



Sale of Quilter International

1 April 2021

Quilter

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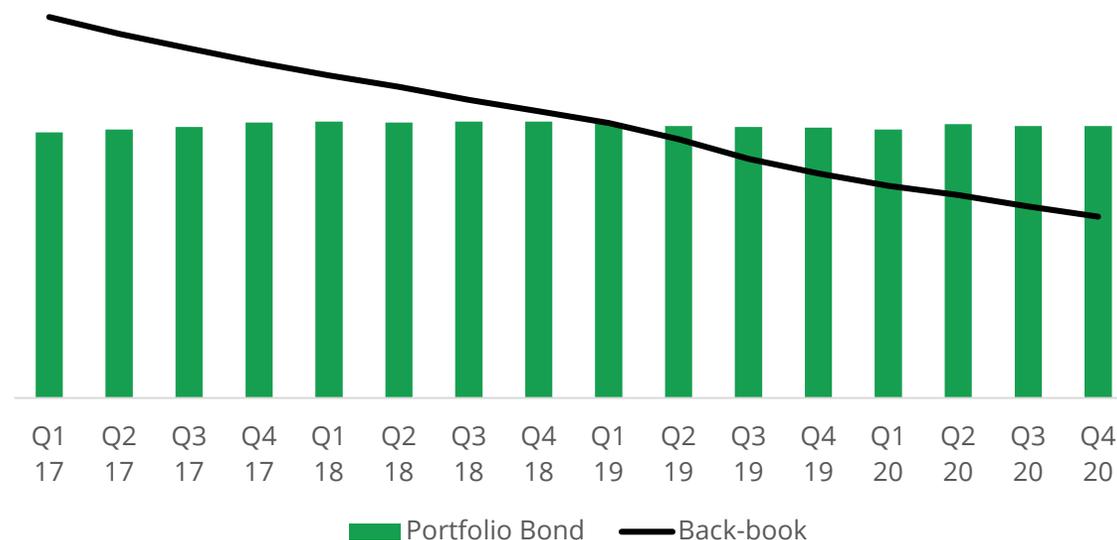
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Strategic review concludes sale most value enhancing for shareholders

- Delighted to conclude sale terms with Utmost for c.£483m¹
- Quilter International less strategically aligned to Quilter's core UK proposition
- NCCF run-rate considerably below core UK business levels with back-book in run-off
- Cost base reduction over last 3 years offset revenue headwinds
- Current profit profile now more challenging to maintain
 - Under Quilter ownership, Quilter International would require investment to facilitate IT outsourcing and maintain profitability
- Divesting now achieves attractive valuation for Quilter shareholders and provides Quilter International with opportunity to invest in its core businesses

