

Schroders

2012 Half-Year Results

Michael Dobson
Chief Executive

2 August 2012



Schroders

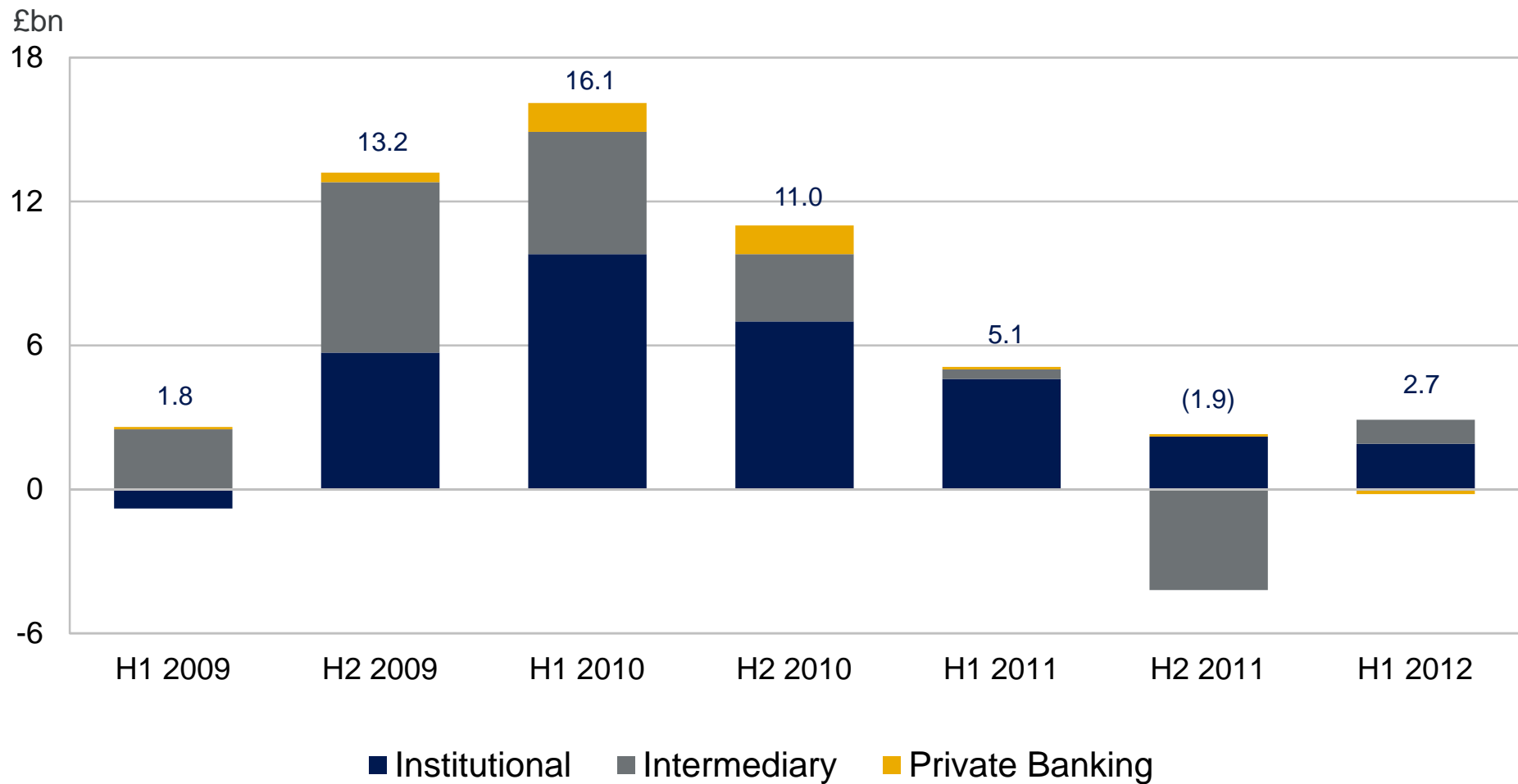
H1 2012

Resilient performance and continued investment in the business

- Net new business £2.7bn
- 66% of funds outperforming over 3 years
- Assets under management £194.6bn (31 December 2011: £187.3bn)
- Profit before tax £177.4m (H1 2011: £215.7m)
- Interim dividend 13.0 pence per share (interim dividend 2011: 13.0 pence)

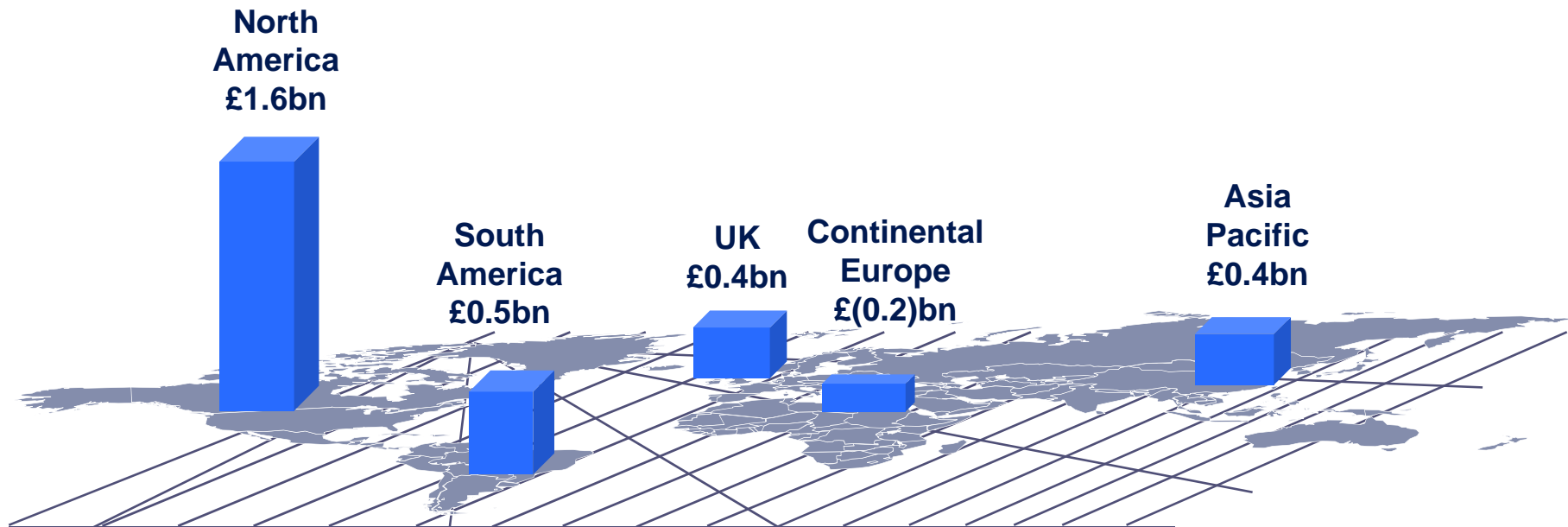
Net sales by channel

£2.7 billion of net inflows in difficult market conditions



Geographic diversity

International strength drives net sales performance



Institutional

Assets under management: £113.3bn (end 2011: £108.4bn)

