

# abrdn plc

## Full year results 2021

1 March 2022

The abrdn plc Annual report and accounts 2021 (Annual report 2021) has been published today and is available at [www.abrdn.com/annualreport](http://www.abrdn.com/annualreport)

This summary contains information that has been extracted from the Annual report 2021. Please refer to the forward-looking statement disclaimer on page 284 of the Annual report 2021.

**Delivering on our strategy for growth**  
**Strong progress towards our financial objectives**  
**Disciplined approach to capital management to drive growth and shareholder returns**

**Stephen Bird, Chief Executive Officer abrdn plc, commented:**

"This was our reset year. In 2021 we set out a clear strategy for how we will create long-term sustainable growth and arrest the decline in revenue. Today I am very pleased to report strong progress for this first year of our three year plan. We are delivering on our strategy for growth.

"For the first time since the merger, we have reported an increase in revenue for the full year – as well as an improved cost/income ratio of 79%, and a 47% increase in adjusted operating profit. We remain focused on delivering compound annual revenue growth in the high single figures. This will enable us to exit 2023 with a cost/income ratio of around 70%.

"Strategically, we have made huge strides forward. We have simplified and extended the relationship with our largest client, Phoenix. We have successfully rebranded as abrdn which gives us a unified global identity and purpose. We have divested non-core assets and built out our capabilities across our three vectors, including in private markets and digital content. More broadly, we have sharpened the focus of our Investments business to identify the key areas where we have a true competitive advantage. And, late in the year, we announced our proposed acquisition of interactive investor – a transaction that transforms our Personal vector, diversifies group revenues and significantly expands our client reach. As stated when we announced, this acquisition is expected to be double-digit earnings accretive in the first full financial year following completion.

"Clearly, markets are volatile right now. Geopolitical risk and inflation are rising and there remains an element of uncertainty about the pace at which different economies are recovering from the impacts of the COVID-19 pandemic. We benefit from a strong capital position enabling us both to continue to invest in the business and return money to shareholders. This balance underpins our ability to create long-term value for shareholders."

### Key indicators

	2021	2020	Change
<b>Financial indicators</b>			
Fee based revenue	<b>£1,515m</b>	£1,425m	6%
Cost/income ratio	<b>79%</b>	85%	6ppts
Adjusted operating profit	<b>£323m</b>	£219m	47%
Adjusted capital generation	<b>£366m</b>	£262m	40%
IFRS profit before tax	<b>£1,115m</b>	£838m	
Adjusted diluted earnings per share	<b>13.7p</b>	8.8p <sup>1</sup>	56%
Diluted earnings per share	<b>46.0p</b>	37.9p	
Full year dividend per share	<b>14.6p</b>	14.6p	
<b>Business indicators</b>			
Gross flows	<b>£72.3bn</b>	£74.3bn	(3%)
Net flows	<b>(£6.2bn)</b>	(£29.0bn)	
Net flows excluding liquidity and LBG <sup>2</sup>	<b>(£3.2bn)</b>	(£12.3bn)	
AUMA	<b>£542bn</b>	£535bn	1%
Investment performance – 3-year <sup>3</sup>	<b>67%</b>	66%	

## Key points

### Financial strength underpins delivery of our strategy

- Fee based revenue **6%** higher and adjusted operating profit **47%** higher with strong growth across all three vectors.
- Delivered improved operating leverage with cost/income ratio of **79%**, benefitting from a **1%** reduction in adjusted operating expenses due to focus on cost management.
- Achieved targeted **£400m** of annualised synergies.
- IFRS profit before tax of **£1,115m**, primarily reflecting the recognition of the full market value of our residual stake in HDFC Asset Management and the gain on sale of the c5% stake in September 2021.
- Adjusted diluted EPS of **13.7p**, 56% higher than 2020.
- Adjusted capital generation increased by 40% to **£366m**, reflecting strong profit performance.
- Disciplined approach to capital management delivered surplus regulatory capital of **£1.8bn** (on an IFPR basis) with £1.6bn of capital generated and £0.8bn deployed in driving growth and returns to shareholders.
- Full year dividend of **14.6p** in line with our dividend policy, **1.18x** covered by adjusted capital generation.
- Positive trend in H1 2021 net outflows (excluding liquidity and LBG tranche withdrawals) continued in H2 2021, resulting in net outflows of **(£3.2bn)** for the year compared with (£12.3bn) in 2020.
- AUMA of **£542bn** up 1% reflecting positive market movements, the impact of corporate actions and net flows.
- Net outflows position in Investments improved to **(£7.6bn)** (excluding liquidity and LBG) from (£15.8bn) in 2020.
- Institutional and Wholesale net outflows (excluding liquidity) improved to **(£2.1bn)** from (£8.9bn) in 2020 largely due to lower net outflows in equities and net inflows in fixed income and real assets.
- Adviser and Personal vectors more than doubled net inflows to **£3.9bn** and **£0.6bn**, respectively, with record AUM of **£8.9bn** in discretionary investment management.
- 3-year investment performance stable at **67%** of AUM above benchmark.

