

# Schroders

## 2007 Annual Results

Data Pack

trusted heritage  
advanced thinking



Schroders

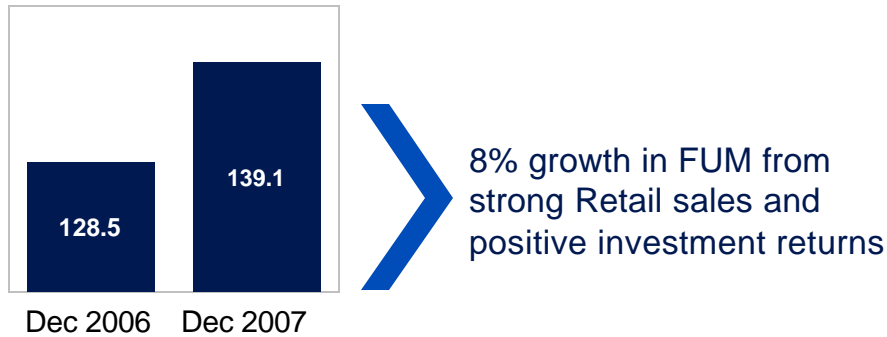
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# Funds under management

**£139.1 billion at end December 2007**

## Funds under management (£bn)



## Institutional FUM (£bn)



## Retail FUM (£bn)



## Private Banking FUM (£bn)



# Funds under management

## £139.1 billion at end December 2007

£bn	Institutional	Retail	Private Banking	Total
31 December 2006	77.4	42.5	8.6	128.5
Net flows	(10.6)	8.8	0.2	(1.6)
Purchase of Aareal	1.3	-	-	1.3
Market movement	5.1	4.9	0.9	10.9
<b>31 December 2007</b>	<b>73.2</b>	<b>56.2</b>	<b>9.7*</b>	<b>139.1</b>

### Institutional net outflows

- UK Balanced, UK equities and to a lesser extent Japanese and Asian equities

### Record Retail net inflows

- Exceptionally strong in Asia Pacific, the UK and the US
- Europe outflows reflected European industry experience as a whole

\*Private Banking funds under management exclude £0.8bn relating to custody related assets.

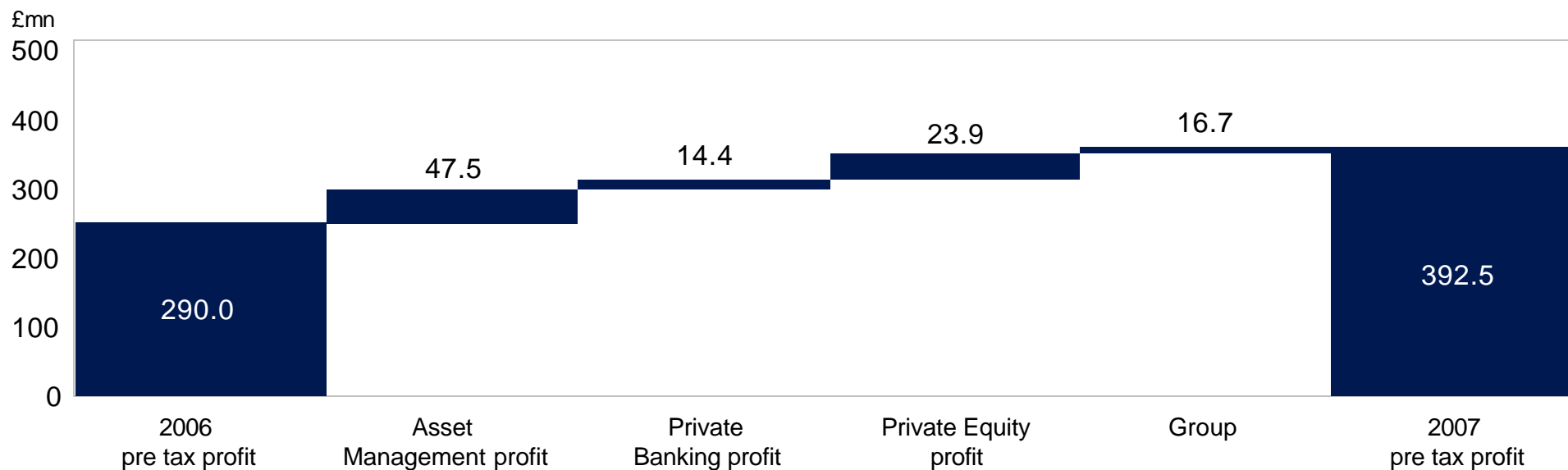
With effect from 1 Jan 2008 these assets will be included in FUM reporting in line with industry best practice

