



# GROUP ANNUAL RESULTS

For the year ended 31 December 2019



## A message from our Interim CEO

Our business was resilient against significant headwinds in 2019. Adjusted Headline Earnings per share was up 7% reflecting higher investment returns and the impact of share buybacks executed during the year. Results from Operations was down 2% reflecting the impact of a difficult operating environment. We returned significant levels of capital to our shareholders, including share buybacks totalling R4.9 billion and total ordinary dividends of 120 cents per share, an increase of 3% from last year. We continue to proactively monitor the impact COVID-19 (Coronavirus) is having on global markets and our business to ensure we are in a position to make responsible decisions in the best interests of our employees, customers and investors.

**Iain Williamson**  
Interim Chief Executive Officer

### 2019 OVERVIEW

Our business was resilient against significant headwinds in 2019. We faced challenging macroeconomic conditions in South Africa, our largest market, and many of our operating countries in the Rest of Africa. This put pressure on the disposable income levels of our customers and on the ability of our businesses to grow value for our customers and investors. We remain confident that our diversified business allows us to protect value for stakeholders in tough economic times. After careful consideration of the relevant facts and actions, our Board took the difficult decision to dismiss our former chief executive, Peter Moyo. We remained focused on reassuring our customers, investors and employees during the heightened media attention and scrutiny that followed, through transparent and regular communication. The Board remains confident that the decision made was in the best interests of our stakeholders and that their duties were discharged in line with the high standard of governance and ethics expected of an established and respected organisation like ours.

Our financial results were resilient after taking into account the impact of external factors in our operating environment. Results from Operations (RFO) decreased by 2% reflecting positive assumption changes offset by a decrease in Old Mutual Insure's underwriting result. Adjusted Headline Earnings (AHE) was up 5% mainly due to stronger shareholder investment returns in South Africa, partially offset by reductions in the fair value of properties in East Africa. We delivered positive Net Client Cash Flow (NCCF) which is commendable in the tough macroeconomic environment and Funds under Management (FUM) increased by 2% in line with the increase in average market levels.

Our business in China showed good growth in 2019 and is well positioned to penetrate the life insurance market which is relatively new and underpenetrated. Previously, we offered primarily investment products, but have since expanded our offering to include protection solutions such as life, disability and critical illness. Despite tough external factors, we have made great strides to be more operationally efficient so we remain relevant to our customers of the future. Since listing in 2018, we have been deliberate and focused on making what we believe to be essential culture shifts to champion positive futures for our customers every day and to attract top talent. We have been working relentlessly to become a digitally enabled business. We have made good progress on simplifying our legacy systems and processes, transforming the business to be more agile and able to meet our customers' needs and expectations. 2019 was a year in which our customers and communities were vulnerable and we remained dedicated to make an impact to their everyday lives through our responsible business efforts. Embedding a culture of being a responsible business has been a key focus since listing. We continue to create awareness amongst our employees to act responsibly, as we believe this will positively impact our ways of working and interactions with customers and the communities we serve. We have organised ourselves to make an impact through specific focus areas which align with the needs of our stakeholders and we are in the process of refining targets to track desired outcomes in each focus area.

We have remained committed to return capital to our shareholders through share repurchase programmes and stable dividend distributions during 2019 and we are pleased to announce a final dividend of 75 cents per share.

On 11 March 2020, COVID-19 was declared as a pandemic due to the rising rate and scale of infection observed. The rapid spread of virus since the start of 2020, and particularly in recent weeks, has caused significant disruption in global equity markets. The volatility of movements on global exchanges such as NYSE and FTSE is comparable to previous crises. In South Africa, the JSE SWIX has decreased by 23% since the start of the year to date. In China and Italy, significant proportions of the populations have been quarantined to prevent the spread of the virus, with other countries responding to the risk with increased screenings and travel restrictions.

We are monitoring this situation on a daily basis. We have established a special committee to ensure that our employees in all of our locations can continue to work safely, whether that is from our premises or from their homes. We have placed restrictions on all cross border business and personal travel to ensure we limit the risk of infection to our employees and customers. We also regularly

model the impact of 'perfect storm' scenarios on our solvency capital and liquidity levels. These stress tests have shown we remain sufficiently capitalised with appropriate liquidity levels through these scenarios. We remain confident that the benefits of our well diversified business, strong balance sheet and stable cash generating ability will stand us in good stead, in what is anticipated to be a difficult year.

