



Schroders 2016 Full Year Results

2 March 2017

Peter Harrison | Group Chief Executive



Schroders

Full year 2016 results

- Strong results in challenging conditions
- Positive net new business
 - Institutional
 - North America
- 7% increase in dividend to 93 pence
- Acquisitions and partnerships in line with strategic growth drivers

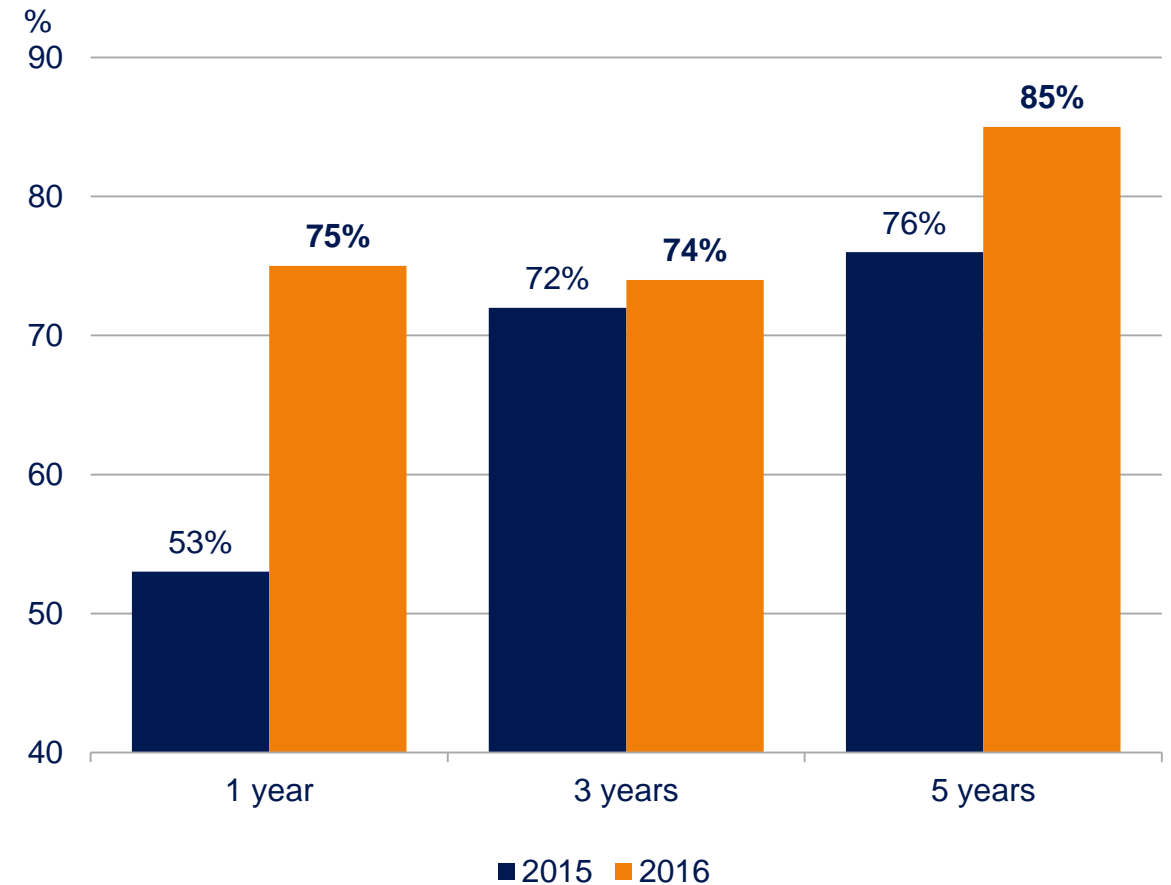
	2015	2016	% change
Net income (£m)	1,658.5	1,793.1	8%
Pre-exceptional PBT (£m)	609.7	644.7	6%
AUMA (£bn)	313.5	397.1	27%
EPS* (p)	176.9	186.3	5%
DPS (p)	87.0	93.0	7%
3 year outperformance	72%	74%	-

*Basic earnings per share before exceptional items

Strong investment performance

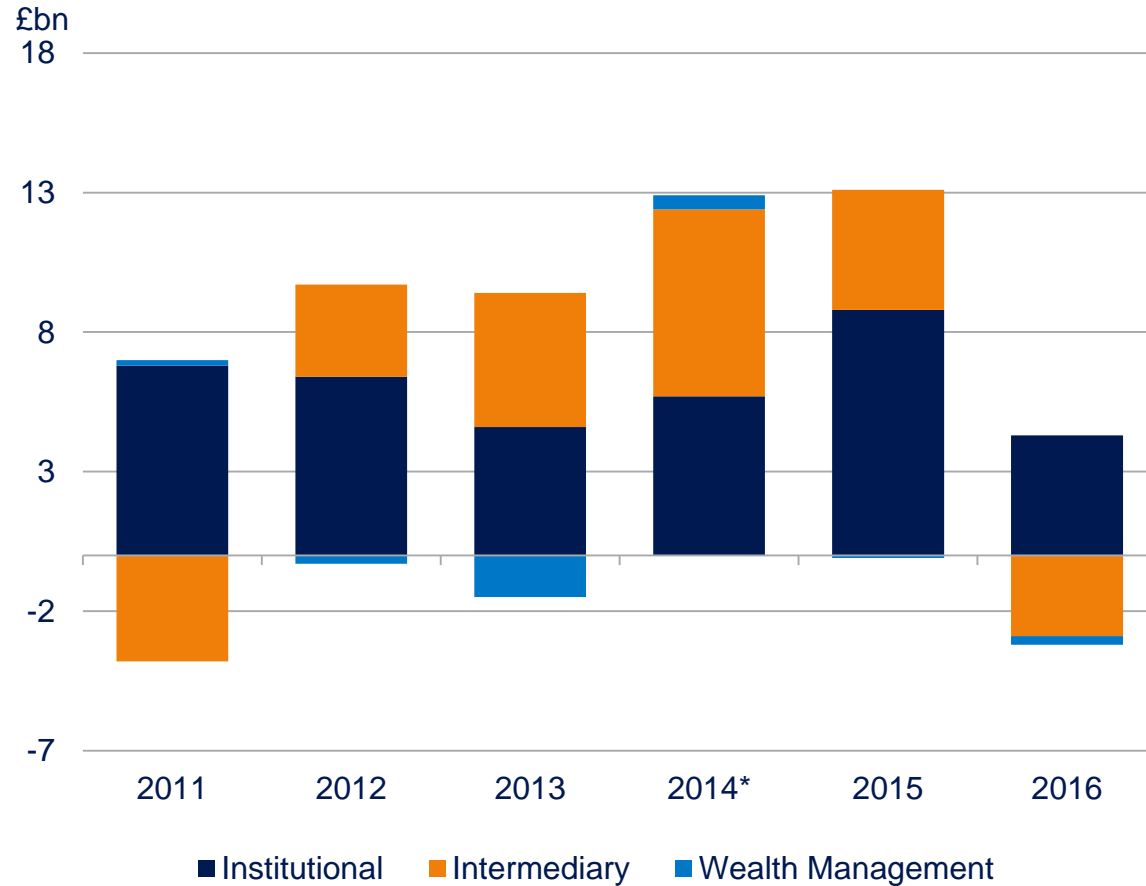
- Strong, and improving, investment performance across asset classes:

