

# **abrdn plc**

# **Half year results 2021**

**10 August 2021**

# Welcome

## Agenda

Creating momentum  
for our growth  
ambitions

Stephen Bird

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Half year 2021  
Financial results

Stephanie Bruce

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Investing to drive  
sustainable growth  
and returns

Stephen Bird

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Q&A session

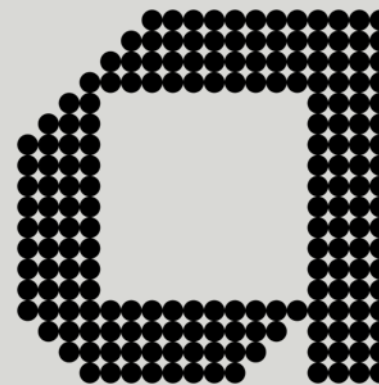
Stephen Bird  
Stephanie Bruce  
René Buehlmann  
Noel Butwell  
Chris Demetriou

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**Stephen Bird**  
Chief Executive Officer



**Stephanie Bruce**  
Chief Financial Officer



**Chris Demetriou**  
CEO, UK, EMEA and Americas



**René Buehlmann**  
CEO, Asia Pacific



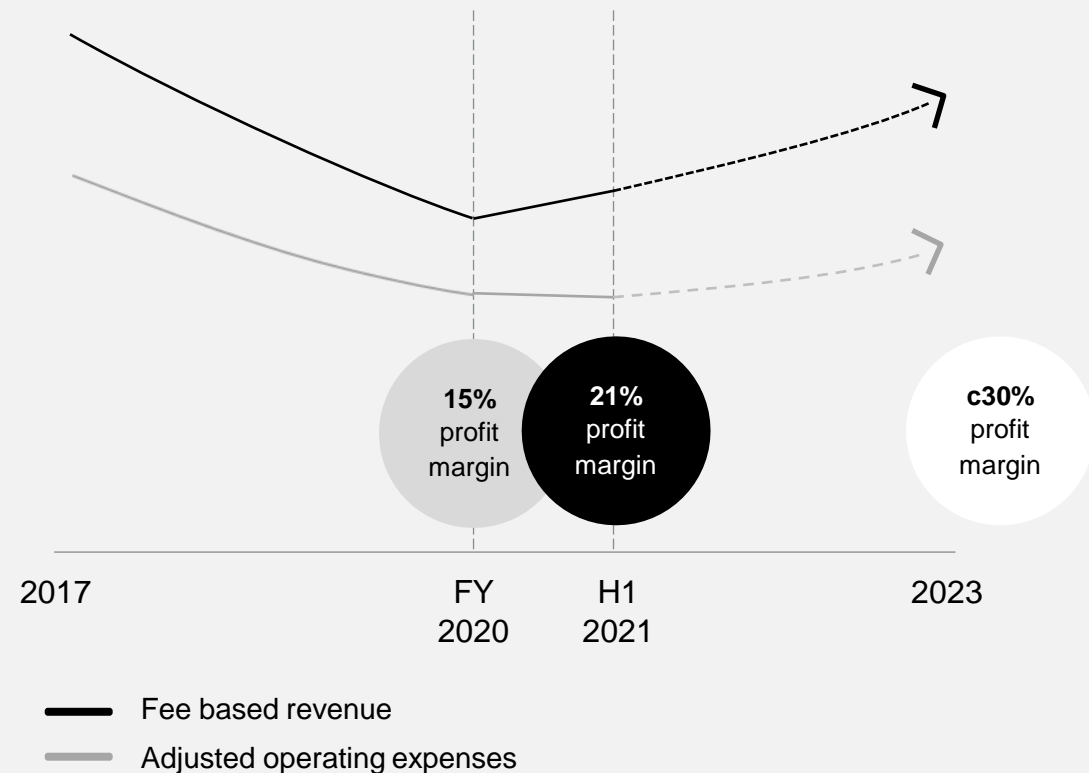
**Noel Butwell**  
CEO, Adviser & Interim CEO,  
Personal



# Creating momentum for our growth ambitions

	H1 2021	Movement
Fee based revenue	£755m	+7%
Adjusted operating profit	£160m	+52%
Cost/income ratio	79%	6ppts better
Adjusted diluted EPS	7.0p	+3.7p

## Arresting revenue decline and improving operating leverage



# Creating momentum by vector



**Investments**  
Institutional and Wholesale - best half for net flows since merger<sup>1</sup>

Insurance - low bulk purchase annuity and deal flows



**Adviser**

Highest net flows in 3 years



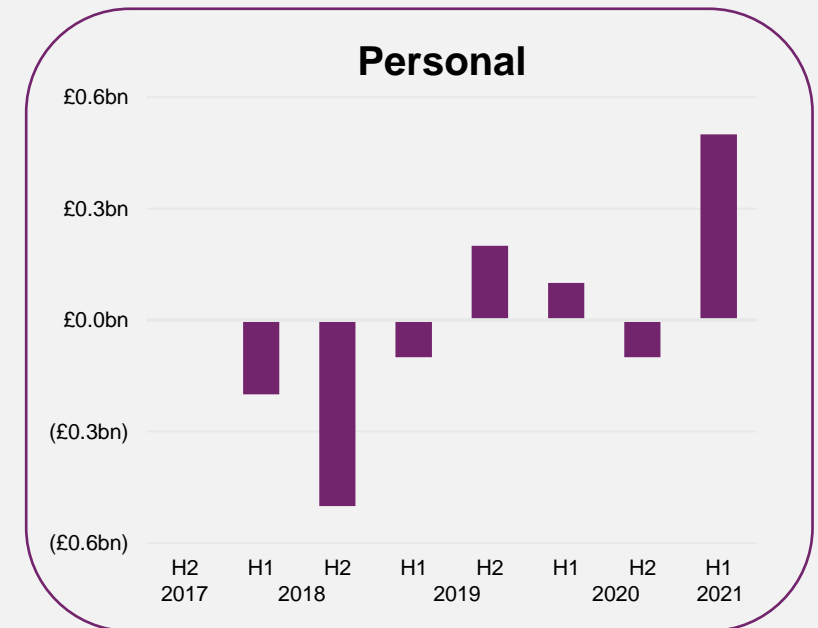
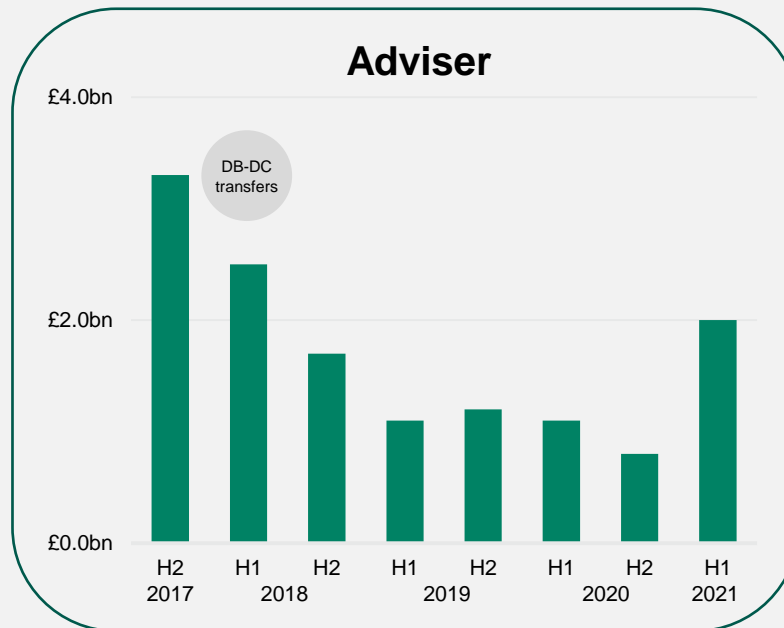
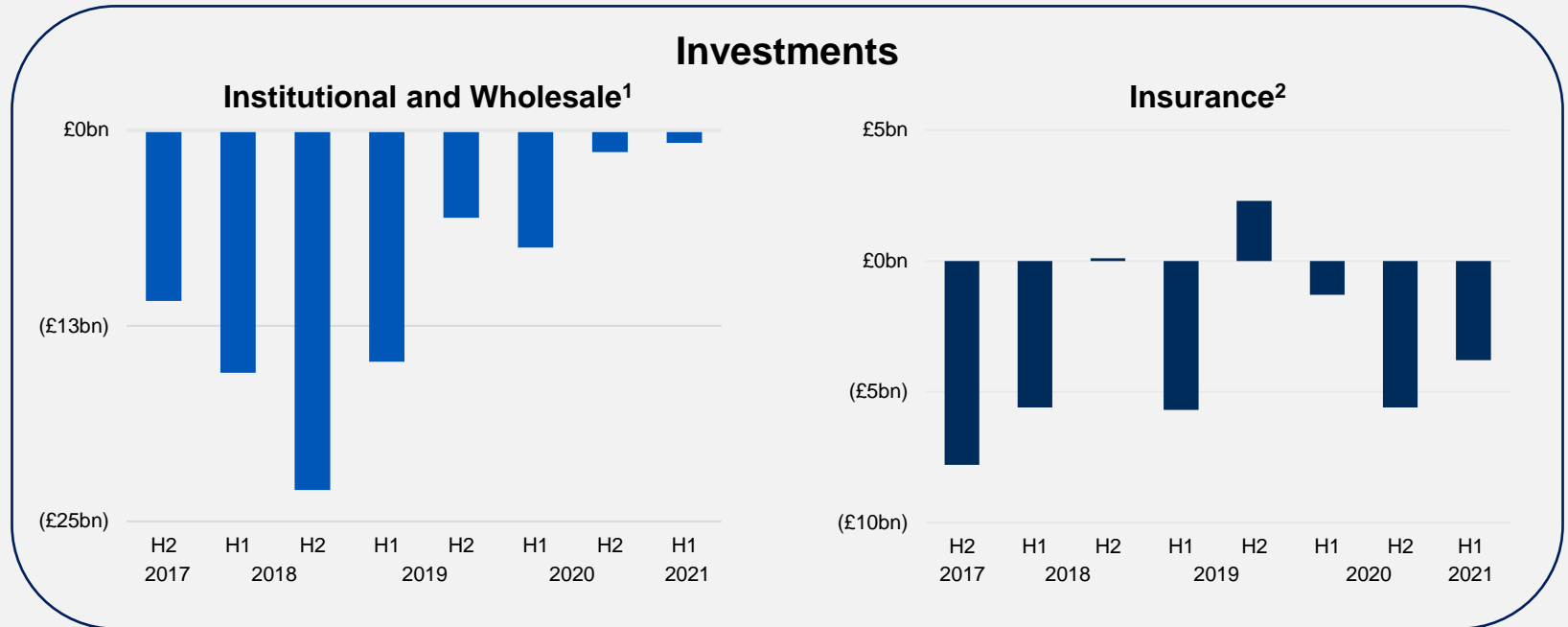
**Personal**

