

Half-year results 2018

Presentation

26 July 2018

Peter Harrison
Group Chief Executive

Schroders





Delivering growth across the cycle

Revenue growth against a challenging
backdrop

Peter Harrison
Group Chief Executive



Evolution of
business model to
meet client demand



Growth in key areas
of strategic investment



Delivering strategy through
diversified business model



Strong gross flows and
positive net new business



Peter Harrison
Group Chief Executive

	H1 2018	H1 2017	Change
Net income ¹	£1,086.1m	£974.4m	11%
Ratio of total costs to net income ¹	63%	63%	–
Profit before tax¹	£397.1m	£361.5m	10%
AUMA ²	£449.4bn	£417.5bn	8%
Net new business	£1.2bn	£0.8bn	–
Basic EPS¹	114.0p	103.5p	10%
Dividend per share	35p	34p	3%

¹ Before exceptional items.
² Assets under administration was restated at the Q3 results announcement to exclude assets from which we only derive transactional non-recurring revenues



Evolution of
business model to
meet client demand



Growth in key areas
of strategic investment



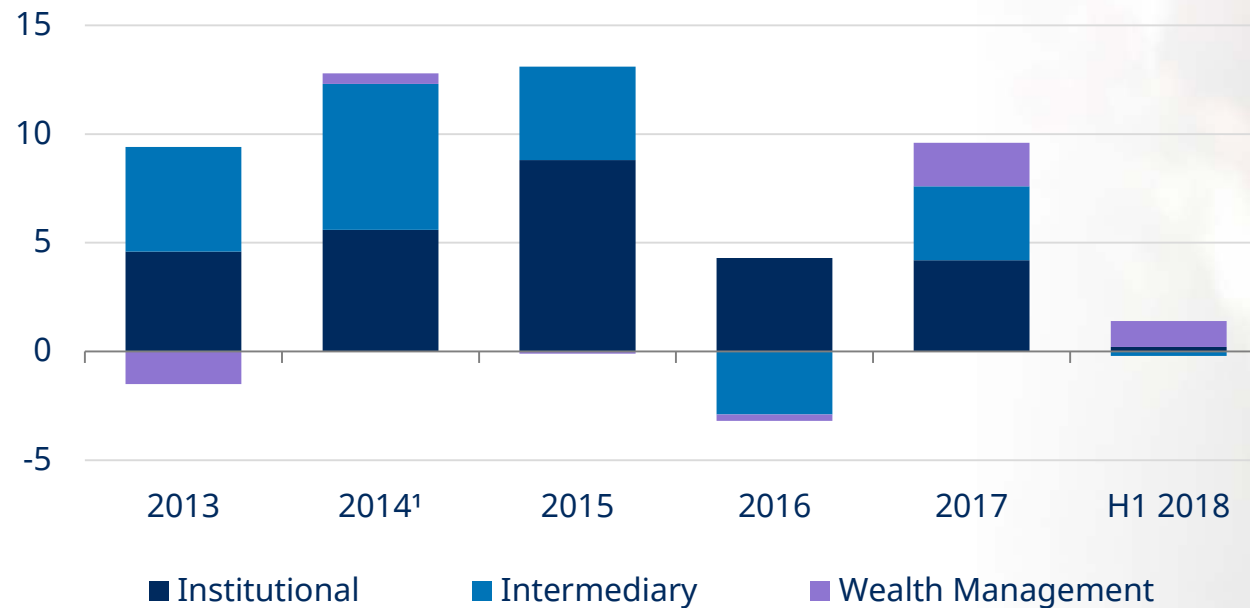
Delivering strategy through
diversified business model



Strong gross flows and
positive net new business

Net flows by channel

£bn



¹Excludes Friends Life mandate win of £12bn in December 2014.

Industry headwinds impacting client demand

£1.2bn
net new business

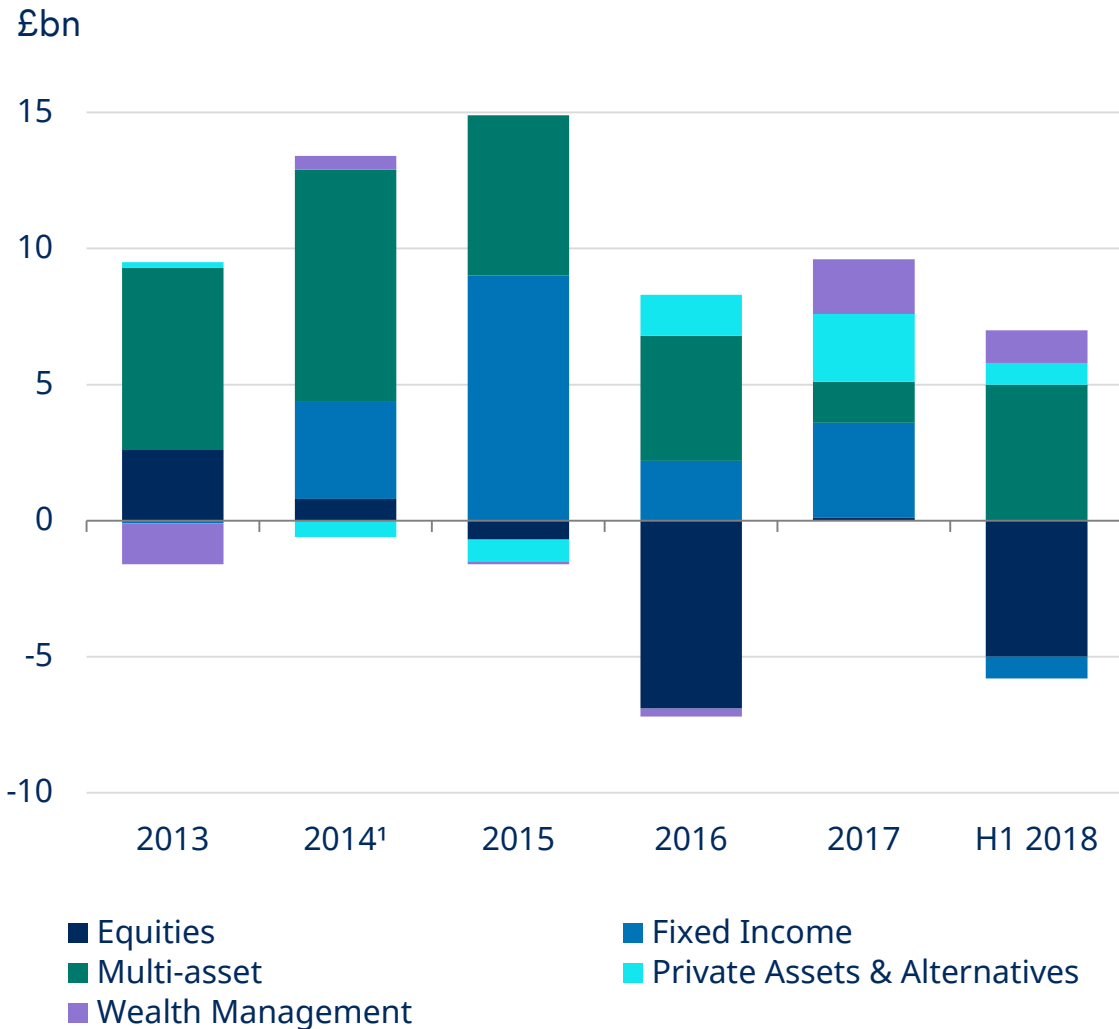


Strong client demand in Wealth Management



Net inflows in Institutional offset by redemptions in Intermediary

Net flows by asset class



¹Excludes Friends Life mandate win of £12bn in December 2014.

