



Interim results 2020

11 August 2020

Quilter

Disclaimer

This presentation should be read in conjunction with the announcement published by Quilter plc on 11 August 2020.

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 the COVID-19 pandemic, the implications and economic impact of several scenarios of the UK's future relationship with 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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Nothing in this presentation should be construed as a profit forecast.

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

Presentation agenda

Business review

Paul Feeney

Financial review

Mark Satchel

Concluding remarks

Paul Feeney

Q&A

Executive summary: Delivering through disruption

Financial performance

- £71m adjusted profit before tax: Pleasing outturn in a challenging environment
- Stable gross flows, resilient integrated flows, significantly improved net flows
- Strong rebound in AuMA from March lows, closing at £107.4bn at end-June

Strategic progress

- Significant Platform migration scheduled for Q4 2020
- Lighthouse acquisition integration progressing well, in line with plan
- Key management changes announced to drive next stage of Quilter's growth

Operational improvement

- Optimisation initiatives on track to deliver c.£50m cost saves
- Incremental tactical cost reduction of c.£30m in 2020
- Added new investment managers and Restricted Financial Planners
- Technology upgrades and new system enhancements implemented, remotely

Maintaining support to all stakeholders in wake of Covid-19 pandemic

Colleagues

- c.98% of colleagues in UK and internationally working remotely at lock-down peak
- Active colleague engagement strategy – “Thrive” wellbeing programme supporting remote working and those struggling with isolation
- Deferred certain Optimisation initiatives

Communities

- Quilter Financial Adviser School’s first Diploma module, available free online. Over 300 people signed up during lockdown
- £200k donated to the UK National Emergencies Trust
- Volunteers remotely supporting Young Carers Trust

Clients and Advisers

- Accelerated delivery of IT and remote telephony solutions maintained high service levels
- “There for you” programme rolled out to over 23,000 advisers across the UK offering help on topical issues
- Encouraged digital access and provided online materials for advisers to share with clients

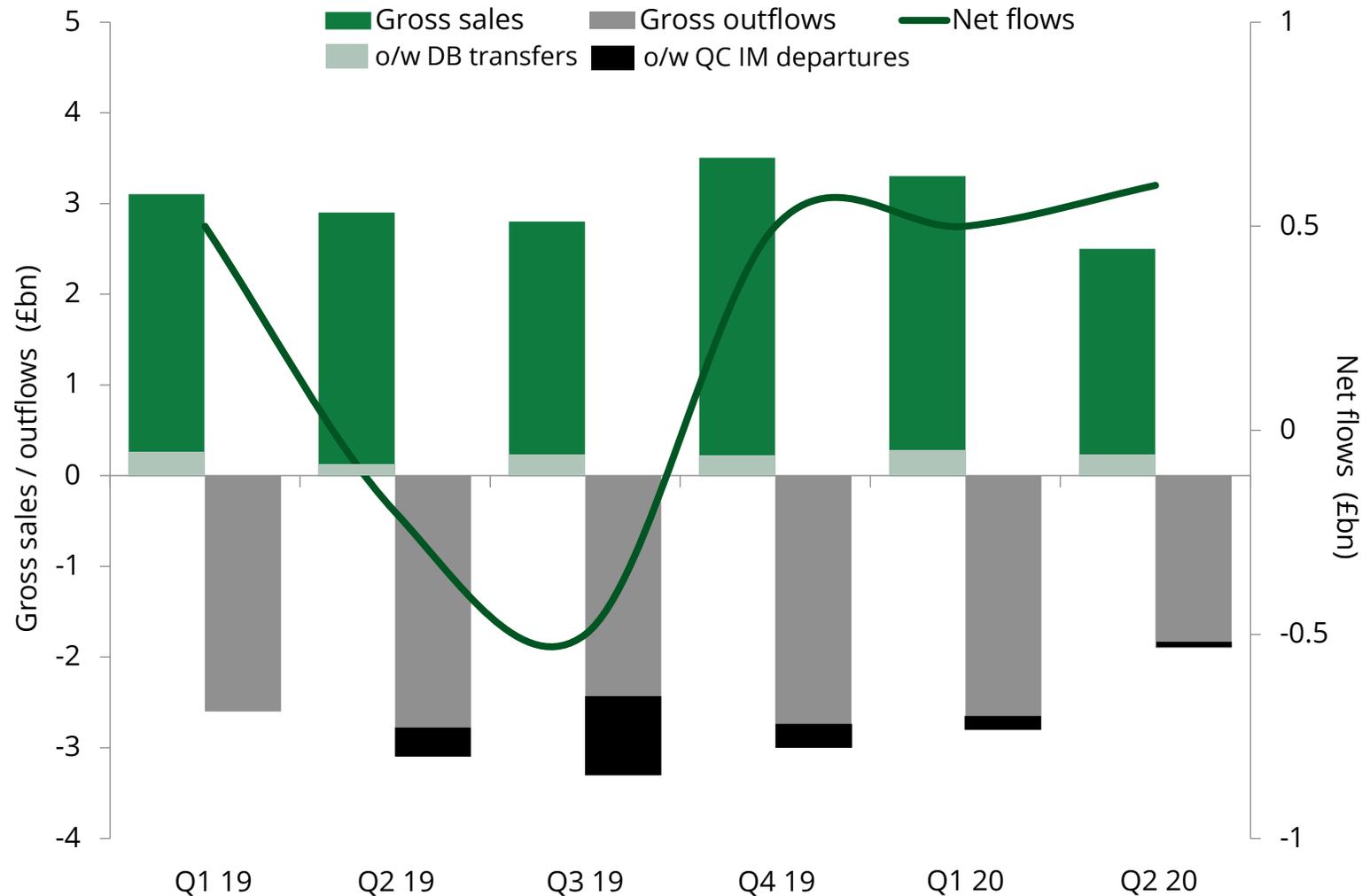
Shareholders

- Balance sheet strength in challenging times
- Buybacks of c.£76m completed to date¹
- Completion of the Odd-lot Offer
- 1.0p interim dividend

In uncharted waters, we must be guided by our values; Our priority is to protect our employees, while serving the customers and advisers who rely on us.

1. As at 7 August 2020.

2020: Improving net flows



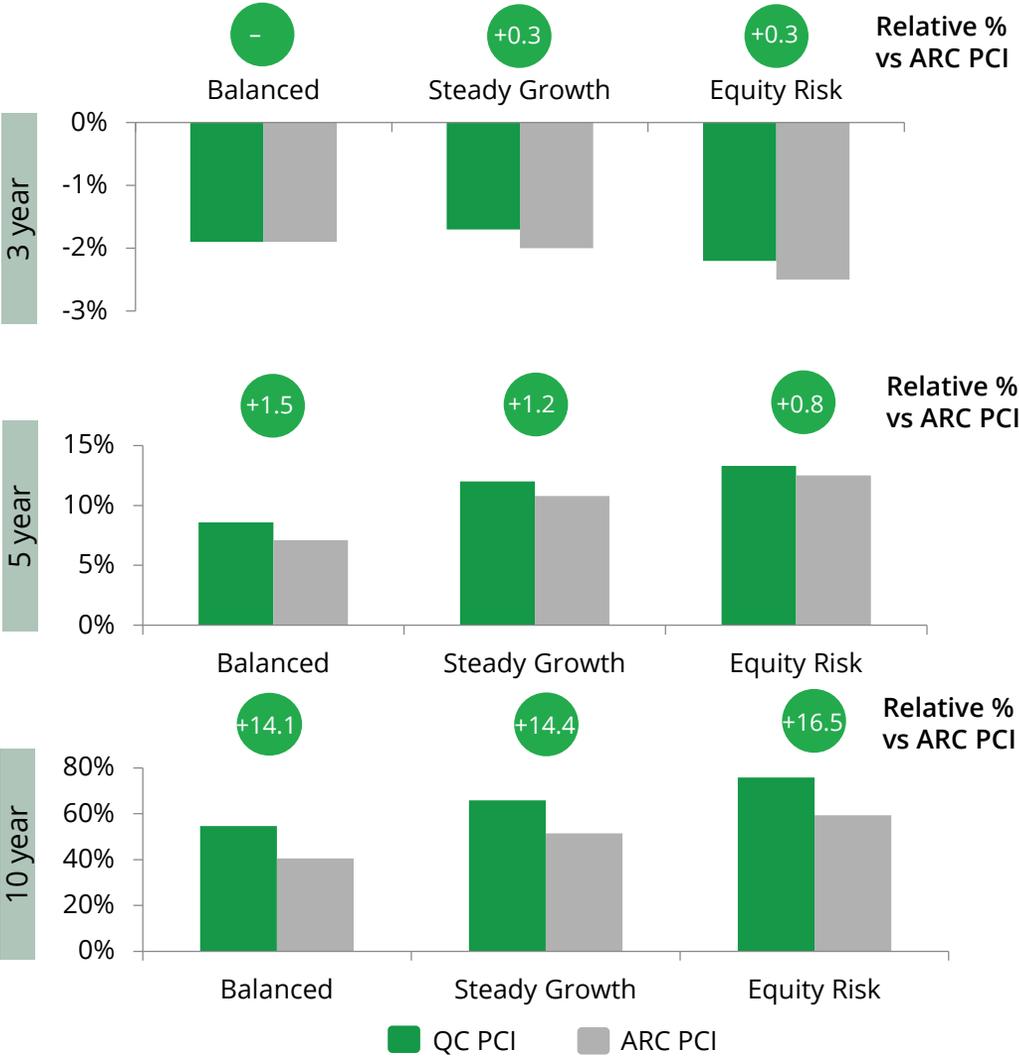
- Substantial improvement in net flows: from £0.3bn to £1.1bn
- Stable gross sales and integrated flows
- Advisers highly engaged with clients, supporting them navigate volatility and uncertain times
- COVID-19 accelerated industry-wide trend for switching to Passive/Blend solutions
- Welcomed FCA announcement on plans to reform DB transfer market – wholly consistent with existing Quilter practice

Note: All figures exclude QLA.

