

INTERIM RESULTS 2012

8 August 2012

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Agenda

Group performance & progress

Julian Roberts, CEO

Business & Financial Review

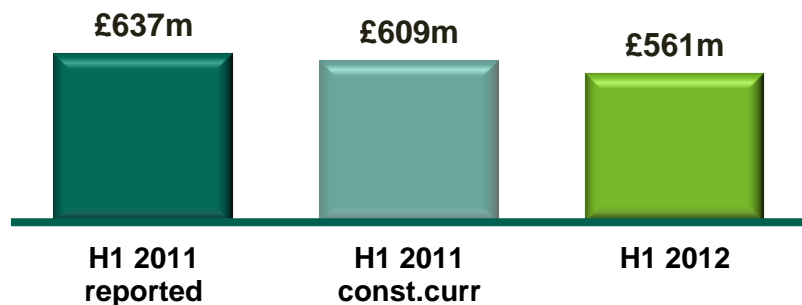
Philip Broadley, GFD

Looking ahead

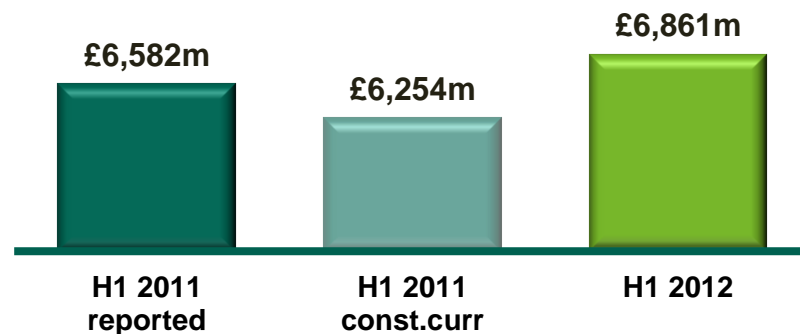
Julian Roberts, CEO

Operational performance¹

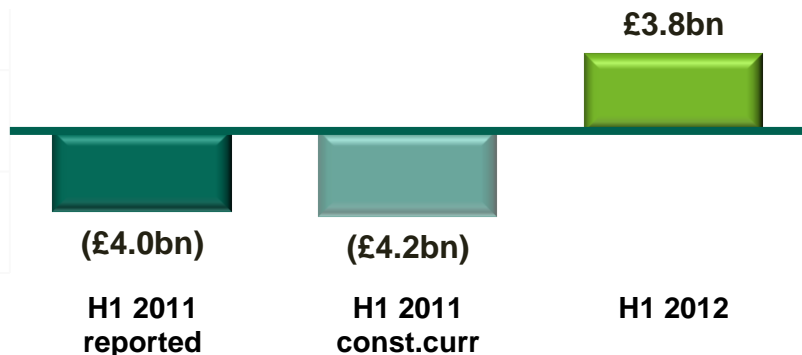
Life APE sales



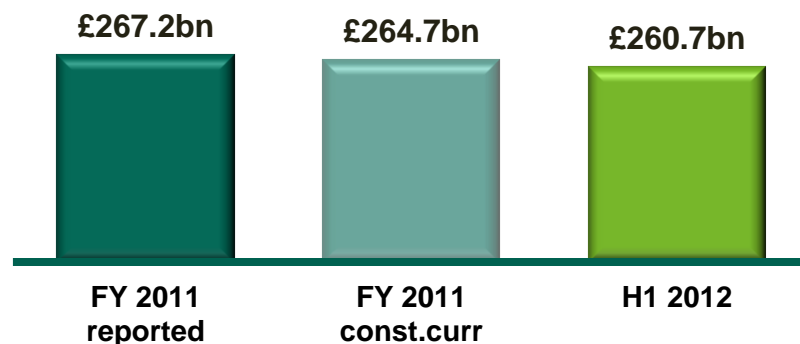
Non-covered sales



NCCF²

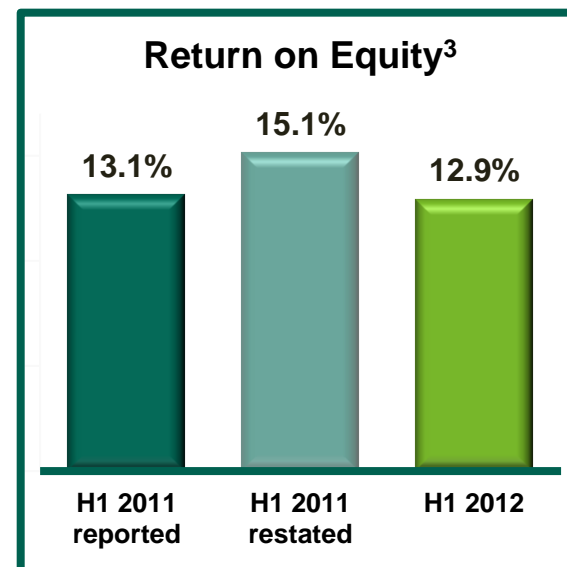
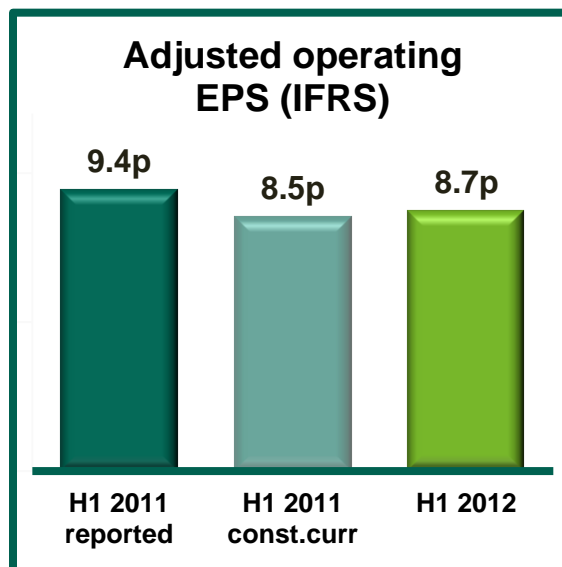
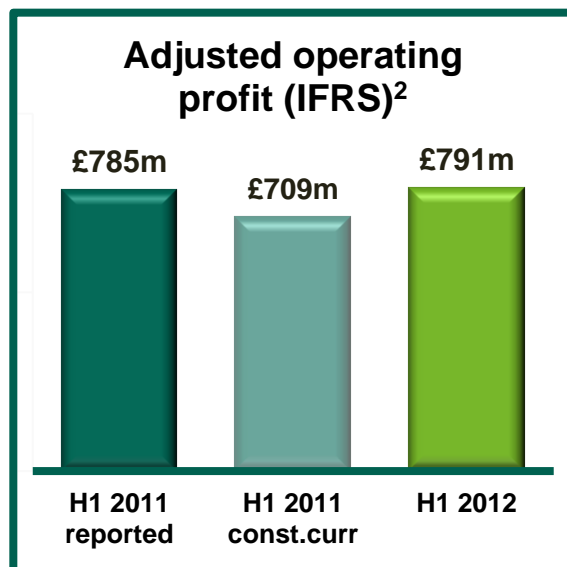


