



# RMB Morgan Stanley Off Piste

September 2019

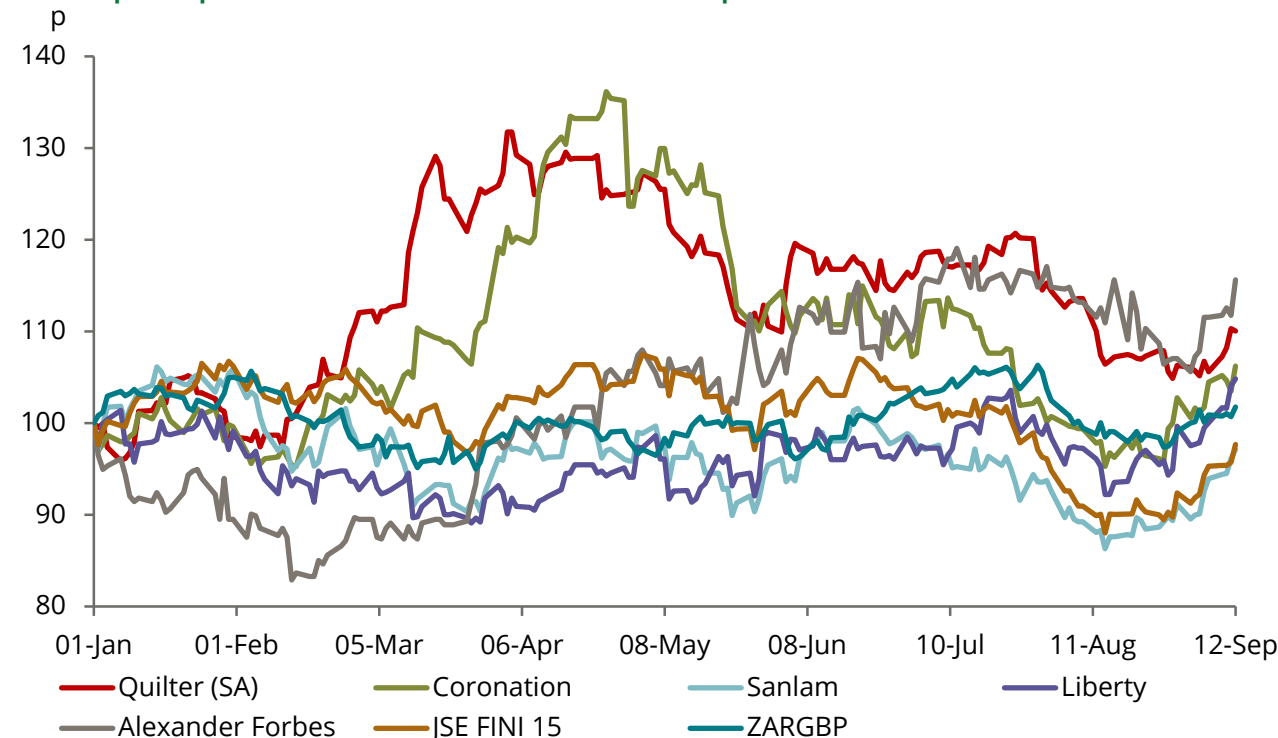
Quilter

# Quilter: a leading, UK-centric full service wealth manager

## Business snapshot

- Leading UK and cross-border wealth manager with £100bn+/ ZAR1.8tn+<sup>2</sup> of customer assets
- Advice-led investment solutions for customers in the UK and selected international markets
- LSE & JSE listed
  - £2.6bn/ ZAR46.3bn market cap<sup>3</sup>
- Proven track record, with scale in a growing market, and momentum for future profit growth
- 2019 Interim Results<sup>2</sup>
  - Adjusted profit : £115m/ ZAR2.1bn
  - Operating margin : 29%

Share price performance YTD vs SA financials peers<sup>1</sup>



Share register by geography<sup>4</sup>



1. Source: FactSet as at 31 August 2019; prices rebased to 100.  
2. GBP:ZAR 1: 17.9845 as at 12 September 2019.  
3. Market capitalisation as at 12 September 2019.  
4. Company analysis as at 19 August 2019.



