

Old Mutual Limited
Incorporated in the Republic of South Africa

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("Old Mutual" or "Company" or "Group")

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26 September 2024

Interim results announcement: Unaudited Interim results and interim dividend declaration for the six months ended 30 June 2024

A message from the Chief Executive Officer

We are pleased with the solid performance delivered while investing for the future. Adjusted headline earnings, an important metric for distributable earnings, grew by 3% supported by a robust 14% increase in shareholder investment returns due to improved performance in South African equities. Adjusted headline earnings per share increased by 7% to 73.5 cents bolstered by the R1.5 billion share buyback executed in 2023.

Return on net asset value increased by 70 bps to 12.6%, driven by the growth in earnings and capital optimisations. The return on net asset value excluding new growth initiatives increased by 210 bps to 15.5% which is within our medium-term target range of cost of equity plus 2% to 4%.

Operating environment

Positive investor sentiment on South Africa following the general election outcome and the forecasted policy rate cuts reset the base case for growth during the second quarter of the period under review. While business and consumer confidence remains low, there has been a slight improvement in the period. Significant currency depreciation and inflation in our Africa regions added strong headwinds to the operating environment.

Despite the complexity in the operating environment, we increased our life sales by 6% and grew our gross written premiums by 9%. Positive market performance led to a 5% rise in funds under management. Gross flows increased by 7%, with net client cash flow improving by 56%.

In an increasingly competitive environment, our continued investment in new growth engines and technology modernisation reflects our intention to future-proof the business and achieve our victory condition to be our customers' first choice to sustain, grow and protect their prosperity.

Key performance overview

Life APE sales increased by 6% to R6 598 million benefiting from strong growth in risk sales across all channels in Mass and Foundation Cluster, and higher guaranteed annuities sales, better recurring premium savings sales in Personal Finance. This was partially offset by lower group risk sales in Old Mutual Corporate due to the non-repeat of a large risk product deal secured in the prior period.

Gross written premiums increased by 9% to R13.8 billion, supported by strong new customer acquisitions and intermediary productivity in Old Mutual Insure, particularly in the Specialty business, and better renewals in the general and health insurance businesses in Kenya and Uganda.

Results from operations declined by 3%, with our short-term results impacted by our deliberate strategy to invest in new growth engines. Excluding new growth engines, results from operations increased by 4%. This was driven by improved performance in the Mass and Foundation Cluster and Old Mutual Insure, partially offset by lower life profits in Personal Finance mainly due to lower economic variances and an increased number of large claims. The disposable income of our customers in the Mass and Foundation Cluster remained constrained and we continue to monitor persistency trends.

We delivered value of new business margin of 2.4% which is well within our medium-term target range of 2% to 3%. Coming from a high base in the first half of 2023, value of new business of R858 million was lower by 8%. Our growth trend in value of new business remains strong as evidenced by a compound annual growth rate of 10% from June 2022, with continued market share growth in retail from Mass and Foundation Cluster.

Gross flows increased by 7% to R101 billion, driven by higher inflows in local collective investment schemes, Private Clients and the offshore platform in Wealth Management. New mandates secured in Malawi and strong unit trust flows in Uganda also contributed to higher gross flows.

Net client cash outflows improved by a material 56% to R3.2 billion, reflecting a positive turnaround in Wealth Management due to robust inflows and the non-repeat of higher outflows recorded in the prior period. This was partially offset by higher retrenchment benefit outflows in Old Mutual Corporate and significant outflows in Old Mutual Investments' money market and low margin indexation funds where large investors continue to adjust their investment strategies.

Funds under management grew by 5% to R1.4 trillion largely due to improved equity market performance.

The Group return on embedded value remained strong at 12.5% supported by higher expected returns, profitable new business written and positive risk experience variances, partially offset by worse persistency and once-off expense experience.

Our balance sheet remained robust with a Group shareholder solvency ratio of 188% for the half year ended 30 June 2024, which is well within our target range of 170% to 200%. Old Mutual Life Assurance Company (South Africa) Limited's (OMLACSA) regulatory solvency ratio remained strong at 201% and within our target range of 175% to 210%. As part of our debt management and cost of capital optimisation strategy, the total value of subordinated debt in issue was reduced to R9.5 billion with OMLACSA issuing R1 billion and redeeming R2 billion in subordinated debt.

