
Old Mutual South Africa Delivering high returns and growth

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16 October 2007



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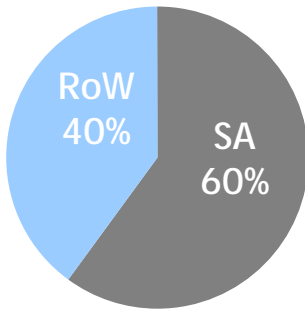
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Building a premier international savings & wealth management group

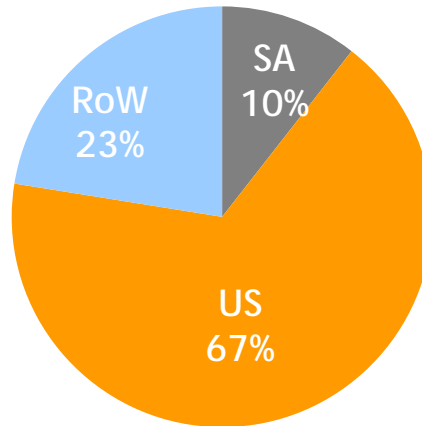
- Asset Management is the core of Old Mutual
- We have consistently produced excellent investment performance
- We have a leading position in open architecture platforms in the UK
 - Powerful brand franchises in South Africa and Sweden
 - Fast growing businesses in Asia, US and around Europe
- Underpinned by a robust capital base

Growing funds under management, internationally

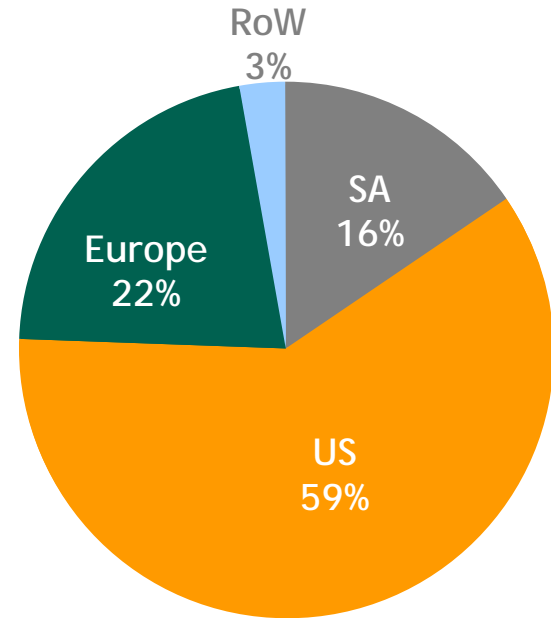
FUM 31 Dec 1999
£45bn



FUM 31 Dec 2001
£143bn



FUM 30 Jun 2007
£263bn



FUM 31 Dec 2008

➔ **£300bn**

Asset management business model

■ Simple business model

- $(\text{Assets} \times \text{Margin}) - \text{Expenses} = \text{Pre tax profit}$
- Pre tax profit averages 50 - 55bps
- £15 billion assets = 1p EPS

■ Target margins are structured to deliver 15% Group RoE

■ Net client cash flow has been double industry average

- FY'05: £13bn (9% of opening FUM)
- FY'06: £22bn (12% of opening FUM)
- H1'07: £12bn (10% of opening FUM)

Old Mutual South Africa - developing from a traditional life insurer to a premier wealth manager

- Asset management is the core part of our business
- We have powerful distribution and a great brand to collect assets - and we will keep growing the distribution
- We have a powerful cash engine in our traditional book
- We have disciplined cost reduction programmes to support the transition

Multi boutique asset management model - similar to US



A Member of the  OLD MUTUAL Investment Group



A Member of the  OLD MUTUAL Investment Group

Boutique model drives investment performance

■ Boutique

- Focus on investment process
 - Stay true to style/class
- Management focus on service of clients
- Alignment with shareholders through profit share pools
- Alignment with clients through co-investment and performance fee structures

