

OLD MUTUAL PLC

ACQUISITION OF QUILTER CHEVIOT

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INVESTMENT | SAVINGS | INSURANCE | BANKING



OLDMUTUAL

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OUR VISION: BECOMING OUR CUSTOMERS' MOST TRUSTED PARTNER – PASSIONATE ABOUT HELPING THEM ACHIEVE THEIR LIFETIME FINANCIAL GOALS



STRATEGY

- Be the leading financial services group in South Africa
- Become an African financial services champion
- Build the best retail investment business in the UK
- Grow and improve our institutional asset management business
- Be recognised as a leader in responsible business

- Building a modern, vertically integrated wealth and asset management business
- “Unify, Simplify, Grow”
- Transforming our earnings profile through modern capital efficient products
- On track to deliver the £270m profit target⁽⁴⁾ (excluding Quilter Cheviot acquisition)

EXECUTION

- Sale of Skandia Nordic and other European non-core assets and exit of fringe markets
- Repaid £1.7bn in debt and £1.0bn return of capital to shareholders
- Old Mutual Asset Management pre-IPO dividend of \$175m (£109m)⁽¹⁾ and IPO gross proceeds of \$308m (£191m)⁽¹⁾
- Nedbank’s 20% stake (\$493m/£306m)⁽²⁾ in Ecobank Transnational Inc.
- R1.1bn⁽³⁾ deployed in OMEM acquisitions in Africa

- Added leading UK Equity, Asian Equity, high-margin fixed income absolute return, and Pan-European smaller company asset management capabilities
- Divestments in Europe - €310m (£245m)⁽⁵⁾ in gross proceeds
- Acquisition of Intrinsic and Cirilium - £1.8bn of Cirilium FUM (at 30 September 2014) and 3,000 advisers
- Launch of Wealth Select with £1.0bn of FUM (at 30 September 2014)
- IFDS outsourcing partnership signed

(1) USD:GBP exchange rate of 0.62 at 9 October 2014.

(2) USD:GBP exchange rate of 0.62 at 2 October 2014.

(3) £102m based on R:GBP exchange rate 0.06 at 15 October 2014. Includes acquisition of Old Mutual Finance of R1.1bn.

(4) AOP before tax in 2015.

(5) EUR:GBP exchange rate of 0.79.



STRATEGIC DEPLOYMENT OF CAPITAL BY OLD MUTUAL

REALISATION OF OMAM ASSETS

ROI	5% ↑
2013 PAT	\$119m
Cash cost of investment (from 2000)	\$2,225m

REALISATION OF NON-CORE EUROPEAN ASSETS

ROI	8% ↓
2013 PAT	€31m
Book cost of assets	€378m

PROCEEDS (1)
\$483m
£300m

ACQUISITION OF QUILTER CHEVIOT

RoE in 2017	12-15%
Cash cost	£543m
Restricted stock	£42m
2014E Adj. EBITDA (3)	£45m
P/FUM (30/09/2014)	3.6%
Operating margin	c.30%

PROCEEDS (2)
€310m
£245m

(1) Includes pre IPO dividend of \$175m (£109m) and proceeds to date from the sale of shares in the IPO.

(2) Includes proceeds from Germany, Austria and Poland and expected proceeds from sale of France, Luxembourg and Liechtenstein.

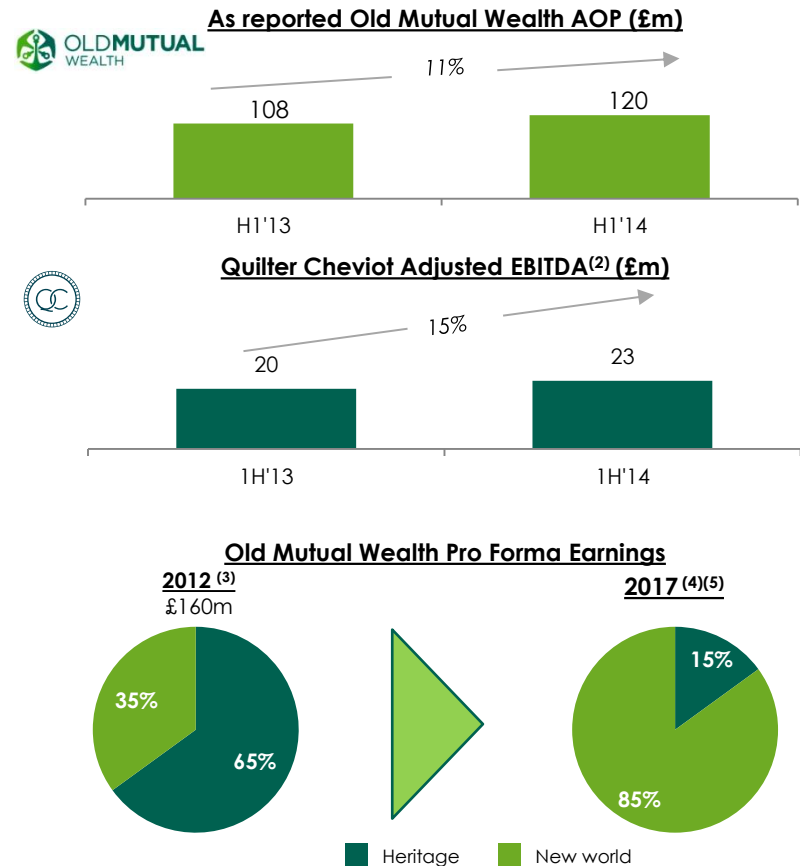
(3) Adjusted EBITDA includes or excludes certain one-off items.