Investment performance

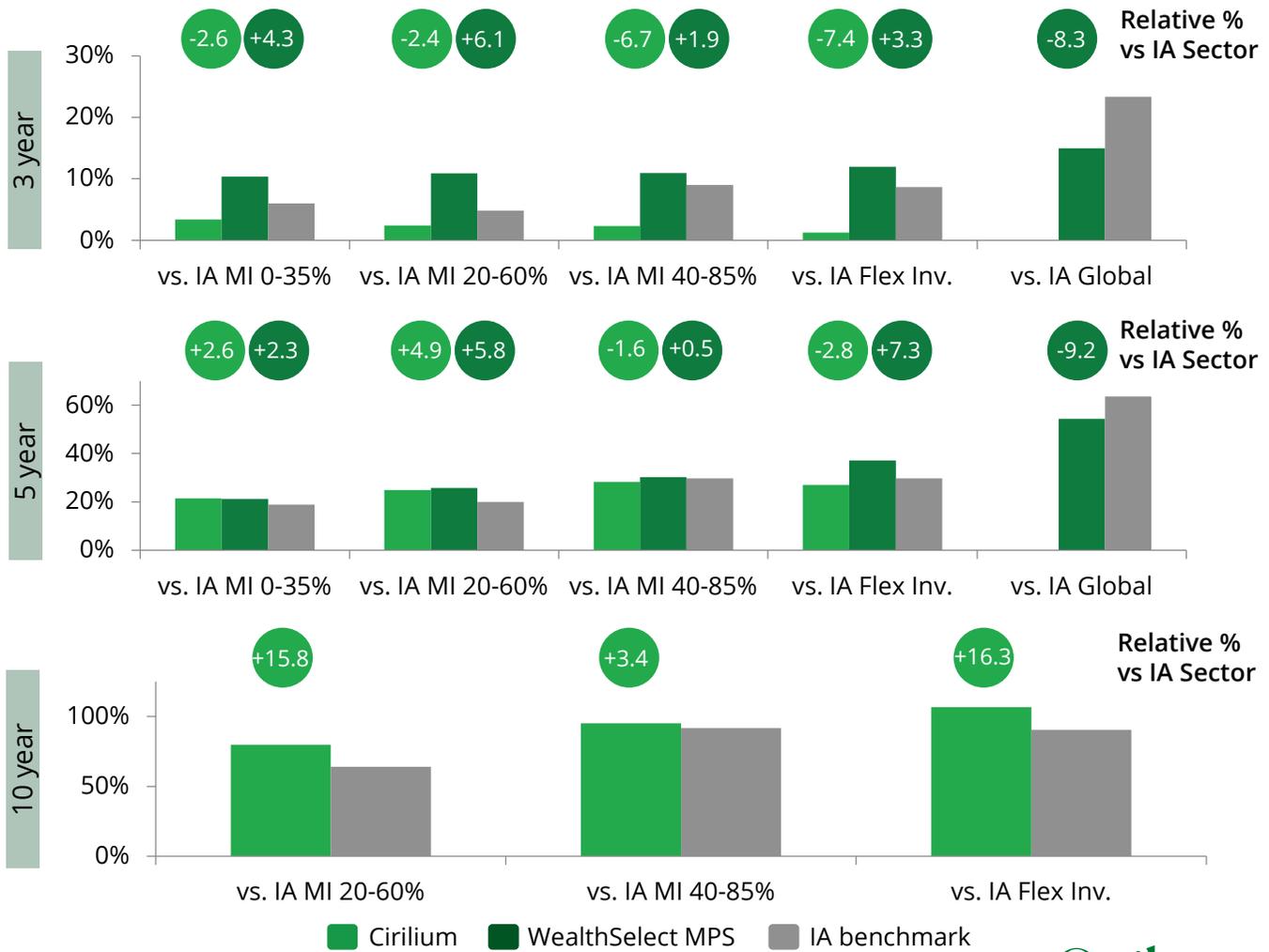
Quilter Cheviot returns

Quilter Cheviot performance vs. ARC Sterling PCI, as at 31 March 2020



Cirilium & WealthSelect MPS

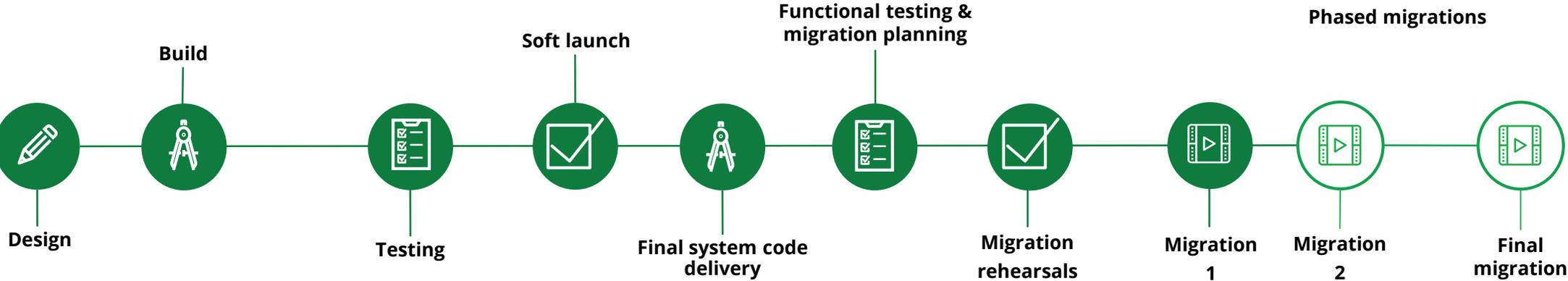
Performance vs respective Investment Association sector average
Cumulative returns: as at 30 June 2020



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. UK: Suitable for professional clients.



UK Platform Transformation Programme



First migration successfully undertaken

- New platform continues to operate well and at scale
Continued focussed support for advisers and customers
- Adviser feedback driving system improvements
- Lessons learnt from first migration incorporated into further migration planning

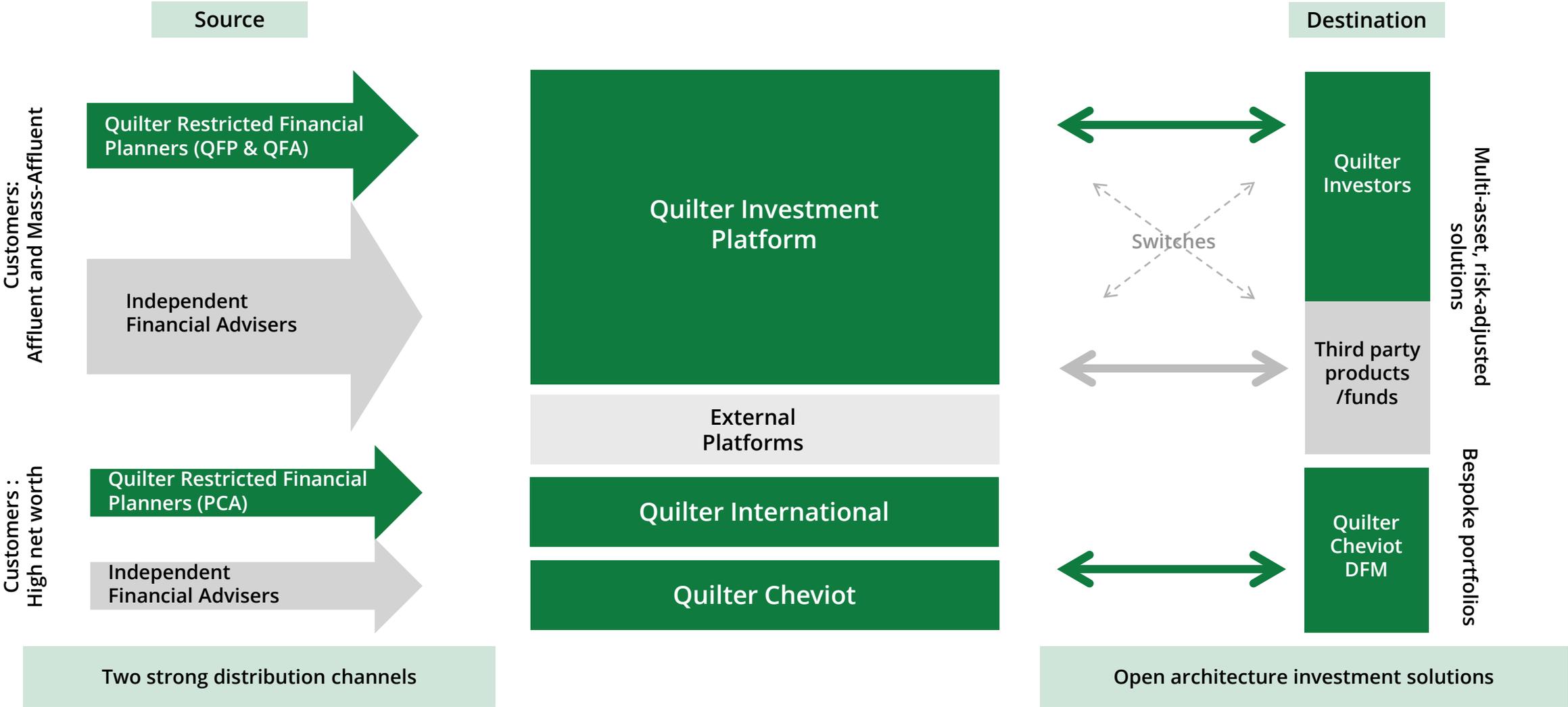
Adviser engagement and readiness key to final migrations

- Second migration of c.2,000 adviser firms to capture majority (c.75%) of AuA and include QFP
- Final migration represents c.5,500 adviser firms with c.15% of AuA
- Total programme costs expected to be c.£200 million

