



# Results for half-year 2021

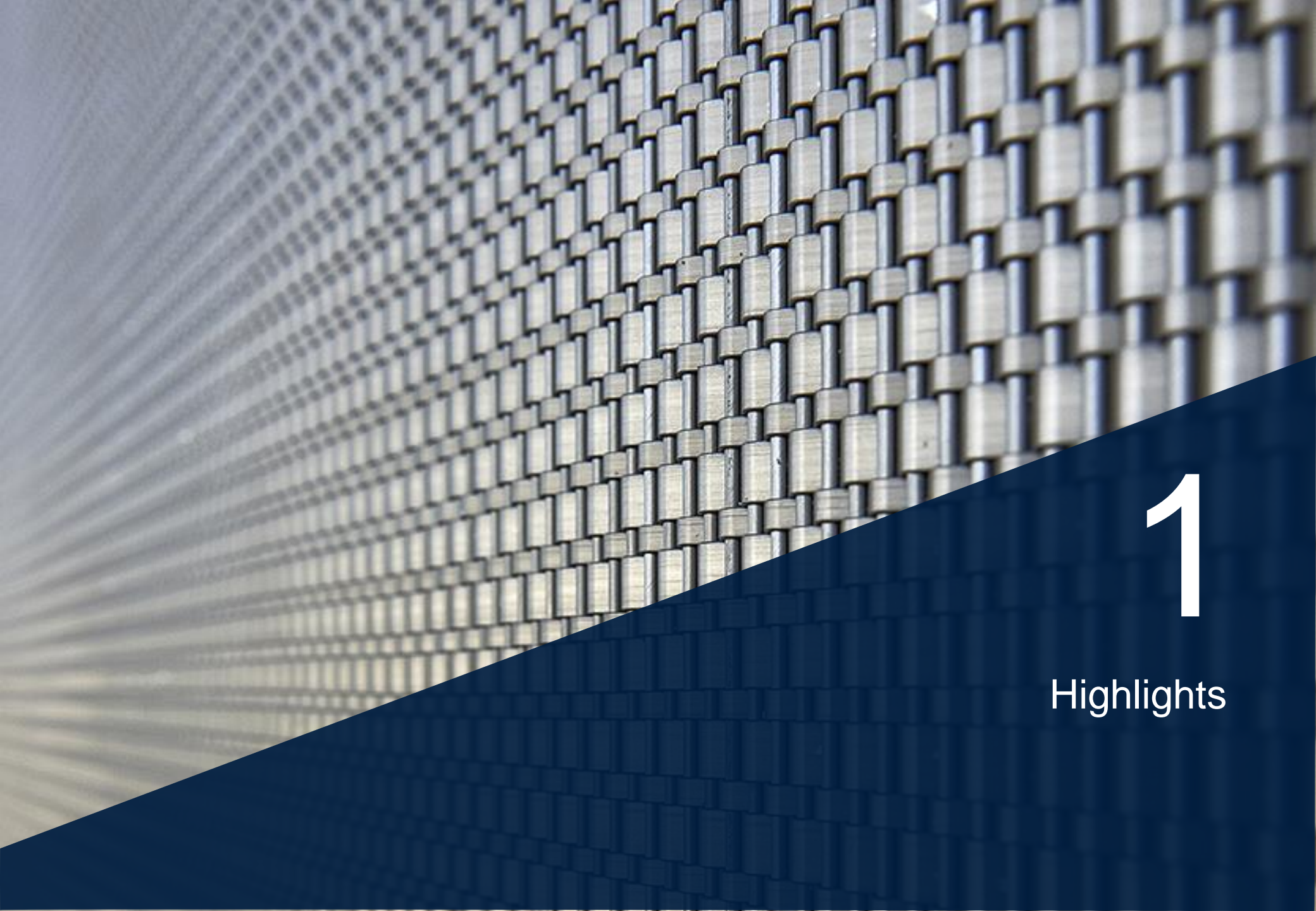
## Presentation to analysts and investors

September 2021

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# 1

Highlights

# Highlights



## Record results across all three businesses supported by strong market conditions

### Business performance

- **Global Advisory (GA):** record H1 revenue, up 57% to €833m (H1 2020: €529m) and PBT of €168m (H1 2020: €82m), reflecting continued very strong activity levels. 5<sup>th</sup> by revenue and 3<sup>rd</sup> by number of deals (12m to June 2021)
- **Wealth & Asset Management (WAM):** very strong H1 revenue, up 9% to €274m (H1 2020: €252m) and PBT of €58m (H1 2020: €44m). AuM reached €87.5bn (+12% versus Dec 2020) thanks to strong NNA of €3.4bn and positive market and FX effect of €6bn
- **Merchant Banking (MB):** exceptional H1 revenue, up 345% to €235m (H1 2020: €53m) and record PBT of €185m (H1 2020: €10m), as a result of substantial realised and unrealised investment gains, combined with further growth in recurring revenues. AuM continues to grow (+9%)

### Results

- **Group revenue:** €1,350m, up 61% (H1 2020: €838m)
- **Net income - Group share excluding exceptionals:** €346m, up 432% (H1 2020: €65m)
- **Earnings per share (EPS) excluding exceptionals:** €4.78, up 443% (H1 2020: €0.88)

### Capital management

- Exceptional interim dividend in October 2021 of €1.04 per share to compensate for the difference between the dividend actually paid in respect of 2019 and 2020 and the dividend that would have been paid in accordance with our distribution policy, absent regulatory restrictions
- Intention to launch a share buyback programme of an amount up to €70 million over a 12-month period reflecting the strong 2021 performance, subject to ACPR approval. This is in addition to the €35m buyback undertaken in June 2021

### Solvency ratios

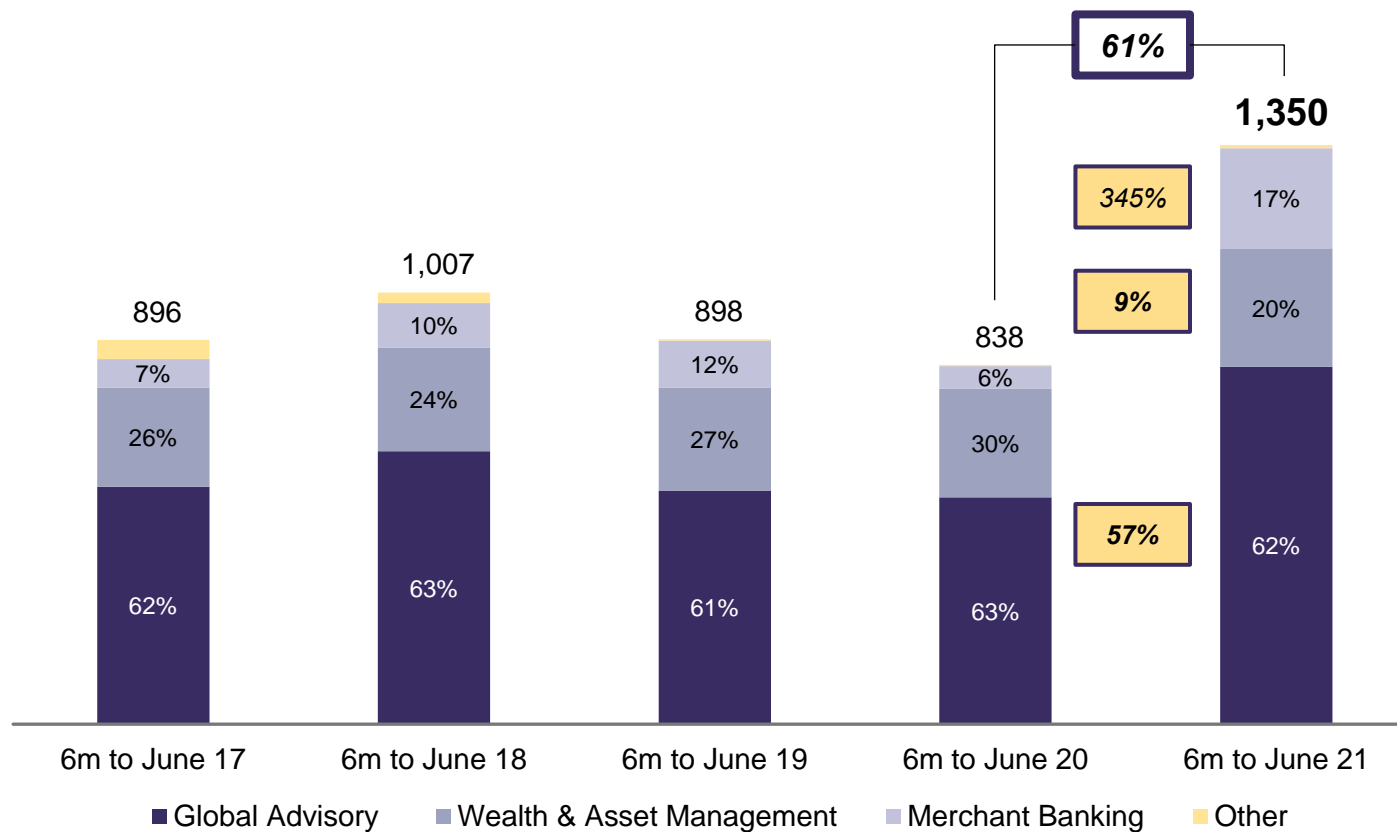
- Very well capitalised balance sheet with solvency ratio of 21.3% as at June 2021

# Group revenue



## Outstanding revenue growth across all three businesses ...

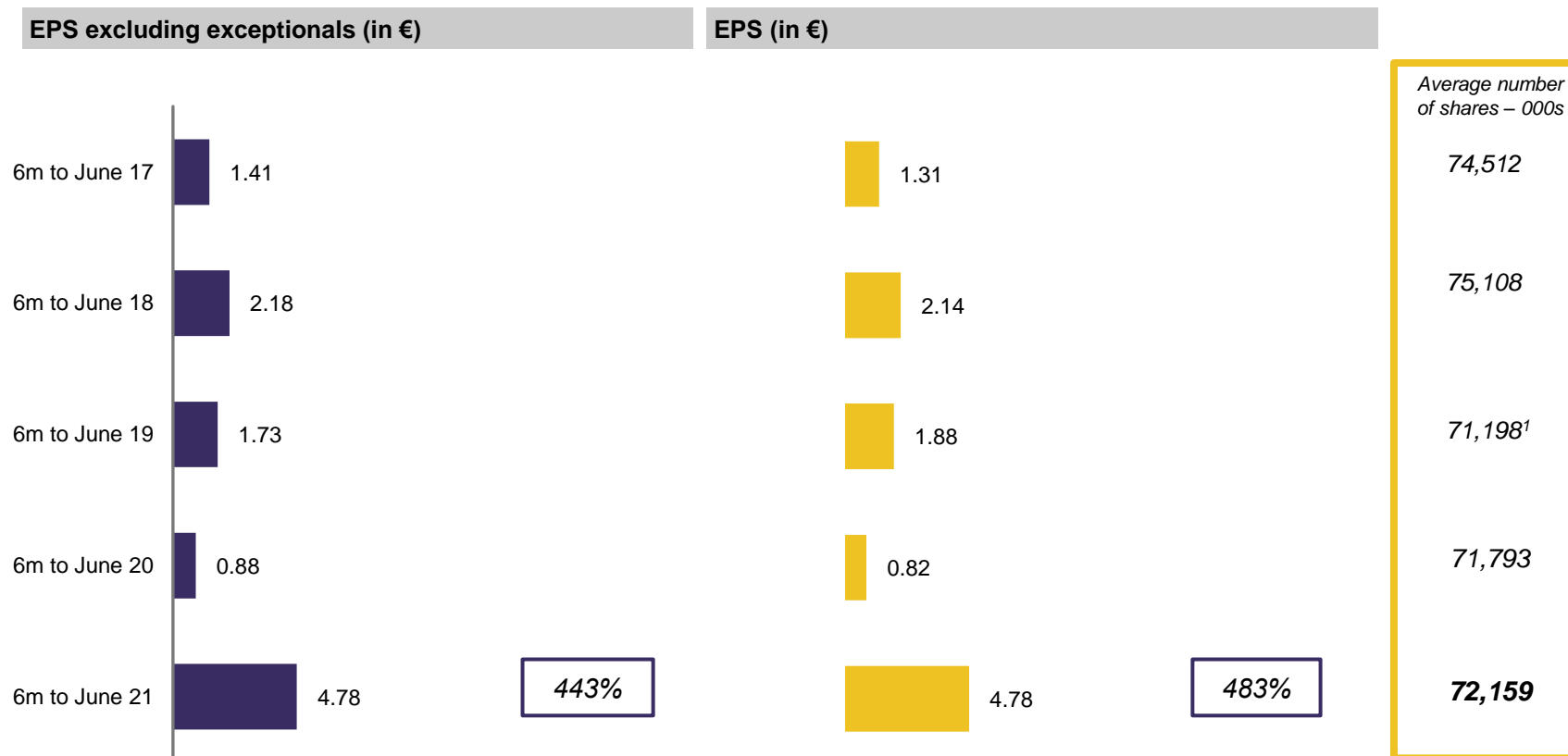
Group revenue (in €m)



