IN THE HEART OF EUROPE AND IN THE HEART OF AFRICA

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OLD MUTUAL

13 JUNE 2012

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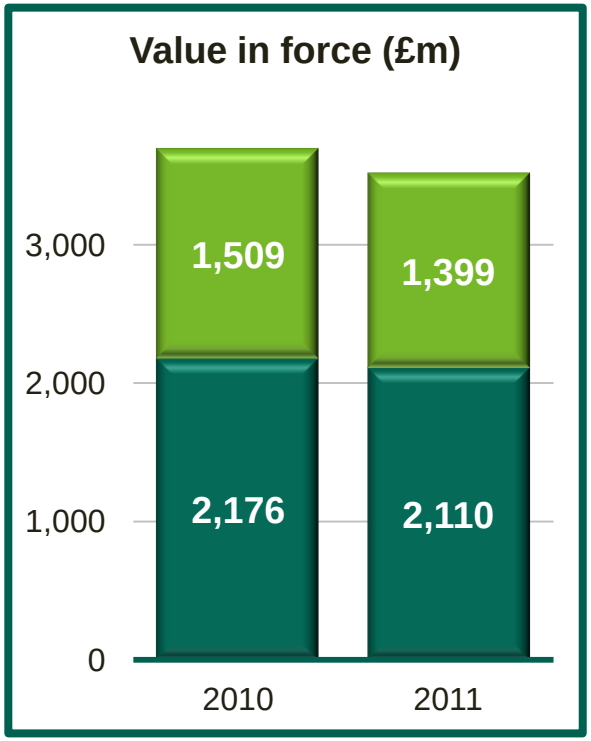
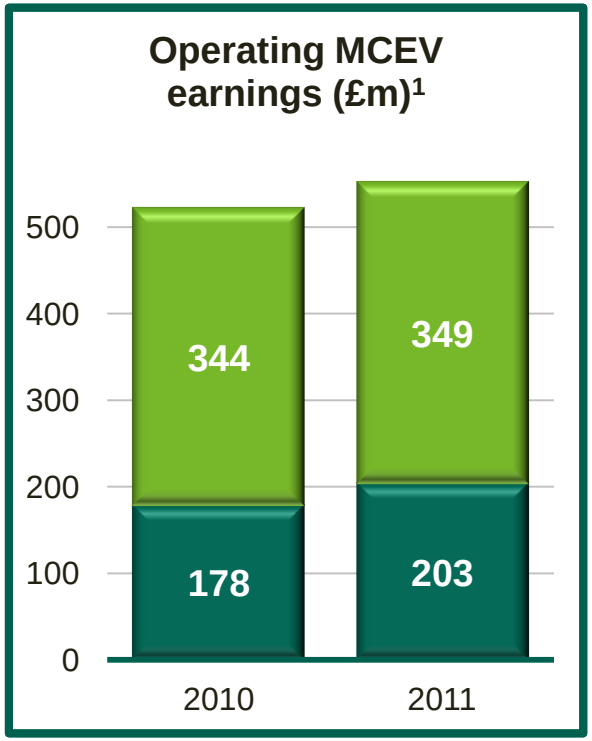
Old Mutual: strong fundamentals

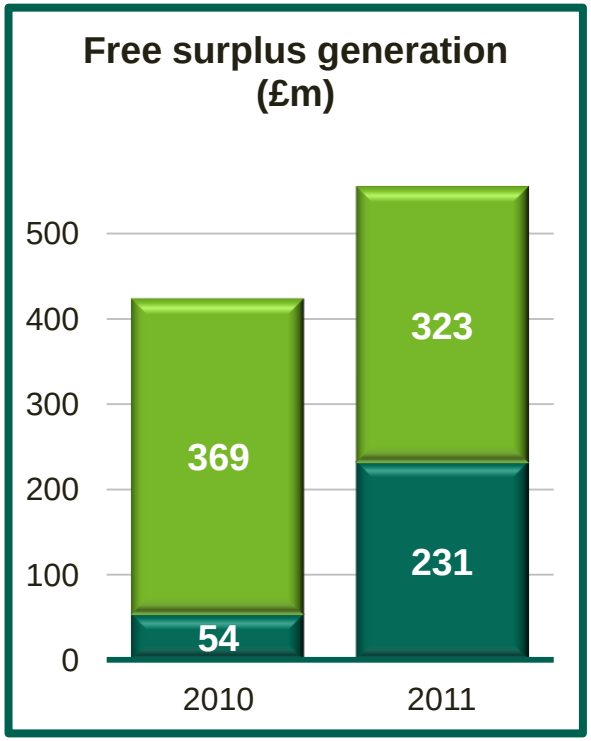
- Delivering operational efficiency
- Simplifying and reducing debt obligations
- Operating strong risk controls and governance processes
- Well positioned in emerging markets and specialist investment markets in Europe and the US
- Clear strategy and opportunities for growth
- Committed to creating shareholder value

Committed to creating shareholder value

Geographic spread of long-term savings businesses







Emerging Markets

UK & Europe

1. Covered business, post-tax

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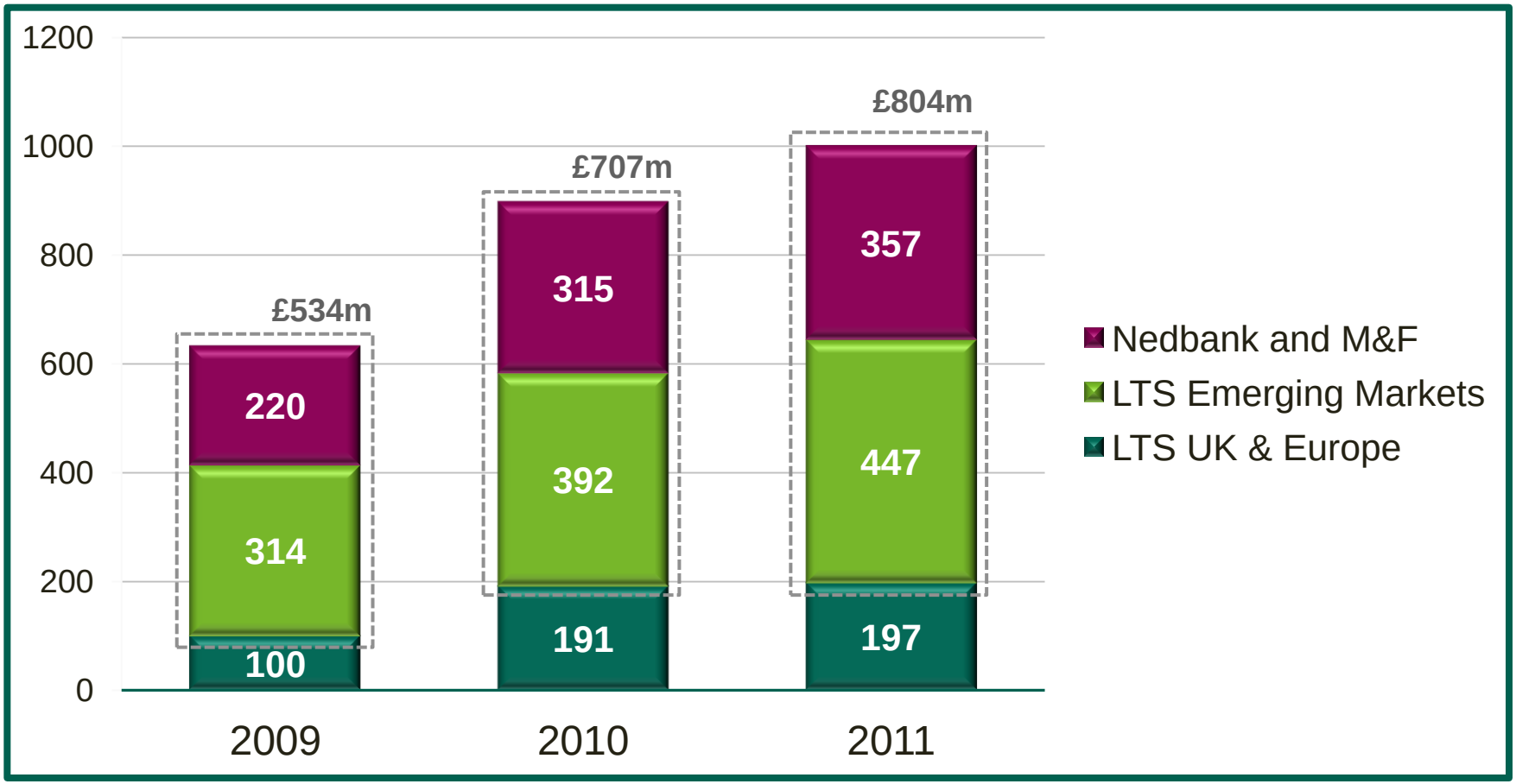
Group adjusted operating profit (£m)[1]