Our dividend policy targets an ordinary dividend cover range of 1.5 times to 2.0 times adjusted headline earnings. Considering our strong liquidity levels and well capitalised balance sheet, the Old Mutual Board declared an interim dividend of 34 cents per share, which amounts to 6% growth and a dividend cover of 2.0 times.

Headline earnings were up by 34% mainly as a result of increased profits from our Zimbabwe operations which we exclude from adjusted headline earnings due to barriers to access capital.

We are evaluating the functional currency of the Zimbabwean banking business, CABS, as we see a shift in the banking environment towards US dollar denominated loans. If we change the functional currency from ZiG to US dollars, we do not expect CABS to continue reporting the same level of foreign exchange gains, and we expect reduced transfers to the foreign currency translation reserve in the future. This will substantially reduce IFRS profits and headline earnings but will have no impact on adjusted headline earnings.

Strategic overview

I am proud of the continued progress in the disciplined execution of our strategy and considered capital allocation. This has translated into the successful completion of industry testing and integration of OM Bank into the National Payment System in line with the Prudential Authority's section 17 conditions.

We have made progress in our perimeter review in Old Mutual Africa Regions, setting us on the path to achieve our ambition to be in the top three market positions. We remain focused on simplifying our IT estate and delivering efficiencies following the successful Greenlight migration in 2023.

We expect the delivery of these strategic initiatives to significantly enhance our competitive strengths, revenue growth, capital efficiencies and operating margins in the medium to long term.

Growing and protecting the core

With our life IT estate now moved to the cloud, our focus is on cost optimisation and leveraging the potential scale benefits. We continue to reduce our legacy estate by decommissioning and migrating to new platforms across our technology systems. The build phase of our new Savings and Income proposition is materially complete, with national rollout planned for 2025.

From a customer and adviser experience perspective, we recorded a slight decrease in our Net Promoter Score to 68, marginally down from 70 at December 2023. Despite continued service improvement, customers' perceptions of Old Mutual was negatively impacted by the social media case in March 2024.

Unlocking new growth engines

Our South African bank initiative, OM Bank, remains a key priority of our strategy to build an integrated financial services business. The technical and operational progress is ahead of schedule, with successful industry testing and integration into the National Payments System already completed. Pending the remaining Section 17 regulatory conditions, unrelated to technical readiness, we anticipate the public launch in Q1 2025. For the rest of the year, we are focused on meeting the remaining Section 17 conditions and continue refining systems and capabilities to ensure a seamless launch.

Across our Africa regions, the execution of our perimeter review supported disciplined capital allocation and shareholder value creation. We concluded the exit of the life and general insurance lines of business in Nigeria and Tanzania. The turnaround in Property and Casualty in Southern and East Africa supported by actions to improve claims management and experience-based

pricing led to improved underwriting margins in these regions. This was more than offset by a negative net underwriting margin in West Africa. Excluding Nigeria there was improvement in the net underwriting margin. Our 'pivot to corporate' strategy continues to yield results with increased profitability in our Life insurance business across East and West Africa.

Sustainable value creation

Sustainability is integral to our business, driving positive economic and social outcomes while delivering value. As a leader in responsible investing, Old Mutual Investment Group integrates ESG factors across investment decisions, practices active stewardship, and develops return-seeking and sustainability focused products. Old Mutual Investment Group was recognised as the Leading Sustainable African Investment Manager by the European Magazine Awards for the third consecutive year and received the Best Asset Manager – Sustainable Investing in South Africa award.

Outlook for H2 2024

We are encouraged by the cautiously optimistic outlook in South Africa following the formation of the Government of National Unity. Growth is expected to be muted with GDP forecasted between 1% and 1.4%. Moderate inflation outlook and the 25 bps rate cut, the first since 2020, ushering in an interest rates easing cycle from the latter half of the year should bolster consumer spending, alleviate pressure on households' disposable income and boost sentiment.

