

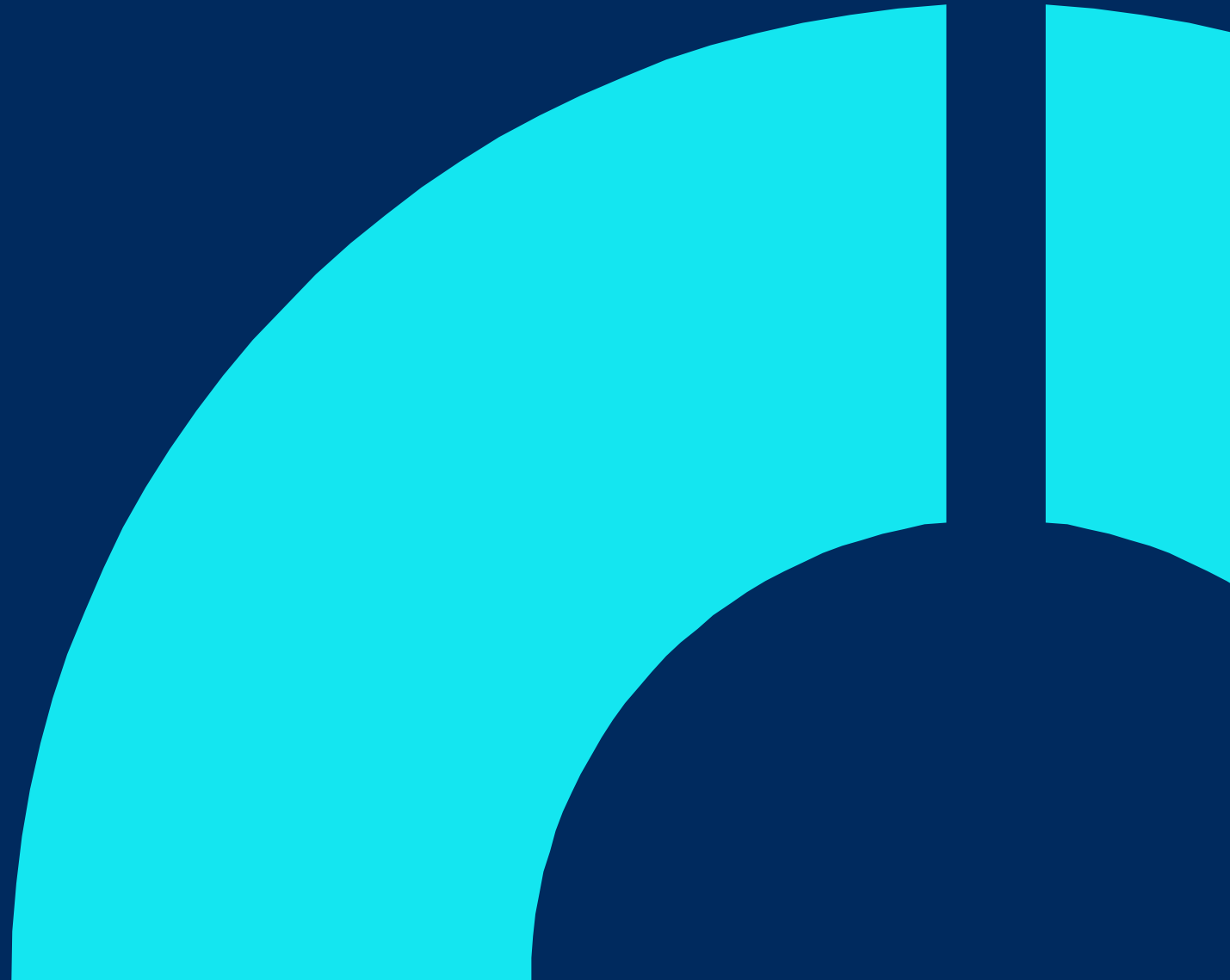
# Annual Results 2017

Presentation

1 March 2018

Peter Harrison  
Group Chief Executive

**Schroders**



# Growth across key metrics

## Revenue growth with cost discipline

Key metrics at record levels

Positive net new business

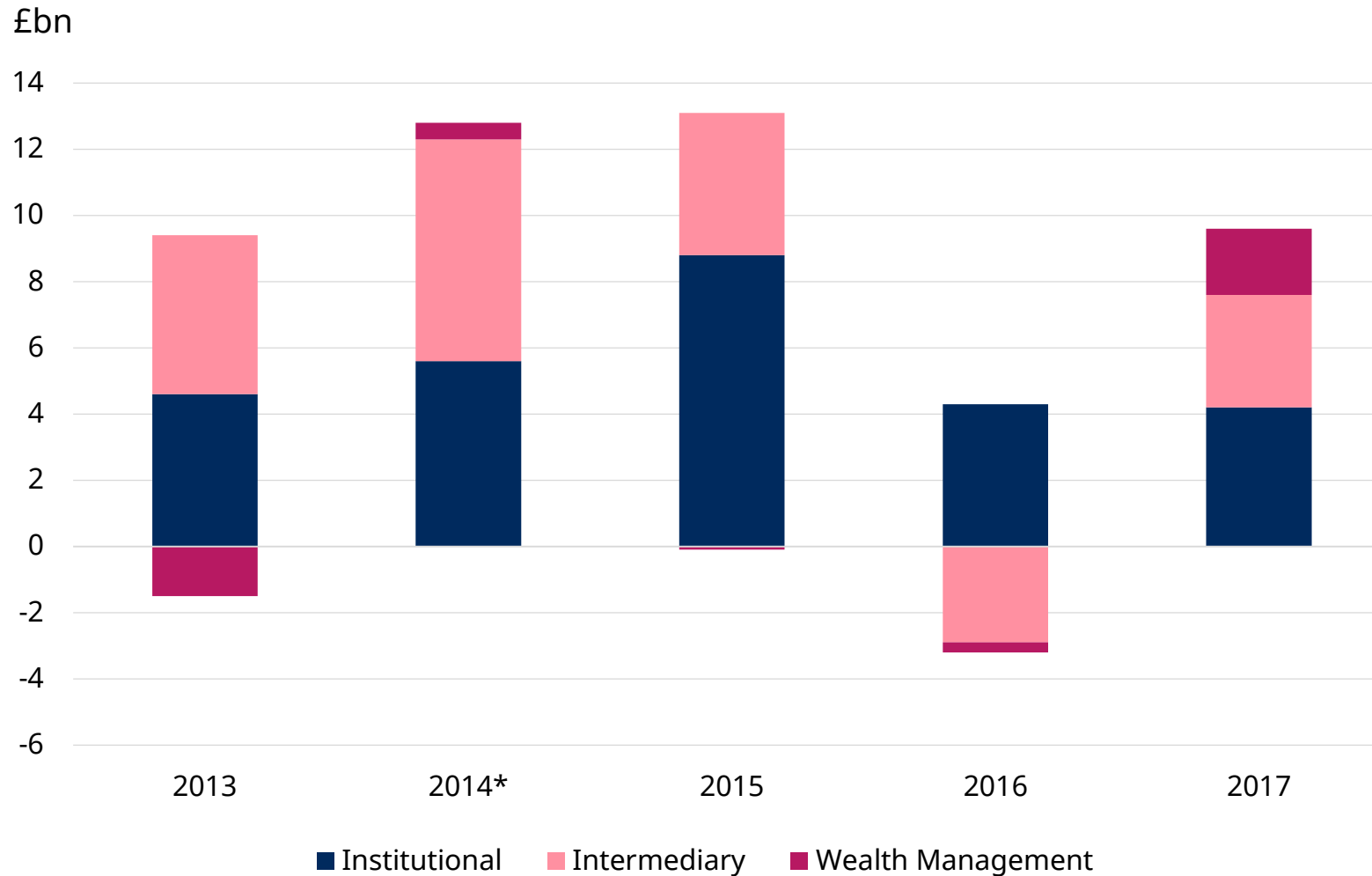
Improved ratio of total costs to net income

