

SA ROADSHOW: OLD MUTUAL WEALTH

September 2015



OLD MUTUAL WEALTH STRATEGY

BUILDING THE LEADING RETAIL INVESTMENT BUSINESS IN THE UK

New world

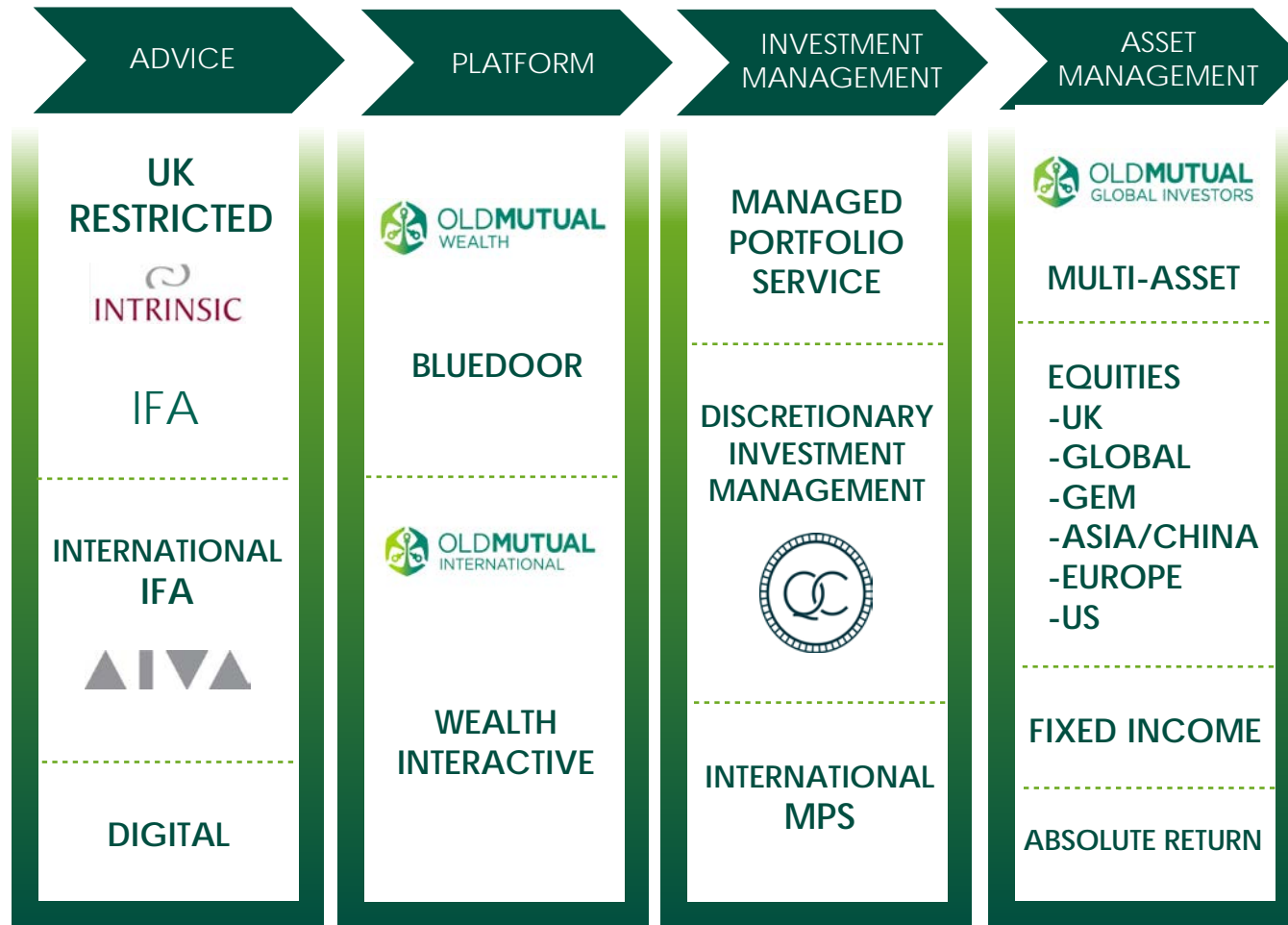
Fundamental changes arising from **QE**.
Profound changes to **UK pensions regime**.
Low consumer trust in financial services.
Banks exited the advice market.
Need for **capital efficiency**.
Restricted advice now the norm.
Increasing but uncertain **regulation**.
From standard products to **customer needs-driven solutions**.
Need for **economies of scale**.
Digital interactivity expected.



