



Schroders plc

2012 Annual Results

Michael Dobson
Chief Executive

7 March 2013



Schroders

Performance 2012

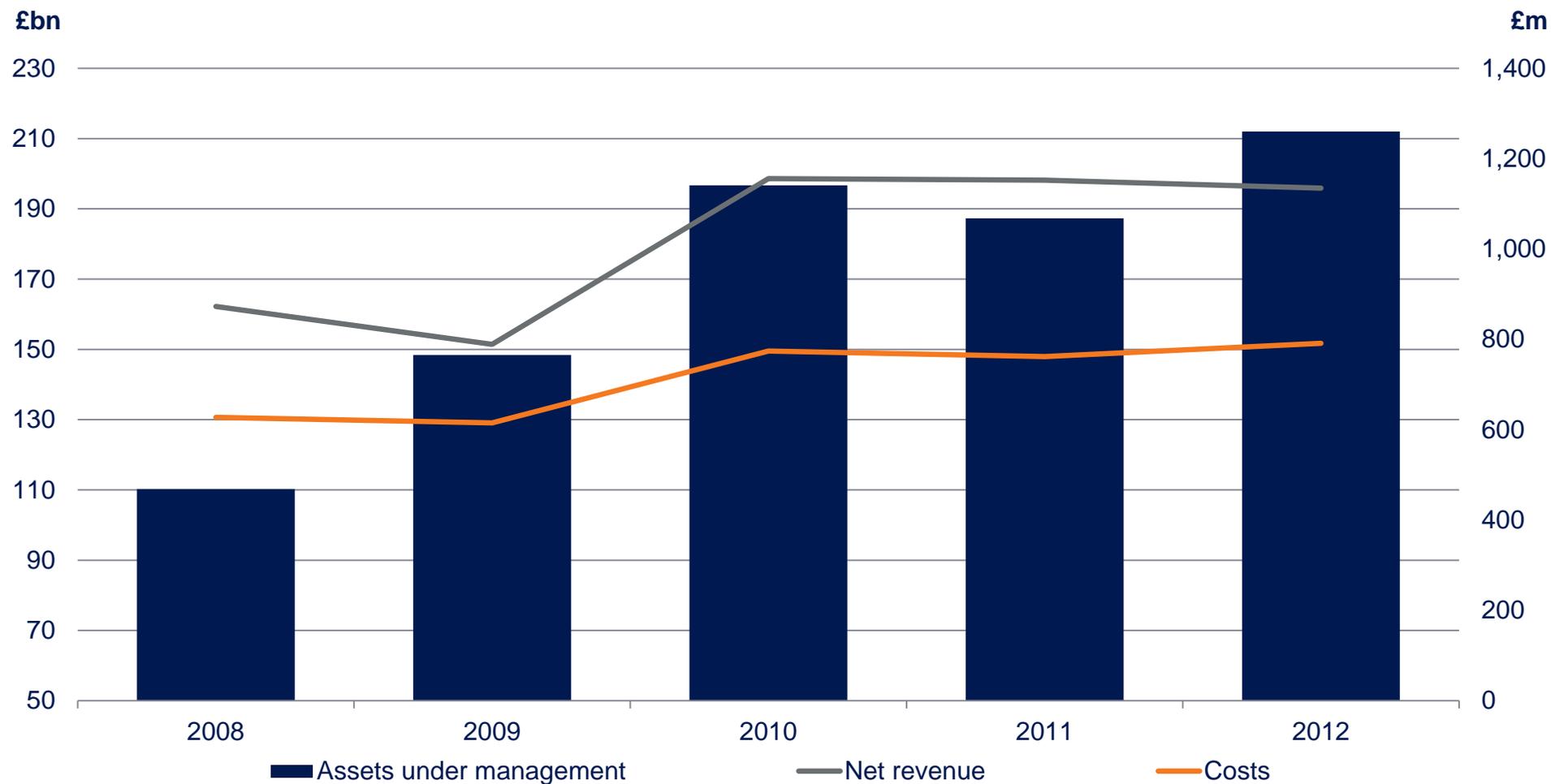
Investing for long-term growth

- Profit before tax £360.0m (2011: £407.3m)
- Earnings per share 104.7p (2011: 115.9p)
- Dividend increased 10% to 43.0p (2011: 39.0p)
- Investment performance: 71% outperforming over three years
- Net new business: £9.4bn (2011: £3.2bn)
- Assets under management up 13% to £212.0bn (2011: £187.3bn)
- Acquisitions: Axis, STW

Confidence in long-term growth

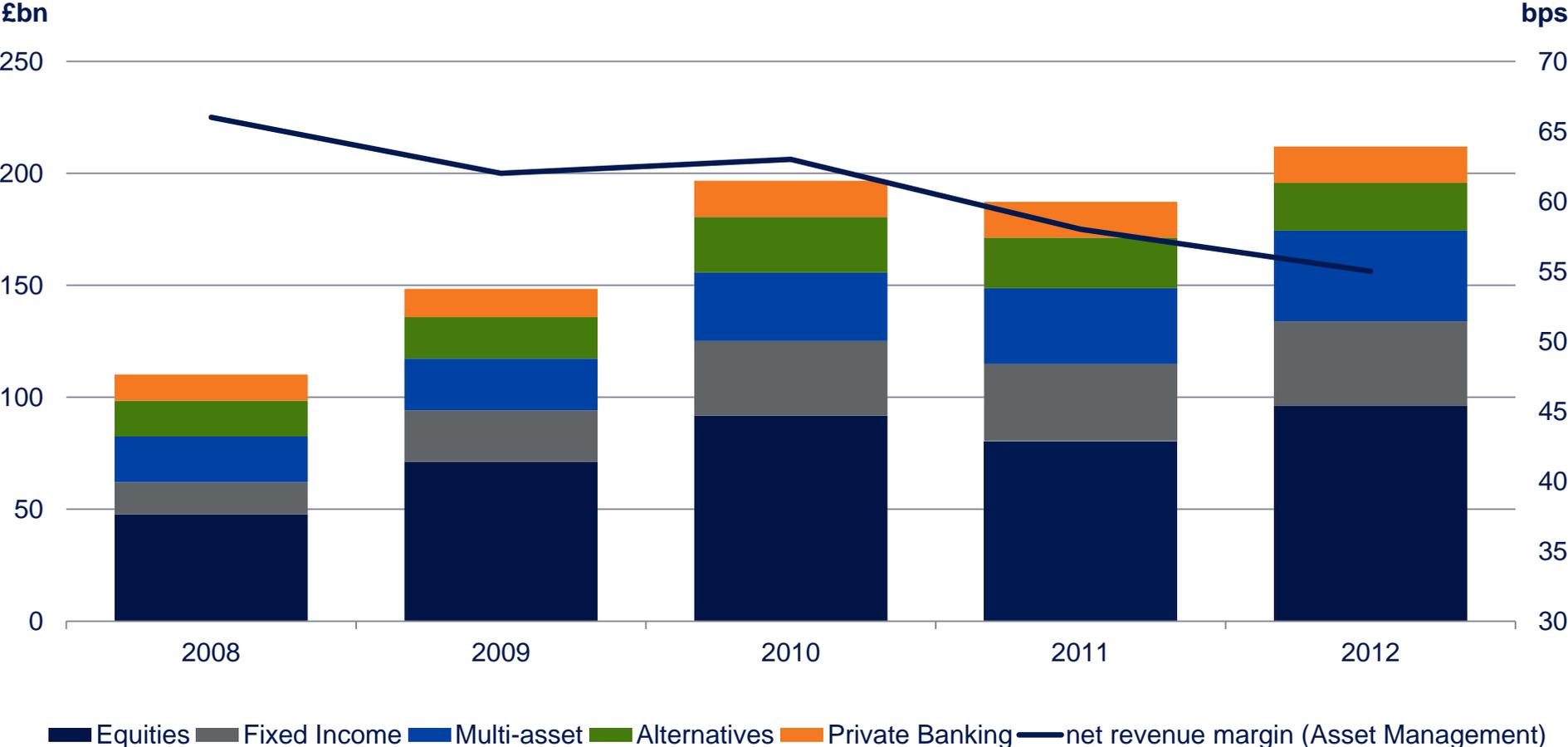
Source: Schroders

Investing for growth



Source: Schroders as at 31 December

Investing for growth



Source: Schroders at 31 December

Investment performance

Strong across asset classes

Institutional AUM outperforming

Asset class	1 year	3 years
Equities	80%	65%
Fixed Income	74%	54%
Property	60%	52%
Total	80%	70%
Multi-asset performance is also strong:		
Diversified growth fund return	7.6%	5.3%

