

Performance optimisation and capital management

Risto Ketola

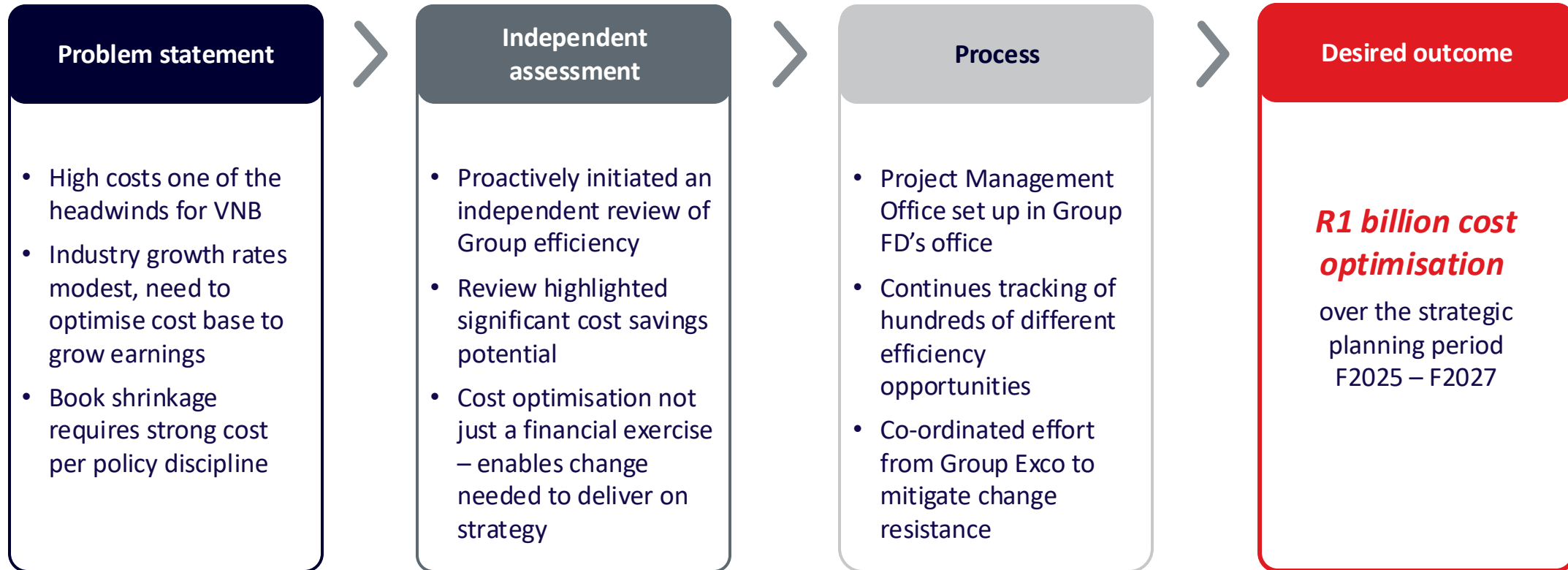


Overview

- 1 Cost optimisation
- 2 Cash generation and capital deployment
- 3 Capital optimisation activities



Why did we initiate this project?



Four workstreams

- **Business unit:** primarily focused on process automation, productivity enhancements, and optimising spans of control
- **Technology:** cloud usage, hardware policies, licensing and technology optimisation
- **Procurement:** re-negotiating contracts, consolidating suppliers and actively managing internal demand
- **Duplication:** Central functions presented further opportunity for simplification