- Net inflows £1.9bn
- Net inflows in Institutional in 12 out of last 13 quarters
- Pipeline of net notified business
- Net inflows in Multi-asset, Equities, Property
- Net revenue margins on new business 45 bps
- Longevity improves to 6.3 years (2011: 5.3 years)

Intermediary

Assets under management: £65.3bn (end 2011: £62.9bn)

- Net inflows £1.0bn
- Principally in Multi-asset
- £1.4bn net inflows in US Intermediary
- Resilient performance in UK: net sales £0.5bn
- Outflows in Europe and Asia

New product launches 2012

Meeting future investor demand

- Outcome-orientated
 - Secure-Distribution Fund 2032
 - Managed Monthly High Income fund
 - European Total Return Equities
- Multi-asset
 - Strategic Beta Fund
 - Global Multi-asset Income
- Equities
 - QEP Global Emerging Markets
 - Emerging Markets Small Cap Discovery
- Fixed Income
 - EMD Relative Return: 3 funds
 - Global High Income Bond
 - Global Unconstrained Bond
 - Absolute Return Bond
 - UK Strategic Bond for IFAs

Denotes new products since Q1 IMS

Private Banking

Assets under management: £16.0bn (end 2011: £16.0bn)

- Net outflows £0.2bn
 - risk averse European client base
 - limited new investment activity
- Revenues down 9% at £52.6m (H1 2011: £58.0m)
 - decline in net revenue margins
 - continued move towards defensive strategies
 - lower transaction volumes
- Costs down 8% to £42.2m (2010: £45.7m)
 - including £1.8m provision on previously impaired commercial property loans
- Profit before tax £10.4m (H1 2011: £12.3m)



Schroders

2012 Half-Year Results

Kevin Parry
Chief Financial Officer

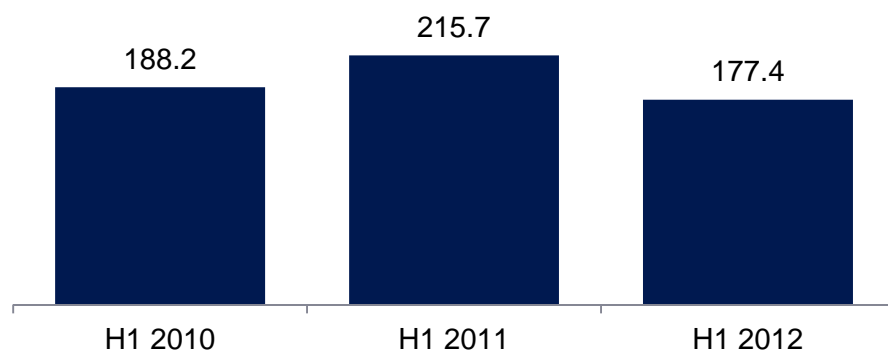
2 August 2012



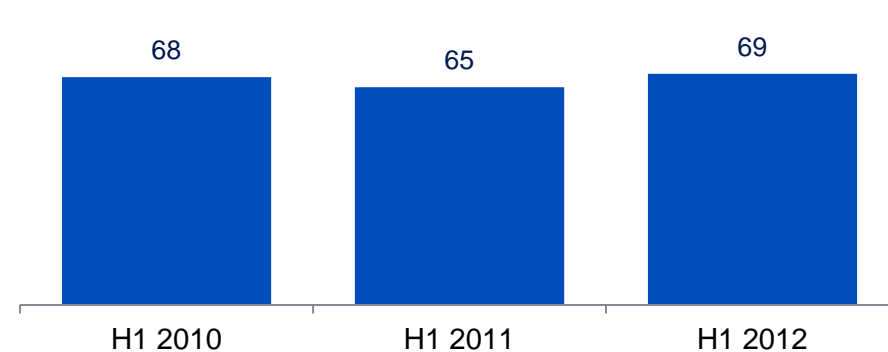
Schroders

Key figures

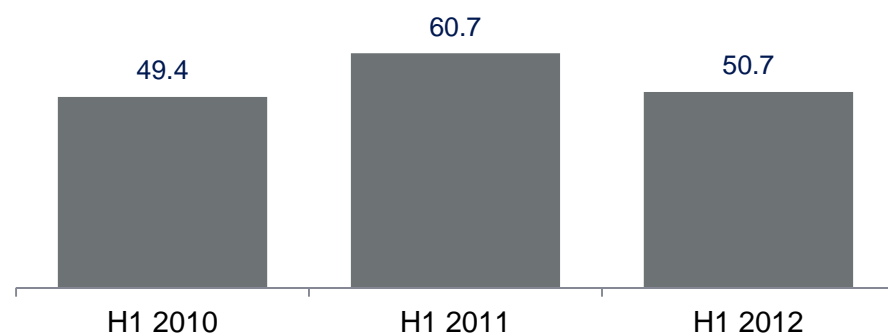
Profit before tax (£m)



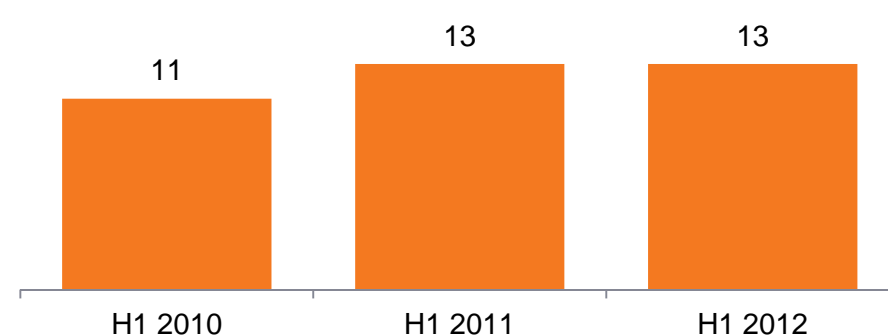
Costs: net revenue ratio (%)



Earnings per share (pence)



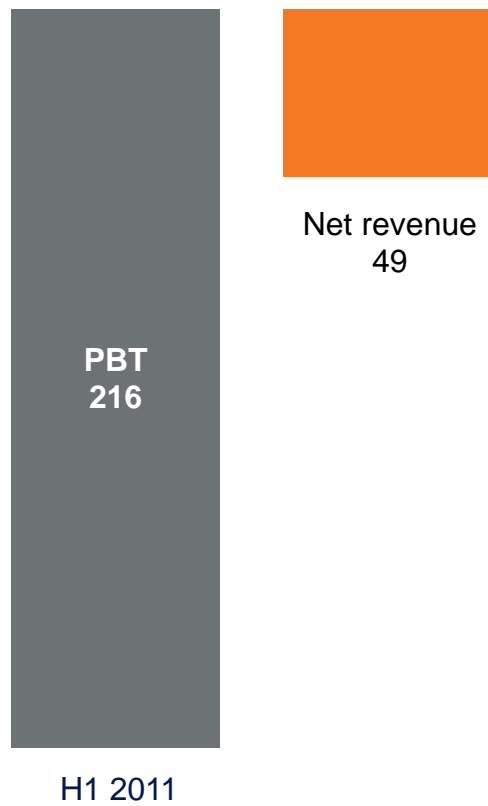
Dividend per share (pence)



