



# Schroders

## 2015 Half-Year Results

30 July 2015

Michael Dobson | Chief Executive



**Schroders**

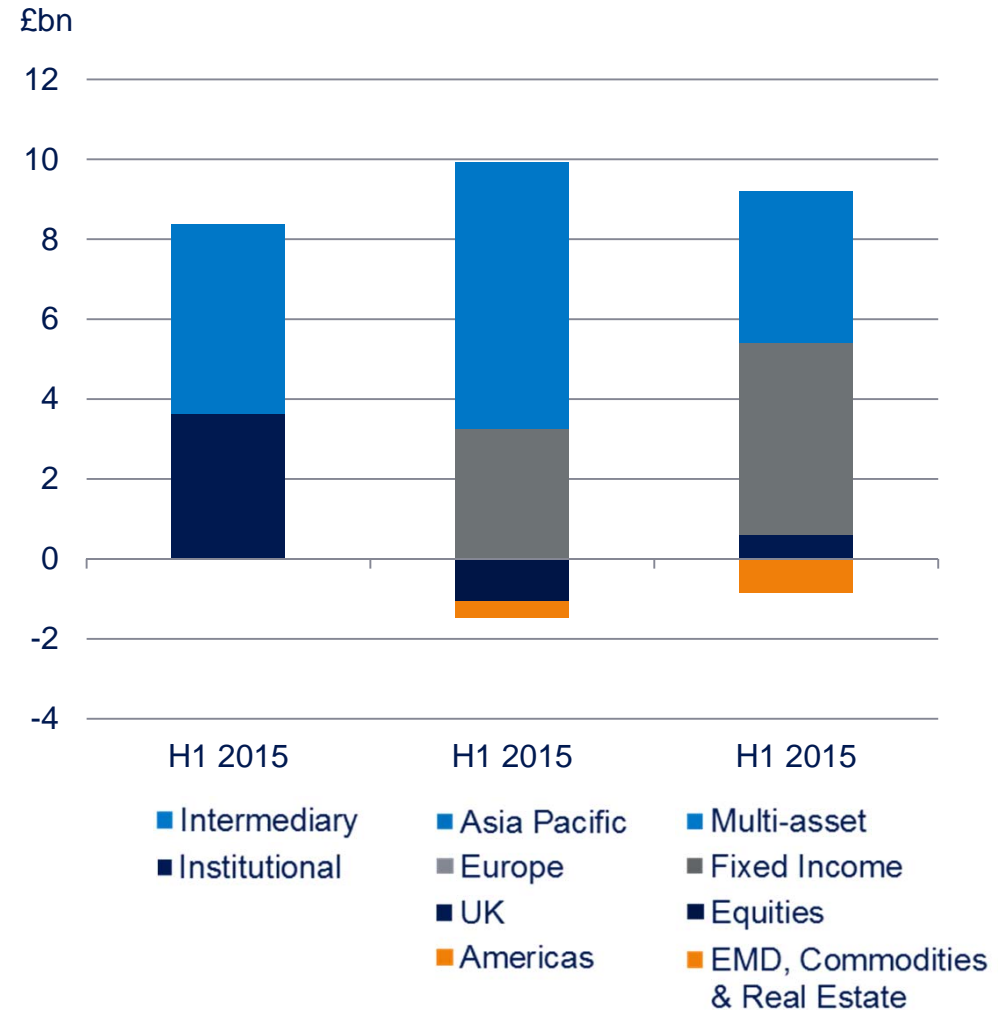
# H1 2015

- Net revenue £806.2m (H1 2014: £728.6m)
- Profit before tax and exceptional items £305.7m (H1 2014: £261.5m)
- Net inflows £8.8bn (H1 2014: £4.8bn)
- Assets under management £309.9bn (30 June 2014: £271.5bn)
- Interim dividend 29 pence per share (interim dividend 2014: 24.0 pence)

