

# Schroders



## Schroders

## 2017 Half-year results

Peter Harrison – Group Chief Executive

27 July 2017

# Revenue growth with cost discipline

## Leading to increased profits

Pre-exceptional profit up 23%

Total cost ratio improved to 63%

Positive net new business

Interim dividend of 34.0 pence

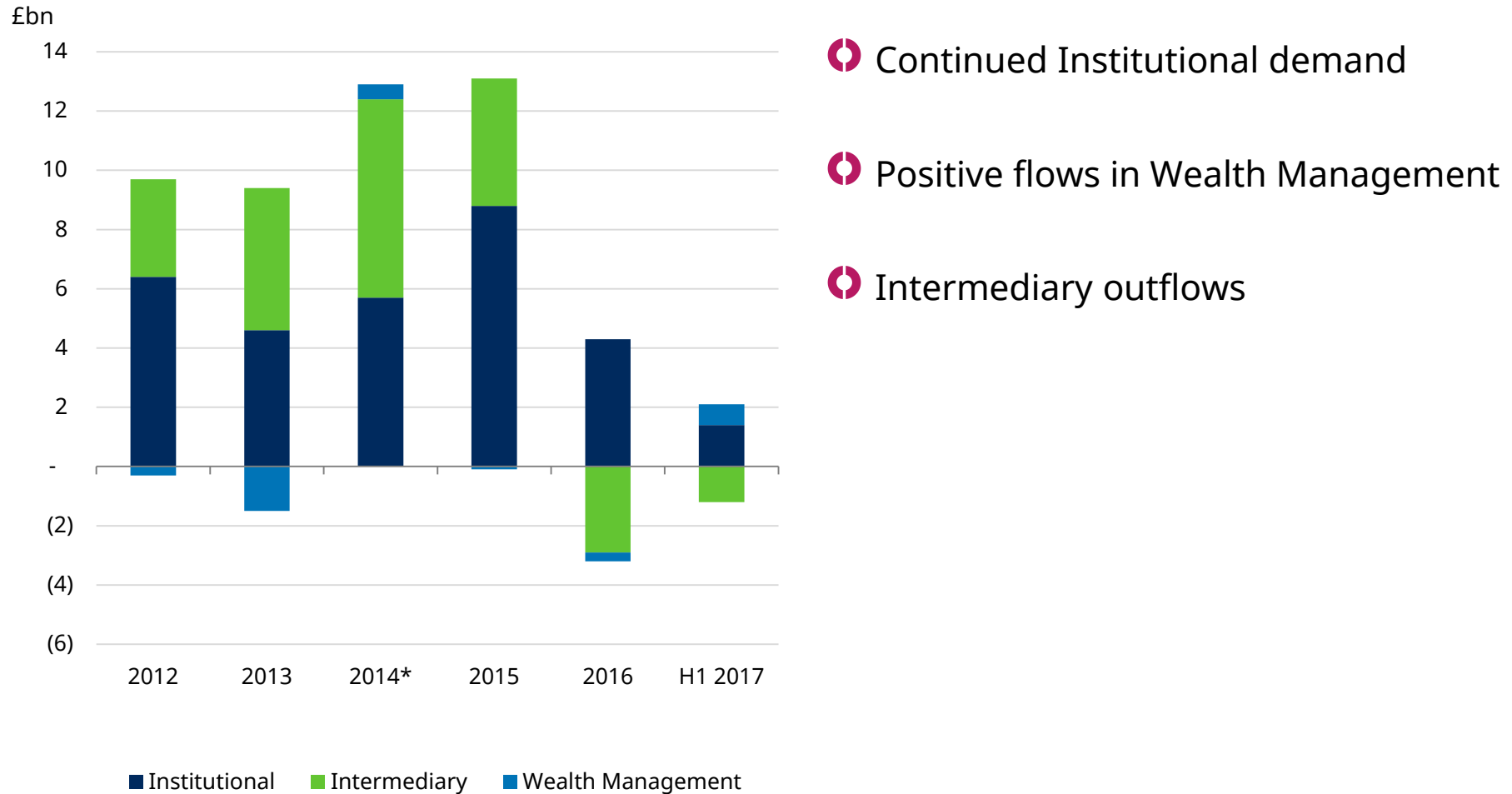
	H1 2017	H1 2016	% change
Net income (£m)	<b>974.4</b>	834.0	17%
Pre-exceptional PBT (£m)	<b>361.5</b>	293.7	23%
AUMA (£bn)	<b>418.2</b>	343.8	22%
Total cost ratio*	<b>63%</b>	65%	-
EPS** (p)	<b>103.5</b>	84.5	22%
DPS (p)	<b>34.0</b>	29.0	17%

\*Total Group costs before exceptional items divided by net income before exceptional items.

\*\*Basic earnings per share before exceptional items.

