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Langa Manqele

Welcome to Old Mutual Capital Markets Day 2025. As we look ahead, today is about unlocking value and growth potential. The Old Mutual leadership team will present a clear investment thesis and credible strategy for long term value creation. Jurie will outline our strategic priorities and levers for value creation. Clarence will present how the bank will leverage group assets to drive scale and profitability.

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Langa Manqele

Prabashini will share execution strategies focused on margin recovery, market share growth, and new opportunities for the cluster. Ranen will discuss group equity value and explain how our focus on RoGEV supports long term value creation. Casper will deep dive into our cash generation profile and Three Horizons capital allocation approach. Our host for today, Langa, will guide the proceedings and facilitate two interactive Q&A sessions, giving you the opportunity to engage directly with our executive committee.

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Langa Manqele

We're determined to unlocking value and growth potential for our shareholders, our customers and our people.

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Langa Manqele

Good morning everyone. And a warm welcome to Old Mutual's 2025 capital markets day. To those joining us here in Cape Town, a warm welcome once more. Thank you for coming through. I see Marius you made it all the way. We appreciate you for being here. There are many of you who are joining us today coming from afar.

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Langa Manqele

To those of you joining us online. I do know - I checked the RSVP - some people are dialing in as far as Brazil. On the call. So we appreciate all the investors for taking time to join us. I am Langa Manqele, as you know, the head of investor relations, and it is my privilege to be your host today. We

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Langa Manqele

Webwill begin just shortly.

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Langa Manqele

Just to frame,

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Langa Manqele

Jurie will kick us off

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Langa Mangele

with a theme. A very simple one, where we are saying we are unlocking value and growth potential. As for myself, my role today is a simple one. It's to keep us on track, keep us on time, and to not get in the way of a good conversation.

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Langa Mangele

Make sure that we are on track and we are efficient in the process. So please note that the today's presentation is already uploaded and available on our website. Kindly download it. I know some of you like to scribble and take the notes, pardon us for not printing out the copies, but we have made sure that you have the materials available for you to follow the processing.

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Langa Mangele

Today, let me quickly just run through the full order of the day. I've asked the team to just sprinkle some agenda items, a detailed itinerary to help you check and follow the day. But just to catch you up on an overview. First off, we have structured today's agenda around four informative sessions. Each is exploring how Old Mutual will execute on its strategy and deliver sustainable value.

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Langa Mangele

As I've said, Jurie will kick us off with the strategy and value creation path. He will be joined by our COO, Zureida. Zureida will briefly just touch on the Old Mutual Rewards., as well as talk about data and AI capabilities that we have in our group. We thought that it is important for us that we showcase how the execution enablers are supporting our strategy.

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Langa Mangele

So, Zureida, you will be joining Jurie on stage for that piece. After that, Clarence will come on stage. As you know very well, Clarence from the Mass and Foundation Cluster. He is now the executive CEO for the bank, but also with an executive oversight of the banking cluster of the group. Clarence will come in to deliver our first deep dive on the bank.

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Langa Mangele

We will then take a short break, 15 minutes. Check your emails. Refresh on the coffee just outside, leg stretch and come back. On the second session, I will then call Prabashini. Prabashini is our CEO for the Life and Savings Cluster, which as you know, now comprise of the four underlying business units. I will not steal the thunder from you Prabashini.

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Langa Mangele

You will come through and deal with that. We will then break for lunch. That will be about, if we stay on track, I'm sure we will do, 12:55.

That's one hour lunch. After, when we come back, Ranen, we'll switch to the financials to you and Casper. We thought that we will do a very brief teach-in on GEV.

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Langa Mangele

We receive a lot of difficult questions from you on this topic. So Ranen will just take us through a teach-in session on GEV. After that, Ranen will hand over to our CFO, Casper Troskie, to land just three important message for today. One cash generation for the group, two our dividend policy. And three, our approach to capital allocation. In each of these sessions,

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Langa Mangele

The first one, there will be sufficient time for Q&A. Jurie, Clarence and Prabashini will join me here on the stage, we'll open the floor right to you. And I will remind you at that time on the Q&A process. Also on the second Q&A process, we'll follow a similar fashion. Jurie, I will ask you to come back on stage, joined by Ranen and Casper.

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Langa Mangele

As well as a Martin and Nico are in the room. They will not be on the stage but they will be able to take questions at that stage, when we are there. Welcome, Michael. Thank you for making it through. So with that, we're happy to, get started. As just a reminder, you may just keep your phones on silent.

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Langa Mangele

We know that you're busy. You need to be checking your phones now and then, but kindly please do keep it on silent for us. Let me quickly talk about the Q&A process. Slightly different from the results, so that we are not thrown off of the process by that. For those participating online, the webcast is available.

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There is a tab for Q&A. Kindly submit your questions there. We will take your questions, read them out loud in the room and make sure that your question is addressed. And for all of you who are here in the room, there are roaming mics, my colleagues will come to you. Please raise your hand and we'll limit just to two questions,

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per person. It's much easier for us to have control because I see all of you here. Two questions. And just for the etiquette, please do introduce yourself, the organizations and get away with that. We will do our best to make sure that we strike a balance between those who are here in the room, as well as those who are online, so that everyone's voice is heard.

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So to set the scene for the day, we begin with strategy and value creation, as I've said. With that, Jurie, please come on stage.

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Jurie Strydom

Good morning everybody. Thank you for being here. Welcome to Mutual Park. I presume this is not the first time that you're at Mutual Park. Maybe it is. New visitors to Mutual Park. Thank you, thank you. Good. You were signed in adequately, I'm sure, by security. Welcome to you. Thank you for being with us. Thank you for those of us that are either online.

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I know, I think I know, who's in Brazil. And it's really early in Brazil, so thank you for that. I think it's six hours, Langa, that's dedication. Guys, great to have you with us this morning. I think the purpose of Capital Markets Day really is to just go deeper on some of the really key issues, coming in as new group CEO,

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it's been five months. So, I was looking back at the slide that we presented in at interims, and I think that was like six weeks ago. So, in normal time that probably doesn't feel like a long time. You probably feel like maybe not much has happened in six weeks. I think for us as a team, it feels like an enormous amount

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has happened in six weeks. So what I wanted to do, and this, let me just first say. I think the purpose today is, is we believe and we've got conviction, that we've got a high degree of clarity on what we want to achieve with our business. And this is an exercise in communication. We want to try and find a way of really relaying that to you as best we can.

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And so look forward to the questions. Look forward to the interactions. We've got a whole team here. We've got the exco team as well as many others who are experts on specialist topics. So look forward to the, to the engagement. But I thought given the fact that, that I'm five months in, I just thought important to just recap, from interims.

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What what I said to you six weeks ago. Does anyone remember the slide from from six weeks ago? Okay. You can all just nod, but you'll feel better. Thank you, Sally, for saying you remember our slide. But I wanted to just talk about this slides because we we presented it then as a kind of a first cut off of where we were.

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and by that stage, I think I was about three months in and we just felt we wanted to give a, an update and clarity in some of the on some of the key issues. I think we spoke about clarity and alignment with the transition, our group strategic priorities we highlighted to you, so you would have seen that,

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and we talked about these value led priority KPIs. I think that piece really I could say to you, I feel like as a team we've, and not just this team, but also deep around the business, we've had our conferences, we've had our engagements. I think there's a high degree of clarity and alignment on these issues.

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And we think that's going to be largely, largely done. I think there were two other pieces that I signaled to you as really key pegs in the ground. The one was around creating shareholder value. I think, and we'll talk later about the sort of size and scale of our group and what the opportunity is, but a real recognition that, that we have to focus on shareholder value creation to track the scale and the opportunity in our business.

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And so that piece we talked about demonstrating resolve on cost. I'm going to give you more detail on our commitments on that. We talked about earning the right to deploy capital. And we will go into capital a bit later. But I will also talk to you about some of the opportunities there both. We remember we spoke to you about a 3 billion rand share buyback that we announced.

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but we've got an exciting transaction opportunity that we, that we're going to, that we'll talk about this morning, which is an investment in our business. And then the pivot to RoGEV and cash generation. And so we kind of making good on just going deeper on those, on those really key value creation KPIs. And you'll see that there's on the agenda, there's of course, those very specific segments with Ranen and Caspar. As far as sharpening execution is concerned,

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this was a topic actually, which in our individual conversations after interims, we got into a lot of conversations with investors around this. And so just to just to kind of reiterate, we've redesigned our operating model to be a much more devolved structure with greater end-to-end accountability in the clusters. We were previously a much more centralised business.

