



# AMVESCO

## 2001 INTERIM RESULTS

Charles W. Brady  
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# HALF YEAR SUMMARY

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- Continued volatility in global financial markets.
- Completed acquisition of National Asset Management. Results included from May, 2001.
- Pell Rudman acquisition completed today. Results included from August, 2001.
- Continued emphasis on cost controls resulting in margin of 34.4% during the period.
- Gross sales of \$50.0b compared to \$71.5b in 2000.
- Exceptional item of £25.3m to cover integration.
- Completed renewal of five year, \$1.1b credit facility.
- Announced acquisition of Taiwan SITE. Consideration of \$115m. Completion expected Q3.

# PELL RUDMAN ACQUISITION

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- Creates platform for AVZ Private Wealth Management business
- Recognized leader in high net worth area – provides services to HNW individuals, families, foundations and endowments
- Consideration of \$172m (£122m) and asset retention payments of up to \$28m (£20m)
- Funds under management of \$8.1b at July 31, 2001

# FINANCIAL SUMMARY - FIRST HALF 2001

- Revenues of £853.6m, up £99.3m from 2000
- Pre-tax profits (before goodwill amortization and exceptional items) of £270.7m, up £15.1m
- EPS (before goodwill amortization and exceptional items)
  - \*Basic – 23.0p, down 14%
  - \*Diluted – 22.2p, down 13%
- EBITDA of £334.9m, up £35.9m – 40.0p per share
- Funds under management of \$408.4b (£289.6b)
- Interim dividend of 4.5p per share – 12% increase

# FINANCIAL SUMMARY - 2ND QUARTER 2001

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- Revenues of £426.3m, up £41.6m from 2000
- Pre-tax profits (before goodwill amortization and exceptional items) of £135.7m, up £4.8m from 2000
- EPS (before goodwill amortization and exceptional items)
  - \*Basic – 11.5p, down 16%
  - \*Diluted – 11.2p, down 14%
- EBITDA of £168.2m, up £15.7m – 20.1p per share



**AMVESCAP**

**FINANCIAL REVIEW**

Robert F. McCullough

# GROUP PROFIT & LOSS ACCOUNT

in thousands	Six Months Ended June 30,			2000
	2001			
	Ordinary activities	Exceptional items	Total	
Revenues	£ 853,552	£ -	£ 853,552	£ 754,253
Operating expenses	(559,973)	(25,252)	(585,225)	(485,962)
	293,579	(25,252)	268,327	268,291
Goodwill amortization	(65,039)	-	(65,039)	(18,370)
Operating profit	228,540	(25,252)	203,288	249,921
Investment income	5,865	-	5,865	7,423
Interest payable	(28,792)	-	(28,792)	(20,150)
Profit before taxation	205,613	(25,252)	180,361	237,194
Taxation	(86,033)	8,409	(77,624)	(81,780)
Profit after taxation	119,580	(16,843)	102,737	155,414
Dividends	(36,552)	-	(36,552)	(28,014)
Retained profit for the period	£ 83,028	£ (16,843)	£ 66,185	£ 127,400
Earnings per share before goodwill amortization:				
---basic	23.0p	(2.1)p	20.9p	26.7p
---diluted	22.2p	(2.0)p	20.2p	25.6p
Earnings per share:				
---basic	14.9p	(2.1)p	12.8p	23.9p
---diluted	14.4p	(2.0)p	12.4p	22.9p
Average shares outstanding:				
---basic	802,077		802,077	650,089
---diluted	837,745		837,745	679,634



# GROUP PROFIT & LOSS ACCOUNT

in thousands

Three Months Ended June 30,

2001

	Ordinary activities	Exceptional items	Total	2000
Revenues	£ 426,275	£ -	£ 426,275	£ 384,737
Operating expenses	(278,955)	(21,045)	(300,000)	(248,321)
	147,320	(21,045)	126,275	136,416
Goodwill amortization	(33,227)	-	(33,227)	(9,071)
Operating profit	114,093	(21,045)	93,048	127,345
Investment income	2,864	-	2,864	3,945
Interest payable	(14,486)	-	(14,486)	(9,448)
Profit before taxation	102,471	(21,045)	81,426	121,842
Taxation	(42,857)	8,418	(34,439)	(41,892)
Profit after taxation	59,614	(12,627)	46,987	79,950
Dividends	(36,552)	-	(36,552)	(28,014)
Retained profit for the period	£ 23,062	£ (12,627)	£ 10,435	£ 51,936
Earnings per share before goodwill amortization:				
---basic	11.5p	(1.6)p	9.9p	13.7p
---diluted	11.2p	(1.5)p	9.7p	13.1p
Earnings per share:				
---basic	7.4p	(1.6)p	5.8p	12.3p
---diluted	7.2p	(1.5)p	5.7p	11.7p
Average shares outstanding:				
---basic	805,453		805,453	651,501
---diluted	838,807		838,807	682,024

