

# **abrdn plc**

# **Half year results 2022**

**9 August 2022**

# Welcome

- Benefit of our strategy
- Vector performance in these challenging markets
- Disciplined management of capital for shareholders

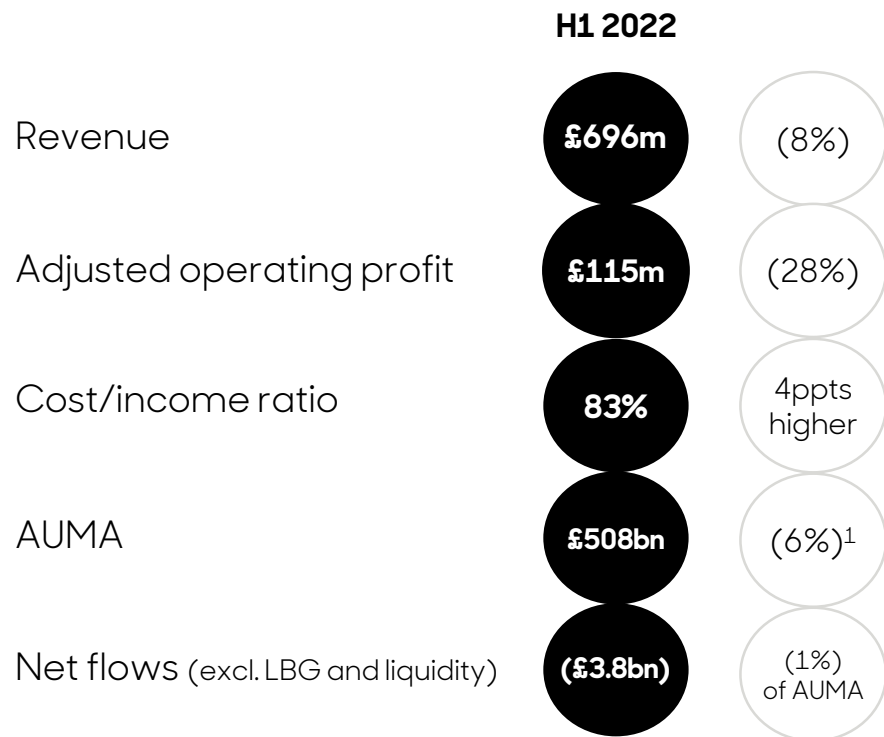


**Stephen Bird**  
Chief Executive Officer

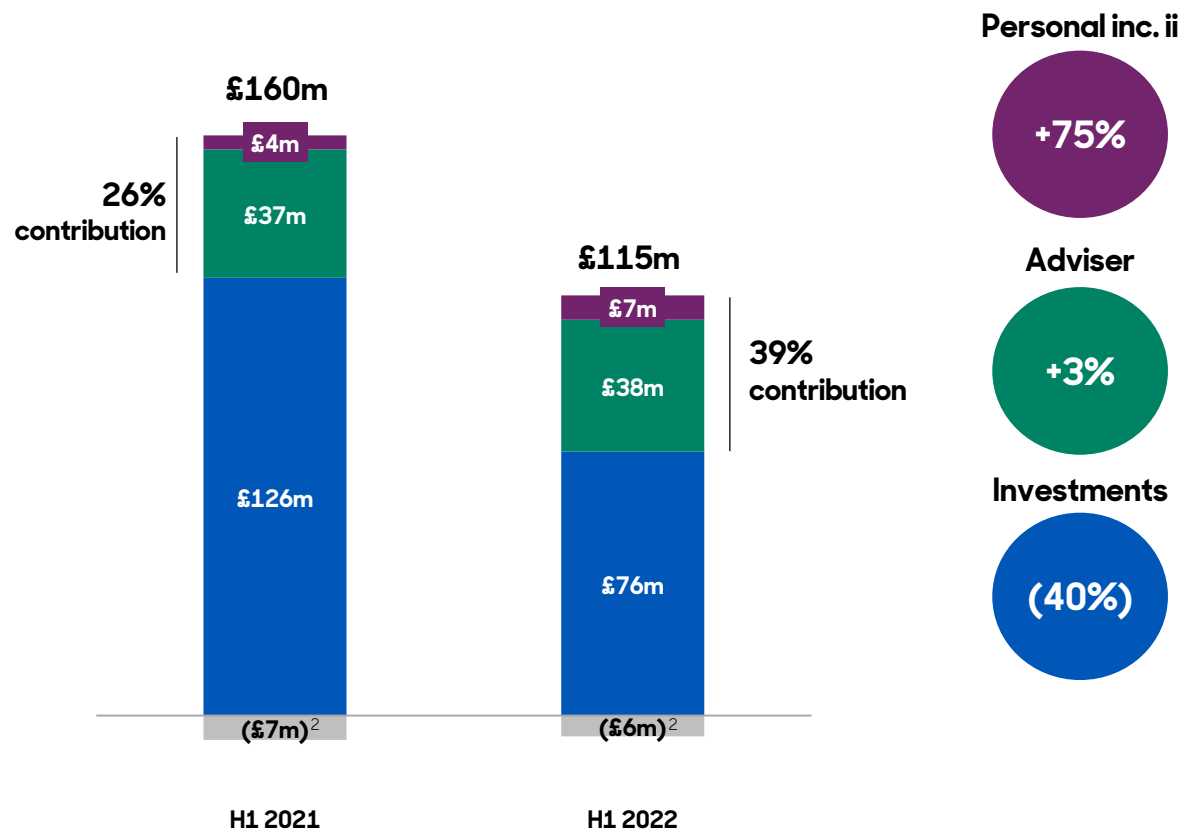


**Stephanie Bruce**  
Chief Financial Officer

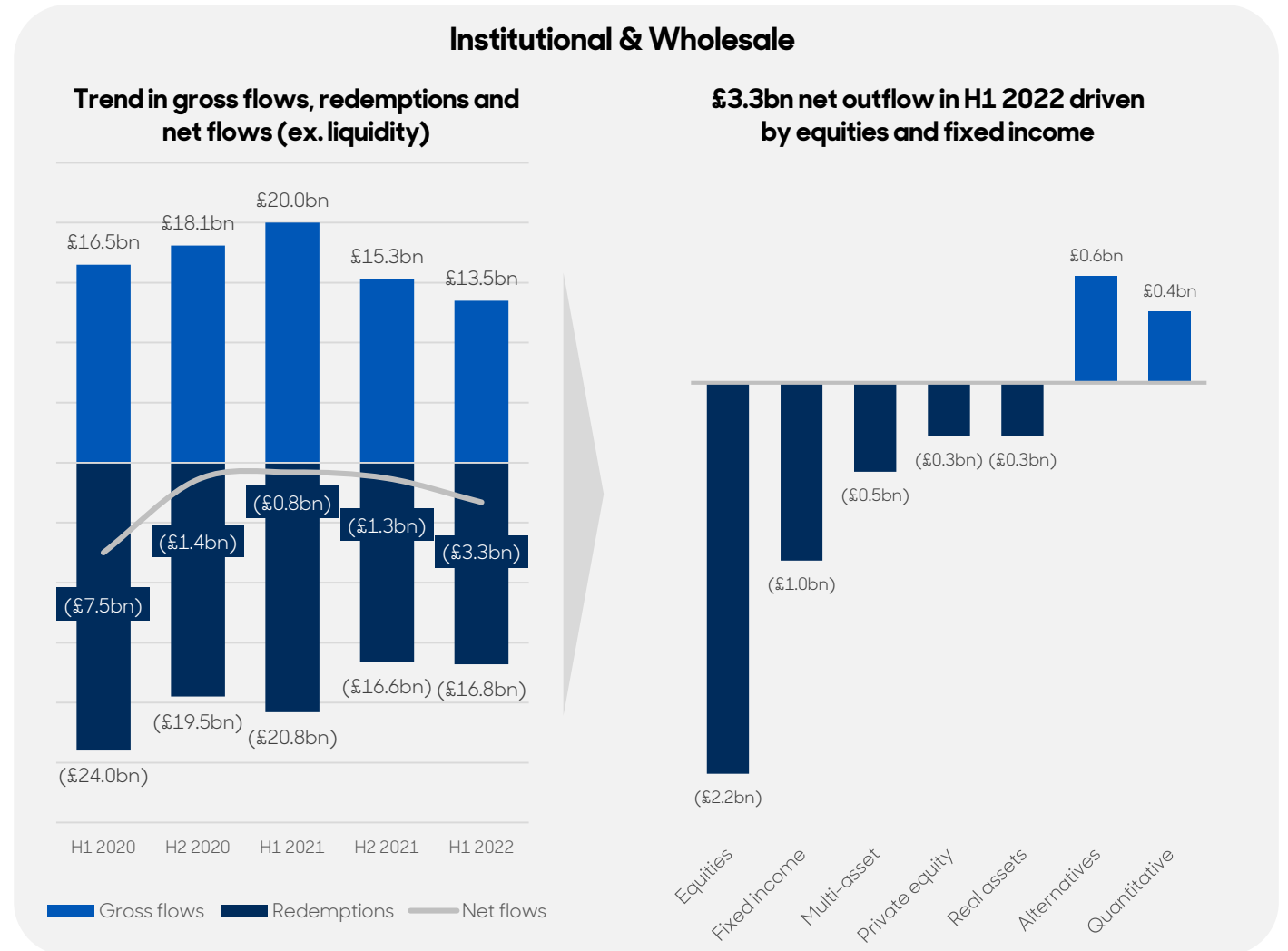
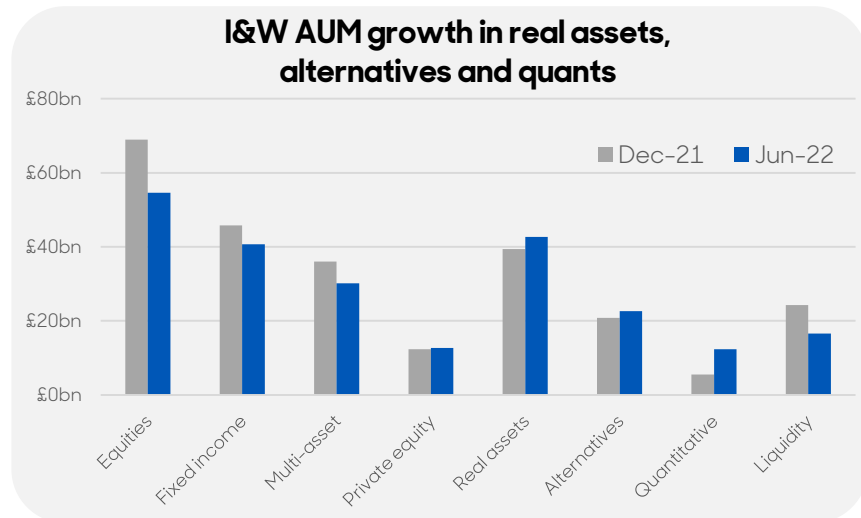
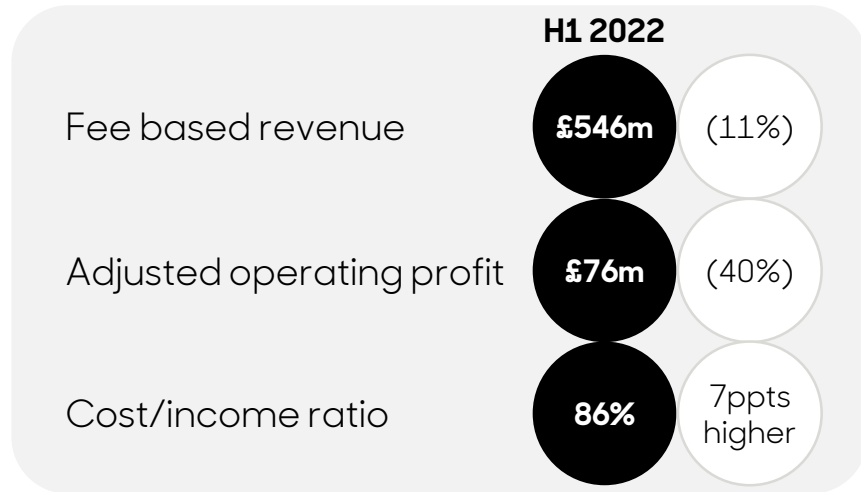
# Building a more resilient model



## Adjusted operating profit

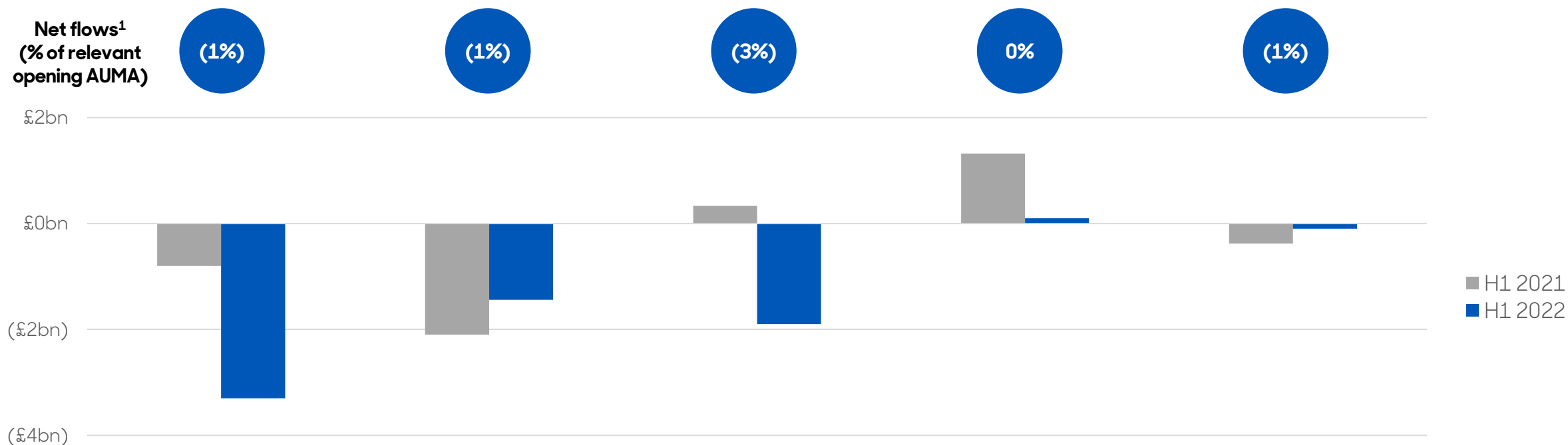


# Investments vector faced headwinds



# Resilient net flows in a challenging environment

Institutional & Wholesale net flows (ex. liquidity) by region



## Global

- I&W outflows (ex. liquidity) limited to 1% of opening AUMA

## UK

- Important progress in our home market
- Gross flows stable at c£5bn
- 33% improvement in net flows

## EMEA

- Outflows concentrated in China A mutual fund
- Recent increase in interest in China A strategy from international investors

## Americas

- Continued benefit of product diversification, including commodity ETFs

## Asia

- Broadly flat net flows in a market experiencing net outflows

# Impact of market downturn varies across asset classes



	3 years <sup>1</sup>	FY 2021	H1 2022	
<b>Highlights</b>	Real assets	52%	75%	Strong performance delivered in real assets
	Fixed income	82%	63%	Fixed income remains positive despite the near term impact of rates
<b>Focus areas</b>	Equities	72%	51%	Sharp derating of growth and rotation into value has impacted investment performance
	Multi-asset	39%	54%	Long term quality factors should fare better in next phase of rotation as recessionary concerns mount

# Focused Investments aligned to megatrends

## Global megatrends

Asia and EM

Urbanisation and infrastructure development

Climate change and energy transition

Democratisation of savings and investments

**Global fixed income**

### Focus

- Asia & EM
- Sustainability
- Global Credit
- Buy & Maintain

**Specialist active equities**

### Focus

- Asia & EM
- Sustainability
- Small / Mid Cap
- Income
- Global thematic

**Alternatives**

### Focus

- Real Estate
- Infrastructure
- Logistics
- Private Credit
- Hedge Funds

**Solutions**

### Focus

- Insurance
- Pensions
- Wealth

# Key programmes of work to deliver focused business

## Investment performance

### Technology

Investing in our technology based tools to support improvements to investment decision making

### People

Aligning talent with our focus areas and investing in new talent with sustainability and thematic expertise

### Process

Focusing on investment outcomes best supported by our research process and rationalising funds/strategies considered non-core