**Market insight**

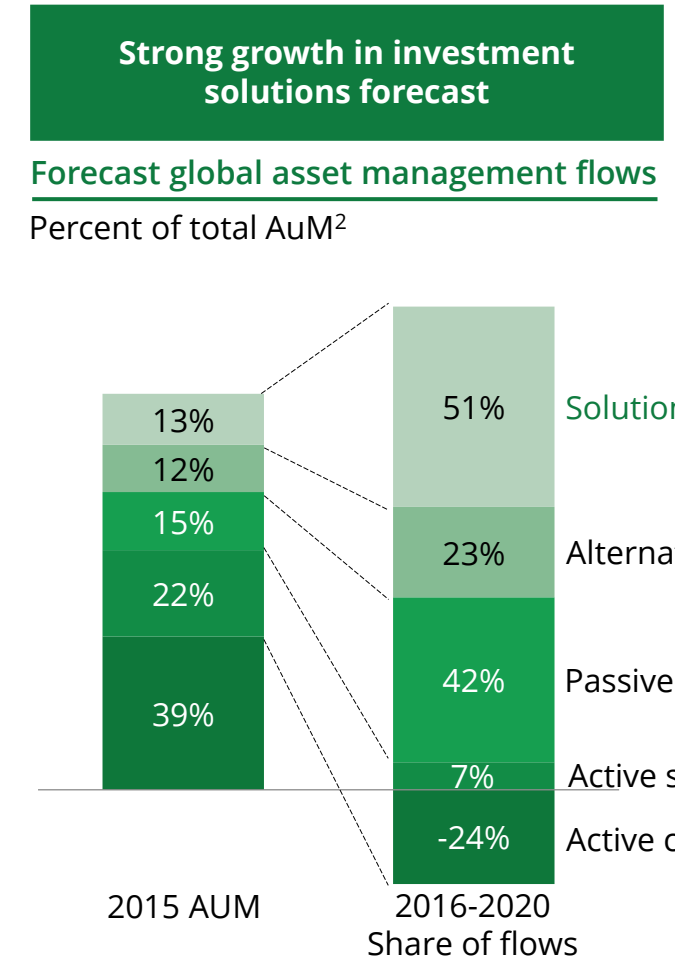
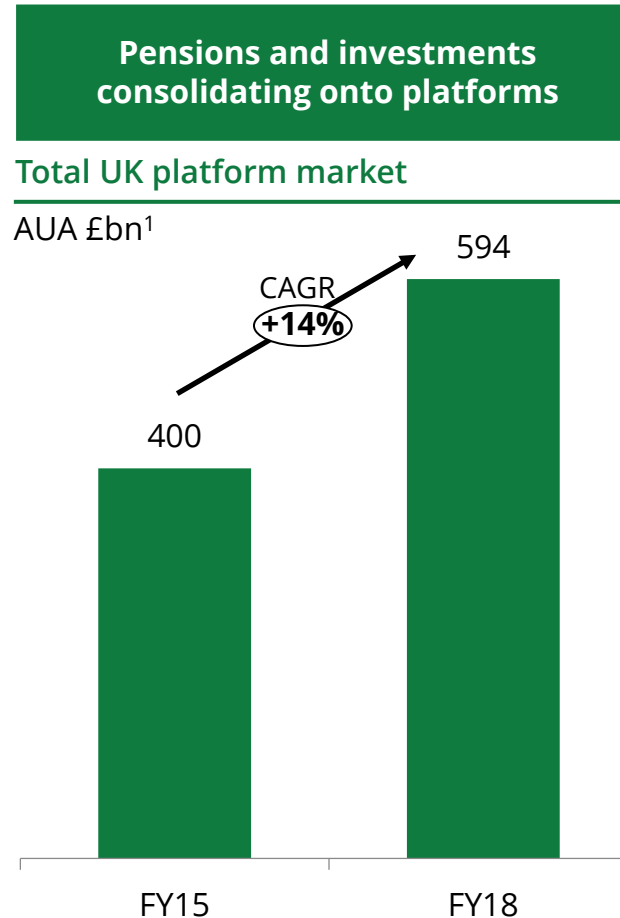
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# Growth driven by structural market trends

