

NEWS RELEASE

Ref 88/13

6 November 2013

Old Mutual plc Interim Management Statement

For the three months ended 30 September 2013

Operational performance remains strong

- Gross sales of £6.5 billion up 11%
- Funds under management up 14%* to £287.5 billion year to date
- Net client cash flow of £2.6 billion (4% of opening FUM**)

Julian Roberts, Group Chief Executive, commented:

“Our strong momentum continued with a third consecutive quarter of positive net client cash flow in all our businesses.

“Gross sales in Emerging Markets continue to be healthy and Old Mutual Wealth saw a large rise in gross sales on the UK platform and in Old Mutual Global Investors. US Asset Management produced positive cash flows of £1.5 billion and Nedbank improved its operational performance.

“We remain confident that our strategy and our geographic focus underpinned by our financial discipline leaves us well positioned for future growth.”

Enquiries

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* on a constant currency basis

** on an annualised basis

Interim Management Statement

GROUP RESULTS

Group highlights for the three months ended 30 September 2013 (£bn)					
	Q3 2013	% of opening FUM¹		Q3 2012 (as reported)	% change (reported)
Net client cash flow (NCCF)					
Emerging Markets	0.3	2%		(0.2)	>100%
Old Mutual Wealth	0.6	3%		0.5	20%
Nedbank	0.2	7%		0.5	(60)%
US Asset Management ²	1.5	5%		(1.6)	>100%
NCCF from core operations	2.6	4%		(0.8)	>100%
Group highlights at 30 September 2013 (£bn)					
	30 September 2013	31 December 2012 (constant currency basis)	% change (constant currency)	31 December 2012 (as reported)	% change (reported)
Funds under management (FUM)					
Emerging Markets	49.2	44.6	10%	52.6	(6)%
Old Mutual Wealth	76.0	69.2	10%	69.2	10%
Nedbank	11.8	10.0	18%	11.8	-
Property & Casualty	0.2	0.2	-	0.2	-
US Asset Management	150.3	128.9	17%	128.4	17%
FUM from core operations	287.5	252.9	14%	262.2	10%
Group highlights for the three months ended 30 September 2013 (£m)					
	Q3 2013	% change (local currency)		Q3 2012 (as reported)	% change (reported)
Gross sales					
Emerging Markets	2,766	8%		3,050	(9)%
Old Mutual Wealth	3,740	33%		2,803	33%
Total gross sales	6,506			5,853	11%
Covered sales (APE)					
Emerging Markets	132	13%		140	(6)%
Old Mutual Wealth	131	(5)%		138	(5)%
Total covered sales (APE)	263			278	(5)%
Non-covered sales³					
Emerging Markets	2,058	3%		2,368	(13)%
Old Mutual Wealth	2,361	69%		1,397	69%
Total non-covered sales	4,419			3,765	17%

Note percentage movements on reported figures in the above table are based on rounded sterling numbers

¹ Annualised NCCF for core businesses

² 2012 comparative includes 2100 Xenon Group, 300 North Capital, Analytic Investors, Ashfield Capital Partners and Larch Lane Advisors, which were sold during 2012

³ Non-covered sales include mutual funds, unit trust and other non-covered sales

Interim Management Statement

Overview

External Environment

While market reaction to macro-economic news continued to be volatile in the third quarter, we saw continued signs of recovery in some of the markets where we operate and most noticeably in the US and the UK. The macro-environment in South Africa continues to be challenging with strike disruptions in a number of key industries and a further weakening in the exchange rate, although inflation has moved into the SA Reserve Bank's 3-6% target range providing some relief for customers. Across the rest of Africa, we continue to see the macro-environment improving which is positive for the medium- to long-term growth outlook.

Group Overview

Funds under management (FUM) at 30 September 2013 increased by 14% to £287.5 billion in constant currency, up from £262.2 billion at 31 December 2012, due to positive market movements and net client cash flows (NCCF) in the year to date. NCCF for Q3 2013 was £2.6 billion across the Group.

Emerging Markets

FUM reached R800 billion at the end of September. NCCF improved by R7.3 billion to R4.6 billion with the comparative period adversely affected by a large withdrawal by the Public Investment Corporation of South Africa.

Gross sales were up 8%, benefiting from Retail Affluent seeing growth of 20%, largely due to improved single premium sales, and a 14% improvement in Mass Foundation as our 4.8 million policies in-force continue to generate strong premium inflows.

Life APE sales grew by 13% further supported by strong growth in Rest of Africa and high growth in Mexico, albeit off a low base. Corporate sales were lower following a number of large annuity deals in the comparative period.