Intermediary AUM outperforming

Asset class	1 year	3 years
Equities	77%	72%
Fixed Income	84%	62%
Total	79%	73%
Multi-asset performance is also strong:		
Global dynamic balanced return	5.2%	3.8%

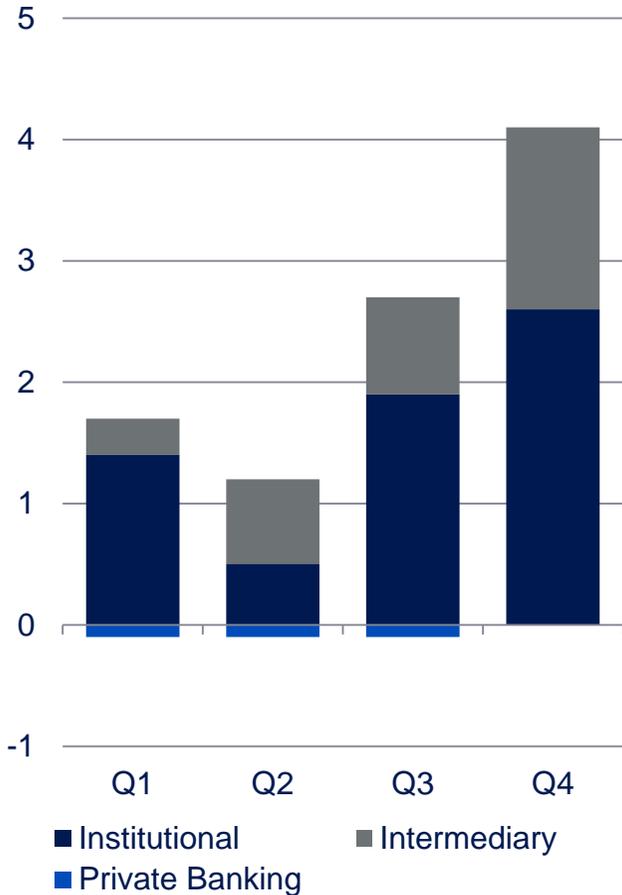
Source: Schroders. Performance relative to benchmark or peer group to 31 December 2012, excluding sub-advisory. Equities excluding QEP

Diversified by channel, region and asset class

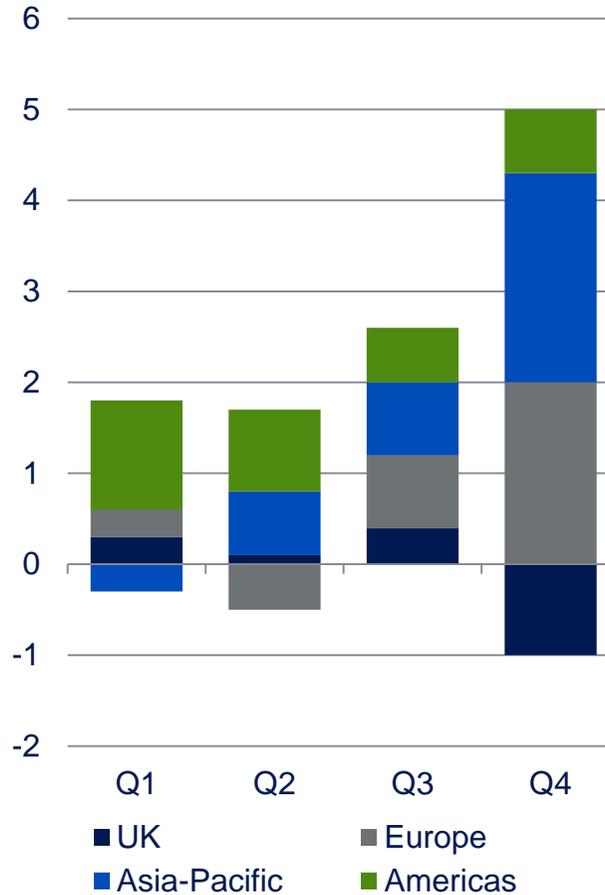
Net new business £9.4bn

£bn

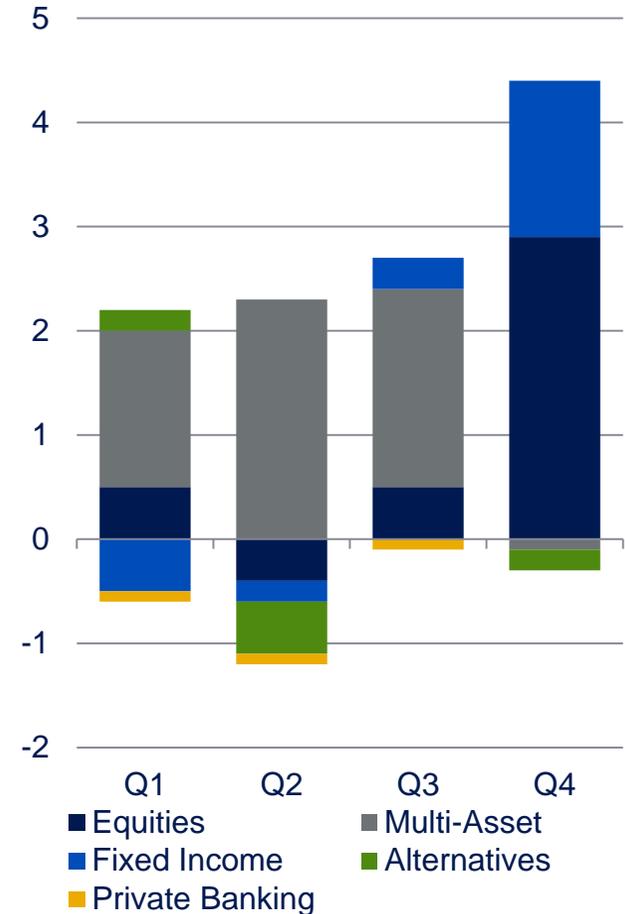
By channel



By region



By asset class



Source: Schroders. 31 December 2012

Institutional

Assets under management: £123.7bn (2011: £108.4bn)

- Net inflows £6.4bn: Asia, Europe and Latin America
- Small outflows in UK
- Net inflows: £4.2bn in Equities
 £1.2bn in Multi-asset
- Strong growth in Sovereign Wealth Funds
- Net revenue margins ex. performance fees stable at 40bps (2011: 39 bps)
- Average longevity 6.2 years (2011: 5.3 years)

Intermediary

Assets under management: £72.0bn (2011: £62.9bn)

- Four quarters of net inflows
 - £3.3bn for the year overall
- Good performance in US sub-advisory
- Turnaround in Europe
- Significant inflows in Multi-asset
 - Positive flows in Equities since Q3
- Net revenue margins ex. performance fees 78 bps (2011: 82bps)
 - Impact of product mix changes

