



Schroders

2011 Annual Results

Michael Dobson
Chief Executive

8 March 2012



Schroders

2011 Results

Good performance in a difficult market

- Profit before tax £407.3m (2010: £406.9m)
- Earnings per share 115.9p (2010: 111.8p)
- Dividend 39.0 pence per share (2010: 37.0 pence)
- 70% of funds outperforming over 3 years
- Net new business £3.2bn (2010: £27.1bn)
- Assets under management £187.3bn (2010: £196.7bn)

2011 Results

Earnings quality

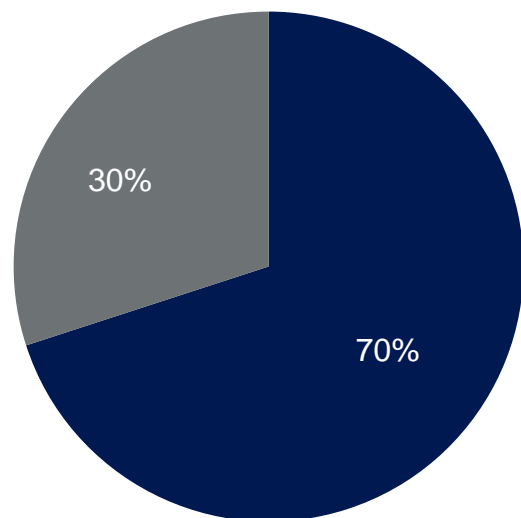
- Record profit from operating businesses £413.2m (2010: £391.1m)
- Asset Management management fee revenue up 8.8%
 - profit before tax £389.4m (2010: £381.0m)
- Sharp rebound in Private Banking profit to £23.8m (2010: £10.1m)
- Net revenue margins at 57bps (2010: 60bps) reflect growth in Institutional
- Investment in organic growth: added 180 people
- Compensation: revenue ratio improved to 44% (2010: 45%)
- Cost: net revenue ratio improved to 66% (2010: 67%)

Net revenue margins are excluding performance fees

Investment performance

Long term remains strong, short term improving

Three-year investment performance to 31 December 2011



- Above benchmark or peer group
- Below benchmark or peer group

Quartile rankings to 31 January 2012

Fund	1 year	3 years
Euro Bond	2	1
Euro Corporate Bond	4	3
Asian Local Currency Bond	1	4
Global Bond	2	2
UK Alpha Plus	3	1
UK Income	4	2
UK Income Maximiser	4	3
UK Mid-250	4	1
European Special Situations	1	1
European Alpha Plus	1	2
Japanese Equity	1	1
Emerging Asia	1	2
Asian Equity Yield	1	2
Emerging Market Equities	2	3
QEP Global Active Value	1	1
QEP Global Core	1	2
Global Equity Yield	1	2
International Alpha (EAFE)	3	1
Emerging Market Debt	2	2
Diversified Growth Fund	3	1

Source: Schroders. Performance relative to benchmark or peer group to 31 December 2011 and 31 January 2012.

Institutional

Assets under management: £108.4bn (2010: £106.4bn)

- Net inflows £6.8bn
- Strong performance in UK, Asia, US
 - Multi-asset, Equities, Fixed Income
- Small net outflows in Europe
 - Alternatives
- £12.9bn of net new business in Multi-asset, Fixed Income 2010/11
- Growth in SWF, insurance channels
- Net revenue margins 39bps (2009: 40bps)
- Average longevity 5.3 years (2009: 4.2 years)

Intermediary

Assets under management: £62.9bn (2010: £74.1bn)

- Net outflows £3.8bn
 - European retail redemptions
 - funds closed for capacity reasons
 - short term performance
 - demand concentrated in few asset classes
- Outflows in Europe, Asia
- Net inflows in UK
- >30% of new business in insurance and long term savings channels
- Net inflows 2012 YTD

New product launches 2011-2012

Meeting investor demand

- Outcome-orientated
 - European Total Return Equities
 - Absolute Return Bond
 - UK Strategic Bond for IFAs

- Multi-asset
 - Dynamic Multi-asset: default option for DC pension funds
 - Asian Asset Income
 - Global Multi-asset Income

- Equities
 - Brazilian Equities
 - QEP Global Emerging Markets
 - Emerging Markets Small Cap Discovery
 - UK Core 'RDR-ready' range
 - US Alpha Plus

- Fixed Income
 - Global High Income Bond
 - EMD Relative Return
 - Global Unconstrained Bond

Private Banking

Assets under management: £16.0bn (2010: £16.2bn)

- Net inflows £0.2bn
- Revenues up 11% at £114.3m (2010: £103.3m)
- Costs down 3% to £90.5m (2010: £93.2m)
- Profits more than doubled to £23.8m (2010: £10.1m)



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Kevin Parry
Chief Financial Officer

