



Schroders

HALF-YEAR RESULTS 2023

July 2023

Peter Harrison

Group Chief Executive

Richard Keers

Chief Financial Officer





Schroders

HALF-YEAR RESULTS 2023

27 July 2023

Peter Harrison

Group Chief Executive



Our strategy has enabled positive NNB in a challenging environment

	H1 2023	H2 2022	H1 2022
Net operating income (£m)	1,211.9	1,235.2	1,240.3
Operating profit (£m)	341.4	316.1	406.9
AUM (£bn)	726.1	737.5	773.4
Net new business excl. Joint Ventures and Associates (£bn) ¹	5.7	(6.0)	4.4
Basic operating EPS (pence)	16.8		21.1
Total dividend per share (pence)	6.5		6.5

Strategic growth areas continue to deliver

Our diversification has proven beneficial through a challenging operating environment

£30.1bn impact on AUM from FX movements

¹Net new business including Joint Ventures and Associates was £0.4 billion (H1 2022: £8.4 billion).

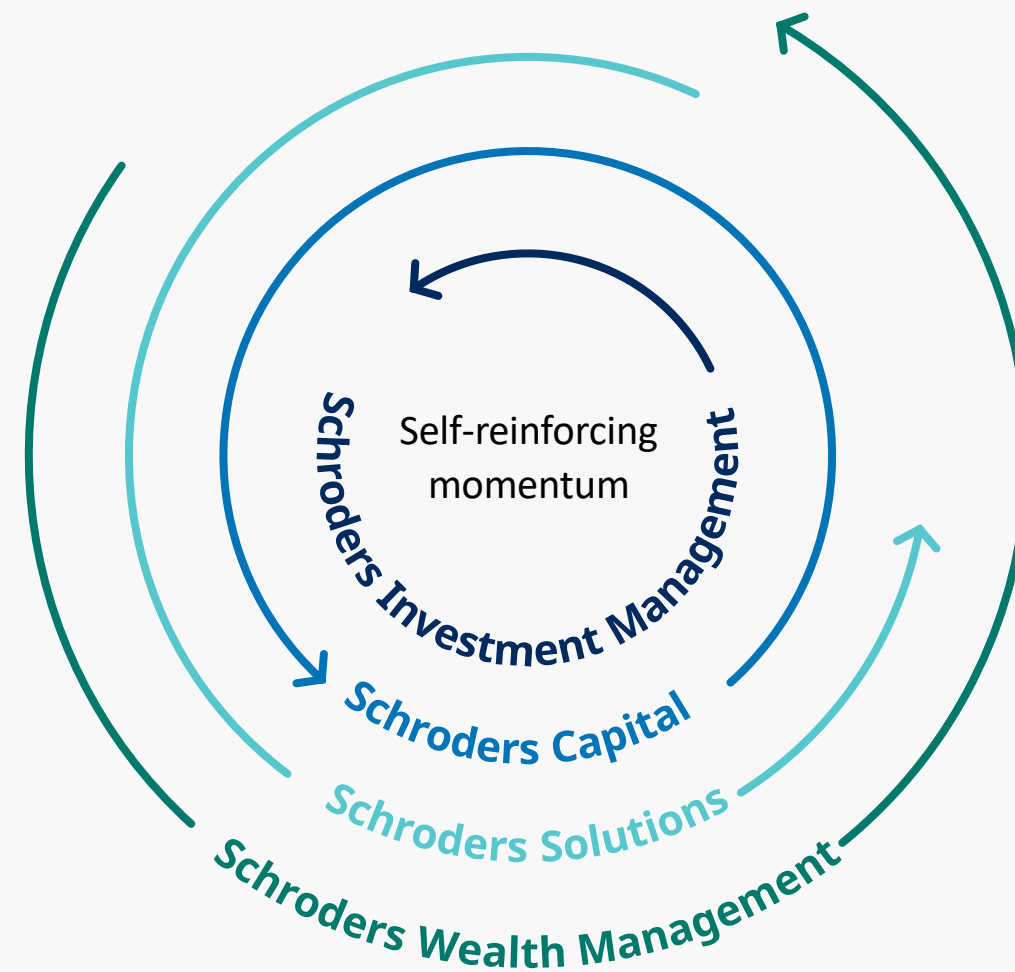
Self-reinforcing momentum

Enhancing growth potential across our four businesses

Two of the first three LTAFs authorised in the market

Lloyds Banking Group referrals
boosting regional growth in Wealth

Lloyd's of London Investment Platform launches
Schroders Capital-managed Private Impact Fund



Schroders

Continue growing one of the UK's leading Wealth Managers

Capitalising on our unique growth opportunities: Capital Markets Day update

④

Continue leveraging Cazenove Capital's differentiated position in the U/HNW bracket and the newly launched regional offices

③

Benchmark growing its share of the UK adviser market through its leading technology platform and broad proposition for advisers

②

SPW poised for strong growth in the affluent bracket, following the actions taken to transform the business

①

Continue increasing operational leverage and efficiencies

Updated targets

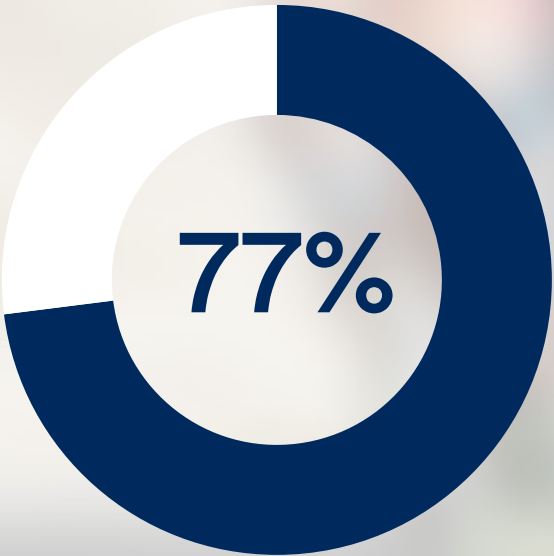


Net new business rate target of 5% to 7% p.a.

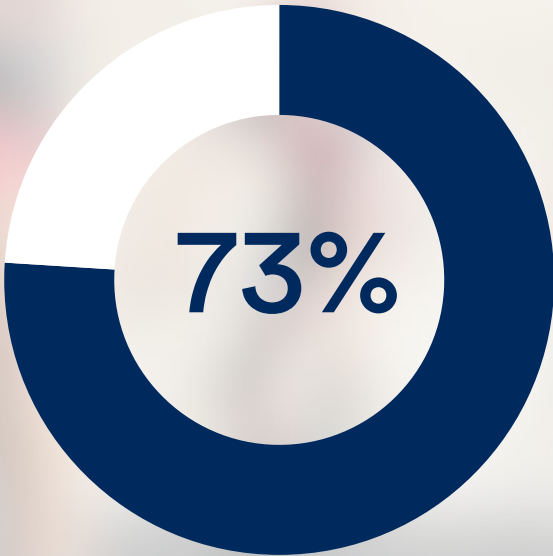


Wealth Management operating profit to grow at a CAGR of c.10% from 2022–25 excl. the effects of markets, FX and acquisitions.

