



FIRST MUTUAL PARK

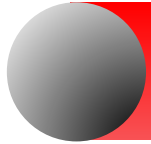
FIRST MUTUAL HOLDINGS LIMITED

**FINANCIAL RESULTS PRESENTATION FOR THE SIX MONTHS ENDED
30 JUNE 2018**

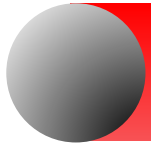
FIRST MUTUAL
HOLDINGS LIMITED
Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

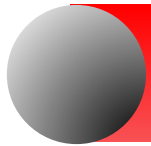
Outline of Presentation



Economic Overview - Zimbabwe
Economic Overview - Botswana



Consolidated Financial Highlights
Unconsolidated SBU Performance Highlights



Unaudited Consolidated Financial Results
Outlook & Priorities



Economic Overview Zimbabwe



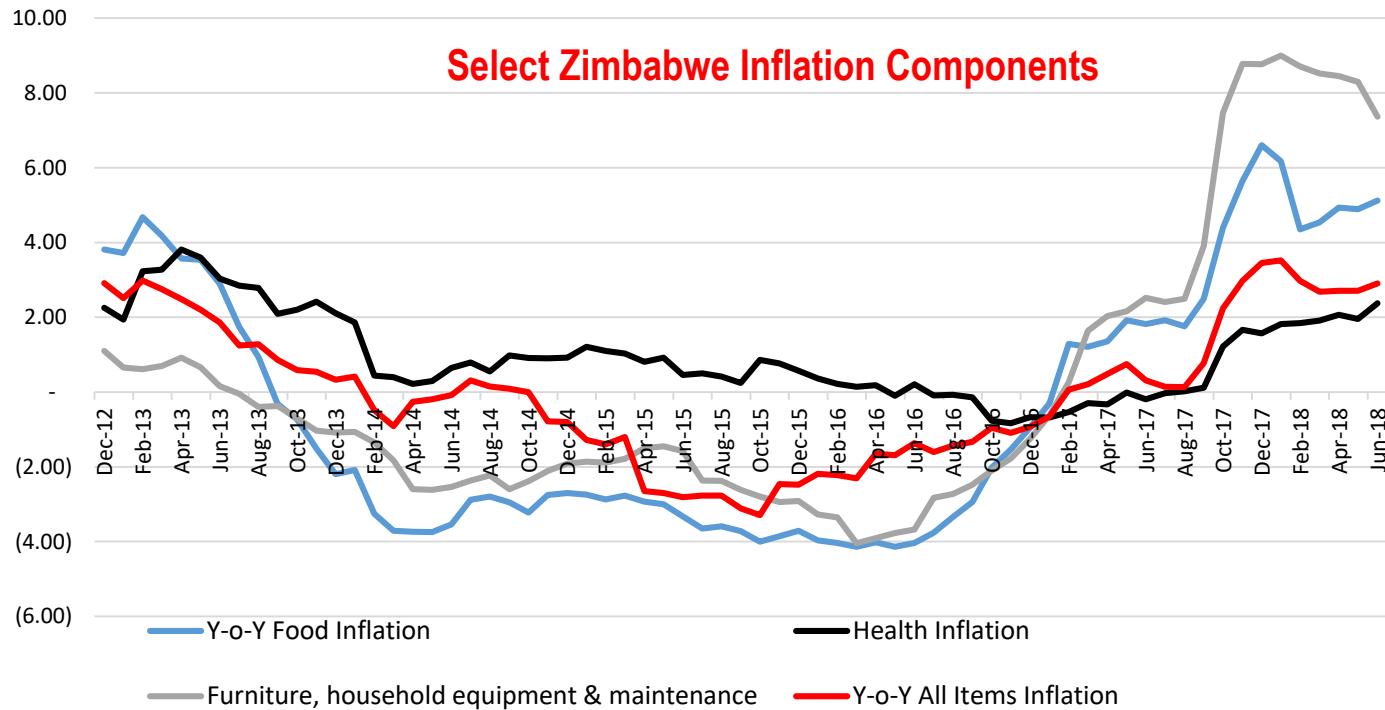
FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

