

## QUILTER PLC

(previously, Old Mutual Wealth Management Limited)

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)

The Company has a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

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Quilter plc (the "Company")

# NEWS RELEASE

11 August 2021

Quilter plc interim results for the six months ended 30 June 2021

## UK Platform delivers significantly higher flows, supporting the outlook for faster growth and operational efficiency

### Highlights (including Quilter International)

- Net Client Cash Flow ("NCCF") of £2.5 billion increased 127% on the prior period (H1 2020: £1.1 billion) representing 4% of opening Assets under Management and Administration ("AuMA").
- Adjusted profit before tax increased 20% to £85 million (H1 2020: £71 million) of which £29 million (H1 2020: £24 million) from Quilter International.
- Operating margin of 24% (H1 2020: 21%) despite absorbing cost headwinds from higher regulatory costs and levies, and an unwind of prior year tactical cost savings.
- IFRS profit after tax of £20 million (H1 2020: £43 million).
- Adjusted diluted earnings per share of 5.0 pence, of which 1.7 pence is in respect of Quilter International (H1 2020: 3.5 pence, of which 1.3 pence was in respect of Quilter International).
- Interim dividend per share of 1.7 pence versus 1.0 pence for H1 2020, inclusive of a contribution of 0.5 pence from Quilter International.
- Total AuMA up 7% to £126.6 billion at 30 June 2021 (31 December 2020: £117.8 billion).
- Regulatory approval granted for final £100 million share buyback of £375 million capital return programme with this expected to commence in early September 2021, shortly after completion of current tranche.

### Continuing business (excluding Quilter International)

- NCCF of £2.1 billion more than doubled on the prior period (H1 2020: £0.9 billion).
  - Strongly improved integrated net inflows of £2.0 billion (H1 2020: £1.3 billion).
  - Reshaping of Quilter Financial Planning delivering improved adviser productivity with £2.2 million integrated NCCF (annualised) per adviser (2020: £1.5 million).
- Adjusted profit before tax increased 19% to £56 million (H1 2020: £47 million).
- Improved operating margin of 18% (H1 2020: 17%) after higher FSCS levies (£10 million increase) and a reversal of tactical cost savings of £11 million in respect of variable compensation in 2021.
- IFRS loss after tax from continuing operations of £13 million (H1 2020: profit of £11 million).
- Adjusted diluted earnings per share from continuing operations increased 50% to 3.3 pence (H1 2020: 2.2 pence), supported by a reduced share count due to the capital return programme and a low effective tax rate.
- AuMA up 8% to £104.8 billion at 30 June 2021 (31 December 2020: £97.4 billion).

### Statutory results

- IFRS loss before tax attributable to equity holders from continuing operations of £21 million (H1 2020: profit of £13 million) given the impact that rising equity markets have on policyholder tax accounting recognition.
- Basic (loss)/earnings per share from continuing operations of (0.8) pence (H1 2020: 0.6 pence).
- Diluted (loss)/earnings per share from continuing operations of (0.8) pence (H1 2020: 0.6 pence).
- Basic headline earnings per share (net of tax) of 1.2 pence (H1 2020: 2.4 pence)
- Diluted headline earnings per share (net of tax) of 1.2 pence (H1 2020: 2.4 pence)

- Solvency II ratio of 203% after payment of the recommended interim dividend (December 2020: 217%).

### Strategic progress

- Successful completion of asset, client and adviser migration onto the new UK platform technology in February 2021. Decommissioning of legacy systems underway.
- Announced sale of Quilter International approved by shareholders in June 2021. Completion subject to regulatory approvals and is expected to occur during Q4 2021.
- Capital Markets Day planned for 3 November 2021.

### Paul Feeney, Chief Executive Officer, said:

I am pleased with our Interim results which demonstrate strong growth in flows across our business, with a material improvement from our new platform following our final migration of clients and advisers in February. This improving momentum sets us up well to achieve our medium-term target of 6% net flows from 2022 onwards. With the sale of Quilter International, our results demonstrate good early progress on our more focused, UK-based strategic path and gives a taste of what we know our business can deliver in the future.

As well as making important progress on our strategic initiatives, we also delivered robust financial results, with further operating efficiency improvements from our Optimisation initiatives. We are ahead of where we planned to be at this stage and are on track to meet our operating margin targets of 25% in 2023 and 30% by 2025. With the platform at the core of our business, we are well placed to deliver faster growth and we look forward to updating the market on our plans at our Capital Markets Day on 3 November 2021.

Quilter highlights from continuing operations <sup>1</sup>	H1 2021	H1 2020
<b>Assets and flows</b>		
AuMA (£bn) <sup>2</sup>	104.8	88.3
Gross sales (£bn) <sup>2</sup>	6.6	4.6
NCCF (£bn) <sup>2</sup>	2.1	0.9
NCCF/opening AuMA <sup>2</sup>	4%	2%
Integrated net inflows (£bn) <sup>2</sup>	2.0	1.3
Productivity (£m) <sup>2,3</sup>	2.2	1.5
Asset retention <sup>2</sup>	91%	92%
<b>Profit &amp; loss</b>		
IFRS (loss)/profit before tax attributable to equity holders from continuing operations (£m) <sup>2</sup>	(21)	13
IFRS (loss)/profit after tax from continuing operations (£m)	(13)	11
Adjusted profit before tax (£m) <sup>2</sup>	56	47
Operating margin <sup>2</sup>	18%	17%
Revenue margin (bps) <sup>2</sup>	48	51
Return on equity <sup>2</sup>	7.3%	4.5%
Adjusted diluted earnings per share from continuing operations (pence) <sup>2</sup>	3.3	2.2
Basic (loss)/earnings per share from continuing operations (pence)	(0.8)	0.6
<b>Non-financial</b>		
Restricted Financial Planners ("RFPs") <sup>4</sup>	1,701	1,808
Investment Managers ("IMs") <sup>4</sup>	168	169

