

A photograph of a family gardening in a raised wooden bed. An elderly man with a grey beard, wearing a dark grey sweater and blue gloves, is leaning over the bed, holding a shovel. A young child with blonde hair, wearing a green hoodie and grey gloves, is reaching into the bed to touch a plant. In the background, a woman in a blue shirt and dark pants stands with her hands on her hips, looking on. The garden is lush with various green plants and purple flowers. A small wooden sign with the text "Butter dinner" is visible in the background. The overall scene is bright and sunny, with a large teal triangle in the bottom right corner.

HARGREAVES
LANSDOWN

PUTTING CLIENTS FIRST

GROWTH AND DEVELOPMENT IN 2018

Growth

- 137,000 new active clients
- 1,091,000 active clients
- 94.3% client retention rate

Assets

- Net new business of £7.6bn
- £91.6bn of Assets Under Administration

Earnings

- Profit before tax of £292.4m
- Earnings per share 49.6p (+11%)
- Total dividend 40.0p (+38%)

Strategic Development

- Launch of Active Savings
- More than 50 people in Warsaw tech hub
- Continued investment to support scalability

137,000 new active clients

+16%

£7.6bn net new business

+10%

£91.6bn AUA

+16%

£292.4m PBT

+10%

PHILIP JOHNSON

CFO UPDATE

FINANCIAL HIGHLIGHTS

£ million	2018	2017	+/-
Net revenue	447.5	385.6	16%
Profit before tax	292.4	265.8	10%
Diluted EPS	49.6p	44.6p	11%
Total dividend per share	40.0p	29.0p	38%
<i>Total dividend payout ratio</i>	<i>81%</i>	<i>65%</i>	

Net revenue

+16%

Average FTSE All Share

+6%

Profit before tax

+10%

Total dividend

+38%

REVENUE BY ASSET TYPE

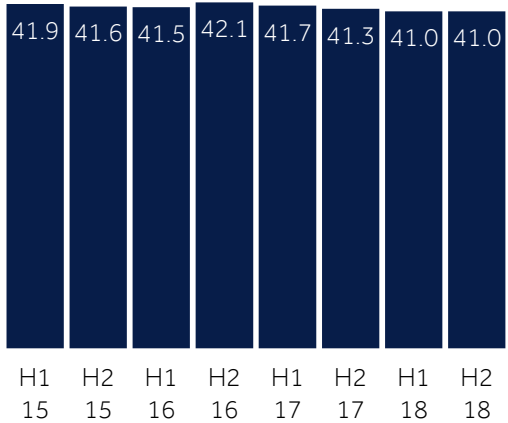
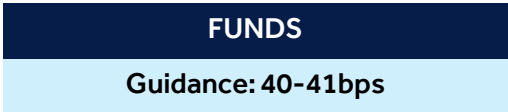
77% recurring revenues; margins in line with expectations

Asset class	2018 revenue £ million	2017 revenue £ million	+/-	2018 average AUA £ billion	2017 average AUA £ billion	+/-	2018 margin bps	2017 margin bps	2018 closing AUA £ billion	2019 margin guidance bps
Funds	198.0	169.4	17%	48.4	40.9	18%	41	41	51.0	40-41
Shares	89.6	76.3	17%	28.3	23.3	21%	32	33	31.0	27-33
Cash	42.1	36.6	15%	8.8	7.5	17%	48	49	9.6	60-70
HL Funds	67.2	56.5	19%	9.1	7.7	18%	74	73	9.6	70-75
Other	50.6	46.8	8%	(9.1)*	(7.7)*				(9.6)*	
	447.5	385.6	16%	85.5	71.7	19%			91.6	

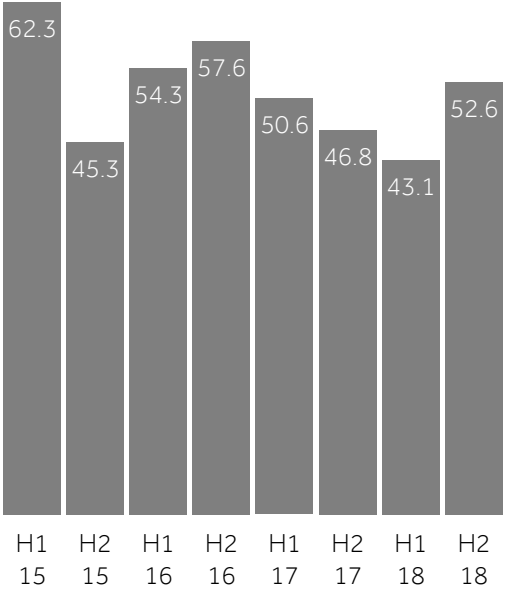
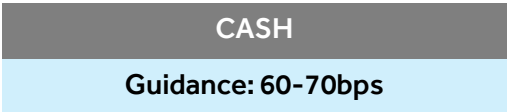
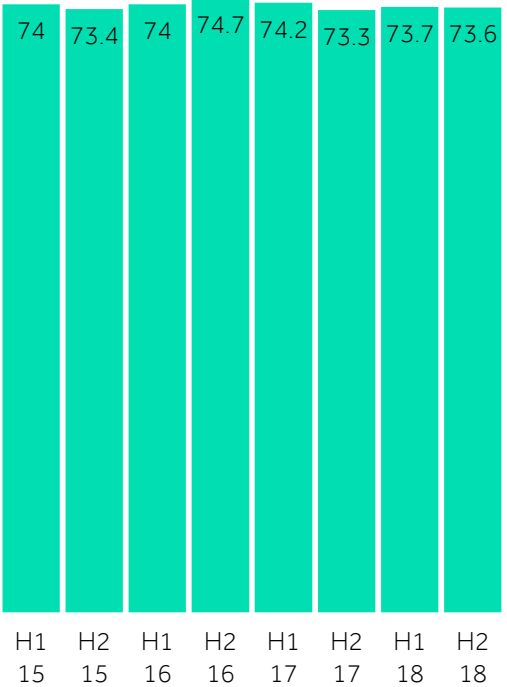
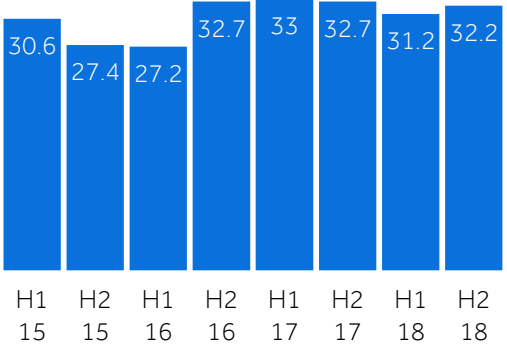
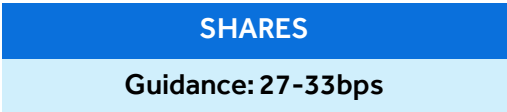
* Deducted to avoid double-count as average AUA in Funds for platform fee and in HL funds for annual management charge

