

A black and white photograph of two business people shaking hands. The person on the left is wearing a dark pinstriped suit jacket. The person on the right is wearing a light-colored shirt. The handshake is the central focus of the image. A green rectangular border is overlaid on the image, containing text.

**DELIVERING SUSTAINABLE  
RISK-ADJUSTED GROWTH**

**JULIAN ROBERTS  
GROUP CEO, OLD MUTUAL  
29 MARCH 2011**

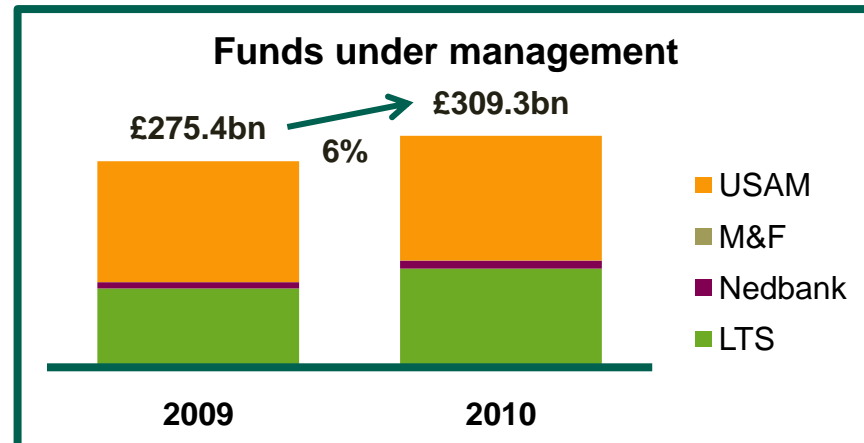
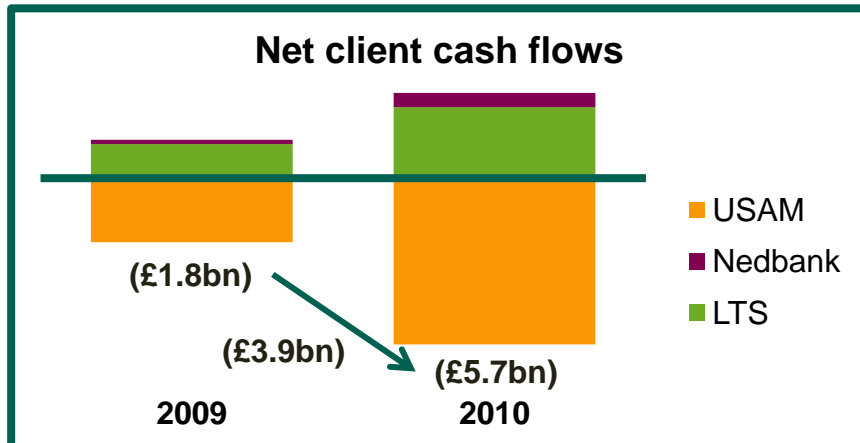
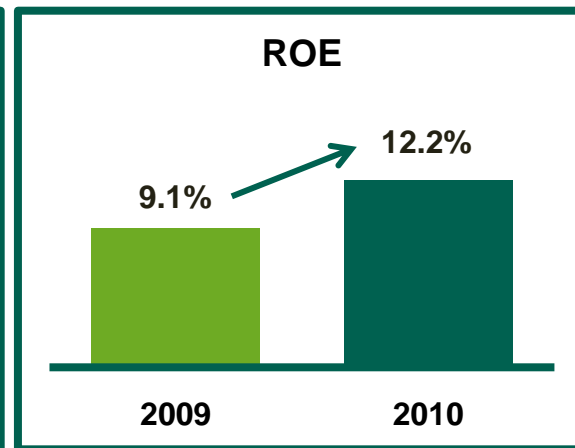
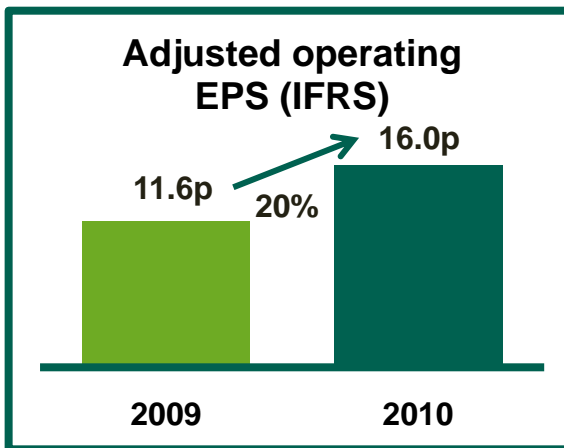
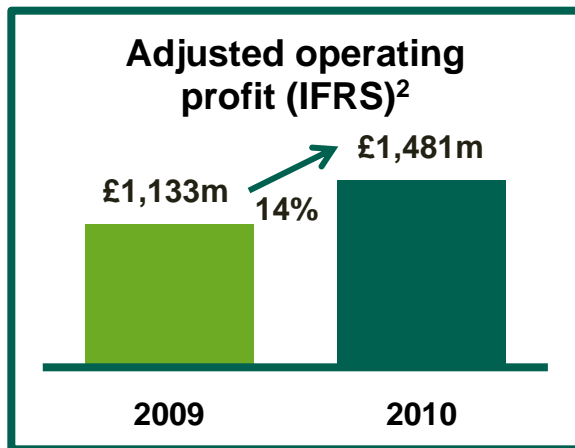
# Disclaimer

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# Agenda

- 2010 highlights:
  - Results
  - Performance against targets
- Core competencies
- Exposure to growth markets
- 2011/12 priorities