Dividend increased by 22%

	2017	2016	Change
Net income*	£2,068.9m	£1,793.1m	15%
Ratio of total costs to net income	61%	64%	-
<b>Profit before tax*</b>	<b>£800.3m</b>	<b>£644.7m</b>	<b>24%</b>
AUMA	£447.0bn	£395.3bn	13%
Net new business	£9.6bn	£1.1bn	-
<b>Basic EPS*</b>	<b>226.9p</b>	<b>186.3p</b>	<b>22%</b>
Dividend per share	113p	93p	22%

\* Before exceptional items

# Net flows by channel



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

**Positive across  
all channels**

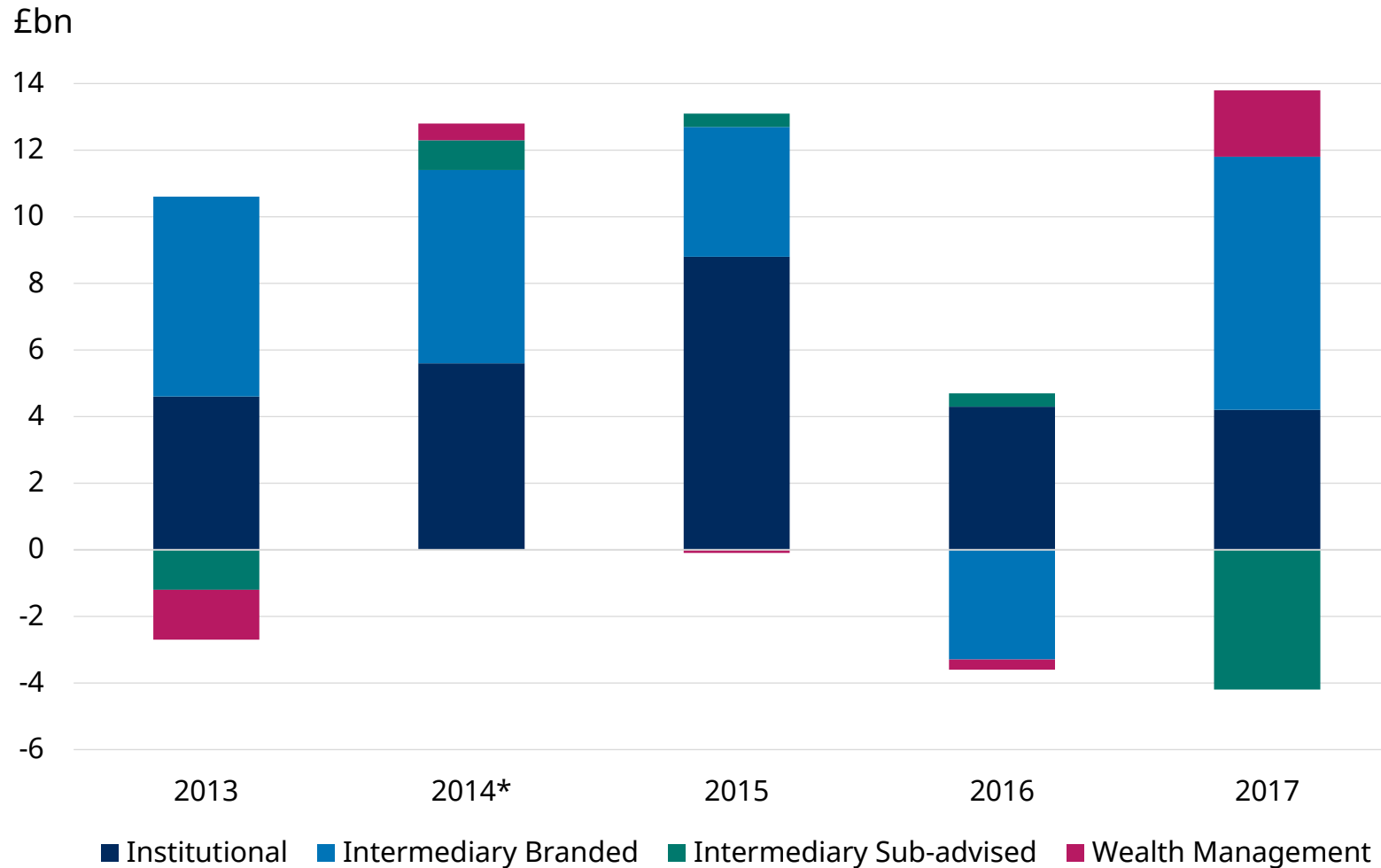
£9.6bn net new business

Robust Institutional demand

Good net new business across  
Wealth Management

Overall positive net inflows  
