



# Equity story

September 2021

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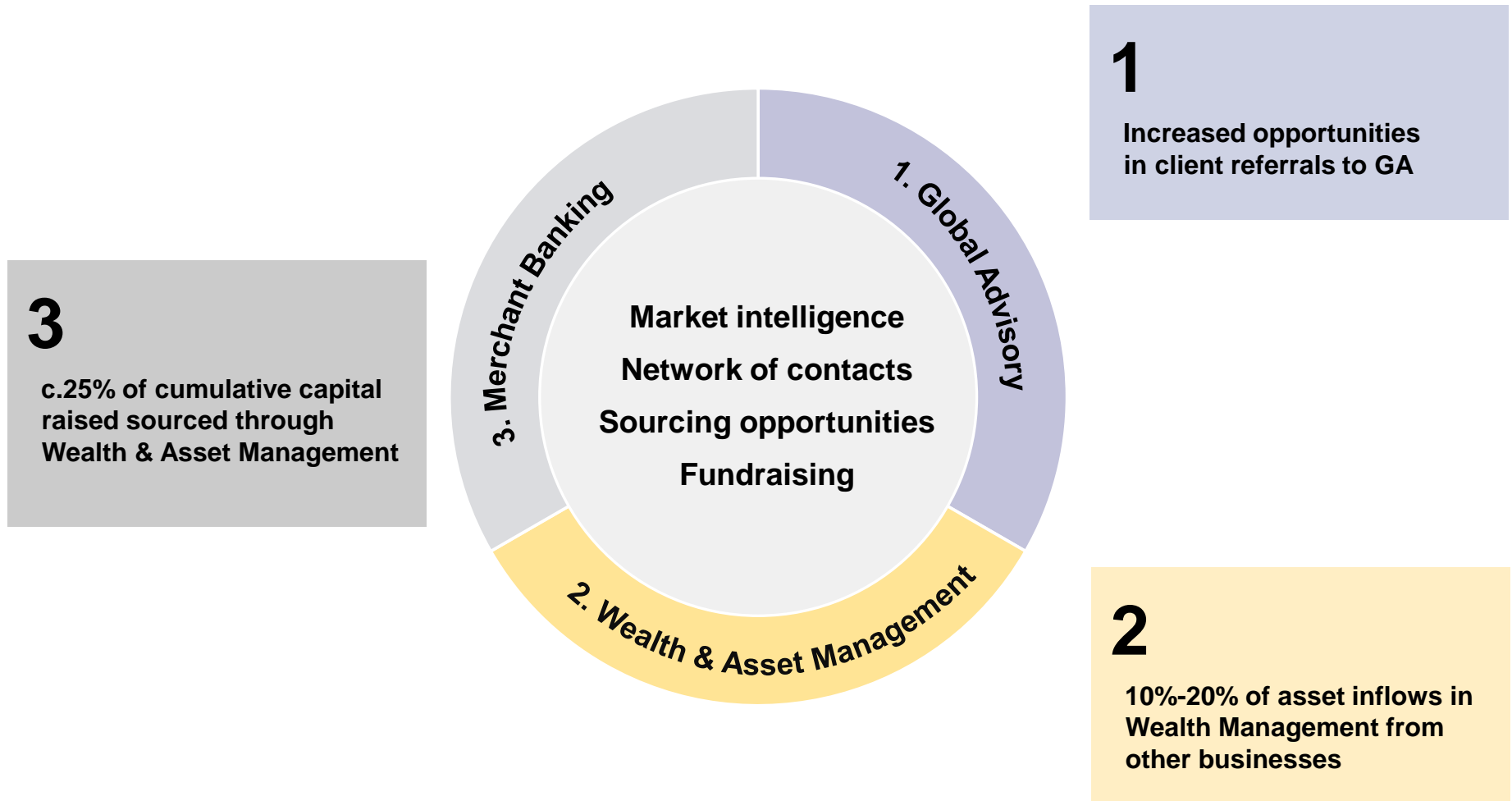
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# 1

Investment case

# High level of synergies across our businesses



# One Group organised around three pillars



	Global Advisory	Wealth & Asset Management	Merchant Banking																								
Geography	Global	European	European / US																								
Offerings	<ul style="list-style-type: none"><li>• M&amp;A and strategic advisory</li><li>• Debt financing and debt restructuring advisory</li><li>• Equity advisory</li></ul>	<ul style="list-style-type: none"><li>• Wealth Management</li><li>• Asset Management</li></ul>	<ul style="list-style-type: none"><li>• Private equity</li><li>• Private debt</li></ul>																								
# Front office	<ul style="list-style-type: none"><li>• c.1,200 bankers in 55 offices over 40 countries</li></ul>	<ul style="list-style-type: none"><li>• c.235 client advisors and portfolio managers</li></ul>	<ul style="list-style-type: none"><li>• c.110 professionals</li></ul>																								
Size	<ul style="list-style-type: none"><li>• #5 globally by revenue<sup>1</sup></li></ul>	<ul style="list-style-type: none"><li>• €87.5bn of AuM<sup>2</sup></li></ul>	<ul style="list-style-type: none"><li>• €17.1bn of AuM<sup>2</sup></li></ul>																								
Key figures (average last two financial years)	<div><div><p><b>Revenue</b></p><table><caption>Revenue Breakdown</caption><thead><tr><th>Segment</th><th>Revenue (€m)</th><th>Percentage</th></tr></thead><tbody><tr><td>Global Advisory</td><td>€1,153m</td><td>63%</td></tr><tr><td>Wealth &amp; Asset management</td><td>€498m</td><td>27%</td></tr><tr><td>Merchant Banking</td><td>€173m</td><td>9%</td></tr></tbody></table></div><div><p><b>Profit before tax</b></p><table><caption>Profit before tax Breakdown</caption><thead><tr><th>Segment</th><th>Profit (€m)</th><th>Percentage</th></tr></thead><tbody><tr><td>Global Advisory</td><td>€180m</td><td>53%</td></tr><tr><td>Wealth &amp; Asset management</td><td>€73m</td><td>22%</td></tr><tr><td>Merchant Banking</td><td>€84m</td><td>25%</td></tr></tbody></table></div></div>			Segment	Revenue (€m)	Percentage	Global Advisory	€1,153m	63%	Wealth & Asset management	€498m	27%	Merchant Banking	€173m	9%	Segment	Profit (€m)	Percentage	Global Advisory	€180m	53%	Wealth & Asset management	€73m	22%	Merchant Banking	€84m	25%
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With 3,600 financial services employees in 40 countries across the world, we provide independent advice on M&A, strategy and financing, as well as investment and wealth management solutions to large institutions, families, individuals and governments

<sup>1</sup> Last 12 months to 06/2020

<sup>2</sup> As at 30/06/2021



# Our strategy



<b>Focused</b>	▶	<ul style="list-style-type: none"><li>• Focus on our three core businesses</li><li>• Global Advisory, Wealth &amp; Asset Management and Merchant Banking</li></ul>
<b>Grow scale</b>	▶	<ul style="list-style-type: none"><li>• Grow our businesses organically and through targeted acquisitions</li><li>• Development of activity in existing and adjacent businesses, with a strong focus on cultural, strategic and financial fit</li></ul>
<b>Create value</b>	▶	<ul style="list-style-type: none"><li>• Improve synergies between three core businesses</li><li>• Focus on long term performance and value creation</li></ul>
<b>Deliver strong returns</b>	▶	<ul style="list-style-type: none"><li>• Strong capital position</li><li>• Tight cost controls</li><li>• Focus on delivering consistent returns over time</li></ul>

# Key drivers for building long-term value creation



## Expand core businesses



- US organic investment in Global Advisory
- Ancillary advisory acquisitions
- Development of Investor advisory franchise
- Expand Merchant Banking platform outside Europe, notably in the US
- Bolt-on targeted European deals in Wealth Management

## Grow private asset offering



- New initiatives and successor funds
- Make available to our Wealth & Asset Management clients

## Human capital management

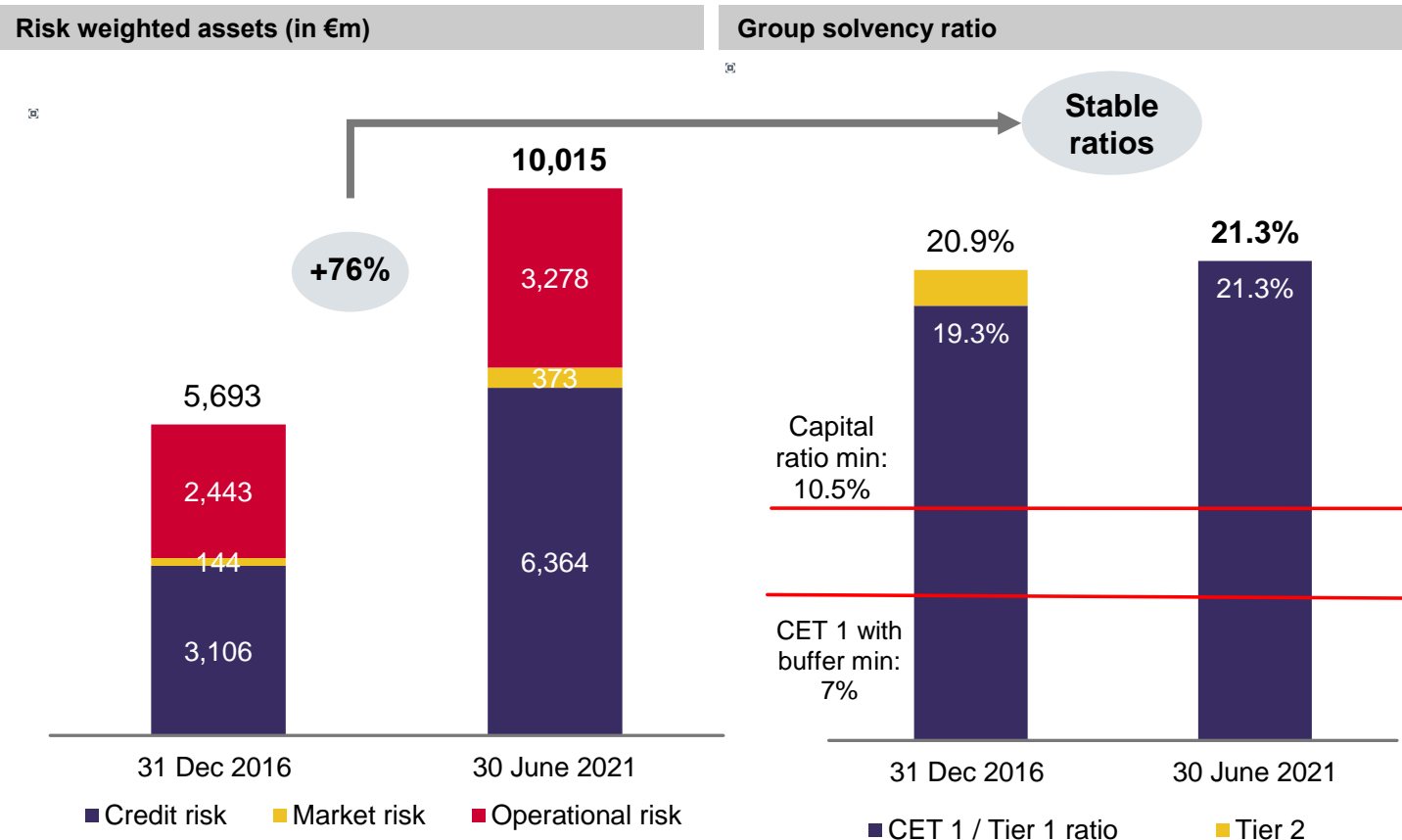


- Recruitment
- Retention
- Succession management



# Strong capital position ...

Fully loaded solvency ratios around 20%



Strong capital position gives us the optionality around development opportunities and cash returns to shareholders

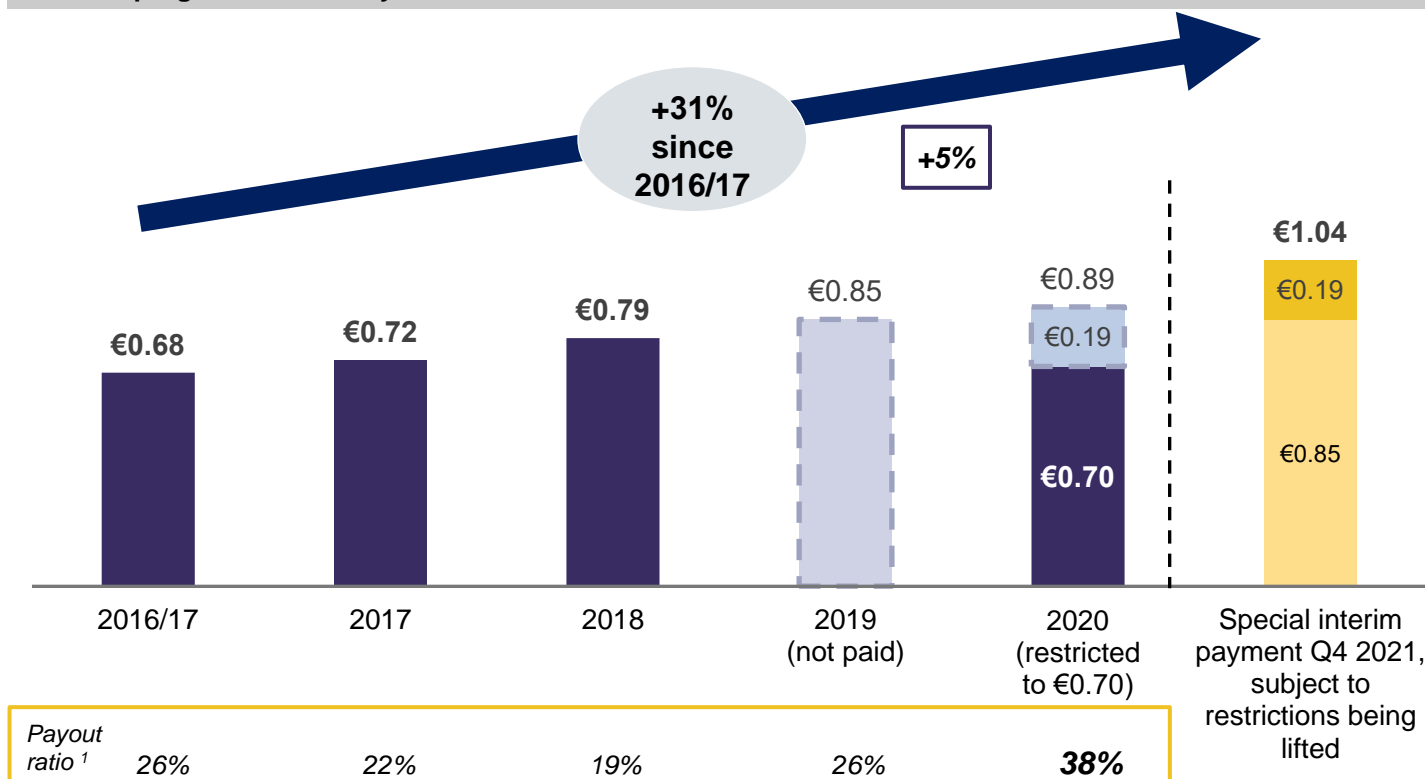
- 2019 and 2020 dividend catch up
- Acquisition of Banque Paris Bertrand in the summer 2021 reduces Rothschild & Co's CET 1 ratio by around 1%
- As a family controlled group, capital is managed in a conservative way but also reflects future needs regarding:
  - Growth plans in MB and possible WAM acquisitions
  - Future regulatory requirements



# Our progressive dividend policy



## Dividend progression over 5 years



Steady increase of dividend over time

In addition to dividends shown, there were some share buy back:

- 2018: €132m as part of Edmond de Rothschild deal
- 2021: €35m
- 15/09/2021: announcement to intend to launch a SBB of up to €70m, subject to ACPR approval

### Note

<sup>1</sup> Pay-out ratio calculated excluding exceptional items

# Our financial targets



			Target	H1 2021	2020	2019
Group targets	Compensation ratio <sup>1</sup>	▶	Low to mid 60's through the cycle	57.2%	66.6%	61.8%
	Return on tangible equity <sup>2</sup>	▶	10 to 15% through the cycle	31.8%	8.8%	12.6%
Businesses targets	Global Advisory: Profit before tax margin <sup>3</sup>	▶	Mid to high-teens through the cycle	20%	16%	16%
	Wealth & Asset Management: Profit before tax margin <sup>4</sup>	▶	Around 18% <sup>4</sup> by 2022	22.0%	15.6%	14.8%
	Merchant Banking: 3 years average RORAC <sup>5</sup>	▶	Above 15% through the cycle	27%	20%	28%

1 Calculation detailed slide 34

2 Excluding exceptional items

3 Pre-US investments

4 Excluding Asset Management US



# 2

Business lines



1	Global Advisory
2	Wealth & Asset Management
3	Merchant Banking

# A history of long-term value creation in the mid-cap segment

We provide our clients with deep knowledge of the dynamics of every sector, and unrivalled insight on capital markets. This is gained through the shared perspectives of our specialists and senior advisers across global markets.