QUILTER CHEVIOT TRANSACTION RATIONALE

RATIONALE

- Accelerate strategy to build UK's leading vertically integrated Wealth Management business – pro forma FUM of £92bn (H1'14) ⁽¹⁾
- Acquire a leading Discretionary Investment Manager with scale in the UK to service High Net Worth (“HNW”) clients
 - Discretionary Investment Management is a fast growing, fragmented segment of UK Wealth Management market with no dominant competitors
- Opportunity to add significant value to Old Mutual: quality of the asset and earnings stream combined with strength and track record of Quilter Cheviot management team
- Strategic and operational synergies: £9m run-rate cost and margin synergies with further revenue synergy potential (£6m+)
- High performing asset expected to achieve target return on equity of 12-15% within 3 years

FAST GROWING ATTRACTIVE DYNAMICS



(1) Excluding Germany and Austria.

(2) Adjusted EBITDA includes or excludes certain one-off items in order to assist in year on year comparability.

(3) Excludes £13m profit from Finland (sold August 2012) and £22m of benefits related to exceptional policyholder tax.

(4) Quilter Cheviot and Old Mutual Wealth.

(5) For illustrative purposes only.

TRANSACTION TERMS

Transaction Consideration

- £585m payable at completion
- £543m payable to Quilter Cheviot shareholders and to repay Quilter Cheviot outstanding debt and other non-operating liabilities
- £42m of deferred consideration payable to management shareholders aligned to business performance

Sources of Funds

- Cash consideration at closing to be funded with excess cash on balance sheet
- Includes £300m of gross proceeds from Old Mutual Asset Management IPO and pre-IPO dividend
- Includes £245m of gross proceeds from the sale of European non-core assets

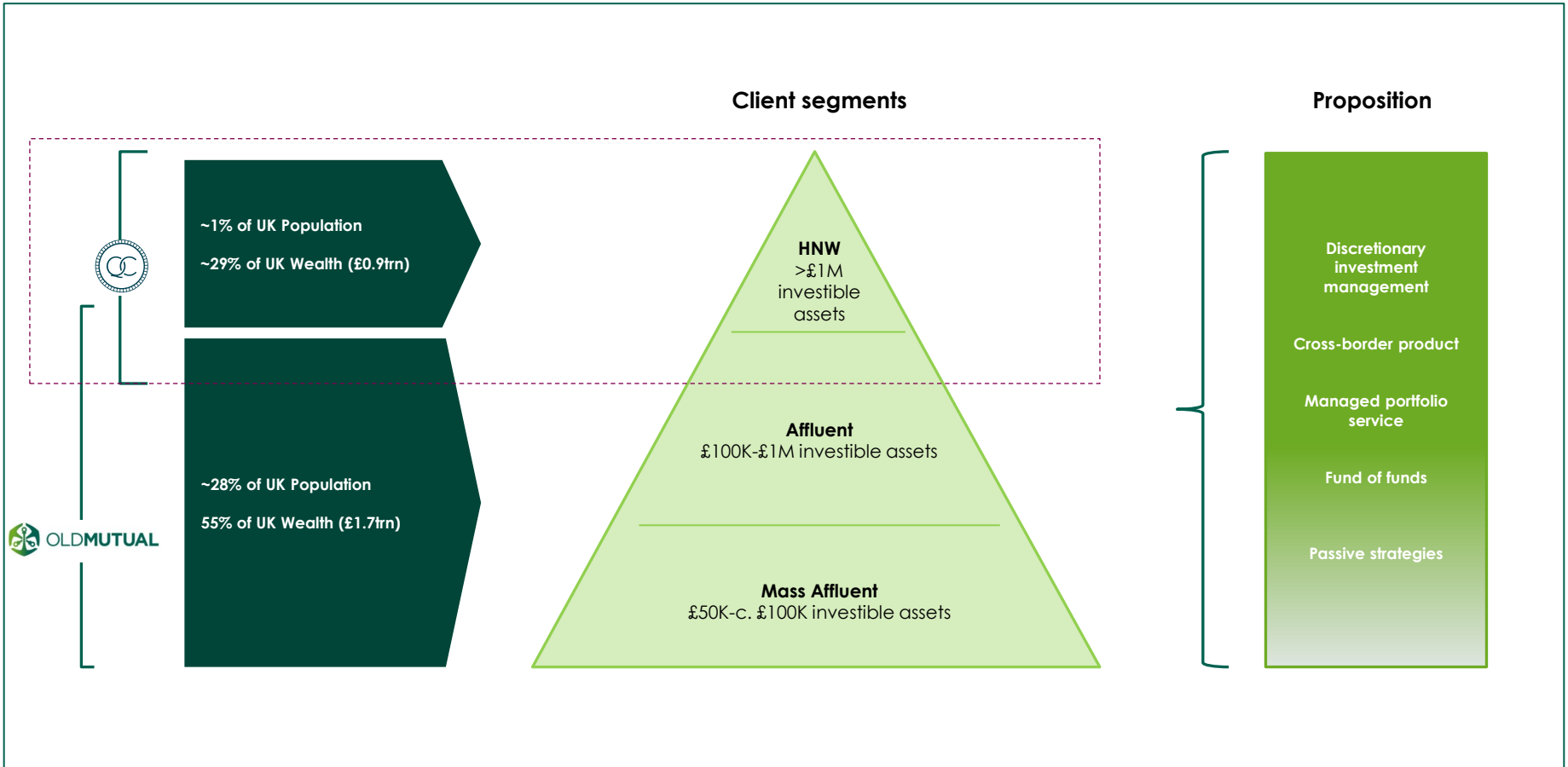
Timing

- Expected closing Q1 '15

Approvals

- Customary regulatory approvals

ACQUIRING SCALE IN ATTRACTIVE AFFLUENT / HNW SEGMENT



Source: Datamonitor. Figures represent estimated 2017 numbers.

