



## Press release – Financial information

### 3<sup>rd</sup> quarter 2021

Paris, 9 November 2021

#### Record quarterly revenues driven by strong market conditions across all three businesses

- **Global Advisory:** record quarterly revenue of €464 million, up 77% (Q3 2020: €262 million) and nine-month revenue of €1,297 million, up 64% (9m 2020: €791 million), reflecting continued very strong levels of activity across our whole business.
- **Wealth and Asset Management:** very strong quarterly revenue of €151 million, up 29% (Q3 2020: €117 million) and nine-month revenue of €425 million, up 15% (9m 2020: €369 million), driven by an increase in management fees in line with the growth in Assets under Management (AuM), up 22% to €95.3 billion (31 December 2020: €78.1 billion). This is due to the combination of solid Net New Assets (NNA) in Wealth Management (€4.8 billion), the acquisition of Banque Pâris Bertrand (€6.4 billion), which we are reporting for the first time (3 months of activity), and positive market performance.
- **Merchant Banking:** record quarterly revenue of €47 million, up 78% (Q3 2020: €27 million), continued strong momentum in Q3 2021 led to a nine-month revenue of €282 million, up 255% (9m 2020: €79 million) as a result of significant realised and unrealised investment gains, combined with further growth in recurring revenue. AuM up 10% to €17.4 billion, (31 December 2020: €15.7 billion), of which Rothschild & Co's share was €1.5 billion.

In € million	Third quarter			9m to September		
	2021	2020	% Var	2021	2020	% Var
Global Advisory	464.0	261.9	77%	1,297.4	791.3	64%
Wealth & Asset Management	151.3	117.1	29%	425.5	369.3	15%
Merchant Banking	47.4	26.7	78%	282.1	79.5	255%
Other businesses and corporate centre	4.3	2.2	95%	12.4	9.3	33%
<b>TOTAL before IFRS reconciliation</b>	<b>667.0</b>	<b>407.9</b>	<b>64%</b>	<b>2,017.4</b>	<b>1,249.4</b>	<b>61%</b>
IFRS Reconciliation	(0.3)	(4.2)	(93)%	(0.8)	(7.9)	90%
<b>Total Group revenue</b>	<b>666.7</b>	<b>403.7</b>	<b>65%</b>	<b>2,016.6</b>	<b>1,241.5</b>	<b>62%</b>

The nine months revenue has been negatively impacted by currency translation effects of €1 million.

# 1. Business review

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## 1.1 Global Advisory

Our Global Advisory business focuses on providing advice in the areas of Strategic Advisory and M&A, Financing Advisory encompassing Debt Advisory, Restructuring and Equity Advisory, as well as Investor Advisory where we advise clients around engaging with shareholders on a variety of topics including activism, sustainability and governance.

**Revenue for the third quarter of 2021 was a new record of €464 million, up 77%** compared to the same period last year (Q3 2020: €262 million), reflecting continued very strong levels of activity across our whole business.

**Revenue for the nine months to September 2021 was a record high of €1,297 million, up 64%** compared to the same period last year (9m 2020: €791 million). For the last twelve months to September 2021, we ranked 5<sup>th</sup> globally by financial advisory revenue<sup>1</sup>.

Our **M&A** revenue for the nine months to September 2021 was €955 million, up 86% compared to the same period last year (9m 2020: €513 million), based on continued elevated levels of deal activity within our main geography and sector franchises, and across both corporate and financial sponsor clients. We ranked 3<sup>rd</sup> globally by number of completed transactions for the nine months to September 2021<sup>2</sup>. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years<sup>2</sup>.

**Financing Advisory** revenue for the nine months to September 2021 was €342 million, up 23% compared to the same period last year (9m 2020: €278 million). We ranked 2<sup>nd</sup> in Europe and 3<sup>rd</sup> globally by number of completed restructuring transactions for the nine months to September 2021<sup>2</sup>. We advised on more European equity assignments than any other independent financial adviser over the same period<sup>3</sup>. Global Advisory was highly active in advising clients, during the period, on innovative sustainability linked financing transactions as well as in raising funding for renewable energy projects.