in Intermediary

# Net flows by channel



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

## Strong demand for branded funds

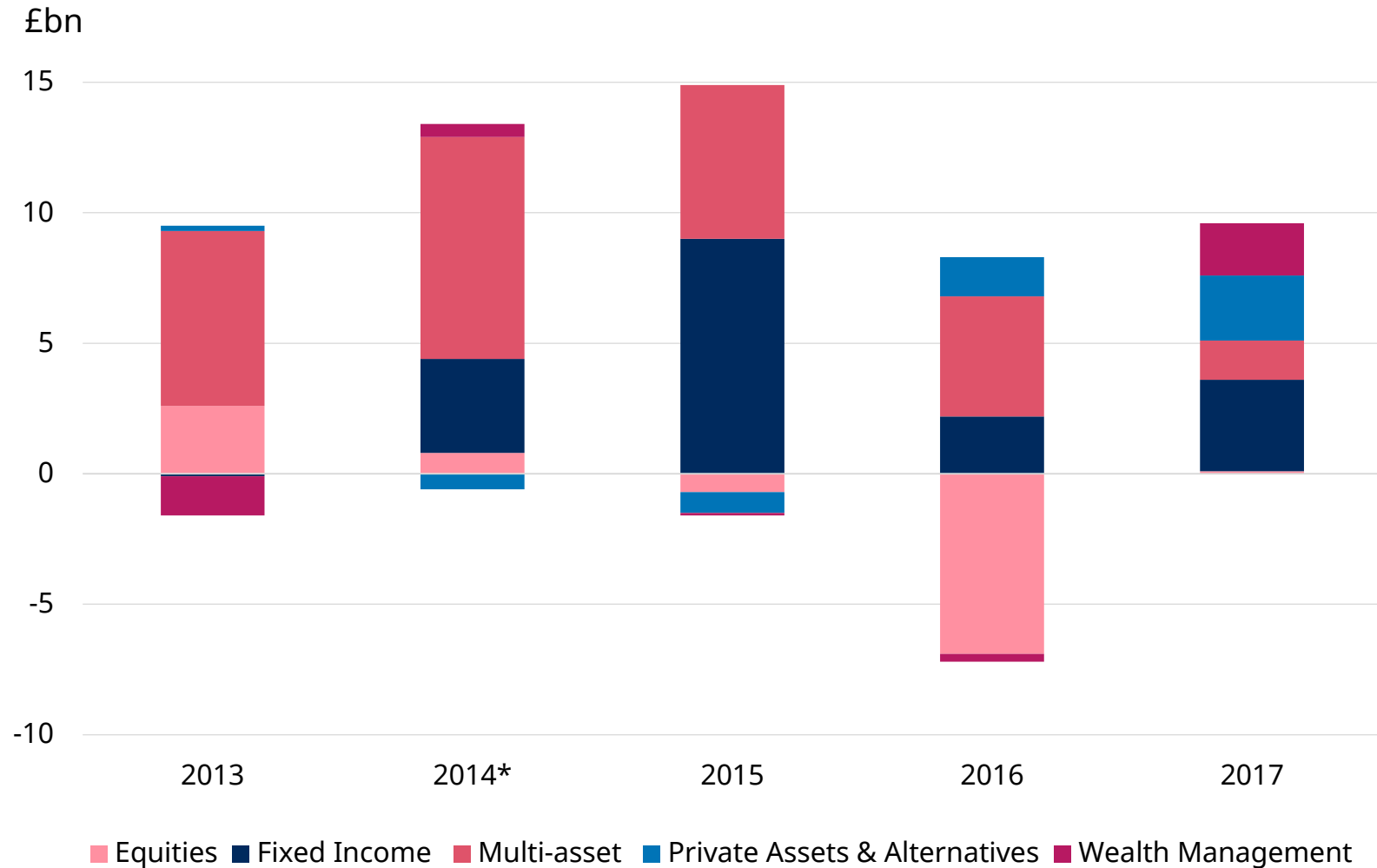
£7.6bn net inflows in branded funds

Highest net sales in branded funds since 2009

Sub-advisory outflow in H1

All regions, apart from North America, saw sub-advisory net inflows

# Net flows by asset class



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

Client demand diversified  
across products

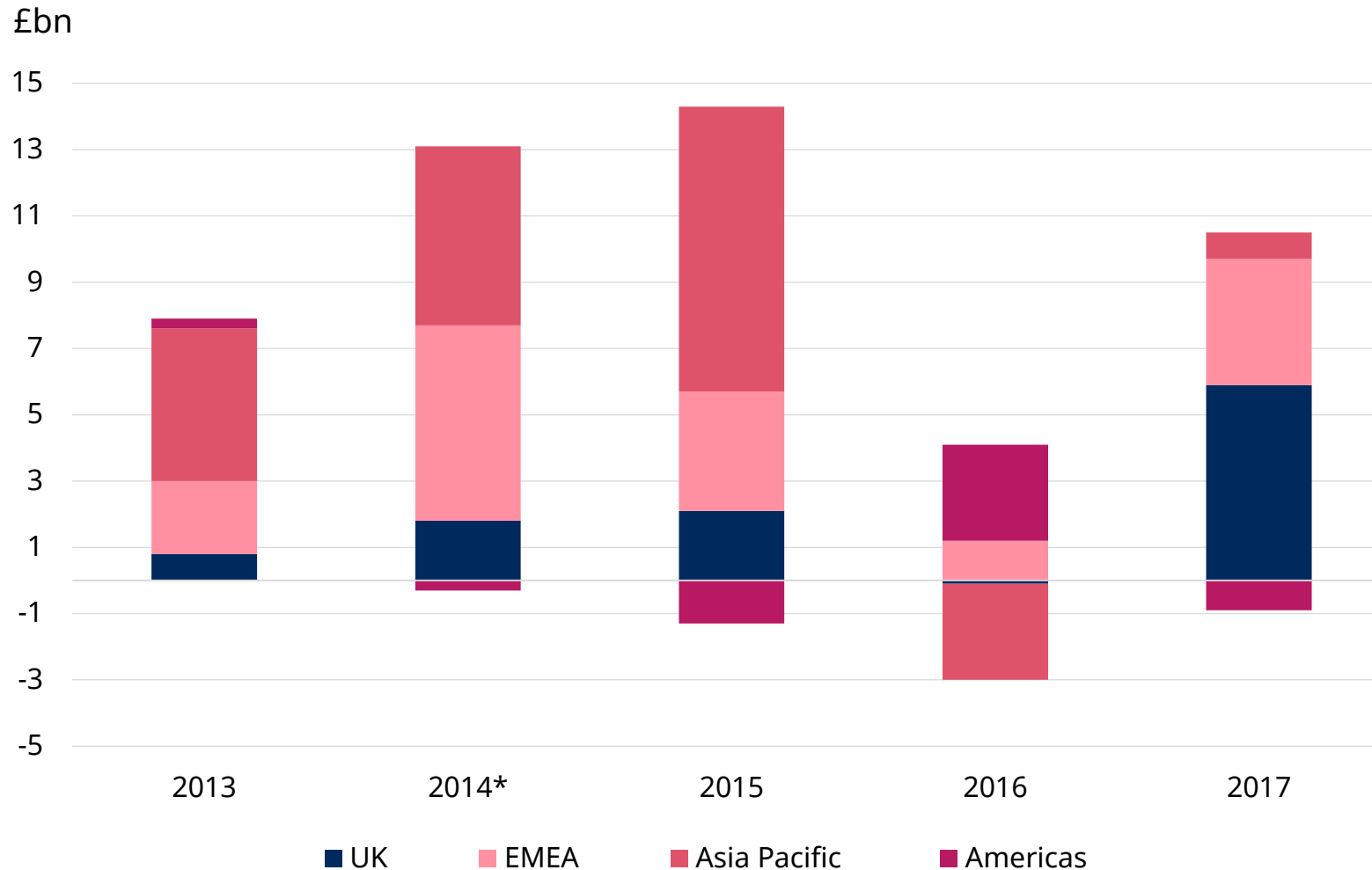
Strong underlying Multi-asset  
demand

Equities flat, all other asset classes  
net positive sales

£3.5bn into Fixed Income