REVENUE MARGINS

Stability over time



■ Platform fee, post RDR

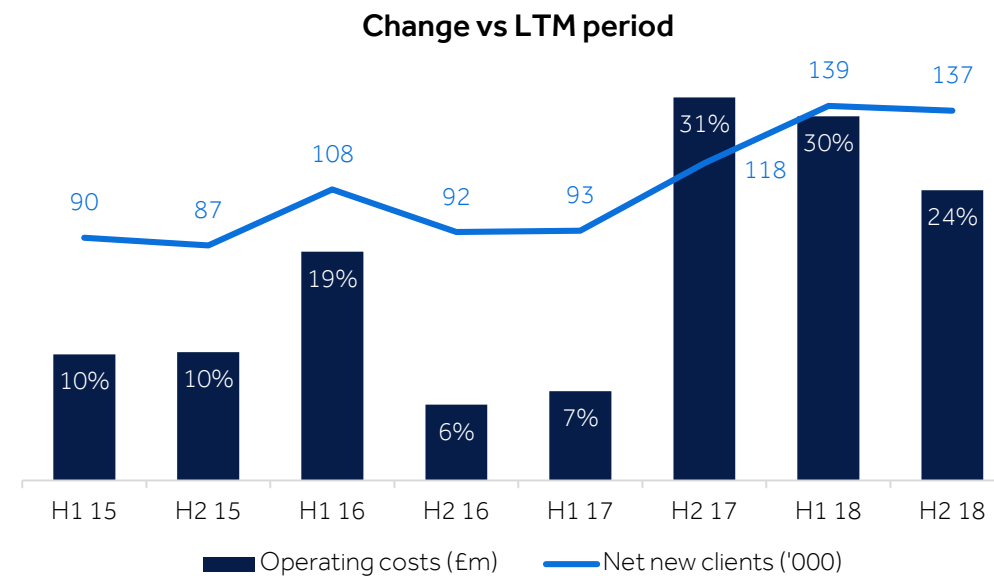


OPERATING COSTS

Investing into our strategy

£ million	2018	2017	+/-
Staff costs	87.4	68.6	27%
Marketing	16.3	14.3	14%
Dep'n & financial costs	10.3	9.0	14%
Other costs	41.2	30.6	35%
FSCS levy	3.5	4.2	(17%)
Total operating costs	158.7	126.7	25%

- Additional staff costs due to increased headcount:
 - Supporting growth and increased client activity
 - Investing in client service, scalability and efficiency
 - Improving our technology capabilities (e.g. HL Tech)
- Marketing as developed proposition, brand and digital skills

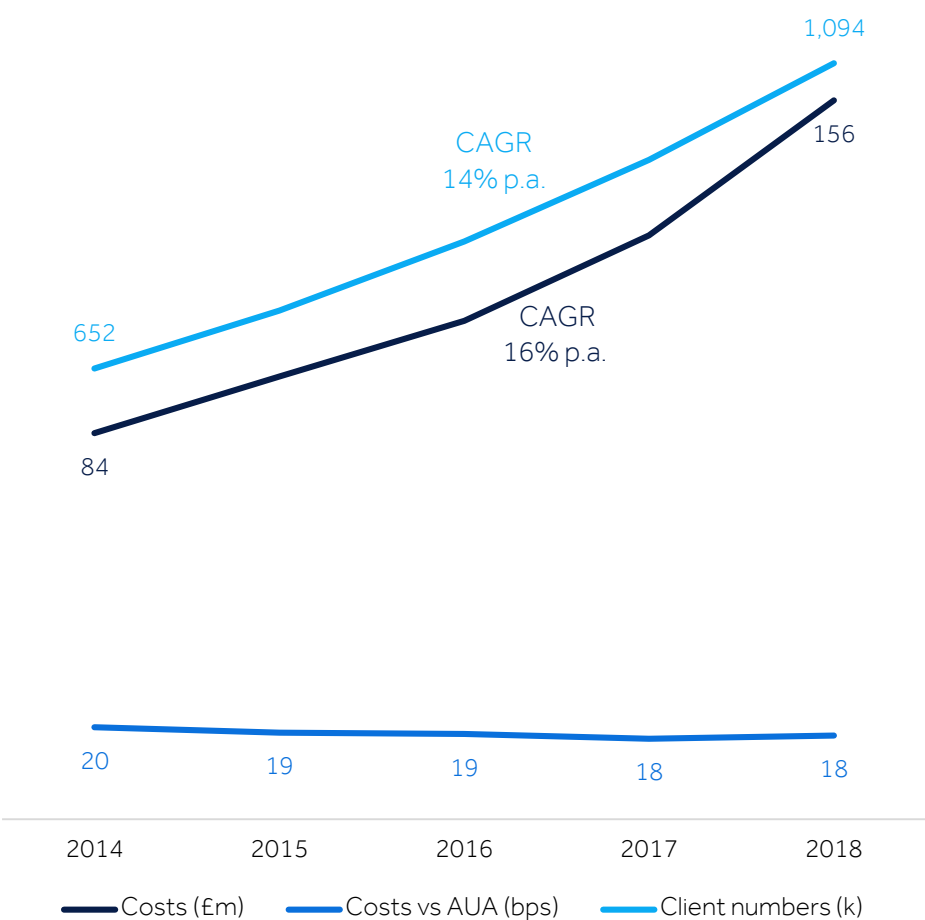
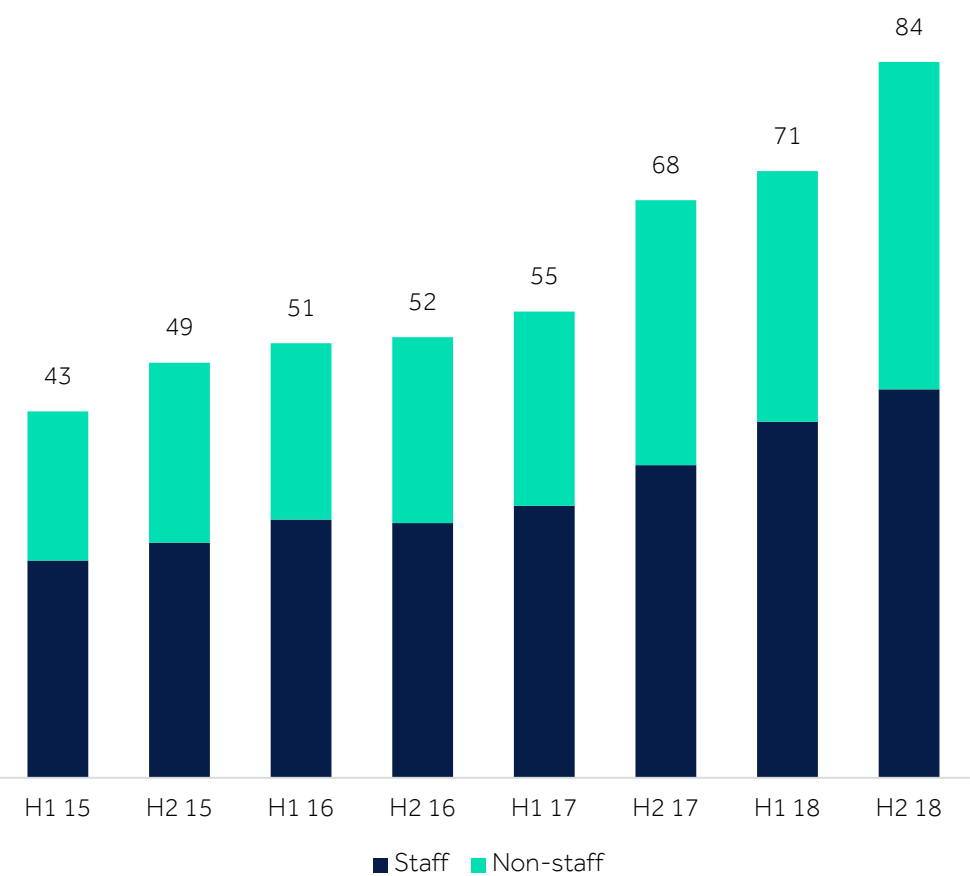


