

INTERIM RESULTS 2015

6 August 2015

INVESTMENT | SAVINGS | INSURANCE | BANKING



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AGENDA

Group & business performance

Julian Roberts, CEO

Financial review

Ingrid Johnson, GFD

Conclusion

Julian Roberts, CEO

Q&A

Final words

Julian Roberts, CEO

GOOD FIRST HALF PERFORMANCE

AOP¹ £904m, up 20%²

Adjusted EPS 10.3 pence, up 18%²

NCCF³ £1.4bn (OMEM £0.8bn, Nedbank £0.7bn, OM Wealth £2.3bn, OMAM £0.4bn)

Funds under Management⁴ £335.7bn, up 7%²

Interim ordinary dividend 2.65 pence per share, up 8%

Strong local profit growth

Transformation activity continuing

1. AOP, pre-tax and NCI, based on core business only.

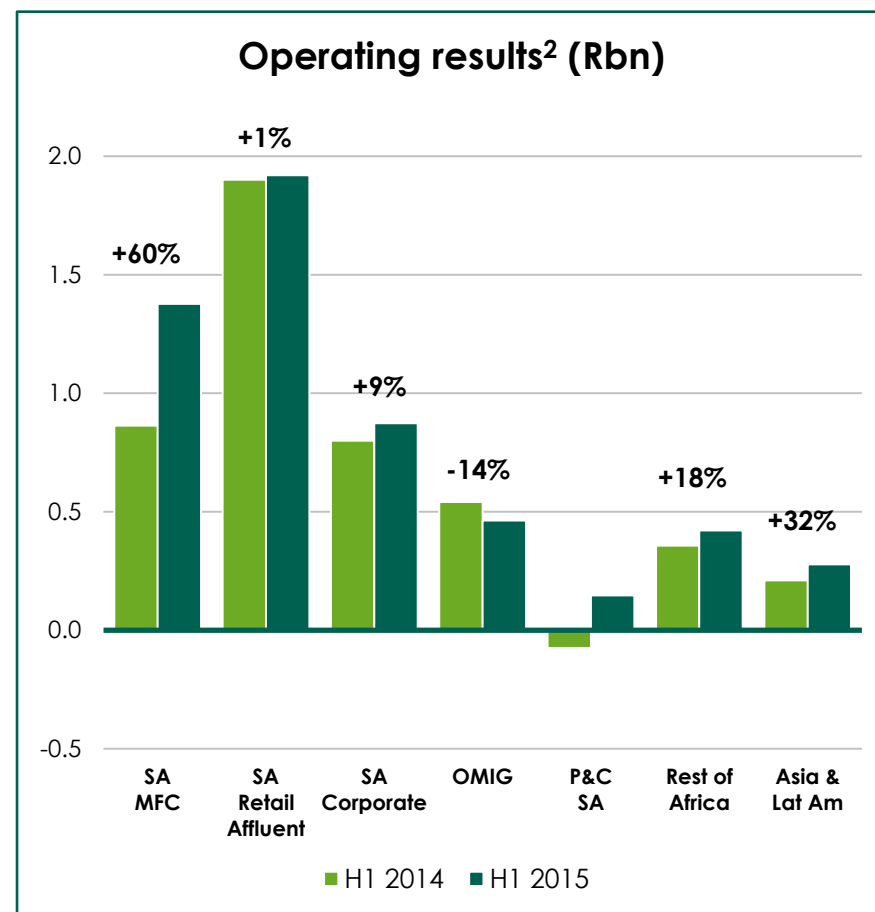
2. Changes in constant currency.

3. Core business only. Excluding non-US affiliate, core business NCCF was £4.2bn (H1 2014: £3.9bn reported).

4. Core business only. FUM comparator is 31 Dec 2014.

OLD MUTUAL EMERGING MARKETS

Rbn	H1 2015	Δ
AOP (pre-tax) (Rm)	6,044	16%
Gross sales	105.7	23%
Covered sales (APE)	5.5	20%
Non-covered sales	82.0	41%
NCCF	14.8	61%
FUM ¹	948.5	5%
RoE	23.2%	(40bps)
RoEV	12.3%	210bps



