



BREWIN  
DOLPHIN

# Interim Results

For the half year ended 31 March 2016

19 May 2016

# Agenda

- 1 Highlights
- 2 Financial results
- 3 Progress on growth plans
- 4 Q&A



**David Nicol**  
Chief Executive



**Andrew Westenberger**  
Finance Director

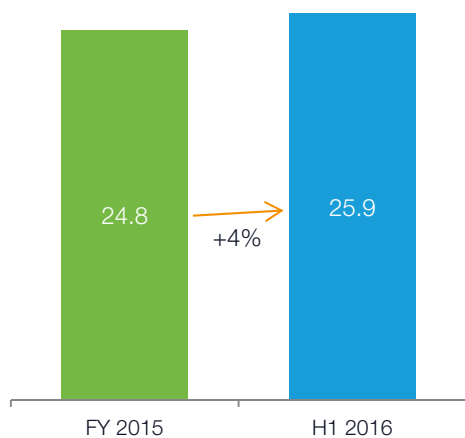
## Results highlights

# Highlights

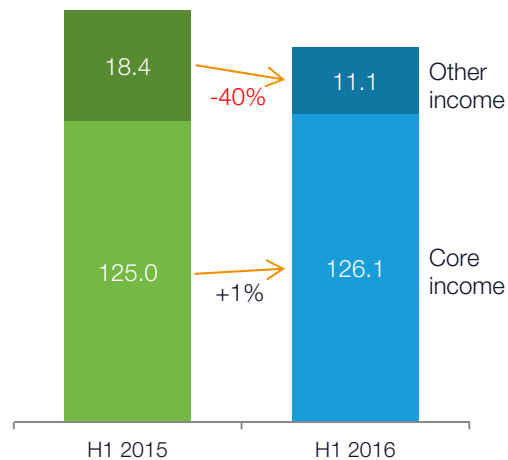
- Overall business performance resilient despite market headwinds:
  - > Growth in discretionary funds and core income
  - > Decline in other income in line with expectations
  - > Continued organic inflows into discretionary funds
  - > Growth in financial planning income
  - > Strong contribution from the intermediaries business
- Executive Committee expanded with broader client facing representation
- Progress across new growth initiatives
- Belief in long-term growth prospects stronger than ever

# Results highlights

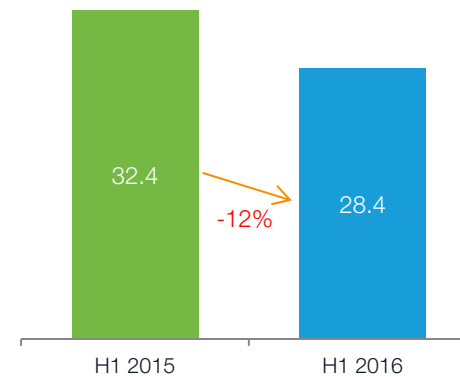
Discretionary funds (£bn)



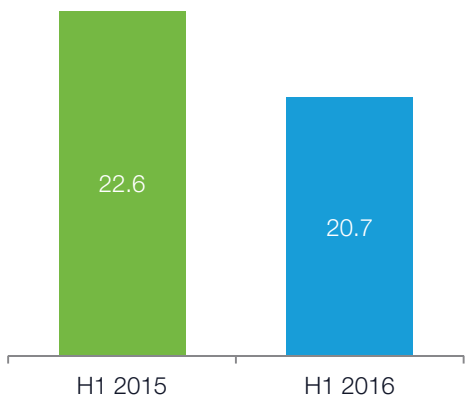
Income (£m)



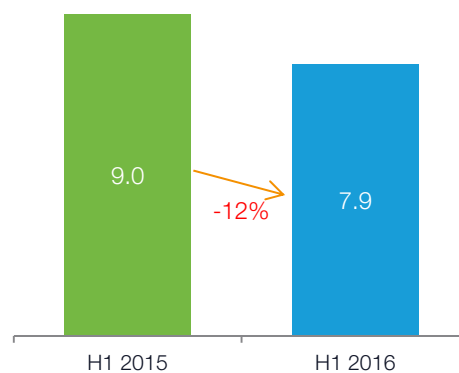
Adjusted\* PBT (£m)



