



# Full year results 2021

9 March 2022

Quilter

# Disclaimer

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

# Presentation agenda

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Business review

Paul Feeney

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Financial review

Mark Satchel

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Strategic outlook

Paul Feeney

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Q&A

# Executive summary: A year of strategic progress

## 2021 strategic progress

<b>Flows</b>	<ul style="list-style-type: none"><li>➤ PTP completed</li><li>➤ Stronger flows, stable retention</li><li>➤ Quilter Investors fund repositioning</li></ul>
<b>Advice</b>	<ul style="list-style-type: none"><li>➤ More productive, strategically aligned adviser base</li></ul>
<b>Efficiency</b>	<ul style="list-style-type: none"><li>➤ £15m Optimisation annualised run-rate benefit</li><li>➤ £61m savings across the programme</li></ul>
<b>Disposals</b>	<ul style="list-style-type: none"><li>➤ Quilter International sold for £481m</li></ul>
<b>Reorganisation</b>	<ul style="list-style-type: none"><li>➤ Segmentation into Affluent and High Net Worth</li></ul>
<b>Share buyback</b>	<ul style="list-style-type: none"><li>➤ £375m share buyback programme concluded</li><li>➤ c.14% reduction in share count since inception</li></ul>
<b>Capital discipline</b>	<ul style="list-style-type: none"><li>➤ c.£1.0bn returned to shareholders since Listing<sup>1</sup></li></ul>

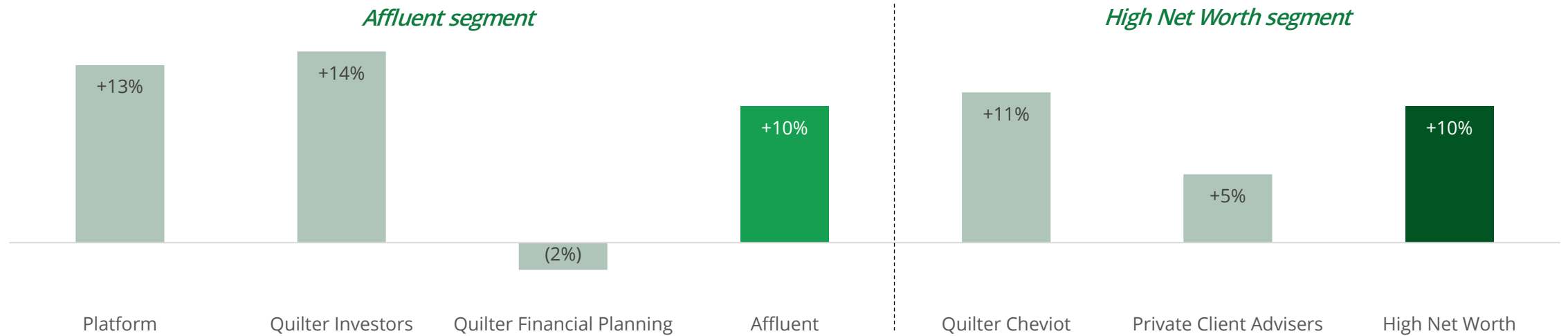
## 2022 catalysts for growth and efficiency

<ul style="list-style-type: none"><li>➤ Driving increased Platform flows from IFA channel</li><li>➤ Investment solution innovation, re-launching WealthSelect</li></ul>
<ul style="list-style-type: none"><li>➤ Further productivity increases and net RFP growth</li><li>➤ Integrating High Net Worth in-house advice capability</li></ul>
<ul style="list-style-type: none"><li>➤ Targeting £45m Simplification savings by 2024</li></ul>
<ul style="list-style-type: none"><li>➤ Capital return of c.£350m with share consolidation</li></ul>

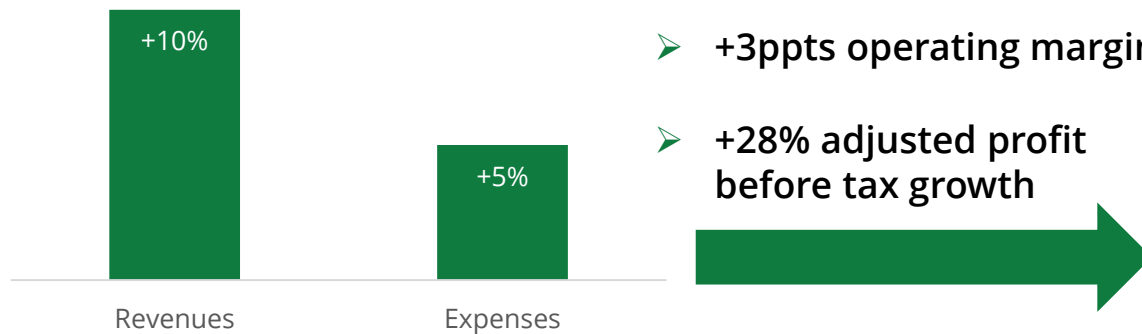
1. By early June 2022.

# 2021: Building revenue momentum, controlling costs

## Business and segment y-o-y revenue growth

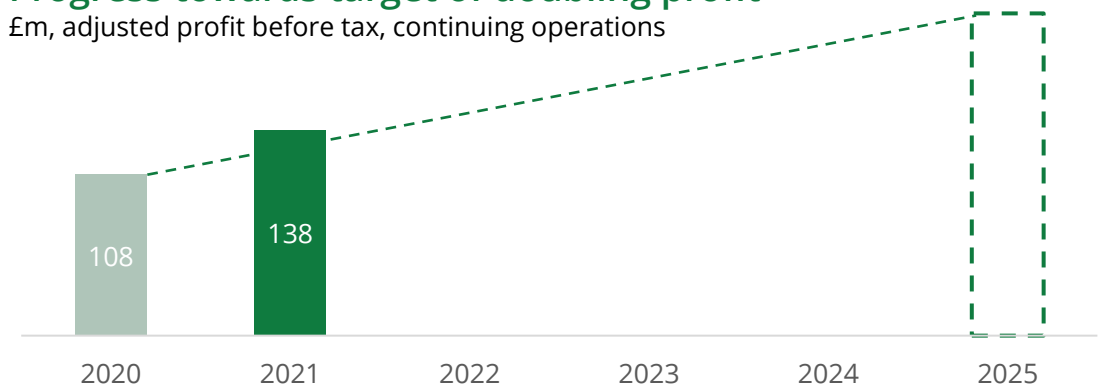


## Group revenues and expense y-o-y growth

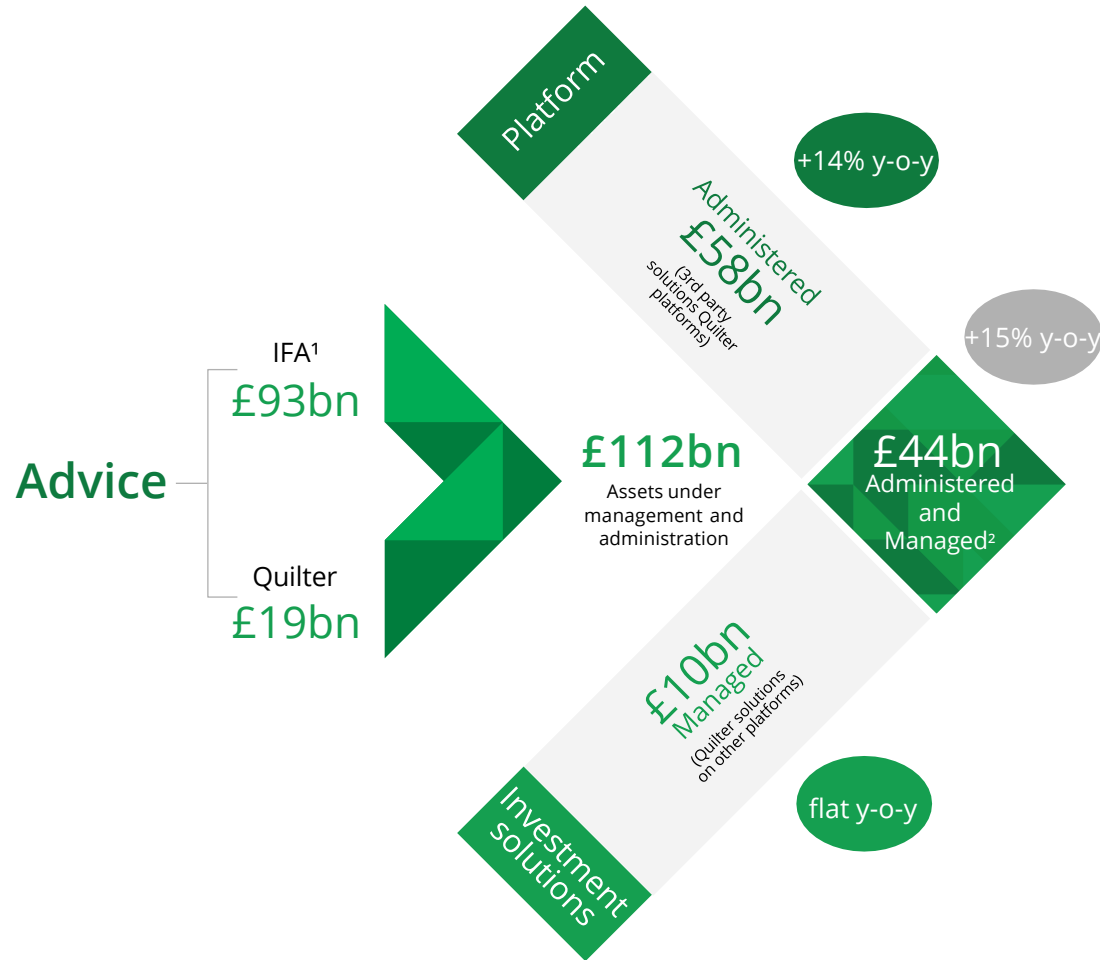


## Progress towards target of doubling profit

£m, adjusted profit before tax, continuing operations



# Quilter: a value-adding integrated model



## What we do?

- Originate client assets: £112bn total assets
- Administer client assets: £102bn under administration
- Manage client assets: £54bn under management

Note: Assets rounded to nearest billion.

