

OLDMUTUAL

# INTERIM RESULTS

2024



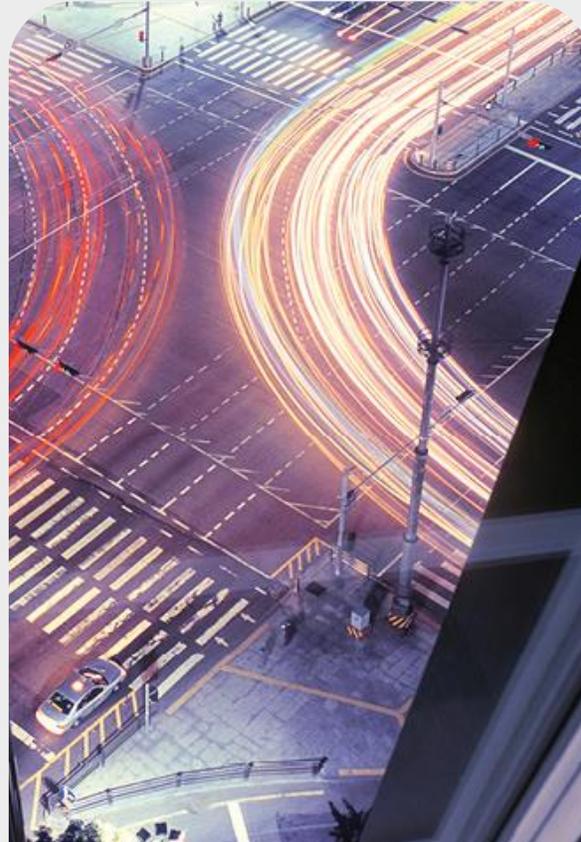
DO GREAT THINGS EVERY DAY



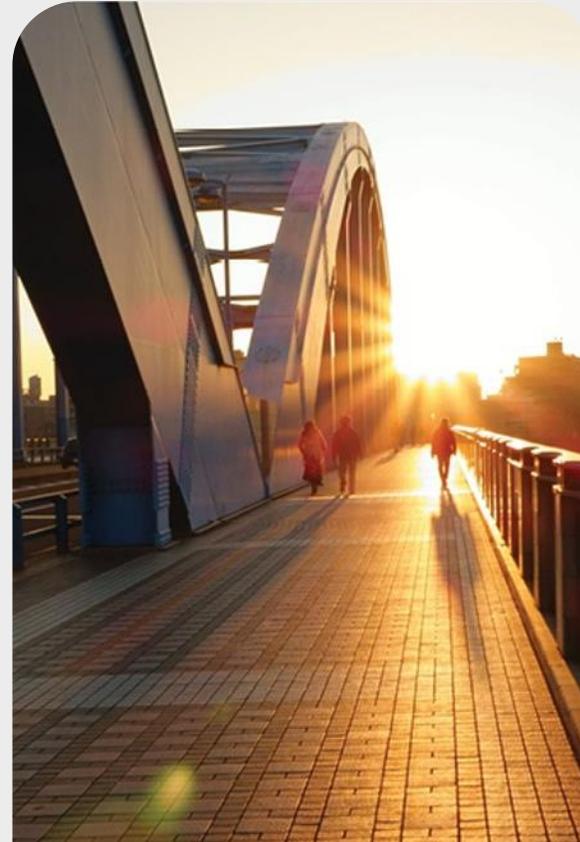
# Agenda



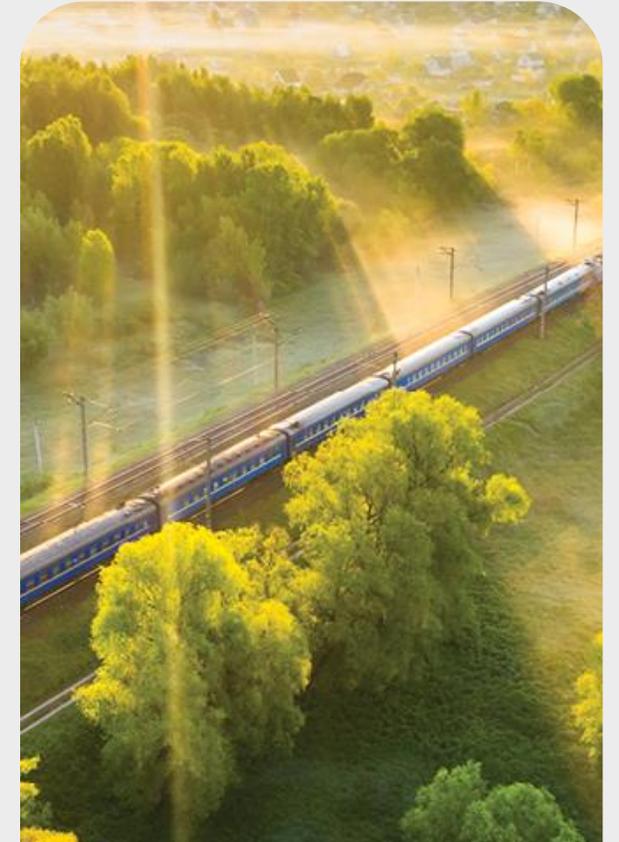
**Strategic review**  
**Iain Williamson**  
Group CEO



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



**Key take-aways**  
**Iain Williamson**  
Group CEO



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



**STRATEGIC REVIEW**  
INTERIM RESULTS 2024

# H1 2024 Financial Highlights



We delivered strong cash generation, sustained top line growth and enhanced shareholder value

## Sustained growth



**6%**

**R6.6 bn**

Life APE sales



**9%**

**R13.8 bn**

Gross written premiums



**5%**

**R1.4 trn**

Funds under management

## Profits & margins



**0.4%**

**95.5 cents**

RFO per share

**< 2.4% >**

Target 2 to 3%

Value of new business margin

**< 5.9% >**

Target 4 to 6%

Net underwriting margin<sup>1</sup>

## Enhanced value



**7%**

**73.5**

AHE per share



**6%**

**34 cents**

Interim dividend per share



**70bps**

**12.6%**

Return on net asset value<sup>2</sup>

**R1 bn**

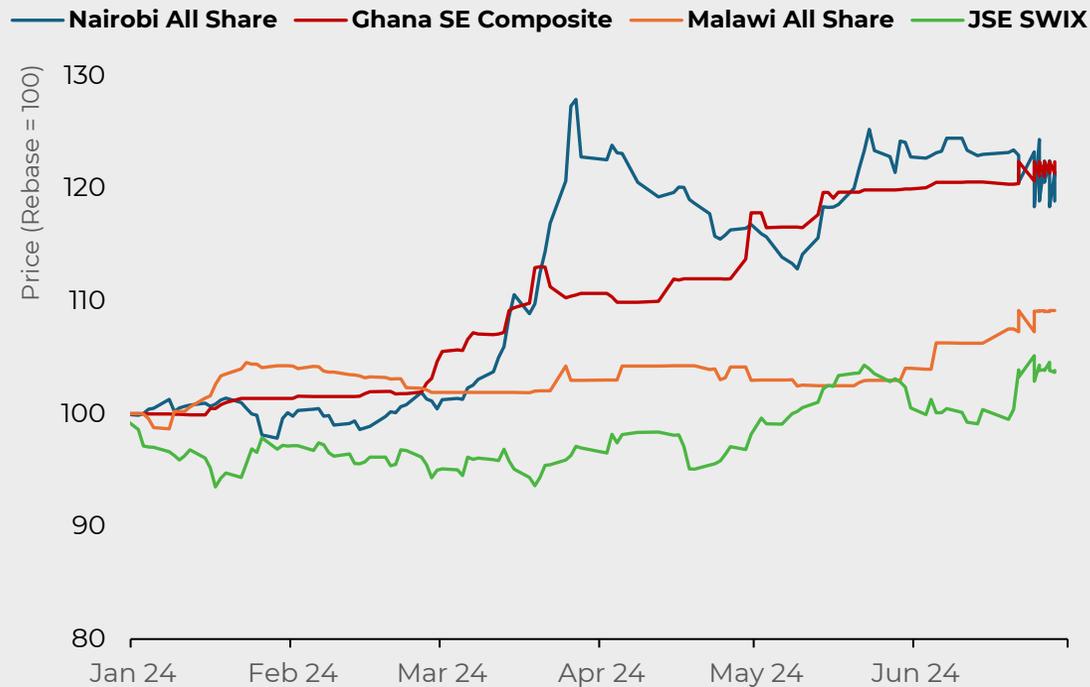
Share buy-back<sup>3</sup>



# Operating environment

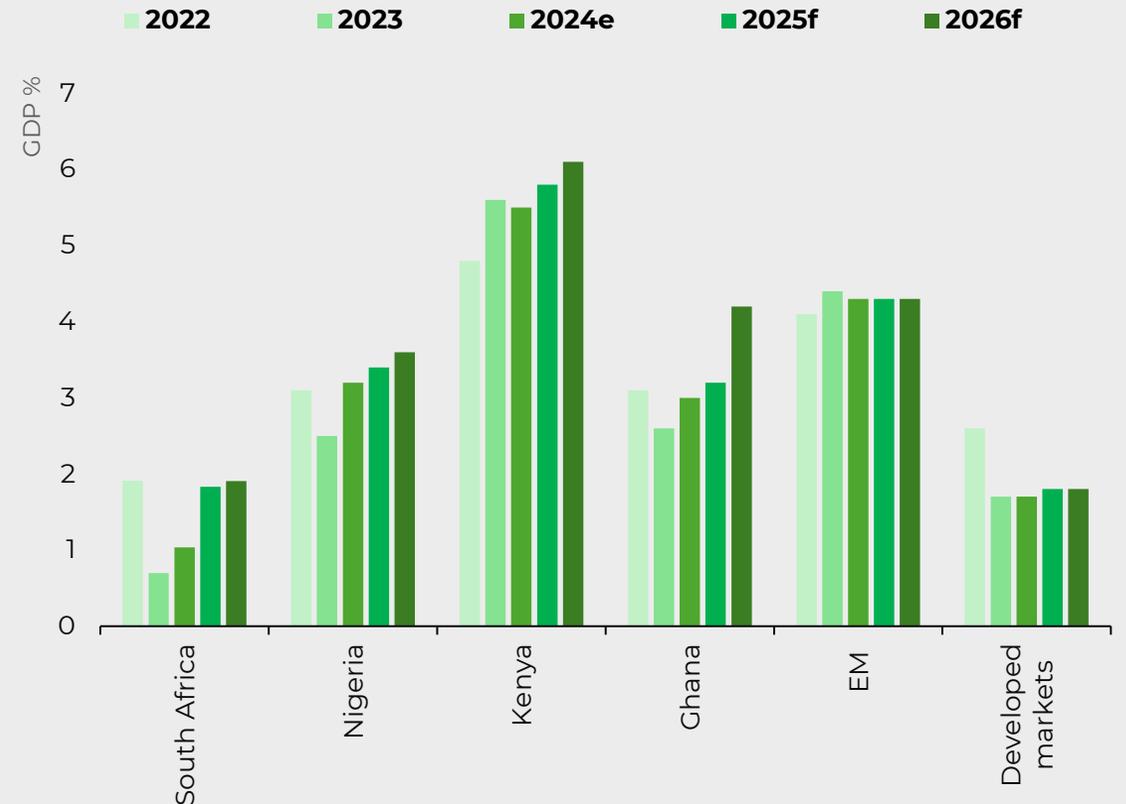
Positive investor sentiment in SA has reset the base case though the key growth drivers still lag

