



# Rothschild & Co - Equity story

July 2016

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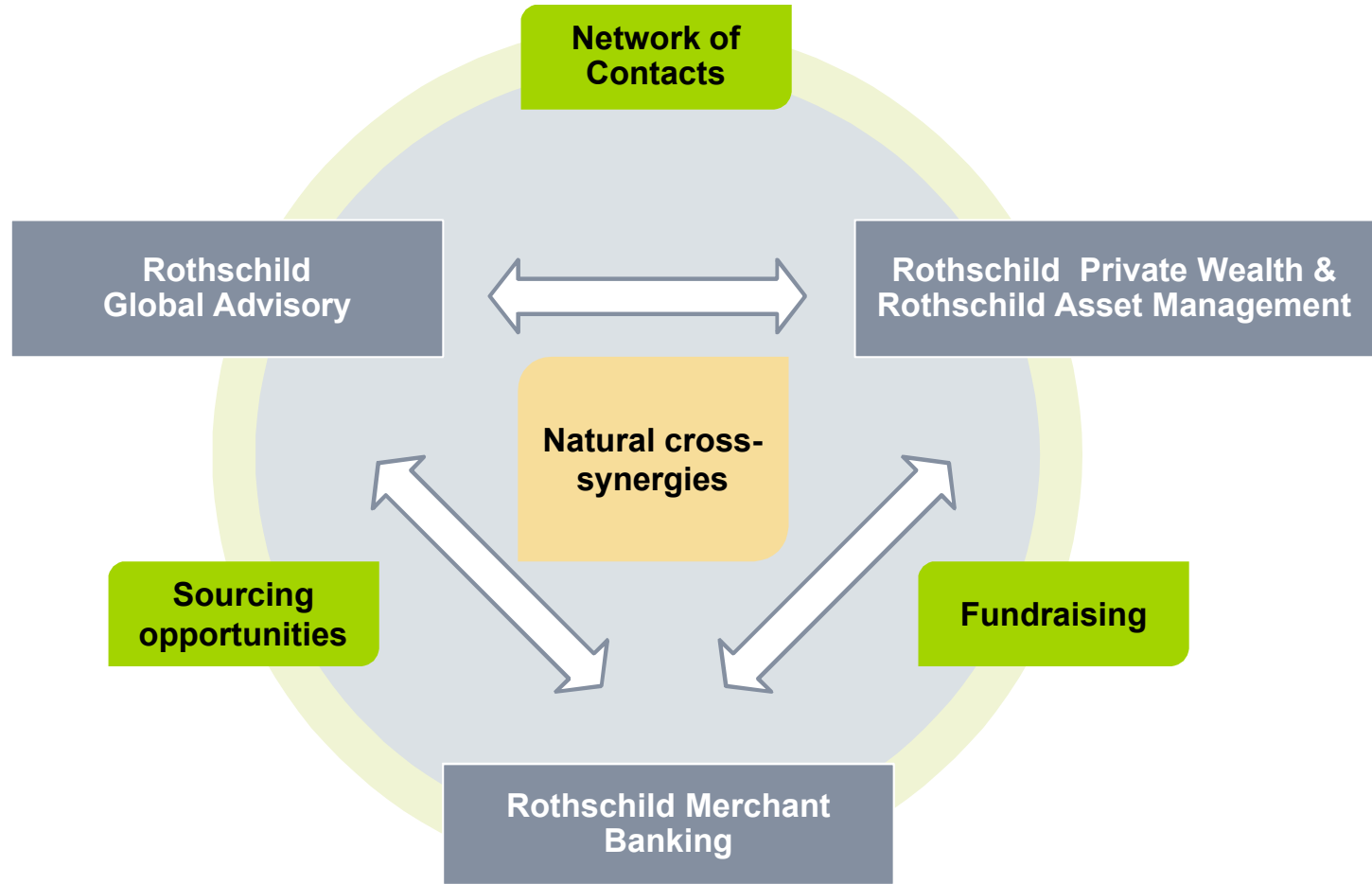
# Rothschild & Co investment case

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1	<b>Rothschild brand &amp; value creation long term</b>	<ul style="list-style-type: none"><li>■ Listed parent of the Rothschild &amp; Co Group benefiting from strong corporate governance</li><li>■ A family controlled business focused on long term growth</li><li>■ Alignment of interests between shareholders, Rothschild family and management</li></ul>
2	<b>Established business model targeting growth</b>	<ul style="list-style-type: none"><li>■ Three core businesses:<ul style="list-style-type: none"><li>➤ Rothschild Global Advisory with a worldwide franchise</li><li>➤ Rothschild Merchant Banking</li><li>➤ Rothschild Private Wealth &amp; Rothschild Asset Management</li></ul></li></ul>
3	<b>High operating leverage</b>	<ul style="list-style-type: none"><li>■ Cost discipline and productivity</li><li>■ Complementary activities with synergies</li></ul>
4	<b>Financial strength</b>	<ul style="list-style-type: none"><li>■ Strong financial position and solvency ratios</li></ul>
5	<b>Objectives of Shareholder return</b>	<ul style="list-style-type: none"><li>■ Return on tangible equity of between 10% to 15% through the cycle</li><li>■ Progressive dividend policy</li></ul>

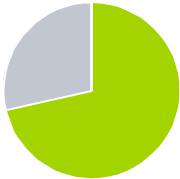

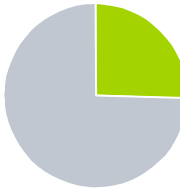
**A value driven investment leveraged for growth**

# 1. Overview



**Cross fertilisation gives a real competitive advantage, with maximum benefits for Entrepreneurs**

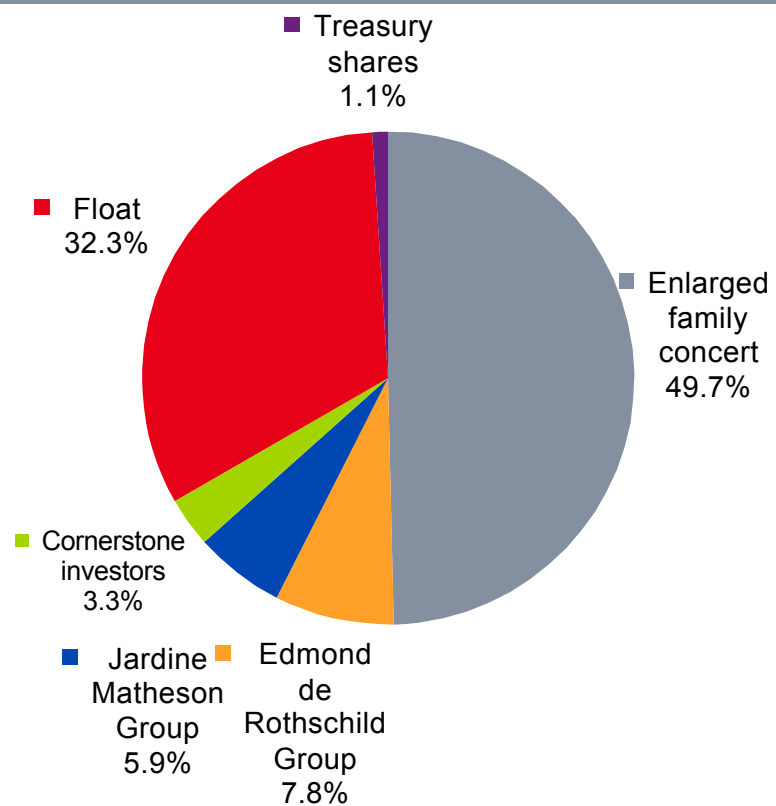
# Business model

	Rothschild Global Advisory	Rothschild Merchant Banking	Rothschild Private Wealth & Rothschild Asset Management
Portfolio of solutions	<p>Lead independent advisory firm</p> <ul style="list-style-type: none"> <li>■ M&amp;A and strategic advisory</li> <li>■ Debt and restructuring advisory</li> <li>■ Equity advisory</li> </ul>	<ul style="list-style-type: none"> <li>■ Private equity funds</li> <li>■ Private debt funds</li> <li>■ Proprietary portfolio</li> </ul>	<ul style="list-style-type: none"> <li>■ Wealth Management</li> <li>■ Asset Management</li> <li>■ Trust services</li> </ul>
Position	<ul style="list-style-type: none"> <li>■ Highly recognised franchise benefiting from critical mass</li> <li>■ Very well poised to benefit from ongoing recovery in global M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>■ Fast growing business</li> <li>■ c.€5bn assets under management</li> </ul>	<ul style="list-style-type: none"> <li>■ European stronghold</li> <li>■ Foothold in other promising markets</li> <li>■ €50bn of AuM</li> </ul>
Average 3 years revenue per annum	 <p>€870m 66%</p>	 <p>€109m 8%</p>	 <p>€341m 26%</p>

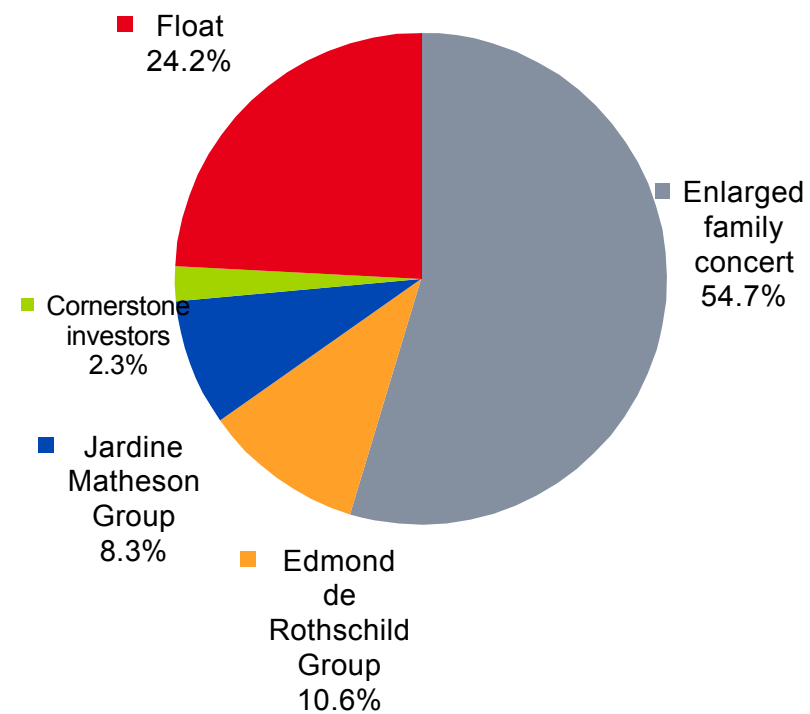
**3 resilient pillars with strong potential**

