

An aerial, high-angle photograph of a large crowd of runners participating in a marathon. The runners are densely packed and moving in the same direction, creating a sense of motion and scale. The image is in black and white, with long shadows cast by the runners, suggesting a bright, sunny day. The runners are wearing various athletic gear, including tank tops, shorts, and running shoes. The overall composition is dynamic and emphasizes the collective effort of the participants.

# OPPORTUNITIES AND CHALLENGES ON THE ROAD TO RECOVERY

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# Agenda

- Introduction to Old Mutual
  - 2010 First quarter update
- Emerging Markets' Macro Economics
- Old Mutual and approach to Emerging Markets

# 2010 first quarter update

- Robust sales<sup>1</sup> performance across LTS businesses
  - APE sales up 21% to £397m
    - South Africa (incl. Namibia) APE sales up 7% to R1.1.bn
    - Wealth Management APE sales up 62% to £210m, UK up 72%
    - APE sales in Nordic fell 23% to SEK606m as management actions take effect
  - Unit trust sales up 39% to £1,956m, rapid growth in UK and Nordic
  - Strongest quarter to date on UK platform with net inflows of nearly £1bn
- Funds under management up 8% in the quarter to £308.6bn
- Capital has continued to improve, liquidity position maintained
- We have commenced the cost reduction programmes
- We continue to enhance the sales and distribution mechanisms in the LTS division

1. All percentage movements quoted in constant currency compared to Q1 2009

# Old Mutual's emerging market businesses

Country	Emerging Markets Business	Nedbank <sup>1</sup>	Mutual & Federal
South Africa	✓	✓	✓
Namibia	✓	✓	✓
Zimbabwe	✓	✓	✓
Kenya	✓	✓	
Swaziland	✓	✓	
Malawi	✓	✓	
Lesotho		✓	
Botswana			✓
Colombia	✓		
Mexico	✓		
China	✓		
India	✓		

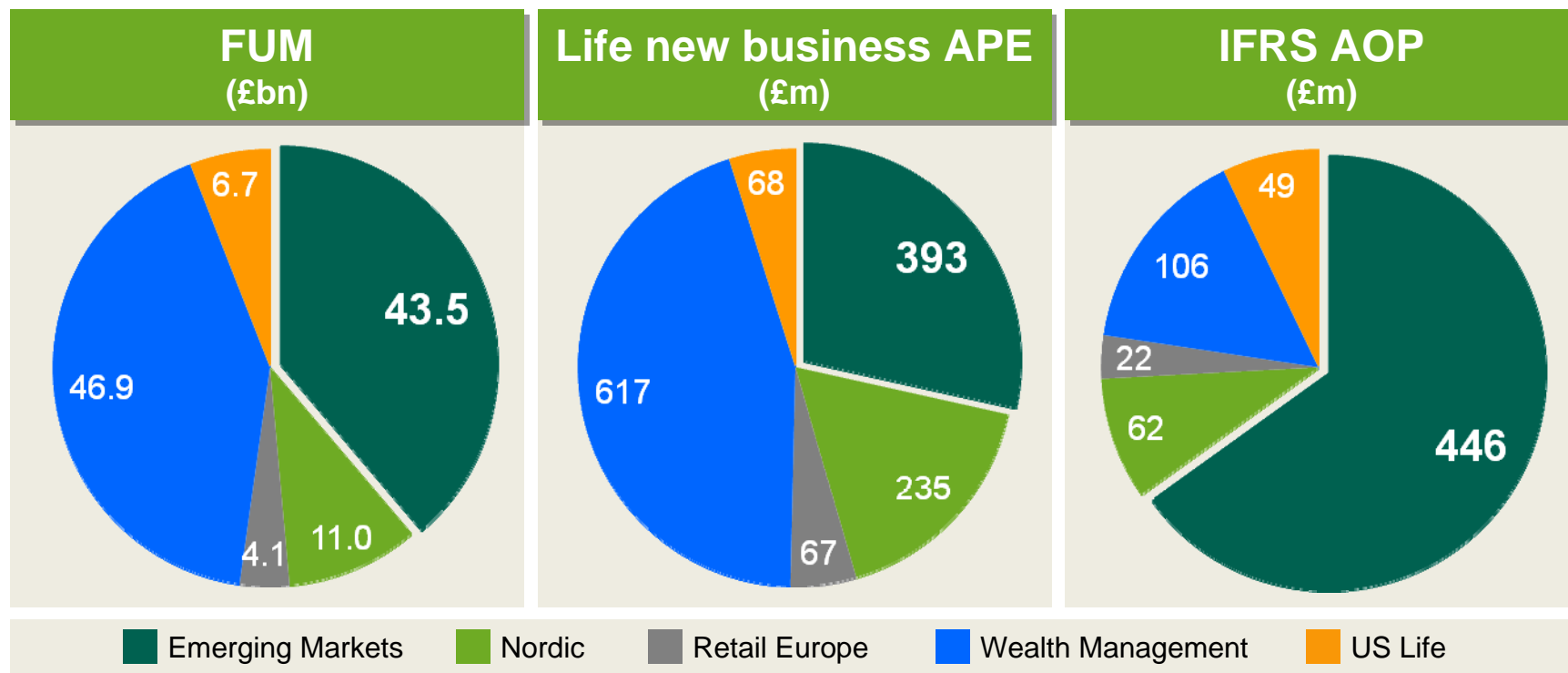
Country	Population
Africa	1 billion
China	1.3 billion
India	1.2 billion

1. Nedbank has a representative office in Kenya only. Nedbank's strategic partner, Ecobank, has banking operations in 29 other African countries

