

abrdn plc

Full year results 2022

28 February 2023

Welcome

- **Building a stronger abrdn** – Stephen Bird
- **Refocusing Investments vector** – Chris Demetriou
- **Scaling up our leading UK savings and wealth businesses**
 - **Adviser** – Noel Butwell
 - **Personal** – Richard Wilson
- **Financial results** – Stephanie Bruce
- **Q&A** – Stephen Bird, Stephanie Bruce, Chris Demetriou, René Buehlmann, Noel Butwell, Richard Wilson

Building a stronger abrdn

Creating a **stronger** business model

Refocusing Investments, poised to capitalise on areas of strength

Scaling up our leading UK savings and wealth businesses

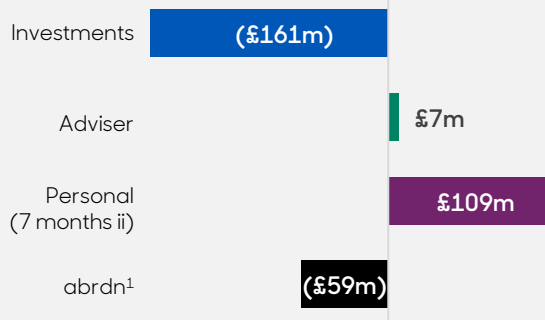
Redeployment and **distribution** of capital generated

Creating a sustainable growth trajectory

Creating a stronger business model

Diversifying revenue and flows...

Net operating revenue movement

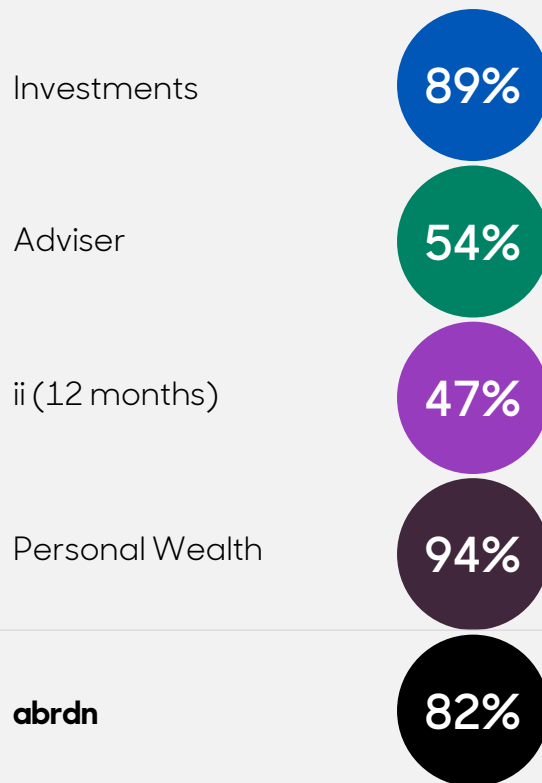


Net flows as % of opening AUMA

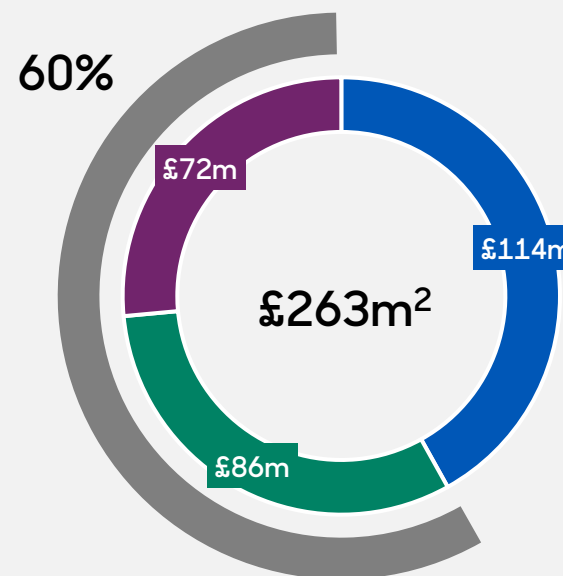


to improve margin mix...

CIR



to create a stronger model



Adjusted operating profit

Investments – Organising for success

Focusing on our strengths to meet the needs of clients

Building foundations for growth

Client focused

Simplification

Reducing costs

Organised through two distinct investment pillars

Public markets

£289bn
AUM¹

Alternatives

£87bn
AUM¹

Supported by long-term market trends

Investments – Focusing on areas of strength

Focusing on our strengths to meet the needs of clients

Our capabilities		AUM (£bn) ¹
Public markets £289bn AUM¹	Fixed income	120
	Specialist equities <small>(Asia/EM, SMID Cap, Income, Sustainability)</small>	78
	Multi-asset	91
Alternatives £87bn AUM¹	Real estate	42
	Infrastructure	6
	Private credit	8
	Hedge funds <small>(inc. Liquid alts)</small>	19
	Private equity	12
		376

Fixed income

- **£120bn** AUM
- Key focus for 2023 growth
- **72%** AUM outperforming over 3 years
- Strong heritage

Alternatives

- **£87bn** AUM
- **Top 10** European residential real estate manager
- **£324m** revenue generated in 2022, **2%** growth
- Focus on accelerating asset raising

Asia and EM

- **£88bn²** of assets invested in the region
- **78%** APAC equities outperforming over 3 years
- Top decile China A fund

Investments – Pathway to an improved operating model

Structural transformation is focused on three key areas

Creating an efficient operating model

- 2% cost reduction in 2022, in spite of adverse FX and inflationary pressures
- Headcount reduction in 2022 of 8% and ongoing into 2023
- Exit physical presence in Australia and Taiwan
- Acceleration of net c£75 million cost reduction, fully delivered by end 2023

Delivering consistent, competitive investment performance

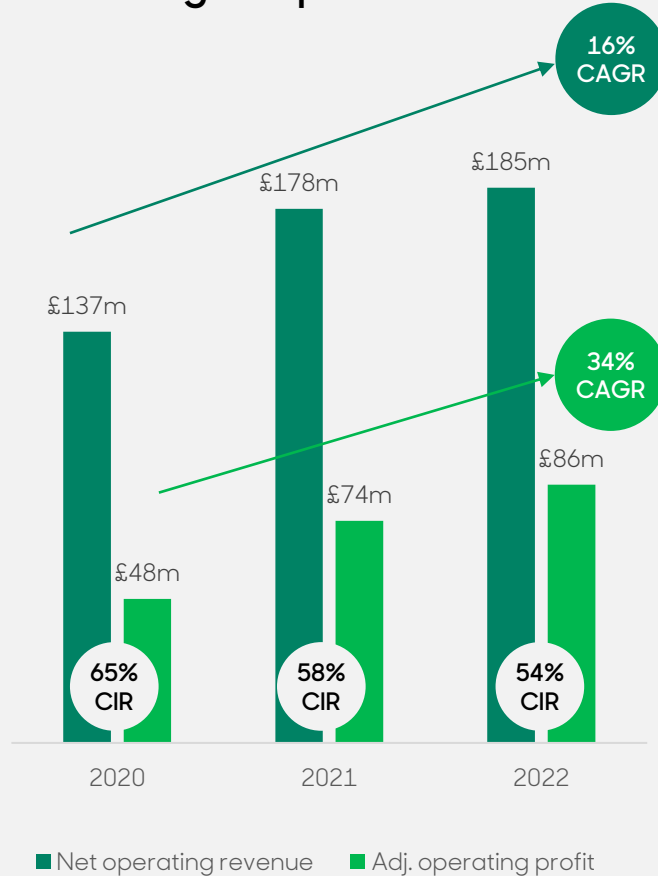
- Hired experienced CIO with outstanding track record in Peter Branner, joining 1 May
- Focusing teams on fewer investment outcomes to drive better performance
 - 58 of 120 funds rationalised, with the balance to be completed in 2023¹
 - Developed Markets equities reorganised
 - Strategic review of multi-asset complete, with implementation in 2023