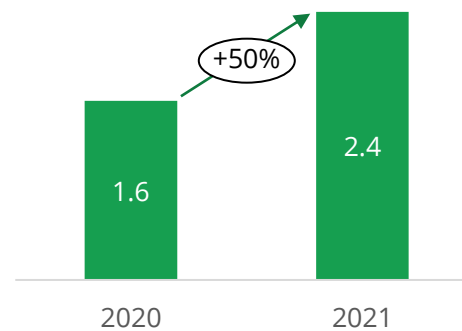
1. Including Direct.

2. Includes High Net Worth managed assets together with Affluent assets administered by Quilter Platform and managed in Quilter investment solutions.

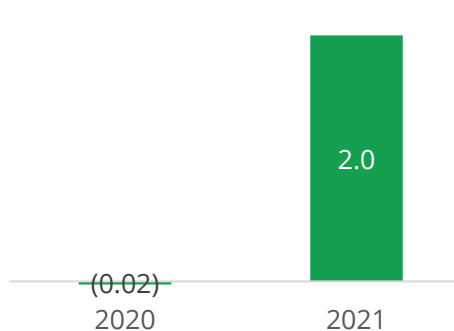
# Two strong distribution channels capturing flows

Channel	Net inflows	% of opening AuM	Y-o-Y growth
Quilter channel	£2.4bn	15%	+50%
IFA channel incl. Direct	£2.0bn	2%	n/a
<b>Sub-total</b>	<b>£4.4bn</b>	<b>5%</b>	<b>+175%</b>
<i>Non-core business<sup>1</sup></i>	<i>(£0.4bn)</i>	<i>(10%)</i>	<i>n/a</i>
<b>Total</b>	<b>£4.0bn</b>	<b>4%</b>	<b>+167%</b>

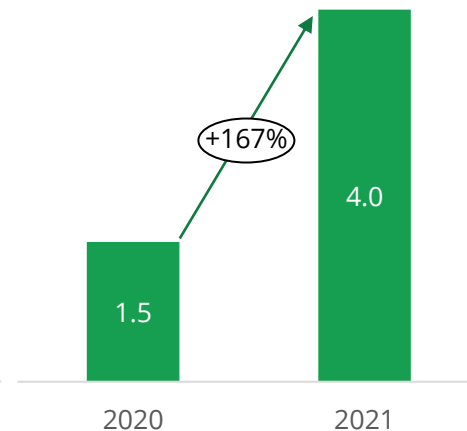
Quilter channel net inflows  
£bn



IFA channel net inflows  
£bn



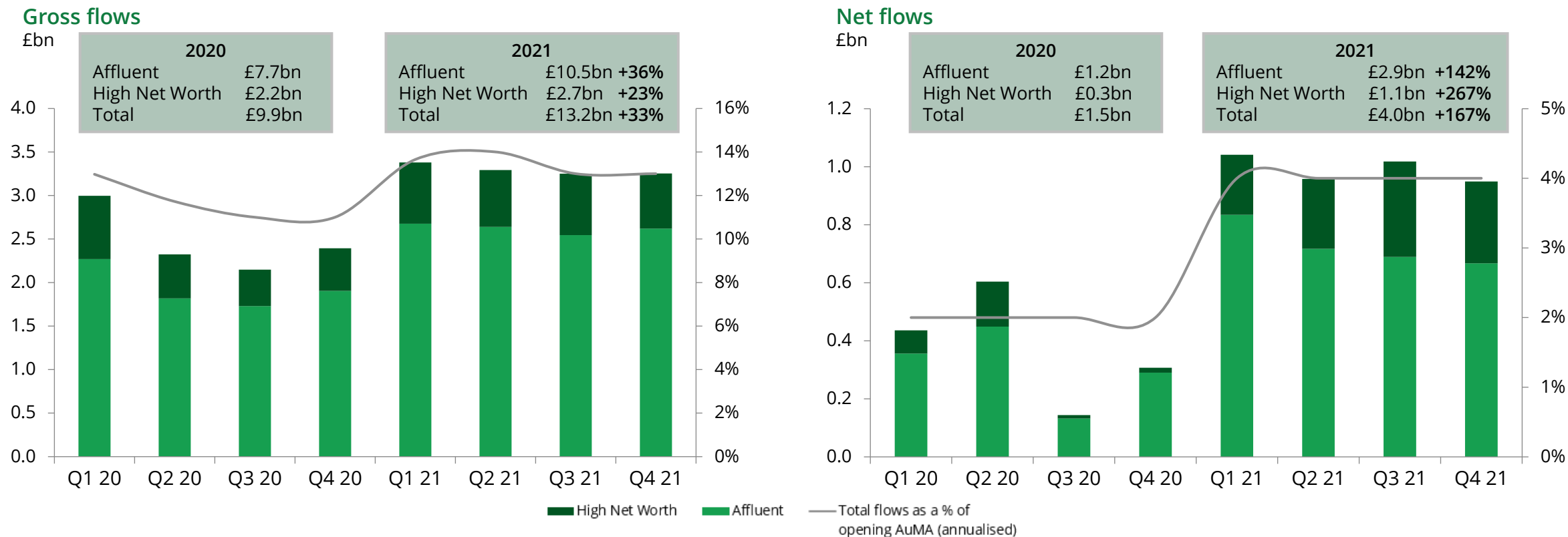
Total net inflows  
£bn



Note: Assets rounded to nearest billion.

1. Non-core refers to assets divested with the sales of Quilter Life Assurance and Quilter International but where they continue to be managed and/or administered by Quilter Group.

# Flows: marked improvement year-on-year, building momentum into 2022



- Affluent momentum driven by Platform performance
- High Net Worth gross flows supported by channel diversity
- Stable Platform persistency
- Quilter Investors impacted by MPS rebalancing/non-core

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



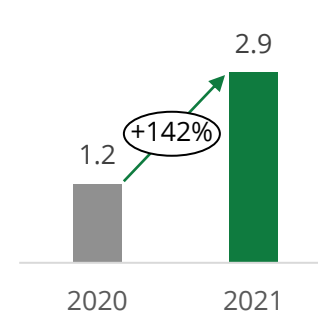
# Affluent: good momentum towards future growth



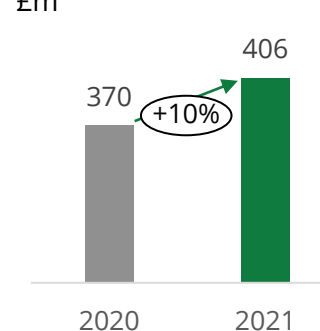
## 2021 highlights

- Strategic delivery:
  - Completion of Platform Transformation Programme
  - Repositioned Advice business
- Sharp acceleration in gross and net inflows

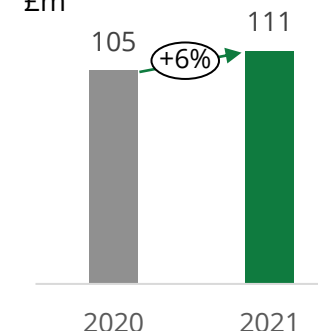
**Net inflows**  
£bn



**Revenues**  
£m



**Adj. profit**  
£m

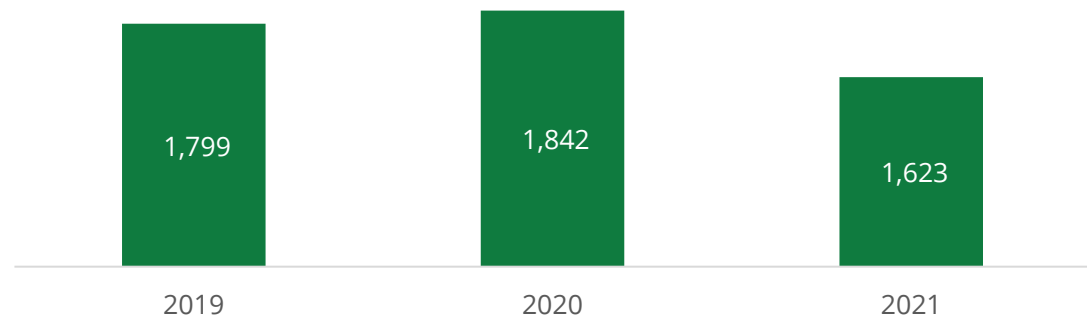


## 2021 investment performance

- Cirilium and WealthSelect ranges continue to deliver good investment returns across all times periods

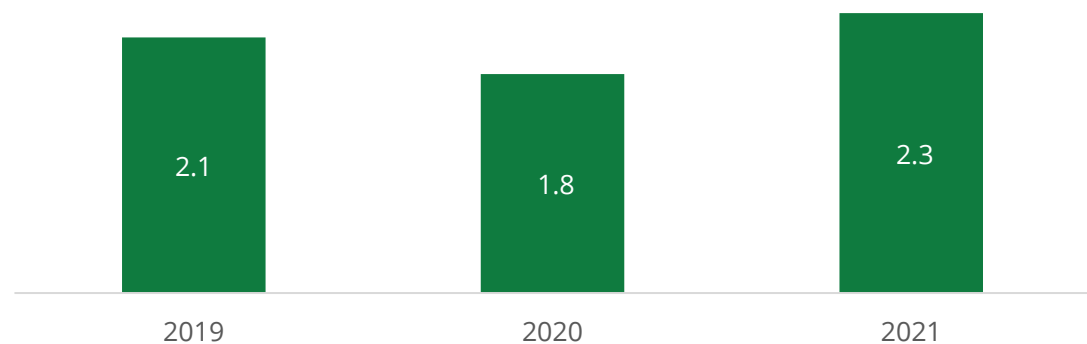
# Quilter Financial Planning: focused on growing RFPs and driving productivity