FuM



1. Core operations; comparatives restated to exclude Nordic
2. NCCF excluding USAM affiliates disposed of/held for sale is £4.4bn (H1 2011: £0.4bn, £0.3bn constant currency)

Financial results¹



Targets

Cost reduction target achieved: £113m run rate (target £90m)
 LTS return on equity 19% (target 16-18%)
 USAM operating margin: 20% reported, 22% continuing⁴ (target 25-30%)

Interim Dividend

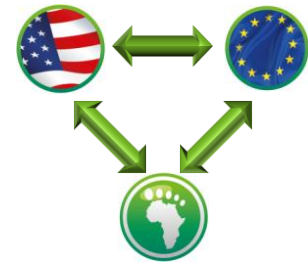
1.75 pence per share

Special Dividend

18 pence per share (paid June 2012)

1. Core operations, excluding Bermuda and Nordic
2. Pre-tax and NCI
3. H1 2011 restated for disposal of Nordic
4. Excludes affiliates disposed of/held for sale, pre-tax, post NCI, excluding seed capital gains/losses

Strategic progress



Expanding our footprint in Africa

- ❑ Acquisition of Oceanic Life in Nigeria expected to complete Q3; integration in progress
- ❑ Considering entry into Nigerian non-life market
- ❑ Continued strong sales in South African retail markets
- ❑ Another excellent six months for Nedbank

Growing Wealth Management

- ❑ Advanced preparations for RDR in the UK
- ❑ New platform pricing structure announced today
- ❑ Restructuring to create asset management engine to power Wealth Management

Turning round US Asset Management

- ❑ Positive NCCF delivered
- ❑ Investment performance and margins on improving trend
- ❑ Rationalisation of affiliates: completed sale of Dwight & OMCap

BUSINESS & FINANCIAL REVIEW

Agenda

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

- Group financial results
- Operational business results
- Generation & use of cash
- Debt, liquidity & dividend
- Progress on targets
- Financial summary

IFRS simplified operating result¹

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

£m	H1 2011	H1 2012	Δ % ²
Revenue	3,123	3,124	8%
Expenses	(2,338)	(2,333)	(7%)
Total IFRS AOP pre-tax and NCI	785	791	12%
Taxation	(189)	(210)	(23%)
Non- controlling interests	(151)	(165)	(21%)
IFRS AOP post-tax and NCI	445	416	4%
Total IFRS profit after tax	881	1,087	23%³

1. Core operations; comparatives restated to exclude Nordic

2. Constant currency

3. IFRS profit after tax: percentage increase based on figures as reported, no adjustment for currency

Accounting impact of Nordic sale

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

- ❑ IFRS profit on sale: £595m
- ❑ Earnings per share: H1 2011 restated from 9.3p to 9.4p
 - Removal of Nordic profits (1.2p)
 - Share consolidation¹ 1.3p
 - Net impact on EPS 0.1p
- ❑ Return on equity: H1 2011 restated from 13.1% to 15.1%
 - Removal of £58m post-tax AOP
 - Removal of £1.8bn of average equity
- ❑ H1 2012 RoE reduced due to Nordic sale cash on the balance sheet
- ❑ Adjusted Group MCEV per share: +12.4p adjustment
 - Net proceeds from sale +3.6p
 - Share consolidation¹ +26.8p
 - Special dividend -18.0p

1. Share consolidation reduced the adjusted weighted average number of shares by 675 million

Sources of earnings (£m)

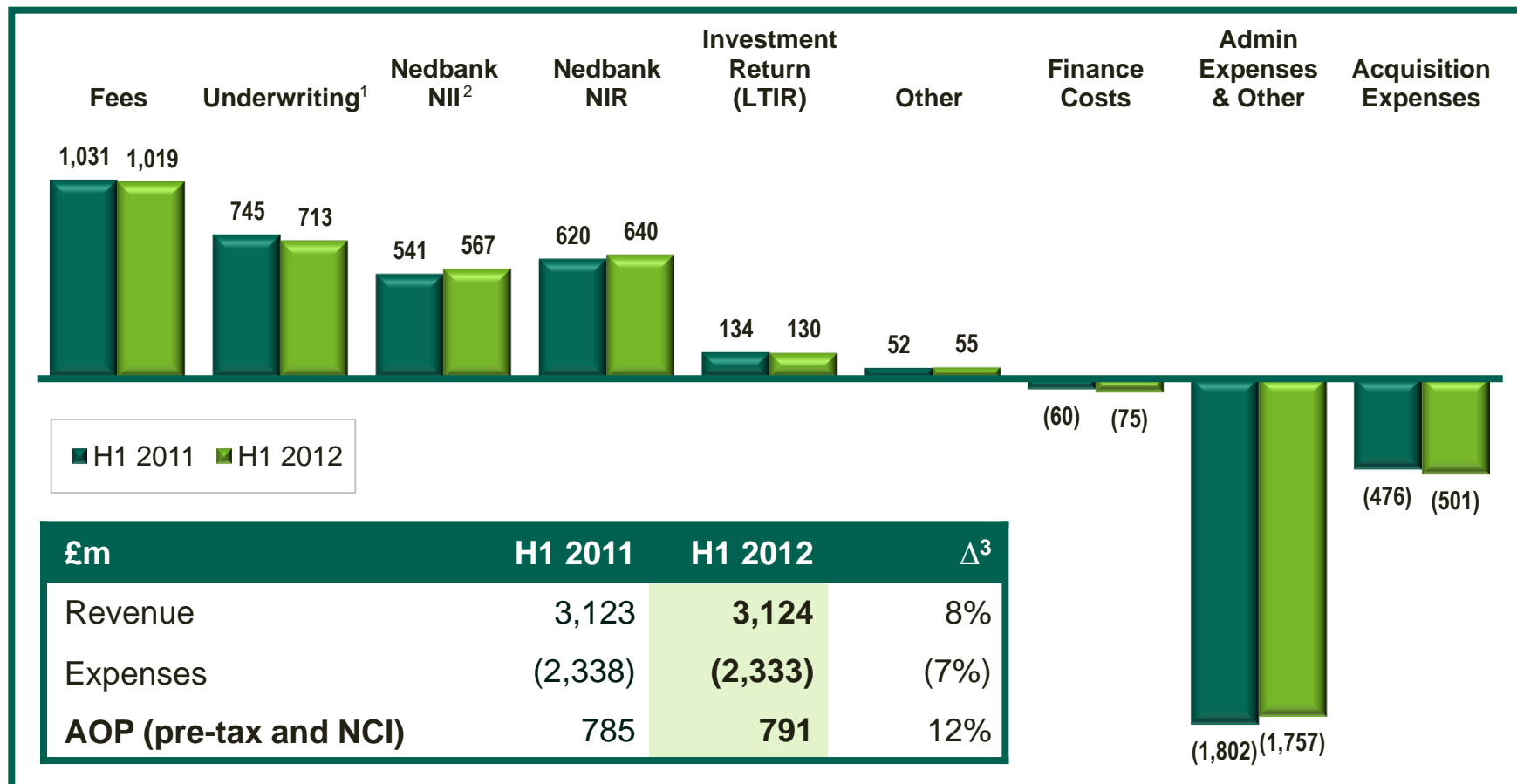
Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary



1. Underwriting includes net income and investment returns from writing insurance products (Protection, Annuity, General Insurance)

2. Net of impairments

3. Constant currency

MCEV

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

	H1 2011	H1 2012
Adjusted operating Group MCEV earnings per share		
Covered business	6.6	4.7
Non-covered business	3.2	3.3
Total ¹	9.8p	8.0p
Covered business (LTS only, excluding Nordic)		
VNB (post-tax)	£80m	£74m
PVNBP margin (post-tax)	1.6%	1.8%
APE margin (post-tax)	13%	14%
	31 Dec 2011	30 Jun 2012
Adjusted Group MCEV	£10.8bn	£10.7bn
Adjusted Group MCEV per share	194.1p	218.1p

1. Comprises core continuing operations of 7.1p (H1 2011: 8.3p), non-core operations of 0.4p (H1 2011: 0.2p) and discontinued operations of 0.5p (H1 2011: 1.3p)

Emerging Markets¹

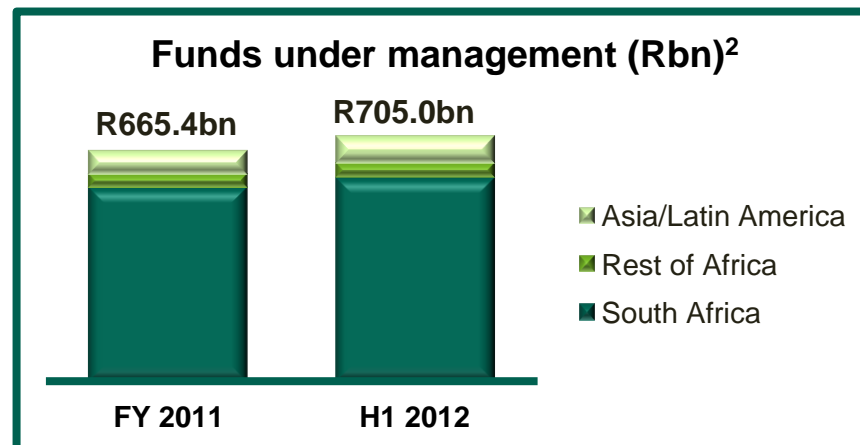
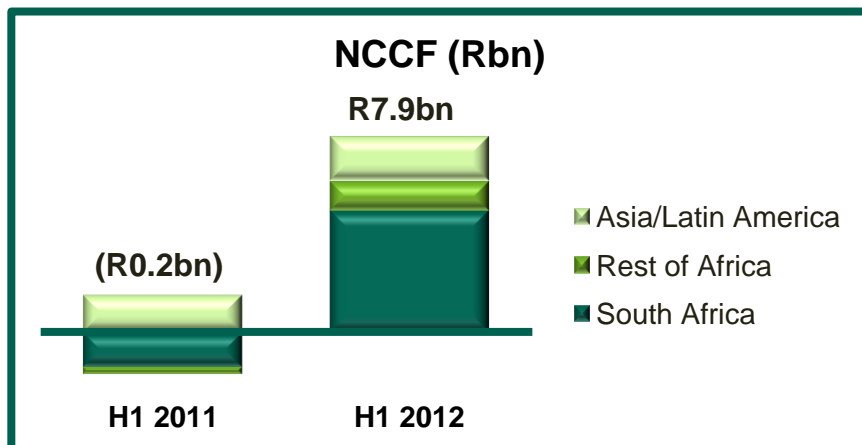
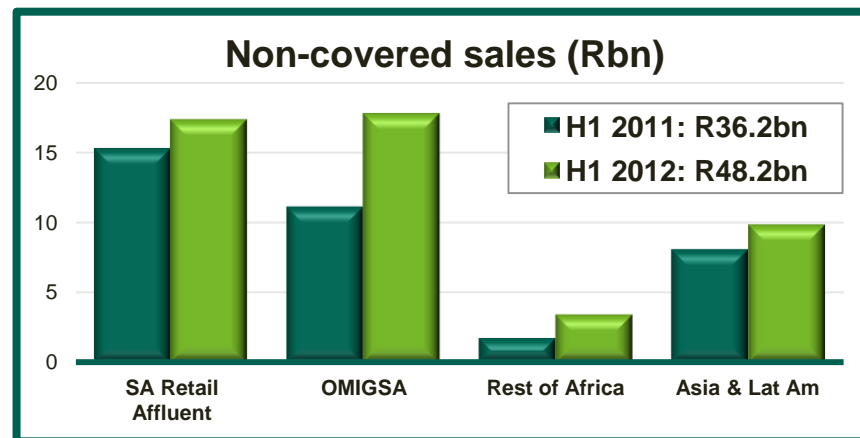
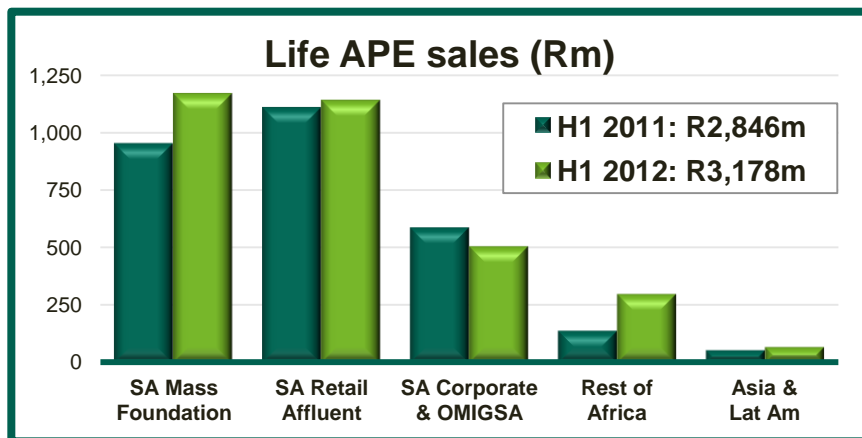
Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary



1. Rest of Africa: H1 2012 includes Namibia, Zimbabwe, Kenya, Malawi and Swaziland: H1 2011 includes Namibia only
2. On a start-manager basis

Emerging Markets¹

Group financial results

Operational business results

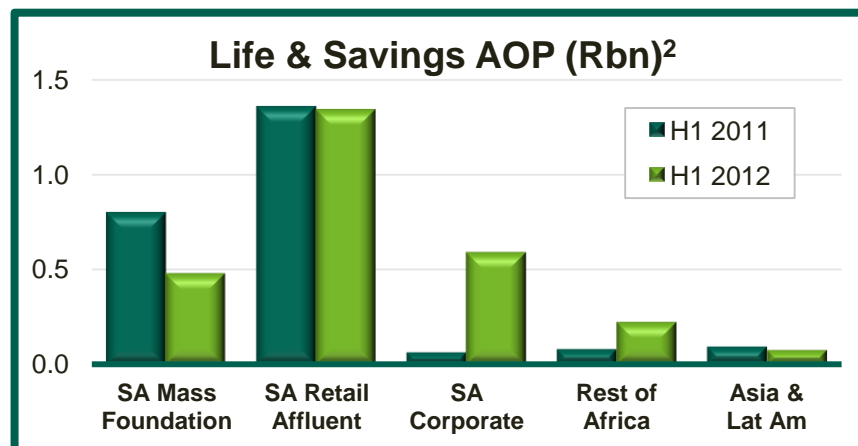
Cash

Debt, liquidity & dividend

Targets & summary

Emerging Markets AOP

Rm	H1 2011	H1 2012
Life & Savings	2,408	2,716
LTIR	575	784
OMIGSA	682	508
Expenses & Admin	(318)	(388)
Total AOP (pre-tax)	3,347	3,620



South African earnings: major impacts H1 2012

Positive effects on H1 2012

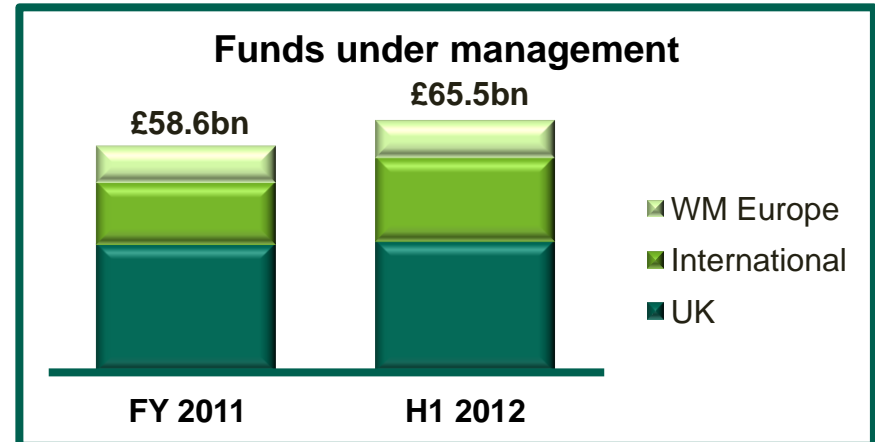
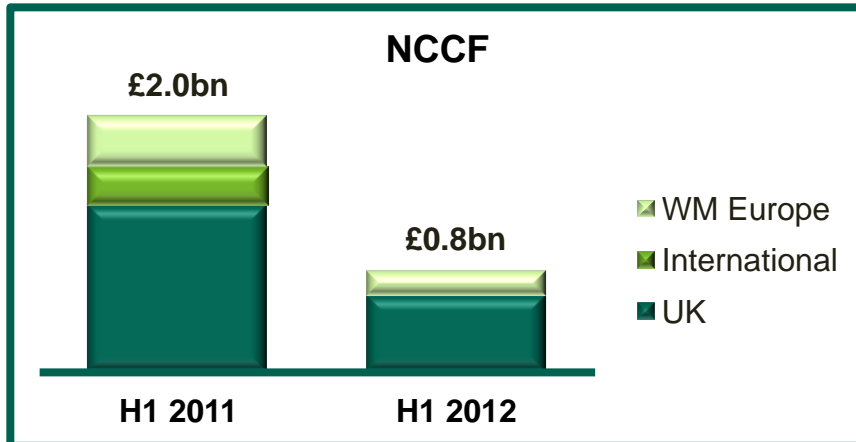
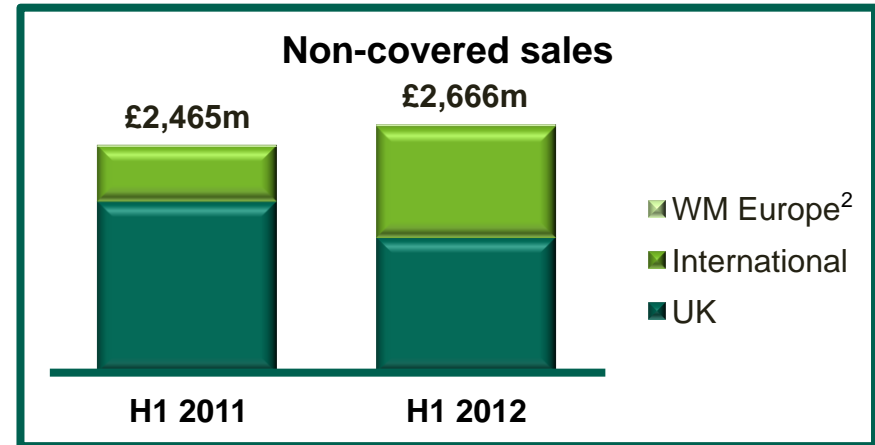
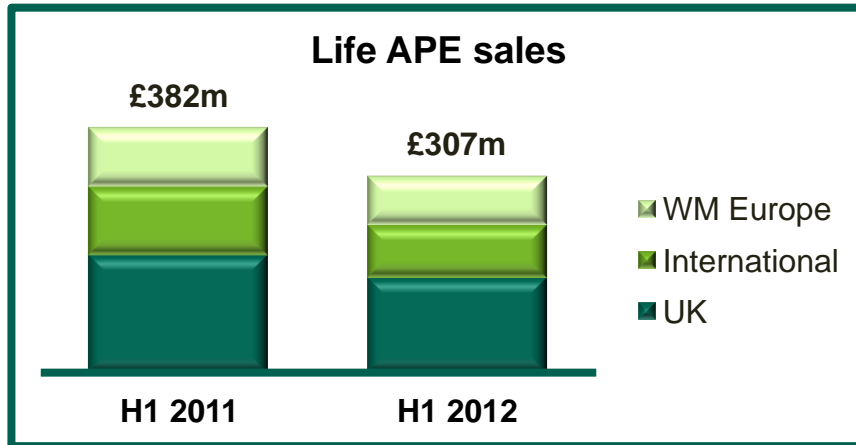
- +R160m: release of accrued margin on investment products (Retail Affluent)
- +R401m: non-repeat of IGR provision (Corporate)
- +R116m: release of incentive overaccrual (OMIGSA)