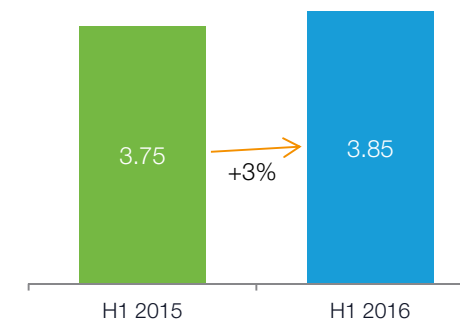
Adjusted\* PBT margin (%)



Adjusted\* diluted EPS (p)



Interim dividend (p)



\* These figures have been adjusted to exclude redundancy costs, FSCS levy rebate, onerous contracts, one-off migration costs, disposal of available-for-sale investment and amortisation of client relationships.

# Financial highlights

# Financial headlines

£m	H1 2016	H1 2015	Change (%)	FY 2015
Core income	126.1	125.0	+1	251.3
Other income	11.1	18.4	-40	32.4
<b>Total income</b>	<b>137.2</b>	<b>143.4</b>	<b>-4</b>	<b>283.7</b>
Fixed staff costs	(53.1)	(52.6)	+1	(104.0)
Other operating costs	(33.2)	(33.3)	+0	(69.0)
<b>Total fixed operating costs</b>	<b>(86.3)</b>	<b>(85.9)</b>	<b>+0</b>	<b>(173.0)</b>
<b>Profit pre variable staff costs</b>	<b>50.9</b>	<b>57.5</b>	<b>-11</b>	<b>110.7</b>
Variable staff costs	(22.7)	(25.4)	-11	(49.0)
<b>Adjusted operating profit</b>	<b>28.2</b>	<b>32.1</b>	<b>-12</b>	<b>61.7</b>
<b>Adjusted profit before tax</b>	<b>28.4</b>	<b>32.4</b>	<b>-12</b>	<b>62.2</b>
<b>Adjusted PBT margin (%)</b>	<b>20.7</b>	<b>22.6</b>		<b>21.9</b>
<b>Adjusted diluted EPS (p)</b>	<b>7.9</b>	<b>9.0</b>	<b>-12</b>	<b>17.1</b>
<b>Interim dividend (p)</b>	<b>3.85</b>	<b>3.75</b>	<b>+3</b>	<b>3.75</b>
<b>Final dividend (p)</b>	<b>n/a</b>	<b>n/a</b>		<b>8.25</b>
Average FTSE 100 Index	6,114	6,625	-8	6,534
Average WMA Balance Index	3,520	3,612	-3	3,574

# Funds summary

£bn	H1 2015	FY 2015	H1 2016	Change (%)	
				H1 2016 v FY 2015	H1 2016 v H1 2015
Discretionary	26.2	24.8	25.9	+4	-1
Execution only	3.8	3.7	3.6	-3	-5
<b>Core funds</b>	<b>30.0</b>	<b>28.5</b>	<b>29.5</b>	<b>+4</b>	<b>-2</b>
Advisory	4.5	3.5	3.3	-6	-27
<b>Total funds</b>	<b>34.5</b>	<b>32.0</b>	<b>32.8</b>	<b>+3</b>	<b>-5</b>
FTSE WMA Private Investor Series Balanced Portfolio Index	3,684	3,421	3,556	+4	-3