Successful migration of customers and advisers is the gateway to a strong business relationship over time ... new platform will be the beating heart of Quilter

● Complete ○ To come

Improving cohesion between our business capabilities



Our objective remains unchanged: Building a modern, advice-led wealth manager



Operating responsibly is aligned with Quilter values



Financial review

Mark Satchel
11 August 2020

Quilter

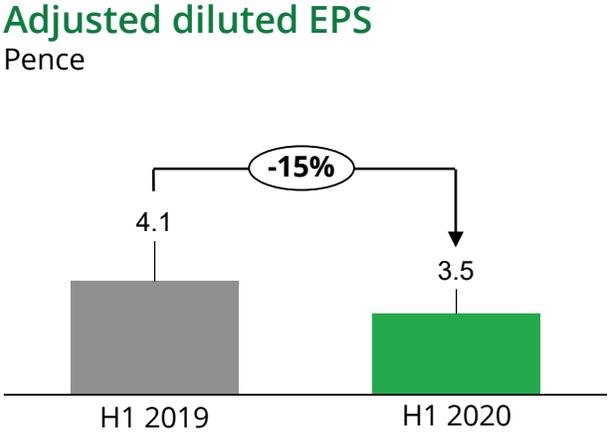
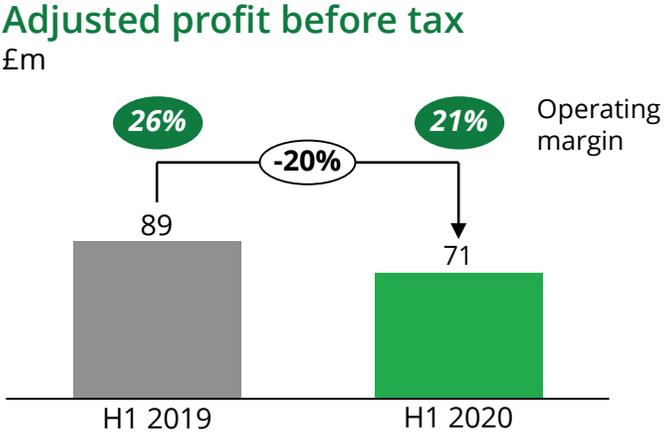
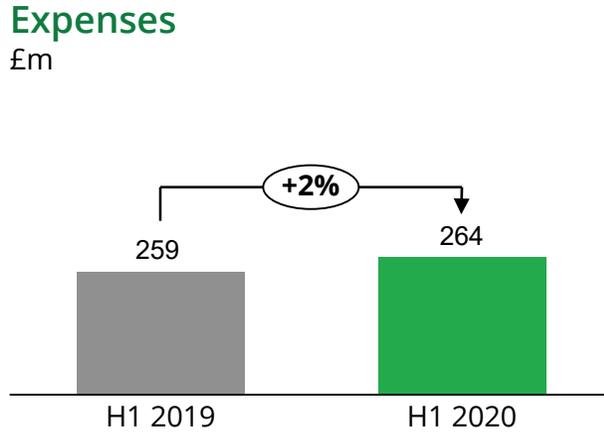
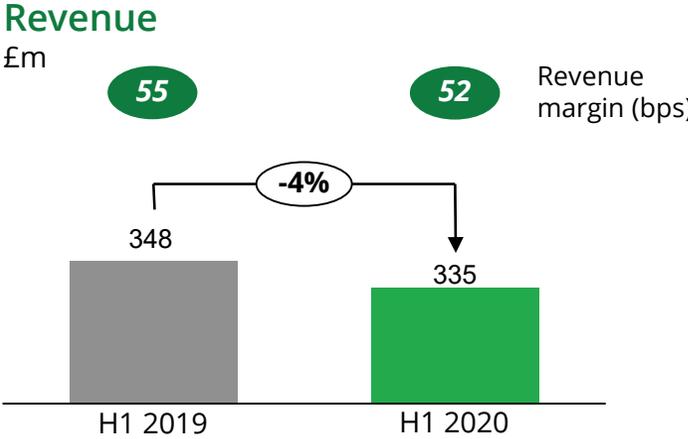
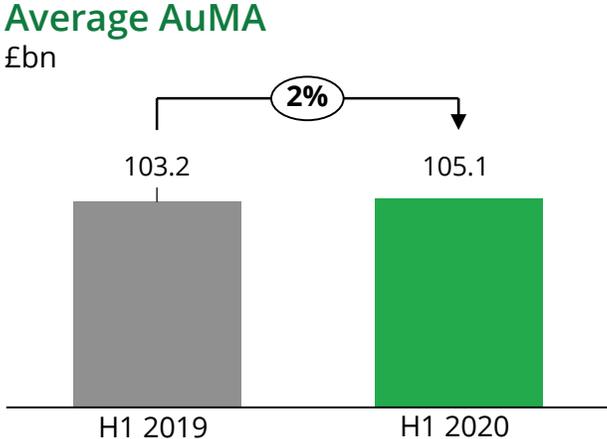
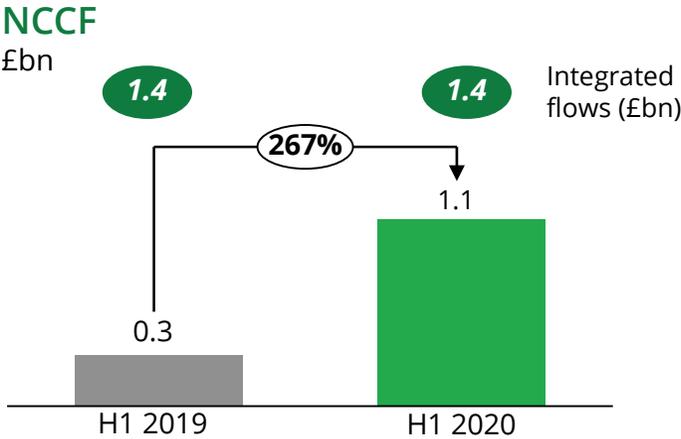
Executive summary: satisfactory performance in H1 2020

- Adjusted profit lower as a result of revenue margins and QLA stranded costs
- Adjusted diluted earnings per share of 3.5p
- Interim dividend of 1.0 pence per share
- Continuation of the £375m share buyback programme

Key Performance Indicators from continuing operations, excluding QLA		H1 2020	H1 2019	Δ
Financial:				
NCCF	%	1.1	0.3	+267%
NCCF/opening AuMA ¹	%	2	1	-
Integrated flows	£bn	1.4	1.4	-
AuMA	£bn	107.4	107.3	-
Asset retention	%	92%	88%	+4ppt
Adjusted profit before tax ²	£m	71	89	(20%)
<i>A&WM adjusted profit before tax</i>	£m	41	50	(18%)
<i>WP adjusted profit before tax</i>	£m	47	56	(16%)
IFRS profit/(loss) after tax	£m	44	(32)	-
Operating margin	%	21	26	(5ppt)
Non-financial:				
Restricted Financial Planners ('RFPs')	#	1,808	1,799	+9
Investment Managers ('IMs')	#	169	167	+2

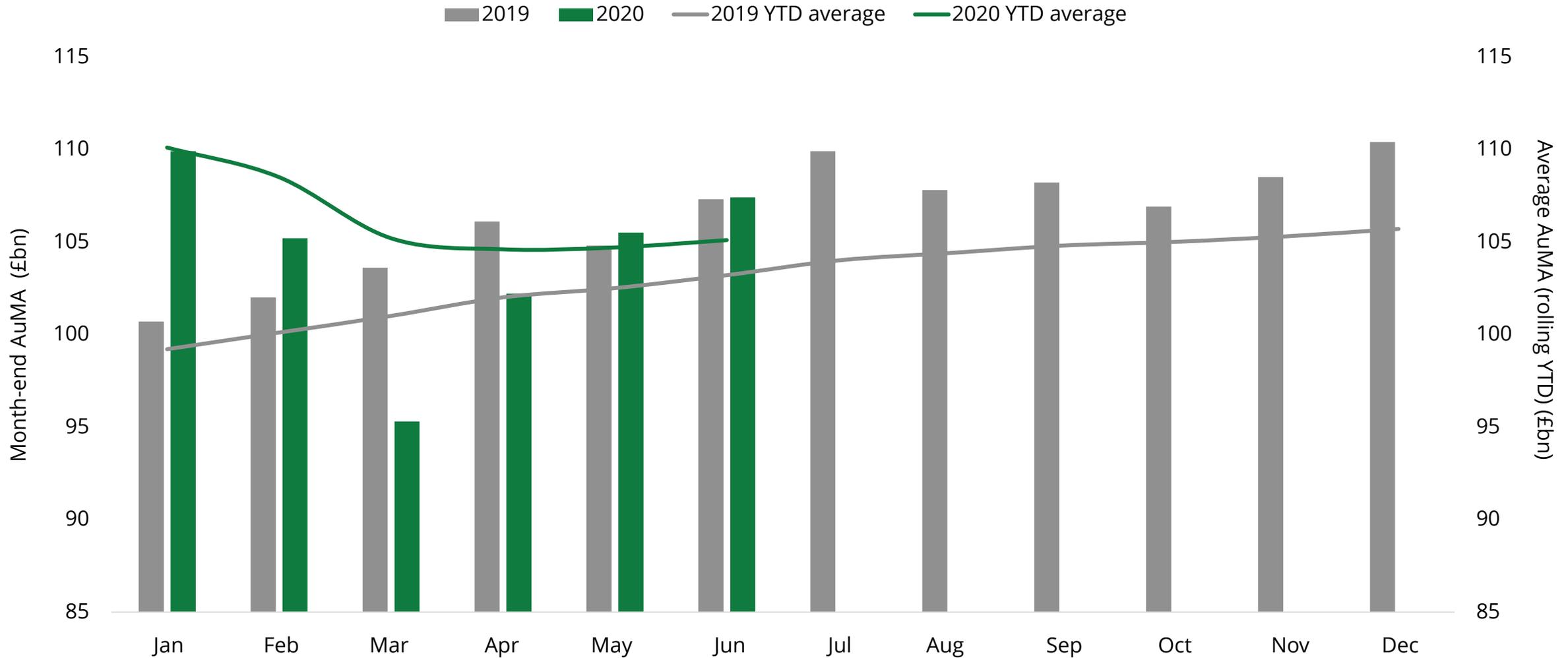
1. Annualised.
2. Includes Head Office adjusted profit before tax of £(17)m in H1 2020 and H1 2019.