# Emerging markets: contribution to Long-Term Savings 2009



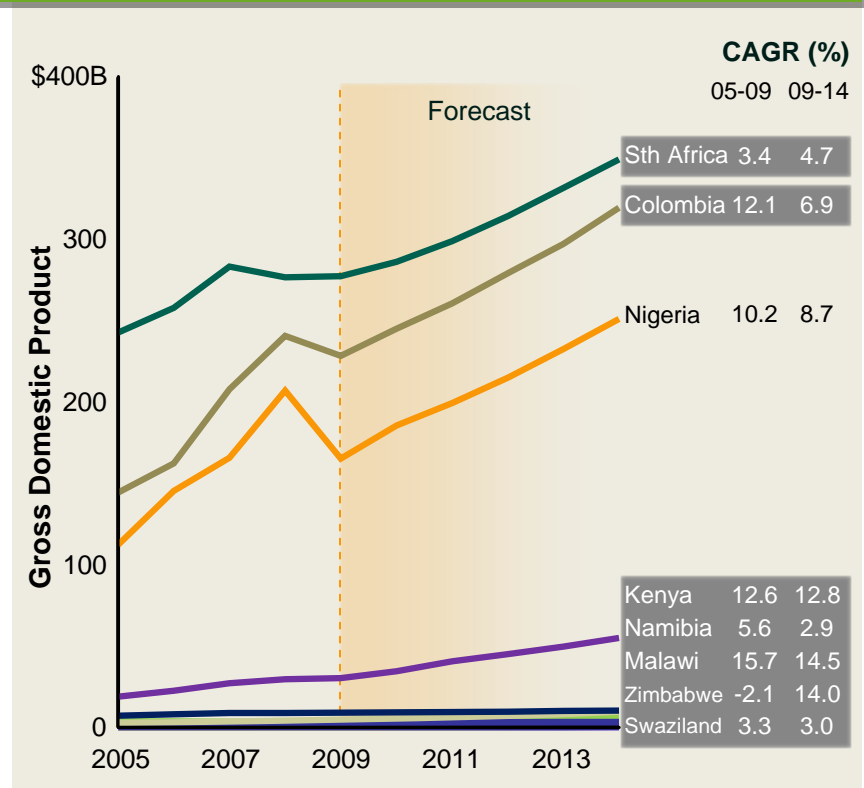
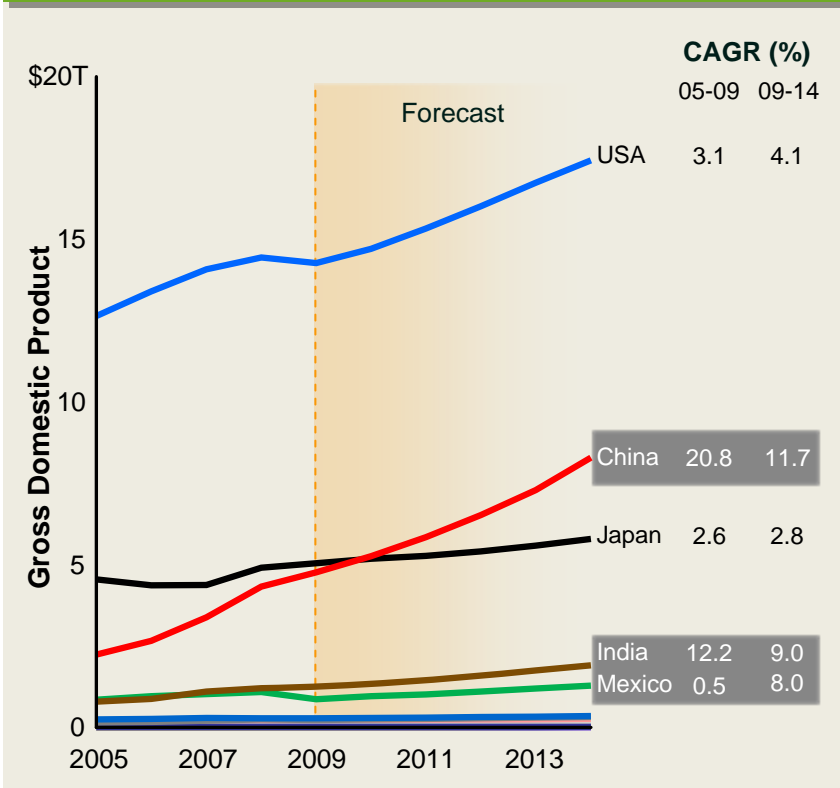
Contribution to 2009 Group AOP



- Emerging markets business unit includes Old Mutual South Africa (OMSA), Namibia, Colombia, Mexico, India and China
- OMSA (including Rest of Africa) is split into Retail Mass Market, Retail Affluent Market and Corporate segments and OMIGSA