Global Advisory advised the following clients on significant assignments that completed in the quarter:

- **FirstGroup** on its divestiture of First Student and First Transit to EQT Infrastructure (US\$4.6 billion, UK and United States)
- **Fieldwood Energy (adviser to First Lien Creditors)** on the restructuring of Fieldwood and credit bid purchase of certain assets (US\$3.7 billion and US\$1.03 billion, respectively, United States)
- **Groupe BPCE** on its public tender offer to the minority shareholders of Natixis (€3.7 billion, France)
- **UDG Healthcare** on its recommended cash offer by CD&R (£2.8 billion, Ireland and United States)
- **Asda and its shareholders** on the sale-and-leaseback of Asda's distribution and warehouse property assets to Blackstone (c.£1.6 billion, United Kingdom)

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

- **Suez** on the recommended tender offer from Veolia (€26.0 billion, France)
- **Morrison's** on its recommended offers from CD&R (£10.0 billion, United Kingdom and United States)<sup>4</sup>
- **HELLA Family Pool** on the sale of its 60% stake in HELLA to Faurecia (€6.7 billion, Germany and France)
- **Nordic Aviation Capital** on its restructuring (US\$5.9 billion, United Kingdom)
- **Clearlake Capital** on its take-private acquisition of Cornerstone OnDemand (US\$5.2 billion, United States)<sup>4</sup>

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<sup>1</sup> Source: Company filings

<sup>2</sup> Source: Refinitiv

<sup>3</sup> Source: Dealogic

<sup>4</sup> Transaction completed in October 2021

## 1.2 Wealth and Asset Management

Wealth and Asset Management (WAM) is made up of **WAM Europe** with Wealth Management businesses in France, Switzerland, UK, Belgium, Germany, Monaco, Italy and Spain and Asset Management activity in Europe; and **AM US**, an Asset Management business in North America.

Despite mass vaccination in developed countries, the pandemic crisis is not yet over, and the coming months remain uncertain. The markets are now focusing on inflation, widespread commodity shortage and interest rate rises on the horizon. The equity markets are still supported by the liquidity provided by the central banks and governments. Within this context, the performance of the business has remained very strong. **Net new assets (NNA) for the nine months to September 2021 were €4.3 billion**; of which net inflows of €4.8 billion in Wealth Management and €0.5 billion in Asset Management Europe and net outflows of €1.0 billion in Asset Management US. During the third quarter, WAM Europe continued to attract new clients and recorded €1.2 billion of NNA, slightly offset by net outflows of €0.3 billion in North America.

The acquisition was completed at the beginning of July and the legal merger between the two entities (Rothschild & Co Bank AG and Banque Pâris Bertrand) was implemented on 1 October 2021. Hence, we are reporting the impact of the acquisition of the Banque Pâris Bertrand (three months of activity) for the first time. AuM reported by Banque Pâris Bertrand was €6.4 billion.

Our investment management teams (in all European locations and in the US) have performed extremely well and are showing YTD performance above their respective benchmarks in most client portfolios and currencies, often ranked in top quartile when compared to peers.

Taking into account NNA, market effect and the acquisition of Banque Pâris Bertrand, **Assets under Management (AuM) for WAM Europe have increased by 24% since the beginning of the year from €69.9 billion to €87.0 billion as at 30 September 2021**. If we also include assets from our Wealth Management clients invested in Rothschild & Co Asset Management products (€6.1 billion), AuM is €93.1 billion.

AuM for AM US has increased by 1% since the beginning of the year from €8.2 billion to €8.3 billion as at 30 September. Overall, the performance of the business is improving with enhanced investment performance across all strategies being reflected in both slowing outflows and an increasing number of new business opportunities.

