

Hargreaves Lansdown plc

Unaudited interim results for the
6 months ended 31 December 2014



Best Direct Platform
2014
The Platform



Best ISA Provider
2014
MoneyWeek
Readers' Choice Awards



Best Share Dealing Service
2012 - 2014
What Investment
Readers' Awards



Best Direct SIPP Provider
2013 & 2014
Your Money
Direct Awards



Forward-looking statements

These presentation slides contain forward-looking statements and forecasts with respect to the financial condition and the results of Hargreaves Lansdown plc.

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.

Nothing in this presentation should be seen as a promotion or solicitation to buy Hargreaves Lansdown plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

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Simon Cleveland, Interim CFO

Comment and Strategy update

Ian Gorham, CEO

Appendices

Simon Cleveland, Interim CFO

Highlights

Financial results

H1 2015 highlights

CONTINUED GROWTH IN AUA DESPITE HEADWINDS

- £2.25bn of assets gathered (H1 2014: £2.80bn, H1 2013: £1.65bn)
- Record AUA of £49.1bn

MUTED TRADING CONDITIONS VS H1 2014

- FTSE All-share down 1.9% vs. H1 2014 +9.7%
- H1 2015 growth has been organic
- IPO benefits of 2014 not repeated
- 675,000 active clients, 23,000 net new clients (H1 2014: 77,000, H1 2013: 21,000)

GROWTH IN DIVIDENDS

- Net-revenue up 1.3% to £144.1m
- Pre-tax profits down 2.1%, EPS down 1.2%
- 4.3% increase to interim dividend to 7.30 pence

AUA

+5%

(£49.1bn vs. £46.9bn FY 2014)

FTSE All-Share

-1.9%

(H1 2014: +9.7%)

Net revenue

+1.3%

(£144.1m vs. £142.2m)

Operating profit

-1.7%








(£101.4m vs. £103.2m)

Net operating
margin

-1.9pts

(70.7% vs. 72.6%)

H1 2015 financial headlines

| | | H1 2015 | H1 2014 | FY 2014 |
|--------------------|---|----------------|---------|---------|
| Net revenue |  +1% | £144.1m | £142.2m | £291.9m |
| Operating profit |  -2% | £101.4m | £103.2m | £208.0m |
| Profit before tax |  -2% | £101.9m | £104.1m | £209.8m |
| Tax rate |  -1.3pts | 21.3% | 22.6% | 22.4% |
| Profit after tax |  -1% | £80.1m | £80.6m | £162.7m |
| EPS (diluted) |  -1% | 16.8p | 17.0p | 34.2p |
| Dividend per share |  +4% | 7.30p | 7.0p | 32.0p |

Net revenue up 1%

1% decrease in PAT and earnings

Interim dividend increased to 7.30p

Net revenue

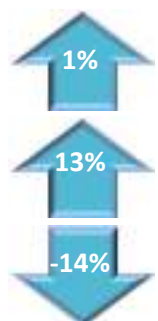
HIGH QUALITY EARNINGS

- % of recurring net revenue H1 2015: 77.1% (H1 2014: 76.7%)
- % of assets earning recurring revenue H1 2015: 83% (H1 2014: 80.1%)

| | | H1 2015 | H1 2014 |
|--|-----|---------|---------|
| Net recurring revenue – fees, interest, renewal income | 2% | £111.1m | £109.1m |
| Transactional income – incl. dealing commission, advice fees | -1% | £29.8m | £30.2m |
| Other income | 10% | £3.2m | £2.9m |
| <hr/> | | | |
| Total net revenue | 1% | £144.1m | £142.2m |
| <hr/> | | | |

Divisional results

| | Net revenue | | Operating profit | |
|------------------------------|----------------|----------------|------------------|---------------|
| | H1 2015 | H1 2014 | H1 2015 | H1 2014 |
| Vantage (platform) | £108.2m | £107.2m | £76.5m | £80.0m |
| Discretionary & Managed | £24.5m | £21.7m | £18.5m | £15.5m |
| Third party & Other services | £11.4m | £13.3m | £6.3m | £7.7m |
| TOTAL | £144.1m | £142.2m | £101.4m | £103.2 |



