



Old Mutual & Skandia

- a powerful combination
- skapar en ny stark försäkringskoncern

2 September 2005

Strength of diversity, power of focus

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Agenda

Highlights	3
Plans – thoroughly prepared	13
Financials – attractive	21
Financing – robust	31
Creating value for shareholders	39

With Skandia, Old Mutual will...

■ Have great growth potential

- Attractive demographics
 - > Flexible model
 - > Multi brand
- Leader in open architecture
- Substantial distribution relationships

■ Be a powerful combination

- Diversity: Strong in four major markets – SA, Sweden, USA, UK
- Critical mass: AUM £192bn (SEK 2,688bn), EV £7.5bn (SEK 105bn)
- Powerful platform: Financially robust, proven management and processes

■ Create value for shareholders

- EV EPS accretive in 2007
- ROIC (embedded value basis) well in excess of cost of capital

Old Mutual/Skandia: a powerful combination

Stated Strategy

- Create a world class international financial services group
- Provide a high quality asset management capability to build and protect client assets
- Build regional, customer facing platforms

- Offer customers the flexibility of a wide range of investment choices
- Managed and reported on highly efficient servicing platforms
- Supersede the traditional providers of savings and investment products

- **In Europe:**
 - Retain the Skandia name as the senior product brand, with the backing of Old Mutual financial strength
 - Use combined product and distribution strengths to grow market shares strongly

Strategy for clients, IFAs and employees

■ Clients

- Access to wider range of skills and resources
- Commitment to provide value for money products and services
- Commitment to continue Skandia Liv ownership as a mutual

■ IFAs

- Committed to retain and improve service standards and product quality

■ Employees

- Support for delivery of growth plans
- Attractive long-term solution to provide stability

Industrial logic - compelling

Favourable demographics support volume growth

- Baby boomers in Europe and USA
- Growing middle classes in emerging markets
- Pension reform opportunity

Open architecture is the favoured segment

- Capitalise on substantial growth segment
- South Africa delivers IT competence

Powerful distribution to deliver growth

- Broad based in South Africa and Sweden
- Independent in USA, UK and Europe

Leading positions in consolidating industry

- 8th largest by EV and 7th largest by AUM in Europe
- Enhanced scale reduces cost of capital

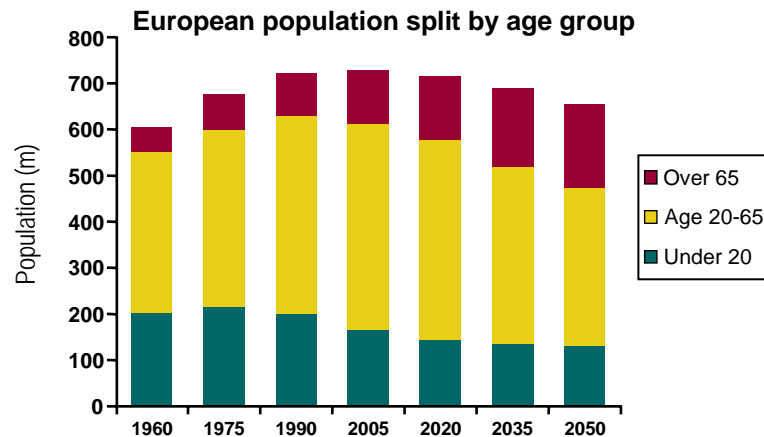
Balanced risk

- Balanced exposure to currencies and markets
- Cash generators support growth businesses

Favourable demographics support volume growth

Favourable demographics

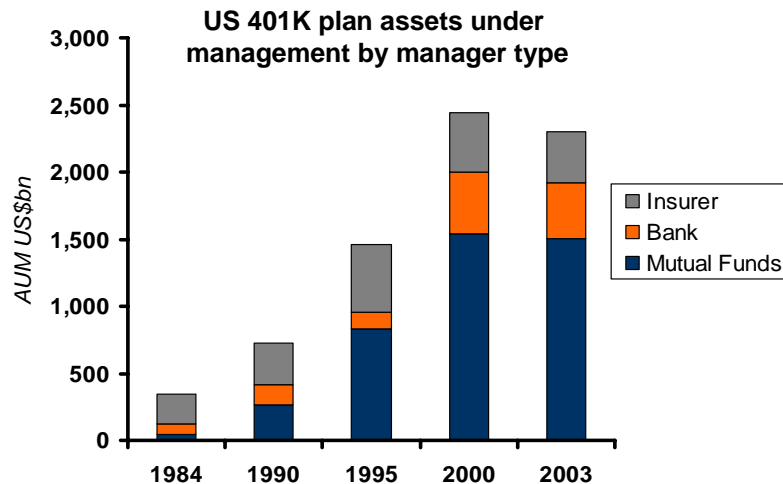
- Baby boomers start reaching retirement



Source: United Nations Population Division

European pension reform

- Widespread European pension reform encouraging private pensions
- US mutual funds explosion highlights scale of opportunity



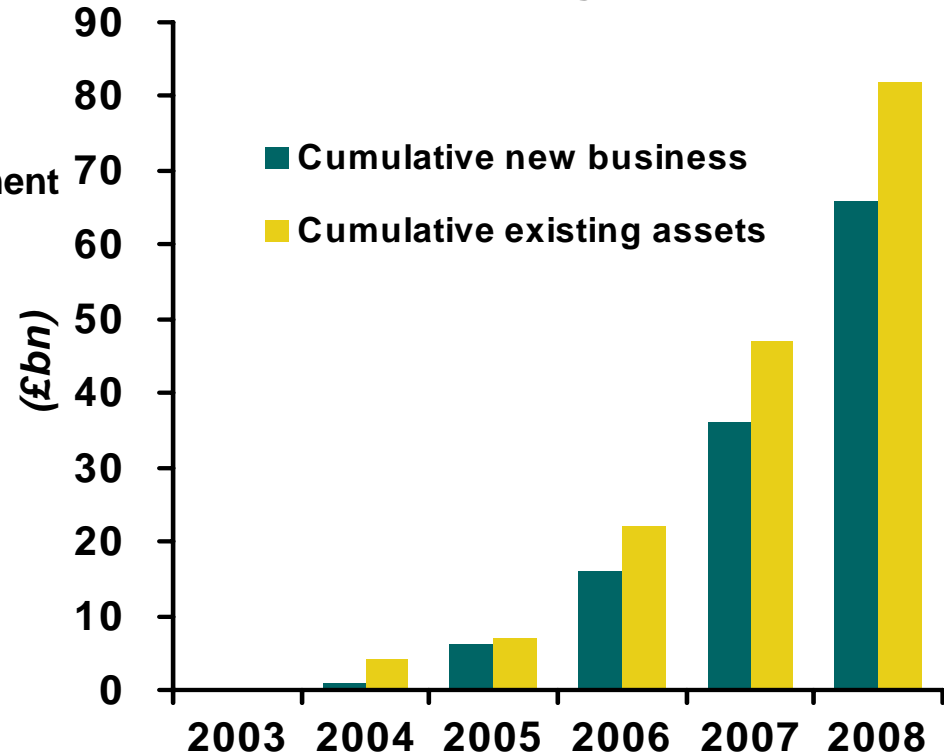
Source: Pensions & Investments Top DC Money Managers; PD 19032 for 1990 and 1995