As previously highlighted, we increased our focus on the quality of business we are writing in Mass Foundation by, for example, the enhancement of new business submission standards. This is reflected in the managed slowdown of APE sales which rose by 4% despite a very strong comparative. We anticipate full-year APE sales growth in line with our long-term guidance.

Non-covered sales increased against a particularly strong comparative period that was boosted by a number of large deals in Old Mutual Investment Group (OMIG) and Latin America.

During the quarter we completed the acquisition of Provident Life Assurance Company in Ghana; since the quarter end we received the final regulatory approval for the acquisition of Oceanic's Nigerian property and casualty business from Ecobank; and we are making good progress with the integration plans of our recent acquisitions in Africa. We also launched the advice-led Old Mutual Wealth offering in South Africa.

Old Mutual Wealth

Old Mutual Wealth performed strongly, with gross sales up 33% on the comparative period at £3.7 billion. FUM was up 10% from the start of the year to £76.0 billion due to strong net flows into the Invest and Grow businesses and positive markets.

While the third quarter in the UK is traditionally the quietest, Platform gross sales of £1.2 billion were up 40% on the comparative period as confidence has returned. We are now seeing real momentum building. In International, gross sales were broadly flat on Q3 2012, after being affected by slower UK sales post-RDR. The business is increasingly focused on single premium investment business.

Old Mutual Global Investors (OMGI) is now managing FUM of £15.2 billion, up 10% on the start of the year. NCCF for Q3 2013 was £0.3 billion. UK sales were very strong as we benefited from the full OMGI distribution team being in place, interest in the UK Alpha Fund and an extensive marketing programme conducted by the UK equity team.

US Asset Management

US Asset Management continued the momentum it established in the first half of the year, with NCCF for the period of \$2.3 billion which, allied to positive market movements, resulted in a 17% year to date growth in FUM to \$243.2 billion. NCCF was diversified across a broad range of investment strategies including emerging markets, international equities, dividend focus equities, and US and global fixed income products.

Interim Management Statement

Nedbank

Nedbank reported ongoing growth in net interest income, maintained its margins and improved credit conditions across its portfolio. Nedbank's capital adequacy ratios remain well within its respective internal target ranges with the common equity tier 1 ratio at 11.6% following the payment of the interim dividend in September 2013.

The full text of Nedbank's Q3 2013 trading update, released on 28 October 2013 and also announced by Old Mutual on the same day, can be accessed on Nedbank's website at: <http://www.nedbankgroup.co.za/quarterlytradingupdates.asp>

Property & Casualty

Property & Casualty saw weak underwriting results continuing due to some large property claims in the Commercial and Corporate & Niche segments, and a persistently high claims ratio in the Personal motor section. We are taking active steps to improve the quality of the Personal Lines book. The new management team has initiated a broad business improvement programme, the benefits of which we expect to take some time to come into effect.

Cash and liquidity

At 30 September 2013 the Group holding company had £1.4 billion of available liquidity headroom, including £0.6 billion of liquid assets. Available liquid assets improved by £0.2 billion from 30 June 2013 (£0.4 billion) as a result of cash inflows from business units, including the sale of the Colombian and Mexican businesses to Emerging Markets for £120 million.

Capital and leverage

The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive (FGD), at 30 September 2013 was £2.3 billion (30 June 2013: £2.1 billion) and this represents a statutory cover of 174%. A 1% fall in the ZAR/GBP exchange rate results in a £17 million reduction in surplus. Given that the rand proportion of the capital resources is roughly the same as the rand proportion of our capital requirements, the coverage ratio is relatively insensitive to the exchange rate.

Non-core business: Bermuda

The Bermuda reserve for Universal Guaranteed Option (UGO) Guaranteed Minimum Accumulation Benefit (GMAB) reduced in the quarter to \$108 million as we experience continued heightened levels of surrenders after the completion of the five year top ups and benefited from interest rate movements. We expect surrenders to revert to lower, more normalised levels for the remaining guarantee period.

Material events and transactions

There are no material events or transactions to report this quarter.

Interim Management Statement

Notes to Editors:

A conference call on the Q3 2013 Interim Management Statement and Q&A will take place at 9:00 am UK time (11:00 am South African time) today. Analysts and investors who wish to participate in the call should dial the following numbers and quote the pass-code 26078030#:

UK/International	+44 20 3139 4830
US	+1 718 873 9077
South Africa	+27 21 672 4008

Playback (available for 14 days from Wednesday, 6 November 2013), using pass-code 642952#:

UK/International	+44 20 3426 2807
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Copies of these results, together with high-resolution images and biographical details of the executive directors of Old Mutual plc, are available in electronic format to download from the Company's website at www.oldmutual.com.