Demand for outcome-oriented products and uncorrelated returns



Continued strong Multi-asset demand

£5.0bn

net inflows

Encouraging growth in Private Assets & Alternatives

£0.8bn

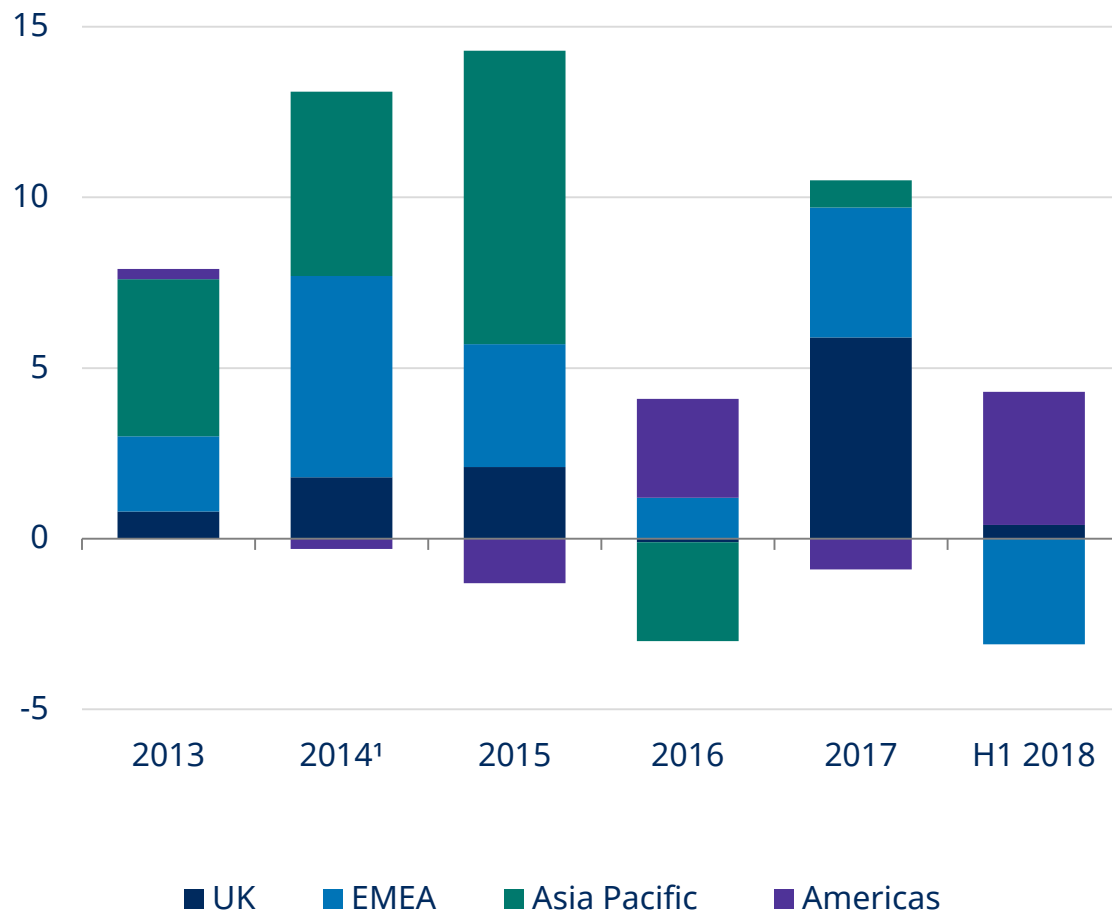
net inflows

Equity outflows driven by client restructuring

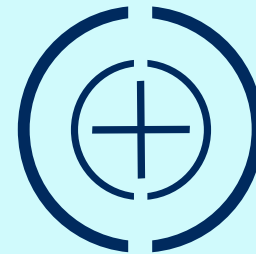


Net flows by region

£bn



¹Excludes Friends Life mandate win of £12bn in December 2014.



Positive net new business in most regions

£3.9bn

NNB across North and Latin America



Positive UK net inflows, despite outflows from large UK insurance client

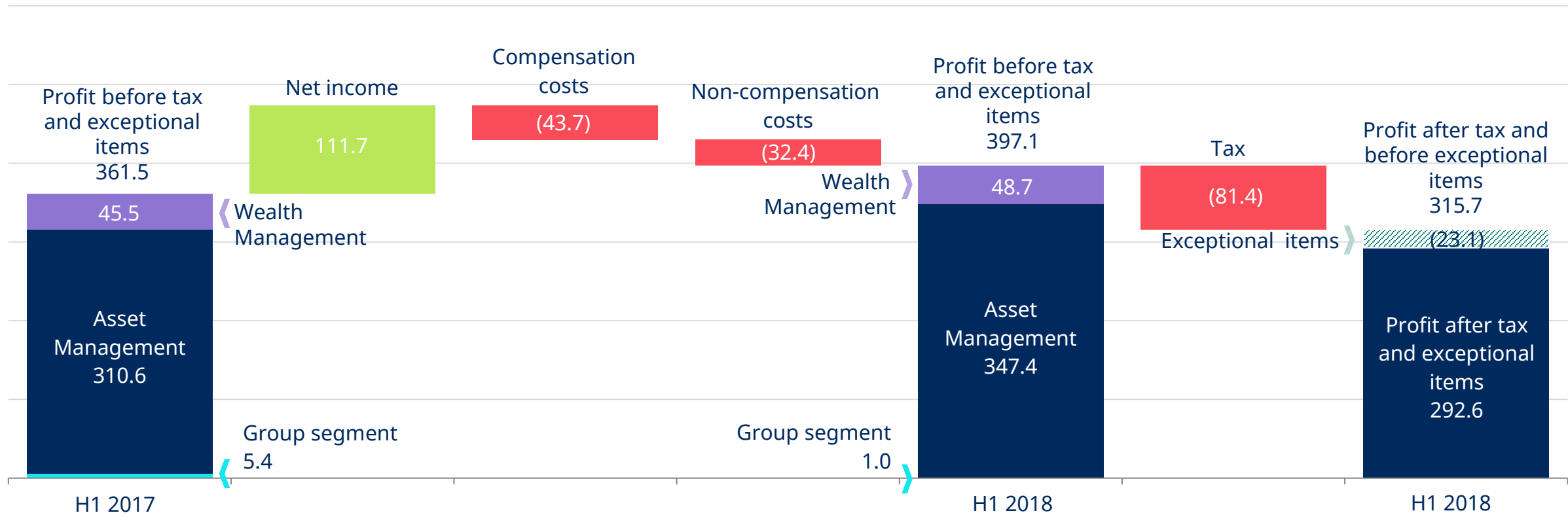
Asia Pacific flat, due to Australian redemptions

