Rothschild & Co

Press release – Financial information

Half year 2018 results

Paris, 25 September 2018

Very strong performance across all businesses, particularly in the second quarter

- Alexandre de Rothschild became Executive Chairman of Rothschild & Co Gestion in May 2018, following the appointment of David de Rothschild as Chairman of the Supervisory Board of Rothschild & Co

  François Pérol and Robert Leitão, as Managing Partners of Rothschild & Co Gestion, will now co-Chair the Group Executive Committee

- **Revenue increased by 12%** to €1,007 million (H1 2017: €896 million) and **up 44%** for the second quarter to €587 million (Q2 2017: €409 million)
- **Net income - Group share excluding exceptionals**[1] reached €164 million, **up 56%** (H1 2017: €105 million) and Net income - Group share including exceptionals : €161 million (H1 2017: €97 million), **up 66%**
- **Earnings per share (EPS) excluding exceptionals** : €2.18, **up 55%** (H1 2017: €1.41) and EPS including exceptionals : €2.14, **up 63%** (H1 2017: €1.31)
- Negative foreign exchange translation effects of €29 million on revenue but limited to only €1 million on Net income – Group share

Alexandre de Rothschild, Executive Chairman, commented,

"The first half of 2018 has produced very strong results with accelerated growth in the second quarter in all our businesses.

"Our Global Advisory business delivered the highest revenue for the first half ever and has seen excellent progress, particularly in the UK market where we completed a number of high profile transactions. We have maintained our position as the leading M&A advisor globally based on number of deals, and our margin remains strong. We continue to recruit senior bankers in the US market to strengthen our position in this key growth area.

"In Wealth and Asset Management, net new assets grew significantly in both our French and Swiss businesses, with the rest of the world holding up well. Growth in this business means that we are close to achieving our 2020 operating margin target of 20%.

"Merchant Banking maintained its solid performance. Its impressive increase in revenues and operating income was largely thanks to continued strong investment performance, growth in management fees as well as a number of material uplifts in valuation on exits."

– ENDS –

[1] Exceptional items are presented in Appendix B

1. Corporate governance

In April 2018, the Group announced the appointment of Alexandre de Rothschild as Executive Chairman of Rothschild & Co Gestion, Rothschild & Co's Managing Partner. This followed the nomination of David de Rothschild as Chairman of Rothschild & Co's Supervisory Board. These changes took place on 17 May 2018.

The Group subsequently appointed François Pérol as a Managing Partner of Rothschild & Co Gestion. As of 1 September 2018, he and Robert Leitão, Managing Partner, became Co-Chairmen of the Group Executive Committee (GEC). The composition of the GEC has been reorganised and is now supported by a Group Operating Committee, led by Mark Crump, Group Chief Financial Officer, who will also take on the role of Group Chief Operating Officer.

2. Summary Consolidated Income Statement

The Supervisory Board of Rothschild & Co SCA met on 25 September 2018 to review the consolidated financial statements from 1 January 2018 to 30 June 2018; these accounts had been previously approved by Rothschild & Co Gestion SAS, Managing Partner of Rothschild & Co.

As a result of the change in the financial year end in 2017, the statutory reporting for half-year results covers the six months to June 2018 with comparatives for the six months to September 2017. To enable a better understanding of the results, the press release presents the results for the six months to June 2018 with comparatives for the six months to June 2017. The detailed statutory accounts are available in a separate document, named "Half-year Financial report", that contains the results with both sets of comparatives.

