

# APPENDICES

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9 March 2017

**INVESTMENT | SAVINGS | INSURANCE | BANKING**



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# APPENDIX 1

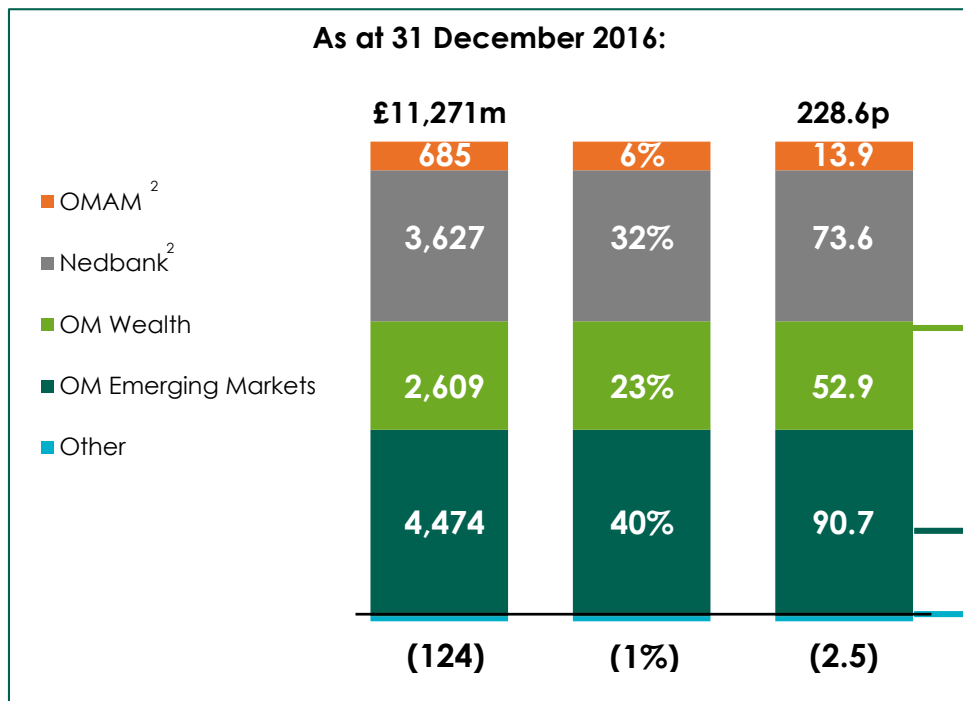
# PLC PERFORMANCE

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# ADJUSTED PLC NAV<sup>1</sup>



£m	31 Dec 2016	31 Dec 2015
Open books <sup>3</sup>	2,112	2,161
UK Heritage <sup>4</sup>	497	538
<b>Old Mutual Wealth</b>	<b>2,609</b>	<b>2,699</b>

£m	31 Dec 2016	31 Dec 2015
Life & Savings <sup>4</sup>	3,488	2,469
Asset Management	336	273
Property & Casualty	359	300
Banking & Lending	291	218
<b>OM Emerging Markets</b>	<b>4,474</b>	<b>3,260</b>

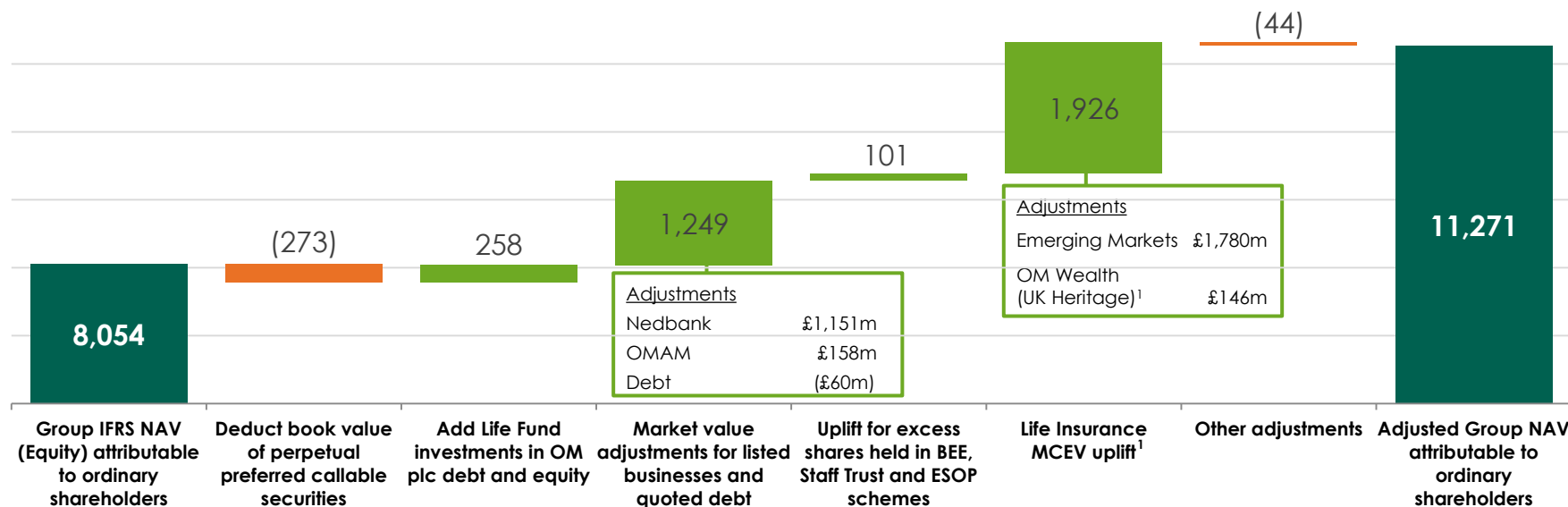
£m	31 Dec 2016	31 Dec 2015
OM Bermuda	118	220
External debt <sup>5</sup>	(1,356)	(1,434)
BEE & ESOP scheme adj	101	118
Cash in Plc	743	750
Other Plc <sup>6</sup>	270	246
<b>Other</b>	<b>(124)</b>	<b>(100)</b>

- IFRS basis unless otherwise stated.
- OM plc share of OMAM and Nedbank at market value.
- Includes IFRS NAV of Quilter Cheviot (represented by assets acquired and goodwill) as well as capital funding from GHO to fund the acquisition and Italy.

- MCEV basis. MCEV information is subject to departures from MCEV Principles (Copyright© Stichting CFO Forum Foundation 2008) due to the use of the government bond yield curve in the majority of Emerging Markets.
- External debt held at Old Mutual plc Head Office and valued at market value.
- Mostly Old Mutual plc Head Office IFRS NAV net of plc adjustments and excluding cash and external debt. Includes Rogge at 31 December 2015.