# Asset Management

## Diversified growth

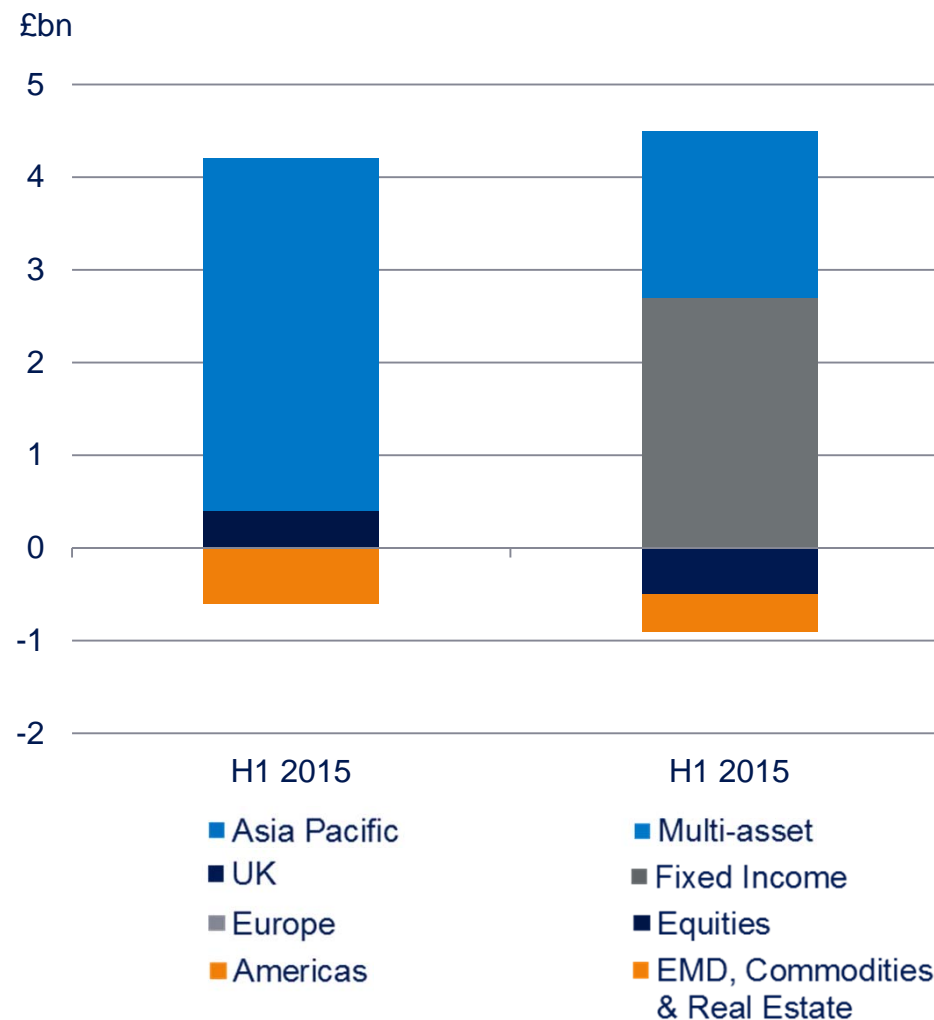
- Net revenue £694.3m (H1 2014: £621.0m)
- Profit before tax and exceptional items £271.0m (H1 2014: £235.1m)
- 77% of assets outperforming over three years
- Net inflows £8.4bn (H1 2014: £4.5bn)
- Significant growth in Asia
- Strong inflows in European Intermediary
- Building scale in Fixed Income and Multi-asset



# Institutional

Assets under management £175.5bn (30 June 2014: £148.0bn)

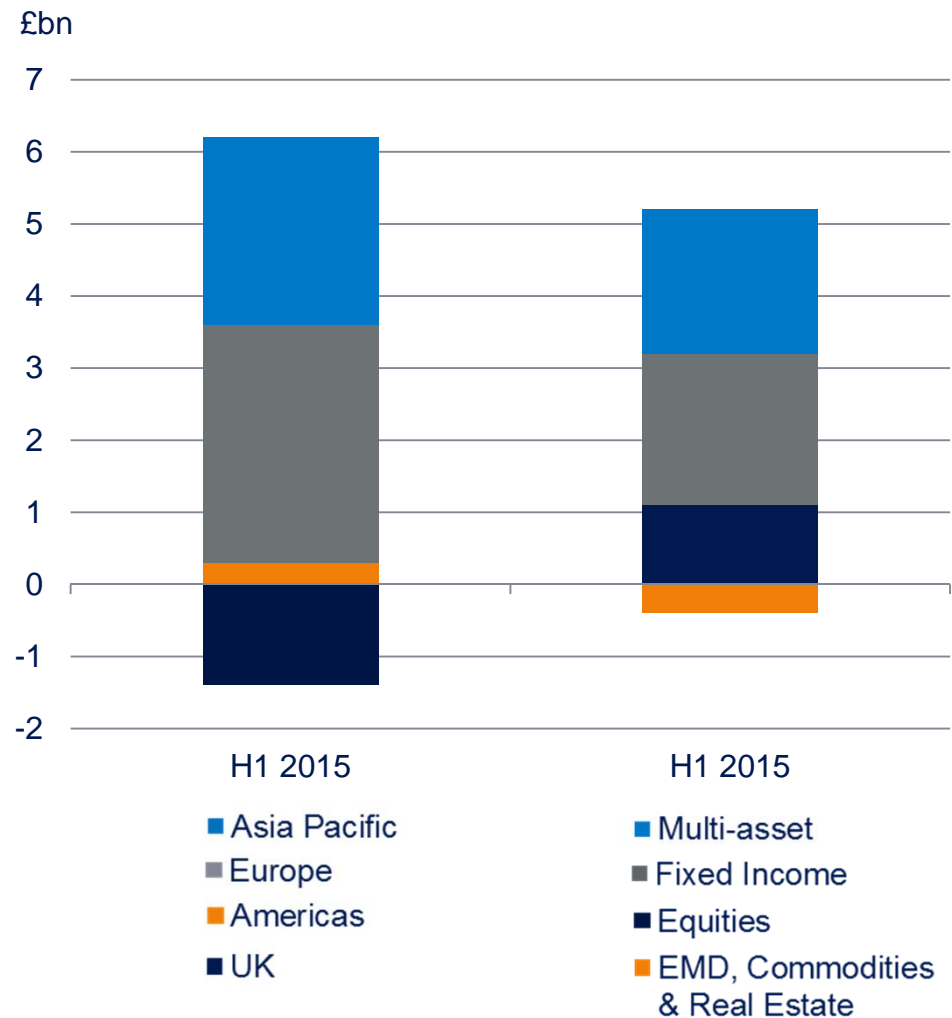
- £16.7bn of new mandates (H1 2014: £11.4bn)
- Net inflows £3.6bn (H1 2014: £0.7bn)
- Strong performance in Japan, China
- Net inflows in Global and US fixed income, multi-asset strategies, Japanese equities
- Outflows in Commodities, Global equities