## Quilter advisers (RFPs)<sup>1</sup>



## Adviser productivity

Gross sales per Quilter adviser, £m

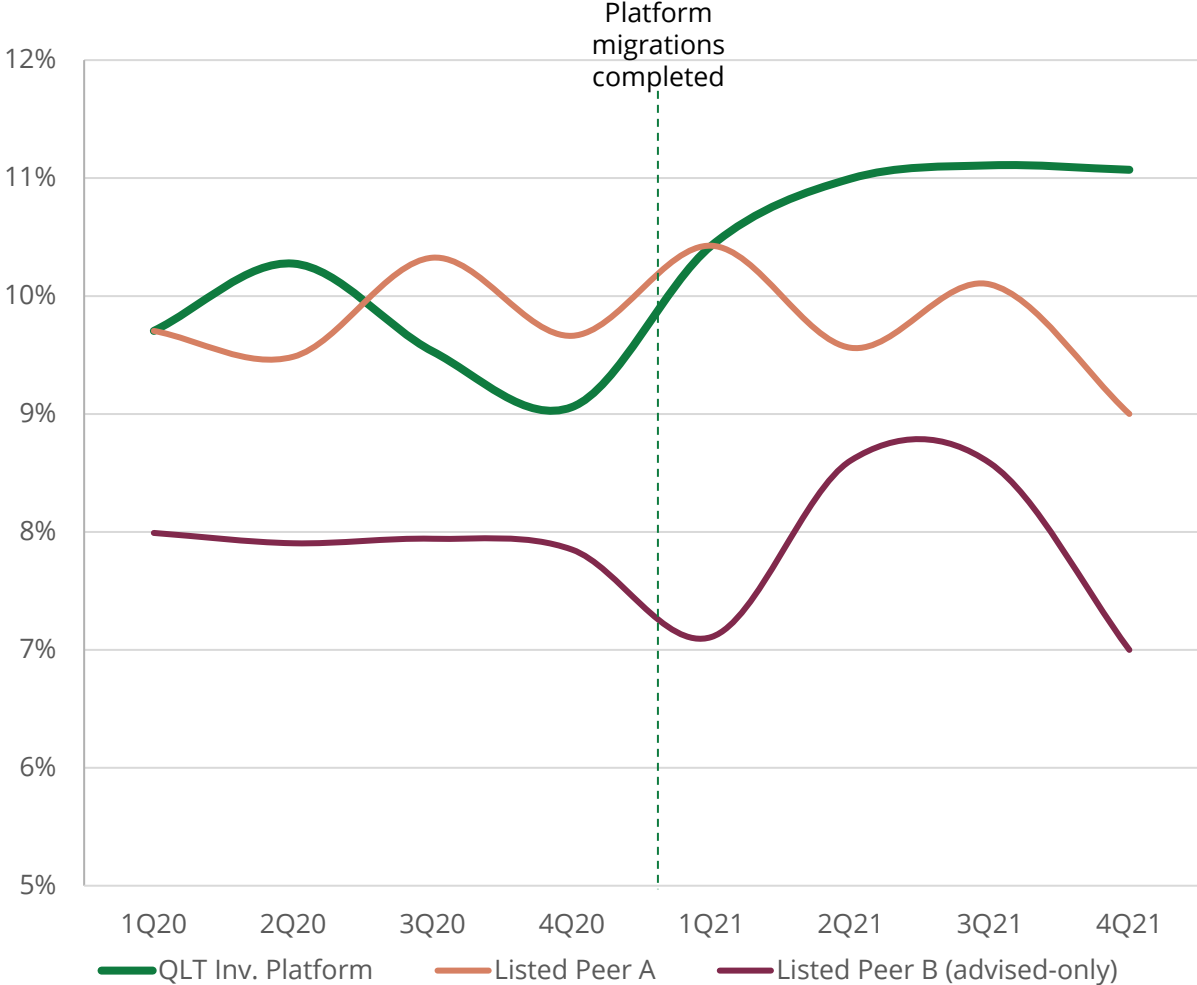


- Proposition's repositioning now complete
  - Reduced complexity, improved productivity and increased alignment
- Strong foundation for growth and further productivity
- Focused on returning to mid-single digit net growth
  - Organic recruitment
  - Financial Adviser School a solid base to grow further

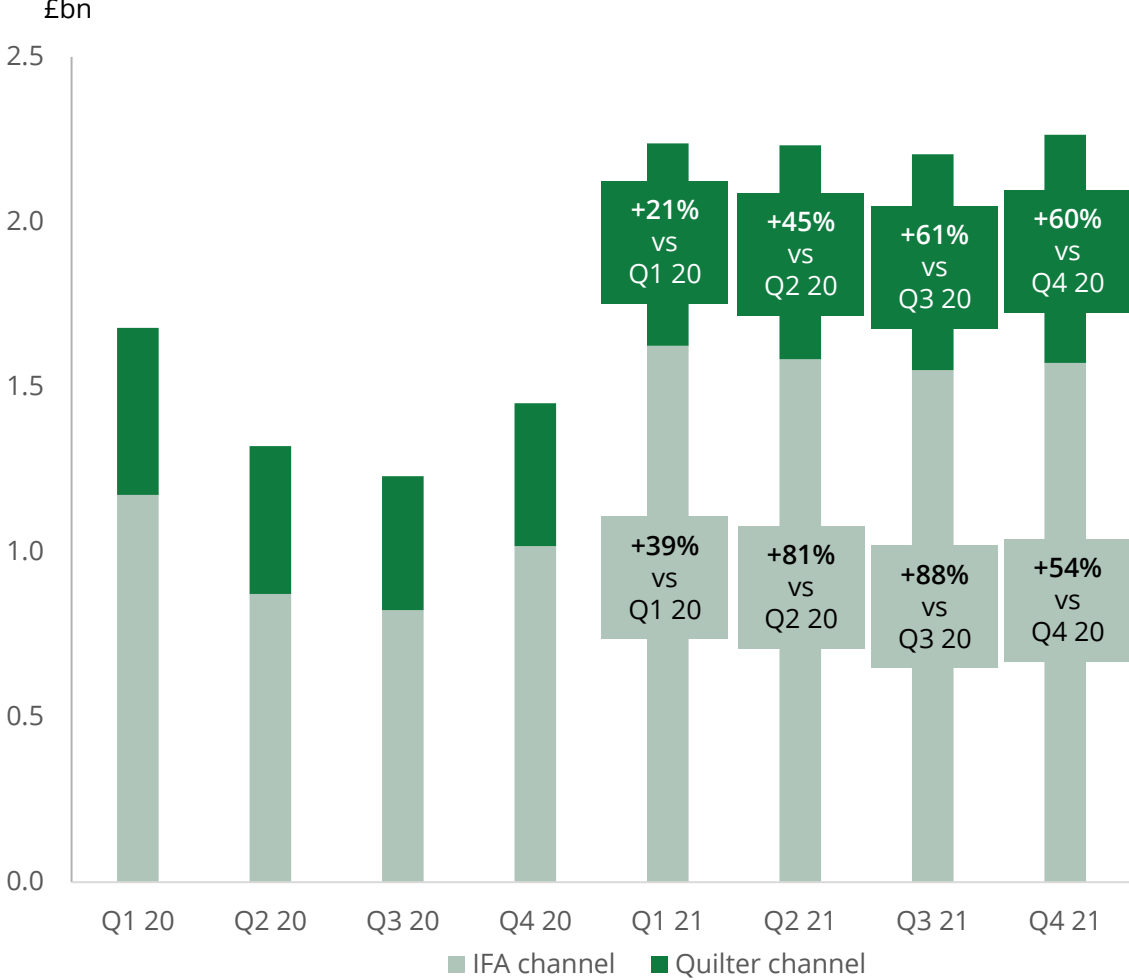
1. Includes RFPs who are part of the Affluent and High New Worth segments.

# Investment Platform: regaining market share

Retail Advised platform gross flow market share



Investment Platform gross flow quarterly progress by channel



Note: Reported gross flows as a percentage of Total Retail Advised gross sales (per Fundscape quarterly reporting), annualised.

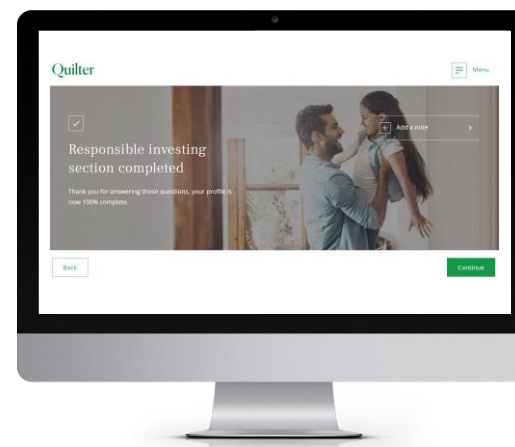
# Quilter Investors: developing next generation solutions

## 2021 impacts

- Quarterly rebalancing of WealthSelect (£231m)
- Fund closures (£83m)
- Non-core channel outflows (£152m)

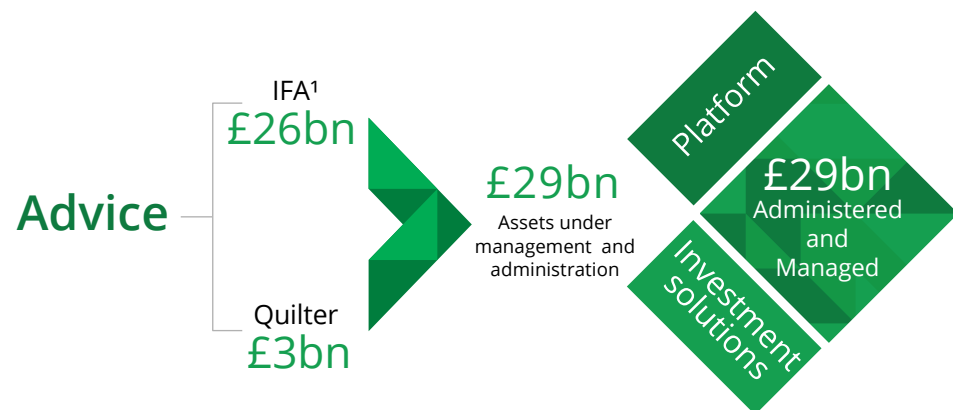
## 2022 expectations / catalysts

- WealthSelect: Responsible & Sustainable solutions launched alongside popular Active and Blend solutions
- Significant and material innovation
- New structure will remove noise of quarterly rebalancing
- January fund closure (£69m)
- No further closures planned
- Fund mergers to tidy legacy funds, managing non-core



