

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

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27 September 2023

Short-form announcement: Unaudited interim results and interim dividend declaration for the six months ended 30 June 2023

A message from the Chief Executive Officer

Overview

In the first half of 2023, we performed well across most of our key performance indicators with good top line growth in our core businesses. Sales grew by 14% across our segments driven by improved productivity levels, which contributed to strong growth in value of new business. We continued to regain market share in Mass and Foundation Cluster and Personal Finance, as evidenced by external market surveys. We delivered solid growth on gross flows and gross written premiums despite the challenging macro-economic environment.

We made steady progress in delivering our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity. Delivery highlights include broadening of our solution set with our health solutions proposition and continued growth in both membership and the business value of Old Mutual Rewards. Our bank build, which is central to our integrated financial services ambitions, remains on track and within budget.

In the second quarter of 2023, the Old Mutual Limited Board and the Prudential Authority approved the share buyback programme to repurchase, delist and cancel up to R1.5 billion in Old Mutual Limited shares by 31 December 2023. This ongoing process commenced in May 2023, and we have spent R1.35 billion of the allocated R1.5 billion, including fees to date.

We have implemented the new insurance accounting standard, IFRS 17, and our financial results are presented on an IFRS 17 basis. This international accounting change was introduced to provide consistent principles for all aspects of accounting for insurance contracts. It changes the timing of profit recognition without directly impacting the underlying fundamentals of our business, our cash generation or our capital strength. The impact on our comparatives is included in the IFRS 17 Bridging pack which outlines the changes from IFRS 4 to IFRS 17 results for June and December 2022.

Operating environment

Global growth has been surprisingly resilient despite substantial interest rate hikes over the past 18 months. This was supported by easing supply chain constraints, the spill-over effects from China's reopening and sturdy private sector activity. The second quarter of 2023 marked a turning point for the global economy in terms of growth, inflation, and monetary policy settings. Inflation slowed during the second quarter, compared to high inflation in the first few months of 2023. Growth in China slowed in the second quarter and incremental policy easing measures were implemented to support the economy. These included interest rate cuts as well as other monetary and fiscal easing measures.

South Africa's economy rebounded in the first half of 2023 following a decline in the last quarter of 2022. Growth was recorded in the first quarter, followed by a continued recovery in the second quarter. Despite the dual impact of

electricity shortages and a confidence crisis, more efficient production processes combined with significant private sector energy generation supported economic activity. Strong growth in private sector investment in energy generation projects and ongoing rebuilding of inventories also added to growth.

Despite this improved growth, the rand reached a record low against the US dollar due to the United States reaction to South Africa allegedly compromising its non-aligned stance concerning the Russia-Ukraine conflict. This exposed the economy to increased risk around potential sanctions and expulsion from the African Growth and Opportunity Act.

Inflation remained relatively persistent during the first quarter of 2023, averaging 7% due to continued high food prices. In June 2023, inflation eased to 5.4% from 7.1% in March due to lower fuel and food prices. This, together with elevated unemployment continues to negatively impact real income growth.

Our customers' disposable income remains under pressure which led to increased disinvestments on savings and investments as customers seek to fund their liquidity requirements.

The South African equities market was marginally up relative to December 2022.

In our Africa regions, the operating environment was similarly challenging across all markets. The slow economic recovery post COVID-19, high inflation and borrowing costs continued to exacerbate pressure on our customers' disposable incomes. The International Monetary Fund extended Ghana's credit facility, stabilising the exchange rate and inflation. In Kenya, sovereign risk is increasing due to the government's constrained fiscal position. The Kenyan government increased taxes to raise revenues, causing civil unrest.

All selected equity indices in East Africa markets were subdued. Malawi indices significantly increased relative to December 2022 due to the rally in the local equity markets.

Key performance overview

Life APE sales marginally increased by 1% from the prior period. The prior period included significant savings products sales in China's broker channel which we stopped selling in anticipation of regulatory changes. Excluding China, Life APE sales grew by 14%. Sales in the current period benefited from strong risk sales in Mass and Foundation Cluster across all retail channels as well as higher corporate and retail sales in East Africa. Higher single premium guaranteed annuity sales in Personal Finance and Wealth Management contributed further to growth in sales.

Gross flows grew by 17% from the prior period mainly due to strong flows in Old Mutual Investments driven by higher inflows into money market, fixed income and alternative products as well as new business secured and higher unit trust sales in East Africa.