Profit before tax

H1 2011 vs. H1 2012: Decrease of £49m

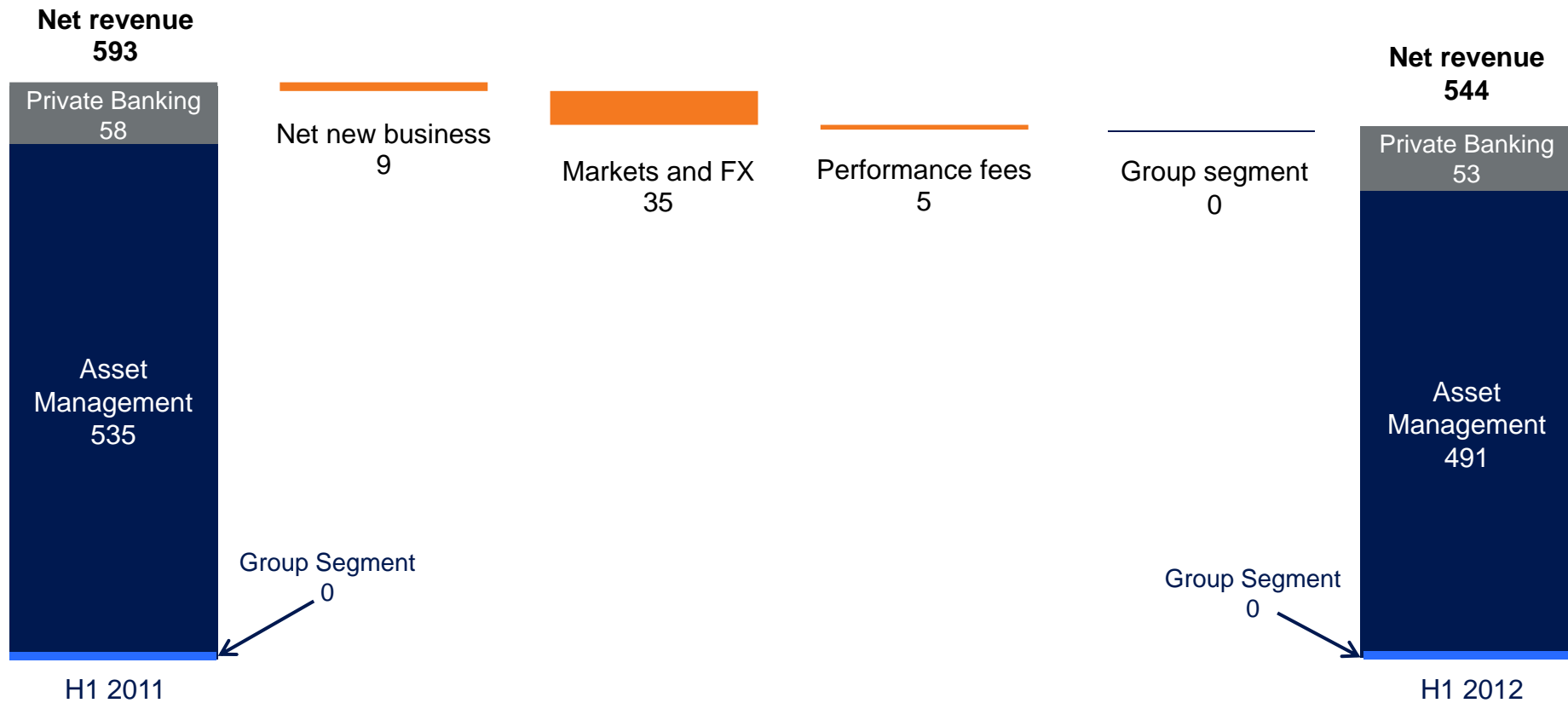
£m



Net revenue

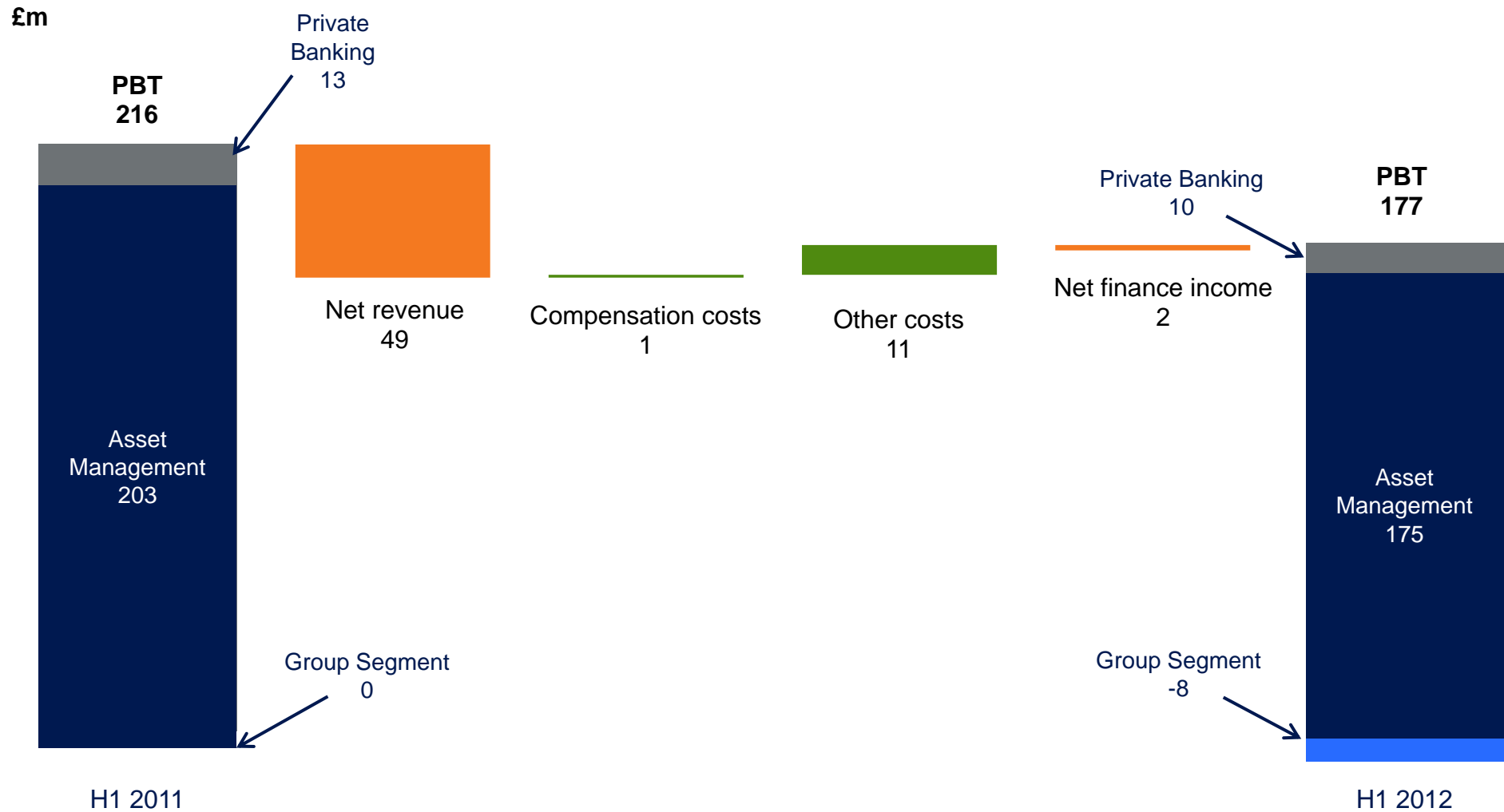
Decrease of £49m

£m



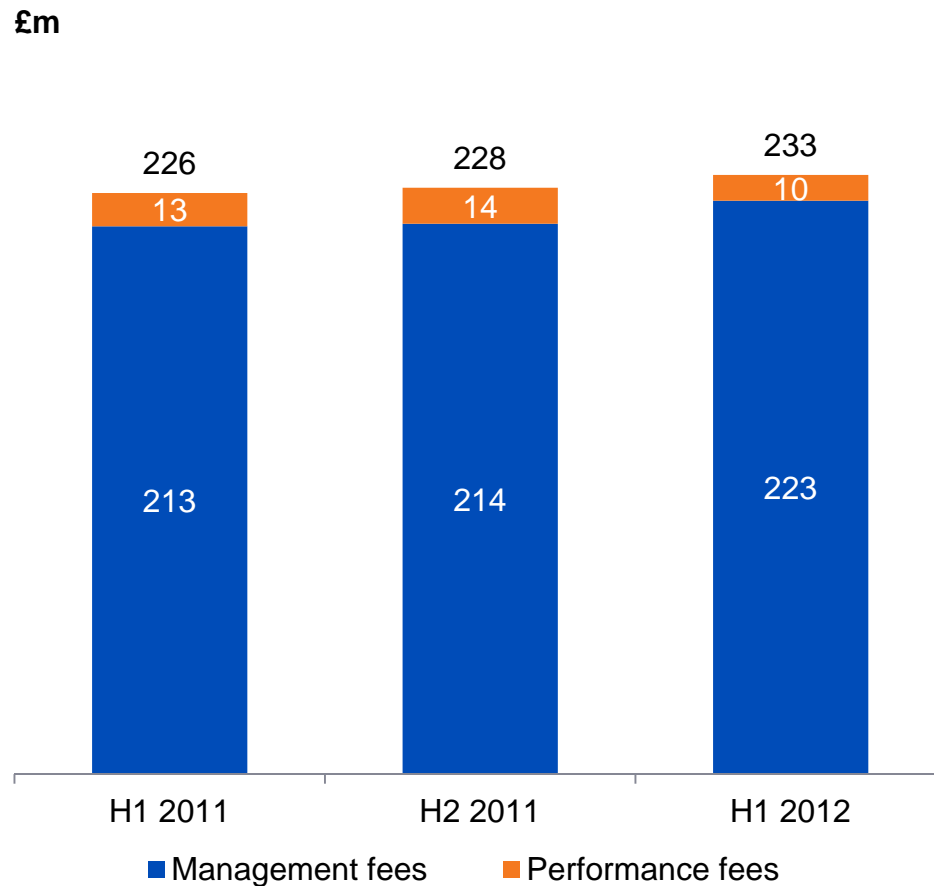
Profit before tax

