

momentum
group

Momentum Group Debt Investor Roadshow

10 & 14 October 2024



momentum

METROPOLITAN

GUARDRISK

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Overview

- 1** Strategic overview
 - 2** Financial results
 - 3** Capital Management & Solvency
 - 4** Instrument Structure
-



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Strategic overview



Reinvent and Grow strategy



Impact strategy



Closing



Reinvent and Grow implementation update



Strategic overview



Reinvent and Grow strategy



Impact strategy



Closing





THE

IMPACT

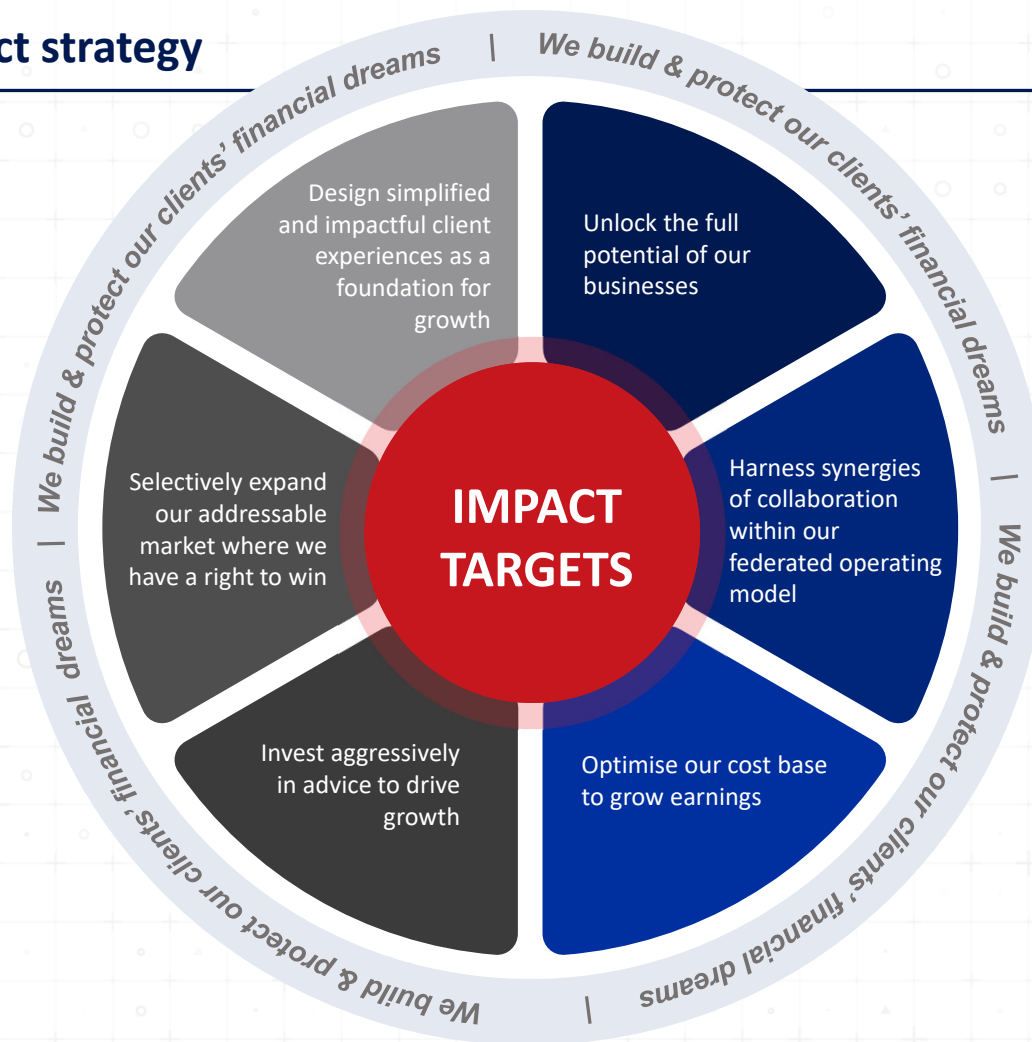
F2025 to F2027

STRATEGY





Impact strategy



People | Transformation | Digital | Sustainability | Capital deployment



Impact strategy targets

By

2027

%

%

bn

We will achieve

Return on equity

New business margin

Earnings

Through **execution** of our Impact strategy

Delivery of Objectives and Key Results (OKRs) **tracked** per strategic objective in each business unit

Strategic overview



Reinvent and Grow strategy



Impact strategy



Closing





In closing

1

New Group purpose, strategy and brand

2

Amidst a tough economy, we had **strong** earnings and **remarkable** employee energy

3

Disciplined capital management: **invest** in great businesses, **fix** underperformers