# Group EPS



... that translates into exceptional EPS progression



**Note**

<sup>1</sup> Average number of shares decreased as a consequence of the share buy back as part of Edmond de Rothschild deal in August 2018



# 2

Business review: Global Advisory



## Highlights of H1 2021

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### Performance

- Record H1 revenue performance, driven from increased deal activity by volume and by value
- Reclaimed 5<sup>th</sup> position on the global Revenue League Table for last 12 months
- Record M&A H1 performance, c.50% up from H1 2020 and out performing the market
- Record Financing Advisory H1 performance, c.80% up from H1 last year
- Robust performance across geographies, sectors and products

### Positive pipeline development across all regions

### Successfully growing our Private Capital capabilities

- Advised on nine capital raises, eight minority transactions and three GP solutions mandates

**1<sup>st</sup>**

by number of M&A deals  
in Europe in H1

**3<sup>rd</sup>**

by number of M&A deals  
globally in H1

**1<sup>st</sup>**

globally  
by number and value  
for Debt Advisory

**1<sup>st</sup>**

for restructuring  
Globally by number /  
Europe by value

**1<sup>st</sup>**

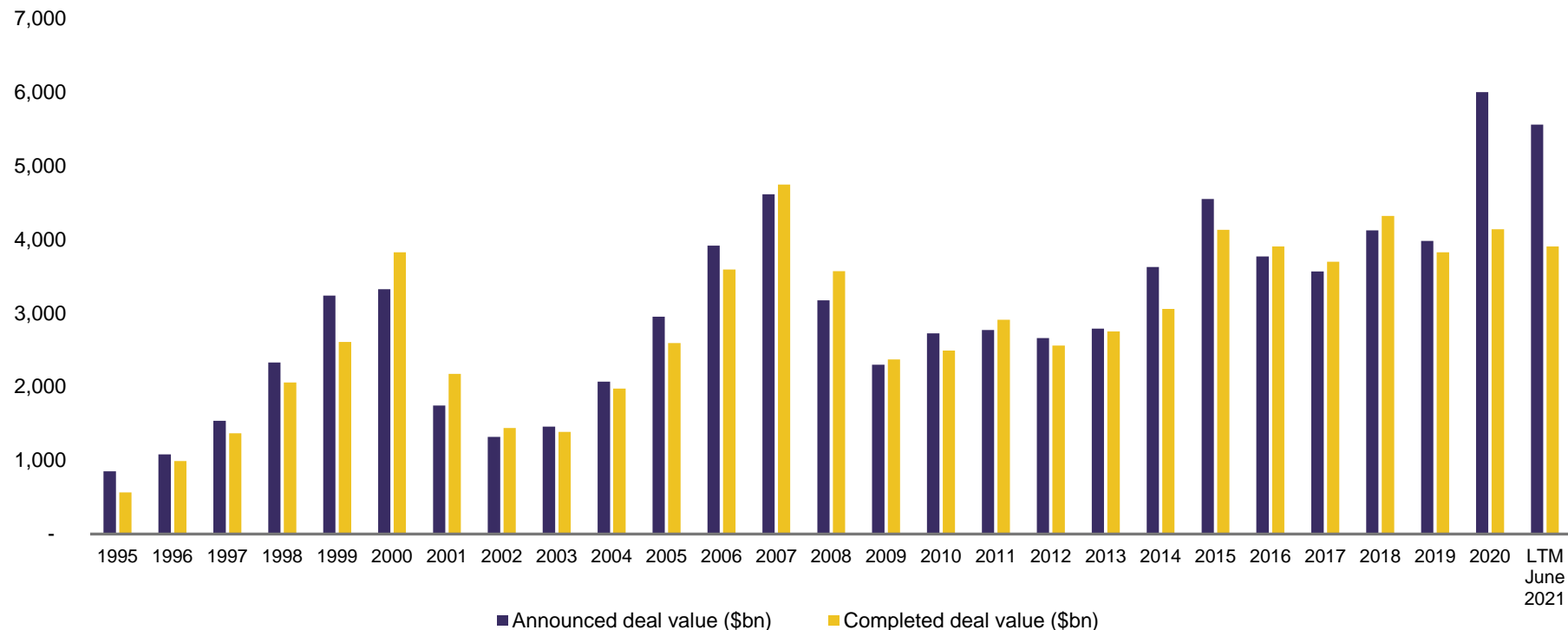
globally  
by number and value  
for Equity Advisory

Advised on Europe's  
largest IPOs, rights  
issues and block trades





## Global M&A market by values



	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	LTM 06/21 vs LTM 06/20	H1 21 vs H1 20
% var Announced	(17%)	(5%)	16%	(3%)	51%	89%	167%
% var Completed	(5%)	(5%)	17%	(11%)	8%	7%	31%

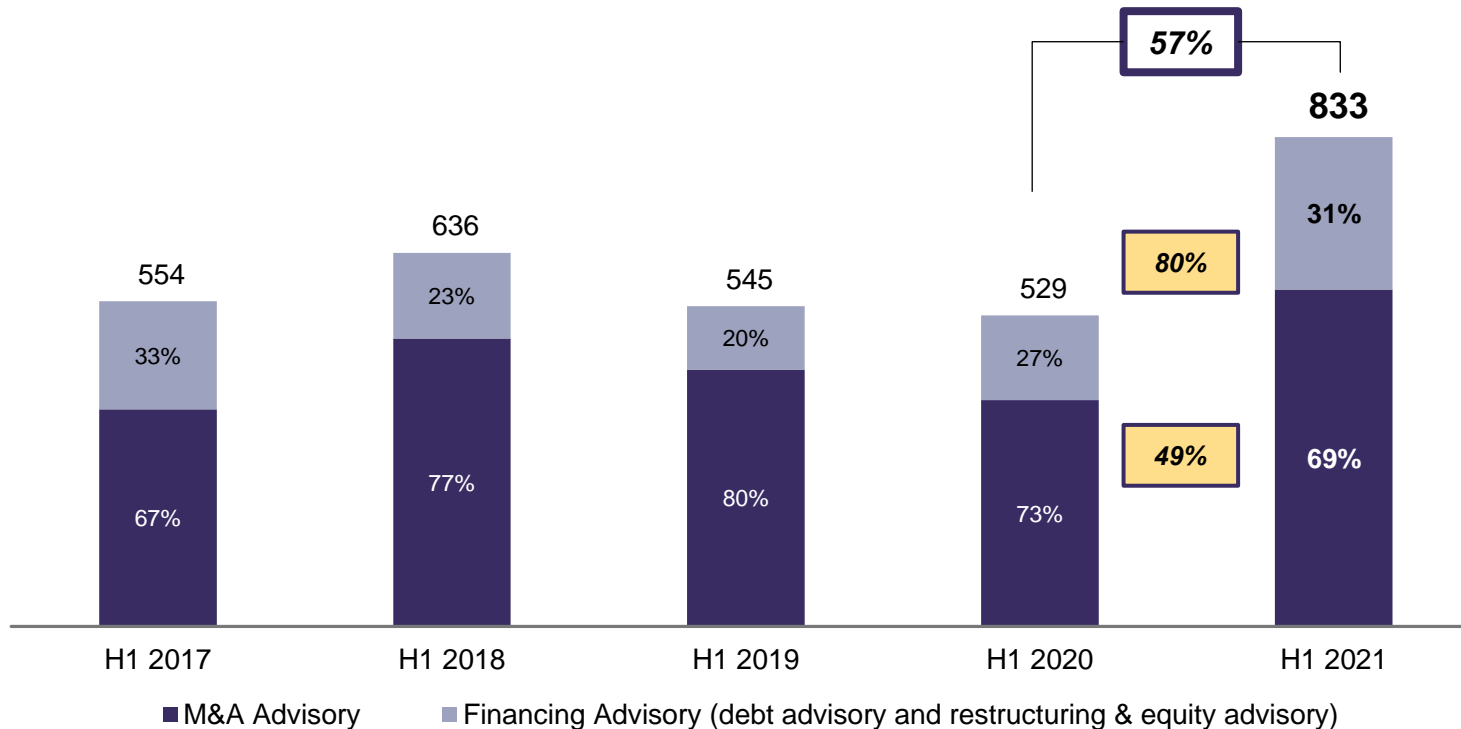
Source: Dealogic

# Global Advisory



## Record half-year revenue across both business lines

Revenue by product (in €m)