Vantage

£4.7M INTEREST INCOME HEADWIND

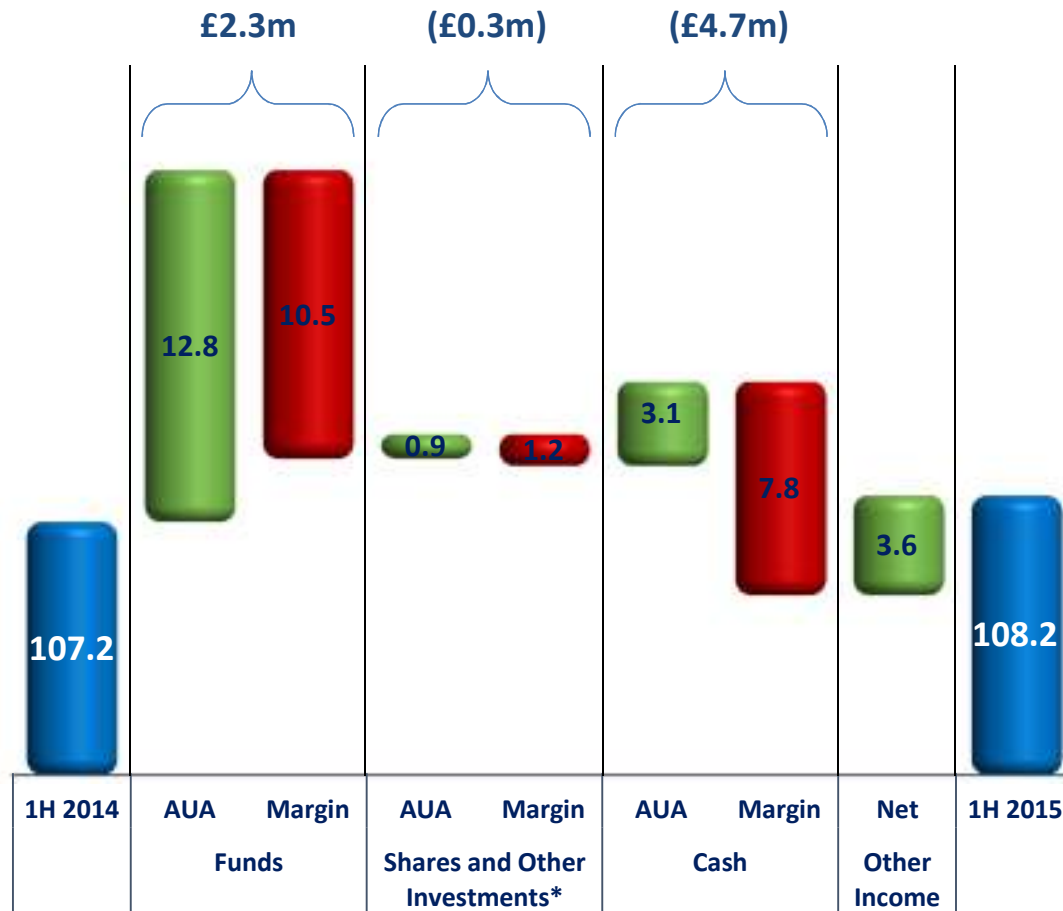
CIRCA £10.5M LOWER CHARGES ON FUNDS (POST RDR)

IMPROVED COST RATIO

GOOD ORGANIC GROWTH IN AUA

| KPIs | | H1 2015 | H1 2014 | FY 2014 |
|---|---------|------------------|---------|---------|
| Net revenue | +1% | £108.2m | £107.2m | £221.0m |
| Ave. net revenue margin (net of loyalty bonus) | -11bps | 45bps | 56bps | 53bps |
| Operating profit margin (on net revenue) | -3.9pts | 70.7% | 74.6% | 72.7% |
| Average cost ratio (on AUA, excl loyalty bonus) | -1bp | 14bps | 15bps | 15bps |
| No. of active Vantage clients ('000) | +16% | 666 | 576 | 643 |
| Vantage net new business inflows | -15% | £2.21bn | £2.60bn | £6.1bn |
| Market movement | | (£0.15bn) | £4.1bn | £4.0bn |
| Vantage AUA at end of period | +13% | £46.3bn | £40.9bn | £44.2bn |
| Total Platform AUA* at end of period | +13% | £49.1bn | £43.4bn | £46.9bn |

Vantage Platform – Net Revenue Bridge (£m)



- Fund volumes compensate for the reduction in fund margin
- Almost neutral position in shares
- Previously signalled negative impact of cash margin