Richard Keers
Chief Financial Officer

Schroders

Profit before tax and exceptional items

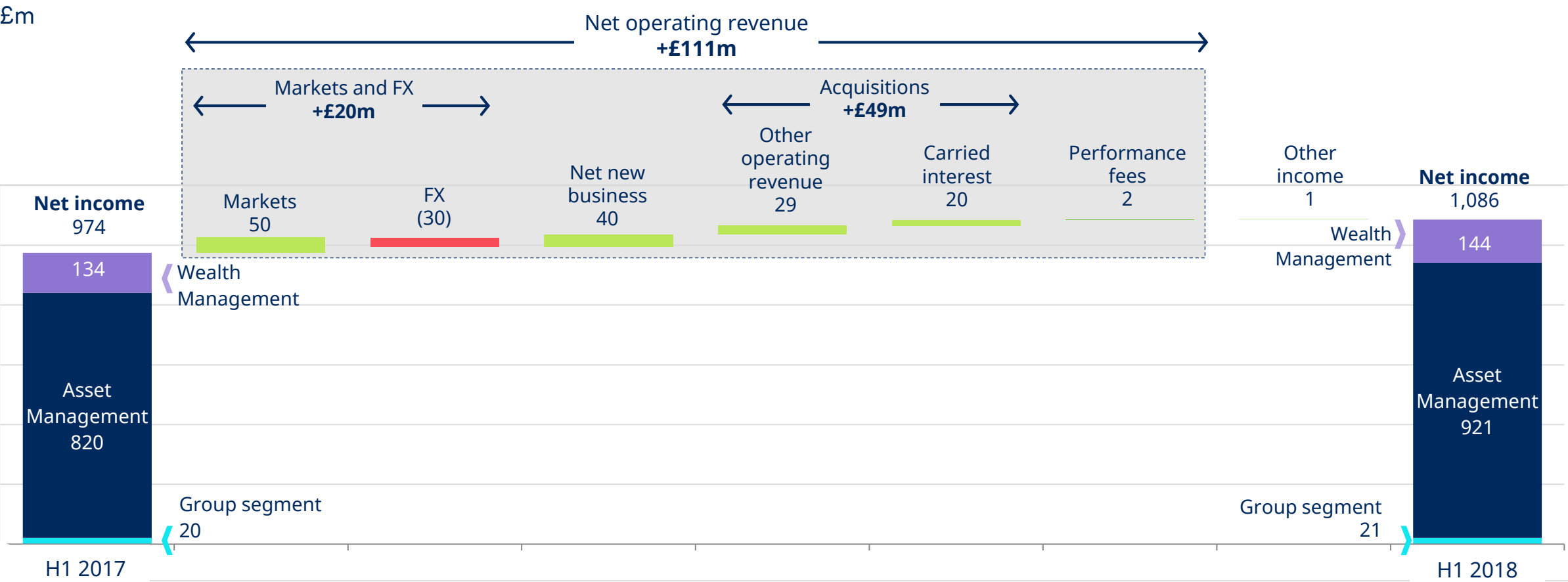
£m



Profit before tax and exceptional items up

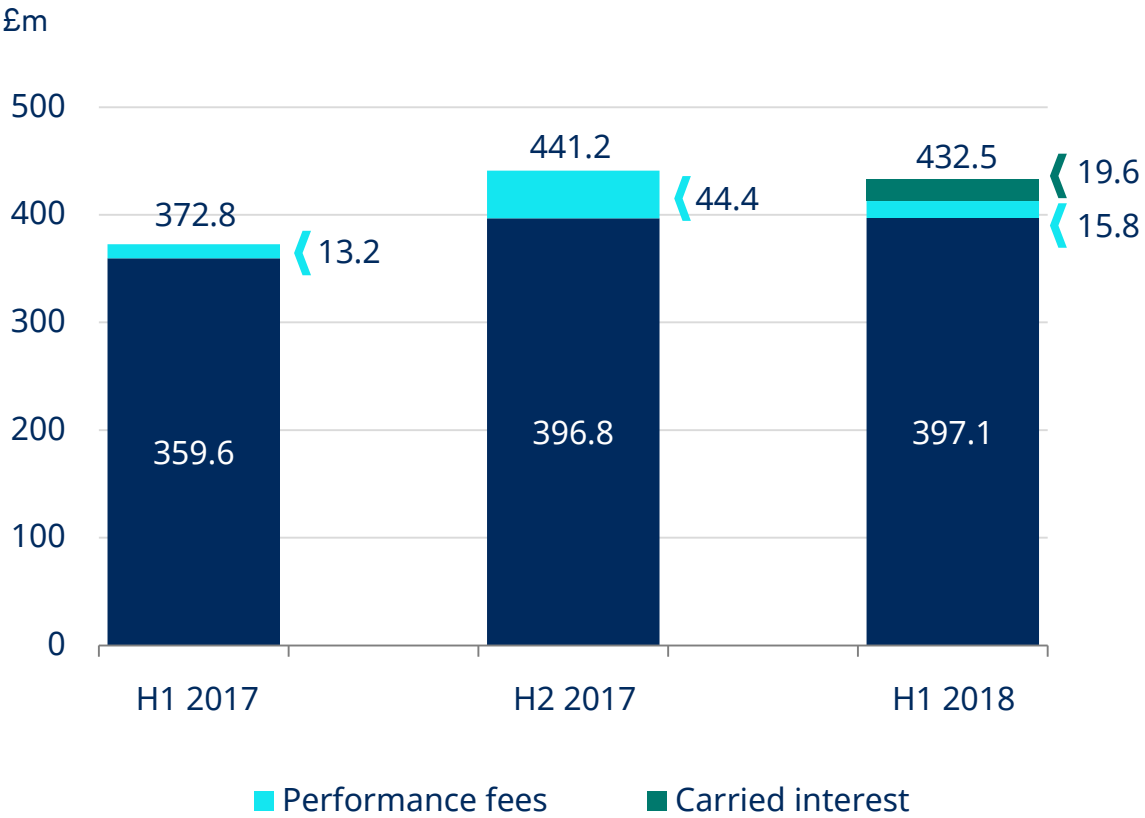
10% to £397.1m

Net income

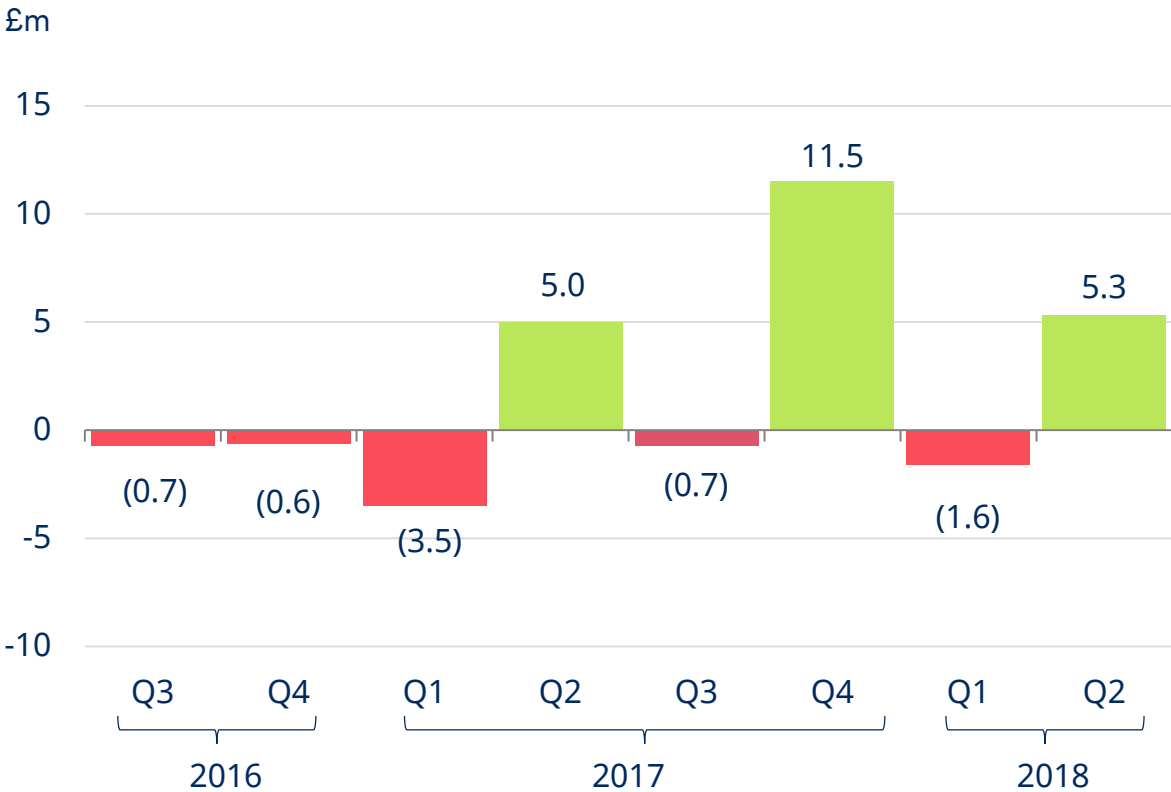