## Shareholding structure as at 31 May 2016

### Share capital

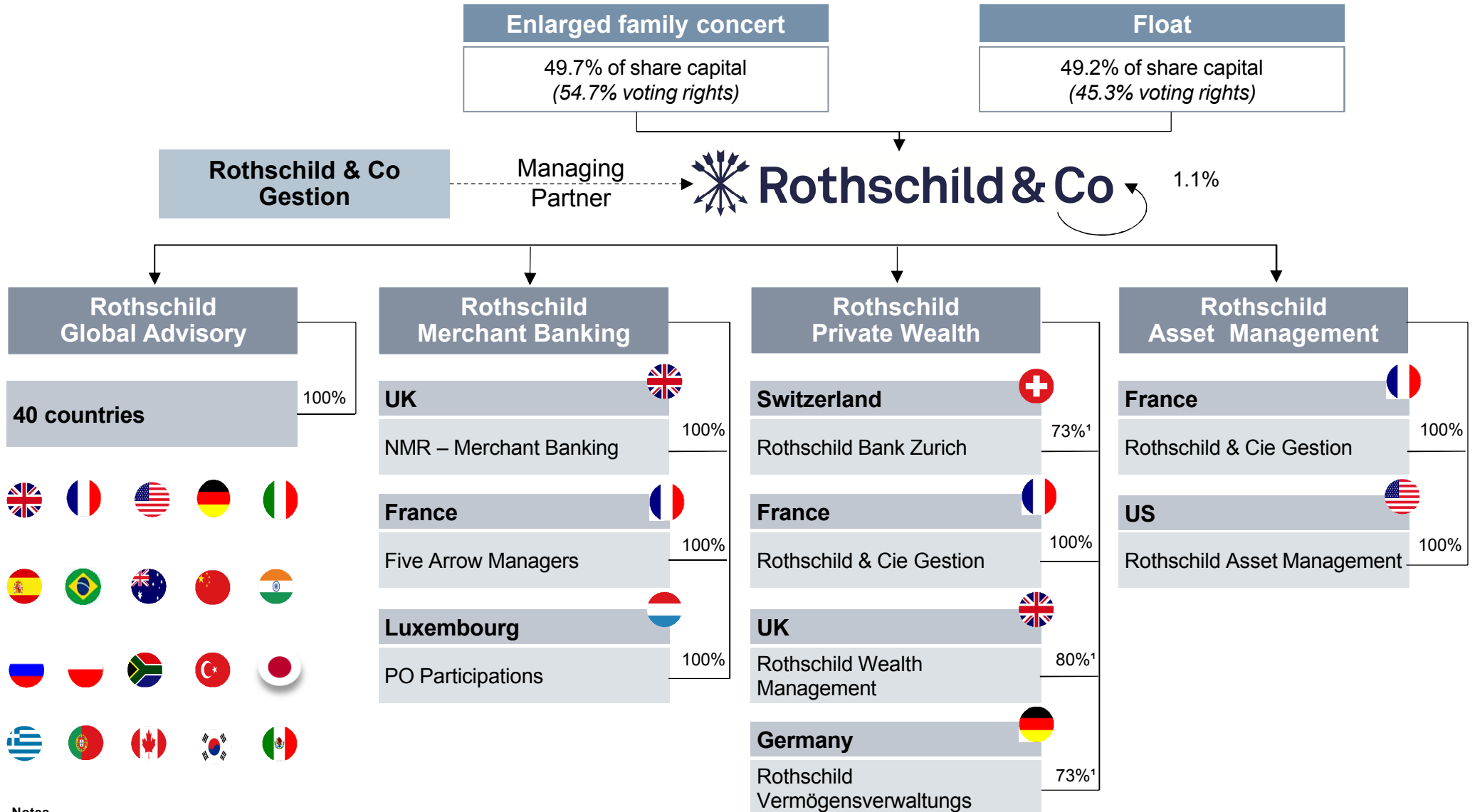


### Voting rights










































# Rothschild & Co at a glance



**Notes**

<sup>1</sup> Minority interests held by the Rothschild family

## Rothschild & Co Supervisory Board and Committees

Member	Supervisory Board	Specialised Committees			
		Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee
<b>Eric de Rothschild</b> – French	 				
<b>André Lévy-Lang</b> – French	 				
<b>François Henrot</b> – French	 				
<b>Martin Bouygues</b> – French					
<b>Dr. Daniel Daeniker</b> – Swiss					
<b>Sylvain Héfès</b> – French				 	
<b>Angelika Gifford</b> – German					
<b>Arielle Malard de Rothschild</b> – French					
<b>Lucie Maurel-Aubert</b> – French					
<b>Carole Piwnica</b> – Belgian					
<b>Anthony de Rothschild</b> – British					
<b>Jacques Richier</b> – French					
<b>Sipko Schat</b> – Dutch					 
<b>Peter Smith</b> – British		 			
<b>Luisa Todini</b> – Italian					

 Chairman  Vice-Chairman  Independent member  Non independent member

# Corporate governance

## 1 Group management

**Rothschild & Co Gestion**, Managing Partner of Rothschild & Co

- David de Rothschild, Chairman,
- Alexandre de Rothschild, Vice-chairman
- Nigel Higgins and Olivier Pécoux, CEOs

**Group management committee** (GMC) with 12 members split between:

- CEOs (2)
- Business heads (6)
- Support heads (4)

**Accomplished management team**

## 2 Board and committees

A **Supervisory board** composed of:

- 15 recognised professionals, including 9 independent members
- 7 different nationalities
- High profile individuals

**4 specialised committees:**

- Audit Committee
- Risk Committee
- Strategy Committee
- Remuneration & Nomination Committee

**Strong governance complying with best practice**

## 3 Aligned shareholders and senior management

An Equity Scheme was introduced in October 2013 for 57 senior employees from 10 countries

Extended to 10 new senior employees in December 2015

**Alignment of interests**

**Strong corporate governance complying with highest standards**

## 2. Rothschild Global Advisory

# A global network

Facing Page 8

On-the-ground presence in 40 countries with 52 offices

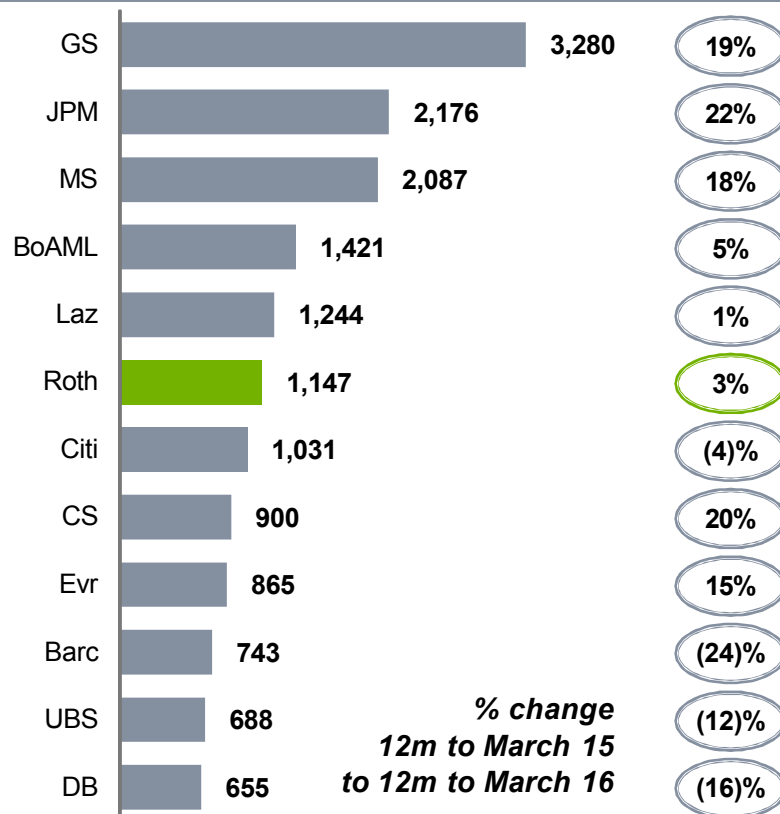


▶ Ability to address a large number of key clients around the world

# Ranking by advisory revenue

Advisory revenue – 12 months to March 2016

## Global advisory revenue (in \$m)



Source : Companies filing

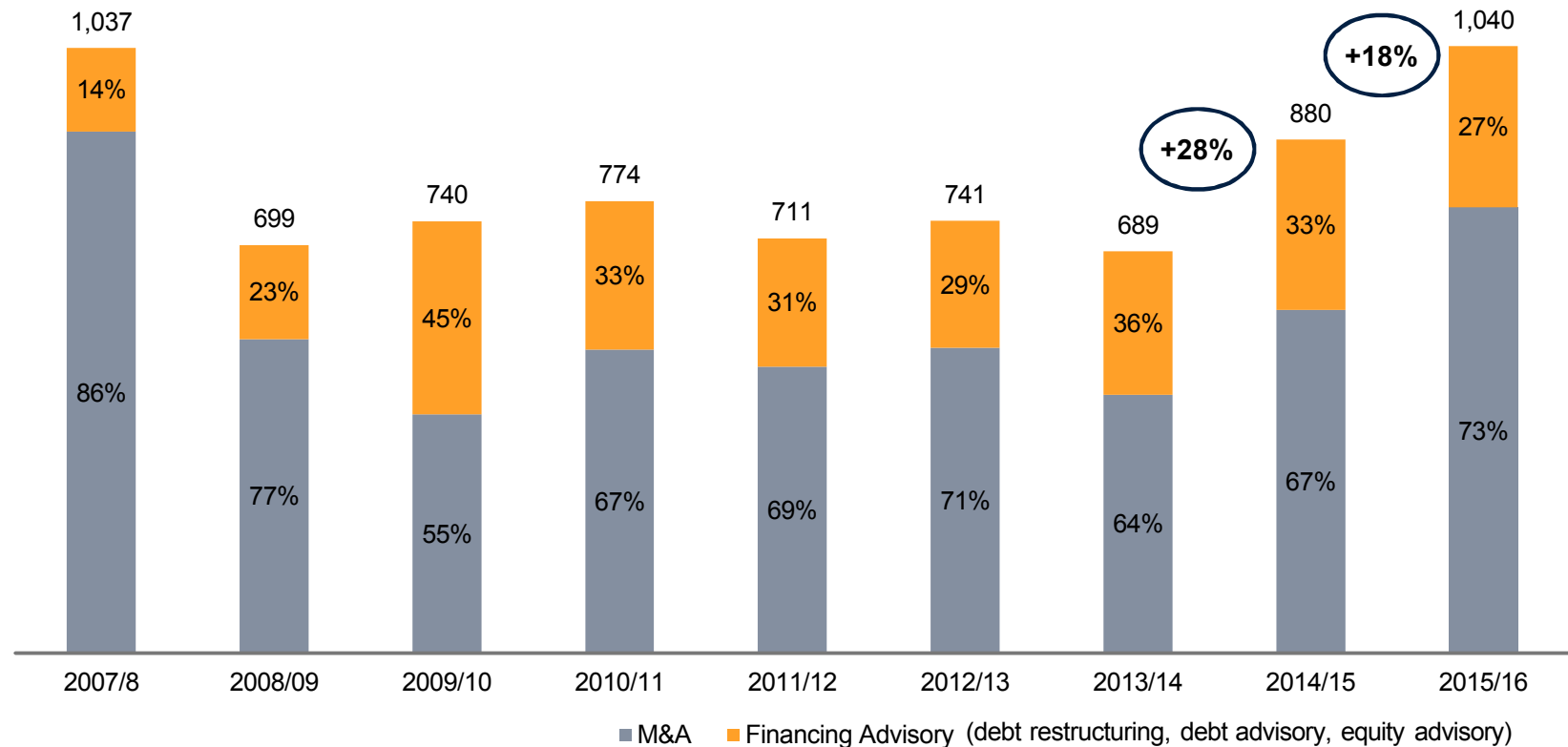
## Highlights

- Top ranked world GA adviser excluding US
- Development of the US platform in domestic M&A and cross border (recruitment of 8 MDs over the last 2 years)
- Strong rankings across Europe (#1 in Europe, France and UK by number of deals) and in the Middle East, South Africa and Brazil
- Successful year for M&A advisory:
  - market leadership in Europe
  - advising on landmark, high-profile transactions
- Continued growth of debt advisory and restructuring business, advising on more transactions
- Strong European equity advisory

**#6 globally**

# Revenue progression

## Revenue progression (in €m)



**Resilience over the cycle due to  
complementary mix of M&A and Financing Advisory**

# Key figures

<i>(in €m)</i>	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Revenue</b>	<b>711</b>	<b>741</b>	<b>689</b>	<b>880</b>	<b>1,040</b>
M&A	491	523	443	588	763
Financing Advisory	220	218	246	292	277
<b>Profit before tax</b>	<b>70</b>	<b>96</b>	<b>71</b>	<b>139</b>	<b>167</b>
<i>PBT margin</i>	9.9%	12.9%	10.4%	15.8%	16.1%
<i>Compensation ratio</i>	66.8%	65.1%	67.1%	65.4%	66.0%
<i>Bankers</i>	908	864	851	860	940
<i>of which MDs</i>	190	178	184	186	197

