abrdn plc
Half year results 2023

8 August 2023

Building a stronger abrdn

Stephen Bird, CEO abrdn plc

Welcome

- **Building a stronger abrdn** – Stephen Bird, CEO abrdn plc
- **Refocusing Investments, capitalising on areas of strength** – René Buehlmann, CEO Investments
- **Strong earnings in challenging market conditions** – Noel Butwell, CEO Adviser
- **Scaling up our leading UK savings and wealth businesses** – Richard Wilson, CEO Personal
- **Financial results** – Ian Jenkins, Interim CFO abrdn plc
- **Q&A session** – Stephen Bird, Ian Jenkins, René Buehlmann, Noel Butwell, Richard Wilson

Building a stronger abrdn

Creating a **stronger** business model

- **+4%** Net operating revenue
- **+10%** Adjusted operating profit

Refocusing Investments, capitalising on areas of strength

- **£30m** Cost savings achieved, on track for net £75m target
- **101** Total funds merged/closed out of expanded target of c140

Scaling up our leading UK savings and wealth businesses

- interactive investor
- Adviser
- Platform and technology upgrades

Redeployment and **distribution** of capital generated

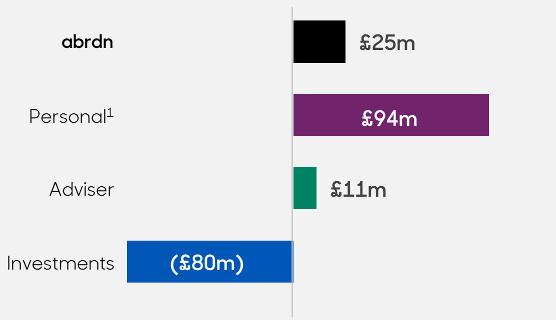
- HDFC Mutual Fund, HDFC Life: Final stake sales and £150m share buyback
- TEKLA: Acquisition of US closed-end funds

Note: All data as at 30 June 2023 including six months ii for H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated.

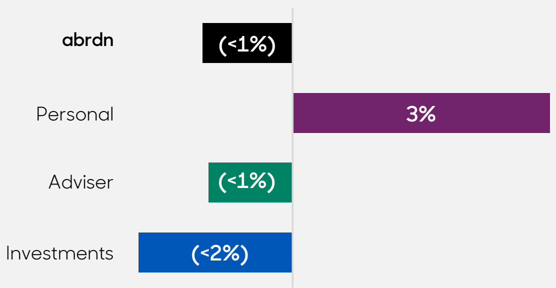
Benefits of a stronger business model

Diversifying revenue and flows…

Net operating revenue movement



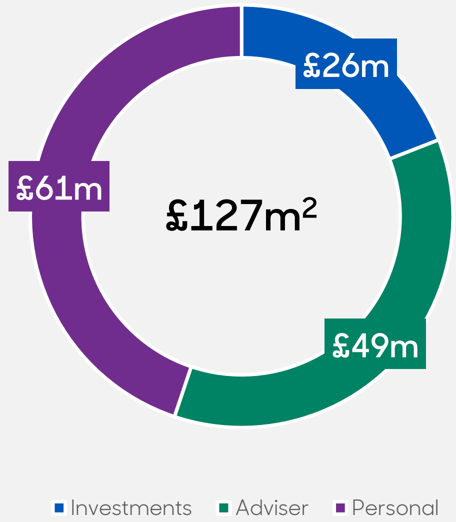
Net flows (ex liquidity) as % of opening AUMA