## Aerospace and Defence



## Automotive



## Business Services



## Consumer, Retail and Leisure



## Energy and Power



## Financial Institutions



## General Engineering and Capital Goods



## Government and Public Sector



## Healthcare



## Industrial Materials



## Mining and Metals



## Real Estate



## Transport and Infrastructure



## Telecoms, Media and Technology



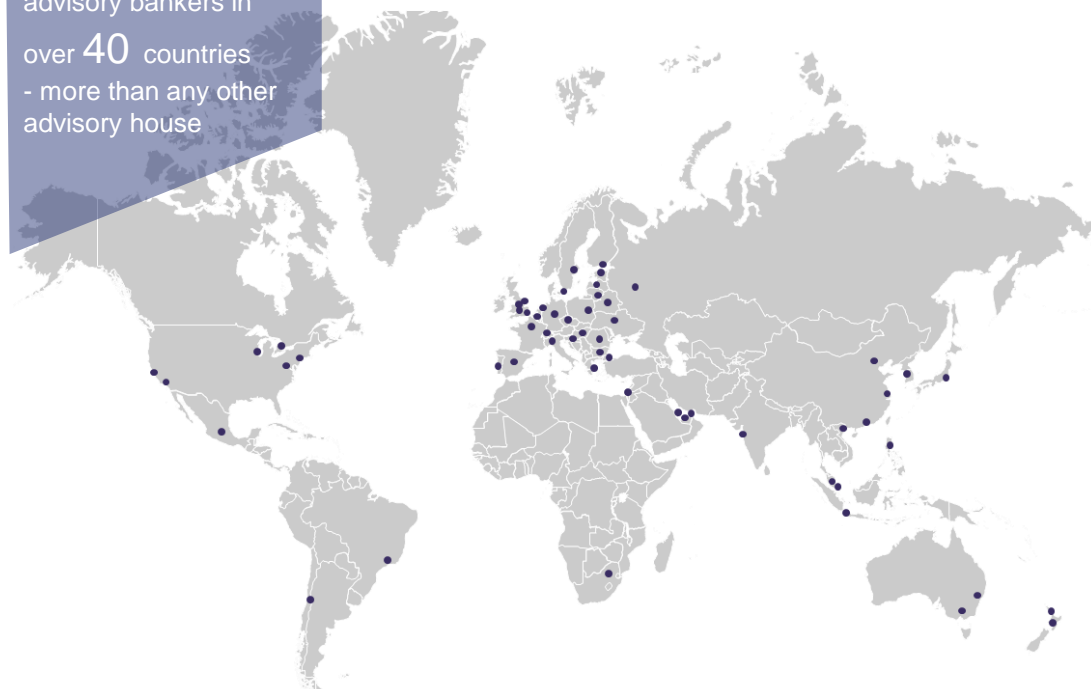


# Introduction to Global Advisory



<b>Geography</b>	Global	
<b>Offerings</b>	<ul style="list-style-type: none"> <li>• M&amp;A and strategic advisory</li> <li>• Debt and restructuring advisory</li> <li>• Equity advisory</li> <li>• Investor advisory</li> <li>• Rating advisory</li> <li>• Sovereign advisory</li> </ul>	
<b># Front office</b>	<ul style="list-style-type: none"> <li>• c.1,200 bankers of which c.250 MDs</li> </ul>	
<b>Key numbers</b>	<b>#5</b> globally by revenue (LTM 06 2021)	<b>#3</b> globally by number of completed transactions
	<b>€1.45bn</b> of revenue LTM 06 2021 (63% of Group revenue)	<b>€264m</b> of PBT LTM 06 2021 (45% of Group PBT)

We field **c.1,200** advisory bankers in over **40** countries - more than any other advisory house



**820**  
in Europe

**220**  
in US and Canada

**100**  
in Asia-Pacific

**30**  
in Latin America

**30**  
in Africa & Middle East



# Our differentiators

## Global scale



- Network of bankers in over 50 offices over 40 countries, pooling a wealth of local knowledge and sector expertise
- Advise on more transactions across both M&A and Financing than anybody in our core markets, ranking #2 by number of deals
- This provides us with a unique insight that helps us advise all clients

## Sector and market knowledge



- Our network of sector specialists provides our clients with a global picture of industry dynamics and the current strategies of their participants
- The scale and reach of our financing and investor advisory offering give us deeper insight into capital markets than any other adviser

## Advice only



- Our advice is independent and unbiased, based on a long-term view to deliver each client's interests

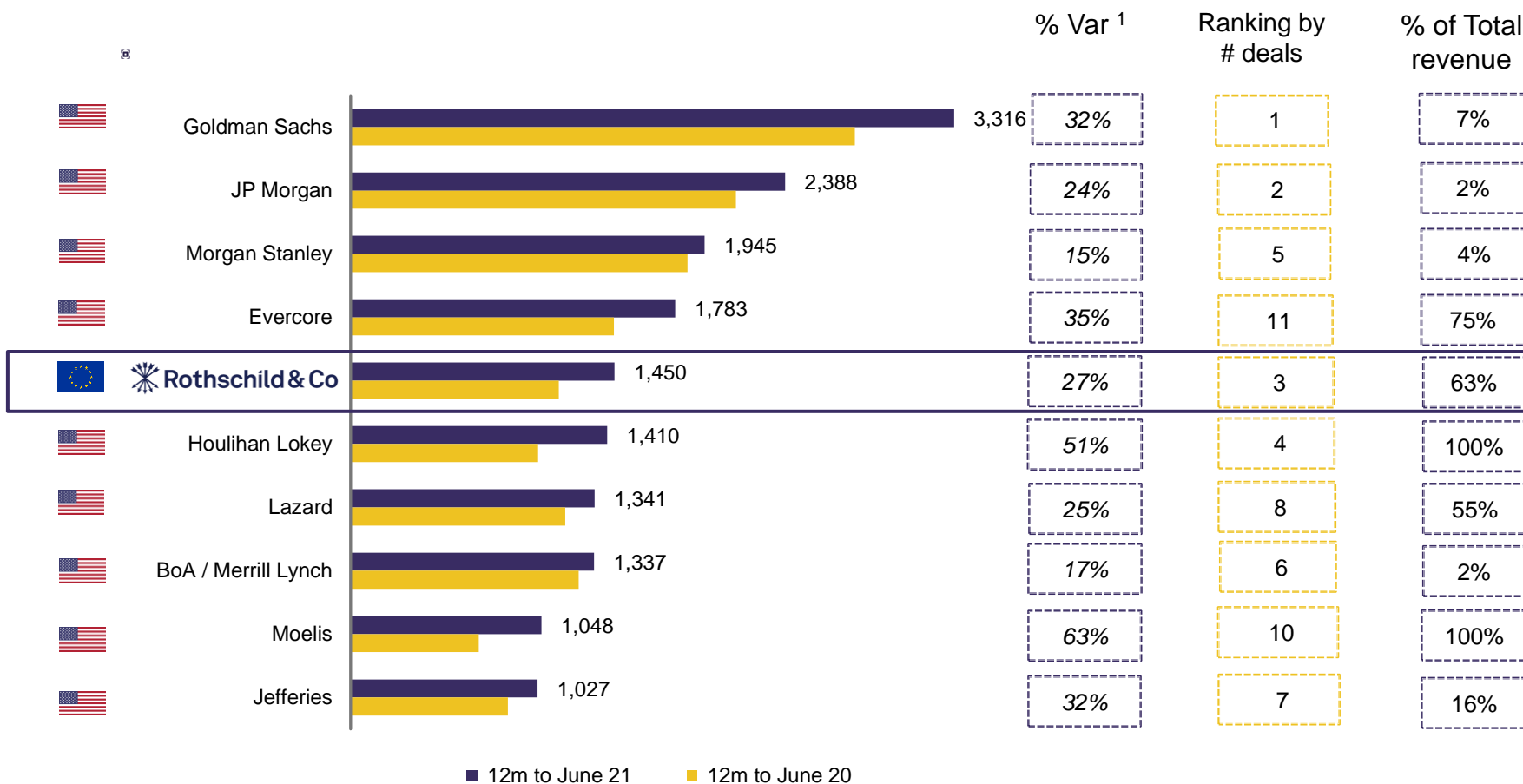
We combine an advisory only platform with the scale and geographic reach of a global investment bank



# Leading position: 5<sup>th</sup> position by revenue and 3<sup>rd</sup> by number of deals



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



**Note**

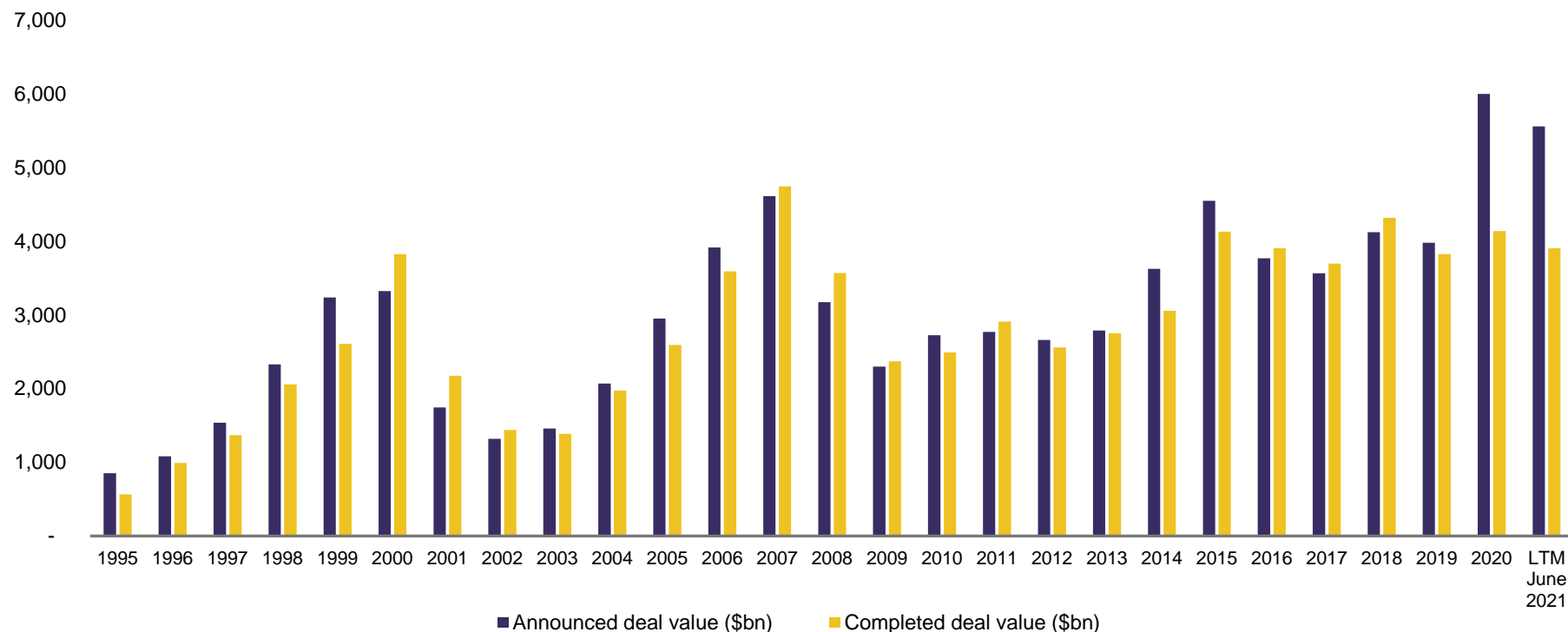
1: Variation calculated on local currency

Source: Company's filings, Dealogic completed transactions



# Global M&A market by deal values

## The rise and fall of M&A



	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	LTM 06/21 vs LTM 06/20	H1 21 vs H1 20
% var Announced	(17%)	(5%)	16%	(3%)	51%	89%	167%
% var Completed	(5%)	(5%)	17%	(11%)	8%	7%	31%

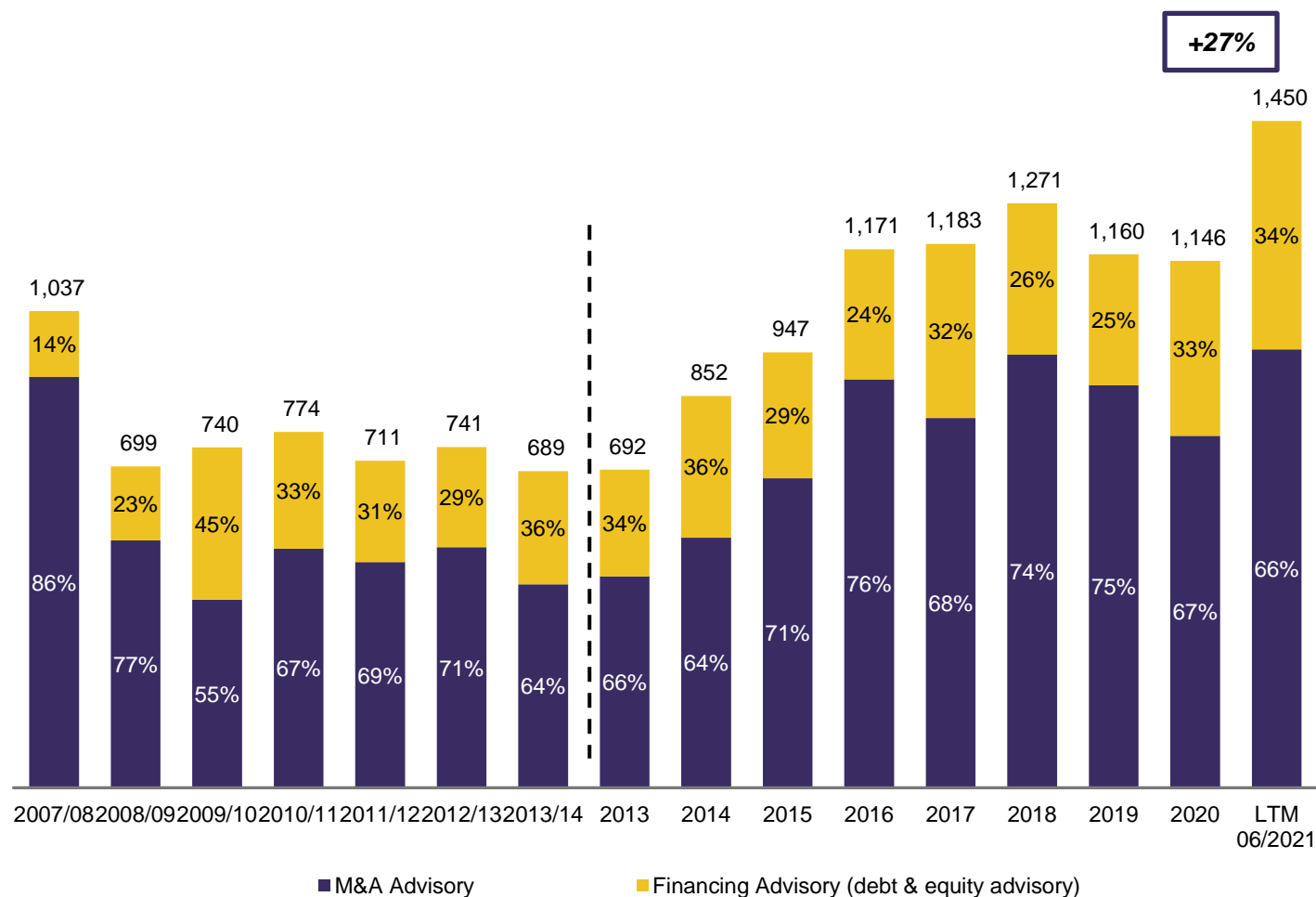
Source: Dealogic

# Resilient model over the cycle



## Complementary mix of M&A and Financing Advisory

Revenue progression (in €m)

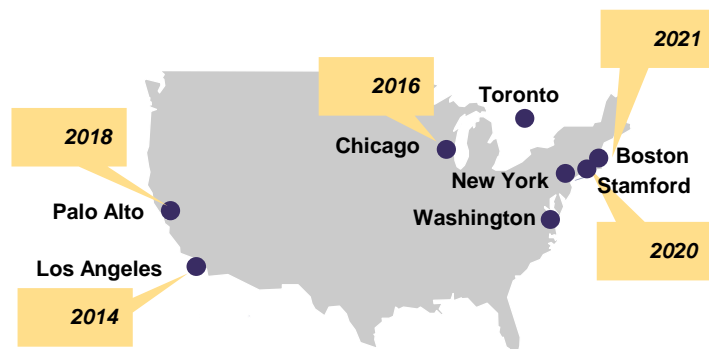




# Update on our North America development

## Strength in M&A deal volumes in H1 2021

### Overview



- c.220 bankers

### Rothschild & Co North America H1 Performance<sup>1</sup>

	H1 2020	H1 2021	
M&A Deal value	\$11bn	\$37bn	+240%
M&A Deal number	18	56	+211%

- Investments in senior and other bankers are generating strong results and meaningful increases in deal numbers
- Rothschild & Co North America continues to grow its sector and geographic presence
- Successful track record in North America restructuring deals (#5 by announced value in 1H21)

### Selection of landmark deals advised by Rothschild & Co North America in H1 2021

M&A Deals	FirstGroup	Inteliquent	Advent International	wmh	Restructuring Deals	Ad Hoc Group of First Lien Lenders of GEE	TLB Lenders of Seadrill Partners	Ad Hoc Group of Garrett Motion Shareholders
	 Lead joint financial advisor on US\$4.6bn divestiture of First Student and First Transit to EQT Infrastructure Current	 US\$1.14bn sale to Sinch AB Current	 US\$2.3bn sale of Laird Performance Materials to DuPont Current	 US\$1.5bn merger with Silver Spike Acquisition Corp 2021		 US\$1.0bn Chapter 11 restructuring 2021	 \$2.8bn Chapter 11 restructuring and subsequent formation into Aquadrill 2021	 US\$4.0bn Chapter 11 restructuring 2021

