



# Results for full-year 2022

Presentation to analysts and investors

13 February 2022





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# 1

Proposed offer by Concordia



# Concordia's intention to file a simplified tender offer for Rothschild & Co's shares

The offer	The investors	The calendar
<ul style="list-style-type: none"> <li>■ <b>Concordia</b>, the holding company of the Rothschild Family and largest shareholder of Rothschild &amp; Co, <b>announced its intention on 6 February 2023 to file a simplified tender offer</b> (<i>"offre publique d'achat simplifiée"</i>) <b>on Rothschild &amp; Co's shares at an offer price of 48.0 euros per share</b> (with right to distributions attached<sup>1</sup>)               <ul style="list-style-type: none"> <li>□ <b>The offer aims to acquire all Rothschild &amp; Co's shares not already owned by Concordia and the New Concert</b> (which would hold, at the offer filing date, approximately 60%<sup>2</sup> of Rothschild &amp; Co's share capital)</li> <li>□ <b>Concordia intends to proceed with a mandatory squeeze-out and to delist the Group</b> should minority shareholders hold no more than 10% of Rothschild &amp; Co's share capital and voting rights at the closing of the offer</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ The transaction would consist of a tender offer <b>initiated by Concordia in concert with like-minded Investors acting together as a New Concert</b> through a long-term agreement, including an 8-year lock-up period and no put or call agreements afterwards</li> <li>■ Alongside Concordia, the New Concert would be composed of:               <ul style="list-style-type: none"> <li>□ <b>The Maurel family and Edouard de Rothschild</b> (currently members of the current Enlarged Family Concert<sup>3</sup>);</li> <li>□ <b>New members investing with a view to holding up to approximately 5% of the share capital</b> (Groupe Industriel Marcel Dassault, Giammaria Giuliani (GG 1978 SICAF SIF – GG Strategic), Mousse Partners and Peugeot Invest);</li> <li>□ <b>Other investors and members of the English Rothschild family</b> (including Hannah Rothschild); and</li> <li>□ <b>Rothschild &amp; Co Partners SAS</b> (a newly created company dedicated to the shareholdings of the Partners of Rothschild &amp; Co)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Concordia's Board of Directors approved the proposed transaction</b></li> <li>■ Filing of the offer is <b>subject to prior regulatory approvals in various jurisdictions and payment of the distributions</b> <ul style="list-style-type: none"> <li>□ Objective to file the offer by mid-2023</li> </ul> </li> <li>■ Following the filing of the offer, Rothschild &amp; Co's Supervisory Board (who has favourably considered the proposed offer) will issue its recommendation based on the recommendation of the ad hoc committee of independent members and the report of the independent expert</li> <li>■ <b>Target offer opening: summer 2023</b></li> </ul>

## Notes

1. Ordinary dividend proposed by Rothschild & Co for FY2022 (€1.4/share) and exceptional distribution of reserves subject to Concordia's final decision to file the offer (€8.0/share), corresponding to a total €9.4/share distribution. These distributions remain subject to the approval of Rothschild & Co's shareholders at annual general meeting to be held on 25 May 2023 ("R&Co AGM")
2. Estimation based on current shareholding
3. Representing 54.5% of share capital and 66.8% of voting rights



# Offer conditions for Rothschild & Co's shareholders

**100% cash offer**

**€48.0 per share  
(cum dividends<sup>1</sup>)**

Offer price, of which:

**€1.4 per share**

*Ordinary  
dividend*

+

**€8.0 per share**

*Exceptional  
distribution*

**+34% premium vs. VWAP 120 days**

**+15% premium vs. historical highest price**

**0.99x P/BV Dec-22<sup>3</sup>**

**1.13x P/TBV Dec-22<sup>3</sup>**

**10.0x P/E 2023e<sup>4</sup>**

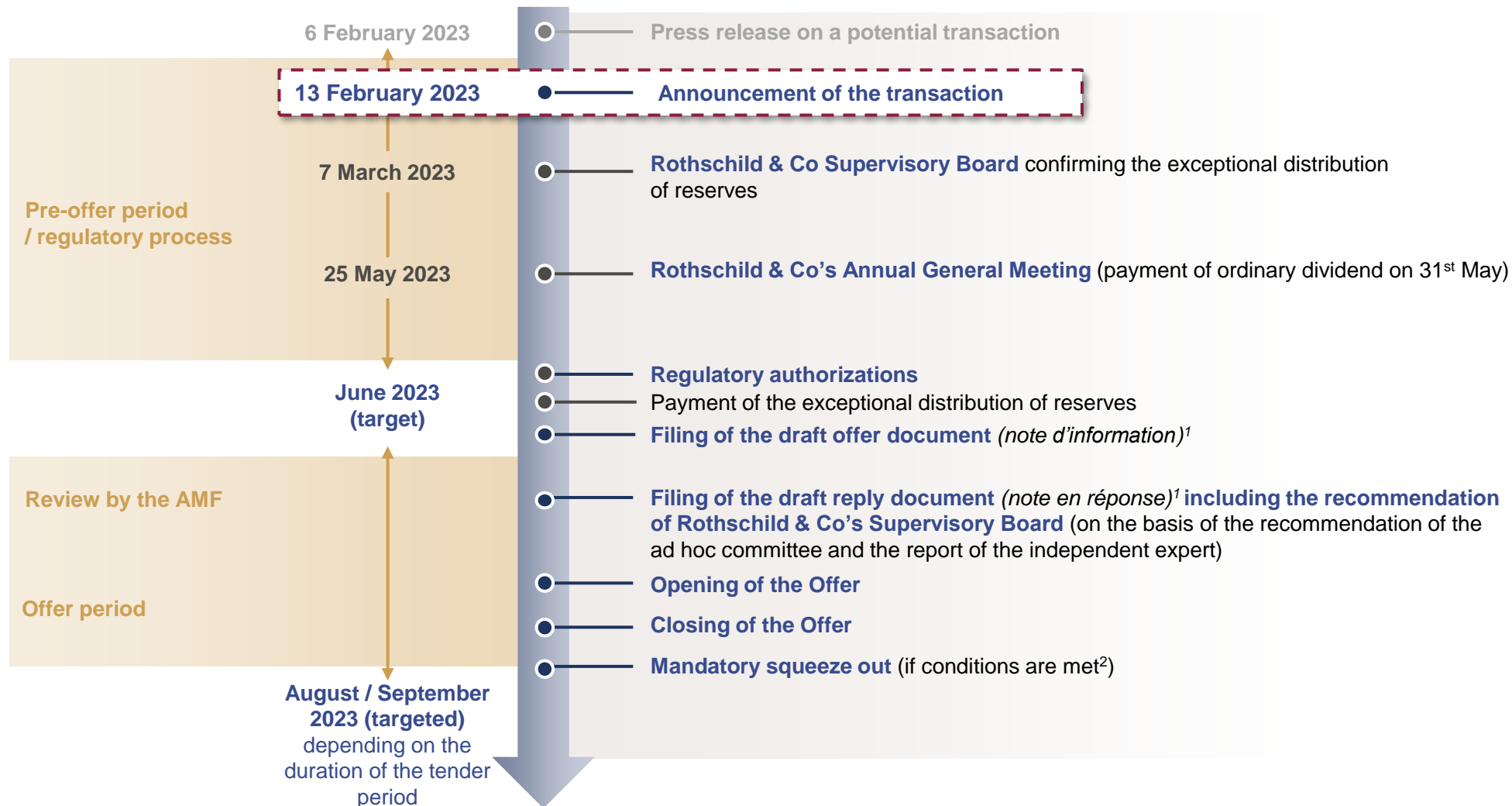
- Offer price of **€48 per share with right to distributions attached**:
  - **ordinary dividend of €1.4** per share
  - **exceptional distribution of reserves** (conditional upon Concordia's final decision to file the offer) of **€8.0** per share
- Offer price of €48 per share with dividends attached represents a premium of:
  - **+19%** relative to Rothschild & Co's closing share price on 3 February 2023
  - **+27%, +34%, +36%** relative to Rothschild & Co's average share price<sup>2</sup> over the last 60, 120, 180 trading days respectively
  - **+15%** relative to Rothschild & Co's historical highest closing share price (13 January 2022)
- Offer price represents the following **valuation multiples**:
  - Implied price to book value multiple<sup>3</sup>: **0.99x** P/BV Dec-22<sup>3</sup>
  - Implied price to tangible book value multiple<sup>3</sup>: **1.13x** P/TBV Dec-22<sup>3</sup>
  - Implied price to 2023e earnings multiple<sup>4</sup>: **10.0x** P/E 2023e<sup>4</sup>

## Notes

1. Ordinary dividend proposed by Rothschild & Co for FY2022 (€1.4/share) and exceptional distribution of reserves subject to Concordia's final decision to file the offer (€8.0/share), corresponding to a total €9.4/share distribution, subject to R&Co AGM's approval
2. Volume Weighted Average Price as of 3 February 2023
3. Book value and Tangible book value group share as of 31/12/2022, adjusted for equity scheme instruments (fully diluted basis)
4. Based on net income group share 2023e as per analysts' consensus (€367m)



# Closing of the offer targeted for August/September 2023\*



## Notes

- Draft and final offer documentation will be publicly available on the AMF's website upon filing ([www.amf-france.org](http://www.amf-france.org))
  - Concordia intends to proceed with a mandatory squeeze-out and to delist Rothschild & Co's, should the offer result in Rothschild & Co's minority shareholders holding no more than 10% of Rothschild & Co's share capital and voting rights at the closing of the offer
- \* This timetable is indicative and may vary depending on the timing of the regulatory authorizations





# 2

## Highlights



# Strong 2022 performance

## Group

Revenue

€2,965m

+1%

Net income<sup>1</sup>

€606m

-21%

EPS

€8.38

-21%

Solvency  
ratio

22.3%

ROTE

20.7%

Ordinary  
dividend:

€1.40 per share

+22%

Exceptional  
distribution of reserves  
of €8 per share in the  
context of Concordia  
Offer<sup>4</sup>

## Businesses

### Global Advisory (GA)

Revenue

€1,837m

-4%

PBT

€372m

-12%

5<sup>th</sup>

by revenue

1<sup>st</sup>

by number

### Wealth and Asset Management (WAM)

Revenue

€703m

+19%

PBT

€154m

+31%

€101.6bn

of AuM (-2%)

€2.9bn

of NNA for WAM  
Europe

### Merchant Banking (MB)

Revenue

€406m

+2%

PBT

€273m

-6%

€22.9bn

of AuM

€1,054m

of NAV

#### Note

<sup>1</sup> Net income: net income-group share

<sup>2</sup> Such exceptional distribution would be conditional upon Concordia's final decision to file the offer. Concordia is the holding company of the Rothschild family and the largest shareholder of Rothschild & Co.

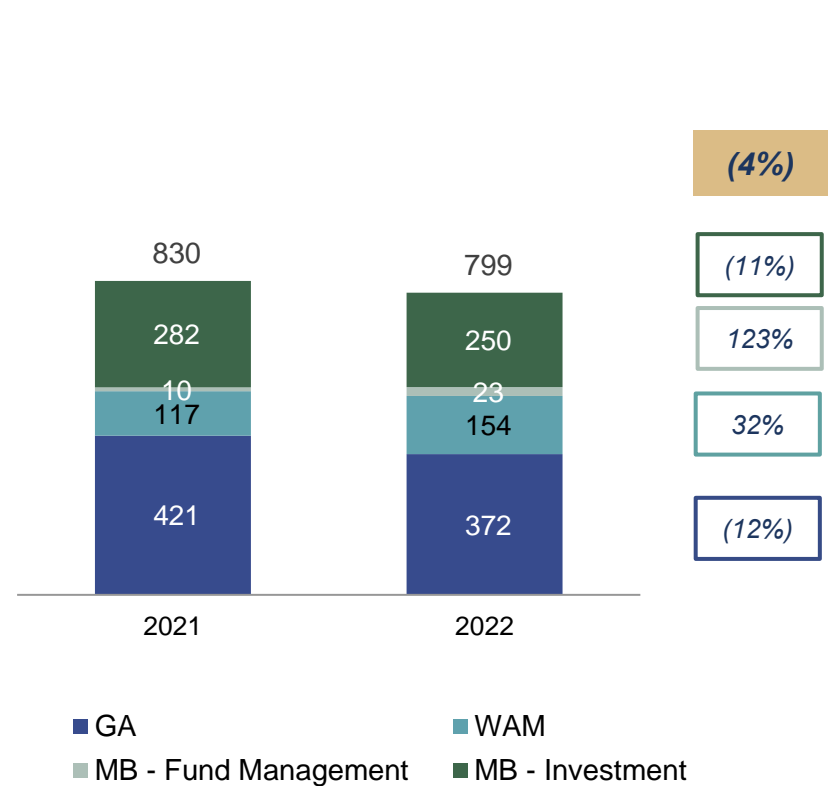
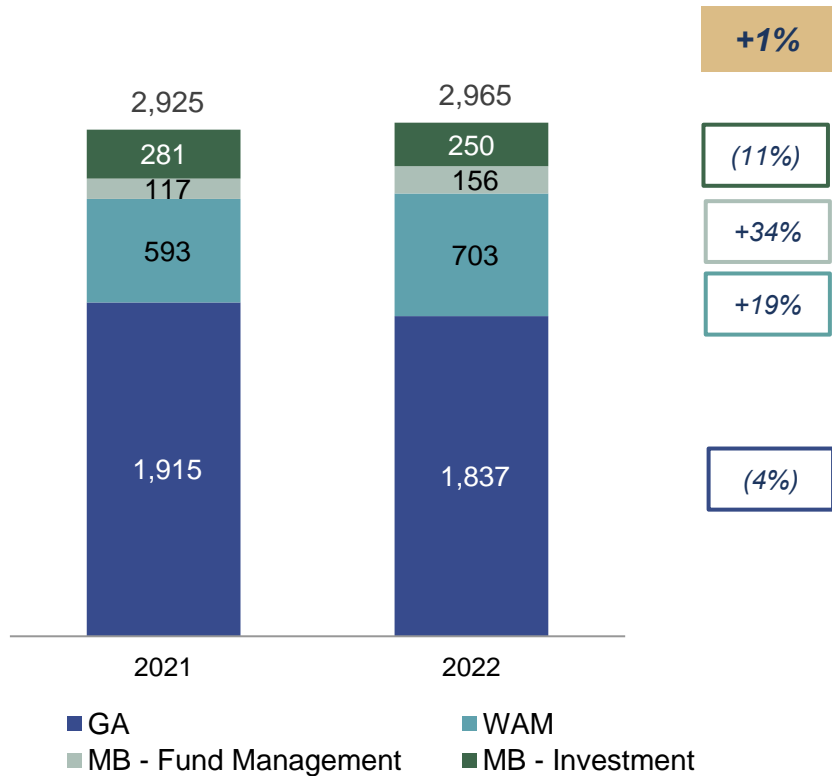