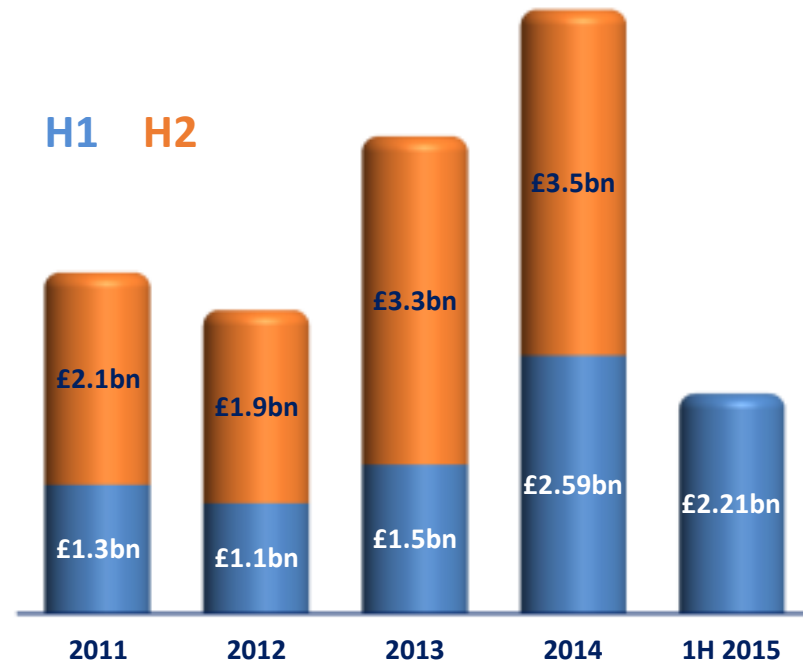
*The net effect of the auto-reinvestment tariff change has been included in 'other income'

£46.3bn Vantage AUA

GOOD LONG TERM TRENDS

VANTAGE NET NEW BUSINESS (£BN)

H2 net new business typically accounts for 57 – 69% of yearly net new business



Net new business inflows FY 2011 to H1 2014 (£ billion), first vs. second half

SIMILAR ASSET MIX

ASSET CATEGORY

56% of Vantage AUA held in investment funds

35% stocks and shares

9% cash

(At 30 June 2014: 55%, 36%, 9% respectively)