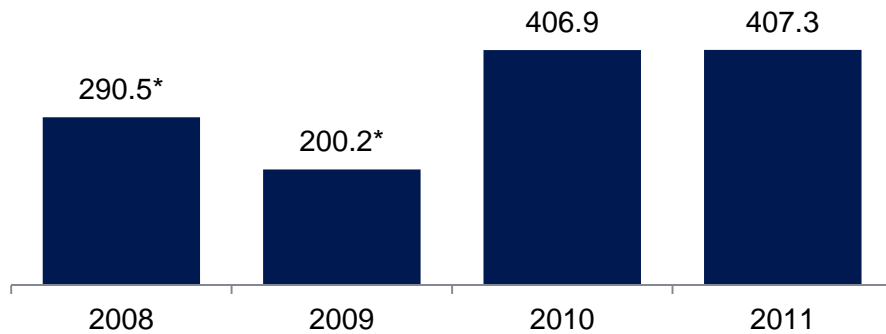
8 March 2012



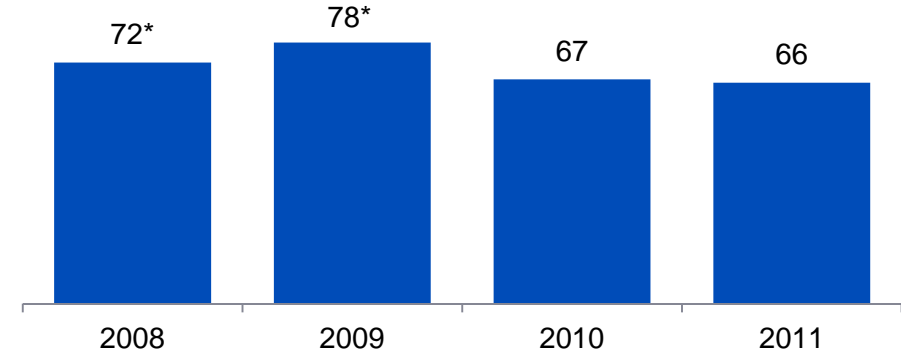
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Key figures

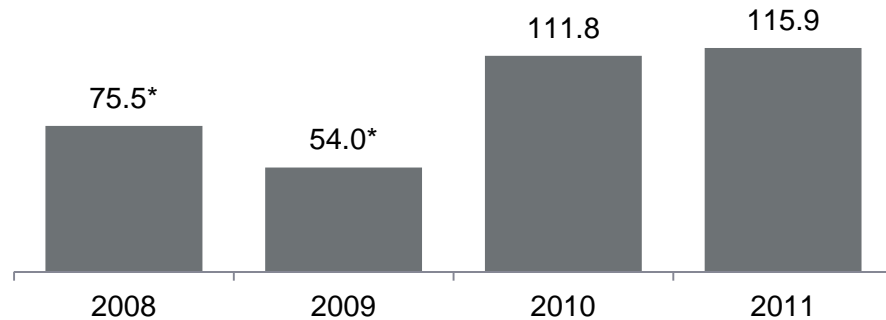
Profit before tax (£m)



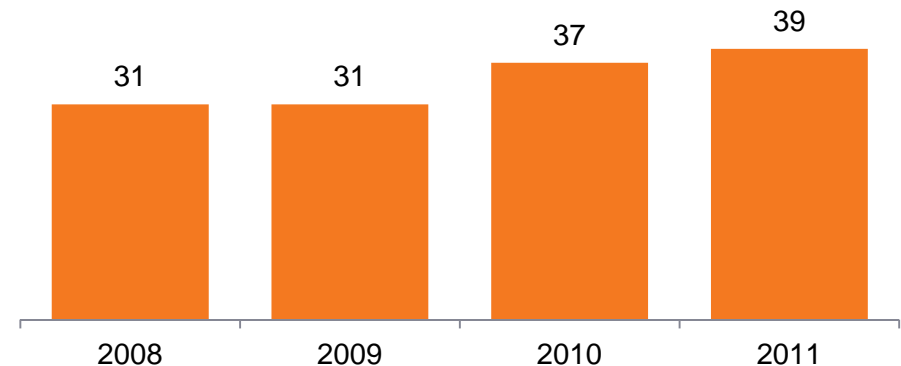
Costs: net revenue ratio (%)



Earnings per share (pence)



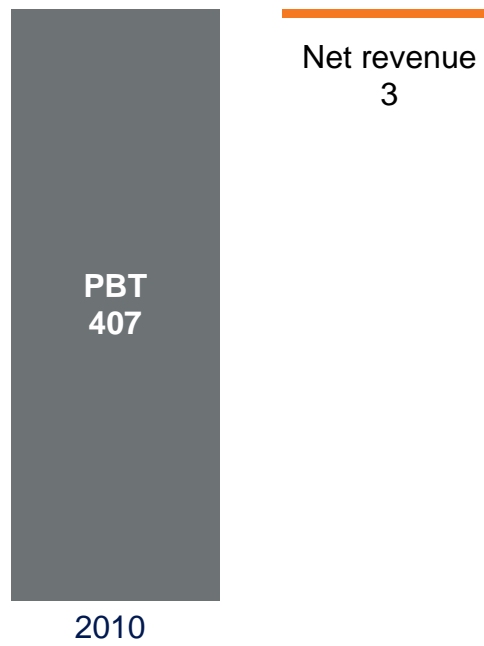
Dividend per share (pence)



*Before exceptional items of 2009: £62.7m; 2008: £167.4m relating to cost reductions and losses on financial assets.