■ Central menu

- Equity, Economic and Credit Research
- IT support, trading platforms, operations, benefit plans, legal support
- Compliance and Risk management standards obligatory

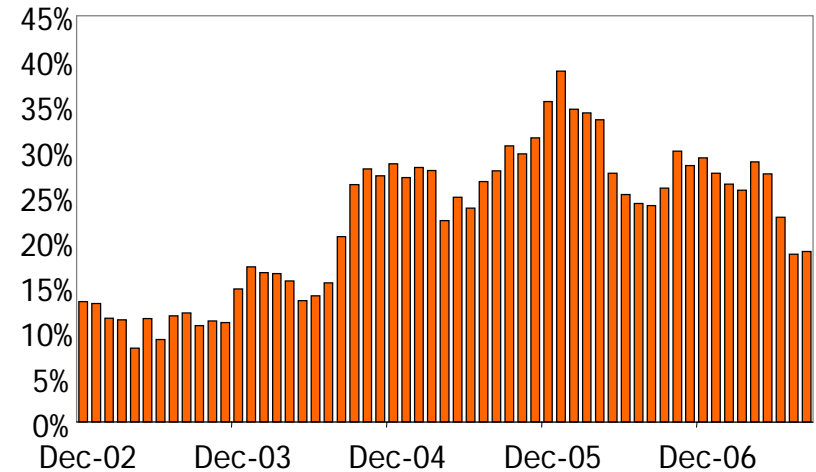
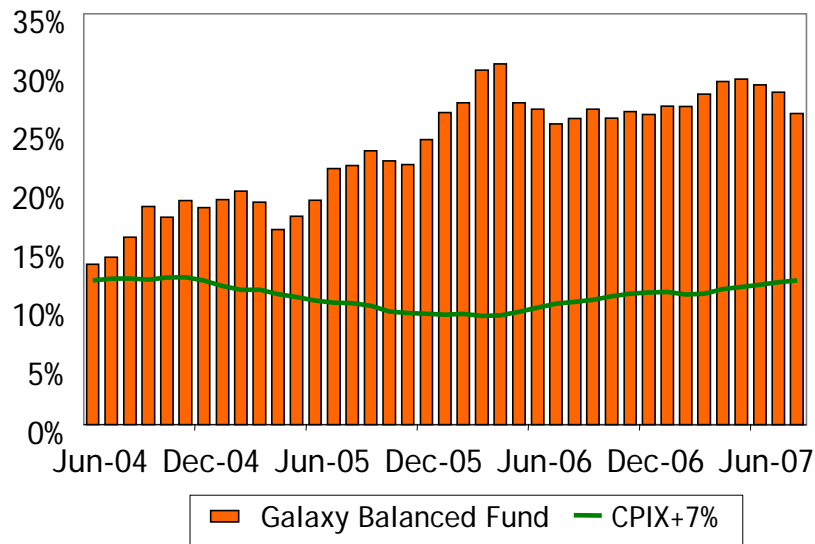
■ Sales and distribution

- Consultant relationships and key account management on a firm wide basis
- Retail/mutual fund platform distribution

Our multi-manager boutique - SYm|mETRY

- R25bn funds under management
 - Own money invested alongside client funds
- 1st Multi-manager to win a Raging Bull award against single managers
- 7 S&P Awards against single managers

Symmetry Absolute Return - 3 yr returns > CPIX + 7% ... and no negative returns over any 18mth period



