

Schroders plc

Interim management statement

5 November 2015

Schroders plc today issues its interim management statement covering the nine months to 30 September 2015.

- **Profit before tax and exceptional items up 12 per cent. to £453.2 million (2014: £404.4 million)**
- **Profit before tax up 21 per cent. to £438.9 million (2014: £364.2 million)**
- **Net inflows £8.3 billion (2014: £7.0 billion)**
- **Assets under management £294.8 billion (30 September 2014: £276.2 billion)**

Michael Dobson, Chief Executive, commented: *“In the first nine months of the year profit before tax increased to £438.9 million and we generated £8.3 billion of net new business. These results reflect the resilience of our diversified business at a time of heightened market volatility.”*

Asset Management

Asset Management net revenue for the first nine months was £1,032.8 million (2014: £950.5 million) including performance fees of £12.7 million (2014: £11.7 million). Profit before tax and exceptional items was £400.4 million (2014: £354.8 million) and profit before tax was £391.3 million (2014: £341.6 million). Net inflows for the nine months were £8.1 billion, comprising £3.5 billion in Institutional and £4.6 billion in Intermediary. Assets under management at 30 September were £263.9 billion (30 September 2014: £245.7 billion). On 1 October a further £2.3 billion of net new business was funded in Institutional.

Wealth Management

Wealth Management net revenue for the first nine months was £157.3 million (2014: £162.2 million). Net revenue in 2014 included the release of a £7.5 million loan loss provision and performance fees of £2.8 million. Profit before tax and exceptional items was £46.5 million (2014: £49.2 million) and profit before tax was £47.7 million (2014: £33.6 million). Net inflows for the nine months were £0.2 billion (2014: £0.4 billion) and assets under management at 30 September were £30.9 billion (30 September 2014: £30.5 billion).

Group

The Group segment comprises central costs and returns on investment capital including seed capital invested in new strategies. Profit before tax and exceptional items for the first nine months was £6.3 million (2014: £0.4 million). The loss before tax for the first nine months was £0.1 million (2014 loss: £11.0 million).

Shareholders' equity at 30 September 2015 was £2.6 billion (30 September 2014: £2.4 billion).

Michael Dobson, Chief Executive, and Richard Keers, Chief Financial Officer, will host a conference call for the investment community, to discuss the third quarter interim management statement at 9am GMT on Thursday, 5 November 2015.

The conference call telephone number is 0800 694 1515 (International: +44 (0)1452 584 053), conference ID 66111084. For individuals unable to participate in the conference call, a telephone replay will be available until 5 December 2015. Please telephone 0800 953 1533 (International: +44 (0)1452 550 000), conference ID 66111084.

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Appendix

Assets under management

Nine months to 30 September 2015

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
31 December 2014	171.1	97.8	268.9	31.1	300.0
Net flows	3.5	4.6	8.1	0.2	8.3
Investment returns	(7.3)	(5.8)	(13.1)	(0.4)	(13.5)
30 September 2015	167.3	96.6	263.9	30.9	294.8

Three months to 30 September 2015

	Institutional £bn	Intermediary £bn	Asset Management £bn	Wealth Management £bn	Total £bn
30 June 2015	175.5	102.4	277.9	32.0	309.9
Net flows	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)
Investment returns	(8.1)	(5.6)	(13.7)	(0.9)	(14.6)
30 September 2015	167.3	96.6	263.9	30.9	294.8

On 1 October a further £2.3 billion of net new business was funded in Institutional.

Financial information

Nine months to 30 September 2015

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	1,032.8	157.3	11.4	1,201.5
Operating expenses	(644.6)	(110.8)	(20.7)	(776.1)
Operating profit/(loss)	388.2	46.5	(9.3)	425.4
Net finance income	1.5	-	7.7	9.2
Share of profit of associates and joint ventures	10.7	-	7.9	18.6
Profit before tax and exceptional items	400.4	46.5	6.3	453.2

Exceptional items:

Amortisation of acquired intangible assets	(7.3)	(6.0)	-	(13.3)
Deferred compensation arising from acquisitions	-	-	(6.4)	(6.4)
Provisions and related costs	-	7.2	-	7.2
	(7.3)	1.2	(6.4)	(12.5)

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(1.8)	-	-	(1.8)
Total exceptional items	(9.1)	1.2	(6.4)	(14.3)

Profit/(loss) before tax	391.3	47.7	(0.1)	438.9
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Three months to 30 September 2015

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	338.5	51.8	5.0	395.3
Operating expenses	(213.5)	(35.3)	(6.6)	(255.4)
Operating profit/(loss)	125.0	16.5	(1.6)	139.9
Net finance income	0.4	-	2.2	2.6
Share of profit of associates and joint ventures	4.0	-	1.0	5.0
Profit before tax and exceptional items	129.4	16.5	1.6	147.5

Exceptional items:

Amortisation of acquired intangible assets	(2.4)	(2.0)	-	(4.4)
Deferred compensation arising from acquisitions	-	-	(1.0)	(1.0)
Provisions and related costs	-	7.2	-	7.2
	(2.4)	5.2	(1.0)	1.8

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(0.7)	-	-	(0.7)
Total exceptional items	(3.1)	5.2	(1.0)	1.1

Profit before tax	126.3	21.7	0.6	148.6
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Financial information

Nine months to 30 September 2014

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	950.5	162.2	9.5	1,122.2
Operating expenses	(602.8)	(113.0)	(18.0)	(733.8)
Operating profit/(loss)	347.7	49.2	(8.5)	388.4
Net finance (cost)/income	(0.8)	-	8.4	7.6
Share of profit of associates and joint ventures	7.9	-	0.5	8.4
Profit before tax and exceptional items	354.8	49.2	0.4	404.4

Exceptional items:

Integration and restructuring costs	(3.1)	(8.0)	-	(11.1)
Amortisation of acquired intangible assets	(8.5)	(7.1)	-	(15.6)
Deferred compensation arising from acquisitions	-	-	(11.4)	(11.4)
Other	-	(0.5)	-	(0.5)
	(11.6)	(15.6)	(11.4)	(38.6)

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(1.6)	-	-	(1.6)
Total exceptional items	(13.2)	(15.6)	(11.4)	(40.2)

Profit/(loss) before tax	341.6	33.6	(11.0)	364.2
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Three months to 30 September 2014

	Asset Management £m	Wealth Management £m	Group £m	Total £m
Net revenue	329.5	61.7	2.4	393.6
Operating expenses	(211.6)	(38.8)	(5.3)	(255.7)
Operating profit/(loss)	117.9	22.9	(2.9)	137.9
Net finance (cost)/income	(0.4)	-	3.1	2.7
Share of profit of associates and joint ventures	2.2	-	0.1	2.3
Profit before tax and exceptional items	119.7	22.9	0.3	142.9

Exceptional items:

Integration and restructuring costs	(0.5)	(4.2)	-	(4.7)
Amortisation of acquired intangible assets	(2.6)	(2.0)	-	(4.6)
Deferred compensation arising from acquisitions	-	-	(2.3)	(2.3)
Other	-	(0.5)	-	(0.5)
	(3.1)	(6.7)	(2.3)	(12.1)

Exceptional items within share of profit of associates and joint ventures:

Amortisation of acquired intangible assets	(0.5)	-	-	(0.5)
Total exceptional items	(3.6)	(6.7)	(2.3)	(12.6)

Profit/(loss) before tax	116.1	16.2	(2.0)	130.3
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Forward-looking statements

This interim management statement may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'will have', 'will be', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this interim management statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this interim management statement should be construed as a forecast, estimate or projection of future financial performance.