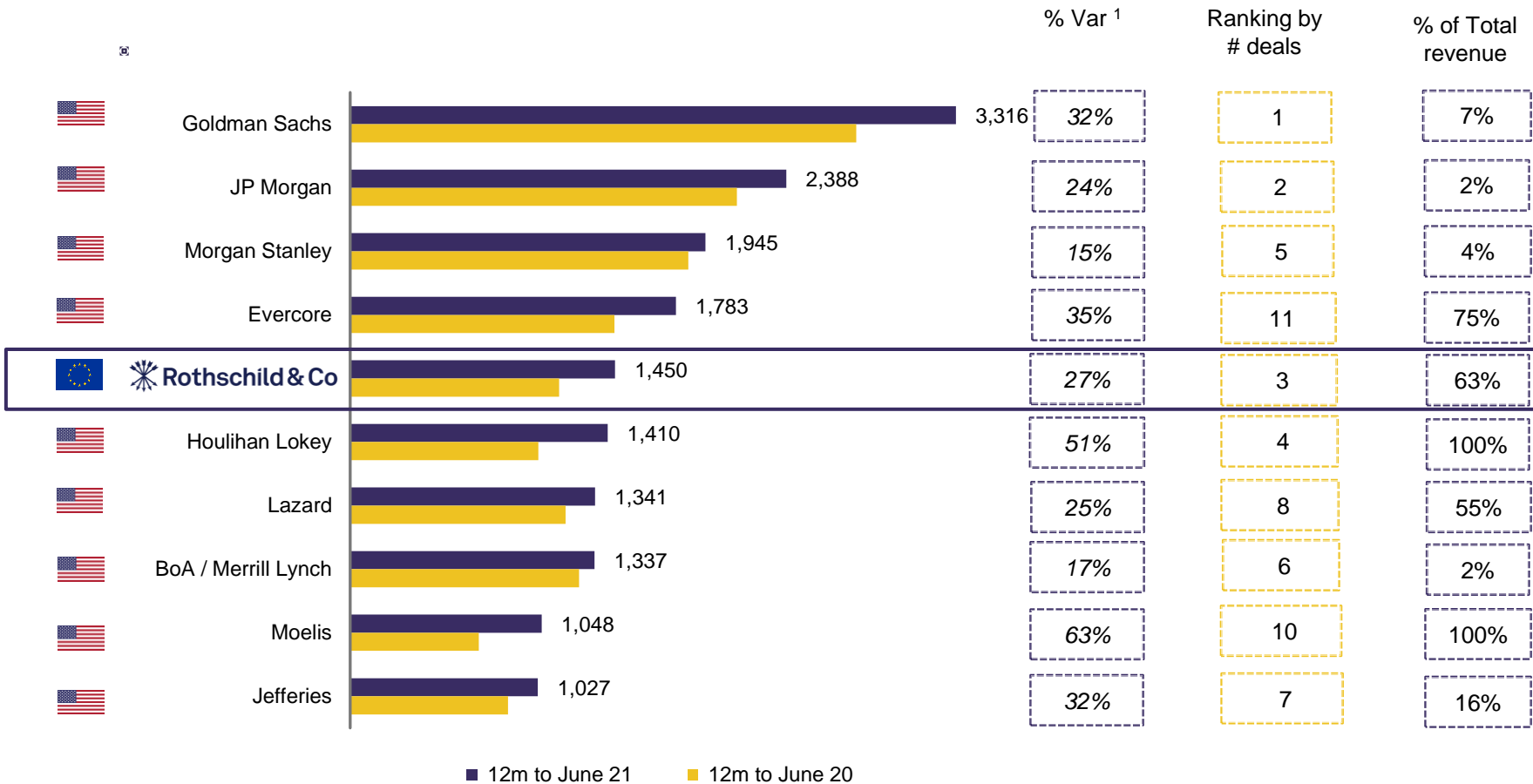


# Global Advisory



## Rothschild & Co: 5<sup>th</sup> by revenue and 3<sup>rd</sup> by number of deals

Ranking of top 10 advisers by advisory revenue (in €m) – 12m to June 2021



**Note**

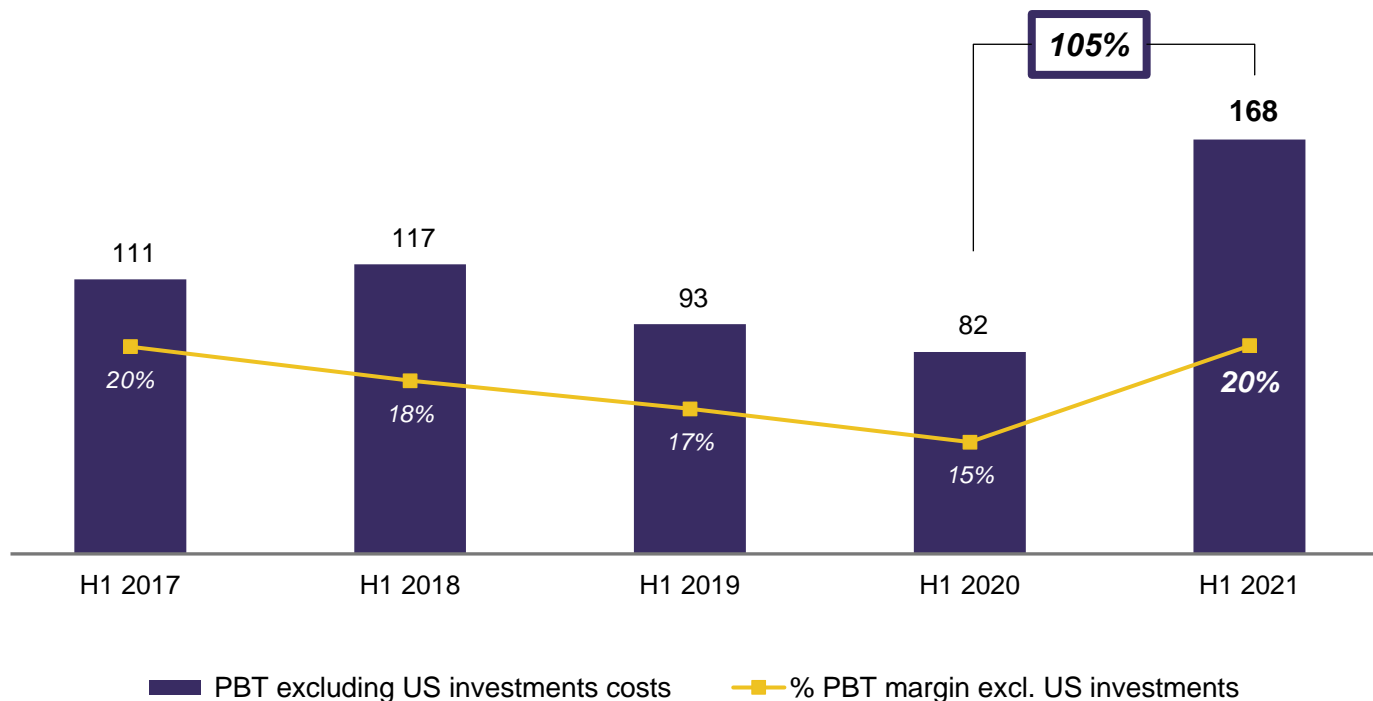
1: Variation calculated on local currency

Source: Company's filings, Dealogic completed transactions



## Record revenue drives record profits

Profit Before Tax (in €m) and PBT margin - pre US investment costs<sup>1</sup>



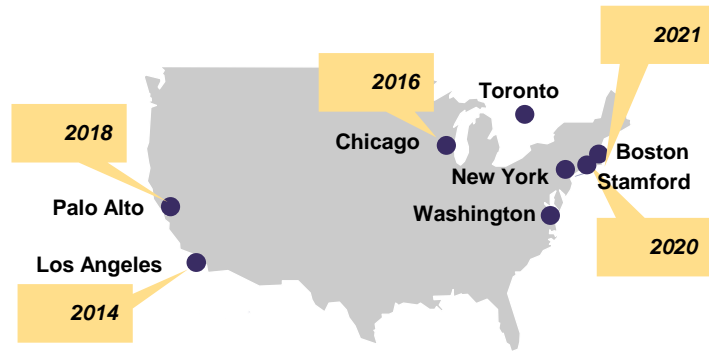
**Note**  
<sup>1</sup> US investment costs were €14m in H1 2017, €10m in H1 2018, €10m H1 2019, €7m in H1 2020 and €3m in H1 2021. Our US investment costs are expected to be around 2% of revenue subject to the right opportunities



# Update on our North America development

## Strength in M&A deal volumes in H1 2021

### Overview



- c.210 advisory bankers

### Rothschild & Co North America H1 Performance<sup>1</sup>

	H1 2020	H1 2021	
M&A Deal value	\$11bn	\$37bn	+240%
M&A Deal number	18	56	+211%

- Investments in senior and other bankers are generating strong results and meaningful increases in deal numbers
- Rothschild & Co North America continues to grow its sector and geographic presence
- Successful track record in North America restructuring deals (#5 by announced value in H1 2021)

### Selection of landmark deals advised by Rothschild & Co North America in H1 2021

M&A Deals	FirstGroup	Inteliquent	Advent International	wmh	Restructuring Deals	Ad Hoc Group of First Lien Lenders of GEE	TLB Lenders of Seadrill Partners	Ad Hoc Group of Garrett Motion Shareholders
Lead joint financial advisor on US\$4.6bn divestiture of First Student and First Transit to EQT Infrastructure	US\$1.14bn sale to Sinch AB	US\$2.3bn sale of Laird Performance Materials to DuPont	US\$1.5bn merger with Silver Spike Acquisition Corp	US\$1.0bn Chapter 11 restructuring	\$2.8bn Chapter 11 restructuring and subsequent formation into Aquadrill	US\$4.0bn Chapter 11 restructuring		
Current	Current	Current	2021	2021	2021	2021		

<sup>1</sup> Source Refinitiv, any North America involvement on completed transactions



# 3

Business review: Wealth &  
Asset Management

# Wealth & Asset Management



## Highlights of H1 2021

### Wealth and Asset Management

- Increasing positive momentum in NNA in WM: +€3.7bn
- Strong growth in revenue (+9%) and PBT (+31%)
- AuM reached €87.5bn (+12%)

### Europe

- Strong growth in revenue (+11%) and PBT (+39%)
- Closing of Banque Pâris Bertrand acquisition in July 2021, with c.€6bn of AuM integrated as of this date. Merger planed to be completed before end of the year
- Opening of a new office in Madrid, will start to operate in September 2021
- AM Europe: back to positive NNA in H1 2021 following the recent strategic refocus

### AM US

- Business starting to stabilise with net outflows reduced by 50% versus H1 2020
- Increase in AuM thanks to positive market effect

**3.7bn**

NNA in WM in H1 2021

**+31%**  
**PBT**

Closing of  
Banque Pâris  
Bertrand  
acquisition

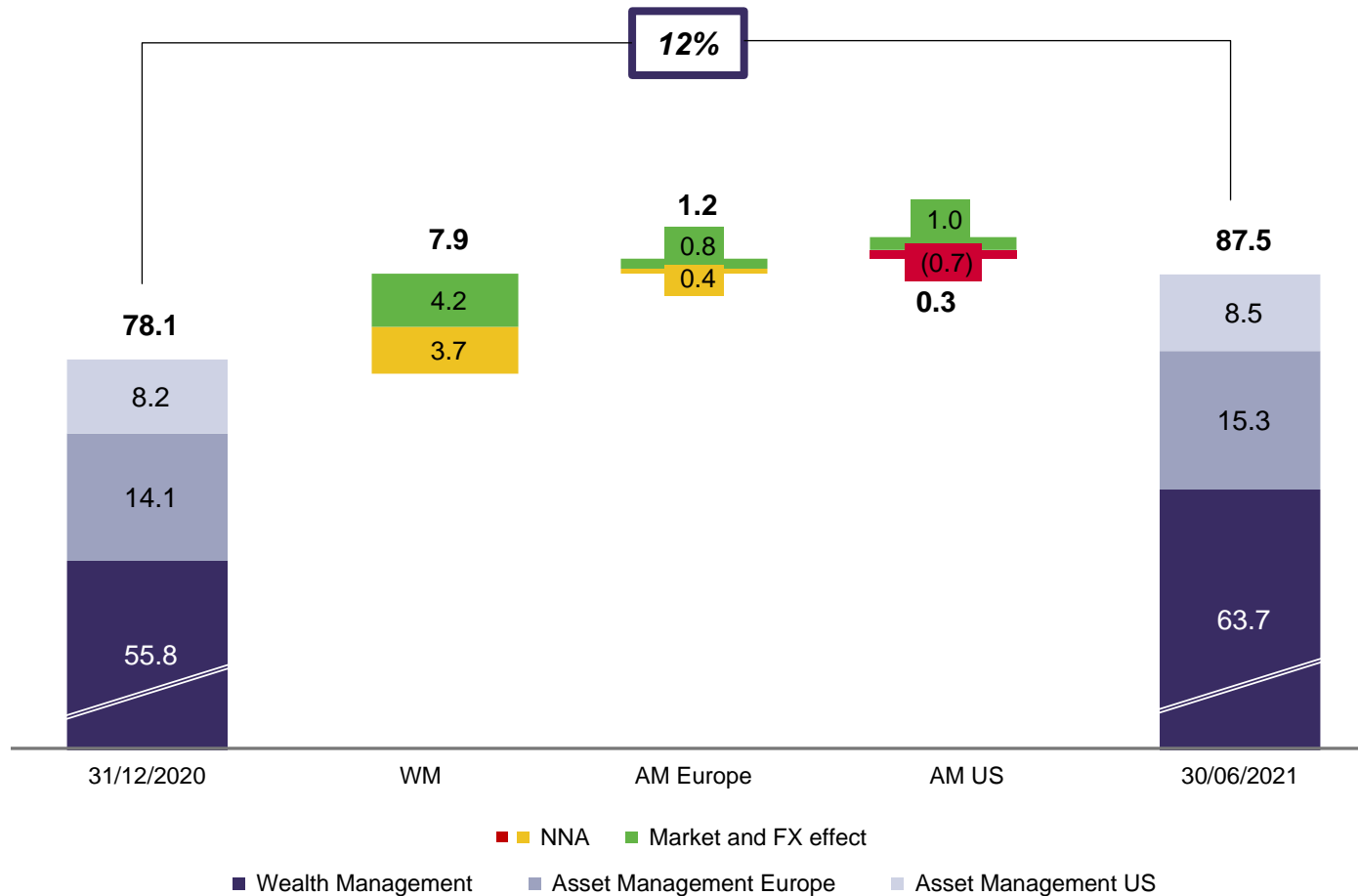
**AM Europe:**  
back to positive  
NNA

# Wealth & Asset Management



AuM growth driven by record level of NNA in Wealth Management and positive market effect

Assets under management (in €bn)



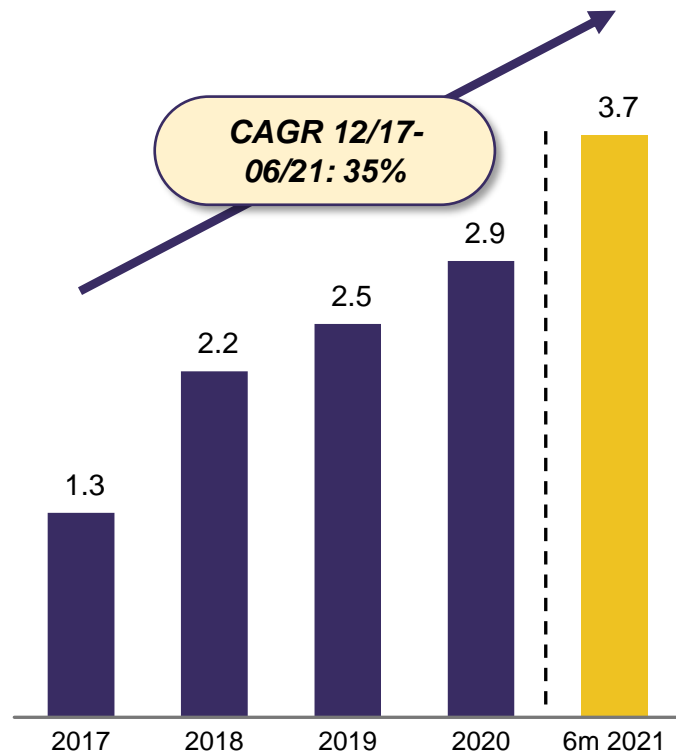




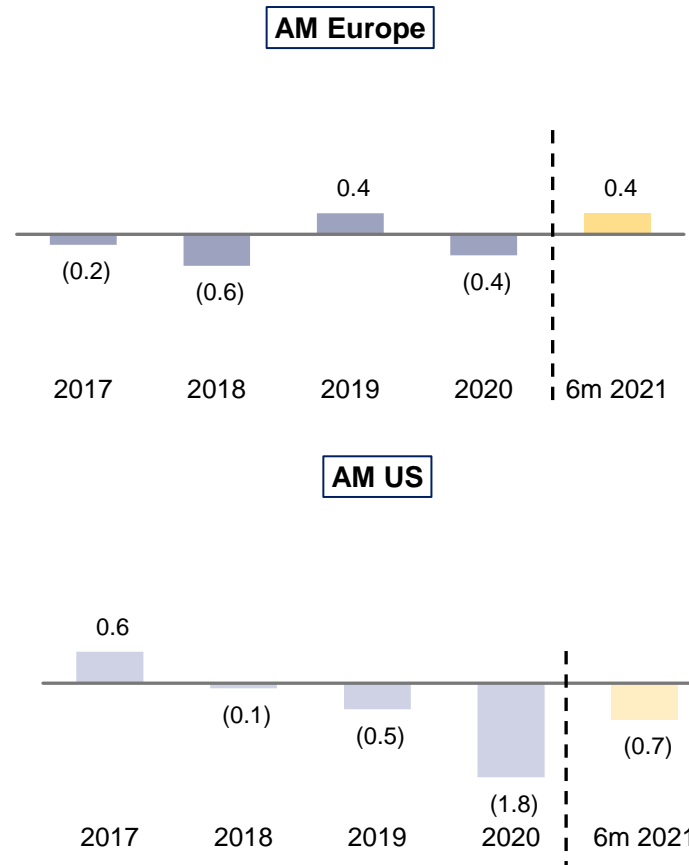
# Wealth & Asset Management

Continuous positive momentum in Wealth Management (35% CAGR since end 2017), AM Europe back to positive NNA in H1 2021 following refocus of the business