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And so really trying to create much more clarity around what sits in the businesses where we want to drive competition for customers and value creation versus what sits at the group. What sits at the group we've defined in what we call the tight versus loose decision framework. I have a pretty good idea of what it takes to execute.

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And in my experience, the thing that holds back execution is decision making in businesses like this, right? If when there's confused decision making, when there's structures, when there's a lack of accountability, when there's committees that are checking on one another and people are handholding and managing each other, that's where the things get slow down. It gets slow down.

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So we're putting a lot of work in and are very far advanced in prep for the 2026 financial year. To be super clear on what the group considers to be tight - which I won't go into details - broadly, capital allocation, and I say guys capital allocation from rand one. I'm very happy to constrain capital. Capital allocation from rand one is kind of what we think about at the Group.

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Think about those mandates, risk management yes, governance, brand, I mean some of those obvious things. And then of course, some of the really key things that you have to do at the group to enable the success of your businesses. And so you'll see there later on, Zureida will come up briefly to talk about some of those enablers.

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But really, our ambition is to do as little as possible at the group to only do those things that are going to really add value to our clusters and help us run this group as a shareholder. We've created these two new segments, Life and Savings and the Banking Cluster, which again, we're going to deep dive in.

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There's the two CEOs have been running these new clusters now for I think two and a half months, Prabash has it? Three months, okay, she's well into it, she's got all the answers, we're done. It's good. But no, it's been an intense process, I think, for us to kind of form these clusters.

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But excited to talk to you about it today. So and you can see there in the executive team, this is kind of the framework. Very clearly you've got the customer facing segments where we push as much activity in those clusters as possible, give as much end-to-end accountability. And then a leaner group, as lean a group as possible.

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some are more lean and others. But

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we've cut down on catering, no we haven't cut down on catering guys, made a joke. But we're, we're really are looking to be as focused as we can actually. This is really the key thing. And it's a belief that comes through the operating model - is focus creates, focus creates execution, that creates good decision making and ultimately creates success.

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So, so I just wanted to give you that kind of Segway. This is the next step in the, in the, in the, in the communication process and the kind of driving of execution in our business. And so, yes, it's five months in and its early days, but I think we've got enough clarity to give you some real markers.

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We will come back to you at results in March, and then we'll come back to you in interims, and we will do a CMD at roughly the same time next year. Langa, if you didn't know that that's what we're doing, bad news yeah. So so so what we want to try and do is just give you these markers around what you can expect from us, what we're chasing and what you can measure us on.

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Just giving you some reflections from, kind of, from my heart of the last five months. I saying to the guys, some of the investors earlier that, you know, I spent six board rounds on the Old Mutual board and I need and so when you do that sort of six times reading, sort of 2000 pages, the one advantage is it does give you an opportunity to kind of get to understand the scope and the scale and the opportunity in this group. And really, this is a group with an iconic African business, African brand.

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I mean, it's got quality businesses, at scale. It's got deep roots across the continent. I mean, I'm sometimes stunned by like, how long we've been in some of these markets. It's got 180 year heritage. Now, 180 years doesn't you know, a lot of changes in 180 years. We're not claiming that as a, as a sort of a unique differentiator for competitively going forward.

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But it does provide a platform for us that if we can execute and we can use that platform, it gives us something that is very hard to replicate. So, so that's a reflection. When I speak to people, I have had the

opportunity now of talking to people across the group externally, internally.

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And I really am amazed at the depth and the breadth of the brand, right. So I talk to people who, like the foundation markets, people who are just kind of on the economic ladder, and they have an affinity with Old Mutual that goes back to their parents and their grandparents. And then you talk to someone who runs a family office for high net worth individuals, and they say, actually, we also want to be associated with Old Mutual.

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There's an opportunity here, to unlock value. But we have to recognize there is value that has to be unlocked in this group, right. So the shareholder value has not tracked the scale and the kind of opportunity that we've got. And so there's a recognition I mean, restoring margins and returns is kind of the key focus, and execution and disciplined capital allocation

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that's how we're going to achieve it. But I also want to kind of cast the eye a little bit further and say that I do have conviction that beyond the value unlock phase, there is an opportunity to take advantage of our scale, and our customer reach to generate growth. We have a lot of quality businesses in this group, and I'll show you some of those.

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But what sets us apart is I think we have an unrivaled, in our sector, reach into the mass markets, customer reach and intermediary reach. And so there's an opportunity for us to contest a new banking profit pool to create growth as well as to supplement some of the other growth opportunities that exist in the rest of our business.

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And so those are kind of the three really key things that we're focused on and there's a plan for us that we have in our heads, which I'll take you through. But I wanted to set the scene as to as to kind of what's in my mind and my convictions in this thing are, I would say, if anything, stronger than when I came in five months ago.

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So I want to spend just some time this morning just talking about, first of all, this kind of iconic business. I want to take you back to our value creation phases that we spoke about, our capital allocation horizons and then our strategic priorities. And what I'm going to try and do is I'm not going to go into the clusters that are going to be deep diving.

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I just want to highlight later on in the strategic priorities just some of the some of the businesses that actually we are not going to get a deep dive today, but that we think are worth mentioning. So just in terms of this brand and what it means. I mean, we've got, you know, we've got these accolades that sometimes go unnoticed, long term insurer of

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the year in 24 and 25. Top ten strongest brands in South Africa. If you look at where we are across the continent, we actually are in many of these markets in top three positions by line of business. And yes, there are gaps and there are opportunities that I'll talk about later. But again, this kind of deep heritage, 13.7 million customers across the continent and a really, a really, really deep history.

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If I look at our business assets, 86 billion GEV just in this life and savings business. You know this mass market distribution that I've spoken about. We also have the largest umbrella fund in the markets - 195 billion in the Old Mutual Super Fund, and our wealth business is a 440 billion assets under management and administration.

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It's an underappreciated asset and actually something of a powerhouse in the industry that we think is not fully appreciated. On the P&C side, we have had a business OM Insure that has underperformed over a number of years. It kind of lost market share. It moved backwards. It's got an 8.7% market share at this point. I've been on that board also actually for about 18 months.

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No, a bit longer now, two years. And just witnessing the turnarounds in the performance of that business. And yes, the market turned around that's absolutely true. But seeing the quality of what has happened in that business, and I used to run a motor insurance business. I know what it takes to like, what are the signs of a motor insurance business that is turning around, or a personalized business. And just seeing that,

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I think that there's an opportunity for us to kind of double down on, on that on the better base that we've got and grow that business, grow its market share back to its natural market share. This is not our natural market share. By the way, the turnaround didn't come when I joined. It wasn't as a result of joining the board.

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It was purely coincidental. The management team are quick to remind me. I went in there to try and fix the business, and then I saw it was actually just doing this. On the asset manager side, I think just highlighting again a couple of key assets our Alts business is a leader in the market. Wwe pioneered this.

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We pioneered it because we've got, I think, one of the biggest sources of permanent capital in the market, particularly with our smooth bonus funds where we can we can invest for the long term. And then we've got assets like Futuregrowth, which is a, you know, a leading credit manager. It does have a 200 billion.

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And of course, our banking and lending assets which we'll talk about a bit later, that lending book of 15.5 billion through, you know, just under 350 branches. So, we've said, we talked about value creation this morning and I know that that's what you're interested in. You're interested in this recognition that is value to unlock.

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And how do we unlock that value and move forward. I think the first is just to pause for a second on the cash generation of the group. One of the things a group like us has got to do, it's a mature, it's a group with mature businesses. We generate a large amount of cash and paying attention, paying careful attention to how we reinvest that cash,

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what we do with it, is a vital lever in shareholder value. So you see that 27 billion generated since financial year 2022, significant chunk we've gone back in dividends and share buybacks. But there's also been investment in OM Bank and other growth investments. And you'll see you'll see some of that. You'll see a new opportunity that we that we're going to talk about this morning, that we're, that we're delighted with.

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But I think the, I think the key thing here is to say to you that when we get to the capital horizons, you'll see it. We are really conscious about the quality of this decision making. As a group, at my at my level and Casper and myself and the others at the group. We are much more interested in this than in trying to run any of our individual businesses.