(in €m)	Page	6m to June 2018	6m to June 2017	*Var*	*Var %*
Revenue	**3 - 5**	**1,007**	**896**	***111***	***12%***
Staff costs	6	(583)	(497)	*(86)*	*(17)%*
Administrative expenses	6	(150)	(156)	*6*	*4%*
Depreciation and amortisation		(14)	(16)	*2*	*13%*
Impairments	6	1	(10)	*11*	*110%*
Operating Income		**261**	**217**	***44***	***20%***
Other income / (expense) (net)	6	1	9	*(8)*	*(89)%*
Profit before tax		**262**	**226**	***36***	***16%***
Income tax	7	(36)	(41)	*5*	*12%*
Consolidated net income		**226**	**185**	***41***	***22%***
Non-controlling interests	7	(65)	(88)	*23*	*26%*
Net income - Group share		**161**	**97**	***64***	***66%***
Exceptionals	9	3	8	*(5)*	*(63)%*
Net income - Group share excl. exceptionals		**164**	**105**	***59***	***56%***
Earnings per share		*2.14 €*	*1.31 €*	*0.83 €*	*63%*
EPS excl. exceptionals		***2.18 €***	***1.41 €***	***0.77 €***	***55%***
Return On Tangible Equity (ROTE)		*19.0%*	*13.6%*		
ROTE excl. exceptionals		*19.4%*	*14.8%*		

[1] *Diluted EPS is €2.10 (H1 2017: €1.28)*

An analysis of Exceptional items and a presentation of Alternative Performance Measures are shown respectively in Appendix B and Appendix G.

3. Business activities

3.1 Global Advisory

Our Global Advisory business focuses on providing advice in the areas of M&A and strategic advisory, and Financing Advisory encompassing Debt Advisory, Restructuring and Equity Advisory.

For the first half of 2018, Global Advisory delivered **excellent first six months revenue of €636 million, up 15%** compared to the same period last year (H1 2017: €554 million). For the last twelve months to June 2018, the business ranked **4th by global financial advisory revenue**, up from 6th position based on the same measure as at December 2017.

Excluding ongoing investment in the development of our North American M&A franchise, operating income for the first half of 2018 was €117 million, representing an **operating income margin of 18.4%** (H1 2017: 20.0%). The operating income margin for the period continues to be towards the top end of our target range over the cycle, albeit down from the same period last year. The twelve months to December 2017 operating income margin provides a more representative comparative at 17.8%.

Including investment in North America M&A, the operating income for H1 2018 was €107 million, representing an operating income margin of 16.8% (H1 2017: 17.5% - 2017: 15.7%).

In **M&A advisory**, we are outperforming compared to the overall M&A market, ranking **1st globally and in Europe by number of completed transactions**[1] in first half of 2018. M&A advisory delivered excellent six months revenue **of €490 million, up 33%** compared to H1 2017. This was driven by some large advisory fees and strong revenue performance in our UK business and our continental European businesses, where we have advised clients on some of the largest and most complex M&A transactions completed during the period.

Financing Advisory revenue was down by 21% to €146 million in the first half of 2018 compared to the same stage in 2017, which was a record for Financing Advisory revenue. Despite this, we continued to be highly active, ranking **1st in Europe and 3rd globally by numbers of completed Restructuring transactions**[2] during the first half of 2018 and maintaining our position as adviser on more European equity capital market assignments than any other independent financial adviser[3].

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the first six months of 2018, we reinforced our US Industrials sector coverage with the recruitment of two new Managing Directors and hired a new head of our global advisory business in Greater China.

Global Advisory advised the following clients on significant advisory assignments that completed in the six months to June 2018:

- Westfield on its combination with Unibail-Rodamco (€61 billion, Australia and France)
- Bayer on its all-cash offer to acquire Monsanto (US$66 billion, Germany and United States)
- Zodiac Aerospace on its combination with Safran (€35 billion, France)
- Melrose Industries on its hostile cash and share offer for GKN (£8.1 billion, UK)
- A.P. Moller-Maersk on its sale of Maersk Oil to Total (US$7.45 billion, Denmark and France)
- Energy Future (adviser to second lien creditors) on its restructuring (US$41.8 billion, United States)

In addition, we are working on some of the largest and most complex announced transactions globally, including acting as financial advisor to:

- The Coca-Cola Company on its acquisition of Costa Coffee (US$5.1 billion, United States and UK)
- Prudential on its demerger into Prudential and M&G Prudential (£47 billion, UK)
- Essilor on its combination with Luxottica (€47 billion, France and Italy)[4]
- Alstom on its combination with Siemens Mobility to create Siemens Alstom (€13 billion, France and Germany)
- Pinnacle Foods on its sale to Conagra Brands (US$10.9 billion, United States)
- Government of Puerto Rico on its restructuring of financial claims and pension obligations (US$100 billion, United States)

For further examples of Global Advisory assignments completed during 2018, please refer to Appendix F.