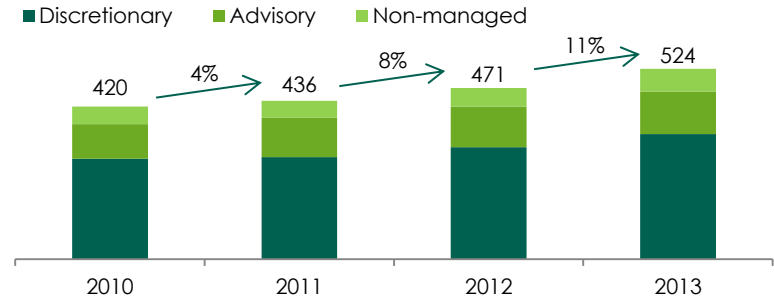
UK DISCRETIONARY MARKET IS LARGE AND GROWING

LONG TERM STRUCTURAL GROWTH TRENDS FOR THE UK WEALTH MARKET

- Regulatory developments (including RDR)
 - Wide scale reform in the FA industry
- Savings incentivisation
 - Corporate / government to individual responsibility (e.g. DB to DC)
- 2014 Chancellor's Budget
 - Annuities pension reform could drive as much as £4bn⁽¹⁾ of additional asset flow
- Supportive demographics
 - Population growth (3%)⁽¹⁾
 - Ageing population (11% growth in the 65+ demographic)⁽¹⁾
 - Increasing wealth in the UK
- Macroeconomic
 - Real asset appreciation
 - Inflation
 - Higher savings rate

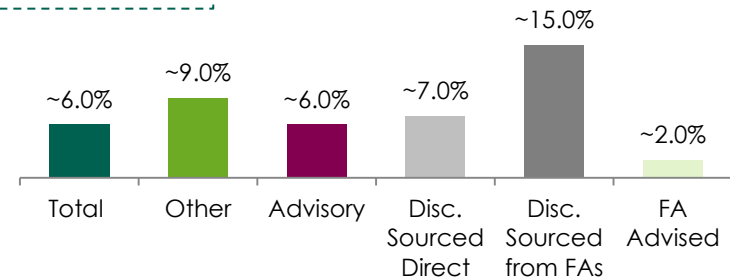
UK WEALTH MANAGEMENT MARKET ⁽²⁾ (£bn)

UK Wealth Management market, by mandate



Highest Growth Segments ⁽¹⁾

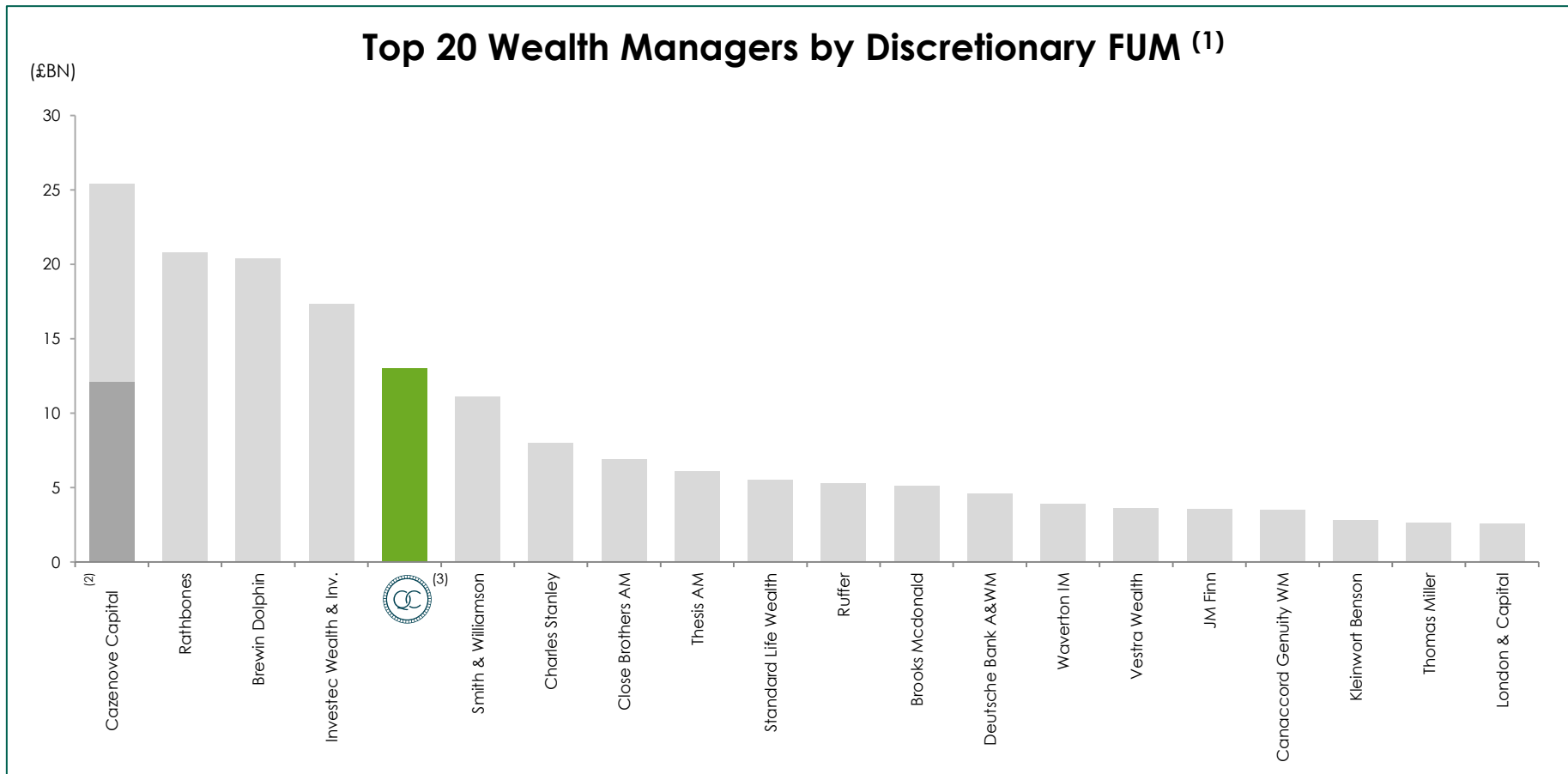
Projected 2013A-2018E growth CAGR (%)



(1) Oliver Wyman. Other category includes self-directed and retail banks.

