87m p.a.

# Target strong growth in new business flows

A well diversified distribution capability across distribution channels

## Retailisation



Sign up 60 000 employees through onsite, digital and telephonic engagement initiatives

## Direct strategy



Increase direct share of new business to >50%

## FundsAtWork



- Standalone conversion (600\* funds; 700 000 members & R145bn in AUM)
- Penetrate large corporate

## Organised labour & public sector



Targeting 206 entities with 704 000 employees

## Investments



- Innovative products
- Investment performance
- Default regulations

## Support our brokers



Direct servicing model for Momentum Retail brokers

\*Opportunity defined as standalone funds with fund sizes between R25m and R1bn

# Unpacking the growth opportunity

Organised Labour and Public Sector targeted opportunity set

206 public sector entities with 740 000 employees translating into...



R3.6bn in group insurance



R3.6bn in group insurance

R2.4bn\* in medical aid employer contributions



R15.7bn in retirement employer contributions

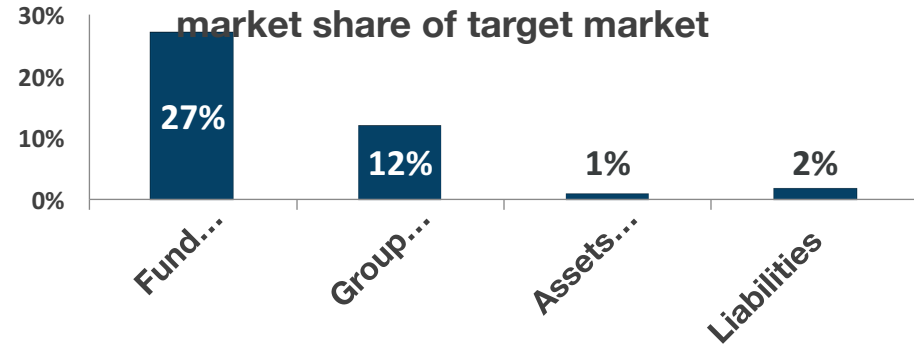


R563bn in liquid investments and liabilities\*\*



660 000 lives under administration

## Momentum Corporate Organised Labour and Public Sector current market share of target market



### Unlocked through:

- ▶ Building trust and relationship management
- ▶ Client experience and service
- ▶ Valued expert and brand loyalty

Momentum Corporate analysis includes state owned entities, universities and municipalities

\* Full industry opportunity is R31bn in medical aid employer contributions taking into account Health business

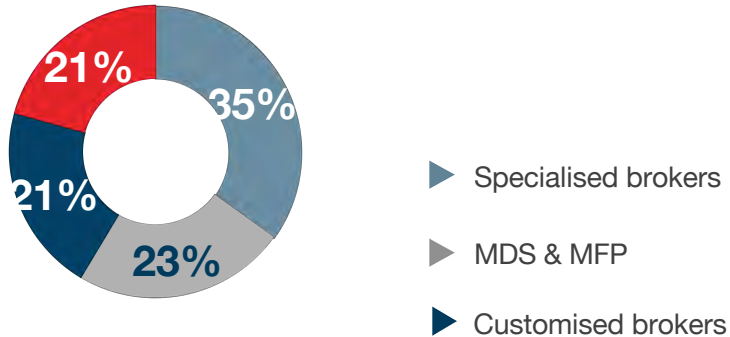
\*\* Liabilities are mainly comprised of defined benefit liabilities, post-retirement medical benefits, land rehabilitation liabilities

# Key risk of inherent volatility of new business flows

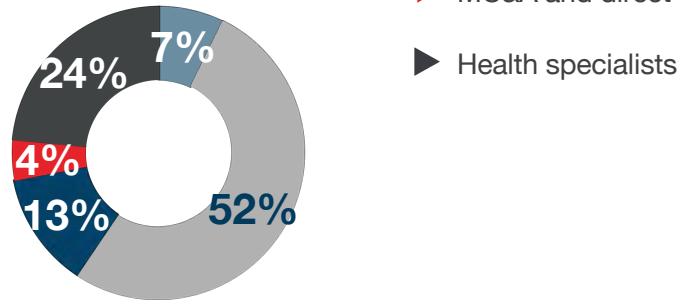
Mitigated by a well diversified distribution capability