Specialist equity boutiques

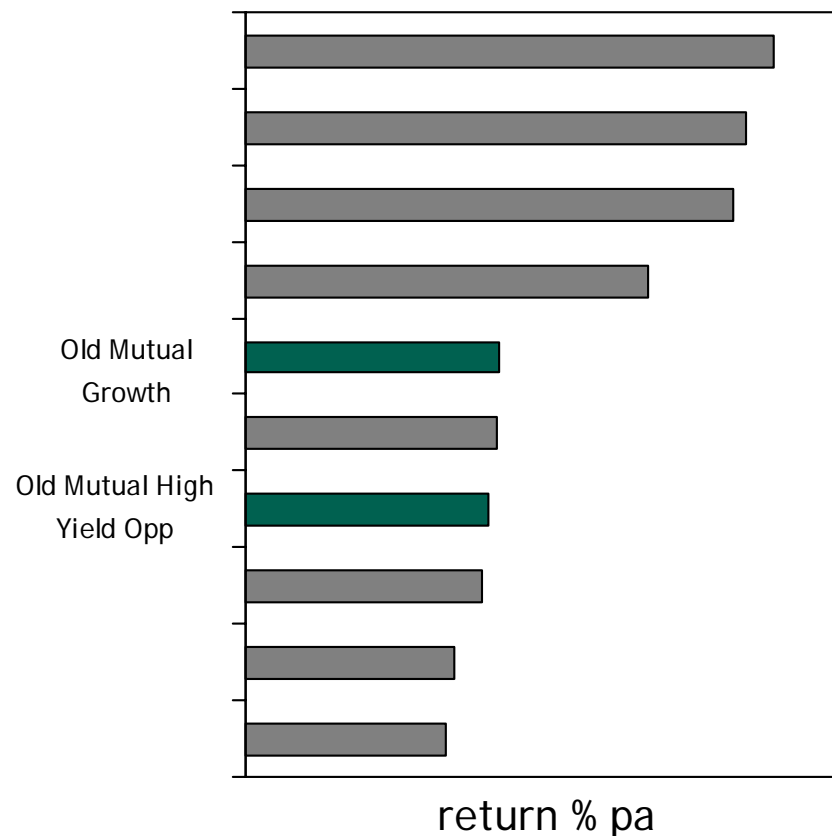
■ Select Equity Boutique

- Raging Bull awards for periods to December 2004, 2005 & 2006
- S&P Awards for periods to December 2005 & 2006
- Chosen to limit capacity to R24bn and 25 clients maximum