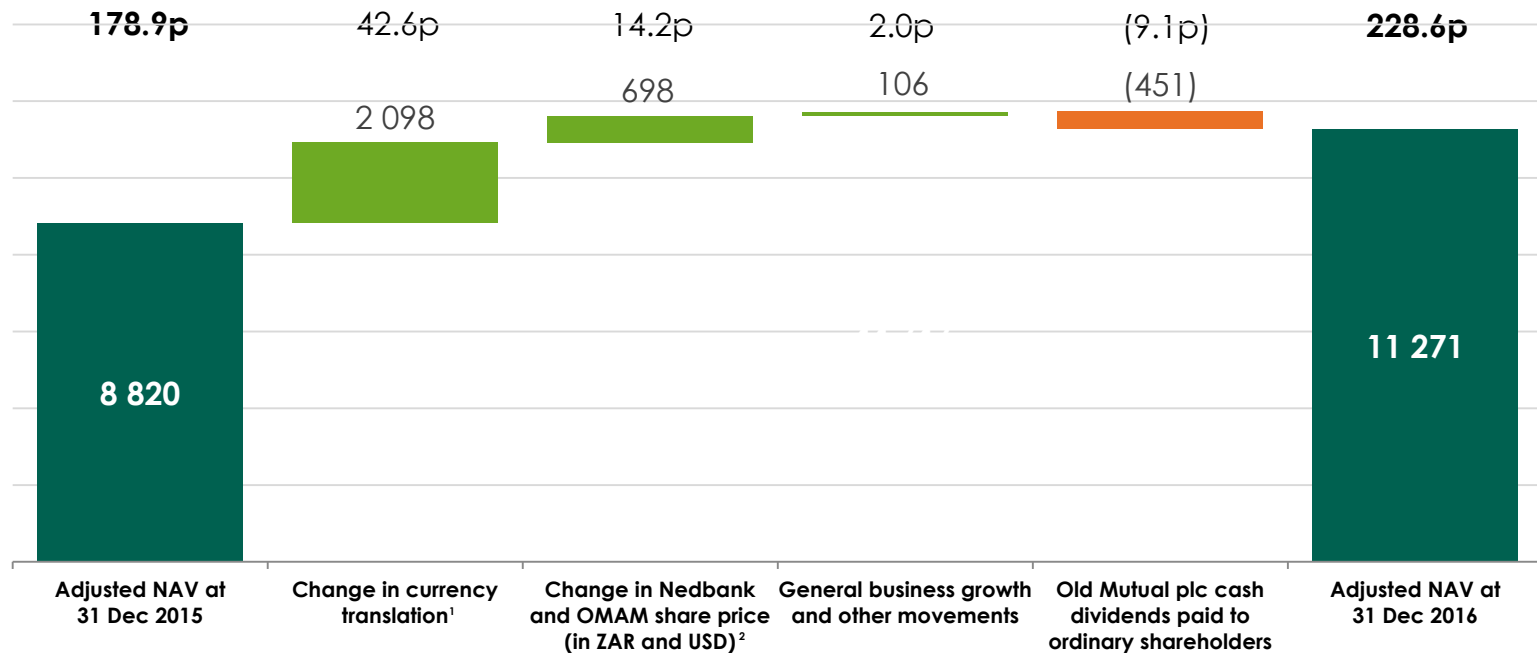
# ADJUSTED PLC NAV (£m): 31 DECEMBER 2016

2015:	135.5p	(5.6p)	3.4p	13.5p	2.4p	30.1p	(0.4p)	178.9p
2016:	163.4p	(5.5p)	5.2p	25.3p	2.0p	39.1p	(0.9p)	228.6p



1. OM Wealth uplift relates to the UK Heritage business (includes Protect and Series 6 pensions) only.

# MOVEMENT IN ADJUSTED PLC NAV (£m)



1. Change in currency translation of 38.7p is ZAR/GBP and 3.9p is USD/GBP.

2. The change in share price of 15.3p is Nedbank and (1.1p) is OMAM.

# ADJUSTED PLC NAV

£m	2016		
	Equity attributable to equity holders of the parent	Adjusted Plc NAV	AOP post-tax & NCI
<b>Old Mutual Emerging Markets</b>	<b>2,455</b>	<b>4,474</b>	<b>437</b>
Life & Savings	1,451	3,488	330
Asset Management	335	336	34
Property & Casualty	362	359	29
Banking & Lending	307	291	44
<b>Nedbank</b>	<b>2,476</b>	<b>3,627</b>	<b>312</b>
<b>Old Mutual Wealth <sup>3</sup></b>	<b>1,897</b>	<b>2,609</b>	<b>213</b>
Open books <sup>4</sup>	1,546	2,112	185
UK Heritage	351	497	28
<b>OMAM <sup>5</sup></b>	<b>527</b>	<b>685</b>	<b>70</b>
<b>Other and non-core operations</b>	<b>699</b>	<b>(124)</b>	
<b>PLC</b>	<b>8,054</b>	<b>11,271</b>	

2015		
Equity attributable to equity holders of the parent	Adjusted Plc NAV	AOP post-tax & NCI
<b>1,805</b>	<b>3,260</b>	<b>418</b>
1,002	2,469	299 <sup>1, 2</sup>
272	273	47 <sup>1, 2</sup>
301	300	25
230	218	47
<b>1,710</b>	<b>2,136</b>	<b>302</b>
<b>1,950</b>	<b>2,699</b>	<b>258</b>
1,595	2,161	197
355	538	61
<b>588</b>	<b>825</b>	<b>86</b>
<b>627</b>	<b>(100)</b>	
<b>6,680</b>	<b>8,820</b>	

1. Included in Life & Savings AOP (after tax and NCI) is R111m of profit relating to life-wrapped business invested in OMUT unit trusts. These profits have been accounted for as Asset Management in AOP reporting for 2015. These profits were consistently included in Life & Savings in 2016.
2. 2015 Life & Savings and Asset Management figures have been restated to allow for the reallocation of central expenses from South Africa to Asia & Latin America, which is reflected for 2016.
3. AOP post-tax and NCI value for Old Mutual Wealth excludes profits from businesses sold in 2015 for £6m.
4. The IFRS NAV of Quilter Cheviot (represented by assets acquired and goodwill) as well as capital funding from GHO to fund the acquisition is included in the Open books Adjusted Group NAV value. Also includes Italy.
5. OMAM only.



**OLDMUTUAL**

# APPENDIX 2

# CAPITAL / TREASURY

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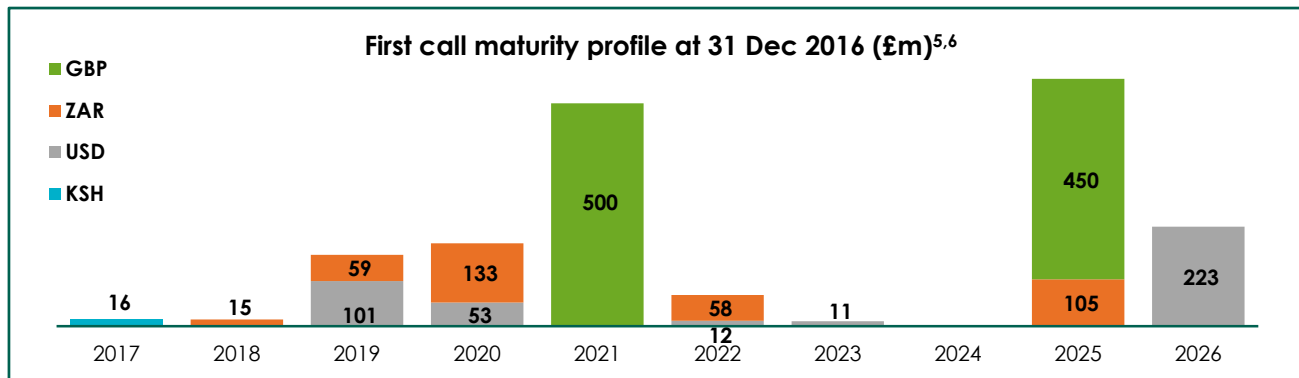




# LIQUIDITY & DEBT

	31 Dec 2015	31 Dec 2016	Roll-forward <sup>1</sup>
Liquidity headroom (£bn) <sup>2</sup>	1.6	1.5	1.5
Total IFRS value of debt (£m) <sup>3</sup>	1,731	2,091	1,818
Gross gearing (IFRS basis) <sup>4</sup>	16.2%	15.9%	14.1%
Net gearing (IFRS basis)	9.0%	10.2%	8.7%
Total interest cover	14.0x	11.1x	12.5x
Hard interest cover	4.8x	3.4x	3.9x

IFRS value of PLC debt		
	31 Dec 2015	31 Dec 2016
Senior	£112m	-
Tier 1	£273m	£273m
Tier 2 <sup>7</sup>	£986m	£1,017m
Total	£1,371m	£1,290m



1. Proforma for repayment of £273m Tier 1 debt in February 2017 and receipt of net £210m from the sale of Old Mutual Wealth Italy in January 2017.
2. Includes holding company cash and liquid assets of £743m (31 Dec 2015: £750m) and undrawn RCF of £800m (31 Dec 2015: £800m).
3. Group debt excluding banking related business. Includes OMAM debt and inter-company debt.
4. Gross of holding company cash. 2015 gross gearing has been restated for equity debt in the capital base.
5. Group debt excluding banking related business and inter-company debt. Includes OMAM debt.
6. Amount outstanding (£m equivalent) at nominal value at 31 Dec 2016 foreign exchange rates, excluding the £273m Tier 1 debt repaid in February 2017.
7. Excludes a derivative asset of £31m (2015: £51m) related to the Tier 2 debt maturing in June 2021.