# Intermediary

Assets under management £102.4bn (30 June 2014: £92.8bn)

- Gross sales £28.6bn (H1 2014: £23.3bn)
- Net inflows £4.8bn (H1 2014: £3.8bn)
- Significant inflows in Asia and Europe
- Outflows in UK
- Diversified flows across European bonds, Global, Japanese and European equities, Asian multi-asset

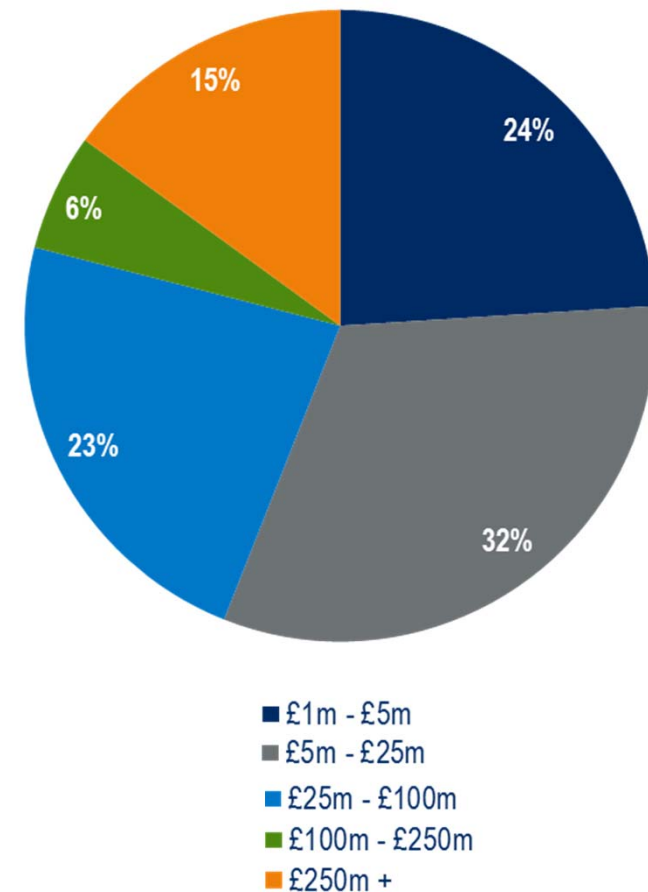


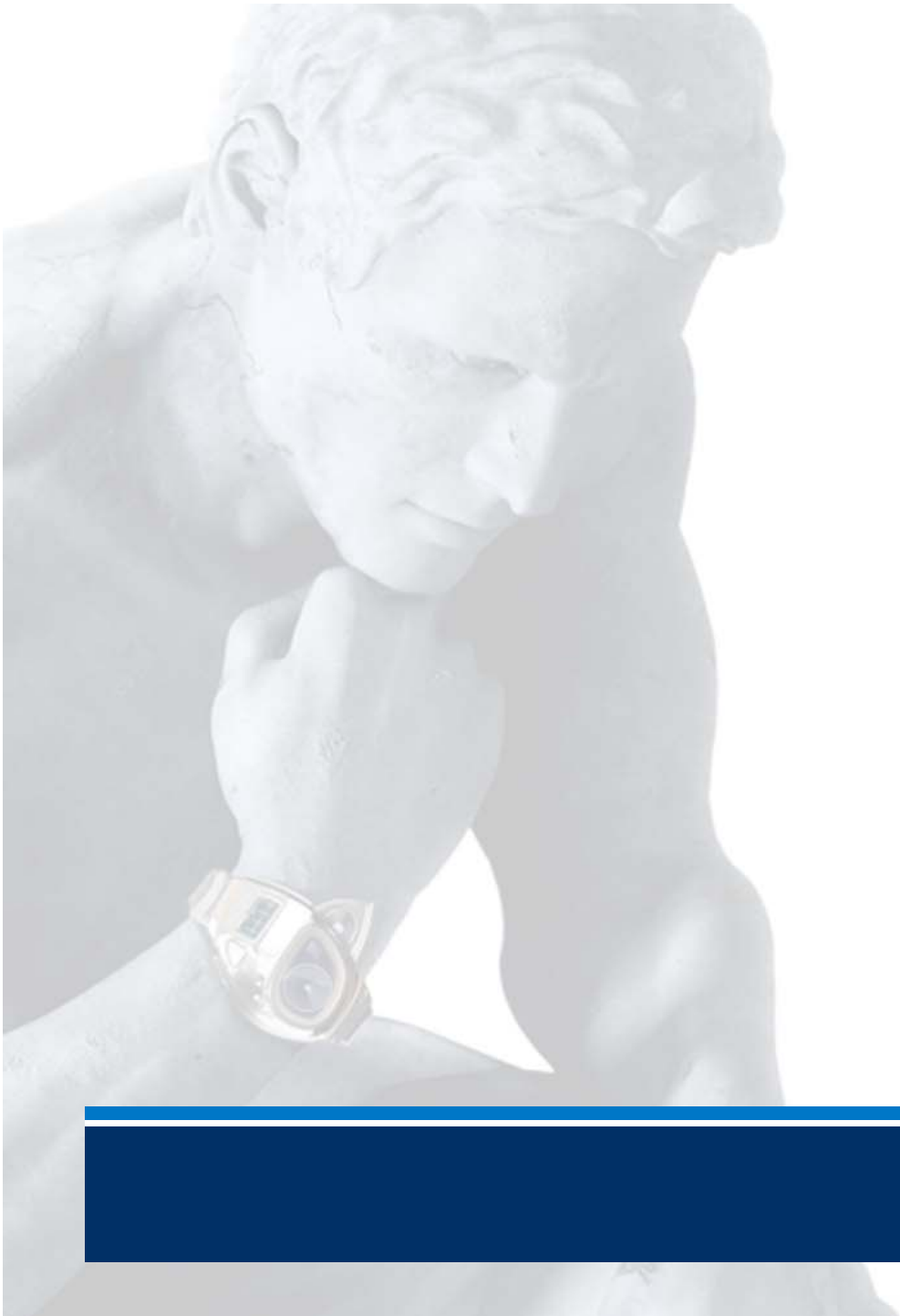
# Wealth Management

Assets under management: £32.0bn (30 June 2014: £30.7bn)

