

Old Mutual Limited
Incorporated in the Republic of South Africa
Registration number: 2017/235138/06
ISIN: ZAE000255360
LEI: 213800MON84ZWWPQCN47
JSE Share Code: OMU
NSX Share Code: OMM
MSE Share Code: OMU
ZSE Share Code: OMU
("Old Mutual" or "Company" or "Group")

Ref 29/20

24 August 2020

TRADING STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020.

Shareholders are advised that Old Mutual Limited is currently in the process of finalising its interim results for the six months ended 30 June 2020 ("current period"). This trading statement provides an indication of a range for Headline Earnings per ordinary share (HEPS) and earnings attributable to equity holders of the Group per ordinary share (EPS) in terms of paragraph 3.4(b) of the JSE Limited Listings Requirements compared to the six months ended 30 June 2019 ("comparative period"). The Group's interim results will be released on the Stock Exchange News Service of the JSE Limited on Tuesday, 1 September 2020.

Further to our previous communication to shareholders on the 29 May 2020, the COVID-19 pandemic continues to have an unprecedented impact on our business, our lives and how we work and interact. Government enforced restrictions to control the spread of COVID-19 in most geographies we operate in have dramatically reduced the level of economic activity during the first half of 2020 and negatively impacted growth forecasts for the remainder of the year. In this challenging environment we adapted to this new normal by leveraging our digital capability to enable most of our employees and certain of our advisers to work remotely.

New business sales volumes were negatively impacted, as most of our tied advisers were unable to sell during the lockdown period due to the partial closure of the branch network and lack of access to customers' homes, worksites and branches. Although lockdown restrictions have been eased, and economic activity has somewhat resumed, sales levels remain below prior year levels. This impact was most severe in the Mass and Foundation Cluster, where sales volumes were too low to cover the largely fixed initial expenses and this resulted in negative Value of New Business for H1 2020 for this segment.

Although local and global equity markets have recovered in the second quarter, the JSE SWIX was down 8% at the end of June 2020 and average equity market levels were 10% lower than the prior year. During the second quarter we saw credit spreads widening by between 50bps and 100bps, more than increases in previous market crises.

Throughout the period, in this tough economic environment, our solvency capital has remained strong. At the end of June 2020, the solvency ratio was 182% for the Group and 208% for OMLACSA. This demonstrates the capital strength and resilience of our Group to withstand periods of prolonged market stresses and positions us well to take advantage of growth opportunities as they arise.

The significant deterioration in the operating environment compared to the comparative period has however negatively impacted our earnings. While there is still much uncertainty around the pandemic and the impact that it will have on experience, we have raised short term provisions in anticipation of worsening mortality, morbidity and persistency experience in the second half of 2020. These reserves are intended to allow for expected short term variances to our long term assumptions.

Weaker growth forecasts and higher observed credit spreads have led to notable unrealised mark to market losses in the first half of the year in our unlisted equity and credit portfolios in Specialised Finance, although we believe the quality of our credit book remains high. As these are unrealised they could reverse in future periods as market conditions recover. We have also increased our provisions for expected credit losses in Old Mutual Finance in recognition of declining GDP forecasts, and the anticipated impact of this on future credit losses.

There was an increase in business interruption (BI) claims in Old Mutual Insure during the second quarter. We also made a decision to offer commercial settlements to certain qualifying Small, Medium and Micro Enterprise (SMME) customers to enable them to continue operating.

Taking into account the operating environment and factors outlined above shareholders are advised that the Group's key profit measures are expected to fall within the ranges outlined below:

Key Performance Indicators (R million unless stated otherwise)	Estimated % change	Estimated 30 June 2020	30 June 2019
Results from Operations	(61%) to (71%)	1,760 - 1,308	4,512
Adjusted Headline Earnings	(62%) to (72%)	1,980 - 1,459	5,211
AHEPS (cents) ¹	(60%) to (70%)	43.7 - 32.7	109.1

¹AHEPS defined as Adjusted Headline Earnings divided by WANS adjusted to reflect the Group's BBE shares and shares held in policyholder and consolidated investment funds.

The notable decrease in the GDP growth for South Africa and increased uncertainty around future cashflow projections is expected to result in the recognition of material impairments in respect of the carrying value of our investment in Nedbank and the goodwill related to our investment in Old Mutual Finance. These impairments are recognised in the IFRS income statement, however, are not recognised in Headline Earnings as this is an explicit adjusting item in accordance with the JSE Circular. Accordingly they are also not recognised in Adjusted Headline Earnings (AHE).

Headline earnings is higher than AHE, as AHE excludes the results related to the operations of Residual plc and Zimbabwe and the adjustment in respect of investment return for group equity and debt instruments held in life funds, all of which were positive in H1 2020.

Taking into account the decrease in operating earnings and the significant impairments outlined above shareholders are advised that HEPS and Basic EPS are expected to fall within the ranges outlined below:

Key Performance Indicators (R million unless stated otherwise)	Estimated % change	Estimated 30 June 2020	30 June 2019
Headline Earnings	(23%) to (33%)	4,507 - 3,922	5,854
HEPS (cents)	(20%) to (30%)	102.5 - 89.7	128.1
IFRS profit after tax attributable to equity holders of the parent	Greater than (100%)	(5,621) - (6,745)	5,817
Basic EPS (cents)	Greater than (100%)	(128.5) - (154.2)	127.3

The financial information in this trading statement is the responsibility of the Old Mutual Limited Board of Directors and has not been reviewed or reported on by the Group's external auditors.

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Sponsors

JSE	Merrill Lynch South Africa (Pty) Limited
Namibia	PSG Wealth Management (Namibia) (Proprietary) Limited
Zimbabwe	Imara Capital Zimbabwe plc
Malawi	Stockbrokers Malawi Limited

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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 markets 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 175 years of heritage across sub-Saharan Africa, we are a crucial part of the communities we serve and 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).