Private Banking

Assets under management: £16.3bn (2011: £16.0bn)

- Underlying revenues down 10% to £102.3m (2011: £114.3m)
- Underlying costs down 12% to £79.4m (2011: £90.5m)
- Underlying profit down 4% to £22.9m (2011: £23.8m)
- Provisions: £7.9m loan losses principally commercial property
 £3.2m potential liability relating to regulatory environment in Switzerland
- Reported profit £11.8m

Private Banking

Priorities

- Streamline management structure
- Leverage competitive investment performance, strong client proposition
- Strengthen business development
- Complete repositioning of Swiss business
- Achieve 70% cost income ratio



Schroders plc

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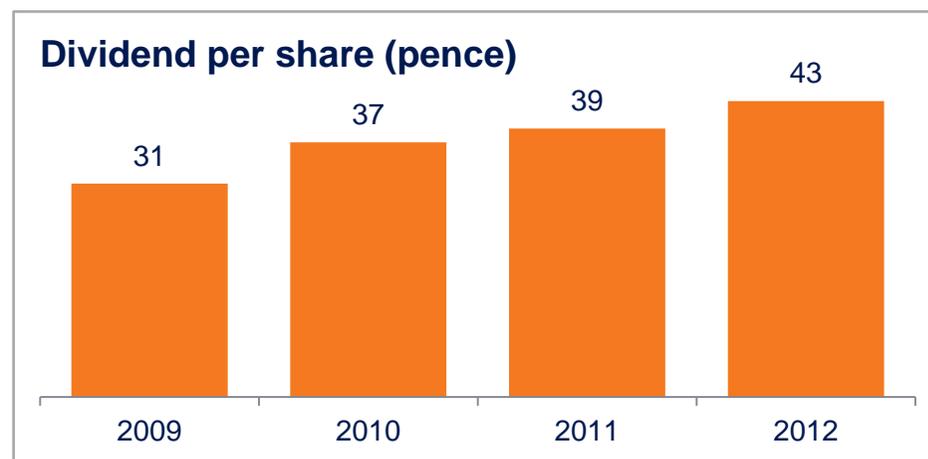
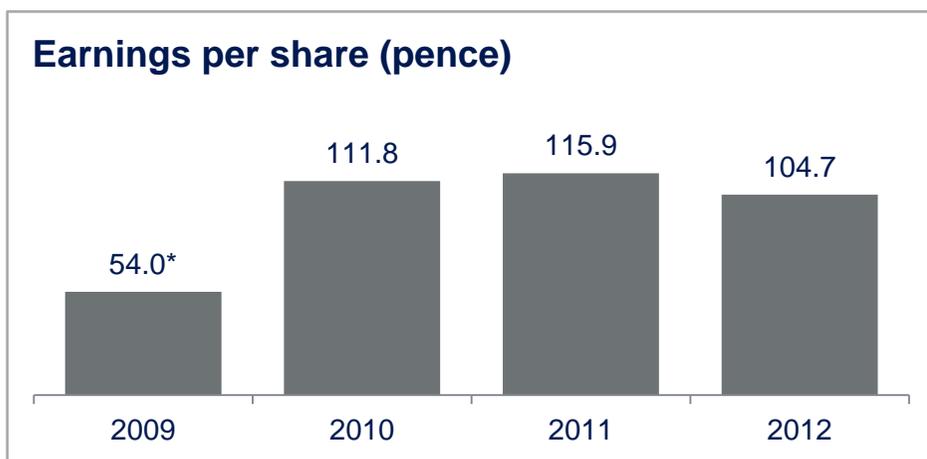
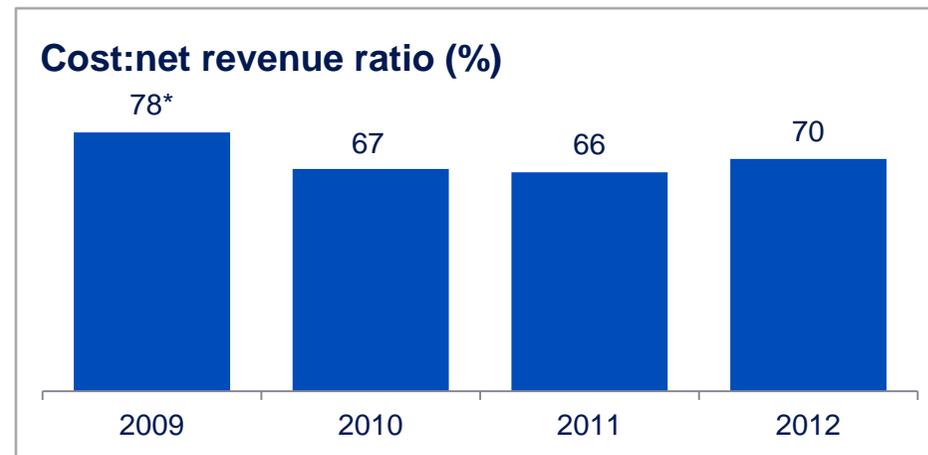
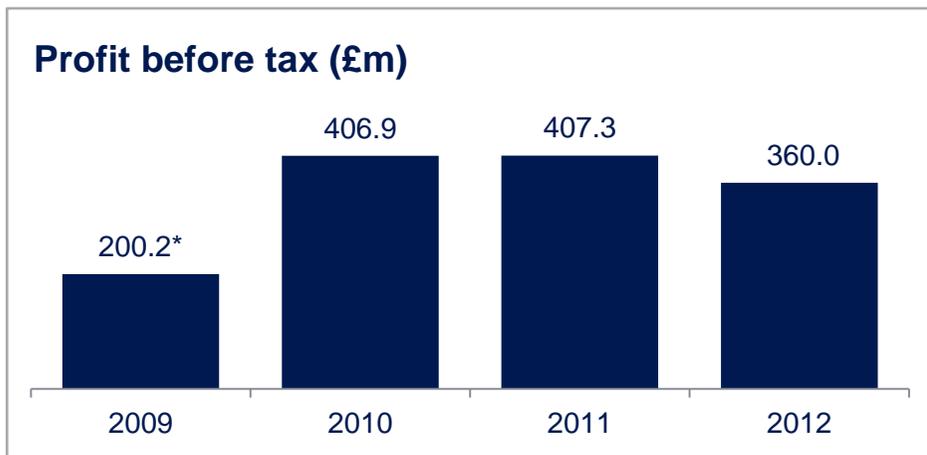
Kevin Parry
Chief Financial Officer

7 March 2013



Schroders

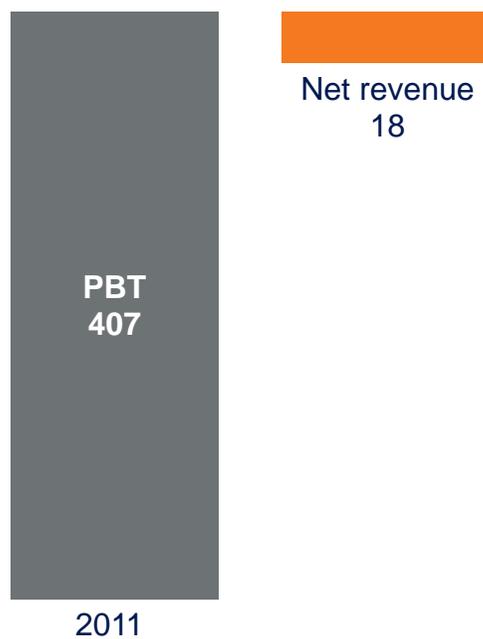
Key figures



*Excluding exceptional charges of £62.7m (pre-tax) comprising losses on financial assets, redundancy costs, other rationalisation costs and impairments

