

Old Mutual Limited
Incorporated in the Republic of South Africa
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("Old Mutual" or "Company" or "Group")

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23 June 2021

OLD MUTUAL VOLUNTARY OPERATING UPDATE FOR THE PERIOD ENDED 31 MAY 2021

The global economy continues to slowly recover and vaccination rates are progressing well in many of the advanced economies. The rebound in global economic activity has positively impacted SA equity market levels through strong commodity prices as demand picks up which has contributed to the strengthening of the rand. The pace of economic recovery in South Africa could be delayed given the energy supply shortfall, the slow vaccination drive and high third wave infections.

Vaccination rollouts across Africa have been slow and according to Bloomberg data, only eight countries have vaccinated more than 5% of their populations to date. COVID-19 infection rates are rising as the third wave continues to gain momentum in South Africa. The country has enforced adjusted level 3 lockdown restrictions in an effort to curb the spread of the virus. Uganda and Namibia have also re-imposed strict lockdown measures to curb the surge in COVID-19 cases.

Productivity levels in our South African retail segments, Mass and Foundation Cluster and Personal Finance have improved. Issued sales in Personal Finance improved materially in May to above the prior year and 2019 levels. The improvement was on both single and recurring premiums which will be reflected as reported life sales for the first half of 2021. Issued sales in Mass and Foundation Cluster were above the prior year due to the significant impact that the lockdown had on issued sales in 2020 but are still below 2019 levels due to the tough economic environment. Sales remain subdued and market conditions remain challenging in Old Mutual Corporate with SuperFund quote activity improving by 44% relative to 2020 but still 20% lower than 2019.

Financial performance for the period ended 31 May 2021

The table below sets out certain key performance indicators for the period ended 31 May 2021.

Key Performance Indicators (R millions unless otherwise indicated)	31 May 2021	31 May 2020	% change
Results from Operations	2 680	1 768	52%
Life APE Sales	4 293	4 069	6%
VNB	531	36	Greater than 100%
Gross Flows	80 413	77 985	3%
Net Client Cash Flow (Rbn)	(0,5)	5,2	Greater than (100%)
Funds Under Management ¹ (FUM) (Rbn)	1 164,1	1 104,6	5%
Loans and Advances ¹	18 750	20 320	(8%)
Gross Written Premiums	8 437	7 984	6%

¹Comparative amounts represent FY2020 balance sheet amounts.

Profitability for the year to date has improved compared to the same period in the prior year as a result of higher asset based fees due to an increase of 13% in average FUM, closing FUM at the end of May was 17% above May 2020 levels. Improved credit experience due to a deliberate focus on tightening of credit criteria and more selective offers to customers in Old Mutual Finance in South Africa, the non-repeat of the negative mark to market losses in Old Mutual Investments and significant level of COVID-19 business interruption and rescue claims in Old Mutual Insure in the prior year positively impacted profits for year to date. We remain on track to deliver our cost-savings target of R750 million at the end of 2022.

Life APE sales are 6% ahead of the prior year due to the positive recovery of productivity levels as observed in issued sales volumes. Personal Finance delivered significant growth in single-premium annuity sales which were above 2019 levels and strong risk sales. Our Wealth Management business delivered significant fixed bond sales and higher risk sales were recorded in China. These were partially offset by lower umbrella and risk sales in Old Mutual Corporate despite the improvement in quote activity relative to the levels at the end of 2020. The significant growth in VNB was largely driven by increased sales volumes of high margin products coupled with lower initial expenses and better channel losses, with a VNB margin of 2.1% being well within our medium-term target range of 1.5% - 3.0%.

Gross flows increased when compared to the same period in the prior year as a result of sales on the retail platform of our Wealth Management business and strong inflows in our Liability Driven Investment (LDI) capability and Marriott in Old Mutual Investments coupled with strong single premiums annuity sales from Personal Finance. These were partially offset by a non-repeat of significant inflows into our Asset Management businesses in East Africa and Southern Africa.

Negative NCCF was largely due to significant volumes of mortality claims in our South African life businesses for year to date. Lower inflows in Rest of Africa, higher terminations and benefits payout in Old Mutual Corporate as well as an increase in annuity payments and disinvestments in Personal Finance contributed to the increased outflows. These were partially offset by strong inflows in Old Mutual Investments. FUM increased largely due to strong equity markets, despite negative NCCF.

The decrease in Loans and Advances continue to be a function of a decline in disbursements due to footfall in retail branches in South Africa and Rest of Africa, which has not yet fully recovered to pre-COVID-19 levels, and the further tightening of credit criteria in Old Mutual Finance as we manage our risk appetite in the current environment. Good customer retention and pleasing acquisition rates in Rest of Africa as well as growth across most lines in Old Mutual Insure has driven the increase in Gross Written Premiums compared to the prior year.

Operating update

We continue to closely monitor the impact of COVID-19 on our claims experience. Our claims experience is in line with expected claims levels assumed in the December 2020 pandemic reserve, set up for the anticipated impacts of COVID-19 in 2021. At this stage, it is too early to determine whether additional provisions will be required at the end of H1 2021. The reserve will be assessed at 30 June 2021, taking into account the possibility of further waves and other developments relating to the pandemic.

Investor engagement

As previously communicated in the Q1 2021 operating update, we will be hosting a Capital Markets Day on Thursday, 24 June 2021 from 13:00 – 17:00 CAT. The agenda will focus on the Group's strategy, capital position relative to targets and other relevant business updates. Investors and Media are invited to attend and register on the following link: <http://www.overendstudio.co.za/events/OldMutual/2021/CapitalMarketsDay/rsvp.php>

The financial information in this voluntary operating update is the responsibility of the Old Mutual 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 t/a BofA Securities
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 market 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 176 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities they serve and the broader society on the continent.

For further information on Old Mutual and its underlying businesses, please visit the corporate website at www.oldmutual.com.