Open architecture is the favoured segment

- Offers more transparency
- Offers investment management flexibility
- Supported by high class risk management and reporting tools

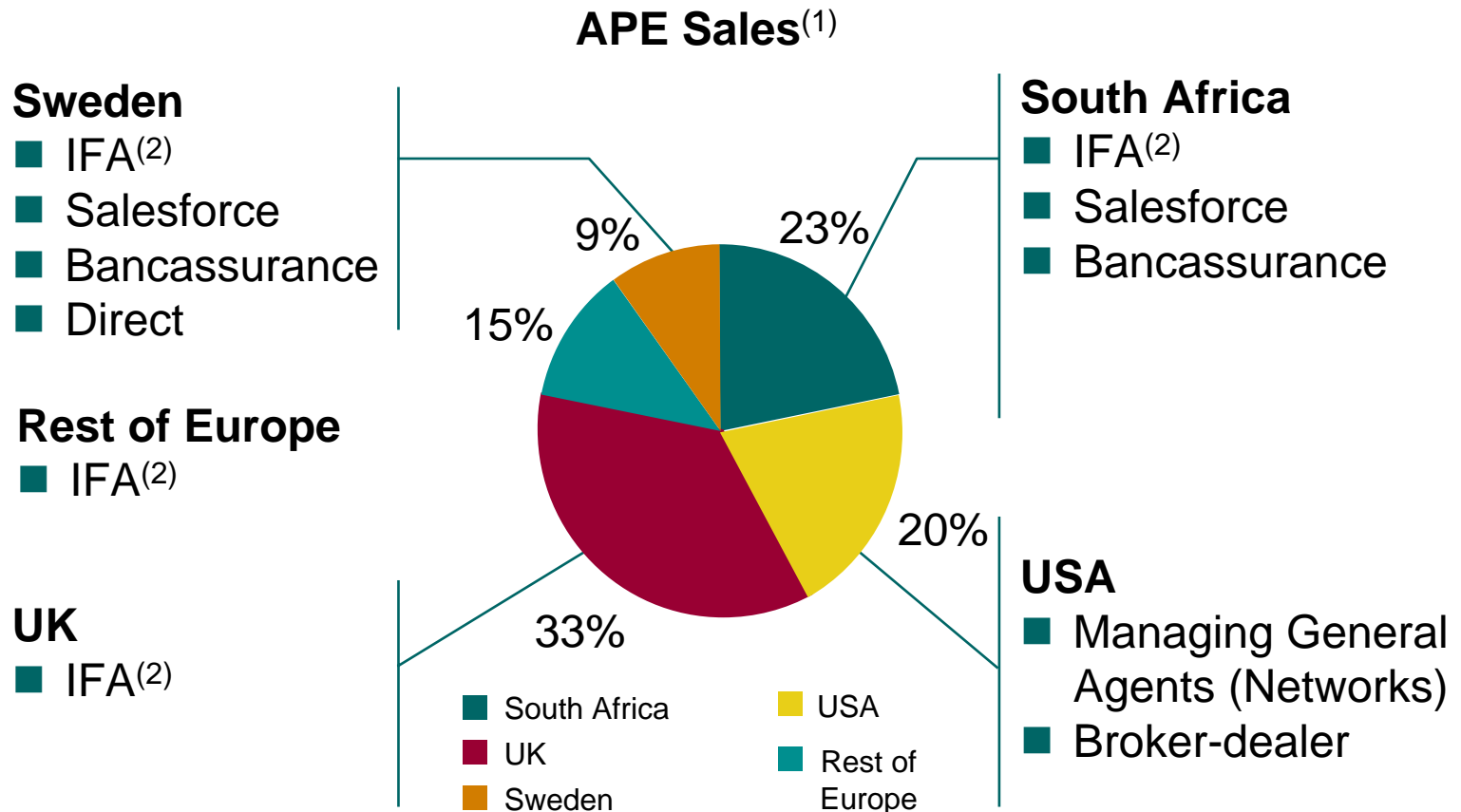


Wrap product growth (UK)



