



OLDMUTUAL

GROUP INTERIM RESULTS 2018

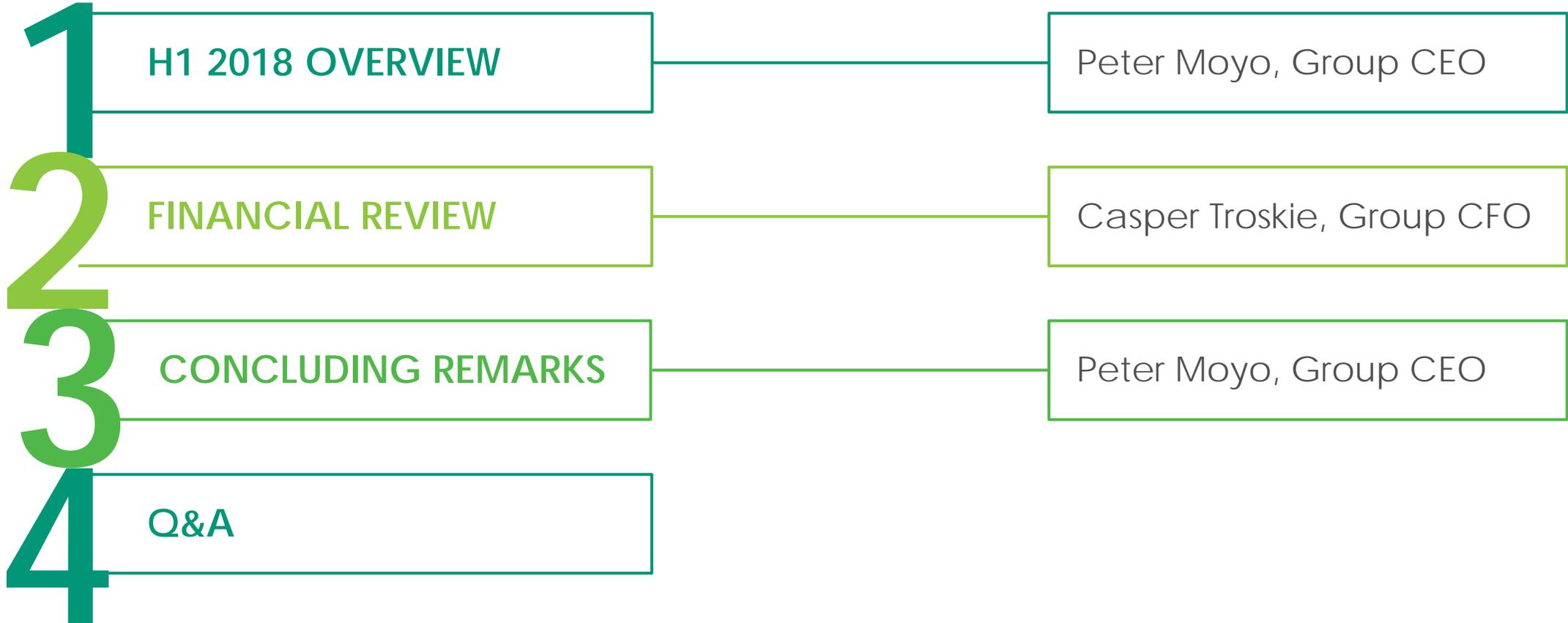
31 August 2018



DO GREAT THINGS EVERY DAY



AGENDA





H1 2018 OVERVIEW

- ✓ Starting our **journey**, creating **momentum** and re-energising the **business**
- ✓ **Significant capital returns** to shareholders, a total of **R46.8 billion** in **Q4 2018**
- ✓ **Strategic delivery** on our battlegrounds, with good progress during H1 2018
- ✓ **Good financial delivery** against key targets



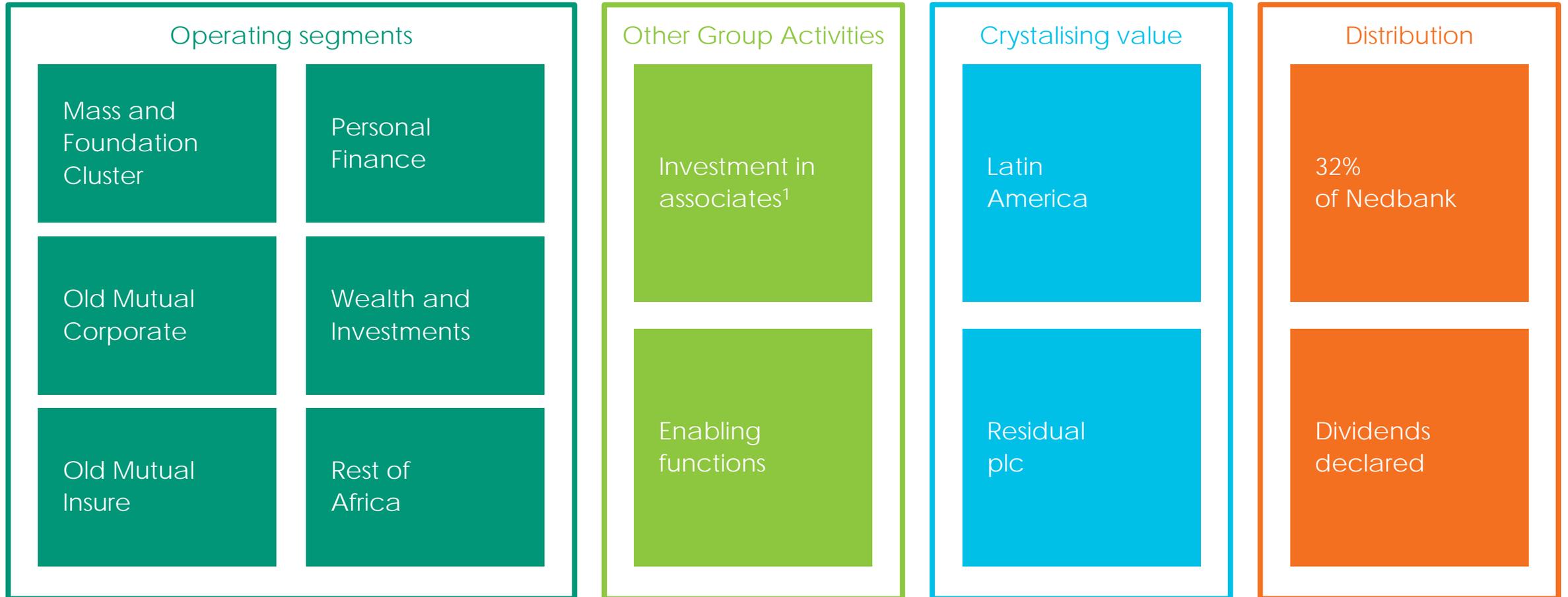
STARTING OUR JOURNEY

*“What’s most exciting about our listing as an independent, standalone entity is that it **enables us to unlock shareholder value** and create a **business with a strong strategic focus on sub-Saharan Africa**”*





CORE COMPONENTS OF VALUE

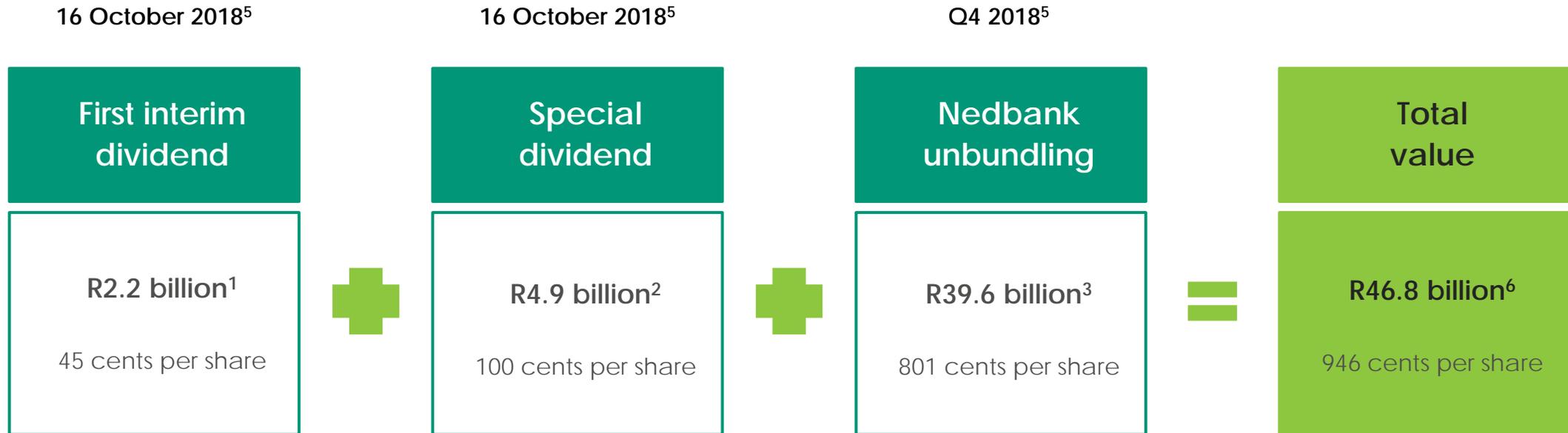


Supported by our brand, multi-channel distribution, engaged employees and strong balance sheet

1. Includes 19.9% of Nedbank and our investment in China



DELIVERING RETURNS TO SHAREHOLDERS IN Q4 2018



Capital returns representing **one third** of our market capitalisation⁴ or about **R9.50 per share**