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We leave that to the businesses, and we are focused on rand one of how to optimize this. So if you look at the framework of unlocking value and generating growth, I'll talk a little bit more in detail about this

later, but I showed you this at interims. What we're going to be showing you now is kind of our focus value creation KPIs.

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So what do we think, what are the targets that we're chasing and what our focus areas. So you'll see there we've put out this morning, our new targets for these metrics. I spoke to you at half year about our RoGEV and generating RoGEV above cost of equity.

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And so our target in the medium term is 14 to 16%. We talked about moving to cash generation. That's our dividend growth target of 6 to 9% on a rolling three year basis. And then a RoNAV targets 15 to 17, VNB margin and the net underwriting margin. I think on underwriting margin let me start there. We've lifted our OM insure underwriting target range from 4-6 to 5-8.

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We think that's a recognition of where the business is now. And so we want to sustain our performance, of course for half year it was above that but we think that there's probably a cyclical in that. There's been a good underwriting cycle for the market. But we think that that's sustainable and we need to demonstrate that that's our target. VNB margin,

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you would have heard that you saw at half year that we took our persistency variances into our EV and so the VNB margin is down. And so big task for us and Prabashini is going to spend a lot of time later talking about how to get ourselves back into range and the 2 to 3. And that's also a big lever of getting RoGEV into the 14 to 16% range.

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Think to say to you that we are in a two phase process here to a degree. We're in a value unlock phase. In the value unlock phase, my goal is to get us consistently into range on these metrics, right. If we can do that, then I think that we would have hit a number of really important, really important targets, and we would have demonstrated an ability to unlock some of the value in our business.

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But of course, beyond that, we moving, we will move and the work is in parallel for generating growth. And I think that that generating growth phase will ultimately give us an opportunity to revise some of these targets, upwards over time. And we will take you with us on that journey. As I said, we will be talking to you regularly as we as we progress.

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I want to just on cost. One of the really key levers in unlocking value is cost efficiencies. We are targeting at 2.5 billion in cost savings by the end of 2027, which leads to a billion by the end of 2026. This is basically call it a 10 percent reduction on our 24 base. So work is well underway on this.

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You would have seen that we put through a restructuring provision at our half year based on some of this initial work. What I want to say to you really here and this is going to be demonstrated. So we want to give you a clarity around what we are targeting and thinking. Ultimately we recognise it's about delivery, but we're going to be cascading this into the business. The reason why we've moved so fast

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and some of these organisational changes is to catch our management cycle and the management cycle is setting targets, giving accountability and setting incentives. That's the process we're in. And so we've caught this for next year, and I was determined to do that that we can catch it for 2026. And so for 2026 we're going to be able to set the targets.

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We're defining what cost efficiency means for every area of the business. You can see that it differs by business, VNB margin, there's expense ratio for OM Insure the cost to income and OM investments and so on. And so there's a process that we're going through of just benchmarking where we want each of our areas and businesses to be in 26, 27, 28 and targeting that. We are going to be also cascading all of the targets.

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It's not just the expense targets, it's actually RoGEV It's cash generation. It's all of those metrics taking them through into the underlying businesses. And of course, for the leaner group managing those operating costs. And so we'll be pushing it through and pushing it into management incentives. A lot of businesses work like this. We have not worked like this.

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So this is not how our incentive structure has been to date. This is a very significant shift for us and a change in how we approach giving line of sight targets and incentives to our management. I think one of the other big levers in kind of value unlock, and ultimately in generating growth is OM bank and

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we're going to give you a serious deep dive later. What I'll say to you, and I've said in the private meetings is that, you know, contesting this banking pool is a natural thing for Old Mutual to do. If you look at our lending book, if you look at our branches, you're looking at we've been doing this since 2007.

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I think if you look at the convergence of banking and insurance in South Africa, it shouldn't be, it's not a surprise strategically that this is something that we want to pursue. Of course, it is ultimately in the execution. It's about getting this right. It's about the value proposition that we offer customers both from a value but also a customer reach and distribution point of view.

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And with the technology that we've invested in. So I'm not going to steal Clarence's stand. I'm talking about some of that. But I do want to say to you one of the really early things that we did was, was moving the branches and the OMF distribution into the banking cluster. And so even prior to this kind of full public launch, we've opened up those channels.

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And so we have already signed up 140,000 customers onto our banking platform. We are signing up at this stage, 5000 customers a day through those channels. And we have a big we said we have a big potential. Some of those are new to Old Mutual but some of them are existing Old Mutual customers. But we really are super encouraged in the early stages of this.

And so the focus for us is, yes, there's been a significant investment in the bank and that will continue for the next couple of years. But we are encouraged by the scale of the take up.

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So getting across to capital allocation, of course, as I mentioned, really vital, to the success of the group and ultimately to unlocking the value. You would see, this will be familiar to you as well. This is our sort of three year, not three year, three horizon. We hope, it would be nice if it was three years.

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But the three horizons on capital allocation and really just saying recognizing that we are currently still even though our RoNAV has been at 15.5 for the half. If you look at if you look at the market impact of returns, actually it's been still below the range. So we consider ourselves in horizon one. And that's in the horizon one, we will prioritize shareholder distributions and hence the announcement of the 3 billion share buyback.

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But we did say to you this business is not just about value unlock it is also ultimately about generating growth. And so we have to consider and be on the lookout for really strategic acquisitions that we can do to deploy capital. And so I'm pleased to announce that we've this morning announced the acquisition of 10X. Now 10X is a player.

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It's a retail direct to consumer DTC player in the investment space. It is one of the leading independent providers of passive investments. Passive investments, as many of you know very well, is growing, extremely fast and projected to grow very significantly still over the course of the next ten years in South Africa.

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Jurie Strydom

This is a great business got a 97% direct retail retention rates, significant retirement business. It's got sticky recurring revenue. And importantly, it has captured 35% of the passive net inflows since financial year 2022 in South Africa. So what we're doing is we are pairing Old Mutual's asset gathering capabilities and our full value chain with what is really a kind of best of breed retail player in the space.

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Jurie Strydom

So we super excited about it. I don't think, we could not have found, we don't take the decision lightly. We could not, I think, have found an acquisition that is more tightly coupled to our strategic focus areas and our strategy. So it gives us, strengthens our direct and digital propositions, which is an area that we've needed to, we under indexed in. It gives us growth in passives and ETFs, and it gives us a scalable technology platform that over time will enable us to actually grow that base without growing the cost base at the same rate.

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Jurie Strydom

So I think a huge opportunity for us. We're delighted to welcome Toby Van Heerden and his team, into Old Mutual. I spoke to him this morning. It's a big day for them as well, announcing this. We're delighted they will be keeping, the team will be keeping a shareholding in the business. The enterprise value of 2.2 billion.

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And of course, subject to the necessary conditions and regulatory approvals. But what I really wanted to say to you this morning was, we are, as we look to the future, we're looking at value unlock and generating growth really carefully and looking at how we can match up our capital to drive success, ultimately not just in the value unlock phase, but also in the growth phase.

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So getting to our strategic priorities, then I'm not going to go into, life and savings and OM bank, but I do want to spend a little bit of time, on a couple of the other areas. So this is just on OM Insure, just to give you a sense of where that business is at. I said to you it's at 8.7% market share, we think there's an opportunity to kind of refill our shoes there.

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In the industry, this business has demonstrated an ability to do programmatic M&A. Scaling up and acquiring businesses in niches. So ONE financial services is one of those examples, which is a leader in them in the heavy commercial vehicle space who made significant progress in our data and analytics, which is one of the key things that's underpinned the turnaround in loss ratios, particularly in that retail business.

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And there's an opportunity for us to grow in the group. There's within the group, there's still a big untapped distribution opportunity. So that's part of it. But there's also a number of others. We think that there's opportunity in specialist insurance lines where we're under indexed. There's also direct and digital, iWYSE is our direct digital brand. It's under indexed compared to some of the big direct and digital brands out there.

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And so that's a focus area for us. We do think that we can get cost efficiencies out. They're certainly not immune to that push across the group. And many of the same levers there that we'll push in the other clusters, and other optimisation opportunities as well. And, that team is a good example also of where, you know, within a cluster, you don't just have to look to the group to innovate when it comes to using GenAI, analytics and the like, that actually people close to business can also do that in partnership with the group. I wanted to talk about our investment business briefly. Our

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investment business, you got to understand, actually spans, our investment capabilities actually span across the I refer to it as kind of the asset gathering and the asset management value chain, right. So you've got asset gathering, which is the full activity of what Old Mutual brings scale at which is right through from advice, administration, the structuring of solutions.

