

# **abrdn plc**

# **Full year results 2021**

**1 March 2022**

# Welcome

## Agenda

Delivering on our  
strategy for growth

Stephen Bird

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Financial progress  
and capital  
discipline

Stephanie Bruce

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Driving growth and  
shareholder returns

Stephen Bird

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Q&A session

Stephen Bird  
Stephanie Bruce  
René Buehlmann  
Noel Butwell  
Caroline Connellan  
Chris Demetriou

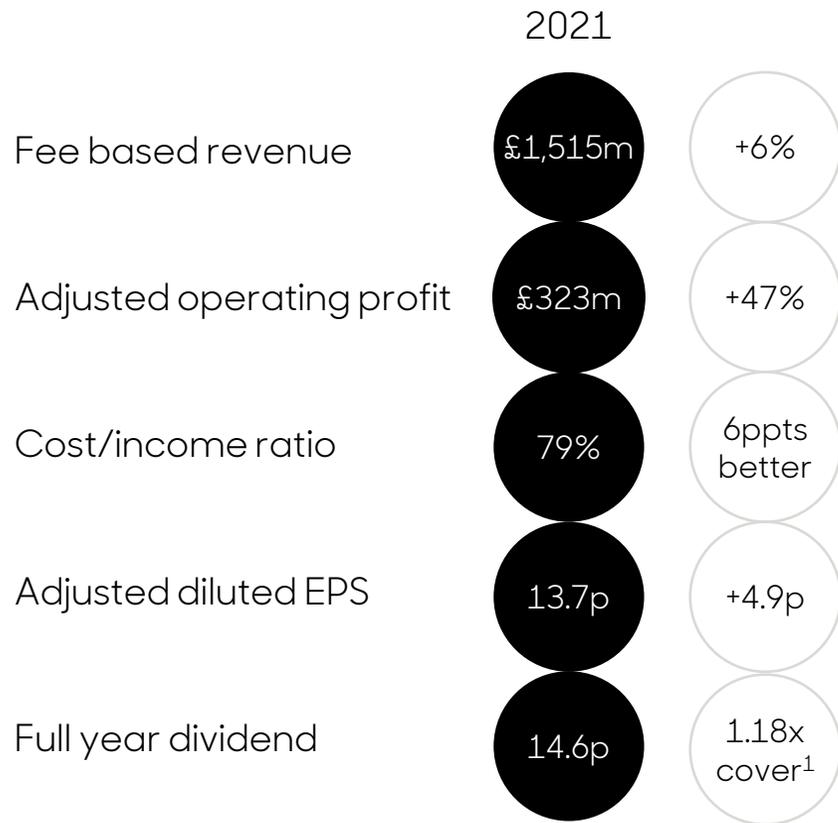


**Stephen Bird**  
Chief Executive Officer



**Stephanie Bruce**  
Chief Financial Officer

# Delivering on our strategy for growth

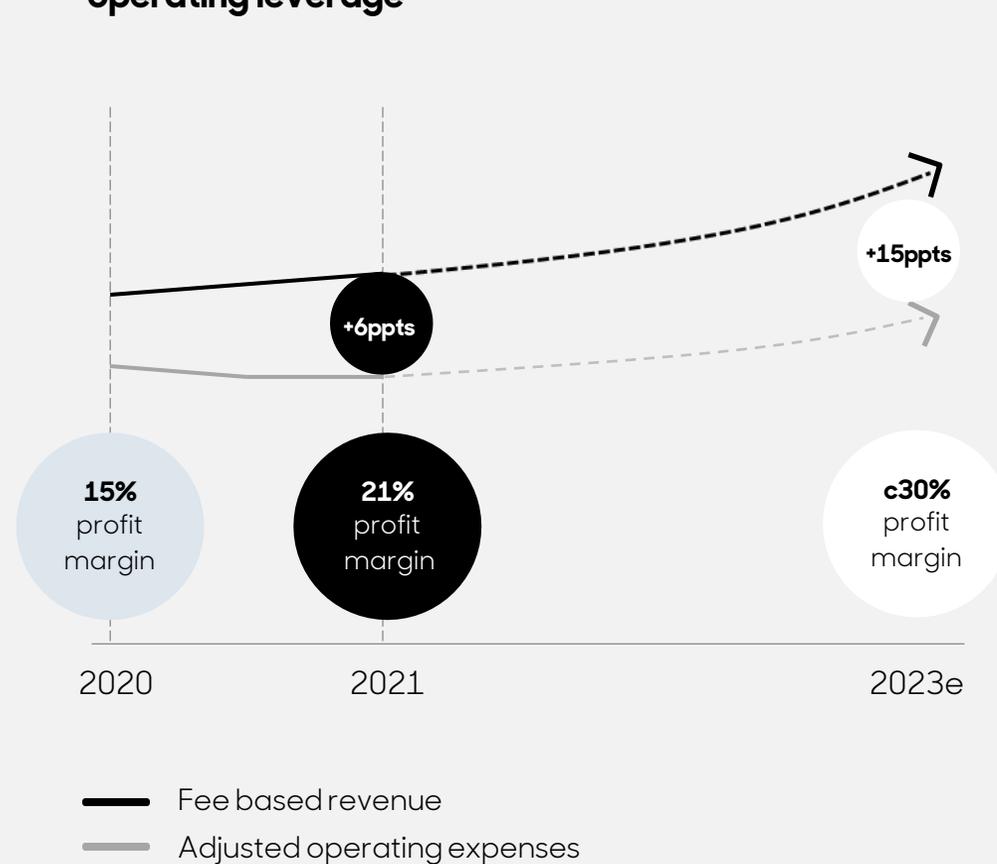


## 2 | abrdn plc

All movements shown in this presentation are compared to Full year 2020 unless otherwise stated <sup>1</sup> Dividend cover on an adjusted capital generation basis

Arresting revenue decline and improving operating leverage

A global investments company



High single digit 3-year revenue CAGR 2020-2023

Improvement in cost/income ratio

Exiting 2023 at c70% CIR

Illustrative only - Not to scale

Forward looking outlook excludes interactive investor

# Strong progress in 2021

## Enablers

Extended and simplified relationship with Phoenix

Sold non-core assets

Simplified management operating model

Completed investment platform integration

Launched new unified brand

## Growth

Focusing on core global investment strengths

Capitalising on our No. 1 position in UK adviser platform market<sup>1</sup>

Building real scale in the Personal vector

Expanding our future facing capabilities

## Capital strength and strategic optionality

Dividend **1.18x** covered<sup>2</sup>

Generated **£1.6bn** of capital

**£0.8bn** of capital deployed to drive growth and shareholder returns

# Our client-led strategy for growth

Our purpose and strategy

We enable our clients to be better investors

To deliver client-led growth



We harness the power of **time**



We leverage **technology** to connect



The curiosity of our **talent** creates opportunity

Three distinct, connected vectors

Investments

Adviser

Personal 

Institutional • Wholesale • Insurance

Regional and national financial advisers • Discretionary fund managers

Individuals • Charities and trustees • Intermediaries

Clear strategic priorities

Growth in Asia

Private markets

Sustainability

Solutions

UK adviser and consumer markets

Enablers

Finish transformation

Business simplification

Brand clarity

Operating leverage

Stewardship of capital

# The power of a client focused business model

## Investments

**5%** revenue growth

**36%** increase in adjusted operating profit

**Improving flows position**

## Adviser

**30%** revenue growth

**54%** increase in adjusted operating profit

**Doubled net flows** to £3.9bn

## Personal

**15%** revenue growth

**£8m** adjusted operating profit

**Record net flows** £0.6bn

**Growth across all three vectors**  
**Revenue • Profitability • Flows**

# Global investment strengths

## Core strengths with scale and competitive advantage

### Asia and EM

Leading active Asian and EM asset manager

>£100bn<sup>1</sup>

### Real assets

Top 5 European real estate investment manager

£48bn  
AUM

### Solutions

Customising investment outcomes for strategic partners

£176bn  
Phoenix  
AUM

### UK wealth

A leading UK domestic asset manager

£120bn  
AUM<sup>2</sup>

### ESG

Driving our strength in sustainability to capitalise on client demand

### Investment performance

3 and 5 year performance stable at **67%**  
1 year impacted by value rotation and emerging markets

