



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

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



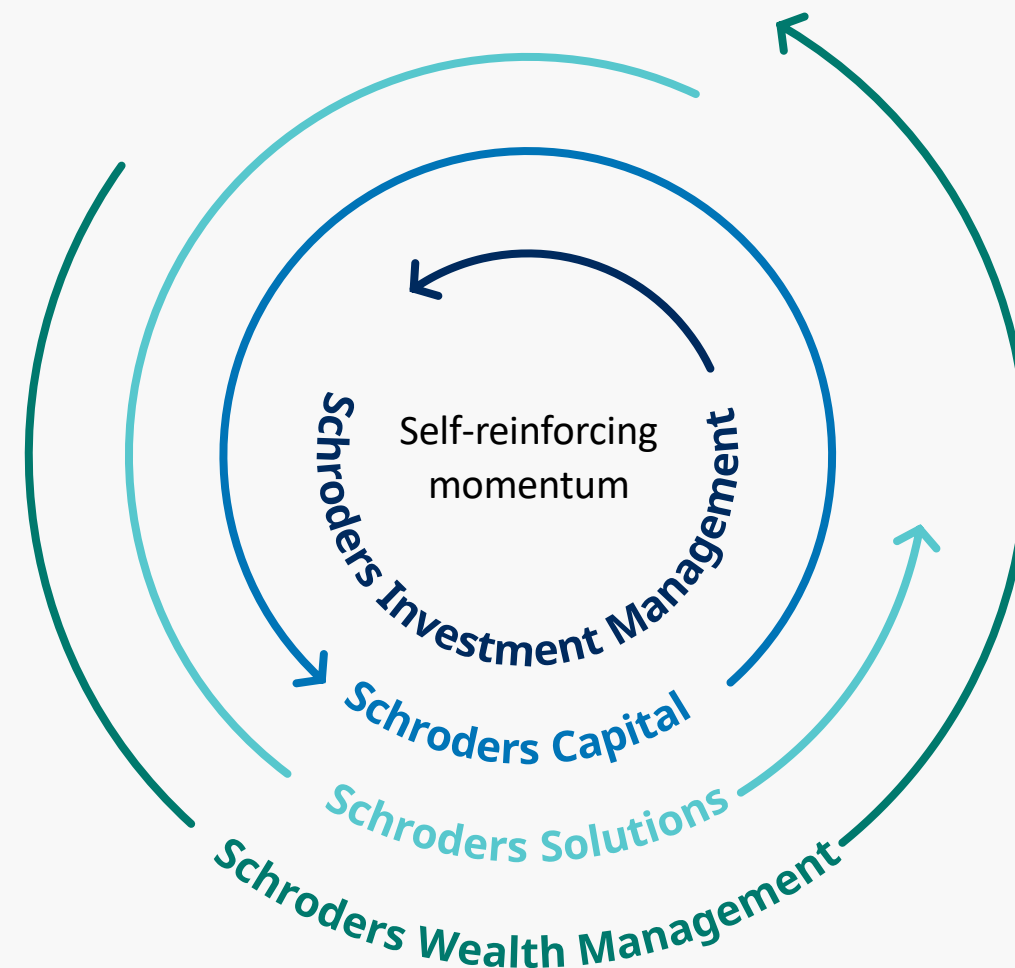
# Self-reinforcing momentum

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



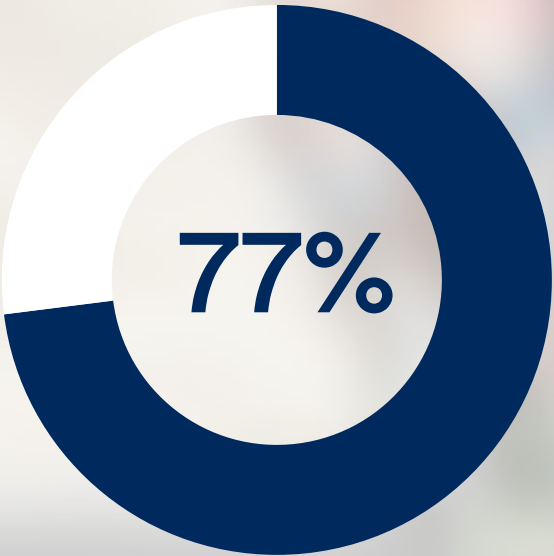
Net new business rate target of 5% to 7% p.a.



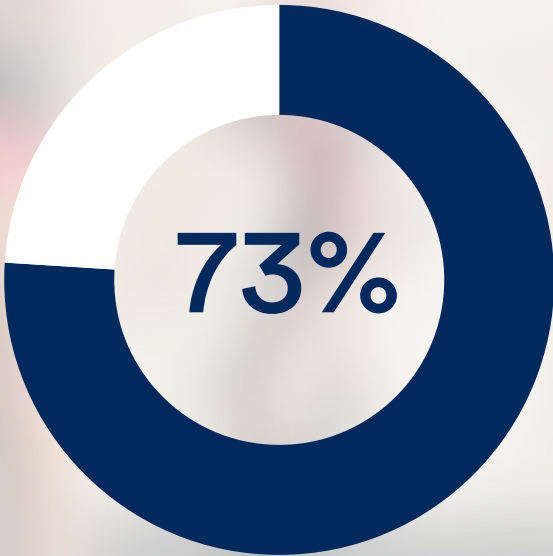
Wealth Management operating profit to grow at a CAGR of c.10% from 2022–25 excl. the effects of markets, FX and acquisitions.