# Financial overview: Core operations<sup>1</sup>



1. 2009 AOP, EPS and RoE restated to exclude US Life (treated as non-core, discontinued), 2009 NCCF and FUM restated to exclude Bermuda (treated as non-core) and US Life (treated as non-core, discontinued), percentage movements are in constant currency

2. Pre-tax and MI

# Progress against 2012 ROE and margin targets

	2009	2010	2012 Target
Long-Term Savings ROE <sup>1</sup>			
Emerging Markets <sup>2</sup>	23%	<b>25%</b>	20%-25%
Nordic	12%	<b>11%</b>	12%-15%
Retail Europe	9%	<b>20%</b>	15%-18%
Wealth Management	8%	<b>14%</b>	12%-15%
<b>Total LTS<sup>3</sup> ROE</b>	14.8%	<b>18.5%</b>	<b>16%-18%</b>
USAM Operating Margin	18%	<b>18%</b>	25%-30%
Group ROE	9.1%	<b>12.2%</b>	-

1. ROE is calculated as IFRS AOP (post tax) divided by average shareholders equity, excluding goodwill, PVIF and other acquired intangibles.

2. Within Emerging Markets, OMSA is calculated as return on allocated capital, and 2009 is adjusted for 2010 LTIR rates

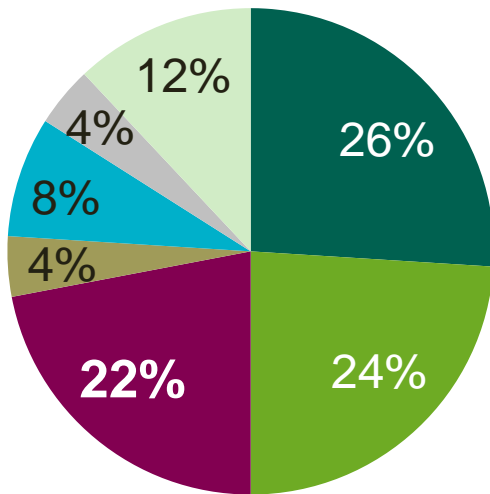
3. Long-Term Savings 2009 restated from 14.9%.

# Core competencies

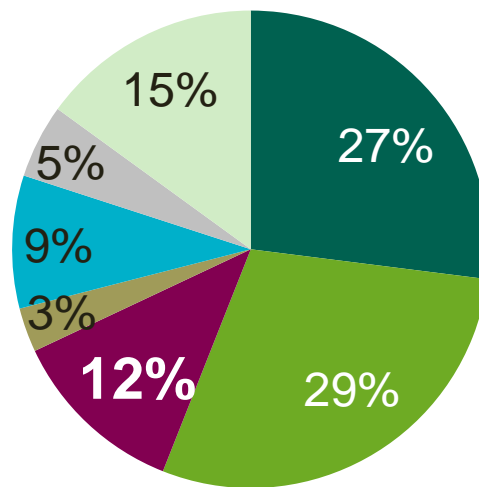
- Product design, control and transferability between markets
  - LTS, M&F, Asset Management
- Managing distribution
  - Tied agents, IFAs, Corporate
- Asset management
  - Boutique model
  - Emerging market skills
  - Connectivity with LTS
- Experience in operating in emerging markets
  - SA, Latin America, Rest of Africa