1. First interim dividend of 45 cents per share
2. Special dividend of 100 cents per share
3. Based on Nedbank share price of R249.60 at 30 June 2018
4. R138 billion based on OML closing price and number of shares outstanding at 30 June 2018
5. Payment date
6. May not cast due to rounding



ON TRACK TO COMPLETE NEDBANK UNBUNDLING

Preparation for unbundling

- Shareholder register transitioning to SA and emerging markets focused investor base
- Elevated trading volumes post listing, now settling as expected
- Capital review complete

Unbundling process

- Expect unbundling to happen in Q4 2018
- 32% of Nedbank to be distributed to shareholders, representing R39.6 billion
- Approximately 3 Nedbank shares for every 100 OML shares
- Update to be published in due course
- Necessary approvals materially in place

Long term strategic relationship

- Long term holder of 19.9%
- Underpins continuing relationship and commercial benefits
- Remaining holding held as part of OMLACSA capital



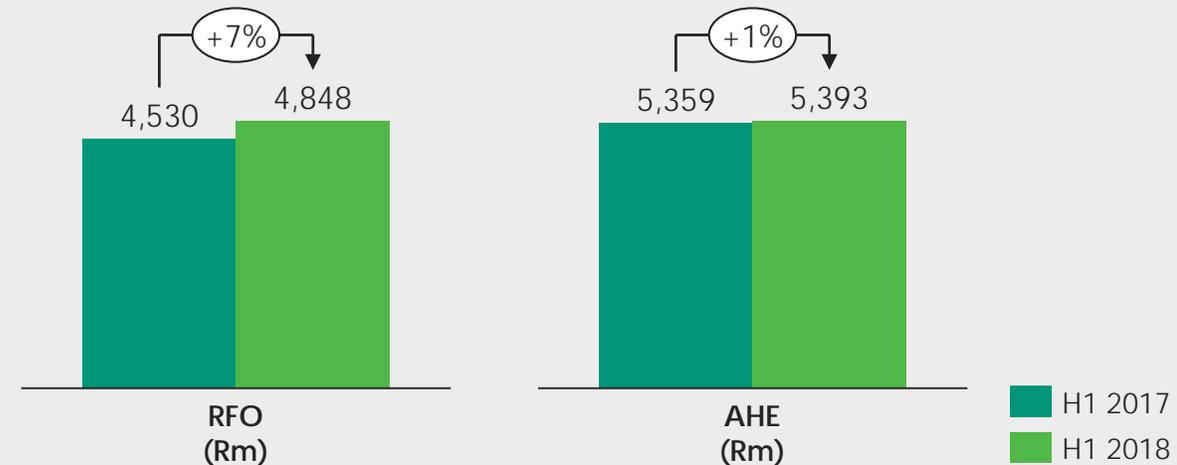
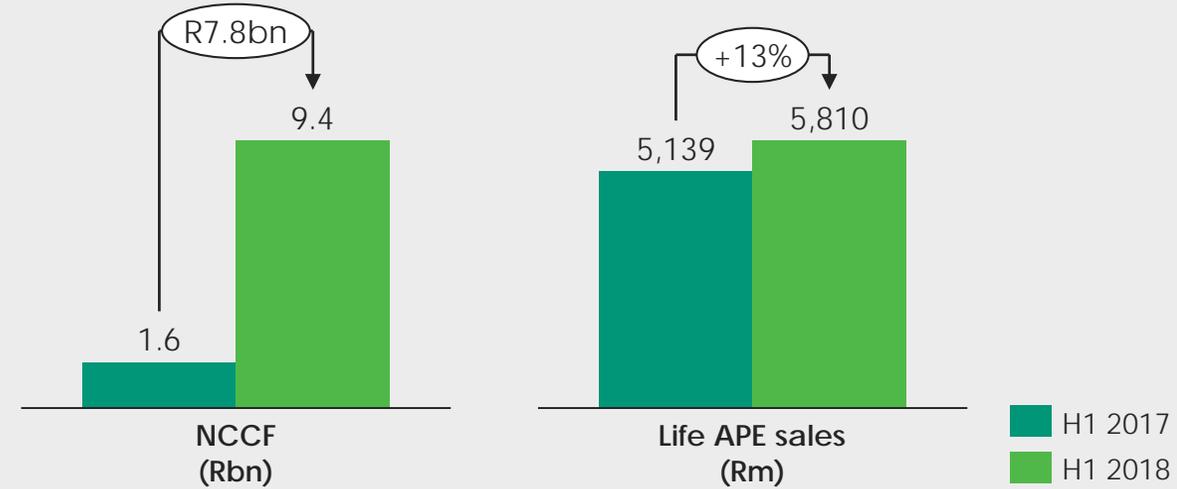
GOOD PROGRESS ON OUR 8 BATTLEFIELDS





SOLID FINANCIAL DELIVERY

- **NCCF up R7.8 billion** – excellent NCCF in Wealth and Investments and Old Mutual Corporate.
- **Life APE sales up 13%** - strong covered sales in Mass and Foundation Cluster and Old Mutual Corporate
- **RFO up 7%** – underpinned by **solid overall segment performance**, particularly in Mass and Foundation Cluster, Old Mutual Insure and Rest of Africa
- **AHE up 1%** - RFO growth and increase in Nedbank earnings **offset by lower investment returns**
- **RoNAV at 17.5% within target range**, although impacted by lower investment returns in H1 2018
- First interim dividend of **45 cents per share**, representing 40% of AHE
- Special dividend of **100 cents per share**

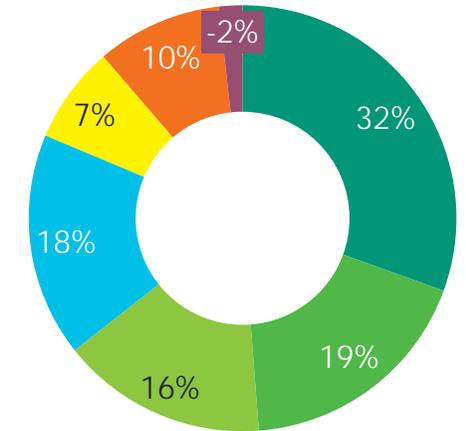




SOLID OVERALL SEGMENT DELIVERY

Rm	H1 2018	H1 2017	Change %
Mass and Foundation Cluster	1,534	1,306	17%
Personal Finance	918	1,394	(34%)
Wealth and Investments	783	638	23%
Old Mutual Corporate	854	800	7%
Old Mutual Insure	370	200	85%
Rest of Africa	478	368	30%
Central expenses	(89)	(176)	49%
Results from Operations (RFO)	4,848	4,530	7%

Segment contribution to Results from Operations



- Mass and Foundation Cluster
- Personal Finance
- Wealth and Investments
- Old Mutual Corporate
- Old Mutual Insure
- Rest of Africa
- Central expenses