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Financial results



Financial overview



Covered business analysis

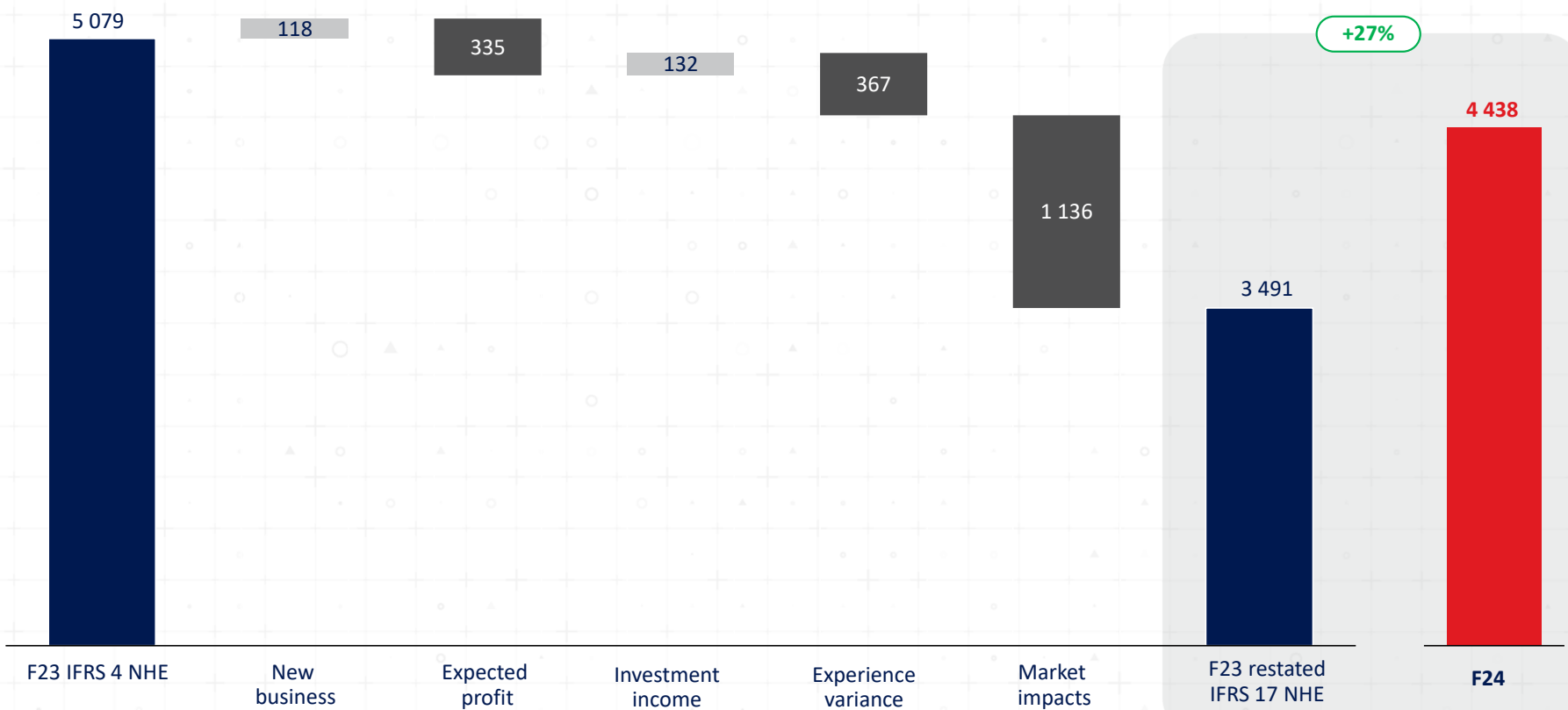


Conclusion



IFRS 4 to IFRS 17 NHE

(R'million)