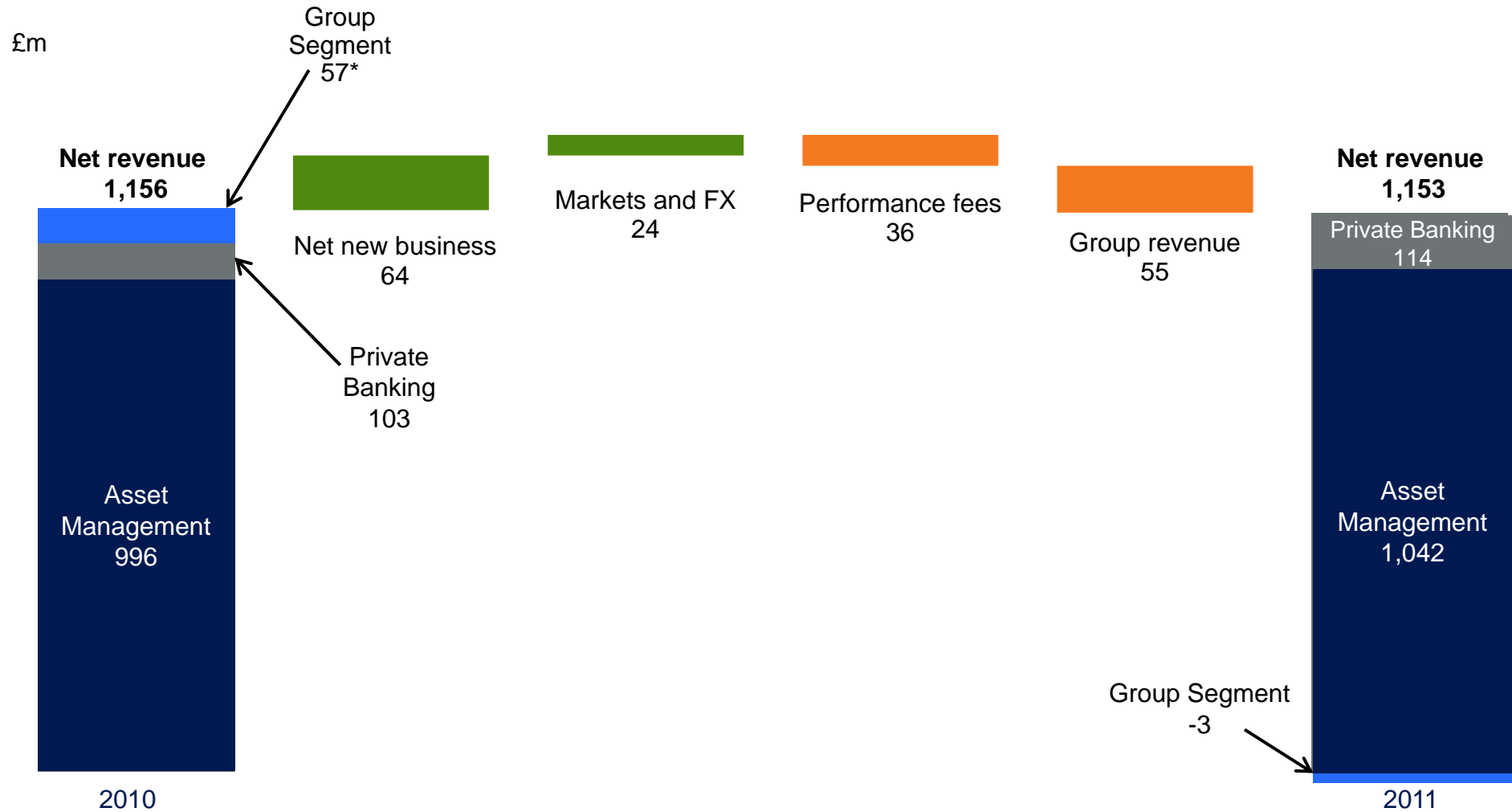
Profit before tax

£m



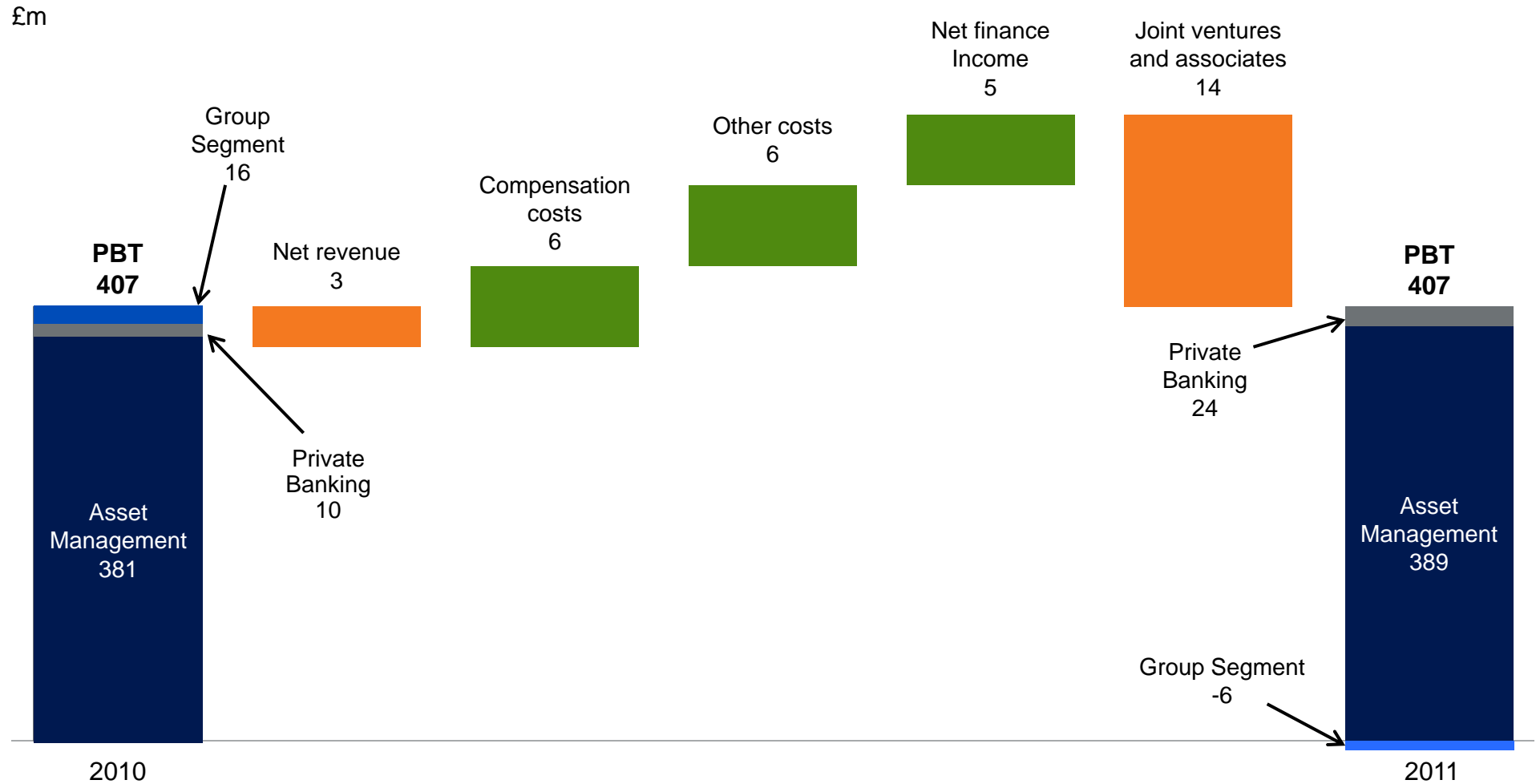
Net revenue

Decrease of £3m

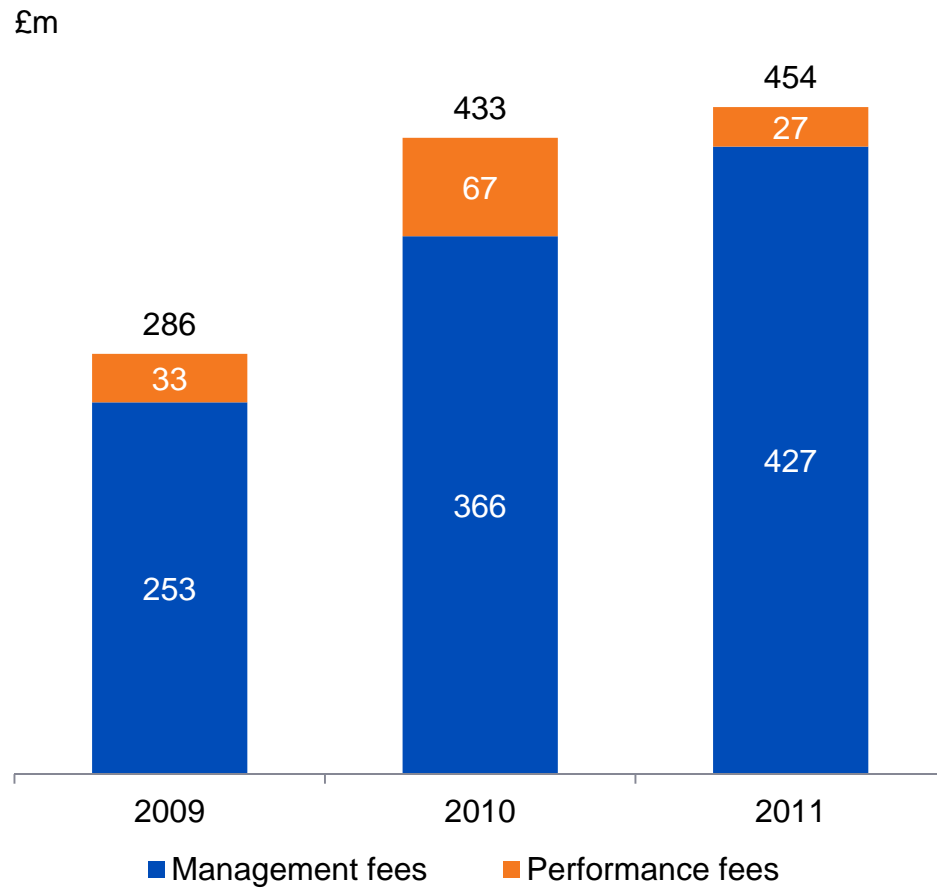