to improve margin mix…

	CIR
abrdn	82% (1ppt better)
Personal	60% (ii 42%)
Adviser	52%
Investments	94%

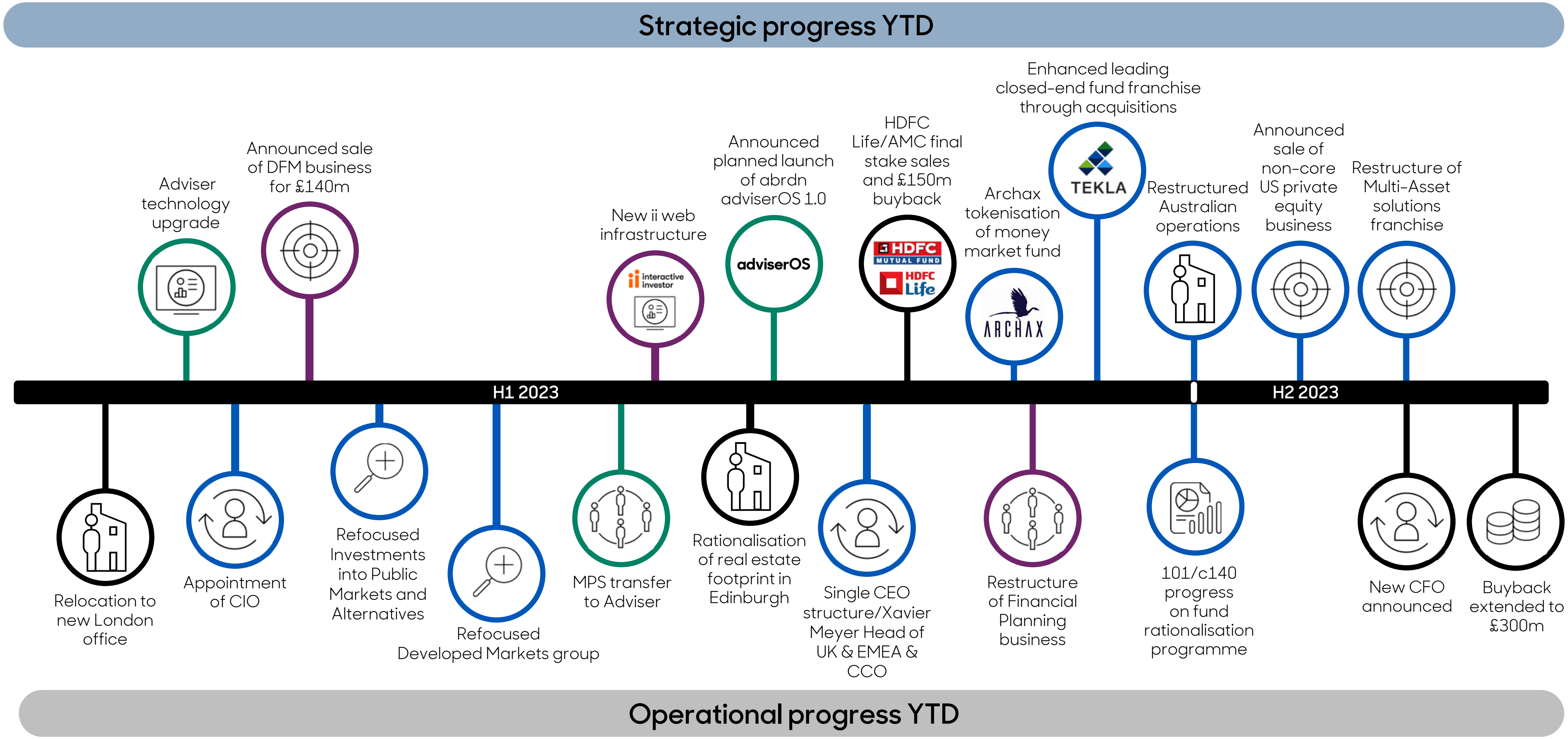
and create a stronger model



Adjusted operating profit

Note: All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated. [1] Based on H1 2022 proforma including six months of ii, net operating revenue movement would be £32m. [2] Includes Corporate/strategic expenses of (£9m) not represented in chart.

Moving at pace to build foundations for change and growth



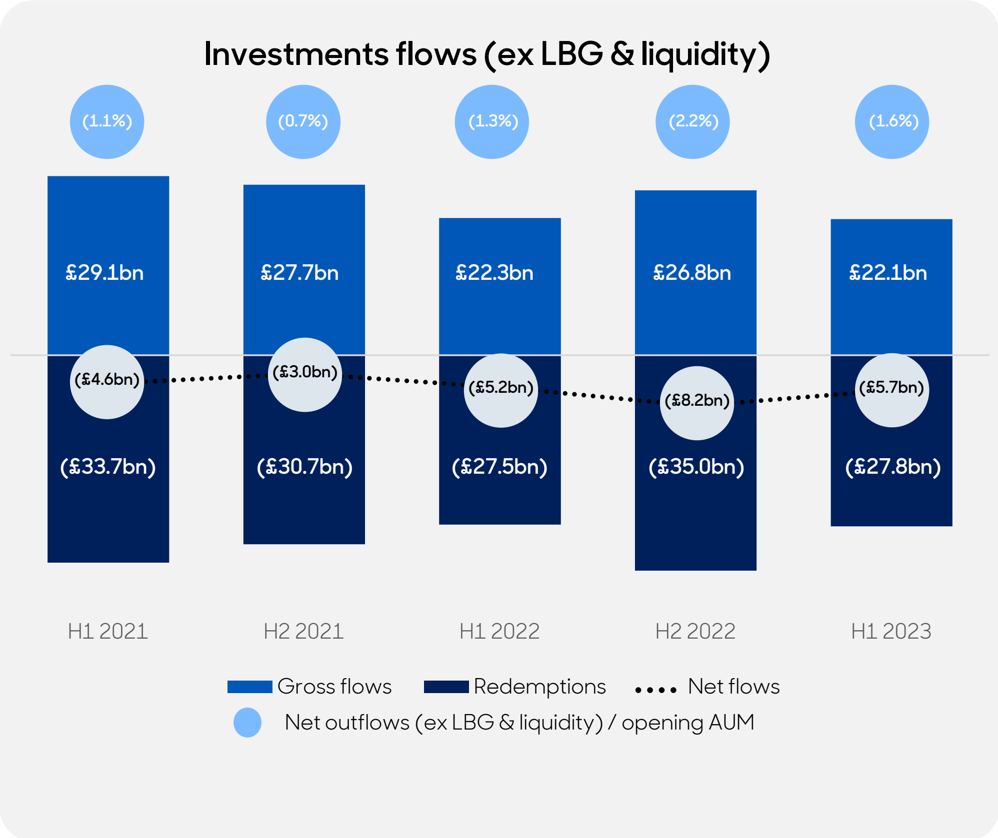
abrdn | Investments | Adviser | Personal

Note: Illustrative only, not to scale.

