

# Half-year results 2019

Presentation

1 August 2019

Peter Harrison  
Group Chief Executive

**Schroders**





# ► Strategic focus for long-term growth

Peter Harrison  
Group Chief Executive



Continued investment  
in growth areas



Selective acquisitions  
aligned to strategic  
objectives



Good progress in  
partnership with Lloyds



Subdued investor  
demand in "risk off"  
environment





**Peter Harrison**  
Group Chief Executive

	H1 2019	H1 2018	Change
Net income <sup>1</sup>	£1,032.6m	£1,086.1m	(5)%
<b>Profit before tax<sup>1</sup></b>	<b>£340.4m</b>	<b>£397.1m</b>	<b>(14)%</b>
AUM	£444.4bn	£435.7bn	2%
Net new business	£(1.2)bn	£1.2bn	–
<b>Basic EPS<sup>1</sup></b>	<b>98.6p</b>	<b>114.0p</b>	<b>(14)%</b>
Total dividend per share	35.0p	35.0p	–



Continued investment  
in growth areas



Selective acquisitions  
aligned to strategic  
objectives



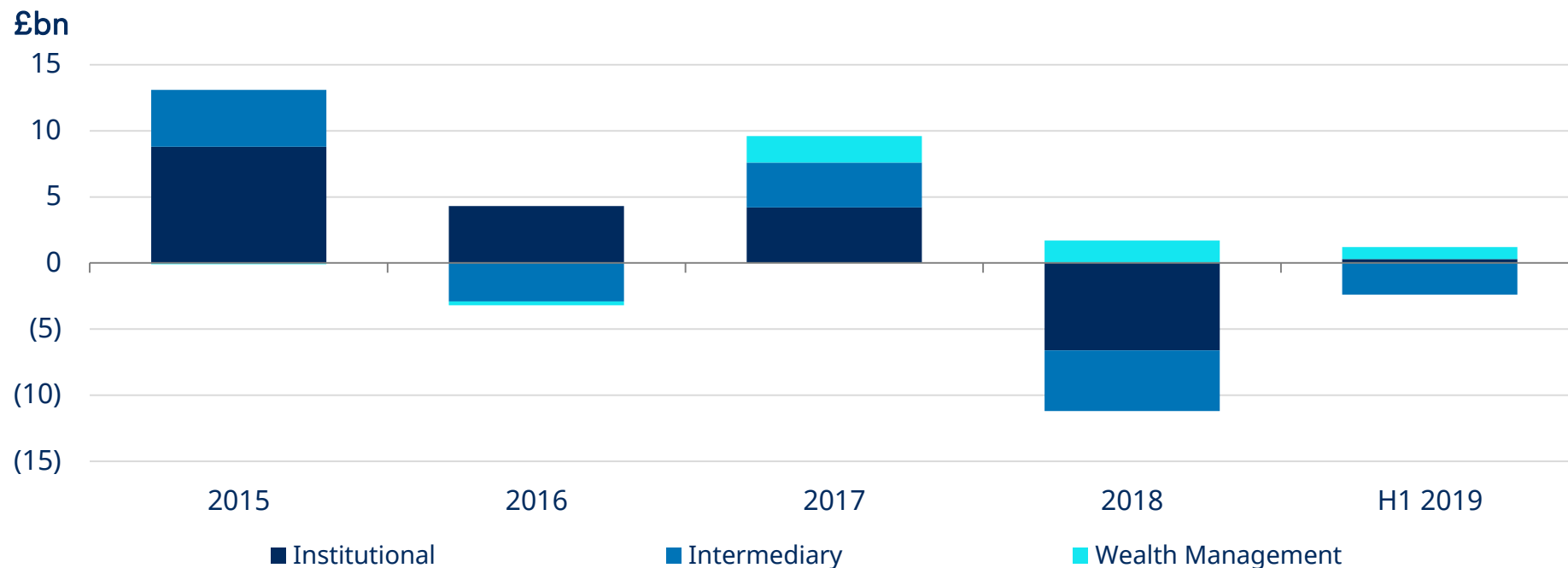
Good progress in  
partnership with Lloyds



Subdued investor  
demand in “risk off”  
environment

<sup>1</sup> Before exceptional items.