(2) "The Wealth of Opportunities" bba (The voice of banking).

QUILTER CHEVIOT IS A LEADING PLAYER OF SIZE IN THE HIGHLY FRAGMENTED UK DISCRETIONARY MARKET



Source: Defaqto Matrix

Note: Information as available at 5 September 2014. Quilter Cheviot information as at 30 June 2014.

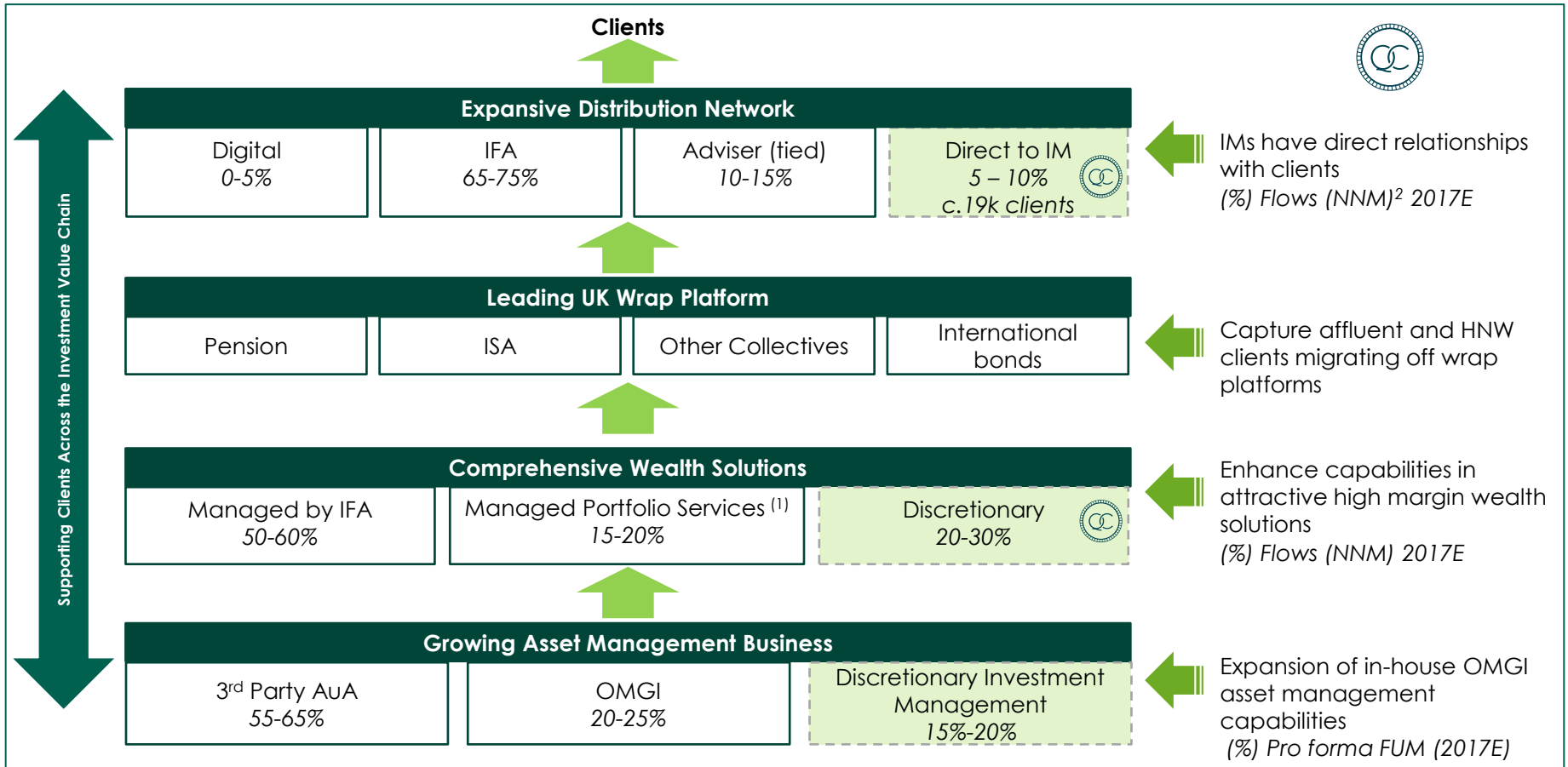
(1) The providers shown reflect companies that willingly send Defaqto information about their services on a 6 monthly basis and offer either DPS or MPS or MPS on platform. Includes providers with >£0.5bn discretionary assets.

(2) Cazenove Capital had £12.1 billion in Wealth Management FUM prior to its merger with Schroders.

(3) Quilter Cheviot also has £1.0bn of Managed Portfolio Services FUM and £1.6bn of Advisory FUM in its portfolio service, resulting in £15.8bn total FUM as at Jun-14.