*Includes intersegment elimination £5m

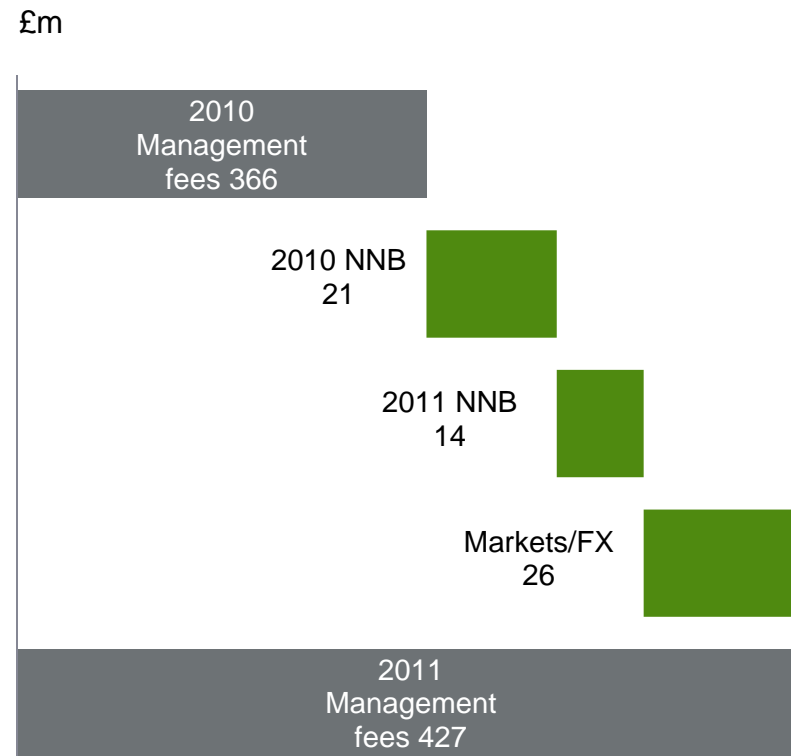
Profit before tax



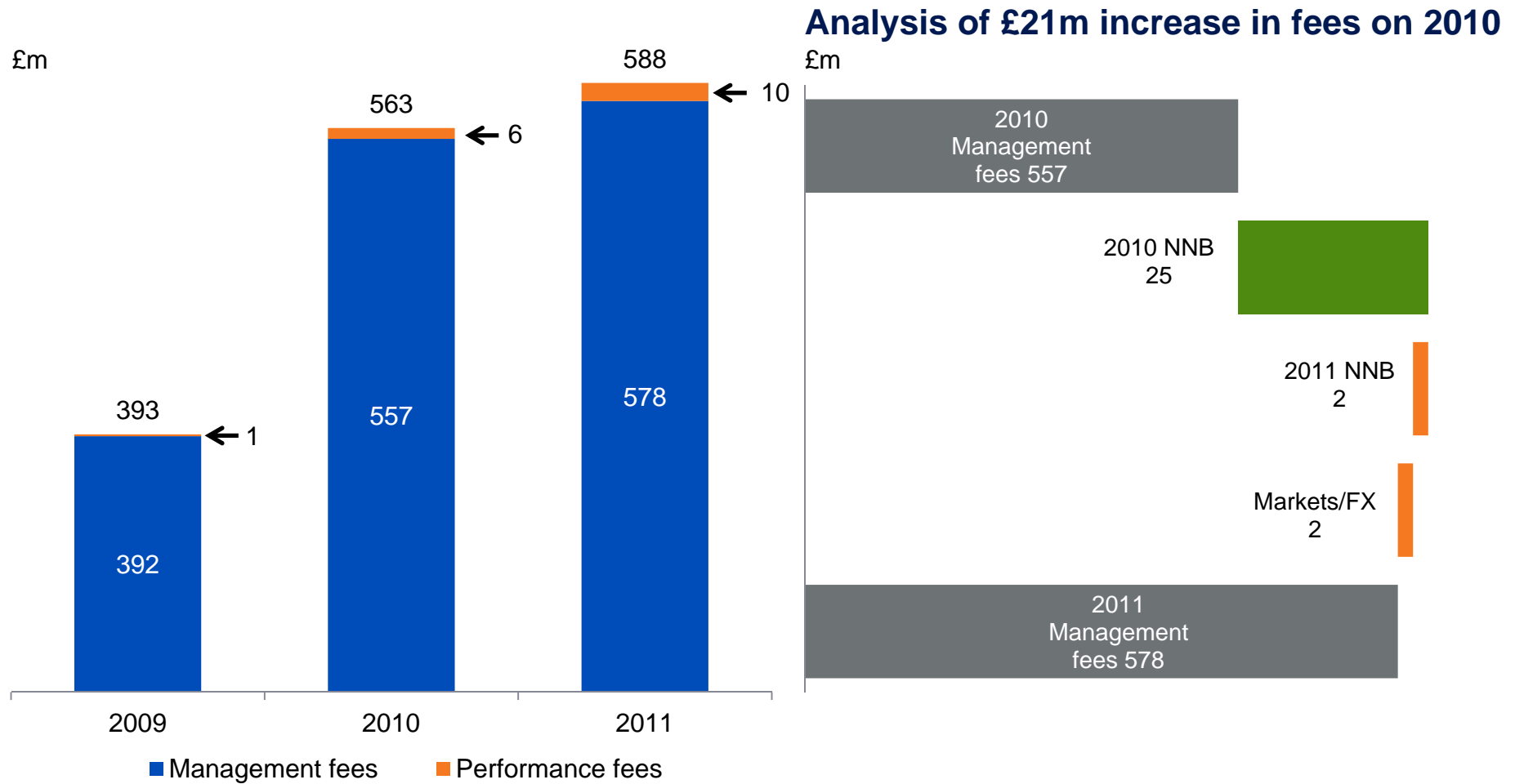