- Net revenue £105.5m (H1 2014: £100.5m)
- Profit before tax and exceptional items £30.0m (H1 2014: £26.3m)
- Net inflows £0.4bn
- Differentiated proposition for UK market
- Repositioning international business

AUM by client size





# Schroders

## 2015 Half-Year Results

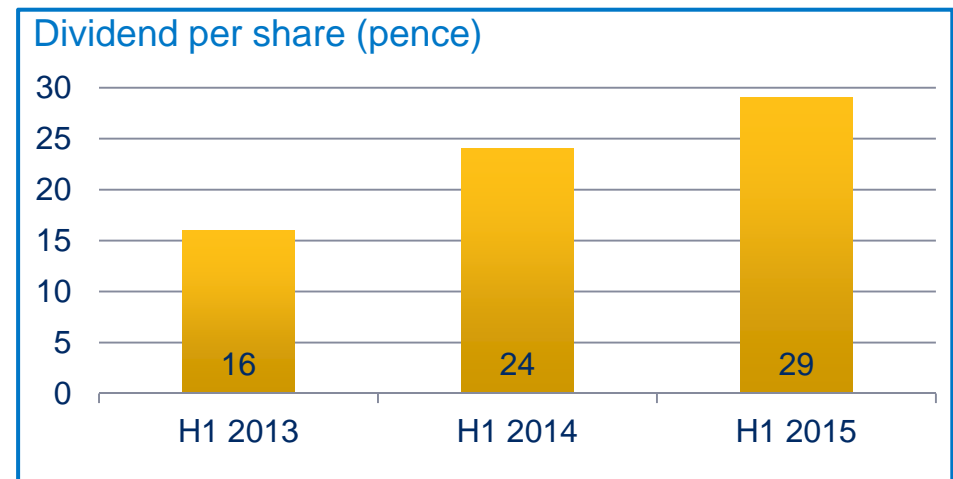
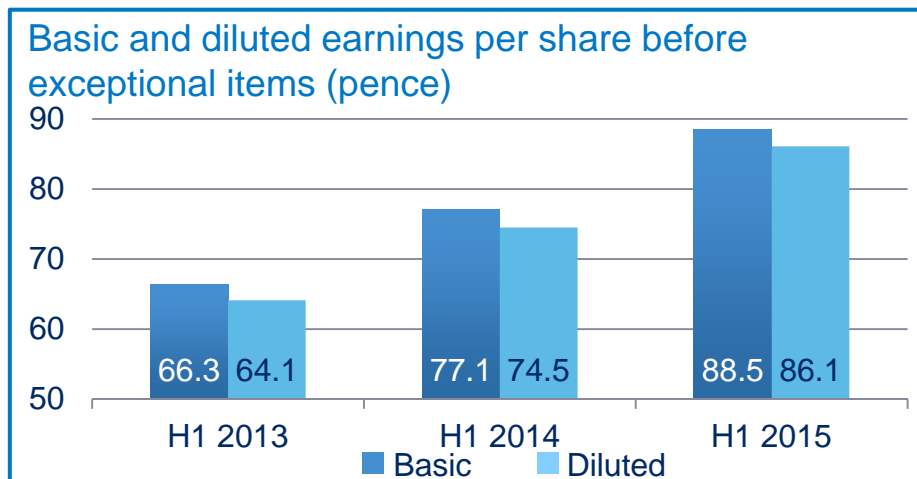
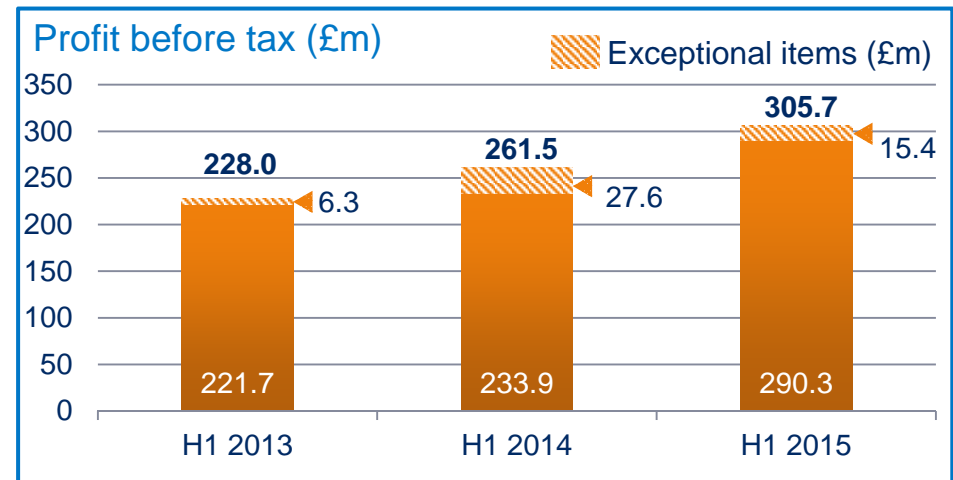
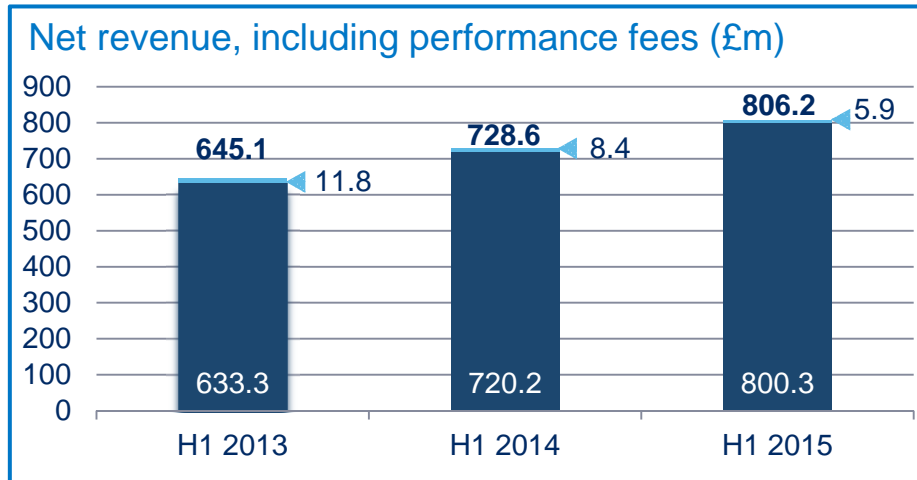
30 July 2015