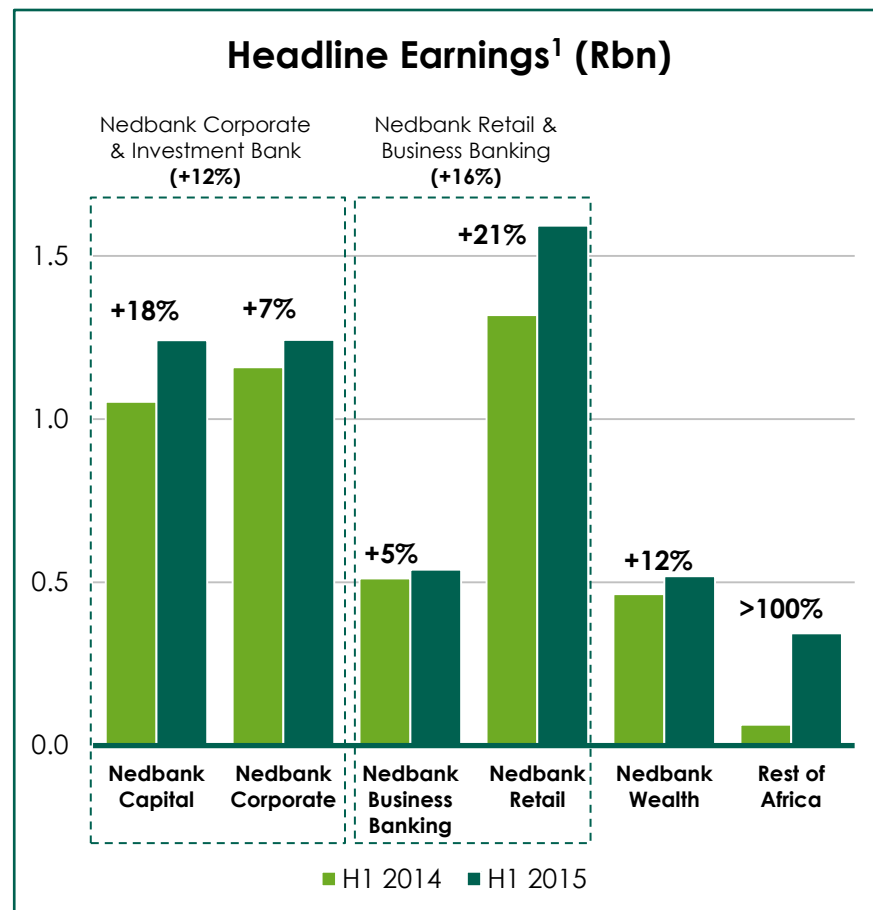
1. FUM comparator is 31 Dec 2014.

2. Adjusted operating profit, pre-tax, before LTIR and central costs.

NEDBANK

Rm	H1 2015	Δ
AOP (pre-tax)	7,339	14%
Net interest income	11,675	4%
Non-interest revenue	10,450	10%