[1] Source : Thomson Reuters. Excludes accountancy firms
[2] Source : Thomson Reuters
[3] Source: Dealogic
[4] Completed in Q3 2018

3.2 Wealth & Asset Management

Wealth & Asset Management is made up of Rothschild Martin Maurel in France and Monaco, our Wealth Management businesses in Switzerland, the UK, Belgium, Germany, Italy and Asia, and our Asset Management business in North America.

For the first half of 2018, revenue was **€261 million, up 3%** (H1 2017: €254 million) mainly due to organic growth in all the geographies.

Following a number of initiatives undertaken over the last two years to build revenue, cut costs and refocus the business on its core activities, we have seen growth in profitability of 21% with operating income, excluding Martin Maurel integration costs of €5 million, rising to €49 million for the first half of 2018 (H1 2017: €40 million excluding Martin Maurel integration costs of €12 million). This represents **a 19% operating margin** (H1 2017: 16%), close to our 2020 target of 20%.

The operational integration, following the merger of the two private banks in France of Rothschild & Co and Martin Maurel Group in 2017, is progressing as anticipated and will be finalised by the end of 2018. In addition, we bought out the 45% minority position of Banca Sella in the Monaco subsidiary of Martin Maurel in January 2018 for €14 million.

Assets under Management amounted to €68.9 billion as at 30 June 2018 (31 December 2017: €67.3 billion) thanks to strong net inflows of €2.0 billion slightly offset by a market depreciation and exchange rate effects of €0.4 billion. Net new assets were driven by inflows in Wealth Management across all major geographies of €1.9 billion and of €0.1 billion in Asset Management.

The table below presents the progress in Assets under Management (AuM).

In € billion	6m to June 2018	6m to June 2017	12m to June 2018
AuM opening	**67.3**	**54.0**	**66.8**
Martin Maurel merger		10.0	
Net new assets	2.0	1.3	2.4
Market and exchange rate	(0.4)	1.5	(0.3)
AuM closing	**68.9**	**66.8**	**68.9**

3.3 Merchant Banking

Merchant Banking is the investment arm of the Rothschild & Co Group which deploys the firm's and third parties' capital in private equity and debt opportunities.

Merchant Banking continued to perform strongly during the first half of 2018 generating **revenue of €105 million up 57%** (H1 2017: €67 million). When compared to the average first half year revenue for the last three years, revenue is up 72%.

Revenue comprises two main sources:

- Recurring revenue of €36 million includes management fees net of placement fees (H1 2017: €28 million),
- Investment performance related revenue of €69 million (H1 2017: €39 million) comprised:
  - €24 million of carried interest (H1 2017: €13 million),
  - and €45 million of realised and unrealised investment gains and dividends (H1 2017: €26 million).

Operating income rose to €71 million for the first half of 2018 (H1 2017: €36 million), **representing a 68% operating margin** (H1 2017: 54%).

To measure the performance of this investing business, we look at the RORAC (Return On Risk Adjusted Capital - being adjusted profit before tax divided by an internal measure of risk capital invested in the business on a rolling three years basis). As at 30 June 2018, RORAC was 28% (30 June 2017: 24%).