Driving increased revenue yield

- Fee margin is below industry average driven by concentration of low-margin Phoenix AUM
- Our focus areas of Asia and Alternatives offer growth opportunities in higher margin areas

Adviser – Scaling up our leading UK savings and wealth businesses

Resilient performance driving margin improvement...



unlocking further capacity for clients...

Significant technology release now launched

- ✓ Modernised, intuitive user interface
- ✓ Enhanced client reporting
- ✓ Fuller advice suite – flexible ISAs and General Investment Accounts
- ✓ Faster servicing
- ✓ New bulk valuation service

Building on our strength of offering to do more for advisers

To be the easiest business for advisers to partner with in the UK

to drive growth and flows

1. Existing customers

1.66 Wrappers per customer

2. Existing clients

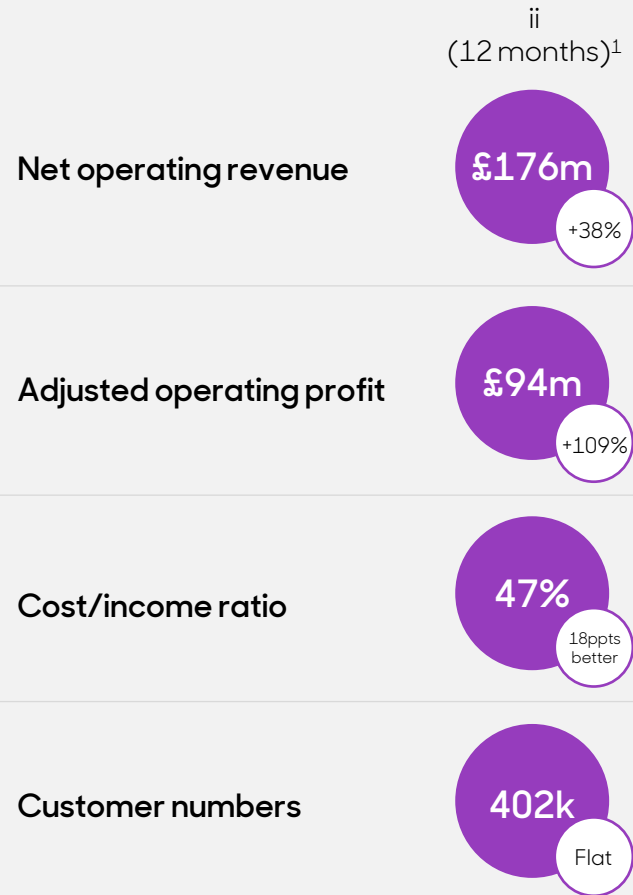
46% of AUA Primary partnerships

3. New clients

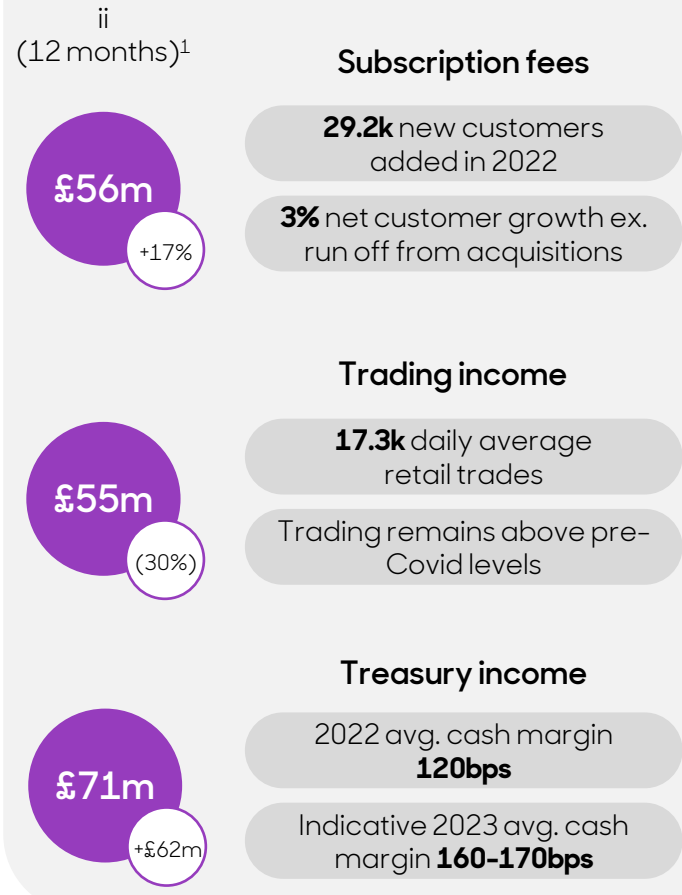
c40% Client advocacy
advisers recommend their primary platform provider to peers¹

Personal – Scaling up our leading UK savings and wealth businesses

ii delivering growth...



through diversified revenue streams...



and progressing on growth drivers

Strengthening our platform

New website technology deployed

Launched low-cost award-winning Pension Builder SIPP

Evolving our customer base

17% growth in SIPP customers

Launched Investor Essentials low cost investing service

Development of financial planning offering for ii customers

Growing AUA market share²

18.9% in 2022 vs 18.5% in 2021

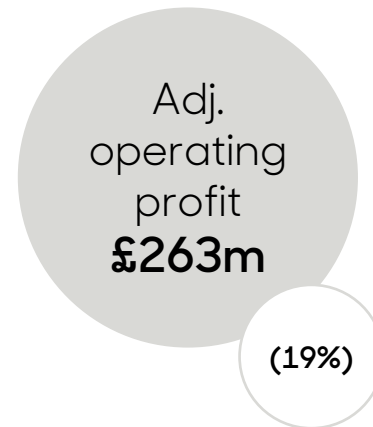
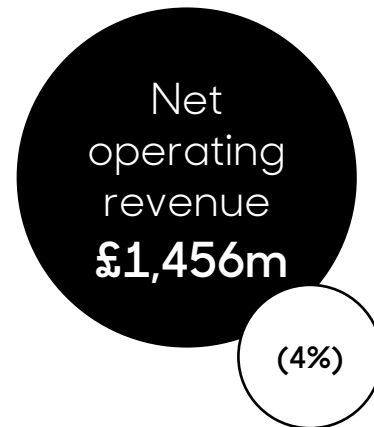