Economic Overview - Zimbabwe



Inflation at 30 June 2018 stood at 2.91% and 4.29% at 31 July 2018

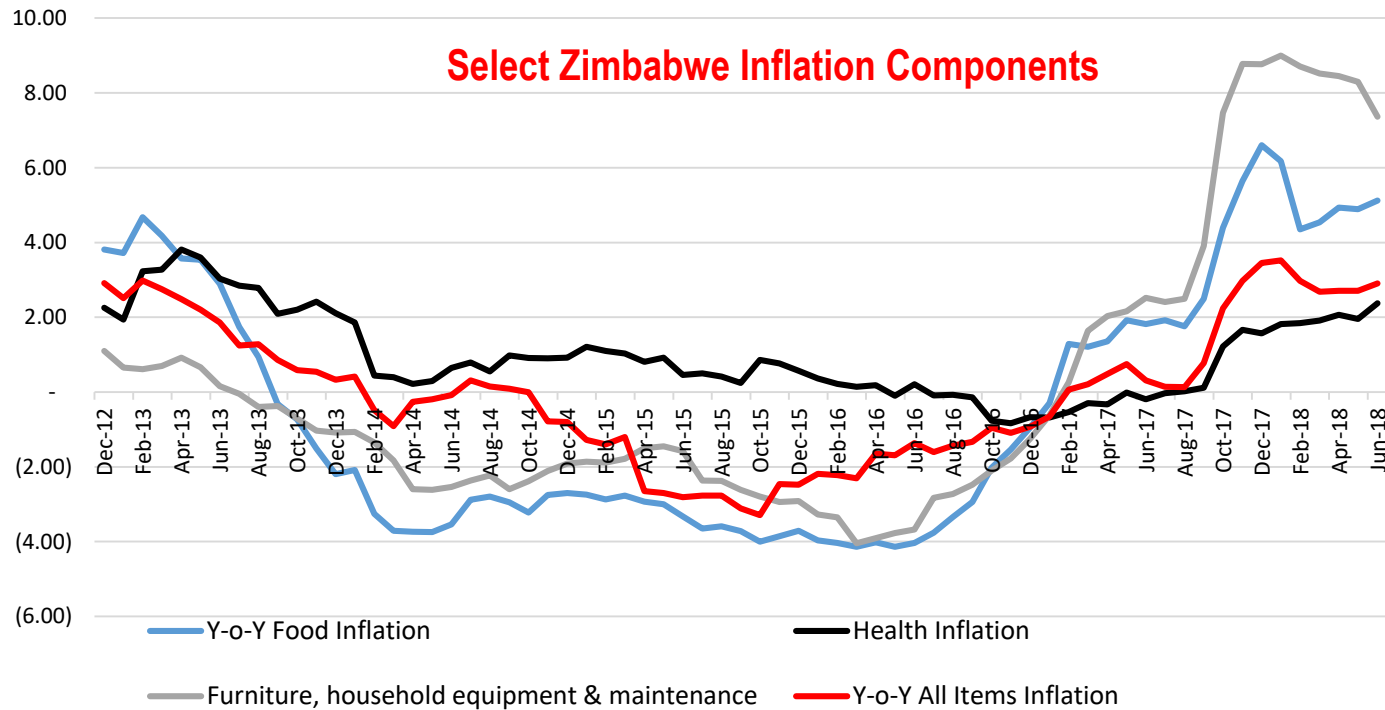
Economic Overview - Zimbabwe

GDP TRENDS (%)	2016	2017E	2018F	2019F	2020F	2021F	2022F	2023F
World	3.23	3.76	3.94	3.94	3.76	3.75	3.7	3.71
Emerging Markets	4.36	4.76	4.94	5.1	5.08	5.06	5.01	5
Sub-Saharan Africa	1.45	2.81	3.39	3.67	3.81	3.89	3.89	4.05
Botswana	4.32	2.17	4.57	4.52	4.38	4.18	4.12	4.18
China	6.72	6.86	6.56	6.41	6.25	6	5.7	5.53
South Africa	0.565	1.32	1.5	1.7	1.8	1.8	1.83	1.83
Zimbabwe (IMF)	0.67	3.01	2.4	4.17	4.57	4.7	4.99	5
Zimbabwe (World bank)	0.7	2.8	0.9	0.2	0.2	na	na	na
Zimbabwe (Ministry of Finance)	1.4	3.7	4.5	5.6	6.0	na	na	na

MoF projects
GDP growth
rate at 4.5% for
2018.

- Government is projecting GDP growth of 4.5% (2017: 3.7%) driven by:
 - ✓ Agriculture recovery notwithstanding possibility of El Nino phenomenon
 - ✓ Increased mining output (gold, chromium and nickel) countering adverse price movement in platinum
 - ✓ Further Energy and power investments
 - ✓ Infrastructure investments (roads and water projects)
 - ✓ Strong performance in tourism

Economic Overview - Zimbabwe



Inflation at 30 June 2018 stood at 2.91% and 4.29% at 31 July 2018

Economic Overview Zimbabwe cont'd....

- International commodity prices have remained under pressure but performance in mining sector has been sustained by increased throughput in gold, chrome and nickel.
- ZSE mainstream index registered YTD growth of 2.93% thereby reversing Q1 losses owing to:
 - Investors pursuing equities for value preservation due to limited investment options and currency risk.
 - Monetisation of the budget deficit which drove investor interest onto the stock market.
 - ZSE mainstream industrial index YTD return as at 10 September 2018 was 22%
- Lower interest rates as banks reduced lending to an average LDR of 44% for 2017
- Rentals remained constrained in the property sector
 - However, there was significant investments in individual residential developments and light industrial warehouse space

Economic Overview Botswana



FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

Economic Overview - Botswana

- The IMF projects Botswana's GDP at 4.60% in 2018 (2017: 2.2%) before rising 4.2% in 2019
- The outlook for price stability remains positive as inflation is forecast to be within the 3% – 6% objective range in the medium term. Bank rate was maintained at 5%
- Y-o-Y Inflation was 3.1% in June 2018, 3.3% in May and 3.4% in April.
- IMF inflation forecasts of 2.9% in 2018 and 2019 and 2.7% in 2023
- Y-o-Y to June 2018, the Pula appreciated 3.4% against the Rand , but depreciated against Euro (3.5%) and US Dollar (1.7%)
- Overall, the economy is expected to operate close to, but below full capacity in the medium term.

Consolidated Financial Highlights

	HY2018	HY2018	HY2017	% Change	% Change
	Inc NDIL	Excl NDIL	Excl NDIL	Inc NDIL	Exc NDIL
	\$000	\$000	\$000		
Gross Premium Written	84,724	66,029	61,490	38%	7%
Health Insurance	29,782	29,782	28,069	6%	6%
Pension and Savings	11,659	11,659	9,435	24%	24%
Life Assurance	8,378	8,378	7,277	15%	15%
Property and Casualty	34,905	16,210	16,709	117%	-3%
Operating profit	5,376	4,371	1,642	227%	162%
Profit for the year	8,662	8,038	4,284	102%	88%

Update on acquisition of NicozDiamond (NDIL)

