



# Interim results 2021

11 August 2021

Quilter

# Disclaimer

---

This presentation should be read in conjunction with the announcement published by Quilter plc on 11 August 2021.

This presentation may contain certain forward-looking statements with respect to certain Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of the COVID-19 pandemic, the implications and economic impact of several scenarios of the UK's future relationship with the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward looking statements.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

Nothing in this presentation should be construed as a profit forecast.

Nothing in this presentation shall constitute an offer to sell or the solicitation of an offer to buy any securities.

# Presentation agenda

---

Business review

Paul Feeney

---

Financial review

Mark Satchel

---

Concluding remarks

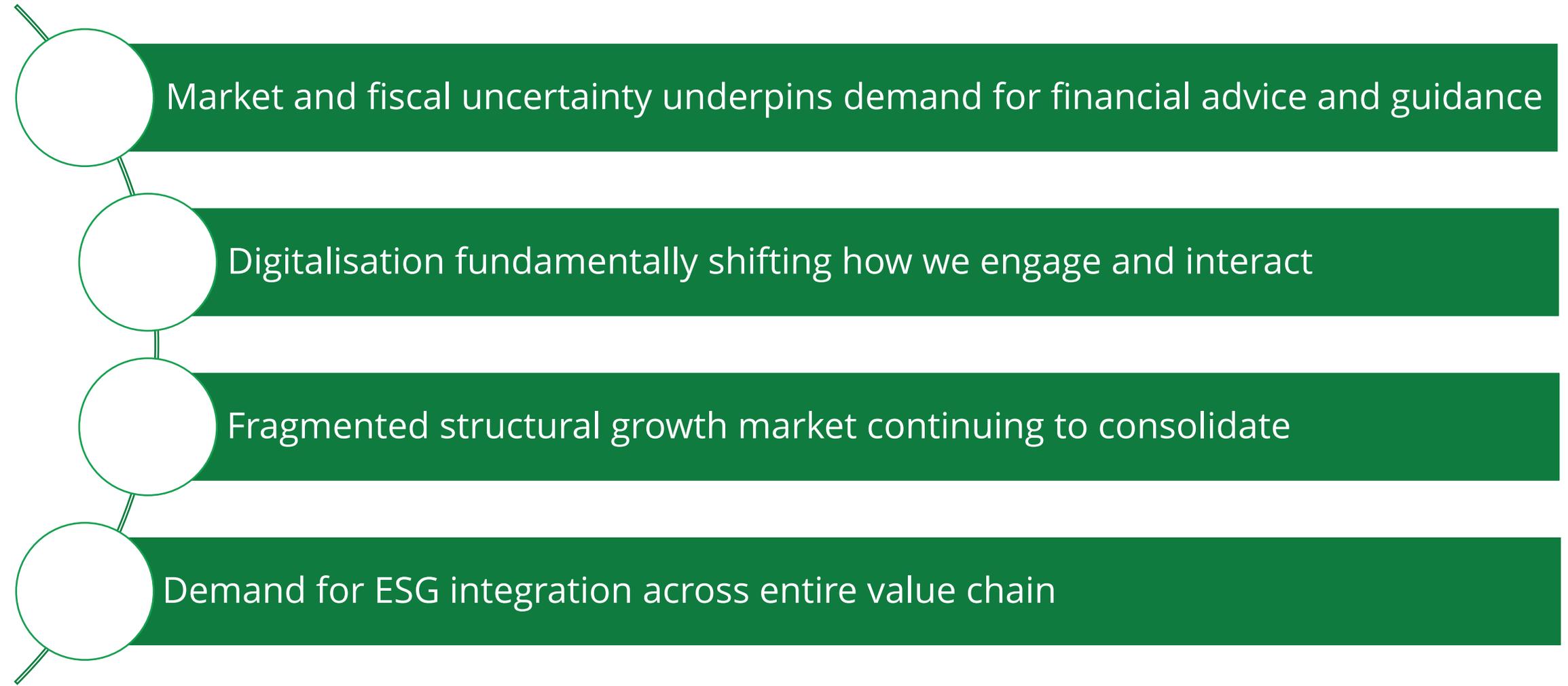
Paul Feeney

---

Q&A

# Quilter in the market context

---



# H1 2021 summary: Strong results underpinned by growth and efficiency

## Financial momentum

- Strong improvement in gross flows. Net flows more than doubled, led by the Platform
- Strong growth metrics:
  - Adj. PBT +20% to £85m
  - DPS +70% to 1.7p
- Three percentage point operating margin improvement despite short-term headwinds
- c.£265m returned to shareholders through buyback – £110m to come

## Operational improvement

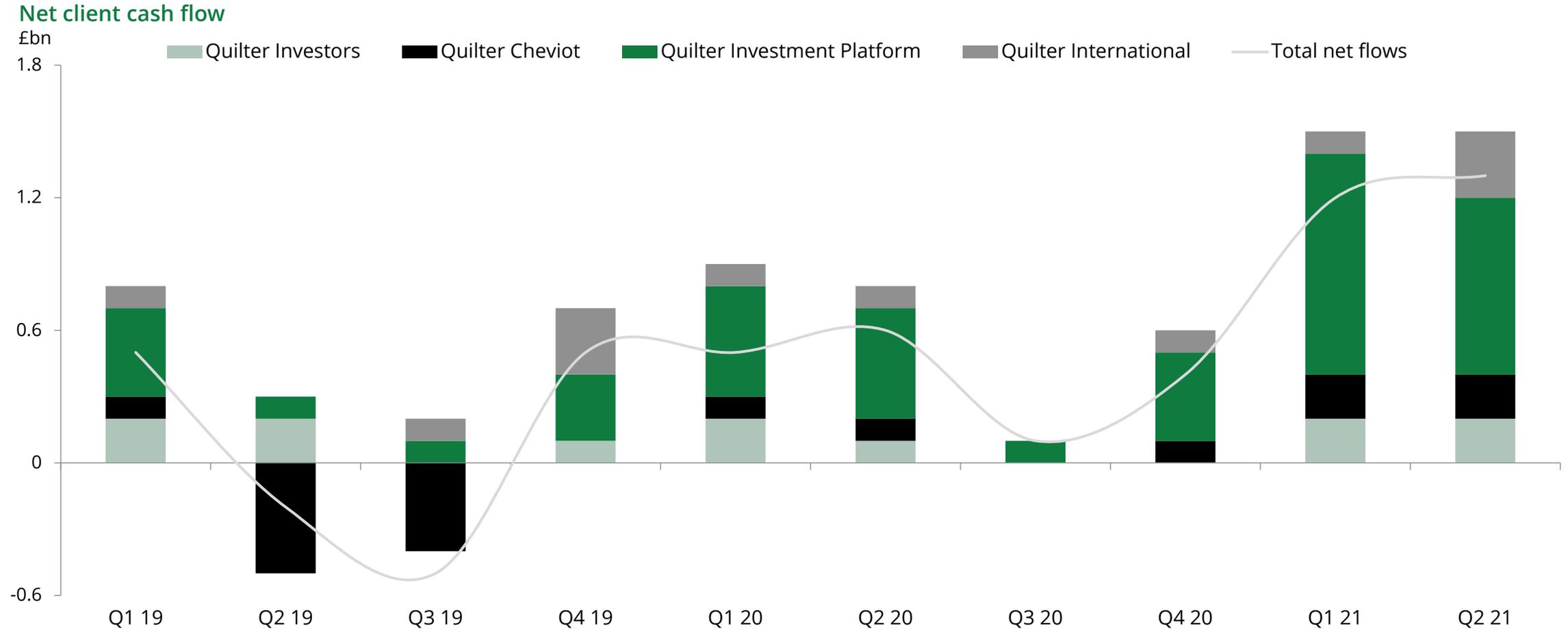
- Optimisation initiatives on track to deliver c.£65m cost saves
- General ledger and Finance/HR system on stream, bringing opportunity for continued efficiency
- QFP restructuring initiatives driving improved productivity and stronger Platform flows

## Strategic progress

- Platform migrations completed successfully. Now seeing improving flow dynamics
- Shareholders approved sale of Quilter International to Utmost for £460m + ticker
- Articulated material growth and efficiency targets. Plans to be shared at November's Capital Markets Day

Transformative strategic initiatives now delivering tangible results

# Significantly improved net flows



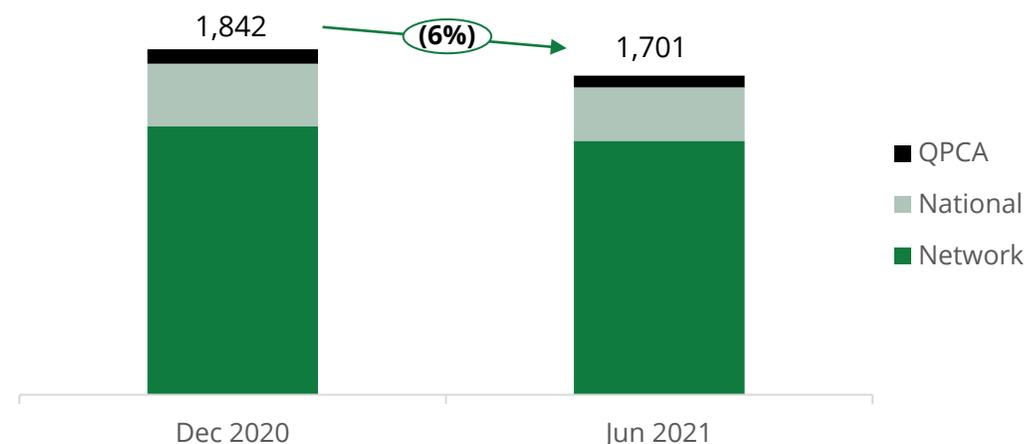
**Strong investment performance across Quilter Cheviot & Quilter Investors**

Note: Business area net client cash flows represent figures before eliminations while total net flows includes impact from eliminations.