Advice, investment solutions, platform consolidation and retirement

## Key trends

- Savings gap
- Shift from Defined Benefit to Defined Contribution pensions
- Importance of advice



1. Source: Fundscape.

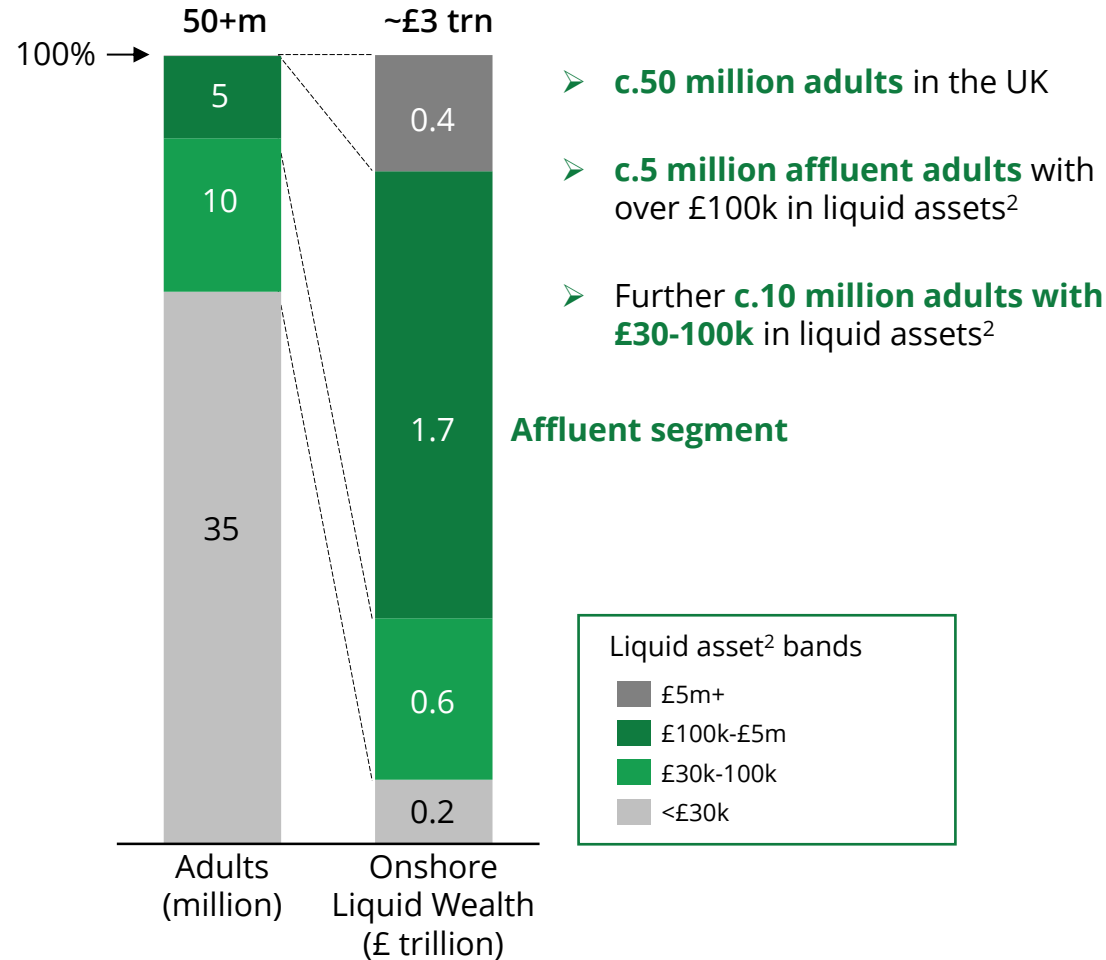
2. Source: BCG Global Asset Management 2016 – Doubling down on data.