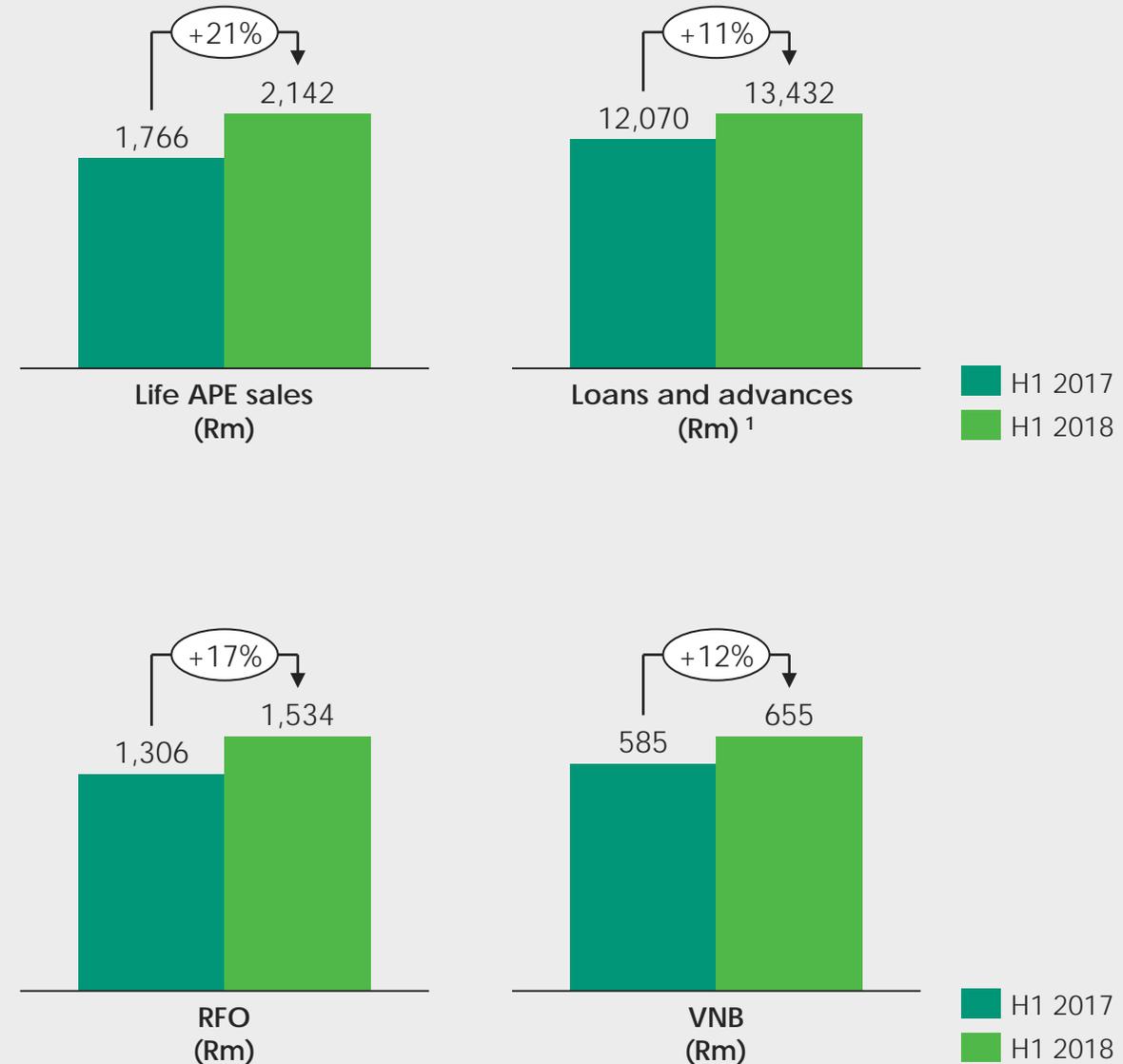
MASS AND FOUNDATION CLUSTER

Excellent sales growth

- Life APE sales up 21%, due to growth in advisers and improvement in productivity
- 9 new additional branches, our branch network continues to deliver better persistency and productivity and contributes 30% of Life APE sales
- 11% increase in loans and advances since Dec 2017 – loans advanced during the period up 53% due to process enhancements around customer take-on

Strong profit growth – RFO up by 17%

- Operating leverage from growth in the life book and continued expense management
- Reduction in amortisation of intangibles related to Old Mutual Finance acquisition



1. Comparative period is December 2017



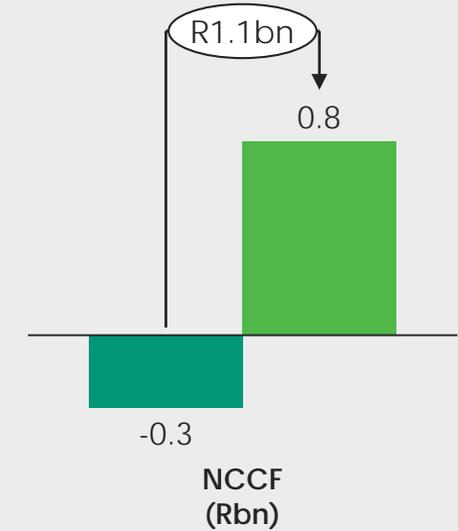
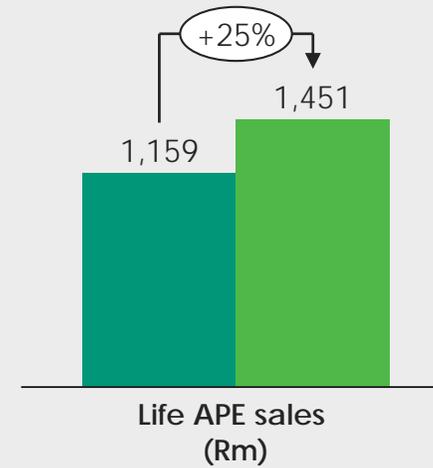
OLD MUTUAL CORPORATE

Strong sales performance in H1 2018

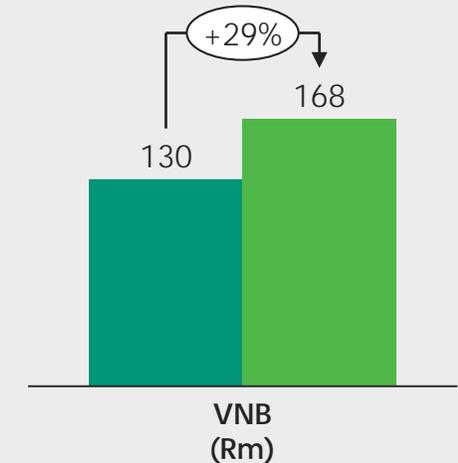
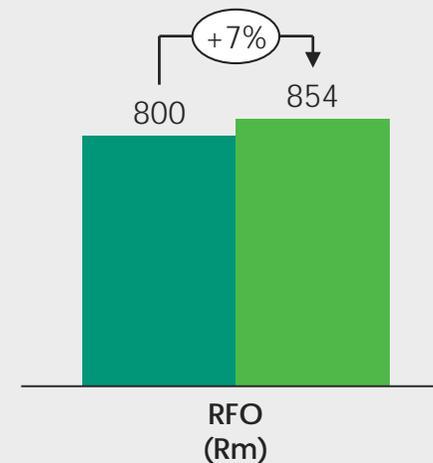
- Life APE sales up 25% due to strong single premium deals
- NCCF up R1.1 billion due to strong sales growth supported by improved termination experience

Stable profit growth – RFO up 7%

- Better GLA underwriting experience
- Continued challenging underwriting conditions in our group income protection book
- Traction from management actions to improve group income protection underwriting experience, such as re-pricing and new benefit design



■ H1 2017
■ H1 2018



■ H1 2017
■ H1 2018



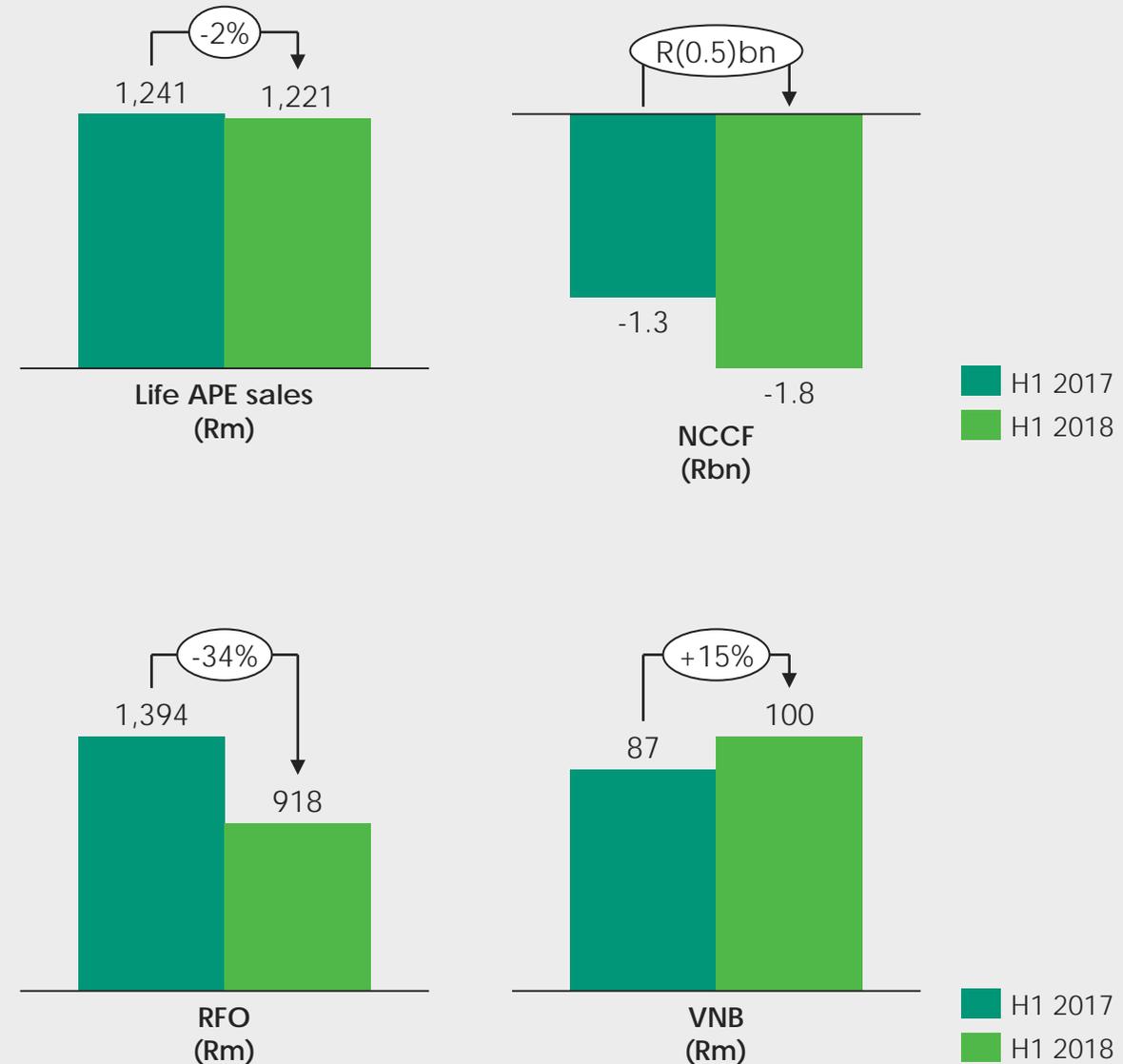
PERSONAL FINANCE

Top line growth marginally down but strong contribution to other segments

- Life APE sales down 2% due to lower recurring premium sales on savings and risk products reflecting pricing discipline. Single premium sales up, benefiting from improved guaranteed annuity rates
- Channels have driven strong sales in Wealth and Investments, Old Mutual Corporate and Old Mutual Insure
- NCCF down R0.5 billion mainly due to higher death and disability claims and disinvestments
- Maintained good product margins

Decline in profit – RFO down 34%

- Losses from mortality and morbidity experience, below reinsurance limits
- Lower investment variances reflecting lower investment returns earned





