



# Results for full-year 2021

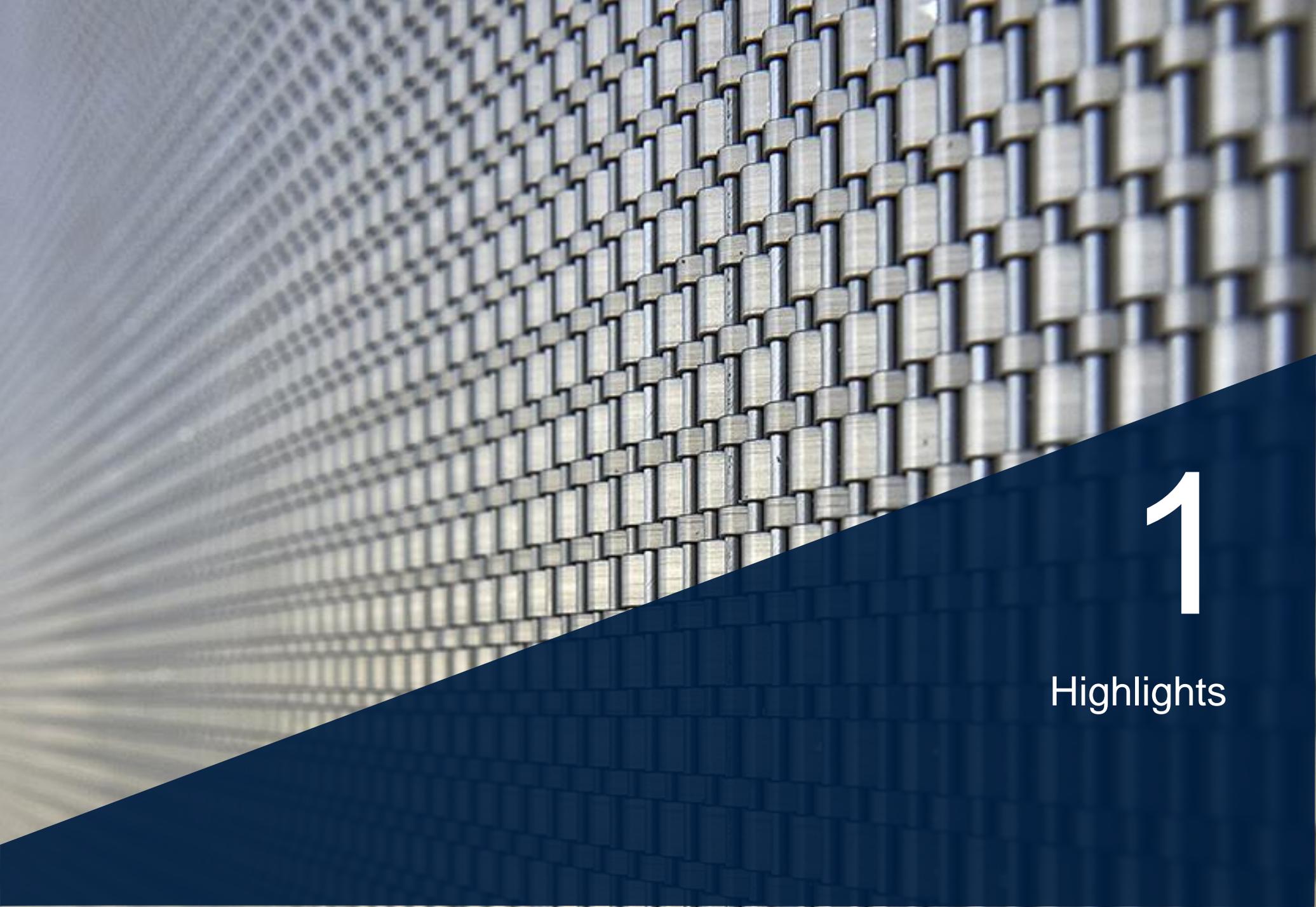
## Presentation to analysts and investors

February 2022

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1

Highlights

# Historic record results confirms Group's long-term growth strategy

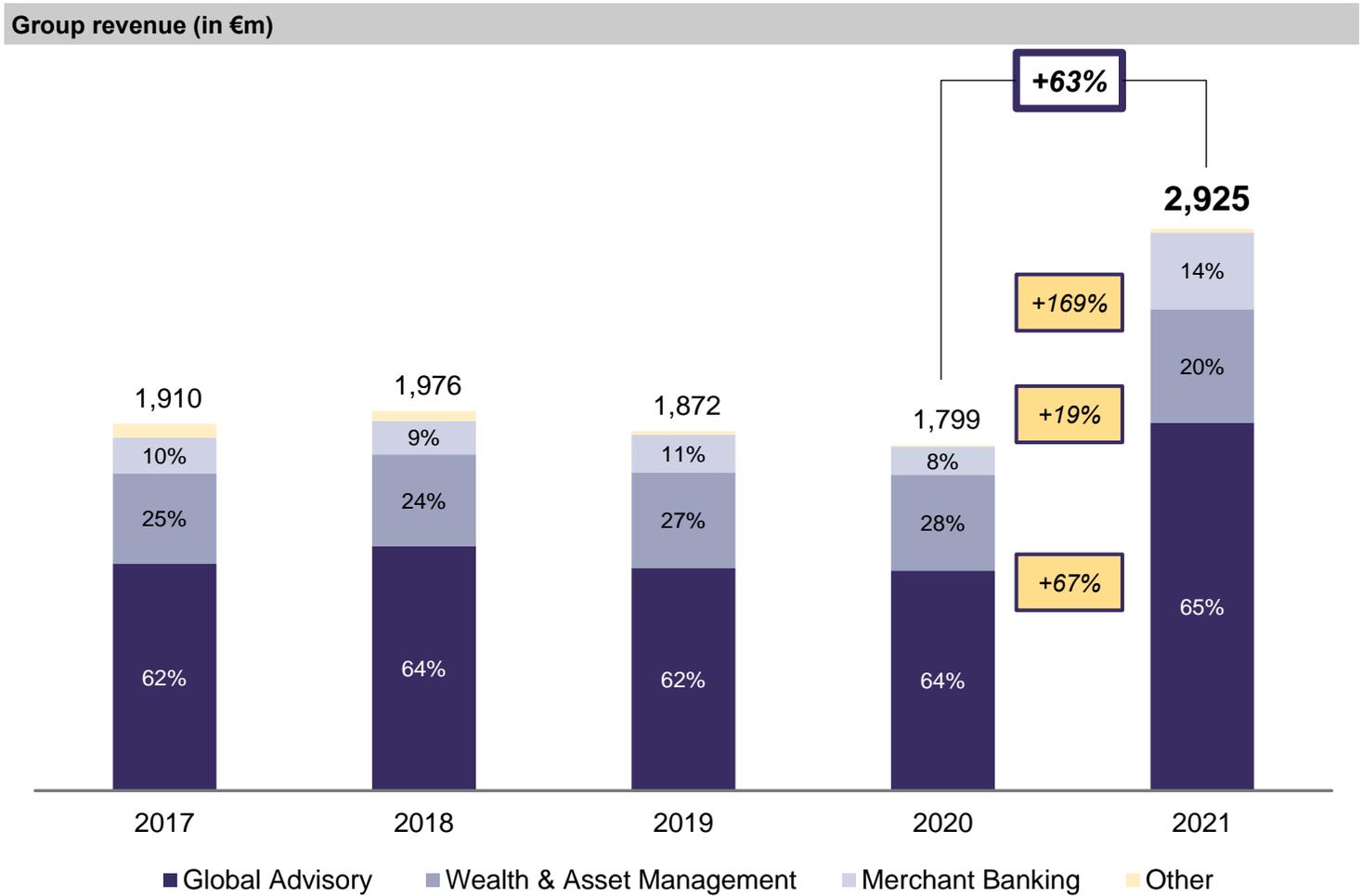


Group results	Businesses			Capital management	
	<b>Global Advisory (GA)</b>				
Revenue <b>€2,925m</b> +63%	Revenue <b>€1,915m</b> +67%	PBT <b>€421m</b> +150%	<b>6<sup>th</sup></b> by revenue	<ul style="list-style-type: none"> <li>• <b>€1.15</b> Normal dividend (+29%)</li> <li>• <b>€1.60</b> Special dividend</li> </ul>	<b>€2.75</b> total dividend
			<b>4<sup>th</sup></b> by number		
	<b>Wealth and Asset Management (WAM)</b>				
Net income – Group share <sup>1</sup> <b>€766m</b> +343%	Revenue <b>€593m</b> +19%	PBT <b>€117m</b> +58%	<b>€103.9bn</b> of AuM <sup>3</sup>	Launch of the share buyback of up to <b>€70m</b>	In addition to the June <b>€35m</b> buyback
			<b>€4.1bn</b> of NNA		
	<b>Merchant Banking (MB)</b>				
EPS <sup>1</sup> <b>€10.59<sup>2</sup></b> +347%	Revenue <b>€398m</b> +169%	Record PBT <b>€292m</b> +409%	<b>€18.3bn</b> of AuM	Very well capitalised balance sheet	Solvency ratio <b>21.3%</b>
			<b>€905m</b> of NAV		

## Notes

- 1 Excluding exceptional items
- 2 Of which €1.74 related to deferred bonus credit
- 3 Including double-counted assets

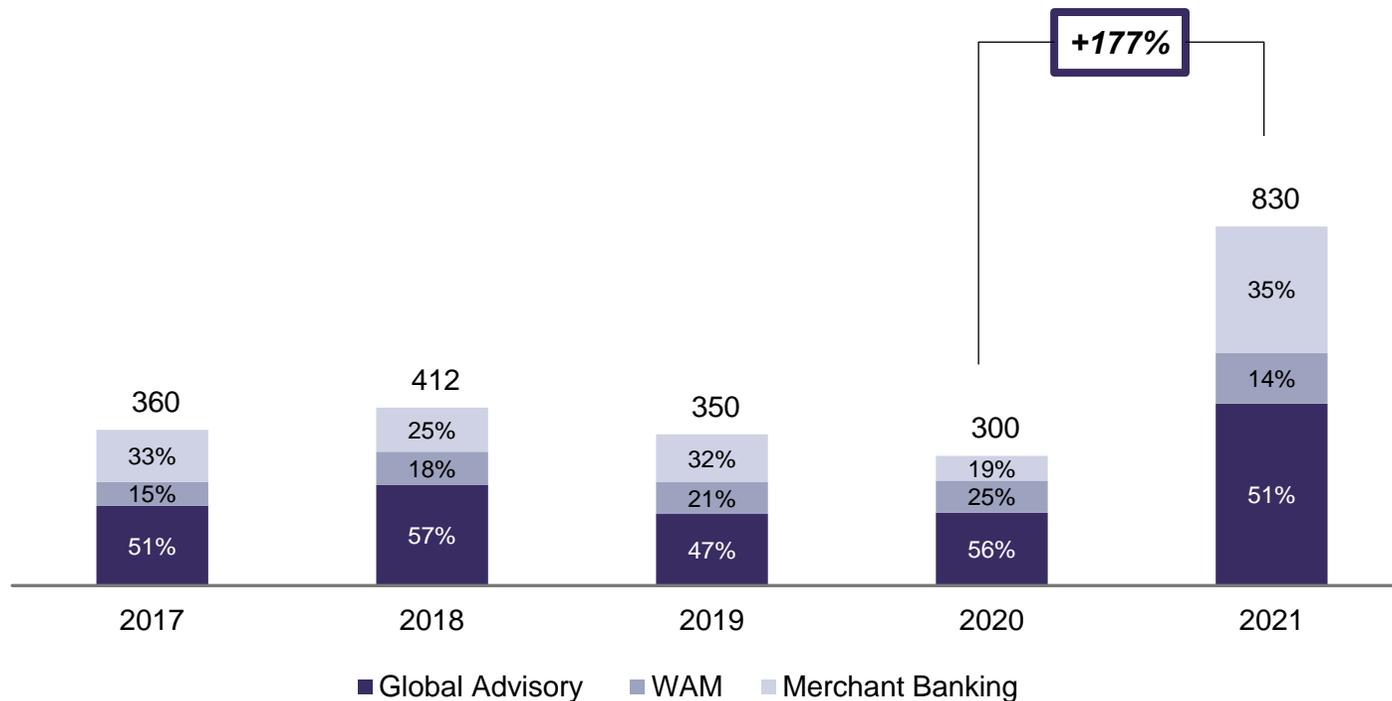
# Outstanding revenue growth across all three businesses ...