Key financial measures

Normalised headline earnings

R'million

+27%

3 491

4 438

F23

F24

Normalised headline earnings per share

cents

+32%

238.2

309.7

F23

F24

Dividend per share

cents

+4%

120

125

F23

F24

Return on equity

%

+2.8%

12.7

15.5

F23

F24

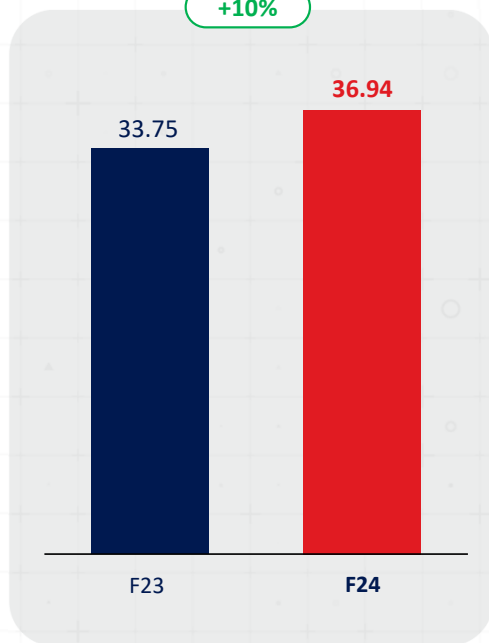


Key financial measures

Diluted embedded value per share

Rands

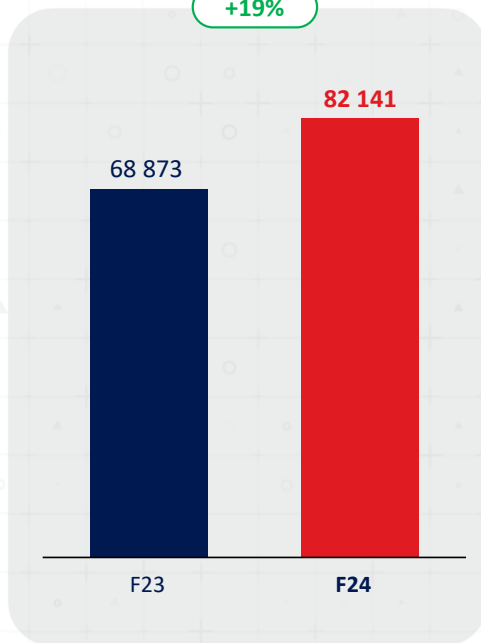
+10%



Present value of new business premiums

R'million

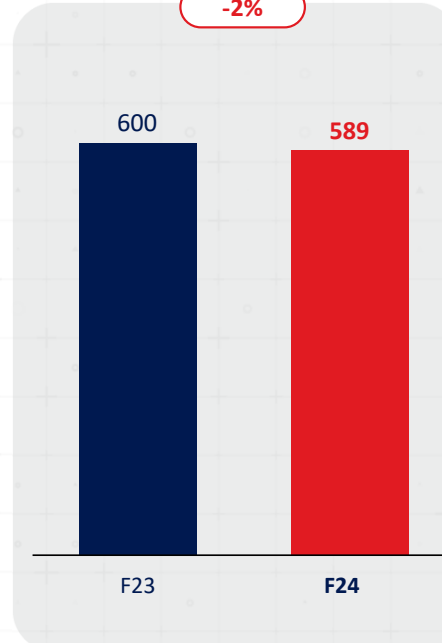
+19%



Value of new business

R'million

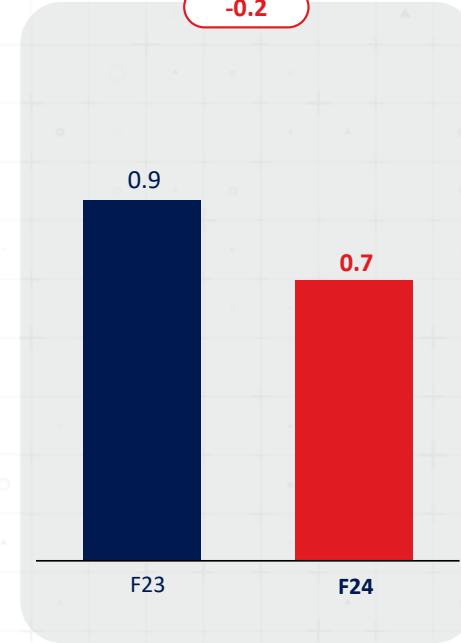
-2%



New business margin

%

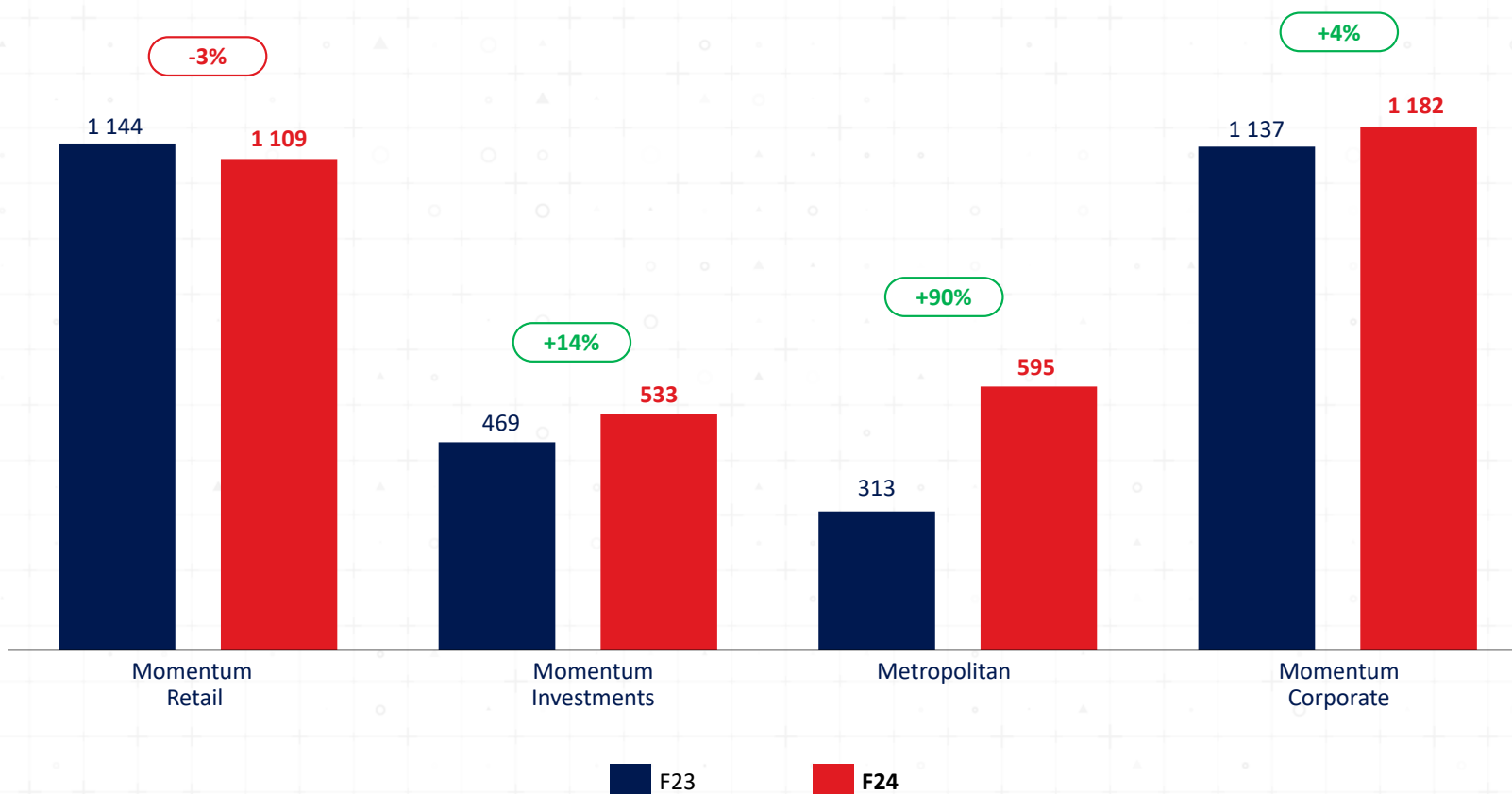
-0.2





SA life businesses

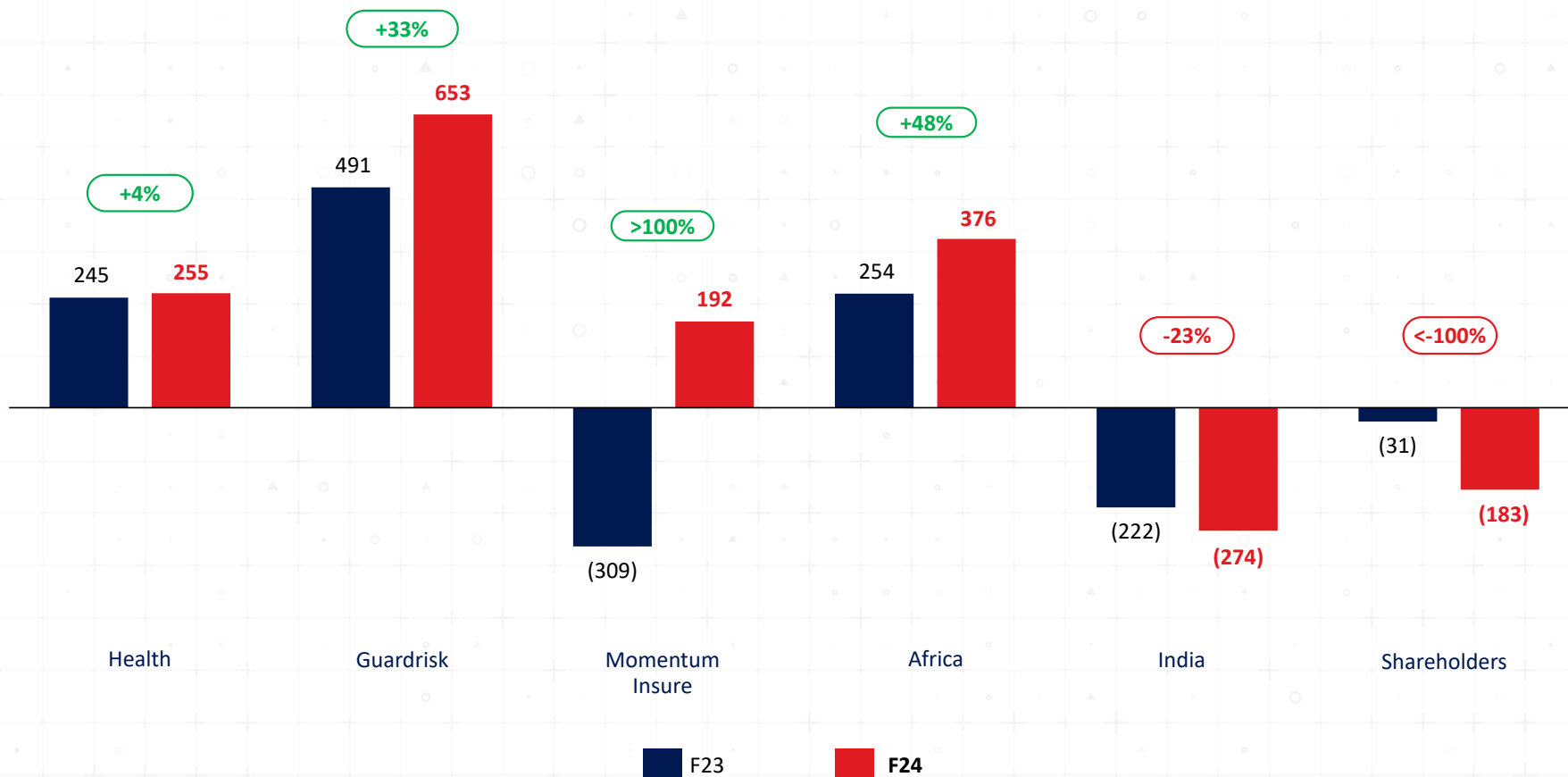
Normalised headline earnings (R'million)





