



OLD MUTUAL

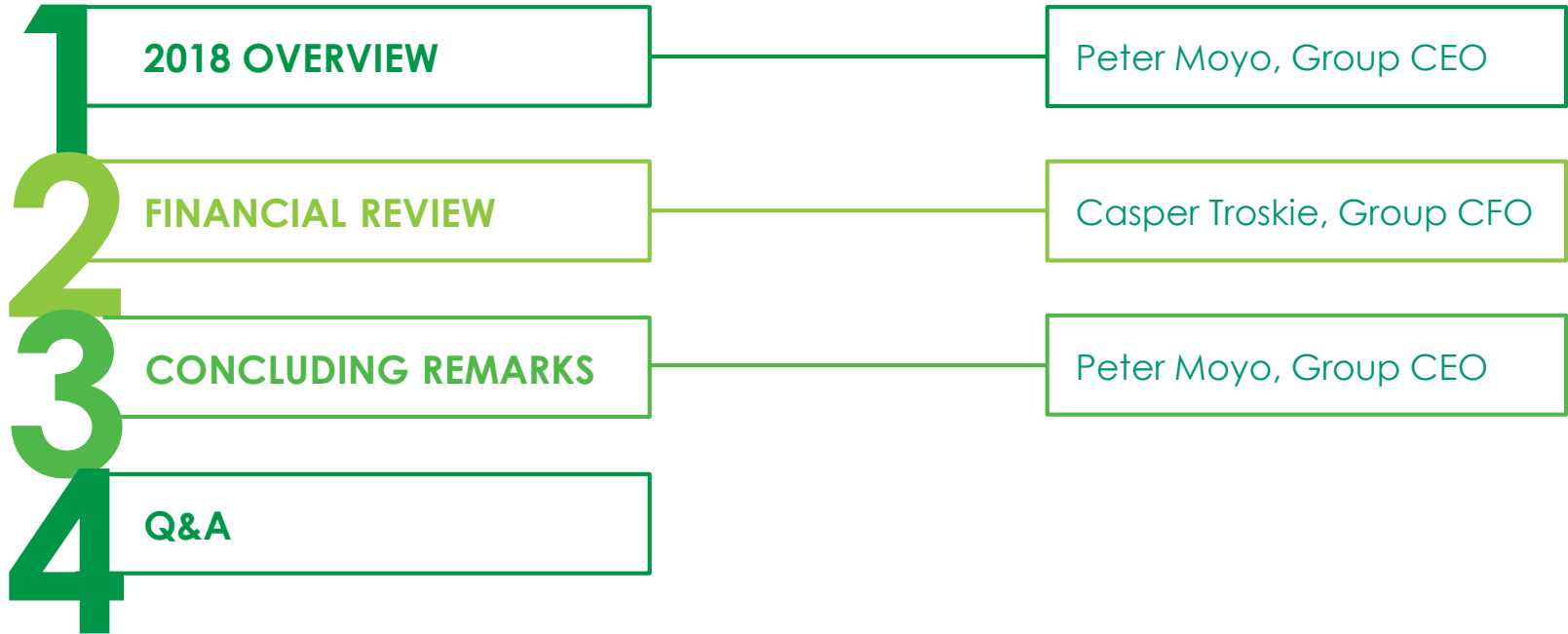
2018 RESULTS



DO GREAT THINGS EVERY DAY



AGENDA





2018 – A YEAR OF DELIVERY AND EXECUTION



✓ Progress on our eight battlegrounds

✓ **Managed Separation** activities and transactions completed

✓ **On track to deliver** against our medium term targets, although some headwinds ahead

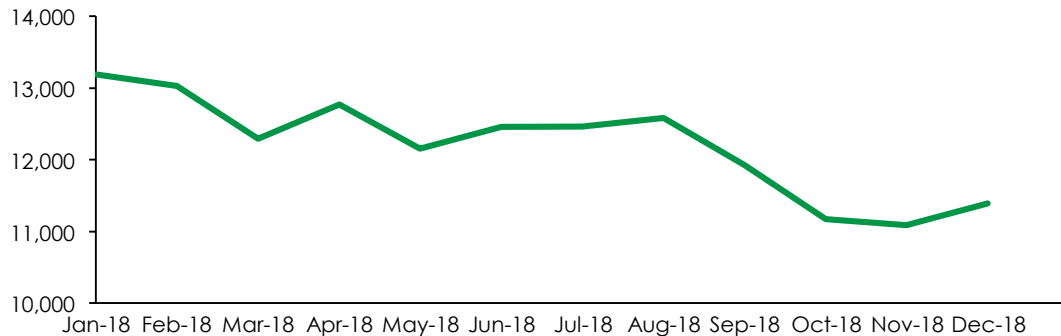
Delivered in a **sustainable and responsible** way



IMPACT OF THE SOUTH AFRICA MACRO ENVIRONMENT



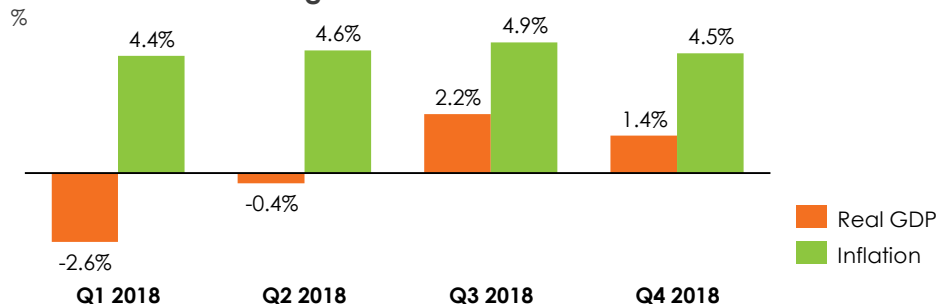
Equity market levels ¹



Impact on our business

- Closing equity market levels down 14%¹ in 2018
- Average FUM levels in SA of R957 billion, up 3%, supported by strong NCCF

Real GDP and inflation growth²



Impact on our customers

- Low GDP growth, low real wage growth and higher VAT rate putting pressure on levels of disposable income
- Reduction in propensity to save