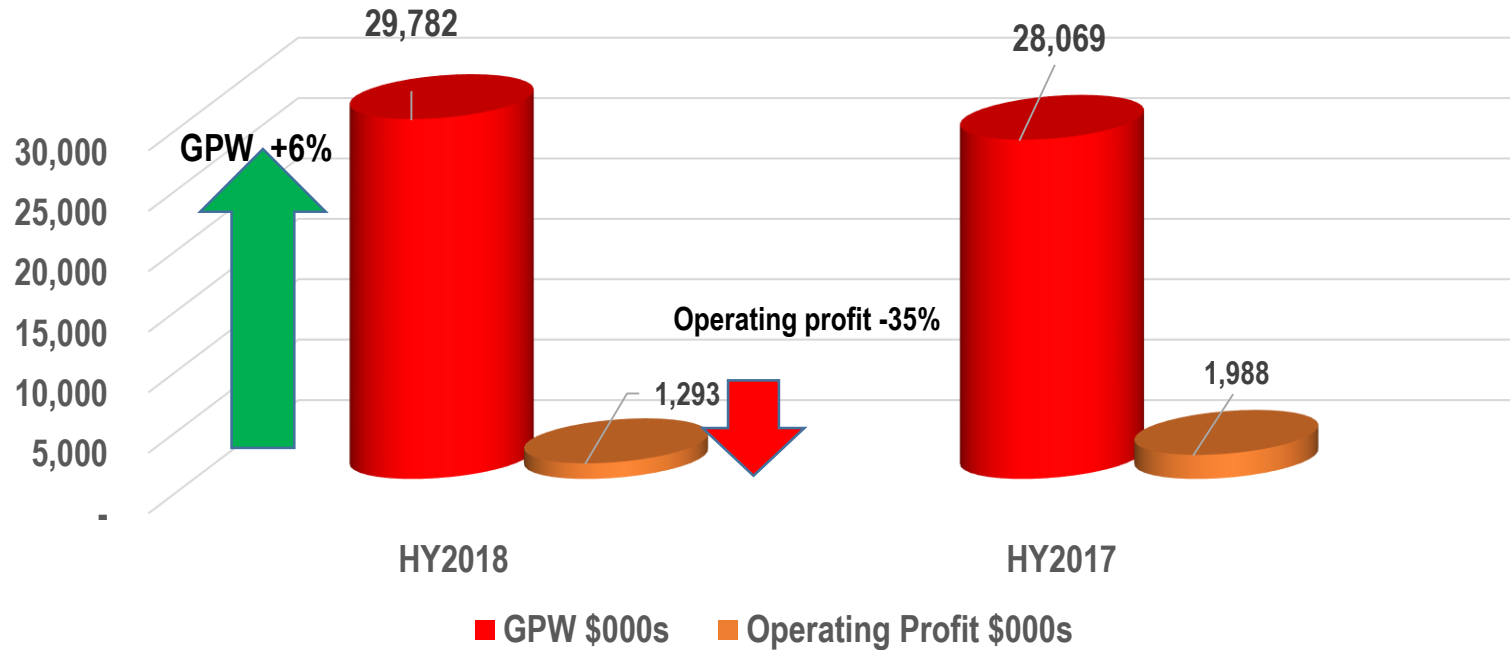
- FMHL made a mandatory offer to NDIL minority shareholders to acquire the remaining 19.08% in terms of ZSE Listing Requirements.
- NDIL non-controlling shareholders all voted in favour of the proposal on 28 June 2018
- The transaction was completed on 10 August 2018 with FMHL achieving 100% ownership
- Operations of TristarInsurance currently being merged with those of NDIL
- NDIL was delisted from the ZSE effective 20 August 2018

Creating value through
**Risk Management,
Wealth Creation and
Wealth Management**



Unconsolidated SBU Performance Highlights

First Mutual Health Highlights

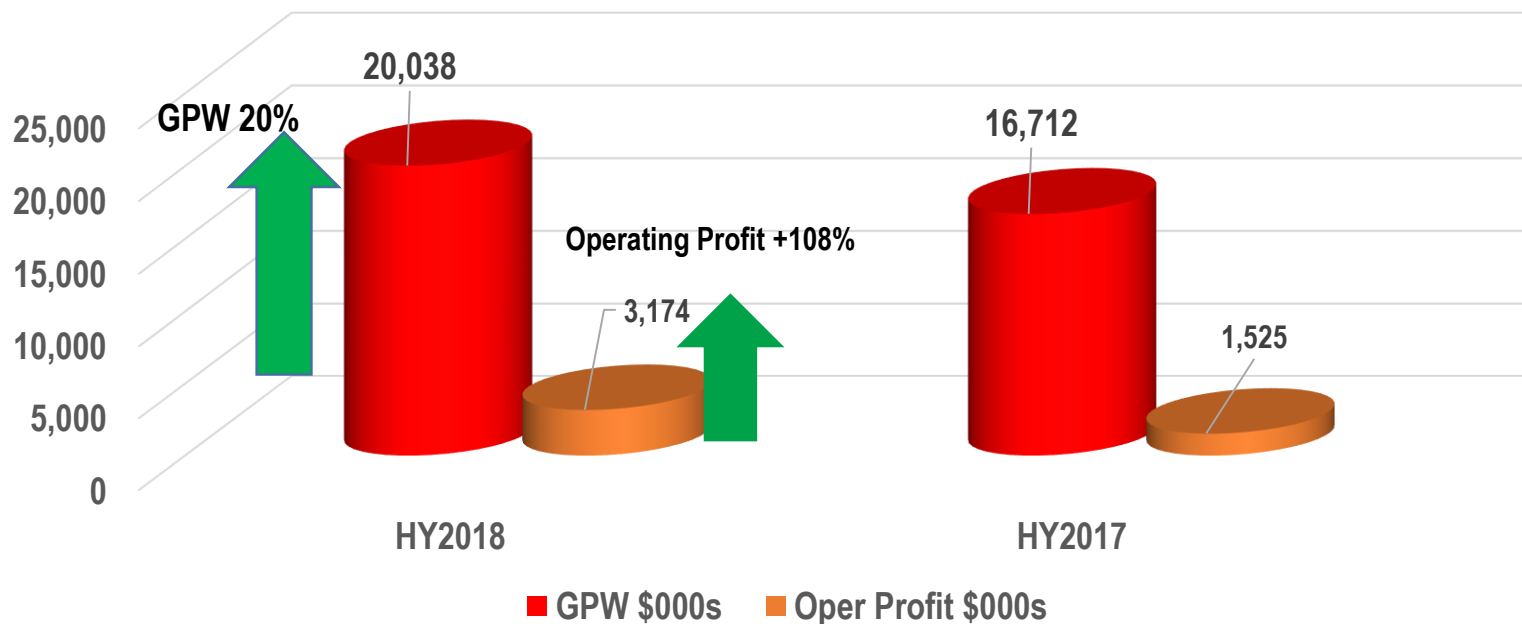


	HY2018	HY2017	% Change
Membership	126,747	116,116	9.16%
Claims payments (US\$000)	24,961	22,991	8.57%
Admin costs to income ratio	11.34%	10.39%	0.95%
Claims ratio	83.81%	81.91%	1.90%

First Mutual Health Commentary.....