Full year 2022 Financial results

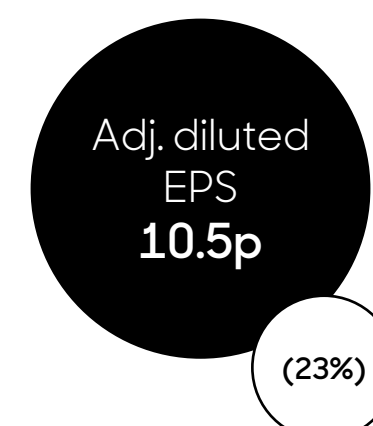
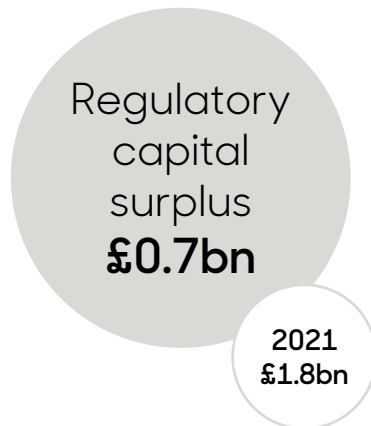
Stephanie Bruce, CFO

Performance impacted in difficult macroeconomic environment

Lower trading result due to impact of market volatility

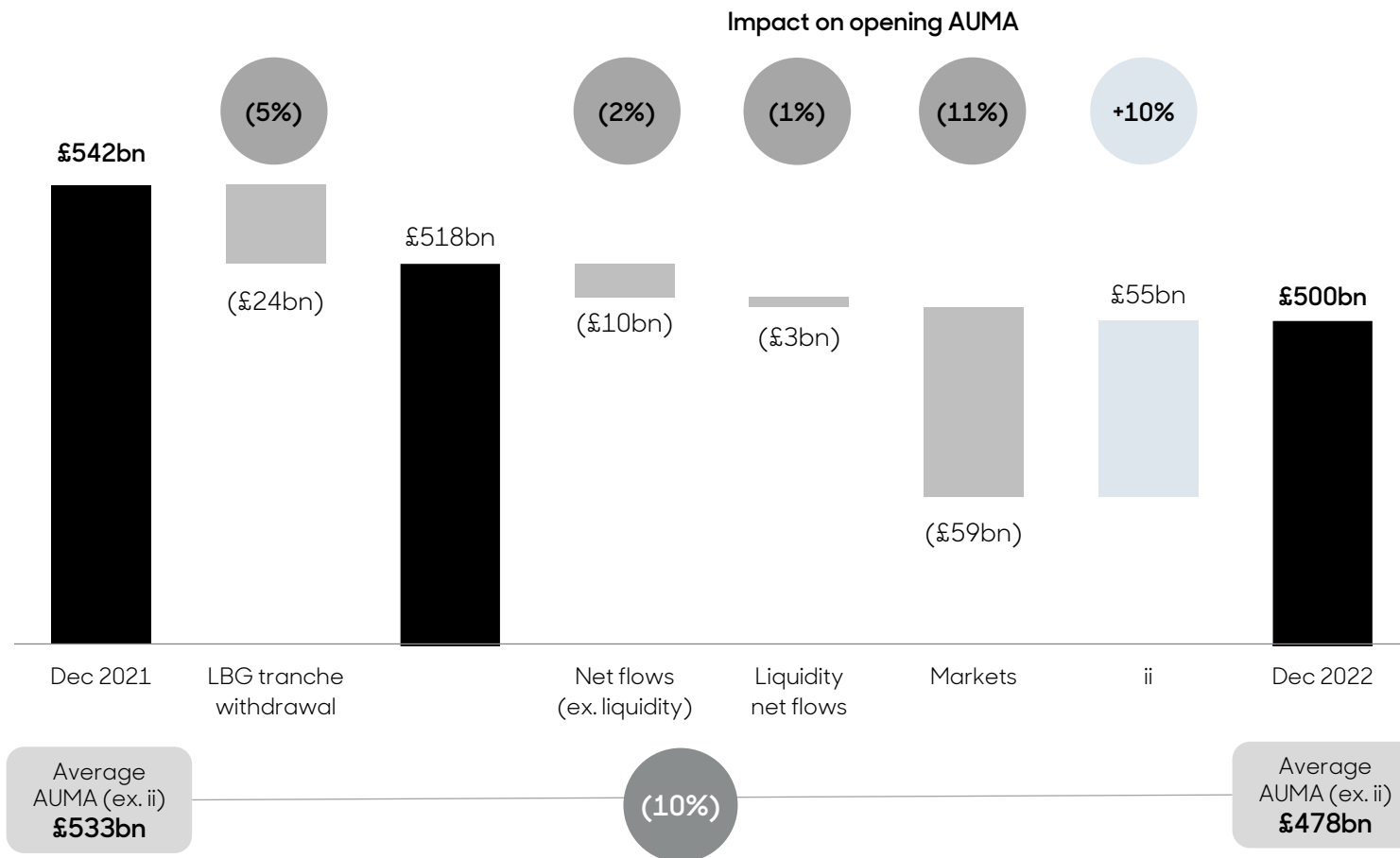


Disciplined management of capital for growth and efficiency



Return of £0.6bn in dividends and on market buyback

Evolution of AUMA

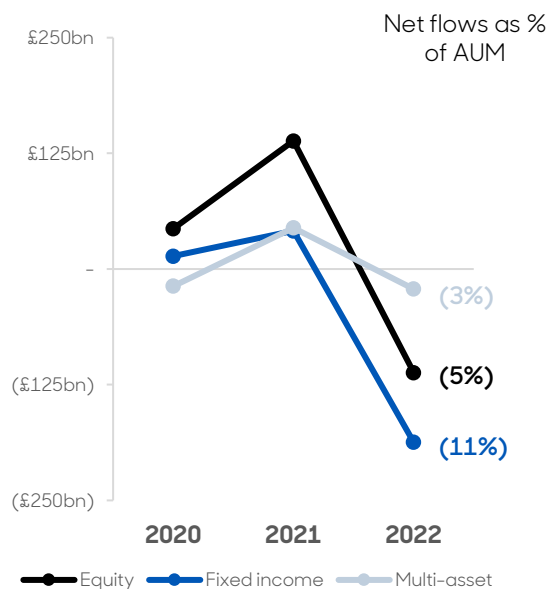


- Final LBG exit completed
- (3%) impact due to net outflows
- Markets impacted AUMA by (11%)
- ii increased AUMA by 10%
- Investments average AUM 11% lower, primarily in equities, fixed income and Insurance

