



Press release – Financial information - 3rd quarter 2016/2017

Paris, 9 February 2017

Nine months revenue up 11% due to strong Global Advisory and Merchant Banking performance

- Rothschild Global Advisory: record nine months revenue, up 18% to €861 million (9 months 2015/2016: €731 million) driven by M&A advisory
- Rothschild Private Wealth & Rothschild Asset Management: nine months revenue was €276 million, down 4% (9 months 2015/2016: €288 million) resulting mainly from a decline in transaction commissions
- Rothschild Merchant Banking: nine months revenue up 27% to €122 million (9 months 2015/2016: €95 million), reflecting the first recognition of carried interest on the first primary private equity fund
- Nine months revenue 2016/2017 was negatively impacted by currency translation effects of €65 million compared to nine months revenue 2015/2016

In €m	3 rd Quarter Revenues			9 Months Revenues		
	2016/2017	2015/2016	% Var	2016/2017	2015/2016	% Var
Rothschild Global Advisory	325	334	-3%	861	731	+18%
Asset Management	146	129	+13%	398	383	+4%
<i>of which Rothschild Private Wealth & Rothschild Asset Management</i>	97	101	-4%	276	288	-4%
<i>of which Rothschild Merchant Banking</i>	49	28	+77%	122	95	+27%
Other ¹	8	9	-12%	26	48	-47%
Total before IFRS reconciliation	479	472	+1%	1,285	1,162	+11%
IFRS reconciliation	(2)	5	n/a	(5)	(6)	-24%
Total Group revenues	477	477	0%	1,280	1,156	+11%

¹ Other comprises central revenue, legacy businesses, including Banking and other



2. Business activities

Rothschild & Co has two main activities within its Group: (1) Global 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 Private Wealth, Asset Management and Merchant Banking.

2.1 Rothschild Global Advisory

Rothschild Global Advisory revenue for the three months to December 2016 was €325 million, down 3% versus the same quarter 2015/2016 (€334 million) and up 10% compared to the three months to September 2016 (€296 million). Third quarter revenue represented our second best quarterly performance since 2007/2008.

Rothschild Global Advisory revenue for the nine months to December 2016 was €861 million, up 18% compared to €731 million for the same period in the prior year. This increase resulted in Rothschild Global Advisory **maintaining its leading position among the top 5 advisory firms by revenue** for the full year 2016¹.

Revenue growth was strong in our European, North and Latin American and Asian businesses. We continue to outperform compared to the overall M&A market as measured by both deal values and deal numbers². For both the nine months period to December 2016 and the full year 2016², we **rank 1st by both number of announced and completed transactions, for European transactions, for global cross border transactions and, for the first time, global transactions.**

In Financing Advisory, we rank 2nd globally by number of completed restructuring transactions during the nine months period to December 2016², and maintained our position as adviser on more European equity assignments than any other independent financial adviser³.

Rothschild & Co advised the following clients on significant advisory assignments that completed in the three months to December 2016:

- **RWE** on its IPO of Innogy (€4.6 billion, Germany);
- **Asahi Group Holdings** on its acquisition of the Peroni, Grolsch and Meantime brands from Anheuser-Busch InBev (€2.55 billion, Japan and multiple CEE countries);
- **Hostess Brands** on its merger with Gores Holdings (US\$2.3 billion, United States);
- **China Resources** on its acquisition of China Resources Snow Breweries minority equity stake (US\$1.6 billion, China);
- **EnQuest** on its debt restructuring (US\$2 billion, United Kingdom)

In addition, we continue to work on some of the largest and most complex announced transactions globally, including acting as financial adviser to:

- **Bayer** on its all-cash offer to acquire Monsanto (US\$66 billion, Germany and United States);
- **Essilor** on its combination with Luxottica (€47 billion, France and Italy);
- **Zodiac Aerospace** on its combination with Safran (€35 billion, France)
- **Old Mutual** on its managed separation into its four independent business units (£9.1 billion, United Kingdom);
- **The Coca-Cola Company** on its acquisition of AB InBev's equity stake in Coca-Cola Beverages Africa (US\$3.15 billion, United States, South Africa and other Southern African countries);
- **Koch Equity Development** on its minority investment in Infor (United States)

¹ Source: Public filings

² Source: Thomson Reuters

³ Source : Dealogic



2.2 Asset Management

Our Asset Management business, in a broad sense, comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking.

