

# PRELIMINARY RESULTS 2012

1 March 2013

INSURANCE | INVESTMENT | SAVINGS | BANKING



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# DISCLAIMER

This presentation may contain certain forward-looking statements with respect to certain of Old Mutual plc's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual plc's control including amongst other things, international and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual plc and its affiliates operate. As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward looking statements. Old Mutual plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

# AGENDA

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**Group Performance & Progress**

Julian Roberts, CEO

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**Business & Financial Review**

Philip Broadley, GFD

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**Looking Ahead**

Julian Roberts, CEO

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# GROUP HIGHLIGHTS 2012<sup>1</sup>

## Strong financial performance

Pre-tax AOP up 18%<sup>2</sup> at £1.6bn

Earnings per share up 9%<sup>2,3</sup> at 17.5 pence

Group NCCF £5.0bn positive

Funds under management up 3%<sup>2</sup> at £262bn

Financial targets delivered

23% increase in full year ordinary dividend (in cash terms)

## Further business transformation

Disposal of Nordic, Finland and 7 US affiliates

Closed Germany and Austria to new business

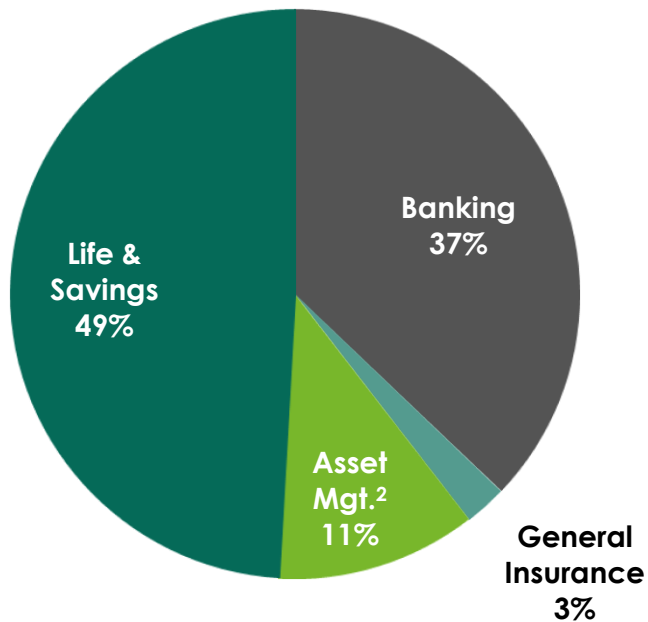
1. AOP and EPS based on core continuing businesses only. NCCF is as reported, including the 7 US affiliates disposed of as at 31 Dec 2012.
2. Movements based on constant currency.
3. 2011 EPS adjusted to reflect the share consolidation.



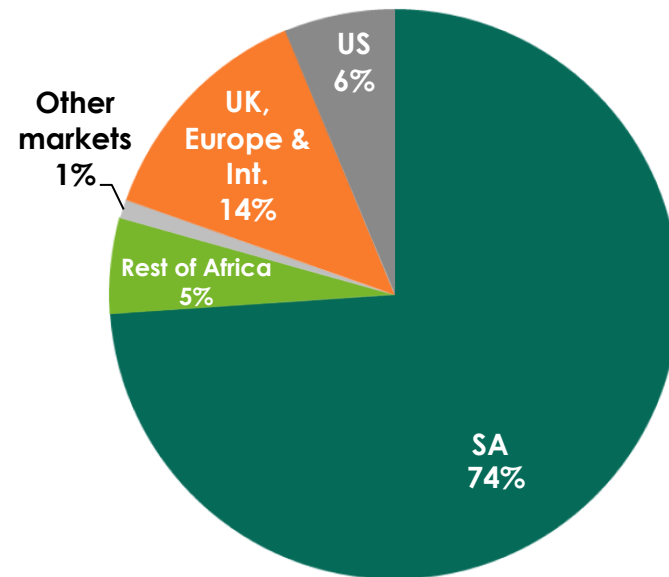
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# EARNINGS BY LINE OF BUSINESS AND GEOGRAPHY<sup>1</sup>

2012 AOP by line of business  
(pre-tax, post NCI)



2012 AOP by geography  
(pre-tax, post NCI)



1. Core continuing operations, excluding GHO net central costs.  
2. Includes the results of USAM, OMIGSA and OMGI.

# BUSINESS & FINANCIAL REVIEW

1 March 2013

INSURANCE | INVESTMENT | SAVINGS | BANKING



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# AGENDA

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Group financial results

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Business performance

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Delivery of targets

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Debt & balance sheet

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Cash & dividend

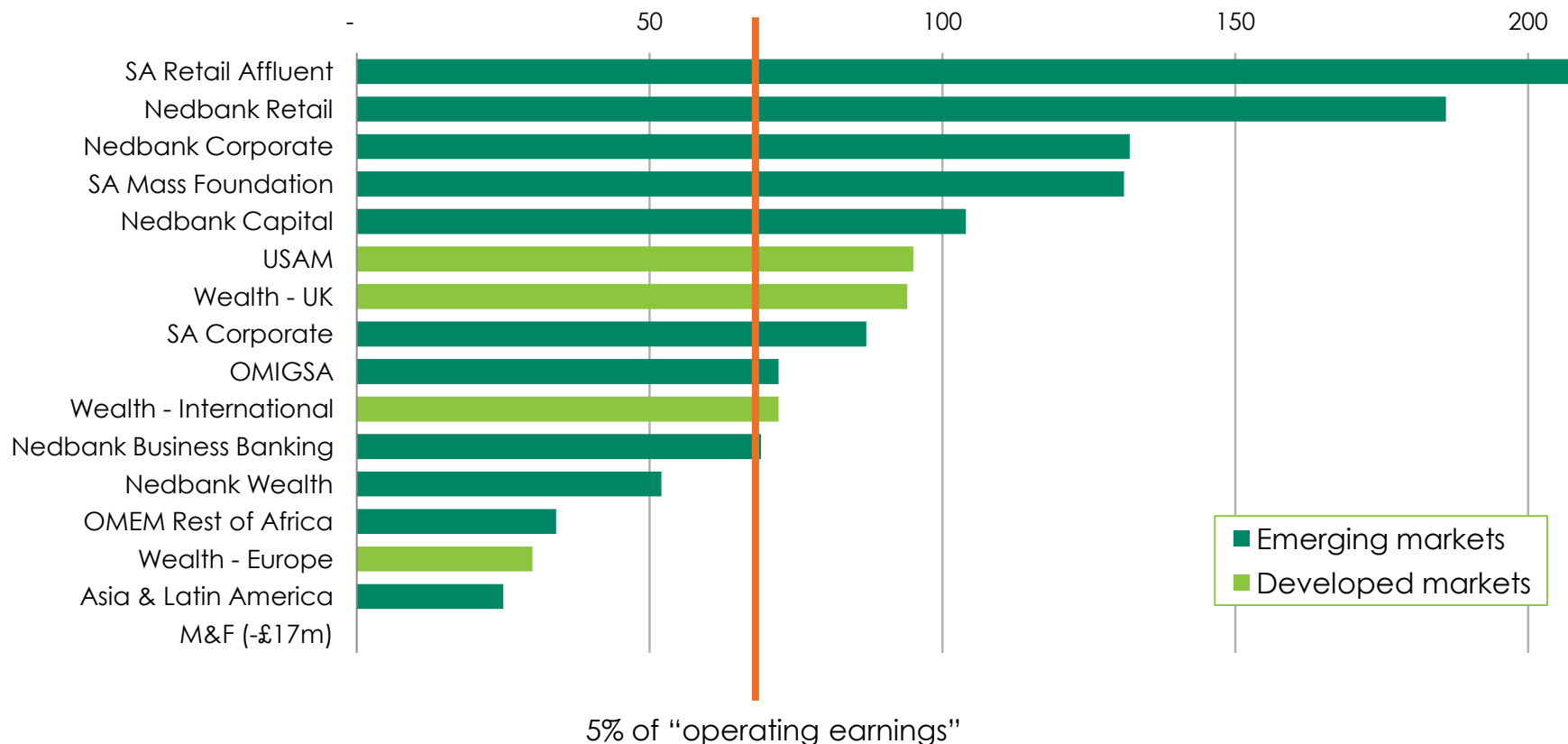
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Financial summary