- GPW went up by 6% to US\$29.8 million (HY2017: US\$28.1 million) driven by organic growth on corporate clients and acquisition of new business
- Claims ratio increased to 83.81% (HY2017: 81.91%) as a result of increased drug prices due to shortage of foreign currency
- Operating profit declined by 35% attributable to increase in claims ratio
- Business continues the implementation of biometric claims administration system countrywide to improve customer convenience and enhance efficiency of claims processing and settlement

First Mutual Life Highlights

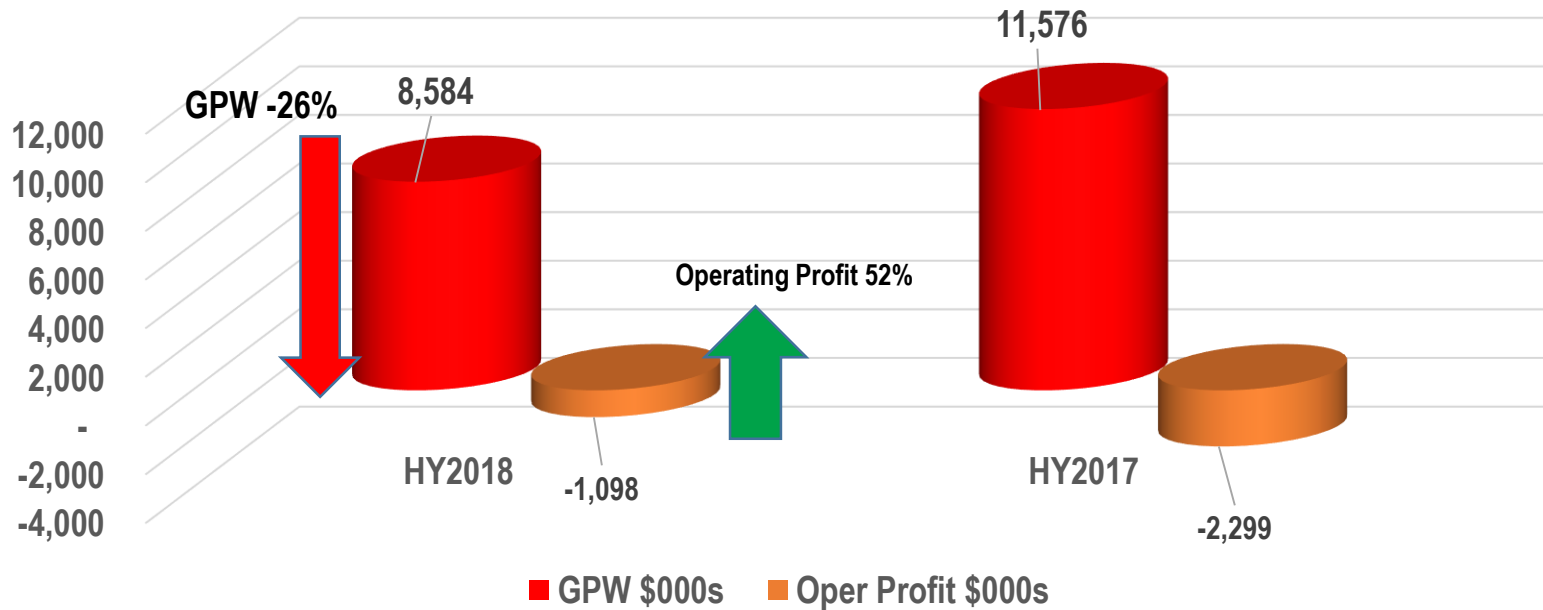


	HY2018	HY2017	% Change
GPW - Pension and Savings	11,659	9,435	24%
GPW - Risk Business	8,378	7,277	15%
Total GPW	20,038	16,712	20%
Claims ratio – Risk Business	25%	28%	3%

First Mutual Life Commentary....

- Overall operating profit increased by 108% owing to higher earned premium, and favourable claims experience under shareholder business risk.
- **Pensions & Savings – Policyholder (PH)**
 - ✓ GWP was 24% higher than same period last year driven by higher single premiums.
 - ✓ Group pension recurring business grew by 17% contributing to the increase in policyholder business
- **Life assurance – Shareholder (SH)**
 - ✓ 15% increase driven by 48% increase in mobile based e-FML product and traditional FCP which grew by 14%.
 - ✓ Growth in two products was mainly driven by agriculture business
 - ✓ Claims ratio at 25% was 3% lower than prior period due to favourable claims experience across all risk products

First Mutual Reinsurance Highlights

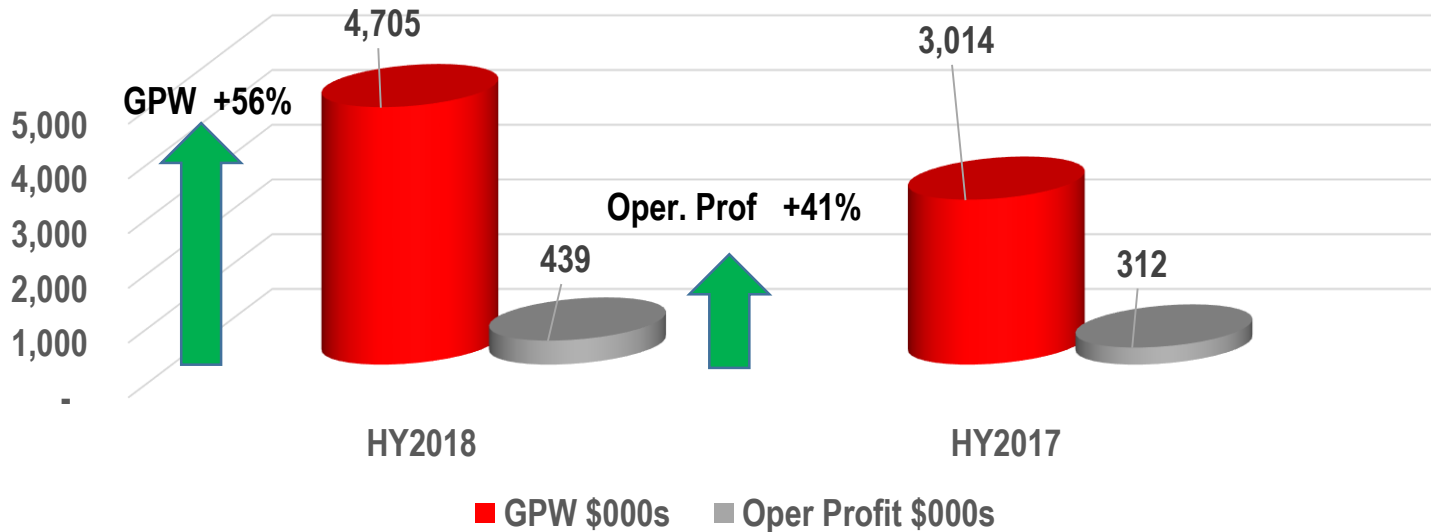


	HY2018	HY2017	Change
Claims ratio	65%	82%	17%
Reinsurance ratio	25%	38%	13%
Commission ratio	27%	27%	-
Admin expenses ratio	23%	23%	-

First Mutual Reinsurance Commentary....