Other businesses

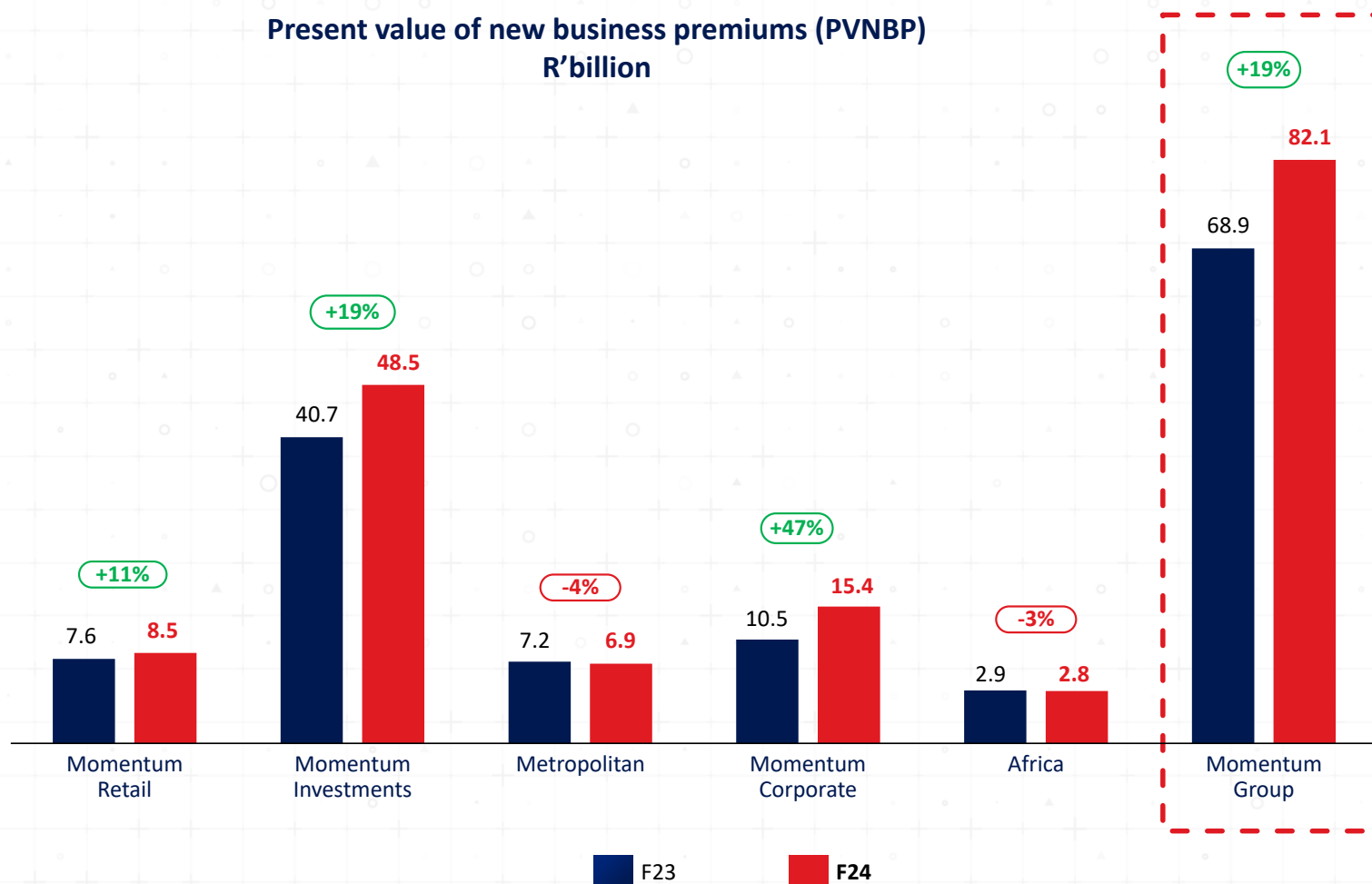
Normalised headline earnings (R'million)





New business volumes up 19%

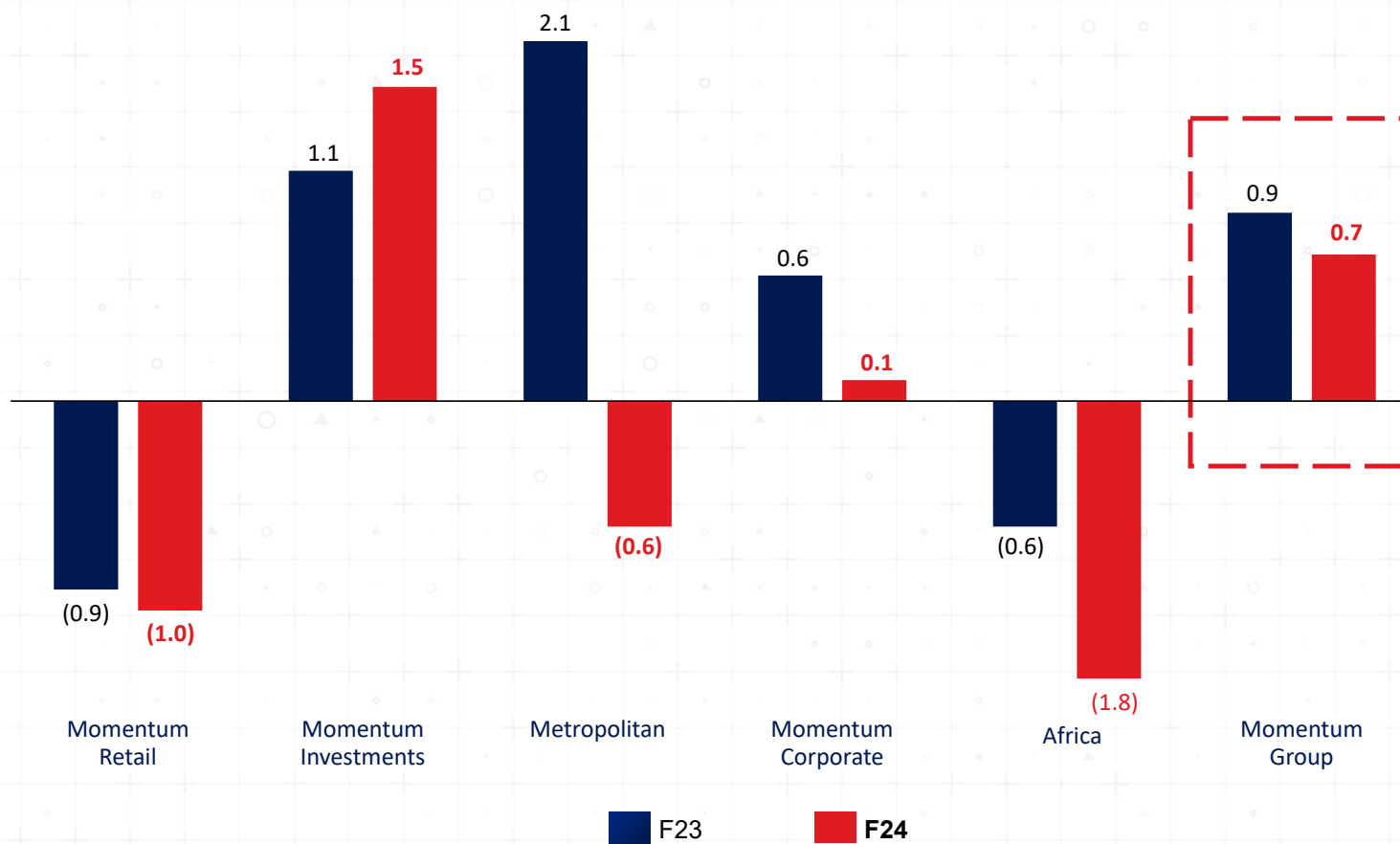
Present value of new business premiums (PVNBP)
R'billion