Decrease of £39m

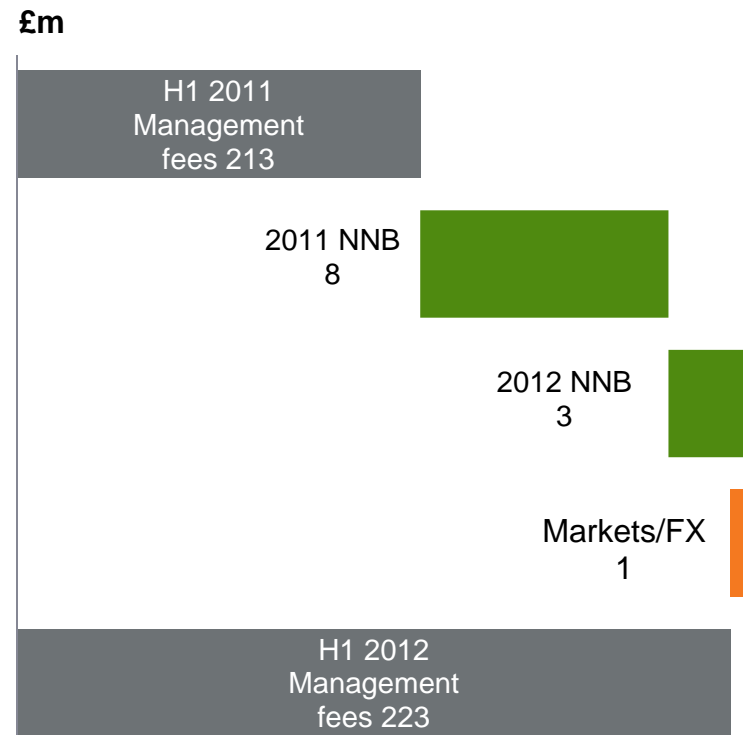


Institutional net revenues

£7m increase in total net revenue

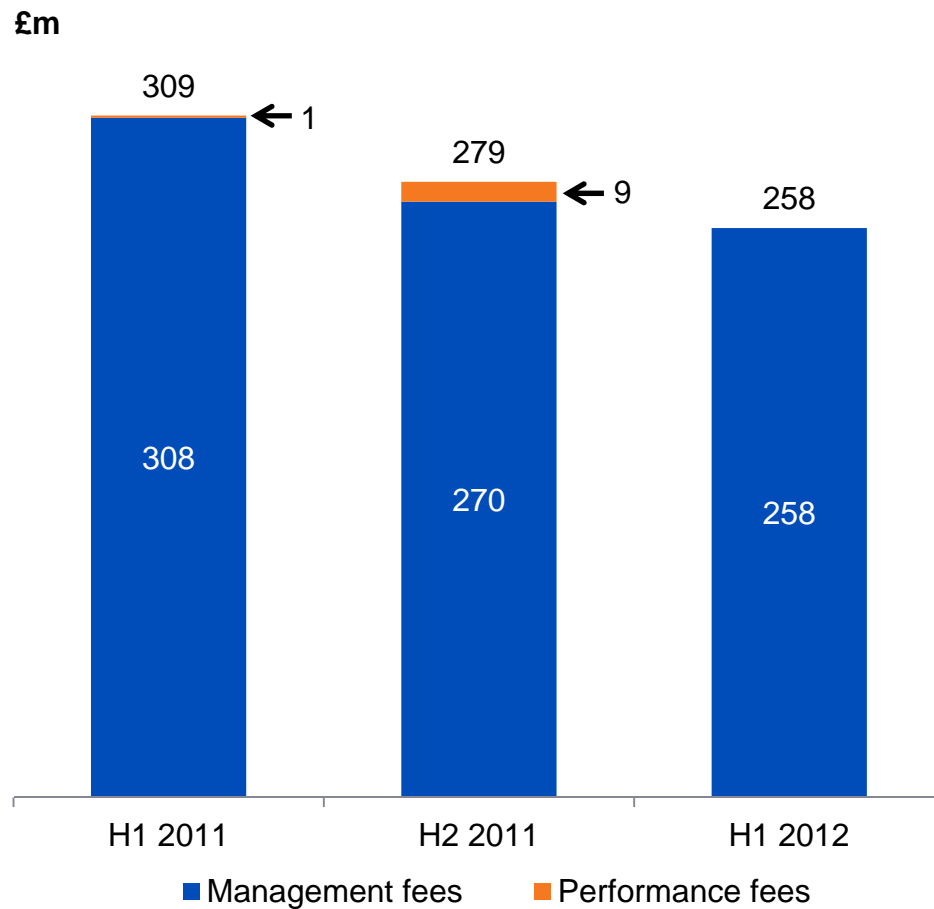


Analysis of £10m increase in fees on H1 2011 (ex-performance fees)

