

OLDMUTUAL

# 2023 INTERIM RESULTS

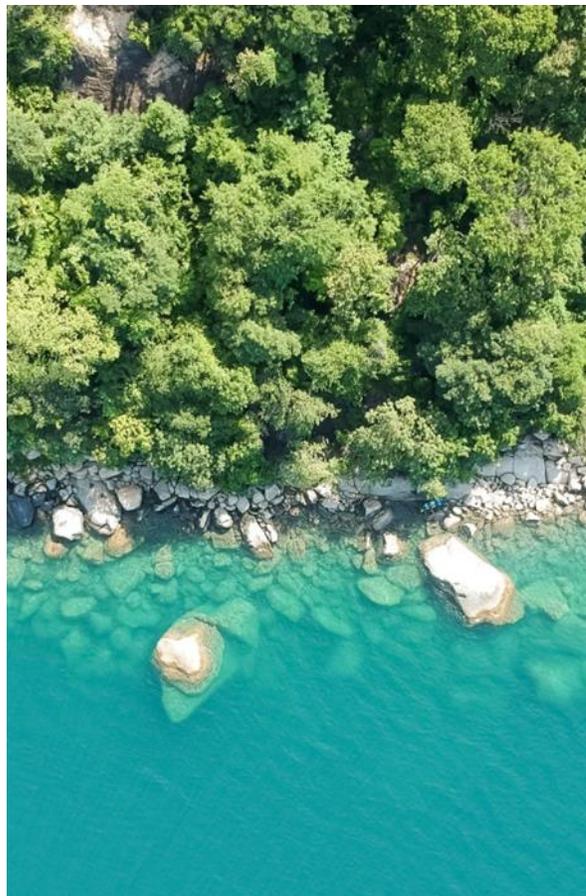


DO GREAT THINGS EVERY DAY





# AGENDA



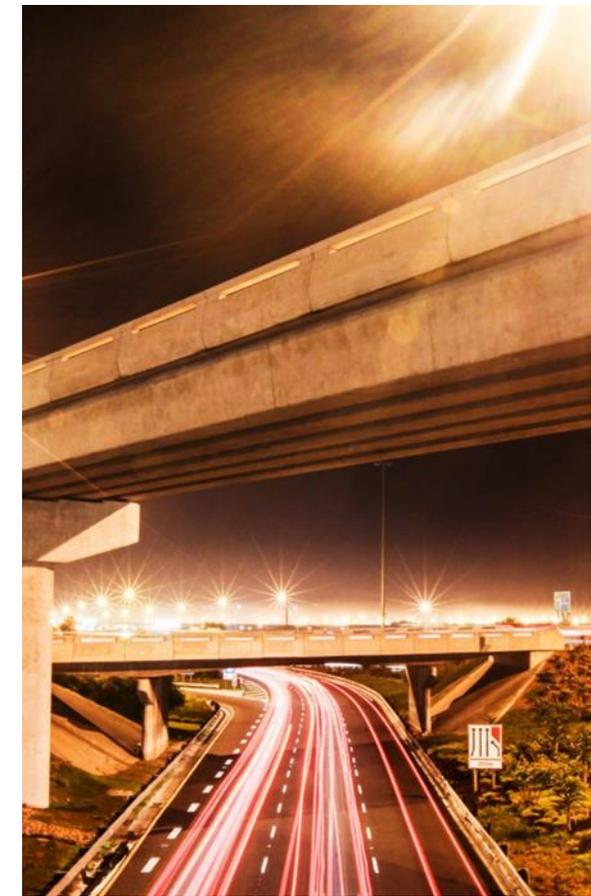
**Strategic review**  
**Iain Williamson**  
Group CEO



**Financial review**  
**Casper Troskie**  
Group CFO



**Looking ahead**  
**Iain Williamson**  
Group CEO



**Q&A**  
**OML Executive Committee**



# STRATEGIC REVIEW

**2023**  
interim  
results



# FINANCIAL HIGHLIGHTS AT 30 JUNE 2023

Core business delivering sustained sales momentum



1%

Life APE sales

**R6.2 billion**

Excluding China, the increase was 14%



16%

Gross written premiums

**R12.6 billion**



40bps

Value of new business margin

**2.6%**

VNB increased by 32% to R937m



6%

Funds under management

**R1.3 trillion**



3%

Results from operations

**R4.4 billion**



180bps

Group return on net asset value

**11.9%**

Core RONAV up 230bps to 13.1%



Within range

Group Solvency Ratio

**186%**



28%<sup>1</sup>

Interim dividend per share

**32 cents**

1. Revised interims dividend policy targets dividend cover of 1.5X to 2.0X for interim and final dividend



# OUR STRATEGIC FRAMEWORK



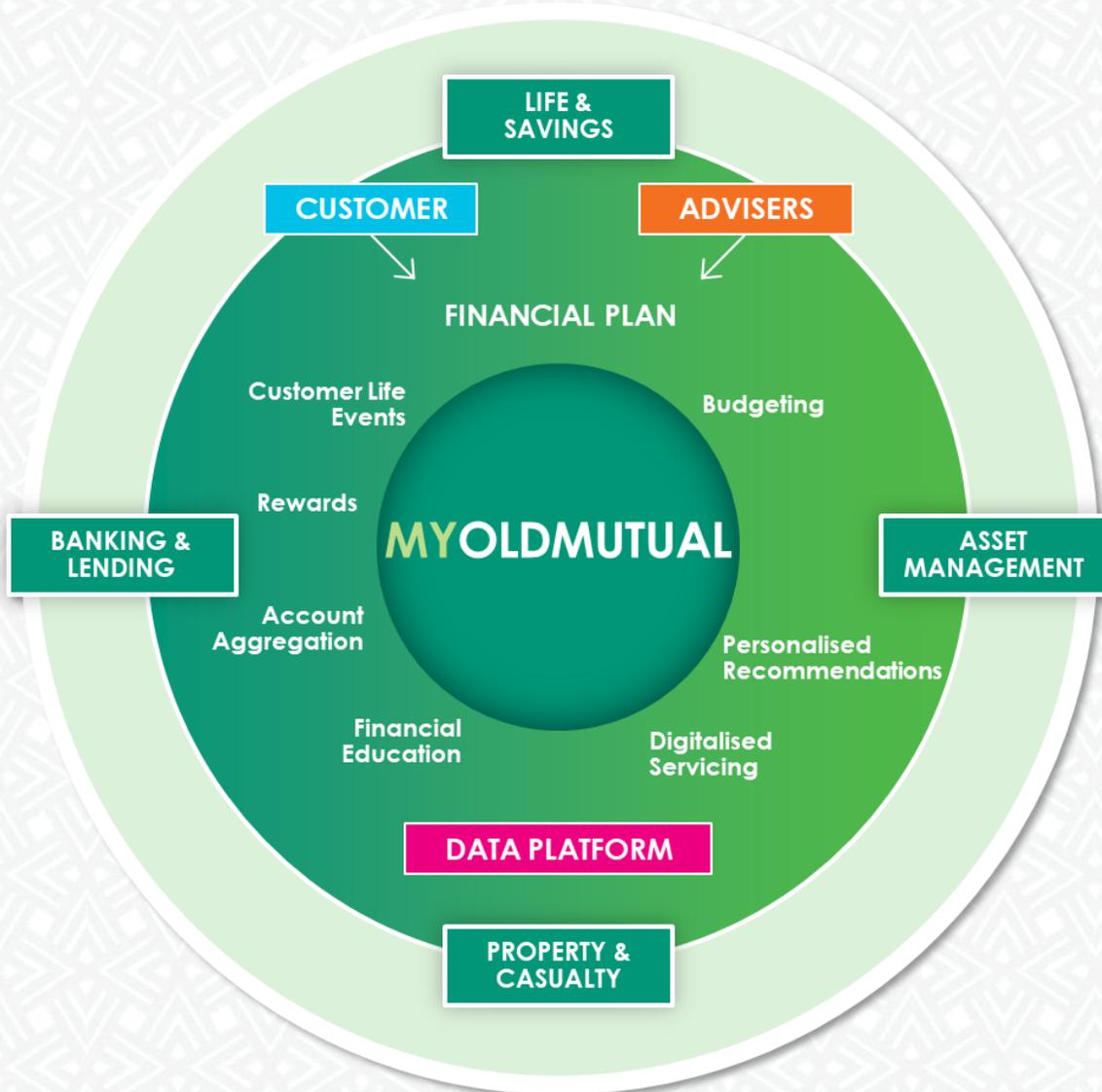
**Integrated financial services**



Growing and protecting the core  
Unlocking new growth engines

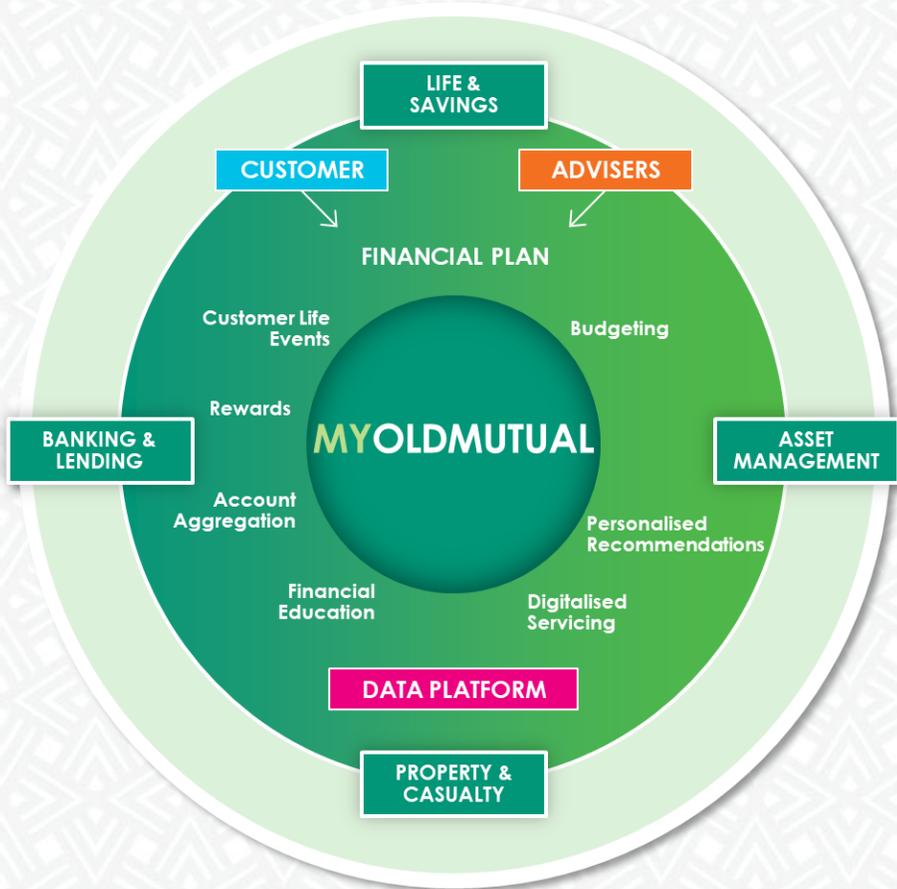


# THE HALLMARKS OF AN INTEGRATED FINANCIAL SERVICES BUSINESS





# THROUGH OUR FIVE STRATEGIC FOCUS AREAS



Integrated financial services

## Growing and protecting the core



Holistic coverage of customer needs



Distribution and digital engagement



Operational efficiencies

## Unlocking new growth engines



Strategic growth markets



Strategic growth businesses



# GROW AND PROTECT THE CORE

Progress against building our integrated financial services business

## Holistic coverage of customer needs



completed



next up



Launched  
**Old Mutual  
Protect**



Launch our  
**Savings & Income  
proposition**



Enhanced  
**Old Mutual  
Rewards**



Further integrate  
**Old Mutual Rewards**  
across our solution set



Launched  
**Old Mutual  
Health Solutions**



Launch of  
**home loan  
ecosystem**

## Distribution & digital engagement



completed



next up



**Acquisitions & strategic  
relationships** to grow our  
face-to-face reach



**O'Mari fintech  
launch**



**Needs-based goals &  
financial wellness platform**



**Digital Adviser  
Enablement**

## Operational efficiencies



completed



next up



**Modernised SA  
retail platform**



**Decommission SA heritage  
retail admin platforms, incl.  
Greenlight migration**



**100%**  
of SA life estate  
migrated to cloud



Migrate  
**Old Mutual Insure &  
Africa regions** to cloud



**Streamlined  
digital assets**  
across the group



Modernise  
**Old Mutual Insure**  
IT estate



# UNLOCKING NEW GROWTH ENGINES

Investing in tomorrow's success

## Strategic growth markets

Prioritising presence in key markets



### ► East Africa & West Africa –

Corporate Life APE sales account for 70% in Kenya (H1 2022: 65%) and 48% in Uganda (H1 2022: 46%)

