



Investor presentation

Spring 2019

Quilter



Industry overview and Quilter's journey to date

Quilter: A leading, UK-centric full service wealth manager

Business snapshot

- Leading UK and cross-border wealth manager with £100bn+ of customer assets
- Advice-led investment solutions for customers in the UK and selected international markets
- LSE and JSE listed, with ~£3bn market cap
- A proven track record, with scale in a growing market, and momentum for future profit growth
- Optimisation Phase 1 commenced

Key Performance Indicators		2018	2017	Δ
Financial:				
NCCF/opening AuMA ¹	%	5	9	(4) pp
Integrated flows ¹	£bn	4.7	5.2	(10%)
AuMA	£bn	109.3	114.4	(4%)
Adjusted profit before tax	£m	233	209	+11%
IFRS profit after tax ²	£m	488	157	211%
Operating margin	%	30	29	+1pp
Non-financial:				
Restricted Financial Planners	#	1,621	1,561	+4%
Investment Managers	#	155	164	(5%)

1. Excluding Quilter Life Assurance (QLA).

2. Represents total IFRS profit including discontinued operations. 2018 IFRS profit before tax from continuing operations was £5m, compared to a (£5m) loss in 2017.

Quilter has scale and leading position in chosen capabilities

Comparison with listed UK peers

	Total AuMA ¹ (£bn)
Quilter	£109bn³
St. James's Place	£96bn
Standard Life Aberdeen⁴	£59bn
Hargreaves Lansdown	£86bn
Rathbones	£44bn
AJ Bell	£44bn
Brewin Dolphin	£40bn
Integratin⁵	£33bn

Advice		Platforms		Solutions	
Restricted (CF30's) ²	Independent advisers	Advised Platform	International	Multi-asset	Discretionary
✓ 2,254	✓ 4,000+ firms	✓ £50bn AuA	✓ £18bn AuA	✓ £18bn AuM	✓ £22bn AuM
✓ 3,810		<i>Restricted only platform</i>		✓	<i>Rowan Dartington</i>
80	✓	✓		✓	<i>SL Wealth</i>
167		<i>Direct platform</i>		✓	
<i>n.a.</i>					✓
<i>n.a.</i>		✓ <i>Direct & Restricted</i>			
430					✓
<i>n.a.</i>		✓			

✓ Indicates capability **and** scale within capability

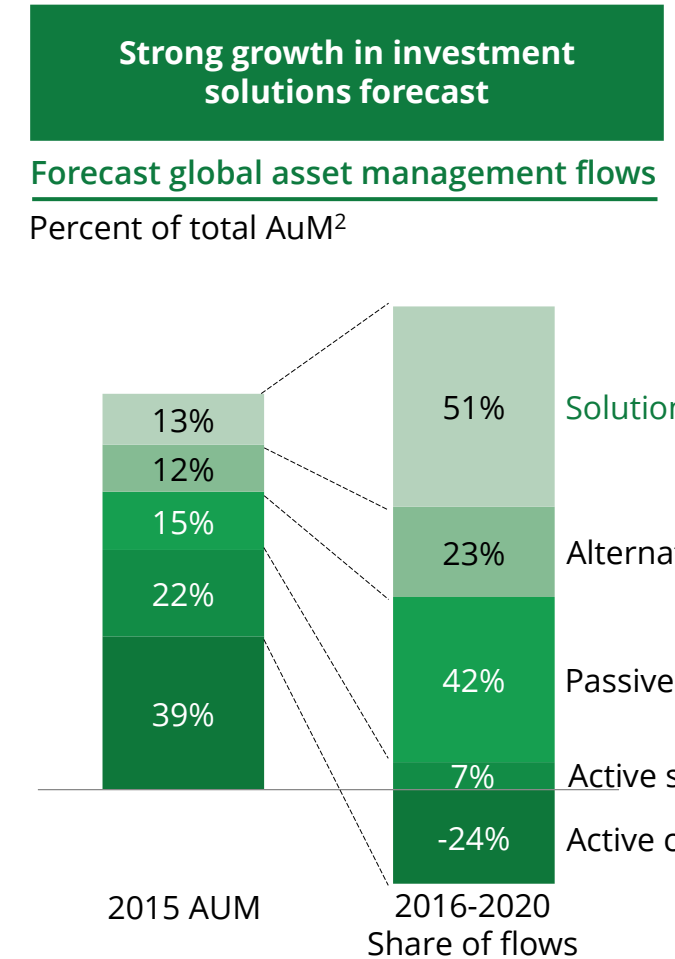
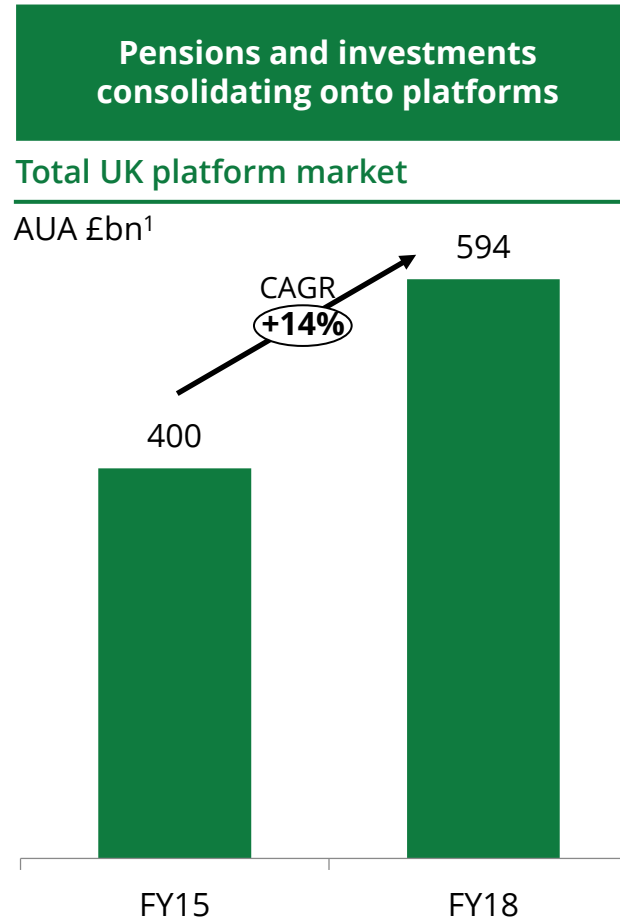
1. Includes closing AuA and / or closing AuM for competitors as at 31 December 2018.
2. FT Top 100 financial advisers 30 June 2018 includes all CF30's for businesses, not only financial adviser, such as Quilter Cheviot investment managers.
3. Total Quilter closing AuMA includes Heritage, Quilter Financial Planning and intra-group eliminations.
4. AuMA includes Wrap, Elevate and Parmenion platforms; Adviser figure as quoted in SLA's 2018 Annual Report and Accounts.
5. AuMA as at 30 September 2018.

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.

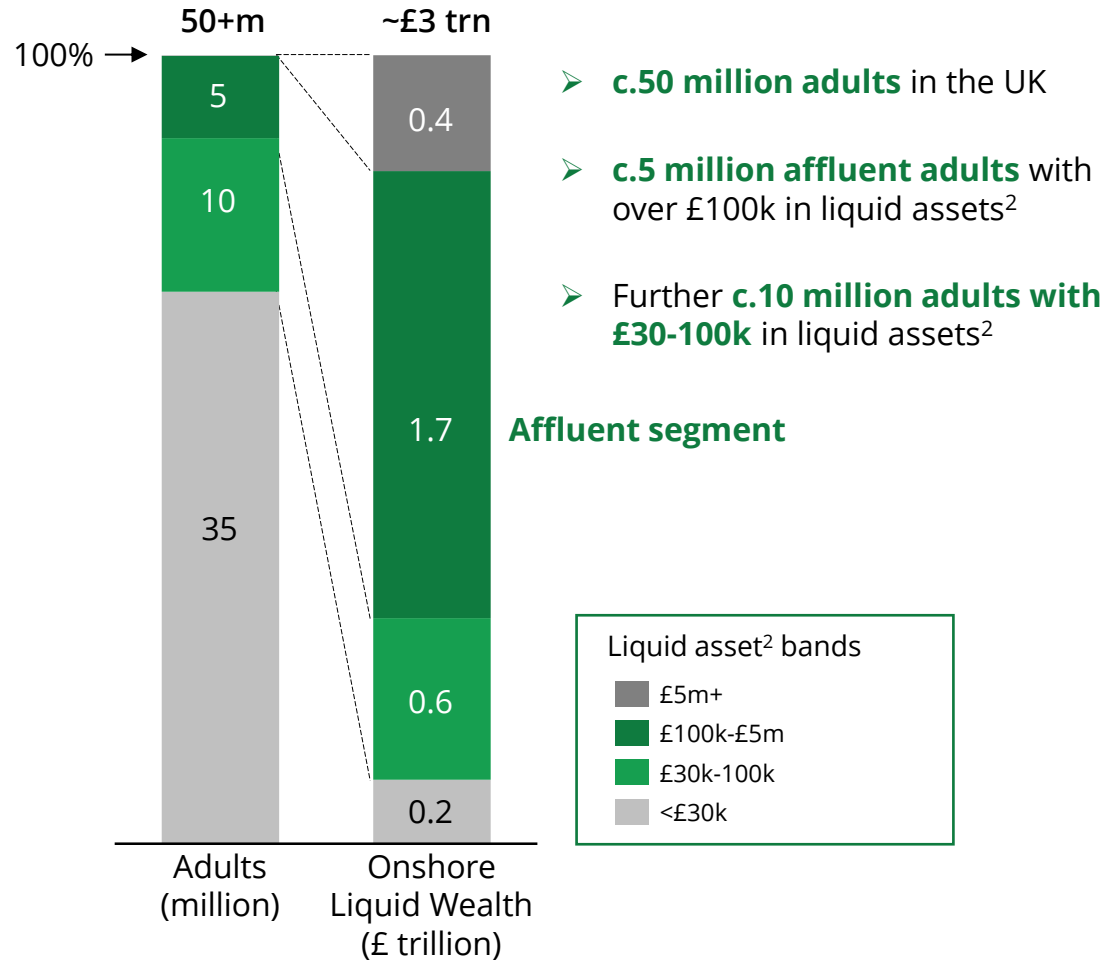
2. Source: BCG Global Asset Management 2016 – Doubling down on data.

