

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: GB00BNHSJN34
 JSE SHARE CODE: QLT
 Quilter plc (the "Company")

6 March 2024

Quilter plc preliminary results for the year ended 31 December 2023

Quilter delivers a 25% increase in adjusted profit to £167 million and a five percentage point improvement in the operating margin to 27%

Steven Levin, Chief Executive Officer, said:

“2023 was a year of strong delivery. We wrote a higher level of new business and delivered record profitability through higher revenues and 3% lower costs. Our Affluent segment is delivering strong growth while our High Net Worth segment is investing in growth which will be realised over the next few years. The structural need to save for retirement combined with our growth plans and focus on operational efficiency, supported by a strong balance sheet, means we are well positioned as market conditions improve.”

Highlights:

- Assets under Management and Administration (“AuMA”) of £106.7 billion at 31 December 2023 increased by 7% over the year (31 December 2022: £99.6 billion). This reflects supportive markets into year-end combined with a modest contribution from net flows. Core business net inflows of £832 million (2022: £2,122 million) represented 1% of opening AuMA (2022: 2%). This was supported by continued strong inflows into the Quilter channel with net outflows in the IFA channel, reflective of challenging market conditions.
- Adjusted profit before tax increased by 25% to £167 million (2022: £134 million).
- Revenue increased by 3% to £625 million (2022: £606 million) supported by interest revenue generated on corporate cash balances. This was coupled with robust expense discipline which delivered another year of lower costs, despite inflationary pressures, supporting an increase in the operating margin to 27% (2022: 22%).
- Target £45 million Phase One Simplification cost savings were completed by end 2023, a year earlier than planned. An additional £50 million of Simplification (Phase Two) savings are targeted for delivery by the end of 2025, with £8 million already attained on a run-rate basis by end-2023.
- Broad stabilisation in Quilter restricted adviser headcount which declined by 1% on December 2022 levels. Detailed plans are in place to grow Adviser headcount in 2024 and beyond.
- Adjusted diluted earnings per share increased 19% to 9.4 pence (2022: 7.9 pence).
- Basic headline earnings per share of 3.2 pence (2022: 12.6 pence).
- Diluted headline earnings per share of 3.1 pence (2022: 12.4 pence).
- IFRS profit after tax attributable to shareholders of £42 million (2022: £175 million) with the year-on-year variance largely due to market valuation changes in the policyholder tax charge. Basic earnings per share of 3.1 pence (2022: 12.2 pence).
- Proposed Full Year Dividend of 5.2 pence per share versus 4.5 pence per share for 2022, representing an increase of 16%.
- Solvency II ratio of 271% after payment of the recommended Final Dividend (31 December 2022: 230%). In late 2023, we obtained a c.£80 million capital benefit (14 percentage point Solvency II ratio contribution) from a reduction in risk margin as a result of changes in the PRA’s capital rules.

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 release. In the headings and tables presented, these measures are indicated with an asterisk: *.

Quilter highlights	2023	2022
Assets and flows – core business		
AuMA* (£bn)	103.4	96.2
Gross flows* (£bn)	11.1	10.4
Net inflows* (£bn)	0.8	2.1
Net inflows/opening AuMA*	1%	2%
Assets and flows – reported		
AuMA* (£bn)	106.7	99.6
Gross flows* (£bn)	11.2	10.5
Net inflows* (£bn)	0.1	1.8
Net inflows/opening AuMA*	0%	2%
Profit and loss		
IFRS profit before tax attributable to shareholder returns (£m)	12	199
IFRS profit after tax (£m)	42	175
Adjusted profit before tax* (£m)	167	134
Operating margin*	27%	22%
Revenue margin* (bps)	47	48
Adjusted diluted EPS* (pence)	9.4	7.9
Recommended total dividend per share (pence)	5.2	4.5
Basic earnings per share (pence)	3.1	12.2

Financial review

Review of financial performance

Overview

The Group achieved a strong improvement in adjusted profit performance in 2023 against the backdrop of ongoing geopolitical and macroeconomic uncertainty. Inflationary and interest rate pressures continued to weigh on consumer confidence and disposable income, resulting in a significant headwind to flows as consumers held off on discretionary investment and drew down on savings to service the increased cost of debt.

