



Schroders

2015 Results

3 March 2016

Michael Dobson | Chief Executive



Schroders

2015: overview

Strong results in a challenging market

- Net revenue £1,658.5m (2014: £1,549.5m)
- Profit before tax and exceptional items £609.7m (2014: £565.2m)
- Profit before tax £589.0m (2014: £517.1m)
- Full year dividend up 12% to 87.0 pence per share (2014: 78.0 pence per share)
- 72% of assets under management outperforming over three years
- Net new business £13.0bn (2014: £24.8bn)
- Assets under management £313.5bn (2014: £300.0bn)
- Board and senior management succession

Institutional

Assets under management: £181.0bn (2014: £171.1bn)

- £32.0bn of new mandates
- Net inflows £8.8bn
- Strong performance in Asia Pacific, UK
- Year of transition in US
- Significant new business in Fixed Income and Multi-asset

Intermediary

Assets under management: £100.9bn (2014: £97.8bn)

- Strong flows in H1, challenging markets in H2
- Net inflows £4.3bn
- Significant flows in Asia Pacific, continental Europe
- Diversified across Fixed Income, Multi-asset, Equities
- Active management of product range:
 - 47 fund launches
 - 40 fund closures

Equities

Assets under management: £129.9bn (2014: £129.6bn)

- £1.7bn of net inflows in core equities
- Strong flows in Japanese and European equities
- Small inflows in Emerging Markets
- Outflows in UK equities
- £2.5bn of outflows in £20.4bn Quant business

Multi-asset

Assets under management: £78.1bn (2014: £72.0bn)

- Net new business £6.2bn
- Diversified across
 - Risk Mitigation
 - Risk Controlled Growth
 - Income
 - Inflation Protection
- New initiatives in liquid alternatives

Fixed Income

Assets under management: £60.3bn (2014: £51.1bn)

- Net new business £9.1bn
- Major flows in
 - US/European Bond Beta
 - Global Multi-Sector
 - UK and European Credit
 - EMD Relative Return
 - Asian Bonds
- New fund launches
- Infrastructure Debt capability
- Exploring initiatives in ABS/MBS, loans

Wealth Management

Assets under management: £31.6bn (2014: £31.1bn)

- Net revenues £207.2m (2014: £213.5m)
2014 included £9.0m of one off revenues
- Profit before tax and exceptional items £61.3m (2014: £61.7m)
- 70% cost income ratio
- Net inflows in UK £0.2bn
slowdown in H2
private clients and charities drawing down on investment returns
- Outflows in Switzerland
reshaping business
- Growth opportunities in UK, overseas

Associates, joint ventures and partnerships

Good progress in 2015

- Strategy of building businesses with high quality partners
- To enter new markets
 - China: Bank of Communications Schroders
 - India: Axis Asset Management Company
- To complement existing presence
 - Japan: Nippon Life
- To extend investment capabilities
 - Insurance linked securities: Secquaero
 - Convertibles
 - Loans
- As investment opportunity
 - RWC
 - Nutmeg



