



Media Release

Old Mutual delivers 8% growth in Headline Earnings – strategy on track

11 March 2019 - Old Mutual Limited (OML) today announced its first full year financial results, following its successful primary listing on the Johannesburg Stock Exchange (JSE) on 26 June 2018.

The Group's Headline Earnings for the 12 months ending 31 December 2018 are up 8% to R14,241 million from R13,144 million in the prior year.

Old Mutual's CEO, Peter Moyo stated that the group delivered well on its medium-term targets and commitments made to investors.

"We delivered Return on Net Asset Value of 18.6% which exceeds our Cost of Equity+4% target, which sat at 17.4% for 2018. We continue to be a highly cash generative business with R6.6 billion of free cash generated in 2018 which has more than covered our dividends to our shareholders. Our Group capital position remains robust with a solvency ratio of 170%, near the upper end of our target range. Sadly, we did not meet our Results from Operations (RFO) growth target of GDP+2%. However, we are still confident that we will meet all our targets in the medium term, noting that the RFO target will be difficult given the negative growth in 2018" said Moyo.

The Group also announced a final dividend of 72 cents per share, bringing its total ordinary dividend per share to 117 cents a share, in line with its dividend policy. Old Mutual also announced its intention to conduct a share buy-back programme of approximately R2 billion in 2019. Taking into account the planned share buy-back, the special dividends paid in October 2018 and the



Nedbank Unbundling, the total distribution to shareholders since listing will equate to nearly R52 billion.

“We have managed our capital well and continue to be responsible to our shareholders in the way we deploy capital,” explained Moyo.

On being on track with its strategic objectives, Moyo remarked, “I am pleased with the progress we have made against our eight Battlegrounds. We delivered particularly good sales and Net Client Cash Flows (NCCF) in a tough economic and competitive environment. We have also improved our customer experience through digital enhancements and the delivery of key phases of our IT refresh journey.”

“Whilst we continue to see economic headwinds in the near term, our Group is resilient, well capitalised and managing its costs tightly,” concluded Moyo.

Ends.

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Notes to Editors:

About Old Mutual Limited

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 17 countries. Old Mutual's primary operations are in South Africa and the rest of Africa, and we have niche businesses in Latin America and Asia. With over 173 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and broader society on the continent.

Old Mutual Managed Separation

Old Mutual has successfully concluded its managed separation from Old Mutual plc, the former London-based parent of the Group. As part of the managed separation process Old Mutual listed its African insurance, asset management and banking businesses on the JSE on 26 June 2018, under the new share code OMU. Simultaneous secondary listings took place in Malawi, Namibia, Zimbabwe and the United Kingdom. In November 2018, the company returned R38.8 billion in value to its shareholders following the reduction of its stake in Nedbank from 54% to 19.9%. CEO, Moyo's focus is now on the growth opportunities on the African continent, where it already has operations in 12 markets outside of South Africa.

“Although we remain rooted in South Africa, we are a Premium Pan-African company that is focused on providing a financial services offering to our customers across the continent using our strong capital base,” said Moyo. “To date, our investment in digital innovation and IT enhancements have helped boost our availability to customers and their experience.



“Our outlook in both South Africa and the rest of the continent remains positive as our operations are well positioned for growth despite increasing competition and a sub-optimal economic climate in some markets,” concluded Moyo.

Key operational reviews from the Group's segments:

- **The Mass and Foundation Cluster** maintained its leading position in the mass market despite a challenging macroeconomic environment and increased competitor activity. It opened 25 new branches in 2018 increasing its total branch network to 348 translating into improved sales and strong loan sales growth. The business has launched a new online funeral product in 2018.
- **Personal Finance** (PF) launched the Old Mutual Rewards Loyalty programme in an effort to strengthen penetration in the middle income market in the fourth quarter of 2018. The PF distribution channels performed well with approximately R69.2 billion of gross flows delivered in 2018, R37.2 billion of this flowed to Wealth and Investments.
- **Wealth and Investments** delivered a set of credible results in the context of a challenging macro environment, declining equity markets and high levels of competition. Record high transaction activity in Specialised Finance and the benefit from our continued participation in South Africa's renewable energy sector through alternatives demonstrates the diversification benefits of our segment.
- **Old Mutual Corporate** gross flows increased by 20% due to a combination of improved Life APE sales and strong institutional multi-manager flows. Corporate delivered a significant improvement in NCCF of R9.1 billion to R2.0 billion.
- **Old Mutual Insure** reported a solid underwriting result for the year through a deliberate focus on improved service to brokers and disciplined underwriting. Old Mutual Insure has also made significant improvements in



its digital services channels and rolled out MyOMInsure as a key initiative in growing its digital business.

- **In the Rest of Africa**, we continue to see positive results from the sustained turnaround of the East African business. This has been achieved through the optimisation of employee levels and elimination of duplication across the businesses. Southern Africa continues to be the key contributor to the Rest of Africa results, despite the continued recession in Namibia and currency challenges faced in Zimbabwe.

For further information on Old Mutual Limited, and its underlying businesses, please visit the corporate website at www.oldmutual.com