

Old Mutual Limited  
Incorporated in the Republic of South Africa  
Registration number: 2017/235138/06  
ISIN: ZAE000255360  
LEI: 213800MON84ZWWPQC47  
JSE Share Code: OMU  
LSE Share Code: OMUMSE Share Code: OMU  
NSX Share Code: OMM  
ZSE Share Code: OMU  
("Old Mutual" or "OM" or "the Company")

Ref 41/22

30 August 2022

Short-form announcement: Unaudited interim results for the six months ended 30 June 2022 and interim dividend declaration

A MESSAGE FROM THE CEO

## OVERVIEW

The first half of 2022 delivered a strong set of results, which for the first time, following the unbundling of our strategic investment in Nedbank in November 2021, excludes the income associated with this stake. This solid performance was against the backdrop of an increasingly volatile global economy. Although the economy showed positive signs in the first quarter, the global and local outlook was dampened in the second quarter by increased inflationary pressures negatively affecting market levels and consumer sentiment.

South Africa and the other countries we operate in experienced their fourth and fifth waves of COVID-19 over the current period. Despite the complete easing of lockdown and other COVID-19 restrictions in South Africa, pandemic impacts have been relatively benign. The volatility in our operating earnings caused by the pandemic over the last two years has stabilised as the ongoing impact of the pandemic becomes muted. Following the easing of lockdown restrictions, our employees across the continent returned to work based on our hybrid working model and we are starting to see the benefits of increased face-to-face collaboration on productivity. As employees adjust to the hybrid model, we anticipate seeing increased engagement.

The positive outcome at the General Meeting held on 12 August 2022, when the Bula Tsela Broad-Based Black Economic Empowerment (B-BBEE) ownership transaction was approved, allows us to achieve our objective and fulfil our commitment to be best in class, measured at the time of listing, within five years post our listing in 2018. The implementation of this transaction in the latter half of 2022 will increase our B-BBEE ownership to above 30%. The Bula Tsela transaction together with a sale of 21.2% of Futuregrowth to African Women Chartered Accountants Investment Holdings will result in Futuregrowth becoming majority Black owned and should also result in Old Mutual Investment Group (OMIG) becoming majority Black owned.

## OPERATING CONTEXT

The first half of 2022 was dominated by the economic fallout from the conflict in Ukraine as economies experience sharp rises in food and energy prices, upside surprises to inflation, and significant interest rate increases as central banks attempt to control inflation. These factors have resulted in significant pressure on consumer and business spending and confidence, and has led to expectations of weaker growth. As a result, global financial markets were hit particularly hard during the second quarter of 2022.

In South Africa, the strong rebound in economic growth experienced during the fourth quarter of 2021 spilled over into the first quarter of 2022 recording much stronger growth than expected. Second quarter growth was, however, negatively impacted by global factors such as the conflict in Ukraine, and local factors such as severe flooding in KwaZulu-Natal which damaged infrastructure and manufacturing facilities and reduced economic activity due to loadshedding.

Consumer inflation in South Africa rose to a 13-year high of 7.4% in June, driven by increased fuel and food prices. This resulted in the South African Reserve Bank raising interest rates by a cumulative 100 basis points during the first half of the year, with the repo rate at 4.75% at the end of June 2022.

South African equity markets rallied in the first quarter followed by a dip in the second quarter on the back of global market volatility.

In our Rest of Africa markets, real GDP growth is being eroded by higher inflation and depreciating currencies, attributed to both local and global factors. The conflict in Ukraine has resulted in imported inflation due to disruptions in the supply of grains and energy products. Socio-political risk continues to heighten in several countries, due to pending elections in Zimbabwe and Nigeria.

All selected equity indices across our Rest of Africa regions and China (except for Malawi) are in negative territory due to similar pressures.

## SUMMARY OF GROUP RESULTS

I am pleased with the continued growth in Life APE sales of 15% to R6.2 billion in the first half of 2022 as we retain our strategic focus on ensuring we become our customers' first choice to sustain, grow and protect their prosperity.

The recovery in Net client cash flows (NCCF) due to lower COVID-19 related claims was more than offset by a decrease in

Gross flows, resulting in NCCF decreasing by 27% to negative R4.3 billion. The decrease in Gross flows of 14% to R83.4 billion was largely driven by the prior year including large transactions in Old Mutual Investments and Old Mutual Corporate which did not repeat in the current year.

Lower market levels in South Africa and globally drove a 7% decrease in Funds under management.

Strong growth in Value of new business (VNB) in Mass and Foundation Cluster, Old Mutual Corporate and Rest of Africa was more than offset by a VNB reduction in Personal Finance on the back of volume and sales mix strain. This resulted in VNB for the period of R708 million, down 4% on the prior period. VNB margin of 2.2% remains within our medium-term target range of 2% to 3%.