Wealth Management NNA (in €bn)



Asset Management NNA (in €bn)



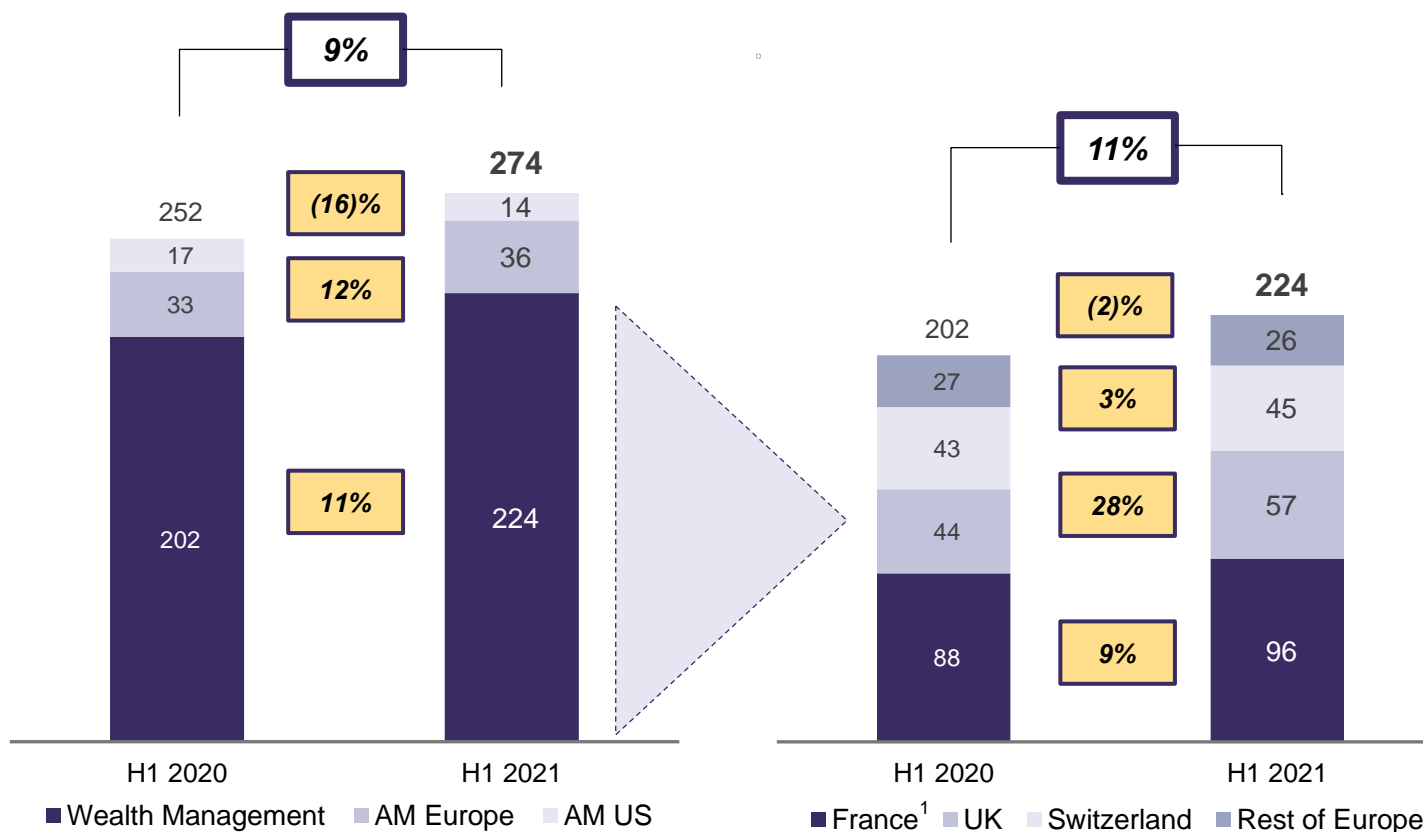
# Wealth & Asset Management



## Wealth Management and AM Europe driving strong revenue growth

By business line

Zoom by geography on WM revenue



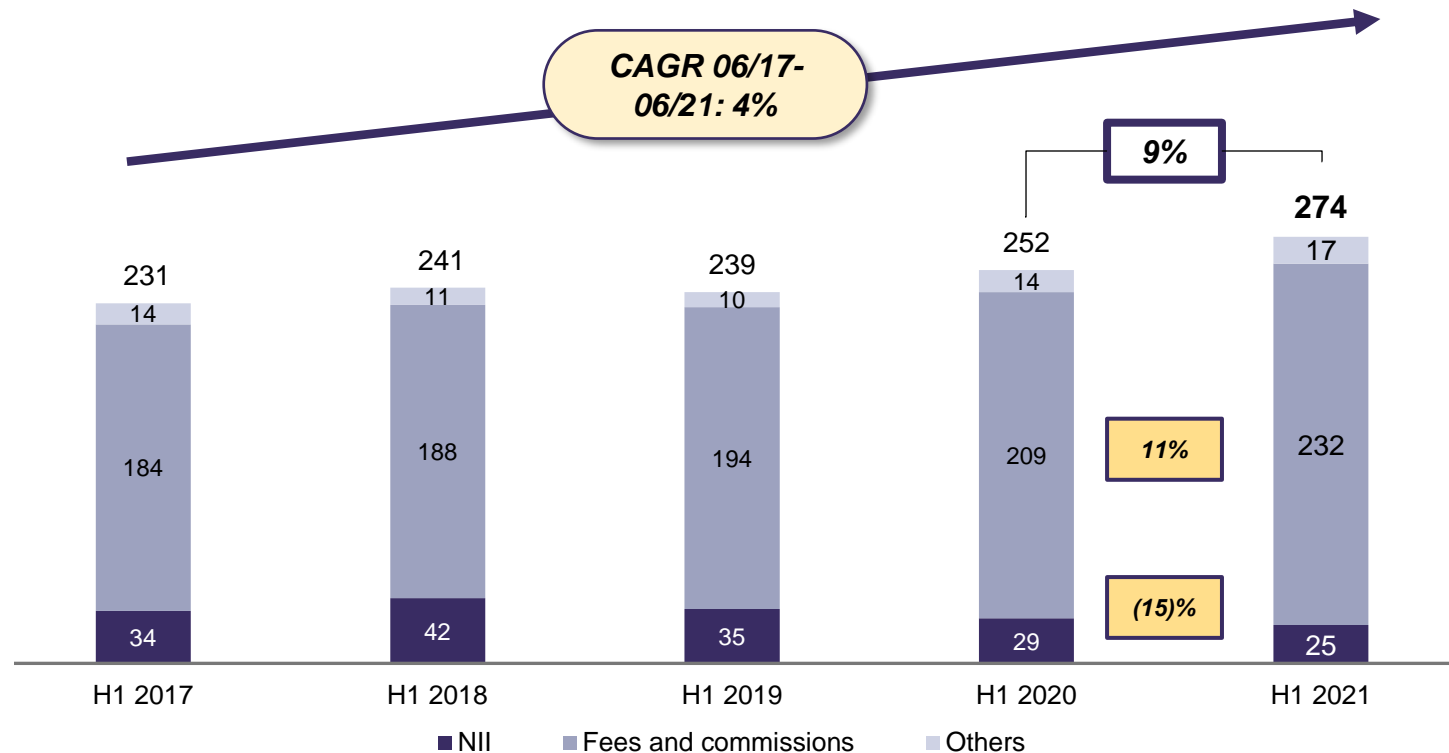
Note  
 1 France includes France, Belgium and Monaco

# Wealth & Asset Management



Strong increase of revenue driven by high level of fees and commissions

Revenue by type (in €m)



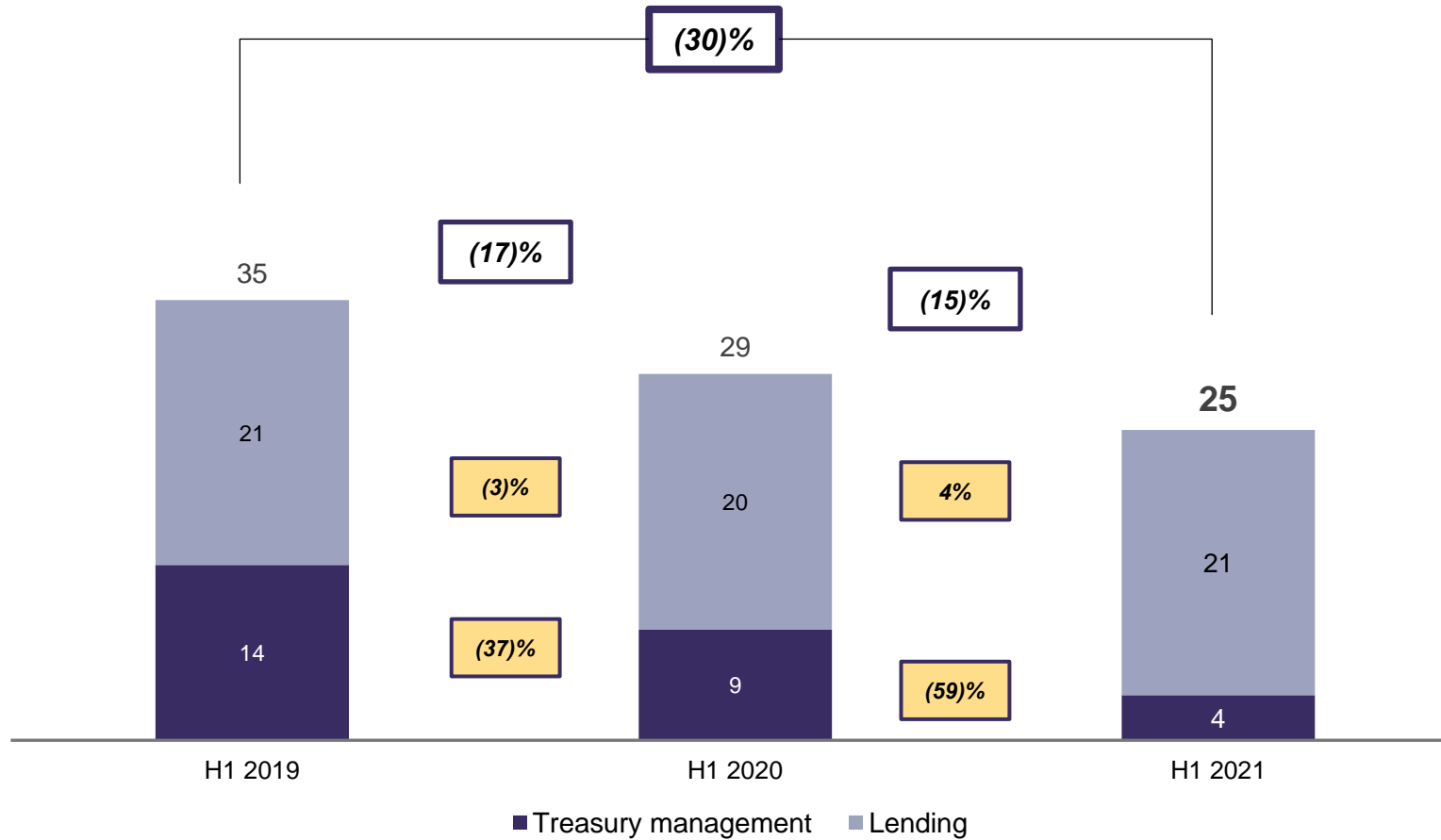
Revenue bps margin	H1 2017	H1 2018	H1 2019	H1 2020	H1 2021
Revenue bps margin	71	71	70	68	66

