



OLDMUTUAL

Old Mutual Annual Results Analyst Presentation

18 March 2025

Speaker Key:

Old Mutual representatives:

IW	Iain Williamson, Group CEO
CT	Casper Troskie, Group CFO
CN	Clarence Nethengwe, OM Bank CEO
NV	Nico van der Colff, Group Actuar
KL	Kerrin Land, MD Personal Finance and Wealth
CH	Charles Nortje, MD Old Mutual Insure
LM	Langa Manqele, Head of Investor Relations

Sell-side analysts:

WB	Warwick Bam
FD	Francois du Toit

Journalist:

KG	Kudzanai Gerede
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Chorus call operator:

OP	Operator
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00:00:00

LM Good day, everyone, and thank you for joining us today. On behalf of our board and the management team, welcome to the Old Mutual Group Annual Results for the period ended 31st December 2024. I am Langa Manqele, Head of Investor Relations for the Old Mutual Group.

00:00:36

Agenda

On our agenda for today, I will begin with our Group CEO, Iain Williamson, who will kick off with an operational and a strategic review. He will shortly be followed by Casper Troskie, our Group CFO, to cover the financial review. Iain will then come back to the stage to give us his concluding message. I'll then pick up from



there to facilitate the questions and answer sessions. And with that, I would like to hand over to you, Iain. Thank you.

00:01:15

Highlights

IW Thanks, Langa. A warm welcome, everyone, and we really appreciate your attendance today. We've delivered strong double-digit earnings growth, with our key metric for distributable earnings, adjusted headline earnings per share, growing by a strong 17% to 150.6 cents per share.

The return on net asset value continued to trend upwards, growing by 160 basis points to 12.7%. And excluding our investment in new growth initiatives, our RoNAV improved materially to 15.6%. In line with our dividend policy, the Board has declared a final dividend per share of 52 cents, bringing our total dividends for the year to 86 cents a share, an increase of 6% year on year.

Despite increased competition in our retail mass market and a constrained affluent market, as well as lower corporate sales, we continued to expand our VNB margin, and the value of new business margin improved by 20 basis points to 2.5%. Funds under management grew by 10% to R1.5 trillion, supported by improved equity market performance in South Africa, particularly over the second half of the year.

00:02:45

Reflections on value creation

To kick off our review of performance, let's begin by reflecting on the value we've created for shareholders. Our diversified business continues to demonstrate resilience and is in a strong market position, delivering strong growth.

We continue to demonstrate a positive trajectory in our return profile, and since listing on the JSE in 2018, we've returned a staggering R89 billion to our shareholders, by a cumulative R61.6 billion in special distributions and a further R27.4 billion in ordinary dividends.

Our capital allocation strategy continues to prioritise enhanced returns through both balance sheet optimisation and the investment in growth to drive long-term shareholder value.

00:03:40

Operating environment

We continue to demonstrate profit and earnings growth in a demanding macroeconomic and consumer environment. In South Africa, we've navigated a combination of higher household debt and lower wage growth. The formation of the Government of National Unity in South Africa improved sentiment, and there's been early momentum in the macros, and further improved load shedding has further improved investor confidence.

We've seen relatively benign inflation and strong equity market returns, a



strengthening rand, all creating an encouraging picture in the second half of 2024. But that positive market sentiment has not yet translated into a broad recovery in consumer confidence.

In our Africa Region, several countries experienced significant inflationary pressure, with some entering hyperinflation. We've seen weakened currencies and climate-related risks impacting some of our key growth markets in both East and West Africa.

00:04:49

Strategic framework

Just a brief reminder of our strategic framework, which is our true north and is anchored in our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity, with a set of value drivers creating a clear link between our strategic actions and the value created for our shareholders and other stakeholders.

Our integrated financial services strategy rests on two key vectors, both growing and protecting our core business and unlocking new growth engines. And I'll share more detail about our progress against these growth vectors later.

00:05:30

Operational review: Mass and Foundation Cluster

Moving then on to our segmental businesses, in the Mass and Foundation Cluster, a deliberate shift in sales mix and focused multi-channel strategy continues to drive profitable market share. Life APE sales increased by 9% to R5.24 billion, driven by a 21% increase in higher margin risk sales. We continue to lead market share growth in Life APE sales in the retail mass segment.

Our in-force book, including both Group Funeral and Two Mountains, remains the largest in the industry by gross flows and by number of policies. Our VNB margin in this business increased by 20 basis points to 9% and is at the top end of our target range of 6% to 9%. This reflects the robust growth in retail risk sales and the positive contribution from the integration of the Two Mountains business. And this has been further supported by strong management actions on both costs and persistency.

In Old Mutual Finance, our credit loss ratio deteriorated to 8.9% compared to 7.2% in the prior year. This was driven largely by the impairment in the secured loan book of R306 million. Excluding that impairment, the credit loss ratio improved year on year to 7.1%.

