

# OLD MUTUAL EMERGING MARKETS

SBG General Financials Conference  
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02 December 2016

**INVESTMENT | SAVINGS | INSURANCE | BANKING**

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Nothing in this presentation shall constitute an offer to sell or the solicitation of an offer to buy securities.

# AGENDA

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OMEM OVERVIEW: PAST AND THE PRESENT

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OUR STRATEGY TO CREATE VALUE

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PREPARING OMEM FOR A STAND-ALONE AND LISTED FUTURE

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SUMMARY AND CONCLUSION

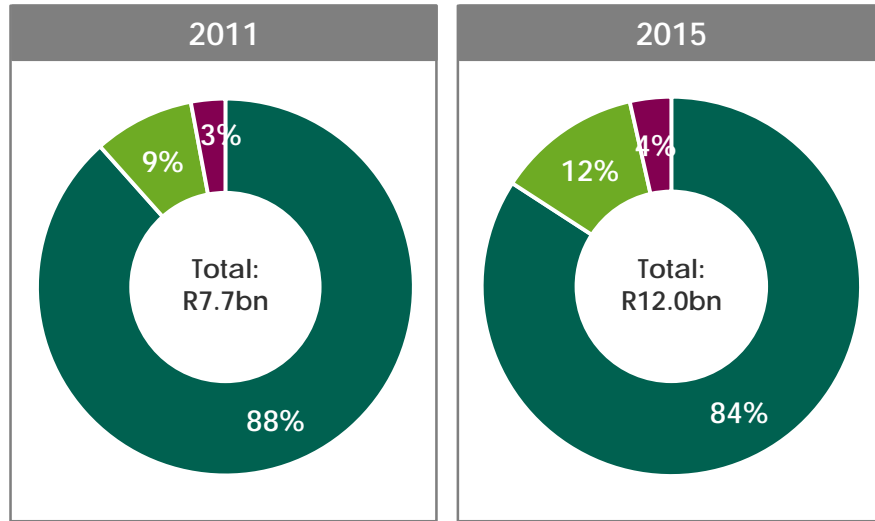
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Q&A

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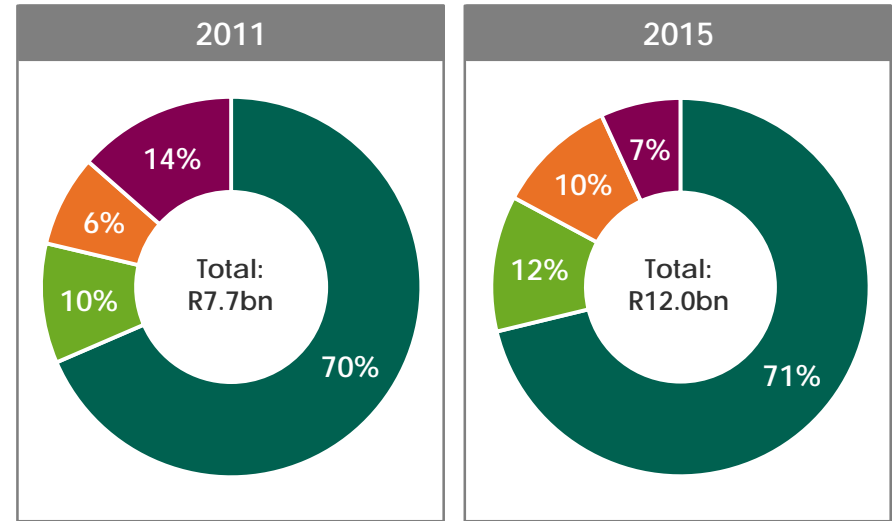
# WELL DIVERSIFIED LINES OF BUSINESS AND AN INCREASING CONTRIBUTION FROM REST OF AFRICA OPERATIONS