Quilter International's business profile trend
Policy count



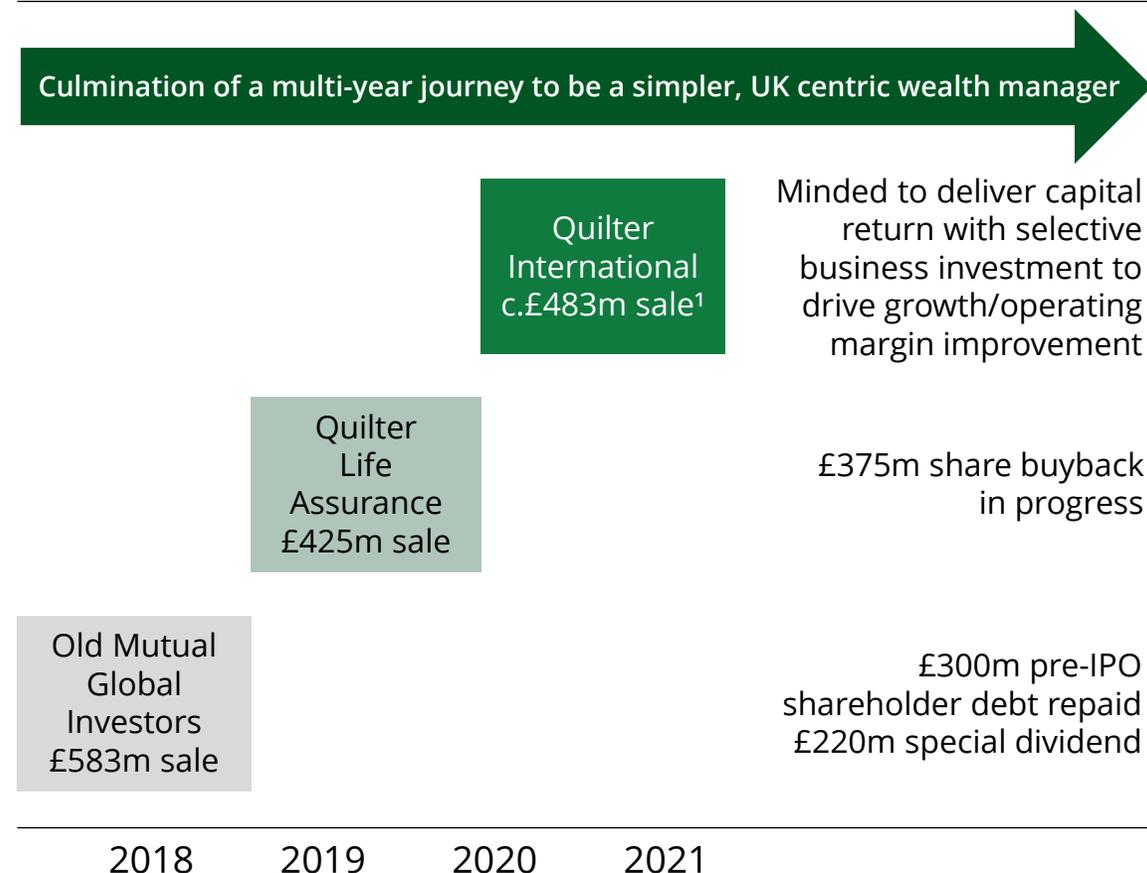
1. Assuming completion at 31 December 2021.

Capital discipline remains a key focus area

- Minded to return majority of net proceeds to shareholders
- Shareholder consultation on potential form of distribution to take place over remainder of 2021
- Recommencing return of remaining £200m Quilter Life Assurance proceeds
 - Regulatory approval for next £100m received
 - Share buyback programme for £50m tranche to launch shortly
 - Programme subject to staged regulatory approval and Board review

Track record of returning value to shareholders

Use of proceeds



1. Assuming completion at 31 December 2021.

Delivering a higher growth, simpler, UK focused wealth manager

- Sale of Quilter International to Utmost, subject to shareholder, regulatory and anti-trust approvals
- Achieves an attractive valuation for Quilter shareholders
 - 84% 2020 Solvency II own funds
- Minded to return majority of net cash proceeds to shareholders
 - Method of return subject to shareholder consultation
 - Update on the amount and method of return at completion
- Remainder of net cash proceeds to fund selective growth initiatives and accelerate operating margin improvement
- Transaction expected to close around end-2021