- Fixed Income
- Multi-asset
- Real Estate
- Emerging Market Debt
- Equities



Net new business by channel

Flows led by Institutional demand

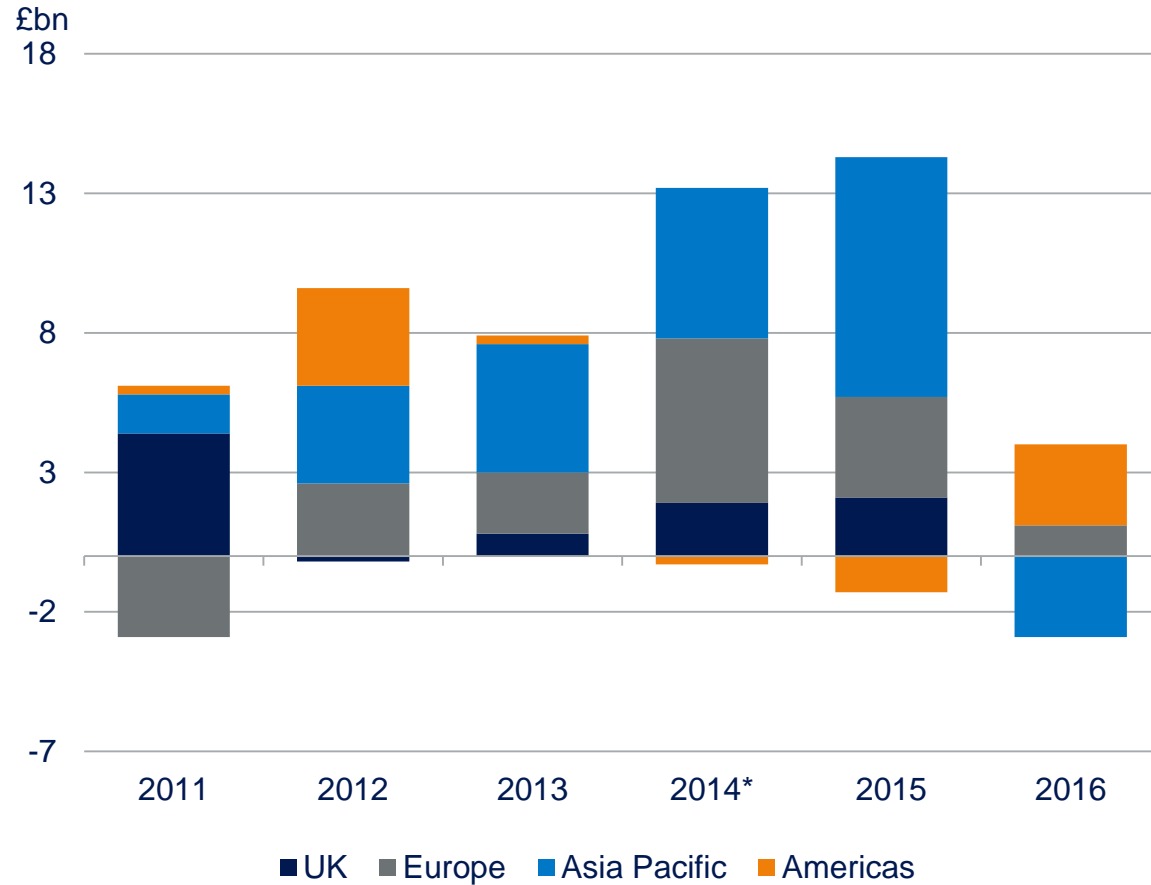


- Continued inflows in Institutional
 - North America
 - UK
- Intermediary sentiment affected by macro uncertainty
- Small outflows in Wealth Management

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

Net new business by region

Global diversification proves resilient

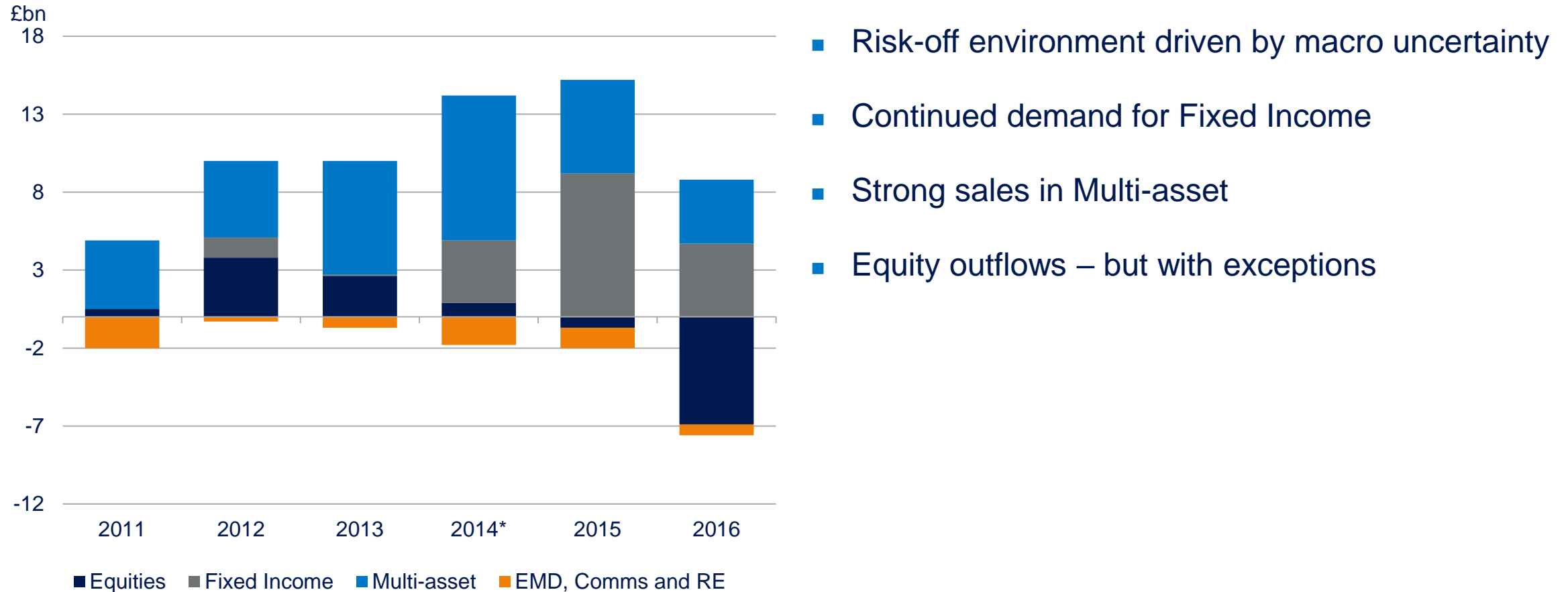


- Strong new business in Europe and North America
- Mixed picture in Asia Pacific
 - Japan net inflows
 - Australia net outflows
- Net inflows in UK Institutional