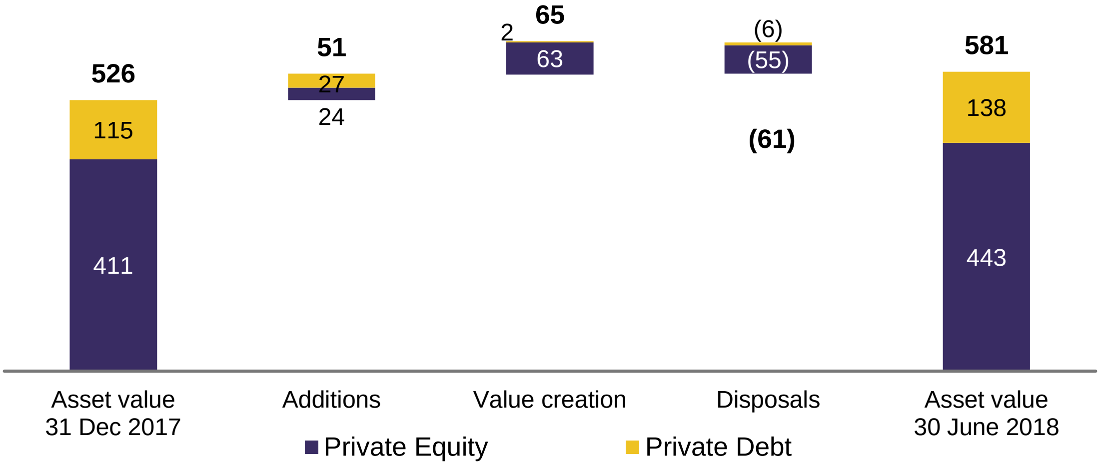
The increase of revenue and operating income reflects both the continuing strong performance of funds in terms of value creation, as well as the growth in management fees driven by the rising level of Assets under Management (AuM). Investment performance was particularly strong in the Five Arrows Principal Investments (FAPI) business line (European primary corporate private equity) which continued to generate significant returns both in terms of investment income and carried interest. Management fees have grown 34% following the growth in number of funds and AuM. As the Merchant

Banking business continues to mature, we expect this revenue category to increase its share of our revenue mix, providing a stronger flow of recurring income.

The alignment of interests between the Group and third party investors remains a key differentiator of our Merchant Banking business. During the first half of 2018 the Group's share of the investment made by the division amounted to €51 million, of which €46 million was the Group's own investments in funds managed by Merchant Banking and €5 million were invested in proprietary investments (including those made as part of the Rothschild Private Opportunities co-investment programme).

Disposals generated proceeds of €61 million for the Group mainly driven by the FAPI I disposal of Datix, a global leader in patient safety and risk management solutions (4.5x MOIC[1]) and the dividend recapitalisation of The Binding Site, a specialist provider of tests for the detection of cancers. In the final part of the second quarter 2018 other significant disposals of the FAPI I investment portfolio have been agreed albeit with closing dates set in the third quarter (Prospitalia, a leading German provider of purchasing and software solutions for the healthcare industry - 8.0x MOIC, Forno d'Asolo, an Italian frozen bakery manufacturer - 3.9x MOIC and Etanco, a French supplier of mechanical fasteners - 1.4x MOIC). Portfolio valuations as at 30 June 2018 reflect the agreed exit values, whereas proceeds (including carried interest payments) will occur in the second half of 2018.

Evolution in asset value of the Group's Merchant Banking assets



in € million	30 June 2018	31 December 2017
Managed private funds	441	386
Rothschild proprietary investments & other	140	140
Total gross assets	**581**	**526**

Thanks to the team's strong track record in private equity and private debt, the division continues to expand.

Starting from 2017 and through the first half of 2018, Merchant Banking has been actively expanding its geographical footprint launching Five Arrows Capital Partners (FACP), the first generation primary private equity fund focused on the North American market. FACP's investment strategy is focused on high-quality, lower middle-market companies across the United States and Canada valued between $75 million to $500 million. Investments are primarily focused in three industry segments: Healthcare & Education, Business Services and Data, Software & Technology-enabled Services which have the potential to provide significant room for value creation with a balanced risk exposure. The fund has recently completed its fundraising phase reaching $655 million, in excess of its original target, from a globally diversified group of both new and existing investors including financial institutions, family offices, corporates and private clients. The Group invested alongside third-party investors in line with Merchant Banking strategy.

[1] MOIC stands for Multiple On Invested Capital

In the first half of 2018, in addition to FACP, Merchant Banking expanded its private debt and credit management franchises, with:

- the final closing of Five Arrows Direct Lending (FADL) at €655 million, European unitranche debt facilities;
- the first closing of Elsinore (€63 million), a multi-strategy credit fund,
- and the launch of Oberon USA (AuM of €75 million as at 30 June 2018), an open-ended fund investing in US senior secured loans.