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And there's a huge you know, there's obviously significant change in the industry around what those solutions look like, the growth of passives,

the growth of quantitative strategies, ETFs. So you can see there just if you look at each of these pillars in terms of capabilities, indexation and quants, you know, if you just look at it as a kind of asset class, we add the 68 billion to the Old Mutual stable

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there and already have to add to our already significant institutional base in that 192 Billion in index. In Symmetry we've got a strong multi-manager that is growing and that is gathering assets in the solution space, multi-manager, DFM and best of breed solutions. In our fundamental equity and multi-asset,

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you can see there's different propositions there. There you can see the Old Mutual Private Clients proposition, actually an underappreciated assets in the group as well, that really competes very favourably with its peers in the market. Future growth we've spoken about and just showing you there the capability we have in liability driven investments. Again, 67 billion, a serious player in that niche.

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And an underappreciated capability. And then our Alts business, of course, leader in the markets and super excited about what that business is up to going forward. Just turning briefly to our OMAR regions in Southern Africa, you can see there actually the rankings of where we sit per segment and we actually are in the top three, in a number of, in most business lines in these markets. These are markets where we've been in for some cases 180 years.

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The opportunity, we've come under pressure here recently on margins. You can see there on the Life side and the P&C side. And those have been for different reasons. But our first order of business is to fix that, and you know we're looking at cost efficiencies, looking at re-insurance. Get that back to where it needs to be within margins and returns.

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But we do also, we have ambition here to fill in. You know, when you go to these markets you need to play across the value chain in different segments. You need to actually have capability that you can leverage your skills and your brand across the market. So we will be looking at those opportunities carefully over time. But this is a business that we think we can deepen our leadership and deepen our skill.

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I think in East and West Africa, recognition that it's harder in these growth markets not being there as long, in many cases. And so we've got

work to do here to really earn the right to deploy capital. And this is an important line in the sand.

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We really are thinking that we need to complete the restructuring of our balance sheet and the disposal of certain assets.

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We need to generate cash out of these balance sheets. And we need to improve margins, particularly on the P&C side. So improve margins and returns, and that's the kind of mandate that we've given the teams. And once that's been done, then we can look at when we've earned the right to deploy further the capital in these markets.

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I think there's already a lot of restructuring that is taking place. Just to remind you, South Sudan, Nigeria, Tanzania. So I think we've demonstrated a resolve on making sure we reshape this portfolio where appropriate.

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So, those are the kind of just going through the different pieces, of value creation capital and our strategic priorities. What I just want to do is for a few minutes just hand over to, to Zureida. Zureida is our group chief operating officer to complete the picture on this integrated execution model and to show what it is that we've focused on as a group.

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So we've got considerable resources and expertise, but it's going to be really focused on some of these key areas. And particularly, I think Zureida is more going to talk about rewards and AI. So well, let's welcome Zureida.

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Zureida Ebrahim

Good morning. Thank you, Jurie. So as Jurie said, we'll just take a couple of minutes to move from strategy to execution. As the group's COO my focus is on the strategic enablers that unlock value across the business. I'm not going to talk about all of the integration enablers, but a specific focus on rewards. Very importantly, with the bank now part of our proposition, but also AI. I know there are lots of questions on how organisations like ours are playing in the space of AI today.

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So, taking a look at how we think about AI. As most of us know, new technologies on its own, is not going to drive transformation. So for us, it's about combining this new technology stack, everything from using our data and creating intelligence and insights on that with new automation tools. But not only AI, everything from machine learning to more intelligent AI tools.

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And then the right conversation or interfaces with our very rigorous, robust execution platform. Jurie spoke a lot about our new operating model that's leaner. We've implemented agile practices across most of the delivery teams in the business. And very importantly, we have global capability hub where we're sourcing the right skills for us to be able to give effect to this.

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So we really believe that bringing technology together with the execution platform that we have built is an important enabler of our success. This is not a completely new journey for us. We have existing, already established, already used capabilities. We have a Gen AI platform in place, many machine learning tools in place already.

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This, together with several customer data products that we have built and are already in use and our enterprise knowledge repository creates the existing foundations for us to use these new technologies on. But most importantly is we're not deploying AI just generally across the business, we're taking a very specific, very focused, intentional approach to it.

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In the tech space, it's about improving the software development lifecycle and employing AI in our infrastructure layers. In the customer space it's about personalisation, you know, next best action and next best offer tools. But our core focus here for the planning period is AI for automation was a very, very specific focus

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on cost reduction in our operations. So we're looking at our sales and our servicing processes, all the way from pricing, underwriting, to the way we serve our customers. We are very focused on employing automation in our claims process, being, our most important moment of truth, and then protecting our business by employing AI and automation models in the fraud and detection and prevention space.

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I think importantly for us on the way that we're thinking about AI for our business is we're trying to avoid from all the, lessons learned from

pilots that we've run to date and from others who have been, who have progressed quite well down this road, is we're trying to avoid moving from pilot, to pilot and being able to figure out how will we scale what we do, across the business to unlock real value.

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The next thing I'll quickly talk about is our rewards program. This is much more topical now with the bank being launched and we really see Old Mutual rewards as a strategic flywheel for integration that has the ability to drive both bank growth and at the same time, create stickiness for our insurance customers.

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So our rewards program is not new. So, we're again building on a successful base. We have 3 million members already. We have almost 50 partners, like quite prominent partners. You'll see them later in the banking and the insurance presentations from Clarence and Prabashini but we already have this program that's in place, being used by customers quite a lot.

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And so we see it as being very well positioned to drive growth. Three key dimensions for us. We've integrated the bank into the rewards program already. So if you open up the bank app today, you'll be able to see your rewards and use it. Rewards are easily cashable so it gives customers more options. So being able to use your rewards in a more seamless, frictionless way helps us attract new customers.

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Secondly, we reward customers, so customers who transact on the bank and then customers who hold other Old Mutual products, receive compelling rewards. So we reward customers for multiple products. And then thirdly, we reward customers for engagement. So we've created an engagement ecosystem. And this is a space that we really look to do more in.

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So those are the three elements that we already have in place and are resulting in the growth that we see today. So as I said, it's not new. There are some credible results that we intend to build on. So today we already see persistency improvements, customers with with rewards already show 7 to 10% improvements in persistency.

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Customers who have rewards compared to non rewards already hold two products. That's 37% more than non rewards customers. And we can already see the behavior that we're looking for. And a lot of, 40% of rewards today are already redeemed in cash. So we can already see that we have a good foundation on which to build, this proposition, going forward.

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So, so importantly, this is a space that we want to focus on as a strategic flywheel of integration for the group. Thanks, Jurie.

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Jurie Strydom

Thanks, Zurieda So, guys, just to sum up. I hope what we try to do in this opening session is just to kind of provide you clarity of the big picture around where we're going. I think, in particular, a reflection on our scale and the opportunity that I think exists to unlock value.

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I think we clear on the value creation phases around what it's going to take to unlock that value and ultimately to generate growth. We've talked about the expense piece in that. We've talked about OM bank that we're going to get into, so the 2.5 billion commitment on expenses until 2027. On the bank,

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just the early progress that we've had on customer traction, 5000 customers a month, 140,000 and counting. Ray, how many have you got now? 150 probably. You know, it changes every day. So we're seeing progress in that. I think discipline on capital allocation, the 3 billion buyback but then also matched with the 2.2 billion investment now in a platform and a business that we think couldn't be more tightly coupled to our strategy. And ultimately, a set of strategic priorities that we think are all clear for our clusters to

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be able to execute on. And so we know where we want to push, what the levers are we want to pull. And ultimately, it's around kind of delivering on that value unlock to put us in a position to be able to firstly put ourselves into the range of those targets that we've given you and then ultimately down the line, put us in the opportunity, give us the opportunity to revise some of those targets upwards.

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So, thank you for this morning. And Langa, I'm going to hand back to you.

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Langa Manqele

Thank you Jurie and thanks Zurieda for that very clear presentation this morning and getting us off to a good start. And Jurie, I think the highlight really of the acquisition of 10X, I remember you saying to me you don't like the idea that we are good at gathering assets, but you don't know what to do with them.