Profit before tax

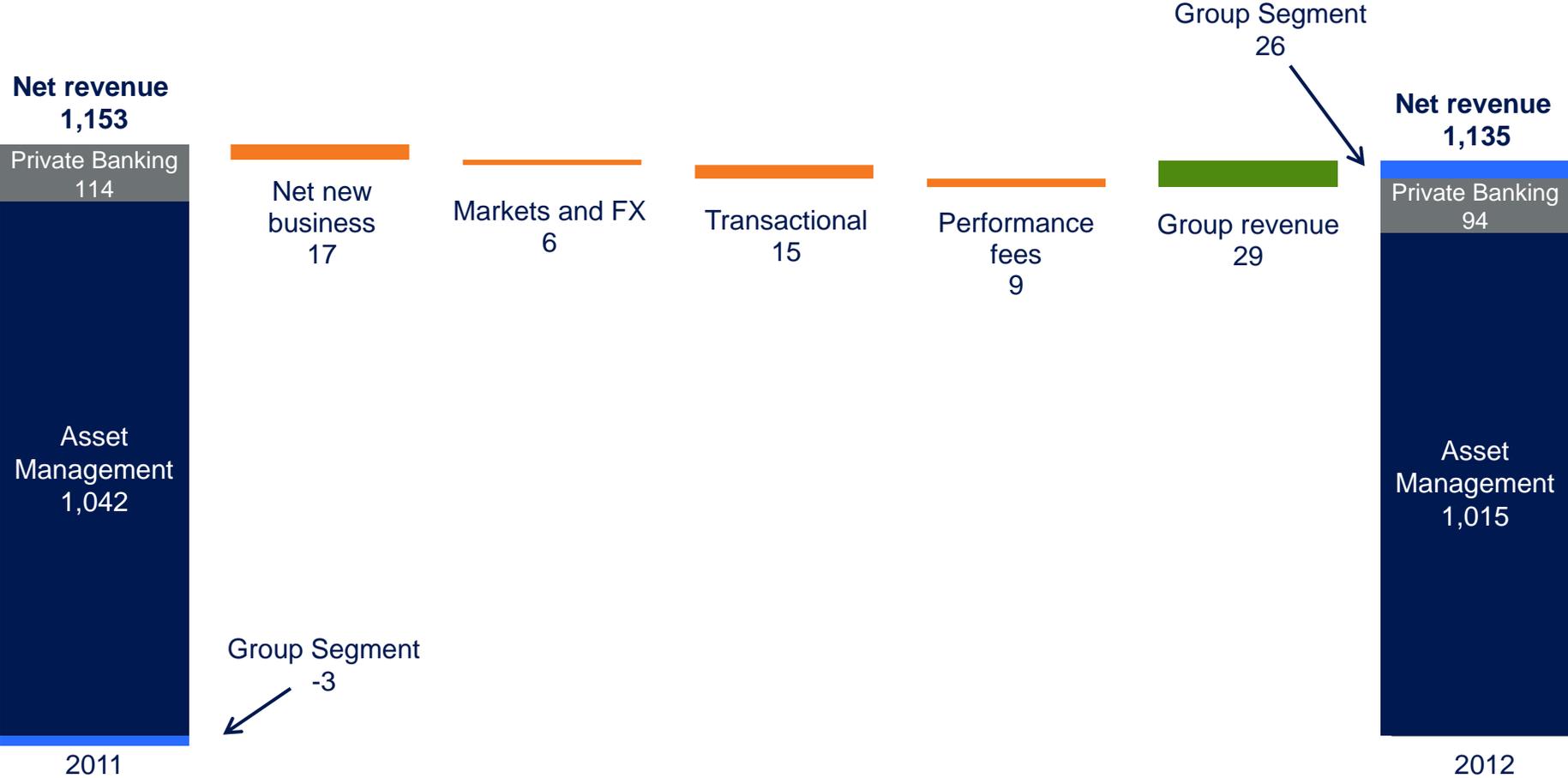
£m



Net revenue

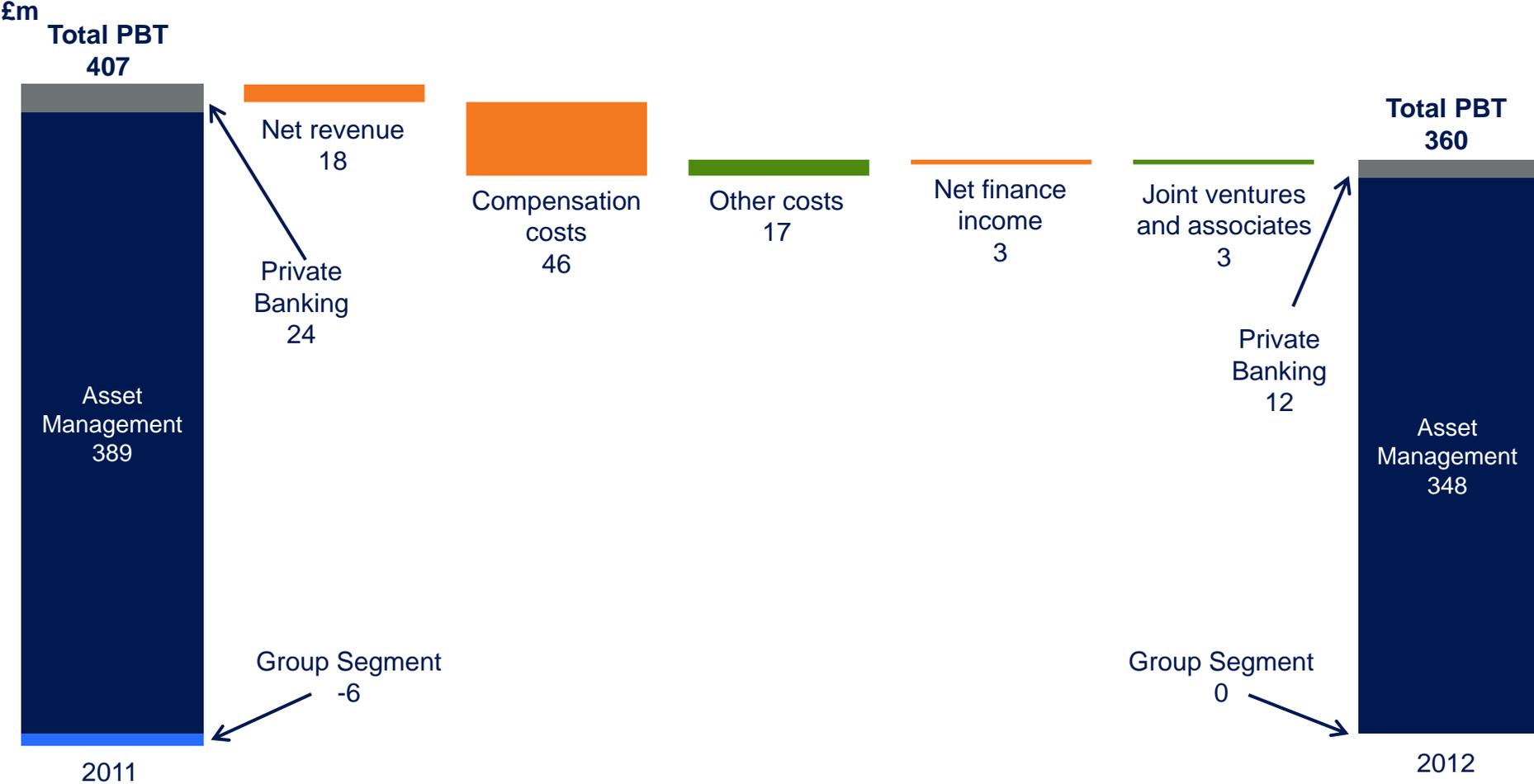
Decrease of £18m

£m

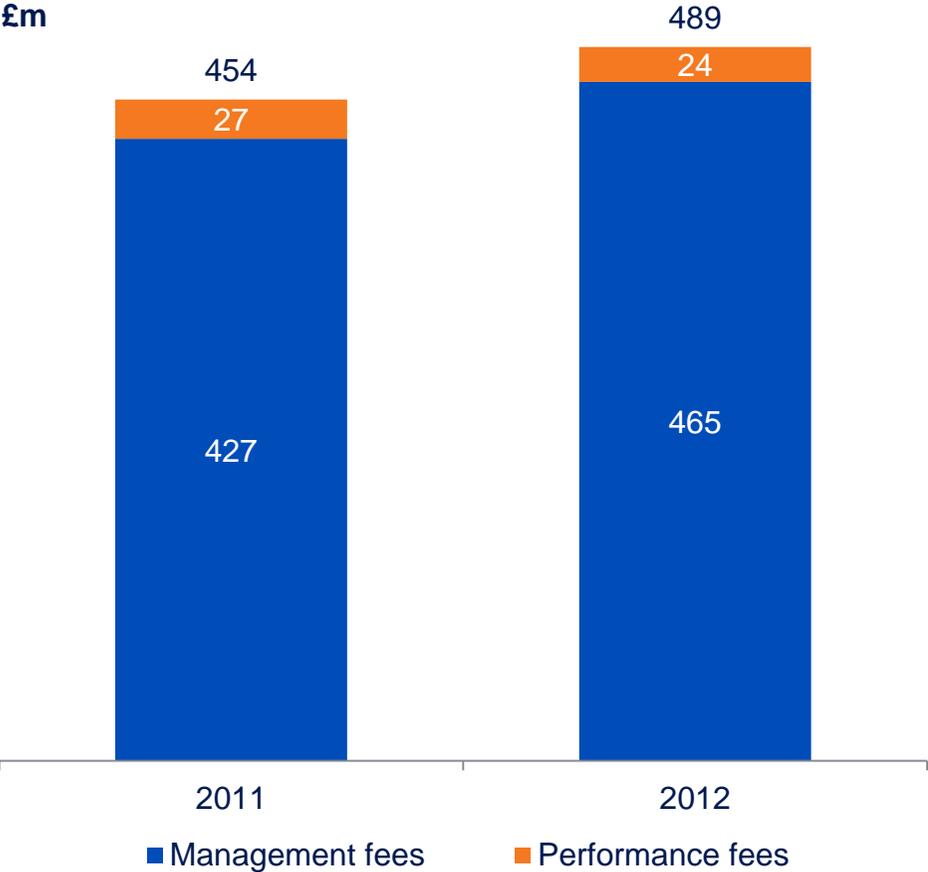


Profit before tax

