

## 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 August 2022

Quilter plc interim results for the six months ended 30 June 2022

## Stable revenue and cost discipline drive 9% increase in adjusted profit

### Management basis - Continuing business (excluding Quilter International for comparative data)

- Assets under Management and Administration ("AuMA") of £98.7 billion at the end of June 2022, a decrease of 12% from 31 December 2021 (£111.8 billion) principally due to adverse market movements of £14.5 billion and:
  - Quilter Investment Platform net inflows of £1.6 billion (H1 2021: £1.8 billion) representing 4% of opening AuMA (H1 2021: 6%), reflecting an industry wide slowdown in new client flows during the second quarter.
  - Quilter channel flows onto the Quilter Investment Platform of £954 million up 10% on the £868 million achieved in 2021.
  - Quilter High Net Worth net inflows of £0.5 billion (H1 2021: £0.4 billion) representing 3% of opening AuMA (H1 2021: 4%).
  - Net outflows of £0.6 billion (H1 2021: net outflows £0.3 billion) of assets held on third party platforms reflecting non-core, legacy business in run off and transition of assets advised by Quilter Financial Planning on other platforms to the Quilter Investment Platform.
  - Leading to Group net inflows of £1.4 billion for the first half (H1 2021: 2.0 billion).
- Flat revenues and cost discipline drove a 9% increase in adjusted profit before tax to £61 million (H1 2021: £56 million).
- Improved operating margin of 20% (H1 2021: 18%), reflecting stable revenues and a reduction in expenses of 2% through lower FSCS levies and tight control of costs despite the inflationary environment and the return to more normalised investment spend post-pandemic.
- Adjusted diluted earnings per share decreased 5% to 3.7 pence (H1 2021: 3.9 pence), reflecting a more normal tax rate (as a result of the non-repetition of a deferred tax credit in the first half of 2021) partially offset by a reduced share count following completion of our capital return programme.
- Interim dividend of 1.2 pence per share unchanged on 2021 (excluding the contribution from Quilter International).

### Statutory results

- IFRS profit before tax attributable to equity holders from continuing operations of £182 million (H1 2021: £(21) million), largely driven by policyholder tax credits of £145 million (H1 2021: tax charge £(48) million). This income tax credit(charge) can vary significantly period-on-period as a result of market volatility and the impact this has on policyholder tax.
- Negotiations concluded with the insurers who provided professional indemnity cover for Lighthouse resulting in the payment of the full amount due under the policy of £15 million, including amounts received since the period end, with the benefit of this excluded from adjusted profit. Net cost of post-acquisition Lighthouse remediation totals £12 million.
- Basic earnings/(loss) per share from continuing operations of 11.3 pence (H1 2021: (0.9) pence).
- Diluted earnings/(loss) per share from continuing operations of 11.2 pence (H1 2021: (0.9) pence).
- Basic headline earnings per share of 11.7 pence (H1 2021: 4.5 pence)
- Diluted headline earnings per share of 11.6 pence (H1 2021: 4.4 pence)
- Solvency II ratio of 219% after payment of the interim dividend (December 2021: 275%).

### Strategic progress

- Significant expansion of our successful WealthSelect managed portfolios, with a simpler charging structure. We now offer a full spectrum of portfolios to cover clients' risk, investment preferences with an ESG overlay.
- Good progress building incremental platform flows from targeted IFA firms with 80 adviser firms adopting Quilter as a platform of choice during the period and contributing to incremental gross inflows.

- Continued build out of our integrated advice and investment proposition in the High Net Worth segment, with eight additional investment managers added since June 2021.
- Good initial progress with our £45 million Business Simplification programme, with annualised run-rate savings of £13 million achieved to date.
- Completion, in January 2022, of the £375 million share buyback programme from the Quilter Life Assurance sale proceeds. Since the programme's inception, 264 million shares were purchased at an average price of 141.97 pence per share.
- £328 million capital return in June 2022, (20 pence per share) through B share scheme accompanied by a 6 for 7 share consolidation to return the net surplus proceeds from the sale of Quilter International to shareholders.

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

"Operating conditions in the first six months of 2022 have been challenging. Global equity markets have experienced one of the worst periods of negative performance in recent years and traditional 60:40 multi-asset portfolios have had their largest negative year-to-date return on record. In that context, our overall AuMA has been relatively resilient, down 12% to £98.7 billion on the December 2021 level. Despite the market volatility, we generated net inflows of £1.6 billion (H1 2021: £1.8 billion) on the Quilter Investment Platform and a further £0.5 billion of net inflows (H1 2021 £0.4 billion) through our High Net Worth segment, modestly reducing the negative mark-to-market and third party platform net outflow impacts.