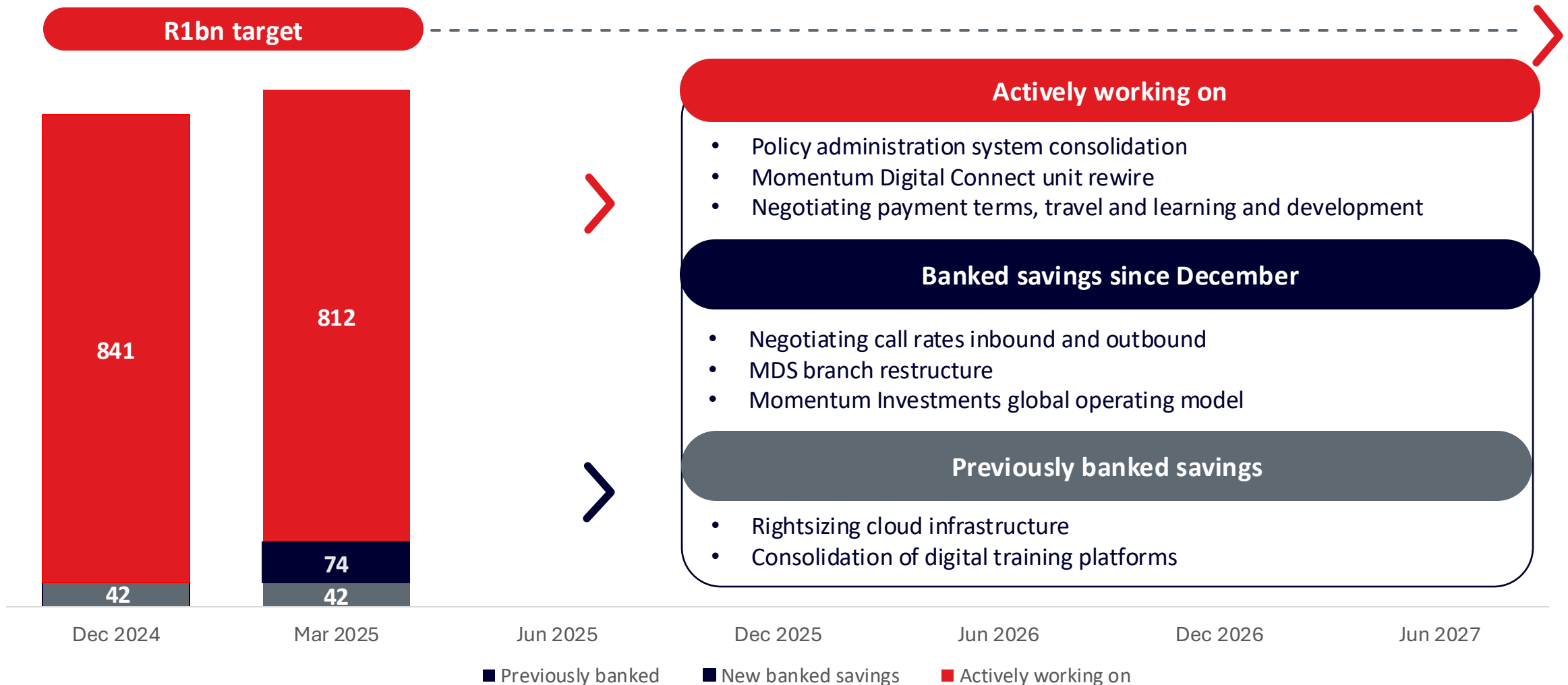
Timing

- Savings staggered over strategic planning period
- Large-scale technology changes, occurring towards the end of the three-year period

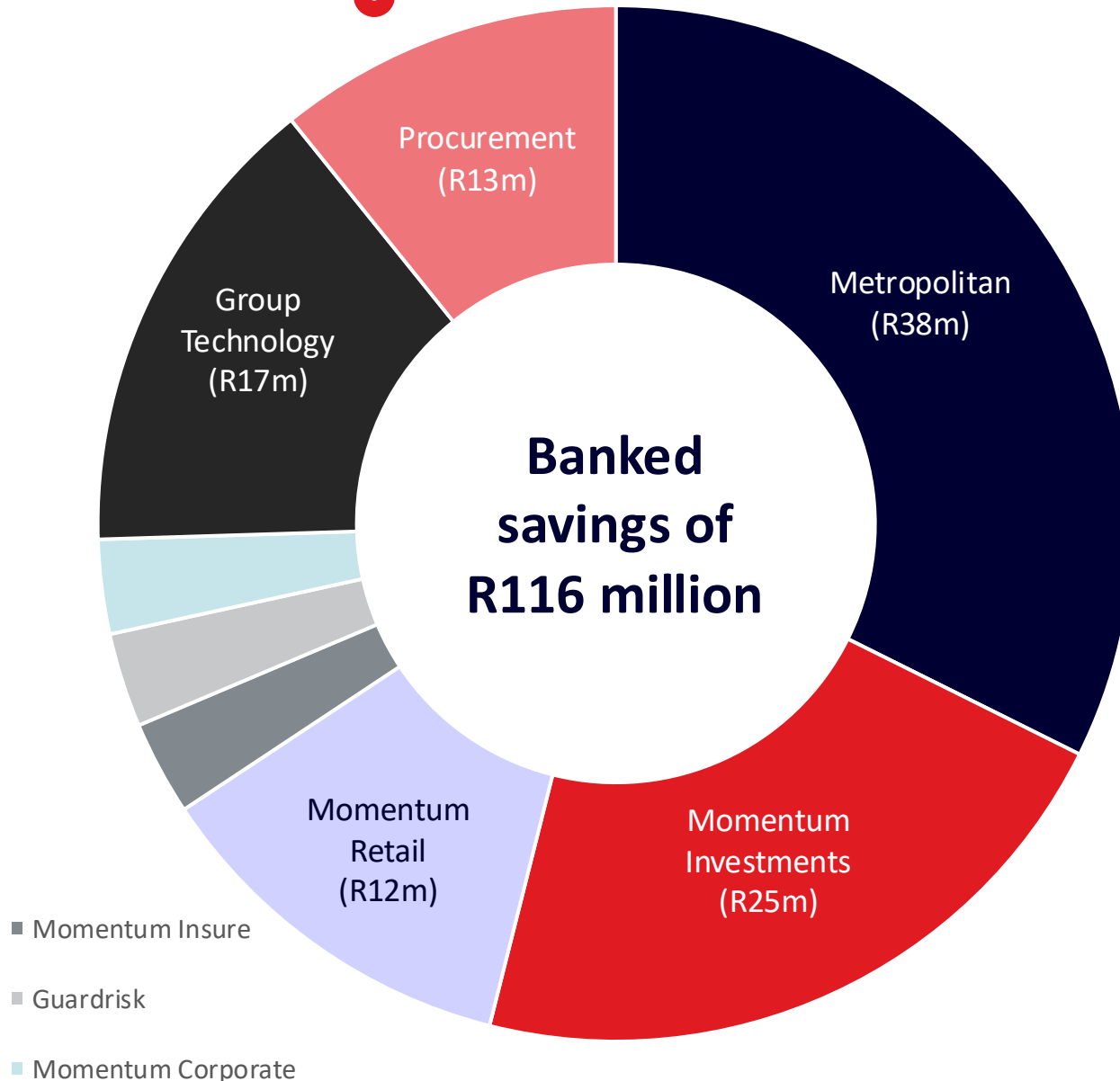
Impact

- Minimal disruption on sales and client facing activities
- Includes demand generation, onboarding, servicing, and claims
- Savings across covered and non-covered and unallocated expenses
- Proportionally higher renewal than initial cost impact