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2015 Annual Results

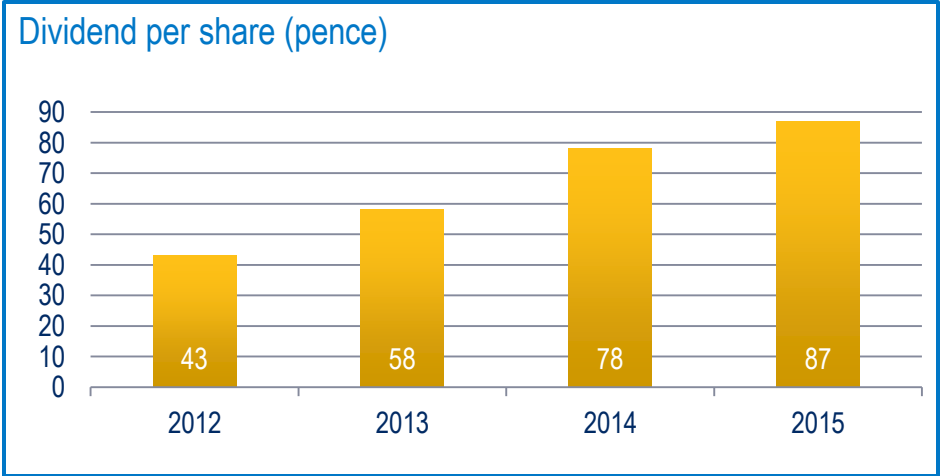
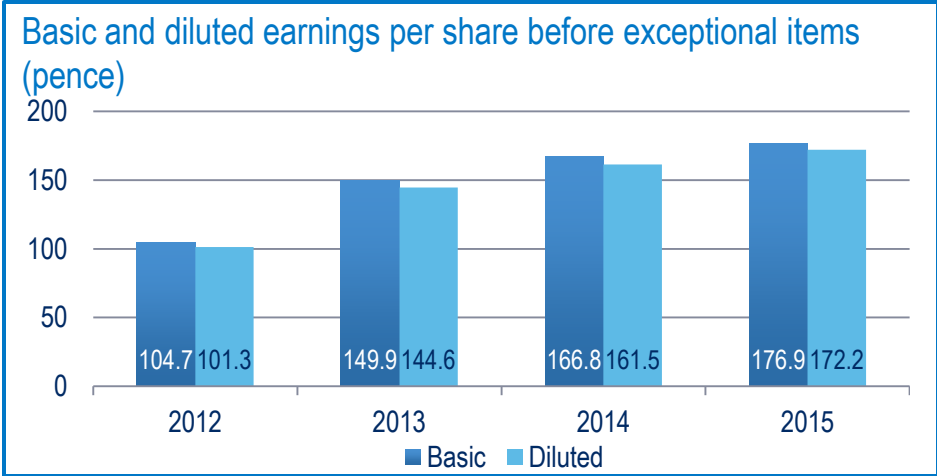
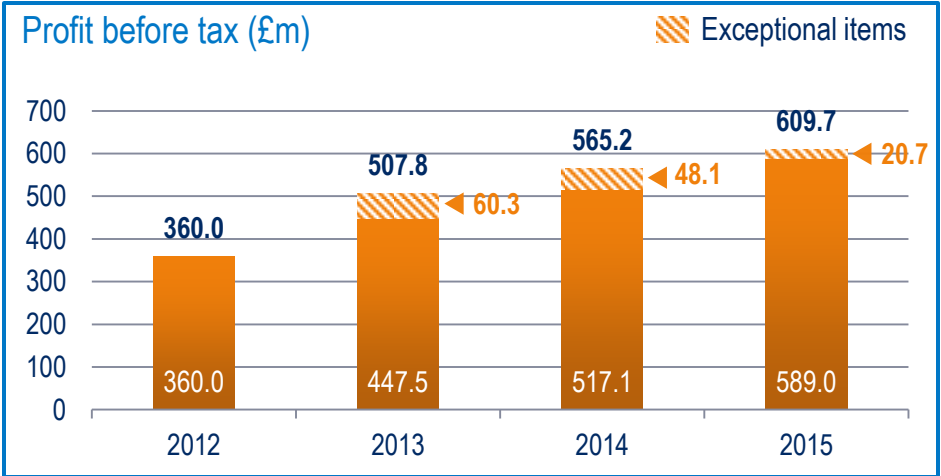
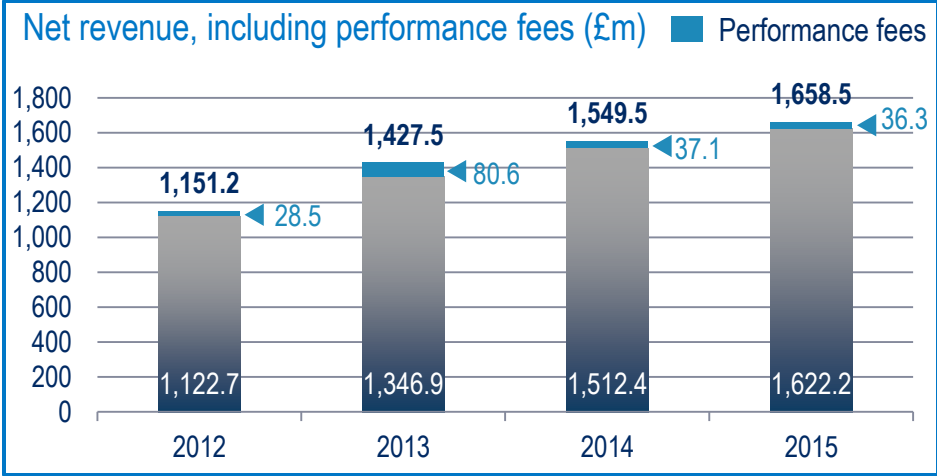
3 March 2016