New model

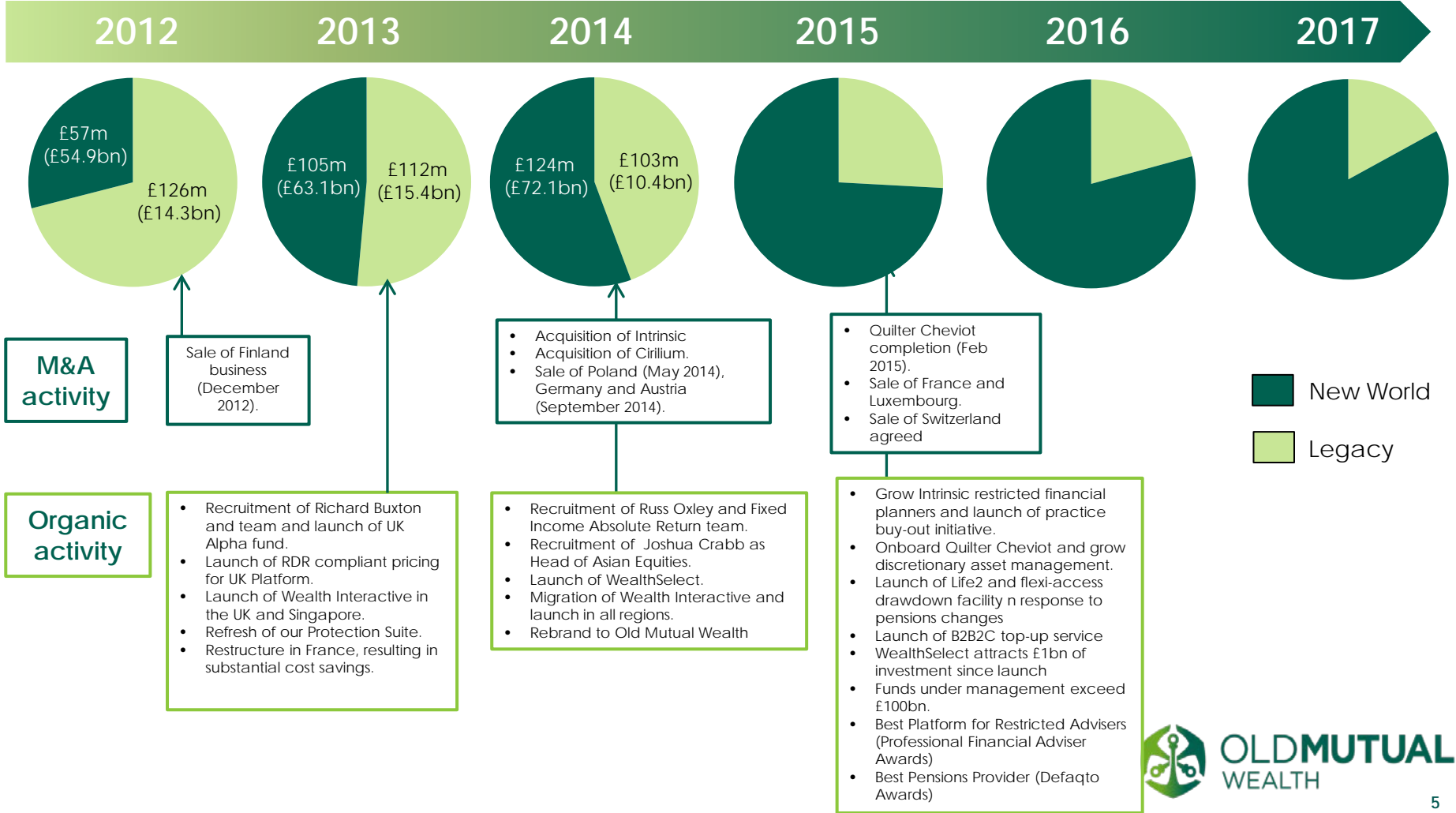
Vertically integrated;
offering **affluent & high net worth customers**
tailor-made **investment & retirement solutions**
with **advice** from independent or restricted advisers, face to face, digitally or direct
on modern tax-efficient **platforms**,
underpinned by leading **asset management** and seamless **customer service**