# Net flows by channel



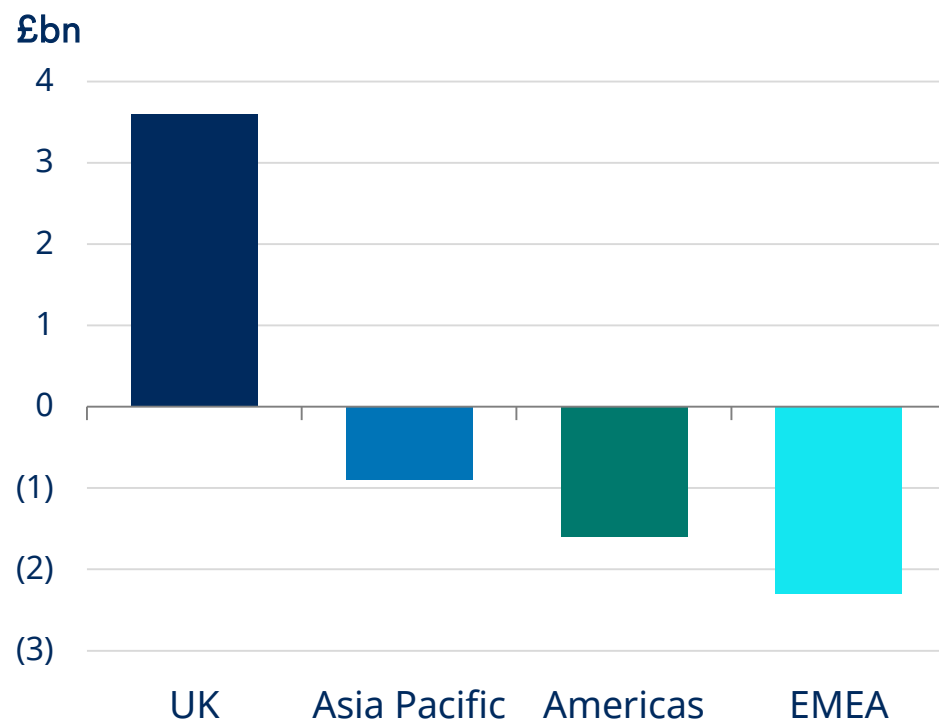
## Continued subdued investor demand

Positive net new business from Institutional clients

Ongoing “risk off” environment across Intermediary

Continued momentum in Wealth Management

# Net flows by region



## UK

Despite macro concerns, positive net flows

Institutional demand for Multi-asset and Fixed Income

## Asia Pacific

Outflows driven by Australian redemptions

Partly offset by clients in mainland China, Singapore & Taiwan

## Americas

Small Institutional outflows in North and Latin America

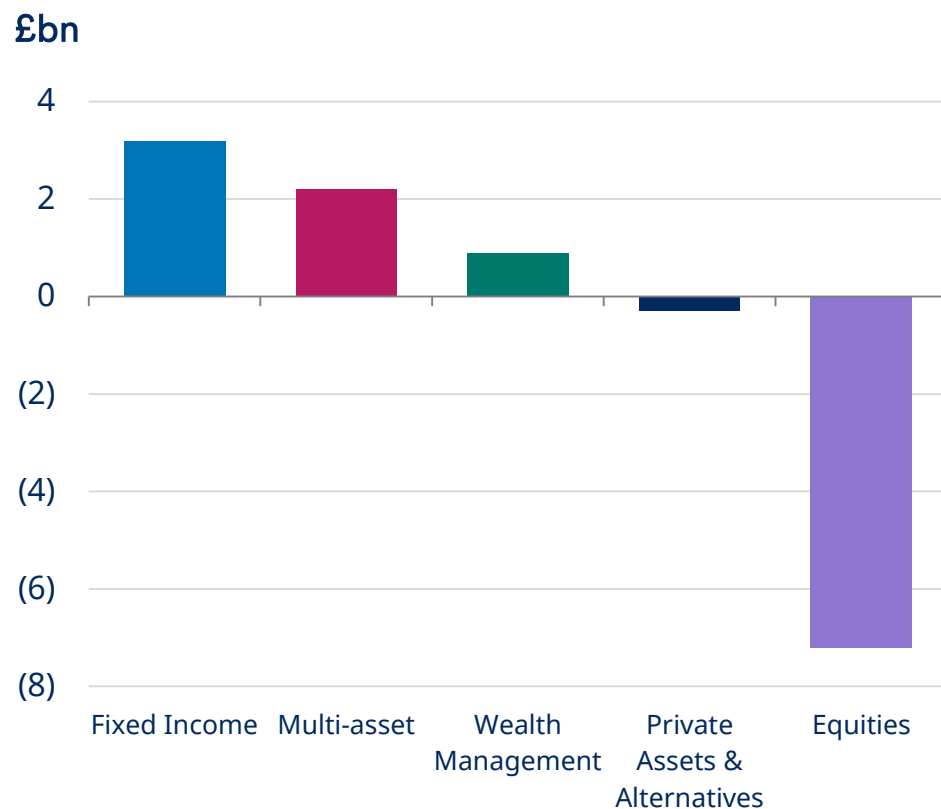
Net inflows into Hartford range, now £5.8bn AUM