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# DIVERSITY OF OPERATING EARNINGS

2012 “operating earnings” (£m, pre-tax, post NCI)<sup>1</sup>



1. “Operating earnings” exclude OMEM central costs, LTIR (OMEM and M&F) and USAM disposed affiliates.



# IFRS SIMPLIFIED OPERATING RESULT<sup>1</sup>

**Group results**  
 Business results  
 Targets  
 Debt  
 Cash & dividend  
 Summary

<b>£m</b>	<b>2012</b>	Constant currency change
Revenue	<b>6,358</b>	8%
Expenses	<b>(4,744)</b>	(5%)
Total IFRS AOP pre-tax and NCI	<b>1,614</b>	18%
Taxation	<b>(441)</b>	(44%)
Non-controlling interests	<b>(331)</b>	(14%)
<b>IFRS AOP post-tax and NCI</b>	<b>842</b>	<b>10%</b>
Total IFRS profit after tax <sup>2</sup>	<b>1,487</b>	54%

1. Core operations.

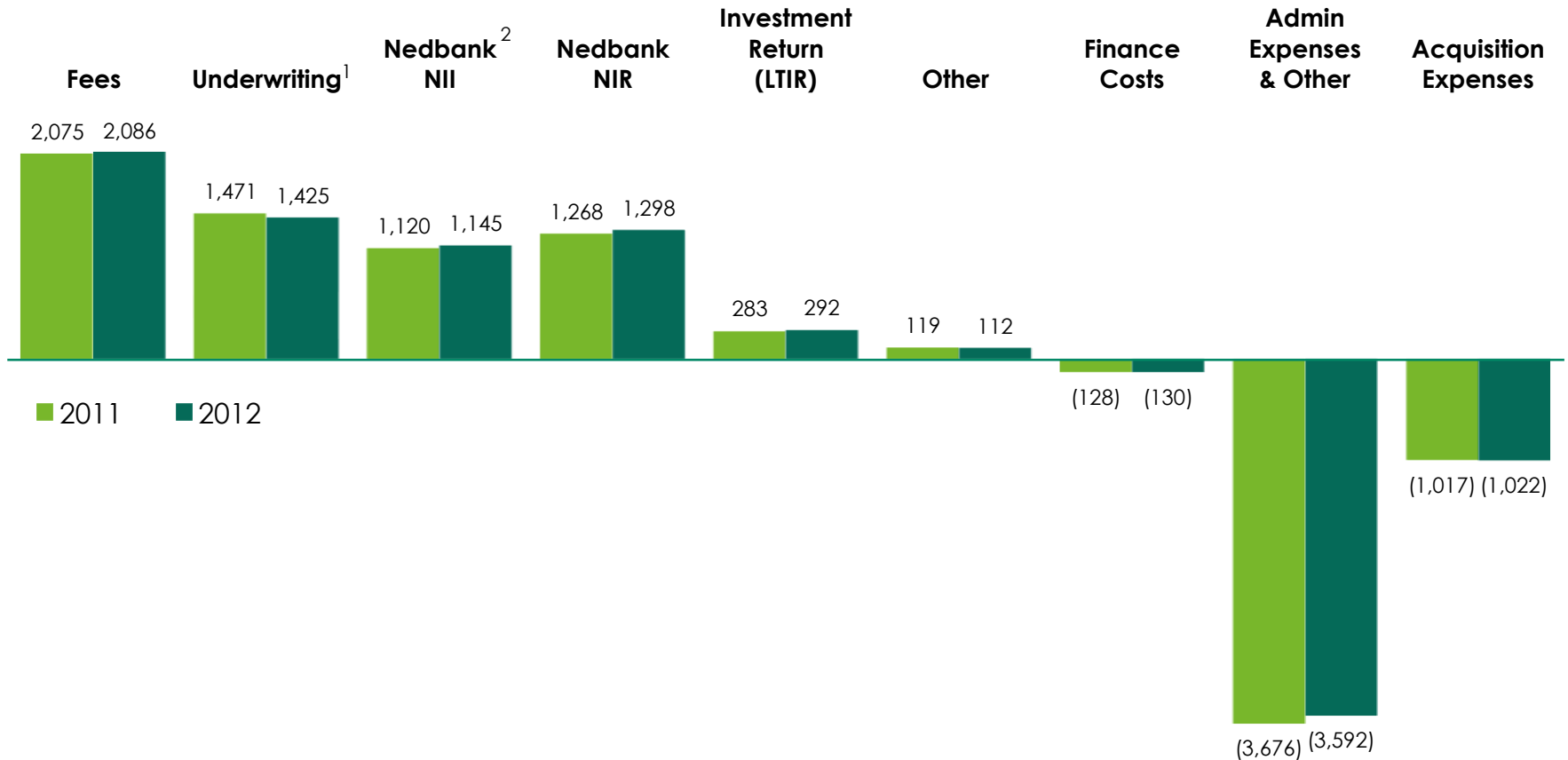
2. Includes non-core operations, % increase based on figures as reported, no adjustment for currency.



# SOURCES OF EARNINGS (£m)

## - AS REPORTED

Group results  
 Business results  
 Targets  
 Debt  
 Cash & dividend  
 Summary



1. Includes net income & investment returns from writing insurance products. (Protection, Annuity, General Insurance).
2. Net of impairments.