Net income up **11%** to **£1,086.1m**

Institutional net operating revenue



Annualised revenue on net new business



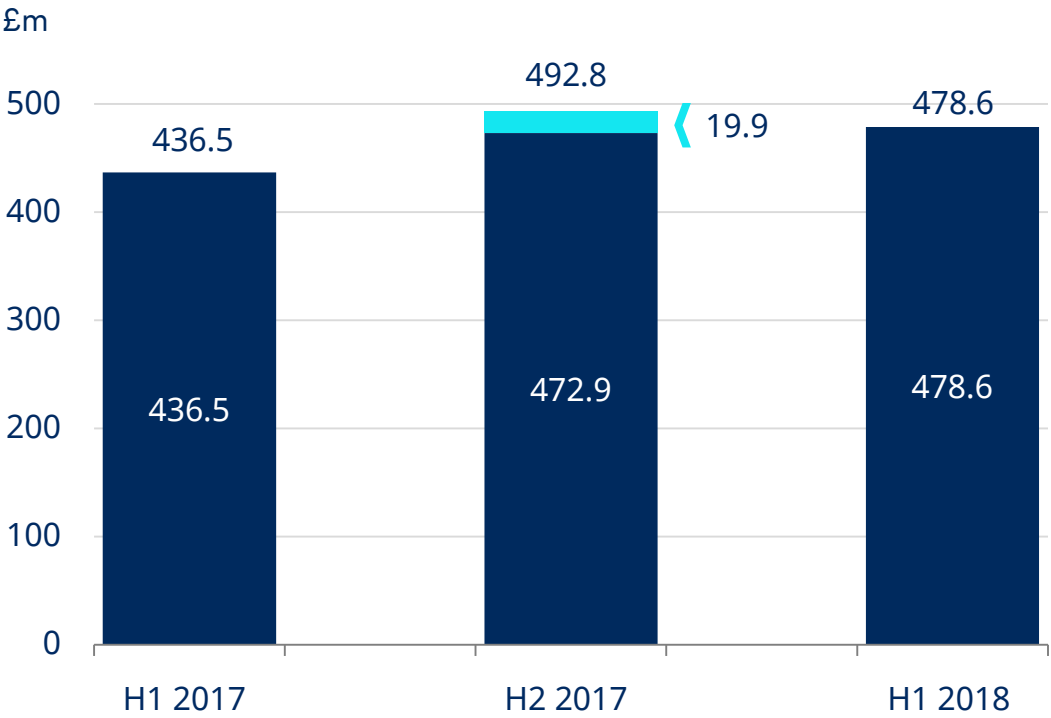
Average AUM up
£23bn
from H1 2017

Net operating revenue margin¹
31 bps
(FY 2017: 32bps)