Our purpose is to provide excellent investment performance

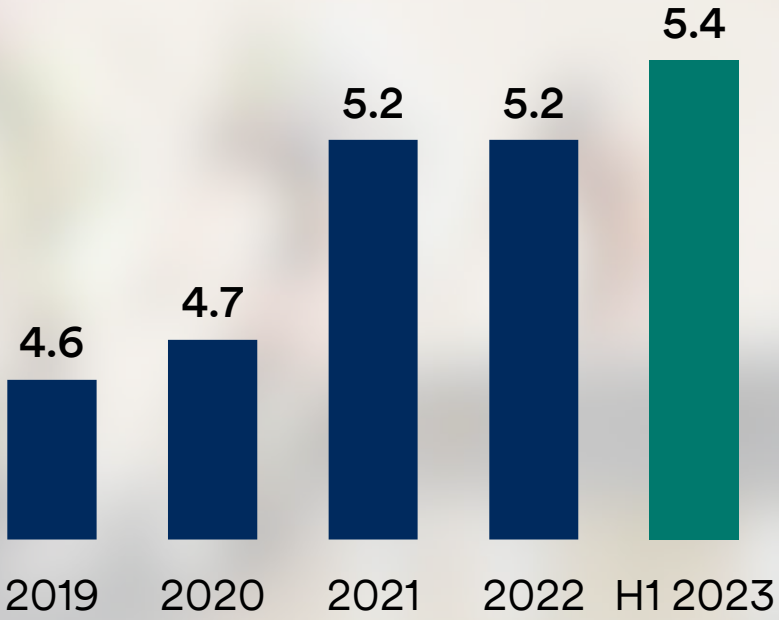


outperforming over 3 years



outperforming over 5 years

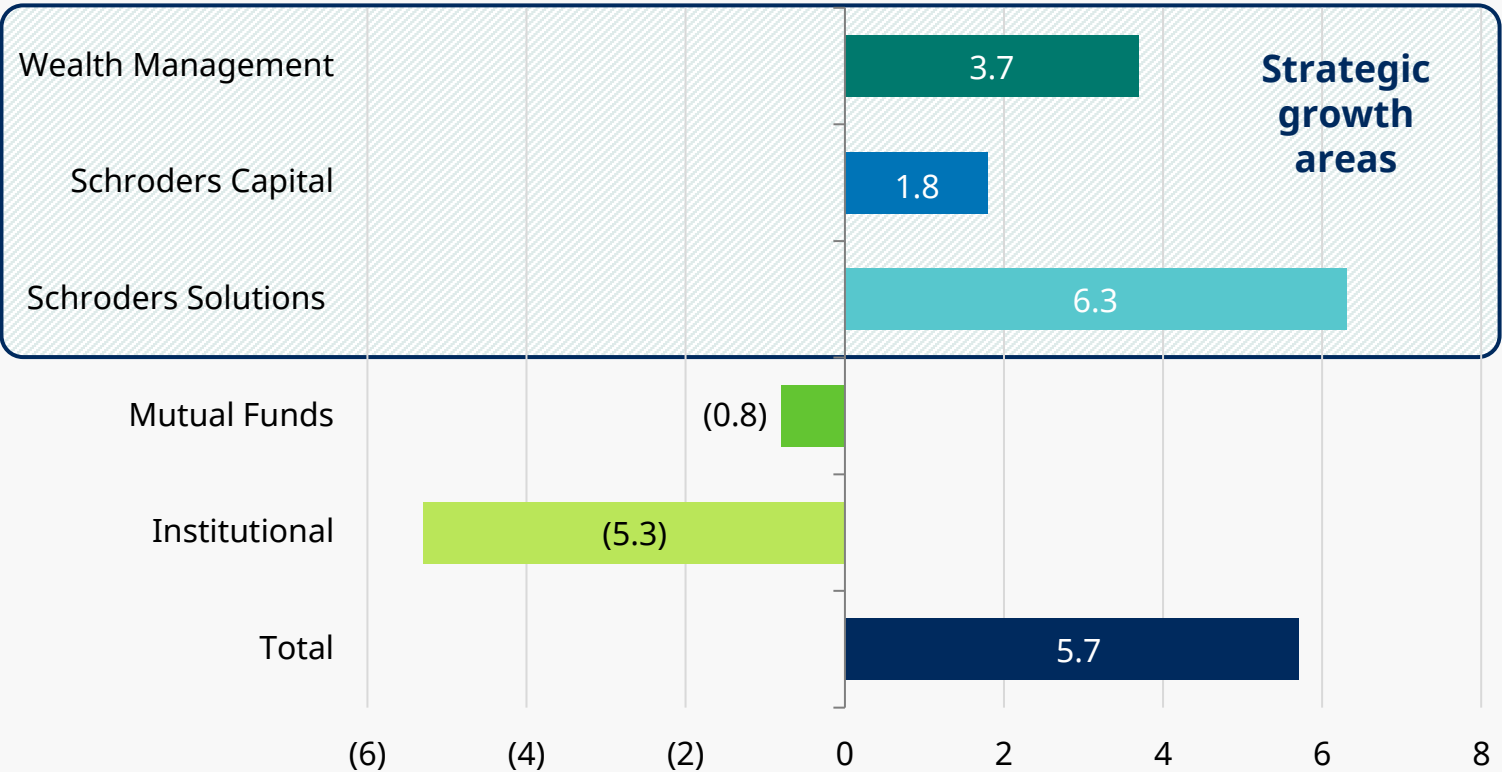
Three-year longevity



Note: Please refer to page 7 of the Half-year 2023 Press Release on our investor relations website for more information about client investment performance.

Strategic areas of growth driving positive net new business of £11.8 billion

NNB by business area
£bn



Inflows of £5.7 billion in H1

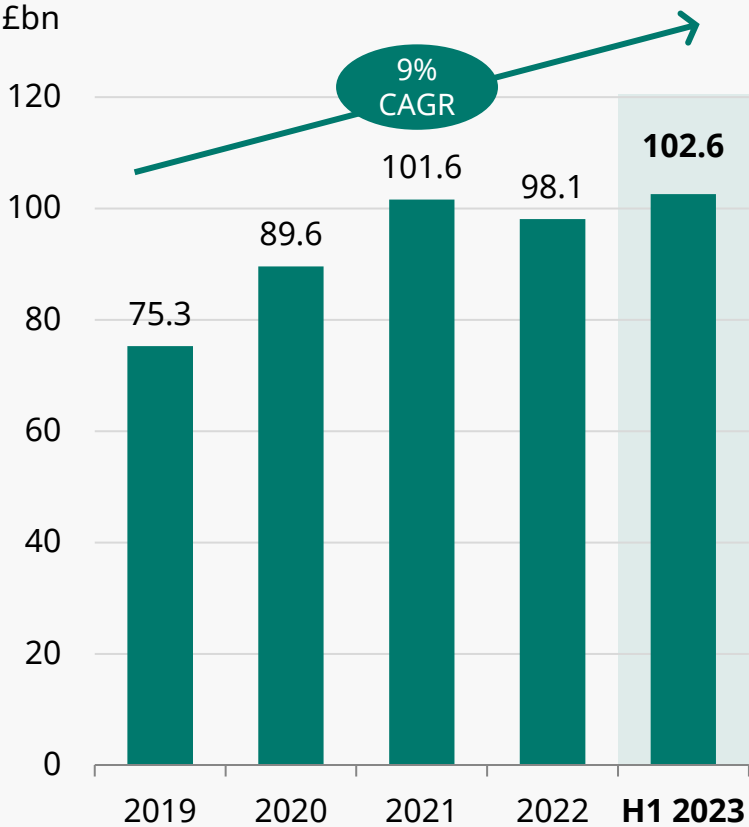
Mutual Fund flows resilient in “risk-off” environment

Rebound in Solutions flows following gilt crisis response

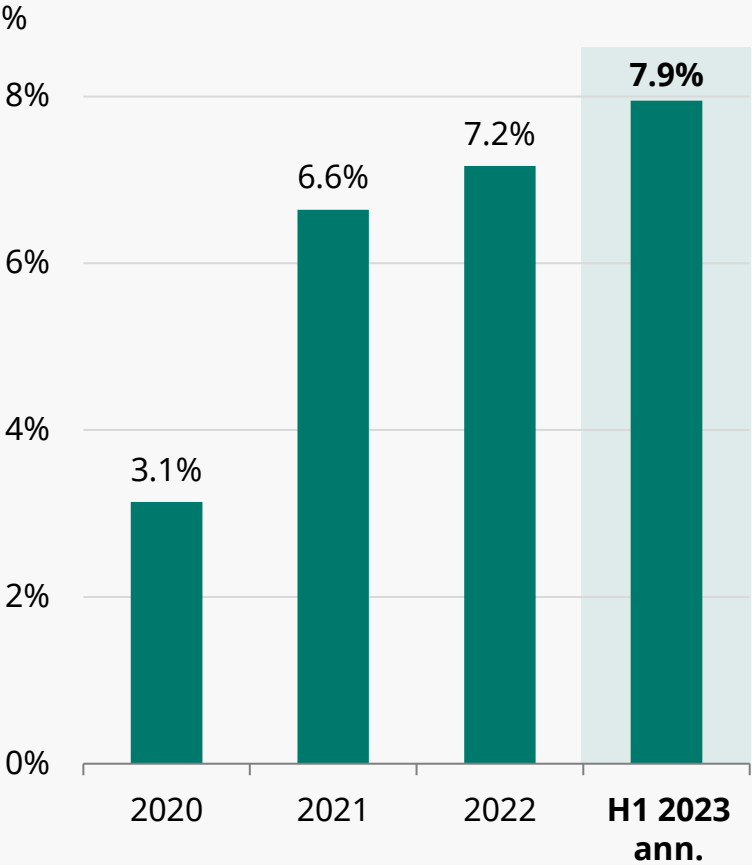
Revenues from strategic growth areas up 5%

Wealth Management delivering sustained NNB growth

AUM progression



Advised NNB rate



Comprehensive offering covering entire Wealth spectrum

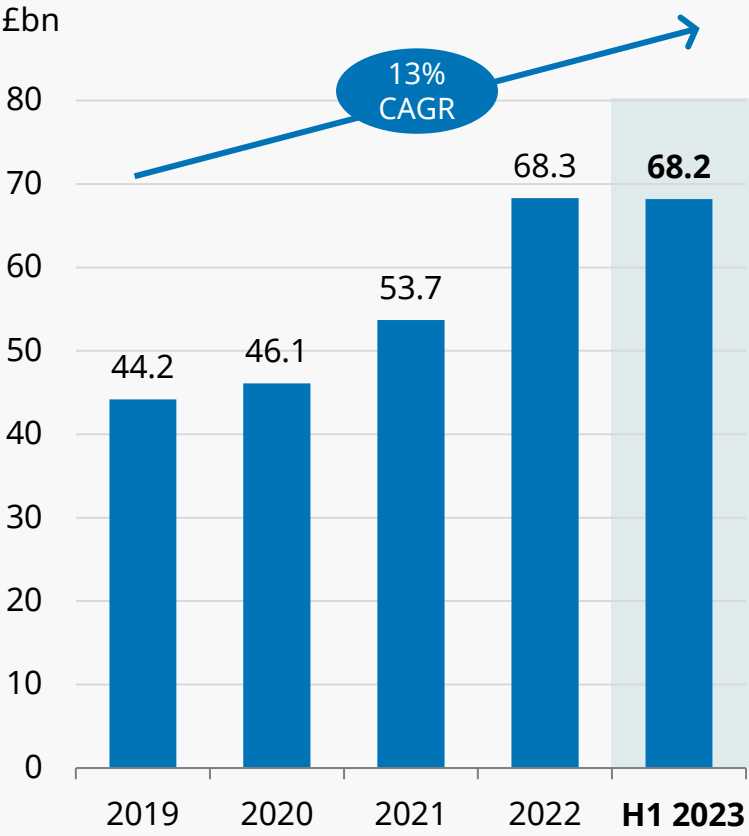
£3.7bn NNB represents compelling growth from a range of target client segments