Richard Keers | Chief Financial Officer



**Schroders**

# Financial highlights





# Net revenue – driven by investment returns and organic growth

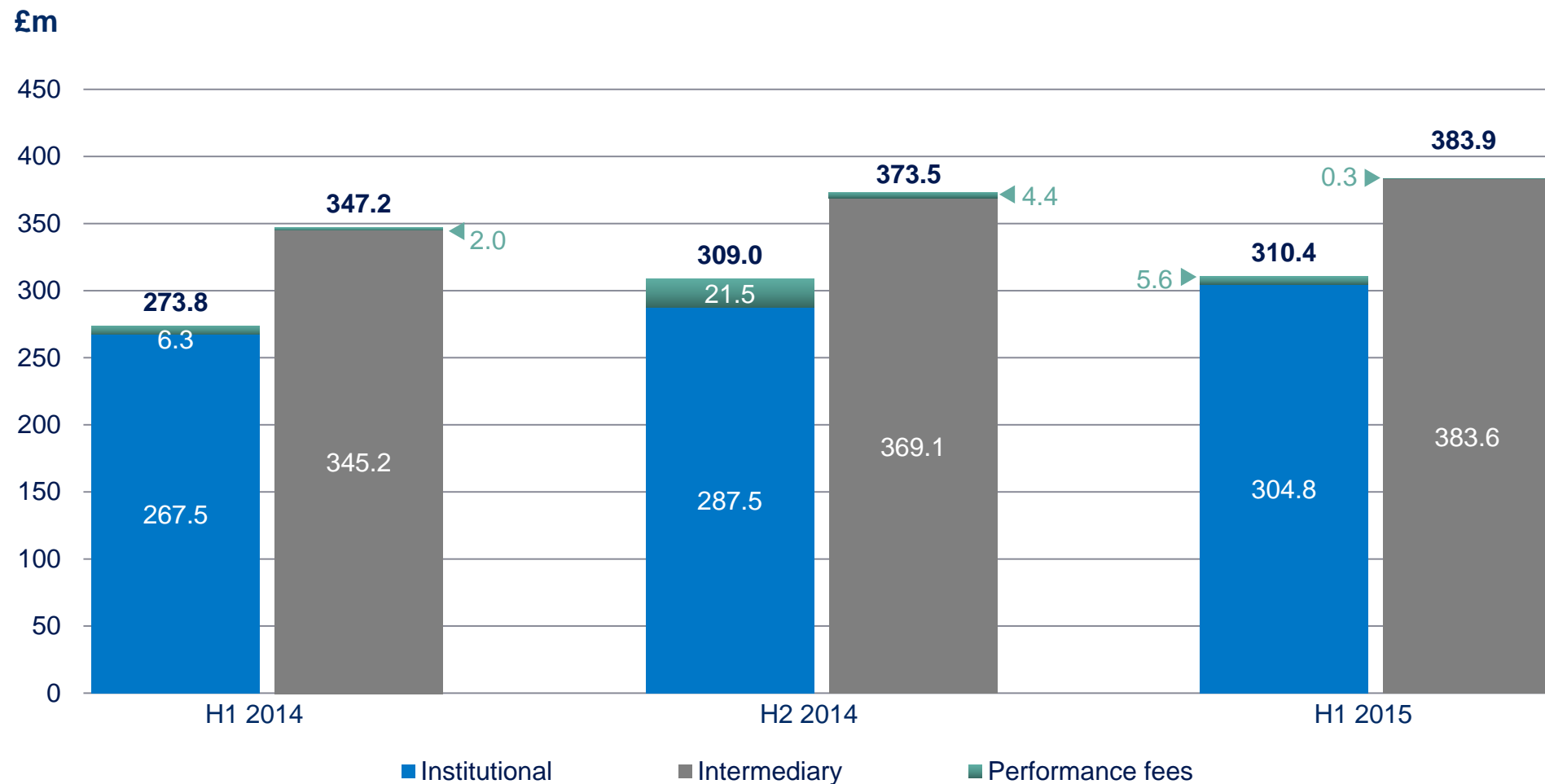
Net revenue up 11% to £806m

£m



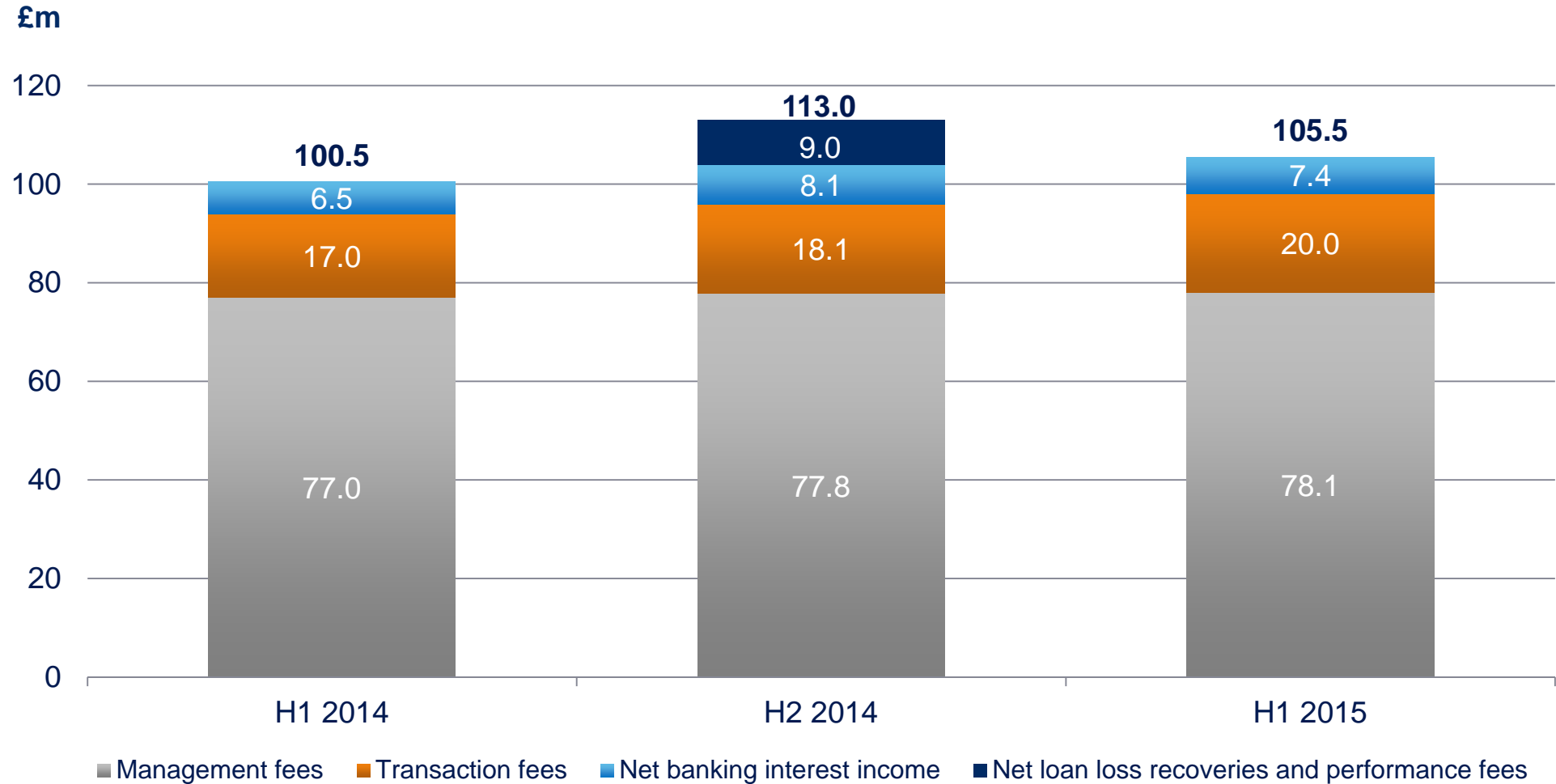
# Asset Management net revenues

Net revenue margins, excluding performance fees, at 49 bps



# Wealth Management net revenues

Net revenue margins at 66 bps