1. Market levels represents the JSE Shareholder Weighted Index (SWIX)

2. Real GDP growth is seasonally adjusted and calculated on a quarter-on-quarter (QoQ) annualised basis

Source: Bloomberg

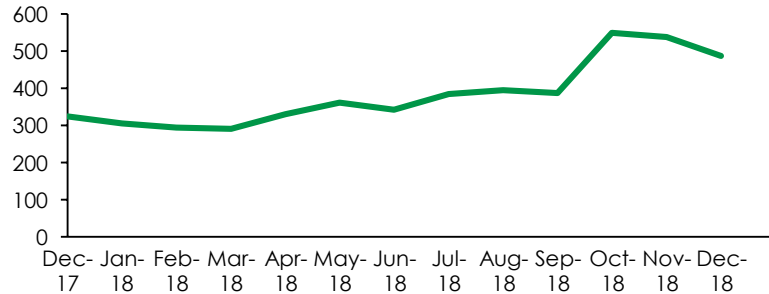


OVERVIEW OF THE REST OF AFRICA MACRO ENVIRONMENT

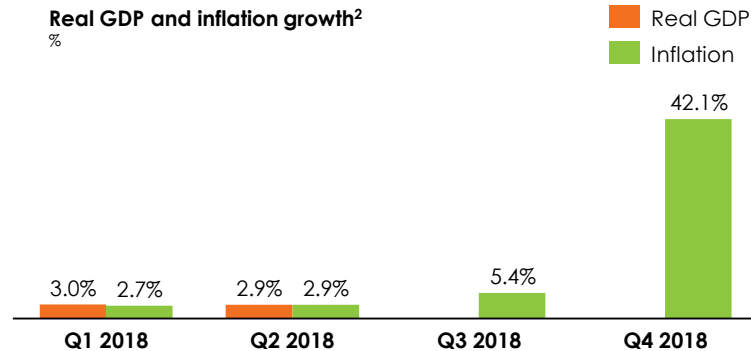


Zimbabwe

Equity market levels¹

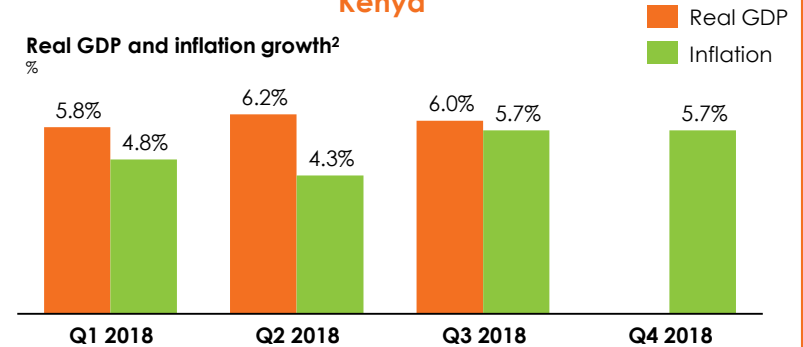


Real GDP and inflation growth²



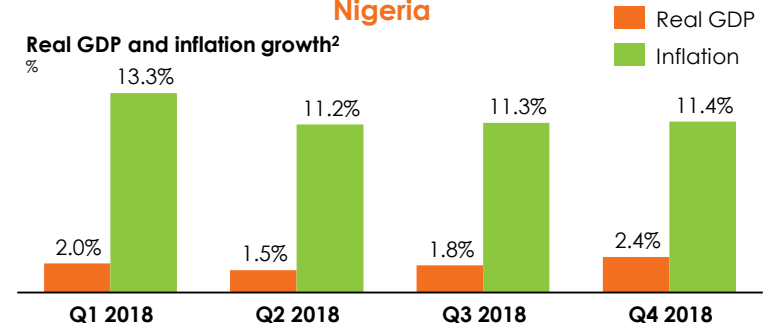
Kenya

Real GDP and inflation growth²



Nigeria

Real GDP and inflation growth²



1. Market levels Equity market level represents the Zimbabwe Industrial Index

2. Real GDP growth is not seasonally adjusted and is calculated on a year-on-year (YoY) basis

Source: Bloomberg



DELIVERING AGAINST OUR MEDIUM TERM TARGETS



	KPI	Target	Performance 2018	
RETURNS	RoNAV	Average COE ¹ + 4%	18.6%	✓
GROWTH	Results from operations	CAGR of Nominal GDP + 2%	Down 4%	✗
EFFICIENCY	Cost efficiencies	R1 billion by end 2019 pre-tax run-rate cost savings	R750 million	✓
	Underwriting result	Old Mutual Insure underwriting margin of 4%-6%	5.3%	✓
CAPITAL	Solvency	Old Mutual Limited: 155%-175%	Old Mutual Limited: 170%	✓
		OMLACSA: Greater than 200%	OMLACSA: 225%	
CASH RETURNS	Dividend cover	Target cover 1.75 to 2.25x	Ordinary dividend cover of 2.04x 1.10x including special dividend	✓