Net flows reflect market environment

Industry

Active UK and Crossborder¹



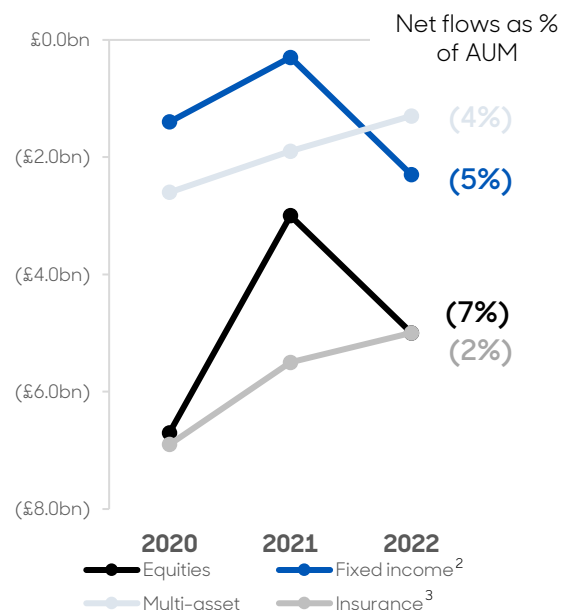
Active outflows highest on record – **c£1trn** globally
Majority of key regions, asset classes and sectors experienced outflows

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¹ Broadridge GMI: UK and Crossborder active mutual fund net sales ² Excludes private credit ³ Excluding LBG tranche withdrawals ⁴ Excluding LBG and liquidity

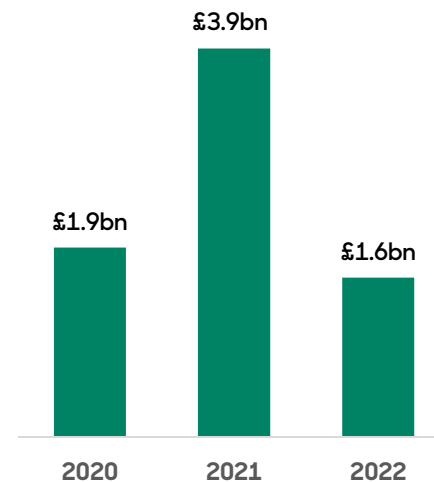
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Investments



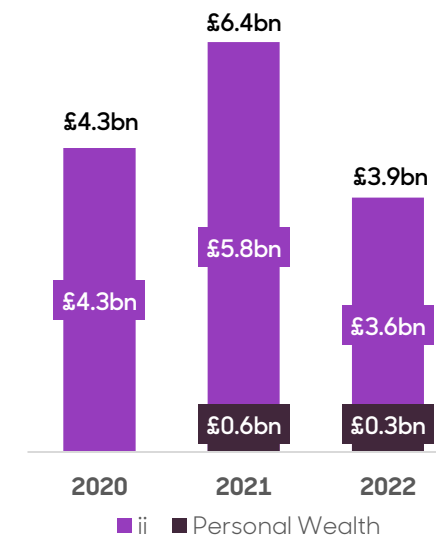
£13.4bn Investments net outflows, **3%** of opening AUM⁴
14% lower gross flows (ex. liquidity)
3% lower redemptions (ex. LBG & liquidity)

Adviser



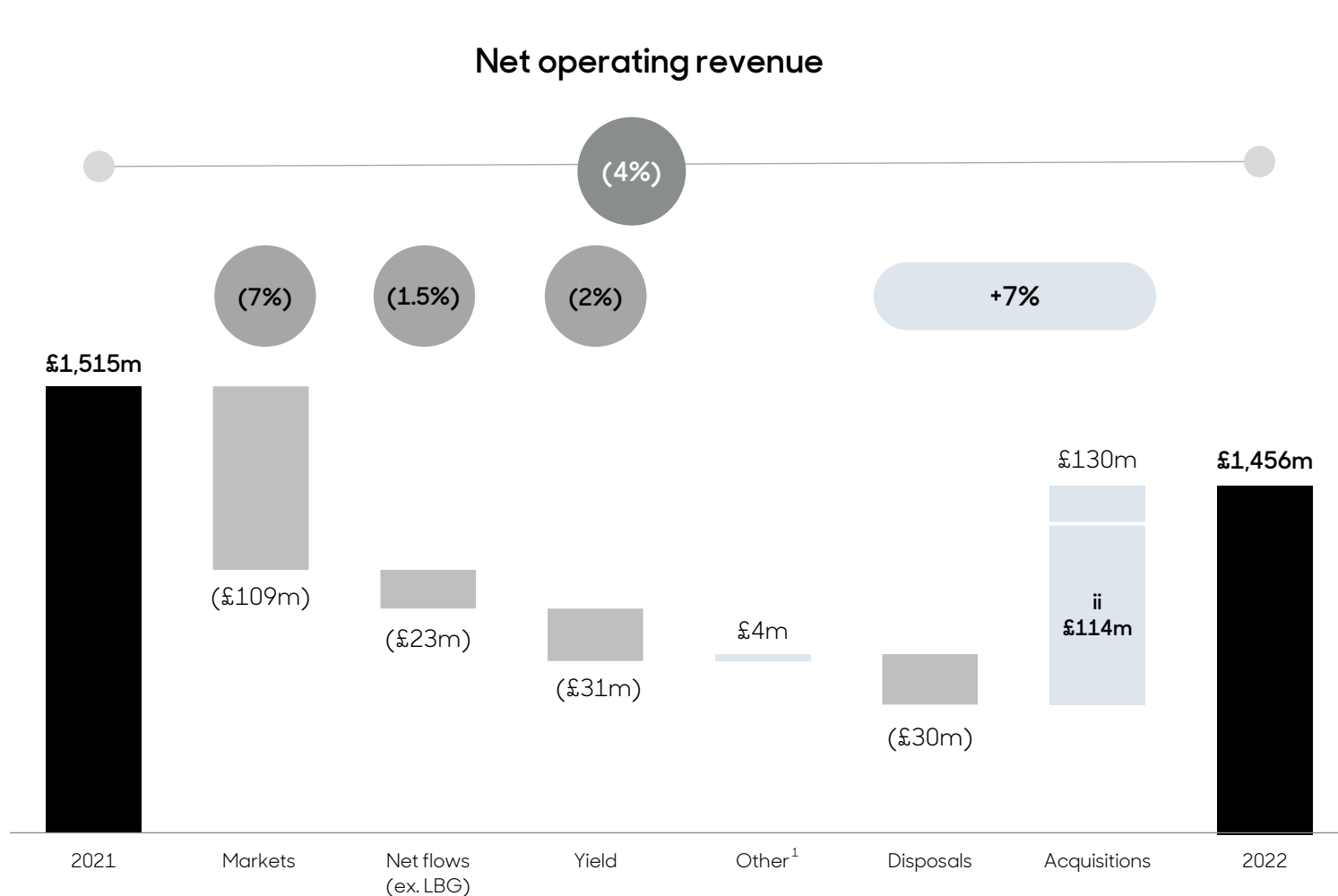
£6.6bn gross flows, 27% lower
Redemptions broadly stable, **c50%** of outflows relate to income
Net flows **59%** lower

Personal (pro forma 12 months ii)



ii net flows of **£3.6bn**, 38% lower than 2021 peak
Personal Wealth net flows 50% lower