## By channel

Covered new business premiums F2018 (API)



Corporate Health (members)



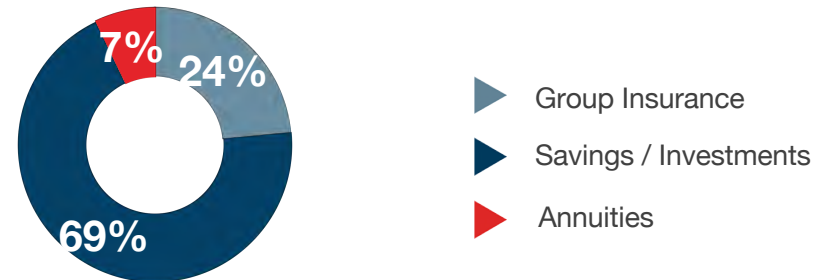
## By segment

Covered new business premiums F2018 (API)



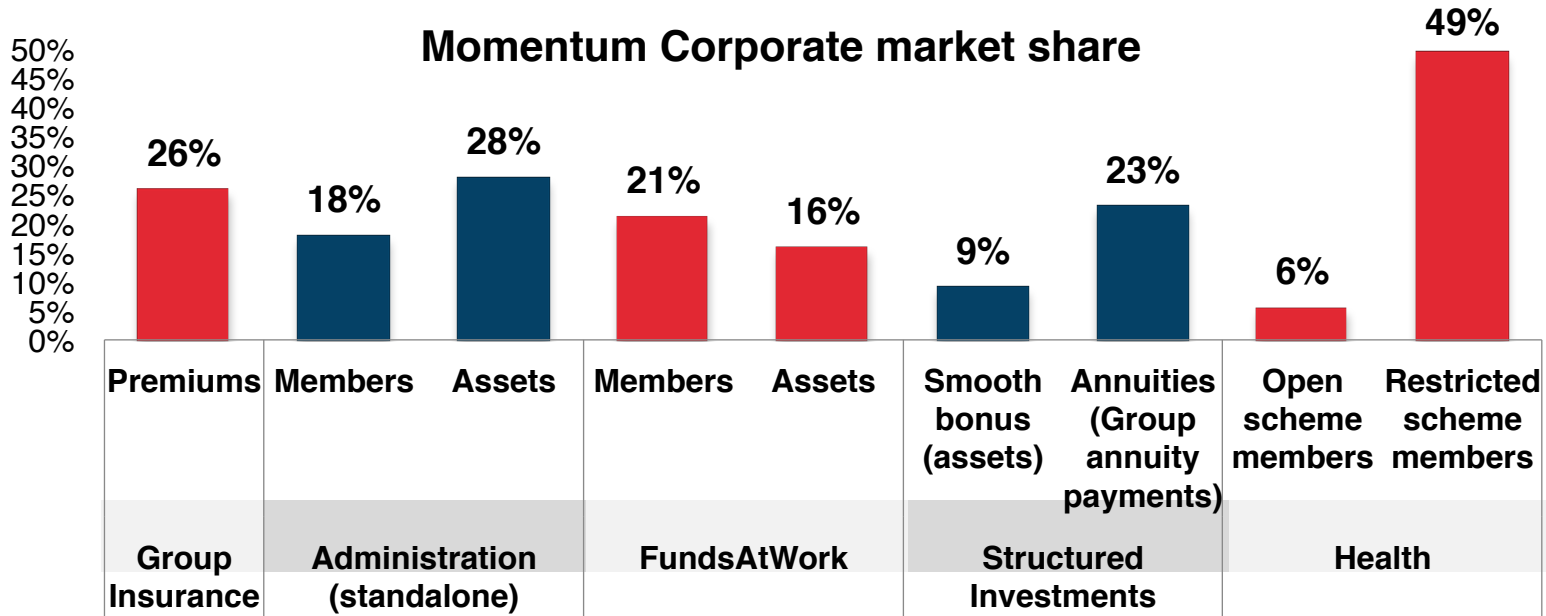
## By product

Covered new business premiums F2018 (APE)



