

Financial information – First quarter 2016/2017

Paris, 9 August 2016

Revenue up 15% due to strong Global Advisory and Merchant Banking performance

- Global Advisory: revenue up 15% due to robust activity in Europe as well as in North and Latin America
- Private Wealth & Asset Management: revenue down 5% due to lower client activity in volatile markets
- Merchant Banking: revenue up 104% mainly due to the first recognition of carried interest on FAPI I

<i>In € million</i>	1 st Quarter Revenues		
	2015/2016	2016/2017	% Var
Global Advisory	208.3	240.3	+15%
Asset Management	121.8	145.2	+19%
<i>Of which Private Wealth & Asset Management</i>	94.4	89.4	-5%
<i>Of which Merchant Banking</i>	27.4	55.8	+104%
Other ¹	19.6	8.5	-57%
Total before IFRS reconciliation	349.7	394.0	+13%
IFRS reconciliation	(9.3)	(3.8)	<i>n/a</i>
Total Group revenue	340.4	390.2	+15%

Revenue in first quarter 2016/2017 was negatively impacted by currency translation effects of €15 million compared to the first quarter 2015/2016 and €4 million compared to the year ended March 2016.

¹ Other comprises legacy and other businesses. The decline in revenue reflects the sale of Five Arrows Leasing Group in 2015/2016, which had revenue of €9.6 million in Q1 2015/2016.

We have two main activities within our 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. In addition, we have a Banking business which predominantly relates to the legacy banking business.

1. Rothschild Global Advisory

Global Advisory revenue for the three months to June 2016 was €240 million, up 15% compared to €208 million for the same period in the prior year and our best first quarter performance since the financial crisis, reflecting strong activity in our European businesses as well as in North and Latin America. Revenues were down 22% compared to €309 million for the previous quarter, which was our second highest quarterly revenue level.

Our M&A business continues to outperform and was ranked 1st globally by number of announced and completed transactions for the first six months of 2016¹. In Europe, we retained our position as market leader in the quarter, advising on more M&A transactions¹ than any of our competitors – a position we have held for more than a decade.

In Financing Advisory, we ranked 4th globally by number of completed restructuring transactions during the quarter¹, and maintained our position as adviser on more European equity assignments than any other independent financial adviser².

We advised the following clients on significant M&A and Financing Advisory transactions that completed in the quarter:

- **Coca-Cola Iberian Partners** on the three way merger between Coca-Cola Iberian Partners, Coca-Cola Enterprises and Coca-Cola Erfrischungsgetränke (€23.1 billion, Spain and Germany),
- **Rexam** on its acquisition by Ball Corp (£4.4 billion, UK and USA),
- **Urbi Desarrollos Urbanos** on its in-court restructuring (US\$3 billion, Mexico),
- **Norrporten and its shareholders** on its sale to Castellum (€2.8 billion, Sweden),
- **Ministry of Finance of the Kingdom of Denmark** on the privatisation IPO of Dong Energy (€2.6 billion, Denmark),
- **Ministry of Transport, Communications and Works of Cyprus** on its commercialisation of Limassol Port (€1.9 billion, Cyprus),
- **Royal Philips** on its IPO of Philips Lighting (€863 million, Netherlands).

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 proposed offer to acquire Monsanto (US\$64 billion, Germany and USA),
- **Boehringer Ingelheim** on its strategic swap of its consumer healthcare business with Sanofi's animal health business (€22.8 billion, Germany),
- **Crédit Agricole** on its buy-back of 25% stake in Caisses Régionales (€18 billion, France),
- **Technip** on its combination with FMC Technologies (US\$12 billion, France and USA),
- **Meda** on its recommended takeover by Mylan (US\$10 billion, Sweden and Netherlands),
- **Italian Ministry of Economy and Finance** on the privatisation IPO of ENAV (€1.8 billion, Italy)³.

¹ Source : Thomson Reuters

² Source : Dealogic

³ Completed on 26 July 2016

2. Asset Management

Our Asset Management business, in a broad sense, comprises Rothschild Private Wealth, Rothschild Asset Management and Rothschild Merchant Banking. Revenue for the three months to June 2016 was €145 million, compared to €122 million for the prior year, up 19%.

▪ Rothschild Private Wealth & Rothschild Asset Management

During the first quarter of 2016/2017, Private Wealth & Asset Management generated revenue of €89 million, down 5% compared to the same quarter last year (€94 million) due to lower client activity in volatile markets.

