

MMI HOLDINGS



SUMMARISED GROUP RESULTS for the six months ended 31 December 2016

Our purpose: To enhance the lifetime financial wellness of people, their communities and their businesses

SUMMARY OF RESULTS

Group results

MMI remained resilient in a tough environment.

- Diluted core headline earnings decreased by 5% to R1 598 million; mainly due to lower morbidity profits, lower health administration revenues, and weak growth in asset-based fee income as a result of weak investment markets.
- Diluted basic earnings and diluted headline earnings ended the period 33% and 29% lower respectively as rand strengthening negatively affected investment returns on shareholder funds. The prior period also included gains arising from the technical accounting treatment of policyholder funds holding MMI shares which was not repeated in the past six months.
- An embedded value of R42.5 billion (2 648 cents per share) was recorded, reflecting a 4.5% annualised return on embedded value for the period.
- New business volumes on the present value of premiums basis (PVP) increased 2% on the prior year. Metropolitan Retail, Corporate and Public Sector, and International all posted growth year-on-year.
- Value of new business of R292 million was 3% lower than in 1H16. The margin was, however, maintained relatively stable at 1.4% of premiums. There was significant margin improvement at Metropolitan Retail and at International. Notably, value of new business increased 4% on the prior year, if considered on a like-for-like basis.
- Underwriting experience in the retail segments remains satisfactory, especially in Metropolitan Retail.
- High group disability claims, largely linked to the current unfavourable economic conditions, remained high, and resulted in R57 million reduction in earnings relative to prior year.
- Health administration revenues were under pressure following the exit of two major clients in the prior period and earnings declined by R70 million in health operations. The restructuring of the health operations are, however, now largely complete and the decline in earnings has been less than originally budgeted for.
- Client Engagement Solutions houses our loyalty programme, Multiply, and various other engagement initiatives in the group. We continue to grow Multiply membership and are also making good progress with other engagement activities.
- Good expense management once again contributed positively to value creation. MMI is targeting a reduction in annual expenses of R750 million by financial year 2019. During 1H17 expense savings of R63 million were achieved towards this target.
- An interim dividend of 65 cents per share was declared which equals the interim dividend declared in the prior year.

Capital strength

- A capital buffer of R3.0 billion was recorded as at 31 December 2016, after allowing for economic capital requirements, strategic growth initiatives and the final dividend.
- During the six months Moody's affirmed the Aaa.za national scale insurance financial strength (IFS) rating on MMI Group Limited (MMIGL). They also affirmed the Aa2.za rating on MMIGL's unsecured subordinated notes on the national scale.
- Taking into account the planned growth initiatives, the changing regulations including Solvency Assessment and Management and the difficult economic outlook, the group is satisfied that its present capital level is appropriate.

Transformation

- MMI is proud to have remained a level two broad-based black economic empowerment (B-BBEE) contributor.

Prospects

- The strategic focus areas of the MMI group are client centricity, growth and excellence.
- While overall group strategy remains unchanged, we have identified Client Engagement Solutions via Multiply as an area of specific strategic importance in order to differentiate our client value proposition.
- MMI continues to invest in growth initiatives with the aim of enhancing shareholder value over the longer term. Going forward an increasing amount of our investment budget will be allocated to initiatives that broaden our South African distribution footprint.
- Our health insurance JV in India is likely to be our largest ongoing investment initiative outside of South Africa in the near future.
- MMI has implemented strategies to continue unlocking value and generating the required return on capital for shareholders over time.