## PROFIT BY REGION



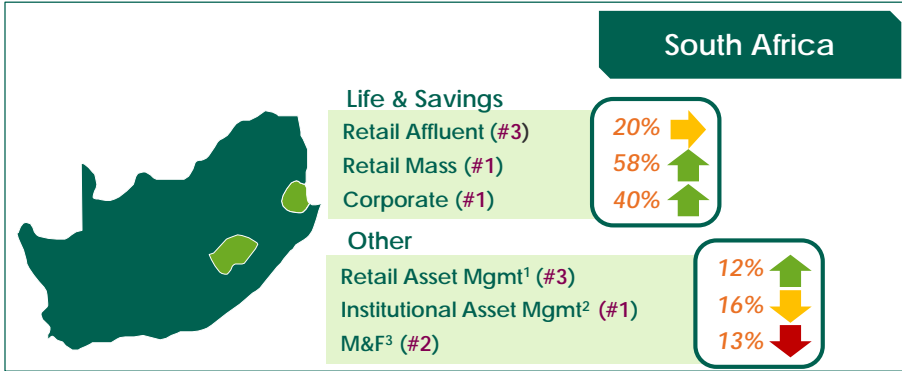
■ South Africa   
 ■ Rest of Africa   
 ■ Latin America & Asia

## PROFIT BY LINE OF BUSINESS



■ Life and Savings    ■ Property & Casualty  
■ Asset Management    ■ Banking & Lending

# WE HAVE LEADING MARKET POSITIONS IN THE MAJORITY OF OUR CORE MARKETS, WITH AN ESTABLISHED PRESENCE WHERE WE ARE LOOKING TO GROW

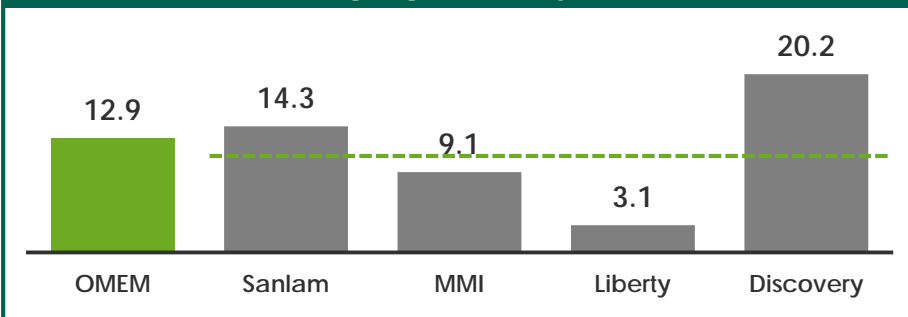


Notes: **Market share position as at December 2015.**  
 Market share % of premiums (or AUM) as at December 2015 (Market share changes indicated over a 5 year period. For the Life industry, data is based on "Big 5" players)

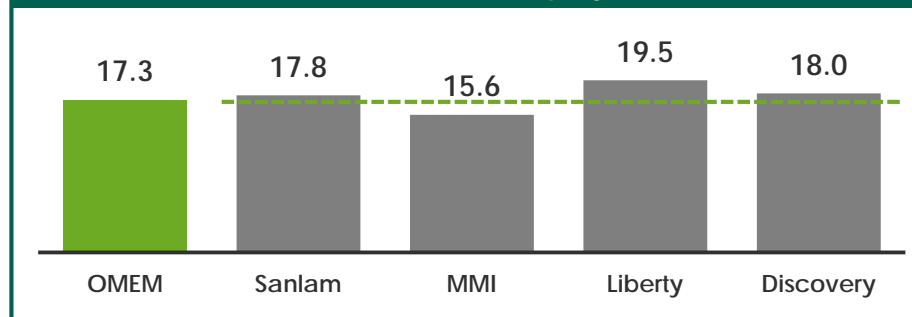
1. Asset Management market share of AUM, includes OMUT, Symmetry, Marriott and ACSIS.  
 2. Asset Management market share of AUM, as at December 2014. Includes life assets.  
 3. KPMG insurance industry report, as at December 2015  
 4. India market share position as at March 2016