1. IFRS basis, after tax and non-controlling interests

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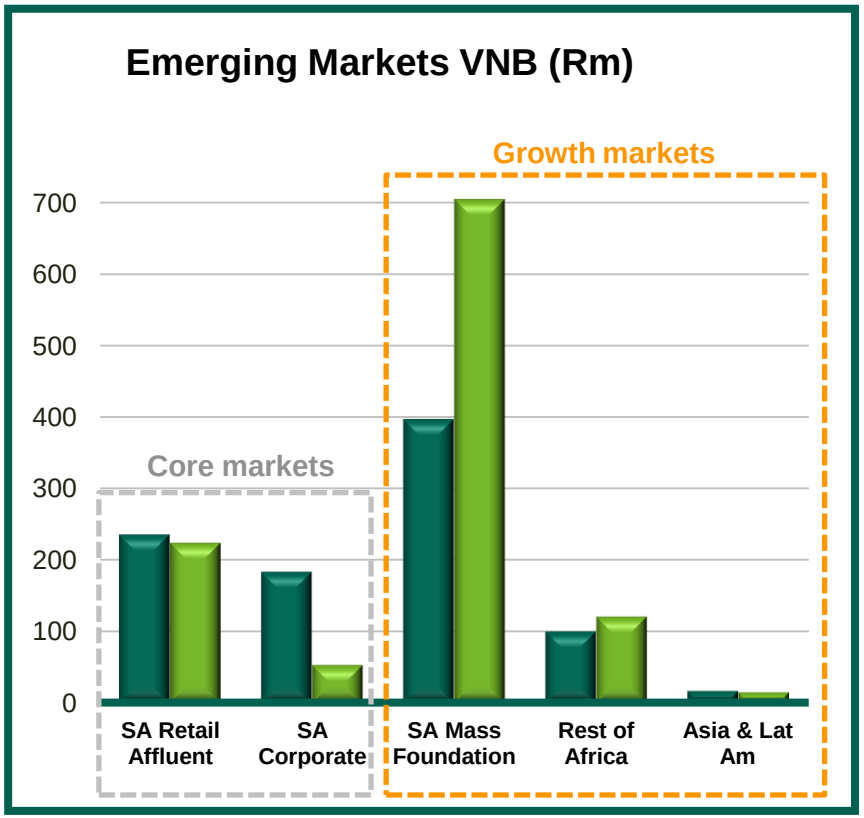
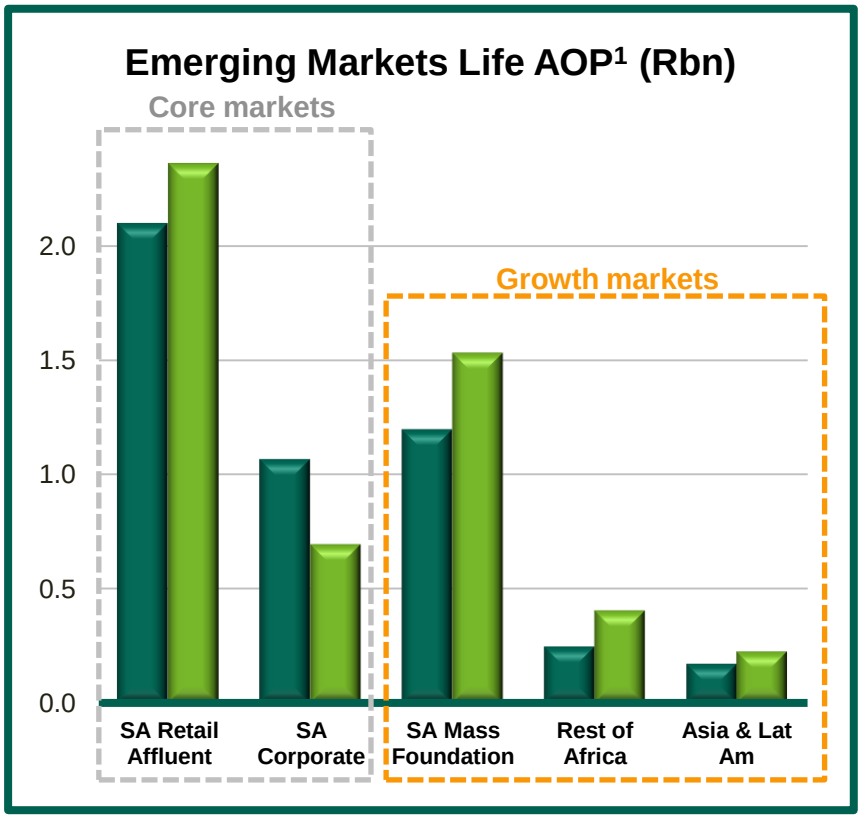
Old Mutual Emerging Markets





2010 2011

1. Pre-tax, excluding LTIR & central expenses & administration

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Africa in context

ECONOMIC

	Area in km^2
Africa	30,302,000
Europe	10,176,000
China	9,597,000
USA	9,372,000
	29,145,000

Source: Creative Commons, 2010

Africa: a new frontier of financial services

Positive economic context

- Long-run real GDP growth, outstripping “advanced” economies
- Increasing urbanisation
- Improving regional integration & transportation

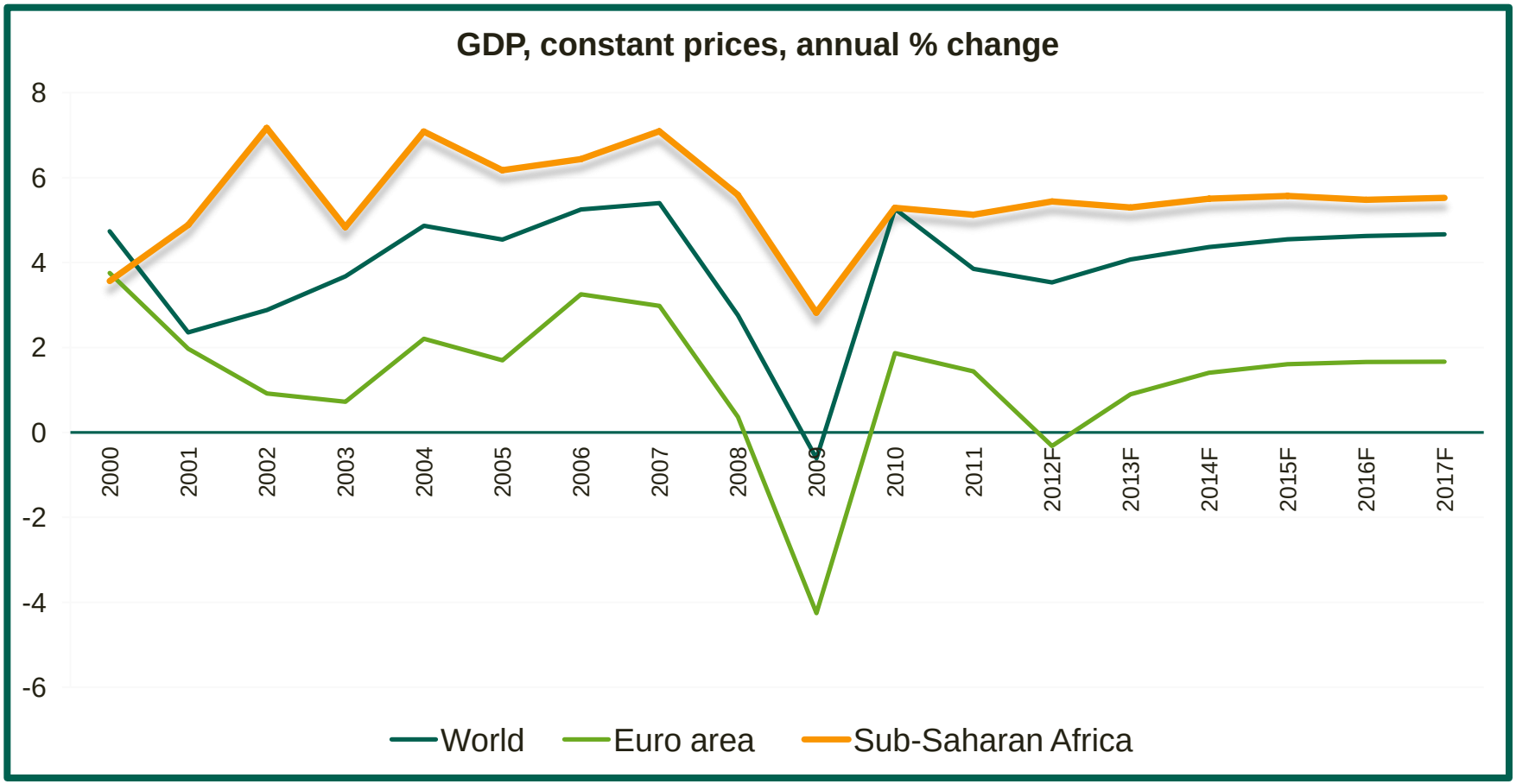
Positive demographic trends

- Large & growing population
- Rising incomes; growing middle class
- Fast-growing consumer markets

Positive insurance market drivers

- Insurance penetration low in most countries
- Low levels of welfare provision, including pensions
- Accidental death rates higher than in advanced economies
- Low levels of international competition

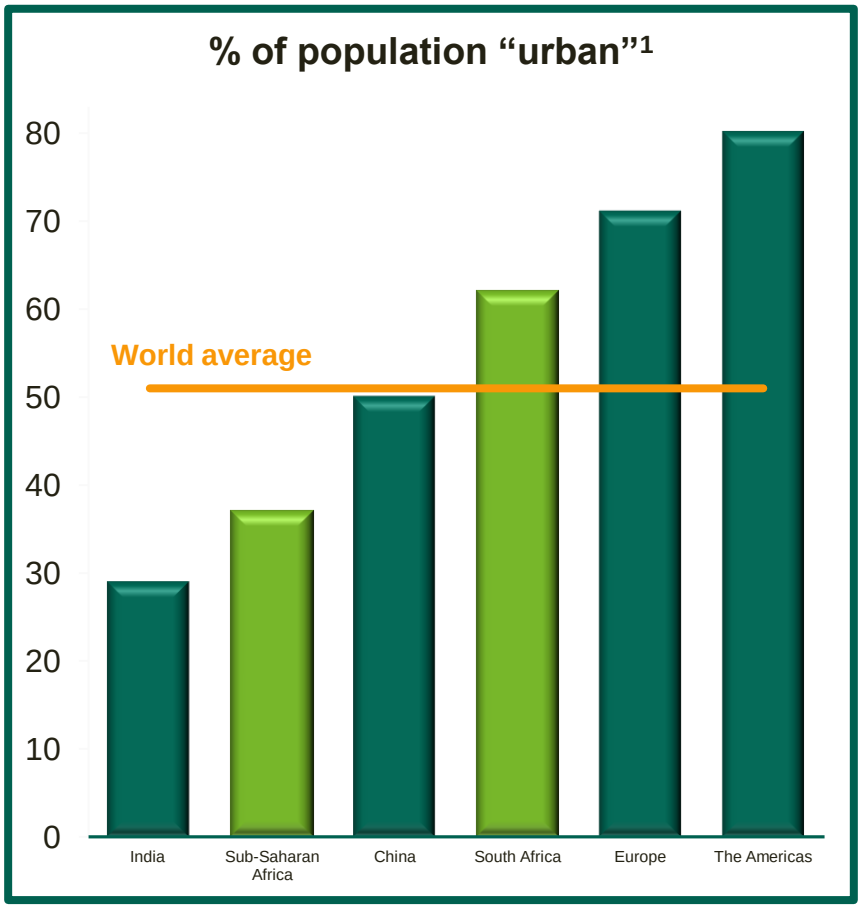
Long-run positive GDP growth



Source: IMF World Economic Outlook, April 2012

Urbanisation in Africa

DEMOGRAPHIC



- Africa has more cities with 1 million+ population than North America
- By 2030,half of all Africans will live in cities
- By 2030 Africa's top 18 cities will have combined consumer spending power of $1.3 trillion
- 62% of South Africans live in cities