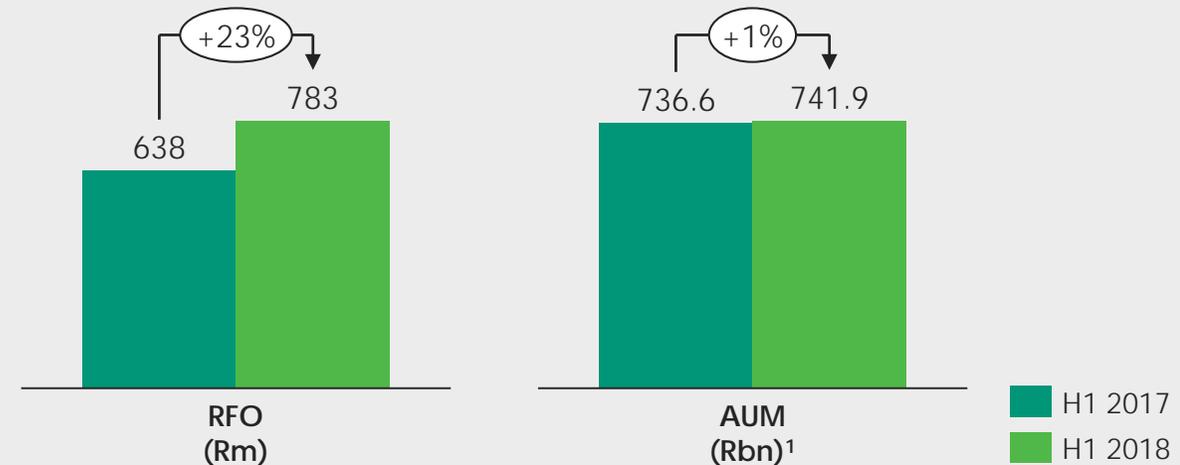
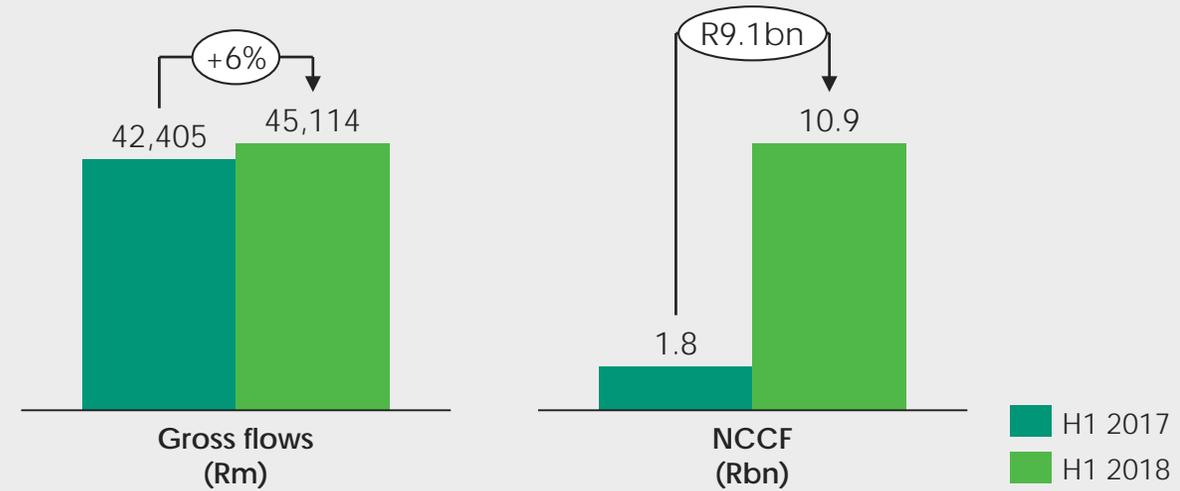
WEALTH AND INVESTMENTS

Good flows in a subdued market

- Gross flows up 6% due to strong flows in both Old Mutual International and SA retail platform
- NCCF up R9.1 billion reflecting a strong contribution from retail Wealth flows and a lower base in H1 2017 as a result of institutional outflows

Good profit growth – RFO up 23%

- Non-annuity revenue streams in Alternatives and Specialised Finance delivered good profit
- Our participation in South Africa's renewable energy programme contributed to strong non annuity profit growth reflecting the benefits of our responsible business strategy
- Alternatives related intangibles fully amortised in 2017



1. Comparative period is December 2017



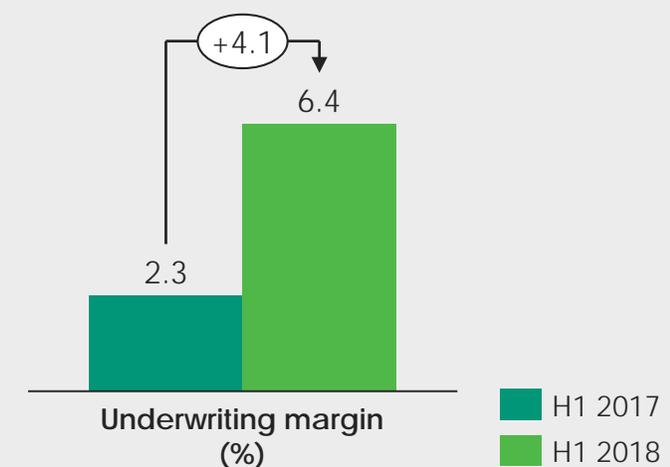
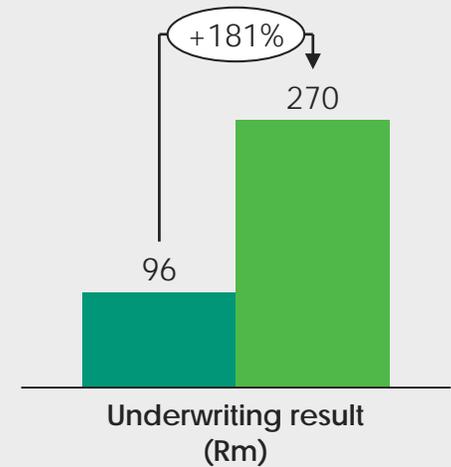
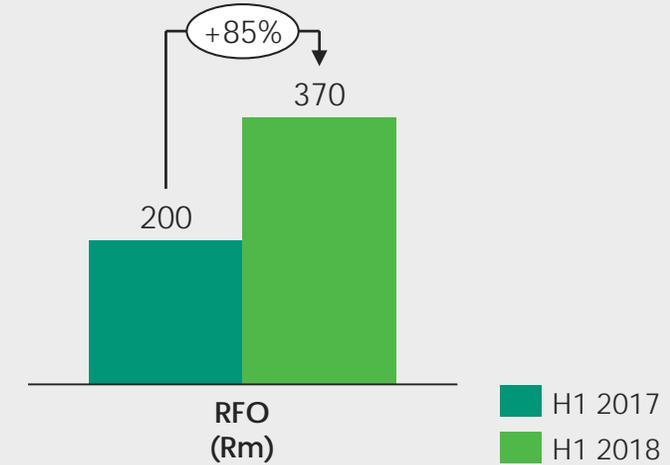
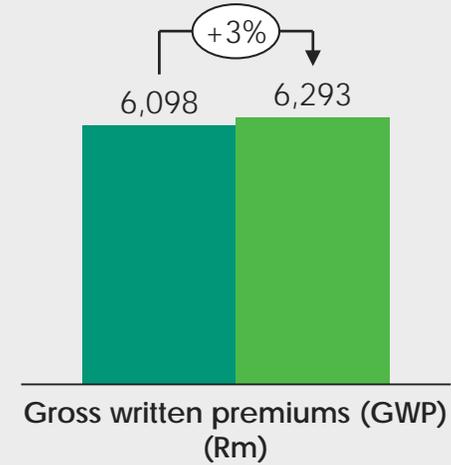
OLD MUTUAL INSURE

Conservative growth in tough markets

- GWP up 3% - slow new business volumes due to tough market conditions and tighter underwriting criteria
- iWYZE delivered strong growth

Strong profit growth – RFO up 85%

- Disciplined underwriting combined with growth in commercial and personal intermediated business and iWYZE
- Benign claims environment, with no catastrophe losses
- Improved cost control through efficiencies and process optimisation
- Significant improvement in underwriting margin to 6.4% - above the top end of the target range