Refocusing Investments, capitalising on areas of strength

René Buehlmann, CEO Investments

Investments – defending our position in a challenging environment



Challenging macro environment with active outflows continuing across the industry

(1.6%) Investments net outflows (ex liquidity) / opening AUM

(£200bn) Global active net outflows across the industry[1]

Returned to net inflows in Q2 2023 of £0.2bn (inc liquidity)

Demonstrated strength in client relationships with resilient gross flows

Insurance Partners net inflows of £0.2bn in H1 2023 benefiting from BPA wins

Overall redemptions have now stabilised

[1] Broadridge GMI: Global active mutual fund net sales June 2023 YTD.

Investments – focusing on areas of strength

Our capabilities		AUM (£bn)[1]	Revenue (£m)[1]	Evidence of strengths	Opportunities & outlook
Public Markets £287bn AUM[1]	Global Fixed Income	125	81	**77%** AUM outperforming over 3Y **1st quartile**: EM Debt, Euro High Yield & Climate Transition Bond	Expect continued strong gross flows into Credit Strong pipeline: wins in **EM Corp Debt and Euro Investment Grade**
	Specialist Equities (Asia/EM, SMID Cap, Income, Sustainability)	73	184	**78%** AUM outperforming over 3Y across EM Equities **GEM Income 1st quartile** over 10Y	Positioned for potential rebound in **EM, China and Small & Midcap** Strong **sustainability** credentials
	Multi-Asset & Quants	88	51	Diversified Income top ranking fund in sector over 3Y	Increased client demand for **MPS Wealth** through Adviser **Sustainable index fund range** now at scale
Alternatives £81bn AUM[1]	Real Estate	44	96	**52%** Real Assets AUM outperforming over 3Y **Listed Real Estate** performed well Q2 23	Resilient pipeline: **Real Estate Multi Manager** and **UK Real Estate – Border to Coast**
	Infrastructure & Logistics			Second largest logistics manager in Europe	Conviction remains in **logistics sector**
	Private Credit	8	7	New leadership in place	Strong pipeline in **Private Credit**: Commercial Real Estate Debt, Fund Finance from insurers
	Alternative Investment Solutions	17	14	**100%** AUM outperforming over 3Y	Continued focus on growth in **ETF** business Delivery of **Digital Assets strategy**
	Private Equity	12	28	Comprises largely **European PE funds of funds** business	Announced disposal of **non-core US private equity business**
		368	466		

[1] AUM and revenue as at 30 June 2023 including Insurance Partners based on investment capability. Public markets analysis of AUM does not cast due to rounding and analysis of revenue excludes £5m of Other revenue.

Investments - building a profitable specialist asset manager

Refocused capabilities in areas of strength

Non-core exits

US private equity business
Australian operations

Fund rationalisation

Total funds merged/closed
101/c140

Delivering competitive performance

Leadership in place

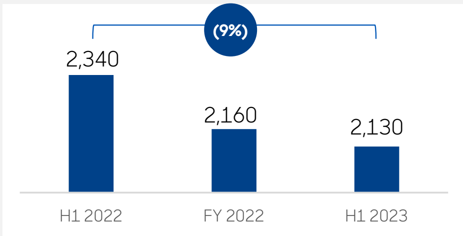
Sole Investments CEO
New CIO joined in May

Asset class restructuring

Right-sized Developed Markets Equities and Multi-Asset teams

Simplifying our operating model

Reduced FTE[1]



Deliver net £75m savings in 2023

£30m reduction in H1 2023
On track to deliver remainder in H2 2023

Net operating revenue **£466m** (15%)

Adjusted operating profit **£26m** (66%)

Cost/income ratio **94%** 8ppts higher

Net flows[2] **(£5.7bn)** H1 22 (£5.2bn)

Note: All data as at 30 June 2023 and all movements vs H1 2022, unless otherwise stated. [1] Front and middle office FTE. [2] Excluding LBG and liquidity.