The division also continued to expand its CLO base, finalising the Contego V vehicle at €400 million and launching two new CLO vehicles in the European and US market (Contego VI and Ocean Trails VII).

Merchant Banking's assets under management were €9.3 billion as at 30 June 2018 compared to €8.3 billion as at 31 December 2017.

4. Consolidated financial results

4.1 Revenue

For H1 2018, revenue was €1,007 million (H1 2017: €896 million), representing an increase of €111 million or +12%.

The uplift was largely due to Global Advisory and Merchant Banking where revenue increased respectively by €82 million and €38 million. The translation impact of exchange rate fluctuations impacted revenue negatively by €29 million.

4.2 Operating expenses

Staff costs

For H1 2018, staff costs were €583 million (H1 2017: €497 million), representing an increase of €86 million, largely due to higher variable compensation in connection with excellent revenues in Global Advisory. The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €21 million.

The adjusted Group's compensation ratio, as defined in the Appendix G on Alternative Performance Measures, was 62.2% as at 30 June 2018 (H1 2017: 62.0%). When adjusting for the effects of senior hiring in the US for the advisory business, and exchange rates, the ratio is 61.1% (H1 2017: 60.8%).

Overall Group headcount increased from 3,502 as at 31 December 2017 to 3,570 as at 30 June 2018, largely due to new junior staff recruitment and hires in the US.

Administrative expenses

For H1 2018, administrative expenses were €150 million (H1 2017: €156 million), a net decrease of €6 million mainly due to the reduction of Martin Maurel integration costs (€5 million for H1 2018 versus €12 million for H1 2017). The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €4 million.

Depreciation and amortisation

For H1 2018, depreciation and amortisation was €14 million (H1 2017: €16 million), representing a decrease of €2 million. The translation impact of exchange rate fluctuations resulted in a decrease in depreciation and amortisation of €1 million.

Impairment charges and loan provisions

For H1 2018, impairment charges and loan provisions were a credit of €1 million (H1 2017: charge of €10 million) due to a reassessment of certain credit risks.

4.3 Other income / (expenses)

For H1 2018, other income and expenses, which include results from equity accounted companies and gains / losses on disposal of subsidiaries and associates, was a net income of €1 million (H1 2017: income of €9 million). The decrease mainly results from a one-off gain of €3 million in H1 2017 relating to the Martin Maurel merger and a central impairment charge of €4 million in H1 2018.

4.4 Income tax

For H1 2018, the income tax charge was €36 million (H1 2017: €41 million) comprising a current tax charge of €26 million and a deferred tax charge of €10 million, giving an effective tax rate of 13.8% (H1 2017: 18.2%).

4.5 Non-controlling interests

For H1 2018, the charge for Non-controlling interests was €65 million (H1 2017: €88 million). This mainly comprises interest on perpetual subordinated debt and preferred dividends payable to French partners that decreased over the period in line with the performance of the French Global Advisory business.

5. Financial structure

The Group continues to maintain a high level of liquidity. As at 30 June 2018, total liquid assets as a percentage of total assets was 61% (59% at 31 December 2017).

The Group is regulated by the French Prudential and Resolution Authority (ACPR: *Autorité de Contrôle Prudentiel et de Résolution*) as a financial company (*Compagnie Financière*).

From January 2018, Tier 2 capital is no longer recognised (€64 million in December 2017 ratio). The capital ratios include the benefit of the group profits for the 6 months to June 2018 less foreseeable dividend for that period as approved by the ACPR.

The ratios set out below, under full application of the Basel 3 rules, are comfortably above the minimum requirement:

	30/06/2018	31/12/2017	Full Basel 3 minimum with the CCB (Capital Conservation Buffer)
Common Equity Tier 1 ratio	20.9%	18.7%	7.0%
Global solvency ratio	20.9%	19.5%	10.5%

6. Edmond de Rothschild

In June 2018, Rothschild & Co reached an agreement with Edmond de Rothschild on the use of their respective brands. On 6 August 2018, the two groups also unwound all of their cross shareholdings. These mainly included:

- 8.4% of the capital of Edmond de Rothschild held by Rothschild Holding AG (Rothschild & Co's holding company in Switzerland),
- 9.5% of the capital of Rothschild Holding AG held by Edmond de Rothschild ; and
- 5.7% of the capital of Rothschild & Co held by Edmond de Rothschild (4.4 million of shares).