# Strong prospective GDP growth rates for Old Mutual's emerging market businesses

## GDP at current prices across Emerging Markets economies in USD



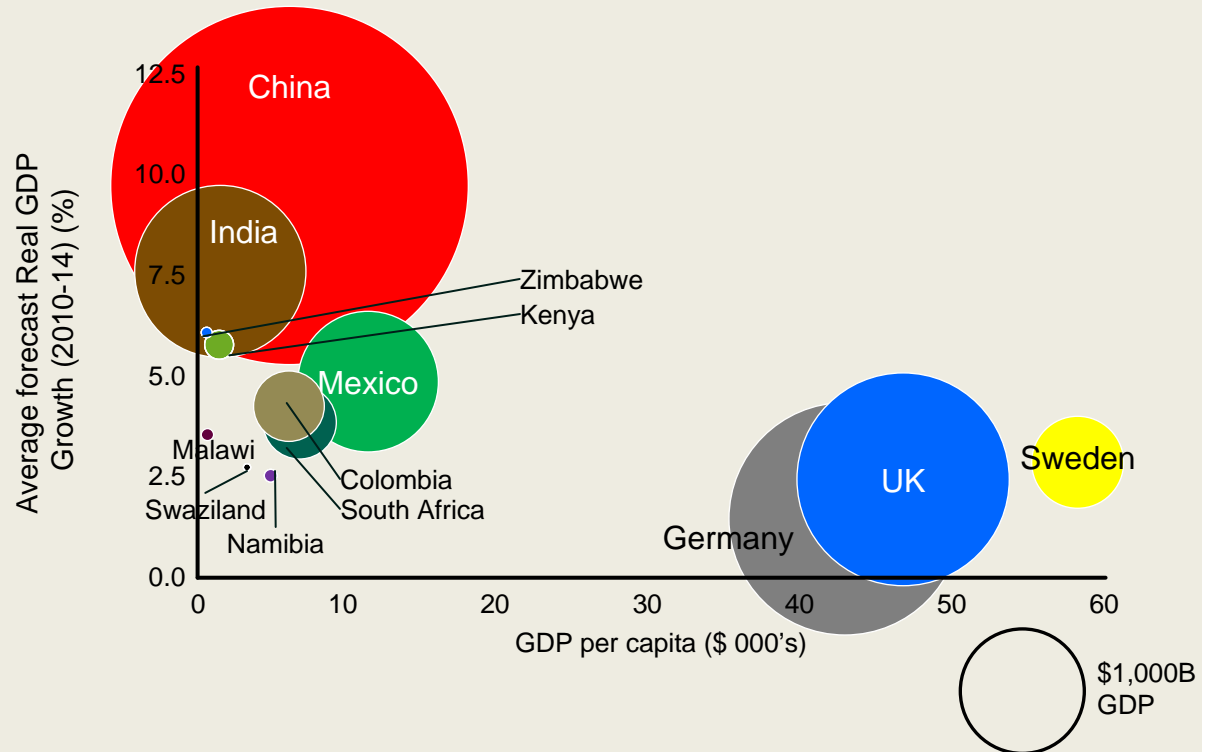
Source: IMF Website; World Bank Website

Note: GDP Forecasts are from 2009 onwards, these forecasts are internal IMF forecasts

# GDP per capita forecast to continue improving

## GDP, real GDP growth and GDP per capita compared across Emerging Market Countries for 2014

- Mexico, South Africa, Colombia close to USD10,000p.a in 2014 from USD5,000-7,500p.a in 2009
- Other target markets are attractive given customer segmentation and Old Mutual footprint

