

Interim Results 2017:MMI's interim results show resilience in challenging economy

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Today, MMI Holdings Limited (MMI) issued its interim results to 31 December 2016. MMI reported core headline earnings of R1.6 billion for the six months, representing a 5% decline compared to the corresponding six-month period in 2015.

The group recorded an embedded value of R42.5 billion (at 2 648 cents per share) reflecting a 4.5% annualised return on embedded value. MMI maintained its interim dividend at 65 cents per share.

Nicolaas Kruger, MMI group CEO says MMI remained resilient in a challenging economic environment.

MMI's new business sales, viewed on the basis of present value of premiums, increased by 2% to R21.3 billion. Momentum Retail's new business volumes reduced by 4% mainly due to high single premiums in the prior period. Metropolitan Retail continued to grow its agency distribution channel and recorded new business growth of 11%. The Corporate and Public Sector increased new business by 12%. The International business achieved excellent new

business growth of 20%, boosted by the well-established Southern African region.

New business margins remained stable at 1.4% of premiums, with Metropolitan Retail and the International segment significantly improving their respective new business margins. The overall value of new business increased by 4% to R292 million, on a like-for-like basis.

MMI's underwriting experience within Momentum Retail and Metropolitan Retail showed a good recovery compared to the previous year. Group disability claims remain higher than expected, and were impacted by the current tough economic conditions.

MMI is on track to meet its expense reduction objective of R750 million by the 2019 financial year. Expense savings of R167 million have been achieved thus far with the bulk of the savings expected to be realised in 2019. MMI's capital buffer was R3.0 billion at 31 December 2016. The capital position remains strong and comfortably above the regulatory requirement.

"Looking ahead, we remain committed to our client-centric strategy which is based on enhancing the Financial Wellness of people, their communities and their businesses. Multiply, our vehicle to unlock Financial Wellness across all MMI's client value propositions, has increased its membership and more than R600 million in value has been realised by Multiply members during 2016. Besides creating this value for our clients, Multiply has improved the persistency of policies, cross-selling and underwriting experience," says Kruger.

MMI will be launching its outcome-based investment products offering in March 2017, including a new range of collective investment scheme solutions. “We believe this outcome-based investment offering provides very attractive risk-adjusted investment returns over time,” says Kruger.

“Aditya Birla Health Insurance Co.Ltd (our joint venture with the Aditya Birla Financial Services Group) was launched in November 2016 to the Indian market. The joint venture will not just take care of consumers’ healthcare expenses, but also act as a catalyst to grow the health insurance landscape in India through product innovation, and provide a wider choice of solutions to consumers,” says Kruger. Since its launch in November 2016, Aditya Birla Health Insurance Co. Ltd has acquired more than 96 000 lives and continues to grow. “Our view of India is that the country offers attractive growth opportunities in the long-term, and we look forward to realising sustainable value from this venture over time,” says Kruger.

“We are pleased to report the progress made by our disruptive innovation unit, Exponential Ventures, in evaluating and investing in financial technology start-up companies that have the potential to significantly enhance the value proposition of the industry. Exponential Ventures is collaborating closely with 4Di, our partners in South Africa, and Anthemis in the UK,” says Kruger.

“With our client-centric strategy, market position and growth initiatives, MMI is geared to remain resilient in these tough economic conditions and take advantage of the upswing in the growth cycle when it transpires. We look forward to realising the

benefits of the foundation we have created through our strategic focus areas of growth, client centricity and excellence,” concludes Kruger.