Evolution of revenue

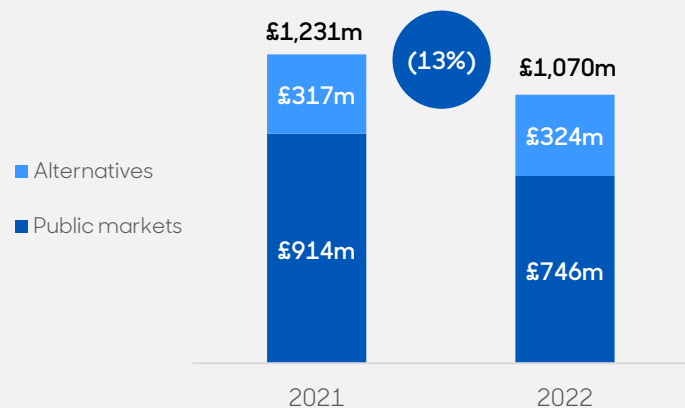


- 2022**
- Market impact (7%)
 - Net outflows impact (1.5%)
 - Mix lowers yield
 - M&A revenue accretive +7%
 - Cash margin impact +£68m, largely ii
- 2023**
- 12 months contribution from ii
 - Cash margin impact
 - Impact from markets and flows
 - Impact of Phoenix withdrawal, asset allocation and pricing changes
 - Fund rationalisation <£10m impact

¹ Other comprises FX (+£24m), Phoenix one-off (+£9m), performance fees (-£16m), LBG (-£9m), and other (-£4m)

Differing revenue dynamics by vector

Investments

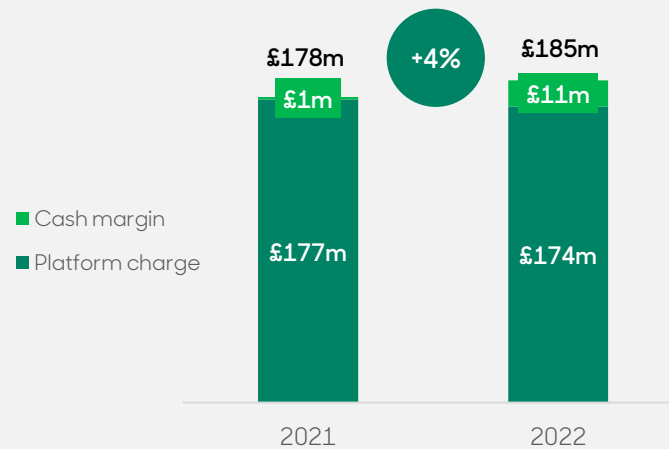


Public markets¹ (18%) lower largely due to equities and Insurance

Alternatives² +2% higher with full year from Tritax

Mix lowers overall yield 0.5bps to **25.4bps³**

Adviser

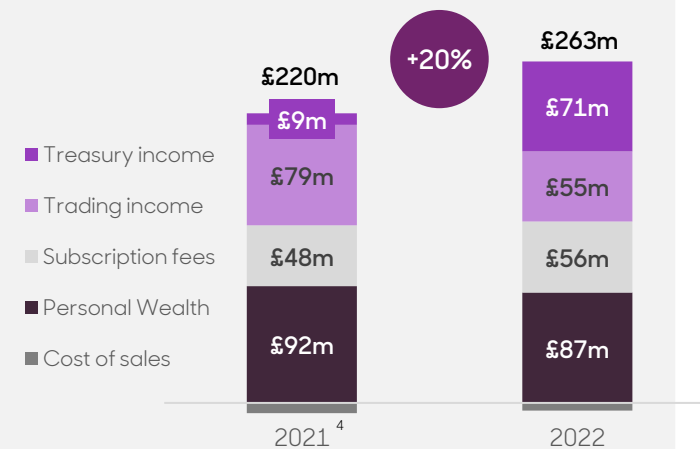


Cash margin average of **c85bps** on balances of c2% of AUA

Platform charge revenue reflects lower average AUA due to markets

Cash margin drives increase in yield to **26.1bps** (2021: 24.9bps)

Personal (pro forma 12 months ii)



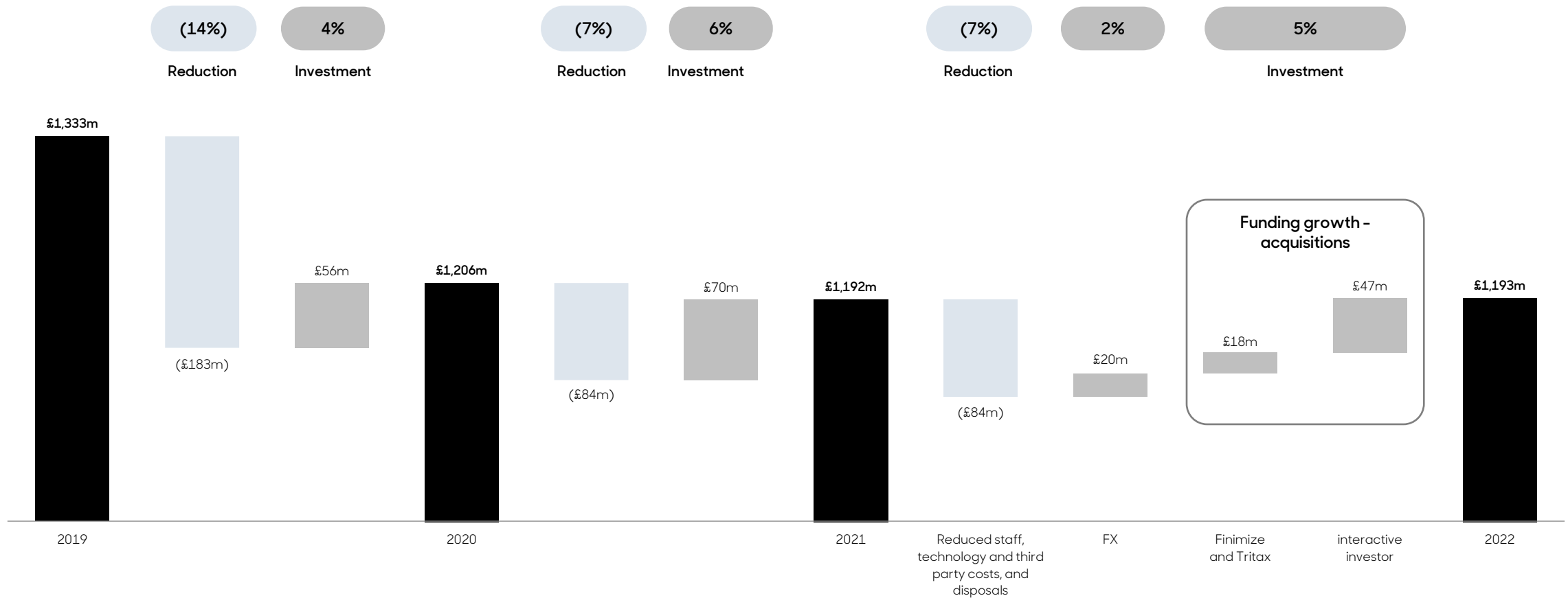
Cash margin average of **120bps** on c£.6bn balances