- Depreciation rose due to higher capex in recent years
- Other costs grown due to higher dealing charges and cash management costs (associated with revenue increases), computer and data costs (associated with higher headcount) and new offices

SUPPORTING A GROWING BUSINESS

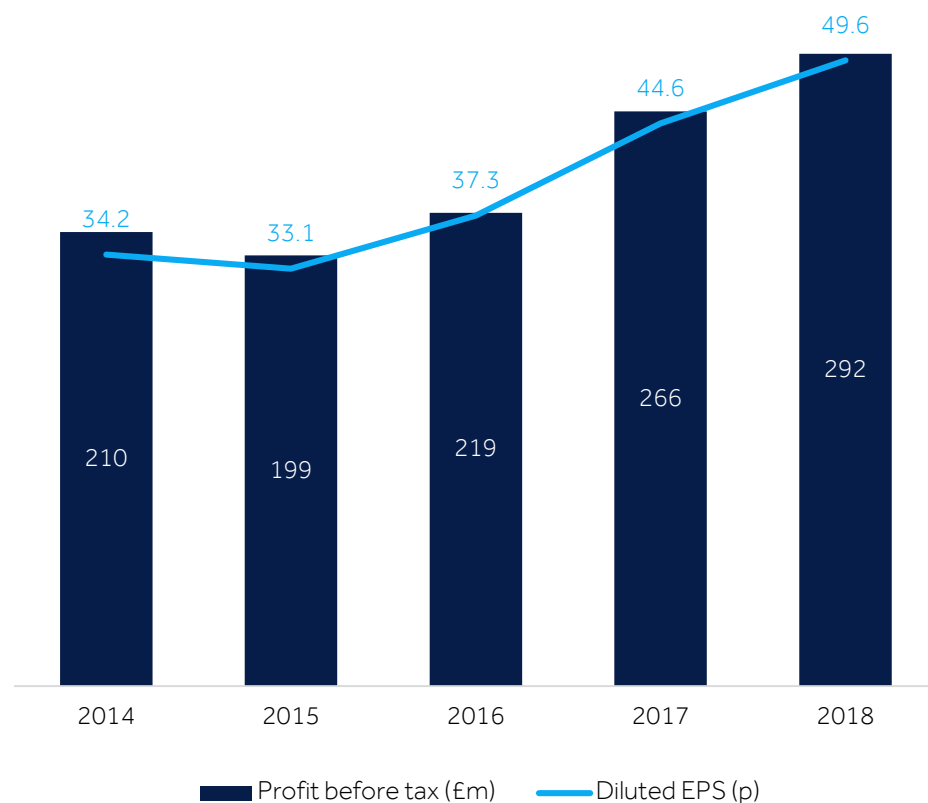
Operating efficiency creating capacity for growth

Operating costs excluding FSCS (£ million)



PROFIT BEFORE TAX AND EPS

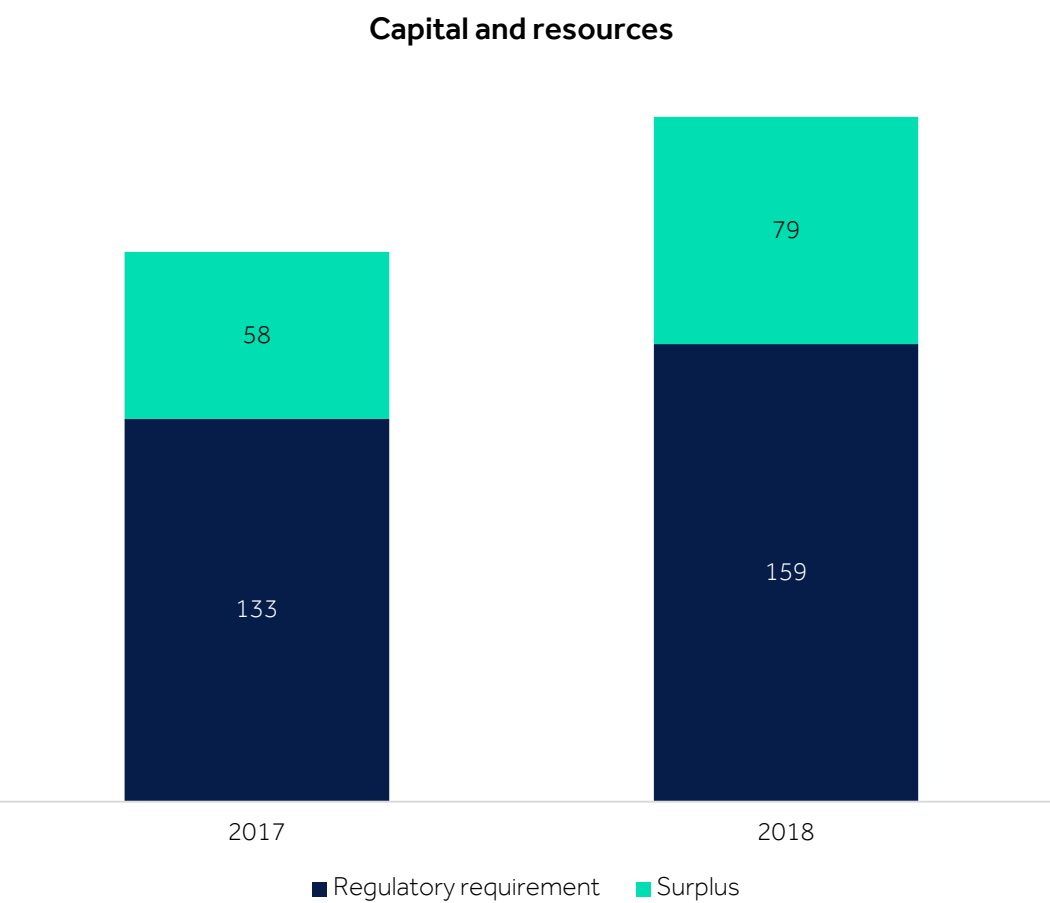
11% growth in diluted earnings per share