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

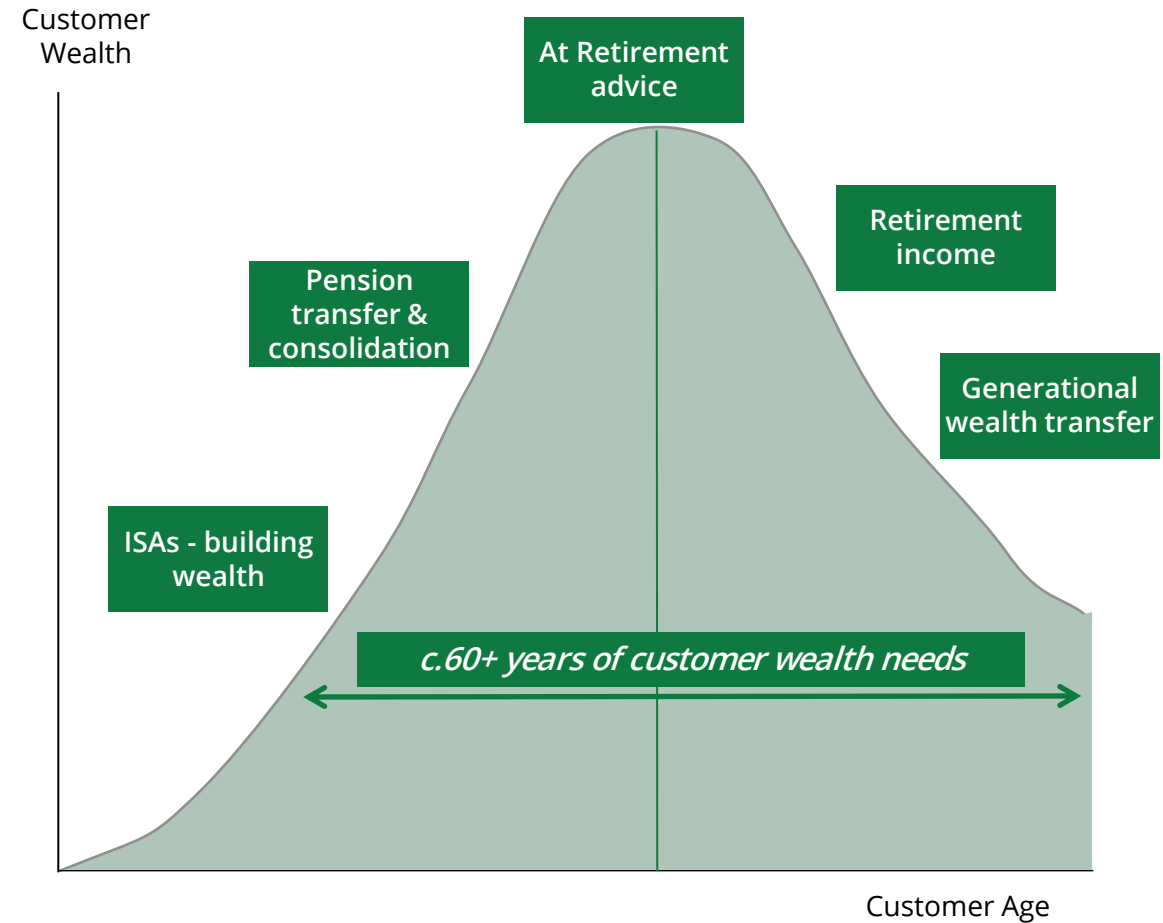
4. Note Active core includes actively managed domestic large-cap equity, domestic government and corporate debt, money market and structured products.

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

c.5 million affluent adults with £1.7 trillion wealth¹

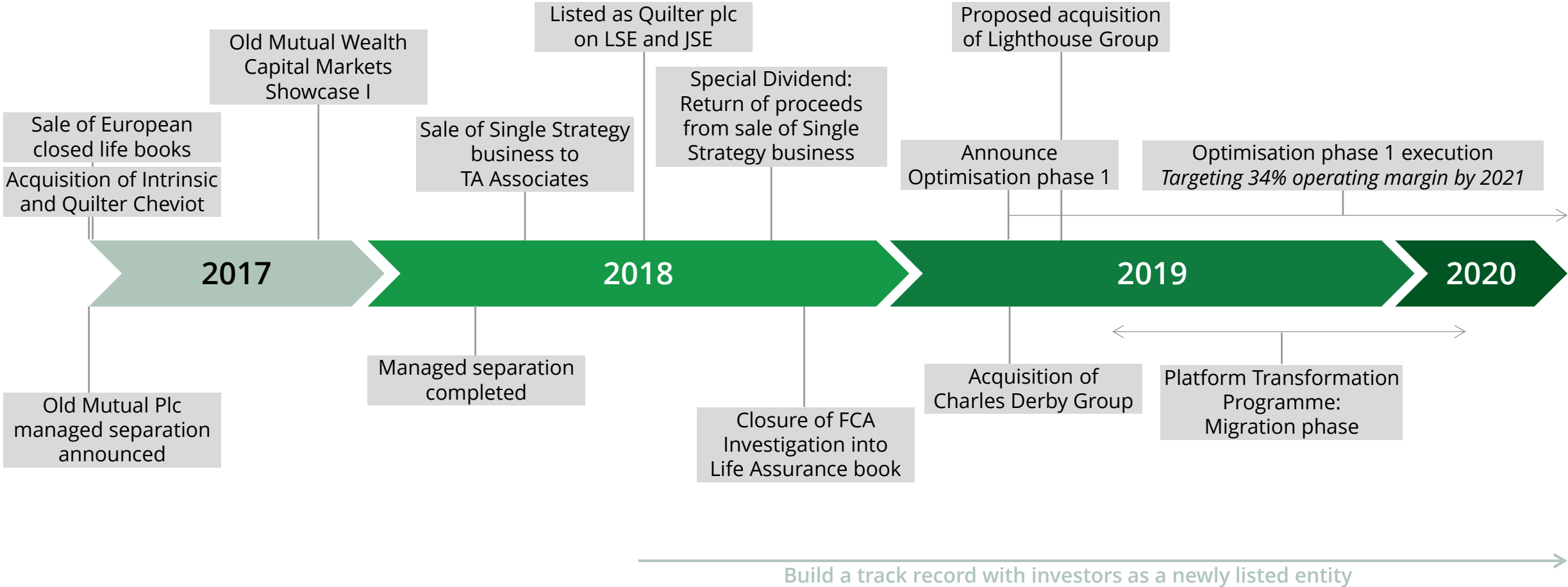


Opportunity to serve customers for c.60 years



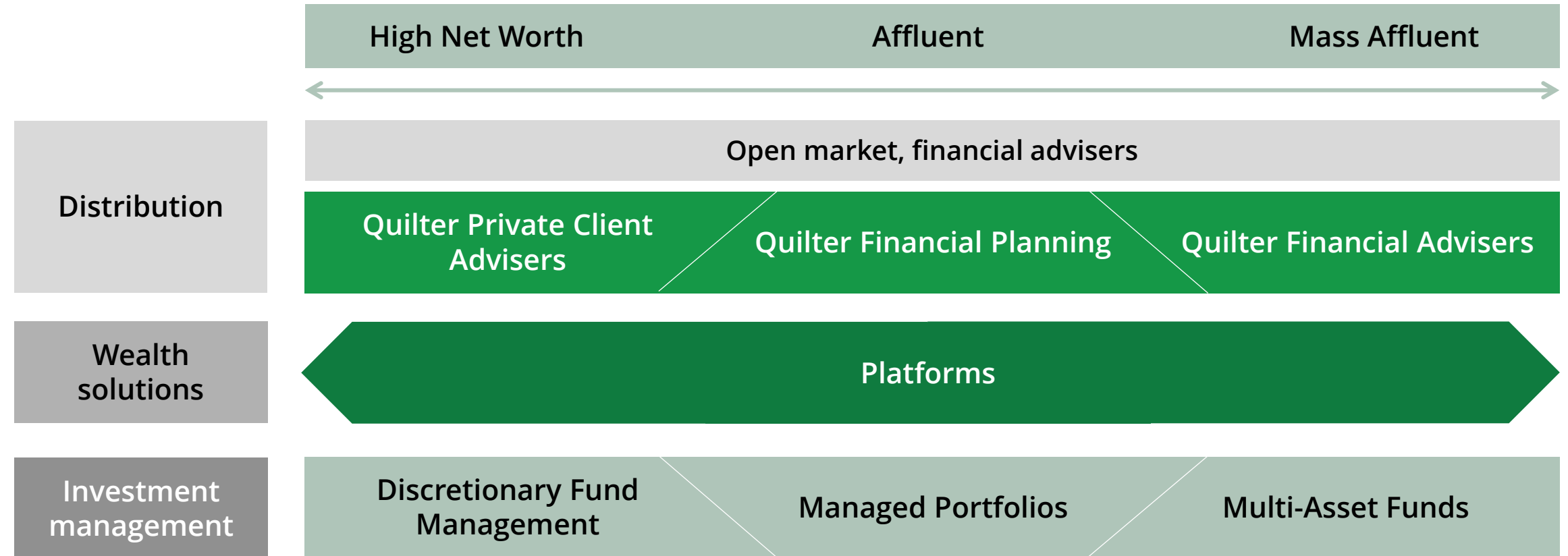
1. Source: GlobalData, Financial Wealth in the UK: Sizing the Market Opportunity, March 2017. Data shown for 2017 forecast.
 2. Liquid assets includes cash/deposits, ordinary stocks and shares, government and other bonds and other collective investment schemes.

Our journey to date



Quilter's multi-channel advice-led model

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





Performance

What drives our business: FY18 Results

	Advice and Wealth Management AuMA ¹ £41.2bn			Wealth Platforms £80.7bn			Head office
Total fee revenue	£373m			£414m			£1m
AuMA	Financial Planning £1.0bn	Quilter Cheviot £22.4bn	Quilter Investors £17.8bn	Wealth Solutions £49.9bn	Quilter International £18.4bn	Life Assurance £12.4bn ²	
NCCF		£0.7bn	£2.8bn	£3.1bn	£0.3bn	(£2.3bn)	
Revenue	£89m	£175m	£109m	£170m	£135m	£109m	
Revenue margin		72bps	59bps	32bps	59bps	69bps	
Expense	£271m			£252m			£32m ³
Total expense base drivers: 56% : Front office & operations; 22% : IT & development; 19% : Support services; 3% : Other							
Adjusted Profit	£102m Y-o-Y growth: 24%			£162m Y-o-Y growth: 3%			(£31m)
				£233m Y-o-Y growth: 11%			

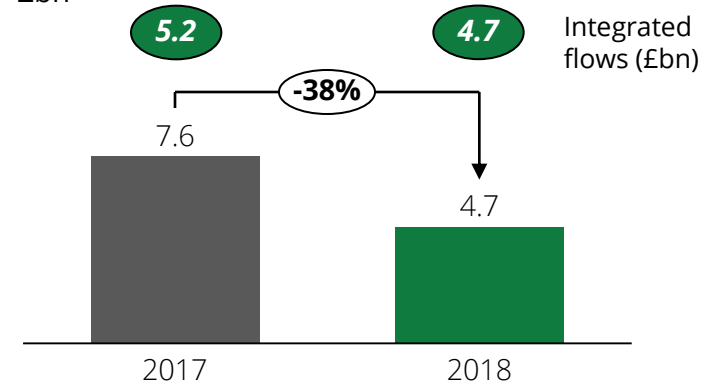
1. Group AUMA totals £109bn after (£13.2bn) elimination of intra-Group items.
2. Includes other shareholder assets of £2.1bn in 2018.
3. Includes head office and recurring standalone expenses but excludes debt interest costs.

Operational performance

Strong performance in 2018

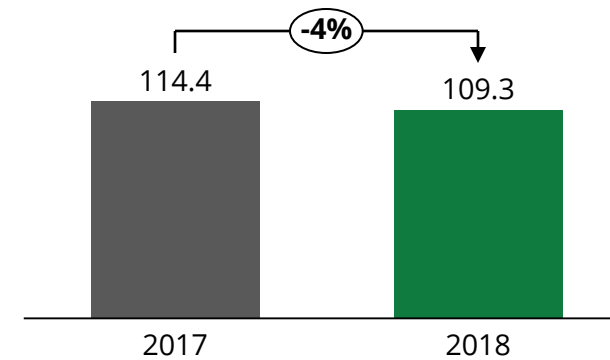
NCCF (excl. Quilter Life Assurance)

£bn



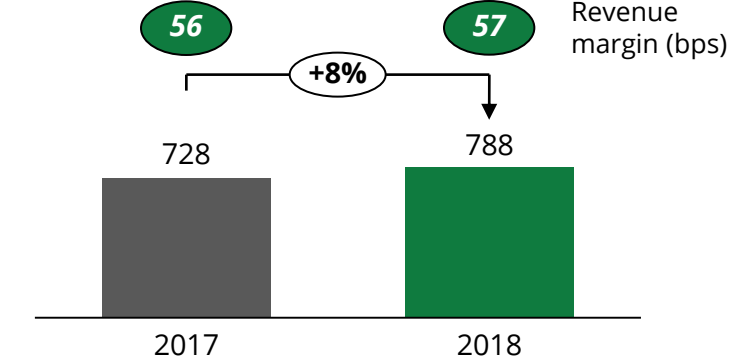
AuMA

£bn



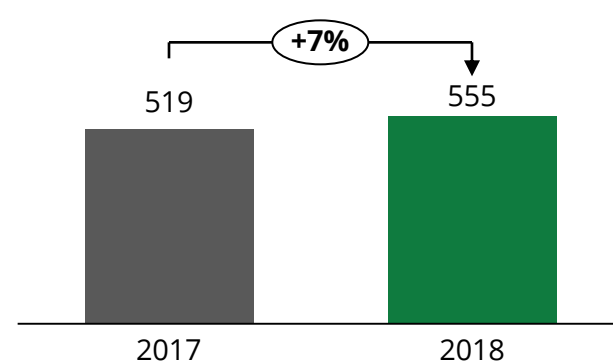
Revenue

£m



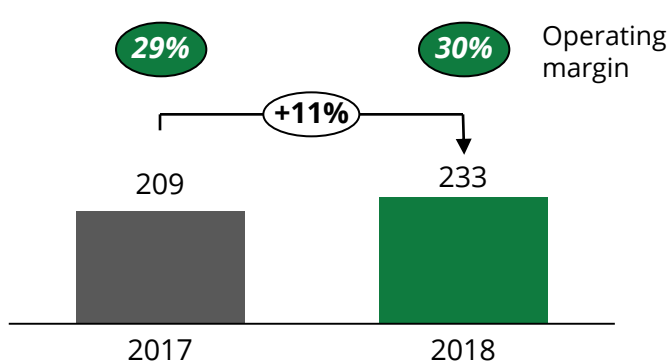
Expenses

£m



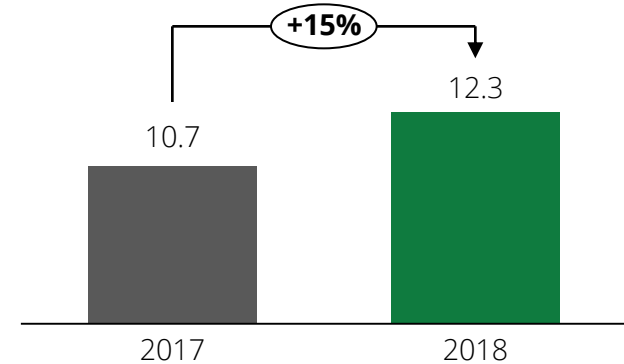
Adjusted profit before tax

£m



Adjusted diluted EPS

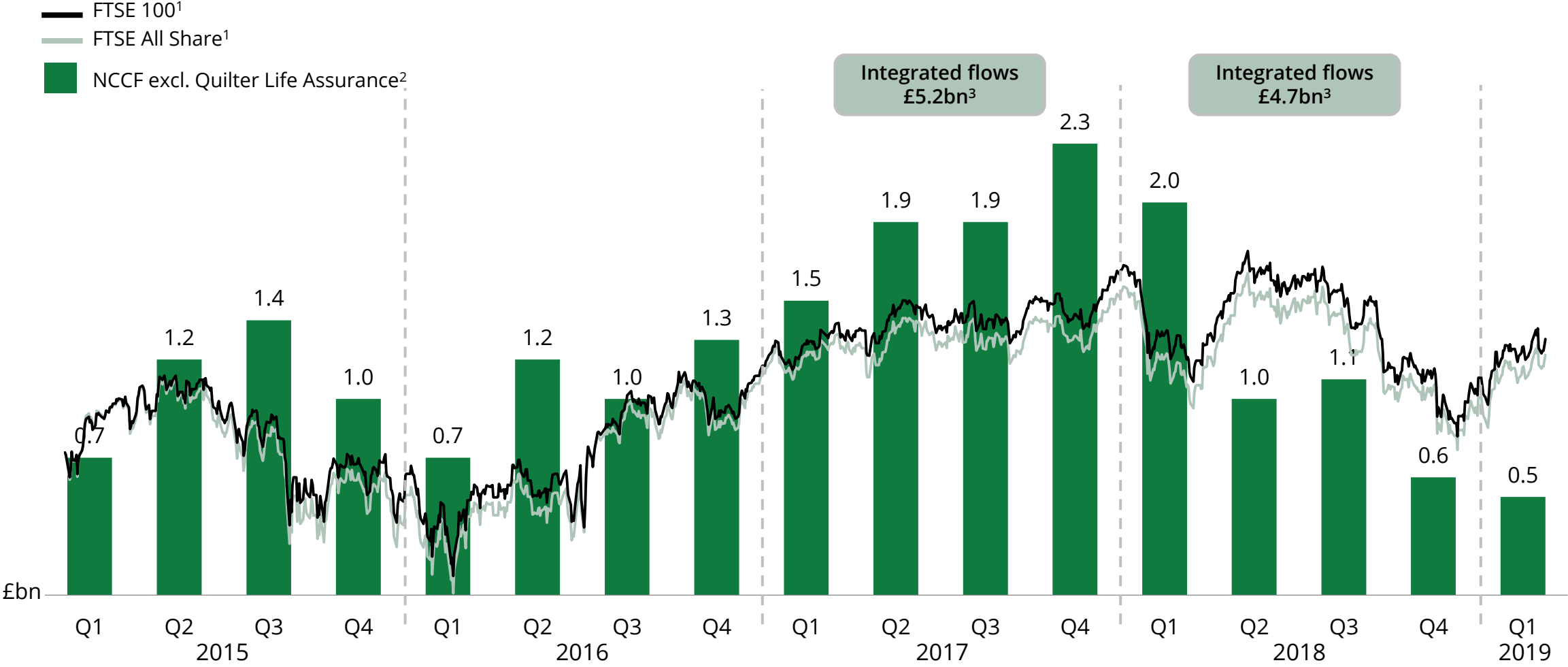
Pence



➤ Recommended final dividend¹ per share : 3.3 pence

1. Subject to approval by shareholders at the 2019 AGM.

Business model supports robust integrated flows

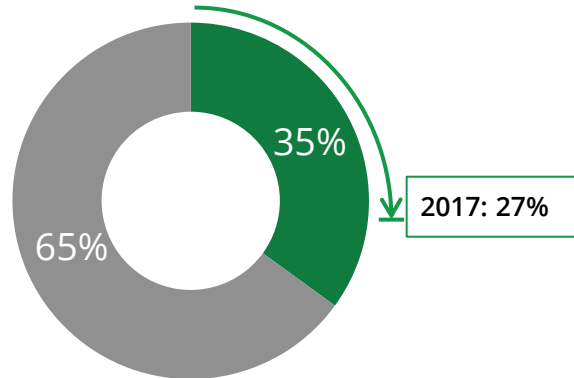


1. Source: Factset.
 2. Excludes Quilter Life Assurance net outflows and eliminations of £0.4bn, £0.9bn, £1.3bn and £2.0bn for 2015, 2016, 2017 and 2018 respectively.
 3. Excludes Quilter Life Assurance integrated outflows of £0.4bn and £0.3bn in 2017 and 2018 respectively.

Our integrated offering drives increasing value

Quilter Wealth Solutions NCCF^{1,2}

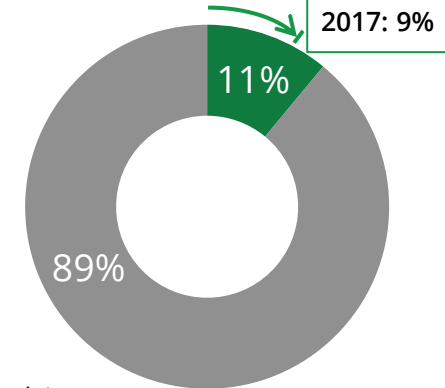
2018
£3.1bn



Source

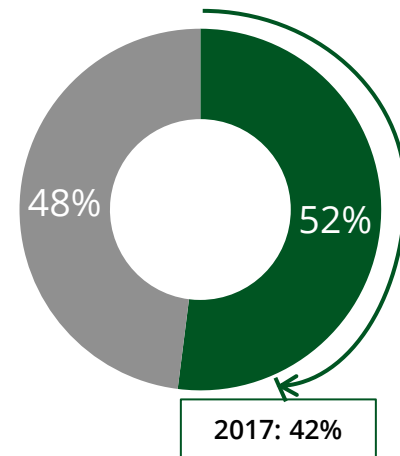
Quilter Wealth Solutions AuMA

2018
£49.9bn



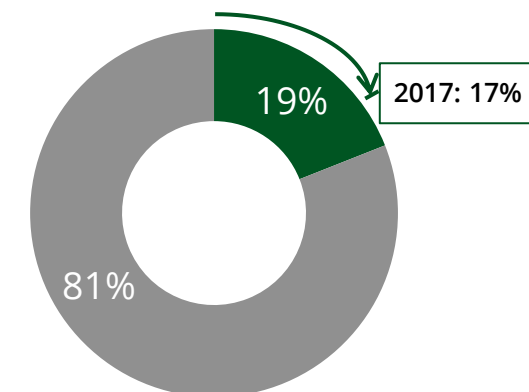
■ Quilter Restricted advisers ■ Third party independent advisers

2018
£3.1bn



Destination

2018
£49.9bn



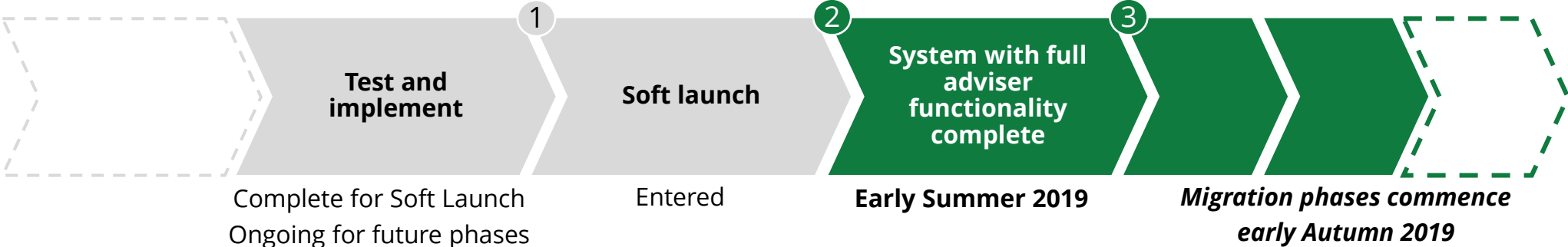
■ Quilter Investors ■ Third party funds

1. Excludes intra-group elimination.
2. Excludes International AuA on Quilter Wealth Solutions.



Business initiatives

New UK Platform: strong progress made; in soft launch phase



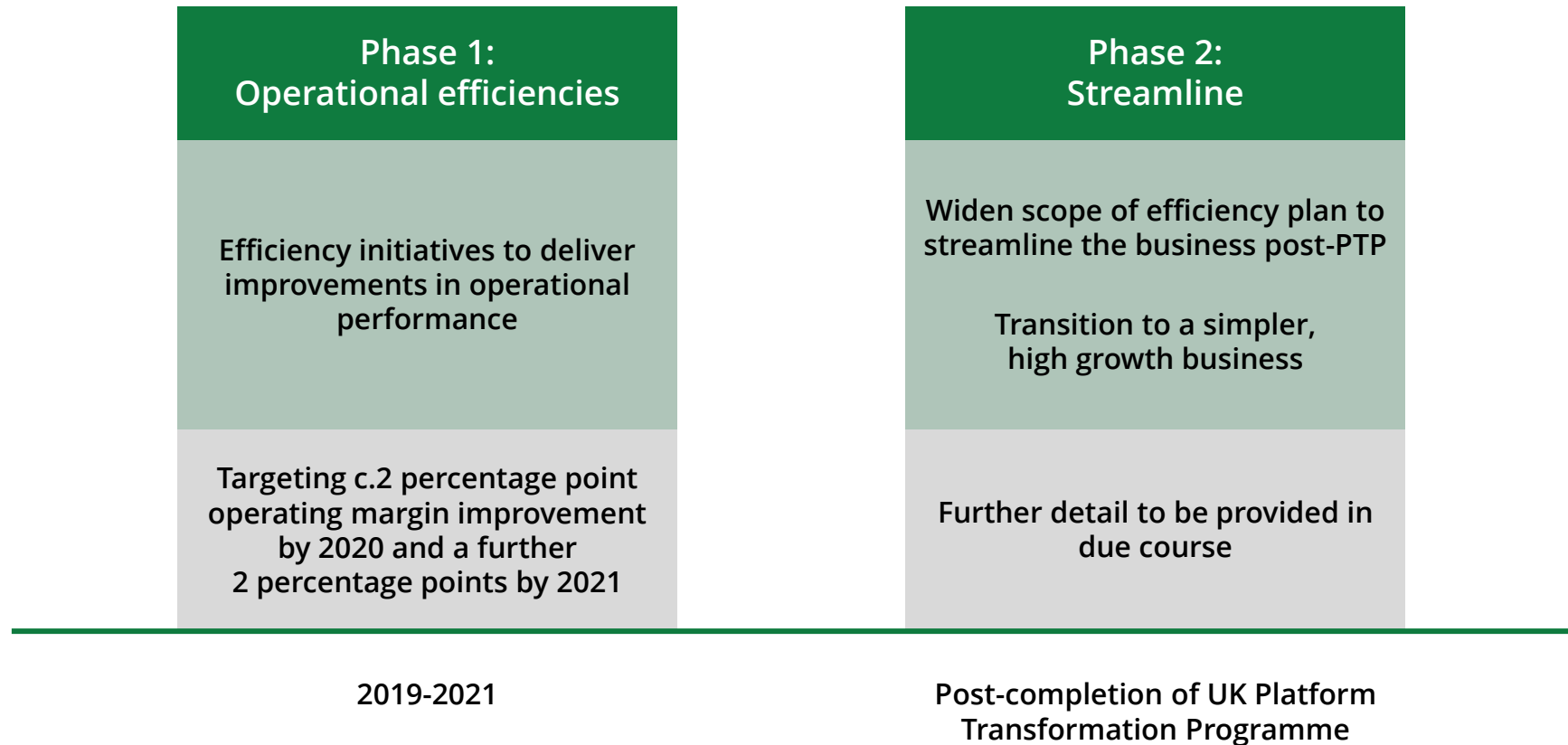
High quality delivery is of utmost importance

- Enhancing plans for comprehensive customer and adviser support
- Embedding lessons learnt from third-party implementations
- Feedback from soft launch and our initial migration

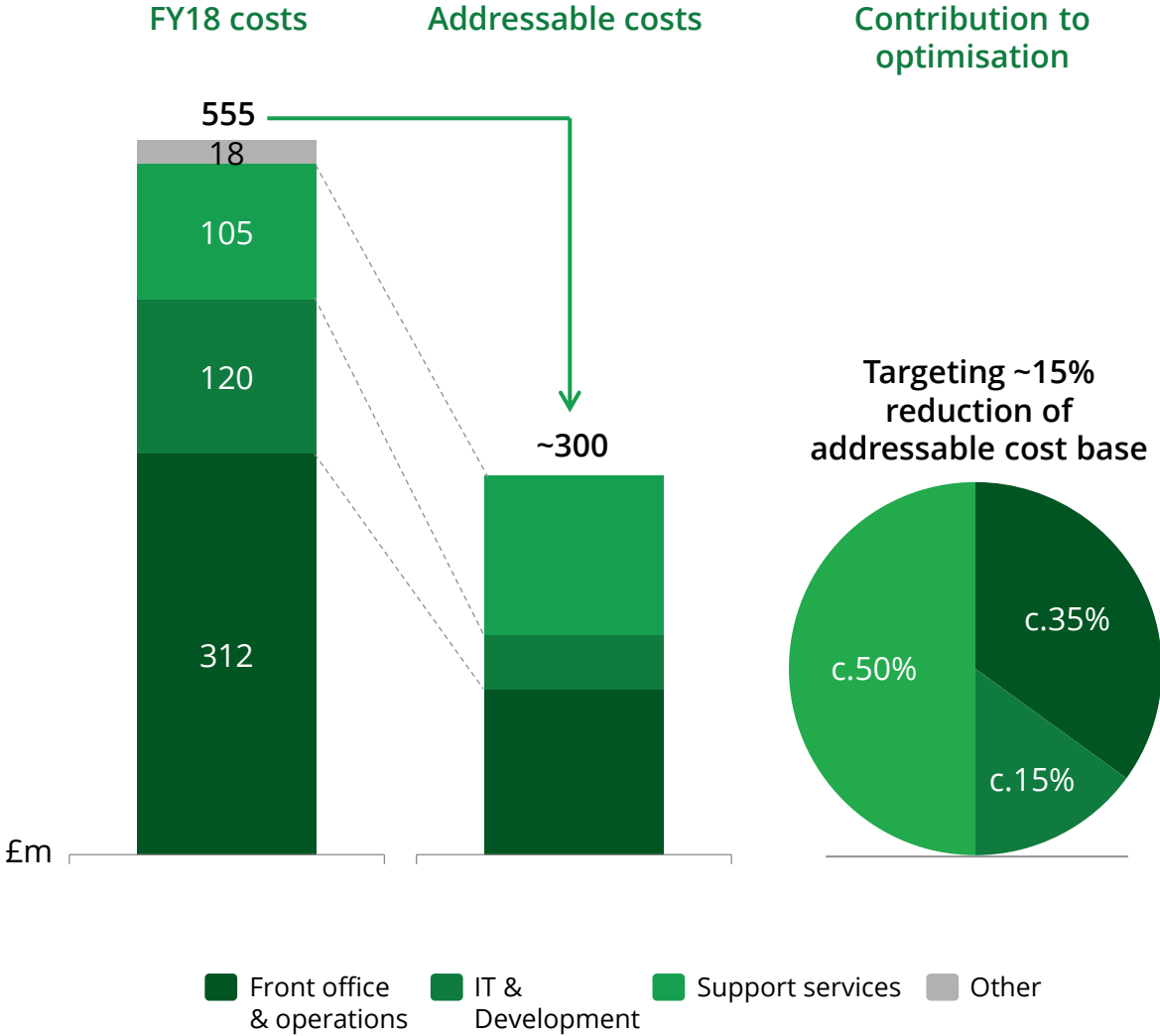
Should the active decision be taken to extend the programme into H1 2020, we would expect modest incremental costs above the top end of guidance range

Optimisation: A phased, multi-year programme

Laying the path to Quilter becoming the best version of itself that it can be



Optimisation focussed on addressable cost base



Optimisation: A phased, multi-year approach

Phase:	1. Operational efficiencies
Programme of activity:	<ul style="list-style-type: none"> Efficiency initiatives to deliver improvements in operational performance Support services focussed
Impact/outcome:	<ul style="list-style-type: none"> Targeting c.2 percentage point improvement in operating margin by 2020 and a further 2 percentage points by 2021 c.£75m¹ one-off costs to deliver
Timeline:	2019-2021

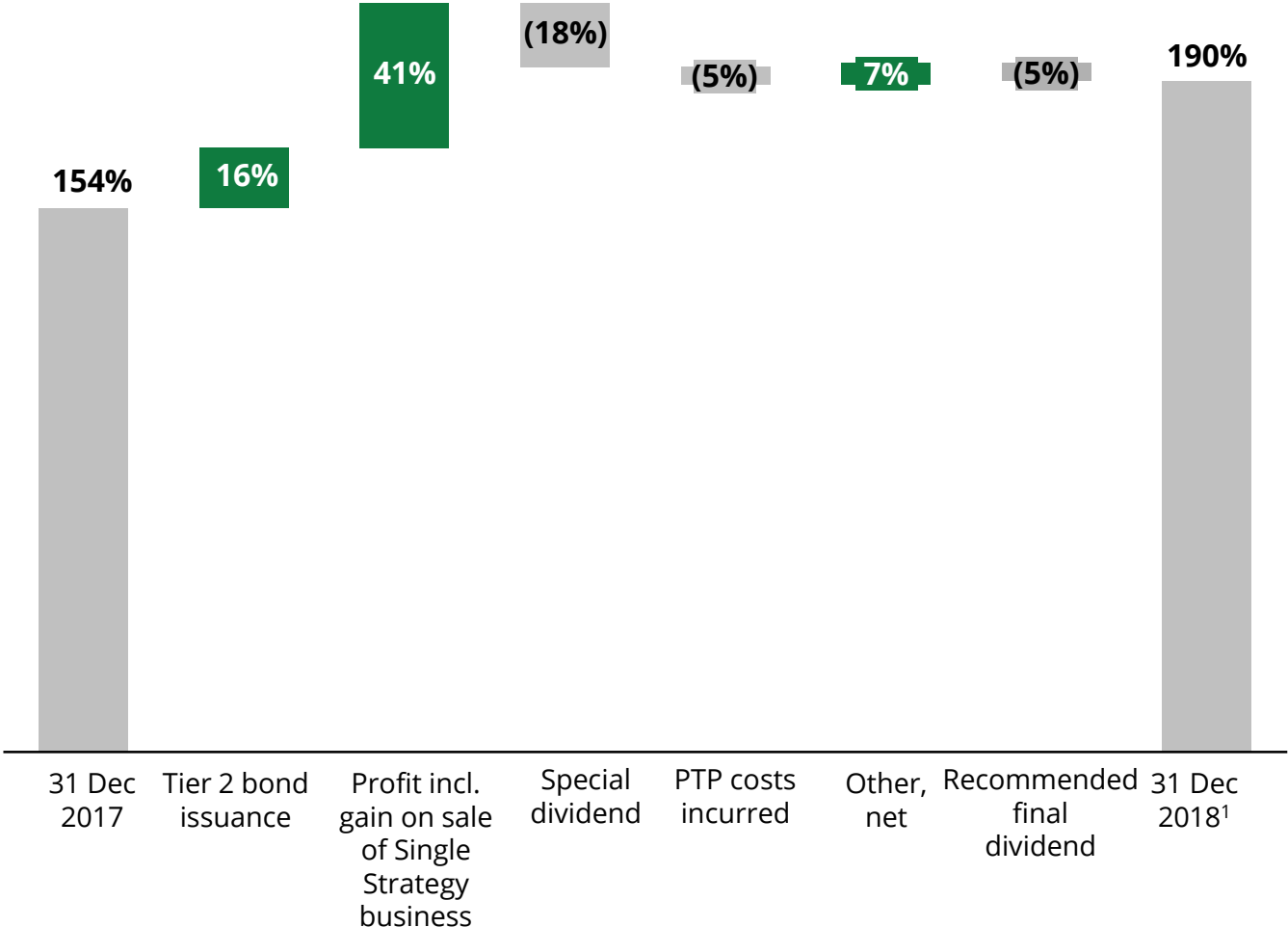
1. Includes £7m incurred in 2018.



Cash and capital

Continued strong solvency and cash position

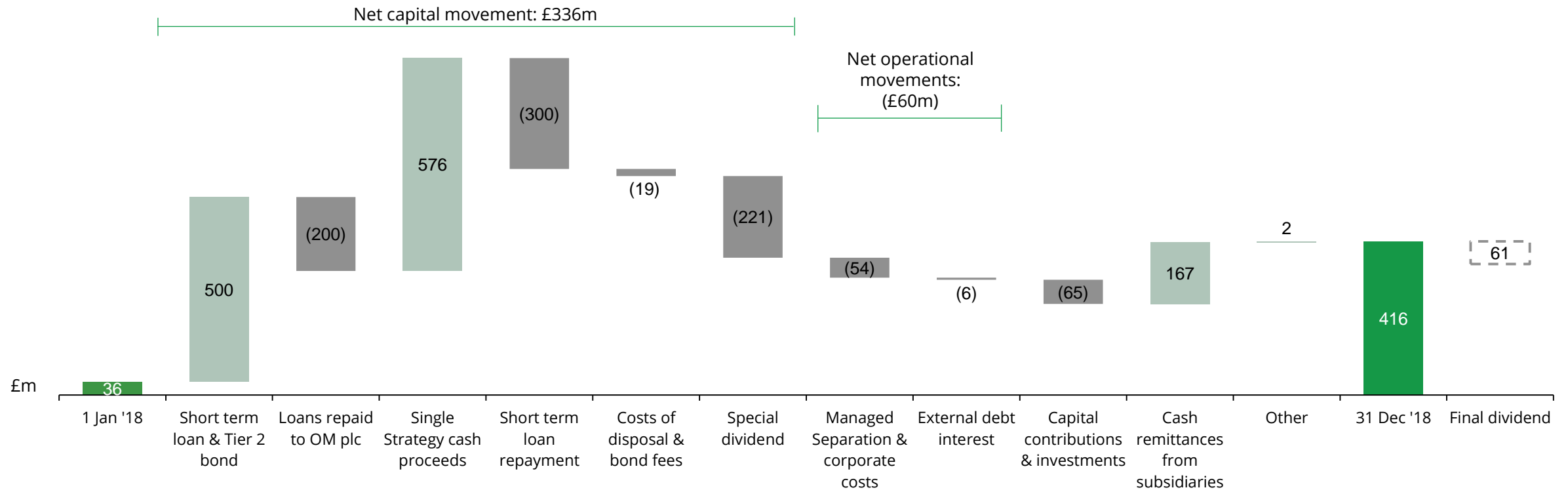
Solvency II ratio



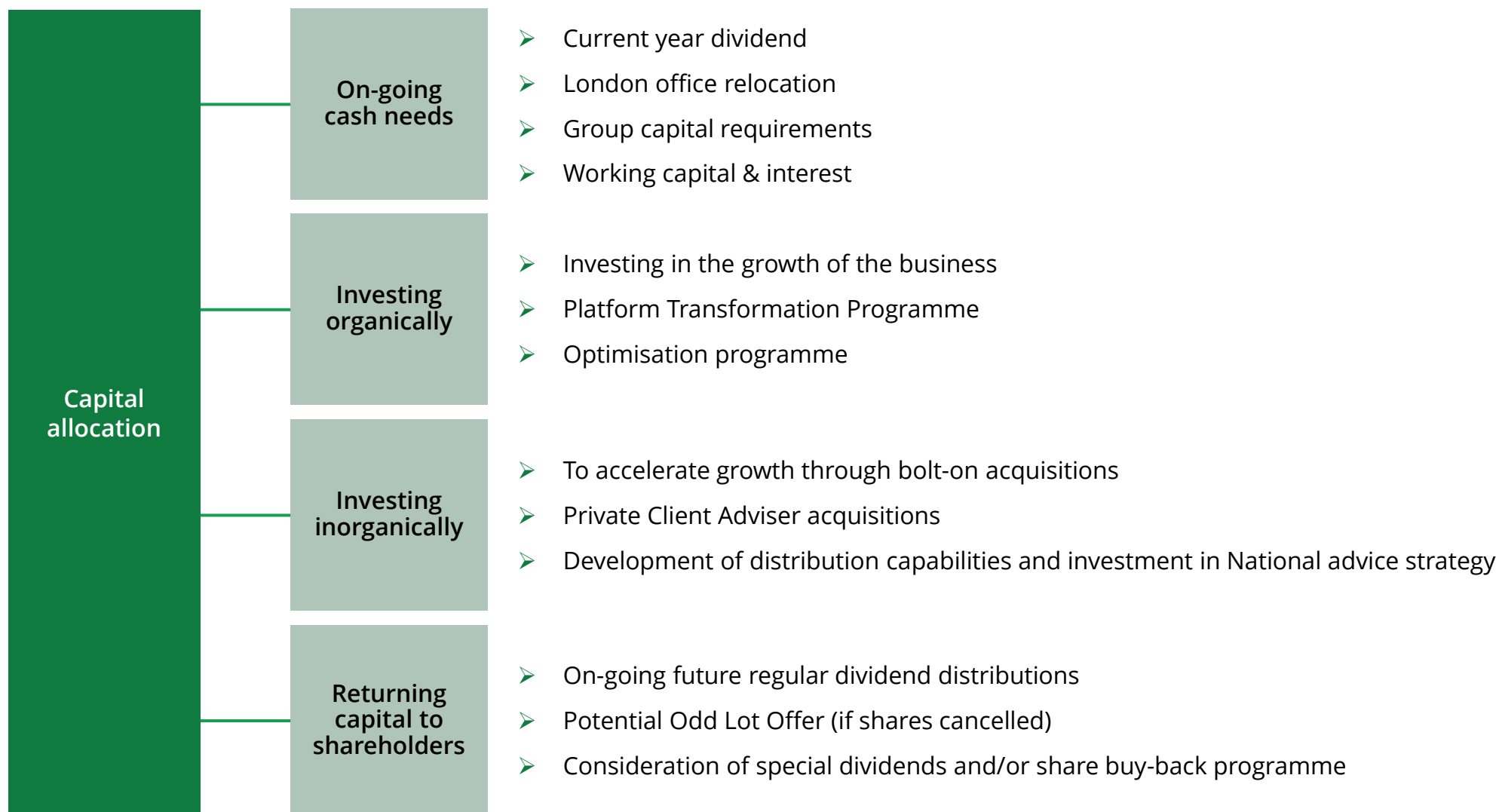
- Holding company cash at 31 December 2018 of £416m
- Reductions in own funds of £221m for special dividend and £61m for final dividend
- Provides liquidity for committed strategic investments including UK Platform Transformation Programme and targeted distribution acquisitions

1. Note c.50% relates to Value In Force.

Holding company cash



Capital management philosophy





Investment case and 2019 outlook

Quilter investment case

A unique combination of capabilities, scale and market positions

1

Full service wealth manager providing choice and delivering good customer outcomes

2

Leading positions across one of the world's largest wealth markets with strong structural growth drivers

3

Multi-channel proposition and investment performance driving integrated flows and long term customer and adviser relationships

4

Attractive top-line growth and the opportunity for operating leverage

5

Strong balance sheet with low gearing and improving cash generation to drive shareholder returns

2019: Confident in the direction of travel

- Focusing on growing the business, maintaining cost discipline
- Strong positioning in a secular growth market
- Building out national advice strategy, positioning Quilter as the 'go to' business for the affluent and mass affluent segments
- Mobilising and delivering optimisation plans
- Delivering UK Platform transformation



Appendix

Advice and Wealth Management: Powering our growth

£m	2018	2017	Δ
Revenue	373	316	+18%
Expenses	(271)	(234)	(16%)
Adjusted profit	102	82	+24%
Key metrics:			
Revenue margin (bps)	65	63	+2 bps
Operating margin (%)	27	26	+1 pp
NCCF (£bn) ¹	3.5	4.4	(20%)
Closing AuM (£bn)	41.2	41.7	(1%)
Average AuM (£bn)	42.6	37.0	+15%
NCCF/opening AuM (%) ¹	8	13	(5 pp)

- Strong growth in revenue across all three business units, notably in Quilter Investors:
 - Quilter Financial Planning: +14%
 - Quilter Investors: +45%
 - Quilter Cheviot: +7%
- Positive growth in advice fees – up 13% to £87m
- Productivity of Quilter Financial Planning remained broadly stable at £1.7m per RFP
- Revenue margin increase includes 8bps increase in Quilter Investors' revenue margin, reflecting the mix of AUM moving towards investments in higher margin earning products
- Strong profit growth year-on-year
 - Positive operating leverage despite acquisitions in PCA, full-year effect of Caerus acquisition and build-out of Quilter Investors
- Asset retention remained stable at 89%

1. Before eliminations.

Wealth Platforms: Solid performance, adjusted profit up 3%

£m	2018	2017	Δ
Revenue	414	411	+1%
Expenses	(252)	(253)	-
Adjusted profit	162	158	+3%
Key metrics:			
Revenue margin (bps)	45	46	(1 bp)
Operating margin (%)	39	38	+1 pp
NCCF (£bn) ¹	3.4	5.9	(42%)
Closing AuA (£bn)	80.7	84.8	(5%)
Average AuA (£bn)	84.7	79.1	+7%
NCCF/opening AuA (%) ¹	5	10	(5 pp)

- Strong Quilter Wealth Solutions performance offsets run-off in Quilter Life Assurance, with revenue growth/decline of:
 - Quilter International: +5%
 - Quilter Life Assurance: (10%)
 - Quilter Wealth Solutions: +6%
- Increase in adjusted profit reflects higher revenue for Quilter Wealth Solutions from higher AuA
- Quilter Life Assurance profits: £57m (2017: £66m)
- Wealth Platform NCCF¹ impacted by previously referenced changes in Quilter International's regulatory environment affecting distribution
- 91% asset retention, 1pp improvement year-on-year

1. Excludes Quilter Life Assurance and before eliminations.

Head office and items excluded from adjusted profit

In line with or better than expectations

£m	2018	Comment
Head office	31	Performance better than guided due to cost management and increased allocations to business segments
Below the line items (2018/19/20 one-off):		
UK Platform Transformation Programme	58	£79m total costs incurred to date
Managed Separation	24	Final c.£12m costs in 2019, principally in re-branding Total costs of c.£36m in line with previous guidance
Optimisation programme	7	Included within c.£75m total costs to deliver the programme
Build-out of Quilter Investors	19	Represents the full below the line charge, as guided
Below the line items (on-going):		
Finance costs	13	Future on-going expense solely relating to Tier 2 bond of c.£10m per annum

Guidance recap and impact of optimisation phase 1: FY18 results

	Guidance to market at time of Listing	Updates to guidance
Net client cash flow	<ul style="list-style-type: none"> ➤ Target: NCCF of 5% of opening AuMA (excluding QLA) per annum over medium-term 	<ul style="list-style-type: none"> ➤ No change to target but cautious on 2019 given market conditions, and economic and political uncertainty
Revenue margin	<ul style="list-style-type: none"> ➤ Subject to delivering expected AuMA volumes and mix, overall Quilter annual rate of revenue margin decline to slow in near-term and become increasingly stable ➤ Business units managed with intention of delivering revenue and profit growth, may lead to mix driven changes in segment revenue margins over time ➤ Greater proportion of flows into higher revenue margin Advice and Wealth Management segment ➤ Run-off of QLA Institutional book over next one to two years, expected to support to overall revenue margin in near term ➤ Growth of Integrated NCCF to support revenue margin going forward 	<ul style="list-style-type: none"> ➤ No change
Managed separation & standalone costs	<ul style="list-style-type: none"> ➤ Old Mutual plc guidance: c.£25-30m p/a additional operating expenses above 2016 level due to Managed Separation and need to operate on standalone basis ➤ c.£16m on annual basis reflected in 2017 year-end reported results, up to £14m of additional annual separation costs to be incurred during 2018 	<ul style="list-style-type: none"> ➤ Standalone listed group operating costs now reflected in cost base at full run-rate ➤ Further c.£12m below-the-line costs in 2019, principally in re-branding
Investment	<ul style="list-style-type: none"> ➤ For the period 2018-2020 total investment estimated to impact expense base by £20-30m, in aggregate 	<ul style="list-style-type: none"> ➤ No change

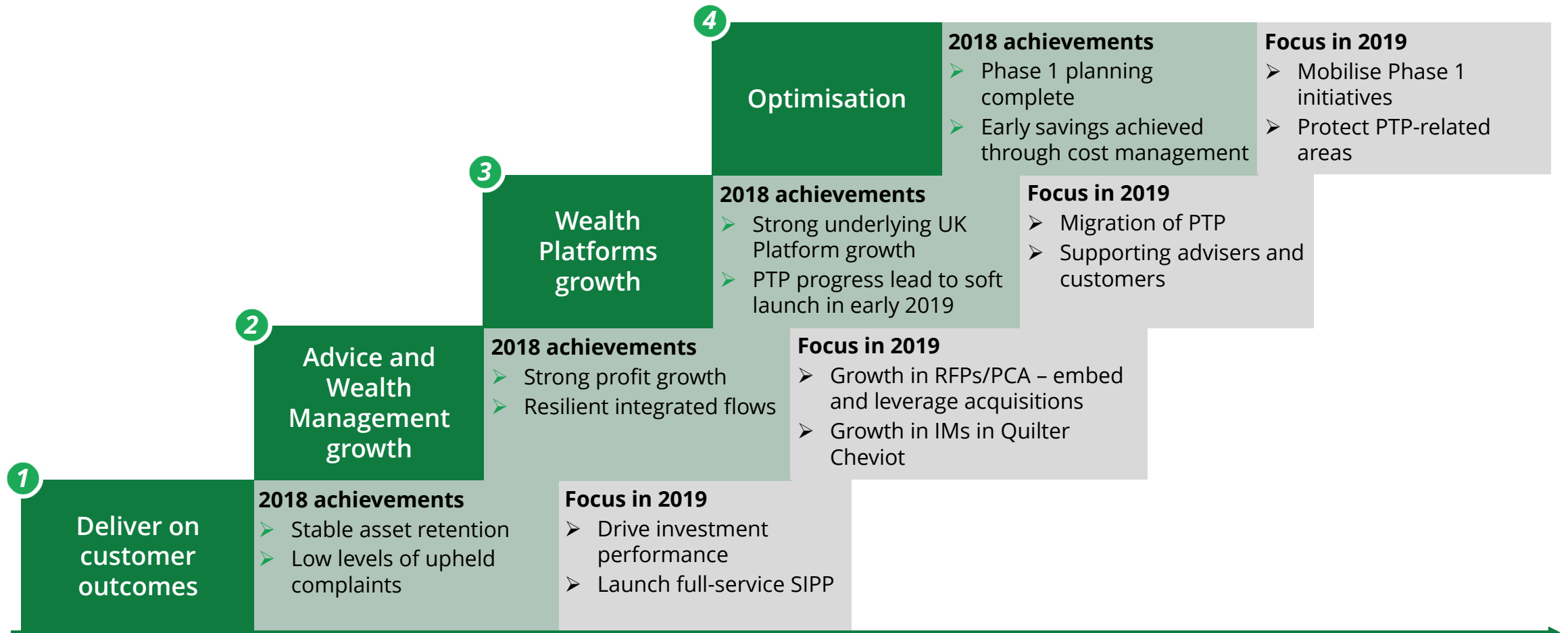
Guidance recap and impact of optimisation phase 1, cntd: FY18 results

	Guidance to market at time of Listing	Updates to guidance
2019 costs	<ul style="list-style-type: none"> ➤ n/a 	<ul style="list-style-type: none"> ➤ Aim for broadly flat costs (excl. acquisitions) in 2019 year-on-year, to partially offset weaker revenue outlook ➤ Charles Derby expected to increase revenues and costs by around £15m in 2019
LTIP costs	<ul style="list-style-type: none"> ➤ New Quilter Performance Shareplan will result in additional LTIP staff costs in 2018 and later years ➤ LTIP costs to increase steadily on a phased basis to approximately £15m per annum by 2020 	<ul style="list-style-type: none"> ➤ No change
Optimisation & operating margin target (pre-tax)	<ul style="list-style-type: none"> ➤ Optimisation: n/a ➤ Target: 30% operating margin (excl. interest) by 2020 after impact of additional expenses expected in 2018, before benefits from any optimisation initiatives ➤ 2018 & 2019 will bear full impact of standalone costs, likely leading to a small decrease in our current operating margin prior to 2020 	<ul style="list-style-type: none"> ➤ £75m one-off costs to deliver optimisation phase 1 initiatives, with c.50% incurred by end of 2019 ➤ Targeting c.2 percentage point improvement in operating margin by 2020 and a further 2 percentage points by 2021, assuming broadly normal market performance from around current levels, together with steady net flows
Debt costs	<ul style="list-style-type: none"> ➤ £200m subordinated debt at 4.478% 	<ul style="list-style-type: none"> ➤ No change
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 International 	<ul style="list-style-type: none"> ➤ ETR expected to be 12-14% within a few years, reflecting International's profits, use of capital losses and UK corporation tax rate declining to 17% in 2020
UK Platform Transformation Programme	<ul style="list-style-type: none"> ➤ Costs incurred to be between £120m to £160m 	<ul style="list-style-type: none"> ➤ Expect total programme costs to be towards top of range ➤ Should the decision be taken to extend the programme into H1 2020, would expect modest incremental costs above the top end of guidance range

Guidance recap and impact of optimisation phase 1, cntd: FY18 results

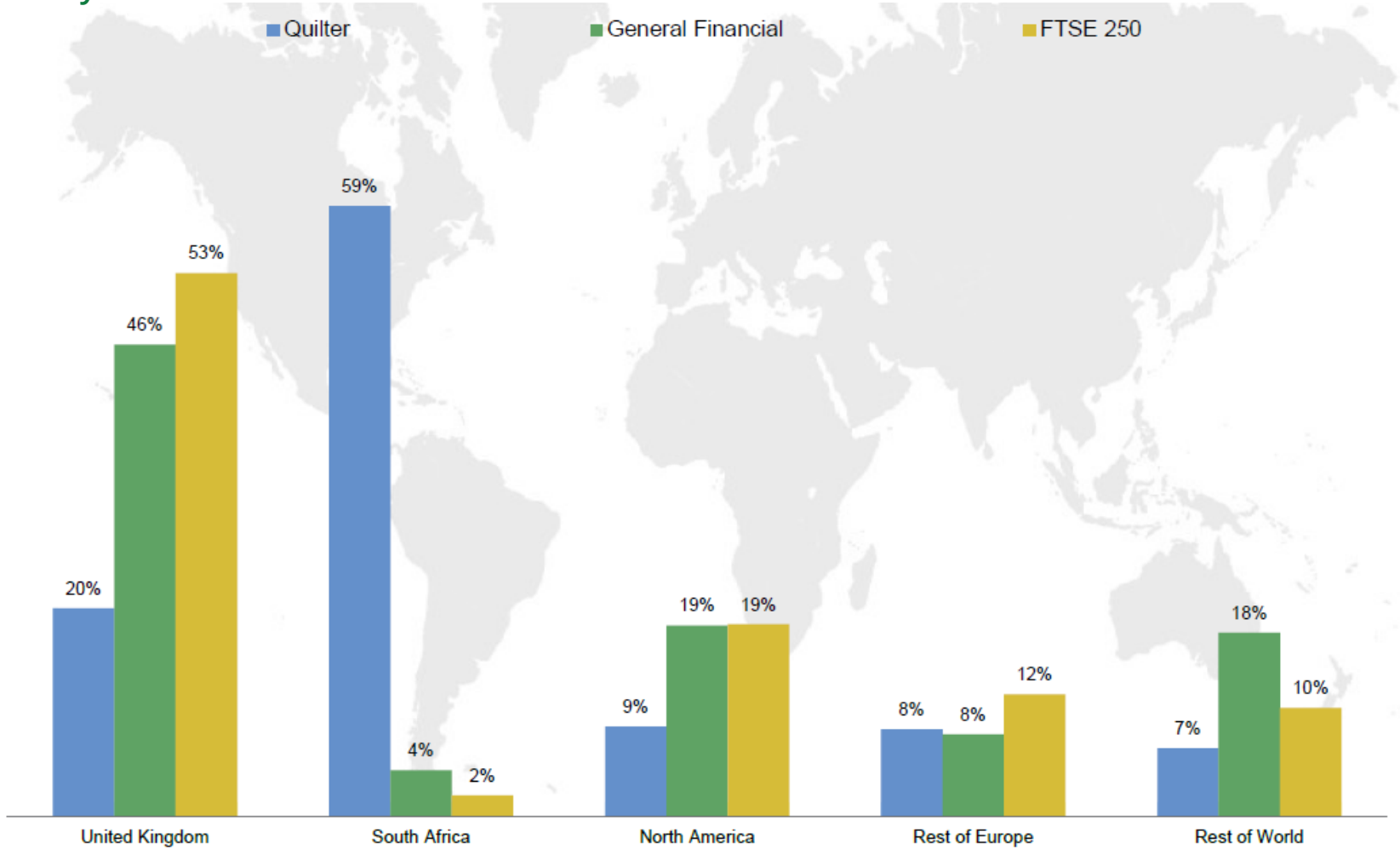
	Guidance to market at time of Listing	Updates to guidance
Cash conversion	<ul style="list-style-type: none"> ➤ Approximately 80% of post-tax operating profit from continuing operations into free cash, partially used to fund debt servicing costs and targeted distribution acquisitions ➤ Distribution acquisitions expected to be up to £20m p.a. 	<ul style="list-style-type: none"> ➤ No change ➤ No change
Dividend policy	<ul style="list-style-type: none"> ➤ Target 40-60% pay-out ratio of post-tax adjusted profits, with the split of interim and final dividends approximately one-third and two-thirds, respectively 	<ul style="list-style-type: none"> ➤ No change
Capital	<ul style="list-style-type: none"> ➤ 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 	<ul style="list-style-type: none"> ➤ No change
Other items		
Share count	<ul style="list-style-type: none"> ➤ Shares in respect of staff share schemes expected to vest over the next two years. Future share awards will then be satisfied through on-market purchases 	<ul style="list-style-type: none"> ➤ No change
Seasonal dynamics	<ul style="list-style-type: none"> ➤ FSCS levies paid in first half of year 	<ul style="list-style-type: none"> ➤ No change
London relocation	<ul style="list-style-type: none"> ➤ n/a 	<ul style="list-style-type: none"> ➤ Relocation likely to result in one-off cost associated with the move, and higher run-rate expenses

Our focus for 2019 and beyond



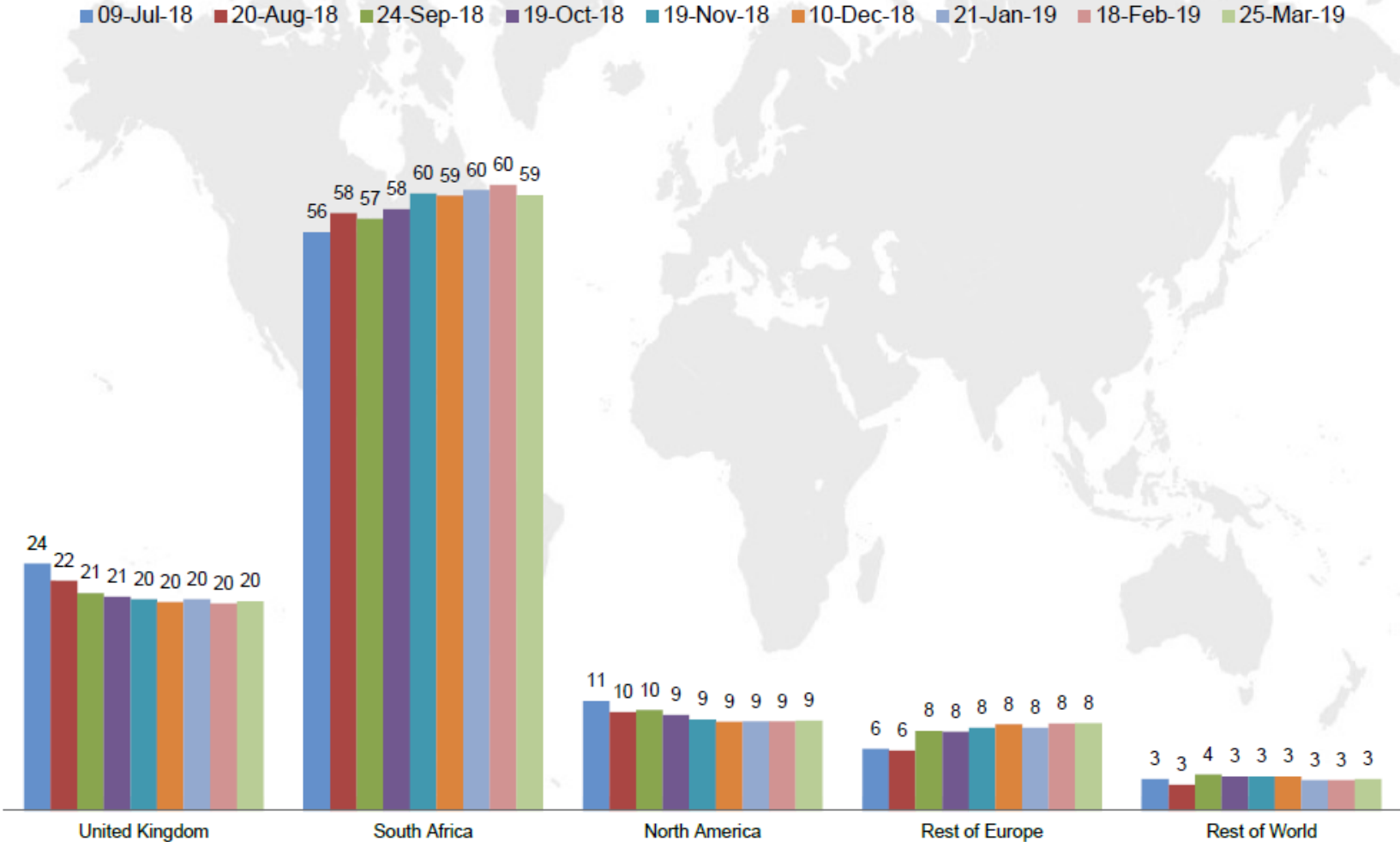
Register structure by geography

Company analysis vs key benchmark data



As at 25 March 2019

Register structure over time



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Disclaimer

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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 several scenarios of the UK leaving 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.

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