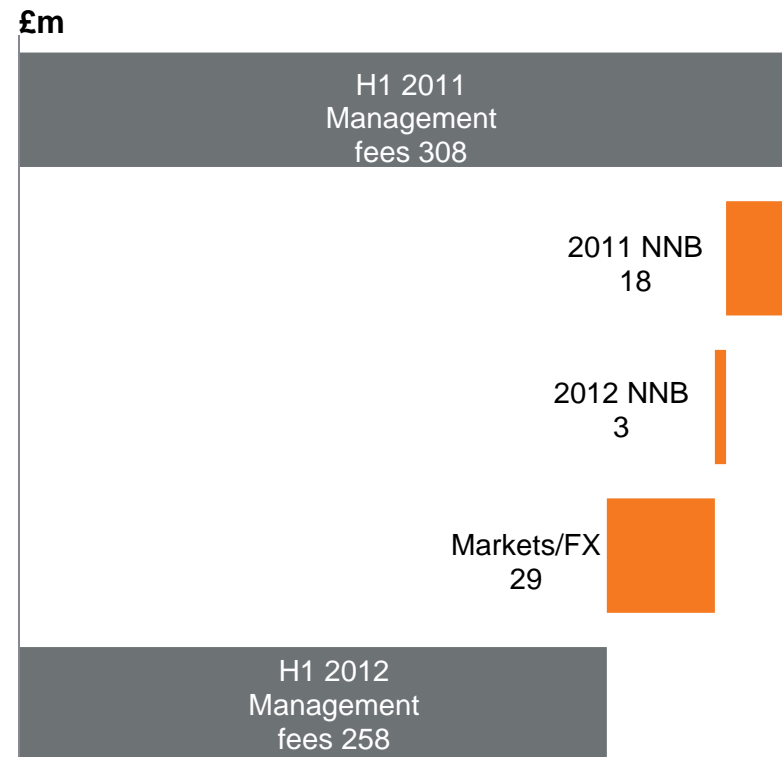


Intermediary net revenues

£51m decline in total net revenue

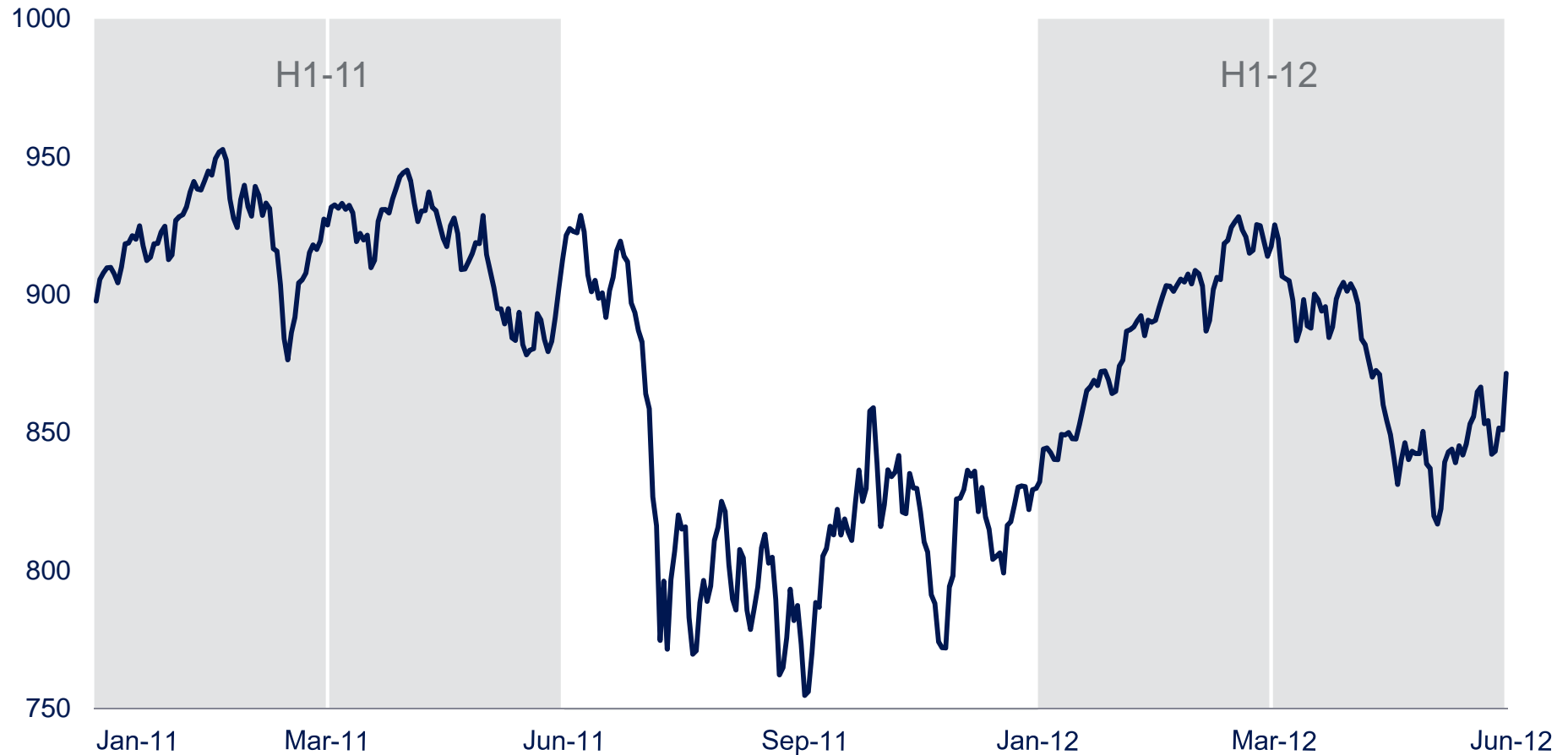


Analysis of £50m decrease in fees on H1 2011 (ex-performance fees)