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Operational review: Personal Finance and Wealth Management

In Personal Finance and Wealth, our strengthened high net worth value propositions delivered diversification benefits in the affluent market. Life APE sales increased marginally by 3% to R4.8 billion, driven by better savings sales. Total



retail sales, including the non-covered part of our sales, increased by 9%, bolstered by an 11% growth in savings sales from our wealth management division.

We sustained our VNB margin at 0.9%, supported by an improved margin in guaranteed annuity sales and a higher proportion of risk sales. This was partially offset by a shift in mix towards lower margin volumes in the wealth business.

Our wealth management business has significantly expanded its customer value proposition over the years and increased assets under management by 14% to R420.4 billion. This has been underpinned by growth across diversified asset-gathering capabilities, including our private client solution, the Old Mutual International platform, the Old Mutual multi-manager capability within Wealth, our discretionary fund management solution and our fast-growing cash and liquidity platform.

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Operational review: Old Mutual Investments

In the Investments cluster, our diverse capability set delivered strong top line growth, with a record R28 billion in deal flow, bearing in mind we've had two prior strong years of deal flow in that business. Assets under management grew by 8%, largely due to the uplift in South African equity markets in the second half of the year.

Our alternatives capabilities, which is a major differentiator from our peer group, delivered significant capital raising and record levels of deal flow. Total revenue increased by 20% to R4 billion, driven by significant non-annuity revenue arising from a transaction in the alternatives business.

00:09:15

Operational review: Old Mutual Corporate

In Corporate, we continue to write profitable new business, with our VNB margin increasing by 50 basis points to 1.5%, driven by a higher mix of risk sales. However, due to a high base effect from a very large single-premium savings deal in the prior year, Life APE sales decreased to R1.8 billion. 2024 was a seminal year in the retirement industry in South Africa with implementation of the two-pot retirement system. Whilst this system preserves long-term retirement outcomes, it triggered expected industry-wide outflows.

Our net client cash flow came under pressure due to a combination of factors. We had R2.7 billion in payments in two-pot claims to over 170,000 members. We've seen higher retrenchment benefit payments, particularly within the mining sector, which is a sector which we are strong in, in Corporate. And we've also seen two client terminations over the period. Despite pressure in the South African economy, we continue to record steady growth in funds under management, which supports our fee earnings base.

On strategic delivery, we launched the Superfund In-Fund Living Annuity,



strengthening our post-retirement value proposition, and we continue to make progress in new solutions in both health insurance and the award-winning SMEgo platform.

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Operational review: Old Mutual Insure

Old Mutual Insure recorded exceptional performance, with strong margin recovery and top line growth ahead of nominal GDP. Gross written premiums increased by 9% to R21.9 billion, bolstered by new customer acquisition and supported by effective management actions.

The net underwriting margin improved materially to 6.2%, so it's now above our target range of 4% to 6%, and it benefited from strategic adjustments in the pricing of certain portfolios, delivering a higher price adequacy ratio and robust performance in the alternative risk transfer and specialist business portfolios.

Our strategic acquisitions portfolio in Old Mutual Insure, which we refer to as Blue Sky, continued to add significant growth. This portfolio covers niche classes of non-life insurance products and provides business processing services to insurance brokers. Blue Sky increased portfolio RFO by 29% to R342 million.

00:12:05

Operational review: Old Mutual Africa Regions

Old Mutual Africa Regions delivered solid results, with continued top line growth and R1 billion cash remittance to the Group. Life sales increased by 7% to R1.65 billion, supported by strong sales growth in Southern Africa, but partially offset by lower sales in both East and West Africa.

Our VNB margin in this business decreased by 260 basis points to 0.2%. This was largely due to a different allocation of expenses across the Group. Gross written premiums were a muted 2%, with strong growth in Southern Africa, particularly in Namibia, and partially offset by lower growth in East Africa.

Our net underwriting margin declined by 260 basis points to minus 3%, due to a significant deterioration in underwriting result in Nigeria for the first six months of the year, when we still included their results. Excluding our discontinued operations in both Nigeria and Tanzania from the base, our underwriting margin for the year was minus 0.4%.

00:13:18

Strategic delivery – growing and protecting the core

So, moving then on to strategic delivery, and to remind you once more, our strategy rests on two growth vectors, growing and protecting our core businesses and unlocking new growth engines. In growing and protecting the core, our investments in the core support organic growth across the business. Since 2022, we have invested in small, bolt-on acquisitions to expand our value proposition and made targeted investments in future capabilities to capture growth in



adjacencies.

Our investment in digital and technology transformation is aimed at simplifying and modernising our technology estate, enhancing our customer and adviser experience and accelerating operating efficiencies to improve shareholder return. In simplifying and modernising our technology estate, we have successfully decommissioned 21 legacy systems in 2024, and we've grown the number of active digital users by 22% to 1.7 million across the Group.

