

Old Mutual plc Unaudited Disclosure Supplement

For the year ended 31 December 2017

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1.1 Adjusted Operating Profit (AOP) (£m)	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY
Emerging Markets ¹	362	777	138	22%	270	639
Nedbank	472	963	164	21%	345	799
Old Mutual Wealth	134	363	103	40%	104	260
Institutional Asset Management ²	968	2,103	405	24%	719	1,698
plc Head Office ¹	64	64	(77)	(55%)	58	141
	(63)	(130)	42	24%	(69)	(172)
AOP before tax and NCI	969	2,037	370	22%	708	1,667

¹ From HY 2017 LTIR on excess assets are now reported within OMEM, previously reported within plc Head Office. Comparatives have been restated (HY 2016: £10m; FY 2016: £20m).

² Consists of Old Mutual Asset Management and for Q1 2016 Rogge.

1.2 Regulatory capital (£bn)	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY ¹
Solvency II surplus	1.72	1.45	0.20		1.50	1.25

¹ As submitted to the Prudential Regulatory Authority (PRA) on 23 June 2017.

1.3 Adjusted return on equity	2017		Change (FY'17 vs FY'16)		2016	
	HY ²	FY	Value	%	HY ²	FY
Group adjusted return on equity (£m)¹						
Adjusted operating profit from core operations (post tax & NCI)	506	1,162	234	25%	382	928
Opening shareholders' equity excluding hybrid capital	7,713	7,713	1,356	21%	6,357	6,357
Half year shareholders' equity excluding hybrid capital	7,924	7,924	1,034	15%	6,890	6,890
Closing shareholders' equity excluding hybrid capital	-	8,167	454	6%	-	7,713
Average shareholders' equity - Core operations	7,819	7,935	948	14%	6,624	6,987
Adjusted return on equity	12.9%	14.6%		1.3%	11.5%	13.3%

¹ Group adjusted RoE is calculated as AOP (post-tax & NCI) divided by average ordinary shareholders equity excluding the perpetual preferred callable securities, non-core operations and the impact of consolidated investment funds, which are treated as treasury shares within IFRS.

² Half year Return on Equity is annualised.

1.4 Group debt summary (£m)	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY
Senior debt securities in issue at book value	61	54	(399)	(88%)	184	453
Liquid assets held centrally	(860)	(540)	203	27%	(575)	(743)
Senior debt net of holding company cash	(799)	(486)	(196)	(68%)	(391)	(290)
Hybrid capital and preferred securities	-	-	(273)	(100%)	273	273
Subordinated debt	1,377	849	(516)	(38%)	1,293	1,365
Derivative liability / (asset)	(32)	(33)	(2)	(6%)	(55)	(31)
Total subordinated and similar debt	1,345	816	(791)	(49%)	1,511	1,607
Total debt net of holding company cash	546	330	(987)	(75%)	1,120	1,317
IFRS net asset value		10,947	(76)	(1%)		11,023
Senior gearing (gross of holding company cash) - IFRS basis ¹		0.5%		(3.0%)		3.5%
Total gearing (gross of holding company cash) - IFRS basis ¹		7.4%		(8.7%)		16.1%
Senior gearing (net of holding company cash) - IFRS basis ¹		(4.1%)		(1.8%)		(2.3%)
Total gearing (net of holding company cash) - IFRS basis ¹		2.8%		(7.5%)		10.3%
Debt						
Total IFRS book value of debt	1,414	903	(1,188)	(57%)	1,751	2,091

¹ HY 2016 and HY 2017 gearing is not disclosed following the impact of consolidated investment funds adjustment, which are treated as treasury shares within IFRS. FY 2016 has been recalculated.

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1.5 Interest Cover	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY
Total debt costs	62	114	(13)	(10%)	61	127
Less: OMAM debt costs ¹	(6)	(6)	(6)	(100%)	-	-
Less: Emerging Markets debt costs	(21)	(42)	(9)	(27%)	(16)	(33)
Debt costs (excluding Emerging Markets & OMAM) (£m)	35	66	(28)	(30%)	45	94
Adjusted operating profit before tax and minority interests	969	2,037	370	22%	708	1,667
Less: Non-controlling interests of Nedbank's pre-tax earnings	(231)	(472)	(87)	(23%)	(166)	(385)
Less: OMAM's pre-tax earnings ¹	(64)	(64)	(64)	(100%)	-	-
Add: Finance costs included in adjusted operating profit	62	114	(13)	(10%)	61	127
Adjusted operating profit before tax and debt service costs (£m)	736	1,615	206	15%	603	1,409
Total interest cover	13.1	15.0	3.9	35%	9.9	11.1
Adjusted operating profit before tax and minority interests	969	2,037	370	22%	708	1,667
Less: OMAM operating profit ¹	(64)	(64)	(64)	(100%)	-	-
Less: Emerging Markets adjusted operating profit ²	(834)	(1,740)	(302)	(21%)	(615)	(1,438)
Plus: Finance costs included in developed markets core operations	35	66	(28)	(30%)	45	94
Non-Emerging Markets adjusted operating profit before tax and debt service costs (£m)	106	299	(24)	(7%)	138	323
Hard interest cover²	3.0	4.5	1.1	32%	3.1	3.4

¹ H2 2017 OMAM was sold therefore there is no update to the figures disclosed in H1 2017.