# Operating expenses

Cost control in line with projections

£m	H1 2014	H2 2014	H1 2015			H1 2015 versus H1 2014
			AM & Group	WM	Total	
Compensation costs	340.9	346.9	317.2	48.7	365.9	+7%
Non-compensation costs	137.2	159.3	128.0	26.8	154.8	+13%
<b>Operating expenses (excl. exceptional items)</b>	<b>478.1</b>	<b>506.2</b>	<b>445.2</b>	<b>75.5</b>	<b>520.7</b>	<b>+9%</b>
Exceptional items	26.5	22.3	10.3	4.0	14.3	-46%
<b>Operating expenses (incl. exceptional items)</b>	<b>504.6</b>	<b>528.5</b>	<b>455.5</b>	<b>79.5</b>	<b>535.0</b>	<b>+6%</b>

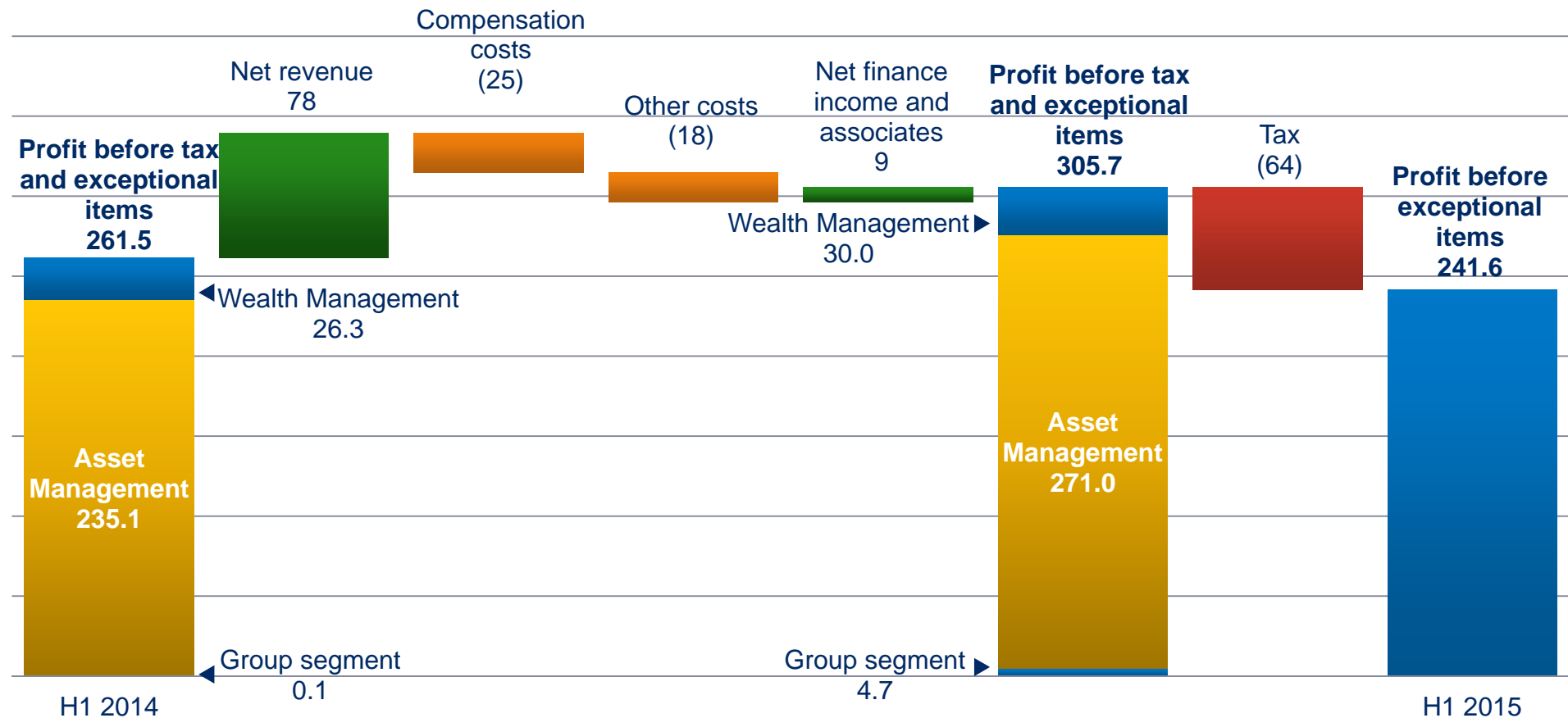
Headcount	3,540	3,556	3,074	611	3,685	+4%
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	H1 2014	FY 2014	H1 2015
<i>Compensation cost:net revenue ratio</i>	47%	45%	45%
<i>Cost:net revenue ratio</i>	66%	64%	65%