New business profitability

New business margin (%)





Detailed VNB breakdown

R'million	Momentum Retail	Momentum Investments	Metropolitan	Momentum Corporate	Africa	Total
Future revenue	1 121	1 559	2 016	466	813	5 975
Future expenses	(243)	(498)	(359)	(247)	(325)	(1 672)
Present value of future cash flows	878	1 061	1 657	219	488	4 303
Commission	(336)	(131)	(990)	(25)	(319)	(1 801)
Other acquisition cost	(445)	(157)	(565)	(143)	(165)	(1 475)
“Simple” profit	97	773	102	51	4	1 027
Stress to 85 th confidence interval	(81)	(110)	(137)	(4)	(28)	(360)
“Risk adjusted” profit	16	663	(35)	47	(24)	667
Cost of capital	(102)	81	(6)	(25)	(26)	(78)
Value of new business	(86)	744	(41)	22	(50)	589

Financial results



Financial overview



Covered business analysis

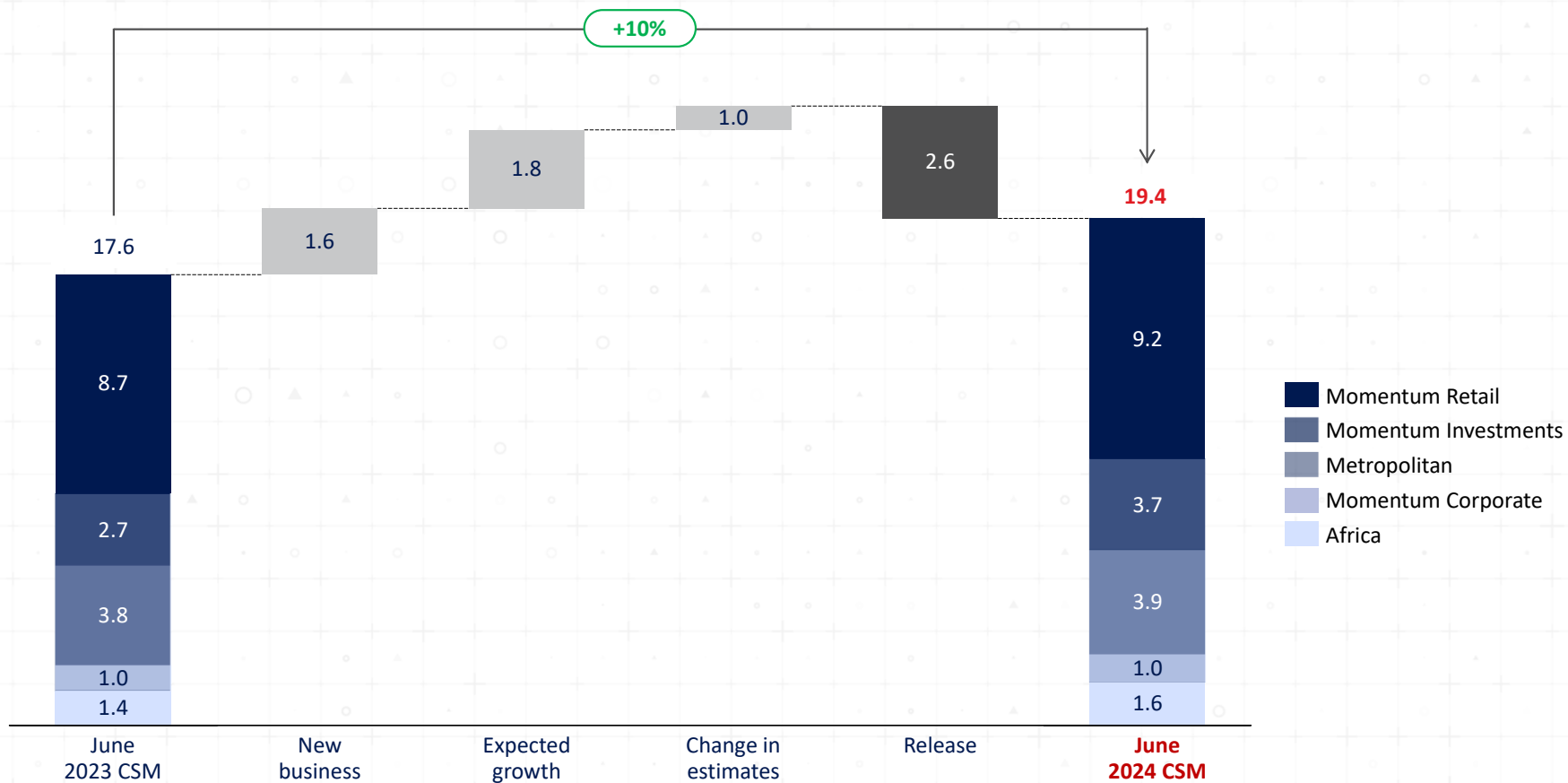


Conclusion



CSM driven by annuity sales and interest accretion

R'billion





CSM increased 10%

Closing CSM

R'million

+10%

17 644

19 398

F23

F24

New business CSM

R'million

+34%

1 209

1 606

F23

F24

CSM release

R'million

+6%

2 446

2 597

F23

F24

Change in estimates

R'million

-19%

1 175

955

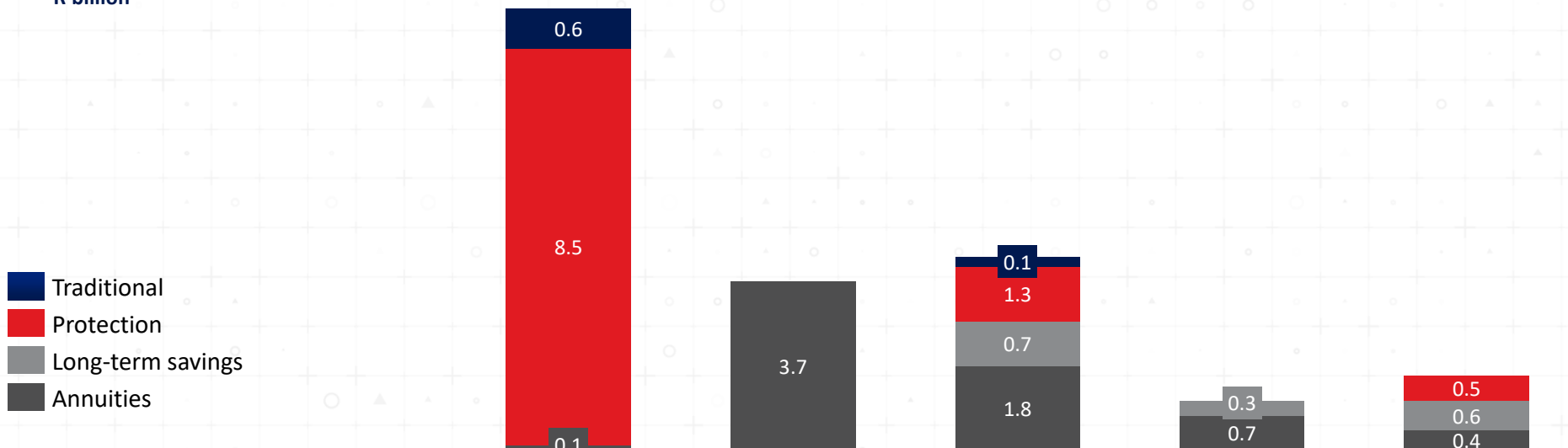
F23

F24



CSM by operating segment and product

R'billion



Operating segment	Momentum Retail	Momentum Investments	Metropolitan	Momentum Corporate	Africa
CSM (R'billion)	9.2	3.7	3.9	1.0	1.6
Expected 1-year release rate	13%	12%	13%	12%	12%



Covered business earnings – IFRS 17 profit deferral

R'million	F24	F23	Δ%
New business	(858)	(805)	(7)%
Existing business	3 738	3 358	11%
Expected profit	3 651	3 117	17%
Experience variances	206	336	(39)%
Assumption changes	(192)	(398)	(52)%
Development expenses	(137)	(68)	<(100)%