The table below shows the development of AuM:

In € billion	Quarter ended			9m to September	
	30/09/2021	30/06/2021	30/09/2020	2021	2020
<b>AuM opening</b>	<b>87.5</b>	<b>83.6</b>	<b>71.3</b>	<b>78.1</b>	<b>76.0</b>
<i>of which Wealth Management</i>	63.7	60.9	49.9	55.8	50.5
<i>of which AM Europe</i>	15.3	14.5	13.9	14.1	15.3
<i>of which AM US</i>	8.5	8.2	7.5	8.2	10.2
<b>Acquisition of Pâris Bertrand Banque</b>	<b>6.4</b>	-	-	<b>6.4</b>	-
<b>Net new assets</b>	<b>0.9</b>	<b>1.5</b>	<b>(1.0)</b>	<b>4.3</b>	<b>(0.7)</b>
<i>of which Wealth Management</i>	1.1	1.3	0.5	4.8	2.3
<i>of which AM Europe</i>	0.1	0.3	(0.1)	0.5	(0.2)
<i>of which AM US</i>	(0.3)	(0.1)	(1.4)	(1.0)	(2.8)
<b>Market and exchange rate</b>	<b>0.5</b>	<b>2.4</b>	<b>1.1</b>	<b>6.5</b>	<b>(3.9)</b>
<b>AuM closing</b>	<b>95.3</b>	<b>87.5</b>	<b>71.4</b>	<b>95.3</b>	<b>71.4</b>
<i>of which Wealth Management</i>	71.8	63.7	51.3	71.8	51.3
<i>of which AM Europe</i>	15.2	15.3	13.9	15.2	13.9
<i>of which AM US</i>	8.3	8.5	6.2	8.3	6.2
<i>% var / AuM opening</i>	<b>9%</b>			<b>22%</b>	

**Revenue for the third quarter of 2021 was €151 million, up 29%** compared to the same period last year (Q3 2020: €117 million).

**Revenue for the nine months to September 2021 was €425 million, up 15%** compared to the same period last year (9m 2020: €369 million). The growth was driven by fees and commissions which increased by 18% at €366 million (9m 2020: €309 million), directly linked to the progressive increase of the AuM over the period. Commissions and fees represent 86% of the total revenue.

This growth was negatively impacted, however, by the net interest income down 14% to €36 million compared to the same period last year (9 months 2020: €42 million), due to the impact of USD and GBP interest rate cuts in March 2020, as well as prolonged negative interest rates in EUR and CHF. This low interest rate environment continues to penalise our treasury revenue. However, this was partly offset by the growth of the private clients lending book, especially the Lombard Loan book.

Following the approval received from the Spanish regulators, we have officially opened our new office in Madrid, which is now staffed and fully operational.

### 1.3 Merchant Banking

*Merchant Banking is the investment arm of Rothschild & Co, managing capital for the firm and third parties in private equity and private debt.*

**Revenue for the third quarter of 2021 was €47 million, up 78%** compared to the same period last year (Q3 2020: €27 million).

**Revenue for the nine months to September 2021 was €282 million, up 255%** compared to the same period last year (9m 2020: €79 million) thanks to significant realised gains on investment disposals, material unrealised value accretion across the entire portfolio and year-on-year growth in recurring revenue. When compared to the average first nine months for the last three years, revenue is up 143%.

The table below illustrates the progression in revenue.

In € million	9m 2021	9m 2020	Var	% Var
Recurring revenue	87.7	81.7	6.0	7%
Investment and performance revenue	194.4	(2.2)	196.6	n/a
<i>of which carried interest</i>	70.2	(0.7)	70.9	n/a
<i>of which realised and unrealised investments gains and dividends</i>	124.2	(1.5)	125.7	n/a
<b>Total revenue</b>	<b>282.1</b>	<b>79.5</b>	<b>202.6</b>	<b>255%</b>
<i>% recurring / total revenue</i>	31%	103%		

The strong revenue increase for the nine months to September 2021 continues the momentum seen in previous quarters, and is driven by the combination of two positive effects:

- an increase in recurring revenue of 7% compared to the same period last year given the continued growth of fee-earning AuM base; and
- a record-high contribution from investment performance revenue of €194.4 million, representing a positive variance of €196.6 million compared to the same period last year<sup>1</sup>. This performance was mainly driven by:
  - valuation uplifts achieved through successful exits from the private equity portfolio;
  - unrealised valuation gains across our private equity portfolios in Europe and the US; and
  - accrued income and positive mark-to-market movements in the Group's private debt positions.