# OLD MUTUAL GROUP COMPANY RATINGS<sup>1</sup>

	Moody's	Fitch
<b>Republic of South Africa</b>		
• Sovereign rating (S&P: BBB- (neg))	Baa2 (neg)	BBB- (neg)
<b>Old Mutual plc</b>		
• Senior debt rating	Baa3 (neg)	BBB (neg)
• T2 debt rating	Ba1 (neg)	BB+ (neg)
• Short-term debt rating	P3	F2
<b>OMLAC (SA)</b>		
• National insurance financial strength	N/A	AAA
• National long-term rating (S&P: AAA)	N/A	AAA
• National long-term subordinated debt rating (S&P: AA-)	N/A	AA
• Global insurance financial strength	Baa1 (neg)	N/A
<b>Mutual &amp; Federal Insurance Company Limited</b>		
• National insurance financial strength	N/A	AAA
<b>Old Mutual Wealth Life Assurance Limited</b>		
• Insurance financial strength	A2 (neg)	A
<b>Nedbank</b>		
• Long-term foreign currency rating	Baa2 (neg)	BBB- (neg)
<b>OM Asset Management</b>		
• Issuer default rating (S&P: BBB-)	Baa2	N/A

# APPENDIX 3 FREE SURPLUS GENERATION

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# CONVERSION OF BUSINESS AOP TO PLC CASH<sup>1</sup>

2016 (£m)	AOP (post-tax & NCI)	Free surplus generated	Cash deployed / retained by businesses	Remitted to plc <sup>2</sup>	2016 % of AOP remitted	2015 % of AOP remitted
OM Emerging Markets	437	318	65	253	<b>58%</b>	44%
Nedbank	312	312	155	157	<b>50%</b>	48%
Old Mutual Wealth <sup>3</sup>	213	179	146	33	<b>15%</b>	41%
Institutional AM	69	69	18	51	<b>74%</b>	63%
<b>2016 before interest &amp; central activities</b>	<b>1,031<sup>4</sup></b>	<b>878</b>	<b>384</b>	<b>494</b>	<b>48%</b>	46%

85% conversion of AOP to free surplus (2015: £945m, 88%)

2015: £452m

56% of free surplus (2015: £493m, 52%)

Includes UK platform transformation costs of £82m after tax

1. Core continuing operations only.
2. Operational cash which was remitted to the PLC, excluding proceeds from disposals.
3. Free surplus generation is on a local statutory basis.
4. £1,031m is AOP of the businesses (post-tax and NCI) and is before central activities of £(103)m.

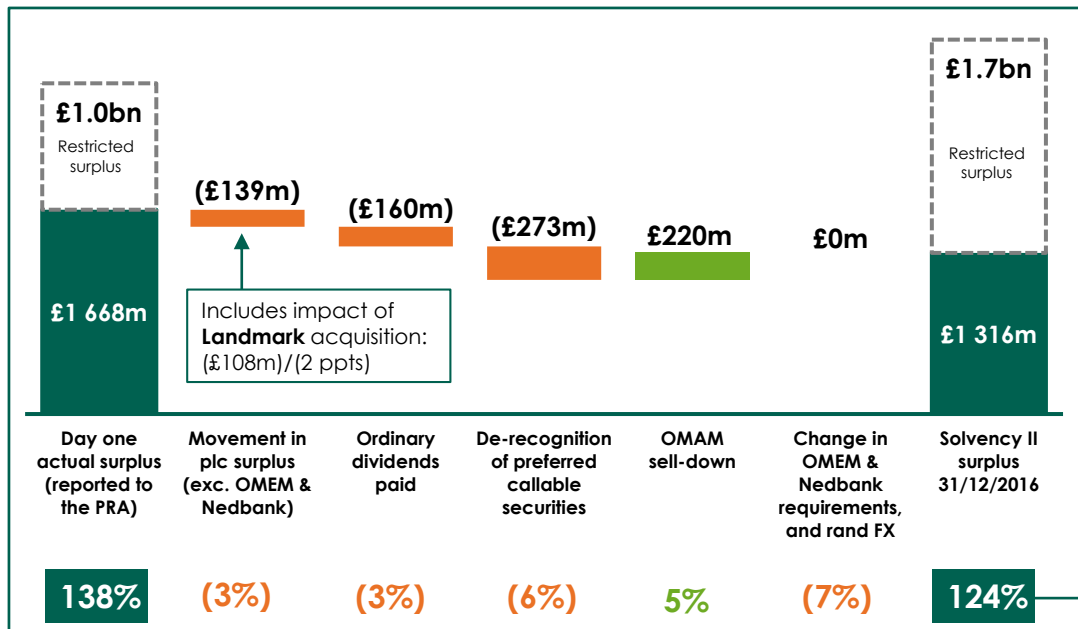
# APPENDIX 4 SOLVENCY II

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# SOLVENCY II



**Restricted surplus** is principally the loss-absorbing surplus from South Africa which we are not allowed to recognise due to strict Solvency II fungibility and transferability restrictions.

OMEM had capital coverage of 2.4X on an internal economic capital basis at 31 December 2015. A **South African sovereign downgrade** is expected to reduce the capital coverage by between 0.2 and 0.4 depending on the severity of the scenario outcome on financial markets<sup>1</sup>.

Roll-forward: 126% after the sale of Old Mutual Wealth Italy.

In addition: **businesses** retain **strong** and **resilient** local statutory capital cover which is a determinant of their **dividend paying capacity**.

1. Internal economic capital data for 2015 (ECAR) should not be interpreted as an indication or predictor of future capital ratios or sensitivities under possible future regulatory regimes.