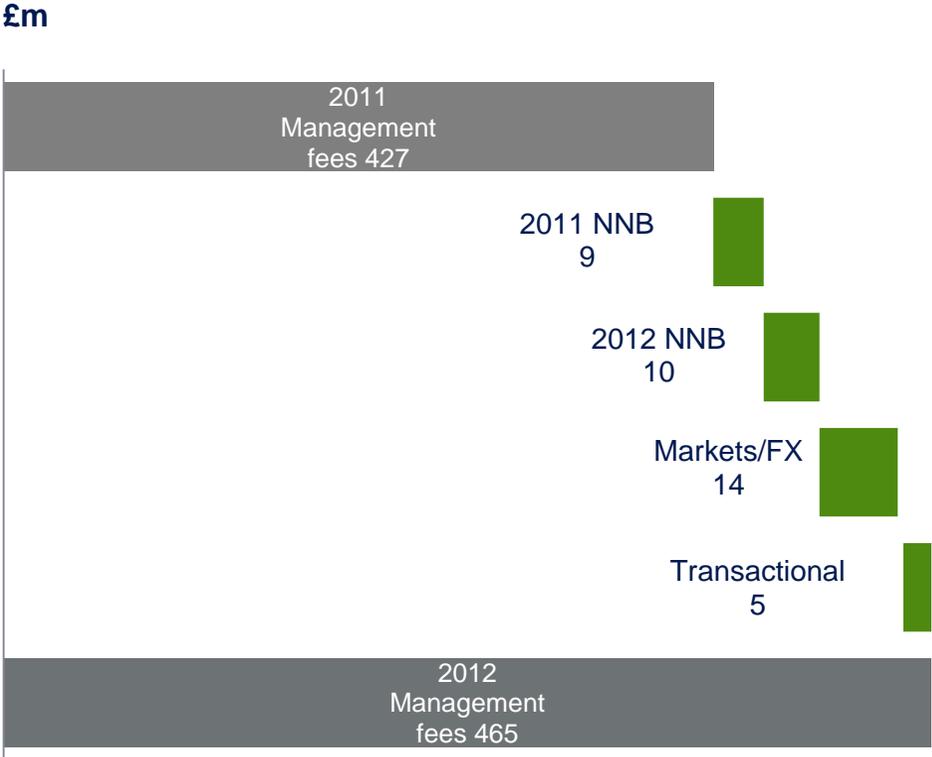
Decrease of £47m



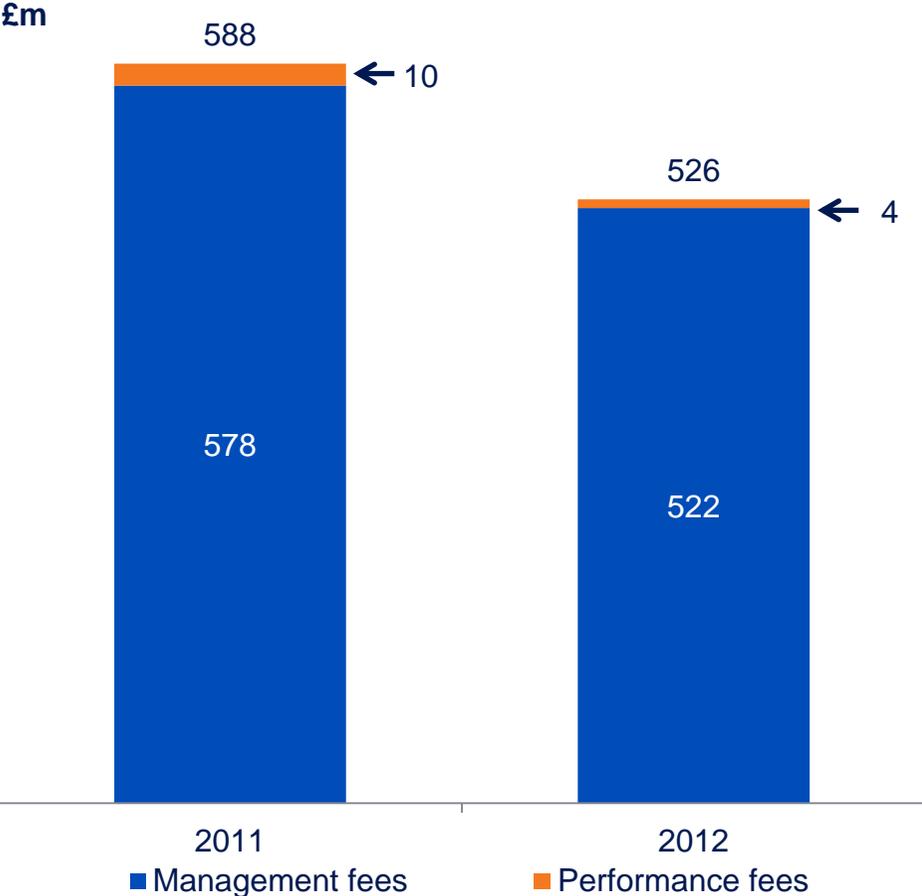
Institutional net revenues



Analysis of £38m increase in fees on 2011 (ex-performance fees)