Resilient performance



Note: All figures exclude contributions from Quilter Life Assurance ("QLA") which was sold to ReAssure plc on 31 December 2019.

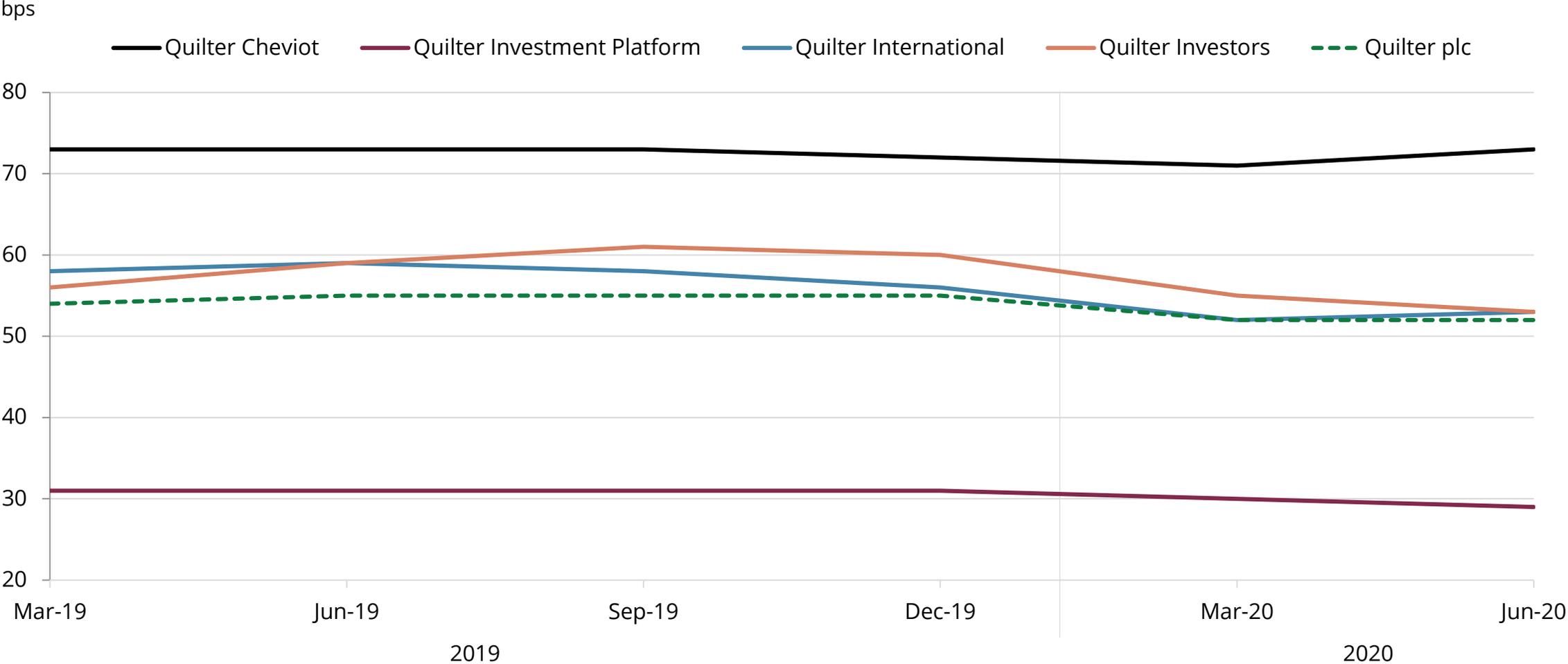
AuMA: 2020 average converging with 2019 levels



Note: Average AuMA calculated on a 7 point average for H1 2020 and 13 point average for FY 2019. 'Rolling YTD' averages commence from the prior-year closing i.e. December 2019 for 2020 and December 2018 for 2019.

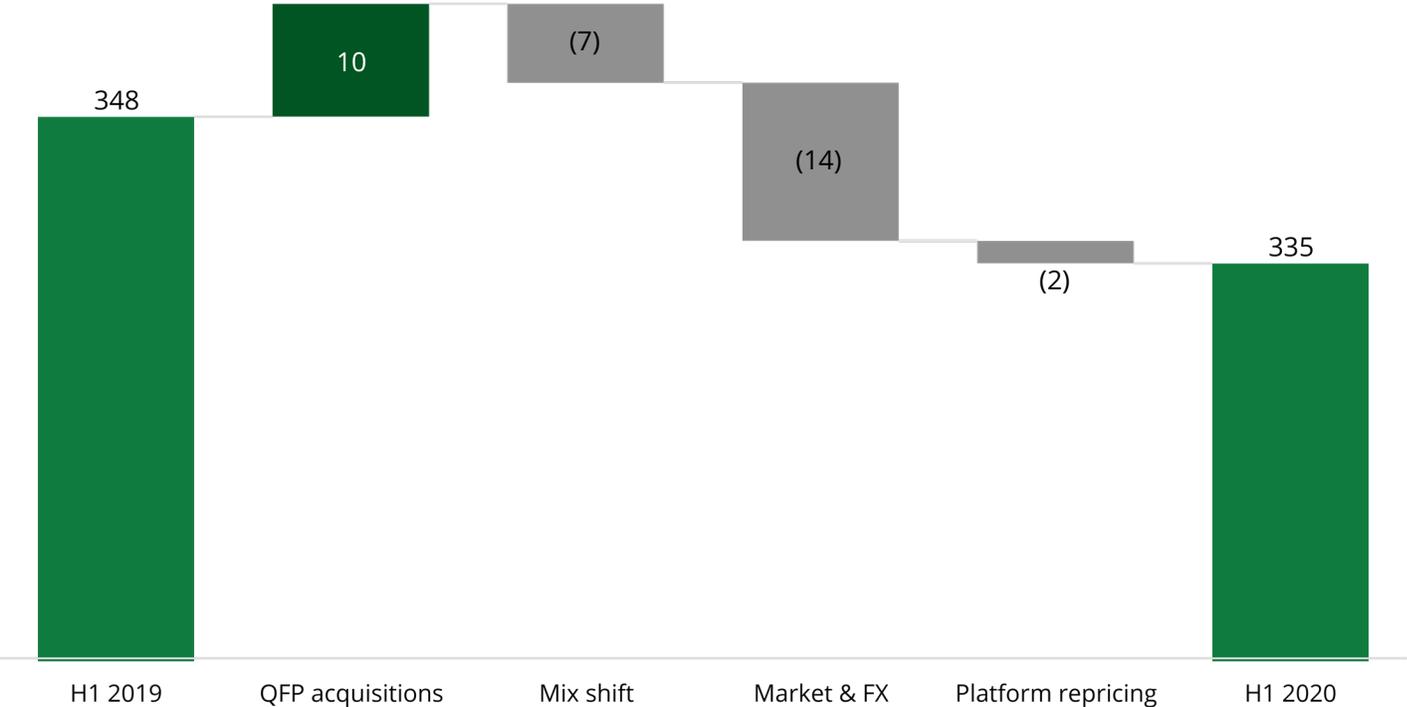
Revenue margin: Progression in line with long-standing guidance

