

Merger bearing fruit for MMI

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12 Sep 2013

The merger of Metropolitan and Momentum to form MMI Holdings (MMI) almost three years ago is starting to bear fruit, the financial services group said on Wednesday (11 September)



The group has so far saved R346m as a result of the merger in December 2010, it said at the release of its full-year results to June.

The merger's savings target is R500m by next year, which MMI said was attainable.

In May this year, the two companies amalgamated their long-term insurance licences into the MMI Group. MMI said the use of a single licence helped simplify the group structure and save costs through streamlining governance processes.

"Overall, the benefits envisaged as part of the merger rationale are being realised and can be seen in the results," MMI Holdings' chief executive Nicolaas Kruger said.

The group grew diluted core headline earnings by 10% to R3.2bn in the year to June in a subdued economic environment. This was up from R2.9bn the previous year.

"As we approach the end of our third year of the merger, we can say that the merger has been successfully bedded down," Kruger said adding that the group had now moved its focus from integrating the two entities to developing growth strategies.

The value of new business increased by 19% to R711m in the period, with the two retail divisions - Momentum Retail and Metropolitan Retail - contributing the largest share.

Momentum Retail, which focuses on the middle- to upper-income market, grew new business by 17% to R203m. Metropolitan Retail, targeted at the lower- to middle-income market, grew new business to R239bn.

However, the group warned that future growth in new business volumes would remain dependent on the economic environment, including a recovery in employment and higher levels of disposable income.

MMI declared a 12% increase in its annual dividend to 127c per share - up from the previous year's 113c per share.

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