# Significant Employee Benefits market participant

Showing the strength of our products



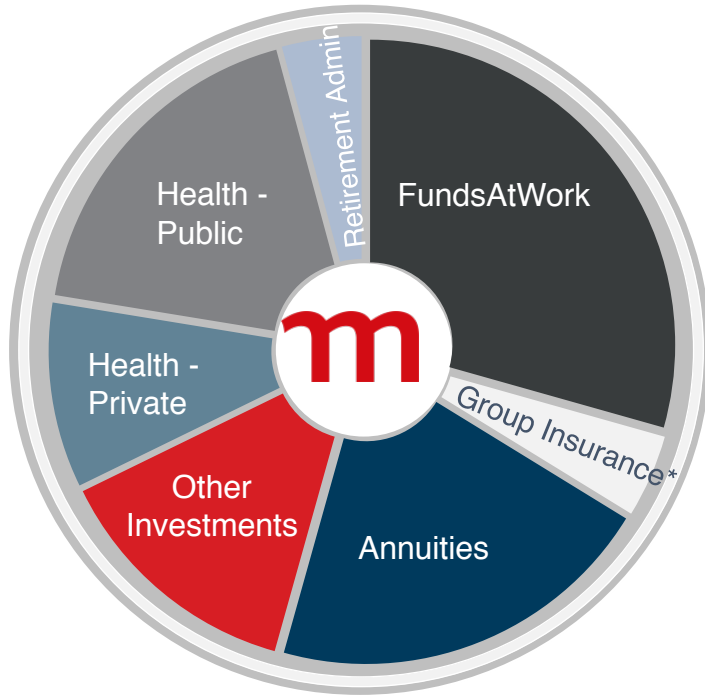
Most **comprehensive range of products** for full value integration and customisation



**Solid and reliable business** with sizeable and/or leading product market shares

# Translating into a diversified earnings base

Enhances stability of earnings profile



Provide services and solutions to more than **2.1** MILLION employees across all industry segments.


**F2018 core headline earnings R579m**


\* Group Insurance excluding FundsAtWork


# Our clients are at the centre of everything we do


We are on a quest to make doing business with us a pleasure




 Focus on our **processes and systems**

 **Client analytics** to understand our clients better

 Well trained and equipped **staff**

 **Culture and reward system** aligned around serving our clients

 Operating structure that supports the unique **needs of our broker** channels



*Translating into a tangible dashboards to monitor service levels and react where needed*



# Client engagement strategy

Digital client journeys form a key part of making it easy for our clients to do business