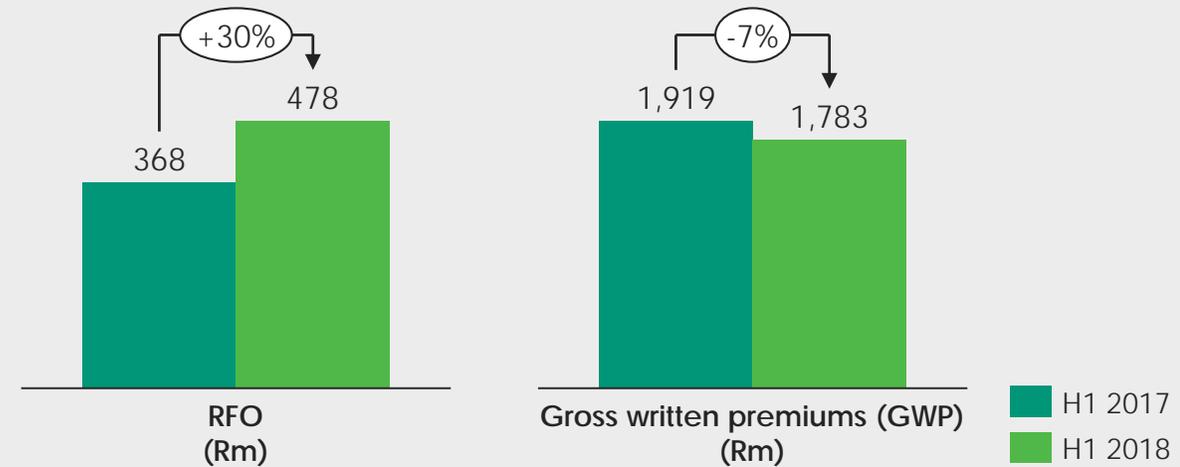
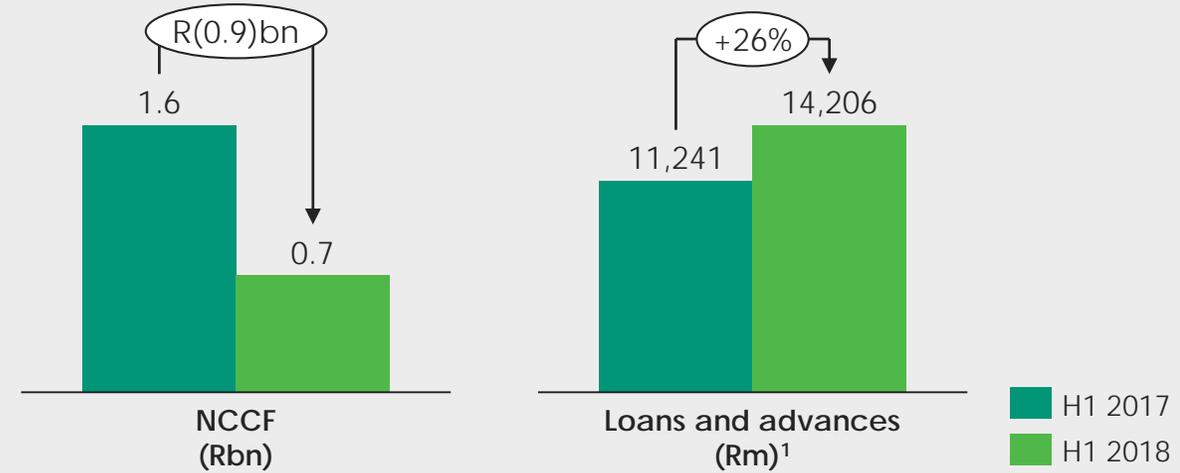
REST OF AFRICA

Mixed sales performance

- NCCF down R0.9 billion as a result of large outflows in Namibia due to regulatory rebalancing
- Growth in loans and advances of 26% driven by CABS in Zimbabwe

Significant increase in RFO – up 30%

- SADC – higher CABS profits in Zimbabwe, continued growth in Namibia and Malawi
- Continued progress on turnaround in East Africa, reorganisation completed to optimise staffing levels and eliminate duplication
- Growth in West Africa flat





FINANCIAL REVIEW

Casper Troskie



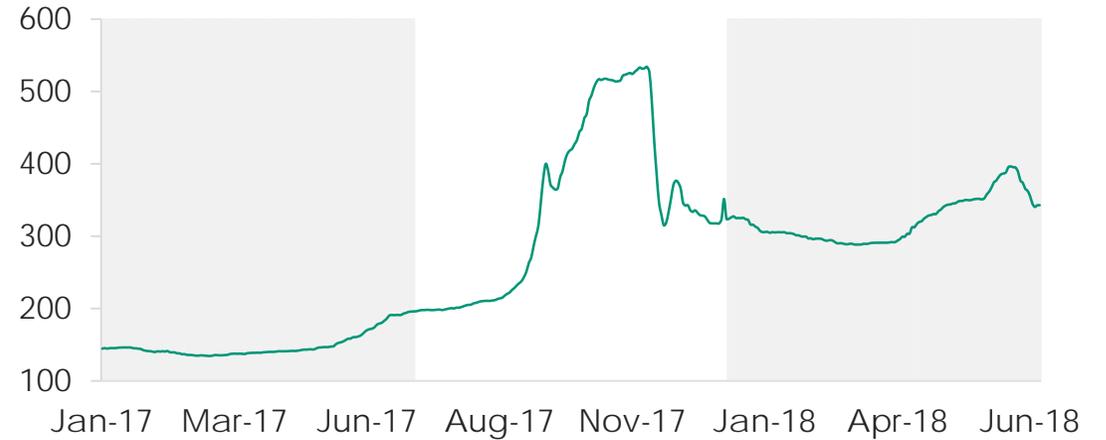


OVERVIEW OF MACRO ENVIRONMENT

Equity markets



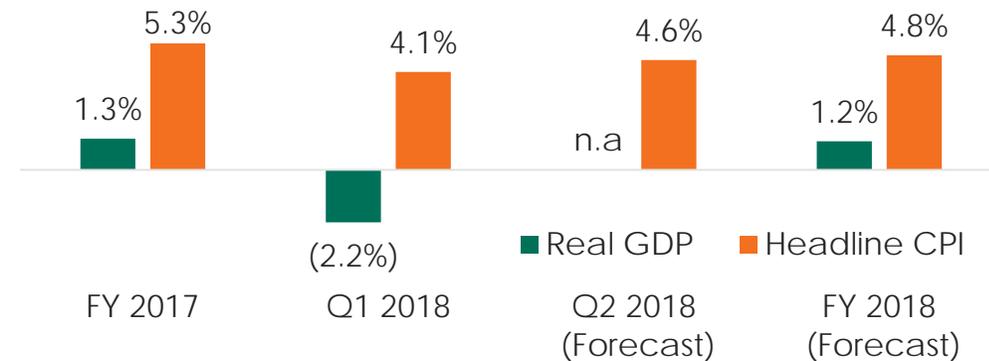
ZSE Industrial Index



Currency (USD vs ZAR)



Real GDP Growth & Inflation (%)





CONTINUED DELIVERY ON OUR FINANCIAL PROMISES

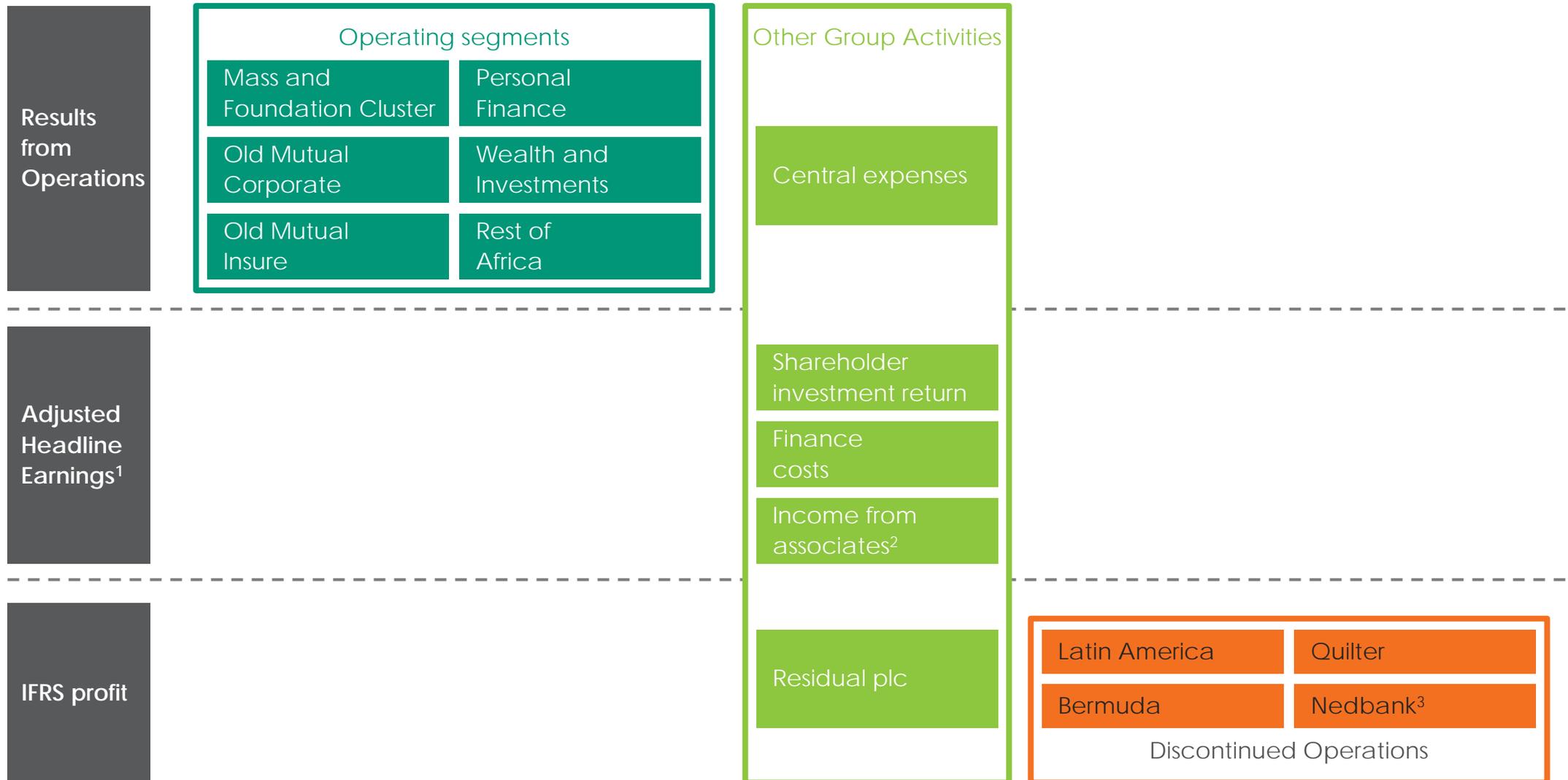
✓ Strong financial delivery against key targets