A Financial Disclosure Supplement relating to the Company's third quarter results can be found on our website. This contains financial data for 2013 and 2012.

This Interim Management Statement has been prepared in accordance with section 4.3 of the Disclosure and Transparency Rules (DTR) and covers the period 1 July 2013 to 6 November 2013. The business update is included in this Interim Management Statement. A Disclosure Supplement relating to the Company's business update can be found on our website. This contains key financial data for the three months ended 30 September 2013.

Sterling exchange rates

		Q3 2013*	Q3 2012*	Appreciation / (depreciation) of local currency	FY 2012	Appreciation / (depreciation) of local currency
Rand	Average Rate	14.65	12.70	(15)%	13.01	(13)%
	Closing Rate	16.26	13.39	(21)%	13.77	(18)%
USD	Average Rate	1.55	1.58	2%	1.58	2%
	Closing Rate	1.62	1.62	-	1.62	-

* Average rate is for the nine months to 30 September

Notes to the figures on the front page of this announcement

- All figures refer to core continuing operations. Core continuing operations exclude the results of the Nordic business disposed of during 2012 and the Bermuda business which is classified as non-core.
- Constant currency figures are calculated by translating local currency prior period figures at the prevailing exchange rates for the period under review. This is only applicable to Q3 2012 year to date comparative information.

Cautionary statement

This announcement contains forward-looking statements relating 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 that are beyond Old Mutual plc's control, including, among other things, global, UK and South African domestic, economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties, the future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and regulations in territories where Old Mutual plc or 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 out in its forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.

Interim Management Statement – Appendix

GROUP RESULTS

Group highlights for the nine months ended 30 September 2013 (£bn)	Q3 YTD 2013	Q3 YTD 2012 (constant currency basis)	% of opening FUM ¹	Q3 YTD 2012 (as reported)	% change (reported)
Net client cash flow (NCCF)					
Emerging Markets	1.1	0.4	3%	0.4	>100%
Old Mutual Wealth ³	1.4	1.3	3%	1.3	8%
Nedbank	0.8	1.1	9%	1.3	(38)%
US Asset Management ^{2 3}	8.4	(0.1)	9%	(0.1)	>100%
NCCF from core operations	11.7	2.7	6%	2.9	>100%
Group highlights at 30 September 2013 (£bn)	30 September 2013	31 December 2012 (constant currency basis)	% change	31 December 2012 (as reported)	% change
Funds under management (FUM)					
Emerging Markets	49.2	44.6	10%	52.6	(6)%
Old Mutual Wealth	76.0	69.2	10%	69.2	10%
Nedbank	11.8	10.0	18%	11.8	-
Property & Casualty	0.2	0.2	-	0.2	-
US Asset Management	150.3	128.9	17%	128.4	17%
FUM from core operations	287.5	252.9	14%	262.2	10%
Group highlights for the nine months ended 30 September 2013 (£m)	Q3 YTD 2013	Q3 YTD 2012 (constant currency basis)	% change	Q3 YTD 2012 (as reported)	% change
Gross sales					
Emerging Markets	8,121	7,157	13%	8,258	(2)%
Old Mutual Wealth ³	10,481	8,159	28%	8,159	28%
Total gross sales	18,602	15,316	21%	16,417	13%
Covered sales (APE)					
Emerging Markets	420	341	23%	394	7%
Old Mutual Wealth	449	445	1%	445	1%
Total covered sales (APE)	869	786	11%	839	4%
Non-covered sales ⁴					
Emerging Markets	5,687	5,390	6%	6,219	(9)%
Old Mutual Wealth ³	5,864	3,793	55%	3,793	55%
US Asset Management ^{2 3}	-	351	(100)%	344	(100)%
Total non-covered sales	11,551	9,534	21%	10,356	12%
Note percentage movements on reported figures in the above table are based on rounded sterling numbers					

¹ Annualised NCCF for core businesses

² 2012 comparative includes the results of OMAM(UK), which was transferred to Old Mutual Wealth on 1 April 2012, and OMCap, Dwight, Lincluden, 2100 Xenon Group, 300 North Capital, Analytic Investors, Ashfield Capital Partners and Larch Lane Advisors, which were sold during 2012

³ Comparative period has not been restated for OMAM(UK)

⁴ Non-covered sales include mutual funds, unit trust and other non-covered sales

Interim Management Statement – Appendix

Emerging Markets data tables (Rand)