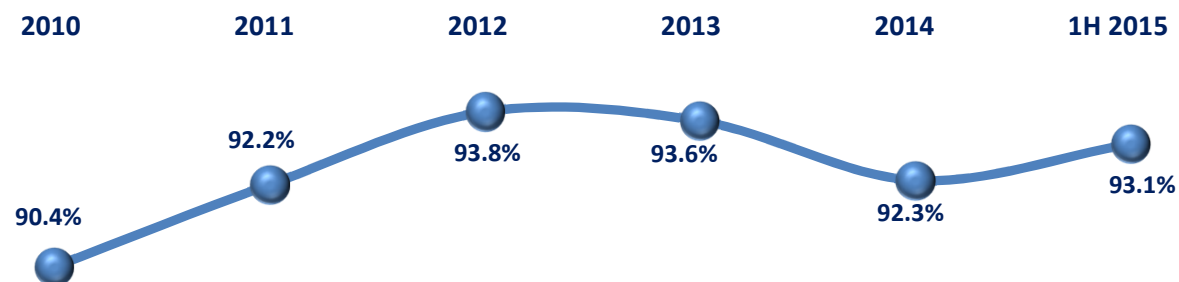
STICKY ASSETS



Asset retention

CLIENT AND ASSET RETENTIONS REMAIN VERY HIGH

ASSET RETENTION



CLIENT RETENTION

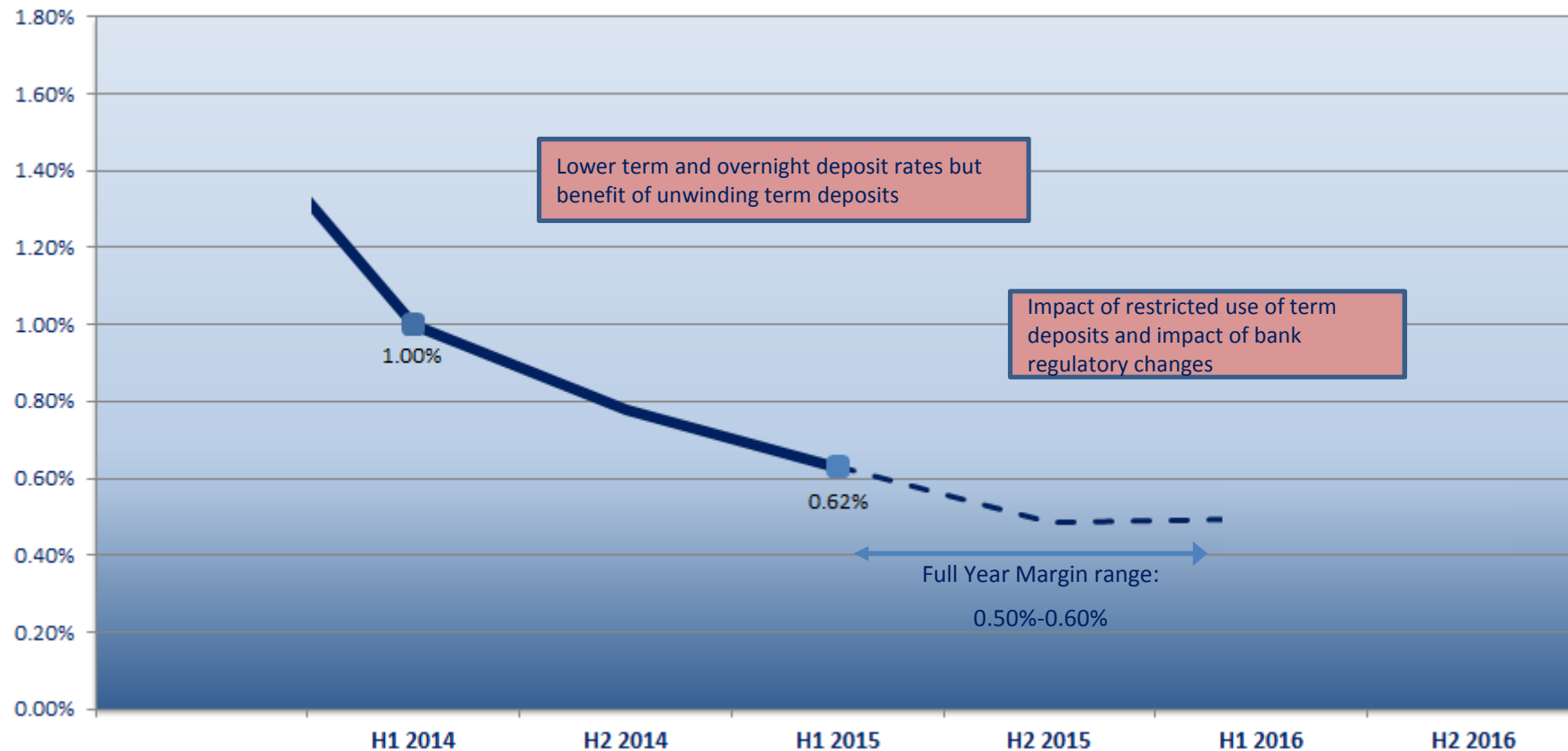


FY 2015 headwind from lower interest rates

Clients maintained cash weighting (Cash = c.9% of AUA, June 2014: 9%)

H1 2015 income headwind of £4.7m vs prior period

Tactical cash options to enhance future margin



Discretionary and managed

HLMM FUNDS CONTINUE TO ATTRACT STRONG INFLOWS

| KPIs | | H1 2015 | H1 2014 | FY 2014 |
|--|---------|----------------|---------|---------|
| Net revenue | +13% | £24.5m | £21.7m | £44.9m |
| Net recurring revenue | +6pts | 93% | 87% | 88% |
| Operating profit margin (on net revenue) | +4.5pts | 75.7% | 71.2% | 70.8% |
| HLMM AUA (Vantage) | +45% | £2,215m | £1,526m | £1,909m |
| HLMM AUA (PMS) | +10% | £2,450m | £2,236m | £2,375m |
| Discretionary AUM at period end* | +23% | £5.00bn | £4.06bn | £4.57bn |
| Net new business inflows | -35% | £278m | £431m | £889m |

Increased ave. number of advisers from 92 to 103

* Made up of PMS (HLMM & non-HLMM (£237m)), HLMM in Vantage and HLMM held by third parties (£70m)

Third Party/Other Services

PENSION REFORMS INTRODUCED IN MARCH 2014 REDUCING ANNUITY VOLUMES

EXPECT TO SEE GROWTH IN DEVELOPING BUSINESSES + THIRD PARTY PENSIONS DECLINE IN FAVOUR OF VANTAGE

| KPIs | | H1 2015 | H1 2014 | FY 2014 |
|--|---------|---------------|---------|---------|
| Net revenue | -14% | £11.4m | £13.3m | £26.0m |
| Operating profit margin on net revenue | -2.2pts | 55.2% | 57.4% | 59.5% |
| Individual annuities net revenue | -59% | £1.1m | £2.5m | £4.1m |
| Corporate pensions net revenue | -8% | £2.4m | £2.6m | £5.3m |
| HL Markets* net revenue | +7% | £1.6m | £1.5m | £3.1m |
| Funds Library net revenue | +7% | £3.2m | £3.0m | £6.0m |