## Equity market performance rebounded in H1 24



Sources: Old Mutual, Bloomberg

## ...but growth lagged as headwinds persisted



Sources: Statistics SA, IMF and RMB Markets Research

# Our strategic framework



**Integrated financial services**

- Growing and protecting the core
- Unlocking new growth engines

# The hallmarks of an integrated financial services business



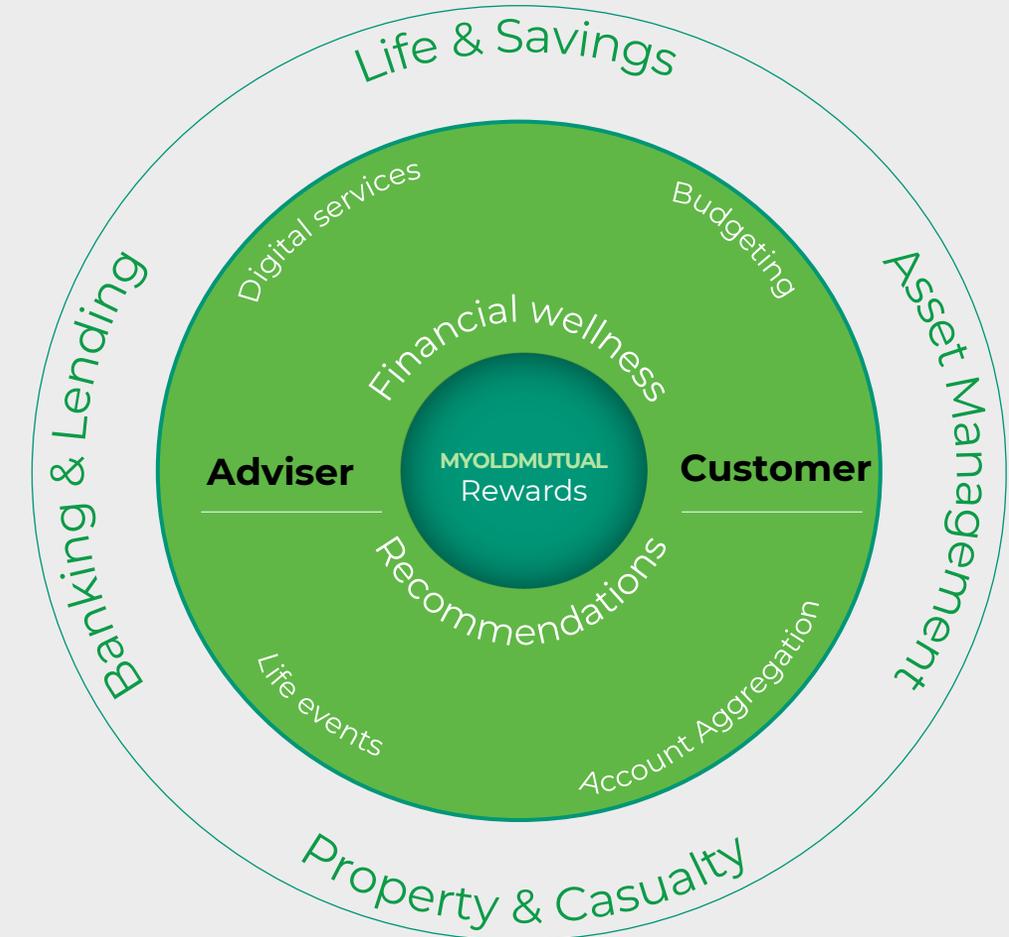
## Strategic Framework

### 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



Advice-led

Integrated

Tech forward

Trusted

# Strategic delivery



We are making significant progress through disciplined execution and considered capital allocation

## Delivery priorities

## Progress

## Value drivers

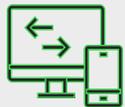


### OM Bank

Progress on Section 17 conditions



- ✓ Successfully completed industry testing
- ✓ Integrated into National Payments System



### Digital Modernisation

Retiring the legacy platforms



- ✓ Retiring legacy systems is gaining momentum
- ✓ We have launched our new Two Pot system



### Perimeter review

Executing portfolio optimisation



- ✓ We have exited Nigerian and Tanzanian markets
- ✓ The exits affect Life and P&C lines of business



# Our commitment to sustainability



Responsible response to operating context by leading in sustainability and stewardship

## Ratings



**MSCI**  
**AA**



**S&P Global ESG ranking of 43**  
Above average peer group ranking of 67.25



**Bloomberg ESG Score of 6.73**  
Ahead of 99% of our peers on a scale of 0 to 10

**CDP Integrated Performance**, scored 6  
Above peer group average of 4.50



**Level 1**  
B-BBEE rating since 2019

## Awards and accolades

**Long-term Insurer of the Year - 2024**  
News24

**Best Asset Manager  
Sustainable Investing in South Africa (OMIG)**  
The European Global Banking & Finance Awards

**Best Short-term insurer**  
Best of Namibia Campaign

**Best fund of hedge funds over a five-year period**  
Old Mutual Multi-Managers Long Short Equity Fund of Hedge Funds  
HedgeNews Africa

**Most Watched Company 2024**  
Asset TV Audience Choice Awards

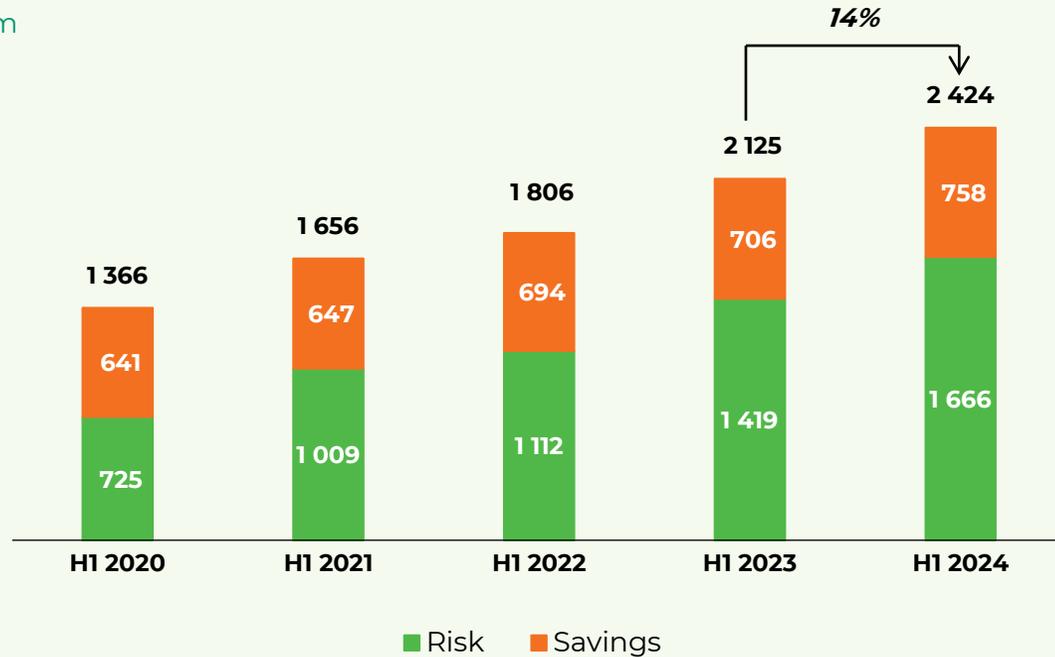


# Mass and Foundation Cluster

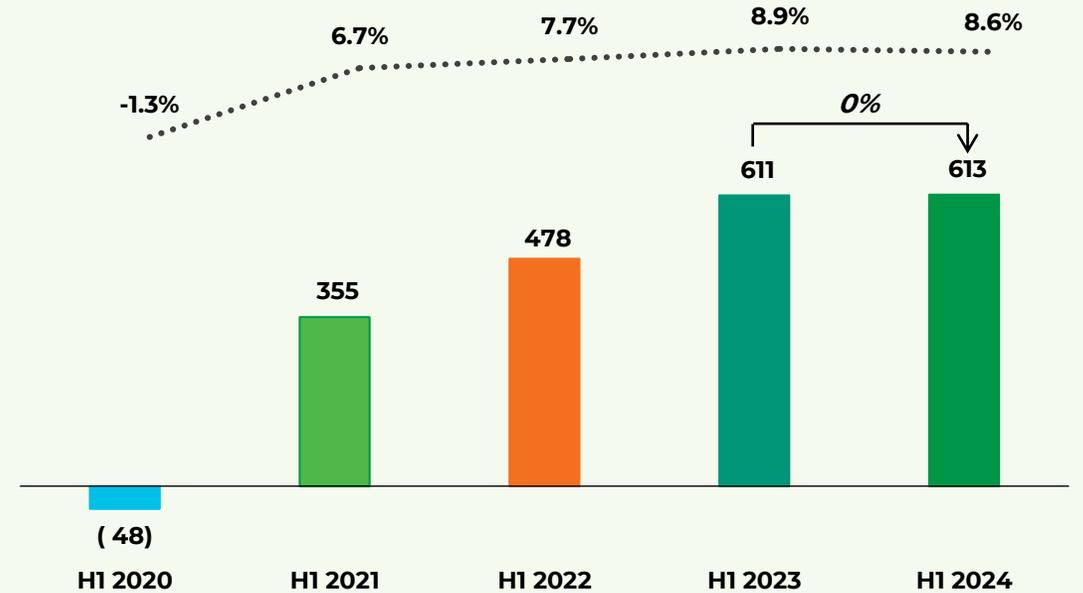
Our multi-channel strategy continues to bolster market share and support sustainable margins

## Life APE sales

Rm



## Value of new business (Rm) and value of new business margin (%)



- » Strong sales growth of 14% despite a demanding base
- » Retail risk sales increased by 27%, underpinning 8.6% margin