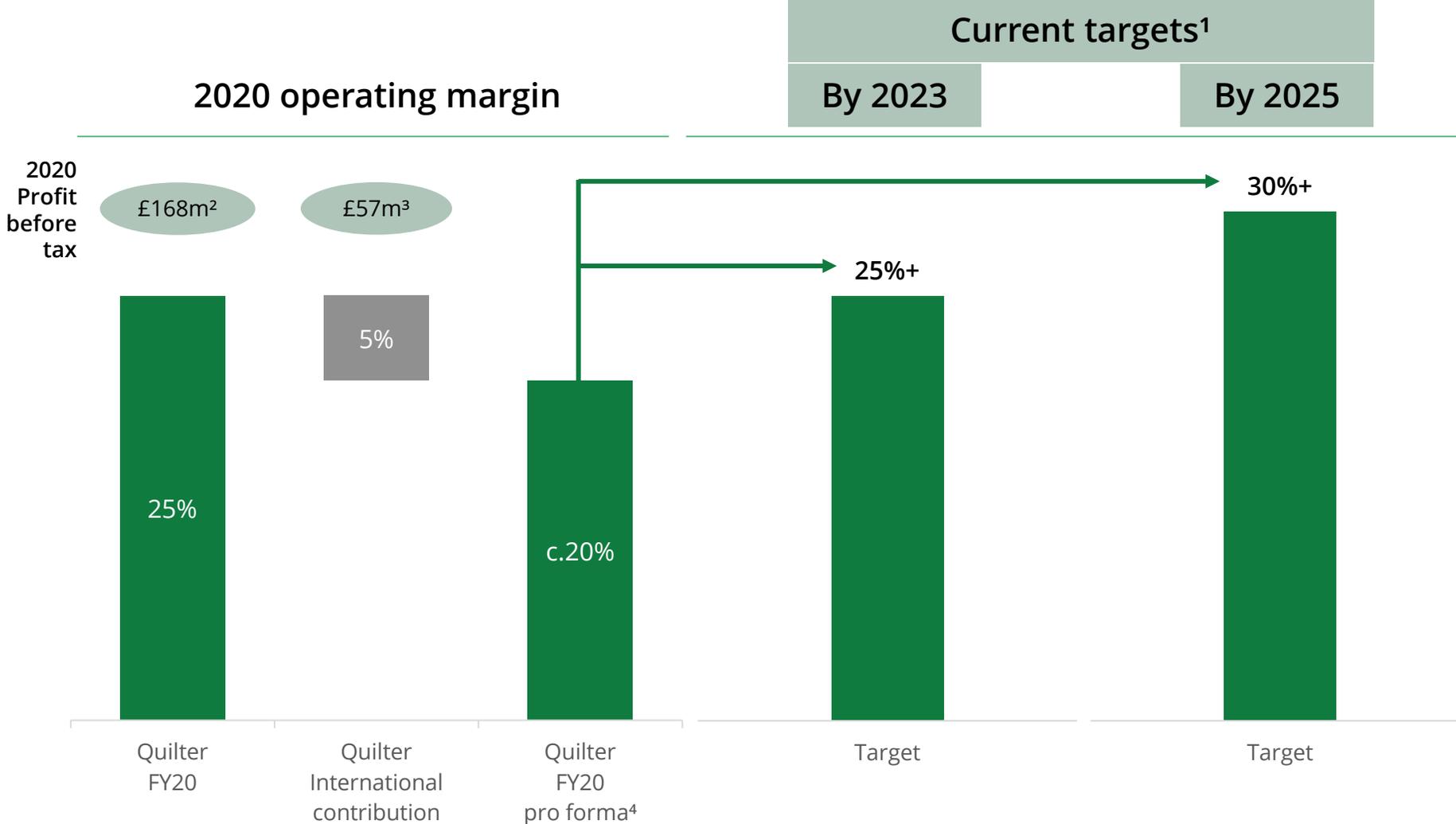
Transaction consideration and use of proceeds	£m
Base consideration	£460 million
5% interest charge ¹	c.£23 million
Total cash consideration	c.£483 million
Transaction costs	c.(£33 million)
Net cash proceeds²	c.£450 million



- Board minded to return majority of net cash proceeds to shareholders
- Details of UK focused growth strategy and financial targets to follow at Q4 2021 capital markets day

1. For the period from 1 January 2021 to an assumed Completion date of 31 December 2021.
 2. Prior to contribution to Quilter's 2021 Full Year dividend, pro rata to earnings.