Relocating operational roles to drive efficiency and reach operating profit target

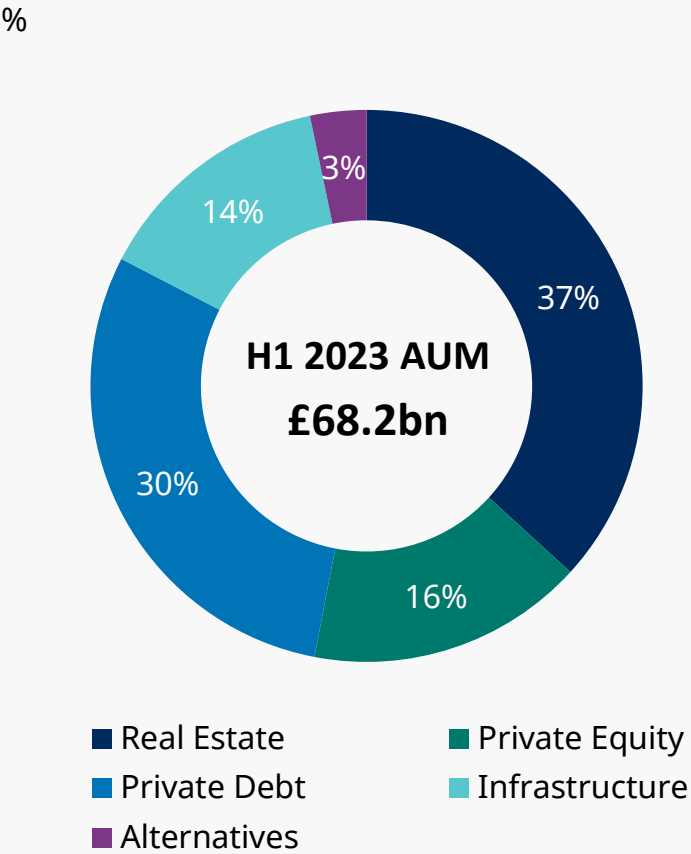
Schroders Capital: a complete private markets offering

Stable AUM despite private assets slowdown in the first half

AUM progression



Schroders Capital composition



Balanced business meeting client demand for multi-private asset solutions

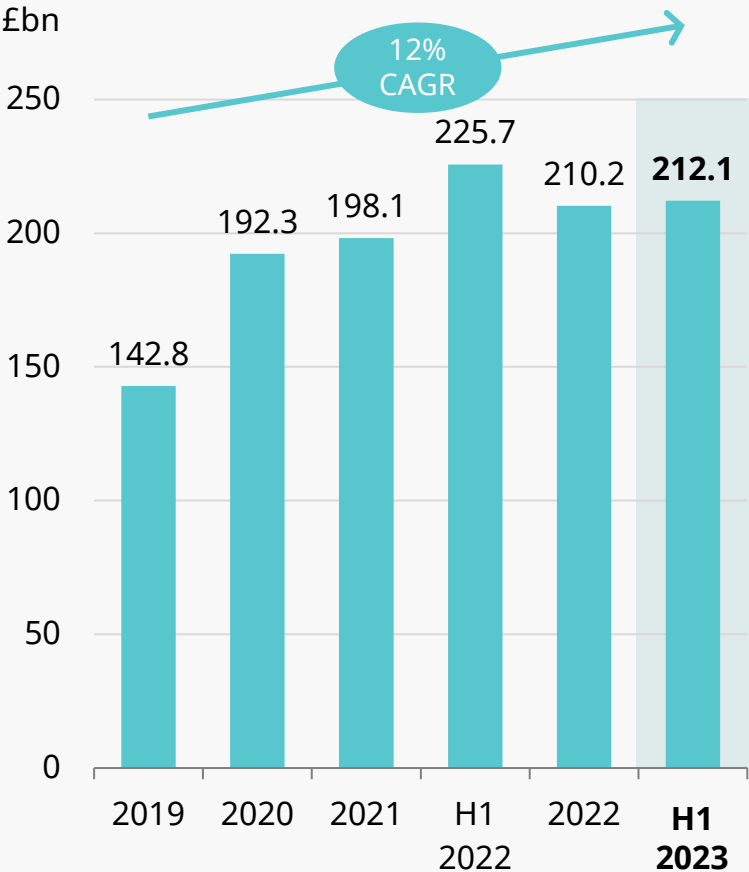
£1.8bn NNB driven by Real Estate, Infrastructure and ILS

£5.3bn fundraising despite unfavourable market dynamics, with H2 pipeline looking strong

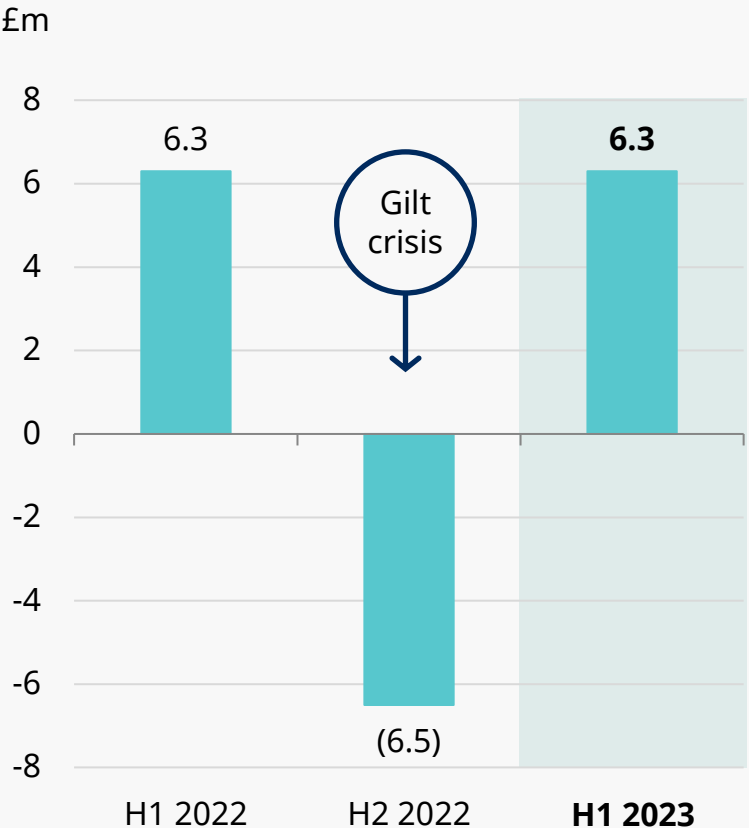
Solutions: inflows demonstrate strong reputation

Rebound in NNB following successful client-centric approach to gilt crisis

AUM progression



Rebound of NNB post the gilt crisis



£6.3bn of NNB in H1 and healthy pipeline for H2

Strong market position after River and Mercantile Solutions acquisition last year

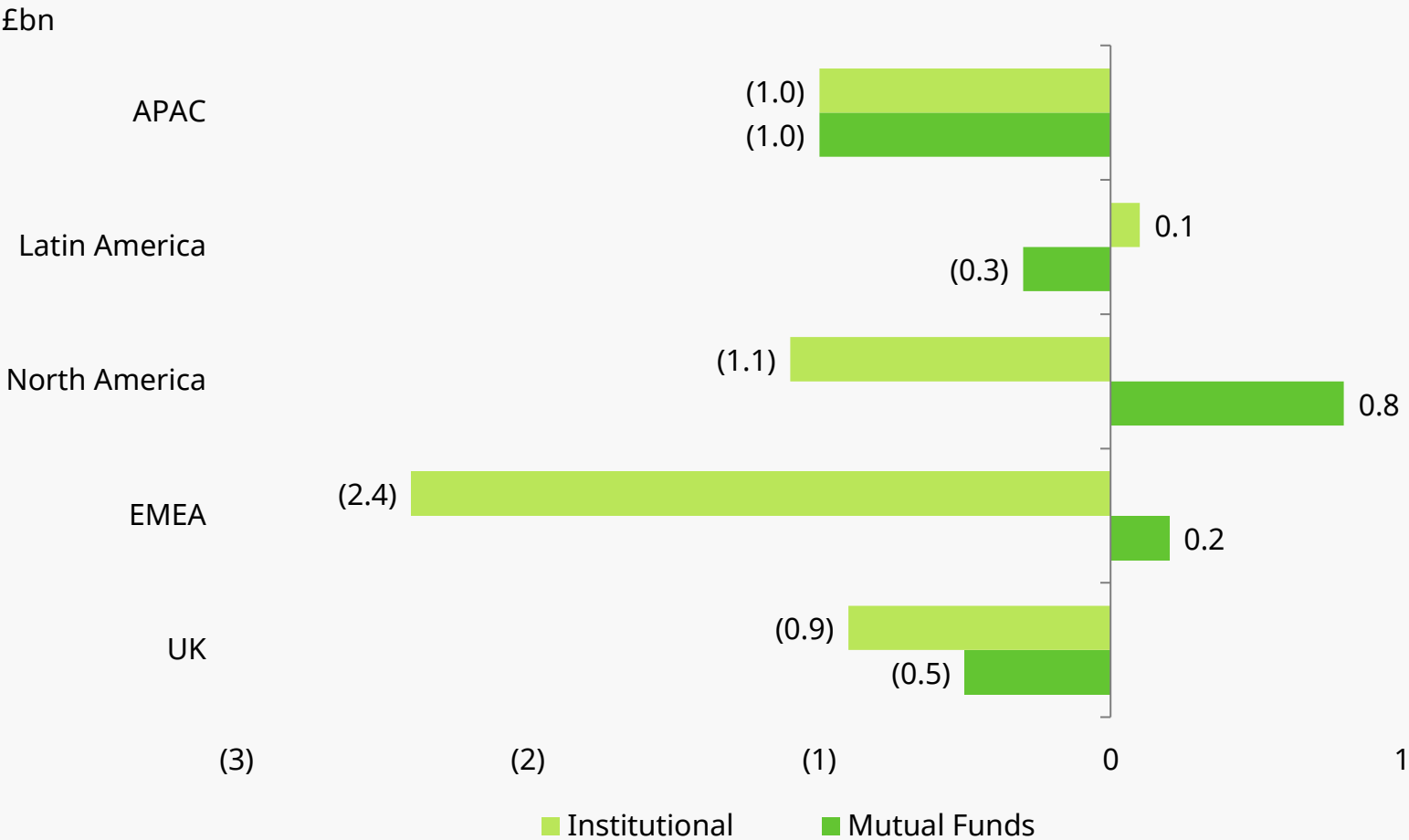
Rising rates have impacted the value of LUM¹, but NNB trend is strong