Negative effects on H1 2012

- R243m: SA tax legislation changes (Retail Affluent & Mass Foundation)
- R262m: lower FSV 10-year government bond yield (Retail Affluent & Mass Foundation)
- R154m: retention experience (Mass Foundation)
- R211m: non-repeat of private equity gain (OMIGSA)

1. Rest of Africa AOP: H1 2012 includes Namibia, Zimbabwe, Kenya, Malawi, Swaziland, Nigeria and expenses associated with the central African team: H1 2011 includes Namibia and expenses associated with the central African team only.
2. Pre-tax, excluding LTIR & central expenses & administration

Wealth Management¹



1. Now includes the operations previously reported as Retail Europe (included within Wealth Management Europe) and OMAM (UK) from 2012 (reported with SIG as part of International)
 2. Non-covered sales in Wealth Management Europe: H1 2012 £19m, H1 2011 £19m

Wealth Management¹

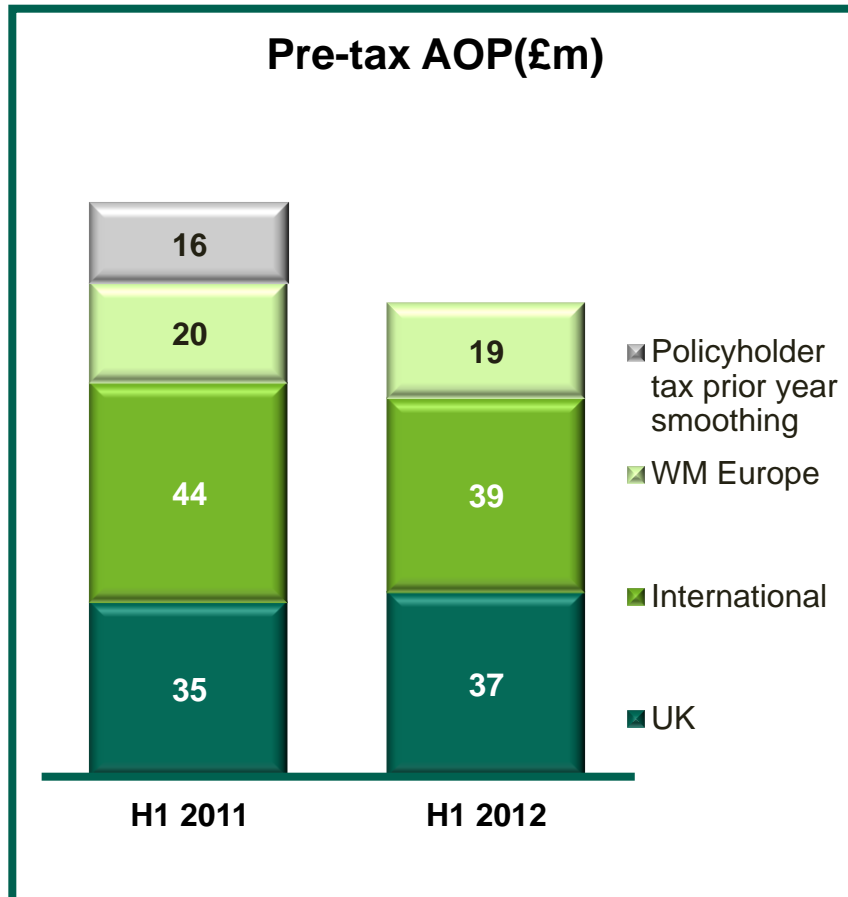
Group financial results

Operational business results

Cash

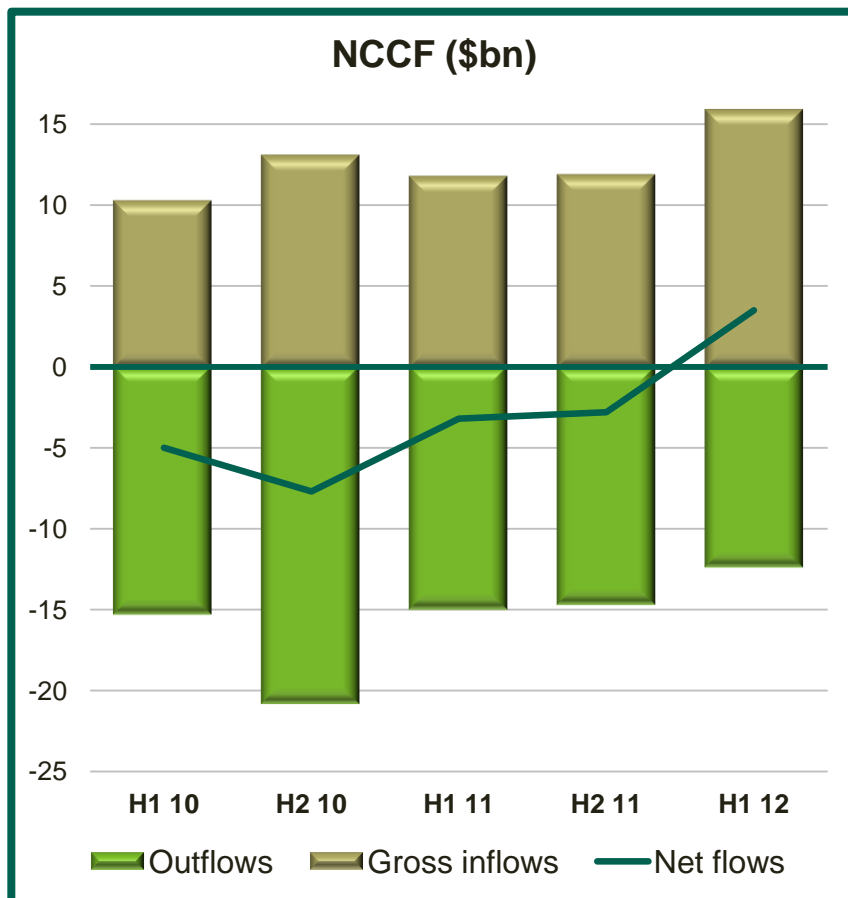
Debt, liquidity & dividend

Targets & summary

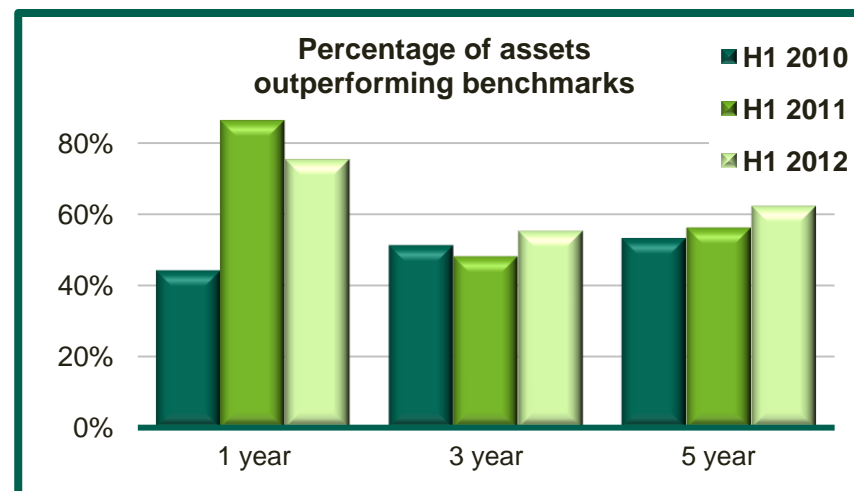


- Total pre-tax AOP H1 2012: £95m (H1 2011: £115m)
- Underlying pre-tax AOP down 4%
- Administration expenses flat

1. Now includes the operations previously reported as Retail Europe (included within Wealth Management Europe) and OMAM (UK) from 2012 (reported with SIG as part of International)