AN INTEGRATED WEALTH MANAGEMENT BUSINESS



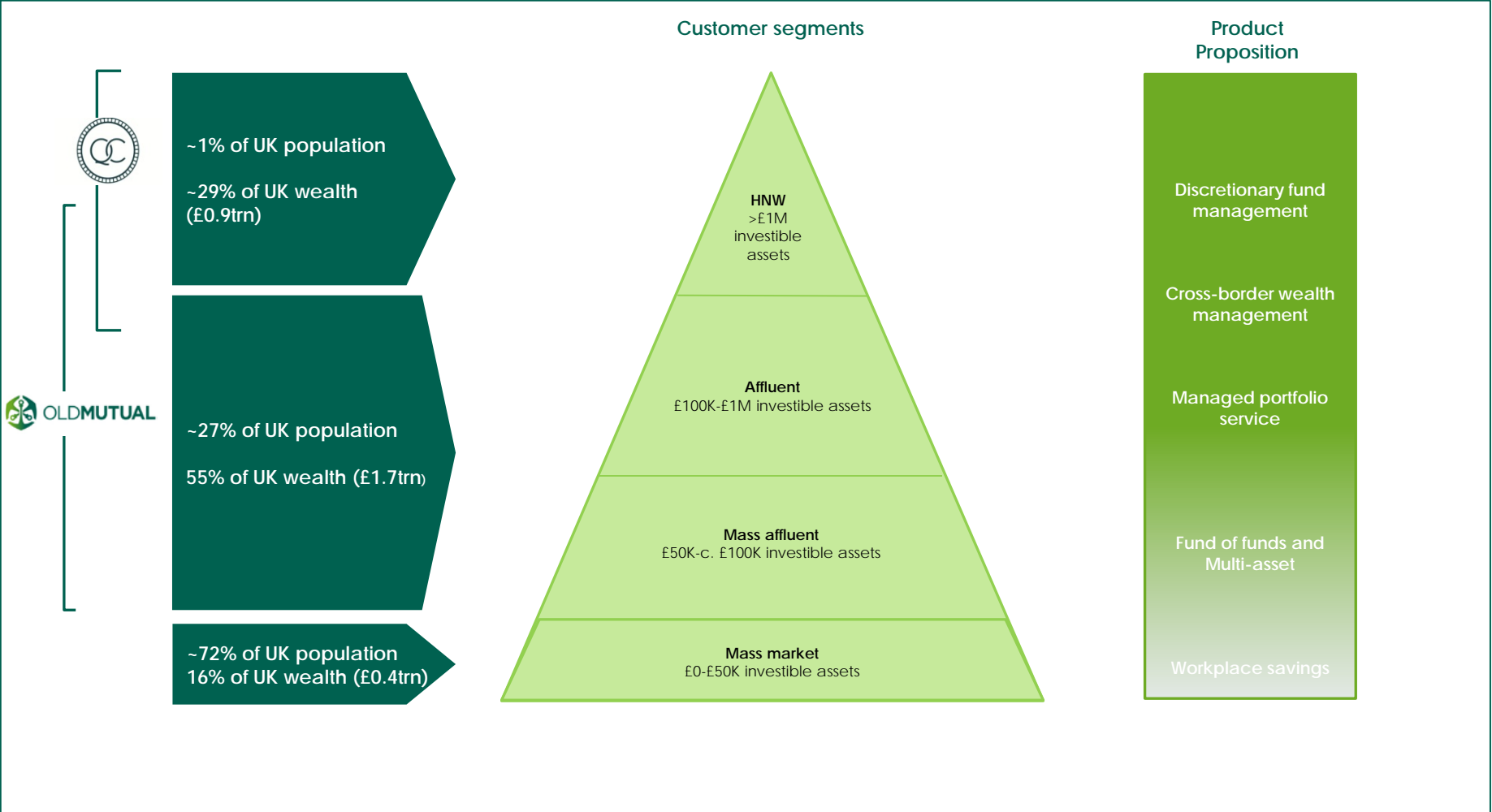
A LEGACY INSURANCE BUSINESS REPLACED WITH NEW WORLD FLOWS

Divesting our non-core, legacy European insurance businesses and replacing with modern wealth and asset management profit streams.



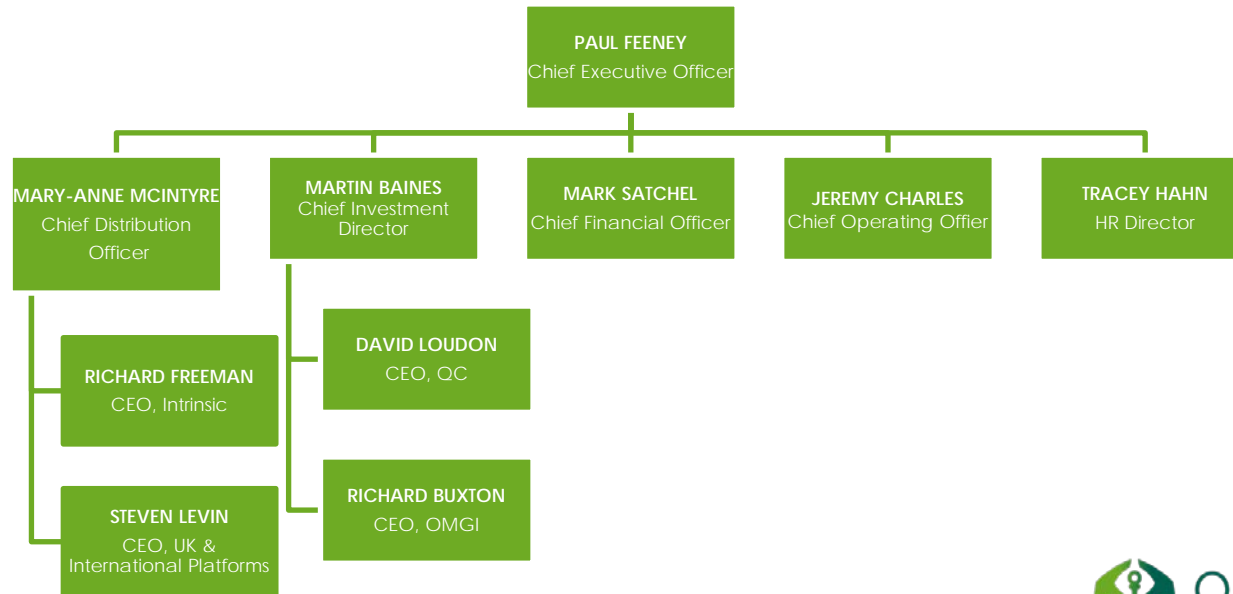
A MORE INTEGRATED CUSTOMER EXPERIENCE

Our vertically integrated model will deliver a more integrated customer experience.