Progress to date



Banked savings by workstream



Metropolitan

- Market access costs
- Service channel optimisation

Momentum Investments

- Global operating model

Momentum Retail

- Myriad underwriting and service productivity
- MDS branch restructure

Group Technology

- Cloud optimisation
- Call rates negotiation with vendors

Procurement

- Cleaning services contracts
- Courier services contracts

What does this mean for our valuation basis?

- 1 Not all savings go to the life insurance businesses
- 2 Due to book shrinkage, we cannot afford to increase expenses by more than 3 - 4% per year
- 3 While achieving savings, spending on compliance and regulatory changes are growing
- 4 We are careful not to account for future savings until it is in the banked category
- 5 Project could be seen as necessary to avoid negative expense basis changes

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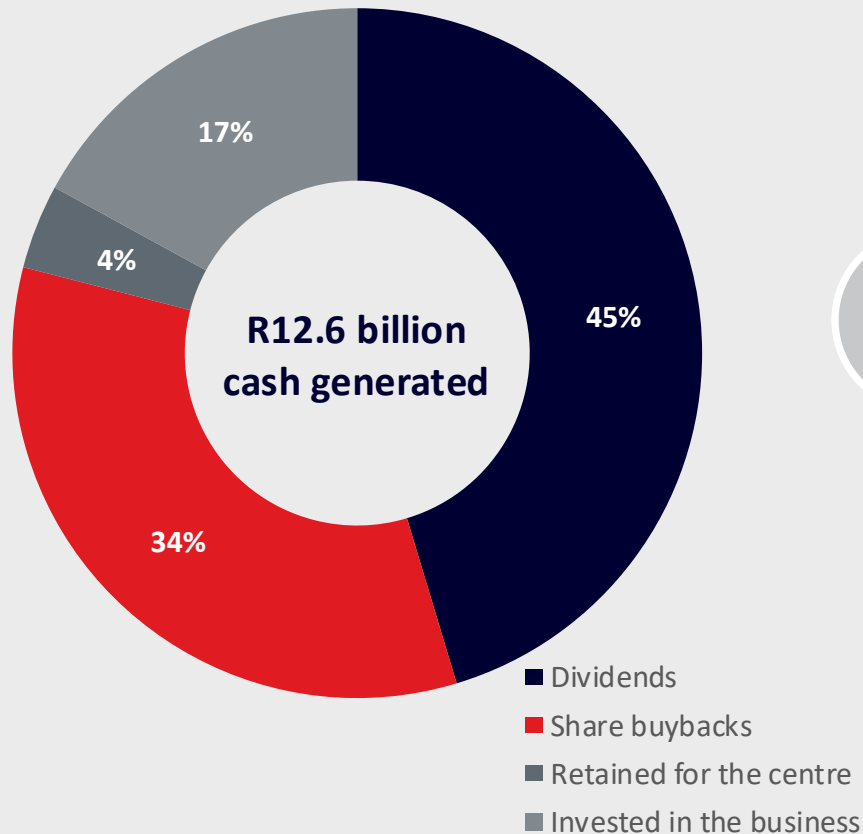


Cash generation

| R'million | 2022* | 2023* | 2024* | Cumulative* |
|--|--------------|--------------|--------------|---------------|
| SA Life businesses | 2 941 | 3 601 | 2 990 | 9 532 |
| Guardrisk | 248 | 311 | 386 | 945 |
| Momentum Investments | 206 | 281 | 263 | 750 |
| Health | 151 | 218 | 179 | 548 |
| Momentum Insure | - | - | 315 | 315 |
| Other | 154 | 465 | (84) | 535 |
| Dividend inflow to Momentum Group | 3 700 | 4 876 | 4 049 | 12 625 |
| M&A | 222 | (67) | (198) | (43) |
| Momentum Multiply | - | (143) | - | (143) |
| Momentum Money | - | (297) | - | (297) |
| Momentum Insure | (181) | (380) | - | (561) |
| India | (329) | - | (409) | (738) |
| Other | (153) | (51) | 22 | (182) |
| Preference shares | (99) | (529) | (130) | (758) |
| Cash generated to Momentum Group | 3 160 | 3 409 | 3 334 | 9 903 |
| Ordinary dividend | (1 720) | (1 903) | (2 102) | (5 725) |
| Net of dividend payment | 1 440 | 1 506 | 1 232 | 4 178 |
| Approved buyback | (1 250) | (1 000) | (2 000) | (4 250) |
| Net of buyback & dividend | 190 | 506 | (768) | (72) |