Source: Datamonitor estimates

Powerful distribution to deliver growth



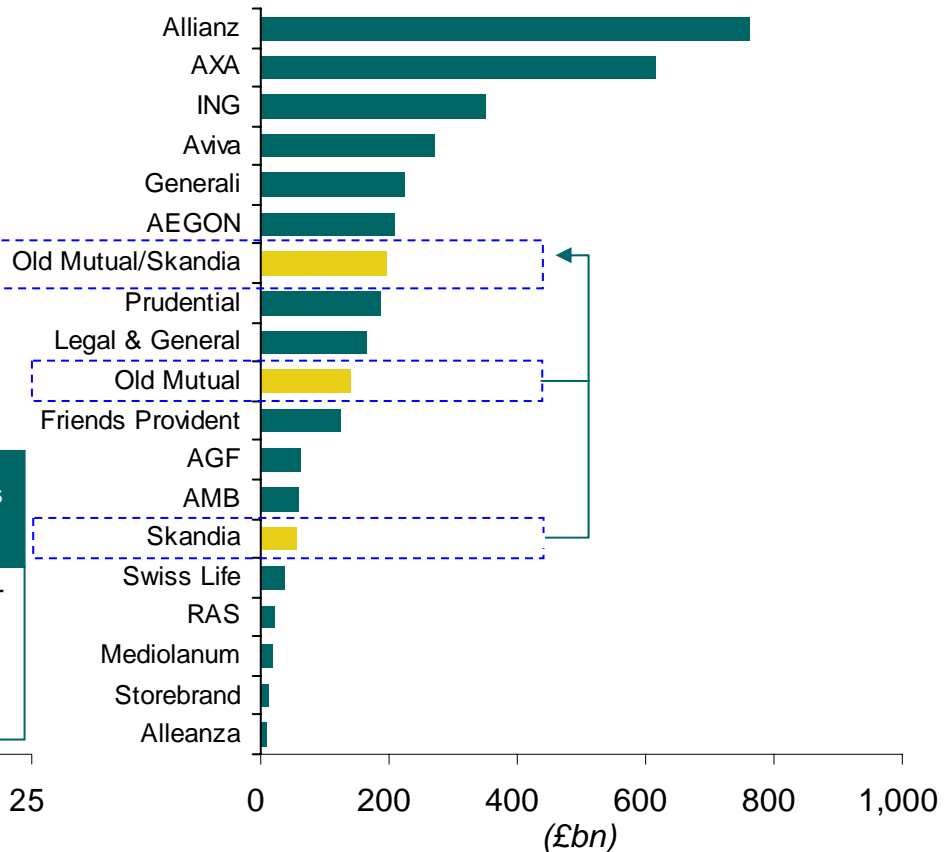
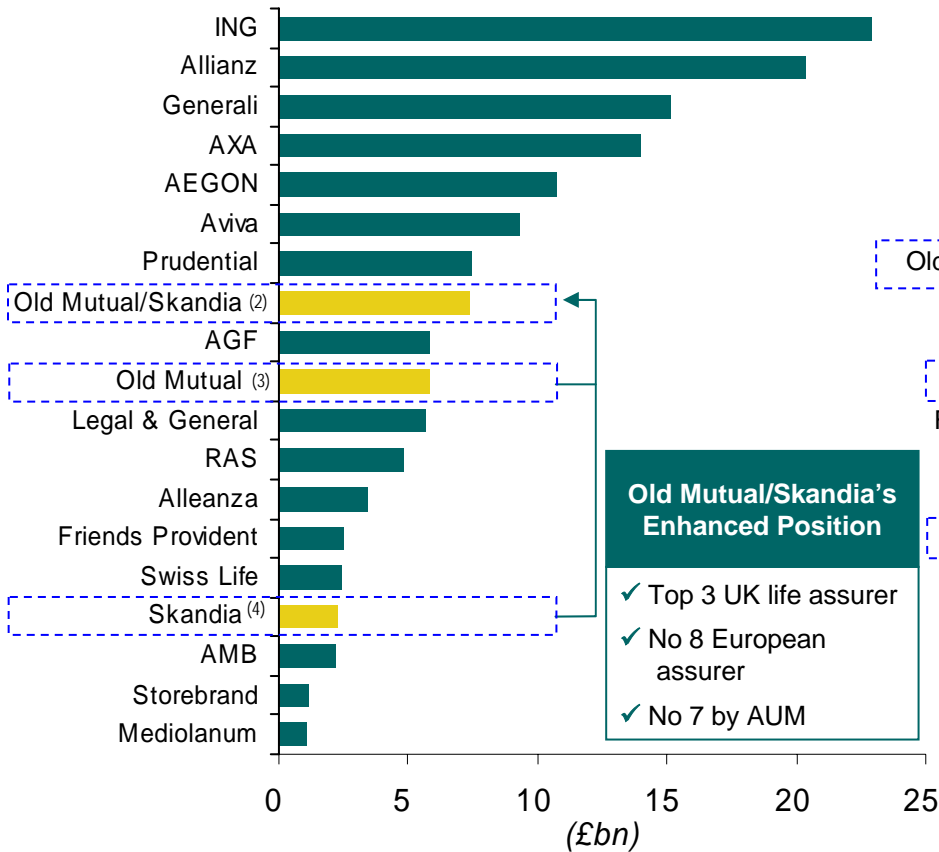
(1) Annual premium equivalent (APE) based on 12 months to 30 June 2005

(2) Independent financial adviser (IFA)

Leading position in consolidating industry

Embedded value (2005)⁽¹⁾

AUM (2004)



(1) 2005 Estimate from Deutsche Bank equity research

(2) Based on market value adjusted EV of Old Mutual as at 10 August 2005, Skandia as at 30 June 2005, less debt plus NPV of synergies

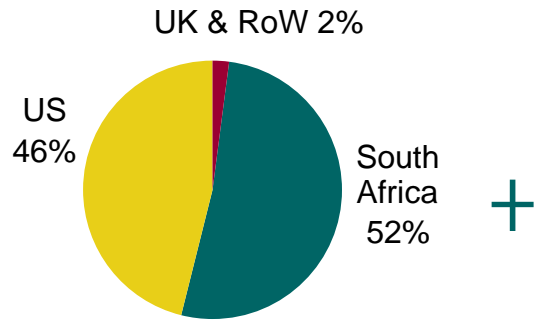
(3) Based on market value adjusted EV of Old Mutual as at 10 August 2005

(4) Based on 30 June 2005 reported EV of Skandia

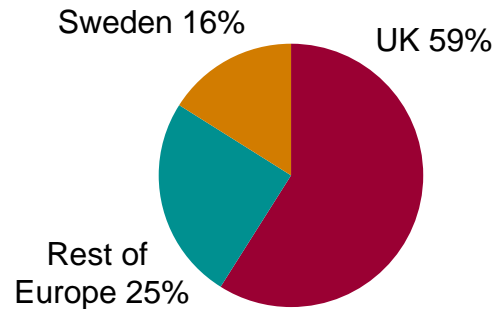
Source: Deutsche Bank equity research, company accounts