# AGENDA

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Group financial results

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## **Business performance**

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Delivery of targets

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Debt & balance sheet

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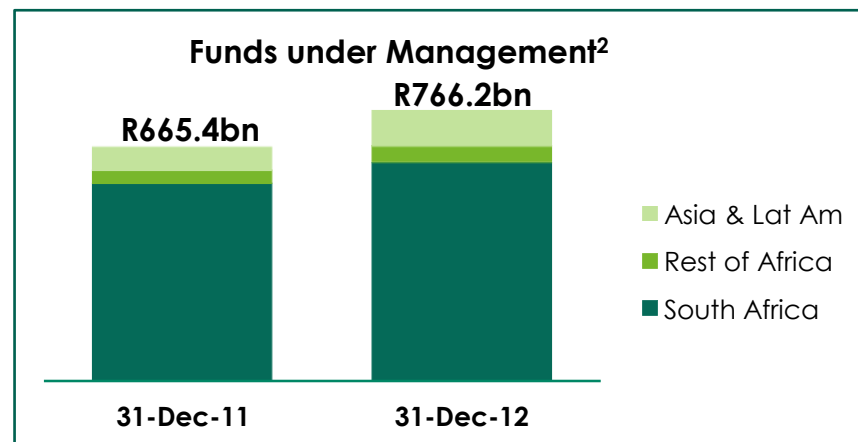
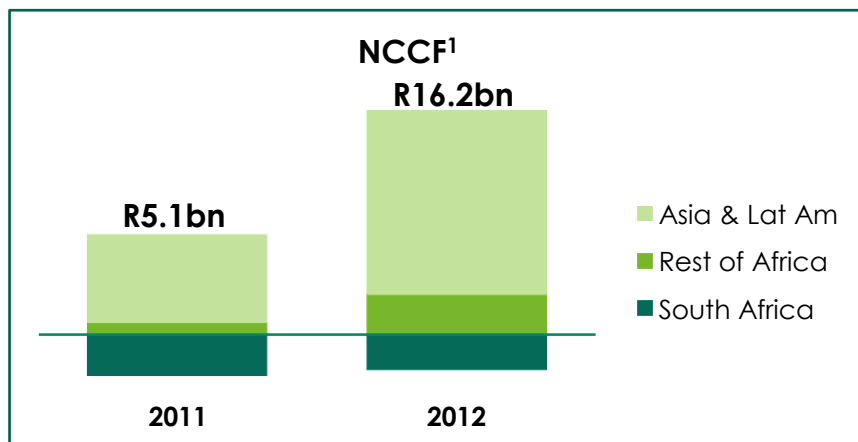
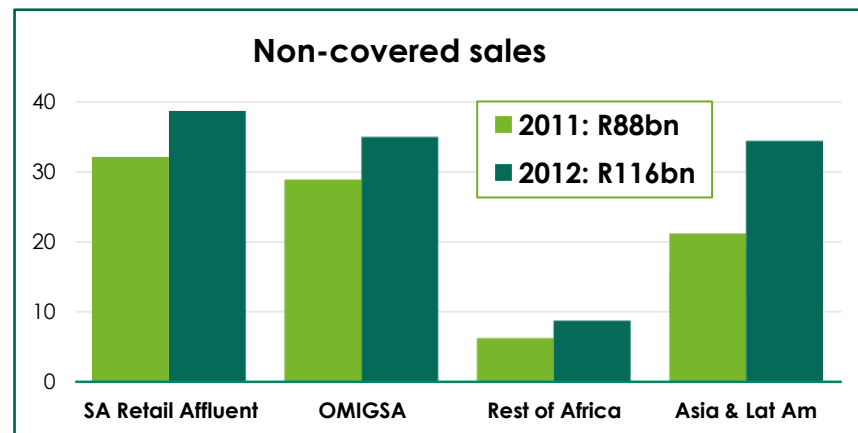
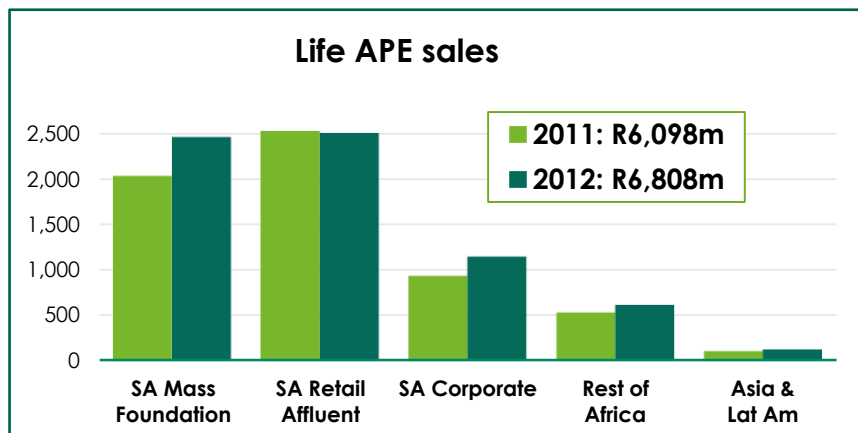
Cash & dividend

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Financial summary

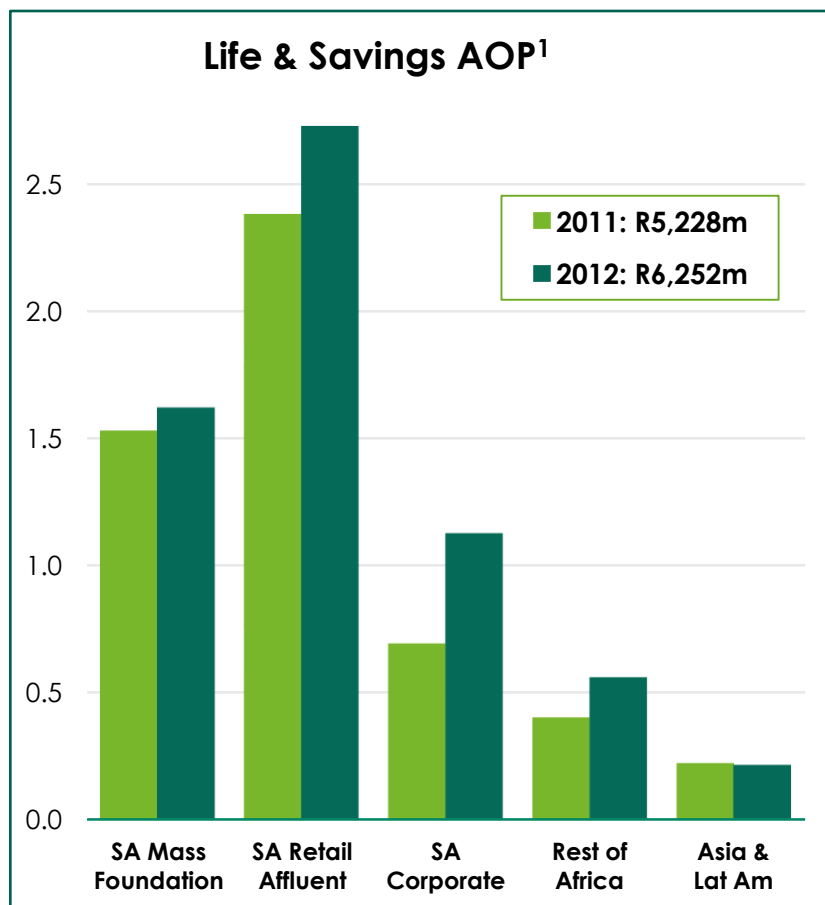
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# EMERGING MARKETS



1. Excluding PIC outflows (R12.6bn), NCCF in South Africa would have been R9.5bn inflow (2011: R1.2bn outflow).  
 2. On a start-manager basis.