ATTRACTIVE CAPITAL RETURNS IN 2018 AND BEYOND



R45.9 billion distributed in 2018
930 cents per share



At least R5.6 billion to be distributed in 2019



Total value

Interim dividend

R2.2 billion

45 cents per share

Special dividend

R4.9 billion

100 cents per share

Nedbank unbundling

R38.8 billion¹

785 cents per share

Final dividend

R3.6 billion

72 cents per share

Share buyback

R2 billion

40 cents per share²

R51.5 billion

1,042 cents per share



SOLID PROGRESS ON OUR BATTLEFIELDS





DEFEND AND GROW SA MARKET SHARE IN MASS MARKET



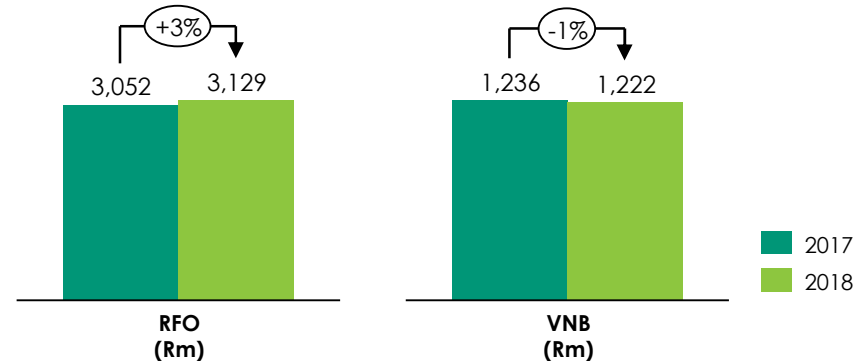
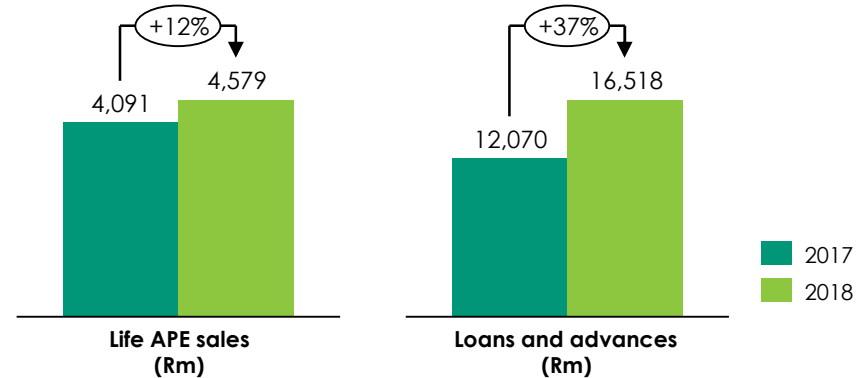
Strong sales despite economic headwinds

- Life APE sales up 12% due to higher average adviser headcount and improved productivity
- Loans and advances up 37% due to higher consultant productivity, customer take-on enhancements and improved scorecard

Growing distribution footprint

- Opened 25 new branches in 2018 to 348
- 211,000 active money accounts, up 67%,
1 million money accounts opened to date

Reduced claim pay out times – claims initiated via the Money Account app or call centre **paid in 4 hours**





DEFEND AND GROW SA MARKET SHARE IN CORPORATE MARKET

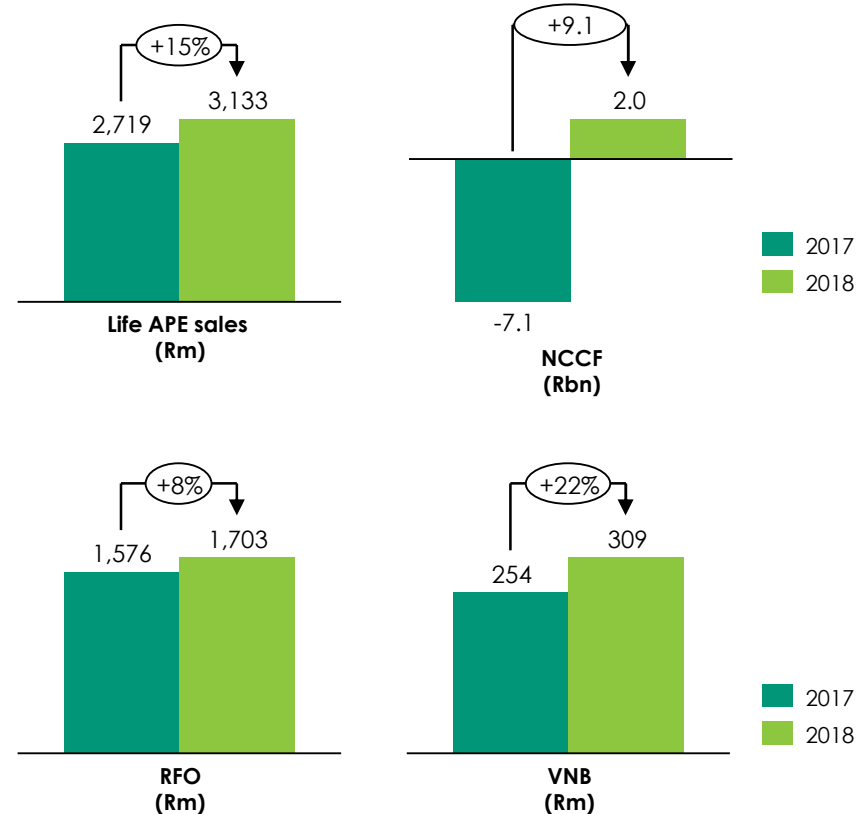


Excellent flows in competitive environment

- Life APE sales up 15% - reflects good growth across all major product lines except annuities
- NCCF improved following new mandates secured and improved termination experience

Launch of new self service portal for Old Mutual SuperFund customers

Good profit growth as a result of **management actions** and **resolution of risk exposures**





DEFEND AND GROW IN SA PERSONAL FINANCE MARKET



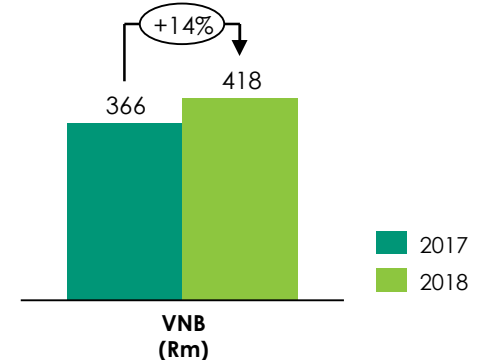
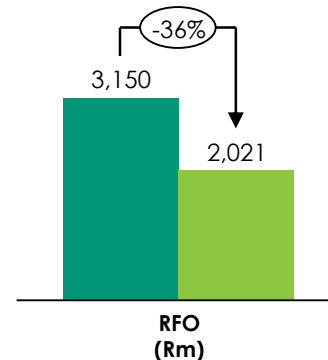
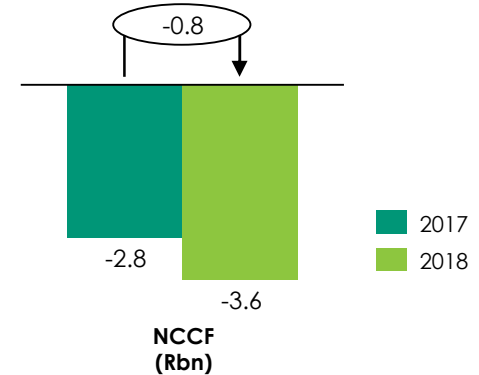
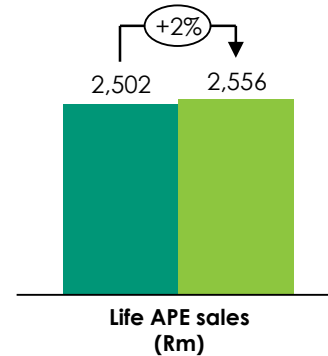
Stable Life APE sales, decline in NCCF