Revenue margin



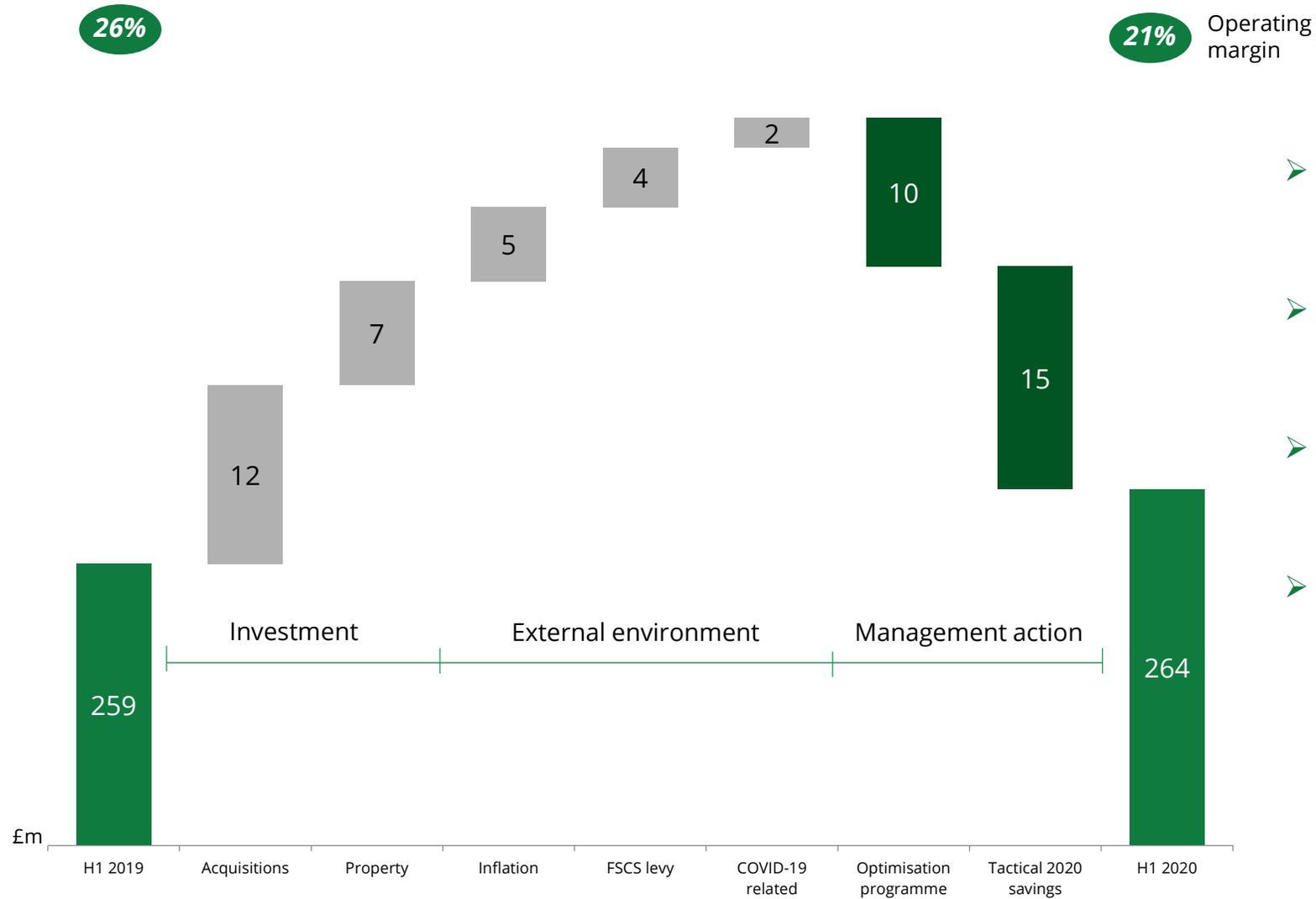
Revenue progression

Revenue
£m



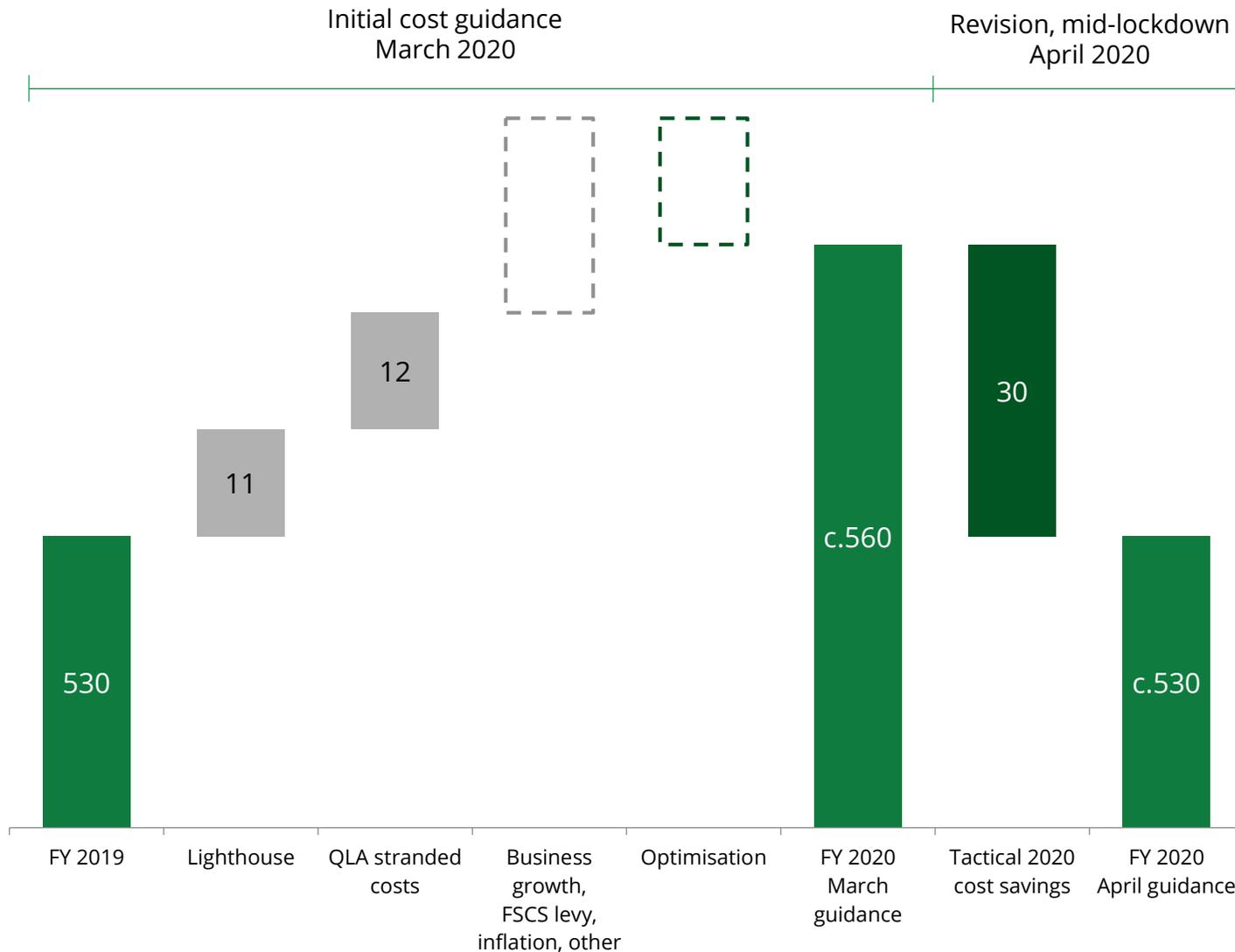
- 2019's Advice acquisitions provided an uplift in Quilter Financial Planning revenues
- Broadening Quilter Investors' solutions will drive asset growth and offset margin erosion over time
- Quilter Investment Platform's strategic repricing and family linking provides advisers and clients with a compelling proposition
- Quilter International's margin profile reflects transition to new portfolio bond business

Continued disciplined expense management



- QFP acquisitions, FSCS levy and regulatory costs contributed to increase in expense base
- QLA stranded costs and London property dual-running costs a drag on profit
- Strong cost discipline across the business coupled with Optimisation savings
- COVID-19 drag to continue into second half

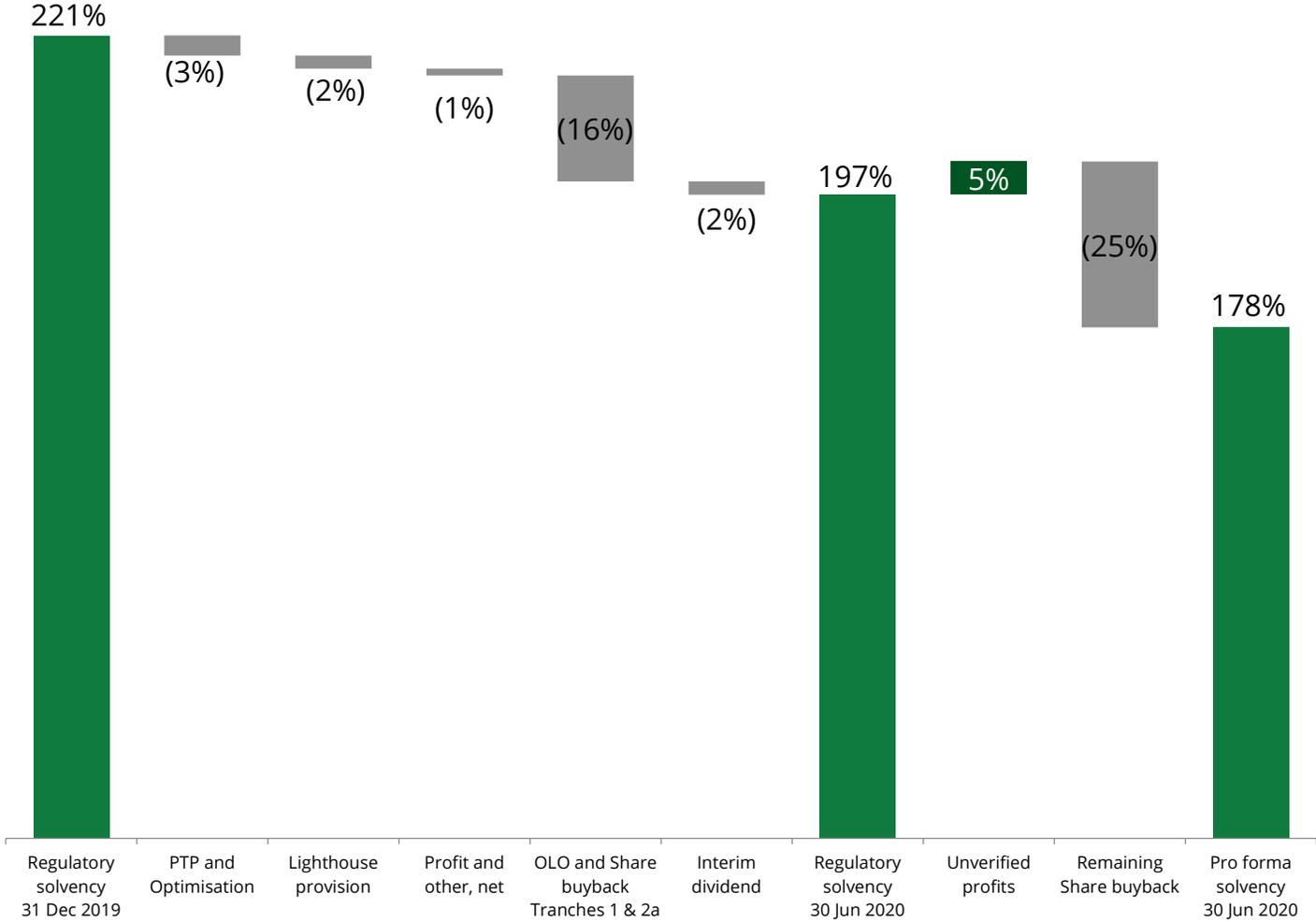
2020 expense guidance evolution



- Remain focussed on cost discipline while investing for future growth
- Expenses which do not repeat in H2 20:
 - FSCS levy/regulatory costs – largely absorbed in H1 20
 - Costs to set up company-wide remote working
- Full benefit of tactical cost initiatives to come through in H2 20
- At current market levels, anticipate slightly better FY20 expense outturn than H1 20 annualised
- Optimisation:
 - £14m saving delivered in H1 20
 - Expect two percentage point improvement in FY21 operating margin vs FY20 outturn

