



Press release – Financial information

1st quarter 2019

Paris, 14 May 2019

Solid first quarter of 2019 driven by a strong activity in advisory

- **Global Advisory:** revenue up 12% to €292 million (Q1 2018: €262 million) due to strong performance in our European M&A business. 5th globally by revenue for the twelve months to March 2019
- **Wealth & Asset Management:** Strong net new assets and equity markets recovery resulted in a robust growth in Assets under Management, up 7% from December 2018. Revenue was down 1% to €118 million (Q1 2018: €120 million) reflecting negative interest on higher Euro central banks deposits
- **Merchant Banking:** revenue down 4% to €24 million (Q1 2018: €25 million) but up 28% when compared to the average first quarter revenue for the previous three years
- First quarter revenue was impacted :
 - Negatively by the sale of the Trust business on 28 February 2019 (Q1 2019: €5 million versus Q1 2018: €10 million)
 - Positively by the currency translation effects of €8 million

<i>In € million</i>	First quarter		
	2019	2018	% Var
Global Advisory	292.5	261.7	12%
Wealth & Asset Management	118.5	119.7	-1%
Merchant Banking	24.1	25.2	-4%
Other businesses	9.8	17.0	-42%
TOTAL before IFRS reconciliation	444.9	423.6	5%
IFRS Reconciliation	(1.0)	(3.6)	-72%
Total Group revenue	443.9	420.0	6%

1. Business activities

1.1 Global Advisory

Our Global Advisory business focuses on providing advice in the areas of M&A and strategic advisory and Financing Advisory encompassing Debt Advisory, Restructuring and Equity Advisory.

Global Advisory revenue for the three months to March 2019 was **€292.5 million, 12% higher** than the same period in 2018 (€261.7 million), principally due to a strong performance in our European M&A business. Our ranking by financial advisory revenue in recent years has varied quarter-on-quarter in the range between 4th and 6th; this position fluctuates depending on quarterly revenue which can be volatile based on the timing of transaction completions. For the twelve months to March 2019, we **ranked 5th globally** by financial advisory revenue¹, compared to 6th for the twelve months to December 2018.

Our M&A business remains well positioned, ranking **2nd globally by number of completed transactions** for the twelve months to March 2019². In Europe, we continue to **advise on more M&A transactions** than any of our competitors, a position we have held for more than a decade.

In Financing Advisory, we ranked **1st in Europe by number of completed restructuring transactions** for the twelve months to March 2019³, and we **advised on more European equity assignments than any other independent financial adviser**⁴ over the same period.

The quality of our people is our principal competitive advantage and we continue to add to and strengthen our senior team. During the first quarter of 2019, we promoted 19 new Managing Directors (MDs) across the business, demonstrating our focus on growing talent from within. In addition, we recruited new MDs into our German and Asian businesses and a new Co-Head of Shareholder Engagement to support our Investor Advisory practice.

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

- **The Coca-Cola Company** on its acquisition of Costa Coffee (US\$5.1 billion, United States and UK)
- **CVC Capital Partners** on its acquisition of 51.8% of Recordati (€3 billion, Italy)
- **Enagas**, with Blackstone and GIC, on its acquisition of 100% of class B shares and voting rights in Tallgrass Energy (US\$3.3 billion, Spain and United States)
- **CityFibre** on its refinancing and debt raise (£1.1 billion, UK)
- **Faurecia** on its acquisition of Clarion (€1.2 billion, France and Japan)

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

- **RPC Group** on its sale to Berry Global Group (£4.7 billion, UK and United States)
- **Westinghouse** (adviser to creditors) on its restructuring (US\$4 billion, United States)
- **BTG** on its recommended cash offer by Boston Scientific (£3.3 billion, UK and United States)
- **Sika** on its acquisition of Parex from CVC Capital Partners (€2.2 billion, Switzerland and France)
- **Medacta Group's** IPO on SIX Swiss Exchange (€561 million, Switzerland)⁵

¹ Company filings

² Refinitiv, completed transactions. Excludes accountancy firms

³ Refinitiv

⁴ Dealogic

⁵ Completed in Q2 2019

1.2 Wealth & Asset Management

Wealth & Asset Management is made up of our Wealth Management businesses in France, Switzerland, UK, Belgium, Germany, Monaco and Italy and our Asset Management activity in Europe. In addition we operate a small Asset Management business in North America.

The sale of our worldwide wealth planning and trust services business was completed in February 2019. Therefore all figures for 2018 and 2019 for Wealth and Asset Management business have been restated. The Trust business has been reclassified in "Other businesses" at Group level.

Revenue for the three months to March 2019 was **€118.5 million** (Q1 2018: €119.7 million), down 1%. This mainly reflects negative interest on higher Euro central banks deposits.

Assets under Management (AuM) increased by 7% (or €4.8 billion) to €69.6 billion as at 31 March 2019 (31 December 2018: €64.8 billion). The growth was driven both by strong Net New Assets (NNA) as well as more favourable market conditions, which recovered during the first quarter of 2019 following difficult markets in the fourth quarter of 2018.