Assets under Management have slightly decreased by 0.5% to €49.9 billion as at 30 June 2016 (€50.2 billion as at 31 March 2016) due to net inflows of €0.3 billion offset by market depreciation and negative exchange rate effects of €0.6 billion. Market volatility remained high in the first quarter of 2016/2017 particularly due to Brexit. Elsewhere, central banks remain accommodative with robust market intervention, particularly in Japan and the European Union. Marketing activity, however, is very robust and the pipeline for new assets remains good.

The table below presents the Assets under Management progression.

<i>In € billion</i>	3 months to 30 June 2015	3 months to 30 June 2016
AuM opening	52.1	50.2
Net new assets	0.6	0.3
Market and exchange rate effects	(0.9)	(0.6)
AuM closing	51.8	49.9

▪ Rothschild Merchant Banking

During the first quarter Merchant Banking generated revenues of €56 million compared to €27 million in the same period last year. The year-on-year increase is largely attributable to €21 million of carried interest earned on the fund Five Arrows Principal Investments I (FAPI I) whose performance, on a marked-to-market basis, has now exceeded the threshold at which this type of income accrues to the Group.

Revenues include:

- €13 million of management fees (€9 million for Q1 2015/2016),
- €20 million of realised and unrealised investment gains (€13 million for Q1 2015/2016), and
- €23 million of carried interest and other income (€5 million for Q1 2015/2016).

The Group's share of the investment made by the division during the first quarter was €29 million, of which €16 million was the Group's own investments in funds managed by Merchant Banking, and €13 million which was in proprietary investments (including those made as part of the Rothschild Private Opportunities co-investment programme).

Disposals generated proceeds of €85 million resulting in €19 million of net investment gains, notably from two proprietary investments: on the sale of Infopro (the leading B2B professional information services provider in France); and of RAC (the second largest provider of breakdown assistance services in the UK), generating respectively €10 million and €6 million profit.

During the first quarter, within the private equity funds, Merchant Banking held two first closings:

- One at €85 million for Arolla, the global multi-manager private equity platform. This closing represents the majority of the expected final closing amount of around €100 million; and
- One at €328 million for Five Arrows Secondary Opportunities IV (FASO IV), the European small and mid-cap secondary transactions successor fund to FASO III. It is expected that the final closing will be in excess of €400 million.

During the first quarter, within the private debt funds, Five Arrows Credit Solutions Fund (FACS) made its first exit, generating proceeds of 1.25x cost from IT Lab (a leading provider of IT support and cloud services) and announced its 10th transaction (a €35 million second lien debt to finance the acquisition of Photobox Group - a leading European online manufacturer of personalised photo albums). Rothschild Credit Management (RCM) raised €161 million of new commitments to its Oberon strategy (senior debt funds) and continues to market its current open fund, Oberon III. In addition, RCM's North America business 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.

Outlook

At the end of June, the UK electorate voted to leave the European Union. Whilst this had an immediate impact on financial markets and, in the short term at least, will impact business sentiment, the longer-term repercussions remain unclear. Given this, it is challenging to forecast the outlook for the remaining nine months of the current financial year, especially for our Global Advisory business. With regard to the impact on our operational structure, Rothschild & Co is regulated to varying degrees in a number of countries both within and outside the European Union and although some organisational changes may be required up to and following Brexit, we do not expect these to have a material impact on our business.

In Global Advisory, we are cautious for the rest of the financial year, although our pipeline remains strong notwithstanding the potential effects of Brexit, reflecting our extensive international footprint and broad sector coverage.

In Private Wealth and Asset Management, we have maintained the value of assets under management despite volatile financial markets, but any significant decline would impact our revenues. In France, we continue to work on the planned merger with Compagnie Financière Martin Maurel which should close by the end of the financial year.

In Merchant Banking, we cannot expect the level of carried interest recognised in the first quarter to be maintained at the same level for the rest of the year. Assets under management will continue to grow due to the launch of new and successor funds.

Financial calendar

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|------------------------------------|----------------------------------|
| ▪ 29 September 2016 at 10 am – CET | Annual General Meeting |
| ▪ 29 November 2016 | Half year 2016/2017 results |
| ▪ 9 February 2017 | Third quarter revenues 2016/2017 |
| ▪ 14 June 2017 | Full year 2016/2017 results |

About Rothschild & Co

With a team of c.2,800 talented employees 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) 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.

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