CREATING AN INVESTMENT DIVISION

- In August we announced the creation of our new Investment Division to be led by Martin Baines
- This allow us to more effectively leverage the combined investment knowledge of Quilter Cheviot and OMGI for the benefit of all our clients, particularly in the multi-asset areas.
- The brands and propositions of both remain distinct
- Provides investment leadership to the OMGI business from one of the UK's leading investors, Richard Buxton. Warren Tonkinson to support Richard as MD of OMGI
- In the Quilter Cheviot element of the division, David Loudon, an exceptional client manager with 25 years' experience, will act as CEO.



ACQUISITION UPDATE

Intrinsic & Cirilium	Quilter Cheviot
<ul style="list-style-type: none"> • Intrinsic acquisition completed July 2014. • Fully integrated into Old Mutual Wealth. • Restricted adviser network growing. • Agreement to take on ~220 Sesame Wealth advisors (Q3 2015) • Driving good levels of sales and flows: <ul style="list-style-type: none"> • 24% of Platform NCCF in H1 2015. • 40% of OMGI NCCF in H1 2015. • Cirilium fully acquired December 2014. • Fully embedded in OMGI. • Good levels of flows and funds: <ul style="list-style-type: none"> • £0.4bn NCCF in H1 2015. • £2.5bn FuM at 30 June 2015 . <div style="text-align: right;">  </div>	<ul style="list-style-type: none"> • Acquisition completed 25 February 2015. • Integration programme on track. • Cost synergies effected in H1 2015. • Confident in achieving acquisition plan cost & revenue synergies of £15m. • 4 months contribution to OMW H1: <ul style="list-style-type: none"> • £17m AOP • £0.3bn NCCF • £17.3bn FuM at 30 June 2015 <div style="text-align: right;">  </div>

TECHNOLOGY UPDATE

Outsource technology & back office administration of the heritage and open UK books of business.

Initial cost estimate	£160m
Revised cost estimate	£210m
Expected benefits	<ul style="list-style-type: none">• £30m pa run rate cost savings compared to remaining with existing infrastructure.• Supports future growth in the business and product range.• Ability to add SIPPs, new asset classes and new product functionality.
% progress on build	Open books: 46% Heritage: 56%

Outsource development of new digital interface for intermediaries and customers.

Cost estimate	£40m
Benefits	<ul style="list-style-type: none">• Full digital interface for customers and financial advisers.• Extended services to customers and advisers.• Efficiencies from facilitation of straight-through processing.

QUILTER CHEVIOT – OPPORTUNITIES TO ENHANCE VALUE

REVENUE SYNERGY DRIVERS

1. Deliver OMGI funds and capabilities to Quilter Cheviot clients, enhancing open architecture offering
2. Extend Old Mutual Wealth advice and international solutions to Quilter Cheviot clients, enhancing its proposition
3. Extend Quilter Cheviot Discretionary Investment Management services to top end Intrinsic and other adviser clients

STRATEGIC AND OPERATIONAL SYNERGIES

Run-rate cost/margin synergies by 2017:

c. £9m AOP (Pre-tax)

Further revenue synergy potential by 2017²:

c. £6m AOP (Pre-tax)

ILLUSTRATIVE OLD MUTUAL WEALTH PROFITABILITY MATRIX²

		2017E AOP Margin (%)					
		(£m)	30%	35%	40%	45%	50%
FUM (£bn)	80	179	209	239	268	298	
	90	201	235	268	302	335	
	100	224	261	298	335	373	
	110	246	287	328	369	410	
	120	268	313	358	403	447	

On track to deliver the £270m profit target
(excluding Quilter Cheviot acquisition)

ILLUSTRATIVE QUILTER CHEVIOT PROFITABILITY MATRIX^{3,4}

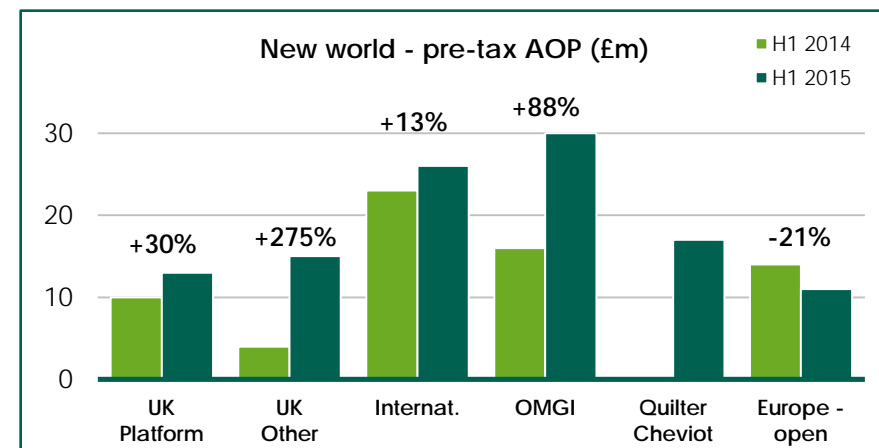
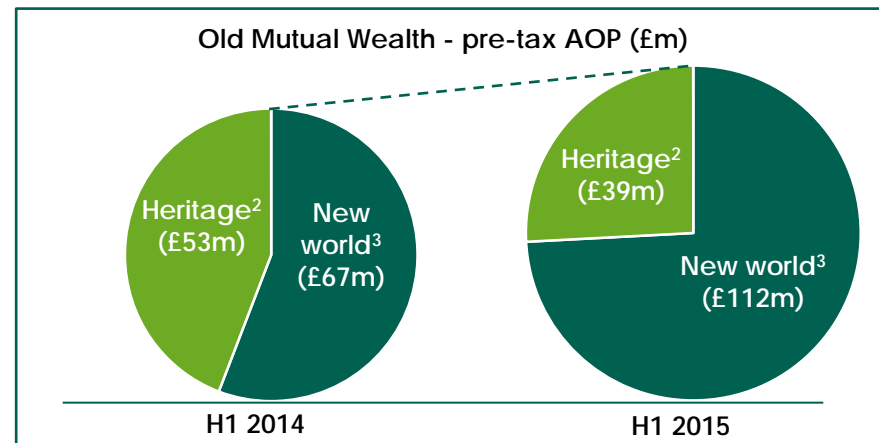
		2017E AOP Margin (%) + £9m run-rate cost/margin synergies					
		(£m)	28%	30%	32%	34%	36%
FUM (£bn)	16	48	51	54	57	59	
	18	53	56	59	62	66	
	20	58	61	65	68	72	
	22	63	67	71	74	78	
	24	68	72	76	80	85	