Institutional net revenues



Analysis of £61m increase in fees on 2010

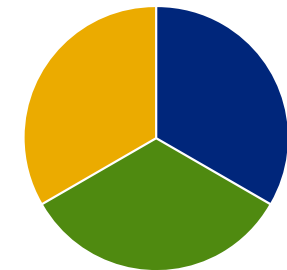


Intermediary net revenues



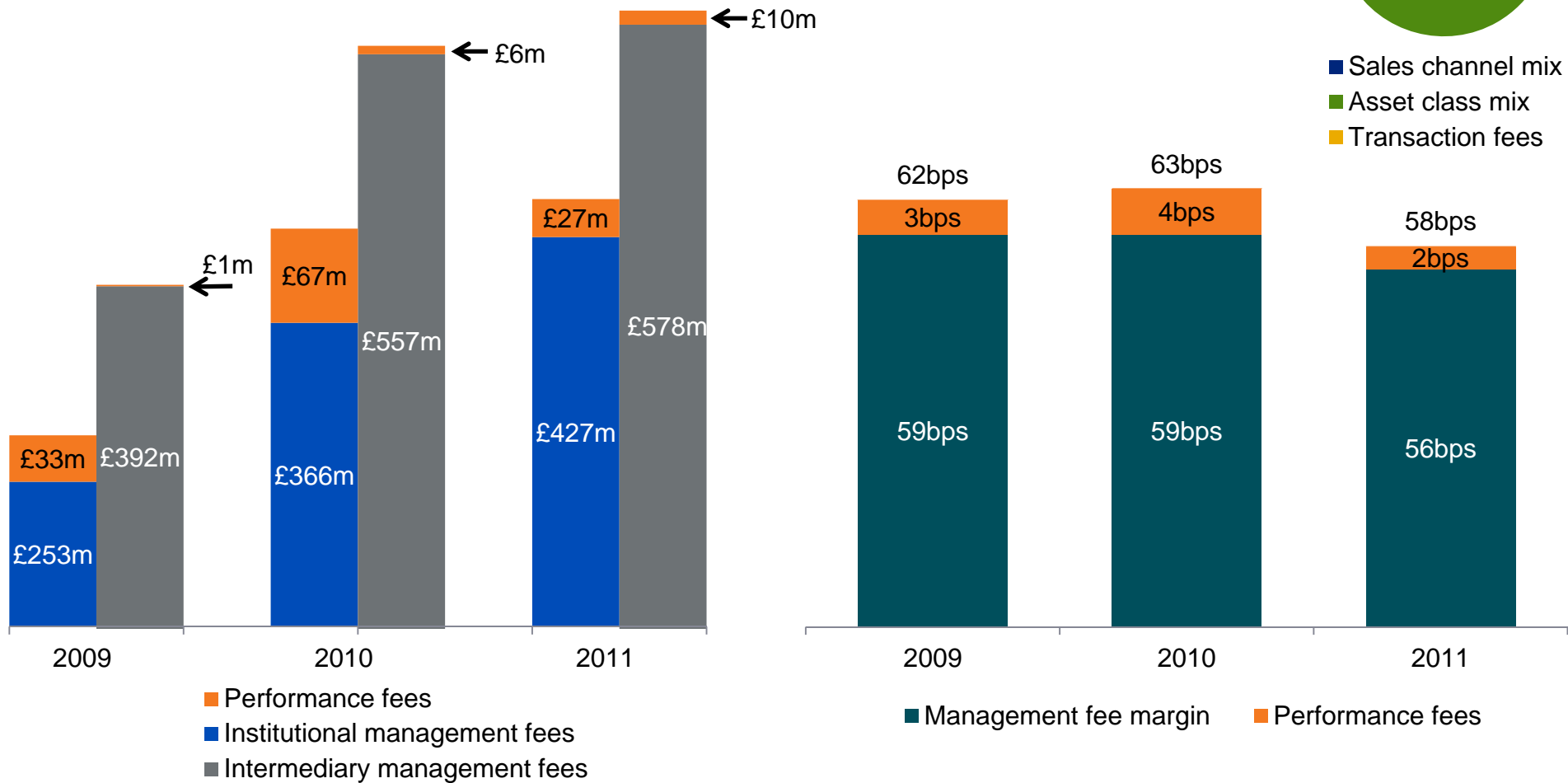