Signed on behalf of the board

JJ Njeke

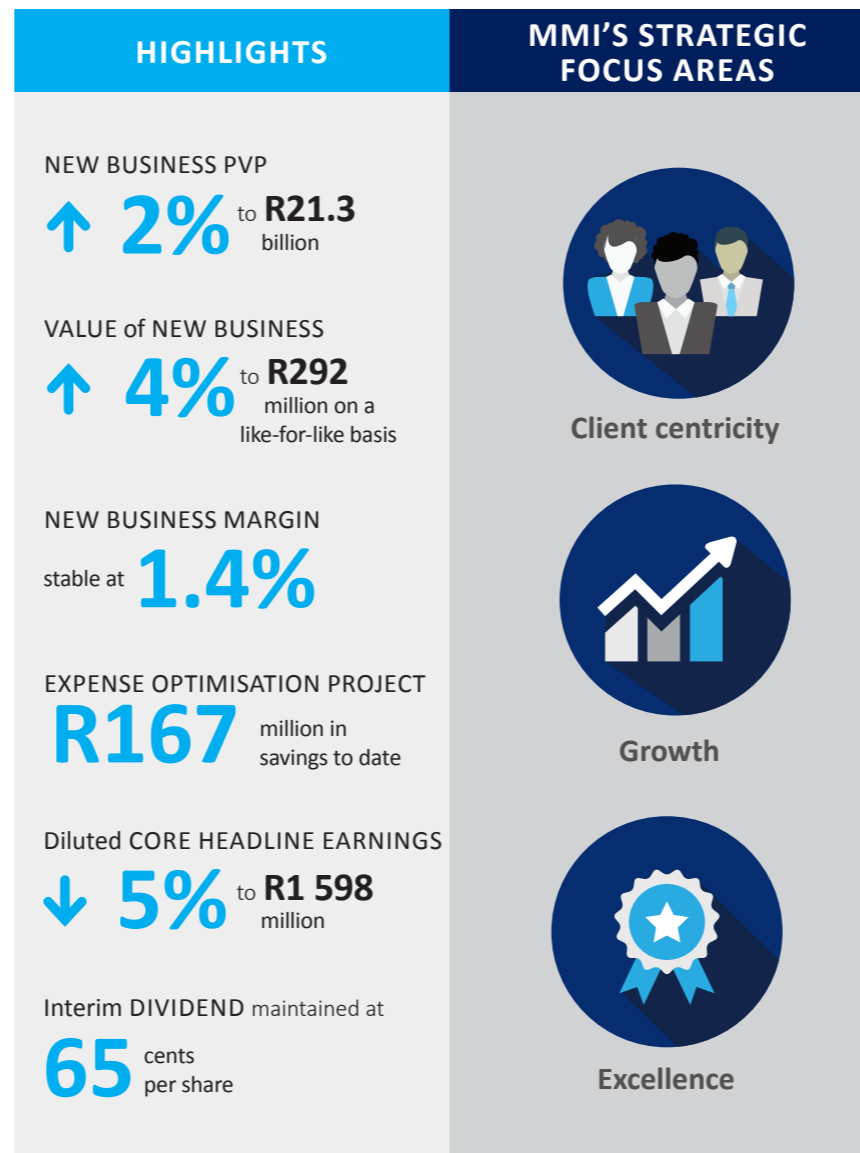
Chairman

Nicolaas Kruger

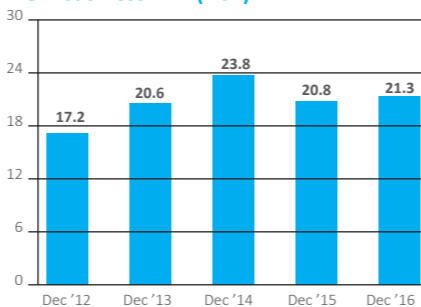
Group chief executive officer

Centurion

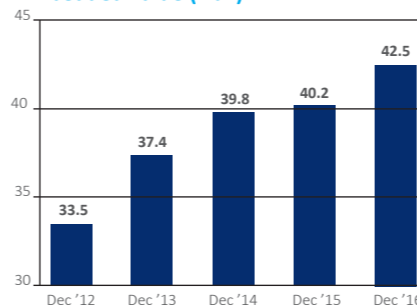
2 March 2017



New business PVP (Rbn)



Embedded value (Rbn)



ACCESS TO INFORMATION

This announcement is the responsibility of the directors.

This short-form financial information is only a summary of the information in the full SENS announcement and does not contain full or complete details. Any investment decisions should also take into consideration the information contained in the full SENS announcement published on 2 March 2017, which can be found on the company website at www.mmiholdings.com.

A printed copy of the full SENS announcement may be requested free of charge from the group company secretary, Maliga Chetty tel: 012 684 4255 or Maliga.Chetty@mmiholdings.co.za, alternatively collected from 268 West Avenue, Centurion, or the offices of the company sponsor, Merrill Lynch SA 138 West Street, Sandton, weekdays Monday to Friday during office hours from 09:00 to 16:00.

The information in this press announcement has not been audited.