# APPENDIX 5 BUSINESSES

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# OLD MUTUAL EMERGING MARKETS: ADJUSTED NAV

AOP & valuation multiples (Rm)	AOP (after tax and NCI) 2016	Adjusted NAV 31 December 2016	Implied Multiple
Life & Savings	6,576 <sup>1</sup>	59,145	9x
Asset Management	692	5,697	8x
Property & Casualty	572	6,092	11x
Banking & Lending	891	4,933	6x
<b>OM Emerging Markets</b>	<b>8,731</b>	<b>75,867</b>	<b>9x</b>

Life & Savings restated on a MCEV basis (Rm)	2016
MCEV operating earnings <sup>1</sup>	8,377
AOP after tax and NCI for non-covered business	206
<b>Life &amp; Savings earnings</b>	<b>8,583</b>
Implied multiple	<b>7x</b>

1. The main reconciling difference is the increase in VIF of R1,695m.



# OLD MUTUAL EMERGING MARKETS: ADJUSTED NAV

Rm	2016		
	Adjusted NAV	AOP after tax & NCI	Implied Multiple
<b>South Africa (including M&amp;F)</b>	<b>58,682</b>	<b>7,216</b>	<b>8x</b>
Life & Savings	50,298	5,931	8x
Asset Management	2,219	488	5x
Property & Casualty	3,443	355	10x
Banking & Lending	2,722	442	6x
<b>Rest of Africa</b>	<b>13,333</b>	<b>1,083</b>	<b>12x</b>
Life & Savings	7,964	490	16x
Asset Management	509	(73)	n/a
Property & Casualty	2,649	217	12x
Banking & Lending	2,211	449	5x
<b>Asia &amp; Latin America</b>	<b>3,852</b>	<b>432</b>	<b>9x</b>
Life & Savings	883	155	6x
Asset Management	2,969	277	11x
<b>Emerging Markets (Rm)</b>	<b>75,867</b>	<b>8,731</b>	<b>9x</b>
<b>Emerging Markets (£m)</b>	<b>4,474</b>	<b>437</b>	

2015 <sup>3</sup>		
Adjusted NAV	AOP after tax & NCI	Implied Multiple
<b>56,247</b>	<b>6,929</b>	<b>8x</b>
47,957	5,181 <sup>2</sup>	9x
2,350	682 <sup>2</sup>	3x
3,140	435	7x
2,800	631	4x
<b>14,400</b>	<b>955</b>	<b>15x</b>
7,913	550	14x
614	63	10x
3,695	59 <sup>1</sup>	63x
2,178	283	8x
<b>3,696</b>	<b>269</b>	<b>14x</b>
441	100	4x
3,255	169	19x
<b>74,343</b>	<b>8,153</b>	<b>9x</b>
<b>3,260</b>	<b>418</b>	

- 2015 Adjusted Group NAV includes holding in UAP, although profits are only included from the dates that ownership was acquired.
- Included in Life & Savings AOP (after tax and NCI) for 2015 is R111m of profit relating to life-wrapped business invested in OMUT unit trusts. These profits have been accounted for as Asset Management in AOP reporting for 2015. There was consistent treatment of these profits in Life & Savings in 2016.
- 2015 Life & Savings and Asset Management figures have been restated to allow for the reallocation of central expenses from South Africa to Asia & Latin America, which is reflected for 2016.











# INSTITUTIONAL ASSET MANAGEMENT: HIGH QUALITY BOUTIQUE AFFILIATES<sup>1</sup>

## OMAM's Affiliates

- **At-scale, leading Affiliates**
  - Excellent individual brands
  - Best-of-breed investors
  - Institutionalised businesses with deep talent
  - Multi-generational leadership
- **Broadly diversified**
  - Numerous product offerings
  - Aligned with key growth trends
  - Diverse, global client bases
- **Strong investment performers**
  - Competitive, consistent investment performance
  - Long track records of success
- **Profitable and growing**
  - Positive revenue growth
  - Attractive operating margins

## AUM Mix (31 December 2016)

AUM by Affiliate	\$bn	% Total	Investment Strategy
 ACADIAN	75.0	31%	Global/Non-U.S. Quantitative Equity
 BARROW, HANLEY, MEWHINNEY & STRAUSS	92.3	39%	U.S. & Global/Non-U.S. Value Equity, Fixed Income
 CampbellGlobal FIXED INCOME, REAL ESTATE INVESTMENTS	5.2	2%	Timber
 CopperRock FIXED INCOME	5.1	2%	Global/Non-U.S. Growth Equity
 HEITMAN A REAL ESTATE INVESTMENT MANAGEMENT FIRM	31.2	13%	Real Estate
 FM Investment Solutions IN MASSACHUSETTS	2.0	1%	U.S. Value Equity
 LANDMARK PARTNERS	9.7	4%	Secondary Alternatives
 T   S   W	19.9	8%	U.S. & Global/Non-U.S. Value Equity, Fixed Income
<b>Total</b>	<b>\$240.4</b>	<b>100%</b>	

# OLD MUTUAL WEALTH

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9 March 2017

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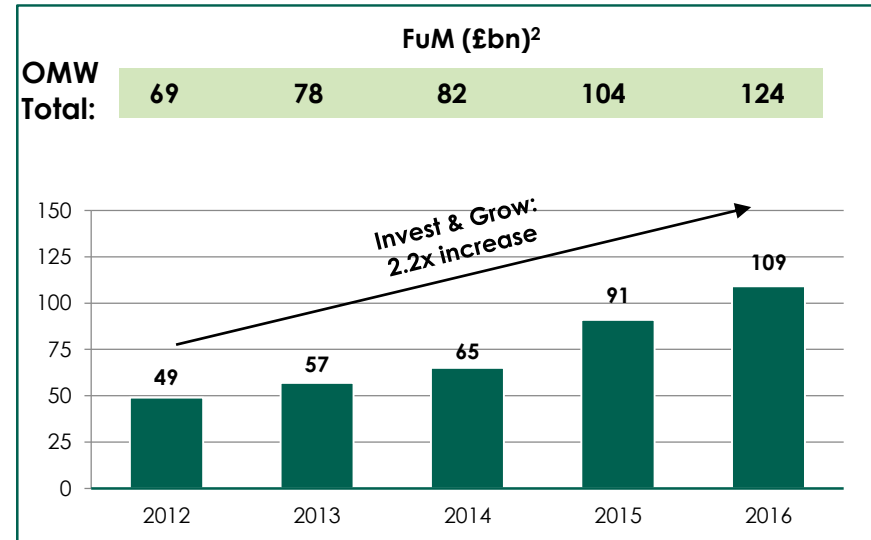
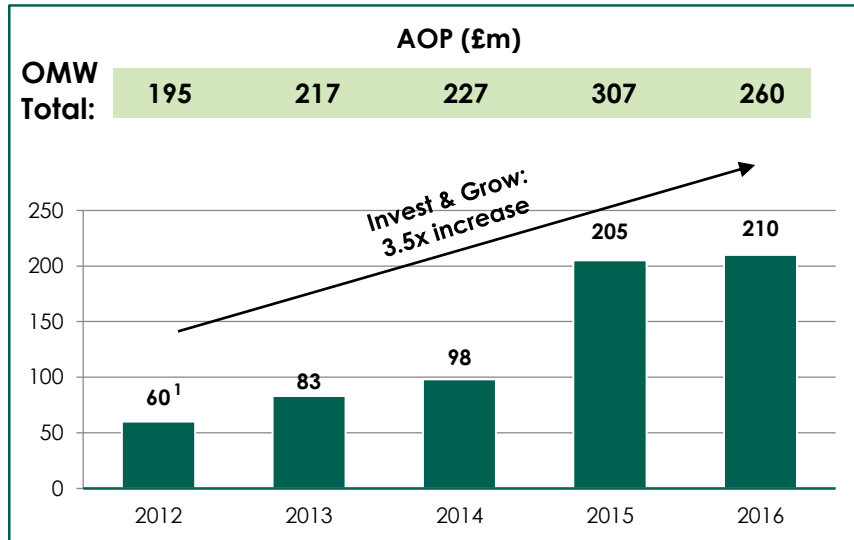
# OLD MUTUAL WEALTH: SIGNIFICANT STRATEGIC PROGRESS

## Progress in 2016

- **Progress made towards becoming the UK's leading wealth manager**
- **Strong performance in a challenging market**
- **Last European disposal completed**
- **Managed separation process progressing well**
- **Platform transformation continues**