Market impacts	210	371	(43)%
Investment return	867	761	14%
Total earnings	3 747	3 314	13%
Present value of future cash flows	5 248	4 496	17%
Risk adjustment	(179)	(122)	47%
Contractual service margin	(1 322)	(1 060)	25%

Financial results



Financial overview



Covered business analysis



Conclusion



In conclusion

1

Delivered strong results, especially operating profit

2

Improving our VNB remains top priority

3

Actions to deliver on Impact strategy gaining momentum

Overview

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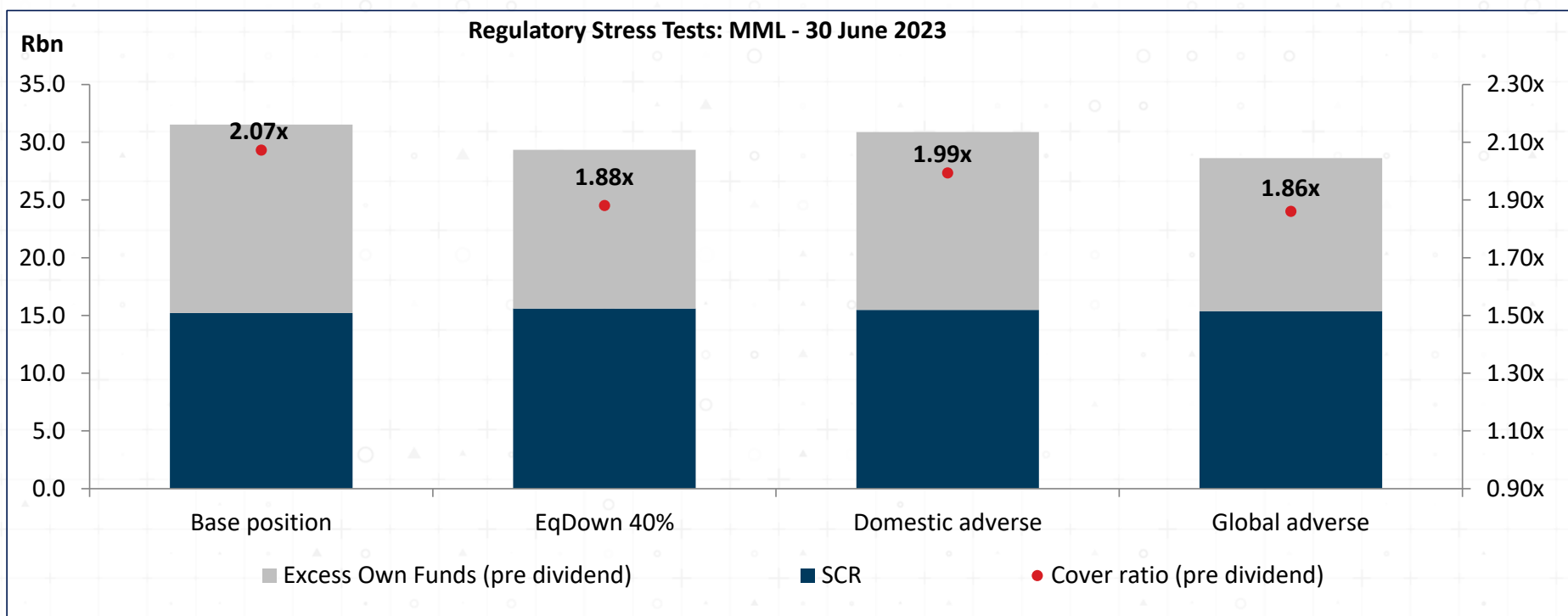
3. Capital Management & solvency

-  Solvency level
-  Asset backing capital
-  Cash generation
-  Gearing position
-  Debt maturity profile
-  Credit rating

Capital cover above the upper end of the specified target range

Momentum Metropolitan Life solvency	June 2022	June 2023	June 2024
	R'bn	R'bn	R'bn
Own Funds (pre foreseeable dividend)	30	32	34
SCR	15	15	16
SCR cover (times, pre-foreseeable dividend)	2.03x	2.07x	2.1x
<i>Target SCR cover ratio</i>	<i>1.6 – 2.0</i>	<i>1.6 – 2.0</i>	<i>1.6 – 2.0</i>

Strong and resilient solvency position under different stresses



- For F2023, stress tests included a 40% equity fall and the “domestic adverse” and “global adverse” scenario:
 - **Domestic adverse scenario:** Significant contraction in SA real GDP, higher inflation, depreciating exchange rate (20%), increases in nominal yields (150bps), 15% fall in SA equity, 10% fall in property values
 - **Global adverse scenario:** Severe and growing geopolitical tensions, shocks to global financial markets, 30% fall in SA and global equity, 20% fall in property values, increases in nominal yields (300bps), 30% Rand depreciation

