

Analyst Presentation

Interim results for the
half year to 30 June 2002

Jim Sutcliffe
Chief Executive
Introduction



Solid progress... challenging environment

- Group return on equity 17%
- Record Life sales
- Operations performing to target:
 - SA underlying results strong; Nedcor acquires BoE
 - US Life new business up 107%; asset management net inflow \$1.5bn
 - UK Gerrard profitable in H1
- Balance sheet further strengthened by eurobond and equity placings

Benefiting from internationalisation



Key financial highlights - Sterling

	2002 interim	2001 interim	% change
Operating profit (smoothed)	£381m	£455m	-16
Operating EPS	5.8p	*7.2p	-19
Dividend per share	1.7p	1.7p	0
Embedded value @ 30/6	£3,775m	**£3,522m	+7
Life new business***	£288m	£132m	+118
Value of new business	£58m	£28m	+107

* Restated from 7.8p on adoption of FRS 19

** 31 December 2001 *** Annual premium equivalent

Key financial highlights - Rand

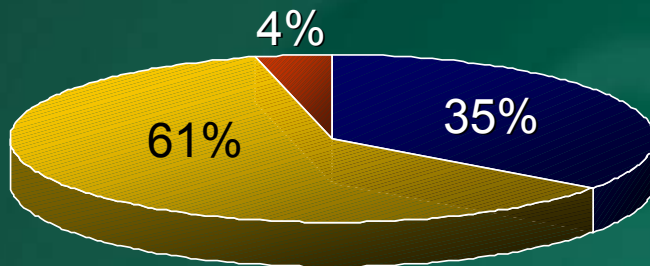
	2002 interim	2001 interim	% change
Operating profit (smoothed)	R6,059m	R5,195m	+17
Operating EPS	92.9c	*82.4c	+13
Dividend per share	****26.9c	22.2c	+21
Embedded value @ 30/6	R59,814m	**R61,364m	-3
Life new business***	R4,571m	R1,498m	+205
Value of new business	R927m	R319m	+191

* Restated from 89.3c on adoption of FRS 19

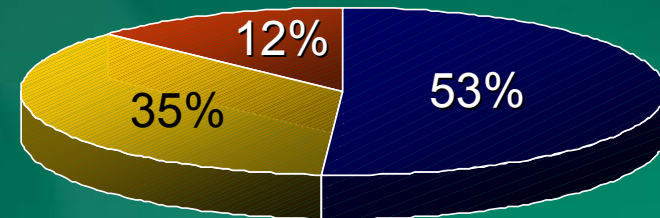
** 31 December 2001 *** Annual premium equivalent **** Indicative only

Progress on internationalisation

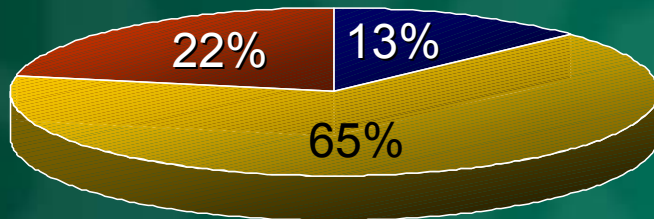
Life new business (APE)



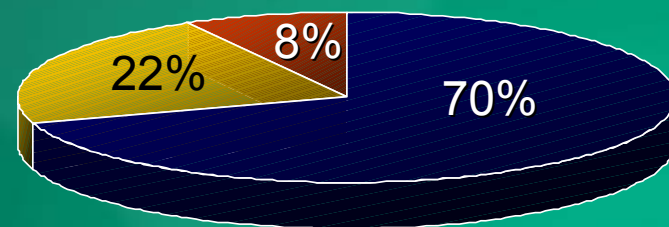
Embedded value (pre-debt)