- GPW for the period declined by 26% to US\$8.6 million (HY2017: US\$11.6 million)
 - ✓ Reduced regional business of US\$0.3 million (HY2017: US\$0.8 million) due to challenges in remitting foreign commitments
 - ✓ Lower agriculture business of US\$1.5 million (HY2017: US\$4.0 million)
- Improvement in the claims ratio from 82% in June 2017 to 65% driven by lower agricultural losses.
- Reduction in operating losses attributed to reduced agriculture losses noted above

FMRE P&C Botswana Highlights



	HY2018	HY2017	Change
Claims ratio	27%	39%	12%
Reinsurance ratio	50%	28%	22%
Commission ratio	21%	23%	2%
Admin expenses ratio	29%	20%	9%

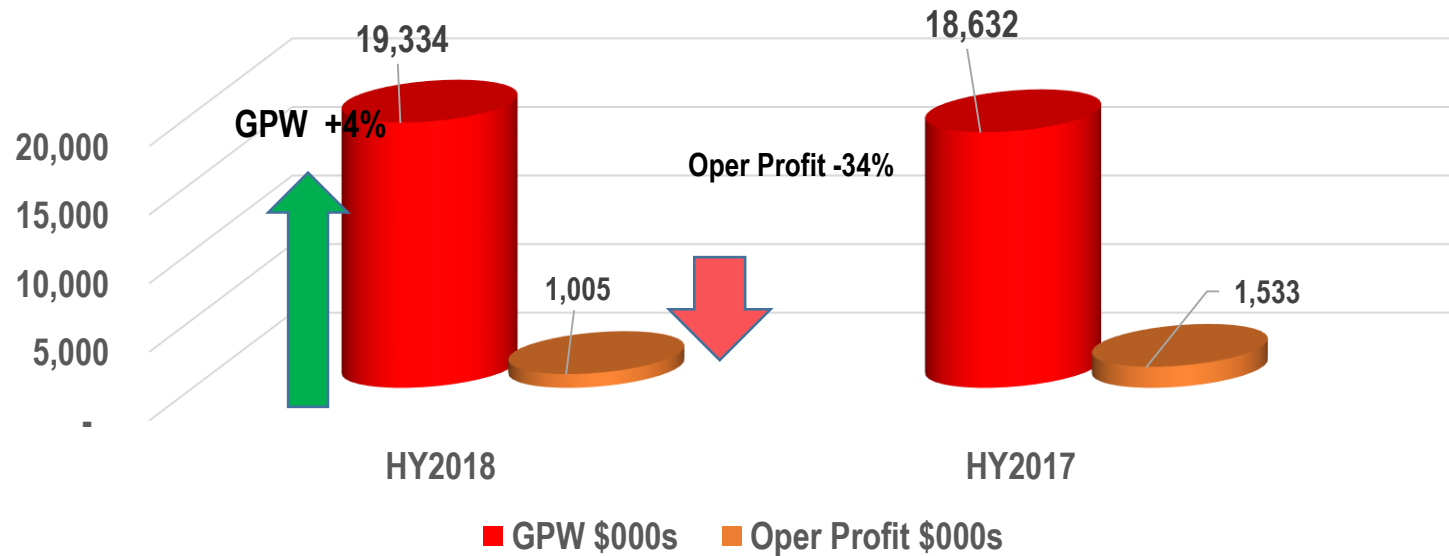
FMRE P&C Botswana Commentary....

- ❑ 56% growth in GPW
 - ✓ New business acquired from major cedants
 - ✓ Strong performance in regional business
- ❑ Contributions between regional and local market:

	HY2018 \$000	HY 2017 \$000	Change %
Local	2,420	1,749	38%
Regional	2,285	1,265	81%
Total	4,705	3,014	56%
Regional as % of total	49%	42%	

- ❑ Positive outturn in regional business in markets such as South Africa, Zambia and Namibia
- ❑ Operating profit went up 41% owing to a combination of lower claims ratio and higher net premium earned
- ❑ Business continues to focus on premium growth both from local and regional markets.