1. Source: Population Reference Bureau, 2011 World Population Data Sheet

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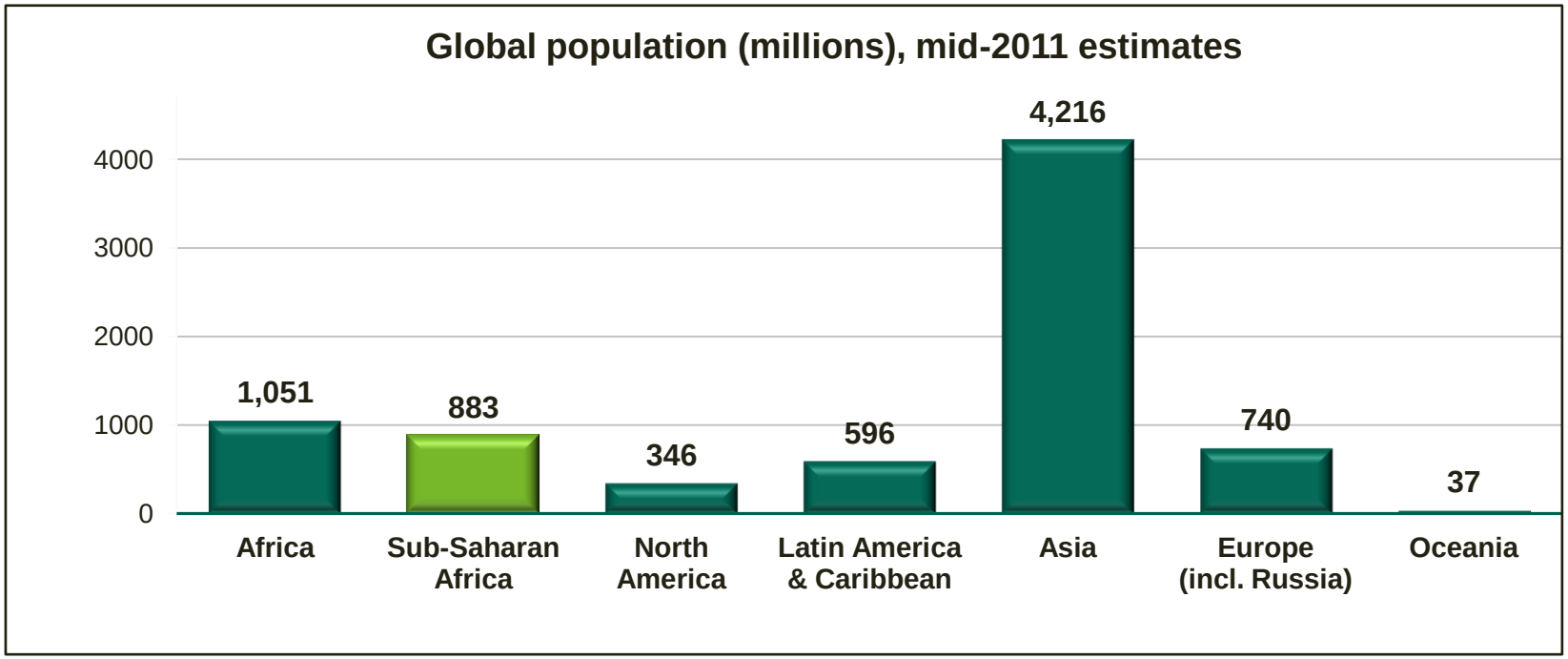
Large and growing population



2025 est.	1,444	**1,245**	391	676	4,780	746	46
Growth	37%	**41%**	13%	13%	13%	1%	24%

Source: Population Reference Bureau, 2011 World Population Data Sheet

A young population with below-average life expectancy

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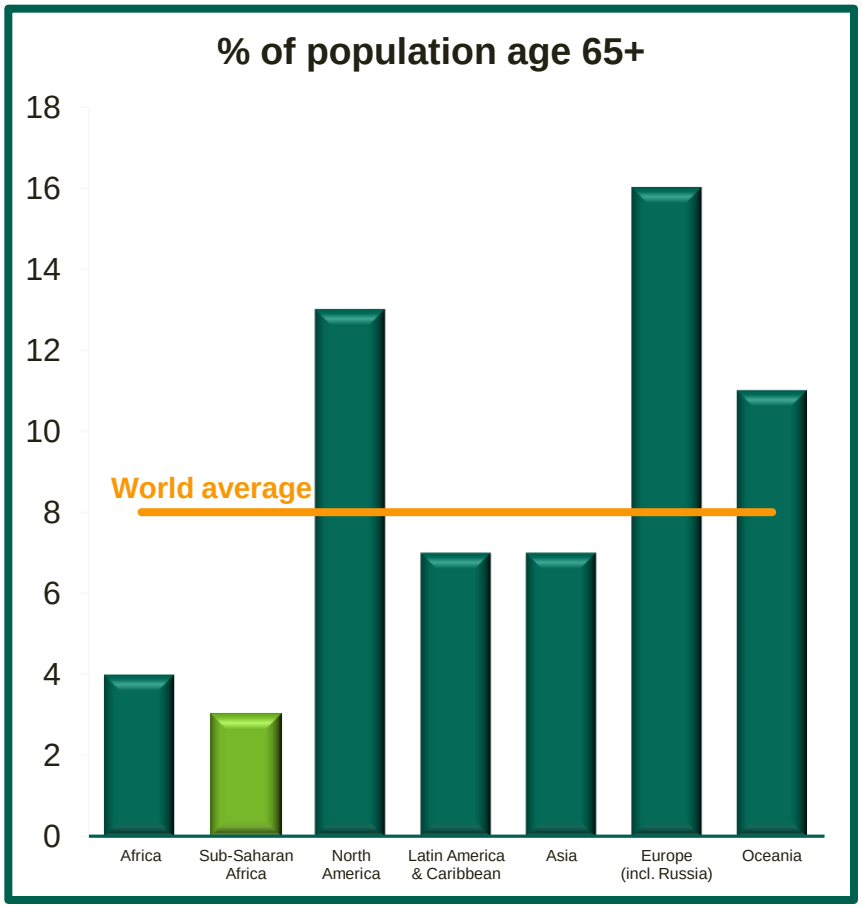

