

QUILTER PLC

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

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Quilter plc (the "Company")

3 November 2021

**Quilter plc Capital
Markets Day**

**Quilter plc (the "Group") sets out a strategic focus on growth and efficiency,
targets operating profit to more than double by 2025**

**Planned return of c.£350 million from Quilter International disposal proceeds to
accompany 2021 Full Year results**

Business Update

Quilter will be hosting a Capital Markets Day today which will set out a range of targets and update on plans for a return to shareholders from the Quilter International sale proceeds.

As part of its strategic ambitions to drive growth, the Group will reorganise into two new client-focussed segments: High Net Worth and Affluent.

A full breakdown of unaudited pro forma financials for the new segments for first half 2021 and full year and half year 2020, and full year 2019 is included as an appendix to this announcement.

Strategic Update

Since Listing in June 2018, Quilter has focussed on simplifying its business model, optimising its cost base, selling businesses it regarded as non-core and returning the proceeds from disposals to shareholders. With the sale of Quilter International, the reshaping of the Group's corporate perimeter is now complete, and the Group is able to pivot to a strategy which embraces growth and efficiency.

New information set out in today's presentation will include the following:

- Quilter will reaffirm its 6%+ annual net flow target from 2022 onwards and its operating margin targets of at least 25% by 2023 and 30%+ by 2025, and will provide greater granularity on plans to reach those targets.
- The Group will provide an updated cost target, with full-year continuing costs for the year to December 2021 now expected to be less than £500 million.
- The Group will announce a new Simplification initiative to reduce operating costs by around £45 million by end-2024 on a run-rate basis. Costs to achieve of £55 million are expected to fund this programme and will be treated as a below the

line expense.

- Through delivery of these targets, Quilter expects its 2025 adjusted profit to be at least double the level achieved in 2020 (on a continuing business basis), with this contributing to mid-teens compound EPS growth through 2025 from the 2020 continuing business base.

- A revised Group dividend policy. The new policy sets a target pay-out range of 50% to 70% of post-tax, post-interest adjusted profits, revised from 40% to 60% of post-tax adjusted profits previously.

Capital Return

The sale of Quilter International to Utmost continues to progress in line with previous announcements, with completion anticipated prior to year-end 2021.

- The Group expects gross cash proceeds of c.£480 million from the sale. This represents the base sale price of £460 million plus a c.£20 million ticker representing interest on the base sale price since 1 January 2021.
- After costs of c.£40 million, representing transaction expenses and separation costs relating to the transaction, the Group expects net sale proceeds to be c.£440 million.
- Quilter is currently minded to return c.£350 million to shareholders and retain c.£90 million to fund the Group's Simplification programme and to invest in select longer-term revenue growth initiatives. These will include building out a hybrid advice distribution channel and further digitalisation of Quilter's business, which the Group will discuss during today's Capital Markets Day presentation.

The £350 million proposed return to shareholders is currently expected to comprise:

- an estimated £25 million contribution to the Group's Full Year dividend from a pro rata to 2021 earnings contribution from Quilter International, reflecting the "locked box" nature of the disposal agreement; and
- a £325 million special return to shareholders through either payment of a special dividend or through issuance and redemption of B-shares.

The special return to shareholders will be accompanied by an ordinary shareconsolidation. The proposed return to shareholders and ordinary share consolidation will be subject to the normal year-end process, regulatory approval, and any required shareholder approval(s) at a General Meeting. The Quilter Board currently expects to review and formally propose the special return and share consolidation to shareholders alongside the Full Year 2021 results. It is currently expected that the capital return process will be completed during the first half of 2022.

Paul Feeney, Chief Executive Officer of Quilter plc, commented:

"Three years on from our Listing, we have successfully concluded the initial phase of our strategic journey. Selling Old Mutual Global Investors, Quilter Life Assurance and Quilter International have simplified our operating model, removed businesses that weighed on our growth trajectory and together have allowed us to undertake special capital returns of around £1 billion to our shareholders.

"We now look forward to executing the next stage of Quilter's strategic journey which will be characterised by a focus on growth and efficiency. We are excited about our plans to grow our business, increase operating efficiency and to deliver our target of more than doubling operating profits by 2025 and we will set these out at our Capital Markets Day, later this morning."