# Wealth & Asset Management



NII continues to reduce due to low interest rate environment

Breakdown of NII between lending and treasury

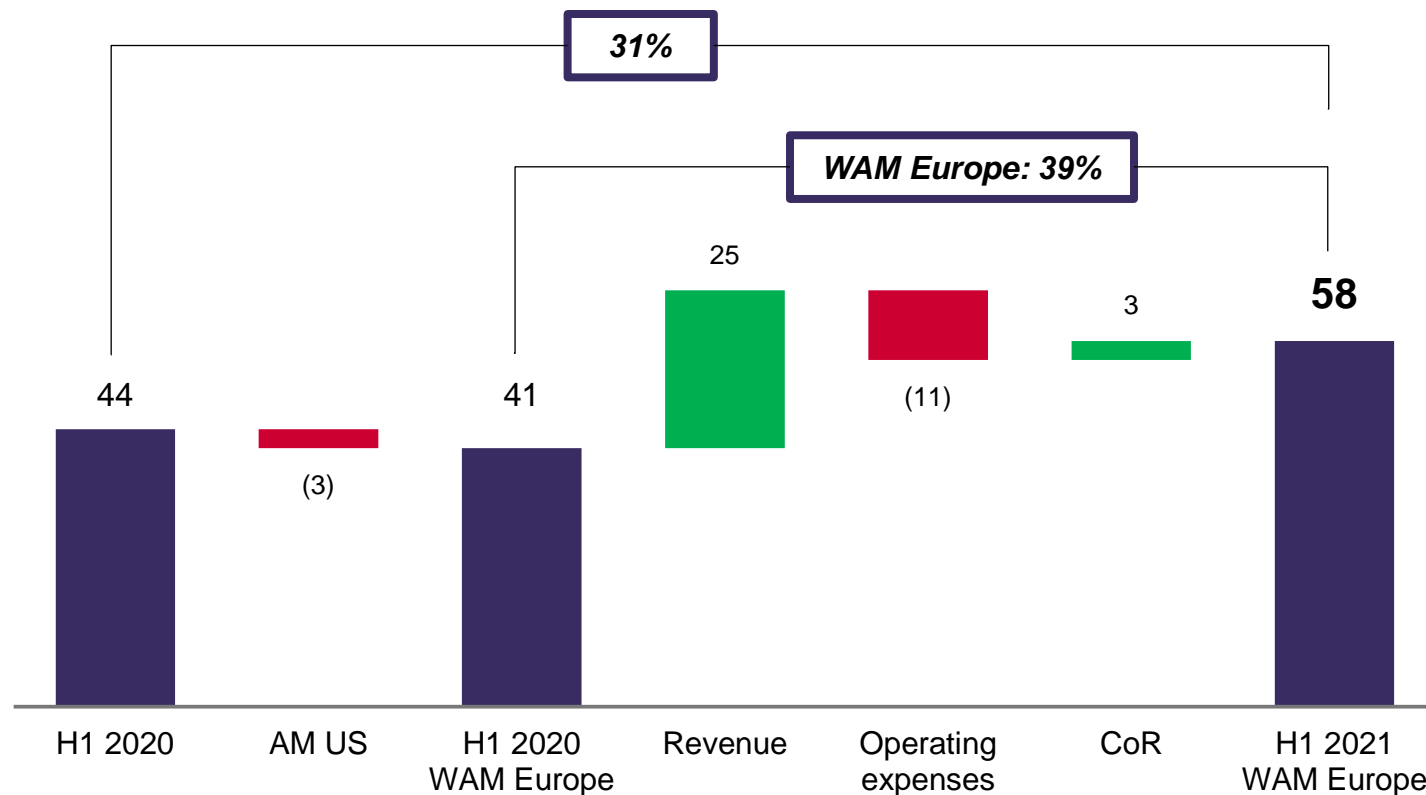


# Wealth & Asset Management



PBT up 31% versus H1 2020 – WAM Europe PBT margin of 22%

Profit Before Tax (in €m) and PBT margin



**PBT margin** 17.4%

17.5%

**22.0%**

**Note**

1. AM US stabilized with a small positive profit for H1 2021 (<€0.5m)



# 4

## Business review: Merchant Banking

# Merchant Banking



## Highlights of H1 2021

### Investment activity

- Several attractive investments and profitable exits completed across all strategies
- Many transactions involved coordinated efforts across different funds, both in Europe and in the US

### Investment performance

- Valuations in private equity increased significantly in line with the long-term value creation potential of our portfolio
- Private equity investment performance was further enhanced by a number of successful exits completed during H1 2021
- Private debt portfolio continued to perform well, with positive returns generated by both our direct lending and our leveraged loan products

### Business performance

- Record-high and growing management fees, a stable source of recurring profitability for the Group
- Highest recorded investment and performance revenue with positive contributions from all our lines of business

### Business development and fundraising

- Launch of a continuation fund to benefit from the additional value creation potential of the remaining FAPI I portfolio
- Final closing for our new growth capital private equity fund (FAGC I) materially above its fundraising target
- Multiple closings for our 3rd generation direct lending fund (FADP III) with commitments in excess of €1.0 billion already secured
- Launch of two new CLOs in Europe and US and final closing of Oberon IV (senior secured loan fund)
- Preparation to launch a number of funds in H2 2021 including FAPI IV and a sustainable investment fund

**€17.1bn**  
of AuM

**+10%**  
of recurring  
revenues

**€144m**  
of cash  
distributions

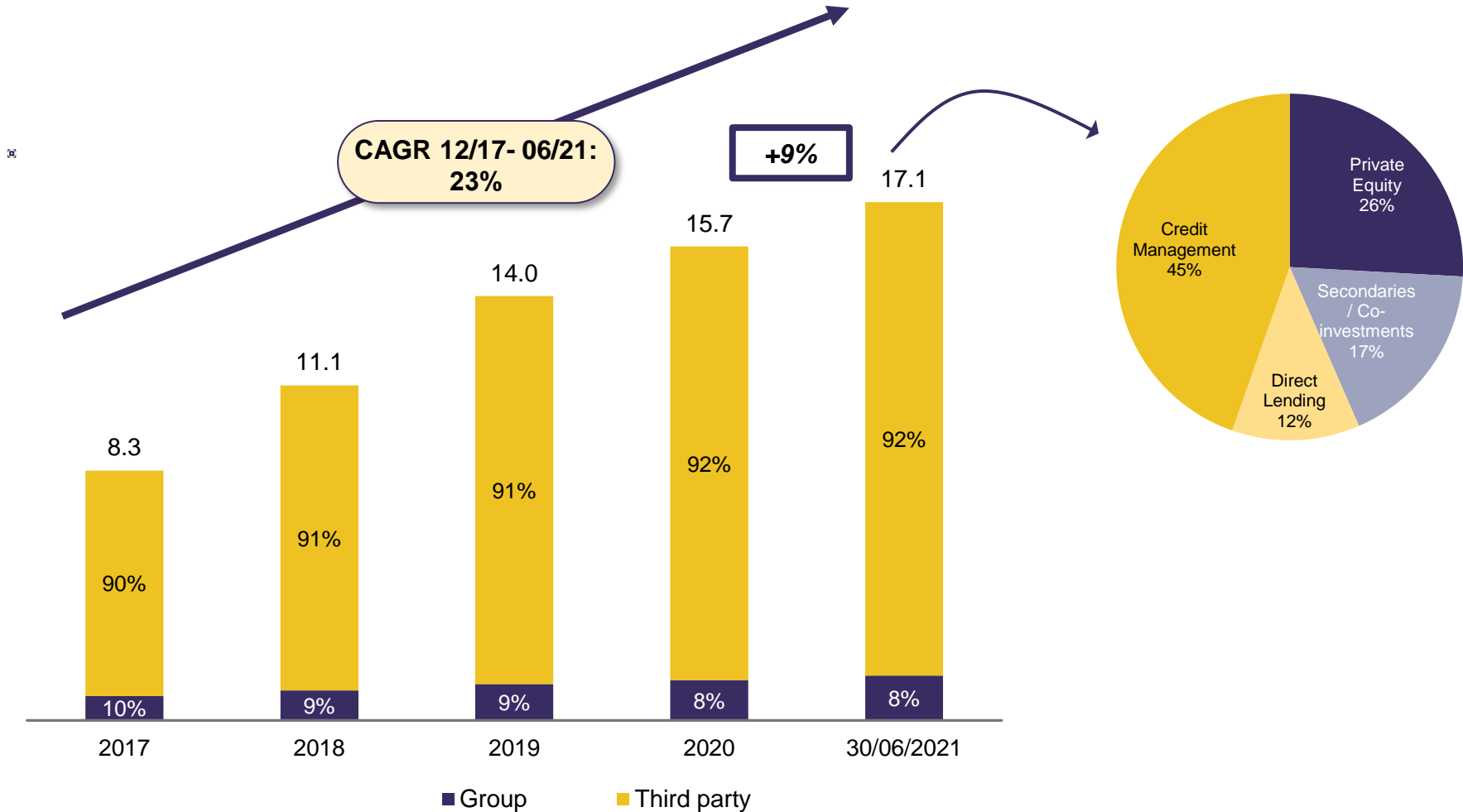
NAV of  
**€804m**

# Merchant Banking



Continuing growth of AuM thanks to development of business activities

Assets under Management (in €bn)

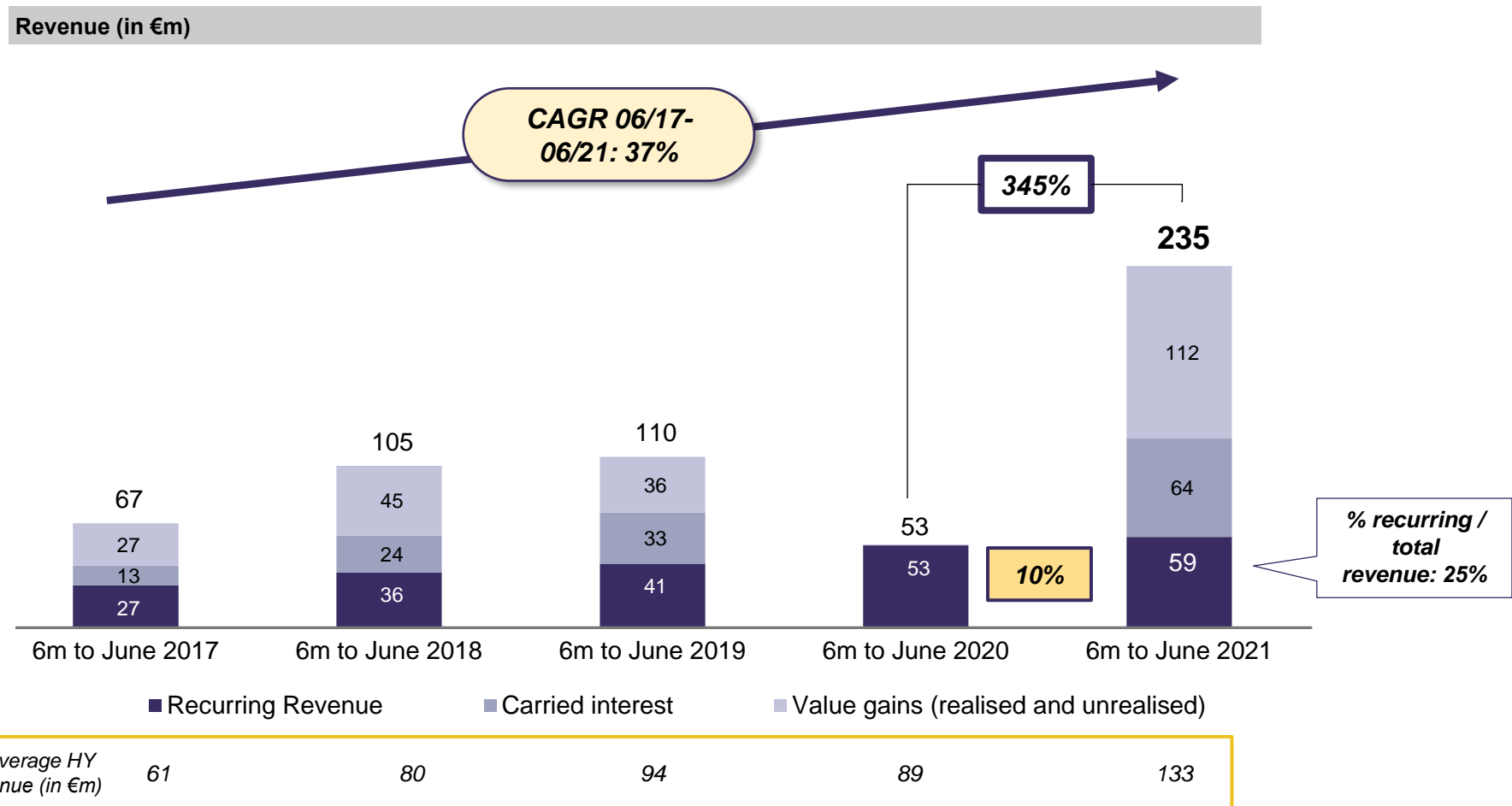




# Merchant Banking



Record level of investment and performance revenue (carry and value gains)

