

**UBS Conference**

**Diane Radley  
OMSA**

**“A new playing field -  
what is the game  
plan for growth”**

**20 October 2009**



**OLD MUTUAL**

invest  
in your  
success

# Disclaimer

This presentation may contain certain forward-looking statements with respect to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual plc's control including amongst other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual plc and its affiliates operate. As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward looking statements. Old Mutual plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

# Old Mutual Group: an introduction

## What we do

- Long-term savings
- Asset Management
- Banking

## Where we are

- UK & Continental Europe
- Africa
- North & South America
- Asia

- Market capitalisation c. £5bn
- Listed on the LSE and JSE (as well as Zimbabwe, Malawi and Namibia)
- Share ownership:
  - 41% Europe, 37% South Africa, 22% rest of the world
- Trading at 30% discount to MCEV and flat to adjusted book value

# Impact of market events on the Savings and Protection Industry

- Markets still volatile – but equity markets improving
- Tightening regulatory environment
- Capital – an ongoing market issue
- Consumer confidence low, but improving
- Increased pressure on sales and persistency
- New business slows, but life industry remains healthy



# Old Mutual is changing

**Stabilise  
& Survive**



**Transform**

# Stabilise & survive

## Stabilise & Survive

- Strengthen cash & capital
- Reduce business risk
- Improve governance
- Build management team
- Change operating model

# Transform

## Transform

- Review strategy
- Build on core strengths
- Improve returns
- Simplify the business

# Old Mutual South Africa is structured around the client ...

*Client Facing Units*

*Retail Mass*  
Lower to Middle income market

*Retail Affluent*  
Middle to Upper income market

*Corporate*  
Small, Medium & Large Corporates and Institutions

*Client Solutions*

Asset Management    Group Life Assurance    Employee Benefits Admin    Healthcare Admin    Risk    Unit Trusts    Savings    Retirement Annuities    Specialised Finance    Property Investments

*Old Mutual Investment Group SA (OMIGSA)*

Absolute Return    Alternative    Core Equity    Fixed Income    Macro Strategy    Marriot Income Specialists    Property    Select Equity    Specialised Finance    Symmetry Multi Manager    Dibanisa Fund Managers    Value Equity