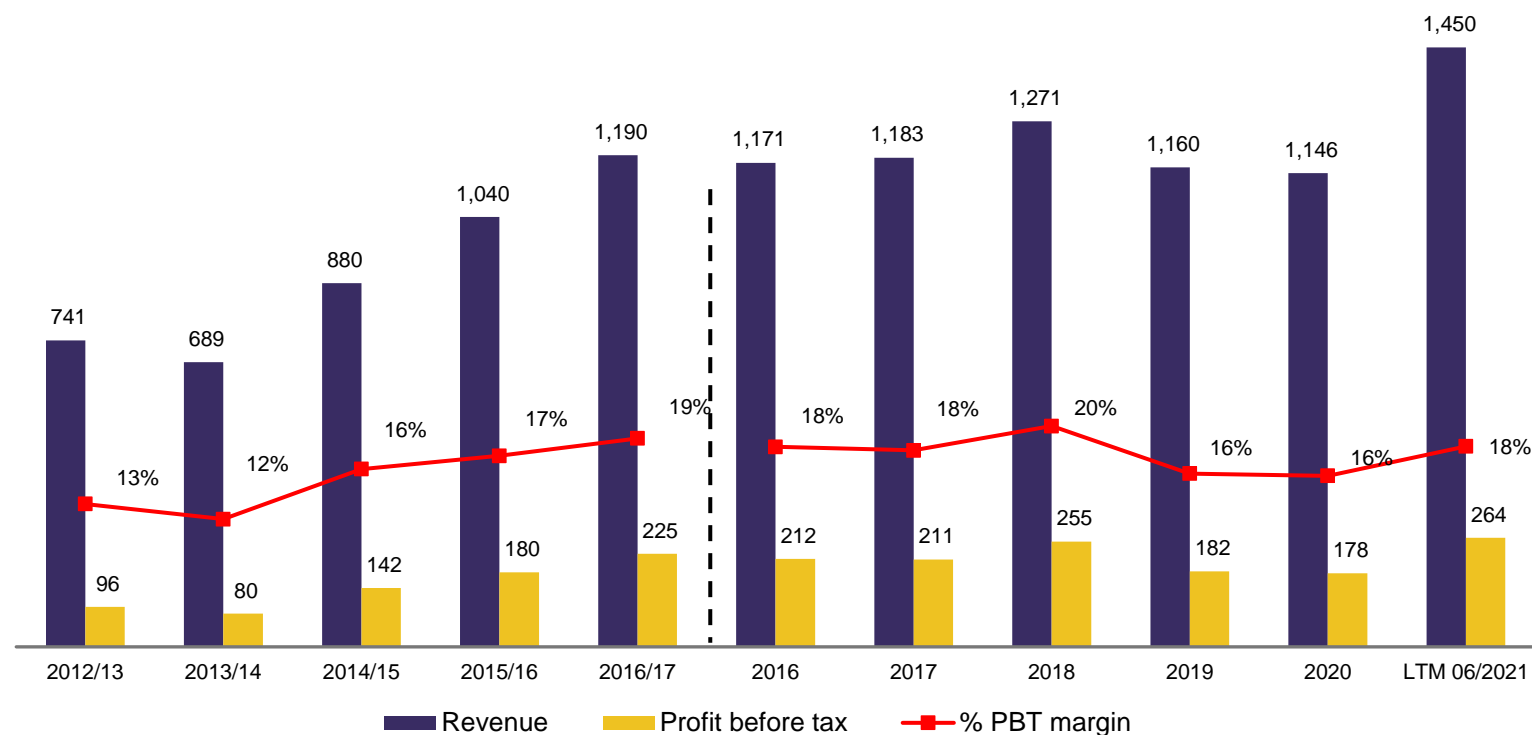
#### Note

1 Source Refinitiv, any North America involvement on announced transactions

# Profits through the cycle



Profit Before Tax (in €m) and PBT margin - pre US investment costs <sup>1</sup>



Compen- sation ratio <sup>2</sup>	65.1%	65.9%	65.0%	64.8%	64.6%	65.6%	65.0%	63.4%	64.9%	67.3%
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## Notes

<sup>1</sup> US investment costs were €23m in 2016, €25m in 2017, €22m in 2018, €16m in 2019, €9m in 2020 and €3m in H1 2021. Our US investment costs are expected to be around 2% of revenue subject to the right opportunities

<sup>2</sup> On an awarded basis and pre US investment costs

# Our response to market changes



## Fully integrated investor engagement business

### Disruption of traditional equity markets

- Governance matters

**90%**

of active funds integrate ESG considerations into investments decisions

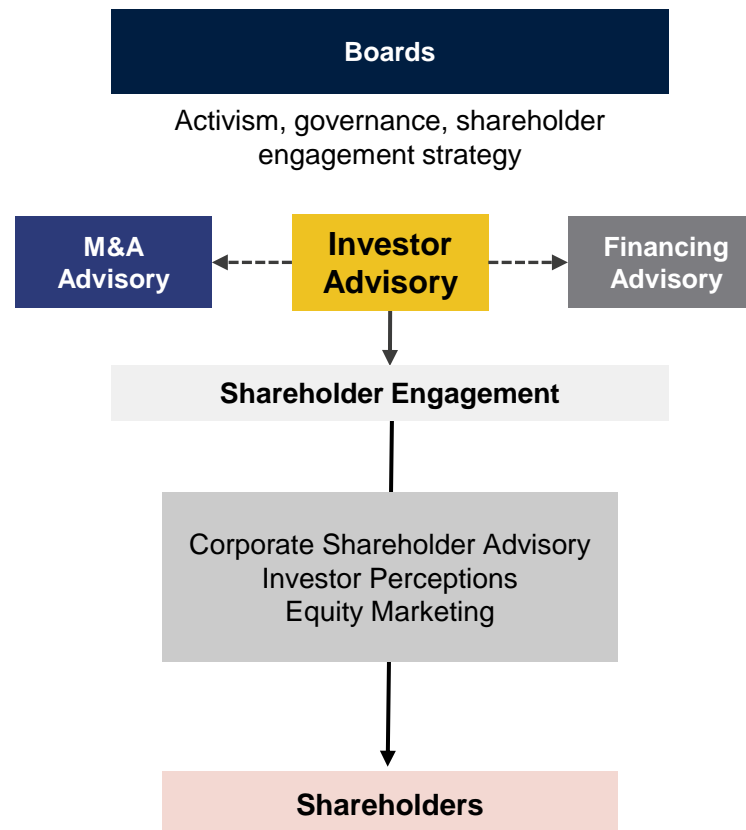
- Rise of passive investors
- Activists see these changes as an opportunity
- De-equitisation of listed market, since 2000

**c.50%** decline in LSE listed companies

**c.36%** decline in US listed companies

- Private Equity companies chose ECM exits less often in 2018 and 2019 versus previous years
- Structural shift amongst long-term capital providers
  - Recent pivot towards direct investing: sovereign wealth, pension fund and family office

### Our response: New investor advisory franchise



# Strategy of Global Advisory



1	Enhance our leading position in Europe	Maintain leading global position
2	Grow market share in North America	Resilient business model while adapting to market evolution
3	Deliver considered growth in Rest of World	
4	Develop ancillary business areas, including Investor facing activities	
5	Enhance cross-selling synergies between the businesses	





**1**      **Global Advisory**

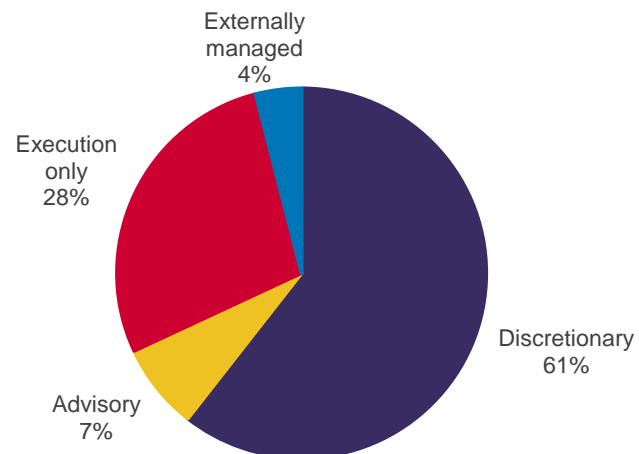
**2**      **Wealth & Asset Management**

**3**      **Merchant Banking**

# Our offering

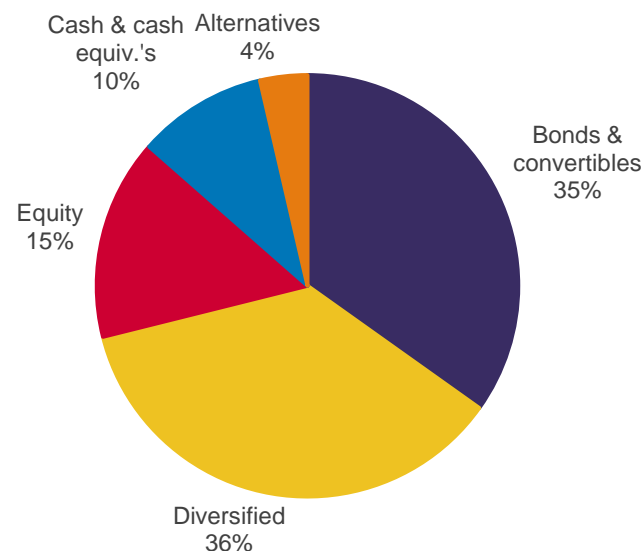


## Wealth Management



- Focus more on high net worth individuals (>€1m in France and >€5m in other geographies)
- Transforming the business mix to increase AuM under discretionary management

## Asset Management Europe



- 4 brands:
  - **Conviction**: actively managed funds
  - **Valor**: diversified solutions without any benchmark
  - **Thematic**: identifying durable themes (ie. real estate, ageing population, gold mines funds)
  - **4change**: coupling responsibility and performance

### Note

1 Data as at 30 June 2021

# Introduction to Wealth and Asset Management



<b>Geography</b>	<ul style="list-style-type: none"> <li>European</li> </ul>	<b>Wealth Management</b>	<b>€64bn</b>	<b>Asset Management</b>	<b>€28bn<sup>1</sup></b>
<b>Main locations</b>	<ul style="list-style-type: none"> <li>France, UK, Switzerland, Belgium, Italy, Monaco and Germany</li> </ul>	<ul style="list-style-type: none"> <li>France €22bn</li> <li>UK €16bn</li> <li>Switzerland €15bn</li> <li>Germany €5bn</li> <li>Belgium €4bn</li> <li>Monaco €1bn</li> <li>Italy €1bn</li> </ul>	<b>c.190</b> # Client Advisors	<ul style="list-style-type: none"> <li>Europe €19bn<sup>1</sup></li> <li>USA €8bn</li> </ul>	<b>c.45</b> # Portfolio Managers
<b>Offerings</b>	<ul style="list-style-type: none"> <li>Wealth Management</li> <li>Asset Management</li> </ul>				
<b># clients</b>	<ul style="list-style-type: none"> <li>c.20,000</li> </ul>				
<b># Front office</b>	<ul style="list-style-type: none"> <li>c.235 clients advisors and portfolio managers</li> </ul>				
<b>Key numbers</b>	<b>c.€87bn</b> of AuM as at 30 June 2021				
	<b>€521m</b> of revenue LTM 06 2021 (23% of Group revenue)	<b>€88m</b> of PBT LTM 06 2021 (15% of Group PBT)		<b>+€4.1bn</b> of NNA in 6m to June 2021 – excluding AM US	

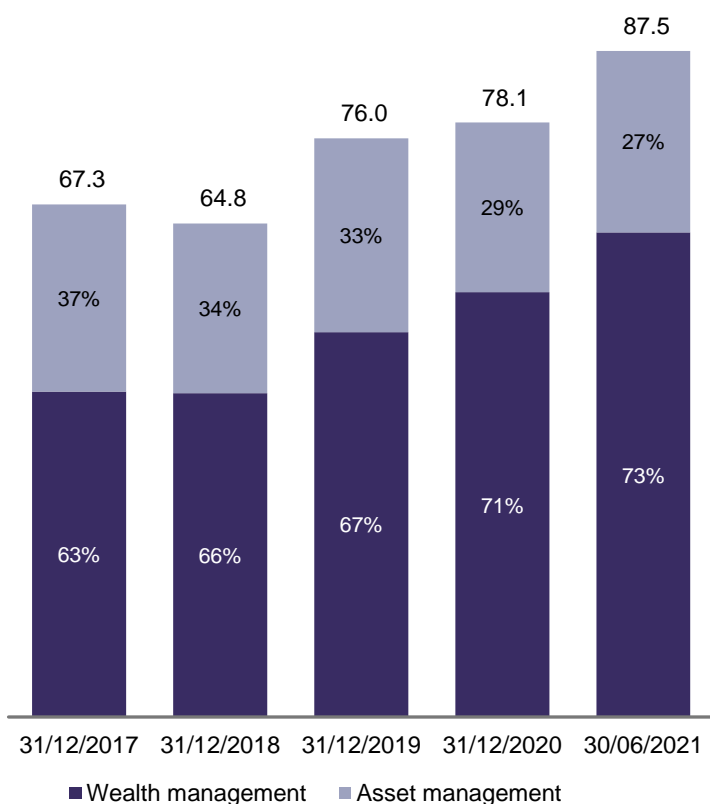
**Note**

1: Of which €5bn managed on behalf of Wealth Management clients

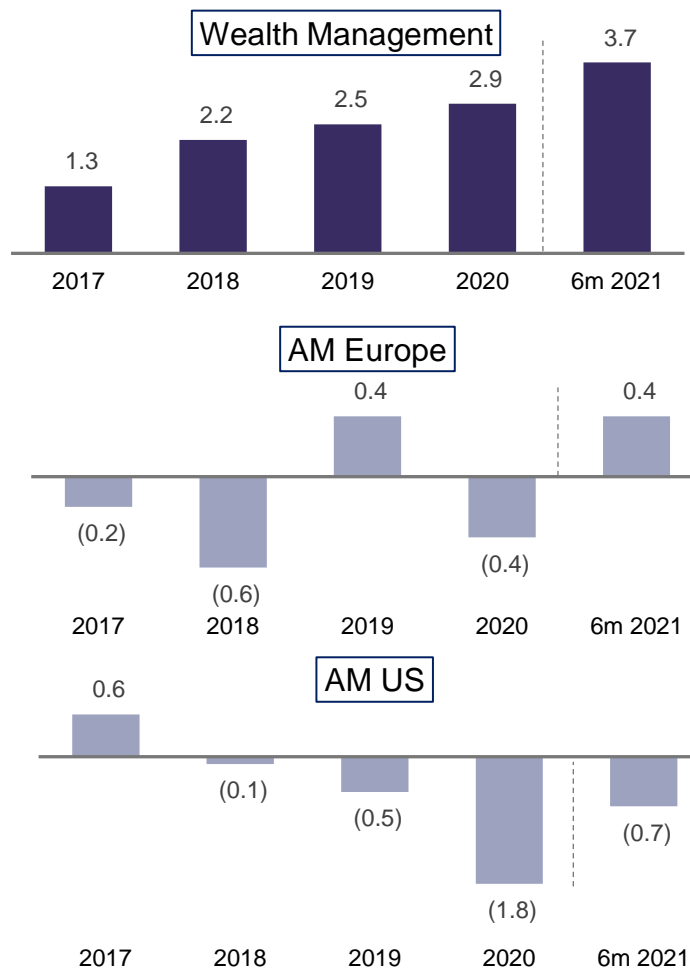
# Strong growth in AuM over time and track record of attracting new business



**Wealth vs. Asset Management AuM split**



**Net new Assets (in €bn)**



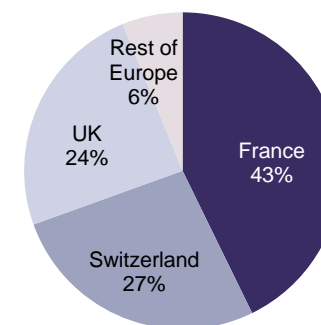
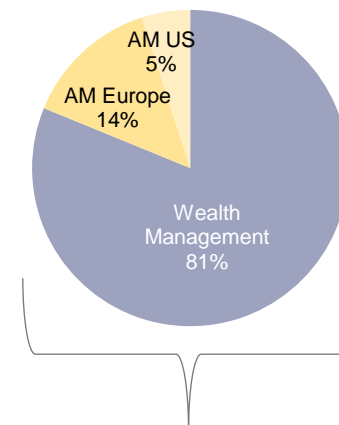
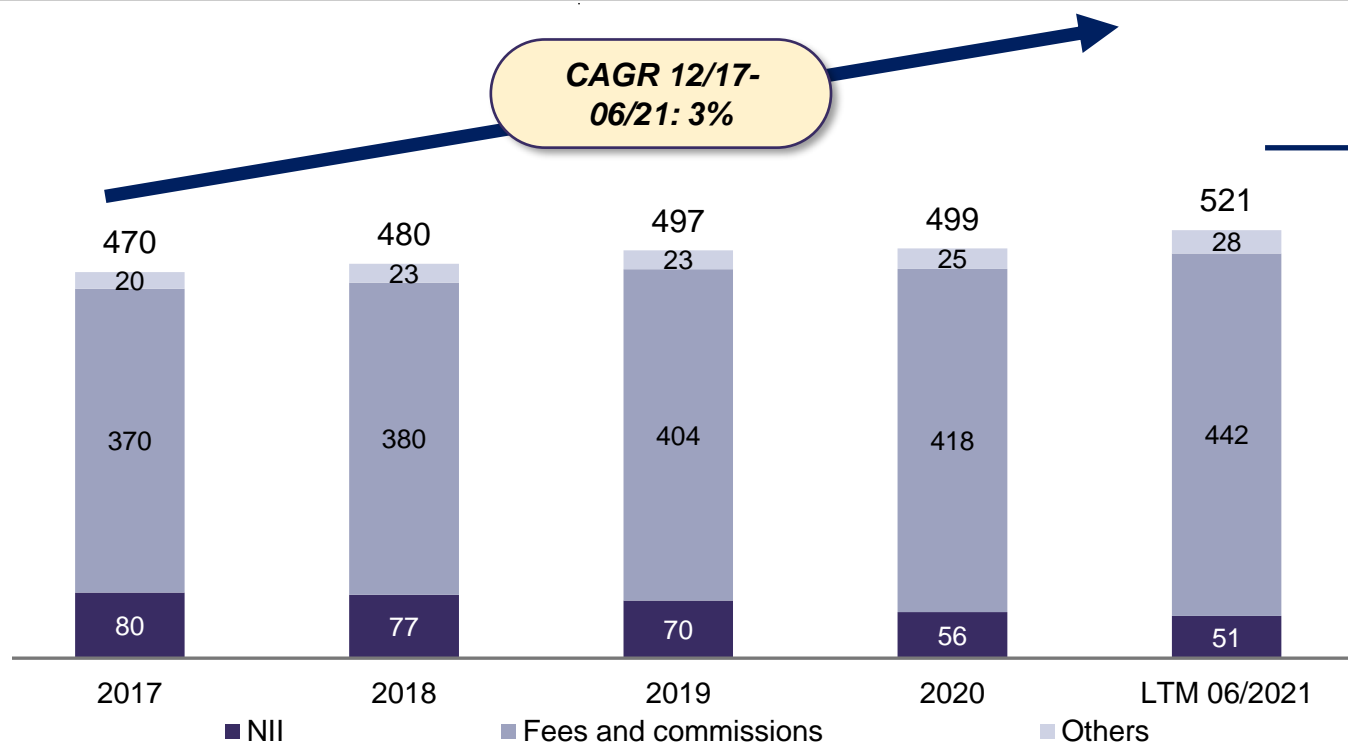
**Note**