1. Excludes costs to realise revenue synergies.
2. Maintains gross revenue margin of 75bps.
3. Maintains gross revenue margin of 87bps.
4. Includes run-rate cost and margin synergies and the utilisation of Group tax losses.

INTERIM 2015 RESULTS

KEY METRICS

£m	H1 2015	Δ
AOP (pre-tax)	151	26%
AOP exc. Quilter Cheviot & disposals	134	33%
Gross sales (£bn)	9.8	26%
NCCF (£bn)	2.3	92%
FuM ¹ (£bn)	101.0	22%
Operating margin	42%	200bps
RoE ⁴	17.0%	10bps



1. FuM comparator is 31 Dec 2014.

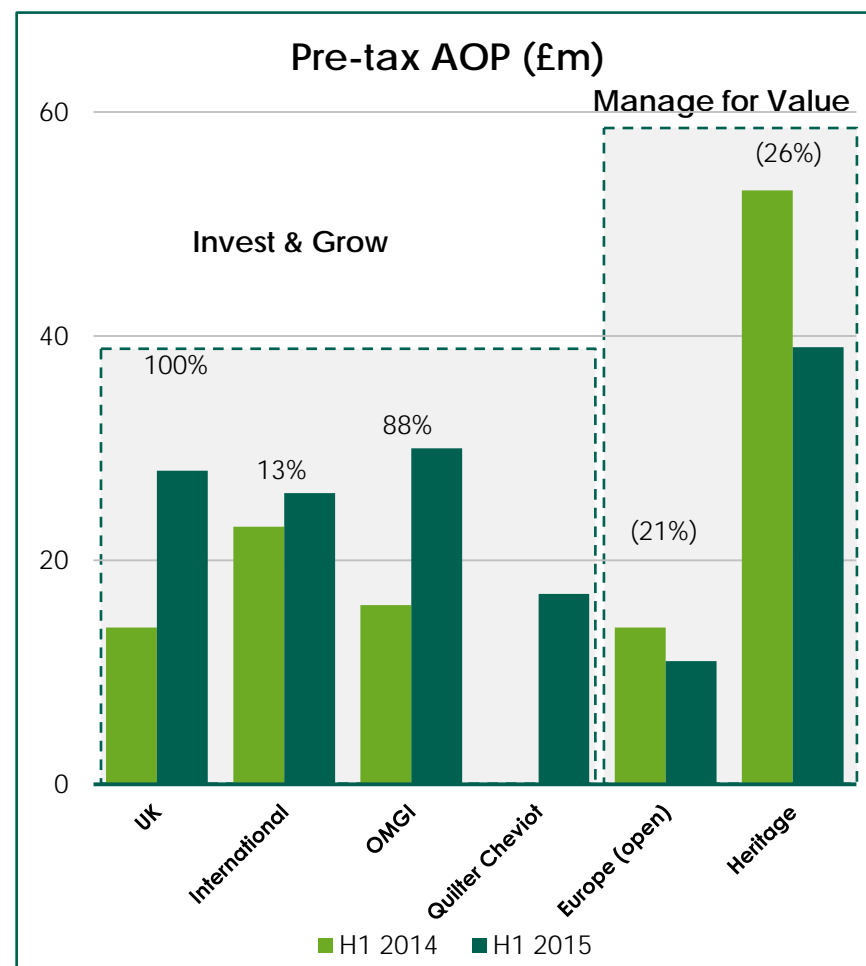
2. Includes UK Heritage and OMW Europe closed books (Germany, Austria, Liechtenstein and Switzerland). Germany, Austria & Liechtenstein were sold in Q4 2014. Sale of Switzerland agreed Q2 2015.

3. Includes UK, International, OMGI and open books in France, Italy and Poland. Poland was sold Q2 2014. France was sold Q1 2015. H1 2015 includes 4 months contribution from Quilter Cheviot acquired with effect from 25 February 2015

4. AOP (post tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles, except the goodwill and acquired intangibles from the purchase of Intrinsic and Quilter Cheviot.