# Our purpose is to provide excellent investment performance

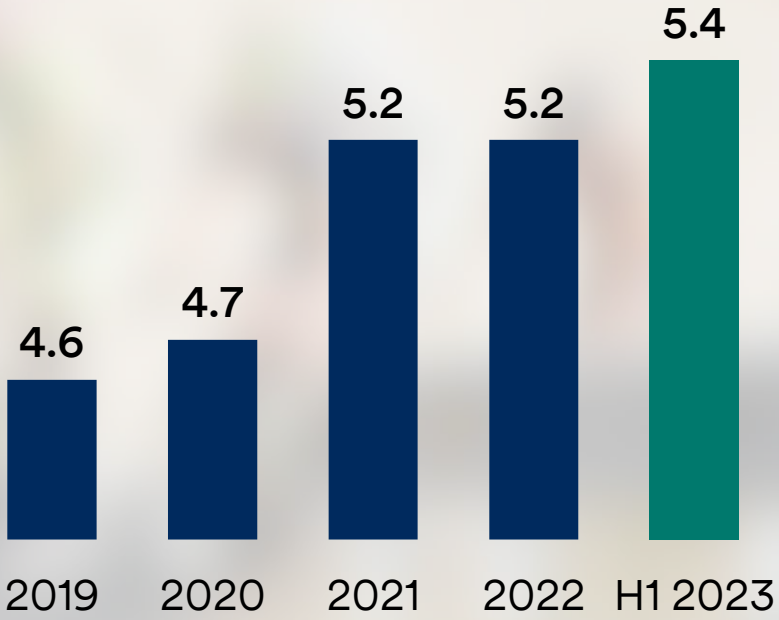


outperforming over 3 years



outperforming over 5 years

## Three-year longevity

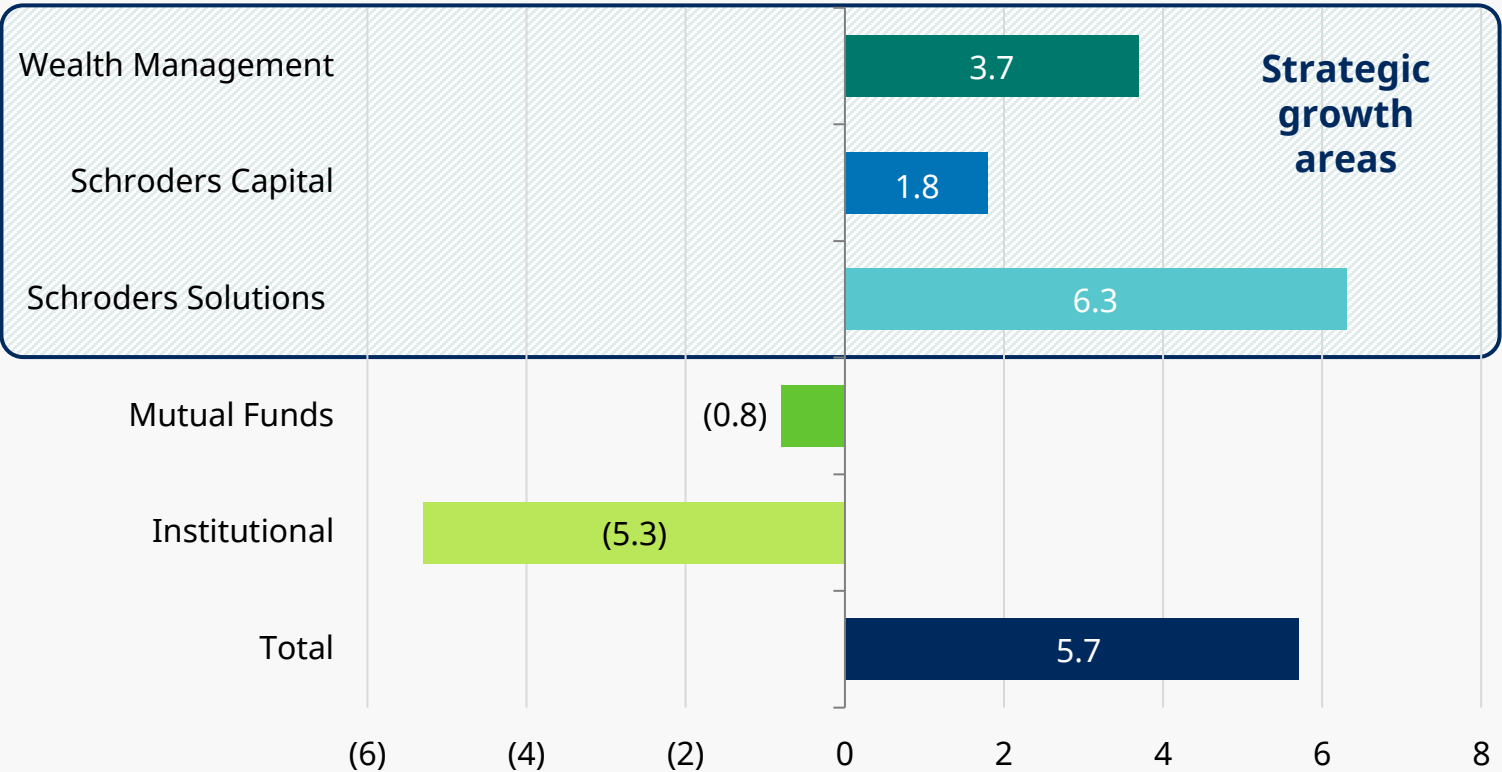


Note: Please refer to page 7 of the Half-year 2023 Press Release on our investor relations website for more information about client investment performance.



# 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

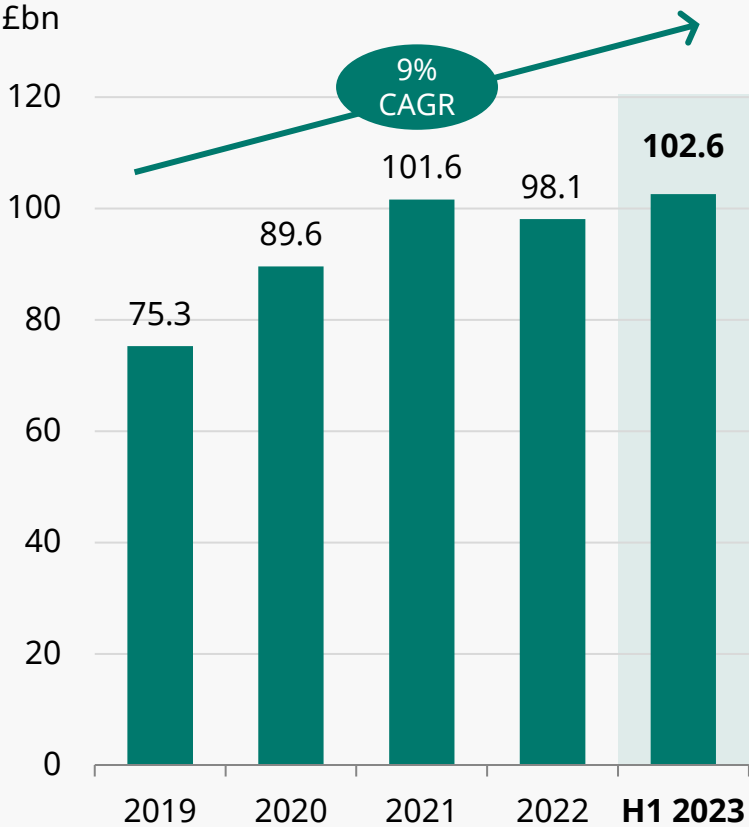
Rebound in Solutions flows following gilt crisis response

Revenues from strategic growth areas up 5%

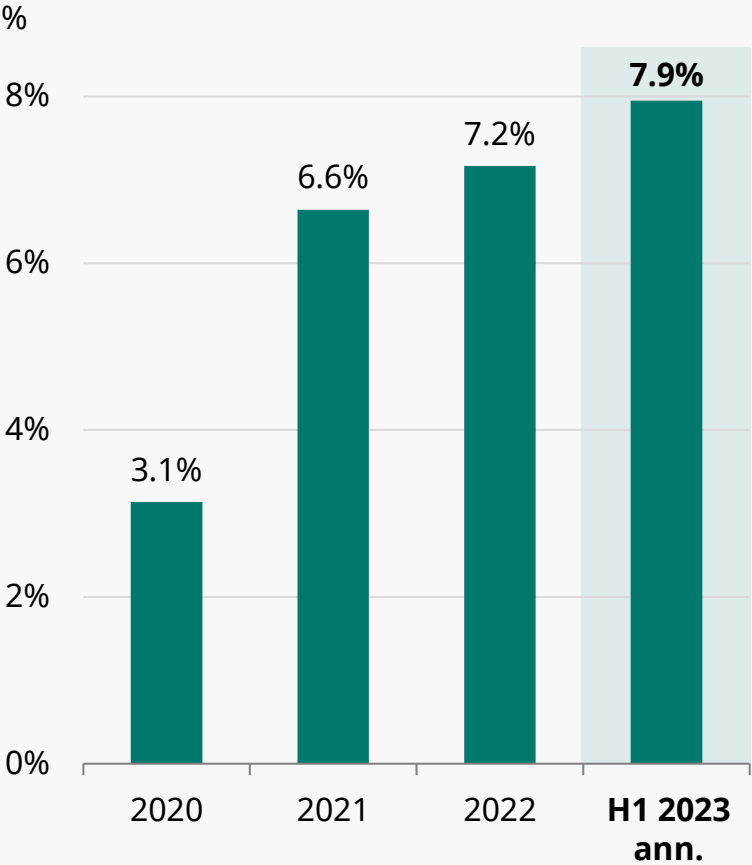


# Wealth Management delivering sustained NNB growth

AUM progression



Advised NNB rate



Comprehensive offering covering entire Wealth spectrum

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

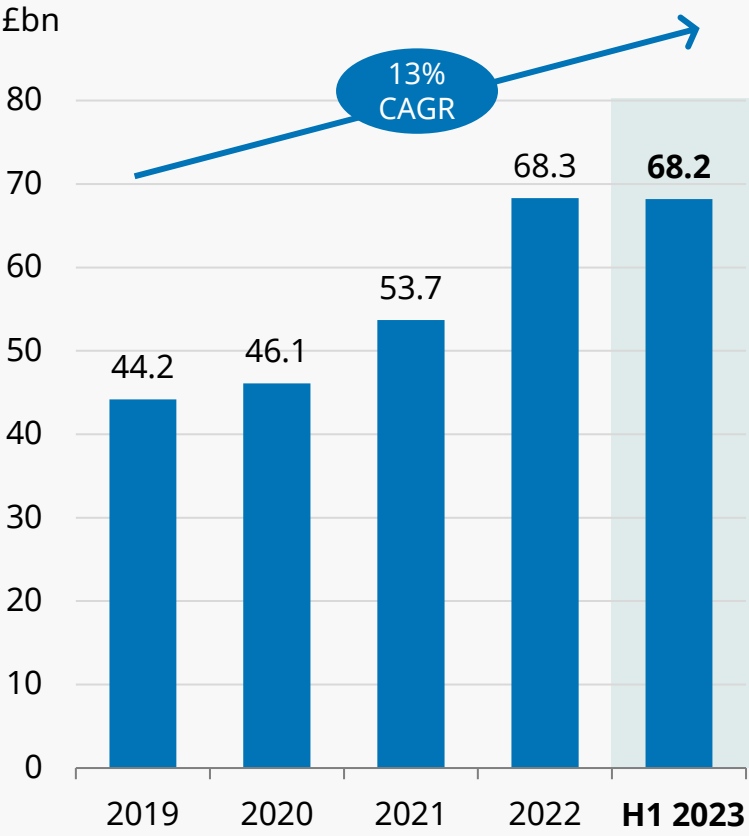
Relocating operational roles to drive efficiency and reach operating profit target



