

7 August 2024

## Quilter plc half year results for the six months ended 30 June 2024 and declaration of dividend

### Quilter first half results deliver a 164% uplift in core net inflows to £1.7 billion, a 28% increase in adjusted profit to £97 million, and an operating margin of 29%

Steven Levin, Chief Executive Officer, said:

“We delivered a strong performance in the first half of 2024, combining record adjusted profit, consistently strong Quilter channel flows, significantly increased Platform IFA flows, and good progress on delivering our efficiency initiatives. Our work to transform Quilter is delivering tangible results, but we have more to do to reach the ambitious goals we have set for ourselves.”

#### Highlights:

- Total Assets under Management and Administration (“AuMA”) of £113.8 billion at the end of June 2024, an increase of 7% on 31 December 2023 (£106.7 billion) driven by total reported net inflows of £1.5 billion (H1 2023: £0.2 billion) and positive market movements of £5.6 billion.
  - Core gross inflows of £7.4 billion increased by 35% (H1 2023: £5.5 billion), with the second quarter contribution higher than the first.
  - Core net inflows totalled £1.7 billion, an increase of 164% (H1 2023: £0.7 billion). This reflected continued good performance from the Quilter channel in both High Net Worth and Affluent segments and significantly improved IFA channel flows onto the Quilter Platform.
  - Net and gross Platform flows increased meaningfully in both quarters. Notably, second quarter Platform flows were ahead of the first, with significantly increased IFA channel flows contributing to much stronger net flows relative to the first half of 2023.
  - Non-core net outflows of £0.2 billion (H1 2023: £0.5 billion) relate to assets still managed on behalf of businesses sold.
- Adjusted profit before tax increased by 28% to £97 million (H1 2023: £76 million), delivering an operating margin of 29%, an increase of five percentage points (H1 2023: 24%).
  - Total net revenue increased by 5% to £329 million (H1 2023: £312 million) with an increase in revenue generated on corporate cash balances partially offset by planned revenue margin attrition. This was coupled with strong expense discipline which delivered a third consecutive decline in first half costs. These reduced by £4 million to £232 million in the period, despite inflationary pressures.
- Simplification phase II cost savings on track with £26 million of the £50 million target achieved on a run-rate basis at end June 2024.
- Adjusted diluted earnings per share increased 21% to 5.2 pence (H1 2023: 4.3 pence).
- Basic headline earnings per share of 1.0 pence (H1 2023: 0.4 pence).
- Diluted headline earnings per share of 0.9 pence (H1 2023: 0.4 pence).
- IFRS profit after tax attributable to shareholders of £13 million (H1 2023: £5 million) with the period-on-period variance largely due to market valuation changes in the policyholder tax charge. Basic earnings per share of 1.0 pence (H1 2023: 0.4 pence).
- Ongoing Advice Evidence review underway with Skilled Person appointed in June 2024. Expect to update by early 2025.
- Interim Dividend of 1.7 pence per share, equal to one third of last year’s Total Dividend (H1 2023: 1.5 pence per share).
- Solvency II ratio of 268% after payment of the Interim Dividend (31 December 2023: 271%).

#### Key financial highlights

- We assess our financial performance using a variety of measures including alternative performance measures (“APMs”), as explained further on pages 15 to 17 of the full release. In the headings and tables presented, these measures are indicated with an asterisk: \*.

Quilter highlights	H1 2024	H1 2023	Change
<b>Assets and flows – core business</b>			
AuMA* (£bn)	110.6	98.3	13%
Gross flows* (£bn)	7.4	5.5	35%
Net inflows* (£bn)	1.7	0.7	164%
Net inflows/opening AuMA* (annualised)	3%	1%	2 ppts
<b>Assets and flows – reported</b>			
AuMA* (£bn)	113.8	101.7	12%
Gross flows* (£bn)	7.5	5.5	34%
Net inflows* (£bn)	1.5	0.2	669%
Net inflows/opening AuMA* (annualised)	3%	0%	3 ppts
<b>Profit and loss</b>			
IFRS profit before tax attributable to shareholder returns (£m)	18	7	157%
IFRS profit after tax (£m)	13	5	160%
Adjusted profit before tax* (£m)	97	76	28%
Operating margin*	29%	24%	5 ppts
Revenue margin* (bps)	45	48	(3) bps
Adjusted diluted earnings per share* (pence)	5.2	4.3	21%
Interim Dividend per share (pence)	1.7	1.5	13%
Basic earnings per share (pence)	1.0	0.4	150%

# Financial review

## Review of financial performance

### Overview

During the first half of 2024 the Group delivered strong growth, with adjusted profit of £97 million, an increase of 28% on the prior period (H1 2023: £76 million). Increased interest rates which supported investment returns on shareholder cash, supportive markets that increased average AuMA, improved net inflows and strong cost management through our Simplification programme, all contributed to this outcome. The Group's reported closing AuMA was £113.8 billion, a 7% increase on the opening position (FY 2023: £106.7 billion).

### Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 15 to 17 of the full release. In the headings and tables presented, these measures are indicated with an asterisk: \*.

### Key financial highlights

Quilter highlights	H1 2024	H1 2023
<b>Assets and flows – core business</b>		
AuMA* (£bn)	110.6	98.3
Gross flows* (£bn)	7.4	5.5
Net inflows* (£bn)	1.7	0.7
Net inflows/opening AuMA* (annualised)	3%	1%
Productivity: Quilter channel gross sales per Quilter Adviser* (£m) <sup>1</sup> (annualised)	3.2	2.7
Asset retention* (annualised)	89%	90%
<b>Assets and flows – reported</b>		
AuMA* (£bn)	113.8	101.7
Gross flows* (£bn)	7.5	5.5
Net inflows* (£bn)	1.5	0.2
Net inflows/opening AuMA* (annualised)	3%	0%
<b>Profit and loss</b>		
IFRS profit before tax attributable to shareholder returns (£m)	18	7
IFRS profit after tax (£m)	13	5
Adjusted profit before tax* (£m)	97	76
Operating margin*	29%	24%
Revenue margin* (bps)	45	48
Return on equity* (annualised)	9.6%	7.5%
Adjusted diluted earnings per share * (pence)	5.2	4.3
Interim Dividend per share (pence)	1.7	1.5
Basic earnings per share (pence)	1.0	0.4
<b>Non-financial</b>		
Total Restricted Financial Planners ("RFPs") in both segments <sup>2</sup>	1,437	1,511
Discretionary Investment Managers in High Net Worth segment <sup>2</sup>	175	178

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

<sup>2</sup>Closing headcount as at 30 June.

Consumer confidence and investor sentiment improved during the first half of 2024, supported by reductions in cost inflation and increased wage growth. This improved macro environment, coupled with our own proposition enhancements and distribution initiatives, resulted in a 164% improvement in **net inflows for the core business** of £1.7 billion for the first half of 2024 (H1 2023: £0.7 billion). Gross flows were 35% higher than the prior period at £7.4 billion (H1 2023: £5.5 billion), supported by strong Quilter Channel flows and an improved market share from IFA firms which led to higher flows onto the Platform.

In the **Affluent** segment, we experienced strong contributions from both channels:

- Quilter channel: Gross flows of £2.1 billion were 16% higher than the prior period (H1 2023: £1.8 billion). Net inflows of £1.1 billion were 22% ahead of the prior period (H1 2023: £0.9 billion). We continue to experience strong support from back book transfers with c.£450 million of assets under advice by Quilter Financial Planning transferred onto our Platform from external platforms in the first half of the year (H1 2023: c.£330 million), in line with our strategic objective of aligning our Advice business. Productivity, representing Quilter channel annualised gross sales per Quilter Adviser, increased to £3.2 million (H1 2023: £2.7 million). Annualised net inflows as a percentage of opening AuMA for the Quilter channel were 12% (H1 2023: 11%).
- IFA channel: Gross inflows onto the Quilter Platform of £3.8 billion increased by 50% (H1 2023: £2.6 billion), as we focused strategically on building out our distribution and improving our market share of new business. Based on the latest available Fundscape data (Q1 2024), the Quilter Investment Platform maintains the leading market share of gross sales against our Retail Advised Platform peers. Net inflows were £964 million

(H1 2023: £17 million) as we continued to win flows from competitor platforms. Annualised net inflows as a percentage of opening AuMA for the IFA channel onto the Quilter Investment Platform was 3% (H1 2023: nil).

- Fund flows via third-party platforms reported net outflows of £241 million, compared to £190 million in the previous period.

Asset retention of 89% for the Affluent segment remains stable compared to the prior period (H1 2023: 89%).

Within the **High Net Worth** segment, gross inflows of £1.5 billion were up 33% on the £1.2 billion delivered in H1 2023. Net inflows of £107 million were ahead of the prior period (H1 2023: £54 million). An increase in net inflows from the Quilter channel were offset by the loss of a large value, low margin account during the second quarter within the IFA and direct channel. This contributed to a two percentage point reduction in High Net Worth asset retention to 89% (H1 2023: 91%).