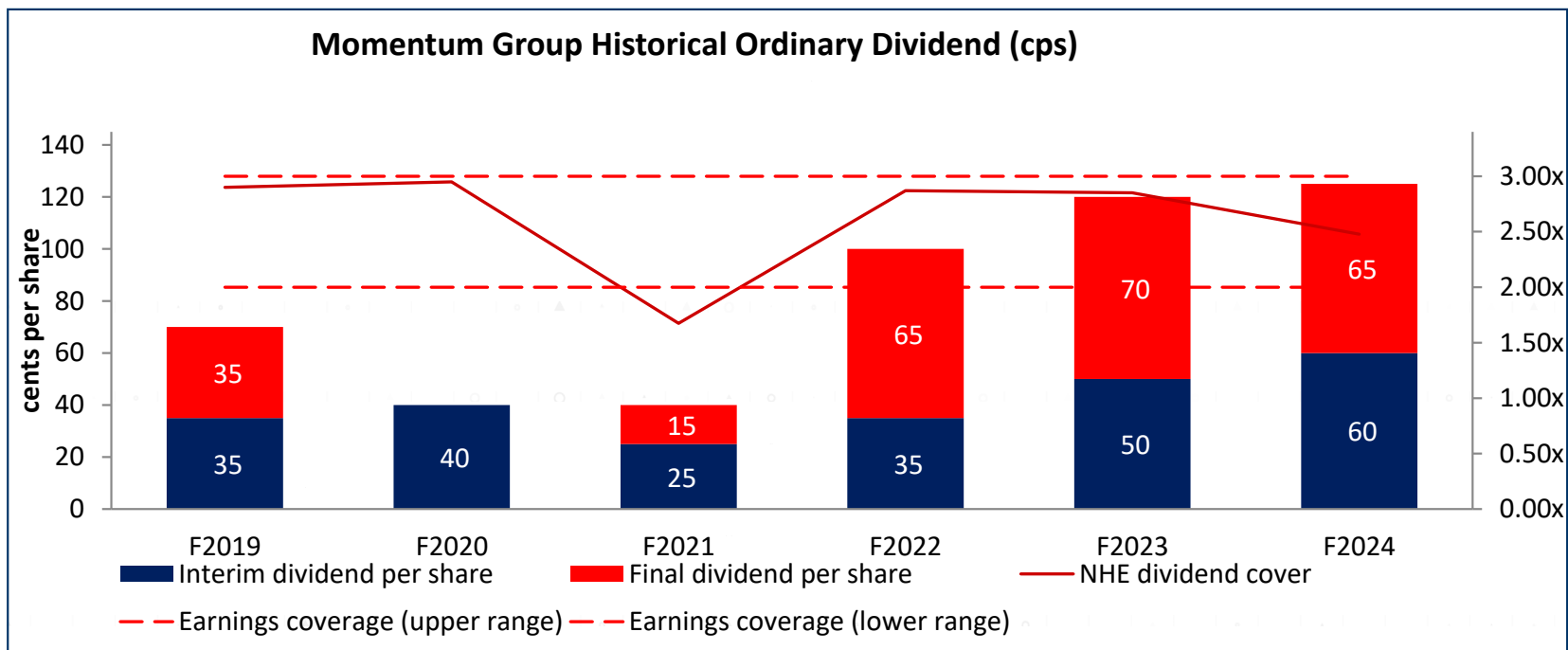
Approach to investment of assets backing the Capital

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

Strong cumulative cash generation

R'million	F22	F23	F24	Cumulative
SA Life businesses	1 787	3 545	2 461	7 793
Guardrisk	330	297	417	1 044
Africa	198	580	186	964
Momentum Investments	271	287	277	835
Health	185	207	178	570
Dividend inflow to Momentum Group	2 771	4 916	3 519	11 206
Other	(15)	(56)	168	97
Net M&A flows	427	114	(366)	175
Africa MIS	(28)	(103)	(341)	(472)
MM Finance Company	14	(153)	48	(91)
Momentum Multiply	-	(31)	(112)	(143)
Momentum Money	-	(160)	(137)	(297)
Momentum Insure	3	(580)	-	(577)
India	(584)	-	(168)	(752)
Preference shares	(92)	(524)	(123)	(739)
Cash generated to Momentum Group	2 496	3 423	2 488	8 407
Ordinary dividend	(1 494)	(1 815)	(1 749)	(5 058)
Net of dividend payment	1 002	1 608	739	3 349
Approved buyback	(750)	(1 000)	(1 500)	(3 250)
Net of buyback & dividend	252	608	(761)	99