## EMEA

Challenging market across both channels

Intermediary outflows concentrated on equity funds

# Net flows by asset class



## Fixed Income

Positive net new business across both channels

Institutional flows into US & convertibles, Intermediary for EMD and European credit

## Multi-asset

Continued demand for Multi-asset strategies

Led by UK Institutional clients into LDI and risk mitigation

## Wealth Management

Ongoing momentum in segment

Positive flows across both Cazenove and Benchmark

## Private Assets

Outflows through one real estate mandate

Continued demand for securitised credit

## Equities

Limited demand with “risk off” across both channels

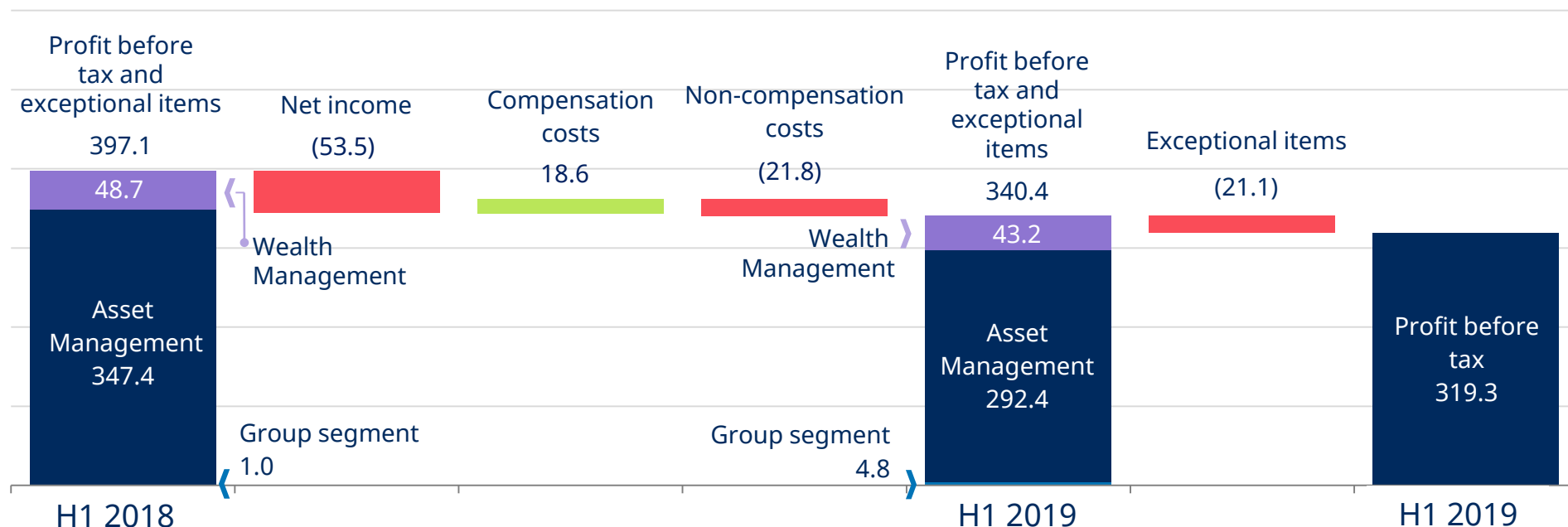
Global and EAFE strategies generated positive flows