1 2020 AuM includes €1.7bn which relates to a new definition of AuM alignment within the Group



# Steady growth of revenue...

Revenue<sup>1</sup> (in €m) and annualised bps progression



Revenue bps margin	72bps	73	71	65	66
% NII / total Revenue	17%	16%	14%	11%	10%

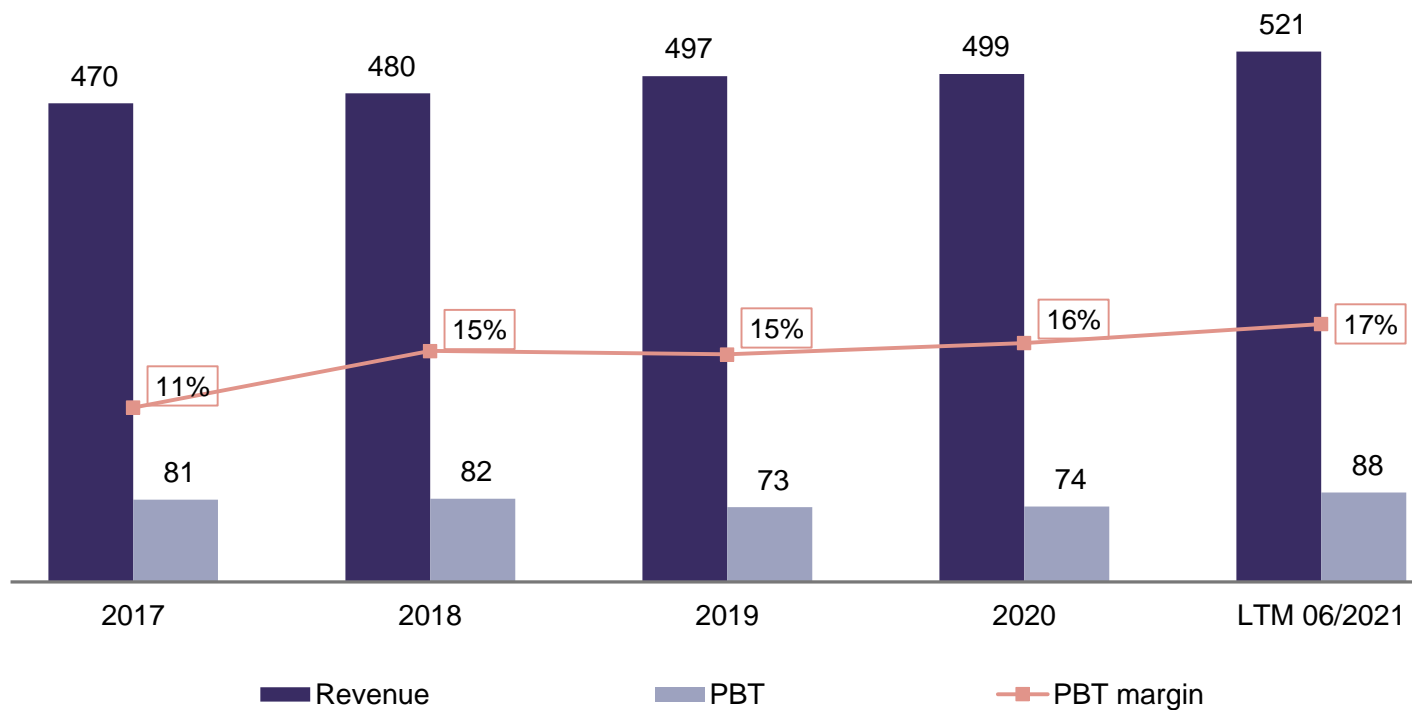
## Notes

- 1 Revenues are calculated excluding Trust business following its sale in February 2019
- 2 France includes France, Belgium and Monaco

## ... while maintaining a healthy PBT



Profit Before Tax (in €m) and PBT margin



**Note**

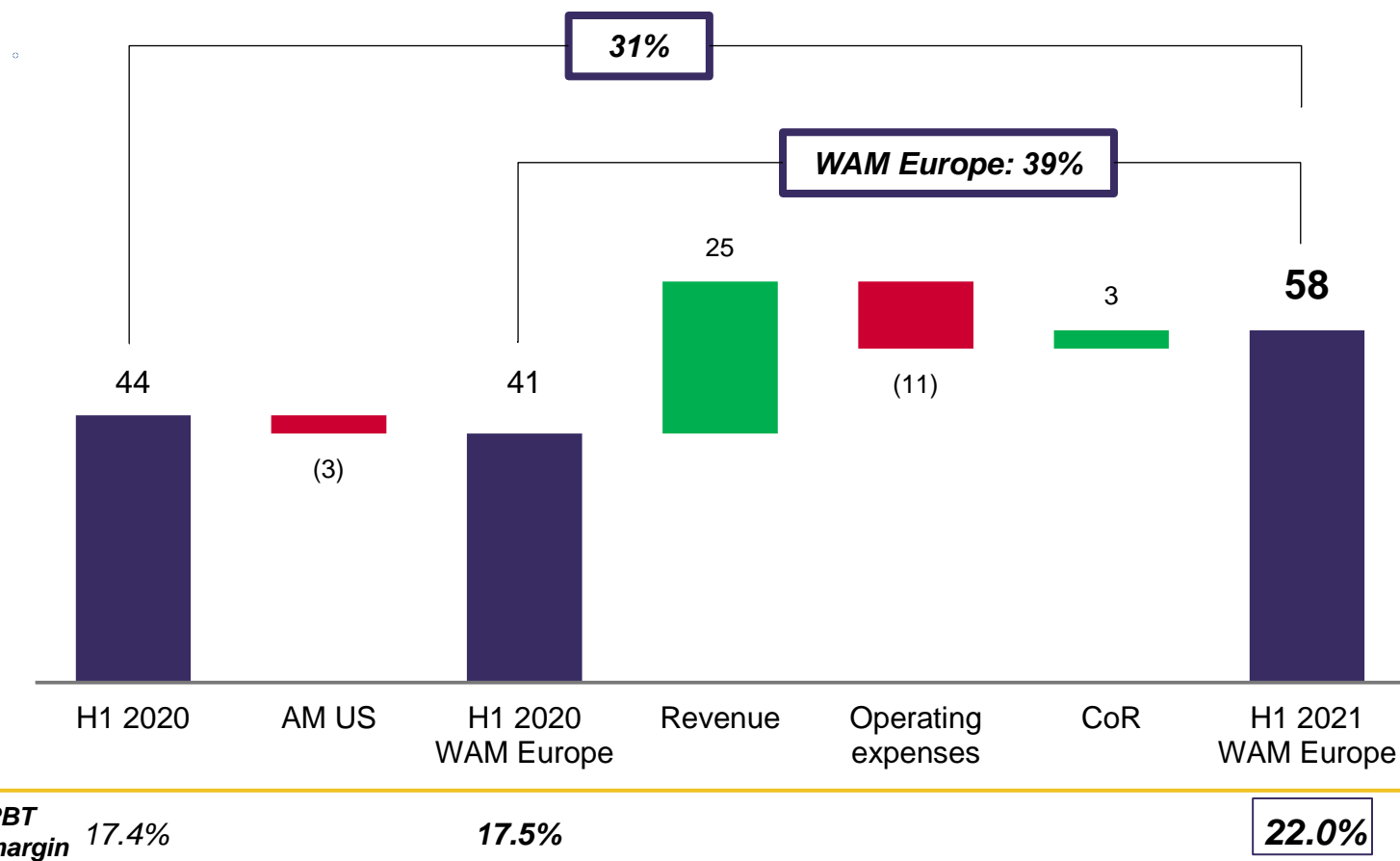
1. PBT is excluding AM US since 2019



# Zoom on H1 2021 profits

Significant improvement in PBT excluding our AM US business

Profit Before Tax (in €m) and PBT margin



**Note**

1. AM US stabilized with a small positive profit for H1 2021 (<€0.5m)



# Strategy of Wealth & Asset Management



1	Growth our Wealth Management in core markets in Europe	Build a strong European Wealth management platform
2	Cost control and improving profitability: around 82% CIR by 2022 (excluding AM US) in a low interest rate environment	
3	Refocus Asset Management on France	
4	Strive to maximise synergies across the division and between the division and group	



**1**      **Global Advisory**

**2**      **Wealth & Asset Management**

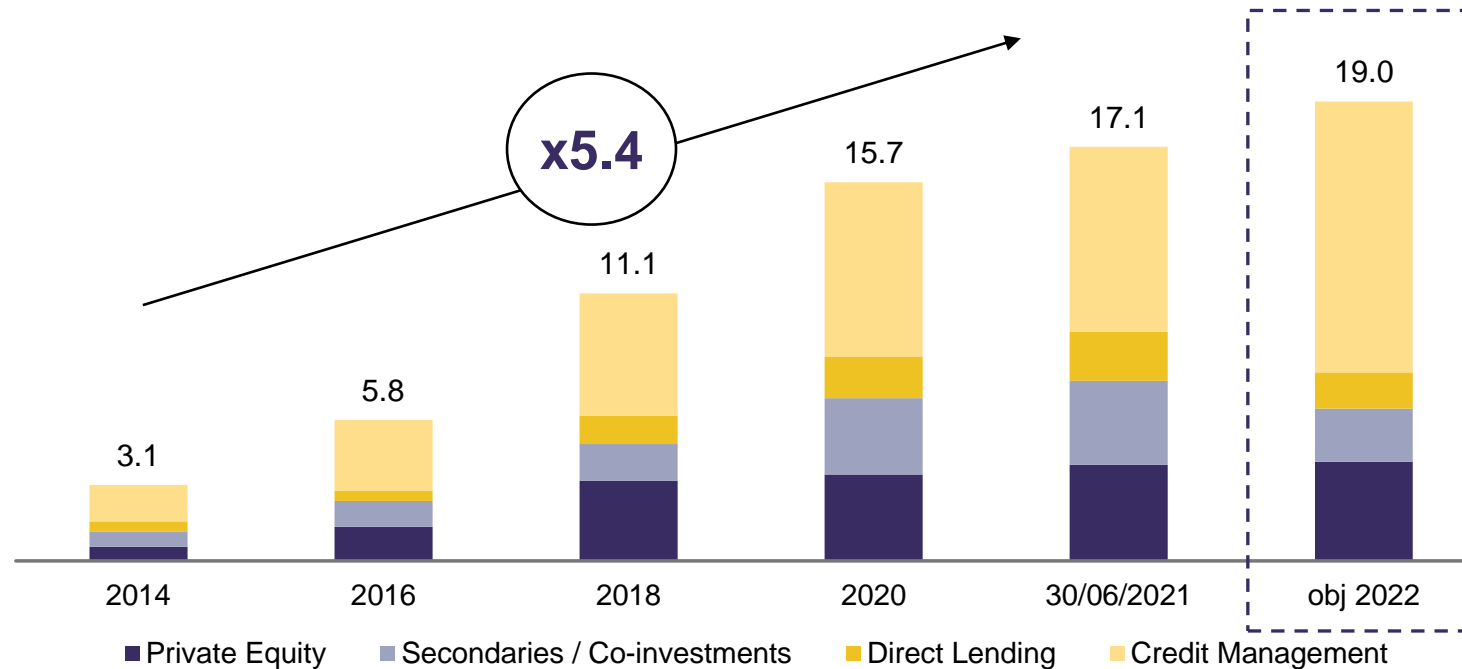
**3**      **Merchant Banking**



# Strong AuM growth

## Merchant Banking continues to scale across all strategies

Asset under management (in €bn)











### Note

For illustrative purposes only. The above information is based on a variety of assumptions including that fundraising efforts will reach multi-year targets. Actual results may differ.

# Introduction to Merchant Banking



<b>Geography</b>	Europe and US		
<b>Offerings</b>	<ul style="list-style-type: none"> <li>Corporate private equity</li> <li>Multi-strategies</li> </ul>	   	<b>€7.4bn</b> Private Equity
	<ul style="list-style-type: none"> <li>Direct lending</li> <li>Credit management</li> </ul>	   	<b>€9.7bn</b> Private Debt
<b>Key numbers</b>	<b>c.€17.1bn</b> of AuM of which 8% from Rothschild & Co		<b>c.110</b> investment professionals
	<b>€330m</b> of revenue (14% of LTM 06 2021 Group revenue)		<b>€233m</b> of PBT (40% of LTM 06 2021 Group PBT)

**5 offices**

Paris, London, Luxembourg, New York, Los Angeles



**192 professionals**







**24 nationalities**





# Private Equity offering

Mid-market focus through directs, secondaries, co-investments and multi-managers

Corporate Private Equity			€4.4bn	Multi-Strategies (FAMS)			€3.0bn
<b>FAPI</b> Five Arrows Principal Investments 	<b>FAGC</b> Five Arrows Growth Capital 	<b>FACP</b> Five Arrows Capital Partners 		<b>FASO</b> Five Arrows Secondary Opportunities 	<b>FAMI</b> Five Arrows Minority Investments 	<b>FAPEP</b> Five Arrows Private Equity Programme 	
Mid-market buyouts	Small-cap buyouts	Mid-market buyouts		Mid-cap direct Secondaries	Co-investments	Multi-managers & FoF platform	
FAPI I (2010): €583m <sup>(1)</sup> FAPI II (2015): €781m FAPI III (2019): €1.3bn	FAGC (2021): €456m	FACP (2018): \$655m		FASO III (2012): €259m FASO IV (2016): €459m FASO V (2019): €1.0bn	FAMI I (2013): €100m FAMI II (2016): €155m FAMI III (2020): €200m	FAPEP I (2017): €195m FAPEP II (2020): €445m	
38 investments in 10 countries				15+ years track record across more than 50 transactions			
50 investment professionals				29 investment professionals			








## Note

<sup>1</sup> FAPI I was liquidated in 2021 following the disposal of its remaining portfolio to a continuation fund managed by Five Arrows which attracted a new pool of investors.