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About Quilter plc

Quilter plc is a leading wealth management business in the UK and internationally, helping to create prosperity for the generations of today and tomorrow. Quilter plc oversees £108.5 billion in customer investments (as at 30 September 2021).

It has an adviser and customer offering spanning: financial advice, investment platforms, multi-asset investment solutions, and discretionary fund management.

The business is being reorganised into two segments: **Affluent** and **High Net Worth**.

Affluent encompasses the financial planning businesses, Quilter Financial Planning, the Quilter Investment Platform and Quilter Investors, the Multi-asset investment solutions business.

High Net Worth includes the discretionary fund management business, Quilter Cheviot, together with Quilter Private Client Advisers.

Disclaimer

This announcement 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, 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.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this announcement or any other forward-looking statements it may make. Nothing in this announcement should be construed as a profit forecast.

Quilter plc unaudited pro forma disclosure supplement

	Segment view	Quilter plc (continuing)				High Net Worth				Affluent			
		2019	H1 2020	FY 2020	H1 2021	2019	H1 2020	FY 2020	H1 2021	2019	H1 2020	FY 2020	H1 2021
Growth drivers	Gross sales (£bn)	10.6	5.3	9.8	6.7	2.6	1.2	2.1	1.3	8.0	4.1	7.7	5.4
	NCCF (£bn)	(0.3)	1.0	1.5	2.0	(0.8)	0.2	0.3	0.4	0.5	0.8	1.2	1.6
	NCCF / Opening AUMA	-0.4%	2.2%	1.6%	4.0%	-3.6%	1.7%	1.2%	3.2%	0.8%	2.3%	1.8%	4.3%
	Market, ccy & other (£bn)	10.8	(3.7)	5.1	5.4	2.8	(1.1)	0.8	1.3	8.0	(2.6)	4.3	4.1
	Closing AUMA (£bn)	92.4	89.7	99.0	106.4	24.2	23.3	25.3	27.0	68.2	66.4	73.7	79.4
	Of which Quilter Investment Platform	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	58.6	57.5	63.8	69.4
	Of which Quilter Investors	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.6	20.8	23.2	24.8
	Of which eliminations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(12.0)	(11.9)	(13.3)	(14.8)
	Average AUMA (£bn)	87.2	87.8	90.2	101.7	23.6	22.9	23.3	25.8	63.6	64.9	66.9	75.9
Profit & loss	Net management fee (£m)	469	220	446	242	171	84	168	93	298	136	278	149
	Other revenue (£m) ¹	118	59	118	62	25	13	25	12	90	44	92	50
	Expenses (£m) ²	(460)	(232)	(456)	(248)	(155)	(79)	(154)	(79)	(269)	(134)	(265)	(155)
	Adjusted profit (pre-tax) (£m)	127	47	108	56	41	18	39	26	119	46	105	44
Margins	Operating margin %	22%	17%	19%	18%	21%	19%	20%	25%	31%	26%	28%	22%
	Revenue margin (bps)	54	50	49	48	72	73	72	72	47	42	42	39
	Of which Quilter Investment Platform	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31	29	29	27
	Of which Quilter Investors	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	60	53	53	51
	Asset retention %	87%	91%	91%	91%	85%	92%	93%	93%	87%	90%	90%	90%
Statutory view	IFRS profit pre-tax (£m)	(25)	(25)	9	27	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	IFRS profit post-tax (£m)	(90)	11	13	(13)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other KPIs	Restricted Financial Planners (#)	1,725	1,724	1,765	1,639	n/a	n/a	n/a	n/a	1,725	1,724	1,765	1,639
	RFP Productivity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.3	1.1	0.9	1.9
	Client facing individuals	229	231	231	230	229	231	231	230	n/a	n/a	n/a	n/a
	Return on equity (%)	8.2%	4.5%	5.8%	7.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital	Adjusted basic EPS (pence)	5.8	2.3	5.3	3.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Adjusted diluted EPS (pence)	5.7	2.2	5.2	3.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹Other revenue includes Head Office of £3m in 2019, £1m in FY 2020 and £2m in H1 2020.

²Expenses includes Head Office of £36m in 2019, £37m in FY 2020, £19m in H1 2020 and £14m in H1 2021.