£ million	2018	2017	+/-
Operating profit	291.1	261.1	11%
Euroclear disposal gain	-	3.7	
Other net income	1.3	1.0	
Profit before tax	292.4	265.8	10%
Tax	(55.7)	(53.8)	
Profit after tax	236.7	212.0	11%
Diluted share count (m)	475.4	474.7	
Diluted EPS (p)	49.6	44.6	11%

CAPITAL

Maintaining healthy surplus against regulatory capital



£ million	2018
Shareholder funds	404
Less: intangible assets and other deductions	(24)
Tangible capital	380
Less: provision for dividend	(142)
Qualifying capital	238
Less: regulatory capital requirement	(159)
Capital surplus	79

DIVIDENDS

Operating our communicated dividend policy

Pence per share	2018	2017	+/-
Interim	10.1	8.6	
Final	22.1	20.4	
Total ordinary	32.2	29.0	11%
<i>Ordinary dividend payout ratio</i>	<i>65%</i>	<i>65%</i>	
Special	7.8	-	
Total	40.0	29.0	38%
<i>Total dividend payout ratio</i>	<i>81%</i>	<i>65%</i>	

- Progressive ordinary dividend, with intention of maintaining payout ratio at 65% across the cycle
- Retentions to fund growth, investment and regulatory capital needs
- Commitment to returning excess cash via special dividends

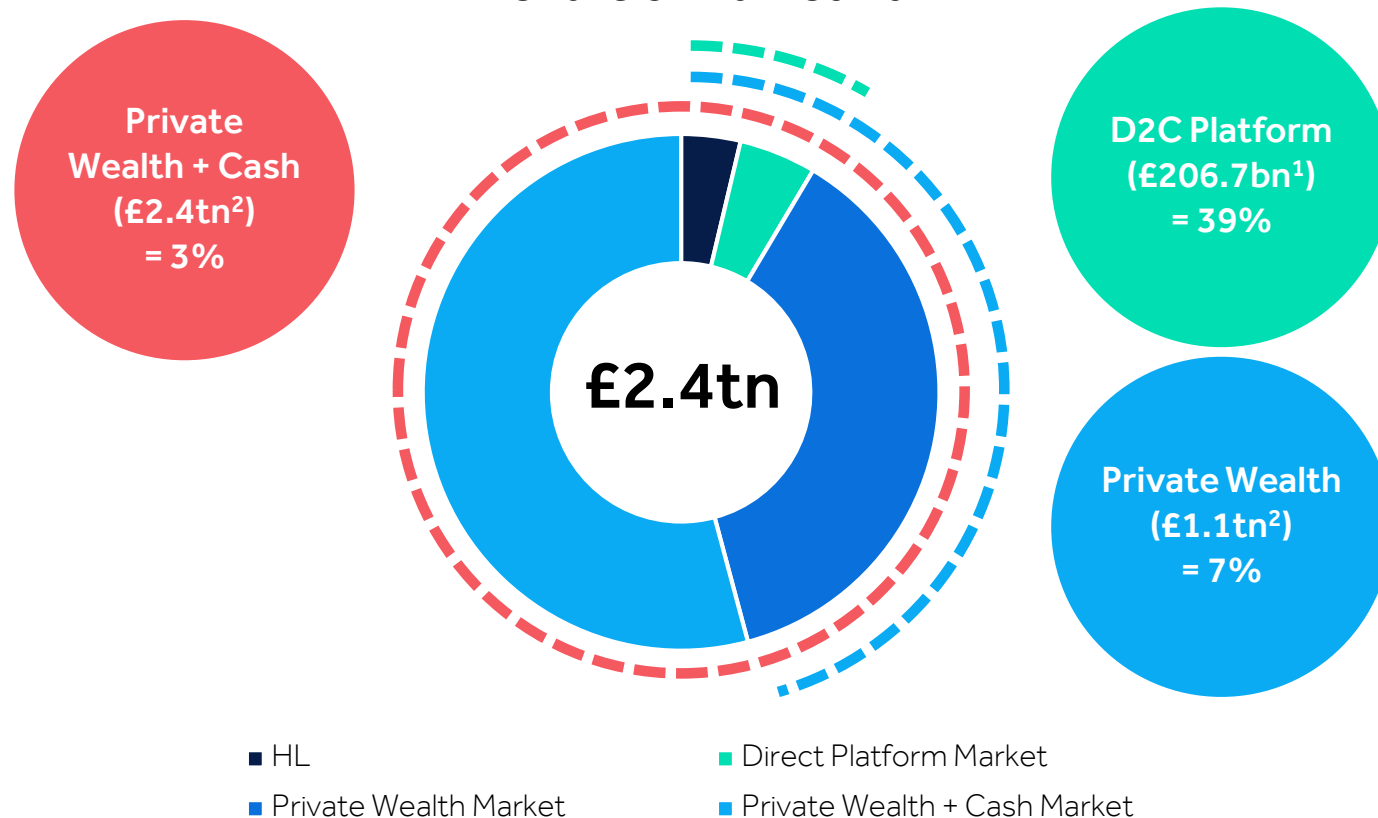
CHRIS HILL

CEO UPDATE

SIGNIFICANT OPPORTUNITY

The developing market represents an opportunity for HL

HL Share of Market AuA



- £314bn savings gap
- Decline of defined benefit and rise of defined contribution
- People are living longer
- Long-term low yield environment
- Complicated savings environment
- Shift of wealth towards older client segments