to preserve focus and quality of client service

■ Value Boutique

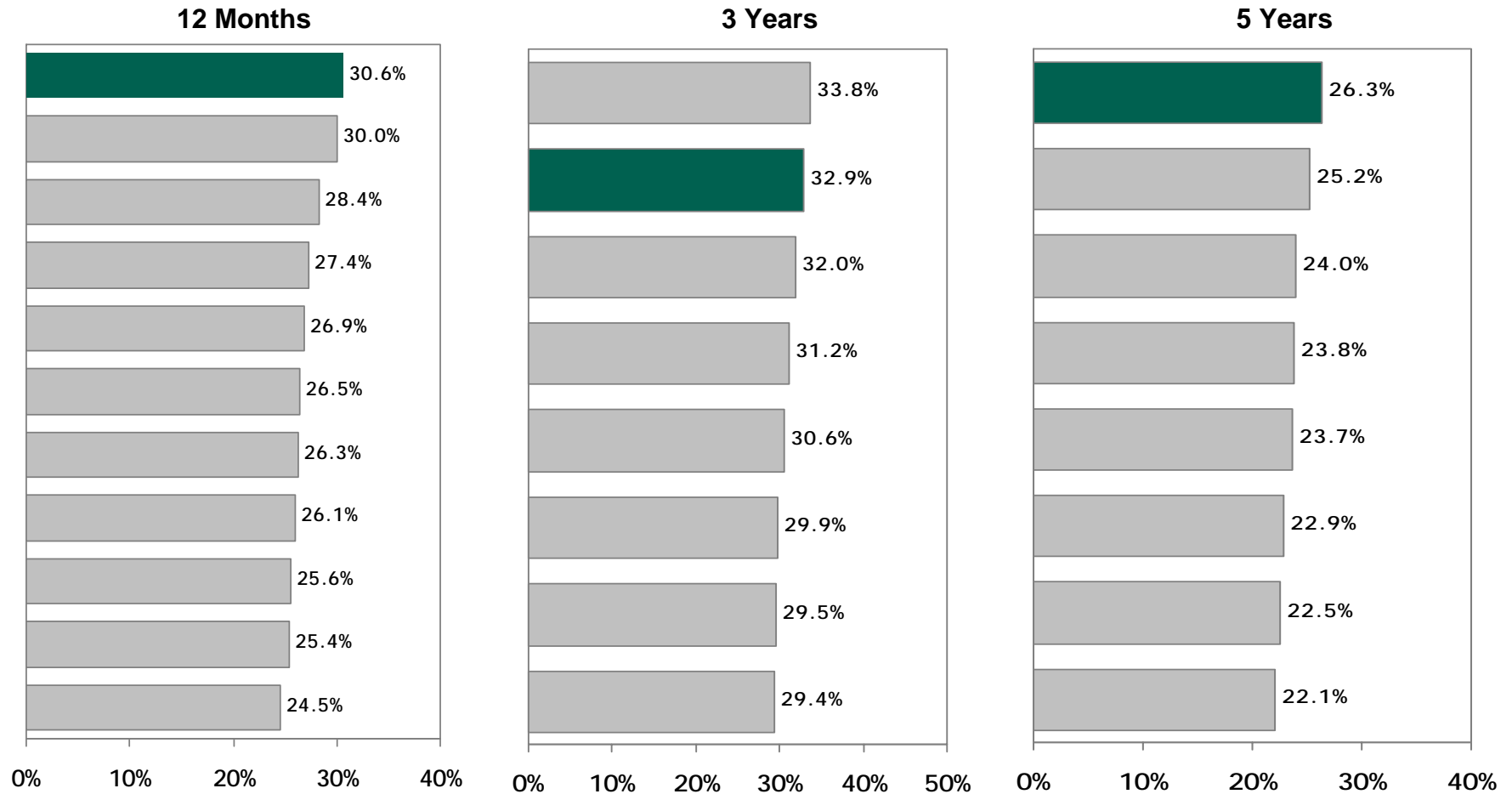
- High Yield Opportunities Fund has delivered excellent value to clients
- Consistently ranks in top 10 over 5 year periods in general equity UT category