## New adviser-client ESG engagement tool

# High Net Worth: flows up nearly four-fold, strong positive jaws

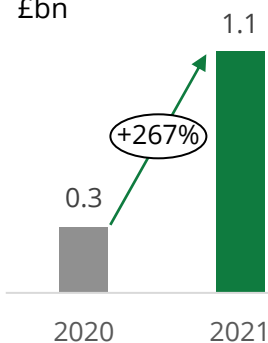


## 2021 highlights

- Quilter Private Client Advisers moved into Quilter Cheviot, forming in-house HNW advice proposition
- Re-launched Managed Portfolio Service, and integrated onto Quilter Platform
- Implemented new client reporting e-delivery system

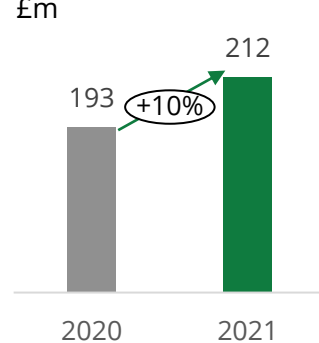
## Net inflows

£bn



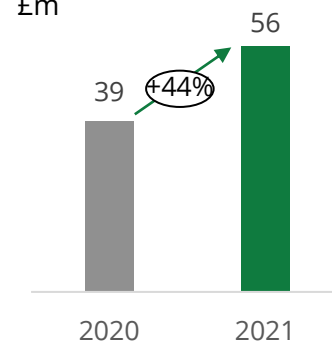
## Revenues

£m



## Adj. profit

£m



## 2021 investment performance

- Outperformed peer group across the three ARC PCI indices
- First or second quartile across all time periods and ARC PCI indices

Note: Past performance is not a guide to future performance and may not be repeated. UK: Suitable for professional clients.  
1. Including Direct.

# Progress towards our Capital Markets Day commitments

## Progress in 2021

<b>Flows</b>	<ul style="list-style-type: none"> <li>➤ 4% net flows, increased from 2% in 2020</li> <li>➤ Positive momentum driven by new Platform</li> </ul>
<b>Top line growth</b>	<ul style="list-style-type: none"> <li>➤ PTP completed</li> <li>➤ Quilter International sold</li> <li>➤ Quilter Financial Planning repositioned</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>➤ £61m cost savings from Optimisation</li> <li>➤ 3pp improvement in operating margin to 22%</li> </ul>
<b>Earnings growth</b>	<ul style="list-style-type: none"> <li>➤ Good progress towards targets:               <ul style="list-style-type: none"> <li>➤ £138m adj. profit before tax, +28%</li> <li>➤ 7.4p adj. EPS, +42%</li> </ul> </li> </ul>
<b>Capital returns</b>	<ul style="list-style-type: none"> <li>➤ 22% increase in dividend per share</li> <li>➤ £328m capital return proposed via 'B' share accompanied by share consolidation<sup>2</sup></li> </ul>

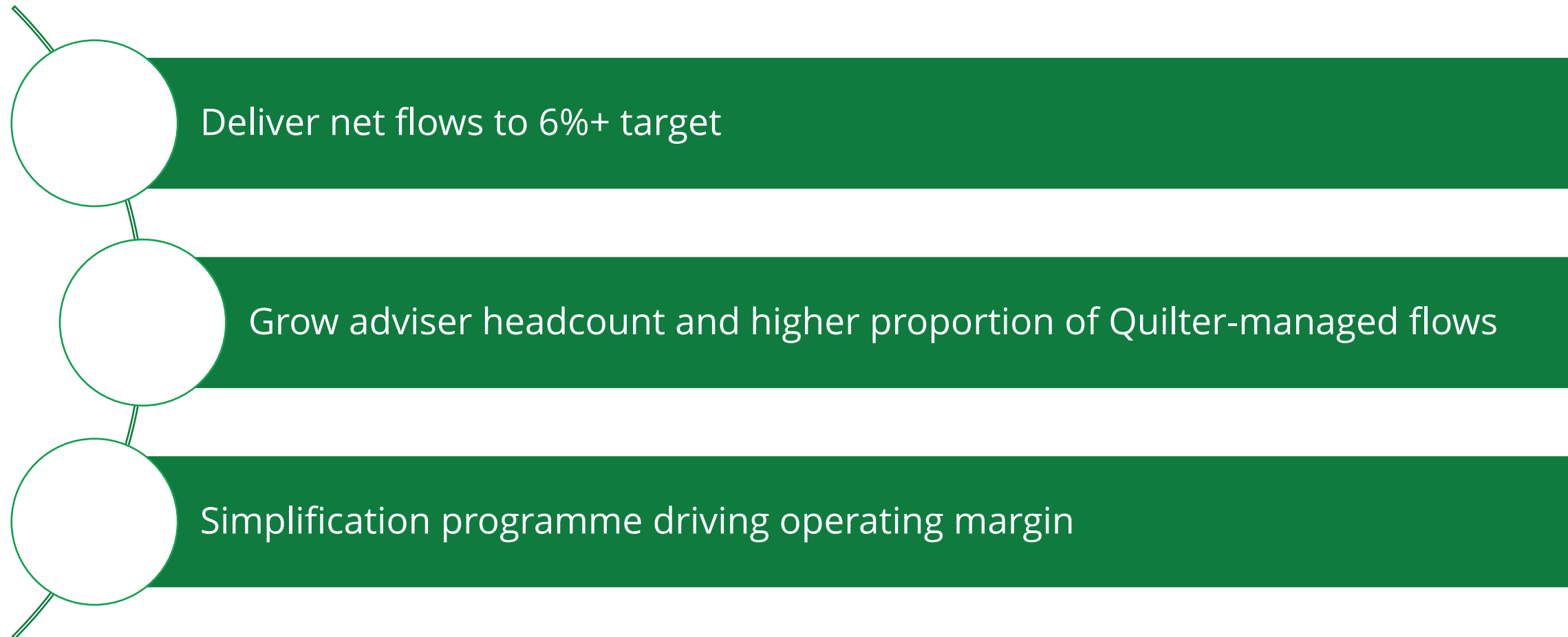
## 2022 catalysts towards 2025 strategic targets

- Supporting further adviser productivity, growing RFP headcount
- Driving flows to Platform, increased marketing to new IFA firms
- Integrating High Net Worth advice capability
- Building hybrid-advice capability
- Broadening investment solutions, launching WealthSelect
- Marketing High Net Worth solutions through relaunched offering
- Business Simplification – £45m savings targeted
- Continuing expense management in inflationary environment
- On track to deliver profit and EPS growth targets
- Walking up 50-70% dividend pay-out ratio<sup>1</sup>
- Complete Quilter International capital return

1. 50-70% of post-tax, post-interest adjusted profit, enacted after payment of 2021 Final Dividend.  
 2. Subject to regulatory engagement and shareholder approval.

## My priorities for 2022: driving growth and efficiency

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# Financial review

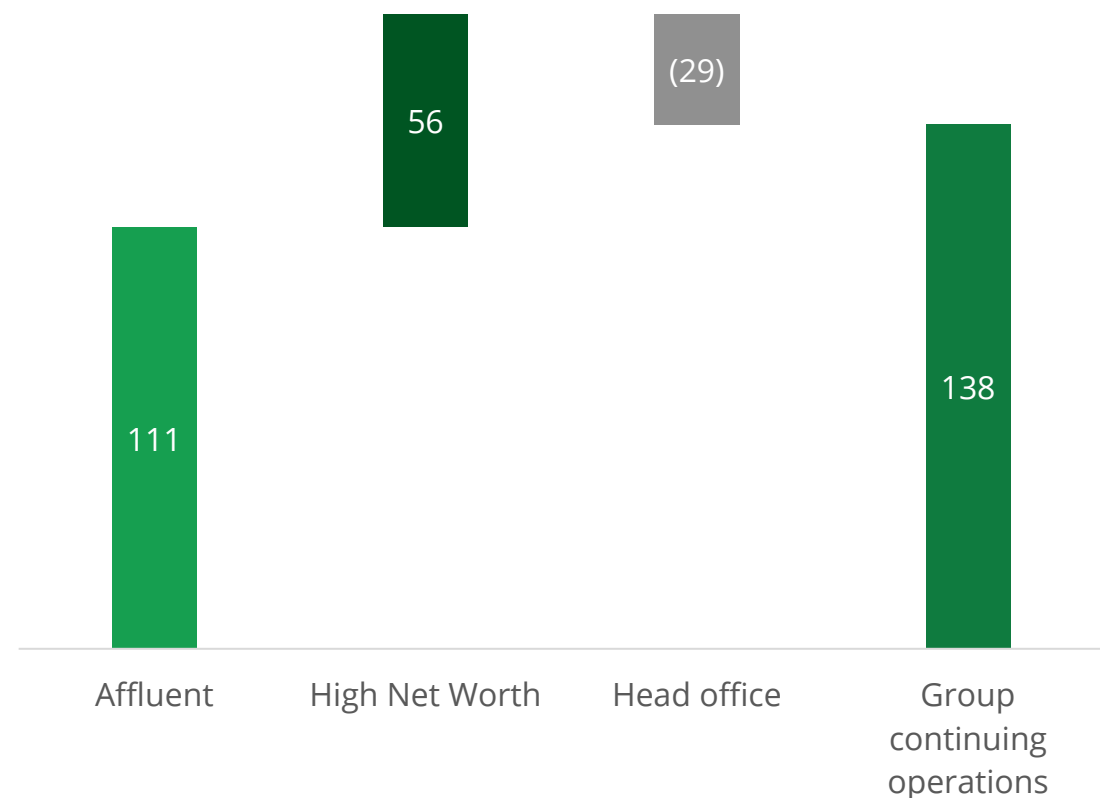
Mark Satchel  
9 March 2022

Quilter



# Quilter: a cleaner, simpler, faster growing P&L

## Adjusted pre-tax profit £m, continuing operations



## Key financials

Continuing operations

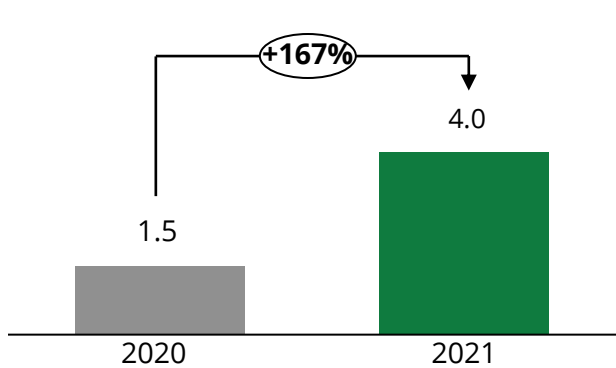
		2021	2020	Δ
Adjusted profit before tax	£m	138	108	+28%
- incl. Quilter International <sup>1</sup>	£m	188	168	+12%
IFRS profit after tax	£m	23	13	+77%
Operating margin	%	22%	19%	+3ppt
Adjusted diluted earnings per share	p	7.4	5.2	+42%