¹Liabilities Under Management.

Mutual Funds performing robustly given market sentiment

Institutional mix shift is leading to margin improvement

NNB by region



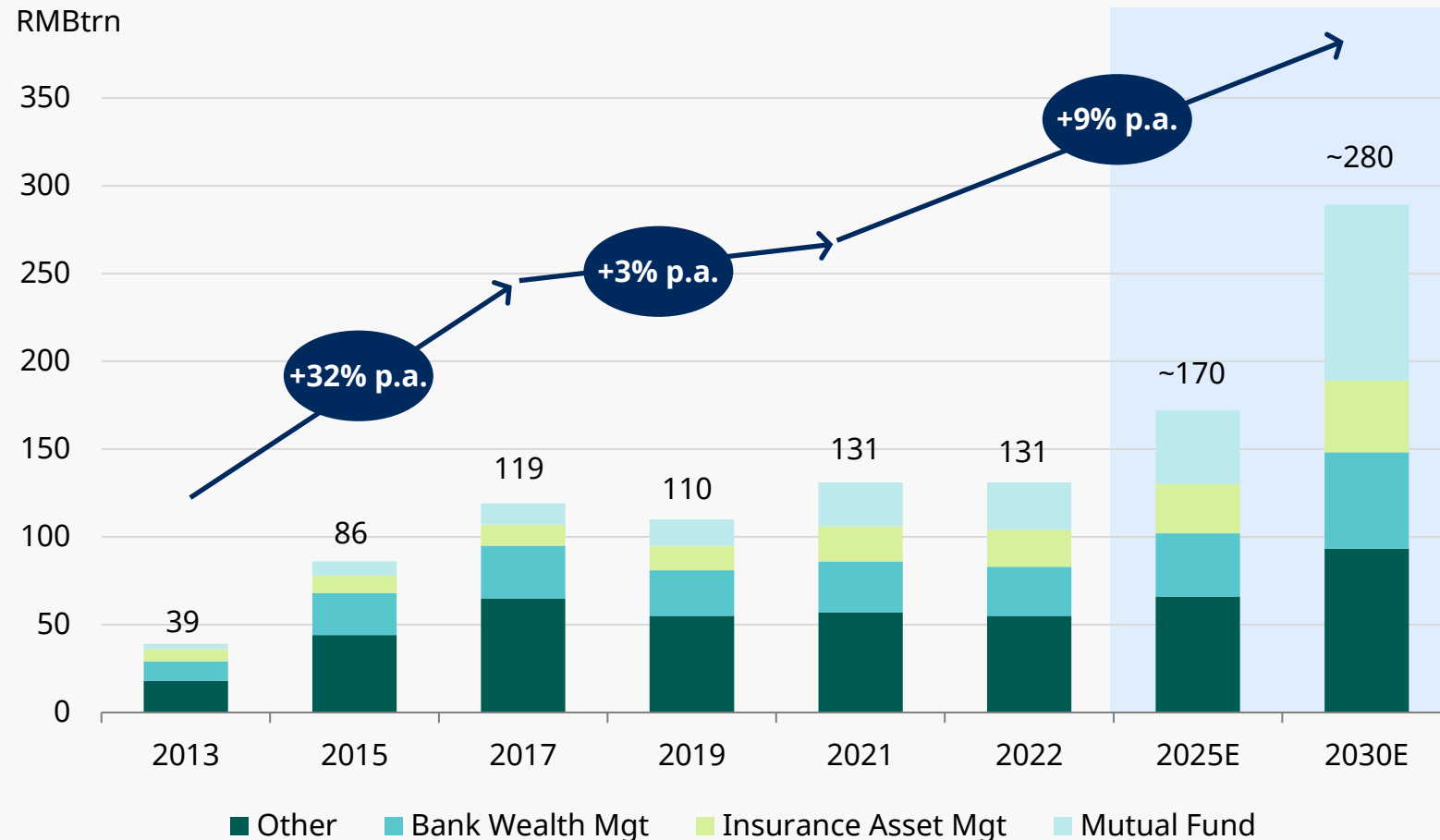
- Continued positive NNB in Sustainability and Thematics
- Institutional outflows primarily from lower-margin mandates
- EMEA and US both generating positive Mutual Fund NNB
- Mutual fund outflows of £0.8bn, while total global active industry¹ outflows were c. £280bn

¹Source: Outflows for H1 2023, Morningstar Global Database.

Accessing China's long-term future market growth prospects

Licences via wholly-owned entities and Bank of Communications' partnerships

Assets under management: China's growth potential



Comprehensive market access via:

Strategic partnerships

- BOCOM Schroders FMC
- Schroders BOCOM WMC

100% owned

- Adveq Private Equity PFM
- New FMC approved in June

£5.3bn outflows from JVs and associates due to cyclical headwinds in H1



Schroders

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Chief Financial Officer



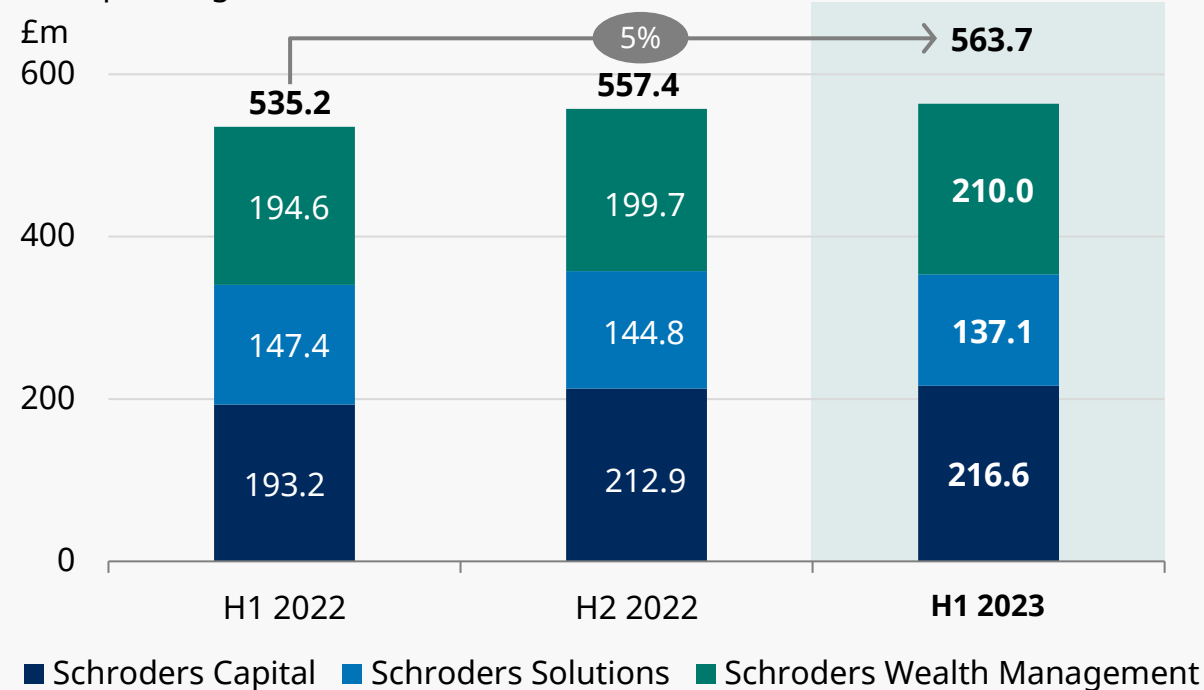
Results summary

	H1 2023	H2 2022	H1 2022
Net operating revenue (£m)	1,169.8	1,183.4	1,178.0
Net operating income (£m)	1,211.9	1,235.2	1,240.3
Operating expenses (£m)	(870.5)	(919.1)	(833.4)
Operating profit (£m)	341.4	316.1	406.9
Basic operating EPS (pence)	16.8		21.1
Interim dividend per share (pence)	6.5		6.5

¹Including Schroders Wealth Management, Schroders Capital and Schroders Solutions.