Closing AUM of
£257.2bn

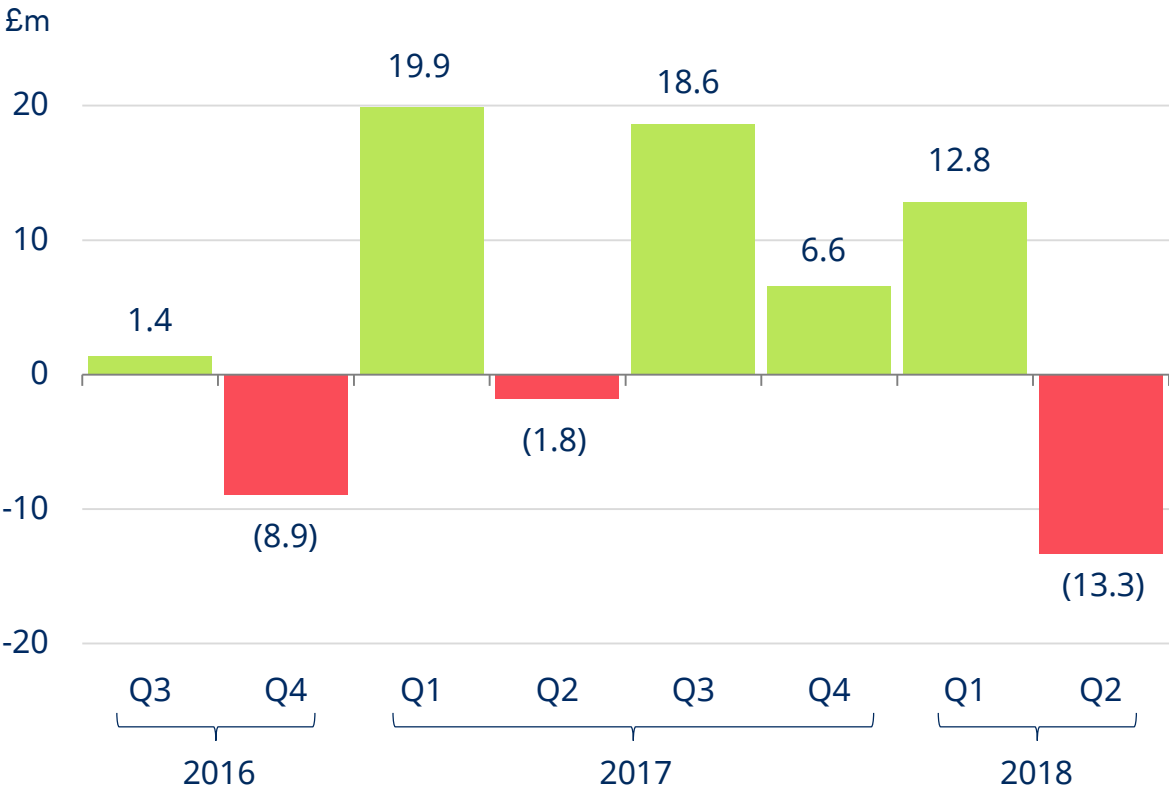
¹Excluding performance fees and carried interest

Intermediary net operating revenue



■ Performance fees

Annualised revenue on net new business



Average AUM up

£10bn
from H1 2017

Net operating revenue margin¹

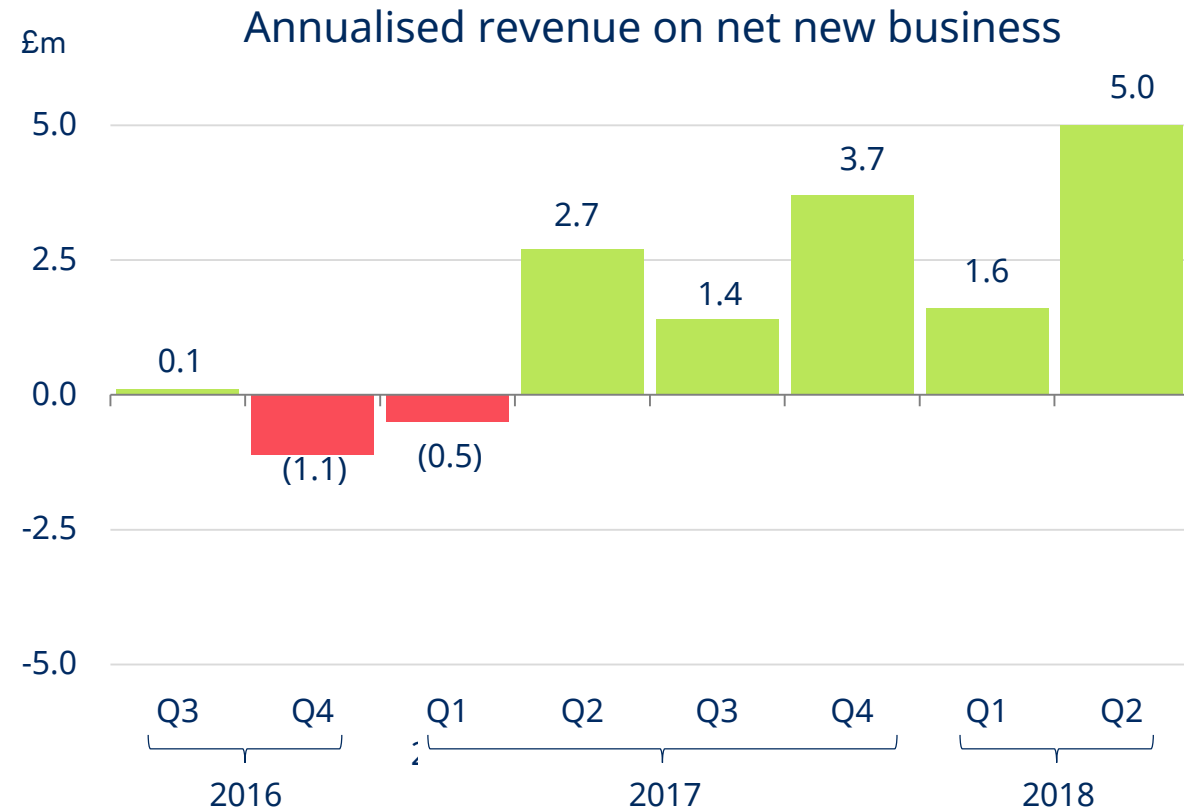
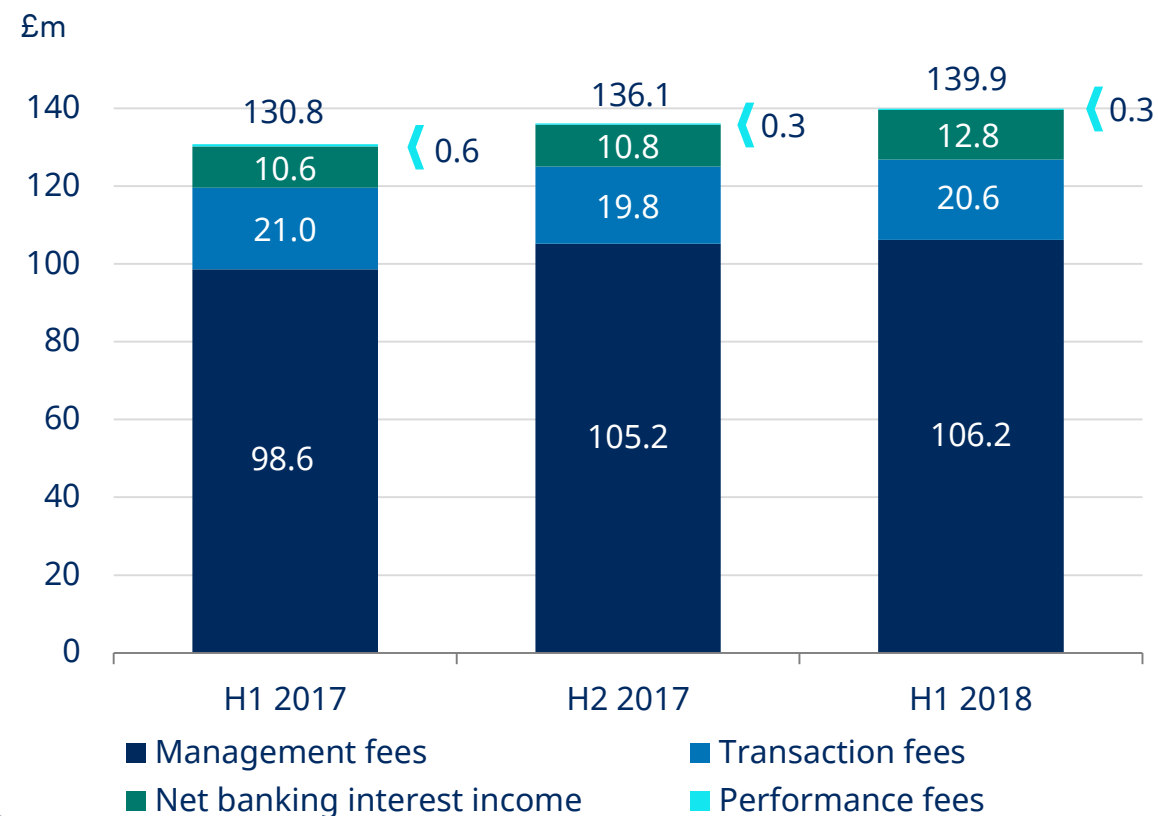
72bps
(FY 2017: 72bps)