Strong earnings in challenging market conditions

Noel Butwell, CEO Adviser

Adviser – strong earnings in challenging market conditions

Financial performance

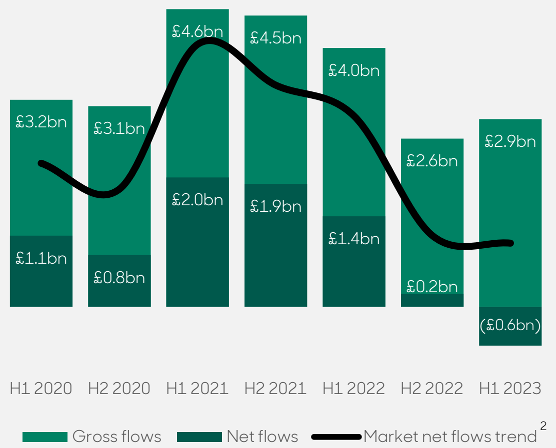
Net operating revenue — £103m (+12%)

Adjusted operating profit — £49m (+29%)

Cost/income ratio — 52% (7ppts better)

Platform AUA[1] — £69.3bn (+1%)

Net flows impacted by market conditions



Macroeconomic conditions have driven significant **flow slow down across the market**

Customer demographics driving **cash outflows to fund increasing cost of living**

Established the foundations for future growth

- Completed significant technology upgrade
- 1.66 wrappers per customer, with new tax wrappers launching through Adviser Experience Programme
- Integrated MPS business to further enhance abrdn proposition
- Announced plan to launch abrdn adviserOS 1.0 later this year including:
  - Integrating Wrap and Elevate into the **single enhanced solution**
  - **Simplified technology stack** and opportunity for **new revenue streams**
  - **Offering a broader set of solutions** to help and support IFAs

Note: All data as at 30 June and all movements vs H1 2022, unless otherwise stated. [1] Compared with December 2022. [2] Market net flow trend based on historically reported quarterly flows to Q1 2023, with abrdn own company analysis for Q2 2023.

Scaling up our leading UK savings and wealth businesses

Richard Wilson, CEO Personal

Personal - scaling up our leading UK savings and wealth businesses

Financial performance

	Personal[1] (vs H1 2022 proforma including six months ii)
Net operating revenue	£152m +27%
Adjusted operating profit	£61m +79%
Cost/income ratio	60% 12ppts better
AUMA[2]	£67.4bn +4%

Transforming the Personal vector

- DFM sale and Financial Planning restructure – completion in H2 2023
- Subscription-driven revenue growth, repricing and new bundle launches – including 'essentials' plans
- Continuous technology-driven proposition delivery – new ii web infrastructure Q1, in-app voting and FX services Q2
- Leveraging abrdn capabilities – Portfolio Partner

Levers for growth

- New Financial Planning – restructuring to improve performance and leveraging ii customer base
- New brand and price positioning with increased marketing investment
- Product roadmap plans – Research Hub, ii Community and Portfolio Partner
- Planned abrdn D2C book migrations

[1] All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 proforma including six months ii, unless otherwise stated. [2] AUMA movement compared with 31 December 2022 excluding MPS AUM of c£2.5bn.

interactive investor – business model delivering quality growth

Resilient business model delivering quality growth

	ii H1 2023[1]
Revenue	£115m (+53%)
Adjusted operating profit	£67m (>100%)
Cost/income ratio	42% (14ppts better)

Diversified revenue streams

ii H1 2023[1]	
£27m (Flat)	**Subscription fees** **15.1k** new customers added in H1 2023 **Investor Essentials** launched to attract new entry level smaller portfolios
£25m ((26%))	**Trading transactions income** **16.7k** daily average retail trades Enhanced in-app FX functionality implemented
£66m (>100%)	**Treasury income** H1 2023 avg. cash margin **229bps** Indicative FY 2023 avg. cash margin **180-200bps**

KPIs and drivers

399k (+1%)	**Total customer numbers** % growth ex. run off from acquisitions[2]
£1.9bn (3.5%)	**Net flows** % of opening AUA
57.2k (+11%)	**SIPP customers** % growth[2]
19.1% (+0.2 ppts)	**AUA market share** ppts growth[3]

[1] All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 proforma including six months ii, unless otherwise stated. [2] Compared with December 2022. [3] Compeer benchmarking report Q1 2023 compared with Q3 2022.

Half year 2023
Financial results

Ian Jenkins, Interim CFO

H1 2023 results summary

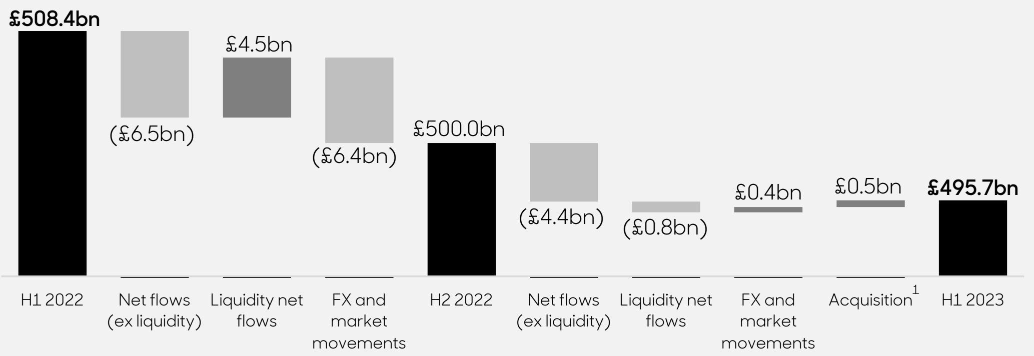
	H1 2022	H1 2023	Change
Net operating revenue	£696m	£721m	4%
Adjusted operating expenses	(£581m)	(£594m)	2%
Adjusted operating profit	**£115m**	**£127m**	**10%**
Cost/income ratio	83%	82%	(1ppt)
IFRS loss before tax	(£326m)[1]	(£169m)	(48%)
Adjusted diluted earnings per share	3.7p	6.2p	68%
Adjusted capital generation	£107m	£142m	33%
Interim dividend per share	7.3p	7.3p	–
Dividend cover[2]	0.70x	1.04x	N/A