# Private Debt offering



## Credit solutions across the capital structure for mid-cap and large companies

Direct Lending €2.1bn			Credit Management €7.6bn			
<b>FACS</b> Five Arrows Credit Solutions 	<b>FADL</b> Five Arrows Direct Lending 	<b>FADP</b> Five Arrows Debt Partners 	<b>Oberon</b> & managed accounts 	<b>Elsinore</b> & managed accounts 	<b>GLI</b> Five Arrows Global Loan Investments 	<b>CLO</b> management 
Debt financing solutions to privately-owned businesses across the European mid-market			Unlevered senior secured credits	Senior, subordinated and CLO credits	CLO Equity	CLO vehicles
FACS: €415m (2014) FADL: €657m (2018) FADP III: €1.0bn <i>fundraising</i>			Oberon I-III (2013-17): €965m Oberon IV (2018): €333m Oberon USA (2018): open-ended Managed Accounts: €1.8bn <sup>(1)</sup>	Elsinore I (2018): €87m Managed Account: €82m <sup>(1)</sup>	FA GLI (2019): €235m	€4.9bn <sup>(1)</sup> Europe: 9 CLOs <sup>(2)</sup> (Contego) North America: 11 CLOs (Ocean Trails)
40 investments across Europe						
12 investment professionals			24 investment professionals			

### Note

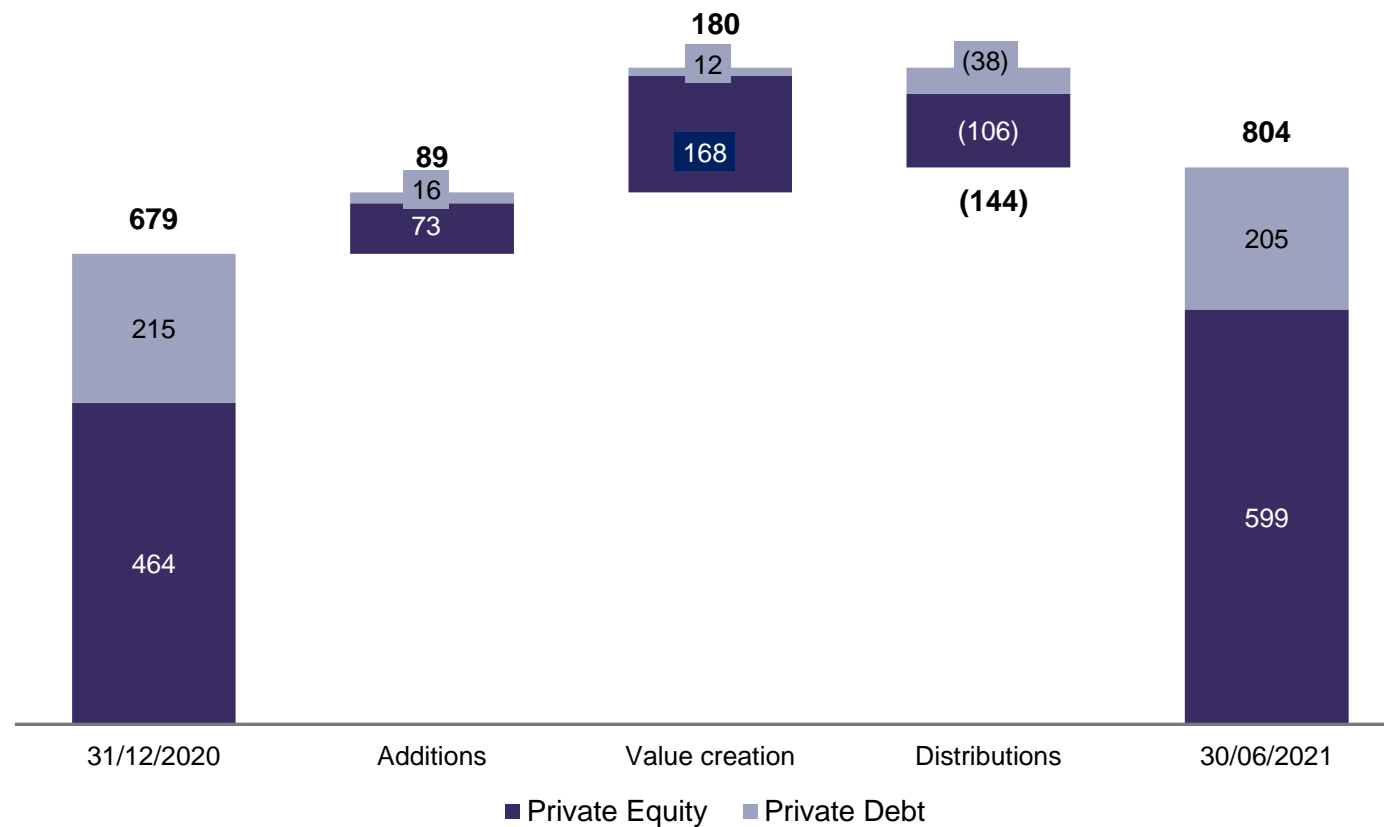
1 Value of the positions managed as at 30 June 2021

2 CLOs launched since inception. CLOs active as at 30 June 2021 are 8 in Europe and 8 in the US

# Net asset value (NAV)



Net asset value (in €m)



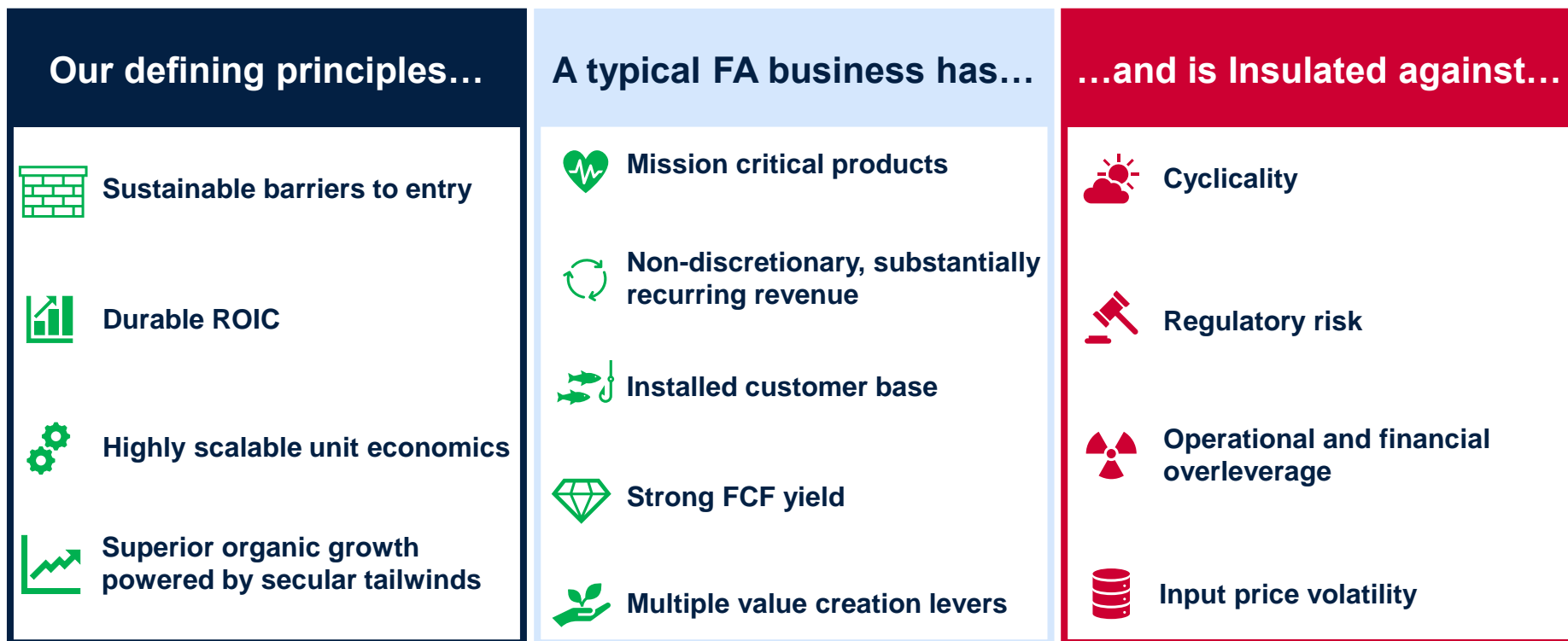
NAV of €0.8bn  
for a total  
commitment of  
c.€1.5bn (c.9% of  
AuM)



# Our investment algorithm



We base our asset selection on stringent criteria centred on risk-adjusted returns

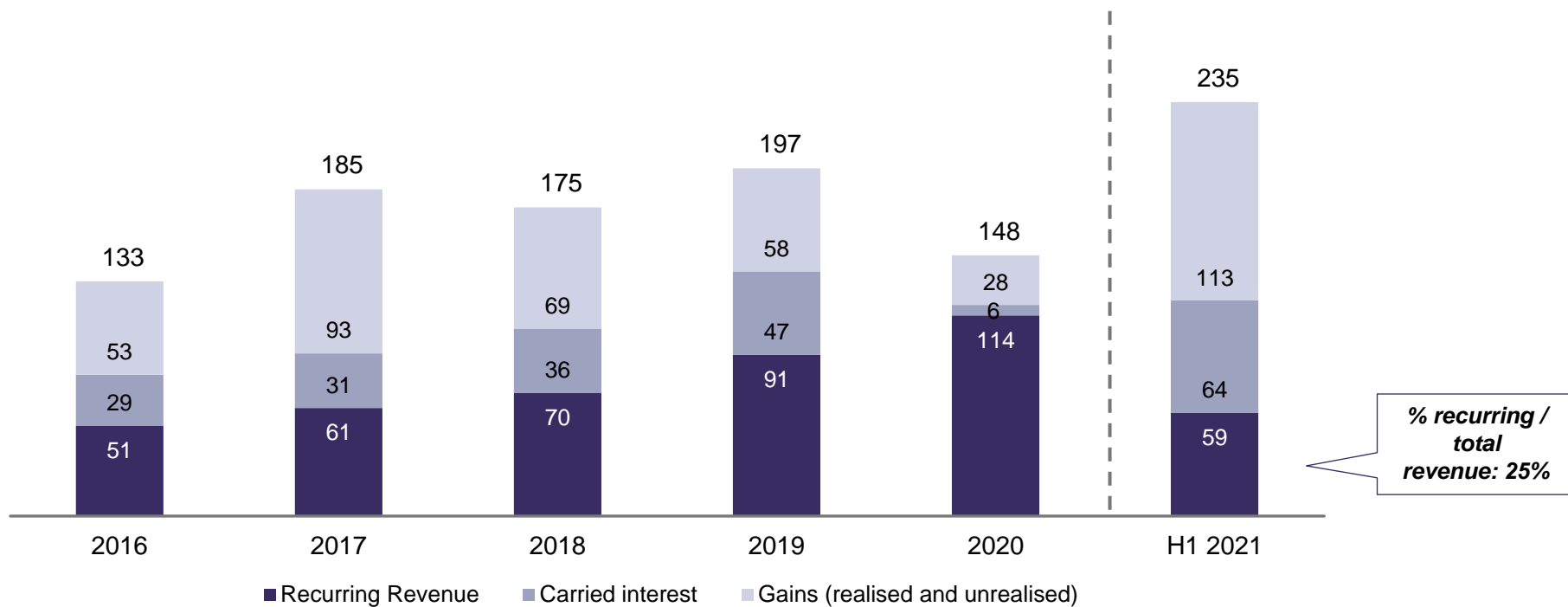


Focus on  
Healthcare, Data & Software and Tech-Enabled Business Services



# Strong revenue growth with increasing contribution of recurring revenue

Breakdown of revenue (in €m)



3y average  
revenue  
(in €m)

33

67

118

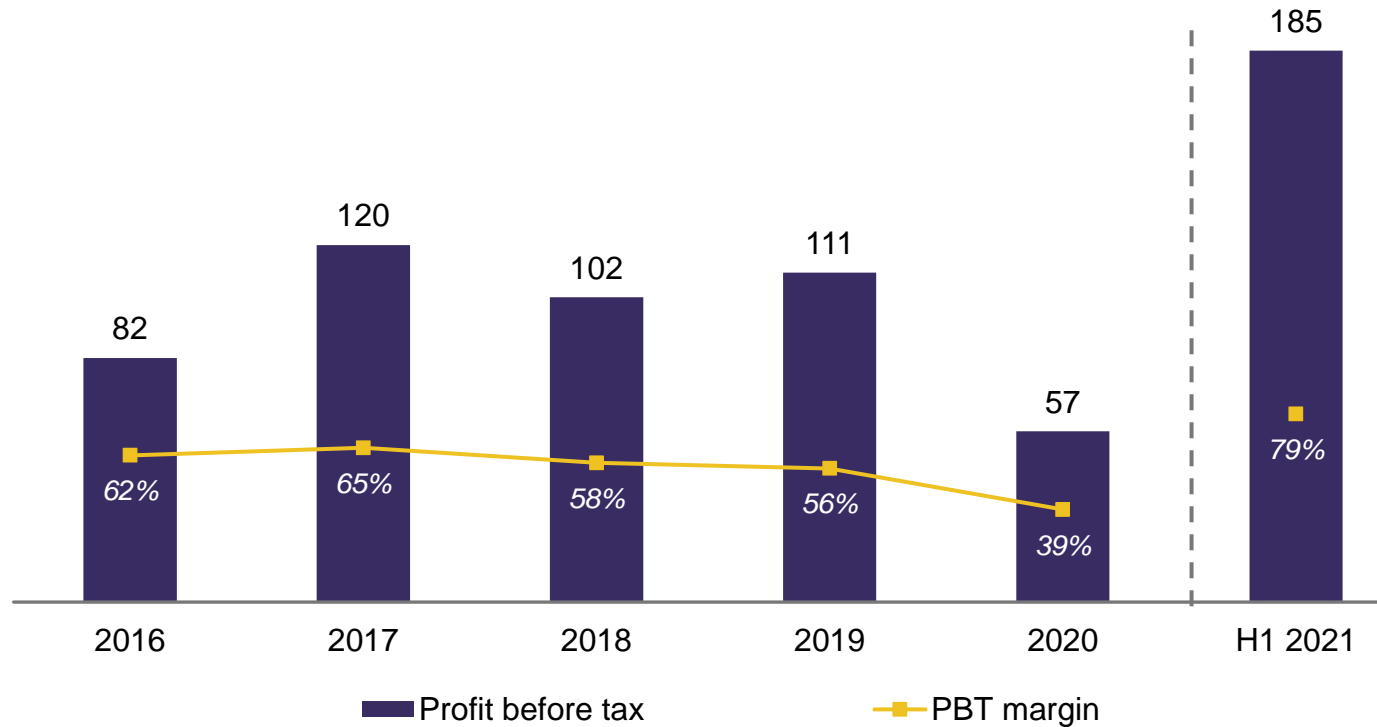
164

186

# Good return on capital tied to successful business growth, investment performance and delivery of strategic priorities



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



3 year  
average  
RORAC<sup>1</sup>

25%

26%

28%

28%

20%

27%

## 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

# Strategy of Merchant Banking



1

## **Grow Assets under Management as a multi-asset manager**

- Accelerate the roll out of core multiple products in Europe and the US
- Raise new funds targeted at specific opportunities, where we believe we have a distinct investment advantage

2

## **Pursue attractive risk reward propositions**

- Focus on 3 core sectors “asset light” (healthcare, business services and data services) with high visibility on future revenues and earnings
- Strong organic growth coupled with multiple opportunities for value creation
- Sustainable returns on invested capital with strong free cash flow generation

3

## **Continue to grow profitability for the group**

- A mix of management fees, carry and capital gains
- Increasing share of recurring revenue from management fees and lowering “invested assets-to-AuM” ratio

A niche player in private assets in Europe and US with a growing contribution to group profits and return on capital



# 3

Corporate responsibility



# Corporate responsibility (1/2)

## Key highlights

---

### Priorities

- Governance:
  - new CR Committee of the Supervisory Board;
  - new Group Responsible Investment Team
- Signatory of the UN Global Compact
- Active engagement with ESG rating agencies and other stakeholders

### Businesses

- Group-wide ESG investment integration framework
- All investment business lines UNPRI signatory
- Increase in dedicated responsible investment solutions

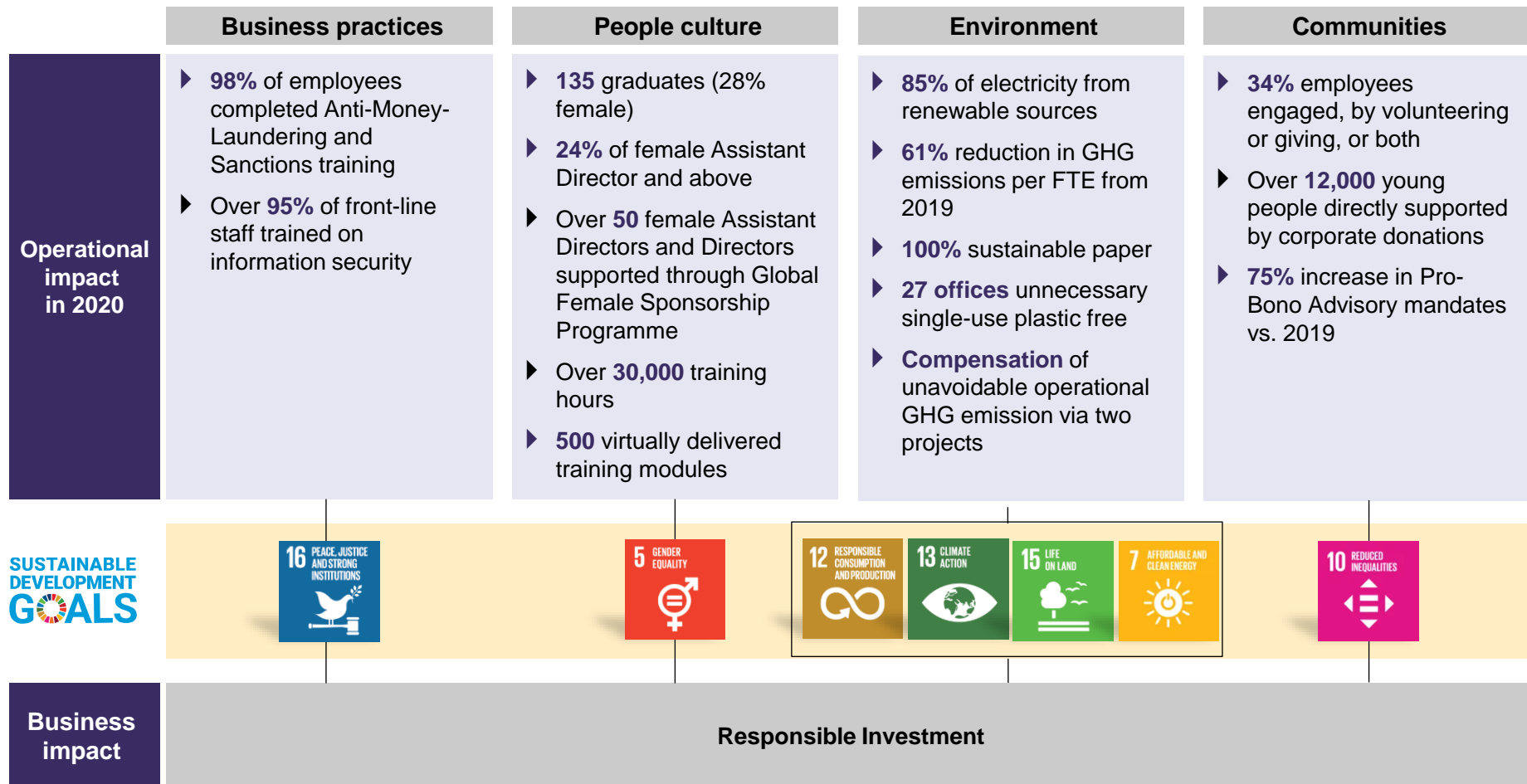
### Operations

- Supporting employee wellbeing and productivity in a remote working environment
- Focus on gender and ethnic minority inclusion
- Reduction in Greenhouse gas emissions and compensation of unavoidable emissions