In enhancing our customer and adviser experience, we've concluded the pilot of our new savings and income proposition and expect to commence a national rollout in the second half of this year, starting in the affluent market.

Our implementation of the two-pot solution enhanced customer experience, and we successfully processed over 275,000 claims digitally, with a value of R3.4 billion across the Group. 99% of these claims were submitted via WhatsApp.

In accelerating operating efficiencies, Casper and I have completed a detailed Group cost allocation review, which resulted in the reallocation of shared expenses across our segments. This has had varying impacts on segmental key performance indicators, but it sets us up to understand our costs better and drive positive action to drive efficiency. Casper will provide additional detail on this later.

00:15:27

Strategic delivery – new growth engines

Moving then to new growth engines. Our strategy aims to secure top three market positions in the markets where we operate. Our perimeter review is now substantially complete. Our exit of general insurance in Nigeria, as well as the general insurance business in Tanzania in 2024, substantially de-risked and focused our portfolio.

With regard to OM Bank, as we've already announced, the Prudential Authority has approved Clarence Nethengwe as the CEO of OM Bank, Nomkhita Nqweni as the Chairman of the Board, as well as approving all the nominated board members and executives. Last Friday, we received the approval for Old Mutual Bank, or OM Bank, to commence business. And with that, I'd like to hand over to Clarence to give an update of where we are now and what's coming next for the bank. Clarence.

00:16:28

OM Bank update

CN Thanks, Iain. We have launched the bank, and we launched it last week Friday at seven o'clock in the evening, and we signed up our first two customers, who are employees of the bank. OM Bank is a material growth catalyst and the concrete realisation of our integrated financial strategy that Iain was talking about. This organisation is built on a 180-year legacy of customer focus, resilience and innovation, and the bank represents a key lever to unlock shareholder value for us.



OM Bank has begun taking deposits from Old Mutual employees, as I said, including myself and Iain. Yesterday, we signed up on our app, and we have started playing around with the app. We were like kids with new toys last night. And this will be followed by a campaign to our 1.1 million Money Account customers, and then we will take it to the general public on the fourth quarter of 2025.

Turning to the preview of the value proposition, OM Bank is a fully digital-first bank, with a variable cost at a customer level. It is built on a cloud native platform with world-class cybersecurity protocols. OM Bank will debut with a single facility account offering, which we've test-driven, myself and Iain. I've got a debit account which is part and parcel of this one-facility account.

A customer would also have access to an overdraft facility if it is needed, myself and Iain, we don't need that, a savings account which offers generous interest rates for our customers, depending on the balance that is in the account, as well as a credit card which our customers can activate.

Our customers will enjoy access to all payment channels, and our bank app features a hyper-personalised user interface, which is quite exciting, and I cannot wait to launch this to the general public in South Africa. The user interface is unique to each customer, depending on customer activity. With that, I would like to hand back to you, Iain.

IW Alright, thanks, Clarence. Our right to win in the banking arena is underpinned by four compelling competitive building blocks. As Clarence mentioned, OM Bank is a digital-first bank, delivered at scale, significantly lowering the cost-to-serve per customer.

We have access to our 7.5 million retail mass customers in South Africa, as well as 1.1 million existing Money Account customers. The bank is fully integrated to the Old Mutual Rewards programme, with 2.8 million members. And on that note, when I signed up yesterday, the app automatically picked up my rewards balance, and in real time, I was able to populate my savings account with a cash balance by cashing in my rewards. And the bank will be able to leverage our over 11,000 tied adviser force and branch network in Old Mutual Finance, of 347 branches.

We've taken a risk-adjusted approach to customer acquisition, and this customer acquisition strategy will guide our path to profitability. We've completed the bank build itself within budget, R1.75 billion. We spent a further R1.1 billion on pavement testing and operational readiness. We anticipate that the bank will break even in a range of 2 million to 2.5 million customers, with a run rate loss of between R1.1 billion and R1.3 billion per annum in the short term. We expect this to reduce to break even in financial 2028.

00:20:38

Responsible business

Sustainability is integral to Old Mutual, to our business and to our value creation strategy. During 2024, we sharpened our focus around three material themes to



our business. Firstly, responsible business, where we are concentrating our impact on sustainability-based investment decisions, investment products and stewardship. We invested R179 billion in the green economy and R38.4 billion in renewable energy.

In the climate action arena, we continue to build resilience against climate change and to catalyse growth opportunities from the green economy. We reduced our Group operational carbon emissions footprint by 22%, and we've entered into a partnership with the Climate Disaster Relief Fund in South Africa to mitigate flood risk.