Revenue for three months to December 2016 was €146 million, compared to €129 million for the same period in the prior year, up 13%.

Revenue for the nine months to December 2016 was €398 million, compared to €383 million for the same period in the prior year, up 4%.

▪ Rothschild Private Wealth & Rothschild Asset Management

Rothschild Private Wealth & Rothschild Asset Management revenue for the three months to December 2016 was €97 million, compared to €101 million for the same period in the prior year, down 4%.

Rothschild Private Wealth & Rothschild Asset Management revenue for the nine months to December 2016 was €276 million, down 4% compared to the same period last year (€288 million). This was due to a decline in brokerage commissions, reflecting lower transaction volumes.

Assets under management were €54.0 billion as at 31 December 2016 (€50.2 billion as at 31 March 2016 and €51.1 billion as at 30 September 2016). This represents an increase of €3.8 billion for the nine months (+€2.9 billion for the third quarter), thanks to net inflows of €0.4 billion and market appreciation and exchange rate effects of €3.4 billion. Net inflows were strong across our US Asset Management and onshore Wealth Management businesses in the UK, France and Belgium, but these were partially offset by outflows from a very limited number of large French institutional clients.

Markets continue to be volatile, heavily influenced by central bank policies and geo-political events. The US election results have buoyed equity markets based on the expectation of tax cuts and a reduced regulatory burden. Brexit has caused significant volatility in global financial markets and especially currencies. The long term impact of this is yet to be determined and markets remain sensitive to the underlying uncertainties. Marketing activity, however, is very robust and the pipeline for new assets remains good.

The table below presents the progress in assets under management.

In € billion	3 rd Quarter		9 Months	
	2016/2017	2015/2016	2016/2017	2015/2016
AuM opening	51.1	48.3	50.2	52.1
Net new assets	0.3	0.5	0.4	1.2
Market, exchange rate and reclassification of assets	2.6	2.2	3.4	(2.3)
AuM closing	54.0	51.0	54.0	51.0

Regarding the merger in France of Rothschild & Co with the Martin Maurel Group, a major milestone was reached in January 2017, with the effective merger of the two holding companies. The operational integration between the two banks is now underway and is expected to be finalised in the summer of 2017.

Rothschild & Co now manages approximately €64 billion of assets under management, thanks to the contribution of €8.4 billion of assets for Private Banking and €1.2 billion for Asset Management from the Martin Maurel Group.

▪ Rothschild Merchant Banking

Rothschild Merchant Banking revenue for the three months to December 2016 was €49 million, compared to €28 million for the same period in the prior year. The increase is largely attributable to the strong investment performance within the firm's flagship fund Five Arrows Principal Investments ("FAP") driven by exits and earnings growth within the existing portfolio.



Rothschild Merchant Banking revenue for the nine months to December 2016 was €122 million, up 27% compared to €95 million for the same period in the prior year.

Revenue includes:

- €70 million of management fees and carried interest (€36 million for the nine months to 31 December 2015),
- €48 million of realised and unrealised investment gains (€55 million for the nine months to 31 December 2015),
- €5 million of other income (€8 million for the nine months to 31 December 2015),
- less €1 million of provisions (€4 million for the nine months to 31 December 2015).

The Group's share of the investments made by the division during the nine months to December 2016 was €74 million, of which €58 million was the Group's own investments in funds managed by Merchant Banking and €16 million was in proprietary investments. Disposals and distributions from managed funds generated proceeds of €99 million of which €38 million was distributed by FAPI I following the sale and recapitalisation of investments. Much of the remaining proceeds arose from disposals within the proprietary portfolio which generated €47 million of cash and realised gains of €26 million.