3. Note Solutions includes absolute return, target date, global asset allocation, flexible income and volatility funds; LDIs; and multi-asset and traditional balanced products.

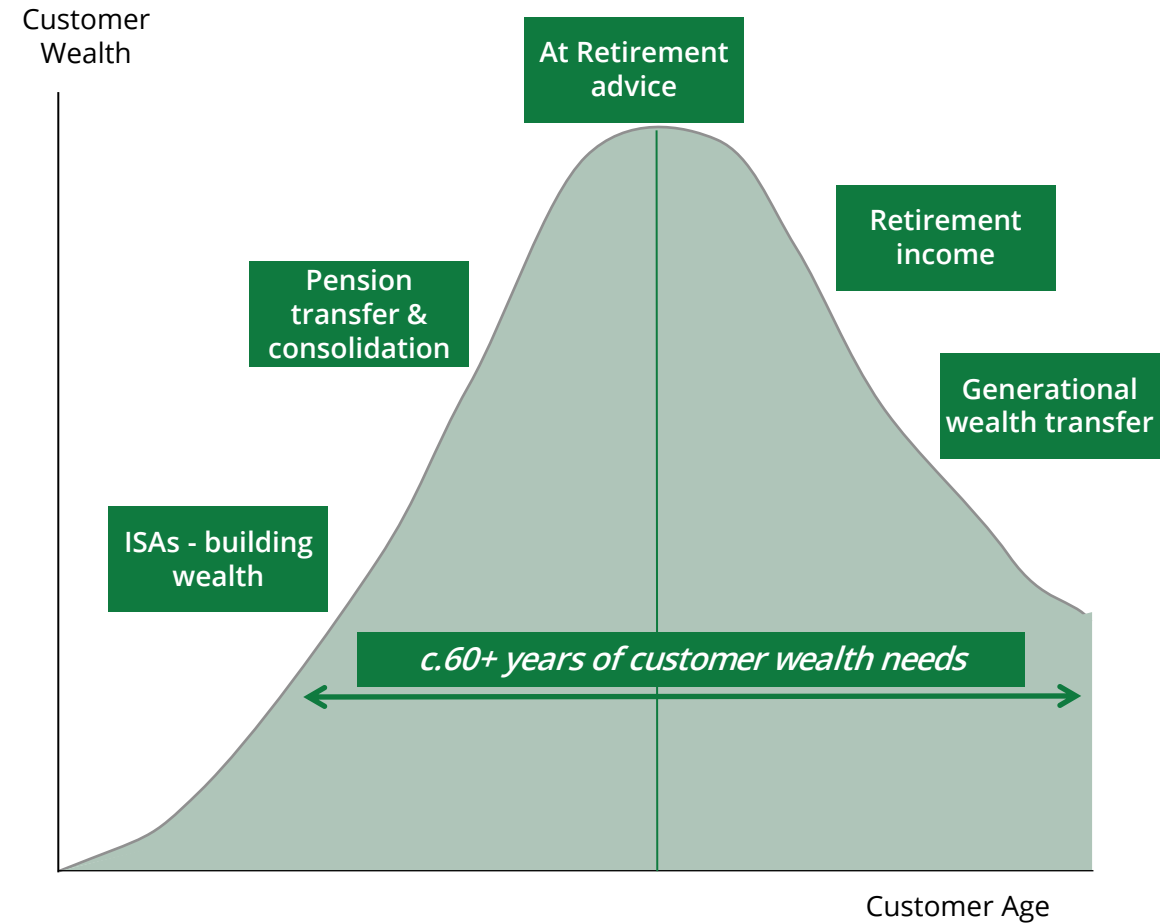
4. Note Active core includes actively managed domestic large-cap equity, domestic government and corporate debt, money market and structured products.

# We meet the changing needs of our target customers over their life cycle

c.5 million affluent adults with £1.7 trillion wealth<sup>1</sup>



Opportunity to serve customers for c.60 years



1. Source: GlobalData, Financial Wealth in the UK: Sizing the Market Opportunity, March 2017. Data shown for 2017 forecast.  
 2. Liquid assets includes cash/deposits, ordinary stocks and shares, government and other bonds and other collective investment schemes.