Intermediary net revenues



Analysis of £56m decrease in fees on 2011 (ex-performance fees)



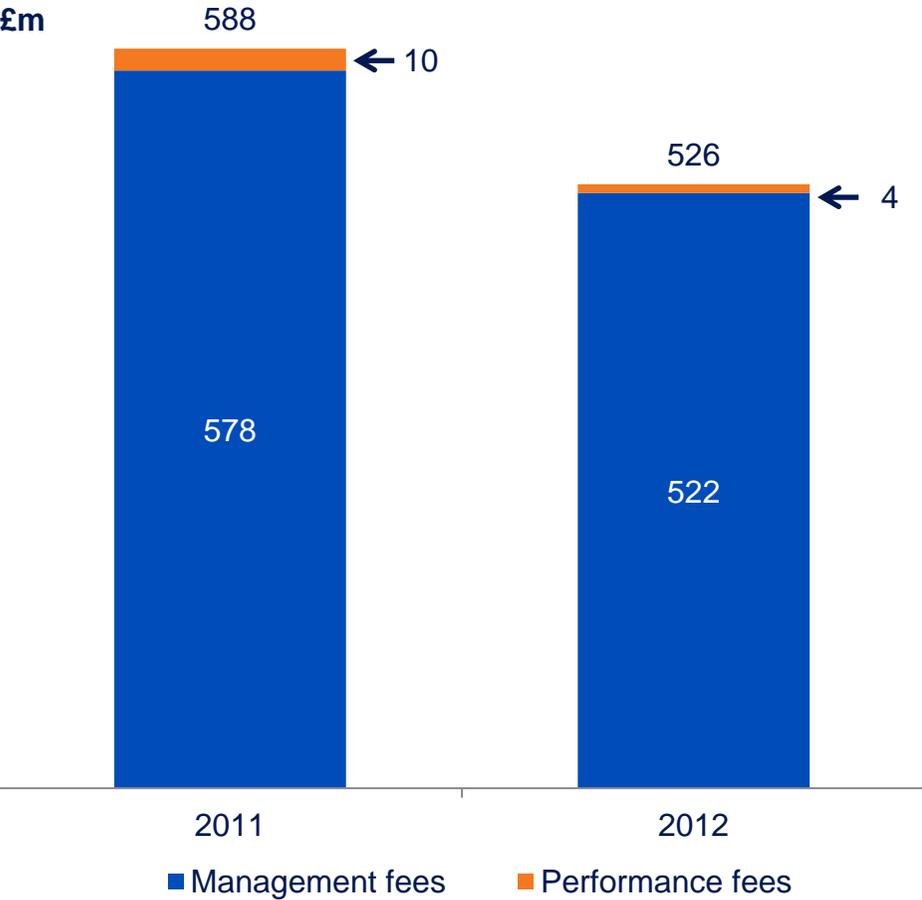
MSCI World Index

Volatility

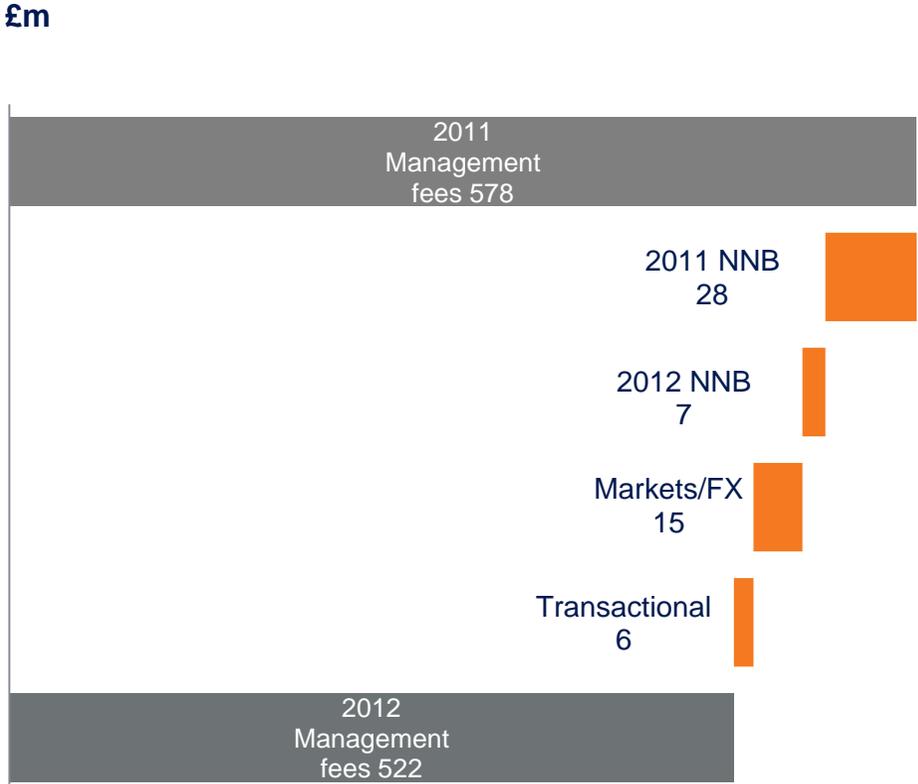


Channel	2012	
	Increase	Decrease
Institutional: Month end	8	4
Intermediary: Working days	138	228