✓ Consistent cash generation supporting dividends

✓ Progress in simplifying balance sheet



MAPPING COMPONENTS TO KEY PROFIT MEASURES



1. Adjusted Headline Earnings is after deducting tax and minorities

2. Includes 19.9% of Nedbank and our joint venture in China

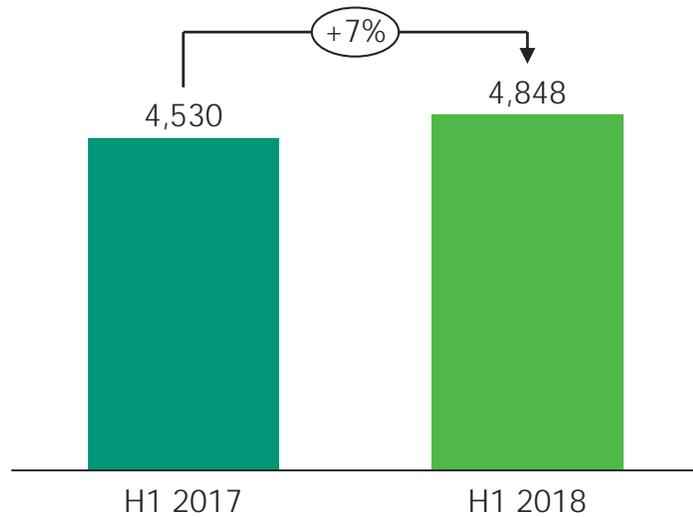
3. In the IFRS financial statements the total share in Nedbank is presented as discontinued, notwithstanding the Group's stated plan to hold a minority shareholding of 19.9%



OUR RESULTS AT A GLANCE

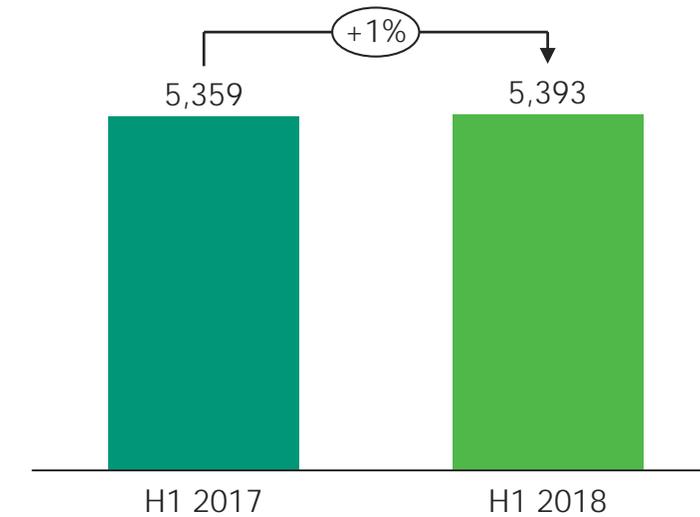
Results from operations

(Rmillion)



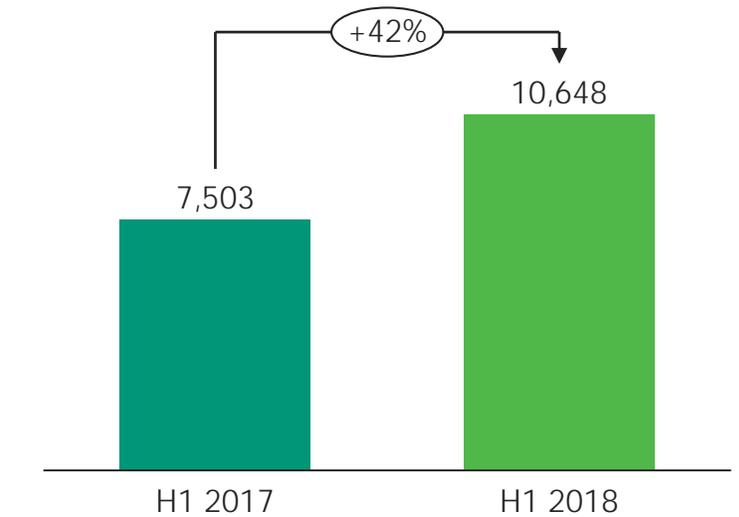
Adjusted headline earnings

(Rmillion)



IFRS profit

(Rmillion)



- 7% increase in RFO from H1 2017
- Solid results from operating segments in H1 2018

- AHE negatively impacted by lower investment returns in South Africa and Zimbabwe
- Offset by higher associate earnings from Nedbank as ETI returns to profitability

- 42% increase from H1 2017
- Largely due to profit on distribution and sale of Quilter shares



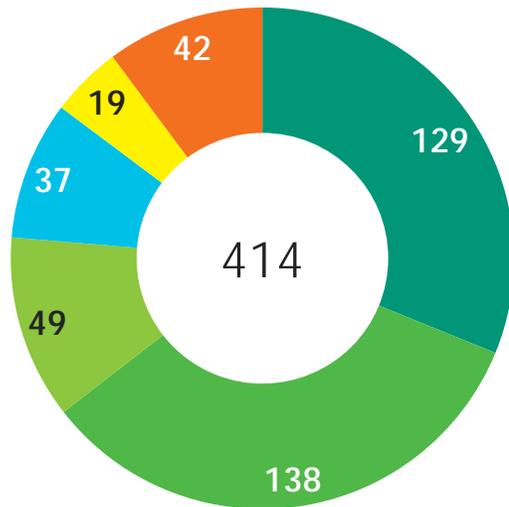
ADJUSTED HEADLINE EARNINGS

Rm	H1 2018	H1 2017	Change %	
Operating segments	4,937	4,706	5%	
1 Central expenses	(89)	(176)	49%	1 Reduction due to allocation of project expenses to segments, partially offset by increase in costs relating to listing capability
Results from operations	4,848	4,530	7%	
2 Shareholder investment return	1,177	1,869	(37%)	2 Shareholder investment return down, mainly in South Africa and Zimbabwe
3 Finance cost	(337)	(286)	(18%)	3 Finance costs up due to issue of subordinated debt instrument in H2 2017
4 Income from associates	1,379	1,036	33%	4 Income from associates boosted by strong increase in Nedbank headline earnings
Adjusted headline earnings before tax	7,067	7,149	(1%)	
Shareholder tax	(1,566)	(1,600)	2%	
Minority interest	(108)	(190)	43%	
Adjusted headline earnings	5,393	5,359	1%	



IMPACT OF EXPENSE ALLOCATION

R414m of project costs allocated to segments in H1 2018...



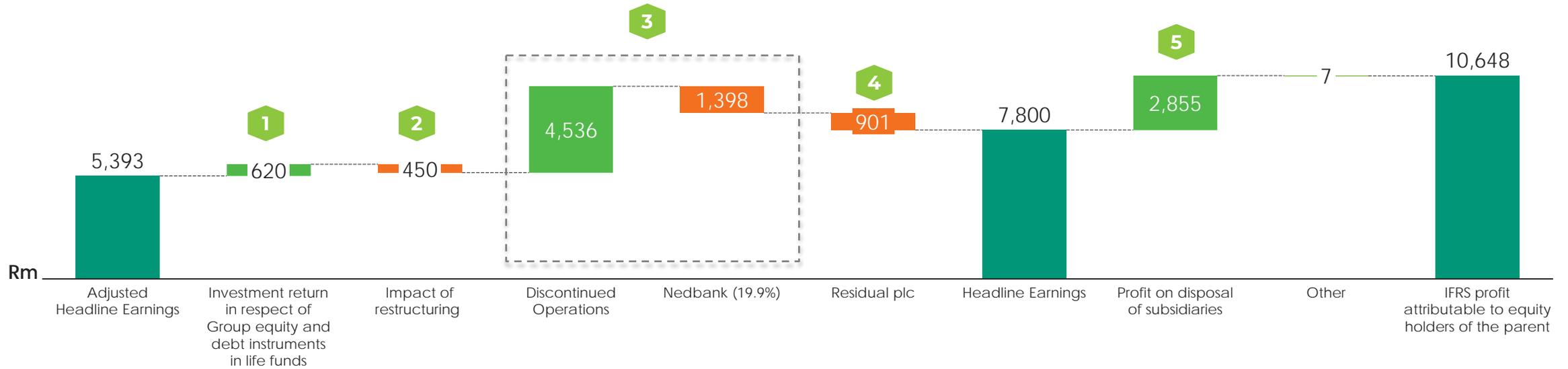
.... Impacting segment RFO growth rates in H1 2018¹

	Reported RFO growth rate	Impact on RFO growth rate	Adjusted RFO growth rate
Mass and Foundation Cluster	17%	(10%)	+27%
Personal Finance	(34%)	(10%)	(24%)
Wealth and Investments	23%	(8%)	+30%
Old Mutual Corporate	7%	(5%)	+11%
Old Mutual Insure	85%	(10%)	+95%
Rest of Africa	30%	(11%)	+41%