**Performance**

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# H1 2019 highlights: financial, strategic and operational progress

Financial	Strategic	Operational
<p><b>Solid financial performance</b></p> <p>Adjusted profit up 5% to £115m in a challenging flow environment</p>	<p><b>Investing in advice</b></p> <p>Charles Derby Group &amp; Lighthouse plc acquisitions consolidate our position as the second largest advisory business in the UK</p>	<p><b>PTP progressing well</b></p> <p>UK Platform upgrade well advanced – confident in delivery</p>
<p><b>Strong capital</b></p> <p>Solvency II ratio 181% Recommended interim dividend of 1.7 pence per share<sup>1</sup></p>	<p><b>Focussing business perimeter</b></p> <p>Agreed sale of Quilter Life Assurance to ReAssure for £425m</p>	<p><b>Good optimisation progress</b></p> <p>Programme delivery driving operating margin improvement</p>

1. Including 0.43 pence per share in respect of QLA's first half profit contribution.

# Executive summary: solid performance in H1 2019

- ✓ Adjusted profit growth of 5% to £115m
- ✓ Adjusted diluted earnings per share of 5.5p in line with prior year
- ✓ Interim dividend of 1.7 pence per share<sup>1</sup>
- ✓ NCCF of £0.3bn<sup>2</sup>
- ✓ Integrated flows of £1.3bn<sup>2</sup>
- ✓ Good growth in RFPs

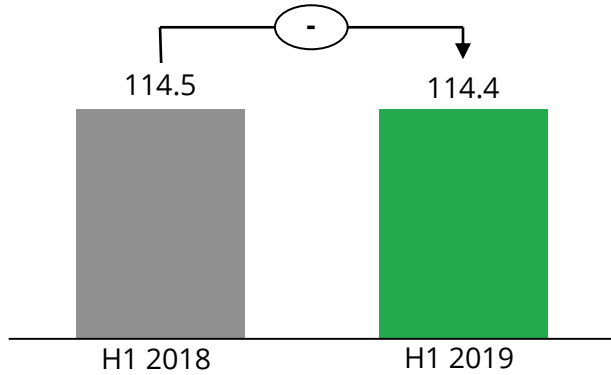
Key Performance Indicators from continuing operations including QLA		H1 2019	H1 2018	Δ
<b>Financial:</b>				
NCCF/opening AuMA <sup>2</sup>	%	1	6	(5pp)
Integrated flows <sup>2</sup>	£bn	1.3	2.8	(54%)
AuMA	£bn	118.4	116.5	+2%
- Of which QLA	£bn	12.1	14.5	(17%)
Adjusted profit before tax	£m	115	110	+5%
- Of which QLA	£m	26	27	(4%)
Operating margin	%	29	29	-
- Excl. QLA	%	26	25	+1pp
<b>Non-financial:</b>				
Restricted Financial Planners ('RFPs')	#	1,803	1,590	+13%
Investment Managers ('IMs')	#	163	168	(3%)

1. Inclusive of 0.43 pence per share in respect of QLA's first half profit contribution.  
 2. Excluding Quilter Life Assurance (QLA).  
 3. Represents total IFRS (loss)/profit including discontinued operations.