1. Platform UK D2C Market Update, July 2018
2. Oliver Wyman

PEOPLE NEED HELP

Empowering people to save and invest with confidence

Clients are facing a number of challenges:

- People need to take charge for themselves over a longer period
- Saving and investing is becoming increasingly complicated
- How to make the most of their money (Pension Freedoms, challenge of Drawdown, six types of ISA)
- The advice market is changing



Clients want solutions to these problems:

Help me understand

Help me manage

Just make it simple for me to do

HL is uniquely well-positioned

THE CLIENT IS AT THE CENTRE OF OUR STRATEGY

HL's market-leading proposition

Client Proposition and Service

OUR PURPOSE

To empower people to save and invest with confidence

OUR PROMISES

Safe and secure, easy and efficient, incredible service, lifelong relationship, great value

OUR VALUES

Put the client first, go the extra mile, do the right thing, make it easy, do it better

Creating Client Engagement

PEOPLE

Attracting, investing in and retaining the best talent to help our clients

TECHNOLOGY

Constantly improving the client experience and keeping data safe

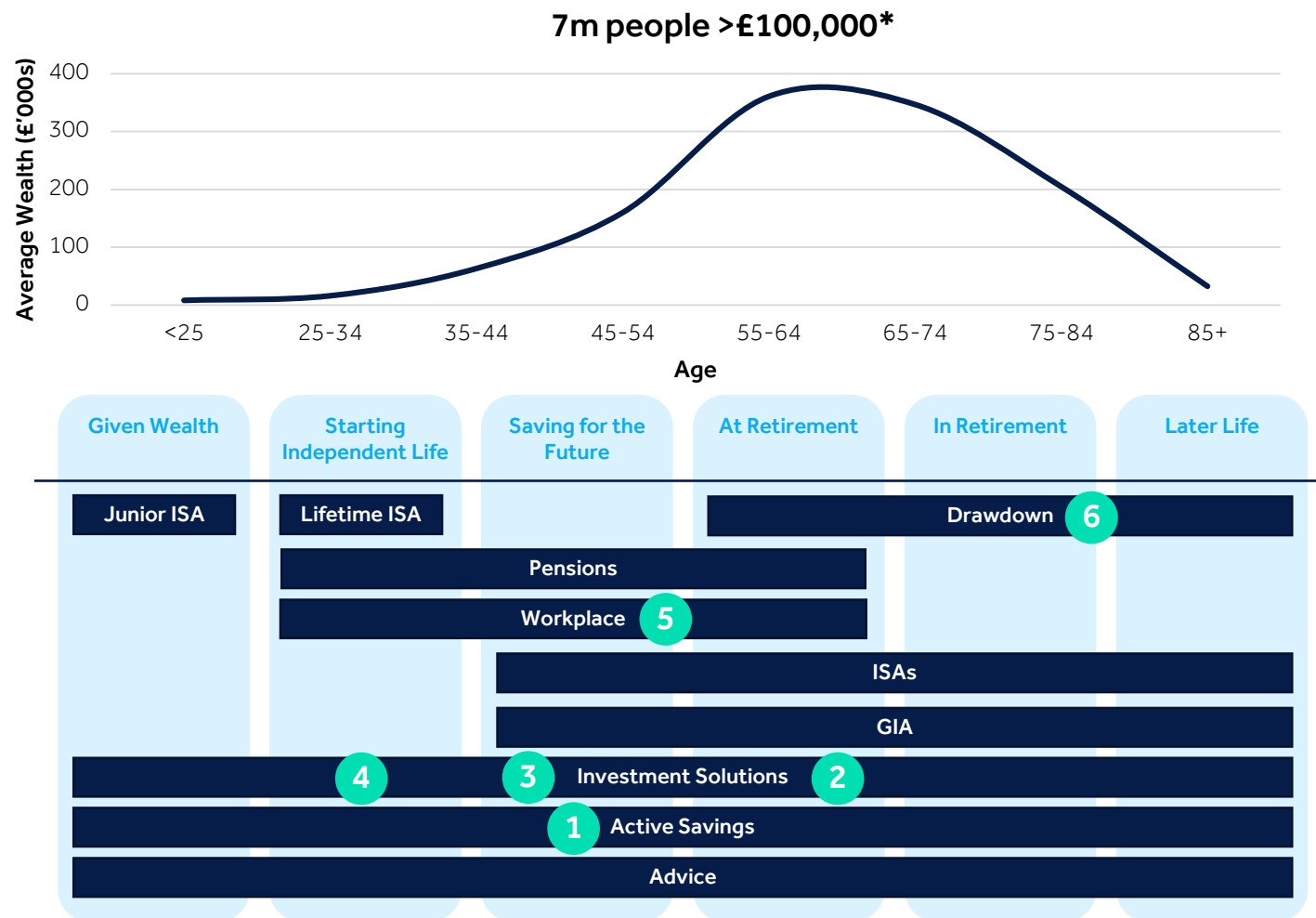
MARKETING

Developing relevant content, propositions and effective client communications

**Delivering an
outstanding
client
experience**

DEVELOPING OUR PROPOSITION

Investing in the lifetime needs of our clients



- 1 Providing one-stop cash solutions via **Active Savings**
- 2 **Wealth 150** selection for confident investors who wish to choose their own funds
- 3 **Portfolio+** for less confident investors
- 4 **Simply Invest** helps to get people started
- 5 **Workplace Solutions** for auto-enrolled and corporate investors
- 6 Helping clients understand and manage income via new **Income Tools**