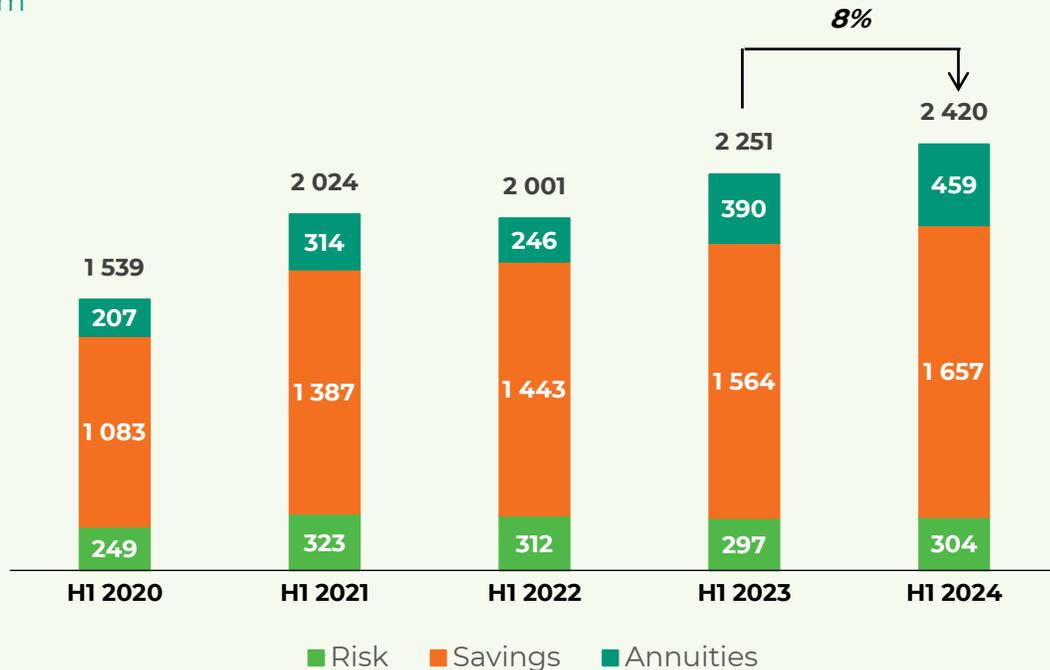
- » Single-counterparty impairment pushed the credit loss ratio to 10.4%
- » Excluding the single-counterparty, the credit loss ratio is 8.5%

# Personal Finance & Wealth Management



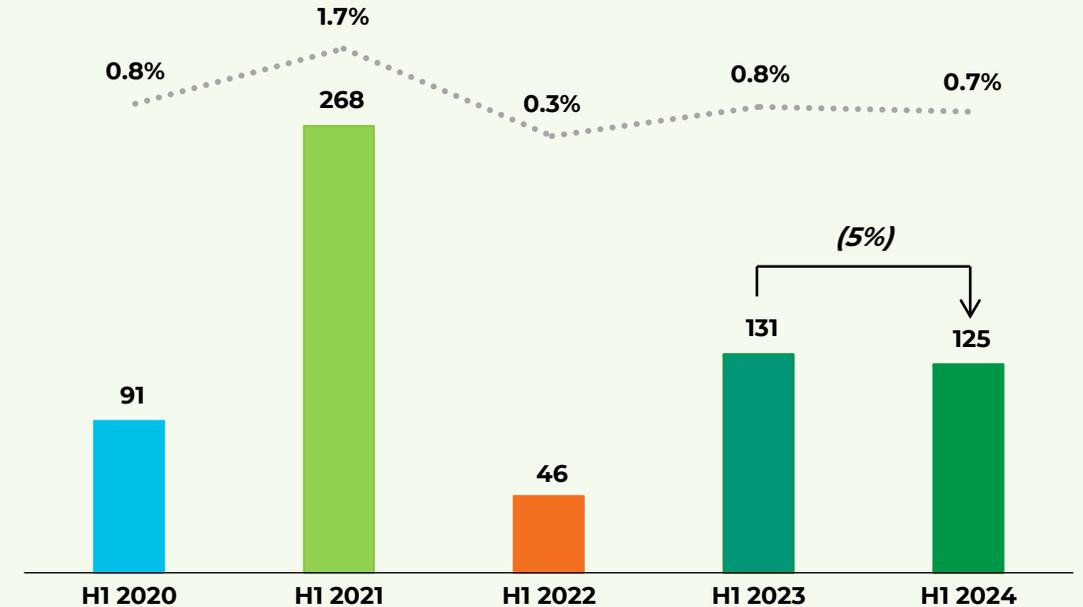
Sustained sales growth, mix of business and experience variances impacted short-term profitability

**Life APE sales**  
Rm



- » Sales grew by 8% on higher annuities and recurring premiums
- » VNB margin reduced by 10 bps to 70bps due to a shift in business mix

**Value of new business (Rm) and value of new business margin (%)**



- » Strong demand across platforms increased gross flows by 16%
- » With exceptional NCCF turnaround from Wealth bolstering flows

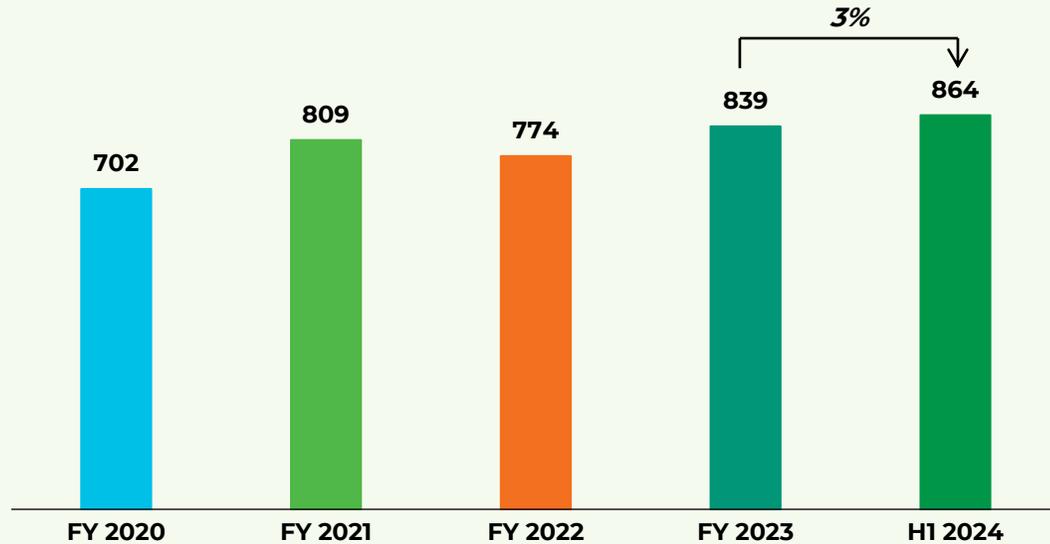


# Old Mutual Investments

AuM demonstrated resilience while revenue is down off a strong base in the prior period

## Assets under management

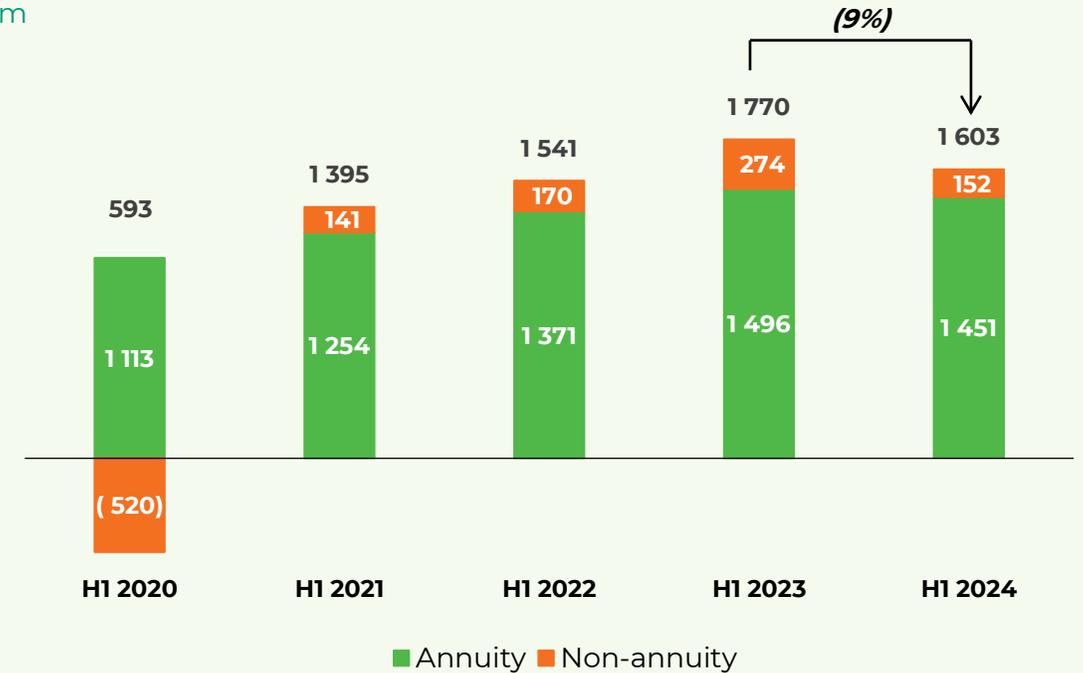
Rbn



- » AuM grew by 3%, benefiting from market performance in S.A.
- » Alternatives concluded new deals flow of R16bn

## Revenue

Rm



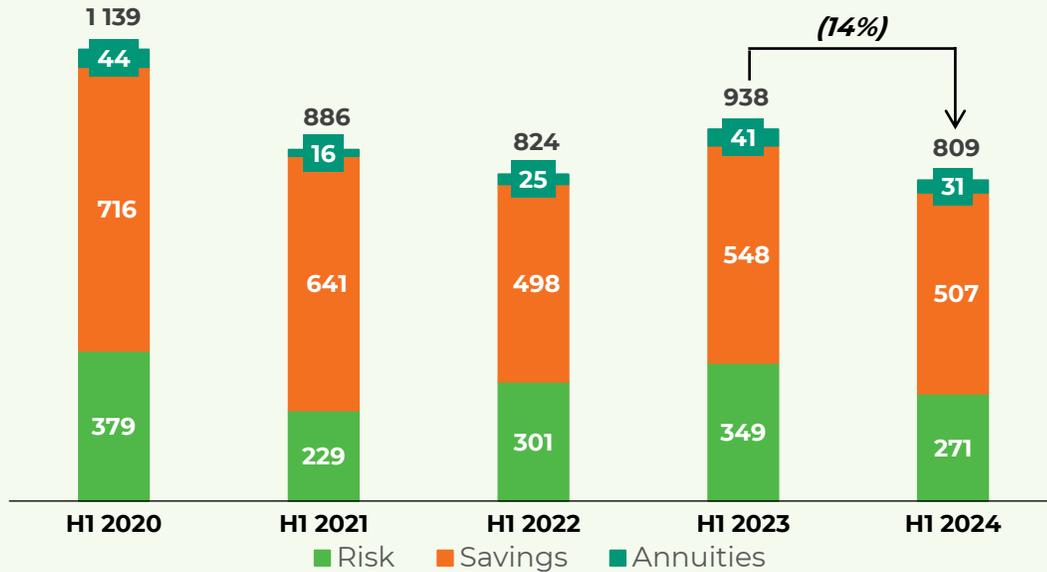
- » Lower average fee earning assets impacted annuity revenue
- » Non-annuity revenue had exceptional performance fees and investment returns in the prior year