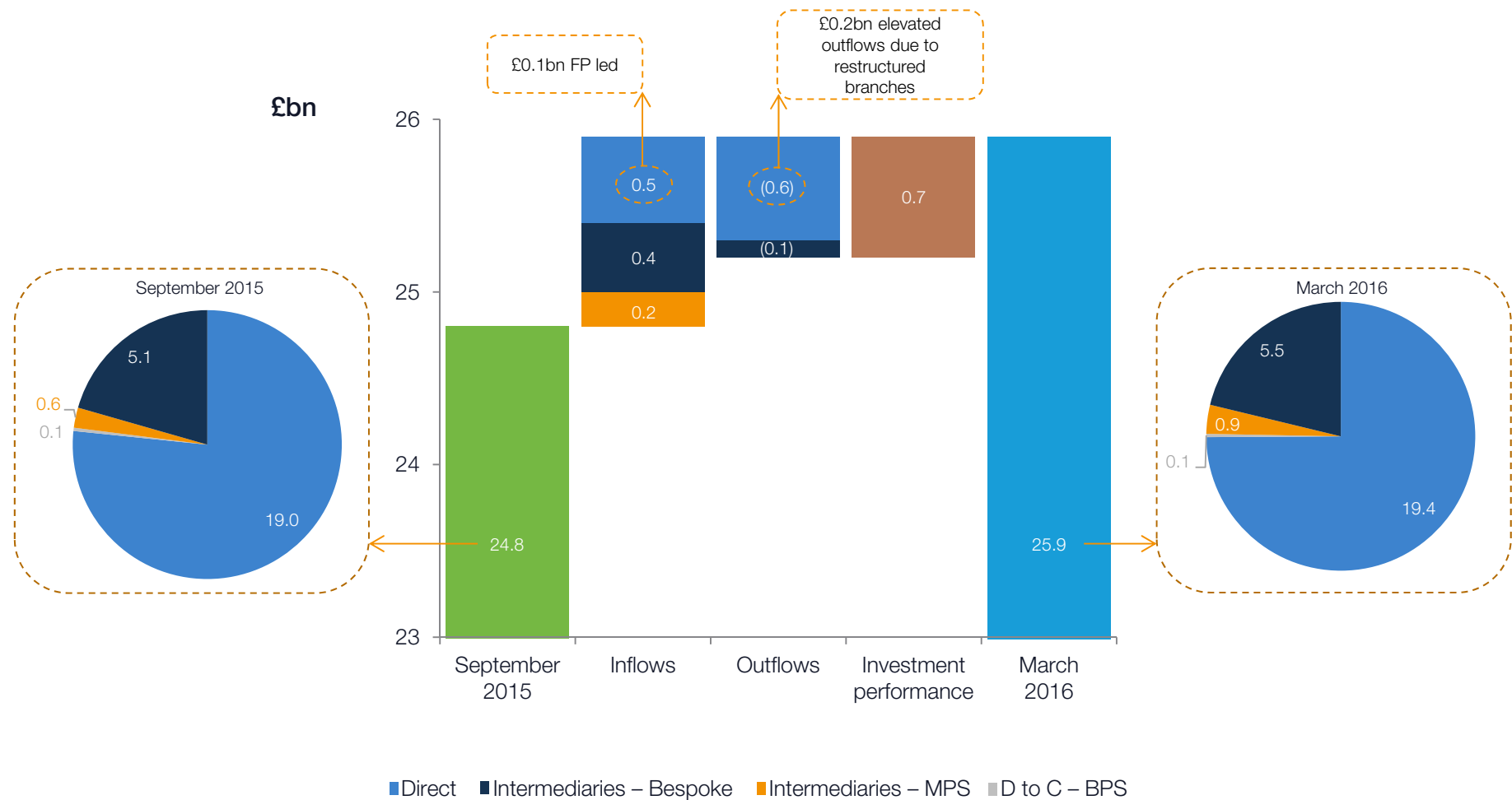
# H1 funds movement

£bn	FY 2015	Total net flows	Investment performance	H1 2016	Annualised net flows %
Discretionary	24.8	0.4	0.7	25.9	+3
Execution only	3.7	0.2	(0.3)	3.6	+11
<b>Core funds</b>	<b>28.5</b>	<b>0.6</b>	<b>0.4</b>	<b>29.5</b>	<b>+4</b>
Advisory	3.5	(0.4)	0.2	3.3	-23
<b>Total funds</b>	<b>32.0</b>	<b>0.2</b>	<b>0.6</b>	<b>32.8</b>	<b>+1</b>