| R'million | Cumulative to 2024* | Original F2025 – F2027 | Revised F2025 – F2027 |
|-----------------------------------|---------------------|---------------------------|--------------------------|
| Dividend inflow to Momentum Group | 12 625 | 11 000 – 12 000 | 12 000 – 13 000 |
| No further support required | (858) | - | +500 |
| Momentum Insure | (561) | | |
| Momentum Money | (297) | | |
| Significant reduction in support | (1 639) | <1 000 | <1 000 |
| Preference shares | (758) | | |
| India | (738) | | |
| Momentum Multiply | (143) | | |
| Cash generated to Momentum Group | 10 128 | 10 000 – 11 000 | 11 500 – 12 500 |
| Dividends | 5 725 | | |
| Share buybacks | 4 250 | | |
| M&A | 43 | | |
| Internal initiatives | 110 | | |

Last 3 years' cash generation and utilisation



F2027

Investment in the business to be guided by strategic growth ambitions:

- 1 Under current dividend policy expect payments of around R7 – R8bn over the 3 years
- 2 Modest capital commitments projected F2025 – F2027
- 3 M&A continuously considered, subject to strategic alignment, rigorous hurdle rates and investment attractiveness metrics

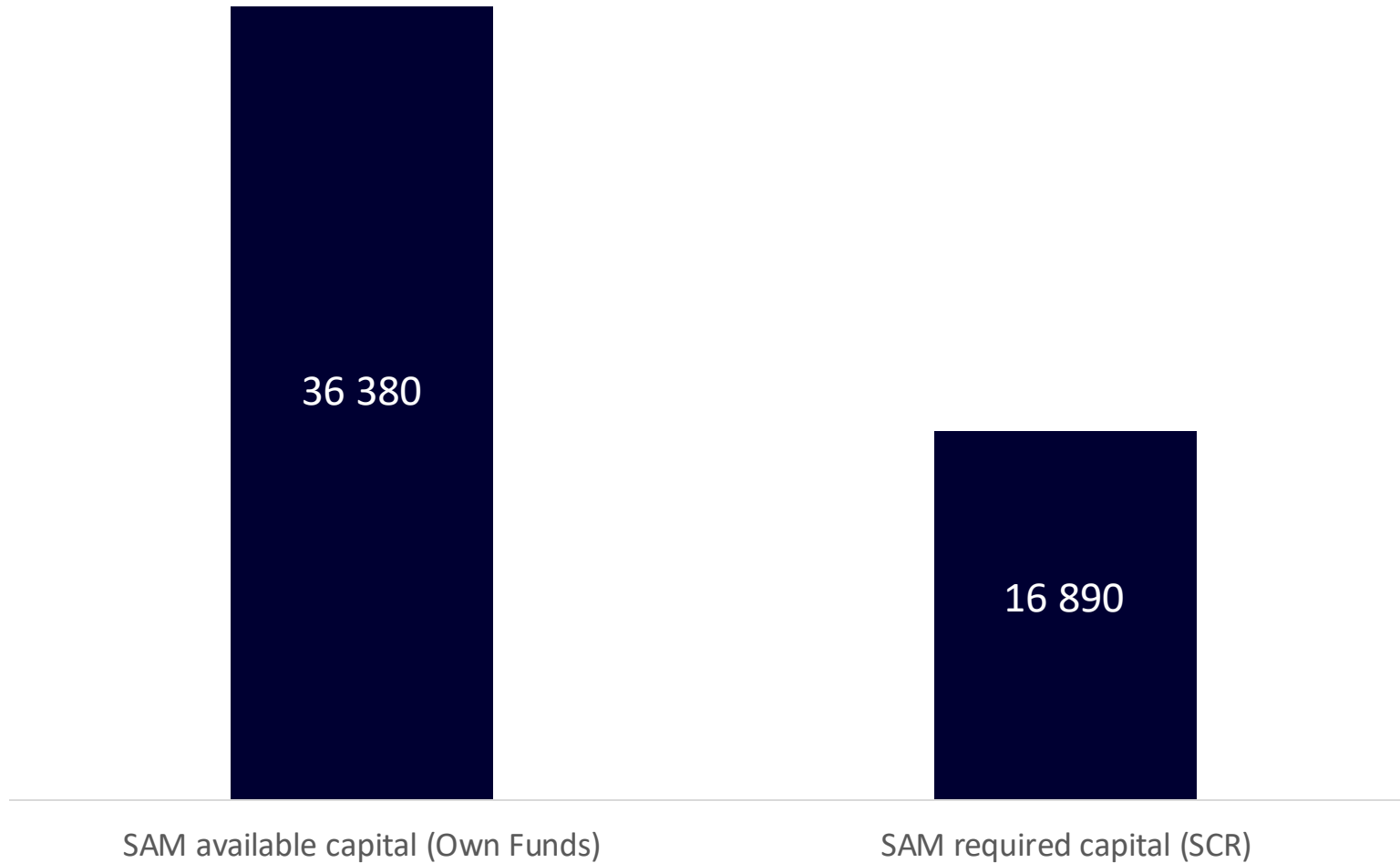
Overview

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- 3 **Capital optimisation activities**