*Back office*

*Old Mutual Service Technology & Administration (OMSTA)*

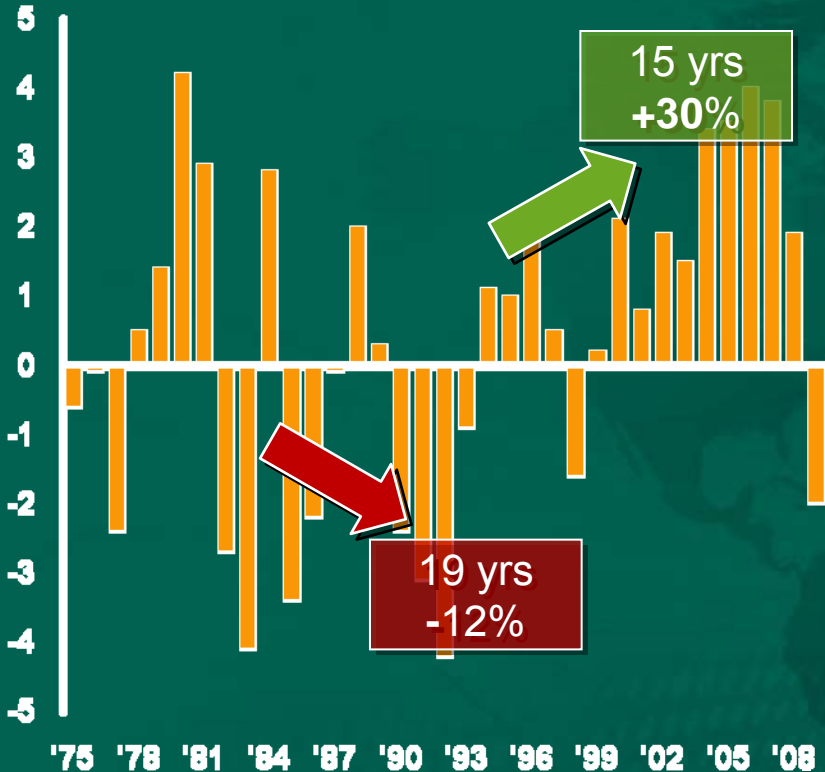
*Human Resources, Finance, Strategy*



## Retail Affluent – Impact of economic downturn

- Recurring premium risk products sales holding up – not impacted by Comm Regs changes
- Recurring premium savings – Downturn and Comm Regs have had a negative impact
- Single premium Non-Life under more pressure than Single Premium Life – clients opting for guarantee type products

# Our view of the future for the growing middle class has not changed



Average GDP growth 2000-2008	4.1% <sup>2</sup>
Forecast GDP growth 2010	1.7% <sup>2</sup>
5 Year Forecast	
% change in GDP per capita	2.5% <sup>1</sup>
% change in Real GDP	2.4%
Bank Capital Adequacy	13% <sup>2</sup>

Emerging market growth with first world regulation

<sup>1</sup> Source: Economist Intelligence Unit/ML Research

<sup>2</sup> Source: Nedbank Economic Research

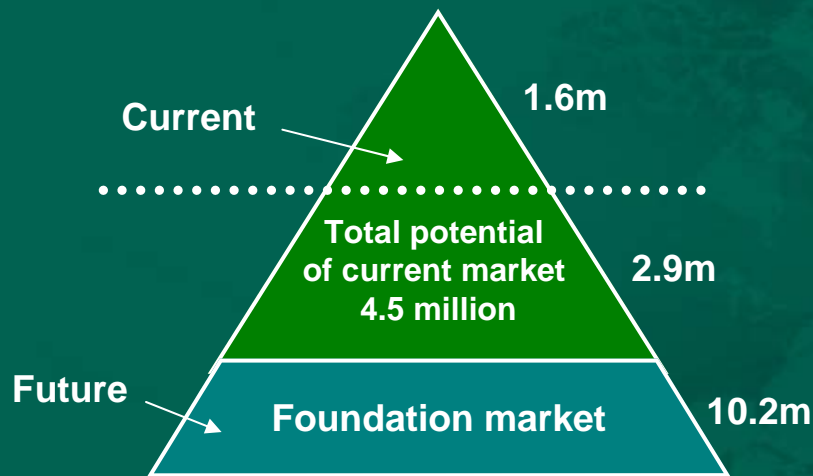
# Retail Affluent – Game plan for growth

- A "baby boomer" market in the decumulating phase.
- A fast-growing black middle market that is accumulating savings and wealth
- Opportunities for selling to individuals within corporate funds
- Selectively growing and optimising distribution

# Retail Mass – Impact of economic downturn

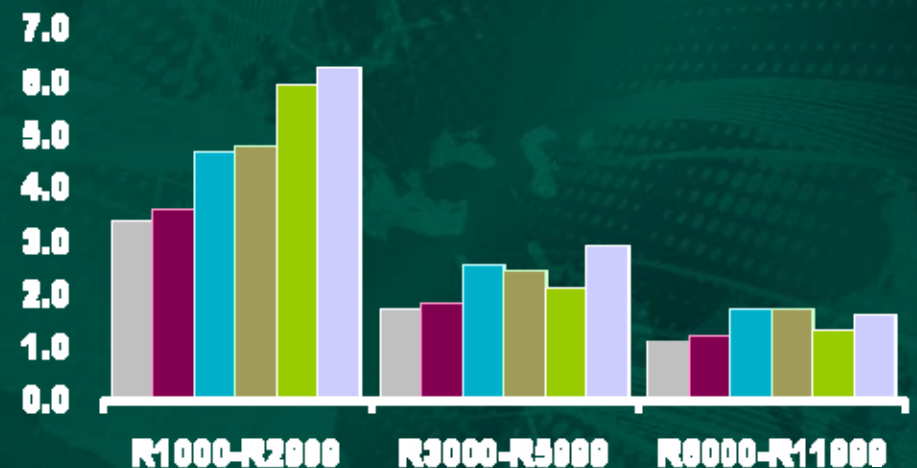
- Retrenchments in the private sector – negative impact on retention
- Public sector has been resilient - higher job security and less persistency issues
- High levels of indebtedness due to customers over - committing themselves