# STRONG FINANCIAL DELIVERY COMPARES FAVOURABLY TO OUR SA PEER GROUP

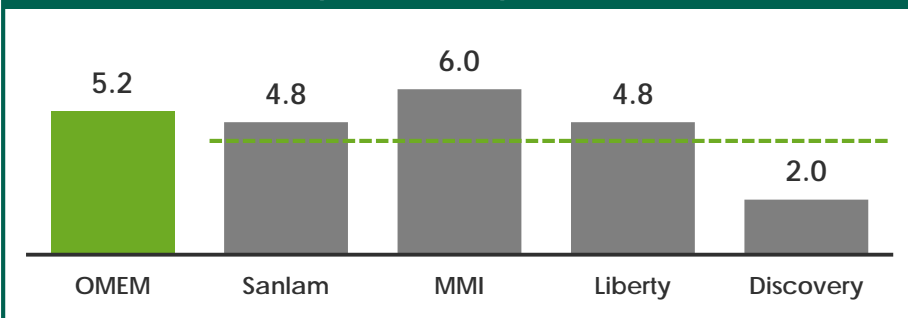
## OMEM Earnings<sup>1</sup> growth (3 year CAGR %)



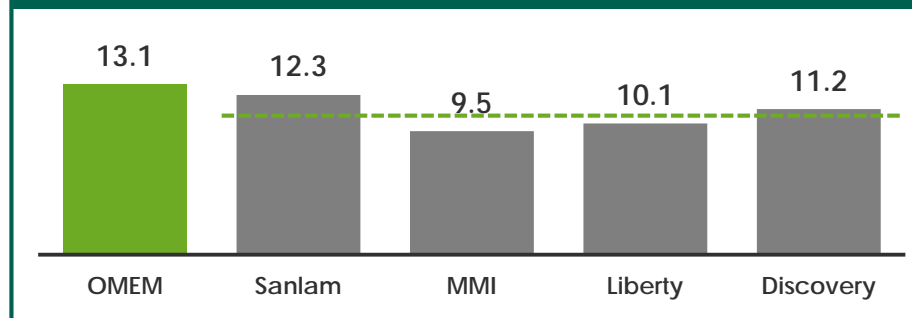
## OMEM Return on Equity<sup>1</sup> (%)



## OMEM Dividends paid / Group Embedded Value<sup>2</sup> (%)



## OMEM Return on Embedded Value<sup>3</sup> (%)



Note: Unless otherwise stated, all data is for last financial year

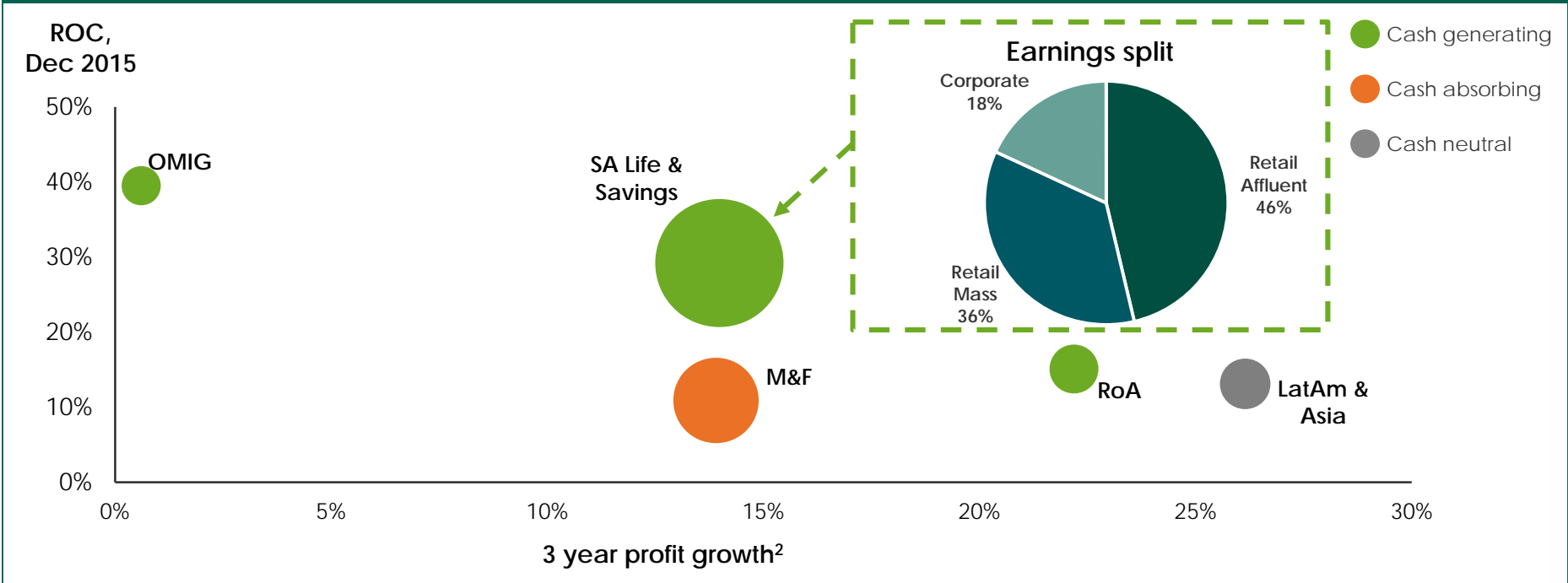
1. Earnings growth based on Net Profit and Return on Equity = Net Profit / IFRS NAV for comparability with peers