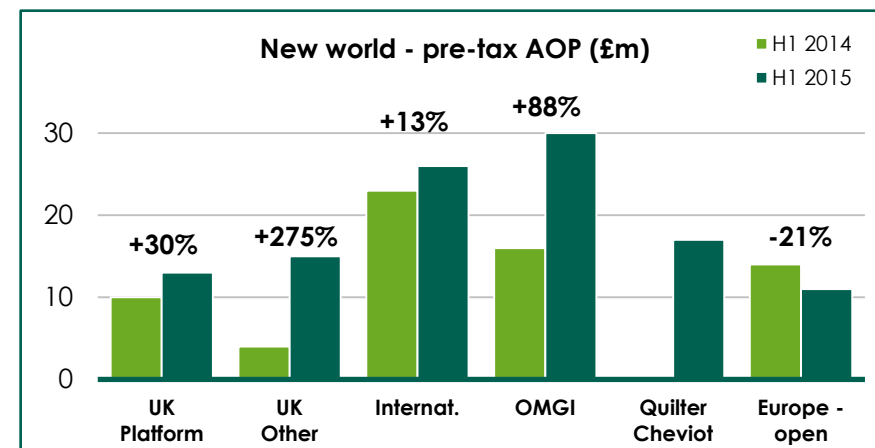
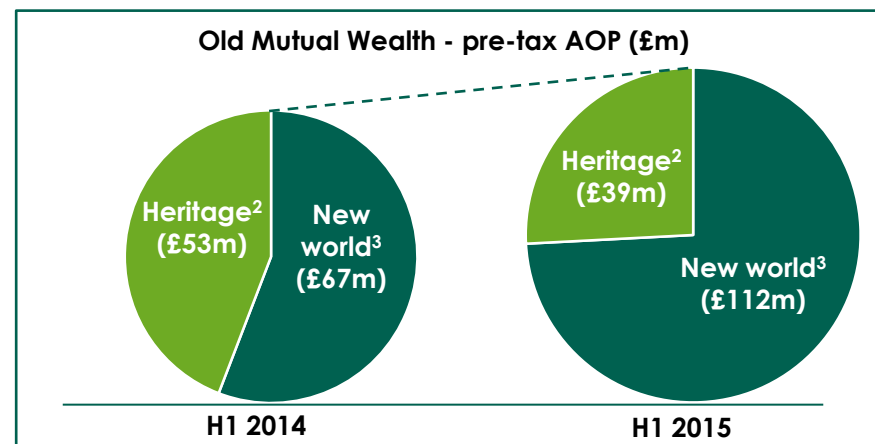
	H1 2014	H1 2015
Impairments (Rm)	(2,333)	(2,307)
Credit loss ratio	0.83%	0.77%
Common equity Tier 1 ratio	12.1%	11.4%
RoE (exc. goodwill)	16.5%	17.3%



1. Total Headline Earnings were R5,323m (H1 2014: R4,599m).



OLD MUTUAL WEALTH

£m	H1 2015	Δ
AOP (pre-tax)	151	26%
AOP exc. Quilter Cheviot & disposals	134	33%
Gross sales	9,755	26%
NCCF (£bn)	2.3	92%
FuM ¹ (£bn)	101.0	22%
Operating margin	42%	200bps
RoE	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

BUILDING THE LEADING RETAIL INVESTMENT BUSINESS IN THE UK: 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. • Driving good levels of sales and flows: <ul style="list-style-type: none"> • 11% of Platform sales in H1 2015. • 24% of Platform 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>

BUILDING THE LEADING RETAIL INVESTMENT BUSINESS IN THE UK: TECHNOLOGY UPDATE

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

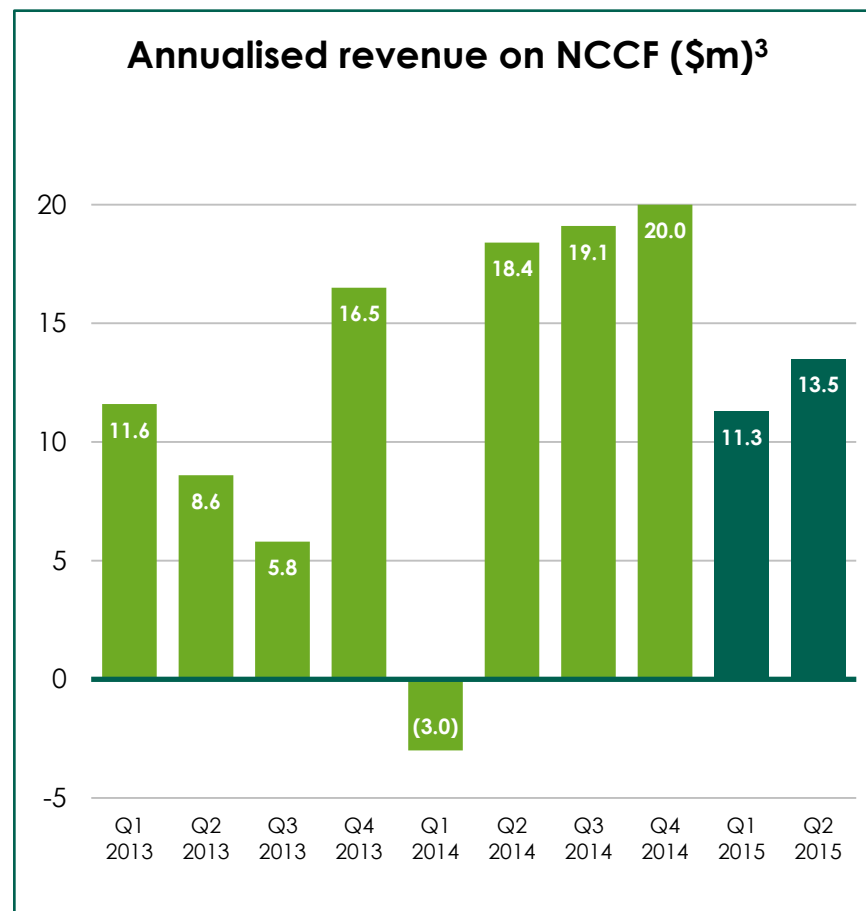
Initial cost estimate	£160m
Revised cost estimate	£210m
Expected benefits	<ul style="list-style-type: none">• £30m pa run rate cost savings compared to remaining with existing infrastructure.• Supports future growth in the business and product range.• Ability to add SIPPs, new asset classes and new product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