# Solid performance across the three businesses

Revenue<sup>1</sup> (in €m)

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



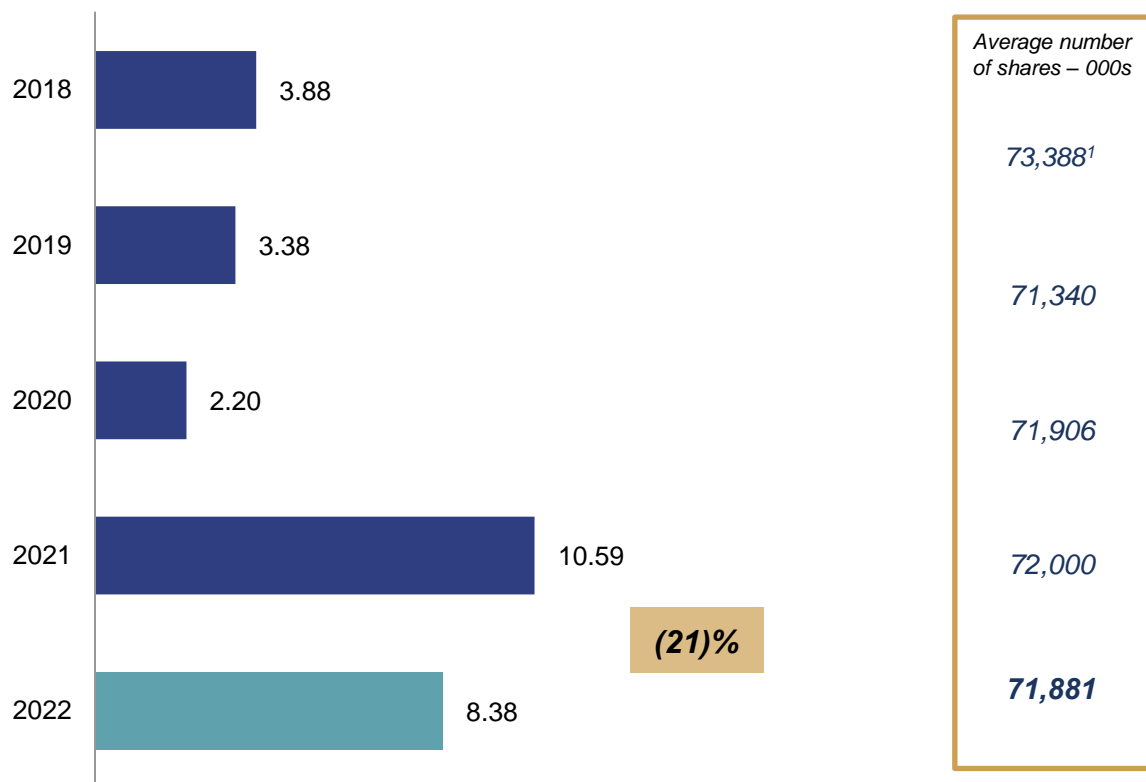
**Note**

1 Revenue and PBT calculated before IFRS reconciliation per segmental analysis – see slide 36



# Strong full-year EPS above pre-Covid levels

EPS (in €)



## Notes

- 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 EPS excluding deferred bonus credit would have been €8.85 in 2021 and €8.10 in 2022



# 3

Business review: Global Advisory



# Highlights – 2022

## Performance

- Continued strong performance with 2022 revenues down only 4% to €1,837m compared to our record performance last year (2021: €1,915m). 2022 PBT of €372m, down 12% (2021: €421m)
- M&A revenue of €1,349m, down only 6% compared to 2021. M&A market was down 36% Announced and 28% Completed from 2021.
  - 1<sup>st</sup> globally by both number of completed and announced M&A transactions, up from 4<sup>th</sup> in 2021
- Financing Advisory revenue of €488m, up 1% compared to 2021 thanks to increased activity in Private Capital business, particularly around unlisted minority stake investments, which offset lower levels of revenue in ECM Advisory, Debt Advisory and Restructuring.
  - 1<sup>st</sup> in Europe and 3<sup>rd</sup> Globally by number of completed restructuring transactions for 2022
- Ranked 5<sup>th</sup> in the global Revenue League Table for 2022
  - Only European bank ranked in the top 10 by revenue globally

## Pipeline

- Macroeconomic headwinds are continuing to negatively impact deal making, therefore a weaker start to 2023 is expected

1<sup>st</sup>  
by number of M&A deals  
completed and announced  
globally

Consistently 1<sup>st</sup>  
in European M&A  
for over 15 years

1<sup>st</sup>  
for Debt Advisory and  
Restructuring  
in Europe

Significant investment made  
in Equity Markets Solutions  
for the long term



# Slowdown in global M&A market in 2022

Global M&A market value (in \$bn)



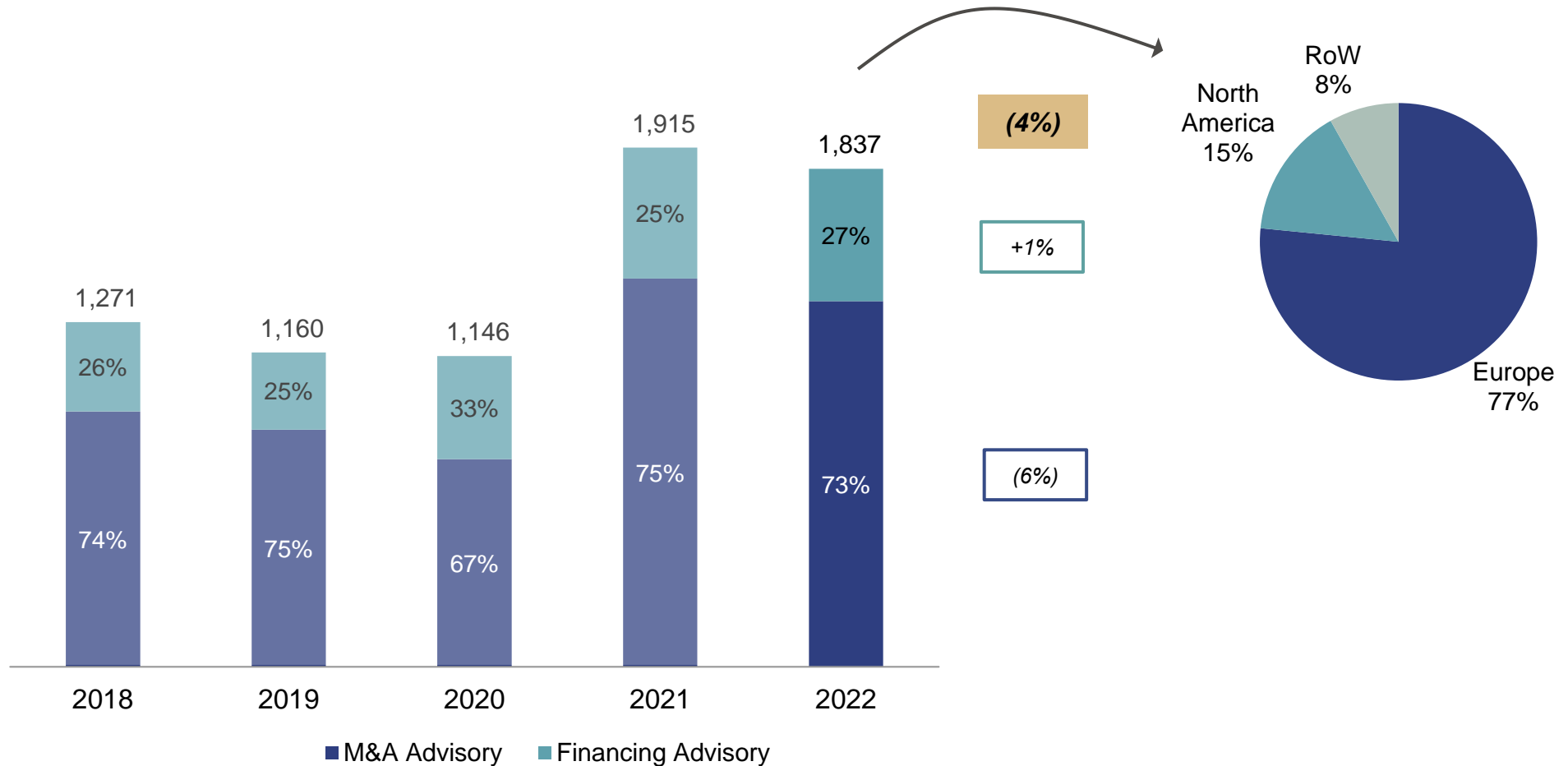
	17 vs 16	18 vs 17	19 vs 18	20 vs 19	21 vs 20	22 vs 21
% var Announced value	(5%)	15%	(4%)	(9%)	64%	(36%)
% var Announced #	(2%)	(0%)	1%	(5%)	79%	(16%)
% var Completed value	(5%)	16%	(11%)	(8%)	55%	(28%)
% var Completed #	(2%)	(3%)	3%	(7%)	75%	(17%)

Source: Dealogic



# Strong 2022 revenue

Revenue by product (in €m)