Trading revenue reflects muted customer activity

Subscription fees +17% due to increased average customer numbers

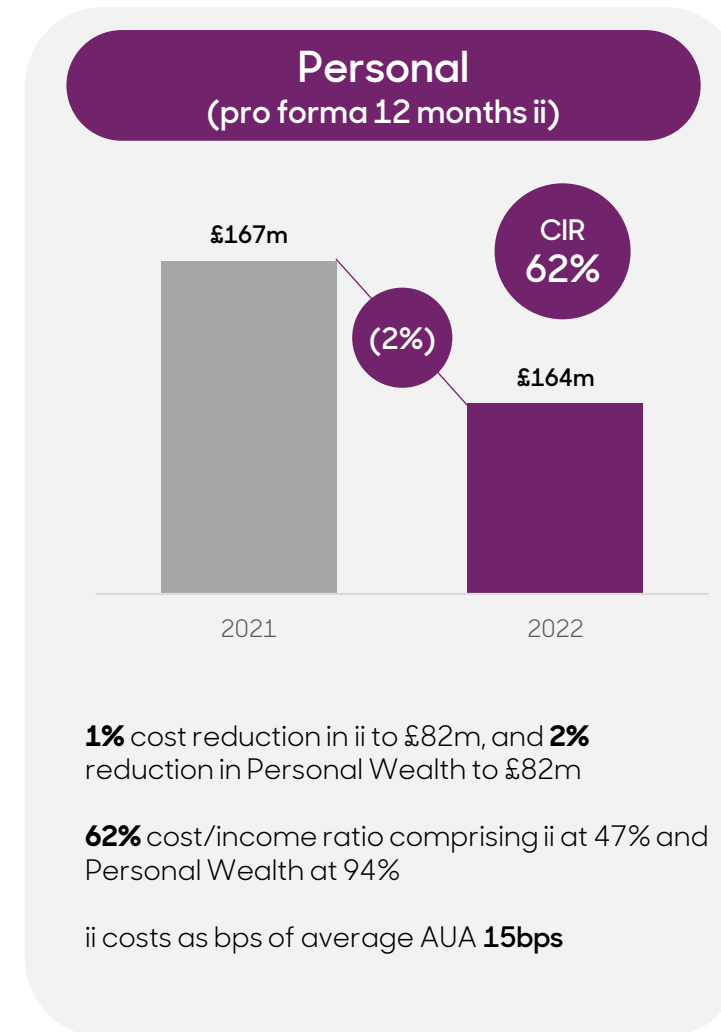
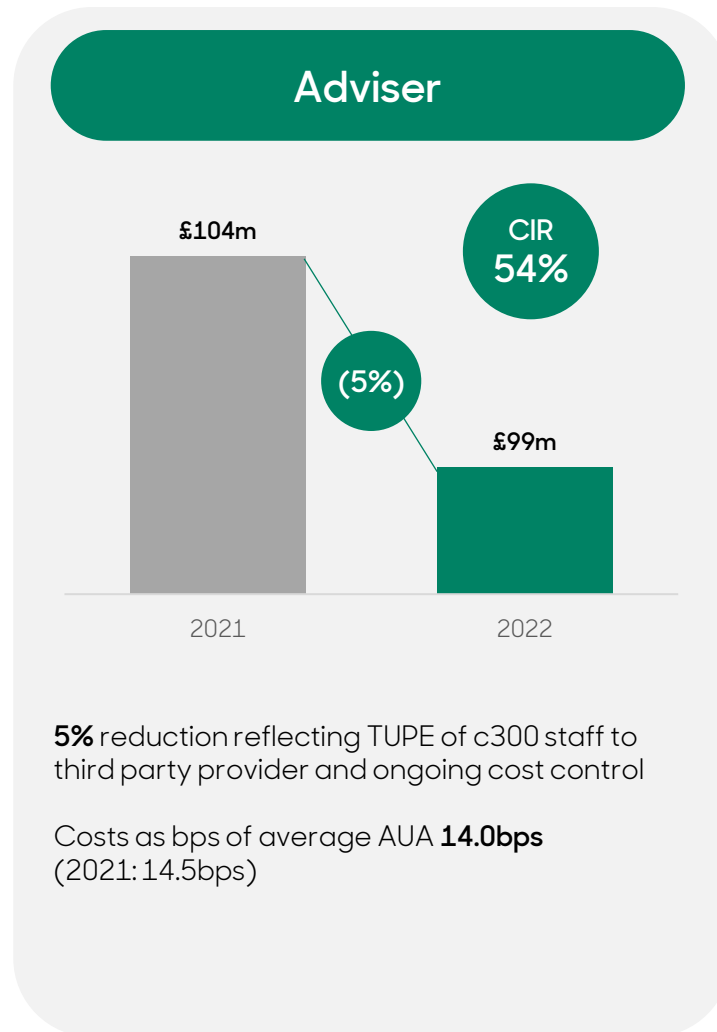
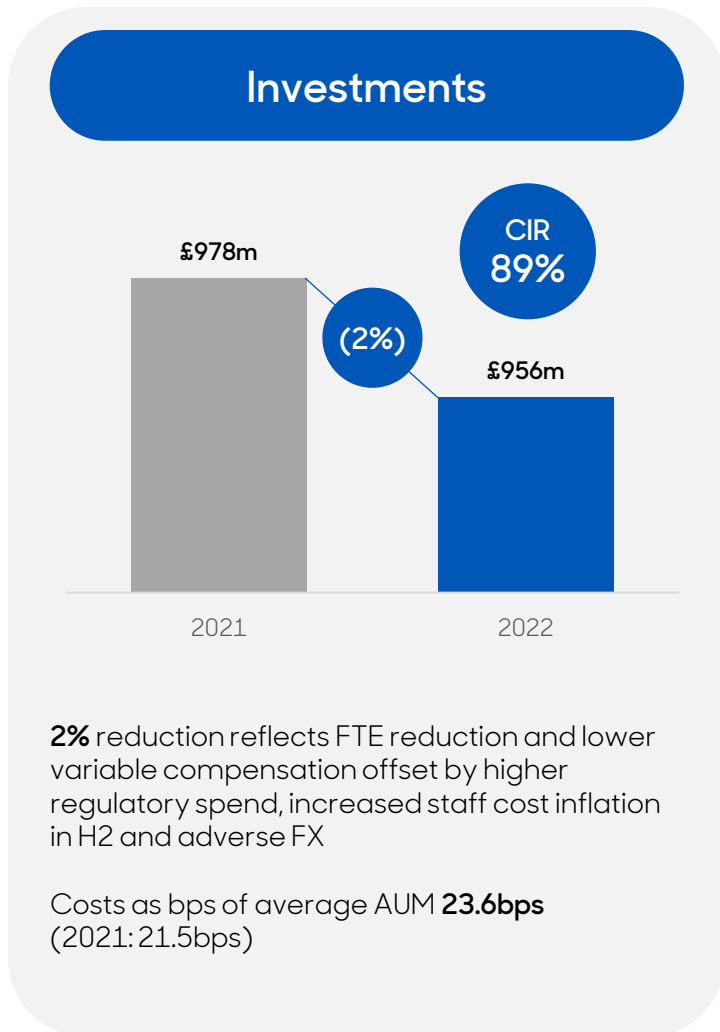
Personal Wealth **5%** lower due to lower market levels and yield