Richard Keers | Chief Financial Officer



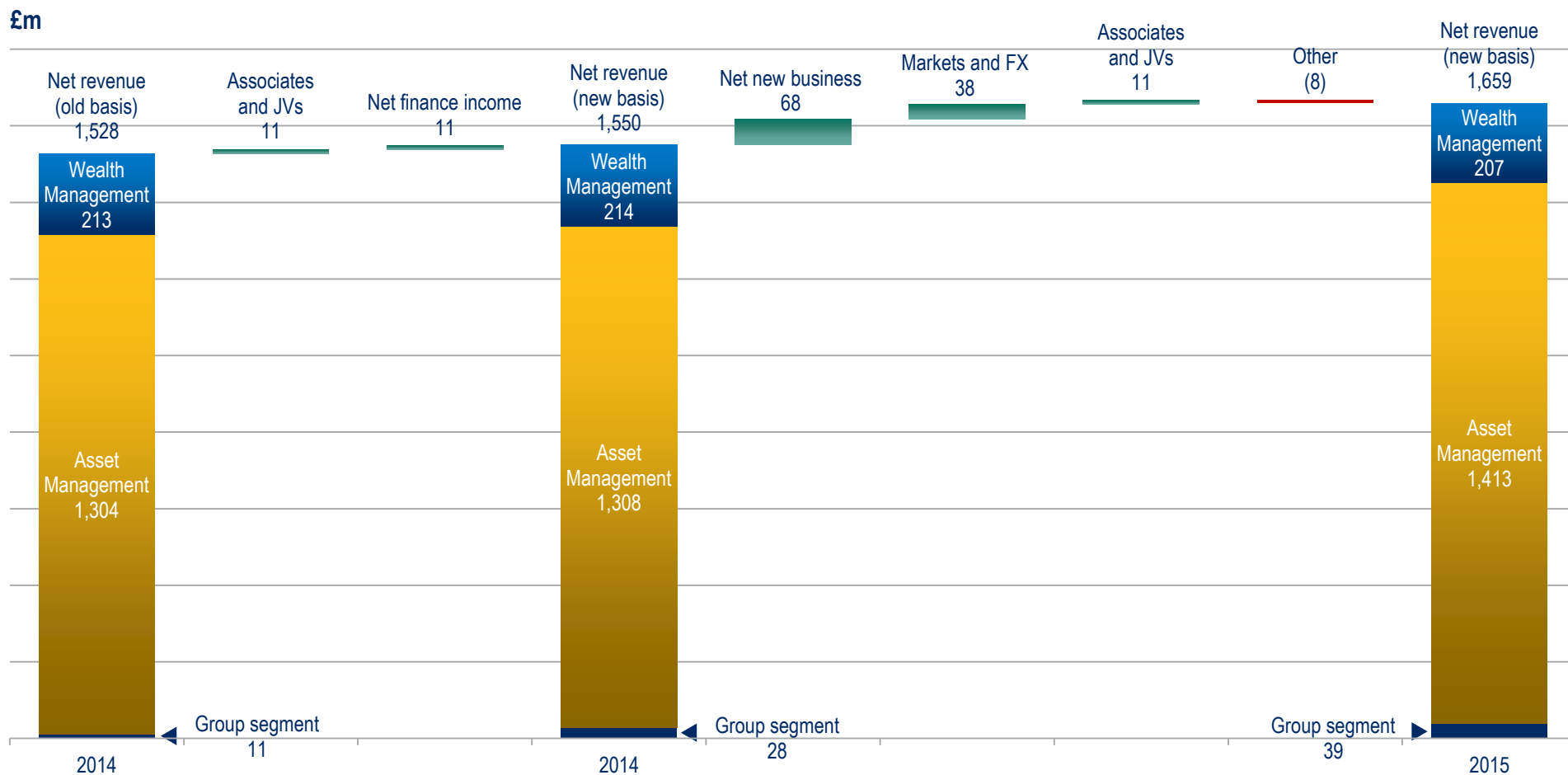
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Financial highlights