OM ASSET MANAGEMENT¹

\$m	H1 2015	Δ
AOP ² (pre-tax)	128	38%
NCCF (\$bn)	0.6	(77%)
Annualised revenue impact of net flows ³	24.8	61%
FuM ⁴ (\$bn)	226.6	3%
Operating margin ²	34%	200 bps



1. OMM is the listed entity which comprises the US affiliates.
2. AOP is after affiliate key employee distributions. Note: AOP for Institutional Asset Management, including the non-US affiliate, was \$127m, up 40% (H1 2014: \$91m).
3. Annualised revenue is calculated by multiplying the annual gross fee rate for the relevant account by the net assets gained/lost in the account. Excludes Echo Point.
4. FuM comparator is 31 Dec 2014.

CONTINUING TO DELIVER OUR STRATEGY

In Africa: build a **financial services champion**.

In the UK: build the leading **retail investment business**.

In the US: grow our **institutional asset management business**.

In all our markets: become recognised as the financial services **leader in responsible business**.

FINANCIAL REVIEW

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AGENDA

Macro background

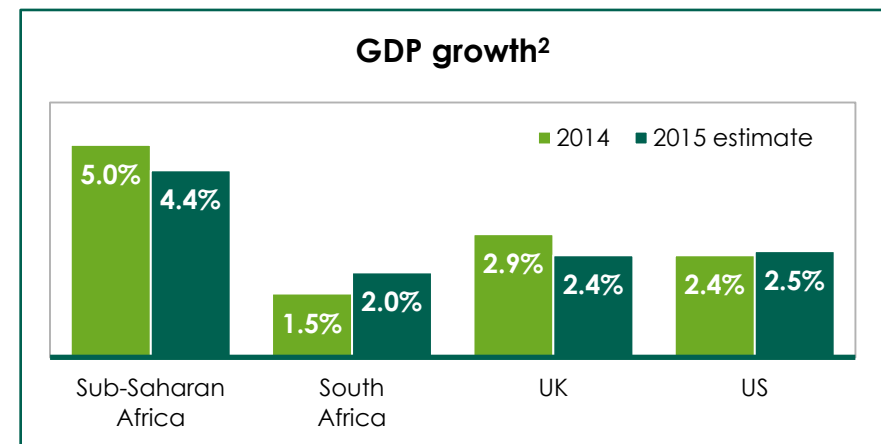
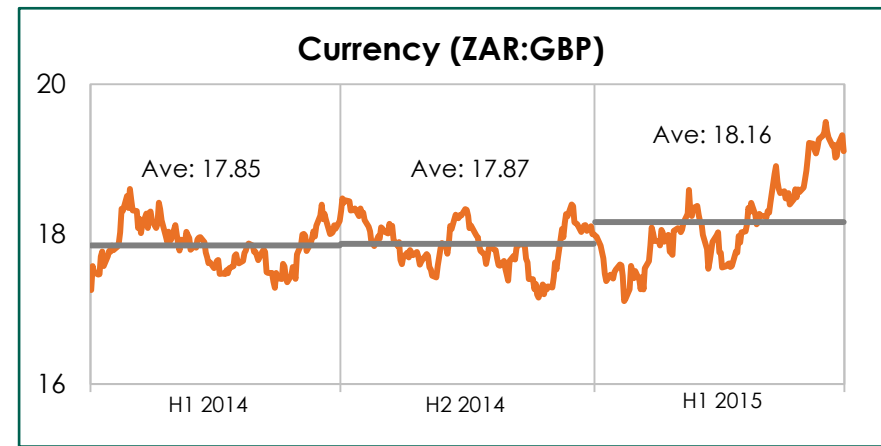
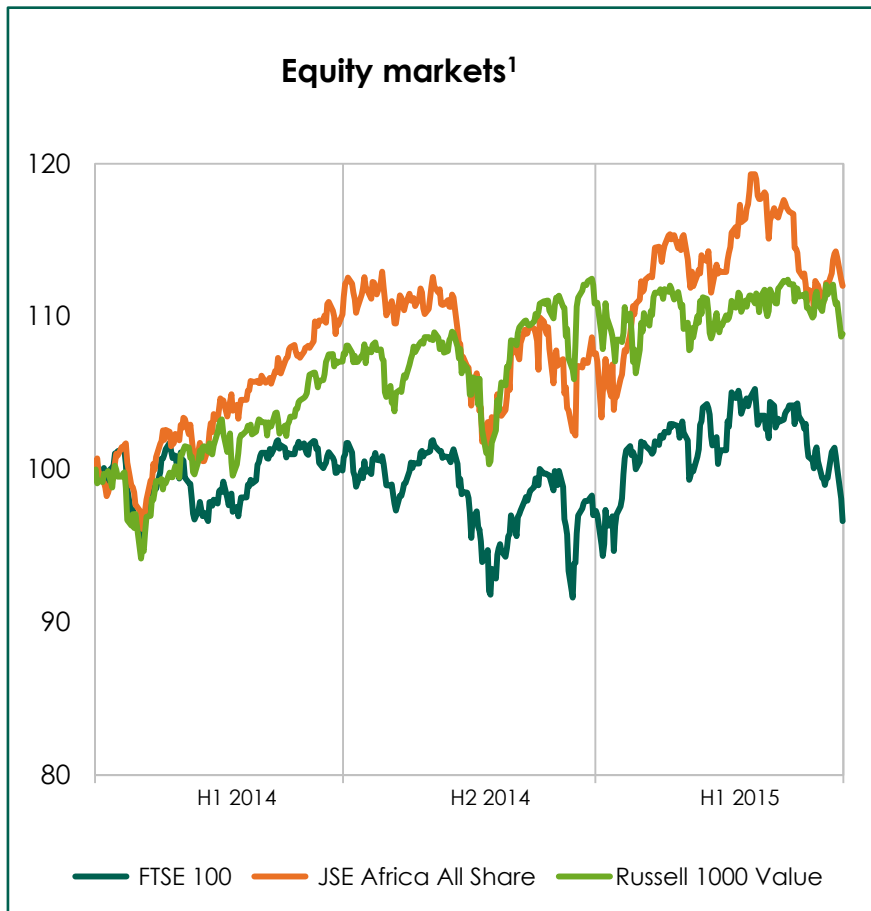
