

Old Mutual Limited
Incorporated in the Republic of South Africa
Registration number: 2017/235138/06
ISIN: ZAE000255360
LEI: 213800MON84ZWPPQCN47
JSE Share Code: OMU
NSX Share Code: OMM
MSE Share Code: OMU
ZSE Share Code: OMU
("Old Mutual" or "Company" or "Group")

Ref 25/19
24 May 2019

OPERATING UPDATE FOR THE 3 MONTHS ENDED 31 MARCH 2019

Operating environment

In South Africa, our largest market, the economic environment remains challenging with low economic growth and rising fuel prices expected to place further pressure on our customers' disposable income levels. During the first 3 months of 2019, the JSE delivered its best first quarter since 2007 with the ALSI rising 7.1% reflecting the strong performance of resource and industrial sectors. Whilst equity markets in South Africa are up from December 2018 the absolute levels are still below where they were in the first quarter last year, placing pressure on earnings.

In Zimbabwe, the equity markets remain volatile, decreasing 17% since the beginning of the year. Inflation reached 67% at the end of March 2019, reflecting the increased cost of imports. Our customers' in this market are impacted by the rising inflation and the resultant impact thereof on their disposable income levels. On 20 February 2019 the Reserve Bank of Zimbabwe announced that RTGS had been recognised as an official currency and established an inter-bank foreign exchange market to allow trading between RTGS and other currencies. At the end of March 2019, the RTGS was trading at 3.01 to the USD dollar.

Financial performance

Despite the challenging economic environment the business continues to attract new business from customers. Life APE sales of R2,945 million were 4% ahead of prior year largely due to higher recurring premium SuperFund sales in Old Mutual Corporate.

Gross flows of R39.3 billion were 10% behind prior year due to lower flows in Wealth and Investments and lower single premium sales in Old Mutual Corporate. NCCF in the first quarter of 2019 was negative (-R1.1 billion) mainly reflecting lower net flows in Wealth and Investments.

Funds under Management was up from December 2018 at R1,084 billion in line with equity market returns in South Africa.

Corporate activity

The sale of our business in Latin America completed on 1 April 2019, with gross proceeds of R4.4 billion (\$308 million) received. The associated costs are expected to be approximately \$40 million. We expect to realise an IFRS profit on the disposal of this business.

We have repurchased shares under the share repurchase programme announced on 11 March 2019. The price at which shares were repurchased ranged from 2,222 to 2,313 cents. The shares repurchased will be cancelled and revert to authorised but unissued share capital. Following the shares repurchased to date the Group will have 4,831,264,848 ordinary shares in issue.

Outlook

Our RFO target of GDP + 2% CAGR will become increasingly challenging to achieve over the three year target period due to negative RFO growth in 2018. If poor economic conditions persist during 2019 in our key markets, this will further challenge the achievement of this target. We remain on track to deliver on our other medium term targets.

We anticipate making a further operating update ahead of the publication of our 2019 Interim Results announcement on 2 September 2019.

This update for the 3 months ended 31 March 2019 has not been audited or reviewed by the Group's 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

Enquiries

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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 170 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.