## Retailisation opportunities

## Engagement opportunities

### Smart Exits

- Preservation
- Improved decisions
- **Gold Loeries** - 2017

### Smart Underwriting

- Underwriting profiles
- First in South Africa
- **Silver Loeries** - 2018

### Smart Retirement

- Annuities
- Try-before-you-buy
- Knowledge tool

### Smart Onboarding

- Member engagement
- Brand equity
- Education

### Multiply for Corporate

- Member behaviour
- Corporate engagement
- Cross-selling



LOERIES  
2018 AWARD WINNER



*multiply*  
for Corporates

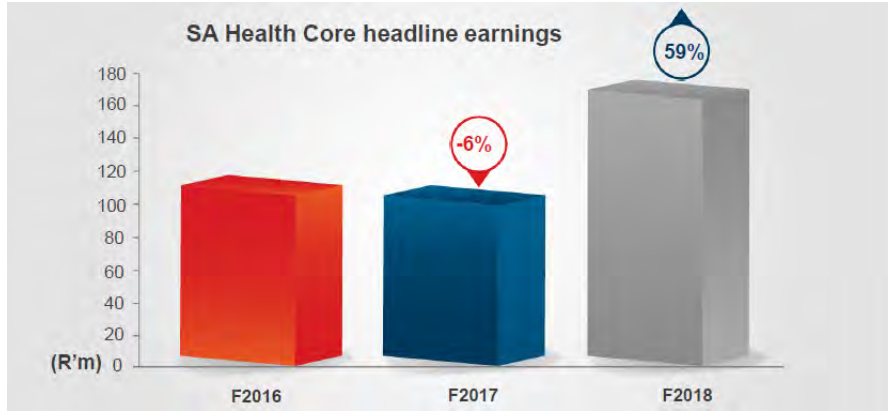
All enabled with our *Smart* Counselling team

# Health business

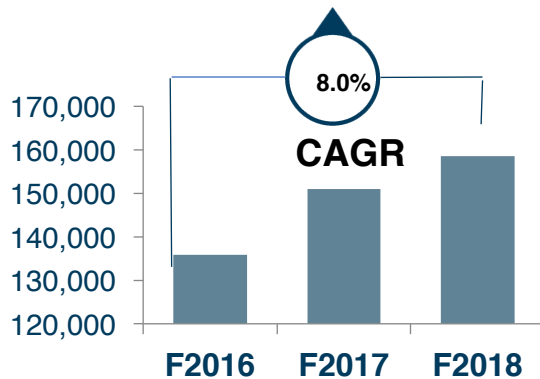


# Financial results

## Health business



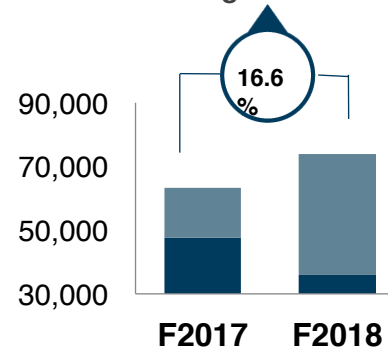
### Momentum Health open scheme growth



## Reset

- ➔ Systems **consolidation**
- ➔ Public sector **value proposition**
- ➔ BEE **transactions**

### Low cost solutions growth



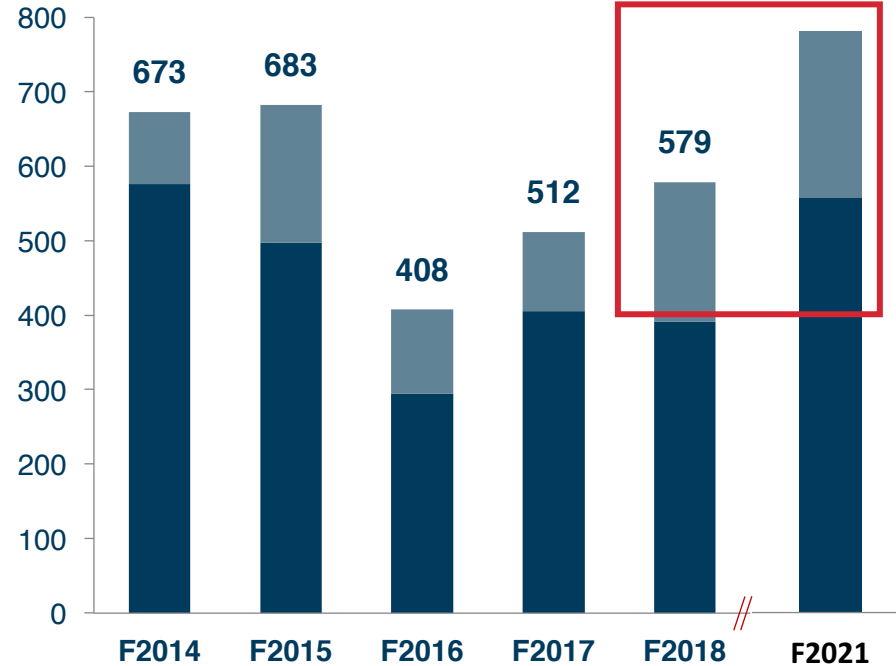
■ Health4Me membership  
■ OcsaCare membership