Gross sales and funds under management ¹

	Rbn					
	1-Jan-13	Gross sales ²	Redemptions	Net flows	Market and other movements	30-Sep-13
Retail Affluent	121.2	43.2	(39.1)	4.1	18.5	143.8
Mass Foundation ³	-	5.7	(2.6)	3.1	(3.1)	-
Corporate	1.3	13.2	(14.7)	(1.5)	1.6	1.4
OMIG ³	463.3	24.1	(19.4)	4.7	20.9	488.9
Total South Africa	585.8	86.2	(75.8)	10.4	37.9	634.1
Rest of Africa	38.3	8.5	(6.4)	2.1	9.2	49.6
Asia & Latin America	100.5	24.2	(21.0)	3.2	12.7	116.4
Total Emerging Markets	724.6	118.9	(103.2)	15.7	59.8	800.1

¹ FUM shown on an end manager basis. Note: the Financial Disclosure Supplement shows FUM on a start manager basis

² Gross sales are cash inflows for the period and thus include prior period recurring premium flows

³ Mass Foundation only has start manager FUM as under the end manager view their FUM is managed by OMIG

Gross sales ¹

	Rm		
	Q3 2013	Q3 2012	% Change
Retail Affluent	16,630	13,862	20%
Mass Foundation	2,014	1,759	14%
Corporate	3,196	3,511	(9)%
OMIG	10,295	9,724	6%
Total South Africa	32,135	28,856	11%
Rest of Africa	3,082	2,857	8%
Asia & Latin America	7,582	7,924	(4)%
Total Emerging Markets	42,799	39,637	8%

¹ Gross sales are cash inflows for the period and thus include prior period recurring premium flows

Covered sales (APE)

	Rm								
By Cluster:	Single premium APE			Regular premium APE			Total APE		
	Q3 2013	Q3 2012	%	Q3 2013	Q3 2012	%	Q3 2013	Q3 2012	%
Retail Affluent	379	264	44%	395	398	(1)%	774	662	17%
Mass Foundation	-	1	(100)%	711	685	4%	711	686	4%
Corporate	65	156	(58)%	91	135	(33)%	156	291	(46)%
Total South Africa	444	421	5%	1,197	1,218	(2)%	1,641	1,639	-
Rest of Africa	60	35	71%	159	114	39%	219	149	47%
Asia & Latin America ¹	84	7	1,100%	112	24	367%	196	31	532%
Total Emerging Markets	588	463	27%	1,468	1,356	8%	2,056	1,819	13%

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Rm

By Product:	Single premium APE			Regular premium APE			Total APE		
	Q3	Q3	%	Q3	Q3	%	Q3	Q3	%
	2013	2012		2013	2012		2013	2012	
Savings	512	325	58%	729	655	11%	1,241	980	27%
Protection ²	-	-	-	739	701	5%	739	701	5%
Annuity	76	138	(45)%	-	-	-	76	138	(45)%
Total Emerging Markets	588	463	27%	1,468	1,356	8%	2,056	1,819	13%

¹ Asia & Latin America represents Mexico, India and China. From Q1 2013, sales by the India and China businesses have been disclosed as covered rather than non-covered business. Comparatives have not been restated

² OMF credit life sales are included within protection sales (R56 million Q3 2013 and R37 million in Q3 2012)

Non-covered sales

Rm

	Unit trust / mutual fund sales			Other non-covered sales			Total non-covered sales		
	Q3	Q3	%	Q3	Q3	%	Q3	Q3	%
	2013	2012		2013	2012		2013	2012	
South Africa	8,112	8,137	-	15,318	12,646	21%	23,430	20,783	13%
Rest of Africa ¹	1,324	1,542	(14)%	552	649	(15)%	1,876	2,191	(14)%
Asia & Latin America ²	6,386	7,267	(12)%	-	521	(100)%	6,386	7,788	(18)%
Total Emerging Markets	15,822	16,946	(7)%	15,870	13,816	15%	31,692	30,762	3%

¹ Client broker account flows in Kenya (execution mandate only) are no longer classified as non-covered sales and R560 million has been excluded in the current period. Comparatives have not been restated

² From Q1 2013, sales by the India and China businesses have been disclosed as covered rather than non-covered business. Comparatives have not been restated

Interim Management Statement – Appendix

Old Mutual Wealth data tables (Sterling)