Strategic growth areas

Net operating revenue



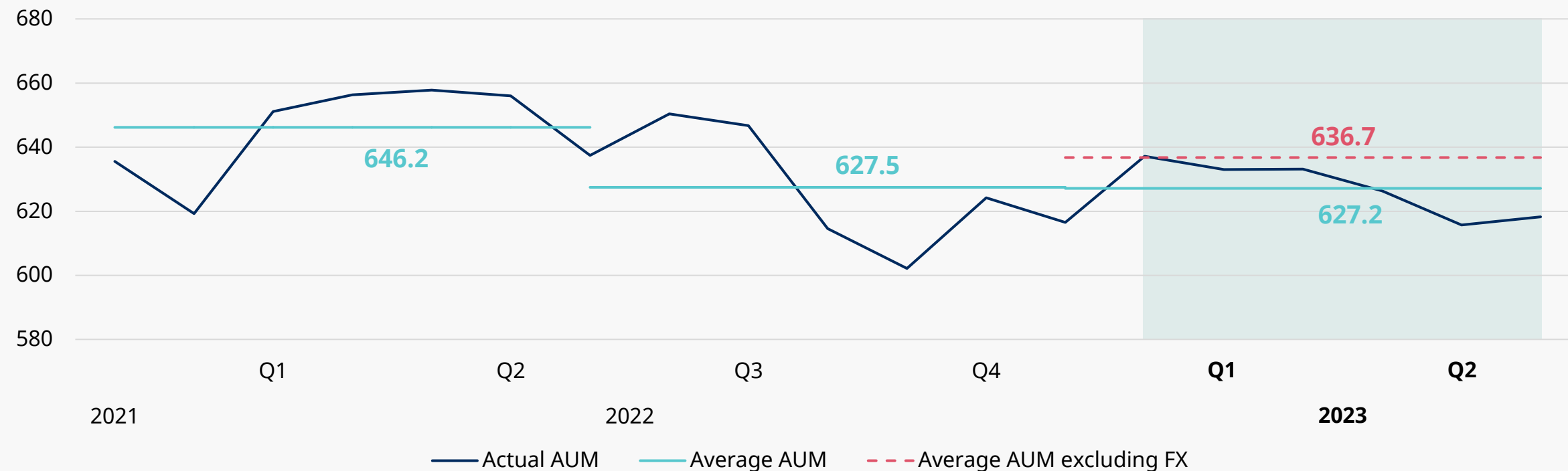
Net operating revenue from strategic growth areas¹

up 5% from H1 2022

Average AUM trend

Average AUM (excluding Associates and JVs)

£bn



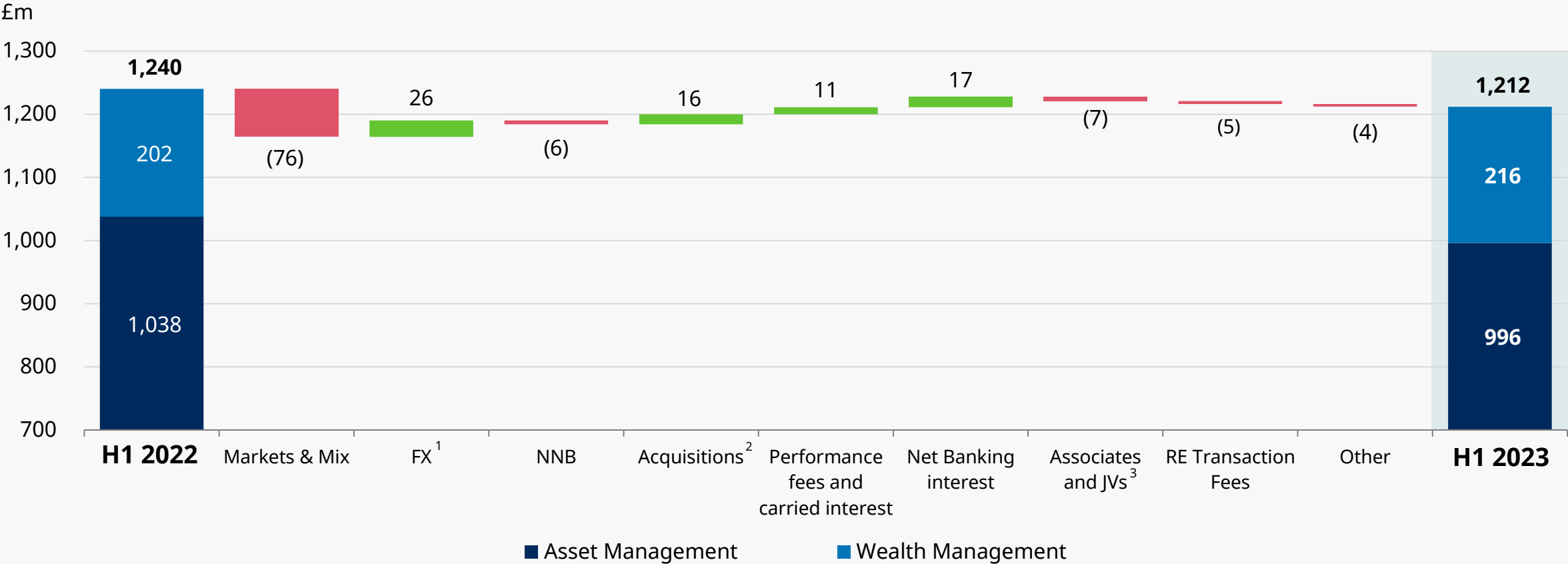
¹Excluding Associates and JVs.

Average AUM¹ up 1% on H2 2022 average AUM excluding FX

Closing AUM¹ up 5% on 31 December 2022 AUM excluding FX

Net operating income: year-on-year comparison

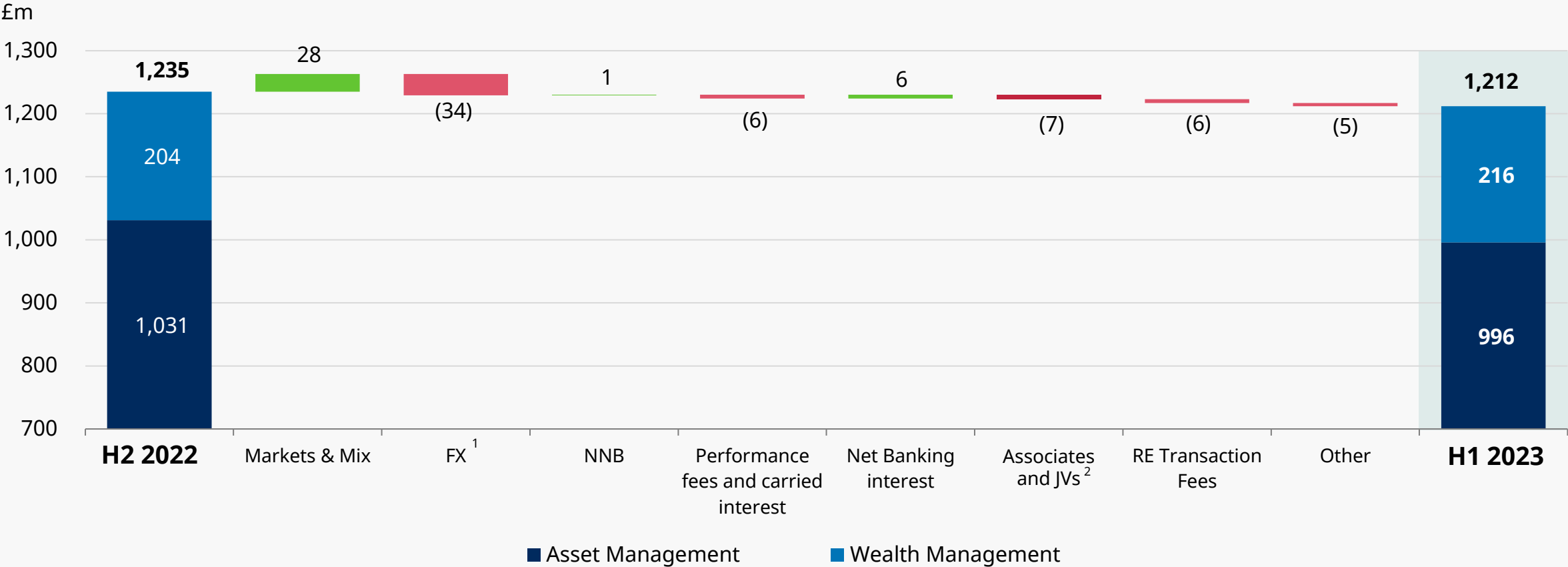
H1 2022 to H1 2023



¹The FX impact is estimated based on the monthly movement in AUM. ²Acquisitions principally relates to Greencoat Capital (now Schroders Greencoat). ³Excludes amortisation of acquired intangible assets and restructuring costs.