# Net new business by channel

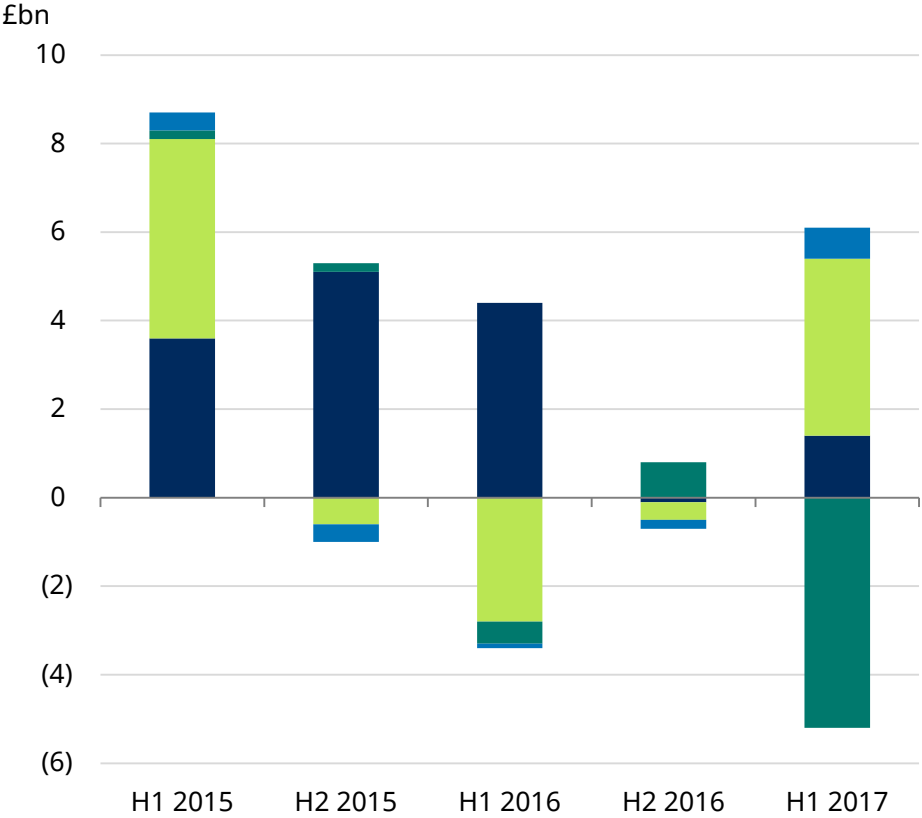
## Flows led by Institutional demand



\* Excludes Friends Life mandate win of £12bn in December 2014

# Net new business by channel

## Flows led by Institutional and branded funds

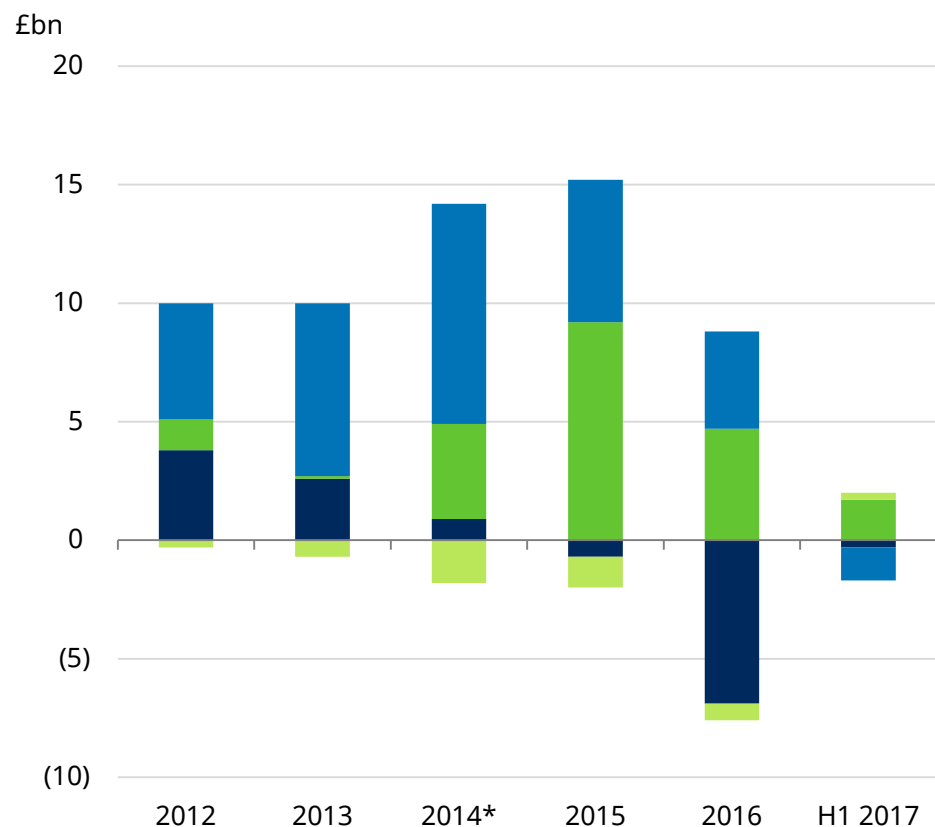


- ⦿ Strong branded fund flows
- ⦿ Significant redemption of US Multi-asset sub-advised mandate
- ⦿ Improvement in Wealth Management flows

■ Institutional                      ■ Intermediary branded  
■ Intermediary sub-advised      ■ Wealth Management