£2.5bn into Private Asset &  
Alternatives

# Net flows by region



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

**Positive net inflows,  
good underlying growth**

Strong demand from clients in  
Continental Europe

UK demand in both branded funds  
and Institutional

Asia Pacific trends in first half  
continued through second

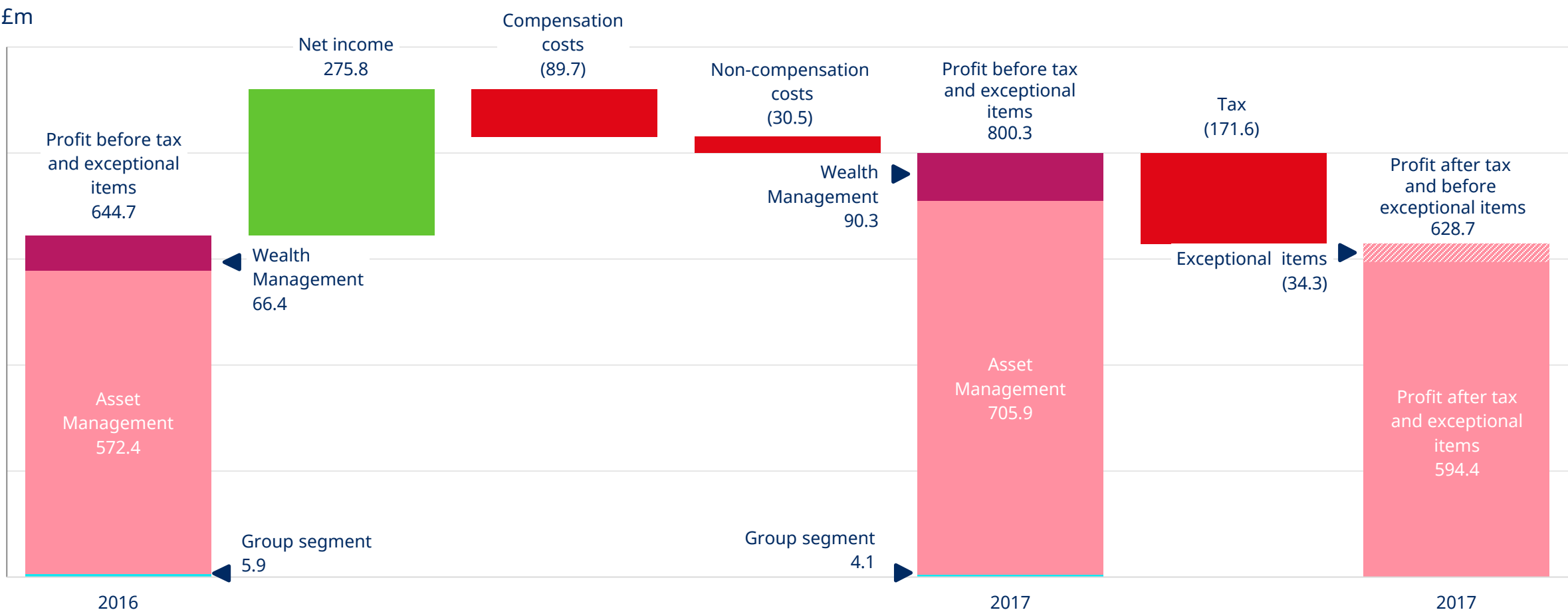
Americas only region to see net  
negative sales, but good  
underlying growth

Richard Keers  
Chief Financial Officer

**Schroders**

# Profit before tax and exceptional items

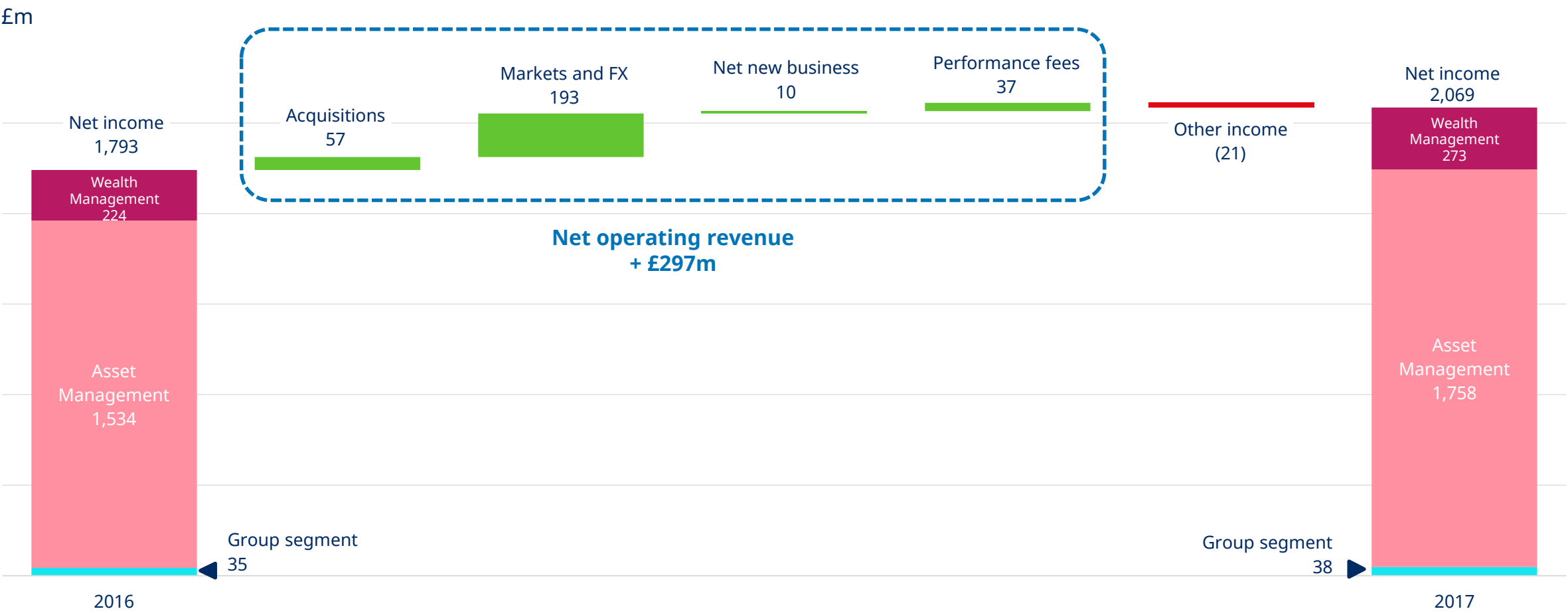
Profit before tax and exceptional items up 24% to £800.3m