Record net flows

<sup>1</sup> Excluding liquidity

<sup>2</sup> Excluding LBG tranche withdrawals

## Net flows



# Update on our strategic priorities

## Strategic priorities

Growth in Asia

Client ecosystems

Solutions

Technology

Private markets

UK adviser and  
consumer markets

Responsible investing

# Growth in Asia

Region represents significant growth opportunity

René Buehlmann joined as CEO Asia Pacific in March

**£46bn** AUM managed regionally

**10%** increase in AUM of regionally domiciled clients to £18bn

Aiming to significantly grow our Asian business through our own regional presence and distribution partnerships, e.g. Citibank

## Growth strategy

Accelerate regional distribution of global products

Strengthening Asian investment expertise, particularly sustainability

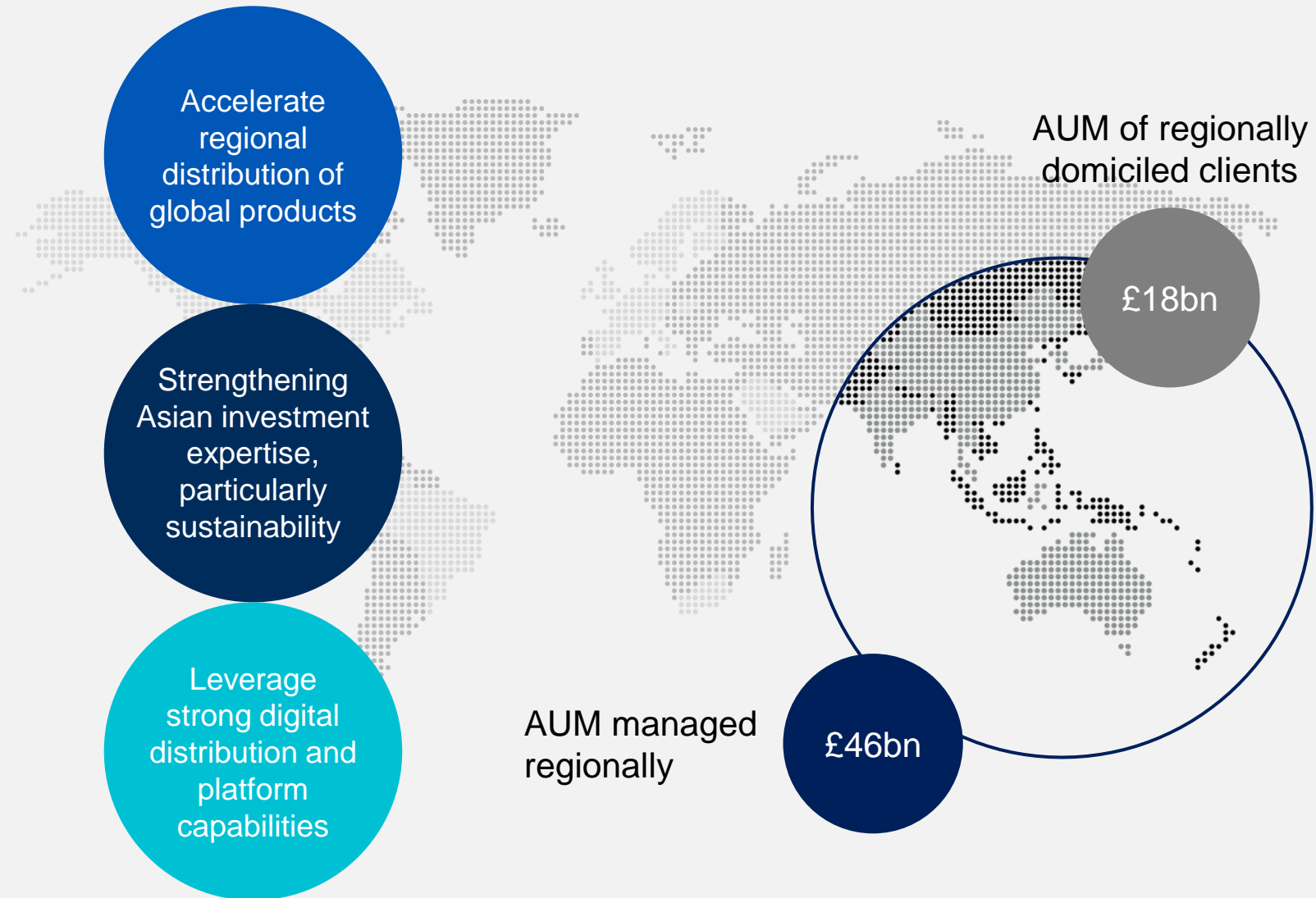
Leverage strong digital distribution and platform capabilities

AUM of regionally domiciled clients

£18bn

AUM managed regionally

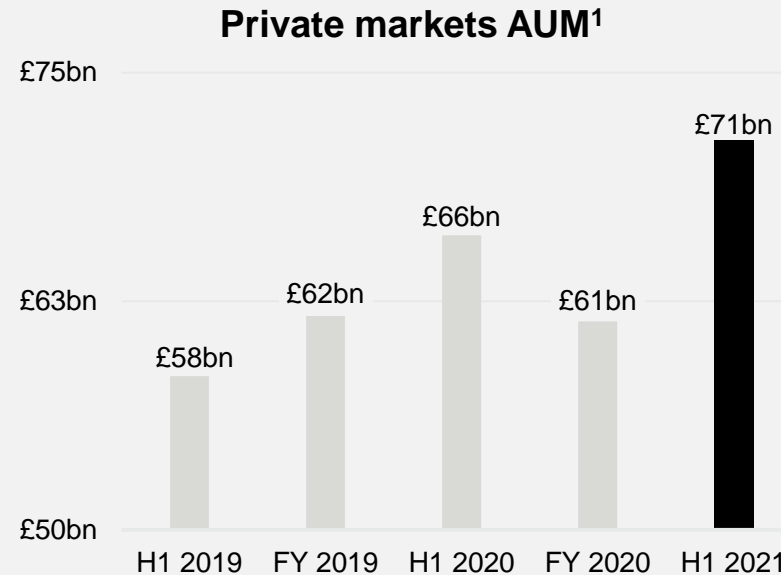
£46bn



# Growth momentum in private markets and alternatives

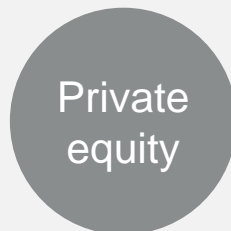
Private market capabilities play a key role in our growth strategy

Enhancing and modernising our capabilities to match client demand and focus on growth areas e.g. acquisition of Tritax