# and record operating profit before tax ...

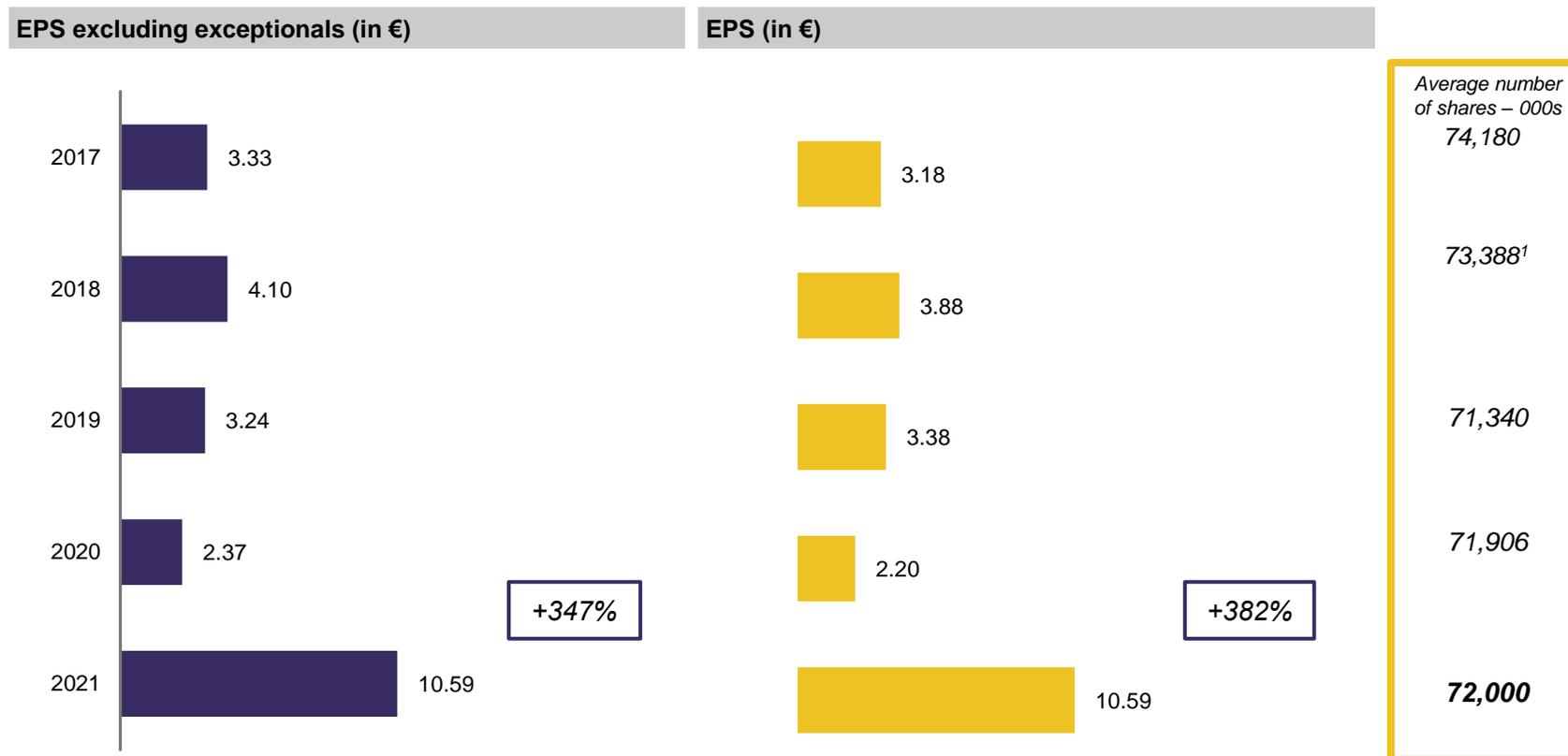


## Operating Profit Before Tax (in €m)



**Note**  
1 Operating Profit before tax presented on this slide is the management profit used for internal performance measurement purposes. The reconciliation to statutory P&L is shown on slide 34

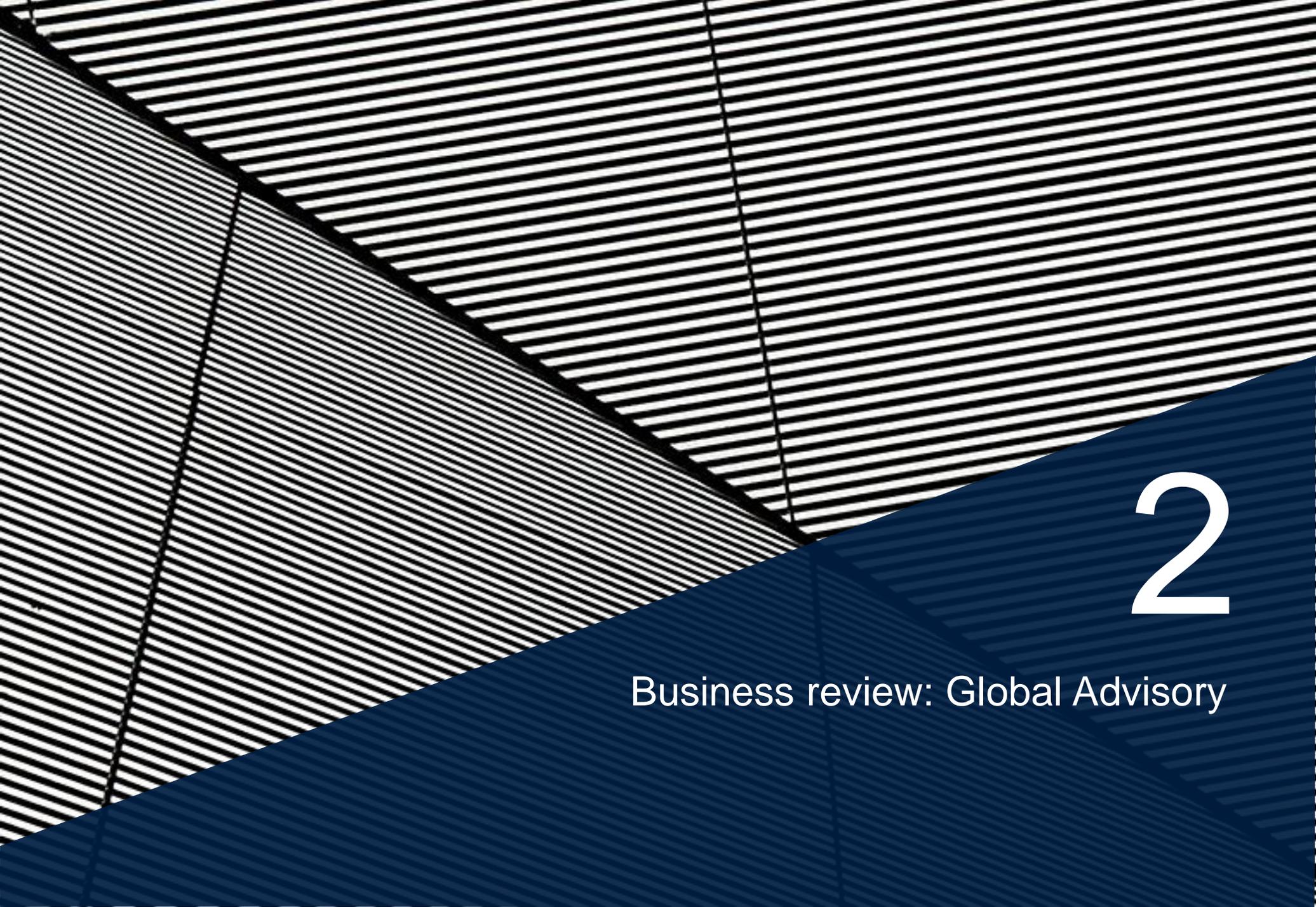
# ... that translate into exceptional EPS progression



**Note**

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

2 Excluding deferred bonus effect, the EPS would be €8.85



# 2

Business review: Global Advisory

# Global Advisory – 2021 Highlights



## Record revenue and pipeline

- Record full-year 2021 revenue, driven by leading market positions and supportive market conditions resulting in significantly increased deal activity (by volume and value)
  - +87% M&A revenue
  - +27% Financing Advisory revenue
- The only European bank ranked in the Top 10 by revenue globally
- Elevated levels of deal activity across our geography and sector franchises
- Pipeline is well diversified and ahead of previous years at this stage

## A unique equity advisory platform spanning private and public markets

- Reached agreement to acquire a controlling interest in Redburn, the leading independent equity research provider in Europe
- Hired a team to broaden offering in GP-led solutions in support of our strategy to offer a range of private capital solutions to our clients
- Deepened expertise in advising growth companies on their entire fundraising journey from series B through to exit
- Developed a leading activist defence and ESG franchise advising Boards on a stand-alone basis or combined within our other advisory activities (e.g. M&A)

**55%**

The increase in M&A mandates completed in 2021

**15 years**

consistently ranked First in M&A by number in Europe

**68%**

The increase in Debt Advisory deal value completed during the pandemic

**\$102bn**

The value of Restructurings completed in 2021

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

by value and number in Europe for Equity Advisory in 2021

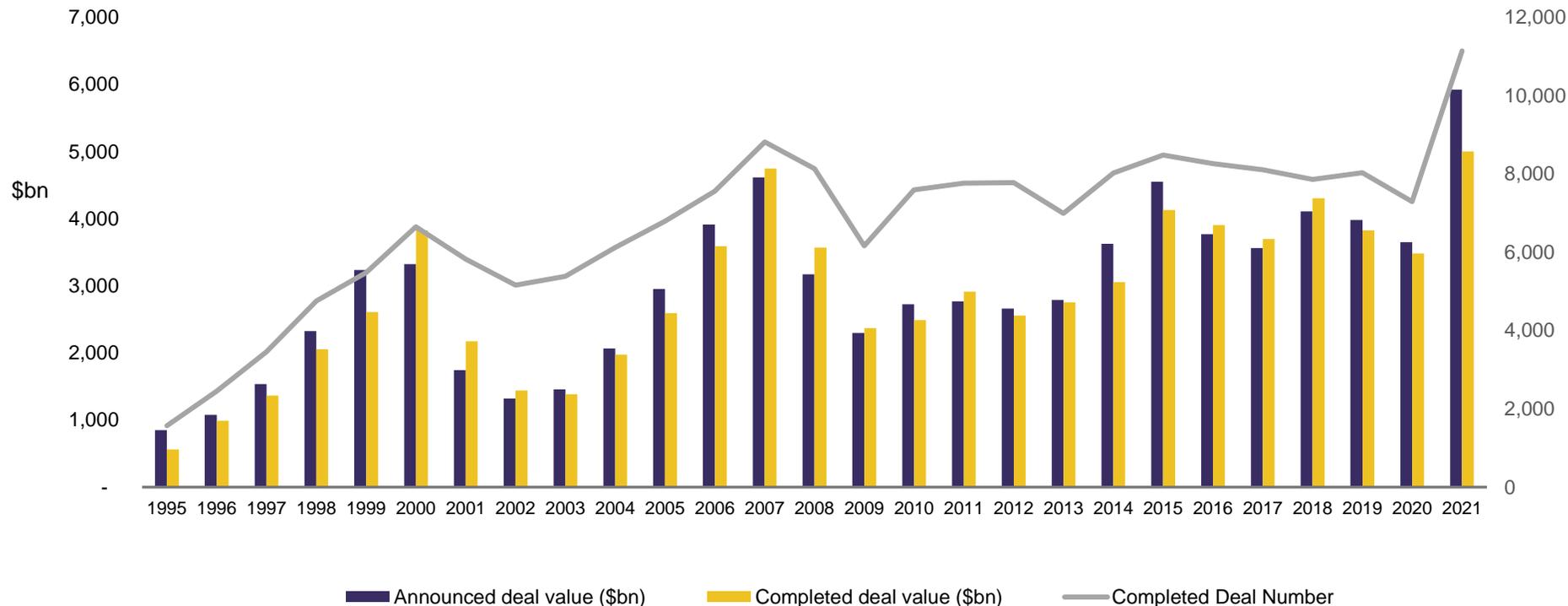
**37**

The number of mandates with an ESG component in 2021

### Note

1 subject to regulatory approval

# Global Advisory – Record global M&A market by value



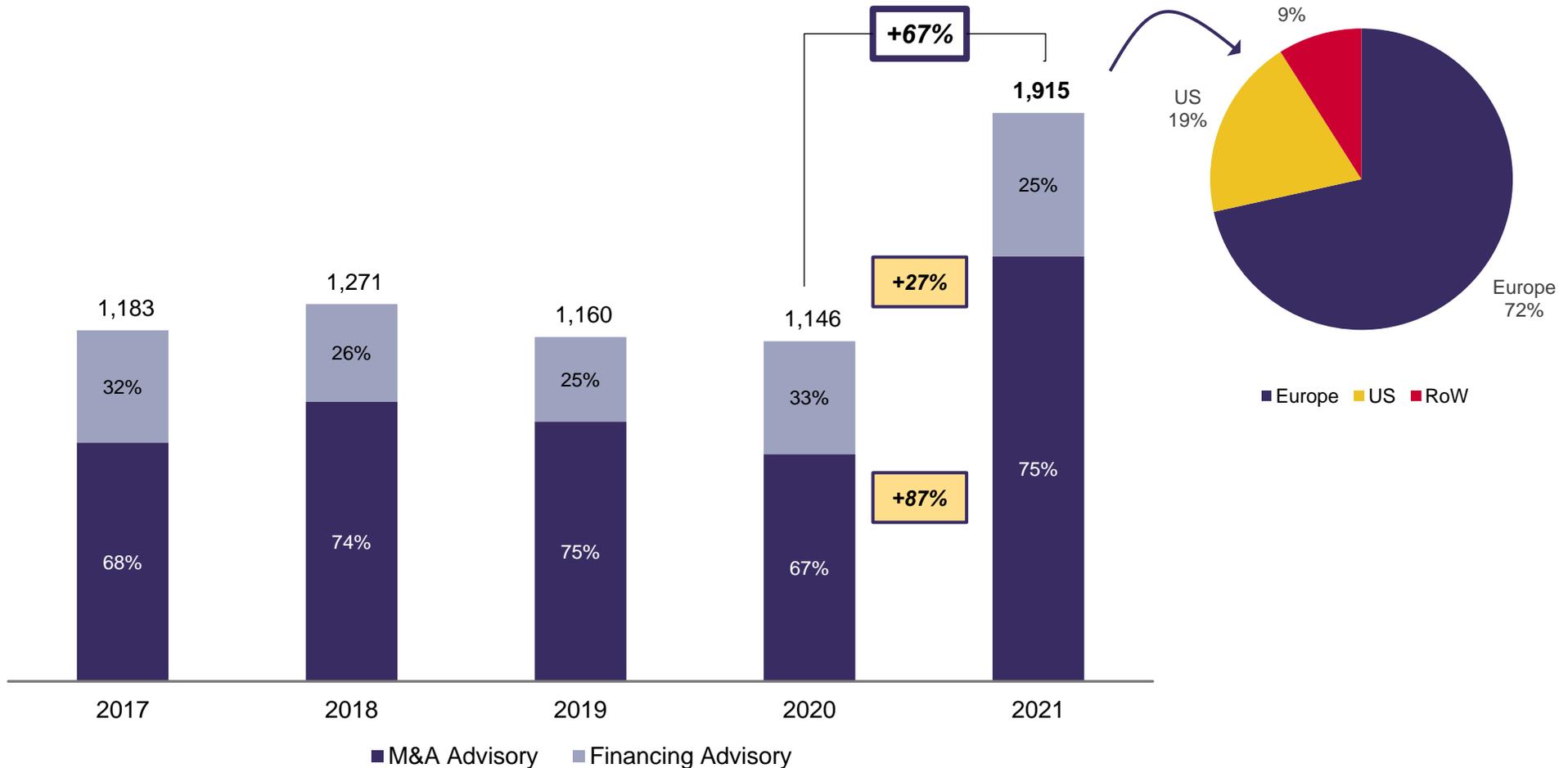
	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	21 vs 20
<b>% var Announced</b>	(17%)	(5%)	15%	(3%)	(8%)	62%
<b>% var Completed</b>	(5%)	(5%)	16%	(11%)	(9%)	44%