# Asset Management business flows

£bn	Inflows	2007 Outflows	Net	Inflows	2006 Outflows	Net
Institutional	11.6	(22.2)	(10.6)	9.2	(17.2)	(8.0)
Retail	20.4	(11.6)	8.8	11.4	(7.6)	3.8
<b>Total Asset Management</b>	<b>32.0</b>	<b>(33.8)</b>	<b>(1.8)</b>	<b>20.6</b>	<b>(24.8)</b>	<b>(4.2)</b>

# Profit before tax

## Reconciliation – 2006 to 2007



PBT (£mn)	2007	2006	2006 to 2007 difference
Asset Management	266.5	219.0	47.5
Private Banking	41.3	26.9	14.4
Private Equity	58.5	34.6	23.9
Group	26.2	9.5	16.7
Total Group profit before tax	392.5	290.0	102.5

# Income and cost metrics for the Group

	2007	2006
Compensation costs : operating revenues	46%	47%
Group cost : income ratio	61%	65%
Group cost : gross profit	64%	68%
Return on average capital (pre-tax)	25%	21%
Return on average capital (post-tax)	19%	16%

- Compensation costs : operating revenues = total Group compensation costs divided by gross profits for the Asset Management and Private Banking business segments
- Group cost : income ratio = total Group costs divided by total Group income
- Group cost : gross profit = total Group costs divided by total Group gross profits
- Return on average capital (pre-tax) = total Group profit before tax divided by average capital
- Return on average capital (post-tax) = total Group profit after tax divided by average capital

# Gross profit margins – Asset Management

**Asset Management gross profit £762.8 million**

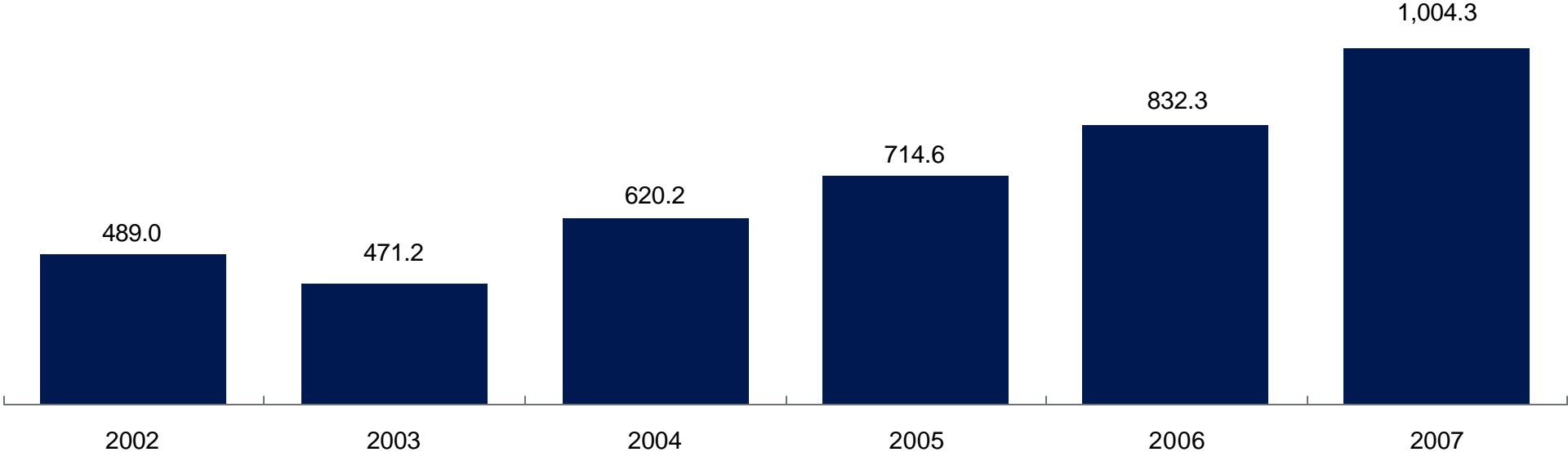
(2006: £644.9 million)

	2007	2006	2005
Gross profit on average AM FUM	60bps	55bps	51bps
Of which: performance fees	3bps	4bps	2bps
Costs on average AM FUM	41bps	37bps	35bps
Operating profit on average AM FUM	19bps	18bps	16bps