# Old Mutual Corporate

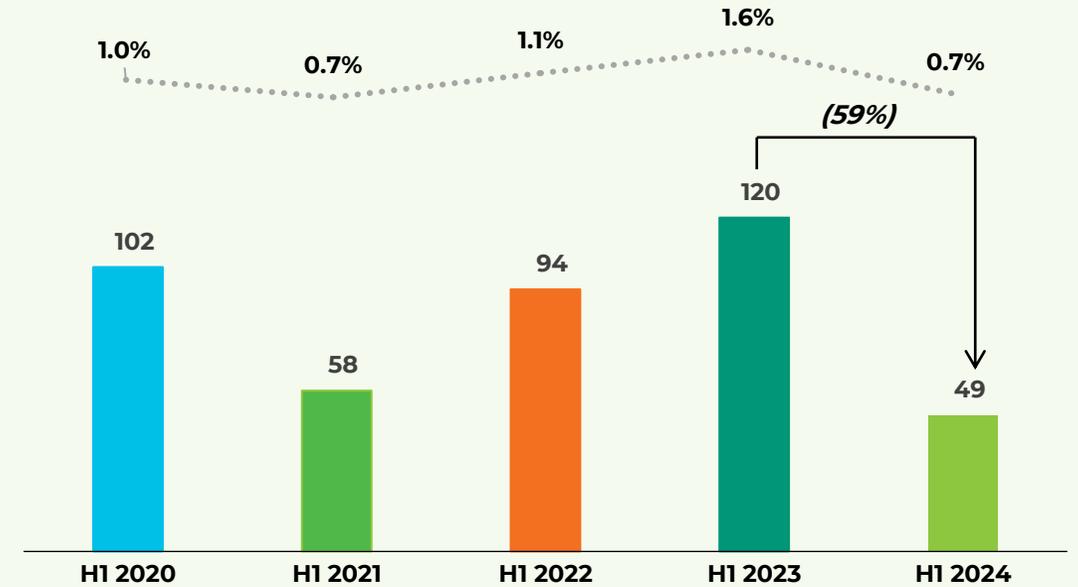
Delivered robust profits across the portfolio whilst strengthening our value proposition

## Life APE sales<sup>1</sup> Rm



1. Numbers re-presented to a comparable basis to 2022 following adjustments arising from IFRS 17 interpretations

## Value of new business (Rm) and value of new business margin (%)



» A higher (once-off deal) in the base challenged sales growth

» VNB margin declined by 70 bps due to non-repeat deal in H1 2023

» Accelerating scale and enhancing our new value proposition

» Launched a new rewards and employee benefits proposition

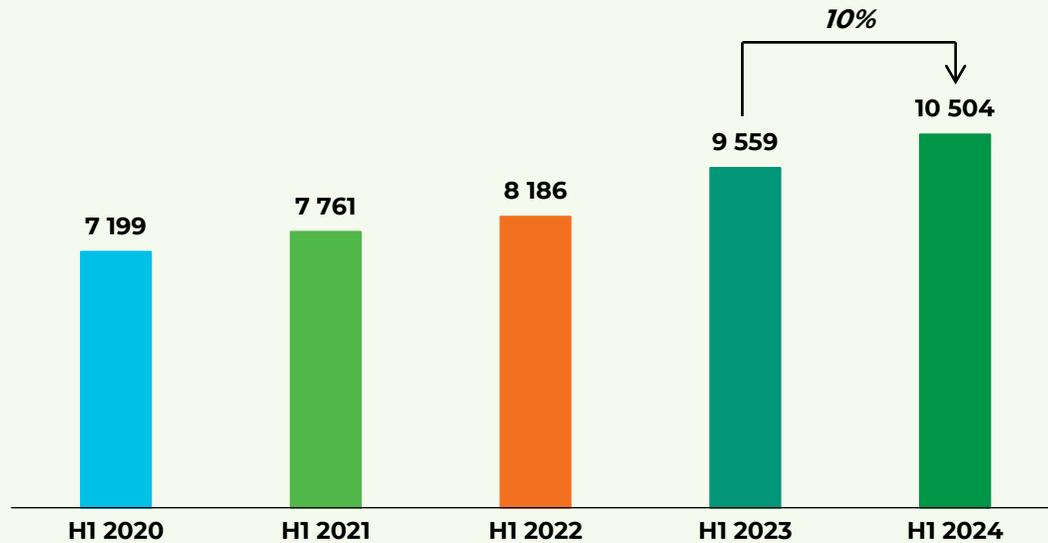
# Old Mutual Insure



An exceptional turnaround through better risk selection and disciplined expense management

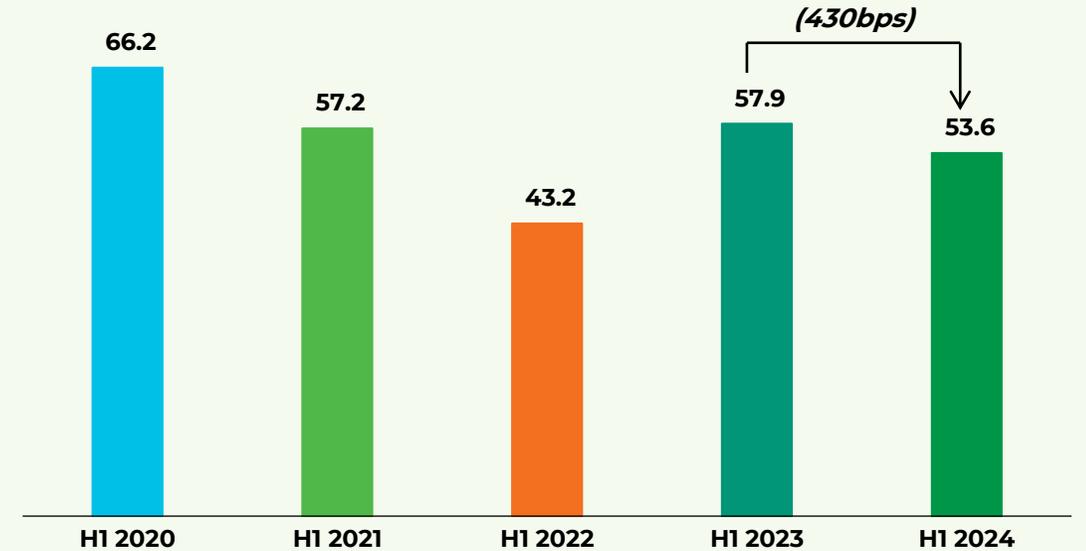
## Gross written premiums

Rm



## Claims Ratio

%



- » Premiums grew by 10% driven by strong channel productivity
- » With net underwriting results increasing by more than 100%

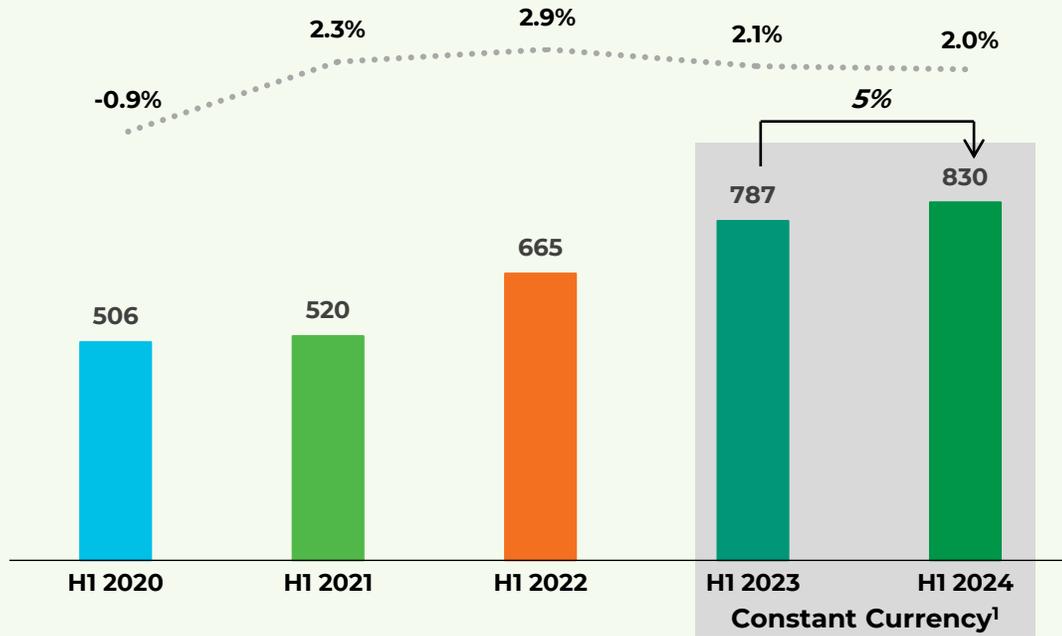
- » Claims ratio reduced due to better claims experience and enhanced risk selection
- » We are investing in climate resilience through advanced risk modelling



# Old Mutual Africa Regions

We sustained profit growth despite the disparate currency devaluation impact across the regions

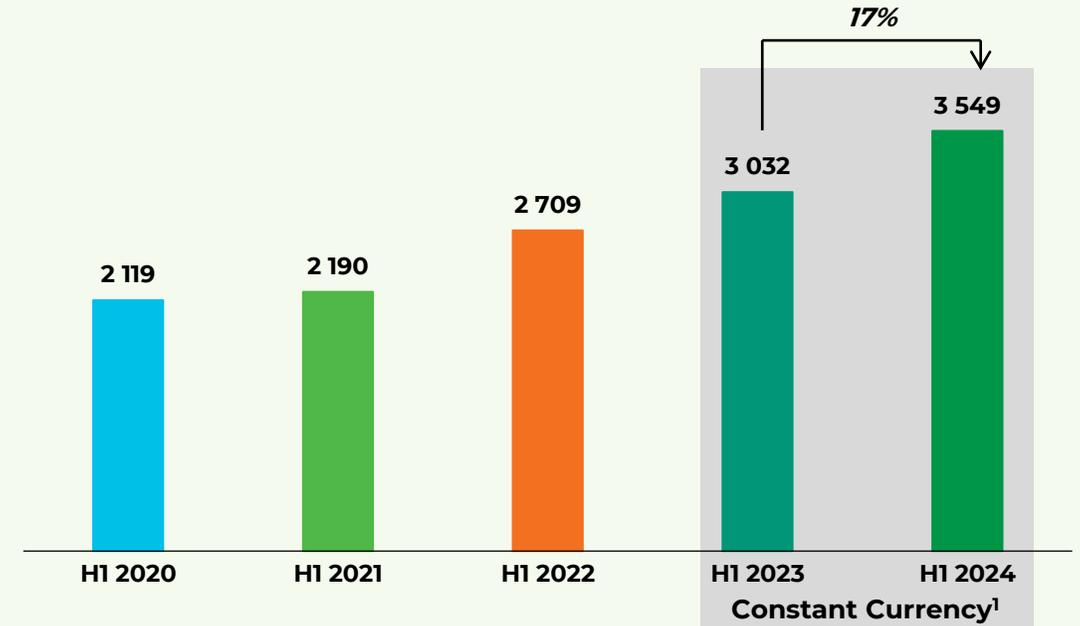
Life APE sales (Rm) and value of new business margin (%)