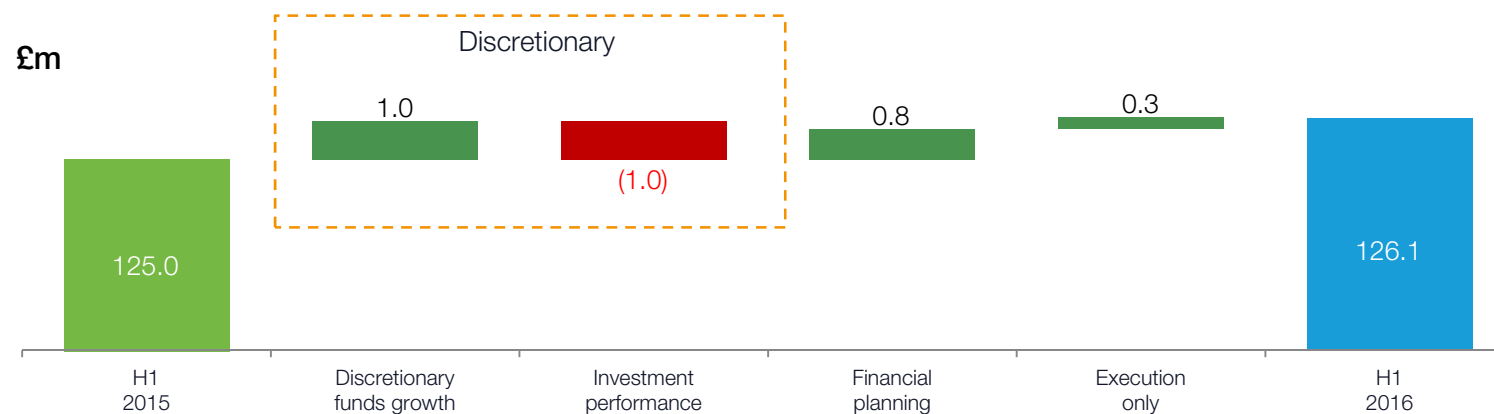
# H1 funds flow summary

£bn	H1 2016				H1 2016 Net flows	Annualised flow rates (%)			
	Inflows	Outflows	Net	Transfers		Inflows	Outflows	Transfers	Total
Discretionary	1.1	(0.7)	0.4	0.0	0.4	+9	-6	+0	+3
Execution only	0.2	(0.3)	(0.1)	0.3	0.2	+11	-16	+16	+11
<b>Core funds</b>	<b>1.3</b>	<b>(1.0)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>+9</b>	<b>-7</b>	<b>+2</b>	<b>+4</b>
Advisory	0.0	(0.1)	(0.1)	(0.3)	(0.4)	+0	-6	-17	-23
<b>Total funds</b>	<b>1.3</b>	<b>(1.1)</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>+8</b>	<b>-7</b>	<b>+0</b>	<b>+1</b>