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So that, I think, puts just a concrete expression of the journey that we are traveling as a group. I realized that I omitted an important thing. I didn't mention the Wi-Fi. So, the Wi-Fi just access look for Old Mutual presentation with capital letter OMP. It will appear on your device.

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And the password is changing lanes, one word, changing lanes. Capital letter C, capital letter L. And Clarence, speaking of changing lanes, let's switch to the bank. That's the next presentation for the day. And without further ado, over to your Clarence.

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Company.

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Clarence Nethengwe

Good morning. Does it work? Yes. It works. Thank you very much. So earlier on, when Langa was introducing, you know, opening, he said, we also have Clarence Nethengwe from MFC, and now he's with the bank. And I said to myself, gee, this MFC label will go with me for the rest of my life. I need to do something about that.

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But it did happen before, by the way, Langa when I joined MFC for some time everyone kept on saying, oh, Clarence, the lawyer, Clarence, the lawyer. Then I said, well, maybe the best thing for me is to get into the sales side and start selling funeral policies. Maybe this lawyer thing will just simply disappear. And I tried my hand at selling funeral policies, and the rest is history.

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And everybody has forgotten that actually, I'm a lawyer by training. Be that as it may be, today I'm joined by two of my bank colleagues from the OM Bank Exco - Lushendren Pather who is our chief risk officer. He's a very experienced man. He has been with multiple banks. He was also a CFO of one of the banks in South Africa and he was also the head of group planning for Standard Bank at a point in time.

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He also happened to have been with the Prudential Authority where he was the head of bank supervision. And during our application for a banking license, he also presided over the application of OM Bank. He didn't approve it because he wanted to come over, he was just part and parcel of that panel that approved our banking application.

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And we also have Ray, Ray Deftereos who is our chief information officer. So I said to him, he needs to come and join me. There was only one problem. He doesn't have a suit, he's a techy. I said there's no way you're going to come to that presentation without wearing a suit. So he went and bought himself and Nedbank green suit.

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So he is also joining us for this. Over 80% of the OM bank, by the way, executive team is made up of people with deep banking experience totaling over 100 years of experience between them. But you know, over the past few months I've been teaching them quite a lot about what retail is all about because they are just bankers.

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They teach me about liquidity, funding, capital, this and that. And I said, well, at the end of the day, what is going to win this game is retail, and retail is detail and I'm going to show you how it works. And they have been seeing that happen over the past three months and now they truly believe that banking it's about understanding the retail side of it.

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I'm going to start the presentation by quoting from Warren Buffett. He said, banking is very good business if you don't do anything dumb. And I can promise you, Old Mutual has not done anything dumb by getting into banking, and we will definitely not do anything dumb over the next few years as we entrench ourselves and embed ourselves in banking.

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So one of the things that, I said to the team, I said, please, I'm not going to drive the slides because I get so much passionate and excited and excited about this bank that I will even forget moving the slides. So I said, please, can you help me with moving the slides so they are the ones that are driving the slides.

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I'm just going to have a conversation with you. So why banking and why now? There are 3 to 4 things that I think are very much important. The first one was about, you know, capabilities that we have built over the years as well as the experience that we have gained through the business, Old Mutual Finance, where we're involved in unsecured lending, and we have been doing that since 2007.

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So we have paid school fees in terms of lending, and we have learned a lot in our partnership with Bidvest in terms of the money account. Secondly, there's an opportunity here to increase customer lifetime value and understand our customers better because this one business that

generates so much data for you to have a better understanding with your customer, and that is banking.

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And thirdly, you know, we believe that there's this convergence between banking, insurance as well as telco sectors. And these are blurring everything. And if you are not part and parcel of that, chances are you will be left behind. So for us that is very much important. We saw that we needed to defend ourselves and also get into this world where things are, you know, just converging, between them.

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But there's also one additional point, which is very much important as to why when to do banking. You have to look at the customer demographics of Old Mutual. You know, we will talk about the 7 million customers that we have. But the interesting thing out of that 7 million customer is the number of customers that are younger than the age of 25 is very few of them.

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When I was in MFC we struggled to, you know, just get 10% of our base to be under the age of 25. And I'm going to show you that by going into banking, we are going to change the demographics of the, you know, of the old Mutual group in terms of customer profile. Let's move to the next slide, please.

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Now I want to introduce you to OM Bank. You know, and I know many of you are waiting for this big reveal on the 1st of November. Unfortunately for you, we have gone live and we are not going to have a big bang, you know, invite the whole world to see and, you know, confetti all over the place saying, we are launching the bank.

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Yeah, we will do that in Q1. But for now we are just going on our business without any fanfare. And boy oh boy we're signing them up. And I will tell you a little bit about that. So OM Bank is a digital first full banking offering which is built on a modern technology stack and focusing on the needs of, you know, the mass market as well as the middle income market.

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That is the business that, you know, the customers that serves Karrin well in that personal finance business. And we have built an unfair advantage in that part of the world that is the mass market as well as the middle income business because we know these customers very well. And the platform that underpins OM Bank is built on a cloud native

architecture. Ray always tells me that it is designed to be highly scalable, always available, and it's absolutely secure.

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And we have been tried so many times in the three months people have been trying us from Nice and Ray says its somewhere in France or, you know, near Paris. They have been trying to crack the code, trying to penetrate us and at all times they are failing because it has been built on a strong foundation, which is absolutely secure, like I said.

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And Jurie also mentioned that we are live and I know for a fact that in the next few minutes, we will 150,000 active customers because we take track these customers real time, each and every hour. Because I'm a retail guy, I always look, how many customers have I signed up? Big tick and in the morning I wake up.

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How much money have I made out of them? That's the most important thing for me because it's acquiring them, generating revenue out of it. And I will talk to you at a later stage, you know, when I'm closing about a model which I call land and expand, that means you land the customer and you expand out of them.

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That is the thing that is underpinning this bank, and that's the thing that is going to make us win over time. I know that, you know, we currently at 150, we're signing and Jurie said 5000 clients or customers per day, but these numbers will ultimately settle down. I'm a retail guy. I understand how it works. They are up and downs in retail, and there will come a point in time when we will, you know, hit, sort of a sweet spot in terms of growing those customers.

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And you will have fluctuations during seasons and, you know, during December it will come down. And over time it will grow up. But the most important thing is that there's something that resonates with them, and they are coming to us almost on a daily basis. Let's move to the next slide. And by the way, we have got a plan to accelerate that growth that you see.

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And that plan combines a number of things. Number one, we want to migrate, our money account customers. And I will tell you a little bit in terms of how many we have migrated, we need to also mine that 7 million old Mutual customer base that is in South Africa. Thirdly, we're also going to acquire new customers that are new to group through our multi-channel distribution capabilities that are across our ecosystem.

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Out of the 150,000 customer that I spoke, sorry 150,000 customers that I've spoken about, we have migrated about 52,000 money account customers. So it tells your story. 52 money account. What about the other 100,000? It's very interesting. They have never banked with us. They have never banked with us only 52. So it means that this proposition is resonating with customers.

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And I'll tell you why. You know, it is like that. But I spoke that, you know, we are going to mine the 7 million customer base. We are not naive. We know that this 7 million customers that are, you know, within our South Africa base are already banked by somebody. However, the most interesting thing is that South Africans are multi banked and this provide us as Old Mutual with an opportunity to bank those who already trust us.

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They have placed their trust with us from an insurance perspective and we are seeing that when we engage with them, they're saying, well, we signed up because we trust you. We signed up because you are a trusted brand to us. That that was quite an eye opener. And since our soft launch, about 60% of customers signed up to date are new to banking with us.

And these are the customers are saying, you know, we're doing that just because we trust you. Here's an interesting fact. 30% of these 150,000 customers are under the age of 25. Remember, at MFC I was struggling to crack the code to get 10% of them. But within the bank, they've already shown that they are you know, they're attracted, to Old Mutual.

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So there was a time somebody said to me and even my son, he once said this thing to me and it's still sore he said, maybe, dad, you need to take the name old and just leave mutual. Maybe we will come. But now, it's proven. I don't need to take the name old because it's an amazing brand and an amazing name, and the young people are voting with their wallets and they're coming over to us.

