

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

9 March 2022

Quilter plc preliminary results for the year ended 31 December 2021

Revenue growth and cost management drive 28% profit growth

Management basis - Continuing business (excluding Quilter International)

- Assets under Management and Administration ("AuMA") of £111.8 billion at the end of December 2021, an increase of 13% from 31 December 2020 (£99.0 billion), with growth supported by improved net flows and positive market movement.
 - Net inflows of £4.0 billion (2020: £1.5 billion) representing 4% of opening AuMA (2020: 2%), with particularly strong performance from the new Quilter Investment Platform with £3.5 billion of net inflows, up 133% on prior year.
- Improved operating margin of 22% (2020: 19%) with growth in revenues of 10% and expenses of 5% given the unusual operating environment of the prior year due to COVID-19.
- Adjusted profit before tax increased by 28% to £138 million (2020: £108 million).
- IFRS profit before tax attributable to equity holders from continuing operations of £12 million (2020: loss of £27 million) given the increase in profit attributable to favourable equity market movements throughout the year resulting in higher AuMA.
- Adjusted diluted earnings per share from continuing operations increased 42% to 7.4 pence (2020: 5.2 pence), supported by a low tax rate (arising from a deferred tax credit in the first half of 2021) and a reduced share count due to the capital return programme.
- Final dividend of 3.9 pence per share versus 3.6 pence for 2020, bringing the total dividend for the year to 5.6 pence per share an increase of 22% (2020: 4.6 pence per share) inclusive of contribution of £25 million, or 1.6 pence per share, from Quilter International. Excluding the contribution from Quilter International, the dividend contribution from continuing operations has increased 39% to 4.0 pence.

Group highlights (including Quilter International)

- Adjusted profit before tax increased 12% to £188 million (2020: £168 million) of which £50 million (2020: £60 million) from Quilter International.
- IFRS profit after tax of £154 million (2020: £88 million).
- Adjusted diluted earnings per share of 10.4 pence, of which 3.0 pence is in respect of Quilter International (2020: 8.5 pence, of which 3.3 pence was in respect of Quilter International).

Statutory results

- IFRS profit after tax from continuing operations of £23 million (2020: £13 million).
- Basic earnings per share from continuing operations of 1.4 pence (2020: 0.8 pence).
- Diluted earnings per share from continuing operations of 1.4 pence (2020: 0.8 pence).
- Basic headline earnings per share of 3.9 pence (2020: 5.2 pence)
- Diluted headline earnings per share of 3.8 pence (2020: 5.1 pence)
- Solvency II ratio of 275% after payment of the recommended final dividend (2020: 217%).

Strategic progress

- Successfully completed migration of advisers and clients onto the new Quilter Investment Platform in February 2021 with a substantial increase in gross flows onto our platform (58%), with gross flows from independent financial advisers increasing by 63%.
- Completion, in January 2022, of the £375 million share buyback programme from the Quilter Life Assurance sale proceeds. 264 million shares purchased at an average price of 141.97 pence per share, leading to a c.14% reduction in share count since programme inception.
- Sale of Quilter International at end November 2021 for £481 million completes the corporate restructuring of Quilter that has been in progress since prior to our Listing in June 2018.

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- Proposed £328 million capital return (20 pence per share), equivalent to c.17% of market capitalisation, through B share scheme accompanied by a share consolidation, subject to regulatory engagement and shareholder approval at a General Meeting to be held on 12 May 2022. A separate announcement providing details of the timetable for the B share scheme and share consolidation has also been published today.
- Our Capital Markets Day in November 2021 set out a simpler customer-centric business structure, announced additional cost savings of £45 million through Simplification and set out targets, assuming stable markets, to double adjusted profit by the end of 2025 (from the continuing 2020 base); deliver mid-teens compound growth in earnings per share through 2025 (from the continuing 2020 base); and achieve an operating margin of at least 25% and 30% by 2023 and 2025 respectively.

Paul Feeney, Chief Executive Officer, said:

"2021 was an important year for Quilter as we completed our planned strategic evolution through the successful migration of customers and advisers onto our new platform and completed the sale of Quilter International for £481 million. We also demonstrated strong financial performance with more than doubled net inflows of £4 billion and achieved revenue growth of 10% while limiting cost growth to 5% to deliver adjusted profit growth of 28%.