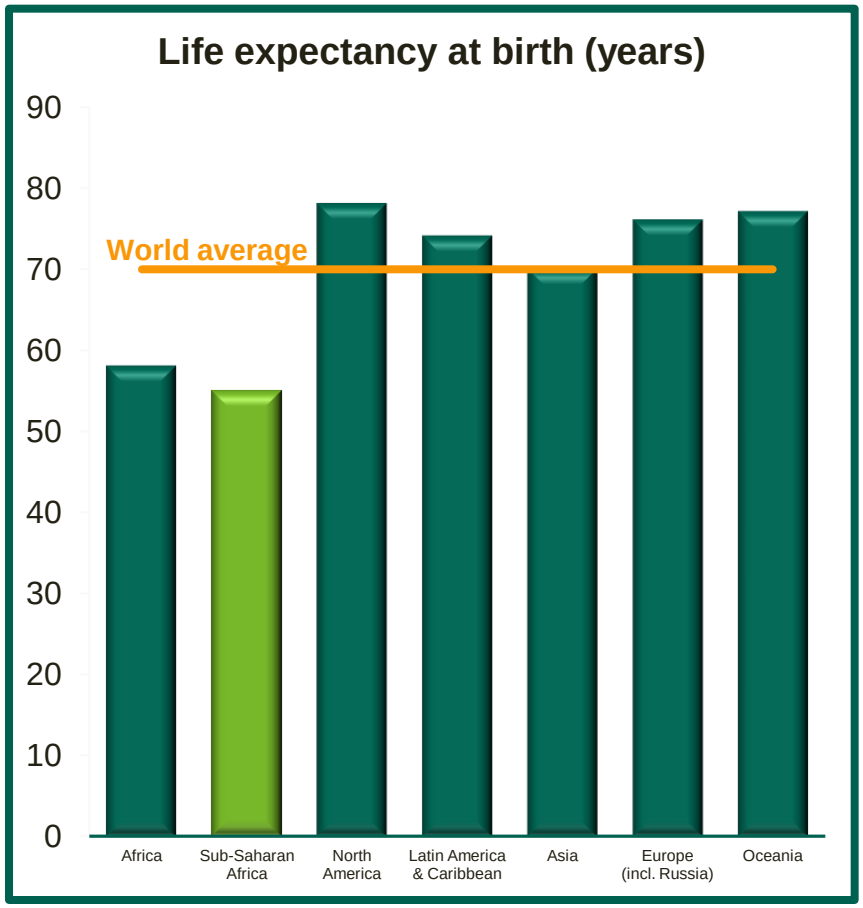

Source: Population Reference Bureau, 2011 World Population Data Sheet

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Growing middle class

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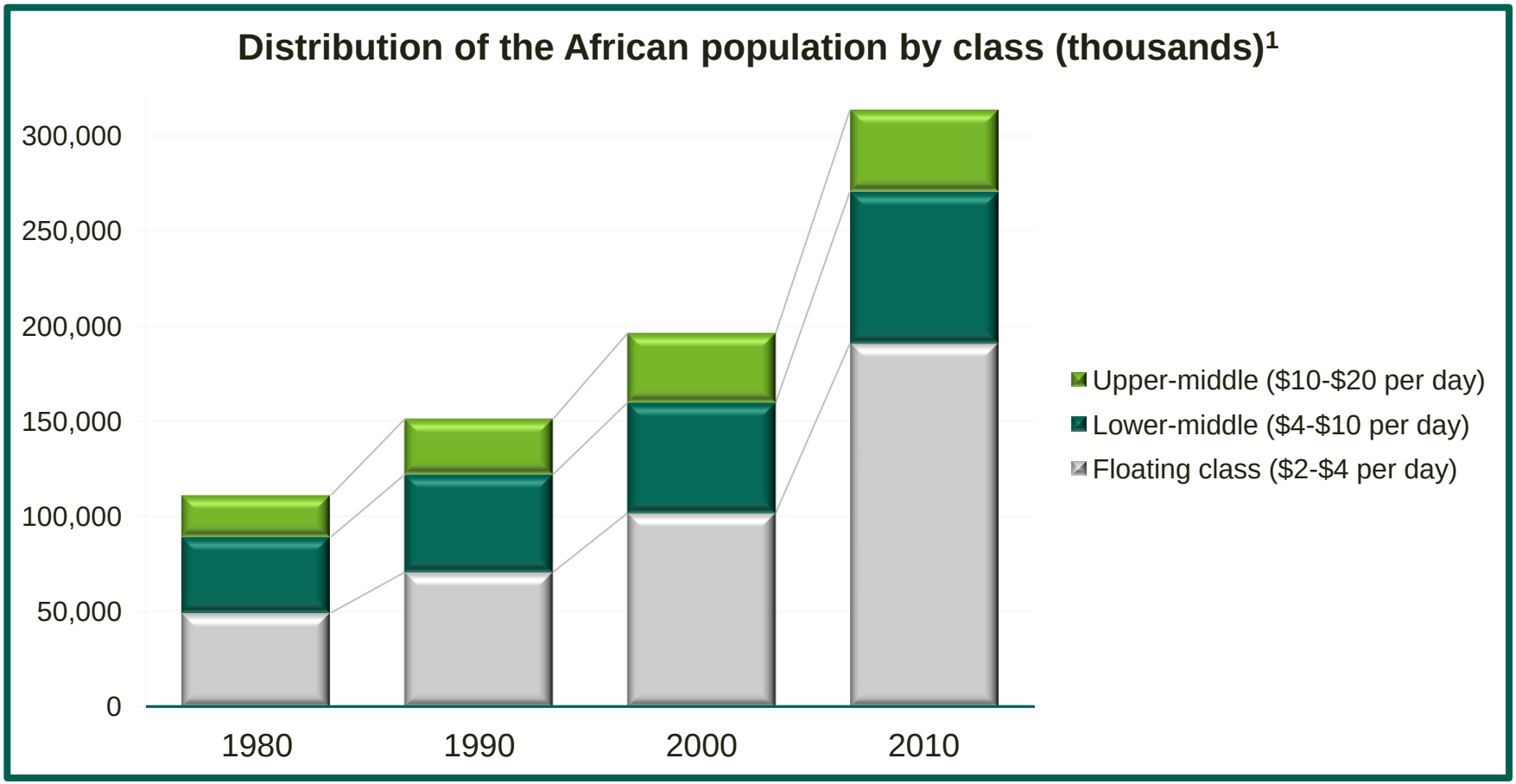

Source: African Development Bank, April 2011

1. Classes defined by per capita daily consumption

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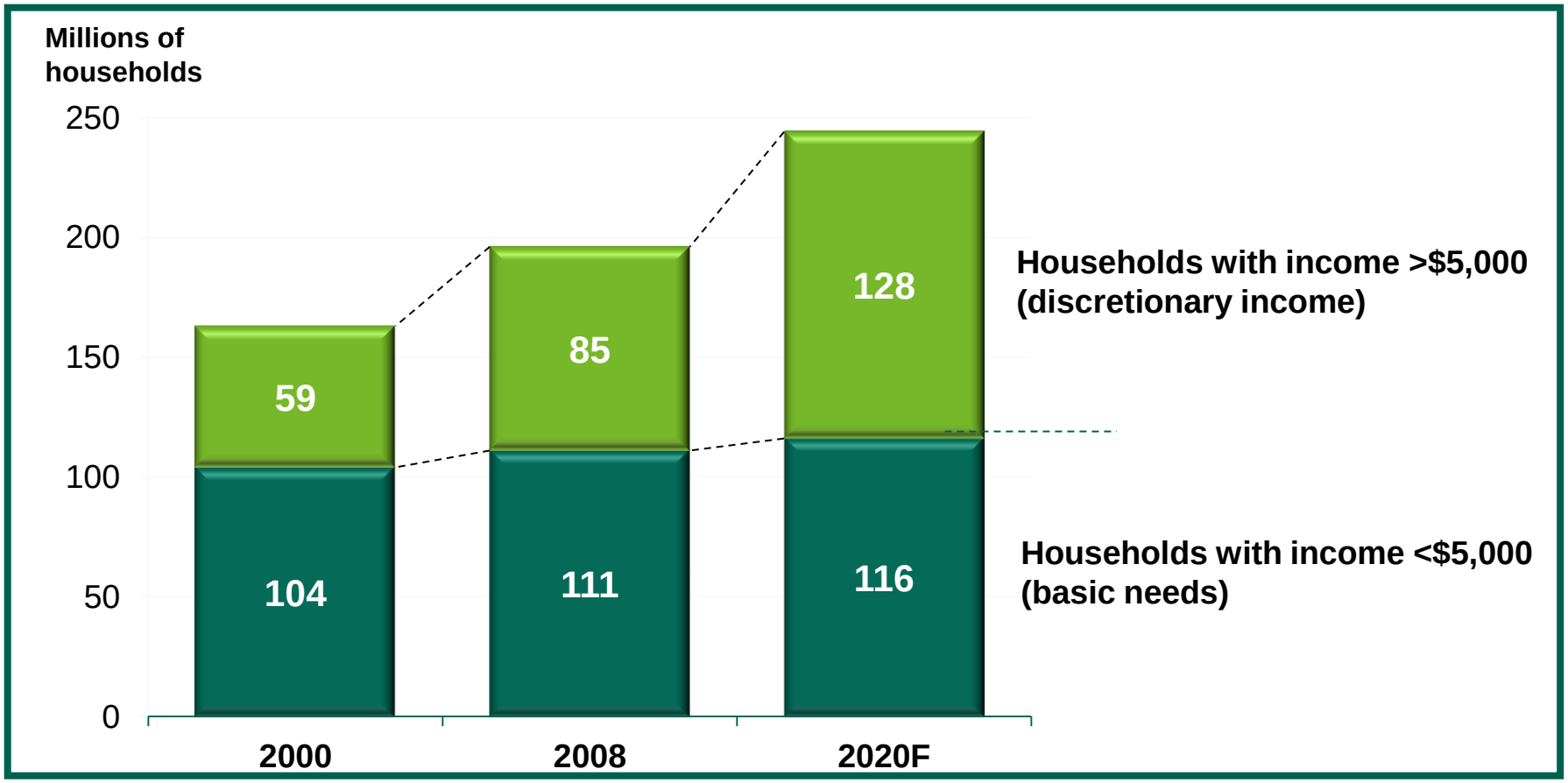
Increasing number of African households with discretionary spending power

DEMOGRAPHIC



Source: McKinsey, “Lions on the move”, June 2010

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Most valued brands in Africa

Rank	Brand	Sector	Country
1	MTN	Telecoms services	South Africa
2	Shell	Oil and gas	Netherlands
3	Coca-Cola	Beverages	United States
4	Nike	Apparel	United States
5	Toyota	Auto	Japan
6	Absa	Banks	South Africa
7	NNPC	Oil and gas	Nigeria
8	Vodafone	Telecoms services	Britain
9	Heineken	Beverages	Netherlands
10	Samsung	Electronics	South Korea
11	HP	Electronics	United States
12	McDonald's	Retail	United States
13	Eskom	Utilities	South Africa
14	Shoprite	Retail	South Africa
15	Pepsi-Cola	Beverages	United States
16	LG	Electronics	South Korea
17	Honda	Auto	Japan
18	Dangote	Consumer, non-cyclical	Nigeria
19	Airtel	Telecoms services	India
20	Mercedes-Benz	Auto	Germany