Planned path to driving operating margin to 30%+



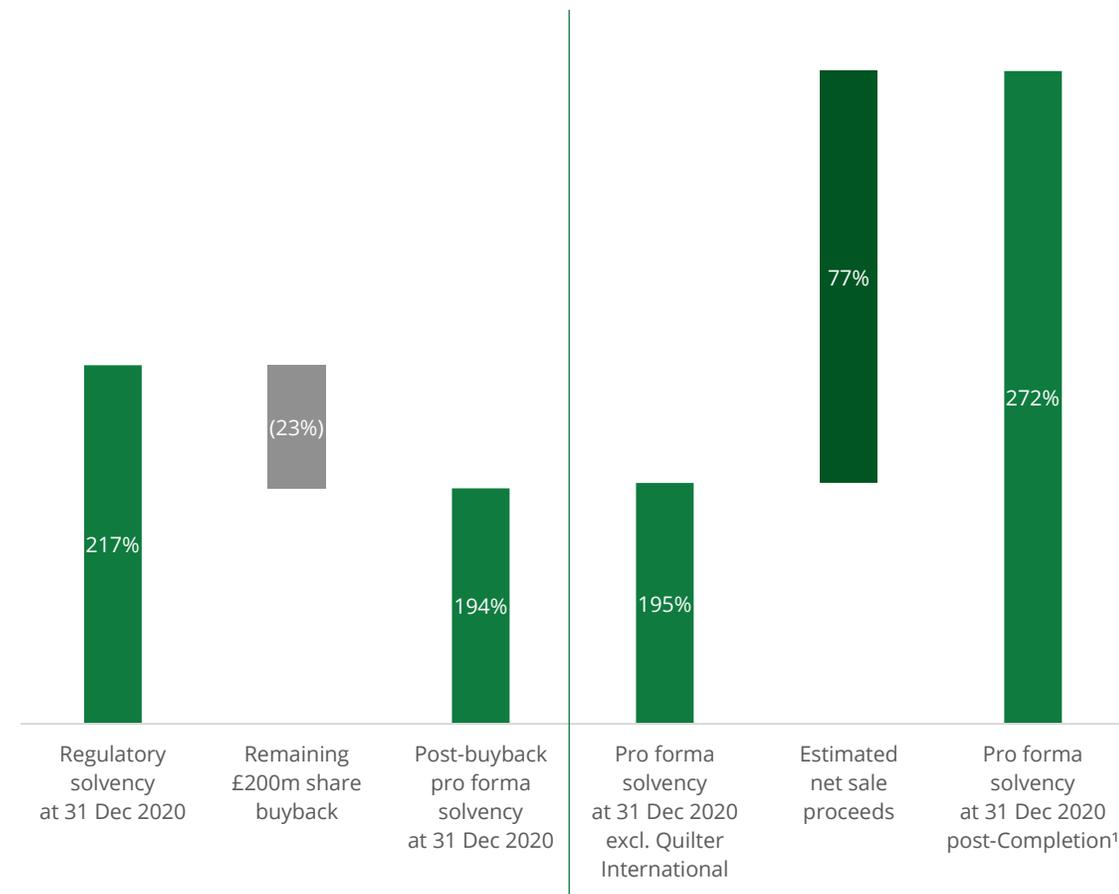
- Aim to accelerate operating margin improvement with investment of residual portion of net sale proceeds
- Timing of achievement dependent on removal of stranded costs
 - TSA in place for up to 24 months from Completion
- Details to follow with Capital Markets Day in Q4 2021

1. Subject to normal market conditions.
 2. Adjusted profit before tax.
 3. IFRS profit before tax.
 4. Excluding stranded costs of c.£8m post-Completion.

Capital and dividend policies remain unchanged

- Expect to continue to be Solvency II regulated
- Capital and liquidity position enhanced immediately post-transaction¹
- Quilter International to contribute to Quilter's 2021 dividend, pro rata to earnings
- Dividend policy remains unchanged
- Prudent approach to capital management maintained, with capital returns to shareholders continuing
 - Initial £50m tranche of next £100m of share buyback programme to relaunch shortly

Pro forma Solvency II



1. Pre-distribution of proceeds.

Timetable

Announcement

- 1 April 2021

Publication of Circular and shareholder vote

- Publication of Circular and shareholder vote during Q2 2021

Regulatory & antitrust approvals

- Regulatory approvals from Isle of Man, Ireland, Dubai International Financial Centre, Hong Kong and Singapore regulators
- Mandatory antitrust filing with the European Commission