Well balanced group with high growth potential

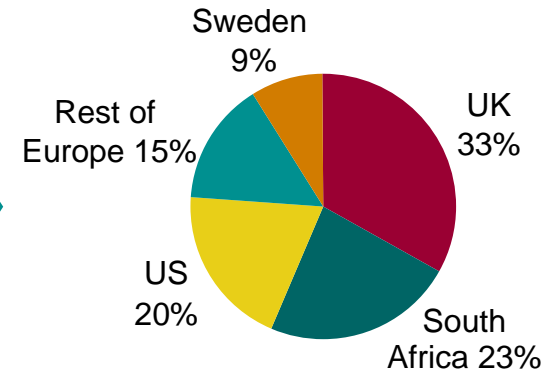
Old Mutual APE⁽¹⁾



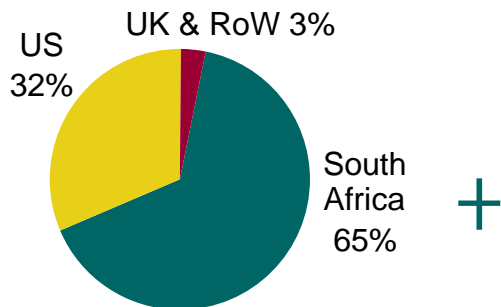
Skandia APE⁽¹⁾



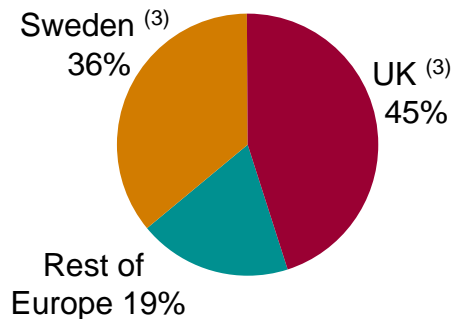
Enlarged Group pro forma APE⁽¹⁾



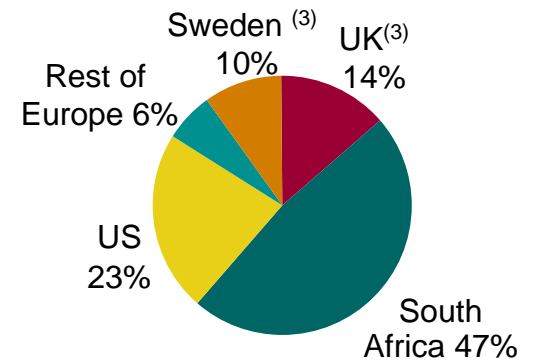
Old Mutual EV⁽²⁾



Skandia EV⁽²⁾



Enlarged Group pro forma EV⁽²⁾



(1) Annual premium equivalent (APE) based on 12 months to 30 June 2005

(2) Embedded value (EV) based on EV pre debt as at 30 June 2005

(3) UK includes Asia Pacific, Sweden includes the Nordic region

Source: Company accounts

Cash generation supports growth businesses

Industry Growth Cash generative

High growth 2005 -2007

Long-term growth



- SA - No 1 life insurer, 24% ROC at H1 2005
- SA - M&F No 2 P&C, strong underwriting ratio

- Cash generative
 - SA - Nedbank Top 4 bank, recovery plan on track
 - USAM - \$209bn AUM at H1 2005, strong growth prospects
- Cash demanding
 - US Life - Top 5 fixed annuity provider, cash generative 2007

- India
- UK
 - OMAM moving into profitability
 - Selestia growing on an efficient platform



- Sweden - No 1 life insurer, strong recovery prospects

- Cash demanding
 - UK -Top 10 unit linked, segment forecast to grow rapidly
 - Germany - Top 10 unit linked
 - Rest of Europe - positioned for growth

- Latin America
- Eastern Europe
- Australia - growing Master Trust proposition
- China

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Plans - thoroughly prepared

Managing the Enlarged Group

- Introduce Old Mutual management framework
- Integration plan in place

Sweden

- Stabilise and regain market share
- Earn customer trust

UK

- Exploit open architecture opportunity
- Reduce cost to improve margins

Rest of Europe

- Maintain growth
- Support plans to minimise duplicative administration

Stable ownership

- Improves sales
- Draw on experience from Old Mutual's US acquisitions

Introduce Old Mutual management framework

- **Decentralised businesses with strong central oversight and risk management**
 - All business activities in the operating businesses
- **Old Mutual management framework will be rolled out across Skandia**
 - Business unit strategy must deliver to group strategy
 - Plans agreed each November and translated into management performance contracts which drive bonuses
 - Monthly financial and management action reporting
 - Quarterly business reviews
- **Disciplined capital management - management for shareholder returns and targets**

Consistently producing high RoEV, RoE and RoA

Integration plan in place

- **Significant integration experience**
- **Four-stage integration plan awaiting Skandia input**
- **Strong combined senior management team – little overlap**
- **Operational HQ for Nordic and Continental European businesses in Stockholm with Group HQ in London**
- **No impact on client and IFA service levels**

Sweden: stabilise business & regain market share

Current position

- A fundamentally good business
- New leadership in place
- 3 years of loss of market share
- Brand affected by corporate turmoil
- Improvements in customer service to be built on

Immediate actions

- Support disciplined sales force activity management
- Demonstrate commitment to Sweden and build Skandia's market share
- Support operational and cost efficiency improvements
- Commit to mutual status of Skandia Liv
- Introduce Old Mutual management framework

Full value creation imperatives

- Support direct and broker sales
- Use cost efficiency to ensure products are competitive
- Ensure market opportunities are taken in full at maintained margins
- Improve customer service

Objective to restore market share

UK: exploit open architecture opportunity

Current position

- Market leader in open architecture life & savings solutions
- Business demonstrating strong growth
- Low margins

Immediate actions

- Secure IFA relationships
- Retain quality service standards
- Integrate UK head office functions
- Introduce Old Mutual management framework

Full value creation imperatives

- Realise opportunities of 'A' Day, Multi -Ties and Wrap
- Drive down costs to increase margins
- Build diversified offshore business
- Deliver profits from Bankhall
- Integrate Selestia and Skandia
- Establish clear path to deliver cash earnings

Objective to maintain growth and improve margins

Rest of Europe: continued growth

Current position

- Presence in Germany, Austria, Italy, Spain, Switzerland, France, Poland
- High growth businesses
- Attractive margins