Intermediary net revenues

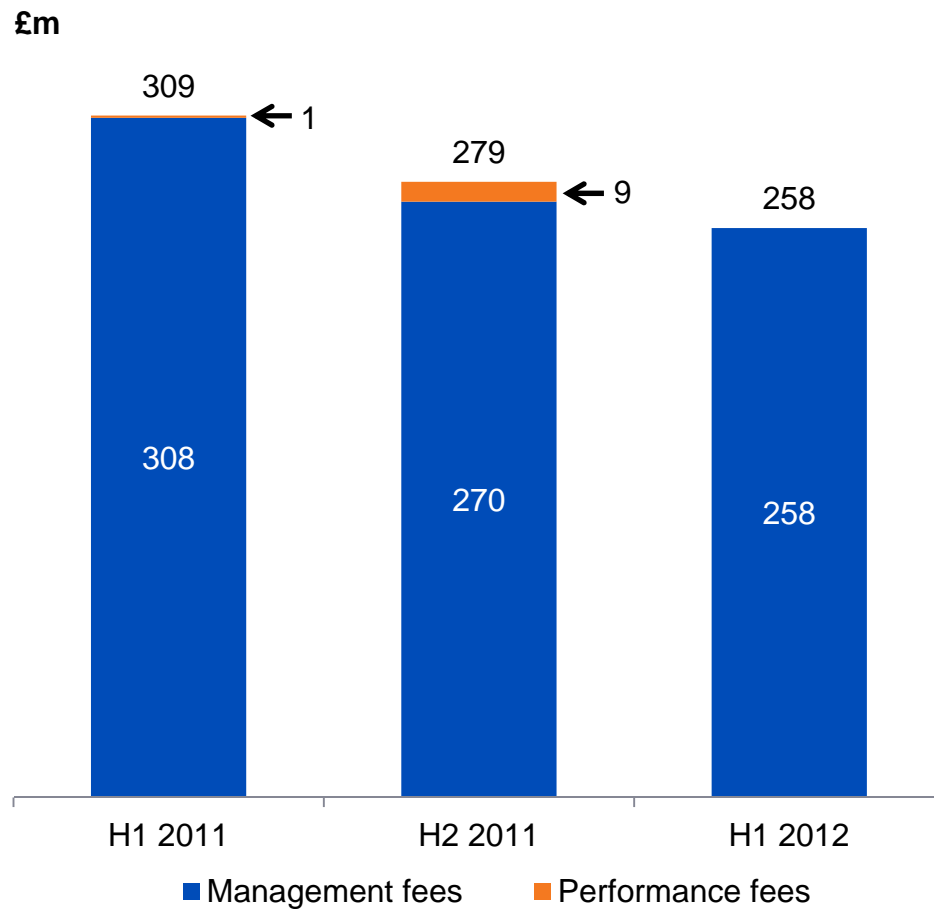
MSCI World Index - volatility



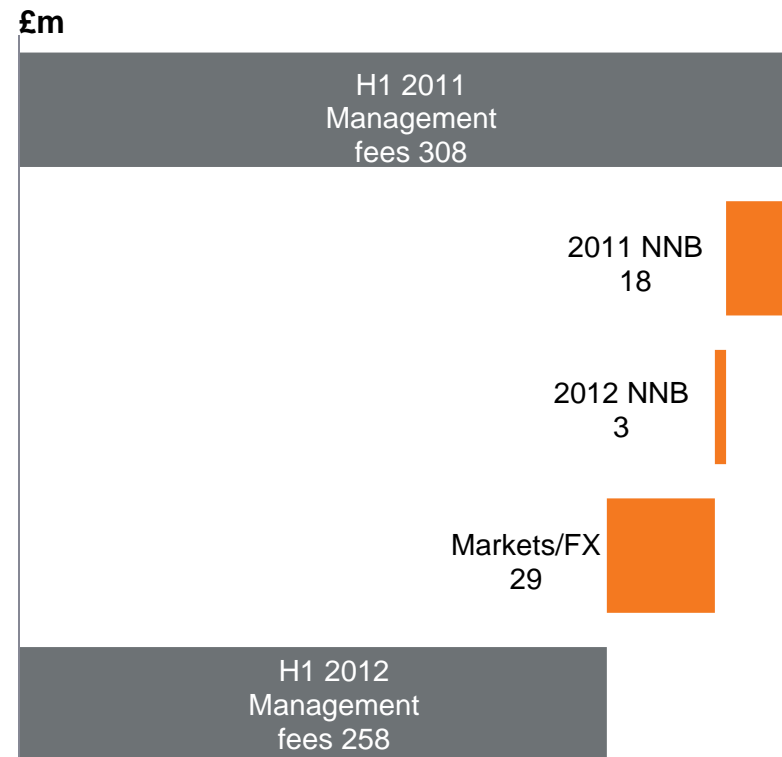
Source: Thomson Reuters Datastream

Intermediary net revenues

£51m decline in total net revenue

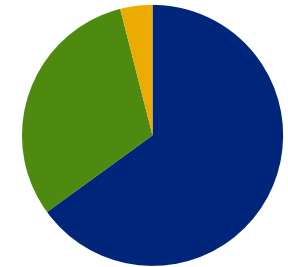


Analysis of £50m decrease in fees on H1 2011 (ex-performance fees)