² Emerging Markets profits include Old Mutual Emerging Markets and Nedbank. From HY 2017 LTIR on excess assets are now reported within OMEM. Comparatives have been restated. There is no impact on the hard interest cover as these were previously excluded from the calculation.

1.6 plc corporate costs (£m)	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY
UK employment costs ¹	17	36	(6)	(14%)	23	42
SA employment costs	1	1	(1)	(50%)	1	2
External audit and share register fees	1	2	(2)	(50%)	2	4
Professional fees, IT and office costs ¹	7	14	(4)	(22%)	5	18
Group corporate insurance	2	2	(4)	(67%)	6	6
Rent	2	3	(4)	(57%)	5	7
Total plc corporate costs (before recharges)	30	58	(21)	(27%)	42	79

¹ At HY 2016 there was an allocation error between UK employment costs and Professional fees, IT and office costs. The comparative has been restated.

1.7 Seed investments market value (£m)	2017		Change (FY'17 vs FY'16)		2016	
	HY	FY	Value	%	HY	FY
OM Bermuda						
Millpencil Limited	22	-	(72)	(100%)	67	72
OM Seed Investments (UK) Limited (OMSI (UK) Ltd)	-	6	(9)	(60%)	92	15
Millpencil US	51	-	(35)	(100%)	42	35
OM plc	-	-	(8)	(100%)	8	8
OM Group (UK) limited (OMGUK)	6	-	(18)	(100%)	24	18
Total	79	6	(142)	(96%)	233	148

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2.0 Economic Statistics

year ended 31 December 2017

	2017			FY	Change (FY'17 vs FY'16)		2016			
	Q1	HY	Q3		Value	%	Q1	HY	Q3	FY
Exchange rates										
GBP:ZAR										
Average exchange rate (YTD)	16.395	16.643	16.845	17.149	(2.781)	(14%)	22.646	22.098	20.850	19.930
Closing exchange rate	16.811	16.983	18.135	16.757	(0.198)	(1%)	21.147	19.490	17.811	16.955
GBP:USD										
Average exchange rate (YTD)	1.239	1.259	1.275	1.288	(0.068)	(5%)	1.432	1.434	1.393	1.356
Closing exchange rate	1.254	1.301	1.340	1.352	0.118	10%	1.439	1.327	1.297	1.235
GBP:EUR										
Average exchange rate (YTD)	1.163	1.163	1.146	1.141	(0.084)	(7%)	1.298	1.285	1.248	1.225
Closing exchange rate	1.172	1.140	1.135	1.125	(0.045)	(4%)	1.265	1.198	1.155	1.170
USD:ZAR										
Average exchange rate (YTD)	13.233	13.218	13.207	13.311	(1.389)	(9%)	15.809	15.411	14.963	14.700
Closing exchange rate	13.404	13.056	13.539	12.390	(1.344)	(10%)	14.692	14.690	13.732	13.734
World Indices										
MSCI World Index	1,854	1,916	2,001	2,103	352	20%	1,648	1,653	1,726	1,751
MSCI EAFE	1,793	1,883	1,974	2,051	367	22%	1,652	1,608	1,702	1,684
US Indices										
Standard and Poor's 500	2,363	2,423	2,519	2,674	435	19%	2,060	2,099	2,168	2,239
Nasdaq Composite	5,912	6,140	6,496	6,903	1,520	28%	4,870	4,843	5,312	5,383
Russell 1000 Growth	1,143	1,192	1,258	1,352	298	28%	1,003	1,005	1,047	1,054
Russell 1000 Value	1,132	1,140	1,168	1,223	121	11%	974	1,012	1,040	1,102
Dow Jones Industrial	20,663	21,350	22,405	24,719	4,956	25%	17,685	17,930	18,308	19,763
Ryan 5 Year Fixed Income	1,282	1,291	1,294	1,285	9	1%	1,308	1,326	1,321	1,276
Standard and Poor's Barra Value	1,028	1,037	1,066	1,127	126	13%	889	918	939	1,001
Other Indices										
UK FTSE 100	7,323	7,313	7,373	7,688	545	8%	6,175	6,504	6,899	7,143
UK ALSI	3,990	4,002	4,050	4,222	349	9%	3,395	3,515	3,755	3,873
FTSE/JSE Africa All Share Index	52,056	51,611	55,580	59,505	8,851	17%	52,250	52,218	51,950	50,654
JSE/FTSE Life Insurance Index	36,501	35,319	37,029	43,992	8,291	23%	40,612	37,457	36,514	35,701
FTSE Life Insurance Index	8,253	8,534	8,590	9,094	1,063	13%	7,121	6,452	7,134	8,031
Deutsche Borse AG German Stock Index (DAX)	12,313	12,325	12,829	12,918	1,437	13%	9,966	9,680	10,511	11,481
FSV discount rate used	9.1%	9.1%	8.9%	9.0%		(0.1%)	9.2%	9.0%	8.8%	9.1%

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