- **Net operating revenue up 4%.** Excluding ii, net operating revenue was 11% lower largely due to lower average AUM within Investments
- **Adjusted operating expenses up 2%.** Excluding ii, expenses are down 5% reflecting the cost savings in Investments
- **Adjusted operating profit up 10%**. Excluding ii, adjusted operating profit was 45% down
- **CIR 82%** improved by 1ppt, benefiting from the efficient Adviser and Personal cost models
- **IFRS loss before tax of £169m** driven by the change in fair value of our listed stakes
- **Adjusted diluted EPS up 68%**
- **Adjusted capital generation** covers interim dividend 1.04 times
- **Interim dividend of 7.3p** in line with dividend policy

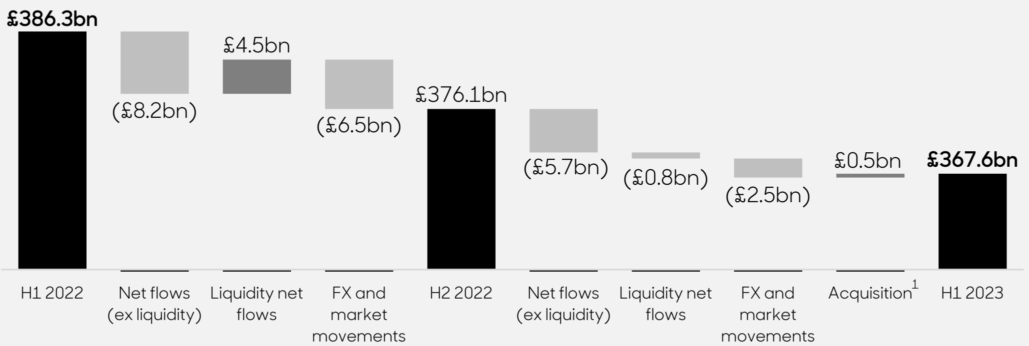
Note: All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated. [1] Comparatives have been restated for the HASL implementation of IFRS 17. [2] Dividend cover is on an adjusted capital generation basis.

AUMA

Movement in Group AUMA



Movement in Investments AUM



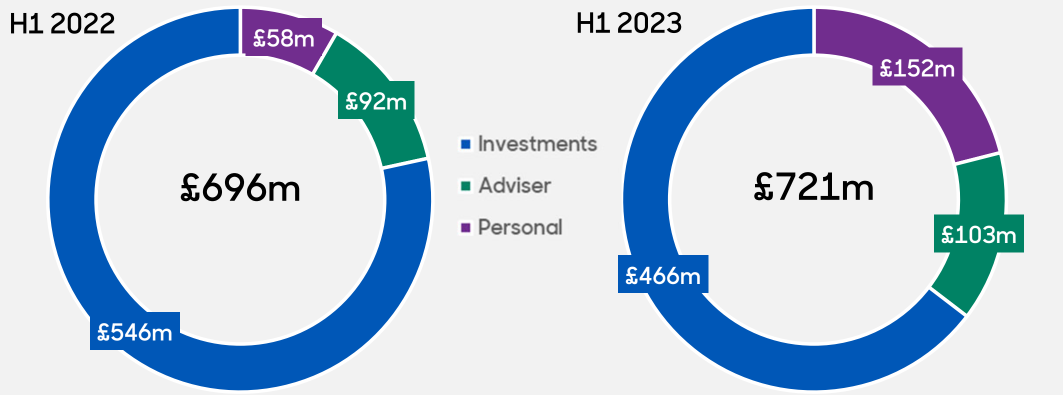
- **AUMA down £4.3bn in H1 2023** and down £12.7bn since June 2022 driven by net outflows in Investments
- **Net outflows for Group of £4.4bn ex liquidity** improved on H2 2022 (£6.5bn) and broadly in line with H1 2022 (£3.8bn)
- **Net outflows for Investments excluding liquidity have reduced to £5.7bn** in H1 2023
- **Market movements in Investments in H1 2023 of (£2.5bn)** reflect adverse FX movements and a reduction in real assets partly offset by an improvement in equity and fixed income markets
- **Looking forward:**
  - Sales of our non-core US private equity business (c$4bn AUM) and our discretionary fund management business expected to complete in H2 2023 (c£6bn AUM)
  - Tekla acquisition expected to complete in H2 2023 (c$3.2bn AUM)

Note: All data as at 30 June 2023 including six months ii for H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated. [1] Acquisition of Macquarie closed-end funds in H1 2023.