# Driving growth

## Investments

**Strength in Asia and emerging markets** – expanding distribution and manufacturing in Asia

**High performing real assets** – leveraging logistics, infrastructure and residential

**Product innovation** across sustainability, thematic and wealth solutions

**Growing with Phoenix** – partnering on low cost pension solutions for retail

**£11.3bn** pipeline<sup>1</sup>

**67%** AUM ahead of benchmark over 3 years

**131** Morningstar 4/5 rated funds

## Adviser

**Constant improvement** in adviser experience

**New technology** enables advisers to be more effective

Rolling out **new services and capabilities**

**No. 1** in UK adviser platform market<sup>2</sup>

**3ppt** increase in primary positions<sup>3</sup>

**96%** client retention for our primary partners

## Personal

**Transforming scale** with interactive investor, the No. 2 market disruptor

**Grow reach** of our emerging digital solutions

**Top quartile** performance drives scale in discretionary investment management

Record **£14bn** AUMA

**14%** growth in total Personal clients<sup>4</sup>

**95%** client retention for our financial planning clients

abrdn  
Research Institute

Connecting digital insight across abrdn



# Driving growth - interactive investor

**No.1 subscription-based** direct investment platform – AUA c£59bn<sup>1</sup>

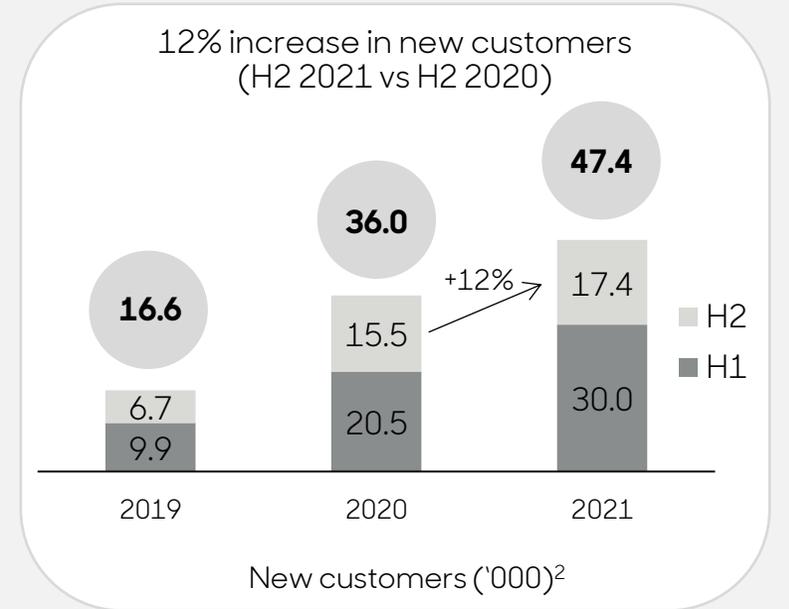
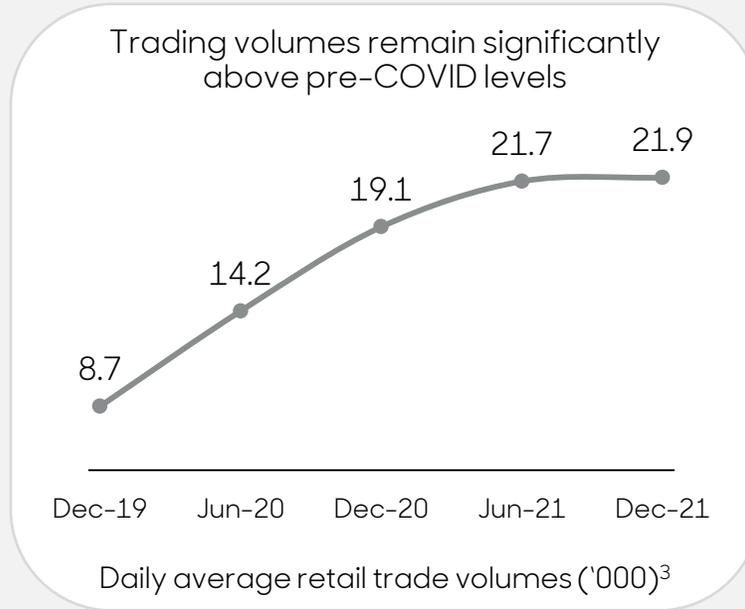
**No.2** in directing investing platform market by AUA, a market growing at c17% p.a. to 2025<sup>4</sup>

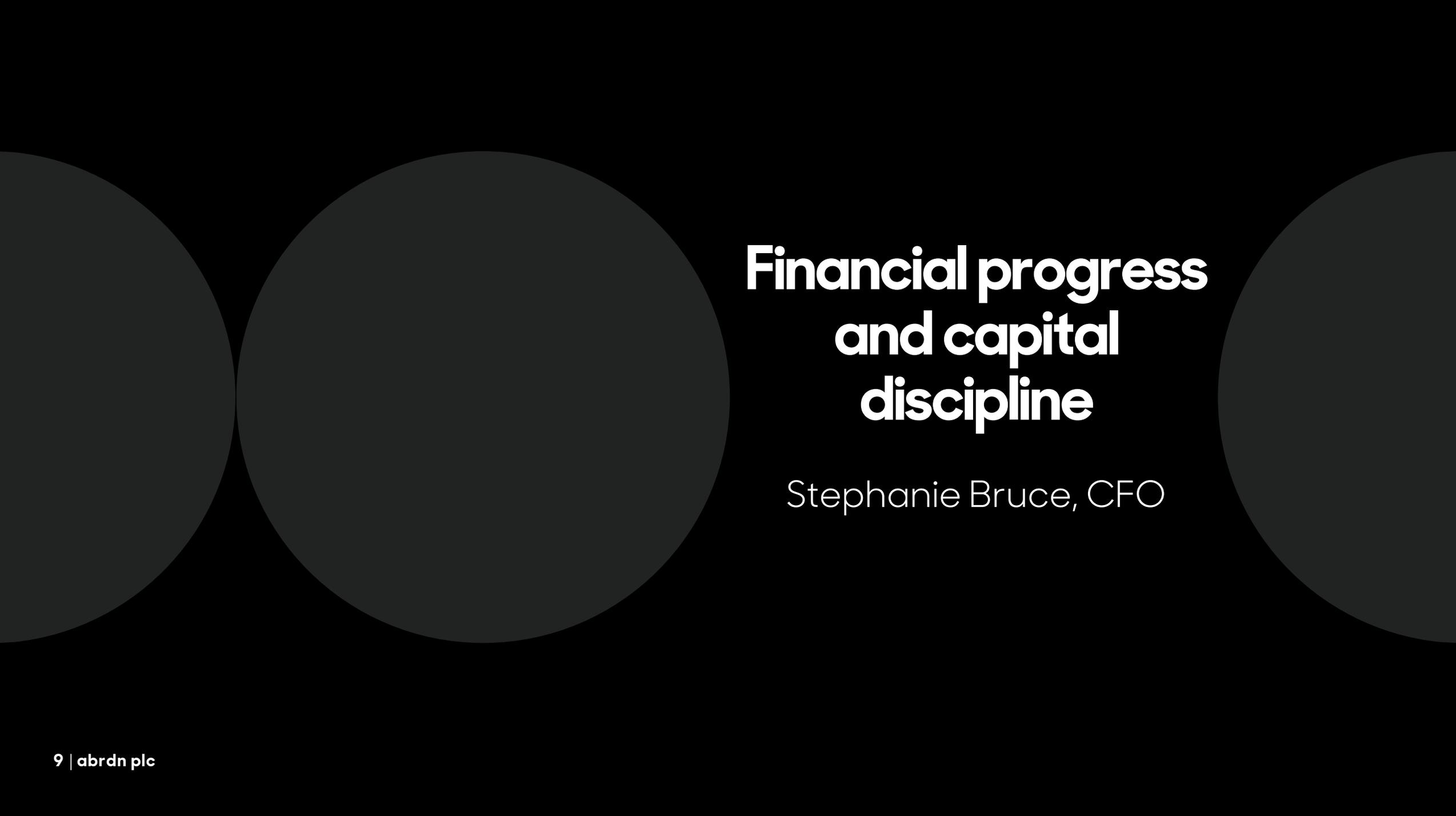
High growth business with **34% margin**<sup>5</sup>, the transaction is expected to be **double-digit earnings accretive**<sup>6</sup> to abrdn