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

Net new business by asset class

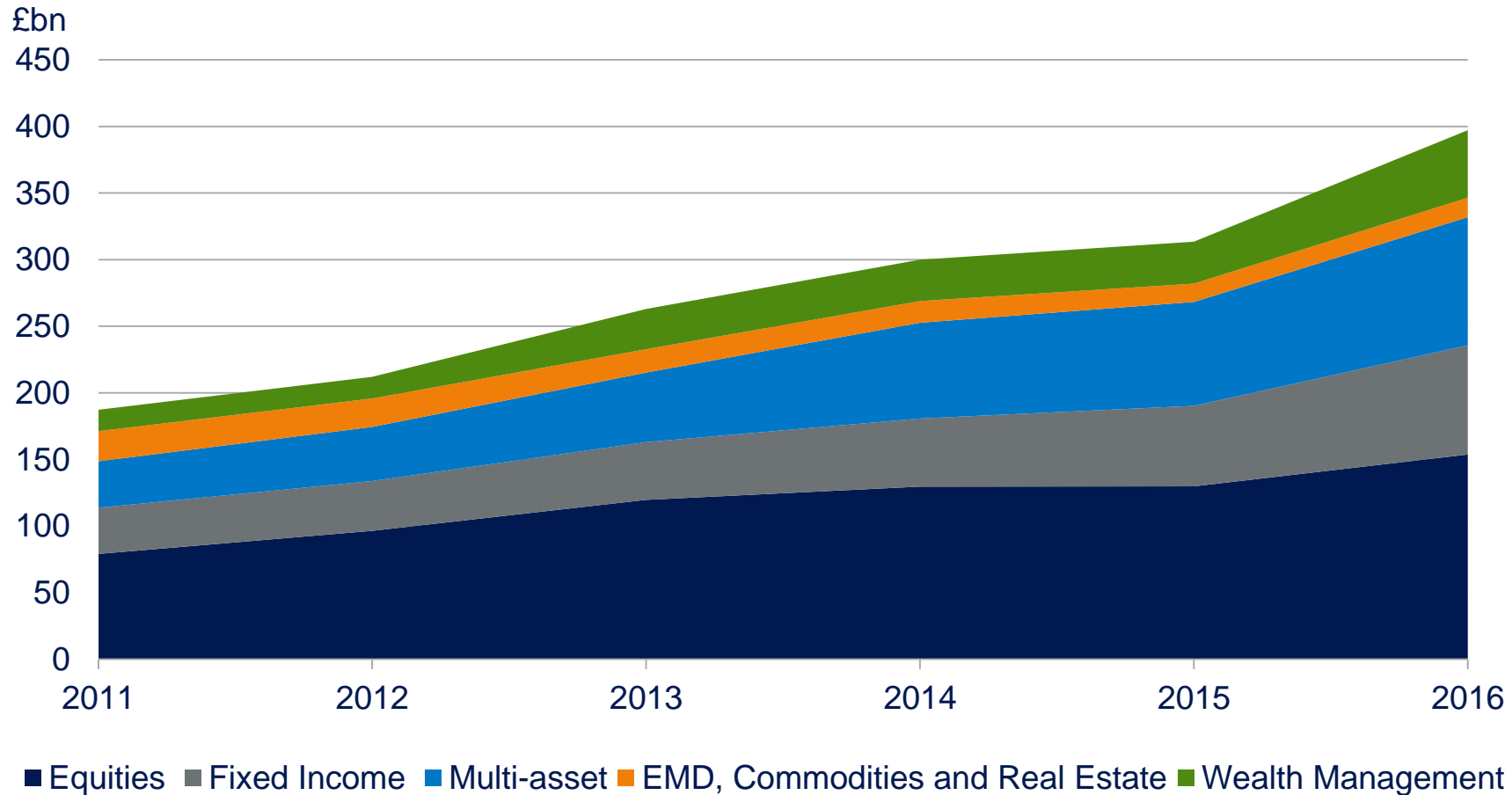
Macro concerns subdue risk appetite



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

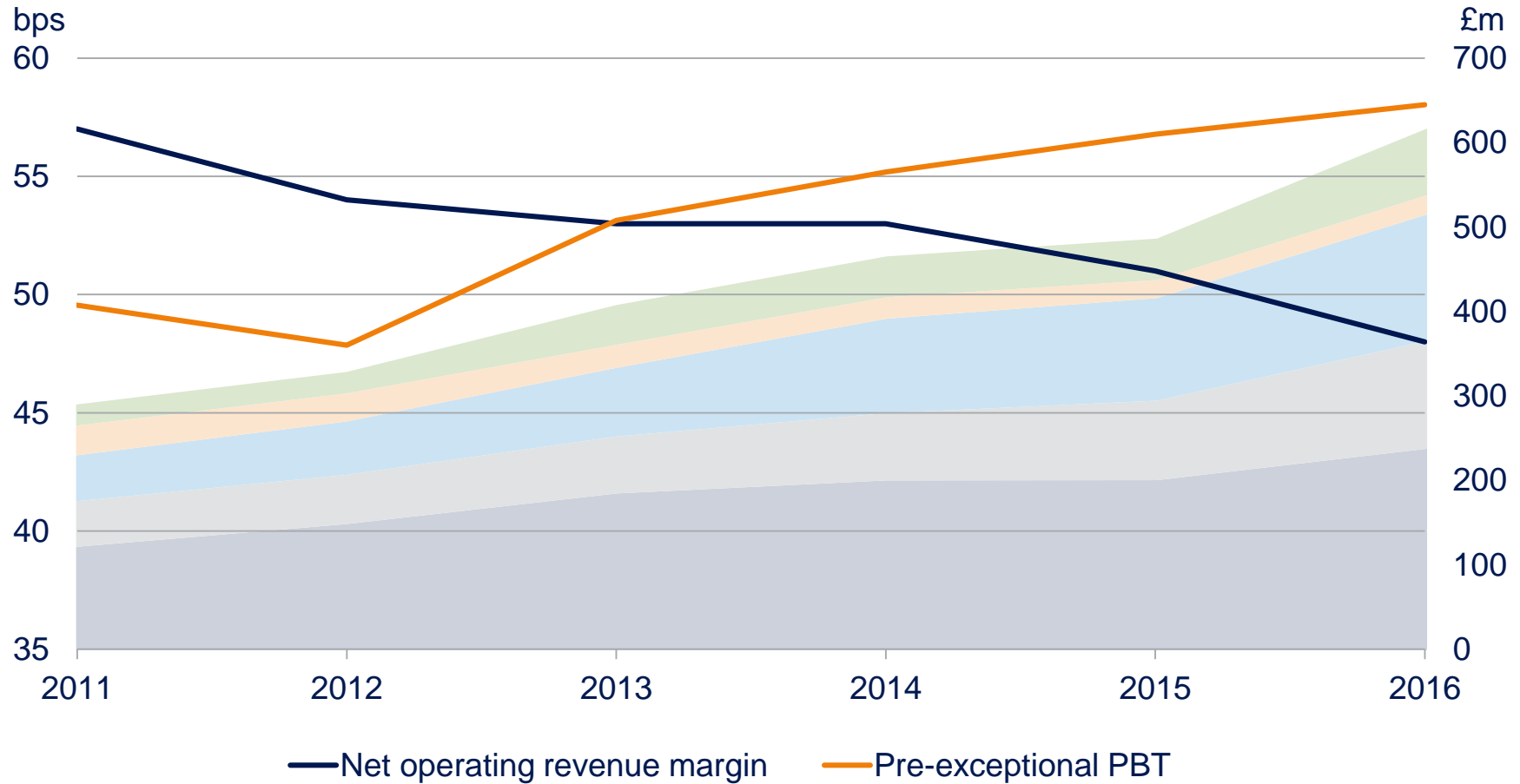
A diversified and stable business

With increasing asset class diversification



A diversified and stable business