+10%  
CAGR

**Strong momentum for both revenue  
and profit before tax**



# Strategy and objectives

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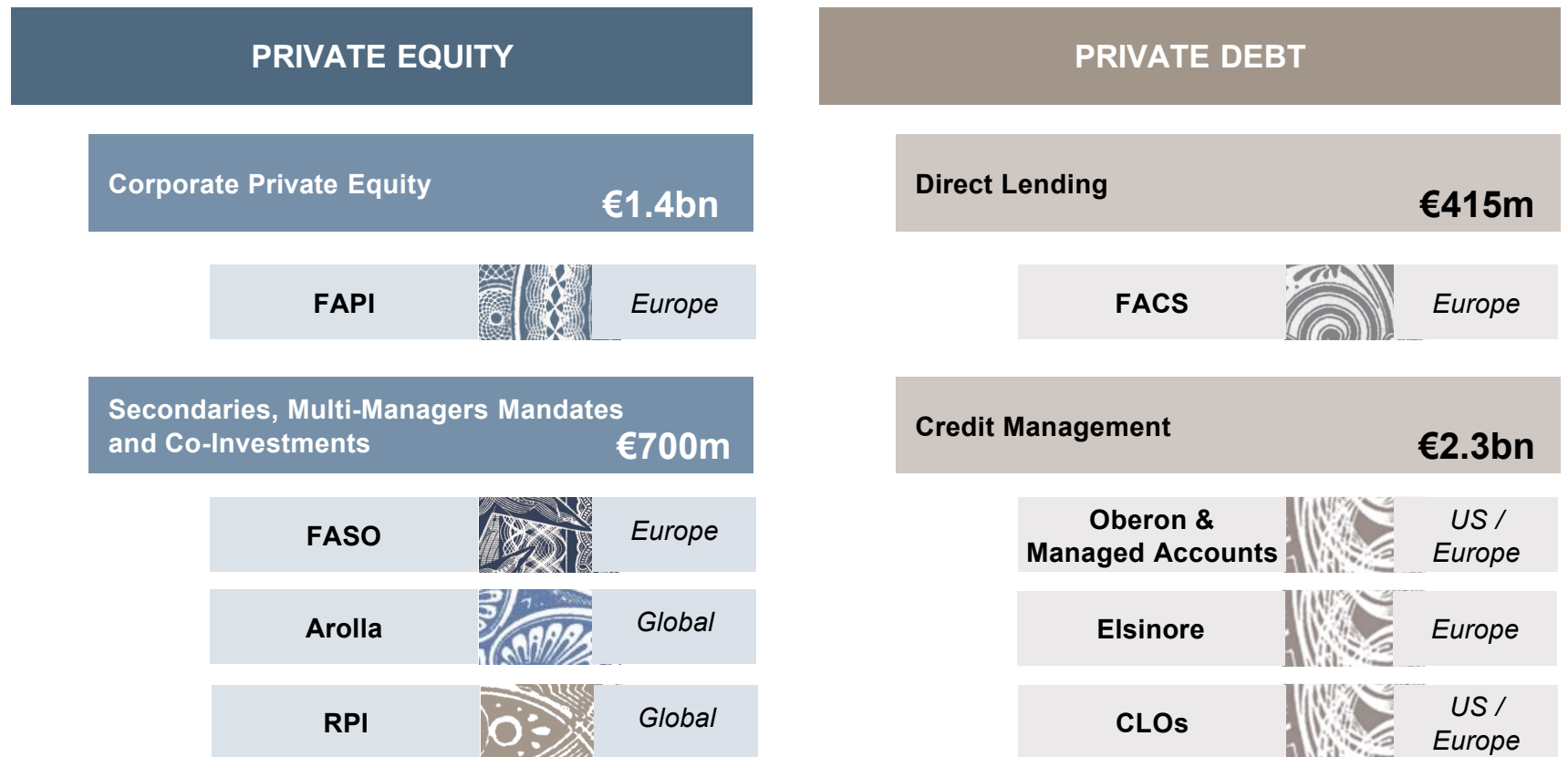
1	<b>USA: continued investment to strengthen presence</b>
2	<b>Europe: increase market share and deepen market penetration in countries where the Group does not yet have a leading position</b>
3	<b>RoW: maintain strong presence in Asia, Pacific, Latin America and Middle east to support cross-border M&amp;A transactions</b>
4	<b>Enhance cross selling synergies between businesses</b>
5	<b>Maintain headcount and cost discipline by optimising the operating model in each region</b>
6	<b>Manage compensation ratio during the cycle</b>

**Rothschild Global Advisory objective:  
Profit before tax margin of low to mid-teens through the cycle**

### 3. Rothschild Merchant Banking

# Rothschild Merchant Banking offerings

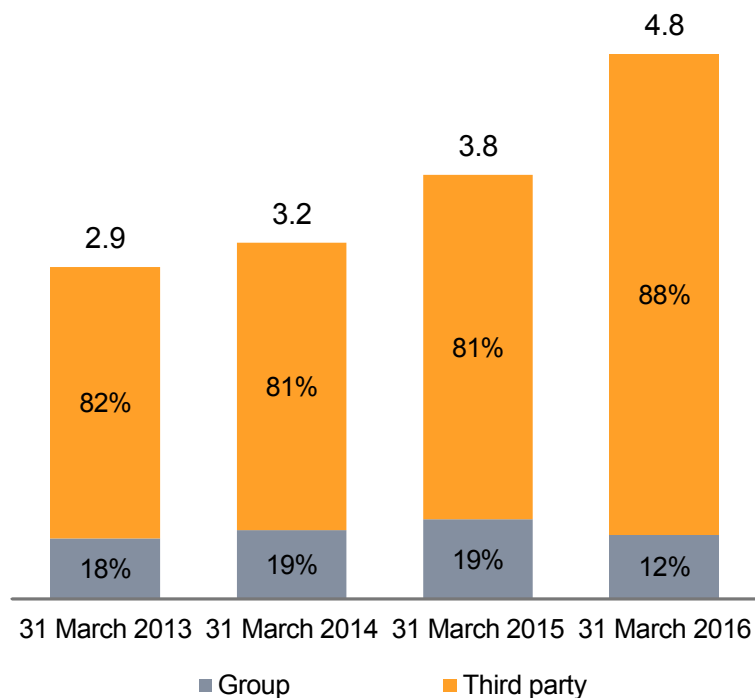
Investment arm of the Rothschild & Co Group



**c. €5bn of Asset under management  
(of which 12% from the Group) via a range of targeted mid-cap funds**

# Assets under Management & revenue

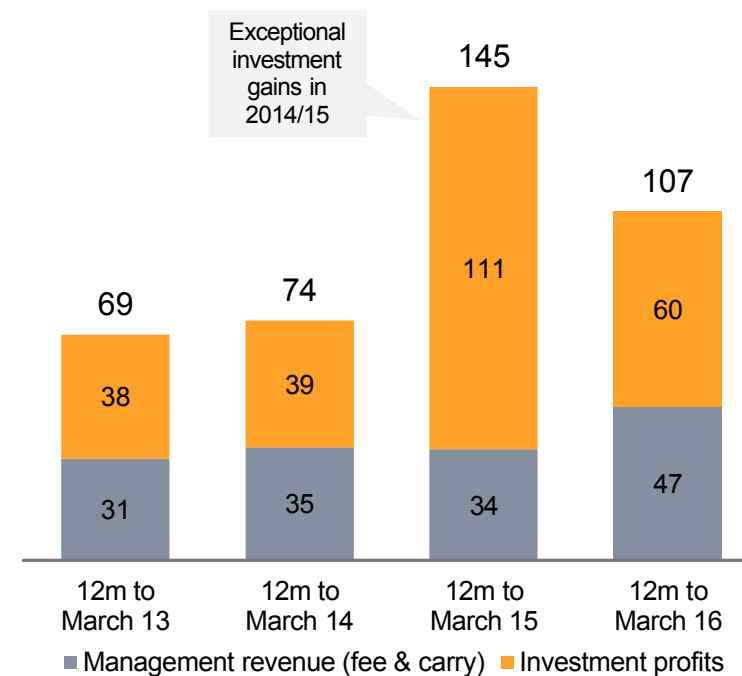
### AuM progression (in €bn)



#### Note

Assets under management comprise committed capital where a managed fund is still in its investment period, and includes net asset value after the investment period has expired.

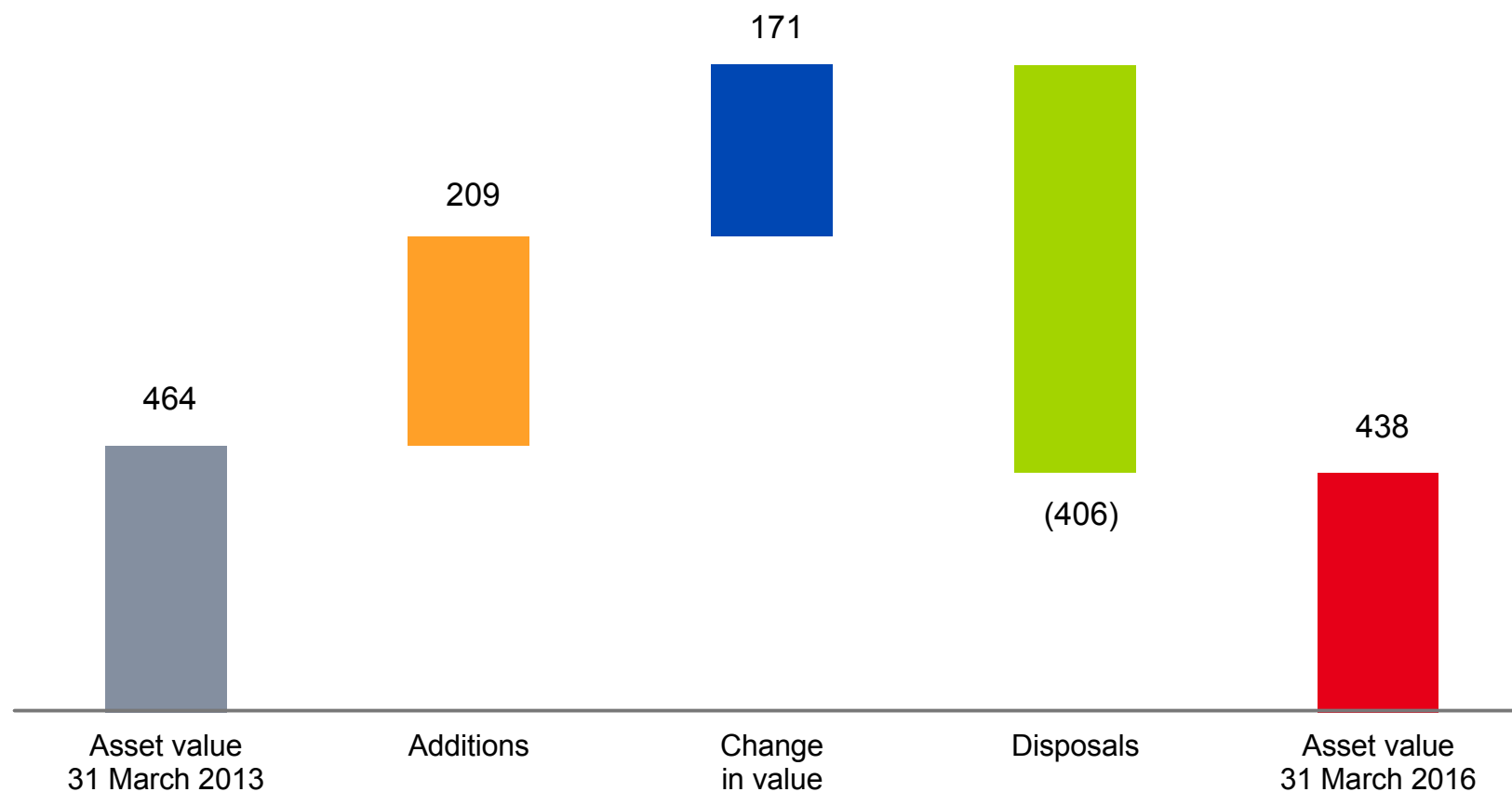
### Breakdown of revenue (in €m)



**Fee based revenue driven by AuM growth as well as investment performance**

# Value Creation for the Group

Change in balance sheet portfolio value (in €m)