# Net new business by asset class

## Continued Fixed Income demand



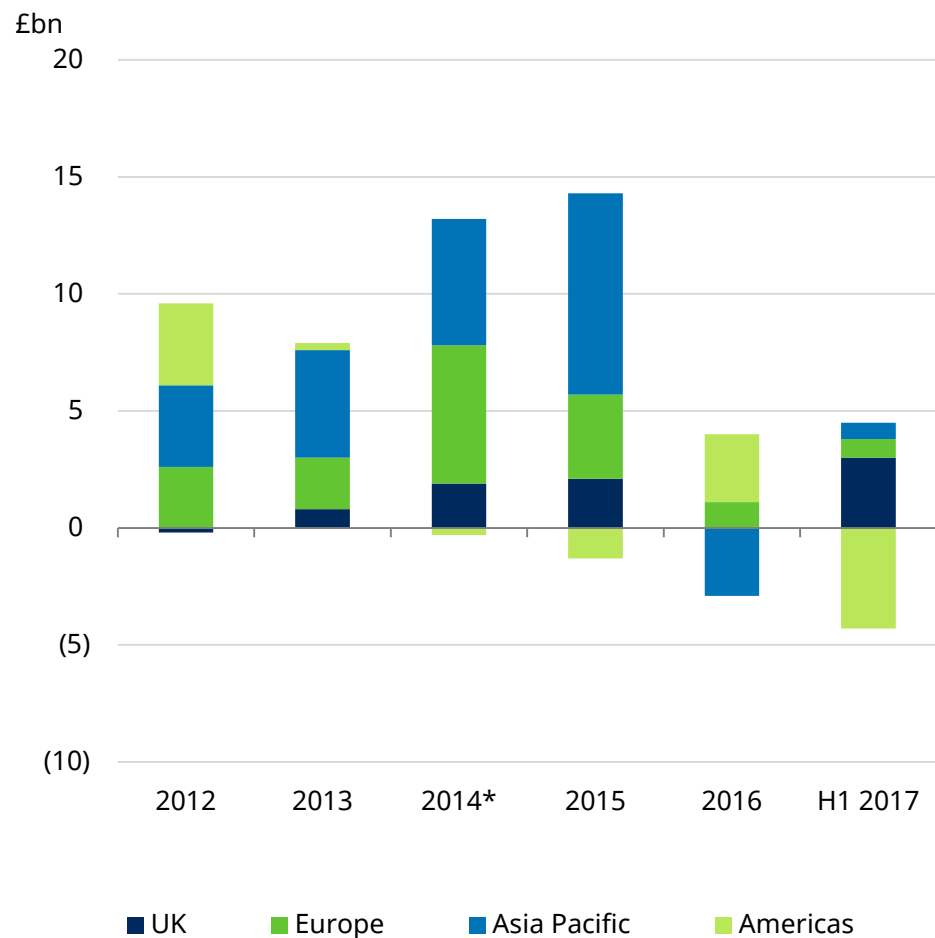
- Continued demand for Fixed Income across both channels
- Multi-asset £4.3bn NNB excluding sub-advised
- Return for Intermediary equity demand