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So for me, it's very interesting because and it sort of confirm one of the strategic imperatives that we have, which was to attract younger customers and change the demographics of Old Mutual. And it's working, and it's very much important for us to take note of it and I'm quite convinced that we are going to sustain that into the future, and it will move massive benefit not to the bank only, but to the greater group over time, because any business that does not attract young customers is doomed to fail along the way.

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So you need to think long term, 50 years down the road, down the road, because that 25 year old 30 years down the road is the one that has got money and is the one that is going to sustain your business. And if you are not attracting them today, they won't have any affinity whatsoever with your brand. And by the way, just to make sure that you said, Clarence, are you still committed to the targets that you communicated to us?

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Yes. We are not changing those. We are still committed to the 1.1 billion to 1.3 billion target. I mean, loss that we, you know, communicated to you until monthly break even in 2028. As much as what I've said to is very exciting, we are not new to this game of banking. And I spoke about Old Mutual Finance.

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We built a profitable lending book of about 15.5 billion. And by the way, it is one of the largest built, by a non-banking financial institution in South Africa. I know of no other business, which is not a bank that has built such a, you know, big lending book, which is profitable. We've got a branch footprint of about 346, which is covering on key economic areas in South Africa.

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Be it taxi ranks, be it, in malls you find Old Mutual Finance. We are strategically located in the right places to support the mass market as well as our middle income. In fact, if you look at us versus, you know, the traditional banks versus the insurers, we are probably the one insurance business that has got more branches than our traditional competitors in the insurance space.

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And we have an exciting customer base within Old Mutual Finance of money account, which, you know, about 4 to 500 K of them are active. And as I said, we are going to migrate them thoughtfully. So it's not going to be something that we do rashly and destroy value in the in the process. We are doing that very thoughtfully.

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And Lushendren is keeping me, you know, straight in terms of that saying, Clarence, we can't just rush in terms of migrating these customers. We need to make sure that we don't destroy value in the process of migrating them to the bank. And the money account which, you know, is the product I'm talking about has also proven that rewards can bring together banking and insurance products together, because we have got customers who have got both, you know, the banking product money account as well as insurance products across the group and our mobile virtual network

operator, OM Connect, also allows us to differentiate ourselves from a pricing and rewards

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perspective with our always banking on, always on banking in that space. So how would we win? Probably that's the question that you have in your mind. For many years from now, you will hear me say the following words. You will hear my team say the following stuff. We are acquiring customers at scale because it is very much important.

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Customers are at the heart of our business case, and we are increasing engagement with these customers through transactional activities and convenience that we provide to them, thereby generating revenue growth out of them. And we will increasingly monetize this customer cohorts as they mature, such as the young ones that are joining us as they mature, we will continue to monetize them and thereby exponentially growing our revenue over time.

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Customer retention through superior customer experience is absolutely key to our success in the future. And as a leadership team within the bank, we have, you know, come together and we said there are five imperatives that we need to adhere to, and these are the things that will drive our thinking, that will drive our behavior and how we manage the business.

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We will be and we are a low cost operations. So cost management is absolutely critical in terms of how we do things. So our mix of fixed and variable costs changes substantially as we scale our customer acquisition. It starts you know, year one, which is next year in effect for us, it moves from 38% variable in the first year to about 58% by break even point, which is 2028.

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And the bank, by the way, ladies and gentlemen, is designed not to have more than 550 employees. And I will repeat that again, because some people also do that. Right. We are designed not to have more than 550 employees. Why? Because it is anchored on technology and data. That is very much important and we are going to be excellent in execution.

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And we are customer obsessed. I wake up at 2 a.m. in the morning. I track what is going on in the bank. I convince my, you know, almost everybody in the bank have got new sleeping habits now, and the sleeping habits are those sleeping habits of Clarence Nethengwe because they wake up to 2:30 before they used to wake up at 8:00, some of them, but now we have changed

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Why? Because it is important. And well I'm a retailer, by the way, and in my system, it's about detail and being absolutely obsessed with the customer and everything that goes in your space and that ethos has to be embedded in each and every person who works in that bank for us to win. You can't win against the big boys if you are not obsessed, and you have to be absolutely obsessed in terms of that.

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And we're also going to leverage all the available distribution channels within the Old Mutual ecosystem. We are not a digital bank. We have got digital capabilities. We are a digital first, meaning if you want to engage, you have to engage digitally. But the distribution capabilities of this great business have made it what it is, and we are going to leverage that and we are going to win as a result of that.

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And above all, we know the customer base that we are playing it. This is traditionally our stomping ground, and we are going to make sure that we play and we play to win in that space. But we are also very aware that we have got a share, a good share of affluent customers, the mass affluent in Kerrin and Farhad's business. We're also going to go in there and offer what is relevant.

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There are other businesses, other banks that are similar to us, who are also talking about having a bigger share in that space. We have got the advantage of having a business or businesses in our stable that plays in there. So therefore we will make sure that our value proposition also resonates in that particular part of the market. Initially, priority will be migrating the Old Mutual customers that I have mentioned before, and then we then accelerate our growth in terms of the 7 million customer base that we have.

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And by the way, we don't need, to be honest with you, we don't need new customers in order for us to really win. We just need to tap that base. But we are not naive, like I said to you, and we need to make sure that that base of 7 million, because we know them very well. They want things that are simple, that are fair, that are fast, and they are, you know, everything must always be on. Above all, our trusted brand, you know, existing price, footprint and the network of financial advisors that I have come to know

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and I still learn from the likes of Prabashini, Kerrin and everybody else. And I'm quite excited because I'm told that they are looking

forward also to helping us win in this space. So we are going to use all the learnings we are going to use all the support that will be provided to us by our different colleagues in order for us to win in that space.

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But what is it which is attracting customers to us? Simply, it's our holistic insurance and banking offering. You know, sometimes people have got this tendency of just, you know, underplaying it so well, insurance and banking, it's a very, very powerful combination. And it's not about a funeral product only, it's about the full ecosystem and the full value chain as well as the product solutions that are there that resonates with customers.

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If you think it's about a bank account and a funeral policy only, you are mistaken. It's bigger than that. But above all, there is something that the customers are watching and they are seeing. They look at what we are offering and how much we're offering it and what sits inside of it. And they are saying to us, you are about 20 to 30% in terms of value, offering to us better than the market average.

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In other words, we are 20 to 30% value providers to this customers compared to the market average. You can also go and do the maths yourself. Go into our website. You will see what we are offering, for how much we are offering it, and do a comparison with what is in the market. You will see that from a market average who are 20 to 30%, better.

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Branches are key to our formula for success, and more than 60% of Old Mutual customers want both digital and branch access. And we did a survey a few years ago, and that's the answer that we got. And what are we seeing now in terms of the 150,000 customers that we have acquired? We are seeing proof of that because about 63% of the customers that we have signed up to date, 63% of them have done so digitally, and the other 37% were assisted in the branches.

So there's power in the combination of both branch and digital, you know, can happen outside and it also can happen inside the branch. And have placed these branches, like I said, in the right places. And, you know, they are definitely helping us through the amount of sales consultants that we have in that space, as well as providing other insurance, services.

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And what is encouraging is that these branches, they receive something like 3.4 million visits annually, and this is a massive opportunity for us to continue to win in that space. Let me talk a little bit about

rewards and Zureida touched, you know, on the rewards that it's a flywheel that is going to give us a mighty push in terms of, you know, growing our business.

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So rewards is a link between our two execution engine, the one that is being run by Prabashini and OM Bank. For bank customers, they will be able to earn rewards points through their daily transactional activities, so as they swipe, as they engage in their daily financial activities, they will be earning rewards points. They will get cashback through discounts at retailers such as Shoprite, Makro, Checkers and others that are listed on that slide.

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And they can redeem the points into their OM bank account. And this is something which is very popular. It's interesting, it's very popular with the young ones. And I was saying to my team, maybe they're university students, because in my days, if there's a human being who is broke, it's a university student. So probably they are utilising that as a form of, you know, of upkeep.

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But what is also important is that the insurance customers, particularly in Prabashini's mass market space, they can use that the cashback, you know, the redeemed points to pay for their premiums if they are under temporary financial stress. So it's a way for them to, from time to time, if they are under stress and they don't have enough to quickly redeem the points and be able to pay for their funeral policies.