**Strong value creation enables solid cash generation  
while maintaining constant capital at work**

# Key figures

<i>(in €m)</i>	2011/12	2012/13	2013/14	2014/15	2015/16	average 3 previous years
<b>Revenue</b>	71	69	74	145	107	96
o/w net investment gains	52	38	39	111	60	63
o/w impairments	(16)	(19)	(4)	(10)	(12)	(11)
<i>Net asset value of Group private equity assets</i>	481	464	518	508	438	
<i>Investment professionals</i>	35	48	46	52	64	

+12%

**Ability to generate significant returns  
but unusually high levels of investment gains in 2014/2015**

# Strategy

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**1**

**Grow AuM by raising new funds targeted at specific opportunities**

**2**

**Maintain significant capital at work (“skin in the game”) in our funds and investment programs of c.€500m**

**3**

**Remain selective in our investment decisions & focus on areas where we enjoy a distinct advantage**

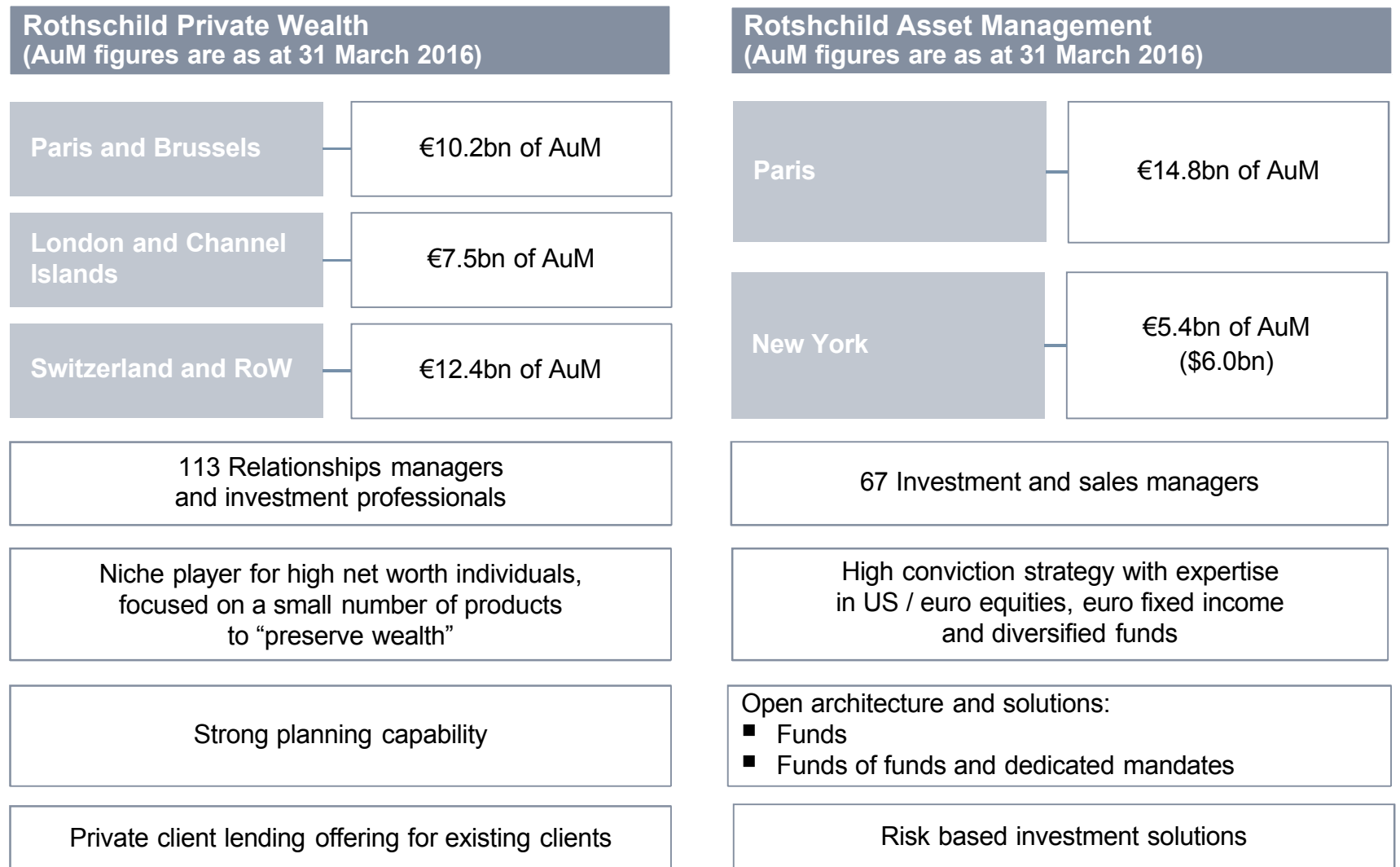
**4**

**Generate attractive returns with limited correlation to general market movements through a mix of management fees, capital gains and carry**

## 4. Rothschild Private Wealth & Rothschild Asset Management

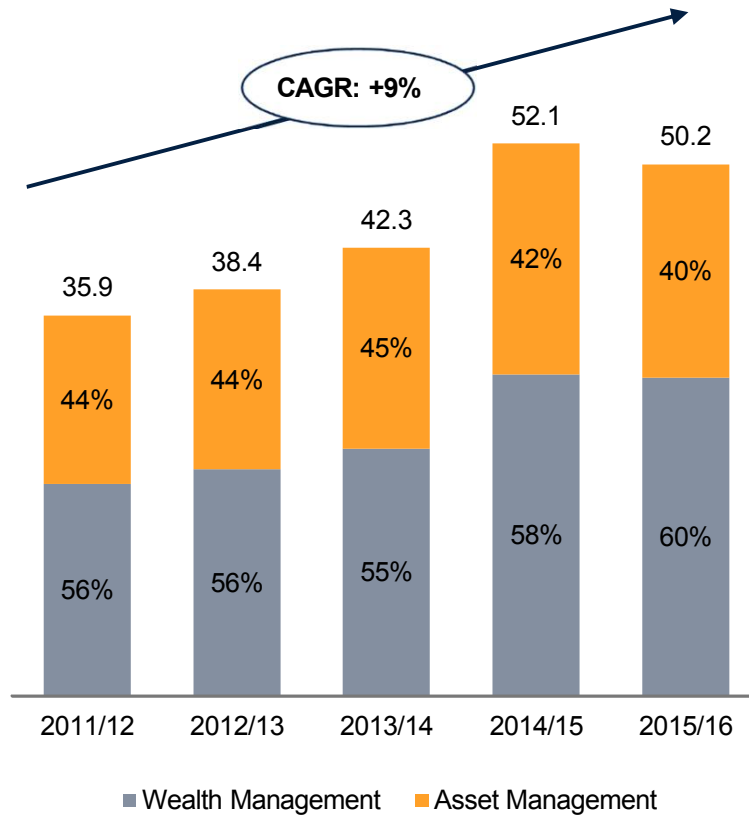


# Overview



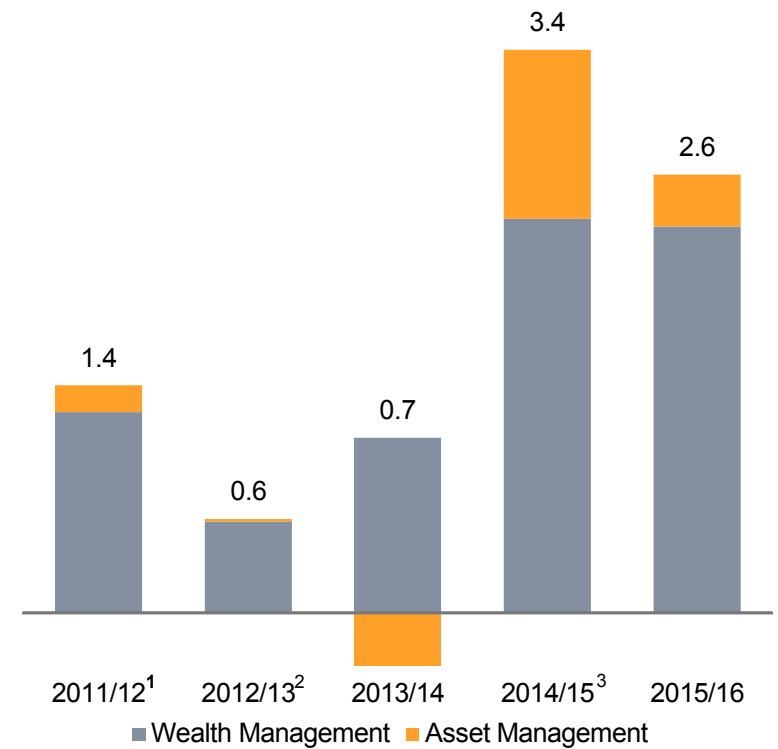
# Assets under Management

**AuM progression (in €bn)**



1 March 2016: Market effect, FX impact and reclassification of assets accounted for €4.5bn of the decline

**Net new assets (in €bn)**



1 2011/2012 excludes €1.5 billion outflow related to the partial sale of Sélection R in France  
 2 2012/13 includes €0.8 billion inflow related to the merger with HDF Finance in France  
 3 2014/15 excludes €1.9 billion outflow related to the transfer of accounts from Sélection R in France

**Strong growth in AuM overtime**

**Strong track record of attracting new business**

## Key figures

<i>(in €m)</i>	2011/12	2012/13	2013/14	2014/15	2015/16	
<b>Revenue</b>	<b>284</b>	<b>281</b>	<b>307</b>	<b>336</b>	<b>379</b>	<b>+8% CAGR</b>
<i>Average Bps</i>	79	76	76	71	74	
<b>AuM (in €bn)</b>	<b>35.9</b>	<b>38.4</b>	<b>42.3</b>	<b>52.1</b>	<b>50.2</b>	<b>+9% CAGR</b>
<i>NNA</i>	1.4	0.6	0.7	3.4	2.6	
<i>Front office for WM</i>	97	99	104	111	113	
<i>Front office for AM</i>	50	51	52	62	67	

**Steady growth of revenue thanks to strong increase in AuM**

# Zoom on the merger in Private Wealth

Contemplated merger between R&Co and Compagnie Financière Martin Maurel

**In addition to their existing strengths in portfolio management, the two groups are highly complementary**

## Attractions of Rothschild & Co

- Wealth structuring skills
- UHNWI expertise
- M&A services geared to families and entrepreneurs
- Investment management capabilities and distribution
- Proven track-record of investing in non listed assets (private equity and private debt)

## Attractions of CFMM

- Critical size with c.€10bn of AuM
- Wide range of products for private banking clients
- Integrated corporate model including lending offerings
- Complementary range of funds distributed to private banking
- Regional footprint in the most dynamic and wealthy regions of France



+



**A new brand for private banking in France:**

***Rothschild Martin Maurel***

**The new group would have a real competitive advantage**

# Zoom on the merger in Private Wealth

## Financial & legal terms & impacts

<b>Proposed consideration</b>	<ul style="list-style-type: none"><li>■ CFMM valued at €240m (on a 100% basis – cum 2015 dividend). Implied 1.16x P/BV 2015 and 12.8x FY15 PER</li></ul>
<b>Conditions</b>	<ul style="list-style-type: none"><li>■ Transaction remains subject to (i) work councils consultation from both groups and (ii) usual conditions, notably appropriate regulatory and anti-trust approvals</li></ul>
<b>Financing</b>	<ul style="list-style-type: none"><li>■ External credit facilities and Rothschild own resources</li></ul>
<b>EPS accretive</b>	<ul style="list-style-type: none"><li>■ The proposed combination is expected to be EPS accretive for the first full financial year post merger, pre synergies</li></ul>
<b>Synergies</b>	<ul style="list-style-type: none"><li>■ Up to €10-15m PBT potential impact over time</li></ul>
<b>Solvency position</b>	<ul style="list-style-type: none"><li>■ Pro-forma CET1 ratio expected post transaction of c.18%, well above regulatory requirements</li></ul>
<b>Reinforced Rothschild &amp; Co business mix</b>	<ul style="list-style-type: none"><li>■ Around €100m of recurring revenues to be added to existing Wealth &amp; Asset Management revenues of Rothschild &amp; Co (c.€336m as of FY 2014/2015)</li><li>■ Building further earnings resilience for the Group and diversification away from Global Financial Advisory</li></ul>