Institutional and Intermediary net revenues

Margin reduction



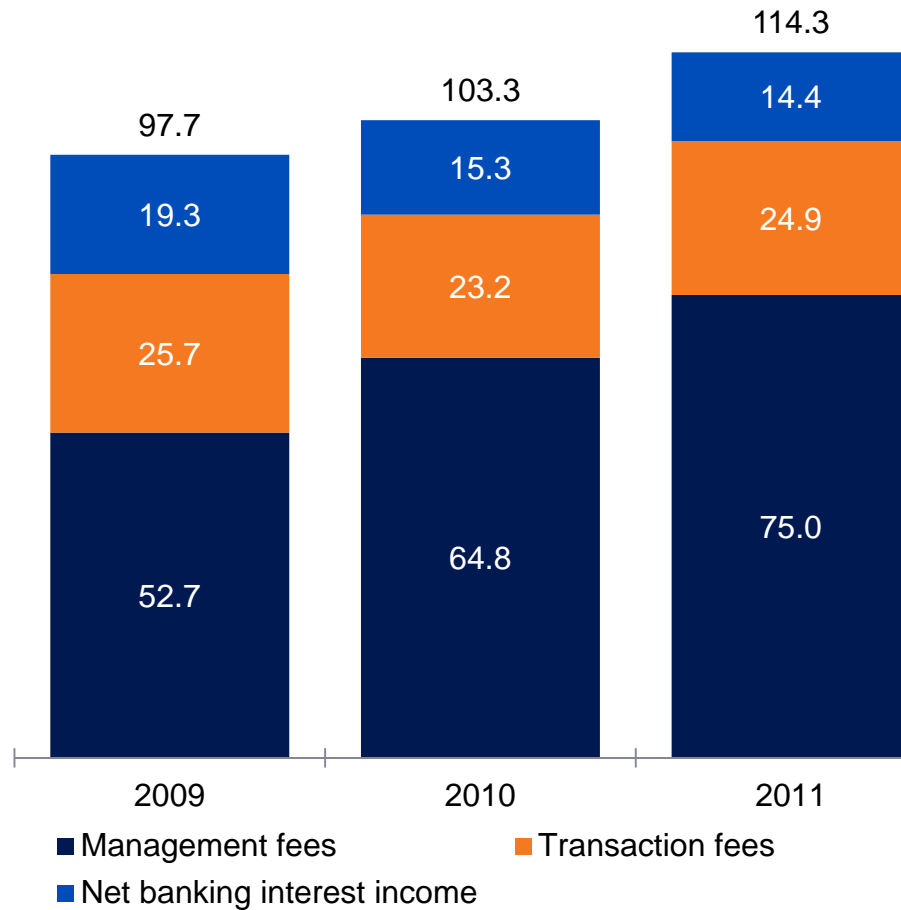
- Sales channel mix
- Asset class mix
- Transaction fees