Closing AUM of

£132.1bn

¹Excluding performance fees

Wealth Management net operating revenue



Net operating revenue up

7%
from H1 2017

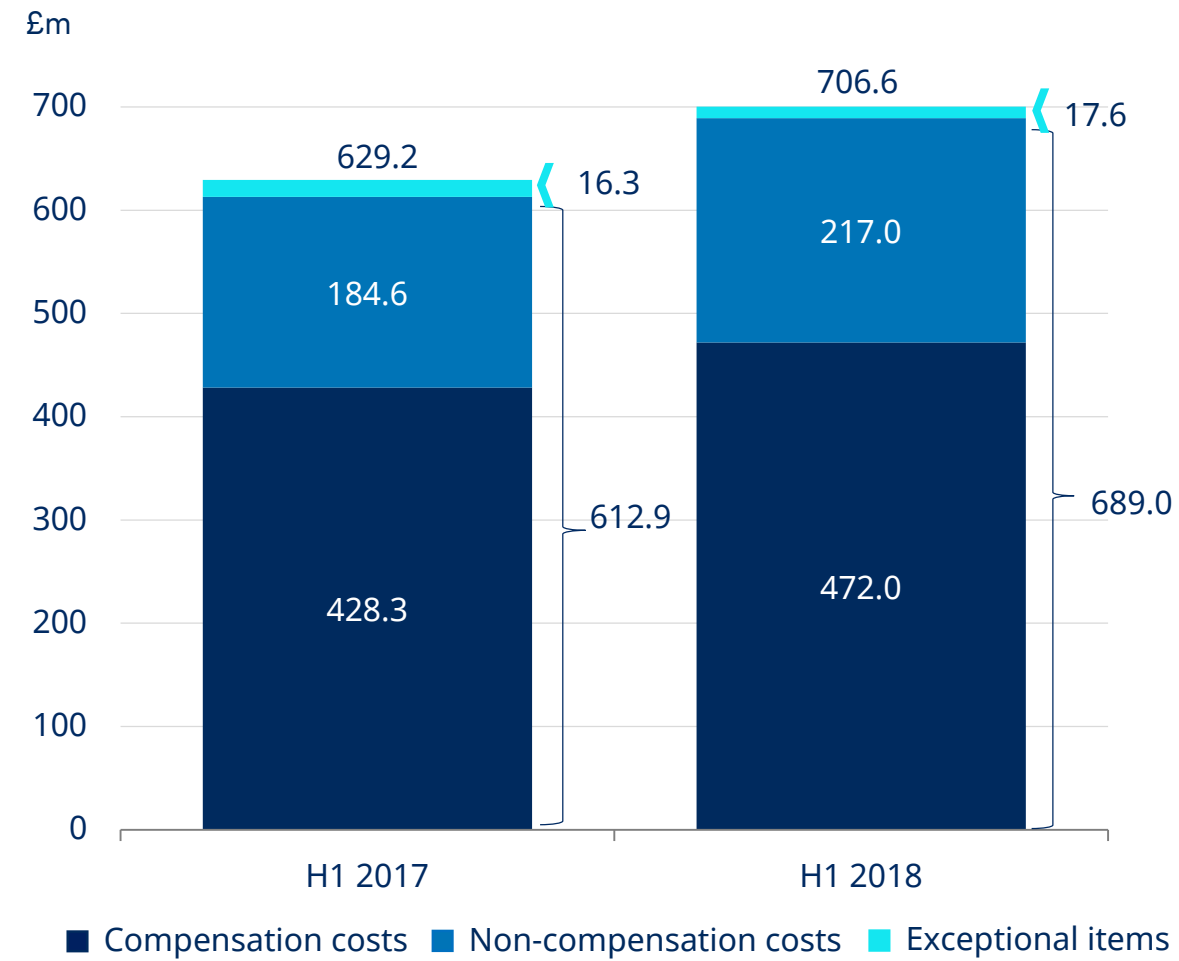
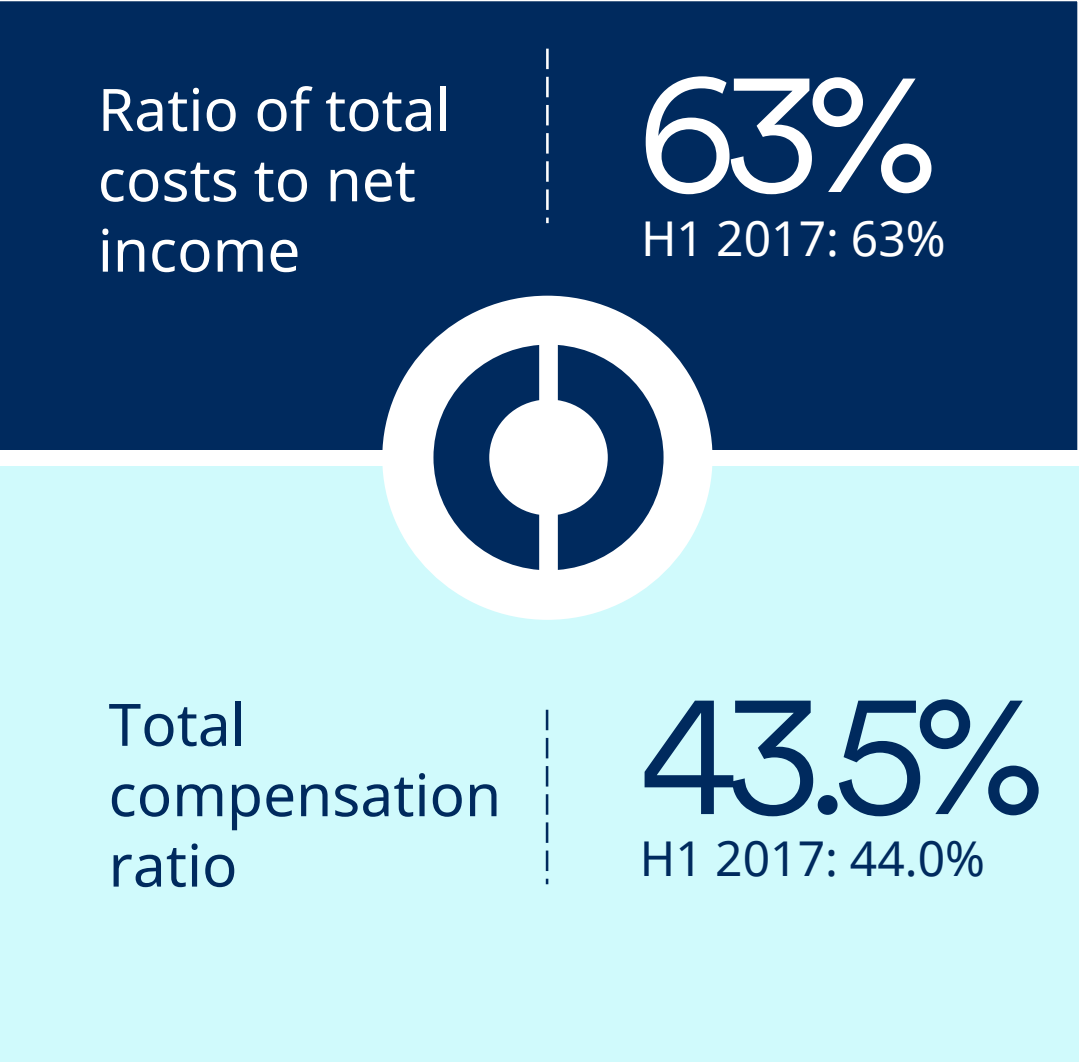
Net operating revenue margin¹