# Quilter Financial Planning: reducing complexity, unlocking opportunity

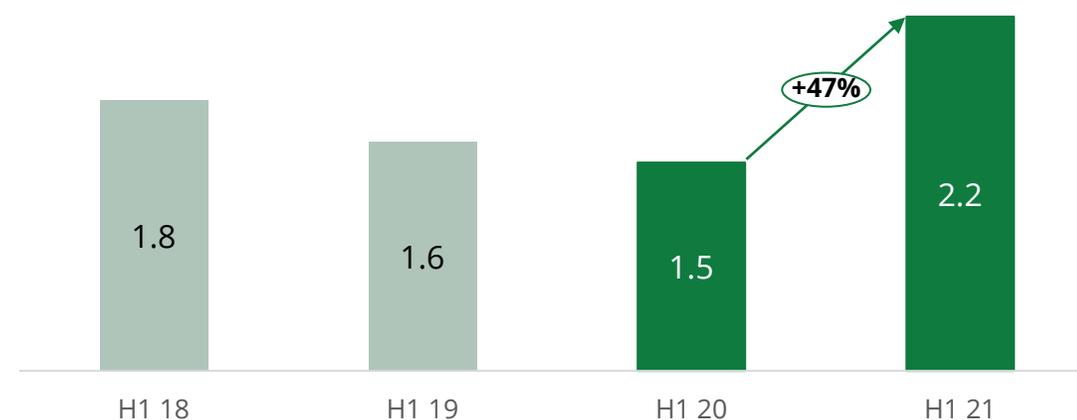
- Expect slowing adviser attrition in H2 2021, with net growth in RFPs from 2022
- Continued focus on productivity and strategic alignment
- Investing to upgrade infrastructure for future growth, and to improve processes and strengthen controls
- Momentum building in capturing greater share of gross flows
  - Sharp improvement in productivity
  - QPCA moved into Quilter Cheviot from end-July

RFP headcount mix



Improving productivity

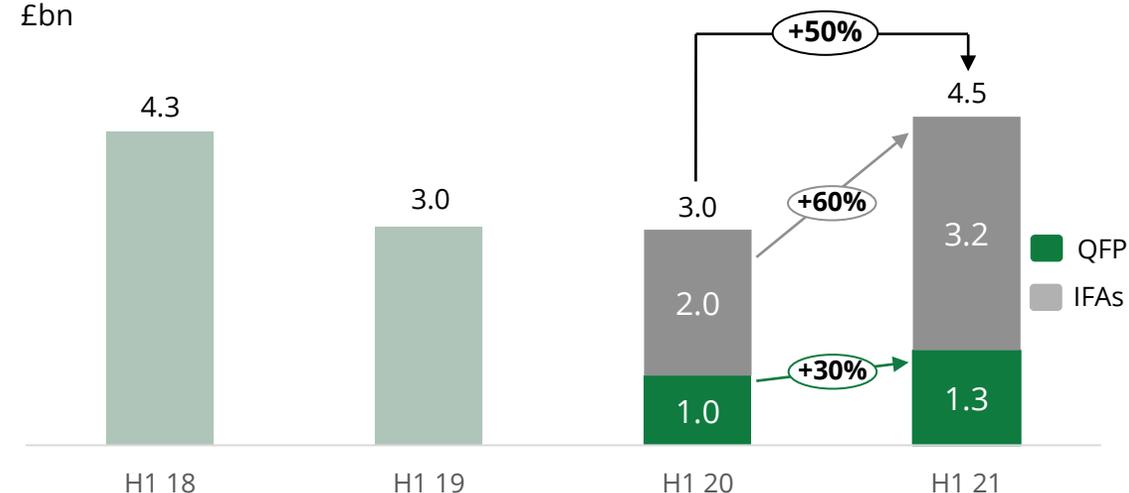
Integrated NCCF per RFP, £m



# Investment platform: key driver of growth

- Significant improvement in flows across both IFA and RFP distribution channels
- Capturing greater share of Quilter RFP flows
- Pleasing uptake in new product offerings from existing advisers e.g. JISA
- Positive adviser feedback – continuing to optimise adviser experience
- H2 2021 priorities:
  - Marketing to broader IFA network
  - Quilter Cheviot able to access Platform's pension wrapper and Platform clients able to access its bespoke investment management capabilities
  - Enhance Wealth Select, broadening proposition to include ESG

Gross flows building momentum  
£bn



**2,700+ firms** conducted more business in H1 2021 vs H1 2020

**Encouraging early use** of discretionary investment hub

**37% of all new business** using market-leading family linking functionality

## Key focus for H2 2021 and beyond

---

- Sustain improved net flows, driving momentum to 6%+ medium-term target
- Complete Optimisation and build towards 2023/25 operating margin targets
- Reposition QFP, delivering a highly productive, client-focused adviser base
- Return final £100 million of £375 million capital return programme
- Complete sale of Quilter International and update on capital return



# Financial review

Mark Satchel  
11 August 2021

Quilter

# Executive summary: strong performance

- Significant improvement in flows
- Adjusted diluted earnings per share of 5.0p, +43% year-on-year
- Interim dividend of 1.7p per share
- c.£265m returned through share buyback with current tranche to complete by end-August
  - Final £100m tranche to commence thereafter

Key Performance Indicators		H1 2021	H1 2020	Δ
<b>Financial:</b>				
NCCF	£bn	2.5	1.1	+127%
NCCF/opening AuMA <sup>1</sup>	%	4	2	+2pp
Integrated net inflows	£bn	1.9	1.4	+36%
AuMA	£bn	126.6	107.4	+18%
Asset retention	%	91	92	(1)pp
Adjusted profit before tax <sup>2</sup>	£m	85	71	+20%
<i>A&amp;WM adjusted profit before tax</i>	£m	45	41	+10%
<i>WP adjusted profit before tax<sup>3</sup></i>	£m	54	47	+15%
IFRS profit after tax	£m	20	43	(53%)
Operating margin	%	24	21	+3pp
<b>Non-financial:</b>				
Restricted Financial Planners ('RFPs')	#	1,701	1,808	(6%)
Investment Managers ('IMs')	#	168	169	(1)

1. Annualised.  
 2. Adjusted profit before tax on a continuing business basis: £56 million.  
 3. Comprises £25 million contribution from continuing Wealth Platforms segment and £29 million from discontinued operations.

# Reminder of 2021 transitional items

---

## Quilter International expenses

- Recoverable costs: Reclaim through Utmost TSA – focused on managing down
- Unallocated costs: c.£5m head office and IT expenses previously allocated to Quilter International now absorbed by continuing business

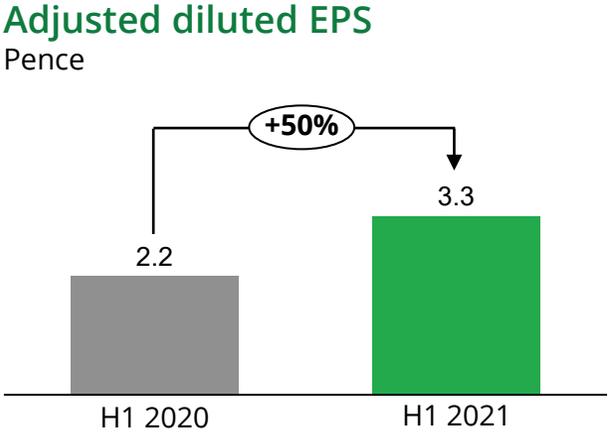
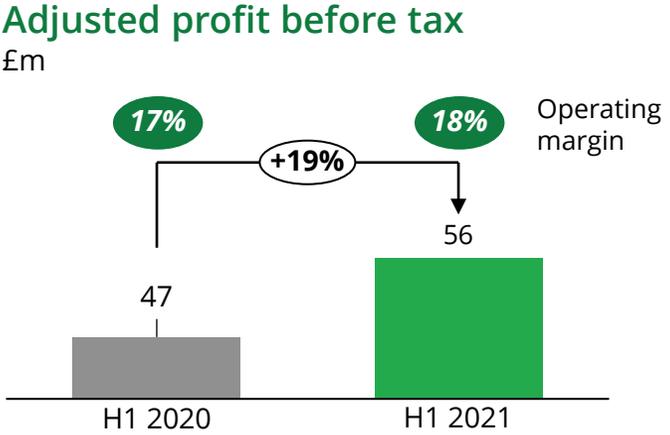
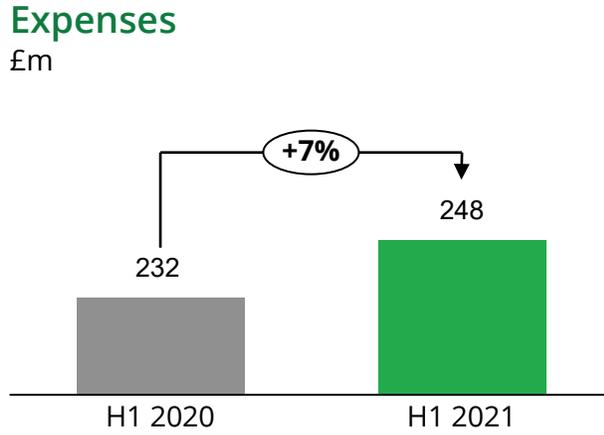
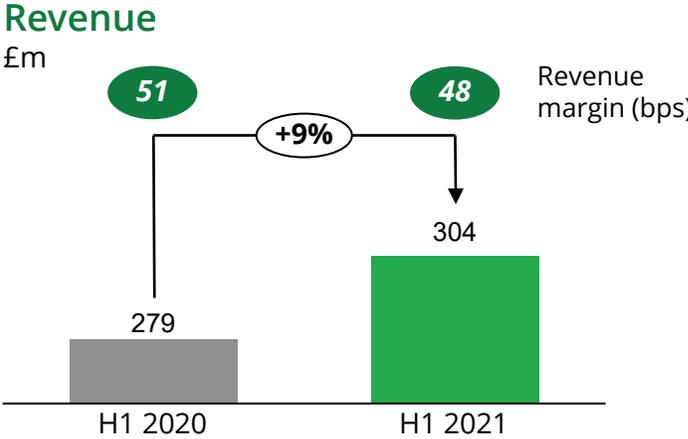
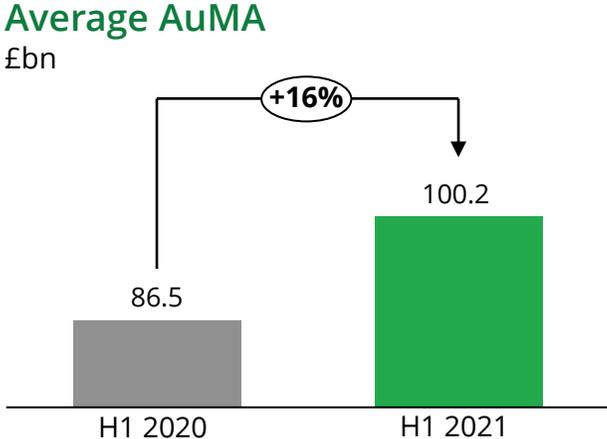
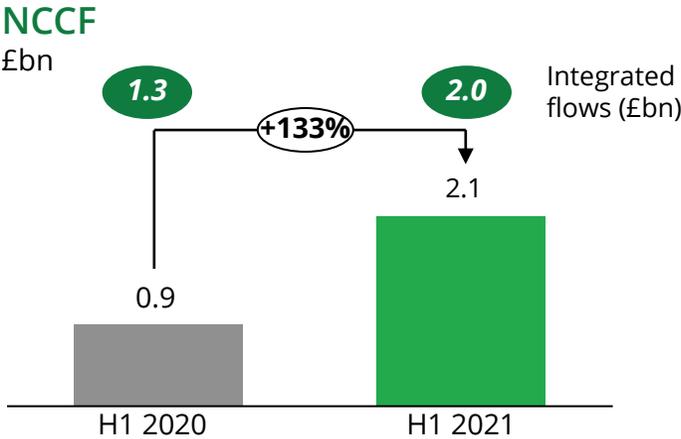
## FNZ Platform expenses