Quilter highlights from continuing operations including Quilter International	H1 2021	H1 2020
<b>Assets and flows</b>		
AuMA (£bn) <sup>2</sup>	126.6	107.4
Gross sales (£bn) <sup>2</sup>	7.7	5.4
NCCF (£bn) <sup>2</sup>	2.5	1.1
NCCF/opening AuMA <sup>2</sup>	4%	2%
Integrated net inflows (£bn) <sup>2</sup>	1.9	1.4
Asset retention <sup>2</sup>	91%	92%
<b>Profit &amp; loss</b>		
IFRS profit after tax (£m)	20	43
Adjusted profit before tax (£m) <sup>2</sup>	85	71
Operating margin <sup>2</sup>	24%	21%
Revenue margin (bps) <sup>2</sup>	48	52
Adjusted diluted earnings per share (pence) <sup>2</sup>	5.0	3.5
Basic earnings per share (pence)	1.2	2.4

<sup>1</sup>Continuing operations represent Quilter plc, excluding the results of Quilter International. Adjusted profit before tax for Quilter International in H1 2021 was £29 million (H1 2020: £24 million). Adjusted diluted EPS for Quilter International in H1 2021 was 1.7 pence per share (H1 2020: 1.3 pence per share).

<sup>2</sup>Alternative Performance Measures ("APMs") are detailed and defined on pages 4 to 7 of the full announcement.

<sup>3</sup>Productivity is the measure of the value created by integrated net inflows (annualised) from our advice business per average Restricted Financial Planner.

<sup>4</sup>Closing headcount as at 30 June.

### Adjusted profit presented in this announcement

Adjusted profit is presented in this announcement in a number of ways, to provide readers with a view of adjusted profit for the Group excluding Quilter International (on a continuing basis) and for the total Group (on a continuing and discontinued basis). A full reconciliation of these views is provided on page 16 of the full announcement and definitions of adjusted profit are explained on page 4 of the full announcement.

IFRS accounting standards require £5 million of costs (H1 2020: £9 million), previously reported as part of Quilter International, to be disclosed within continuing operations, as these costs do not transfer to Utmost Group on completion. Adjusted profit before tax is presented both before and after the reallocation of these costs in this announcement. These costs are expected to be incurred in 2022 to provide services to Utmost Group under the Transitional Services Agreement, with corresponding income to cover these costs.

### Alternative Performance Measures (“APMs”)

We assess our financial performance using a variety of measures including APMs, as explained further on pages 4 to 7 of the full announcement. In the headings and tables presented from page 11 onwards of the full announcement, these measures are indicated with an asterisk: \*.

# Shareholder information

The Quilter Board has declared an Interim Dividend of 1.7 pence per share. The Interim Dividend will be paid on Monday 20 September 2021 to shareholders on the UK and South African share registers on Friday 3 September 2021.

## Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR Equivalent	Wednesday 11 August 2021
Last day to trade cum dividend in South Africa	Tuesday 31 August 2021
Shares trade ex-dividend in South Africa	Wednesday 1 September 2021
Shares trade ex-dividend in the UK	Thursday 2 September 2021
Record Date in UK and South Africa	Friday 3 September 2021
Interim Dividend payment date	Monday 20 September 2021

From the opening of trading on Wednesday 11 August 2021 until the close of business on Friday 3 September 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 1 September 2021 and Friday 3 September 2021, both dates inclusive.

## Additional information

For shareholders on our South African share register a dividend of 34.88104 South African cents per share will be paid on Monday 20 September 2021, based on an exchange rate of 20.51826. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 34.88104 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 27.90483 South African cents per share. The Company had a total of 1,713,363,464 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 adviser.

## 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.
- The first part of tranche 2 of the Programme of up to £75 million commenced on Thursday 25 June 2020 and completed on Wednesday 30 September 2020.
- The second part of tranche 2 of up to £50 million commenced on Tuesday 13 October 2020 and completed on Monday 8 March 2021.
- The first part of tranche 3 of up to £50 million commenced on Wednesday 7 April 2021 and completed on Friday 14 May 2021.
- The most recent tranche, second part of tranche 3, of up to £50 million commenced on Thursday 27 May 2021 and will complete no later than Tuesday 31 August 2021.

As at Tuesday 10 August 2021, a total of 188.9 million shares have been purchased and cancelled at an average price of 140 pence under the Programme.

Regulatory approval has been granted for the fourth and final £100 million tranche of the buyback which, subject to Board approval, is expected to commence in early September 2021. The Board continues to keep the Programme under review to make sure it remains prudent to return capital in this manner after undertaking consideration of the financial position and prospects of the business, given the market environment, and that it remains the most efficient and effective means of returning capital to shareholders.

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](http://www.quilter.com/investor-relations) and <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/QLTE/HY21Result.pdf>

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

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