*Successful conversion of OcsaCare members to Health4Me and organic growth*

# Financial targets

Health business

## (R'm) Core headline earnings



## Growth



Public sector



Focused distribution especially

Momentum Health



Low income health

## Key risks



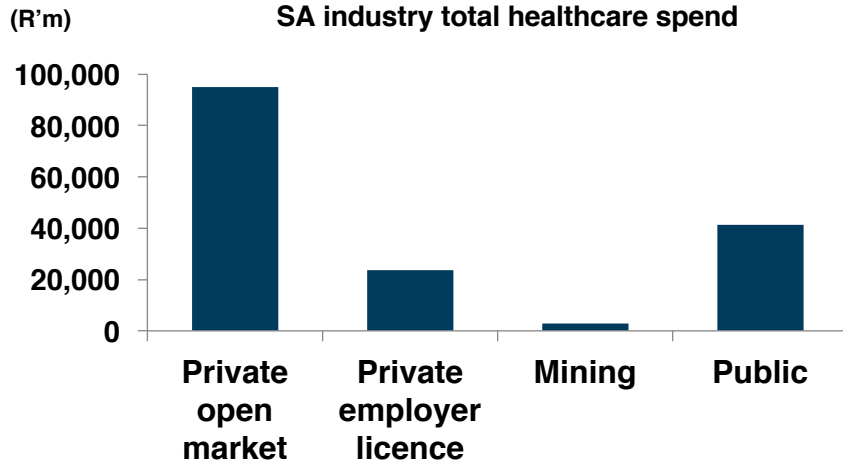
Assumes the retention of GEMS



Consumers under pressure

# Health industry snapshot and dynamics

Market opportunity, consolidation and value chain integration



Regulatory impacts



Consolidation in the industry



Dominance of market players



Cost inflation and affordability

**R162bn**



Estimated South African healthcare spend growing at >CPI+3% p.a.

**>R3bn**



Estimated South African healthcare earnings potential

**15m**



Number of consumers growing at 1% per annum

# Key growth drivers

Health business

## Public Sector



Target 200 000 public sector employees currently uncovered

Improve awareness of “free cover”