## Improve flows

**New business activity wholly aligned to our focus areas**

Asia Sustainable Credit

China Next Gen

Commercial Real Estate Debt II

Core Infrastructure Fund III

MyFolio Sustainable

## Management of cost base

**Net cost<sup>1</sup> savings of c£75m by end 2024**

Fund rationalisation

Equity and multi-asset solutions transformation

Non-core disposals

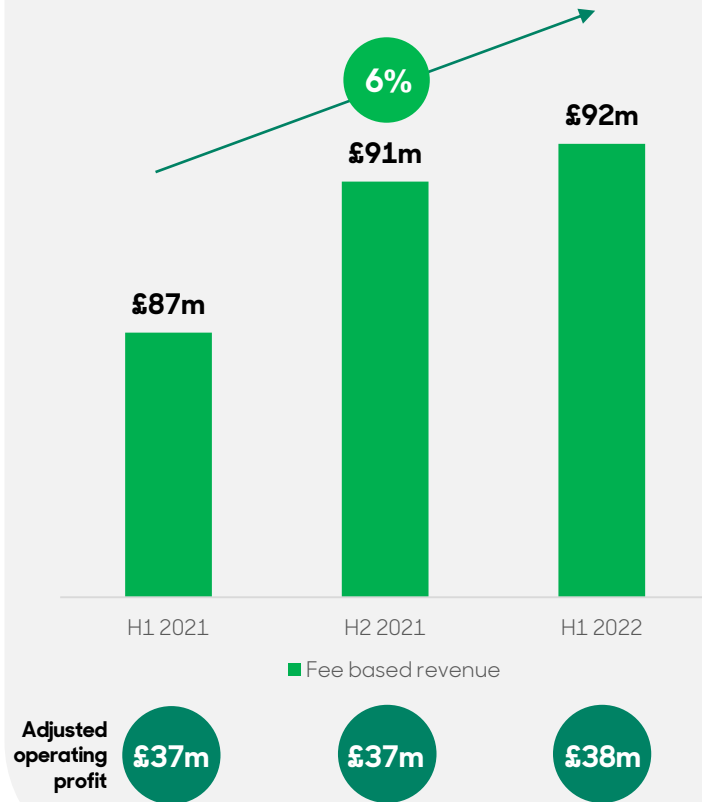
Single middle office operating model

Management de-layering

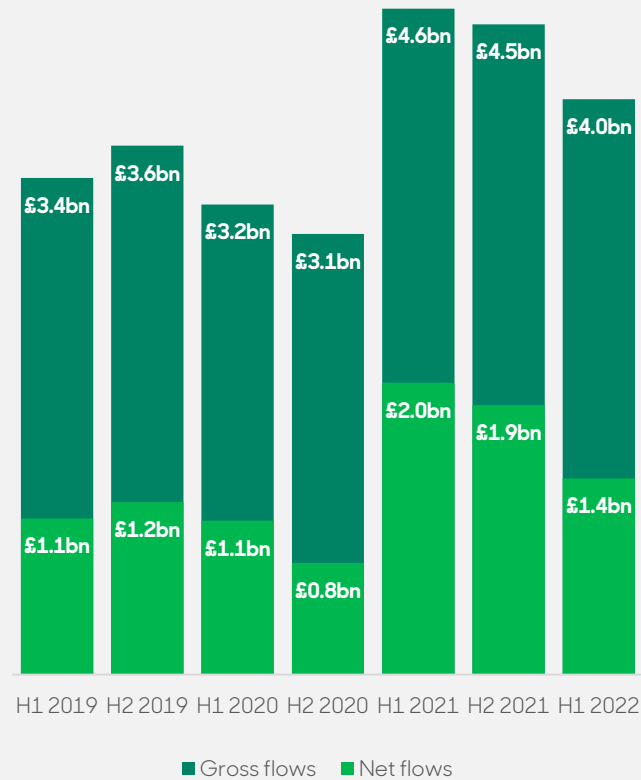


# Solid performance from leading Adviser platforms

## Delivering revenue growth in tough markets



## Flows remain above pre-COVID levels despite environment



## Adviser Experience Programme - driving growth through content and experience

Delivered so far

- ✓ Junior ISA
- ✓ New contact centre
- ✓ New customer portal

Delivering in H2 2022

- ↗ New adviser interface
- ↗ Extended tax wrappers
- ↗ Increased personalisation
- ↗ Simpler and faster journeys

Delivering in 2023 and beyond

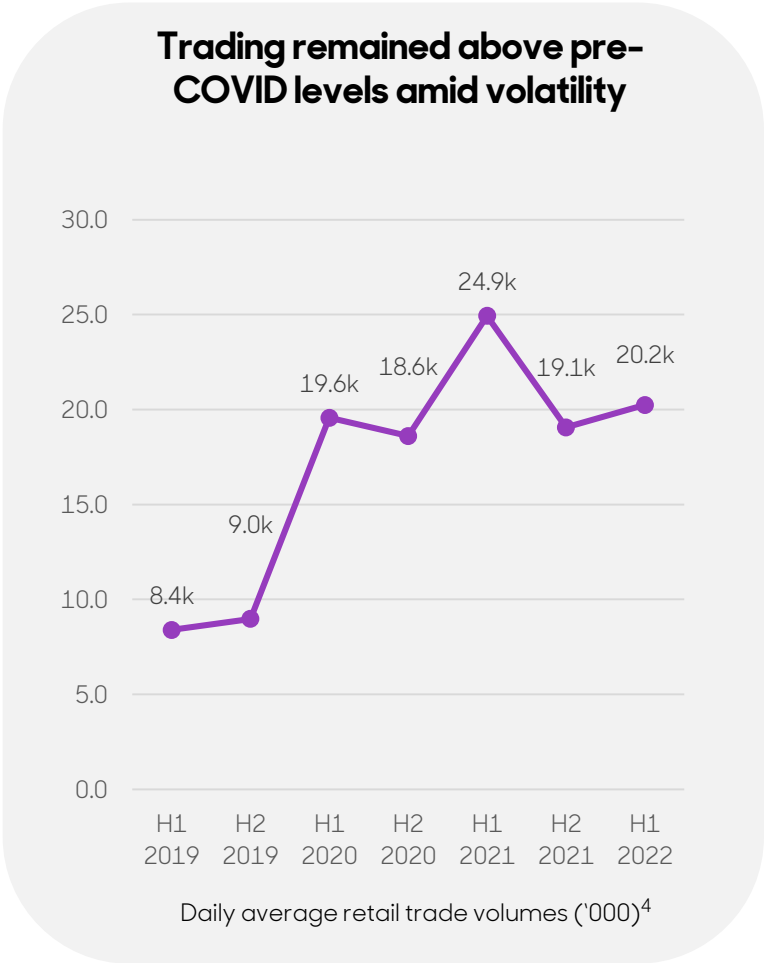
- ↗ New abrdn SIPP acquired from Phoenix
- ↗ Further extended tax wrappers
- ↗ Stockbroking and investment options

# interactive investor's robust operating model delivering growth

	H1 2022 <sup>1</sup>	vs FY 2021 run rate <sup>2</sup>
Revenue	£75m	+17%
Adjusted operating profit	£33m	+47%
Cost/income ratio	56%	9 ppts better
Subscription based revenue	£27m	+13%

### Continued growth

- 408k Total customer numbers
- +c19k New customers added in H1 2022
- £128k Industry-leading AUA per customer
- +12% Growth in SIPP customers to +49k
- c18% AUA market share<sup>3</sup>



<sup>1</sup> 6 month results <sup>2</sup> Comparative is versus 2021 run rate (50% of FY 2021) <sup>3</sup> Platforum Reports AUA Market Share July 2022 <sup>4</sup> Rolling 6 month basis

# ii delivering strategic growth

## Clear strategic roadmap to add significant scale

Fully capturing significant opportunity within fast-growing and attractive UK D2C market

Resilient subscription-based revenue model not linked to AUA

Ability to offer additional personal wealth services

Bringing abrdn experience, scale and resource to facilitate growth and expand ii's leadership position

## Strategic levers: Platform, Pricing, Customer Base

### Platform

Fully invested and scalable digital operating platform  
Secure data architecture strengthens proposition  
Data driving personalised experience and content

### Pricing

Transparent flat-fee subscription pricing model  
Leading value solution for customers  
'Bundles' create natural upgrade path and margin optimisation