# Total income

£mn

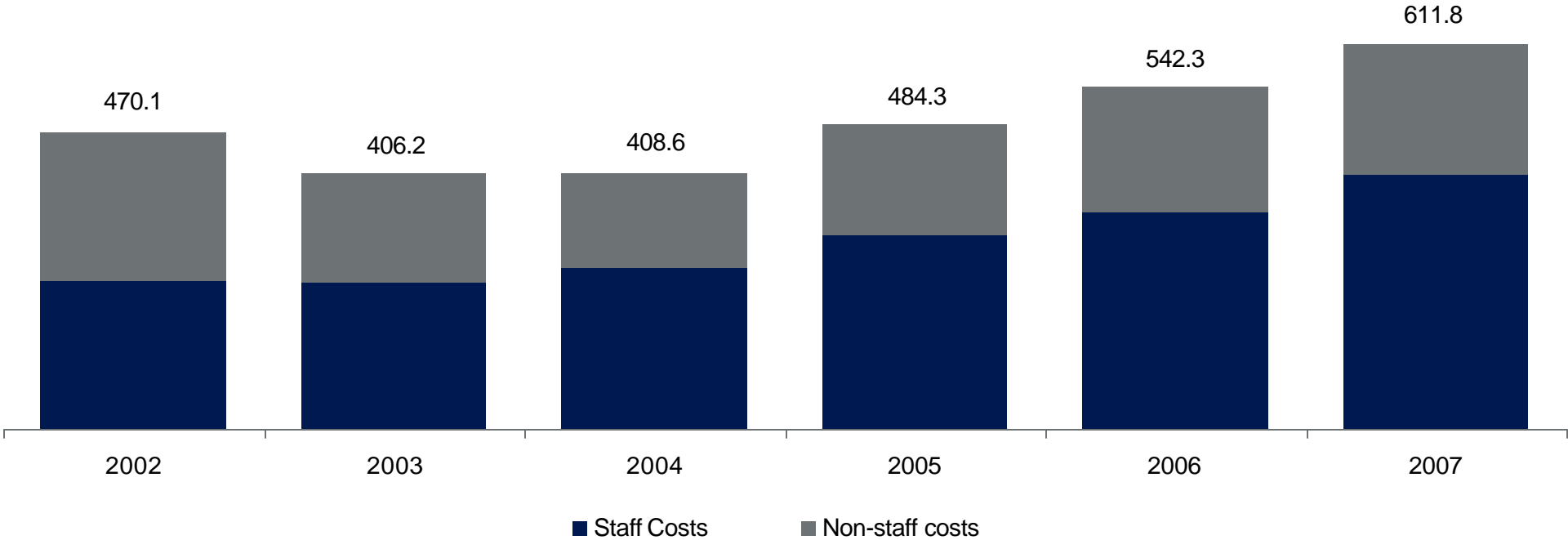


Figures 2002-2003 based on UK GAAP, figures from 2004 onwards based on IFRS  
2005 uses underlying income adjusted for £20.4mn gain on discontinued outsourcing project