- Operational platform costs now tier-linked to AuA

## Tax rate

- Net deferred tax assets' credit broadly equivalent to accrued tax liability

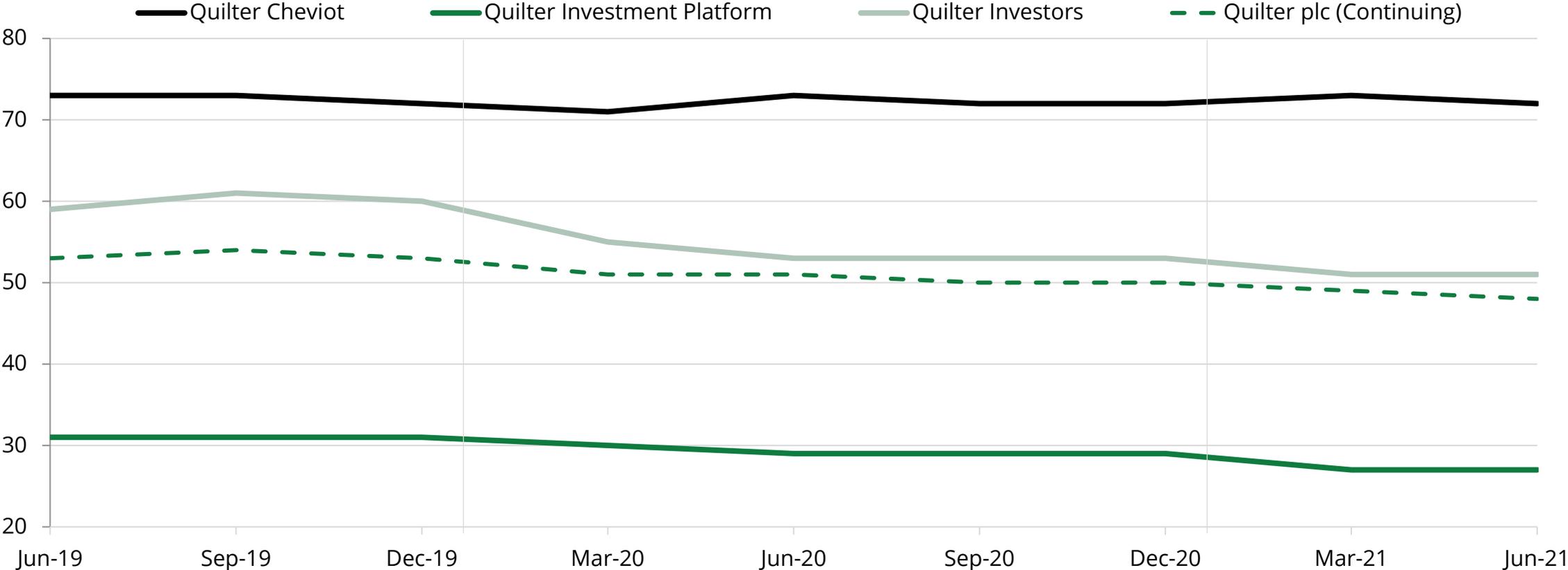
# Continuing business demonstrating strong growth



Note: Figures exclude contribution from Quilter International.

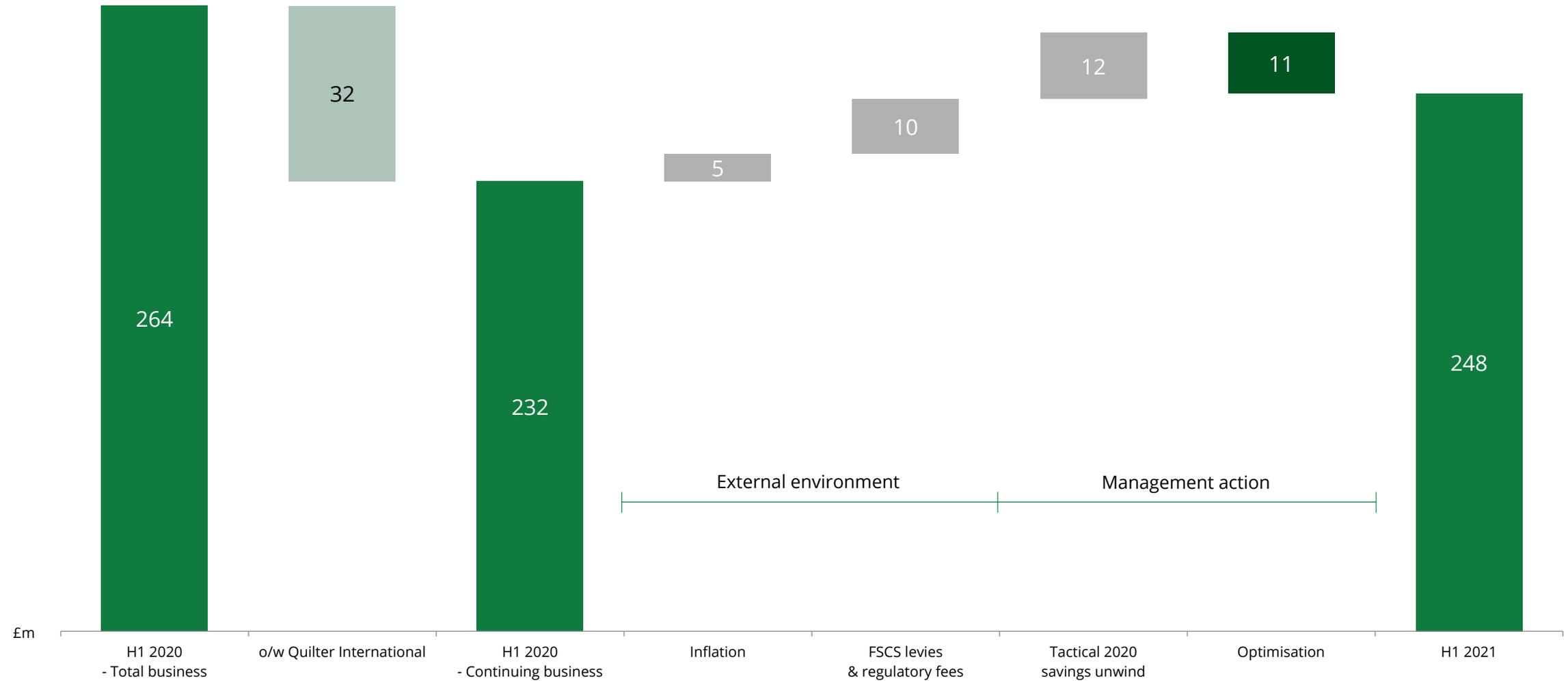
# Revenue margin progression in line with long-standing guidance

Revenue margin  
bps

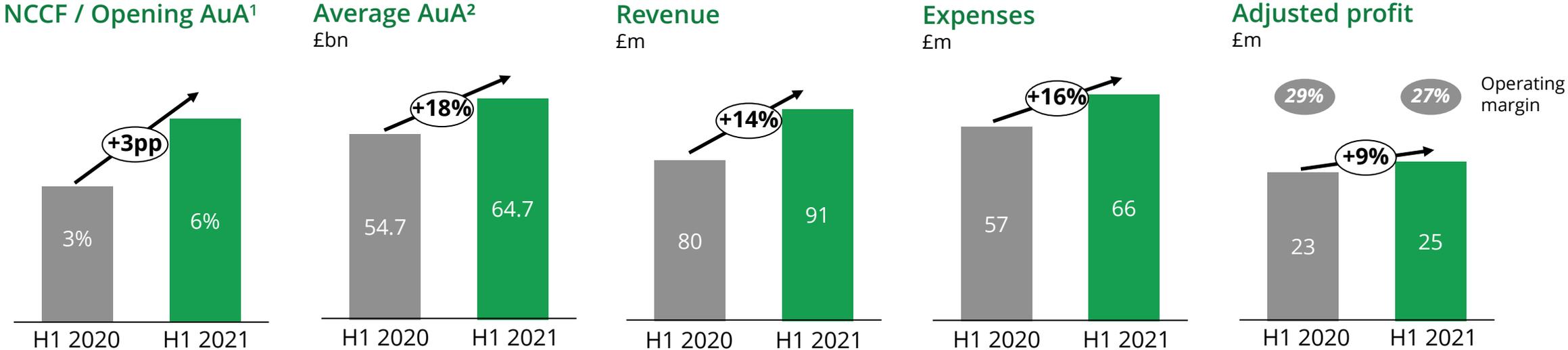


Note: Revenue margin progression including Quilter International available in the appendix to this presentation.