- **China** – Responding to regulatory pricing adjustment with new products

## Strategic growth businesses

Delivering on building a bank



- Section 13 approval to apply for license **obtained**
- Section 16 application for registration of bank **lodged**
- Delivery **on track** within budget (R1.2 billion / R1.75 billion)

## Strategic growth businesses

Building adjacent businesses

# NEXT 176





# LEADING SUSTAINABILITY INITIATIVES

Driving beneficial impact for all our stakeholders



## LEADING IN IMPACT



Asset owner of the year



#1 insurance brand & 8<sup>th</sup> strongest brand



Coolest insurance brand

## LEADING IN TRANSFORMATION



OLDMUTUAL INVESTMENT GROUP

## LEADING IN ASSET STEWARDSHIP & RESPONSIBLE INVESTMENTS

**659 840**

resolutions voted on,  
positive  
ESG outcomes

**R167 billion**

of our FUM in  
Green Economy

**AA rating**

by MSCI for  
Old Mutual  
ESG Equity Fund

## LEADING EMPLOYEE PROPOSITION

**42%**

senior management  
employee positions  
held by females

**55%**

senior management  
employees  
are black

Responsibly building the most valuable business in our industry



# OPERATING ENVIRONMENT

**2023**  
interim  
results



# MACRO ENVIRONMENT IN OUR MARKETS REMAINS CHALLENGING

Customers continue experiencing tough conditions, worsened by load shedding

## Headline CPI moderating in our markets

(%, year-on-year)

■ Kenya    — Namibia    — South Africa  
— China    — Uganda

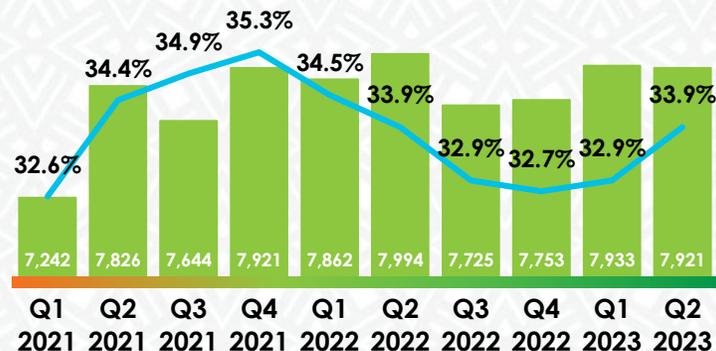


Dec 21   Mar 22   Jun 22   Sep 22   Dec 22   Mar 23   Jun 23

## Unemployment still elevated in South Africa

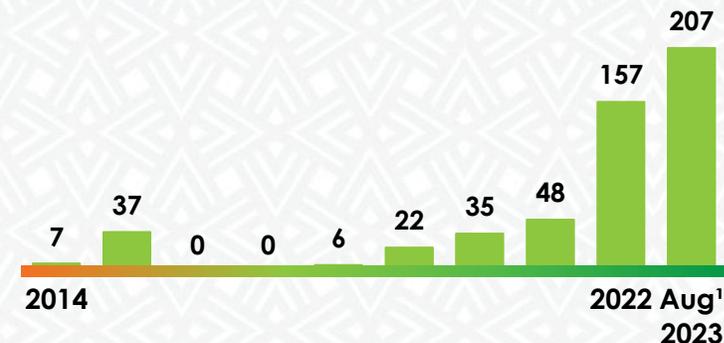
('000)

■ Unemployed ('000)    — Unemployment rate (%)



## Load shedding in South Africa<sup>1</sup>

(Days)



### Inflation peaked but marginally reducing

- Disposable income growth not matching general price increases
- Property and Casualty experienced higher claims across all markets
- Persistency challenges intensified in lower-income customer segment

### South African high unemployment persisting

- Elevated unemployment and muted economic growth not supportive
- Increased dependence on government social grants system

### Energy crisis continues to impact business

- South African Reserve Bank estimating 280 days of load shedding in 2023 in South Africa (2024: 150 days, 2025: 100 days)
- Government intervention success muted



# GLOBAL FACTORS IMPACTING MARKET LEVELS



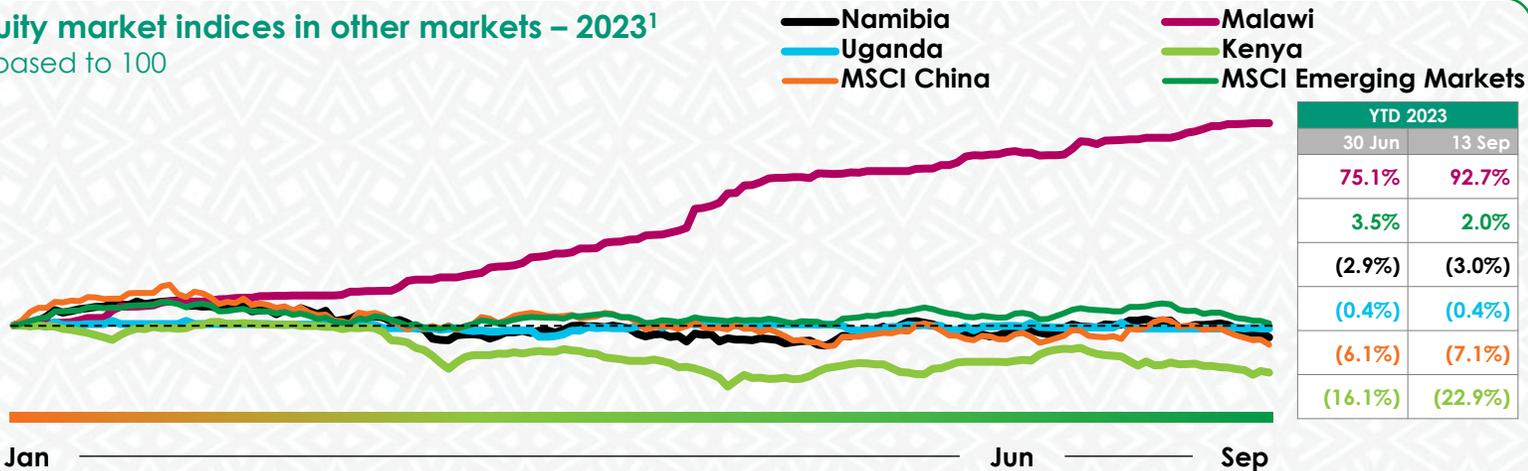
FTSE/JSE Capped SWIX Top 40<sup>1</sup>



- Markets at higher average levels compared to prior period in South Africa as equity markets showed a recovery, despite periods of decent outperformance, supporting fee income
- Rising interest rates contributing to equity markets volatility in South Africa
- East Africa experiencing subdued markets with growing inflation while Southern Africa held up

Equity market indices in other markets – 2023<sup>1</sup>

Rebased to 100



1. Graphs for 2023 YTD are as at 13 September 2023



# SEGMENT REVIEWS

**2023**  
interim  
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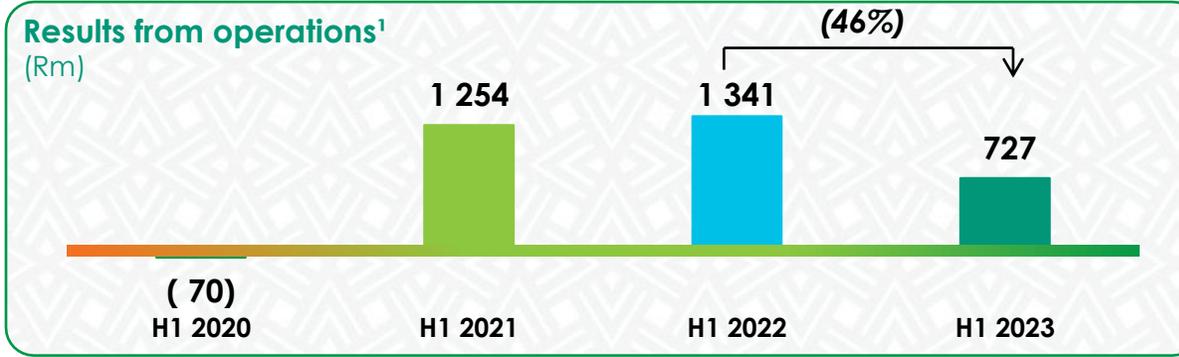
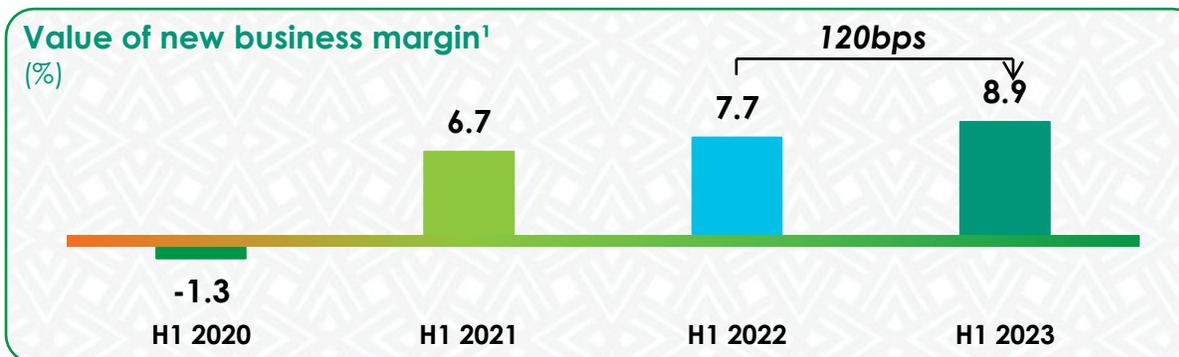
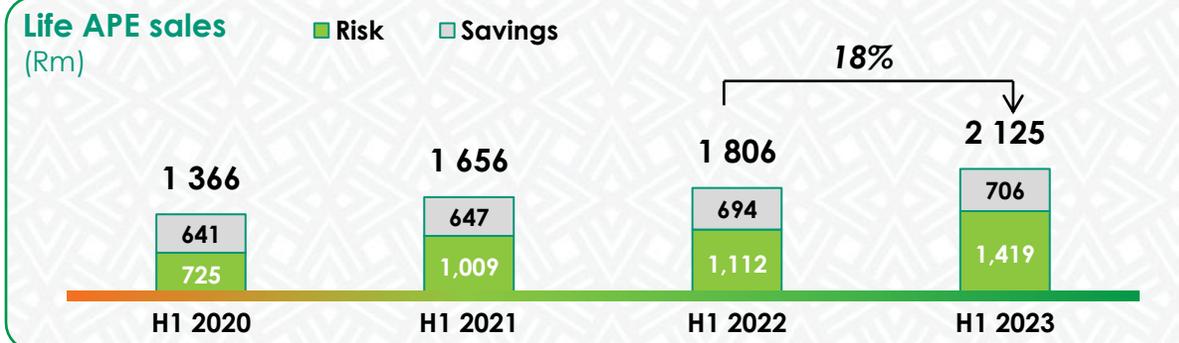
# MASS AND FOUNDATION CLUSTER