- Affluent impacted by reversal of tactical cost saves and Quilter International stranded costs
  - 27% operating margin, 1ppt y-o-y decline
- High Net Worth accelerating flows, significantly higher profits
  - 26% operating margin, 6ppt y-o-y improvement
- Optimisation initiatives substantially reduced HO costs
- On track to more than double Group adjusted profit by 2025

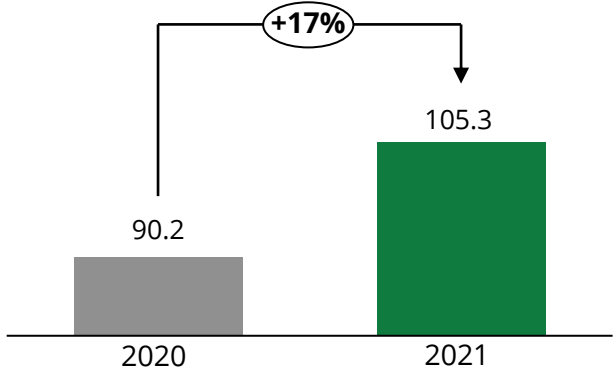
1. 11 month contribution from Quilter International in 2021 due to its sale on 30 November compared to 12 month contribution in 2020.

# Financial results demonstrating strong growth

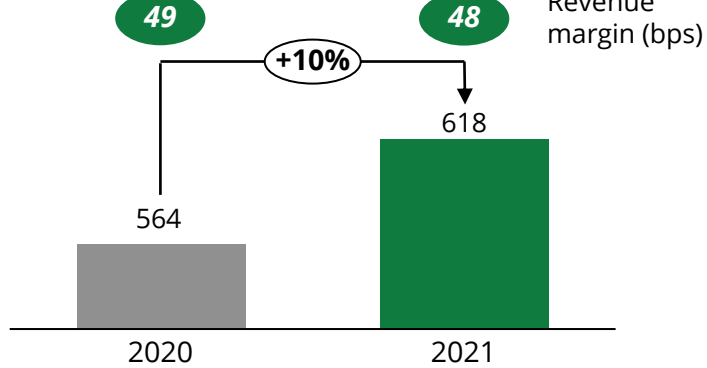
**Net inflows**  
£bn



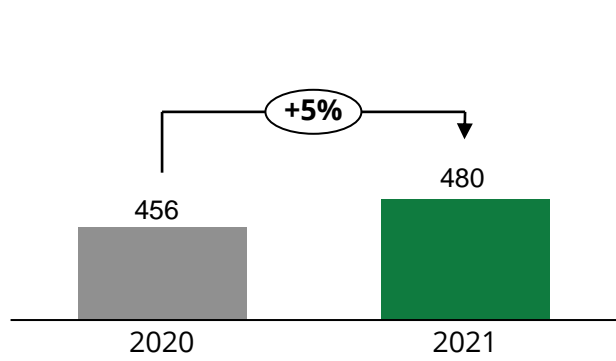
**Average AuMA**  
£bn



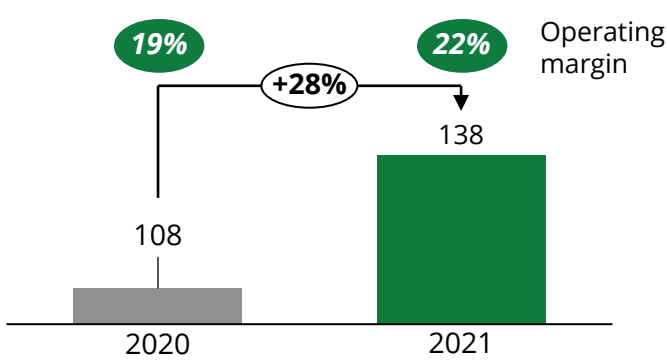
**Revenue**  
£m



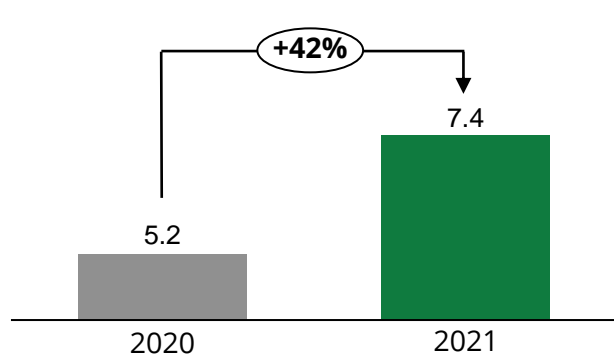
**Expenses**  
£m



**Adjusted profit before tax**  
£m



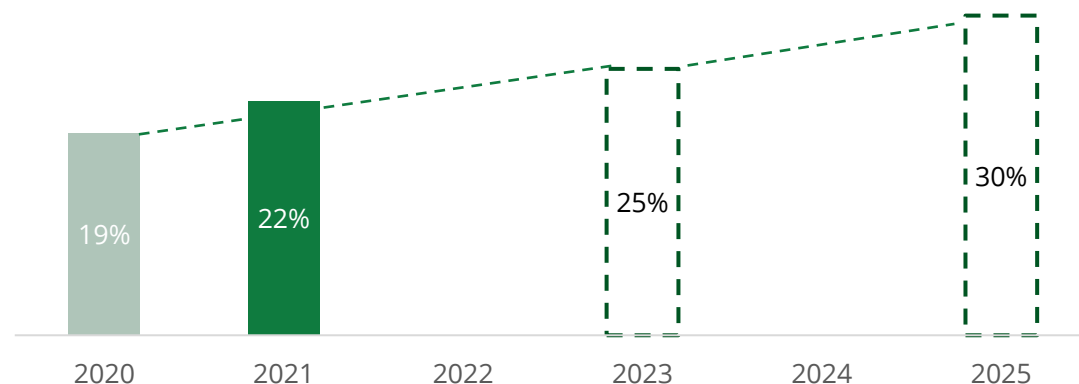
**Adjusted diluted EPS**  
Pence



Note: Figures exclude contribution from Quilter International.

# Solid operating margin and EPS progression

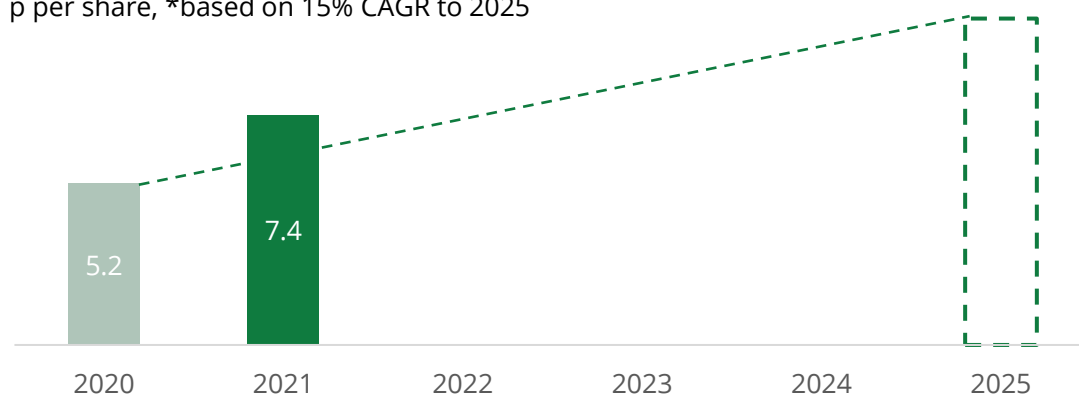
## Positive operating margin trends



- Operating margin increase ahead of expected trajectory in 2021
- Expect broad stability in 2022 before reaching 25%+ target in 2023

## EPS momentum: indicative trajectory\*

p per share, \*based on 15% CAGR to 2025



- Strong out-performance versus mid-teens EPS growth target in 2021
- Abnormally low tax rate provided 0.7p benefit to EPS
- 2022 EPS to benefit from continued business momentum and share consolidation