The Group's reported AuMA was £106.7 billion at the end of the year, a 7% increase on the opening position (2022: £99.6 billion), representing positive market movements towards the year-end of £7.0 billion and net inflows of £0.1 billion. Average AuMA of £102.1 billion for 2023 was 1% lower than prior year (2022: £102.8 billion). Adjusted profit before tax increased by 25% to £167 million (2022: £134 million) despite the subdued flow environment, reflecting the continued delivery of cost management through our Simplification programme and higher interest revenue earned on cash and capital resources. This was partially offset by a 3% decline in net management fee revenue due to lower average AuMA and a 1 bp decrease in revenue margin predominantly due to planned pricing reductions.

Alternative Performance Measures ("APMs")

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Key financial highlights

Quilter highlights	2023	2022
Assets and flows – core business		
AuMA* (£bn)	103.4	96.2
Gross flows* (£bn)	11.1	10.4
Net inflows* (£bn)	0.8	2.1
Net inflows/opening AuMA*	1%	2%
Productivity: Quilter channel gross sales per Quilter Adviser* (£m) ¹	2.8	2.3
Asset retention*	89%	92%
Assets and flows – reported		
AuMA* (£bn)	106.7	99.6
Gross flows* (£bn)	11.2	10.5
Net inflows* (£bn)	0.1	1.8
Net inflows/opening AuMA*	0%	2%
Profit and loss		
IFRS profit before tax attributable to shareholder returns (£m)	12	199
IFRS profit after tax (£m)	42	175
Adjusted profit before tax* (£m)	167	134
Operating margin*	27%	22%
Revenue margin* (bps) ²	47	48
Return on equity*	8.5%	7.0%
Adjusted diluted EPS * (pence)	9.4	7.9
Recommended total dividend per share (pence)	5.2	4.5
Basic earnings per share (pence)	3.1	12.2
Non-financial		
Total Restricted Financial Planners ("RFPs") in both segments ³	1,489	1,502
Discretionary Investment Managers in High Net Worth segment ³	174	179

¹Quilter channel gross sales per Quilter Adviser is a measure of the value created by our Quilter distribution channel.

²Revenue margin includes interest income on customer cash and cash equivalents previously presented within "Other revenue" and now included within "Net management fees".

³Closing headcount as at 31 December.

Net inflows for the core business of £0.8 billion for 2023 were lower than the prior year (2022: £2.1 billion). Gross flows were 7% higher than the prior year at £11.1 billion (2022: £10.4 billion), whilst higher outflows reflected increased levels of client drawdown to offset pressures from higher inflation and interest rates coupled with market consolidation activity.

In the **Affluent segment** core business, net inflows in the Quilter channel of £1.6 billion were in line with the comparative year. Gross flows of £3.6 billion were 12% higher than the prior year (2022: £3.2 billion), demonstrating the continued strength of our integrated channel. We continued our focus on generating back book transfers in 2023, with c.£750 million of assets under advice by Quilter Financial Planning transferring onto our Platform from external platforms. Productivity, representing Quilter channel gross sales per Quilter Adviser, increased to £2.8 million (2022: £2.3 million), in line with our objectives of increasing alignment in our Advice business. Quilter channel gross outflows increased to £2.0 billion (2022: £1.6 billion) primarily due to higher levels of client drawdown during the year.

The IFA channel on Quilter Investment Platform recorded gross inflows of £5.3 billion, up 7% year-on-year (2022: £4.9 billion) reflecting our continued performance in gaining market share of new business despite lower levels of new business flow across the industry. The Quilter Investment Platform continues to maintain the leading market share of gross sales against our Retail Advised Platform peers, based on the latest available Fundscape data (Q3 2023). Net outflows of £0.2 billion (2022: net inflow of £0.4 billion) reflect higher levels of client led redemptions and headwinds from the impact of industry consolidation. Our Platform has continued to win net positive flows from competitor platforms over 2023. Net inflows as a percentage of opening AuMA for the IFA channel on Quilter Investment Platform was nil% (2022: 1%).

Fund flows via third-party platforms reported net outflows of £0.3 billion (2022: net outflows of £0.6 billion), predominantly due to planned fund closures.

Asset retention for the Affluent segment of 89% was below prior year (2022: 91%) due to increased withdrawal activity, inflationary pressure and interest rate headwinds.

Within the **High Net Worth segment**, gross inflows of £2.2 billion were broadly in line with the previous year (2022: £2.3 billion). Net flows were an outflow of £0.1 billion (2022: net inflow of £0.9 billion) primarily due to the slowdown in IFA flows and a small number of larger charity and corporate account losses, which were offset by steady net inflows from the Quilter channel. Asset retention fell 4 percentage points to 91% (2022: 95%) reflecting the higher interest rate environment where some clients have opted to redeem existing investments to repay debt obligations.

