

Paris, 11 February 2016

Financial information - 3rd quarter and 9 months 2015/2016

- Strong improvement in third quarter revenue, up 26% on 2014/2015
- 9 months revenue showed good growth at 10%
- This good revenue performance reflects the continuing strong M&A market and higher assets under management in Wealth and Asset Management, partially offset by lower Merchant Banking revenue due to reduced investment gains compared to the unusually high investment gains in 2014/2015
- Revenue for the third quarter and the first nine months of 2015/2016 benefited from €25 million and €75 million of currency translation effects, respectively.

In €m	3 rd Quarter Revenues			9 Months Revenues		
	2014/2015	2015/2016	% Var	2014/2015	2015/2016	% Var
Global Financial Advisory	250.4	333.8	+33%	663.3	731.1	+10%
Asset Management	122.6	128.5	+5%	365.6	383.0	+5%
<i>of which Wealth & Asset Management</i>	86.6	100.8	+16%	242.1	287.7	+19%
<i>of which Merchant Banking</i>	36.0	27.7	(23%)	123.5	95.3	(23%)
Other ¹	16.1	9.9	(39%)	45.0	48.4	+8%
Total before IFRS reconciliation	389.1	472.2	+21%	1,073.9	1,162.5	+8%
IFRS Reconciliation	(9.9)	4.9	n/a	(21.4)	(6.2)	n/a
Total Group revenues	379.2	477.1	+26%	1,052.5	1,156.3	+10%

¹ Other comprises central costs, legacy businesses, including Banking & Asset Finance and other

Business activities

We have two main activities within our Group: (1) Global Financial Advisory which focuses on providing advice in the areas of M&A, debt, restructuring and equity; and (2) Asset Management in a broad sense which comprises Wealth & Asset Management and Merchant Banking. In addition, we have a legacy banking business.

Global Financial Advisory

Global Financial Advisory revenue for the three months to December 2015 was €333.8 million, compared to €250.4 million for the same period in the prior year, up 33%.

Global Financial Advisory revenue for the nine months to December 2015 was €731.1 million, compared to €663.3 million for the same period in the prior year, up 10%. This represents our strongest nine months revenue performance since financial year 2007/2008.

For the nine months to December 2015, M&A advisory revenue was up 20% but Financing advisory revenue down 7% compared to the same period last year, with revenue performance particularly strong in our European and North American businesses.

In M&A advisory, we remain among the leading advisers ranking 3rd globally by number of completed deals². In Europe we continue to be the market leader, advising on more deals than any of our competitors – a position we have held for more than a decade².

In Financing advisory, we advised on the largest European IPO in the nine months to December 2015 and continued to advise on more European equity assignments than any other independent adviser³. We also continue to be highly active in large and complex debt advisory and restructuring situations.

Rothschild advised the following clients on significant M&A and Financing Advisory assignments that completed in the quarter to December 2015:

- **Intel** on its US\$16.7 billion acquisition of Altera;
- **Alstom** on the €12.4 billion disposal of Energy Activities to General Electric;
- **Rio Tinto** on its US\$6 billion project financing of the Oyu Tolgoi copper and gold mine;
- **NL Financial Investments** on its €3.8 billion privatisation IPO of ABN AMRO;
- **Poste Italiane** on its €3.4 billion IPO on the Milan Stock Exchange;
- **Melrose** on its £3.3 billion disposal of Elster to Honeywell;
- **Corporación GEO** on its US\$2.9 billion restructuring;
- **Bayer** on its €1.5 billion IPO financing of Covestro as part of its carve-out;
- **Nikkei** on its £844 million acquisition of the Financial Times Group from Pearson;
- **T-Solar Global Operating Assets** on its €606 million debt refinancing.