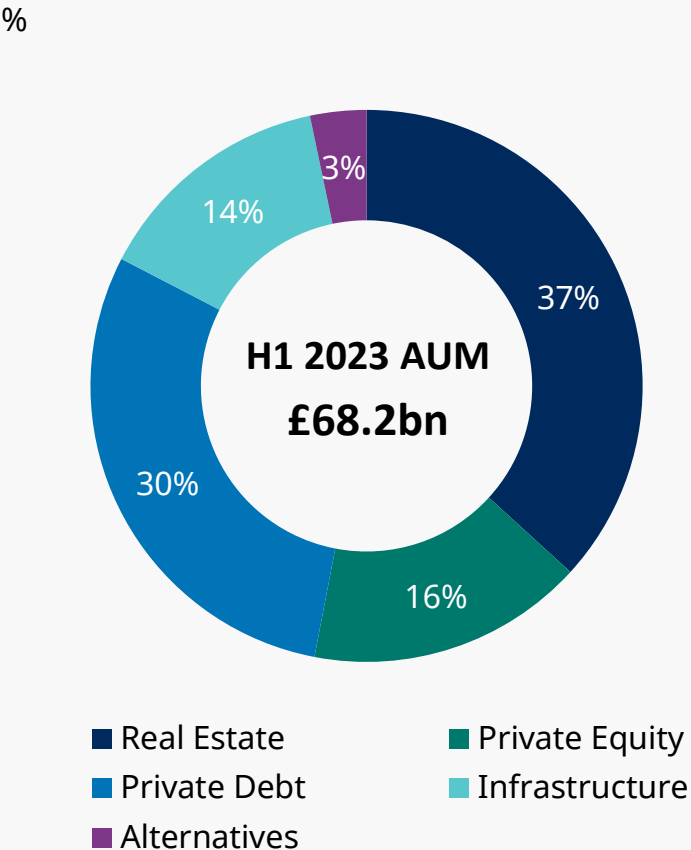
# Schroders Capital: a complete private markets offering

## 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

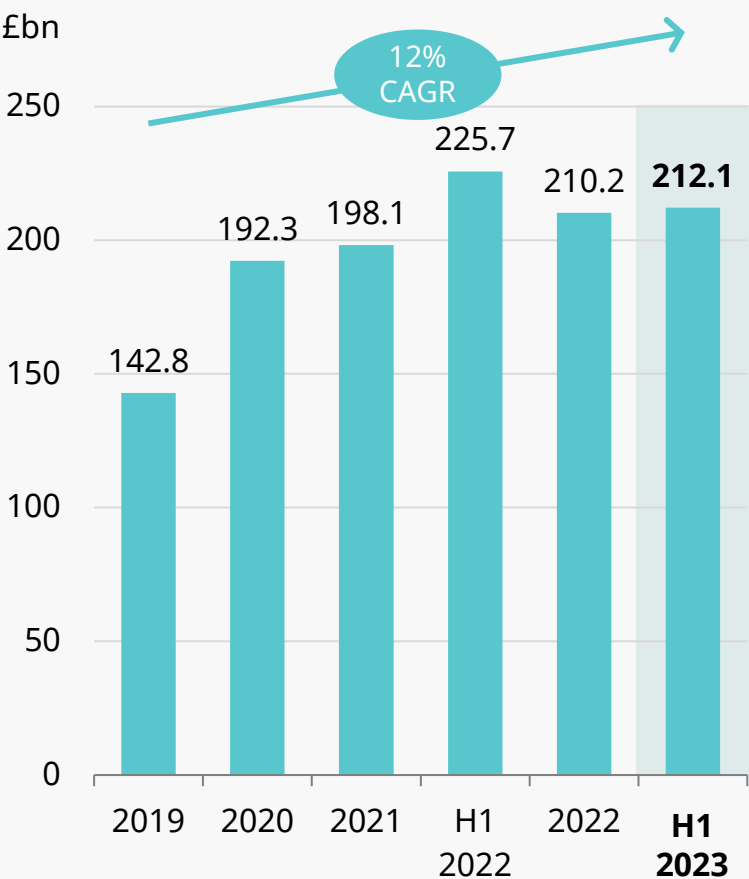
£5.3bn fundraising despite unfavourable market dynamics, with H2 pipeline looking strong



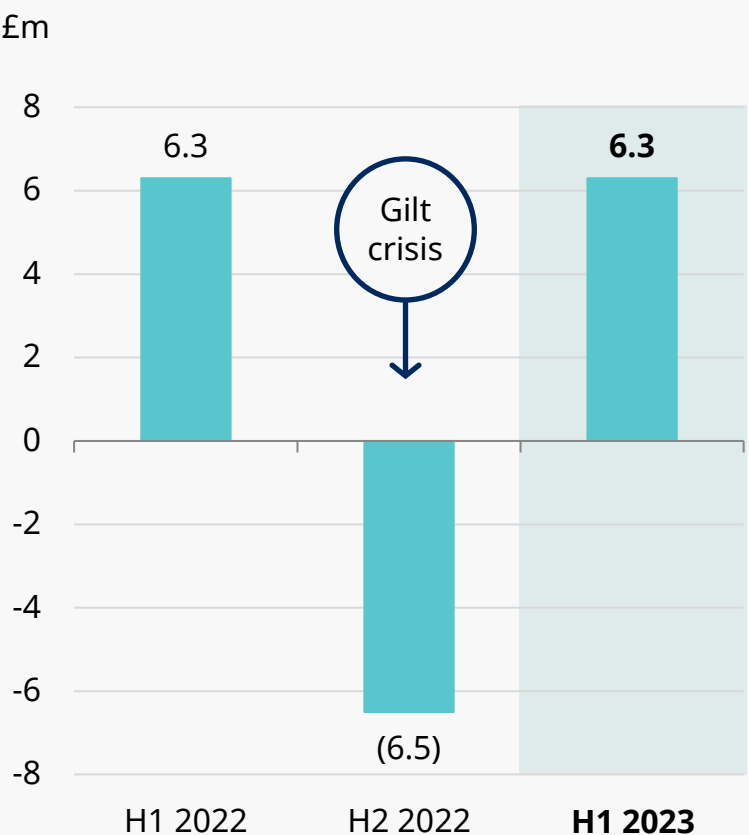
# Solutions: inflows demonstrate strong reputation

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 LUM<sup>1</sup>, but NNB trend is strong

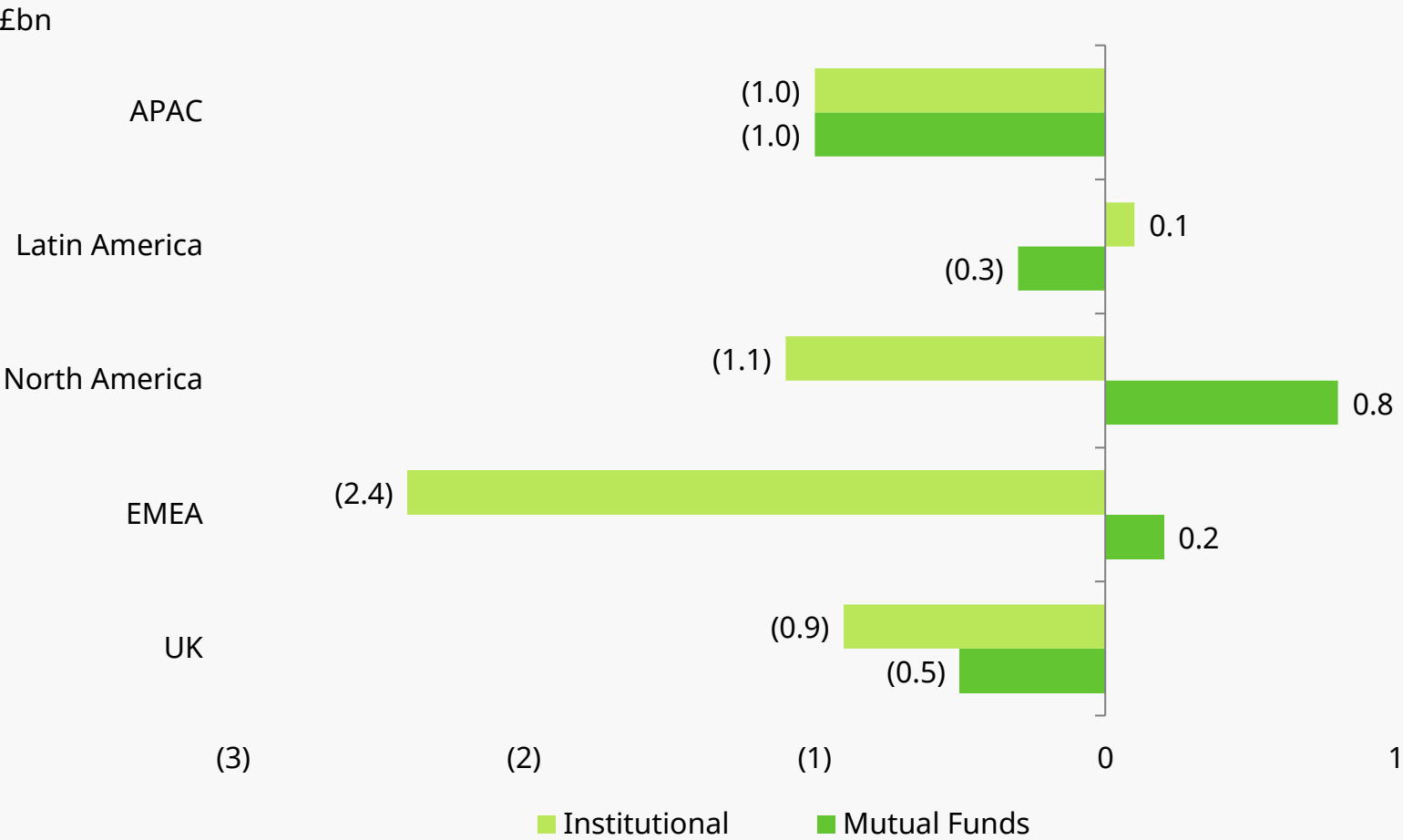
<sup>1</sup>Liabilities Under Management.



