

QUILTER PLC

Incorporated under the Companies Act 1985 (UK) with registered number 06404270 and re-registered as a public limited company under the Companies Act 2006 (UK)

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Quilter plc (the "Company")

NEWS RELEASE

10 March 2021

Quilter plc preliminary results for the year ended 31 December 2020

Financial results ahead of market expectations underpinned by operational efficiency and capital strength

Management basis - continuing business

- Adjusted profit before tax for the Group of £168 million (2019: £182 million).
- Adjusted diluted earnings per share from continuing operations of 8.5 pence (2019: 8.6 pence), reflecting a reduced share count due to our capital return programme.
- Final dividend of 3.6 pence per share (2019: 3.5 pence per share), bringing the total dividend for the year to 4.6 pence per share (2019: 5.2 pence per share).
- Assets under Management and Administration ("AuMA") up 7% to £117.8 billion at 31 December 2020 (31 December 2019: £110.4 billion).
 - Net Client Cash Flow ("NCCF") of £1.6 billion increased significantly on the prior year (2019: £0.3 billion).
 - Integrated net inflows of £2.3 billion (2019: £2.6 billion).
- IFRS profit before tax attributable to equity holders from continuing operations of £50 million (2019: loss of £53 million).
- Operational efficiency delivered a reduction in full year operating expenses of £16 million (3%) despite incremental costs from acquisitions of c.£12 million, higher FSCS levy and regulatory expenses of £7 million together with other cost headwinds including COVID-19 costs of c.£5 million, reflecting further cost savings from the Optimisation programme and tactical savings of c.£40 million from management actions.
- Resilient operating margin of 25% (2019: 26%) with the decline limited to one percentage point due to management actions largely offsetting the challenging market environment.

Statutory results

- IFRS profit after tax from continuing operations of £89 million (2019: loss of £21 million).
- Basic earnings per share from continuing operations of 5.1 pence (2019: (1.1) pence).
- Diluted earnings per share from continuing operations of 5.0 pence (2019: (1.1) pence).
- Diluted headline earnings per share of 5.1 pence (2019: 2.3 pence)
- Basic headline earnings per share of 5.2 pence (2019: 2.3 pence)
- Solvency II ratio of 217% after payment of the recommended final dividend (2019: 221%).

Strategic progress

- Platform Transformation Programme successfully completed with final migration in late February 2021, in line with plan.
- Optimisation ahead of schedule with run-rate savings of £46 million by end-2020 alongside tactical cost savings of c.£40 million. Additional optimisation savings of c.£15 million identified and expected to be realised by mid-2022, with a cost to achieve of c.£16 million.
- 2019 Advice acquisitions integrated. Business repositioned to deliver a more seamless one-Quilter proposition to reinforce delivery of good customer outcomes. Increased focus on adviser productivity, efficiency and customer focus expected to lead to the departure of a small number of restricted financial planners in 2021.
- Continued capital management discipline. Share repurchases of £175 million completed up to close of business on 9 March 2021 at an average price of 132 pence per share. Odd-lot Offer completed in May 2020 at a cost of £21 million representing a purchase price of 126 pence per share. Regulatory approval in place for next £100 million tranche of share repurchase programme.
- Strategic review of Quilter International in progress.

Paul Feeney, Chief Executive Officer, said:

For all of us, 2020 was a year of extraordinary challenges, both personal and professional. At Quilter, I am pleased that we have not only come through the year well but also strategically and operationally stronger. The successful completion of our Platform Transformation Programme is a significant milestone. It not only proves our organisational capability to manage a project on this scale safely, but also sets us up for more accelerated growth in the huge UK wealth market. I was also pleased to have demonstrated our ability to outperform on cost expectations in challenging market

conditions. We responded quickly to the changed environment in the second quarter by identifying tactical cost savings of £30 million and over-achieved against this target leading to a 3% decline in year-on-year costs despite other meaningful expense headwinds.

None of this would have been possible without the extraordinary efforts of all my colleagues, right across the organisation, who have done a great job in exceptional and unusual conditions. I am also delighted that our work has been recognised across the industry through the various awards we have won this year. In particular, being named "Company of the Year" in the recent FT Adviser service awards, retaining Quilter Financial Planning's spot as the UK's number one financial advice firm. More recently, Quilter Cheviot was awarded wealth manager of the year by Professional Adviser.

I am excited as I look out to 2021 and beyond. Since we Listed, our focus has been on transforming Quilter into the business we planned; a modern UK focussed wealth manager built around the core tenets of trusted financial advice, value for money, responsible and sustainable investment solutions and excellent customer service, all enabled and supported by the most advanced technology platform. Now with significant progress made on our transformation, we are wholly focussed on driving growth and efficiency through even better customer outcomes.