Operating profit analysis

Cash

Debt & capital

Financial summary

EQUITY MARKETS, CURRENCY & GDP



1. Rebased to 1 January 2014 = 100.

2. Source: IMF World Economic Outlook Update, July 2015.

OPERATING PROFIT ANALYSIS

£m	H1 2014 reported	H1 2014 at const.curr	H1 2015	Change in const.curr
Old Mutual Emerging Markets	291	286	333	16%
Nedbank	361	355	404	14%
Old Mutual Wealth	120	120	151	26%
Institutional Asset Management	54	59	83	40%
Business unit AOP¹	826	820	971	18%
Finance costs ²	(41)	(41)	(42)	(2%)
Other central activities ³	(24)	(24)	(25)	(4%)
AOP pre-tax and NCI	761	755	904	20%
Taxation	(202)	(200)	(235)	(18%)
Non-controlling interests	(135)	(132)	(167)	(27%)
AOP post-tax and NCI	424	423	502	19%
IFRS profit after tax⁴	336	n/a	419	25%

1. Business unit AOP is pre-tax and NCI.
2. Finance costs are those attributable to the PLC and exclude costs incurred within the business units, as detailed in the notes to the financial statements.
3. Includes LTIR on excess assets, interest payable to non-core operations, corporate costs & other net shareholder expenses.
4. IFRS profit for H1 2014 has not been converted to constant currency. Change is on a reported basis.