1. Illustrative impact before impact of any reserving changes which may have altered the net impact to RFO



ADJUSTED HEADLINE EARNINGS TO IFRS PROFIT IN H1 2018

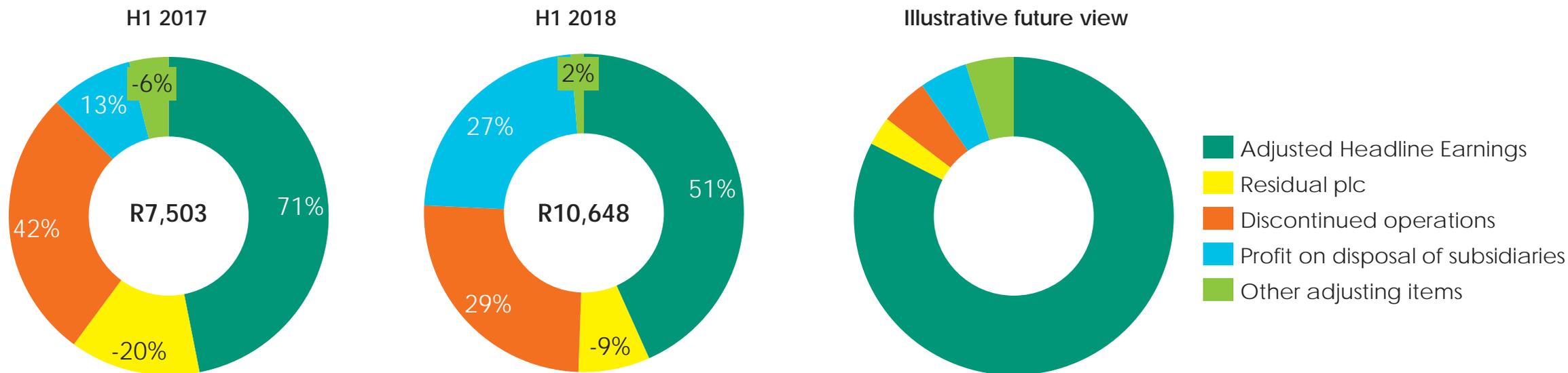


- 1** Adds back policyholder returns eliminated in IFRS
- 2** Mainly impact of Managed Separation on share schemes resulting in accelerated IFRS 2 charge
- 3** Earnings attributable to Quilter, Nedbank, Latin America and Bermuda

- 4** Largely Managed Separation costs, finance costs and wind-down costs
- 5** Profit on the distribution and sale of Quilter shares



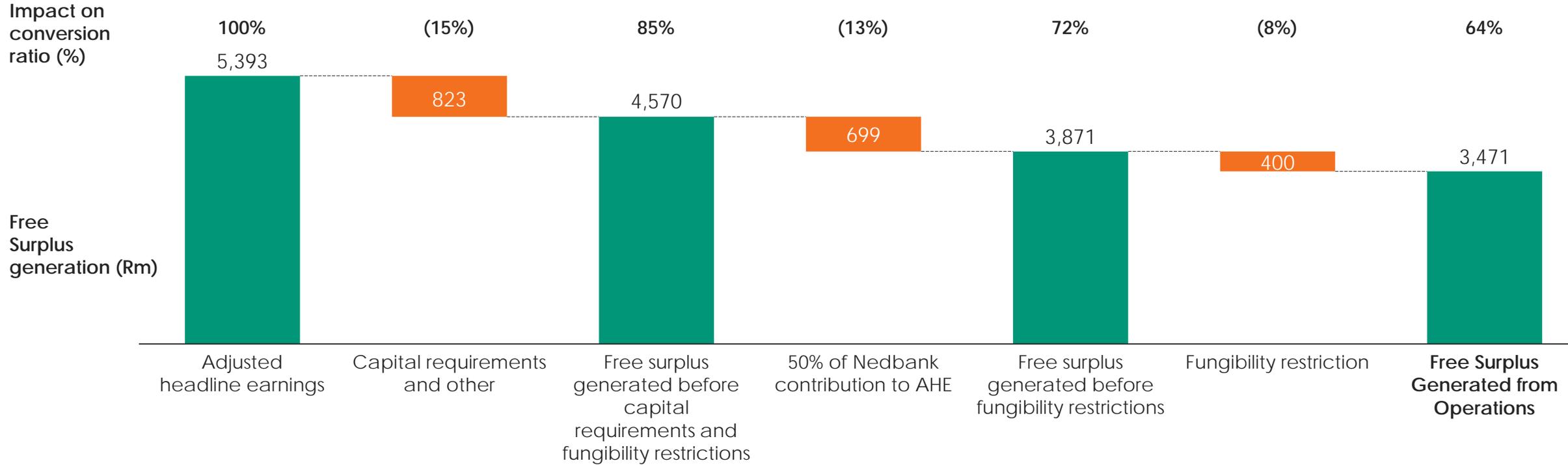
EVOLUTION OF INCOME STATEMENT OVER TIME



- Managed Separation transactions create volatility in the IFRS income statement
- Nearly 50% of H1 2018 IFRS profit attributable to Quilter, Nedbank, Residual plc and the accounting impacts of Managed Separation
- H2 2018 profit will include accounting impacts of Nedbank unbundling
- Income statement expected to materially simplify in 2019 and beyond



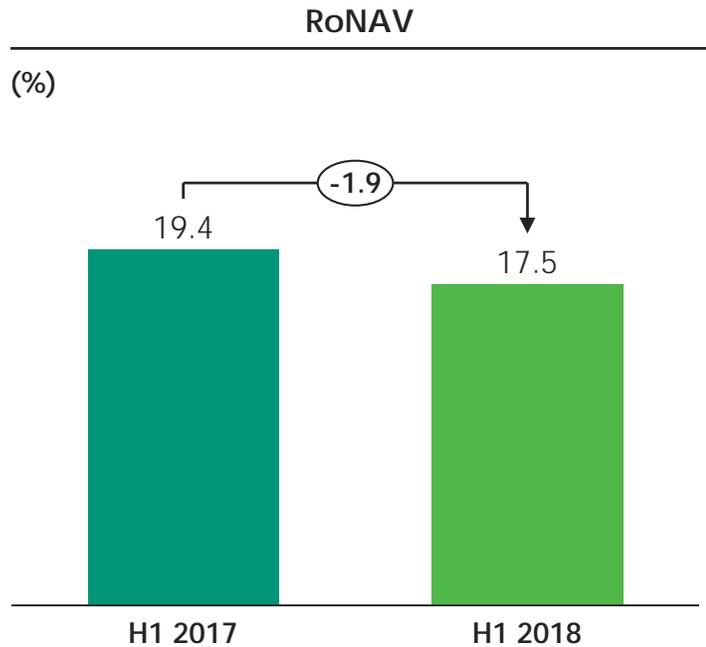
STRONG CASH GENERATION IN H1 2018



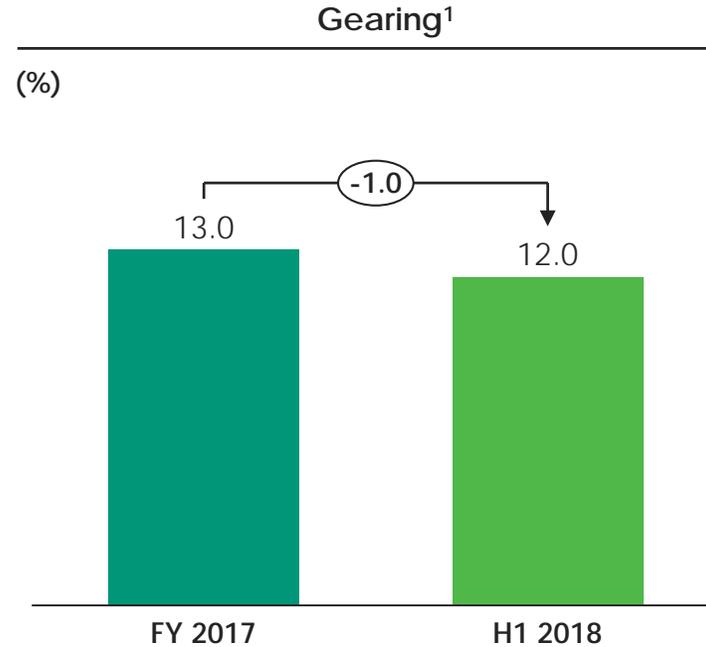
- Strong cash generation from operations of 85% before impact of Nedbank and fungibility restrictions
- Consistent Free Surplus Generated from Operations of 64% (H1 2017:62%, FY 2017:61%), supporting first interim dividend of R2.2 billion



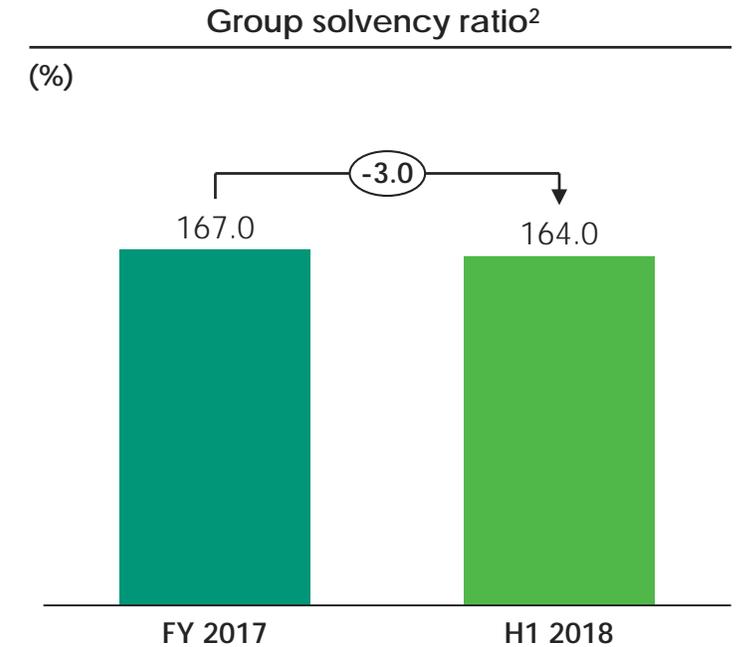
OUR BALANCE SHEET AT A GLANCE



- Reduction largely as a result of lower investment return in South Africa and Zimbabwe
- Increase in average Adjusted IFRS equity from R56.5 billion to R61.8 billion has contributed to the decrease