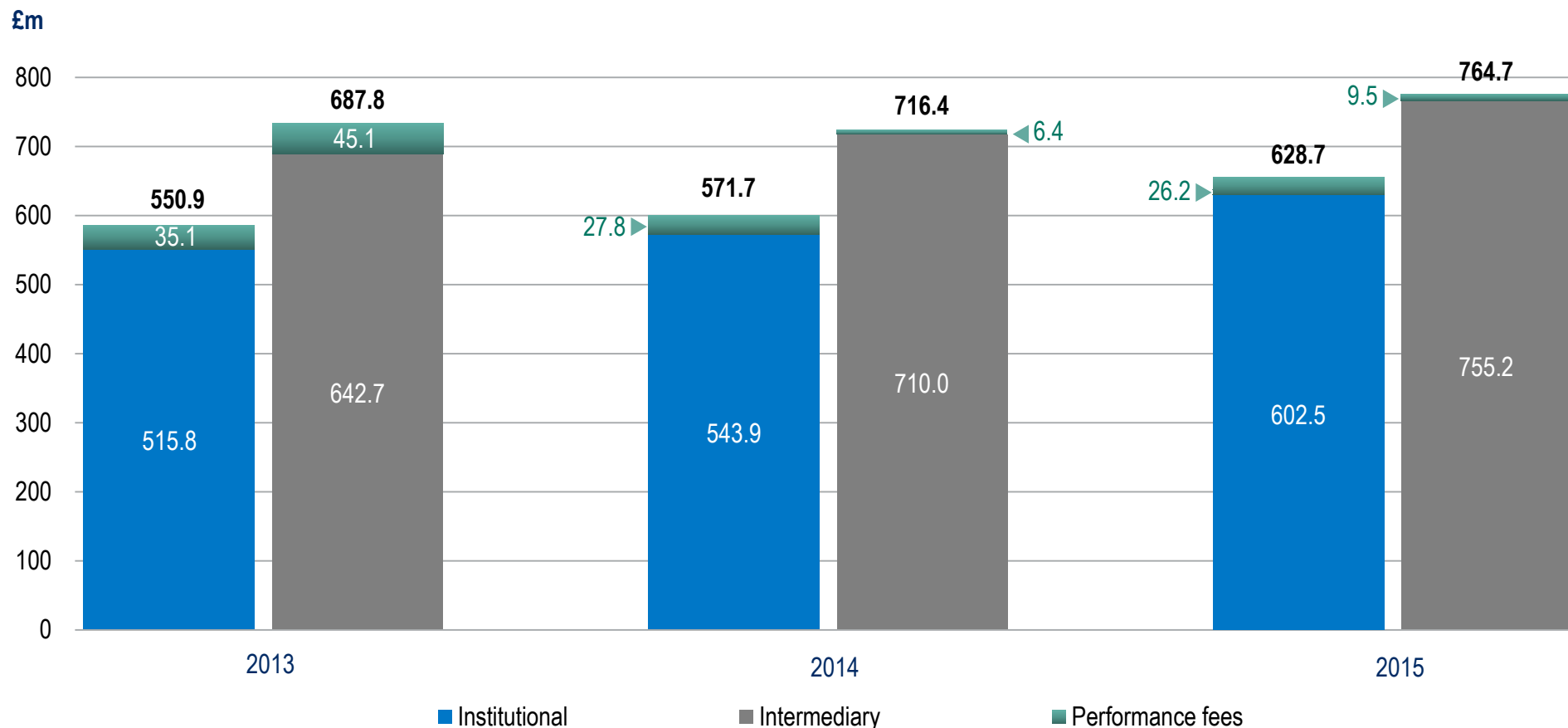
Net revenue – driven by organic growth

Net revenue up 7% to £1,659m



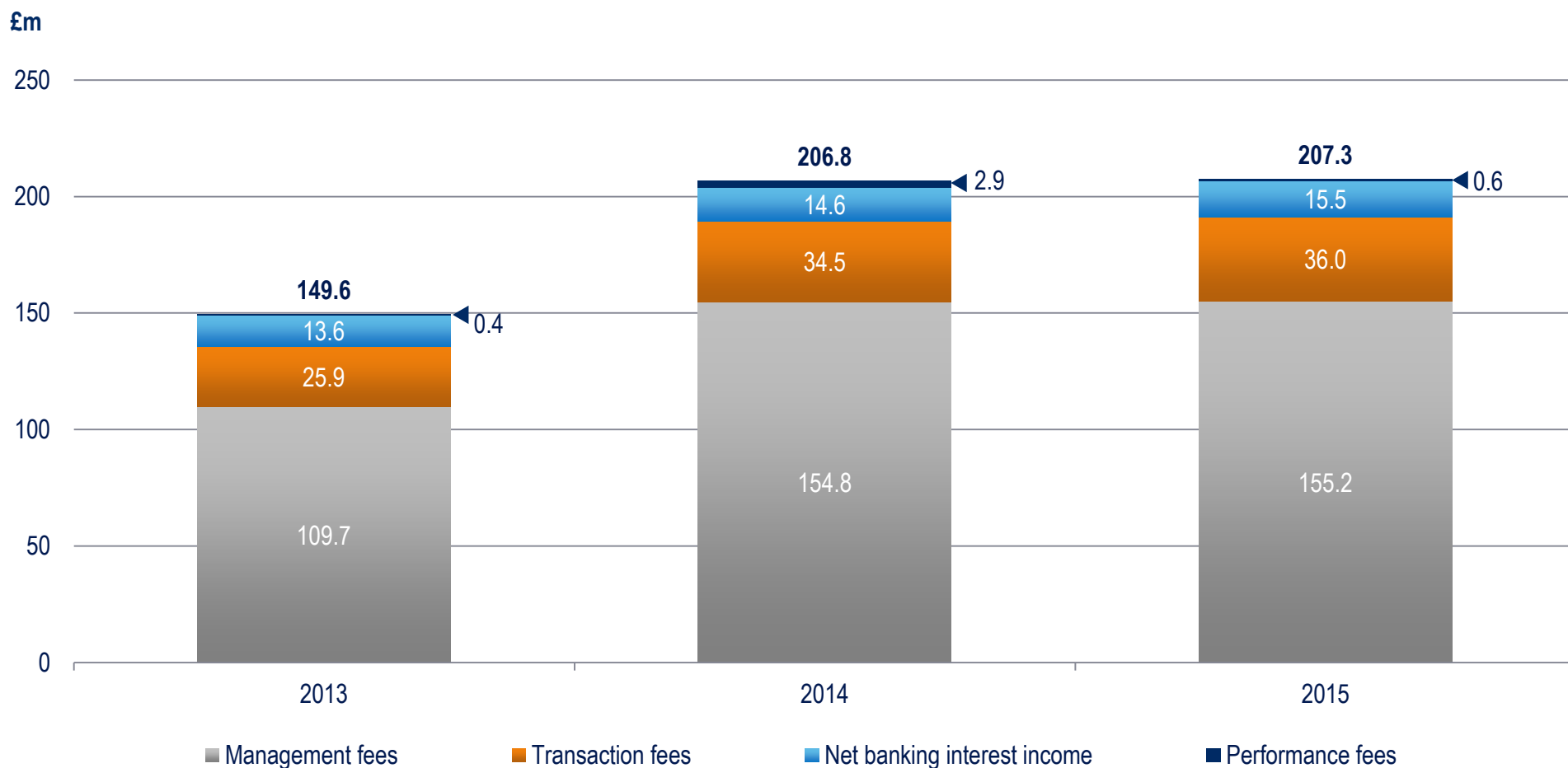
Asset Management net operating revenues

Asset Management net operating revenue margins, excluding performance fees, at 49 bps



Wealth Management net operating revenues

Wealth Management net operating revenue margins, excluding performance fees, at 65 bps



Operating expenses

Cost control in line with projections

£m	2014	2015			2015 versus 2014
		AM & Group	WM	Total	
Compensation costs	687.8	637.2	96.8	734.0	+7%
Non-compensation costs	296.5	265.7	49.1	314.8	+6%
Operating expenses (excluding exceptional items)	984.3	902.9	145.9	1,048.8	+7%
Exceptional expenses	48.8	17.7	0.8	18.5	-62%
Operating expenses (including exceptional items)	1,033.1	920.6	146.7	1,067.3	+3%