Net operating income: movement since H2 2022

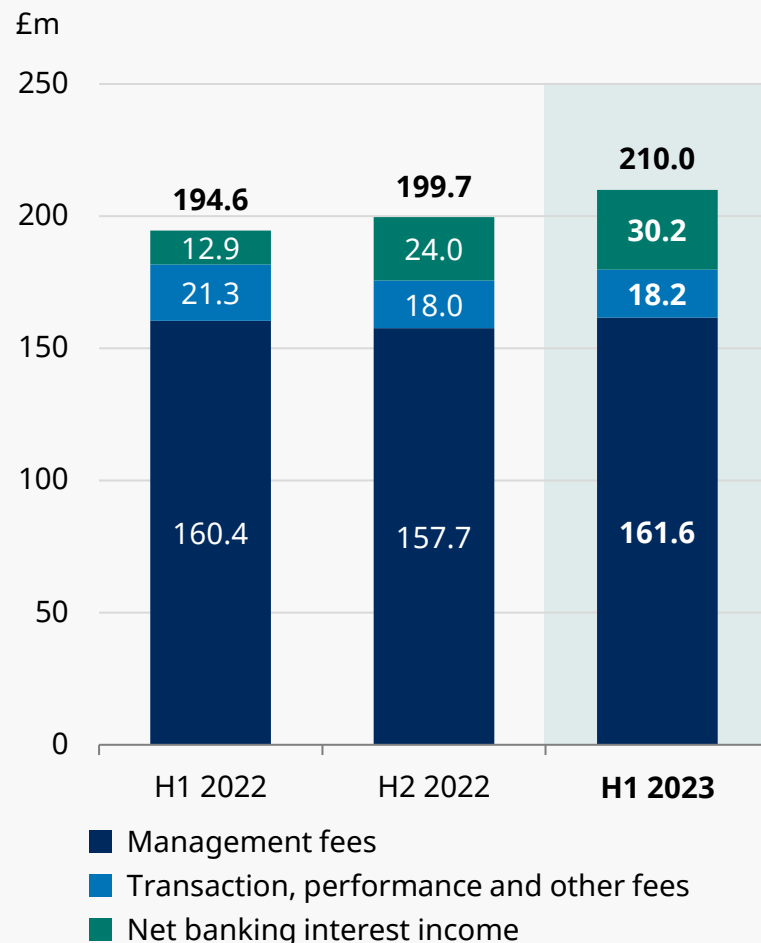
H2 2022 to H1 2023



¹The FX impact is estimated based on the monthly movement in AUM. ²Excludes amortisation of acquired intangible assets and restructuring costs.

Wealth Management

Net operating revenue



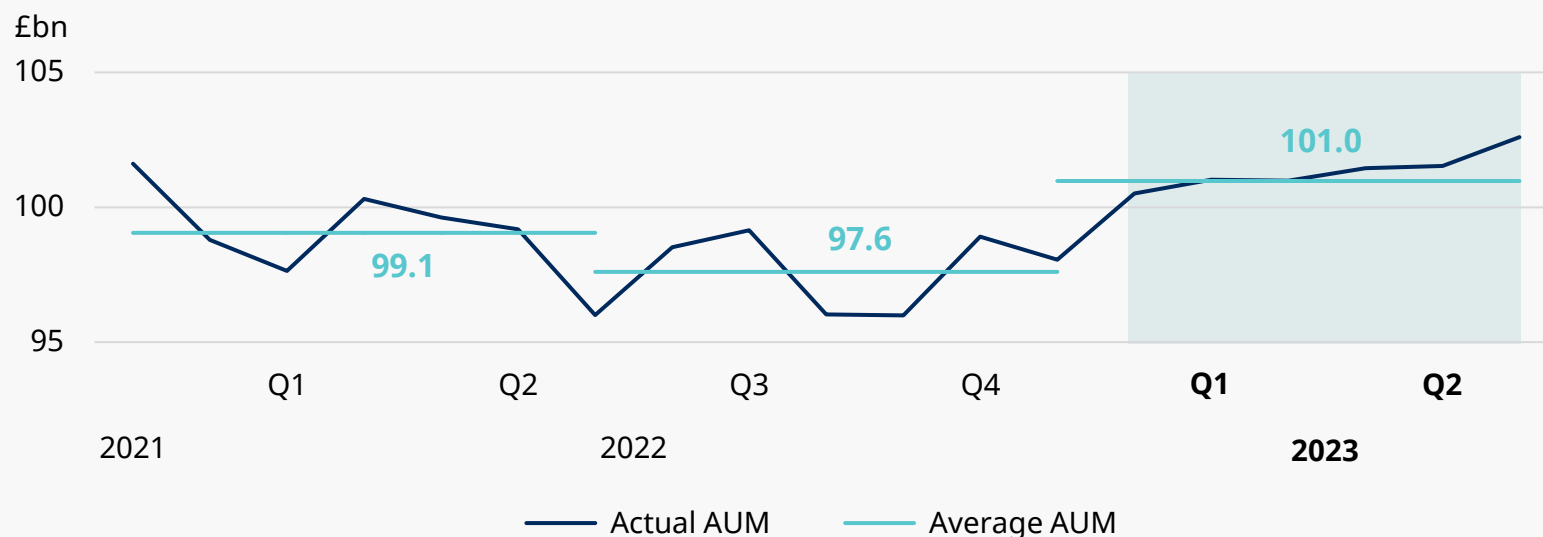
Margins

Bps ¹	H1 2023	FY 2022
Advised	58	55
Platform	15	15
Managed	17	18
Total	42	40

Net operating revenue

£m	H1 2023	H1 2022
Advised	179.7	159.3
Platform	12.4	13.3
Managed	17.9	22.0
Total	210.0	194.6

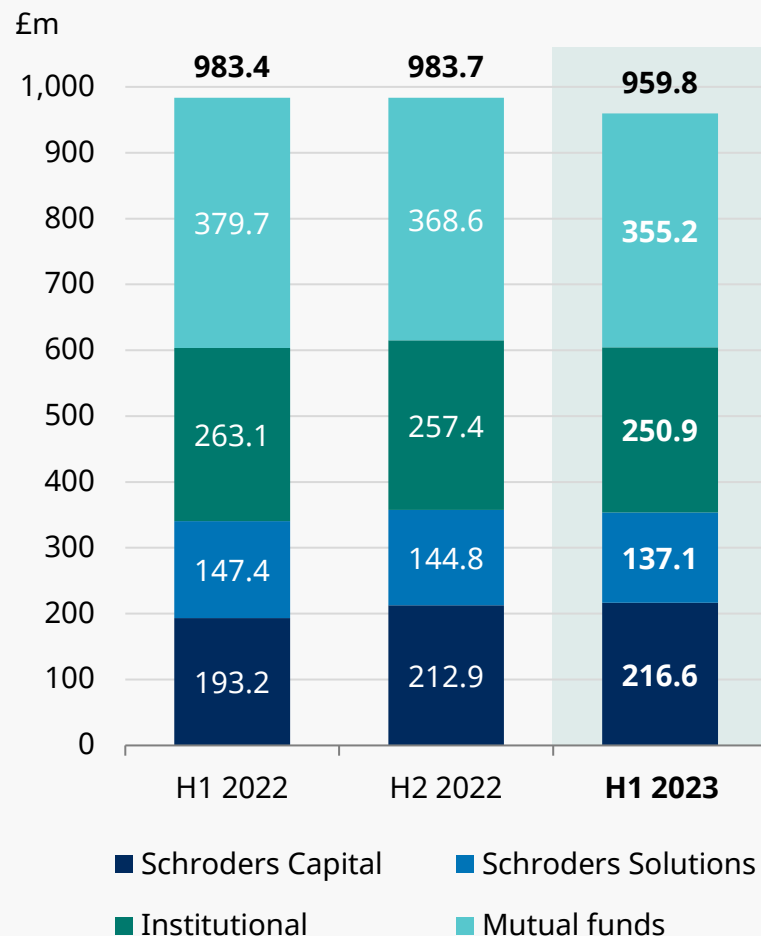
AUM



¹Excluding performance fees.

Asset Management

Net operating revenue



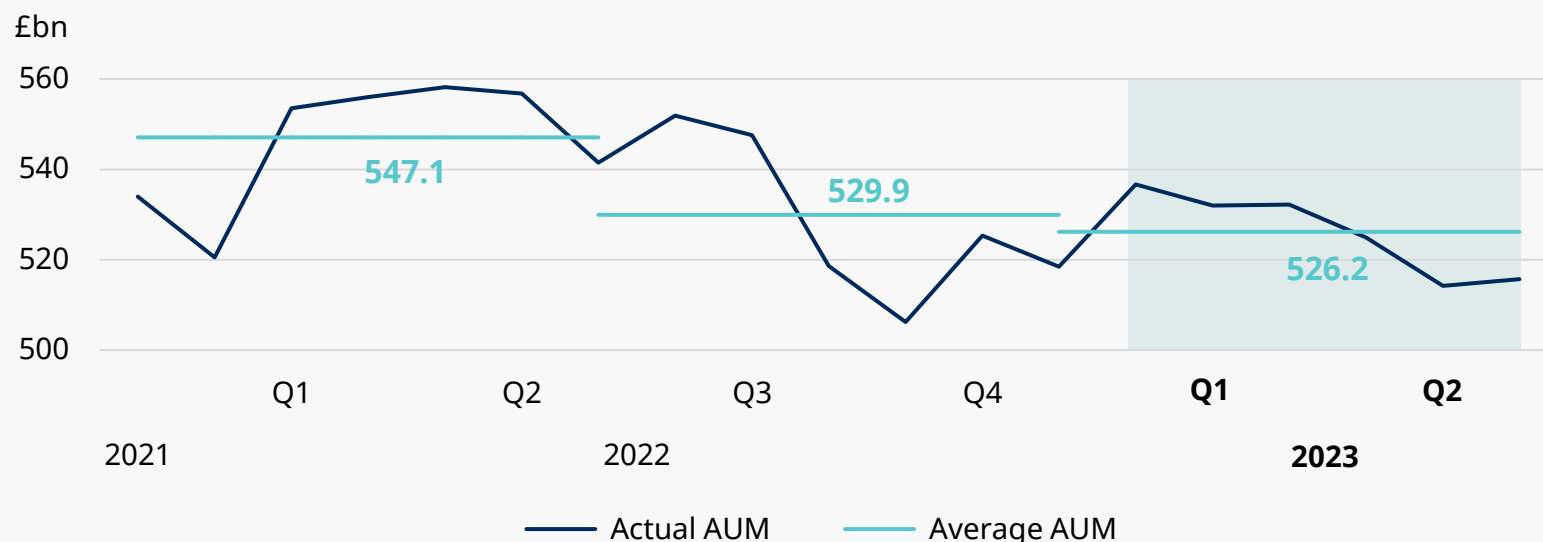
Margins

Bps ¹	H1 2023	FY 2022
Schrodgers Capital	58	61
Schrodgers Solutions	12	13
Mutual Funds	70	71
Institutional	35	34
Total	35	35