Net client cash outflows of R7 254 million were worse than the prior period due to large outflows in Personal Finance and Wealth Management and Old Mutual Investments. Client liquidity requirements in a tough operating environment resulted in net outflows from low margin money market funds in Old Mutual Investments and increased disinvestments in Personal Finance and Wealth Management. We are confident that our healthy pipeline will support improvements in net client cash flow. Funds under management grew by 6% to R1.3 trillion, driven by positive local equity market performance, partially offset by higher outflows.

The Group delivered an annualised return on group equity value of 10.5% which was assisted by the Life and Savings business delivering an annualised return on embedded value of 13.9%. The value of new business growth and positive risk and expense variances more than offset adverse persistency experience and additional short term persistency provisions.

We delivered strong growth in the value of new business due to strong guaranteed annuity sales and a shift towards higher margin products in Personal Finance and Wealth Management as a result of management actions implemented in 2022. This, coupled with strong risk sales and effective cost management in Mass and Foundation Cluster, contributed to the growth in value of new business. The value of new business margin significantly increased to 2.6% as a result of the sales momentum and mix. The value of new business margin remains within our medium-term target range of 2% to 3%.

Results from operations increased by 3% from the prior period, primarily driven by good operational performance. However, this was dampened by continued adverse persistency with short term persistency provisions raised in Mass and Foundation Cluster.

The Group's return on net asset value of 11.9% increased by 180 bps from the prior period due to strong growth in adjusted headline earnings driven by an increase in shareholder investment return as a result of increased interest rates and a recovery in equity markets. Core return on net asset value is a new key performance indicator that excludes the investment in new growth and innovation initiatives. Core return on net asset value increased by 230 bps from the prior period to 13.1%.

The Group solvency ratio remains robust at 186% for the half year ended 30 June 2023, within our target range of 170% to 200%. Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA's) solvency ratio remains strong at 209%, which is at the upper end of our target range of 175% to 210%. OMLACSA issued R859 million of floating rate subordinated debt to optimise the Group's weighted average cost of capital.

Our dividend policy targets an ordinary dividend cover range of 1.5x to 2.0x adjusted headline earnings. The Old Mutual Limited Board declared an interim dividend of 32 cents per share.

Outlook for H2 2023

Global economic growth is expected to slow from 2.9% in 2022 to 2.5% in 2023. The central banks measures to combat inflation in the developed world, easing policies in China and the emerging world, will aid better growth in emerging economies relative to the developed world.

South African economic growth is still very weak but has proven its resilience despite challenges. Inflation is easing back to on-target performance and interest rates have likely peaked. In July 2023, the South African Reserve Bank's Monetary Policy Committee kept rates unchanged after the cumulative 475 basis points rate increases since November 2021 given the easing of inflation.

Load shedding dampens the economic outlook, the South African Reserve Bank estimates 280 days of load shedding in 2023 (2024: 150 days, 2025: 100 days). Growth in South Africa is expected to decline from 1.9% in 2022 to 1% in 2023, reflecting power shortages and depressed confidence.

According to the Energy Council of South Africa, load shedding may cease by the end of 2024 but this will require a collaborative effort by both Eskom and the private sector. We remain fully committed to working with the Government to improve the conditions of doing business in South Africa. Through our membership of Business Leadership South Africa (BLSA), we will continue to support an inclusive, sustainable and conducive environment for business to grow the economy.

In our Africa Regions, we anticipate that the economic environment will continue to present significant challenges across our markets. Countries such as Malawi, Kenya, and Nigeria, which are in tight fiscal positions, pose material sovereign risk.

We expect sales and value of new business to remain robust for the remainder of 2023. Persistency outcomes in Mass and Foundation Cluster are likely to remain under pressure which will continue to impact our results from operations. Our management interventions to improve persistency across the value chain are yielding positive results.

Our focus on delivering against our strategic initiatives remains steadfast. Our acquisition of a strategic equity stake in the Two Mountains Group is on track to close by the end of 2023. We have received approval from the Competition Tribunal on 3 July 2023 and are awaiting approval from the Prudential Authority.

We are developing systems and processes to implement the two-pot system proposed by the National Treasury for retirement savings, a significant industry reform designed to promote the preservation of retirement savings while providing limited early access to a portion of savings. The employee benefits industry remains subject to various retirement reforms, which we will monitor and manage.