NicozDiamond Highlights

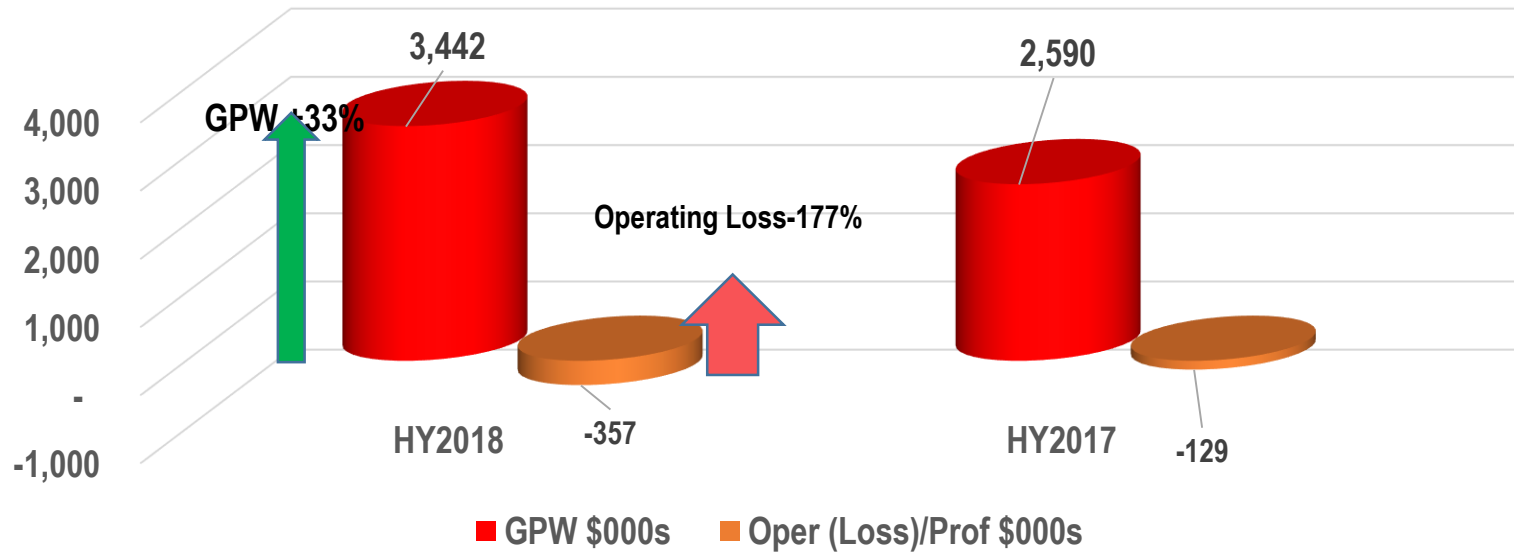


	HY2018	HY2017	% Change
Claims ratio	51%	46%	6%
Reinsurance ratio	29%	41%	11%
Commission ratio	9%	10%	1%
Admin cost to income ratio	26%	26%	-

NicozDiamond Commentary....

- 4% growth in GPW to US\$19.3 million (HY2017: US\$18.6 million)
 - ✓ Organic growth.
 - ✓ Recently launched Post Insurance business
 - ✓ Client retention
- Motor class contributed 51% to GPW (HY2017: 42%)
- Claims ratio went up to 51% from 46% driven by:
 - ✓ Motor class of business increase in claims incidences
 - ✓ Increases in prices for imported vehicle parts
 - ✓ A significant proportion of ex-Japanese cars involved in accidents are write offs.
- Operations of TristarInsurance currently being merged with those of NicozDiamond and the two companies operated as stand alone units to 30 June 2018

TristarInsurance Highlights

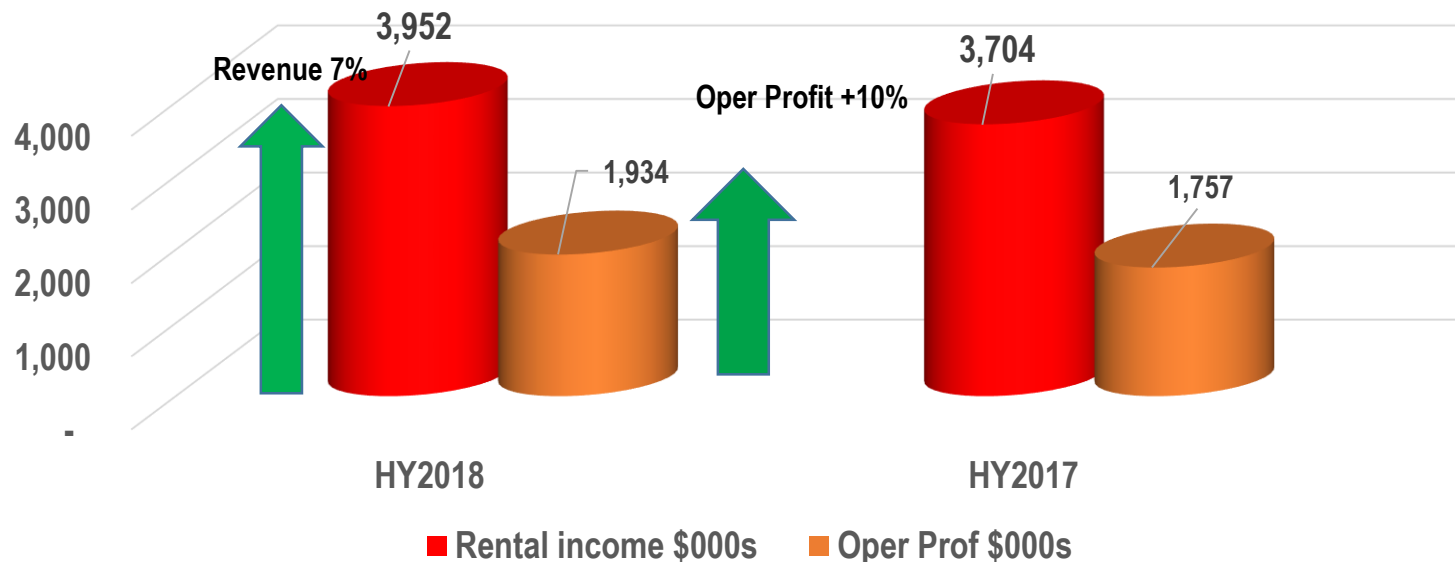


	HY2018	HY2017	Change
Claims ratio	54%	40%	14%
Reinsurance ratio	34%	37%	3%
Commission ratio	9%	7%	2%
Admin expenses ratio	59%	63%	4%

TristarInsurance Commentary....

- GPW grew by 33% to US\$3.4 owing to:
 - ✓ Broker support and high success rate for recurring business
 - ✓ Increased market confidence
 - ✓ Effects of new business initiatives
- Motor continues to be the dominant class with GPW contribution of 60% (HY2017 :63%)
- Increase in operating loss to US\$0.4 million from US\$0.1 million
 - ✓ higher claims ratio of 54% compared to 40% in 2017
 - ✓ Increases in prices for imported vehicle parts
 - ✓ A significant proportion of ex-Japanese cars involved in accidents are write offs

First Mutual Properties Highlights



	HY2018	HY2017	% Change
Occupancy rate	74.84%	73.54%	1.30%
Rental/sqm	\$7.61	\$6.94	0.67%
Rental Yield	6.76%	6.34%	0.42%
Admin costs to income ratio	32%	31%	1%

First Mutual Properties Commentary....