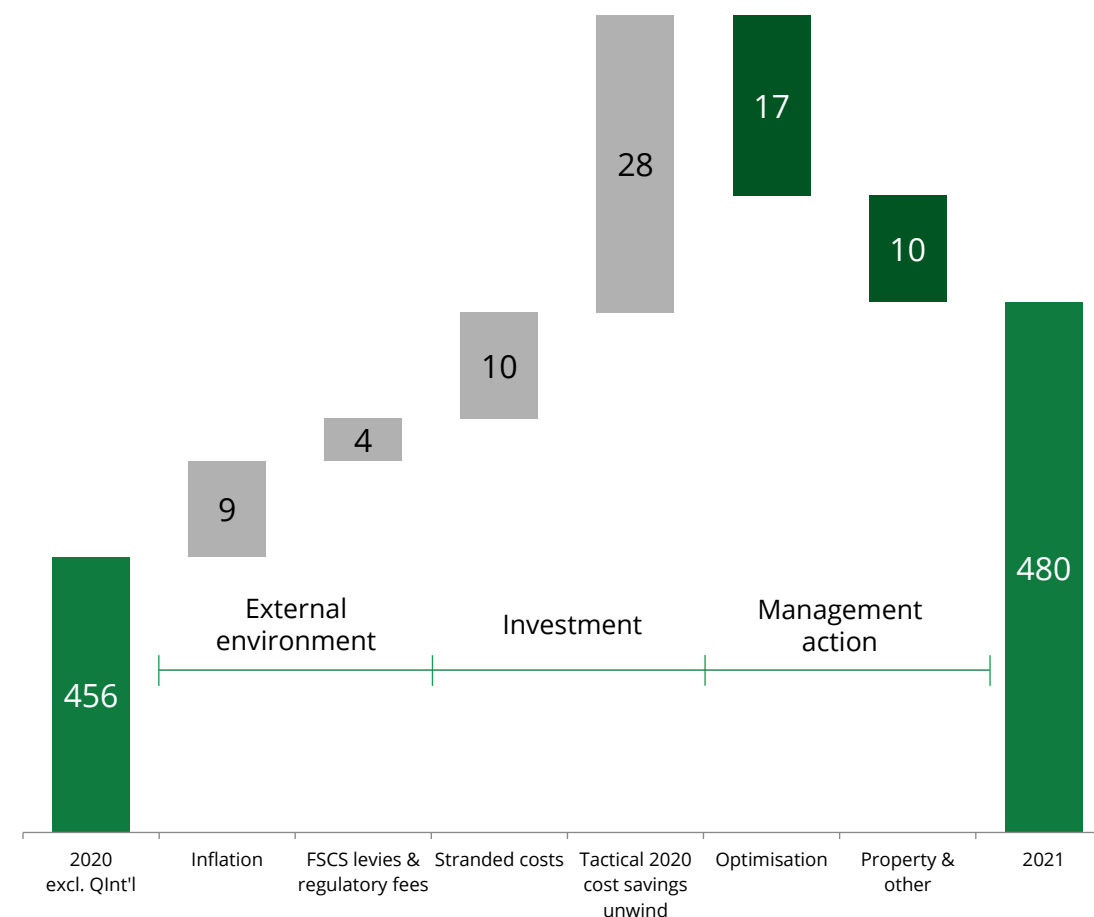
# Disciplined expense management

	Cost analysis (£m)		As a percentage of revenues	
	2021	2020	2021	2020
Support staff costs	127	126		
Operations	27	35		
Technology	42	30		
Property	31	43		
Other base costs <sup>1</sup>	25	28		
<b>Sub-total base costs</b>	<b>252</b>	<b>262</b>	<b>41%</b>	<b>46%</b>
Revenue-generating staff base costs	83	86	13%	15%
Variable staff compensation	80	55	13%	10%
Other variable costs <sup>2</sup>	36	26	6%	5%
<b>Sub-total variable costs</b>	<b>199</b>	<b>167</b>	<b>32%</b>	<b>30%</b>
Regulatory/ PI costs	29	27	5%	5%
<b>Total costs</b>	<b>480</b>	<b>456</b>	<b>78%</b>	<b>81%</b>

1. 'Other base costs' includes depreciation and amortisation, audit fees, shareholder costs, Listed Group costs and governance.
2. 'Other variable costs' includes variable technology including FNZ costs, development spend, and corporate functions variable costs.

## 2021 expense progression

£m



# IFRS profit to increasingly converge with adjusted profit

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## 2021 below the line expenses

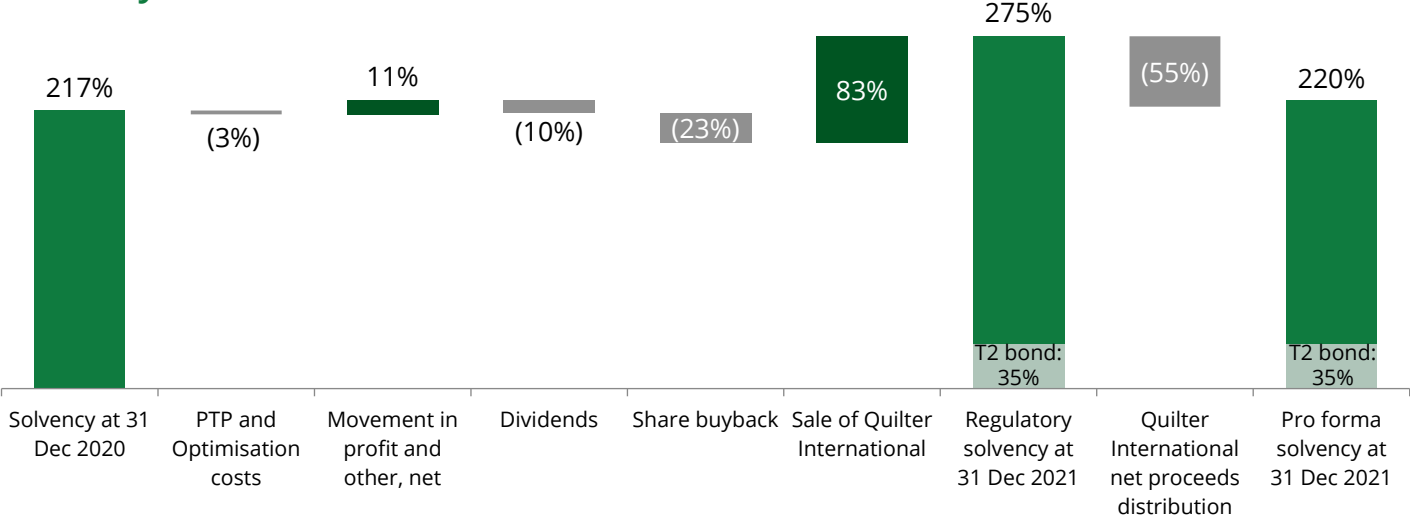
- £22m cost to achieve in respect of Optimisation initiatives
- £2m final costs from Managed Separation in respect of Platform rebrand
- £28m final costs to achieve the Platform Transformation Programme taking total to £202m, in line with guidance
- Additional £7m provision in respect of historic DB to DC pension transfer advice remediation

## 2022 – 2024 below the line expenses

- c.£55m cost to achieve in respect of Simplification cost take-out initiatives
- c.£35m revenue/capability investment

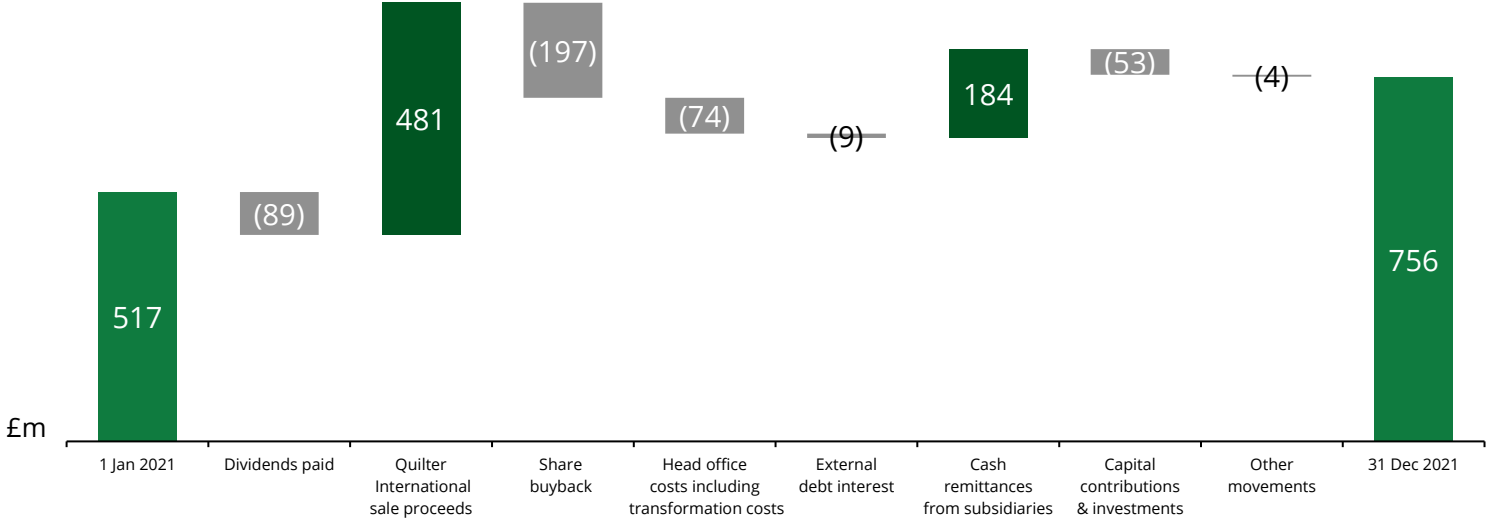
# Continued strong solvency and holding company cash position

## Solvency II ratio



- Pro forma Solvency II ratio broadly stable after Quilter International net sale proceeds capital return
- Provides capacity for strategic investments
- Liquidity a greater constraint than capital ratio