INVESTING IN OUR AREAS OF COMPETITIVE ADVANTAGE

Creating engagement and building confidence

PEOPLE

Attracting, investing in and retaining the best talent to help our clients

TECHNOLOGY

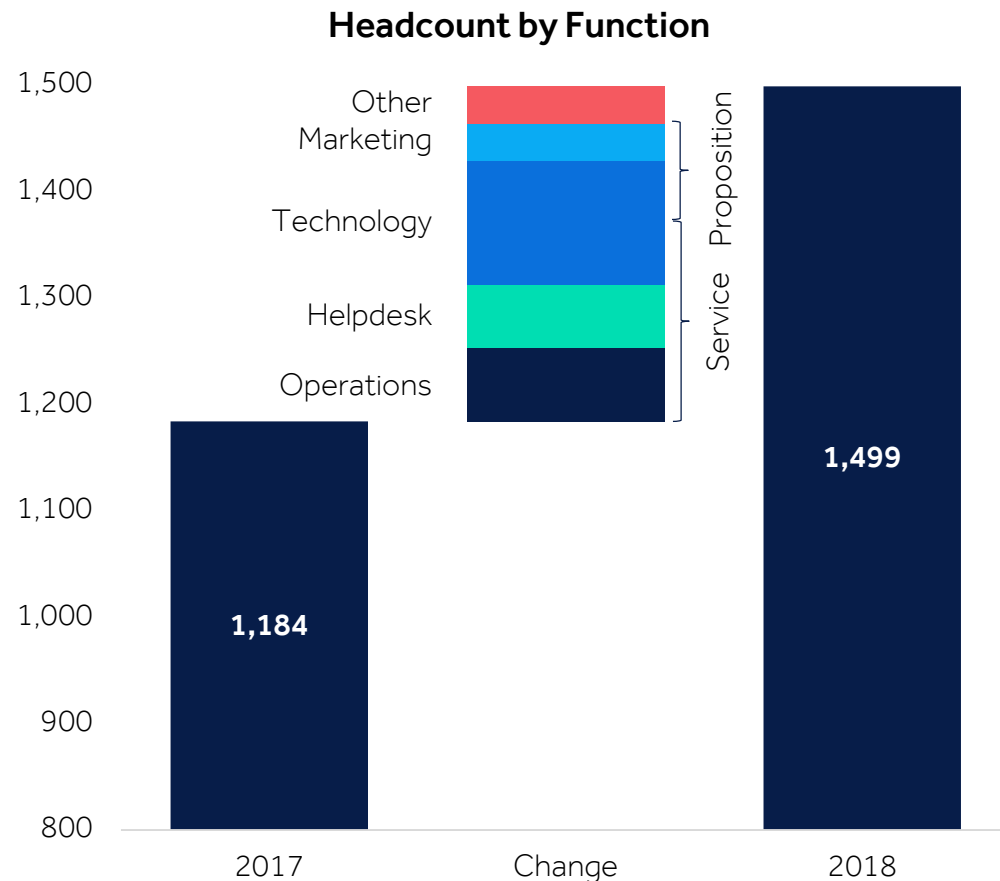
Constantly improving the client experience and keeping data safe

MARKETING

Developing relevant content, propositions and effective client communications

INVESTING IN PEOPLE

Addressing the needs of a growing business



- Increase in headcount from investment in specific areas
- Helpdesk and Operations capability expanded to support client service levels
- Built HL Tech and complemented with specialist skill sets in Bristol
- Added expertise in Marketing to build capability in digital and data analysis
- Implemented better management training to drive business and process efficiencies

INVESTING IN TECHNOLOGY

Using technology to deliver superior service to clients

Safe and Secure

- Focus on regulatory deliveries (GDPR, MIFID II, PSD 2)
- Rigour in maintaining a safe and secure IT environment (e.g. client log in)
- Delivering change in a controlled and disciplined manner

Scalability

- More efficient batch processing of client data in Broker Focus
- Removing paper from operations: LISA reporting (HMRC Bridge), online transfers, W8-BEN

New Capability

- Launch and testing Active Savings with clients. Ongoing development based upon feedback
- Opened HL Tech in Warsaw
- Rebranding and expansion of data analytics and marketing engine

INVESTING IN MARKETING

Developing our marketing capability

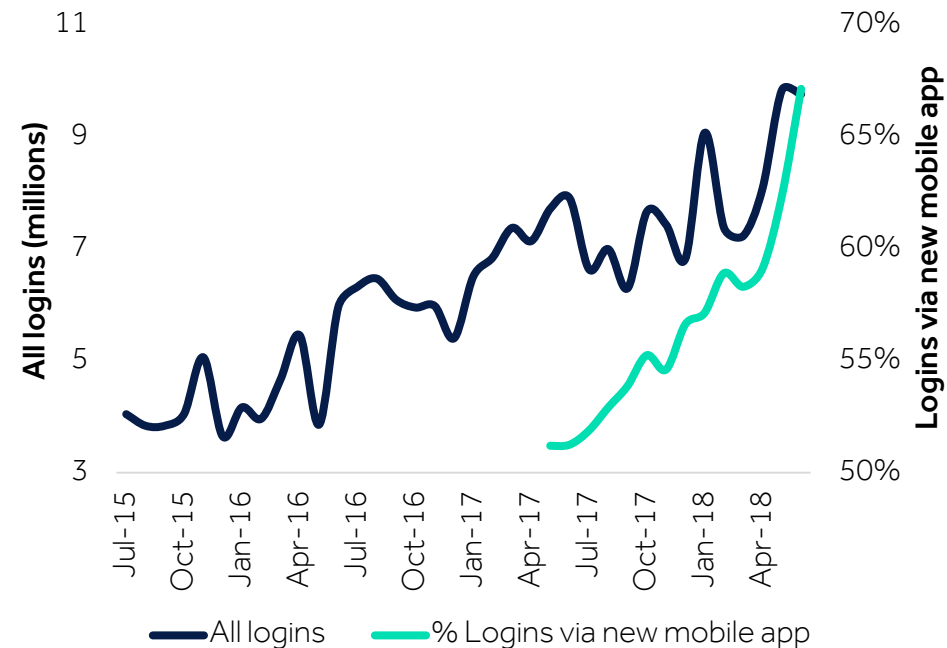
Data Analytics

Tailored
Content

Campaign
Automation

On Boarding

New mobile app is driving logins



- Growing mobile engagement
- Creating smarter, faster and more convenient digital experiences