The outlook for our Africa regions suggests a challenging yet slightly improved economic environment. Growth for Sub-Saharan Africa is expected to rise to between 3.5% and 3.7%, reflecting gradual recovery despite continued elevated debt levels, high inflation, external financing pressures and climate change impacts in some parts of the regions.

East Africa's economies are showing resilience with growth projected at approximately 5.1% in 2024, while inflation is likely to moderate by the end of the year. We expect fiscal risks in East and West Africa to remain largely contained either through debt restructuring or recourse to debt markets.

Iain Williamson

Chief Executive Officer of Old Mutual

Group highlights

Key performance indicators

Rm (unless otherwise stated)	H1 2024	H1 2023	FY 2023	Change
Results from operations	4 243	4 366	8 343	(3%)
Adjusted headline earnings	3 267	3 160	5 861	3%
Headline earnings ¹	5 825	4 358	7 380	34%
IFRS profit after tax attributable to equity holders of the parent ¹	5 241	4 354	7 065	20%
Return on net asset value (%)	12.6%	11.9%	11.1%	70 bps
Return on net asset value excluding new growth initiatives (%) ²	15.5%	13.4%	13.1%	210 bps
Group equity value ³	89 761	91 624	90 114	(0.4%)
Discretionary capital (Rbn) ³	1.4	1.0	1.1	40%
Shareholder solvency ratio (%) ^{1,3,4}	188%	186%	190%	(200 bps)
Regulatory solvency ratio (%) ^{1,3}	175%	186%	177%	(200 bps)
Dividend cover (times)	2.0	2.0	1.5	—

Per share measures

Cents	H1 2024	H1 2023	FY 2023	Change
Results from operations per share ⁵	95.5	95.1	183.6	0.4%
Adjusted headline earnings per share ⁶	73.5	68.8	129.0	7%
Headline earnings per share ¹	133.6	96.8	165.5	38%
Basic earnings per share ¹	120.2	96.7	158.4	24%
Total dividend per share	34	32	81	6%
Interim	34	32	32	6%
Final			49	
Group equity value per share ^{3,7}	1 873.5	1 880.6	1 880.9	(0.4%)

Supplementary performance indicators

Rm (unless otherwise stated)	H1 2024	H1 2023	FY 2023	Change
Life and Savings				
Life APE sales	6 598	6 249	14 604	6%
Value of new business	858	937	1 921	(8%)
Value of new business margin (%)	2.4%	2.6%	2.3%	(20 bps)
Life and Savings and Asset Management				
Gross flows ⁸	101 487	95 160	198 863	7%
Net client cash flow	(3 165)	(7 254)	(7 510)	56%
Funds under management (Rbn) ³	1 394.4	1 300.4	1 331.0	5%
Banking and Lending				
Loans and advances ³	19 919	19 255	19 391	3%
Net lending margin (%)	8.3%	10.7%	11.3%	(240 bps)
Property and Casualty				
Gross written premiums	13 764	12 591	25 513	9%
Insurance revenue	13 336	12 245	25 204	9%
Net underwriting margin (%)	4.4%	0.2%	0.1%	420 bps

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

2 Return on net asset value excluding new growth initiatives excludes adjusted headline earnings and equity impacts as well as any expected investment over the next 12 months into these initiatives. The June 2023 core return on net asset value of 13.1% has been re-presented as return on net asset value excluding new growth initiatives to 13.4%

3 The % change was calculated with reference to FY 2023

4 Shareholder solvency ratio is a new key performance indicator which represents the regulatory solvency ratio adjusted for material differences in the way the Group manages capital and is consistent with the basis on which the current Old Mutual target range was established

5 Results from operations per share is calculated as results from operations divided by the adjusted weighted average number of shares. The adjusted weighted average number of shares is adjusted to reflect the Group's BEE shares and retail scheme shares as being in the hands of third parties, consistent with the treatment of the related revenue in results from operations. Adjusted weighted average number of shares used is 4 443 million (H1 2023: 4 590 million)

6 Adjusted headline earnings per share is calculated with reference to adjusted weighted average number of ordinary shares