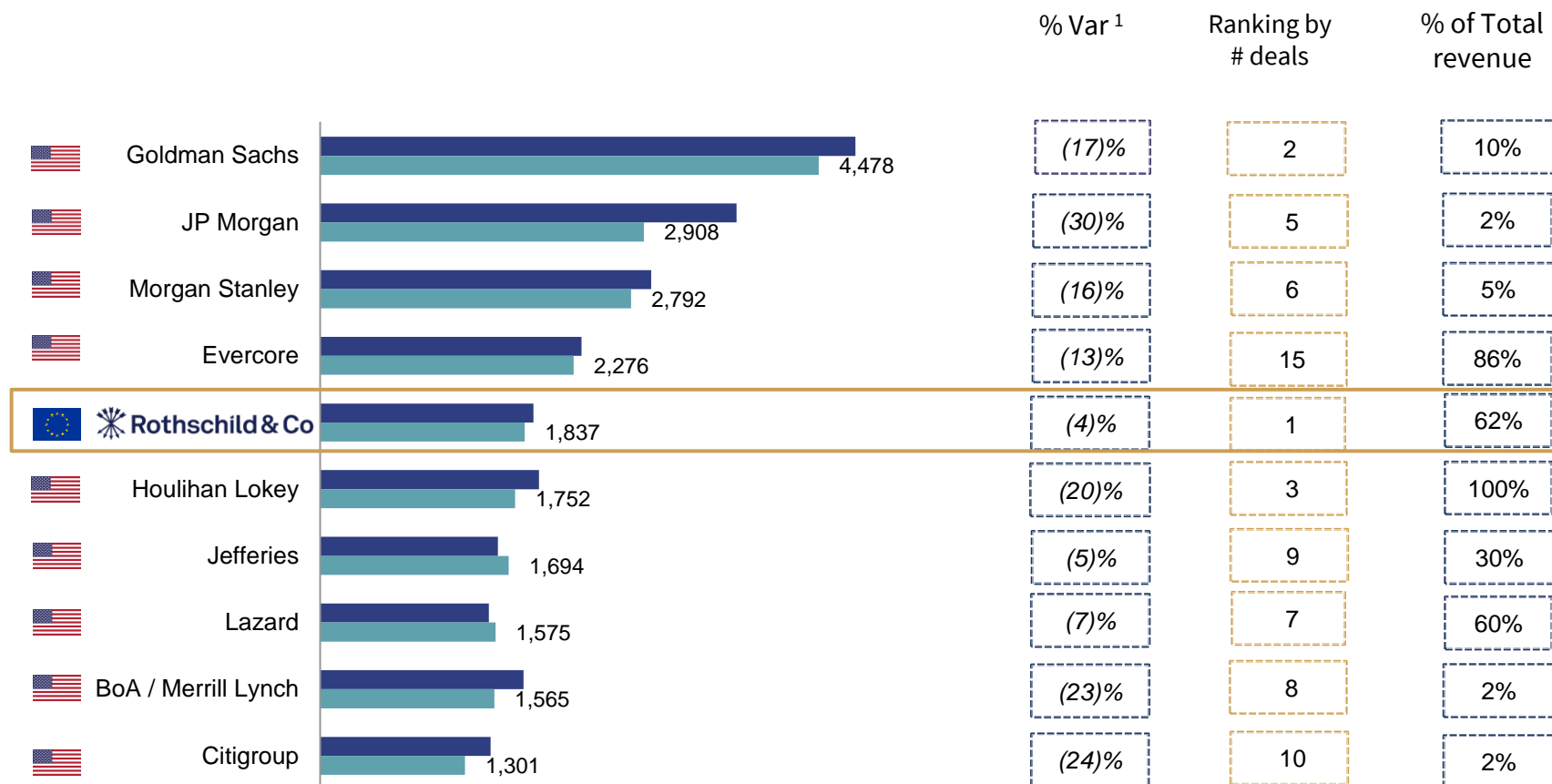




# Only European adviser in the Top 10

Rothschild & Co: 5<sup>th</sup> by revenue and 1<sup>st</sup> by number of deals

## Ranking of top 10 advisers by advisory revenue (in €m) – 12m to December 2022



■ 12m to Dec 21   ■ 12m to Dec 22

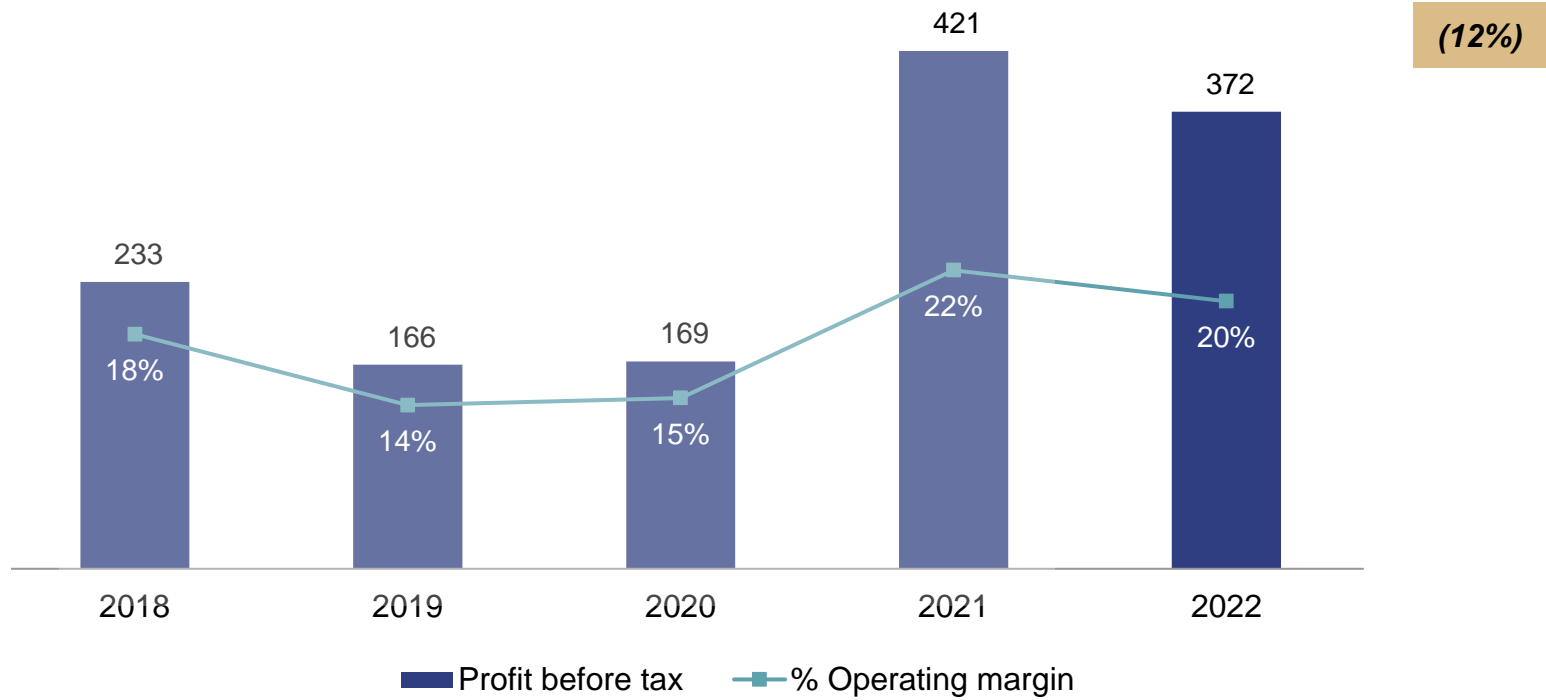
### Note

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



# Profits held up well

PBT (in €m) and PBT margin



(12%)

Compensation ratio <sup>1</sup>	2018	2019	2020	2021	2022
	65.1%	66.3%	68.1%	66.8%	65.3%

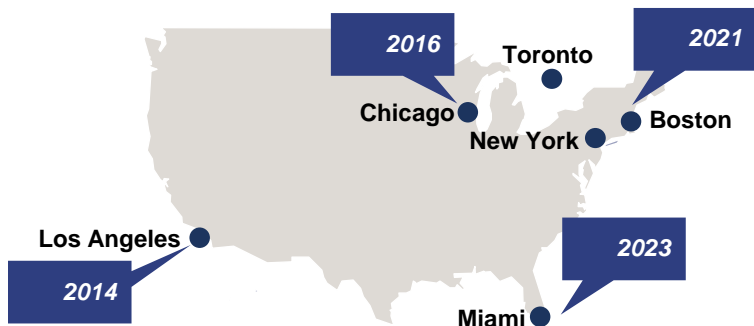
**Note**

<sup>1</sup> On an awarded basis



# North America update

## Overview



<b>6</b> offices	<b>54</b> MDs	<b>268</b> bankers
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## Rothschild & Co North America performance<sup>1</sup>

	2021	2022
M&A deal value <sup>1</sup>	<b>\$137bn</b>	<b>\$75bn</b>
M&A deal number <sup>1</sup>	<b>187</b>	<b>142</b>
Revenue <sup>2</sup>	<b>\$438m</b>	<b>\$295m</b>

- Rothschild & Co North America continues to strengthen its platform with investments in senior and other bankers
- Strong M&A announced deal values vs. 2021, despite a decrease in volume

## Selection of landmark deals advised by Rothschild & Co North America in 2022

M&A Deals	Rio Tinto	Insight Partners	Apollo Global	CarVal	Emmes	Restructuring Deals	Aeromexico	Nordic Aviation Capital
	US\$2.7bn proposal for 49% of Turquoise Hill Resources	Exclusive financial advisor on its strategic investment in Precisely	US\$7.1bn Acquisition of Tenneco	Sale to AllianceBernstein	Sale to New Mountain Capital		US\$4bn chapter 11 restructuring	US\$6.4bn Chapter 11 restructuring
	2022	2022	2022	2022	2022		2022	2022

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

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



# 4

## Business review: Wealth and Asset Management



# Highlights – 2022

- Continued strong commercial momentum in Europe
  - €2.5 bn Net New Assets (NNA) in Wealth Management : 3% net new money growth in challenging markets
  - Positive NNA in all geographies in Europe
  - Significant outflows in H2 due to some clients deleveraging portfolios, mostly in France, in the context of higher interest rates
- Positive net inflows in Asset Management Europe for the second year in a row (€0.4 bn NNA) thanks notably to RCo Valor and Fixed Income expertise
- Resilience of AuM (€ 101.6 bn, down 2%), negative market performance being nearly offset by NNAs and change of perimeter (acquisition of a French IFA)
- Strong growth in revenue (+19%) thanks to a very steep increase net interest income (x2.5) and higher fees and commissions (+7%). Opening of new Wealth Management offices in Tel Aviv and Leeds
- PBT above €150m for the first time. PBT margin in Europe above 23%. Across the cycle PBT margin target increased from 18% to 20%
- Continuous effort to integrate ESG considerations in Wealth and Asset Management investment framework
- Sale of our Asset Management business in the US expected to close in April 2023

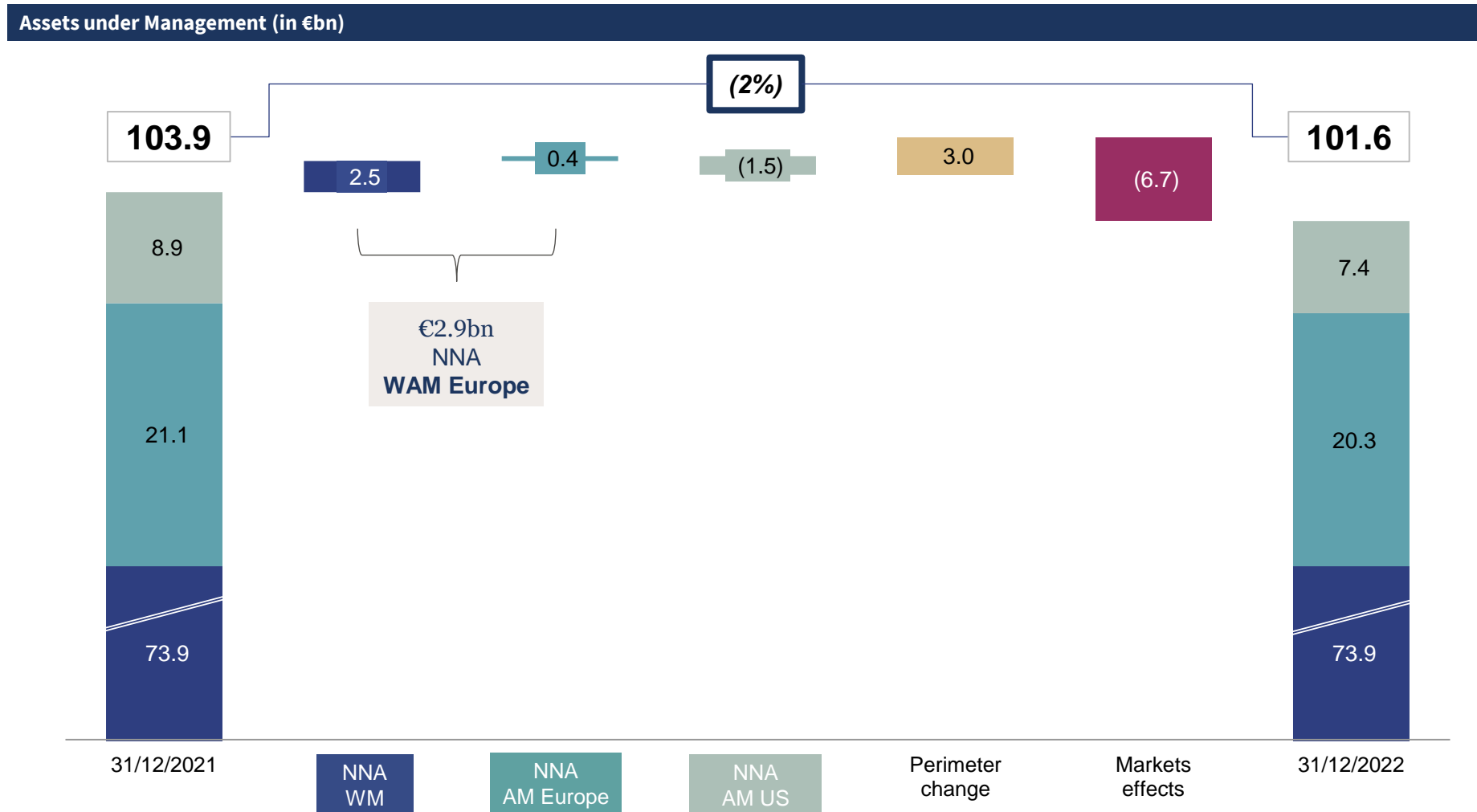
**€2.9bn**  
NNA in **Wealth Management in Europe**