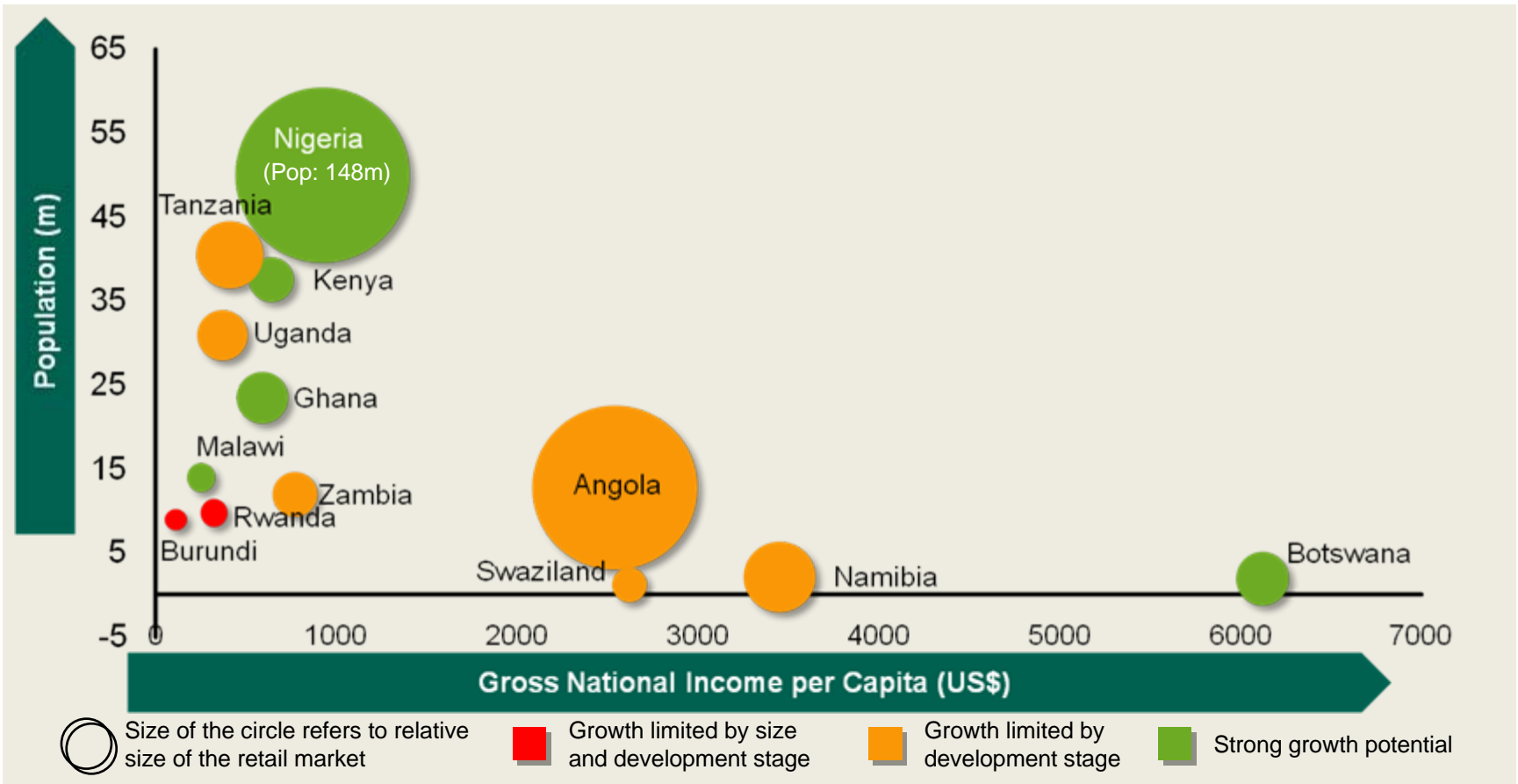


Source: IMF Website; World Bank Website; United Nations Human Development Report

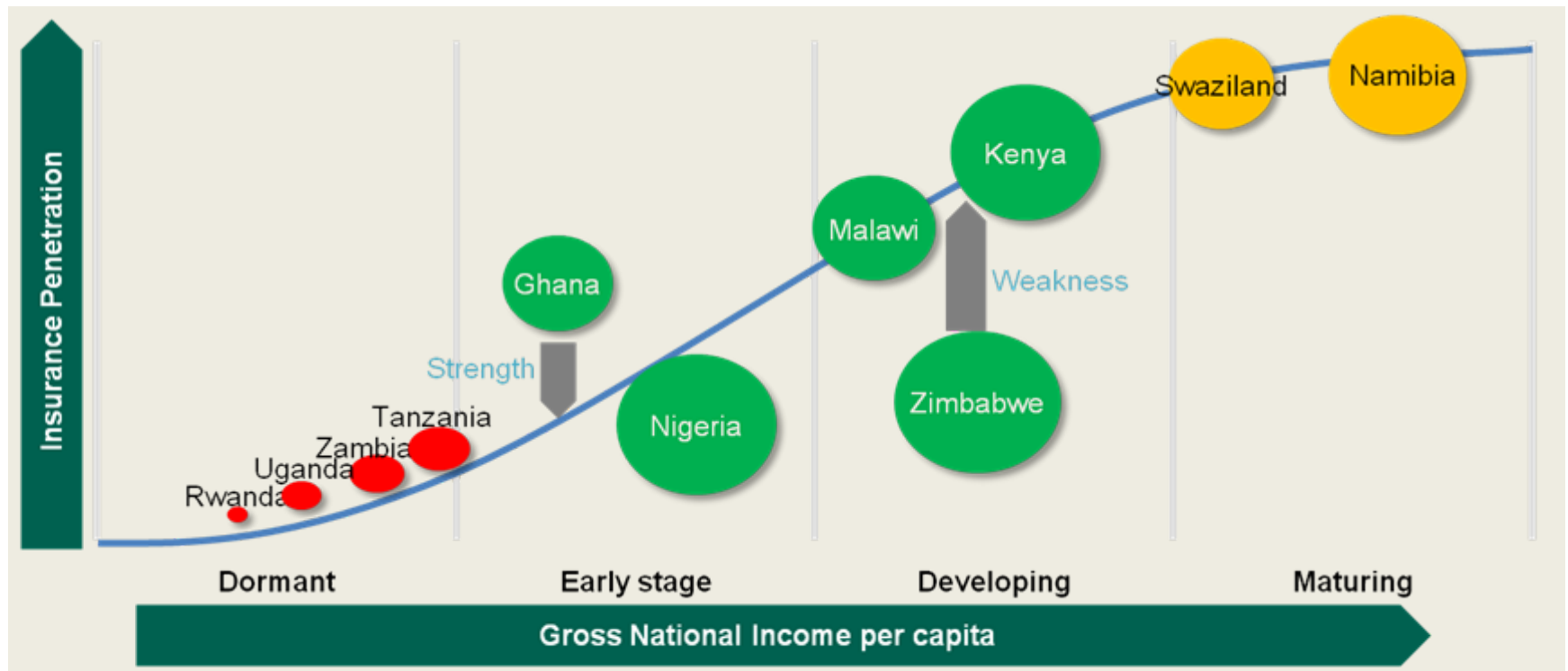
Note: Forecasts are from 2009 onwards, these forecasts are internal IMF forecasts; Gini Index data is not all taken at the same date, the dates range from 2000 to 2006 depending on the country



# African opportunity



# Financial market lifecycle



- 11 countries assessed in the context of their stage of development
- Size of sphere indicates the additional (ie over above existing) long term profitability available within each economy

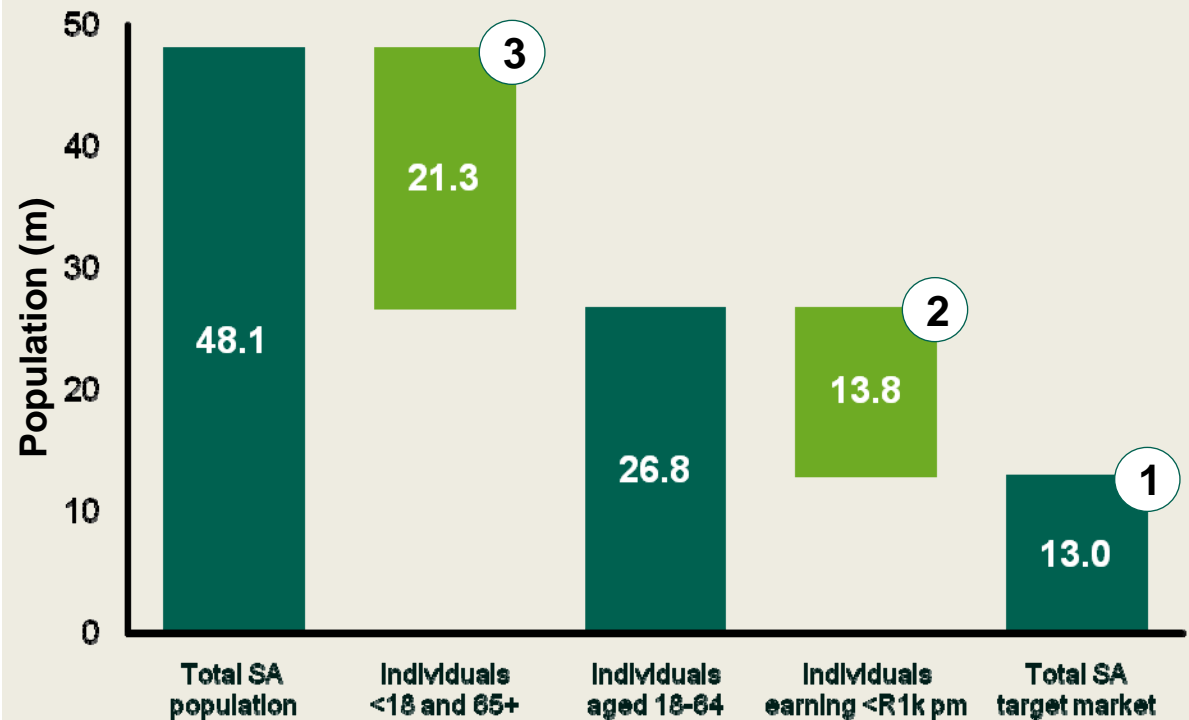
# We are familiar with emerging market complexities in South Africa

- Structural adjustment has led to faster growth
  - Average annual GDP growth 2000 – 2008: 4.3% p.a;
  - Consensus growth forecast for 2010 at 3%
- Medium to long-term growth prospects are good
  - Drivers are favourable demographics, public sector infrastructure drive and growing integration with Africa;
  - National policies geared towards sustainable economic growth; and
  - Longer term growth potential estimated to be over 4% by the SA Reserve Bank
- But there are major challenges
  - Raise savings levels;
  - Improve and maintain skills base;
  - Lower inflation to enhance global competitiveness;
  - Improve public service delivery; and
  - Address structural inequality