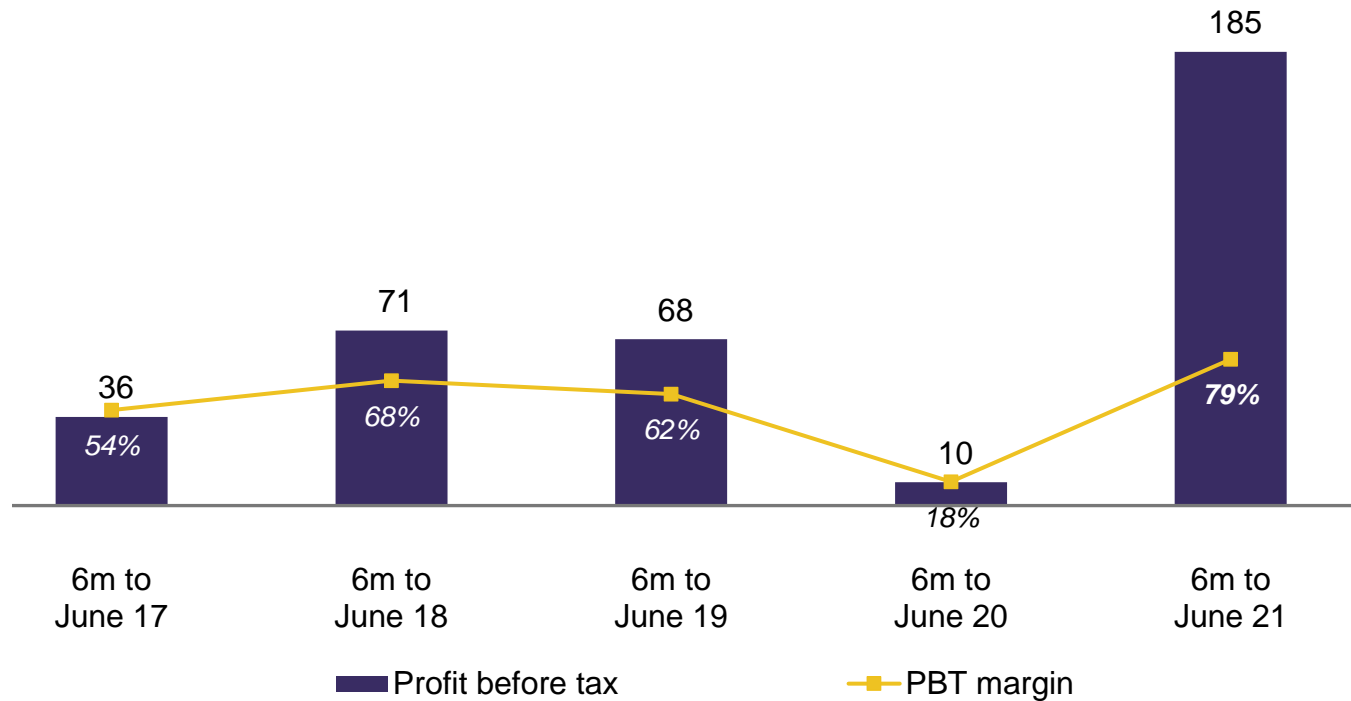


# Merchant Banking



## Record revenue translates into record profits

Profit Before Tax (in €m) and RORAC<sup>1</sup>



3 year average RORAC <sup>1</sup>	24%	28%	28%	25%	27%
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**Note**

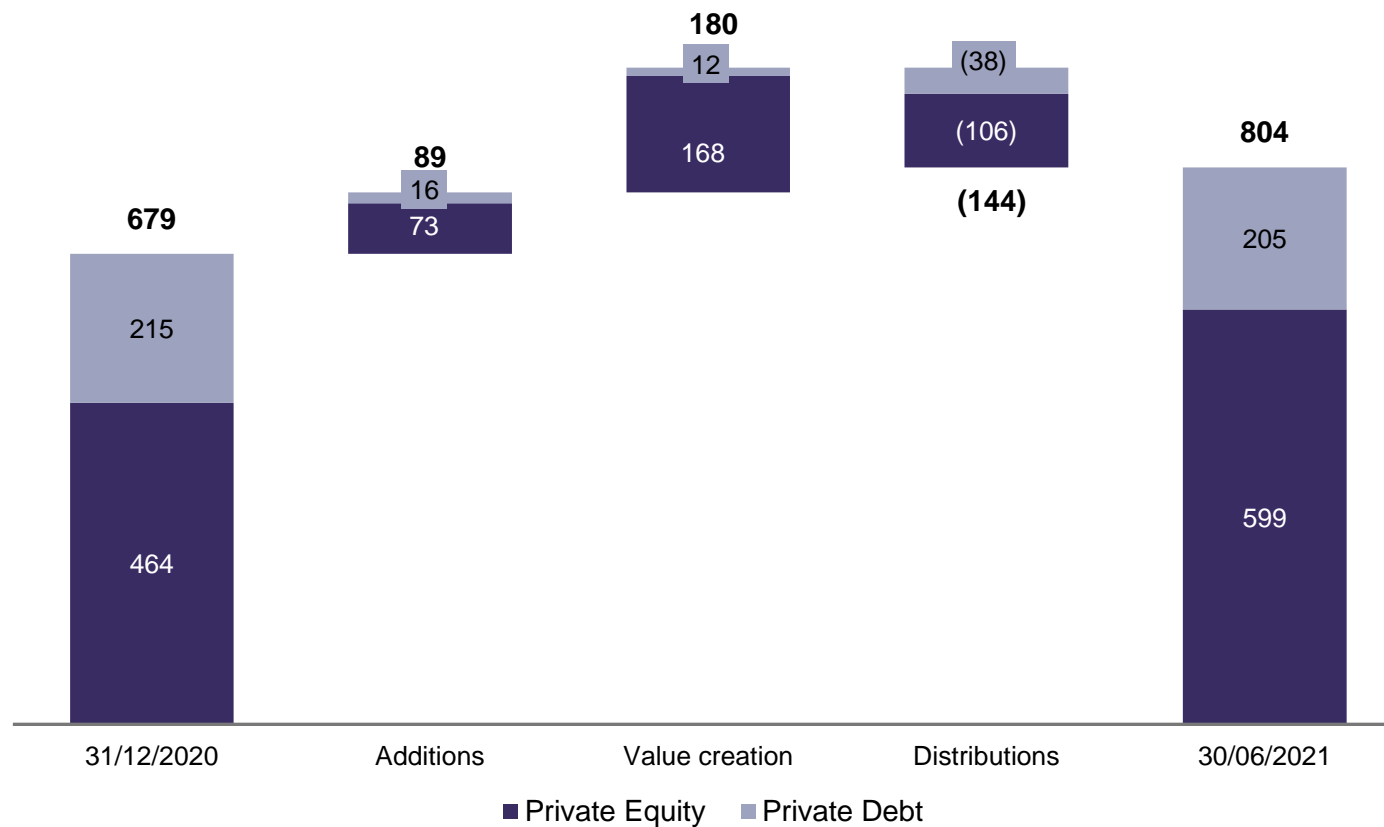
<sup>1</sup> RORAC stands for Return On Risk Adjusted Capital – an internal measure of risk capital invested in the business, being profit before tax divided by risk weighted capital

# Merchant Banking



Record NAV driven by strong portfolio performance, partly offset by distributions

Change in Net Asset Value (NAV) of the Group's investment (in €m)





# 5

Corporate responsibility

# Corporate Responsibility update



## Key highlights ESG strategy integration H1 2021

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### Public commitments

- Signatory of the UN Global Compact
- Active engagement with ESG rating agencies and other stakeholders
- Publication of stand-alone Corporate Responsibility Report 2020

### Operational focus

- Support of employee wellbeing and work-life-balance
- Top management commitment to Balance & Inclusion principles; dedicated training
- New Supplier Code of Conduct for supply chain engagement on ESG

### Business line integration

- SFDR regulation as opportunity for our investment activities to align strategies with sustainability objectives
- Launch of a Sustainable Investment Fund within Merchant Banking
- Global Advisory continued to advise clients on landmark sustainability linked transactions



# 6

## Financials

# Summary consolidated P&L



(in €m)	H1 2021	H1 2020	Var	Var %	FX effects
<b>Revenue</b>	<b>1,350</b>	<b>838</b>	<b>512</b>	<b>61%</b>	<b>(12)</b>
Staff costs	(693)	(523)	(170)	33%	9
Administrative expenses	(119)	(122)	3	(2)%	1
Depreciation and amortisation	(34)	(34)	0	0%	0
Cost of risk	2	(8)	10	(125)%	0
<b>Operating Income</b>	<b>506</b>	<b>151</b>	<b>355</b>	<b>235%</b>	<b>(2)</b>
Other income / (expense) (net)	4	(1)	5	(500)%	0
<b>Profit before tax</b>	<b>510</b>	<b>150</b>	<b>360</b>	<b>240%</b>	<b>(2)</b>
Income tax	(58)	(28)	(30)	107%	1
<b>Consolidated net income</b>	<b>452</b>	<b>122</b>	<b>330</b>	<b>270%</b>	<b>(1)</b>
Non-controlling interests	(106)	(62)	(44)	71%	0
<b>Net income - Group share</b>	<b>346</b>	<b>60</b>	<b>286</b>	<b>477%</b>	<b>(1)</b>
Adjustments for exceptionals	0	5	(5)	(100)%	0
<b>Net income - Group share excl. exceptionals</b>	<b>346</b>	<b>65</b>	<b>281</b>	<b>432%</b>	<b>(1)</b>
<i>Earnings per share <sup>1</sup></i>	<i>4.78 €</i>	<i>0.82 €</i>	<i>3.96 €</i>	<i>483%</i>	
<b>EPS excl. exceptionals</b>	<b>4.78 €</b>	<b>0.88 €</b>	<b>3.90 €</b>	<b>443%</b>	
<i>Return On Tangible Equity (ROTE)</i>	<i>31.8%</i>	<i>6.3%</i>			
<b>ROTE excl. exceptionals</b>	<b>31.8%</b>	<b>6.8%</b>			

## Note

<sup>1</sup> Diluted EPS is €4.71 for H1 2021 (H1 2020: €0.82)

# “Exceptionals” reconciliation



<i>(in €m)</i>	H1 2021			H1 2020		
	PBT	PATMI	EPS	PBT	PATMI	EPS
<b>As reported</b>	<b>510</b>	<b>346</b>	<b>4.78 €</b>	<b>150</b>	<b>60</b>	<b>0.82 €</b>
- IT transition costs	0	0	- €	(6)	(5)	(0.06) €
<b>Total exceptional (charges) / profits</b>	<b>0</b>	<b>0</b>	<b>- €</b>	<b>(6)</b>	<b>(5)</b>	<b>(0.06) €</b>
<b>Excluding exceptional</b>	<b>510</b>	<b>346</b>	<b>4.78 €</b>	<b>156</b>	<b>65</b>	<b>0.88 €</b>



# Performance by business



(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	H1 2021
<b>Revenue</b>	<b>833</b>	<b>274</b>	<b>235</b>	<b>8</b>	<b>0</b>	<b>1,350</b>
Operating expenses	(668)	(217)	(50)	(31)	120	(846)
Impairments	0	1	0	0	1	2
<b>Operating income</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>121</b>	<b>506</b>
Other income / (expense)	0	0	0	0	4	4
<b>Profit before tax</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>125</b>	<b>510</b>
Exceptional (profits) / charges	0	0	0	0	0	0
<b>PBT excluding exceptional charges / profits</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>125</b>	<b>510</b>
<i>Operating margin %</i>	<i>20%</i>	<i>21%</i>	<i>79%</i>	<i>-</i>	<i>-</i>	<i>38%</i>

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	H1 2020
<b>Revenue</b>	<b>529</b>	<b>252</b>	<b>53</b>	<b>7</b>	<b>(3)</b>	<b>838</b>
Operating expenses	(454)	(206)	(43)	(28)	52	(679)
Impairments	0	(2)	0	0	(6)	(8)
<b>Operating income</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>43</b>	<b>151</b>
Other income / (expense)	0	0	0	0	(1)	(1)
<b>Profit before tax</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>42</b>	<b>150</b>
Exceptional (profits) / charges	0	0	0	0	6	6
<b>PBT excluding exceptional charges / profits</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>48</b>	<b>156</b>
<i>Operating margin %</i>	<i>14%</i>	<i>17%</i>	<i>19%</i>	<i>-</i>	<i>-</i>	<i>19%</i>

**Note**  
<sup>1</sup> IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in "net income/(expense) from other assets" or administrative expenses excluded from the management accounts; and reallocating cost of risk and certain operating income and expenses for presentational purposes

# Compensation ratio



<i>(in €m)</i>	H1 2021	H1 2020	2020
<b>Revenue</b>	<b>1,350</b>	<b>838</b>	<b>1,799</b>
Total staff costs <sup>1</sup>	(773)	(570)	(1,207)
<b>Compensation ratio</b>	<b>57.3%</b>	<b>68.0%</b>	<b>67.1%</b>
<i>variation due to GA US investment costs<sup>2</sup></i>	<i>(0.2)%</i>	<i>(0.8)%</i>	<i>(0.5)%</i>
<b>Adjusted for US investment costs Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>57.1%</b>	<b>67.2%</b>	<b>66.6%</b>
<i>variation due to FX</i>	<i>0.1%</i>	<i>-</i>	<i>-</i>
<b>Adjusted for US investment costs &amp; FX change Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>57.2%</b>	<b>67.2%</b>	<b>66.6%</b>
<i>variation due to deferred bonus accounting</i>	<i>1.7%</i>	<i>(1.0)%</i>	<i>(0.1)%</i>
<b>Adjusted awarded Compensation ratio (EXCLUDING deferred bonus accounting)</b>	<b>58.9%</b>	<b>66.2%</b>	<b>66.5%</b>
<b>Headcount</b>	<b>3,797</b>	3,635	3,675

