

Schroders plc

Interim management statement

A strong start to 2014, with profit before tax and exceptional items up 14 per cent. to £130.7 million

1 May 2014

Schroders plc today issues its interim management statement covering the three months to 31 March 2014.

- **Profit before tax and exceptional items £130.7 million* (Q1 2013: £115.0 million)**
- **Net inflows £3.8 billion**
- **Assets under management £268.0 billion (31 December 2013: £262.9 billion)**

Michael Dobson, Chief Executive, commented: *“2014 has started well for Schroders, with £3.8 billion of net new business wins across multi-asset, equities and fixed income, taking assets under management to a record £268.0 billion. We had a strong quarter in Intermediary with high levels of net inflows in Europe and the UK although, with markets facing a number of uncertainties, retail investor demand may reduce in the short term. In Institutional, we see a wide range of opportunities with a good pipeline of business we have won but which has not yet been funded including £12.2 billion from Friends Life, as announced in March.”*

Asset Management

Asset Management net revenue for the quarter was up 6 per cent. at £306.2 million (Q1 2013: £289.8 million) including performance fees of £6.3 million (Q1 2013: £2.8 million). Profit before tax and exceptional items was up 11 per cent. at £117.0 million (Q1 2013: £105.2 million). Net inflows were £3.8 billion, comprising £1.0 billion in Institutional and £2.8 billion in Intermediary, and assets under management at the end of March were £237.8 billion (31 December 2013: £232.8 billion).

Wealth Management

Reflecting the impact of the Cazenove Capital acquisition in July last year, Wealth Management net revenue was up 90 per cent. at £50.3 million (Q1 2013: £26.5 million). Profit before tax and exceptional items was up 171 per cent. at £13.3 million (Q1 2013: £4.9 million). Assets under management at the end of March were £30.2 billion (31 December 2013: £30.1 billion).

Group segment

Profit before tax and exceptional items in the Group segment was £0.4 million (Q1 2013: £4.9 million). Shareholders' equity was £2.3 billion (31 December 2013: £2.3 billion).

* Please see the appendix for further details of exceptional items.

Michael Dobson, 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, 1 May 2014.

The conference call telephone number is 0800 694 1515 (International: +44 (0)1452 584 053), conference ID 31025135. For individuals unable to participate in the conference call, a telephone replay will be available until 1 June 2014. Please telephone 0800 953 1533 (International: +44(0) 1452 550 000), conference ID 31025135#.

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Appendix

Assets under Management

Three months to 31 March 2014

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
31 December 2013	144.3	88.5	232.8	30.1	262.9
Net flows	1.0	2.8	3.8	-	3.8
Investment returns	1.0	0.2	1.2	0.1	1.3
31 March 2014	146.3	91.5	237.8	30.2	268.0

Three months to 31 December 2013

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
30 September 2013	141.6	85.2	226.8	29.9	256.7
Net flows	0.9	2.0	2.9	(0.5)	2.4
Investment returns	1.8	1.3	3.1	0.7	3.8
31 December 2013	144.3	88.5	232.8	30.1	262.9

Financial information

Q1 2014

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	306.2	50.3	2.3	358.8
Operating expenses	(191.7)	(37.0)	(4.8)	(233.5)
Operating profit/(loss)	114.5	13.3	(2.5)	125.3
Net finance (charge)/income	(0.1)	-	2.5	2.4
Share of profit of associates and joint ventures	2.6	-	0.4	3.0
Profit before tax and exceptional items	117.0	13.3	0.4	130.7

Exceptional items:

Integration costs	(0.1)	(1.1)	-	(1.2)
Amortisation of acquired intangible assets	(2.9)	(2.5)	-	(5.4)
Deferred compensation arising from acquisitions	-	-	(4.6)	(4.6)
	(3.0)	(3.6)	(4.6)	(11.2)

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

Amortisation of acquired intangible assets	(0.6)	-	-	(0.6)
Total exceptional items	(3.6)	(3.6)	(4.6)	(11.8)

Profit/(loss) before tax	113.4	9.7	(4.2)	118.9
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Q1 2013

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	289.8	26.5	6.7	323.0
Operating expenses	(186.6)	(21.6)	(5.3)	(213.5)
Operating profit	103.2	4.9	1.4	109.5
Net finance income	0.3	-	4.0	4.3
Share of profit/(loss)of associates and joint ventures	1.7	-	(0.5)	1.2
Profit before tax	105.2	4.9	4.9	115.0

Forward-looking statements

This interim management statement may contain certain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the 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. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expects', 'aims', or 'anticipates' or the negative of these terms and 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 interim management 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 profit forecast.