# MATERIAL TRANSFORMATION OF BUSINESS ACHIEVED

Invest & Grow profits have grown 3.5 times in four years



1. Excluding Finland AOP pre-tax of £13m.
2. Figures shown excluding intra-group assets.

# STRONG OPERATIONAL PERFORMANCE IN A DIFFICULT MARKET

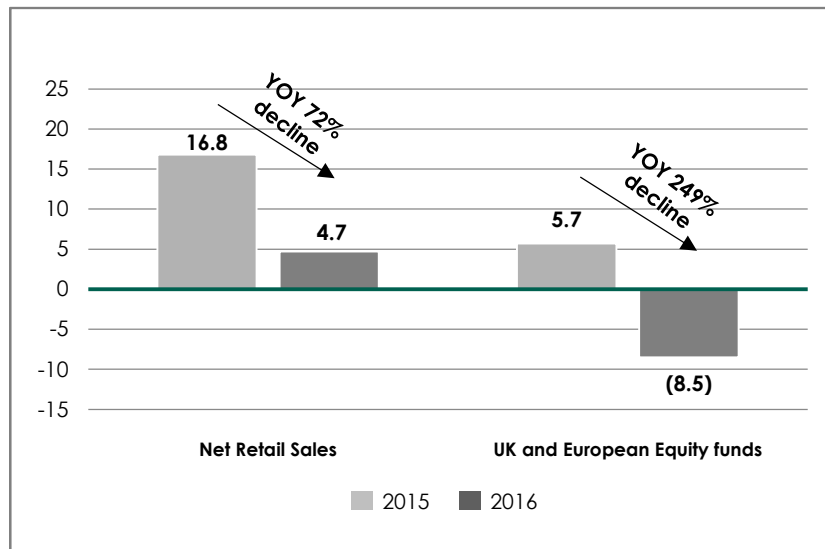
## Old Mutual Wealth Highlights

£bn	2015	2016	Δ
FUM	104.4	<b>123.5</b>	18%
- Assets under Management <sup>1</sup>	42.5	<b>52.1</b>	23%
- Assets under Administration <sup>2</sup>	61.9	<b>71.4</b>	15%
Gross sales	20.1	<b>21.1</b>	5%
NCCF	6.9	<b>5.2</b>	(25%)
Revenue margin (bps)	66	<b>63</b>	(3)bps
<b>Selected Metrics: £bn</b>			
Platform assets managed by OMGI <sup>3</sup>	4.75	<b>6.36</b>	34%
Intrinsic NCCF to OMGI	0.95	<b>1.04</b>	9%
Intrinsic NCCF to Platform	0.67	<b>0.87</b>	30%

- In 2016, Intrinsic delivered 42% of OMGI NCCF, 13% of QC NCCF and 32% of Platform NCCF

1. Includes OMGI and Quilter Cheviot.
2. Includes UK Platform, International, UK Heritage, Europe and UK Other. Excludes assets under management managed by OMGI and QC of £10.6bn in 2016 (2015: £8.7bn).
3. Including Cirilium and excluding UK Heritage assets.

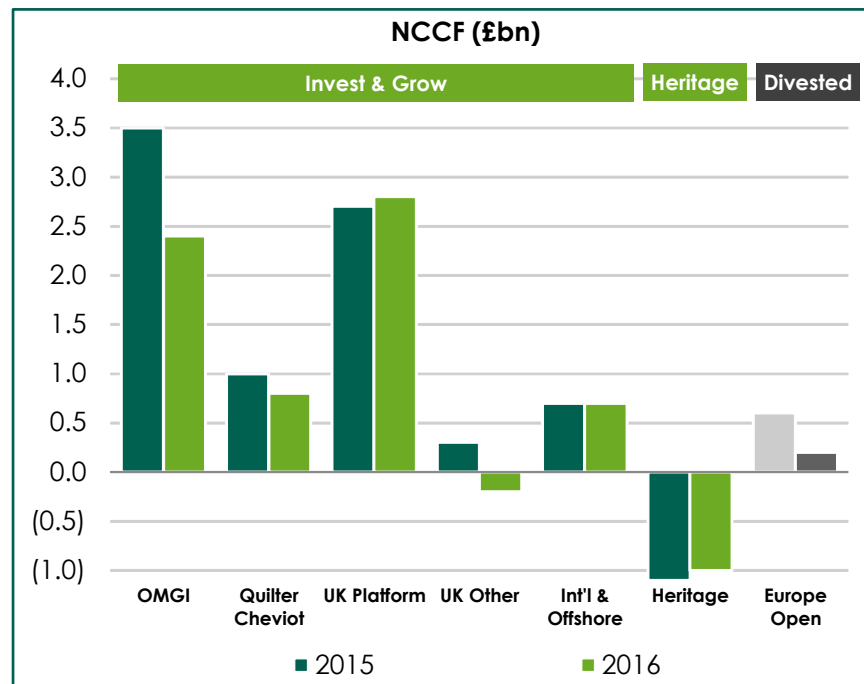
## UK Market Flow Investment Association Statistics (£bn)



# OMW 2016 REPORTED FINANCIAL HIGHLIGHTS

£m	2015	2016
FUM-based revenue	933	968
Trail commission	(294)	(266)
Net performance fees	25	26
Advice revenue	48	59
Other	40	23
<b>Net revenue</b>	<b>752</b>	<b>810</b>
Administration expenses	(382)	(453)
Variable compensation costs	(86)	(104)
Managed separation and standalone costs	-	(7)
<b>Reported administration expense</b>	<b>(468)</b>	<b>(564)</b>
Other <sup>1</sup>	23	14
<b>AOP pre-tax</b>	<b>307</b>	<b>260</b>

£bn	2015	2016
Revenue margin (bps)	66	63
Pre-tax operating margin (%)	40%	32%
Gross sales	20.1	21.1
NCCF	6.9	5.2
NCCF as % of Opening FUM <sup>2</sup>	9%	6%
FUM	104.4	123.5



1. Includes advisor fees of £(11)m in 2015 and £(12)m in 2016 and policyholder tax contribution of £34m in 2015 and £26m in 2016.  
 2. Excluding Heritage and intra-group.

# FINANCIAL RESULTS REFLECT A YEAR OF TRANSITION

£m	2015	2016
<b>Reported AOP (pre-tax)</b>	307	<b>260</b>
<b>Invest &amp; Grow</b>	205	<b>210</b>
- UK Platform	33	<b>27</b>
- OMGI	71	<b>79</b>
- Quilter Cheviot	34	<b>46</b>
- International	50	<b>52</b>
- UK Other	17	<b>6</b>
<b>Manage for value</b>	102	<b>57</b>
<b>Other shareholder income &amp; expenses</b>	-	<b>(7)</b>

## Reported AOP is after the costs of investments in:

- **One-off items:**
    - Heritage fee restructure **£26m**
    - Managed separation and standalone costs **£7m**
    - Changes to the executive management team **£5m**
  - **Revenue-related initiatives:**
    - Investment in new business initiatives, predominantly in distribution and OMGI desk builds **£28m**
    - Variable incentives as expected (flat on 2015 as a percentage of revenue) **£15m**
  - **As well as:**
    - Organic growth and inflation **£20m**
- £101m**



# ILLUSTRATIVE IMPACT OF GO-FORWARD PERIMETER

## Reported Financials (ex. Italian business and SA branches)

£bn	2015	2016	Δ
FuM	97.8	<b>115.3</b>	<b>18%</b>
Gross sales	18.6	<b>19.9</b>	<b>7%</b>
NCCF	6.2	<b>4.8</b>	<b>(23)%</b>
NCCF as % of Opening FuM <sup>3</sup>	9%	<b>7%</b>	<b>(2)pp</b>
Revenue margin (bps)	63	<b>61</b>	<b>(2)bps</b>
Operating margin (%)	39%	<b>29%</b>	<b>(10)pp</b>