Revenue

Movement in Group revenue

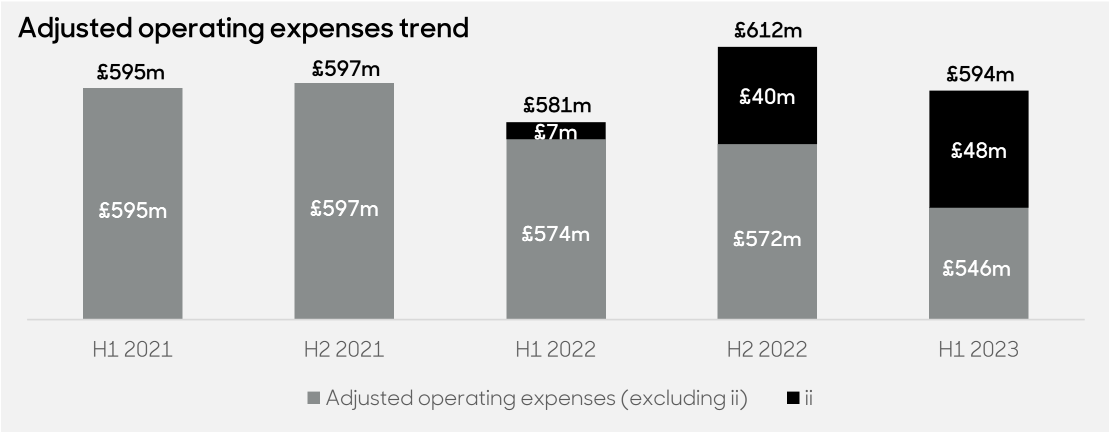
Revenue by vector

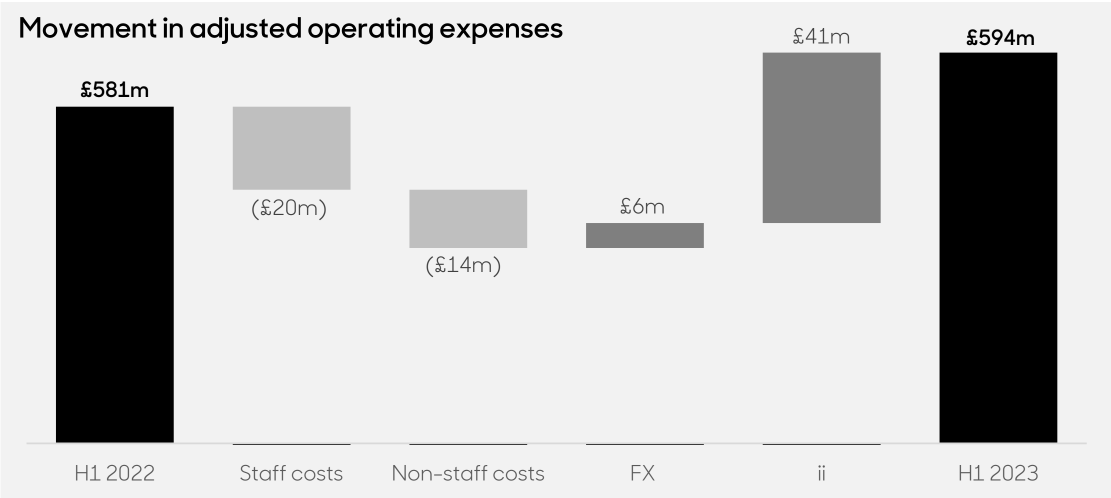


- **Net operating revenue up 4%,** reflecting:
  - Benefit of £102m from the full six months of ii in H1 2023
  - Impact from net outflows of (4%) and adverse yield movements (2%)
  - Lower average AUMA compared with H1 2022 impacted revenue by c(5%)
- Personal and Adviser combined contributed **35%** to revenue in H1 2023

Note: All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated.

Operating expenses





- **Operating expenses excluding ii have reduced by 8% over the last two years**
- **Adjusted operating expenses in H1 2023 increased 2%** vs H1 2022, mainly due to the inclusion of £48m of ii expenses for the full six month period
- **Excluding ii, expenses were 5% lower** at £546m reflecting:
    - 7% lower staff costs (excluding variable compensation), with the benefit of lower FTEs (11%) partly offset by wage inflation
    - Variable compensation (excluding ii) broadly in line with business performance
    - 4% lower non-staff costs with cost savings partly offset by the impact of inflation
    - c£6m from adverse FX movements
- **We have realised £30m of the £75m net cost reduction target** in Investments and remain on track to deliver the remaining savings

Note: All data as at 30 June 2023 including six months ii in H1 2023 and all movements vs H1 2022 including one month ii, unless otherwise stated.