INCOME STATEMENT

£m	H1 2014	H1 2015
FuM based revenue	423	445
Commission & acquisition expenses ¹	(179)	(144)
Other fees ²	43	36
Risk profits	7	19
Investment return	9	7
Net revenue	303	363
Admin. expenses	(186)	(222)
Policyholder tax contribution	9	15
Adviser fees ³	(6)	(5)
AOP pre-tax	120	151



1. Includes DAC net of deferred fee income.
2. Includes fixed fees, surrender fees and other net income/expenses.
3. Distribution fees for OMGI.

SOURCE OF EARNINGS HY 2015

	UK Platform	UK Other	Intl.	OMGI	Quilter Cheviot	Invest & Grow	MFV Open book	Heritage business	Managed for value	Total Wealth
FUM based revenue	78	11	68	134	50	341	55	49	104	445
Commission & acquisition expenses	(23)	20 ³	(21)	(60)	-	(84)	(39)	(21)	(60)	(144)
Other revenues	8	7	15	7	1	38	3	21	24	62
Total net revenue	63	38	62	81	51	295	19	49	68	363
Admin expenses	(55)	(23)	(36)	(46)	(34)	(194)	(8)	(20)	(28)	(222)
Policyholder tax contribution	5	-	-	-	-	5	-	10	10	15
Advisor fees	-	-	-	(5)	-	(5)	-	-	-	(5)
AOP (pre-tax) (£m)	13	15	26	30	17	101	11	39	50	151
Operating margin	21%	39%	42%	37%	33%	34%	58%	80%	74%	42%
Revenue bps generated ¹	39	52	79	65	86	69	78	97	91	79
Tangible net assets (£m) ²	120	(94)	(24)	111	66	179	70	225	295	474

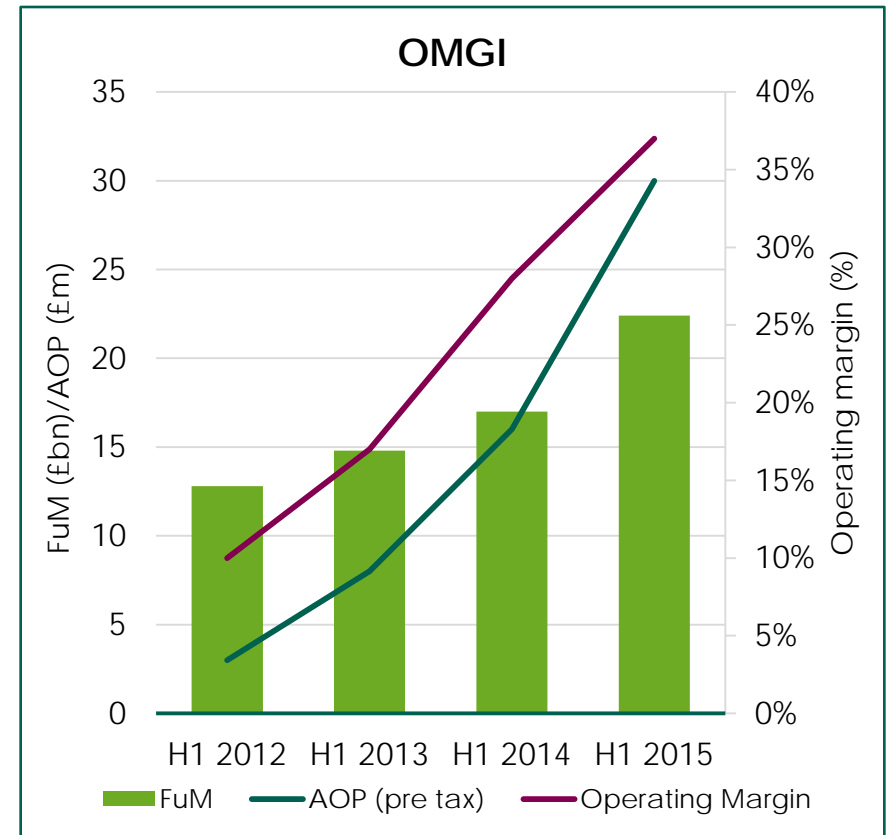
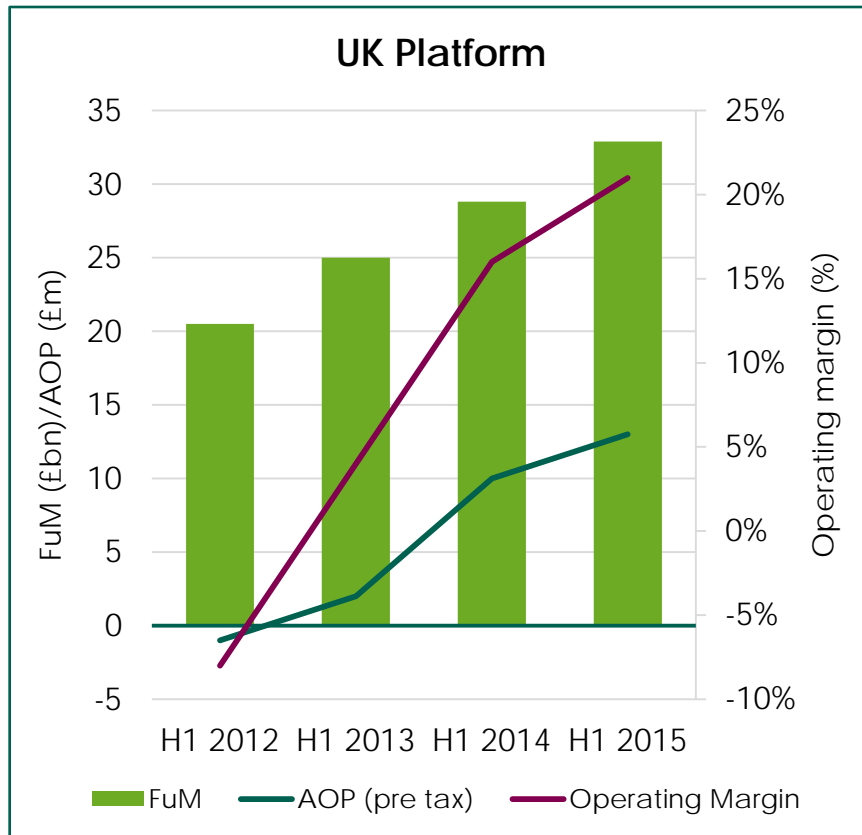
1. OMGI revenue margin excludes non-asset-based revenues. When calculated using Total Net Revenues the revenue margin was 75bps (HY 2014: 69 bps; FY 2014: 74bps).
2. UK Other tangible net asset value excludes inter-company subordinated debt in relation to the acquisition of Quilter Cheviot.
3. Includes revenue from Intrinsic