But a year-on-year increase in pre-exceptional profits





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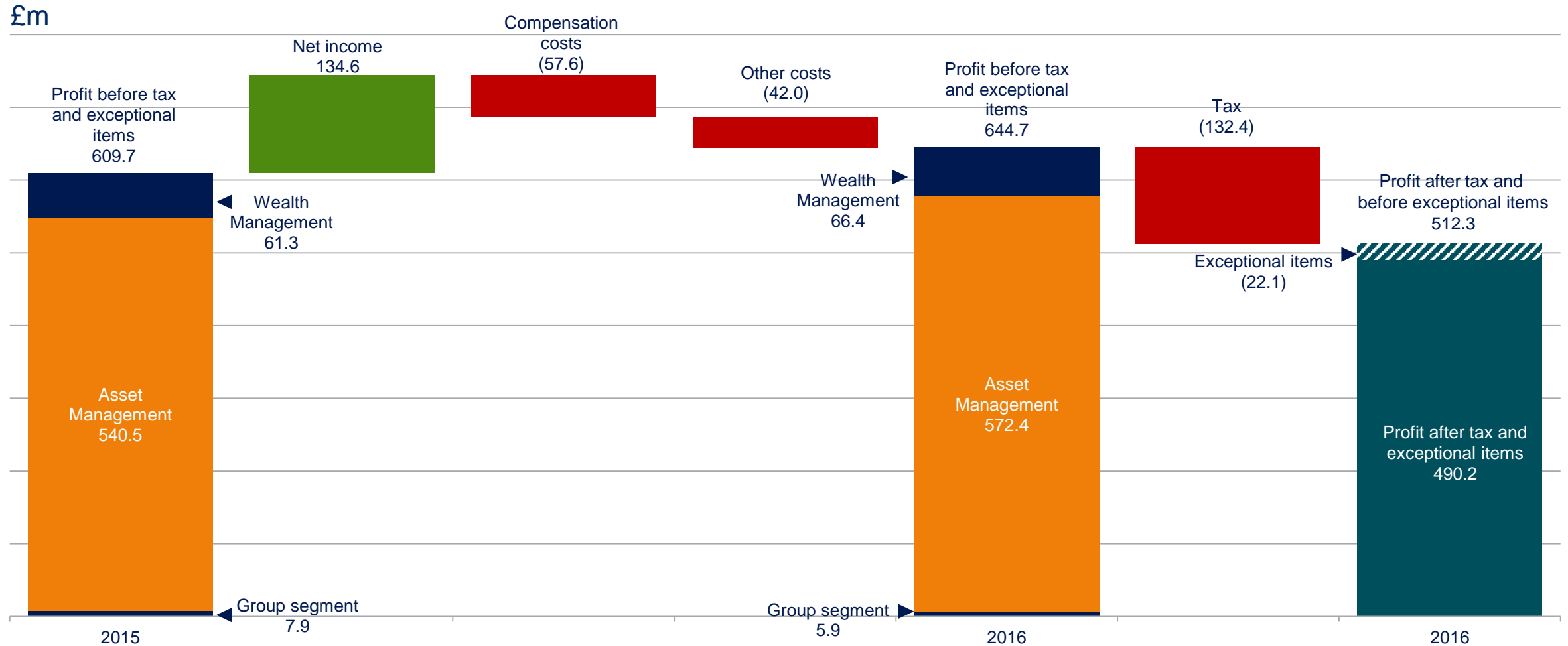
Richard Keers | Chief Financial Officer



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Profit before tax and exceptional items

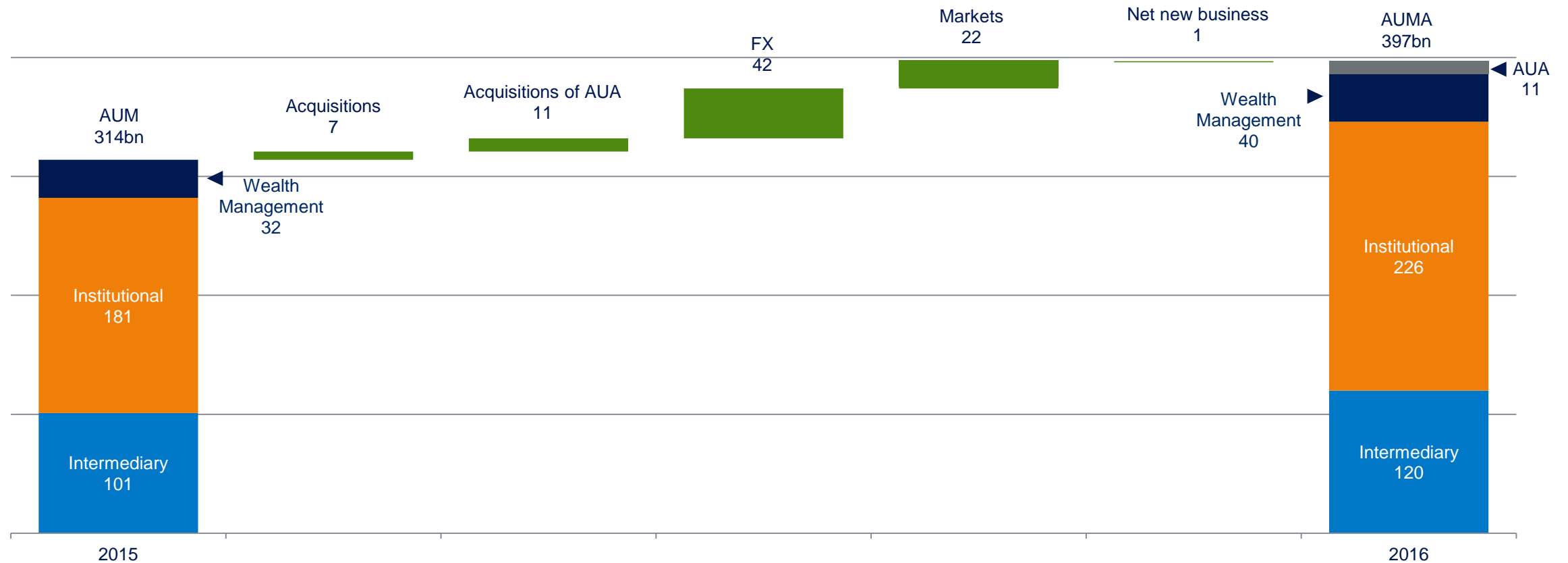
Profit before tax and exceptional items up 6% to £644.7m