Source: Dealogic

# Global Advisory - Record full-year revenue



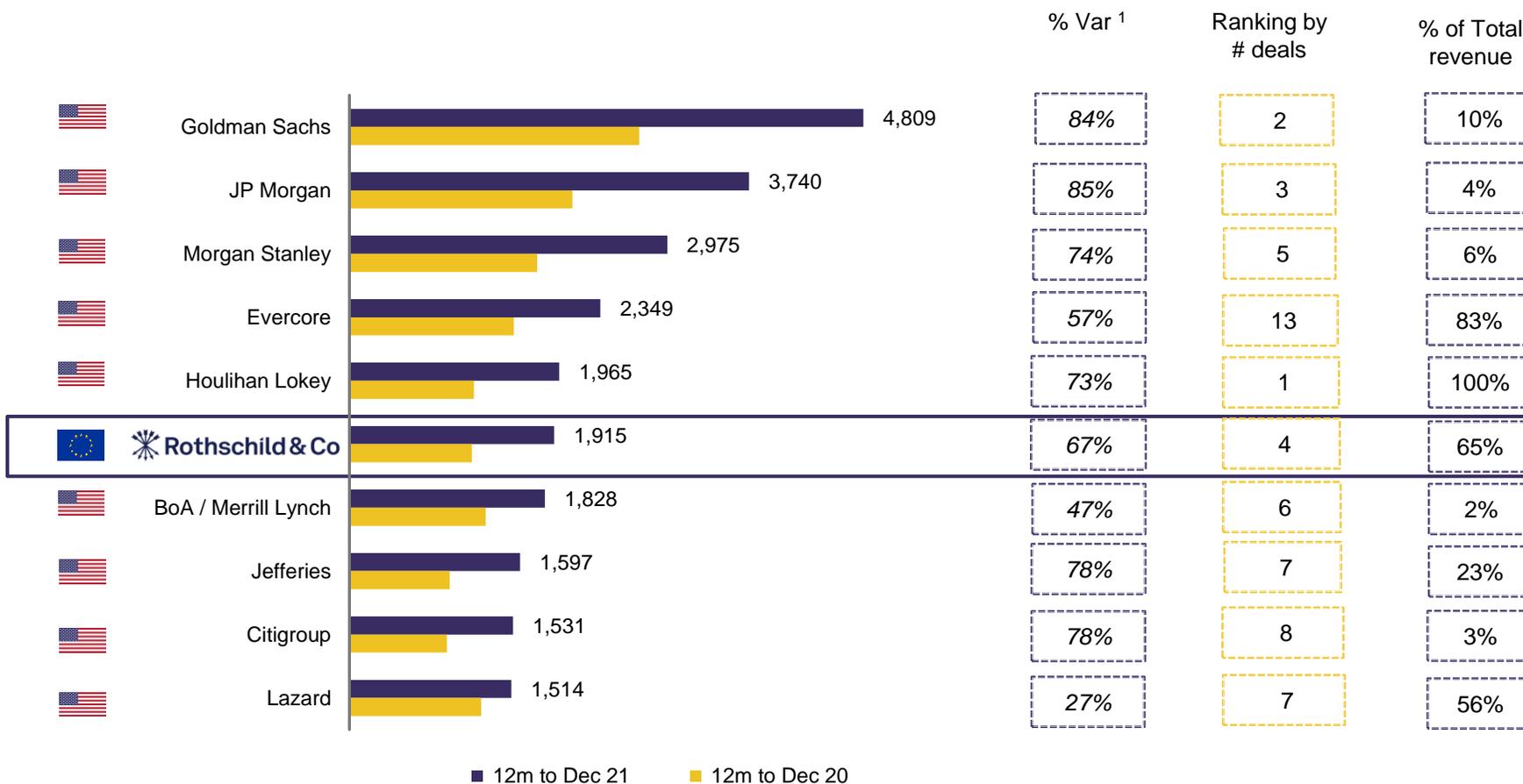
Revenue by product (in €m)



# Global Advisory – Only European adviser in the Top 10



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

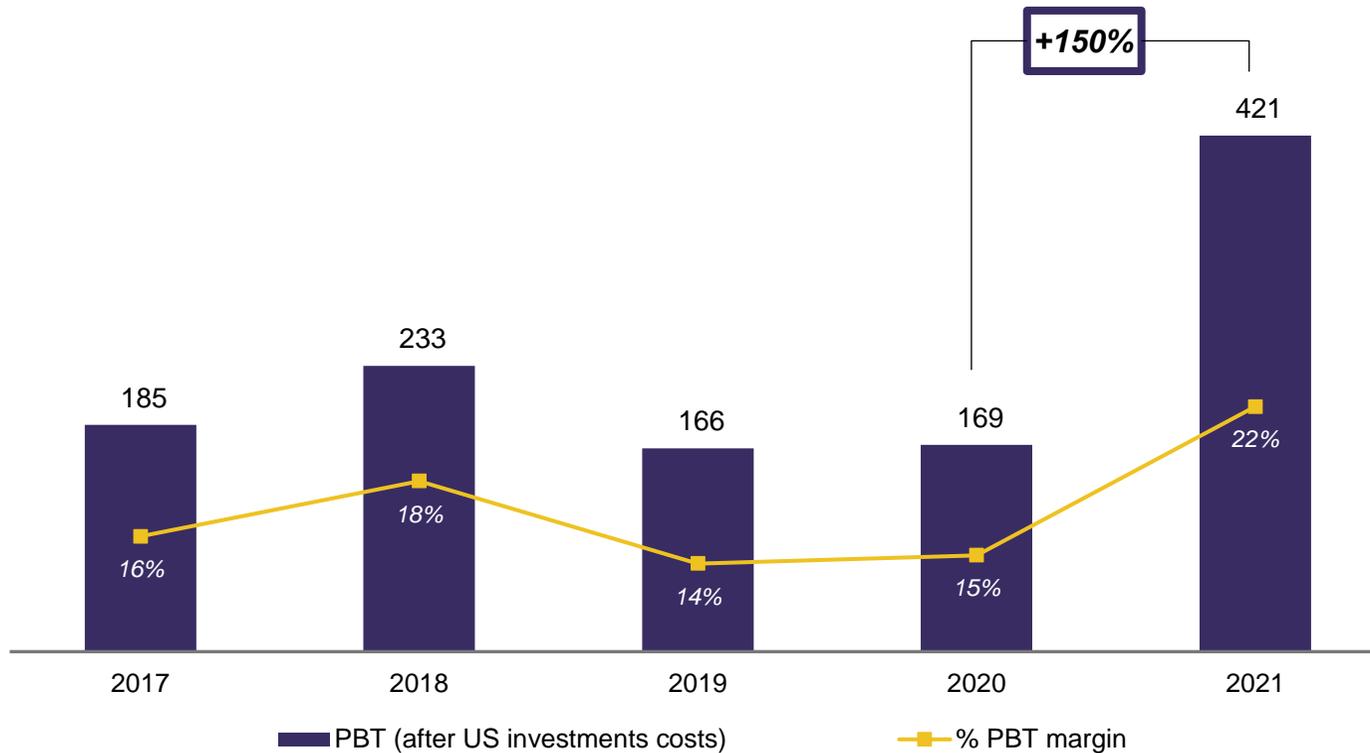


**Note**  
 1: Variation calculated on local currency  
**Source:** Company's filings, Refinitiv completed transactions

# Global Advisory - Record profits driven by record revenues



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



Compensation ratio <sup>2</sup>	2017	2018	2019	2020	2021
	67.2%	65.1%	66.3%	68.1%	66.8%

**Notes**

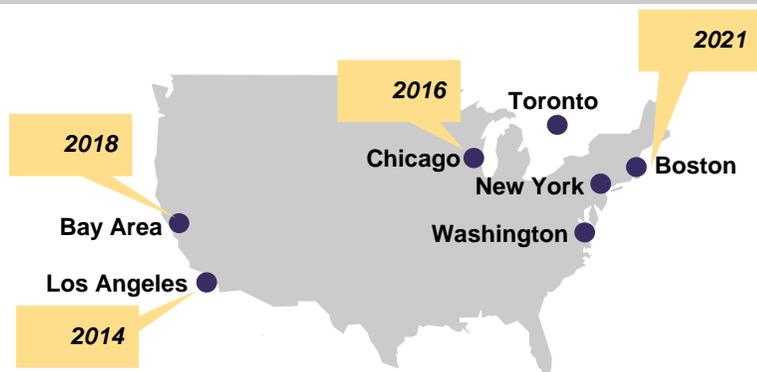
<sup>1</sup> After ongoing investment in the development of our North American M&A franchise (costs to recruit senior bankers)

<sup>2</sup> On an awarded basis

# Global Advisory - North America investment bearing fruit



## Overview



<b>7</b> offices	<b>40</b> MDs	<b>214</b> bankers
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## Rothschild & Co North America performance<sup>1</sup>

	2020	2021	
M&A deal value	\$98bn	\$142bn	+45%
M&A deal number	134	181	+35%
Revenue <sup>2</sup>	\$271m	\$438m	+62%

- Continued strength in M&A deal volumes in 2021
- Investments in senior and other bankers continue to generate strong results
- Rothschild & Co North America continues to grow its sector coverage and geographic presence

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

M&A Deals	CC Neuberger II	EQT	Veoneer	Clearlake Capital	Restructuring Deals	Boart Longyear	Ad Hoc Group of European Noteholders	Chesapeake
	Lead financial advisor on US\$4.8bn merger with Getty Images	Exclusive financial advisor on US\$2.3bn sale of 90% stake of Fenix Marine Services	US\$4.5bn sale to Qualcomm	US\$5.2bn take-private acquisition of Cornerstone OnDemand		US\$1bn restructuring	Hertz's US\$19.1bn Chapter 11 restructuring	Financial Adviser on its US\$10.8bn pre-negotiated chapter 11 restructuring
	Current	Current	Current	2021		2021	2021	2021

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

<sup>2</sup> Includes M&A and Financing Advisory



# 3

Business review: Wealth &  
Asset Management

# Wealth and Asset Management (WAM) – 2021 highlights



## WAM

- Increasing positive momentum in NNA: +€4.1bn
- Strong growth in revenue (+19%): €593m
- AuM reached €103.9bn<sup>1</sup> (+25%)

## WAM Europe

- Strong growth in revenue (+20%) and PBT (+58%)
- Merger with Banque Paris Bertrand: €7.1bn of AuM integrated
- Opening of new offices: Madrid, Birmingham and Toulouse
- AM Europe: back to positive NNA (+€0.8bn) in 2021 following the recent strategic refocus

## AM US

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

**€4.3bn**

NNA in Wealth  
Management

**AM Europe:**  
back to positive  
NNA of **€0.8bn**

**+58%**

**PBT** for  
WAM Europe

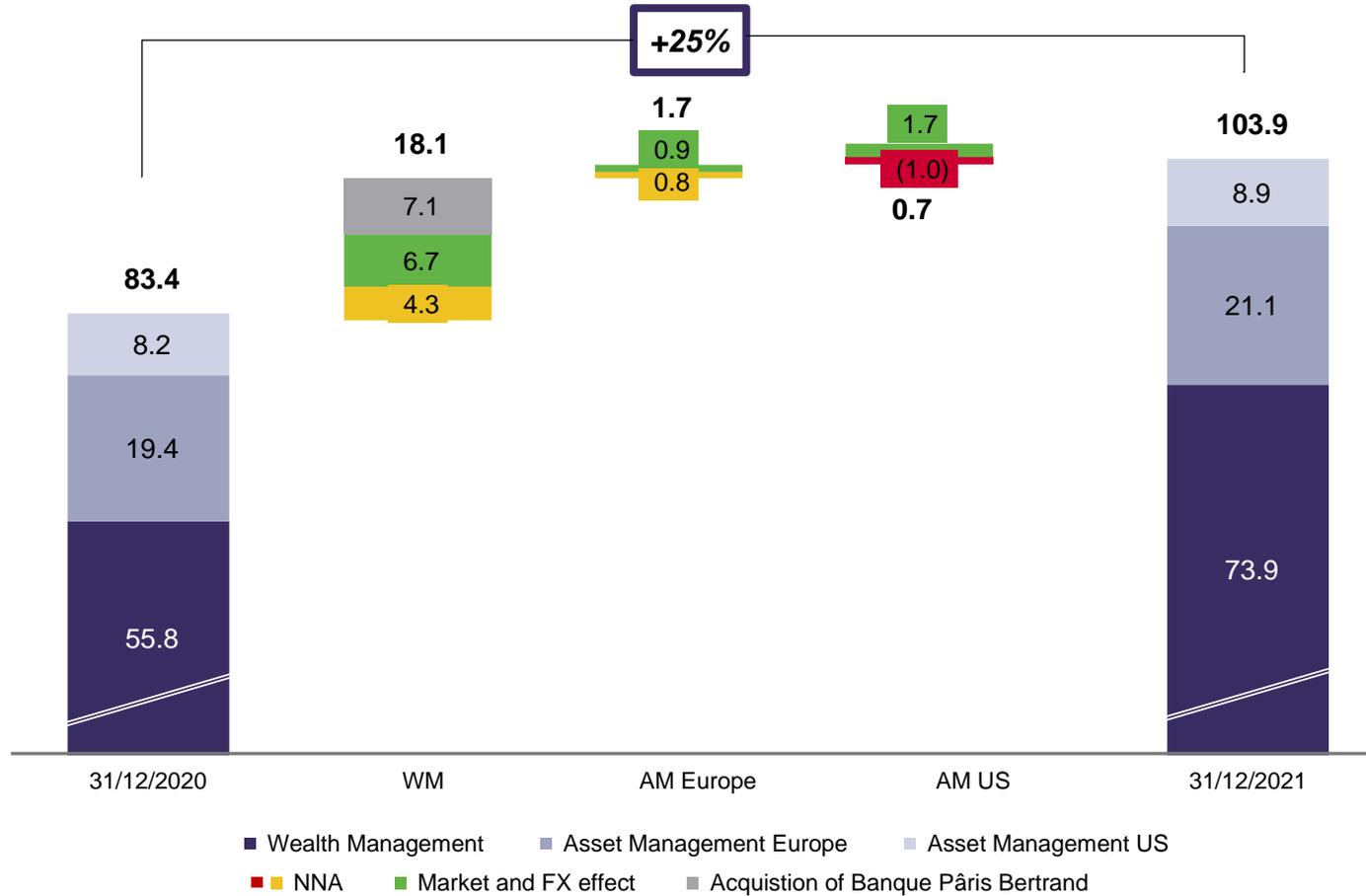
### Note

<sup>1</sup> including €6.1 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2020: €5.3 billion)