Investments

	H1 2022	H1 2023	Change
Net operating revenue[1]	£546m	£466m	(15%)
Adjusted operating expenses	(£470m)	(£440m)	(6%)
Adjusted operating profit	**£76m**	**£26m**	**(66%)**
Cost/income ratio	86%	94%	8ppts
Net operating revenue yield	25.3bps	24.6bps	(0.7bps)
Gross flows	£25.4bn	£27.0bn	6%
Net flows	(£37.3bn)	(£6.5bn)	(83%)
Net flows (ex liquidity)	(£29.6bn)	(£5.7bn)	(81%)
Net flows (ex LBG & liquidity)	(£5.2bn)	(£5.7bn)	10%
AUM	£376.1bn[2]	£367.6bn	(2%)

- **Net operating revenue 15% lower** than H1 2022 largely due to net outflows and lower market performance impacting average AUM, and changes to the asset mix
- **Adjusted operating expenses 6% lower** driven by lower staff costs reflecting 9% lower front/middle office FTEs and reduced market data and outsourcing costs, partly offset by the impact of staff cost inflation and adverse FX movements
- **Adjusted operating profit reduced by £50m (66%)** to £26m, reflecting lower revenue, partly offset by lower costs
- **CIR of 94%** reflecting lower revenue
- **Net operating revenue yield** 0.7bps lower due to the decrease in higher margin equities average AUM
- **Net outflows of £5.7bn excluding LBG and liquidity** were £0.5bn adverse to H1 2022
- **AUM of £367.6bn** reduced £8.5bn due to adverse FX movements and net outflows, partly offset by positive market movements

[1] Includes performance fees of £7m (H1 2022: £10m). [2] As at 31 December 2022.

Adviser

	H1 2022	H1 2023[1]	Change
Net operating revenue	£92m	£103m	12%
Adjusted operating expenses	(£54m)	(£54m)	-
Adjusted operating profit	**£38m**	**£49m**	**29%**
Cost/income ratio	59%	52%	(7ppts)
Net operating revenue yield	25.5bps	28.8bps	3.3bps
Gross flows	£4.0bn	£2.9bn	(28%)
Net flows	£1.4bn	(£0.6bn)	(>100%)
AUMA[2]	£68.5bn[3]	£71.8bn	5%

- **Net operating revenue up 12%** at £103m, comprising £84m Platform charges, £15m net interest margin and £4m other
- **Average margin earned on client cash balances of c215bps** in H1 2023 and the indicative average cash margin for FY 2023 is c225bps
- **Adjusted operating expenses** are broadly stable
- Strong performance with **adjusted operating profit up 29%** against a backdrop of challenging market conditions
- **Improved CIR of 52%** reflects the higher net interest margin
- **Net outflows of £0.6bn** reflect the market conditions
- **AUMA up 5%** due to positive markets and inclusion of AUM of c£2.5bn relating to our Managed Portfolio Service business

[1] The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023, respectively. Comparatives have not been restated. [2] Includes Platform AUA as at 30 June 2023 of £69.3bn (31 December 2022: £68.5bn). [3] As at 31 December 2022.