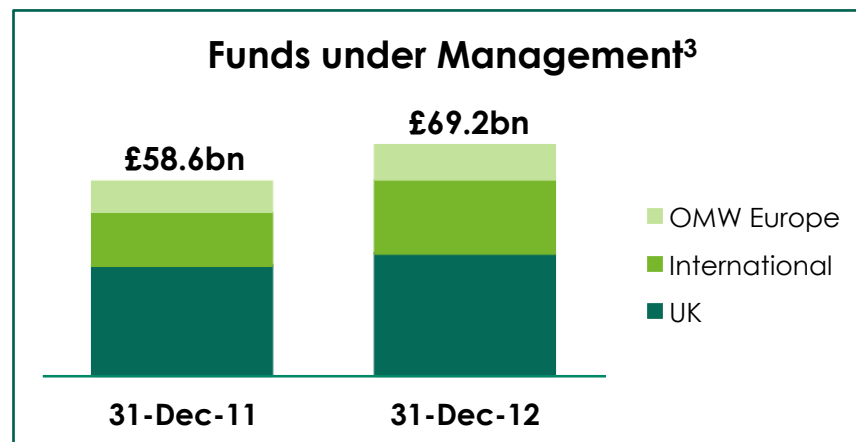
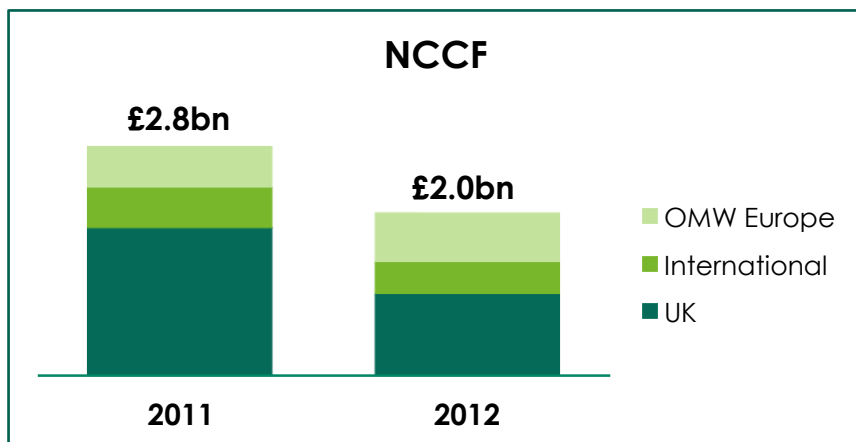
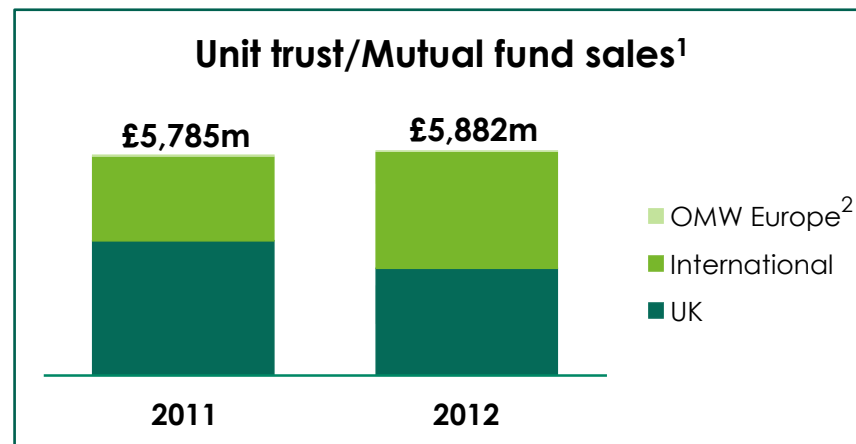
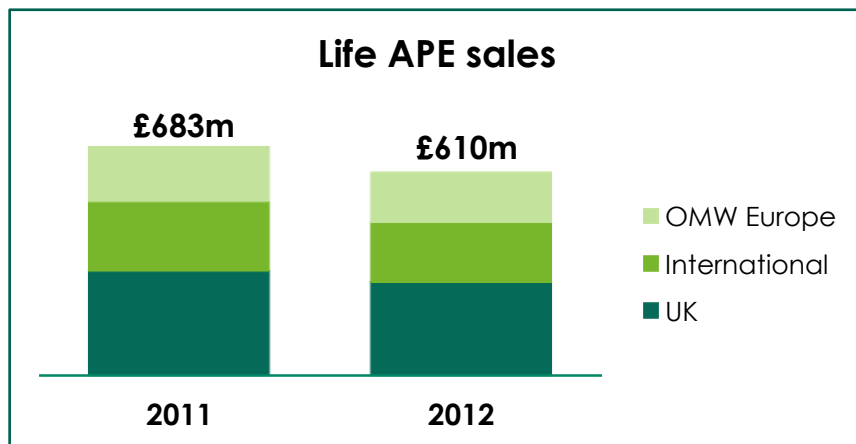
# EMERGING MARKETS



<b>Emerging Markets AOP</b>		
Rm	2011	2012
South Africa		
Life & Savings	4,599	<b>5,473</b>
OMIGSA	723	<b>933</b>
LTIR	1,140	<b>1,317</b>
South Africa	6,462	<b>7,723</b>
Rest of Africa		
Operating profit	404	<b>561</b>
LTIR	168	<b>296</b>
Rest of Africa	572	<b>857</b>
Asia & Latin America	225	<b>218</b>
Central costs	(618)	<b>(924)</b>
Total AOP (pre-tax)	6,641	<b>7,874</b>

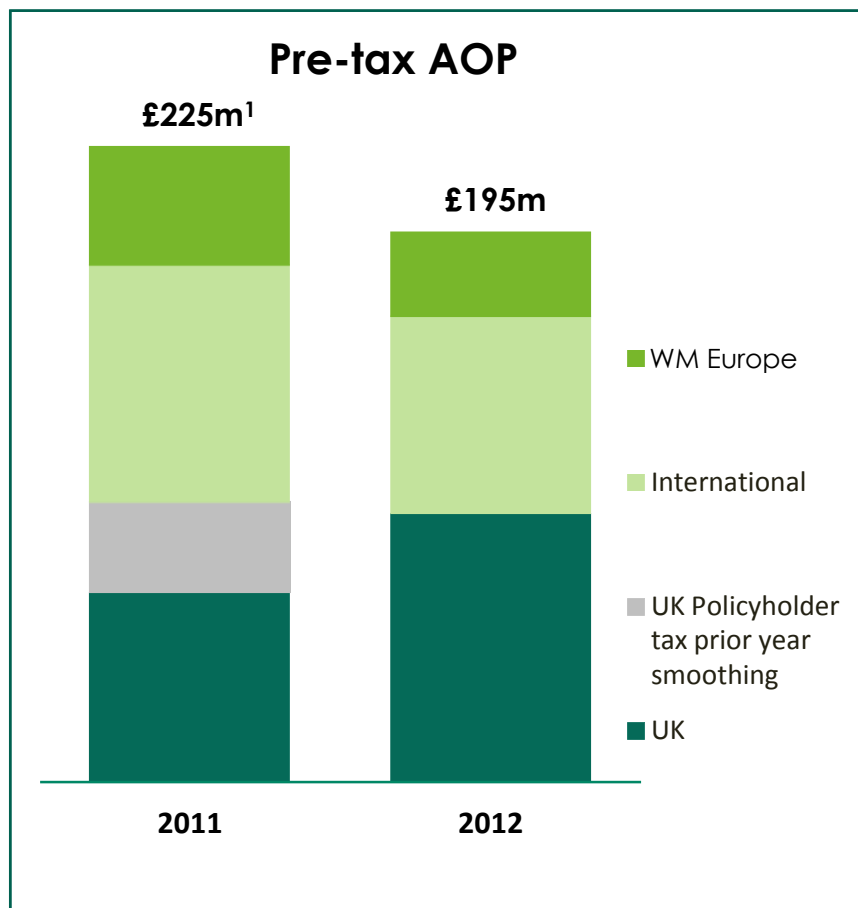
1. Pre-tax, excluding LTIR and central costs.