# Profit before tax and exceptional items

Up 17% to £305.7m reflecting strong business performance

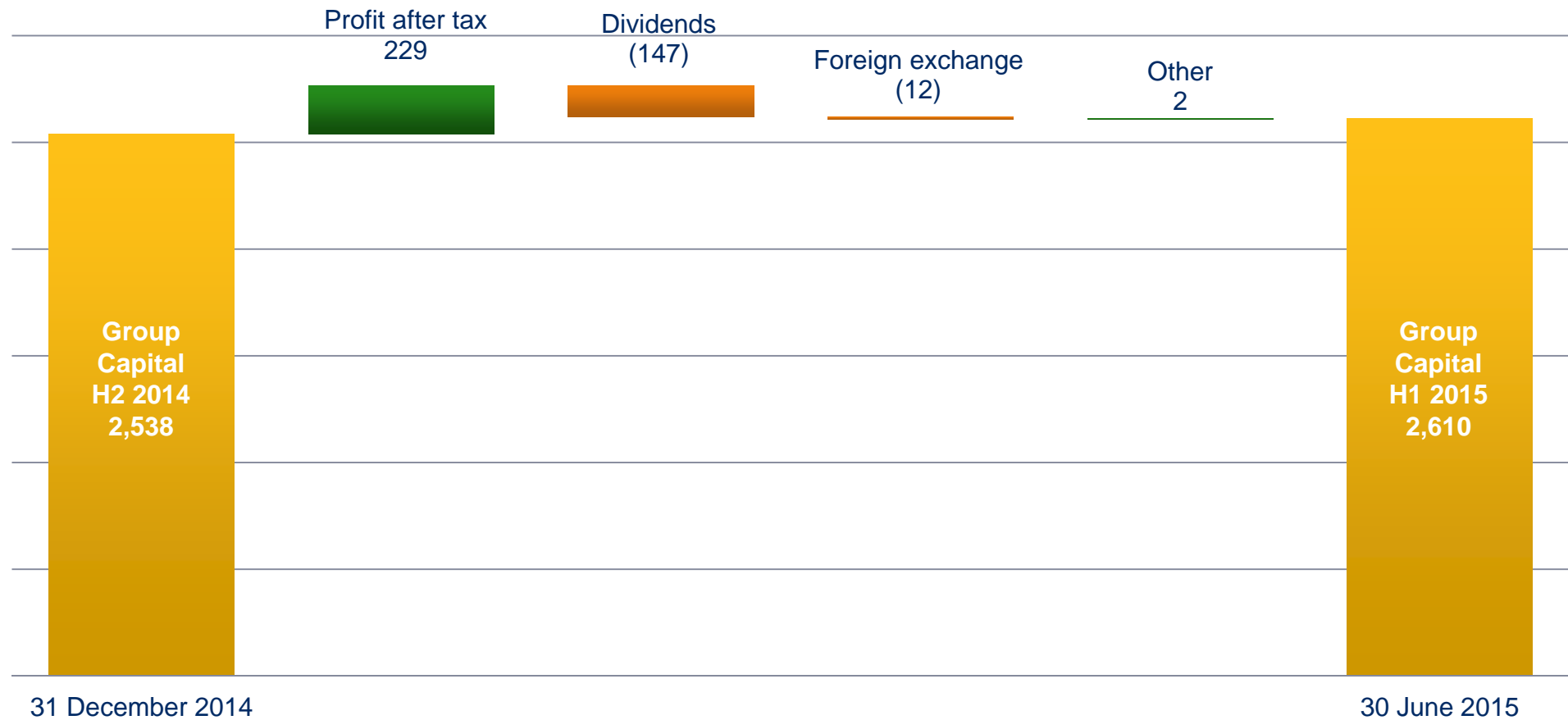
£m



# Movement in Group capital

Increase of £72m since 31 December 2014

£m



# Analysis of Group Capital

Increase of £72m since 31 December 2014

£m	H1 2014	H2 2014	H1 2015
Regulatory capital	617	673	695
Other operating capital	437	284	116
Investment capital*	573	725	957
Seed capital*	182	163	154
Other items**	514	693	688
<b>Statutory Group capital</b>	<b>2,323</b>	<b>2,538</b>	<b>2,610</b>

\* Not included in AUM

\*\* Comprises goodwill, intangible assets, pension scheme surpluses, other associates and joint ventures, and deferred tax

# Outlook

- Solid pipeline of new business in Institutional
- Uncertainties around eurozone, China and US interest rates affecting investor demand
- Building scale and improving efficiencies to offset declining fee margins
- Investing in organic growth
- Diversified business model provides long-term growth opportunities



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