**Co-development** of investment solutions with abrdn Investment vector



Transforming the Personal vector

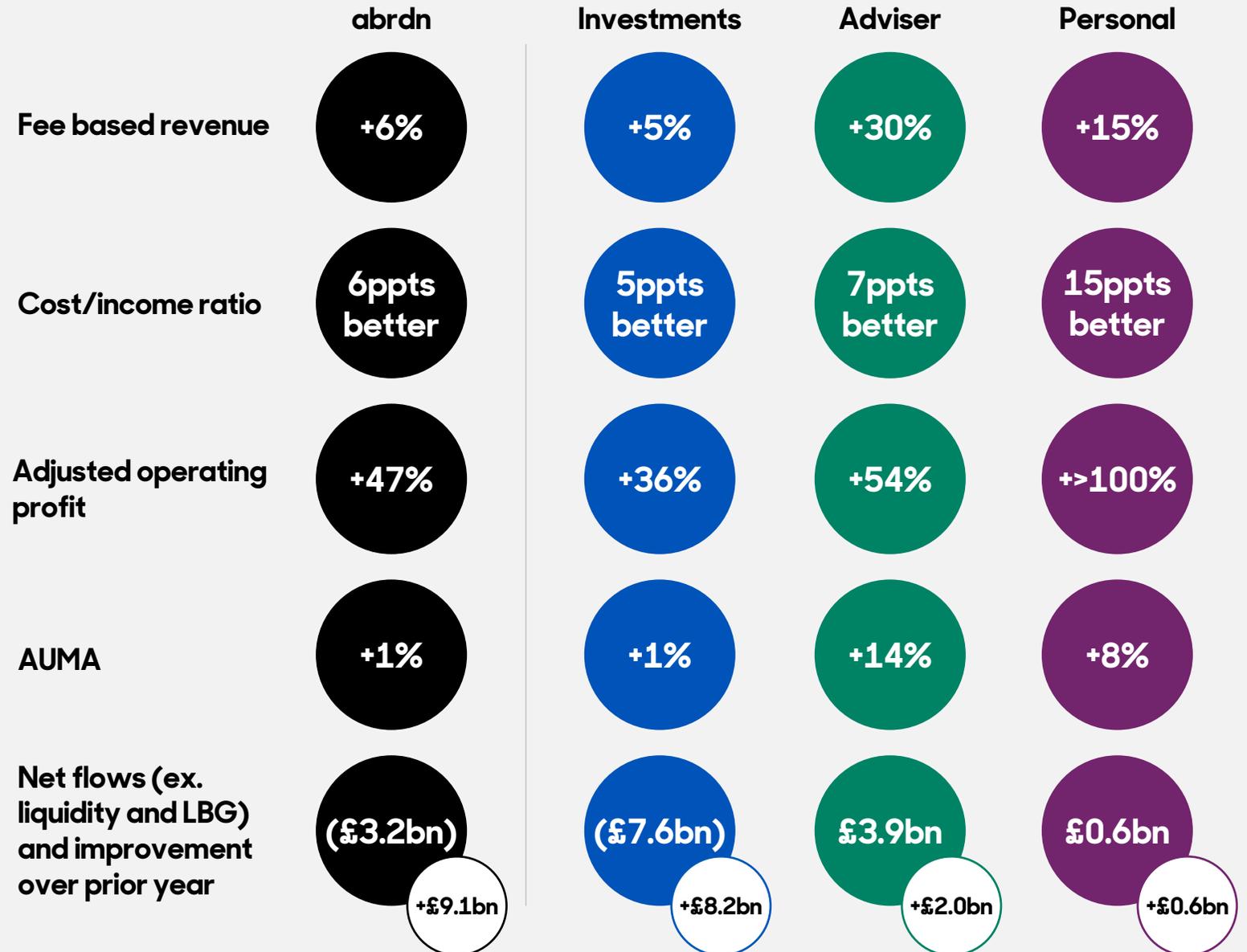




# Financial progress and capital discipline

Stephanie Bruce, CFO

# Financial strength underpins delivery of our strategy



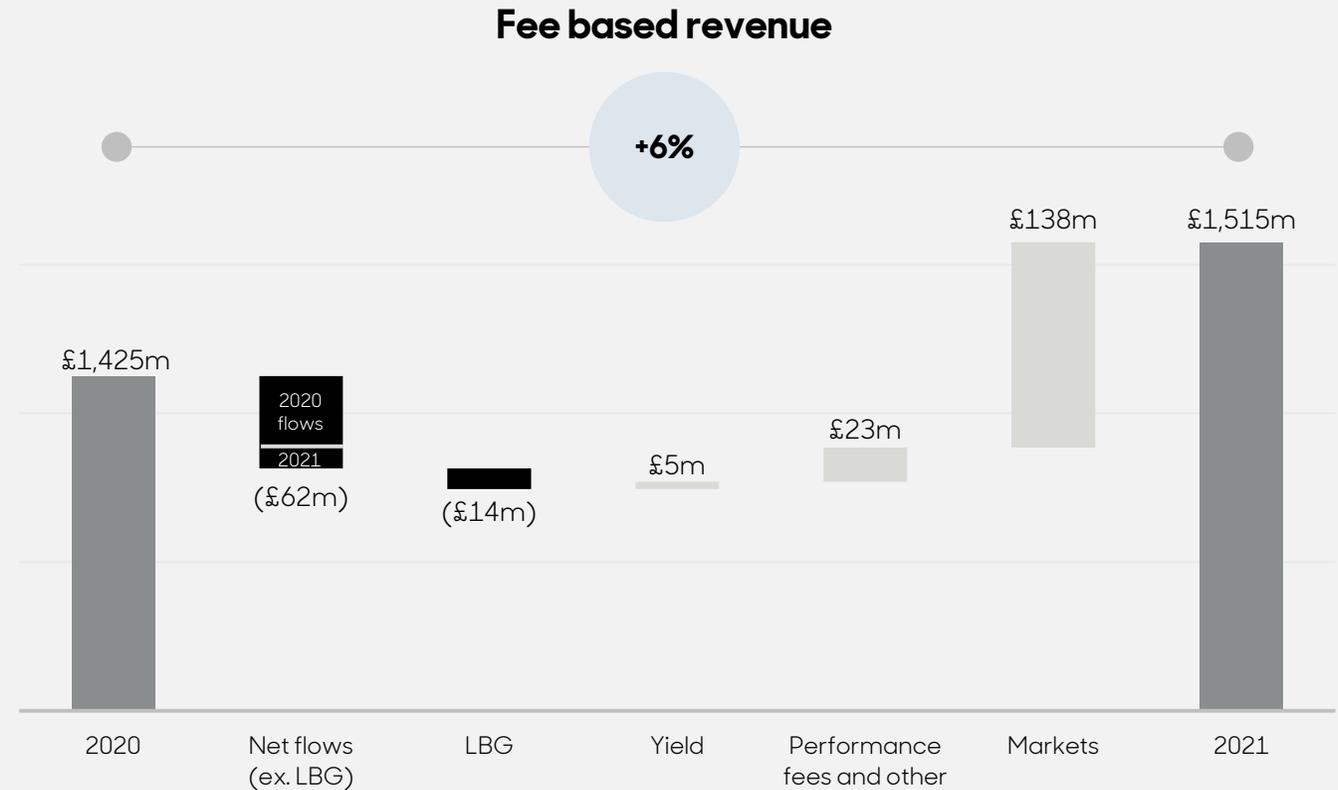
# Arresting the decline in revenue

First revenue increase in five years

Diminishing impact from net outflows – in year impact now (<0.5%)