# H1 discretionary funds movement in detail

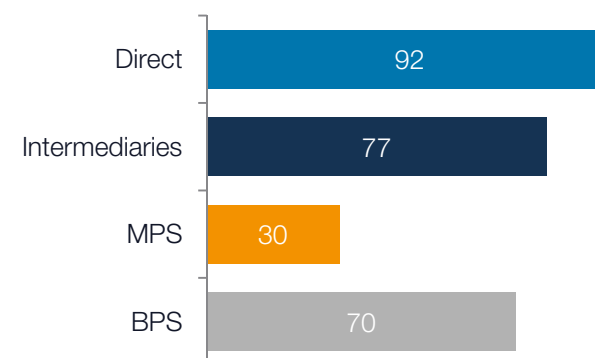


# H1 core income

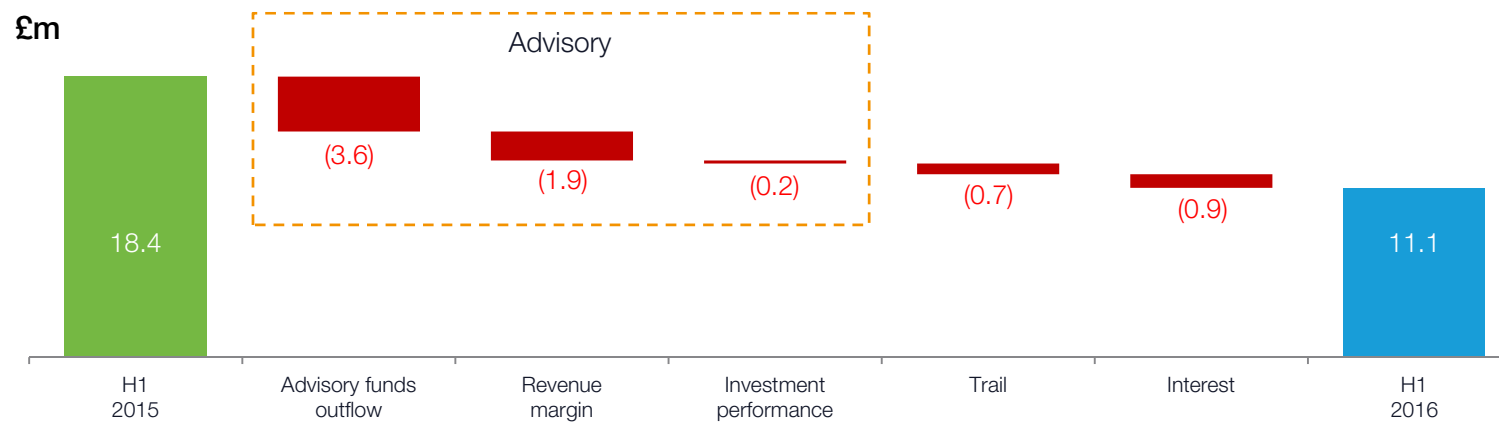


£m	H1 2015	H1 2016	Change (%)
Discretionary income	112.7	112.7	+0
Financial planning	7.3	8.1	+11
Execution only	5.0	5.3	+6
<b>Core income</b>	<b>125.0</b>	<b>126.1</b>	<b>+1</b>