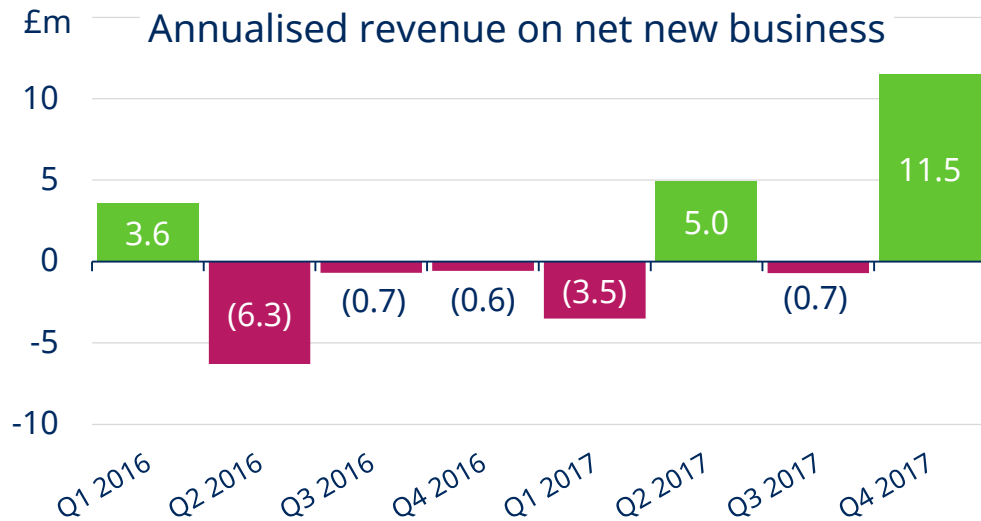
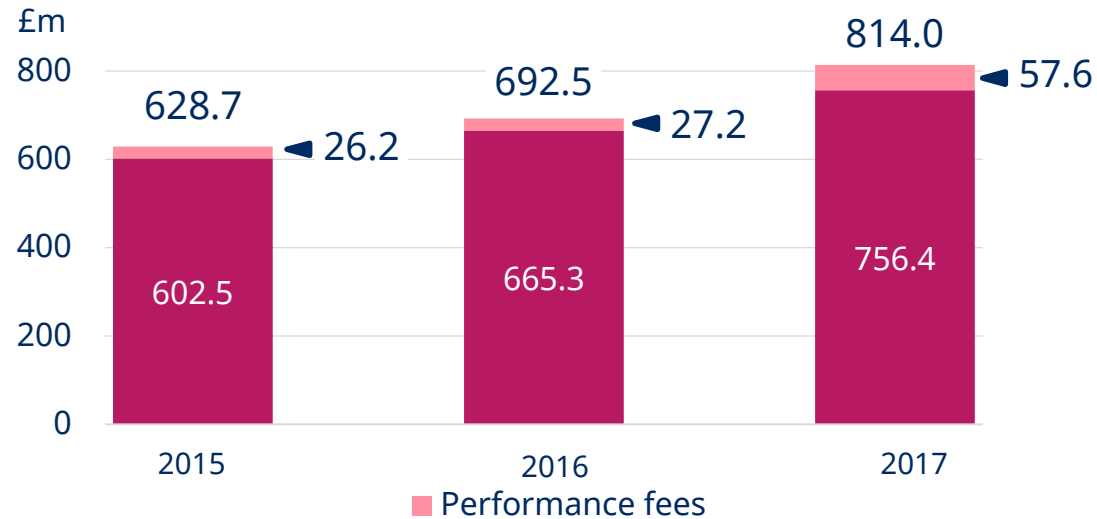


# Net income

Net income up 15% to £2,069m



# Institutional net operating revenue

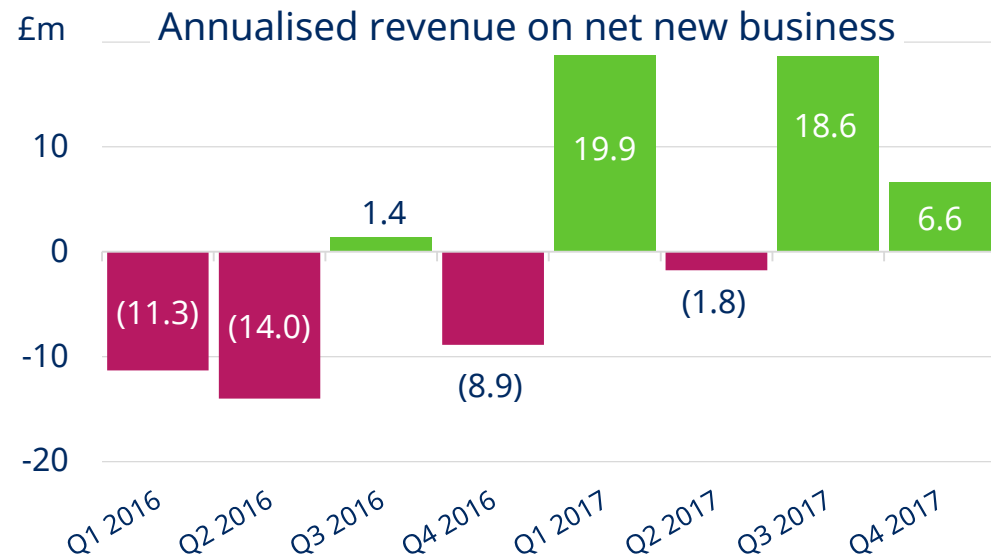
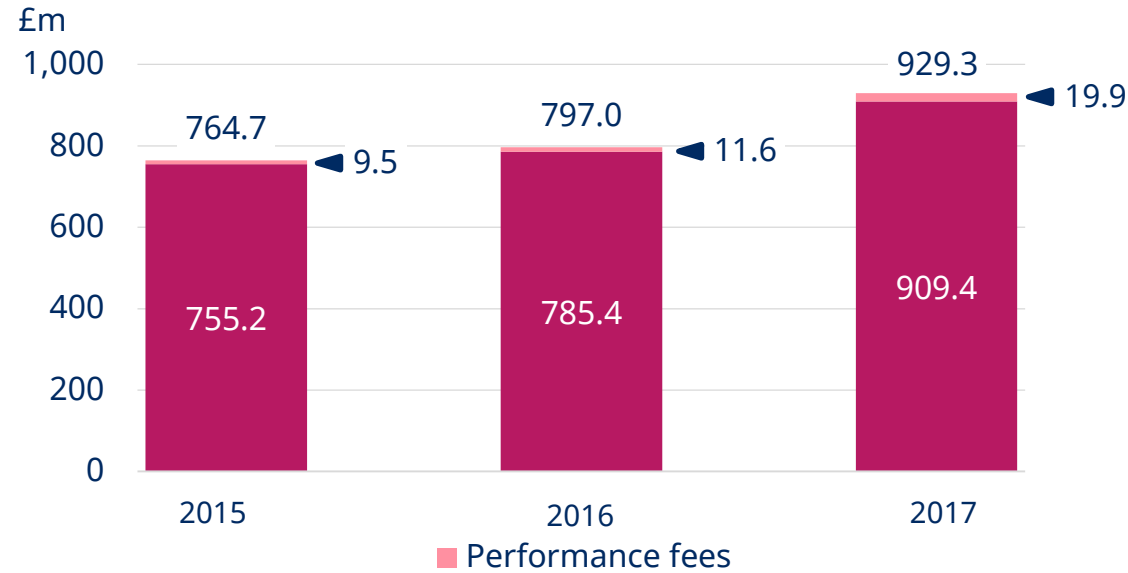