Yield stable at 27.3bps

Positive markets and £16m higher performance fees



# Improving momentum in flows



Institutional and Wholesale – best net flows in 5 years<sup>1</sup>

Insurance – improved bulk purchase annuity and deal flows in H2

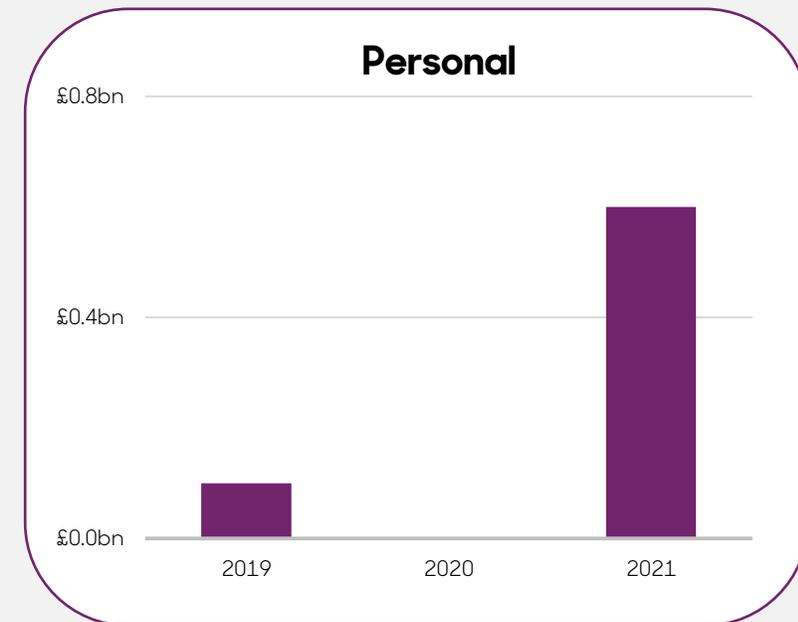
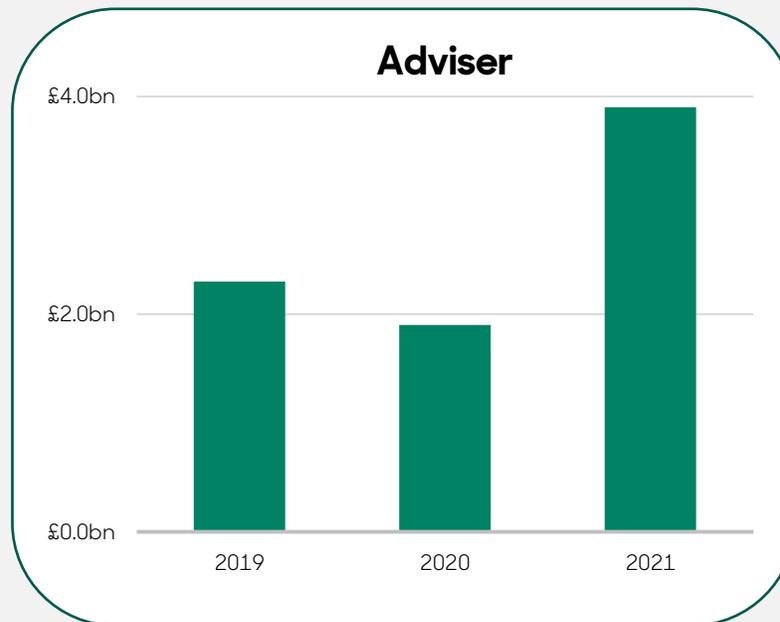
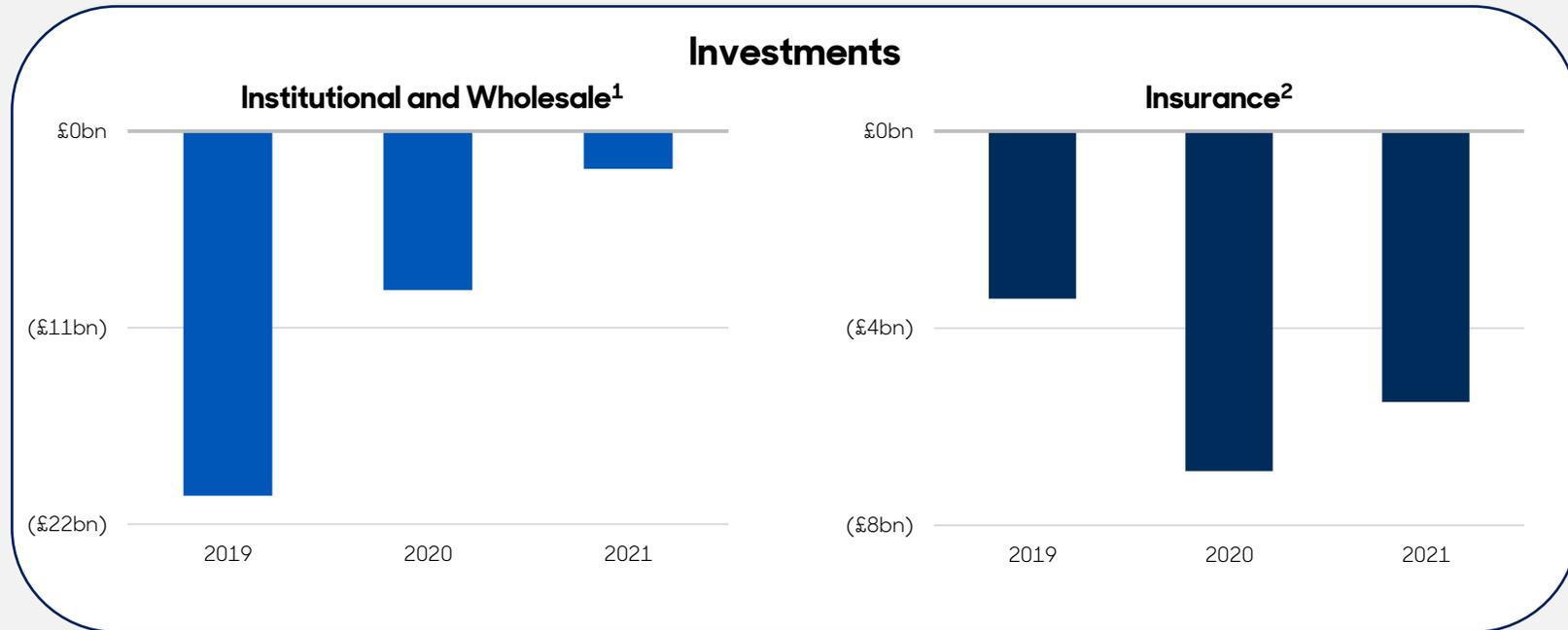


Highest net flows in 3 years



Record net flows

## Net flows



# Reshaping the cost base

Delivering efficiency which drives:

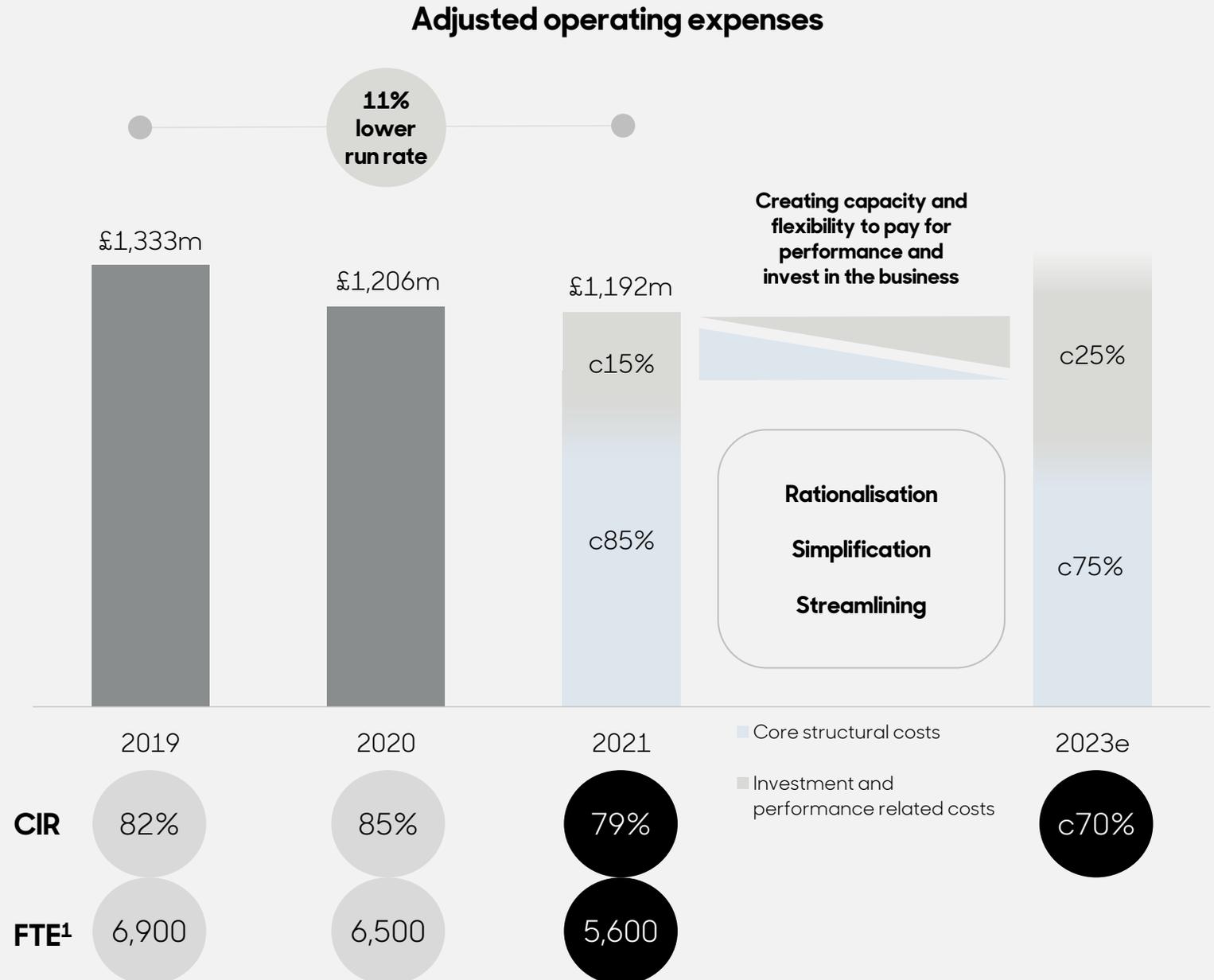
- operating margin of 30% exiting 2023
- ability to pay for performance and make further investment in the business

Reshaping in 2021:

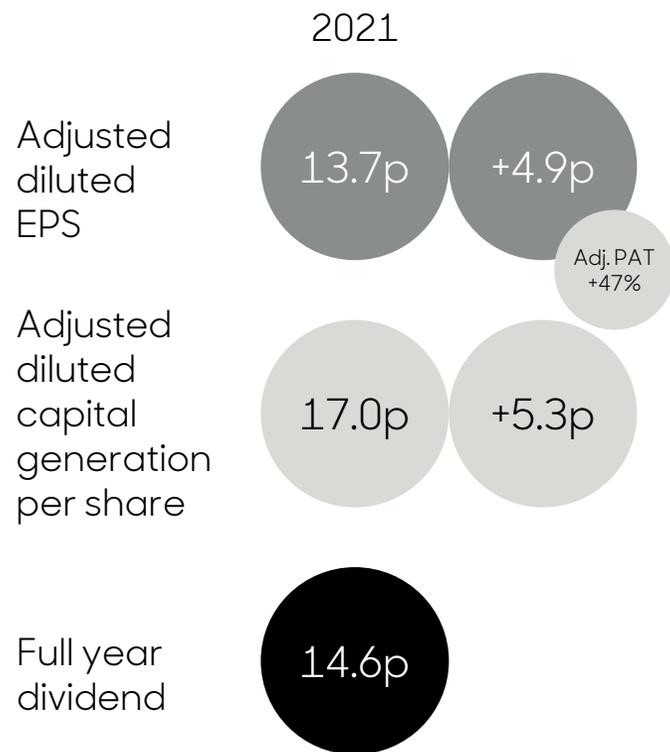
- 7% reductions – FTE, non-core disposals, lower servicing costs
- 6% invested – acquisitions, ESG, brand and reward