7 Group equity value per share is calculated with reference to closing number of ordinary shares. Closing number of shares used in the calculation of the Group equity value per share is 4 791 million (FY 2023: 4 791 million)

8 The comparative amounts for Old Mutual Investments were re-presented to include institutional products that are an alternative to bank deposits on a net flow basis

Interim results announcement

This results announcement is the responsibility of the Old Mutual Board. It is only a summary of the information contained in the Group Interim results for the six months ended 30 June 2024 (Interim results). The Interim results can be found on our website at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. This results announcement has not been reviewed or reported on by Old Mutual's independent joint auditors.

Any investment decisions by investors and/or shareholders should be based on consideration of the Interim results accessible via the JSE cloudlink <https://senspdf.jse.co.za/documents/2024/jse/isse/OMUE/HY24Result.pdf> and on our website above as the information in this announcement does not provide all the details. The Interim results are available for inspection at the registered office of the Company and the Sponsors, at no charge during office hours from the date of this announcement for a period of 30 days.

Interim dividend declaration

The Old Mutual Board declared an interim dividend of 34 cents per share. This results in a dividend cover of 2.0 times for the half year ended 30 June 2024, which is in line with Old Mutual's dividend cover target range of 1.5x to 2.0x adjusted headline earnings over the financial year. The growth in the interim dividend from the prior period was due to our resilient operational performance and strong capital and liquidity position. The interim dividend will be paid out of distributable income reserves to all ordinary shareholders recorded on the record date.

Shareholders on the London, Malawian and Namibian registers will be paid in the local currency equivalents of the interim dividend. Shareholders on the Zimbabwean register will be paid the equivalent of the interim dividend in United States dollars. 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 4 790 906 428.

	JSE, MSE, NSX, ZSE	LSE
Declaration date	Thursday, 26 September 2024	Thursday, 26 September 2024
Finalisation announcement and exchange rates announced	Tuesday, 1 October 2024	Tuesday, 1 October 2024
Transfers suspended between registers	Tuesday, 1 October 2024	Tuesday, 1 October 2024
Last day to trade cum dividend for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Tuesday, 15 October 2024	N/A
Ex-dividend date for shareholders on the South African register and Malawi, Namibia and Zimbabwe branch registers	Wednesday, 16 October 2024	N/A
Last day to trade cum dividend for shareholders on the UK register	N/A	Wednesday, 16 October 2024
Ex-dividend date for shareholders on the UK register	N/A	Thursday, 17 October 2024
Record date (South African register and Malawi, Namibia and Zimbabwe branch registers)	Close of business on Friday, 18 October 2024	N/A
Record date (UK register)	N/A	Friday, 18 October 2024
Transfers between registers restart	Opening of business on Monday, 21 October 2024	Opening of business on Monday, 21 October 2024
Interim dividend payment date	Monday, 21 October 2024	Friday, 15 November 2024

Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday, 16 October and Friday, 18 October 2024, both dates inclusive. Transfers between the registers may not take place between Tuesday, 1 October and Friday, 18 October 2024, both days inclusive. Trading in shares held on the Namibian branch register through Old Mutual (Namibia) Nominees Proprietary Limited will not be permitted between Tuesday, 1 October and Friday, 18 October 2024, 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 27.20000 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-South African 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 for the 2024 Interim results and Q&A will be broadcast live on Thursday, 26 September 2024 at 11:00 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=8554084&linkSecurityString=23421b6d3c>

South Africa +27 10 500 4108

UK +44 203 608 8021

Australia +61 73 911 1378

USA +1 412 317 0088

International +27 10 500 4108

Replay access code 46631

To access the replay using an international dial-in number, please select the link below:

<https://services.choruscall.com/ccforms/replay.html>

The replay will be available until 1 October 2024.

Sponsors

JSE equity sponsor: Tamela Holdings (Proprietary) Limited

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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About Old Mutual

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 12 countries. Old Mutual's primary operations are in Africa and it has a niche business in China. With over 179 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 and its underlying businesses, please visit the Corporate website at www.oldmutual.com.