- Good growth in single premium and annuity sales
- Lower recurring premium savings sale, risk flat
- NCCF weaker due to poor claims experience and higher disinvestments

Distribution channels generated gross flows of over R69.2 billion, R37.2 billion reported in Wealth and Investments

Increased focus on digital sales channels

Profit lower due to **lower year on year reserve releases** and **poor mortality and morbidity experience**





IMPROVE THE COMPETITIVENESS OF WEALTH AND INVESTMENTS



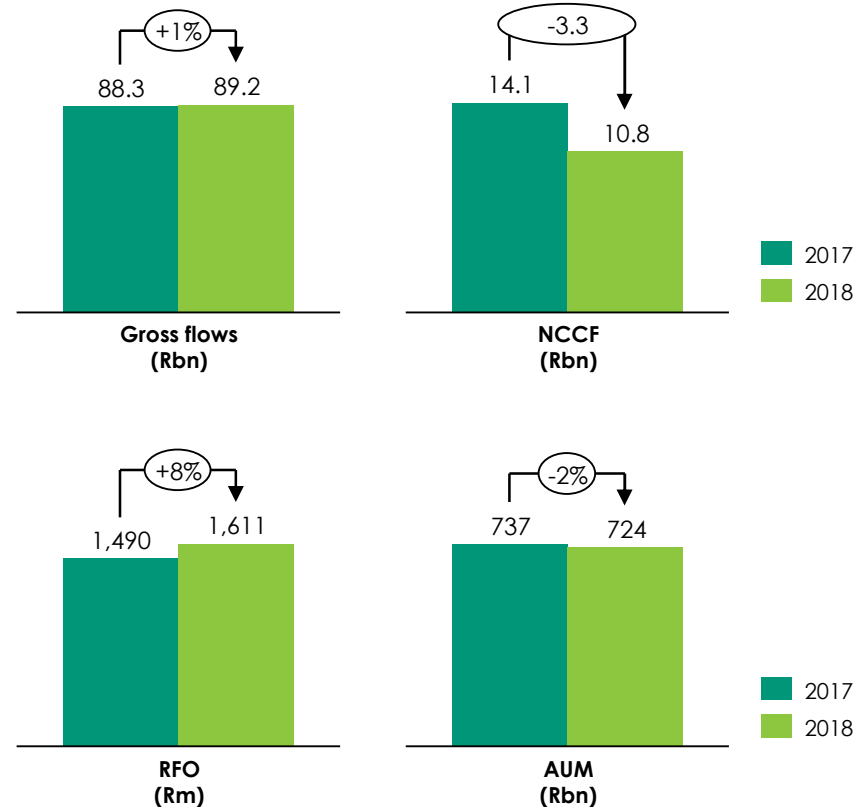
Strong flows in difficult market and competitor environment

- Strong retail flows in Old Mutual International and on the Wealth platform
- Positive NCCF supported by excellent retail flows (up 35%). Outflows in Alternatives following asset realisations and low margin terminations by multi-managers internalising indexation capabilities

Improved investment performance

Good profit growth and **operating margin of 32%**, demonstrating strength of diversified earnings stream

Khaya Gobodo appointed as MD





CONTINUED TURNAROUND OF OLD MUTUAL INSURE



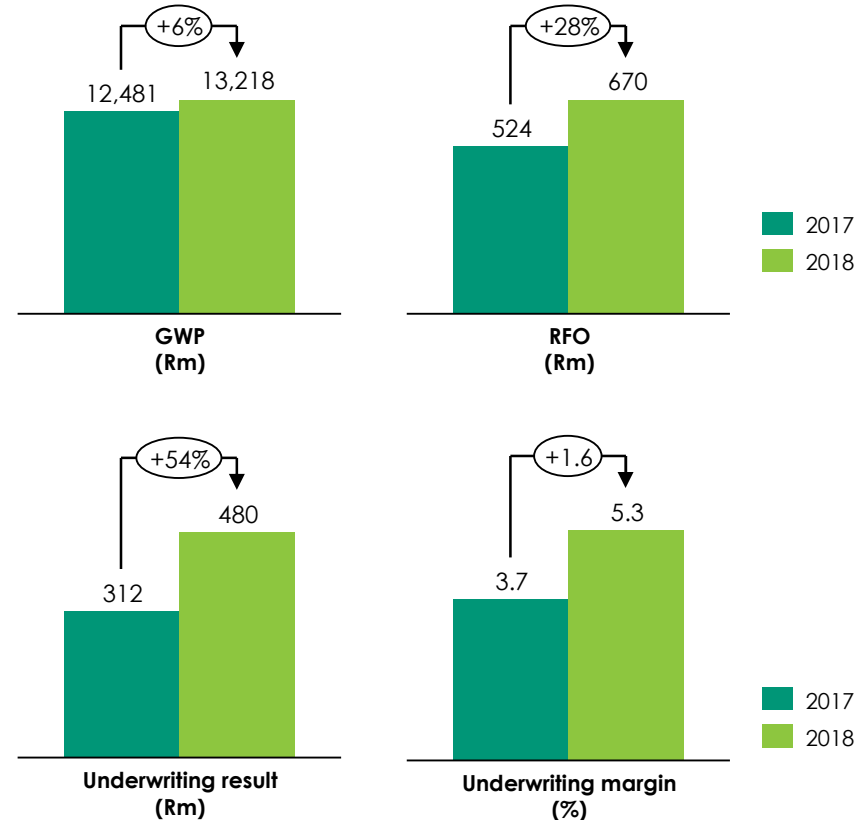
Modest Gross Written Premium (GWP) growth in challenging market conditions