67%

Mobile app logins

61%

Mobile app NPS

+85%

Mobile app trades

+22%

Digital visits

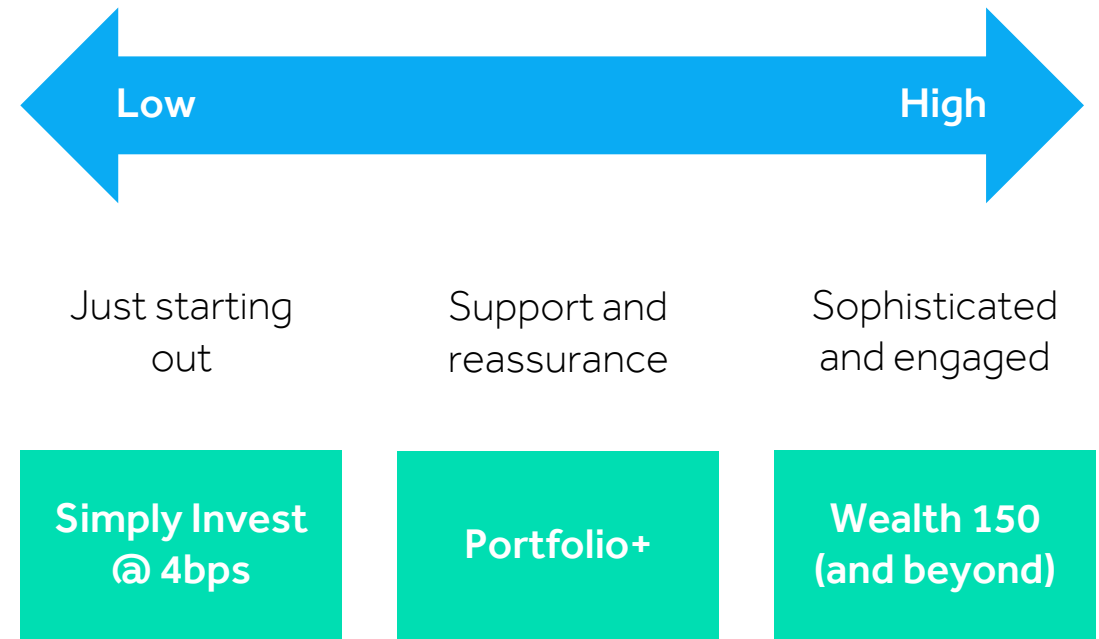
DELIVERING INVESTMENT SOLUTIONS

Adding value for clients

We provide clients with:



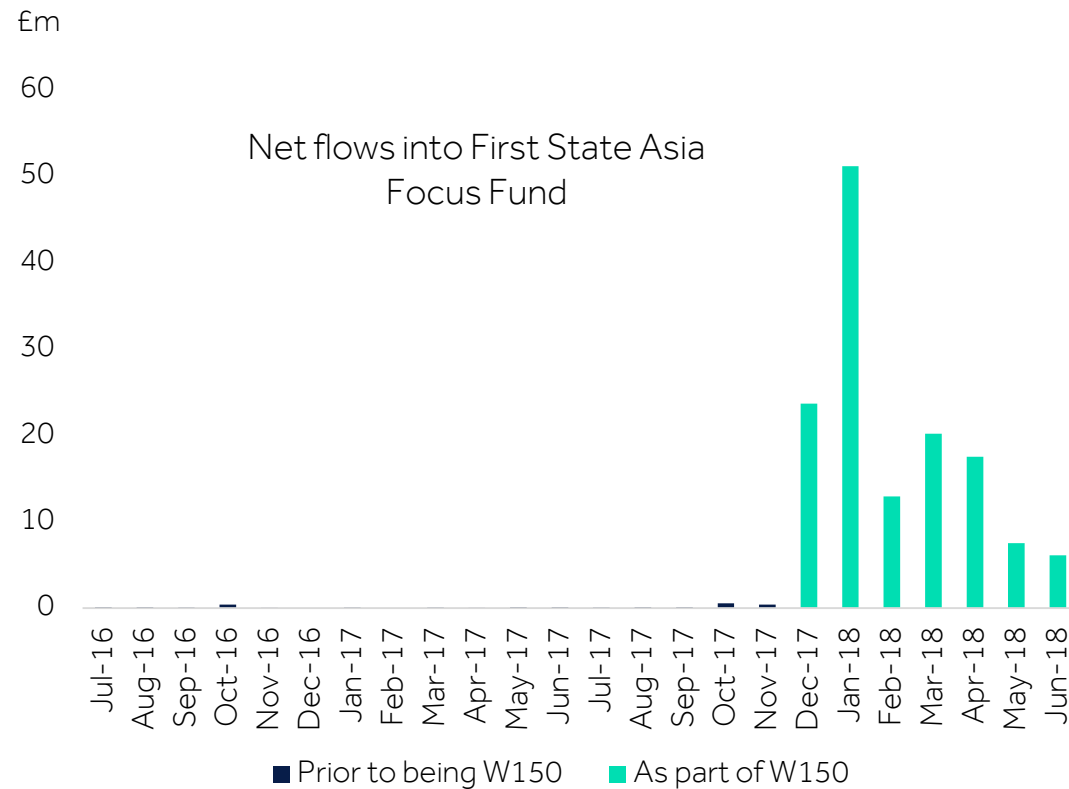
Client confidence



DELIVERING INVESTMENT SOLUTIONS

Adding value for clients

The Wealth 150 drives flows:

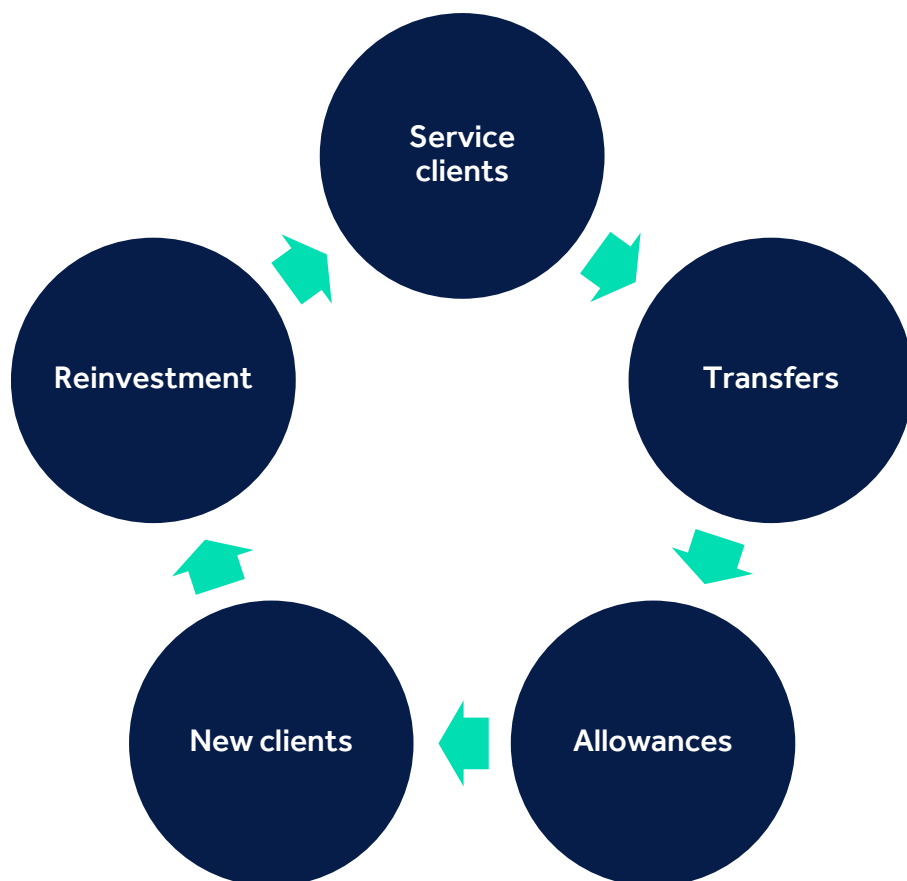


- We provide clients with informed choice, and secure the best value
 - Jupiter Global Value Equity discount of 42 bps
 - Wealth 150 – average discount of 14 bps