■ Equities ■ Fixed Income ■ Multi-asset ■ EMD, Comms and RE

\* Excludes Friends Life mandate win of £12bn in December 2014

# Net new business by region

## Global diversification proves resilient



Strong UK performance

Continued mixed picture in Asia Pacific

- Japan net inflows

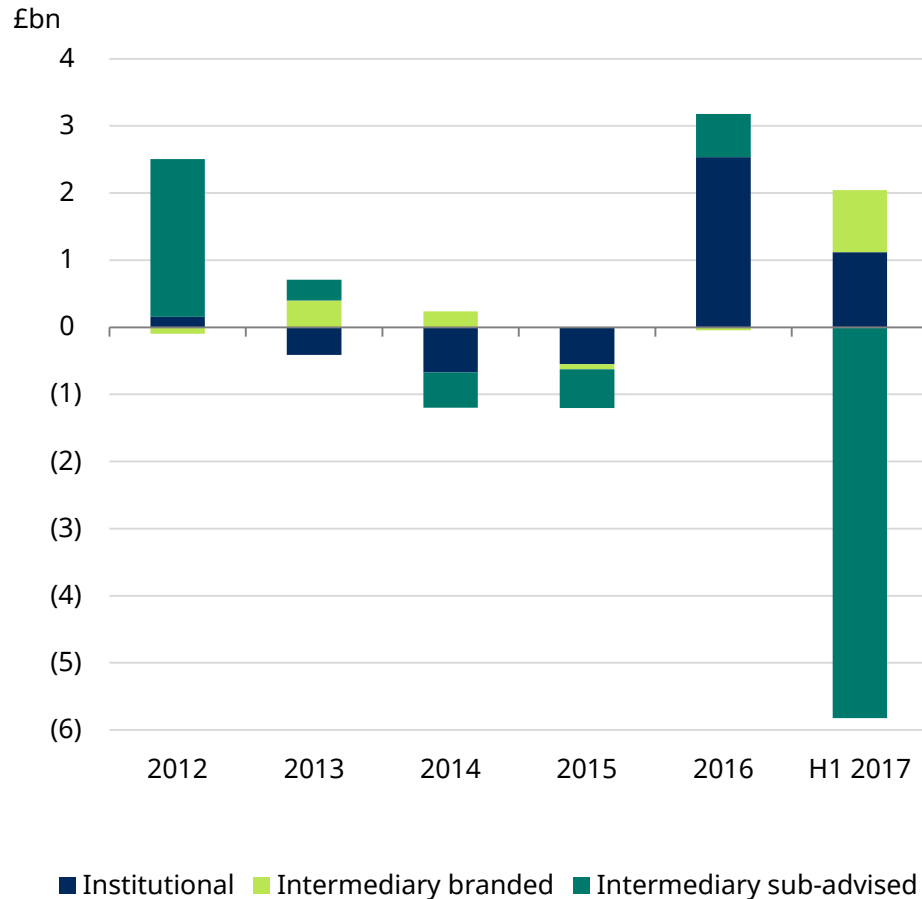
- Australia net outflows

Strong European Intermediary

\* Excludes Friends Life mandate win of £12bn in December 2014

# North America

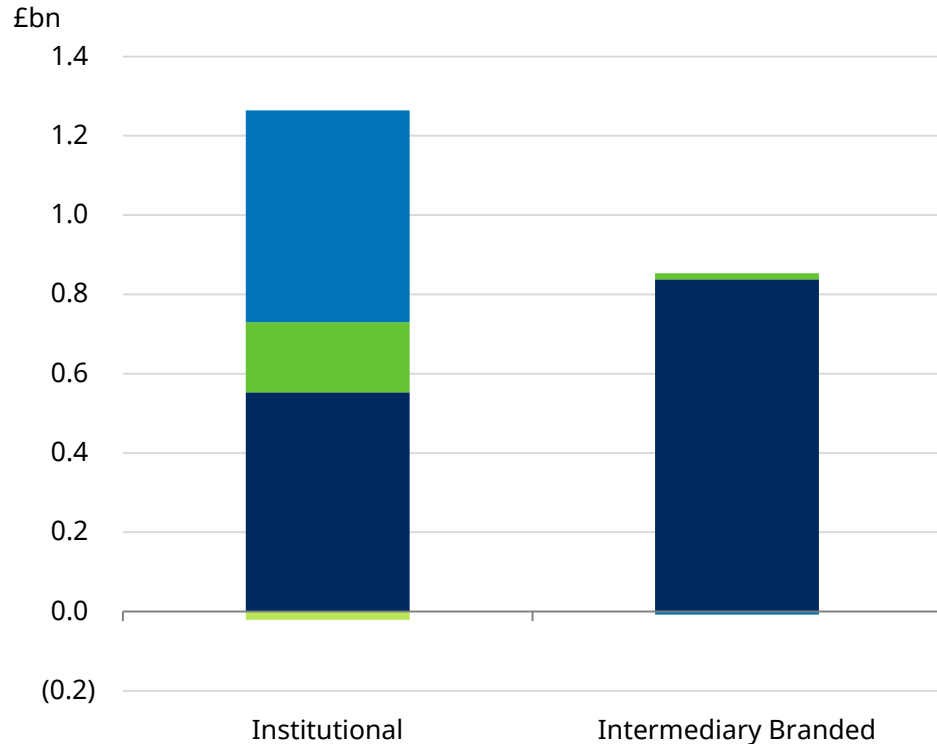
## Underlying momentum in area of strategic importance



- Turnaround in underlying flows
- Continued Institutional growth
- Momentum with Hartford Schroder range in Intermediary Branded

# North America

## Strong inflows in Institutional and Intermediary Branded



- £2.0bn of net new business (excluding sub-advised outflow)
- Institutional inflows diversified by asset class
- Equity demand in Intermediary

■ Equities ■ Fixed Income ■ Multi-asset ■ EMD, Comms and RE





# Building out Private Assets

## Including strategic Adveq acquisition

---

- New head of Private Assets
- \$20bn in Private Assets
- Adveq acquisition:
  - Specialises in Global SME buyouts
  - High quality client base
  - Good fee margins and longevity
  - Commitments of over \$7bn
  - Expected to complete in the near future