COMPLEMENTING EXISTING RETAIL INVESTMENT BUSINESS

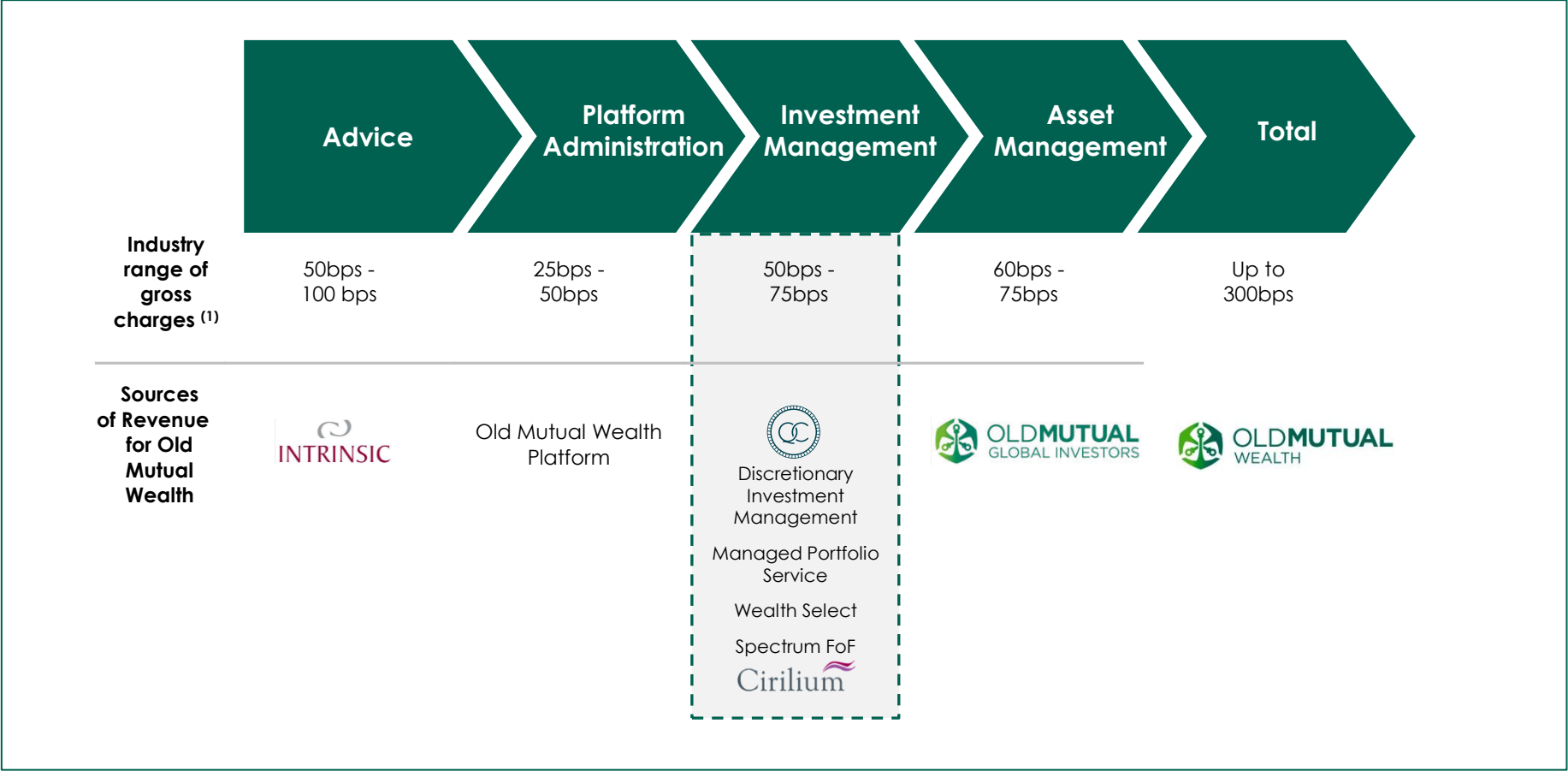


Note: Illustrative estimates for 2017E.

(1) Includes Cirilium, Spectrum Fund of Funds.

(2) NNM = Net New Money

OLD MUTUAL WEALTH'S ACCESS TO THE FULL WEALTH MANAGEMENT VALUE CHAIN



(1) Clients do not necessarily pay fees for all services across the value chain.

QUILTER CHEVIOT HAS AN ATTRACTIVE COMPETITIVE POSITION

QUILTER CHEVIOT WELL POSITIONED ON KEY AREAS OF COMPETITIVE ADVANTAGE



Source of funds (net inflow, mix of channels)

Best in class

- 2 primary channels direct IM and FA
- Long-term relationships with scale FAs
- Dispersed geographic footprint
- Superior NNM inflows vs. peers

Client and channel relationships, loyalty and advocacy

Leading player

- Strong legacy relationships with FAs (35% of FAs with a relationship >10 yrs)
- Strong end customer advocacy and loyalty in line with peers

Quality and productivity of IMs

Best in class

- Net inflows per IM of £6.8M among highest of peers
- Higher productivity vs. peers – 229 clients per IM

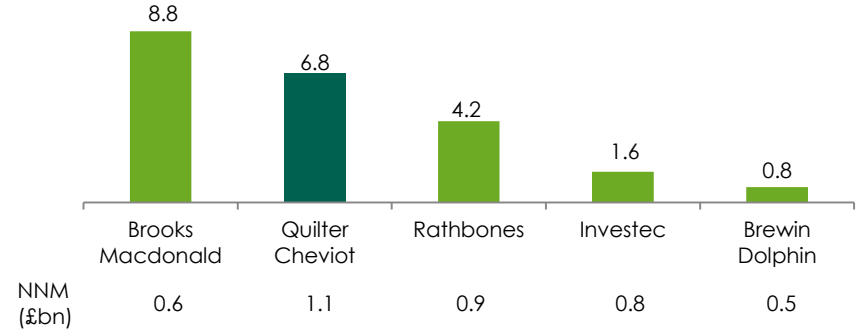
Operational performance

Best in class

- 29% operating profit margin in 2013, among highest in peer group
- Revenue margin at 85-90bps