# Product design and control

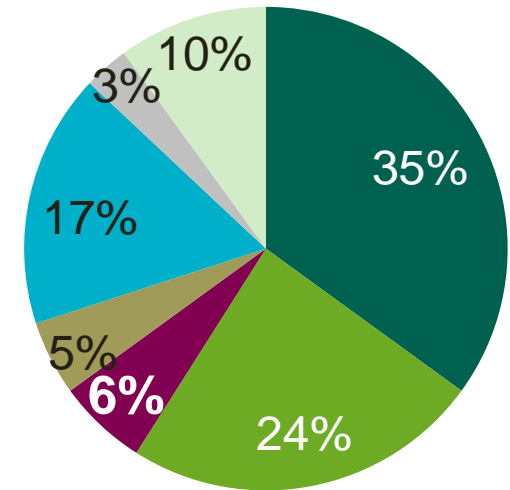
Current risk profile including US Life



Current risk profile excluding US Life



Strategic target risk profile



ALM

Business

Credit

FX

Liability

Market

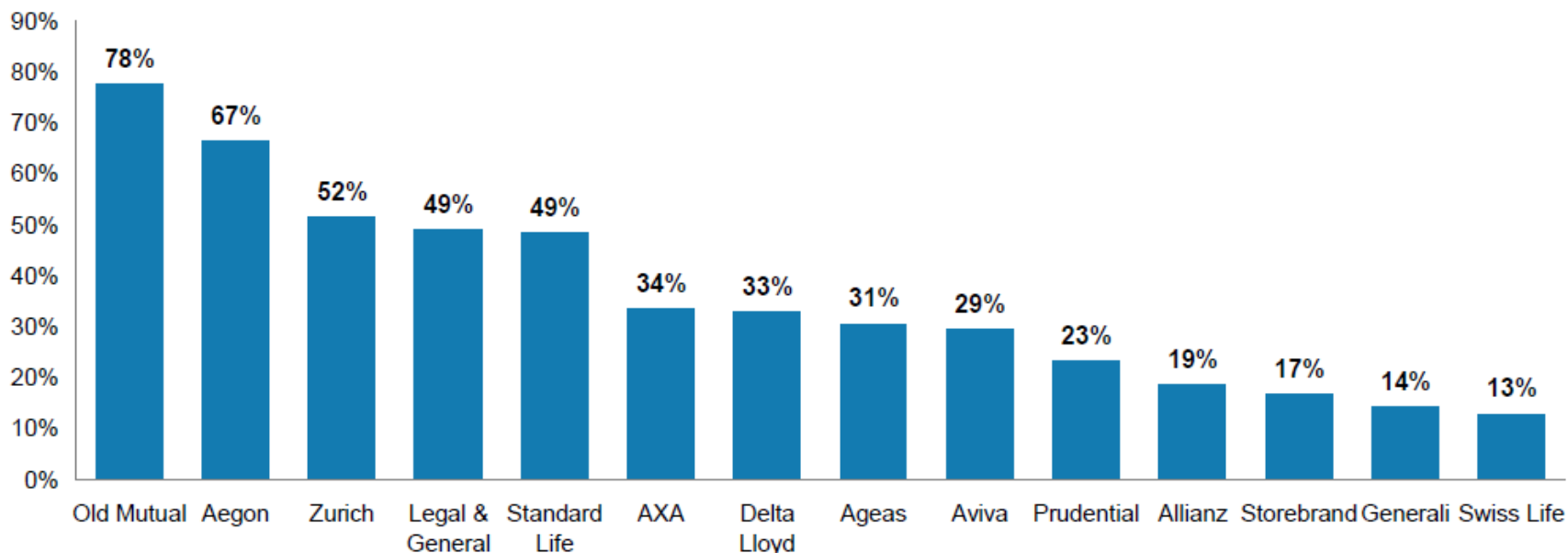
Operational

# Unit-linked product skills

Exhibit 8

**2010 proportion of life insurance liabilities in unit-linked products – the UK based life insurers in particular have greater exposure to unit-linked, as they shifted product mix earlier than continental European peers in response to an earlier introduction of fair value and risk-based capital regulatory principles**

% of life insurance technical liabilities in unit-linked products



1. Source: Morgan Stanley Fat Tail Friday 4 March 2011



# Product transfer opportunities

Range of customer needs covered  
by Old Mutual

**Enhance existing product range:**

South Africa, Africa, Sweden

**Expand & enhance product range:**

Germany, Austria, Switzerland,  
Norway, Denmark, Wealth  
Management

**Expand product range to acquire more customers:**

Poland, Colombia, Mexico

**Support product growth needs of JV's:**

India, China

Market growth potential of business

# Tied agents are key in our emerging markets

Country	Tied Agency <sup>1</sup> 2010
South Africa	5,900
Namibia	300
Central and East Africa	830