Funds under management



Operating profit



Julian Roberts
Group Finance Director
Finance and operating review

A challenging environment

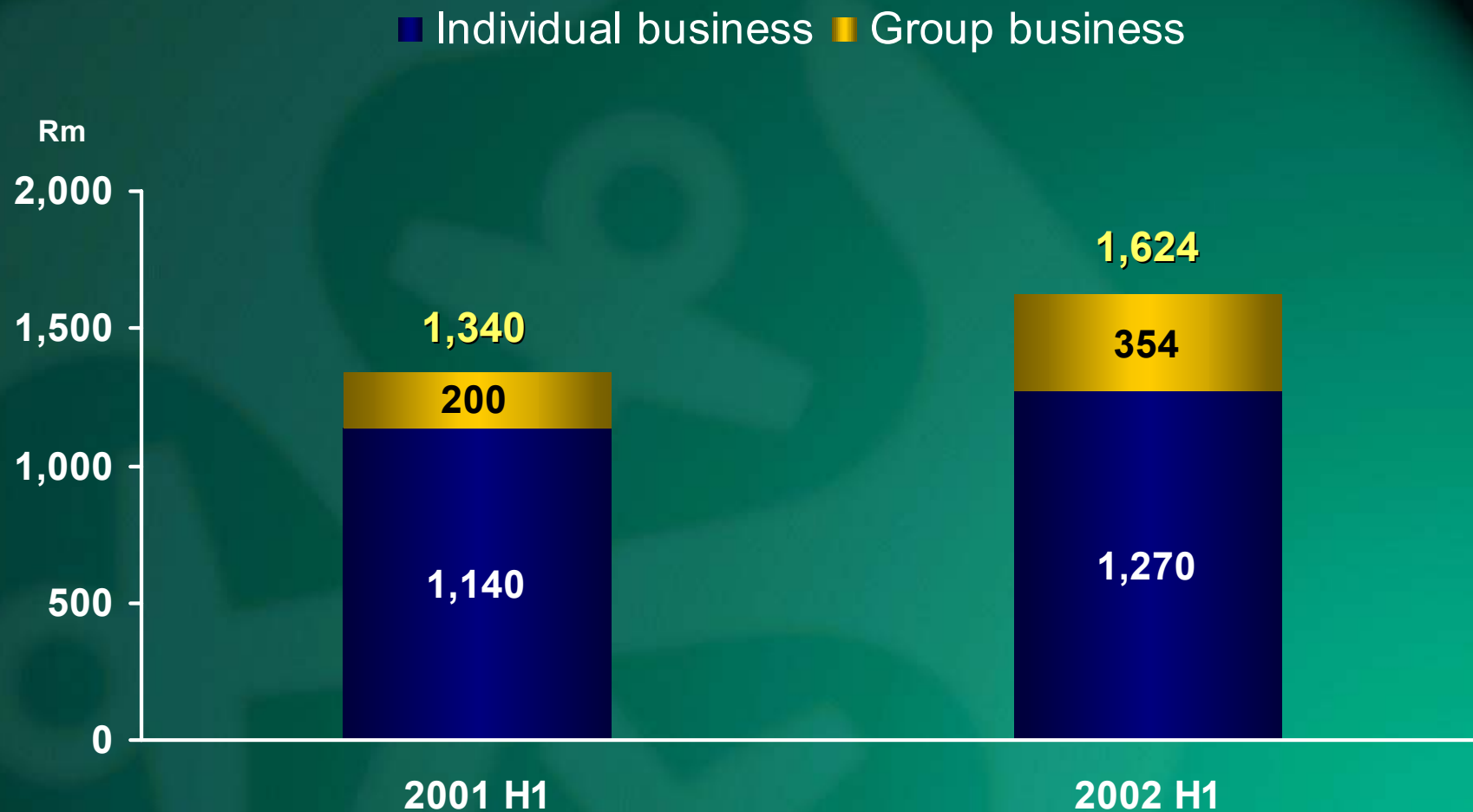
		% change H1 2002	% change one year
S&P 500		-14	-19
NASDAQ		-25	-34
JSE		+2	+18
FTSE 100		-11	-17
Rand / £	- Spot	+10	-28
	- Average		-28
US\$ / £	- Spot	-5	-8
	- Average		0

South Africa

South Africa - Operating profit

Rm	2002 interim	2001 interim	% change
Life assurance	2,541	2,456	+3
Asset management	207	206	0
Banking	1,579	1,525	+4
General insurance	308	274	+12
Operating profit	4,635	4,461	+4

South Africa - Life new business*



* Annual premium equivalent

South Africa - Life operating review

Rm	2002 interim	2001 interim	% change
New business margins	25%	22%	
Value of new business	403	296	+36
Life assurance profit	2,541	2,456	+3
LTIR	1,000	891	+12
Operating profit	1,541	1,565	-2
Return on capital	21%	24%	

OMLAC(SA) - Capital strength

Rbn	June 2002	*Dec 2001
Assets (net of provisions and current liabilities)	244.0	250.3
Policy liabilities	(210.2)	(216.1)
Excess assets	33.8	34.2
Statutory capital adequacy requirement	13.2	12.7
Multiple	2.6x	2.7x
Allocated Capital	21.8	20.6

* Restated to exclude Guernsey branch

Nedcor - Operating review

	2002 interim	2001 interim	% change
Headline earnings (Rm)	1,524	1,485	+3
Core earnings (Rm)	1,560	1,317	+18
Total assets (Rm)	200,727	173,012	+16
Return on average equity (based on headline earnings)	20.9%	21.5%	
Efficiency ratio	53.4%	51.9%	
Capital adequacy ratio	11.2%	11.1%	