# 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 industry<sup>1</sup> outflows were c. £280bn

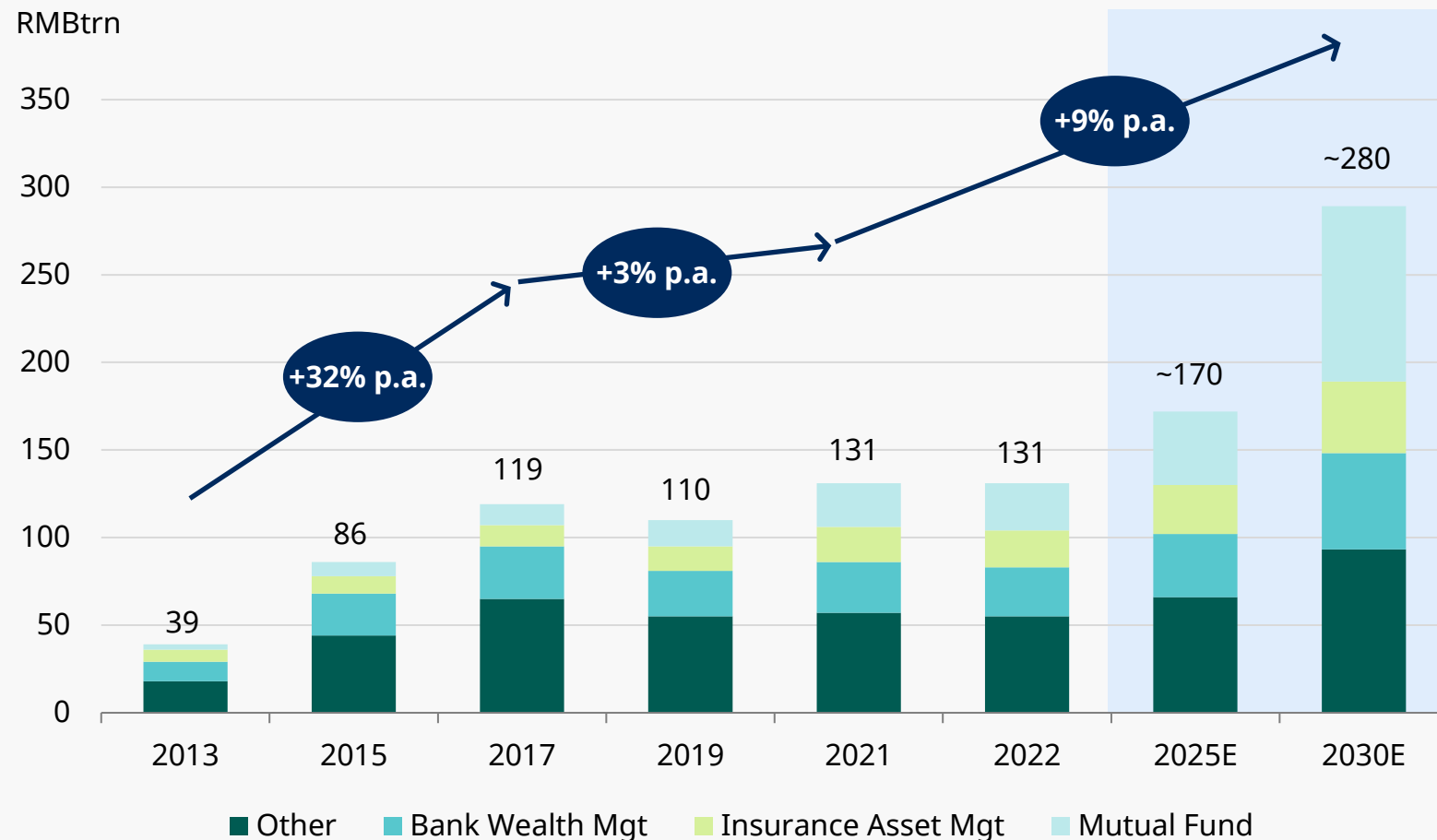
<sup>1</sup>Source: Outflows for H1 2023, Morningstar Global Database.



# 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





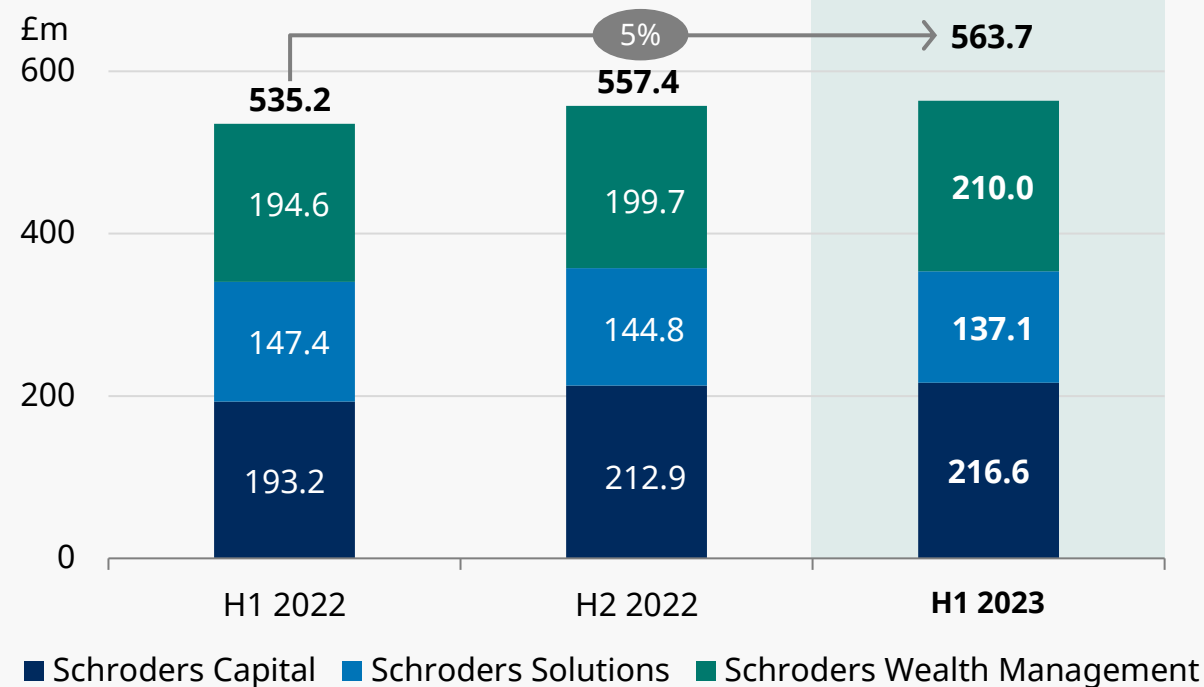
# Results summary

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

<sup>1</sup>Including Schroders Wealth Management, Schroders Capital and Schroders Solutions.