Continued strong solvency position

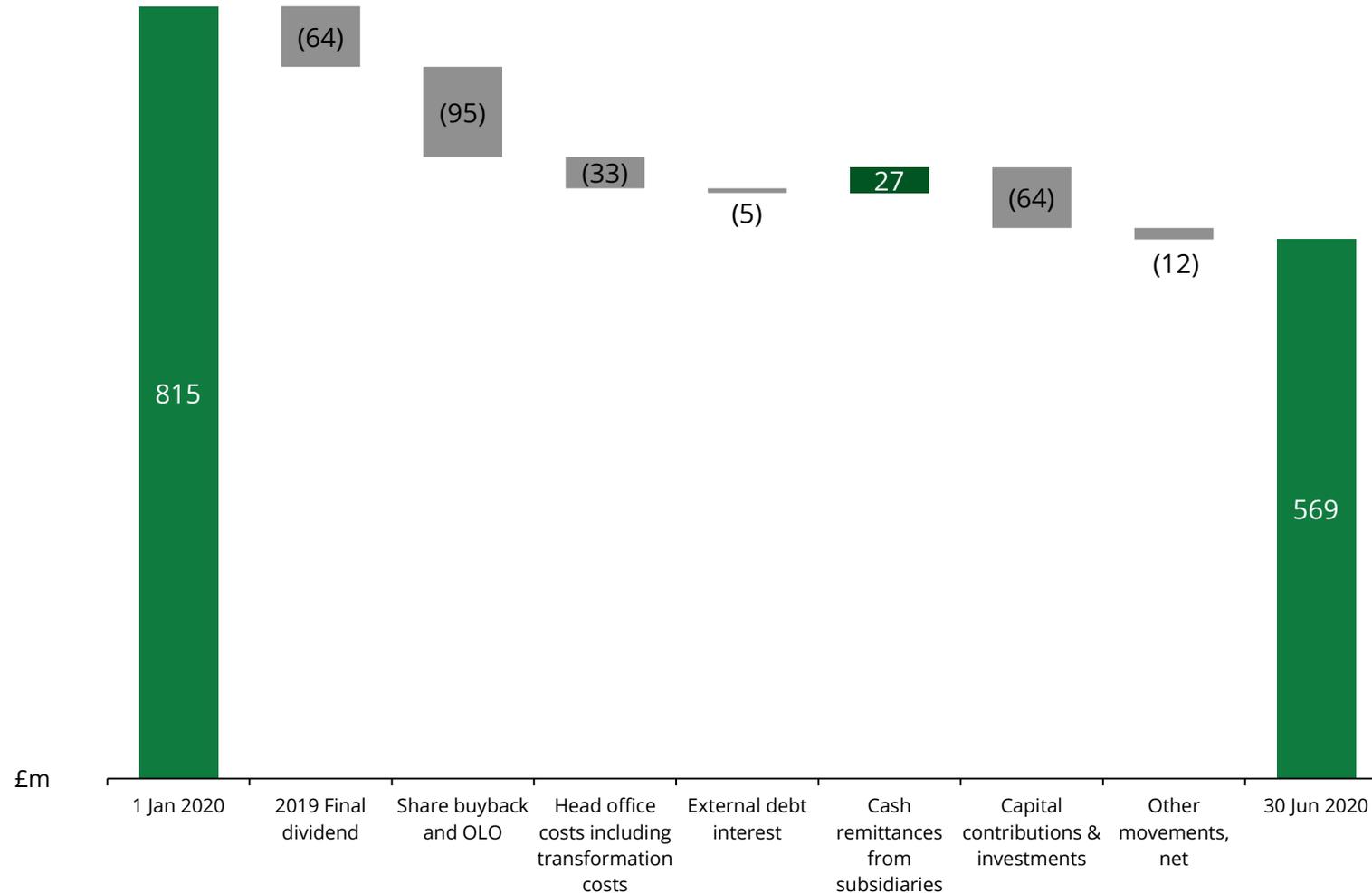
Solvency II ratio



- Solvency II ratio reduced principally due to Share Buyback and Odd-lot Offer
- Provides capacity for strategic investments
- Liquidity a greater constraint than capital
- Strong capital position versus peers

Note: Percentages may not sum to the totals shown due to rounding.

Holding company cash



- Planned future expenditures include:
 - Dividends
 - Continued return of net proceeds from QLA sale, via share buyback
 - PTP and Optimisation expenses
 - London property fit-out

Buyback programme update and dividend outlook

Return of QLA sale net proceeds: Share buyback programme

Share buyback – Tranche 1	
Total shares purchased	43.2 million
Total cash consideration	£50.2 million
Average share price	116.14p

Share buyback – Tranche 2a	
<i>as at 7 August 2020</i>	
Total shares purchased	17.8 million
Total headroom remaining	c.£49 million
Average share price to date	144.10p

Share buyback – Tranche 2b	
Total cash consideration	£50 million
Subject to further Board consideration: decision based on prevailing market and business conditions following completion of Tranche 2a	

FCA application for Buyback programme Tranche 3 to be submitted in due course

Interim dividend

	2020	2019
Interim dividend	1.0p	1.7p ¹
Pay-out ratio ²	41%	46%

- 2020 interim dividend within dividend payout range
- Cautious position given significant macro and business uncertainties for H2 2020
- Decision on overall 2020 pay-out ratio to be taken at FY20 Results – dependent on market conditions, share buyback progress and business outlook, in line with policy

1. Inclusive of 0.43p contribution from Quilter Life Assurance.
2. Annualised.

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 (excluding QLA) per annum over medium-term 	<ul style="list-style-type: none"> ➤ No change to target over the medium-term – expect to build back to target following PTP completion and once impact of COVID-19 market volatility fades
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"> ➤ Broad direction remains unchanged
Operating margin	<ul style="list-style-type: none"> ➤ Targeting c.2 percentage point improvement in operating margin by 2020 (27%) and a further 2 percentage points by 2021 (29%), assuming broadly normal market performance from around current levels, together with steady net flows ➤ Coronavirus-induced correction makes this a challenge if market levels remain depressed 	<ul style="list-style-type: none"> ➤ Moved away from 2020 guidance in March due to significant COVID-19 driven market decline ➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn
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"> ➤ No change
Share count	<ul style="list-style-type: none"> ➤ Shares in respect of staff share schemes expected to vest over the next two years. OLO shares housed in Treasury to fund future staff share schemes. Future share awards then satisfied through on-market purchases ➤ Buyback shares to be cancelled at purchase 	<ul style="list-style-type: none"> ➤ No change
Dividend	<ul style="list-style-type: none"> ➤ Board to walk up target 40-60% pay-out ratio from point of Listing ➤ Expect 2020 dividend pay-out ratio to be at the top end of target pay-out range ➤ Dividend per share growth dependant on share buyback pace 	<ul style="list-style-type: none"> ➤ Decision on overall 2020 pay-out ratio to be taken at FY20 Results – dependent on market conditions, share buyback progress and business outlook, in line with policy

Outlook and financial summary

Outlook

- Managing all variables that are within our control
- Assuming broadly stable markets, ongoing cost discipline to offset expected revenue headwinds in H2 20

Earnings

- Revenue headwinds in second half from Quilter Financial Planning and Quilter Investors
- Strategic measures likely to impact revenue margin but improve asset retention
- Margins managed alongside volumes and costs

Expenses

- Cost discipline offsetting expected revenue headwinds
- Improving operational leverage through to 2021, supported by Optimisation and other initiatives

Balance sheet

- Prudently capitalised, liquid balance sheet
- Capital discipline credentials maintained with staged review of buyback and prudent dividend approach