SOURCE OF EARNINGS FY 2014

	UK Platform	UK Other	Intl.	OMGI	Quilter Cheviot	Invest & Grow	MFV Open book	Heritage business	Managed for value	Total Wealth
FUM based revenue	171	22	127	245	-	565	136	141	277	842
Commission & acquisition expenses	(70)	18 ³	(41)	(110)	-	(203)	(87)	(35)	(122)	(325)
Other revenues	21	5	31	(1)	-	56	12	43	55	111
Total net revenue	122	45	117	134	-	418	61	149	210	628
Admin expenses	(107)	(36)	(80)	(90)	-	(313)	(35)	(69)	(104)	(417)
Policyholder tax contribution	4	-	-	-	-	4	-	23	23	27
Advisor fees	-	-	-	(11)	-	(11)	-	-	-	(11)
AOP (pre-tax) (£m)	19	9	37	33	-	98	26	103	129	227
Operating margin	16%	20%	32%	25%		23%	43%	69%	61%	36%
Revenue bps generated ¹	42	40	77	60		62	92	110	104	78
Tangible net assets (£m) ²	130	(88)	(41)	72		73	107	325	432	505

1. OMGI revenue margin excludes non-asset-based revenues. When calculated using Total Net Revenues the revenue margin was 75bps (HY 2014: 69 bps; FY 2014: 74bps).
2. UK Other tangible net asset value excludes inter-company subordinated debt in relation to the acquisition of Quilter Cheviot.
3. Includes revenue from Intrinsic