Richard Keers  
Chief Financial Officer

**Schroders**

# Profit before tax and exceptional items

£m

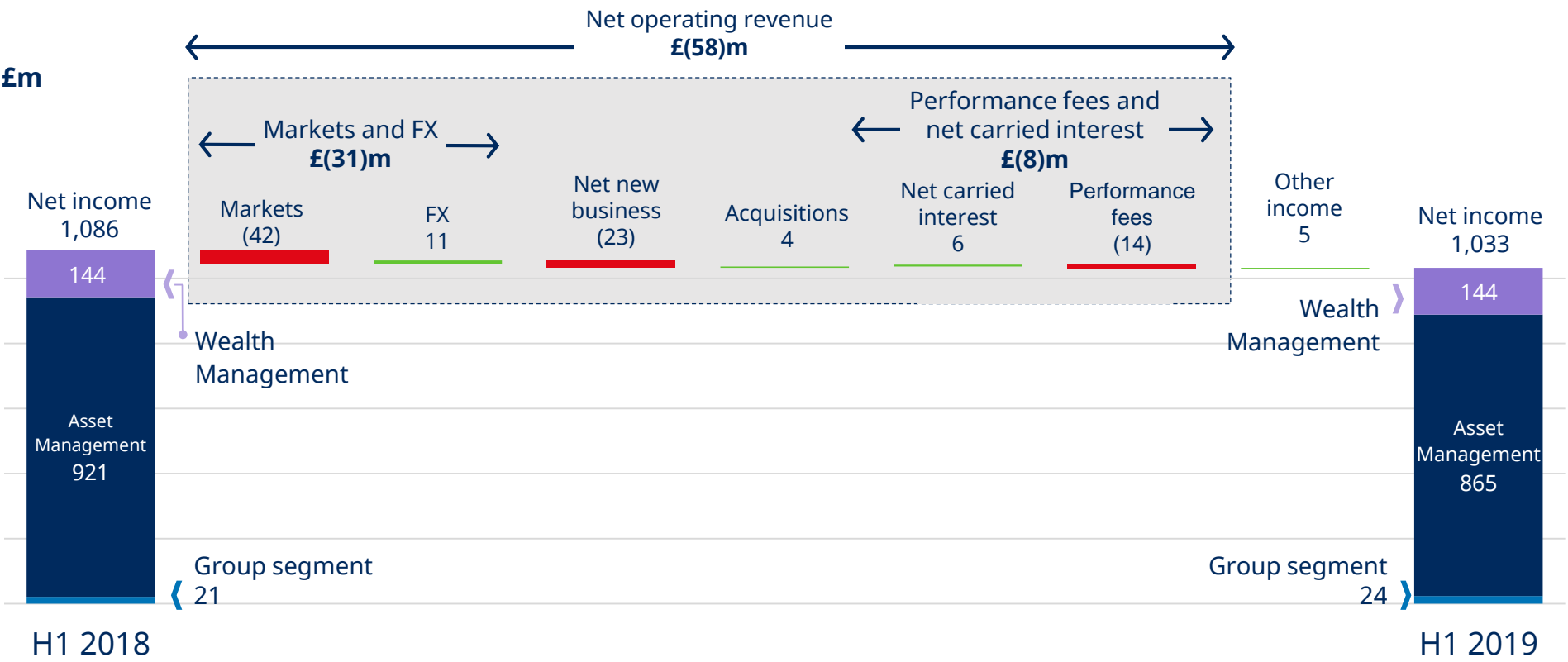


Profit before tax and exceptional items

-14% to £340.4m



# Net income



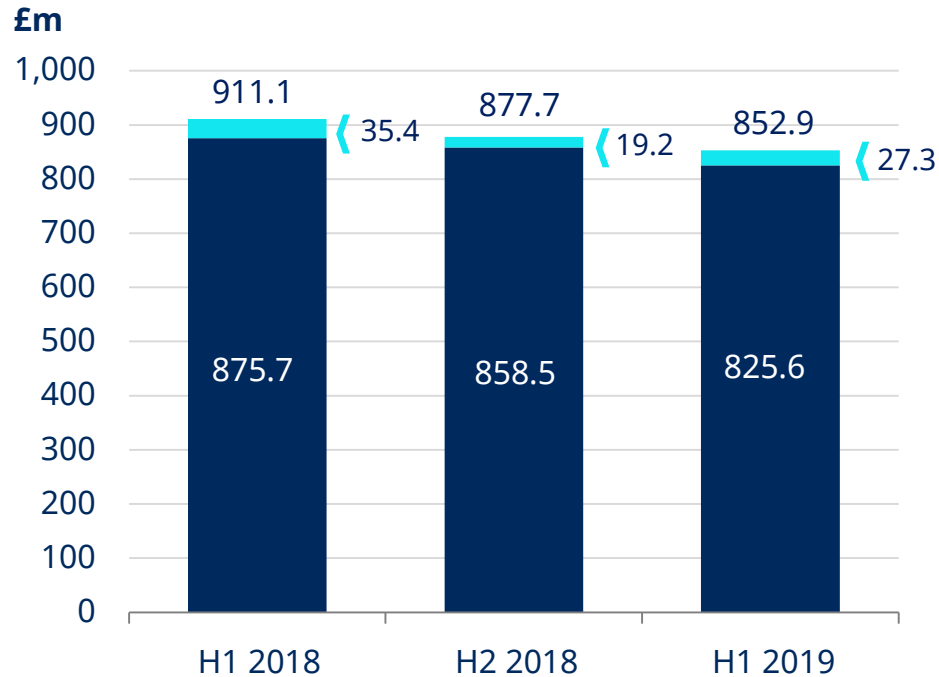
Net income

-5%

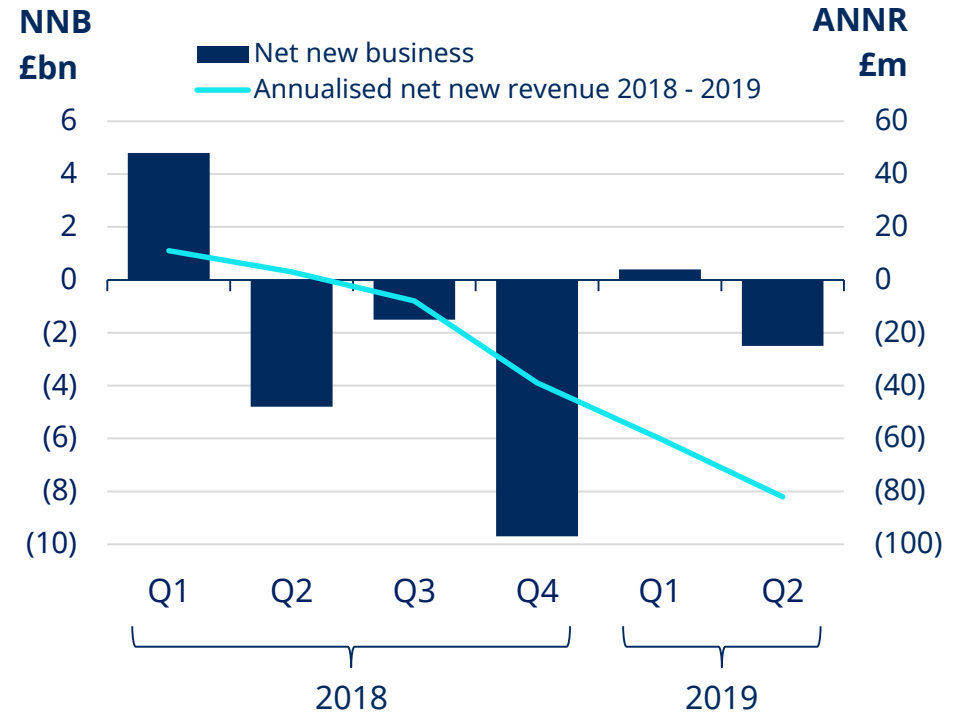