2. OMEM dividends remitted to the Group / Opening Adjusted NAV

3. Return on Embedded Value for OMEM includes covered business only

# GREAT OPPORTUNITY FOR FURTHER VALUE CREATION BY IMPROVING PERFORMANCE OF SELECT BUSINESSES AND ENHANCING GROWTH

Capital allocated to BU's, against ROC and profit growth



1. Bubbles indicate relative sizes of capital allocated per business  
 2. Pre-tax AOP, 2012-2015

# ACCENTUATING THE POWER OF THE SOUTH AFRICAN BUSINESS BY CAPITALISING ON OUR COMPETITIVE ADVANTAGES

No1 Brand in SA

**Sunday Times**  
**TOPBRANDS**  
2016

No 1 reputation in SA  
financial services



## 1 Further growth in Mass Foundation Segment

- Integrated Financial Services strategy
- Largest tied-agency force

## 2 Opportunity in the Black Middle Income Segment

- Leverage strength in Mass and cost effective multi-channel distribution
- Deliver solutions to both sides of the customer's balance sheet

## 3 Capitalise on scale in Corporate Segment

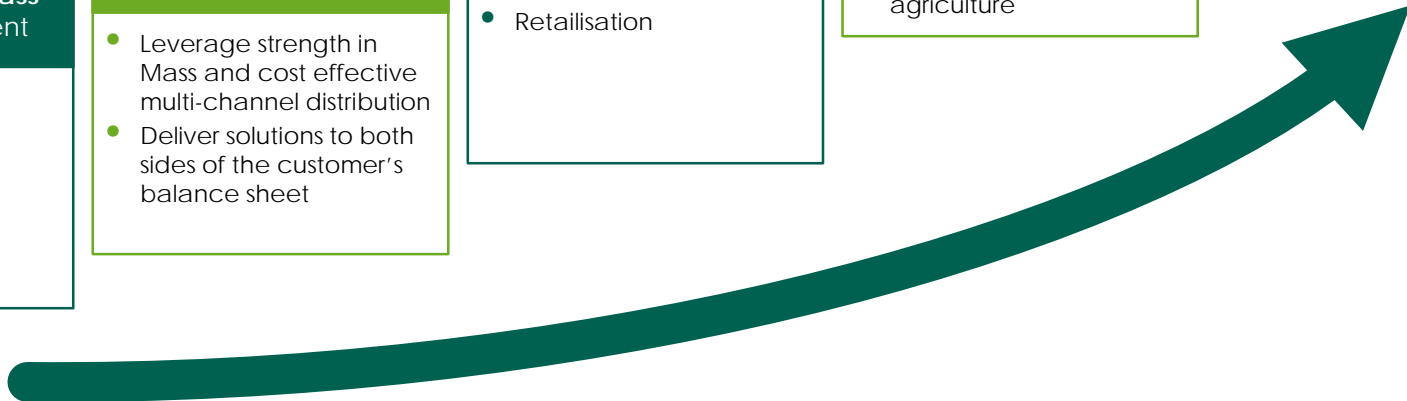
- Bulk pensions
- Umbrella
- Retailisation