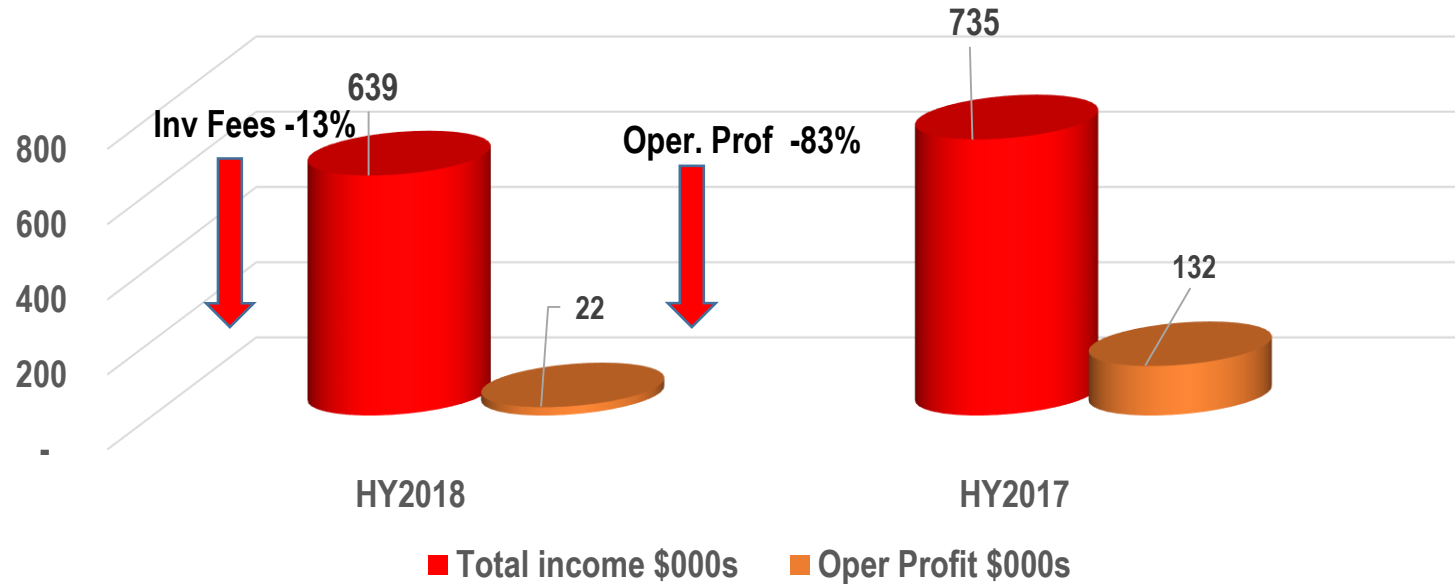
- ❑ Revenue for the six months increased by 7% to US\$4.0 million
 - ✓ New lettings in high value space
 - ✓ Increased turnover based rentals in retail properties

- ❑ Operating profit was 10% higher driven by higher rental income, lower provision of credit losses and lower property expenses.

- ❑ Occupancy level improved to 74.84% (HY2017: 73.54%) owing to significant leasing efforts

- ❑ Rental yield grew to 6.76% (HY2017: 6.34%) and average rental/square metre increased to US\$7.61 (HY2017: US\$6.94) attributed to:
 - ✓ Benefits of creating and maintaining diversified property portfolio
 - ✓ Active asset management strategies to sustain performance in the challenging environment

First Mutual Wealth Highlights



	HY2018	HY2017	% Change
Admin cost to income ratio	97%	82%	15%

First Mutual Wealth commentary....

- ❑ Achieved investment fees of US\$0.6 million (HY2017: US\$0.7 million) which resulted in lower operating profit of US\$0.02 million compared to US\$0.1 million in 2017

Unaudited Consolidated Financial Results

for the six months ended 30 June 2018



Statement of Comprehensive Income

All figures in US\$000	Including NDIL 30-Jun-18	Excluding NDIL 30-Jun-18	Excluding NDIL 30-Jun-17	% Change Including NDIL	% Change Excluding NDIL
Gross Premium Written	84,724	66,029	61,490	38%	7%
Retrocession	(10,390)	(5,406)	(6,017)	-73%	10%
Net Premium Written	74,335	60,622	55,473	34%	9%
Unearned Premium Reserve	(3,133)	(652)	(898)	-249%	27%
Net Earned Premium	71,202	59,970	54,575	30%	10%
Net claims	(43,727)	(37,880)	(36,880)	-19%	-3%
Net commission	(4,596)	(3,322)	(3,501)	-31%	5%
Acquisition expenses	(1,286)	(839)	(719)	-79%	-17%
Total operating expenses	(49,609)	(42,041)	(41,099)	-21%	-2%
Fee income	2,257	2,257	2,047	10%	10%
Motor pool dividend income	185	185	63	195%	195%
Movement in insurance contract liabilities	(5,593)	(5,593)	(4,336)	-29%	-29%
Underwriting result	18,442	14,778	11,250	64%	31%
Rental income	3,791	3,496	3,232	17%	8%
Other income	518	294	322	61%	-9%
Total other income	4,309	3,790	3,554	21%	7%
Administration expenses	(15,486)	(12,436)	(11,236)	-38%	-11%
Project costs	(215)	(215)	(159)	-36%	-36%
Property expenses	(934)	(806)	(656)	-42%	-23%
Provision for credit losses	28	28	(419)	107%	107%
Policyholder operating profit in FM Properties	(767)	(767)	(691)	-11%	-11%
Total expenses	(17,375)	(14,197)	(13,161)	-32%	-8%
Operating profit	5,376	4,371	1,642	227%	162%

Statement of Comprehensive Income.....Cont'd

All figures in US\$000	Including NDIL 30-Jun-18	Excluding NDIL 30-Jun-18	Excluding NDIL 30-Jun-17	% change Including NDIL	% change Excluding NDIL
Operating profit	5,376	4,371	1,642	227%	166%
Investment income	1,805	1,735	12,185	-85%	-86%
Fair value adj. - investment property	5,619	5,619	(90)	6369%	6369%
Policyholder investment income	(1,700)	(1,700)	(4,719)	64%	64%
Movement in investment contract liabilities	132	132	(3,986)	103%	103%
Finance costs	(39)	(39)	(151)	74%	74%
Surplus before taxation	11,193	10,119	4,881	129%	107%
Taxation	(2,531)	(2,081)	(596)	-325%	-249%
Profit after tax	8,662	8,038	4,284	102%	88%
Profit/(Loss) attributable to:					
Non-controlling interest	1,963	1,963	321	511%	511%
Equity holders of parent	6,699	6,075	3,963	69%	53%
Profit after tax	8,662	8,038	4,284	102%	88%