Cost management key to funding investment for growth



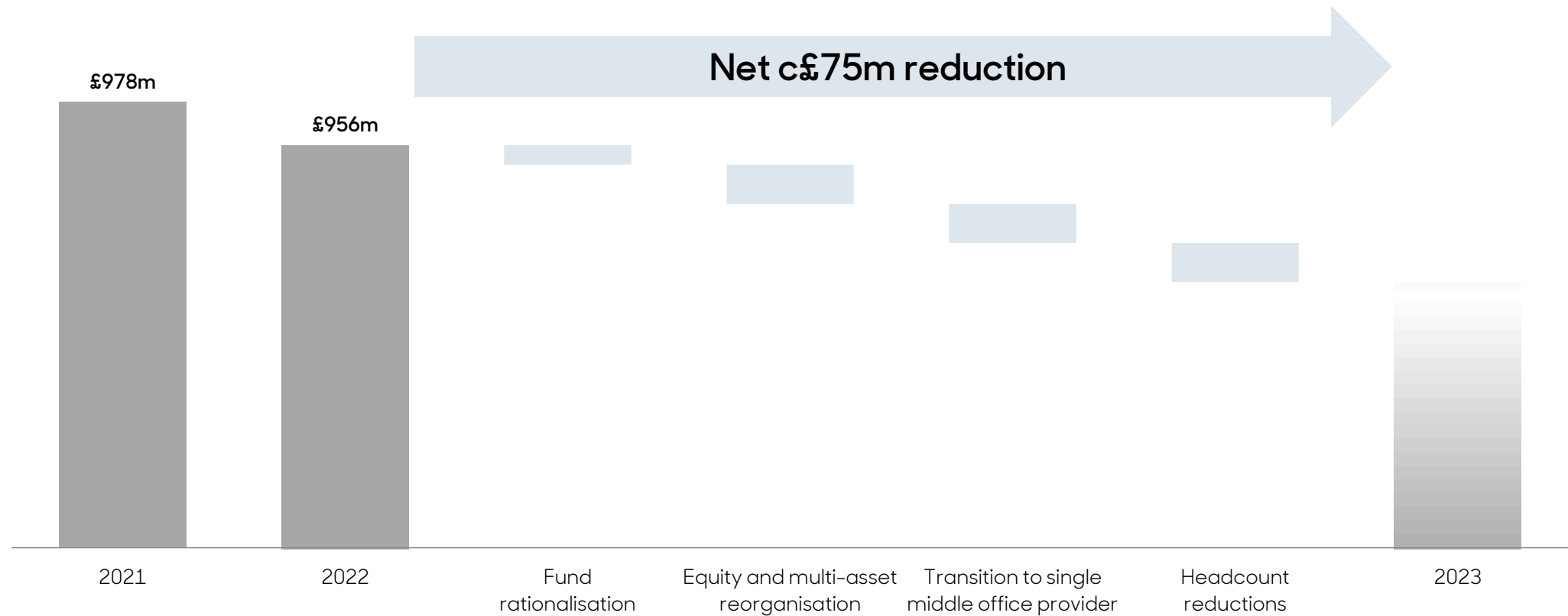
Movement in adjusted operating expenses

Cost efficiency by vector



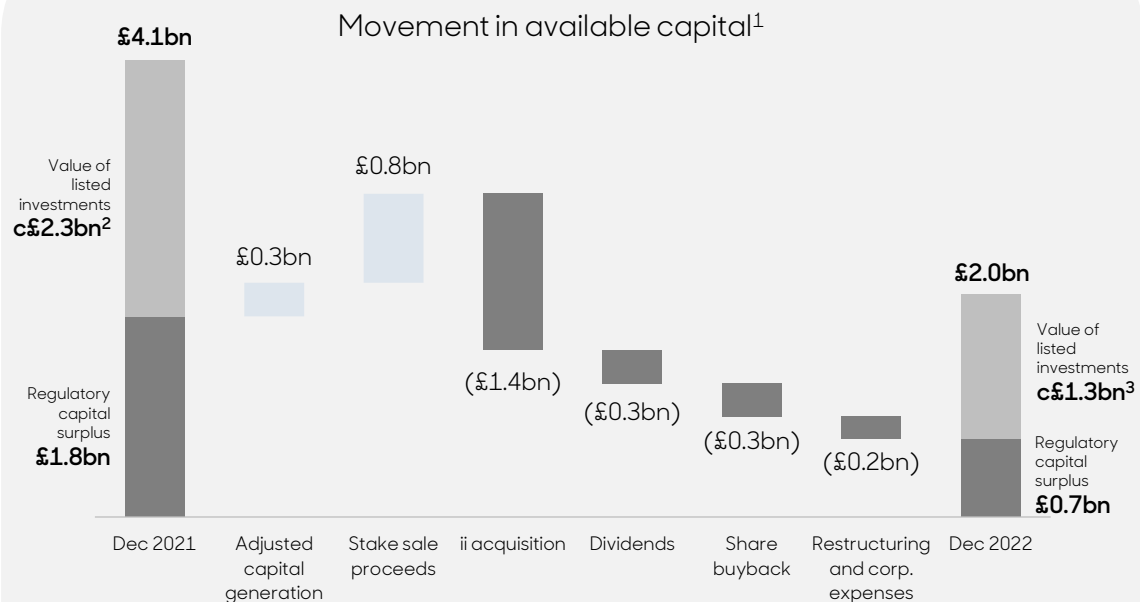
Cost actions in Investments to deliver refocused franchise

Net c£75m reduction in 2023 and before disposal of non-core assets



Continued financial discipline over our strong balance sheet

Deploying strong capital resources for growth



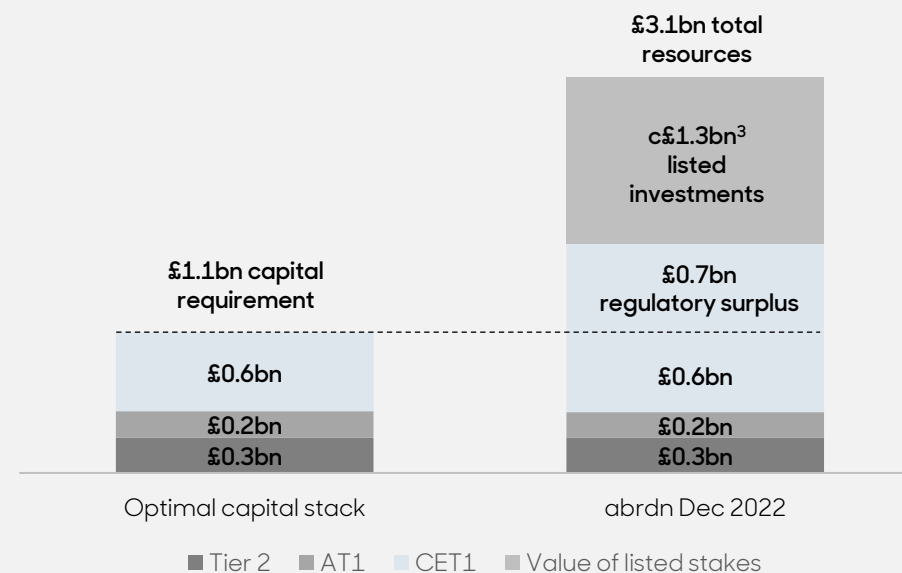
Generated **£1.1bn** of capital, deployed **£1.6bn**, returned **£0.6bn**