**Exceptional opportunity to enhance value for shareholders**

# Strategy and objectives

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1	<b>Focus on wealth preservation, wealth planning and client service</b>
2	<b>Targeting significant growth from increased market share in onshore European markets and selected offshore markets</b>
3	<b>Contemplated merger between Rothschild &amp; Co and Compagnie Financiere Martin Maurel : unique opportunity to create a leading independent private bank in France</b>
4	<b>Focus on existing core strengths:</b> <ul style="list-style-type: none"><li>■ High conviction euro equity and bonds</li><li>■ US equity</li><li>■ Long-only and alternative manager selection</li></ul>
5	<b>Rationalise product portfolio in other areas</b>
6	<b>Continue to move from being a vendor of investment product to a provider of investment service</b>
7	<b>Look to expand our distribution channels through third parties in sectors where our wealth management experience is relevant</b>

## 5. Financials

## Comments

<b>Improving operating margin</b>	<ul style="list-style-type: none"> <li>▪ Revenue growth</li> <li>▪ Costs savings initiatives</li> <li>▪ Targeted headcount optimisation</li> </ul>																																								
<b>Compensation costs</b>	Target of an adjusted compensation ratio: in low 60%'s through the cycle																																								
<b>Exceptionals impact on Net Income – Group share</b>	<table border="1"> <thead> <tr> <th style="background-color: #d3d3d3;"><i>(In €m)</i></th> <th style="background-color: #d3d3d3;">2012/13</th> <th style="background-color: #d3d3d3;">2013/14</th> <th style="background-color: #d3d3d3;">2014/15</th> <th style="background-color: #d3d3d3;">2015/16</th> </tr> </thead> <tbody> <tr> <td>UK asset finance sale</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">97</td> </tr> <tr> <td>Long-standing shareholding impairment</td> <td style="text-align: center;">31</td> <td style="text-align: center;">18</td> <td style="text-align: center;">2</td> <td style="text-align: center;">-</td> </tr> <tr> <td>IT outsourcing costs</td> <td style="text-align: center;">-</td> <td style="text-align: center;">11</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Legacy legal provisions (including DoJ)</td> <td style="text-align: center;">5</td> <td style="text-align: center;">16</td> <td style="text-align: center;">16</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Deferred tax asset write off</td> <td></td> <td style="text-align: center;">6</td> <td style="text-align: center;">9</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Others (pensions credit, sale of property, swap settlement cost)</td> <td style="text-align: center;">(14)</td> <td style="text-align: center;">(8)</td> <td style="text-align: center;">(11)</td> <td style="text-align: center;">-</td> </tr> <tr> <td><b>Total exceptionals items</b></td> <td style="text-align: center;"><b>22</b></td> <td style="text-align: center;"><b>43</b></td> <td style="text-align: center;"><b>16</b></td> <td style="text-align: center;"><b>97</b></td> </tr> </tbody> </table>	<i>(In €m)</i>	2012/13	2013/14	2014/15	2015/16	UK asset finance sale	-	-	-	97	Long-standing shareholding impairment	31	18	2	-	IT outsourcing costs	-	11	-	-	Legacy legal provisions (including DoJ)	5	16	16	-	Deferred tax asset write off		6	9	-	Others (pensions credit, sale of property, swap settlement cost)	(14)	(8)	(11)	-	<b>Total exceptionals items</b>	<b>22</b>	<b>43</b>	<b>16</b>	<b>97</b>
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<b>Non-controlling interests</b>	Comprise Rothschild family shareholders in the Swiss based Wealth Management business, the profit share distributed to French partners and interest on perpetual debt																																								
<b>FX impact</b>	2015/16: FX effects positive on revenue (€68m) and negative on Net income – Group share (€4m)																																								



## 5.1 Summary P&L

<i>(in €m)</i>	2013/14	2014/15	2015/16
<b>Revenue</b>	<b>1,108</b>	<b>1,403</b>	<b>1,589</b>
Staff costs	(699)	(820)	(954)
Administrative expenses	(251)	(257)	(267)
Depreciation and amortisation	(36)	(36)	(37)
Impairments	7	(22)	(12)
<b>Operating Income</b>	<b>129</b>	<b>268</b>	<b>319</b>
Other income / (expense) (net)	(22)	49	103
<b>Profit before tax</b>	<b>107</b>	<b>317</b>	<b>422</b>
<b>Consolidated net income</b>	<b>64</b>	<b>254</b>	<b>357</b>
<b>Net income - Group share</b>	<b>8</b>	<b>144</b>	<b>232</b>
<b>Net income - Group share excl. exceptionals</b>	<b>51</b>	<b>160</b>	<b>135</b>

**Strong momentum over the last 2 financial years**

## 5.2 Performance by business

2015/2016

(in €m)	Global Advisory	Private Wealth & Asset Management and Merchant Banking	Other <sup>1</sup>	IFRS Reconciliation <sup>2</sup>	2015/2016
<b>Revenues</b>	<b>1,040</b>	<b>487</b>	<b>56</b>	<b>6</b>	<b>1,589</b>
Operating expenses	(873)	(404)	(101)	121	(1,257)
Impairments	0	(1)	(2)	(10)	(13)
<b>Operating income</b>	<b>167</b>	<b>82</b>	<b>(47)</b>	<b>117</b>	<b>319</b>
Exceptional charges / (profits)	0	0	8	(10)	(2)
<b>Operating income without exceptional items</b>	<b>167</b>	<b>82</b>	<b>(39)</b>	<b>107</b>	<b>317</b>
<i>Operating margin %</i>	16%	17%			20%

2014/2015

(in €m)	Global Advisory	Private Wealth & Asset Management and Merchant Banking	Other <sup>1</sup>	IFRS Reconciliation <sup>2</sup>	2014/2015
<b>Revenues</b>	<b>880</b>	<b>482</b>	<b>63</b>	<b>(22)</b>	<b>1,403</b>
Operating expenses	(741)	(348)	(99)	75	(1,113)
Impairments	0	0	(15)	(7)	(22)
<b>Operating income</b>	<b>139</b>	<b>134</b>	<b>(51)</b>	<b>46</b>	<b>268</b>
Exceptional charges / (profits)	0	0	0	14	14
<b>Operating income without exceptional items</b>	<b>139</b>	<b>134</b>	<b>(51)</b>	<b>60</b>	<b>282</b>
<i>Operating margin %</i>	16%	28%			19%

<sup>1</sup> Other comprises central costs, Legacy businesses, including Banking & Asset Finance and other

<sup>2</sup> This analysis is prepared from non IFRS data used internally for assessing business performance then adjusted to conform to the Group's statutory financial accounting policies. IFRS reconciliation mainly includes items that relate to the treatment of profit share paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 (R) for defined benefit pension schemes; and reallocation of impairments and certain operating expenses.

## 5.3 Compensation

<i>(in €m)</i>	2013/2014	2014/2015	2015/2016
<b>Revenue</b>	<b>1,108</b>	<b>1,403</b>	<b>1,589</b>
Total staff costs	(734)	(887)	(1,031)
<b>Group Compensation ratio <sup>1</sup></b>	<b>66.3%</b>	<b>63.2%</b>	<b>64.9%</b>
<b>Adjusted Group Compensation ratio <sup>2</sup></b>		<b>64.3%</b>	<b>63.3%</b>

1 The compensation ratio include profit share distributed to French Partners and exclude redundancy costs

2 The adjusted compensation ratio include effects from FX, joiner costs and the decline of Merchant Banking revenue

- Discipline on the management of compensation ratio
- Group compensation ratio includes the effects of deferred bonus accounting
- Increase of compensation ratio between 2015/16 vs 2014/15 linked to:
  - FX (0.6%)
  - Joiner costs (0.5%)
  - Decline of Merchant Banking revenue (1.6%)

**Compensation ratio: Low 60%'s through the cycle**

## 5.4 Non-controlling interest

P&L		
(in €m)	2014/2015	2015/2016
Interest on perpetual subordinated debt	14	15
Preferred shares <sup>1</sup>	86	101
Impairment of long-standing shareholding	(1)	0
Other Non-controlling interests	11	9
<b>TOTAL</b>	<b>110</b>	<b>125</b>

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

Balance sheet		
(in €m)	31/03/2015	31/03/2016
Perpetual subordinated debt	346	320
Preferred shares	40	31
Other Non-controlling interests	170	165
<b>TOTAL</b>	<b>556</b>	<b>516</b>

- Reduction in balance sheet value mainly relates to FX effects (€34m)

## Summary balance sheet

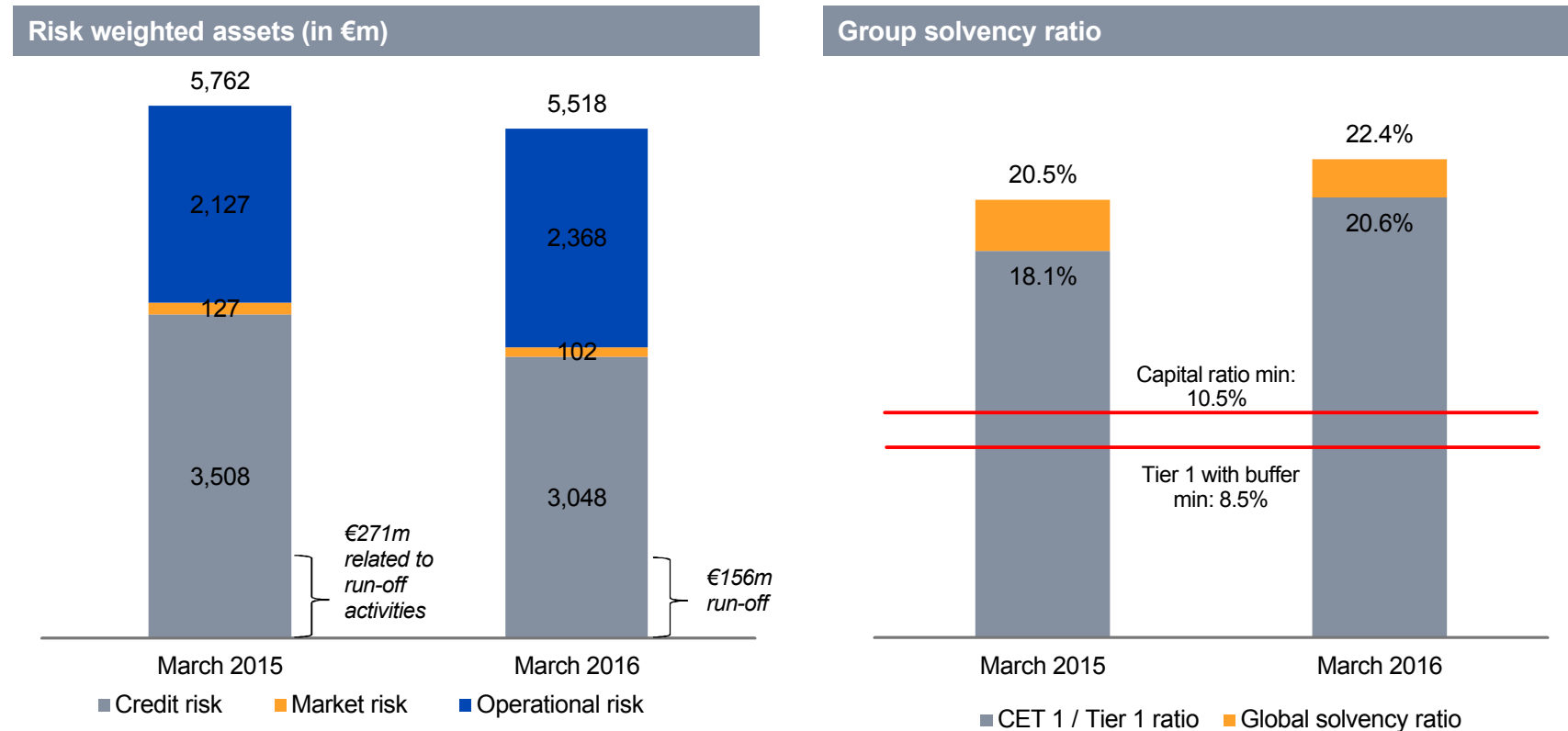
<i>(in €bn)</i>	31/03/2015	31/03/2016	Var
<b>2</b> Cash and amounts due from central banks	3.6	3.5	(0.1)
Cash placed with banks	1.5	1.2	(0.3)
Loans and advances to customers	1.6	1.5	(0.1)
<b>3</b> <i>of which Private client lending</i>	0.9	1.3	0.4
<b>4</b> <i>of which Legacy lending book</i>	0.3	0.2	(0.1)
<b>5</b> Debt and equity securities	1.0	1.5	0.5
Other assets	1.4	1.3	(0.1)
<b>Total assets</b>	<b>9.1</b>	<b>9.0</b>	<b>(0.1)</b>
<b>1</b> Due to customers	5.7	5.5	(0.2)
Other liabilities	1.4	1.5	0.1
Shareholders' equity - Group share	1.4	1.5	0.1
Non-controlling interests	0.6	0.5	(0.1)
<b>Total capital and liabilities</b>	<b>9.1</b>	<b>9.0</b>	<b>(0.1)</b>