To implement these transactions, Edmond de Rothschild delivered 1.9 million Rothschild & Co shares to Rothschild Holding AG as settlement for the difference in value in respect of the investments in Edmond de Rothschild and in Rothschild Holding AG. Rothschild & Co purchased the remaining 2.5 million Rothschild & Co shares held by Edmond de Rothschild for €75 million in cash. The Edmond de Rothschild and Rothschild & Co shares were valued on the basis of their market values (respectively CHF17,000 and €30).

The impact of these transactions on a pro forma basis would be to reduce the CET1 ratio as at 30 June 2018 from 20.9% to 19.5%. Further, they will have a mildly accretive effect on earnings per share in the short term.

7. Outlook

In Global Advisory, although the value of announced deals increased in the first half of 2018, completions for both number and value of deals continued to decline. Despite this trend, we have succeeded in gaining market share during the first half of the year as evidenced by the improvement in our revenue ranking. We expect healthy activity levels during the rest of 2018, similar to 2017, although the Group remains alert to the risk of volatility. Our focus remains on growing the business, particularly our North American M&A franchise whose revenue has been increasing as a result of ongoing investment and where we foresee strong potential for growth.

Wealth & Asset Management is well positioned to deliver net asset inflows and improving profitability. Our strategy of focussing on our core target markets, leveraging our network and targeting entrepreneurs is bearing fruit across our geographies. In France, the operational integration of Martin Maurel is on track to be finalised by the end of the year.

Merchant Banking is committed to continuing its assets under management growth trajectory and its contribution to the Group's results. Within private equity funds, the division will be focused on the deployment of the recently closed North American primary private equity fund while starting the fundraising activities for our third generation primary equity fund in Europe. Within private debt, the focus will be on deploying capital, whereas in credit management we plan to expand our portfolio of institutional clients, with dedicated investment mandates focused on senior secured loans and credit strategies. Our portfolios' performance remains strong but, consistent with our investment philosophy, we remain cautious in our capital deployment decisions, focusing on attractive risk-reward opportunities with appropriate downside protection features.

The first half results were very strong and included some large advisory fees and value accretions in Merchant Banking which are unlikely to be repeated in the second half. Further, if financial markets remain uncertain due to macro events through the second half of 2018 that could impact market sentiment with a negative effect on our businesses. However, provided markets continue to be benign, we would expect our annual results to improve reasonably compared to 2017.

Financial calendar:

- 13 November 2018 — Third quarter information 2018 (July – September)
- 12 March 2019 — Full year results 2018 (January – December)
- 14 May 2019 — First quarter information 2019 (January – March)
- 16 May 2019 — Annual General Meeting

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About Rothschild & Co

With a team of c.3,500 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provide in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth & Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years.

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) listed on Euronext in Paris, Compartment A with a share capital of €154,925,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

A. Performance by business

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation [1]	6m to June 2018
Revenue	**636**	**261**	**105**	**15**	**(10)**	**1,007**
Operating expenses	(529)	(217)	(34)	(30)	63	(747)
Impairments	-	-	-	-	1	1
Operating income	**107**	**44**	**71**	**(15)**	**54**	**261**
Other income / (expense)	-	-	-	-	1	1
Profit before tax	**107**	**44**	**71**	**(15)**	**55**	**262**
Exceptional charges / (profits)	-	5	-	-	-	5
PBT excluding exceptional charges / profits	**107**	**49**	**71**	**(15)**	**55**	**267**
Operating margin %	*17%*	*19%*	*68%*	-	-	*27%*