- 50% of personnel costs within Rothschild & Co is discretionary
- Outstanding level of investment and performance revenue in Merchant Banking drove down compensation ratio, as this is not bonusable. Excluding MB investment and performance revenue, compensation ratio would have been:
  - H1 2021: 65.6%
  - H1 2020: 67.2%
  - 2020: 67.9%

## Notes

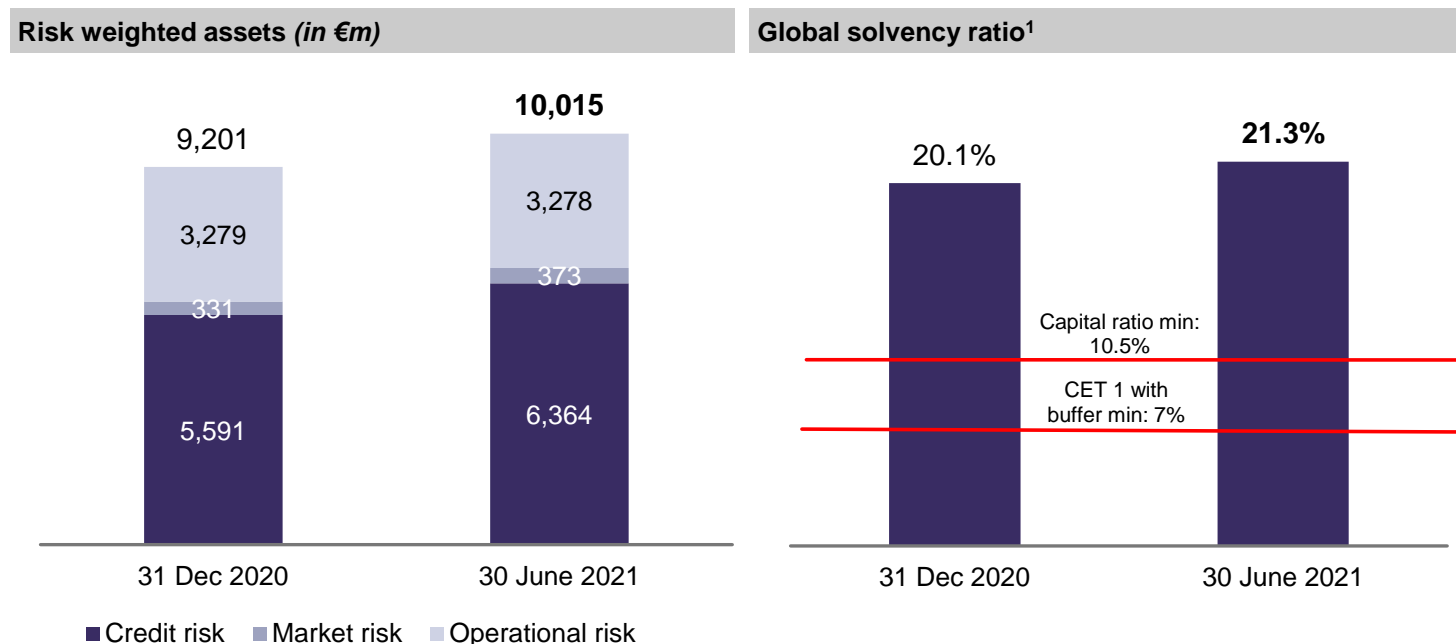
<sup>1</sup> Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for deferred bonuses over the period in which they are earned, as opposed to "awarded" basis but exclude redundancy costs, revaluation of share-based employee liabilities and acquisition costs treated as employee compensation under IFRS

<sup>2</sup> GA US investment costs are defined as compensation earned in respect of the first 12 month period of employment plus any make-wholes payable in the reporting period

# Solvency ratios comfortably above minimum requirements



## Risk weighted assets and ratios under full application of Basel 3 rules



- Ratio improved from December 2020 to June 2021 to 21.3% due to:
  - Strong growth in capital reflecting H1 2021 profit, positive reserve movements on pensions and FX, partially offset by €35m share buyback
  - Increase of RWA, mainly reflecting credit risk relating to Merchant Banking value accretion and increase of private client lending
- Acquisition of Banque Pâris Bertrand in July reduces Rothschild & Co's CET 1 ratio by around 1%

**Note**

<sup>1</sup> The ratio submitted to ACPR as at 30 June 2021 was 19.0%, which excludes the profit of the first half of the year as non-audited at the time of the submission

# Summary Balance sheet



(in €bn)	30/06/2021	31/12/2020	Var
<b>Banks</b>	<b>13.0</b>	<b>12.3</b>	<b>0.7</b>
Credit exposures	3.9	3.5	0.4
<i>o/w Private client lending (PCL)</i>	3.6	3.1	0.5
Cash and treasury assets	8.0	7.9	0.1
<i>o/w amounts deposited by non-bank Group subsidiaries</i>	0.4	0.4	0.0
Other current and non-current assets	1.1	0.9	0.2
<b>Non-Banks</b>	<b>2.6</b>	<b>2.4</b>	<b>0.2</b>
Merchant Banking investments	0.8	0.7	0.1
Cash and treasury assets	0.9	0.8	0.1
<i>o/w central Group</i>	0.5	0.6	(0.1)
Other current and non-current assets	0.9	0.9	0.0
<b>Total assets</b>	<b>15.6</b>	<b>14.7</b>	<b>0.9</b>
<b>Banks</b>	<b>12.0</b>	<b>11.3</b>	<b>0.7</b>
Due to customers	10.4	9.9	0.5
Due to banks	0.3	0.3	0.0
Other current and non-current liabilities	1.3	1.1	0.2
<b>Non-Banks</b>	<b>0.5</b>	<b>0.7</b>	<b>(0.2)</b>
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.3	0.5	(0.2)
<b>Capital</b>	<b>3.1</b>	<b>2.7</b>	<b>0.4</b>
Shareholders' equity - Group share	2.7	2.3	0.4
Non-controlling interests	0.4	0.4	0.0
<b>Total capital and liabilities</b>	<b>15.6</b>	<b>14.7</b>	<b>0.9</b>

	30/06/2021	31/12/2020
<i>Loans / Deposits</i>	38%	35%
<i>Liquid assets / Total assets</i>	57%	59%
<i>Net book value / share</i>	€37.31	€31.90
<i>Net tangible book value / share</i>	€32.98	€27.67



# 7

Targets and outlook

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# Our financial targets

		Target	H1 2021	H1 2020	2020
Group targets	Compensation ratio <sup>1</sup>	Low to mid 60's through the cycle	57.2%	67.2%	66.6%
	Return on tangible equity <sup>2</sup>	10 to 15% through the cycle	31.8%	6.8%	8.8%
Businesses targets	Global Advisory: Profit before tax margin <sup>3</sup>	Mid to high-teens through the cycle	20%	15%	16%
	Wealth & Asset Management: Profit before tax margin <sup>4</sup>	Around 18% <sup>4</sup> by 2022	22.0%	17.5%	15.6%
	Merchant Banking: 3 years average RORAC <sup>5</sup>	Above 15% through the cycle	27%	25%	20%

## Notes

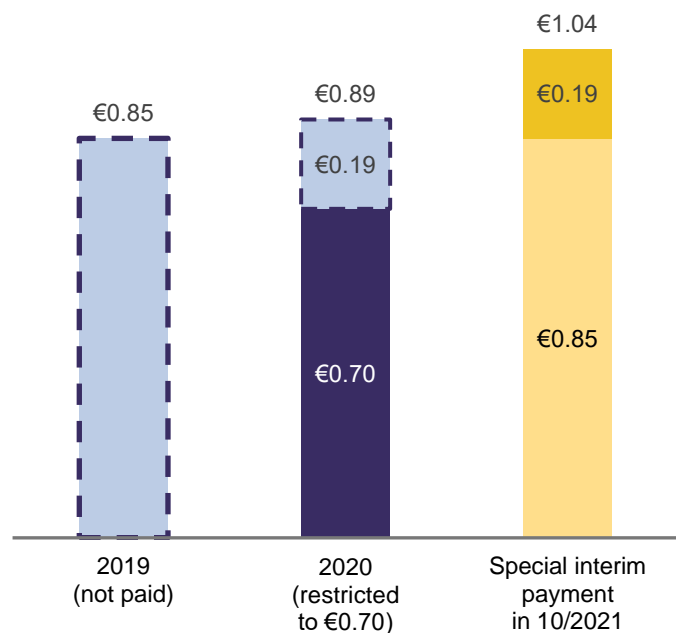
- 1 As adjusted including deferred bonus accounting– see slide 34
- 2 ROTE based on Net income – Group share excl. exceptionals items. See definition on slide 45 and calculation on slide 47
- 3 GA PBT margin pre-US investments. Would be 19.8% if US investments included (H1 2020: 14.1%)
- 4 Excluding AM US
- 5 See definition on slide 45 and calculation on slide 47

# Dividend and return of capital



## Dividend

- Exceptional interim dividend in October 2021 of €1.04 per share to compensate for the difference between the dividend actually paid in respect of 2019 and 2020 and the dividend that would have been paid in accordance with our distribution policy, subject to the lifting of regulatory restrictions



## Share buyback

- Considering the strong 2021 performance, intention to launch a share buyback programme of an amount up to €70 million over a 12-month period, subject to ACPR approval (and assuming no material adverse developments)
- These buyback shares will be used either to meet requirements under the equity schemes and share based remuneration plans of Rothschild & Co up to 1% or will be cancelled.
- This is in addition to the €35m buyback undertaken in June 2021



## Global Advisory

- Our visible pipeline of business is well diversified and significantly ahead of previous years
- Expect activity levels to remain strong through the remainder of 2021
- Remain very positive regarding the performance outlook for our business in 2021

## Wealth & Asset Management

- Positive outlook thanks to strong new business pipeline, combined with higher than budgeted AuM at the end of June
- No expected changes in interest rates in near future

## Merchant Banking

- Expect to continue to grow recurring revenue base and generate further investment and performance revenue, albeit much lower level in H2 versus H1 2021
- Investments should continue to show resilience and accelerate their value creation trajectory
- Portfolios and resulting NAV should continue to perform

## Group

- Current macro environment still positive for our three core businesses
- Optimistic for a strong performance for the rest of the year thanks to clear strategies of each business line, if current momentum and market conditions persist