## Go-Forward Perimeter

£m	2016	Go-forward illustrative
<b>Reported AOP<sup>1</sup></b>	<b>260</b>	
Heritage fee restructure	26	
Managed separation and standalone costs	7	
Changes to the executive management team	5	
<b>Underlying AOP</b>	<b>298</b>	<b>298</b>
Italian business sold		(24)
SA branches transferred to OMEM		(10)
Estimated incremental costs on standalone basis <sup>2</sup>		(20)
Recurring listed entity costs as previously indicated (estimated £5-10m)		(7)
<b>Illustrative AOP (on go-forward perimeter)</b>		<b>237</b>

1. Includes net performance fees of £26m and £9m of plc recharges on current basis in 2016.

2. Approximately £8m of costs previously incurred by Old Mutual Group and £12m of incremental standalone costs (illustrative estimate and subject to change)

# REVIEWING PERFORMANCE LEVERS OF OUR MODEL

## Overview of OMW Model

Distribution Portals:  
Intrinsic + OMWPCA  
Third Party  
Direct

OMGI

Quilter  
Cheviot

UK Platform

International

Manage for  
Value /  
UK Other

x Revenue  
Margin

FuM Based Revenues (net of trail commission)

Plus: Net Performance fees & other revenues

Less: Costs

Total: Adjusted Operating Profit

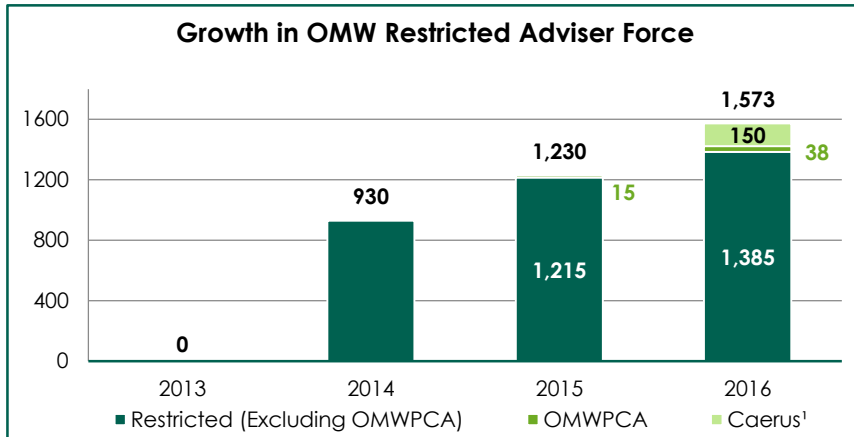
## Performance Levers

- Investment in multi-channel distribution
- Investment in asset management (desk builds) and investment management
- Use customer insights to develop investment solutions

- **5%+ NCCF growth on Opening FuM in the core business**
- **Targeting improved operating margin in medium term**

# CONTINUED INVESTMENT IN FINANCIAL ADVICE

## Growth in OMW Restricted Adviser Force

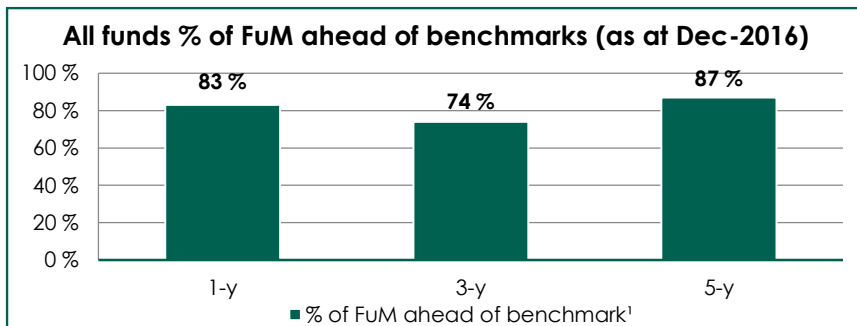


## Key Highlights

- The restricted channel now accounts for £0.9 billion (32%) of UK Platform net inflows in 2016 (2015: £0.7 billion, 25%)
- OMGI also benefitting from Intrinsic distribution with 42% of net flows (£1.0bn) going to Cirilium and Generation funds ranges
- OMWPCA, started in October 2015, now has £1bn AUA
- Caerus acquisition adds a further £4bn of AUA and over 300 advisers (of which 150 restricted)
- Cirilium continues to grow, with £4.6bn AUM at end of 2016, supported by strong investment performance across fund range

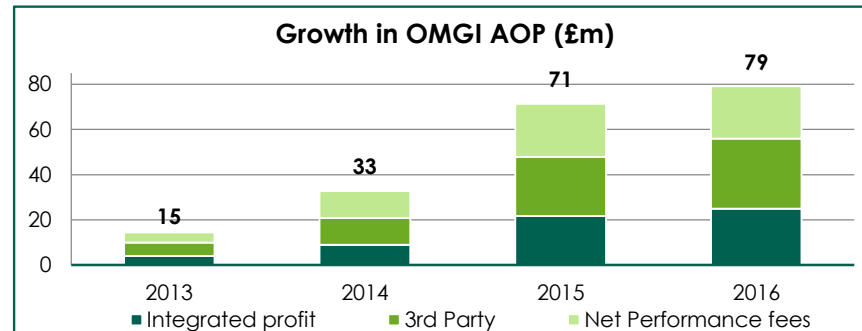
# ASSET MANAGEMENT PERFORMANCE DELIVERING GOOD OUTCOMES

## OMGI Performance



- 74% of all funds above target over 3 years on an AUM-weighted basis at 31 December 2016, compared to 66% at December 2015
- Investment in asset management capabilities and multi-asset offering as key area of focus

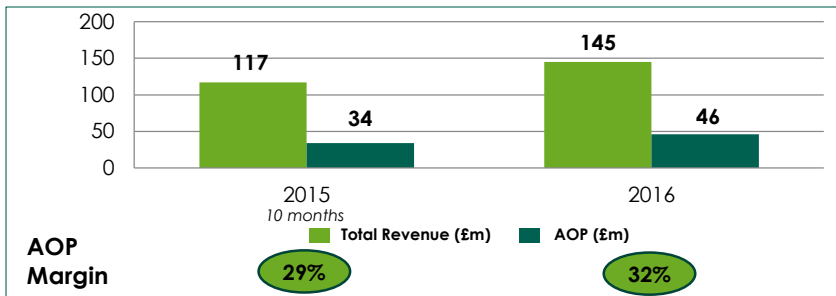
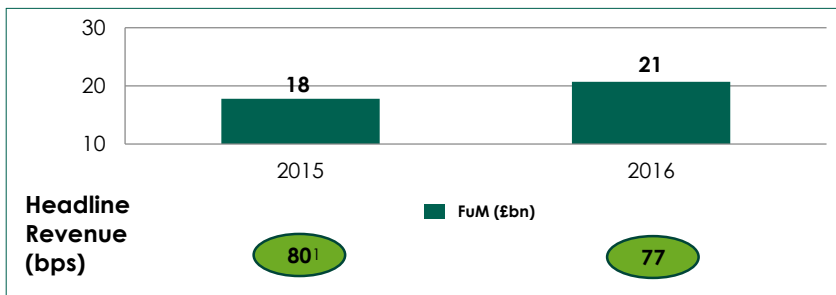
## OMGI Key Metrics



- OMGI has grown AuM and profit significantly over the last few years through leveraging distribution strength and building out product capability
- In 2016, OMGI launched several new funds including: Gold & Silver; UK Specialist Equity; Style Premia Absolute Return and a new Compass fund range.