Assets under management and administration (AUMA)

AUMA up 27% to £397.1bn

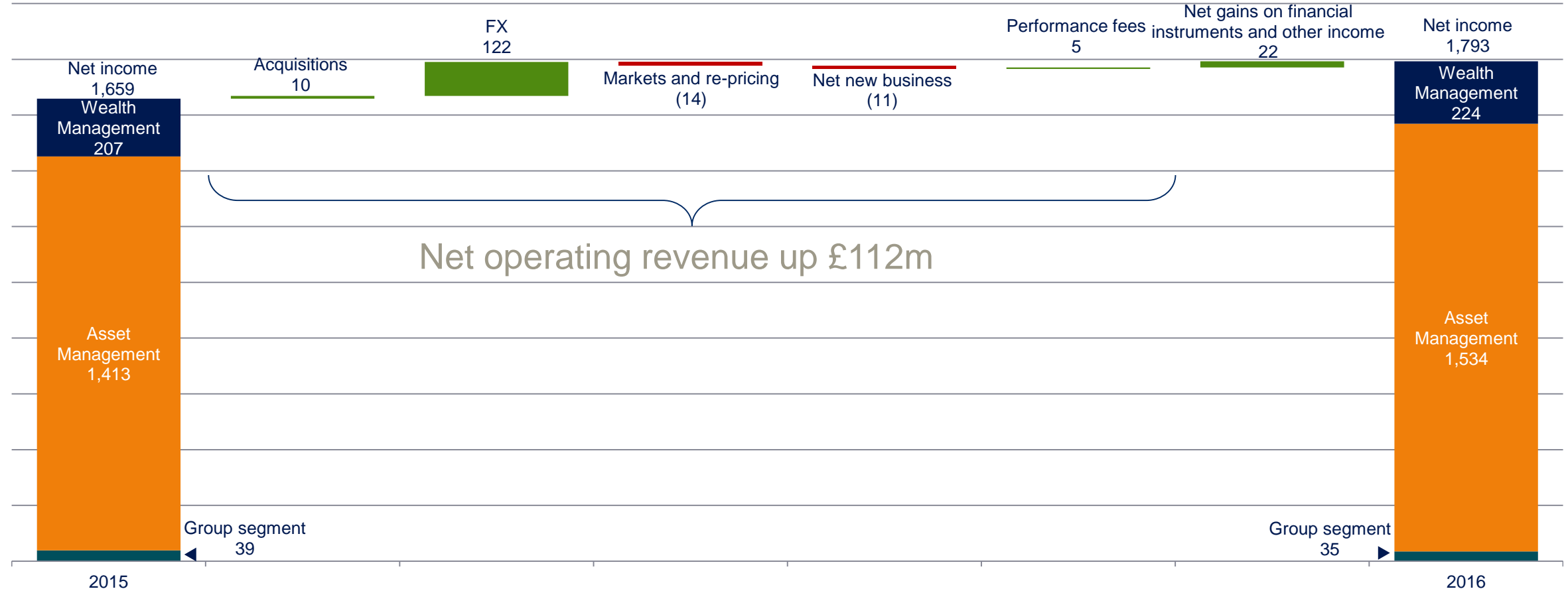
£bn



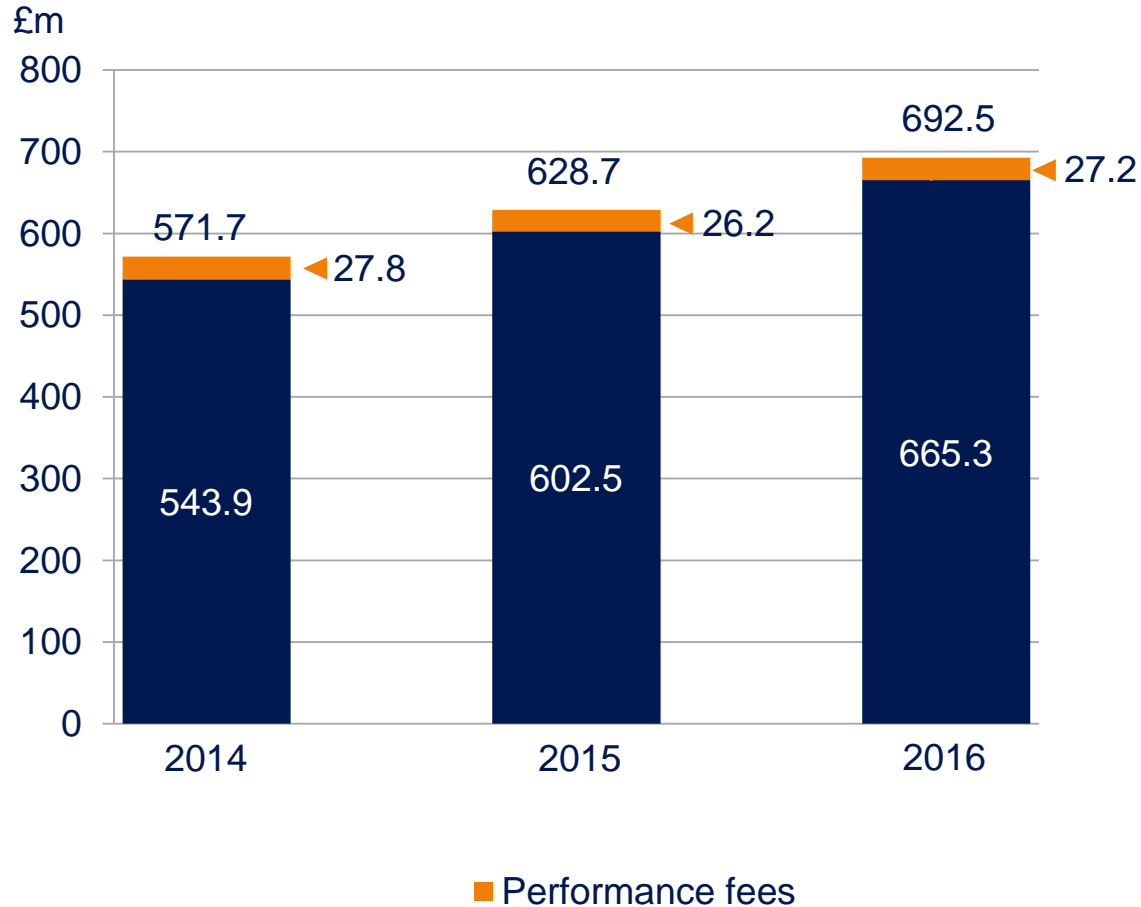
Net income

Net income up 8% to £1,793m

£m

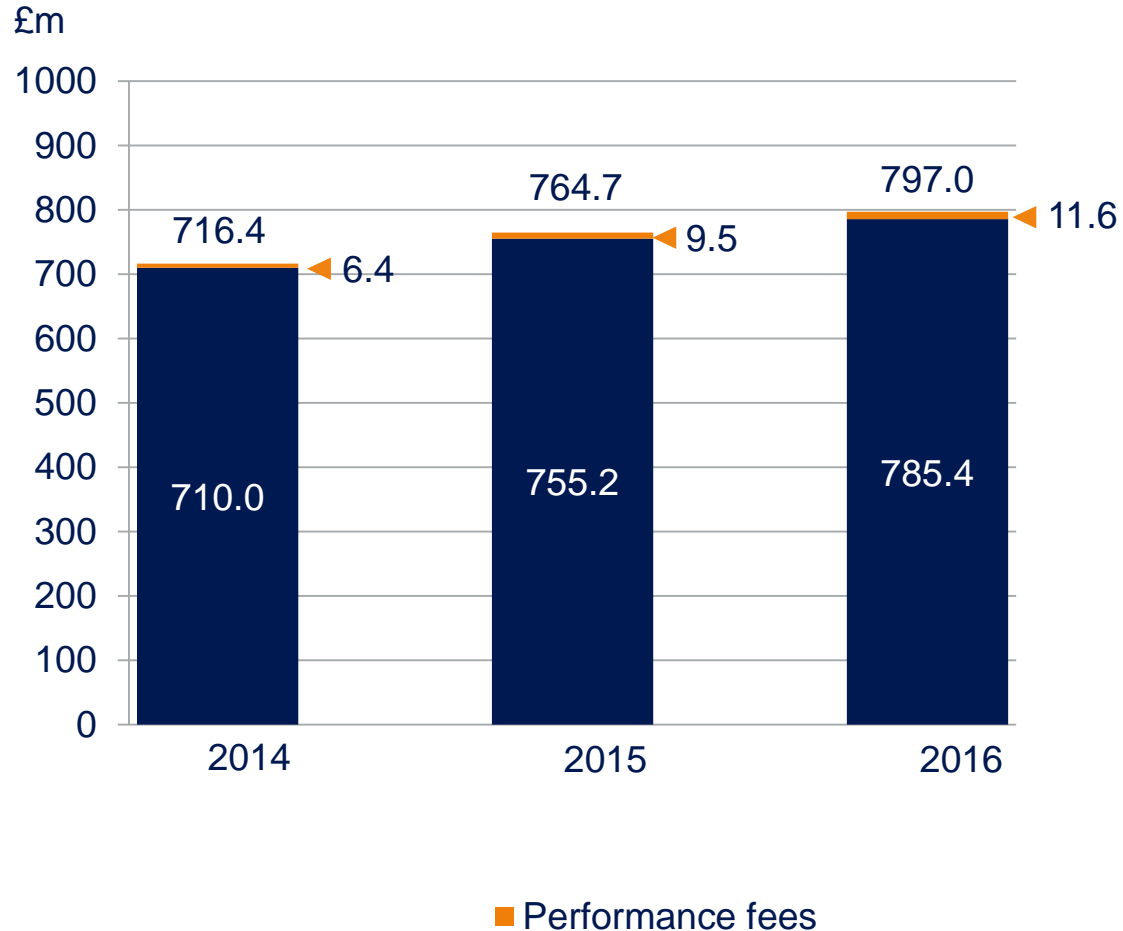