NNA in Wealth Management was €0.9 billion, representing a growth rate of 2% of AUM with positive net inflows in all European countries; with a record quarter level in France. Asset Management experienced very small outflows (less than €30 million).

The table below presents the progress in Assets under Management.

In € billion	1 st quarter	
	2019	2018
AuM opening (1 January)	64.8	67.3
Net new assets	0.9	1.1
Market and exchange rate	3.9	(1.9)
AuM closing (31 March)	69.6	66.5

1.3 Merchant Banking

Merchant Banking is the investment arm of Rothschild & Co which deploys the firm's and third parties' capital in private equity and debt opportunities.

Revenue for the three months to March 2019 was **€24.1 million** (Q1 2018: €25.2 million), down 4%. When compared to the average of the last three years, first quarter revenue is up 28%.

Revenue comprises two main sources:

- Recurring revenue of €16.9 million includes management fees net of placement fees (Q1 2018: €16.1 million),
- Investment performance related revenue of €7.2 million (Q1 2018: €9.1 million) comprised:
 - €2.9 million of carried interest (Q1 2018: €3.3 million),
 - and €4.3 million of realised and unrealised investment gains and dividends (Q1 2018: €5.8 million).

During the first quarter of 2019, Rothschild & Co's investments in the division amounted to €19 million, mainly attributable to the Group's own investments in funds managed by Merchant Banking (€17 million). Disposals and distributions generated proceeds of €5 million of which €4 million was distributed by FACS, our direct lending fund, focused on junior private debt.

During the first quarter of 2019, Merchant Banking closed its third European corporate private equity fund, Five Arrows Principal Investments III ("FAPI III"), at €1.26 billion and completed its first investment transaction in April 2019. FAPI II, FAPI III's predecessor, completed an investment transaction at the beginning of the quarter and, shortly after the end of it, announced the signing of its last portfolio investment. In addition, the US-based corporate

private equity fund, FACP, finalised its third investment bringing the invested amount to around 25% of the fund's committed capital (US\$655 million).

Merchant Banking's private debt funds have successfully continued to deploy their capital with Five Arrows Credit Solutions now being fully invested and Five Arrows Direct Lending (FADL) having invested around 80% of its committed capital. FADL's deployment has been particularly strong given that it started investing only two years ago; this reflects the dynamism of the team in finding new investment opportunities in a rapidly growing market.

Assets under Management as at 31 March 2019 stood at €11.3 billion (31 December 2018: €11.1 billion), of which €1.0 billion has been committed by Rothschild & Co. The increase of €0.2 billion mainly relates to the Oberon credit management strategy, which invests in senior secured loans.

2. Outlook

In Global Advisory, publicly available data indicates that the value of announced global M&A activity has been broadly flat during the last twelve months with European activity softening. Hence, whilst we believe the general environment continues to be supportive for M&A, we remain alert to the signs of a turning point in the cycle. At the moment, our visible pipeline of business remains healthy and well diversified due to our broad market reach. We are nevertheless cautious in assessing the outlook for the rest of the financial year, particularly given the record year in 2018, notably in the second quarter of last year.

Wealth and Asset Management has a solid base from which to grow and to continue to deliver a strong net new assets in Wealth Management across all main geographies. However, the macro economic factors are uncertain, resulting in increased market volatility.

Merchant Banking expects to continue growing its Assets under Management in line with its long term strategy and maintain a significant contribution to the Group's results. The division will be focused on the deployment of recently launched funds and on fund raising of successor funds. We continue to apply our investment philosophy that is centred on cautious and disciplined capital deployment decisions, focusing on attractive risk-reward opportunities with appropriate downside protection features.

Whilst 2018 was a very strong year, we anticipate 2019 to be more challenging due to the increased uncertainty surrounding the macro environment. We will continue to focus on our strategy of growing our three businesses and improving the synergies between them, while, in the event of a decline in market conditions, remaining ever vigilant to control our cost base.

Financial calendar:

- 16 May 2019 Annual General Meeting
- 22 May 2019 Dividend payment date
- 17 September 2019 Half year results 2019
- 13 November 2019 Third quarter information 2019
- 10 March 2020 Full year results 2019

For further information:

Rothschild & Co

Investor Relations

Marie-Laure Becquart

Tel: +33 1 40 74 65 26

Marie-laure.becquart@rothschildandco.com

Media Relations

Caroline Nico

Tel: + 33 1 40 74 43 44

Caroline.nico@rothschildandco.com

Media Contact

DGM

Olivier Labesse

Tel: +33 1 40 70 11 89

labesse@dgm-conseil.fr

About Rothschild & Co

With a team of c.3,500 talented financial services specialists on the ground in over 40 countries across the world, our integrated global network of trusted professionals provide in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth & Asset Management, and Merchant Banking. Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years.

Rothschild & Co is a French partnership limited by shares (*société en commandite par actions*) listed on Euronext in Paris, Compartment A with a share capital of €155,135,552. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.