## 4 Leverage Alternative Asset Capability in OMIG

- Structural growth opportunities in SA, East and West Africa
- Infrastructure development, renewable energy and agriculture

## 5 Increasing Customer Reach with Product Innovation

- Continued product innovation
- IT investment supports speed to market & customer experience





# ACROSS THE OMEM BUSINESS WE ARE FOCUSING ON KEY AREAS TO DELIVER ENHANCED VALUE

**1**

M&F  
Deliver underwriting result within 4-6% range  
Improve ROE to 15% - 20% range

**Fix**

- Commercial remediation
- Manage claims and costs

**Build**

- Direct
- Corporate and specialist
- Re-insurance

**2**

OMIG  
Improve investment performance & grow flows

- Improve multi-asset class investment performance
- Strengthen wealth offering and distribution to drive flows
- Product expansion

**3**

REST OF AFRICA  
Build out our East and West Africa franchises  
Lift RoEs to above 20%

**East Africa**

- Complete mergers delivering operational efficiencies
- Optimize property portfolio
- Drive integrated financial services strategy

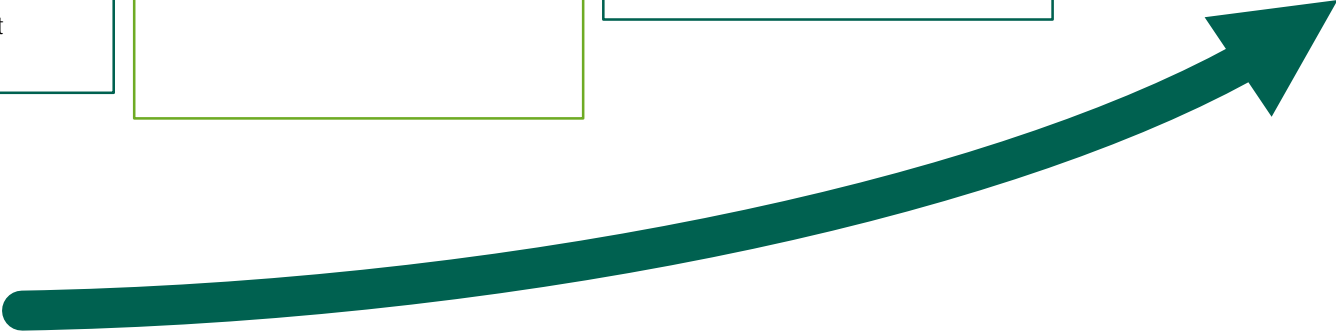
**West Africa**

- Capital-light growth
- Leverage ETI footprint

**4**

COST EFFICIENCIES

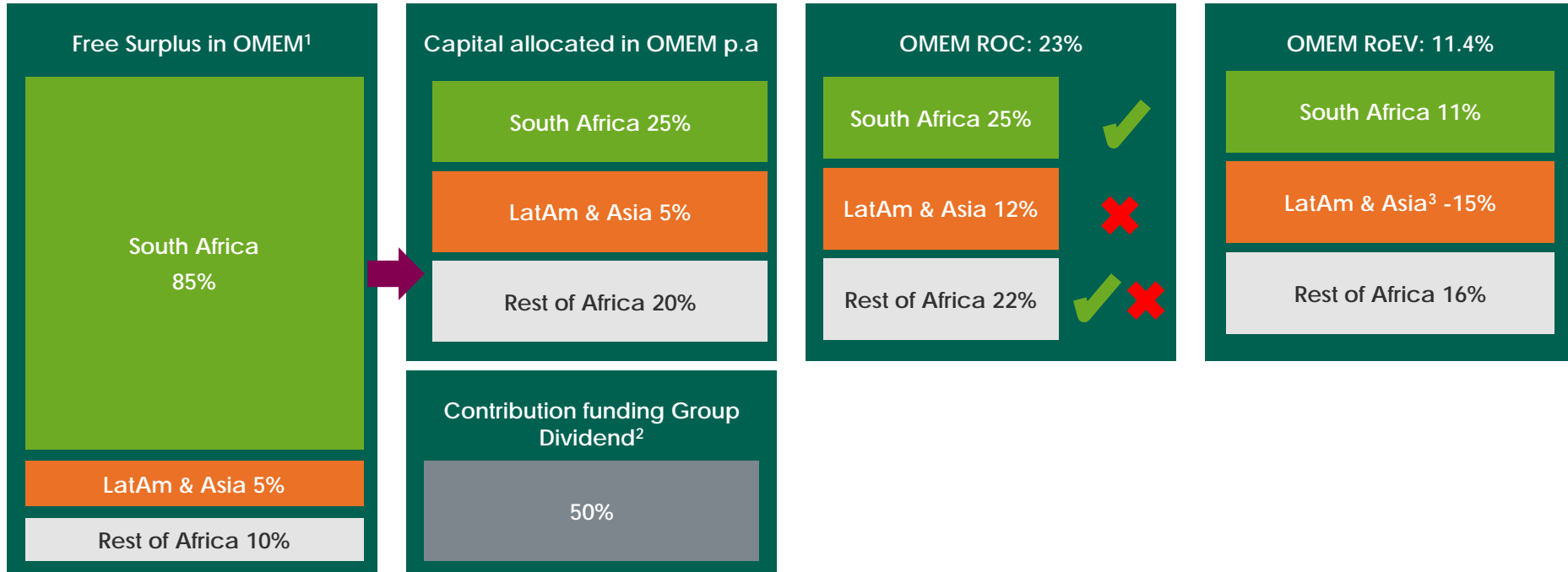
- Leverage scale advantage to deliver cost efficiencies
- IT investment to support future-fit cost base
- Target operating model
- Digital



# PREPARING OMEM AS A STAND-ALONE ENTITY IS A KEY PRIORITY FOR THE BUSINESS LOOKING FORWARD

<b>BUSINESS UNIT PERFORMANCE</b>	<ul style="list-style-type: none"><li>• Accentuate the power of the SA business and turn-around under-performing BU's</li><li>• Drive cost efficiencies within the business</li></ul>
<b>STRATEGIC REVIEW OF PORTFOLIO</b>	<ul style="list-style-type: none"><li>• Delivering an optimal portfolio of high return, cash generating businesses with strong growth potential</li></ul>