Immediate actions

- Continue substantial growth
- Introduce Old Mutual management framework

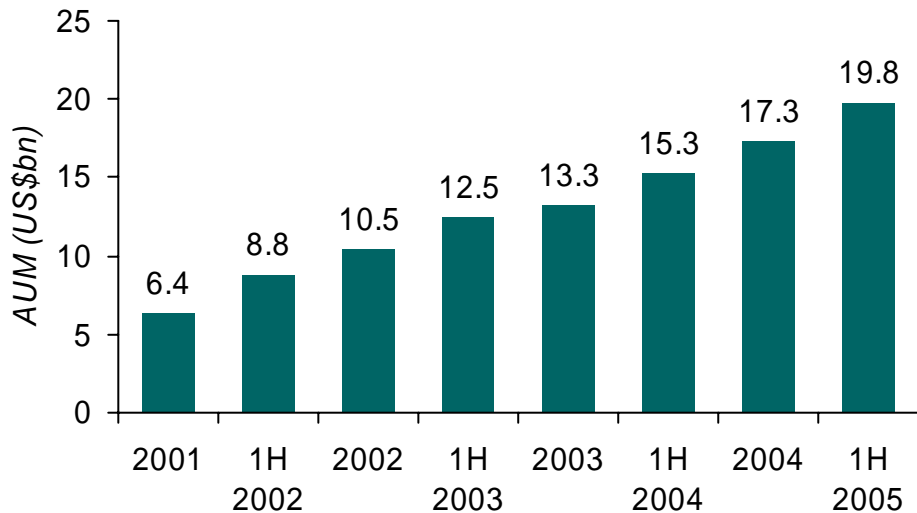
Full value creation imperatives

- Identify optimal product profitability patterns
- Establish value creation targets including path to improved cash earnings
- Deliver expense improvements through standardisation, sharing facilities and cost focus

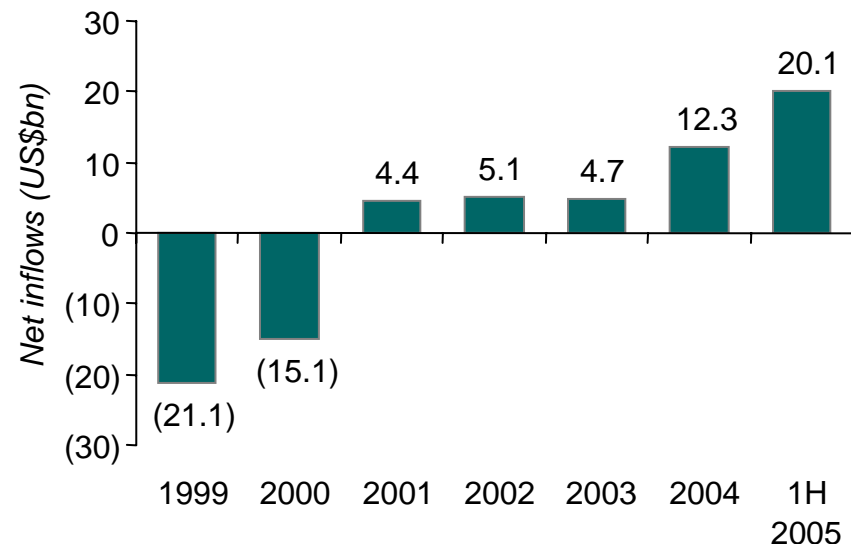
Objective to achieve growth in VNB

Track record of delivery

US Life



US Asset Management



Stable ownership improves sales

- US Life: Sales increased from US\$1.2bn to US\$4.0bn under Old Mutual; half of increase due to stable ownership in an IFA market
- US Asset Management: Five years of strong net fund inflows
- Old Mutual Bermuda (OMNIA): Monthly sales up from US\$10m to US\$50m through stable ownership in an IFA market

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Financials - attractive

Significant value opportunity

- Favourable financial effects
- Due diligence undertaken to understand value potential

Attractive growth potential

- Well balanced group with high growth potential and low risk products
- EV earnings reflect the growth opportunity
- Pro forma EV of £7.5bn, including the NPV of synergies – 137p per share

Synergy potential

- Cost and tax synergies of £70m (SEK 960m) per annum
- Net present value of £480m (SEK 6.6bn)
- Additional scope for revenue synergies, but not included

Due diligence confirmed good fundamentals

- Growth potential above market expectations
- Solid capital position

Significant value creation opportunity

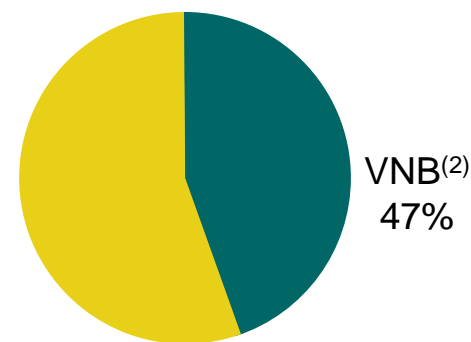
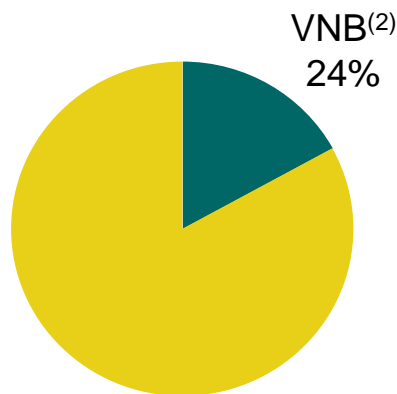
	Target	Achievement
Transaction RoIC	<ul style="list-style-type: none"> Return on Invested Capital well in excess of cost of capital 	✓
Value creation	<ul style="list-style-type: none"> Cost synergies exceed premium paid⁽¹⁾ 	✓
EV earnings accretion	<ul style="list-style-type: none"> Accretive in 2007, including realisation of synergies 	✓
Adjusted EV per share	<ul style="list-style-type: none"> Slightly dilutive to EV per share, but substantial uplift in excess of RoEV over cost of capital 	✓
Re-rating	<ul style="list-style-type: none"> Potential for re-rating through benefits of diversification and lower cost of capital 	✓

(1) Based on average broker estimate of SEK 38.3 from selected brokers with confirmed standalone target price post Skandia interim result announcement (22 August 2005). Citigroup SEK 39.5 (22 August 2005), UBS SEK 36.0 (22 August 2005), Handelsbanken SEK 43.0 (23 August 2005), KBW SEK 35.0 (22 August 2005) and Merrill Lynch SEK 38.1 (23 August 2005)

EV earnings reflect the growth opportunity

- Significant dilution of IFRS operating EPS
- Rapid growth reduces IFRS operating earnings
- EV EPS is a more robust metric as it reflects the value to the shareholder of new business written in the year

Old Mutual VNB as % of EV operating profit ⁽¹⁾ Skandia VNB as % of EV operating profit ⁽¹⁾