Real assets

**£0.9bn** net flows  
Moving from more traditional assets into new growth areas



Private equity

**£0.8bn** net flows  
Exiting non-core activities

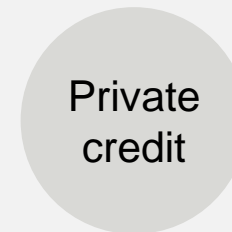


**£3.2bn** net flows

H1 2021

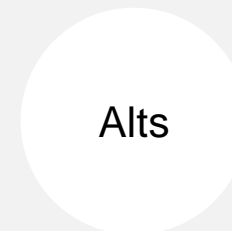


10x increase on prior year



Private credit

**£0.7bn** net flows



Alts

**£0.8bn** net flows  
Includes **\$7bn** AUM precious metals ETFs

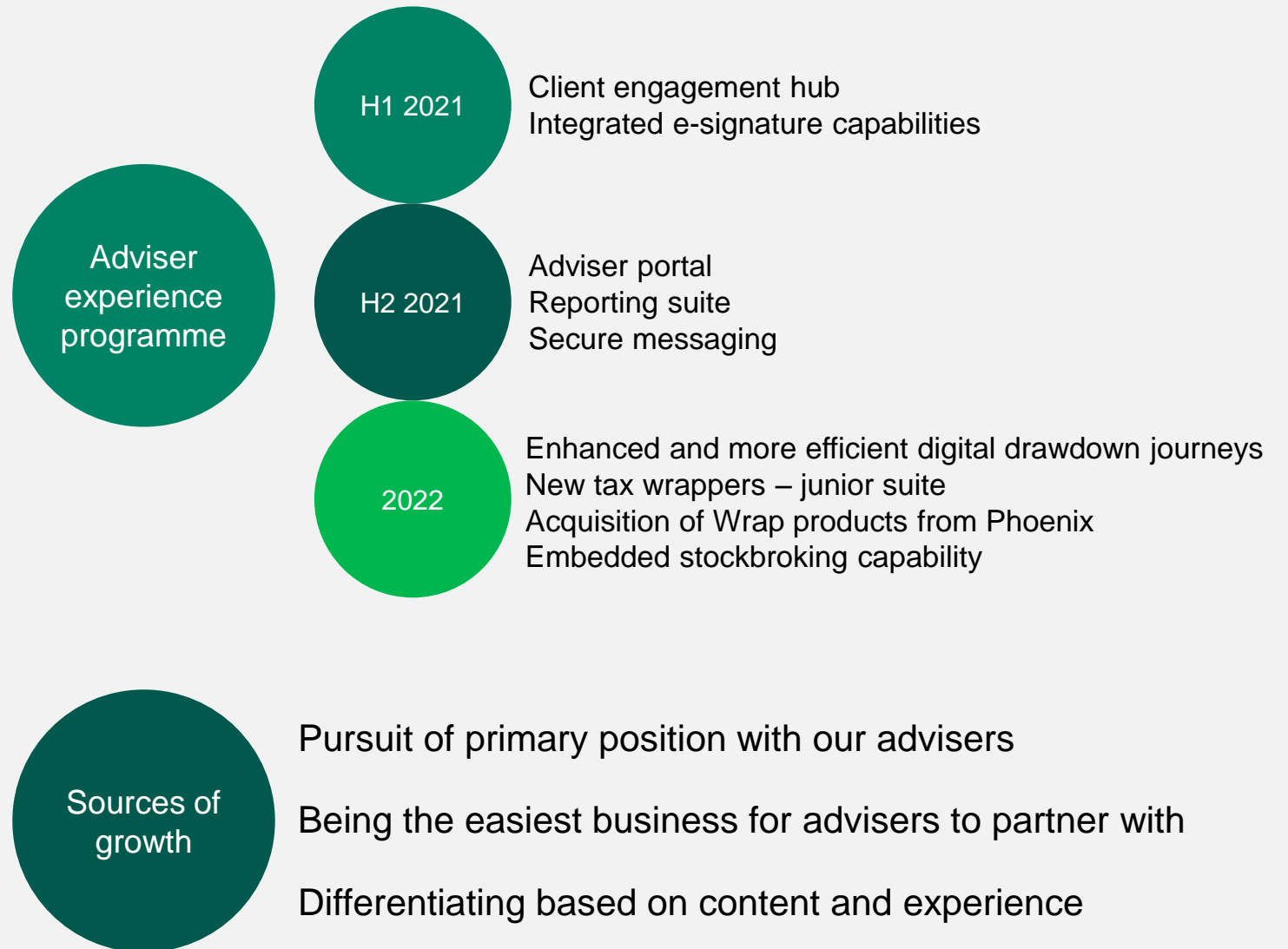
# Accelerating our market leading position in UK adviser market

**No.1** for AUA and gross flows<sup>1</sup> in UK adviser market

**8%** increase in AUA<sup>2</sup>

**26%** increase in fee based revenue

**6%** increase in firms in primary position





# Responsible behaviour, responsible investing

Building on established leadership in ESG

We are accelerating our sustainable investing activity to deliver better risk-adjusted returns for our clients



Net Zero commitments with 50% reduction by 2025

Carbon neutral across all operations

98% of sourced electricity is renewable

Included in Bloomberg Gender Equality Index

Joined Net Zero Asset Managers initiative

Top 2% in Dow Jones Sustainability Index

13<sup>th</sup> in Hampton-Alexander Review



100%

of asset classes employ integration of ESG issues<sup>1</sup>

£34bn AUM

Sustainable investing outcome funds

x4

Increase in SFDR Article 8&9 SICAV funds in next 12 months to c80 funds

Accelerated specific ESG fund launches

Climate & Environment Equity Fund

Climate Transition Bond Fund

Multi-Asset Climate Opportunities Fund

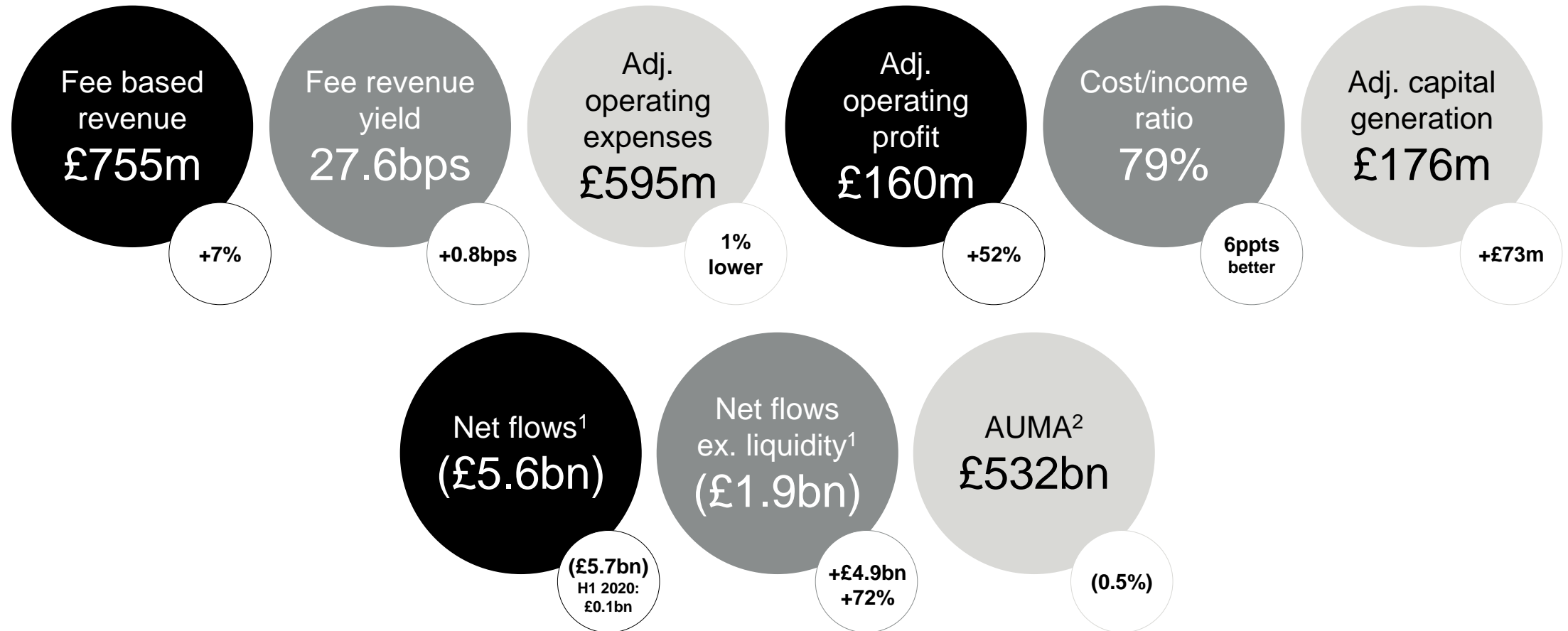
Driving Asian opportunities – APAC Sustainability Institute