Institutional net operating revenue



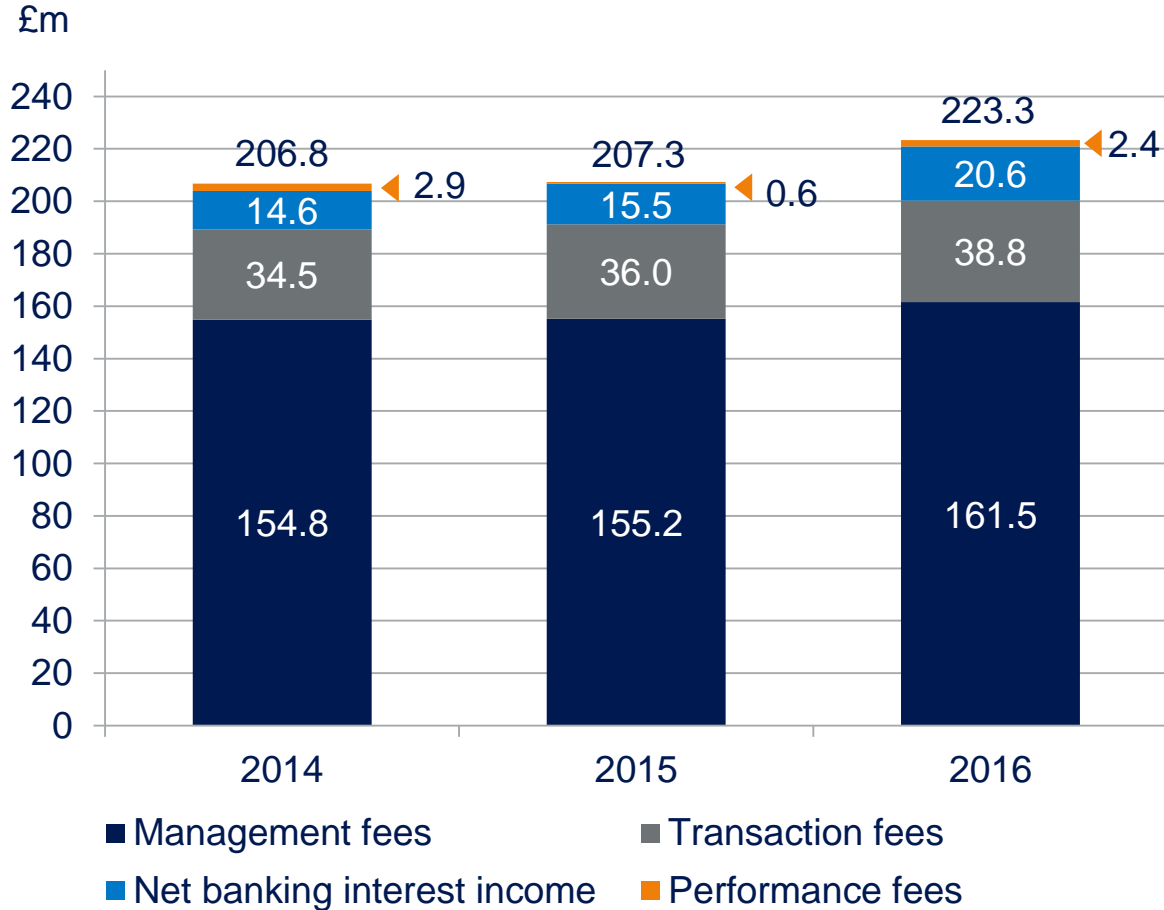
- Average AUM up £27 billion from FY 2015
- Net operating revenue margin excluding performance fees 32bps (FY 2015: 34bps)
- Closing AUM at record high of £226.3 billion

