THE FINANCIAL CRISIS: 10 YEARS ON

Bruce Hemphill, Group CEO

27 September 2017

INVESTMENT | SAVINGS | INSURANCE | BANKING

OLDMUTUAL

DISCLAIMER

This presentation may contain certain forward-looking statements with respect to certain of Old Mutual plc'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.

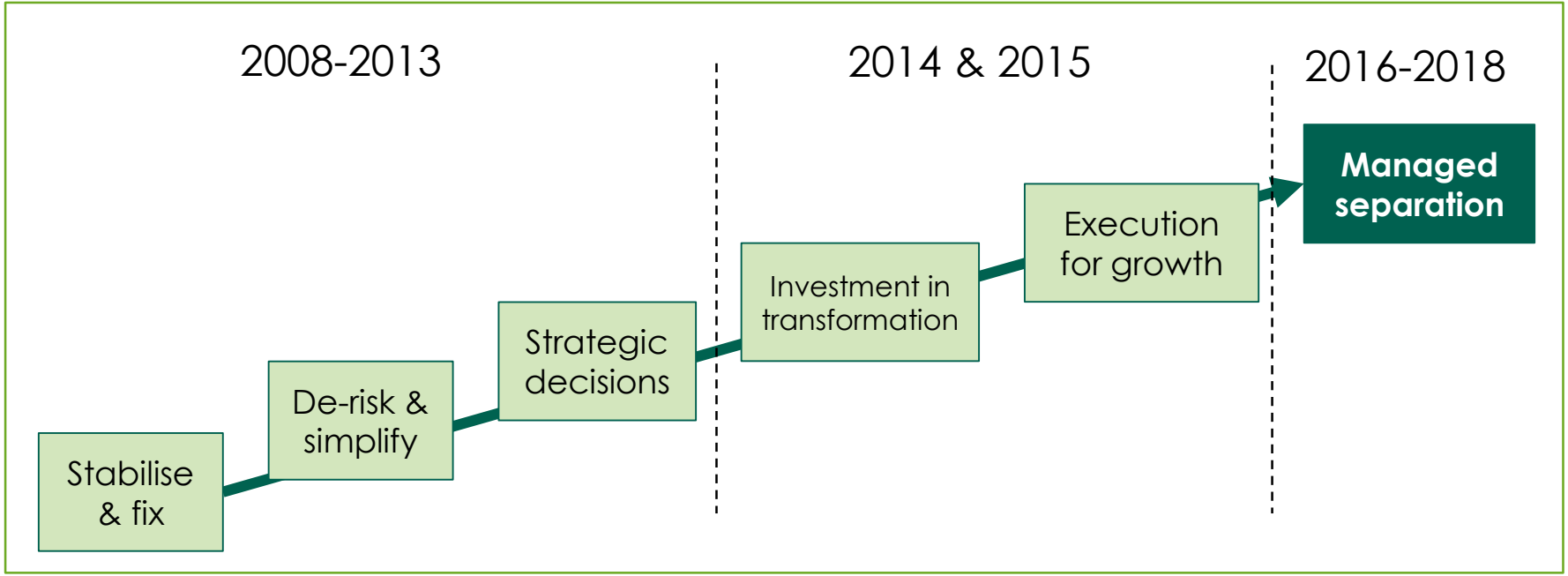
By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Old Mutual plc's control including amongst other things, UK and South Africa domestic and global economic and business conditions, market related risks 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 plc and its affiliates operate. As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward looking statements.

Old Mutual plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

Nothing in this presentation shall constitute an offer to sell or the solicitation of an offer to buy securities.

OLDMUTUAL

OLD MUTUAL HAS BEEN RESHAPED SINCE THE GFC



OLDMUTUAL

LOSSES, THEN PANIC, LED TO SIGNIFICANT REGULATION

- Basel committee – stress tests
- Financial Stability Board
- G-SIFIs – too big to fail
- Banking Act 2009
- Dodd-Frank Act
- PRA
- CRD IV

….etc., etc.