Turnaround plan underway in Investments:

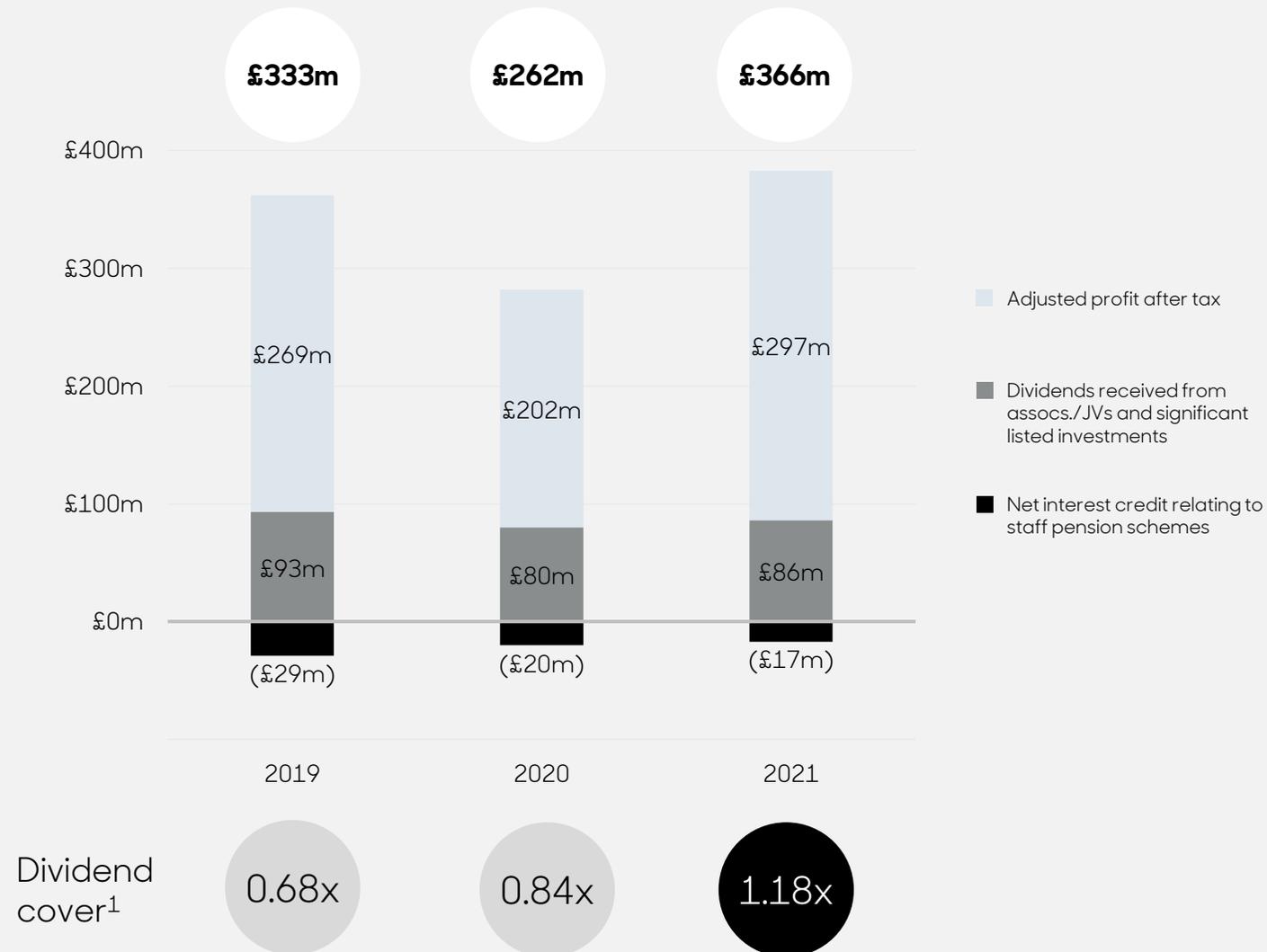
- accelerates reshaping of the structural cost base in UK
- further focus on rationalisation, simplification and streamlining



# Strengthening dividend cover



## Adjusted capital generation



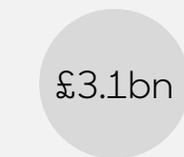
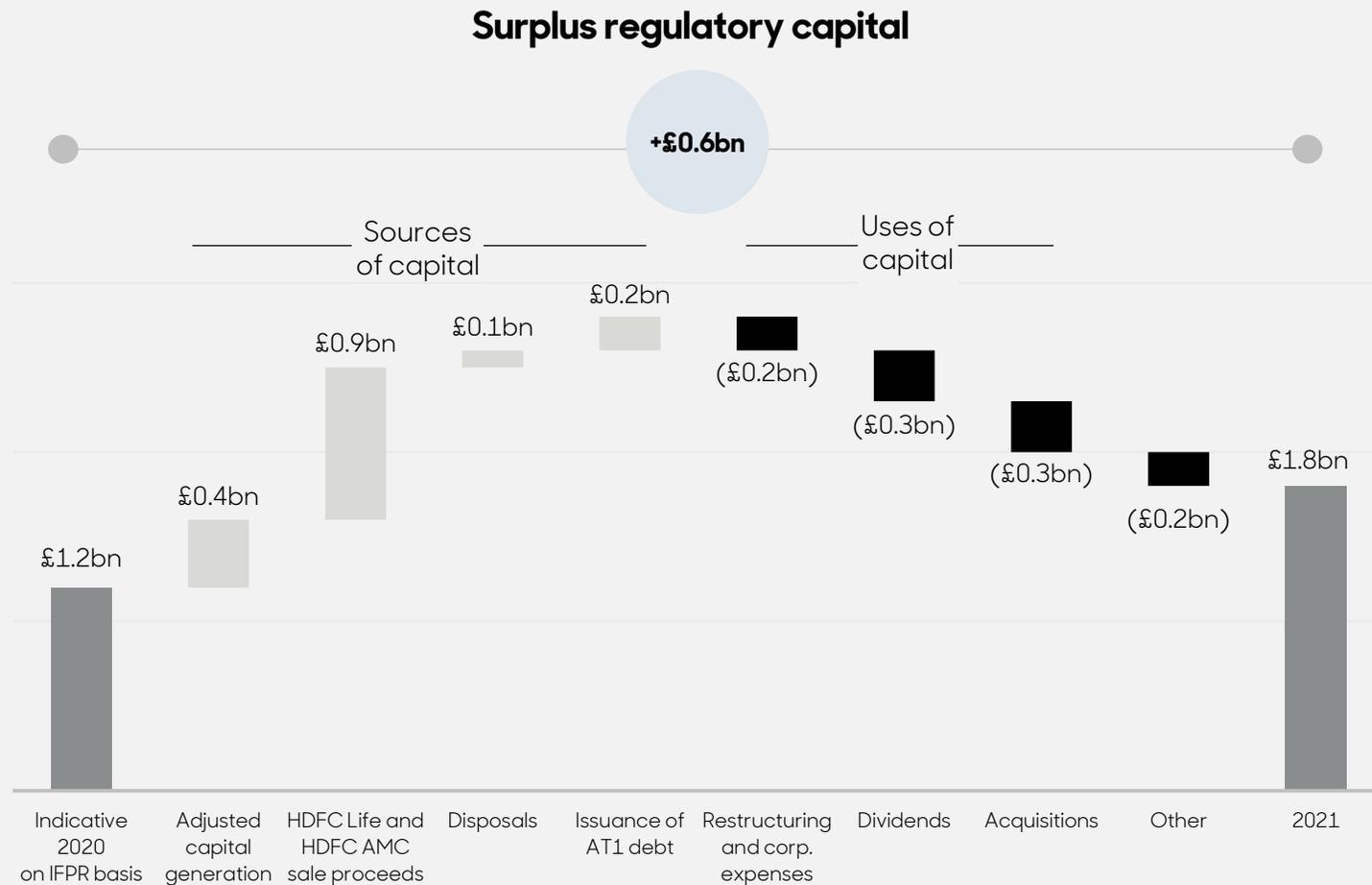
# Disciplined management of capital