## Strategic growth areas

Net operating revenue



Net operating revenue from strategic growth areas<sup>1</sup>

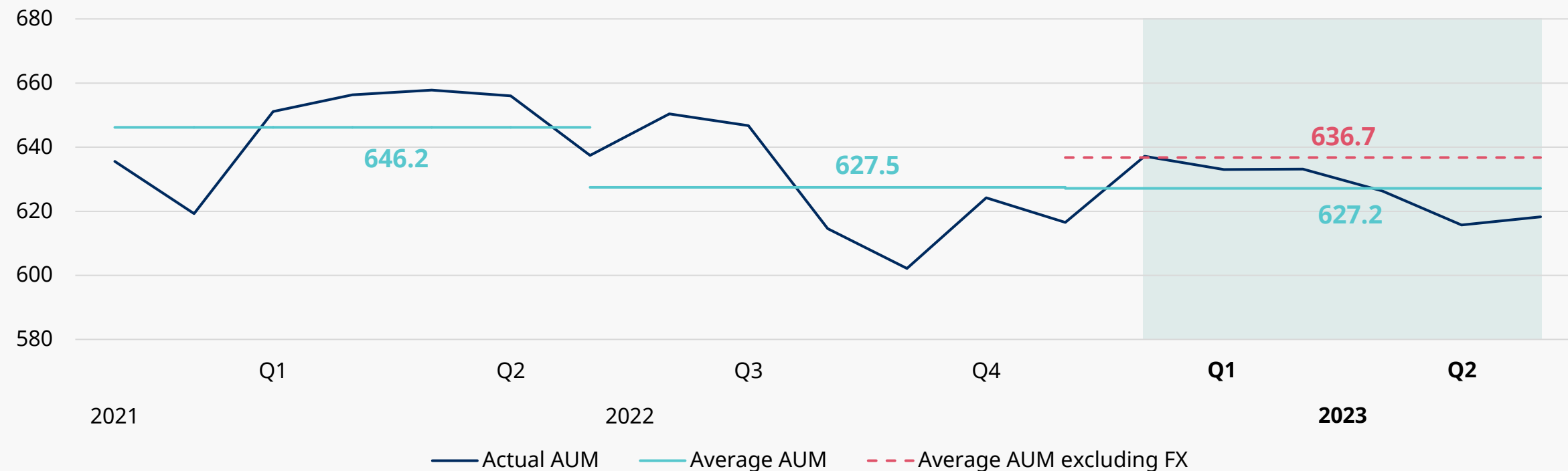
**up 5% from H1 2022**



# Average AUM trend

## Average AUM (excluding Associates and JVs)

£bn



<sup>1</sup>Excluding Associates and JVs.

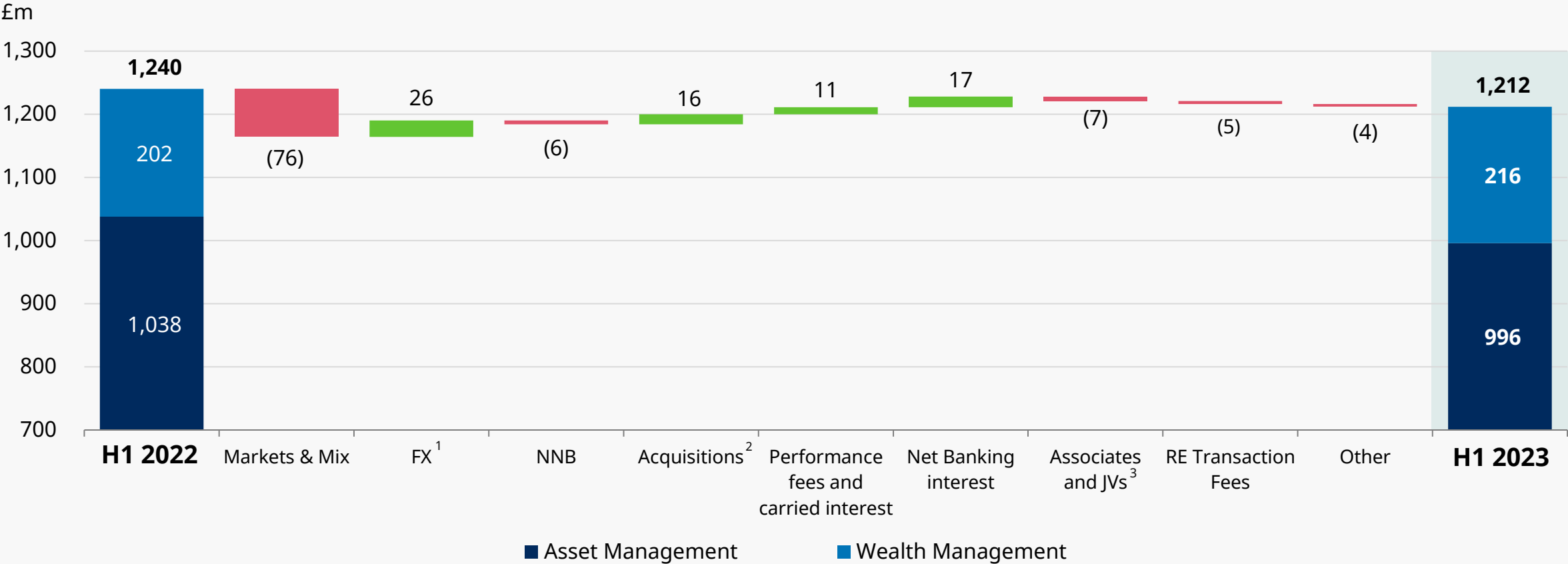
Average AUM<sup>1</sup> up 1% on H2 2022 average AUM excluding FX

Closing AUM<sup>1</sup> up 5% on 31 December 2022 AUM excluding FX



# Net operating income: year-on-year comparison

H1 2022 to H1 2023

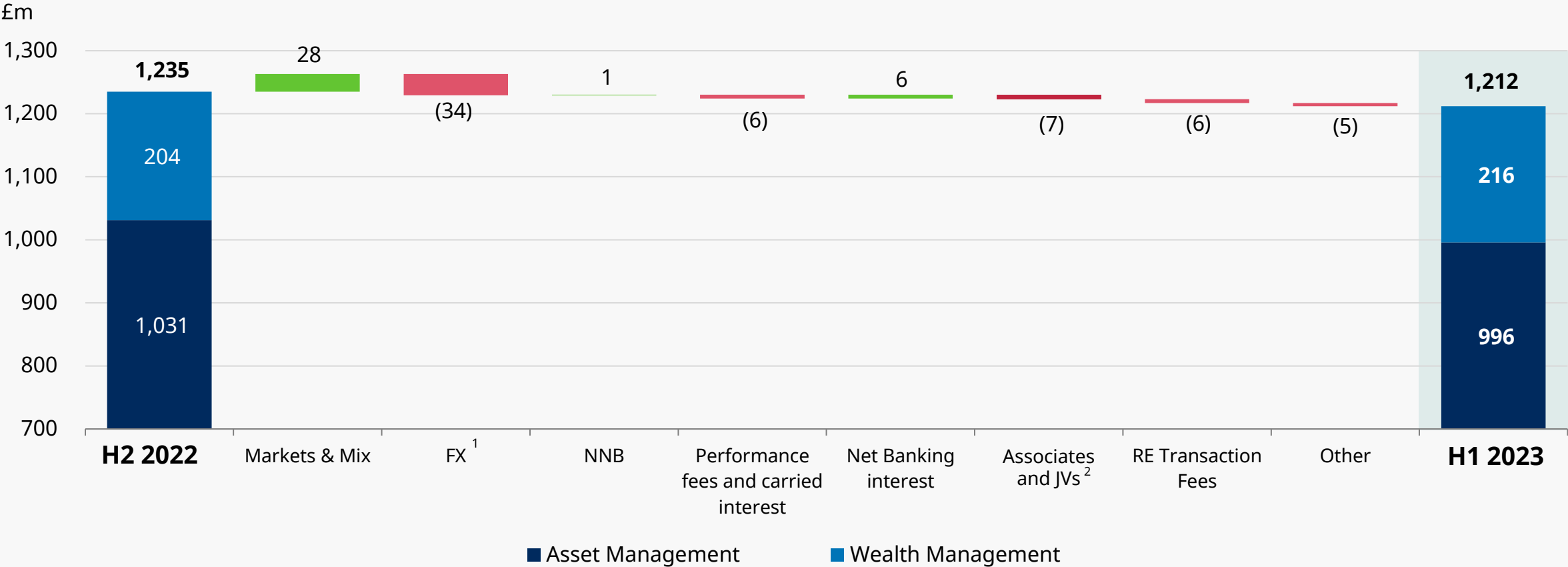


<sup>1</sup>The FX impact is estimated based on the monthly movement in AUM. <sup>2</sup>Acquisitions principally relates to Greencoat Capital (now Schroders Greencoat). <sup>3</sup>Excludes amortisation of acquired intangible assets and restructuring costs.