Leverage BEE partnerships for further growth

## Low income health



Target substantial market opportunities at current and new employer groups

Focus on specialised channels for brokers and agents

## Focused distribution



Dedicated service support for Momentum Health and Corporate schemes

Specialised support for retail and group channels

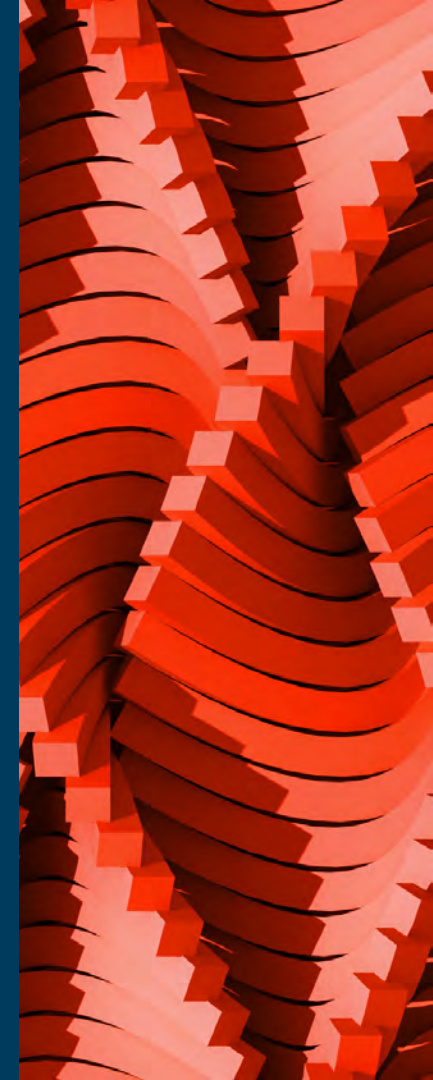
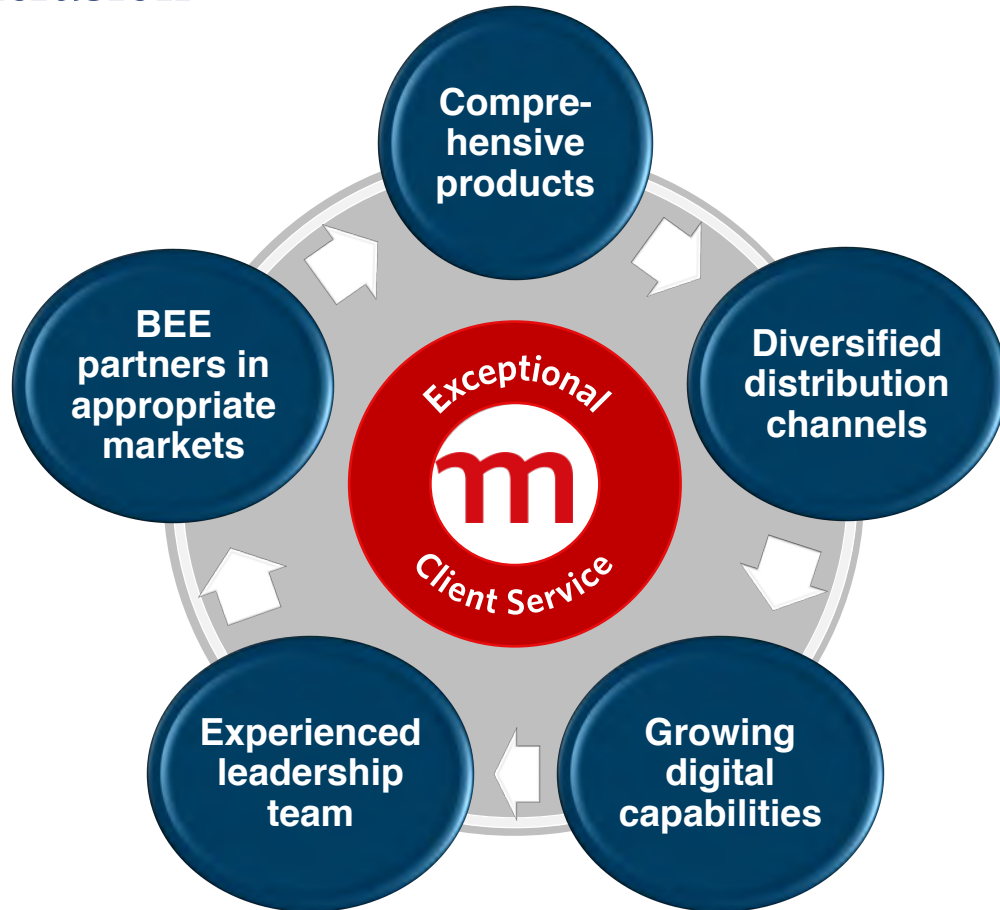
## Solutions and capabilities build



Identify relevant M&A and amalgamation opportunities

Opportunities around primary, secondary and tertiary healthcare provision

# Conclusion





**Product Supplier of the Year: Medical Schemes**



**FundsAtWork umbrella fund Fund Challenge award**



LOERIES

**Silver Award: Service Design Category 2018**



**Gold Award: Service Design Category 2017**

**Questions?**





**Questions?**

