

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)  
 ISIN CODE: GB00BDCXV269  
 JSE SHARE CODE: QLT  
 Quilter plc (the "Company")

8 March 2023

## Quilter plc preliminary results for the year ended 31 December 2022

### Robust outturn for 2022 in a challenging market – key strategic priorities improving growth and higher profitability

Steven Levin, Chief Executive Officer, said:

"Delivering a broadly similar 2022 operating performance to 2021 was a pleasing outturn given more challenging market conditions during the year. Since my appointment as Chief Executive in November 2022, I have been focussing on what more we need to do to realise Quilter's potential. While we are well positioned across the UK wealth industry, I believe we can go further to improve performance. My plan is to build on our existing distribution strengths, enhance our client propositions and drive greater efficiency across our business to ensure we deliver faster growth and higher profitability".

#### Key financial highlights

We assess our financial performance using a variety of measures including alternative performance measures ("APMs"), as explained further on pages 18 to 20 of the full announcement. In the headings and tables presented, these measures are indicated with an asterisk: \*.

Quilter highlights from continuing operations <sup>1</sup>	2022	2021
<b>Assets and flows</b>		
AuMA* (£bn) <sup>2</sup>	99.6	111.8
Gross flows* (£bn) <sup>2</sup>	10.5	13.2
Net inflows* (£bn) <sup>2</sup>	1.8	4.0
Net inflows/opening AuMA* <sup>2</sup>	2%	4%
<b>Profit and loss</b>		
IFRS profit before tax from continuing operations attributable to equity holders* (£m) <sup>2</sup>	199	12
IFRS profit after tax from continuing operations (£m)	175	23
Adjusted profit before tax* (£m) <sup>2</sup>	134	138
Operating margin* <sup>2</sup>	22%	22%
Revenue margin* (bps) <sup>2</sup>	47	48
Adjusted diluted EPS from continuing operations* (pence) <sup>2</sup>	7.9	7.4
Recommended total dividend per share from continuing operations (pence)	4.5	4.0
Basic earnings per share from continuing operations (pence)	12.2	1.4

<sup>1</sup>Continuing operations represent Quilter plc, excluding the results of Quilter International. Adjusted profit before tax for Quilter International in 2021 was £50 million. Adjusted diluted EPS from Quilter International in 2021 was 3.0 pence per share.

<sup>2</sup>Alternative Performance Measures ("APMs") are detailed and defined on pages 18 to 20 of the full announcement.

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

- Assets under Management and Administration ("AuMA") of £99.6 billion at the end of December 2022, a decrease of 11% from 31 December 2021 (£111.8 billion) principally due to adverse market movements of £14.0 billion and:
  - Quilter Investment Platform net inflows of £2.2 billion (2021: £3.5 billion) representing 3% of opening AuMA (2021: 5%), reflecting an industry wide slowdown in gross flows.
  - Quilter High Net Worth net inflows of £0.9 billion (2021: £1.1 billion) representing 3% of opening AuMA (2021: 4%).
  - Net outflows of £1.1 billion (2021: net outflows £0.6 billion) of assets held on third-party platforms reflecting non-core, legacy business in run-off partially offset by the transition of assets advised by Quilter Financial Planning on other platforms to the Quilter Investment Platform.
- Broadly stable revenues of £606 million (2021: £618 million) largely supported by net interest income on corporate cash balances coupled with strong expense discipline delivering a reduction in costs, despite inflationary pressures. We delivered adjusted profit before tax of £134 million (2021: £138 million) and a stable operating margin of 22%.
- Excellent progress made on plans to deliver additional cost efficiencies and proposition enhancements.
- Final Dividend of 3.3 pence per share versus 2.8 pence for 2021, bringing the recommended total dividend for the year to 4.5 pence per share, an increase of 13% on the continuing business dividend for 2021 of 4.0 pence per share.
- Special capital return of £328 million to shareholders from the sale of Quilter International through a B share issue coupled with share consolidation. Our total share count has declined by c.25% since our Listing in 2018.
- Adjusted diluted earnings per share from continuing operations of 7.9 pence (2021: 7.4 pence).
- Basic earnings per share from continuing operations of 12.2 pence (2021: 1.4 pence).
- Solvency II ratio of 230% after payment of the recommended Final Dividend (December 2021: 275%).
- Basic headline earnings per share of 11.7 pence (2021: 3.9 pence).
- Diluted headline earnings per share of 11.5 pence (2021: 3.8 pence).

# Financial review

## Review of financial performance

### Overview

The Group delivered a robust set of results during 2022 against the backdrop of a recessionary global economic environment, with higher inflation, which reduced the value attributed to equity and bond investments. Accordingly, investor sentiment for wealth and savings solutions reduced during the year.