Consistent application of the sustainable dividend policy

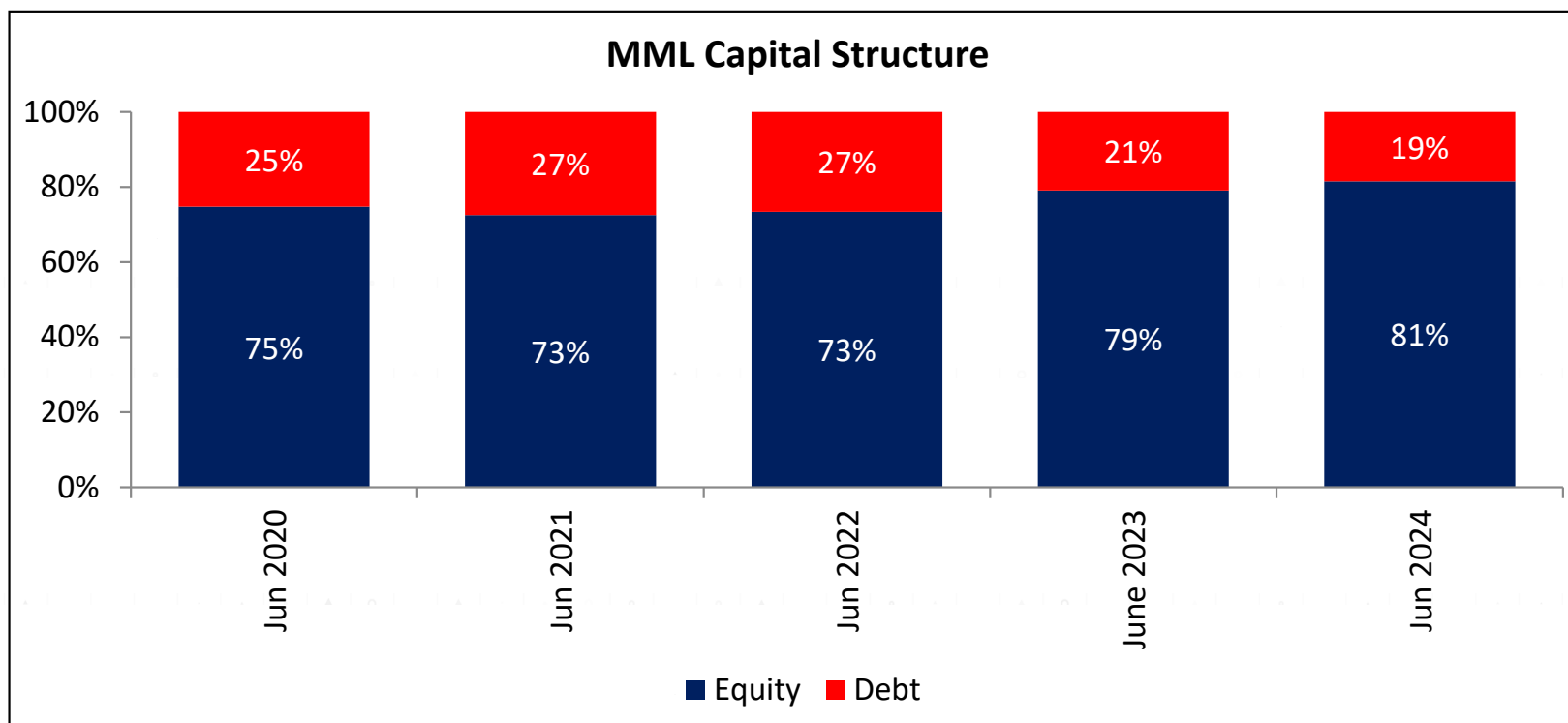


The F2024 total dividend is **40%** of **NHE**

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

A total of R1 billion share buyback programme made possible by strong surplus capital position

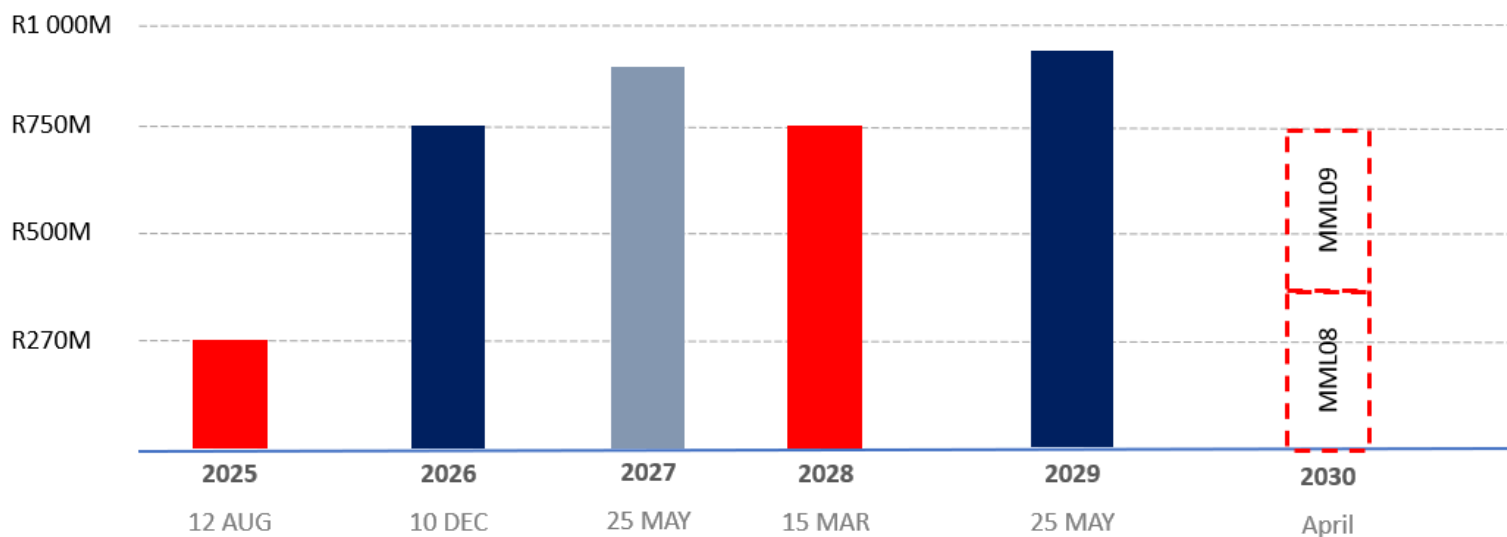
Organic de-gearing due to an increase in IFRS NAV



- The gearing ratio decreased due to an increase in equity while gross debt levels remained constant.

Debt maturity profile well managed

Subordinated debt maturity profile



Bond code	MMIG04	MML01 & MML02	MML05	MML03 & MML04	MML06 & MML07	MML08 & MML09
Bond issue amount	R270M	R750M	R865M	R750M	R885M	R750M

 Proposed bond issuance

Momentum Metropolitan Life credit rating

- Credit rating issued by Moody's Investor Services.
- In the January 2024 report, Moody's commented that "Momentum Metropolitan Life Limited's (MML) Ba1 global scale and Aaa.za national scale, Insurance Financial Strength (IFS) ratings reflect the insurer's top tier market position in South Africa, its solid capital position and its flexible product characteristics, which serve to reduce the impact on the group from potential stresses related to credit pressures at the sovereign level"

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

In conclusion

- 1 Strong solvency position with regular stress testing.
- 2 Strong cash generation and balance sheet has never been healthier
- 3 Natural balance sheet de-gearing from earnings growth and conservative debt issuance.
- 4 Maturity profile managed conservatively with consistent level of regular debt issuances.
- 5 MML Insurer Financial Strength rating one notch above the sovereign credit rating

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4. Instrument Structure



MML08 and MML09 bond



Indicative timelines



Indicative terms

Issuer	Momentum Metropolitan Life Limited	
Credit ratings	Insurer Financial Strength	Aaa.za
	Issuer	Aa1.za
	Subordinated Debt	Aa3.za
Rating Agency	Moody's Investor Service	
Programme	ZAR 10bn Subordinated Note Programme listed on the Interest Rate Market of the JSE Limited	
Indicative target issue size	ZAR 750m to ZAR 1bn in total between fixed and floating rate note, with fixed/floating rate note allocation decided on the auction day	
Instrument	MML08	MML09
Indicative tenor	5.5 years	5.5 years
Note profile	Floating rate, Bullet	Fixed rate, Bullet
Benchmark rate	3m Jibar	R2030
Ranking	Subordinated	
Security	Unsecured	
Key terms	<ul style="list-style-type: none"> • Capital Bullet payment • Issuer's Optional Redemption <ul style="list-style-type: none"> • Tax reasons • Regulatory event 	
Prudential Authority Approval	Granted on 13 September 2024	
Auction process	Sealed bid without feedback (Dutch Auction)	
Proposed auction date	7 November 2024 (09:00 to 11:00) T+3 settlement	
Use of proceeds	To refinance the R750m MMIG07 note maturing in September 2024	

Indicative timelines

Date	Action item
10 & 14 October 2024	Investor roadshow
24 October 2024	Termsheet with auction details released to investors
31 October 2024	Updated termsheet with price guidance released to investors, Applicable Pricing Supplements released to investors
7 November 2024	Proposed Auction Date
12 November 2024	Settlement Date (T+3)

Thank you