62bps
(FY 2017: 61bps)

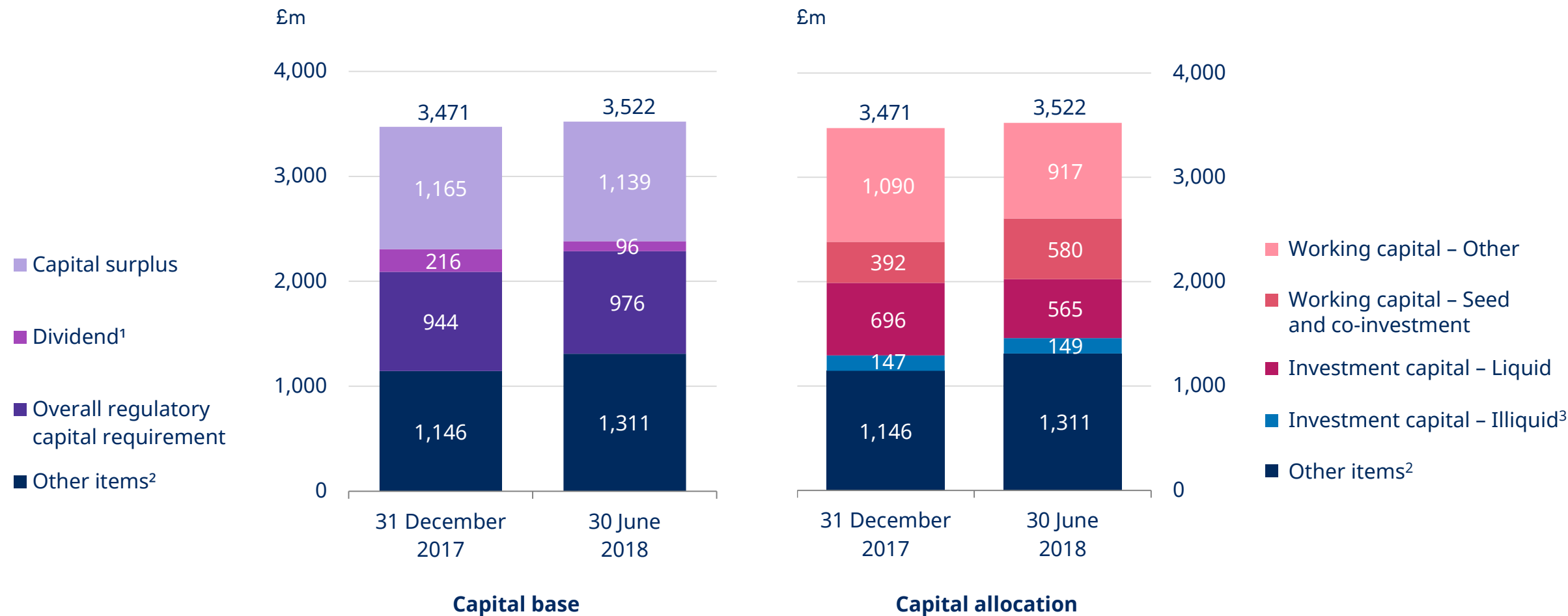
Closing AUM of

£46.4bn

Operating expenses



Group Capital

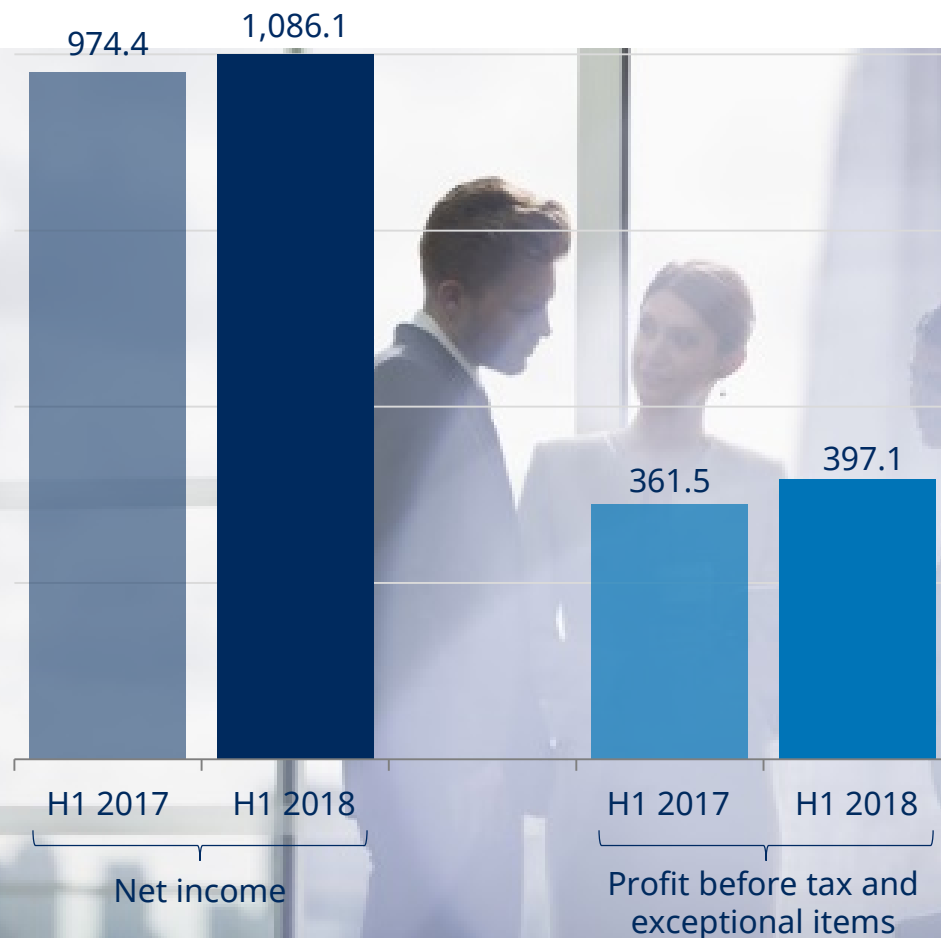


¹2017 final dividend/2018 interim dividend proposed
²Comprises goodwill, intangible assets, pension scheme surplus, other associates and joint ventures, and deferred tax.
³Includes RWC Partners Limited and Schroder Ventures Investment Limited associates.

Summary

A growing business delivering on strategy

£m



All figures quoted are before exceptional items

Net income up
11% to £1,086.1m

Ratio of total costs to net income
63%

Profit before tax and exceptional items up
10% to £397.1m

Basic EPS up
10% to 114.0p

Interim dividend up
3% to 35p

Peter Harrison
Group Chief Executive

Schroders

Key areas of strategic growth

Investing in future growth drivers



Product
innovation
and Solutions



Fixed
Income and
Multi-asset



North
America



Asia
Pacific