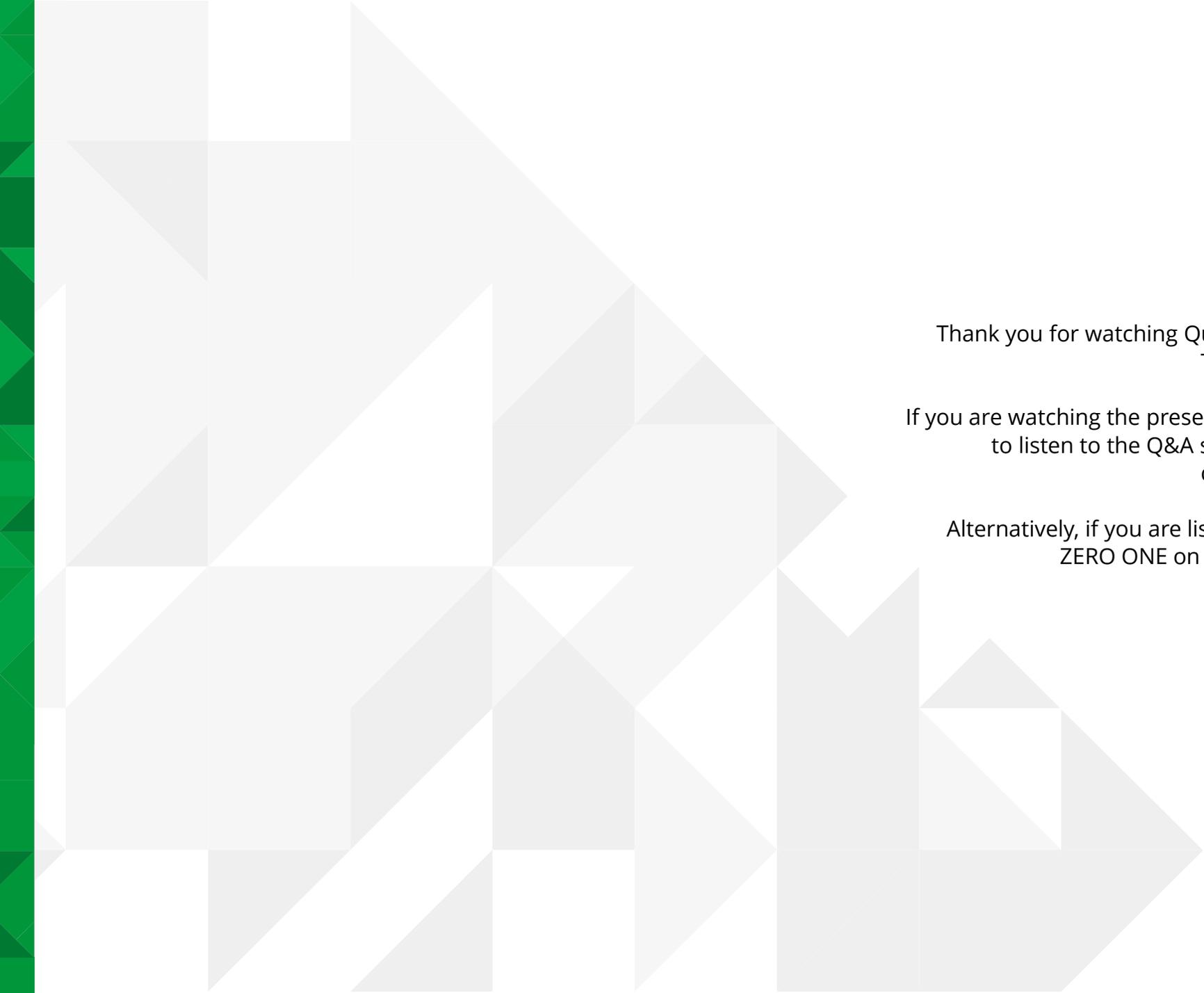
Concluding remarks

Paul Feeney
11 August 2020

Quilter

Key focus for H2 20 and beyond ...

- Continue to support advisers, employees and communities through disruption
- Complete Platform Transformation Programme
- Integrate acquisitions and deliver flow growth
- Execute Optimisation plans to drive operating leverage
- Return £375 million to shareholders



Q&A

Thank you for watching Quilter's 2020 Interim Results presentation.
The live Q&A session will now commence.

If you are watching the presentation via the webcast, you can continue
to listen to the Q&A session through the webcast and may ask
questions via the question box on-screen.

Alternatively, if you are listening through the conference call, press
ZERO ONE on your telephone keypad to ask a question.

Quilter



Appendix

11 August 2020

Quilter

Environmental, Social & Governance credentials

Quilter's ESG strategy is set out in our Shared Prosperity Plan

Theme	2025 commitments	Lead KPIs	UN SDGs
Financial wellbeing	<ul style="list-style-type: none"> ➤ Improve access to financial guidance and advice for customers ➤ Promote financial wellbeing for all our colleagues ➤ Empower young people to manage their money well for life 	<ul style="list-style-type: none"> ➤ Financial Adviser School graduates ➤ Colleagues in share save scheme ➤ Number of young people benefiting from financial education 	 
Inclusive growth	<ul style="list-style-type: none"> ➤ Create an inclusive culture at work that embraces diversity ➤ Enable colleagues and communities to thrive in work ➤ Empower customers to be more engaged in their financial future 	<ul style="list-style-type: none"> ➤ % of women in senior management ➤ Colleague engagement NPS score ➤ % customers digital access 	 
Responsible investment	<ul style="list-style-type: none"> ➤ Embed responsible investment principles across our business ➤ Exercise active stewardship of our customers' assets ➤ Reduce the environmental intensity of our activities 	<ul style="list-style-type: none"> ➤ PRI score ➤ Voting & engagement ➤ Tonnes CO₂e per colleague 	 
Responsible business conduct	<ul style="list-style-type: none"> ➤ Operate responsibly 	<ul style="list-style-type: none"> ➤ % colleagues code of conduct training 	



FTSE4Good
Included in FTSE4Good
Index Series



ESG rating: BBB



ESG risk rating:
22.1/100

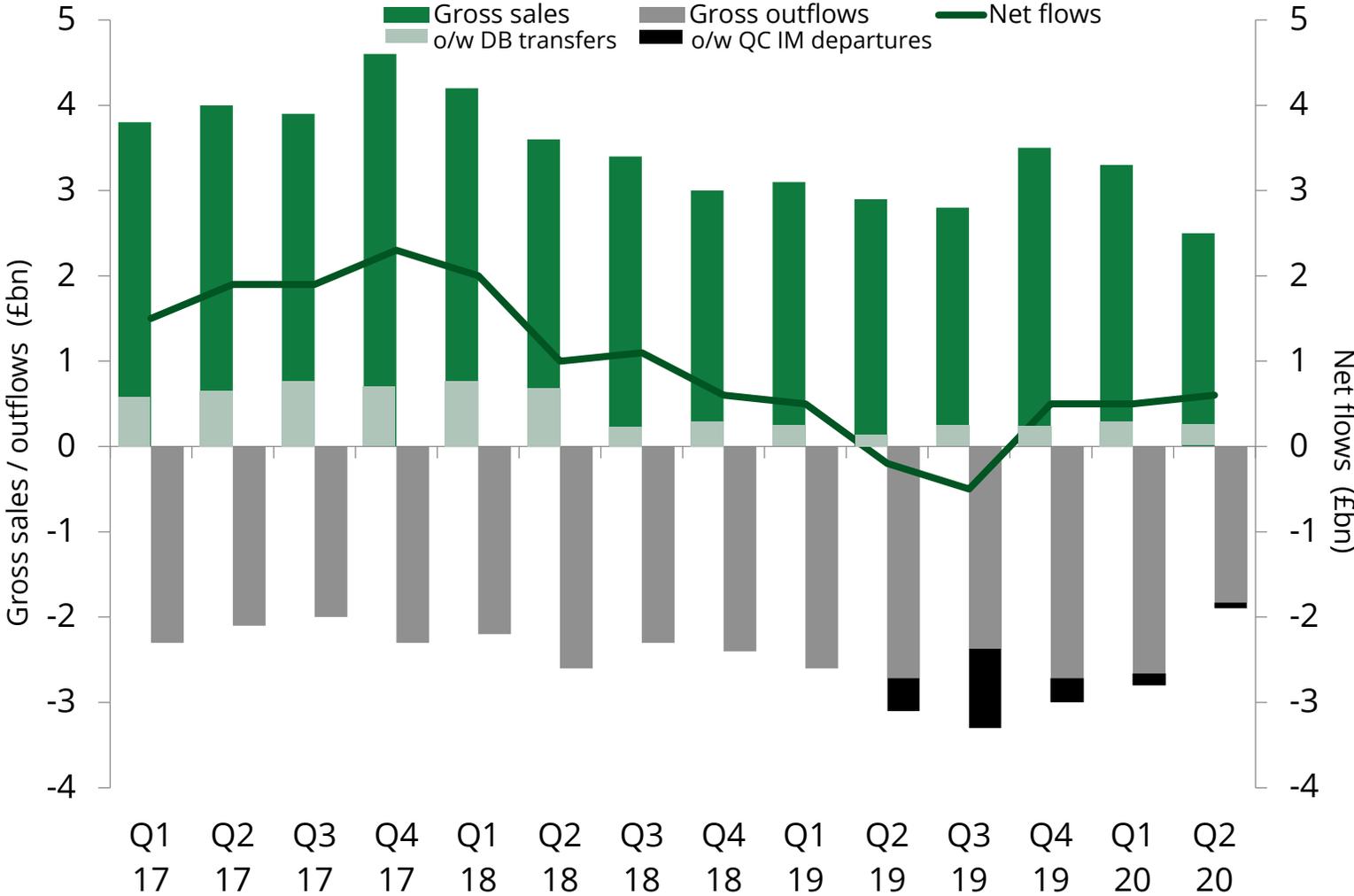


Rated A
(Strategy & Governance)



Environmental
stewardship score: B-

Resilient 2020 flows to date

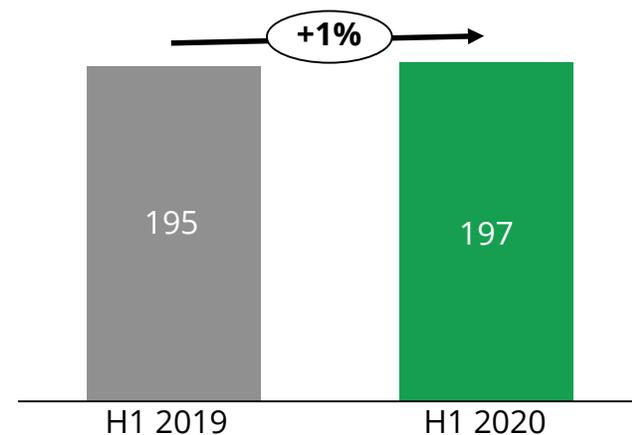


- Substantial improvement in net flows; £0.3bn to £1.1bn
- Stable gross sales and integrated flows
- Advisers highly engaged with clients, supporting them navigate volatility and uncertain times
- COVID-19 accelerated industry-wide trend for switching to Passive/Blend solutions
- Welcomed FCA announcement on plans to reform DB transfer market – consistent with existing Quilter practice

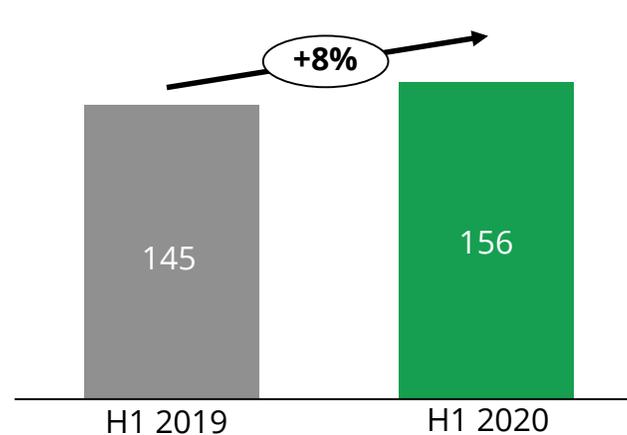
Note: All figures exclude QLA.