The achievement of our RFO target of nominal GDP+2% CAGR is dependent on an improvement in the macroeconomic environment in South Africa, which remains our largest operating country, and higher equity market levels. Given the anticipated disruption in global equity markets and significant downward pressure on GDP growth rates we do not anticipate being able to achieve this target for the 2020 financial year.

### ACCOUNTING IMPACT OF ZIMBABWE

Following our conclusion to apply hyperinflation accounting in June 2019, and the subsequent confirmation by the Zimbabwe Public Accountants and Auditors Board during the second half of the year, we have used the Zimbabwe Consumer Price Index (CPI) to adjust reported numbers for inflation. The impact of applying hyperinflationary accounting resulted in an increase in profit after tax of R187 million, with a corresponding increase in the net asset value. The results, net assets and cash flows of our business in Zimbabwe have been translated at the closing exchange rate of 1 ZWL \$ to 0.835 ZAR, in line with the requirements of the provisions of IAS 21 for the translation of hyperinflationary economies. The translation of the results of Zimbabwe at closing rate rather than average rate has reduced the profit after tax by R312 million. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts in the Group financial statements have not been restated.

As reported in our interim results, due to high inflation levels, rapidly deteriorating economic conditions and lack of ability to access capital by way of dividends, we have decided to manage Zimbabwe on a ring fenced basis. We removed this business from Adjusted Headline Earnings, effective 1 January 2019, and we have re-presented our comparatives to reflect this decision. Separate targets have been set for our executive management and the management team in Zimbabwe in respect of the performance of the business.

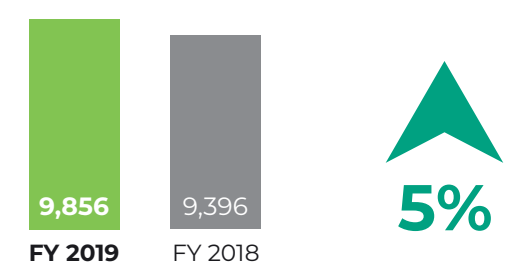
We have focused on preserving value for our customers and employees through this challenging economic cycle. We tried to relieve our employees from the pressures of economic conditions through the grant of special allowances. Reviews of our product offerings were conducted to ensure they remain relevant and allow more flexibility for customers in the current environment. We reviewed our investment strategy and weighted our portfolio towards asset classes deemed to better preserve value during periods of hyperinflation, and we continue to invest and transact in foreign currency where permissible as a natural hedge to the fast depreciating Zimbabwe dollar.

### IFRS PROFIT AFTER TAX

IFRS profit after tax for the comparative period includes the accounting impacts of the transactions executed to complete the Managed Separation. These included the distribution of Quilter plc and the unbundling of Nedbank. IFRS profit after tax for the comparative period therefore included the consolidated profits in respect of Quilter plc and Nedbank, both of these were classified as profit from discontinued operations. IFRS profits for the comparative period also included the profit recognised on the distribution of Quilter plc and Nedbank of R23,175 million. IFRS profit after tax for the current period no longer includes the impact of these items, which is the main driver of the decrease. IFRS profit after tax attributable to equity holders of the parent on a comparable basis increased by 34% from the prior year. IFRS profit after tax attributable to equity holders on a comparable basis is derived by adjusting the comparative to remove the impact of Managed Separation transactions and to reflect Nedbank as if it had been accounted for as an associate for the full year in 2018. The increase of 34% is driven by material Residual plc losses in 2018 which did not recur, partially offset by a decrease in Zimbabwe earnings.