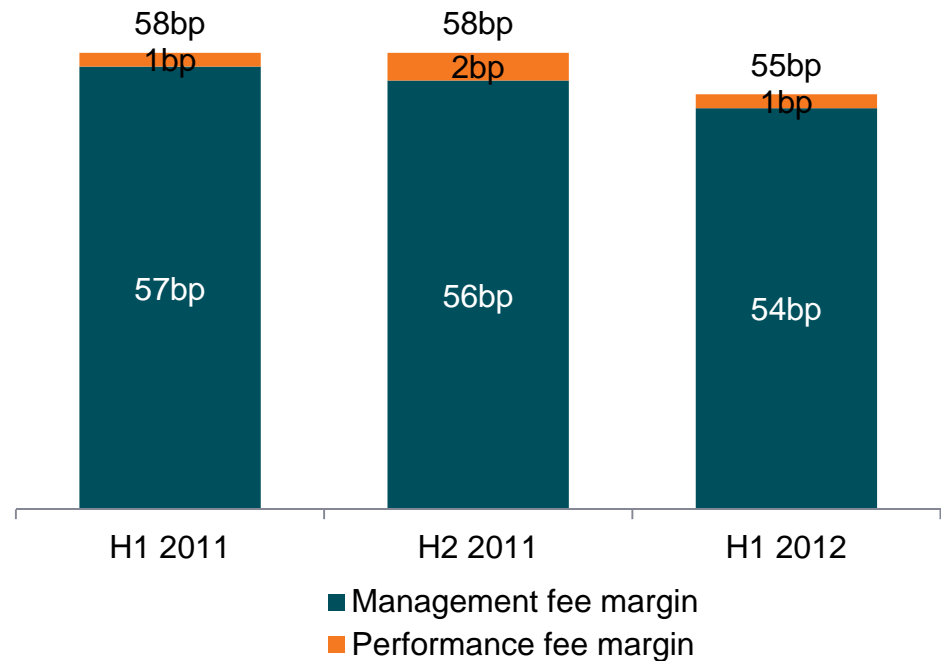
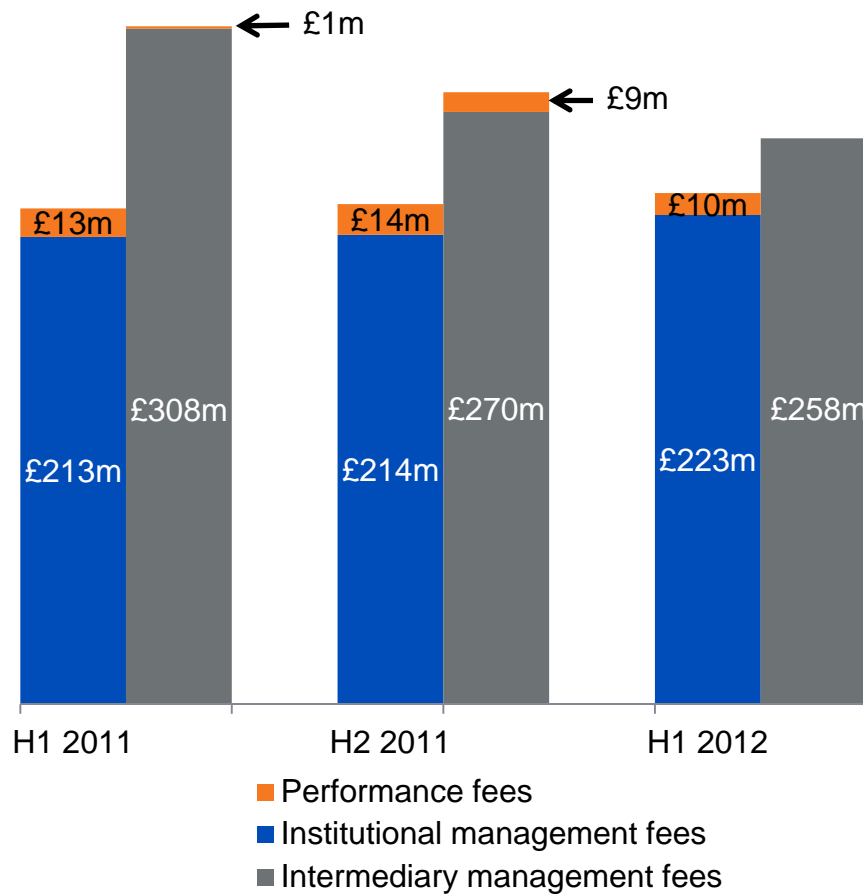


Institutional and Intermediary net revenues

Margin reduction
56 to 54



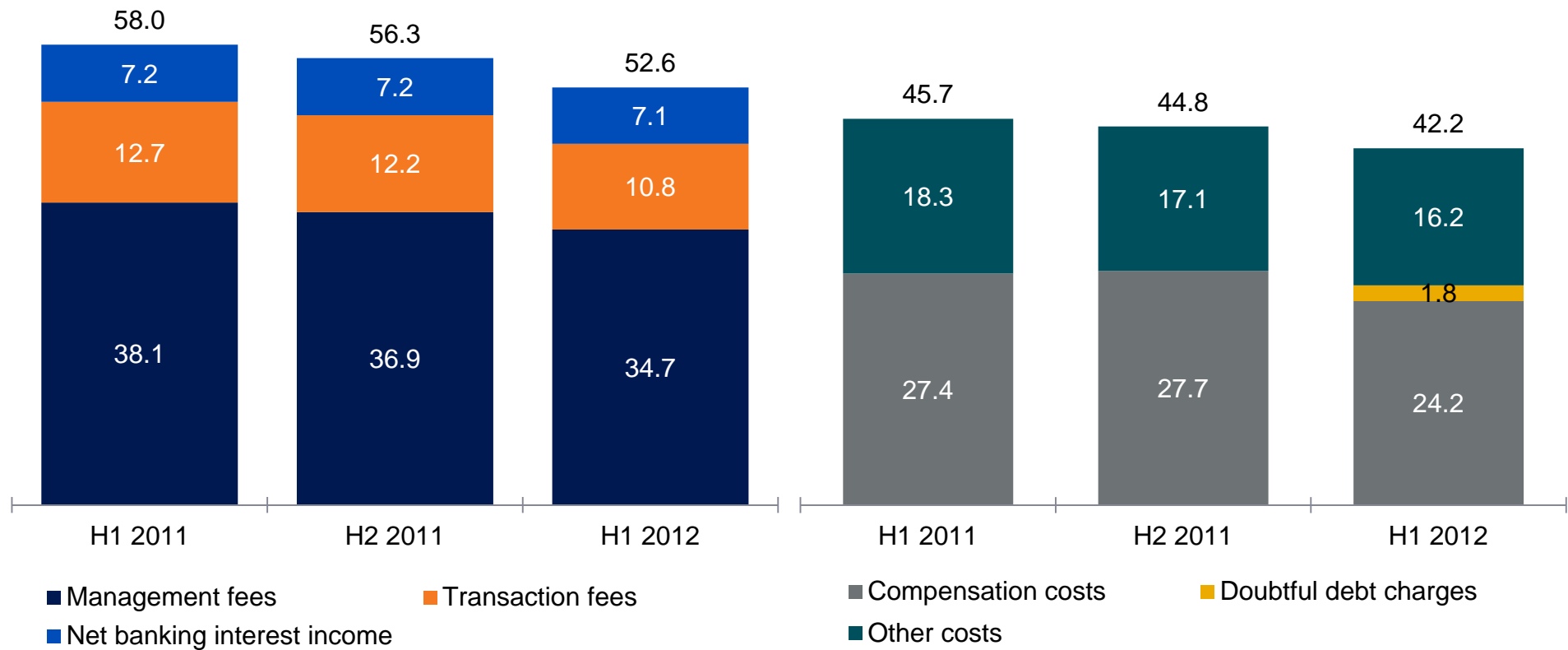
AM net revenue margins



Private Banking segment

£m – Net revenue

£m – Costs



Group segment

Investment capital, governance, management and other

Segment disclosure	H1 2011 £m	H1 2012 £m
Net revenue	0.6	0.4
Operating expenses	(7.5)	(14.4)
Net finance income	9.0	6.3
Share of associates and JVs	(1.8)	(0.5)
Group segment profit/(loss)	0.3	(8.2)
Other comprehensive income	1.7	7.3
	2.0	(0.9)
Analysed as:		
Governance, management and other	(6.1)	(14.7)
Investment capital returns	8.1	13.8
	2.0	(0.9)

Group segment

Governance, management and other

Economic view	H1 2011	H1 2012
	£m	£m
Deferred remuneration mark to market and FX	(0.3)	(0.5)
Pension fund credits	12.1	0.2
Property and other provisions	(2.0)	-
Variable items	9.8	(0.3)
Costs	(15.9)	(14.4)
Total	(6.1)	(14.7)

Group segment

Investment capital, governance, management and other

Segment disclosure	H1 2011 £m	H1 2012 £m
Net revenue	0.6	0.4
Operating expenses	(7.5)	(14.4)
Net finance income	9.0	6.3
Share of associates and JVs	(1.8)	(0.5)
Group segment profit/(loss)	0.3	(8.2)
Other comprehensive income	1.7	7.3
	2.0	(0.9)
Analysed as:		
Governance, management and other	(6.1)	(14.7)
Investment capital returns	8.1	13.8
	2.0	(0.9)