Average AUM up  
£37bn from FY 2016

Net operating revenue margin  
excluding performance fees 32bps  
(FY 2016: 32bps)

Closing AUM at record high of  
£255.8bn

# Intermediary net operating revenue

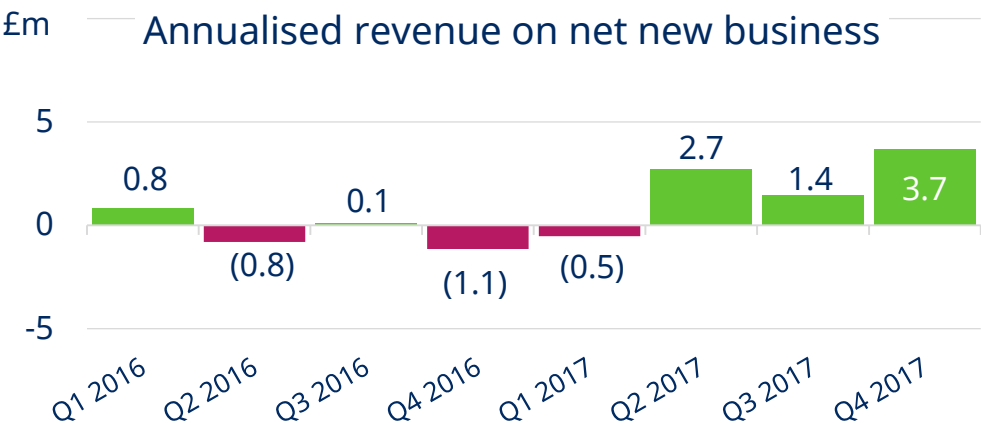
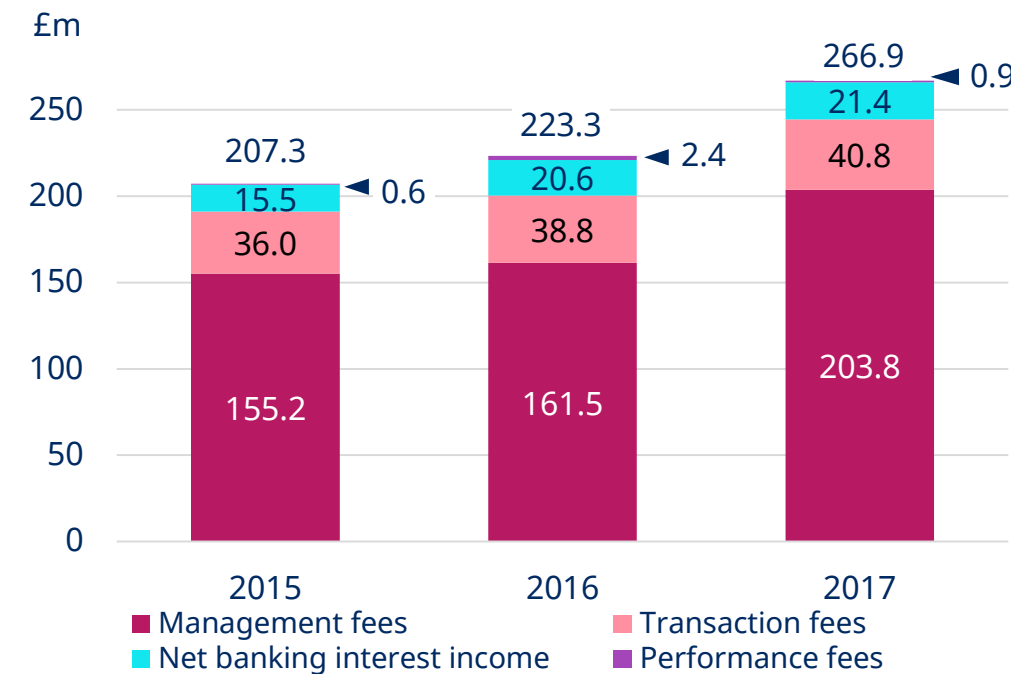


**Average AUM up  
£18bn from FY 2016**

Net operating revenue margin  
excluding performance fees 72bps  
(FY 2016: 73bps)