"Against this backdrop we delivered a 9% increase in our adjusted profit in the first half of 2022. Our focus remains on managing our business towards the targets set out at our Capital Markets Day last November, although an absence of an improvement in market levels and investor sentiment over the remainder of this year and 2023 may impact on the timing of delivery. My priorities continue to be growth in the IFA and Quilter adviser franchises, cost discipline to deliver a right-sized cost base for the new streamlined Quilter, investing for future growth through initiatives such as hybrid advice, and embedding ESG into the services we provide for clients and tools we provide for advisers".

Quilter highlights from continuing operations <sup>1</sup>	H1 2022	H1 2021
<b>Assets and flows</b>		
AuMA (£bn) <sup>2, 5</sup>	98.7	106.4
Gross flows (£bn) <sup>2, 5</sup>	5.9	6.7
Net inflows (£bn) <sup>2, 5</sup>	1.4	2.0
Net inflows/opening AuMA <sup>2</sup>	3%	4%
Gross flows per adviser (£m) <sup>2, 3</sup>	2.4	2.4
Asset retention <sup>3</sup>	92%	91%
<b>Profit and loss</b>		
IFRS profit/(loss) before tax attributable to equity holders (£m) <sup>2</sup>	182	(21)
IFRS profit/(loss) after tax (£m)	151	(13)
Adjusted profit before tax (£m) <sup>2</sup>	61	56
Operating margin <sup>2</sup>	20%	18%
Revenue margin (bps) <sup>2</sup>	47	48
Return on equity <sup>2</sup>	5.9%	7.3%
Adjusted diluted earnings per share (pence) <sup>2</sup>	3.7	3.9
Basic earnings/(loss) per share (pence)	11.3	(0.9)
<b>Non-financial</b>		
Restricted Financial Planners ("RFPs") in Affluent segment <sup>4</sup>	1,512	1,639
Discretionary Investment Managers in High Net Worth segment <sup>4</sup>	176	168
Quilter Private Client RFPs in High Net Worth segment <sup>4</sup>	55	62

<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. Adjusted diluted EPS from Quilter International in H1 2021 was 1.9 pence per share.

<sup>2</sup>Alternative Performance Measures ("APMs") are detailed and defined on pages 4 to 6.

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

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

<sup>5</sup>H1 2021 asset and flow comparators have been restated to exclude amounts relating to Quilter International to align with information presented at the Company's Capital Markets Day on 3 November 2021 and its fourth quarter trading statement 2021 on 26 January 2022.

**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.

### Alternative Performance Measures (“APMs”)

We assess our financial performance using a variety of measures including APMs, as explained further on pages 4 to 6. In the headings and tables presented from page 11 onwards, these measures are indicated with an asterisk: \*.

## Shareholder information

The Quilter Board has declared an Interim Dividend of 1.2 pence per share. The Interim Dividend will be paid on Monday 19 September 2022 to shareholders on the UK and South African share registers on Friday 2 September 2022.

### Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR Equivalent	Wednesday 10 August 2022
Last day to trade cum dividend in South Africa	Tuesday 30 August 2022
Shares trade ex-dividend in South Africa	Wednesday 31 August 2022
Shares trade ex-dividend in the UK	Thursday 1 September 2022
Record Date in UK and South Africa	Friday 2 September 2022
Interim dividend payment date	Monday 19 September 2022

From the opening of trading on Wednesday 10 August 2022 until the close of business on Friday 2 September 2022, 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 31 August 2022 and Friday 2 September 2022, both dates inclusive.

### Additional information

For shareholders on our South African share register a dividend of 24.14419 South African cents per share will be paid on Monday 19 September 2022, based on an exchange rate of 20.12016. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 24.14419 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 19.31535 South African cents per share. The Company had a total of 1,404,105,498 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.

### Return of capital related to the Sale of Quilter International

Following approval by shareholders at a General Meeting held on Thursday 12 May 2022, Quilter returned £328 million of the net proceeds arising from the sale of Quilter International to shareholders by way of a B Share Scheme and Share Consolidation (the 'Return of Capital').

The Return of Capital, which was initially announced on Wednesday 9 March 2022, involved the issue of new redeemable B shares to shareholders on Monday 23 May 2022, which Quilter subsequently redeemed for cash on Tuesday 24 May 2022. Under the Return of Capital, shareholders on our UK share register received 20 pence per Ordinary Share. This equated to a return of 401.33300 South African cents per Ordinary Share for shareholders on our South African share register, using an exchange rate of 20.06665 South African cents to one pence, the average rate achieved on 7 and 8 March 2022. The Share Consolidation was implemented on Monday 23 May 2022 and resulted in each shareholder receiving six new Ordinary Shares of 8 1/6 pence each for every seven existing Ordinary Shares of 7 pence each that they held on the record date of Friday 20 May 2022.

In connection with the Return of Capital, Quilter purchased for cancellation four existing Ordinary Shares of 7 pence each on Thursday 12 May 2022 to ensure that the number of existing Ordinary Shares in issue at the time the Share Consolidation was implemented was exactly divisible by seven (being the denominator in the Share Consolidation ratio).

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/2022/JSE/ISSE/QLTE/HY22Result.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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