**Revenue**  
**€700m+**  
**+19%**

**PBT**  
**€150m+**  
**+19%**



# Resilient AuM in an exceptionally challenging markets thanks to strong NNAs in WM and in AM Europe



**Note**

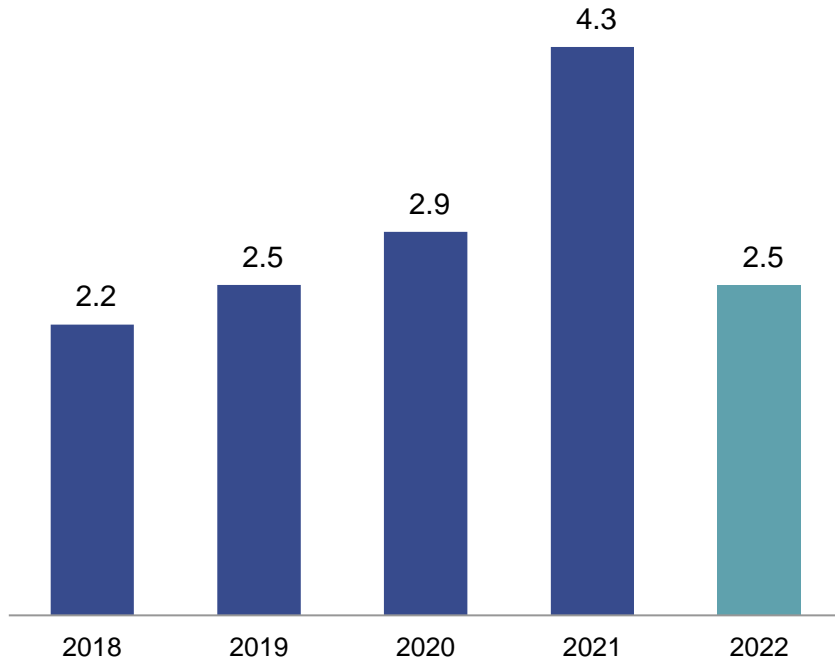
1 including €7.1 billion double-counted assets representing AuM of Wealth Management clients invested in Asset Management products (2021: €6.1 billion)



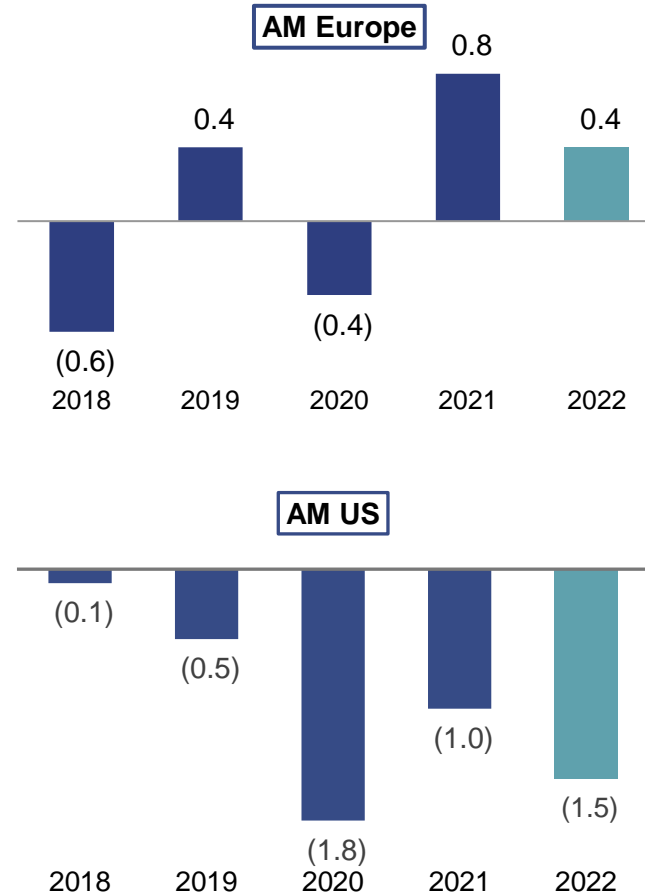


# Positive NNA in all geographies in Europe

**Wealth Management NNA (in €bn)**



**Asset Management (in €bn)**



Positive net inflows thanks to Rco Valor and Fixed income expertise

Sale of AM US expected to close in April 2023

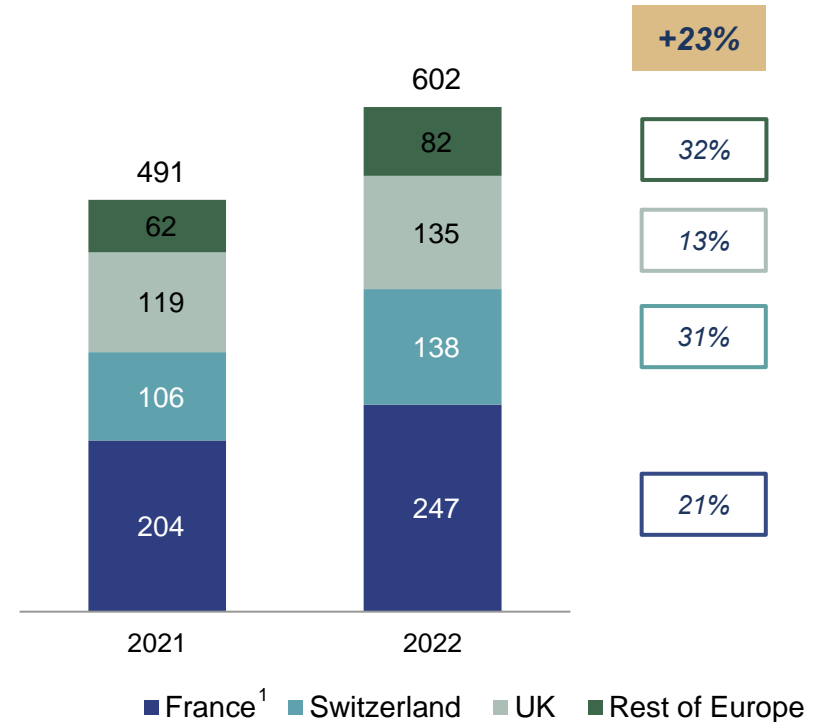
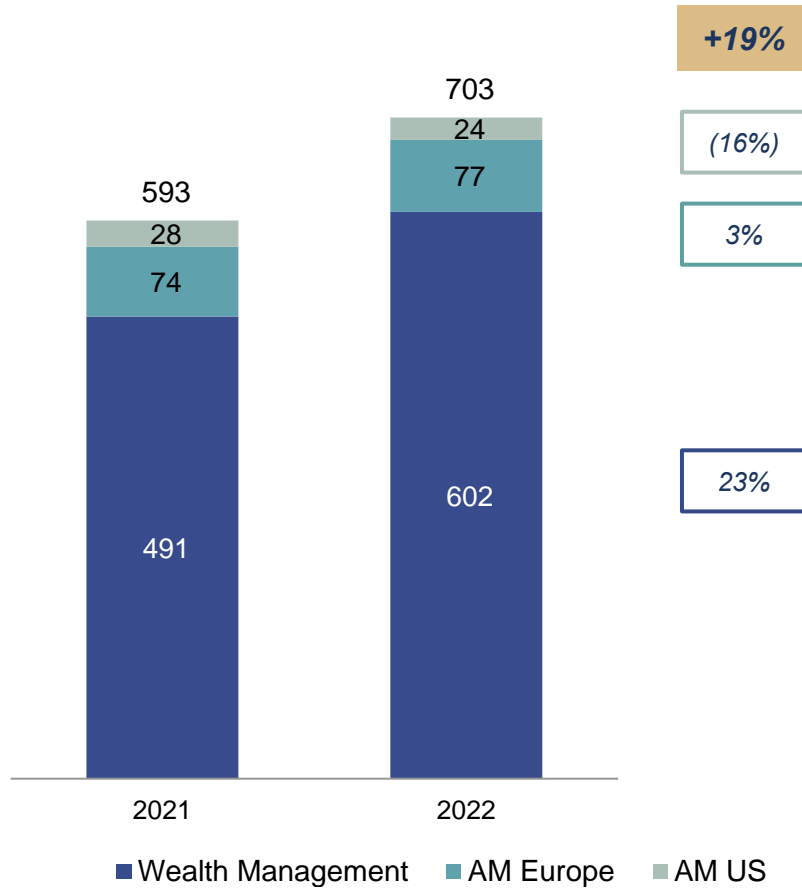
- Strong momentum in challenging markets
- Significant outflows due to client deleveraging, mostly in France, in H2 2022



# Very strong revenue across European businesses

By business line (in €m)

Zoom by geography on WM revenue (in €m)



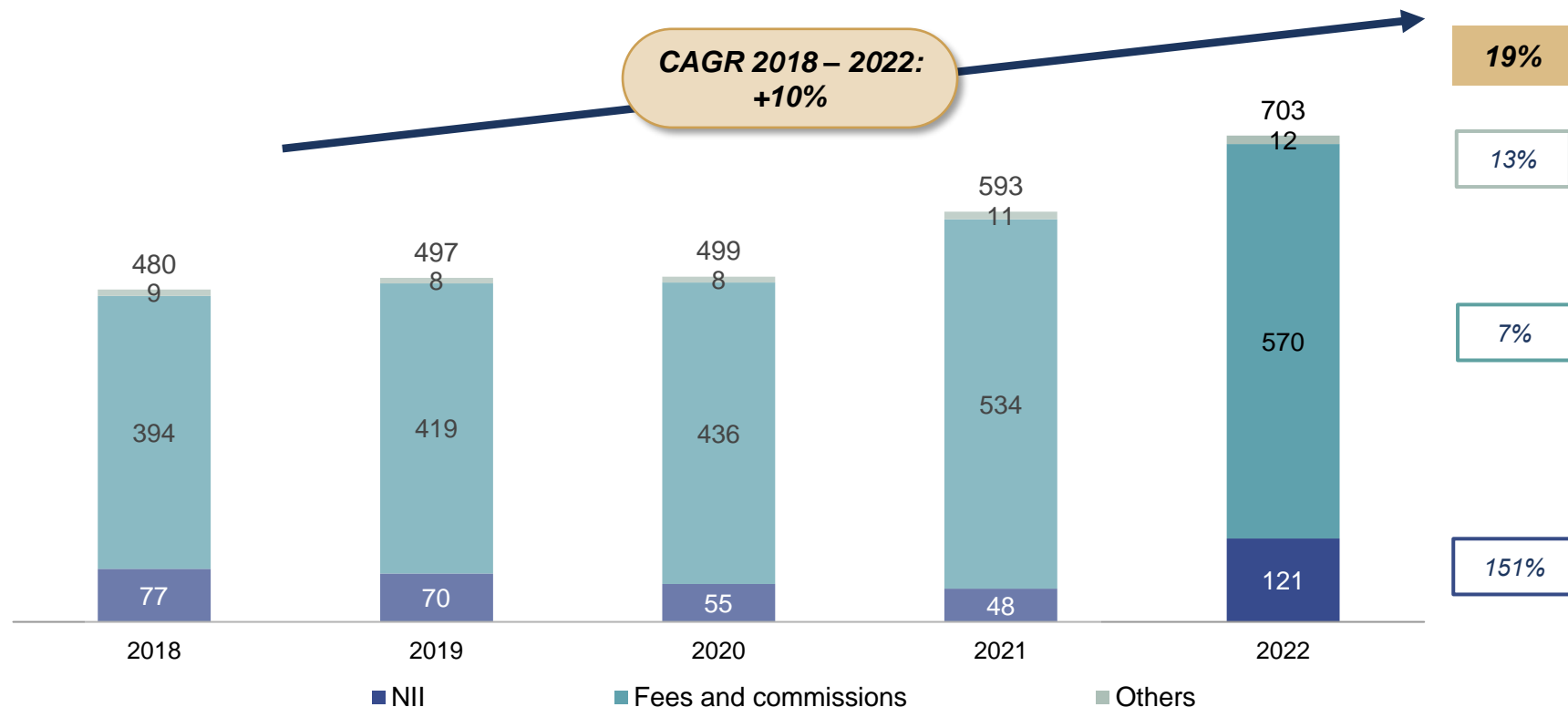
**Note**

<sup>1</sup> France includes France, Belgium and Monaco



# Revenue increase driven by net interest income (NII) and higher fees and commissions

Revenue by type (in €m)