**The Group's core business AuMA** of £110.6 billion is 7% ahead of the opening position (FY 2023: £103.4 billion) reflecting positive market movements of £5.5 billion and net inflows of £1.7 billion. The Affluent segment AuMA increased by 8% to £83.4 billion (FY 2023: £77.5 billion) of which £27.7 billion is managed by Quilter, versus the opening position of £25.5 billion. The High Net Worth Segment AuM was £28.7 billion, up 6% from the opening position of £27.0 billion, with all assets managed by Quilter.

In total, £55.9 billion, representing 51% of core business AuMA, is managed by Quilter across the Group (FY 2023: £52.2 billion, 50%).

**The Group's revenue margin** of 45 bps was 3 bps lower than that of the equivalent prior period (H1 2023: 48 bps).

In Affluent, the administered revenue margin was 25 bps which was 2 bps lower than the prior period (H1 2023: 27 bps), reflecting the reduction in our Platform administration fee to clients introduced in the second half of last year, and the impact of higher market levels moving a greater proportion of direct assets into lower margin bands under our tiered pricing structure. The managed revenue margin decreased by 6 bps to 37 bps (H1 2023: 43 bps) following the repricing of the Cirilium Active range last year and the introduction of AuM scale discounts. As previously guided, the proportion of total client assets invested in the Cirilium Active range, our highest revenue bps contributor, remained in outflow during the period. Conversely, the proportion of total client assets invested in the popular WealthSelect range continues to increase, with this MPS range now one of the largest in the industry at £16.2 billion (H1 2023: £11.5 billion).

The revenue margin in the High Net Worth segment decreased by 2 bps to 71 bps (H1 2023: 73 bps), but remains in line with the revenue margin for FY 2023 of 71 bps.

**Adjusted profit before tax** increased by 28% to £97 million (H1 2023: £76 million). Net management fees of £245 million increased 1% (H1 2023: £242 million) primarily as a result of an increase in reported average AuMA period-on-period of 8% to £110.0 billion (H1 2023: £101.8 billion) offset by the planned reductions in net management fee margins that were implemented during 2023.

Interest revenue generated from client funds included within net management fees were £16 million (H1 2023: £7 million) reflecting the increased interest rates period-on-period and the changes made to the Platform charging structures in 2023. Other revenue of £47 million was up 12% reflecting higher average levels of assets under advice. Investment revenue, predominantly representing interest income generated on shareholder cash and capital resources, of £37 million increased by £9 million (H1 2023: £28 million) due to higher interest rates in 2024 compared to the equivalent prior period. We expect investment income to decline from current levels over the second half of the year as interest rates are anticipated to decrease, accompanied by a gradual decline in the level of cash and capital resources reflecting planned investment in the business and business transformation spend.

Operating expenses of £232 million decreased by 2% on the prior period (H1 2023: £236 million) supported by Simplification cost savings, partially offset by the impact of inflation. The Group operating margin improved by 5 percentage points to 29% (H1 2023: 24%).

**The Group's IFRS profit after tax** was £13 million compared to £5 million for H1 2023. This reflects the improvement in the adjusted profit result, partially offset by variances in policyholder tax outcomes due to market gains in the first half of the year.

**Adjusted diluted earnings per share** increased 21% to 5.2 pence (H1 2023: 4.3 pence).

# Shareholder information – Interim Dividend

The Quilter Board has declared an Interim Dividend of 1.7 pence per share. The 2024 Interim Dividend will be paid on Monday 23 September 2024 to shareholders on the UK and South African share registers on Friday 30 August 2024 (the “Record Date”).

## Dividend Timetable

Dividend announcement in pounds sterling with South Africa ZAR equivalent	Wednesday 7 August 2024
Last day to trade cum dividend in South Africa	Tuesday 27 August 2024
Shares trade ex-dividend in South Africa	Wednesday 28 August 2024
Shares trade ex-dividend in the UK	Thursday 29 August 2024
Record Date in the UK and South Africa	Friday 30 August 2024
Interim Dividend payment date	Monday 23 September 2024

From the opening of trading on Wednesday 7 August 2024 until the close of business on Friday 30 August 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 28 August 2024 and Friday 30 August 2024, both dates inclusive.

## Additional information

For shareholders on our South African share register an Interim Dividend of 39.96076 South African cents per share, being a foreign dividend for South African income tax purposes and the funds paid from the United Kingdom, will be paid on Monday 23 September 2024, based on an exchange rate of 23.50633. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 39.96076 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 Interim Dividend will be 31.96861 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 on the JSE cloudlink: <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/QLTE/HY24Result.pdf>

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