1. Constant currency information represents current period numbers, converted using prior period exchange rates.
2. 2024 reported life APE sales are R723m and VNB 2.3%

- » Life sales increased by 5% due to higher recurring premium sales in Malawi and Ghana
- » VNB margin decreased by 10 bps 2% due to a change in mix skewed to savings products

Gross written premiums Rm



1. Constant currency information represents current period numbers, converted using prior period exchange rates.
2. 2024 reported gross written premiums are s R3 260m

- » Gross written premium increased by 17% due to improved renewals in East Africa.
- » Net underwriting margin declined by 280 bps to (5. 5%) due to foreign currency losses in Nigeria



# FINANCIAL REVIEW

INTERIM RESULTS 2024





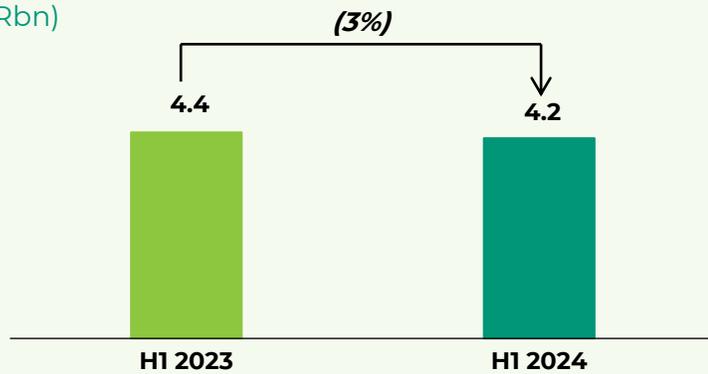
# Robust financial performance

Enhancing returns whilst investing for the future

## Earnings

### Results from operations

(Rbn)

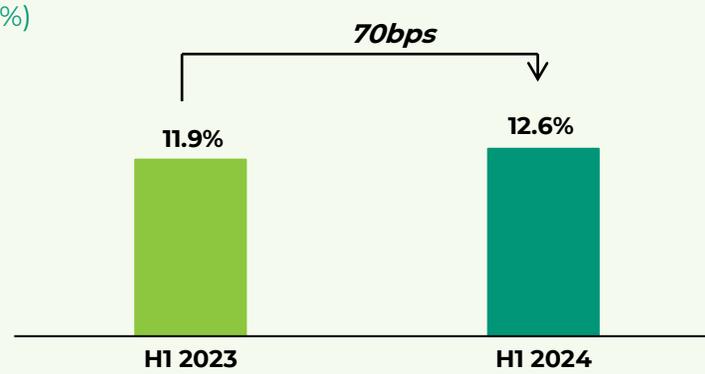


4% increase excluding new growth investments

## Capital efficiency

### Return on net asset value

(%)

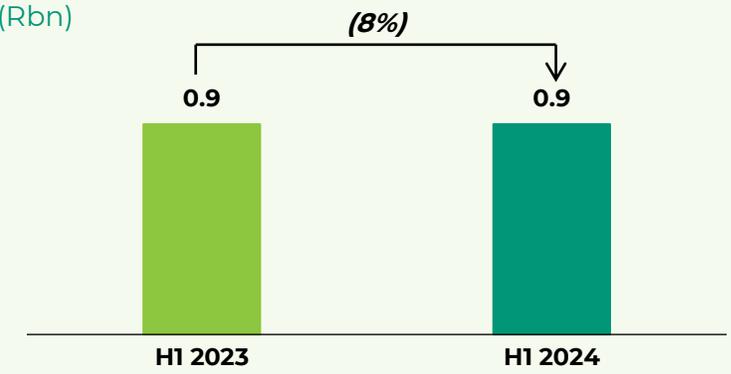


15.5% excluding new growth investments

## Value

### Value of new business

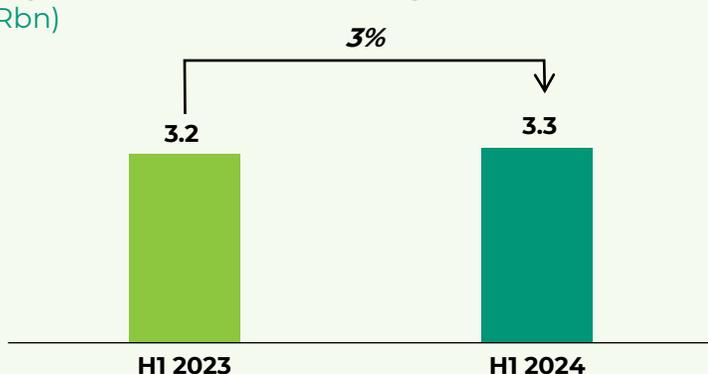
(Rbn)



Value of new business margin of 2.4% remains within range

### Adjusted headline earnings

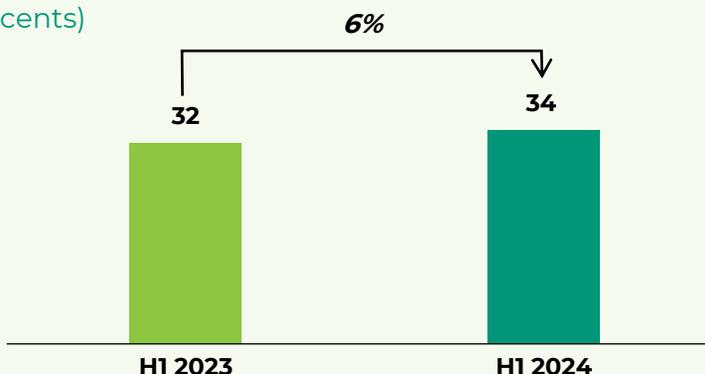
(Rbn)



12% increase excluding new growth investments

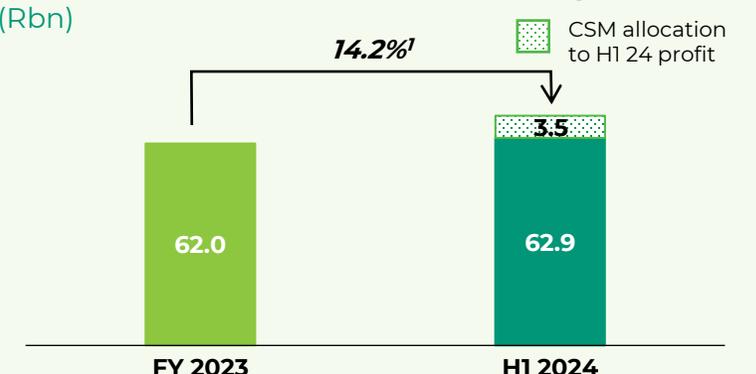
### Dividend per share

(cents)



### Return on contractual service margin

(Rbn)



CSM allocation to H1 24 profit

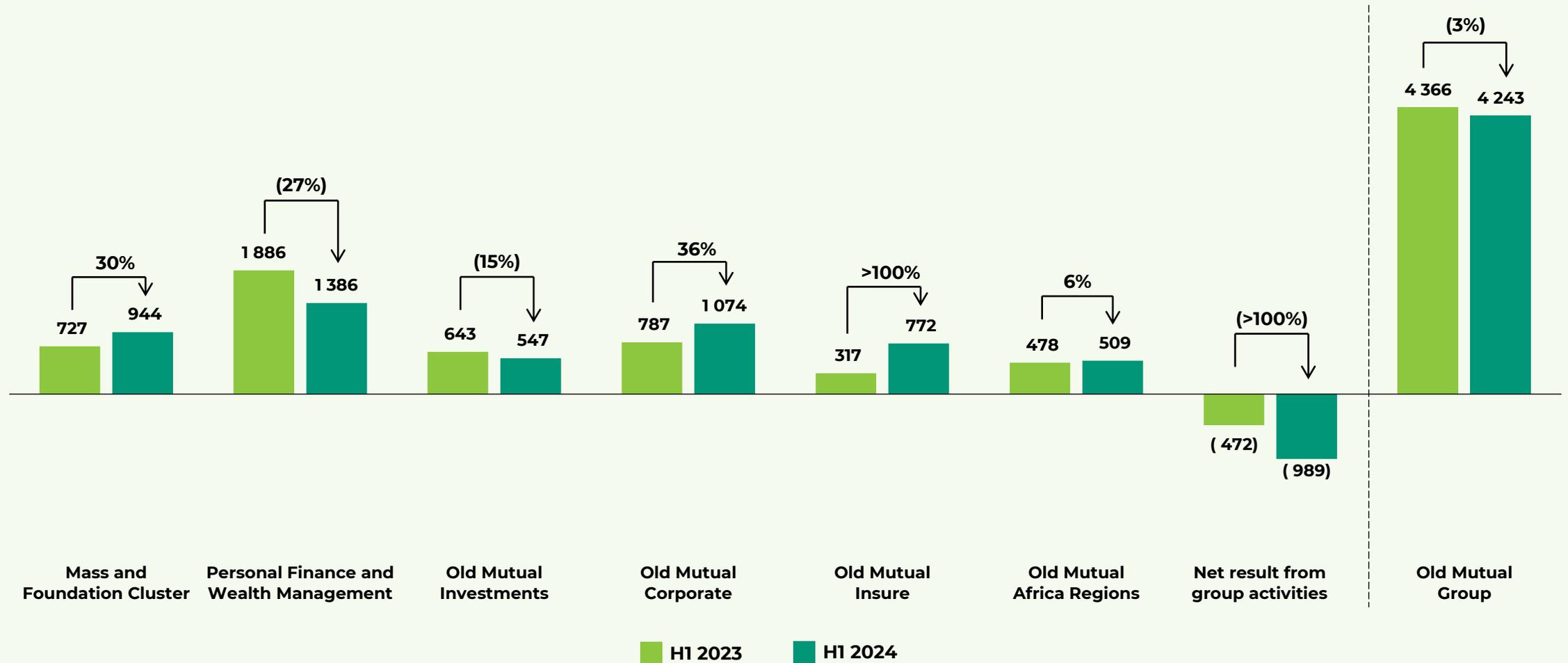
1. 14.2% is annualised  $(R0.9bn \text{ growth in CSM balance} + R3.5bn \text{ CSM profit allocation}) / \text{Opening balance}$