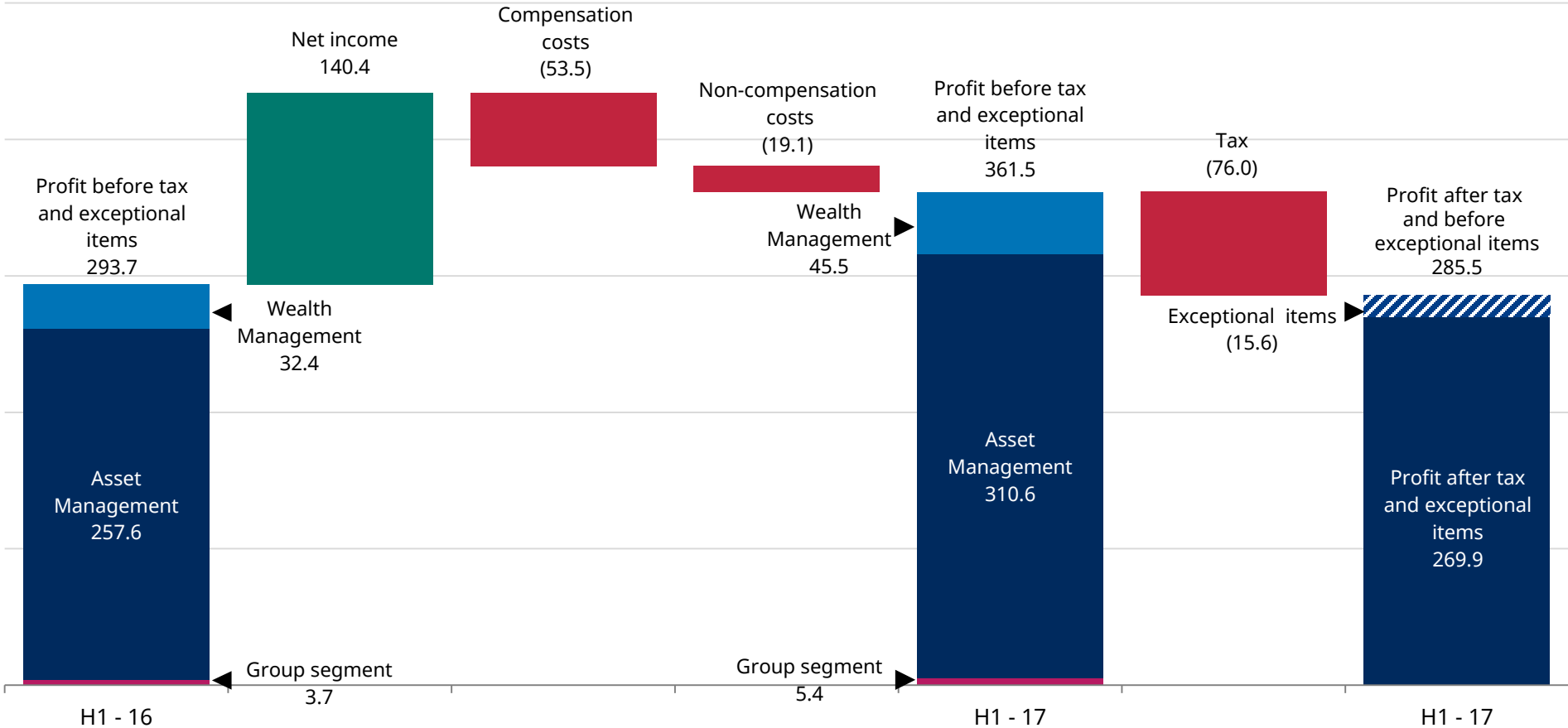
Richard Keers – Chief Financial Officer

27 July 2017

# Profit before tax and exceptional items

Profit before tax and exceptional items up 23% to £361.5m

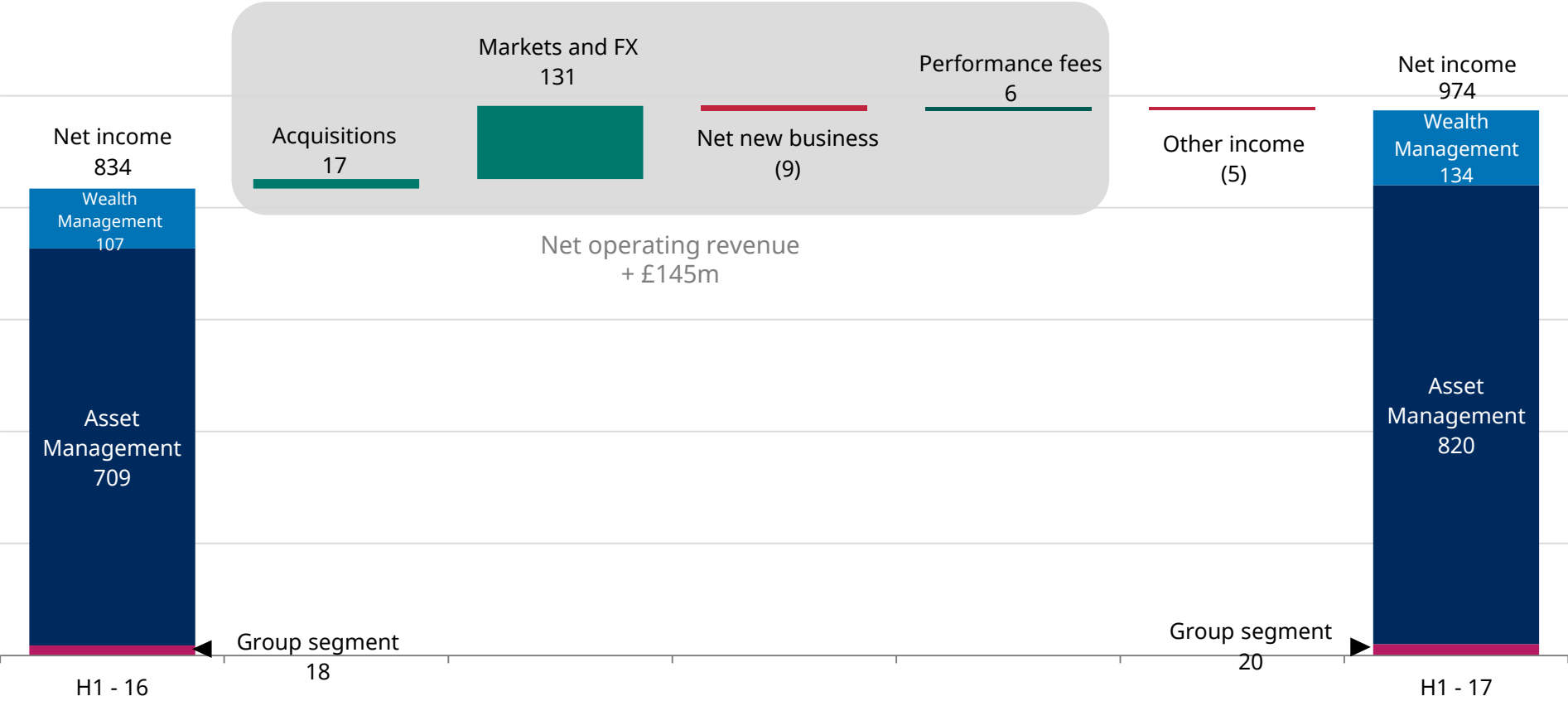
£m



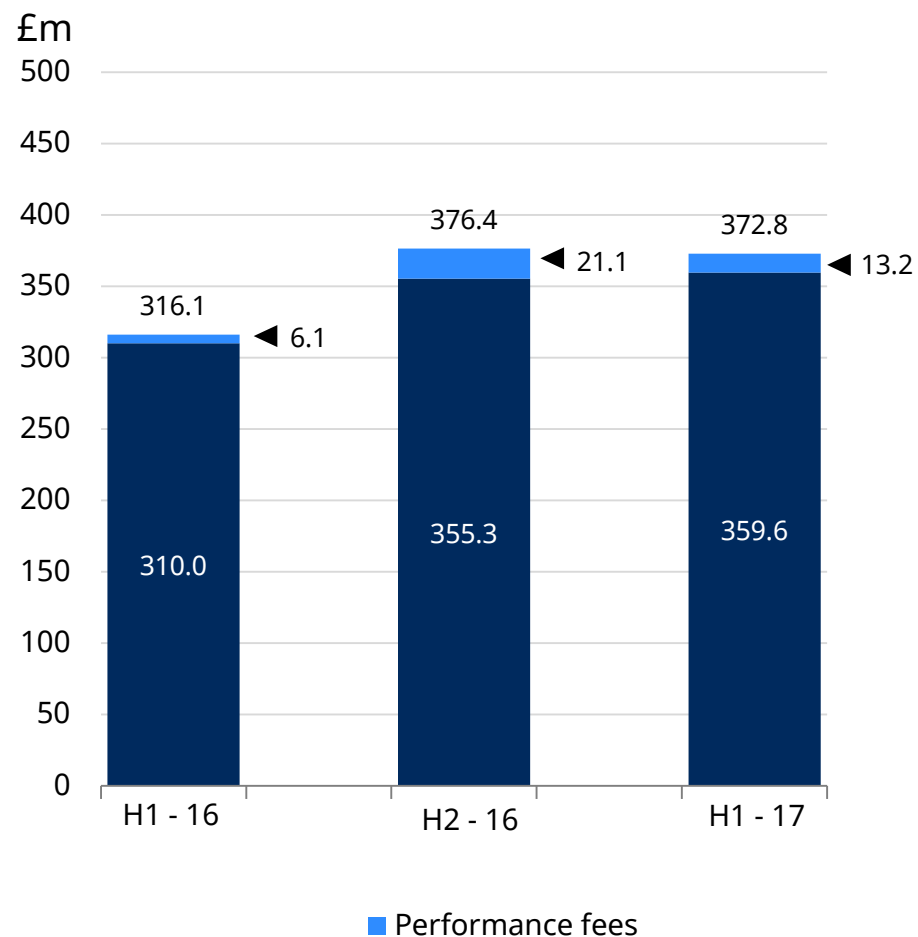
# Net income

Net income up 17% to £974m