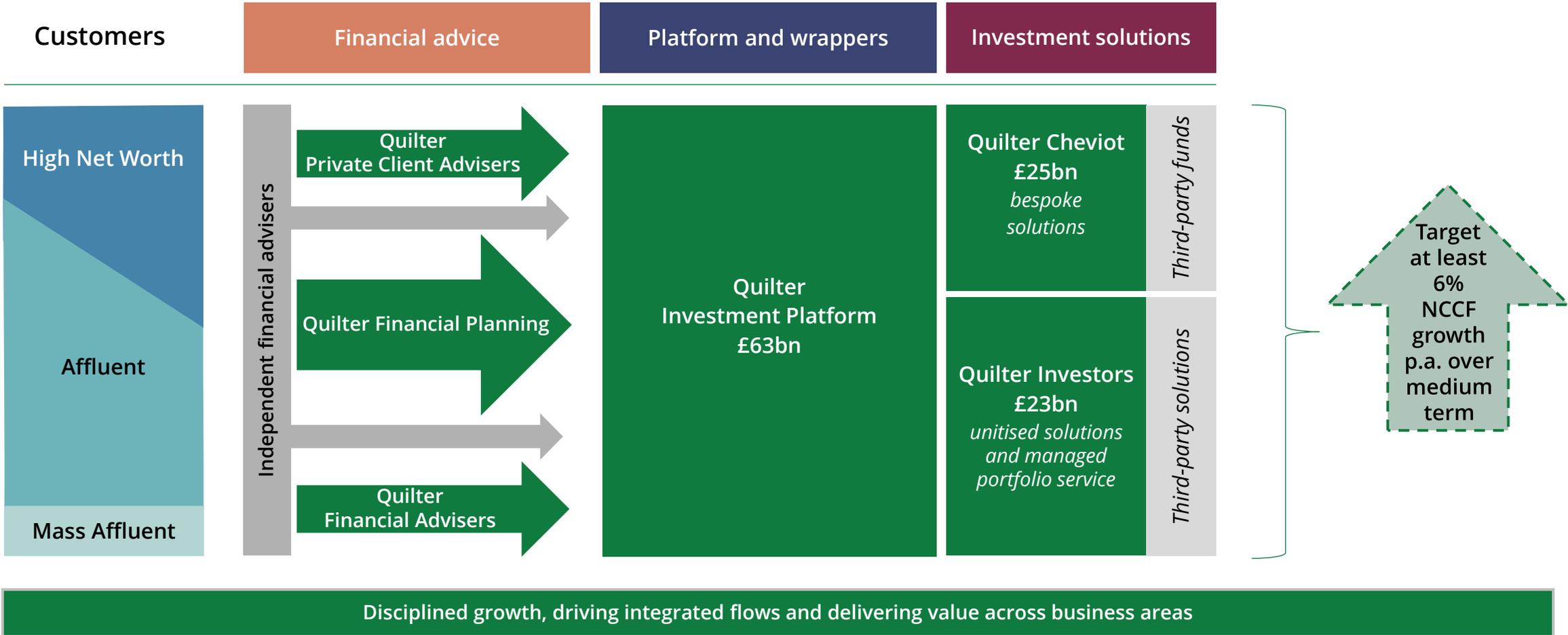
Closing

- Expected by around end 2021

Updated financial guidance

	Previous guidance	Updates to guidance
Net client cash flow	<ul style="list-style-type: none"> ➤ Target: NCCF of 5% of opening AuMA per annum over medium-term 	<ul style="list-style-type: none"> ➤ 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 UK Platform
Revenue margins	<ul style="list-style-type: none"> ➤ Continue to expect gradual decline given Platform repricing and expectation for normalisation of Quilter Investors' margin progression 	<ul style="list-style-type: none"> ➤ 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
Operating margin and Optimisation	<ul style="list-style-type: none"> ➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn, adjusted for Tactical Savings ➤ 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 ➤ Targeting c.£560m 2021 cost base, inclusive of these savings and subject to broadly stable markets at current levels 	<ul style="list-style-type: none"> ➤ Expect to use portion of net sale proceeds to assist delivery of operating margin of at least 25% by 2023 and 30%+ by 2025
Tax rate	<ul style="list-style-type: none"> ➤ Corporate tax rate to remain below UK marginal rate, due to profit mix and lower tax rate in Quilter International 	<ul style="list-style-type: none"> ➤ Expect to move closer to UK marginal rate
Dividend	<ul style="list-style-type: none"> ➤ Board to walk up target 40-60% pay-out ratio from point of Listing ➤ Dividend per share growth dependant on share buyback pace 	<ul style="list-style-type: none"> ➤ Expect to be sustained at the upper end of the 40-60% pay-out range

Post-sale, Quilter will be a leaner, more focused group with an improved growth profile



Summary: Higher growth, simpler, UK focused wealth manager

Quilter positioned front-and-centre in an industry with strong secular growth opportunities

- Strong foundation for our next phase of growth and efficiency
- Focus on leveraging the strengths and capabilities of modern, integrated wealth manager, organised around customers
- Sale represents good outcome for shareholders
 - Further meaningful capital returns, and
 - Opportunity to further invest in core business to drive growth and accelerate improvement in operating margin



Q&A

Quilter



Appendix

1 April 2021

Quilter

Transaction Detail

Consideration

- £460m base consideration
- 5% interest charge from 1 January 2021 to closing, equating to £23m¹
- Total consideration of £483m payable in cash on Completion¹