Investment Income Analysis

All figures in US\$000	Policyholder	Shareholder	NCI	30-Jun-18	30-Jun-17
Interest income	278	946	9	1,232	1,555
Dividend received	747	237	-	985	253
Net disposal gain/(loss) on equity	-	20	-	20	(131)
Fair value gain/(loss) – equity	314	97	-	411	11,305
PH NAV movement and capital guarantee	996	(1,839)	-	(843)	(798)
Net investment income	2,334	(538)	9	1,805	12,185

Administration Expenses Analysis – Key movements

All figures in US\$000	Including NDIL 30-Jun-18	Excluding NDIL 30-Jun-18	Excluding NDIL 30-Jun-17	% Change Including NDIL	% Change Excluding NDIL
Marketing expenses	1,055	856	817	-29%	-5%
Computer expenses	1,175	1,152	826	-42%	-39%
IPEC fees	459	289	232	-98%	-25%
Office consumables	325	276	179	-82%	-54%
Depreciation & amortisation	537	420	353	-52%	-19%
Rent and rates	362	230	215	-69%	-7%
Staff costs	8,737	6,906	6,508	-34%	-6%

Consolidated Financial Results Commentary

- ❑ GPW went up 40% mainly driven by acquisition of NDIL, health insurance, pension and savings and life assurance.
- ❑ Rental income increased by \$0.6 million to US\$3.8 million (HY2017: US\$3.2 million) owing to new lettings in high value space and increase turnover rentals in retail properties
- ❑ Operating profit went up by 227% to US\$5.3million (HY2017: US\$1.6 million excluding NDIL)
 - ✓ NDIL contributed US\$1 million
- ❑ Achieved an investment profit of US\$1.8 million compared to US\$13 million in 2017
 - ✓ Slower uplift of share prices compared to the experience in 2017.
- ❑ Overall, achieved profit for the year was up 102% to US\$8.7 million (HY2017: US\$4.3 million) including NDIL
- ❑ Total assets increased from US\$329.9 million to US\$344.2 million

Statement of Financial Position as at 30 June 2018

All Figures in US\$000	30-Jun-18	31-Dec-17	% Change
ASSETS			
Property, plant & equipment	11,155	11,362	-2%
Investment properties	144,411	136,433	6%
Investment in associates	1,798	1,992	-10%
Equity investments	66,368	55,267	20%
Debt securities at amortised cost	31,083	39,391	-21%
Inventory	496	497	0%
Deferred acquisition costs	3,357	2,681	25%
Insurance & other receivables	29,390	29,295	0%
Cash and balances with banks	56,175	53,028	6%
TOTAL ASSETS	344,233	329,946	4%
Equity			
Shareholders' equity	78,443	73,897	6%
Non-controlling interests	51,327	49,777	3%
Total Equity	129,770	123,674	5%
Liabilities			
Insurance contracts liabilities	117,314	110,696	6%
Investment contracts liabilities	20,335	20,461	-1%
Shareholder risk reserves	11,859	11,932	-1%
Borrowings	642	1,192	-46%
Tax liabilities (deferred & current)	14,021	12,978	8%
Insurance contracts liabilities – short term	41,580	35,373	18%
Other payables	8,712	13,640	-36%
Total Liabilities	214,463	206,272	4%
TOTAL EQUITY & LIABILITIES	344,233	329,946	4%

IFRS 9 impact on financial results

□ Financial Assets – impact of migration from IAS 39 to IFRS 9

	30-Jun-18	31-Dec-17
	\$000	\$000
Provision for credit losses based on IAS 39	-	2,929
IFRS 9 – Additional impairment	-	1,100
Expected credit losses based on IFRS 9	4,001	4,029

- ✓ The Group made a reassessment of the adequacy of allowance for credit losses as at 31 December 2017 and made an adjustment of US\$1.1 million to the opening retained earnings in the table below

□ Below is an extract of the impact of IFRS 9 in the Statement of Changes in Equity.

	Retained Earnings	Total Equity
	\$000	\$000
As at 1 January 2018	26,735	123,674
Impact of Adopting IFRS 9	(1,100)	(1,100)
Restated opening balance as at 1 January	25,635	122,574

Consolidated Statement of Cash Flows.....30 June 2018

All figures in US\$000	30-Jun-18	30-Jun-17
Profit before taxation	11,193	4,880
Net non-cash items	3,705	2,139
Operating cash inflows before w/capital changes	14,898	7,019
Working capital changes	(5,000)	(266)
Cash generated from operations	9,898	6,753
Taxation and interest received	(170)	572
Net cash flow from operating activities	9,728	7,325
Cash utilised in investing activities	(4,702)	(7,692)
Cash utilised in financing activities	(1,879)	(884)
Increase/(decrease) in cash and cash equivalents	3,147	(1,251)
At beginning of period	53,028	35,550
At end of period	56,175	34,299
Disclosed as		
Cash at bank	14,822	6,914
Money market investments <90 days (original Maturity)	41,353	27,385
Total cash and cash equivalents	56,175	34,299
Money market investments >90 days (original Maturity)	-	-
Total cash and balances with banks	56,175	34,299

Dividend

- ❑ The Group recommended paying dividend in May 2018 based on financial results for the year ended 31 December 2017
- ❑ In view of the need to preserve cash for current Group initiatives, the directors recommend that no dividend be paid from the profits of the Group for the half year ended 30 June 2018
- ❑ This position will be reviewed at year end based on performance

Basic Earnings Per Share

- ❑ BEPS for the period was US0.95 cents per share compared to the restated US0.86 cents for the same period in 2017.

Outlook & Priorities



FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

Outlook & Priorities

- ☐ Restructuring of reinsurance businesses
 - ✓ Establishment of Reinsurance Holding Company in Botswana
 - ✓ Capital raise in Botswana
- ☐ Use of digital technology to increase customer convenience, process efficiencies and savings
- ☐ Consolidation of the operations of TristarInsurance and NDIL
- ☐ Revenue growth and cost containment
- ☐ Commission of Inquiry Report – Conversion of Pension values from Z\$ to US\$
- ☐ Opportunities arising from aggressive infrastructure investments by the Government
- ☐ To Go Beyond in delivering value to stakeholders through commitment, innovation, cost optimisation and focus on profitable product lines





THANK YOU

FIRST MUTUAL
HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY