



# Avior Digital Summit 2020

Karin Cook, Chief Operating Officer  
June 2020

Quilter

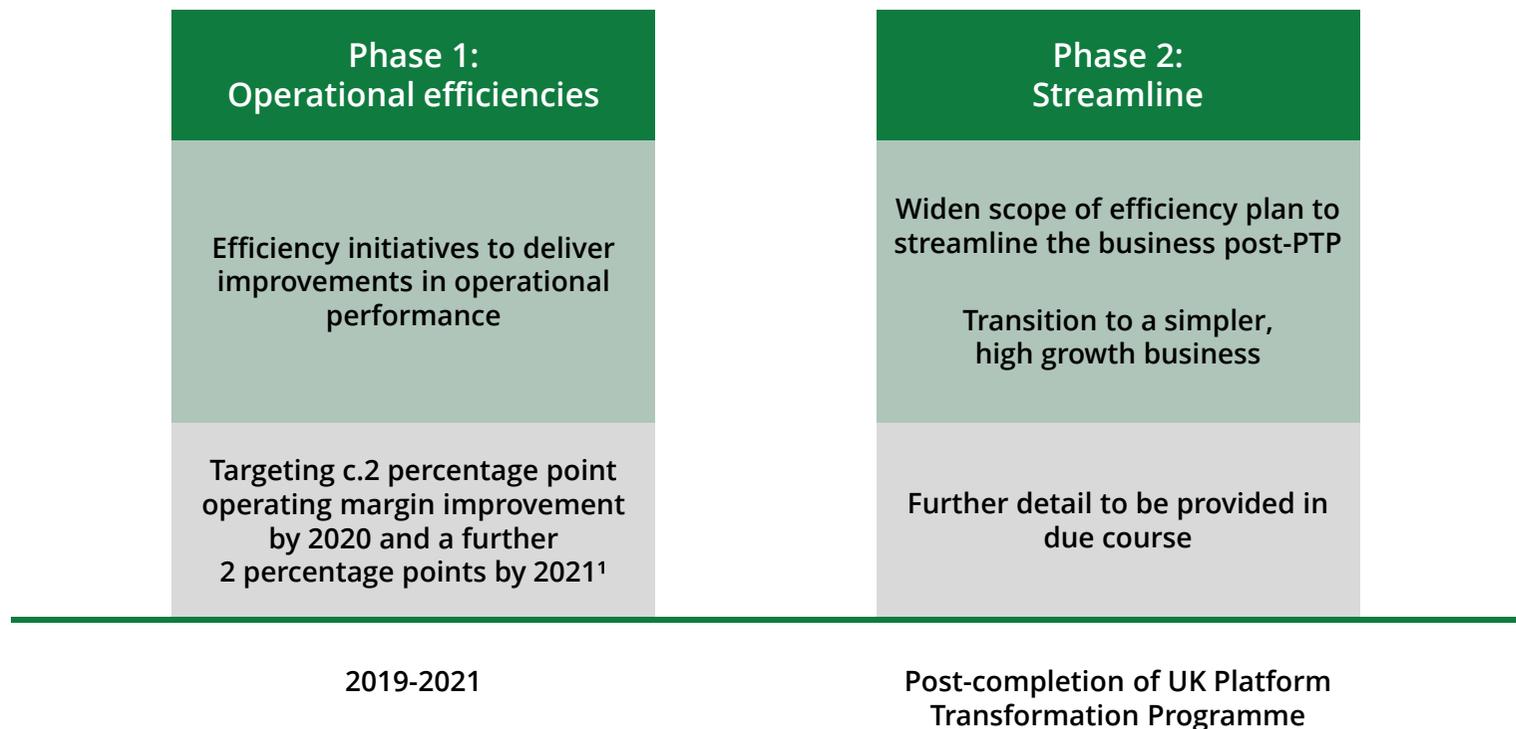
## Introduction: Karin Cook, Chief Operating Officer

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- Joined Quilter in January 2019
- Experience of leading major operations and IT transformations, and leading complex business units and group-wide processes in large, publicly-listed financial services organisations
  - Prior to Quilter, spent five years at Lloyds Banking Group undertaking roles including Chief Operating Officer of Commercial Banking, and Group Director of Operations
  - Previously spent nine years at HSBC, culminating as Global Private Banking Chief Operating Officer between 2010 and 2013
- Reporting lines include technology and change delivery, IT security, procurement and third party risk management, facilities, marketing, corporate affairs and HR functions
- Focus on delivering operational efficiency while improving client experience

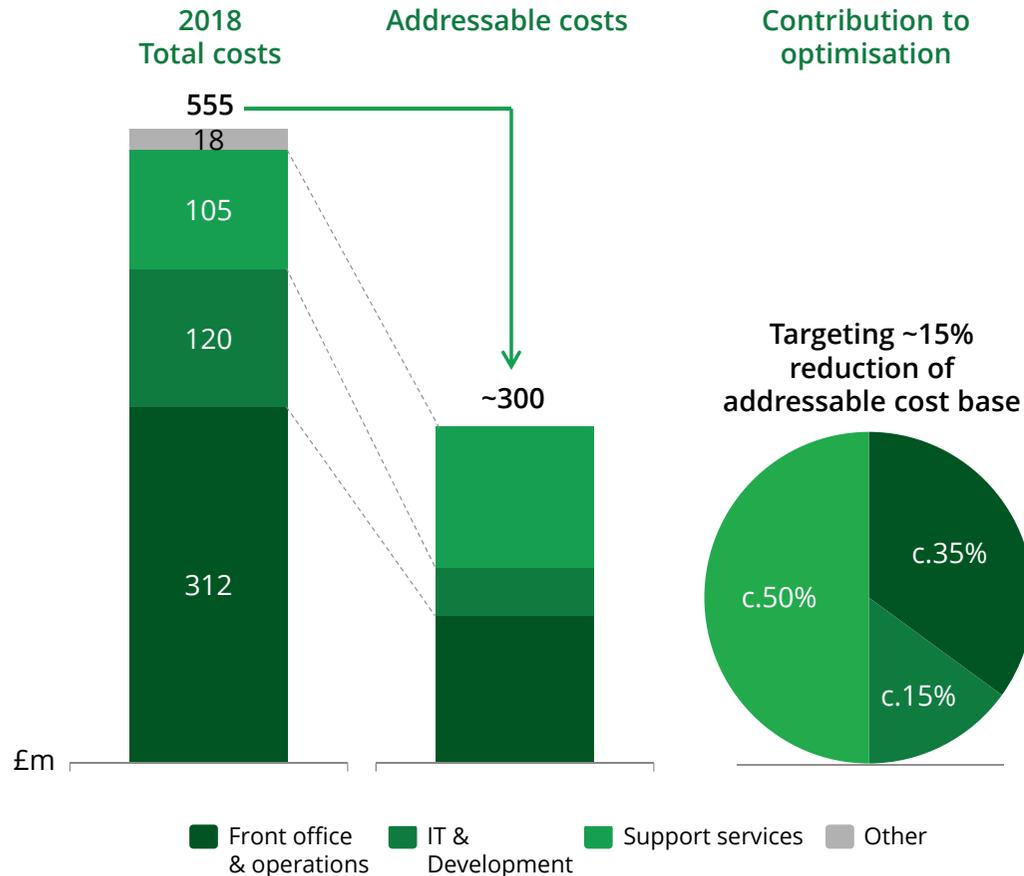
# Optimisation: A phased, multi-year programme

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



1. The Group noted in its 1Q 20 Trading Statement, published 21 April 2020, that it no longer expects to meet its targeted 27% operating margin for 2020 due to lower market levels leading to lower AuMA and hence revenues. It should equally be noted 2021's operating margin target will be subject to market performance.

# Optimisation focussed on addressable cost base



## Optimisation: A phased, multi-year approach

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

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2. Includes £7m incurred in 2018.

## Optimisation Phase 1: 2019 £14m saving delivered, £24m run-rate achieved

What we have done	What we have left to do
<ul style="list-style-type: none"> <li>➤ Simplification and unification of central support functions commenced</li> <li>➤ Quick win tactical efficiencies delivered</li> <li>➤ Staff restructuring initiated</li> <li>➤ Day-rate contractor reductions and third-party contracts renegotiated</li> <li>➤ System changes to support further rationalisation commenced</li> <li>➤ £14m saving delivered in 2019, with run-rate efficiencies of £24m achieved<sup>1</sup> by 31 December 2019</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fully transform our support functions into centres of excellence</li> <li>➤ General ledger and integrated HR and Procurement system build</li> <li>➤ Automate more of the Advice process</li> <li>➤ Odd-lot Offer<sup>2</sup> and legal entity rationalisation</li> <li>➤ Adopt use of robotics to automate International's manual operational process</li> </ul>
<p style="text-align: center;"><b>2019</b></p> <p><b>Operating margin progress<sup>3</sup></b></p> <p style="text-align: center;"><b>Programme initiated</b> <b>Year-end margin: 26%<sup>4</sup></b></p>	<p style="text-align: center;"><b>2020</b></p> <p style="text-align: center;"><b>Target: 27%</b></p> <p style="text-align: center;"><b>2021</b></p> <p style="text-align: center;"><b>Target: 29%</b></p>

1. Together with initiatives delivered in 2018.

2. The Odd-lot Offer was completed in May 2020 with 16,263,364 shares purchased, reducing the shareholder base by c.45%.

3. The Group noted in its 1Q 20 Trading Statement, published 21 April 2020, that it no longer expects to meet its targeted 27% operating margin for 2020 due to lower market levels leading to lower AuMA and hence revenues. It should equally be noted 2021's operating margin target will be subject to market performance.

4. Excluding Quilter Life Assurance (QLA).

## Quilter's response to covid-19

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- Protecting employees, advisers and customers; Preparing to deliver through disruption
- c.98% of Quilter staff now working remotely including 200+ contact centre-based colleagues
  - Technology a key enabler for business continuity: Accelerated delivery of IT and remote telephony systems
  - Maintained high client service levels: Supporting advisers and customers online and by telephone
  - Encouraging more digital access and solutions: Many legacy paper-based processes reengineered to have a greater degree of automation and client-focus
  - Wellbeing: Increased practical, emotional and mental support available for employees, managers and advisers
- Operationally resilient, remaining focused on completing principal projects including Optimisation, key technology upgrades and automation of the advice process

## Optimisation programme

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- Present focus on realising the benefits from phase 1 initiatives, with phase 2 planning starting for implementation post-PTP
- Phase 2 opportunities in IT, with further middle and back-office operational efficiencies, taking learnings from Covid-19 continuity-induced innovation
- Building on phase 1 initiatives, incremental optimisation opportunities across central functions such as Property, Finance and Procurement
- Early phase 2 planning deferred as a consequence of heightened organisational and logistical challenges related to covid-19



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## Contacts

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### Investor enquiries

John-Paul Crutchley	UK	+44 (0)7595 301 018 <a href="mailto:john-paul.crutchley@quilter.com">john-paul.crutchley@quilter.com</a>
Keilah Codd	UK	+44 (0)7776 649 681 <a href="mailto:keilah.codd@quilter.com">keilah.codd@quilter.com</a>

### Media enquiries

Jane Goodland	UK	+44 77 9001 2066 <a href="mailto:jane.goodland@quilter.com">jane.goodland@quilter.com</a>
Tim Skelton-Smith	UK	+44 78 2414 5076 <a href="mailto:tim.skelton-smith@quilter.com">tim.skelton-smith@quilter.com</a>

### *Camarco*

Geoffrey Pelham-Lane	UK	+44 203 757 4985
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### *Aprio*

Julian Gwillim	SA	+27 11 880 0037
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