CONVERSION OF BUSINESS UNIT AOP TO PLC CASH¹

H1 2015 (£m)	AOP (post-tax & NCI)	Free surplus generated	BU cash deployed	BU remittance ²	H1 2015 % of AOP remitted	H1 2014 % of AOP remitted
Emerging Markets	226	186	65	121	53%	52%
Nedbank ³	161	161	79	82	51%	53%
Old Mutual Wealth ⁴	132	115	58	57	43%	1%
Institutional AM ³	46	46	18	28	61%	143%
H1 2015 before central activities	565⁵	508	220	288	51%	50%

90% conversion of
AOP to free surplus
(96% in H1 2014)³

Includes IT
development
costs: £40m

H1 2014: £241m

1. Core continuing operations only.
2. Operational cash which was remitted to the PLC, excluding proceeds from disposals.
3. Nedbank and IAM free surplus generated reflects 100% of AOP post-tax and NCI. Previously only our share of their cash dividend was disclosed as free surplus. The H1 2014 conversion % has been restated to reflect this.
4. Old Mutual Wealth no longer report full MCEV disclosures. Free surplus generation is on a local statutory basis.
5. £565m is business unit AOP (post-tax and NCI) and is before central activities of £63m (post-tax).

SOURCES AND USES OF PLC CASH

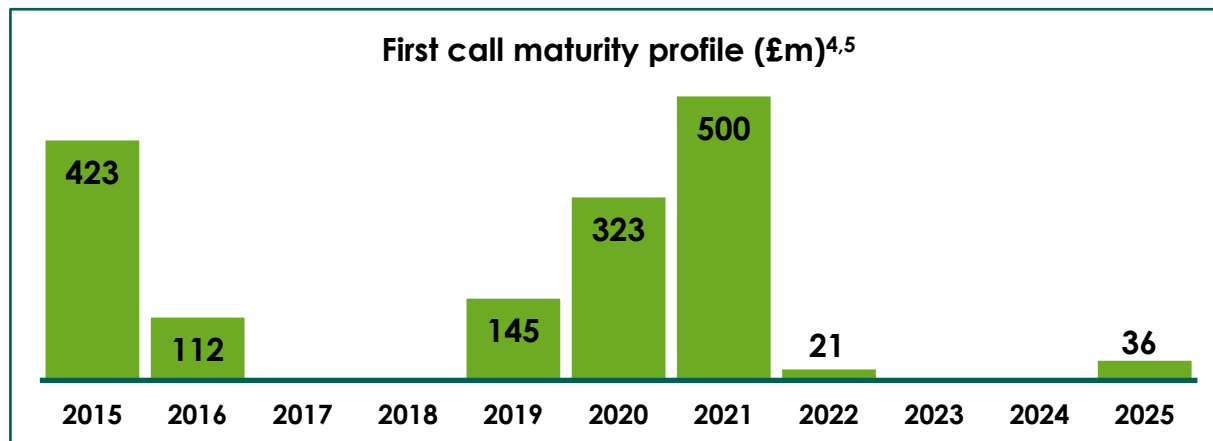
£m	H1 2015	
PLC opening balance	1,003	
BU remittances		
- Rand ¹	203	Total £288m
- Hard currency ¹	85	
Central activities & dividend		
- Ordinary cash dividends (2014 final)	(297)	SA register: £175m UK register: £122m
- Interest paid & group costs	(57)	
- Other operational flows ²	(62)	
	(416)	
Net capital flows	(325)	Net corporate activity ³ : (£287m) Net funding ⁴ : (£38m)
PLC closing balance	550	

1. Rand from OMEM & Nedbank; hard currency from Old Mutual Wealth & Institutional Asset Management.
2. Includes net Old Mutual Wealth loan movements, brand-build costs, legacy pension fund contributions and payment of accruals from prior year.
3. Includes the acquisition of Quilter Cheviot, proceeds from the secondary public offering in OMAM, settlement of the litigation in respect of US Life and other corporate flows.
4. Net funding represents Bermuda funding and seed capital investments.