## Holding company cash



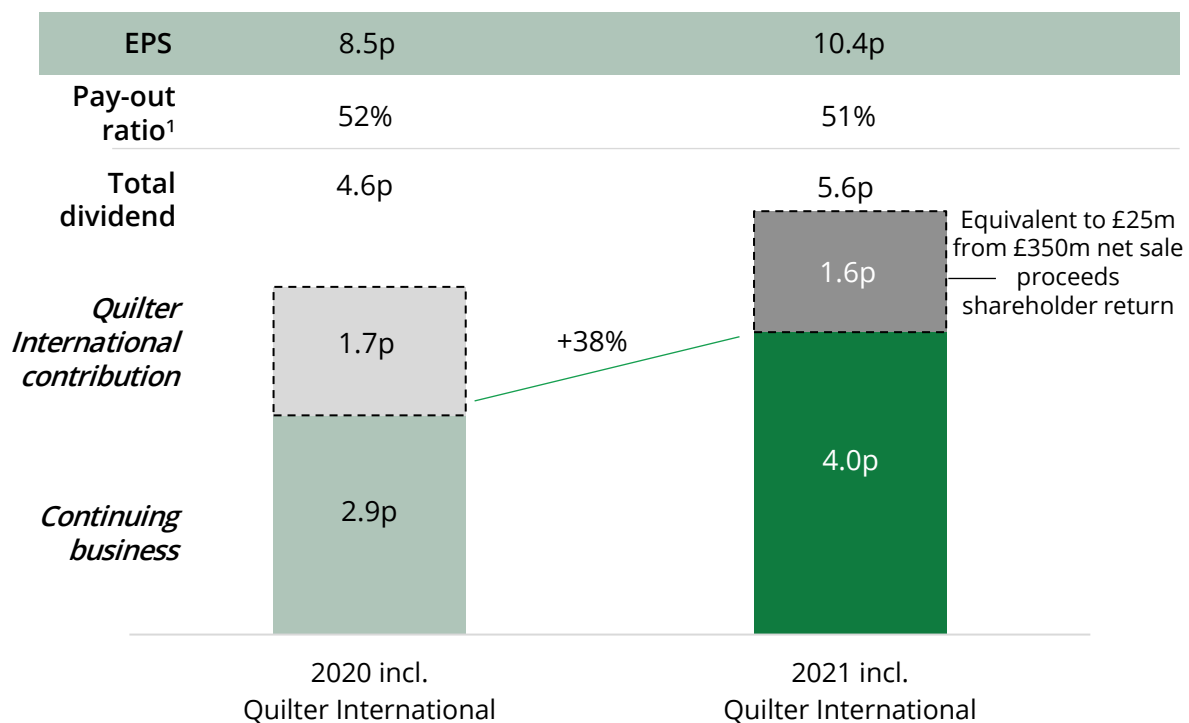
- c.£500m of holding company cash reserved for
  - 2021 final dividend
  - £328m 'B' share capital return
  - Business Simplification costs
  - Select growth investment

Note: Solvency II chart figures may not sum to totals due to rounding.

# 2021 dividend and capital returns

## Dividend

- Board recommending 2021 final dividend of 3.9p
- 2021 total dividend of 5.6p
  - Total dividend represents pay-out at mid-point of 40-60% range



## Share buyback complete: Share count reduction

- £375m share buyback completed, with £197m conducted in 2021
- c.14% reduction in share count over the total programme
- 264.1m shares repurchased
- 142p average share repurchase price

## Return of Quilter International proceeds

- £328m capital return via 'B' share mechanism and share consolidation
- 'B' shares issued on a 1:1 basis with each 'B' share redeemed for 20 pence

Note: Dividend pay-out ratio calculated as dividend in £ millions divided by pre-interest, post-tax profit.

1. 2021 pay-out ratio on 40-60% of pre-interest, post-tax earnings policy is 51%, and 54% on new 50-70% policy of post-interest, post-tax earnings which comes into effect for 2022 payments.

# Targets and outlook

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<b>Net flows</b>	<ul style="list-style-type: none"><li>➤ Target net inflow growth of at least 6% of opening AuMA per annum over medium-term from 2022 onwards, with a higher percentage growth rate from the Affluent segment</li></ul>
<b>Revenue margins</b>	<ul style="list-style-type: none"><li>➤ High Net Worth managed assets (Quilter Cheviot) broadly stable around 70bps</li><li>➤ Affluent managed assets mix dependent, between mid-40s to 50s bps (low 40s to mid 40s bps post-WealthSelect relaunch)</li><li>➤ Affluent administered assets (Quilter Platform) trending down c.1bp p.a.</li></ul>
<b>Adjusted profit</b>	<ul style="list-style-type: none"><li>➤ Expect to double adjusted pre-tax profit by 2025 from 2020 continuing business base, in stable markets</li></ul>
<b>Operating margin</b>	<ul style="list-style-type: none"><li>➤ Targeting steady improvement to at least 25% in 2023 and 30%+ in 2025, with operating leverage to drive further improvement</li><li>➤ Assuming broadly stable markets and net flows in line with Group target</li></ul>
<b>Earnings per share</b>	<ul style="list-style-type: none"><li>➤ Expect to deliver mid-teens growth on average through to 2025, from 2020 continuing business base</li></ul>
<b>Dividend</b>	<ul style="list-style-type: none"><li>➤ Policy pay-out range revised to 50% to 70% of post-tax, post-interest adjusted profit</li></ul>
<b>Quilter International</b>	<ul style="list-style-type: none"><li>➤ c.£350m return, of which c.£25m via 2021 total dividend and £328m via B-share scheme accompanied by share consolidation, subject to regulatory engagement and shareholder approval</li></ul>
<b>Below the line items</b>	<ul style="list-style-type: none"><li>➤ c.£55m cost to achieve in respect of Simplification</li><li>➤ c.£35m revenue/capability investment</li></ul>



# Outlook and financial summary

## Outlook

- Tight control of expenses maintained – focused on growth and efficiency

## Earnings

- Adjusted profit +28% to £138m
- 42% increase in EPS to 7.4p
- All guidance met or exceeded

## Expenses

- Cost targets exceeded
- Improving operational leverage, supported by further efficiency plans

## Balance sheet

- Prudently capitalised liquid balance sheet
- Strong capital discipline – capital return of £328m by end-H1 2022



# Concluding remarks

Paul Feeney  
9 March 2022

Quilter

# Focused on delivering growth and driving efficiency

## Growth drivers

## In-segment synergies

**Affluent**

- Growing adviser numbers and higher proportion of Quilter-managed flows
- Driving flows to new Platform, targeting new IFAs in 2022
- Innovative next generation investment solutions
- Enhancing efficiency

- Full-spectrum of adviser support
- Scale benefits from shared Platform
- Single investment team and dual channel distribution

**High Net Worth**

- Integrating financial planning with investment management
- Growing number of client-facing individuals
- Growing MPS market share through relaunched offering

- Own advisers reinforce existing direct client relationships
- New Quilter channel driving strong net flows
- Full-range client offering: investment management, advice or both

Cohesive and balanced business model driving long-term stakeholder value

## Delivering growth and efficiency: our investment case

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- Revenues: improving net flows and higher proportion of Quilter-managed flows
- Costs: enhancing efficiency through Simplification
- Operating leverage: from growing Platform and investment solutions
- Moving up dividend pay-out ratio, £328m capital return by early June 2022



Q&A

Quilter

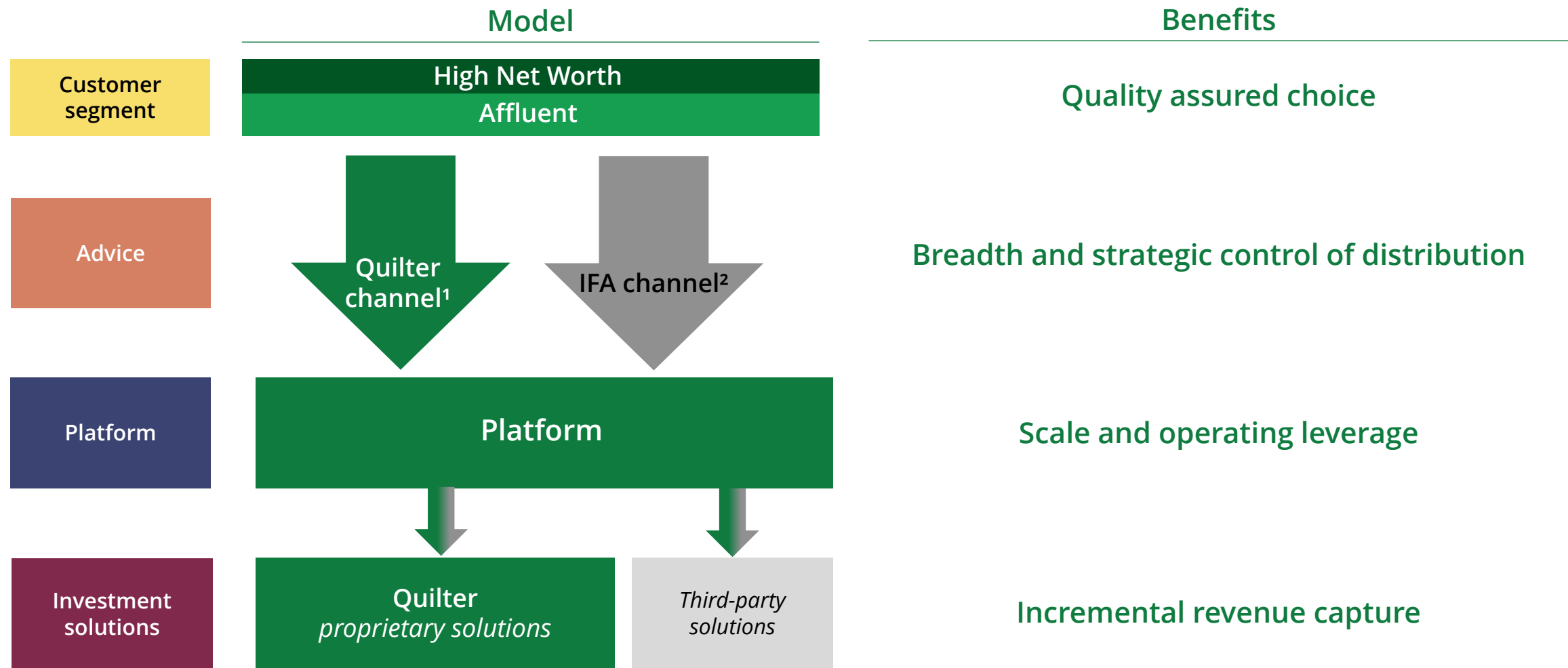


# Appendix

9 March 2022

Quilter

# Quilter: a differentiated model with clear benefits to clients and shareholders



1. Restricted financial planners ("RFPs") within Affluent and High net worth segments: 1,623 as at 31 December 2021.

2. Channel includes Direct clients within High Net Worth.

# Investment performance

## Cirilium & WealthSelect MPS investment performance

Cumulative returns: as at 31 December 2021

3 year	Relative % vs IA sector average	Vs IA MI 0-35%	Vs IA MI 20-60%	Vs IA MI 40-85%	Vs IA Flex Inv.	Vs IA Global
	Cirilium	16.2%	24.9%	33.8%	42.1%	n/a
	Relative	+0.2%	+1.6%	(2.1%)	+4.2%	n/a
	WealthSelect MPS	21.0%	27.3%	33.7%	43.1%	52.0%
	Relative	+4.9%	+4.1%	(2.2%)	+5.3%	(12.7%)
5 year	Relative % vs IA sector average	Vs IA MI 0-35%	Vs IA MI 20-60%	Vs IA MI 40-85%	Vs IA Flex Inv.	Vs IA Global
	Cirilium	17.7%	27.7%	36.8%	40.5%	n/a
	Relative	-	+2.3%	(3.7%)	(2.4%)	n/a
	WealthSelect MPS	23.9%	31.4%	39.0%	50.6%	62.8%
	Relative	+6.2%	+6.0%	(1.4%)	+7.6%	(14.0%)
10 year	Relative % vs IA sector average	Vs IA MI 20-60%	Vs IA MI 40-85%	Vs IA Flex Inv.		
	Cirilium	74.4%	95.8%	113.9%		
	Relative	+17.6%	+10.0%	+20.6%		