As pointed out in the half-year results announcement, the investment performance revenue generated to date in 2021 represents a strong validation of our robust investment approach and reinforces the fact that our portfolios have continued to create value for our investors notwithstanding the challenges posed by the pandemic.

<sup>1</sup> It is worth noting that, for the nine months to September 2020, Investment and performance revenue was slightly negative at €2.2 million due to the lack of material valuation uplifts in the private equity positions and negative mark-to-market movements in some of the Credit Management products.

The resilience of the industry sectors we focus on (Data & Software, Healthcare and Technology-Enabled Business Services), combined with the high quality of our assets and our effective portfolio value creation initiatives, have resulted in higher valuations for our private equity positions and were the main drivers behind the successful realisations completed in 2021.

The alignment of interests between the Group and our third-party investors continues to represent a key differentiator for Merchant Banking. In the nine months to September 2021:

- Rothschild & Co's investments in the division's products totalled €128 million, of which €104 million was in private equity and €24 million in private debt.
- Distributions to Rothschild & Co equaled €180 million, of which €125 million was from private equity and €55 million from private debt.

Assets under Management as at 30 September 2021 were €17.4 billion, up 10% versus 31 December 2020 (€15.7 billion), of which Rothschild & Co's share was €1.5 billion.

## 2. Outlook

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In **Global Advisory**, announced global M&A market activity for the first three quarters of 2021 was at record levels. This trend is evident in our visible pipeline of business which is well diversified and significantly ahead of previous years at this stage. We expect activity levels to remain solid through the remainder of year with fourth quarter revenue anticipated to be particularly strong. We therefore remain very positive regarding the performance outlook for our business in 2021.

In **Wealth and Asset Management**, after an exceptionally robust first three quarters, the outlook remains positive, thanks to our strong new business pipeline, but we expect more volatility for the rest of the year. The coming months will also be the opportunity to leverage the banque Pâris Bertrand acquisition as well as accelerating the recruitments of new client advisors and the digitisation of the business.

In **Merchant Banking**, we expect to continue to grow our recurring revenue base as we launch new products and deploy capital across all our strategies. Additionally, in line with the performance across our portfolios to date in 2021, we expect our investments to continue to fulfil their value creation potential, which will generate further investment performance related revenue for the Group. We are confident that our fundamental investing principles, centred around capital preservation and providing attractive risk-adjusted returns from our chosen sectors, continue to be a strong foundation for the ongoing development of Merchant Banking.

The current macro environment is still positive for our three core businesses. The clear strategies of each business line allow us to be optimistic for a continuing strong performance for the rest of the year.

## Financial calendar:

- 28 February 2022: Full year results 2021
- 12 May 2022: First quarter – Financial information
- 19 May 2022: Annual General Meeting
- 4 August 2022: Half-year results 2022

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## About Rothschild & Co

Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years. With a team of c.3,600 talented financial services specialists on the ground in over 40 countries, Rothschild & Co's integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth and Asset Management, and Merchant Banking.