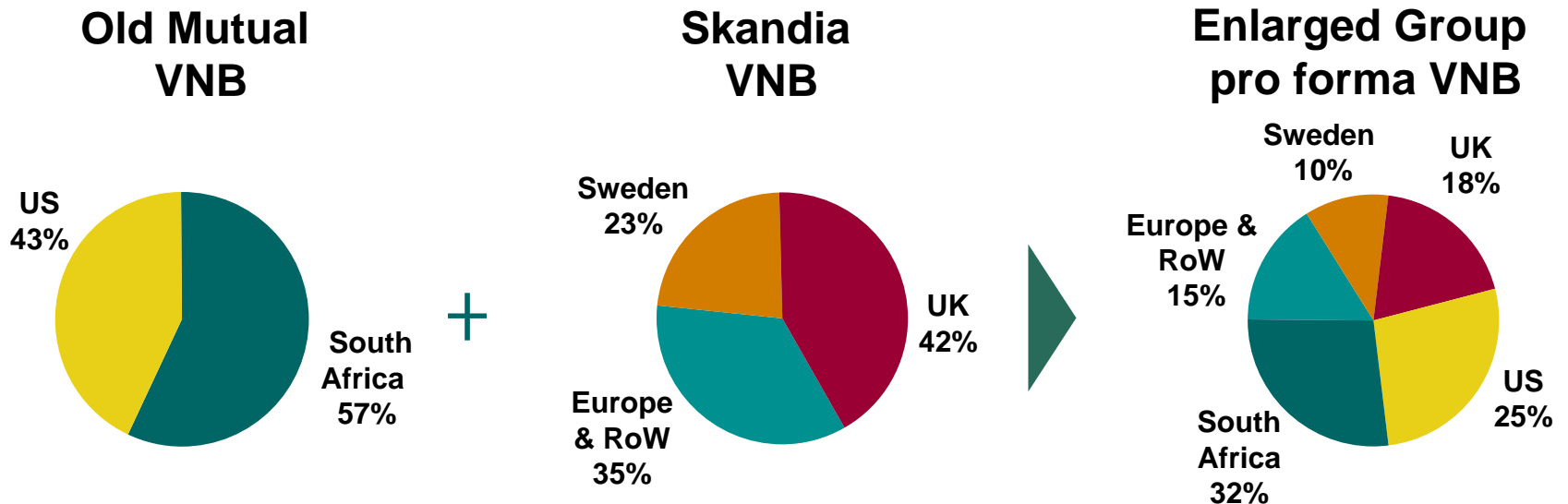


(1) 12 months to 30 June 2005, excluding exceptionals

(2) Value of new business pre tax

Attractive growth opportunities

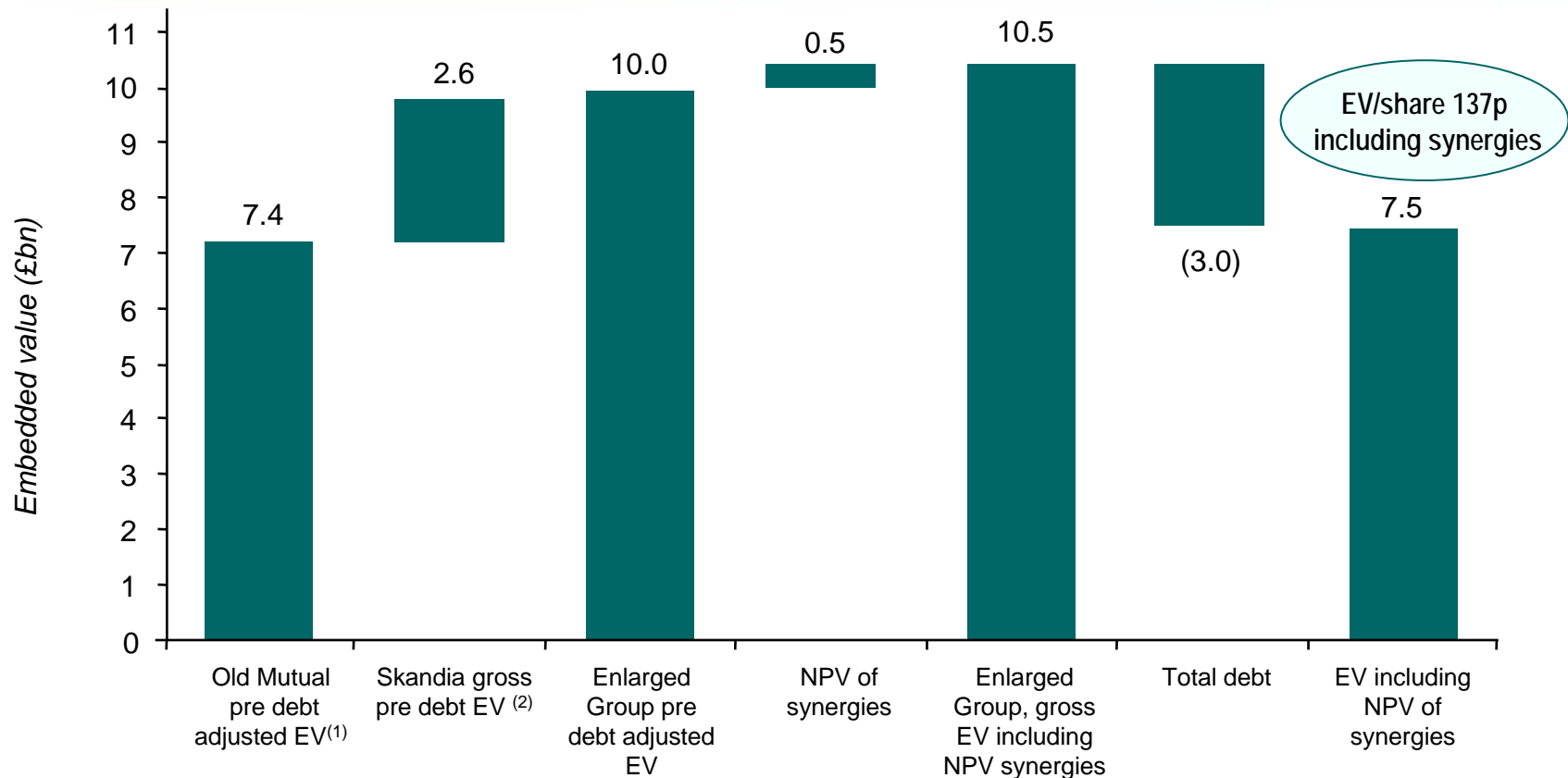
Geographic breakdown of value of new business ⁽¹⁾



- Diversified new business profit to deliver balanced growth
- Pro forma new business margin of 23% (gross)
- Well positioned for global growth in long-term savings