Quilter highlights from continuing operations ¹	2020	2019
Assets and flows		
AuMA (£bn) ²	117.8	110.4
Gross sales (£bn) ²	10.9	12.3
NCCF (£bn) ²	1.6	0.3
NCCF/opening AuMA ²	1%	-
Integrated net inflows (£bn) ²	2.3	2.6
Productivity (£m) ^{2,3}	1.3	1.6
Asset retention ²	92%	88%
Profit & loss		
IFRS profit/(loss) before tax attributable to equity holders from continuing operations (£m) ²	50	(53)
IFRS profit/(loss) after tax from continuing operations (£m)	89	(21)
Adjusted profit before tax (£m) ²	168	182
Operating margin ²	25%	26%
Revenue margin (bps) ²	51	55
Return on equity ²	7.6%	8.3%
Adjusted diluted EPS from continuing operations (pence) ²	8.5	8.6
Diluted earnings per share from continuing operations (pence)	5.0	(1.1)
Non-financial		
Restricted Financial Planners ("RFPs") ⁴	1,842	1,799
Investment Managers ("IMs") ⁴	169	167

¹Continuing operations represent Quilter plc, excluding the results of Quilter Life Assurance ("QLA") in 2019, which was sold on 31 December 2019 to ReAssure.

²Alternative Performance Measures ("APMs") are detailed and defined on pages 5 to 7 of the full announcement.

³Productivity is the measure of the value created by integrated net inflows from our advice business per average Restricted Financial Planner.

⁴Closing headcount as at 31 December.

Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 5 to 7 of the full announcement. In the headings and tables presented from page 12 onwards of the full announcement, these measures are indicated with an asterisk: *.

Shareholder information

The Board has agreed to recommend to shareholders the payment of a final dividend of 3.6 pence per share. This will be considered at the Quilter plc Annual General Meeting, which will be held on Thursday 13 May 2021. The final dividend will be paid on Monday 17 May 2021 to shareholders on the UK and South African share registers on Friday 9 April 2021

Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR Equivalent	Wednesday 10 March 2021
Last day to trade cum dividend in South Africa	Tuesday 6 April 2021
Shares trade ex-dividend in South Africa	Wednesday 7 April 2021
Shares trade ex-dividend in the UK	Thursday 8 April 2021
Record Date in UK and South Africa	Friday 9 April 2021
Annual General Meeting	Thursday 13 May 2021
Final dividend payment date	Monday 17 May 2021

From the opening of trading on Wednesday 10 March 2021 until the close of business on Friday 9 April 2021, no transfers between the London and Johannesburg registers will be permitted. Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday 7 April and Friday 9 April 2021, both dates inclusive.

Additional information

For shareholders on our South African share register a dividend of 76.88786 South African cents per share will be paid on Monday 17 May 2021, based on an exchange rate of 21.35774. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 76.88786 South African cents per share paid to South African shareholders unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net dividend will be 61.51029 South African cents per share. The Company had a total of 1,769,610,747 shares in issue at today's date.

If you are uncertain as to the tax treatment of any dividends you should consult your own tax advisor.

The dividend is sourced from income reserves.

Share Buyback Programme

Following the completion of the sale of Quilter Life Assurance to Reassure Group plc for £425 million (and interest income of £21 million), the Board announced that they planned to return the full net surplus sale proceeds (after disposal costs) of £375 million to shareholders, by way of a share buyback programme (the 'Programme').

Following receipt of regulatory approval, Quilter commenced the Programme on the London and Johannesburg exchanges on Wednesday 11 March 2020. The Programme is subject to staged regulatory and Board approvals and the following staged tranches have so far been launched:

- The initial tranche of £50 million completed on 4 June 2020 with over 43 million shares repurchased.
- A further tranche of the Programme of up to £75 million commenced on Thursday 25 June 2020 and completed on Wednesday 30 September 2020.
- The most recent tranche of up to £50 million commenced on Tuesday 13 October 2020 and completed on Tuesday 9 March 2021.

As at Tuesday 9 March 2021 a total of c.132.6 million shares have been purchased and cancelled at an average price of 132 pence under the Programme.

The Programme is subject to staged regulatory approval and the Board will continue to keep the Programme under review to make sure it remains prudent including ongoing consideration of the financial position and prospects of the business given the market environment, and the most efficient and effective means of returning capital to shareholders.

Odd-lot Offer

In March 2020, as part of our drive for greater efficiency and in line with our desire to act in the best interests of all our shareholders, the Board launched an Odd-lot Offer for shareholders on the London and Johannesburg Stock Exchanges. The Odd-lot Offer was a way of offering shareholders

who held fewer than 100 Ordinary Shares the opportunity to sell their shares at a 5% premium to the market price (the 'Offer Price'), without incurring any dealing costs. Odd-lot Holders could choose to sell all of their shares at the Offer Price or they could choose to keep their shareholding in Quilter.

The Odd-lot Offer closed on Friday 15 May 2020. Quilter purchased a total of 16,263,364 of its own ordinary shares of 7 pence each. Following the implementation of the Odd-lot Offer, the Company's shareholder base has been reduced by circa 45% (209,282 shareholders). This reduction will reduce administrative costs, including, for example, the costs of printing and distributing financial statements, circulars and notices.

The Odd-lot Shares were held in Treasury and subsequently on Monday 1 June 2020 were transferred to the Company's Employee Benefit Trust to satisfy awards under employee share schemes.

Quilter plc's primary listing is on the LSE with a secondary listing on the JSE.

Short-Form announcement

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole.

The full announcement can be found on the company's website at www.quilter.com/investor-relations and the JSE link at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/QLTE/FY20Result.pdf>

Copies of the full announcement may also be requested at the company's registered office, by emailing investorrelations@quilter.com, at no charge, during office hours.

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