£m

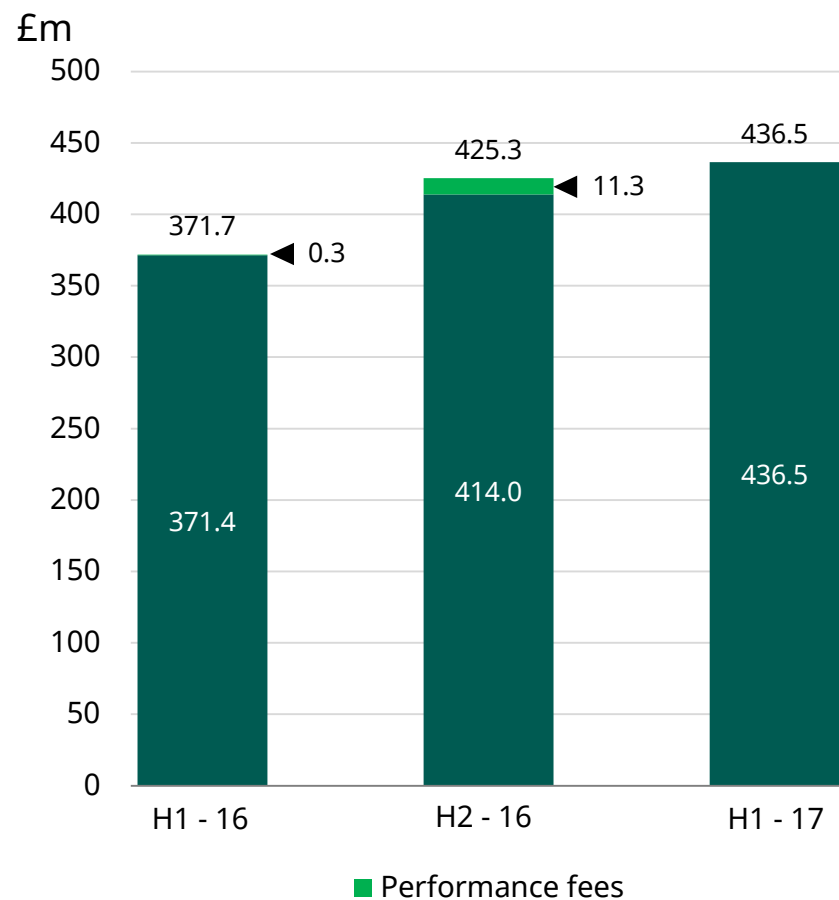


# Institutional net operating revenue



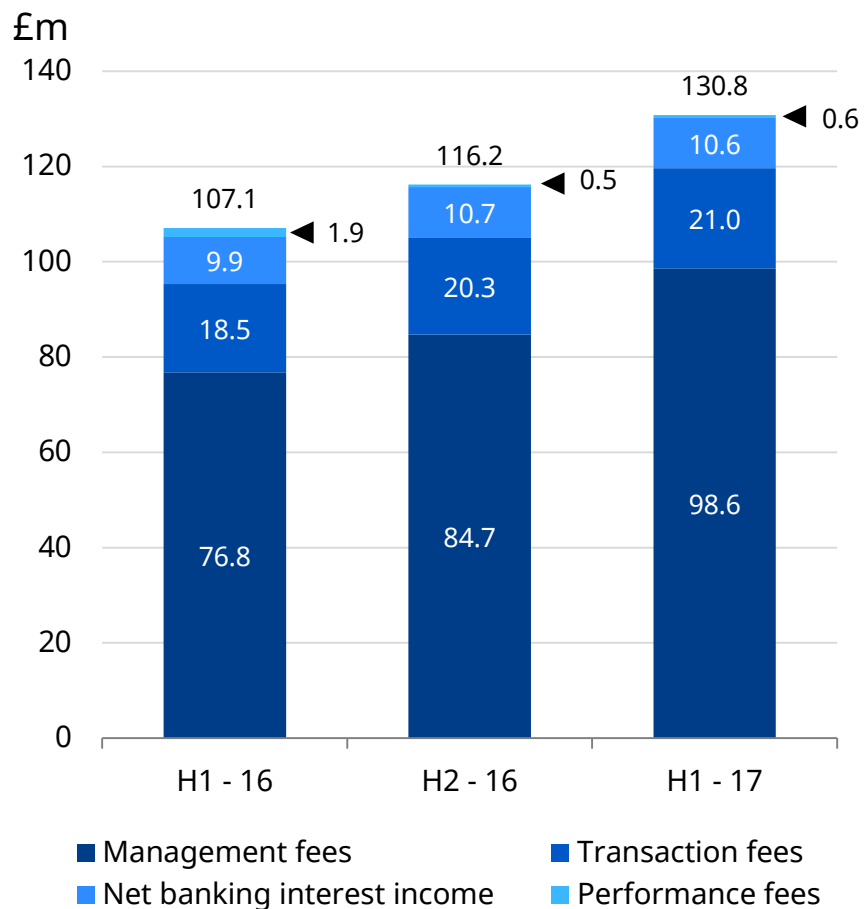
- ⦿ Average AUM up £45 billion from H1 2016
- ⦿ Net operating revenue margin excluding performance fees 31bps (FY 2016: 32bps)
- ⦿ Closing AUM at record high of £238.6 billion