to

£1,033m

# Asset Management net operating revenue



Net new business and annualised net new revenue (NNB and ANNR)



Average AUM

**-£12bn** from HY 18

Net operating revenue margin<sup>1</sup>

**44bps**

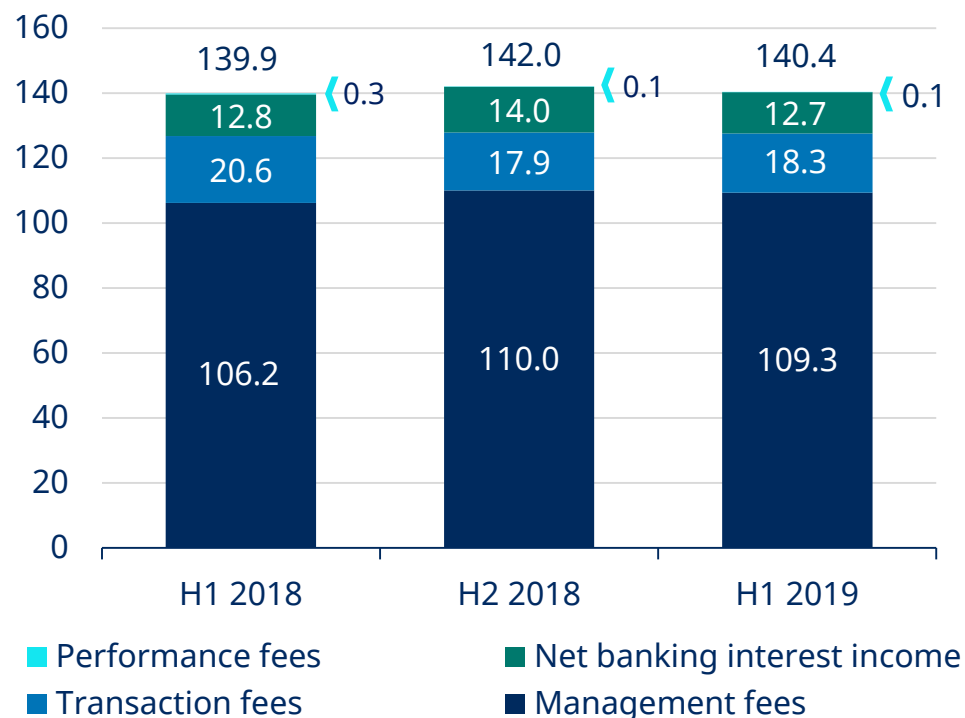
<sup>1</sup>Excluding performance fees and net carried interest