# Half year 2021 Financial results

Stephanie Bruce, CFO

# Half year 2021 results



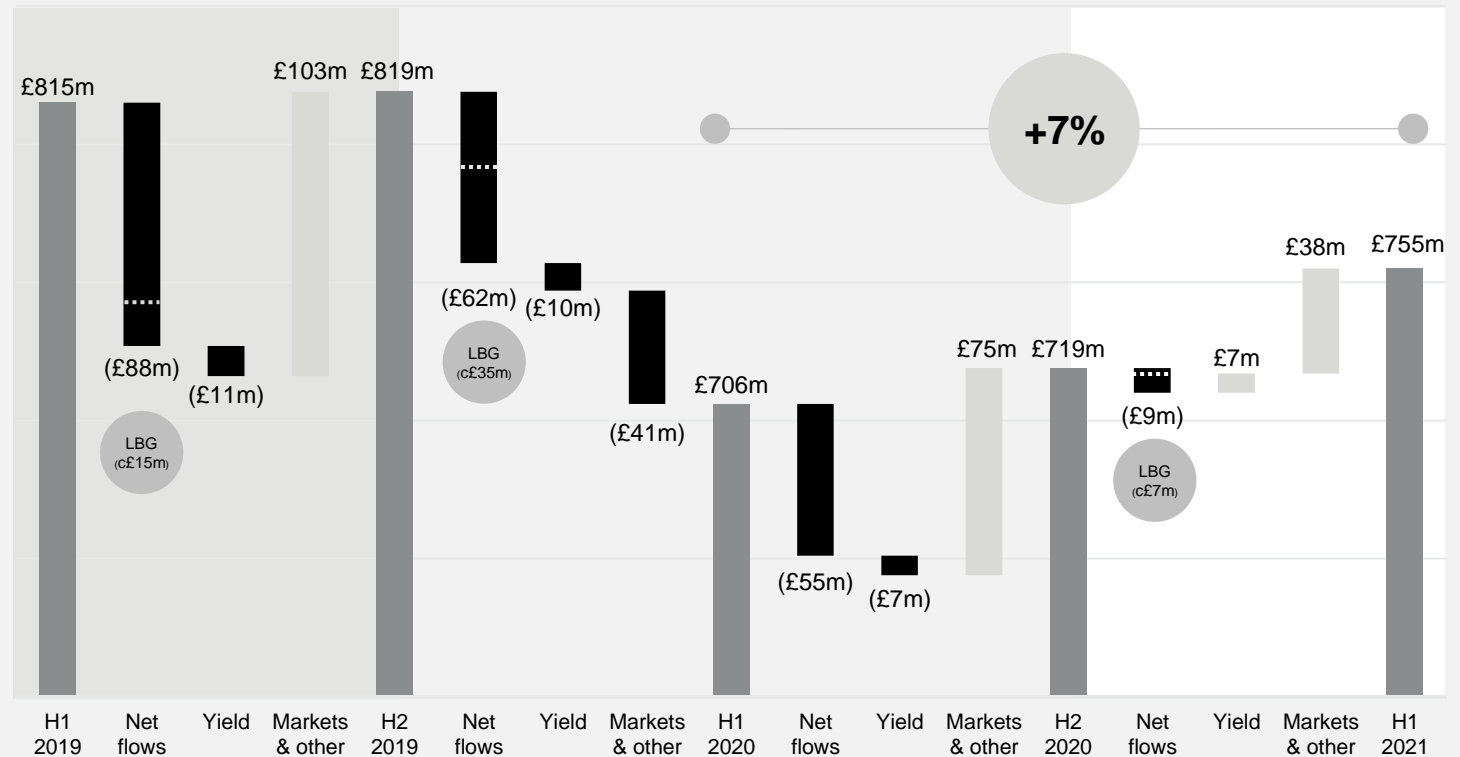
# Arresting decline in revenue

Improving impact of yield with continued demand for higher margin products

Benefit from markets and £10m higher performance fees in H1 2021

Reducing impact of outflows on revenue (<0.5%) (ex. LBG) in H1 2021

## Fee based revenue

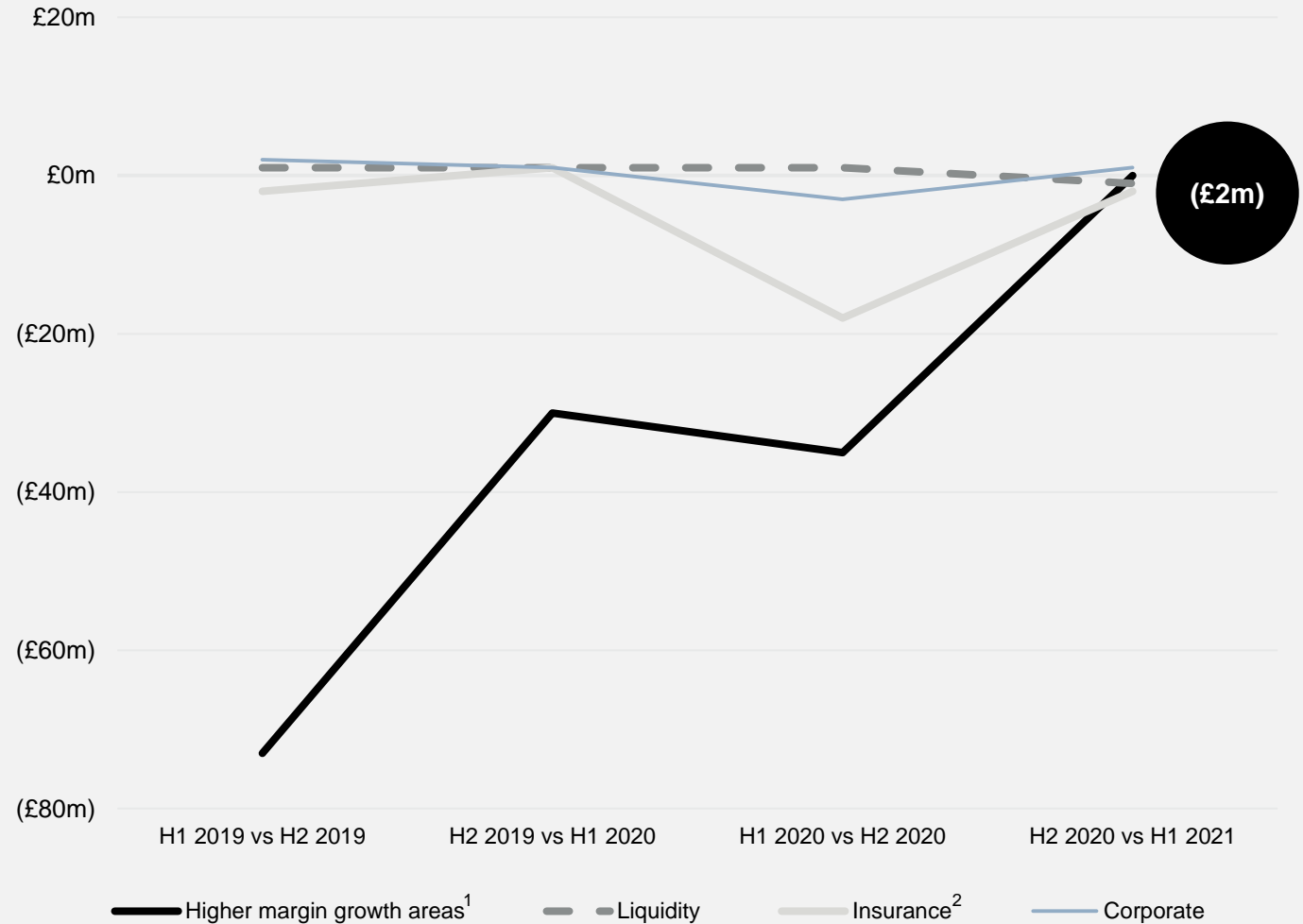


# Improving revenue impact from flows

Revenue benefitting from improved momentum in flows into higher margin Institutional and Wholesale (ex. liquidity), Adviser and Personal

Minimal revenue impact from liquidity flows (c£1m)

Impact of flows on revenue



<sup>1</sup> Includes Institutional and Wholesale (ex. liquidity), Adviser and Personal