### Customer Base

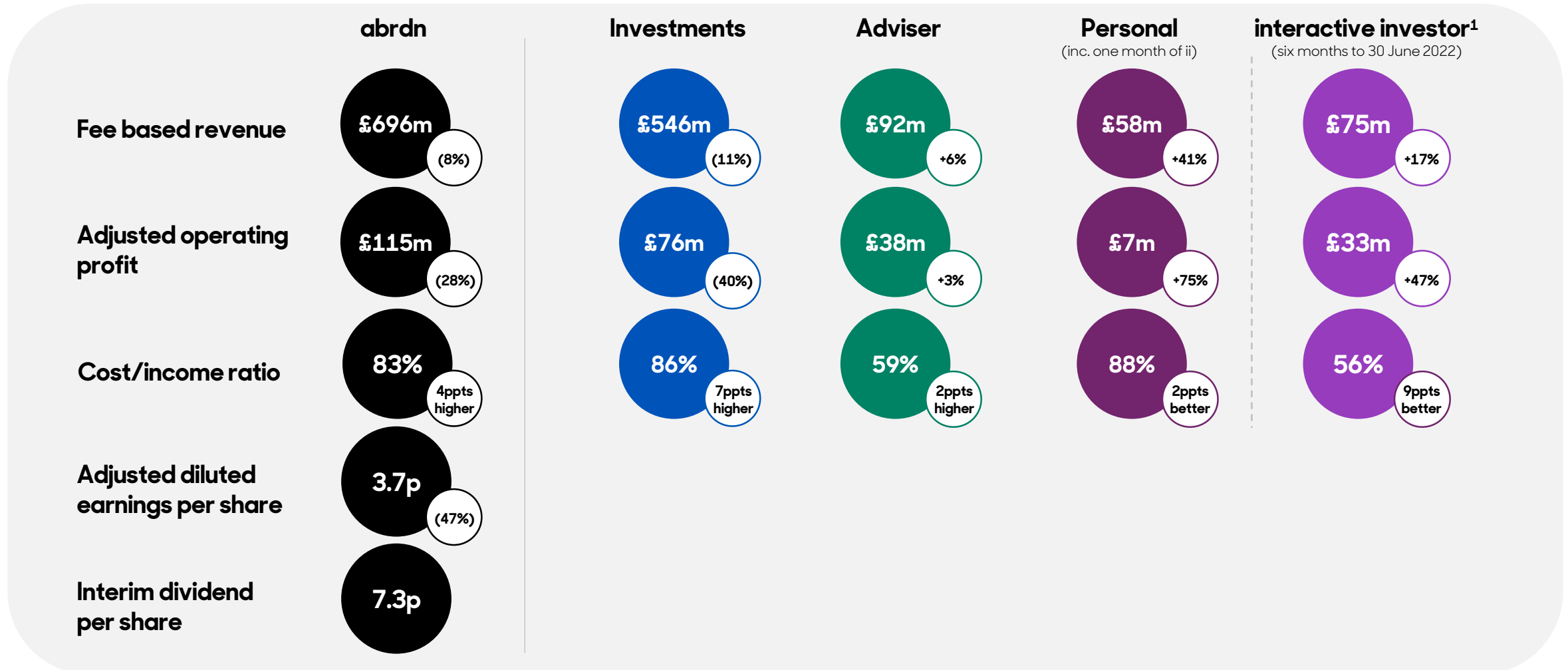
Attractive and evolving customer base of +400k  
Growing levels of Active and Engaged customers



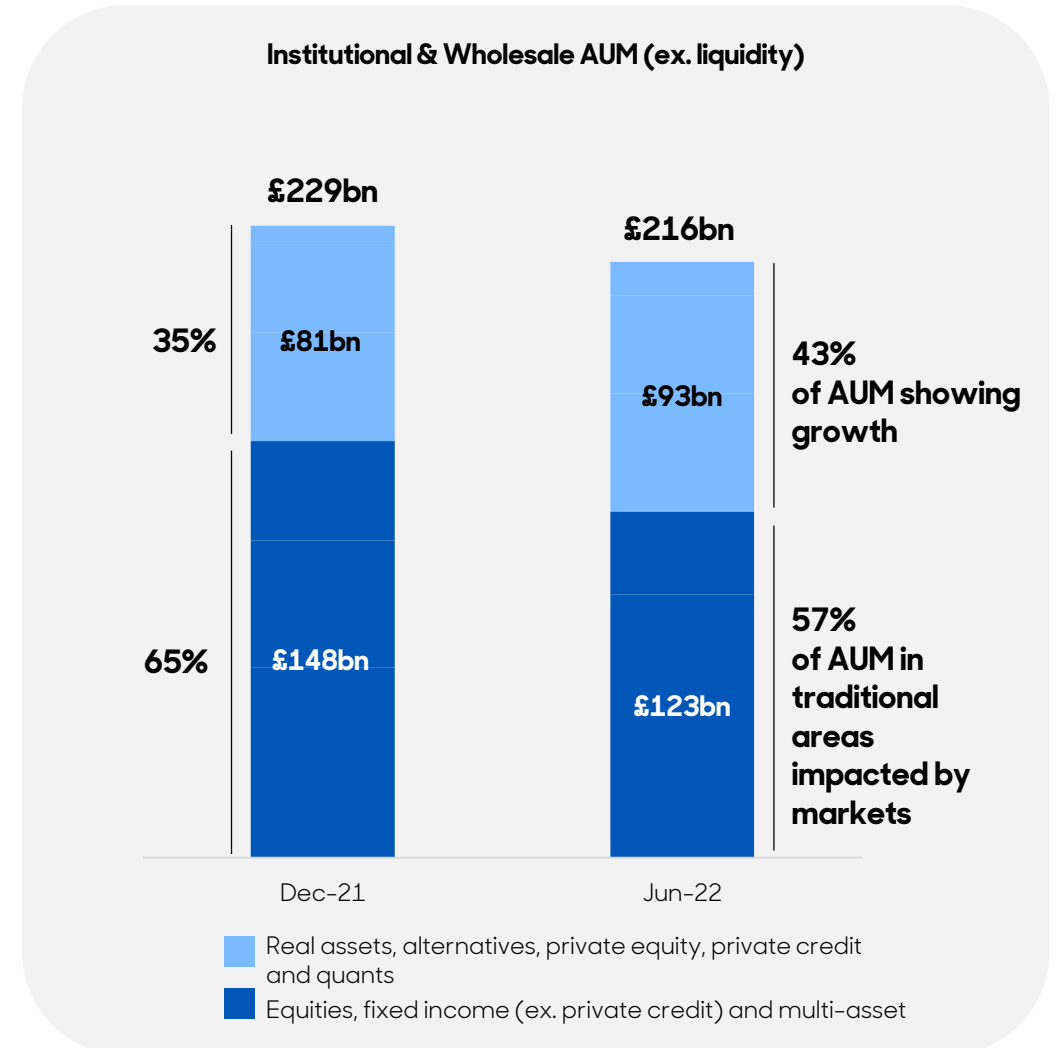
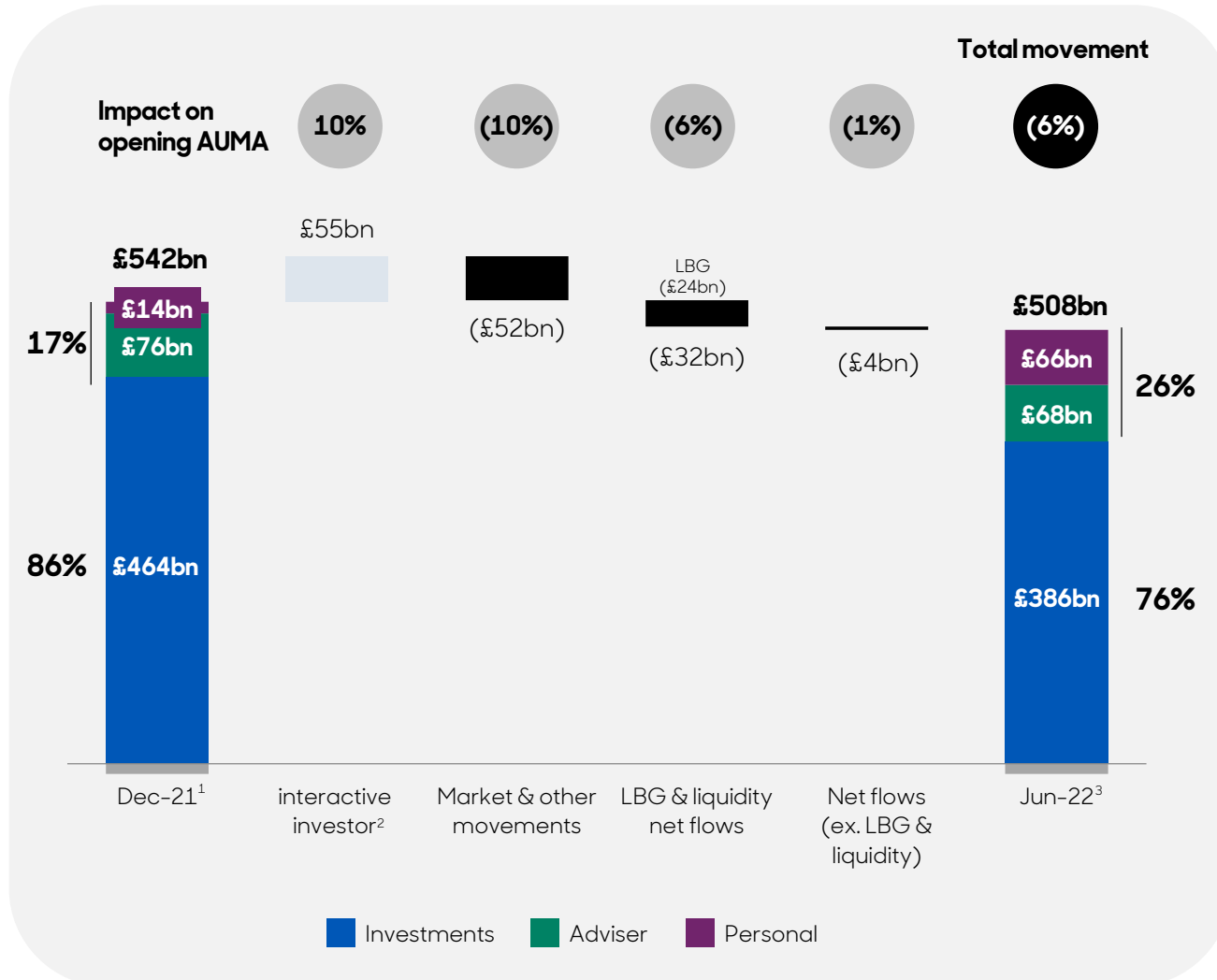
# Half year 2022 Financial results