	H1 2011	H1 2012
FuM (\$bn)	194.1 ²	208.1
Pre-tax IFRS AOP (\$m)	71	70
Operating margin pre-NCI	25%	26%
Operating margin post-NCI	22%	22%



1. Continuing business; excludes affiliates disposed of and OMAM (UK) which has been transferred to SIG in Wealth Management
 2. 2011 FuM is at 31st December 2011

Rm	H1 2011	H1 2012	Δ
IFRS AOP	4,002	5,090	27%
Net interest income	8,683	9,642	11%
Net interest margin	3.43%	3.53%	10 bps
Non-interest revenue	7,139	8,265	16%
Impairments	2,792	2,702	3%
Credit loss ratio	1.21%	1.11%	10 bps
Core Tier 1 ratio ¹	10.7%	10.6%	(10 bps)
RoE (exc. goodwill)	13.7%	15.7%	200 bps

1. Based on Basel II.5 capital criteria implemented 1 Jan 2012: H1 2011 on Basel II basis, as reported

Mutual & Federal

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

Rm	H1 2011	H1 2012	Δ
Gross premiums	4,361	4,607	6%
Claims ratio	64.6%	67.2%	(260 bps)
Combined ratio	94.7%	97.5%	(280 bps)
Solvency ratio	63.5%	65.3%	180 bps
Underwriting result	184	91	(51%)
LTIR	316	300	(5%)
IFRS pre-tax AOP ¹	527	426	(19%)
RoE	15.8%	12.0%	(380 bps)

1. H1 2012 includes 50% of the losses incurred by iWyzé, the remaining 50% was recognised in Emerging Markets. H1 2011 included 100% of the losses incurred by iWyzé.

Bermuda run-off

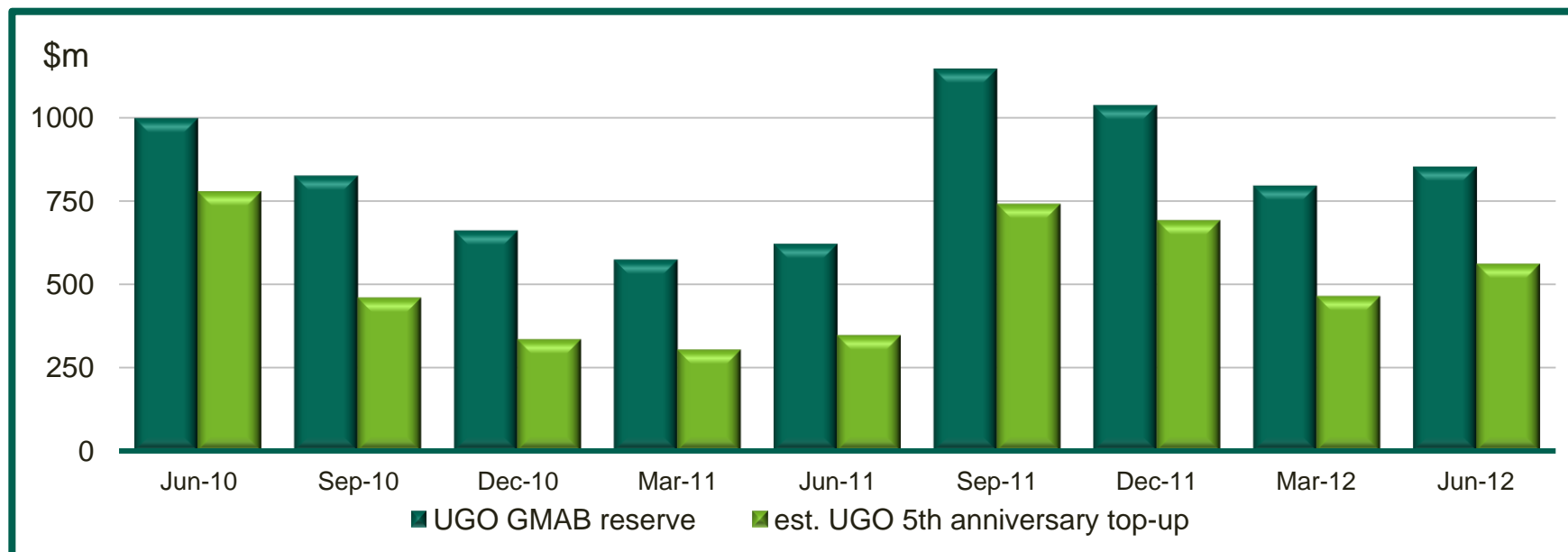
Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary



\$m	30 Jun 2011	31 Dec 2011	30 Jun 2012
Account value - Guarantee book (GMAB)	3,578	2,858	2,495
Account value - Non-guarantee book	1,062	912	772
Total account value	4,640	3,770	3,267

VIF conversion to free surplus in LTS

- Group financial results
- Operational business results
- Cash
- Debt, liquidity & dividend
- Targets & summary

	FY 2011			H1 2012		
	Opening VIF £m	VIF conversion £m	%	Opening VIF £m	VIF conversion £m	% ¹
In-force:						
Emerging Markets	1,509	209	14%	1,399	120	17%
Wealth Management	2,176	360	17%	2,110	169	16%
LTS Total²	3,685	569	15%	3,509	289	16%

1. Percentages have been annualised from the half-year position
2. Core operations: H1 2012 total VIF conversion including Bermuda is £266m

Group free surplus generation¹

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

£m	H1 2011	H1 2012
Opening free surplus	1,592	2,132
Transfers from VIF	377	266
Transfers from required capital	119	113
Invested in new business	(231)	(154)
Other covered business movements	48	26
Non-covered business generation	208	130
Free surplus generation	521	381
FX and Other	39	(252)
Cash flows from operations	(302)	(112)
Free surplus retained in the operating businesses	258	17
Adjustment for disposal of Nordic		(269)
Closing free surplus	1,850	1,880

1. Includes Bermuda and Nordic

Generation & use of cash since 1 Jan 2010

Group financial results

Operational business results

Cash

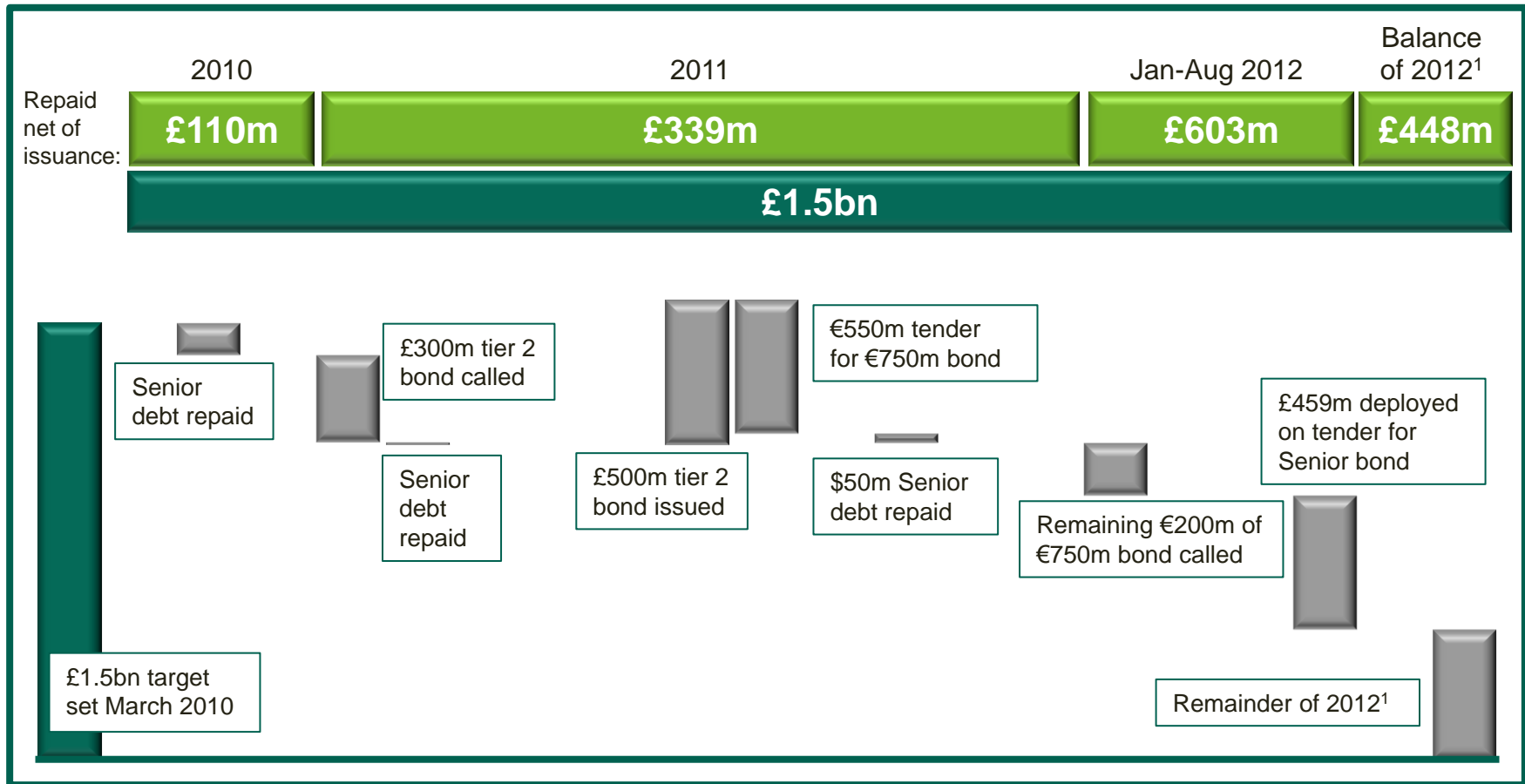
Debt, liquidity & dividend

Targets & summary

£bn		Receipts	Payments
Holding company cash at 1 Jan 2010	0.4		
Cash from operations		0.8	
Cash from corporate actions		2.5	
Debt issued		0.5	
Scrip dividend receipts		0.1	
		3.9	
Interest paid			(0.4)
Ordinary dividend (gross)			(0.3)
Special dividend			(1.0)
Debt repaid			(1.1)
Other (including gains/losses on FX)			(0.1)
			(2.9)
Holding company cash at 30 Jun 2012	1.4		

Debt repayment progress against target

- Group financial results
- Operational business results
- Cash
- Debt, liquidity & dividend
- Targets & summary