# Net operating income: movement since H2 2022

## H2 2022 to H1 2023

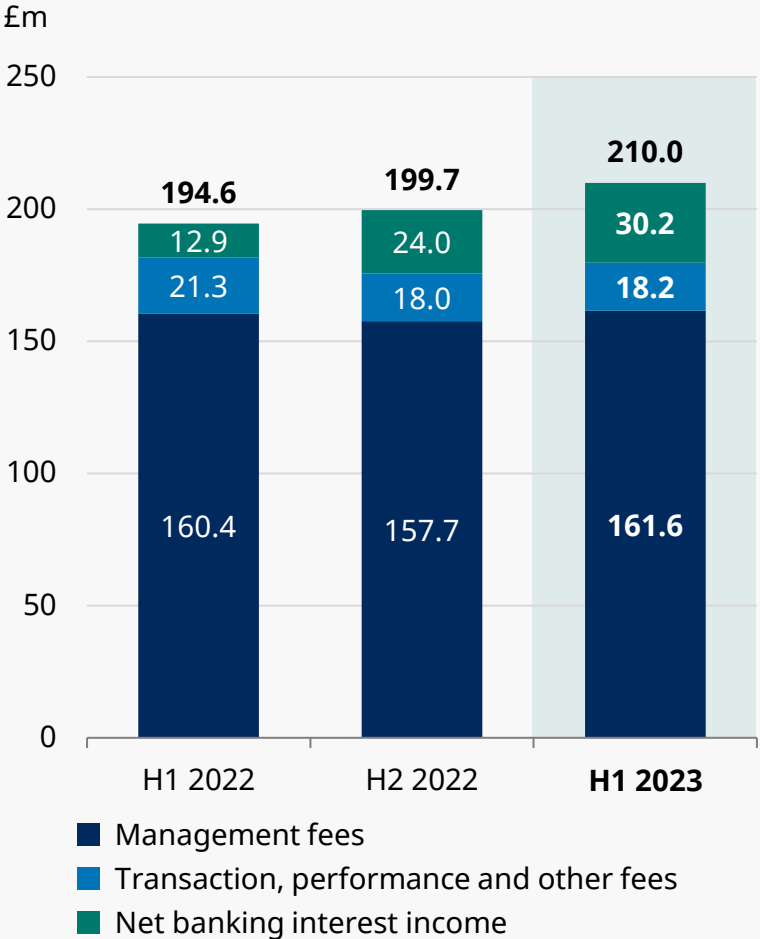


<sup>1</sup>The FX impact is estimated based on the monthly movement in AUM. <sup>2</sup>Excludes amortisation of acquired intangible assets and restructuring costs.



# Wealth Management

## Net operating revenue



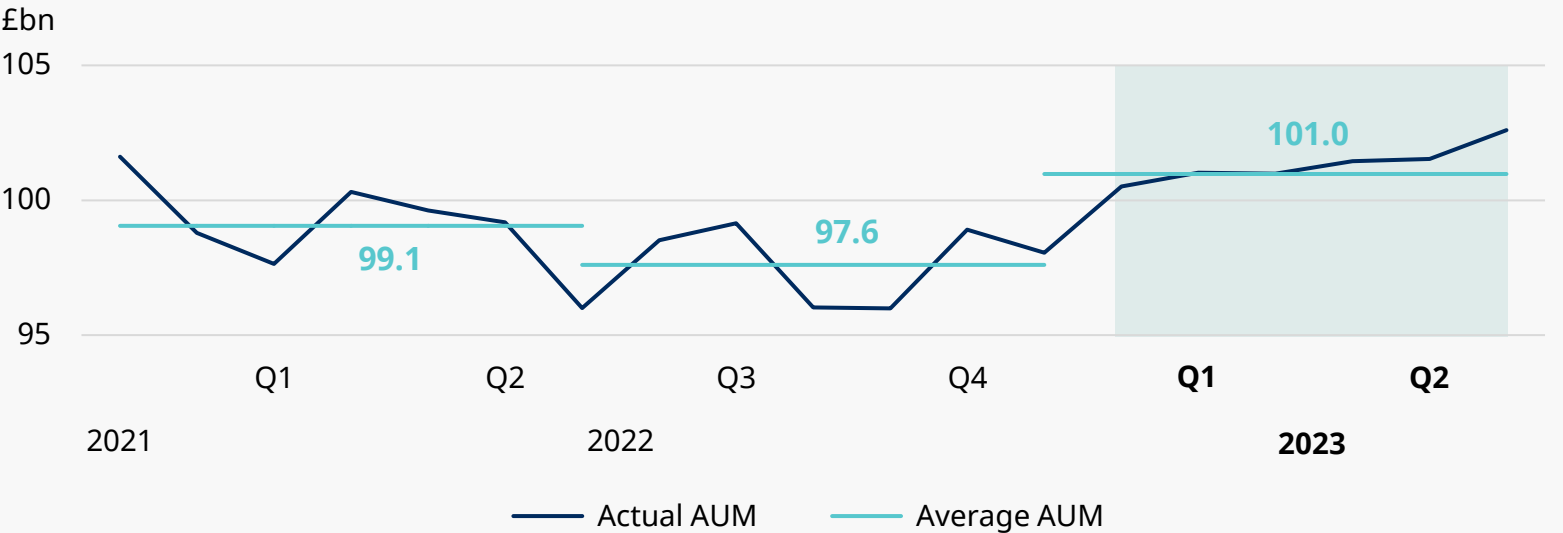
## Margins

Bps <sup>1</sup>	H1 2023	FY 2022
Advised	58	55
Platform	15	15
Managed	17	18
<b>Total</b>	<b>42</b>	<b>40</b>

## Net operating revenue

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

## AUM

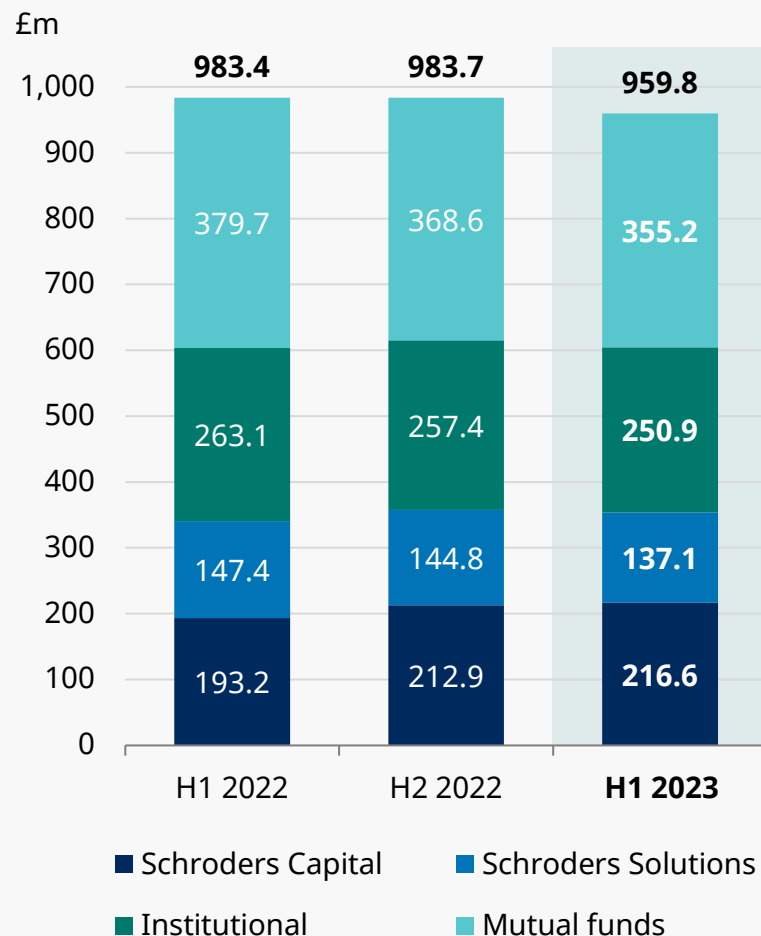


<sup>1</sup>Excluding performance fees.