## Life insurance business continues gaining market share

- ▶ Distribution diversification strategy continues to pay off with strong value of new business growth
- ▶ Old Mutual Protect underwritten life APE sales grew by 89%
- ▶ Management actions implemented to address persistency challenges
- ▶ Two Mountains acquisition received the Competition Tribunal approval, awaiting Prudential Authority approval

## Old Mutual Finance is well positioned to weather the storm

- ▶ Maintained conservative lending approach with a 3% increase in the loan book
- ▶ Banking profits adversely affected by higher credit losses which led to credit loss ratio increase to 7% (H1 2022: 4.6%)



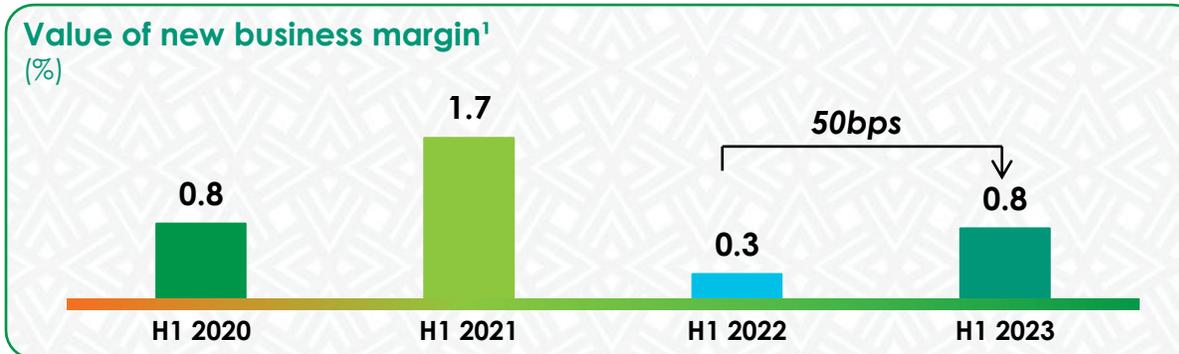
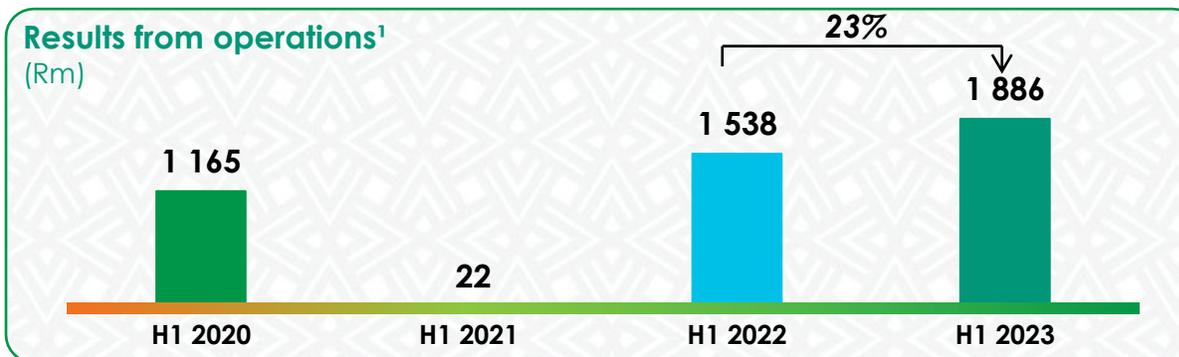
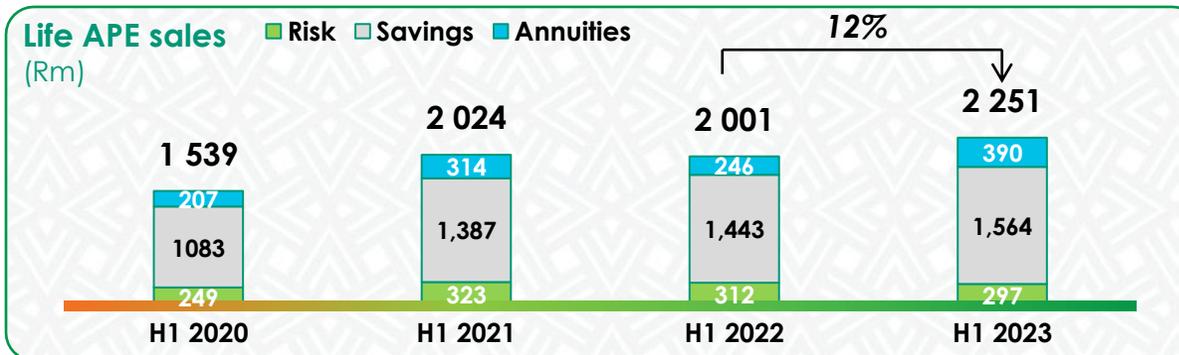
1. The 2020 and 2021 RFO and all VNB comparative amounts are presented on IFRS 4 basis



# PERSONAL FINANCE AND WEALTH MANAGEMENT

## Robust topline growth trajectory and gains of market share in challenging economic environment

- ▶ Value of new business recovering – improved sales mix and volumes
- ▶ Higher market levels and positive experience driving profitability in Personal Finance
- ▶ Wealth profitability benefitting from currency movements in offshore investments
- ▶ Negative net client cash flow as consumers withdraw savings to fund liquidity needs
- ▶ High net worth business in Wealth continues growth in client numbers and assets
- ▶ On track to implement two pot regulations and launch a compliant savings and investment proposition



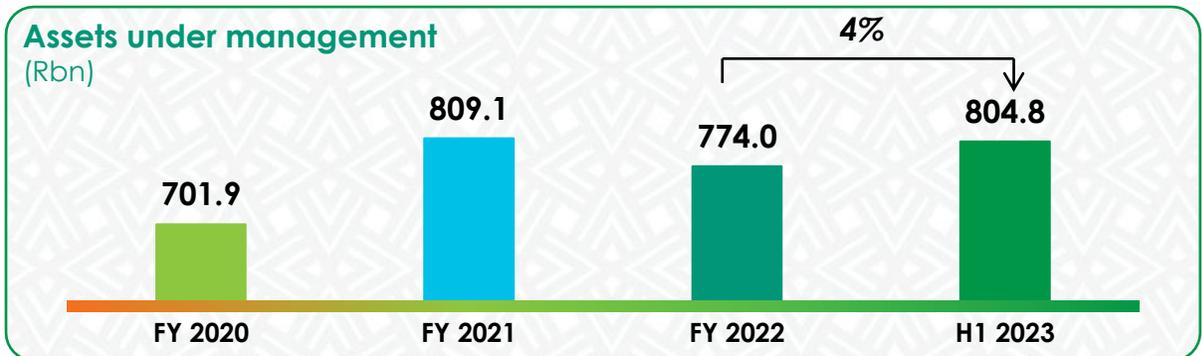
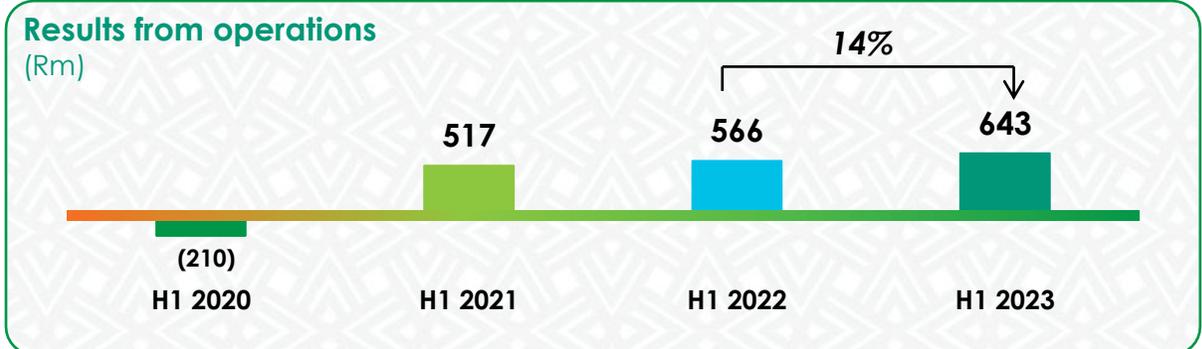
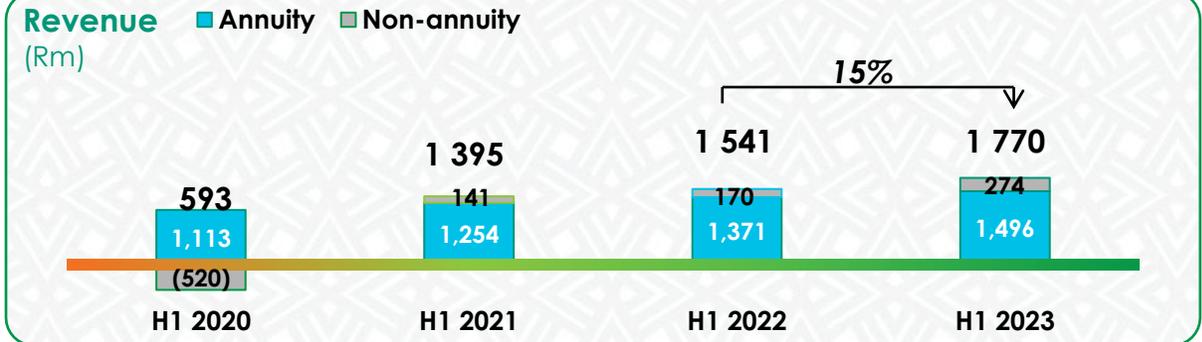
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# OLD MUTUAL INVESTMENTS