Nedcor - BoE integration

Rationale

- Opportunity to consolidate domestic banking market
- Geographic coverage enhanced
- Build private client wealth management
- Strengthen domestic merchant banking

Capital structure optimised with issue of Tier 2 capital

Expense reduction a focus

EPS accretive in 2002 for Old Mutual



General insurance - Operating review

	2002 interim	2001 interim	% change
Net premiums (Rm)	2,338	2,151	+9
Operating income (Rm)	308	274	+12
Net insurance reserves (Rm)	2,130	2,011	+6
Operating ratio	97.7%	98.7%	
Solvency ratio	71%	74%	

United States

US - Operating profit

\$m	2002 interim	2001 interim	% change
Life assurance*	48	-	
Asset management	88	92	-4
Operating profit	136	92	+48
Operating profit (£m)	93	64	+45

* Consolidated from 1 July 2001

US asset management - Key drivers

- Net funds inflow
 - 1% of FUM
 - \$1.3bn inflow through PBA sub-advisory channel
- Strong investment performance
 - 65% of US Morningstar rated funds achieved 4 or 5 Star ratings
 - Approximately 85% of US managed funds outperform respective benchmarks
- Head office costs
 - \$11m reduction compared with H1 2001 (44% annualised)

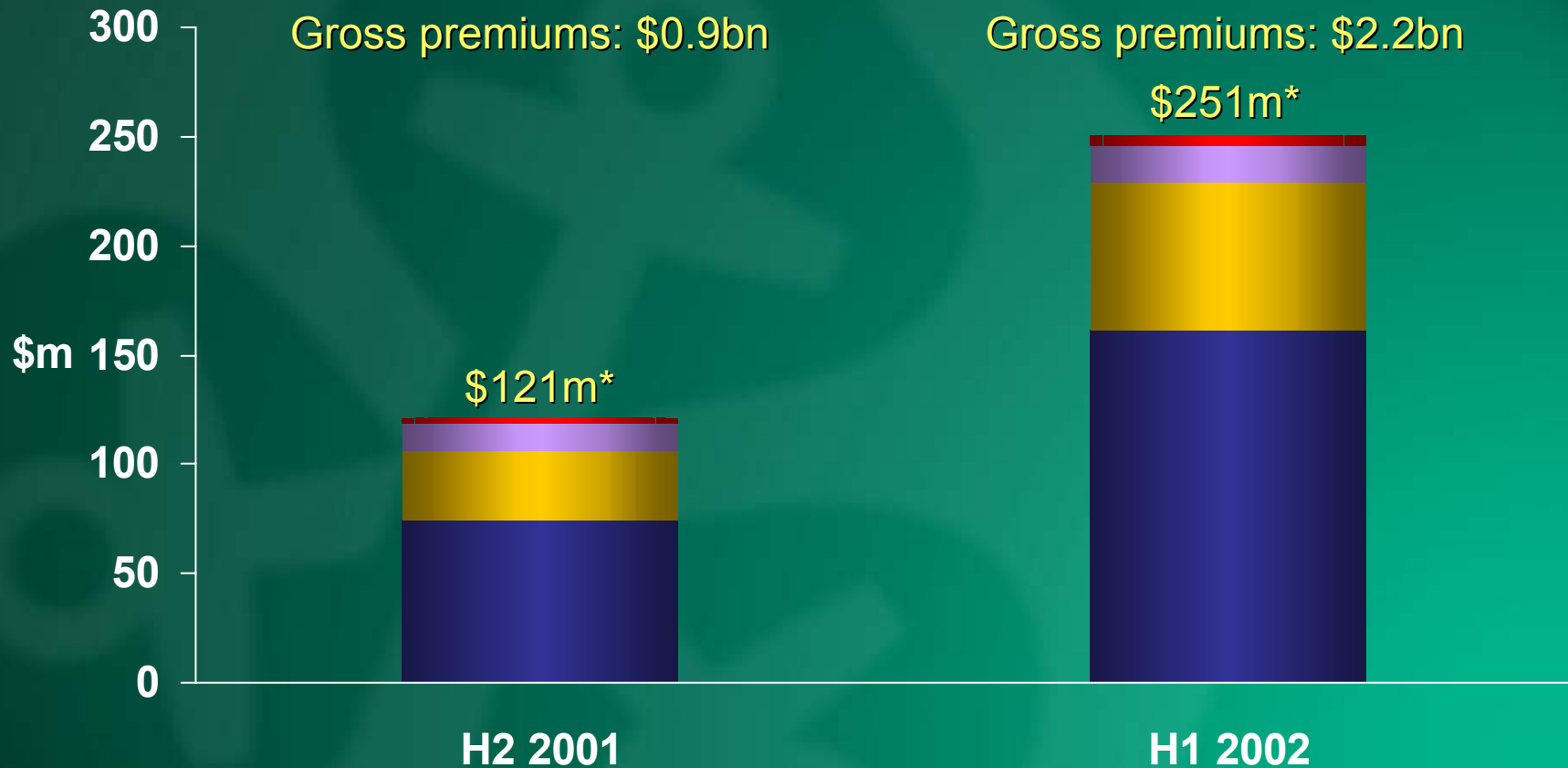
US funds under management

\$bn	31 Dec 2001	Divested/ transferred	Net cash flows	Market movement	30 June 2002
OMAM(US)*	76.7	-	3.1	-1.7	78.1
PBA	12.6	-	- 1.2	- 2.5	8.9
OMA - Strategic	37.5	- 0.1	- 0.9	0.1	36.6
Sub Total	126.8	- 0.1	1.0	- 4.1	123.6
OMA - Financial	23.1	- 5.3	0.5	- 0.7	17.6
Total	149.9	- 5.4	1.5	- 4.8	141.2

* Includes assets managed by Dwight on behalf of US Life

US Life - New business*

- MGA
- Banks/institutions
- Structured settlement brokers
- Direct writing agents



* Annual premium equivalent

US Life - Operating review

	2002 interim	2001 H2	% change
New business margin	18%	15%	
Value of new business (\$m)	45	19	+137
Return on capital	9%	10%	
Embedded value @ 30/6 (\$m)**	912	*803	
Investment to date (\$m)	828	763	