In the financial wellness arena, we drive financial wellness to enable financial inclusion and to drive positive and empowered financial behaviour and customs. Our award-winning digital platform, Moneyversity+, enables financial education, while our fintech solutions such as O'mari in Zimbabwe and the SMEgo proposition in South Africa drive access and inclusion.

As a consequence of all of these efforts, we received a number of awards and some recognition from various third-party bodies. We've improved our MSCI ESG rating from AA to AAA. Our S&P Global ESG ranking of 50 remains above the average for the peer group. We are proud to have retained our Level One BEE rating since 2019.

And in recognition of our brand strength, Brand Finance has ranked us as the second strongest brand, up from eighth in 2023, as well as the second strongest financial services brand in South Africa. And with that, I'll hand over to Casper to take you through the financial review. Casper, over to you.

00:22:56

Financial review - highlights

CT Thank you, Iain, and good morning all. We have delivered a positive set of results, with continued investment into our core and growth businesses. The strength of our diversified business model is evident in our results, with growth in earnings, improved capital efficiency and positive value generation.

I will unpack the detail on each of these a little later, but now, here are the highlights. Our results from operations or RFO per share increased by 7%, with adjusted headline earnings per share increasing by 17%. The growth in adjusted headline earnings accelerated in the second half and was up 30% on the prior year, excluding new growth investments.

Our return on net asset value, or RoNAV, continues to trend upwards, increasing by 160 basis points. This was supported by positive earnings performance, along with continued focus on capital optimisations. Our RoNAV, excluding new growth investments, improved to 15.6%, remaining within our target range.

A final dividend of 52 cents per share was declared, in line with our dividend policy, bringing the total dividend for the year to 86 cents, an increase of 6%. Our VNB margin of 2.5%, increased by 20 basis points, and remains within our target range. And our Group equity value remains strong at R92.5 billion, as we see an



increasing contribution from our non-covered businesses.

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Results from operations

Turning to results from operations, I am delighted with the outcome that all our segments contributed in excess of R1 billion. In MFC, RFO grew by 2% to R1.9 billion, mainly due to strong life and savings profits. This was offset by higher credit losses from the banking and lending business, due to the once-offing payment on our secured lending book that Iain mentioned earlier.

Our unsecured lending book credit loss ratio improved significantly, from 8.5% in the first half to 5.8% in the second half of the year. MFC RFO, excluding Old Mutual Finance, grew 17% due to good growth in the risk in-force book, higher interest earned on the contractual service margin and higher mortality profits.

Due to the lag in the economic recovery not yet translating to improvements in our customers' disposable income, we have strengthened the economic recovery reserve. We continue to proactively manage our collection and persistency outcomes.

Wealth management performed exceptionally well, with RFO increasing by 27% to R1 billion. This was driven by annuity revenue increasing by 12%, supported by an increase in average asset levels. Non-annuity revenue increased sharply due to the growth on our offshore seed capital investments and once-off profits emerging on rebalancing and sale of shareholder assets.

This was more than offset by a decrease in Personal Finance RFO, which was negatively impacted by three factors, poor mortality experience in the first half, which improved significantly in the second half, a strengthening of the valuation basis, relating to persistency, and adverse movements in yields in our risk and annuity portfolios.

RFO in Old Mutual Investments increased by 37%, benefiting from an uplift in annuity revenue and much higher non-annuity revenue. Annuity revenue was boosted by higher average fee-earning assets and successful capital raisings. The increase in non-annuity revenue was mainly due to fair value gains arising from a transaction in our alternatives business. Non-annuity revenue remains a key differentiator from our peer group. This revenue is more volatile, but provides substantial economic value through the investment cycle.

Old Mutual Corporate's RFO increased by 4% to R1.8 billion, mainly driven by better-than-expected life underwriting profits in our risk book and good market performance in our pre-retirement savings book. In addition, profits benefited from a once-off provision release and modelling change in our risk book in the first half of approximately R200 million.

Old Mutual Insure's RFO saw outstanding growth from R524 million to R1.8 billion. Exceptional underwriting growth was driven by the continued turnaround across all divisions, following remediation initiatives implemented over the last two years. This included management actions driving improved pricing and underwriting,



supported by enhanced risk selection. This resulted in a pleasing underwriting margin of 6.2%, now above our target range of 4% to 6%.

Africa Regions RFO decreased by 8%, with RFO increasing by 4% on a constant currency basis. Strong growth on a constant currency basis in Southern and East Africa was offset by an increase in the loss in Nigeria prior to disposal. Excluding losses from Tanzania and Nigeria businesses, which were excessive during the year, we would have seen a 16% increase in RFO on a constant currency basis.

Our net result from Group activities, excluding new growth initiatives, improved by 11%, and our investment in new growth initiatives increased by 73%, driven by our investment in OM Bank.

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Net results from Group activities

When we look at our net result from Group activities over the last three years, you will see it comprises the following three items.