- 1** Customer deposits from clients, mainly in Switzerland and UK
- 2** Surplus cash is placed in central banks and banks
- 3** Private client lending (Lombard and mortgages) is developing in line with our Private Wealth strategy
- 4** Corporate legacy lending book continues its managed decline
- 5** Debt and equity securities increased due to treasury management

FX impact decreased the balance sheet size by approximately €0.4bn

## 5.5 Solvency ratios

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



- Increase in Group solvency ratios largely due to the strong profits performance in the year as well as the benefits of the FALG sale
- UK banking licence to be relinquished in due course which will ultimately result in loss of T2 capital (€100m as at March 2016)
- Ratios are comfortably above minimum requirements imposed by Basel 3
- Management considers Merchant Banking requires additional capital beyond Basel 3
- On a pro forma basis, after the contemplated merger with Compagnie Financière Martin Maurel, the CET 1 ratio would be c.18%

## 5.6 Dividends

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	2013/14	2014/15	2015/16
Earnings per share	€0.11	€2.08	€3.37
Dividend per share <sup>1</sup>	€0.50	€0.60 +20%	€0.63 +5%
Payout ratio	455%	29%	19%
Payout ratio excl. FALG sale	455%	29%	32%

- Continued increase in dividend reflecting strong growth in profitability
- Average payout % over the last 3 years of 31%
- No dividend in shares
- We are targeting a progressive dividend policy over time in order to avoid the potential negative effect of results volatility and our desire to reinvest the capital release from the FALG disposal, as demonstrated by the recent announcement of the contemplated merger with Compagnie Financière Martin Maurel

6. Why invest in Rothschild & Co?



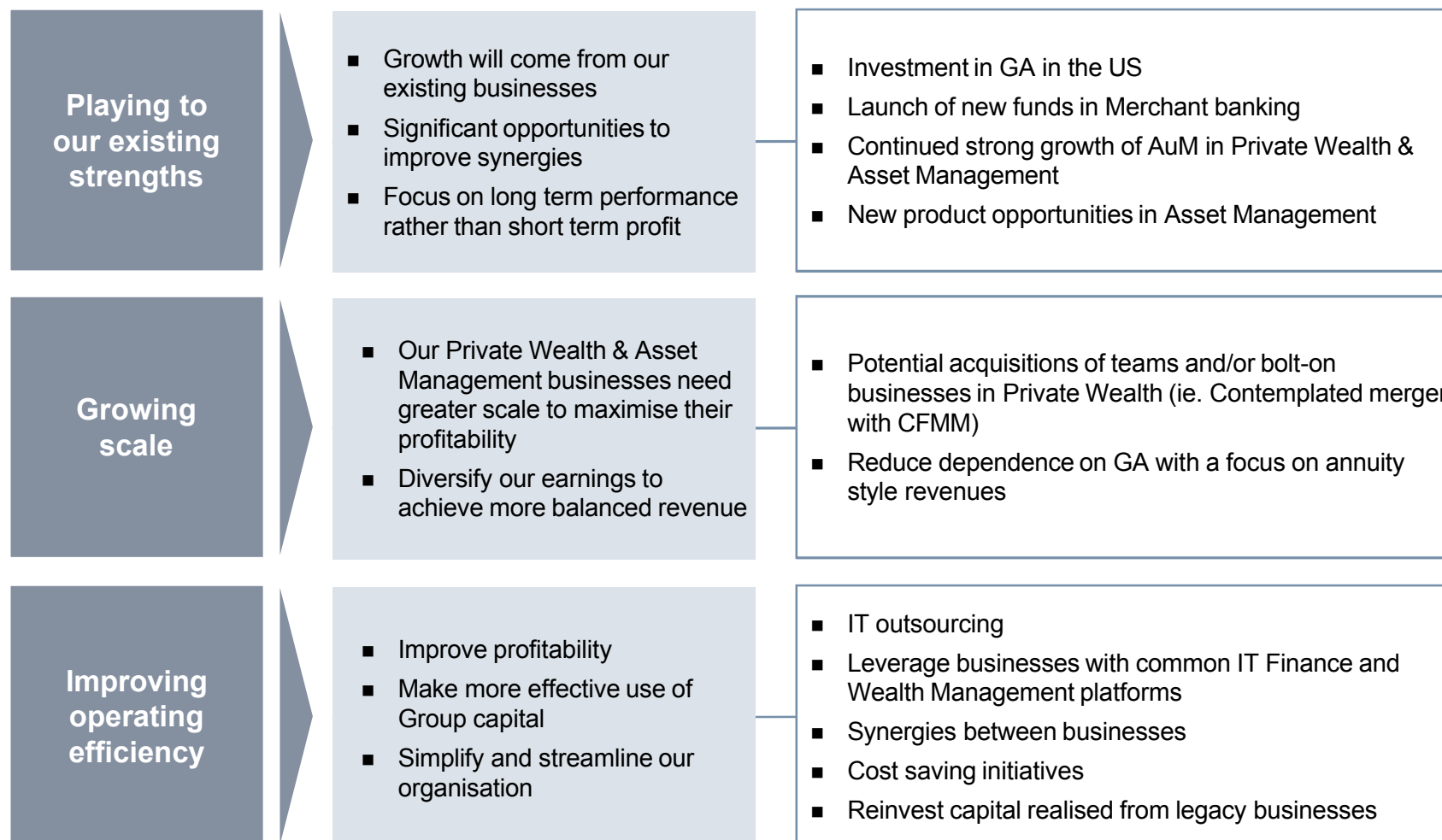
## Financial objectives

	Medium-term objectives	2015/2016
<b>Compensation ratio</b>	Low 60%'s through the cycle	63.3% <sup>1</sup>
<b>Return on tangible equity</b>	Between 10% to 15% through the cycle	10.8% <sup>2</sup>
<b>GFA : Profit before tax margin</b>	Low to mid-teens through the cycle	16.1%

<sup>1</sup> As adjusted – see slide 26

<sup>2</sup> ROTE based on Net income – Group share excl. exceptionals items. Would be 13% for 2014/15 and 19% for 2015/16 if exceptionals included

# Management's strategic focus



# Rothschild & Co: key investment considerations

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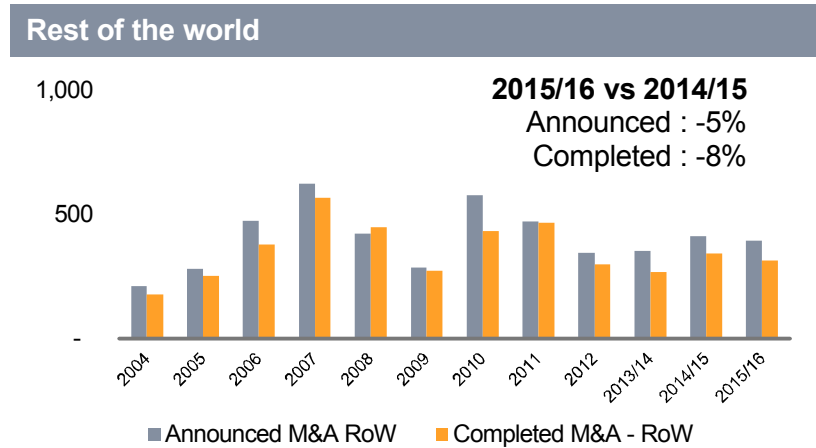
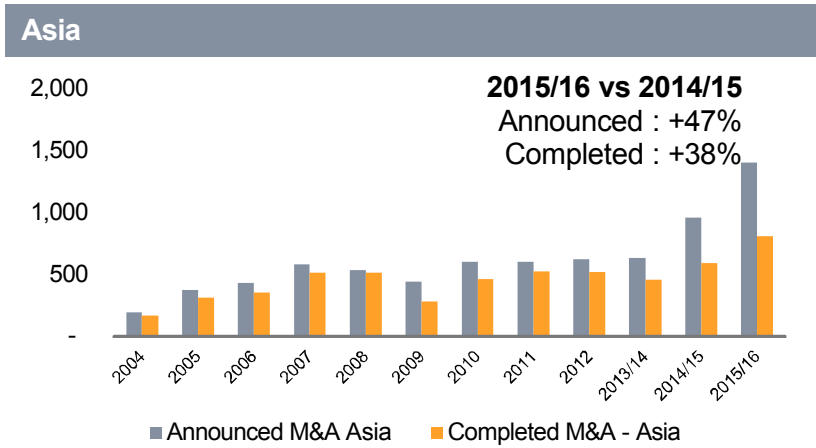
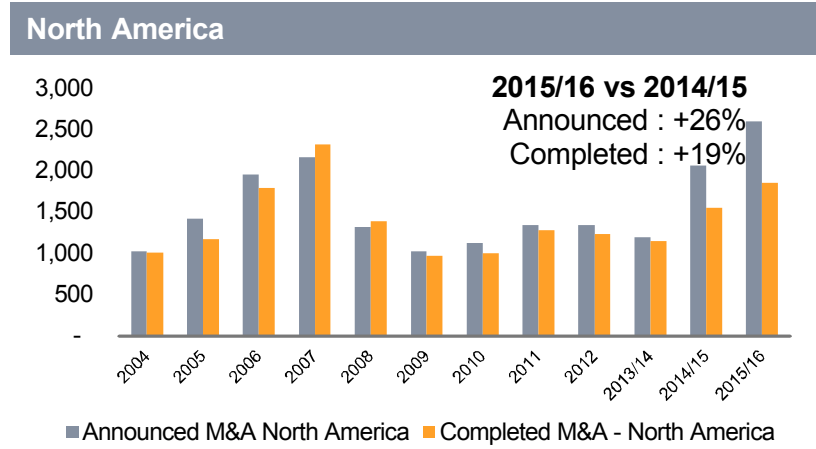
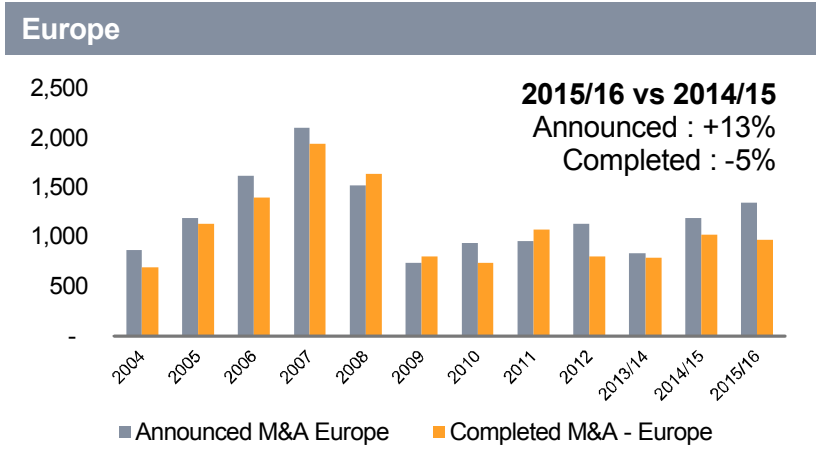
- 1** **Creating value over the long term with strong governance, controlled by Rothschild family with an alignment of interests with management**
- 2** **Strong momentum for the three businesses**
- 3** **Translating into higher profitability and return to shareholders**