# Total costs

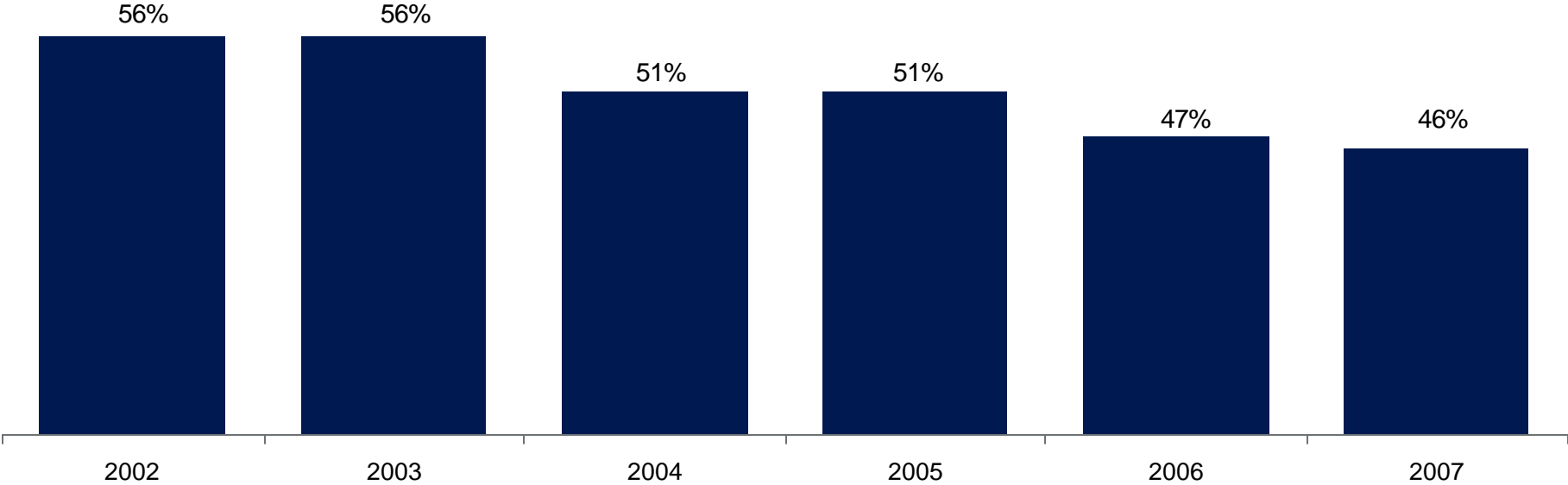
£mn



Figures 2002-2003 based on UK GAAP, figures from 2004 onwards based on IFRS



# Compensation costs: operating revenues

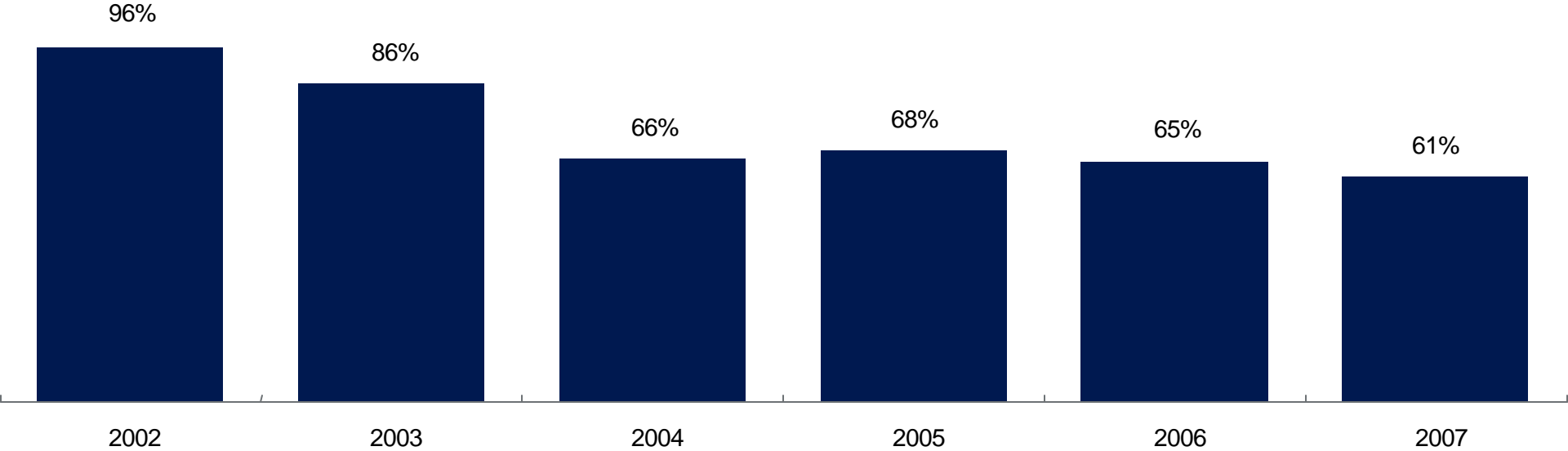


Total Group compensation costs divided by gross profits for the Asset Management and Private Banking business segments