KEY FINANCIAL INFORMATION

NET ASSET VALUE

	Change	31.12.16 Rm	31.12.15 Rm
Total assets	(1%)	449 737	453 273
Total liabilities		425 940	428 040
Total equity	(6%)	23 797	25 233

EMBEDDED VALUE (Rm)

2016	42 475
2015	40 176

EARNINGS

	Change	6 mths to 31.12.16 Rm	6 mths to 31.12.15 Rm
Basic			
Core headline earnings	(5%)	1 574	1 659
Headline earnings	(29%)	1 005	1 422
Earnings	(34%)	1 015	1 537
Diluted			
Core headline earnings	(5%)	1 598	1 679
Headline earnings	(29%)	1 019	1 429
Earnings	(33%)	1 029	1 544

EARNINGS PER SHARE (CENTS)

	Change	6 mths to 31.12.16	6 mths to 31.12.15
Basic			
Core headline earnings	(5%)	100.8	106.6
Headline earnings	(30%)	64.3	91.3
Earnings	(34%)	65.0	98.7
Weighted average number of shares (million)		1 562	1 557
Diluted			
Core headline earnings	(5%)	99.6	104.7
Weighted average number of shares (million)		1 604	1 604
Headline earnings	(29%)	64.0	90.0
Earnings	(34%)	64.6	97.2
Weighted average number of shares (million)		1 592	1 588

ORDINARY DIVIDEND PER SHARE (CENTS)

	Total
2016	65
2015	65

DIVIDEND DECLARATION

Ordinary shares

Last day to trade (cum dividend)

Shares commence trading (ex dividend)

Record date

Payment date

Preference shares

Tuesday, 28 March 2017

Wednesday, 29 March 2017

Friday, 31 March 2017

Monday, 3 April 2017

R19.5 million dividend declared

SEGMENTAL INFORMATION

PREMIUM INCOME

	Change	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	(5%)	12 018	12 642
Metropolitan Retail	(3%)	3 521	3 645
Corporate and Public Sector	(3%)	13 257	13 661
International	(2%)	2 054	2 103
Total segmental	(4%)	30 850	32 051
Other reconciling items	6%	(16 778)	(17 907)
IFRS total	(1%)	14 072	14 144

DILUTED CORE HEADLINE EARNINGS

	Change	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	1%	649	644
Metropolitan Retail	18%	373	316
Corporate and Public Sector	(29%)	280	396
International	(56%)	(61)	(39)
Operating segments	(6%)	1 241	1 317
Shareholder Capital	(1%)	357	362
Total diluted core headline earnings	(5%)	1 598	1 679

OUR CLIENT-FACING BRANDS

momentum

Momentum is one of the most aspirational financial services brands in South Africa, known for its entrepreneurial spirit and family orientation. Originally established in 1966, Momentum has grown over the years to become one of the most recognised financial services brands in South Africa for wealth creation and preservation.



METROPOLITAN

Metropolitan is one of the oldest financial services brands in South Africa. With a 116-year legacy of serving the communities in which it operates, Metropolitan represents true empowerment in serving Africa's people through affordable financial solutions that create financial growth and security.

GUARDRISK

Incorporated into MMI Holdings in March 2014, Guardrisk is the largest specialist cell captive insurance group of its kind and the leading alternative risk transfer provider in South Africa, comprising a short-term insurer, life insurer and an underwriting manager.

multiply

Multiply is the primary engagement platform that MMI uses to connect with clients to encourage financial wellness. Multiply offers a simple wellness and rewards programme where members are recognised for doing the everyday things that ensure a physically and financially healthy lifestyle.

NEW BUSINESS PREMIUMS (APE)

	Change	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	(5%)	1 451	1 533
Metropolitan Retail	19%	706	594
Corporate and Public Sector	10%	510	465
International	24%	257	208
Total	4%	2 924	2 800

NEW BUSINESS PREMIUMS (PVP)

	Change	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	(4%)	12 114	12 673
Metropolitan Retail	11%	2 673	2 411
Corporate and Public Sector	12%	5 094	4 530
International	20%	1 414	1 175
Total	2%	21 295	20 789

VALUE OF NEW BUSINESS (VNB)

	Change	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	(13%)	110	126
Metropolitan Retail	38%	94	68
Corporate and Public Sector	(45%)	42	76
International	48%	46	31
Total	(3%)	292	301

MARGIN (PVP)

	6 mths to 31.12.16 Rm	Restated 6 mths to 31.12.15 Rm
Momentum Retail	0.9	1.0
Metropolitan Retail	3.5	2.8
Corporate and Public Sector	0.8	1.7
International	3.3	2.6
Total	1.4	1.4