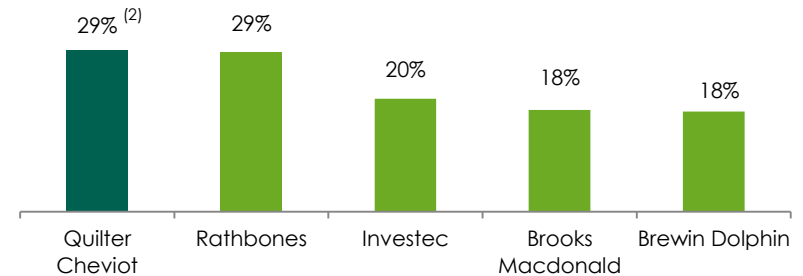
NET INFLOWS PER IM (£m)

NNM per IM ⁽¹⁾ (2013, £m/FTE)



OPERATING PROFIT MARGIN (%)

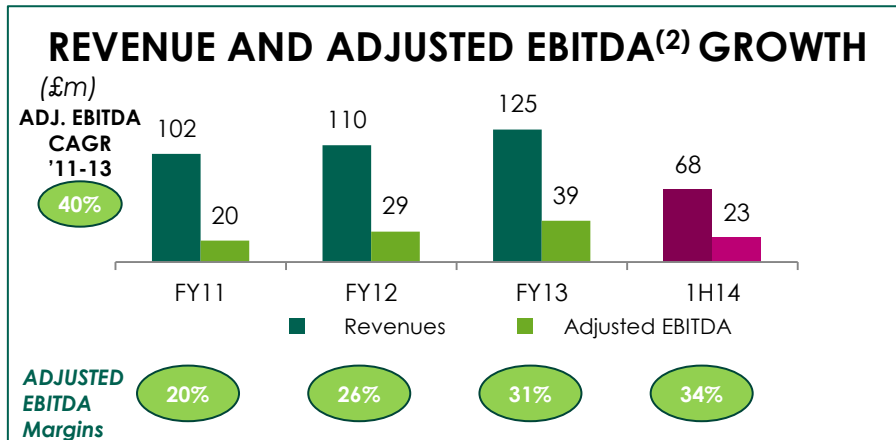
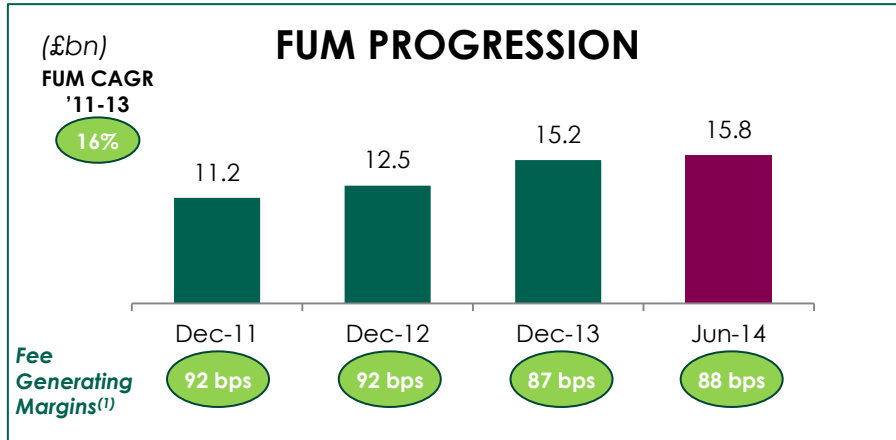
(2013)



(1) NNM per IM is NNM per CF30.

(2) Reflects 2013A adjusted EBITDA margin for Quilter Cheviot, based on management accounts. Adjusted EBITDA includes or excludes certain one-off items in order to assist in year on year comparability.

QUILTER CHEVIOT HAS A TRACK RECORD OF STRONG FINANCIAL PERFORMANCE



QUILTER CHEVIOT PERFORMANCE HIGHLIGHTS

- Track record of double-digit FUM growth
 - On average, stable c.8% NNM per year as a percentage of beginning FUM ⁽³⁾
- Strong revenue and profitability growth
- Historically stable fee and commission margins
- Significant net new business growth
- Majority (~60%) of net new money in last ~18 months sourced from FAs (ending 30 June 2014)
- Achieving operational leverage through an efficient and scalable operating platform
- Adjusted EBITDA estimated at £45m for full year 2014

(1) Fee margin represents discretionary investment margin and other revenues

(2) Adjusted EBITDA includes or excludes certain one-off items in order to assist in year on year comparability.

(3) Average based on net new money of £923m, £570m and £1,122m for 2011, 2012 and 2013 periods, respectively. Beginning period FUM for 2011 was £10.8bn.

ATTRACTIVE OPPORTUNITES TO ENHANCE VALUE

REVENUE SYNERGY DRIVERS

1. Deliver OMGI funds and capabilities to Quilter Cheviot clients, enhancing open architecture offering
2. Extend Old Mutual Wealth advice and international solutions to Quilter Cheviot clients, enhancing its proposition
3. Extend Quilter Cheviot Discretionary Investment Management services to top end Intrinsic and other adviser clients

PROCUREMENT AND MARGIN SYNERGIES

Run-rate cost/margin synergies⁽¹⁾:
c. £9m AOP (Pre-tax)

ILLUSTRATIVE OLD MUTUAL WEALTH PROFITABILITY MATRIX ⁽²⁾

		2017E AOP Margin (%)				
(£m)		30%	35%	40%	45%	50%
FUM (£bn)	80	179	209	239	268	298
	90	201	235	268	302	335
	100	224	261	298	335	373
	110	246	287	328	369	410
	120	268	313	358	403	447

On track to deliver the £270m profit target
(excluding Quilter Cheviot acquisition)

ILLUSTRATIVE QUILTER CHEVIOT PROFITABILITY MATRIX ⁽³⁾⁽⁴⁾

		2017E AOP Margin (%) + £9m run-rate cost/margin synergies				
(£m)		28%	30%	32%	34%	36%
FUM (£bn)	16	48	51	54	57	59
	18	53	56	59	62	66
	20	58	61	65	68	72
	22	63	67	71	74	78
	24	68	72	76	80	85

(1) Excludes revenue synergies and costs to realise synergies.