# OLD MUTUAL WEALTH



1. OMAM (UK) was transferred from USAM to Old Mutual Wealth during 2012: comparatives restated.
2. Non-covered sales in OMW Europe: 2012 £39m, 2011 £49m.
3. 2012 FuM reduced by £1.1bn following the sale of the Finnish business.

# OLD MUTUAL WEALTH



£m	2011	2012
Invest & Grow markets		
UK platform	(4)	<b>2</b>
International	79	<b>68</b>
OM Global Investors	9	<b>3</b>
Invest & Grow	84	<b>73</b>
Manage for value markets		
UK Heritage	100	<b>92</b>
Continental Europe	41	<b>30</b>
Manage for value	141	<b>122</b>
Total AOP (pre-tax)	225	<b>195</b>

1. Includes £2m relating to OMAM (UK).

	2009	2010	2011	2012	2012 <sup>2</sup>
AOP (pre-tax) (\$m) <sup>1</sup>	111	111	107	144	<b>151</b>
Operating margin, pre NCI <sup>1</sup>	17%	18%	18%	26%	<b>29%</b>
NCCF (\$bn)	(7.1)	(18.4)	(24.6)	(0.4)	<b>1.4</b>
FuM at year end (\$bn)	261	258	231	209	<b>209</b>
NCCF as % of opening FuM	(3.0%)	(7.0%)	(9.5%)	-	<b>0.8%</b>

1. Excluding seed capital gains/losses.

2. Continuing operations; excludes 7 affiliates disposed of and OMAM (UK) which has been transferred to Old Mutual Wealth.



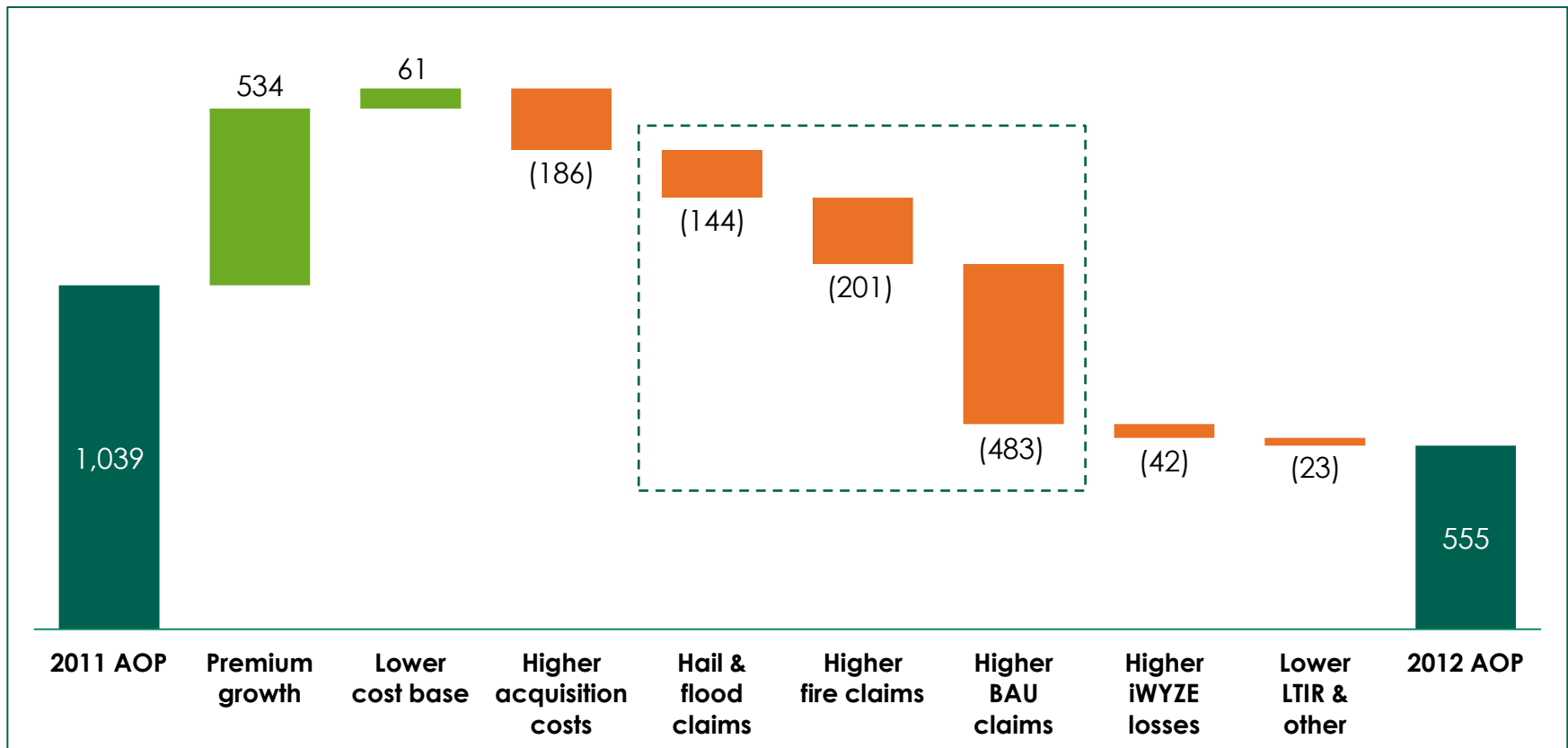


Rm	2011	2012	Change
IFRS pre-tax AOP	8,791	<b>10,773</b>	23%
Net interest income	18,034	<b>19,680</b>	9%
Non-interest revenue	15,412	<b>17,324</b>	12%
Impairments	5,331	<b>5,199</b>	2%
Credit loss ratio	1.13%	<b>1.05%</b>	8 bps
Common equity Tier 1 ratio <sup>1</sup>	10.5%	<b>11.4%</b>	90 bps
RoE (excl. goodwill)	15.3%	<b>16.4%</b>	110 bps
FY dividend per share declared	605 cents	<b>752 cents</b>	24%
<b>Nedbank Retail</b>			
Number of primary clients (000's)	1,931	<b>2,081</b>	8%
Headline earnings	2,091	<b>2,552</b>	22%

1. 2011 and 2012 have been restated to reflect Basel II.5 capital criteria.