Against this backdrop, the Group's AuMA ended the year at £99.6 billion, down 11% from the starting position at the beginning of the year with £14.0 billion of negative market movements more than offsetting net inflows of £1.8 billion. Average AuMA for the year was £102.8 billion compared to £105.3 billion in the comparative year. Adjusted profit before tax was £134 million, down 3% on the prior year (2021: £138 million), reflecting lower revenues given the lower average AuMA for the year, offset by good cost discipline despite the cost-of-living and inflation pressures.

In this section, unless indicated otherwise all results are presented excluding Quilter International in both the current year and prior year comparative, following its sale to Utmost Group in November 2021.

### Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 18 to 20 of the full announcement. In the headings and tables presented, these measures are indicated with an asterisk: \*.

### Key financial highlights

Quilter highlights from continuing operations <sup>1</sup>	2022	2021
<b>Assets and flows</b>		
AuMA* (£bn) <sup>2</sup>	99.6	111.8
Of which Affluent	74.9	83.3
Of which High Net Worth	25.5	28.7
Inter-segment dual assets	(0.8)	(0.2)
Gross flows* (£bn) <sup>2</sup>	10.5	13.2
Of which Affluent	8.5	10.5
Of which High Net Worth	2.3	2.7
Inter-segment dual assets	(0.3)	0.0
Net inflows* (£bn) <sup>2</sup>	1.8	4.0
Of which Affluent	1.1	2.9
Of which High Net Worth	0.9	1.1
Inter-segment dual assets	(0.2)	0.0
Net inflows/opening AuMA* <sup>2</sup>	2%	4%
Gross flows per adviser* (£m) <sup>2, 3</sup>	2.3	2.3
Asset retention* <sup>2</sup>	92%	91%
<b>Profit and loss</b>		
IFRS profit before tax from continuing operations attributable to equity holders* (£m) <sup>2</sup>	199	12
IFRS profit after tax from continuing operations (£m)	175	23
Adjusted profit before tax* (£m) <sup>2</sup>	134	138
Operating margin* <sup>2</sup>	22%	22%
Revenue margin* (bps) <sup>2</sup>	47	48
Return on equity* <sup>2</sup>	7.0%	8.3%
Adjusted diluted EPS from continuing operations* (pence) <sup>2</sup>	7.9	7.4
Recommended total dividend per share from continuing operations (pence)	4.5	4.0
Basic earnings per share from continuing operations (pence)	12.2	1.4
<b>Non-financial</b>		
Total Restricted Financial Planners ("RFPs") in both segments <sup>4</sup>	1,502	1,623
Discretionary Investment Managers in High Net Worth segment <sup>4</sup>	179	170

<sup>1</sup>Continuing operations represent Quilter plc, excluding the results of Quilter International. Adjusted profit before tax for Quilter International in 2021 was £50 million. Adjusted diluted EPS from Quilter International in 2021 was 3.0 pence per share.

<sup>2</sup>Alternative Performance Measures ("APMs") are detailed and defined on pages 18 to 20 of the full announcement.

<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 31 December.

**Net inflows** of £1.8 billion for the year were 55% lower than the prior year (2021: £4.0 billion). The more challenging macroeconomic and geopolitical environment contributed to lower investment activity across the wealth management industry, with this notably evidenced through subdued gross inflows. Net inflows are stated inclusive of net outflows from assets on third-party platforms of £1.1 billion (2021: £0.6 billion). Gross flows for the Group were 20% lower than the prior year at £10.5 billion (2021: £13.2 billion), primarily as a result of lower flows into the Quilter Platform. This was due to lower investor confidence and the wider impacts of rising interest rates and inflation on the cost-of-living, leading to an industry-wide slow-down. As a consequence, net inflows as a percentage of opening AuMA were 2% (2021: 4%). Detailed analysis on net flows by business segment is shown in the Supplementary Information section of the full announcement.

- **The Affluent segment's** net inflows of £1.1 billion were down 62% on the prior year (2021: £2.9 billion) due to £1.3 billion lower net inflows in the Quilter Investment Platform against a strong prior year comparative, and net outflows of £1.1 billion (2021: net outflows of £0.6 billion) in assets managed by Quilter on third-party platforms in relation to legacy and closed books of business. Net inflows of £2.2 billion onto the Quilter Investment Platform were down 37% (2021: £3.5 billion), with lower gross sales in the IFA channel being a specific contributing factor. The Quilter distribution channel performed broadly in line with the prior year where the Platform is winning a greater share of sales from our own advisers, weighted towards pensions, and we established a simplified procedure to allow us to accelerate back book transfers. This is offset with lower overall market activity as investor confidence reduced during the course of 2022. Gross flows on the Quilter Investment Platform of £7.5 billion (2021: £9.0 billion) were 17% lower as clients reacted to the macro environment. Pension and ISA product sales comprise £5.5 billion (2021: £6.4 billion). Persistency for the Affluent segment remained good and slightly ahead of historical levels at 91% (2021: 90%).
- **The High Net Worth segment** recorded net inflows of £0.9 billion which were down 18% from the prior year (2021: £1.1 billion), and continued to deliver a robust performance with good flows from the Quilter channel offsetting a slowdown in IFA flows. Gross inflows of £2.3 billion were down on 2021 of £2.7 billion, offset by lower outflows compared to the prior year. This reflects improved persistency at 95% versus 94% in 2021.