(2) Maintains gross revenue margin of 75bps.

(3) Maintains gross revenue margin of 87bps.

(4) Includes run-rate cost and margin synergies and the utilisation of Group tax losses.

SUMMARY

Becoming our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals

UK's leading vertically integrated Wealth Management business

Quilter Cheviot is a high-quality, leading discretionary investment manager of size

Deal structure aligns committed, proven Quilter Cheviot management team with Group shareholders

Delivers operational and strategic synergies with existing asset management and distribution capabilities

Meets Group RoE target of 12%-15%

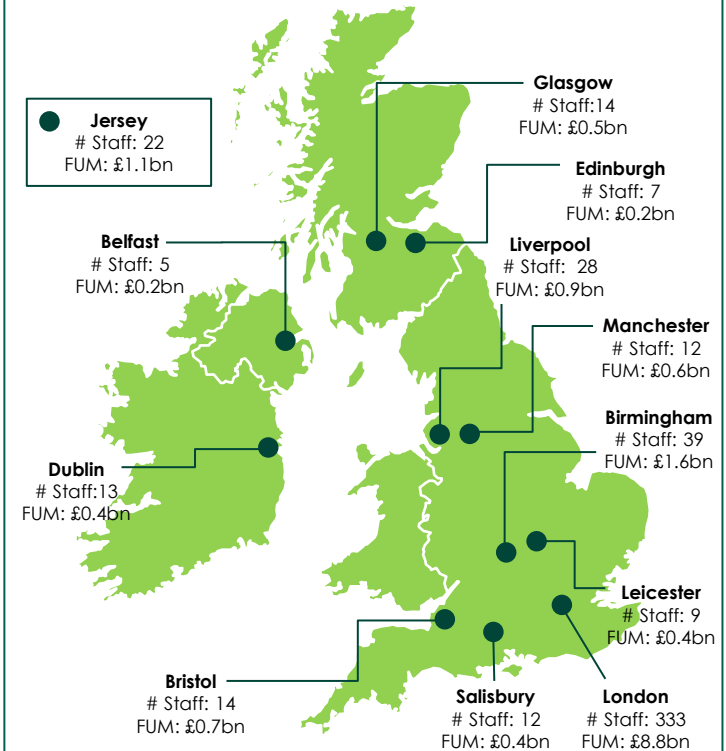
APPENDIX

OVERVIEW OF QUILTER CHEVIOT

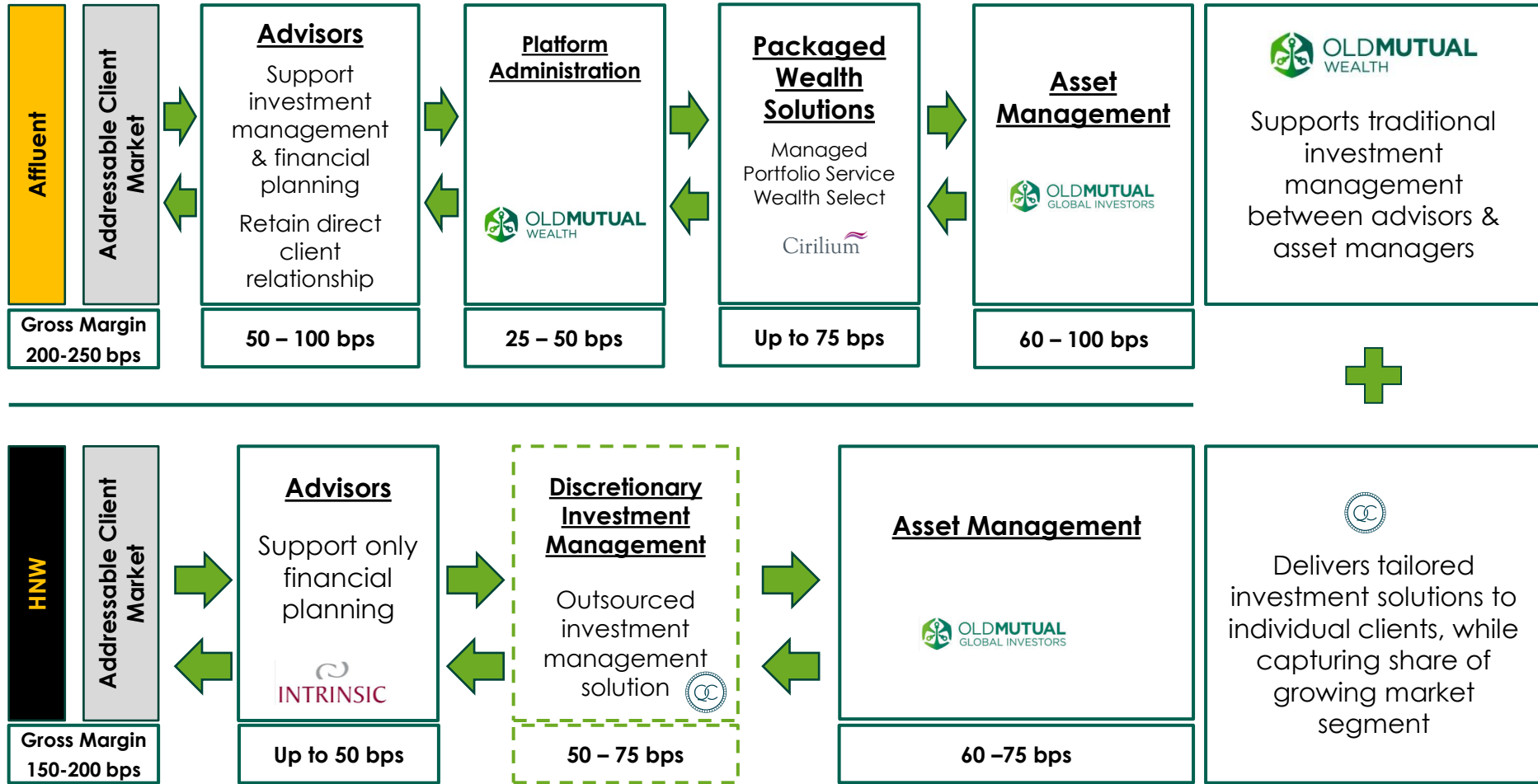
- Founded in 1771, Quilter Cheviot is a top independent UK discretionary investment manager with £15.8bn FUM at 30 June 2014 (£16.2bn as of 30 September 2014)
- Acquired by Bridgepoint in 2012 and merged with Cheviot in 2013
- Provides 3 main **solutions** :
 - **Discretionary Portfolio Service (“DPS”)** – (£13.2bn FUM) bespoke services and individual tailored portfolios for clients with >£200K min. investment
 - **Managed Portfolio Service (“MPS”)** – (£1.0bn FUM) non-bespoke offering for clients with clients with £25K min. investment
 - **Advisory Portfolio Service** – (£1.6bn FUM) investment advisory for client with >200k min
- Serves ~38K clients – affluent, high net worth private clients, trusts, charities, and pension funds
- Sources clients via 2 main channels: direct and via intermediaries / FAs
- 165 Investment Managers with average tenure of c. 10 years for Quilter Cheviot; IM-led model in which clients have direct access to IM (vs. RM)
- Experienced management team led by:
 - Martin Baines (CEO): Appointed CEO in 2003 after joining Quilter Cheviot in 1994 as an investment manager