<sup>2</sup> Excludes impact of LBG tranche withdrawals

# Improving variability of cost base

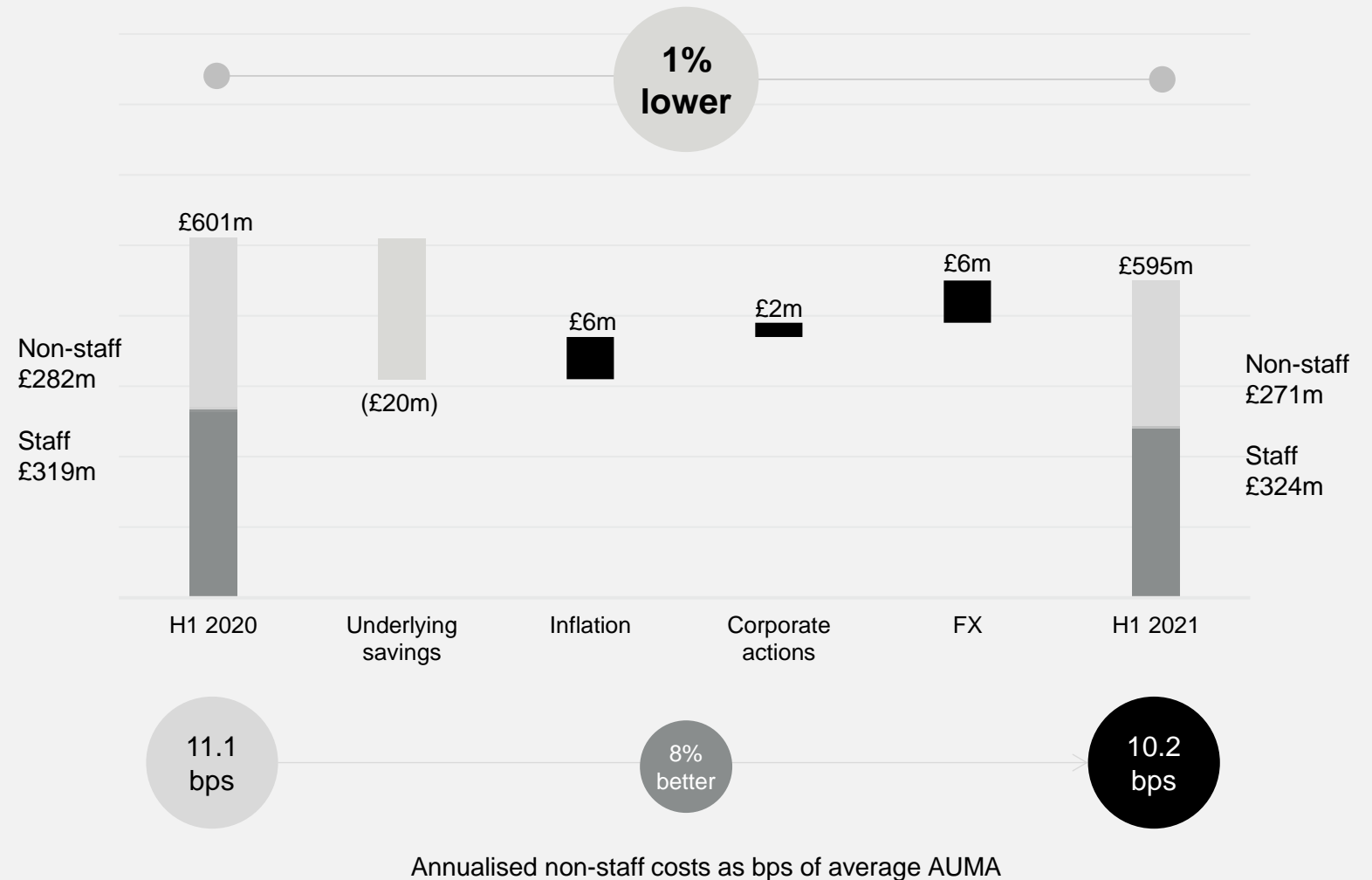
2% increase in staff costs reflecting higher compensation accruals partially offset by lower staff numbers

4% reduction in non-staff costs due to savings on outsourcing, travel and premises offset by inflation and FX impacts

Resulting in 8% improvement in annualised non-staff costs bps (of average AUMA)

£382m of annualised synergies achieved, on target for £400m

## Adjusted operating expenses





# **Vector performance**

# Investments

Fee based revenue increased **6%** reflecting favourable market conditions, increase in performance fees and increase in yields

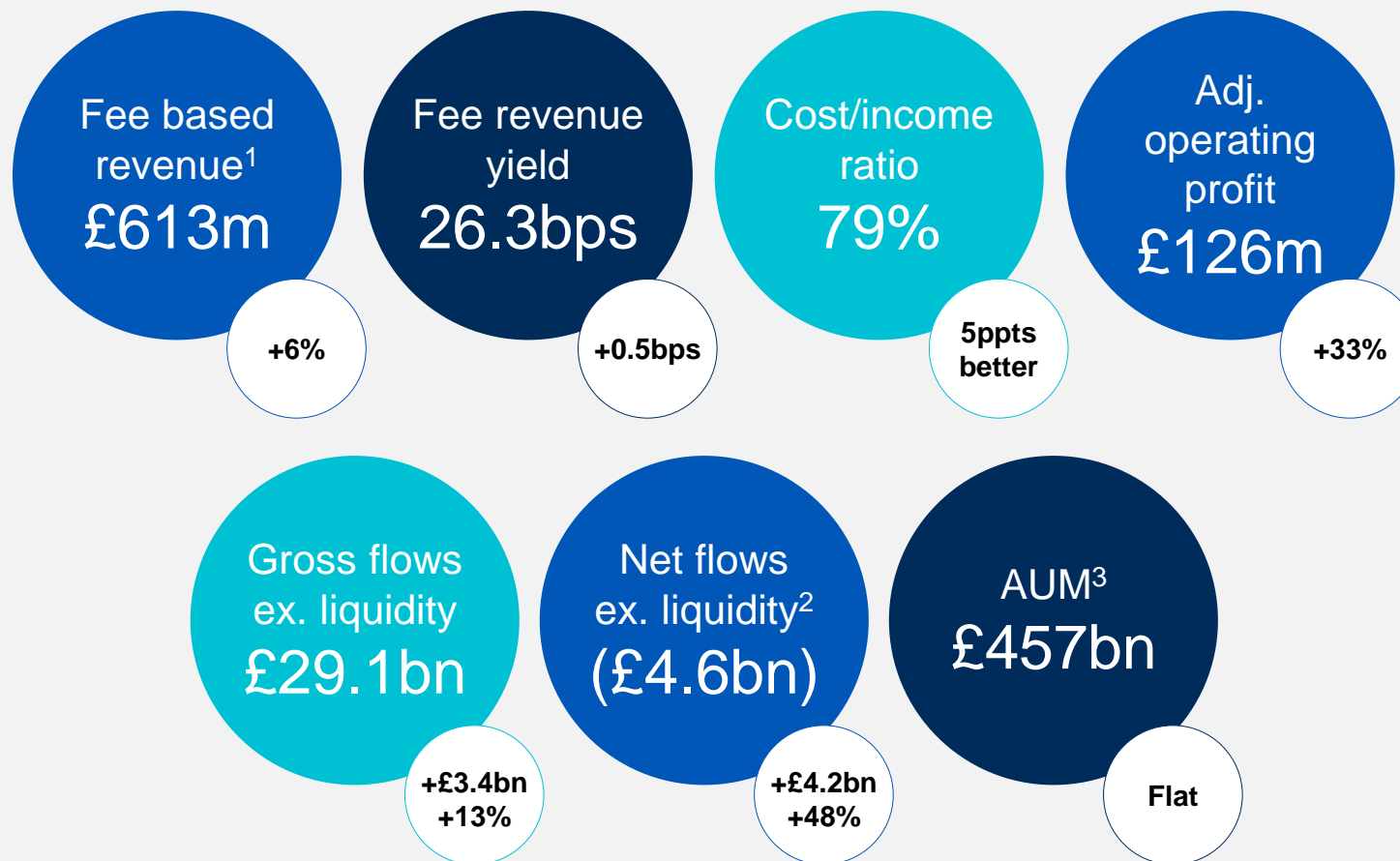
Cost discipline contributed to **5ppts** improvement to cost/income ratio

**33%** improvement in adjusted operating profit

**13%** improvement in gross flows (ex. liquidity) and together with improvement in redemptions, net flows are **£4.2bn** better than prior year

Low level of bulk purchase annuity and other deal flows in Insurance

**c£34bn** low margin LBG AUM exiting in H1 2022





# Investments

## Institutional and Wholesale

Revenue before performance fees **8%** higher reflecting growth in all asset classes except fixed income and multi-asset