# Corporate responsibility (2/2)



## Progress made across strategy spectrum



# Responsible Investment



## Key recent achievements

<b>ESG Integration</b>	<div> <b>ESG criteria</b> <ul style="list-style-type: none"> <li>Significant progress achieved to comply with R&amp;Co SFDR classification<sup>1</sup> objectives by end of 2021:                             <ul style="list-style-type: none"> <li>More than 85% of <b>WM</b> discretionary assets<sup>2</sup> to be classified as article 8 or 9</li> <li>More than 95% for <b>AM Europe</b> open-ended funds to be classified as article 8 or 9</li> </ul> </li> </ul> </div> <div> <b>Climate risks</b> <ul style="list-style-type: none"> <li>First <a href="#">TCFD<sup>3</sup> report</a> published by <b>AM Europe</b></li> <li>Group-wide status update on TCFD journey published in the <a href="#">2020 Group CR report</a></li> </ul> </div>
<b>Engagement</b>	<ul style="list-style-type: none"> <li>R&amp;Co joined the “Valuing Water Technical Working Group” created by CDP (Carbon Disclosure Project)</li> <li><b>AM Europe</b> became a member of Finance for Tomorrow and joined the first global investor engagement coalition on the just transition (Investors for a Just Transition)</li> <li><b>Merchant Banking</b> joined the ESG Commission of France Invest</li> </ul>
<b>Services and products offering</b>	<ul style="list-style-type: none"> <li><b>AM Europe:</b> <ul style="list-style-type: none"> <li>Strengthening of the 4Change funds range with “R&amp;Co Valor 4Change”</li> <li>New external recognitions: 4 additional funds obtained the French SRI label (bringing the total to 7) and 3 additional funds were granted the “Towards Sustainability” SRI certification (total: 4 funds), including funds in open architecture such as “R-Co Opal 4Change Sustainability Trends”</li> </ul> </li> <li><b>Merchant Banking</b> announced the forthcoming launch of an impact fund<sup>4</sup> in partnership with the Solar Impulse Foundation and Air Liquide</li> </ul>

### Notes

1. According to available information and our own analysis of SFDR's requirements
2. Excluding UK and dedicated funds
3. Task Force on Climate-related risks Disclosure
4. Categorised as article 9 under SFDR requirements



# 4

Financials

# Comments on P&L



Improving operating margin	<ul style="list-style-type: none"><li>• Revenue growth</li><li>• Cost control</li><li>• Targeted headcount optimisation</li></ul>					
Compensation costs	<ul style="list-style-type: none"><li>• Target of an adjusted compensation ratio: in low to mid 60%’s through the cycle</li></ul>					
Exceptionals impact on Net Income – Group share		2017	2018	2019	2020	H1 2021
	Martin Maurel integration costs	18	7	-	-	-
	Others (pensions credit, swap settlement cost, special tax credit, provision, legacy assets and IT transition costs)	(7)	10	(10)	12	-
	<b>Total exceptionals (gains) / costs</b>	<b>11</b>	<b>17</b>	<b>(10)</b>	<b>12</b>	<b>-</b>
Non-controlling interests	<ul style="list-style-type: none"><li>• Comprise the profit share (préciput) distributed to French partners and interest on perpetual debt</li></ul>					

# Summary P&L



## Strong momentum over recent financial years

In €m	2017	2018	2019	2020	H1 2020	H1 2021
<b>Revenue</b>	<b>1,910</b>	<b>1,976</b>	<b>1,872</b>	<b>1,799</b>	<b>838</b>	<b>1,350</b>
Staff costs	(1,087)	(1,098)	(1,065)	(1,096)	(523)	(693)
Administrative expenses	(320)	(309)	(289)	(255)	(122)	(119)
Depreciation and amortisation	(34)	(30)	(66)	(67)	(34)	(34)
Impairments	(13)	(4)	(6)	(7)	(8)	2
<b>Operating Income</b>	<b>456</b>	<b>535</b>	<b>446</b>	<b>374</b>	<b>151</b>	<b>506</b>
Other income / (expense) (net)	21	(4)	19	(5)	(1)	4
<b>Profit before tax</b>	<b>477</b>	<b>531</b>	<b>465</b>	<b>369</b>	<b>150</b>	<b>510</b>
<b>Consolidated net income</b>	<b>412</b>	<b>454</b>	<b>397</b>	<b>309</b>	<b>122</b>	<b>452</b>
<b>Net income - Group share</b>	<b>236</b>	<b>286</b>	<b>243</b>	<b>161</b>	<b>60</b>	<b>346</b>
<i>Earnings per share</i>	€ 3.18	€ 3.88	€ 3.38	€ 2.20	€ 0.82	€ 4.78
<b>Net income - Group share excl. exceptionals</b>	<b>247</b>	<b>303</b>	<b>233</b>	<b>173</b>	<b>65</b>	<b>346</b>
<i>EPS excl. exceptionals</i>	€ 3.33	€ 4.10	€ 3.24	€ 2.37	€ 0.88	€ 4.78
<i>ROTE (excluding exceptional items)</i>	17.2%	18.0%	12.6%	8.8%	6.8%	31.8%

# Non-controlling interests



P&L			Balance sheet		
(in €m)	H1 2021	H1 2020	(in €m)	30/06/2021	31/12/2020
Interest on perpetual subordinated debt	6.5	7.5	Perpetual subordinated debt	298	285
Preferred shares <sup>1</sup>	99.6	55.0	Preferred shares <sup>1</sup>	91	118
Other non-controlling interests	0.0	(0.4)	Other non-controlling interests	3	2
<b>TOTAL</b>	<b>106.1</b>	<b>62.1</b>	<b>TOTAL</b>	<b>392</b>	<b>405</b>

## Note

<sup>1</sup> Mainly relates to the profit share (préciput) distributed to French partners

# Compensation ratio target: low to mid 60%'s through the cycle



(in €m)	2016	2017	2018	2019	2020	H1 2021
Revenue	1,713	1,910	1,976	1,872	1,799	1,350
Total staff costs <sup>1</sup>	(1,119)	(1,211)	(1,225)	(1,176)	(1,207)	(773)
<b>Compensation ratio</b>	<b>65.3%</b>	<b>63.4%</b>	<b>62.0%</b>	<b>62.8%</b>	<b>67.1%</b>	<b>57.3%</b>
<b>Adjusted accounting Compensation ratio</b> (INCLUDING deferred bonus accounting) <sup>2</sup>	<b>64.0%</b>	<b>62.4%</b>	<b>60.8%</b>	<b>61.8%</b>	<b>66.6%</b>	<b>57.2%</b>
<b>Adjusted awarded Compensation ratio</b> (EXCLUDING deferred bonus accounting)	<b>65.0%</b>	<b>62.1%</b>	<b>62.3%</b>	<b>61.6%</b>	<b>66.5%</b>	<b>58.9%</b>
<b>Headcount</b>	2,946	3,502	3,633	3,559	3,675	<b>3,797</b>

- 50% of personnel costs within Rothschild & Co is discretionary

## Notes

- 1 Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for deferred bonuses over the period in which they are earned, as opposed to "awarded" basis but exclude redundancy costs, revaluation of share-based employee liabilities and acquisition costs treated as employee compensation under IFRS
- 2 Adjustments = GA US investment costs, defined as compensation earned in respect of the first 12 month period of employment plus any make-wholes payable in the reporting period



# Performance by business – 6 months



(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	H1 2021
<b>Revenue</b>	<b>833</b>	<b>274</b>	<b>235</b>	<b>8</b>	<b>0</b>	<b>1,350</b>
Operating expenses	(668)	(217)	(50)	(31)	120	(846)
Impairments	0	1	0	0	1	2
<b>Operating income</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>121</b>	<b>506</b>
Other income / (expense)	0	0	0	0	4	4
<b>Profit before tax</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>125</b>	<b>510</b>
Exceptional (profits) / charges	0	0	0	0	0	0
<b>PBT excluding exceptional charges / profits</b>	<b>165</b>	<b>58</b>	<b>185</b>	<b>(23)</b>	<b>125</b>	<b>510</b>
<i>Operating margin %</i>	<i>20%</i>	<i>21%</i>	<i>79%</i>	<i>-</i>	<i>-</i>	<i>38%</i>

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	H1 2020
<b>Revenue</b>	<b>529</b>	<b>252</b>	<b>53</b>	<b>7</b>	<b>(3)</b>	<b>838</b>
Operating expenses	(454)	(206)	(43)	(28)	52	(679)
Impairments	0	(2)	0	0	(6)	(8)
<b>Operating income</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>43</b>	<b>151</b>
Other income / (expense)	0	0	0	0	(1)	(1)
<b>Profit before tax</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>42</b>	<b>150</b>
Exceptional (profits) / charges	0	0	0	0	6	6
<b>PBT excluding exceptional charges / profits</b>	<b>75</b>	<b>44</b>	<b>10</b>	<b>(21)</b>	<b>48</b>	<b>156</b>
<i>Operating margin %</i>	<i>14%</i>	<i>17%</i>	<i>19%</i>	<i>-</i>	<i>-</i>	<i>19%</i>

# Performance by business – 12 months



(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	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>
<i>Operating margin %</i>	15%	15%	39%	-	-	21%

(in €m)	Global Advisory	Wealth & Asset Management	Merchant Banking	Other businesses and corporate centre	IFRS reconciliation <sup>1</sup>	2019
<b>Revenue</b>	<b>1,160</b>	<b>497</b>	<b>197</b>	<b>24</b>	<b>(6)</b>	<b>1,872</b>
Operating expenses	(994)	(426)	(86)	(53)	139	(1,420)
Cost of risk	-	2	-	-	(8)	(6)
<b>Operating income</b>	<b>166</b>	<b>73</b>	<b>111</b>	<b>(29)</b>	<b>125</b>	<b>446</b>
Other income / (expense)	-	-	-	-	19	19
<b>Profit before tax</b>	<b>166</b>	<b>73</b>	<b>111</b>	<b>(29)</b>	<b>144</b>	<b>465</b>
Exceptional profits	-	-	-	-	(18)	(18)
<b>PBT excluding exceptional charges / profits</b>	<b>166</b>	<b>73</b>	<b>111</b>	<b>(29)</b>	<b>126</b>	<b>447</b>
<i>Operating margin %</i>	14%	15%	56%	-	-	24%

## Note

<sup>1</sup> IFRS reconciliation mainly reflects: the treatment of profit share (préciput) 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; adding back non-operating gains and losses booked in "net income/(expense) from other assets" or administrative expenses; and reallocating cost of risk and certain operating income and expenses for presentational purposes

# Summary Balance sheet



(in €bn)	30/06/2021	31/12/2020	Var
<b>Banks</b>	<b>13.0</b>	<b>12.3</b>	<b>0.7</b>
Credit exposures	3.9	3.5	0.4
<i>o/w Private client lending (PCL)</i>	3.6	3.1	0.5
Cash and treasury assets	8.0	7.9	0.1
<i>o/w amounts deposited by non-bank Group subsidiaries</i>	0.4	0.4	0.0
Other current and non-current assets	1.1	0.9	0.2
<b>Non-Banks</b>	<b>2.6</b>	<b>2.4</b>	<b>0.2</b>
Merchant Banking investments	0.8	0.7	0.1
Cash and treasury assets	0.9	0.8	0.1
<i>o/w central Group</i>	0.5	0.6	(0.1)
Other current and non-current assets	0.9	0.9	0.0
<b>Total assets</b>	<b>15.6</b>	<b>14.7</b>	<b>0.9</b>
<b>Banks</b>	<b>12.0</b>	<b>11.3</b>	<b>0.7</b>
Due to customers	10.4	9.9	0.5
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>0.5</b>	<b>0.7</b>	<b>(0.2)</b>
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.3	0.5	(0.2)
<b>Capital</b>	<b>3.1</b>	<b>2.7</b>	<b>0.4</b>
Shareholders' equity - Group share	2.7	2.3	0.4
Non-controlling interests	0.4	0.4	0.0
<b>Total capital and liabilities</b>	<b>15.6</b>	<b>14.7</b>	<b>0.9</b>

	30/06/2021	31/12/2020
<i>Loans / Deposits</i>	38%	35%
<i>Liquid assets / Total assets</i>	57%	59%
<i>Net book value / share</i>	€37.31	€31.90
<i>Net tangible book value / share</i>	€32.98	€27.67



# Operating cash flow



	12m to Dec 18	12m to Dec 19	12m to Dec 20
<b>Consolidated Profit before tax</b>	<b>531</b>	<b>465</b>	<b>369</b>
Non cash items	(65)	(55)	38
<b>Profit before tax and non cash items</b>	<b>466</b>	<b>410</b>	<b>407</b>
Acquisition of MB investments	(81)	(126)	(120)
Disposal of MB investments	200	104	89
Net (acquisition)/disposal of PPE and intangible assets	(21)	26	(22)
Tax paid	(64)	(69)	(52)
Net cash inflow/(outflow) relating to other operating activities <sup>(1)</sup>	(185)	(229)	(212)
<b>Operating cash flow (OCF)</b>	<b>315</b>	<b>116</b>	<b>90</b>
<b>OCF excl. MB investment activities</b>	<b>196</b>	<b>138</b>	<b>121</b>
<b>OCF as a % of Net income - Group share excl. MB investment activities and investment revenue</b>	<b>108%</b>	<b>101%</b>	<b>96%</b>

**3y average: €174m**

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



# 5

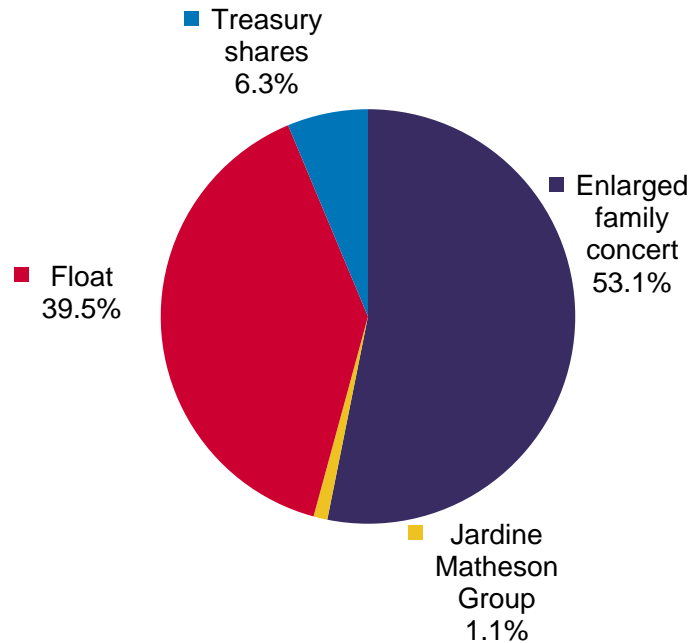
Shareholding structure and  
governance



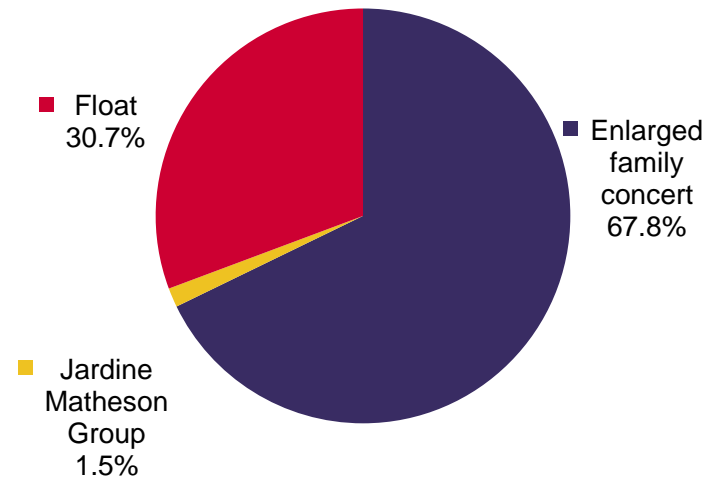
# Shareholding structure as at 31 August 2021