# Asset Management

## Net operating revenue



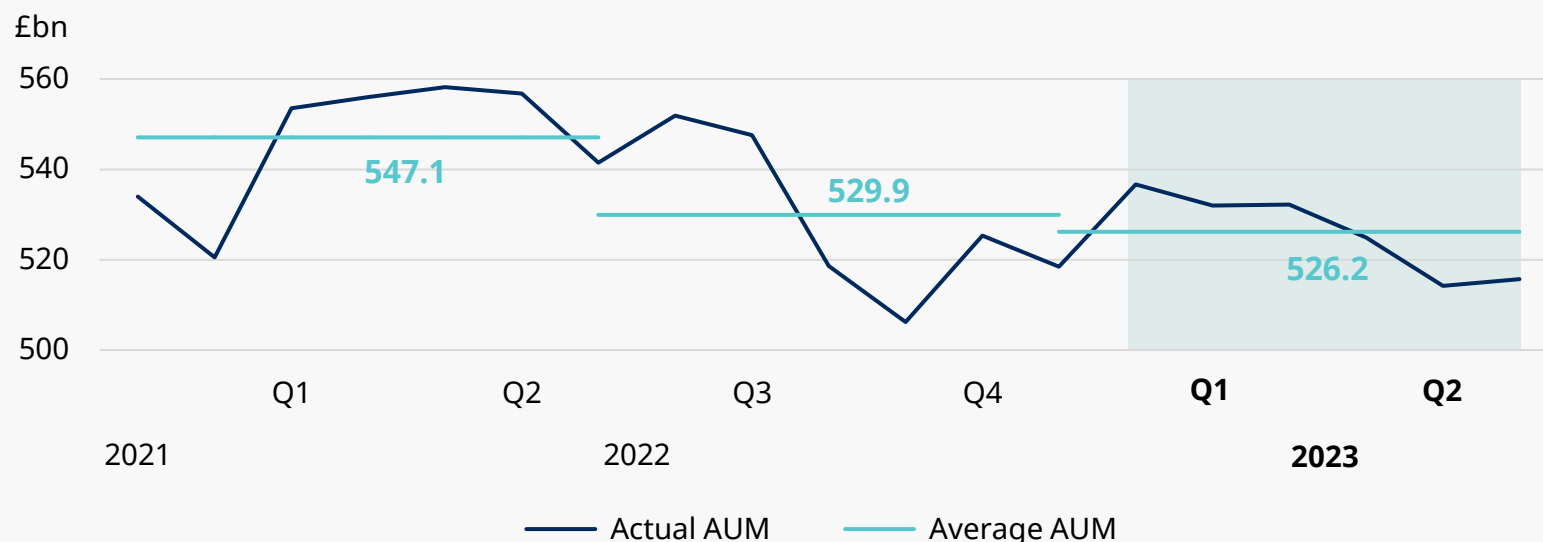
## Margins

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

## 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
<b>Total</b>	<b>959.8</b>	<b>983.4</b>

## AUM



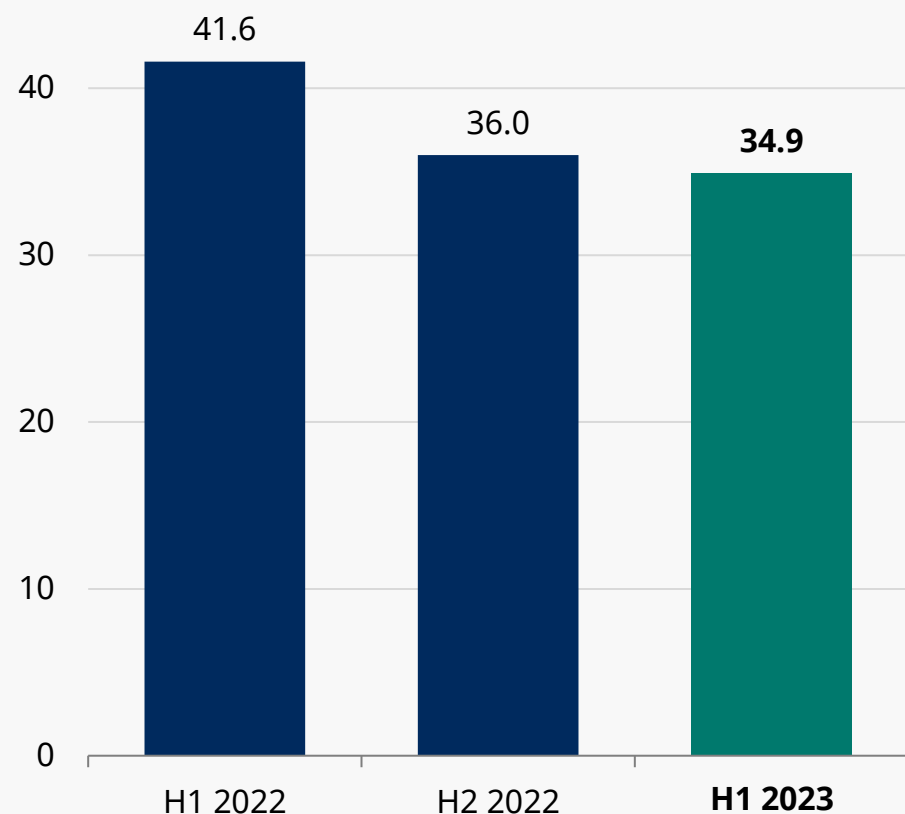
<sup>1</sup>Excluding performance fees and carried interest.



# Interests in Joint Ventures and Associates

## Share of profit of Joint Ventures and Associates<sup>1</sup>

£m



<sup>1</sup>Excludes amortisation of acquired intangible assets and restructuring costs.

<sup>2</sup>Includes performance fees.

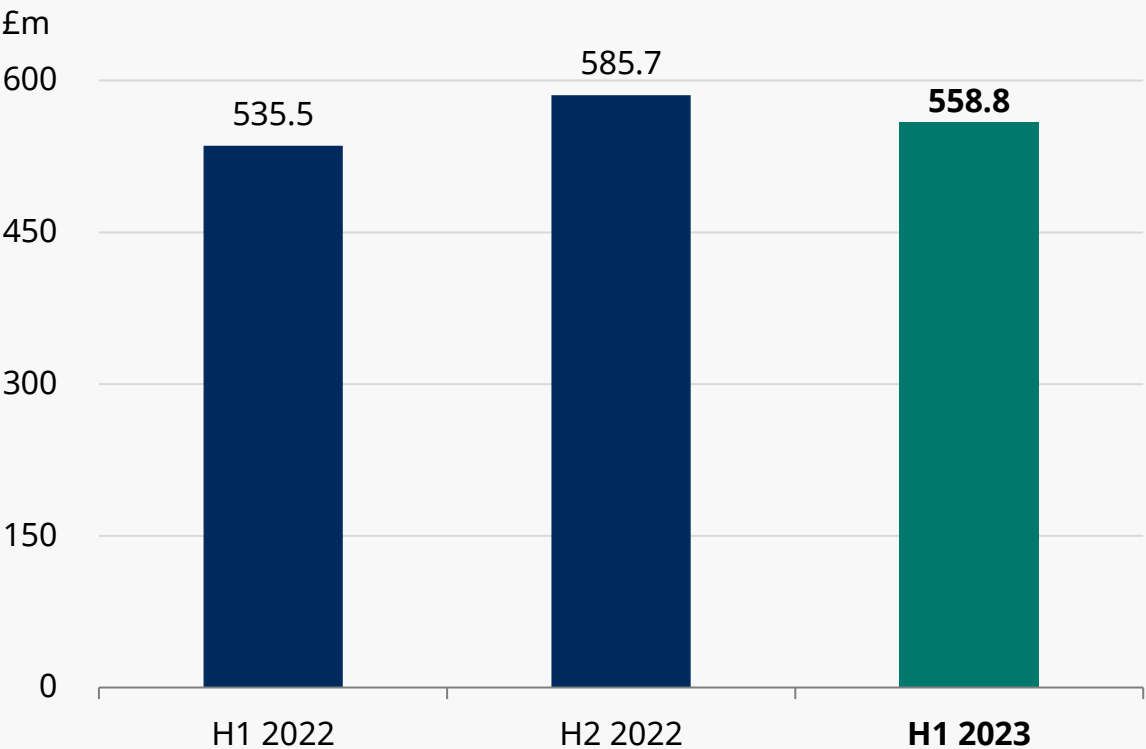
	H1 2023							
	BOCOM	Axis	Other AM	Asset Mgmt	SPW	Other WM	Wealth Mgmt	Total
Net operating income (£m)	164.5	54.0	31.2	249.7	63.0	0.8	63.8	313.5
Profit after tax (£m) <sup>1</sup>	92.1	24.8	2.5	119.4	1.8	(0.1)	1.7	121.1
<b>Group's share of profit (£m)<sup>1</sup></b>	<b>27.6</b>	<b>6.2</b>	<b>0.1</b>	<b>33.9</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>	<b>34.9</b>
<b>Contribution to Group's PAT</b>								<b>16%</b>
<b>Revenue margin<sup>2</sup></b>								<b>44bps</b>
<b>AUM (£bn)</b>								<b>107.8</b>

	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) <sup>1</sup>	99.7	19.6	14.6	133.9	6.4	1.2	7.6	141.5
<b>Group's share of profit (£m)<sup>1</sup></b>	<b>29.9</b>	<b>4.9</b>	<b>3.1</b>	<b>37.9</b>	<b>3.2</b>	<b>0.5</b>	<b>3.7</b>	<b>41.6</b>
<b>Contribution to Group's PAT</b>								<b>16%</b>
<b>Revenue margin<sup>2</sup></b>								<b>40bps</b>
<b>AUM (£bn)</b>								<b>135.9</b>