## Diversified investment capability set continues to pay off

- Strong growth in annuity and non-annuity revenue
- Gross flows are up 71% to R17.4 billion driven by money market, fixed income and alternative product flows
- Net client cash flows improved by 33% but still negative mainly due to client liquidity constraints – outflows on lower margin funds
- Alternatives business deployed R9.2 billion and raised R5.8 billion in fresh capital
- Private Markets strategy provides us with a comprehensive alternatives platform
- Futuregrowth (56%) and Old Mutual Investment Group (55%) now majority black-owned





# OLD MUTUAL CORPORATE

## Strong growth in topline metrics driving better margins

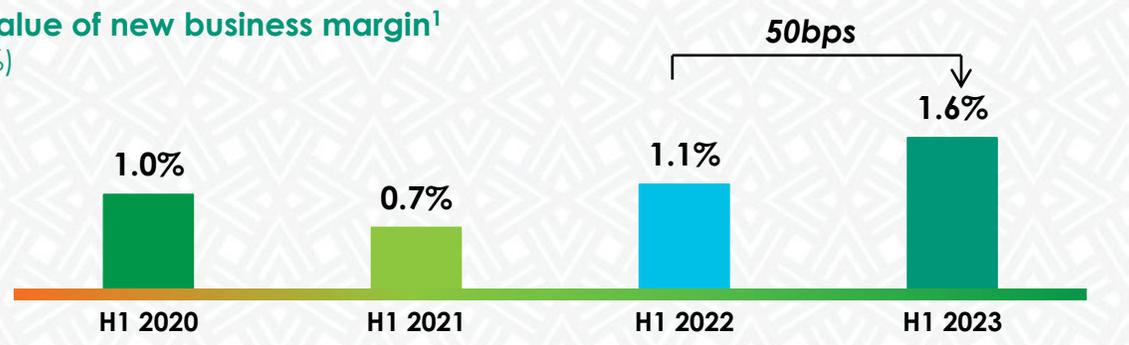
- ▶ Strong savings and satisfactory pre-retirement sales driving the 7% increase in Life APE sales
- ▶ Gross flows grew 19% driven by improved flows in Old Mutual SuperFund and good growth in recurring premium flows from Group Assurance sales
- ▶ Strong new business margin driven by a favourable product mix
- ▶ Smoothed bonus funds performing well in a tough market

## Broadening capability set to create new revenue streams

- ▶ Launched Old Mutual Health Solutions broadening employee benefits proposition
- ▶ Continued to build on Remchannel and reward opportunities
- ▶ Good traction on two pot readiness

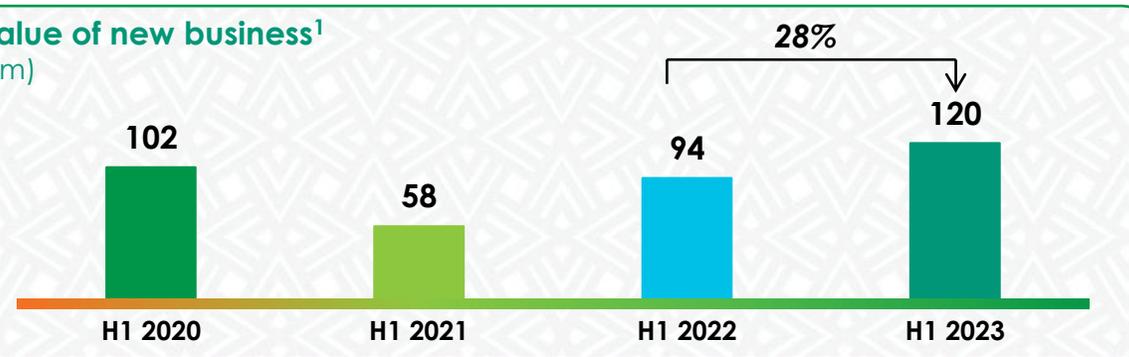
### Value of new business margin<sup>1</sup>

(%)



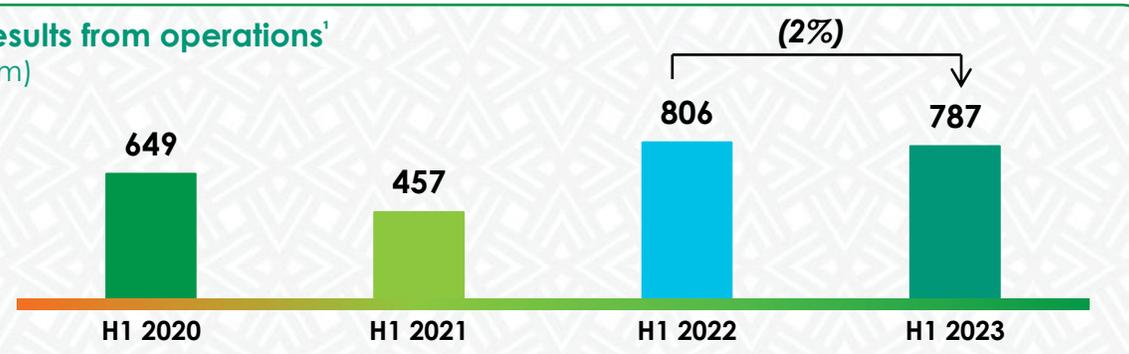
### Value of new business<sup>1</sup>

(Rm)



### Results from operations<sup>1</sup>

(Rm)



1. The 2020 and 2021 RFO and all VNB comparative amounts are presented on IFRS 4 basis



## Positive topline growth across all portfolios

- Gross written premiums up 17%, excluding Generic up 12%
- The net underwriting margin came in below the target range due to weather-related catastrophe events and by a moderating CGIC
- Continue to add new capabilities and consolidate our presence across the value chain and further expand our solutions set
- Integration of newly acquired business materially complete with Generic in our results for the first time
- Continue to embed innovation to tap into underserved markets - iWyze and Pineapple

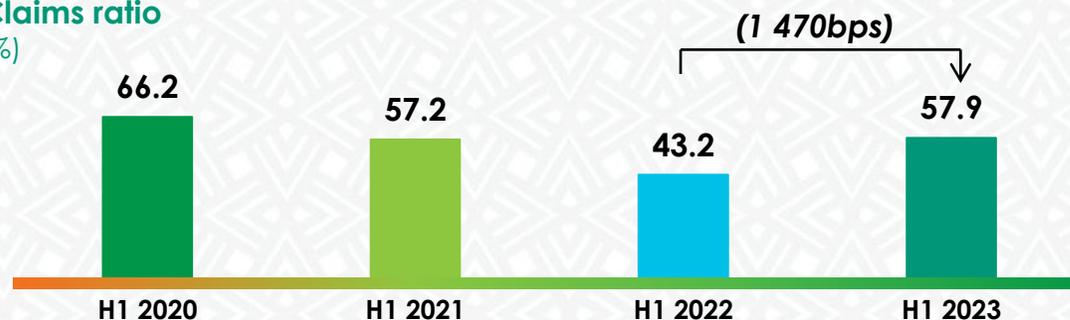
### Gross written premiums

(Rm)



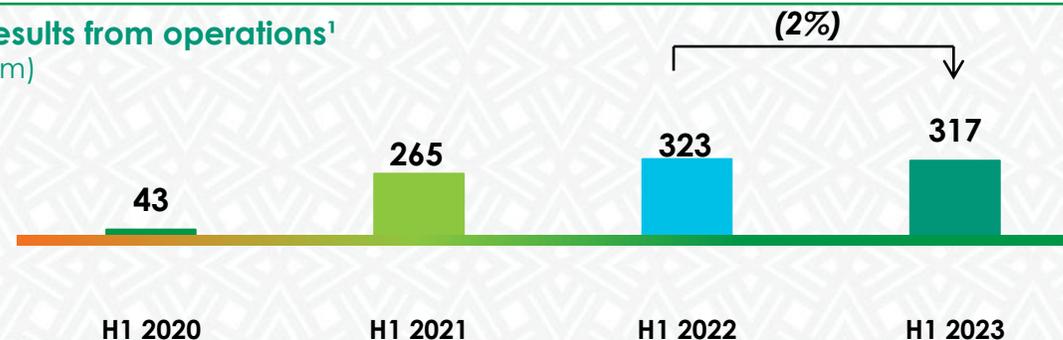
### Claims ratio

(%)



### Results from operations<sup>1</sup>

(Rm)



1. The 2020 and 2021 RFO comparative amounts are presented on IFRS 4 basis



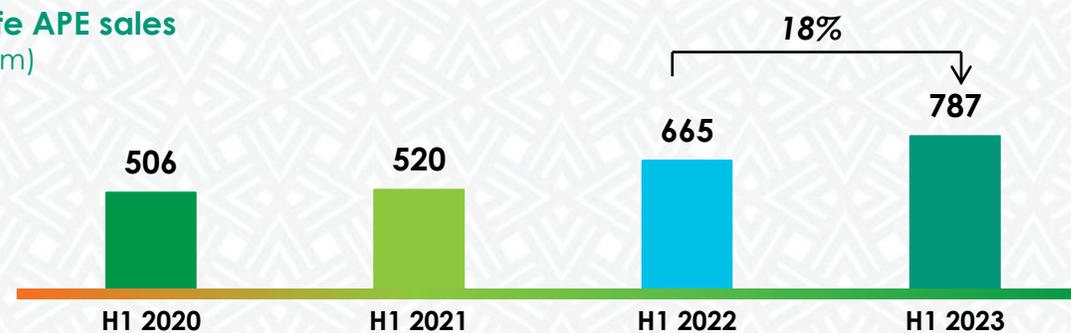
# OLD MUTUAL AFRICA REGIONS

## Resilient topline growth despite challenging macros

- Gross written premiums up 12%
- Gross flows grew 34% driven by new mandates and increased unit trust sales
- Profitable businesses now 70% of our portfolio from 56% in 2020
- Our strategic pivot to corporate continues to drive improved life profits in East and West Africa
- Recovery in Property and Casualty underwriting margin and claims ratio due to repricing, improved claims management and operational efficiencies
- Banking and lending business remains under pressure, particularly in Faulu, Kenya
- Launch of O'Mari in Zimbabwe, a fintech solution reaching 50,000 customers in just 5 weeks

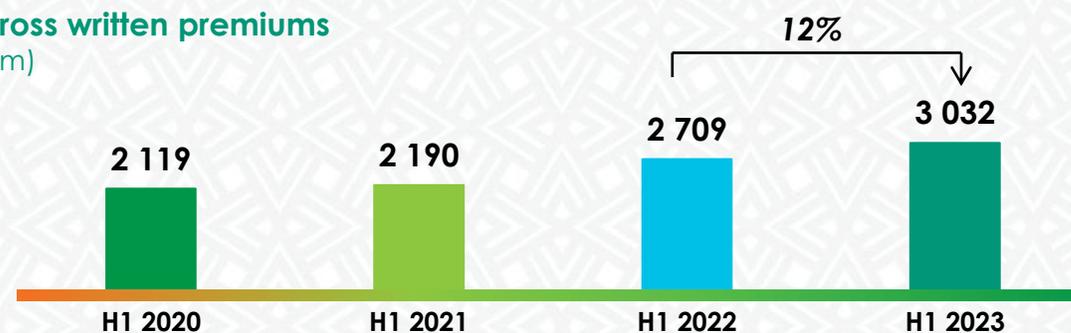
### Life APE sales

(Rm)