# STRONG DISCRETIONARY MANAGEMENT PERFORMANCE WELL INTEGRATED WITHIN OUR MODEL

## Quilter Cheviot FuM, Revenue, AoP Evolution

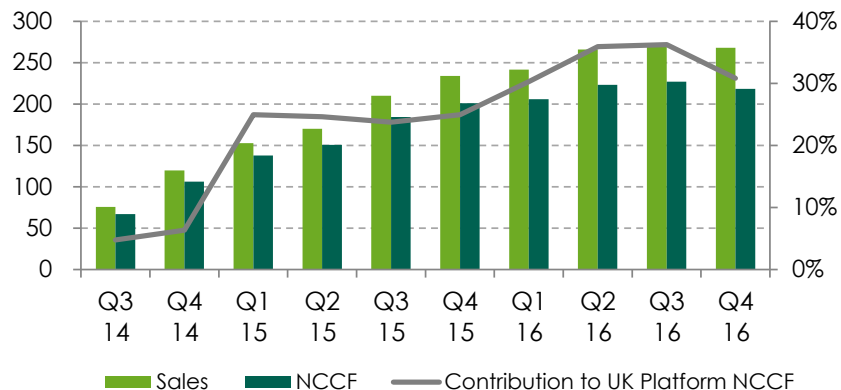


## Growth, Integration and Investment

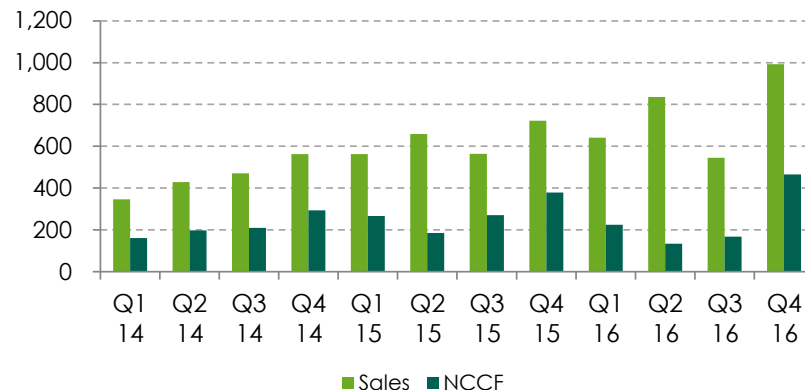
- **Integration continues**
  - **£0.1bn of net inflows into Quilter Cheviot** coming from Intrinsic and PCA
- **Investment in Quilter Cheviot growth continues:**
  - Attivo Investment Management's acquisition supporting move towards becoming the UK's leading wealth manager
  - The transaction will **add £300 million of assets under management** to Quilter Cheviot's books

# BENEFITS OF MULTICHANNEL MODEL CONTINUED TO BE EVIDENCED

## Intrinsic Flows into Platform (£m)



## Integrated (Intrinsic and Platform) Flows into OMGI (£m)

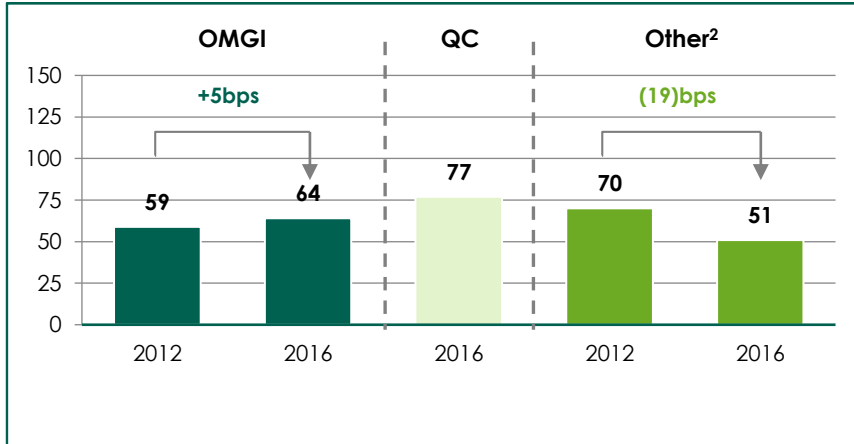


- Growth in the number of restricted financial planners driving increasing flows into UK platform
- The restricted channel accounts for £0.9 billion (32%) of UK Platform NCCF in 2016 (2015: £0.7 billion, 25%)

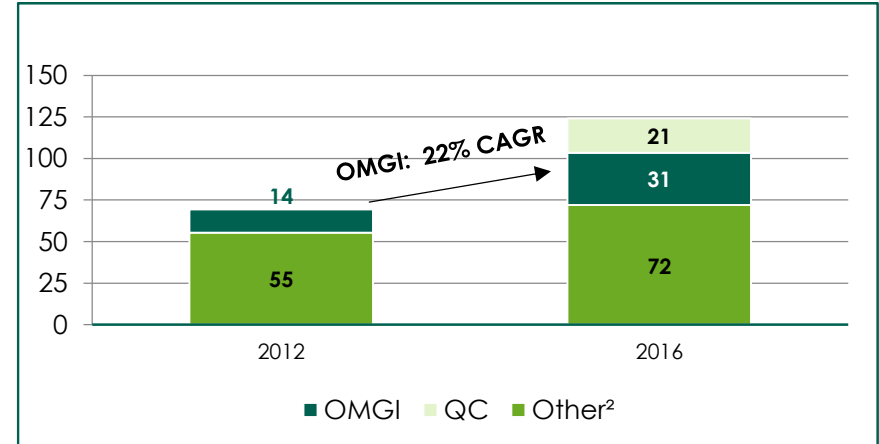
- Intrinsic contributed £1.0bn (42%) of OMGI's NCCF in 2016 through the Cirilium and Generation fund ranges
- Integrated net flows into OMGI were £0.9 billion for 2016, slightly below prior year (2015: £1.0 billion) primarily due to outflows from the Spectrum fund range

# IMPROVING MIX IN REVENUE MARGINS

Evolution of FuM-Based Revenue Margin<sup>1</sup> (bps)



Reweight FuM Mix to OMGI & QC (FuM, £bn)



- OMGI has grown in percentage of total FuM since 2012 and contributes with QC a significant part of total FuM in 2016
- Mix of revenue margins is improving with higher margin segments replacing more challenged segments

Source: Reported financials

1. Sum of divisional FuM based revenues of the corresponding businesses divided by average FuM. Divested business in 2012 excluded.
2. Includes UK Platform, International, UK Heritage, Europe and UK Other. Intragroup assets included within AuM for OMGI and Quilter Cheviot, and excluded from the Platforms.