Technology



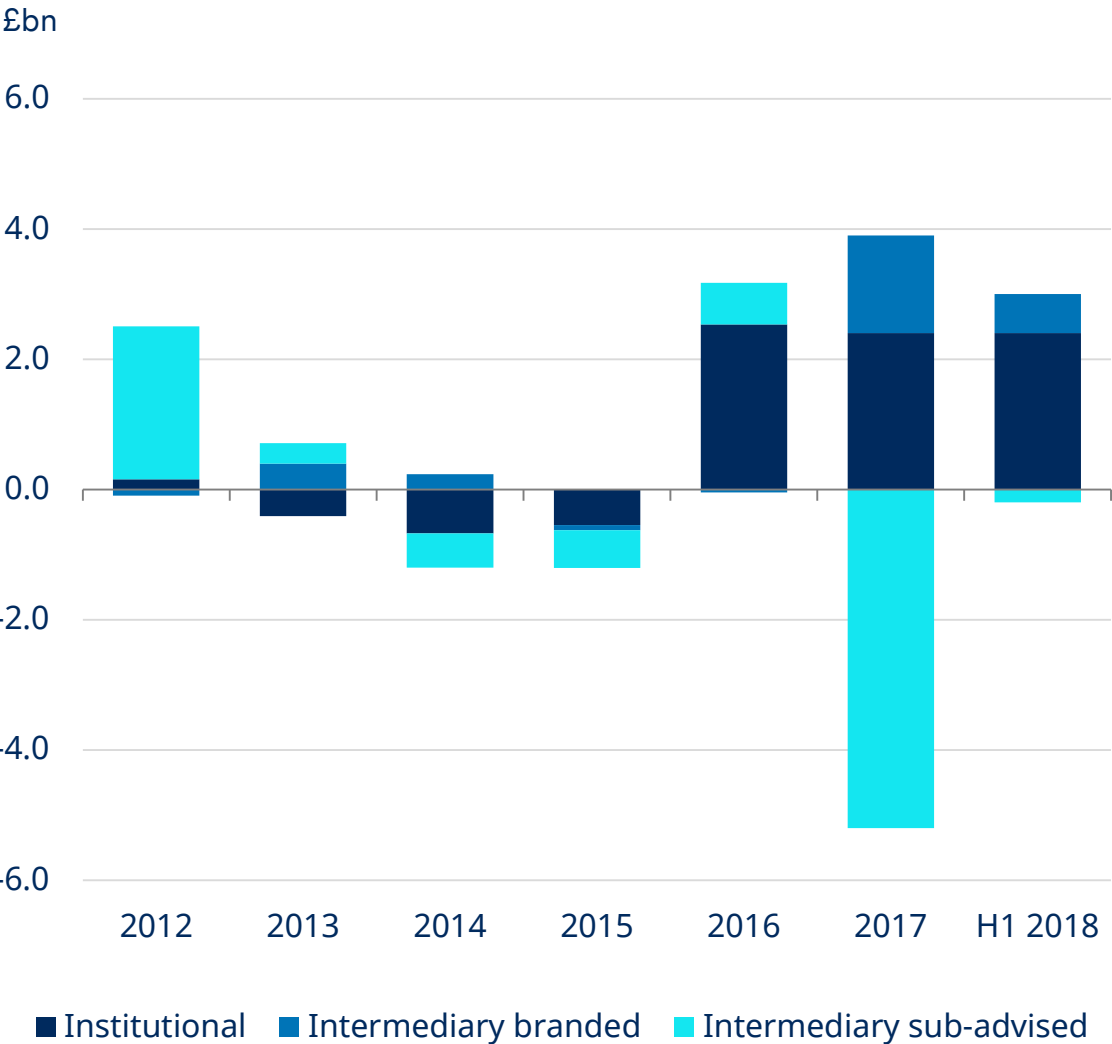
Private
Assets &
Alternatives



Wealth
Management

Continued momentum in North America

Strong client demand in key strategic area



£2.8bn
of net new business

£2.4bn
net inflows from
Institutional clients

Hartford range
£5.1bn
AUM

£0.6bn
net inflows from
Canada

Growth in Private Assets & Alternatives



£35.8bn
assets under management



Client demand in
first half of
£0.8bn



Expanding
investment
expertise

Wealth Management

Continued organic growth



Strong financial
performance



Diversified client
base driving
net inflows



Reinforced
management
team



Outlook

Growth through investment in
key opportunities



Continued evolution of business towards
areas of client demand



Driving revenue growth through investment
in key strategic areas



Delivering strategy through diversified
business model

Thank you



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