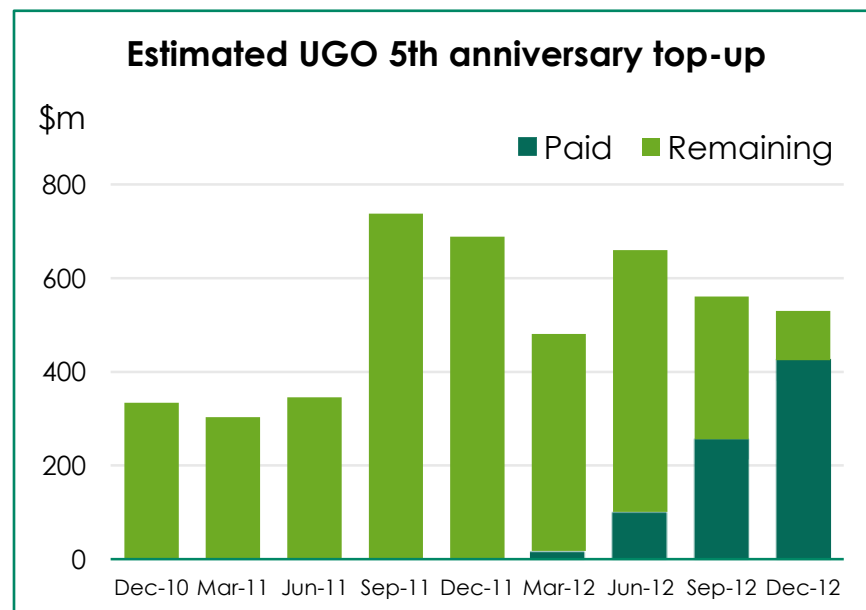
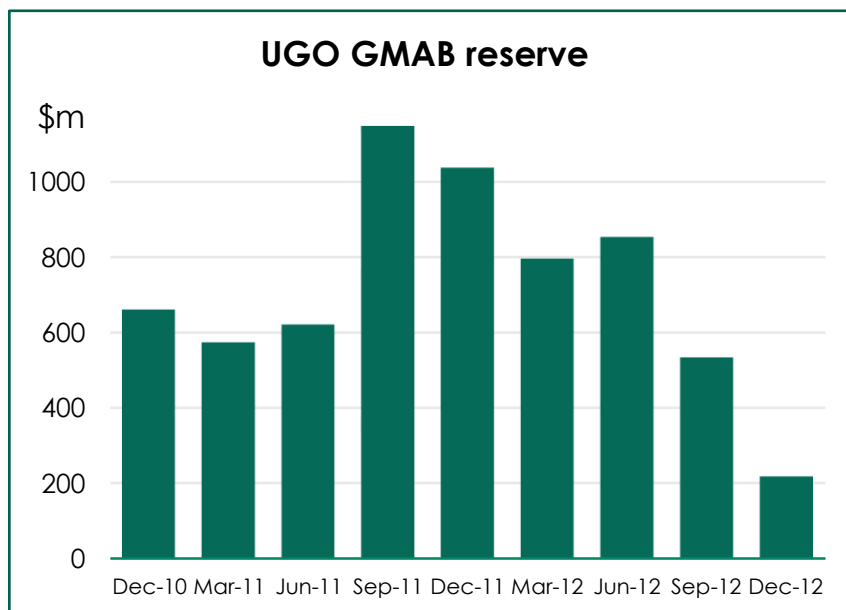
# M&F: RECONCILIATION

## 2011 AOP TO 2012 AOP<sup>1</sup> (Rm)



1. AOP pre-tax.

# BERMUDA RUN-OFF



\$m	31 Dec 2011	30 Jun 2012	31 Dec 2012
Account value - Guarantee book (GMAB)	2,858	<b>2,495</b>	<b>1,856</b>
Account value - Non-guarantee book	912	<b>772</b>	<b>679</b>
Total account value	3,770	<b>3,267</b>	<b>2,535</b>

# MCEV

	2011	2012
Adjusted operating Group MCEV earnings per share (pence) <sup>1</sup>		
Covered business	13.4	<b>9.0</b>
Non-covered business	6.0	<b>6.7</b>
Total <sup>2</sup>	19.4	<b>15.7</b>
Covered business (LTS only, excluding Nordic)		
VNB (post-tax) (£m)	177	<b>197</b>
PVNBP margin (post-tax)	1.9%	<b>2.3%</b>
APE margin (post-tax)	15%	<b>18%</b>

1. Includes Nordic.

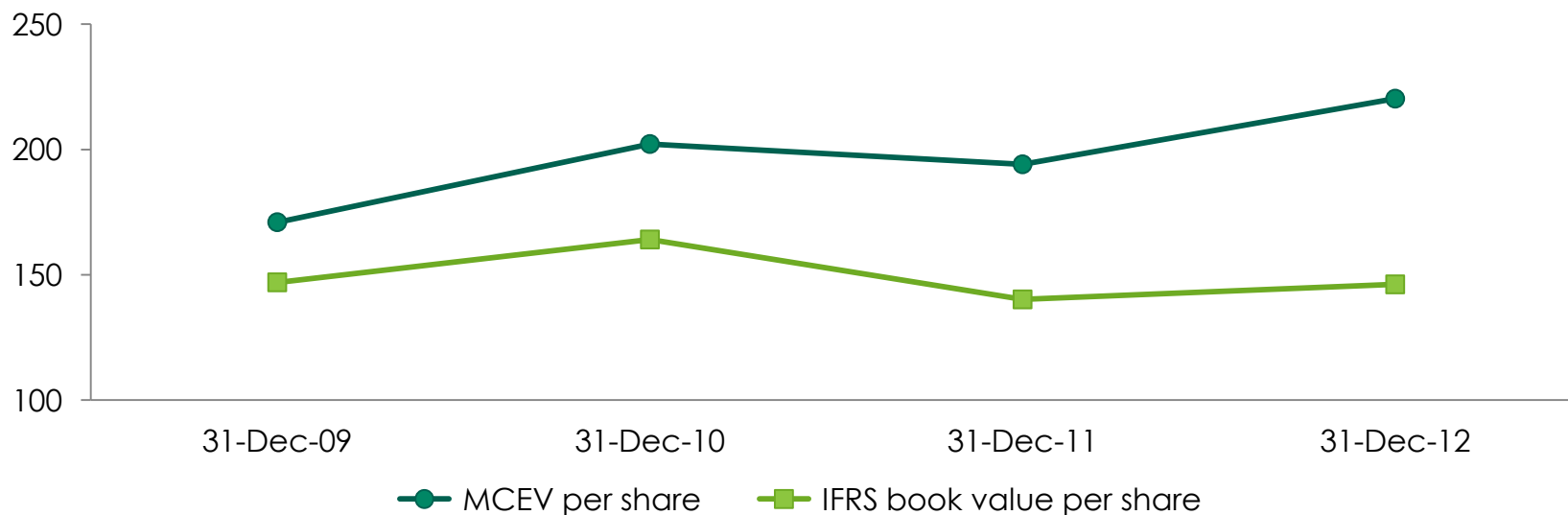
2. Comprises core continuing operations of 13.2p (2011: 15.9p), non-core operations of 2.0p (2011: 0.9p) & discontinued operations of 0.5p (2011: 2.6p).