(1) 12 months to 30 June 2005, pre tax. Excludes SEK400m of one-off legislative impact in Germany in late 2004/early 2005

Pro forma market adjusted embedded value



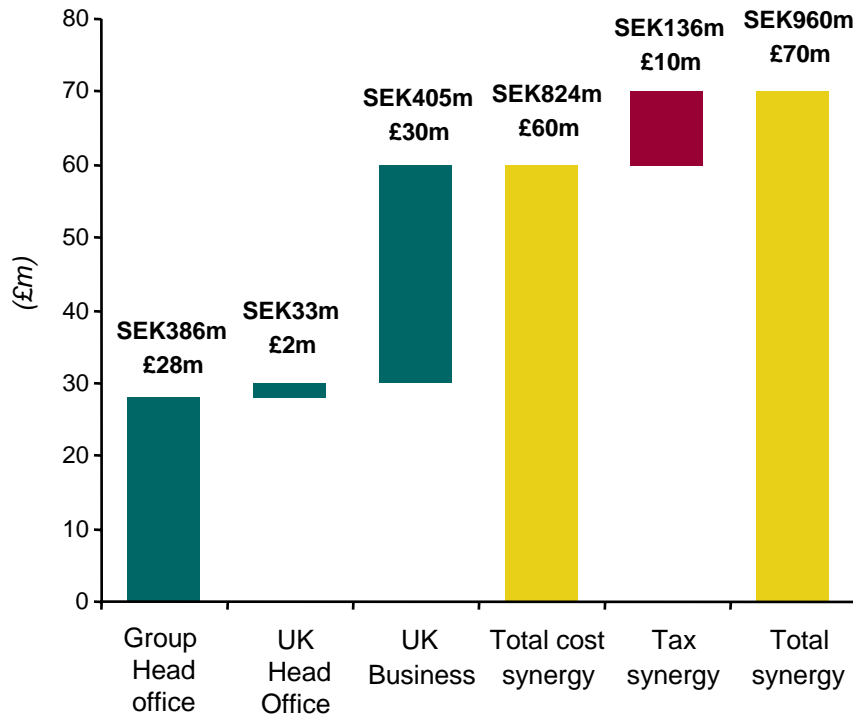
Slightly dilutive to EV per share, but substantial uplift in excess of ROEV over cost of capital

- 1) Old Mutual EV at 30 June 2005, market adjusted to 10 August 2005 (the day OM announced its interim results) for movements in FX, changes in market value of listed subsidiaries and issue of BEE shares
- 2) Reported 30 June 2005 EV

Source: Company accounts, Old Mutual, Skandia

Synergy potential

Estimated pre-tax synergies



Description of synergies

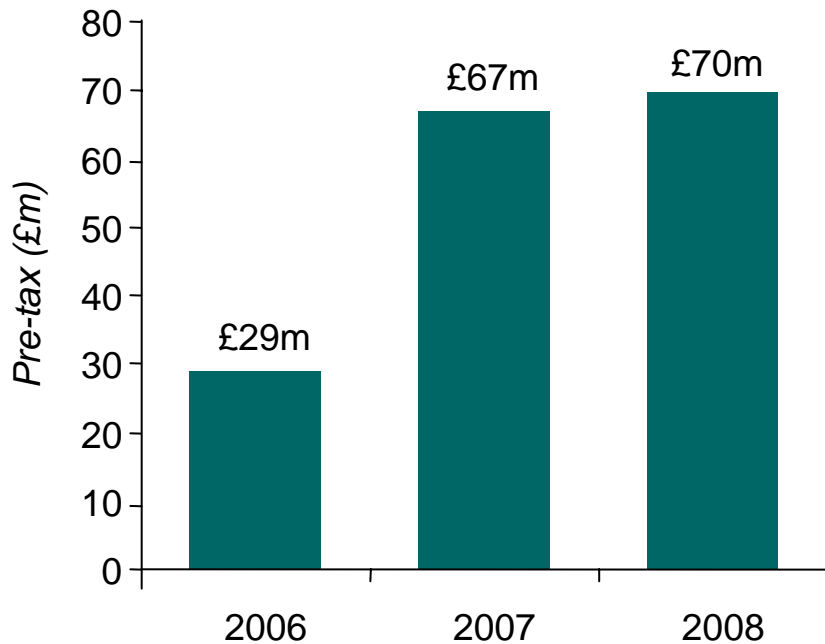
- **Group head office:**
 - reduction in head office and other corporate functions
 - removal of structural costs
- **UK head office:**
 - consolidation of Skandia and Old Mutual Financial Services management
- **UK business synergies:**
 - merger of Selestia and Skandia
 - outsourcing
 - rationalisation of Skandia UK head office and support services

NPV of synergies £480m

Most synergies realised within 2 years

Realisation of estimated synergies⁽¹⁾

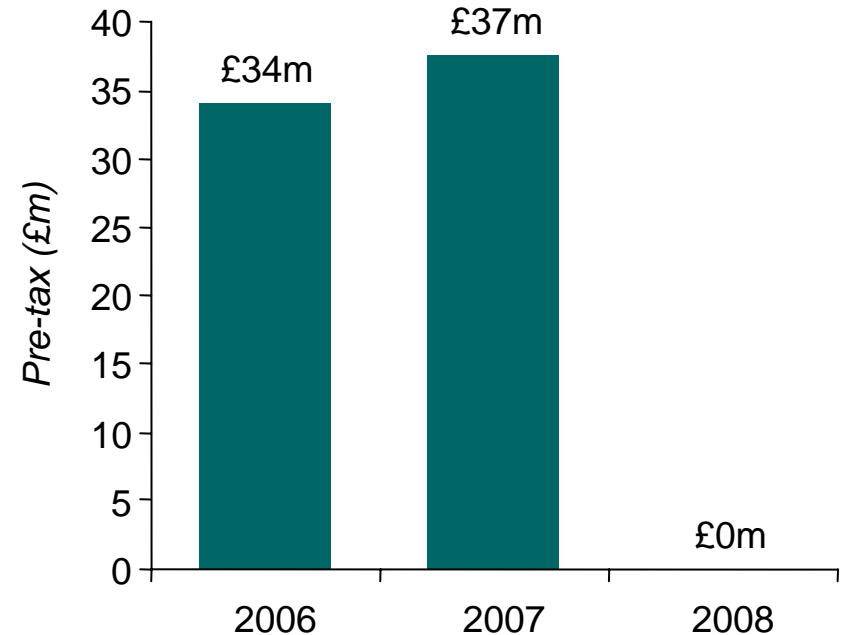
- Full synergies expected by 2008
- 41% in 2006, 96% in 2007