Figures 2002-2003 based on UK GAAP, figures from 2004 onwards based on IFRS



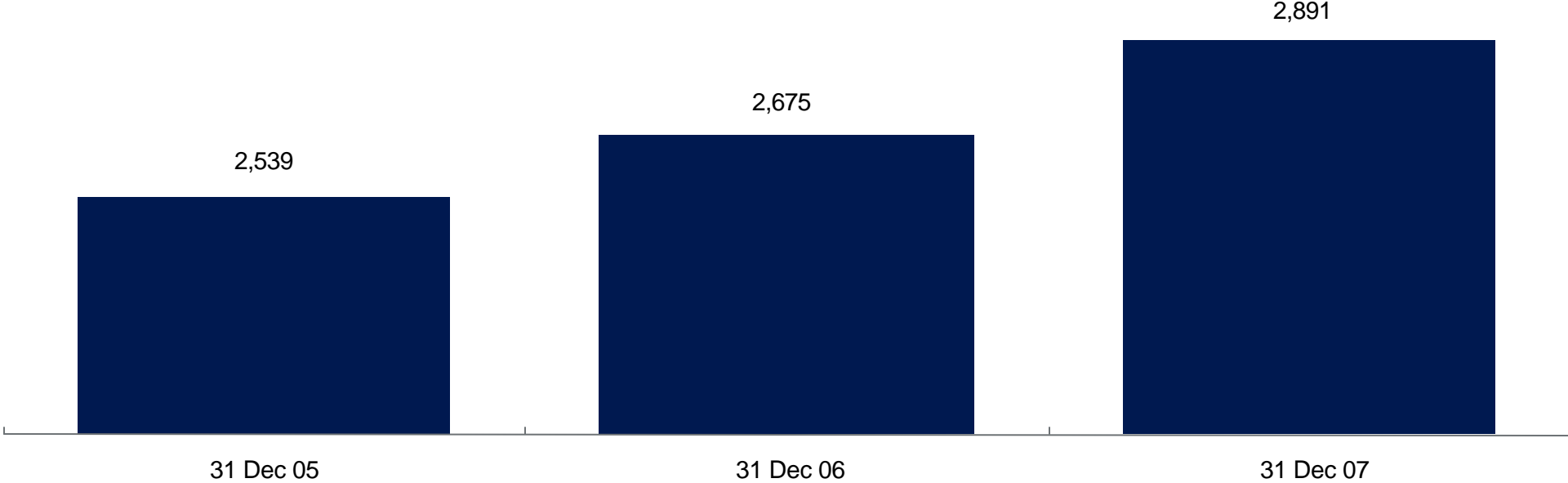
# Cost: income ratio



Total Group costs divided by total Group income  
Figures 2002-2003 based on UK GAAP, figures from 2004 onwards based on IFRS  
2005 uses underlying profit adjusted for £20.4mn gain on discontinued outsourcing project



# Headcount



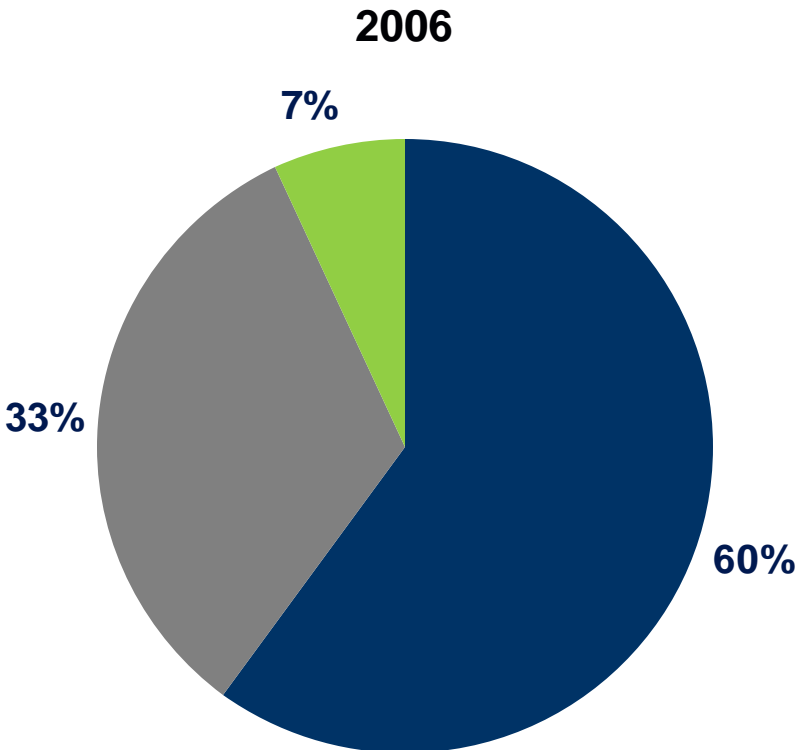
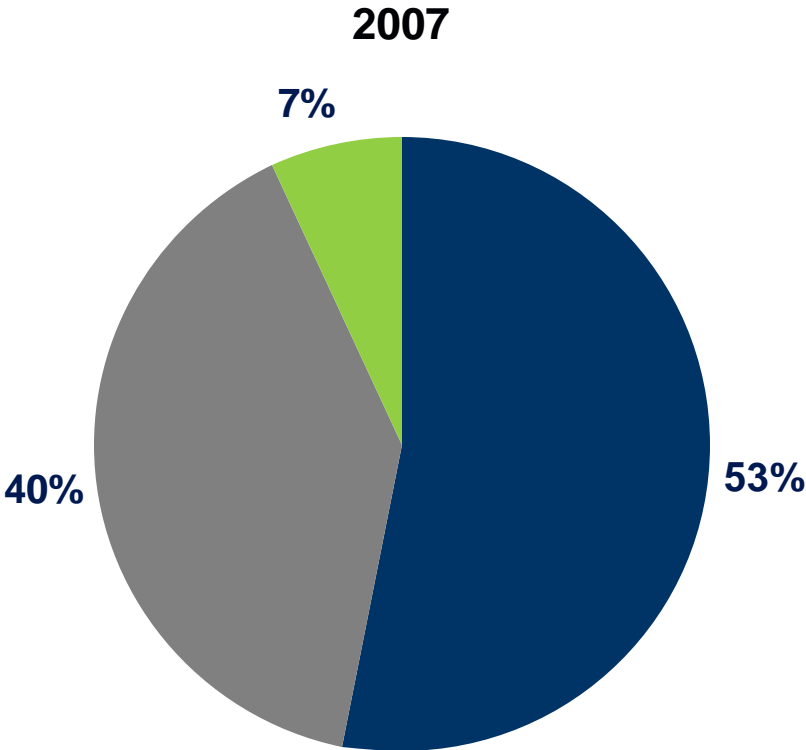
# Income statement progression