Colombia	360
Mexico	320
China	0
India	36,700

1. Tied Agency means directly employed advisers or directly contracted advisers

# Asset management

## USAM

- Multi-boutique model
- 18 affiliates
- 160 investment strategies, FUM £167bn
- 25% Non-US Assets

- New CEO appointed
- Focused on:
  - Growing international distribution
  - Maintaining investment discipline
  - Improving margins
- Well positioned for rising equity markets

## Emerging Markets

- 16 affiliates
- £14bn of external FUM

- Positive trend in NCCF
- Growth in Alternatives, e.g. Infrastructure funds
- Specialist skills in ColMex

# Building a solid foundation for growth in emerging markets

## Emerging Markets

### Building the Foundation

- Positioned well in growth sweet spots
- Broad product range & distribution channels
- Highly cash generative
- Long history and strong brands
- Management structures



### Opportunities for Growth

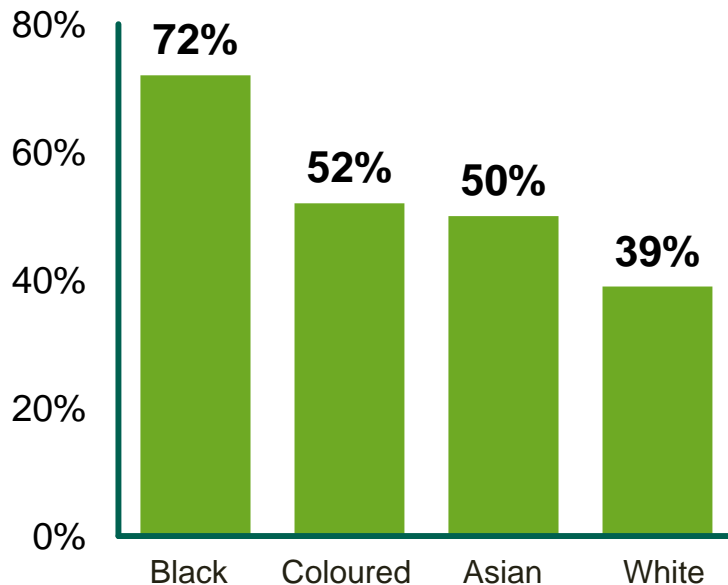
Emerging Markets	GDP (%) <sup>1</sup>	
	2011	2015
South Africa	3.5	4.5
Sub-Sahara Africa	5.5	5.4
China	9.6	9.5
Colombia	4.6	4.5
Mexico	3.9	3.8
India	8.4	8.1

1. Source: IMF

# SA higher income people are now more diverse and wealthier

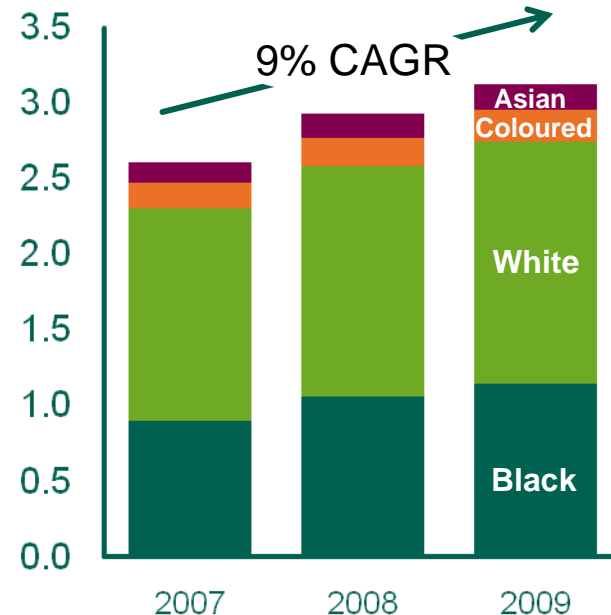
**Black disposable income growth has outpaced other demographic groups over the past 10 years<sup>1</sup>**