AM net revenue margins

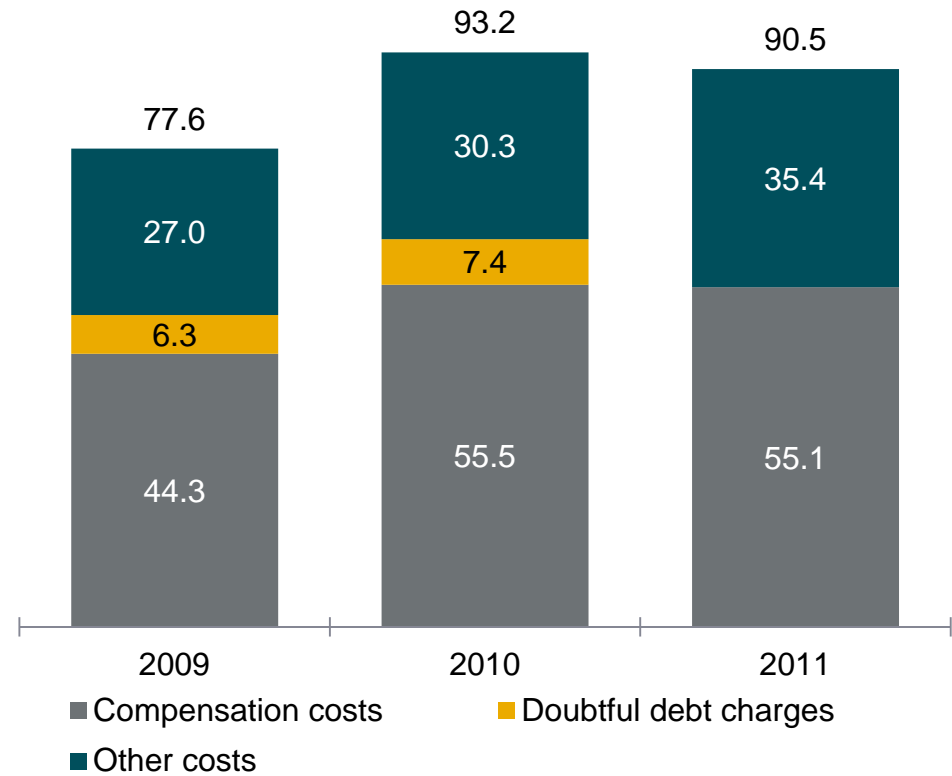


Private Banking segment

£m – Net revenue



£m – Costs



Group segment

Investment capital, governance, management and other

Segment disclosure	2010 £m	2011 £m
Net revenue	51.8	(3.2)
Operating expenses	(46.7)	(12.8)
Net finance income/(charges)	6.4	14.8
Share of associates and JVs	4.3	(4.7)
Group segment profit/(loss)	15.8	(5.9)
Governance, management and other	(29.9)	(15.5)
Investment capital	45.7	9.6
	15.8	(5.9)

Group segment

Governance, management and other

Economic view	2010	2011
	£m	£m
PE operations (pre-sale) and sale	5.0	-
Deferred remuneration mark to market and FX	6.3	(3.0)
Pension fund credits	7.0	16.0
Property and other provisions	(16.5)	(0.2)
Variable items	1.8	12.8
Costs	(31.7)	(28.3)
Total	(29.9)	(15.5)

Group segment

Investment capital returns

	2010 £m	Return	2011 £m	Return
Actively managed portfolio of surplus capital	21.6	3.1%	11.1	1.3%
Seed capital	15.7		(3.7)	
Legacy PE, property and associate	8.4		2.2	
Total return	45.7		9.6	

Seed capital AFS loss £2.6m (2010: loss £5.8m)
Legacy portfolio AFS loss £14.4m (2010: gain £7.1m)