- 1 Optimal deployment of available capital
- 2 Regular review of target solvency metrics (SCR cover & required capital)
- 3 Regular review of dividend policy
- 4 Reviewing and defining our optimal capital structure
- 5 Judicious distribution of surplus capital

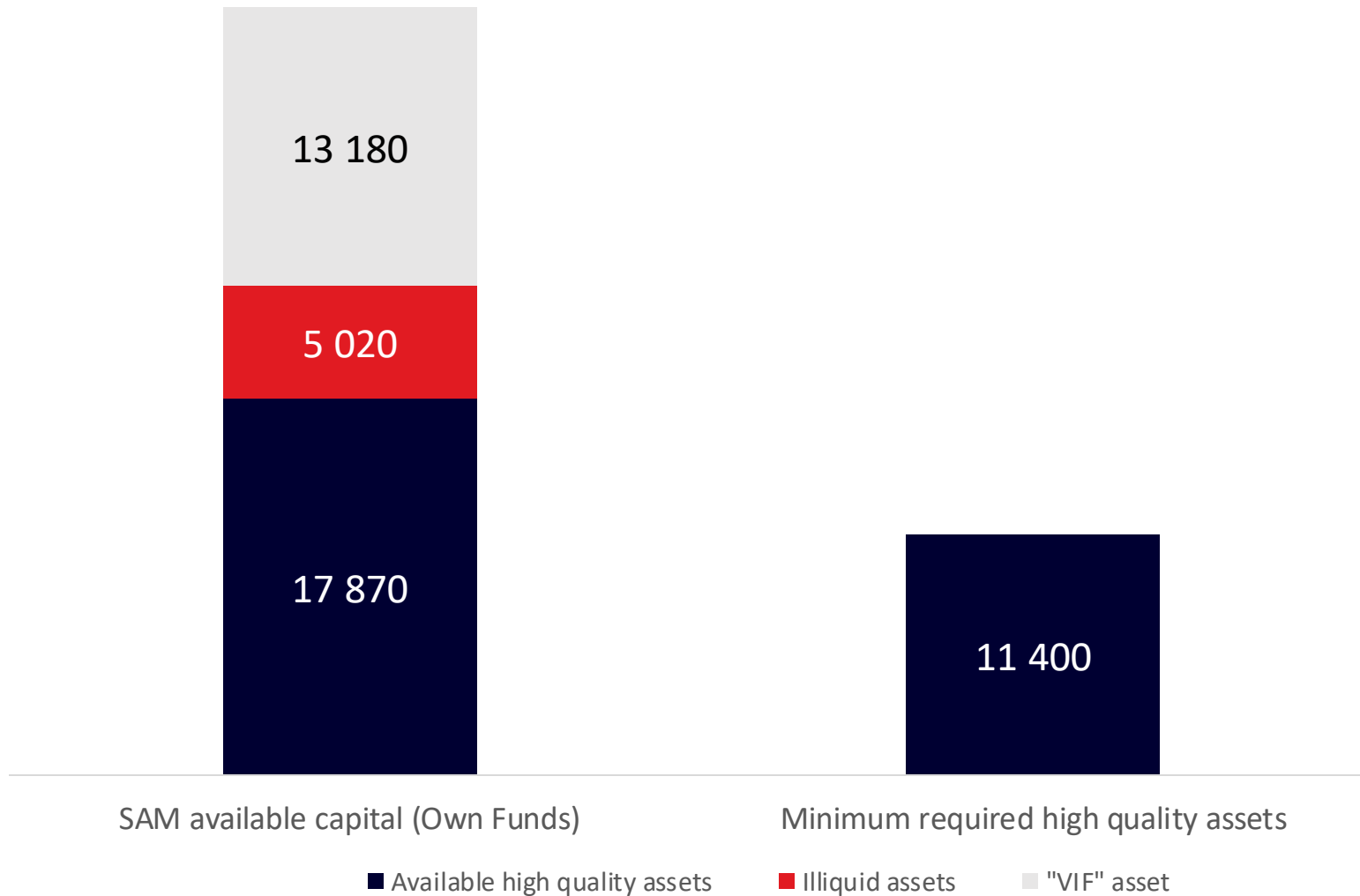
MML SAM solvency on 31 Dec 2024



Our 'Solvency Capital Required (SCR) cover ratio' was **2.15x** on 31 Dec 2024.

Our Board confirmed earlier in 2025 that we will retain our SCR cover ratio target range at **1.6x** to **2.0x**.