# STRONG BALANCE SHEET AND CASH CONVERSION

## Standalone Solvency II Position

£bn	31 December 2016
Capital Resources	<b>1.8</b>
Capital Requirements	<b>1.0</b>
Surplus	<b>0.8</b>
Coverage	<b>1.9x</b>

## Reported Cash Delivery

£m	2015	2016
AOP (pre-tax)	307	<b>260</b>
AOP (post-tax)	264	<b>213</b>
Remittances to plc	109 <sup>1</sup>	<b>33</b>
Cash generation (before investment in the IT infrastructure programme) (% of post-tax AOP)	102% <sup>1</sup>	<b>84%</b>

1. Excluding proceeds from sale of Switzerland.



# OLD MUTUAL WEALTH: SIGNIFICANT STRATEGIC PROGRESS

## Progress in 2016

- Progress made towards becoming the UK's leading wealth manager
- Strong performance in a challenging market
- Last European disposal completed
- Managed separation process progressing well
- Platform transformation continues

## Business going forward

- Right strategy in place
- Resilient business model built for the future
  - 5%+ NCCF growth on Opening FuM in the Invest & Grow business
  - Targeting improved operating margin in medium term
- Building foundations for managed separation and independent future

➤ **Confidence in the future**

# OLD MUTUAL WEALTH: SOURCE OF EARNINGS 2016

£m	UK Platform	UK Other	International <sup>1</sup>	OMGI	Quilter Cheviot	Invest & Grow	MFV Open book	Heritage business	Manage for Value	HO costs	Total Wealth
FUM based revenue <sup>2</sup>	148	18	155	296	146	763	127	78	205	-	968
Trail commission	(18)	(3)	(27)	(120)	-	(168)	(69)	(29)	(98)	-	(266)
Net performance fees	-	-	-	26	-	26	-	-	-	-	26
Other revenues	2	76	9	9	(1)	95	(17)	4	(13)	-	82
<b>Total net revenue</b>	<b>132</b>	<b>91</b>	<b>137</b>	<b>211</b>	<b>145</b>	<b>716</b>	<b>41</b>	<b>53</b>	<b>94</b>	-	<b>810</b>
Administration expenses	(95)	(79)	(73)	(70)	(76)	(393)	(14)	(30)	(44)	(16)	(453)
Variable compensation	(12)	(6)	(8)	(48)	(21)	(95)	(3)	(6)	(9)	-	(104)
Other shareholder income & expenses	(6)	-	(4)	(2)	(2)	(14)	-	(2)	(2)	16	-
<b>Total expenses</b>	<b>(113)</b>	<b>(85)</b>	<b>(85)</b>	<b>(120)</b>	<b>(99)</b>	<b>(502)</b>	<b>(17)</b>	<b>(38)</b>	<b>(55)</b>	-	<b>(557)</b>
Policyholder tax contribution	8	-	-	-	-	8	-	18	18	-	26
Advisor fees	-	-	-	(12)	-	(12)	-	-	-	-	(12)
<b>AOP - excluding MS costs</b>	<b>27</b>	<b>6</b>	<b>52</b>	<b>79</b>	<b>46</b>	<b>210</b>	<b>24</b>	<b>33</b>	<b>57</b>	-	<b>267</b>
Managed Separation and standalone costs	-	-	-	-	-	-	-	-	-	(7)	(7)
<b>AOP (pre-tax)</b>	<b>27</b>	<b>6</b>	<b>52</b>	<b>79</b>	<b>46</b>	<b>210</b>	<b>24</b>	<b>33</b>	<b>57</b>	<b>(7)</b>	<b>260</b>
Operating margin	20%	7%	38%	35%	32%	29%	59%	62%	61%	-	32%
Revenue bps generated <sup>3</sup>	35	23	75	64	77	61	101	62	78	-	63
Tangible net asset value <sup>4</sup>	212	687	346	102	63	1,410	136	351	487	-	1,897

1. Includes SA branches.

2. Includes fixed fees from UK Platform and International, and excludes the impact of OMGI gross performance fees and Heritage restructuring.

3. Revenue margin calculated using FUM based revenue and trail commission over average FUM.

4. From FY 2016 the net asset value is presented as IFRS Net Asset Value which includes all goodwill and other intangibles created upon Old Mutual plc's acquisition of the Skandia business in 2006. In addition it includes the goodwill and intangibles associated with the acquisitions of Quilter Cheviot and Intrinsic which are included within UK Other. This also includes the associated loan funding from Old Mutual plc. Comparatives have also been restated from the regulatory net assets presented in the past

# OLD MUTUAL WEALTH: SOURCE OF EARNINGS 2015

£m	UK Platform	UK Other	International	OMGI	Quilter Cheviot	Invest & Grow	MFV Open book	Heritage business	Manage for Value	HO costs	Total Wealth
FUM based revenue <sup>1</sup>	165	20	156	268	117	726	111	96	207	-	933
Trail commission	(40)	(4)	(29)	(126)	-	(199)	(60)	(35)	(95)	-	(294)
Net performance fees	-	-	-	25	-	25	-	-	-	-	25
Other revenues	2	58	(4)	14	-	70	(14)	32	18	-	88
<b>Total net revenue</b>	<b>127</b>	<b>74</b>	<b>123</b>	<b>181</b>	<b>117</b>	<b>622</b>	<b>37</b>	<b>93</b>	<b>130</b>	-	<b>752</b>
Administration expenses	(87)	(52)	(62)	(59)	(67)	(327)	(9)	(31)	(40)	(15)	(382)
Variable compensation	(11)	(5)	(8)	(38)	(15)	(77)	(3)	(6)	(9)	-	(86)
Other shareholder income & expenses	(6)	-	(3)	(2)	(1)	(12)	(1)	(2)	(3)	15	-
<b>Total expenses</b>	<b>(104)</b>	<b>(57)</b>	<b>(73)</b>	<b>(99)</b>	<b>(83)</b>	<b>(416)</b>	<b>(13)</b>	<b>(39)</b>	<b>(52)</b>	-	<b>(468)</b>
Policyholder tax contribution	10	-	-	-	-	10	-	24	24	-	34
Advisor fees	-	-	-	(11)	-	(11)	-	-	-	-	(11)
<b>AOP - excl. MS costs</b>	<b>33</b>	<b>17</b>	<b>50</b>	<b>71</b>	<b>34</b>	<b>205</b>	<b>24</b>	<b>78</b>	<b>102</b>	-	<b>307</b>
Managed Separation and standalone costs	-	-	-	-	-	-	-	-	-	-	-
<b>AOP (pre-tax)</b>	<b>33</b>	<b>17</b>	<b>50</b>	<b>71</b>	<b>34</b>	<b>205</b>	<b>24</b>	<b>78</b>	<b>102</b>	-	<b>307</b>
Operating margin	26%	23%	41%	37%	29%	32%	65%	84%	78%	-	40%
Revenue bps generated <sup>2</sup>	38	28	80	64	80	64	105	65	79	-	66
Tangible net asset value <sup>3</sup>	161	735	361	93	46	1,396	113	441	554	-	1,950

- Includes fixed fees from UK Platform and International, and excludes the impact of OMGI gross performance fees and Heritage restructuring.
- Revenue margin calculated using FUM based revenue and trail commission over average FUM.
- From FY 2016 the net asset value is presented as IFRS Net Asset Value which includes all goodwill and other intangibles created upon Old Mutual plc's acquisition of the Skandia business in 2006. In addition it includes the goodwill and intangibles associated with the acquisitions of Quilter Cheviot and Intrinsic which are included within UK Other. This also includes the associated loan funding from Old Mutual plc. Comparatives have also been restated from the regulatory net assets presented in the past

# OLD MUTUAL WEALTH: UK HERITAGE

<b>UK Heritage MCEV calculation (£m)</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>
IFRS NAV	355	351
Goodwill & intangibles	(142)	(109)
<b>Tangible NAV</b>	<b>213</b>	<b>242</b>
Other Adjustments <sup>1</sup>	(86)	3
Value of in-force <sup>2</sup>	411	252
<b>MCEV</b>	<b>538</b>	<b>497</b>
<b>UK Heritage Key Value Indicators</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>
FuM (£bn)	8.7	8.5
Surrender rate	9.1%	9.3%
Cash remitted (£m)	30	-
Maintenance cost per policy (£)	112	129
Operating Margin	89%	62%

1. Adjustments to move to a Solvency I statutory valuation basis for December 2015. Removal of other components of IFRS balance sheet that do not contribute to MCEV position for December 2016.
2. The business has moved into the Solvency II regime at the start of 2016. As a result, prudent reserves of circa £120m (as at December 2015) are no longer required, increasing the value of other adjustments and decreasing the value of in-force.