* 31 December 2001

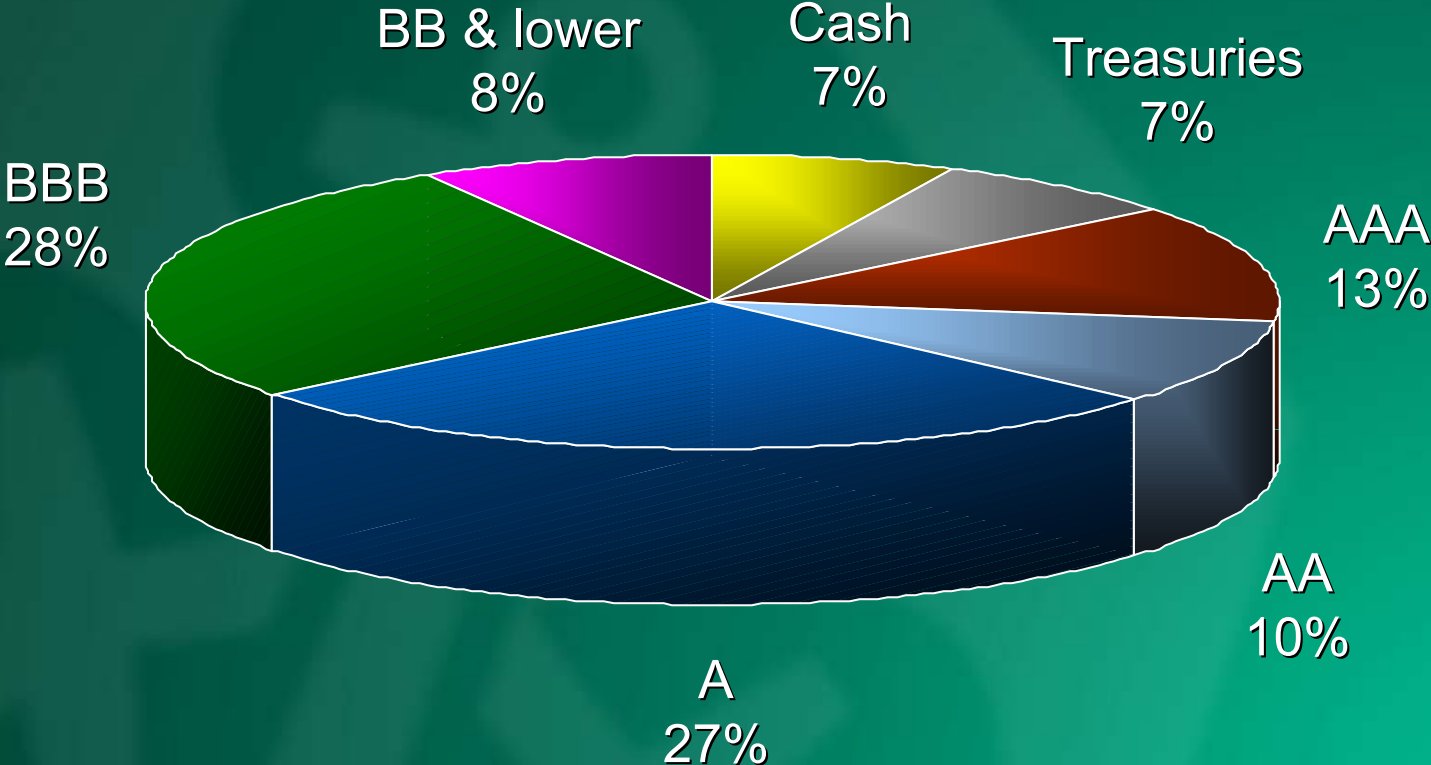
** Includes new capital

US Life - Financial strength

	June 2002	Dec 2001
A.M. Best rating (F&G)	A	A
Portfolio average credit quality	A2	A2
Investment portfolio (\$bn)	8.3	6.4
GAAP Investment variance (\$m)*	(7)	7
Defaults/impairments	(32)	(12)
Realised gains	25	19

* Gross of smoothing over 5 years as per UK GAAP

US Life - Bond portfolio

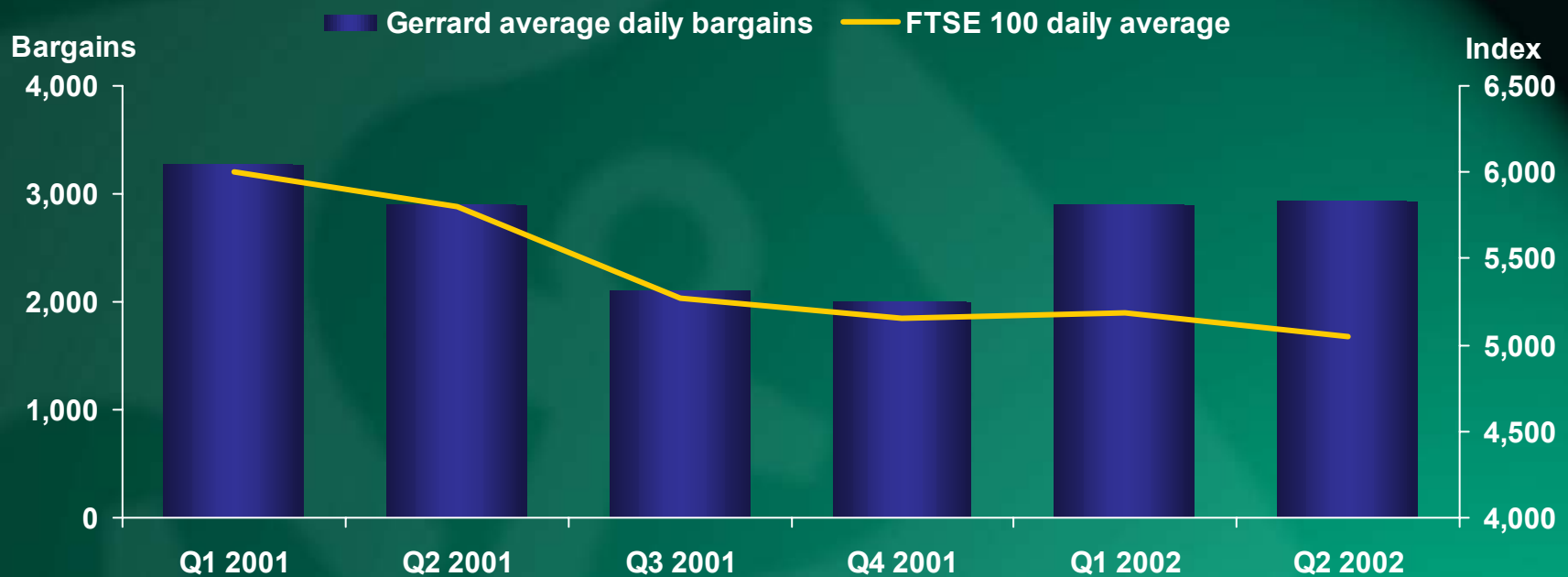


United Kingdom and Rest of World

UK and Rest of World - Operating profit

£m	2002 interim	2001 interim
Life assurance	(3)	3
Asset management	5	8
Gerrard	3	10
Gerrard integration costs	0	(6)
OMAM	3	1
GNI	5	6
Other financial services	(6)	(3)
Banking – Nedcor / GPB	29	33
Operating profit	31	44

Gerrard - Operating background



£m	2002 interim	*2001 interim	% change
Fees	24	28	-14
Commissions	39	42	-7
Total revenue	63	70	-10
Operating expenses	(60)		
Operating profit	3		

Source: Old Mutual, Bloomberg;
* Restated for the transfer of GIF to OMAM (UK)