## Profit before tax

£mn	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Asset Management income	157.2	193.2	177.3	186.4	198.8	222.9
Asset Management costs	(108.9)	(119.3)	(114.8)	(125.7)	(131.6)	(146.8)
Asset Management profit	48.3	73.9	62.5	60.7	67.2	76.1
Private Banking profit	6.9	8.8	7.5	8.4	11.3	14.1
Private Equity	6.2	10.7	19.9	16.3	20.2	2.1
Group	2.6	0.3	3.3	7.0	(0.6)	16.5
<b>Profit before tax</b>	<b>64.0</b>	<b>93.7</b>	<b>93.2</b>	<b>92.4</b>	<b>98.1</b>	<b>108.8</b>

# Funds under management diversity by channel

Funds under management £139.1 billion

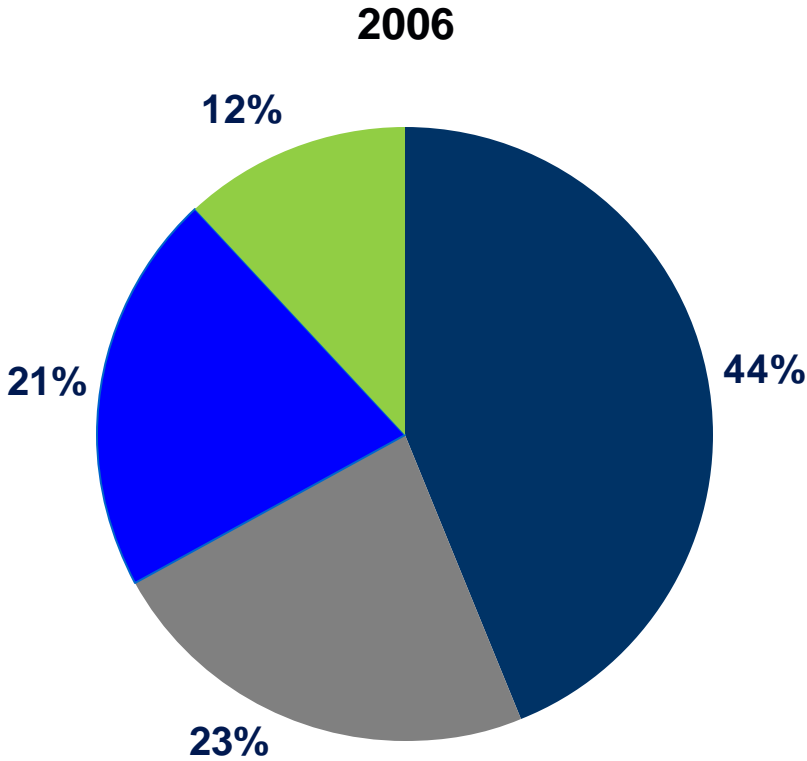
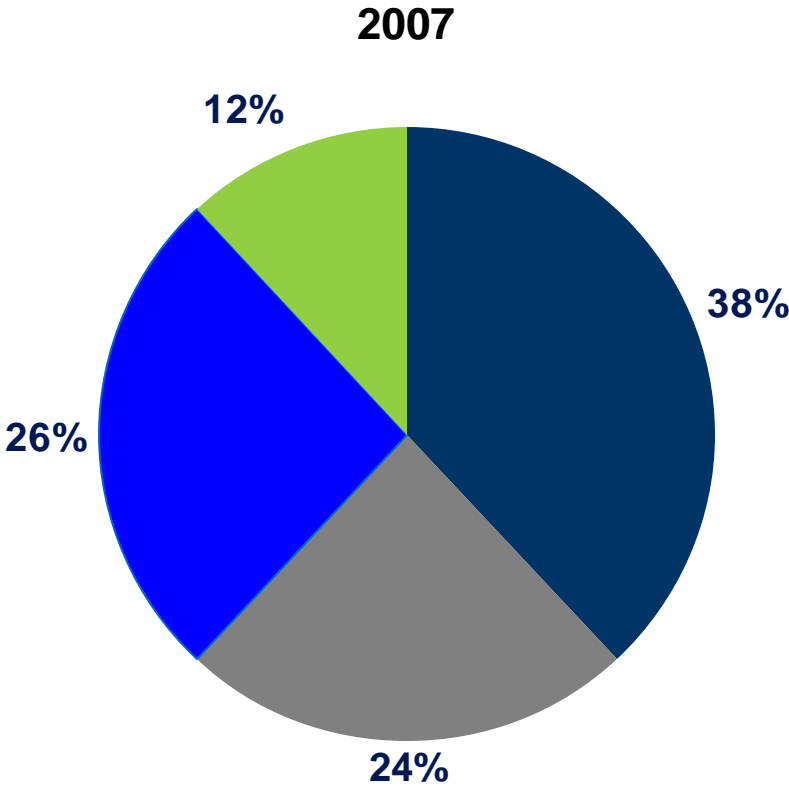