# EPS COMPARISONS

	<u>First Half</u>		<u>2nd Quarter</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Earnings per share (before goodwill amortization and exceptional items)				
-Basic	23.0p	26.7p	11.5p	13.7p
-Diluted	22.2p	25.6p	11.2p	13.1p
-Diluted per ADR at \$1.41	\$0.63	\$0.72	\$0.32	\$0.37
-Diluted per ADR at \$1.51	\$0.67	\$0.77	\$0.34	\$0.40

Earnings per share (before goodwill amortization)				
-Basic	20.9p	26.7p	9.9p	13.7p
-Diluted	20.2p	25.6p	9.7p	13.1p
-Diluted per ADR at \$1.41	\$0.57	\$0.72	\$0.27	\$0.37
-Diluted per ADR at \$1.51	\$0.61	\$0.77	\$0.29	\$0.40

Exchange rates:

6/30/01 - \$1.41 per £1.00

6/30/00 - \$1.51 per £1.00

# QUARTERLY FINANCIAL COMPARISONS

in thousands	2001 Q2	2001 Q1	% change
Revenues	£ 426,275	£ 427,277	(0.2%)
Operating profit*	147,320	146,260	0.7%
Operating margin	34.6%	34.2%	1.2%
Profit before tax*	135,698	134,955	0.6%
EBITDA	168,244	166,616	1.0%
EPS*			
-basic	11.5p	11.5p	-
-diluted	11.2p	11.1p	0.9%
EBITDA per share	20.1p	19.9p	1.0%

\* before goodwill amortization and exceptional items

# SEGMENTAL ANALYSIS - FIRST HALF 2001

in thousands	<u>Revenues</u>	<u>Expenses</u>	<u>Oper. Profit</u>
Managed Products	£ 529,645	£(291,599)	£ 238,046
US Institutional	104,525	(77,795)	26,730
INVESCO Global	190,750	(142,623)	48,127
INVESCO Retirement	27,811	(23,678)	4,133
New Business	821	(6,266)	(5,445)
Corporate	-	(18,012)	(18,012)
	<u>853,552</u>	<u>(559,973)</u>	<u>293,579</u>
Goodwill amortization	-	(65,039)	(65,039)
	<u>£ 853,552</u>	<u>£(625,012)</u>	<u>£ 228,540</u>

# OPERATING PROFIT - 2000 v. 2001

in thousands	<u>2001</u>	<u>2000</u>	<u>Increase/ (Decrease)</u>
Managed Products	£ 238,046	£ 226,030	£ 12,016
US Institutional	26,730	24,059	2,671
INVESCO Global	48,127	49,037	(910)
INVESCO Retirement	4,133	1,021	3,112
New Business	(5,445)	(6,063)	618
Corporate	(18,012)	(25,793)	7,781
	<u>£ 293,579</u>	<u>£ 268,291</u>	<u>£ 25,288</u>

# FUNDS UNDER MANAGEMENT

in billions

	Total	Managed Products		US Inst	Global
		AIM	INVESCO		
March 31, 2001	\$ 370.3	\$ 175.6	\$ 33.9	\$ 96.2	\$ 64.6
Market gains/(loss)	11.8	6.4	2.2	2.1	1.1
Acquisitions	17.1	-	-	17.1	-
Net new (lost) business	(1.0)	0.6	0.8	(1.5)	(0.9)
Change in US Money					
Market Funds	11.0	10.0	0.2	-	0.8
Transfers	-	-	-	-	-
Foreign currency	(0.8)	0.6	-	-	(1.4)
June 30, 2001 †	\$ 408.4	\$ 193.2	\$ 37.1	\$ 113.9	\$ 64.2
June 30, 2001 †	£ 289.6	£ 137.0	£ 26.3	£ 80.8	£ 45.5

† Translated @ \$1.41 per £1.00.

Note: INVESCO Retirement has \$31.9 billion in assets under administration as of June 30, 2001, compared to \$23.6 billion as of March 31, 2001.

# FUNDS UNDER MANAGEMENT

in billions

	Total	Managed Products		US Inst	Global
		AIM	INVESCO		
Dec 31, 2000	\$ 402.6	\$ 193.2	\$ 43.2	\$ 99.6	\$ 66.6
Market gains/(loss)	(31.0)	(16.9)	(7.5)	(1.5)	(5.1)
Acquisitions	22.2	-	-	17.1	5.1
Net new (lost) business	2.1	1.6	1.8	(1.3)	-
Change in US Money					
Market Funds	15.5	15.1	(0.4)	-	0.8
Transfers	-	0.3	-	-	(0.3)
Foreign currency	(3.0)	(0.1)	-	-	(2.9)
June 30, 2001 †	<u>\$ 408.4</u>	<u>\$ 193.2</u>	<u>\$ 37.1</u>	<u>\$ 113.9</u>	<u>\$ 64.2</u>
June 30, 2001 †	<u>£ 289.6</u>	<u>£ 137.0</u>	<u>£ 26.3</u>	<u>£ 80.8</u>	<u>£ 45.5</u>

† Translated @ \$1.41 per £1.00.