Group segment

Investment capital returns

	H1 2011 £m	Annualised return	H1 2012 £m	Annualised return
Actively managed portfolio of surplus capital	6.1	2.2%	1.9	0.8%
Seed capital	1.1			
Legacy PE, property and associate	0.9			
Total return	8.1		13.8	

Operating expenses

£m	H1 2011	H2 2011	H1 2012	H1 2012 VS H1 2011
Staff costs	257.8	242.0	256.4	(1.4)
Other costs	123.4	124.5	112.9	(10.5)
Depreciation and amortisation	7.2	6.9	6.3	(0.9)
Total	388.4	373.4	375.6	(12.8)
<i>Compensation cost: operating revenue ratio</i>	44%*	44%	47%	3%
<i>Cost: net revenue ratio</i>	65%	67%	69%	4%

* 46% excluding pension credit

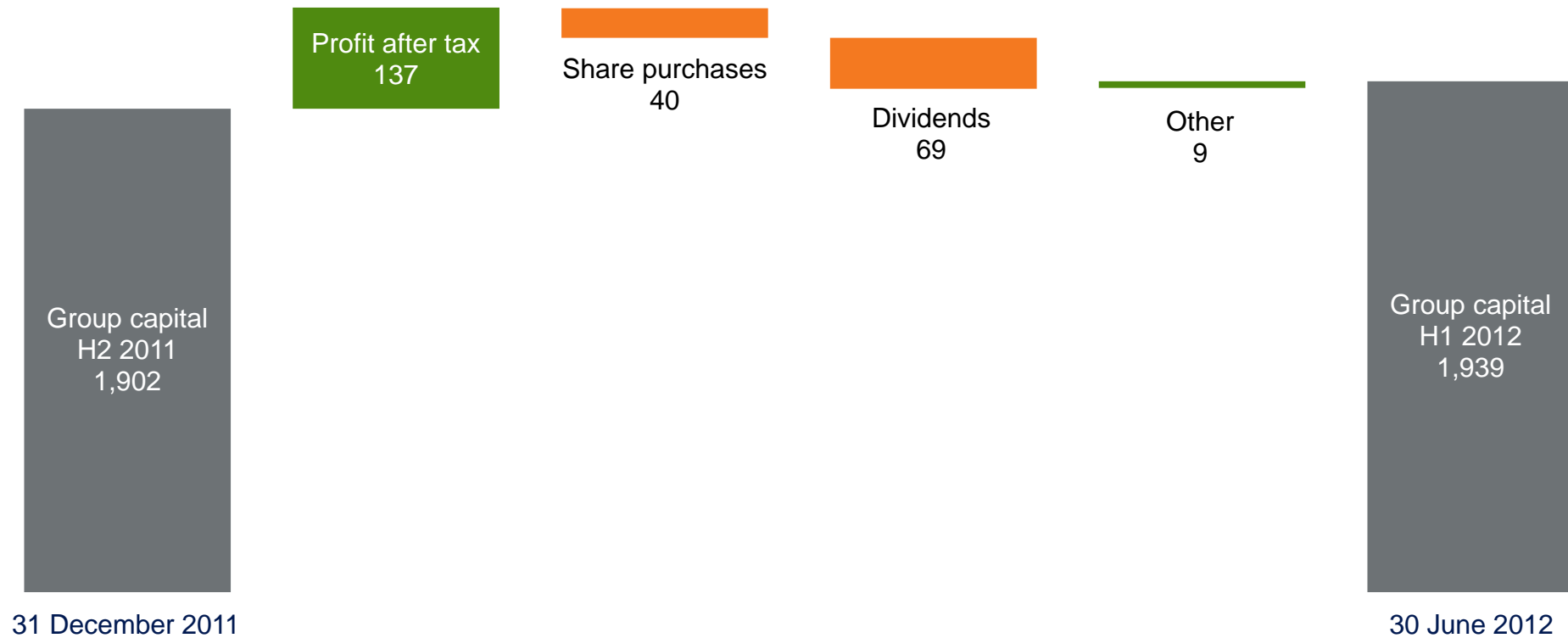
Tax charge and earnings per share

	H1 2011	H1 2012	Change
Profit before tax - £m	215.7	177.4	(38.3)
Tax - £m	(50.0)	(40.3)	9.7
Profit after tax - £m	165.7	137.1	(28.6)
<i>Effective tax rate</i>	23.2%	22.7%	(0.5)%
Basic earnings per share	60.7p	50.7p	(10.0)p
Dividend	13.0p	13.0p	-

Movement in Group capital

Increase of £37m

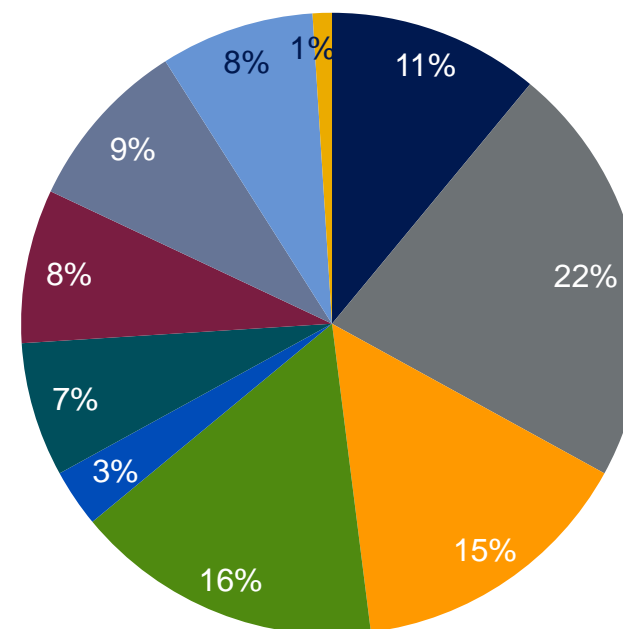
£m



Group capital allocation

£m	H1 2011	H2 2011	H1 2012
Asset Management & Private Banking operational capital	850	884	864
Investment capital*	807	837	908
Other (intangibles etc.)	188	181	167
Statutory Group capital	1,845	1,902	1,939

Investment capital breakdown (%)



- Cash and cash equivalents
- Fixed income bonds
- Hedge fund fixed income
- Long only EMD absolute return
- Legacy private equity
- Government guaranteed bonds
- Seed capital: alpha exposures
- Global macro
- Multi-asset
- Other

* Not included in AUM



Schroders

2012 Half-Year Results

Michael Dobson
Chief Executive

2 August 2012



Schroders

Outlook

- Financial market and investor uncertainty to persist
- Resilient performance on the back of diversified business model
- Range of new products to meet future demand
- Opportunity to invest in organic growth
 - talent
 - infrastructure
 - new markets

Awards



Forward-Looking Statements

These presentation slides may contain forward-looking statements with respect to the financial condition and results of the operations and businesses of Schroders plc.

These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by those forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this presentation. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this presentation should be construed as a profit forecast.