Transaction structure

- Locked box based on 31 December 2020 own funds of £575m
- Estimated total consideration subject to the timing of Completion, anticipated to be around the end of 2021
- Quilter has the option of Quilter International declaring a pre-completion dividend of up to £15 million in which case the base consideration of £460 million will be reduced by a commensurate amount

Transitional Service Arrangements

- TSA offered for up to 24 months from Completion

1. Assuming 31 December 2021 Completion.

Quilter International historic financial profile

Recent key financials

<i>£m unless stated</i>	2018	2019	2020
Alternative performance measures			
AuMA (£bn)	18.3	20.5	21.8
Gross sales (£bn)	1.8	2.0	1.6
Net Client Cash Flow (£bn)	0.3	0.5	0.3
Total net fee revenue ¹	135	125	118
IFRS			
Profit before tax ²	43	48	57
Profit after tax ²	43	47	56
Solvency 2 Own funds ³			575
Carrying value (incl. goodwill)			326

- Revenue profile: higher margin back-book running off faster than lower margin new business.
- Expense profile: Recent profitability driven by strong cost-control. 2020 expense base enjoyed c.£8m benefit from temporary tactical cost savings and achieved c.£10m run rate benefits from optimisation initiatives against the 2018 cost base.

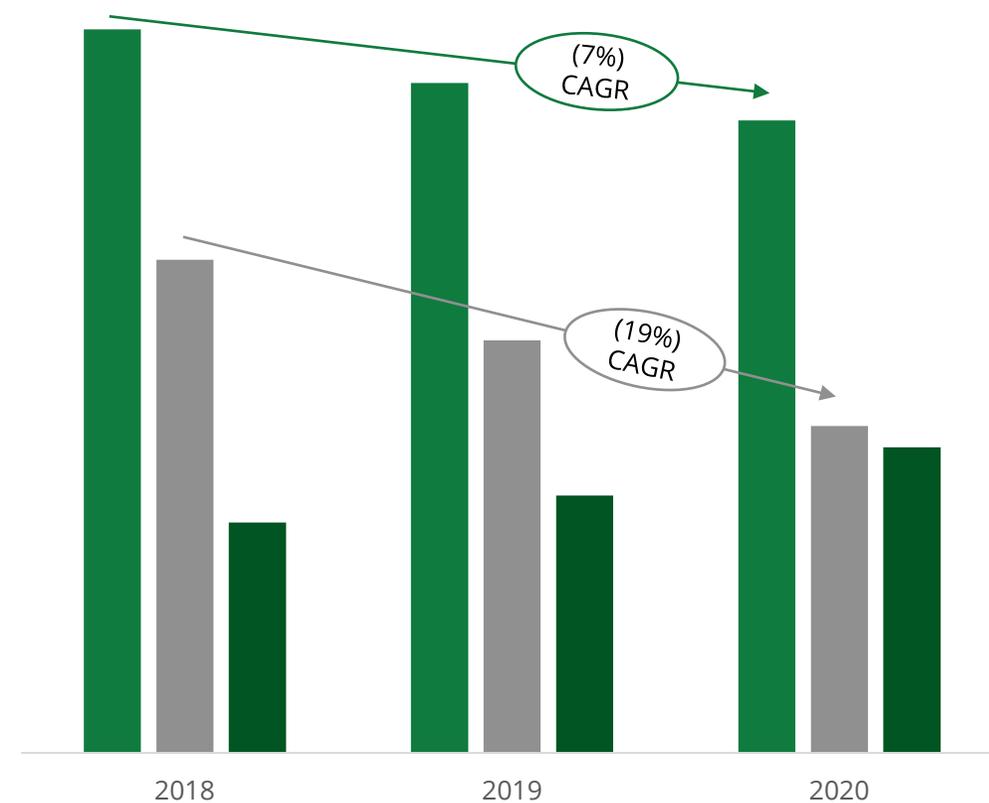
1. On an adjusted basis, as reported in the Supplementary Information to Quilter's 2020 Full Year Results.

2. On an IFRS basis.

3. Based on Isle of Man Financial Services Authority basis for own funds for Quilter International Isle of Man and the Solvency II basis for own funds for Quilter International Ireland.

Recent profitability driven by strong cost control

■ Revenue ■ Expenses ■ Profit





Quilter