(1) Excluding restructuring costs

Estimated restructuring costs

- Principally Swedish corporate functions and UK related



Potential for revenue synergies

- **Additional scope for revenue synergies, but not included**
- **Potential exists through stable ownership and active measures**
 - Old Mutual has previously been able to grow premiums post integration by providing stable ownership at US Life and Old Mutual Bermuda (OMNIA)
 - Introducing Old Mutual product to Skandia platform
 - Scalable offshore business
- **Improvement potential in UK through margin enhancement and volume growth**

**10% increase in Skandia VNB would produce approximately
£14m (SEK 187m) per annum**

Due diligence revealed good fundamentals

Growth

- Significant potential for APE growth – consensus analyst views conservative

Margins

- Cautious view

VIF

- Adjustments to make consistent with Old Mutual basis

Reduction to NAV

- Some adverse adjustments

Litigation

- Fully reviewed

Taxes

- Reduced ability to achieve tax deductibility in the UK

Synergies

- Detailed plans to deliver synergies

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Summary transaction terms

Key terms

- For every 100 Skandia shares, Skandia shareholders receive SEK1,650 cash and 137 new Old Mutual shares
- Structured as separate offers to allow rollover relief
- Mix and match election facility with cash consideration guaranteed for shareholders with 1,000 or less shares

Price

- Current value: SEK43.60⁽¹⁾ per share and aggregate consideration of SEK44.9bn/£3.3bn
- Premium to market price: 12 May⁽²⁾ 25%
- Pro forma market cap: SEK108.7bn/£7.9bn⁽¹⁾

Equity

- Secondary listing on SSE with increased weightings in FTSE 100, JSE and potential inclusion in SX All Share and other indices
- Skandia shareholders to represent 26% of the Enlarged Group

Commitments and approvals

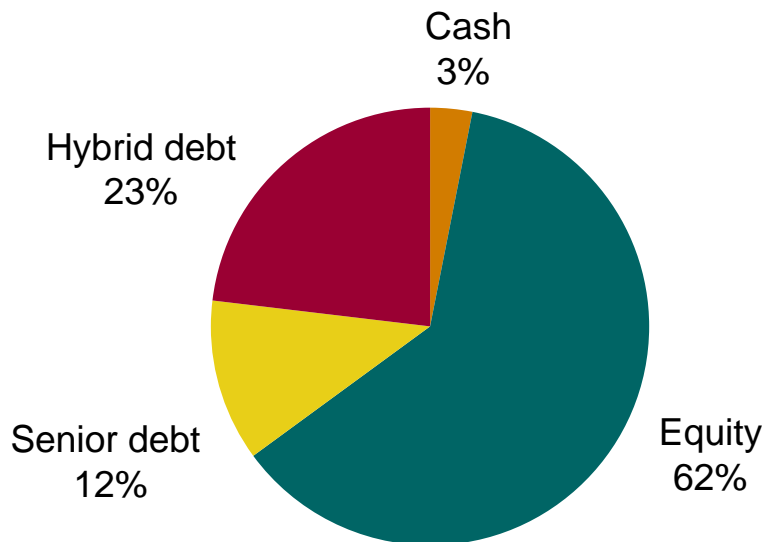
- Conditional upon favourable recommendation from Skandia Board by 23 September
- Skandia shareholder support representing over 15%
- Offer subject to Old Mutual's EGM, regulatory and competition approvals

(1) Based on closing price of Old Mutual of 144.5p on 1 September 2005 and SEK/£ exchange rate of SEK13.67:£1

(2) Being the last day prior to the announcement that Old Mutual and Skandia were in discussions. Skandia's share price on 12 May was SEK34.9

Transaction financing

Financing mix



Key principles

- Well capitalised for future growth
- Debt maximised within rating agency constraints
- Senior debt will initially be drawn down on Old Mutual's existing debt facility

Capital management

- **Target "A" rating**
 - Dialogue with Moody's and Fitch
- **Capital strategy**
 - Strong solvency position
 - Enlarged group cash flows to fund planned growth
- **Gearing ratio**
 - Approximately 30% debt⁽¹⁾
 - Expected to reduce going forward

(1) (Senior debt plus hybrid)/(senior debt plus hybrid plus adjusted embedded value)

Dividend policy

- **Old Mutual's progressive dividend policy unchanged**
- **Significant yield improvement for Skandia's shareholders**
- **Payment of dividend in local currency to Swedish shareholders**
- **New Old Mutual shares will rank for 2005 final dividend**

Expected transaction timetable

- **Skandia Board favourable recommendation** **By 23 September**
- **Publication of offer document, prospectus and shareholder circular** **September**
- **Old Mutual EGM** **3 - 4 weeks after posting**
- **Initial offer tender period closes** **5 - weeks after posting**
- **Completion** **End of 2005/early 2006**

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Solid strategic positioning

Enlarged Group's core regions

Europe

- **Sweden**
 - no 1 life insurer
- **UK**
 - top 10 unit-linked
- **Germany**
 - top 10 unit-linked
- **Austria**
 - no 1 unit-linked
- **Spain**
 - top 5 unit-linked
- **Rest of Europe**
 - growth platform

- ✓ Leading in Swedish home market
- ✓ Highly attractive UK franchise
- ✓ Strong European operations

US

- **US Life**
 - top 5 fixed annuity
- **US Asset Management**
 - US\$209bn AUM
 - Multi-manager style

- ✓ Fast growing multi-brand asset manager and life insurer

South Africa and Emerging Markets

- **South Africa**
 - no 1 life insurer
 - top four bank
- **Colombia**
 - no 1 mutual fund
- **China**
- **India**
- **RoW**

- ✓ Leading in South African home market
- ✓ Access to emerging market growth opportunities through established operations

With Skandia, Old Mutual will...

■ Have great growth potential

- Attractive demographics
 - > Flexible model
 - > Multi brand
- Leader in open architecture
- Substantial distribution relationships

■ Be a powerful combination

- Diversity: Strong in four major markets – SA, Sweden, USA, UK
- Critical mass: AUM £192bn (SEK 2,688bn), EV £7.5bn (SEK 105bn)
- Powerful platform: Financially robust, proven management and processes

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