# Continued disciplined expense management



# Platform business efficiency a key focus post-PTP

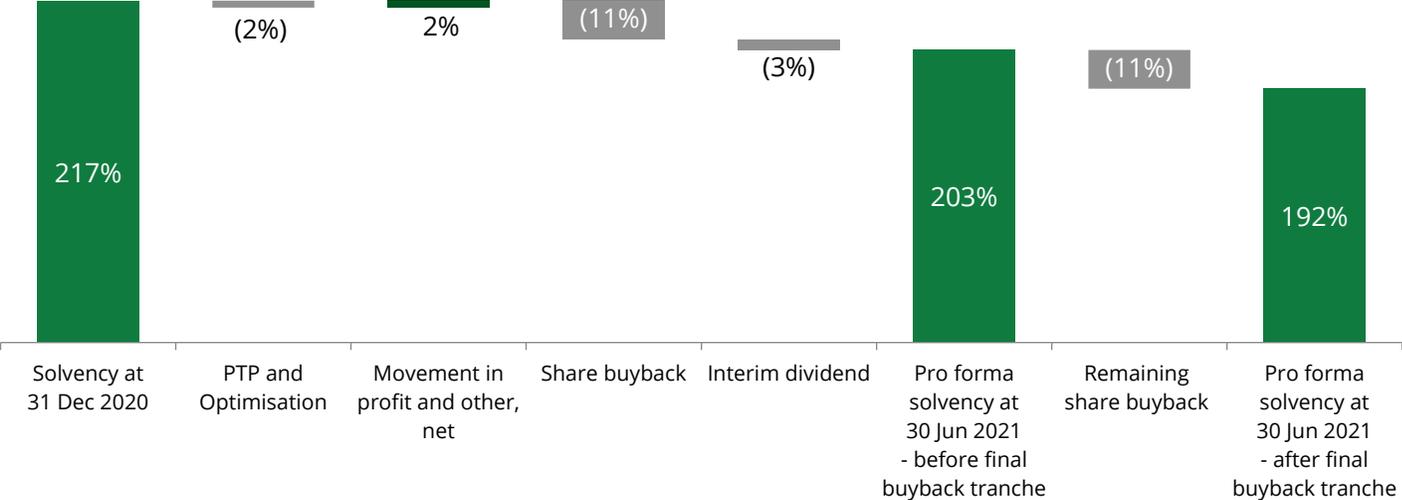


- Delighted with improvement in flows across both RFP and IFA distribution channels
- New Platform is highly scalable
- Expect Platform to underpin delivery of 2023/2025 operating margin targets and be a key driver of profitability

1. Annualised.  
 2. Does not include AuMA managed by Quilter International held on the Platform (H1 2021: £1.4bn). These assets will be reported within the Platform following the completion of the sale of Quilter International. Platform revenues will not change as a consequence of the reclassification.

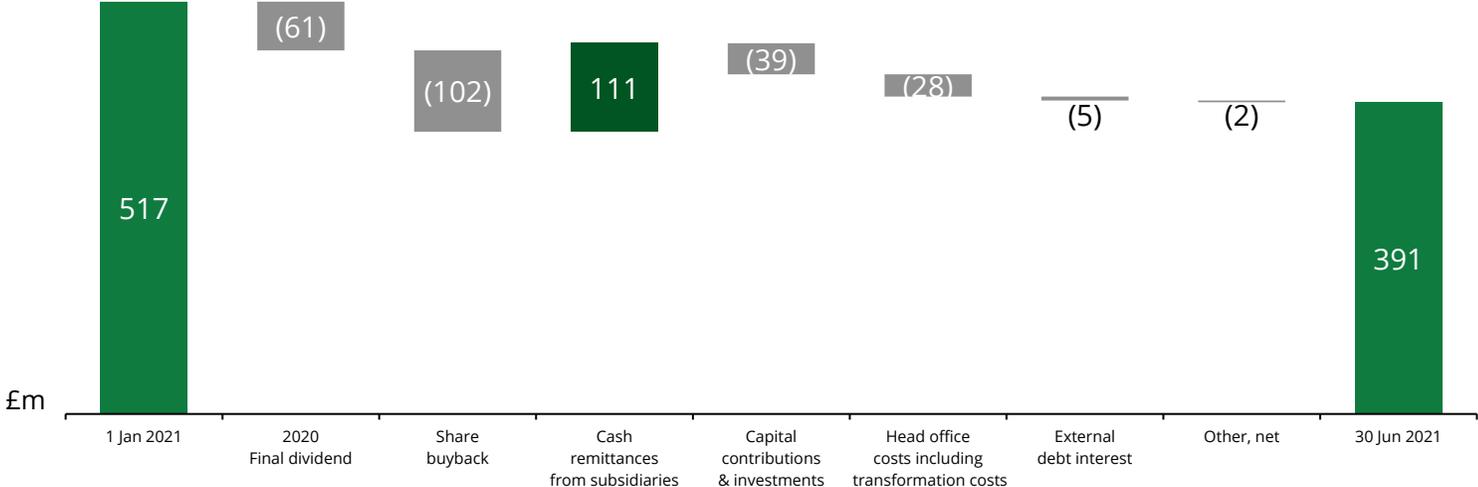
# Continued strong solvency and holding company cash position

## Solvency II ratio



➤ Solvency II ratio reduced by 14% principally due to the Share buyback, with spend on strategic initiatives offset by profit generation

## Holding company cash



➤ c.£150m of holding company cash reserved for

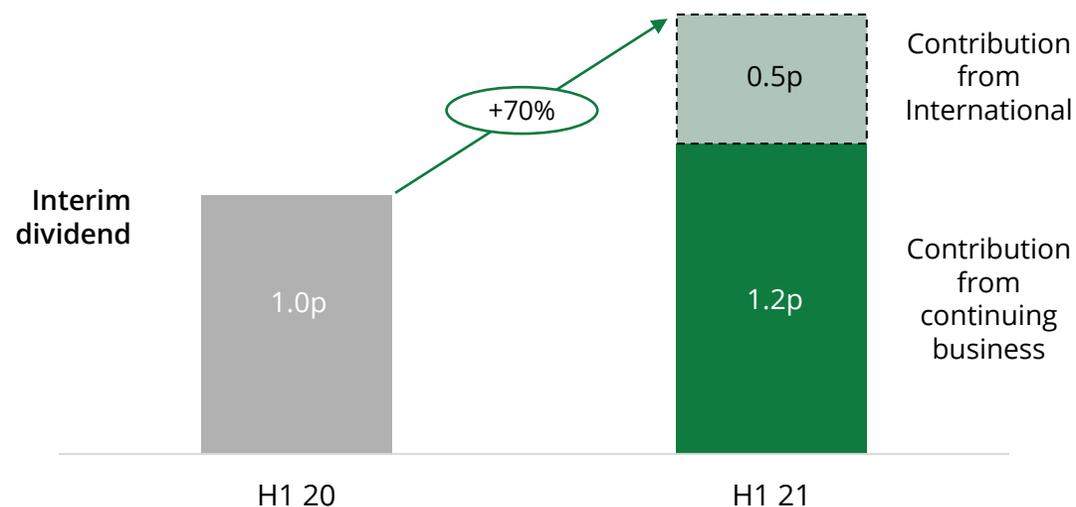
- Share buyback programme
- PTP legacy system decommissioning
- Optimisation
- 2021 interim dividend

# H1 21 dividend and capital returns

## Dividend

- Board declared 2021 interim dividend of 1.7p
- Represents pay-out in upper end of 40-60% range

EPS <sup>1</sup>	3.5p	5.0p
Pay-out ratio <sup>1</sup>	43%	51%



Note: Dividend pay-out calculated as dividend per share divided by adjusted diluted earnings per share, as reported.  
1. Total business, including contribution from Quilter International.

## Capital return programme

- 10% reduction in share count since programme inception
- c.£265m returned, with current tranche to complete by end-August
- PRA approval for final £100m tranche received

Share buyback - Tranche 1	
Total shares purchased	43.2 million
Total cash consideration	£50 million
Average share price	116p
Share buyback - Tranche 2a	
Total shares purchased	53.3 million
Total cash consideration	£75 million
Average share price	141p
Share buyback - Tranche 2b	
Total shares purchased	36.1 million
Total cash consideration	£50 million
Average share price	139p
Share buyback - Tranche 3a	
Total shares purchased	30.9 million
Total cash consideration	£50 million
Average share price	162p
Share buyback - Tranche 3b	
	<i>As at 6 August 2021</i>
Total shares purchased to date	25.4 million
Total cash consideration to date	£39 million
Average share price to date	153p

# Sale of Quilter International: timetable remains on track

---

## Shareholder vote

- Shareholder's overwhelmingly approved transaction on 17 June

## Regulatory & antitrust approvals

- Progress on regulatory approvals from Isle of Man, Ireland, Dubai International Financial Centre, Hong Kong and Singapore regulators driven by Utmost
- Antitrust filing approved by the European Commission

## Closing

- Expected before year-end 2021

## Use of proceeds

- Board continues to be minded to return majority of net proceeds to shareholders
- Update to be provided by Completion

# Updated financial guidance

	Previous guidance	Updates to guidance
<b>Net client cash flow</b>	<ul style="list-style-type: none"> <li>➤ Target NCCF growth of at least 6% of opening AuMA per annum over medium-term from 2022 onwards, with a higher percentage growth rate from the Quilter Investment Platform</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Revenue margins</b>	<ul style="list-style-type: none"> <li>➤ Expect the Group's overall annual rate of revenue margin decline should slow in the near-term, and the Group's revenue margin should become increasingly stable</li> </ul>	<ul style="list-style-type: none"> <li>➤ Broad direction remains unchanged</li> </ul>
<b>Operating margin and Optimisation</b>	<ul style="list-style-type: none"> <li>➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn, adjusted for Tactical Savings</li> <li>➤ Expect to achieve additional c.£15m savings with costs to achieve of c.£16m, predominantly to be realised during 2021 with the remainder by mid-2022</li> <li>➤ Expect to use portion of Quilter International net sale proceeds to assist delivery of operating margin of at least 25% by 2023 and 30%+ by 2025</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Tax rate</b>	<ul style="list-style-type: none"> <li>➤ Expect to move closer to UK marginal rate</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change to guidance over the medium-term</li> <li>➤ 2021 full year tax rate anticipated to be in high single digits as a result of deferred tax asset position</li> </ul>
<b>Dividend</b>	<ul style="list-style-type: none"> <li>➤ Expect to be sustained at the upper end of the 40-60% pay-out range</li> <li>➤ Dividend per share growth dependant on share buyback pace</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>

Note: Quilter Private Client Adviser revenues to be included under Quilter Cheviot 'other revenue' at FY21 Results. See 'Supplementary Information' in the full announcement for H1 2021 detail.

