

MMI puts solid platform in place for future growth

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MMI Holdings Limited (MMI), the diversified financial services group that includes Metropolitan and Momentum, today released a solid set of half-year results to December 2011, with core headline earnings increasing by 4% to R1 294 million as compared to the previous half-year to December 2010, under tough operating conditions.

MMI CEO Nicolaas Kruger says the integration of the group is proceeding well and according to plan. 'We did a lot of work in 2011 in trying to balance the merger, business-as-usual and charting a way forward for MMI. We have largely bedded down our strategy and are now concentrating all our energy on implementing our strategic objectives.'

'We are in our second year of the merger and restructuring costs have been incurred in order to integrate the businesses. The benefits from these merger activities are expected to emerge over time. The group remains on track to meet the targeted merger savings of R500 million per annum, to be achieved over the next two to three years,' continues Kruger.

The 4% increase in core headline earnings was largely underpinned by good performance from Metropolitan Retail and Metropolitan Health. The group's new business annual premium equivalent (APE) decreased by 3% to R2.9 billion. The value of new business amounted to R311 million for the six months ended 31 December 2011.

MMI's overall new business margin reduced from 1.6% for the six months ended 31 December 2010 to 1.5% for the six months ended 31 December 2011. This margin is however higher than the overall new business margin of 1.4% for the 12 months ended 30 June 2011.

The group has reviewed the investment mandates for its shareholder capital. This has resulted in a lower-risk investment strategy being implemented for Metropolitan Life's shareholder capital. This change reduced the amount of capital required and ensured a strong capital position. 'MMI is in a sound financial position despite uncertain market conditions. Our strong capital buffer of R4.0 billion remains appropriate for the current operating conditions' says Kruger.

The group's embedded value sits at R30.8 billion or R19.20 per share as at 31 December 2011, representing an annualised return on embedded value of 7.1%.

'MMI's strong building blocks have been put in place and this will provide a solid foundation from which we can deliver on our vision to be a leader in meeting financial services needs,' says Kruger.