Advice and Wealth Management

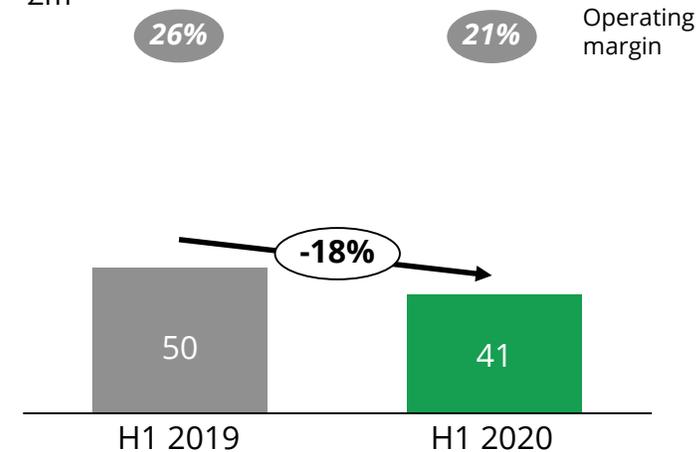
Revenue
£m



Expenses
£m



Adjusted profit
£m



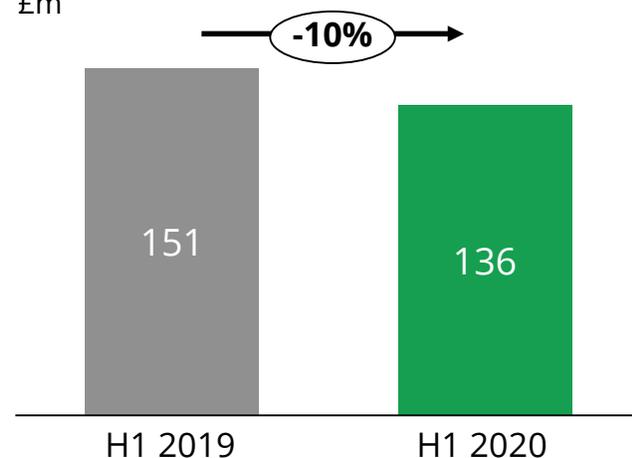
- Flows benefited y-o-y from reduction in Quilter Cheviot outflows and switching into Quilter Investors' Passive/Blend solutions
- Marginally lower RFP productivity as focussed on supporting clients through market turmoil
- Increased QFP revenues from acquisitions offset by reduction in Mortgage and Protection sales and opportunities to attract new clients through lockdown
- Increased expenses as absorbed full impact of H1 2019's Advice acquisitions
- Revenue margin trended down, as previously-guided impact of sales in Quilter Investors' passive/blend solutions gained momentum

KPIs		H1 2020	H1 2019
Revenue margin	bps	64	67
NCCF	£bn	0.5	-
NCCF / Opening AuM ¹	%	2	-
Closing AuM	£bn	44.1	44.7
Average AuM	£bn	43.3	43.1

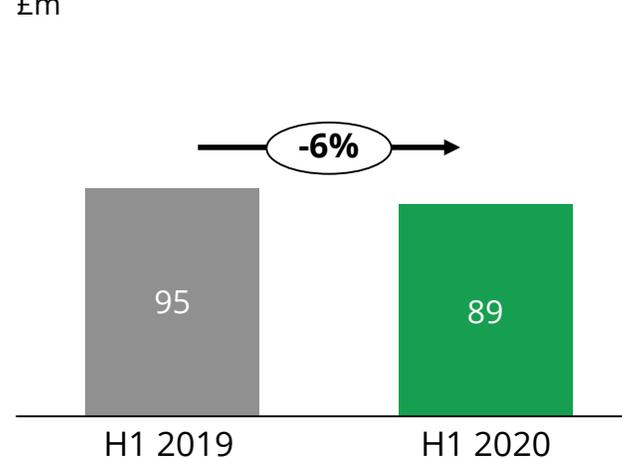
1. Annualised

Wealth Platforms

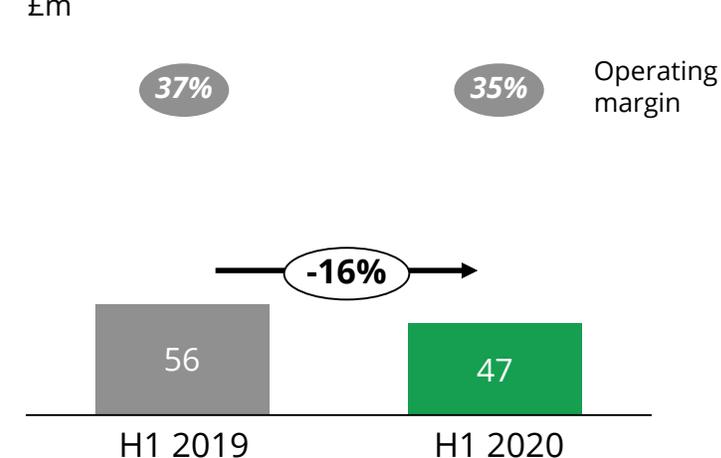
Revenue
£m



Expenses
£m



Adjusted profit
£m



- Lower revenues primarily due to Quilter Investment Platform's previously announced repricing and adverse FX and lower interest rates in Quilter International
- Good cost control and optimisation initiatives lowered cost base
- Asset retention remained strong, improving year-on-year

KPIs		H1 2020	H1 2019
Revenue margin	bps	36	39
NCCF	£bn	1.2	0.6
NCCF / Opening AuA ¹	%	3	2
Closing AuA	£bn	76.6	74.8
Average AuA	£bn	74.5	71.6

1. Annualised.

Optimisation Phase 1: £14m achieved in H1 20

What we have done	What we have left to do
<ul style="list-style-type: none">➤ Simplification and unification of central support functions commenced➤ Quick win tactical efficiencies delivered➤ Staff restructuring initiated; day-rate contractor reductions and third-party contracts renegotiated➤ System changes to support further rationalisation commenced; robotics introduced in Quilter International➤ Odd-lot Offer and legal entity rationalisation	<ul style="list-style-type: none">➤ Fully transform our support functions into centres of excellence➤ General ledger and integrated HR and Procurement system implementation➤ Automate more of the Advice process➤ Standardise processes and automate operations as appropriate

Optimisation initiatives to support two percentage point improvement in 2021 operating margin vs 2020 outturn

Updated financial guidance

	Previous guidance	Updates to guidance
Optimisation & operating margin target (pre-tax)	<ul style="list-style-type: none"> ➤ Optimisation: £75m one-off costs to deliver optimisation phase 1 initiatives, with c.50% incurred by end of 2019 ➤ Target: Targeting c.2 percentage point improvement in operating margin by 2020 (27%) and a further 2 percentage points by 2021 (29%), assuming broadly normal market performance from around current levels, together with steady net flows ➤ Coronavirus-induced correction makes this a challenge if market levels remain depressed 	<ul style="list-style-type: none"> ➤ Moved away from 2020 guidance in March due to significant COVID-19 driven market decline ➤ Optimisation initiatives to support two percentage point operating margin improvement in 2021 versus 2020 outturn
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"> ➤ No change
Share count	<ul style="list-style-type: none"> ➤ Shares in respect of staff share schemes expected to vest over the next two years. OLO shares housed in Treasury to fund future staff share schemes. Future share awards then satisfied through on-market purchases ➤ Buyback shares to be cancelled at purchase 	<ul style="list-style-type: none"> ➤ No change
London relocation	<ul style="list-style-type: none"> ➤ Relocation anticipated to increase property costs by £10m in 2020 while we incur some dual-running costs, and c.£5m of ongoing additional costs thereafter 	<ul style="list-style-type: none"> ➤ No change
UK Platform Transformation Programme	<ul style="list-style-type: none"> ➤ Costs incurred to be approximately £185m in total over the programme 	<ul style="list-style-type: none"> ➤ Total project costs expected to be c.£200 million based on current migration timetables

Updated financial guidance continued

	Previous guidance	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 over the medium-term – expect to build back to target following PTP completion and once impact of COVID-19 market volatility fades
Revenue margin	<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"> ➤ Broad direction remains unchanged
Managed separation & standalone costs	<ul style="list-style-type: none"> ➤ Standalone listed group operating costs now reflected in cost base at full run-rate ➤ Remaining £4m managed separation costs to be incurred in 2020, principally re-branding 	<ul style="list-style-type: none"> ➤ No change
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

Updated financial guidance continued

	Previous guidance	Updates to guidance
Debt costs	<ul style="list-style-type: none"> ➤ £200m subordinated debt at 4.478% 	<ul style="list-style-type: none"> ➤ No change
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	<ul style="list-style-type: none"> ➤ Board to walk up target 40-60% pay-out ratio from point of Listing ➤ Expect 2020 dividend pay-out ratio to be at the top end of target pay-out range ➤ Dividend per share growth dependant on share buyback pace 	<ul style="list-style-type: none"> ➤ Decision on overall 2020 pay-out ratio to be taken at FY20 Results – dependent on market conditions, share buyback progress and business outlook, in line with policy
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		
Seasonal dynamics	<ul style="list-style-type: none"> ➤ FSCS levies paid in first half of year 	<ul style="list-style-type: none"> ➤ No change



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