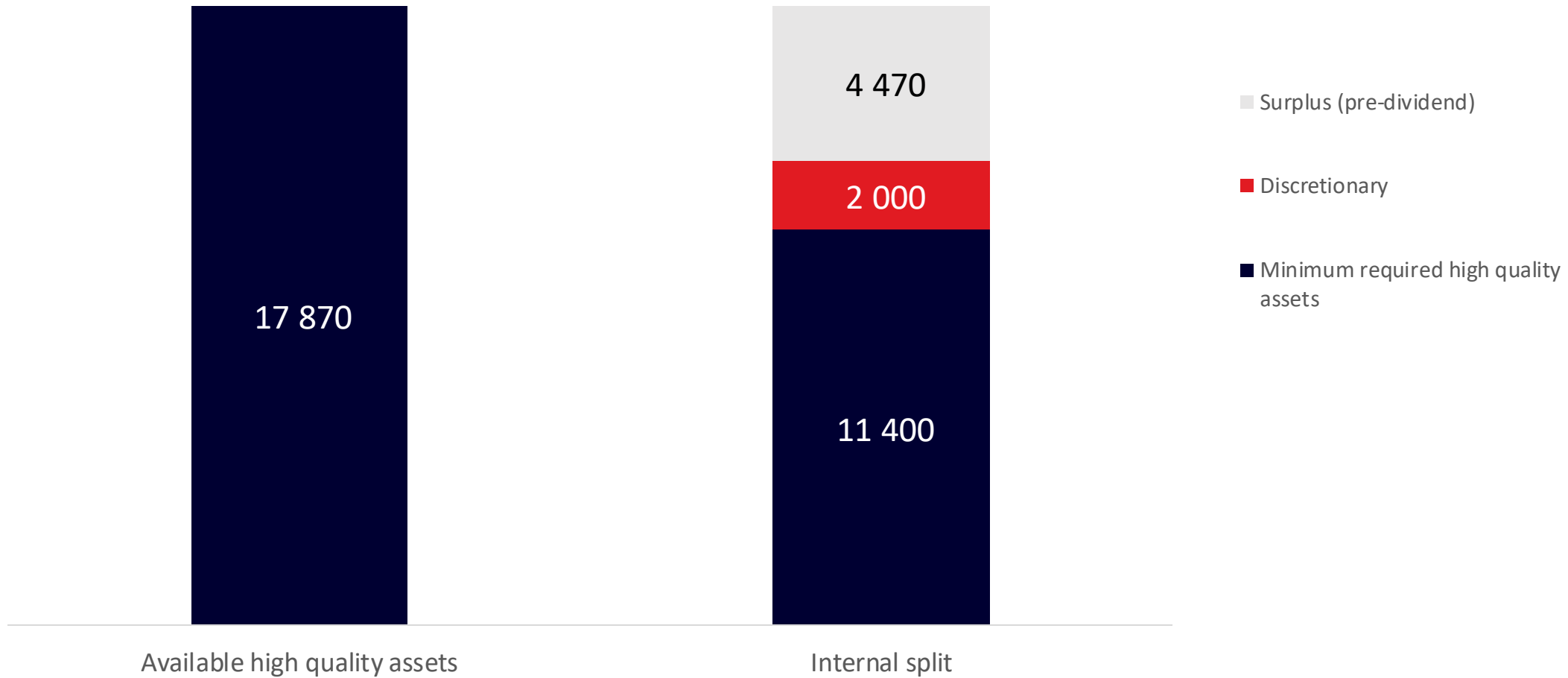
Internal view of MML solvency on 31 Dec 2024



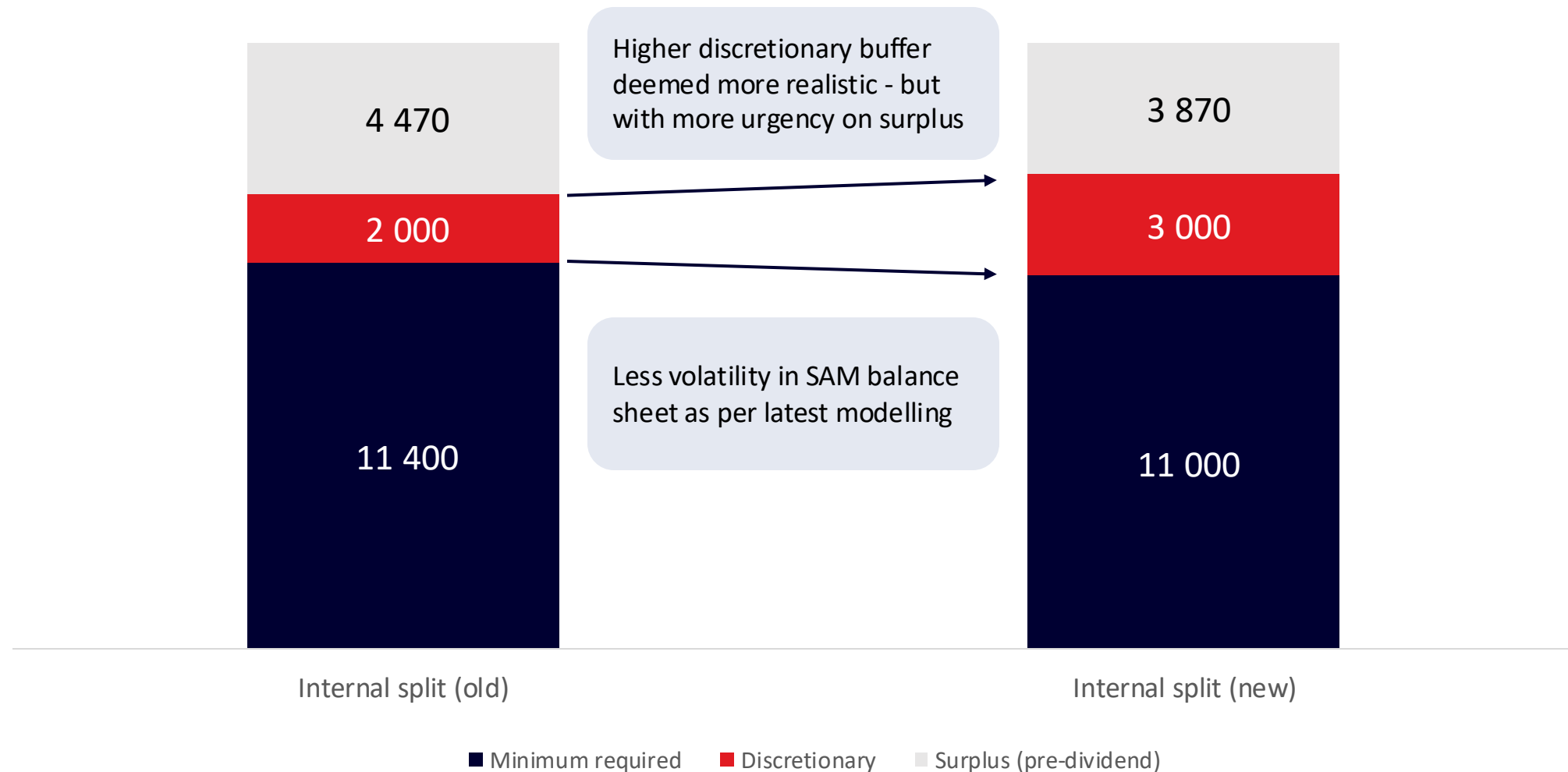
Own Funds includes margins inherent in the in-force book ("VIF") and illiquid assets (e.g. NAV in subsidiaries and owner-occupied properties).