c£1.3bn of value in listed stakes not included in capital position³

£1.7bn cash and liquid resources

£300m share buyback completed, benefitting adjusted diluted EPS by **3%**

Delivering efficient capital stack

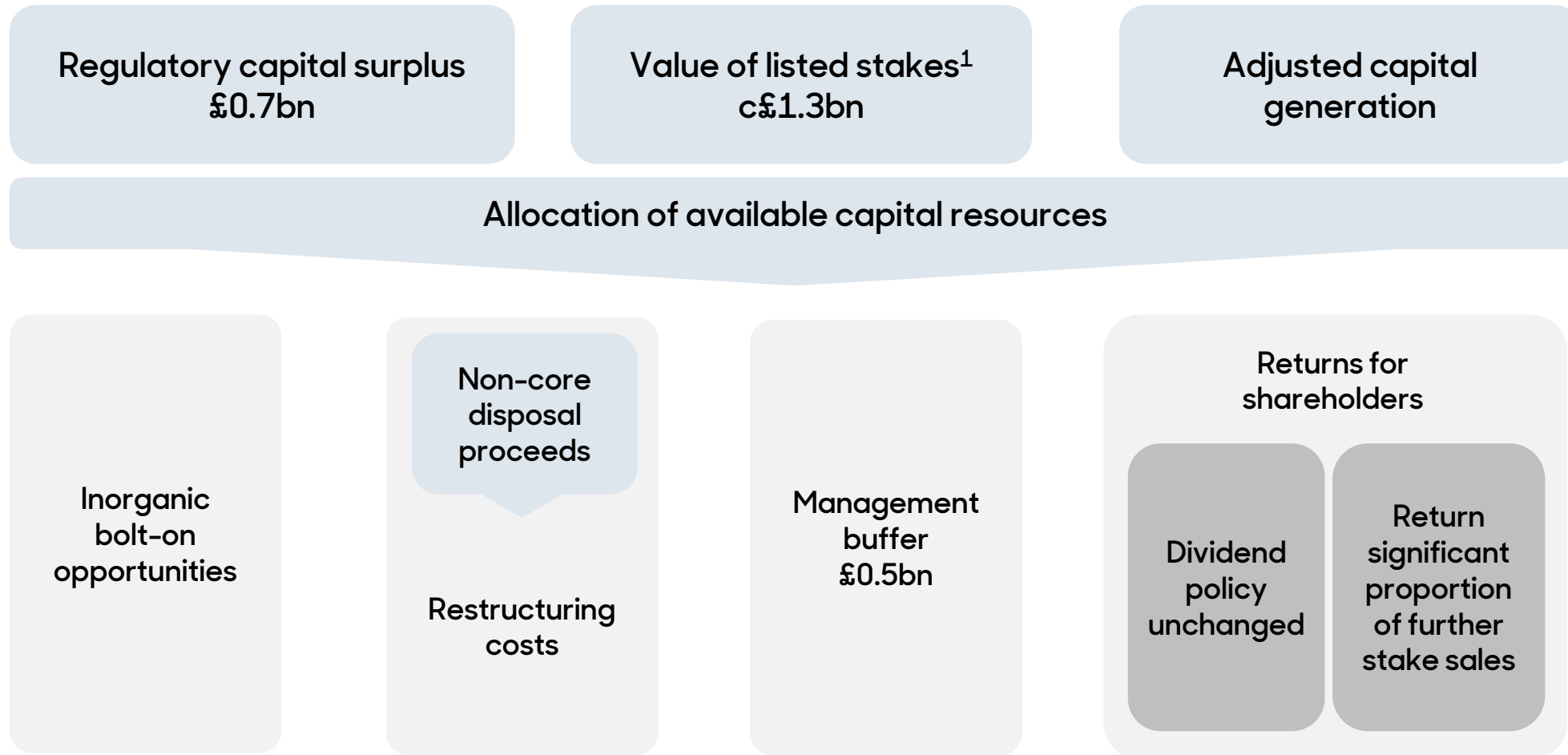


£92m non-qualifying Tier 2 debt repurchased – no capital impact

Issued **£210m** AT1 debt at fixed 5.25% rate

Debt stack optimised for funding needs

Clear approach to capital generation and allocation



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Creating a **stronger** business model

Refocusing Investments, poised to capitalise 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



Appendix

Investments

	FY 2022	FY 2021	Change
Net operating revenue	£1,070m	£1,231m	(13%)
Adjusted operating expenses	(£956m)	(£978m)	(2%)
Adjusted operating profit	£114m	£253m	(55%)
Cost/income ratio	89%	79%	+10ppts
Net operating revenue yield ¹	25.4bps	25.9bps	(0.5bps)
Gross flows	£59.3bn	£63.4bn	(6%)
Net flows	(£41.0bn)	(£10.6bn)	(287%)
Net flows (ex. liquidity)	(£37.8bn)	(£7.6bn)	(397%)
Net flows (ex. LBG and liquidity)	(£13.4bn)	(£7.6bn)	(76%)
AUM	£376bn	£464bn	(19%)

Adviser

	FY 2022	FY 2021	Change
Net operating revenue	£185m	£178m	+4%
Adjusted operating expenses	(£99m)	(£104m)	(5%)
Adjusted operating profit	£86m	£74m	+16%
Cost/income ratio	54%	58%	(4ppts)
Net operating revenue yield	26.1bps	24.9bps	+1.2bps
Gross flows	£6.6bn	£9.1bn	(27%)
Net flows	£1.6bn	£3.9bn	(59%)
AUA	£69bn	£76bn	(10%)

Personal

	Personal Wealth	ii (7 months)	FY 2022	FY 2021	Change
Net operating revenue	£87m	£114m	£201m	£92m	+118%
Adjusted operating expenses	(£82m)	(£47m)	(£129m)	(£84m)	+54%
Adjusted operating profit	£5m	£67m	£72m	£8m	+800%
Cost/income ratio	94%	41%	64%	91%	(27ppts)
Net operating revenue yield ¹	59.2bps	-	59.2bps	61.0bps	(1.8bps)
Gross flows	£1.5bn	£4.1bn	£5.6bn	£1.7bn	+229%
Net flows	£0.3bn	£1.6bn	£1.9bn	£0.6bn	+217%
AUMA	£13.1bn	£54.0bn	£67.1bn	£14.4bn	+366%

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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.

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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.

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