# Outlook and financial summary

## Earnings

- Strong momentum in EPS, supported by lower share count and tax benefit

## Expenses

- Improving operational leverage, supported by further efficiency plans

## Balance sheet

- Prudently capitalised liquid balance sheet
- Capital discipline credentials maintained

## Outlook

- Focus on growth with strong expense discipline maintained



# Concluding remarks

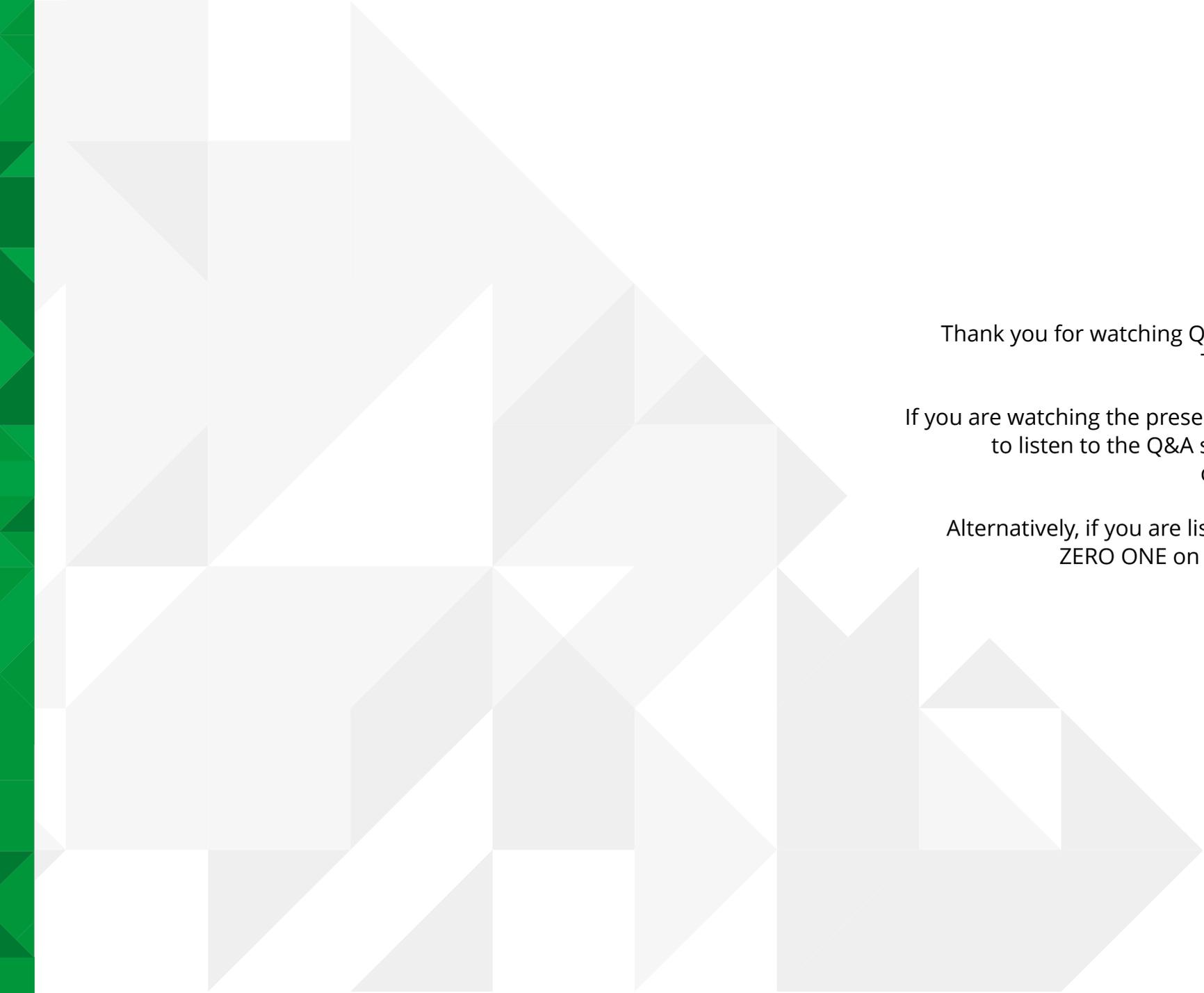
Paul Feeney  
11 August 2021

Quilter

## Quilter: focused on growth and efficiency

---

- Growing top-line and delivering significant improvement in flows
- Scalable business – opportunities to drive operating leverage
- Strong balance sheet with further capital return to come
- Capital Markets Day: 3 November 2021



# Q&A

Thank you for watching Quilter's 2021 Interim results presentation.  
The live Q&A session will now commence.

If you are watching the presentation via the webcast, you can continue  
to listen to the Q&A session through the webcast and may ask  
questions via the question box on-screen.

Alternatively, if you are listening through the conference call, press  
ZERO ONE on your telephone keypad to ask a question.

# Quilter

# Q&A

---

## Joining the live Q&A:



Paul Feeny  
Chief Executive  
Officer



Mark Satchel  
Chief Financial  
Officer



Karin Cook  
Chief Operating  
Officer



Stephen Gazard  
Chief Executive  
Officer,  
Quilter Financial  
Planning



Steven Levin  
Chief Executive  
Officer,  
Quilter Investment  
Platform & Quilter  
Investors



Andy McGlone  
Chief Executive  
Officer,  
Quilter Cheviot

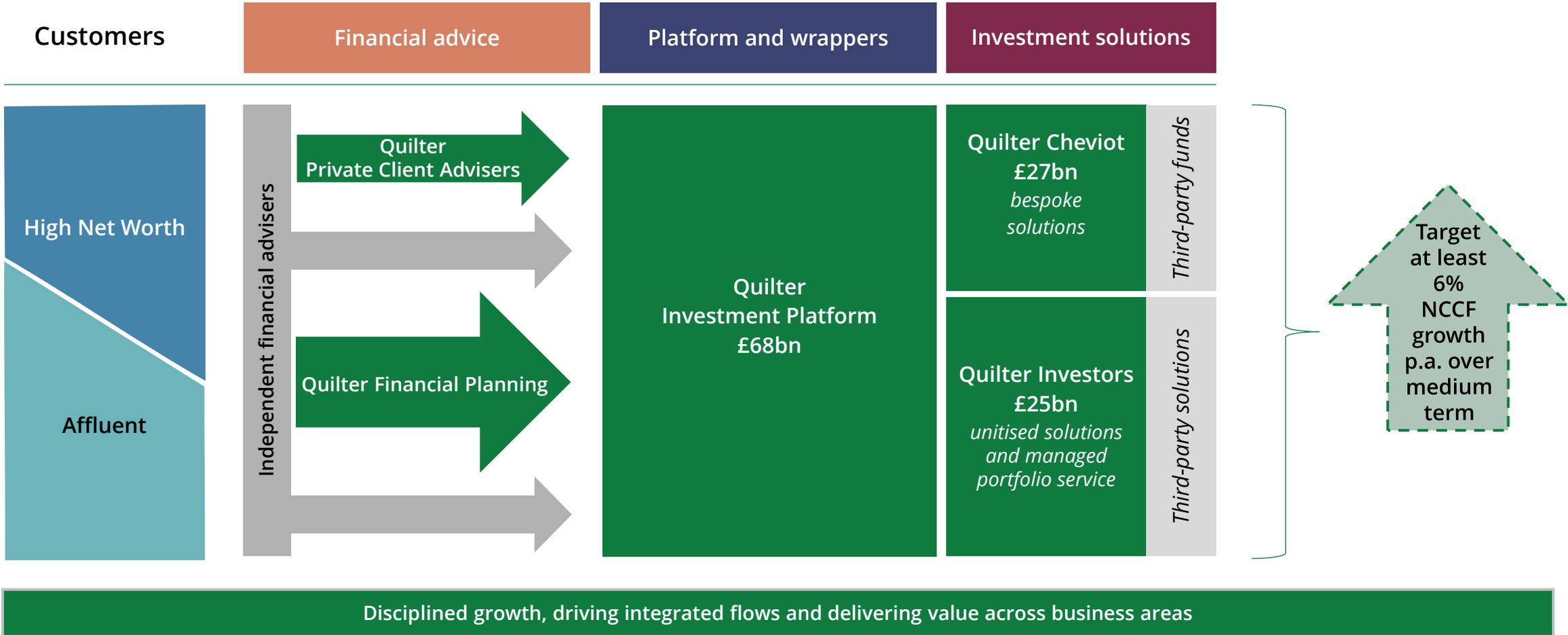


# Appendix

11 August 2021

Quilter

# Focus on leveraging strengths and capabilities



# Environmental, Social & Governance credentials

Quilter's ESG strategy is set out in our Shared Prosperity Plan

Theme	2025 commitments	Lead KPIs	UN SDGs
Financial wellbeing	<ul style="list-style-type: none"> <li>➤ Create secure financial futures for customers by delivering quality products and service</li> <li>➤ Promote financial wellbeing for all our colleagues</li> <li>➤ Empower communities to manage their money well for life</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer asset retention</li> <li>➤ % colleagues feeling confident about money</li> <li>➤ Number of people benefiting from community financial literacy programmes</li> </ul>	 
Inclusive growth	<ul style="list-style-type: none"> <li>➤ Improve access to financial advice, saving and investing</li> <li>➤ Create an inclusive and diverse culture that enables our people to thrive</li> <li>➤ Help communities thrive through employment and wellbeing support</li> </ul>	<ul style="list-style-type: none"> <li>➤ Number of restricted financial planners</li> <li>➤ % women in senior management positions</li> <li>➤ Number of people supported by community employment and wellbeing programmes</li> </ul>	  
Responsible investment	<ul style="list-style-type: none"> <li>➤ Embed responsible investment principles across our business</li> <li>➤ Exercise active stewardship of our customers' assets</li> <li>➤ Reduce the environmental intensity of our activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ PRI rating (strategy &amp; governance)</li> <li>➤ Voting &amp; engagement</li> <li>➤ Tonnes CO<sub>2</sub>e per colleague</li> </ul>	   
Responsible business conduct	<ul style="list-style-type: none"> <li>➤ Operate responsibly</li> </ul>	<ul style="list-style-type: none"> <li>➤ % colleagues code of conduct training</li> </ul>	



FTSE4Good  
Included in FTSE4Good  
Index Series



ESG rating: BBB



ESG risk rating:  
21.9/100 (low risk)

Signatory of:



Rated A  
(Strategy & Governance)