Share capital



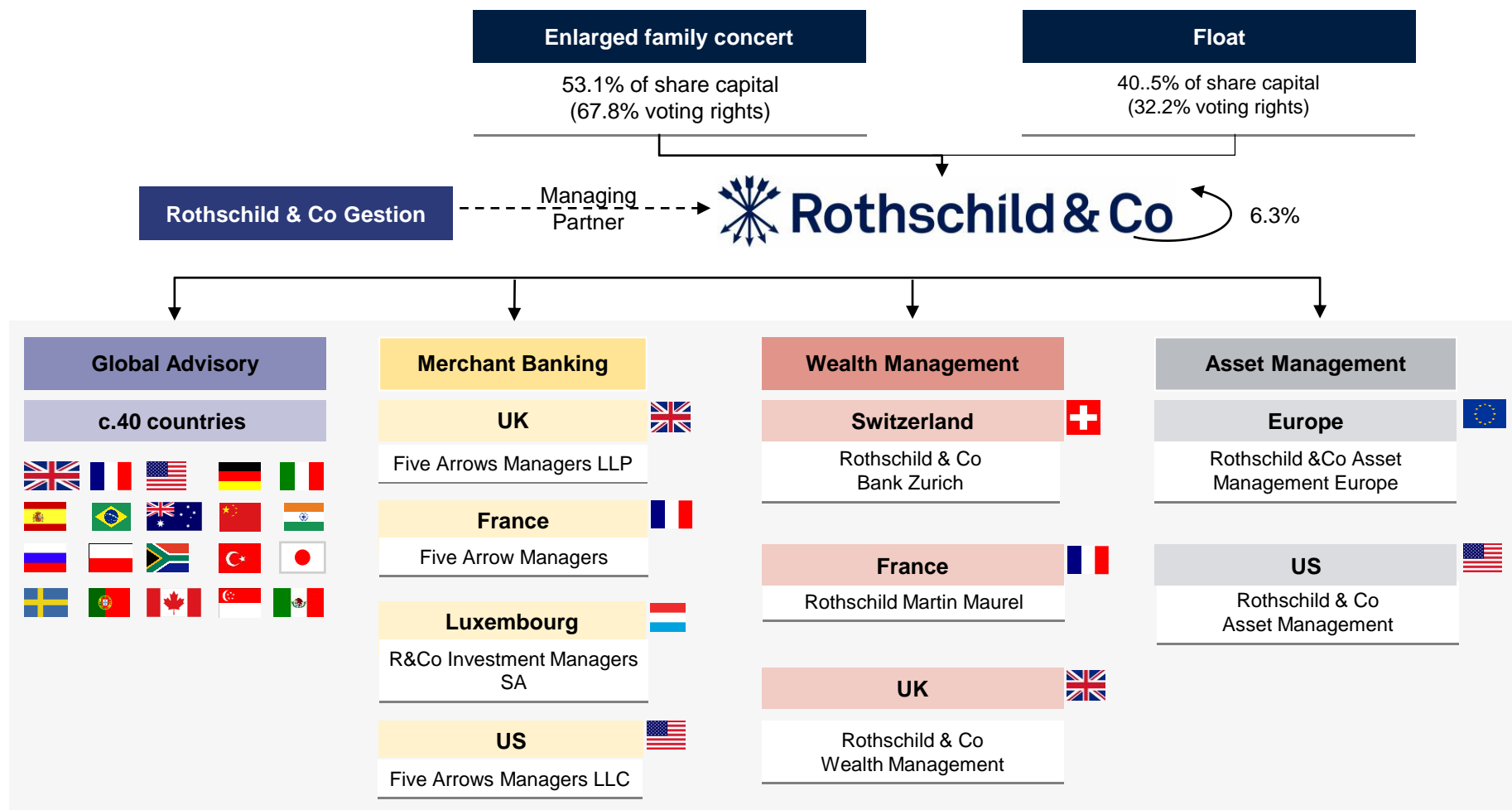
Voting rights



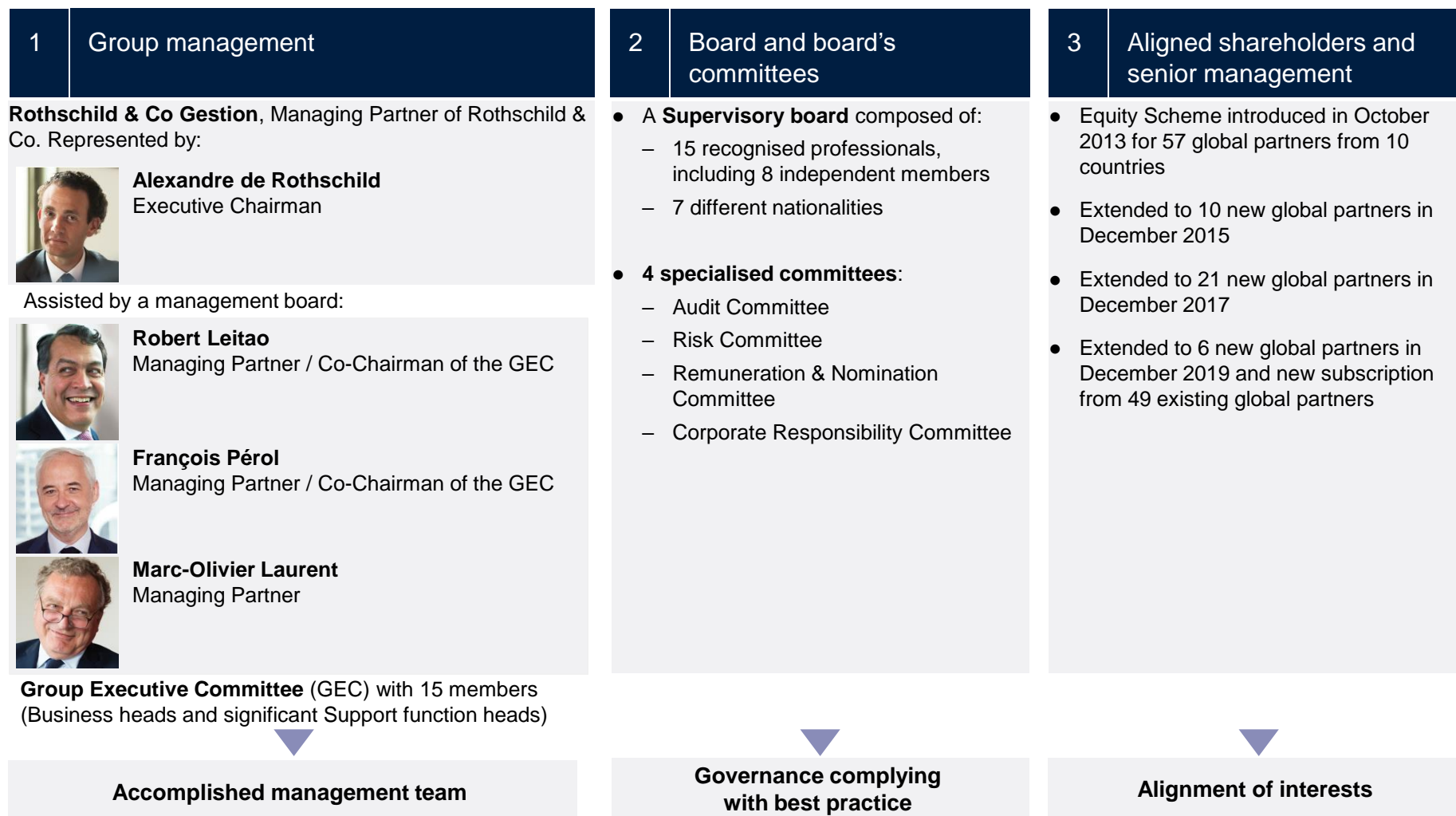
# Rothschild & Co at a glance



As at 31 August 2021



# Strong corporate governance







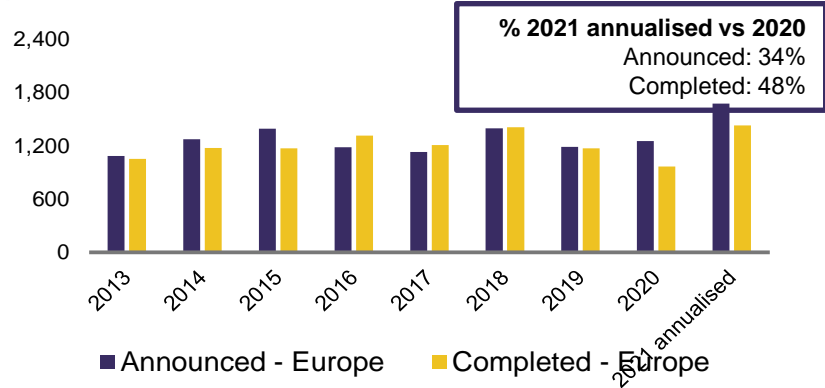
# Appendices



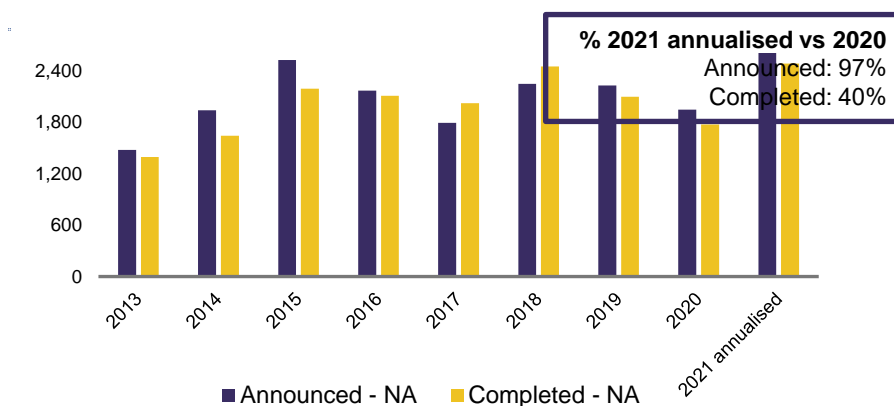


# Regional M&A market by deal values (US\$bn)

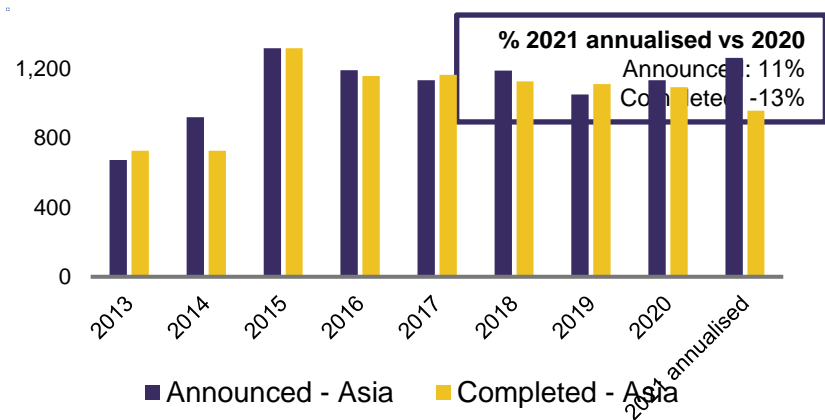
## Europe



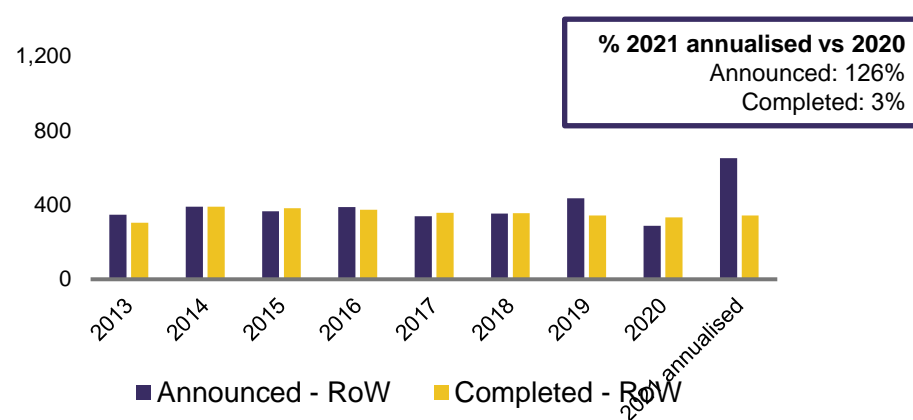
## North America



## Asia



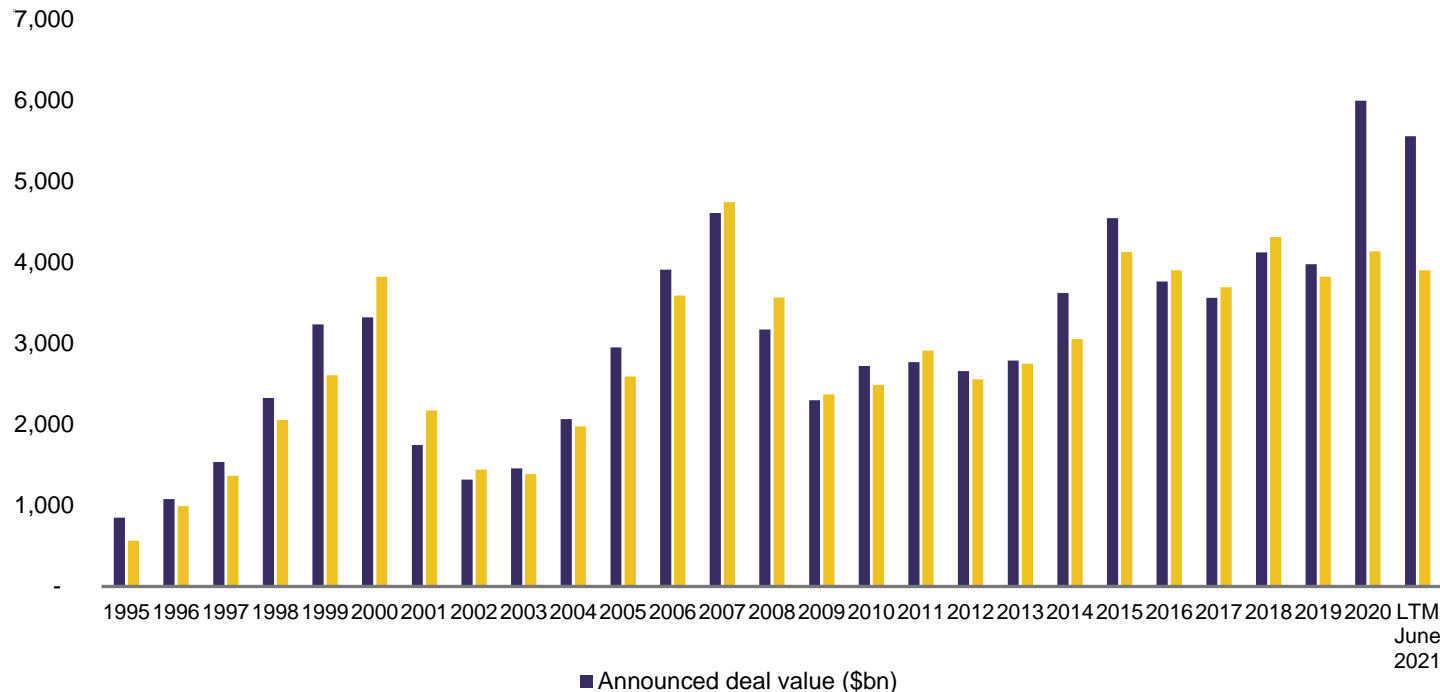
## Rest of the world



# M&A market by deal values



## Global M&A by deal values (US\$bn)



Deal Values > \$10bn	2020	2021 annualised	Var %
Announced	941	1,474	57%
Completed	886	977	10%
<b>o/w USA</b>			
Announced	574	1,149	100%
% USA / Global	61%	78%	
Completed	555	689	24%
% USA / Global	63%	71%	

	16 vs 15	17 vs 16	18 vs 17	19 vs 18	20 vs 19	LTM 06/21 vs LTM 06/20	H1 21 vs H1 20
% var Announced	(17%)	(5%)	16%	(3%)	51%	89%	167%
% var Completed	(5%)	(5%)	17%	(11%)	8%	7%	31%