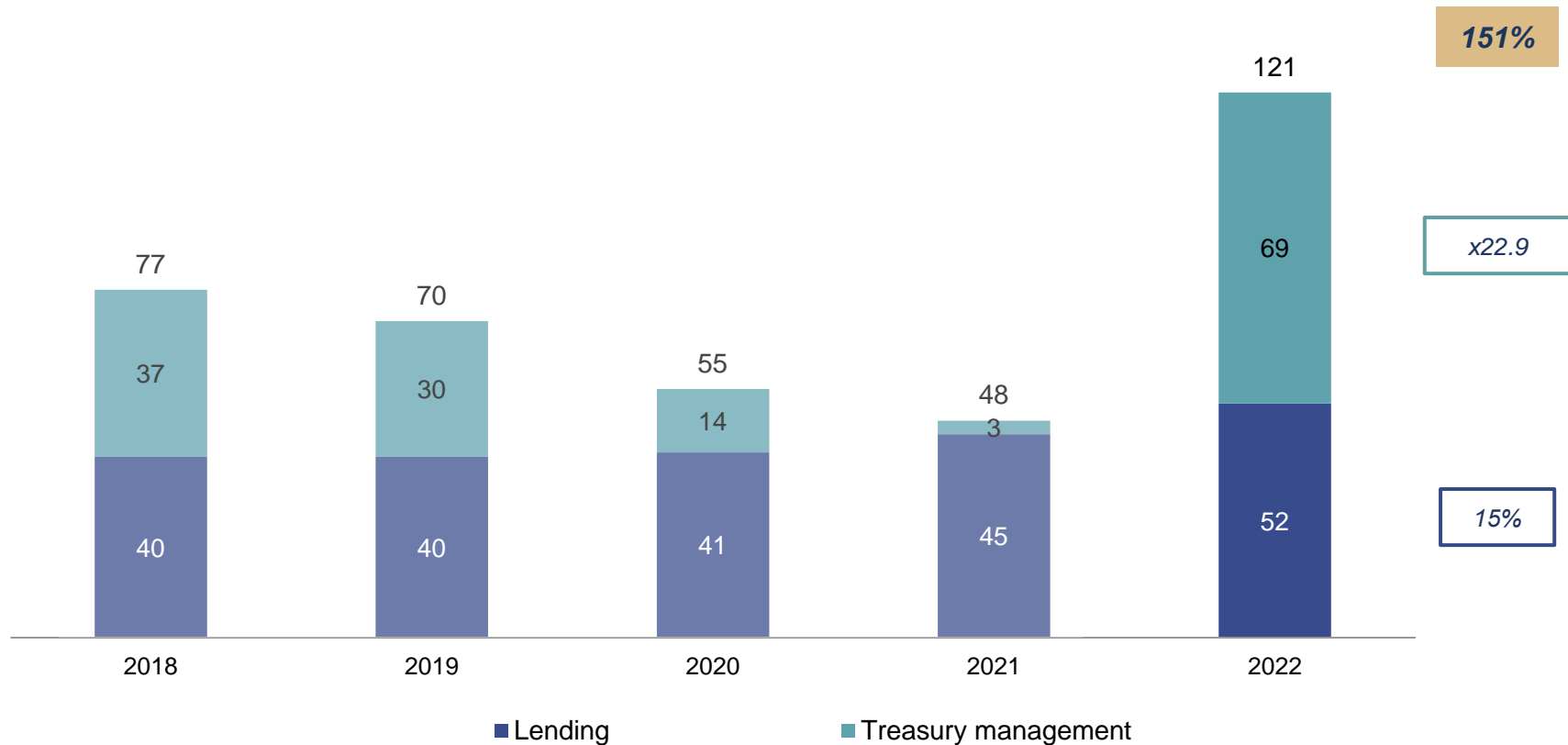
**Notes**

- 1 FX trading revenue are now included in Fees and commissions. Numbers have been restated. Previously, they were part of “Other revenue”
- 2 Custodian fees are now included in Other revenue since 2021. Numbers have been restated. Previously, they were classified as “Fees and commissions”



# Increased interest rates had a very positive impact on net interest income, mainly through treasury management

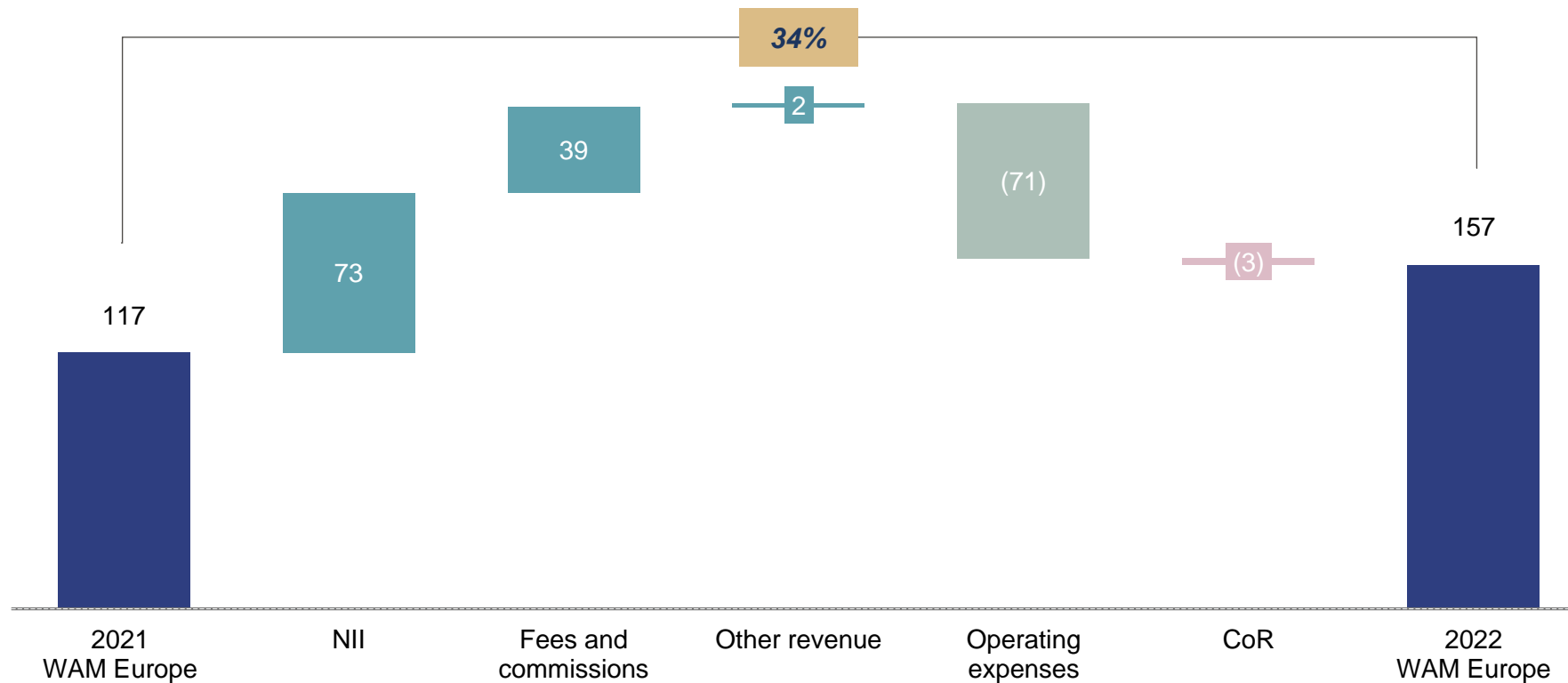
Breakdown of NII between lending and treasury (in €m)





# Strong improvement in WAM Europe PBT

WAM Europe PBT (in €m) and PBT margin



WAM Europe PBT margin 20.7%

23.1%



# 5

## Business review: Merchant Banking





# Highlights – 2022

## Portfolio activity

- New investments executed in private equity and private debt.
- Successful exits completed in the year mainly from equity positions, generating material distributions.
- Robust deal pipeline, but competition for attractive assets is increasing.

## Investment performance

- 2<sup>nd</sup> highest result for investment performance revenue, following successful exits and material valuation uplifts mainly in corporate private equity and secondaries.
- No credit event impacted our Direct Lending positions in 2022.
- Volatility affected the leveraged loan markets for most of the year due to macroeconomic tensions, but conditions started to stabilise and recover in Q4.

## Business performance

- Record-high total revenues (€406m) with a sharp increase in recurring revenues (+34% yoy).
- Strong improvement in profitability margin of fund management activities (15% in 2022 vs 9% in 2021).
- PBT of €273m, 2<sup>nd</sup> highest result after 2021.

## Business development and fundraising

- New capital raised in 2022 (€5.0bn) was the main driver of significant AuM growth (+25% yoy)
- Multiple closings completed for:
  - Corporate Private Equity: FAPI IV and FALT, plus a new single asset continuation vehicle;
  - Multi Strategies: FAGT (multi-manager fund focused on technology assets) and FASI (impact fund).
  - Credit Management: 2 new CLOs launched, 1<sup>st</sup> closing of GLI II (2<sup>nd</sup> generation CLO equity vehicle).