Closing AUM at record high of  
£134.0bn

# Wealth Management net operating revenue



Closing AUM at record high of £45.9bn

Management fees up 26% from FY 2016

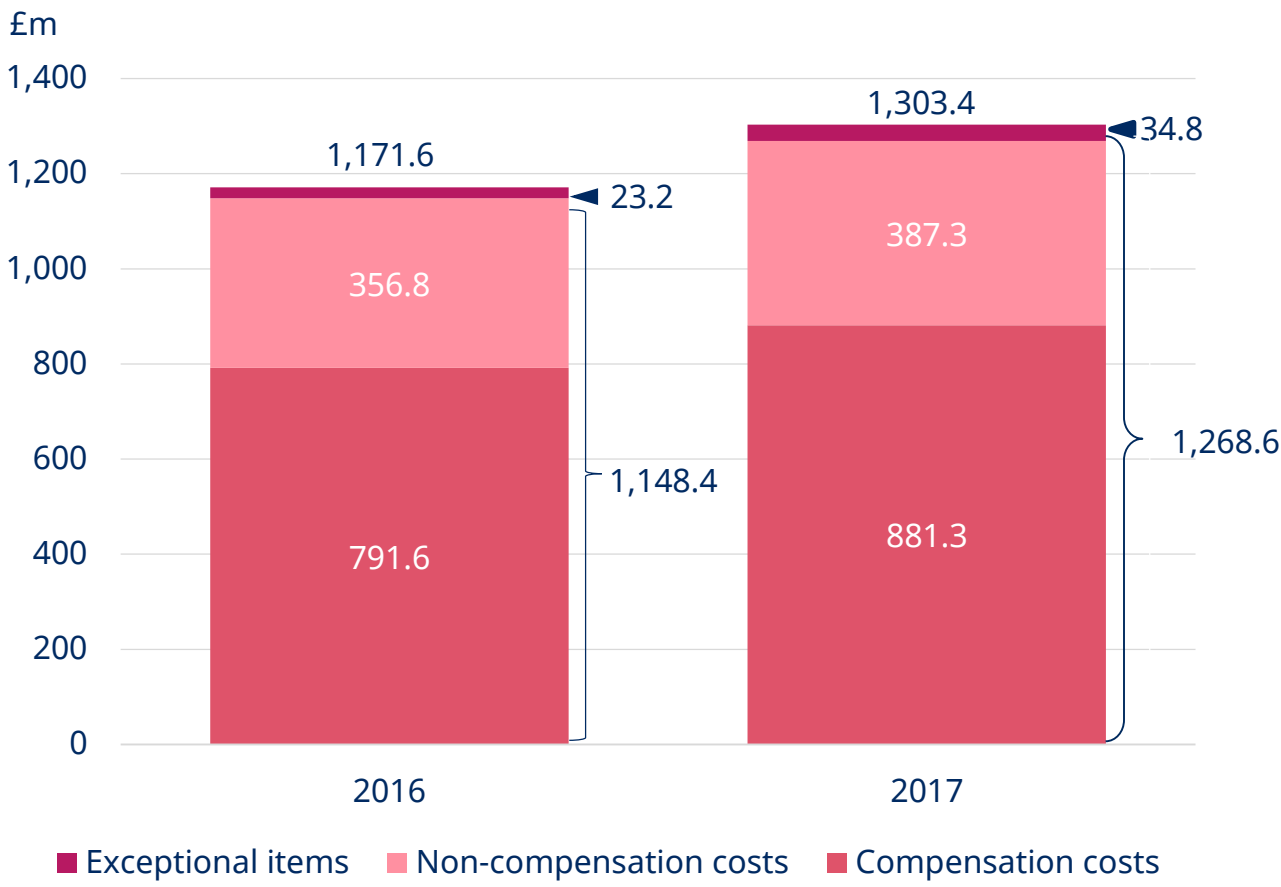
Transaction fees up 5% from FY 2016

Net operating revenue margin excluding performance fees 61bps (FY 2016: 65bps)

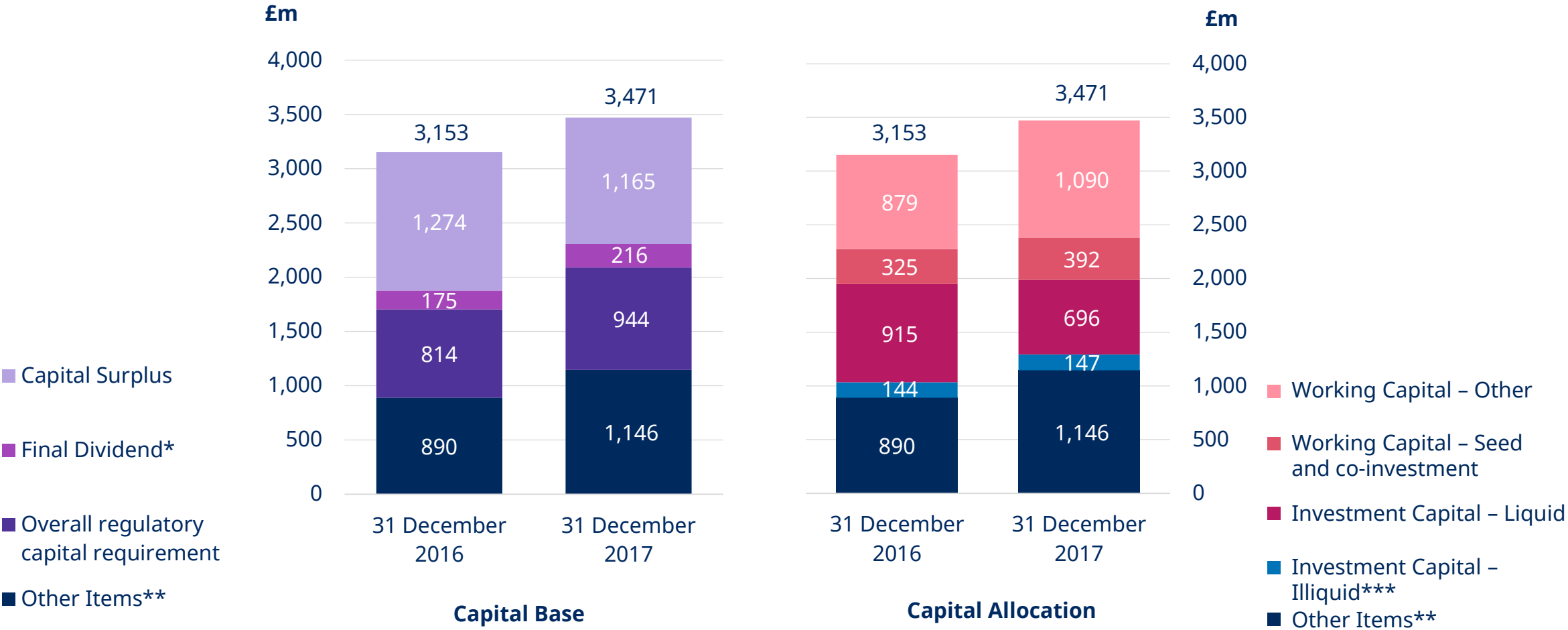
# Operating expenses

Ratio of total costs to net income 61%

	2016	2017
Total compensation ratio	44%	43%
Ratio of total costs to net income	64%	61%