We estimate that we need **R11.4bn** of high-quality liquid assets to not breach our **1.6x** to **2.0x** SCR cover target range under various potential scenarios.

Internal view of MML solvency on 31 Dec 2024



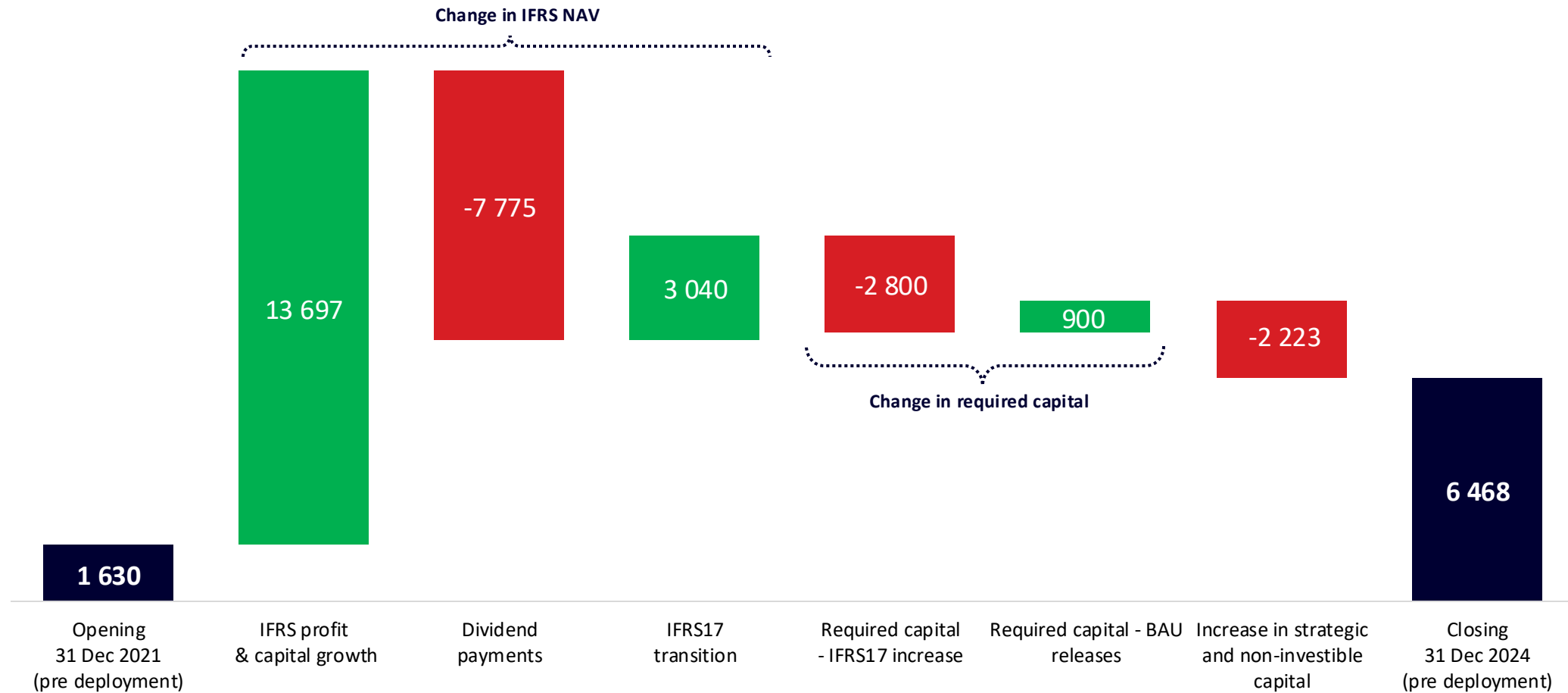
Retrospective view of MML solvency on 31 Dec 2024