Strong operating performance and muted COVID-19 impacts led to an increase in Results from operations of 87% to R4.1 billion. Despite the large relative drop in market levels, our Adjusted headline earnings would have been up 19% on a like for like basis if the income from Nedbank had been excluded from the comparative period. Including Nedbank results in the comparative period sees our Adjusted headline earnings decrease by 7%.

Our Return on net asset value increased by 60bps to 9.6%. This was due to the lower average adjusted IFRS equity base resulting from the unbundling of 12.2% of our stake in Nedbank at the end of 2021, thus delivering on our promise to simplify the Group's capital structure and provide a substantial return of capital to our shareholders.

The Group solvency ratio remains robust and increased by 300 bps from December 2021 to 187% mainly as a result of a lower prescribed equity risk stress factor. Old Mutual Life Assurance Company (SA) (OMLACSA) issued a further R1.1 billion of subordinated debt, helping to optimise the Group's weighted average cost of capital.

The Old Mutual Limited Board declared an interim dividend of 25 cents per ordinary share which amounts to 44% of Adjusted headline earnings. We were able to maintain a dividend in line with our prior interim dividend due to our robust operational performance and our strong capital and liquidity position.

Iain Williamson  
CEO of Old Mutual Limited

#### UNAUDITED GROUP HIGHLIGHTS

Rm (unless otherwise stated)	H1 2022	H1 2021	Change	FY2021
Gross	83 385	96 989	(14%)	194 757
Life APE	6 171	5 343	15%	11 400
Net client cash flow (NCCF)	(4 333)	(3 414)	(27%)	92
Funds under management (FUM)(Rbn) <sup>1</sup>	1184.5	1171.2	(7%)	1273.6
Value of new business (VNB)	708	740	(4%)	1 266
Value of new business margin (%)	2.2%	2.3%	(10bps)	1.9%
Results from operations (RFO)	4 097	2 190	87%	4 384
Adjusted headline earnings (AHE)	2 691	2 899	(7%)	5 402
Adjusted headline earnings per share (cents) <sup>2</sup>	59.2	63.4	(7%)	118.5
Return on net asset value (%)	9.6%	9.0%	60 bps	9.0%
Free surplus generated from operations	2 998	3 090	(3%)	6 149
% of AHE converted to free surplus generated	111%	107%	400 bps	114%
Group solvency ratio (%) <sup>1,3</sup>	187%	177%	300 bps	184%
Headline earnings (HE) <sup>3</sup>	5 140	3 155	63%	7 209
Headline earnings per share (HEPS) <sup>3</sup>	116.3	71.7	62%	163.8
IFRS Profit after tax attributable to equity holders of the parent <sup>3</sup>	5 222	2 984	75%	6 662
Basic earnings per share (cents) <sup>3</sup>	118.1	67.8	74%	151.3
Declared dividend per share (cents)	25	25	-	51

1 The % change has been calculated with reference to FY 2021.

2 Weighted average number of shares used in the calculation of the Adjusted Headline Earnings per share is 4 544 million (H1 2021: 4 570 million).

3 These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.

#### OUTLOOK

Global growth is expected to slow over the rest of 2022, especially in the large economies of the USA and Europe where high inflation will likely result in further interest rate increases. The International Monetary Fund's (IMF) World Economic Outlook for July 2022 revised its global economic growth forecast downward, from 4.4% to 3.2%.

In South Africa, ongoing pressure on consumers, combined with loadshedding risk, will likely further impact economic growth. The IMF has forecast growth in Sub-Saharan Africa to slow to 3.8% from the 4.6% recorded in 2021.

The macro-economic environment in our markets is expected to remain challenging. Low wage growth across sectors limits options for the pass-through of rising cost inflation, exacerbating the financial pressure experienced by our retail customers. Rising inflation further impacts our corporate customers' growth and liquidity levels. These factors continue to put strain on persistency levels across the Group. Increased market volatility and resultant decreases in asset levels puts further pressure on asset-based fees.

We remain committed to working toward meeting our medium term targets although this has become more challenging given the current economic backdrop.

With a balance sheet that remains well capitalised and our solvency ratios within or slightly above the target range, we are well set up to weather the challenging operating environment across all of our operating regions.

We are currently running parallel reporting processes for IFRS17 and are on track to producing an opening balance sheet. We will provide an update at our Capital Markets Day in the fourth quarter.