Overview of Group finances

Group operating profit

£m	2002 interim	2001 interim	% change
South Africa	291	392	-26
USA	93	64	+45
UK & Rest of World	31	44	-30
Shareholder income/(expense)			
Other	7	8	-13
Head office expenses	(16)	(18)	+11
Debt servicing costs	(25)	(35)	+29
Operating profit before tax	381	455	-16

Group operating profit (continued)

£m	2002 interim	2001 interim	% change
Operating profit before tax	381	455	-16
Tax	(106)	(107)	+1
FRS 19 tax adjustment	-	(21)	
Minorities	(62)	(78)	+21
Smoothed post tax operating profit	213	249	-14
EPS (p)	5.8	*7.2	-19

* Restated from 7.8p on adoption of FRS 19

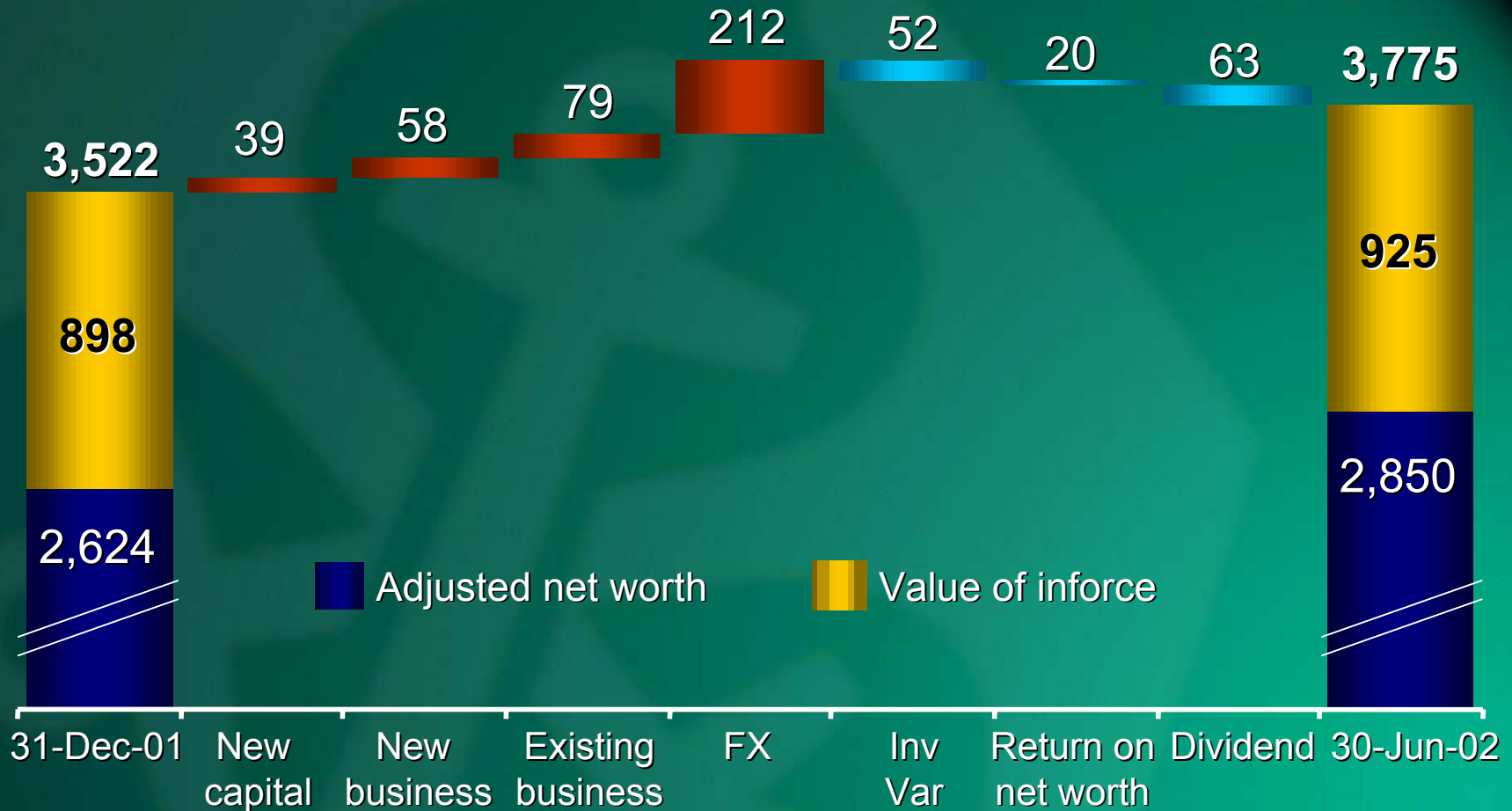
Capital management - Debt

- €400m Eurobond issue
- Gearing (net) 33%
- Interest cover of 16.2x
 - Interest cover excluding South African earnings 3.3x
- Average cost of debt 3.8%