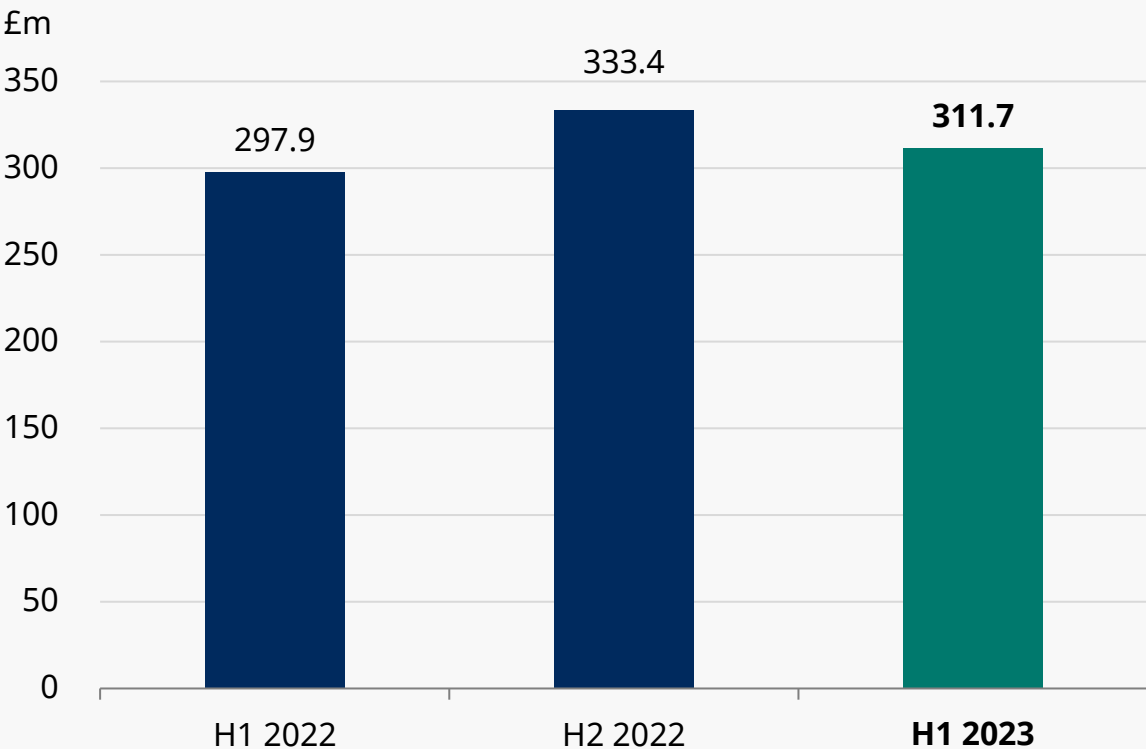


# Operating expenses

## Compensation costs



## Non-compensation costs

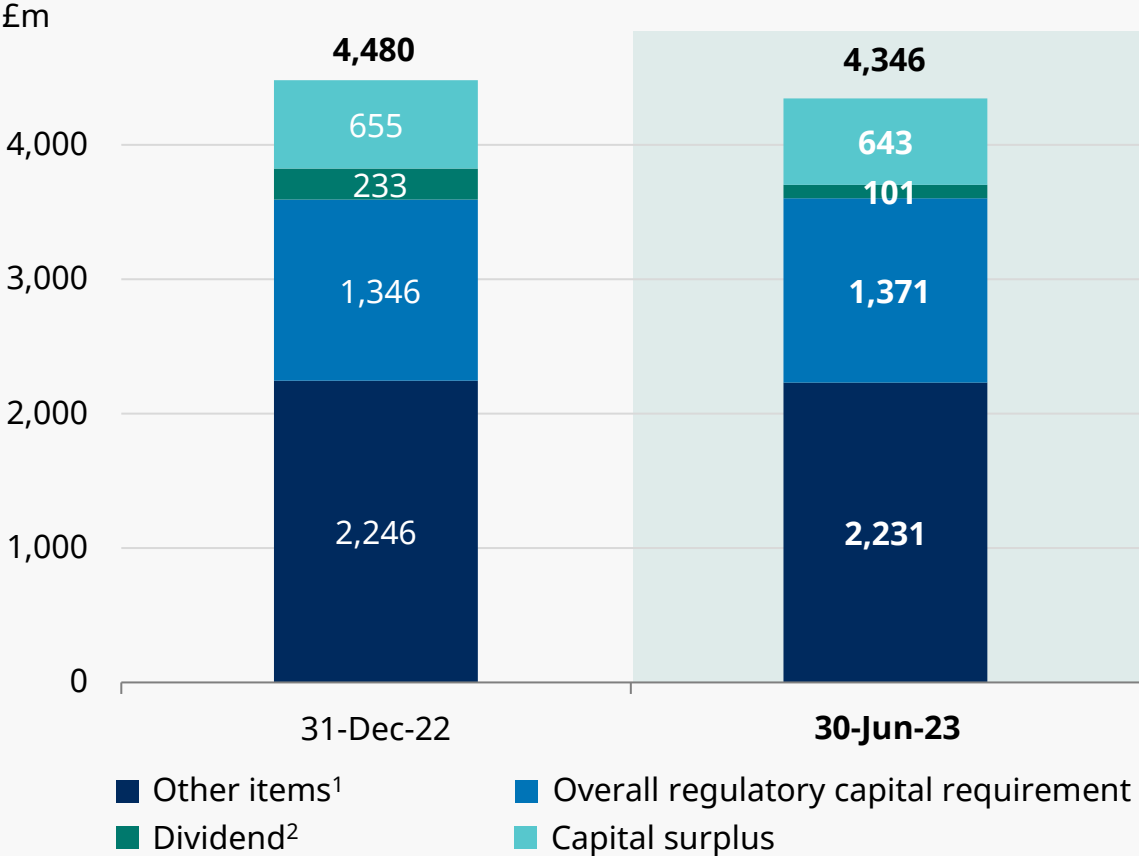


Continued focus on costs, including through Technology and Wealth operations restructurings

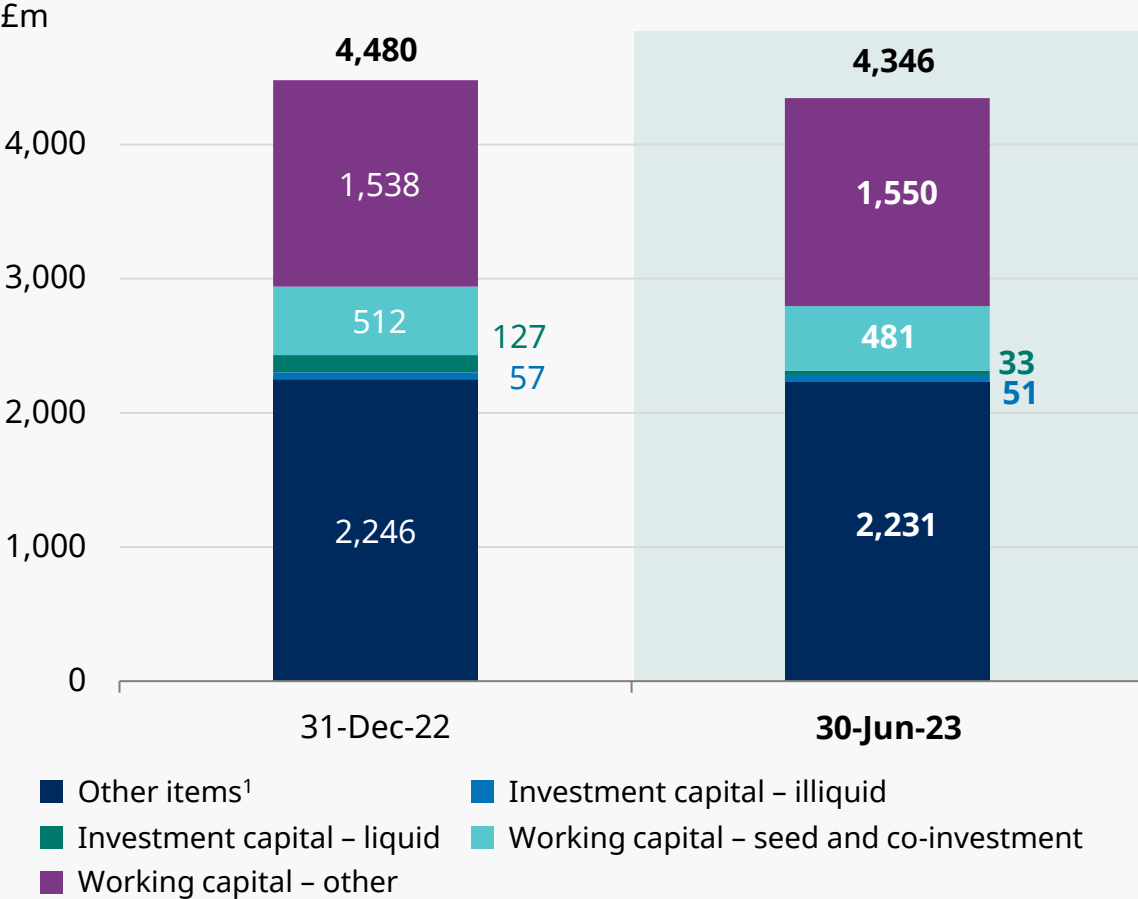


# Group Capital composition

## Capital base



## Capital allocation



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

<sup>2</sup>Final/interim dividend proposed for the respective year.



# Profit before tax

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

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

<sup>2</sup>Restructuring 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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