Environmental  
stewardship score: C

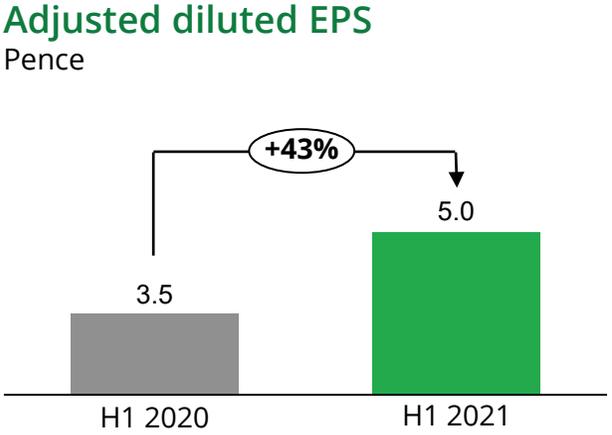
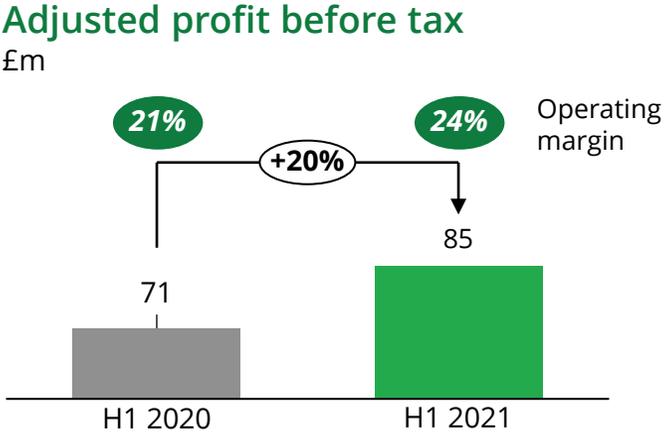
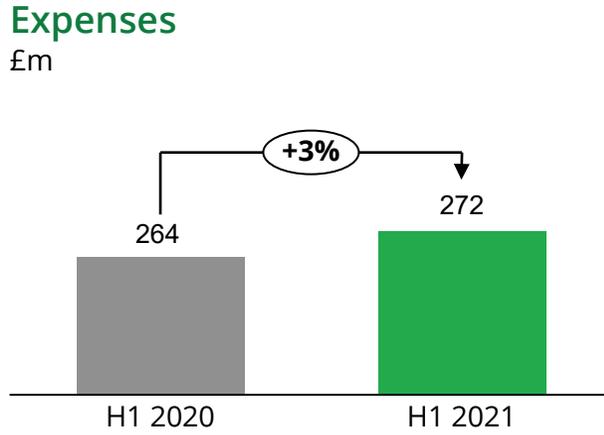
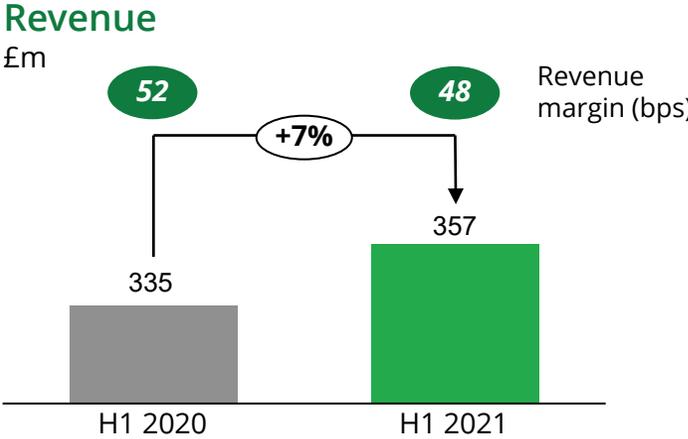
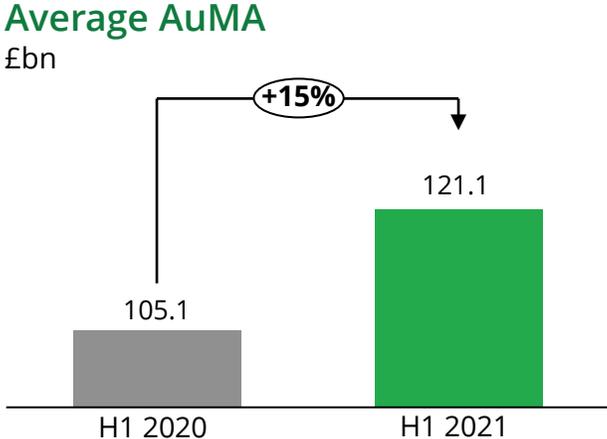
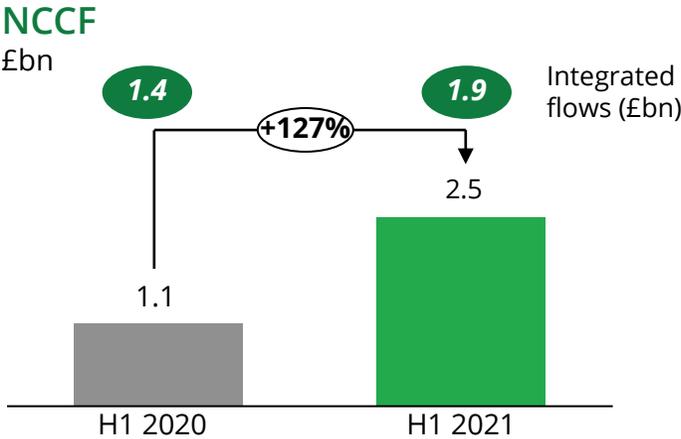


# Executive summary: Continuing business only

Key Performance Indicators		H1 2021	H1 2020	Δ
<b>Financial:</b>				
NCCF	£bn	2.1	0.9	+133%
NCCF/opening AuMA <sup>1</sup>	%	4	2	+2pp
Integrated net inflows	£bn	2.0	1.3	+54%
AuMA	£bn	104.8	88.3	+19%
Asset retention	%	91	92	(1pp)
Adjusted profit before tax	£m	56	47	+19%
<i>A&amp;WM adjusted profit before tax</i>	£m	45	41	+10%
<i>WP adjusted profit before tax</i>	£m	25	23	+9%
IFRS (loss)/profit after tax	£m	(13)	11	<i>nm</i>
Operating margin	%	18	17	+1pp
<b>Non-financial:</b>				
Restricted Financial Planners ('RFPs')	#	1,701	1,808	(6%)
Investment Managers ('IMs')	#	168	169	(1)

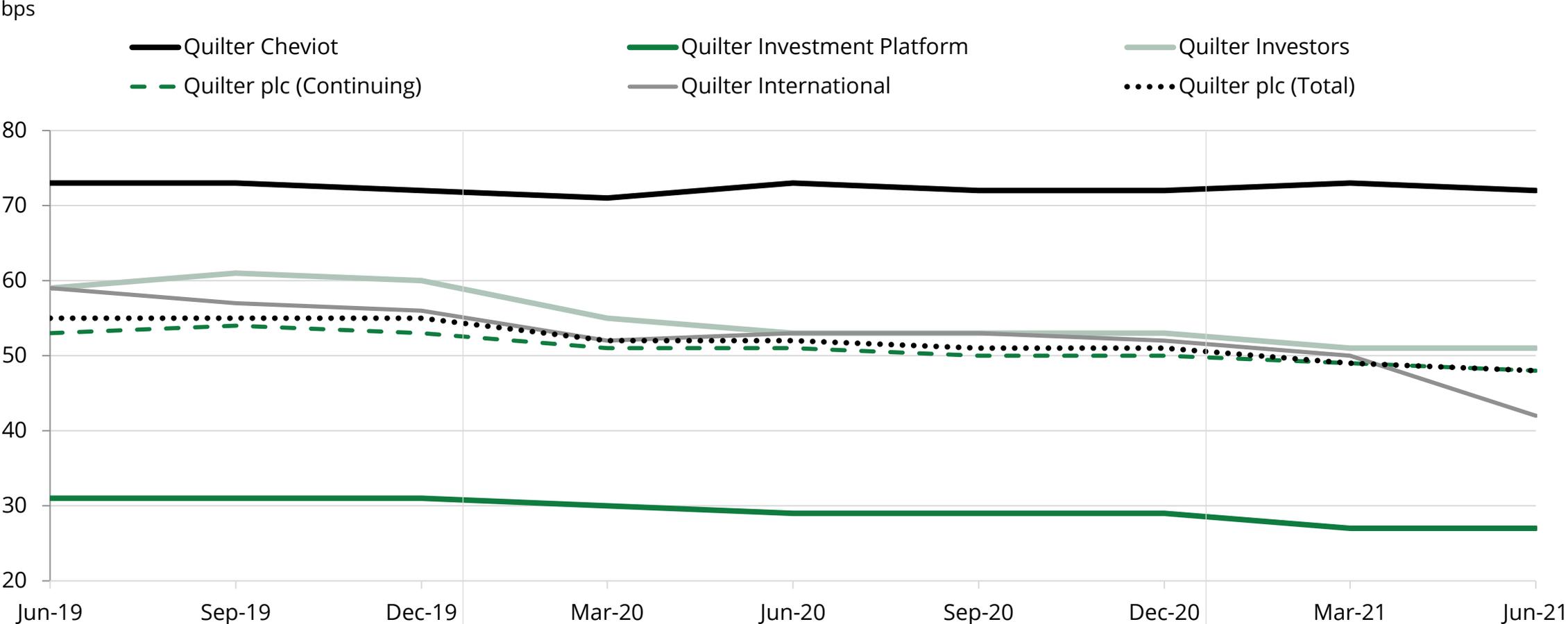
1. Annualised.

# Robust performance: including International



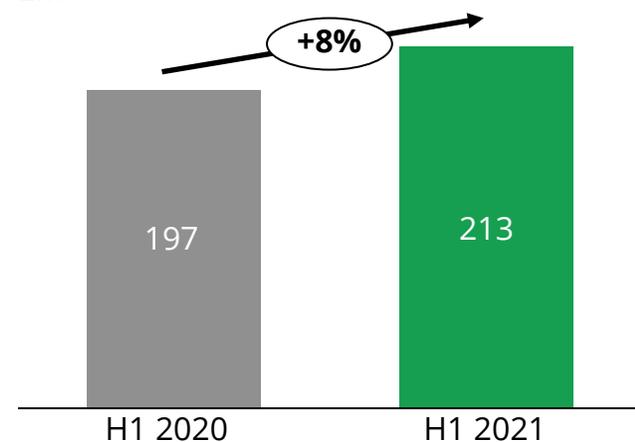
# Revenue margin progression in line with long-standing guidance