# WAM – Substantial growth in assets



Assets under management (in €bn)



**Note**

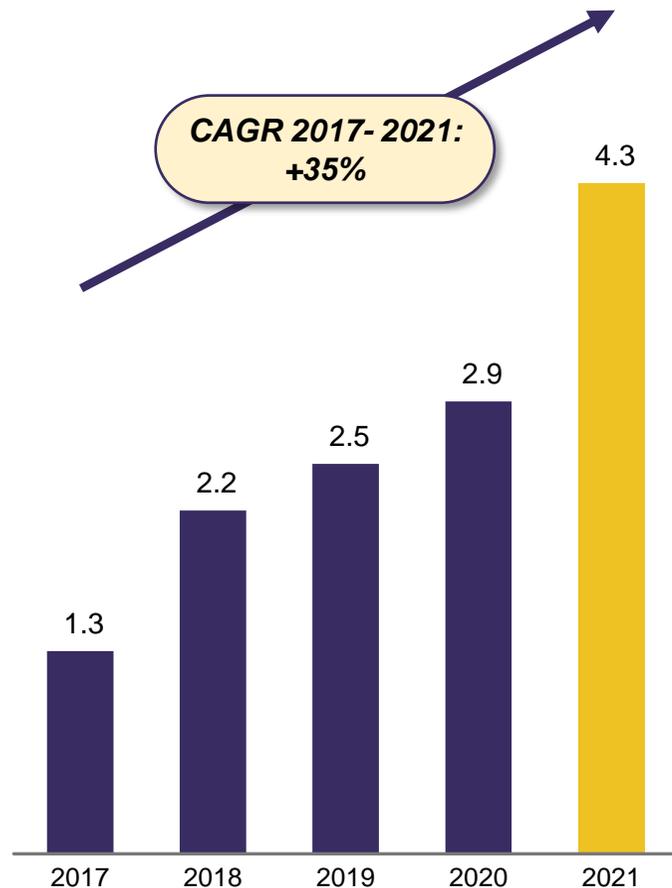
1 including €6.1 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2020: €5.3 billion)

# WAM – Considerable growth in WM NNA, coupled with positive NNA in AM Europe

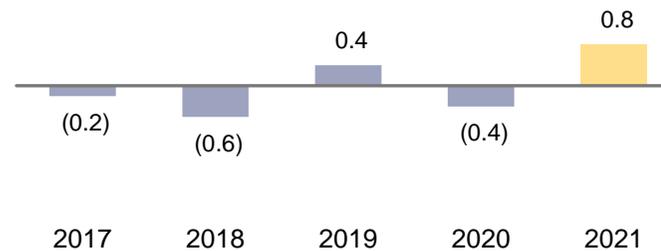


Wealth Management NNA (in €bn)

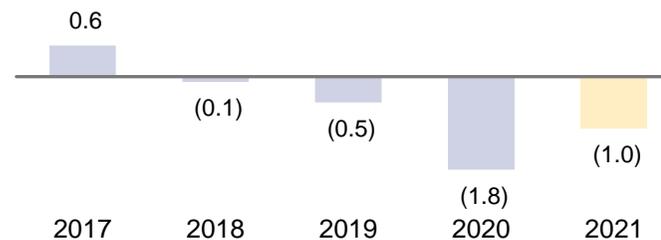
Asset Management NNA (in €bn)



AM Europe



AM US

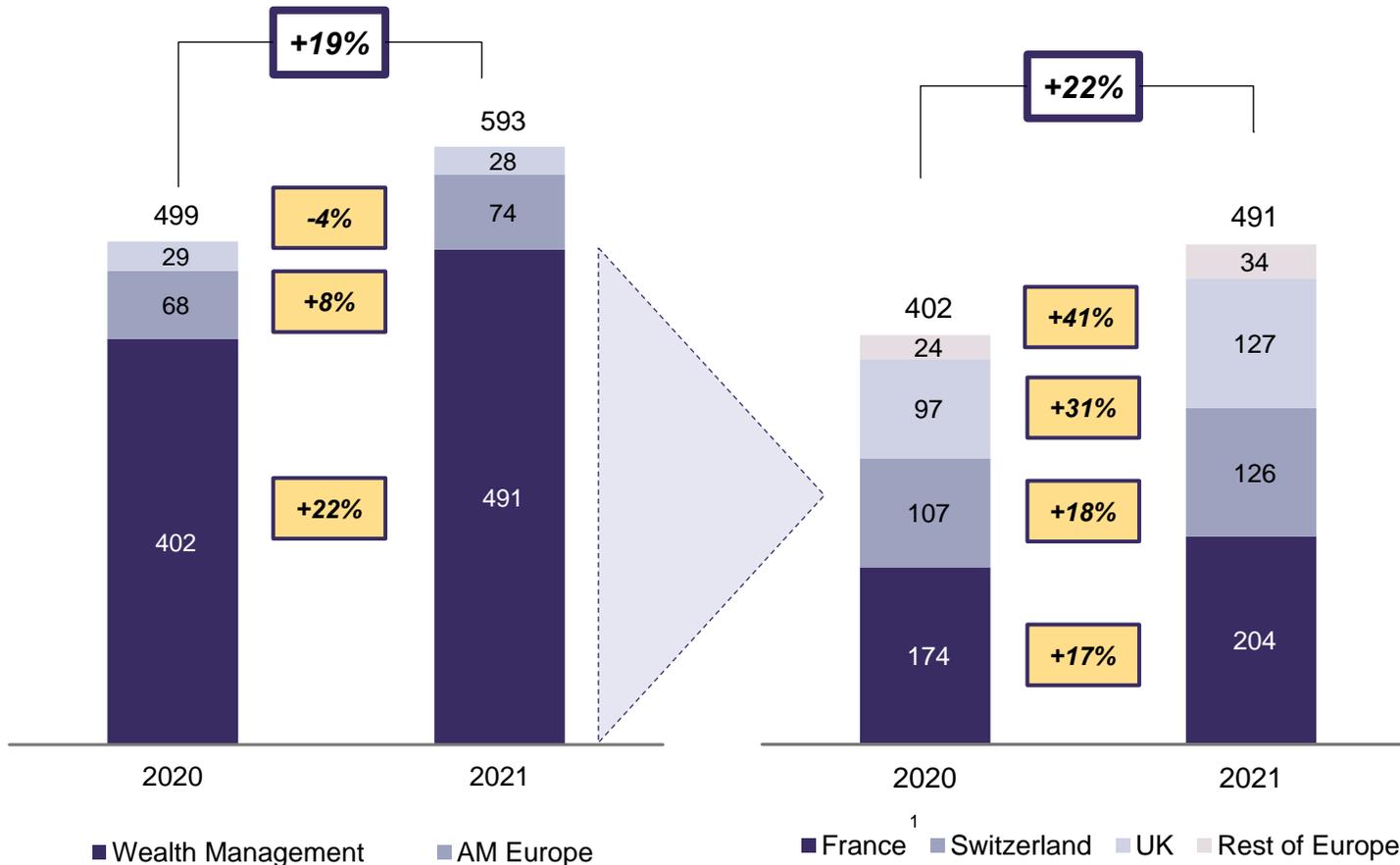


# WAM – Strong revenue growth across European businesses



By business line

Zoom by geography on WM revenue

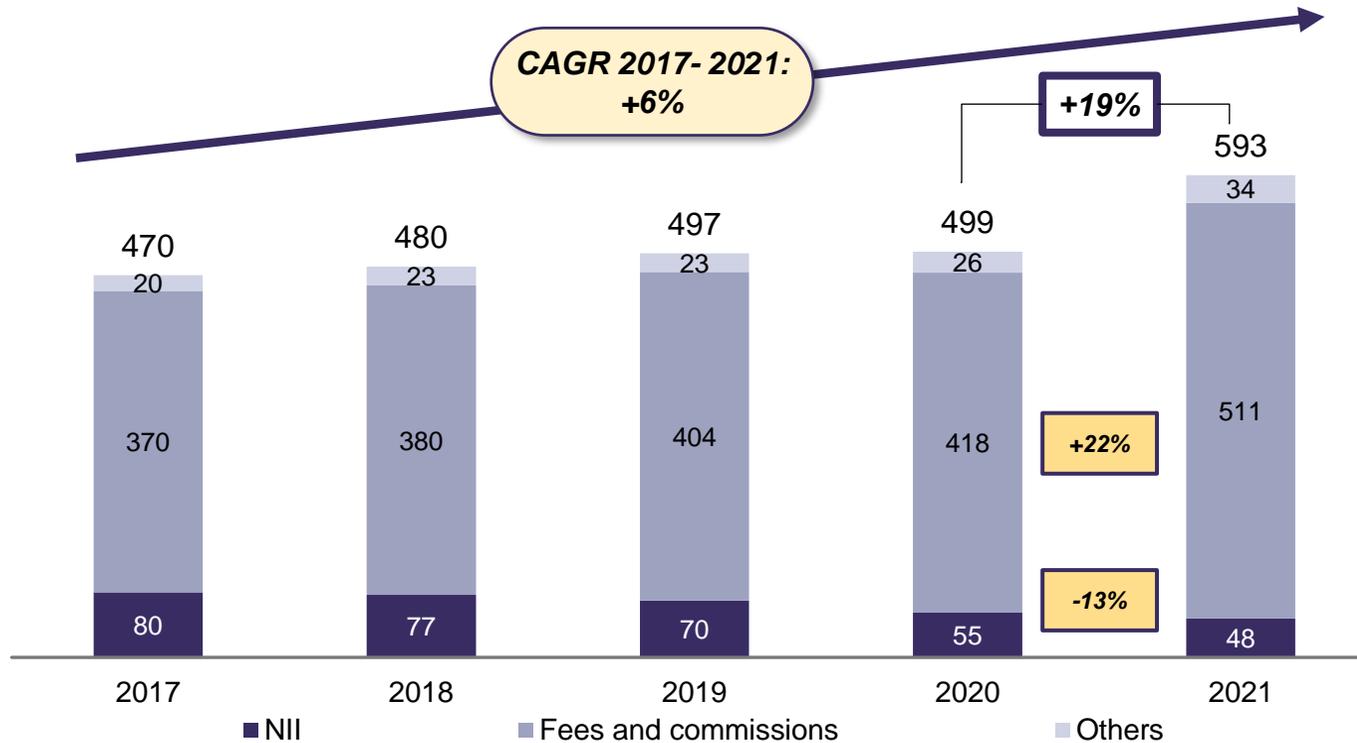


**Note**  
 1 France includes France, Belgium and Monaco

# WAM - Revenue increase driven by high fees and commissions



Revenue by type (in €m)