Our confidence in our prospects is reflected in the Board's decision to lift the full-year dividend by 22% to 5.6 pence. Capital discipline remains a key element of the Quilter philosophy – we completed our £375 million buyback from the Quilter Life Assurance proceeds in early 2022 and I am pleased to confirm the Board is proposing a capital return of £328 million, equivalent to 20 pence per share, from the Quilter International sale proceeds, subject to regulatory engagement and shareholder approval at General Meeting on 12 May.

We are pleased to be delivering good results in these difficult times with significant geopolitical tensions at the centre of all our concerns. In 2022, our focus remains on managing our business towards delivering the targets we set out at our Capital Markets Day last November. This will include increasing flows to our Platform, particularly from third party advisers, product innovation and growth in our restricted adviser base".

Quilter highlights from continuing operations ¹	2021	2020
Assets and flows		
AuMA (£bn) ²	111.8	99.0
Gross flows (£bn) ²	13.2	9.9
Net inflows (£bn) ²	4.0	1.5
Net inflows/opening AuMA ²	4%	2%
Gross flows per adviser (£m) ^{2,3}	2.3	1.8
Asset retention ²	91%	91%
Profit and loss		
IFRS profit/(loss) before tax attributable to equity holders from continuing operations (£m) ²	12	(27)
IFRS profit after tax from continuing operations (£m)	23	13
Adjusted profit before tax (£m) ²	138	108
Operating margin ²	22%	19%
Revenue margin (bps) ²	48	49
Return on equity ²	8.3%	5.5%
Adjusted diluted earnings per share from continuing operations (pence) ²	7.4	5.2
Basic earnings per share from continuing operations (pence)	1.4	0.8
Non-financial		
Restricted Financial Planners ("RFPs") in Affluent segment ⁴	1,563	1,765
Discretionary Investment Managers in High Net Worth segment ⁴	170	169
Quilter Private Client RFPs in High Net Worth segment ⁴	60	77

¹Continuing operations represent Quilter Group, excluding the results of Quilter International. Adjusted profit before tax for Quilter International in 2021 was £50 million (2020: £60 million). Adjusted diluted EPS for Quilter International in 2021 was 3.0 pence per share (2020: 3.3 pence per share).

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

³Gross flows per adviser is a measure of the value created by our Quilter distribution channel.

⁴Closing headcount as at 31 December.

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 and definitions of adjusted profit are explained on page 4 of the full announcement.

IFRS accounting standards require £10 million of costs (2020: £17 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 agreed to recommend to shareholders the payment of a final dividend of 3.9 pence per share. This will be considered at the Quilter plc Annual General Meeting which will be held on Thursday 12 May 2022. The final dividend will be paid on Monday 16 May 2022 to shareholders on the UK and South African share registers on Friday 8 April 2022.

Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR Equivalent	Wednesday 9 March 2022
Last day to trade cum dividend in South Africa	Tuesday 5 April 2022
Shares trade ex-dividend in South Africa	Wednesday 6 April 2022
Shares trade ex-dividend in the UK	Thursday 7 April 2022
Record Date in UK and South Africa	Friday 8 April 2022
Final dividend payment date	Monday 16 May 2022

From the opening of trading on Wednesday 9 March 2022 until the close of business on Wednesday 25 May 2022, no transfers between the London and Johannesburg registers will be permitted. This extended period is to facilitate the B Share Scheme and Share Consolidation. Further details of the B Share Scheme and Share Consolidation have been published in a separate market announcement. Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday 6 April 2022 and Friday 8 April 2022, both dates inclusive.

Additional information

For shareholders on our South African share register a dividend of 78.25993 South African cents per share will be paid on Monday 16 May 2022, based on an exchange rate of 20.06665. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 78.25993 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 62.60794 South African cents per share. The Company had a total of 1,638,123,085 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').

Quilter commenced the Programme on the London and Johannesburg Stock Exchanges on 11 March 2020. The Programme was subject to staged regulatory and Board approvals and at completion of the Programme on 27 January 2022, a total of 264.1 million shares had been purchased and cancelled at an average price of 141.97 pence per share.

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 [Investor relations | Quilter plc](https://investorrelations.quilter.com) and <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/QLTE/FY21Result.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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