# Market segmentation analysis is key

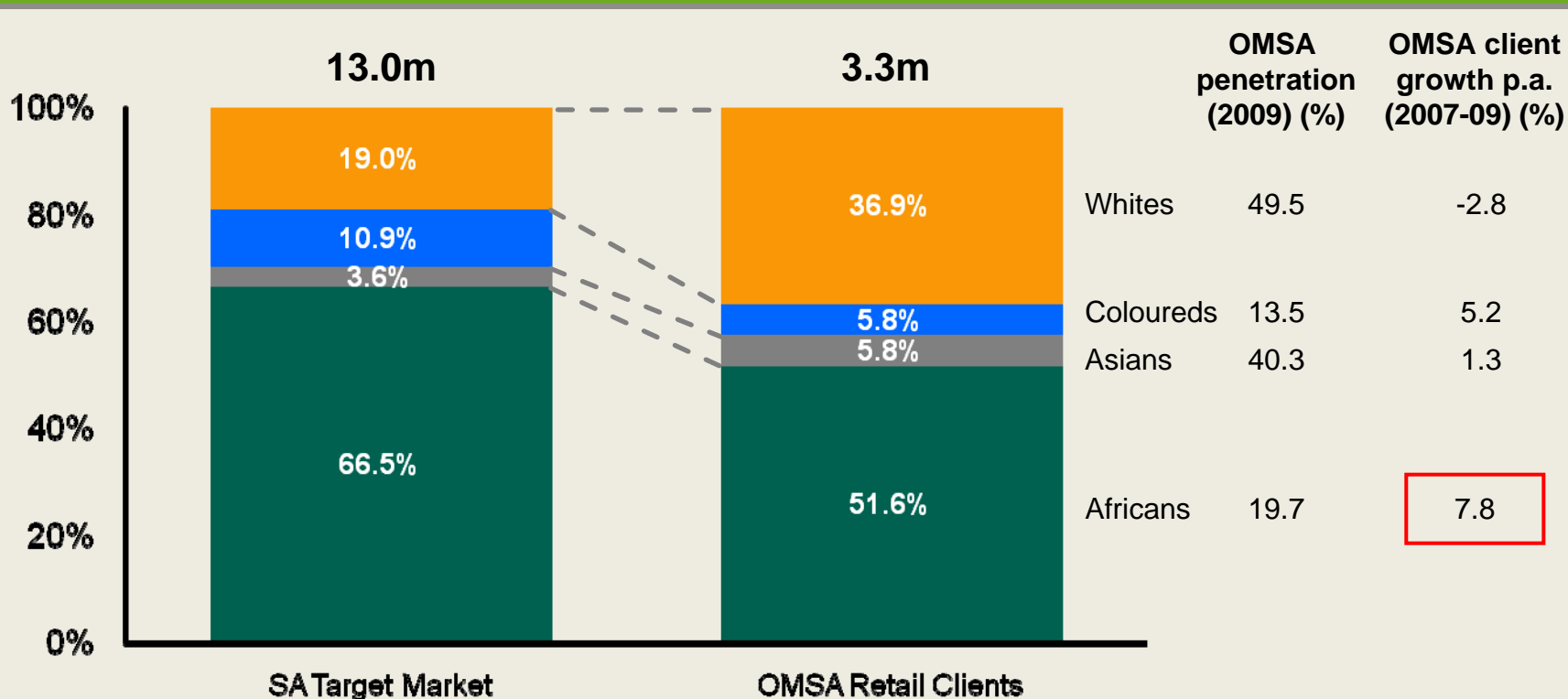
## Breakdown of the SA population (2009)

1. Target market for Old Mutual is only 27% of the population
  2. Substantial GDP per capita increase needed to become target customers
- However:
3. Substantial population numbers coming through to drive future growth



# Segmentation of the target 13m is key to planning for the future customer base

## OMSA retail client base compared to the SA target market by segment (2009)



Note: It is assumed that clients with unknown race in the OMSA client base have a similar racial breakdown as those for whom data is available

Source: Bureau for Market Research (BMR), OMSA CII Unit

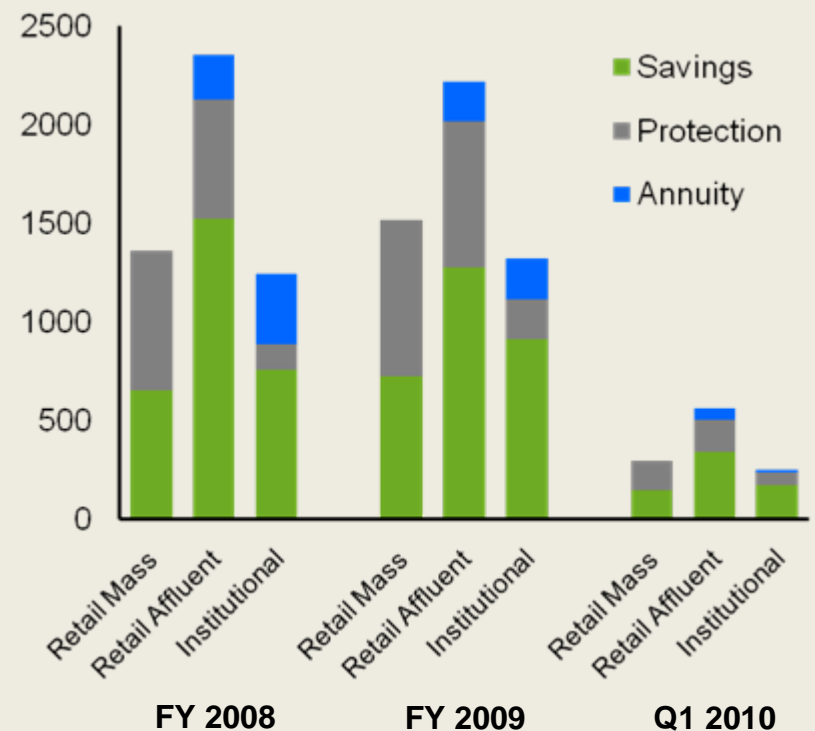
# OMSA has strong market share with strong sales