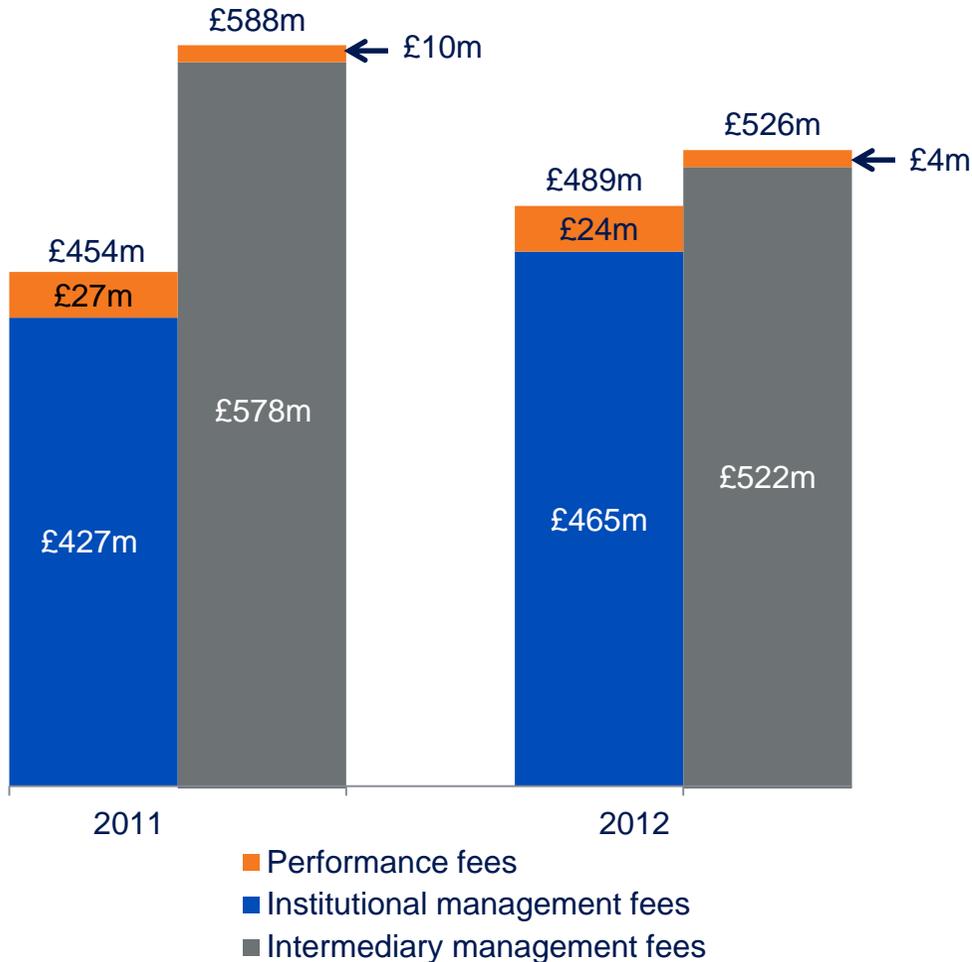
Intermediary net revenues



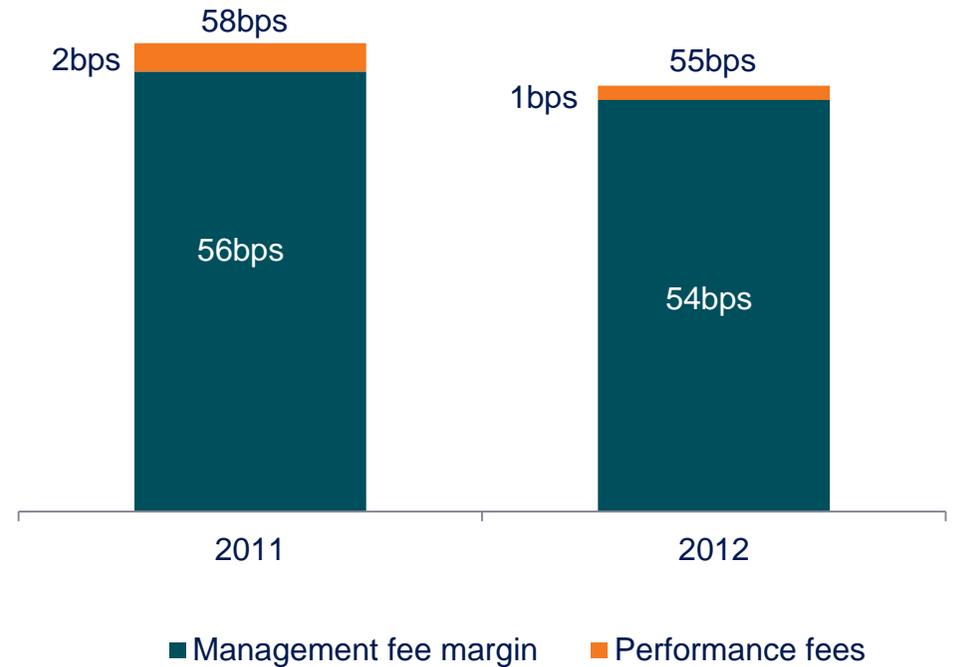
Analysis of £56m decrease in fees on 2011 (ex-performance fees)



Institutional and Intermediary net revenues

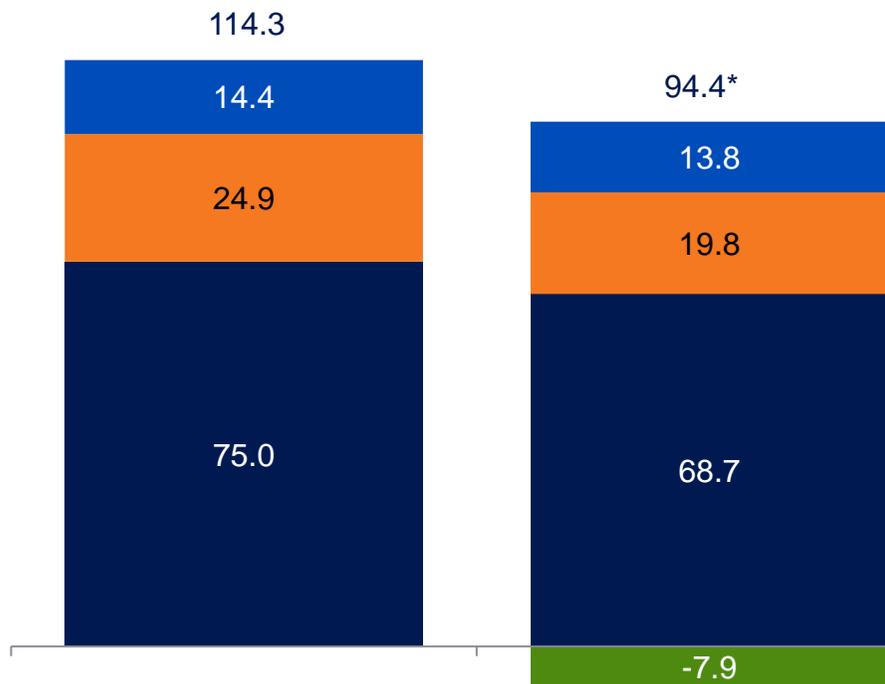


AM net revenue margins

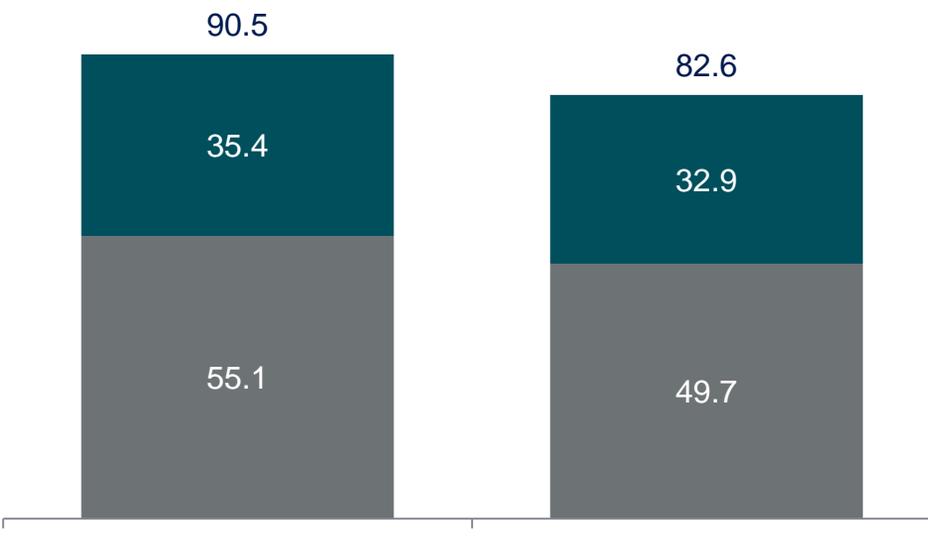


Private Banking segment

£m – Net revenue



£m – Costs



- Net banking interest income
- Transaction fees
- Management fees
- Doubtful debt charges

- Other costs
- Compensation cost

*In 2012, loan adjustments of £7.9m included as deduction against revenue

Group segment

Investment capital, governance, management and other

Segment disclosure	2011 £m	2012 £m
Net revenue	(3.2)	25.7
Operating expenses	(12.8)	(37.2)
Net finance income	14.8	11.7
Share of losses of associates and JVs	(4.7)	(0.5)
Group segment loss	(5.9)	(0.3)
Other comprehensive income	(17.0)	(9.0)
	(22.9)	(9.3)
Analysed as:		
Governance, management and other	(15.5)	(41.3)
Investment capital returns	(7.4)	32.0
	(22.9)	(9.3)

Group segment

Governance, management and other

Economic view	2011	2012
	£m	£m
Deferred remuneration mark to market and FX	(3.0)	(0.9)
Pension fund credits	16.0	1.2
Provisions	(0.2)	(11.9)
Variable items	12.8	(11.6)
Costs	(28.3)	(29.7)
Total	(15.5)	(41.3)