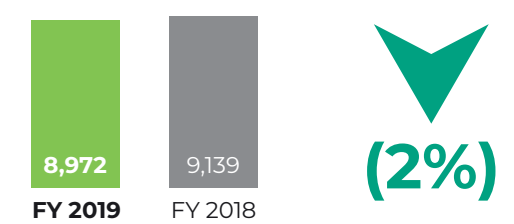
### FINANCIAL HIGHLIGHTS

#### Adjusted Headline Earnings (Rm)

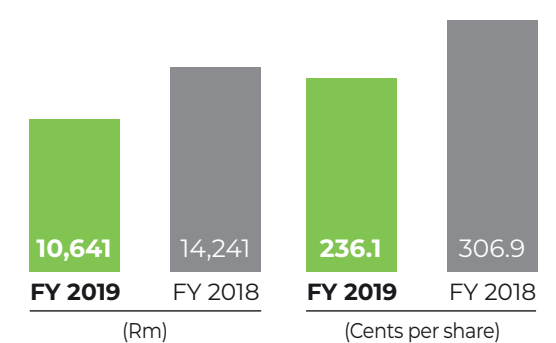


AHE per share (cents)	FY 2019	FY 2018
	209.3	195.1

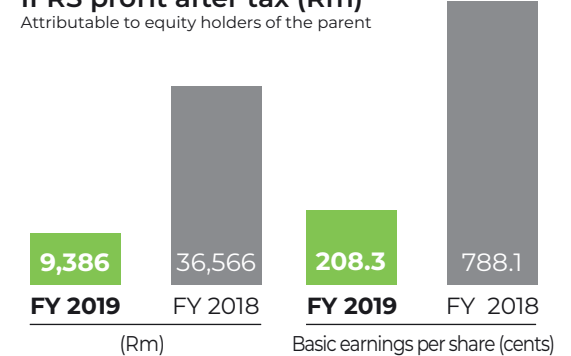
#### Results from Operations (Rm)



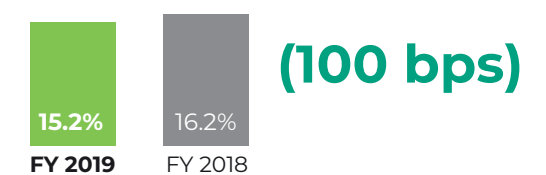
#### Headline Earnings (Rm)



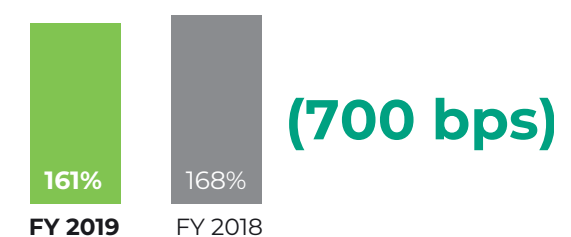
#### IFRS profit after tax (Rm)



#### Return on Net Asset Value (%)



#### Group Solvency ratio (%)





EXTRACTS FROM THE AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Consolidated income statement

For the year ended 31 December 2019

Rm	2019	2018
<b>Revenue</b>		
Gross insurance premium revenue	80,758	78,729
Outward reinsurance	(7,998)	(6,683)
Net earned premiums	72,760	72,046
Investment return (non-banking)	86,696	20,511
Banking interest and similar income	5,074	4,532
Banking trading, investment and similar income	187	90
Fee and commission income, and income from service activities	10,548	11,031
Other income	851	1,667
<b>Total revenue and other income</b>	<b>176,116</b>	<b>109,877</b>
<b>Expenses</b>		
Gross claims and benefits (including change in insurance contract provisions)	(93,654)	(65,488)
Reinsurance recoveries	6,324	5,607
Net claims and benefits incurred	(87,330)	(59,881)
Change in investment contract liabilities	(29,756)	5,855
Credit impairment charges	(1,878)	(1,060)
Finance costs	(737)	(1,338)
Banking interest payable and similar expenses	(1,275)	(1,005)
Fee and commission expenses, and other acquisition costs	(10,713)	(9,773)
Change in third-party interest in consolidated funds	(8,603)	(8,928)
Other operating and administrative expenses	(23,407)	(25,845)
<b>Total expenses</b>	<b>(163,699)</b>	<b>(101,975)</b>
Share of gains of associated undertakings and joint ventures after tax	2,269	550
Impairment of investments in associated undertakings	(869)	-
Loss on disposal of subsidiaries and associated undertakings	(21)	(2)
<b>Profit before tax</b>	<b>13,796</b>	<b>8,450</b>
Income tax expense	(4,245)	(3,453)
<b>Profit after tax from continuing operations</b>	<b>9,551</b>	<b>4,997</b>
<b>Discontinued operations</b>		
Profit after tax from discontinued operations	104	37,711
<b>Profit after tax for the financial period</b>	<b>9,655</b>	<b>42,708</b>
<b>Attributable to</b>		
Equity holders of the parent	9,386	36,566
Non-controlling interests		
Ordinary shares	269	5,641
Preferred securities	-	501
<b>Profit after tax for the financial period</b>	<b>9,655</b>	<b>42,708</b>
<b>Earnings per ordinary share</b>		
Basic earnings per share - continuing operations (cents)	206.0	105.1
Basic earnings per share - discontinued operations (cents)	2.3	683.0
<b>Basic earnings per ordinary share (cents)</b>	<b>208.3</b>	<b>788.1</b>
Diluted earnings per share - continuing operations (cents)	202.9	104.0
Diluted earnings per share - discontinued operations (cents)	2.3	674.1
<b>Diluted earnings per ordinary share (cents)</b>	<b>205.2</b>	<b>778.1</b>