DELIVERING ASSET AND CLIENT GROWTH

We continue to see inflows from across the sector

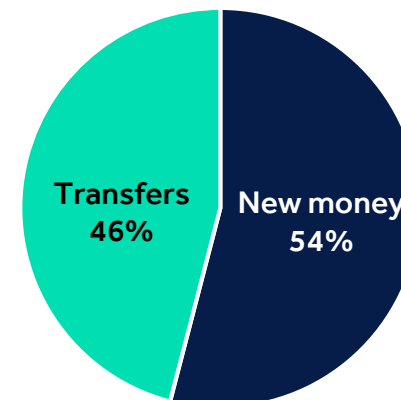
Growth Cycle



- Inflows from banks, life companies and platforms
- Increased direct platform market share to 39.1%¹
- Increased stockbroking market share to 31.3%²
- Diversity of platform supports changes in investor flows (global vs UK equity income)

1. Platform UK D2C Market Update, July 2018
2. Compeer Q1 2018 Benchmarking Report

Gross Inflows



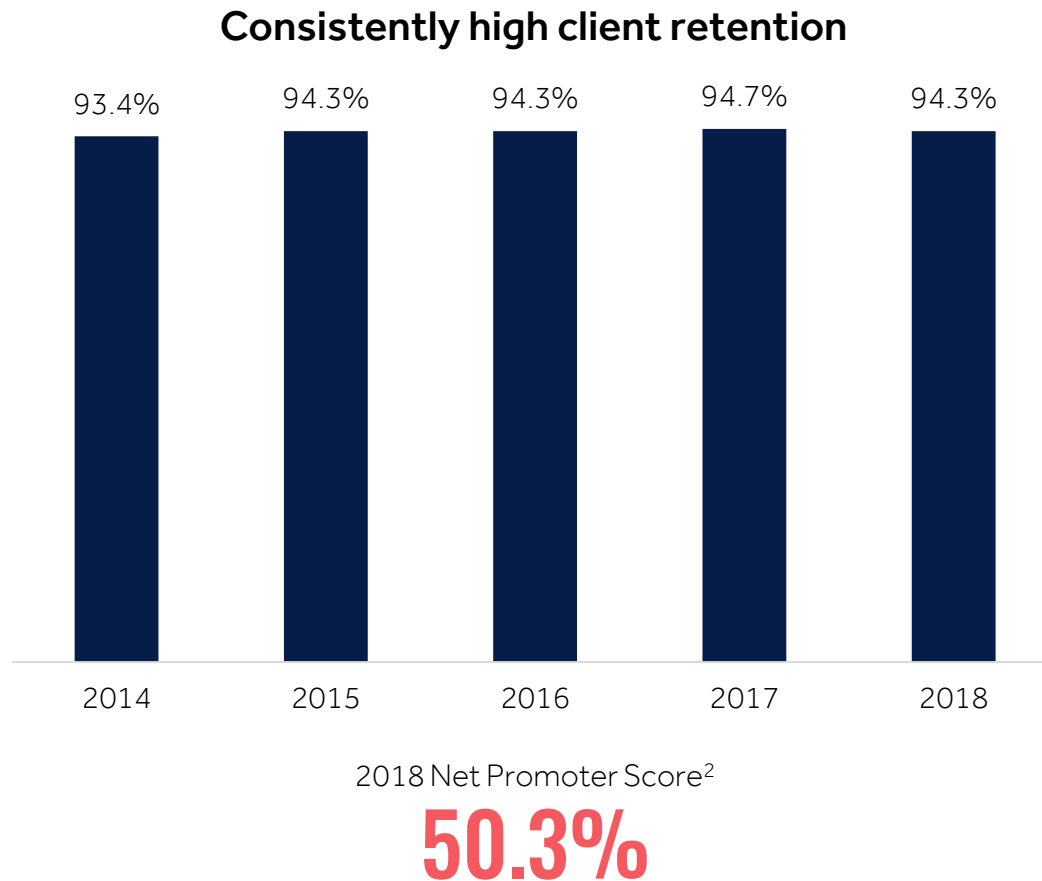
Net new clients
137,000



Net new business
£7.6bn

MAINTAINING EXCELLENT SERVICE

Consistently high client retention



- Which? rated HL the best platform for customer service, efficient administration, online functionality, online tools and guidance and information on investments – **and the best overall**¹
- Investment in Helpdesk, Operations and digital has driven improvement in service metrics
- Strong Net Promoter Score²

1. Which? Money, Best and Worst Investment Platforms, June 2018

2. Net Promoter, NPS and the NPS-related emoticons are registered service marks and Net Promoter Systems are service marks of Bain & Company Inc., Satmetrix Systems Inc. and Fred Reichheld.

FCA INVESTMENT PLATFORMS MARKET STUDY

Our perspectives on initial findings

FCA interim proposals on remedies

- Make it easier to shop around and choose platforms on the basis of price
- Strengthen the extent to which platforms drive competition between asset managers
- More help for consumers building large cash balances
- Make it easier to switch platforms
- Help consumers who may be exposed to unexpected risk levels
- Address potential non-compliance with rules

Close alignment with our client centric strategy

Developing tools and research to help investors make good choices

At the forefront of making transfer easier and quicker, chairing the industry's working group

Developing Active Savings, designed to help customers who hold cash

Accelerating technology adoption, to improve client experience, efficiency and support growth

OUTLOOK

We continue to invest in our growth strategy

- We have had another year of strong growth
- More than a million clients – a huge responsibility at a time when they need us more than ever
- We continue to invest into our capabilities as sources of competitive advantage
- Investment drives efficiency to support further growth and we target where we can see benefits delivered swiftly
- Well-positioned to capture structural growth in the savings market

Q&A

HL

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HL

Hargreaves Lansdown

FORWARD-LOOKING STATEMENTS

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- These statements are forecasts involving risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.
- There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this presentation should be construed as a profit forecast.
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