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation [1]	6m to June 2017
Revenue	**554**	**254**	**67**	**17**	**4**	**896**
Operating expenses	(457)	(226)	(31)	(32)	77	(669)
Impairments	-	-	-	-	(10)	(10)
Operating income	**97**	**28**	**36**	**(15)**	**71**	**217**
Other income / (expense)	-	-	-	-	9	9
Profit before tax	**97**	**28**	**36**	**(15)**	**80**	**226**
Exceptional charges / (profits)	-	12	-	-	-	12
PBT excluding exceptional charges / profits	**97**	**40**	**36**	**(15)**	**80**	**238**
Operating margin %	*18%*	*16%*	*54%*	-	-	*27%*

[1] IFRS reconciliation mainly reflects: the treatment of profit share 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; a central impairment provision in Other income / (expenses) from other assets and reallocation of impairments and certain operating income and expenses.

B. Exceptional items

(in €m)	6m to June 2018			6m to June 2017		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
Results as reported	**262**	**161**	***2.14 €***	**226**	**97**	***1.31 €***
Exceptional items						
- Martin Maurel integration costs	(5)	(3)	*(0.04) €*	(12)	(8)	*(0.10) €*
Total exceptional (Costs) / Gains	**(5)**	**(3)**	***(0.04) €***	**(12)**	**(8)**	***(0.10) €***
Results excluding Exceptionals	**267**	**164**	***2.18 €***	**238**	**105**	***1.41 €***

Rothschild & Co

C. Summary Consolidated Balance sheet

(in €bn)	30/06/2018	31/12/2017
Cash and amounts due from central banks	4.9	3.9
Loans and advances to banks	1.9	1.7
Loans and advances to customers	3.0	3.0
of which Private client lending	*2.5*	*2.4*
Debt and equity securities	2.1	2.1
Other assets	1.4	1.4
Total assets	**13.3**	**12.1**
Due to customers	9.3	7.8
Other liabilities	1.6	1.9
Shareholders' equity - Group share	2.0	1.9
Non-controlling interests	0.4	0.5
Total capital and liabilities	**13.3**	**12.1**

The foreign exchange translation effect between 30 June 2018 and 31 December 2017 has no material effect on the balance sheet.

D. FX rates

P&L

Rates	6m to June 2018	6m to June 2017	*Var*
€ / GBP	0.8798	0.8602	*2%*
€ / CHF	1.1649	1.0776	*8%*
€ / USD	1.2062	1.0936	*10%*

Balance sheet

Rates	30/06/2018	31/12/2017	*Var*
€ / GBP	0.8843	0.8877	*(0)%*
€ / CHF	1.1593	1.1702	*(1)%*
€ / USD	1.1670	1.2008	*(3)%*

E. Quarterly progression of revenue

In €m		2018	2017	Var
Global Advisory	1st quarter	261.7	328.2	*(20%)*
	2nd quarter	374.4	225.4	*+66%*
	Total	**636.1**	**553.6**	***+15%***
Wealth & Asset Management	1st quarter	131.0	128.3	*+2%*
	2nd quarter	130.4	125.6	*+4%*
	Total	**261.4**	**253.9**	***+3%***
Merchant Banking	1st quarter	25.2	19.5	*+29%*
	2nd quarter	79.8	47.5	*+68%*
	Total	**105.0**	**67.0**	***+57%***
Other businesses and corporate centre	1st quarter	6.9	3.5	*+97%*
	2nd quarter	8.3	13.5	*(39%)*
	Total	**15.2**	**17.0**	***(11%)***
IFRS reconciliation	1st quarter	(4.7)	7.7	*(161%)*
	2nd quarter	(6.5)	(3.5)	*+86%*
	Total	**(11.2)**	**4.2**	***N/A***
Total Group Revenue	**1st quarter**	**420.1**	**487.2**	***(14%)***
	2nd quarter	**586.4**	**408.5**	***+44%***
	Total	**1,006.5**	**895.7**	***+12%***

F. Global Advisory track record

Global Advisory advised the following clients on notable transactions completed in the six months to 30 June 2018.