■ Institutional    ■ Retail    ■ Private Banking



# Funds under management diversity by geography

Funds under management £139.1 billion



- UK
- Continental Europe
- Asia Pacific
- Americas





# Balance sheet

£mn	31 Dec 2007	31 Dec 2006
Intangible assets including goodwill	120.3	80.3
Other non-current assets	727.3	701.8
Current assets	3,263.8	2,736.7
Non-current assets held for sale	37.5	60.1
Assets backing insurance unit-linked liabilities	2,727.8	1,532.0
<b>Total assets</b>	<b>6,876.7</b>	<b>5,110.9</b>
<b>Total equity*</b>	<b>1,696.2</b>	<b>1,443.6</b>
Non-current liabilities	332.2	338.4
Current liabilities	2,120.5	1,796.9
Insurance unit-linked liabilities	2,727.8	1,532.0
<b>Total equity and liabilities</b>	<b>6,876.7</b>	<b>5,110.9</b>

\* Includes minority interest (31 Dec 2007: £0.5mn; 31 Dec 2006: £0.2mn)

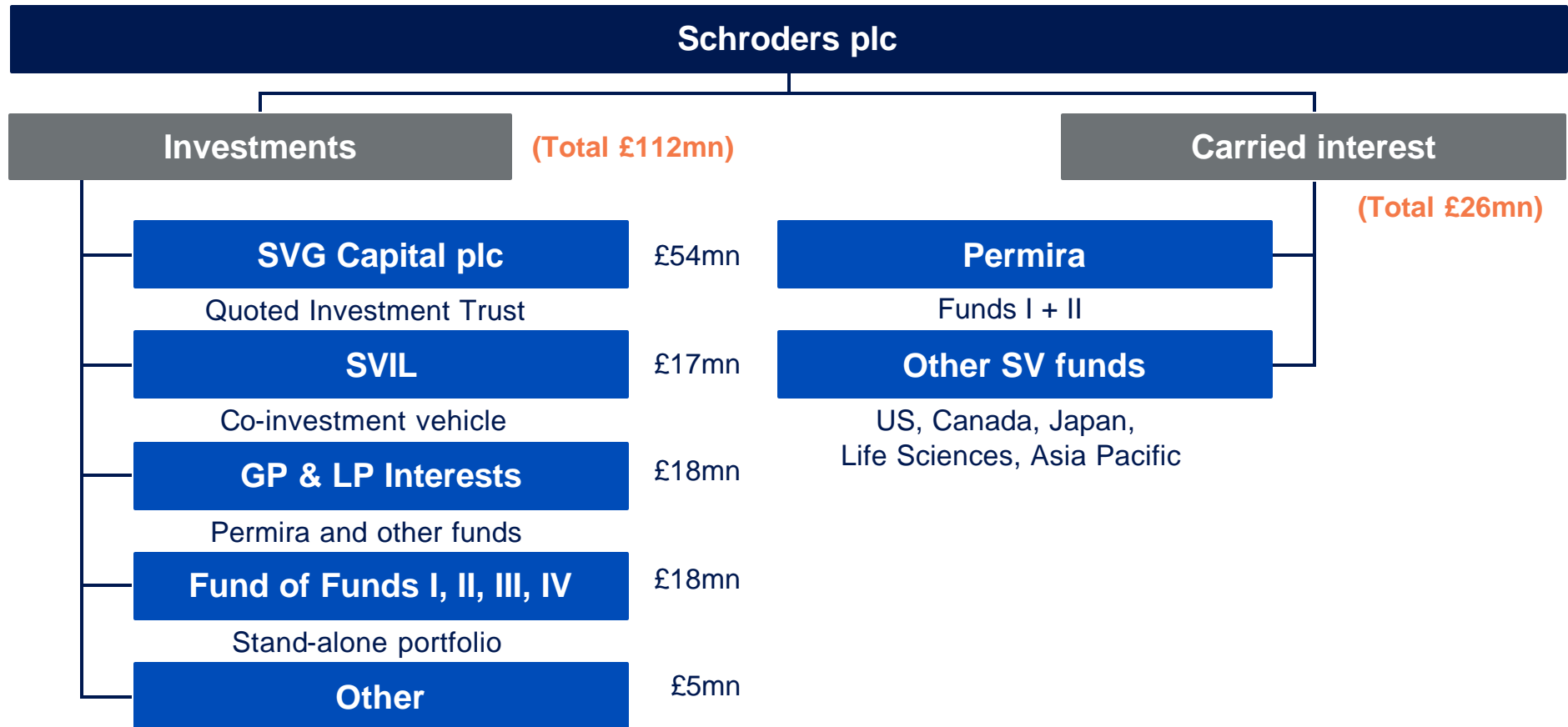
# Movement in capital

£mn	2007
<b>Opening balance</b>	<b>1,443.4</b>
<b>Profit before tax</b>	<b>392.5</b>
<b>Tax and minority interests</b>	<b>(92.8)</b>
<b>Dividends</b>	<b>(74.9)</b>
<b>Other transactions with equity holders</b>	<b>25.3</b>
<b>Net decrease in AFS reserve</b>	<b>(24.6)</b>
<b>Net actuarial gains on defined benefit pension schemes</b>	<b>4.0</b>