Net operating revenue

£m	H1 2023	H1 2022
Management fees	920.2	944.8
Performance fees	13.1	15.8
Net carried interest	19.5	5.3
Other fees	7.0	17.5
Total	959.8	983.4

AUM

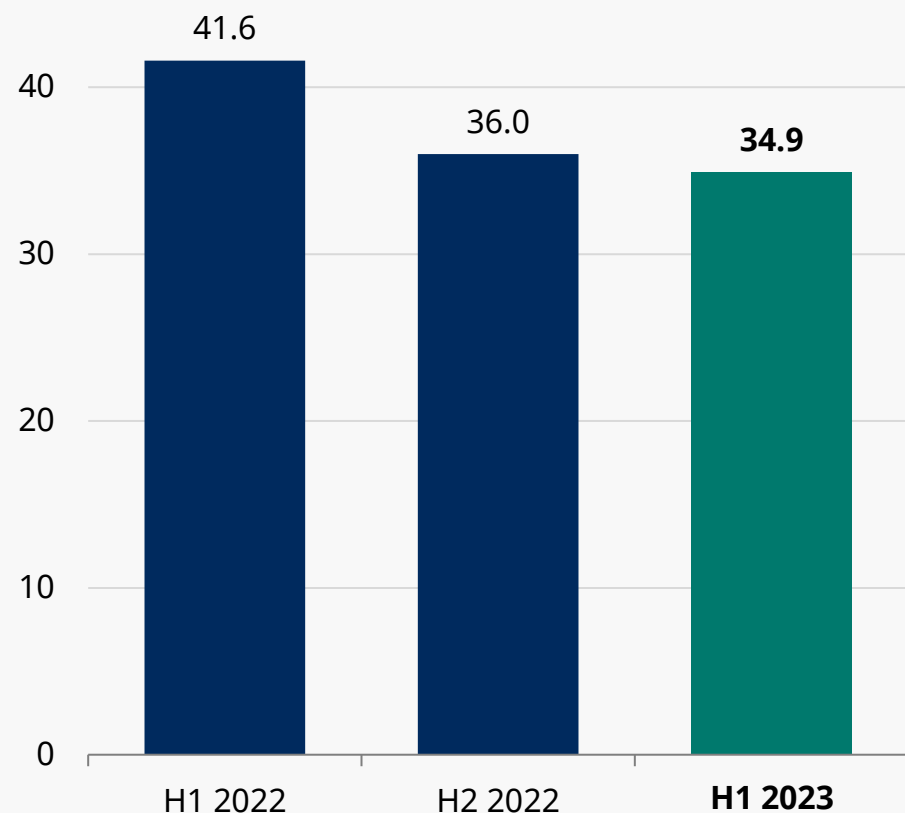


¹Excluding performance fees and carried interest.

Interests in Joint Ventures and Associates

Share of profit of Joint Ventures and Associates¹

£m



¹Excludes amortisation of acquired intangible assets and restructuring costs.

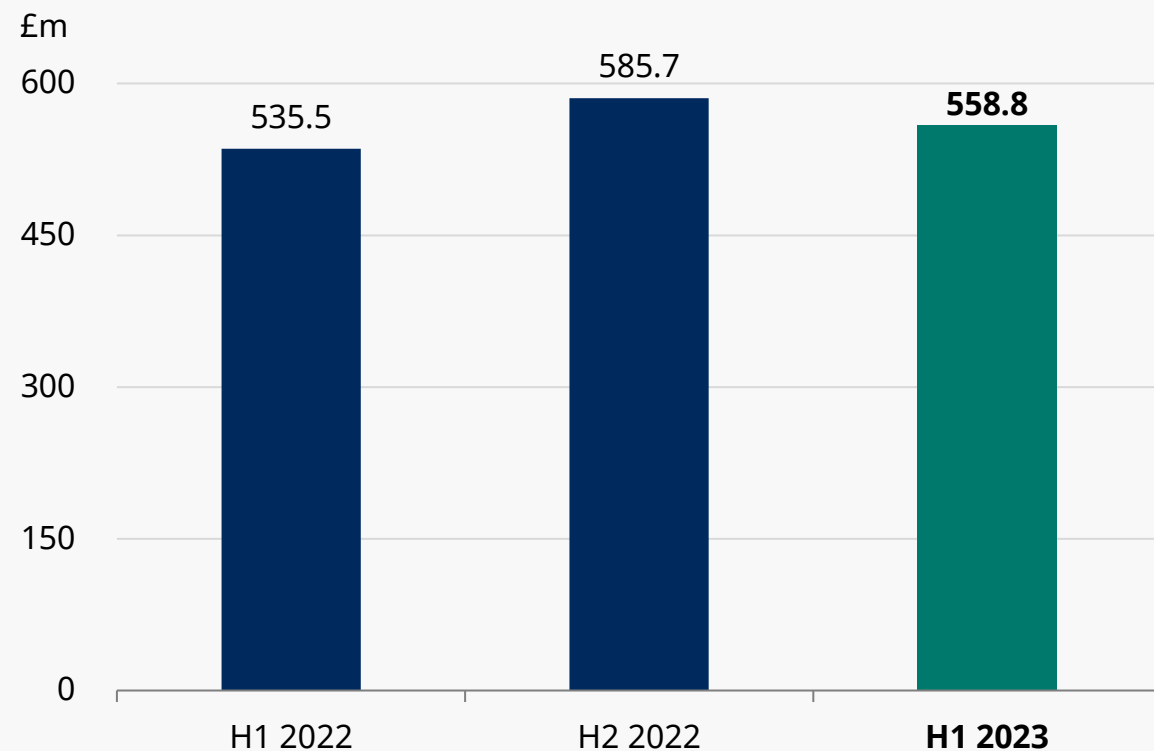
²Includes performance fees.

	H1 2023							
	BOCOM	Axis	Other AM	Asset Mgmt	SPW	Other WM	Wealth Mgmt	Total
Net operating income (£m)	164.5	54.0	31.2	249.7	63.0	0.8	63.8	313.5
Profit after tax (£m) ¹	92.1	24.8	2.5	119.4	1.8	(0.1)	1.7	121.1
Group's share of profit (£m)¹	27.6	6.2	0.1	33.9	0.9	0.1	1.0	34.9
Contribution to Group's PAT								16%
Revenue margin²								44bps
AUM (£bn)								107.8

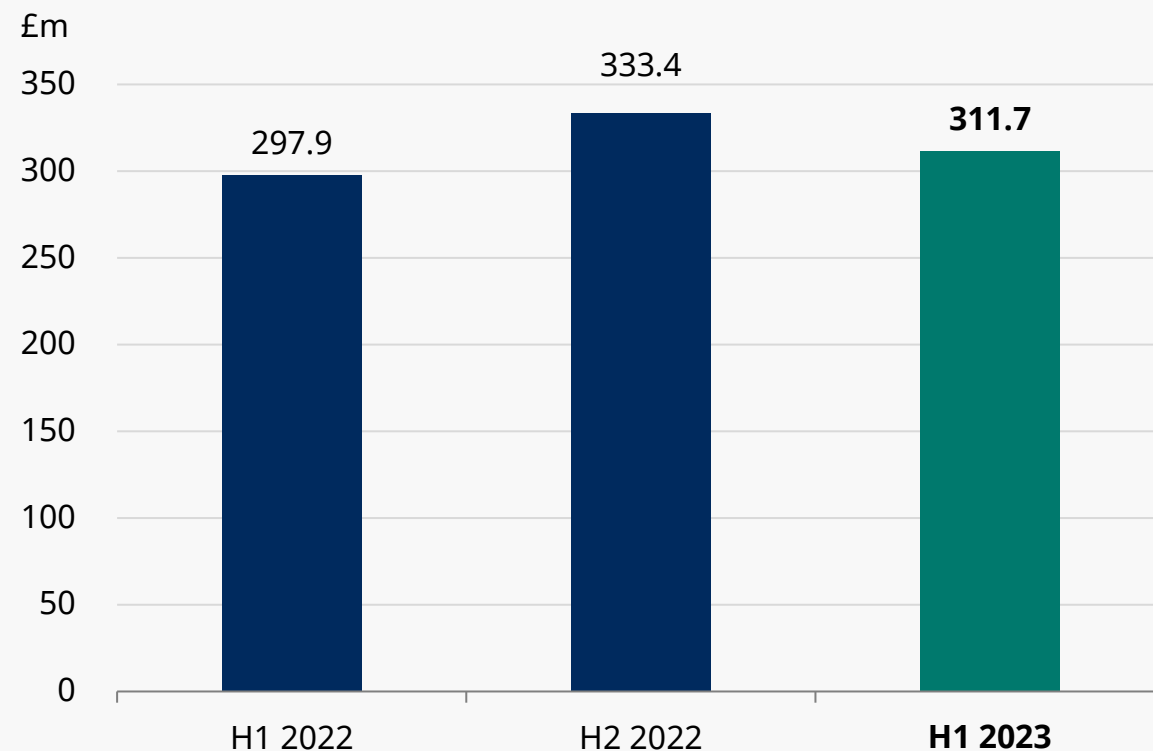
	H1 2022							
	BOCOM	Axis	Other AM	Asset Mgmt	SPW	Other WM	Wealth Mgmt	Total
Net operating income (£m)	173.1	46.6	40.8	260.5	63.2	1.3	64.5	325.0
Profit after tax (£m) ¹	99.7	19.6	14.6	133.9	6.4	1.2	7.6	141.5
Group's share of profit (£m)¹	29.9	4.9	3.1	37.9	3.2	0.5	3.7	41.6
Contribution to Group's PAT								16%
Revenue margin²								40bps
AUM (£bn)								135.9