Cumulative real disposable income growth (1999–2008)



**Total number of middle and high income earners is increasing<sup>2</sup>**

Number of people earning above R12,000/month (millions)



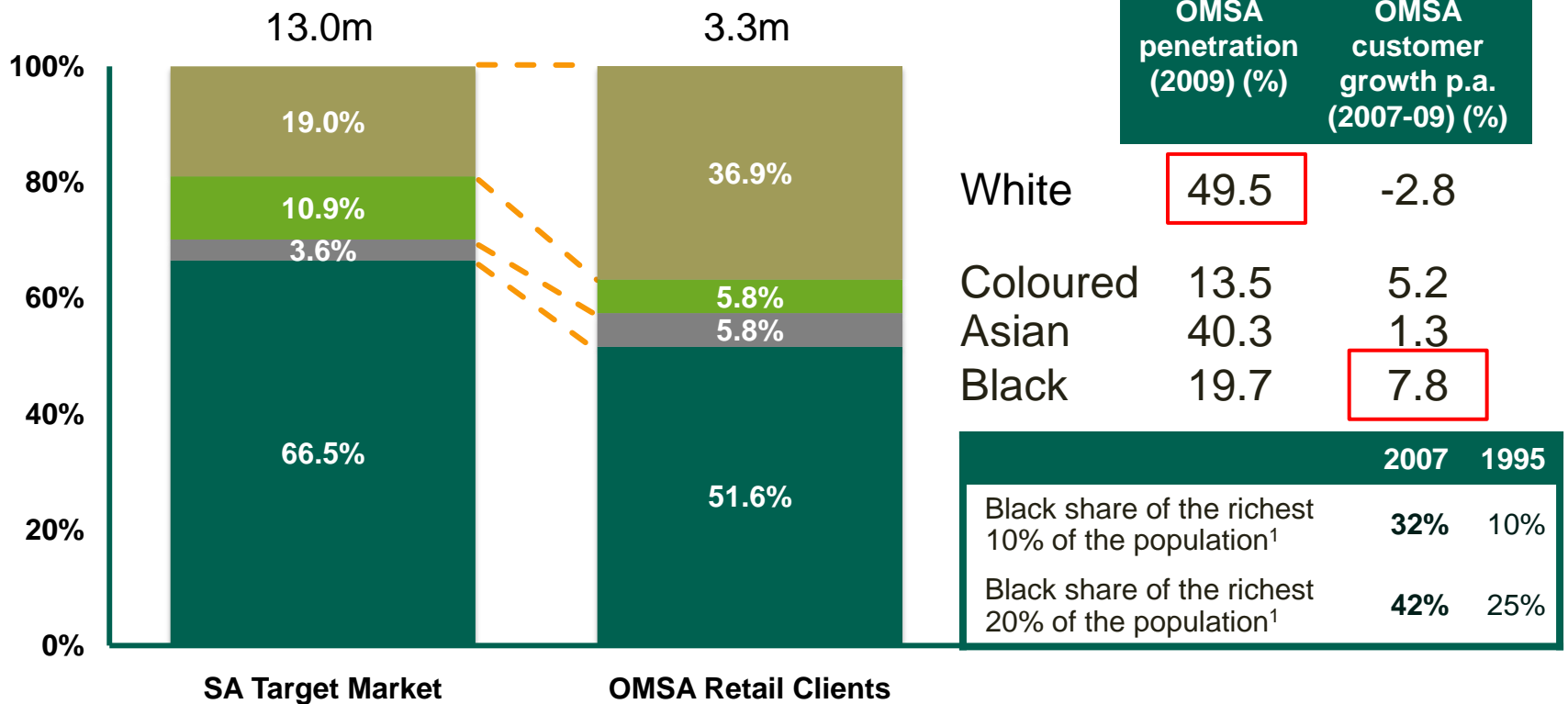
**CAGR '07-'09**

10%  
13%  
6%  
13%

1. Source: Information Handling Services (IHS) Global Insight  
2. Source: Bureau for Market Research (BMR)

# The black customer base is growing fastest and getting richer

## OMSA retail customer base compared to the SA target market (2009)



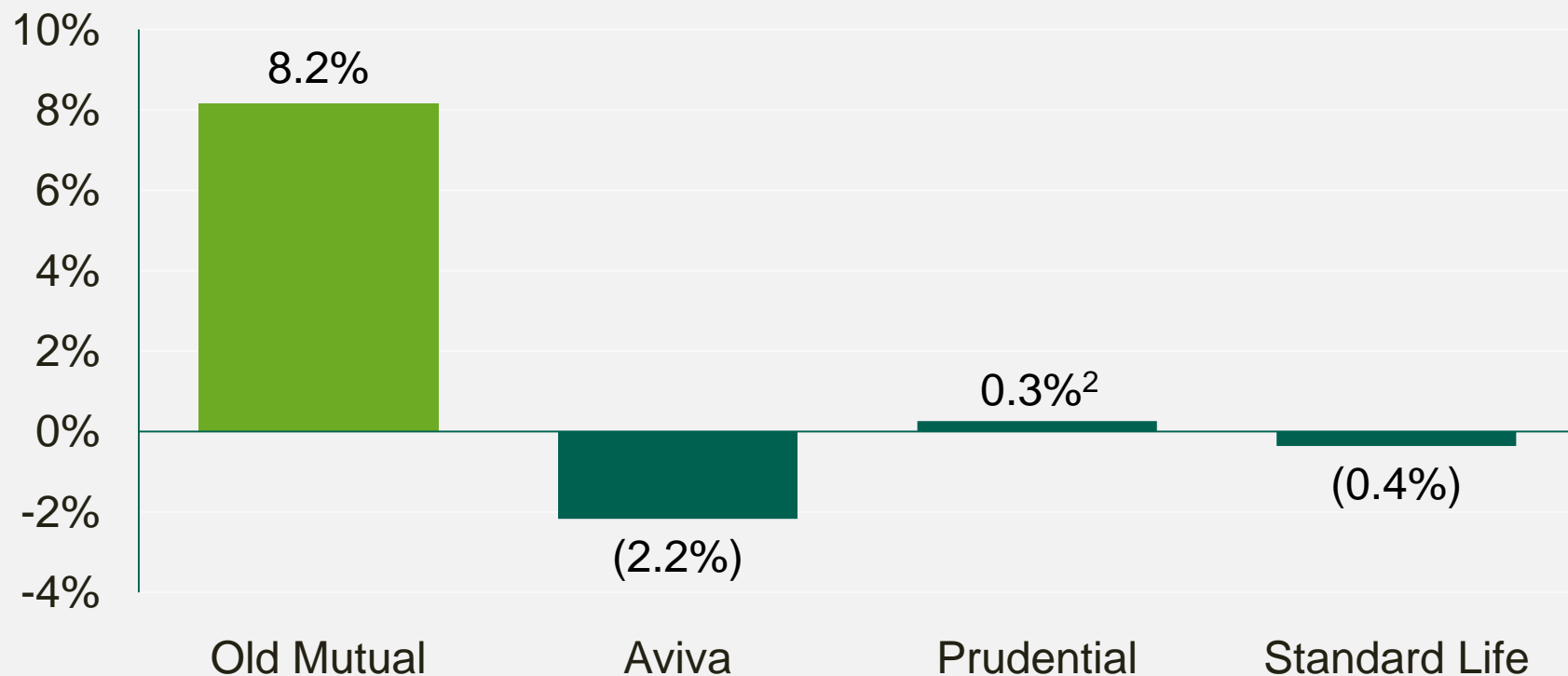
Source: Bureau for Market Research (BMR), OMSA CII Unit