# Results from operations

Up 4% excluding new growth investments



Rm



# Adjusted headline earnings up 3%

Up 12% excluding new growth investments



Rm	H1 2024	H1 2023	Change
Results from operations	4 243	4 366	(3%)
Shareholder investment return	1 204	1 055	14%
Finance costs	(544)	(455)	(20%)
Income from associate	76	38	100%
<b>Adjusted headline earnings before tax and non-controlling interests</b>	<b>4 979</b>	5 004	(0%)
Shareholder tax	(1 647)	(1 591)	(4%)
Non-controlling interests	(65)	(253)	74%
<b>Adjusted headline earnings</b>	<b>3 267</b>	3 160	3%
<b>Results from operations per share</b>	<b>95.5c</b>	<b>95.1c</b>	<b>0%</b>
<b>Adjusted headline earnings per share</b>	<b>73.5c</b>	<b>68.8c</b>	<b>7%</b>

# Adjusted headline earnings to IFRS profit reconciliation



Zimbabwe remains the main adjustment

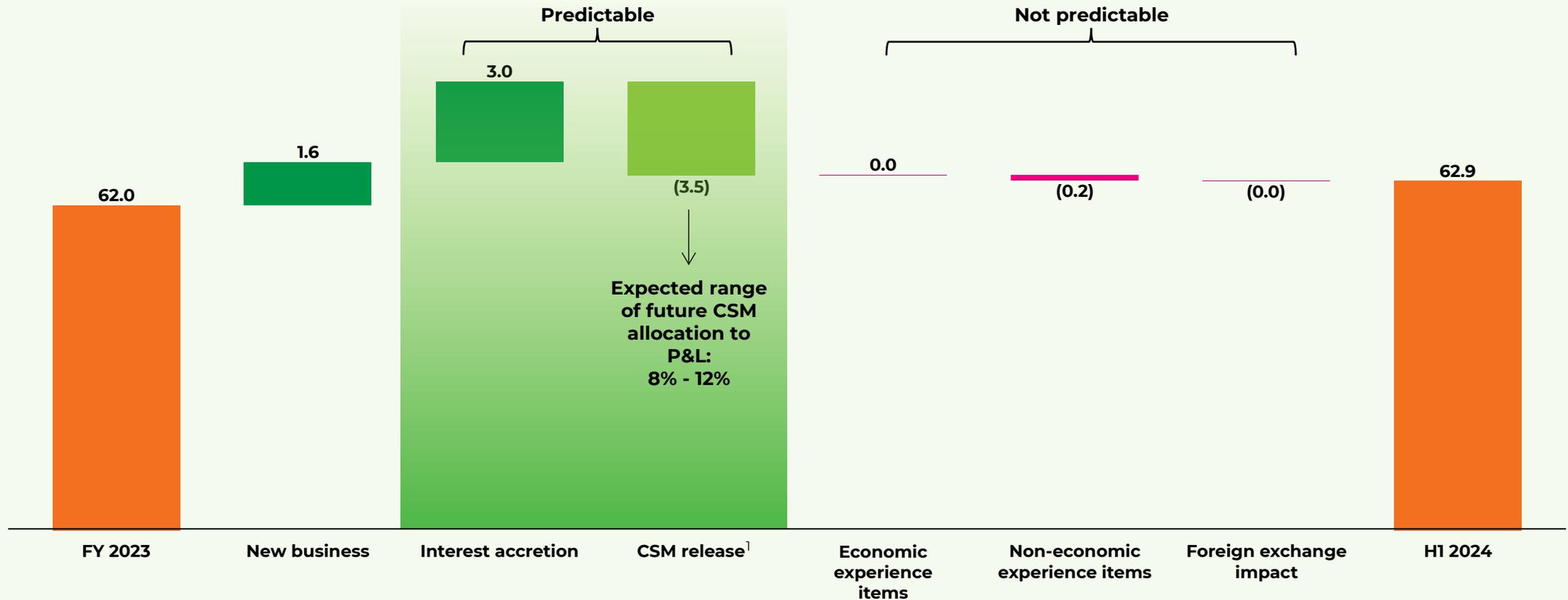
Rm	H1 2024	H1 2023	Change
<b>Adjusted headline earnings</b>	<b>3 267</b>	3 160	3%
Accounting mismatches and hedging impacts	<b>90</b>	(823)	>100%
Impact of restructuring	<b>4</b>	(8)	>100%
Operations in hyperinflationary economies	<b>2 464</b>	2 029	21%
<b>Headline earnings</b>	<b>5 825</b>	4 358	34%
Headline earnings adjusting items	<b>(584)</b>	(4)	(>100%)
<b>IFRS profit after tax attributable to ordinary equity holders of the parent</b>	<b>5 241</b>	4 354	20%

# Contractual service margin

Allocation remains within expected range



Rbn



**CSM represents store of future profits – annualised return on CSM of 14.2%<sup>2</sup> for 2024**

1. Release of contractual service margin includes the impact of expected investment profits or losses | 2. 14.2% is annualised (R0.9bn growth in CSM balance + R3.5bn CSM profit allocation)/ Opening balance



# Value of New Business

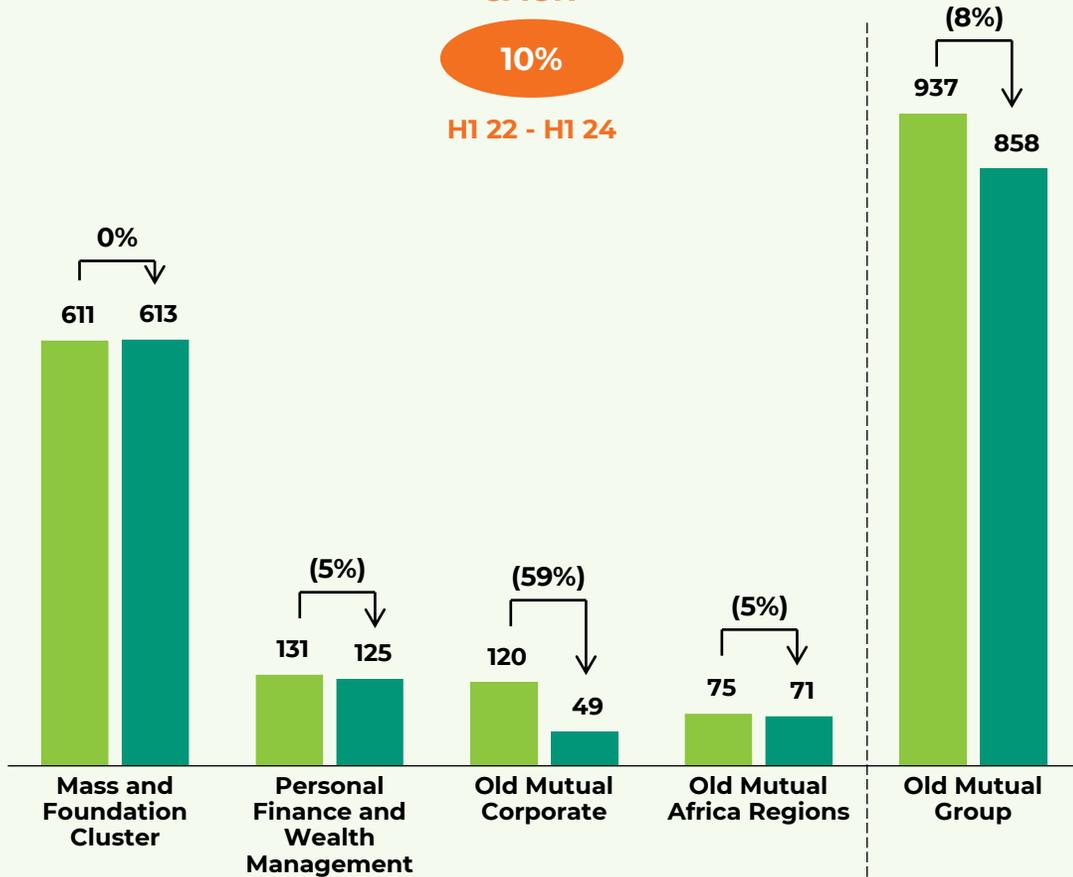
Margin remains within target range

Value of new business  
(Rm)

CAGR

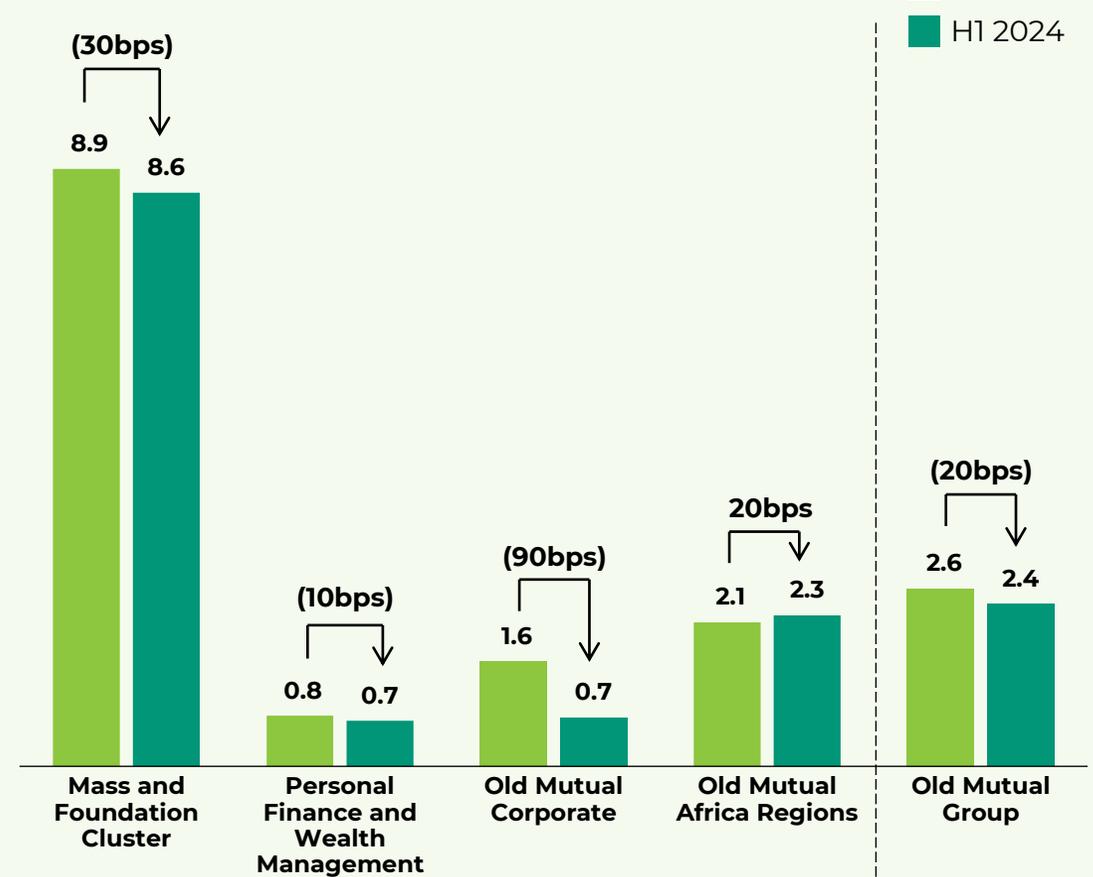
10%

H1 22 - H1 24



Value of new business margin  
(%)