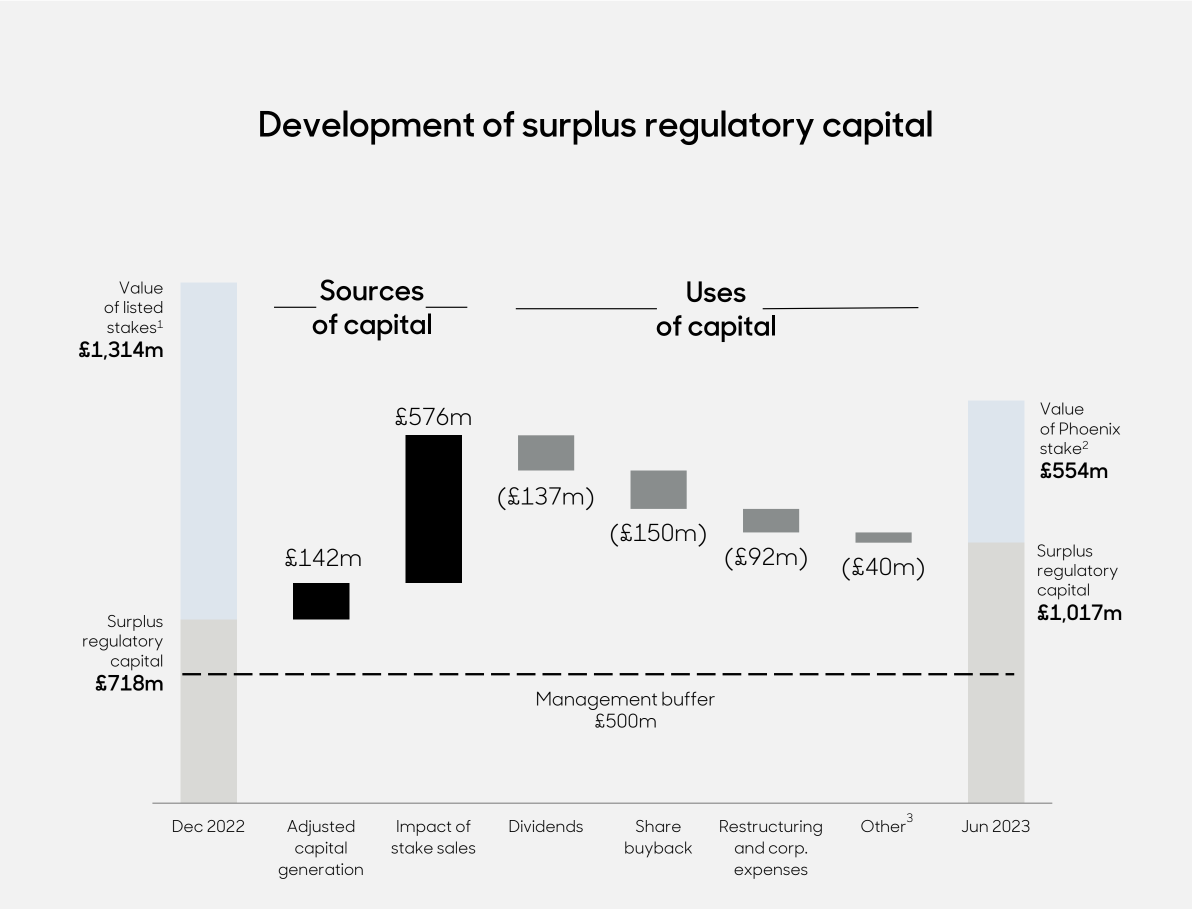
Personal

	H1 2022	H1 2023[1]	Change
Net operating revenue	£58m	£152m	>100%
ii revenue	£13m	£115m	>100%
Adjusted operating expenses	(£51m)	(£91m)	78%
ii expenses	(£7m)	(£48m)	>100%
Adjusted operating profit	**£7m**	**£61m**	>100%
ii operating profit	£6m	£67m	>100%
Cost/income ratio	88%	60%	(28ppts)
Net operating revenue yield[2]	60.0bps	60.0bps	–
Gross flows	£1.4bn	£5.6bn	>100%
Net flows	£0.3bn	£1.8bn	>100%
AUMA	£67.1bn[3]	£67.4bn	–

- **Adjusted operating profit up £54m** reflects the inclusion of £67m for the full six month result for ii, compared to only one month in H1 2022
- **ii revenue** continues to benefit from diverse revenue streams. ii treasury income contributed £66m in H1 2023, benefiting from the continued rise in interest rates. Revenue also reflects trading revenue of £25m and subscription revenue of £27m
- **ii's average cash margin was 229bps** in H1 2023 and the indicative ii average cash margin for FY 2023 is 180-200bps
- **Personal Wealth revenue reduced by £8m** reflecting the transfer to Adviser of c£4m of threesixty and Managed Portfolio Service revenue, and the impact of adverse market movements
- **Adjusted operating expenses** in line with H1 2022 for Personal Wealth
- **CIR improved 28ppts** reflecting the higher efficiency of ii
- **Net flows were £1.8bn**, benefiting from ii flows of £1.9bn reflecting lower new customer volumes in ii due to a subdued retail market in H1 2023
- **AUMA of £67.4bn broadly flat** despite the transfer of c£2.5bn Managed Portfolio Service AUM to Adviser

[1] The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023, respectively. Comparatives have not been restated. [2] ii not included in yield calculation. [3] As at 31 December 2022.

Capital



- **Indicative surplus regulatory capital up c£300m** to £1,017m
- Adjusted capital generation of £142m up 33%, **dividend coverage of 1.04 times**
- Disposal of our remaining HDFC Life and HDFC AMC stakes in May and June 2023, respectively, benefited regulatory capital by £576m
- **£150m share buyback** announced in June 2023 fully reflected in the Group's capital position. We are announcing the extension of our share buyback programme to **£300m**
- **Looking forward:**
  - Discretionary fund management and non-core US private equity business disposals expected to have c£140m impact on capital
  - Tekla acquisition expected to have c£126m impact on capital
  - Outlook for restructuring costs (excluding corporate transaction costs) unchanged at c£0.2bn in 2023

[1] Total value of listed stakes (HDFC Life, HDFC AMC, Phoenix) as at 31 December 2022. The value of listed stakes is not included in regulatory capital. [2] Value of Phoenix stake as at 30 June 2023. The value of listed stakes is not included in regulatory capital. [3] Other includes negative movements in relation to FX and Macquarie acquisition partly offset by liability insurance recovery.

Building a stronger abrdn

Stephen Bird, CEO abrdn plc

Clear approach to capital generation and allocation

As at H1 2023

Surplus regulatory capital
£1,017m

Value of listed stake
£554m[1]

Adjusted capital generation
£142m

Allocation of total capital resources

Inorganic bolt-on opportunities

TEKLA

Non-core disposal proceeds

Restructuring costs

Management buffer
£500m

Returns for shareholders

Dividend policy unchanged

£576m impact of stake sales

£150m share buyback

Note: All data as at 30 June 2023. [1] Value of Phoenix stake as at 30 June 2023.

Building a stronger abrdn

Creating a **stronger** business model

Refocusing Investments, capitalising on areas of strength

Scaling up our leading UK savings and wealth businesses

Redeployment and **distribution** of capital generated

Creating a sustainable growth trajectory

Q&A

Forward-looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategies, 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 of the abrdn Group about future events, and are therefore subject to known and unknown 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', 'continues', '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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