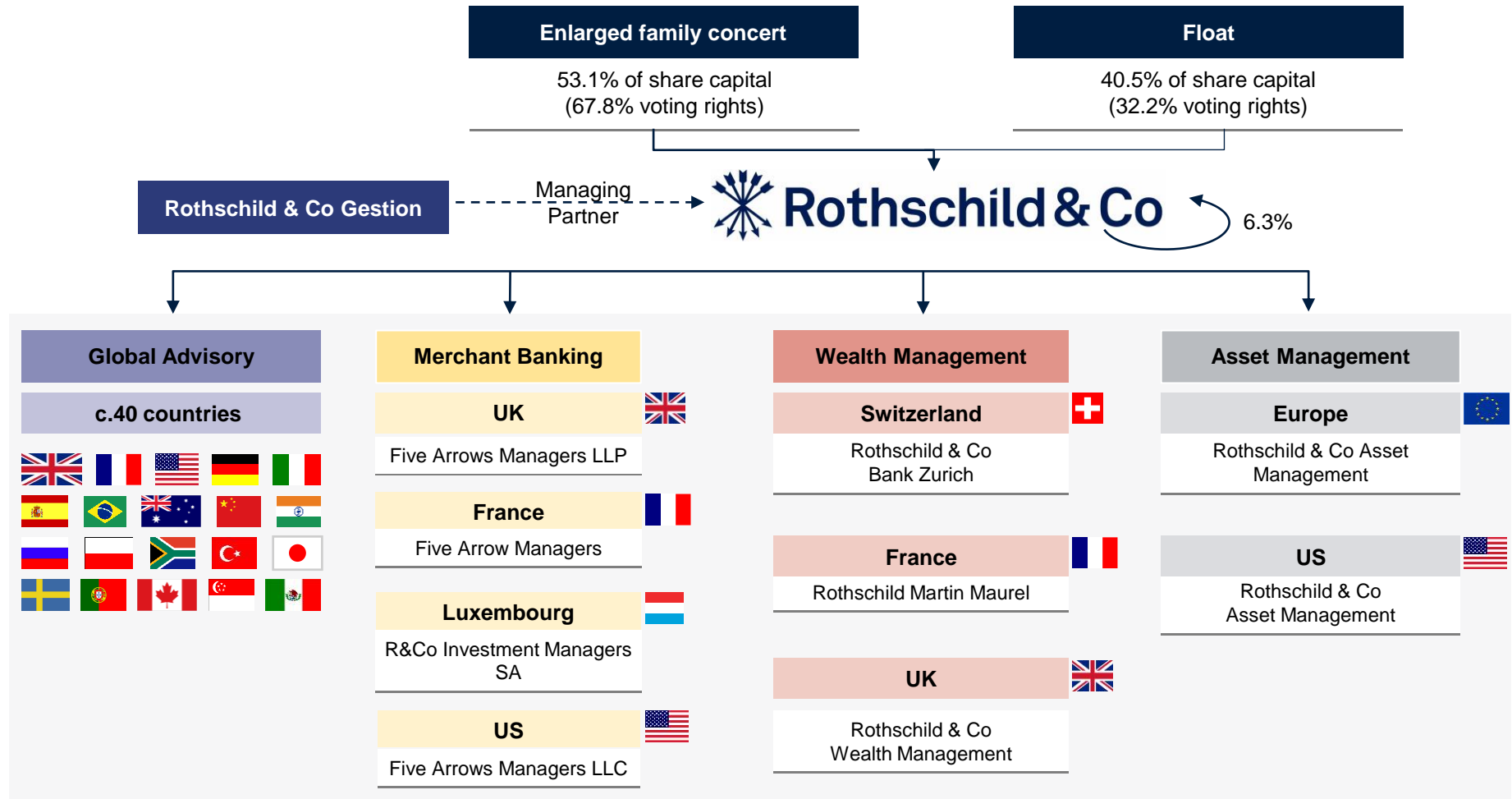


# Appendices

# Rothschild & Co at a glance



As at 31 August 2021



# Major FX rates



## P&L (average)

Rates	H1 2021	H1 2020	Var
€ / GBP	0.8657	0.8773	(1)%
€ / CHF	1.0958	1.0642	3%
€ / USD	1.2014	1.1065	9%

## Balance sheet (spot)

Rates	30/06/2021	31/12/2020	Var
€ / GBP	0.8583	0.8992	(5)%
€ / CHF	1.0962	1.0804	1%
€ / USD	1.1858	1.2281	(3)%

P&L rates are illustrative.

P&L is translated at the rates of the month in which P&L is booked.

# Non-controlling interests



## P&L

(in €m)	H1 2021	H1 2020
Interest on perpetual subordinated debt	6.5	7.5
Preferred shares <sup>1</sup>	99.6	55.0
Other non-controlling interests	0.0	(0.4)
<b>TOTAL</b>	<b>106.1</b>	<b>62.1</b>

## Balance sheet

(in €m)	30/06/2021	31/12/2020
Perpetual subordinated debt	298	285
Preferred shares <sup>1</sup>	91	118
Other non-controlling interests	3	2
<b>TOTAL</b>	<b>392</b>	<b>405</b>

### Note

<sup>1</sup> Mainly relates to the profit share (préciput) distributed to French partners

# Alternative performance measures (APM)



APM	Definition	Reason for use
<b>Net income – Group share excluding exceptionals</b>	Net income attributable to holders of ordinary equity excluding exceptional items	To measure Net result Group share of Rothschild & Co excluding exceptional items
<b>EPS excluding exceptionals</b>	EPS excluding exceptional items	To measure EPS excluding exceptional items
<b>Adjusted compensation ratio</b>	<p>Ratio between adjusted staff costs divided by consolidated revenue of Rothschild &amp; Co (as presented on slide 28). Adjusted staff costs represent:</p> <ol style="list-style-type: none"> <li>staff costs accounted in the income statement (which include the effects of accounting for deferred bonuses over the period in which they are earned as opposed to the “awarded” basis)</li> <li>to which must be added the amount of profit share (préciput) paid to the French partners</li> <li>from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS</li> </ol> <p>- which gives <b>Total staff costs in calculating the basic compensation ratio</b></p> <ol style="list-style-type: none"> <li>from which the investment costs related to the recruitment of senior bankers in the United States must be deducted,</li> <li>the amount of adjusted staff costs is restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next</li> </ol> <p>- which gives the <b>adjusted staff costs for compensation ratio</b>.</p>	<p>To measure the proportion of Net Banking Income granted to all employees. Key indicator for competitor listed investment banks.</p> <p>Rothschild &amp; Co calculates this ratio with adjustments to give the fairest and closest calculation to that used by other comparable listed companies.</p>
<b>Return on Tangible Equity (ROTE) excluding exceptional items</b>	<p>Ratio between Net income - Group share excluding exceptional items and average tangible equity Group share over the period. Tangible equity corresponds to total equity Group share less intangible assets (net of tax) and goodwill.</p> <p>Average tangible equity over the period equal to the average between tangible equity as at 31 December 2020 and 30 June 2021</p>	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business
<b>Business Operating margin</b>	Each business Operating margin is calculated by dividing Profit before tax by revenue, business by business. It excludes exceptional items	To measure business' profitability
<b>Return on Risk Adjusted Capital (RORAC)</b>	<p>Ratio of an adjusted profit before tax divided by an internal measure of risk adjusted capital deployed in the business on a rolling 3-year basis.</p> <p>The estimated amount of capital and debt which management believes would be reasonable to fund the Group's investments in Merchant Banking products is consistent with its cautious approach to risk management. Based on the mix of its investment portfolio as of the reporting dates, management believes that this “risk-adjusted capital” (RAC) amounts to c. 70% of the Group's investments net asset value and that the remainder could be funded by debt. This percentage broadly represents the weighted average of 80% for equity exposures, 50% for junior credit exposures, 40% for CLO exposures in vertical strips and 33% for senior credit exposures. To calculate the RORAC, MB profit before tax is adjusted by a notional 2.5% cost of debt, computed as per the above (i.e. 30% of the Group's investments NAV), divided by the RAC.</p> <p>Disclosed RORAC is calculated on a 3-year rolling period average to account for the inevitable volatility in the financial results of the business, primarily relating to investment income and carried interest recognition.</p>	To measure the performance of the Merchant Banking's business
<b>Operating cash flow (OCF)</b>	Amount of cash generated by the Group's normal business operations in the current financial year. The calculation is done via the indirect method, from the profit before tax	To measure the amount of cash generated by the group's normal business operations

# Alternative performance measures (APM)



## Book value per share, tangible book value per share and earnings per share

	30/06/2021	30/06/2020	31/12/2020
<b>Shareholders' equity (group share)</b>	<b>2,658,920</b>	<b>2,197,019</b>	<b>2,302,897</b>
<b>Net book value</b>	<b>2,658,920</b>	<b>2,197,019</b>	<b>2,302,897</b>
- Intangible assets	(185,869)	(181,928)	(183,905)
- Intangible assets net of tax	(172,400)	(168,400)	(170,400)
- Goodwill	(136,169)	(138,974)	(135,108)
<b>Net tangible book value</b>	<b>2,350,352</b>	<b>1,889,645</b>	<b>1,997,389</b>
<b>Average number of shares in issue</b>	<b>77,675,845</b>	<b>77,617,512</b>	<b>77,620,845</b>
- Average Treasury shares	(3,404,567)	(3,885,066)	(3,721,096)
- Average Controlling shares	(2,112,548)	(1,939,236)	(1,993,808)
<b>Average number of shares</b>	<b>72,158,731</b>	<b>71,793,211</b>	<b>71,905,941</b>
<b>Number of shares in issue - End of the period</b>	<b>77,697,512</b>	<b>77,617,512</b>	<b>77,657,512</b>
- Treasury shares - End of the period	(4,186,573)	(3,646,861)	(3,476,731)
- Controlling shares - End of the period	(2,236,018)	(2,131,106)	(1,989,816)
<b>Number of shares - End of the period</b>	<b>71,274,921</b>	<b>71,839,545</b>	<b>72,190,965</b>
<b>Net book value per share (End of the period)</b>	<b>€ 37.31</b>	<b>€ 30.58</b>	<b>€ 31.90</b>
<b>Net tangible book value per share (End of the period)</b>	<b>€ 32.98</b>	<b>€ 26.30</b>	<b>€ 27.67</b>
<b>Net income (group share)</b>	<b>346,095</b>	<b>60,057</b>	<b>160,511</b>
- profit share to R&Co Gestion	(1,503)	(1,298)	(2,596)
<b>Net income attributable to shareholders</b>	<b>344,592</b>	<b>58,759</b>	<b>157,915</b>
<b>Earnings per share (based on average number of shares)</b>	<b>€ 4.78</b>	<b>€ 0.82</b>	<b>€ 2.20</b>

# Alternative performance measures (APM)



## ROTE and RORAC

ROTE			RORAC		
	H1 2021	H1 2020		H1 2021	H1 2020
<b>Net income - Group share excluding exceptionals</b>	<b>346</b>	<b>65</b>	PBT 12m to June 2021	233	
Shareholders' equity - Group share - opening	2,303	2,239	PBT 12m to June 2020	52	52
- Intangible fixed assets	(170)	(158)	PBT 12m to June 2019	99	99
- Goodwill	(135)	(140)	PBT 12m to June 2018		155
<b>Tangible shareholders' equity - Group share - opening</b>	<b>1,997</b>	<b>1,941</b>	<b>Average PBT rolling 3 years</b>	<b>128</b>	<b>102</b>
Shareholders' equity - Group share - closing	2,659	2,197	NAV 30/06/2021	804	
- Intangible fixed assets	(172)	(168)	NAV 30/06/2020	588	588
- Goodwill	(136)	(139)	NAV 30/06/2019	544	544
<b>Tangible shareholders' equity - Group share - closing</b>	<b>2,350</b>	<b>1,890</b>	NAV 30/06/2018		581
<b>Average tangible equity</b>	<b>2,174</b>	<b>1,915</b>	<b>Average NAV rolling 3 years</b>	<b>645</b>	<b>571</b>
<b>ROTE excluding exceptionals</b>	<b>31.8%</b>	<b>6.8%</b>	Debt = 30% of average NAV	194	171
			Notional interest of 2.5% on debt	(5)	(4)
			<b>Average PBT rolling 3 years adjusted by the cost of debt interest</b>	<b>123</b>	<b>98</b>
			<b>Risk adjusted capital = 70% of Average NAV</b>	<b>452</b>	<b>400</b>
			<b>RORAC</b>	<b>27%</b>	<b>25%</b>

# Alternative performance measures (APM)



## Operating cash flow

	H1 2021	H1 2020	H1 2019
<b>Consolidated Profit before tax</b>	<b>510</b>	<b>150</b>	<b>234</b>
Non cash items	(155)	34	(61)
<b>Profit before tax and non cash items</b>	<b>355</b>	<b>184</b>	<b>173</b>
Acquisition of MB investments	(89)	(25)	(59)
Distribution of MB investments	144	54	71
Net (acquisition)/disposal of PPE and intangible assets	(10)	(12)	36
Tax paid	(54)	(31)	(20)
Net cash inflow/(outflow) relating to other operating activities <sup>1</sup>	(241)	(348)	(349)
<b>Operating cash flow (OCF)</b>	<b>105</b>	<b>(178)</b>	<b>(148)</b>
Net (advance)/repayment of loans to customers	(466)	(78)	(147)
Net cash inflow/(outflow) related to treasury activities <sup>2</sup>	555	309	851
Net cash inflow/(outflow) related to investing activities <sup>3</sup>	(1)	(5)	(33)
Net cash inflow/(outflow) related to financing activities	(86)	(2)	(80)
Impact of exchange rate changes on cash and treasury assets	84	(132)	35
<b>Net inflow/(outflow) of cash and treasury assets</b>	<b>191</b>	<b>(86)</b>	<b>478</b>
Treasury assets cash inflow/(outflow)	(109)	(367)	(37)
Impact of exchange rate on treasury asset	(6)	30	(2)
Interbank demand deposits and overnight loans	39	60	127
<b>Net inflow/(outflow) of cash disclosed in consolidated accounts</b>	<b>115</b>	<b>(363)</b>	<b>566</b>

The cash flows shown in this document are prepared on an operating business basis to give a better understanding of the cash generation of the activities of the group whereas for the statutory accounts the cash flows are shown on a "cash usage" basis. This means that the main differences of treatment and classification between the cash flows shown here and those in the statutory cash flow statement are:

- Cash and treasury assets include all liquid assets held at FVTPL and at amortised cost, the entire loans and advances to banks and to central banks but exclude the amounts due to banks on demand.
- For the statutory cash flow the focus is on pure cash assets less any amounts "due to banks on demand" which is a much narrower definition of cash. In addition to resulting in a different movement in cash, these definition differences impact the treasury activities and the exchange rates lines

### Notes

<sup>1</sup> Includes payment in respect of French profit share (préciput), rental payments, movement in working capital and interest on perpetual debts

<sup>2</sup> Excluding cash inflow/(outflow) from treasury assets

<sup>3</sup> Excluding MB investing activities, PPE and intangibles (acquisition)/disposal disclosed in operating activities



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