I want to thank all my colleagues for their passion and commitment in executing our strategy and delivering a robust set of financial results in a difficult operating environment. I thank our customers for trusting us to help them navigate their financial affairs. To all our stakeholders, we appreciate your continued support and engagements. Our focus over the remainder of 2023 is to continue executing on our victory condition of being our customers' first choice and in doing so responsibly building the most valuable business in our industry.

Iain Williamson
Chief Executive Officer of Old Mutual Limited

Group Highlights

Key performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	FY 2022	Change
Results from operations	4 366	4 254	7 310	3%
Adjusted headline earnings	3 160	2 579	4 850	23%
Headline earnings ¹	4 358	4 749	5 855	(8%)
IFRS profit after tax attributable to equity holders of the parent ⁽¹⁾	4 354	4 831	5 232	(10%)
Group return on net asset value (%)	11.9%	10.1%	9.4%	180 bps
Core return on net asset value (%)	13.1%	10.8%	10.8%	230 bps
Group equity value ^{(2),(3)}	91 624	87 437	89 477	2%
Discretionary capital (Rbn) ^{(2),(4)}	1.0	-	3.5	(71%)
Group solvency ratio ^{(1),(2),(5)}	186%	187%	188%	(200 bps)
Dividend cover (times)	2.0	2.2	1.3	(9%)

Per share measures

Cents per share	H1 2023	H1 2022	FY 2022	Change
Adjusted headline earnings per share ⁽⁶⁾	68.8	56.8	106.4	21%
Headline earnings per share ⁽¹⁾	96.8	104.9	129.2	(8%)
Basic earnings per share ⁽¹⁾	96.7	106.8	115.5	(9%)
Total dividend per share	32	25	76	28%
Interim dividend per share	32	25	25	28%
Final dividend per share	-	-	51	
Group equity value per share ^{(2),(3),(7)}	1 880.6	1 856.8	1 820.9	3%

Supplementary performance indicators

Rm (unless otherwise stated)	H1 2023	H1 2022	FY 2022	Change
Life and Savings and Asset Management				
Gross flows	97 717	83 385	178 027	17%
Net client cash flow	(7 254)	(4 333)	(12 425)	(67%)
Funds under management (Rbn) ^{(2),(3)}	1 300.4	1 184.5	1 231.1	6%
Life and Savings				
Life APE sales	6 249	6 171	12 501	1%
Value of new business ⁽³⁾	937	708	1 400	32%
Value of new business margin ⁽³⁾	2.6%	2.2%	2.2%	40 bps
Banking and lending				
Loans and advances ²	19 255	18 481	19 009	1%
Net lending margin (%)	10.7%	14.2%	13.1%	(350 bps)
Property and Casualty				
Gross written premiums	12 591	10 895	22 344	16%
Insurance revenue	12 245	10 502	22 082	17%
Net underwriting margin (%)	0.2%	(0.7%)	1.4%	90 bps

(1) These metrics include the results of Zimbabwe. All other key performance indicators exclude Zimbabwe.

- (2) The % change was calculated with reference to FY 2022.
- (3) The H1 2022 comparative amounts presented herein are on an IFRS 4 basis.
- (4) Discretionary capital has been externally disclosed since September 2022.
- (5) FY 2022 has been re-presented to align with the submission to the Prudential Authority which was subject to external audit as per the scope set out in the Prudential Standards.
- (6) Adjusted headline earnings is calculated with reference to adjusted weighted average number of ordinary shares. Weighted average number of shares used in the calculation of the adjusted headline earnings per share is 4 590 million (H1 2022: 4 544 million).
- (7) Group equity value is calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the group equity per share is 4 872 million (FY 2022: 4 914 million).

Short-form announcement

This short form announcement is the responsibility of the Board and is only a summary of the information contained in the full announcement. Any investment decision should be based on the full announcement available on the Company's website at: <https://www.oldmutual.com/investor-relations/> on 27 September 2023 or accessible via the JSE link: <https://senspdf.jse.co.za/documents/2023/jse/isse/OMUE/HY23Result.pdf>

IFRS Bridging pack

We have released the IFRS 17 Bridging pack which is available on the Company's website at: <https://www.oldmutual.com/investor-relations/>

The full announcement may be viewed at the registered offices of the Company and the sponsor, at no charge, during office hours from the date of the announcement for a period of 30 days. The short form announcement has not been reviewed or reported on by the external auditors.