### Delivering on our client-led growth strategy

- Launched unifying **abrdn** brand uniting our entire operations and culture.
- Simplified and extended **strategic partnership with Phoenix**, bringing commercial and financial benefits.
- Completed migration of over £460bn of AUM onto **single global investment platform**.
- In Asia, strengthened the leadership team and tightened our focus to drive growth, delivered **13%** growth in revenue.
- Strong performance in real assets franchise with AUM up 25% to **£48bn**. Extended capabilities through acquisition of majority stake in **Tritax**, a leading European logistics real estate investor, which has increased its AUM by 12% to £6.5bn since acquisition.
- Built on our established strength in sustainable investing through launch of four climate change thematic funds and conversion of 23 SICAV funds to comply with SFDR Article 8 & 9.
- Won over **£1bn** assets through our pensions and insurance solutions expertise within Investments.
- In Adviser, maintained our **no.1 position** for AUA and gross flows in UK adviser market and continued to rollout improvements in our platform capabilities and service under our Adviser Experience Programme.
- Personal vector succeeded in delivering planned turnaround, achieving adjusted operating profit of **£8m**, and discretionary investment management reporting its best ever year.
- Transforming the Personal vector through the proposed acquisition of **interactive investor**, the UK's leading subscription-based investment platform, for £1.49bn which will diversify our revenue streams and add significant client reach. Acquisition expected to be double-digit earnings accretive<sup>4</sup> compared to standalone abrdn earnings in first full financial year following completion.
- Invested in expanding our digital and content capabilities through acquisition of investing insights platform, **Finimize**.

- Continued to simplify the business with sales of Parmenion, Nordics real estate business, and two US private equity businesses, and exiting from the Indonesian market.

### Shaping the business for the future

- Our client-led growth strategy is designed to diversify our revenue streams by geography and client segment and lower the impact of market volatility on revenue.
- Maintain our outlook for high single digit three year revenue CAGR over 2020–2023.
- Within Investments vector, focus on rationalisation, simplification and increased streamlining to accelerate efficiency gains and create operating leverage.
- Target to exit 2023 at cost/income ratio of c70%.
- Maintain sustainable dividend policy of 14.6p per annum with the intention of growing the dividend in line with our assessment of medium term profit growth, once the dividend is 1.5x covered by adjusted capital generation.
- Continued disciplined approach to capital allocation with a focus on building long-term sustainable value and delivering shareholder returns.
- Commitment to shareholder returns demonstrated by intention to return c£0.3bn net proceeds from sale of 4% stake in Phoenix to shareholders, method and timing to be announced as soon as practicable.

### Notes:

<sup>1</sup> Adjusted diluted earnings per share excludes the share of profit from associates and joint ventures. Comparatives have been restated.

<sup>2</sup> Excluding Institutional and Wholesale liquidity net outflows of (£3.0bn) (2020: £9.2bn inflows) and LBG tranche withdrawals of £nil (2020: £25.9bn).

<sup>3</sup> Percentage of AUM above benchmark over three years.

<sup>4</sup> In percentage terms, based on adjusted diluted earnings per share.

### Media

A conference call for the media will take place at 07:45am GMT on 1 March 2022. To access the conference call, you will need to pre-register at <https://cossprereg.btci.com/prereg/key.process?key=PWUUF4ENH>

### Institutional investors and analysts

A presentation for analysts and investors will take place via webcast at 08:45am (GMT) on 1 March 2022. To view the webcast live please go to [www.abrdn.com/corporate/investors](http://www.abrdn.com/corporate/investors). There is also the facility to join the presentation and subsequent Q&A session via a conference call.

### For further information please contact:

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\* Calls may be monitored and/or recorded. Call charges will vary