Consolidated supplementary income statement

For the year ended 31 December 2019

Rm	2019	2018 <sup>1</sup>
Mass and Foundation Cluster	3,527	3,129
Personal Finance	1,730	2,021
Wealth and Investments	1,447	1,611
Old Mutual Corporate	1,816	1,703
Old Mutual Insure	233	670
Rest of Africa	496	430
Central expenses	(277)	(425)
<b>Results from Operations</b>	<b>8,972</b>	<b>9,139</b>
Shareholder investment return	2,102	1,188
Finance costs	(737)	(601)
Share of gains of associated undertakings and joint ventures after tax	2,528	2,593
<b>Adjusted Headline Earnings before tax and non-controlling interests</b>	<b>12,865</b>	<b>12,319</b>
Shareholder tax	(2,874)	(2,686)
Non-controlling interests	(135)	(237)
<b>Adjusted Headline Earnings after tax and non-controlling interests</b>	<b>9,856</b>	<b>9,396</b>
Adjusted weighted average number of ordinary shares (millions)	4,709	4,815
<b>Adjusted Headline Earnings per share (cents)</b>	<b>209.3</b>	<b>195.1</b>

<sup>1</sup> The Rest of Africa Segment, Results from Operations, Adjusted Headline Earnings and Adjusted Headline Earnings per share (cents) for the year ended 31 December 2018 have been re-presented to remove Zimbabwe.

Reconciliation of Adjusted Headline Earnings to IFRS profit after tax

Rm	2019	2018
<b>Adjusted Headline Earnings after tax and non-controlling interest</b>	<b>9,856</b>	<b>9,396</b>
Investment return on group equity and debt instruments held in policyholder funds	474	(219)
Impact of restructuring	(580)	(700)
Discontinued operations	74	8,129
Share of gains of associated undertakings after tax	-	(2,132)
Operations in hyperinflationary economies	441	2,116
Non-core operations	376	(2,349)
<b>Headline Earnings</b>	<b>10,641</b>	<b>14,241</b>
Impairment of goodwill and other intangible assets and property, plant and equipment	(395)	(627)
Impairment of associated undertakings	(869)	(265)
Profit on disposal of property, plant and equipment	-	51
Profit on disposal of subsidiaries and associated undertakings	9	23,166
<b>Profit after tax for the financial year attributable to equity holders of the parent</b>	<b>9,386</b>	<b>36,566</b>

Consolidated statement of comprehensive income

For the year ended 31 December 2019

Rm	2019	2018
<b>Continuing operations</b>		
<b>Profit after tax for the financial year</b>	<b>9,655</b>	<b>42,708</b>
<b>Other comprehensive income for the financial year</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Gains on property revaluations	448	176
Remeasurement gains on defined benefit plans	112	46
Fair value movements related to credit risk on borrowed funds <sup>1</sup>	(62)	250
Share of other comprehensive income from associated undertakings and joint ventures	68	(5)
Shadow accounting <sup>2</sup>	(168)	(201)
Income tax on items that will not be reclassified to profit or loss	(67)	10
	331	276
<b>Items that may be reclassified to profit or loss</b>		
Fair value adjustments on net investment hedges	-	44
Debt investments at FVOCI – Net change in fair value	-	(62)
Currency translation differences on translating foreign operations	(3,872)	(253)
Exchange difference recycled to profit or loss on disposal of businesses	(135)	(1,352)
Share of other comprehensive income from associated undertakings and joint ventures	(284)	(150)
Other movements	-	243
	(4,291)	(1,530)
<b>Total other comprehensive loss for the financial year from continuing operations</b>	<b>(3,960)</b>	<b>(1,254)</b>
<b>Discontinued operations</b>		
Total other comprehensive income for the financial year from discontinued operations after tax	98	496
<b>Total other comprehensive loss for the financial year</b>	<b>(3,862)</b>	<b>(758)</b>
<b>Total comprehensive income for the financial year</b>	<b>5,793</b>	<b>41,950</b>
<b>Attributable to</b>		
Equity holders of the parent	5,596	35,707
Non-controlling interests		
Ordinary shares	197	5,742
Preferred securities	-	501
<b>Total comprehensive income for the financial year</b>	<b>5,793</b>	<b>41,950</b>