**A value driven investment leveraged for growth**

# Appendices

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

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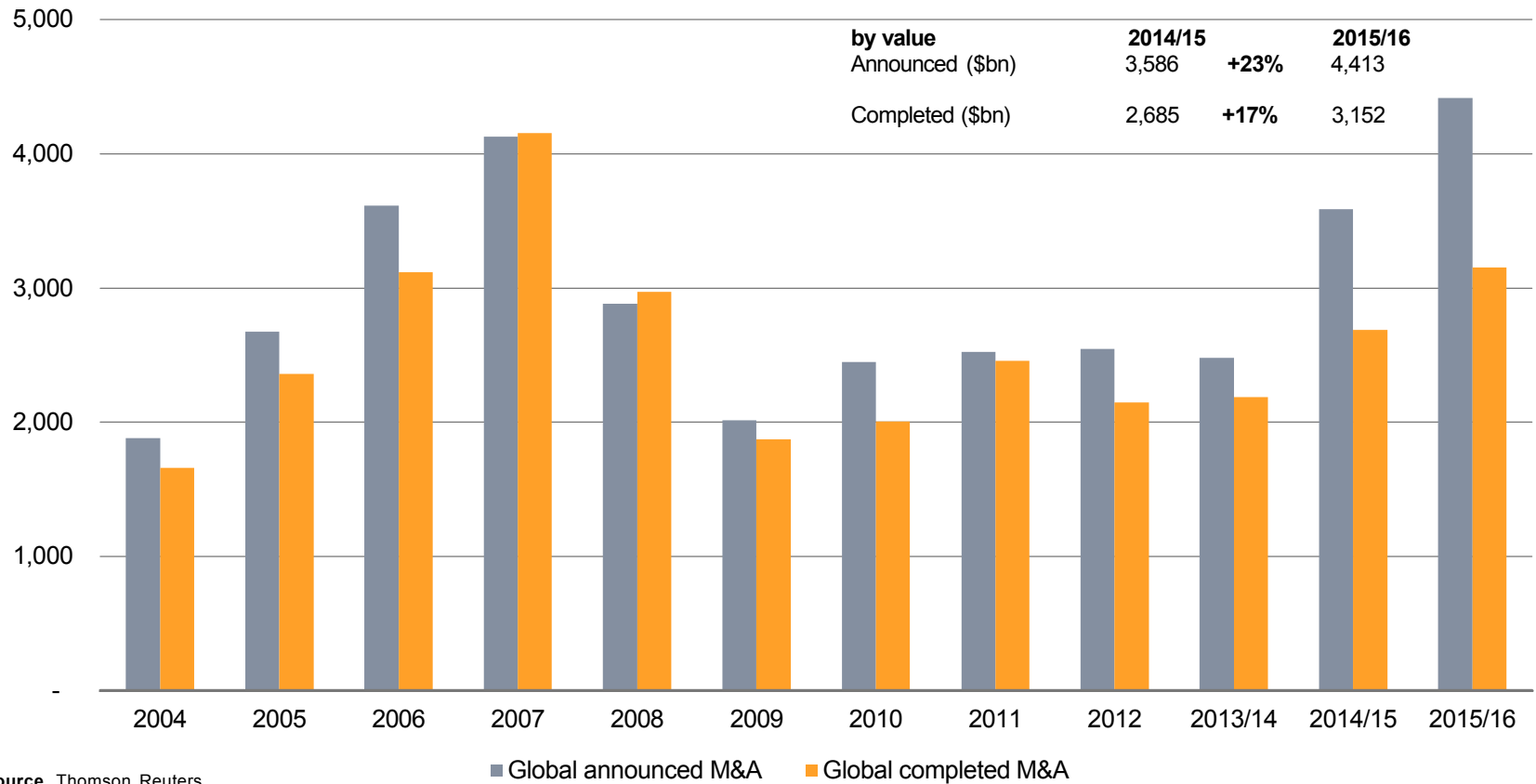
Source Thomson Reuters

Verizon deal has been excluded from European data due to the size (\$130bn – announced in 2013 and completed in 2014)

# Global M&A market

Pick up of volumes of transaction

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



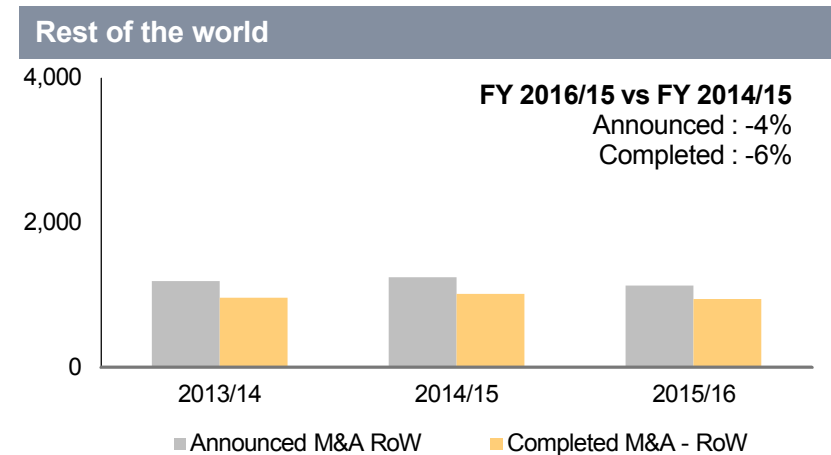
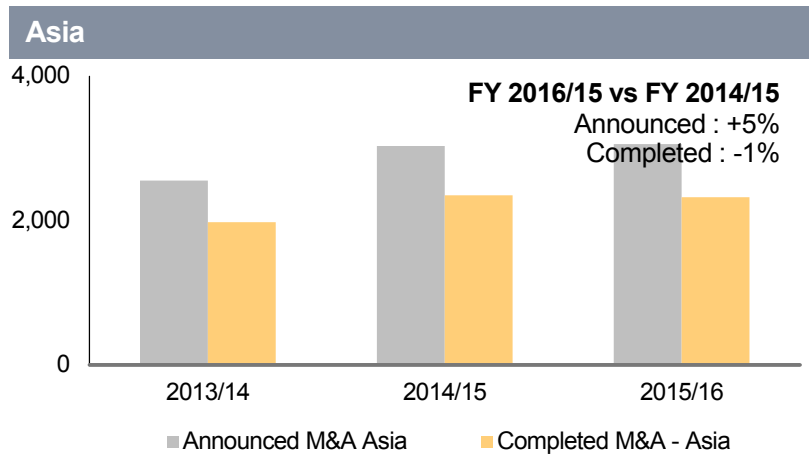
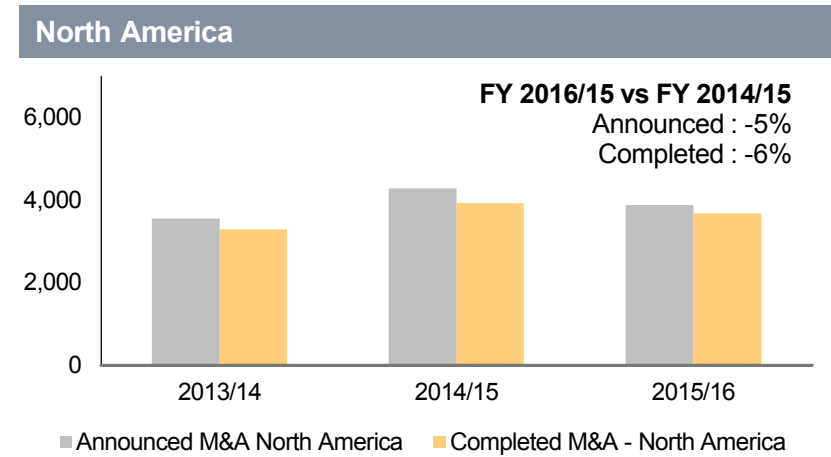
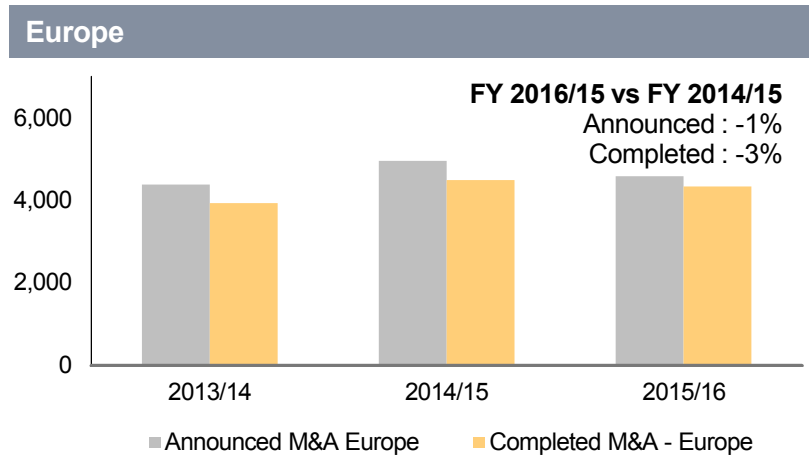
Deal Values > \$10bn			
	2014	2015	%
Announced	705	1,940	175%
Completed	468	954	104%
<b>o/w US</b>			
Announced	505	1,424	182%
Completed	224	686	206%

Source Thomson Reuters

**Continuing increase in M&A deal values, particularly in large cap deal in the US**

# M&A deal number

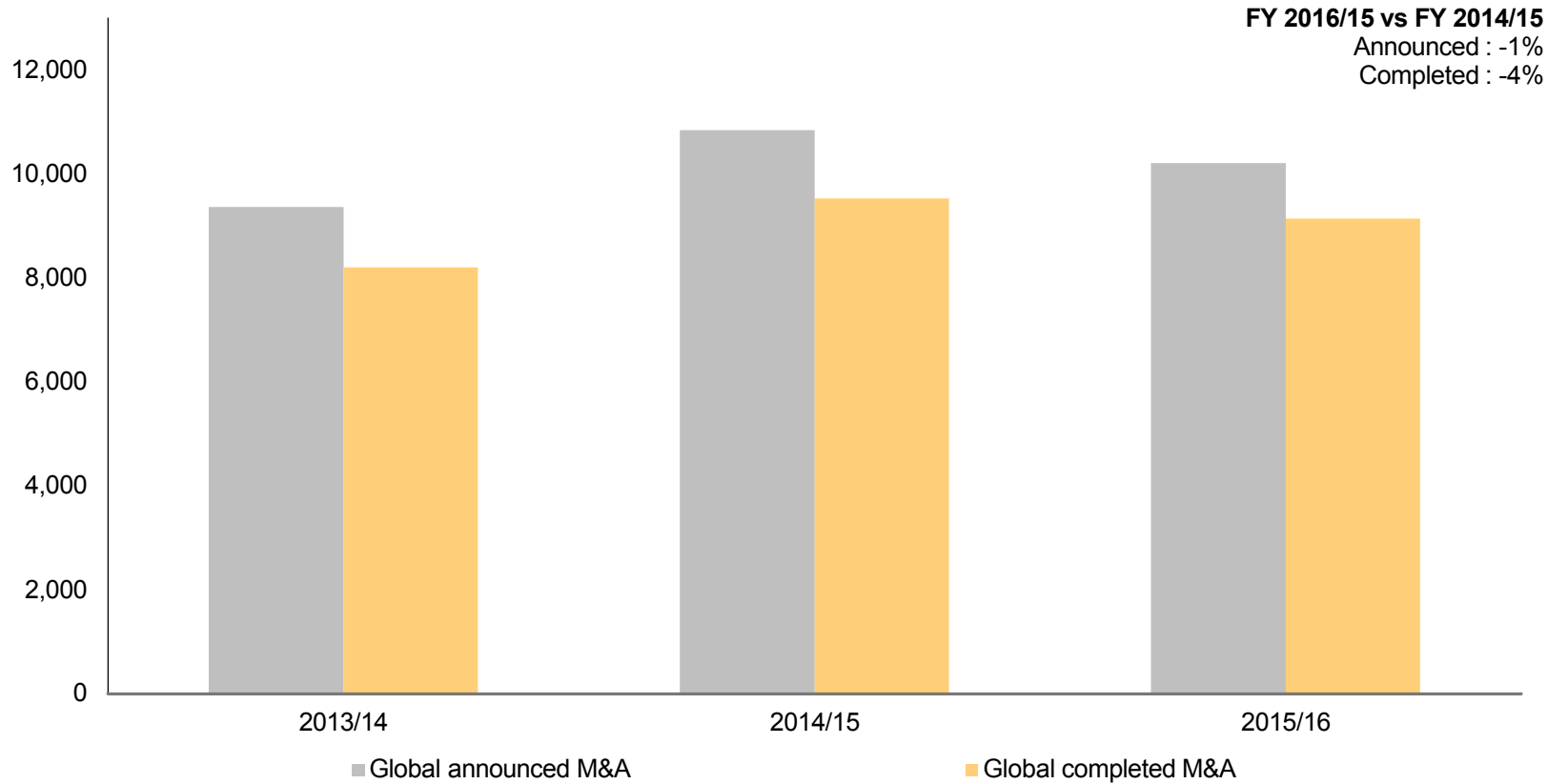
Facing Page 34



**Source** Thomson Reuters  
 Verizon deal has been excluded from European data due to the size (\$130bn – announced in 2013 and completed in 2014)