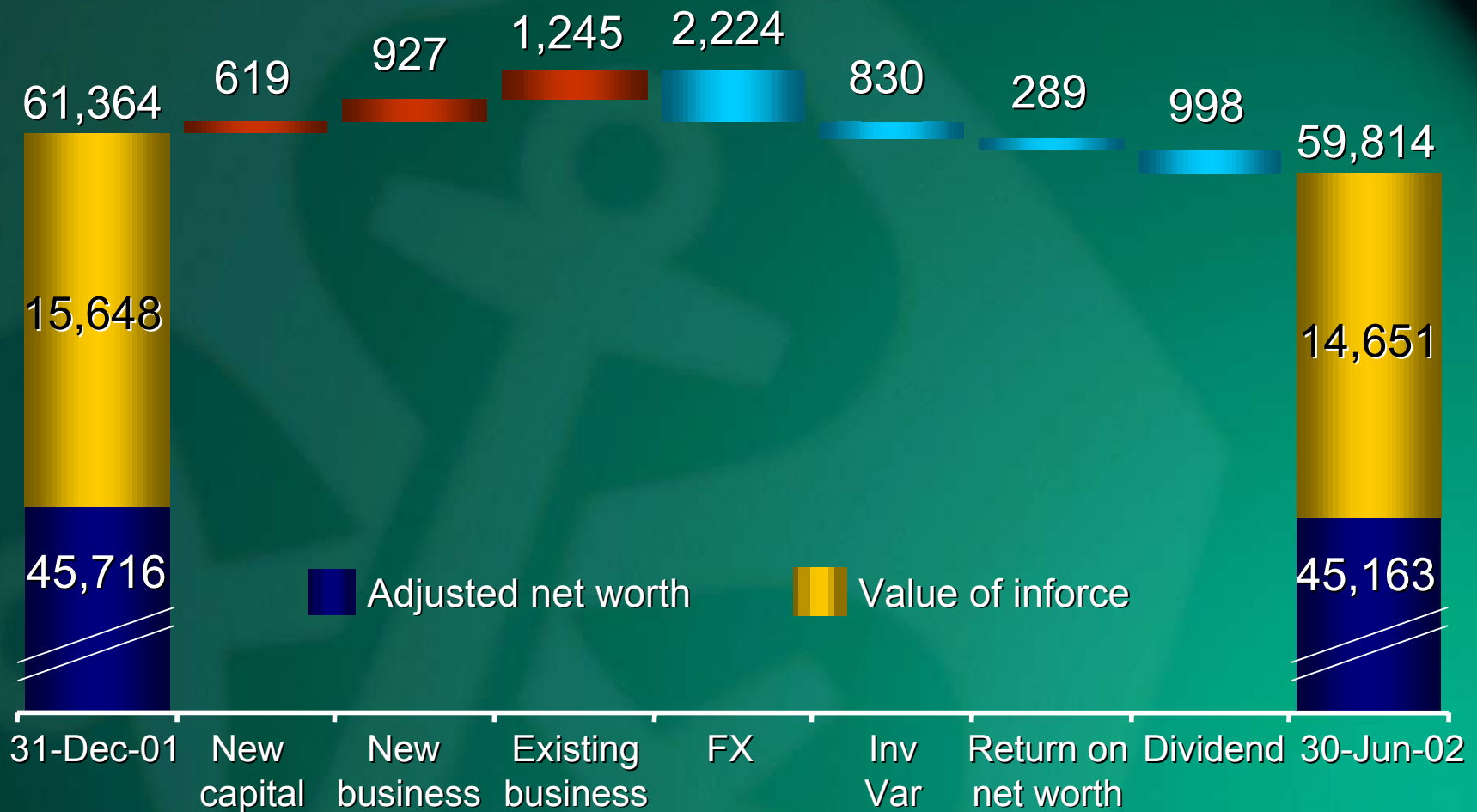
Capital management - Equity

- Placement of St Paul's holding of 190m shares
 - Over-subscription issue of 38m shares
- Group return on average equity 17%

Embedded value £m



Embedded value Rm



July update

- Equity markets in July
 - S&P 500 down 8%
 - NASDAQ down 9%
 - JSE down 13%
 - FTSE down 9%
- Embedded value estimate for end of July based on market movements only
 - £3.6bn / R57.3bn (down 5% from June)

Summary

- South Africa
 - Strong new business growth
 - Profit as expected
- US
 - Very good life sales
 - Good investment performance
 - Positive cash flow for asset management
- Gerrard expense reduction delivered
- Strong capital position across the Group

Jim Sutcliffe
Chief Executive



South Africa - What we said...