# Intermediary net operating revenue



- ⦿ Average AUM up £23 billion from H1 2016
- ⦿ Net operating revenue margin excluding performance fees 71bps (FY 2016: 73bps)
- ⦿ Closing AUM at record high of £124.7 billion

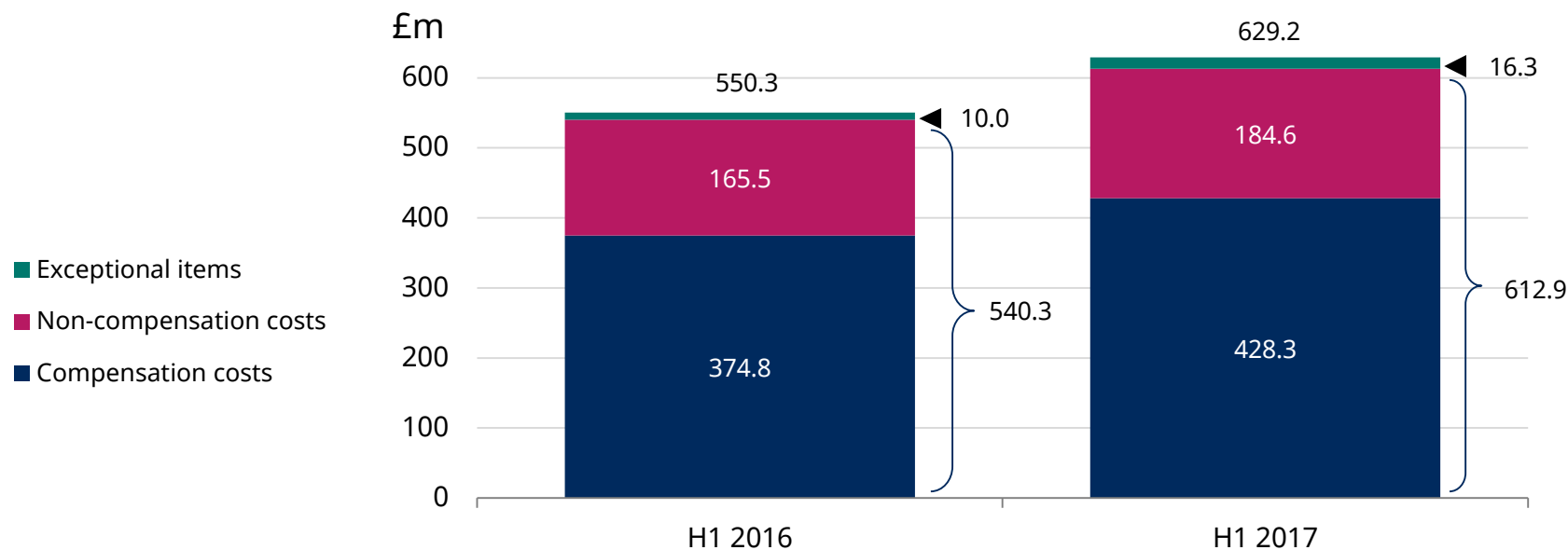
# Wealth Management net operating revenue



- Net banking interest up 7% from H1 2016
- Net operating revenue margin excluding performance fees 62bps (FY 2016: 65bps)
- Closing AUM at record high of £43.6 billion