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

1. AMPS 1993-2008

# UK retail net client cash flows<sup>1</sup> / FUM

2010 UK NCCF<sup>1</sup> / FUM

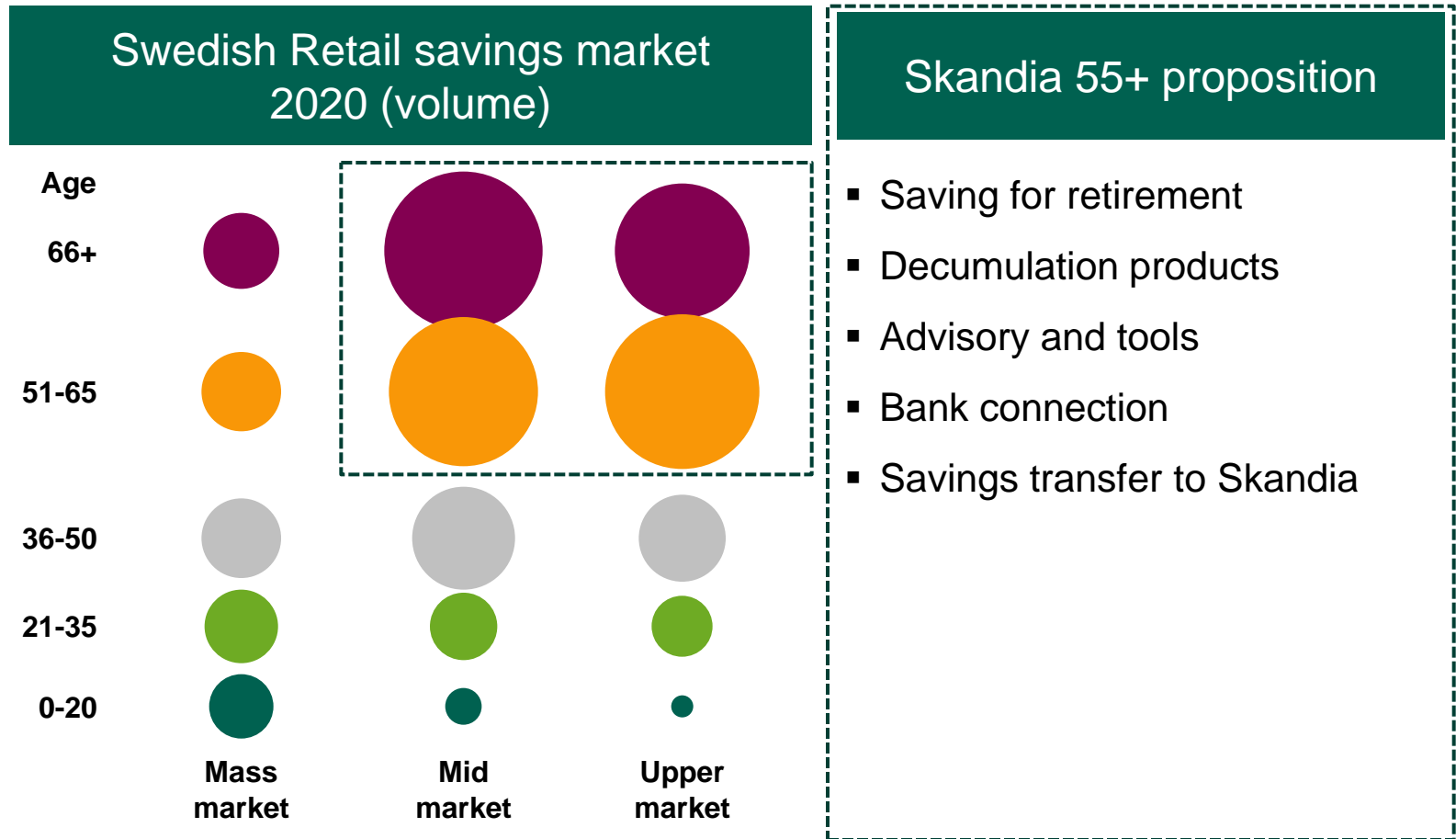


1. NCCF as a percentage of opening FUM

2. Prudential UK excluding bulk annuity, based on with-profits policyholder liabilities

Source: Company announcements, Aviva derived from segmental company information