# SA: Retail mass market opportunity



- Sheer size of market
- Low current penetration
- Steady growth in higher income bands
- Old Mutual brand recognition

Income distribution patterns<sup>1</sup>  
2003 - 2008



<sup>1</sup> Age 18-64 only  
(Note £1 = 12.59R as at 11 September 2009)



# Retail Mass – Game plan for growth

- Consolidate public sector presence
- Selectively grow within stable parts of the private sector
- Increase product basket to acquire greater share of wallet (short-term insurance and lending products)
- Increase distribution reach
- Improving business operational efficiency
- The rapid increase in the number of people entering the Mass and Foundation markets continues to propel growth
- Get the right people

# Corporate – Impact of economic downturn

- Increased benefit outflows
- Increased disability claims
- New business is affected by the economic downturn in a number of ways.
  - Umbrella fund business – sales lower as adding new benefits to employees falls down the list of company priorities
  - Outsourced annuity market - Funds unable to outsource because they cannot afford the annuity purchase price as the assets of the fund have been affected by market falls in 2008/early 2009.
  - Trustees have become more hesitant about making investment decisions

# Corporate – Game plan for growth

- Larger deals still happen (once funds return to being funded).
- Growth in the small/medium market remains because many employers do not yet have retirement funding in place.
- Opportunities for inorganic growth in this market as some providers may be getting into difficulty
- New products and channels
- Retailisation of funds
- Leverage off deep institutional client relationships

# OMIGSA– Impact of economic downturn

- Lower market levels reducing revenue
- Pressure on investment performance
- Reduced performance fees

# OMIGSA – Game plan for growth

- Retain and attract talent
- Focus the talent on areas where we will win
- Product innovation
- Increased focus on selling and distribution methodologies
- Increased “number of lines in the water” through differentiation
- Deliver good performance relative to peers
- Brand positioning



# Africa – Impact of economic downturn

## ■ Zimbabwe

- Strong life sales to date due to clients re-establishing group life benefits on a US dollar basis.
- AUM boosted by good Stock Exchange performance
- Political uncertainty still a major concern

## ■ Swaziland

- Sales under pressure due to poor economic outlook.

## ■ Kenya

- Unit trust business negatively affected by falling markets.
- Drought, political instability and lower tourism revenue affecting the country's economy

# Africa – Impact of economic downturn cont.

- Malawi
  - Life sales stable due to acquisition of new corporate clients.
  - Profits affected by negative investment returns
  - General economy dependent on SA consumption, availability of forex and donor funding
- Namibia
  - Slowing GDP growth, falling interest rates , economic uncertainty
  - Life single premium sales negatively affected
  - Clients moving to non-life money-market products for stability
  - Recurring premium risk sales improving

# Africa – Game plan for growth

- Customer focus, client segmentation and clear branding
- Distribution management
- Operational efficiency
- Investing in and developing people
- Involvement in economic transformation
- Greenfield operations in selected countries in West Africa and East Africa
- Establish OM Africa as a growth platform for OMSA

# Summary Game Plan

- Investment in people
- Relentless focus on retention
- Increased focus on the customer
- Continued innovation
- Build on core strengths
- Develop a strong African presence
- Exogenous factors have not derailed growth plans
- Well placed for market recovery

# Looking ahead

## Condition

## Impact on Old Mutual

Equity markets recovering

Higher FuM, fee growth, higher transaction volumes

Low interest rate conditions

Shift in product mix

Stabilising GDP

Consumer confidence rises but lapse & new business experience lags GDP