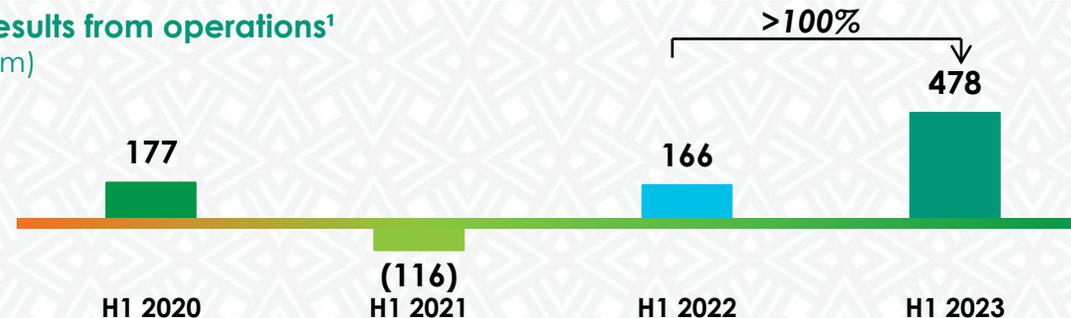
### Gross written premiums

(Rm)



### Results from operations<sup>1</sup>

(Rm)



1. The 2020 and 2021 RFO comparative amounts are presented on IFRS 4 basis



# FINANCIAL REVIEW

**2023**  
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# BRIDGING FROM IFRS 4 TO IFRS 17

Comparative 2022 restated to IFRS 17 and updated from provisional investor update

Rm	HY2022		FY 2022	
	IFRS 17	IFRS 4	IFRS 17	IFRS 4
Mass and Foundation Cluster	1 341	1 583	1 517	2 442
Personal Finance and Wealth Management	1 538	1 259	3 369	3 217
Old Mutual Investments	566	566	1 240	1 240
Old Mutual Corporate	806	727	1 449	1 978
Old Mutual Insure	323	213	678	495
Old Mutual Africa Regions	166	212	535	842
Net result from group activities	(486)	(463)	(1 478)	(1 471)
<b>Results from operations</b>	<b>4 254</b>	4 097	<b>7 310</b>	8 743
<b>Adjusted headline earnings</b>	2 579	2 691	4 850	6 371
<b>Group return on net asset value</b>	10.1%	9.6%	9.4%	11.1%



# ROBUST FINANCIAL PERFORMANCE

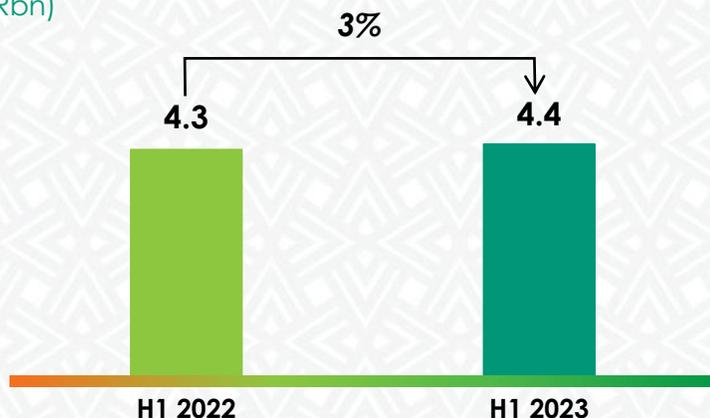
## VALUE

## EARNINGS

## CAPITAL EFFICIENCY

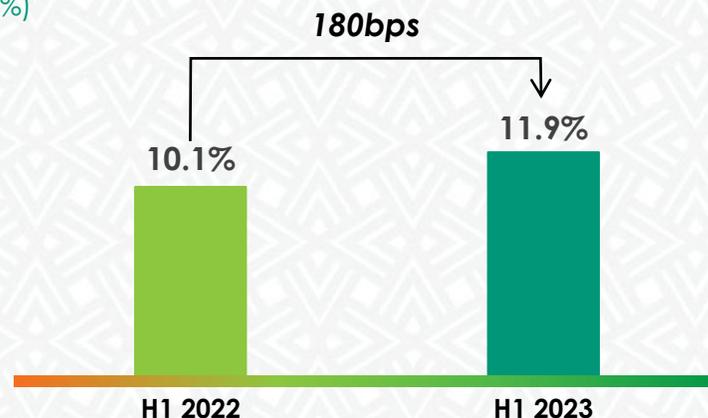
### Results from operations

(Rbn)



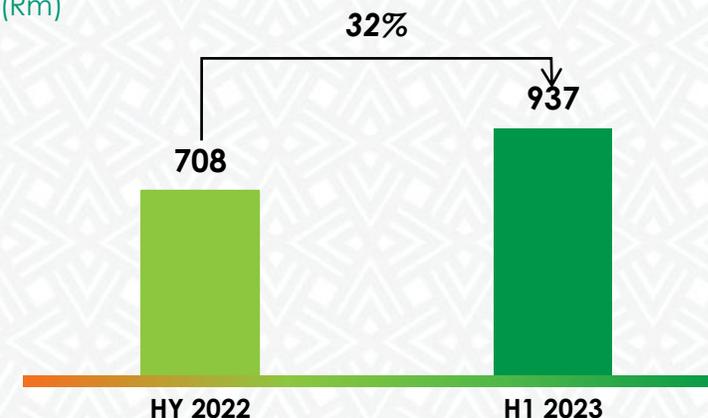
### Group return on net asset value

(%)



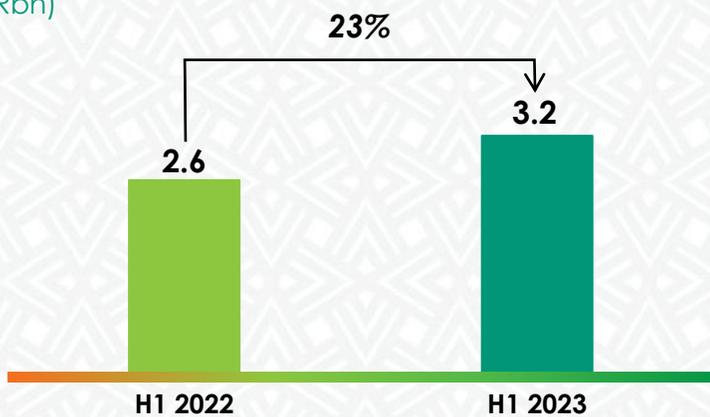
### Value of new business

(Rm)



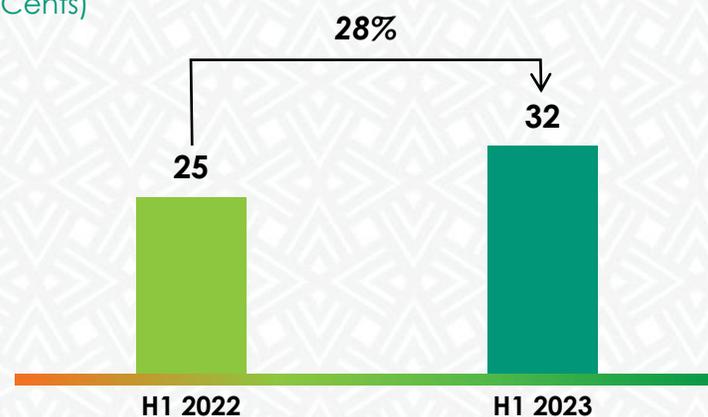
### Adjusted headline earnings

(Rbn)



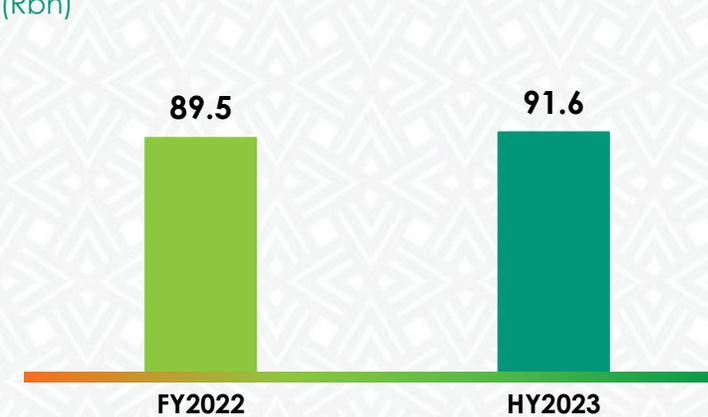
### Dividend per share<sup>1</sup>

(Cents)



### Group equity value

(Rbn)



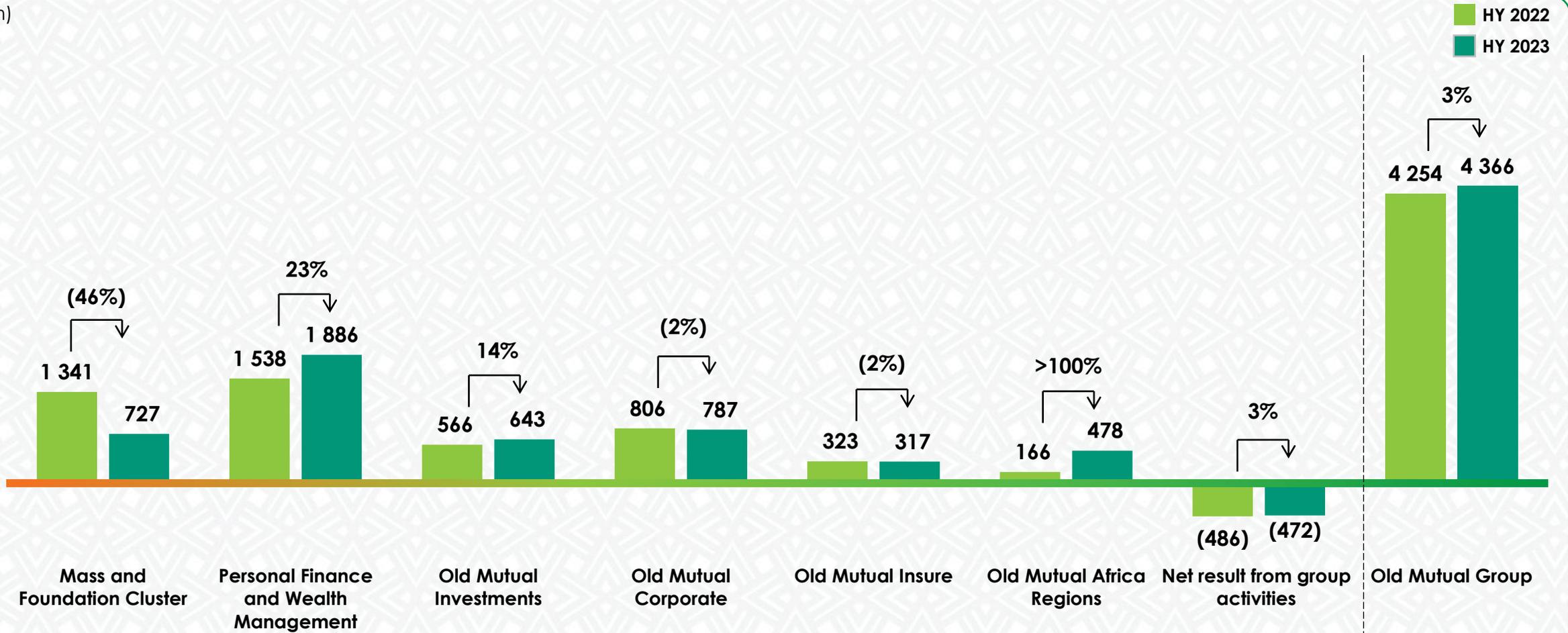
1. Revised dividend policy targets dividend cover of 1.5X to 2 X for interim and final dividend