Gross sales and funds under management

	£bn					
	1-Jan-13	Gross sales	Redemptions	Net flows	Market and other movements	30-Sep-13
Invest & Grow markets						
UK Platform	22.6	3.5	(1.8)	1.7	1.9	26.2
UK Other ¹	4.7	0.6	(0.7)	(0.1)	0.7	5.3
International	13.9	1.3	(1.0)	0.3	0.5	14.7
Old Mutual Global Investors ²	13.8	5.5	(5.0)	0.5	0.9	15.2
Total Invest & Grow	55.0	10.9	(8.5)	2.4	4.0	61.4
Manage for Value markets						
Old Mutual Wealth Europe - open book ³	5.9	1.0	(0.6)	0.4	0.1	6.4
Heritage business ⁴	14.3	0.6	(1.4)	(0.8)	1.9	15.4
Total Manage for Value	20.2	1.6	(2.0)	(0.4)	2.0	21.8
Elimination of intra-Group assets ⁵	(6.0)	(2.0)	1.4	(0.6)	(0.6)	(7.2)
Total Old Mutual Wealth	69.2	10.5	(9.1)	1.4	5.4	76.0

¹ Includes Protection, Series 6 pensions and UK Institutional business

² Nordic sale related outflow amounted to £861 million YTD

³ Includes business written in France, Italy and Poland

⁴ Includes UK Heritage and Old Mutual Wealth Europe closed book (Germany, Austria, Switzerland and Liechtenstein)

⁵ Assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

Gross sales

	£m		
	Q3 2013	Q3 2012	% Change
Invest & Grow markets			
UK Platform	1,214	869	40%
UK Other ¹	155	176	(12)%
International	427	422	1%
Old Mutual Global Investors	1,986	1,107	79%
Total Invest & Grow	3,782	2,574	47%
Manage for Value markets			
Old Mutual Wealth Europe - open book ²	198	277	(29)%
Heritage business ³	199	203	(2)%
Total Manage for Value	397	480	(17)%
Elimination of intra-Group assets ⁴	(439)	(251)	75%
Total Old Mutual Wealth	3,740	2,803	33%

¹ Includes Protection, Series 6 pensions and UK Institutional business

² Includes business written in France, Italy and Poland

³ Includes UK Heritage and Old Mutual Wealth Europe closed book (Germany, Austria, Switzerland and Liechtenstein)

⁴ Assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

Interim Management Statement – Appendix

Covered sales

	£m								
	Gross single premium			APE regular premium			Total APE		
	Q3 2013	Q3 2012	%	Q3 2013	Q3 2012	%	Q3 2013	Q3 2012	%
Invest & Grow markets									
UK Platform	509	439	16%	7	8	(13)%	59	53	11%
UK Other ¹	15	15	-	2	4	(50)%	3	5	(40)%
International ²	378	357	6%	6	10	(40)%	43	45	(4)%
Total Invest & Grow	902	811	11%	15	22	(32)%	105	103	2%
Manage for Value markets									
Old Mutual Wealth Europe - open book ³	164	245	(33)%	3	3	-	19	28	(32)%
Heritage business ⁴	2	16	(88)%	6	6	-	7	7	-
Total Manage for Value	166	261	(36)%	9	9	-	26	35	(26)%
Total Old Mutual Wealth	1,068	1,072	-	24	31	(23)%	131	138	(5)%

¹ Includes Protection and Series 6 pensions

² Comparative includes Finland, which was sold in H2 2012

³ Includes business written in France, Italy and Poland

⁴ Includes UK Heritage and Old Mutual Wealth Europe closed book (Germany, Austria, Switzerland and Liechtenstein)

Non-covered sales

	£m		
	Q3 2013	Q3 2012	% Change
Invest & Grow markets			
UK Platform	675	403	67%
UK Other ¹	128	127	1%
OM Global Investors	1,986	1,107	79%
Total Invest & Grow	2,789	1,637	70%
Manage for Value markets			
Old Mutual Wealth Europe - open book ²	10	8	21%
Heritage business ³	1	3	(46)%
Total Manage for Value	11	11	5%
Elimination of intra-Group assets ⁴	(439)	(251)	75%
Total Old Mutual Wealth	2,361	1,397	69%

¹ Includes UK Institutional business

² Includes business written in France, Italy and Poland

³ Includes Old Mutual Wealth Europe closed book (Germany, Austria, Switzerland and Liechtenstein)

⁴ Assets and flows managed by OMGI on behalf of other Old Mutual Wealth businesses

Interim Management Statement – Appendix

Bermuda reserve development

The movement in guarantee reserves over the last two years is shown below. Note that all fifth anniversary payments were met by the end of August 2013:

				\$m
Calculation date	Guarantee reserves for UGO GMAB	Actual cumulative top-ups paid ^{1 2}	Estimated remaining top-up payment ^{1 2}	Total estimated cash cost ^{1 2}
30-Sep-11	1,144	-	738	738
30-Sep-12	533	256	305	561
30-Sep-13	108	525	-	-

¹ To meet UGO GMAB anniversary payments through to 29 August 2013

² Estimated cash cost before gains on hedge options