Closing AUM of

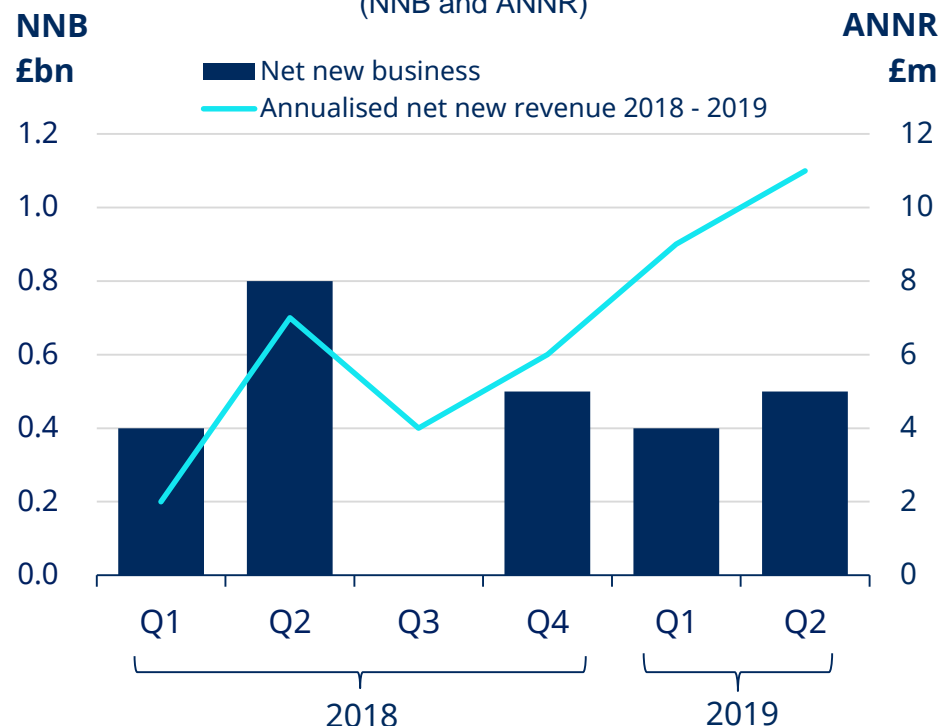
**£393.7bn**

# Wealth Management net operating revenue

£m



Net new business and annualised net new revenue (NNB and ANNRR)