## Quilter Cheviot returns

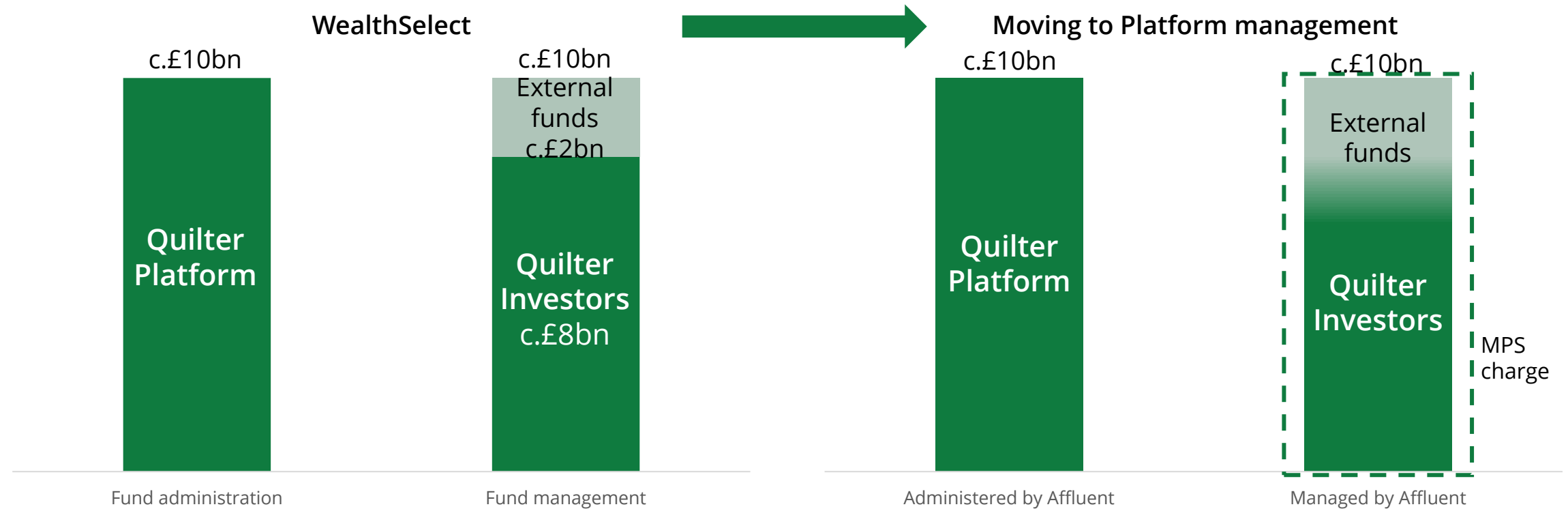
Quilter Cheviot performance vs. ARC Sterling PCI Index, at 31 December 2021

3 year	Relative % vs ARC PCI	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	25.3%	34.1%	41.8%
	ARC PCI	25.4%	32.6%	40.3%
	Relative	(0.1%)	(0.6%)	+1.5%
5 year	Relative % vs ARC PCI	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	27.8%	38.7%	47.9%
	ARC PCI	27.0%	36.8%	46.1%
	Relative	+0.8%	+1.9%	+1.8%
10 year	Relative % vs ARC PCI	Balanced	Steady Growth	Equity Risk
	Quilter Cheviot	82.7%	110.0%	136.1%
	ARC PCI	72.9%	100.2%	125.7%
	Relative	+9.8%	+9.8%	+10.4%

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. 'IA Global' sector is not a like-for-like comparator for a diversified multi-asset portfolio such as Wealth Select. UK: Suitable for professional clients.



# Organising Affluent's proposition to better serve clients

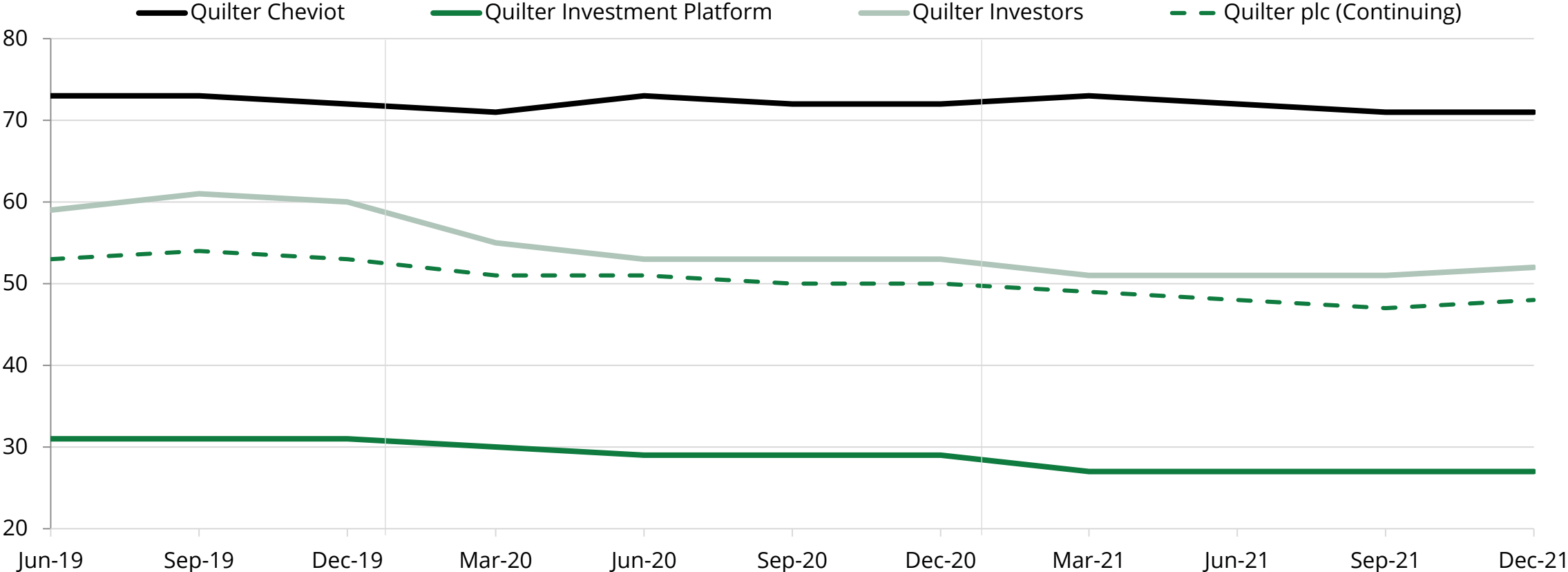


- Generate Platform fee on £10bn
- Generate Quilter Investors fee on £8bn

- Generate Platform fee on £10bn
  - Generate MPS charge on £10bn
  - Generate lower Quilter Investors fund fee
  - Customer all-in cost unchanged
- Management revenue broadly unchanged

# 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.

# Mechanism and timetable for capital return

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## Distribution mechanism

- B-share scheme accompanied by share consolidation

## Board and regulatory approvals

- Carried out as part of 2021 year-end process

## GM

- Shareholder approvals required for issuance and redemption of 'B' shares and share consolidation
- Circular to be published alongside AGM materials
- May 2022 General Meeting to approve resolutions to implement the return

## Distribution to shareholders

- Expected by early June 2022

# Environmental, Social & Governance credentials

## Quilter's management of ESG issues set out in our Responsible Wealth Manager framework

By acting and investing responsibly...

### Acting responsibly:

- Customer focused underpinned by business ethics and our values
- Creating an inclusive culture that embraces diversity
- Promoting responsible business practices in our supply chain
- Maintaining high standards of corporate governance
- Supporting our communities

### Investing responsibly:

- Embedding responsible investment considerations into advice process
- Enhancing responsible investment options and information on our platform
- Integrating ESG factors into investment decision making and being an active owner
- Offering responsible and sustainable investment solutions

...we can deliver against our environmental and social priorities...

Enable customers to experience **financial wellbeing**

Drive **inclusive growth** for our colleagues

Take **climate action** for our environment

Create a positive **social impact** in our communities

... measured against targets and KPIs:

(Additional responsible investment KPIs under consideration for 2022)

- Customer asset retention (%)
- Number of restricted financial planners

- Increase female representation Senior Leadership Community to 38-43% by 2024
- Increase ethnic minority representation in Senior Leadership Community to 5% by 2024

- Reduce Scope 1 & 2 greenhouse gas emissions by 80% by 2030, from 2020 baseline
- Scope 3 (operations) and responsible investment KPIs in development for 'climate action'

- Number of young people supported by the Quilter Foundation

### External ratings and benchmarks



FTSE4Good

Included in FTSE4Good Index Series



ESG rating: **BBB**  
(Nov 2021)



ESG risk rating: **23.6/100**  
(Feb 2021)



Rated **A**  
for Strategy & Governance  
(July 2020\*)



UK Stewardship Code  
Signatory  
(September 2021)



\* Due to technical issues, PRI are not due to not release 2021 ratings for any signatory, including Quilter, until summer 2022.



Quilter