- World class products and profitability
- Dominant distribution
 - Number 1 in each customer segment
- Bancassurance
- Cross-border servicing
- Targets - 2004
 - Real profits growth of 2-3x real GDP
 - ROC of 20% - 25%

...We have achieved

- VNB growth 36%, VNB margin 25%,
“International” range of products
- Distribution
 - BoE makes Nedcor number 1 in many sectors
 - Life sales force grown
- Bancassurance
 - Premium (APE) growth of 35%
- Swisscard contract signed and systems in place
- Against targets
 - Profit growth of 4%
 - > New business (APE) growth of 21%
 - > Asset growth at Nedcor 16%
 - ROC of 21%



US - What we said...

- Asset management

- Multi-style specialist asset managers
- Central and local distribution capability and mutual funds
- Targets - 2004
 - > \$5bn p.a. of net client inflows
 - > 10% ROI

- Life

- Focused on fixed annuities and term life
- Distributed by MGAs, banks and independent agents
- Targets - 2004
 - > Grow net cash inflow to \$1bn p.a.
 - > 12% ROI



...We have achieved

- Asset management

- Strong investment performance
- \$1.3bn of total sub-advised asset through PBA
- Against targets
 - > \$1.5bn of net inflows in six months
 - > 7% ROI

- Life

- Against targets
 - > \$2.2bn of inflows in six months
 - > 9% ROI



UK - What we said...

- Focus on HNW asset management
- Build reinvigorated Gerrard base
 - Tighten expenses
 - Move towards 50% discretionary management
- Targets - 2004 (all UK businesses combined)
 - £1bn of net client inflow p.a.
 - £40m of operating profit after tax

...We have achieved

- Finalisation of Gerrard strategy

- Add private banking product via GPB
- Integrate financial planning
- Improve delivery and clarity of investment model

- Gerrard expenses reduced

- OMAM (UK) net inflow of £35m to third party funds

- Against targets

- £0.3bn of net client outflow in six months
- £2m of operating profit after tax in six months

What we said...

Demutualisation
& listing July 1999

Phase I

**Establish credible
international presence**

Phase II

**Drive value from
acquisitions & grow in SA**

Phase III

**Synergy & organic growth &
complementary international
acquisitions**

Steady progress... solid platform

- Strong business platforms and balance sheet
- Solid earnings achieved in difficult markets
- Continuing organic development
- Internationalising of the Group continues

Well placed for growth opportunities

Analyst Presentation

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half year to 30 June 2002

Appendix

Life – Value of new business

£m	2002 interim	Margin	2001 interim	Margin
Individual	16	21%	19	19%
Group	9	40%	7	39%
Total SA life	25	25%	26	22%
United States	31	18%	-	-
Rest of World	2	14%	2	14%
Total	58	20%	28	21%

OMLAC(SA)* net cash flow

Rm	Individual business	Group business	Total	Interim 2001
Single premiums	5,770	3,686	9,456	8,110
Recurring premiums	4,912	1,842	6,754	6,274
Total premiums	10,682	5,528	16,210	14,384
Maturities	4,435	-	4,435	3,571
Annuities	1,621	1,039	2,660	2,579
Death & disability	1,049	591	1,640	1,401
Fund benefits	-	761	761	838
Surrenders/terminations	2,638	5,386	8,024	6,654
Total claims	9,743	7,777	17,520	15,043
Net cash flow	939	(2,249)	(1,310)	(659)

* Including Guernsey business

Adjusted net worth

£m	June 2002	Dec 2001
South Africa		
Nedcor	939	902
M&F	134	112
Portfolio investments - SA	639	548
Portfolio investments - international	112	126
Portfolio investments - dual listed	172	187
SA asset management	65	55
Cash and other	69	(9)
US		
US asset management (incl. goodwill)	1,184	1,275
US life (incl. goodwill)	314	281
UK and Rest of World		
UK asset management (incl. goodwill)	418	440
Portfolio investments	102	65
Gross debt		
US	(1,205)	(1,245)
UK and other	(93)	(113)
Adjusted net worth	2,850	2,624

Tax

	June 2002			June 2001		
	Op profit	Tax	Effective rate	Op profit	Tax	Effective rate
South Africa						
Life assurance & asset management	173	52	30%	233	71	30%
Banking (100% Nedcor, incl. OM Bank)	128	25	20%	168	35	21%
General insurance	19	4	21%	24	8	33%
	320	81	25%	425	114	27%
United States						
Asset management	60	9	15%	64	10	16%
Life	33	10	30%	-	-	-
	93	19	20%	64	10	16%
United Kingdom & Rest of World	(32)	6	-	(34)	5	-
Total Group	381	106	28%	455	128	28%