# MCEV

	31 Dec 2011	31 Dec 2012
Adjusted Group MCEV (£bn)	10.8	<b>10.8</b>
Adjusted Group MCEV per share (pence)	194.1	<b>220.3</b>

Pence per share



# AGENDA

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Group financial results

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Business performance

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**Delivery of targets**

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Debt & balance sheet

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Cash & dividend

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Financial summary

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# 2012 COST REDUCTION TARGETS DELIVERED

£m	2012 Delivered <sup>1</sup>	Cumulative cost to achieve	2012 Target
Long-Term Savings			
Emerging Markets	21	-	5
Old Mutual Wealth	80	56	60
<b>LTS Total<sup>2</sup></b>	<b>101</b>	<b>56</b>	<b>65</b>
USAM	15	20	10
Group-wide Corporate Costs	17	1	15
<b>Total</b>	<b>133</b>	<b>77</b>	<b>90</b>

1. Run-rate savings delivered (2009, 2010, 2011, 2012).

2. Target restated to exclude Nordic.

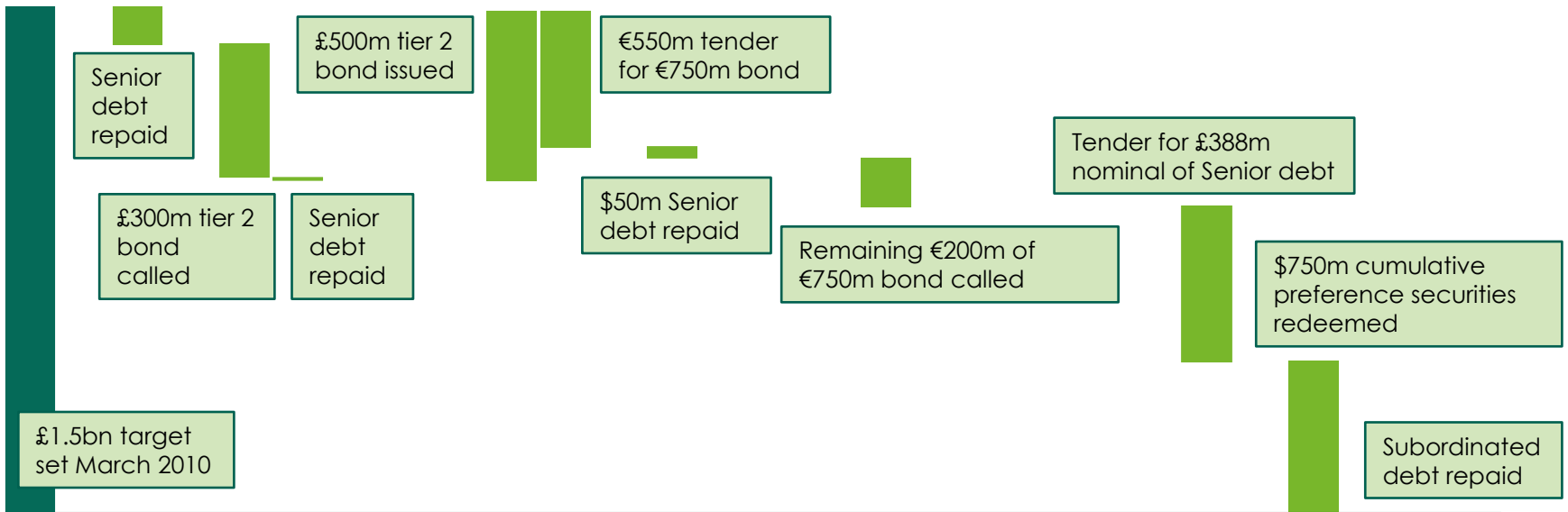
# 2012 ROE AND MARGIN TARGETS DELIVERED

	FY 2009	FY 2010	FY 2011	<b>FY 2012</b>	<b>2012 Target</b>
Long-Term Savings ROE					
Emerging Markets <sup>1</sup>	23%	25%	24%	<b>24%</b>	20%-25%
Old Mutual Wealth <sup>2</sup>	8%	15%	16%	<b>13%</b>	12%-15%
<b>Total LTS<sup>3</sup> ROE</b>	16%	20%	20%	<b>20%</b>	16%-18%
Group <sup>3,4</sup> ROE	10%	14%	15%	<b>13%</b>	-
USAM Operating Margin <sup>5</sup>	16%	15%	24 %	<b>24%</b>	25%-30%
Note:					
USAM operating margin, continuing operations, pre-NCI			27%	<b>29%</b>	

1. OMSA, ROA and Asia calculated as return on allocated capital, with Latin America calculated as return on average equity. 2009 adjusted for 2010 LTIR rates.
2. IFRS AOP (post-tax) divided by average shareholders' equity, excl. goodwill, PVIF & other acquired intangibles.
3. Excluding Nordic: 2009 and 2010 restated.
4. Core business IFRS AOP (post-tax) divided by average ordinary shareholders' equity.
5. Post-NCI excluding seed capital gains/losses. 2011 & 2012 continuing operations only.



# £1.5bn DEBT REPAYMENT TARGET DELIVERED



# DEBT & BALANCE SHEET

<b>£bn</b>	31 Dec 2009	31 Dec 2012
Gross debt (IFRS basis)	2.8	<b>1.6</b>
Debt (net of holding company cash)	2.3	<b>1.0</b>
FGD surplus	1.5	<b>2.0</b>
FGD coverage ratio	135%	<b>158%</b>
Liquidity	1.2	<b>1.7</b>
Total Net Gearing	20.1%	<b>8.5%</b>

# FGD RESILIENCE<sup>1</sup>

Coverage ratio	FGD surplus (£bn)	Risk event covered
158%	2.0	1 in 400
150% <sup>3</sup>	1.8	1 in 200
140% <sup>3</sup>	1.4	1 in 130
130% <sup>3</sup>	1.1	1 in 70
113% <sup>3</sup>	0.4	1 in 10

- Economic capital solvency ratio in excess of 160%<sup>2</sup>

1. Based on capital requirements at 31 Dec 2012.  
2. Estimated unaudited figure covering a 7 in 10,000 risk event.  
3. Implied FGD surplus shown for given risk events.

# AGENDA

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Group financial results

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Business performance

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Delivery of targets

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Debt & balance sheet

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**Generation & use of cash**

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Dividend

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Financial summary

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# CONVERSION OF BUSINESS UNIT PROFIT TO PLC CASH

2012 (£m)	AOP (post-tax & NCI)	Net free surplus generated	BU remittance <sup>1</sup>	% of AOP converted into BU remittance
Emerging Markets	432	410	108 <sup>2</sup>	<b>25%</b>
Old Mutual Wealth	152	183	145	<b>96%</b>
Nedbank	319	138 <sup>3</sup>	138	<b>43%</b>
Mutual & Federal	26	15	12	<b>46%</b>
USAM	76	68	67	<b>88%</b>
<b>2012 total before GHO &amp; finance costs</b>	<b>1,005</b>	<b>814</b>	<b>470</b>	<b>47%</b>
2011 total before GHO & finance costs	1,060	803 <sup>4</sup>	446 <sup>4</sup>	42%

81% conversion of AOP into free surplus (76% in 2011)

1. Excludes cash flows from disposals and funding of businesses.
2. Required OMSA contribution to Group dividend in excess of amounts received from Nedbank and M&F.
3. Nedbank free surplus represents OM share of Nedbank dividend.
4. 2011 restated on a like-for-like basis with 2012, where appropriate.