Our investments in new growth initiatives, which will move out of Group activities as OM Bank becomes online, shareholder operational costs, which have been elevated over the last three years as we have invested significantly in the future capabilities of our core business, partly offset by income on our central treasury and other Group activities. As previously communicated, we expect our net shareholder operational costs to be at 2022 levels, plus inflation, by 2026.

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Adjusted headline earnings

Adjusted headline earnings grew 14% to R6.7 billion, largely due to an increase in the shareholder investment return, driven by improved performance in South African equities and interest-bearing assets. Adjusted headline earnings per share grew by 17%, benefiting from the share buybacks over the last two years.

00:30:33

Reconciliation of AHE to IFRS profits

Turning now to our reconciliation of adjusted headline earnings to IFRS profits, the main movement between adjusted headline earnings to headline earnings is from our operations in Zimbabwe, which remain excluded from AHE due to us not being able to access the majority of our capital. Accounting mismatches in the prior year included once-off hedging losses arising from the IFRS 17 transition that were excluded from adjusted headline earnings.

The main component of current year headline earnings adjustments was the loss recognised on the disposal of subsidiaries from the countries which we exited, as well as an impairment on our investment in China, largely due to local macroeconomic conditions. Overall, IFRS earnings increased by 9% to R7.7 billion.



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Group equity value

Our Group equity value, or GEV, increased to R97.5 billion, despite continued returns of capital to shareholders by share buybacks. The growth in GEV is reflective of better performance and improved contributions from our asset management and property and casualty businesses.

Return on GEV increased to 7.5%. We believe that the steady improvement in our margins and balance sheet returns from the core, as well as the traction on our new growth engines, will close the gap between our market capitalisation and Group equity value.

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Embedded value

Turning to our covered business, our total embedded value reduced to R66.9 billion, following high dividend outflows of R8.9 billion, compared to R4.5 billion for the prior period. This was due to strong cash remittances from OMLACSA to the Group.

The return on embedded value was healthy, at 9.7%, supported by higher expected returns, profitable new business written and positive risk experience variances and modelling changes. These impacts were offset by worse-than-expected persistency experience, which was a key driver towards an additional strengthening of persistency assumptions, as well as expense assumptions across the business.

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Value of new business

The overall Group VNB margin increased by 20 basis points to 2.5%, and remains within our medium-term target range of 2% to 3%. This was supported by strong margins in Mass and Foundation Cluster and Old Mutual Corporate, partly offset by lower margin in Old Mutual Africa Regions. VNB decreased by 8%, coming off a high base, with 2023 benefiting from large deals in Old Mutual Corporate. Over the last three years, VNB had a compound annual growth rate of 12%.

00:33:37

Contractual service margin

Moving to the contractual service margin, or CSM, this represents the store of future life profits for the bulk of our life business. New business written grew the CSM by 5.4%. The economic experience items of R1 billion were driven by actual returns being higher than expected, and the negative experience variances of R1 billion were largely driven by worse-than-expected persistency experience.

The two main drivers for the basis changes of R2.9 billion were persistency and expense assumption changes. There was a strengthening of the persistency basis



on VFA portfolios across most life segments, as well as an increase in the economic recovery reserve in Mass and Foundation Cluster.

An updated allocation of Group shared expenses resulted in the allocation of more expenses to IFRS 17 contracts with CSMs. This had a broadly neutral EV impact, which reduced our CSM. We released R7.7 billion into profits at an allocation rate of 10.8%, which is within the expected range.

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Capital management framework

We remain committed to our capital management framework, consisting of considered capital deployment, balance sheet efficiency and balance sheet strength as a means of enhancing value and returns for shareholders.

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Cash remitted from subsidiaries

We expect cash remitted from our operating subsidiaries of between 70% and 80% of adjusted headline earnings before optimisations and special dividends.

Continued optimisations drove strong growth in cash remitted from subsidiaries, representing 158% of AHE. Total remittances amounted to R10.5 billion, including R1 billion from Africa Regions. Cash dividends amounted to R3.8 billion and were paid to shareholders in 2024, resulting in a significant net contribution to discretionary capital of R6.7 billion.

00:35:57

Discretionary capital

This brings us to our discretionary capital. The capital allocation for the year was mostly to fund growth investments, with the largest allocation to OM Bank for the 24 and 25 years. Further capital allocations included the capitalisation of the Two Mountains Group and the share buyback of R1 billion. We require regulatory approval for the OMLACSA special dividend of R1 billion that has been approved by the board. Should approval be obtained, this will increase our discretionary capital balance.

Our discretionary capital is available to fund growth or to return to shareholders. As previously communicated, where we cannot deploy surplus capital to suitable growth opportunities, we will return capital to shareholders. We will provide an update in due course, either at the AGM or at our half year results presentation, and we remain committed to improving returns on capital and capital efficiency.