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So this viscous cycle have seen, you know, in our insurance customers migrating to the bank in order to redeem the points. And also get cashbacks as a result of these things being available in our space. So customers will unfortunately have to have a bank account in order to join the rewards program at Old

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Mutual. So before you could join the rewards program without taking a policy or anything. But it's going to be compulsory in the next few weeks for you. If you want to get into our rewards program, you have to have a bank account with us and that bank account must be active. It must not just be a bank account without being active. And OM

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Rewards, like I said, has gained a lot of traction and I think Zureida mentioned the number 3 million members and it's continuing to grow. And those who are going to join it in the future will also happen to be bank

customers. And by the way, 95% of the 150,000 customers that we have also have got the rewards program. We are well on our way,

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you know, since launch, we started building this business in 2022. We have gone through the infrastructure bill, the regulatory, as well as the testing phases. And we are doing and we have done this within our planned budget to build this bank and to start scaling it. And all indications are very positive for us. We are fast ramping up, you know, the signing up of customers.

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So if you can't recall anything that I've said to you today, I want you to remember the following things, because these are the most important thing. I want you to remember the words land and expand model. Because for the next, how many years before I retire? I don't know, that period if I was still around. You will hear me continuously talk about land and expand, which means you are going to acquire customers

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at scale. We'll increase engagement with them. We will monetise the cohort as they mature and we will retain these customers. But above all, because we are not dumb, we will focus on quality credit growth that is guided by our moderate risk appetite. And if we do that, I can safely go to Mr. Buffet and said, yes, banking is a good business because we have not been dumb in doing it.

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Thank you very much.

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Langa Manqele

Thank you very much Clarence, for giving that very passionate delivery of the presentation. I think, for also reminding us that the competitive spirit of the group is alive and well.

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We are now just, shifting to the last part of our first session. I've already been getting a lot of questions about when is the Q&A. The Q&A will come shortly after Prabashini, we've provided sufficient time.

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So with that, please help me welcome Prabashini you on stage. And over to you Prabashini.

01:14:44:16 - 01:15:07:23

Prabashini Moodley

Thanks very much, Langa, and good day, everyone. I'm Prabashini Moodley and I have the privilege of taking you on a dive into our newly formed Life and Savings cluster. Just three months into the role. But I have 23 years of experience at Old Mutual, together with a leadership team of the cluster, with even more, deep and broad experience than I have.

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So we're in good hands to move at pace. I will give you an overview of the four businesses that make up the cluster. Our opportunities we have to unlock value and generate further growth and conclude with our strategic priorities, which are well aligned to the group's medium term targets.

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The Life and Savings Cluster brings together four strong, large businesses, in the South African business of Old Mutual, the Mass and Foundation cluster, Personal finance, Wealth and Old Mutual Corporate. Collectively servicing a book of more than 5 million customers with mainly life and saving solutions. That book of customers and assets in itself for leveraged by the group and in particular OM Bank.

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The majority of those customers are from our mass business, the undisputed leader in insurance amongst listed life insurance peers with a 53% new business market share amongst those peers for funeral insurance. In the middle markets, our Personal Finance business invests in multiple intermediary channels, including having the largest network of restricted financial advisors. These are models where intermediaries can select varying levels of support and autonomy with different commercial structures. Leveraging those channels, as well as its private wealth management and private client securities

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channel is our Wealth business. And it has been able to grow its high net worth client assets with a CAGR of 25% over the last decade, doubling the number of clients every four years. And of course, with our acquisition announced this morning of 10X we are adding the fastest growing passives business to our solution set. Rounding out the cluster is Old Mutual Corporates.

Our employee benefits business, with its leading positions in both commercial umbrella and the group insurance space for large schemes. We're also the leading provider of smooth bonus investment strategy solutions in the country.

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Across this portfolio, we've created significant value to date. Post the shift in the accounting standards introducing IFRS17, a large portion of

our covered insurance book, due to the methodologies chosen, have a sizable store of future profits locked in on the balance sheets. Our CSM or contractual service margin sits at 57 billion, the highest among South African insurers.

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That's 57 billion rand of profits available for future allocation into earnings. Our allocation rate is between 8 to 12% annually. Added to this are the profits on business that is not covered by the CSM under IFRS17, as well as non-covered business and new business. Together, this enabled the cluster to deliver 6.4 billion rand in profits in 2024, well balanced across the four business units.

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New business has been strong in a market that's been quite constrained from an economic activity and customer affordability perspective. In particular, I'd like to call out the growth in our mass market risk sales. This was driven by our exceptional tide distribution force, both on the headcount side, as well as the excellent productivity. We rolled out fully underwritten risk cover to our mass business via the distribution channels that service that part of the business, and I believe we are now the largest provider of fully underwritten risk cover to the mass markets.

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That's enabling us to grow sales significantly above the rate of growth in the market on the employee benefits side, which you can see in the bottom left corner of the graph. Sales are typically quite lumpy, so I wouldn't be overly concerned by a half year performance. And of course, we've all heard of the drop in guaranteed annuity business across the industry.

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Off the back of the lower bond yields. And that has hurt our margins in our Personal Finance business particularly hard. So where are the opportunities for value unlock? Firstly, in the Mass and Foundation business we took a hit in interims by making a basis change around our persistency experience. Taking into account the recent experience into our long term basis.

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Something we don't typically do, but we felt it important to recognize the systemic shift in the funeral insurance business. So this had a negative impact on VNB and the VNB margin. And we have opportunity to recover in this space. Personal Finance is in a highly competitive middle and upper middle income market, where our recurring premium savings and risk market share are below where it should be for a player of our stature.

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Taking action here will lead to improvements in both the VNB margin and overall VNB delivery. And then on the Wealth and Corporates business units, we have really strong platforms and opportunities for further growth. Wealth its focused on having the right solution sets and enabling the ease of doing business for intermediaries, whether they're tied or independents, we've made it incredibly easy for those intermediaries to do business with us, and that's come through in the pace of growth in our Wealth platforms, both local and international.

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And of course, with the 10X acquisition, we now are supercharging our direct to customer play in the savings and investment space. We're providing a very strong complement to our Intermediated channel offerings. And we will be able to capture additional growth in that savings markets. Corporate strong competitive proposition sets, continues to serve us very, very well. But we do have an opportunity to improve the ease of doing business for individual intermediaries, in particular, post the change in regulatory reform

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introducing the two-pot changes. I'll go into a little bit more detail unpacking that in a couple of slides. So it's easy to identify what we need to do to recover margins and unlock value. But how exactly are we going to do this. So firstly we have reorganized our value chains, as Jurie mentioned, for better execution and delivery, for focus and clear accountability.

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Secondly, we're sharpening the competitiveness of our propositions that we take to markets. Third, recovering margins through mix, volume and cost efficiencies. Fourth, scaling our strong Old Mutual wealth platform. And finally, reimagining the corporate business in a very low growth employee benefits environment.

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So unpacking the formation of the cluster a little bit and this operating model change that we talk about. So the set up of the cluster is largely about federating delivery with end to end value chains, with very clear accountability and decision making to improve focus and drive efficient delivery at pace. This is quite different to our recent setup where we had quite a few capabilities centralised. From product, technology enablement and customer servicing.

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The centralised set up served us incredibly well. It enabled us to re-platform our retail businesses. It enabled us to shift a large portion of our technology estate into the cloud. However, over time, when the

pendulum swings too far, inefficiencies can creep in into a model and make it increasingly tricky to get alignment across the value chain. In our new setup with the cluster, the very light cluster overlay will ensure that our customer experience is coherent and we extract synergies both on the revenue and expense side where they exist, without heavy layers of overheads and inefficient structures, and of course, prevent the pendulum from now swinging too far into the other direction.

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The big focus will be to drive culture and ways of work that empower, hold clear accountability and drive commercial outcomes with a customer focus. Moving on to our prize Mass and Foundation market position. Unlocking value here requires more than just an operating model change to respond to the systemic shifts in the funeral industry. So while our persistency challenges have been partly from affordability challenges in the customer environment, the overall impacts of the economy, it's also as a result of significant activity from nontraditional players like banks with different business models and cost structures.

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So earlier I mentioned a 53% market share of new business amongst listed insurance peers, while still leading when taking into account all players in the funeral markets. Our share drops to around 19%. We have several ways that we can address the challenges and the shifts in this environment. From leveraging an excellent distribution capability to enhancing our proposition, both through the solutions coming on stream with OM Bank and an acquisition we made a couple of years ago and entering the funeral services space.

