

# 2017 AGM UPDATE

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# 2016: MEANINGFUL PROGRESS AGAINST A VOLATILE MACRO BACKGROUND

**Significant delivery of key elements of the managed separation**

**Resilient operational performance by individual businesses**

## **Good financial result**

- Core business AOP pre-tax and NCI £1.67bn (2015: £1.66bn) : IFRS profit pre-tax £1.2bn (2015: £1.2bn)
- AOP EPS 19.4 pence (2015: 19.3 pence)
- Adjusted NAV 228.6 pence/share (2015: 178.9 pence/share)

**Total dividend 6.06 pence/share (100.32 SA cents/share)**

# CURRENT TRADING & OUTLOOK

## Old Mutual Wealth

(Q1 update 28 April 2017 & announcement 2 May 2017)

- Very strong NCCF and growth in FuM.
- Increased flows from Intrinsic.
- Agreed clear way forward for the UK platform transformation programme.
- General Election and Brexit uncertainties may impact retail investor sentiment.

## OM Asset Management

(Q1 results 4 May 2017)

- Strong operating performance and financial results.
- 4% growth in assets under management: solid investment performance.
- Positive contribution from the Landmark acquisition.

## Nedbank

(AGM update 18 May 2017)

- Solid performance from Nedbank's managed operations.
- Client activity and revenue growth impacted by difficult macro environment.
- Better credit loss experience.
- Capital adequacy ratios remain significantly higher than minimum regulatory requirements.
- Attributable loss from c.20% shareholding in ETI given challenging Nigerian environment.

## Old Mutual Emerging Markets

- Successfully repriced Corporate book.
- Improved underwriting experience in P&C.
- Difficult retail environment: sales and flows down on 2016.
- Moderate expectations for full year earnings growth.

# PROGRESS TO DATE ON THE MANAGED SEPARATION

<b>Ensuring business readiness for separation</b>	<ul style="list-style-type: none"><li>• Defined business perimeters for OMEM and OMW.</li><li>• Agreed new target operating models.</li><li>• Strengthened governance: new OMW Chairman, CFO &amp; NEDs; new OMEM Chairman &amp; CEO.</li><li>• Begun to build standalone balance sheets, including transitioning centrally held liquidity buffers and cash as appropriate.</li></ul>
<b>Executing transactions</b>	<ul style="list-style-type: none"><li>• Continued phased reduction of stake in OMAM through public offerings, private repurchase agreements and sale of 24.95% to HNA Capital US.</li><li>• Materially reduced holding company debt (£385m repaid since October 2016).</li><li>• Sold OMW Italy which completed OMW exit from Continental Europe.</li><li>• Agreed sale of our Indian JV stake.</li></ul>
<b>Winding-down plc Head Office</b>	<ul style="list-style-type: none"><li>• Repositioned from Group Head Office to holding company.</li><li>• Begun transition of activities from plc head office to businesses.</li><li>• Reduced plc Head Office costs: £10m operational &amp; £21m interest cost savings in 2017.</li><li>• Managing financial issues &amp; liabilities, including seed capital and OM Bermuda risks.</li></ul>

# MATERIAL COMPLETION OF THE MANAGED SEPARATION BY END-2018

- Separate listings of Old Mutual Wealth and the new South African holding company anticipated at earliest opportunity in 2018 following full year results, subject to regulatory and other approvals.
- The new South African holding company will be named Old Mutual Limited.
- Old Mutual plc will become a subsidiary of Old Mutual Limited.
- Distribution of a significant proportion of the shareholding in Nedbank from Old Mutual Limited will follow in due course, and in an orderly manner.
- Completion of the recently announced transactions will give OM Asset Management independence with the plc stake reduced to <8%.
- Considering all options for cash, remaining plc debt, and contingent liabilities: May retain debt in Old Mutual plc.