We are currently working on some of the largest and most complex announced transactions globally, including acting as financial adviser to:

- **BG Group** on its £36 billion recommended cash and share offer by Royal Dutch Shell;
- **Coca-Cola Iberian Partners** on its €28 billion three-way merger with Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke into a new Western European bottler, CCEP;
- **Boehringer Ingelheim** on its strategic swap of its consumer healthcare business with Sanofi's animal health business for a total value of €22.8 billion;
- **ORIX** on its US\$18 billion acquisition of Kansai Airports, as co-leader of a consortium alongside Vinci;
- **China General Nuclear** on its investments in UK's nuclear new-build programs.

² Source: Thomson Reuters

³ Source: Dealogic

Asset Management

Asset Management revenue for the three months to December 2015 was €128.5 million, compared to €122.6 million for the same period in the prior year, up 5%.

Asset Management revenue for the nine months to December 2015 was €383.0 million, compared to €365.6 million for the same period in the prior year, up 5%.

Wealth & Asset Management

Wealth & Asset Management revenue for the three months to December 2015 was €100.8 million, compared to €86.6 million for the same period in the prior year, up 16%.

Wealth & Asset Management revenue for the nine months to December 2015 was €287.7 million, up 19% compared to the same period last year (€242.1 million). This was driven by higher assets under management which were €51.0 billion as at 31 December 2015 compared to €47.8 billion as at 31 December 2014, representing an increase of 7%.

In the first nine months of 2015/2016 net new assets continued their positive trend (€1.2 billion) but were offset by market depreciation, negative exchange rate effects and reclassification of assets from managed to custodial that totalled €2.3 billion. Net new assets were driven by inflows in Wealth Management (€1.5 billion) partially offset by outflows in Asset Management (€0.3 billion), especially in Europe due to one large institutional mandate that the Group decided to terminate for commercial reasons.

The first nine months saw significant macroeconomic activity including central bank intervention in Europe and Asia, and a slowdown in China's economic growth. Worries about China's economy caused a drop in commodity prices, especially metals and oil, and this spilled over into the equity markets where we saw significant volatility and a general downward trend for all the major indices.

The table below presents the assets under management progression.

<i>In € billion</i>	3 rd Quarter		9 Months	
	2014/2015	2015/2016	2014/2015	2015/2016
AuM opening	45.2	48.3	42.3	52.1
Net new assets	1.1	0.5	2.6	1.2
Market, exchange rate and reclassification of assets	1.5	2.2	2.9	(2.3)
AuM closing	47.8	51.0	47.8	51.0

During the quarter, Rothschild Asset Management, the US-based Asset Management division of the Group, launched a partnership with Pacific Life's family of mutual funds (Pacific Funds) in the United States to become its exclusive sub-advisor for all equity products for the next three years with a two year possible extension. Pacific Life is the 4th largest insurance distribution firm within the US with approximately US\$125 billion in retail-based AUM.

Merchant Banking

Merchant Banking revenue for the three months to December 2015 was €27.7 million, compared to €36.0 million for the same period in the prior year.

Merchant Banking revenue for the nine months to December 2015 was €95.3 million, compared to €123.5 million for the same period in the prior year. The decrease is largely attributable to unusually high investment gains from our proprietary investments portfolio in the previous period. However, revenue was up 17% compared to the average of the last three years nine months revenue.

This revenue includes:

- €33.6 million of management fees (€22.4 million for the nine months to 31 December 2014),
- €55.1 million of realised and unrealised investment gains (€82.2 million for the nine months to 31 December 2014),
- €10.5 million of other income (€16.7 million for the nine months to 31 December 2014),
- less €3.9 million of provisions (credit of €2.2 million for the nine months to 31 December 2014).

The Group's share of the investments made by the division during the nine months was €79.4 million, of which €69.2 million was the Group's own investments in funds managed by Merchant Banking and €10.2 million was in proprietary investments. Disposals generated proceeds of €140.3 million, notably, two proprietary investments in SIACI Saint Honoré and Perenco generating proceeds of €59 million and a profit of €27 million.