Realised value from stake sales and disposals of non-core assets

First investment savings company to raise AT1 efficient capital

Capital targeted to growth – private markets and digital

50% increase in IFPR surplus, together with capital in stakes



Cash and liquid resources



Total regulatory capital resources

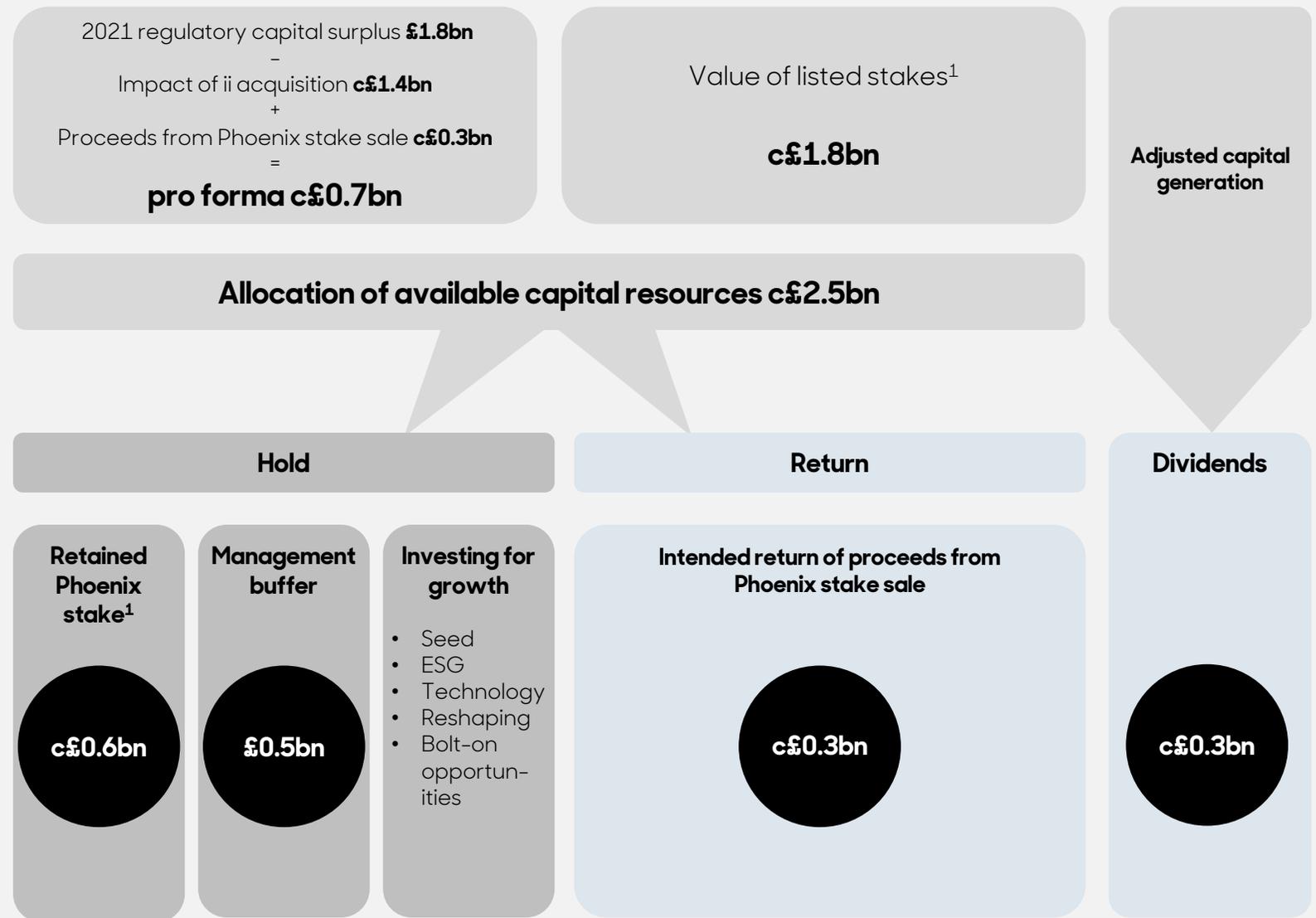


Total regulatory capital requirement



Value of listed stakes excluded from IFPR capital position<sup>1</sup>

# Disciplined approach to capital allocation





# Driving growth and shareholder returns

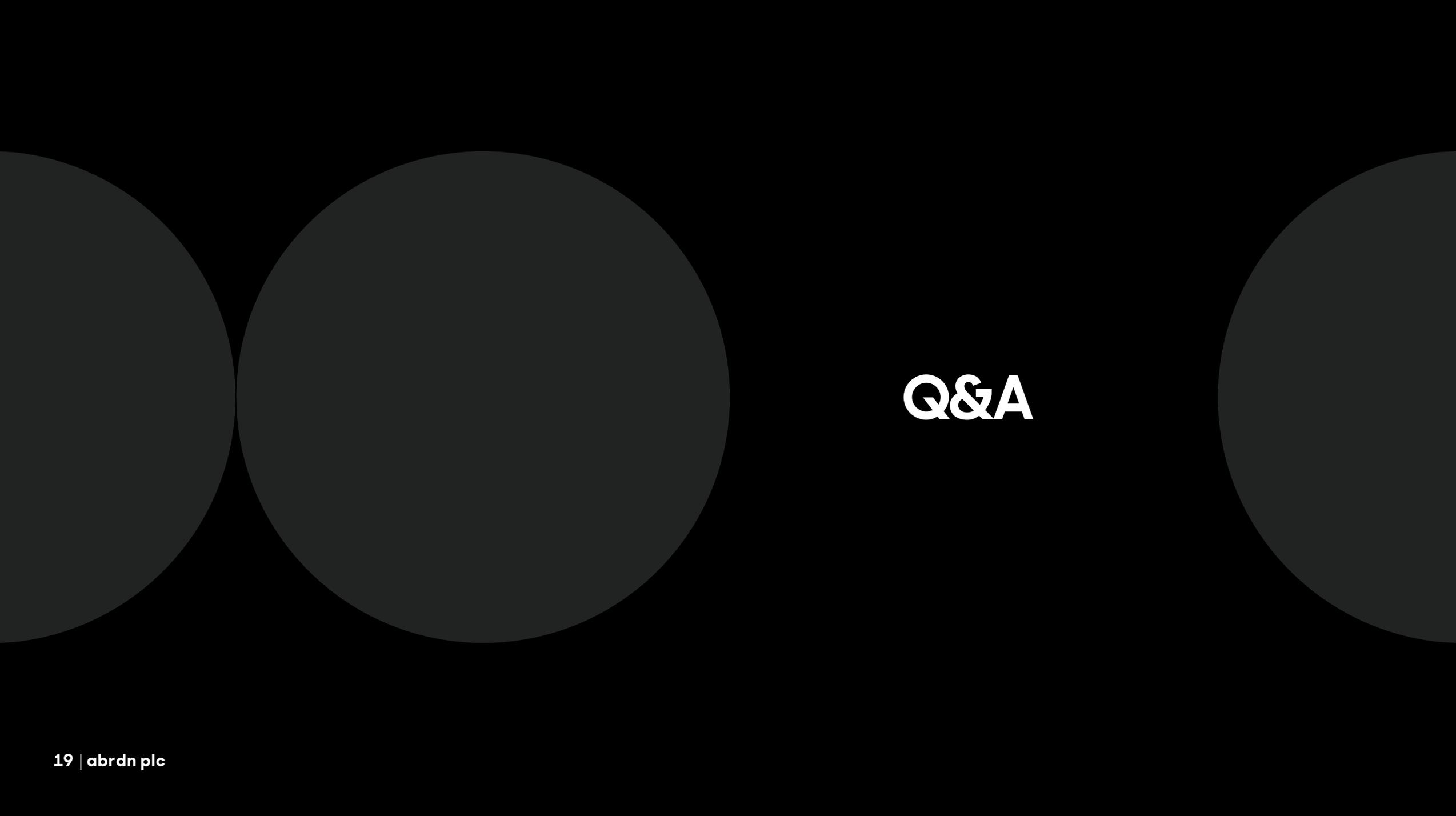
Stephen Bird, CEO

# Driving growth and shareholder returns

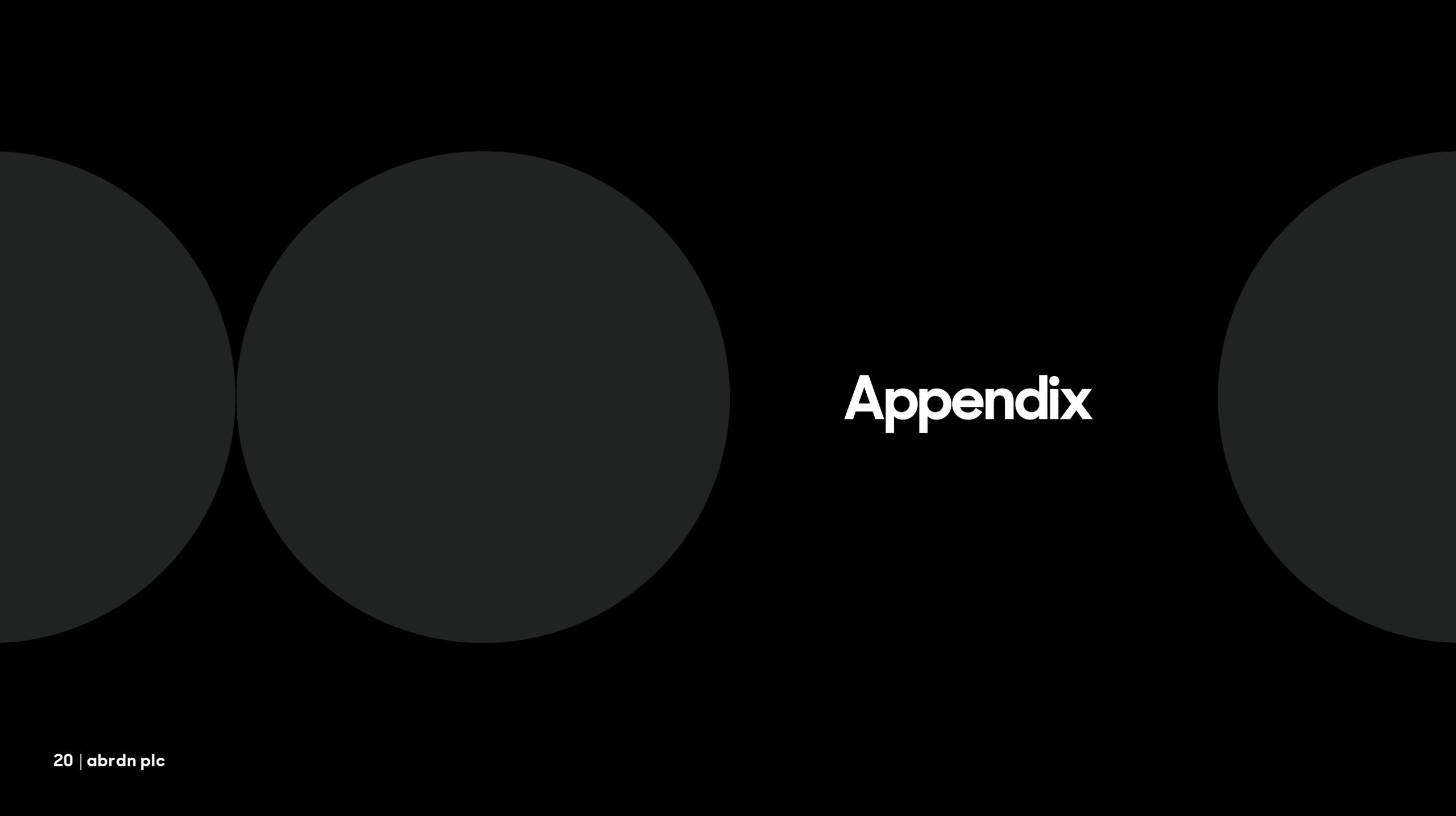
**Strong progress in first year of strategy to return business  
to long term sustainable client-led growth**