## Revenue margin

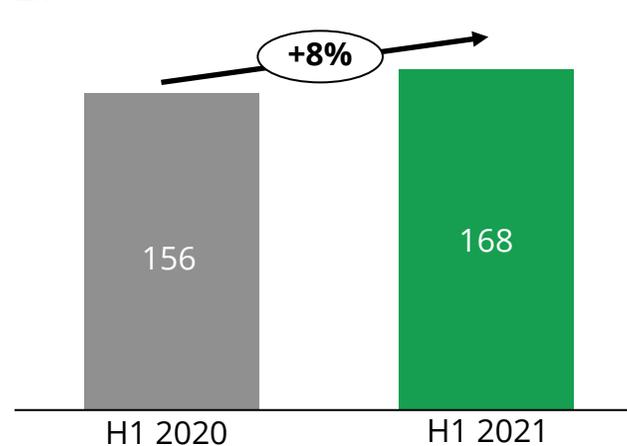


# Advice and Wealth Management

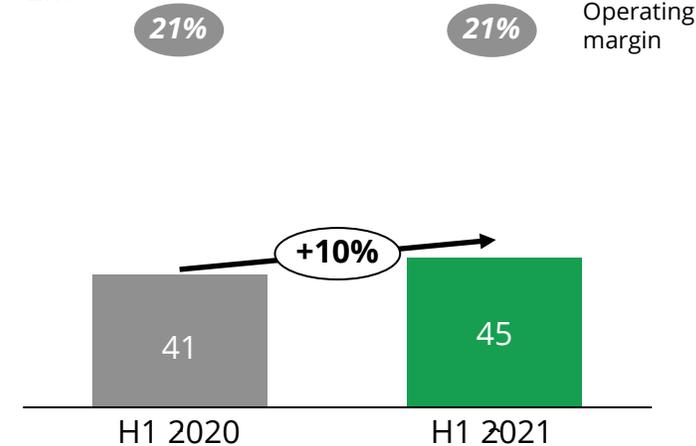
Revenue  
£m



Expenses  
£m



Adjusted profit  
£m



- Segment achieved 15% increase in average AuMA over the period, supporting growth in revenues
- Quilter Financial Planning's modest revenue growth year-on-year attributed to strong Mortgage and Protection fees being offset by reduction in initial advice fees
- Quilter Investors' net management fee revenue increased as a result of higher levels of AuM, with higher margin products decreasing in overall asset mix
- Growth in Quilter Cheviot's revenue generated from higher average AuM, partially offset by reduced levels of commissions as clients continue to move towards a fixed fee model
- Expense outcome principally driven by increase in FSCS levies and the unwind of 2020 tactical cost savings

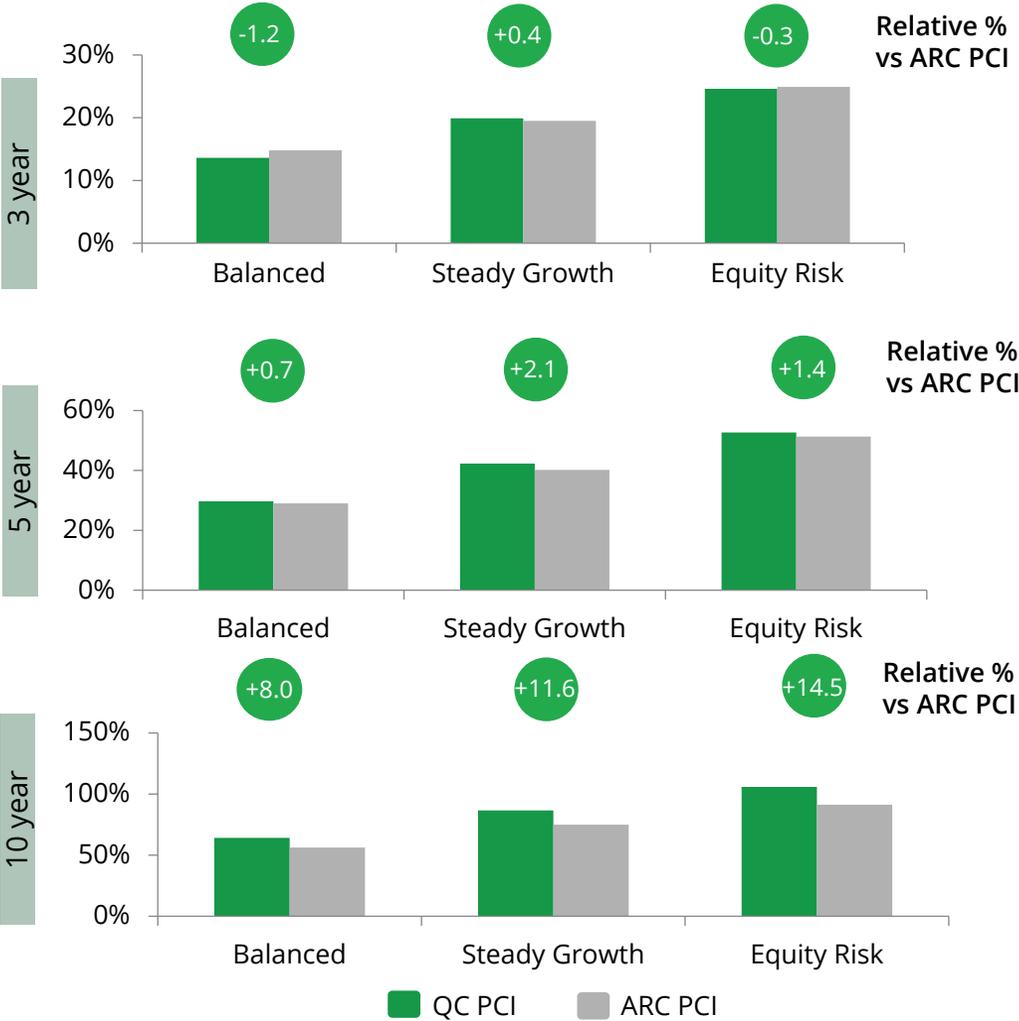
1. Annualised

KPIs		H1 2021	H1 2020
Revenue margin	bps	62	64
NCCF	£bn	0.8	0.5
NCCF / Opening AuM <sup>1</sup>	%	3	2
Closing AuM	£bn	51.8	44.1
Average AuM	£bn	49.7	43.3