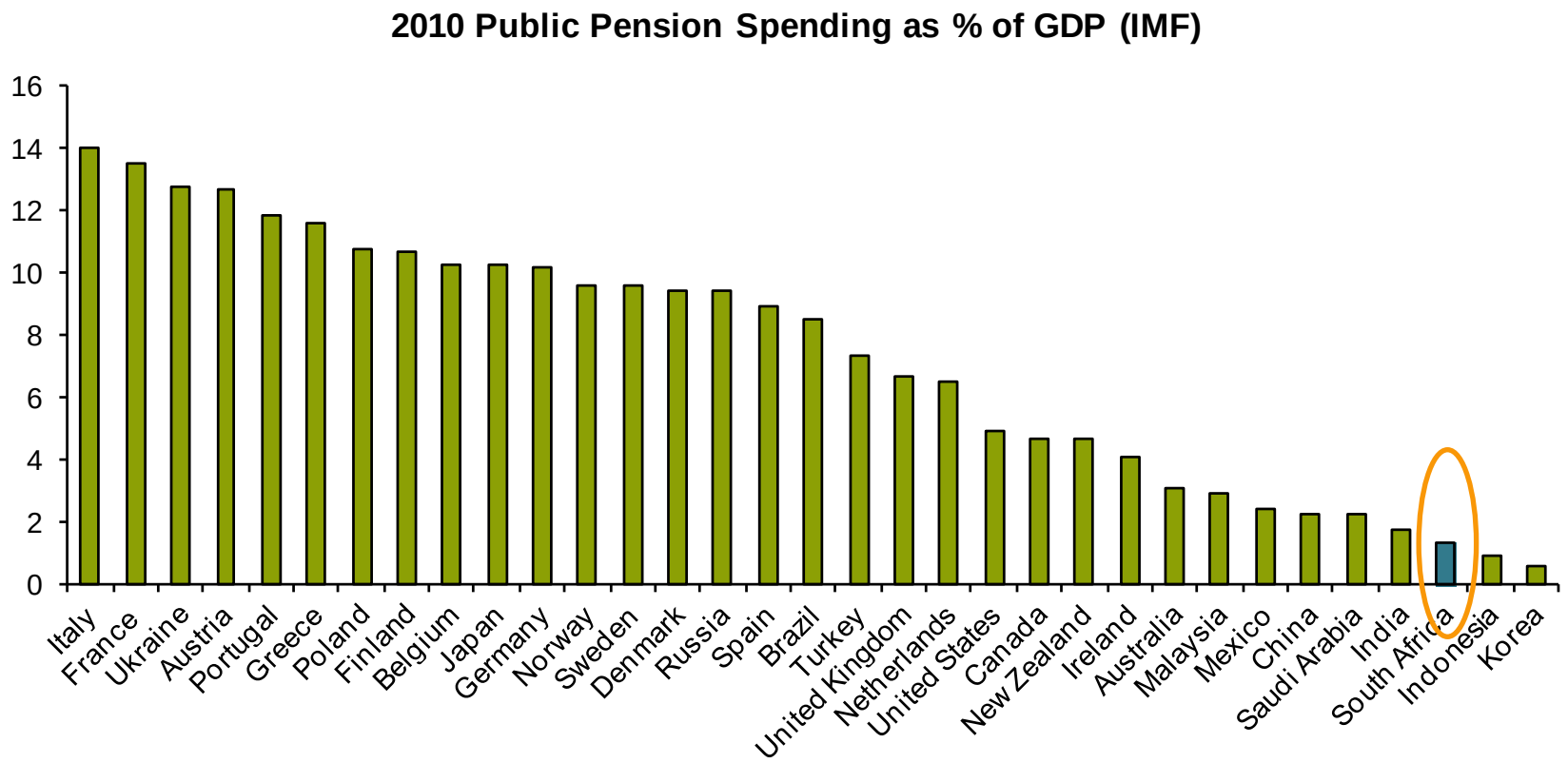
Source: Brand Africa, September 2011

Mobile telephony changing the way that business is done

- M-Pesa launched in Kenya in 2007 by Safaricom
- Mobile phone based money transfer system
- Previously Kenya had only 450 bank branches & 600 ATMs
  - M-Pesa has 40,000 nationwide outlets
- 20,000 customers registered in first month
  - M-Pesa now has 15 million registered users
- About 70% of financial transactions are now handled by M-Pesa
- The equivalent of around 20% of Kenya's national GDP goes through the M-Pesa system

South Africa has one of the lowest levels of public pension spending …

MARKET



Source: IMF; Bernstein Research

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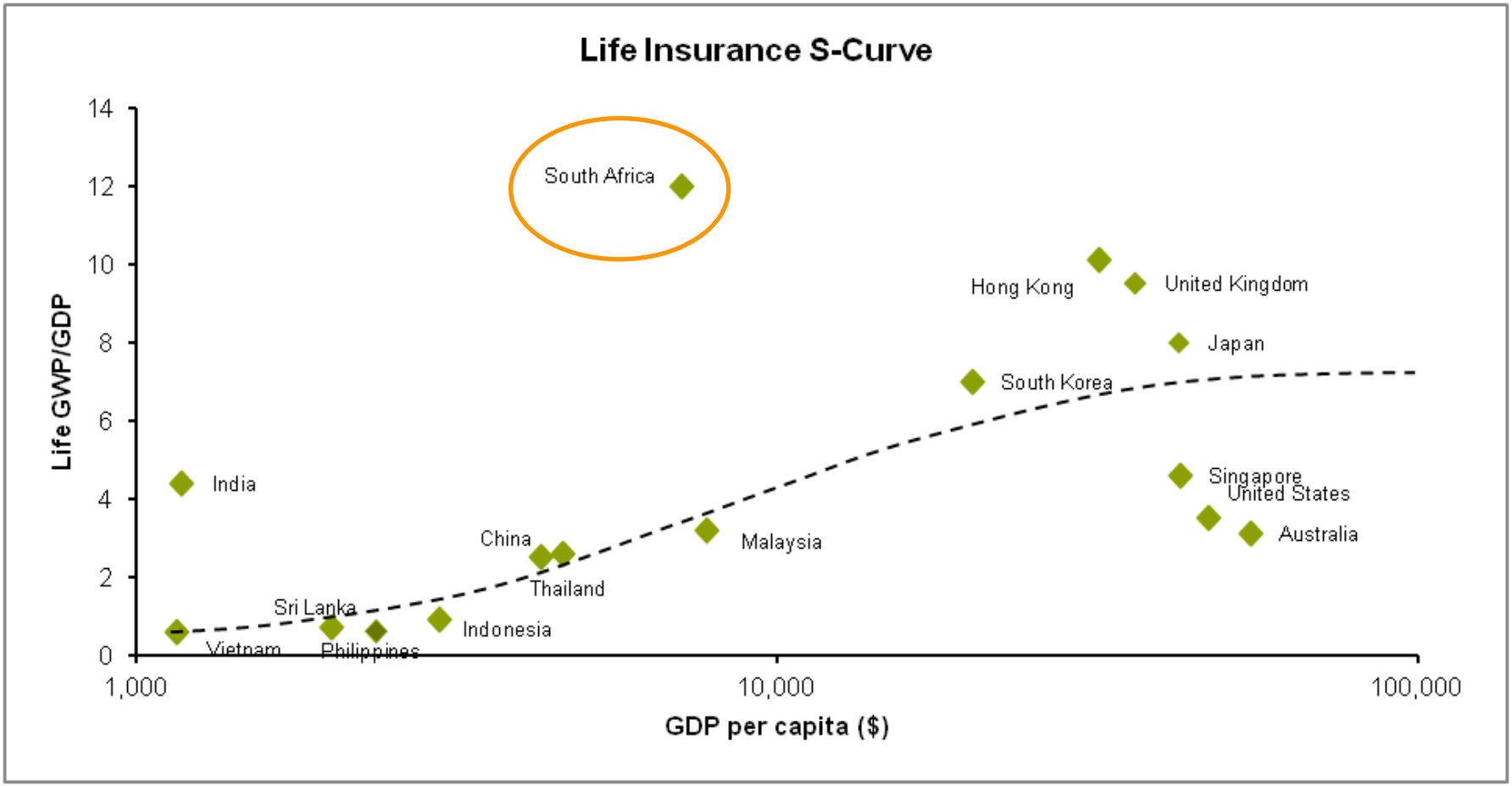
… and consequently one of the highest life insurance penetration ratios

MARKET



Source: Swiss Re (2010); Bernstein Research

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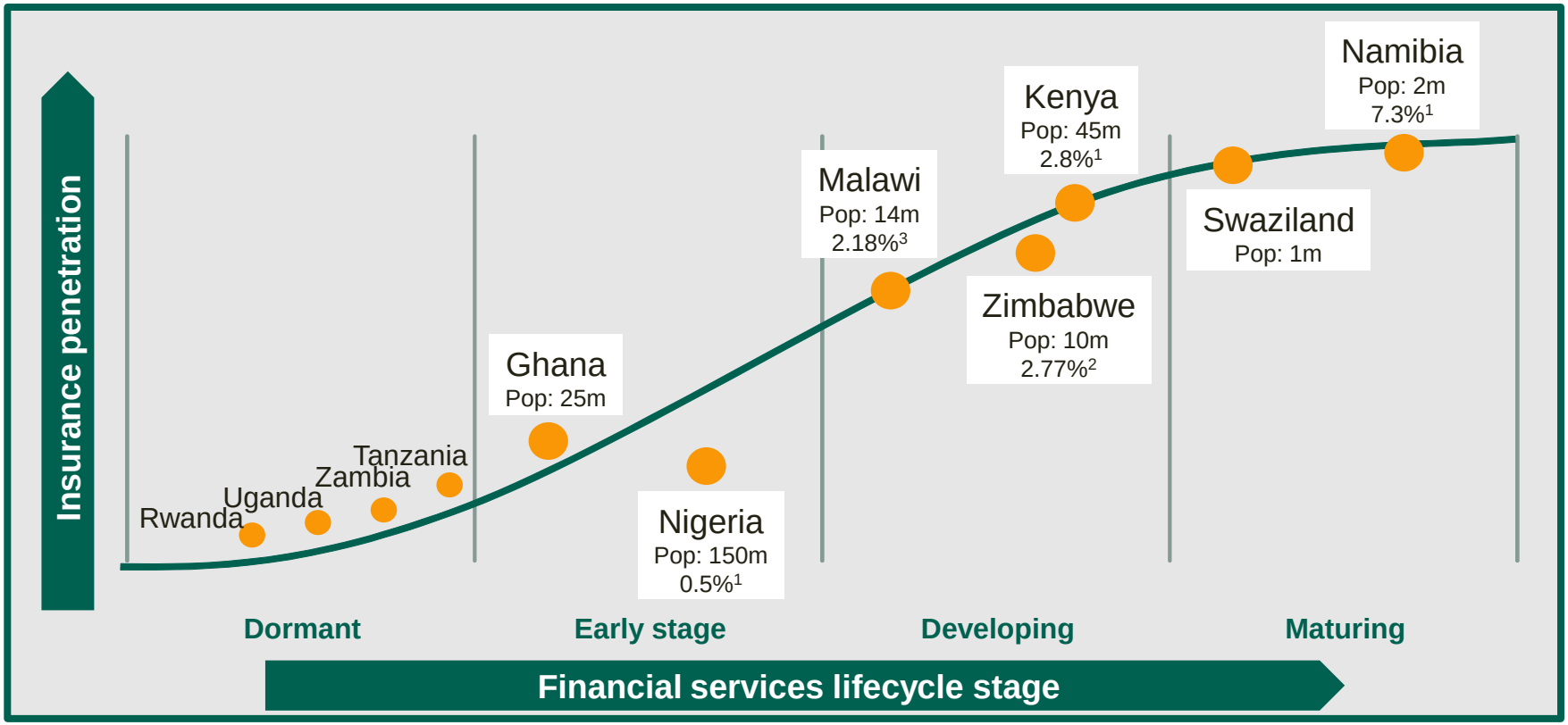
Financial markets at different development stages



1. Insurance penetration 2010 (Swiss Re Sigma report) – includes Life and Non-Life business
2. Source: AXCO Insurance Market Report, Mar 2011, 2007 data presented
3. Source: AXCO Insurance Market Report, Mar 2011, 2008 data presented

Doing business in Africa

DIAGEO

- Sell products in 40 countries in Africa
- 14% of net sales; 25% of global workforce
- Invested >£1bn in capex and acquisitions over past 5 years

Walmart
Save money. Live better.