Intermediary net operating revenue



- Average AUM up £7 billion from FY 2015
- Net operating revenue margin excluding performance fees 73bps (FY 2015: 74bps)
- Closing AUM at record high of £120.1 billion

Wealth Management net operating revenue



- Net banking interest up £5.1 million
- Net operating revenue margin excluding performance fees 65bps (FY 2015: 65bps)
- Closing AUM at record high of £39.6 billion

Operating expenses

Costs in line with projections

£m	2015	2016		
		AM & Group	WM	Total
Compensation costs	734.0	688.5	103.1	791.6
Non-compensation costs	314.8	302.3	54.5	356.8
Operating expenses (excluding exceptional items)	1,048.8	990.8	157.6	1,148.4
Exceptional expenses	18.5	13.1	10.1	23.2
Operating expenses (including exceptional items)	1,067.3	1,003.9	167.7	1,171.6

Headcount	3,784	3,382	763	4,145
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	2015	2016
Total compensation ratio	44%	44%
Total cost ratio	63%	64%

Analysis of Group Capital

Increase of £357m as at 31 December 2016

£m	2015	2016
Regulatory capital	653	814
Other operating capital	253	65
Investment capital*	942	1,059
Seed capital*	229	325
Other items**	719	890
Statutory Group capital	2,796	3,153

- Strong capital position
- Continued investment in seed capital

*Not included in AUM

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

Summary

Strong results in challenging conditions

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A changing industry

A number of well-publicised headwinds

Headwinds

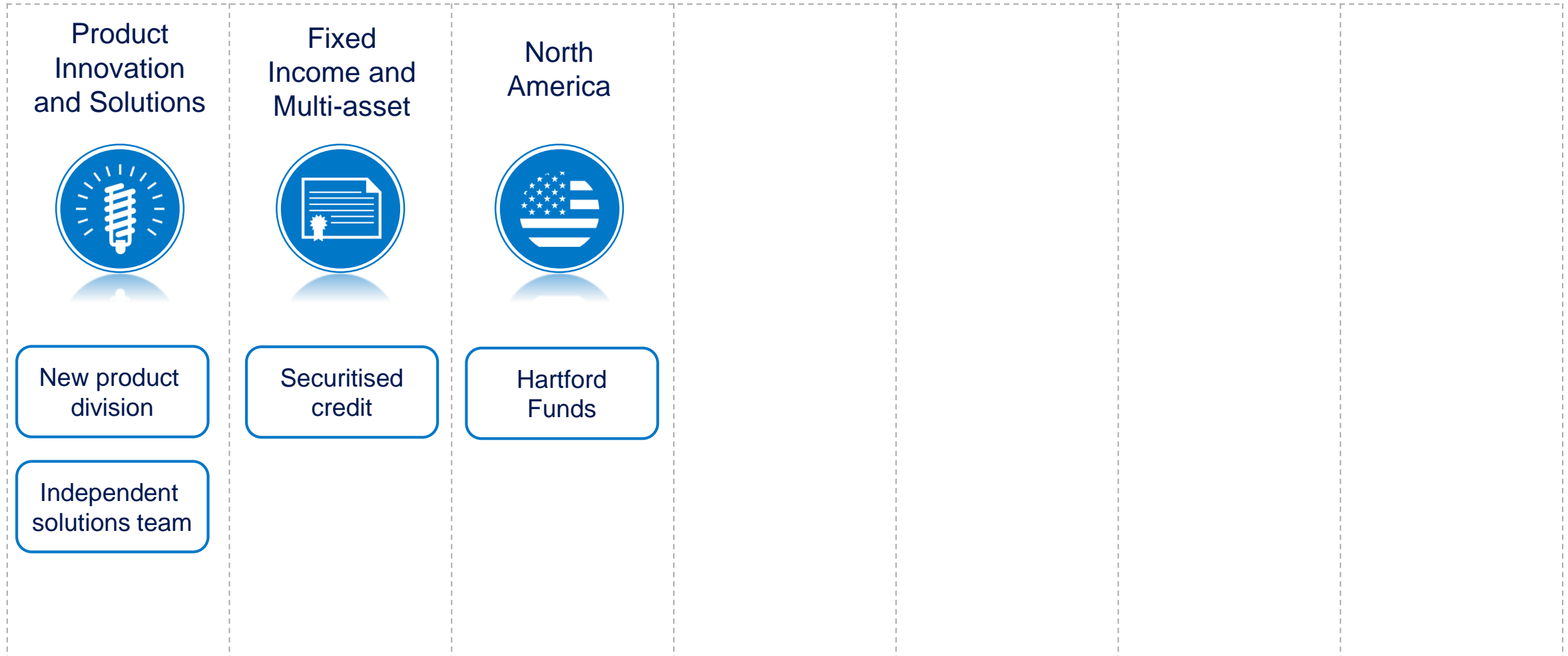
- High market valuations with low interest rates
- Pricing pressures
- Regulatory scrutiny
- Growth of passives
- Political upheaval

Tailwinds

- Wealth accumulation in Asia Pacific
- Derisking opportunity
- Technological advances
- Growth of savings in private assets

