

The Quilter logo is positioned in the top right corner of the page. It features the word "Quilter" in a dark green, serif font. The background of the entire page is a light gray and white geometric pattern of overlapping squares and triangles.

# Transcript of the Quilter plc General Meeting

Thursday 17 June 2021

## Transcript of the Quilter plc General Meeting 2021

- Chairman
1. Good morning and welcome to the Quilter General Meeting. I am Glyn Jones, the Chairman. Please note that this meeting is being recorded and the telephone lines will be muted until we reach the part of the meeting when we invite shareholders to ask questions on the business of the meeting. Due to the impact of Covid-19 and UK government advice restricting gatherings in order to ensure the health and safety of all participants, and in accordance with article 28 of our Articles of Association, we are holding a General Meeting with limited attendance. As this General Meeting is convened in relation to an important transaction for the Group, we will publish a transcript of this meeting on our website immediately after the meeting.
  2. Given the circumstances I am joined by our CEO, Paul Feeney, our CFO, Mark Satchel and our Company Secretary, Patrick Gonsalves. We are physically present at our new registered office, Senator House, and are forming the required quorum for our meeting.
  3. As you know, on the 1<sup>st</sup> April, we announced the proposed sale of Quilter International to Utmost for a sum of approximately £483 million in cash.
  4. Given the size of that transaction relative to the overall Quilter group, approval of the sale is conditional upon shareholder approval as well as customary regulatory and anti-trust related clearances. I am pleased to inform you that good progress is being made with obtaining these regulatory and competition related approvals.
  5. The purpose of today's meeting therefore is to seek shareholder approval to proceed with the transaction. The full details of the transaction, including the benefits, risks and financial impacts of the proposed sale, were set out in the Circular to Shareholders, made available to Shareholders on 17 May 2021.
  6. Subject to all the aforementioned approvals being granted, we anticipate the transaction will close around the turn of this year.
  7. Before we turn to the formal business of the meeting, let me say a few words about why we are proposing this transaction, how we went about the sale process, the implications for the ongoing Quilter

business, and our current thinking around disposal proceeds:

8. There are essentially two reasons why your Board concluded it is right to propose the sale of Quilter International now: one strategic and one financial.
9. First, **strategic** – while Quilter International has delivered a solid contribution to our profits and cash generation, it is less aligned to our core UK business. This can be seen in the fairly modest level of integrated flows we have seen from the business.
10. So, after conducting a strategic review of the International business, we concluded that it makes more sense to focus our resources where we see the most compelling opportunity – the UK Wealth market.
11. As you know, the UK Wealth market is large and structurally growing. So, focussing here makes more sense than committing significant management time and capital to try to deliver a similar rate of growth from the international business.
12. Without International, Quilter will be a simpler, higher growth business... This is why when we announced the proposed sale, our executive team reset our NCCF growth target to at least 6% in the medium term from the beginning of 2022.
13. The second reason for the proposed sale is **financial** – the revenue line in the International business has been on a declining annual trend as the higher margin closed back-book is running off faster than the revenues generated through new business. We have offset that through strong cost reductions to support profitability. But there is only so much one can do to drive profits through reducing costs if revenues are not growing.
14. While our executive team has done a great job maintaining profitability over the last few years, the impact of the back-book run-off cannot be avoided forever. We would have to make further investment – both in terms of P&L investment and capital allocation – to drive the International business forward from here.
15. As a result, we concluded a disposal is the route which will deliver the greatest value for shareholders.

- 16.** In terms of the sales process itself, with support and advice from our financial advisers, Goldman Sachs and JPMorgan, the Board concluded Utmost's bid was the best bid that emerged from a robust process involving a number of bidders.
- 17.** We believe that the proposed transaction is in the best interests of Quilter and its stakeholders taken as a whole as we believe...

  - the sale realises a higher value than could be generated from Quilter's continued ownership,
  - within Utmost's larger international business, Quilter International will be considered a "core" element of their franchise and we believe Quilter International will be better positioned to maintain its focus on delivering good customer outcomes.
  - And it will thereby also provide a range of new career opportunities for the employees in our International business
- 18.** Turning now to what this means for Quilter going forward ... since we listed in 2018, we have been guided by two main objectives:

  - To simplify our structure, and
  - To deliver on the growth potential of our business.
- 19.** The first few months of 2021 has seen us make two significant strides here:

  - Selling Quilter International will deliver a major simplification and leave us with a higher growth core UK business; and
  - Completing the migration of advisers and customers onto our new UK Platform sets us up to deliver a meaningful acceleration in growth.
- 20.** Achieving both would mean we have completed the structural changes to transform Quilter.
- 21.** We believe we have obtained a very competitive price for the International business with fair and reasonable contractual terms. The disposal delivers significant strategic benefits for Quilter. Our

ongoing business will be simpler and more focused on the secular growth opportunity in the UK wealth market. It allows us to realise further efficiencies and target higher NCCF and operating margins.

22. Let me finish up by saying a few words on “use of proceeds”.
23. As I said earlier, the cash proceeds from the disposal are likely to be around £483 million. This is comprised of £460 million of ‘base’ consideration and £23 million from a contract mechanism which assumes the transaction completes at the end of 2021. We expect costs related to the deal to be around £33 million – that covers both the immediate cost of separation and the professional fees associated with the transaction.
24. We therefore expect net proceeds to be around £450 million.
25. At the time of the announcement of the transaction, the executive team indicated that they intended to retain a proportion of the proceeds to fund some planned investment in the business to support selective revenue growth initiatives and to fund the restructuring costs associated with the next phase of Optimisation. There has been no change to this approach, and we intend to set out our thinking at a planned capital markets day that our executive team will host in the fourth quarter of this year.
26. We also said that we are currently minded to return the majority of the sale proceeds to our shareholders and will consult appropriately on the most effective means of undertaking that exercise.
27. So, in conclusion, I have no hesitation in recommending to you the proposed sale of Quilter International and I can confirm that the Board of Directors have unanimously voted in favour of the transaction.

\*\*\*ends\*\*\*

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