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I'll talk about that a little more shortly. We're also continuously looking to improve the quality of business that comes into our environments. We will keep investing in our strong tide distribution model, but take strategic actions on the propositions which I just mentioned, but also improve the quality of new business with integrated affordability controls in the sales process.

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We're upping our game in terms of premium collections. And when I mentioned this the previous day someone responded, but aren't you doing this anyway? Well, there's been a change in the debit order collection environment a few years ago with the introduction of Debi-Check, which is a new way of authenticating debit order collections, and we have yet to perfect our processes post this change.

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So there is definitely room for improvement. We're also adding additional channels for customers to pay missed premiums, including pay apps and the

use of pay shop in distributing claims. And we've seen good early outcomes.

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So Two Mountains, which is a funeral services business that also has a micro insurance license. So you know how people say there are two certainties in life: death and taxes. Well, the reality is about half of the consumers who purchase funeral insurance are actually involved in the arrangement of a funeral service. Providers of integrated offerings appeal to those parts of the market, the largest such provider in our market, an unlisted insurer, mutual insurer, called

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Avbob and there are others like Doves, Icebolethu and others. So businesses with integrated funeral services, exhibits higher persistency, higher average margins and higher average case sizes. So we acquired Two Mountains a funeral services company with an insurance license, a few years ago. We're in the process of corporatising it and rolling out a national footprint. And we've started integrating it into the Old Mutual funeral offering.

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So far, we've done the integration at claim stage, and I've seen good take up from Old Mutual customers. But the real big benefit lies in integrating the funeral services offering at sale stage. And this is the work that we're busy with now. Sales under the Two Mountains brand of funeral products has been growing exceptionally well. At interims, we reported a 160% year on year growth, albeit off a low base.

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Moving on to the middle markets, our middle markets business requires a slightly different set of actions for margin recovery. From a risk market share high of over 13%, we hit a low of 9.1% in 2021. This was for a variety of reasons, and mainly as a result of loss of support in the intermediated, in the independent intermediary financial advice space.

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We're slowly clawing back support here. And the actions that we are taking are starting to bear fruit. You can see in H1 2025 we already increased our risk market share up by 1%, hitting 10.1. The strengths that we have to leverage in the middle market are a modular retail product platform, large tide distribution, high value rewards program, and a truly modernized digital advisor platform.

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Our immediate focus to recovering margins will be to continue to simplify the value chain and drive sales effectiveness. Our retail product platform is close to completion. Our new savings and investments range is

busy being rolled out, and the initial feedback from both tied advisors and independent advisors has been excellent. We continue to enhance InteGreat, which is a digital platform for advisors, which seamlessly brings together rich customer data with financial needs analysis and planning tools for truly efficient advisor experience.

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After rolling this out in the Personal Finance business, we're now starting to pilot it in our Mass business as well, evidencing the synergies across the various businesses in the cluster. We'll be driving cost efficiencies hard across the value chain, and I was glad to hear, Zureida, that we are focusing on unlocking value and efficiencies through automation, ongoing optimisation and modernisation of our technology stack.

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At the same time, we continue to scale our advisor force, growing a restricted financial advisor network to a headcount of 500. And as OM Bank matures, Clarence, we look forward to the additional banking solutions that will complement our customer value proposition in the middle markets. So this slide, literally stolen from Clarence's pack, is just to remind you that OM Bank and the Life and Savings cluster already has a seamlessly integrated experience for customers through the rewards program.

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This gives the benefits of increased customer engagement, richer insights into customer behaviour, and the opportunity mainly in the mass market, for improved premium collections and retention.

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So VNB is a key metric for the Life and Savings cluster and it is key for our competitiveness and overall commercial sustainability. The recovery back into the group range will be driven largely by Mass and Foundation and Personal Finance. Mathematically, if every business unit hits the middle of their range, we get back into the group range and as we deliver better than average performance in each range, we will move closer into the middle of the group range.

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The key levers to drive our improved VNB: persistency improvements in Mass, strength propositions across retail and cost optimisation. I'm confident that with the actions that we're putting in place to drive these levers in the right direction, we will get into the VNB range for the group.

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Net client cash flow and assets under administration advice, rather than VNB, are the more relevant metrics for our Wealth business. So the team has focused over the last decade and even longer in putting in place a growing range of in-demand capabilities. The most recent being, of course, the 10X passive and EFT capabilities. Ease of doing business, as I mentioned earlier, for intermediaries has been a really critical factor.

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We've had excellent growth to date, driven largely by the face to face distribution channels managed out of the Personal Finance business, as well as a private wealth planner business and private client securities. This is now bolstered in the direct to customer base by a space by our 10X acquisition, giving a strong direct to customer offering, so Clarence, we also attract some of the younger, more digitally savvy customer and don't become old Life and Savings.

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Rounding out our business units in the Life and Savings cluster, Old Mutual Corporate, a business unit I have a bias towards having led the business for just under six years. It has a leading franchise in the employee benefits space, from being the number one umbrella fund, commercial umbrella fund provider to at almost 28% market share in the group assurance space for large schemes.

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Large schemes, by the way, tend to be stickier and tend to be easier to price for goods overall margins. These are strong foundations for growth and leverage across the cluster. In a markets with little to no organic growth, a more strategic response is required to grow in the corporate space. Over the last few years, the team has been putting in place building blocks to become an ecosystem player in employee benefits to drive both growth and retention.

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If we pick out's just two of the blocks that we've put in place. REM channel is a specialist remuneration survey and advisory business acquired in 2021. Integrating REM channel's offering into the employee benefits advisory space has resulted in greater stickiness of large clients and the ability to attract new business opportunities. A more recent partial acquisition, Fairheads

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Beneficiary administration, is the leading administrator of beneficiary benefits in South Africa, and this gives us reach broader than the pre-retirement product set.

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Overall there's been faster convergence between retail and institutional retirement solutions. Aided in no small part by the recent two pot regulatory changes. Individuals can now interact with their employer sponsored retirement funds without going through the human resources or human capital departments, and without any knowledge of the employer. This was not possible in the past. We are ready for this accelerated convergence by the investments that we made into member engagements.

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Our GenAI chat bot, Thuso, is available via WhatsApp to all of the members in our super fund customer base. Thuso is available 24/7. She's infinitely patient and highly scalable, so we are ready for the accelerated convergence at scale. Currently, we retain 35% of pre and post retirement outflows from our umbrella fund into the overall Old Mutual ecosystem.

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So through the cluster set up and the digitised member engagements, we have the opportunity to increase the retention of those flows even further.

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The Life and Savings Cluster is a combination of four really great significant businesses. We have opportunities to unlock value from a large in-force book and the recovery of our new business margins. We know what we need to do: from fixing the basics, to proposition enhancements and extracting cost efficiencies. We have set ourselves up to act decisively and drive execution with accountability and commercial focus.

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I look forward to reporting back to you on the progress as we deliver. Thank you.

01:36:39:13 - 01:37:04:09

Langa Mangele

Thank you very much Prabashini for that very comprehensive coverage of the nuts and bolts on execution, linking very well and tying up to the presentation from Clarence. So at this point we have given you, I think, a very good view of how the management team, particularly Jurie as presented earlier, things about the strategy. You have a good sense of the key nuts and bolts in terms of execution.

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You have seen the targets that we've put up. You've also heard about the fact that the unlocking value and generating growth, while they may appear sequential, that we are already executing and working on some of those with some proof points already presented on that. So I would like then to start shifting directly to the Q&A. And as a reminder, for those who are joining us online, the platform is Eclipse.

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You go to the Q&A tab there and post your question. The team will direct the questions to me. And for us in the room, there are roaming mics and just please raise your hand and ask the question. I will just switch things up and start in the room whilst I get the team ready online. I see, your hand is up.

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I'll take you, Warwick. I'll take you next. So there are three questions. Is there a fourth hand? Okay, so I'll take the two on this table. One. One. And we'll get to that. Whilst they are getting the mics to the team, I'll kindly ask Clarence, Prabashini and Jurie to please join me on the stage.

02:33:50:12 - 02:34:09:22

Langa Mangele

Okay. We have no hands in the room. I don't have any questions at the moment from the webcast either. So we are five minutes ahead of time. I think I'd like to just take this moment to thank Jurie, Clarence and Prabashini and the team that joined in answering the questions. Thanks, Casper.