Operating expenses

Compensation costs



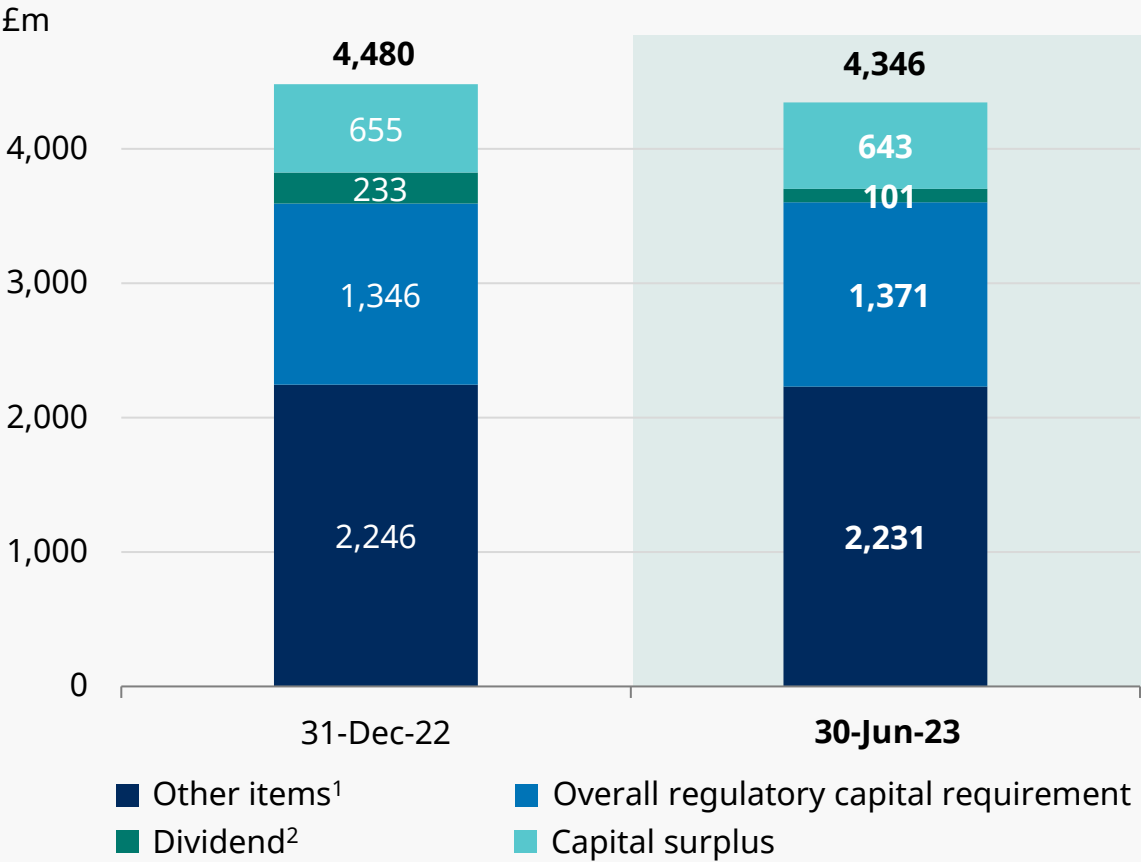
Non-compensation costs



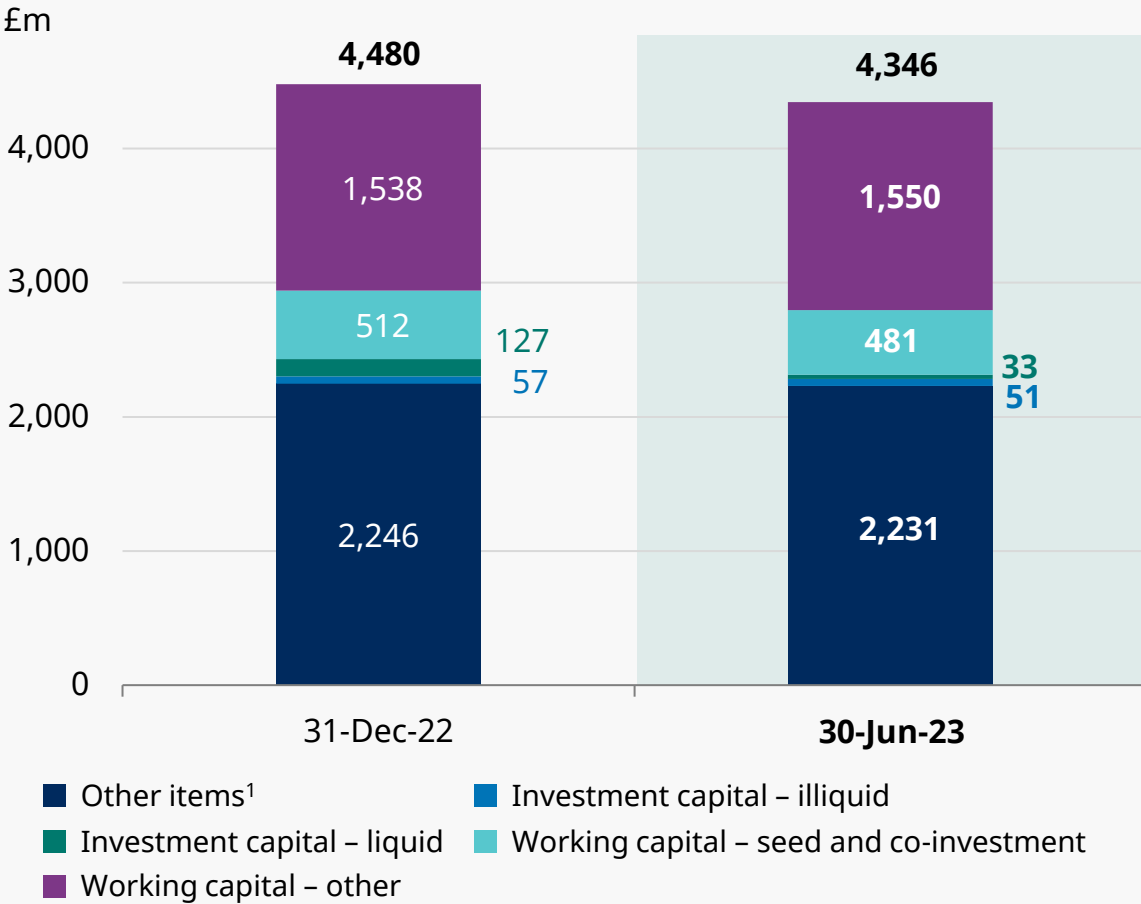
Continued focus on costs, including through Technology and Wealth operations restructurings

Group Capital composition

Capital base



Capital allocation



¹Comprises regulatory deductions, principally goodwill, intangible assets, pension scheme surplus, goodwill and intangible assets on associates and joint ventures, deferred taxation and non-controlling interests.

²Final/interim dividend proposed for the respective year.

Profit before tax

£m	H1 2023	H2 2022	H1 2022
Operating profit	341.4	316.1	406.9
Central costs	(23.4)	(25.6)	(23.2)
Net gain/(loss) on financial instruments and interest income	23.9	32.9	(33.8)
Central costs less net gain/(loss) on financial instruments and interest income	0.5	7.3	(57.0)
Underlying profit before tax	341.9	323.4	349.9
Acquisition costs and related items ¹	(42.8)	(49.3)	(37.1)
Restructuring costs ²	(23.5)	–	–
Profit before tax	275.6	274.1	312.8

¹Include deal costs associated with corporate transactions and costs associated with the integration of acquired businesses as well as amortisation of acquired intangible assets.

²Restructuring costs are one-off in nature and primarily comprise compensation-related costs.

Basic operating EPS

16.8p

H1 2022: 21.1p

Interim proposed dividend of

6.5p

Schroders



OUTLOOK



Outlook for 2023 and beyond



Deliver against our growth ambitions in Wealth Management, Schroders Capital and Solutions



Strategic growth enabling resilient performance through challenging environments



Strong operating platform delivering good leverage for future growth



Our diversified business model will enable us to deliver for clients and shareholders over the medium to long-term



QUESTIONS



THANK YOU





Forward looking statement

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