The Group's core business AuMA ended the year at £103.4 billion, up 7% from the opening position (2022: £96.2 billion), due to positive year-end market movements of £6.4 billion and net inflows of £0.8 billion. The Affluent segment AuMA increased by 8% to £77.5 billion (2022: £71.5 billion) of which £25.5 billion is managed by Quilter, versus the opening position of £22.7 billion. The High Net Worth Segment AuM was £27.0 billion, up 6% from the opening position of £25.5 billion, with all assets managed by Quilter.

In total, £52.2 billion, representing 50% of core business AuMA, is managed by Quilter across the Group (2022: £48.0 billion, 50%).

The Group's revenue margin of 47 bps was 1 bp lower than the prior year (2022: 48 bps). For assets administered within the Affluent segment, the revenue margin was 27 bps in line with prior year. The revenue margin on assets managed in the Affluent segment decreased by 6 bps to 41 bps as a result of product mix changes, the planned reprice of the Cirilium Active range that occurred at the end of the first quarter of 2023, and the introduction of AuM scale discounts in the second half of the year. The High Net Worth segment's revenue margin decreased by 1 bp to 71 bps primarily due to lower commission revenue, partially offset by revenue from interest margin generated on client balances.

Adjusted profit before tax increased by 25% to £167 million (2022: £134 million). Net management fees of £477 million were lower by 3% (2022: £490 million) primarily as a result of a decline in average AuMA year-on-year of 1% to £102.1 billion (2022: £102.8 billion) and the planned reduction in net management fee margins. Interest revenue generated on client funds included within net management fees were £23 million (2022: £7 million). Other revenue of £86 million decreased by 14% (2022: £100 million) reflecting lower mortgage and protection business levels, reduced activity within the market and slightly lower adviser headcount.

Investment revenue increased from £16 million in 2022 to £62 million in 2023, due to an increase in interest income earned on shareholder cash and capital resources. This level of resources is expected to gradually decline as a result of investment in the business and planned spend on business transformation. Operating expenses decreased by 3% on the prior year to £458 million (2022: £472 million) primarily due to continued strong cost management, lower FSCS levies and Simplification cost initiative savings offset by higher inflation. The Group operating margin improved by 5 percentage points to 27% (2022: 22%).

The Group's IFRS profit after tax was £42 million compared to £175 million for 2022. The year-on-year decrease in IFRS profit is largely attributable to variances in policyholder tax outcomes which moved to an expense of £76 million in 2023 (due to net market gains) from a credit of £134 million (due to net market declines) in 2022.

Adjusted diluted earnings per share increased 19% to 9.4 pence (2022: 7.9 pence).

Shareholder information – Final Dividend

The Quilter Board has agreed to recommend to shareholders the payment of a Final Dividend of 3.7 pence per share. This will be considered at the Quilter plc Annual General Meeting which will be held on Thursday 23 May 2024. Subject to shareholder approval, the Final Dividend will be paid on Tuesday 28 May 2024 to shareholders on the UK and South African share registers on Friday 19 April 2024 (the "Record Date").

Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR equivalent	Wednesday 6 March 2024
Last day to trade cum dividend in South Africa	Tuesday 16 April 2024
Shares trade ex-dividend in South Africa	Wednesday 17 April 2024
Shares trade ex-dividend in the UK	Thursday 18 April 2024
Record Date in the UK and South Africa	Friday 19 April 2024
Final Dividend payment date	Tuesday 28 May 2024

From the opening of trading on Wednesday 6 March 2024 until the close of business on Friday 19 April 2024, 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 17 April 2024 and Friday 19 April 2024, both dates inclusive.

Additional information

For shareholders on our South African share register a Final Dividend of 89.02751 South African cents per share will be paid on Tuesday 28 May 2024, based on an exchange rate of 24.06149 as at Tuesday 5 March 2024. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 89.02751 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 Final Dividend will be 71.22201 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.

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 the JSE cloudlink: <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/QLTE/FY23Result.pdf>

Copies of the full announcement incorporating the full Financial Statements may also be requested at the company's registered office, by emailing investorrelations@quilter.com, at no charge, during office hours.

JSE Sponsor: J.P. Morgan Equities South Africa (Pty) Ltd.