- $2.4bn acquisition of Massmart in South Africa
- Stores in 12 African countries
- Planning 140 new stores in South Africa within 3 years

Nestlé

- Sales growth in Africa outpacing Europe and N.America
- Looking to invest $1.4bn by 2015
- Expects Nigerian operations to double in 3 years

MTN

- 16 African operations
- 55% of revenue, 63% of profits come from Africa (ex. South Africa)
- Investing £1bn in improving the mobile phone network in Nigeria

Old Mutual in Africa

Old Mutual in Africa		
	Namibia Pop: 2m	238,250 customers, 624 employees Mkt position: Life #1, AM #1 Mutual & Federal
	Zimbabwe Pop: 10m	782,150 customers, 987 employees Mkt position: Life #1, AM #1 Mutual & Federal
	Kenya Pop: 45m	27,005 customers, 445 employees Mkt position: Life #8, AM #1
	Swaziland Pop: 1.2m	18,000 customers, 26 employees Mkt position: Life #1 Mutual & Federal
	Malawi Pop: 14m	113,538 customers, 109 employees Mkt position: Life #1, AM #1
	Botswana Pop: 2m	Mkt position: Mutual & Federal #3

- Building on 3 strong South African businesses
  - Old Mutual South Africa
  - Nedbank
  - Mutual & Federal
- Two-fold approach to expansion
  - “Business in a box”
  - Strategic alliances

Old Mutual's unique skills & positioning in Africa

Brand strength	• Local heritage • International brand • Trust
Market understanding	• Understand economic, demographic & market trends • Understand circumstances, needs & business models needed to serve mass and middle income customers
Distribution skills	• Skilled at building and managing tied agency forces • Using new world distribution (eg. mobile telephony) to complement conventional models
Cost leverage	• Scale advantage facilitates low unit-cost service • Industrial approach to operational efficiency
Financial position	• Growth can be funded by existing local cash and profit generation

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In the heart of Europe and in the heart of Africa

APPENDIX

Q1 2012: good operational results

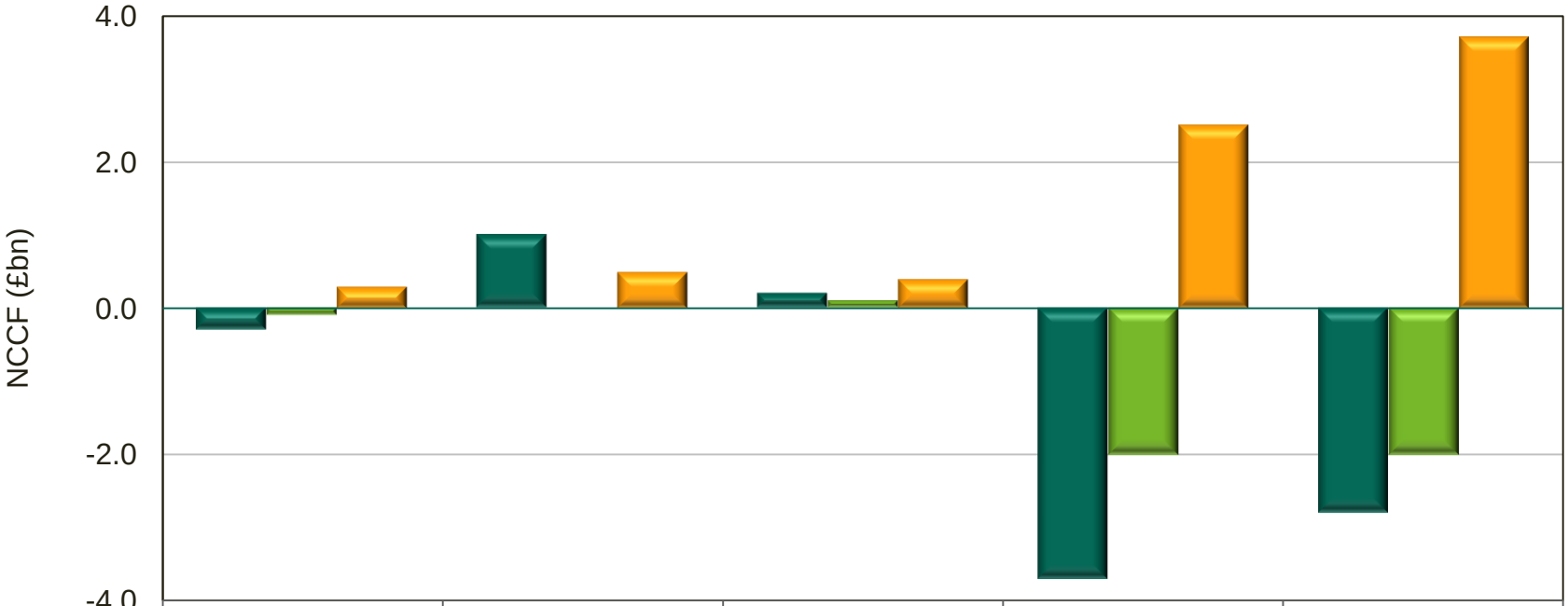
- £3.7bn positive net client cash flow (Q1 2011: negative £2.8bn[1])
- 6% increase in funds under management[2] to £284bn
- Strong sales in South African mass foundation market
- Over £20bn funds under management on the UK platform
- $4.2bn positive net client cash flow in US Asset Management[3]
- Another strong performance by Nedbank
- 7% increase in gross written premiums in Mutual & Federal

1. As reported
2. Core operations
3. Excludes affiliates disposed of or held for sale

Q1 2012: continued strategic progress

- Completed sale of Nordic for £2.1bn
- Completed sale of OMCAP to Touchstone
- Announced sale of Dwight Asset Management (completed May 2012)
- Announced intention to acquire Oceanic Life in Nigeria
- Brought together all Continental European operations into Wealth Management
- Announced intention to combine Old Mutual Asset Management UK and Skandia Investment Group

Net client cash flow[1]



	Emerging Markets	Wealth Management	Nedbank	USAM	Total core operations
Q1 2011	(0.3)	1.0	0.2	(3.7)	(2.8)
Q4 2011	(0.1)	0.0	0.1	(2.0)	(2.0)
Q1 2012	0.3	0.5	0.4	2.5	3.7

1. As reported

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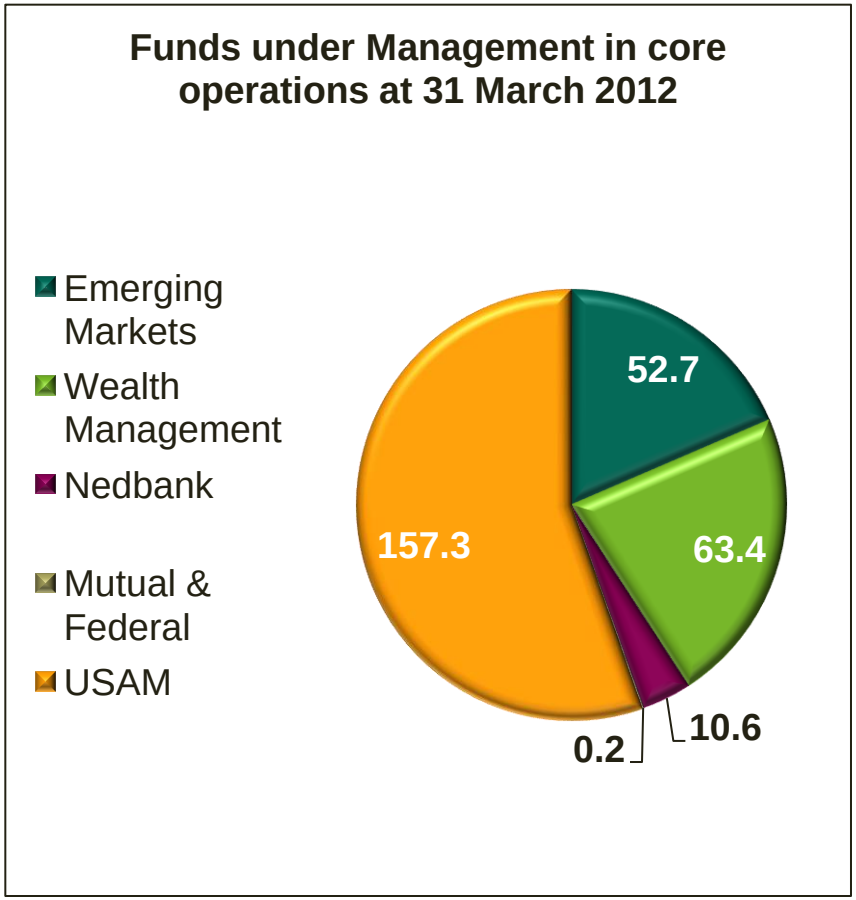
Funds under management[1]



£bn	FY 2011	Q1 2012	Δ
Emerging Markets	49.9	**52.7**	+6%
Wealth Management	58.6	**63.4**	+8%
Nedbank	9.7	**10.6**	+9%
Mutual & Federal	0.2	**0.2**	-
USAM	148.8	**157.3**	+6%
Total	267.2	**284.2**	+6%