€22.9bn

of AuM

€273m

Profit before Tax

€303m

Cash distributions  
to R&Co

33%

RoRAC

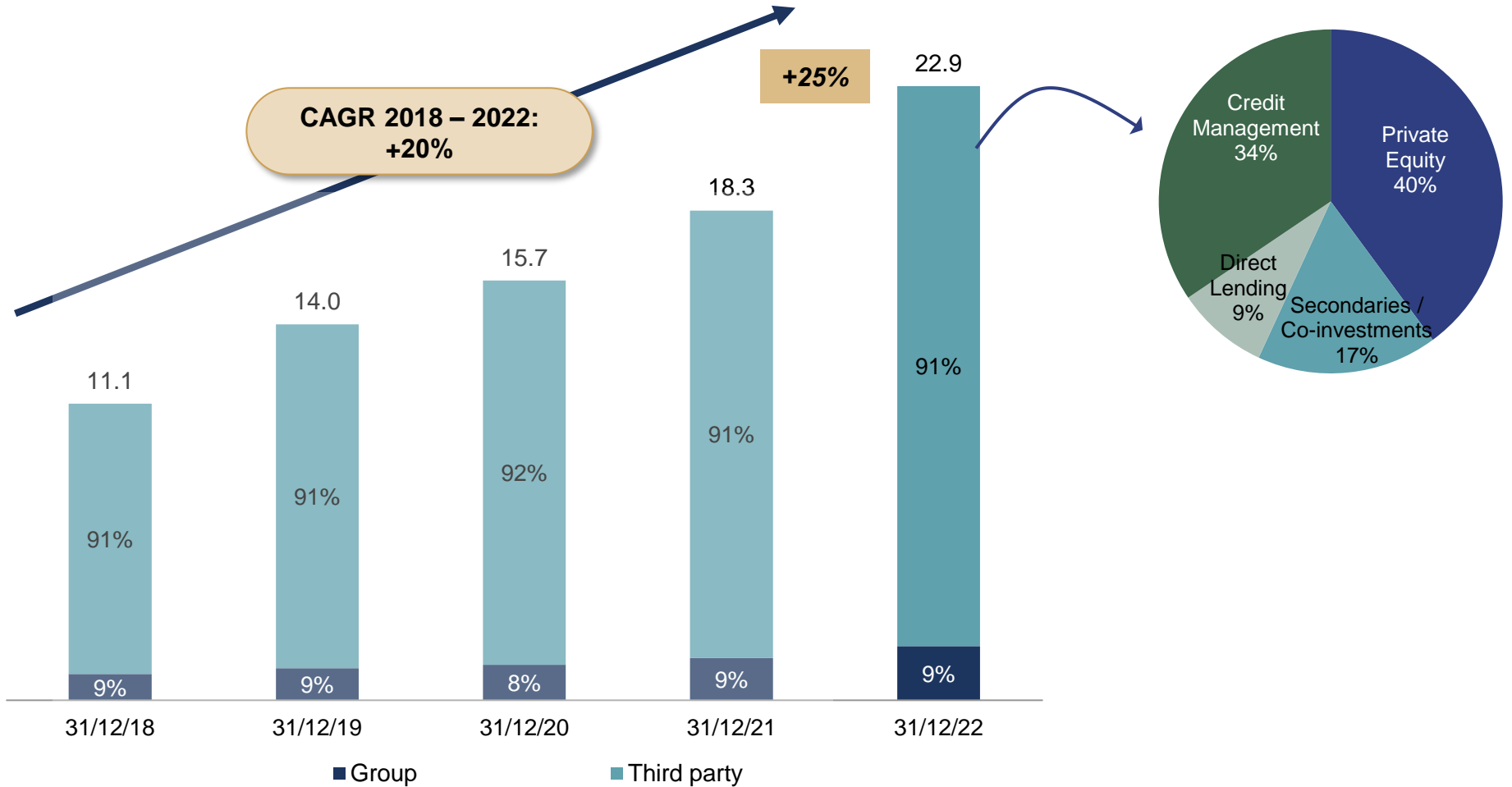
€5.0bn

of new capital raised



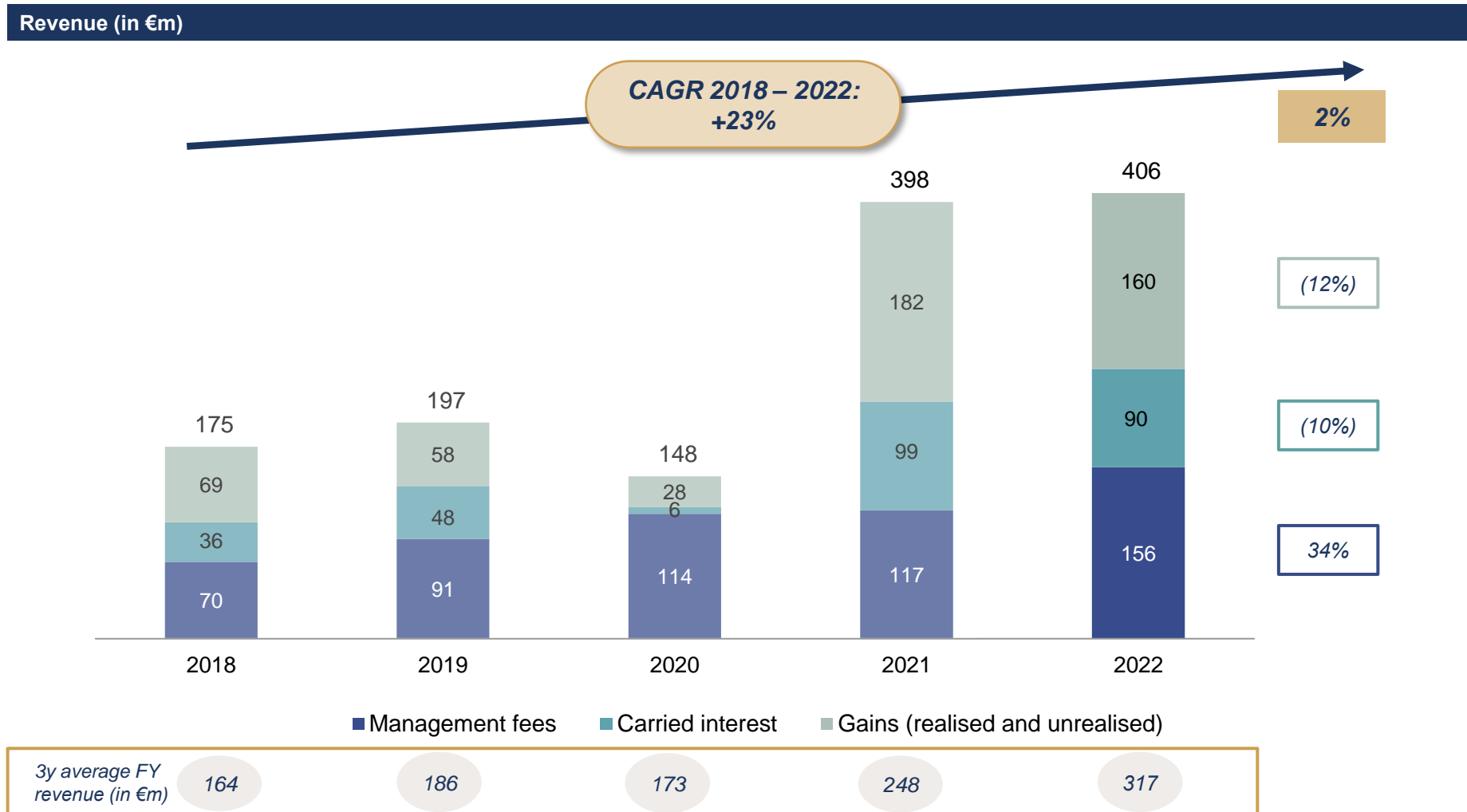
# Continued positive trend in AuM

Assets under Management (in €bn)





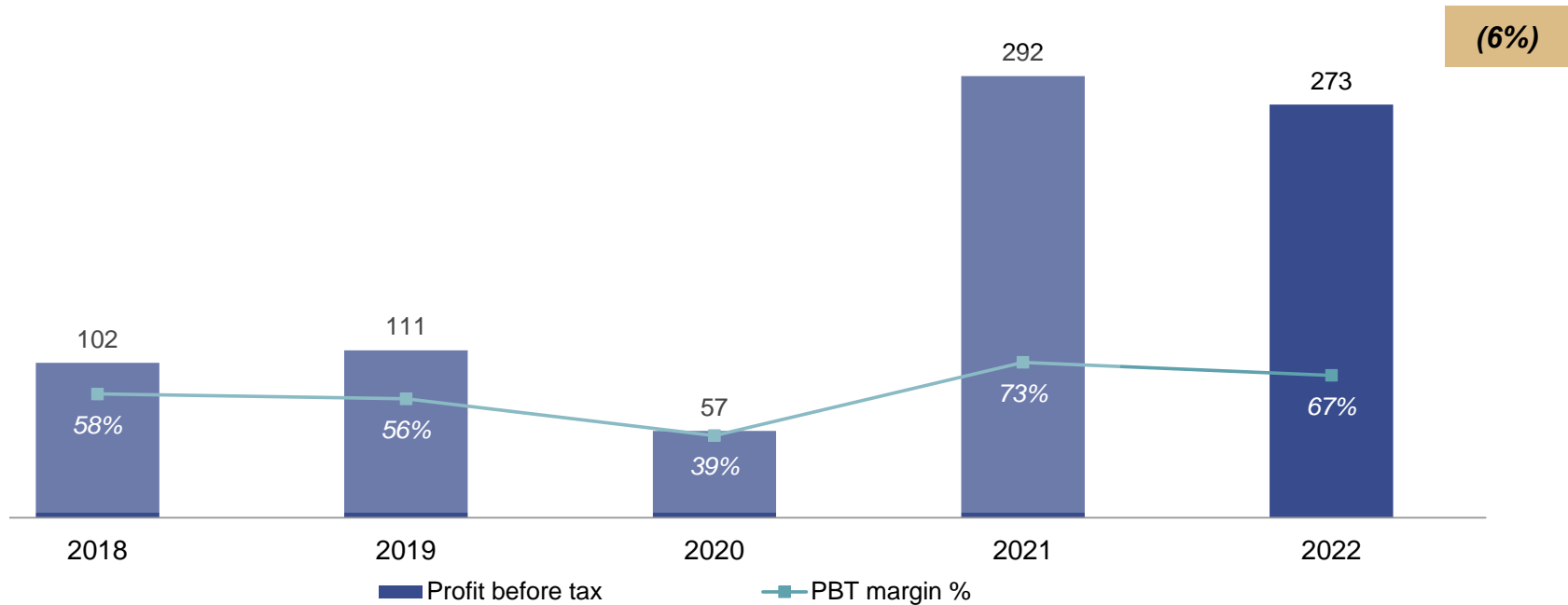
# Strong growth in recurring revenue coupled with resilient level of investment revenue, following exceptional 2021





# Very satisfactory profits significantly above pre-Covid levels

Profit before tax (in €m), PBT margin and RORAC<sup>1</sup>

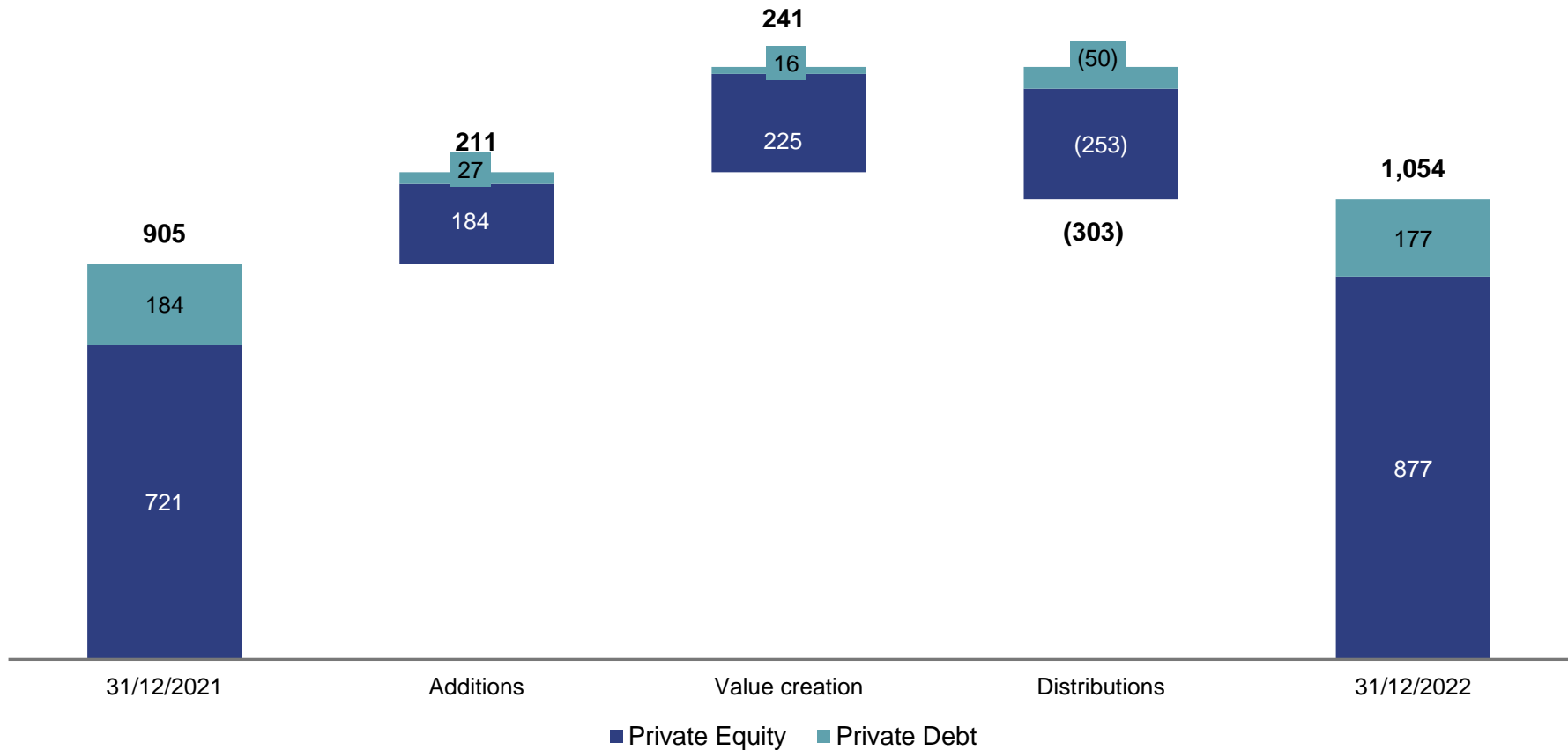


**Note**  
 1 RORAC stands for Return On Risk Adjusted Capital – an internal measure of risk capital invested in the business, being PBT divided by risk weighted capital – see slide 51



# Record NAV driven by strong portfolio performance

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





# 6

## Corporate Sustainability



# Firm commitment to ESG across the business

*"We have the long-term ambition to use our influence and expertise to support the sustainability transition of the global economy"*

**Core pillar in Group strategy**

**Clear and integrative governance setup**

**Strong commitment to transparency**

## 2022 performance against priorities (selection)

**Above 95%** of AM EU's open-ended funds<sup>1</sup> classified as SFDR<sup>2</sup> Article 8 or 9

**Three strategies classified as SFDR Article 8 and one strategy classified as SFDR Article 9** launched by Merchant Banking since March 2021

**Leading advisory role** on transactions relating to innovative energy technology and energy management<sup>3</sup>

**E**

**Low-carbon economy  
Biodiversity**

**S**

**Diversity of thought  
Employee wellbeing  
Work against inequality**

**G**

**Responsible business conduct**

- **40%** decrease in operational GHG emissions<sup>4</sup>
- **33%** carbon removals in operational GHG emission compensation
- **40%** female Board members
- **26%** female Assistant Director and above
- **100%** of employees completed Financial Crime training

### Notes

<sup>1</sup> Excluding dedicated investment solutions

<sup>2</sup> SFDR framework: based on available information and businesses' own analysis

<sup>3</sup> Source: Refinitiv, Sustainable Finance Review, Full Year 2022, Sustainable Finance: Mergers and Acquisitions, Financial Advisor League Table, by number of transactions

<sup>4</sup> vs. 2018 baseline; against 30% Paris-aligned reduction target by 2030



# 7

## Financials





# Summary consolidated P&L

<i>(in €m)</i>	2022	2021	Var	Var %	FX effects
<b>Revenue</b>	<b>2,965</b>	<b>2,925</b>	<b>40</b>	<b>1%</b>	<b>60</b>
Staff costs	(1,575)	(1,453)	(122)	8%	(45)
Administrative expenses	(333)	(267)	(66)	25%	(7)
Depreciation and amortisation	(87)	(73)	(14)	19%	(2)
Cost of risk	(3)	(1)	(2)	200%	0
<b>Operating Income</b>	<b>967</b>	<b>1,131</b>	<b>(164)</b>	<b>(15)%</b>	<b>6</b>
Other income / (expense) (net)	(8)	0	(8)	n/a	0
<b>Profit before tax</b>	<b>959</b>	<b>1,131</b>	<b>(172)</b>	<b>(15)%</b>	<b>6</b>
Income tax	(158)	(170)	12	(7)%	(1)
<b>Consolidated net income</b>	<b>801</b>	<b>961</b>	<b>(160)</b>	<b>(17)%</b>	<b>5</b>
Non-controlling interests	(195)	(195)	0	-	0
<b>Net income - Group share</b>	<b>606</b>	<b>766</b>	<b>(160)</b>	<b>(21)%</b>	<b>5</b>
<b>Earnings per share <sup>1</sup></b>	<b>€8.38</b>	<b>€10.59</b>	<b>(€2.21)</b>	<b>(21)%</b>	
<b>Return On Tangible Equity (ROTE)</b>	<b>20.7%</b>	<b>32.3%</b>			