## Discretionary revenue margin (bps)

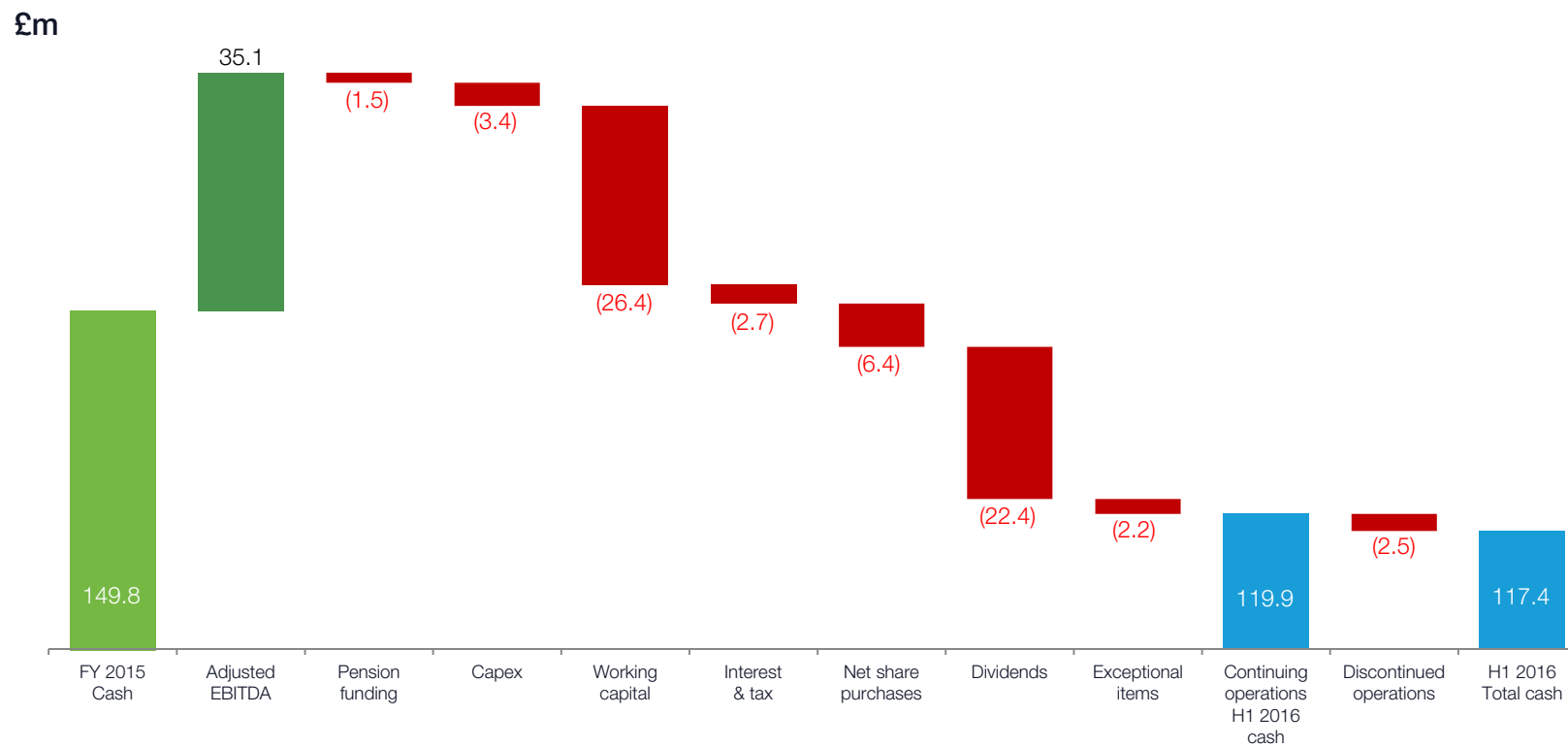


# H1 other income



£m	H1 2015	H1 2016	Change (%)
Advisory income	13.8	8.1	-41
Trail	2.5	1.8	-28
Interest	2.1	1.2	-43
<b>Other income</b>	<b>18.4</b>	<b>11.1</b>	<b>-40</b>

# H1 cash flow



# Progress on growth plans

# Direct

- Continued focus on organic discretionary funds inflows
- Expanded Financial Planning resource and capability
- Launched first two specialised professional service propositions with more to come
- Entry level non-advised (BPS) opened to new clients (>2,500 clients, £120m funds), with full on-line product roll out scheduled for H2
- New client goal-focused brand positioning implemented. Backed by structured content and events-based campaigns to drive new prospect and client conversations



# Intermediaries

- £6.4bn of discretionary funds from >1,600 intermediary relationships
- £0.9bn in managed solution (MPS) from 361 intermediary relationships, including 94 new relationships
  - > Passive version of MPS built for launch in H2
  - > In-house platform ready for H2 launch
- ARC risk metric adoption in progress
- Online access portal under further development in H2

# Expansion

- Cambridge office opened as part of South East growth strategy
- Firmly back in hiring mode – talented IMs / FPs approaching us
- Operating model capable of scaling to allow growth
- Aiming for balanced direct/agent net growth by 2020
- Aiming to grow discretionary funds by a third over next five years

# KPIs

Strategic priority	KPI	FY 2013	FY 2014	FY 2015	H1 2016	Current target	Progress
Revenue growth	Discretionary fund inflows (%)	6	7	5	3	5	
	Revenue growth (%)	5	2	1	-4	n/a	
Improved efficiency	Adjusted PBT margin (%)	18.5	20.8	21.9	20.7	25+	
	Discretionary income per CF30 (£'000)	370	443	502	517	490	
	% of managed funds in discretionary service	76	82	88	89	90	
	Discretionary funds per CF30 (£m)	41	49	55	59	75	
	Average client portfolio (£'000)	420	478	498	537	500	
Capital sufficiency	Capital adequacy ratio (%)	226	241	248	230	Min 150	
Dividend growth	Dividend pay out (%)	60	62	70	n/a	60-80	
	Adjusted EPS growth (%) – diluted	15	11	7	-12	n/a	
	Dividend growth (%)	20	15	21	n/a	n/a	

# Q&A

# Appendices

# Regional network

## Discretionary funds

£bn	Sept 2015	March 2016	Change %
London / South East	7.9	8.3	+5
Scotland / Northern England	7.0	7.3	+4
North West / Midlands	4.1	4.2	+2
South / West & Wales	3.4	3.4	-
Other	1.7	1.7	-
Models	0.7	1.0	+43
<b>Total funds</b>	<b>24.8</b>	<b>25.9</b>	<b>+4</b>

