

# Chairman's letter to shareholders

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**JJ Njeke**  
Chairman

## Dear Shareholder

During the past year our country faced many challenges. South Africa's fiscal and external funding vulnerabilities became more pronounced when the country's credit rating was downgraded to sub-investment status and economic growth has essentially come to a standstill and is expected to remain at low levels. Consumer and business confidence is also alarmingly low and the disposable income of consumers remains under pressure in an environment with high levels of unemployment.

We acknowledge South Africa's current fragile state, but remain optimistic about our country's long-term future prospects.

Although the compounding challenges in the operating environment had a negative impact on MMI's business performance, we have decided to increase the strategic focus on our core businesses in South Africa. I have confidence in MMI's board and executive team to adapt to the challenging environment and to successfully steer MMI through a difficult time in the history of our country and to continue creating value for our stakeholders over time.

## Commitment to South Africa

MMI remains committed to inclusive value creation for all citizens and will continue to contribute to collaborative efforts between government, business and labour.

In 2017, MMI continued its sponsorship of The Directors Event, a forum where the critical issues facing South Africa were discussed by leaders across all sectors in our society. These discussions are especially pertinent given the dynamic operating environment in South Africa in 2017.

Following the second successful NDP Vision2030 Summit endorsed by the National Planning Commission, MMI Holdings hosted the financial services breakaway session of the event in June 2017. MMI endorses the NDP as a blueprint to guide long-term planning and achieve economic prosperity for our country.

In addition to our efforts in South Africa, I am pleased that we are also involved in broader initiatives on the African continent and in 2015, MMI joined the World Economic Forum (WEF) as a Regional Associate for Africa. MMI is also involved with the Africa Skills Initiative of WEF, which aims to close skills gaps in Africa and engage the private and public sectors in broader, long-term reform of education and skills systems to prepare for the future of jobs.

## Beyond Financial Wellness

MMI's purpose is to enhance the lifetime Financial Wellness of people, their communities and their businesses. This purpose extends beyond creating value for our clients, but also for the

communities where they live and where we operate. MMI's corporate social investment has therefore been aimed at creating meaningful and lasting benefits for the communities in which we operate – empowering and assisting them to build better lives for themselves and their families.

As such, we have to date invested in projects that improve the social and financial circumstances of the communities in which we operate, focusing specifically on education, health, disability and sports development. Given the particular challenges facing South Africa, we will in future shift our focus to supporting the youth in their quest to become employable, financially well and active citizens of the country.

### MMI's strategy

MMI's clients are core to our existence as a financial services business. During the past year we continued to implement our client-centric strategy. This integrated report provides you with an overview of the progress we have made to achieve MMI's vision to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.

MMI started rebalancing its corporate portfolio in 2017 to increase investment in our large South African businesses and in the capabilities required for the new world of the Fourth Industrial Revolution. Part of the rebalancing exercise required scaling back MMI's footprint in the rest of Africa. We remain committed to the Health and Wellness business we recently launched in India.

### MMI board

During the year Johan Burger retired from the MMI board. Johan was our deputy chairman and I would like to thank him for the exceptionally valuable role he played on our board over many years. Louis von Zeuner took over as deputy chairman and is also making an equally valuable contribution.

### Prospects

We expect the operating environment to remain tough in the short to medium term with consumers remaining under pressure whilst technology advances will continue to disrupt the industry. I believe MMI's resolve to gain an in-depth understanding of clients' unique needs and offering relevant Financial Wellness solutions (appropriately enabled by technology) are very relevant for MMI's current state of development and the challenges faced by our country. I look forward to the further implementation of solutions that enhance clients' Financial Wellness and create value for all stakeholders.

### Thanks

In closing, I would like to express my gratitude to all MMI's stakeholders. To our clients, once again thank you for the opportunity to enhance your Financial Wellness. To shareholders, we remain grateful that you have trusted us with your investments, and to the MMI board, your guidance continues to be invaluable. To MMI's executive management and employees, I value your dedication to achieve MMI's vision to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.



**JJ NJEKE**  
*Chairman*