Industry	Measure	Old Mutual 2009 Market Share
Savings (SARB)	% of Total Industry Assets	12.0%
Life (ASISA)	Total Premium Income	25.3%
Unit Trusts (ASISA)	Unit Trusts (incl Money Market)	6.7%
	Unit Trusts (excl Money Market)	7.7%
Asset Management	Assets Under Management (incl Life Assets)	17.4%

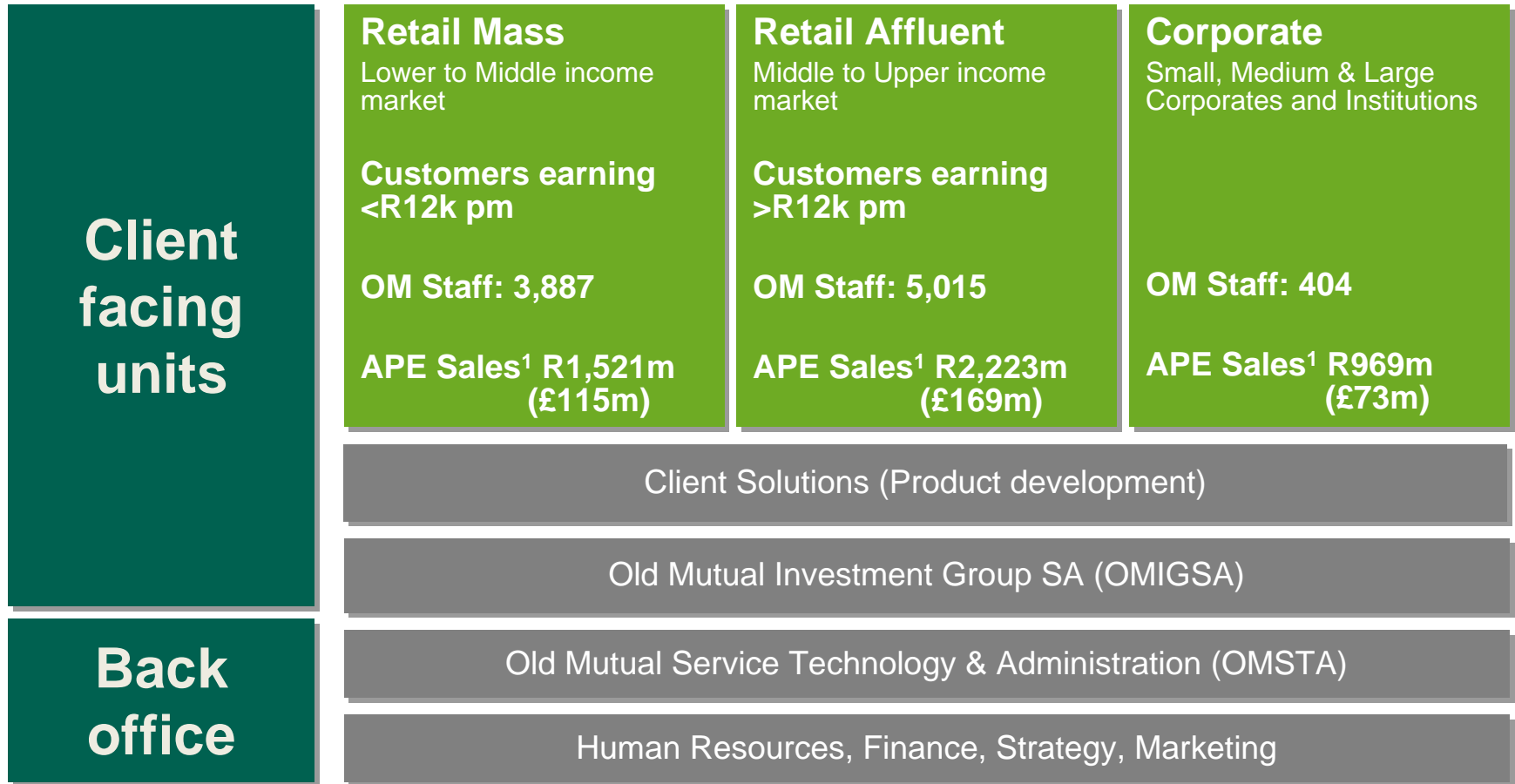
Product shifts: Burial plans → Healthcare & education savings → Pension savings and property & casualty products