H1 2023  
H1 2024

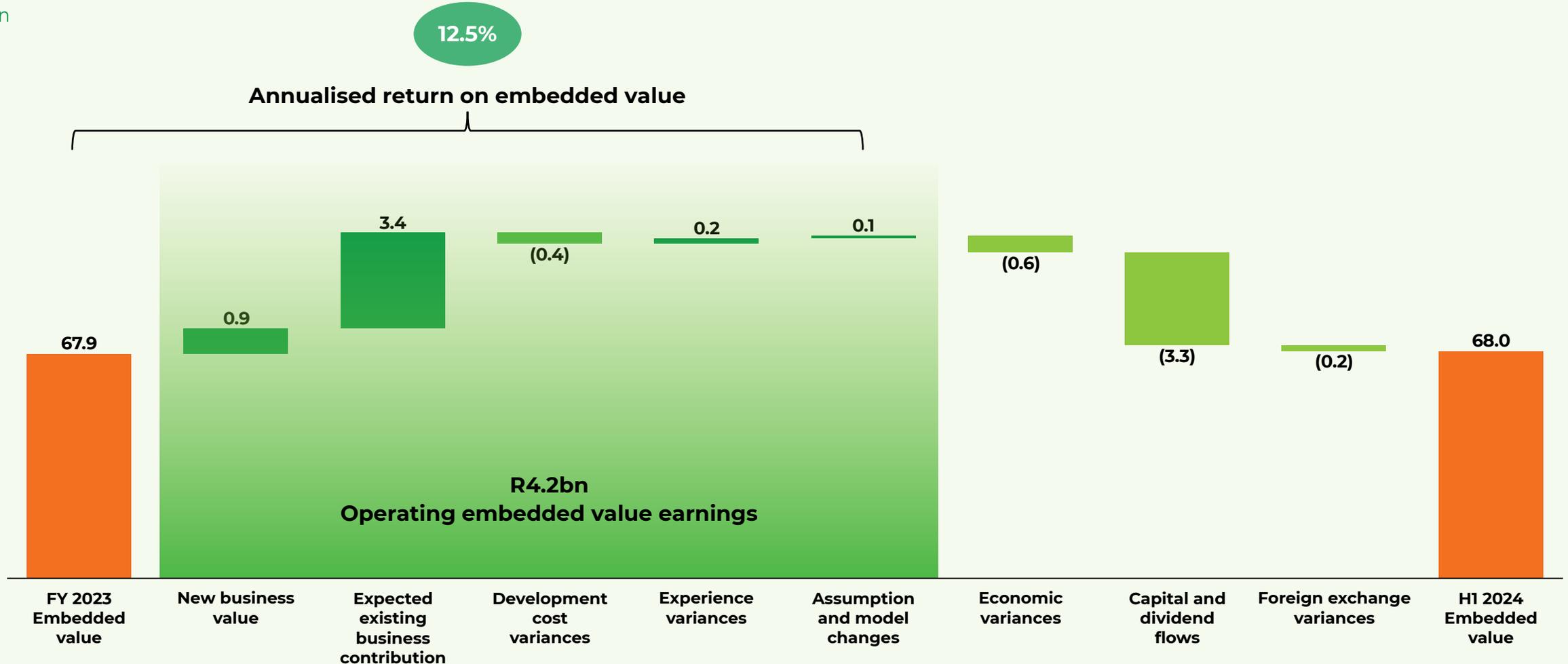


# Embedded Value



Continued excellent growth in embedded value

Rbn

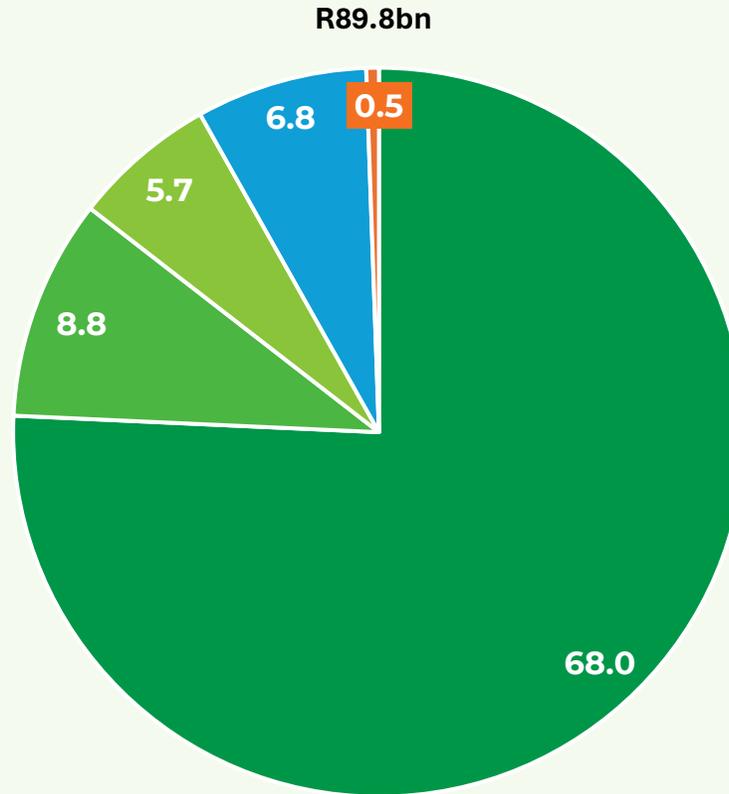


# Group Equity Value

Sum of the parts



Rbn



R18.70

GEV per share

R12.39

Share price

■ Life & Savings   ■ Asset Management   ■ Banking & Lending   ■ Property & Casualty   ■ Other

