

Investec plc and Investec Limited (combined results)

Out of the Ordinary™



Investec

Specialist Bank and
Asset Manager



Preliminary condensed combined consolidated financial results in Pounds Sterling for the year ended 31 March 2013

WELL-POSITIONED BUSINESS READY TO TAKE ADVANTAGE OF AN IMPROVEMENT IN MARKET CONDITIONS

Investec, the international specialist bank and asset manager, announces today its results for the year ended 31 March 2013.

Highlights

- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests ("adjusted operating profit") increased 20.8% to £433.2 million (2012: £358.6 million).
- The Asset Management and Wealth & Investment businesses reported solid results benefiting from higher levels of average funds under management and net inflows in excess of £4.9 billion.
- The Specialist Banking business incurred lower impairments than the prior year, whilst operating profit before impairments declined marginally.
- The South African business reported an increase in operating profit of 13.4% in Rand terms benefiting from growth in revenue and fixed cost containment.
- The Australian business returned to profitability as a result of a significant decline in impairments.
- The UK business reported results slightly ahead of the prior year.
- Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 13% over the year.
- Recurring income as a percentage of total operating income amounts to 68.6% (2012: 67.7%).
- Impairments have decreased by 22.8%, with the credit loss charge as a percentage of average gross core loans and advances improving from 1.12% at 31 March 2012 to 0.84%.
- The group maintained a strong capital position with Tier one ratios of 11.0% for Investec plc (per Basel II) and 10.8% for Investec Limited (per Basel III). Liquidity remains strong with cash and near cash balances amounting to £9.8 billion.

Financial features

	31 March 2013	31 March 2012	% Change	% change on a currency neutral basis**
Adjusted operating profit before taxation* (£'million)	433.2	358.6	20.8	32.5
Earnings attributable to shareholders (£'million)	317.5	247.5	28.3	42.3
Adjusted earnings* (£'million)	316.7	257.6	23.0	34.8
Adjusted earnings per share*(pence)	37.0	31.8	16.4	27.7
Basic earnings per share (pence)	32.5	25.7	26.5	
Headline earnings per share (pence)	31.9	26.8	19.0	
Dividends per share (pence)	18.0	17.0	5.9	
Net asset value per share (pence)	391.5	392.0	(0.1)	4.1
Total equity (£'million)	4 005	4 013	(0.2)	4.5
Total assets (£'million)	51 000	51 550	(1.1)	6.3
Core loans and advances (£'million)	18 415	18 226	1.0	8.1
Cash and near cash balances (£'million)	9 828	10 251	(4.1)	2.9
Customer deposits (£'million)	24 532	25 344	(3.2)	3.7
Third party assets under management (£'million)	110 678	96 776	14.4	20.6
Return on average adjusted shareholders' equity	9.5%	7.8%		
Return on average risk-weighted assets	1.09%	0.91%		
Cost to income ratio	65.5%	64.7%		
Gearing ratio (assets excluding assurance assets to total equity)	11.2x	11.3x		
Defaults (net of impairments and before collateral) as a percentage of net core loans and advances	2.73%	3.31%		
Loans and advances to customers as a percentage of customer deposits	71.3%	67.8%		

* Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.

** Amounts represented on a currency neutral basis assume that the closing and average exchange rates of the group's relevant exchange rates relative to Pounds Sterling remain the same as at 31 March 2013 when compared to 31 March 2012.

Business unit review

Investec provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia as well as certain other countries. Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

Asset Management

- Provides investment management services to its predominantly global institutional client base.
- Adjusted operating profit increased 4.8% to £140.2 million (2012: £133.7 million).
- Benefited from higher average funds under management, net inflows of £4.1 billion and strong growth in performance fees.
- Total funds under management amount to £69.8 billion (2012: £61.6 billion).

Wealth & Investment

- Provides investment management services and independent financial planning advice to private clients, charities and trusts.
- Adjusted operating profit increased by 30.9% to £50.7 million (2012: £38.7 million).
- Benefited from higher average funds under management with net inflows of £0.8 billion recorded.
- Total funds under management amount to £40.4 billion (2012: £34.8 billion).
- Williams de Broë migrated onto the group's platforms in August 2012 and the business has been rebranded Investec Wealth & Investment.
- The South African business saw an increase in the conversion of non-discretionary to discretionary client mandates attracting higher management fees.

Specialist Banking

- Provide a broad range of services from advisory, structuring, lending, transactional banking, treasury and trading and investment activities. These services are aimed at government, institutional, corporate and high net worth and high income clients in our selected geographies.
- Adjusted operating profit increased 30.1% to £242.3 million (2012: £186.2 million).
- Benefited from a significant decline in impairments, notably in Australia.
- Revenue increased marginally:
 - positively impacted by: higher lending and fixed income balances; a good performance from the unlisted direct investments and investment properties portfolios; an increase in fee income in the advisory businesses;
 - partially offset by: lower activity in the corporate and institutional banking businesses, less interest earned on the running down legacy portfolios and a lower return on the group's liquid asset and cash portfolio.
- Costs increased slightly as a result of acquisitions made.

Stephen Koseff, Chief Executive Officer of Investec said:

"I am encouraged by the progress we have made over the past few years in realigning our business model. Our capital light businesses now account for 49% of the group's operating profit, providing a sustainable base for our recurring income. We have continued improving our efficiencies, streamlining our processes, eliminating duplication and building scale, notably in our Specialist Banking businesses. Maintaining a sound balance sheet whilst driving growth in our return ratios remains a key focus. Our priority is to ensure each division and geography achieves an appropriate return. The recent improvement in equity markets bodes well for our business and we are well positioned to take advantage of a sustained market upturn."

Bernard Kantor, Managing Director of Investec said:

"Global markets remained volatile and challenging throughout most of our reporting period. The Rand depreciated 13% which impacted our results in Sterling terms. On a neutral currency basis our earnings increased 28% supported by net inflows of £4.9 billion in our asset management and wealth and investment businesses and a significant decline in impairments in our banking businesses. We have a strong franchise which is recognised in all our markets and we continue to build business depth in our core areas of focus."

For further information

This unaudited short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement published on SENS and is also available on our website www.investec.com. The full announcement is also available at our registered offices for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Investor Relations on:

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Investec Limited
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Sponsor: Investec Bank Limited

Directors:

Sir David J Prosser (Joint Chairman),
F Titi (Joint Chairman),
S Koseff (Chief Executive),
B Kantor (Managing Director),
S E Abrahams, G F O Alford, G R Burger,
C A Carolus, P K O Crosthwaite, O C Dickson,
H J du Toit, B Fried, D Friedland, H Fukuda OBE,
I R Kantor, M P Malungani, P R S Thomas
Executive British
**Appointed 01 March 2013