1. Core operations, as reported

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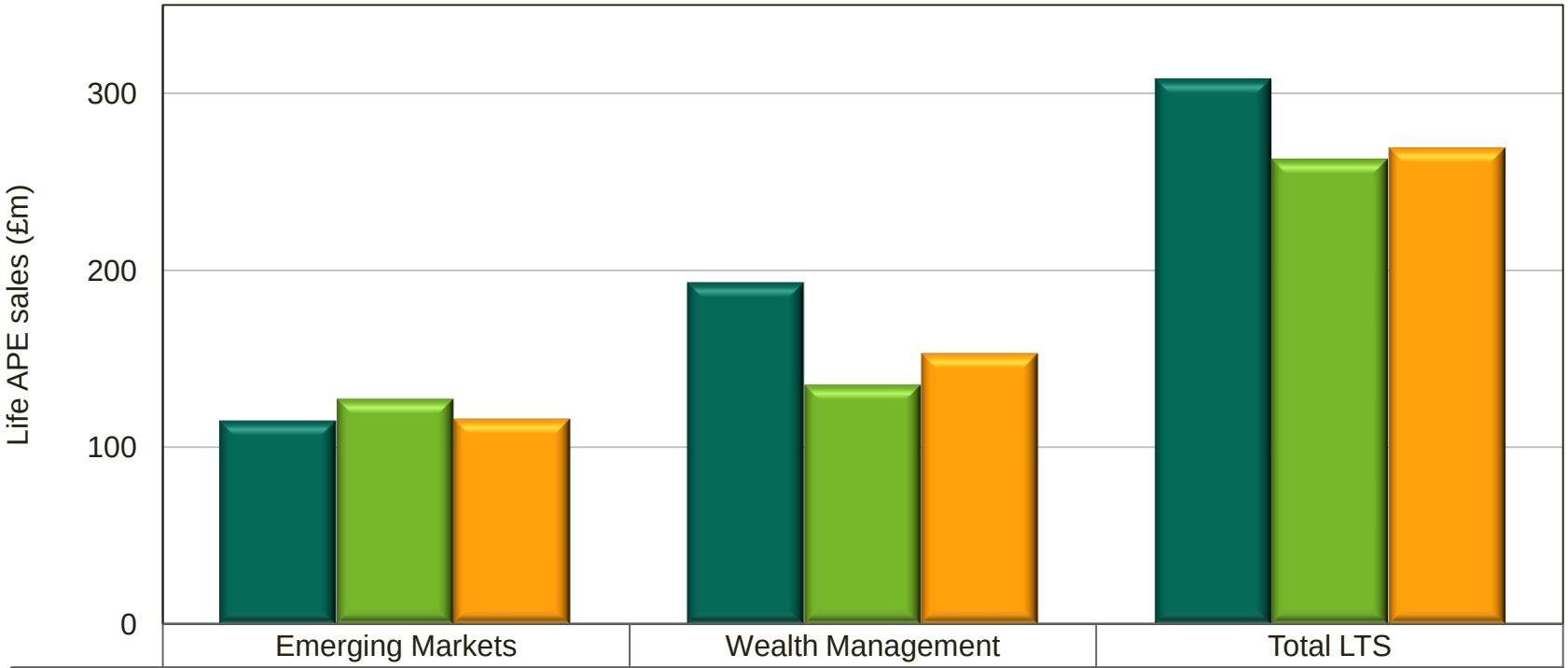
Life sales (APE)[1]



	Emerging Markets	Wealth Management	Total LTS
Q1 2011	115	193	308
Q4 2011	127	135	262
Q1 2012	116	153	269

1. As reported

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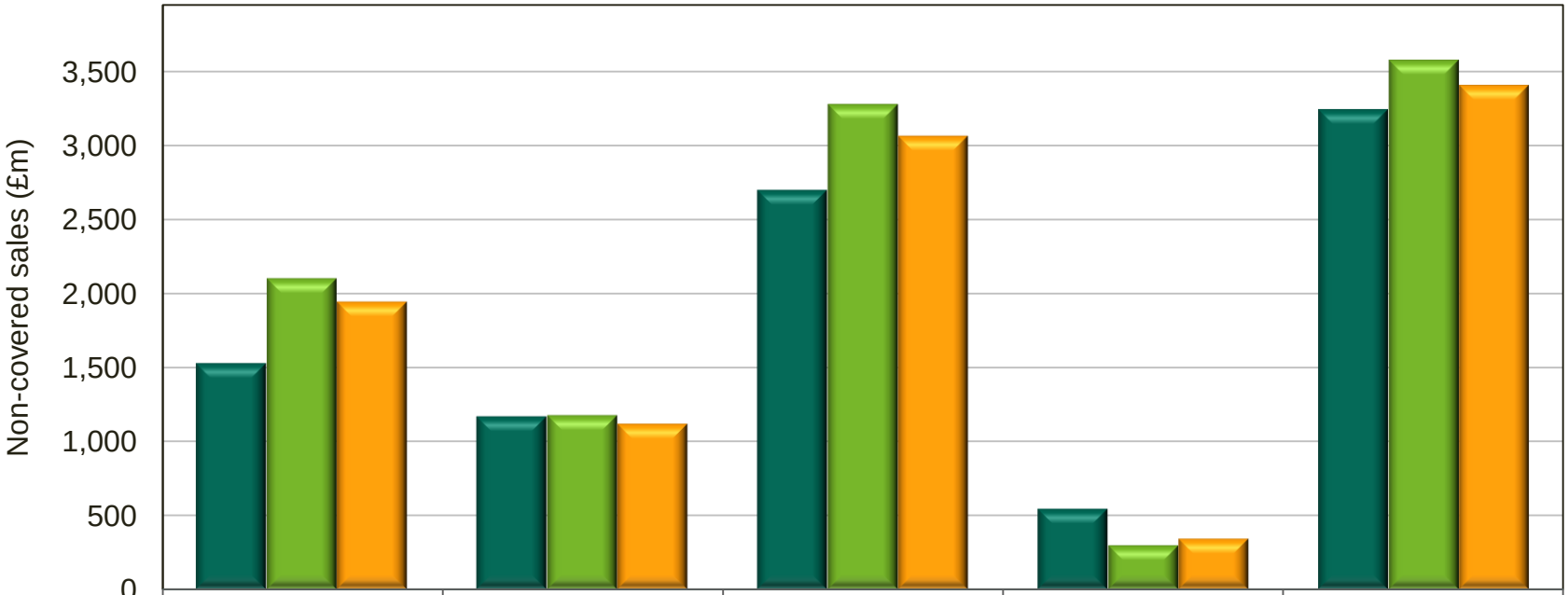
Non-covered sales[1]



	Emerging Markets	Wealth Management	Total LTS	USAM	Total continuing operations
Q1 2011	1,527	1,168	2,695	545	3,240
Q4 2011	2,101	1,176	3,277	298	3,575
Q1 2012	1,941	1,117	3,058	344	3,402

1. Non-covered sales includes mutual funds, unit trust and other sales, as reported

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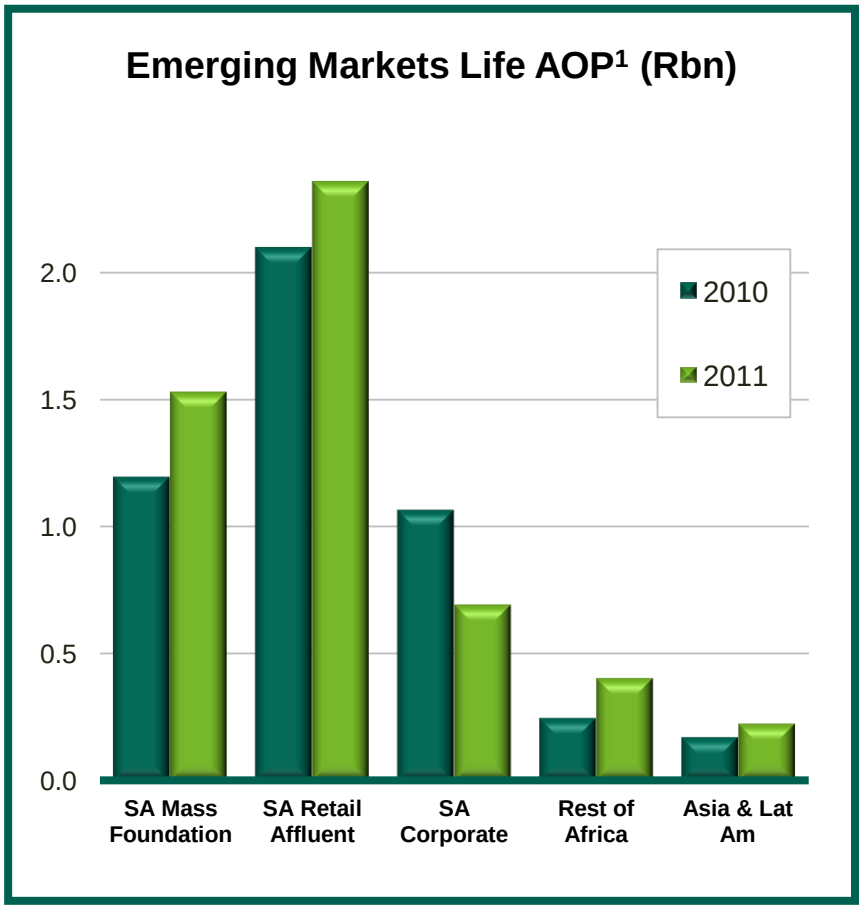
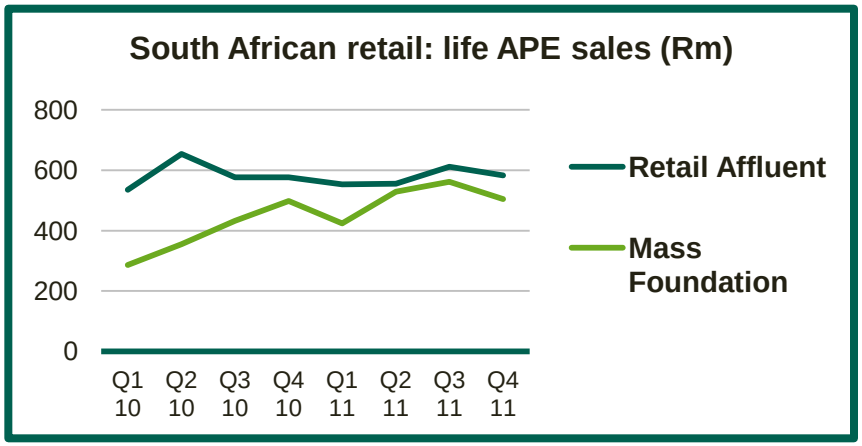
2011: Emerging Markets