#### INTERIM DIVIDEND DECLARATION

The Old Mutual Limited Board declared an interim dividend of 25 cents per ordinary share which amounts to 44% of Adjusted headline earnings. The interim dividend will be paid out of income reserves. We were able to maintain a dividend in line with our prior interim dividend due to our robust operational performance and our strong capital and liquidity position. The interim dividend is in line with Old Mutual Limited's dividend policy, which targets an ordinary dividend cover of 1.50x to 2.00x of Adjusted headline earnings over the financial year.

Shareholders on the London, Zimbabwean, Malawian and Namibian registers will be paid in the local currency equivalents of the interim dividend.

Old Mutual Limited's income tax number is 9267358233. The number of ordinary shares in issue in the company's share register at the date of declaration is 4 708 553 649.

Declaration date	Tuesday, 30 August 2022
Finalisation announcement and exchange rates announced	Tuesday, 6 September 2022 by 11.00
Transfers suspended between registers	Close of business on Tuesday, 6 September 2022
Last day to trade cum dividend for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 20 September 2022
Ex-dividend date for shareholders on the South African Register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 21 September 2022
Last day to trade cum dividend for shareholders on the UK register	Wednesday, 21 September 2022
Ex-dividend date for shareholders on the UK register	Thursday, 22 September 2022
Record date (South African Register and Malawi, Namibia and Zimbabwe branch registers)	Close of business on Friday, 23 September 2022
Record date (UK register)	Friday, 23 September 2022
Transfers between registers restart	Opening of business on Monday, 26 September 2022
Interim dividend payment date <sup>1</sup>	Monday, 17 October 2022

- 1 The interim dividend payment date for shareholders on the Malawi Stock Exchange will be Tuesday, 18 October 2022 due to a public holiday on Monday, 17 October 2022.

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both dates inclusive. Transfers between the registers may not take place between Tuesday, 6 September 2022, and Friday, 23 September 2022, both dates inclusive. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees (Pty) Limited will not be permitted between Tuesday, 6 September 2022 and Thursday, 22 September 2022, both dates inclusive.

For South African shareholders, the dividend will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax at a rate of 20%. The net dividend payable to shareholders subject to withholding tax at a rate of 20% amounts to 20 cents per ordinary share. Distributions made through the dividend access trust or similar arrangements established in a country will not be subject to South African withholding tax but may be subject to withholding tax in the relevant country. We recommend that you consult with your tax adviser regarding the in country withholding tax consequences.

Shareholders that are tax resident in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-SA taxpayers should complete and submit a declaration form to the respective registrars. The declaration form can be found at: <https://www.oldmutual.com/investor-relations/dividend-information/>.

#### SHORT FORM ANNOUNCEMENT

This short form announcement is the responsibility of the Board and is only a summary of the information contained in the full announcement. Any investment decision should be based on the full announcement available on the Company's website at

<https://www.oldmutual.com/investor-relations/reporting-centre/results> on 30 August 2022 or accessible via the JSE link <https://senspdf.jse.co.za/documents/2022/jse/isse/OMUE/HY22Result.pdf>

The full announcement may be viewed at the registered offices of the Company and the sponsor, at no charge, during office hours from the date of the announcement for a period of 30 days. The short form announcement has not been reviewed or reported on by the external auditors.

A webcast of the presentation of the 2022 Interim Results and Q&A will be broadcast live on 30 August 2022 at 11.00 am South African time on the Company's website [www.oldmutual.com](http://www.oldmutual.com). Analysts and investors who wish to participate in the call may do so using the following link or telephone numbers below:

<https://78449.themediaframe.com/dataconf/productusers/oldmutual/mediaframe/48319/indexl.html>

South Africa +27 10 500 4108

UK +44 203 608 8021

Australia +61 73 911 1378

USA +1 412 317 0088

International +27 10 500 4108

Replay Access Code 42878

Pre-registration to participate in the call is available at the following link:

<https://events.mannmade.co.za/old-mutual-investor-results-accept>

The replay will be available until 30 September 2022.

#### Sponsors

Johannesburg Stock Exchange

Merrill Lynch South Africa (Pty) Limited t/a BofA Securities

#### Malawi

Stockbrokers Malawi Limited

#### Namibia

PSG Wealth Management (Namibia) Proprietary Limited

#### Zimbabwe

Imara Capital Zimbabwe plc

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#### Notes to Editors

#### About Old Mutual Limited

Old Mutual is a premium African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 14 countries. Old Mutual's primary operations are in South Africa and the Rest of Africa and it has a niche business in Asia. With over 177 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities they serve and the broader society on the continent.

For further information on Old Mutual and its underlying businesses, please visit the corporate website at [www.oldmutual.com](http://www.oldmutual.com).