Interim dividend declaration

The Old Mutual Limited Board declared an interim dividend of 32 cents per ordinary share, which amounts to 50% of adjusted headline earnings. The interim dividend will be paid out of income reserves. The growth in the interim dividend from the prior period is as a result of our robust operational performance and strong capital and liquidity position. The interim dividend is in line with Old Mutual's dividend policy, which targets an ordinary dividend cover of 1.50 times to 2.00 times of adjusted headline earnings over the financial year.

Shareholders on the London, Zimbabwean, Malawian and Namibian registers will be paid in the local currency equivalents of the interim dividend.

Old Mutual's income tax number is 9267358233. The number of ordinary shares in issue in the Company's share register at the date of declaration is 4 871 553 649.

	JSE, MSE, NSX, ZSE	LSE
Declaration date	Wednesday, 27 September 2023	Wednesday, 27 September 2023
Finalisation announcement and exchange rates announced	Tuesday, 3 October 2023	Tuesday, 3 October 2023
Transfers suspended between registers	Tuesday, 3 October 2023	Tuesday, 3 October 2023
Last day to trade cum dividend for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 17 October 2023	N/A
Ex-dividend date for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 18 October 2023	N/A
Last day to trade cum dividend for shareholders on the UK register	N/A	Wednesday, 18 October 2023

Ex-dividend date for shareholders on the UK register	N/A	Thursday, 19 October 2023
Record date (South African Register and Malawi, Namibia and Zimbabwe branch registers)	Close of business on Friday, 20 October 2023	N/A
Record date (UK register)	N/A	Close of business on Friday, 20 October 2023
Transfers between registers restart	Opening of business on Monday, 23 October 2023	Opening of business on Monday, 23 October 2023
Final dividend payment date on the South African register and Malawi, Namibia and Zimbabwe branch registers	Monday, 23 October 2023	Friday, 17 November 2023

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 18 October and Friday, 20 October, both dates inclusive. Transfers between the registers may not take place between Tuesday, 3 October and Friday, 20 October, both dates inclusive. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees Proprietary Limited will not be permitted between Tuesday, 3 October and Friday, 20 October 2023, both days inclusive.

The dividend for South African shareholders will be subject to dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. International shareholders who are not exempt or are not subject to a reduced rate in terms of a double taxation agreement will be subject to dividend withholding tax of 20%. The net dividend payable to shareholders subject to withholding tax of 20% amounts to 25.60000 cents per ordinary share. Distributions made through the dividend access trust or similar arrangements established in a country will not be subject to South African withholding tax, but may be subject to withholding tax in the relevant country. We recommend that shareholders consult with their tax adviser regarding the in-country withholding tax consequences.

Shareholders that are tax residents in jurisdictions other than South Africa may qualify for a reduced rate under a double taxation agreement with South Africa. To apply for this reduced rate, non-SA taxpayers should complete and submit a declaration form to the respective registrars. The declaration form can be found at: <https://www.oldmutual.com/investor-relations/dividend-information/>

Notes to Editors

A webcast of the presentation of the 2023 Interim results and Q&A will be broadcast live on 27 September 2023 at 11:00 am South African time on the Investor Relations website <https://www.oldmutual.com/investor-relations/>

Analysts and investors who wish to participate in the call may do so using the following link or telephone numbers below: <https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=6463633&linkSecurityString=10cb251087>

South Africa	+27 115 353 500
UK	+443 333 001 417
Australia	+61 280 152 168
USA	+15 089 244 325
International	+27 115 353 500
Replay access code	6463633

Pre-registration to participate in the call is available at the following link: <https://om.eventpress3.co.za/e/715>

The replay will be available until 2 October 2023.

Sponsors

JSE equity sponsor: Merrill Lynch South Africa (Proprietary) Limited t/a BofA Securities

JSE debt sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

NSX: PSG Wealth Management (Namibia) (Proprietary) Limited

ZSE: Imara Capital Zimbabwe plc

MSE: 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 Africa, and it has a niche business in China. With over 178 years of heritage across sub-Saharan Africa, Old Mutual is a crucial part of the communities it serves as well as broader society on the continent. For further information on Old Mutual Limited and its underlying businesses, please visit the corporate website at www.oldmutual.com.