00:37:05

Return on net asset value

Improvements to our RoNAV are driven by three factors, ongoing costs and balance sheet optimisations, expanding market share in our retail segments and the impacts of external market factors and investment returns.



Our Group RoNAV continues to trend upwards, now above our cost of equity. This increase was supported by improved adjusted headline earnings and continued capital optimisations. RoNAV, excluding new growth initiatives, increased by 250 basis points to 15.6%, now within our target range of cost of equity plus 2% to 4%.

00:37:46

OML Group solvency

Our solvency target ranges were reviewed in line with our three-year review cycle, and the Group target range was reduced from 155% to 185%. This reduction in the Group's shareholder solvency ratio for December 2024 is mainly driven by the change in the treatment of our investment in China and share buybacks completed during the year.

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Medium-term targets

We have delivered a positive set of results, and in particular, a very strong turnaround in Old Mutual Insure, due to the implementation of management actions previously communicated, and strong performances in Old Mutual Wealth and Old Mutual Investments. We have met all our medium-term targets, except for Group RoNAV, which remains a key management focus area. And as Iain highlighted, we have continued to execute on our strategic targets. And with that, back to you, Iain.

00:39:01

Conclusion

IW Thanks, Casper. So, to conclude, despite significant investments in new growth initiatives, we continue to improve our return profile. Excluding those investments in new growth, our return on net asset value increased to 15.6%. Our strong cash generation supported a 6% year-on-year growth in the dividend, with a robust contribution from our non-covered businesses supporting growth earnings.

Although not complete, a substantial turnaround in Old Mutual Africa Regions has delivered R1 billion in RFO, now over two consecutive reporting periods, with R1 billion in cash remitted to the Group in this reporting period.

Looking forward to 2025, we have six focus areas that we have spoken to all of our staff about. The first is the launch of OM Bank to the public, which we've spoken about earlier in this presentation. The second is the continued delivery of quality, margin-accretive sales growth. The third is to continue driving capital efficiencies to improve shareholder returns.

Fourthly, the launch of our savings and income new value proposition in the life business. Fifthly, a dedicated focus on cost optimisation and stringent expense management. And finally, a focus on improving our collection capability and driving management actions to address persistency.

I'd like to close by expressing my gratitude to our board for entrusting me with the



honour of leading this company for the last five years. I look forward to further success in the months ahead. There's still six months of hard work left. I keep reminding the team, there's lots to do, and I don't want a single thing dropped before I leave.

But I do want to leave a vote thanks to all of my colleagues in the business for all of their support. The absolute highlight of all my years at Old Mutual has been working with a fantastic group of people. So, with that, thanks very much, and I'll hand over to Langa for Q&A.

00:41:28

Questions and answers

LM Thank you, Iain, and thanks, Casper, thanks, Clarence, for covering the presentation. I will now take over from here to facilitate the questions and answer session. And I will start by taking the questions from the Chorus Call. Those will be followed by the questions submitted over the webinar.

Please keep your questions to a maximum of two per person so we may manage time. I will be able to circle back to you if we have time at the end of the Q&A. Operator, may you please just remind us about the procedures of the Q&A and take our first question? Thank you.

OP Thank you. Ladies and gentlemen, a reminder. If you would like to ask a question, please press star and then one now. If you would like to remove yourself from the question queue, please press star and then two. Again, if you would like to ask a question, please press star and then one now. The first question we have comes from Warwick Bam of RMB Morgan Stanley. Please go ahead.

WB Thanks. Good morning, everyone. Three from me. Just to start off with, can you just unpack the persistency assumption changes? In particular, what management actions do you think you could implement to improve persistency from here, and what kind of impact has it had on your VNB?

00:42:31

Secondly, just having a look at the development spend in the covered EV statement, R900 million that you put through in the 2024 period, if you could give us a sense of the breakdown of those costs and what the trajectory of those costs look like into 2025.

And then lastly, couldn't help but notice the Personal Finance and Wealth Life APE sales, in particular in the chart you had in the presentation, where the Life APE sales are down 30% relative to 2019. Can you just give us a sense of why that segment has struggled to get back to pre-pandemic sales volumes? Thanks.

LM Thank you, Warwick, for those three questions. I will start by asking Casper to just give us a quick take on persistency, but also to cover the second question around costs, Casper, and the guidance that you've already given. I'll then move over and ask Nico to please pick up from Casper, to add a few of his points just to give colour on persistency with respect to the question that came from Warwick. Then



the last part, Warwick, will be covered by Kerrin around PF. Thank you.

CT Thanks, Langa. Starting with persistency, we have a comprehensive set of management actions to address our collections that we are busy working on. And those actuals will continue right through into the second half of this year. And it is focusing on things like DebiCheck. It's focusing on improving actually some areas of our systems that will help us be more effective, but it was also just a focus on collections.