LIQUIDITY & DEBT

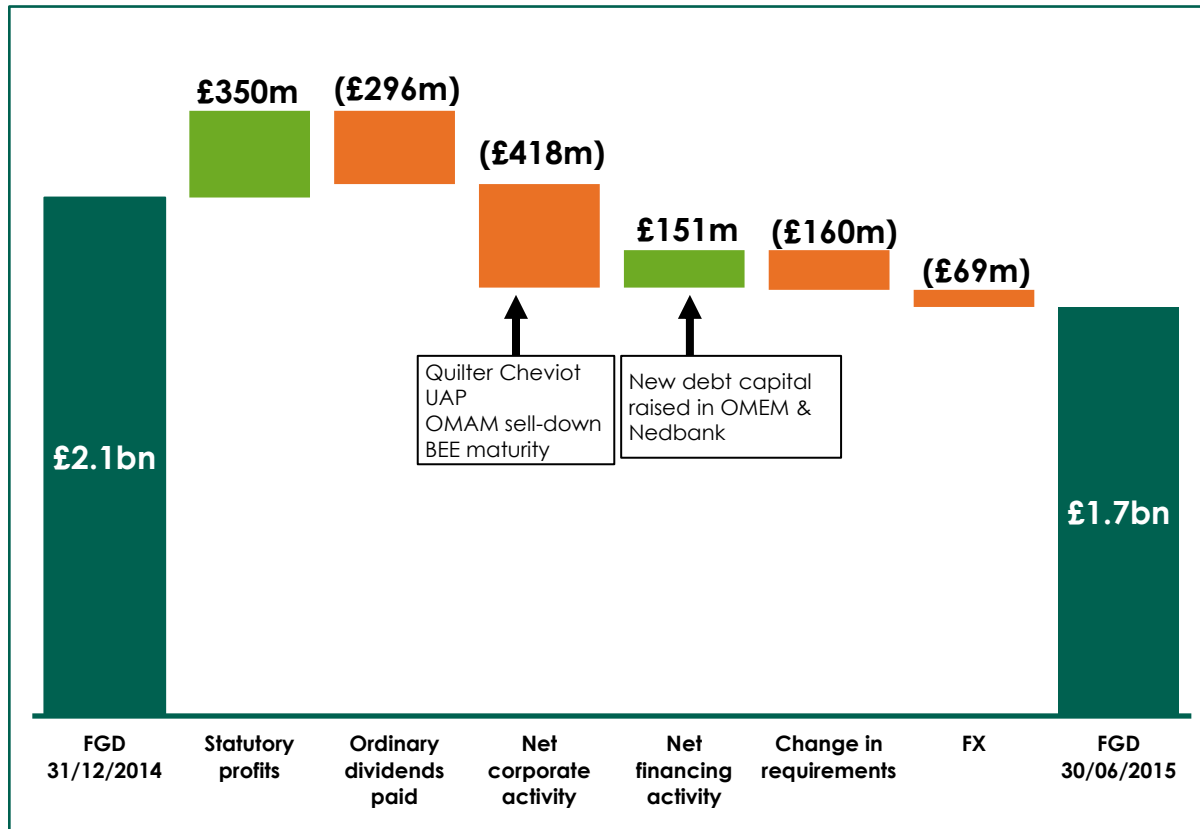
	31 Dec 2014	30 Jun 2015
Liquidity ¹ (£bn)	1.8	1.4
Group gross debt (IFRS basis, £m) ²	1,540	1,613
Total gross gearing (IFRS basis)	13.3%	14.0%
Total interest cover	16.8x	15.5x
Hard interest cover ³	4.3x	5.5x

- £566m cash outflow for Quilter Cheviot acquisition (Q1 2015)
- £162m cash inflow from OMAM secondary public offering (Q2 2015)



1. Includes £0.6bn holding company cash & liquid assets (FY 2014: £1.0bn) and £0.8bn RCF (undrawn) (FY 2014: £0.8bn).
2. Group debt excluding banking related business.
3. Hard interest cover now calculated to exclude LTIR on excess assets and all OMEM and Nedbank earnings (previously only adjusted for earnings in South Africa and Rest of Africa). Comparatives have been restated.
4. At nominal value at 30 June 2015 foreign exchange rates.
5. The 2020, 2022 and 2025 maturities relate to recently issued ZAR debt by OMLACSA. 2020 also includes PLC Tier 1 debt.