General Equity UT category
Top 10 at 31.08.07



Our investment performance is excellent

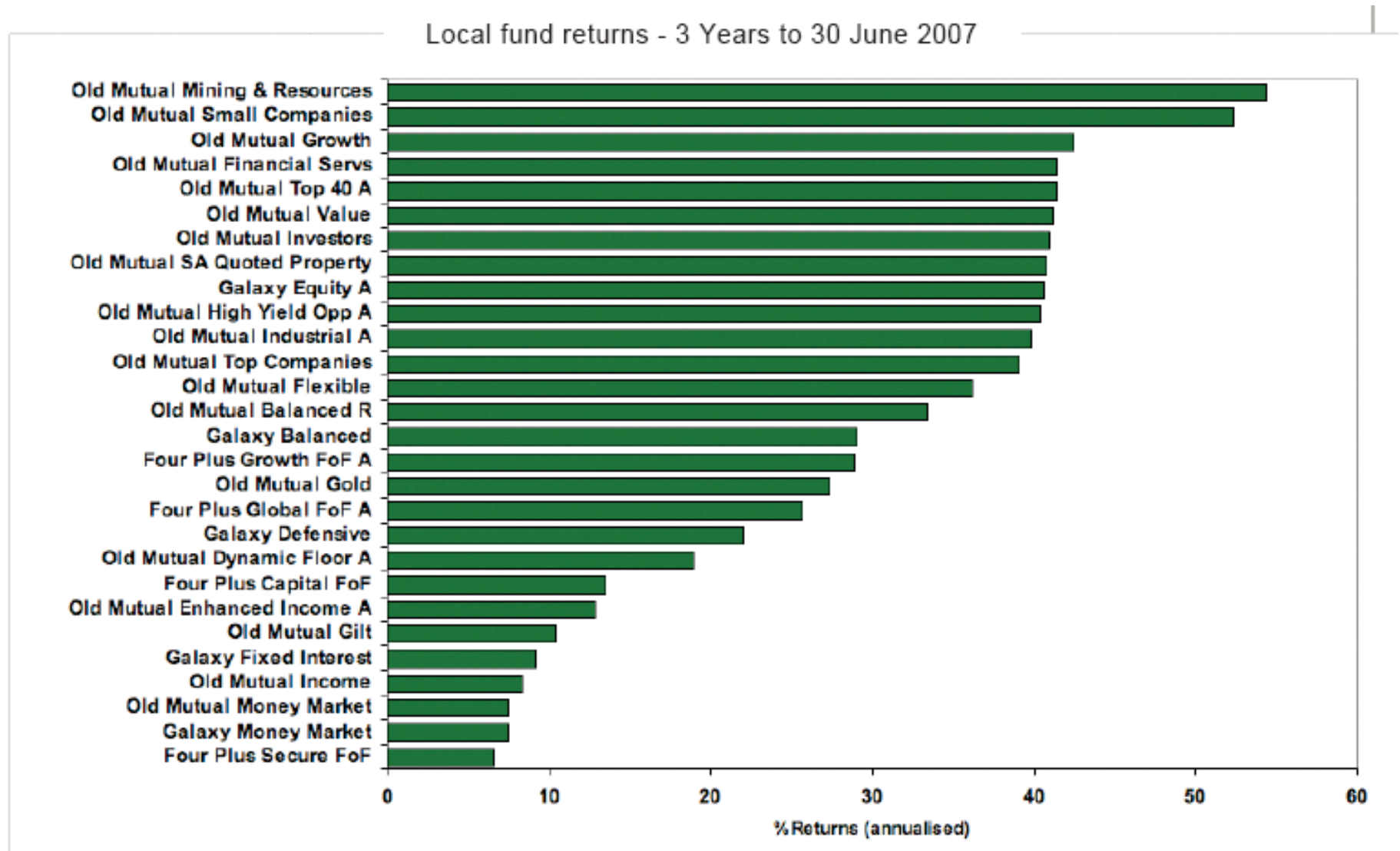
Alexander Forbes Global Manager Watch - OMIGSA Pinnacle Fund ranking



Note: Dynamic Category



Retail & institutional investors can choose from top performing funds across the risk spectrum



Boutiques are creating value in our traditional book

■ Aggressive move to core / satellite

- Large portfolios can be managed with the nimbleness associated with smaller portfolios
- Absolute Growth Fund solution using traditional smoothed bonus concept plus multi boutique asset management

■ Performance fees

- Satellite mandates earn performance fees for greater than target return
- Better alignment with client interests
- Potentially higher income for shareholders

Demographics in South Africa

■ Baby boomers

- In *decumulation phase* and will make up a larger percentage of the population in years to come