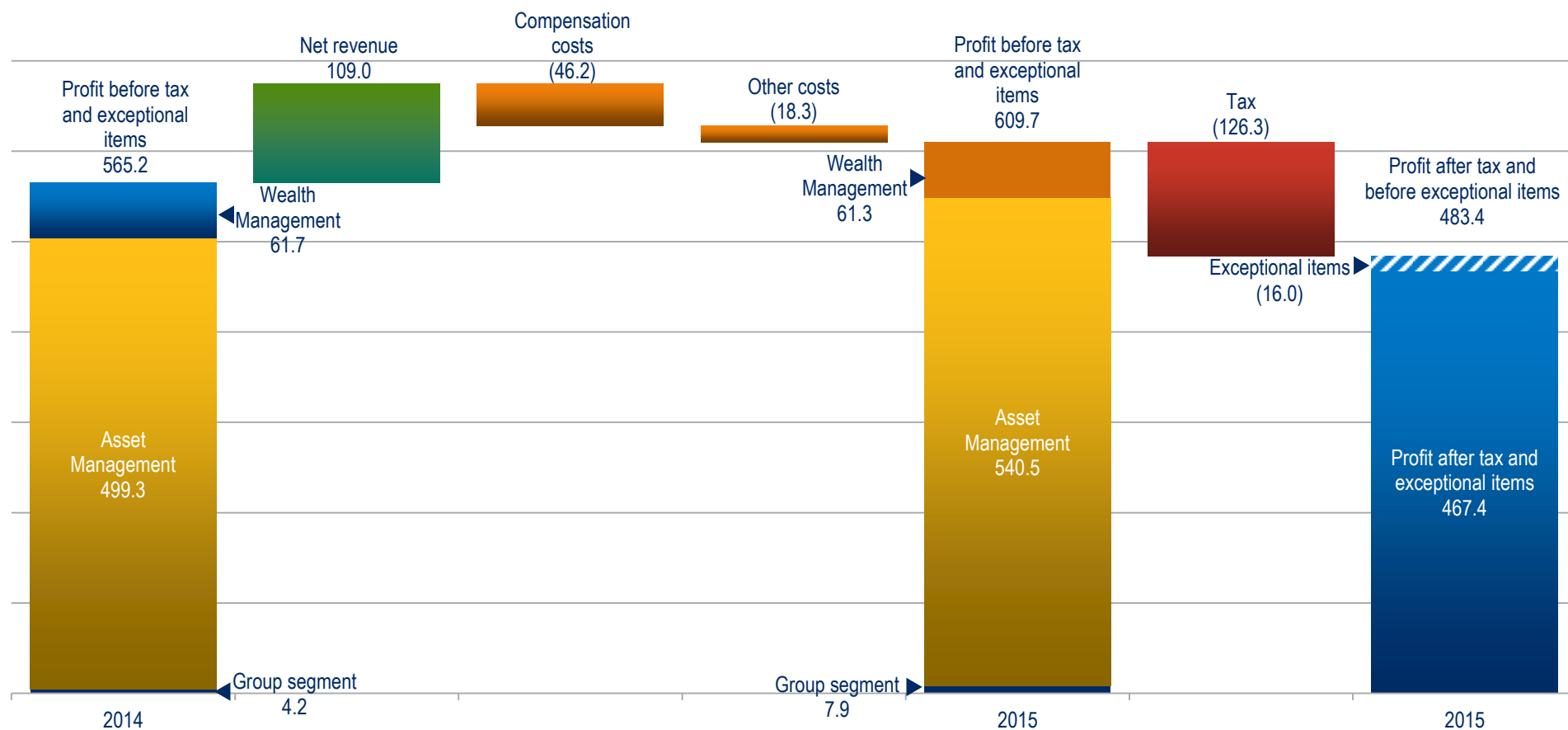
Headcount	3,556	3,158	626	3,784	+6%
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	2014	2015
Compensation cost:net revenue ratio	44%	44%
Cost:net revenue ratio	64%	63%

Profit before tax and exceptional items

Up 8% to £609.7m reflecting strong business performance

£m



Analysis of Group Capital

Increase of £258m during 2015 to £2,796m

£m	2014	2015
Regulatory capital	673	653
Other operating capital	284	253
Investment capital*	725	942
Seed capital	163	229
Other items**	693	719
Statutory Group capital	2,538	2,796

* Includes RWC Partners Limited and Schroder Ventures Investments Limited associates

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



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Outlook

Resilience through a globally diversified business

- Good new business flows in Institutional
- Market volatility reducing retail investor demand
- Many long-term growth opportunities
- Continuity and stability through succession plans

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