- Growth driven by pricing improvements
- Increase in flows through strategic partnerships
- Strong growth in iWyze

Underwriting margin maintained at upper end of our range – 5.3% for 2018 vs target of 4%-6%

Significant increase in RFO given low claims experience, especially in H1 2018 and tight expense management

Garth Napier appointed as MD





TURNAROUND EAST AFRICAN BUSINESS AND IMPROVE RETURNS ACROSS ROA

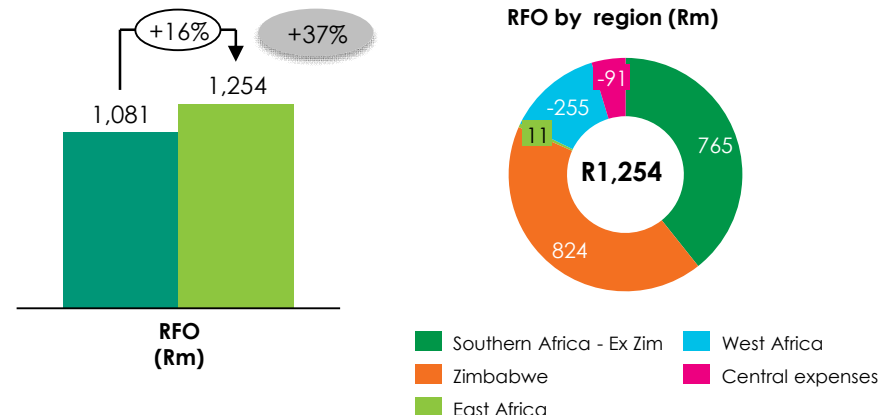
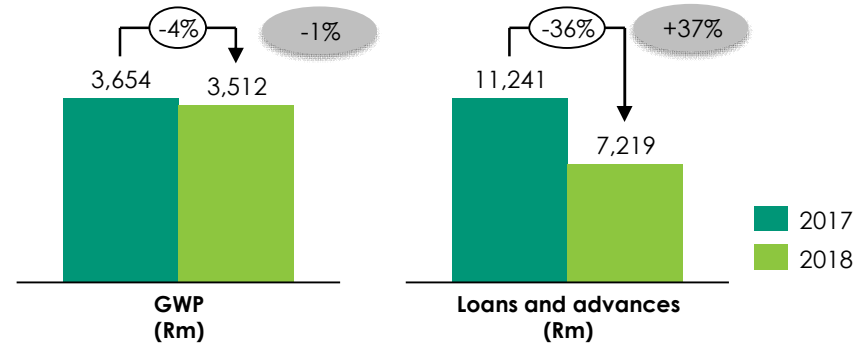


Mixed top line growth reflects difficult economic environment

- **Southern Africa** – gross flows flat despite impact of recession in Namibia. Large non life inflows secured in Malawi
- **East Africa** – Life sales up 23% due to improved productivity. Gross Written Premium (GWP) down 2% due to increased competitor activity and tough economic environment
- **West Africa** – gross flows up 13% reflecting higher non life sales in Ghana. Life sales and GWP impacted by slower than expected rollout in Ecobank

Increase in RFO reflects robust profits in Southern Africa and evidence of turnaround in some markets

Zimbabwe – RFO impacted by functional currency change



Indicates growth rate before applying the functional currency change for Zimbabwe



WIN THE WAR FOR TALENT



Built a diverse, engaged and talented Executive team to lead the organisation



Executive team build completed with appointments of Khaya Gobodo and Garth Napier



Transformed and renewed executive team

Diversity of age, experience, gender and race

- Average age of our Executive team has reduced
- Youngest member is **37**

Extensive engagement with our employees to drive required culture shifts



Engaged **10,000 employees** through face to face and mobile campaign, approximately a third of our employees



Committed to embed the desired culture shifts required to transform the organisation. We are building teams that are:

- Delivery orientated
- Customer centric
- Externally competitive

Investing in leadership development and youth talent programmes to build future generation of our leadership



REFRESH THE TECHNOLOGY OFFERING



Launched MyOldMutual, our new secure customer portal, on cloud infrastructure

Rapid adoption of **AI technologies** including robotic process and system automations

Deliver in line with our **customers' changing wants and needs**

Simplified and digital enabled advice tools

What it meant for our customers

Customers have access to **34 digital products**.

New digital products include:

- Online funeral policy
- Online life insurance
- Self service portal for retirement members
- Dream Enabler

- 64 bots in production
- 1.4 million minutes of processing time saved
- 250k cases automated

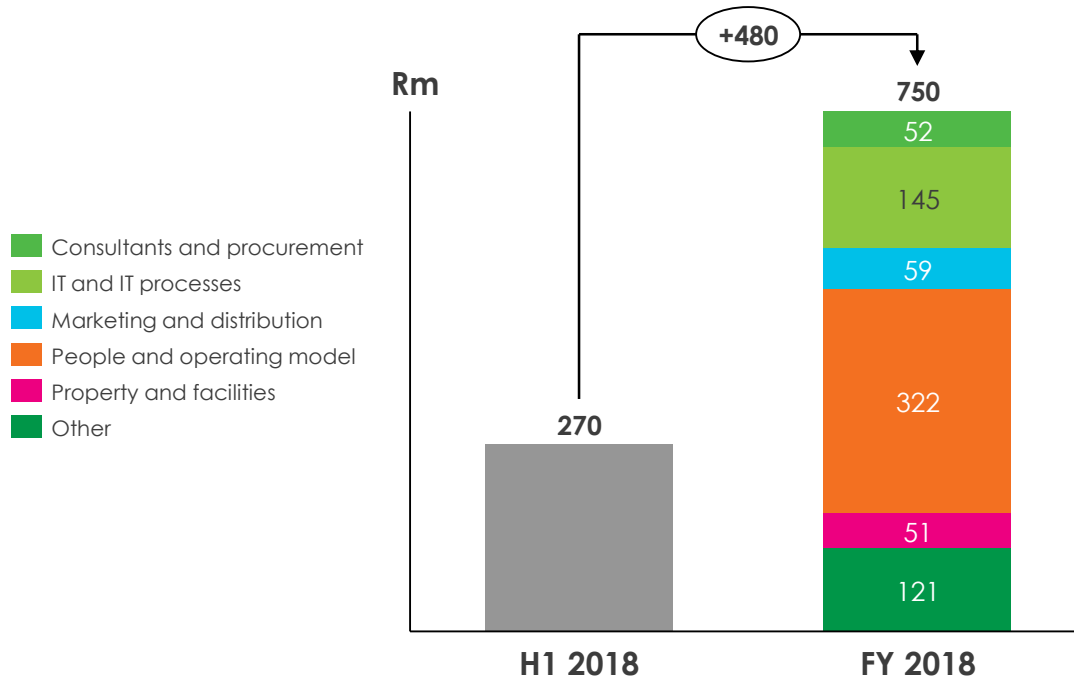
Leading to **quicker turnaround** and **improved customer experience**