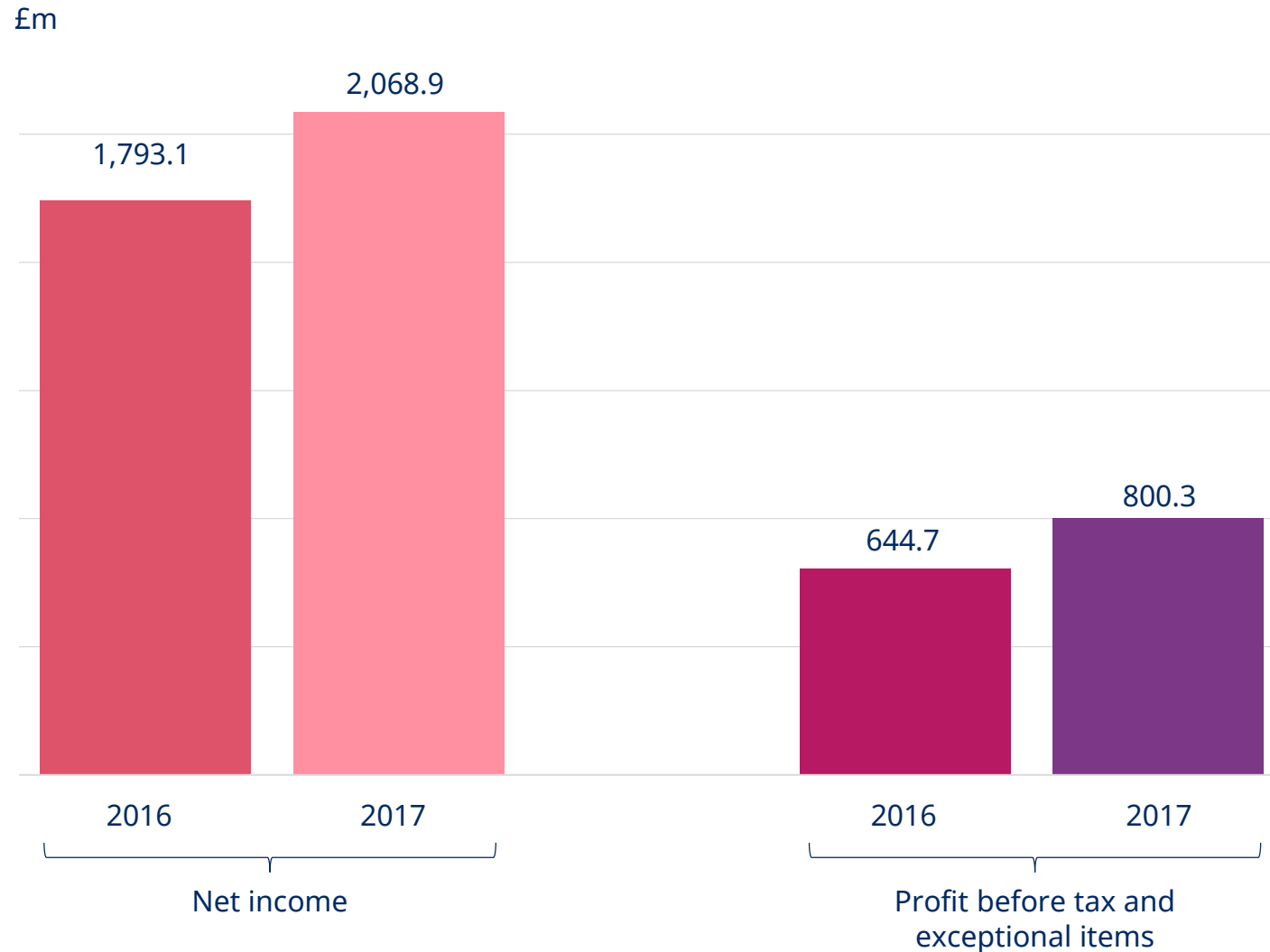
# Group Capital



\* 2017 final dividend proposed  
 \*\* Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures, and deferred tax  
 \*\*\* Includes RWC Partners Limited and Schroder Ventures Investment Limited associates

# Summary

Strong results reflecting good cost discipline



Net income up 15% to  
£2,069m

Ratio of total costs to net income  
down to 61%

Profit before tax and exceptional  
items up 24% to £800.3m

EPS up 22% to 226.9p

Final dividend up 23% to 79p

Peter Harrison  
Group Chief Executive

**Schroders**



# Key areas of strategic growth

Progress against each in 2017



Product  
innovation  
and Solutions



Fixed  
Income and  
Multi-asset



North  
America



Asia  
Pacific



Technology



Private  
Assets &  
Alternatives



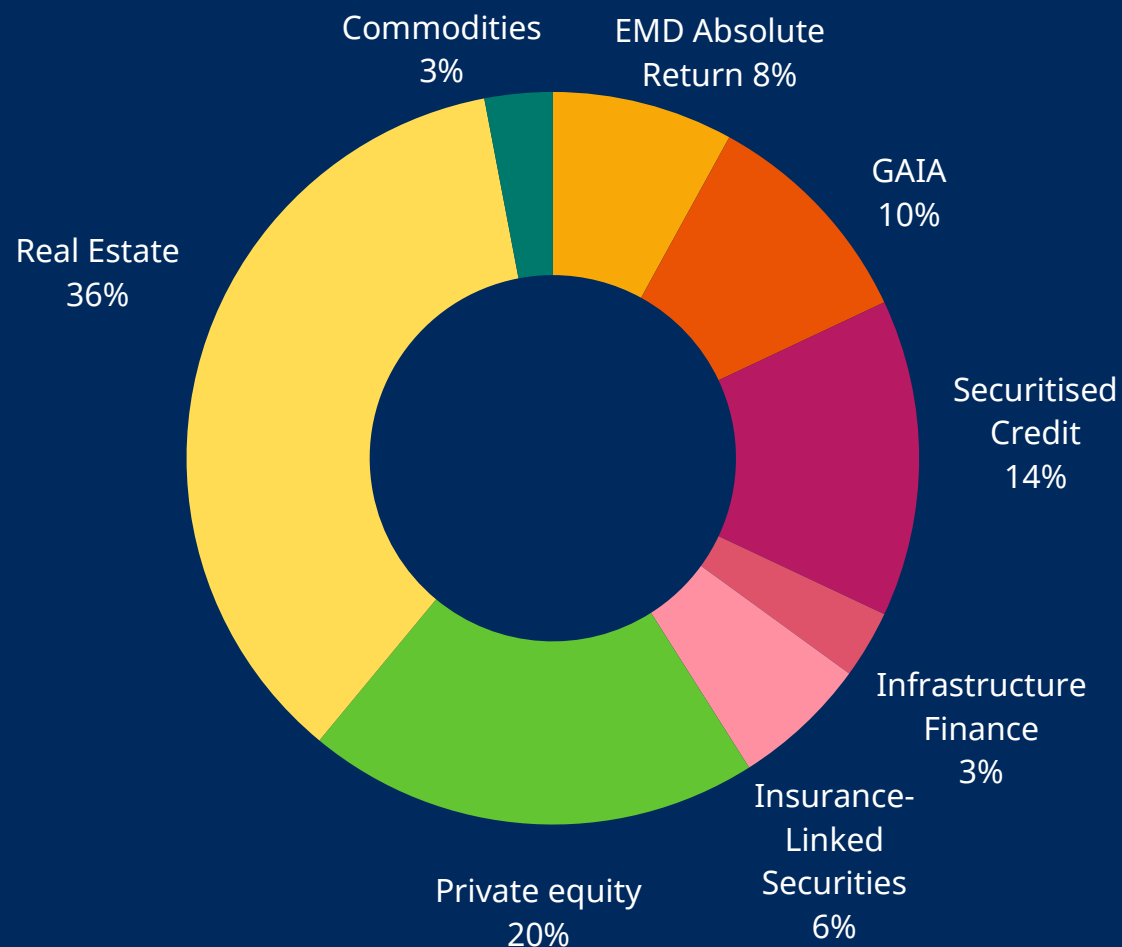
Wealth  
Management

# Private Assets & Alternatives

£33.3bn AUM in new category of  
Private Assets and Alternatives

£2.5bn in net new business

Net flows well diversified by  
investment capabilities





# Wealth Management

Organic growth and selective acquisitions



## Good financial performance

- Net income up 22%
- Pre-exceptional PBT up 36%



## Growing business

- Now £57.2bn AUMA
- £2.0bn of net client inflows



## Selective acquisitions

- Discretionary wealth management of C. Hoare & Co
- Full year benefit from Benchmark Capital



# Outlook

Continue to invest in long-term growth opportunities



Diversifying product offering through new investment expertise



Expanding our geographical footprint



Leveraging opportunities created by latest technology

**Thank you**

# Forward looking statements

---

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', 'will have', 'will be', 'will ensure', 'likely', '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.