# RESULTS FROM OPERATIONS

Strong sales growth and operational performance

(Rm)





# ADJUSTED HEADLINE EARNINGS UP 23%

Good operational growth supported by increased investment returns



Rm	H1 2023	H1 2022	change
Results from operations	4 366	4 254	3%
Shareholder investment return	1 055	205	>100%
Finance costs	(455)	(330)	(38%)
Income from associate	38	20	90%
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>5 004</b>	4 149	21%
Shareholder tax	(1 591)	(1 447)	(10%)
Non-controlling interests	(253)	(123)	(>100%)
<b>Adjusted headline earnings</b>	<b>3 160</b>	2 579	23%



# ADJUSTED HEADLINE EARNINGS TO IFRS PROFIT RECONCILIATION

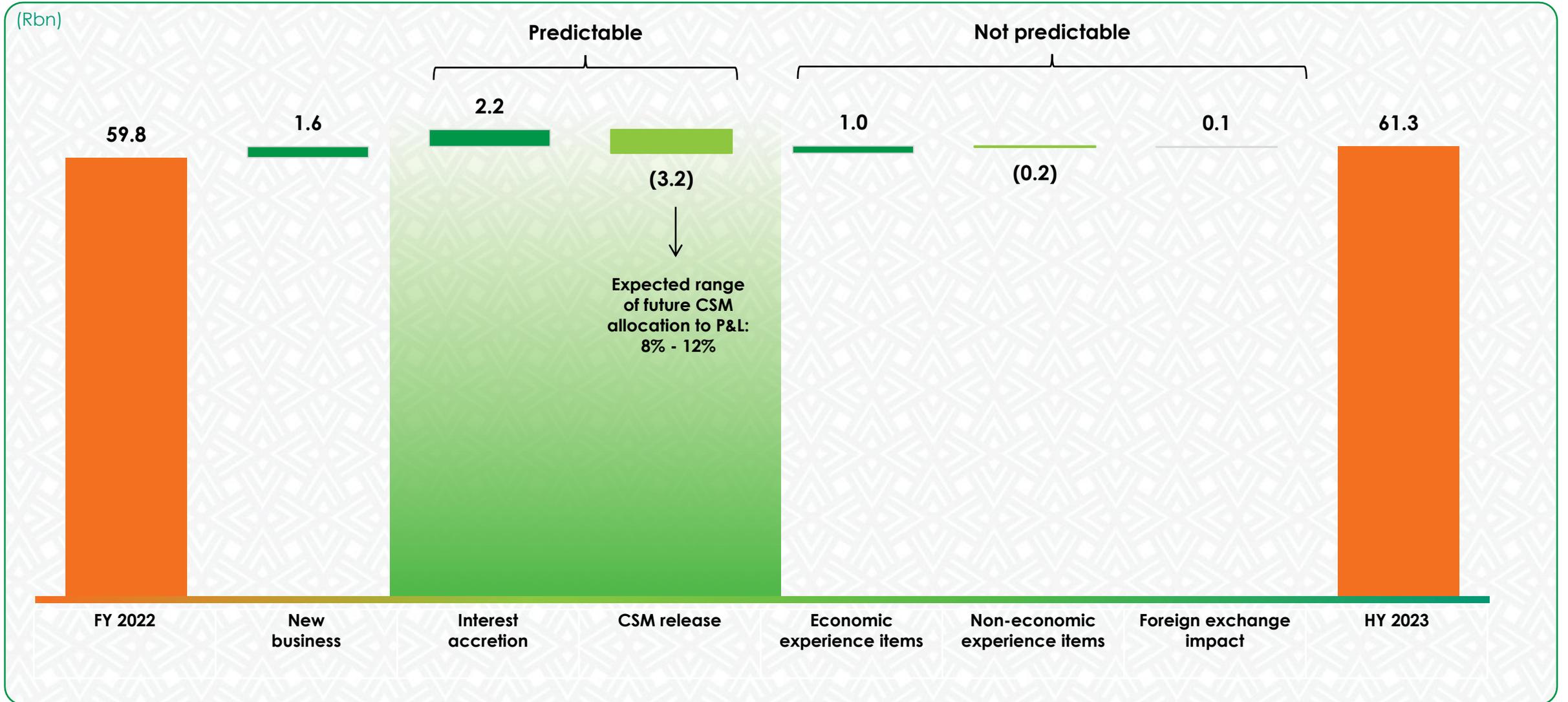
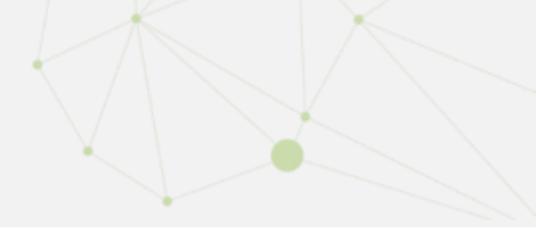
Zimbabwe remains the main driver

Rm	H1 2023	H1 2022	change
<b>Adjusted headline earnings</b>	<b>3 160</b>	2 579	23%
Accounting mismatches and hedging impacts	(823)	49	(>100%)
Impact of restructuring	(2)	31	(>100%)
Operations in hyperinflationary economies	2 029	2 023	0.3%
Residual plc	(6)	67	(>100%)
<b>Headline earnings</b>	<b>4 358</b>	4 749	(8%)
Headline earnings adjusting items	(4)	82	(>100%)
<b>IFRS profit after tax attributable to ordinary equity holders of the parent</b>	<b>4 354</b>	4 831	(10%)



# CONTRACTUAL SERVICE MARGIN

Allocation within expected range



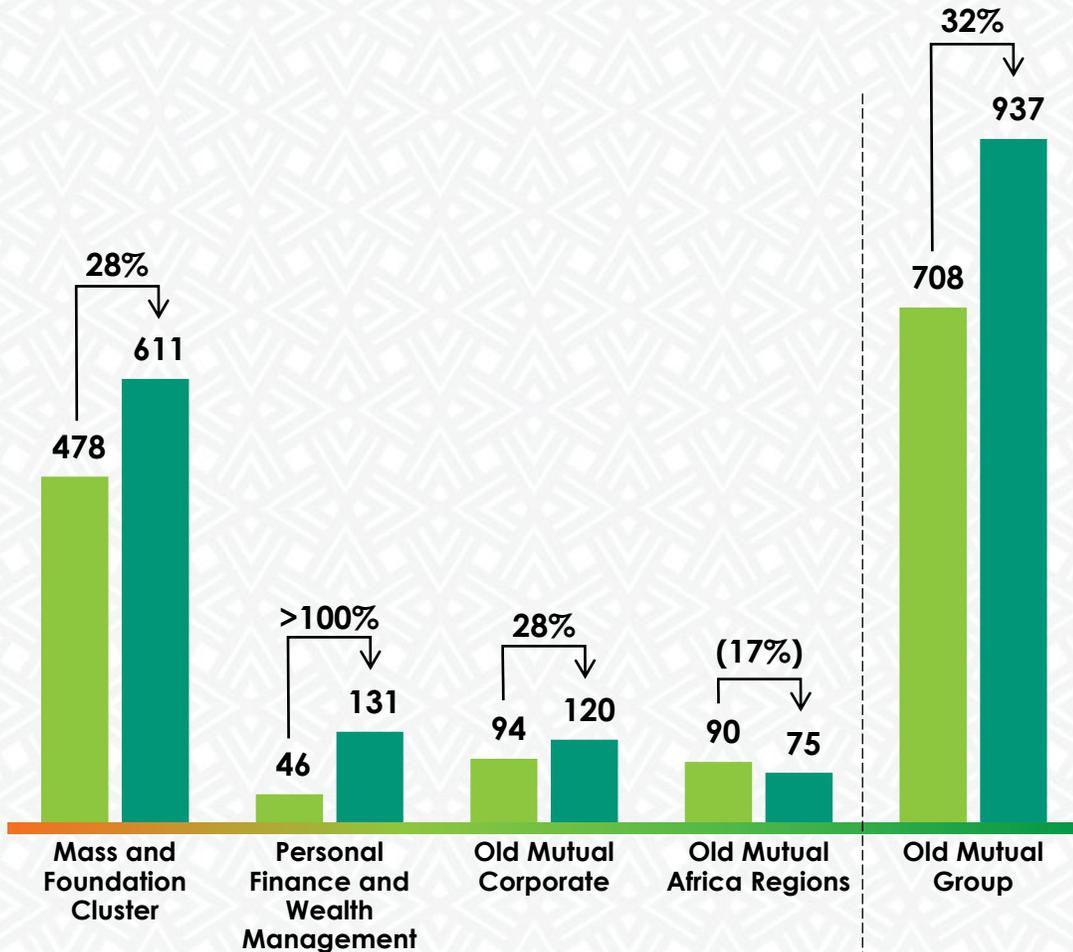


# VALUE OF NEW BUSINESS

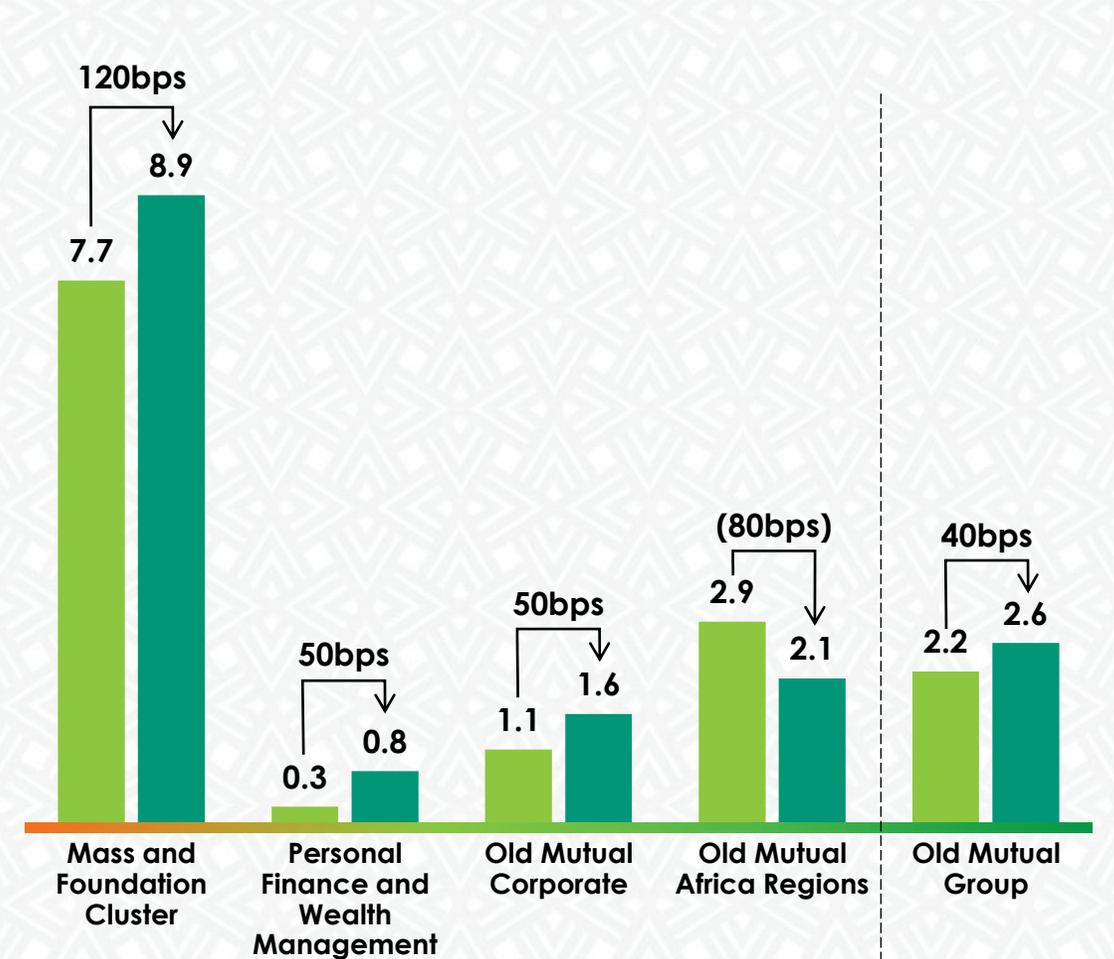
Robust result with continued progress in Personal Finance