Note

<sup>1</sup> Diluted EPS is €8.27 for 2022 (2021: €10.45)



# Performance by business

<i>(in € million)</i>	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation <sup>1</sup>	2022
<b>Revenue</b>	<b>1,837</b>	<b>703</b>	<b>406</b>	<b>2,946</b>	<b>19</b>	-	<b>2,965</b>
Operating expenses	(1,465)	(549)	(133)	(2,147)	(61)	213	(1,995)
Cost of risk	-	-	-	-	-	(3)	(3)
<b>Operating income</b>	<b>372</b>	<b>154</b>	<b>273</b>	<b>799</b>	<b>(42)</b>	<b>210</b>	<b>967</b>
Other income / (expense)	-	-	-	-	-	(8)	(8)
<b>Profit before tax</b>	<b>372</b>	<b>154</b>	<b>273</b>	<b>799</b>	<b>(42)</b>	<b>202</b>	<b>959</b>
<i>Operating margin %</i>	20%	22%	67%	27%			32%

<i>(in € million)</i>	GA	WAM	MB	Total businesses	Corporate centre	IFRS reconciliation <sup>1</sup>	2021
<b>Revenue</b>	<b>1,915</b>	<b>593</b>	<b>398</b>	<b>2,906</b>	<b>14</b>	5	<b>2,925</b>
Operating expenses	(1,494)	(479)	(106)	(2,079)	(56)	343	(1,792)
Cost of risk	-	3	-	3	-	(5)	(2)
<b>Operating income</b>	<b>421</b>	<b>117</b>	<b>292</b>	<b>830</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>830</b>	<b>(42)</b>	<b>343</b>	<b>1,131</b>
<i>Operating margin %</i>	22%	20%	73%	29%			39%

## 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; adding back non-operating items and administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes"



# Deferred bonus

## Impact of deferred bonus accounting under IFRS

	2018	2019	2020	2021	2022
Profit before tax <i>(in €m)</i>	30	(4)	(3)	161	26
Profit after tax and minority interest <i>(in €m)</i>	24	(3)	(2)	126	20
<b>Impact on Earnings per share <i>(in €)</i></b>	<b>0.32</b>	<b>(0.04)</b>	<b>(0.03)</b>	<b>1.74</b>	<b>0.28</b>
<i>No. of shares (m)</i>	73.39	71.34	71.91	72.00	71.88
<b>EPS pre-deferred bonus accounting <i>(in €)</i></b>	<b>3.56</b>	<b>3.42</b>	<b>2.23</b>	<b>8.85</b>	<b>8.10</b>



# Compensation ratio

(in €m)	2022	2021
Revenue excluding MB investment performance	2,715	2,643
Total staff costs <sup>1</sup>	(1,740)	(1,590)
<b>Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>64.1%</b>	<b>60.2%</b>
<i>variation due to FX</i>	<i>(0.3)%</i>	-
<b>Adjusted for FX change Compensation ratio (INCLUDING deferred bonus accounting)</b>	<b>63.8%</b>	<b>60.2%</b>
<i>variation due to deferred bonus accounting</i>	<i>0.9%</i>	<i>6.1%</i>
<b>Adjusted awarded Compensation ratio (EXCLUDING deferred bonus accounting)</b>	<b>64.7%</b>	<b>66.3%</b>
<b>Headcount (FTE - including Redburn in 2022)</b>	<b>4,508</b>	3,941

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

## Note

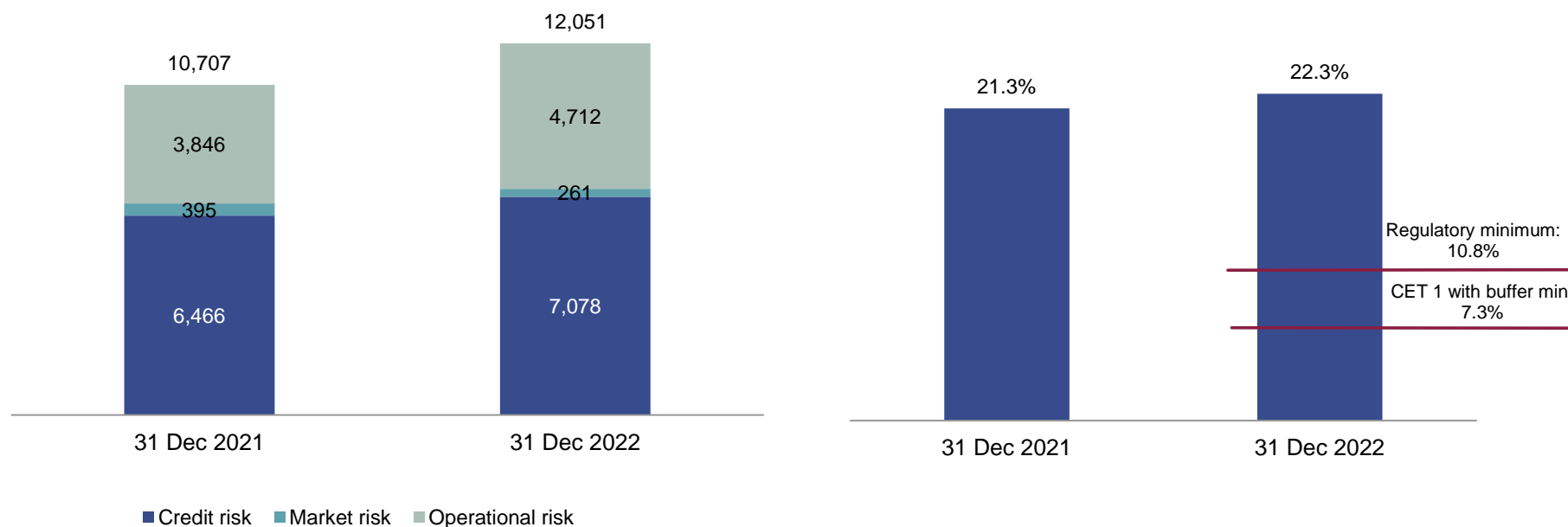
<sup>1</sup> Total staff costs include profit share (préciput) paid to French Partners and effects of accounting for normal and special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked, but exclude redundancy costs,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



# Solvency ratios above minimum requirements

## Risk weighted assets (in €m)

## Global solvency ratio<sup>1</sup>



- Increase of RWA is due to higher revenue increasing RWA operational risk requirements and MB value accretion/new fund commitments in 2022
- Ratio increase from December 21 reflects profit effect partially offset by growth in RWA

### Note

<sup>1</sup> Subject to permission from the ACPR to include profits in Common Equity Tier 1 capital (CET1)



# Summary balance sheet

<i>(in €bn)</i>	31/12/2022	31/12/2021	Var
<b>Banks</b>	<b>13.7</b>	<b>14.5</b>	<b>(0.8)</b>
Credit exposures	5.0	4.4	0.6
<i>o/w Private client lending (PCL)</i>	4.6	4.0	0.6
Cash and treasury assets	7.7	8.9	(1.2)
<i>o/w amounts deposited by non-bank Group subsidiaries</i>	0.8	0.5	0.3
Other current and non-current assets	1.0	1.2	(0.2)
<b>Non-Banks</b>	<b>3.7</b>	<b>3.2</b>	<b>0.5</b>
Merchant Banking investments	1.1	0.9	0.2
Cash and treasury assets	1.1	1.4	(0.3)
<i>o/w central Group</i>	0.5	0.7	(0.2)
Other current and non-current assets	1.5	0.9	0.6
<b>Total assets</b>	<b>17.4</b>	<b>17.7</b>	<b>(0.3)</b>
<b>Banks</b>	<b>12.7</b>	<b>13.3</b>	<b>(0.6)</b>
Due to customers	10.4	11.7	(1.3)
Due to banks	0.4	0.3	0.1
Other current and non-current liabilities	1.9	1.3	0.6
<b>Non-Banks</b>	<b>0.7</b>	<b>0.8</b>	<b>(0.1)</b>
Long term borrowing - central Group	0.2	0.2	0.0
Other current and non-current liabilities	0.5	0.6	(0.1)
<b>Capital</b>	<b>4.0</b>	<b>3.6</b>	<b>0.4</b>
Shareholders' equity - Group share	3.6	3.1	0.5
Non-controlling interests	0.4	0.5	(0.1)
<b>Total capital and liabilities</b>	<b>17.4</b>	<b>17.7</b>	<b>(0.3)</b>

	31/12/2022	31/12/2021
<i>Loans / Deposits</i>	48%	38%
<i>Liquid assets / Total assets</i>	51%	58%
<i>Equity / share</i>	€49.73	€43.31
<i>Net tangible equity / share</i>	€43.21	€37.93



# Operating cash flow

	12m to Dec 20	12m to Dec 21	12m to Dec 22
<b>Consolidated Profit before tax</b>	<b>369</b>	<b>1,131</b>	<b>959</b>
Non cash items	38	(213)	(147)
<b>Profit before tax and non cash items</b>	<b>407</b>	<b>918</b>	<b>812</b>
Acquisition of MB investments	(120)	(176)	(211)
Disposal of MB investments	89	244	303
Net (acquisition)/disposal of PPE and intangible assets	(22)	(22)	(33)
Tax paid	(52)	(145)	(182)
Net cash inflow/(outflow) relating to other operating activities <sup>(1)</sup>	(212)	56	(279)
<b>Operating cash flow (OCF)</b>	<b>90</b>	<b>875</b>	<b>410</b>
<b>OCF excl. MB investment activities</b>	<b>121</b>	<b>807</b>	<b>318</b>
<b>OCF as a % of Net income - Group share excl. MB investment activities and investment revenue</b>	<b>96%</b>	<b>167%</b>	<b>89%</b>

## Note

1 Includes payment in respect of French profit share (préciput), rental payments, movement in working capital and interest on perpetual debts



# 8

## Targets and outlook





# Our financial targets

		Target	2020	2021	2022
Group targets	Compensation ratio <sup>1</sup>	Low to mid 60's through the cycle	68.4%	60.2%	63.8%
	Return on tangible equity <sup>2</sup>	10 to 15% through the cycle	8.8%	32.3%	20.7%
Businesses targets	Global Advisory: PBT margin	Mid to high-teens through the cycle	15%	22%	20%
	Wealth & Asset Management: PBT margin <sup>3</sup>	Above 20% <sup>3</sup> by end of 2025	15.6%	20.7%	23.1%
	Merchant Banking: 3 years average RORAC <sup>4</sup>	Above 15% through the cycle	20%	29%	33%

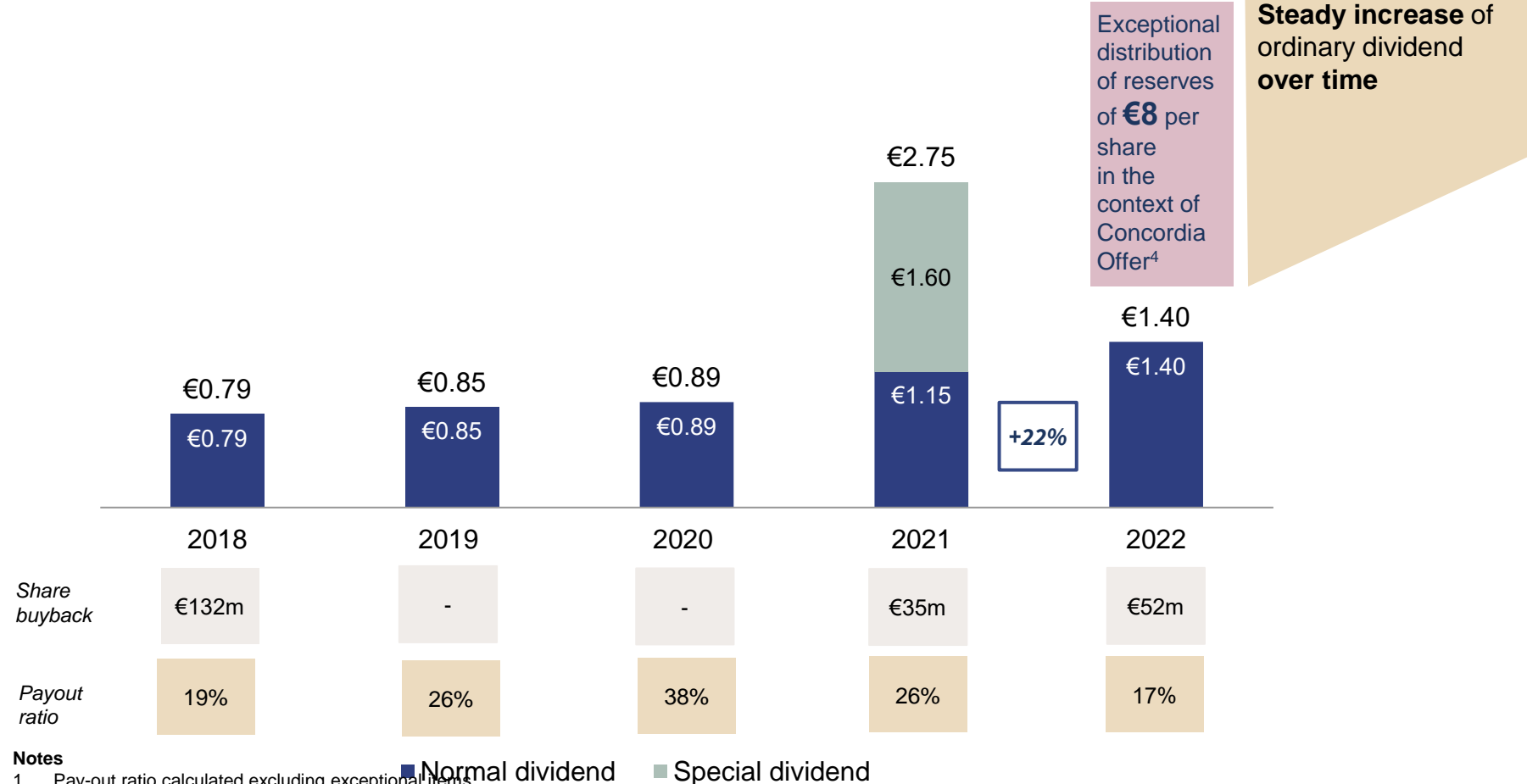
## Notes

- 1 Compensation ratio: see calculation on slide [38](#)
- 2 ROTE based on Net income – Group share excl. exceptional items. See definition on slide [50](#) and calculation on slide [52](#)
- 3 Excluding Asset Management US
- 4 RORAC: see definition on slide [50](#) and calculation on slide [52](#)