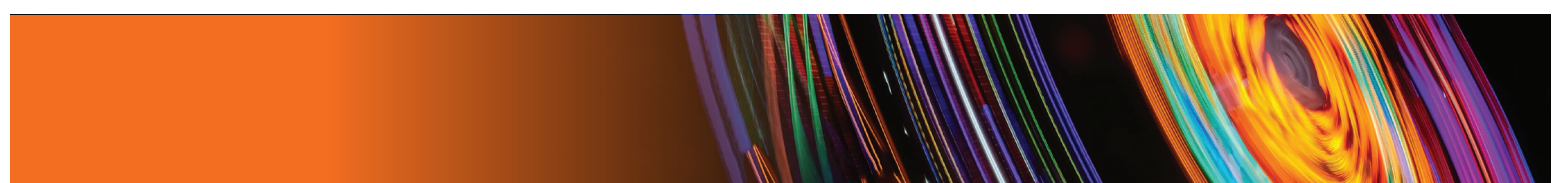
<sup>1</sup> Amounts relating to own credit risk are released through equity when the financial liability is derecognised.

<sup>2</sup> Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts' to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on financial assets that have a direct effect on the measurement of the related insurance assets and liabilities.

Consolidated statement of financial position

At 31 December 2019

Rm	2019	2018
<b>Assets</b>		
Goodwill and other intangible assets	6,276	5,831
Mandatory reserve deposits with central banks	141	145
Property, plant and equipment	9,892	7,741
Investment property	34,992	34,512
Deferred tax assets	1,155	938
Investments in associated undertakings and joint ventures	26,251	26,679
Deferred acquisition costs	1,978	1,925
Reinsurers' share of policyholder liabilities	21,007	21,243
Loans and advances	744,965	708,638
Investments and securities	8,385	7,902
Current tax receivable	309	429
Trade, other receivables and other assets	21,082	20,567
Derivative financial instruments	3,221	2,779
Cash and cash equivalents	30,474	32,339
Assets held for sale	774	12,787
<b>Total assets</b>	<b>910,902</b>	<b>884,455</b>
<b>Liabilities</b>		
Life insurance contract liabilities	141,156	143,926
Investment contract liabilities with discretionary participating features	198,483	188,355
Investment contract liabilities	314,071	287,774
Property and casualty liabilities	8,860	9,099
Third-party interests in consolidated funds	80,814	80,855
Borrowed funds	18,989	16,888
Provisions and accruals	2,060	1,799
Deferred revenue	513	472
Deferred tax liabilities	4,134	4,059
Current tax payable	1,635	1,385
Trade, other payables and other liabilities	52,520	47,167
Amounts owed to bank depositors	4,908	7,213
Derivative financial instruments	4,834	5,327
Liabilities held for sale	-	8,716
<b>Total liabilities</b>	<b>832,977</b>	<b>803,035</b>
<b>Net assets</b>	<b>77,925</b>	<b>81,420</b>
<b>Shareholders' equity</b>		
Equity attributable to equity holders of the parent	74,763	78,021
<b>Non-controlling interests</b>		
Ordinary shares	3,162	3,399
<b>Total non-controlling interests</b>	<b>3,162</b>	<b>3,399</b>
<b>Total equity</b>	<b>77,925</b>	<b>81,420</b>



**Registered office:** Mutualpark, Jan Smuts Drive, Pinelands, Cape Town, 7405. This short form announcement is the responsibility of the Board and is only a summary of the information contained in the Full Announcement available on the Company's website on 16 March 2020. This short form announcement does not contain full or complete details pertaining to the Group's results and should be read in conjunction with the Full Announcement. The short form announcement has itself not been audited, however, the financial information included herein has been extracted from the audited consolidated annual financial statements which have been audited by KPMG Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. The Old Mutual Limited Audited Annual Financial Statements containing the audit opinion, including key audit matters can be obtained on our website at [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports). Any investment decisions by investors and/or shareholders should therefore be based on consideration of the Full Announcement published on our website at [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports) and may be viewed at the registered offices of the Company and the Sponsor, at no charge, during office hours from the date of this announcement for a period of 30 days.

