

Schroders plc

Interim management statement

8 November 2012

Schroders plc today issues its interim management statement covering the nine months to 30 September 2012.

- **Profit before tax £266.0 million (2011: £317.3 million)**
- **Net inflows £5.3 billion (2011: £5.1 billion)**
- **Assets under management £202.8 billion (30 June 2012: £194.6 billion)**
- **68 per cent. of assets under management outperforming over three years¹**

Total profit before tax for the three months to 30 September was £88.6 million (Q3 2011: £101.6 million), taking profit before tax for the first nine months of 2012 to £266.0 million (2011: £317.3 million).

Asset Management

Asset Management net revenue for the three months to 30 September was £246.0 million (Q3 2011: £256.8 million) including performance fees of £1.9 million (Q3 2011: £14.3 million) and profit before tax was £85.8 million (Q3 2011: £92.7 million). For the first nine months of 2012, Asset Management profit before tax was £261.0 million (2011: £295.8 million).

Private Banking

Private Banking net revenue for the three months to 30 September was £24.6 million (Q3 2011: £29.3 million) and profit before tax was £4.0 million (Q3 2011: £6.7 million). For the first nine months of 2012, Private Banking profit before tax was £14.4 million (2011: £19.0 million).

¹ Performance against benchmark or peer group over three years to 30 September 2012.

Group segment

The Group segment comprises central costs and returns on investment capital, including seed capital in new products. The result for the Group segment for the three months to 30 September was a loss before tax of £1.2 million (Q3 2011 profit: £2.2 million), offset by £1.6 million of investment gains through reserves. For the first nine months of 2012 the loss before tax was £9.4 million (2011 profit: £2.5 million), offset by £8.9 million of investment gains through reserves.

Shareholders' equity was £2.0 billion (31 December 2011: £1.9 billion).

Assets under management

For the three months to 30 September, net inflows were £2.6 billion. Net inflows were £1.9 billion in Institutional and £0.8 billion in Intermediary, with net outflows of £0.1 billion in Private Banking. For the first nine months of 2012, net inflows were £5.3 billion (2011: £5.1 billion). Assets under management were £202.8 billion as at 30 September 2012.

Outlook

We have had positive net flows in Institutional and Intermediary in each of the first three quarters of 2012, with small outflows in Private Banking. We expect a slowdown in Institutional flows in the short term but demand in Intermediary has picked up. It is not clear whether this more positive tone in Intermediary will be sustained given the uncertain economic background, but long term we are well positioned with a broad product range, competitive investment performance and strong distribution.

Michael Dobson, Chief Executive, and Kevin Parry, Chief Financial Officer, will host a conference call for the investment community, to discuss this interim management statement at 9am GMT on Thursday 8 November 2012. The conference call telephone number is 0800 694 1515 (International: +44 1452 584 053), conference ID 54609158. For individuals unable to participate in the conference call, a telephone replay will be available until Thursday 6 December 2012. Please telephone 0871 700 0145 (International: +44 1452 550 000), conference 54609158#.

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Forward-looking statements

This interim management statement may contain certain forward-looking statements with respect to the financial condition, results of operations, strategy and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but they relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expect', 'aims', 'estimates' or 'anticipates' or the negative of these terms and other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by 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 interim management statement. 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 interim management statement should be construed as a forecast, estimate or projection of future financial performance.

Appendix

Assets under Management

Three months to 30 September 2012

	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
30 June 2012	113.3	65.3	16.0	194.6
Net flows	1.9	0.8	(0.1)	2.6
Investment returns	3.2	2.2	0.2	5.6
30 September 2012	118.4	68.3	16.1	202.8

Nine months to 30 September 2012

	Institutional £bn	Intermediary £bn	Private Banking £bn	Total £bn
31 December 2011	108.4	62.9	16.0	187.3
Net flows	3.8	1.8	(0.3)	5.3
Investment returns	6.2	3.6	0.4	10.2
30 September 2012	118.4	68.3	16.1	202.8

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2012 Financial data

Three months to 30 September 2012

	Asset Management £m	Private Banking £m	Group £m	Total £m
Net revenue	246.0	24.6	5.9	276.5
Operating expenses	(161.2)	(20.6)	(9.9)	(191.7)
Operating profit/(loss)	84.8	4.0	(4.0)	84.8
Net finance income	0.1	-	2.7	2.8
Share of profit of associates and joint ventures	0.9	-	0.1	1.0
Profit/(loss) before tax	85.8	4.0	(1.2)	88.6

Nine months to 30 September 2012

	Asset Management £m	Private Banking £m	Group £m	Total £m
Net revenue	737.0	77.2	6.3	820.5
Operating expenses	(480.2)	(62.8)	(24.3)	(567.3)
Operating profit/(loss)	256.8	14.4	(18.0)	253.2
Net finance income	-	-	9.0	9.0
Share of profit of associates and joint ventures	4.2	-	(0.4)	3.8
Profit/(loss) before tax	261.0	14.4	(9.4)	266.0

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2011 Financial data

Three months to 30 September 2011

	Asset Management £m	Private Banking £m	Group £m	Total £m
Net revenue	256.8	29.3	4.3	290.4
Operating expenses	(166.6)	(22.6)	(3.4)	(192.6)
Operating profit	90.2	6.7	0.9	97.8
Net finance income	-	-	3.1	3.1
Share of profit/(loss) of associates and joint ventures	2.5	-	(1.8)	0.7
Profit before tax	92.7	6.7	2.2	101.6

Nine months to 30 September 2011

	Asset Management £m	Private Banking £m	Group £m	Total £m
Net revenue	791.4	87.3	4.9	883.6
Operating expenses	(501.8)	(68.3)	(10.9)	(581.0)
Operating profit	289.6	19.0	(6.0)	302.6
Net finance income	(0.5)	-	12.1	11.6
Share of profit/(loss) of associates and joint ventures	6.7	-	(3.6)	3.1
Profit before tax	295.8	19.0	2.5	317.3

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