Deliberate **shift in our culture to better serve customers** and intermediaries

On track to launch **refreshed protection proposition** in H1 2019



COST EFFICIENCY LEADERSHIP



R750 million of gross recurring savings achieved in 2018, on track **for R1 billion in 2019** and expect to **maintain expense growth within inflation thereafter**

FINANCIAL REVIEW

Casper Troskie





KEY REPORTING JUDGEMENTS IN 2018



Zimbabwe functional currency

- Change in functional currency to RTGS applied from 1 October 2018
- Estimated rate of 3.3 RTGS to 1 USD
- Material impact on reported profits and net asset value

Nedbank and Quilter

- IFRS profits include profits of R23.2 billion related to the distribution and unbundling of Quilter and Nedbank respectively
- These are one off and excluded from AHE and Headline Earnings but included IFRS profits

Experience variances and assumption changes

- Operating variances for IFRS and MCEV are positive
- Material positive assumption changes from prior year not repeated

Prudential Standards

- Yet to be designated as an insurance group
- Approvals for certain methodology choices received and reflected in OMLACSA solvency ratio
- Prior year ratio has been adjusted to remove impact of iterative risk margin



FINANCIAL DELIVERY IN 2018



Headline Earnings

R14,241 million

Mainly reflecting
lower Residual
plc losses

RoNAV

18.6%

Above COE¹ +4%

Free surplus generated from operations

R6,585 million

Free cash
covering
dividend
payments

Group solvency ratio

170%

Mainly reflecting
higher holding
company cash
and lower
Zimbabwe
fungibility

Supporting returns to shareholders

1. Cost of Equity (COE) = 13.4%

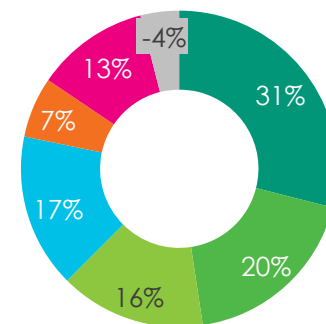


SEGMENT DELIVERY



Rm	FY 2018	FY 2017	% Change
Mass and Foundation Cluster	3,129	3,052	3%
Personal Finance	2,021	3,150	(36%)
Wealth and Investments	1,611	1,490	8%
Old Mutual Corporate	1,703	1,576	8%
Old Mutual Insure	670	524	28%
Rest of Africa	1,254	1,081	16% +37%
Central expenses	(425)	(506)	16%
Results from operations	9,963	10,367	(4%) -2%

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



ADJUSTED HEADLINE EARNINGS



Rm	FY 2018	FY 2017	% Change
Operating segments	10,388	10,873	(4%)
1 Central expenses	(425)	(506)	16%
Results from operations	9,963	10,367	(4%)
2 Shareholder investment return	2,880	4,920	(41%)
3 Finance cost	(601)	(622)	3%
4 Income from associates	2,593	2,305	13%
Adjusted headline earnings before tax	14,835	16,970	(13%)
Shareholder tax	(2,947)	(3,535)	17%
Non-controlling interest	(376)	(488)	23%
Adjusted headline earnings	11,512	12,947	(11%)

1 Reflects benefit of cost allocation to segments, offset by increase in costs to establish standalone listed functions

2 SA returns down – weak equity markets, strong equity market returns in Zimbabwe offset by functional currency change

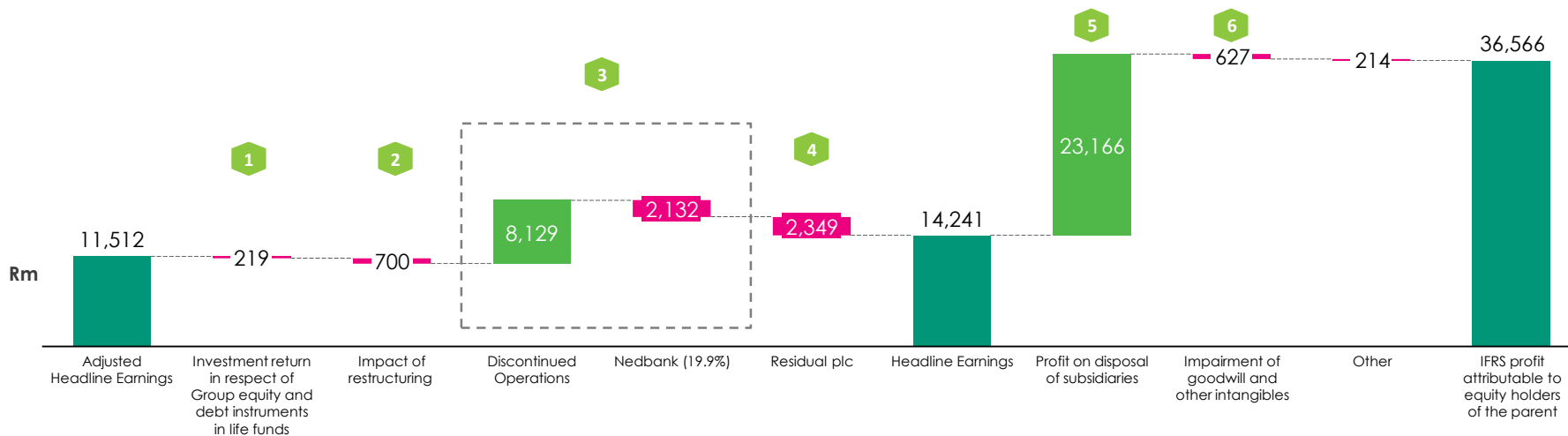
3 Increase in finance costs offset by fair value gains on interest rate swaps