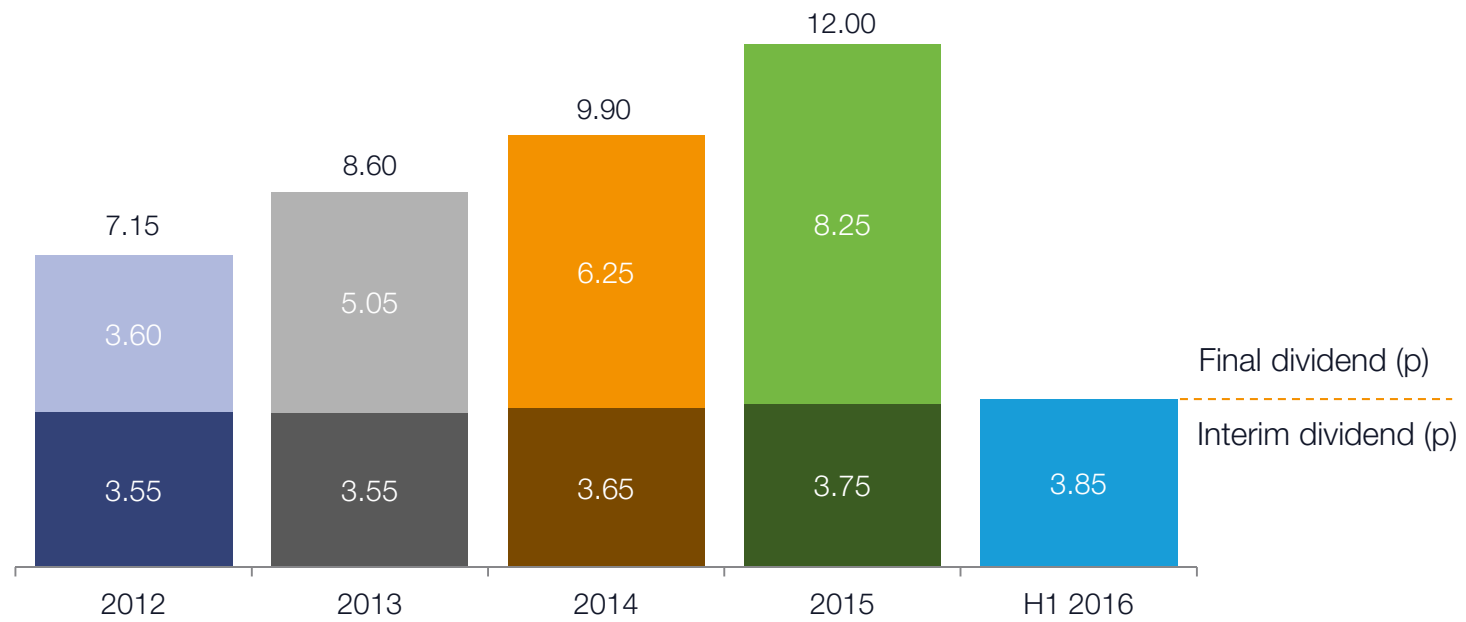
# Statutory PBT reconciliation

£m	H1 2016	H1 2015
<b>Adjusted profit before tax</b>	<b>28.4</b>	<b>32.4</b>
Exceptional gain	-	9.7
Exceptional costs	(3.6)	0.3
Amortisation of client relationships	(3.3)	(5.2)
<b>Statutory profit before tax</b>	<b>21.5</b>	<b>37.2</b>
Tax	(4.3)	(7.6)
<b>Profit after tax</b>	<b>17.2</b>	<b>29.6</b>
Profit/(loss) after tax from discontinued operations	-	0.5
<b>Profit for the period</b>	<b>17.2</b>	<b>30.1</b>

£m	H1 2016	H2 2015	H1 2015
<b>Operating profit</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>
Costs of separation	(0.3)	(11.6)	(0.1)
<b>Profit/(loss) before tax</b>	<b>0.2</b>	<b>(11.1)</b>	<b>0.7</b>
Tax	(0.2)	3.4	(0.2)
<b>Profit/(loss) after tax from discontinued operations</b>	<b>-</b>	<b>(7.7)</b>	<b>0.5</b>