- Reduction in gearing as a result of increase in equity
- No subordinated debt issued during the period

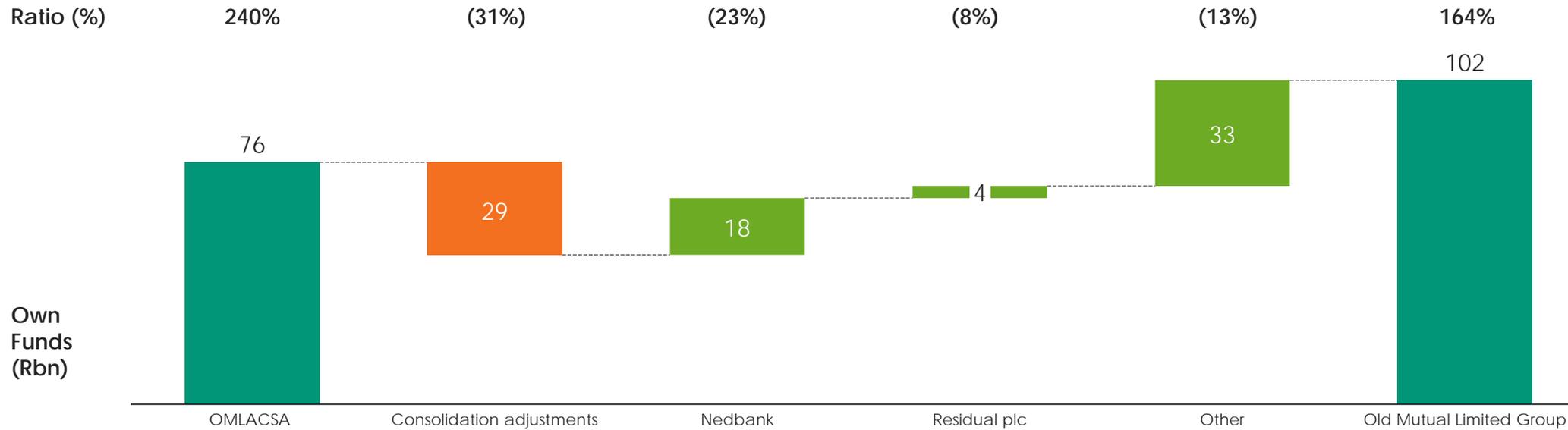


- Reduction due to declaration of 2018 interim and special dividend – foreseeable dividends are deducted from own funds

1. Calculated based on subordinated debt and equity attributable to the operating segments of Old Mutual Limited and therefore excludes Residual plc and assets held for sale and distribution
2. Presented on a post unbundling basis, i.e. 19.9% stake in Nedbank



RESILIENT GROUP SOLVENCY POSITION AT 30 JUNE 2018

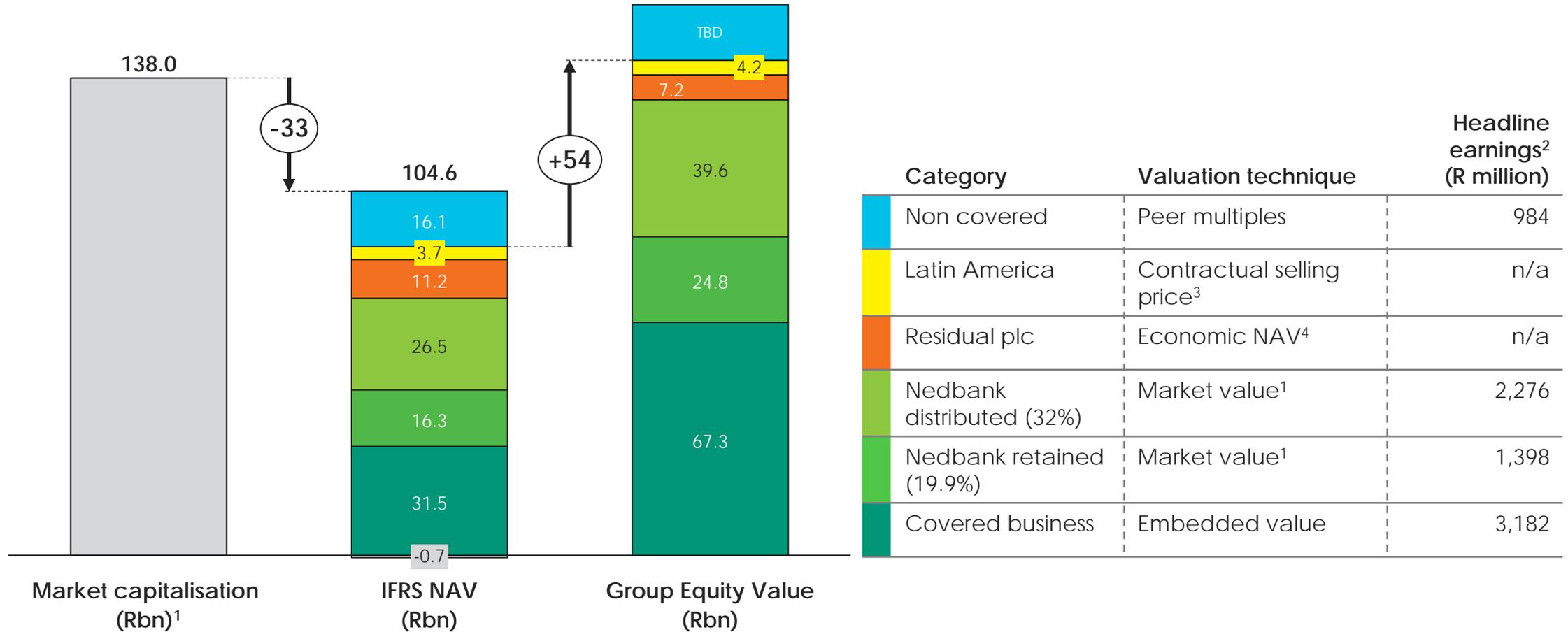


- Strong capital position where risks are managed, even after declared dividends
- Consolidation adjustments remove double count of Nedbank and other subsidiaries
- Inclusion of Nedbank on Basel III basis reduces ratio
- Residual plc included at 100% reflecting fungibility restrictions
- Other includes OM Insure, Rest of Africa and non life entities



GROUP EQUITY VALUE

Uplift of nearly R54 billion to NAV.... before placing any additional value on non covered assets



1. Market values calculated with reference to the closing prices and number of shares outstanding on 30 June 2018.
2. The table above excludes the headline earnings in respect of Quilter as there is no corresponding IFRS NAV and the earnings related to Latin America and Residual plc as the valuations for these businesses are not based on earnings.
3. Calculated using the closing US dollar rand rate on 30 June 2018 and agreed proceeds of \$307.5 million.
4. Based on the realisable economic value of approximately £400 million at 30 June 2018, translated at closing rate on 30 June 2018.



ON TRACK TO DELIVER OUR FINANCIAL TARGETS

	KPI	Target	Performance H1 2018	Outlook for FY 2018
RETURNS	RoNAV	<ul style="list-style-type: none"> • Average COE + 4% (weighted average COE of 13.4%) 	17.5%	On track
GROWTH	Results from operations	<ul style="list-style-type: none"> • CAGR of Nominal GDP + 2% over the three years to 2020 (average nominal GDP growth for H1 2018: approximately 6%) 	Up 7%	On track
EFFICIENCY	Cost efficiencies	<ul style="list-style-type: none"> • R1 billion by end 2019 pre-tax run-rate cost savings net of costs to achieve. • Based off 2017 IFRS administrative cost base 	R270 million recurring, R70 million one off cost to achieve	On track
	Underwriting result	<ul style="list-style-type: none"> • OM Insure underwriting margin of 4%-6% in near term 	6.4%	Within the target range
CAPITAL	SAM solvency	<ul style="list-style-type: none"> • Old Mutual Limited: 155%-175% (post Nedbank unbundling) 	Old Mutual Limited 164%	Within target range
		<ul style="list-style-type: none"> • OMLACSA: Greater than 200% 	OMLACSA 240%	Above target
CASH RETURNS	Dividend cover	<ul style="list-style-type: none"> • Target full year ordinary dividends covered by AHE between 1.75 to 2.25 times. Target an interim dividend at 40% of the current year interim AHE 	Interim of 45 cents per share Special dividend of 100 cents per share	On track



CONCLUDING REMARKS

Peter Moyo





CLOSING REMARKS

✓ Significant capital returns to shareholders, continuing to unlock value

✓ Continue to drive progress on our battlegrounds

✓ Confident we will deliver full year 2018 results in line with our targets



Q&A





DISCLAIMER

This presentation may contain certain forward-looking statements with respect to certain of Old Mutual Limited's plans and its current goals and expectations relating to its future financial condition, performance and results and, in particular, estimates of future cash flows and costs.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual Limited's control including amongst other things, South Africa domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Old Mutual Limited and its affiliates operate. As a result, Old Mutual Limited's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual Limited's forward looking statements.

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