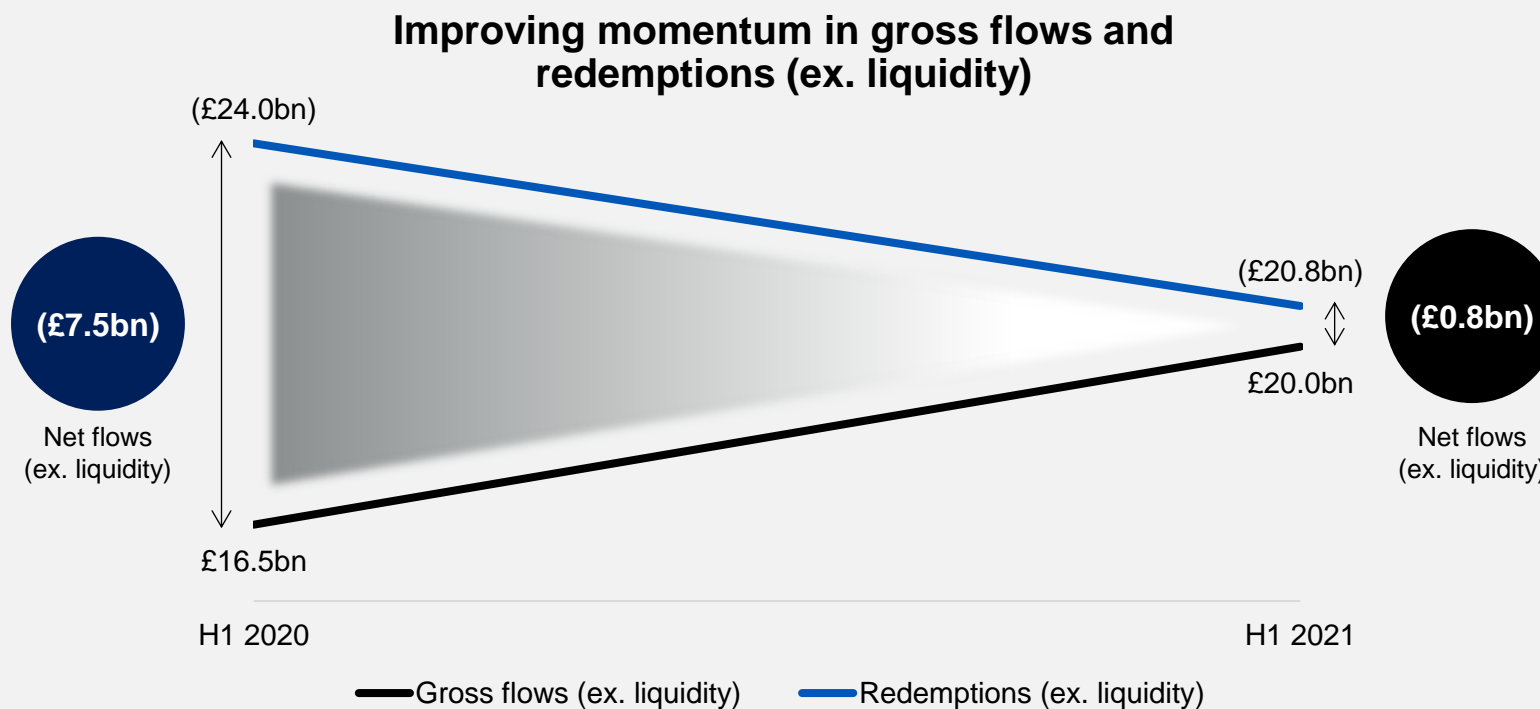
Yield at **39.4bps** is stable

**21%** higher gross flows (ex. liquidity)

**13%** lower redemptions (ex. liquidity)

Creating the strongest net flows (ex. liquidity) since merger of **(£0.8bn)**

H1 2021	Fee based revenue	Fee based revenue yield	Revenue movement	Yield movement
Institutional and Wholesale <sup>1</sup>	£490m	39.4bps	+£36m +8%	+0.1bp



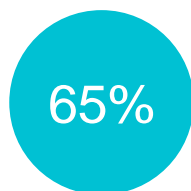
# Investment performance

**54** Strategies positively rated by consultants  
(FY 2020: 52)

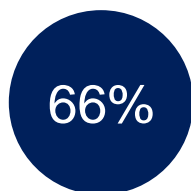
Morningstar 4/5 star rated funds **125**  
(FY 2020: 117)

AUM ahead of benchmark

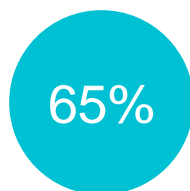
1 year



3 years



5 years



3 years

FY 2020

H1 2021

Investments<sup>1</sup>

66%

66%

Flat reflecting change in mix

Equities

74%

65%

Reflects recent recovery led by emphasis on value

Fixed income

81%

85%

Performance remains strong

Multi-asset

33%

31%

Largely driven by underperformance in balanced funds  
Improved performance from MyFolio

Real assets

37%

56%

Improvement reflects stronger UK direct real estate performance

# Adviser

Fee based revenue **26%**, £18m, higher driven by:

Positive market movements

Increased levels of average AUMA and continued positive net flow in both platforms

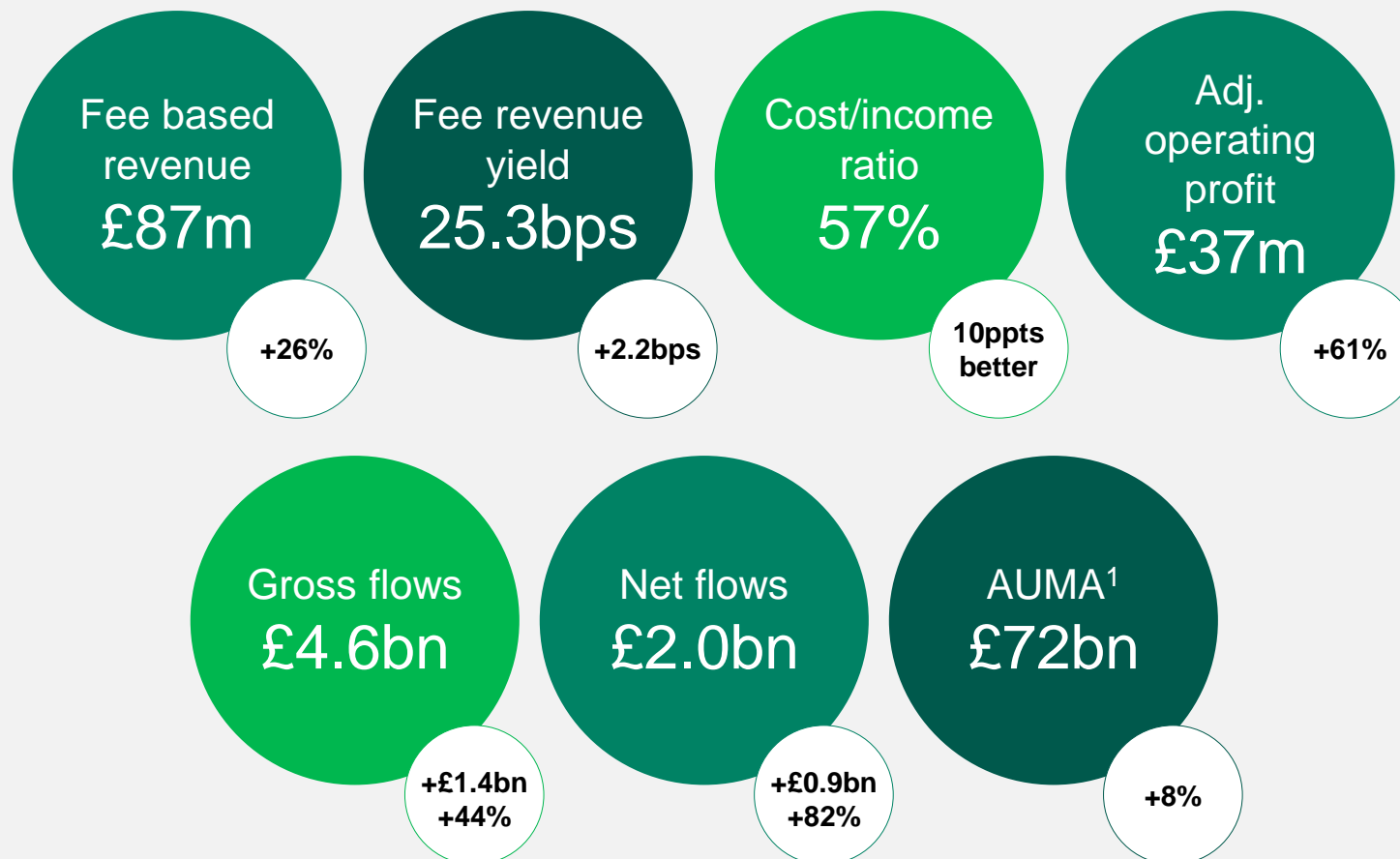
Structural half year benefit of £12m due to new Phoenix agreement

Overall improved yield reflecting Phoenix benefit, more than offsetting impact of repricings

Higher revenue has delivered **10ppts** improvement in cost/income ratio and 61% higher adjusted operating profit