Emerging Markets AOP[1]

Rm	2010	2011
Life & Savings	4,779	**5,206**
LTIR	1,221	**1,308**
OMIGSA	1,109	**950**
Expenses & Admin	(1,010)	**(823)**
Total AOP	6,099	**6,641**

1. Pre-tax, excluding LTIR & central expenses & administration

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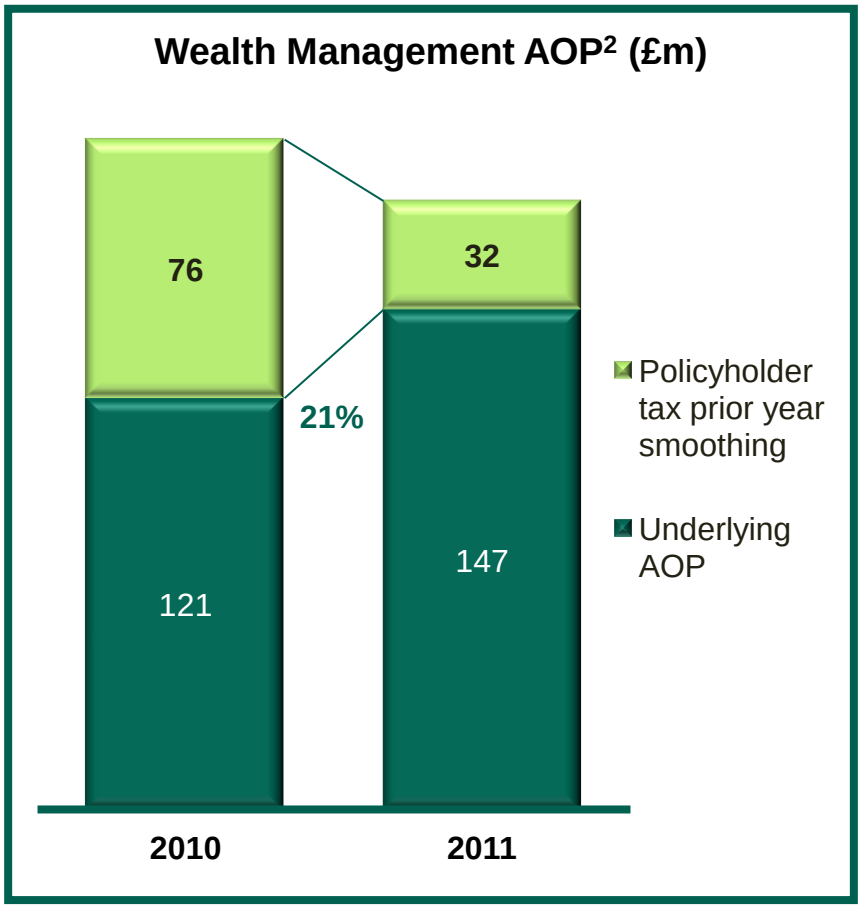
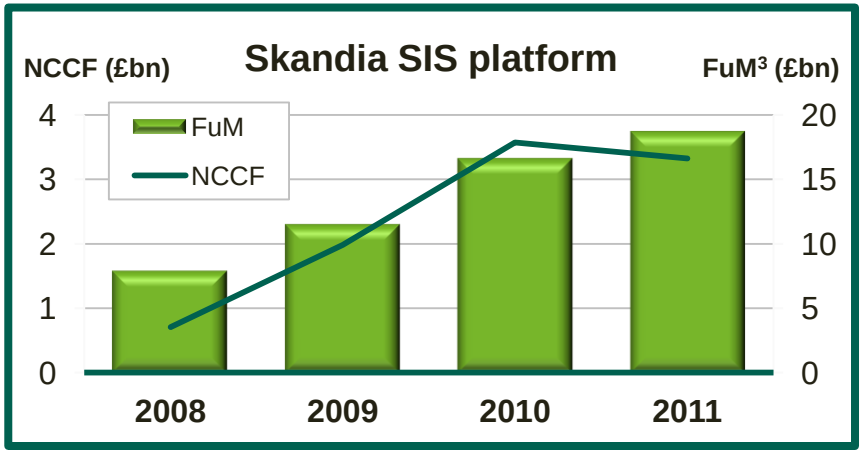
2011: Wealth Management[1]



	VNB (£m)		APE margin	
	2010	2011	2010	2011
UK	10	**20**	3%	**6%**
International	43	**49**	19%	**23%**
Continental Europe	13	**1**	8%	**2%**
	66	**70**	9%	**11%**



1. Wealth Management as-reported, prior to integration with Retail Europe
2. Pre-tax
3. FuM is at 31 December

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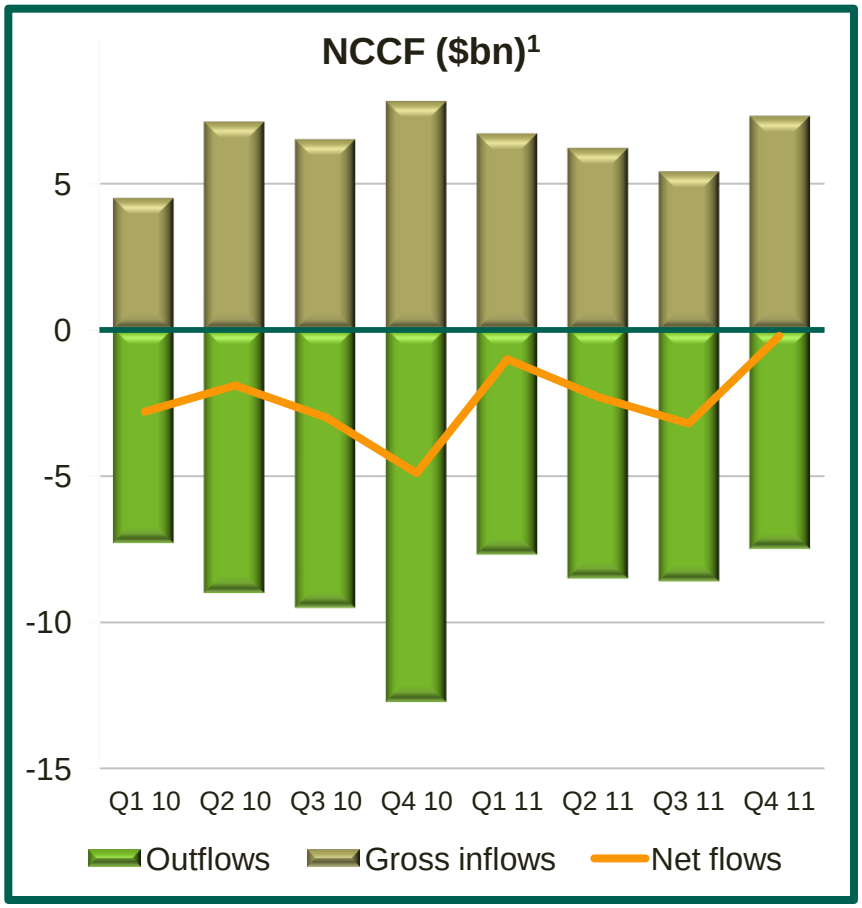
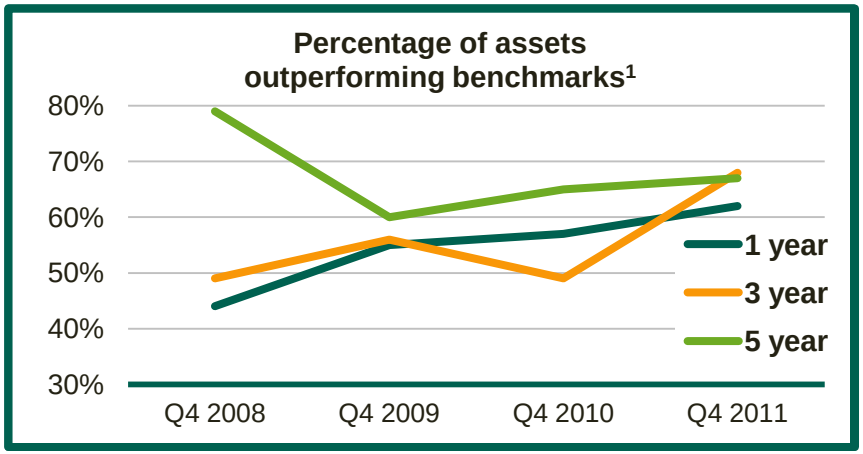
2011: US Asset Management



	2010[1]	2011[1]
FuM at 31st Dec	$207.4bn	**$200.3bn**
Adjusted operating profit	$113m	**$131m[2]**
Operating margin[3]	20%	**22%[2]**



1. Continuing business; excludes affiliates disposed of or held for sale
2. Pre restructuring costs of $12m
3. Pre non-controlling interests

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Progress against 2012 targets

	Return on Equity		Cost reductions	
	2011	2012 Target	2011[1]	2012 Target
Long-Term Savings[2]				
- Emerging Markets	24%	20%-25%	£4m	£5m
- Wealth Management	16%	12%-15%	£50m	£45m
- Retail Europe	15%	15%-18%	£9m	£15m
LTS Total (excluding Nordic)	20%	16%-18%	£63m	£65m
USAM				
- Operating Margin[3]	19%	25%-30%	-	-
- Cost reductions	-	-	£15m	£10m
Group-wide corporate costs	-	-	£11m	£15m
Total Group (excluding Nordic)	15%	-	£89m	£90m
Nordic	*10%*	*12%-15%*	*£22m*	*£10m*

1. Run-rate savings delivered to date (2009, 2010, 2011)
2. ROE calculated as IFRS AOP (post-tax) divided by ave. Shareholders' equity, exc goodwill, PVIF & other acquired intangibles; within Emerging Markets, OMSA calculated as return on allocated capital
1. Post-NCI, continuing operations, excluding seed capital gains & restructuring costs

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