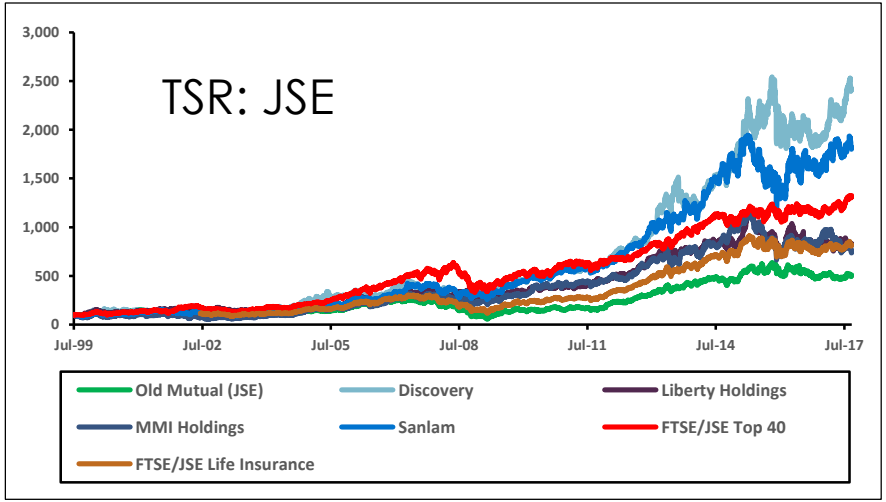
OLDMUTUAL

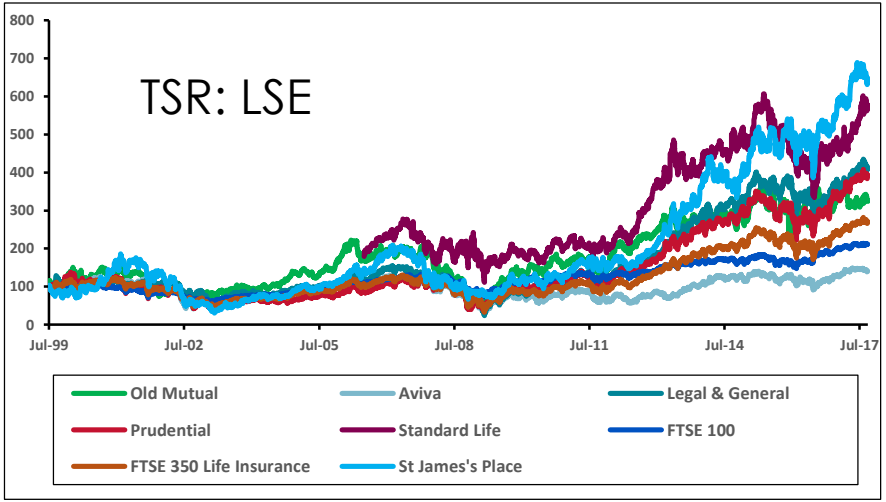
WHY CORPORATE CHANGE IS ACCELERATING IN GLOBAL FINANCIAL SERVICES

- Financial services conglomerates have struggled to add value
- Regulation is forcing local, not international corporate structures (Solvency II)
- Simpler businesses are more highly valued
- Increasing market pressure to enhance value

OLDMUTUAL

WHY MANAGED SEPARATION MAKES SENSE





- Structure resulted in a conglomerate discount
- Poor capital allocation and low returns from acquisitions
- Penal regulatory capital regime
- No significant Group synergies

- Costly head office
- Structural currency mismatch of Group dividends
- Both EM and DM exposures are unattractive

OLDMUTUAL

UNLOCKING VALUE – THE KEY TO MANAGED SEPARATION

	pence	Adj NAV[1] (£m)	AOP post-tax NCI[1] (£m)	Implied Multiple (Annualised)
OMEM	94.5	4,660	248	9x
Nedbank	64.4	3,175	175	9x
Old Mutual Wealth	53.0	2,616	112	12x
OMAM	5.1	251	26	5x
Rest	3.1	155		
	220.1	10,857		