Combined with that, we are expecting that we should see some more improvement from actual consumer finances. We hadn't seen a lot of improvement by the end of December, so that's important on the persistency question. I don't know if either Clarence or Nico wants to add anything to that.

00:45:01

CN Is it Nico or Clarence? I don't know.

Yes, no, I just wanted to say, one of the management actions that we are really looking at in terms of solving part of this problem is the rem part of our distribution channels, particularly those that we control. For a long period of time, we gave them the flexibility to manage the competitiveness of our solutions versus our competition.

But I think there's a little bit of some bad behaviour that is beginning to emerge out of that. So, we are going to tighten rem around replacements, churn and all those things. So that's part and parcel of the management actions that we are already implementing. Thank you.

LM Yes. Maybe before moving over, Nico, if you may just add, I think the key question there is whether persistency is a structural issue or is it a cyclical issue, before we move on to Kerrin. Thank you.

NV Yes, thanks. I think the most important thing to start with on persistency is just to say there might be an assumption that a big piece of the noise is MFC risk. But in reality, a material part of the overall change is on savings business. And that's across segments.

00:46:22

So, we had persistency strengthening in Corporate segment, starting to recognise some of the Corporate actions, retrenchment exercises and the likes, not a big piece of the overall answer, but a negative. Similarly, a little bit of strengthening of persistency in OMAR, PF's savings book, getting a strengthening of persistency assumptions. So, the VFA books that were spoken about, where the CSM took a material hit, that is a piece of the persistency story.

And that's not that surprising, I think, if you realise that this hasn't been a key focus as much as the risk book has been over the last couple of years. We started seeing this gradual worsening in the savings books. And this year, we realised it's now beyond random fluctuation territory, and we have to recognise some of it.

And then, yes, there was a material change on the MFC risk book, but that's not a



new story. That's a continuation of the story we told last year, where just the delay in the economic recovery means a slightly higher overall reserve needed, which was also fixed last year.

So, in terms of total basis change costs, about 60% MFC and about 40% shared between Corporate, PF, OMAR. But that 60% of MFC is still a mix of risk and savings. So that's a useful thing to add.

And then just on the VNB piece of the question that might be worth just adding on, you will have seen on VNB margins that the overall MFC risk margin actually improved. And that is because despite the persistency, there were enough other positive levers that supported it, including other offsetting basis changes coming through, the methodology changes that helped the overall answers reflect correctly the value that that business was adding. And actually, from a VNB point of view, the changes on the savings products across the business had more of a dampening effect on VNB margin than the risk had.

00:48:39

LM Yes. Thank you, Nico, for walking us through those numbers. Those who may not be familiar, Nico is our Head of Group Actuarial. I would like to now hand over to Kerrin to cover the last question. Thank you.

KL Thanks, Langa. So, Warwick, I'm afraid to admit we did have a little bit of a gremlin, which we only picked up this morning. It is fixed in the online version of the results. I think you probably downloaded it before we'd corrected it. So those 2019 numbers, the Life APE is 3,682, and the total is 7,304. So we are, in fact, higher than we were in 2019.

That said, we've shifted to showing you both the life and the non-covered retail sales, because structurally, we have changed how we sell in several areas. So, as an example, in the wealth business, once we'd done a lot of platform migrations and consolidated product wrappers, we actually shifted from a portion of our retirement regular savings being life-wrapped to everything being in pension fund.

So, we do have a changing mix between covered and uncovered. Hence us showing you total retail so that you actually get a proper sense of how we're doing in the retail market in terms of retail market share. Thanks.

LM Thank you, Kerrin. I would like to go back to the Operator for the second question.

00:50:12

OP The next question we have comes from Francois du Toit of Anchor Stockbrokers. Please go ahead.

FD Hi guys. So, two questions from me. Many of the questions have already been asked. The mortality experience variances that impacted earnings positively to the tune of R960 million, how much of that came from Group life and Group disability? If you can give me just the split of where those variances came from.

And then another question on your P&C margin. So, your underwriting margin kept expanding. I think it's at 6.2% after being 5.9% at the half year, obviously very



strongly up on last year. Maybe, can you give a sense of short-term and longer-term development of that margin you expect? Your target's 4% to 6%. You're now exceeding that target band. Do you think you're going to change your P&C target long-term, or do you think cyclically this is the peak of the underwriting cycle for short-term insurance?

LM Thank you, Francois, for those questions. I will start with Charles on the P&C. Then I'll ask Nico to just give you colour on the variances. Casper, I will ask you to please comment on whether we'll change the target or not with respect to our P&C target. Thank you.

CH Yes, thanks, Mr du Toit, for the question on P&C margins. So, we are not of a mind to go and change our target range just yet. Yes, 2024 was a very strong year, but it wasn't... Let me put it this way, it may appear to be an overnight sensation, but it's like a three- to four-year overnight sensation, the results that we've generated.