■ Buppies

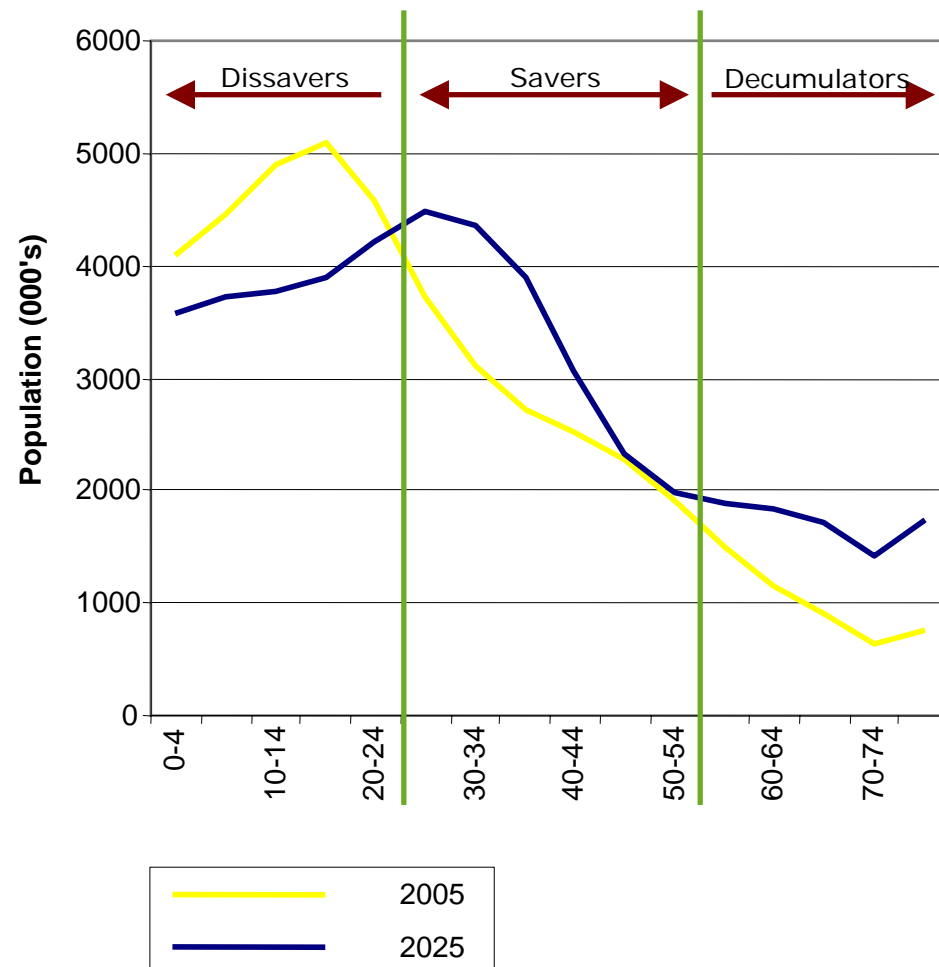
- Spend currently valued in excess of R180 billion per annum - *low savings propensity* but likely to improve in the future

■ Foundation market

- Large untapped potential and growing as the current teenagers enter the economically active population - *very limited capacity to save*

Source: Old Mutual analysis, UN Population Survey, Deloitte

SA 2005 vs 2025



Growth in savings

- Driven by market effects rather than new flows
- Sharp increase in flows into non-traditional assets
- Existing pools for baby boomers
 - Boutiques create competitive advantage
- Rise of the mass retail market
 - first insurance
 - distribution creates competitive advantage

$$A \times M - E = P/C = \text{ROC}$$

2006 Results

| Rm | New Era | Traditional | Total |
|-------------------------------|---------|-------------|---------|
| FUM (2006 ave) | 199,135 | 216,165 | 415,300 |
| Profit before Tax (excl LTIR) | 701 | 3,251 | 3,952 |
| Net margin before tax | 35 bps | 150 bps | 95 bps |
| Profit after Tax (excl LTIR) | 474 | 2,198 | 2,672 |
| Profit after tax /FUM | 24 bps | 102 bps | 64 bps |
| Average Capital (OMSA) | 4,277 | 13,972 | 18,249 |
| Capital/FUM | 2.2% | 6.5% | 4.4% |
| ROC (incl LTIR) | 16% | 25% | 23% |

Financial Targets

| Key Financial Metrics | 2007 / 9 | 2010 & beyond |
|---|----------|---------------|
| RoC | >20% | >20% |
| ■ New Era | 16%-20% | >20% |
| ■ Traditional | >20% | >20% |
| NCCF | +2.5% | > +2.5% |
| Maintenance cost (R per policy per month) | | |
| ■ Retail Mass | 13.09 | n/a |
| ■ Retail Affluent | 13.89 | |

OMSA's role in OM Group

- Highly profitable, with excellent ROE
- Low NCCF growth in medium term
- Platform for growth
- Excellent ROE growth in new era

Questions ?

Appendix

Specialist equity boutique - Select Equity

- Manages unconstrained equity only mandates
- Outstanding team committed to performance
 - Awards: Raging Bulls for periods to December 2004, 2005 & 2006; S&P Awards for periods to December 2005 & 2006
 - Chosen to limit capacity to R24bn and 25 clients maximum to preserve focus and quality of client service