- £14m sales proceeds received on 29 April 2016 from the sale of Stocktrade

# Dividend history





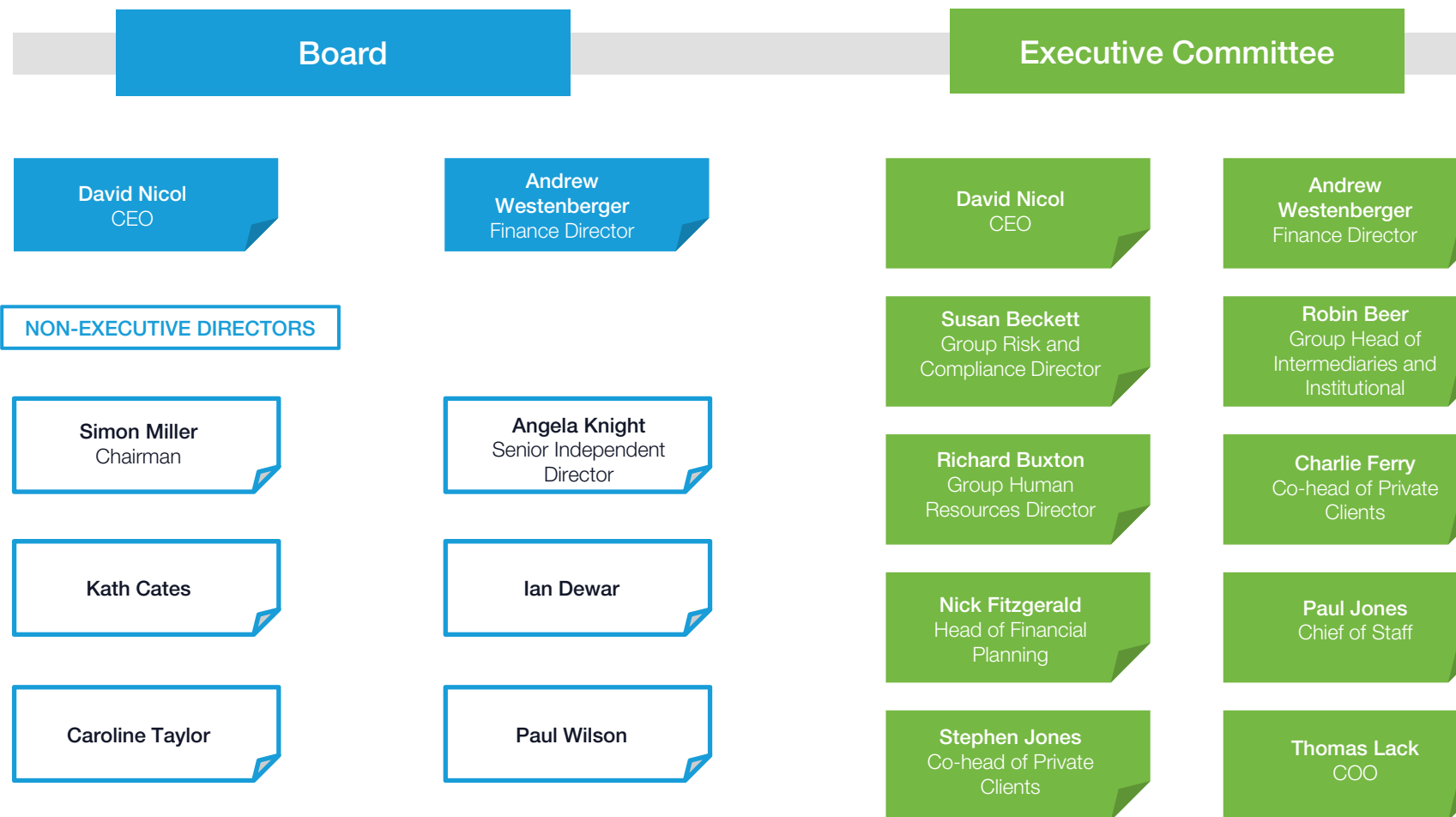
# Balance sheet

£m	H1 2016	FY 2015
Goodwill & client relationships	74	78
Software	10	9
<b>Total intangible assets</b>	<b>84</b>	<b>87</b>
Fixed assets	6	8
Defined benefit scheme	1	-
Other non-current assets	11	11
<b>Total other non-current assets</b>	<b>18</b>	<b>19</b>
Net cash	117	150
Working capital	18	(4)
Provisions	(9)	(7)
Shares to be issued	-	(9)
<b>Total net current assets</b>	<b>126</b>	<b>130</b>
Defined benefit scheme	-	(3)
Other non-current liabilities	(6)	(14)
<b>Total non-current liabilities</b>	<b>(6)</b>	<b>(17)</b>
<b>Net assets</b>	<b>222</b>	<b>219</b>
<b>Regulatory capital resources</b>	<b>140</b>	<b>145</b>

# Shareholders as at 10 May 2016

	<b>% holding</b>
Royal London Asset Mgmt	6.36
Kames Capital	5.42
FIL Investment Int'l	5.17
Aberforth Partners	5.15
JO Hambro	4.22
Aviva Investors	4.21
Henderson Global Investors	3.24
Unicorn Asset Mgt	3.15
Other	63.08

# Board and Executive Committee



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19 May 2016





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