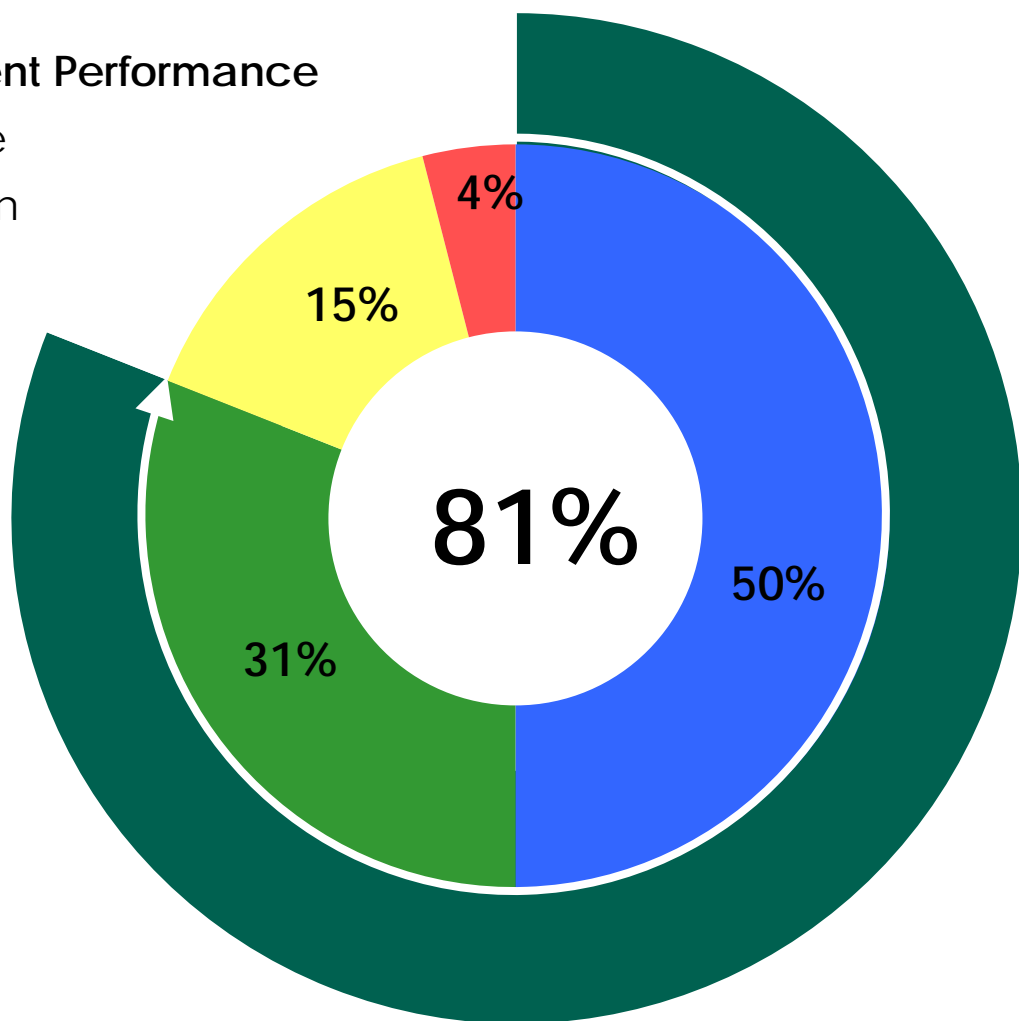
INVEST & GROW – ECONOMIES OF SCALE



INVESTMENT PERFORMANCE – Q2 2015 (AUM)

3 Year Mutual Fund Investment Performance

- 50% of funds in First Quartile
- 81% of funds above Median



KEY:

- 1st Quartile
- 2nd Quartile
- 3rd Quartile
- 4th Quartile

OMGI Core Funds - performance weighted by AUM over 3 years to 30 June 2015
Excludes Hedge funds and Mandates and funds where no Peer group defined.

OPERATING MARGINS

£bn	FuM 01 Jan 15	Net flows	Market and other movements	FuM 30 Jun 15	Operating margin	
					H1 2014	H1 2015
Invest & Grow	73.4	2.7	18.4 ¹	94.5	28%	34%
Total Manage for Value	17.1	(0.2)	(2.1) ²	14.8	59%	74%
Elimination of intra-Group assets	(8.0)	(0.2)	(0.1)	(8.3)	n/a	n/a
Total Old Mutual Wealth	82.5	2.3	16.2	101.0	40%	42%

1. FUM was increased by the acquisition of Quilter Cheviot (£17.5 billion).

2. FUM was reduced by the disposal of the France and Luxembourg businesses (£1.9 billion).

ADJUSTED NAV

AOP & valuation multiples H1 2015 (£m)	AOP (after tax and NCI)	Adjusted NAV ¹		Implied Multiple ²	Peer Multiples ³
	H1 2015	30 June 2015			
Open books ⁴	95	1,502		8x	St James Place / Hargreaves Lansdown / Standard Life: - Earnings multiple - 29x/35x/29x Phoenix: - Earnings multiple - 9x - Price/Book - 0.81x
UK Heritage ⁵	32	571		9x	
Switzerland	5	65		6x	
Old Mutual Wealth as reported	132	2,138		8x	
Quilter Cheviot Adjusted NAV		566			
Old Mutual Wealth including Quilter Cheviot		2,704		10x	

- A book value accounting basis is not a good measure for the value of the Invest and Grow business.
- Peer multiples are significantly above book value / profit multiples.

1. The Open books are included at net asset value; UK Heritage at MCEV and Switzerland at IFRS Held For Sale NAV.
2. Adjusted NAV / annualised AOP (after tax and NCI).
3. Current P/E multiple per Bloomberg at 31 July 2015.
4. Includes four months of profit from Quilter Cheviot (acquired on 25 Feb 2015). Old Mutual Wealth Adjusted Net Asset Value was not increased by the acquisition of Quilter Cheviot as the acquisition was funded through intercompany subordinated debt.
5. Includes Protect and Series 6 pensions.

UK HERITAGE VALUATION¹

UK Heritage MCEV calculation (£m)	31 Dec 2014	30 June 2015
IFRS NAV	369	362
Goodwill & intangibles	(178)	(160)
Tangible NAV	191	202
Statutory valuation basis	(78)	(76)
Value of in-force	473	445
MCEV	586	571

UK Heritage Key Value Indicators	H1 2014	H1 2015
FUM (£bn) ²	9.5	9.1
Surrender rate	10.8%	12.1%
Cash remitted (£m)	0	10
Maintenance cost per policy (£)	86	109
Operating Margin	73%	82%

- MCEV information is still appropriate for UK Heritage business as the run-off value is maintained.
- MCEV has reduced by £15m since year-end, due to higher expenses (incl. Project Oval) and capital transfers, partly offset by positive investment returns.
- Higher maintenance cost per policy was driven by a lower average policy count as the book runs off and higher UK operational expenses, in part due to the increased support to customers following the pension reforms.

1. Includes Protect and Series 6 pensions.

2. Comparative as reported at 31 December 2014.

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