H1 2021 net flows surpassed FY 2020 - best period in **3** years

Record level of AUMA, representing **8%** growth on opening AUMA



# Personal

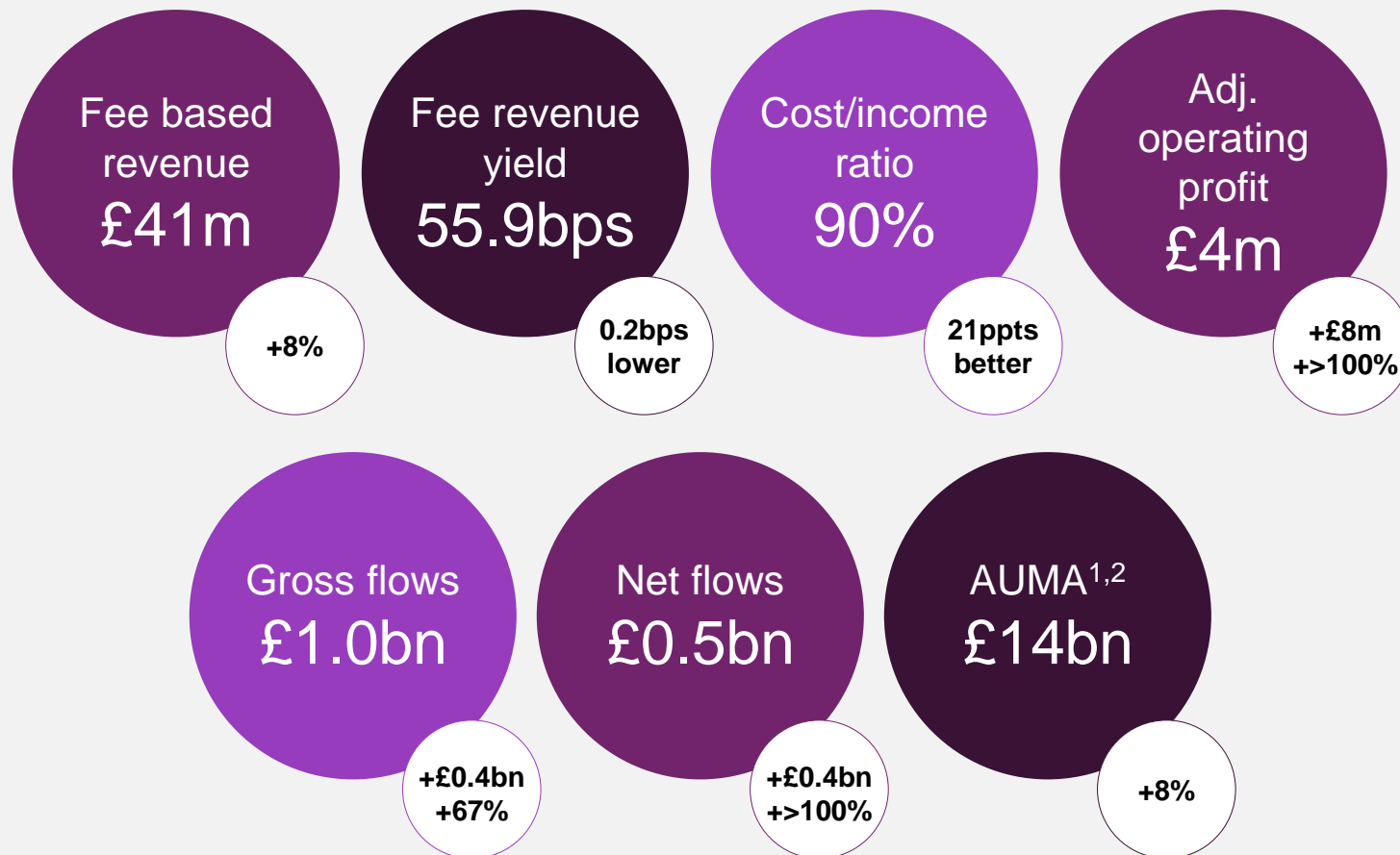
Fee based revenue **8%** higher reflecting increased customer activity and positive markets

Small profit for first time, including a one-off benefit of c£3m

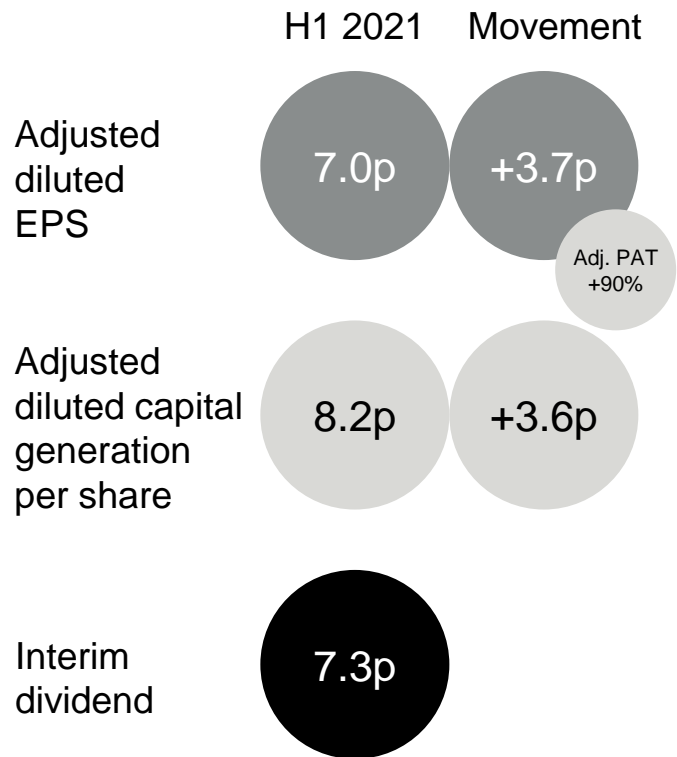
**x5** fold increase in net flows (H1 2020: £0.1bn), which is a record level of flows

Record **£8.7bn** AUM in ASC

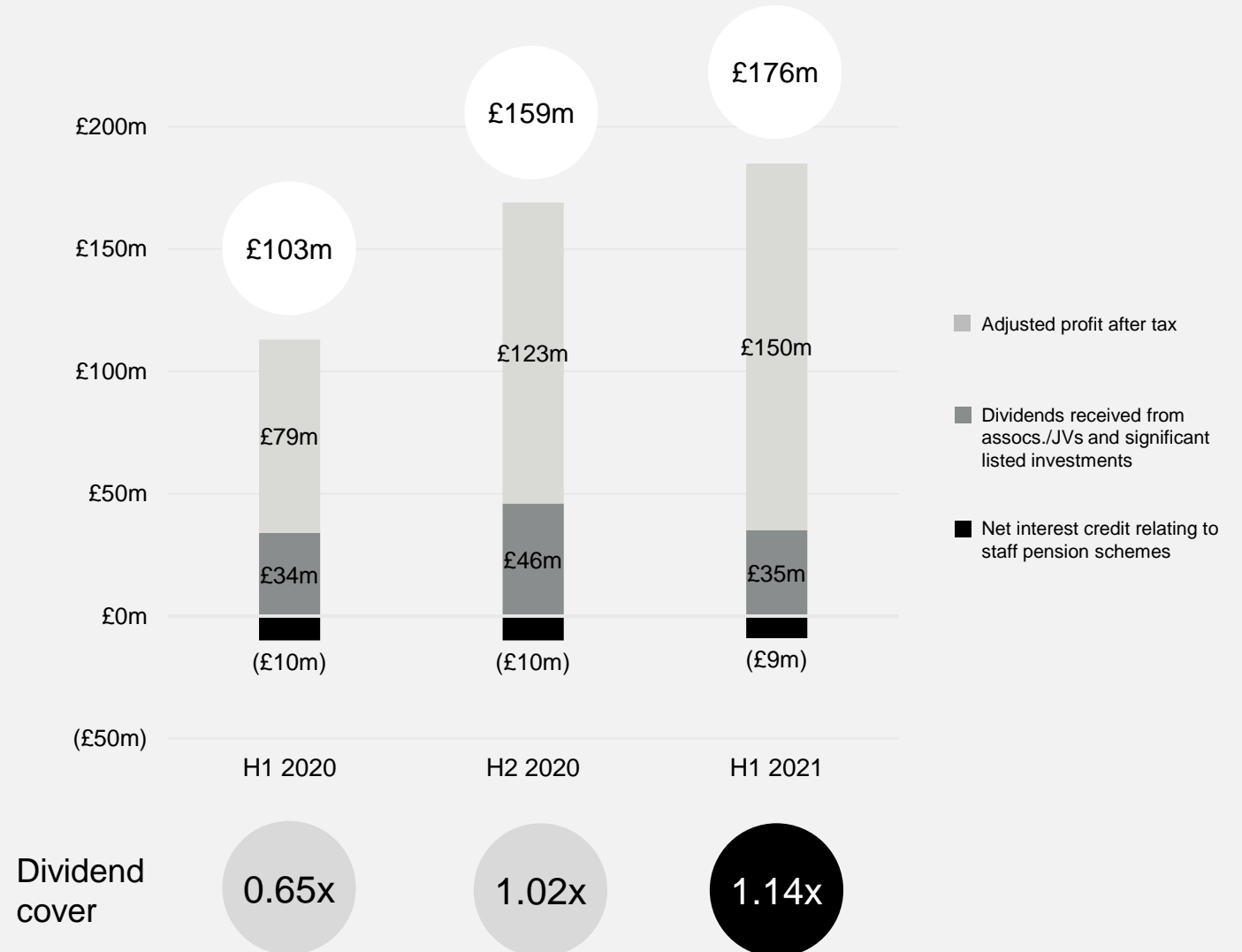
**6%** increase in ASC client numbers to c15,000