Revenue bps margin <sup>1</sup>	2017	2018	2019	2020	2021
	72	68	66	61	63

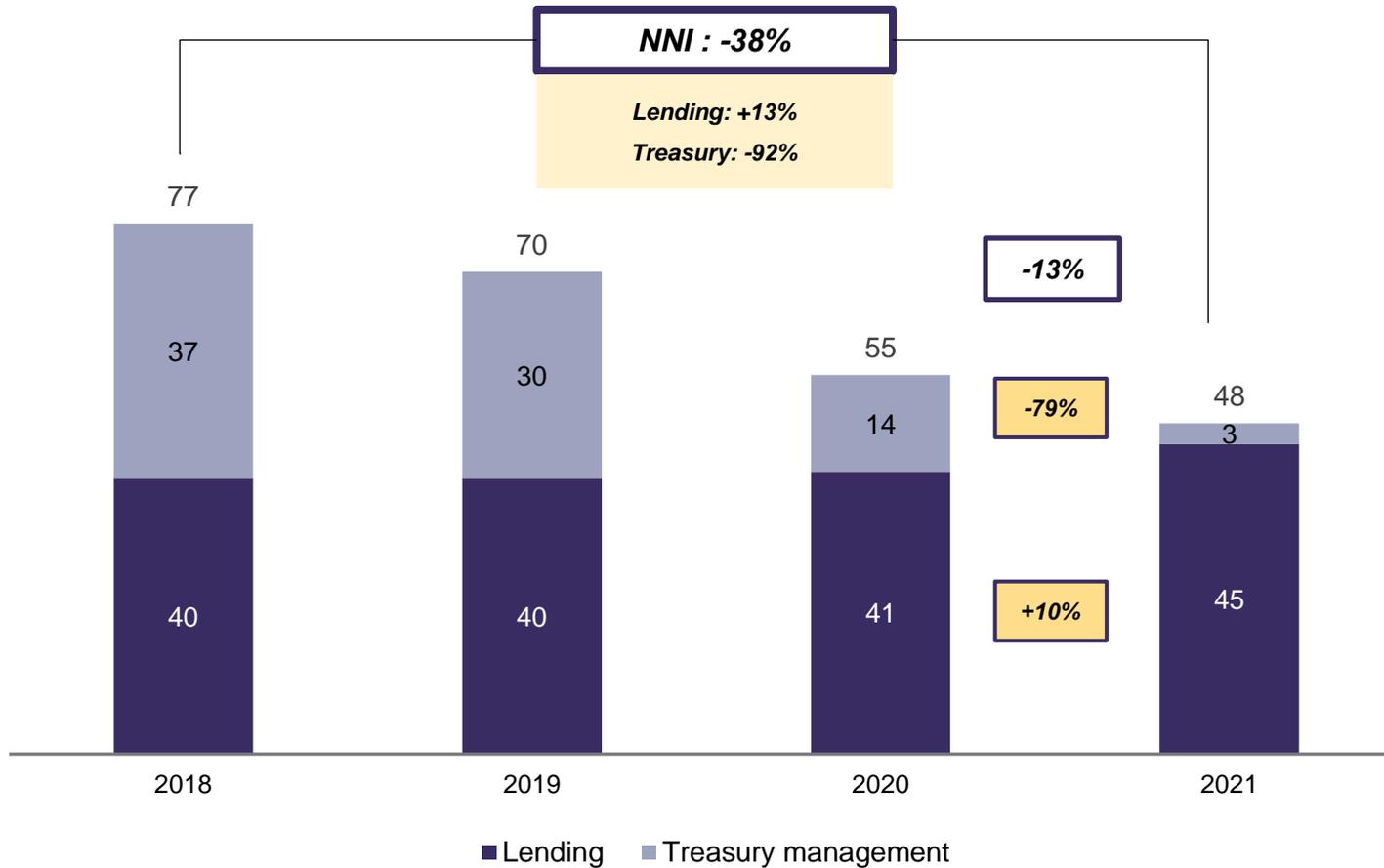
**Note**

1 Bps margin have been restated for the double-counting effect of AuM of WM clients invested in AM products

# WAM – Net interest income impacted by low interest rate environment



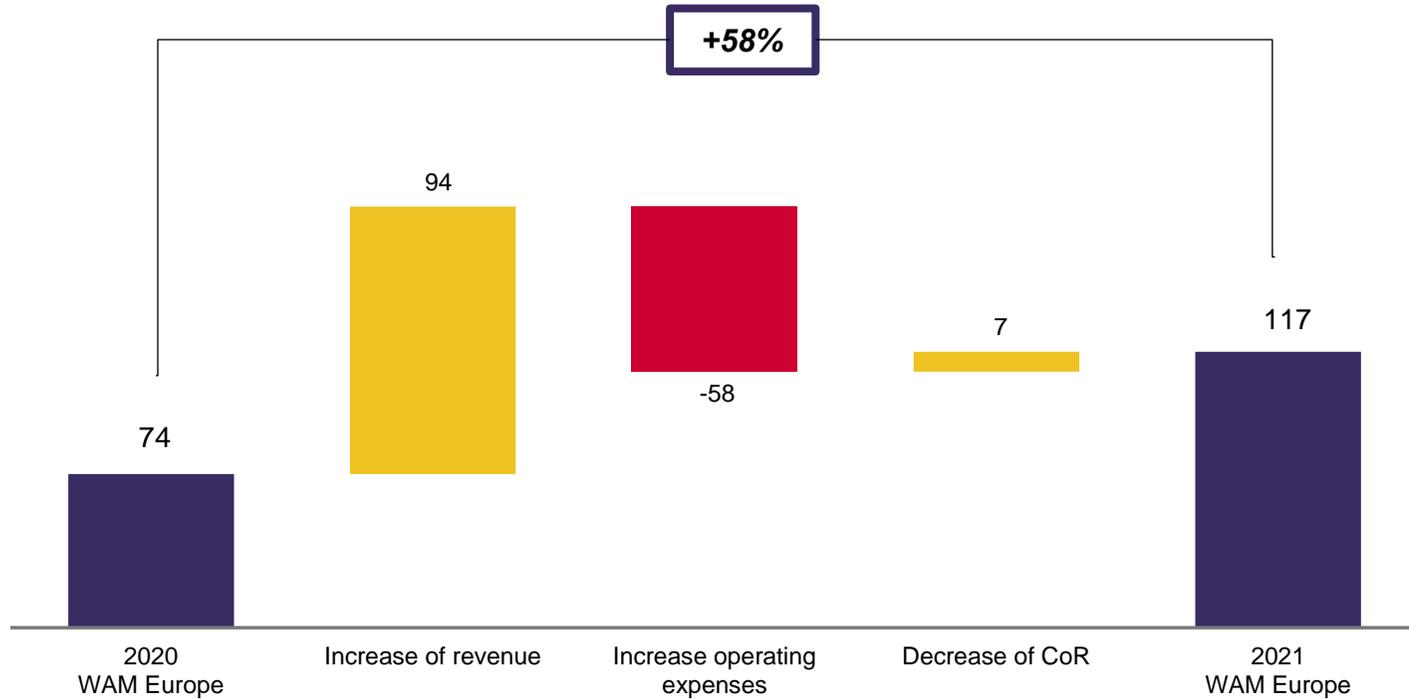
Breakdown of NII between lending and treasury



# WAM – Outstanding progress in PBT and PBT margin



WAM Europe Profit Before Tax (in €m) and PBT margin



- These variations include 6 months of Banque Pâris Bertrand





# 4

## Business review: Merchant Banking

# Merchant Banking



## Highlights of FY 2021

### Investment activity

- Multiple new attractive investments and profitable exits completed across all strategies
- Many transactions leveraged our transatlantic capabilities
- Strong and active deal pipeline across all strategies as we move into 2022

### Investment performance

- Valuations in private equity and secondaries portfolios increased significantly
- Private debt portfolios continued to perform well, both in our direct lending and in our leveraged loan products
- Significant cash distributions as a result of successful exits

### Business performance

- Record-high PBT due to combination of outstanding investment revenues and steadily growing recurring fees
- Highest RoRAC on record despite growing value of the R&Co proprietary investments in MB products

### Business development and fundraising

- Raised a continuation fund to benefit from the additional value creation of the remaining FAPI I portfolio companies
- Closings:
  - Final closing of Five Arrows Growth Capital I, our lower mid-market private equity fund, and Five Arrows Debt Partners III, our 3<sup>rd</sup> generation direct lending fund, materially above their fundraising targets
  - First closing of Five Arrows Global Technology, our new multi-strategy fund focused on global tech investments
- Two new CLOs (Europe and US) plus two new CLO warehouses and held final closing of Oberon IV (senior secured loan fund) above target
- Launched fundraisings for Five Arrows Principal Investments IV, Five Arrows Long Term fund, Five Arrows Sustainable Investments in H2 2021 which all had a 1<sup>st</sup> closing in Q1 2022
- Signed a single asset secondary liquidity event for one investment (RLDatix in FAPI II and FACP funds)

**€18.3bn**  
of AuM

**€292m**  
Profit before Tax

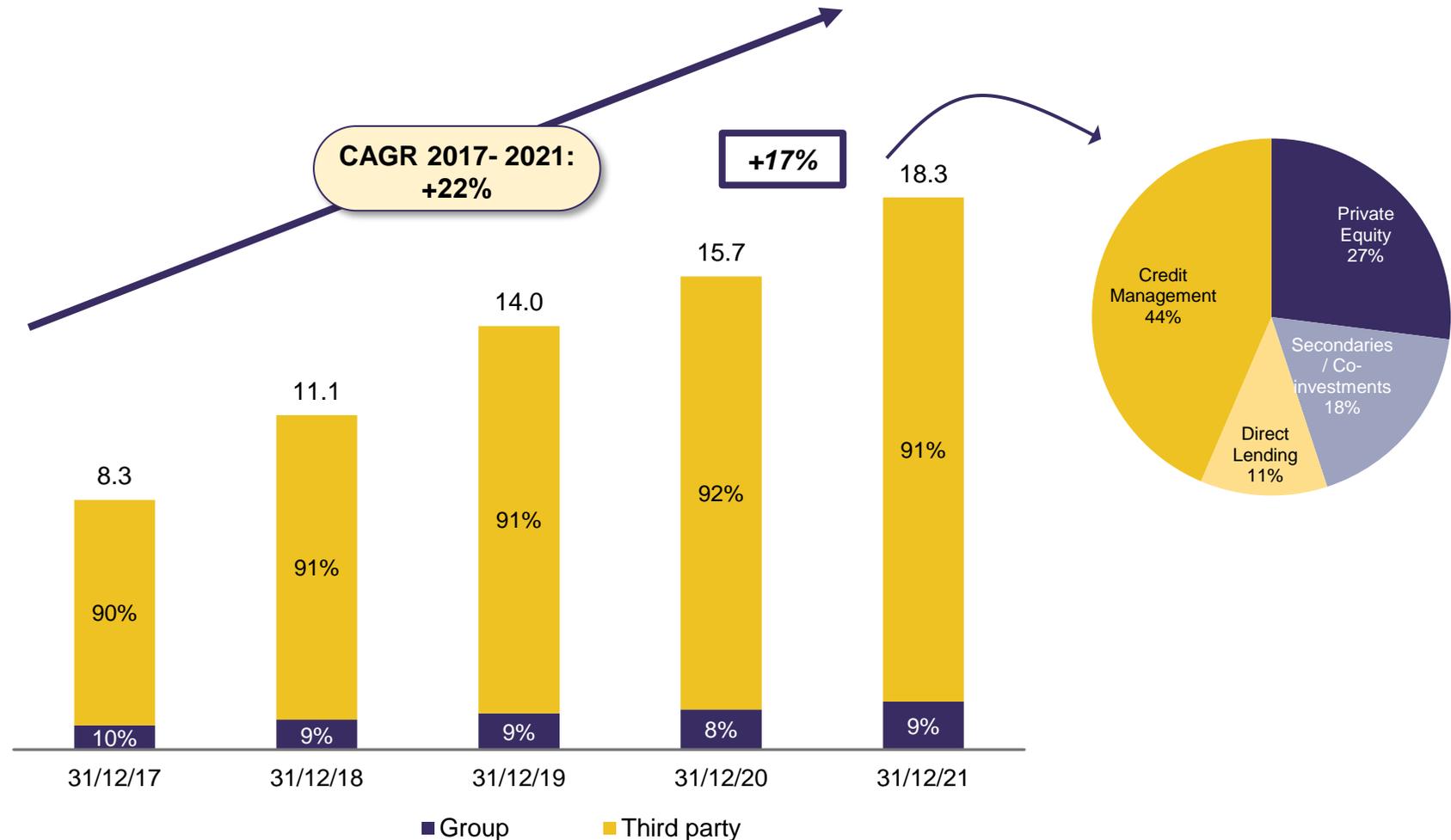
**€244m**  
Cash distributions  
to R&Co

**29%**  
RoRAC

**8** new vehicles  
fundraising in 2021

# Merchant Banking – Proven ability to raise funds and scale up

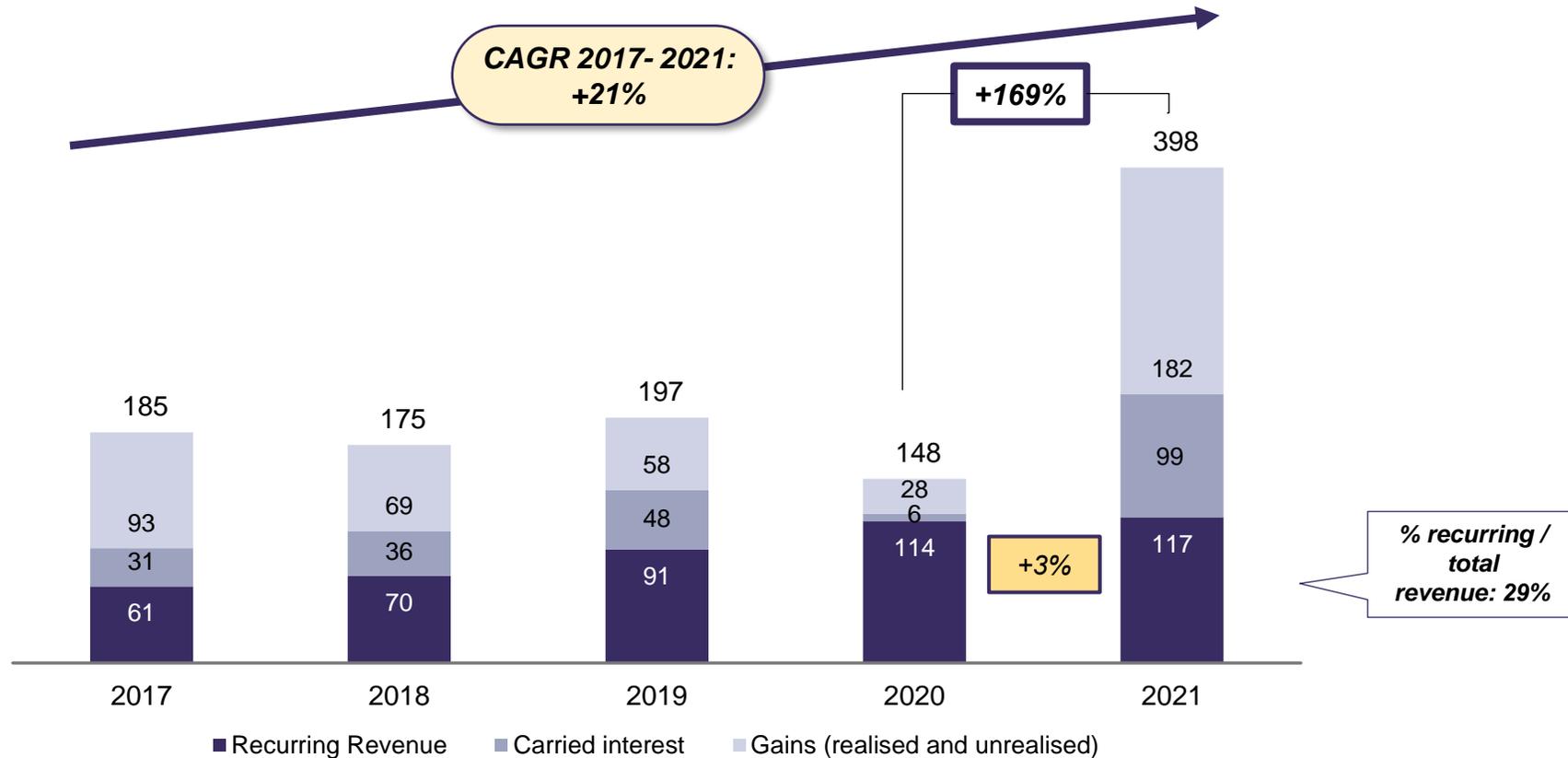
Assets under Management (in €bn)



# Merchant Banking – Outstanding revenue growth



Revenue (in €m)