Average AUM

**+£1bn**

from HY 18

Net operating revenue margin<sup>1</sup>

**60bps**

<sup>1</sup>Excluding performance fees

Closing AUM of

**£50.7bn**

# Operating expenses

Total  
compensation  
ratio

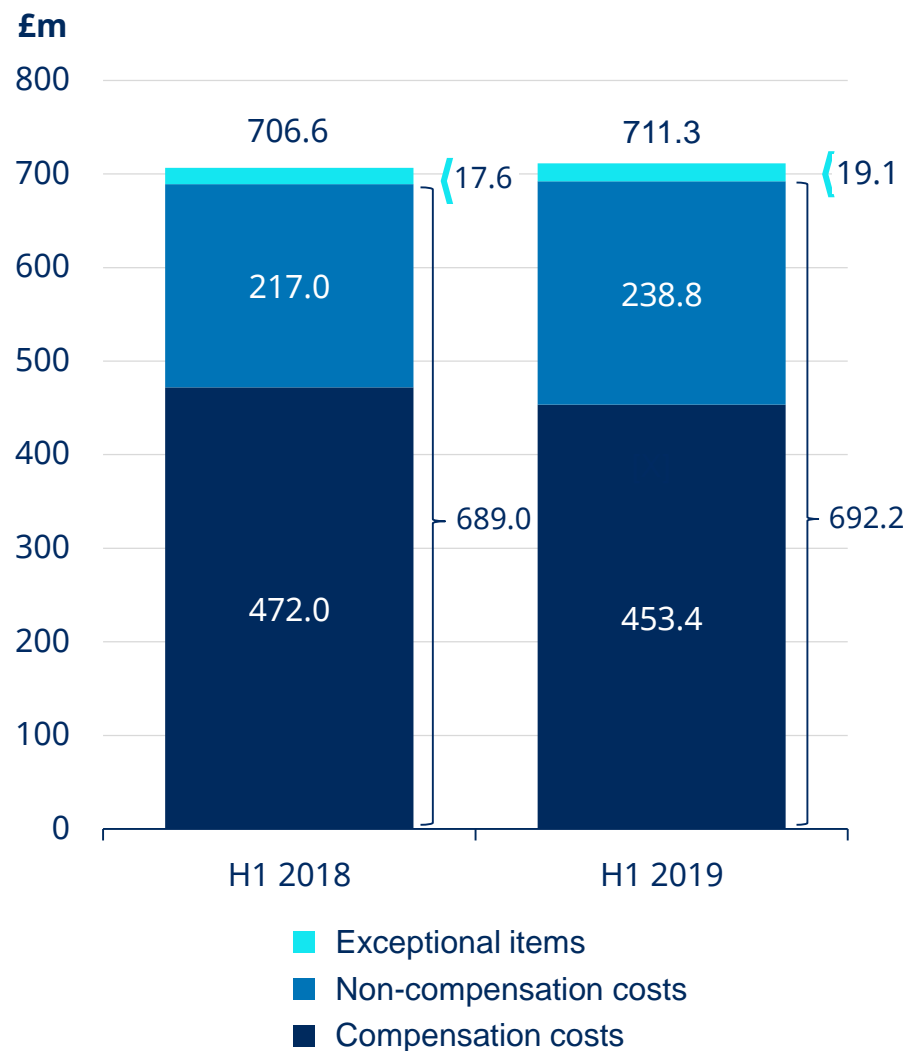
44.0%

H1 2018: 43.5%

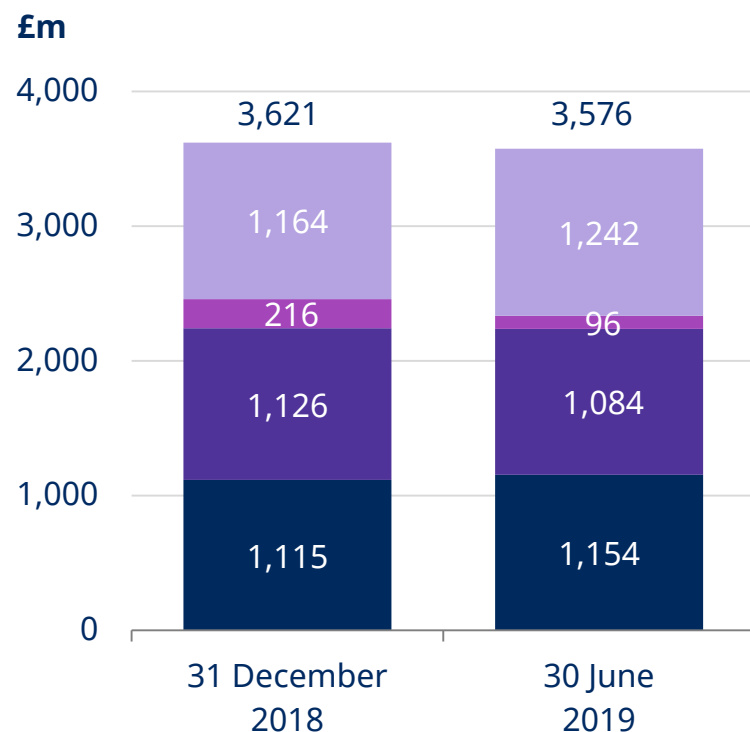
Ratio of total  
cost to net  
income

67%

H1 2018: 63%

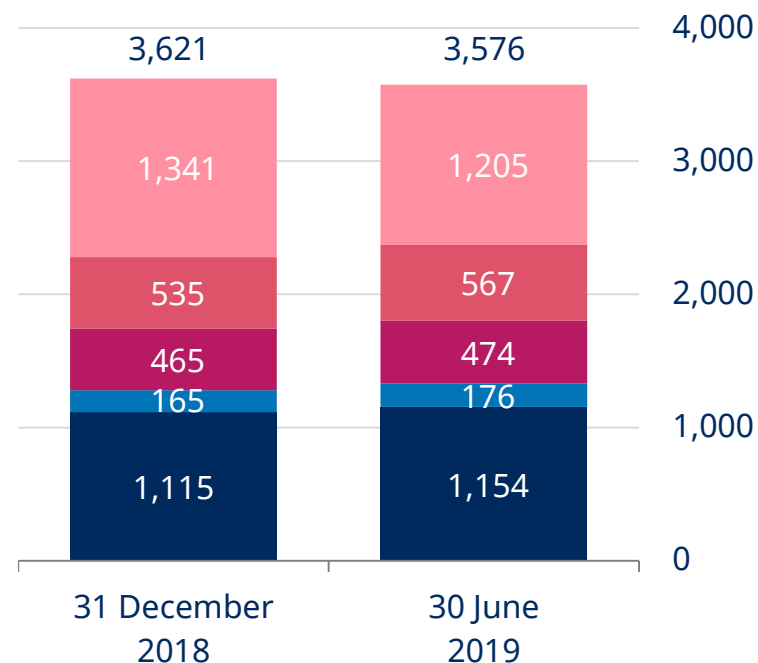


# Group capital



**Capital base**

- Capital surplus
- Dividend<sup>1</sup>
- Overall regulatory capital requirement
- Other items<sup>2</sup>