Rothschild & Co is a French partnership limited by shares (*société en commandite par actions*) listed on Euronext in Paris, Compartment A with a share capital of €155,465,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

## A. Quarterly progression of revenue

<i>In € million</i>		2021	2020	Var
Global Advisory	1 <sup>st</sup> quarter	394.9	269.1	47%
	2 <sup>nd</sup> quarter	438.5	260.3	68%
	3 <sup>rd</sup> quarter	464.0	261.9	77%
	<b>Total</b>	<b>1,297.4</b>	<b>791.3</b>	<b>64%</b>
Wealth and Asset Management	1 <sup>st</sup> quarter	134.3	130.8	3%
	2 <sup>nd</sup> quarter	139.9	121.4	15%
	3 <sup>rd</sup> quarter	151.3	117.1	29%
	<b>Total</b>	<b>425.5</b>	<b>369.3</b>	<b>15%</b>
Merchant Banking	1 <sup>st</sup> quarter	103.4	20.7	400%
	2 <sup>nd</sup> quarter	131.3	32.1	309%
	3 <sup>rd</sup> quarter	47.4	26.7	78%
	<b>Total</b>	<b>282.1</b>	<b>79.5</b>	<b>255%</b>
Other business and corporate centre	1 <sup>st</sup> quarter	5.0	3.1	61%
	2 <sup>nd</sup> quarter	3.1	4.0	(23)%
	3 <sup>rd</sup> quarter	4.3	2.2	95%
	<b>Total</b>	<b>12.4</b>	<b>9.3</b>	<b>33%</b>
IFRS reconciliation	1 <sup>st</sup> quarter	(1.4)	(7.3)	(81)%
	2 <sup>nd</sup> quarter	0.9	3.6	(75)%
	3 <sup>rd</sup> quarter	(0.3)	(4.2)	(93)%
	<b>Total</b>	<b>(0.8)</b>	<b>(7.9)</b>	<b>90%</b>
<b>Total revenue</b>	1 <sup>st</sup> quarter	<b>636.2</b>	<b>416.4</b>	<b>53%</b>
	2 <sup>nd</sup> quarter	<b>713.7</b>	<b>421.4</b>	<b>69%</b>
	3 <sup>rd</sup> quarter	<b>666.7</b>	<b>403.7</b>	<b>65%</b>
	<b>Total</b>	<b>2,016.6</b>	<b>1,241.5</b>	<b>62%</b>

## B. Merchant Banking: investment activities and business development in Q3 2021

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### Private Equity

- Five Arrows Principal Investments III (FAPI III), our 3<sup>rd</sup> generation European private equity fund, completed two investments:
  - Sygnature Discovery in July 2021, a provider of outsourced drug discovery and pre-clinical research services; and
  - RLDatix in September 2021, a leading healthcare Risk, Governance and Compliance software provider. This investment was completed in the context of a large acquisition performed by RLDatix in Q3 2021 which required additional equity capital.
- Five Arrows Secondary Opportunities V (FASO V), our 3<sup>rd</sup> generation secondaries fund, completed one further investment and has now committed 65% of its capital across 14 transactions in Europe and the US.
- As announced in HY 2021 release, Merchant Banking is in the process of launching a sustainable investment fund to invest in profitable SMEs that aim to have a positive and measurable impact on the environment. The strategy is to target companies that are focused on Energy, Food & Agriculture and Sustainable cities.

### Private Debt

- Five Arrows Debt Partners III (FADP III) secured new fund commitments of €272 million in Q3 2021 and has now held its final closing having gathered c.€1.4 billion of commitments for the fund and its related vehicles, in excess of its target and more than double the size of its predecessor fund. FADP III has also now deployed c.36% of its commitments, completing two new transactions in Q3 2021:
  - a unitranche financing for Better Healthcare, a UK provider of complex home care for acute neurological conditions; and
  - a unitranche financing for CAFPI, a leading network of independent mortgage brokers in France.
- Five Arrows Credit Solutions (FACS), our 1<sup>st</sup> generation mid-market direct lending fund, completed one successful exit with its loan to Witherslack Group, a leading provider of specialist education and care for children and young people with special educational needs, being repaid in full. Additional material exit activity is in process and will be completed before the end of the calendar year.
- During Q3 2021, the Credit Management team launched two new CLO warehouses, Contego X and Ocean Trails XII, in Europe and in the US respectively, which are expected to close in Q1 2022. In addition, the team has re-set and upsized two CLOs launched in 2020 (Contego VIII and Ocean Trails 8), generating an overall AuM increase of c.€170 million.