# Nordic's "Age 55+" retail savings market



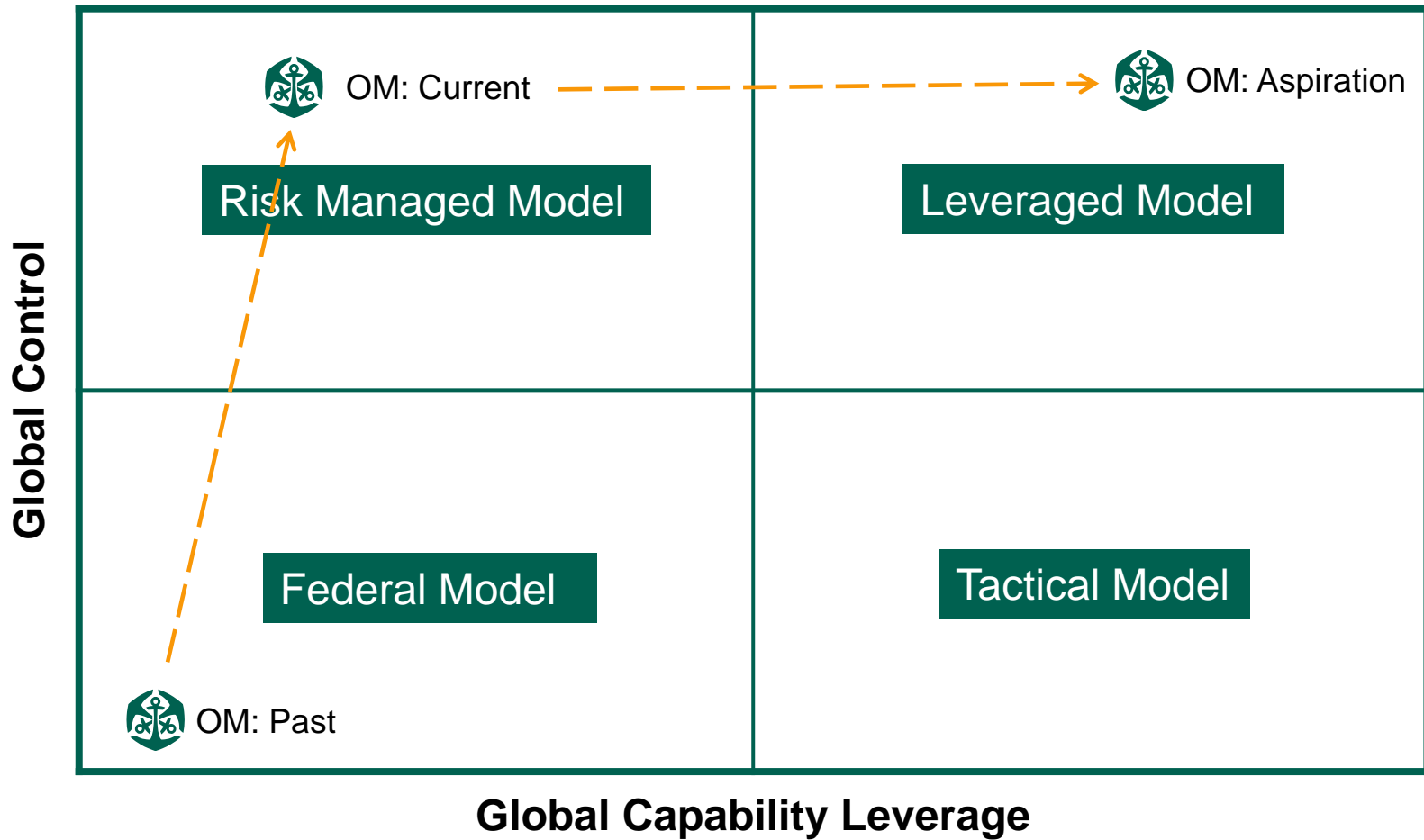


# Key deliverables for 2011 & 2012

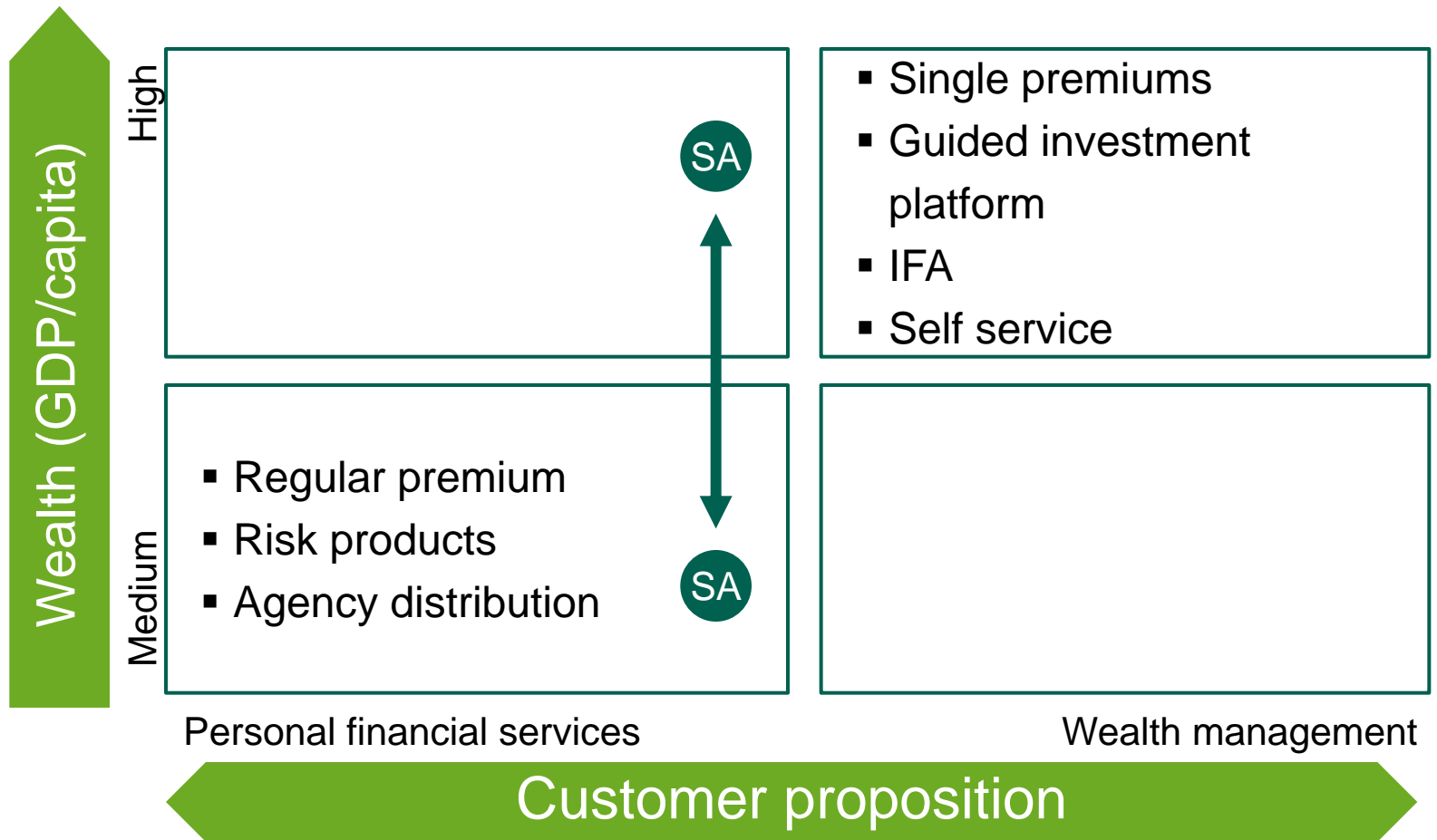
- Drive growth in “emerging” and “capital efficient” markets
- Broaden distribution and roll-out enhanced product proposition
- Focus on improving risk adjusted returns on capital
- Conclude sale of US Life and explore an IPO for USAM
- Continue to streamline the business
- Deliver cost reduction, ROE and debt repayment targets