# Capital generation aligned to profit



## Adjusted capital generation



# Further strengthened capital position

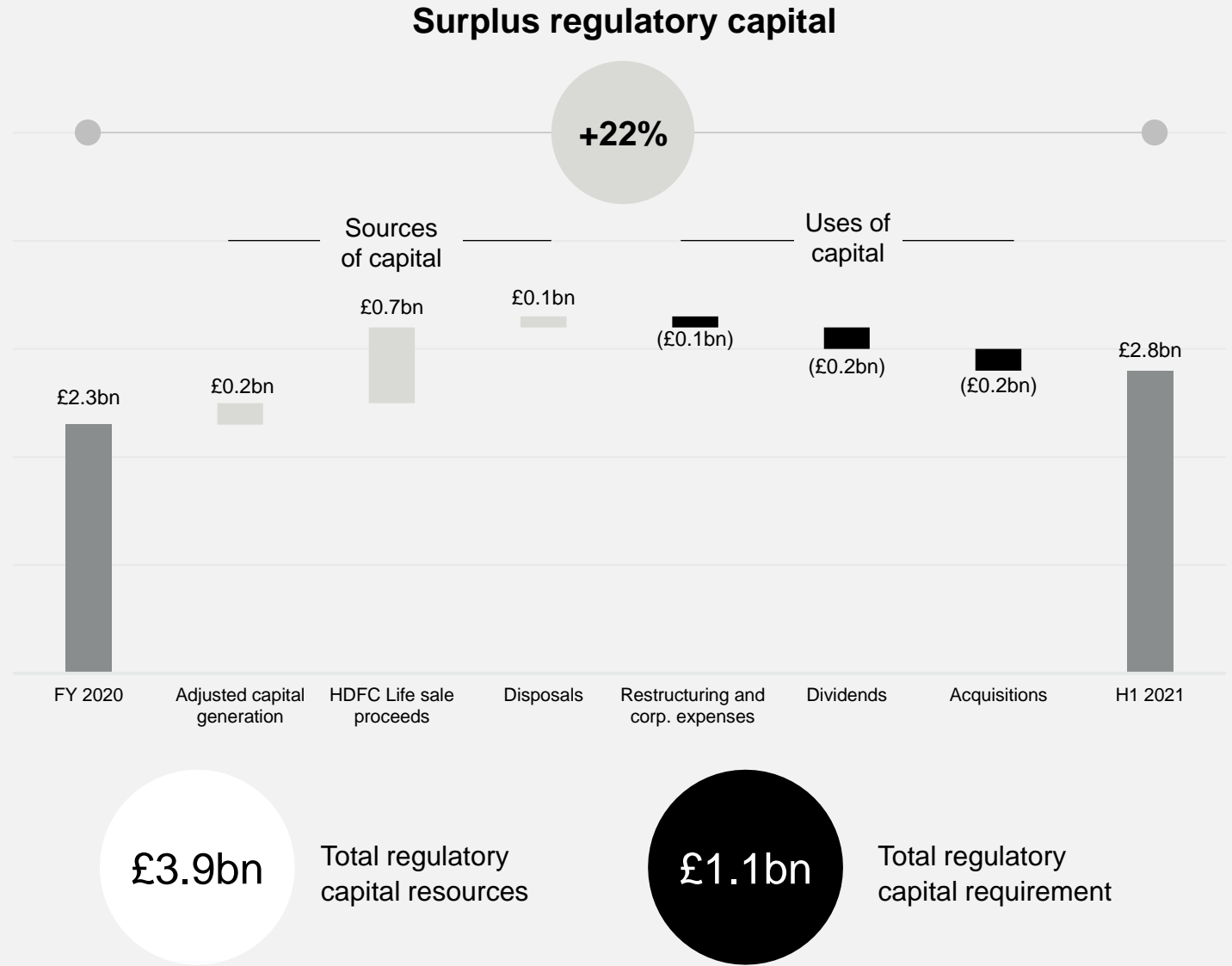
Sale of 4.99% HDFC Life in June

Proceeds from disposals largely relate to the sale of Parmenion completed on 30 June

£0.2bn investment in Tritax reflecting potential total consideration

Majority of value of listed stakes excluded from capital position

Indicative pro forma regulatory capital surplus post IFPR of c£1.7bn, before any further stake sales, 42% higher than FY 2020 pro forma view





# **Investing to drive sustainable growth and returns**

Stephen Bird, CEO

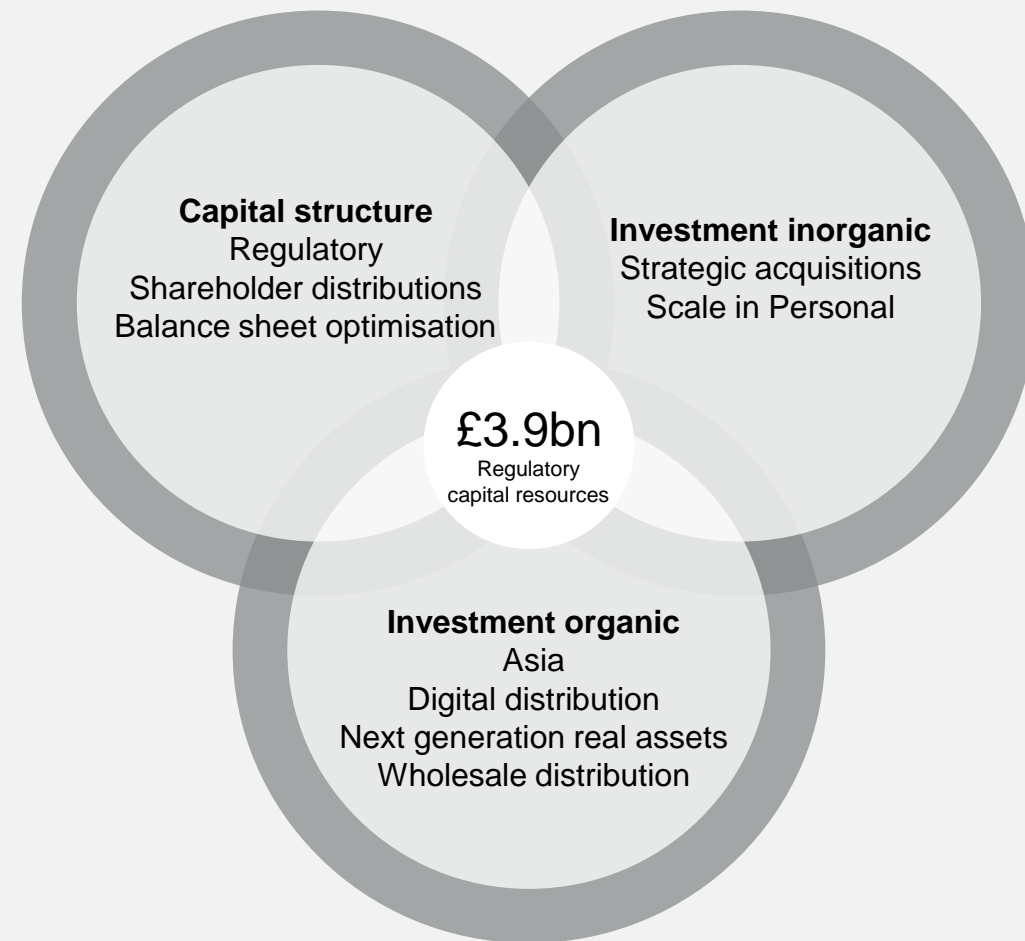
# Investing to drive sustainable growth and returns

Each of the three growth vectors have a distinct investment plan

Continuing to actively explore inorganic opportunities

Committed to our sustainable dividend policy

## Disciplined approach to capital allocation



Growth priority

Creates returns

Builds scale



# We are futurists

We harness the power of **time**

We leverage **technology** to connect

The curiosity of our **talent** creates opportunity

Enabling our clients to be better investors

## Stage One

A strong start to our three-year strategy

52% growth in adjusted operating profits

Arrested the decline in revenue

Delivered record profit performance in our Adviser business

Record flows into Personal

## Next stage

Investing for growth in each of the three vectors

Sharpening our investment capabilities and addressing investment performance

Building our digital distribution and improving wholesale capabilities

Upgrading our adviser experience

Investing in our talent



# Q&A

# Forward-looking statements

**This document may contain certain ‘forward-looking statements’ with respect to the financial condition, performance, results, strategy, targets, objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.**

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. For example but without limitation, statements containing words such as ‘may’, ‘will’, ‘should’, ‘could’, ‘continue’, ‘aims’, ‘estimates’, ‘projects’, ‘believes’, ‘intends’, ‘expects’, ‘hopes’, ‘plans’, ‘pursues’, ‘ensure’, ‘seeks’, ‘targets’ and ‘anticipates’, and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

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