**Disciplined approach to capital to drive growth and shareholder value**

**Driving momentum into year two with clear leadership, focus and execution**

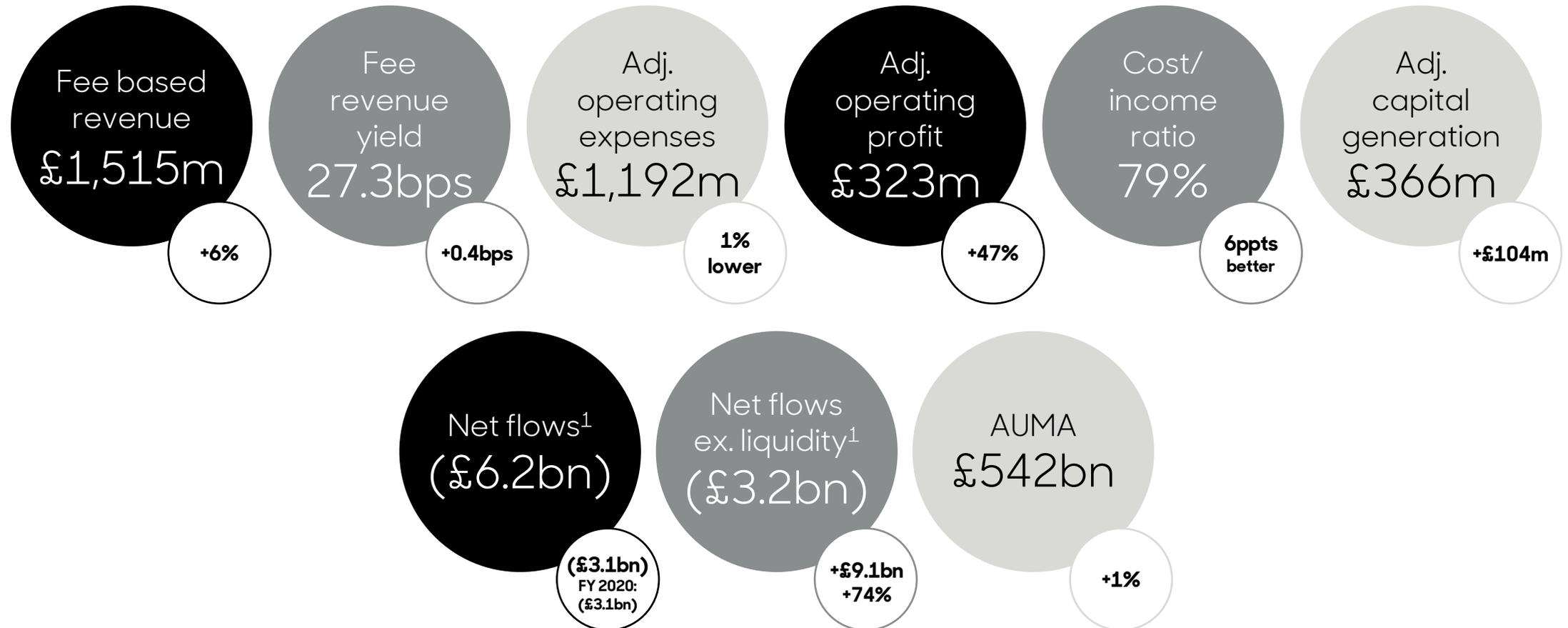


# Q&A

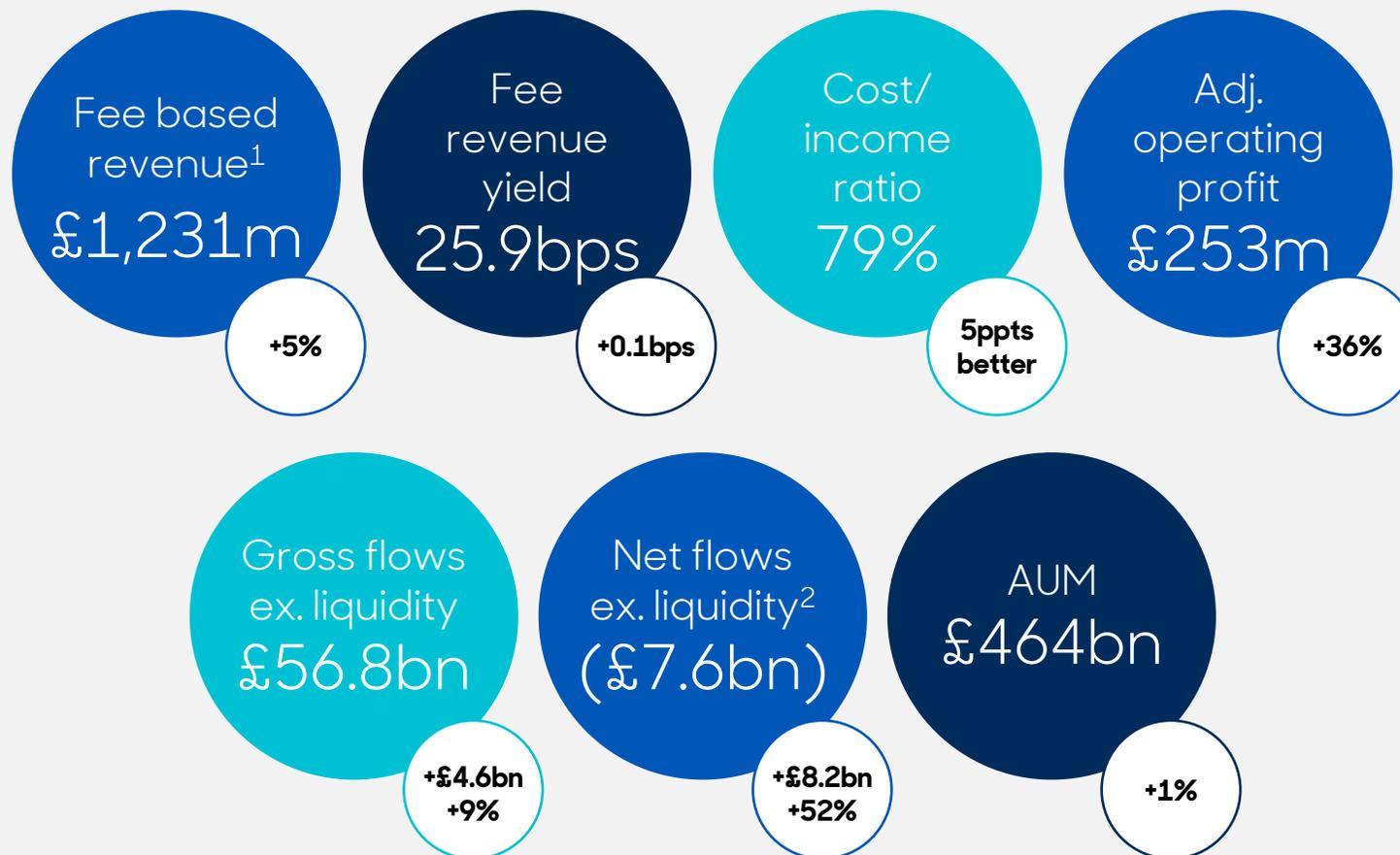


# Appendix

# Full year 2021 results



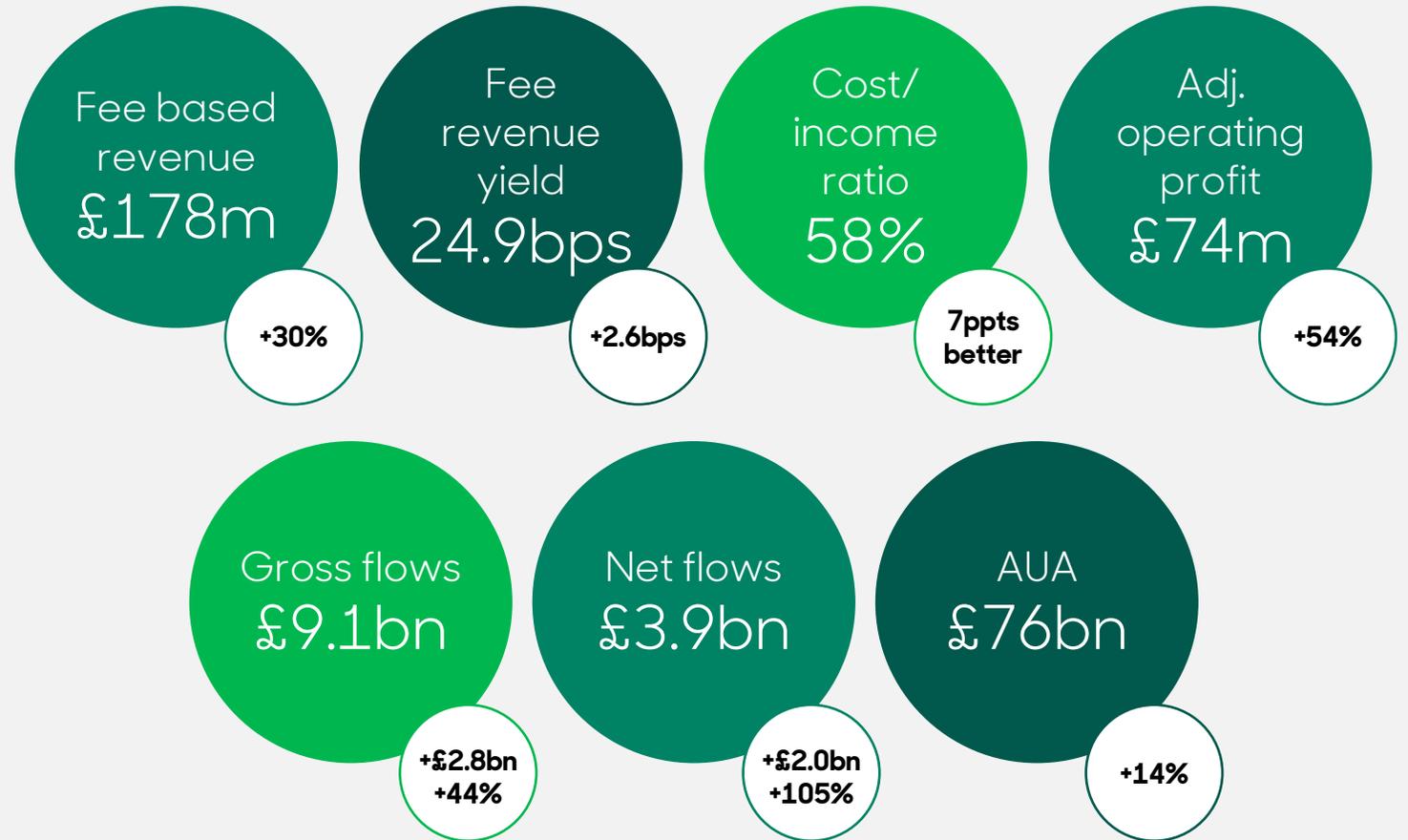
# Investments



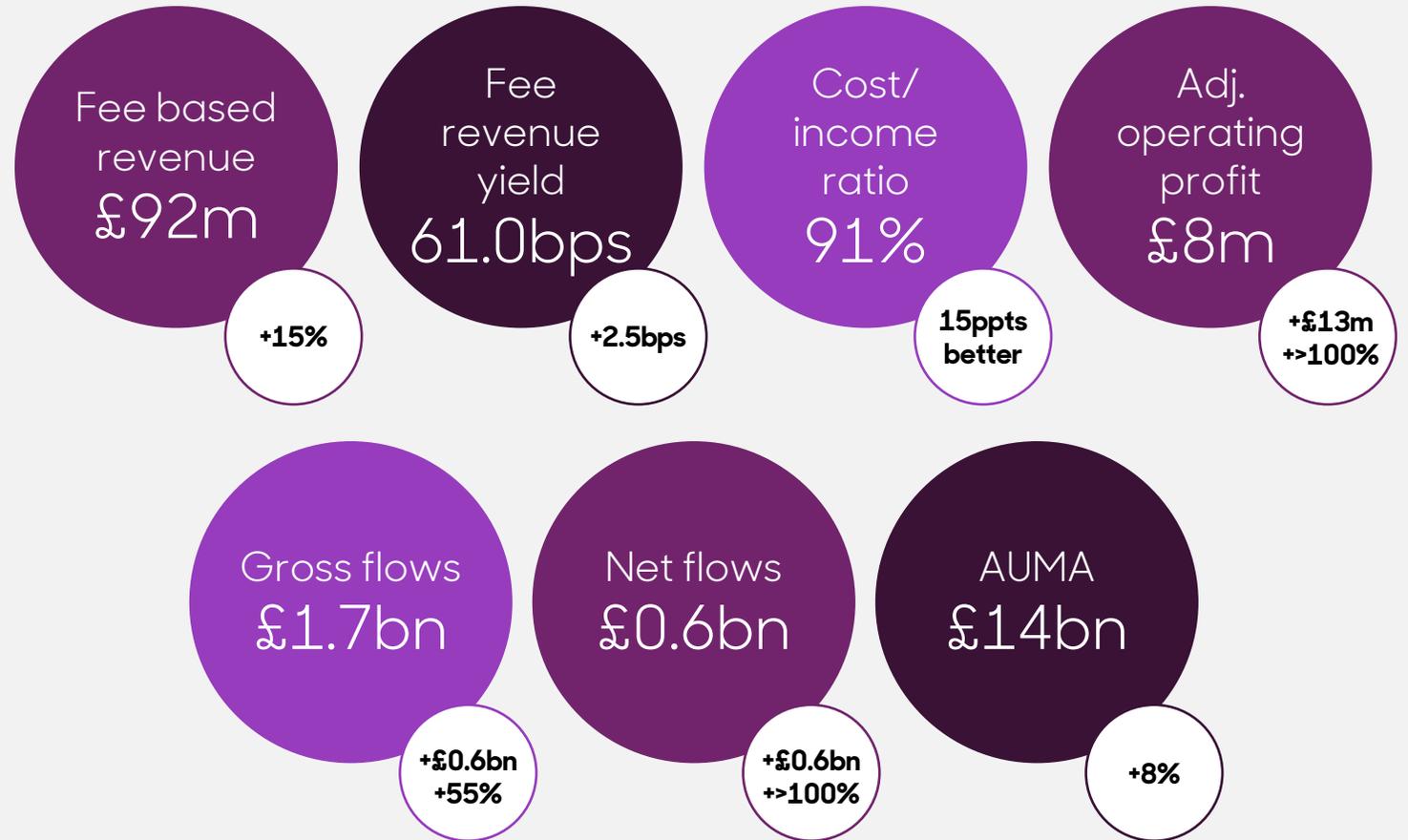
<sup>1</sup> Includes performance fees of £46m (2020: £30m)

<sup>2</sup> Net flows also exclude LBG tranche withdrawals (2021: £nil; 2020: £25.9bn)

# Adviser



# Personal



# Forward-looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, financial 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 about future events, and are therefore subject to 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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