Operating expenses

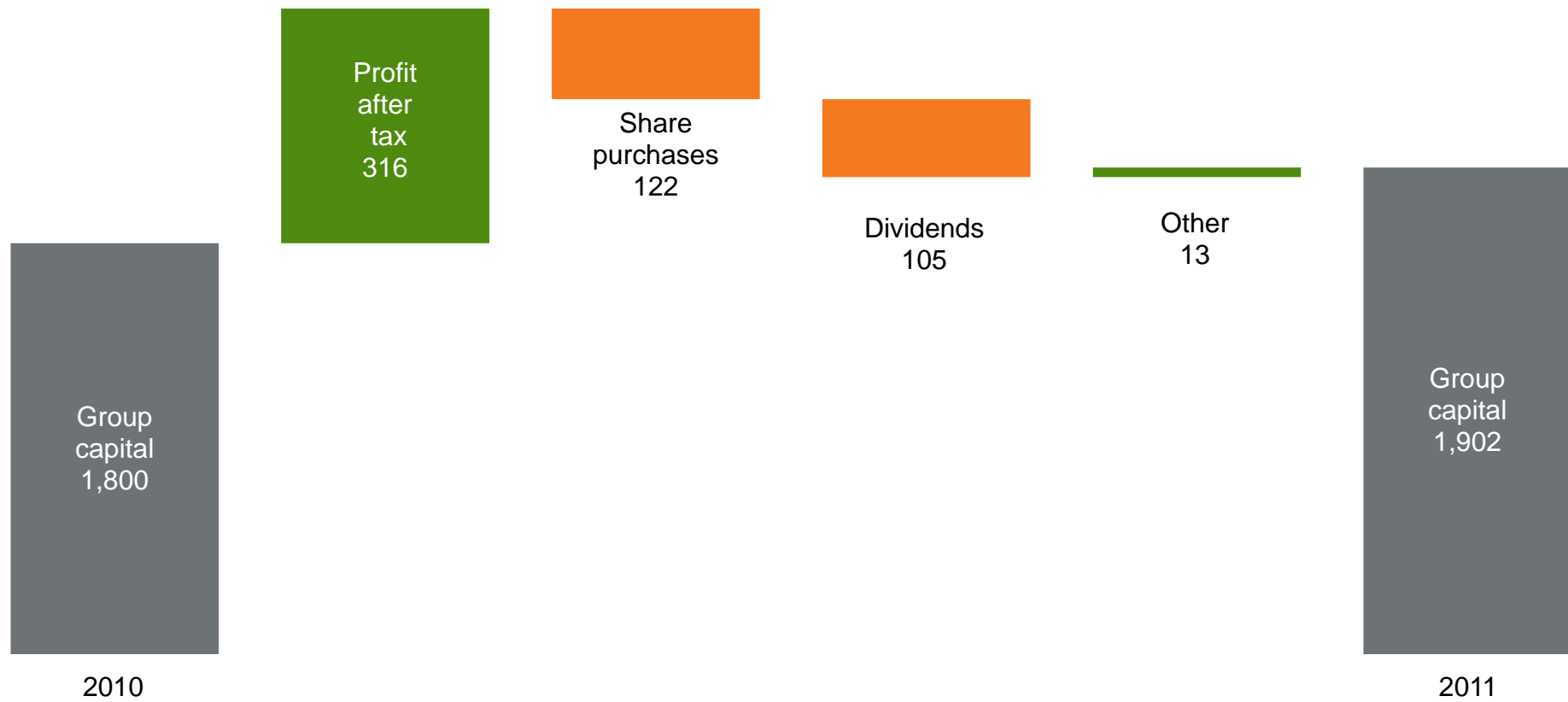
£m	2010	2011	2011 VS 2010
Staff costs	505.5	499.8	(5.7)
Other costs	251.0	247.9	(3.1)
Depreciation and amortisation	17.5	14.1	(3.4)
Total	774.0	761.8	(12.2)
<i>Compensation cost: operating revenue ratio</i>	45%	44%	(1%)
<i>Cost: net revenue ratio</i>	67%	66%	(1%)

Tax charge and earnings per share

	2010	2011	Change
Profit before tax	£406.9m	£407.3m	£0.4m
Tax	£(95.7)m	£(91.5)m	£4.2m
<i>Effective tax rate(%)</i>	23.5%	22.5%	(1%)
Profit after tax	£311.2m	£315.8m	£4.6m
Basic earnings per share	111.8p	115.9p	4.1p
Dividend	32.0p	39.0p	7.0p

Movement in Group capital

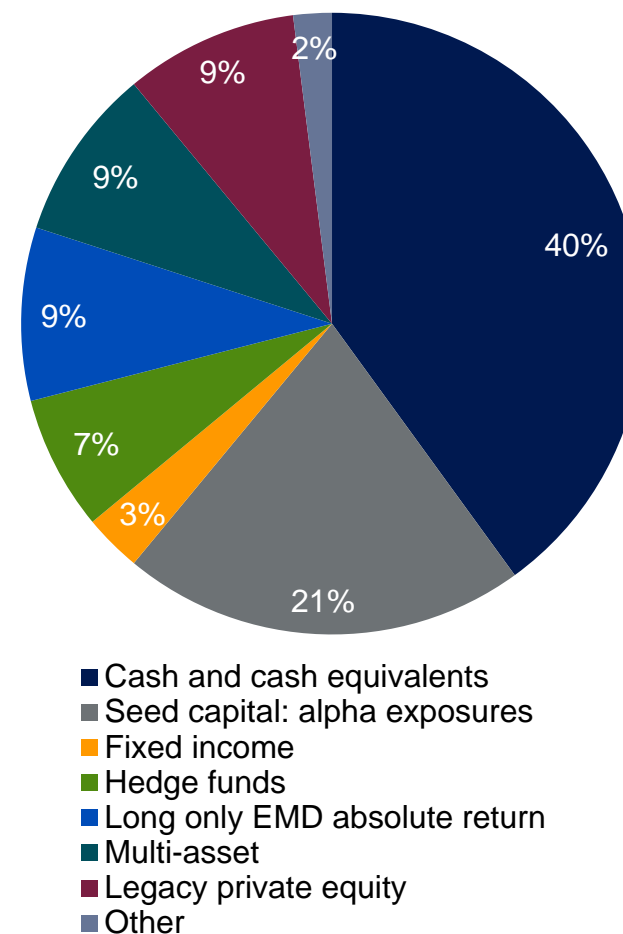
£m



Group capital allocation

£m	2010	2011
Asset Management & Private Banking operational capital	864	884
Investment capital*	774	837
Other (intangibles etc.)	162	181
Statutory Group capital	1,800	1,902

Investment capital breakdown (%)



* Not included in AUM



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Schroders

Outlook

- More positive tone in markets
 - net inflows YTD in Institutional, Intermediary
- Financial markets and investor demand remain uncertain
- Competitive three and five year performance
- Exciting range of new products
- Continued investment in organic growth
 - Talent
 - Infrastructure
 - New markets

Awards



FUND OF HEDGE FUNDS
SPECIALIST OVER \$500M

[OPUS COMMODITIES FUND]



LIPPER
FUND AWARDS 2012
JAPAN



Asset Allocation
Schroders

Forward-Looking Statements

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