MARKETING AND DISTRIBUTION

Head office located in London with 11 regional offices including presence in Ireland and Jersey

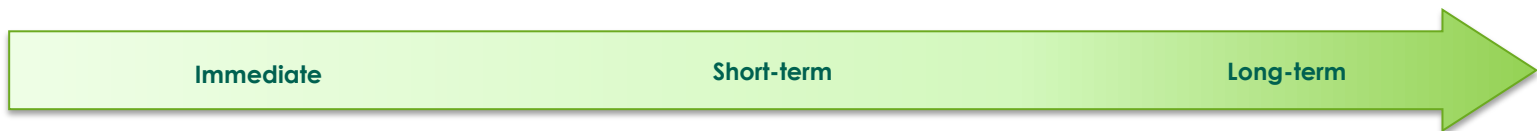
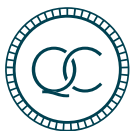


EVOLVING ECONOMICS FOR CLIENT INVESTMENT SOLUTIONS FOR AFFLUENT & HNW MARKETS



Note: Range of gross charges based on industry range.

INTEGRATION OF QUILTER CHEVIOT INTO OLD MUTUAL WEALTH



Continue to grow Quilter Cheviot as UK's leading Discretionary Investment Manager

- Access attractive, fast-growing affluent / HNW segments
- Accelerate transformation of earnings profile
- Substantial boost in FUM
- Acquire high-quality investment management talent

Enhance client and FA relationships with Quilter Cheviot investment managers

- Build a full wealth / asset management business proposition
- Extend Discretionary Investment Management offering to Intrinsic and independent advisors
- Rationalisation of costs

Extend solutions to Quilter Cheviot clients

- Capture long-term growth potential of HNW market
- Deliver comprehensive wealth solution across investment value chain
- Support expansion of OMGI asset management manufacturing
- Offer Quilter Cheviot clients financial planning & other services

PRO FORMA CASH AND CAPITAL IMPACT

	Cash Impact (£bn)	Group FGD Surplus (£bn) ⁽⁶⁾	Coverage Ratio (%) ⁽⁶⁾
As Reported (June 2014)	0.47	1.9	161%
Old Mutual Bermuda ⁽¹⁾	0.00	0.1	4%
Nedbank acquisition of ETI ⁽²⁾	0.00	(0.1)	(4%)
OMAM IPO Proceeds & Dividend ⁽³⁾	0.28	0.2	6%
Europe Sales ⁽⁴⁾	0.18	0.1	5%
Intrinsic & Cirilium ⁽⁵⁾	0.00	(0.1)	(3%)
Quilter Cheviot Acquisition	(0.59)	(0.6)	(19%)
Pro Forma (June 2014)	0.34	1.5	150%

(1) Reduction in capital requirement.

(2) Acquisition funded by Nedbank, no impact on Plc cash

(3) Gross proceeds to date of \$308m and dividend of \$175m, less costs of \$27m. Final proceeds will not be finalised until 30 day option has expired in 11/2014.

(4) Net proceeds from the disposal of Austria and Germany. Proceeds from Poland disposal were included in June 2014 reported cash.

(5) Cash impact included in June 2014 reported.

(6) Restated to reflect submission to PRA, previously published figures based on an estimate.



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GROUP LEVERAGE IMPACT

	June 2014 (As Reported, £bn)	Transactions ⁽¹⁾ (£bn)	Pro Forma (£bn)
Current Gross Debt	1.38		1.38
Cash at plc	0.47	(0.13)	0.34
Net Debt	0.91		1.04
RCF & Undrawn Facilities	0.80		0.80
Hard Interest Cover	4.6		5.0

(1) Disposal of Old Mutual Wealth non-core European operations, IPO of Old Mutual Asset Management and acquisition of Quilter Cheviot.

REGULATORY DEVELOPMENTS SUPPORT STRUCTURAL GROWTH TRENDS