# Capital management framework

Enhancing value for shareholders



## Balance sheet strength



### Appropriately balanced for protection and potential

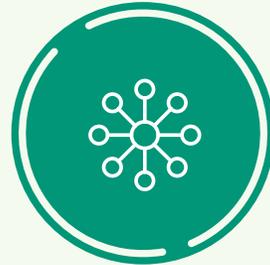
Group solvency ratio

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

Excluding growth initiatives



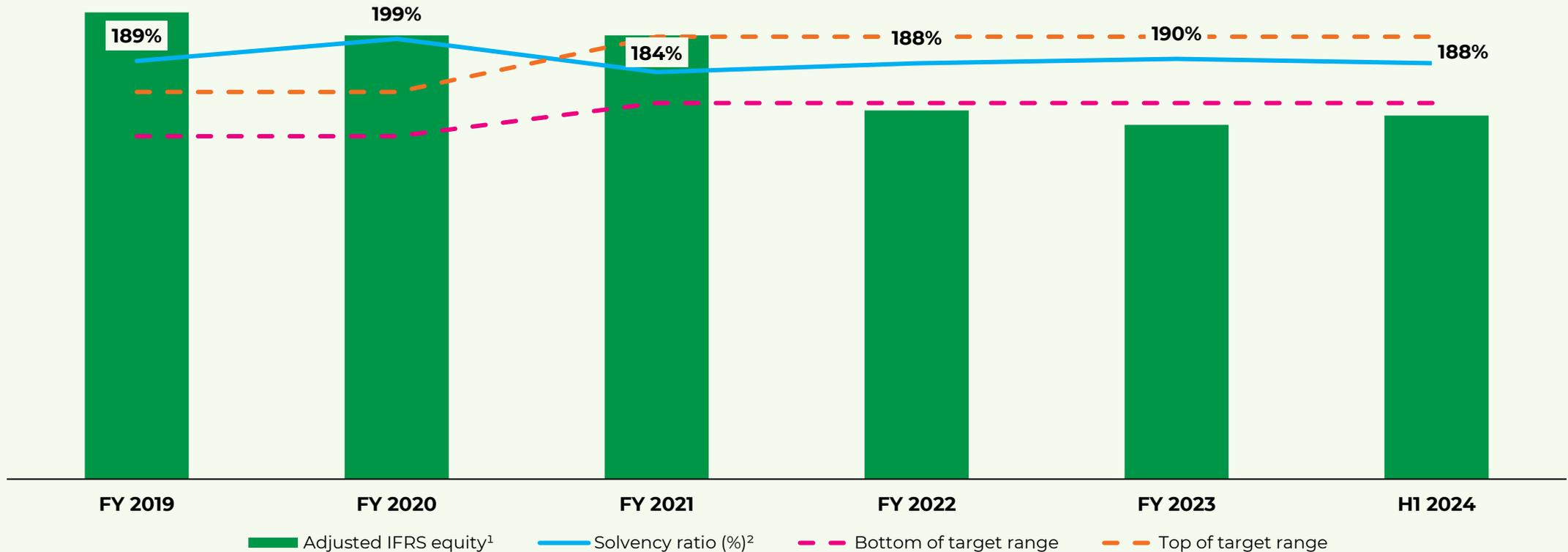
**Capital optimisation**

# OML Group shareholder solvency

Appropriately balanced for protection and potential



%



**Continued optimisations to reduce equity whilst retaining a strong balance sheet**

1. FY 2019 to FY 2022 are presented on an IFRS 4 basis

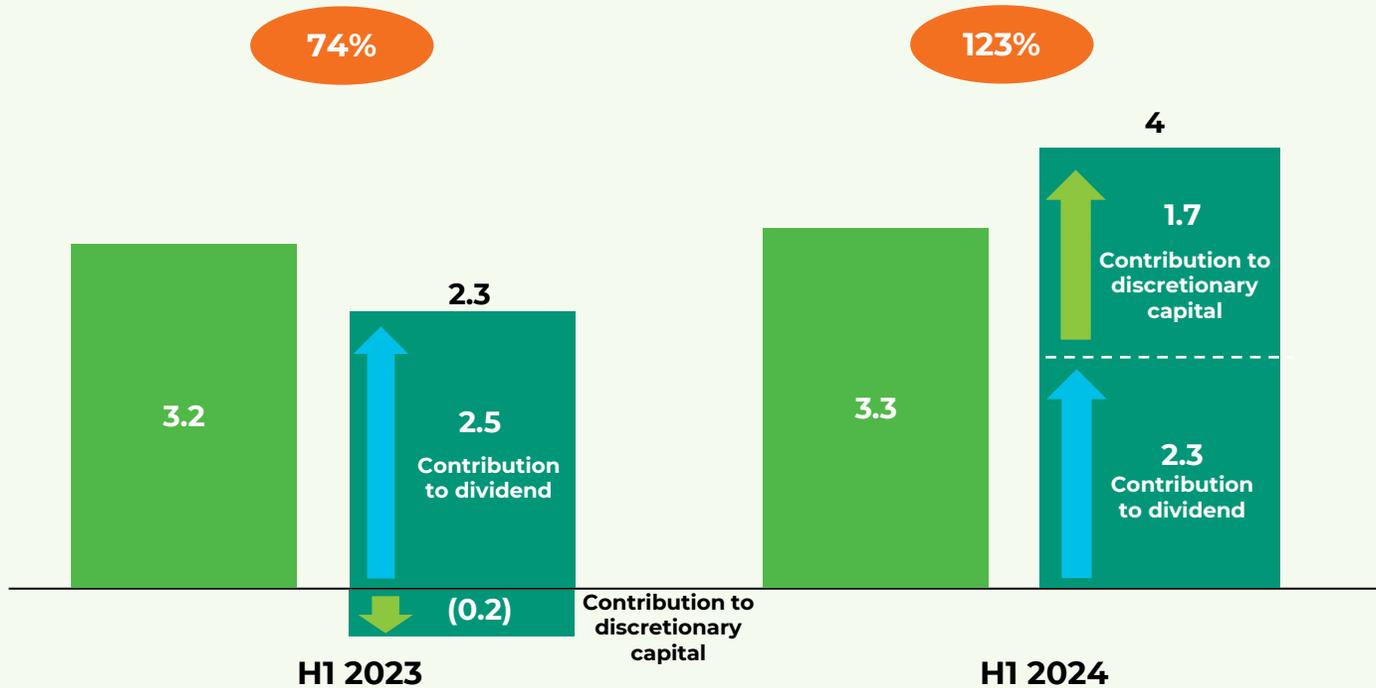
2. The shareholder solvency ratio reflects China on a C-ROSS basis which is consistent with the basis on which the target ranges were established. The regulatory solvency ratio includes China on the SA Prudential basis from FY 2023.

# Free surplus generated

Continue to generate a high proportion of cash earnings



Rbn



Target free surplus generation of 70-80% of AHE (before optimisations)

Significant capital optimisations in H1 2024 resulted in ratio > 100%

Adjusted headline earnings    Free surplus generated     $\frac{\text{Free surplus generated}}{\text{Adjusted Headline earnings}}$

# Discretionary capital

Considered capital deployment



Rbn

Net contribution per previous slide

1.7

(0.2)

(1.4)

0.2

1.4

FY 2023  
Discretionary  
capital

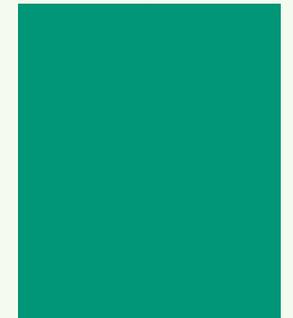
Free surplus  
generated post  
dividends paid

Capital injection  
into Two Mountains

Investment  
in growth  
initiatives

Other

H1 2024  
Discretionary  
capital



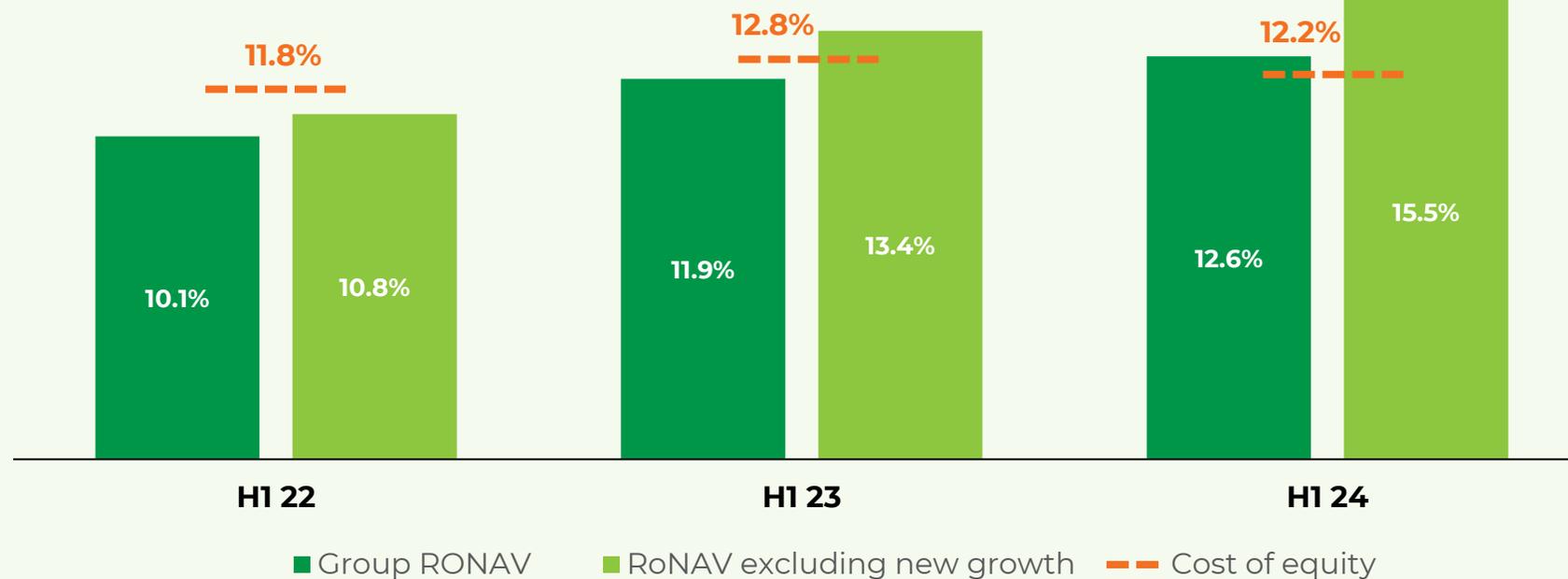
# Return on net asset value

Continuing upward trend



## Return on net asset value & cost of equity

%



Ongoing balance sheet optimisations

Continued market share growth in retail segments

External factors

**RONAV excluding investment into growth initiatives within target range**

# Medium-term targets

Strong delivery



	KPI	Target	H1 2024 outcome	Medium-term outlook	
Growth	Gross flows and gross written premiums	Deliver growth of nominal GDP +1% over the medium term	Strong delivery <span style="color: green;">●</span>	Continue to regain market share	
		Value of new business margin	Between 2% and 3%	2.4% <span style="color: green;">●</span>	Within range
Efficiencies	Net underwriting margin	Old Mutual Insure 4% to 6%	5.9% <span style="color: green;">●</span>	Within range	
		Return on net asset value	Group: Cost of equity <sup>1</sup> + 2%	12.6% <span style="color: orange;">●</span>	Continued strategic delivery on the core and accelerate new growth initiatives
			Excl. new growth initiatives: Cost of equity + 2 to 4%	15.5% <span style="color: green;">●</span>	Within range
Capital	Solvency	Old Mutual Limited shareholder: 170% to 200%	188% <span style="color: green;">●</span>	Within range	
		OMLACSA: 175% to 210%	201% <span style="color: green;">●</span>	Within range	
Capital returns	Dividend cover	Full year cover: 1.5x to 2.0x	2.0 times <span style="color: green;">●</span>	Within range	
Strategic execution	Strategic delivery	Delivering building blocks to enable integrated financial services offering together with growth from the bank, Next176 and growth regions	Technical bank build completed Exited Nigeria and Tanzania <span style="color: green;">●</span>	Launch of the bank and Savings and Income proposition, and decommissioning legacy platforms	

1. Cost of equity for 2024 is 12.2%



# CONCLUSION

## INTERIM RESULTS 2024

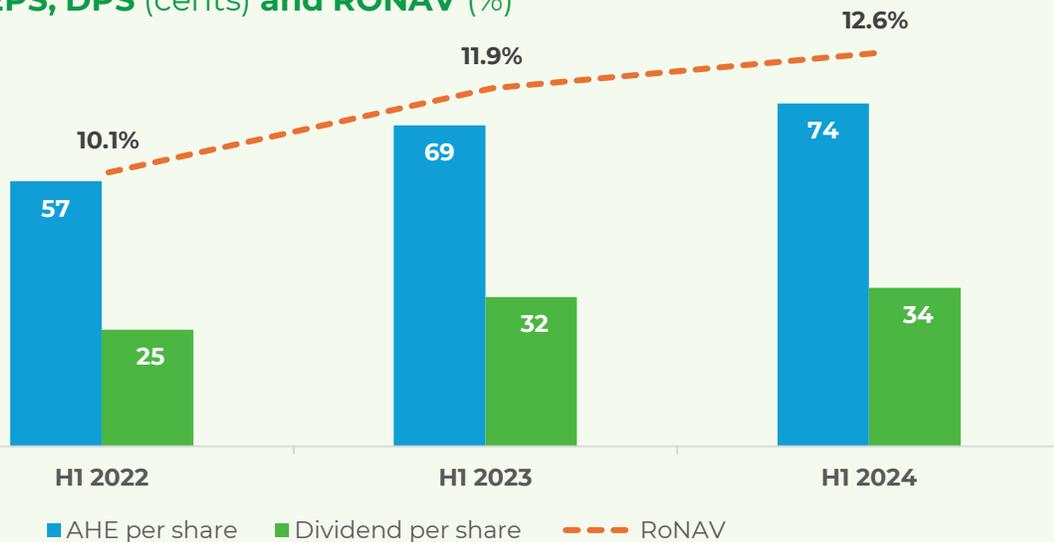




# Key take-aways

- 1 Cash generation:** strong cash remittances supporting dividend growth and a proposed **R1 bn** share buy-back
- 2 Profits and margins:** over the short-term, RFO is impacted as we invest through the cycle in our new growth engines
- 3 Shareholder returns:** RoNAV increased by 70 bps to 12.6%. Excluding new growth, RoNAV increased by 210 bps to **15.5%** and is within COE plus 2% to 4% target
- 4 Strategic delivery:** significant progress on Section 17 suspensive conditions and the perimeter review is near-complete

AHEPS, DPS (cents) and RONAV (%)



Life APE sales (Rm)





# Q & A