MML discretionary and surplus capital

Movement in discretionary and surplus capital (pre dividend)

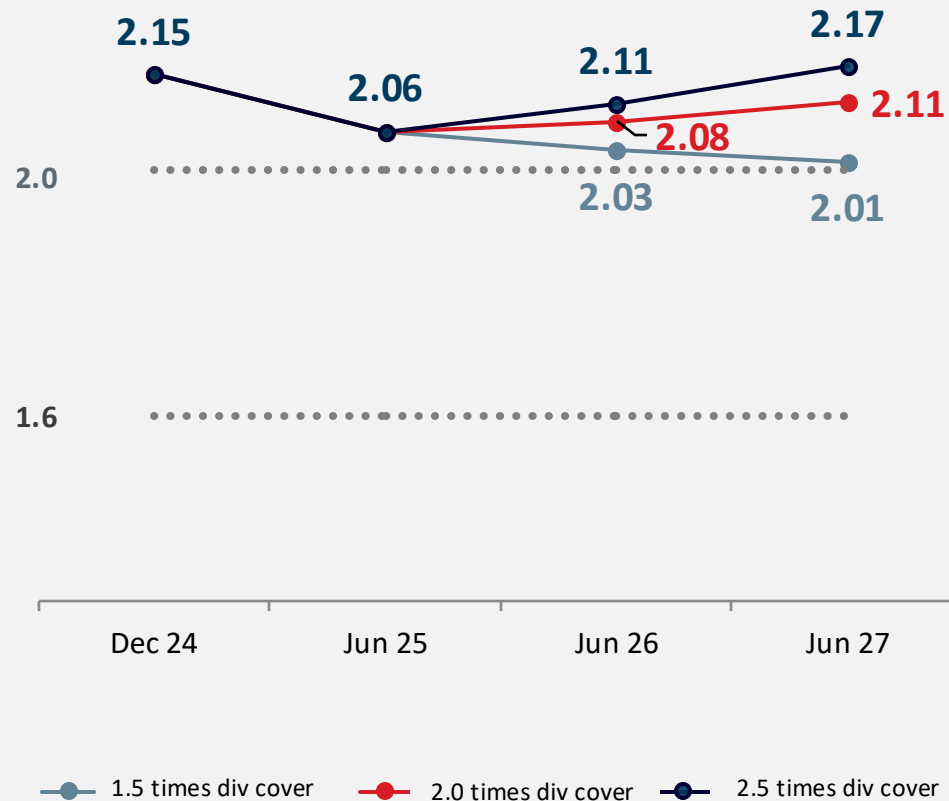
R' million



Update on dividend policy review

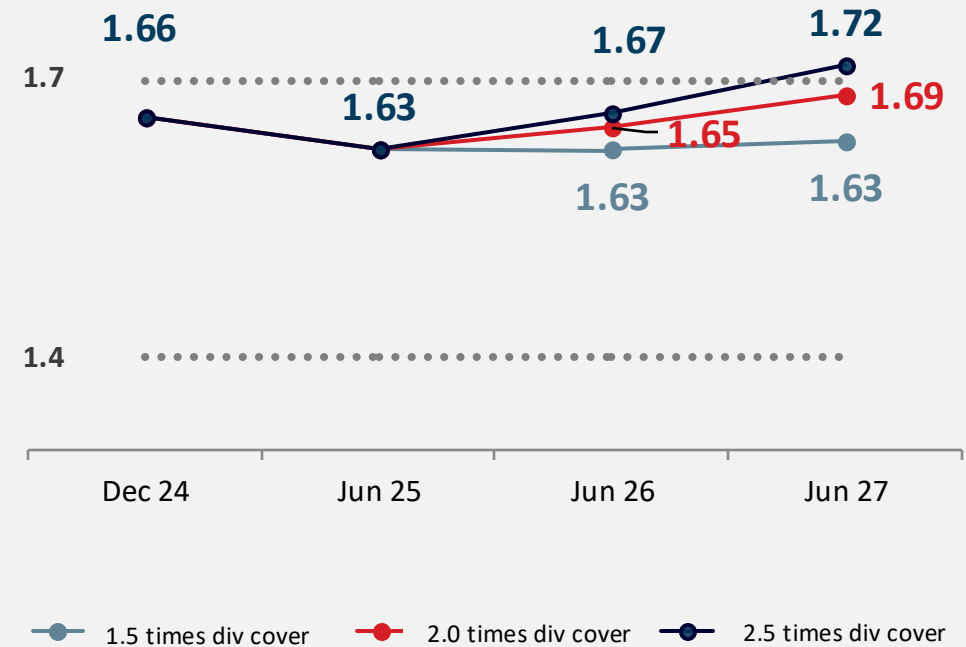
MML SCR cover

Pre-foreseeable dividend



Momentum Group SCR cover

Pre-foreseeable dividend



- 1 Finalise work on revised dividend policy
- 2 MML solvency target reaffirmed, scope to review Group solvency target
- 3 Buyback programme commenced on 14 May 2025
- 4 Ongoing work on Africa optimisation
- 5 Continue to review how we allocate capital across the Group to support ROE outcomes
- 6 Our capital optimisation will never end given ongoing focus on maximising shareholder value

Thank you



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