

Schroders plc

Interim management statement

Solid performance in the first quarter, with profit before tax of £137.9 million

28 April 2016

Schroders plc today issues its interim management statement covering the three months to 31 March 2016.

- **Profit before tax £137.9 million (Q1 2015: £141.7 million)**
- **Profit before tax and exceptional items £144.5 million (Q1 2015: £149.6 million)**
- **Net inflows £2.7 billion (Q1 2015: £5.1 billion)**
- **Assets under management £324.9 billion (31 December 2015: £313.5 billion)**

Peter Harrison, Group Chief Executive, commented: “In volatile markets, our diversified business model delivered solid results with profit before tax in the first quarter of £137.9 million. Our clients invested £2.7 billion of net new business as assets under management increased to a record level of £324.9 billion.”

Asset Management

Asset Management net operating revenue was £335.8 million (Q1 2015: £339.3 million), including performance fees of £0.5 million (Q1 2015: £1.7 million). Profit before tax was £124.4 million (Q1 2015: £130.7 million).

We generated net new business of £2.7 billion, with strong net inflows in Institutional of £4.5 billion partially offset by Intermediary net outflows of £1.8 billion as volatile markets impacted retail client demand. Assets under management at the end of March were £292.0 billion (31 December 2015: £281.9 billion).

Wealth Management

Wealth Management net operating revenue was £51.9 million (Q1 2015: £52.4 million) and profit before tax was £13.7 million (Q1 2015: £13.0 million). Net flows were flat in the first quarter and assets under management at the end of March were £32.9 billion (31 December 2015: £31.6 billion).

Group

The Group segment saw a loss of £0.2 million (Q1 2015: loss of £2.0 million) after deducting exceptional items of £1.1 million (Q1 2015: £3.0 million). Shareholders' equity at 31 March 2016 was £2.9 billion (31 December 2015: £2.8 billion).

Peter Harrison, Group Chief Executive, and Richard Keers, Chief Financial Officer, will host a conference call for the investment community, to discuss the first quarter interim management statement at 9am BST on Thursday, 28 April 2016.

The conference call telephone number is 0800 694 1515 (International: +44 (0)1452 584 053), conference ID 89075481. For individuals unable to participate in the conference call, a telephone replay will be available until 28 June 2016. Please telephone 0800 953 1533 (International: +44 (0)1452 550 000), conference ID 89075481.

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Appendix

Assets under management

Three months to 31 March 2016

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
1 January 2016	181.0	100.9	281.9	31.6	313.5
Net flows	4.5	(1.8)	2.7	-	2.7
Investment returns	5.3	3.0	8.3	0.4	8.7
Transfers*	(0.9)	-	(0.9)	0.9	-
31 March 2016	189.9	102.1	292.0	32.9	324.9

*Relates to a transfer of Charities assets from Asset Management to Wealth Management

Three months to 31 December 2015

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
1 October 2015	167.3	96.6	263.9	30.9	294.8
Net flows	5.3	(0.3)	5.0	(0.3)	4.7
Investment returns	8.4	4.6	13.0	1.0	14.0
31 December 2015	181.0	100.9	281.9	31.6	313.5

Financial information

Three months to 31 March 2016

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net operating revenue	335.8	51.9	-	387.7
Net gains on financial instruments and other income	8.9	0.1	8.0	17.0
Share of profit of associates and joint ventures	5.2	-	1.8	7.0
Net revenue	349.9	52.0	9.8	411.7
Operating expenses	(222.0)	(36.3)	(8.9)	(267.2)
Profit before tax and exceptional items	127.9	15.7	0.9	144.5

Exceptional items:

Amortisation of acquired intangible assets	(3.0)	(2.0)	-	(5.0)
Deferred compensation arising from acquisitions	-	-	(1.1)	(1.1)
	(3.0)	(2.0)	(1.1)	(6.1)

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(0.5)	-	-	(0.5)
Total exceptional items	(3.5)	(2.0)	(1.1)	(6.6)

Profit/(loss) before tax	124.4	13.7	(0.2)	137.9
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Three months to 31 March 2015*

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net operating revenue	339.3	52.4	-	391.7
Net gains/(losses) on financial instruments and other income	8.5	(0.2)	6.7	15.0
Share of profit of associates and joint ventures	2.3	-	1.2	3.5
Net revenue	350.1	52.2	7.9	410.2
Operating expenses	(216.4)	(37.3)	(6.9)	(260.6)
Profit before tax and exceptional items	133.7	14.9	1.0	149.6

Exceptional items:

Amortisation of acquired intangible assets	(2.4)	(1.9)	-	(4.3)
Deferred compensation arising from acquisitions	-	-	(3.0)	(3.0)
	(2.4)	(1.9)	(3.0)	(7.3)

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(0.6)	-	-	(0.6)
Total exceptional items	(3.0)	(1.9)	(3.0)	(7.9)

Profit/(loss) before tax	130.7	13.0	(2.0)	141.7
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*Reformatted to reflect the new definition of net revenue and introduction of net operating revenue.

Forward-looking statements

This interim management statement may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this interim management statement should be construed as a forecast, estimate or projection of future financial performance.