# Global M&A market

## Global M&A deal number



<u>Deal number &gt; \$10bn</u>			
	2014	2015	%
Announced	31	71	129%
Completed	19	42	121%
<u>o/w US</u>			
Announced	20	51	155%
Completed	12	29	142%

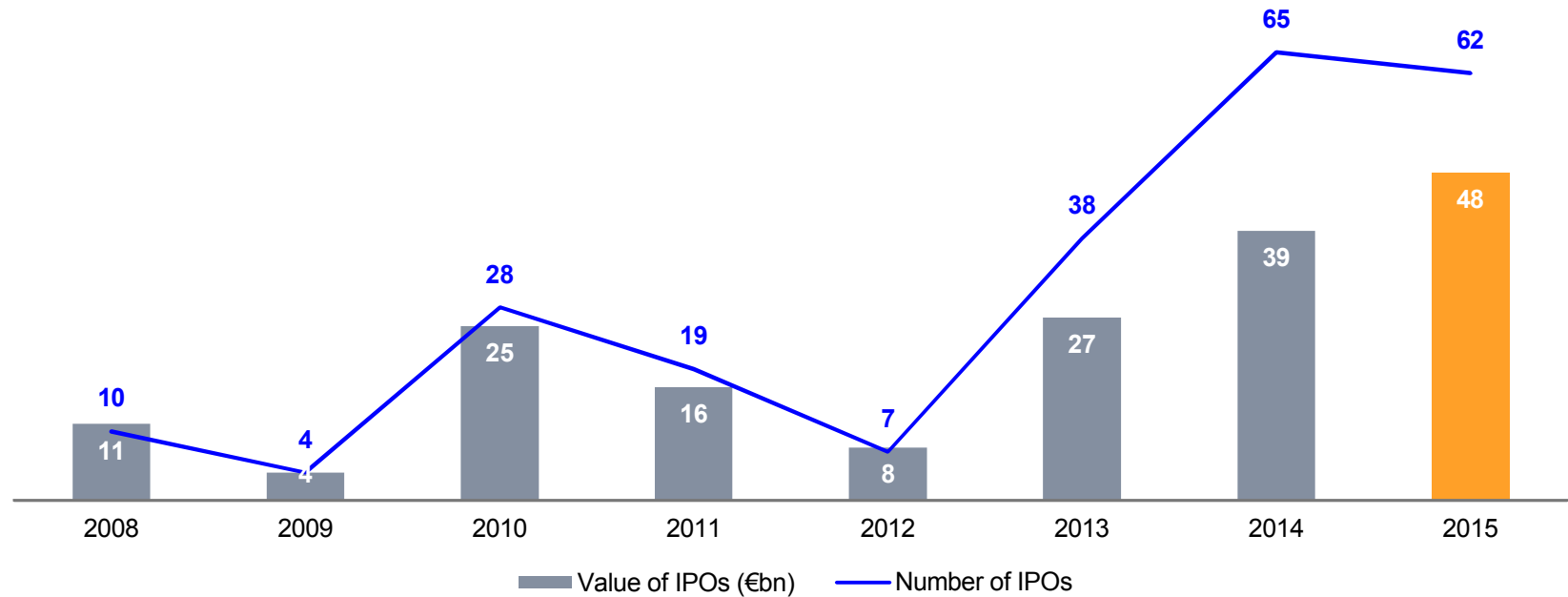


# Global IPO market

Equity markets with high momentum both in the US and Europe

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

**2015 vs 2014:**  
 Value of IPO : +22%  
 # of IPO : -5%








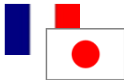










Source : Dealogic

**Undisputed leadership in European equity advisory having advised around 25% of European IPOs > €200m since 2014**

# Our key achievements (1/2)

## M&A and strategic advisory – Recent major transactions

Company	Deal	Country	Sector	Value
	US\$13bn combination with FMC Technologies to create TechnipFMC		Energy and Power	US\$13bn
	US\$11.2bn combination with Cetip		FIG	US\$11.2bn
	Adviser to Al Kharafi Family and Al Khair on US\$3.5bn sale of Americana to Adeptio		Hotels and Leisure / Consumer	US\$3.5bn
	Acquisition by ORIX and VINCI of a US\$18bn 44-year concession for Kansai Airport and Itami Airport		Transport and Infrastructure	US\$18bn
	£9.1bn Managed Separation into its four independent business units		FIG	£91.bn
	US\$10bn recommended takeover by Mylan		Healthcare	US\$10bn
	€8bn demerger		Retail	€8bn
	US\$16.7bn acquisition of Altera		Media and technology	US\$16.7bn

# Our key achievements (2/2)




## Financing advisory – Recent major transactions

Company	Deal	Country	Sector	Value
	Adviser on US\$7.4bn concurrent offering of common stock and mandatory convertible preferred securities		Healthcare	US\$7.4bn
	Adviser to Kingdom of Denmark Ministry of Finance on €2.6bn privatisation IPO of Dong energy		Energy and Power	€2.6bn
	Adviser to Greece PDMA on reprofiling of €220bn Financial Support Loans		Sovereign	€220bn
	Debt advice on completion of £970m WBS notes consent solicitation		Hotels and Leisure	£970m
	€1.5bn IPO of Covestro		Industrial materials	€1.5bn
	Debt advice on €400m bond issue and €225m 5-year back-up facility		Consumer	€3.4bn
	Advisor to the Company on its US\$2.9bn debt restructuring		Construction	US\$2.9bn
	€16.7bn privatisation IPO of ABN AMRO raising €3.8bn		FIG	€16.7bn

# Private Debt

From junior to senior debt as well as CLOs across the globe

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Europe	Global										
<b>Direct Lending</b>	<b>Credit Management</b>										
<i>Structuring European mezzanine and junior credit financings</i>	<i>Active portfolio management of senior secured credits in US &amp; Europe</i>	<i>US &amp; European CLO Management</i>									
 <b>Five Arrows Credit Solutions (FACS)</b> <i>European junior credit</i>	 <b>Oberon Credit Investment &amp; Managed Accounts</b> <i>€620m European unlevered senior credits</i>	 <b>CLO Management</b> <i>c.€2.2bn of global CLO vehicles</i>									
FACS I (2014) €415m fund	Oberon I (2013), Oberon II (2015), Oberon III (ongoing)	<table border="1"> <tr> <td style="text-align: center;">Europe: Contego, Dalradian</td> <td style="text-align: center;">US: Ocean Trails<sup>1</sup></td> </tr> </table>	Europe: Contego, Dalradian	US: Ocean Trails <sup>1</sup>							
Europe: Contego, Dalradian	US: Ocean Trails <sup>1</sup>										
<table border="1"> <tr> <td style="text-align: center;">Attractive European junior debt structures</td> <td style="text-align: center;">Timely market opportunity</td> <td style="text-align: center;">Risk management focus</td> </tr> </table>	Attractive European junior debt structures	Timely market opportunity	Risk management focus	<table border="1"> <tr> <td style="text-align: center;">Deep credit analysis across 400 names</td> <td style="text-align: center;">Leading senior secured leveraged credits</td> <td style="text-align: center;">Active portfolio management</td> <td style="text-align: center;">25+ years of experience</td> <td style="text-align: center;">Global expertise</td> <td style="text-align: center;">Focus on larger LBOs</td> </tr> </table>		Deep credit analysis across 400 names	Leading senior secured leveraged credits	Active portfolio management	25+ years of experience	Global expertise	Focus on larger LBOs
Attractive European junior debt structures	Timely market opportunity	Risk management focus									
Deep credit analysis across 400 names	Leading senior secured leveraged credits	Active portfolio management	25+ years of experience	Global expertise	Focus on larger LBOs						

<sup>1</sup> Operated by Los Angeles based West Gate Horizons Advisors LLP, owned by Rothschild North America

# Private Equity

Focus on mid-caps through primary, secondary, co-investments and multi-managers

**Europe**

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**Corporate Private Equity**

*Leveraging our edge in the European mid-market*



**Five Arrows Principal Investments (FAPI)**

*Lower mid-market buyout*

FAPI I (2010) €583m fund	FAPI II (2015) €775m fund
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Flexible investment mandate across Europe

Defensive, cash generative, high ROIC businesses

Healthcare, Education Business & Technology Services, Growth Consumer

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**Secondaries**

*Seizing opportunities offered by the under-served European Secondary mid-market*



**Five Arrows Secondary Opportunities (FASO)**

*Mid-cap Secondary transactions*

FASO III (2012) €259m fund	FASO IV (2016) €400m fund (target)
-------------------------------	---------------------------------------

Differentiated edge in Secondary Directs

Attractive mid-market deals


Diversification across stages, vintages, geographies

**Global**

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**Co-Investments**


*Global co-investment strategy*



**Rothschild Proprietary Investments (RPI)**

*Balance sheet investment activity*

€300m private equity assets



**Rothschild Private Opportunities (RPO)**


*Investment program for key relationships*

RPO I (2013) €105m	RPO II (2016) <i>To be launched</i>
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**Multi-Managers Mandates**

*Capitalizing on Rothschild's expertise to invest globally*



**Arolla**

*Multi-managers platform*

Arolla I (2016)  
€100m fund (target)

























Main Focus on Primary Fund Investments

Access to best-in-class managers worldwide

Primary and Secondary Co-investments

# Merchant banking

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

Selected sample of transactions					
Private Equity			Private Debt		
 <p>Privately-managed nurseries France</p>	 <p>International diagnostics business UK</p>	 <p>Specialized education and care UK</p>	 <p>Provider of IT support and cloud services France</p>	 <p>Automotive maintenance and repair operator France</p>	 <p>Nuclear measurement tools Global</p>
 <p>Healthcare group purchasing organization Germany</p>	 <p>Travel management company USA</p>	 <p>Telecoms tower operator Africa</p>	 <p>Specialized education and care UK</p>	 <p>Debt collection services company UK</p>	 <p>Cinema operator France</p>
 <p>IT infrastructure &amp; data management software Global</p>	 <p>Advertising company China</p>	 <p>Fresh food specialist retailer France</p>	 <p>Multi-regional chain for routine laboratory France</p>	 <p>Specialist retailer of beauty products Germany</p>	 <p>Manufacturer of aseptic carton packaging Switzerland</p>
 <p>Database for the automotive aftermarket UK</p>	 <p>Legal, tax &amp; accounting information provider Denmark</p>	 <p>Provider of patient safety software UK</p>	 <p>Manufacturer of hearing-aids Germany</p>	 <p>Classifieds advertiser Germany</p>	 <p>European discount retailer Netherlands</p>