**The Group's AuMA** ended the year at £99.6 billion, down 11% from the opening position at the start of 2022 (2021: £111.8 billion), due to the fall in global equity and bond indices. The Affluent segment AuMA of £74.9 billion decreased by 10% (2021: £83.3 billion) of which £24.9 billion is managed by Quilter, down on the opening position at the start of 2022 (2021: £27.4 billion). High Net Worth's AuM was £25.5 billion, down 11% from opening 2022 (2021: £28.7 billion), with all assets managed by Quilter. In total, £50.2 billion of AuMA is managed by Quilter across the Group (2021: £56.0 billion).

**The Group's revenue margin** of 47 bps was 1 bp lower than the prior year (2021: 48 bps). For assets administered within the Affluent segment, the revenue margin remained in line with the prior year at 27 bps. For assets managed in the Affluent segment, the revenue margin decreased by 2 bps to 47 bps as a result of anticipated mix shifts in underlying assets towards lower margin products. Within the High Net Worth segment the revenue margin decreased by 2 bps to 69 bps, primarily due to lower commission and contract charges.

**Adjusted profit before tax** decreased by 3% to £134 million (2021: £138 million). The decline in net management fees to £483 million (2021: £500 million) broadly matched the decline in average AuMA year-on-year (2022: £102.8 billion compared to 2021: £105.3 billion). Other revenue increased by 4% to £123 million (2021: £118 million) reflecting interest income earned on cash and capital resources, offset by lower mortgage and protection new business levels and lower adviser headcount. Operating expenses in 2022 were £472 million, down 2% on the prior year (2021: £480 million) primarily due to continued cost discipline, lower FSCS levies and the Optimisation and Simplification cost initiatives delivering the intended cost reductions. These decreased expenses have been partially offset by higher annualised FNZ charges following the late Q1 2021 launch of the Platform and inflationary increases. The Group's operating margin was 22%, in line with the prior year.

**The Group's IFRS profit after tax** from continuing operations was £175 million, compared to £23 million for 2021. The increase in IFRS profit is largely attributable to policyholder tax credits resulting from market losses up to December 2022 of £134 million compared to market gains in the prior year (2021: tax charge £73 million).

**Adjusted diluted earnings per share** for continuing operations increased 7% to 7.9 pence (2021: 7.4 pence).

# Shareholder information

The Quilter Board has agreed to recommend to shareholders the payment of a Final Dividend of 3.3 pence per share. This will be considered at the Quilter plc Annual General Meeting which will be held on Thursday 18 May 2023. The final dividend will be paid on Monday, 22 May 2023 to shareholders on the UK and South African share registers on Friday, 21 April 2023.

## Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR Equivalent	Wednesday, 8 March 2023
Last day to trade cum dividend in South Africa	Tuesday, 18 April 2023
Shares trade ex-dividend in South Africa	Wednesday, 19 April 2023
Shares trade ex-dividend in the UK	Thursday, 20 April 2023
Record Date in UK and South Africa	Friday, 21 April 2023
Final Dividend payment date	Monday, 22 May 2023

From the opening of trading on Wednesday 8 March 2023 until the close of business on Friday, 21 April 2023, 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 19 April 2023 and Friday 21 April 2023, both dates inclusive.

## Additional information

For shareholders on our South African share register a dividend of 72.78087 South African cents per share will be paid on Monday 22 May 2023, based on an exchange rate of 22.05481. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 72.78087 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 58.22470 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.

## Odd-lot Offer

Following our Odd-lot Offer in 2020, as part of our continued drive for greater efficiency and in line with our desire to act in the best interests of all our shareholders, we are considering undertaking another Odd-lot Offer. The potential Odd-lot Offer is subject to shareholder approval at the Company's Annual General Meeting and other requisite approvals. If approved, Quilter will make an offer to eligible shareholders (holders of less than 200 ordinary shares) to repurchase their shares at a modest premium to the market price. The Odd-lot Offer will reduce the complexity and cost to Quilter of managing our unusually large shareholder base and will allow shareholders holding small numbers of shares to dispose of their holdings in a timely and cost effective manner, without any dealing fees. Eligible shareholders can elect to retain their shareholding in Quilter plc.

Further information will be provided to eligible shareholders in due course.

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](#) and <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/QLTE/FY22Result.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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