Customer shifts:- Corporate → Individual  
- White HNW → Black Middle Class

## OMSA<sup>1</sup> segmentation and life sales split



# OMSA operating structure reflects this shift



1. OMSA including Namibia, sales are for the year ended 31 December 2009.

# We have previously exported products into Africa



**Namibia**

Pop: 2 million

Market position: Life: #1, AM: #1

Clusters: Retail Mass; Retail Affluent; Corporate; Asset Management

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**Zimbabwe**

Pop: 10 million

Market position: Life: #1, AM: #1

Clusters: Corporate; Asset Management; Unit trusts; Retail Affluent

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**Kenya**

Pop: 45 million

Market position: Life: #9, AM: #1

Clusters: Retail Mass; Unit Trusts; Corporate; Asset Management

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**Swaziland**

Pop: 1.2 million

Market position: Life: #1

Clusters: Retail Mass; Corporate

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**Malawi**

Pop: 14 million

Market position: Life: #1, AM: #1

Clusters: Corporate; Unit trusts; Asset Management



# OMSA gives us competitive advantage in other emerging markets

	Africa (excluding South Africa)	New Markets (Colombia, Mexico, China and India)
<b>Product development &amp; support</b> (including traditional and savings products)	<ul style="list-style-type: none"> <li>Ability to leverage off SA capability and resources</li> <li>'Customisation' of product features and benefits across countries</li> </ul>	<ul style="list-style-type: none"> <li><b>ColMex:</b> Strong product design capability, coupled with consistently good performance</li> </ul>
<b>Sales &amp; distribution</b> (including face to face and worksite marketing)	<ul style="list-style-type: none"> <li>Play across Retail (mostly HI to HNW) and Corporate segments</li> <li>Harnessing new world distribution (mobile, retail partnerships) to complement conventional models</li> </ul>	<ul style="list-style-type: none"> <li><b>ColMex:</b> Strong tied agency force to challenge dominant bancassurance channels</li> <li><b>India:</b> JV partnership with Kotak Mahindra financial services group</li> </ul>
<b>Size/scale</b>	<ul style="list-style-type: none"> <li>Dominant (#1) savings &amp; investment company Namibia, Zimbabwe, Swaziland and Malawi</li> <li>Aggressive expansion plans</li> </ul>	<ul style="list-style-type: none"> <li><b>Columbia:</b> More than 1/3<sup>rd</sup> of the voluntary pensions market</li> <li><b>Mexico &amp; India:</b> fast growing, significantly outpacing industry growth</li> </ul>
<b>Admin &amp; Support functions</b> (including Actuarial)	<ul style="list-style-type: none"> <li>OMSTA already providing admin and support to Namibia</li> <li>Experienced at setting up local, cost effective admin functions</li> <li>Track record of low unit costs (55% lower than SA competitors)</li> </ul>	<ul style="list-style-type: none"> <li>Experienced at operating with local admin partners</li> <li>New markets admin could be outsourced to South Africa</li> </ul>

# Old Mutual's emerging market strategy

- Unique framework for product and geographic expansion
- Long history of serving customers in emerging markets
- Product suites must be market, segment and income band specific
- Operating leverage driven from the tried and tested OMSA “chassis” of Retail Affluent and Mass retail segments
- The core of our wider Group Long-Term Savings strategy is driving products and synergies
- Target return on equity of 25% for each country in Africa in which we operate
- Currently generate 5% of OMSA profit after tax, aspire to generate 10% by 2012

# Summary

- Africa and other emerging market countries:
  - good growth potential
  - key part of Old Mutual strategy
- We are leveraging our South Africa expertise into other Africa and emerging market countries



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Appendix

# 2009 Financial results: highlights

	2009	2008 reported	2008 restated <sup>1</sup>
Adjusted operating profit <sup>2</sup> (IFRS)	<b>£1,170m</b>	£999m	£1,136m
Adjusted operating EPS (IFRS)	<b>12.1p</b>	12.2p	14.9p
Return on equity	<b>9.1%</b>	9.0%	11.3%
Net client cash flows	<b>(£3.1bn)</b>	(£1.2bn)	
Funds under Management	<b>£285.0bn</b>	£264.8bn	
Dividend per share	<b>1.5p</b>	2.45p	

- Strong set of results in 2009
- Improved market conditions in H2 and very strong Q4 sales
- Strengthened capital position and final dividend for 2009

1. 2008 AOP, EPS and RoE restated to exclude Bermuda (treated as non-core)

2. 2. Pre-tax and MI

# 2009 Financial Results: IFRS AOP<sup>1</sup>

£m	2009	2008
Long-Term Savings	685	452
Nedbank	470	575
Mutual & Federal	70	76
US Asset Management	83	97
Finance costs	(104)	(140)
Interest payable to non-core operations	(40)	-
Other expenses	(85)	(32)
LTIR on excess assets	91	108
<b>AOP</b>	<b>1,170</b>	<b>1,136</b>

1. AOP is pre-tax and MI and 2008 has been restated to exclude Bermuda (treated as non-core)

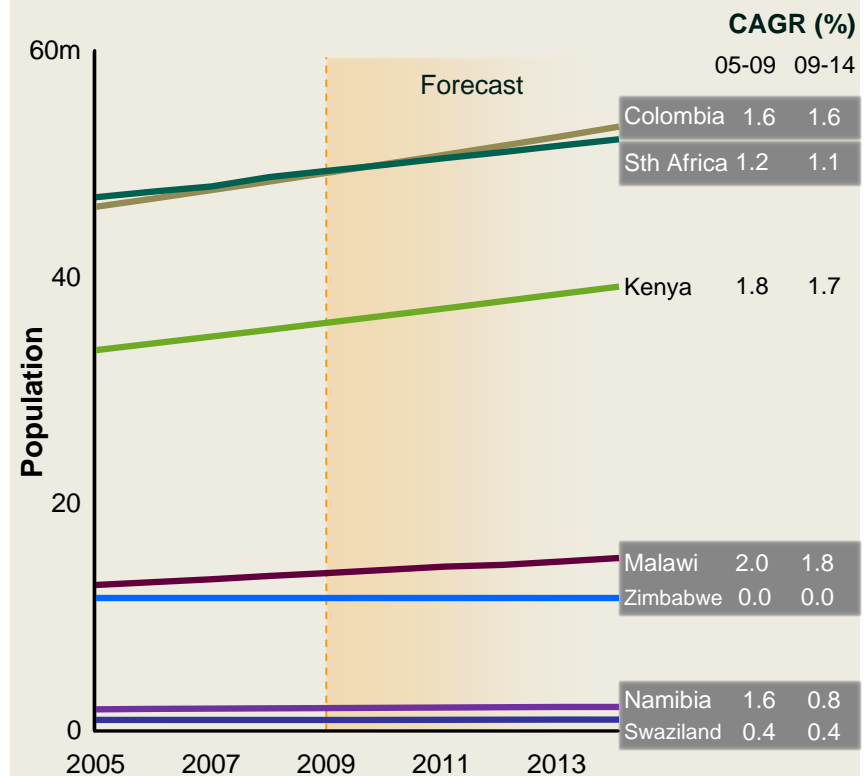
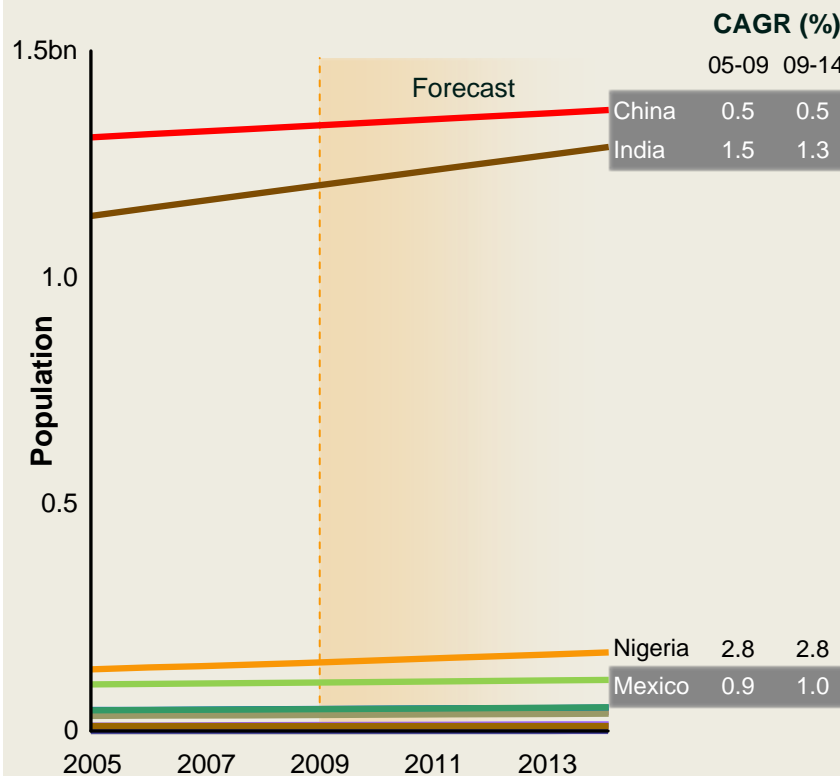
# We have also set new targets for improved financial performance