Note: INVESCO Retirement has \$31.9 billion in assets under administration as of June 30, 2001, compared to \$27.6 billion as of December 31, 2000.

# BALANCE SHEET

in thousands	June 30, 2001	Dec 31, 2000
Fixed assets		
Goodwill	£ 2,548,898	£ 2,375,542
Investments	150,672	152,521
Tangible assets	215,251	203,341
	<u>2,914,821</u>	<u>2,731,404</u>
Currents assets		
Debtors	637,457	686,101
Investments	118,402	124,311
Cash at bank and in hand	227,165	342,073
	<u>983,024</u>	<u>1,152,485</u>
Creditors: amounts falling due within one year	(633,431)	(764,068)
Net current assets, excluding banking and insurance activities	<u>349,593</u>	<u>388,417</u>
Banking and insurance activities, net	8,627	1,812
Total assets less current liabilities	3,273,041	3,121,633
Long-term debt	(895,188)	(960,023)
Provisions for liabilities and charges	(146,383)	(58,530)
Net assets	<u>£ 2,231,470</u>	<u>£ 2,103,080</u>

# NUMBER OF SHARES

in thousands	Number of Shares Outstanding Dec 31, 2000	Number of Shares Outstanding June 30, 2001
Ordinary shares	771,038	782,424
Exchangeable shares	43,559	40,785
Less: ESOT shares	(17,712)	(14,778)
Shares outstanding	<u>796,885</u>	<u>808,431</u>
Shares reserved for:		
Options	79,374	77,307
ESD's	6,181	6,111
Total shares	<u>882,440</u>	<u>891,849</u>

# GROUP CASH FLOW

in thousands

	Six Months Ended	
	June 30, 2001	June 30, 2000
Operating profit	£ 203,288	£ 249,921
Amortization and depreciation	100,455	41,668
Change in debtors, creditors, and other	(23,066)	(31,839)
Net cash inflow from operating activities	<u>280,677</u>	<u>259,750</u>
Banking and insurance activities	(13,972)	723
Interest paid, net of investment income	(20,324)	(14,246)
Taxation	(100,246)	(72,232)
Capital expenditures, net of sales	(40,047)	(25,365)
Net disposals / (purchases) of fixed asset investments	5,962	(19,180)
Acquisitions	(106,125)	-
Dividends paid	(47,986)	(36,439)
Net repayment of debt	(85,870)	(126,764)
Foreign exchange on cash at bank and in hand	13,023	4,868
Decrease in cash at bank and in hand	<u>£ (114,908)</u>	<u>£ (28,885)</u>

# ANALYSIS OF NET DEBT

in thousands	June 30, 2001		Dec 31, 2000		(Decrease)/Increase	
	£	\$	£	\$	£	\$
Current Debt	14,038	19,794	15,293	22,787	(1,255)	(2,993)
Long-term Debt:						
Senior notes	466,217	650,000	444,201	650,000	22,016	-
Equity subordinated debentures	69,445	97,917	67,115	100,001	2,330	(2,084)
Credit facility	215,177	303,400	300,000	447,000	(84,823)	(143,600)
Loan notes	130,539	184,060	128,934	192,112	1,605	(8,052)
Other, including fx	13,810	26,838	19,773	41,321	(5,963)	(14,483)
	<u>895,188</u>	<u>1,262,215</u>	<u>960,023</u>	<u>1,430,434</u>	<u>(64,835)</u>	<u>(168,219)</u>
Total Debt	909,226	1,282,009	975,316	1,453,221	(66,090)	171,212
Cash	<u>(197,162)</u>	<u>(277,998)</u>	<u>(283,735)</u>	<u>(422,765)</u>	86,573	144,767
Net Debt	<u>712,064</u>	<u>1,004,011</u>	<u>691,581</u>	<u>1,030,456</u>	20,483	(26,445)

## Exchange rates

06/30/01 -- \$1.41 per £1.00

12/31/00 -- \$1.49 per £1.00

# US GAAP RECONCILIATION (PROFIT)

in thousands

	Six Months Ended June 30,	
	2001	2000
Net profit under UK GAAP	£ 102,737	£ 155,414
<i>US GAAP adjustments:</i>		
Acquisition accounting	(16,610)	(31,634)
Taxation	(23,813)	(15,381)
Other	577	411
Net income under US GAAP	£ 62,891	£ 108,810

# US GAAP RECONCILIATION (EQUITY)

in thousands	<u>June 30, 2001</u>	<u>Dec 31, 2000</u>
Shareholders' funds under UK GAAP	£ 2,231,470	£ 2,103,080
<i>US GAAP adjustments:</i>		
Acquisition accounting	1,051,761	1,020,052
Treasury stock	(173,245)	(168,292)
Dividends	36,379	47,813
Other	12,060	15,968
Shareholders' equity under US GAAP	<u>£ 3,158,425</u>	<u>£ 3,018,621</u>



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**Global Investment Services**