<b>Other</b>	<b>22.8</b>
<b>Closing balance</b>	<b>1,695.7</b>

# Capital allocation

<b>31 Dec 2007</b>	<b>Asset Management £mn</b>	<b>Private Banking £mn</b>	<b>Private Equity £mn</b>	<b>Group £mn</b>	<b>Total £mn</b>
Regulatory	142.1	150.4	-	-	292.5
Other operating	203.8	57.9	-	54.6	316.3
Goodwill	102.3	5.0	-	-	107.3
Liquid funds	-	-	-	371.0	371.0
Third party hedge funds	-	-	-	208.2	208.2
Other Schroders funds	-	-	-	262.3	262.3
Private equity	-	-	138.1	-	138.1
Leasing	-	-	-	-	-
	<b>448.2</b>	<b>213.3</b>	<b>138.1</b>	<b>896.1</b>	<b>1,695.7</b>
<b>31 Dec 2006</b>					
Regulatory	147.2	111.4	-	-	258.6
Other operating	187.9	76.9	-	57.5	322.3
Goodwill	68.5	5.0	-	-	73.5
Liquid funds	10.3	-	-	301.5	311.8
Third party hedge funds	-	-	-	138.4	138.4
Other Schroders funds	-	-	-	163.7	163.7
Private equity	-	-	168.2	-	168.2
Leasing	-	-	-	6.9	6.9
	<b>413.9</b>	<b>193.3</b>	<b>168.2</b>	<b>668.0</b>	<b>1,443.4</b>

# Private Equity interests



# Forward-looking statements

These presentation slides contain certain forward-looking statements and forecasts with respect to the financial condition and results of the 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. Nothing in this presentation should be construed as a profit forecast