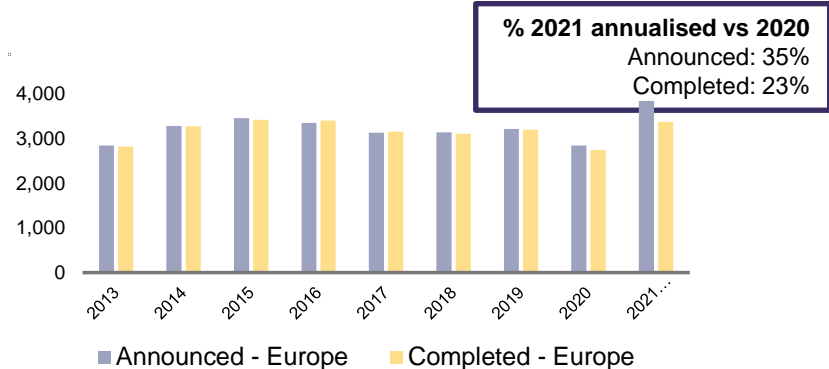
Source: Dealogic



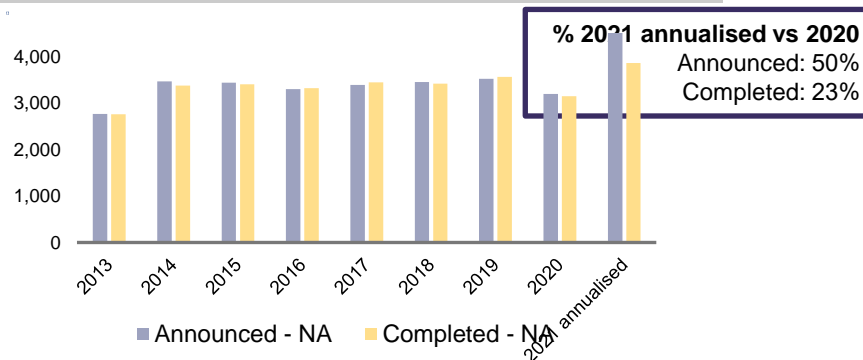


# Regional M&A market by deal number

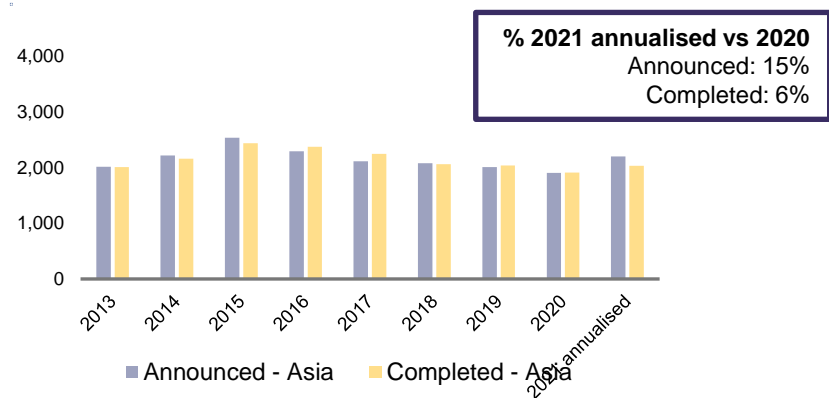
## Europe



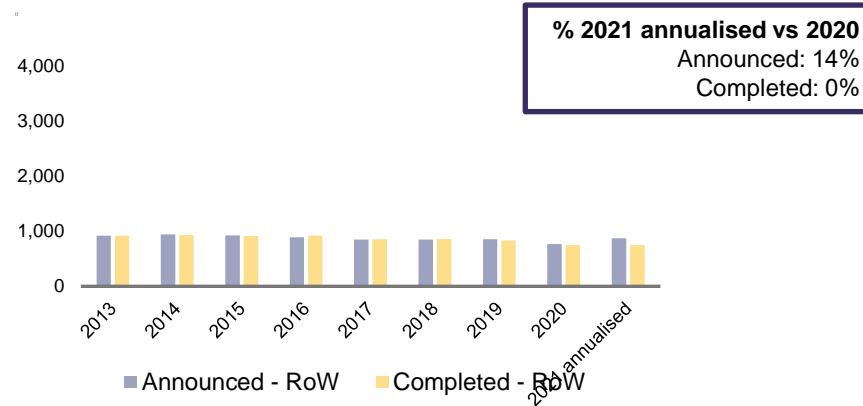
## North America



## Asia



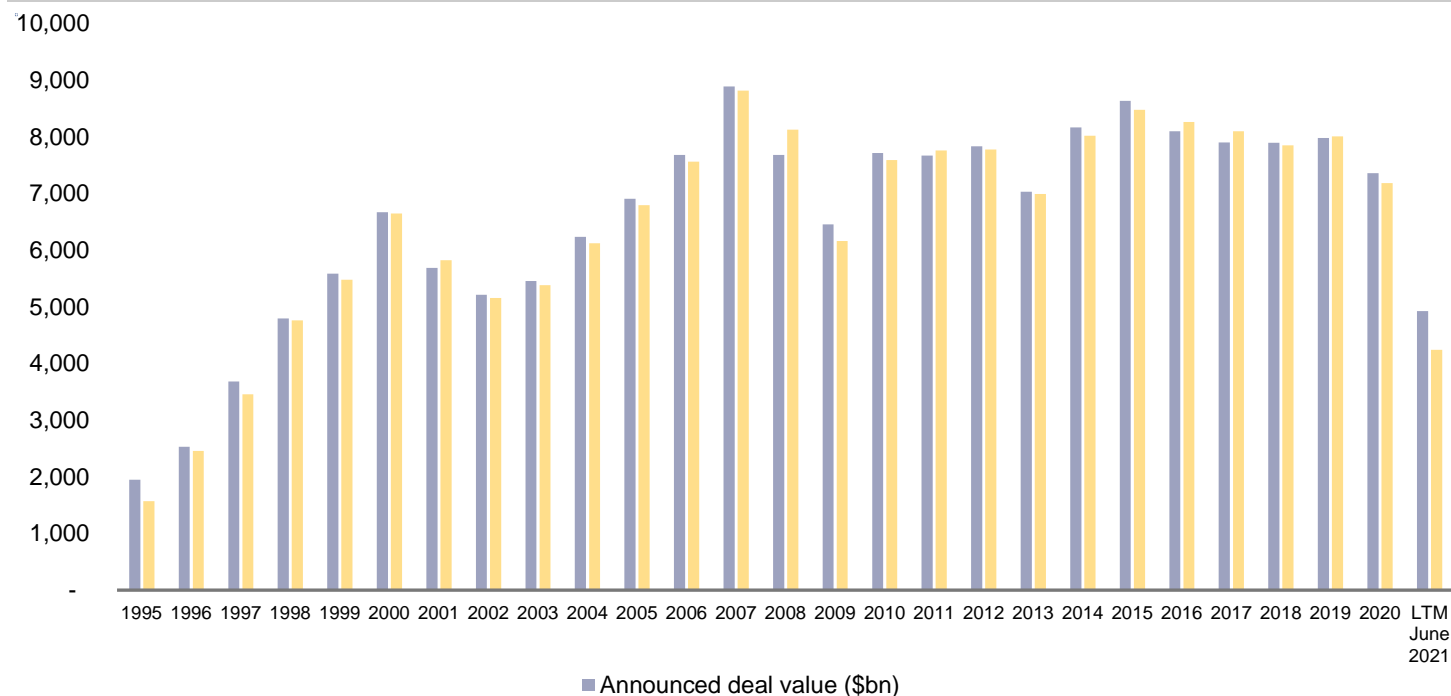
## Rest of the world



# M&A market by deal number



## Global M&A by deal number



Deal nb > \$10bn	2020	2021 annualised	Var %
Announced	46	56	22%
Completed	38	50	32%
<b>o/w USA</b>			
Announced	30	40	33%
% USA / Global	65%	71%	
Completed	26	34	31%
% USA / Global	68%	68%	


	17 vs 16	18 vs 17	19 vs 18	20 vs 19	LTM 06/21 vs LTM 06/20
% var Announced	(2%)	(0%)	1%	(8%)	30%
% var Completed	(2%)	(3%)	2%	(10%)	14%

Source: Dealogic - Annualised data for 2020 based on June data

# Global Advisory























## M&A and Strategic Advisory – example of transactions

Company	Deal	Country	Sector	Value
	Proposed merger with CaixaBank		FIG	€17bn
	A\$10.8bn recommended offer for Coca Cola Amatil from public shareholders and The Coca-Cola Company		Consumer	US\$8.4bn
	Acquisition of Bombardier Transportation and cornerstone investment from CDPQ		Transport & Infrastructure	€7.5bn
	Sale of Asda to Issa Brothers and TDR Capital		Real Estate	£6.8bn
	Sale of its US Property and Casualty Business to Zurich Farmers Group		FIG	US\$4bn
	Take-private of Endurance International Group		TMT	US\$3bn
	€4.3bn acquisition of Borsa Italiana		FIG	US\$2.1bn
	Acquisition of Corialis from CVC Capital		General Engineering	€1.6bn



















## Long-term clients

 <ul style="list-style-type: none"> <li>• 16 deals</li> <li>• 21 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 36 deals</li> <li>• 23 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 18 deals</li> <li>• 21 years</li> </ul>	 <ul style="list-style-type: none"> <li>• Multiple assignments over 100+ years</li> </ul>	 <ul style="list-style-type: none"> <li>• 9 deals</li> <li>• 12 years</li> </ul>
 <ul style="list-style-type: none"> <li>• 19 deals</li> <li>• 15 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 7 deals</li> <li>• 21 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 9 deals</li> <li>• 27 years</li> </ul>	 <ul style="list-style-type: none"> <li>• Multiple assignments over 100+ years</li> </ul>	 <ul style="list-style-type: none"> <li>• 10 deals</li> <li>• 11 years</li> </ul>
 <ul style="list-style-type: none"> <li>• 21 deals</li> <li>• 15 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 16 deals</li> <li>• 11 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 8 deals</li> <li>• 13 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 13 deals</li> <li>• 22 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 8 deals</li> <li>• 20 years</li> </ul>
 <ul style="list-style-type: none"> <li>• 15 deals</li> <li>• 17 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 18 deals</li> <li>• 29 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 19 deals</li> <li>• 25 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 14 deals</li> <li>• 23 years</li> </ul>	 <ul style="list-style-type: none"> <li>• 16 deals</li> <li>• 26 years</li> </ul>

# Global Advisory



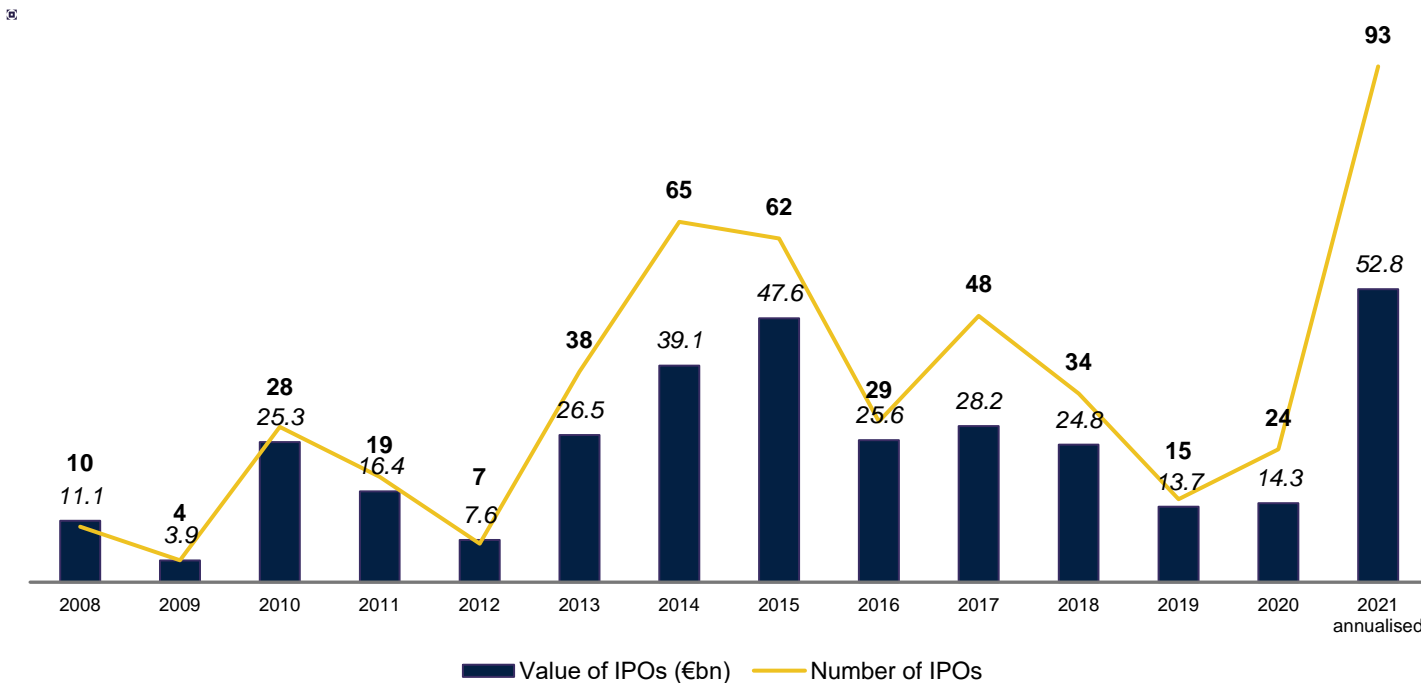
## Financing advisory – example of transactions

Company	Deal	Country	Sector	Value
	Adviser to the Ad Hoc Group of European Noteholders on Hertz's US\$19.1bn Chapter 11 restructuring		Business Services	US\$19.1bn
	Chapter 11 restructuring		Energy & Power	US\$10.8bn
	€4.5bn debt restructuring, new €477m State-Guaranteed Loan and €477m capital increase		Real Estate	€4.98bn
	€1.8bn debt restructuring and €500m new money		Automotive	c.€2,300m
	Carve-out IPO of Vantage Towers		TMT	c.€2.3bn
	€2.2bn IPO on Euronext Amsterdam		FIG	€2.2bn
	€2bn financial restructuring		Automotive	€2.bn
	€1.5bn capital increase by EDP Renováveis (EDPR)		Energy & Power	€1.5bn

# European IPO market



## IPO volumes in Europe since 2008 (>€200m)



	17 vs 16	18 vs 17	19 vs 18	20 vs 19	Annualised 21 vs 20
% Value	10%	(12)%	(45)%	5%	270%
% Number	66%	(29)%	(56)%	60%	288%

Source Dealogic



# Selected sample of transactions in Merchant Banking

## A history of long-term value creation in the mid-cap segment

### Sample of recent transactions

#### Private Equity



Leading player on the privately managed nurseries market

France



Developer of high quality tests for medical diagnosis

United Kingdom



Provider of legal and tax information and publications

Denmark



Provider of patient safety and risk management software

United Kingdom



Benchmarking and technical data in the automotive sector

France



Provider of Repair and Maintenance Information for garages

United Kingdom



Healthcare tech-enabled procurement platform

Germany



Technology-enabled insurance distribution platform and service provider

Netherlands




Digital platform for the real estate intermediation market

France



Software company focused on the banking sector

United Kingdom



Education sector (kindergartens and primary schools)

China



leading provider of educational travel in the US

USA

#### Private Debt



Nuclear measurement tools

Global



Specialist systems and outsourcing services

UK



IT support and technology services provider

UK



Specialized education and care

UK



Fast-food restaurant chain

France



Multi-regional chain for routine laboratory

France



Global computer products and services

USA



Generic pharmaceuticals company

Germany




Leading European petrol forecourt operator

Europe



Dutch cable operator

Netherlands



Leading Global hospitality service provider

USA



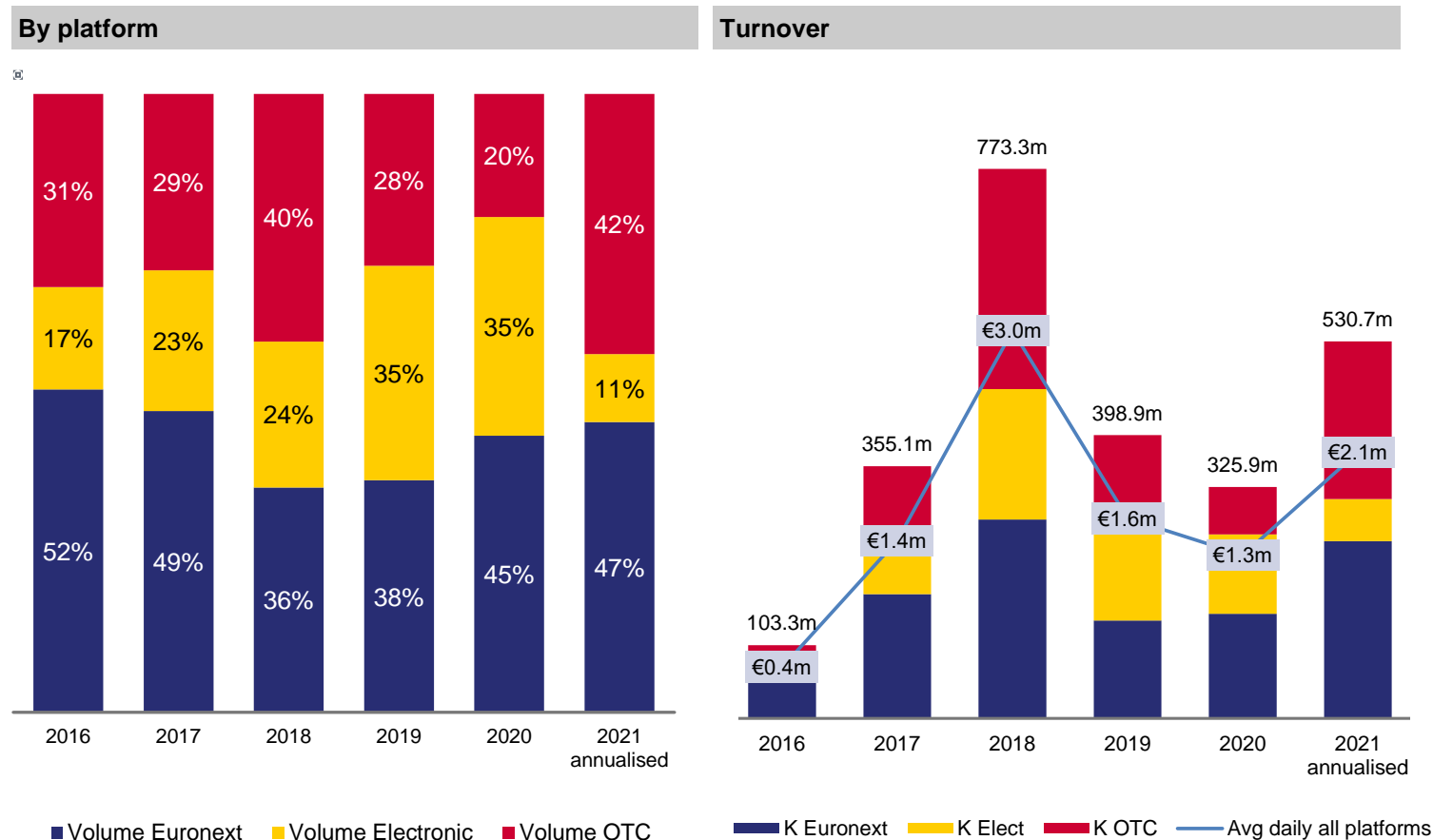
Nordic payment processor

Scandinavia

# Rothschild & Co liquidity since 2016



As at 30 June 2021





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