1. 30.6.2017

OLDMUTUAL

ON TRACK WITH DELIVERY OF THE MANAGED SEPARATION

- Considerable progress already made
- Business readiness preparations well advanced
- Resolving and de-risking head office NAV, converting assets into cash
- Regulatory & stakeholder approval processes ongoing
- OMW and OML listings and head-office closure expected in 2018
- **Executing at pace and on track for material completion by end-2018**

OLDMUTUAL

BUSINESSES ARE WELL POSITIONED FOR INDEPENDENT FUTURES

OMEM

- High-return and cash-generative businesses in SA
- Platform for growth in Africa
- Strong brand positioning
- Broad spectrum of customers and products
- Integrated offering in selected segments

OMW

- Clear strategy
- Substantial market place with supportive demographic and regulatory trends
- Strong distribution, multi-asset and discretionary fund management propositions
- Well positioned to deliver increasing benefits of scale

Nedbank

- Strong wholesale franchise & leadership in key products
- 8m retail customers
- Well-run business with good risk-adjusted returns
- Strong balance sheet

OMAM

- Positioned for growth
- Good investment performance
- Multi-boutique profit share model
- Diversified investment affiliates
- Scope for leverage from global distribution

OLDMUTUAL

OLD MUTUAL WEALTH: STRONG INTEGRATED FLOWS

Old Mutual Wealth – growth in NCCF		
£bn	**H1 2017**	% growth
Invest & Grow	**6.4**	**73%**
- OMGI[1]	3.3	106%
Multi Asset	1.6	433%
Single Strategy	2.2	37%
- UK Platform	2.1	50%
- International	0.4	100%
- Quilter Cheviot	0.6	50%
Integrated flows	**2.2**	**214%**

- UK Platform growth driven by strong pension flows
- Intrinsic contributed:
  - 33% of OMGI NCCF;
  - 29% of UK Platform NCCF; and
  - 17% of Quilter Cheviot NCCF.
- Integrated flows increased from £0.7bn to £2.2bn

1. Total OMGI NCCF excludes investments in single strategy funds via multi-asset solutions, and two externally–managed funds.

OLDMUTUAL

OLD MUTUAL WEALTH – ADVICE-LED INTEGRATED MODERN WEALTH MANAGER

UK Wealth market of c. £3 trillion[1] by 2019

Distribution, multi-asset and discretionary fund management

H1 2017 £	FUM	NCCF
Multi Asset	16bn[2]	1.6bn[3]
Quilter Cheviot	22.5bn[3]	0.6bn[3]

Building distribution through infill acquisitions – Caerus c. 300 advisors, £4bn FUM

Customer driven solutions – eg. decumulation

- Good customer outcomes
- Long term FUM retention – longer duration money
- Lower volatility of retail flows
- Potential margin improvement from operating leverage, in time

Long term return for shareholders

1. Source: Verdict Financial, 2016
2. Proforma 2017 H1
3. As reported 2017 H1

OLDMUTUAL

MANAGED SEPARATION IS THE OPTIMAL STRATEGY FOR DELIVERING FUTURE VALUE FOR SHAREHOLDERS

Release value trapped within the Group structure
Wind-down the plc Head Office.
Unlock the conglomerate discount.

Create additional value
Deliver enhanced business performance.
Businesses owned by shareholders who can value them more appropriately.

c. £95m run rate operational cost savings.
Conglomerate discount historically averaged 10-20% of market capitalisation.
Closing gap to median peer group P/E for OMW and OML with potential for further multiple expansion.

OLDMUTUAL

SHOWCASES IN NOVEMBER

Old Mutual Limited: 1 November, Johannesburg

Old Mutual Wealth: 15 November, London

To register for these events please email omg-ir@omg.co.uk

OLDMUTUAL

Q&A

27 September 2017

INVESTMENT | SAVINGS | INSURANCE | BANKING

OLDMUTUAL