4 Increase driven by higher Nedbank earnings due to ETI turnaround

+1%



AHE TO IFRS PROFIT IN 2018



1 Adds back policyholder returns eliminated in IFRS

2 Managed Separation transaction costs and accelerated vesting

3 Earnings attributable to Nedbank, Quilter and Latin America

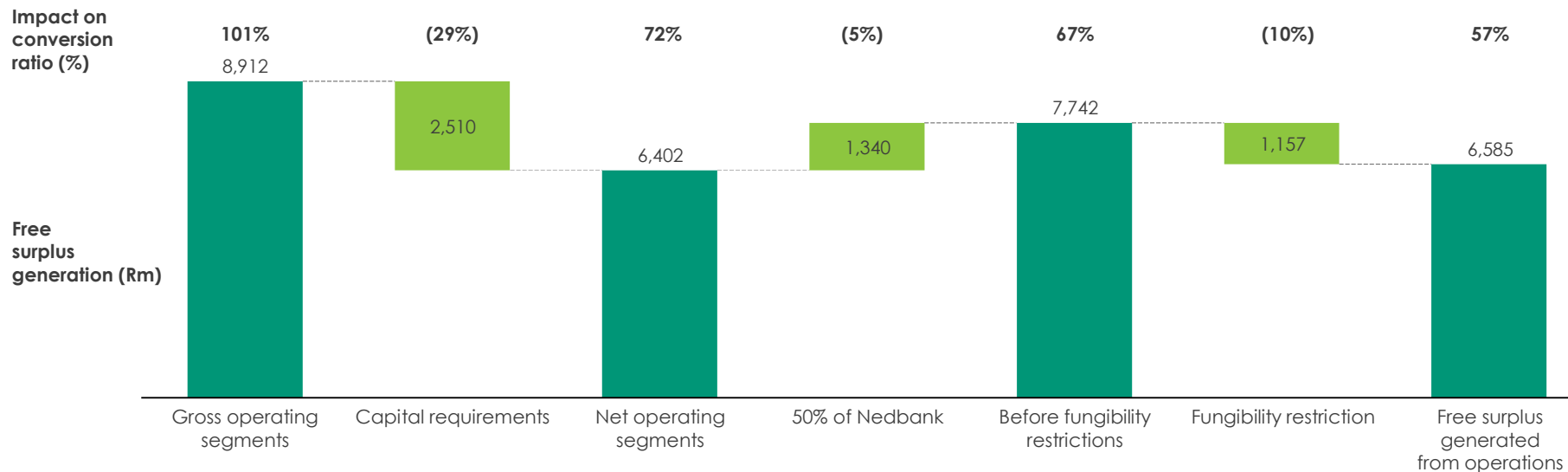
4 Largely Managed Separation costs, finance costs and wind down costs

5 Profit on distribution relating to Quilter and Nedbank

6 Impairment of UAP related goodwill and intangibles



CASH GENERATION IN 2018



- Increase in capital requirements (FY 2017: R2,237m) reflects growth in loans and advances in our Banking and Lending business and a strengthening of capital levels at subsidiary level in our Life and Savings business
- Nedbank cash conversion of 50% in line with their dividend policy
- Earnings related to Zimbabwe reflected as non fungible



PROGRESS ON BALANCE SHEET SIMPLIFICATION



Latin America

- Majority of regulatory approvals received
- On track to complete in H1 2019
- Proceeds of \$308m – transaction, tax and associated costs expected to be \$40m

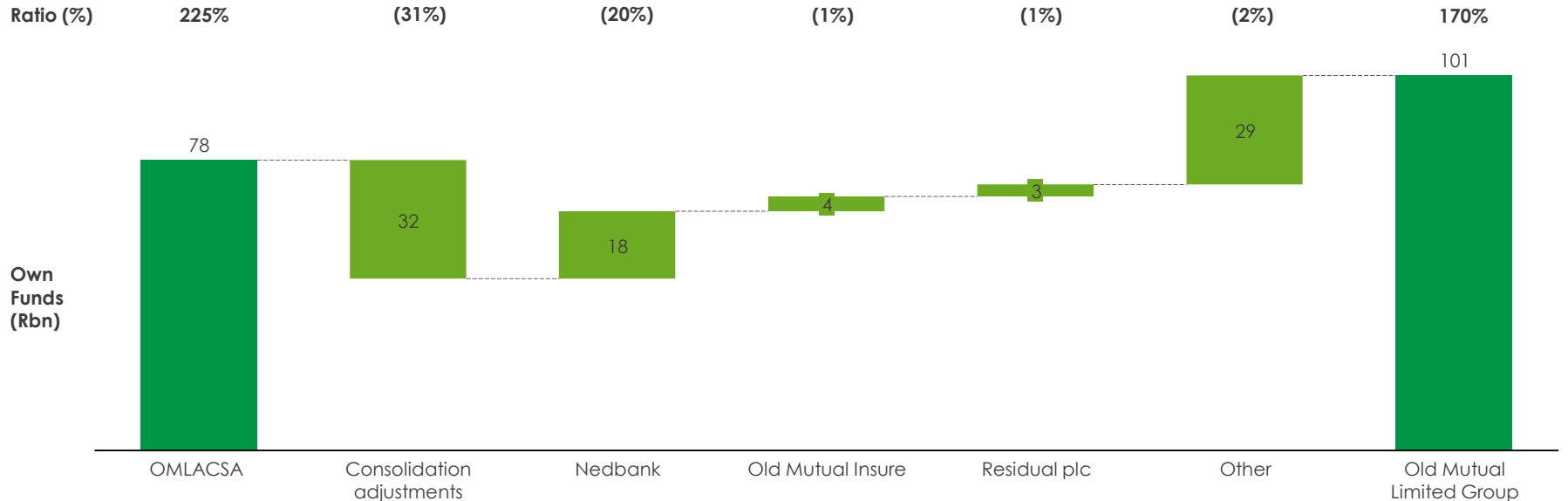
Residual plc

- Dividends of R4.7 billion remitted to OML during 2018
- No outstanding international debt
- Remaining economic value of £221 million
- Wind down of operations materially complete
- Run off of contingent risk will take a few years