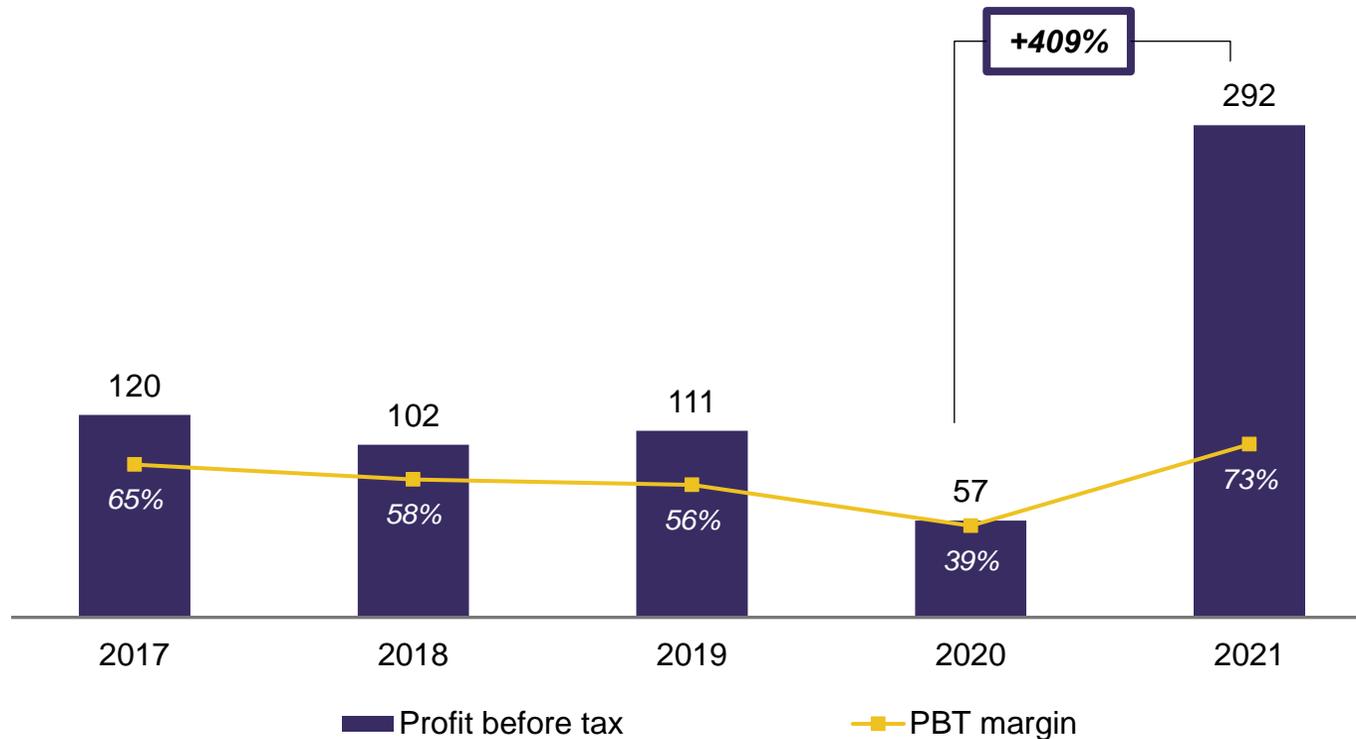


3y average revenue (in €m)	2017	2018	2019	2020	2021
	145	164	186	173	248

# Merchant Banking – Substantial profits in line with revenue



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



3 year average RORAC <sup>1</sup>	2017	2018	2019	2020	2021
	26%	28%	28%	20%	29%

**Note**

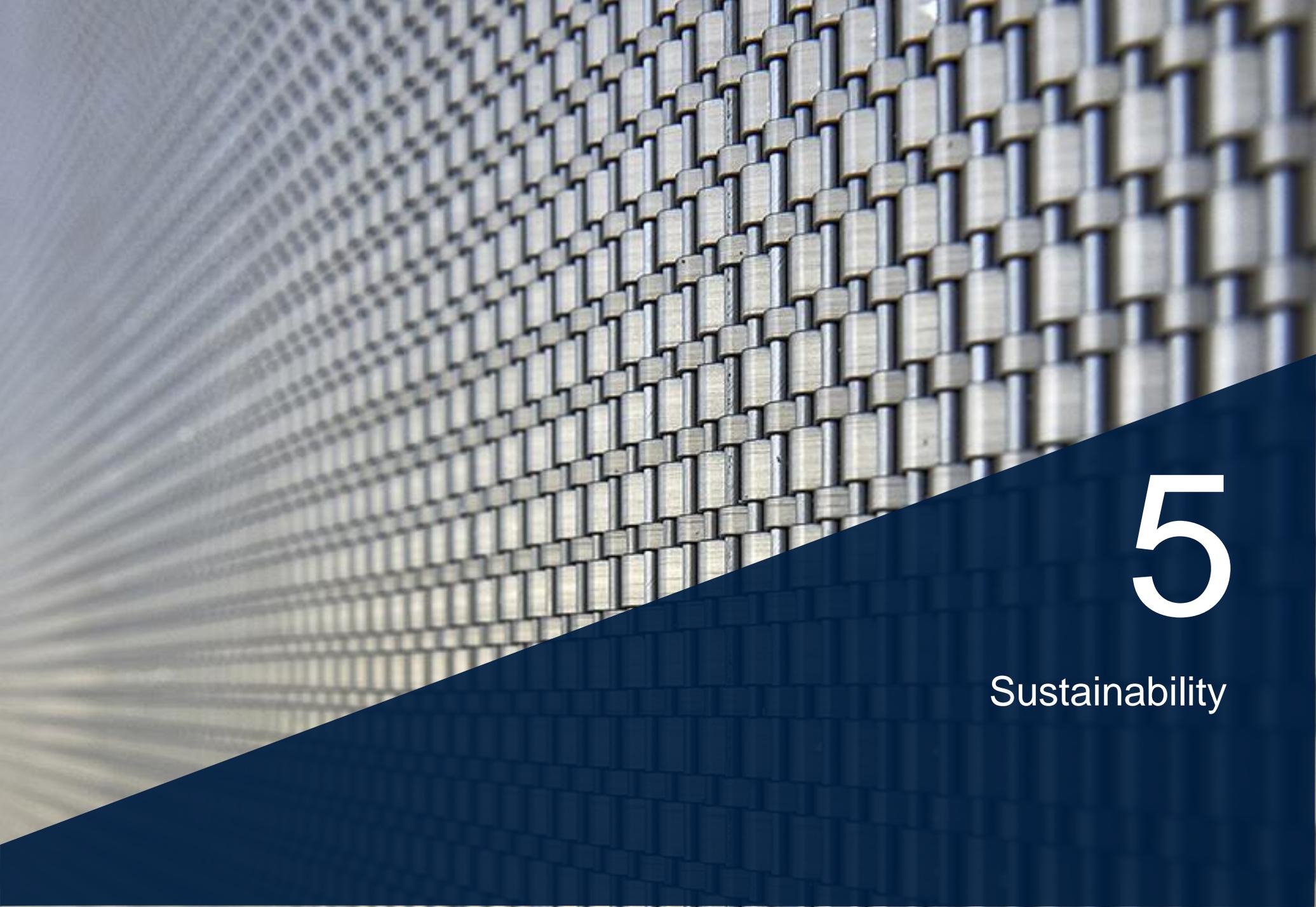
<sup>1</sup> RORAC stands for Return On Risk Adjusted Capital – an internal measure of risk capital invested in the business, being profit before tax divided by risk weighted capital

# Merchant Banking - Record NAV driven by strong portfolio performance



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





5

Sustainability

# Firm commitment to ESG

## Sustainability is a strategic priority for Rothschild & Co

### Strategic pillar in group strategy



***“Use our influence and expertise to support the sustainability transition of the global economy”***

### Clear governance – integrative setup

Supervisory Board oversight with dedicated Sustainability Committee

Managing Partner and Group Executive Committee set ambition and is responsible for implementation overview

Execution and integration into business line strategy by Divisional Management Committees

Specialist teams and Committees at group level support development of strategy in collaboration with business lines (incl. TCFD)

### Ambitious targets

**Started to disclose ESG related targets for operations and investment parameter**

-30% operational GHG emissions 2030 <sup>1</sup>	Net zero operations 2030	30% female AD+ by 2024	85% of WM discretionary assets <sup>2</sup> and 95% of AM EU's open-ended funds to be classified as SFDR Article 8 or 9 <sup>3</sup>  MB funds: two classified as Article 8 and one as Article 9
100% renewable electricity by 2025		Zero tolerance to bribery & corruption	

<sup>1</sup> vs 2018 baseline

<sup>2</sup> Excluding UK and dedicated funds, which represent c. 50% of total WM discretionary assets

<sup>3</sup> SFDR framework: based on available information and businesses' own analysis, 2020 baseline

### Transparency commitment

**Disclosure of meaningful performance indicators to the market**

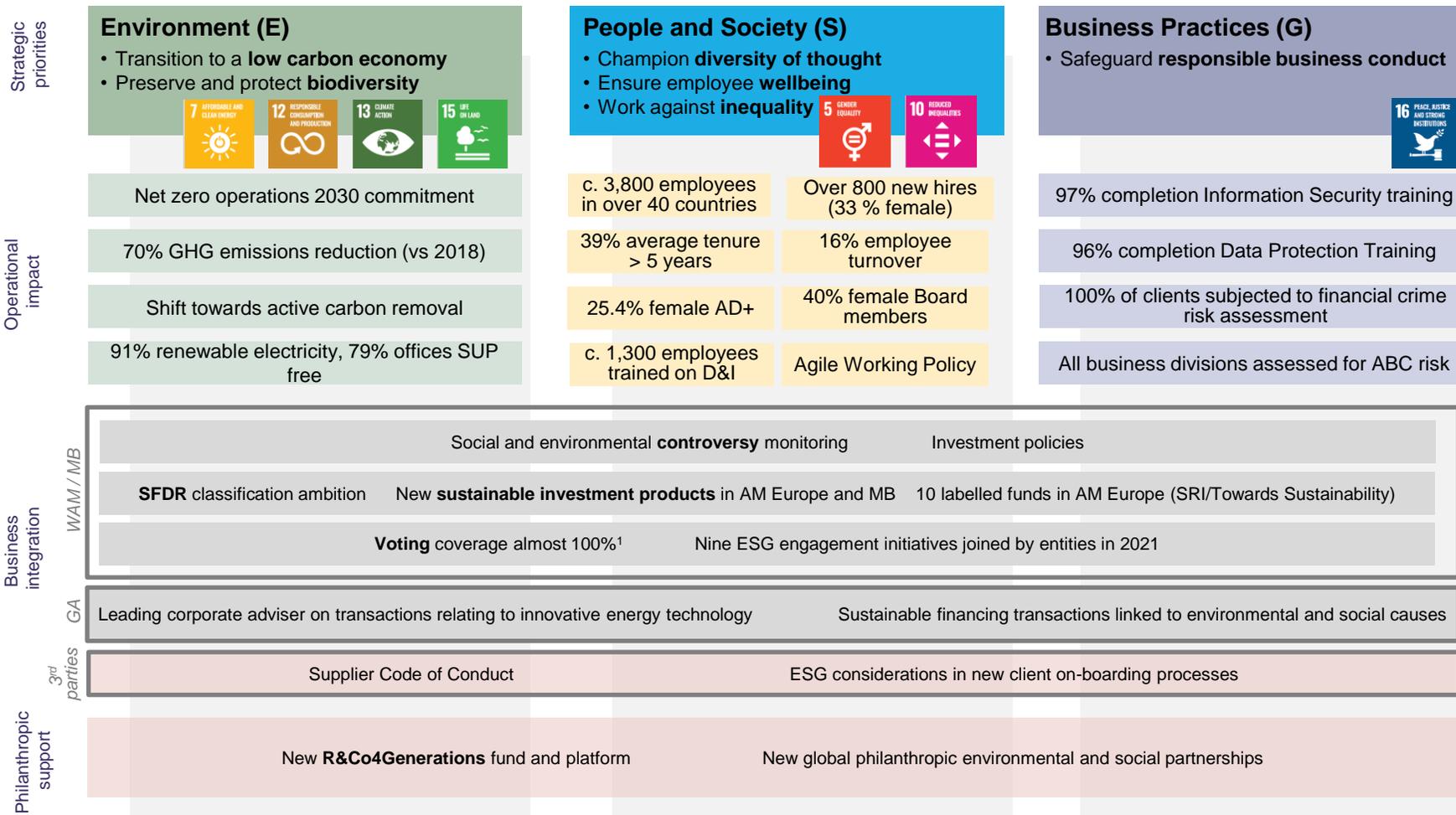


**Signatory of United Nations Global Compact**

# Impact across the business model

## E, S, G priorities & 2021 highlights

“We want to use our influence and expertise to support the sustainability transition of the global economy.”