**Capital allocation**

- Working capital - Other
- Working capital - Seed and co-investment
- Investment capital - Liquid
- Investment capital - Illiquid
- Other items<sup>2</sup>

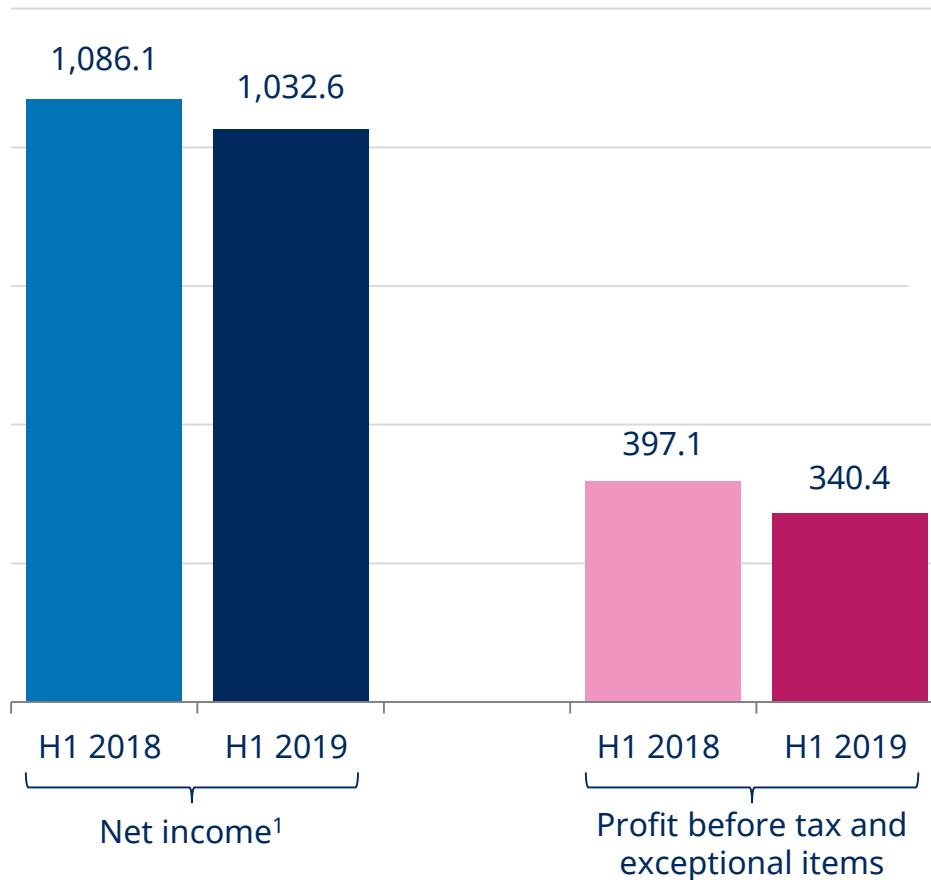
<sup>1</sup>Final 2018 dividend/proposed 2019 interim dividend

<sup>2</sup>Comprises regulatory deductions, principally goodwill, intangible assets and pension scheme surplus



# Summary

£m



¹Before exceptional items.

Net income¹

-5% to £1,032.6m

Profit before tax and exceptional items

-14% to £340.4m

Basic EPS before exceptional items

-14% to 98.6p

Interim dividend unchanged at

35.0p

Peter Harrison  
Group Chief Executive

**Schroders**

# Developments to reinforce long-term strategy



**Closer proximity  
to consumer**



**Thirdrock**

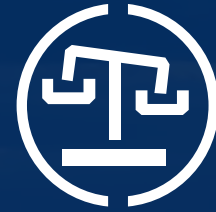


**Expand  
core business**



**Scottish Widows mandate**

**Progress in China**



**Grow Private  
Assets & Alternatives**



**Real Estate:  
Blue Asset Management**

**Impact investing:  
BlueOrchard**

**Schroders Personal Wealth**





# ► Outlook

Focused strategy for long-term growth

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Progress against strategic objectives to drive future growth



Strong pipeline despite environment of limited investor demand

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