# SOURCES AND USES OF PLC CASH

£m	2012	
Plc opening balance	441	
Operational remittances from BUs	470	SA: £258m UK/US/Euro: £212m
Interest paid	(142)	
GHO costs	(54)	
Other operational outflows	(9)	
Ordinary cash dividends	(268)	SA: £147m UK: £121m
Central costs and dividend	(473)	
Net capital flows	34	Disposals net of funding: £2,174m Debt repayment: £(1,073)m Special dividend: £(959)m Other: £(108)m
<b>Plc closing balance</b>	<b>472</b>	

# DIVIDEND

Pence per share	2010	2011	2012
Ordinary dividend			
Interim	1.1	1.5	<b>1.75</b>
Final	2.9	3.5	<b>5.25</b>
<b>Total</b>	4.0	5.0	<b>7.0</b>
Dividend cover	4.0x	3.1x	<b>2.5x</b>
Special dividend	-	-	<b>18.0</b>
<b>Pence per share rebased for share consolidation</b>			
	2010	2011	<b>2012</b>
Interim	1.26	1.71	<b>1.75</b>
Final	3.31	4.00	<b>5.25</b>
<b>Total</b>	4.57	5.71	<b>7.0</b>

- 23% increase in total dividend in cash terms
- 2.5 times cover delivered
- Dividend policy reviewed:
  - Progressive policy continues
  - Targeting 2.25 times cover
  - Interim dividend set routinely at c. 30% of prior year total dividend
- £1.2bn returned to ordinary shareholders in dividends in 2012

# FINANCIAL SUMMARY 2012

- AOP up 18%<sup>1</sup> at £1,614m
- £814m free surplus generation
- Financial targets delivered
- Dividend policy delivered
- Crystallised value through sale of Nordic
- >£1bn debt repaid in the year
- £1.2bn paid to equity shareholders

1. Constant currency.



# LOOKING AHEAD

1 March 2013

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# STRATEGY FOR GROWTH

<b>Emerging Markets</b>	Expand in growth markets of <b>South Africa</b>
	Expand footprint in <b>Africa</b> & selected other emerging markets
<b>Developed Markets</b>	Grow <b>Old Mutual Wealth</b>
	Improve & grow <b>US Asset Management</b>
<b>Group Wide</b>	Unlock value through efficiency & appropriate simplification

# GROWTH IN SOUTH AFRICAN RETAIL MASS MARKETS

South Africa  
Africa  
Old Mutual Wealth  
USAM

	2009	2012	3 year CAGR%
<b>Mass Foundation Cluster</b>			
APE sales (Rm)	1,454	<b>2,443</b>	<b>19%</b>
Customer numbers	1.5m	<b>2.0m</b>	<b>10%</b>
AOP (Rm)	1,236	<b>1,621</b>	<b>9%</b>
<b>Nedbank Retail</b>			
Entry-level banking clients <sup>1</sup>	2.2m	<b>3.0m</b>	<b>11%</b>
Headline earnings (Rm)	(27)	<b>2,552</b>	<b>n/a</b>
<b>iWYZE</b>			
Number of policies	-	<b>51k</b>	<b>n/a</b>

1. Represents clients earning less than R100,000 per year

# GROWTH IN REST OF AFRICA

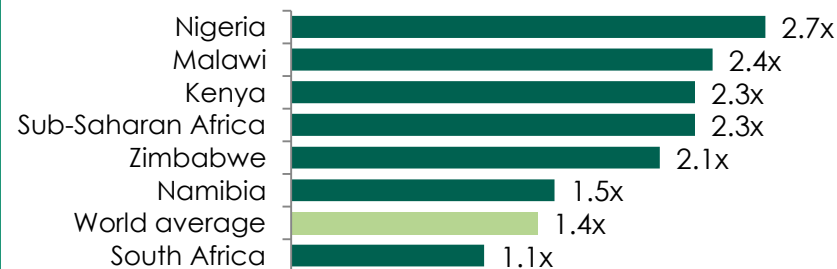
South Africa  
Africa  
Old Mutual Wealth  
USAM

Customer numbers (000's)		2009	2012	3yr CAGR
<b>Namibia</b>	Life, Asset Mgt.	168	<b>259</b>	16%
<b>Zimbabwe</b>	Life, Asset Mgt., Banking (CABS)	543	<b>862</b>	17%
<b>Kenya</b>	Life, Asset Mgt.	24	<b>97</b>	59%
<b>Swaziland</b>	Life	9	<b>23</b>	37%
<b>Malawi</b>	Life, Asset Mgt.	47	<b>83</b>	21%

## Large populations & low insurance penetration

	Population <sup>2</sup>	Insurance %
Nigeria <sup>3</sup>	170m	0.7%
Malawi <sup>4</sup>	16m	2.2%
Zimbabwe <sup>4</sup>	13m	2.8%
Kenya <sup>3</sup>	43m	3.1%
Namibia <sup>3</sup>	2m	8.0%

## Growing populations<sup>1</sup>



2050 forecast population as a multiple of 2011

1. Source: Population Reference Bureau, 2011 World Population data sheet.
2. Source: Population Reference Bureau, 2012 World Population data sheet.
3. Insurance penetration 2011 (Swiss Re Sigma report Jan 2013)  
– Includes Life & Non-Life business.
4. Insurance penetration: AXCO Insurance Market Report, Mar 2011.



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# GROWING OLD MUTUAL WEALTH

South Africa  
Africa  
Old Mutual Wealth  
USAM

## UK Market

- Platforms growing
- >£1 trillion AuM in retail sector
- IFA & restricted

## UK Growth

- Cost reductions
- Broaden asset management solutions & grow product offering
- AuM growth

## International

- Cross-border market
- Wealth Interactive



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# IMPROVING & GROWING US ASSET MANAGEMENT

South Africa  
Africa  
Old Mutual Wealth  
**USAM**

	Turn-round	
	2009	2012 <sup>1</sup>
AOP (pre-tax) (\$m) <sup>2</sup>	111	<b>151</b>
Operating margin, pre NCI <sup>2</sup>	17%	<b>29%</b>
NCCF (\$bn)	(7.1)	<b>1.4</b>
FuM at year end (\$bn)	261	<b>209</b>
NCCF as % of opening FuM	(3.0%)	<b>0.8%</b>
No. of affiliates	18	<b>9</b>

## Improve & Grow

- Improve investment performance
- Maintain operating margin
- Positive NCCF on a continuing basis
- Expand product proposition
- Enhance global distribution
- Organic growth complemented with bolt-on acquisitions where appropriate

## Eventual partial IPO

1. Continuing operations; excludes 7 affiliates disposed of and OMAM (UK) which has been transferred to Old Mutual Wealth.  
2. Excluding seed capital gains/losses.

# SUMMARY

- **Strong operational & financial performance in 2012**
- **A transformed business**
- **Financial strength**
- **Clear strategy**
- **Sustainable growth opportunities**

**Delivering increasing value for shareholders & customers**

# Q&A

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1 March 2013

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# PRELIMINARY RESULTS 2012

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