

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

("Old Mutual" or "the Company")

Ref 01/19

11 March 2019

Old Mutual Limited Reviewed Preliminary Annual Results for the year ended 31 December 2018

AHE PER SHARE

239.1 cents per share

(FY 2017: 271.1 cents per share)

FINAL DIVIDEND

72 cents per share

FINANCIAL REVIEW

## GROUP HIGHLIGHTS

Rm (unless otherwise indicated)	FY 2018	FY 2017	% change
Key financial indicators			
Gross flows(1)	181,800	173,317	5%
Life APE sales(1)	12,311	11,512	7%
NCCF (Rbn)(1)	10.7	5.6	91%
FUM (Rbn)(1)	1,043.7	1,072.3	(3%)
Results from Operations (RFO)(1)	9,963	10,367	(4%)
Adjusted Headline Earnings (AHE)(1)	11,512	12,947	(11%)
Return on net asset value (RoNAV)(1) (%)	18.6%	22.9%	(430 bps)
Free Surplus Generated from Operations(1)	6,585	7,842	(16%)
% of AHE converted to free surplus(1)	57%	61%	(400 bps)
Group Solvency ratio (%) (2)	170%	161%	900 bps
IFRS profit after tax attributable to equity holders of the parent	36,566	14,372	less100%
Headline earnings (HE)	14,241	13,144	8%
Basic earnings per share (cents)	788.1	304.7	less100%
Adjusted Headline Earnings per share (cents)(3)	239.1	271.1	(12%)
Final Dividend per share (cents)	72	n/a	n/a

(1) Comparatives have been re-presented to exclude Latin America and India (sold in October 2017) as these businesses have been classified as discontinued

operations.

(2) The Group solvency ratio includes our remaining stake in Nedbank and is presented consistent with the disclosure in the pre-listing statement, except for the

use of the iterative risk margin

(3) WANS used in the calculation of Adjusted Headline Earnings per share is 4,815 million (FY 2017: 4,776 million).

## RECONCILIATION OF AHE TO IFRS PROFIT AFTER TAX

Rm	Note	FY 2018	FY 2017	% change
Adjusted Headline Earnings		11,512	12,947	(11%)
Investment return for Group equity and debt instruments in				
life funds(1)		(219)	(1,355)	84%
Impact of restructuring(2)		(700)	(54)	less(100%)
Discontinued operations	A	8,129	8,870	(8%)
Income from associates(3)		(2,132)	(2,346)	9%
Residual plc	B	(2,349)	(4,918)	52%
Headline earnings		14,241	13,144	8%
Impairment of goodwill and other intangibles			(627)	(1,080) 42%
Impairment of associated undertakings			(265)	- (100%)
Profit/(loss) on disposal of fixed assets			51	(26) less100%
Profit on disposal of subsidiaries, associated undertakings				
and strategic investments(4)		23,166	2,081	less100%
Profit after tax for the financial year attributable to				
ordinary equity holders of the parent		36,566	14,119	less100%
Dividends on preferred securities		-	253	(100%)
Profit after tax for the financial year attributable to				
equity holders of the parent		36,566	14,372	less100%

(1) IFRS does not allow the recognition of investment returns on Group debt and equity instruments held by life policyholder funds, however, these returns are

recognised in the valuation of the related policyholder liabilities. This creates a mismatch in IFRS, which is eliminated in AHE. The movement is a function of the

fair value movement for the period.

(2) Represents the elimination of non-recurring expenses or income related to material acquisitions, disposals or a fundamental restructuring of the Group. These

items are removed from AHE as they do not represent operating activities of the Group. Amounts in the current period largely reflect the accelerated vesting

of the IFRS 2 charge as a result of the share for share exchange and the distribution of Nedbank and Quilter shares. Current and comparative period includes

Managed Separation costs.

(3) AHE includes associate income in respect of 19.9% shareholding in Nedbank for the full period as if the unbundling took place on 1 January 2018. Earnings for 9.5 months

are removed as part of this reconciliation as the associate earnings for the 2.5 months post unbundling is included in the IFRS results.

(4) The majority of the profit on disposal of subsidiaries, associated undertakings and strategic investments relates to the profit on distribution of Quilter and Nedbank,

#### IFRS PROFIT AFTER TAX

Profit after tax increased by more than 100% from the prior period largely due the distribution and sale of Quilter shares

and the unbundling of Nedbank shares resulting in the recognition of a profit of R23,175 million in the consolidated results.

Included within this profit is a loss on the recycling of foreign currency translation reserves of R1,352 million.

Rm	FY 2018	FY 2017	% change
Mass and Foundation Cluster	2,167	2,104	3%
Personal Finance	1,461	2,270	(36%)
Wealth and Investments	1,173	1,399	(16%)

Old Mutual Corporate	1,389	1,134	22%
Old Mutual Insure	528	736	(28%)
Rest of Africa	1,659	2,505	(34%)
Other Group Activities(1)	(2,984)	(6,302)	53%
Profit after tax for the financial year	42,708	20,364	less100%
Basic earnings per share (cents)(4)	788.1	304.7	less100%

(1) Includes central areas, Residual plc and our investment in China.

(2) These entries relate to the elimination of inter-company transactions between continuing and discontinued operations.

(3) Discontinued operations includes the results of Nedbank, Latin America, Quilter, Old Mutual Bermuda and India in the comparative period and the profit on the sale and distribution of Quilter shares as well as the Nedbank unbundling.

(4) WANS used in the calculation of basic earnings per share is 4,815 million in FY 2018 (FY 2017: 4,776 million)

Adjusted Headline Earnings before tax and non-controlling interests	14,835	16,970
Shareholder tax	(2,947)	(3,535)
Non-controlling interests	(376)	(488)

Adjusted Headline Earnings	11,512	12,947
----------------------------	--------	--------

Reconciliation of Adjusted Headline Earnings to IFRS profit after tax

Rm	Notes	2018	2017
----	-------	------	------

Adjusted Headline Earnings	11,512	12,947
----------------------------	--------	--------

Investment return on Group equity and debt instruments held in

policyholder funds	B3(a)	(219)	(1,355)	
Impact of restructuring	B3(b)	(700)	(54)	
Discontinued operations	B3(c)	8,129	8,870	
Income from associated undertakings	B3(d)	(2,132)	(2,346)	
Residual plc	B3(e)	(2,349)	(4,918)	
Headline earnings		14,241	13,144	
Impairment of goodwill and other intangible assets			(627)	(1,080)
Impairment of associated undertakings			(265)	-
Profit/(loss) on disposal of property, plant and equipment			51	(26)
Profit on disposal of subsidiaries and associated undertakings after tax			23,166	2,081
Profit after tax for the year attributable to ordinary equity holders of the parent			36,566	14,119
Dividends on preferred securities			-	253
Profit after tax for the financial year attributable to equity holders of the parent			36,566	14,372

Sponsor

Merrill Lynch South Africa (Pty) Limited

<https://senspdf.jse.co.za/cts/2019/jse/isse/omue/OldMutual.pdf>