# Investment performance

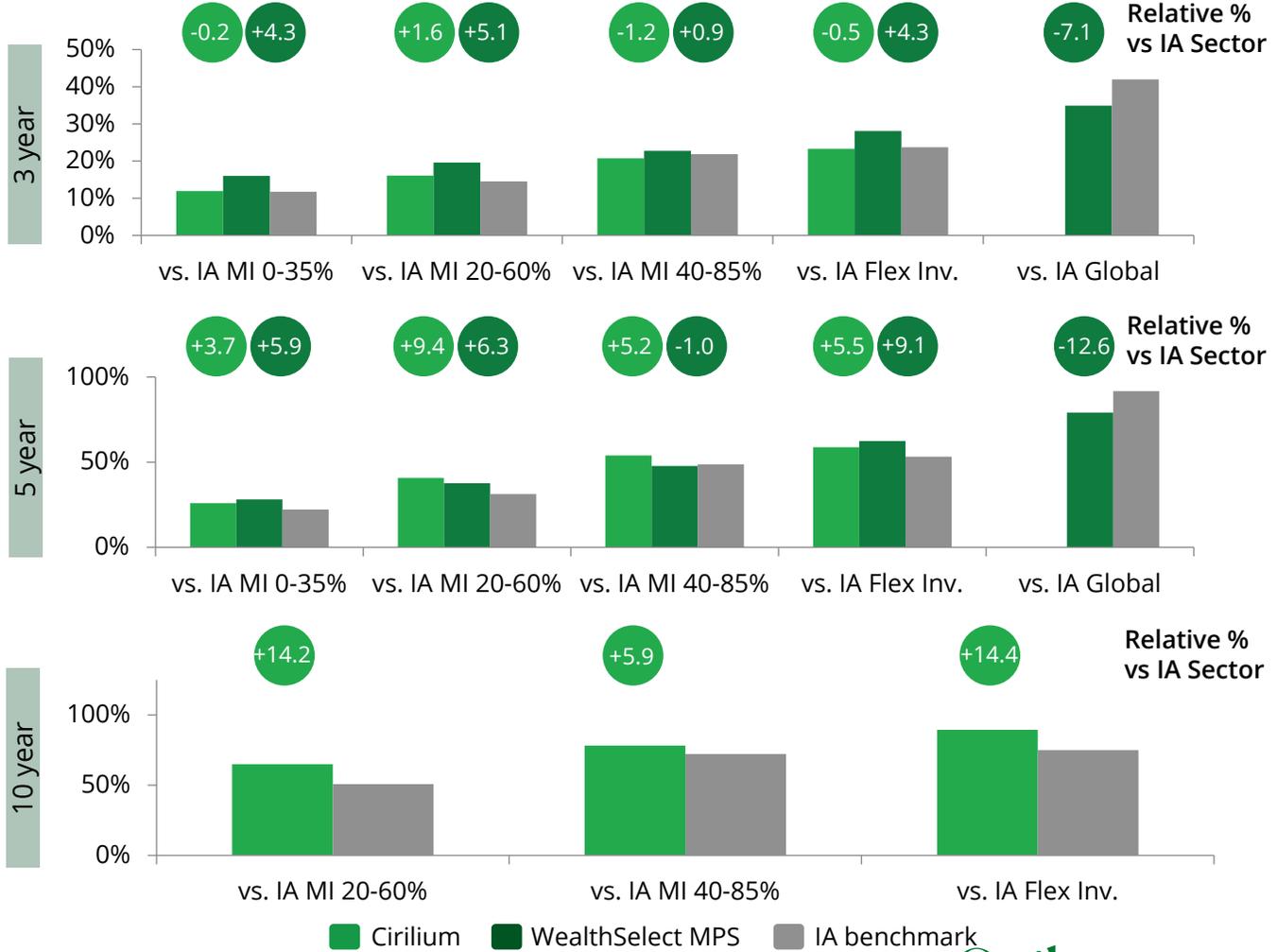
## Quilter Cheviot returns

Quilter Cheviot performance vs. ARC Sterling PCI, as at 31 March 2021



## Cirilium & WealthSelect MPS

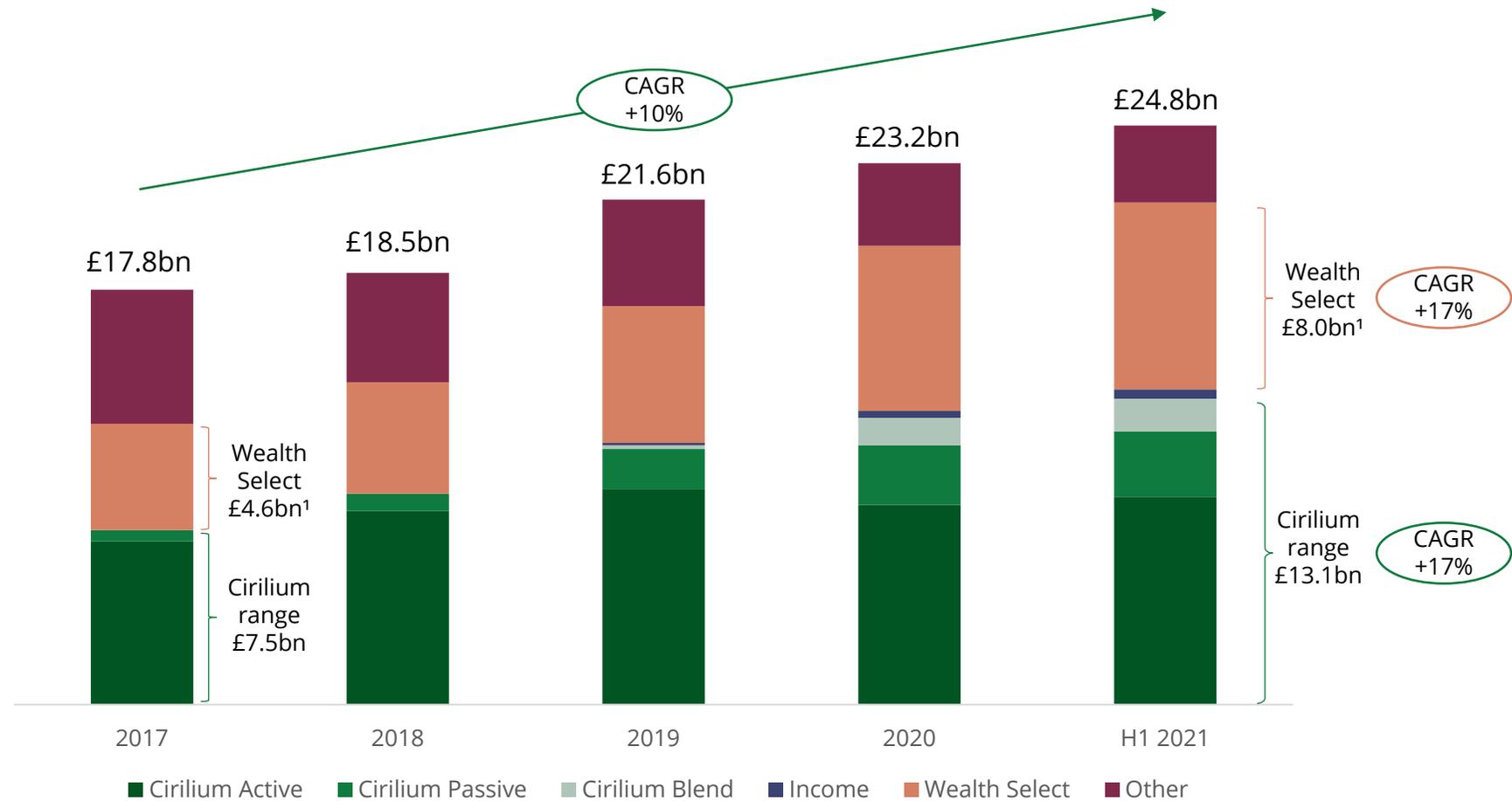
Performance vs respective Investment Association sector average  
Cumulative returns: as at 30 June 2021



Note: Past performance is not a guide to future performance and may not be repeated. Cirilium Active and Passive or WealthSelect MPS Active and Blend, total return net of fund fees, percentage growth is AUM weighted. Cirilium Blend has not been included due to not having a 3-year track record. UK: Suitable for professional clients.



# Quilter Investors: Strong growth in core Cirilium and Wealth Select propositions

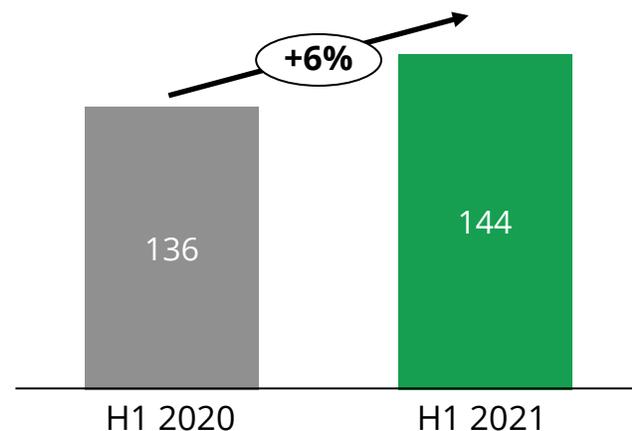


1. Does not include Wealth Select AuM which is not directly managed by Quilter Investors.

# Wealth Platforms

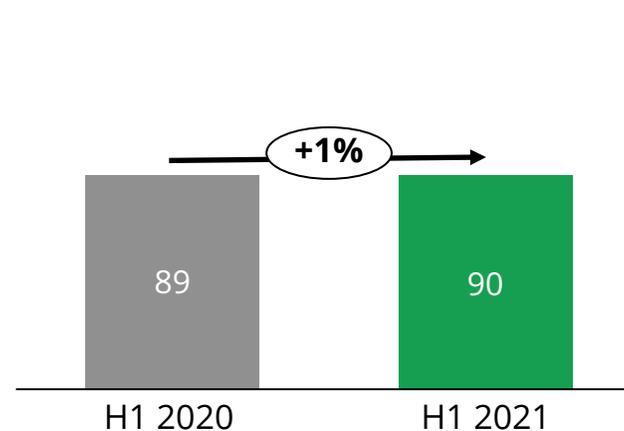
## Revenue

£m



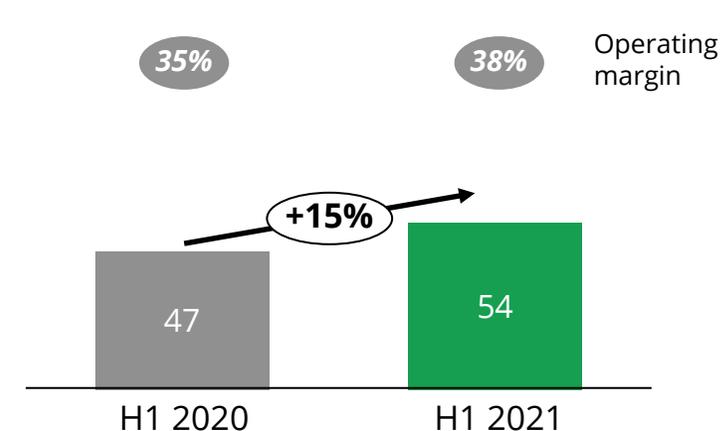
## Expenses

£m



## Adjusted profit

£m



- Significant improvement in gross and net flows across the segment
- Quilter International's revenue margin declined as premium-linked fee revenues do not increase in line with market-driven growth in AuA
- Reduced discretionary spend at Quilter International offset by reversal of 2020 tactical cost savings in the UK Platform

KPIs		H1 2021	H1 2020
Revenue margin	bps	31	36
NCCF	£bn	2.2	1.2
NCCF / Opening AuA <sup>1</sup>	%	5	3
Closing AuA	£bn	91.2	76.6
Average AuA	£bn	87.0	74.5

1. Annualised.

# Updated financial guidance continued

	Previous guidance	Updates to guidance
<b>Net client cash flow</b>	<ul style="list-style-type: none"> <li>➤ Target NCCF growth of at least 6% of opening AuMA per annum over medium-term from 2022 onwards, with a higher percentage growth rate from the Quilter Investment Platform</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Revenue margin</b>	<ul style="list-style-type: none"> <li>➤ Expect the Group's overall annual rate of revenue margin decline should slow in the near-term, and the Group's revenue margin should become increasingly stable</li> </ul>	<ul style="list-style-type: none"> <li>➤ Broad direction remains unchanged</li> </ul>
<b>Managed separation &amp; standalone costs</b>	<ul style="list-style-type: none"> <li>➤ Standalone listed group operating costs now reflected in cost base at full run-rate</li> <li>➤ Remaining £4m managed separation costs, related to re-branding, to be incurred in 2021 following the completion of PTP</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>

Note: Quilter Private Client Adviser revenues to be included under Quilter Cheviot 'other revenue' at FY21 Results. See 'Supplementary Information' in the full announcement for H1 2021 detail.

# Updated financial guidance

	Previous guidance	Updates to guidance
Optimisation & operating margin target (pre-tax)	<ul style="list-style-type: none"> <li>➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn, adjusted for Tactical Savings</li> <li>➤ Expect to achieve additional c.£15m savings with costs to achieve of c.£16m, predominantly to be realised during 2021 with the remainder by mid-2022</li> <li>➤ Expect to use portion of Quilter International net sale proceeds to assist delivery of operating margin of at least 25% by 2023 and 30%+ by 2025</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
Tax rate	<ul style="list-style-type: none"> <li>➤ Expect to move closer to UK marginal rate</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change to guidance over the medium-term</li> <li>➤ 2021 full year tax rate anticipated to be in high single digits as a result of deferred tax asset position</li> </ul>
Share count	<ul style="list-style-type: none"> <li>➤ Shares in respect of staff share schemes expected to vest over the next two years. OLO shares housed in Treasury to fund future staff share schemes. Future share awards then satisfied through on-market purchases</li> <li>➤ Buyback shares to be cancelled at purchase</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
UK Platform Transformation Programme	<ul style="list-style-type: none"> <li>➤ Total project costs expected to be c.£200 million</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>

## Updated financial guidance continued

	Previous guidance	Updates to guidance
<b>Debt costs</b>	<ul style="list-style-type: none"> <li>➤ £200m subordinated debt at 4.478%</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Cash conversion</b>	<ul style="list-style-type: none"> <li>➤ Approximately 80% of post-tax operating profit from continuing operations into free cash, partially used to fund debt servicing costs and targeted distribution acquisitions</li> <li>➤ Distribution acquisitions expected to be up to £20m p.a.</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> <li>➤ No change</li> </ul>
<b>Dividend</b>	<ul style="list-style-type: none"> <li>➤ Expect to be sustained at the upper end of the 40-60% pay-out range</li> <li>➤ Dividend per share growth dependant on share buyback pace</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>➤ Subordinated debt security issued to ensure sufficient capital and liquidity to maintain strong capital ratios and free cash balances to withstand severe but plausible stress scenarios</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>
<b>Other items</b>		
<b>Seasonal dynamics</b>	<ul style="list-style-type: none"> <li>➤ FSCS levies paid in first half of year</li> </ul>	<ul style="list-style-type: none"> <li>➤ No change</li> </ul>



Quilter