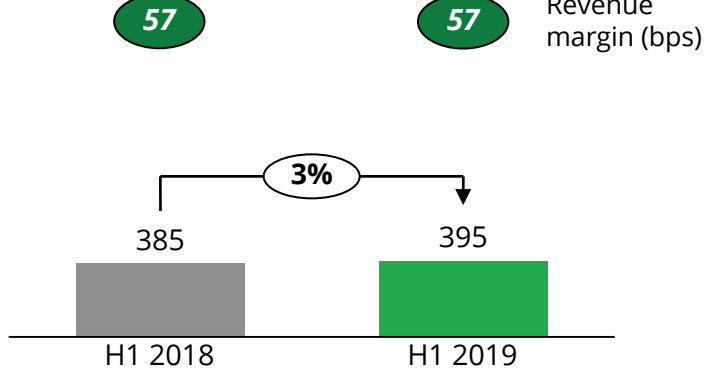


# Resilient performance

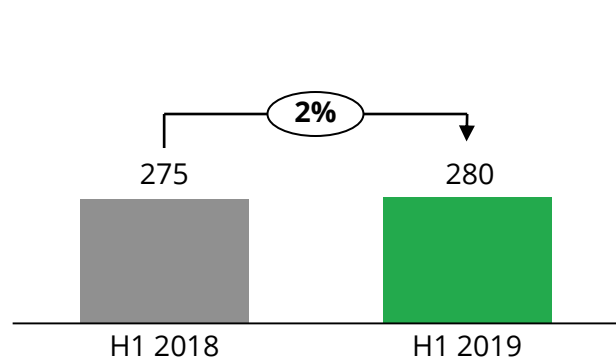
Average AuMA<sup>1</sup>  
£bn



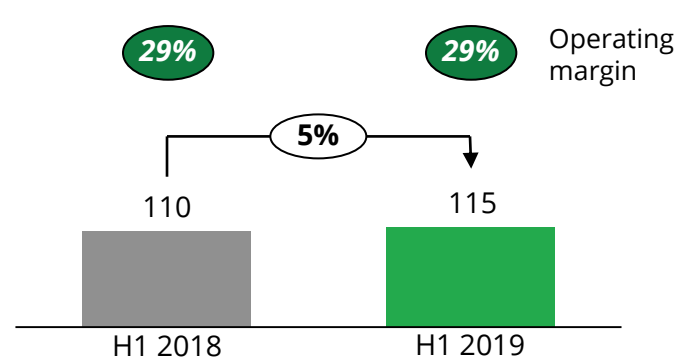
Revenue<sup>1</sup>  
£m



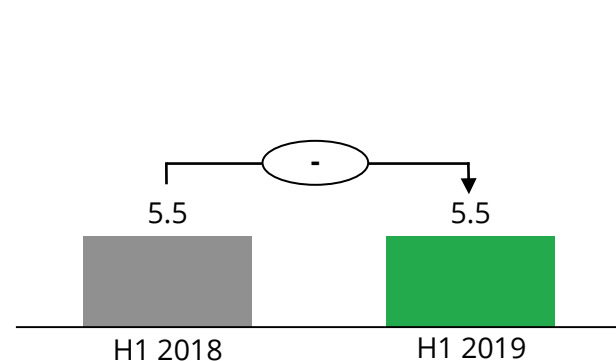
Expenses<sup>1</sup>  
£m



Adjusted profit before tax<sup>1</sup>  
£m



Adjusted diluted EPS<sup>1</sup>  
Pence



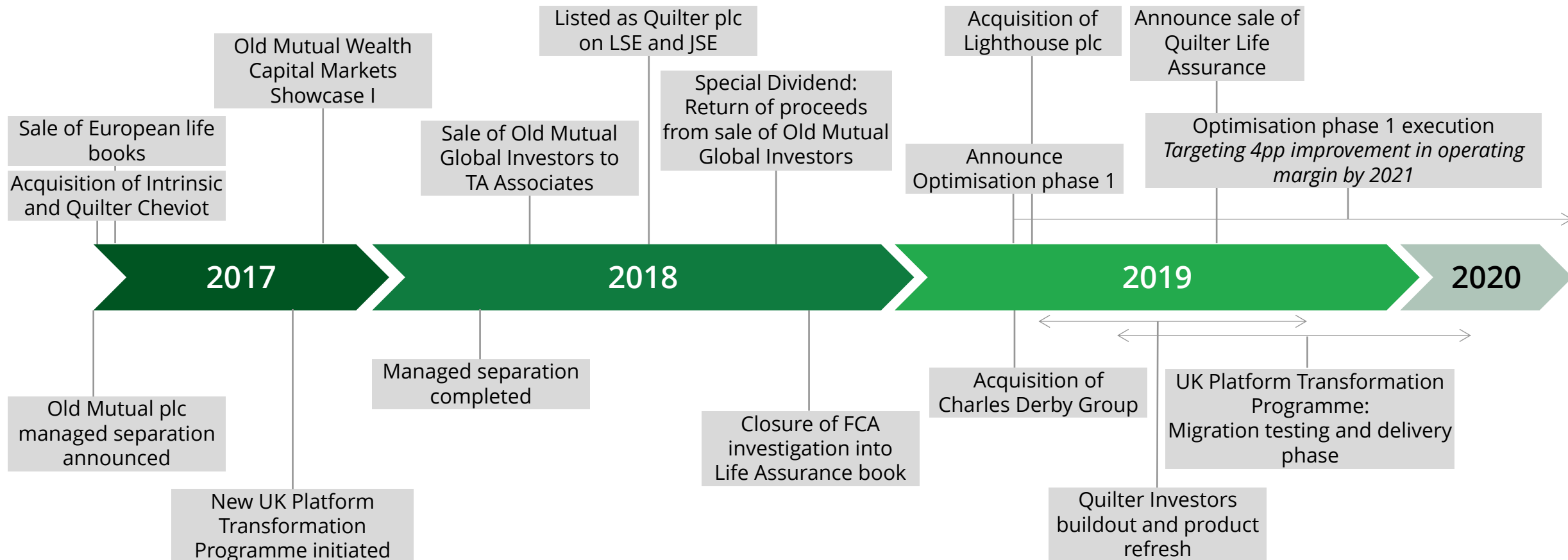
1. Including Quilter Life Assurance (QLA).



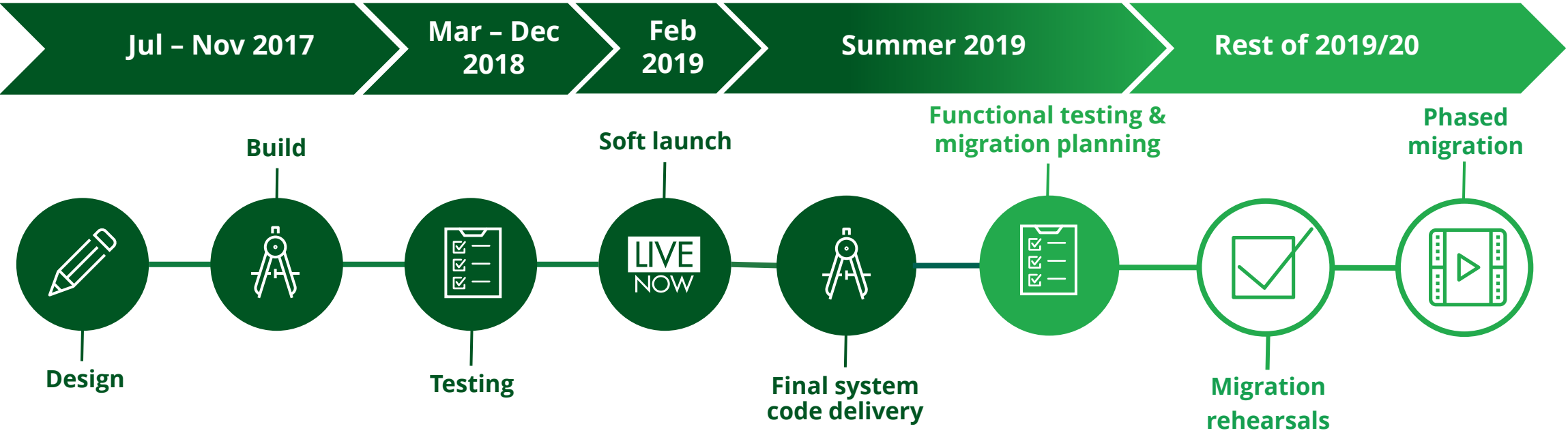
# Business initiatives

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# Our journey to deliver a focussed UK wealth management business



# UK Platform Transformation Programme: gearing up for migration



**Final mile of the journey...**

Migration data validation nearly complete

Rigorous functional testing to ensure the system meets our demanding quality standards is progressing well

c.£25 million additional costs for programme completion in 2020 reflecting additional migration resourcing and longer dual running