Opportunities for growth are plentiful

Directly addressing structural headwinds



North America

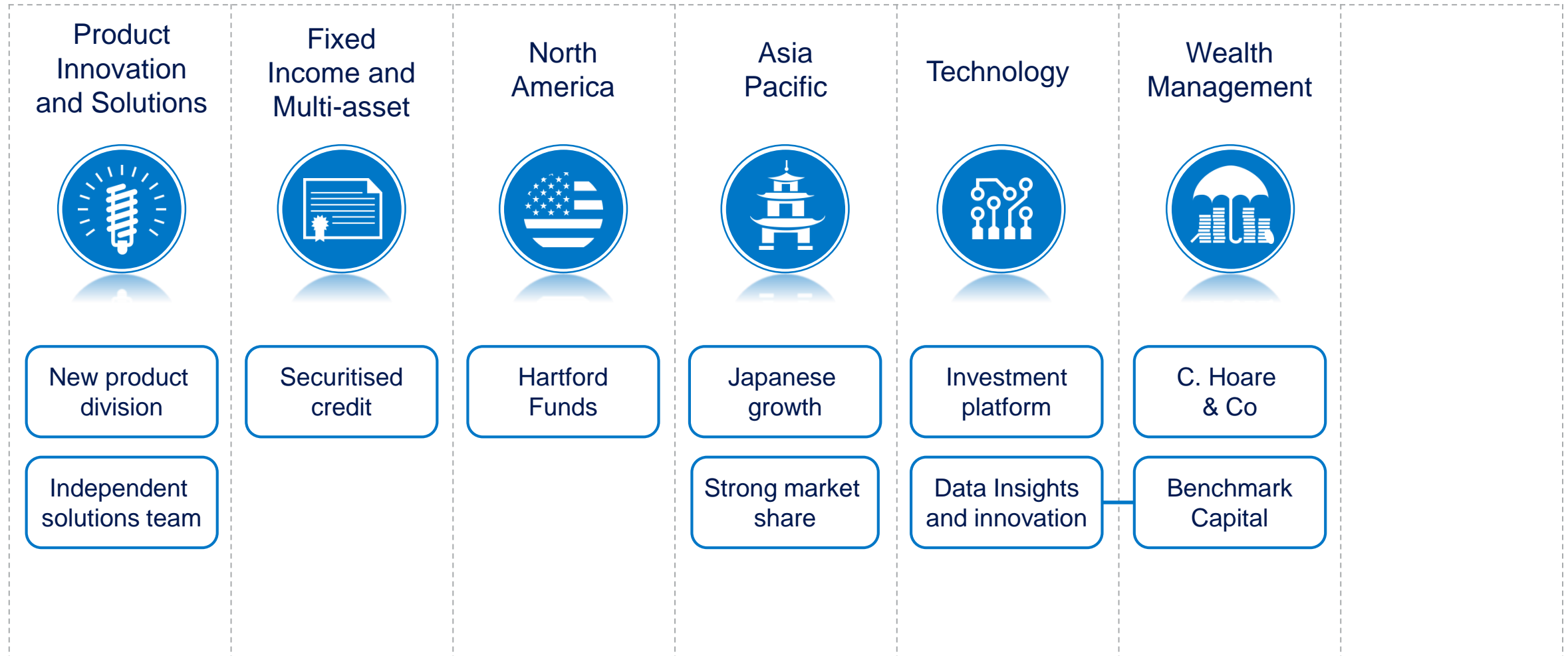


- Positive developments in 2016
- Strategic partnership with Hartford Funds
- Securitised credit team
- Institutional derisking opportunities



Opportunities for growth are plentiful

Directly addressing structural headwinds



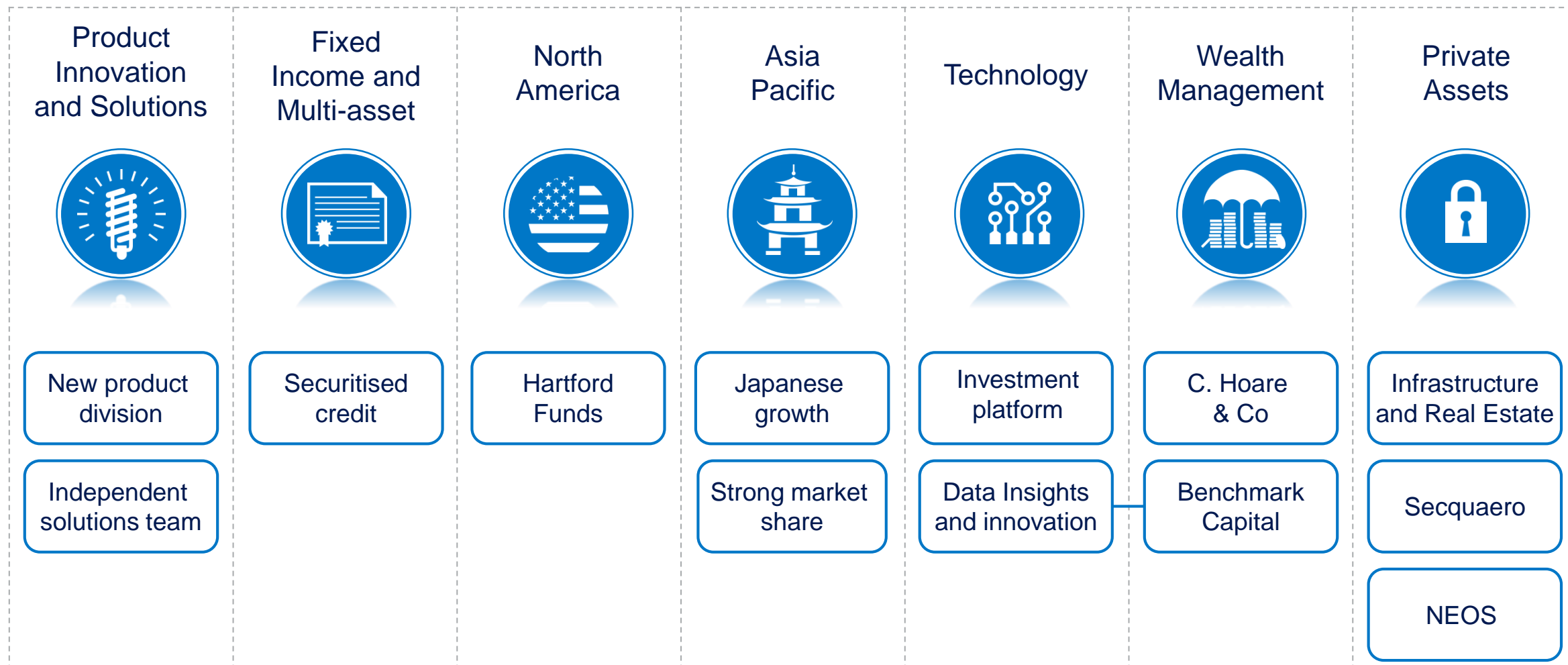
Wealth Management

- Benchmark Capital
 - Best in class technology
 - High quality, competitively priced Multi-asset funds
 - Significantly enhance service offering
- C. Hoare & Co
 - c.1,800 clients with £2.3bn AUM
- Assets under management £39.6bn
- Assets under administration £11.1bn



Opportunities for growth are plentiful

Directly addressing structural headwinds



Summary and outlook

- Identify and focus on core franchises
- Market uncertainty and industry challenges are set to continue
- Well placed to build on success
 - Highly diversified business
 - Strong financial position
 - Willingness to invest for future growth
- Organic and inorganic opportunities
- Changes to quarterly reporting

Forward looking statement

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