1. Nature and timing to be determined

Debt & liquidity

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

	31 Dec 2011	30 June 2012	1 August 2012 ¹
Cumulative debt repaid (net of issuance)	£449m	£593m	£1,052m
Gross debt (IFRS basis)	£2.5bn	£2.4bn	£2.0bn
FGD surplus	£2.0bn	£2.3bn	£2.3bn
Coverage ratio	154%	168%	169%
Holding company liquidity	£1.5bn	£2.4bn	£1.9bn

1. Pro-forma for results of July debt tender

Dividend

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

Pence per share paid	2010	2011	2012
Ordinary dividend			
Interim	1.1	1.5	1.75
Final	2.9	3.5	-
Total	4.0	5.0	-
Special dividend	-	-	18.0

Pence per share rebased for share consolidation	2010	2011	2012
Interim	1.26	1.71	1.75
Final	3.31	4.00	-
Total	4.57	5.71	-

- Dividend policy unchanged
- Progressive dividend policy
- Targeting 2.5 times cover over time
- Interim dividend now set routinely at c. 30% of prior year total dividend

Progress against 2012 ROE and margin targets

- Group financial results
- Operational business results
- Cash
- Debt, liquidity & dividend
- Targets & summary

	FY 2009	FY 2010	FY 2011	H1 2012	2012 Target
Long-Term Savings ROE					
Emerging Markets ¹	23%	25%	24%	22%	20%-25%
Wealth Management ²	8%	15%	16%	14%	12%-15%
Total LTS³ ROE	16%	20%	20%	19%	16%-18%
Group ^{3,4} ROE	10%	14%	15%	13%	-
USAM Operating Margin ⁵	18%	17%	15%	20%	25%-30%

USAM operating margin: continuing operations, excluding seed capital gains/losses and restructuring costs

Pre non-controlling interests: H1 2012: 26% (H1 2011: 25%)

Post non-controlling interests: H1 2012: 22% (H1 2011: 22%)

1. Within Emerging Markets, OMSA, ROA and Asia calculated as return on allocated capital, 2009 adjusted for 2010 LTIR rates
2. IFRS AOP (post-tax) divided by average shareholders' equity, exc goodwill, PVIF & other acquired intangibles; includes Retail Europe
3. Excluding Nordic: 2009 and 2010 restated
4. Core business IFRS AOP (post-tax) divided by average shareholders' equity
5. Post-NCI; 2011 & 2012 excluding seed capital gains/losses and OMAM(UK)

Progress against 2012 cost reduction targets

- Group financial results
- Operational business results
- Cash
- Debt, liquidity & dividend
- Targets & summary

	H1 2012 ¹	Cumulative cost to achieve	2012 Target
Long-Term Savings			
Emerging Markets	£20m	-	£5m
Wealth Management ²	£64m	£56m	£60m
LTS Total³	£84m	£56m	£65m
USAM	£15m	£20m	£10m
Group-wide corporate costs	£14m	£1m	£15m
Total	£113m	£77m	£90m

1. Run-rate savings delivered to date (2009, 2010, 2011, H1 2012)
2. Wealth Management includes Retail Europe
3. Target restated to exclude Nordic

Financial summary H1 2012

Group financial results

Operational business results

Cash

Debt, liquidity & dividend

Targets & summary

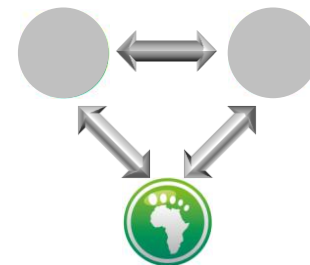
- Net client cash flow £3.8bn positive (H1 2011: £4.0bn negative)
- Pre-tax AOP up 12%¹ at £791m (H1 2011: £785m as reported)
- Life sales (APE) up 12%¹ in Emerging Markets
- Funds under management up 12% in Wealth Management
- USAM funds under management up 7%²; margins improving
- >£1bn debt repaid (net of issuance) to 1st August 2012
- £1bn special dividend paid 7 June 2012
- 1.75 pence per share interim ordinary dividend

1. Constant currency

2. Continuing business; excludes affiliates disposed of and OMAM (UK) which has been transferred to SIG in Wealth Management

LOOKING AHEAD

Expanding in Africa



Economic outlook

- ❑ SA interest rates fallen 50 bps to a 38 year low
- ❑ SA 2012 growth forecasts 2.5%-3%
- ❑ African GDP robust

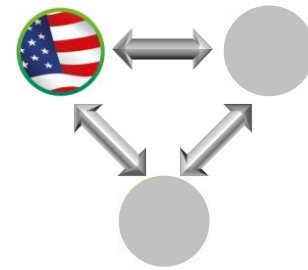
Market opportunity

- ❑ Growing population
- ❑ Rising household incomes
- ❑ Low welfare provision
- ❑ Underpenetrated financial services

Old Mutual

- ❑ Strength of OMSA, Nedbank, M&F
- ❑ Market understanding
 - Customer needs
 - Appropriate business models to serve mass & middle income customers
- ❑ Distribution skills
 - Tied agency forces
 - New world distribution
- ❑ Cost leverage
 - Scale advantage
 - Operational efficiency

Turning round US Asset Management



Economic outlook

- Volatile equity markets
- Recovering economy
- GDP growth increasing

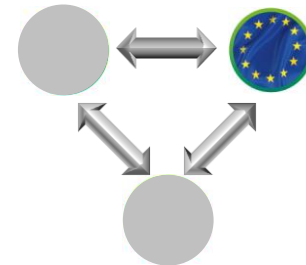
Market opportunity

- Large asset pool
- Demographics drive demand for savings solutions

Old Mutual

- Active investment management
- Building global distribution
- Improving investment performance
- Positive flows
- Increasing margins

Growing Wealth Management



Economic outlook

- ❑ Continued market volatility
- ❑ Uncertain timing of recovery in Europe

Market opportunity

- ❑ Growing wealth management market
- ❑ Platform growth
- ❑ Demand for packaged investment solutions

Old Mutual

- ❑ Wealth Management focus:
 - Widening the product set
 - Deepening the penetration of our own products
 - Increasing efficiency/reducing cost
- ❑ Restructuring to enhance asset management capability
- ❑ Best in class asset management complemented by risk & insurance
- ❑ Announcing new unbundled platform pricing model in the UK
- ❑ New wealth management system for International: “Wealth Interactive”

Summary

- ❑ Strong operational & financial performance
- ❑ Continued strategic progress
- ❑ Resilient & sustainable business
- ❑ Exposure to both emerging and developed markets

Continuing to deliver value for shareholders & customers

Q&A

INTERIM RESULTS 2012

8 August 2012