**Scheduling full dress rehearsals ahead of first migration phase planned by early 2020**

● Complete   ● In progress   ○ Not started

# Optimisation: good progress made

What we have done	What we have left to do		
<ul style="list-style-type: none"><li>➤ Initial simplification and unification of the support functions</li><li>➤ Quick win tactical efficiencies delivered</li><li>➤ Staff restructuring</li><li>➤ Third party contract renegotiation</li><li>➤ Property and facilities savings</li><li>➤ Commenced system changes to support further rationalisation</li></ul>	<ul style="list-style-type: none"><li>➤ Transform our support functions into shared services</li><li>➤ Implement group wide cost categories</li><li>➤ General ledger build</li><li>➤ Standardise processes and automate as appropriate</li></ul>		
Operating margin impact	<b>2019</b> Programme initiated	<b>2020</b> +2pp	<b>2021</b> +2pp

## Key tasks for H2 2019 and 2020

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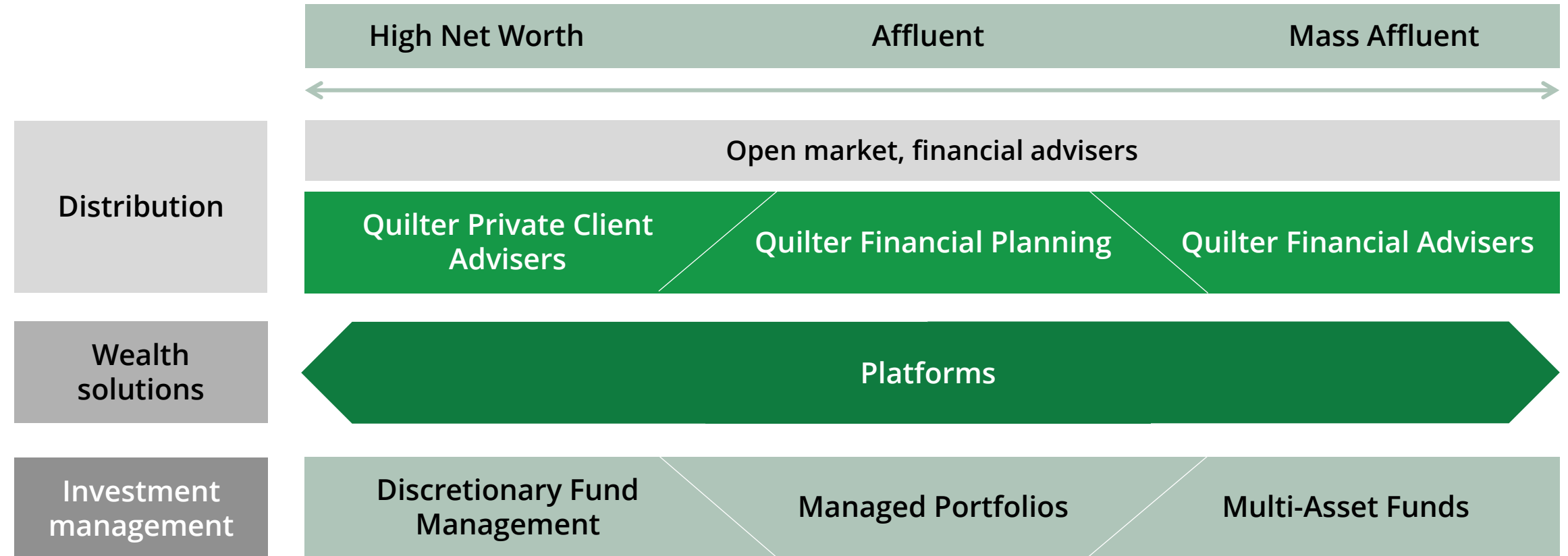
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Confident in prospects for 2020 and beyond

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# Quilter's multi-channel advice-led model

An open, transparent, full-service model serving customers across the wealth spectrum





Q&A

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# Disclaimer

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