Impact by 2012	ROE		Cost reductions	Margin	
	2009 <sup>1</sup>	2012		2009	2012
Emerging Markets	24%	20-25%	£5m		
Nordic	12%	12-15%	£10m		
Retail Europe	9%	15-18%	£15m		
Wealth Management	8%	12-15%	£45m		
<b>Long-Term Savings<sup>2</sup></b>	<b>14.9%</b>	<b>16-18%</b>	<b>£75m</b>		
US Asset Management			£10m	18%	25-30%
Group-wide corporate costs			£15m		
<b>Total</b>			<b>£100m</b>		

1. 2009 reported ROE adjusted for 2010 LTIR rates in relation to Emerging Markets
2. Long-Term Savings excluding US Life

# Long term prospects are supported by population growth

## Population across Emerging Market countries



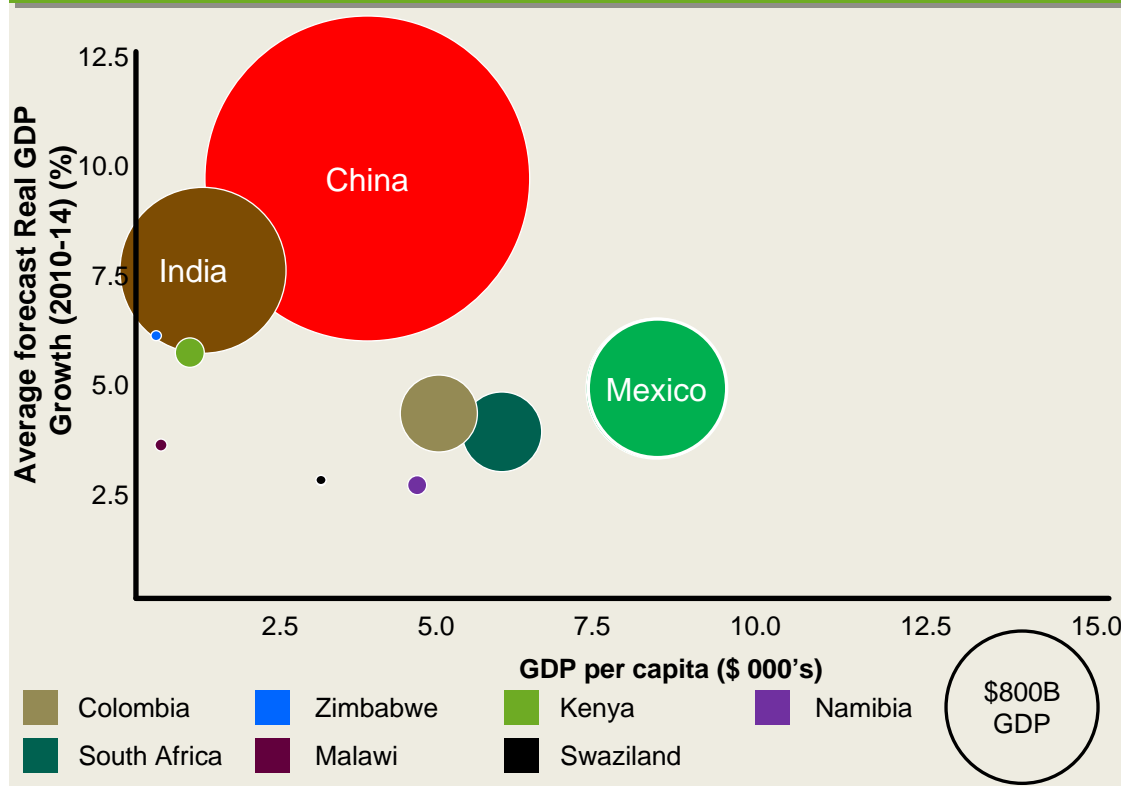
Source: IMF Website; World Bank Website

Note: Population Forecasts are from 2009 onwards, these forecasts are internal IMF forecasts



# GDP per capita levels and growth path are very different from the West

GDP, real GDP growth and GDP per Capita Compared across Emerging Market Countries for 2009



	Germany	UK	Sweden
GDP	\$3,235B	\$2,198B	\$398B
GDP per Capita	\$39k	\$36k	\$43k
GDP growth	1.4%	2.4%	2.8%

Country	Gini Index
South Africa	57.8
Brazil	49.3
Argentina	51.3
China	46.9
Colombia	58.6
India	36.8
Mexico	46.1
Namibia	74.3
Kenya	42.5
Malawi	39.0
Swaziland	50.4
Zimbabwe	50.1
Germany	28.3
Sweden	25.0
UK	36.0

# Key features of emerging insurance market markets

## Financial drivers

- Rising real GDP per capita
- “Unequal” distribution of wealth
- Money transmission mechanisms - bank/retailer or mobile
- Low state welfare provision per capita
- Low public spending on healthcare, pensions and unemployment

## Non-financial drivers

- Population growth
- Political stability
- Respect for legal title and enforcement of debts
- Supportive educational levels
- Improving demographics