# Appendix

# Product development structure decisions

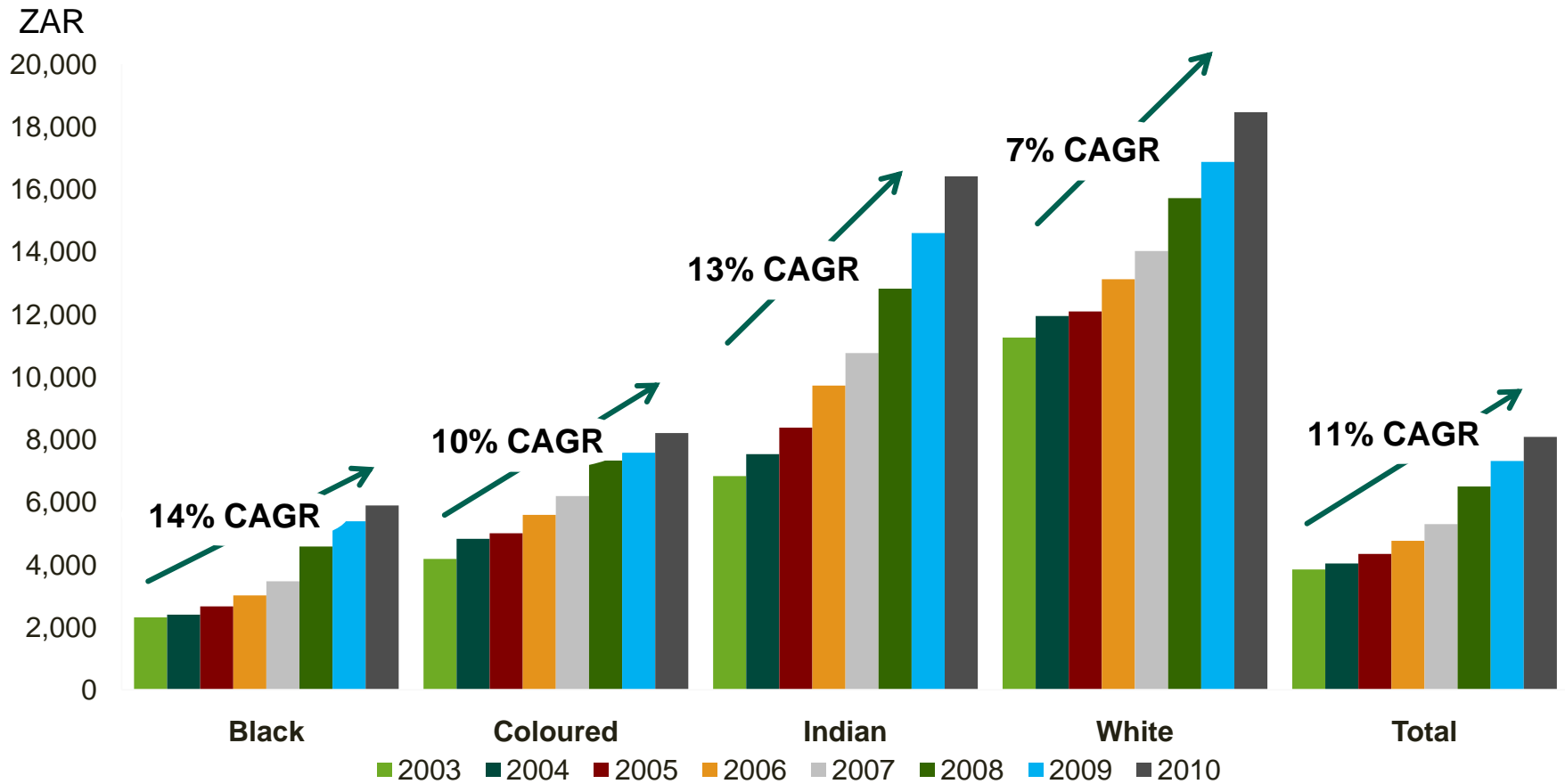


# Putting the customer at the centre and managing distribution in different markets



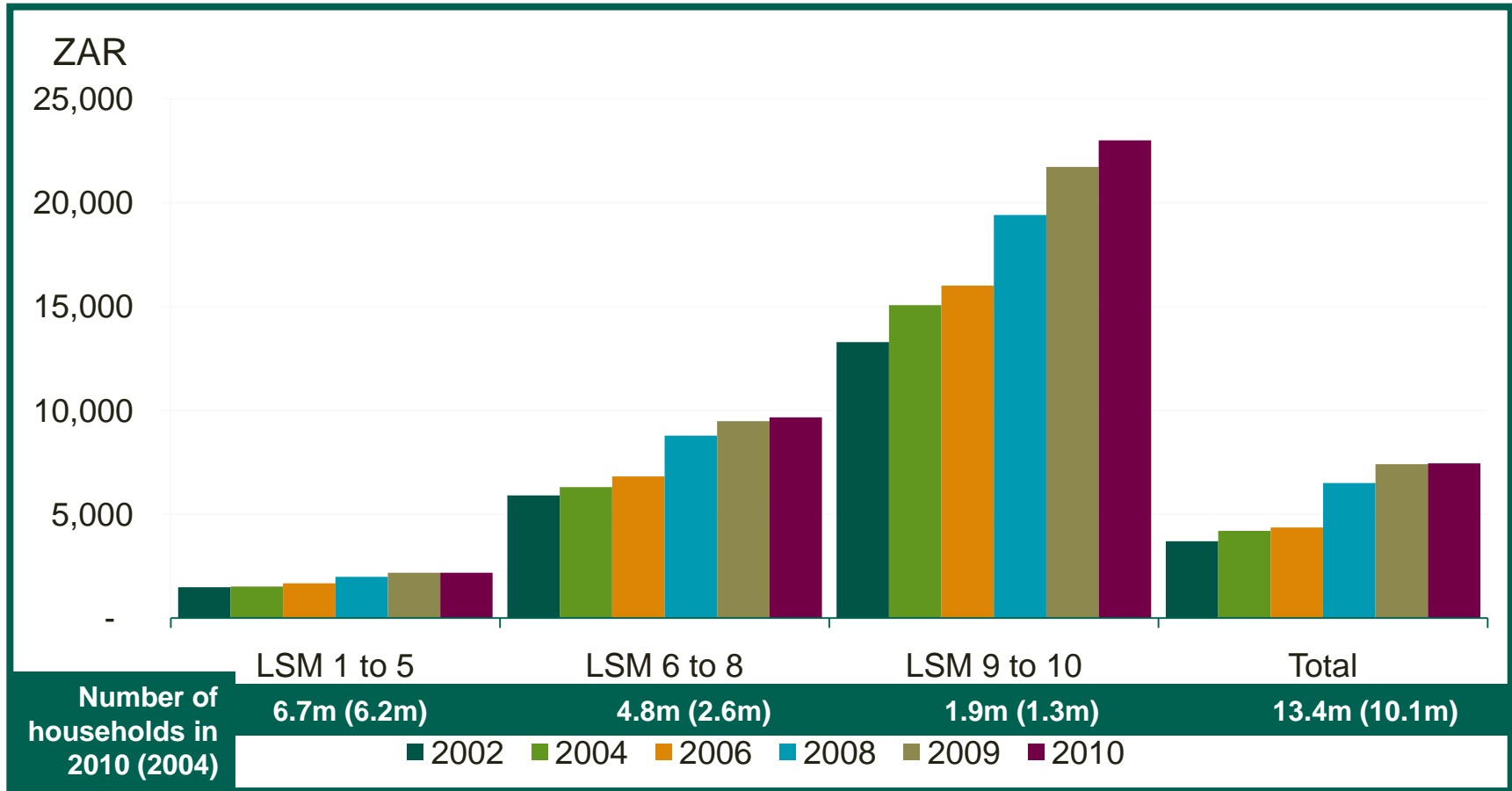
# Average monthly household income for black population has grown at an average rate of 15% per annum since 2003

Average monthly household income (ZAR) <sup>1</sup>



1. Aged 16 and over  
Source: AMPS data 2003 to 2010

# Fast growing average SA household income



1. Source: Nedbank. Living Standard Measures (LSM) indicates consumer income bracket with LSM 1 being the lowest and LSM 10 being the highest. The middle class is represented in LSM6 to LSM8.