Stephanie Bruce, CFO

# Markets impacting profitability while diversification drives benefits



# Asset base benefits from diversification



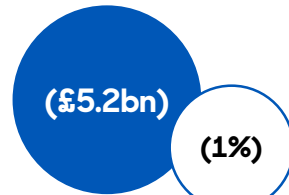
# Revenue movement dominated by declining markets



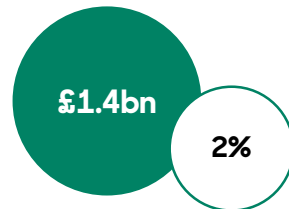
<sup>1</sup> Includes private equity, alternatives, quantitative, liquidity and businesses for which there are no attributable assets

# Flows reflecting market activity

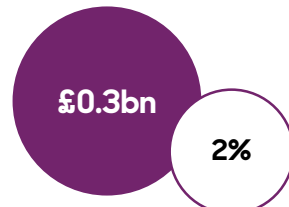
Net flows  
(% of relevant  
opening AUMA)



Investments<sup>1</sup>



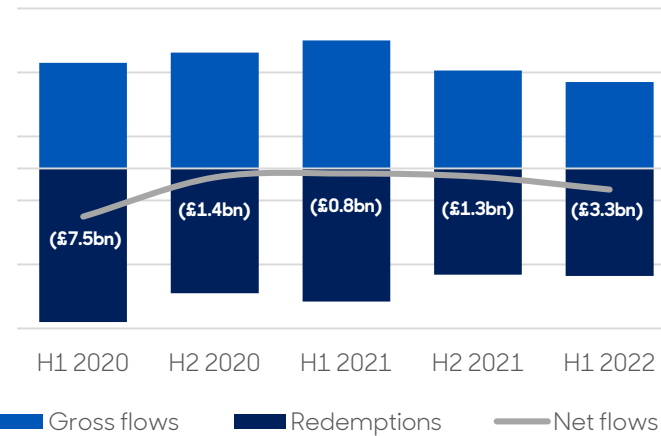
Adviser



Personal  
inc. one month ii

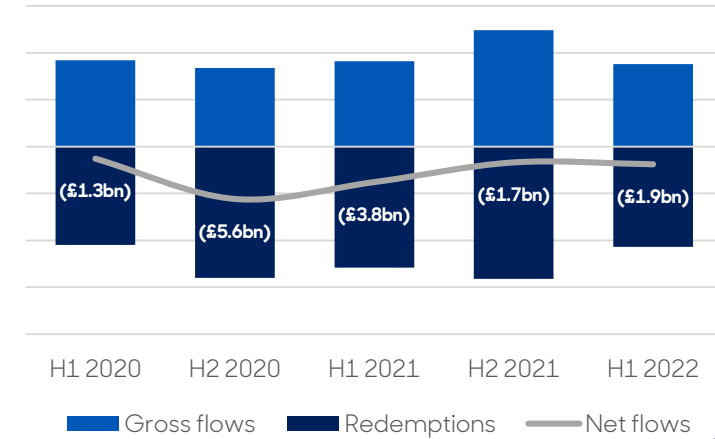
## I&W net flows now mirroring sector levels

Institutional & Wholesale (ex. liquidity)

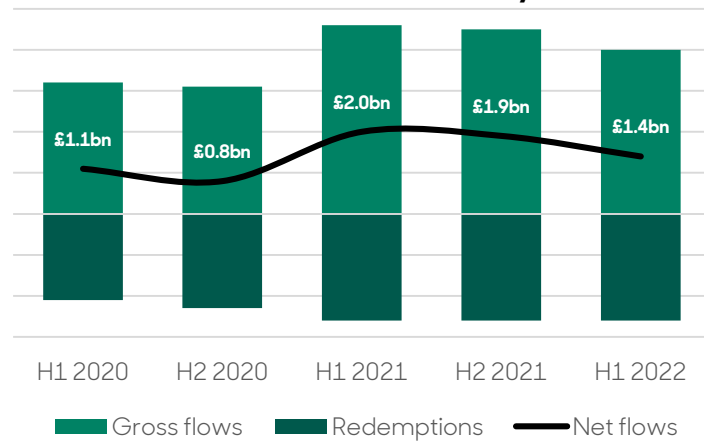


## Insurance flows reflect client activity

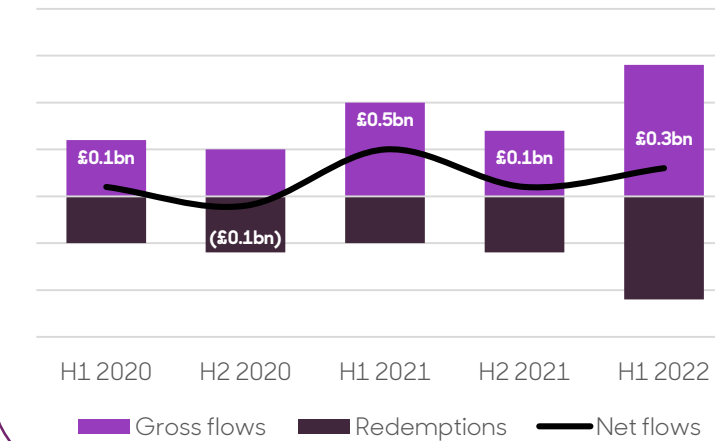
Insurance (ex. LBG<sup>2</sup>)



## Adviser flows reflect resilient but lower customer activity



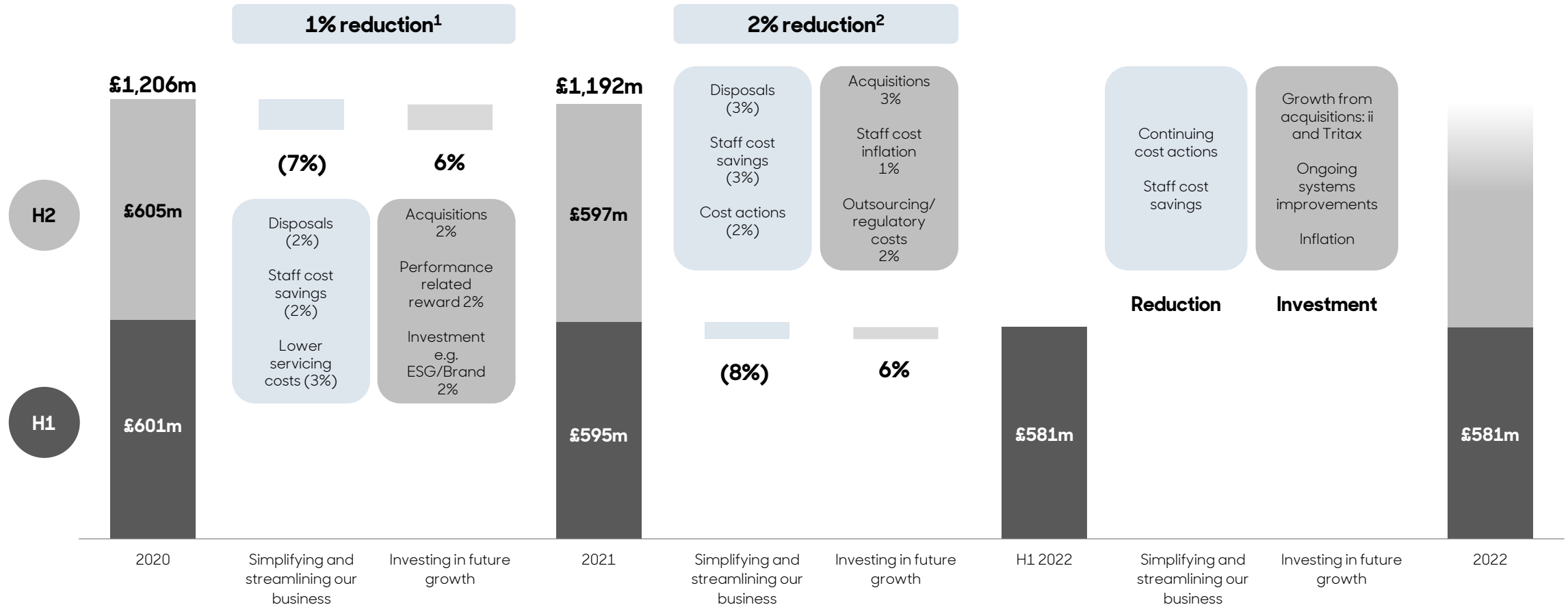
## Personal flows benefitting from ii





# Cost management key to fund investment for growth

Movement in adjusted operating expenses



<sup>1</sup> Movement between full year 2020 and full year 2021  
<sup>2</sup> Movement between half year 2021 and half year 2022