<b>CAPITAL</b>	<ul style="list-style-type: none"><li>• Maintaining a market competitive capital position to sustain growth</li></ul>
<b>ENTERPRISE RISK MANAGEMENT</b>	<ul style="list-style-type: none"><li>• Further strengthen our risk management framework ahead of listing</li></ul>
<b>TARGET OPERATING MODEL</b>	<ul style="list-style-type: none"><li>• Review of our operating model to drive efficiencies and alignment to the portfolio and governance model</li></ul>
<b>BOARD AND EXECUTIVE MANAGEMENT</b>	<ul style="list-style-type: none"><li>• Assessing management &amp; board readiness for a future listed environment</li></ul>
<b>Focus on capital allocation and value creation</b>	

# FOCUS ON VALUE CREATION: GROWTH IN FREE SURPLUS, RETURNS AND DIVIDENDS UNDERPINNED BY DISCIPLINED CAPITAL ALLOCATION



Note: Figures provided 3 year average (2012 – 2015)

1. Free surplus includes covered & non-covered profits (including M&F)
2. Contribution to group dividend excludes Nedbank dividend received
3. RoEV for Latin America and Asia excludes India

# SUMMARY AND CONCLUSION

1 Well capitalised with strong financial record

2 SA is the core, market leading franchise

3 Positioned to be an African financial services champion in the medium term

4 Business readiness for stand-alone, listed future

5 Scope for operational improvements

6 Driving enhanced returns and value creation

**UNIQUELY POSITIONED FOR GROWTH AND CASH**

# Q&A

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# Appendix

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## YEAR-END 2016 REMINDERS AS WE MOVE TOWARDS CLOSE PERIOD

- Consumers remain under pressure impacting retail persistency
- Weaker mortality and disability risk experience highlighted at H1'16
- Retail unit trust flows impacting asset management performance
- Severe weather conditions in July (Rain, Tornado) and November flooding in Gauteng
- Highlighted net client cash flow pressure in H1 '16
- Rand volatility during 2016