Value of new business<sup>1</sup>  
(Rm)



Value of new business margin<sup>1</sup>  
(%)



1. Note that the HY 2022 comparatives are presented on an IFRS 4 basis which is not materially different to the IFRS 17 basis



# EMBEDDED VALUE

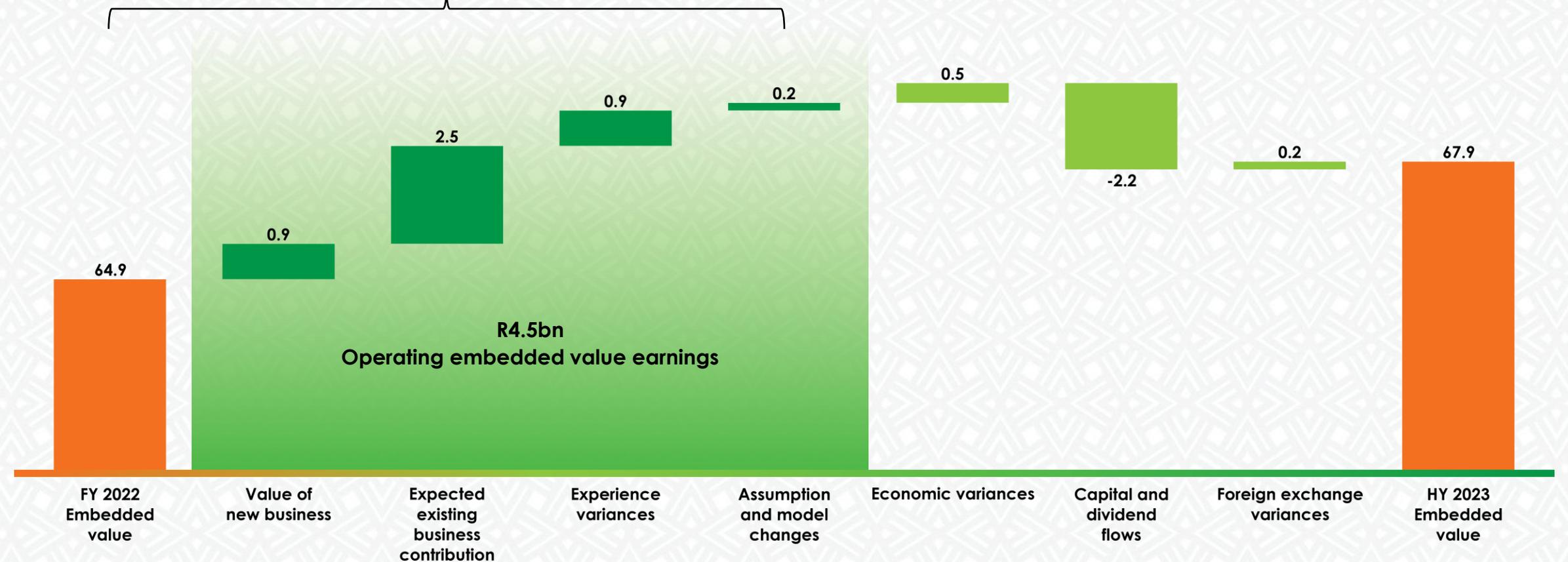
Excellent growth in embedded value



Rbn

13.9%

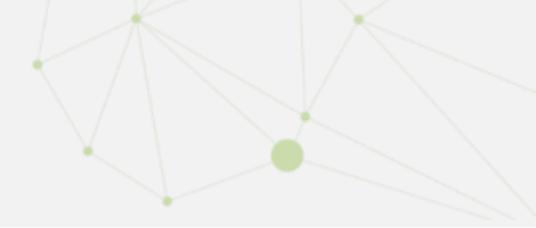
Annualised return on embedded value



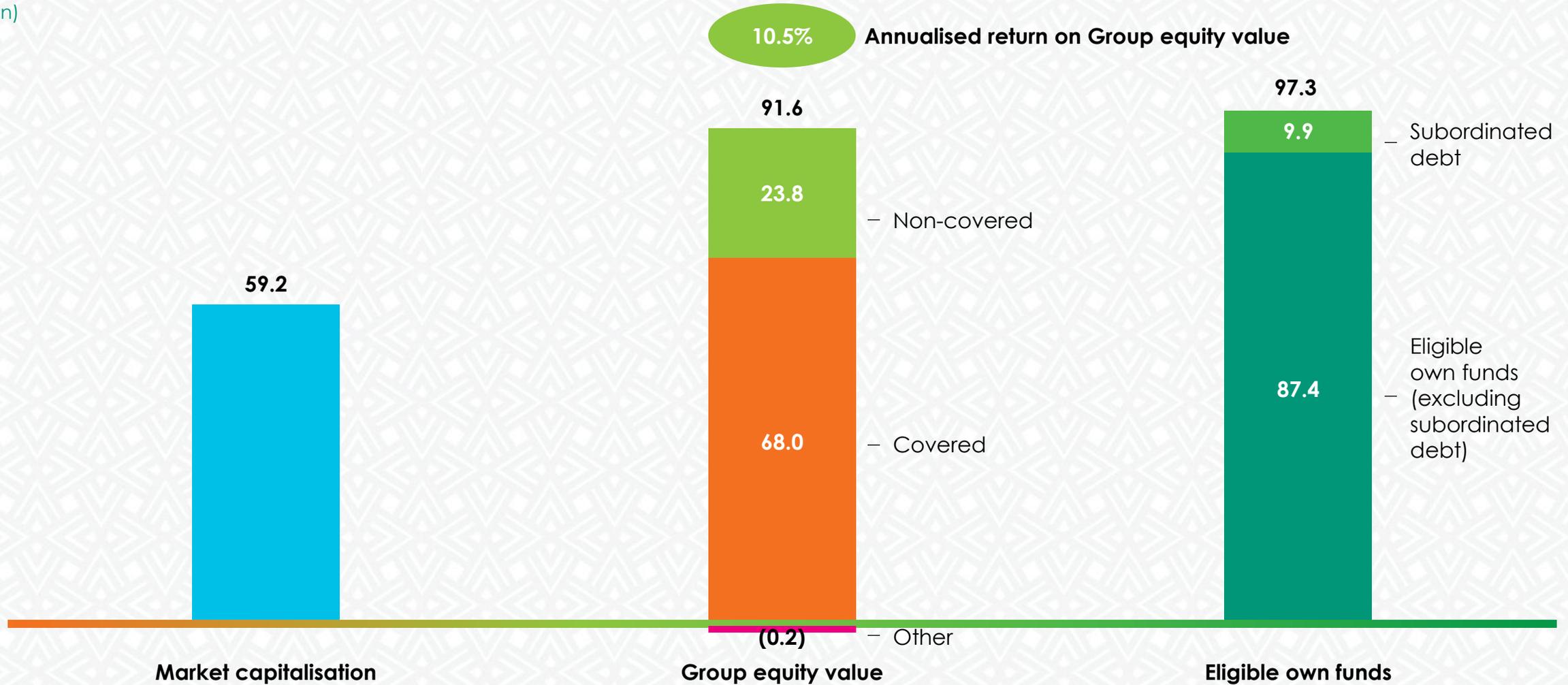


# GROUP EQUITY VALUE

Share price trading at a discount to group equity value



(Rbn)