# 6

## Financials

# Summary consolidated P&L



<i>(in €m)</i>	2021	2020	Var	Var %	FX effects
<b>Revenue</b>	<b>2,925</b>	<b>1,799</b>	<b>1,126</b>	<b>63%</b>	<b>27</b>
Staff costs	(1,453)	(1,096)	(357)	33%	(14)
Administrative expenses	(267)	(255)	(12)	5%	(1)
Depreciation and amortisation	(73)	(67)	(6)	9%	0
Cost of risk	(1)	(7)	6	(86)%	0
<b>Operating Income</b>	<b>1,131</b>	<b>374</b>	<b>757</b>	<b>202%</b>	<b>12</b>
Other income / (expense) (net)	0	(5)	5	(100)%	(1)
<b>Profit before tax</b>	<b>1,131</b>	<b>369</b>	<b>762</b>	<b>207%</b>	<b>11</b>
Income tax	(170)	(60)	(110)	183%	(2)
<b>Consolidated net income</b>	<b>961</b>	<b>309</b>	<b>652</b>	<b>211%</b>	<b>9</b>
Non-controlling interests	(195)	(148)	(47)	32%	0
<b>Net income - Group share</b>	<b>766</b>	<b>161</b>	<b>605</b>	<b>376%</b>	<b>9</b>
Adjustments for exceptionals	0	12	(12)	(100)%	0
<b>Net income - Group share excl. exceptionals</b>	<b>766</b>	<b>173</b>	<b>593</b>	<b>343%</b>	<b>9</b>
<i>Earnings per share <sup>1</sup></i>	<i>10.59 €</i>	<i>2.20 €</i>	<i>8.39 €</i>	<i>382%</i>	
<b>EPS excl. exceptionals</b>	<b>10.59 €</b>	<b>2.37 €</b>	<b>8.22 €</b>	<b>347%</b>	
<i>Return On Tangible Equity (ROTE)</i>	<i>32.3%</i>	<i>8.2%</i>			
<b>ROTE excl. exceptionals</b>	<b>32.3%</b>	<b>8.8%</b>			

## Note

<sup>1</sup> Diluted EPS is € 10.45 for 2021 (2020: €2.19)

# Performance by business



(in € million)	GA	WAM	MB	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	2021
<b>Revenue</b>	<b>1,915</b>	<b>593</b>	<b>398</b>	<b>14</b>	<b>5</b>	<b>2,925</b>
Operating expenses	(1,494)	(479)	(106)	(56)	343	(1,792)
Cost of risk	-	3	-	-	(5)	(2)
<b>Operating income</b>	<b>421</b>	<b>117</b>	<b>292</b>	<b>(42)</b>	<b>343</b>	<b>1,131</b>
Other income / (expense)	-	-	-	-	-	-
<b>Profit before tax</b>	<b>421</b>	<b>117</b>	<b>292</b>	<b>(42)</b>	<b>343</b>	<b>1,131</b>
Exceptional (profits) / charges	-	-	-	-	-	-
<b>PBT excluding exceptional charges / profits</b>	<b>421</b>	<b>117</b>	<b>292</b>	<b>(42)</b>	<b>343</b>	<b>1,131</b>
Operating margin %	22%	20%	73%	-	-	39%

(in € million)	GA	WAM	MB	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	2020
<b>Revenue</b>	<b>1,146</b>	<b>499</b>	<b>148</b>	<b>11</b>	<b>(5)</b>	<b>1,799</b>
Operating expenses	(977)	(422)	(91)	(53)	125	(1,418)
Cost of risk	-	(3)	-	-	(4)	(7)
<b>Operating income</b>	<b>169</b>	<b>74</b>	<b>57</b>	<b>(42)</b>	<b>116</b>	<b>374</b>
Other income / (expense)	-	-	-	-	(5)	(5)
<b>Profit before tax</b>	<b>169</b>	<b>74</b>	<b>57</b>	<b>(42)</b>	<b>111</b>	<b>369</b>
Exceptional (profits) / charges	-	-	-	-	15	15
<b>PBT excluding exceptional charges / profits</b>	<b>169</b>	<b>74</b>	<b>57</b>	<b>(42)</b>	<b>126</b>	<b>384</b>
Operating margin %	15%	15%	39%	-	-	21%

**Note**  
<sup>1</sup> IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and, in 2021, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in the account "Net income/(expense) from other assets" or administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

# “Exceptionals” reconciliation



<i>(in €m)</i>	2021			2020		
	PBT	PATMI	EPS	PBT	PATMI	EPS
<b>As reported</b>	<b>1,131</b>	<b>766</b>	<b>10.59 €</b>	<b>369</b>	<b>161</b>	<b>2.20 €</b>
- IT transition costs	-	-	- €	(15)	(12)	(0.17) €
<b>Total exceptional (charges) / profits</b>	<b>-</b>	<b>-</b>	<b>- €</b>	<b>(15)</b>	<b>(12)</b>	<b>(0.17) €</b>
<b>Excluding exceptional</b>	<b>1,131</b>	<b>766</b>	<b>10.59 €</b>	<b>384</b>	<b>173</b>	<b>2.37 €</b>

# Deferred bonus



## Impact of deferred bonus accounting:

	2018	2019	2020	2021
Profit before tax ( <i>in €m</i> )	30	(4)	(3)	<b>161</b>
Profit after tax and minority interest ( <i>in €m</i> )	24	(3)	(2)	<b>126</b>
Earnings per share ( <i>in €</i> )	0.32	(0.04)	(0.03)	<b>1.74</b>

2021 EPS  
pre-deferred bonus  
accounting  
**€8.85**

- The very large credit in 2021 reflects two main factors:
  - the awarded bonus pool has increased by 67% versus 2020 which results in a net deferred credit of €40m under our normal deferred bonus plan rules
  - significant levels of special deferrals have been implemented in 2021, given the very high reported revenues in GA, to act as an employee retention mechanism which results in an extraordinary credit to profits in the year of €121m

# Compensation ratio



<i>(in €m)</i>	2021	2020
<b>Revenue excluding MB investment performance</b>	<b>2,643</b>	<b>1,765</b>
Total staff costs <sup>1</sup>	(1,590)	(1,207)
<b>Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>60.2%</b>	<b>68.4%</b>
<i>variation due to FX</i>	-	-
<b>Adjusted for FX change Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>60.2%</b>	<b>68.4%</b>
<i>variation due to deferred bonus accounting</i>	6.1%	(0.1)%
<b>Adjusted awarded Compensation ratio (EXCLUDING deferred bonus accounting)</b>	<b>66.3%</b>	<b>68.3%</b>
<b>Headcount</b>	<b>3,941</b>	3,675

- The compensation ratio is calculated by excluding MB investment performance revenue (carried interest and investment gains) on which staff costs are not payable
- Normally 50% of personnel costs within Rothschild & Co is discretionary, but the percentage is higher in 2021 due to the exceptional results

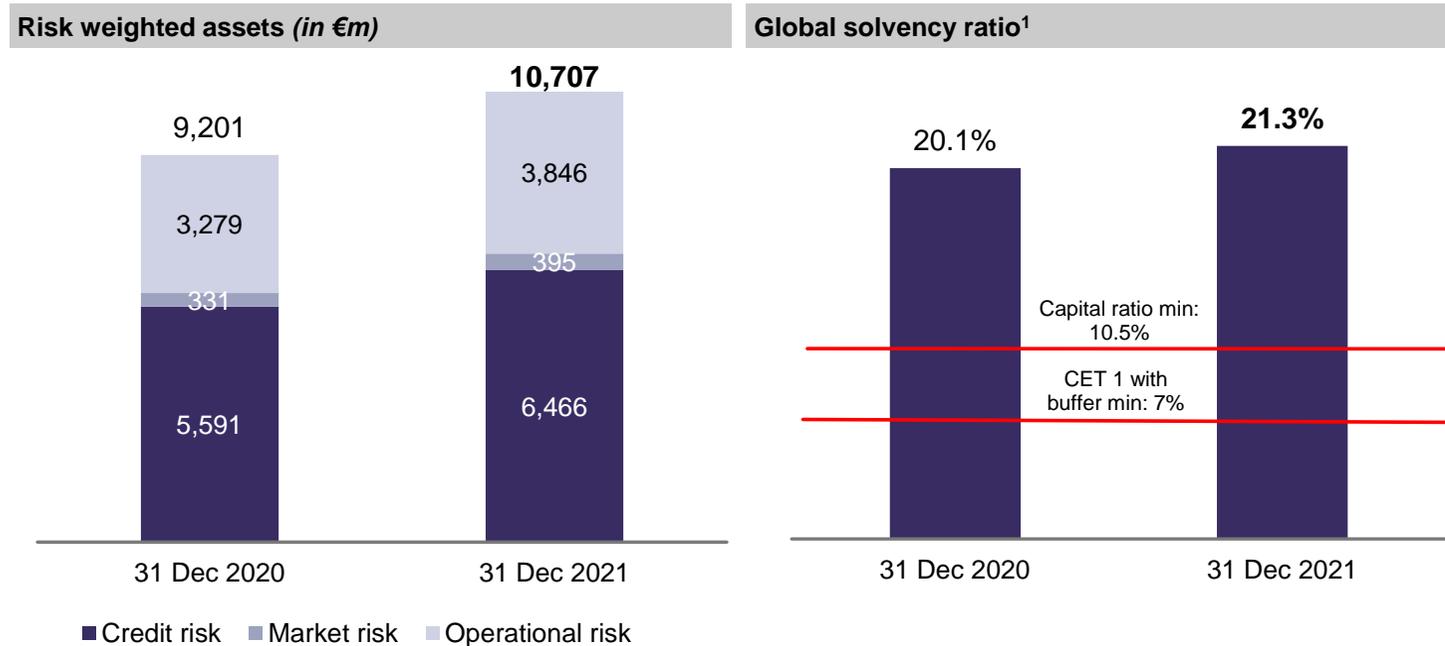
## Note

<sup>1</sup> Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for normal and, in 2021, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked, but exclude redundancy costs, revaluation of share-based employee liabilities and acquisition costs treated as employee compensation under IFRS

# Solvency ratios comfortably above minimum requirements



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



- Ratio improved from December 2020 to December 2021 to 21.3% due to:
  - Strong growth in capital reflecting 2021 profit, positive reserve movements on pensions and FX, partially offset by €35m share buyback, dividend paid in October 2021 related to 2020 and 2019 and the dividend payable in respect of 2021
  - Increase of RWA, mainly reflecting credit risk relating to Merchant Banking value accretion and increase of private client lending and operational risk due to higher revenue
- Acquisition of Banque Pâris Bertrand in July reduces Rothschild & Co's CET 1 ratio by 0.9%
- Acquisition of Redburn will reduce the CET 1 ratio by around c.0.7%

**Note**

<sup>1</sup> The ratio submitted to ACPR as at 31 December 2021 was 18.2%, which excludes the profit of the second half of the year as non-audited at the time of the submission

# Summary Balance sheet



<i>(in €bn)</i>	31/12/2021	31/12/2020	Var
<b>Banks</b>	<b>14.5</b>	<b>12.3</b>	<b>2.2</b>
Credit exposures	4.4	3.5	0.9
<i>o/w Private client lending (PCL)</i>	4.0	3.1	0.9
Cash and treasury assets	8.9	7.9	1.0
<i>o/w amounts deposited by non-bank Group subsidiaries</i>	0.5	0.4	0.1
Other current and non-current assets	1.2	0.9	0.3
<b>Non-Banks</b>	<b>3.2</b>	<b>2.4</b>	<b>0.8</b>
Merchant Banking investments	0.9	0.7	0.2
Cash and treasury assets	1.4	0.8	0.6
<i>o/w central Group</i>	0.7	0.6	0.1
Other current and non-current assets	0.9	0.9	0.0
<b>Total assets</b>	<b>17.7</b>	<b>14.7</b>	<b>3.0</b>
<b>Banks</b>	<b>13.3</b>	<b>11.3</b>	<b>2.0</b>
Due to customers	11.7	9.9	1.8
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>0.8</b>	<b>0.7</b>	<b>0.1</b>
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.6	0.5	0.1
<b>Capital</b>	<b>3.6</b>	<b>2.7</b>	<b>0.9</b>
Shareholders' equity - Group share	3.1	2.3	0.8
Non-controlling interests	0.5	0.4	0.1
<b>Total capital and liabilities</b>	<b>17.7</b>	<b>14.7</b>	<b>3.0</b>

	31/12/2021	31/12/2020
<i>Loans / Deposits</i>	38%	35%
<i>Liquid assets / Total assets</i>	58%	59%
<i>Net book value / share</i>	€43.31	€31.90
<i>Net tangible book value / share</i>	€37.93	€27.67

# Operating cash flow



	12m to Dec 19	12m to Dec 20	12m to Dec 21
<b>Consolidated Profit before tax</b>	<b>465</b>	<b>369</b>	<b>1,131</b>
Non cash items	(55)	38	(213)
<b>Profit before tax and non cash items</b>	<b>410</b>	<b>407</b>	<b>918</b>
Acquisition of MB investments	(126)	(120)	(176)
Disposal of MB investments	104	89	244
Net (acquisition)/disposal of PPE and intangible assets	26	(22)	(22)
Tax paid	(69)	(52)	(145)
Net cash inflow/(outflow) relating to other operating activities <sup>(1)</sup>	(229)	(212)	56
<b>Operating cash flow (OCF)</b>	<b>116</b>	<b>90</b>	<b>875</b>
<b>OCF excl. MB investment activities</b>	<b>138</b>	<b>121</b>	<b>807</b>
<b><i>OCF as a % of Net income - Group share excl. MB investment activities and investment revenue</i></b>	<b>101%</b>	<b>96%</b>	<b>167%</b>