Balance sheet simplification driving **cash generation** and **creates flexibility for future investments** and/or **further returns to shareholders**



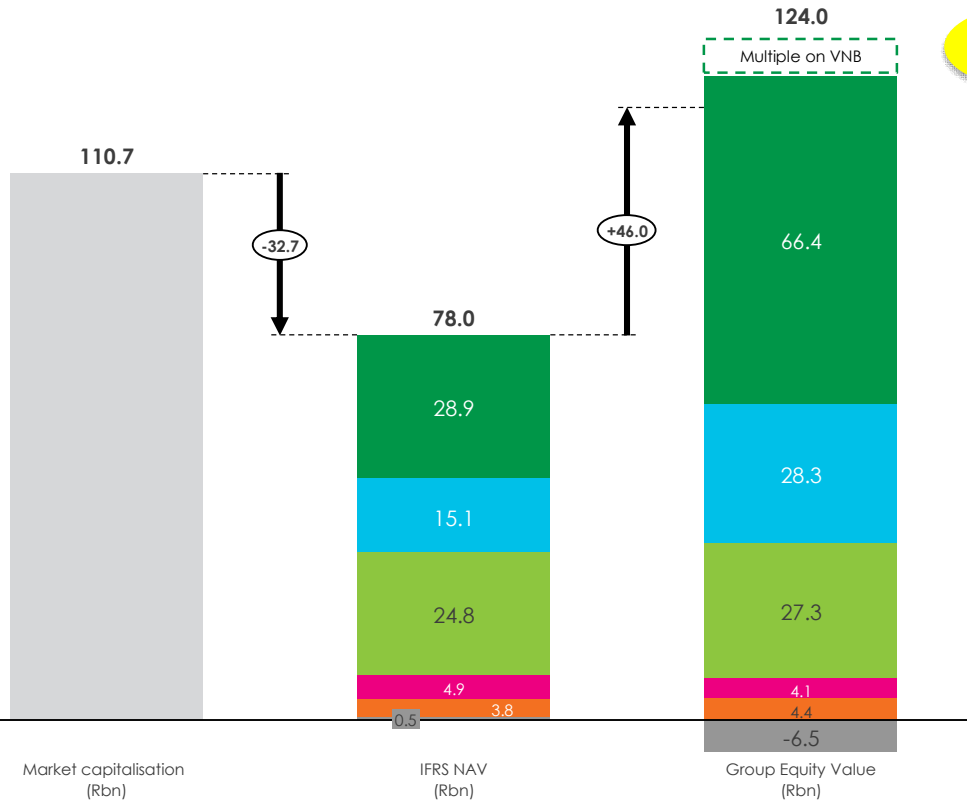
GROUP SOLVENCY POSITION AT 31 DEC 2018



- Strong capital position where risks are managed, even after declared dividends
- Consolidation adjustments mainly related to removing double count of Nedbank and other subsidiaries
- Inclusion of Nedbank on Basel III basis reduces ratio
- Residual plc diluting Group solvency due to fungibility restrictions
- OM Insure included per the standard formula
- Other includes Rest of Africa and non life entities



GROUP EQUITY VALUE



R25.75 per share

Category	Valuation technique	AHE (Rm)
Covered business	Embedded value	6,893
Non covered	Fair value	2,244
Nedbank	Market value	2,681
Residual plc	Economic NAV	n/a
Latin America	Contractual selling price	n/a
Other	Includes holding companies, central costs and debt	n/a



OUTLOOK ON MEDIUM TERM TARGETS



	KPI	Target	Performance 2018	2019 Outlook
RETURNS	RoNAV	Average COE + 4%	18.6%	Improving
GROWTH	Results from operations	CAGR of Nominal GDP + 2%	Down 4%	Improving but challenging
EFFICIENCY	Cost efficiencies	R1 billion by end 2019 pre-tax run-rate cost savings	R750 million	On track
	Underwriting result	Old Mutual Insure underwriting margin of 4%-6%	5.3%	Upper end of range
CAPITAL	Solvency	Old Mutual Limited: 155%-175% OMLACSA: Greater than 200%	Old Mutual Limited: 170% OMLACSA: 225%	Upper end of range
CASH RETURNS	Dividend cover	Target cover 1.75 to 2.25x	Ordinary dividend cover of 2.04x Cover of 1.10x including special dividend	Within range

CONCLUDING REMARKS

Peter Moyo





RESPONSIBLE BUSINESS UPDATE



Responsible Business

R91.5 billion 

paid to customers in claims and benefits

R350 million 

invested in Old Mutual Education Flagship programme over 7 years

10 million litres of municipal water 

saved per month due to water filtration plant installed at Mutual Park

R23.8 billion 

invested in renewable energy

BBBEE score and ownership

Expect to maintain our **Level 2 BBBEE** status

Listing commitments – BBBEE shareholding of **25%** three years after listing and **30%** five years after listing

Work underway to ensure we meet our commitments

ESD commitment

R500 million

allocated to new Enterprise Supplier Development Fund to support small and black-owned businesses

R50m allocated in 2018

to Black Distributors Trust, remaining R450m to be allocated in 2019 and 2020



2018 – A YEAR OF DELIVERY



- Meeting medium term targets, although some headwinds ahead
- Continued progress on all battlegrounds
- On track to deliver recurring savings of R1 billion in 2019, continue to manage expense growth within inflation thereafter
- IT transformation continuing to deliver at pace in 2019
- Further development of capital allocation and balance sheet simplification
- Managing Zimbabwe, on a ring-fenced basis, for customer and shareholder value
- Build a sustainable and responsible business

Q&A



The background of the entire image is a close-up, top-down view of several overlapping, circular woven baskets. Each basket is made of thick, colorful threads (red, green, yellow, blue, pink, black, white) woven in a spiral pattern, creating a vibrant, textured effect. The baskets are arranged in a way that they partially overlap each other, filling the entire frame.

OLD MUTUAL

THANK YOU



DO GREAT THINGS EVERY DAY



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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