Group segment

Investment capital, governance, management and other

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	(22.9)	(9.3)

Group segment

Investment capital returns

	2011 £m	Annualised return	2012 £m	Annualised return
Actively managed portfolio of surplus capital	11.1	0.5%	14.0	1.7%
Seed capital	(6.3)			
Legacy PE, property and associate	(12.2)			
Total return	(7.4)		32.0	

Group segment

Investment capital, governance, management and other

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Operating expenses

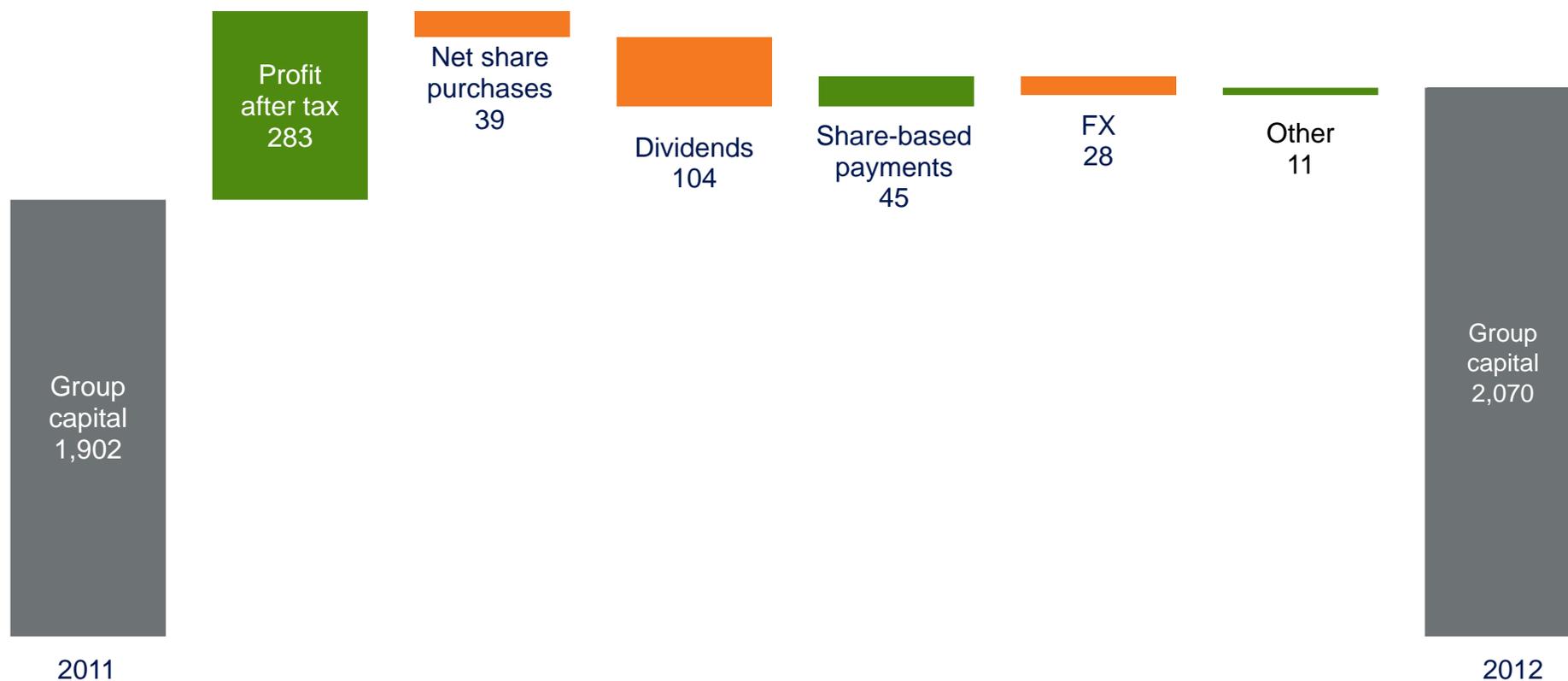
£m	2011	2012	2012 VS 2011
Staff costs	499.8	545.7	45.9
Other costs	247.9	233.5	(14.4)
Depreciation and amortisation	14.1	12.0	(2.1)
Total	761.8	791.2	29.4
<i>Compensation cost: operating revenue ratio</i>	44%	49%	5%
<i>Cost: net revenue ratio</i>	66%	70%	4%

Tax charge and earnings per share

	2011	2012	Change
Profit before tax	£407.3m	£360.0m	£(47.3)m
Tax	£(91.5)m	£(76.8)m	£14.7m
<i>Effective tax rate(%)</i>	22.5%	21.3%	(1.2)%
Profit after tax	£315.8m	£283.2m	£(32.6)m
Basic earnings per share	115.9p	104.7p	(11.2)p
Dividend	39.0p	43.0p	4.0p

Movement in Group capital

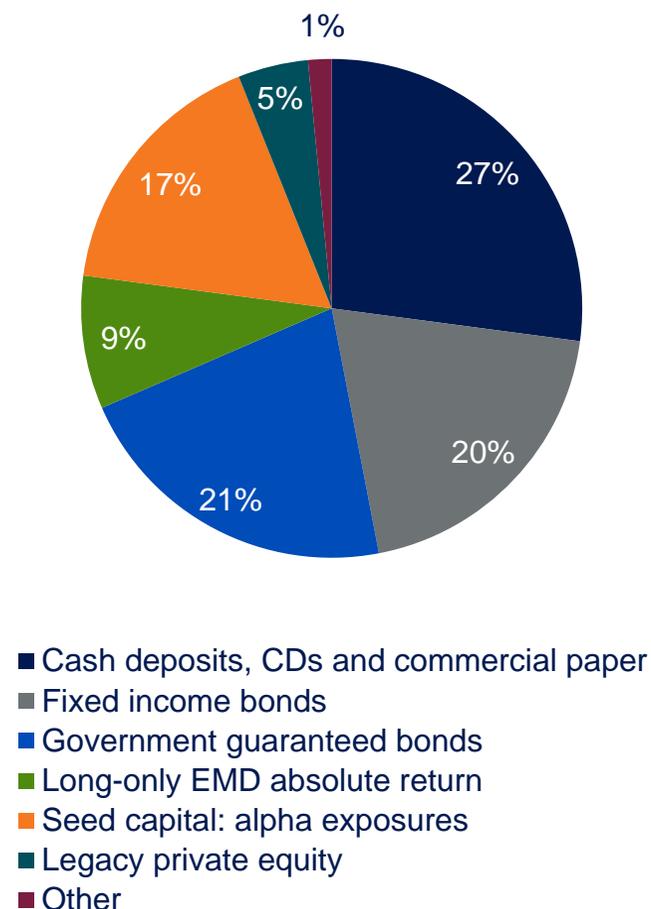
£m



Group capital allocation

£m	2011	2012
Asset Management & Private Banking operational capital	884	957
Investment capital*	837	926
Other (intangibles etc.)	181	187
Statutory Group capital	1,902	2,070

Investment capital breakdown (%)



*Not included in AUM



Schroders plc

2012 Annual Results

Michael Dobson
Chief Executive

7 March 2013



Schroders

Priorities 2013

- Leverage our competitive position
 - performance
 - product range
 - distribution strengths
 - global footprint
- Improve performance in Private Banking

Outlook

- Buoyant equity markets
- Increasing investor demand
- Strong flows in Intermediary
- Continuing positive in Institutional
- Outflows in Private Banking
- Good long-term growth opportunities

Forward-Looking Statements

These presentation slides may contain forward-looking statements with respect to the financial condition and results of the operations and businesses of Schroders plc.

These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

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