As noted at the time of the half year results, Merchant Banking held a final closing of Five Arrows Principal Investments II ("FAPI II"), European mid-market private equity fund, at €775 million, above its target amount of €700 million, and has completed the acquisition of West Gate, a Los Angeles based credit manager specialising in leveraged loans with approximately US\$1.5 billion (€1.35 billion) assets under management across five collateralised loan obligation ("CLO") structures.

Outlook

Capitalising on the strength of the Group's market positions, revenue for the third quarter and the first nine months of 2015/2016 has been very satisfactory. However, our businesses are volatile in nature and are all dependent on economic and financial market conditions where the level of uncertainty has increased significantly in recent weeks. Therefore, although we expect a continuing good performance in the short term, the medium term outlook is more difficult to predict with any degree of confidence.

In Global Financial Advisory, the M&A market, in value terms, is strong driven by the US market and especially large deals, whereas the European market is more stable. Our current pipeline remains very strong and above last year's level at the same period, which bodes well for the rest of the current financial year.

In Wealth and Asset Management, we expect to see continuing growth in revenue and asset inflows. However, any significant declines in financial markets over a sustained period of time will impact our assets under management and, therefore, revenue.

In Merchant Banking, we continue to grow our assets under management across our different product offerings.

Appendix: Quarterly progression of revenue

<i>In €m</i>		2014/2015	2015/2016	Var %
Global Financial Advisory	1 st quarter	216.2	208.3	(4%)
	2 nd quarter	196.7	189.0	(4%)
	3 rd quarter	250.4	333.8	+33%
	9 months	663.3	731.1	+10%
Asset Management ⁴	1 st quarter	114.4	121.8	+6%
	2 nd quarter	128.6	132.7	+3%
	3 rd quarter	122.6	128.5	+5%
	9 months	365.6	383.0	+5%
<i>Of which Wealth & Asset Management</i>	1 st quarter	76.4	94.4	+24%
	2 nd quarter	79.1	92.5	+17%
	3 rd quarter	86.6	100.8	+16%
	9 months	242.1	287.7	+19%
<i>Of which Merchant Banking</i>	1 st quarter	38.0	27.4	(28%)
	2 nd quarter	49.5	40.2	(19%)
	3 rd quarter	36.0	27.7	(23%)
	9 months	123.5	95.3	(23%)
Other ⁵	1 st quarter	16.7	19.6	+17%
	2 nd quarter	12.2	18.9	+55%
	3 rd quarter	16.1	9.9	(39%)
	9 months	45.0	48.4	+8%
IFRS reconciliation	1 st quarter	-	(9.3)	n/a
	2 nd quarter	(11.5)	(1.8)	n/a
	3 rd quarter	(9.9)	4.9	n/a
	9 months	(21.4)	(6.2)	n/a
Total Group Revenue	1 st quarter	347.3	340.4	(2%)
	2 nd quarter	326.0	338.8	+4%
	3 rd quarter	379.2	477.1	+26%
	9 months	1,052.5	1,156.3	+10%

⁴ Asset Management comprises the Wealth & Asset Management and the Merchant Banking businesses

⁵ Other comprises central costs, legacy businesses, including Banking & Asset Finance and other

Financial calendar

- 22 June 2016 after market close Results of the financial year 2015/2016
- 9 August 2016 after market close Publication for the first quarter of FY 2016/2017

About Rothschild & Co (formerly Paris Orléans)

Rothschild & Co operates in the following areas:

- *Global Financial Advisory provides advisory services for mergers and acquisitions, debt financing and restructuring, and equity capital markets;*
- *Wealth & Asset Management, and*
- *Merchant Banking which comprises third party private equity and private debt business and proprietary investments.*

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) with a share capital of €142,274,072. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Rothschild & Co is listed on Euronext in Paris, Compartment A - ISIN Code: FR0000031684. Rothschild & Co share is PEA-PME eligible

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