GROUP CAPITAL



Coverage ratios

31 Dec 2014: 164%
30 Jun 2015: 151%

FX sensitivity

At 1GBP to ZAR25, coverage at 30 Jun would have been 154%

Business units retain strong local statutory cover.

Future regulatory capital methodology considerations:

- Fungibility/transferability
- Aggregation
- Diversification
- Equivalence
- Standard formula for SAM/SII

FINANCIAL SUMMARY: H1 2015

Good underlying profit growth

- Pre-tax AOP £904m, up 20% in constant currency.
- Contribution from acquisitions.

Continued good cash generation

- Significant underlying investment within business units.
- Keenly focused on cost-effectiveness.

Strong balance sheet

- Appropriate capitalisation, liquidity & gearing.
- Resilient to stress scenarios and evolving capital rules.
- Adjusted NAV 210.9p per share (FY 2014: 221.9p).

Interim dividend of 2.65p per share, up 8%

- Policy unchanged.
- Interim dividend set at 30% of prior year total.
- Targeting 2-2.25 times AOP earnings.

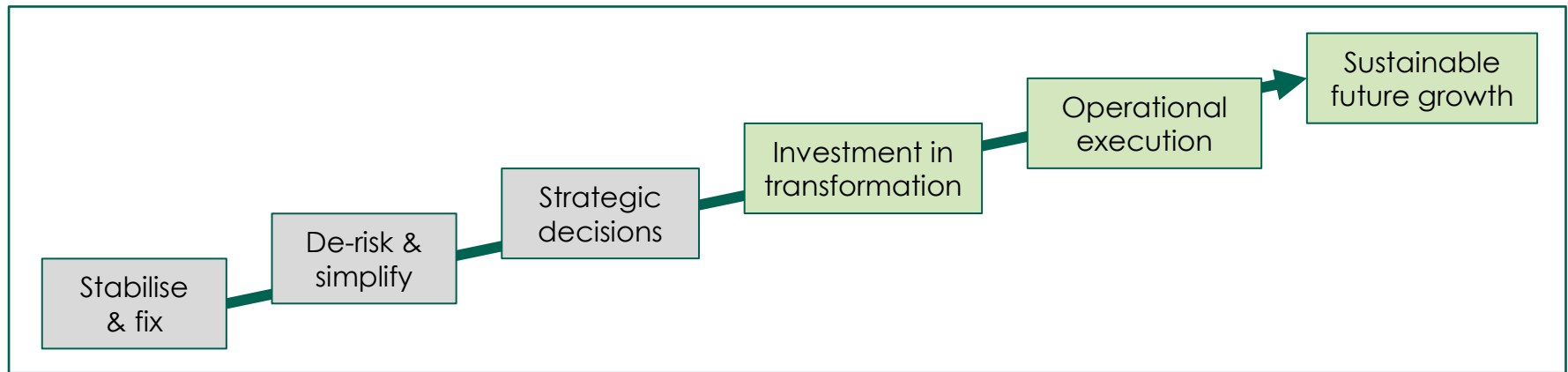
CONCLUSION

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DELIVERING VALUE FROM THE TRANSFORMATION OF OLD MUTUAL



Against a background of:

- **Uncertainty** in global financial services.
 - Difficult to identify sources of value for customers.
 - Need for tough choices & decisions.
- Increased **regulatory** burden.
 - Waves of change across all areas of the business.
 - Impact on business models.
 - Some positive outcomes, others negative
- Changed relationship between **customers** & companies.
 - Need to be solutions-driven not product-led.
 - Technology is a game-changer.
 - Time and commitment to put customers at the heart of the business.

OLD MUTUAL: WELL POSITIONED FOR THE FUTURE

Clear strategy in our chosen markets

- Build a financial services champion in Africa.
- Build the leading retail investment business in the UK.
- Grow our institutional asset management business in the US.

Four **strong businesses**

- Making good returns.
- In markets with attractive opportunities.
- Well positioned for growth.
- Strength is reflected in H1 performance.

Focused on **operational execution**

Delivering value to our stakeholders

Q&A

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