M&A and strategic advisory

- Accor Hotels, the leading travel group, on its disposal of a majority stake in AccorInvest (€6.25 billion, France)
- Kering, the luxury fashion brand group, on its distribution of a 70% stake in PUMA (€5.1 billion, France and Germany)
- Informa, the events and publishing company, on its combination with UBM (£4.3 billion, UK)
- PAI Partners and British Columbia Investment Management Corporation on its public-to-private acquisition of Refresco, the independent bottler of soft drinks for retailers (€3.3 billion, Netherlands)
- 3i Group on its disposal of a 65% stake in Scandlines, the ferry operator servicing routes between Germany and Denmark (€2.5 billion, Germany)
- ITALO, the largest private European high-speed railway operator, on its dual track IPO and sale process leading to its sale to Global Infrastructure Partners (€2.4 billion, Italy)
- Baupost, a hedge fund, on its acquisition of assets relating to Westinghouse Electric Company from Toshiba Corporation (US$2.26 billion, United States and Japan)
- Allianz, the leading insurer and asset manager, on its minority shareholders buy-out of Euler Hermes (€1.85 billion, Germany and France)
- Ferguson, the world's largest trade distributor of plumbing and heating products, on its sale of STARK to Lone Star (€1.03 billion, UK and Denmark)
- SK Capital on its acquisition of Israel Chemical’s fire safety and oil additives business units (US$1 billion, Israel)

Financing Advisory

- EG Group, the largest independent forecourt and convenience store retailer in Europe, on its cross-border refinancing (€3.5 billion, UK)
- Empresas ICA, Mexico's largest infrastructure company, on its in-court restructuring and capital raise (US$3.4 billion, US$215 million, respectively, Mexico)
- Greece’s Public Debt Management Agency on its seven year bond issuance with a 3.375% coupon (€3 billion, Greece)
- OCI, the fertilizer and industrial chemicals company, on its recapitalisation, including High Yield Bond and credit facility (US$2.2 billion, Netherlands)
- Republic of Cote d'Ivoire on its dual-tranche 12 & 30 year EUR denominated Eurobond (€1.7 billion, Ivory Coast)
- Société des hydrocarbures du Tchad, the state-owned oil company of the Republic of Chad, on its oil-backed loan restructuring (US$1.3 billion, Chad)
- CEVA, the supply chain management company, on its IPO on the SIX Swiss Exchange (US$890 million, Switzerland)
- Avast, the antivirus security software company, on its IPO on the London Stock Exchange (£692 million, Czech Republic)
- Corporacion America Airports, the largest private sector airport concession operator in the world, on its IPO on the New York Stock Exchange (US$486 million, Argentina)

G. Alternative performance measures (APM) - Article 223-1 of the AMF's General Regulation

Alternative Performance Measures	Definition	Reason for use	Reference to the data in the Press release / Investor presentation
Net income – Group share excluding exceptionals	Net income attributable to equity holders excluding exceptional items	To measure Net result Group share of Rothschild & Co excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
EPS excluding exceptionals	EPS excluding exceptional items	To measure Earnings per share excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated Net Banking Income of Rothschild & Co. Adjusted staff costs represent: 1. 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), 2. to which must be added the amount of profit share paid to the French partners, 3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS, - **which gives Total staff costs in calculating the basic compensation ratio** 4. from which the investment costs related to the recruitment of senior bankers in the United States must be deducted, 5. 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 one, - **which gives the adjusted staff costs for compensation ratio**.	To measure the proportion of Net Banking Income granted to all employees. Key indicator for competitor listed investment banks. Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to the one used by other comparable listed companies.	Please refer: in the Press release to § 4.2 Operating expenses / Staff costs and in the Investor presentation to slide 27
Return on Tangible Equity (ROTE) excluding exceptional items	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 and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 December 2017 and 30 June 2018.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business	In the Investor presentation release, please refer to slide 37
Business Operating margin	Each Business Operating margin is calculated by dividing Profit before tax relative to revenue, business by business. It excludes exceptional items.	To measure business' profitability	Please refer to § 3
Return on Risk Adjusted Capital (RORAC)	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. 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, Merchant Banking 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. 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.	To measure the performance of the Merchant Banking business	In the Investor presentation release, please refer to slide 37

Rothschild & Co