# Delivering an efficient Investments business model

Targeting c£150m gross cost<sup>1</sup> savings in Investments vector by end 2024

Rationalisation

Simplification

Streamlining

**Fund rationalisation**

Planned c110 funds which have been identified for merger or closure

**Equity and multi-asset solutions transformation**

Simplifying servicing of complex mandates

**Non-core disposals**

Rationalisation of portfolio to exit low margin/non-strategic activities

**Single middle office operating model**

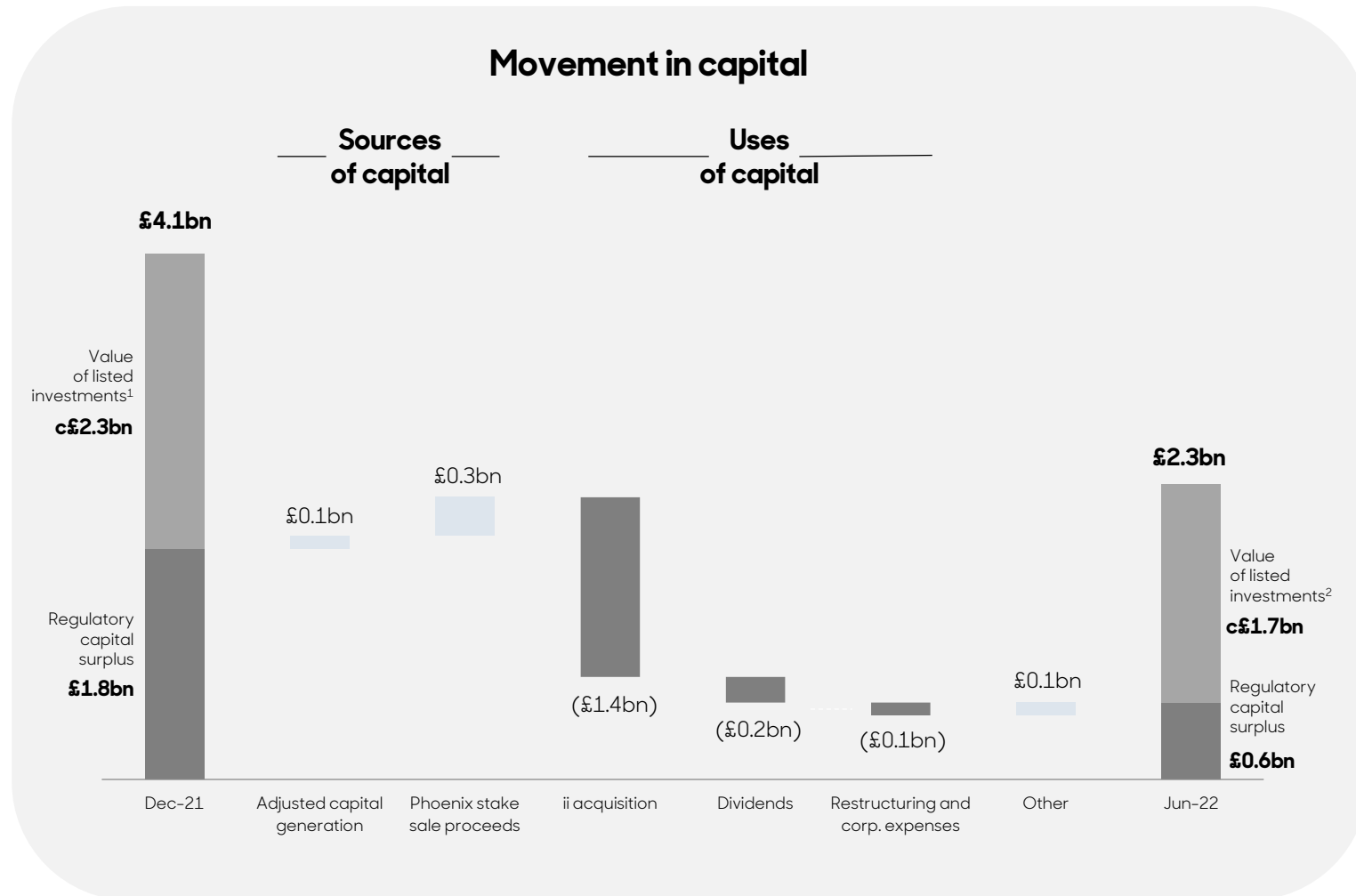
Creating a more efficient operating model for middle office

**Management de-layering**

Collapsing structures and removing management layers

c£75m costs invested in Investments for future growth

# Financial discipline over our strong balance sheet



Continue to invest in growing the business

£300m shareholder return programme commenced<sup>3</sup>

Capital resources cover dividend cost

Continued monetisation of Indian stakes

<sup>1</sup> Total value of listed stakes (HDFC Life, HDFC AMC, Phoenix) as at 31 December 2021

<sup>2</sup> Total value of listed stakes (HDFC Life, HDFC AMC, Phoenix) as at 30 June 2022

<sup>3</sup> First £150m tranche commenced 6 July 2022

**abr dn**

**Investments**

**Adviser**

**Personal**

**Current global market environment creates opportunities**

**Taking actions to refocus and diversify our business and reduce costs**

**Re-pacing of growth and efficiency ambitions due to current market environment**

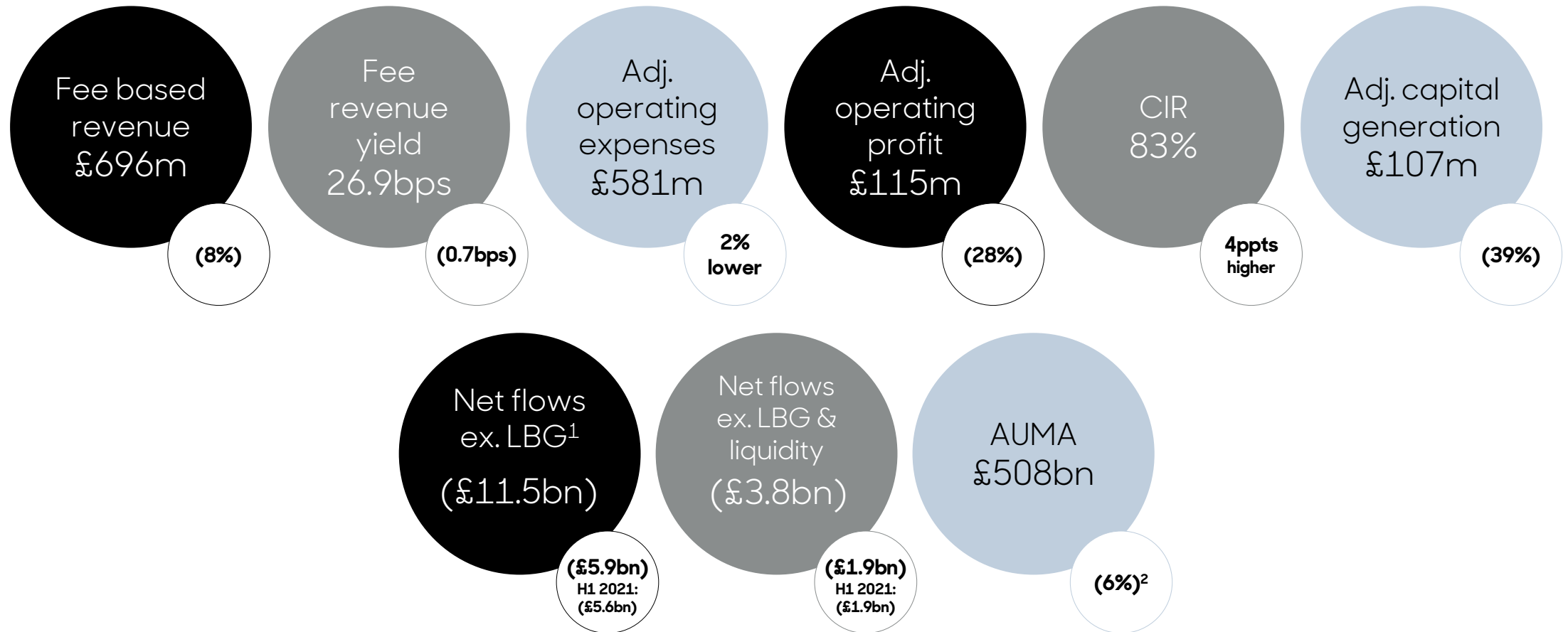
**Strong capital position allows us to maintain returns to shareholders  
while continuing to invest in the business**