# Progressive dividend policy

## Dividend progression



### Notes

- 1 Pay-out ratio calculated excluding exceptional items
- 2 2019: dividend paid in October 2021
- 3 2020: dividend restricted to €0.70, additional €0.19 paid in October 2021
- 4 Such exceptional distribution would be conditional upon Concordia's final decision to file the offer. Concordia is the holding company of the Rothschild family and the largest shareholder of Rothschild & Co.



# Outlook

## Global Advisory

- Macro-economic headwinds have impacted deal making and announced transaction levels reduced towards the end of 2022
- We expect a weaker start to 2023 compared to the levels of completion activity we saw in 2022

## Wealth & Asset Management

- We expect interest rates to continue to rise in 2023 and market volatility to remain high
- Exceptional profit growth seen in 2022 is unlikely to be repeated in 2023

## Merchant Banking

- We expect to continue to grow recurring revenue base
- Investments should continue to fulfil their value creation potential
- However, we anticipate a slowdown in investment performance revenue compared to 2021 and 2022

## Group

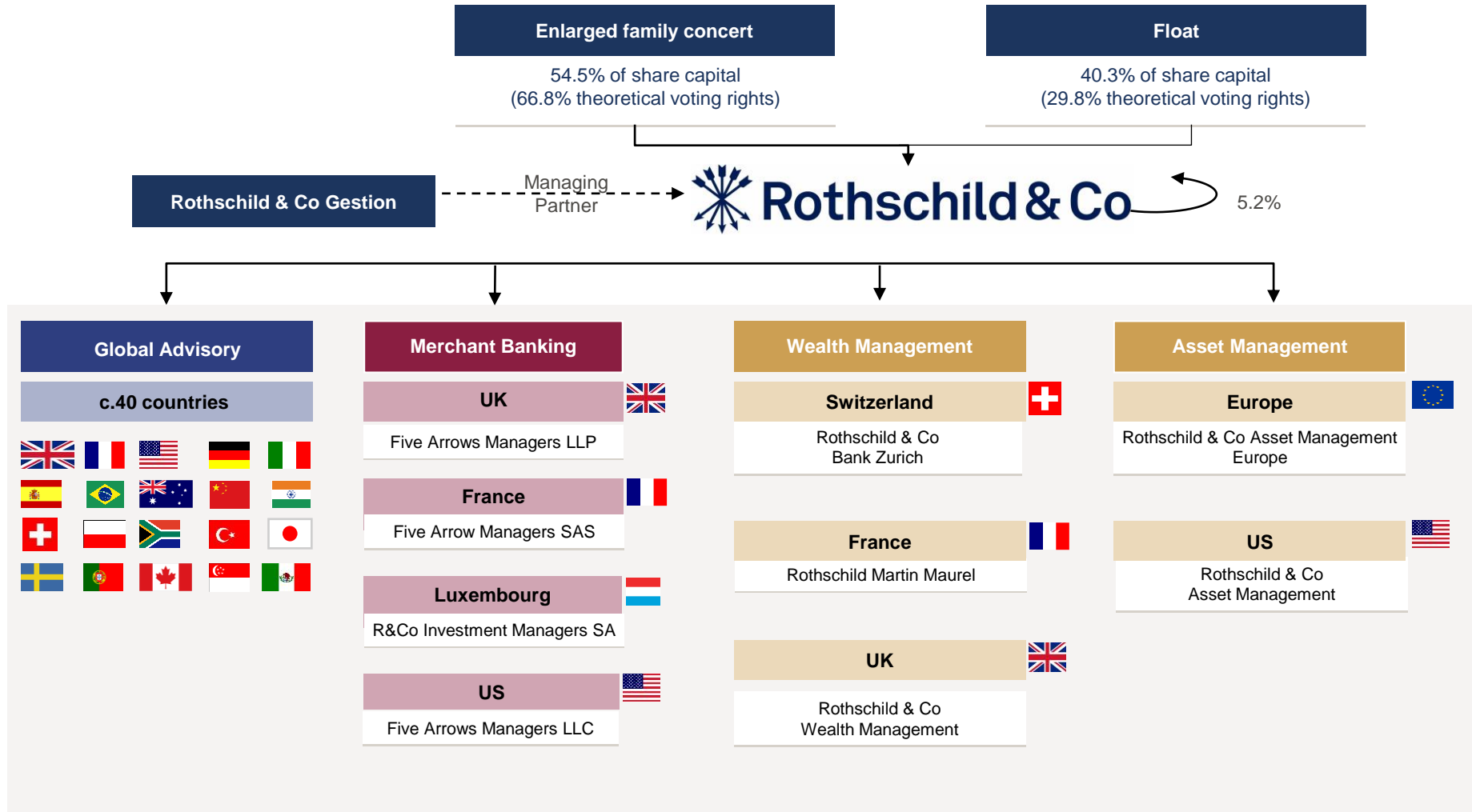
- We expect our three core businesses to continue to perform well during 2023, albeit below levels of 2022
- 2023 will be a more challenging year given macro and geopolitical environment

# Appendices



# Rothschild & Co at a glance

As at 31 December 2022





# Major FX rates

P&L (average)				Balance sheet (spot)			
Rates	2022	2021	Var	Rates	31/12/2022	31/12/2021	Var
€ / GBP	0.8553	0.8614	(1)%	€ / GBP	0.8869	0.8390	6%
€ / CHF	1.0012	1.0800	(7)%	€ / CHF	0.9880	1.0364	(5)%
€ / USD	1.0515	1.1762	(11)%	€ / USD	1.0683	1.1350	(6)%

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			Balance sheet		
(in €m)	2022	2021	(in €m)	31/12/2022	31/12/2021
Interest on perpetual subordinated debt	17.2	12.7	Perpetual subordinated debt	297	306
Preferred shares <sup>1</sup>	176.1	181.2	Preferred shares <sup>1</sup>	153	158
Other non-controlling interests	1.9	1.4	Other non-controlling interests	2	5
<b>TOTAL</b>	<b>195.2</b>	<b>195.3</b>	<b>TOTAL</b>	<b>452</b>	<b>468</b>

## Note

1. 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 exceptional items</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 of a significant amount
<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 and revenue are 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 Revenue 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.</p> <p>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 December 2021 and 31 December 2022</p>	To measure the overall profitability of Rothschild & Co excluding exceptional items on the Group share of tangible equity capital in the business
<b>Business PBT margin</b>	Each business PBT margin is calculated by dividing Profit before tax by revenue, business by business.	To measure business' profitability
<b>Return on Risk Adjusted Capital (RORAC)</b>	<p>Ratio of an adjusted Operating income 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.</p> <p>To calculate the RORAC, MB Operating income 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 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

	31/12/2022	31/12/2021
<b>Shareholders' equity (group share)</b>	<b>3,565,080</b>	<b>3,132,825</b>
<b>Net book value</b>	<b>3,565,080</b>	<b>3,132,825</b>
- Intangible assets	(241,453)	(209,055)
- Intangible assets net of tax	(216,944)	(191,587)
- Goodwill	(250,756)	(197,421)
<b>Net tangible book value</b>	<b>3,097,380</b>	<b>2,743,817</b>
<b>Average number of shares in issue</b>	<b>77,628,014</b>	<b>77,692,512</b>
- Average Treasury shares	(3,737,749)	(3,619,381)
- Average Controlling shares	(2,009,031)	(2,073,028)
<b>Average number of shares</b>	<b>71,881,234</b>	<b>72,000,103</b>
<b>Number of shares in issue - End of the period</b>	<b>77,029,277</b>	<b>77,732,512</b>
- Treasury shares - End of the period	(3,533,785)	(3,526,632)
- Controlling shares - End of the period	(1,815,187)	(1,867,673)
<b>Number of shares - End of the period</b>	<b>71,680,305</b>	<b>72,338,207</b>
<b>Net Book value (BV) per share (End of the period)</b>	<b>€ 49.73</b>	<b>€ 43.31</b>
<b>Net Tangible book value (TBV) per share (End of the period)</b>	<b>€ 43.21</b>	<b>€ 37.93</b>
<b>Net income (group share)</b>	<b>605,632</b>	<b>765,804</b>
- profit share to R&Co Gestion	(3,429)	(3,005)
<b>Net income attributable to shareholders</b>	<b>602,203</b>	<b>762,799</b>
<b>Earnings per share (based on average number of shares)</b>	<b>€ 8.38</b>	<b>€ 10.59</b>
<b>Diluted EPS (based on diluted number of shares - average)</b>	<b>€ 8.27</b>	<b>€ 10.45</b>



# Alternative performance measures (APM)

## ROTE and RORAC

ROTE			RORAC – 3 years average		
	2022	2021		2022	2021
<b>Net income - Group share excluding exceptionals</b>	<b>606</b>	<b>766</b>	PBT 2022	273	
Shareholders' equity - Group share - opening	3,133	2,303	PBT 2021	292	292
- Intangible fixed assets	(192)	(170)	PBT 2020	57	57
- Goodwill	(197)	(135)	PBT 2019		111
<b>Tangible shareholders' equity - Group share - opening</b>	<b>2,744</b>	<b>1,997</b>	<b>Average PBT rolling 3 years</b>	<b>207</b>	<b>153</b>
Shareholders' equity - Group share - closing	3,565	3,133	NAV 31/12/2022	1,054	
- Intangible fixed assets	(217)	(192)	NAV 31/12/2021	905	905
- Goodwill	(251)	(197)	NAV 31/12/2020	679	679
<b>Tangible shareholders' equity - Group share - closing</b>	<b>3,097</b>	<b>2,744</b>	NAV 31/12/2019		617
<b>Average tangible equity</b>	<b>2,921</b>	<b>2,371</b>	<b>Average NAV rolling 3 years</b>	<b>879</b>	<b>734</b>
<b>ROTE excluding exceptionals</b>	<b>20.7%</b>	<b>32.3%</b>	Debt = 30% of average NAV	264	220
			Notional interest of 2.5% on debt	(5)	(5)
			<b>Average PBI rolling 3 years adjusted by the cost of debt interest</b>	<b>202</b>	<b>148</b>
			<b>Risk adjusted capital = 70% of Average NAV</b>	<b>616</b>	<b>514</b>
			<b>RORAC</b>	<b>33%</b>	<b>29%</b>



# Cash flow statement

	12m to Dec 20	12m to Dec 21	12m to Dec 22
<b>Operating cash flow (OCF)</b>	<b>90</b>	<b>875</b>	<b>410</b>
Net (advance)/repayment of loans to customers	(255)	(804)	(463)
Net cash inflow/(outflow) related to treasury activities <sup>(1)</sup>	604	1,301	(1,090)
Net cash inflow/(outflow) related to investing activities <sup>(2)</sup>	10	(15)	(22)
Net cash inflow/(outflow) related to financing activities	4	(136)	(282)
Impact of exchange rate changes on cash and treasury assets	(160)	272	(2)
<b>NET INFLOW/(OUTFLOW) OF CASH AND TREASURY ASSETS</b>	<b>293</b>	<b>1,493</b>	<b>(1,449)</b>
Treasury assets cash inflow/(outflow)	165	(221)	(2,160)
Impact of exchange rate on treasury assets	26	(16)	46
Interbank demand deposits and overnight loans	-	134	(19)
<b>Net inflow/(outflow) of cash disclosed in consolidated accounts</b>	<b>484</b>	<b>1,390</b>	<b>(3,582)</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:*

- 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

The main variance under the 2 definitions in the year is that €2.1bn of central bank deposits were reallocated to short term liquid high quality government bonds

## 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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