During the first nine months, within the private equity business, Arolla, a global multi-manager private equity platform, reached €114 million of committed capital and Five Arrows Secondary Opportunities IV ("FASO IV"), the European small and mid-cap secondary transactions successor fund to FASO III, raised €430 million.

Within the private debt business, Five Arrows Direct Lending ("FADL"), the European mid-market direct lending fund completed its first closing in December 2016. FADL has to date gathered €230 million from investors, as well as a further €130 million in the form of a co-investment vehicle with a leading European institutional investor.

Rothschild Credit Management ("RCM") raised €289 million of new commitments to its Oberon strategy (senior debt funds) and continues to market its current open fund, Oberon III. In addition, RCM North America priced a US\$300 million CLO, Ocean Trails VI, in June 2016 and is currently working on its next CLO in both Europe and the US.

6. Outlook

Rothschild & Co posted satisfactory third quarter and nine months revenues despite significant market volatility. The Group benefited from a unique environment in which our core businesses' performance was robust.

Rothschild Global Advisory enjoyed a very strong third quarter and nine months revenue level thanks to a highly diversified client base, the mainstay of our global business. We anticipate that full year 2016/2017 revenue will be slightly better than last year even after allowing for negative FX movements. Whilst global completed deal activity held up well in 2016 and our pipeline of mandated business remains relatively strong, we are also seeing lower levels of announced activity in the market. Looking ahead, we therefore remain cautious, in particular against the background of near term market and geopolitical uncertainty.

Rothschild Private Wealth & Rothschild Asset Management achieved positive net assets inflows for the first nine months despite volatile markets. However, any significant decline in financial markets for a sustained period would impact our revenues. In France, the merger with Compagnie Financière Martin Maurel will allow us to accelerate our growth in the regions by expanding our presence and continuing the development of a corporate and entrepreneur offering.

Rothschild Merchant Banking continues to pursue its development by increasing both revenue and assets under management. The management team is currently exploring opportunities to develop this successful business model by extending its geographical reach outside Europe.



A. Quarterly progression of revenue

<i>In €m</i>		2016/2017	2015/2016	Var
Rothschild Global Advisory	1 st quarter	240.3	208.3	+15%
	2 nd quarter	296.3	189.0	+57%
	3 rd quarter	324.7	333.8	-3%
	Total	861.3	731.1	+18%
Asset Management	1 st quarter	145.2	121.8	+19%
	2 nd quarter	107.1	132.7	-19%
	3 rd quarter	145.6	128.5	+13%
	Total	397.9	383.0	+4%
<i>Of which Rothschild Private Wealth & Rothschild Asset Management</i>	1 st quarter	89.4	94.4	-5%
	2 nd quarter	90.3	92.5	-2%
	3 rd quarter	96.7	100.8	-4%
	Total	276.4	287.7	-4%
<i>Of which Rothschild Merchant Banking</i>	1 st quarter	55.8	27.4	+104%
	2 nd quarter	16.8	40.2	-58%
	3 rd quarter	48.9	27.7	+77%
	Total	121.5	95.3	+27%
Other ¹	1 st quarter	8.5	19.6	-57%
	2 nd quarter	8.2	18.9	-57%
	3 rd quarter	8.7	9.9	-12%
	Total	25.4	48.4	-47%
IFRS reconciliation	1 st quarter	(3.8)	(9.3)	n/a
	2 nd quarter	0.7	(1.8)	n/a
	3 rd quarter	(1.6)	4.9	n/a
	Total	(4.7)	(6.2)	-24%
Total Group Revenues	1 st quarter	390.2	340.4	+15%
	2 nd quarter	412.3	338.8	+22%
	3 rd quarter	477.4	477.1	+0%
	Total	1,279.9	1,156.3	+11%

¹ Other comprises legacy businesses, including Banking and other



Financial calendar:

- 14 June 2017 Full year 2016/2017 results
- 9 August 2017 First quarter information 2017/2018

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About Rothschild & Co

With a team of c.3,300 talented financial services specialists on the ground in 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, Private 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 €154,580,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.