**Disciplined capital allocation to drive EPS growth**

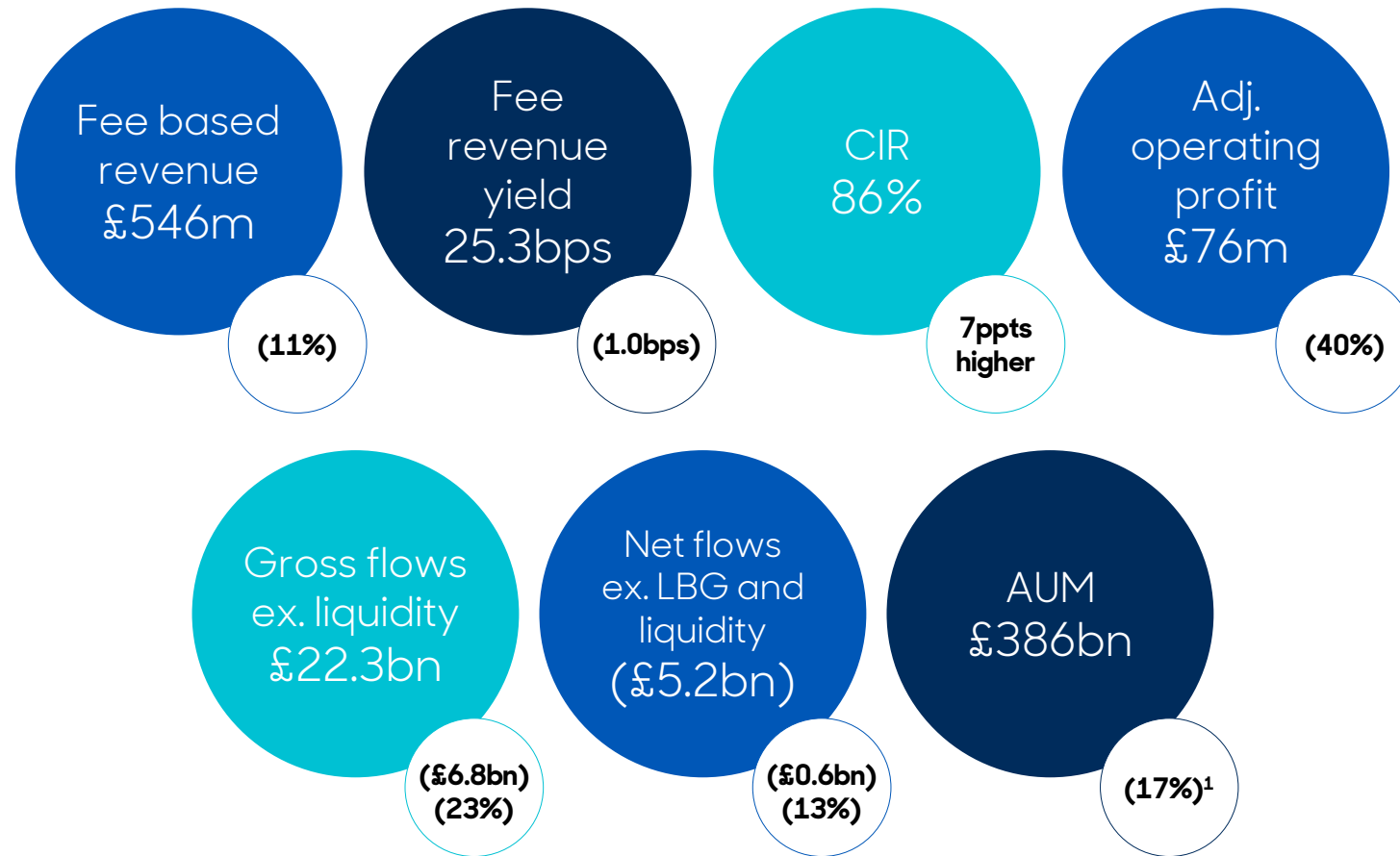


# Appendix

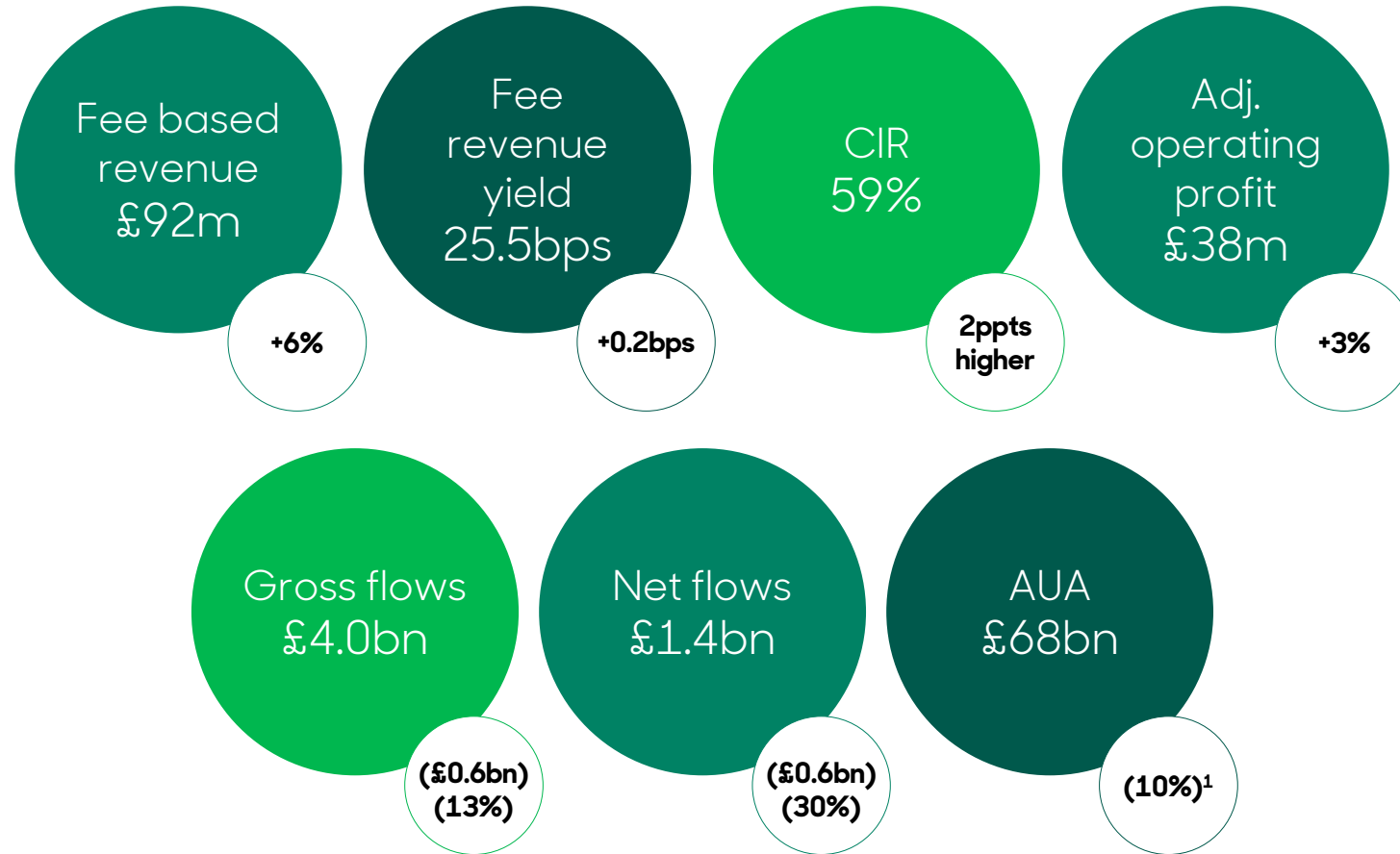
# Half year 2022 results



# Investments

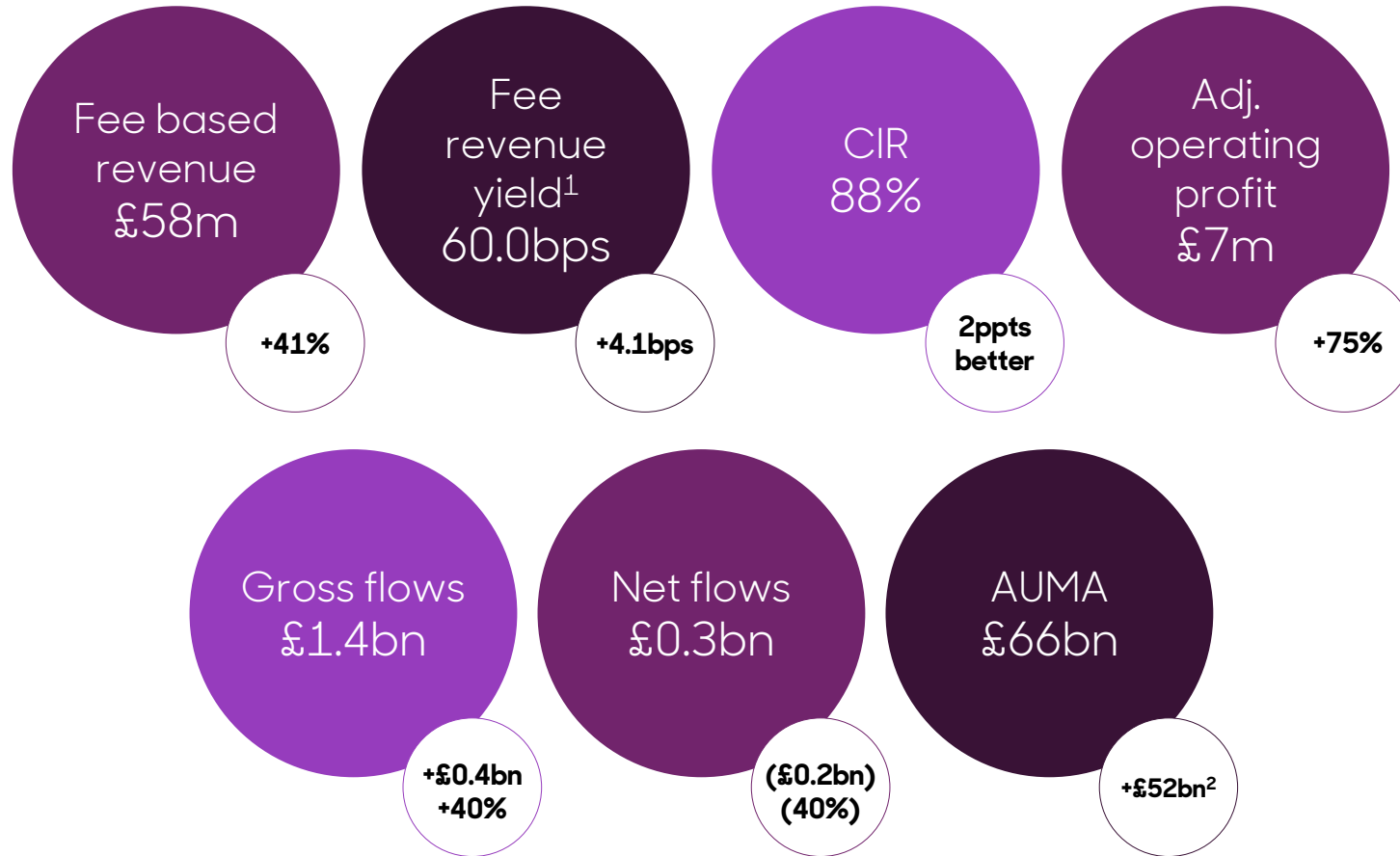


# Adviser



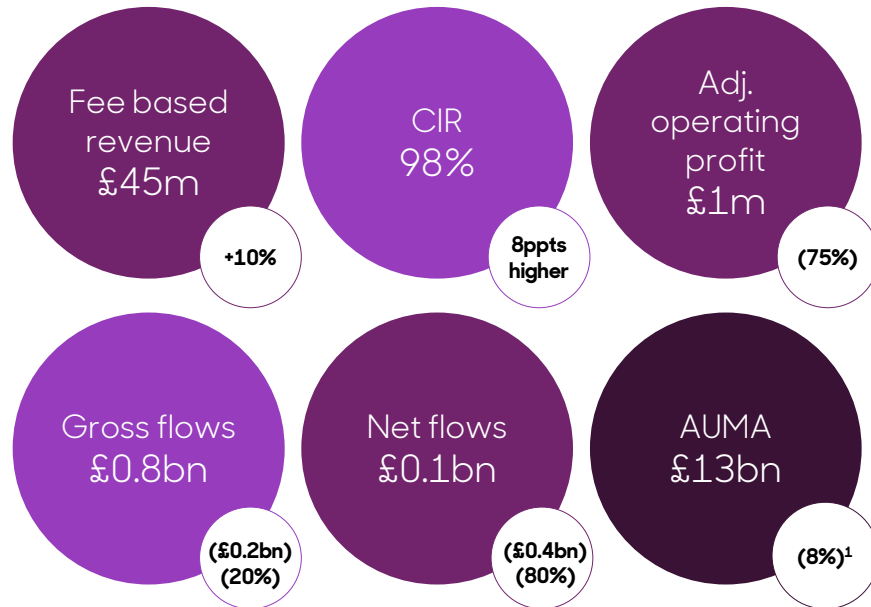


# Personal



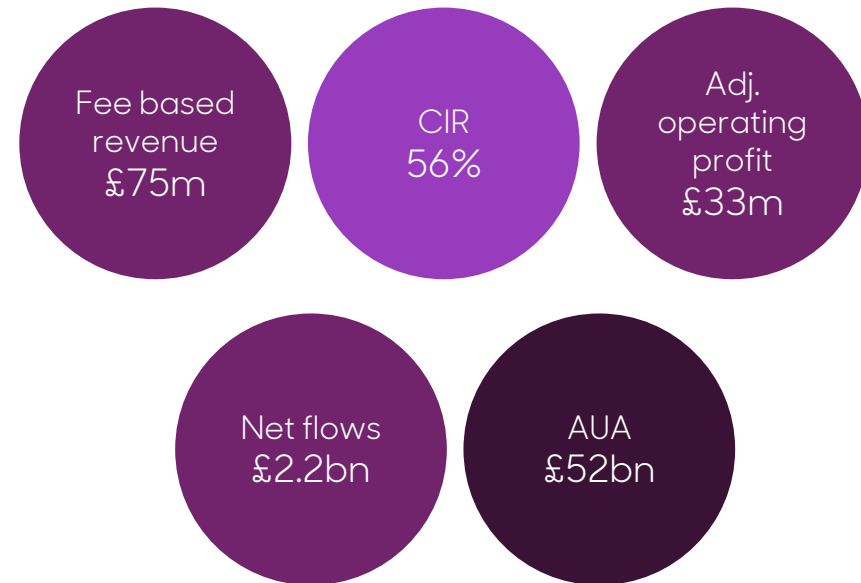
# Personal

## Personal Wealth



## interactive investor<sup>2</sup>

(six months to 30 June 2022)



<sup>1</sup> Comparative as at 31 December 2021

<sup>2</sup> Figures shown are for 6 months period to 30 June 2022. Results for ii are included within abrdn's H1 2022 results only for the one month period to 30 June 2022 following the completion of the acquisition

# 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 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.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group's control, including among other things: UK domestic and global political, economic and business conditions (such as the UK's exit from the EU and the ongoing conflict between Russia and Ukraine); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the value of and earnings from the Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events; the impact of pandemics such as the

COVID-19 (coronavirus) outbreak; climate change and a transition to a low carbon economy (including the risk that the Group may not achieve its targets); exposure to third party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements that the Group is subject to in the jurisdictions in which the Company and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

The Company, nor any of its associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Persons receiving this document should not place reliance on forward-looking statements. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Each forward-looking statement speaks only as at the date of the particular statement. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company's or its affiliates' future results.

abrdn plc is registered in Scotland (SC286832) at  
1 George Street, Edinburgh, EH2 2LL  
[www.abrdn.com](http://www.abrdn.com)  
© 2022 abrdn. All rights reserved.