Consolidated statement of cash flows

For the year ended 31 December 2019

Rm	2019	2018
<b>Cash flows from operating activities</b>		
Profit before tax	13,796	8,450
Non-cash movements in profit before tax	(12,905)	21,841
Net changes in working capital	15,405	(787)
Taxation paid	(4,144)	(3,979)
<b>Net cash inflow from operating activities – continuing operations</b>	<b>12,152</b>	<b>25,525</b>
<b>Cash flows from investing activities</b>		
Acquisition of financial investments	(7,924)	(5,196)
Acquisition of investment properties	(1,072)	(2,352)
Proceeds from disposal of investment properties	35	427
Dividends received from associated undertakings	1,513	29
Acquisition of property, plant and equipment	(935)	(550)
Proceeds from disposal of property, plant and equipment	150	209
Acquisition of intangible assets	(989)	(53)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures	(149)	(1,213)
Proceeds from the disposal of interests in subsidiaries, associated undertakings and joint ventures	4,258	4,206
<b>Net cash outflow from investing activities – continuing operations</b>	<b>(5,113)</b>	<b>(4,493)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to		
Ordinary equity holders of the Company	(5,383)	(9,965)
Non-controlling interests and preferred security interests	(69)	(272)
Interest paid (excluding banking interest paid)	(804)	(899)
Proceeds from issue of ordinary shares	-	251
Net disposal of treasury shares – ordinary shares	289	1,137
Share buyback transactions	(4,900)	-
Proceeds from issue of subordinated and other debt	5,739	5,736
Subordinated and other debt repaid	(3,211)	(8,625)
<b>Net cash outflow from financing activities – continuing operations</b>	<b>(8,339)</b>	<b>(12,637)</b>
<b>Net cash (outflow)/inflow – continuing operations</b>	<b>(1,300)</b>	<b>8,395</b>
Net cash outflow – discontinued operations	(375)	(76,420)
Effects of exchange rate changes on cash and cash equivalents	(588)	569
Cash and cash equivalents at beginning of the year	32,878	100,334
<b>Cash and cash equivalents at end of the period</b>	<b>30,615</b>	<b>32,878</b>
<b>Comprising:</b>		
Mandatory reserve deposits with central banks	141	145
Cash and cash equivalents	30,474	32,339
Included in assets held for sale and distribution	-	394
Cash and cash equivalents	-	394
<b>Total</b>	<b>30,615</b>	<b>32,878</b>
<b>Summary consolidated statement of changes in equity</b>		
<b>For the year ended 31 December 2019</b>		
<b>Rm</b>	<b>2019 Total equity</b>	<b>2018 Total equity</b>
<b>Shareholders' equity at beginning of period</b>	<b>81,420</b>	<b>183,445</b>
Impact of adopting IFRS 9 and IFRS 15, net of tax	-	(4,337)
<b>Restated opening balance</b>	<b>81,420</b>	<b>179,108</b>
<b>Profit after tax for the financial period</b>	<b>9,655</b>	<b>42,708</b>
<b>Other comprehensive income</b>	<b>(3,862)</b>	<b>(758)</b>
<b>Total comprehensive income for the financial period</b>	<b>5,793</b>	<b>41,950</b>
<b>Transactions with the owners of the Company</b>		
<b>Contributions and distributions</b>		
Dividends for the year	(5,452)	(13,903)
Share-based payment movements	(122)	674
Share buyback transactions	(4,900)	-
Demerger of Quilter from Old Mutual plc	-	(42,935)
Unbundling of Nedbank	-	(38,867)
Other movements in share capital <sup>1</sup>	1,547	7
<b>Total contributions and distributions</b>	<b>(8,927)</b>	<b>(95,024)</b>
<b>Changes in ownership and capital structure</b>		
Unbundling of non-controlling interests in Nedbank	-	(44,532)
Change in participation in subsidiaries	(361)	(82)
<b>Total changes in ownership and capital structure</b>	<b>(361)</b>	<b>(44,614)</b>
<b>Total transactions with owners of company</b>	<b>(9,288)</b>	<b>(139,638)</b>
<b>Shareholders' equity at end of the period</b>	<b>77,925</b>	<b>81,420</b>

<sup>1</sup> Other movements in share capital includes a movement in retained earnings of R960 million relating to own shares held by consolidated investment funds, employee share trusts and policyholder funds. These shares are treated as treasury shares in the consolidated financial statements.