00:52:11

So, I'd liken it to a game of golf. To get better at golf, they say, set yourself up correctly, keep your head down, focus on the ball and follow through. And I think 2024 was a combination of all of those things, trying to make sure that we kept our eye on the ball, that bundle of client needs, how to meet them sustainably and make sure that we follow through on our various management actions.

So, what I think is, we'll continue to be within the target range. Will we exceed it in 2025? For us to exceed it, I think we have to have another year in which we have fairly benign weather conditions, for example. And in 2024, there were fairly benign weather conditions. 2025 hasn't started well. We've seen the fires in California. And although those don't affect us directly, it tells you what the moves will be in the reinsurance market, costs will go up, and there's early signs of flooding in KZN.

So, we'll see. I think we'll always... This is a fundamentally different business. I don't see any world in which we drop below the bottom of our target range, and I'm really sticking my neck out now. I would say we'd be at the upper end of the target range, perhaps not at the 6.2% level, but we would want to be 5% to 6%, even in a year in which we face challenges in the business. So, the business is fundamentally different. It's set up differently, and it's set up for success. So that's my response. Thank you.

LM Thank you, Charles. Over to you, Nico.

00:53:48

NV Yes, Francois, we haven't been publishing variances by segment yet, as I'm sure you know, but I'm happy to give some colour, just because I get this is quite a useful one to understand, because those gap profits we've seen reducing over time, as the market keeps adjusting to losing loadings that came in during the COVID years out of prices.

And that's still continuing. So, for the year we were talking about, we were still talking about a start of the year reducing as you get ever further in the year. We ended with a full year still north of R0.5 billion, but that's not the run rate that would



keep going.

So, it's useful to realise the other segments contributing positively were most of the other segments selling life business. So, there were positive contributions from MFC, from OMAR. And in the first six months, we had a lot of that random fluctuation, negatives in PF, but the second six months was actually a positive there. So, it's useful just having that context with the big... So, it's not just a gap story.

LM Thank you very much, Nico. Casper, I'm not sure if you'd like to add anything on the target, but Charles had covered commentary there.

CT No, nothing to add. Thanks, Langa.

LM Thank you very much. May we take our next set of questions, please? Just a reminder, two questions per person. Thank you.

00:55:21

OP The next question we have comes from Kudzanai Gerede from Financial Gazette. Please go ahead.

KG Good morning. My question's just narrowed down to where I am in Zimbabwe here. I just wanted to ask, what's the impact of the new currency on your business, and what is your assessment in terms of the outlook? Do you still have confidence in the market? Probably my second question will be on the suspension of Old Mutual. What has been the impact of this, of the suspension of Old Mutual on ZSE, and what are you doing in terms of trying to revoke the suspension? Thank you.

LM Thank you very much. You were not as clear, but I think impact of the currency on our business with respect to our operations in Zimbabwe, and what are we doing with respect to our suspension at the Zimbabwe Stock Exchange. I will ask Casper to cover those two. Thank you. Over to you, Casper.

CT So I'm going to hand the second part of the question to Clement. During the year under review, increasingly the Zimbabwe economy became more dollarized, and we actually changed our functional currency in Zimbabwe to US dollars. So, for the first half of the year, we saw substantial profits through the income statement, but that was negated by a negative foreign currency translation reserve going through the balance sheet.

00:57:00

In the second half, we saw a much more muted result, given that we no longer account for Zimbabwe on a hyperinflationary basis, and that comes through our results, accounting Zimbabwe in a US dollar functional currency. So going forward, one should expect perhaps lower profits and less volatility coming out of our Zimbabwe operation in our income statement. I'll ask Clement to just add to the... Is he not here? Okay, sorry.

LM I'm comfortable...

CT Yes, I'm happy to...



LM Yes, comfortable to maybe ask Iain, not to throw you under the bus, Iain, but to please cover the second part of the question. Thank you.

IW Yes, with regard to the trading on the Harare Stock Exchange, the share remains suspended. We have been engaging with both the stock exchange as well as the finance ministry, as well as the broader political players in Zimbabwe around a potential resumption. A number of proposals have gone backwards and forwards, but we have yet to resolve the situation.

I think the Zimbabwean government remains sensitive about the implied exchange rate that is derived by people looking at the price of the Old Mutual share on the Harare Stock Exchange and comparing it to the prices in London and in Johannesburg. That's the crux of the issue. As I say, we haven't yet resolved it. We're continuing to engage. We hope to find a solution in due course.

LM Thank you very much, Iain. On my side, we don't have any further questions. I am comfortable to conclude the Q&A session here. Thank you very much, Iain and Casper, for joining me. Once again, on behalf of the board and the management team, I would like to thank all of you for joining us today. Have a good day further. Thank you. Bye.

00:59:05