# Operating expenses

Total cost ratio 63%

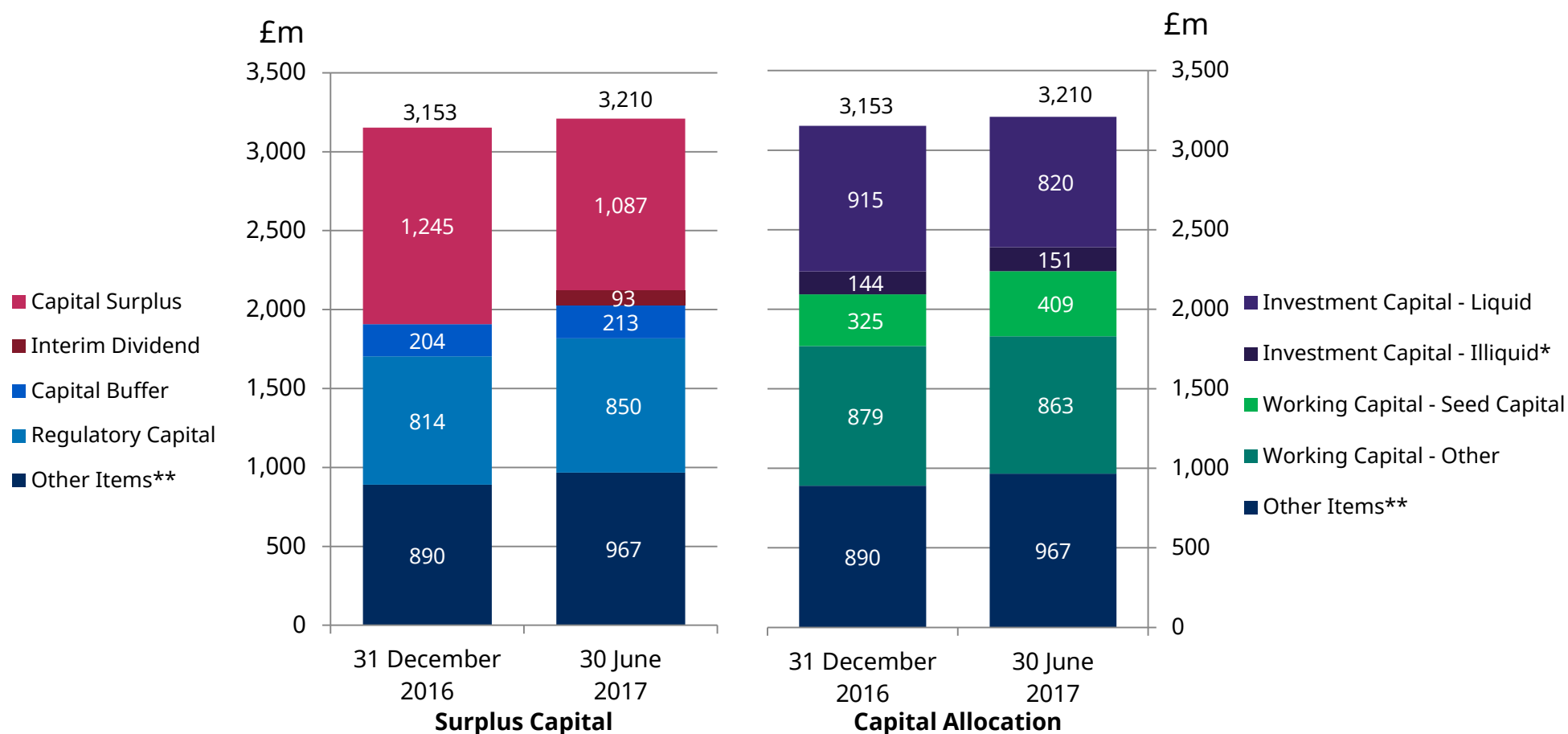


Total compensation ratio	45%	<b>44%</b>
Total cost ratio	65%	<b>63%</b>



# Group Capital

## Increase of £57m as at 30 June 2017



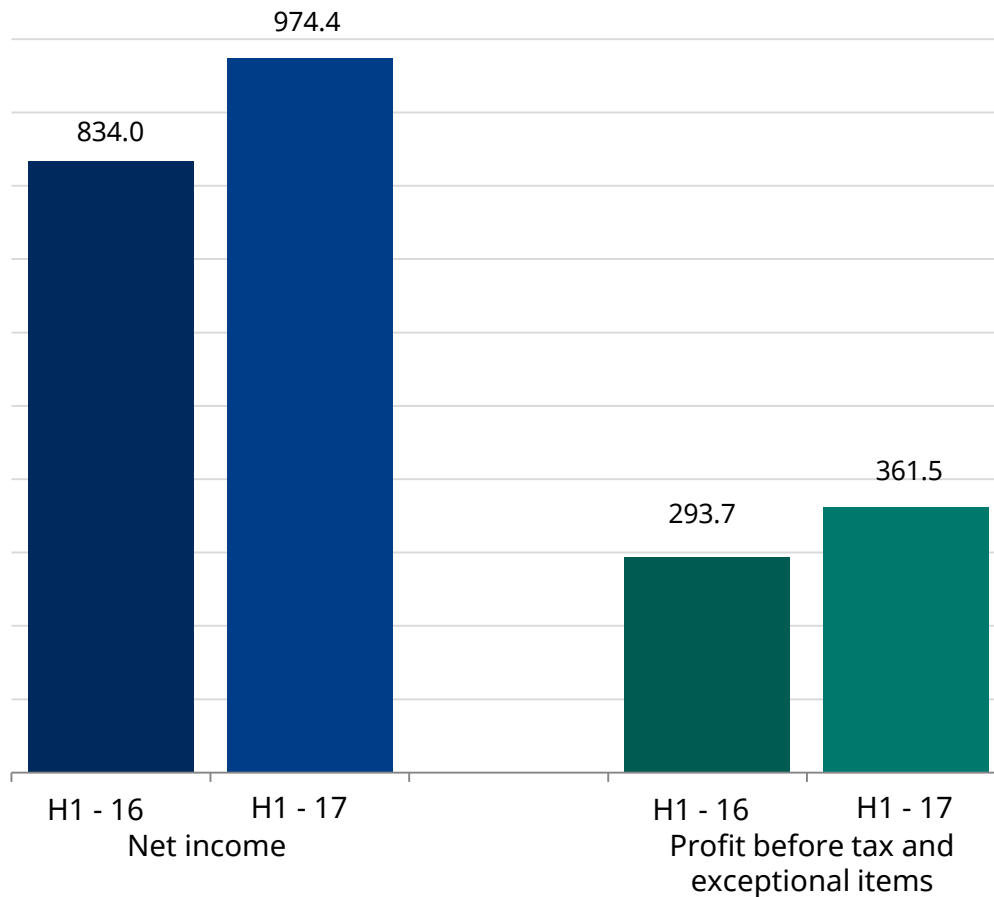
\*Comprises co-investment funds and private equity

\*\*Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures and deferred tax

# Summary

## Strong results reflecting good cost discipline

£m



- Net income up 17% to £974m
- Total cost ratio down to 63%
- Profit before tax and exceptional items up 23% to £361.5m
- EPS up 22% to 103.5 pence
- Interim dividend up 17% to 34 pence



Peter Harrison – Group Chief Executive

27 July 2017

# Schroders investor day

---

- 🕒 Tuesday 3<sup>rd</sup> October
- 🔍 Deep dive into areas of strategic future growth
- 👤 Presentations from wider senior management team



# Outlook

---

- ⦿ Industry headwinds, but opportunities for growth
- ⦿ Demonstrating ability and willingness to invest
- ⦿ Maintaining strong cost discipline

# Forward looking statement

---

These presentation slides 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', 'likely', '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 these presentation slides should be construed as a forecast, estimate or projection of future financial performance.