**Note**

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



# 7

Targets and outlook

# Our financial targets

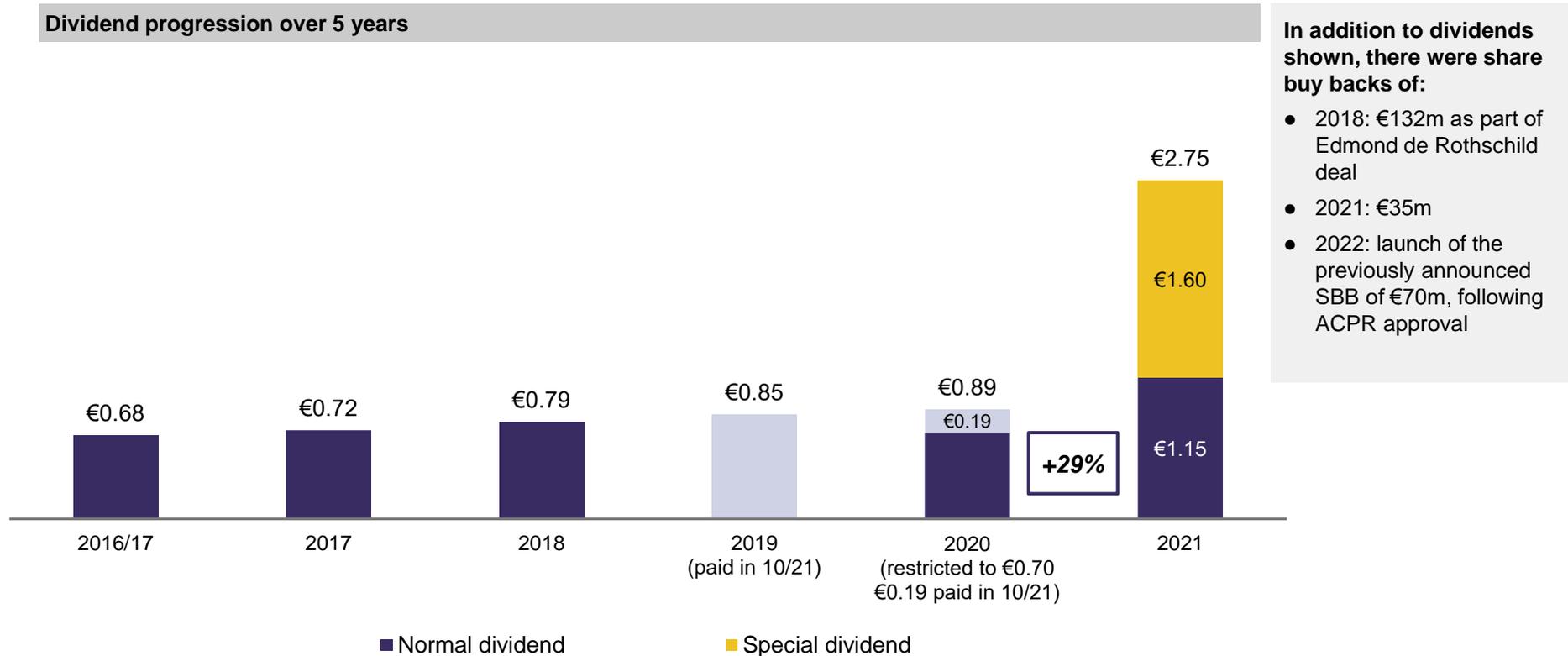
		Target	2021	2020	2019
Group targets	Compensation ratio <sup>1</sup>	Low to mid 60's through the cycle	60.2%	68.4%	66.6%
	Return on tangible equity <sup>2</sup>	10 to 15% through the cycle	32.3%	8.8%	12.6%
Businesses targets	Global Advisory: Profit before tax margin	Mid to high-teens through the cycle	22%	15%	14%
	Wealth & Asset Management: Profit before tax margin <sup>3</sup>	Around 18% <sup>3</sup> by 2022	20.7%	15.6%	14.8%
	Merchant Banking: 3 years average RORAC <sup>4</sup>	Above 15% through the cycle	29%	20%	28%

## Notes

- 1 See calculation on slide [37](#)
- 2 ROTE based on Net income – Group share excl. exceptional items. See definition on slide [49](#) and calculation on slide [51](#)
- 3 Excluding AM US
- 4 See definition on slide [49](#) and calculation on slide [51](#)

# Strong increase in dividend, reflecting confidence in long term prospects of the business

## Dividend progression over 5 years



In addition to dividends shown, there were share buy backs of:

- 2018: €132m as part of Edmond de Rothschild deal
- 2021: €35m
- 2022: launch of the previously announced SBB of €70m, following ACPR approval

Year	2016/17	2017	2018	2019	2020	2021
Payout ratio <sup>1</sup>	26%	22%	19%	26%	38%	26% <sup>2</sup>

**Note**

1 Pay-out ratio calculated excluding exceptional items

2 31% excluding deferred bonus credit

# Outlook for 2022



## Global Advisory



- Our visible pipeline of business is well diversified and ahead of previous years at this stage
- Expect activity levels to remain strong through H1 2022, although we remain alert to respond and adapt if conditions change, particularly in light of current geo-political events and market volatility

## Wealth & Asset Management



- Reasonably positive for strong asset collection, thanks to good business pipeline
- Expect more difficult markets, as coming months will be driven by significant and increasing geo-political uncertainty, as well as various measures taken by central banks to curb surging inflation

## Merchant Banking



- Expect to continue to grow recurring revenue base and generate further investment performance-related revenue, although to a lesser extent compared to 2021
- Investments should continue to fulfil their value creation potential

## Group



- Our three core businesses continue to perform strongly, albeit with increasing levels of uncertainty in the current macro environment
- Optimistic for a solid performance during 2022 but subject to the evolution of recent geo-political events and market conditions during the year

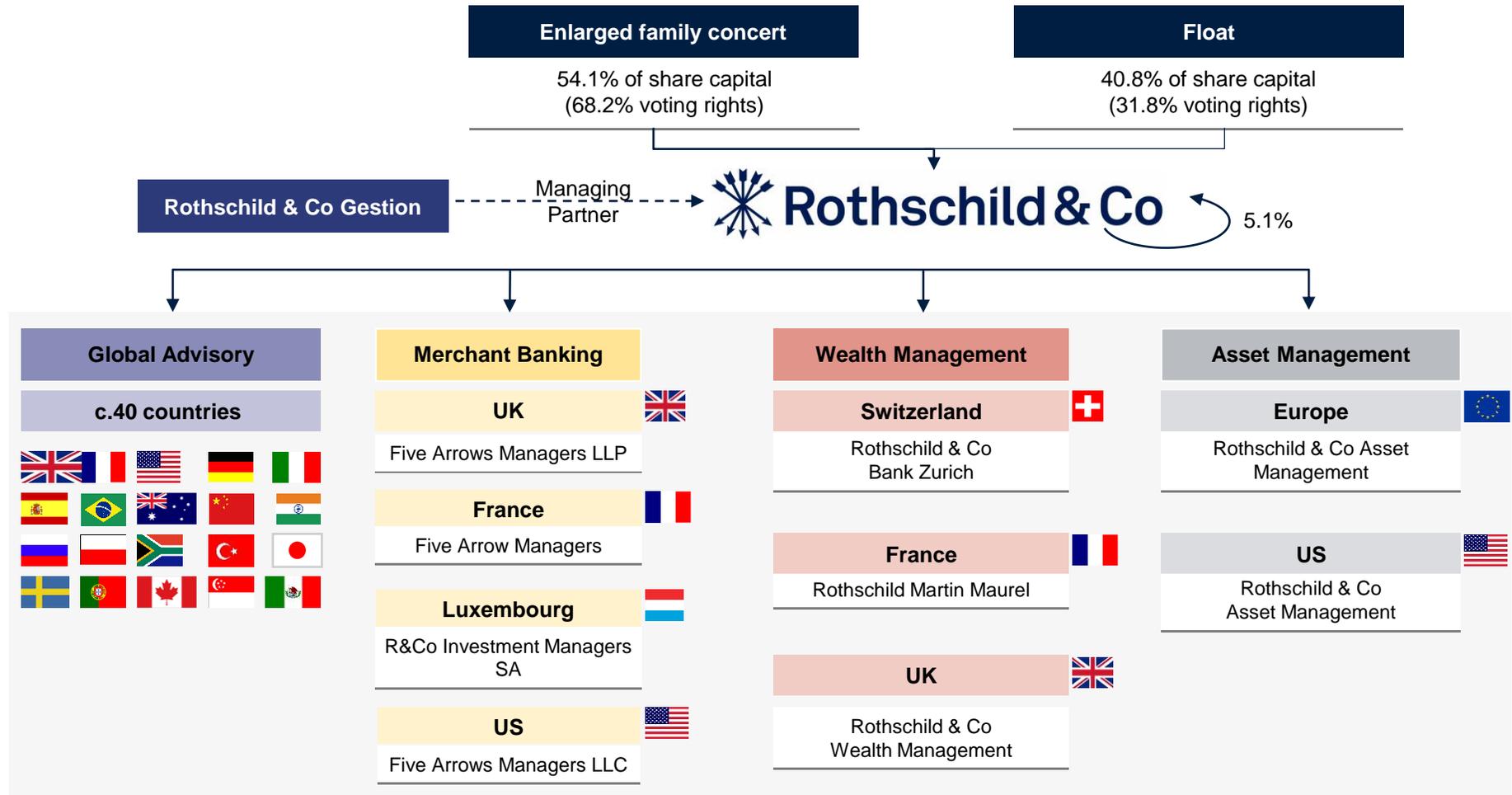


# Appendices

# Rothschild & Co at a glance



As at 31 December 2021



# Major FX rates



## P&L (average)

Rates	2021	2020	Var
€ / GBP	0.8614	0.8883	(3)%
€ / CHF	1.0800	1.0706	1%
€ / USD	1.1762	1.1481	2%

## Balance sheet (spot)

Rates	31/12/2021	31/12/2020	Var
€ / GBP	0.8390	0.8992	(7)%
€ / CHF	1.0364	1.0804	(4)%
€ / USD	1.1350	1.2281	(8)%

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

<i>(in €m)</i>	2021	2020
Interest on perpetual subordinated debt	12.7	14.5
Preferred shares <sup>1</sup>	181.2	134.7
Other non-controlling interests	1.4	(0.5)
<b>TOTAL</b>	<b>195.3</b>	<b>148.7</b>

## Balance sheet

<i>(in €m)</i>	31/12/2021	31/12/2020
Perpetual subordinated debt	306	285
Preferred shares <sup>1</sup>	158	118
Other non-controlling interests	5	2
<b>TOTAL</b>	<b>468</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, excluding MB investment performance revenue (carried interest and gains). 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><b>- which gives Total staff costs in calculating the basic compensation ratio</b></p> <ol style="list-style-type: none"> <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><b>- which gives the 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 Dec 2020 and 31 Dec 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

	31/12/2021	31/12/2020
<b>Shareholders' equity (group share)</b>	<b>3,132,825</b>	<b>2,302,897</b>
<b>Net book value</b>	<b>3,132,825</b>	<b>2,302,897</b>
- Intangible assets	(209,055)	(183,905)
- Intangible assets net of tax	(191,587)	(170,400)
- Goodwill	(197,421)	(135,108)
<b>Net tangible book value</b>	<b>2,743,817</b>	<b>1,997,389</b>
<b>Average number of shares in issue</b>	<b>77,692,512</b>	<b>77,620,845</b>
- Average Treasury shares	(3,619,381)	(3,721,096)
- Average Controlling shares	(2,073,028)	(1,993,808)
<b>Average number of shares</b>	<b>72,000,103</b>	<b>71,905,941</b>
<b>Number of shares in issue - End of the period</b>	<b>77,732,512</b>	<b>77,657,512</b>
- Treasury shares - End of the period	(3,526,632)	(3,476,731)
- Controlling shares - End of the period	(1,867,673)	(1,989,816)
<b>Number of shares - End of the period</b>	<b>72,338,207</b>	<b>72,190,965</b>
<b>Net book value per share (End of the period)</b>	<b>€ 43.31</b>	<b>€ 31.90</b>
<b>Net tangible book value per share (End of the period)</b>	<b>€ 37.93</b>	<b>€ 27.67</b>
<b>Net income (group share)</b>	<b>765,804</b>	<b>160,511</b>
- profit share to R&Co Gestion	(3,005)	(2,596)
<b>Net income attributable to shareholders</b>	<b>762,799</b>	<b>157,915</b>
<b>Earnings per share (based on average number of shares)</b>	<b>€ 10.59</b>	<b>€ 2.20</b>

# Alternative performance measures (APM)



## ROTE and RORAC

ROTE			RORAC		
	2021	2020		2021	2020
<b>Net income - Group share excluding exceptionals</b>	<b>766</b>	<b>173</b>	PBT 2021	292	
Shareholders' equity - Group share - opening	2,303	2,239	PBT 2020	57	57
- Intangible fixed assets	(170)	(158)	PBT 2019	111	111
- Goodwill	(135)	(140)	PBT 2018		102
<b>Tangible shareholders' equity - Group share - opening</b>	<b>1,997</b>	<b>1,941</b>	<b>Average PBT rolling 3 years</b>	<b>153</b>	<b>90</b>
Shareholders' equity - Group share - closing	3,133	2,303	NAV 31/12/2021	905	
- Intangible fixed assets	(192)	(170)	NAV 31/12/2020	679	679
- Goodwill	(197)	(135)	NAV 31/12/2019	617	617
<b>Tangible shareholders' equity - Group share - closing</b>	<b>2,744</b>	<b>1,997</b>	NAV 31/12/2018		515
<b>Average tangible equity</b>	<b>2,371</b>	<b>1,969</b>	<b>Average NAV rolling 3 years</b>	<b>734</b>	<b>604</b>
<b>ROTE excluding exceptionals</b>	<b>32.3%</b>	<b>8.8%</b>	Debt = 30% of average NAV	220	181
			Notional interest of 2.5% on debt	(5)	(5)
			<b>Average PBT rolling 3 years adjusted by the cost of debt interest</b>	<b>148</b>	<b>85</b>
			<b>Risk adjusted capital = 70% of Average NAV</b>	<b>514</b>	<b>423</b>
			<b>RORAC</b>	<b>29%</b>	<b>20%</b>

# Alternative performance measures (APM)



## Operating cash flow reconciliation to statutory cash flow

	12m to Dec 19	12m to Dec 20	12m to Dec 21
<b>Operating cash flow (OCF)</b>	<b>116</b>	<b>90</b>	<b>875</b>
Net (advance)/repayment of loans to customers	(298)	(255)	(804)
Net cash inflow/(outflow) related to treasury activities <sup>(1)</sup>	277	604	1,301
Net cash inflow/(outflow) related to investing activities <sup>(2)</sup>	(23)	10	(15)
Net cash inflow/(outflow) related to financing activities	(73)	4	(136)
Impact of exchange rate changes on cash and treasury assets	213	(160)	272
<b>NET INFLOW/(OUTFLOW) OF CASH AND TREASURY ASSETS</b>	<b>212</b>	<b>293</b>	<b>1,493</b>
Treasury assets cash inflow/(outflow)	(567)	165	(221)
Impact of exchange rate on treasury asset	(33)	26	(16)
Interbank demand deposits and overnight loans	112	-	134
<b>Net inflow/(outflow) of cash disclosed in consolidated accounts</b>	<b>(276)</b>	<b>484</b>	<b>1,390</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:

1. 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.
2. Operating cash flow includes:
  - MB investment activities and net acquisition of PPE and intangible assets which are disclosed as investing activities in the statutory cash flow
  - Dividends paid in respect of profit share (préciput) in France and interest paid on perpetual subordinated debt which are disclosed as financing activities in the statutory cash flow

### Notes

1 Excluding cash inflow / (outflow) from treasury assets

2 Excluding MB investing activities, PPE and intangibles (acquisition) / disposal disclosed in operating activities

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