# CAPITAL MANAGEMENT FRAMEWORK

Enhancing value for shareholders



**Balance  
sheet  
strength**

**Appropriately balanced  
for protection and potential**

Group solvency ratio

Group liquidity

Asset liability management

Shareholder investment



**Considered  
capital  
deployment**

**Free surplus  
generated**

Ordinary dividends

Discretionary capital



**Returning Capital  
Reinvesting Capital**



**Balance  
sheet  
efficiency**

**RONAV**

Group

Core

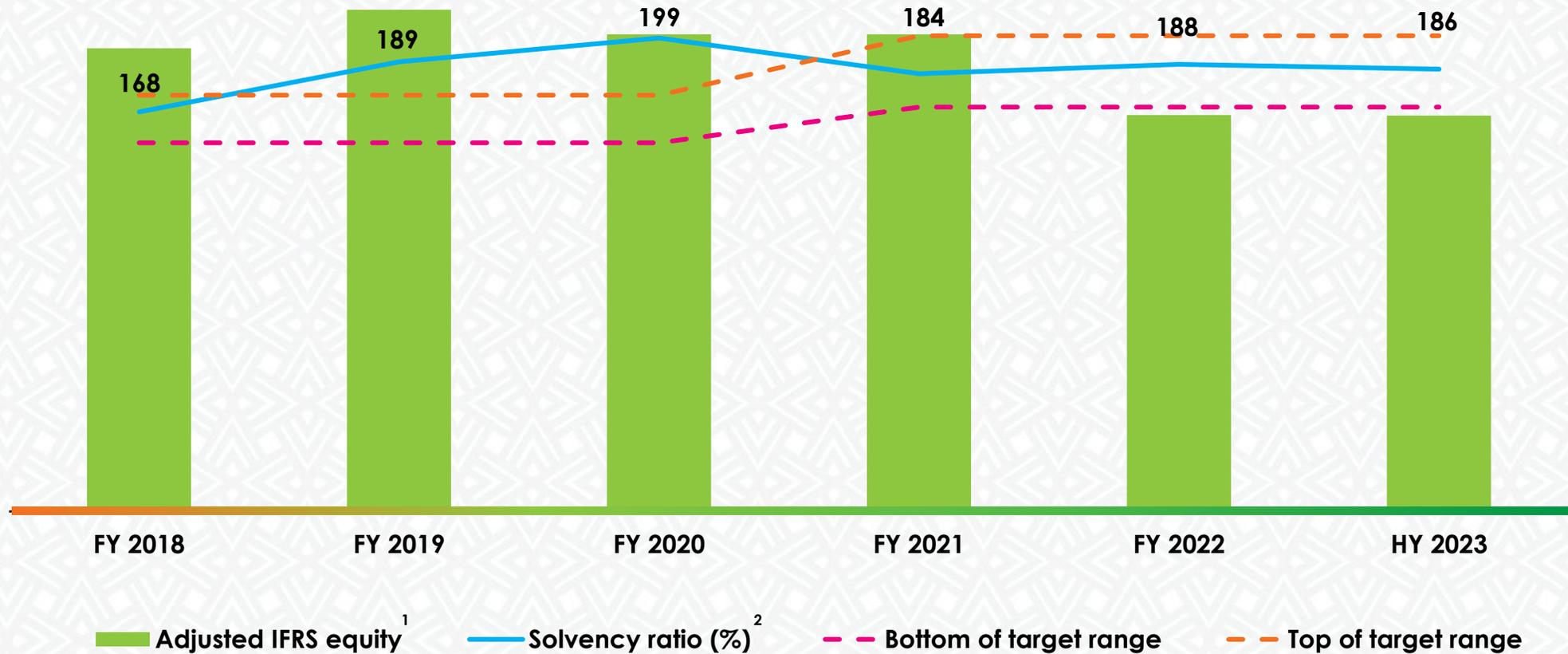


**Capital  
optimisation**



# OML GROUP SOLVENCY

Appropriately balanced for protection and potential



1. FY 2018 to FY 2022 are presented on an IFRS 4 basis  
2. IFRS 17 has no impact on our solvency ratio

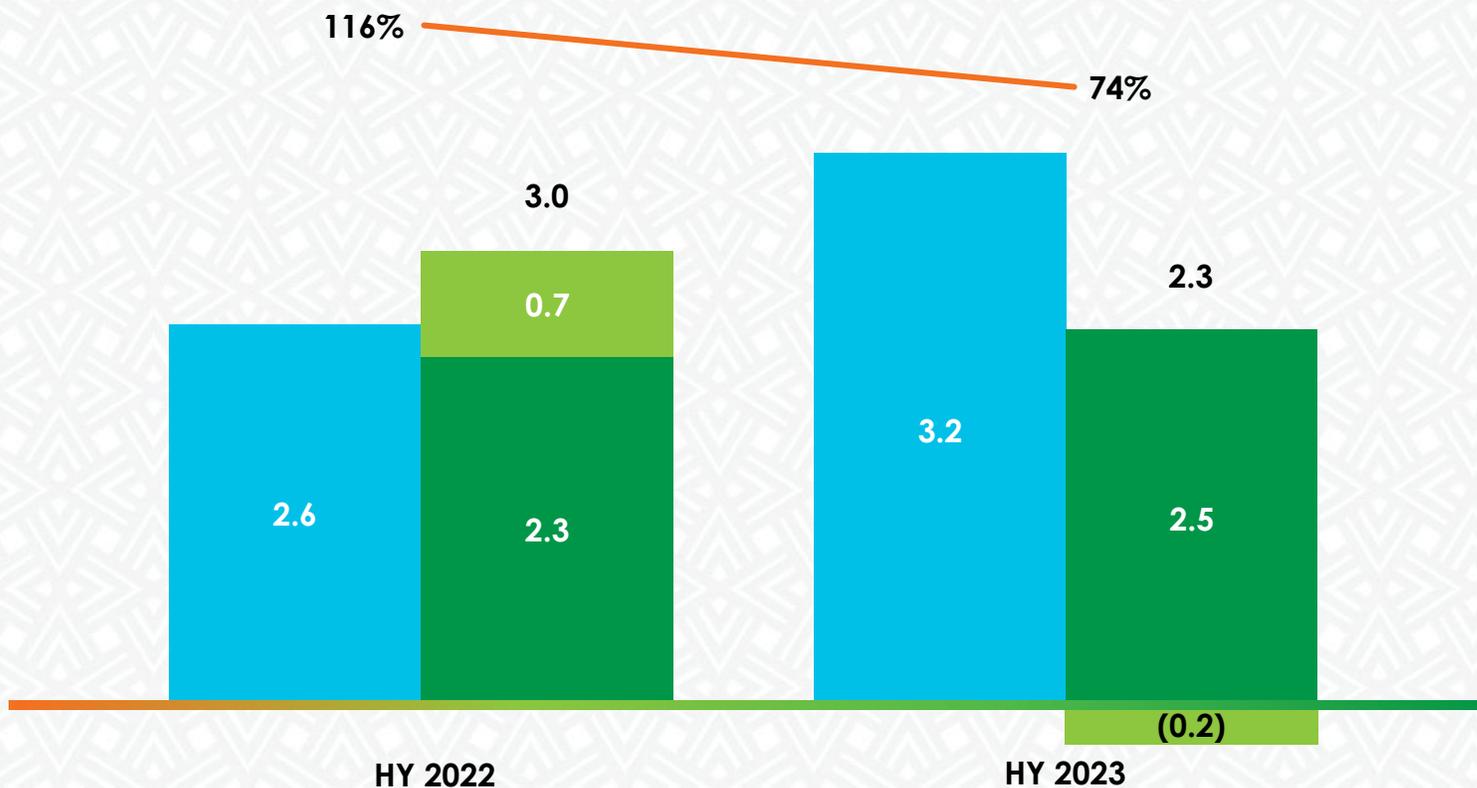


# FREE SURPLUS GENERATED

Continue to generate a high proportion of cash earnings



(Rbn)



Contribution to dividend   Contribution to discretionary capital   Free surplus generated / Adjusted Headline earnings   Adjusted headline earnings

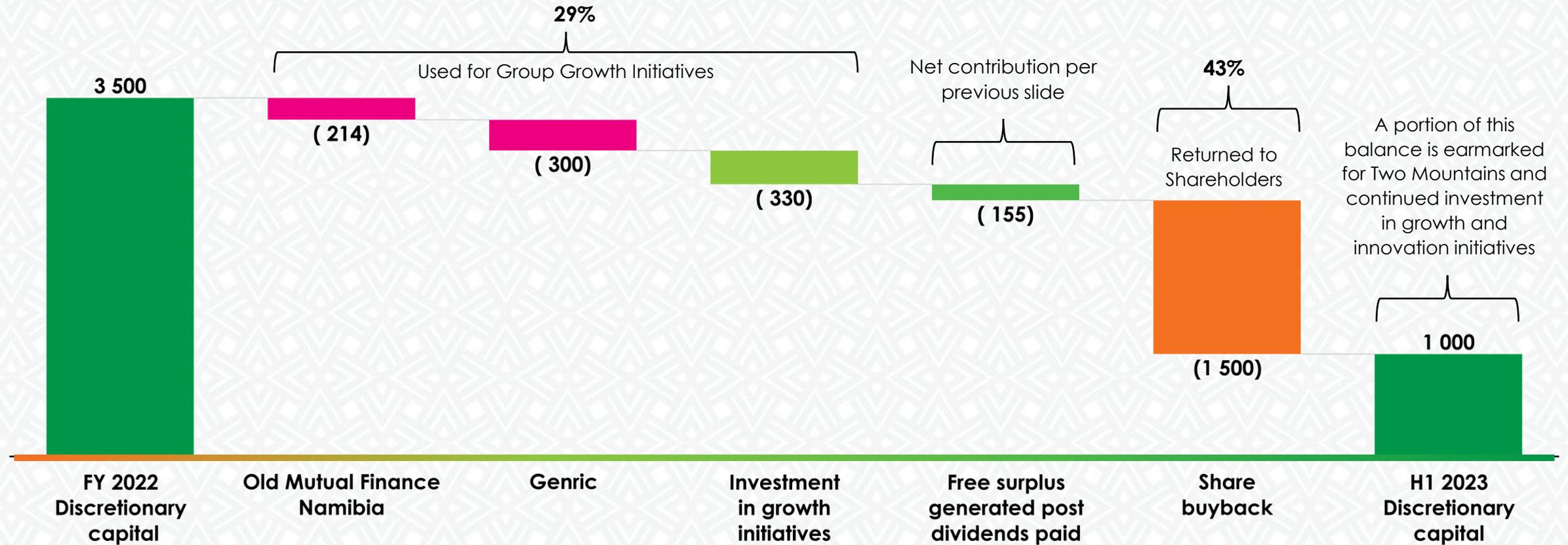


# DISCRETIONARY CAPITAL

Considered capital deployment



Rm





# RETURN ON NET ASSET VALUE

Balance sheet efficiency



	HY 2022	HY 2023	Near to medium term target (3-6 years)	Long term target (6+years)
Old Mutual Group	10.1%	11.9%	~ COE + 2%	} ~ COE + 4%
Core	10.8%	13.1%	~ COE + 2% to 4%	
Growth	-ve	-ve	-ve turning +ve	



Market share recovery in retail segments

Further balance sheet optimisations

External factors



# REVISED MEDIUM-TERM TARGETS

Strong delivery in H1



	KPI	Target	H1 2023 outcome
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Solid delivery <span style="color: green;">●</span>
	Value of new business margin	Between 2% and 3%	2.6% <span style="color: green;">●</span>
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	0.9% <span style="color: orange;">●</span>
	Return on net asset value	Group: Cost of equity <sup>1</sup> + 2%	Group: 11.9% <span style="color: orange;">●</span>
		Core: Cost of equity <sup>1</sup> + 2% to 4%	Core: 13.1% <span style="color: orange;">●</span>
Capital	Solvency	Old Mutual Limited: 170% to 200%	186% <span style="color: green;">●</span>
		OMLACSA: 175% to 210%	209% <span style="color: green;">●</span>
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	Within range <span style="color: green;">●</span>
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the Bank, Next176 & growth regions	In progress <span style="color: green;">●</span>



1. Cost of equity for 2023 is 12.8%



# LOOKING AHEAD

**2023**  
interim  
results



# REVISED MEDIUM-TERM TARGETS

Strong delivery in H1 with delivery to continue into H2



	KPI	Target	H1 2023 outcome	Outlook
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Solid delivery	Continue to regain market share
	Value of new business margin	Between 2% and 3%	2.6%	Within medium-term target range
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	0.9%	Under pressure but within range in the medium-term
	Return on net asset value	Group: Cost of equity <sup>1</sup> + 2%	Group: 11.9%	Improvement towards cost of equity while investing in growth engines
		Core: Cost of equity <sup>1</sup> + 2% to 4%	Core: 13.1%	Remaining above cost of equity
Capital	Solvency	Old Mutual Limited: 170% to 200%	186%	To remain within range
		OMLACSA: 175% to 210%	209%	To remain within range
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	Within range	To be within range
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the Bank, Next176 & growth regions	In progress	Completion of Greenlight Migration enabling improved customer delivery

1. Cost of equity for 2023 is 12.8%



# CONCLUSION

## Integrated financial services

### Growing and protecting the core

- A** Holistic coverage of customer needs
- B** Distribution & digital engagement
- C** Operational efficiencies

### Unlocking new growth engines

- D** Strategic growth markets
- E** Strategic growth businesses

## Strong operational performance

### Significant growth top-line

- ✓ Life APE sales, GWP and gross flows all up

### Excellent value creation

- ✓ Return on embedded value of 13.9%
- ✓ Value of new business up 32% to R937 million

### Improving efficiencies

- ✓ Core return on net asset value up 230 bps to 13.1%



# Q&A

**2023**  
interim  
results



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