* Relates to Currency, CFDs and Spreadbetting

Continued cost control

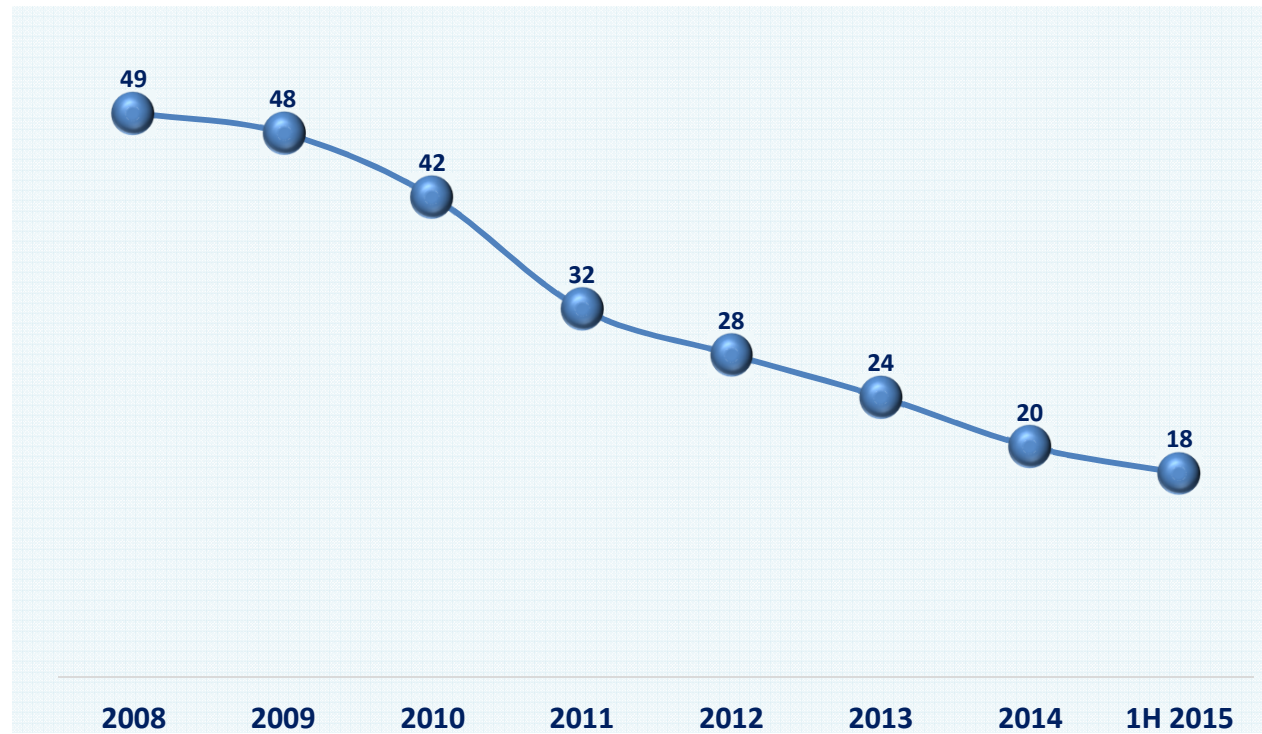
| | | H1 2015 | H1 2014 |
|------------------------------------|-------|----------------|---------|
| Commission payable (loyalty bonus) | +228% | £53.1m | £16.2m |
| Other operating costs | +10% | £43.0m | £39.0m |
| Comprising: | | | |
| Staff costs | -0.4% | £25.5m | £25.6m |
| Marketing and distribution spend | +22% | £5.5m | £4.5m |
| Other non staff costs | +35% | £12.0m | £8.9m |
| FSCS levy/ (rebate) | - | (£0.3m) | - |
| Total operating costs | +74% | £95.9m | £55.2m |

- Loyalty bonus increased post RDR (from 1.3.14) & with value of investment funds in Vantage AUA (+18% ave.)
- Tight control of staff costs despite an increase in staff numbers

Staff costs

| | | H1 2015 | H1 2014 | FY 2014 |
|------------------------------|-------|---------------|---------|---------|
| Staff costs | -0.4% | £25.5m | £25.6m | £51.3m |
| No of staff at end of period | +14% | 904 | 790 | 844 |
| Ave. no of staff (FTE) | +17% | 881 | 752 | 794 |

The cost ratio continues to improve



Group Cost Ratio (bps) FY2008 to 1H 2015

Clear and consistent focus on simplicity and on operating efficiency

Investing in client experience and convenience to make our platform even better

Summary and outlook

- Strong performance
- Muted markets
- Low interest rates and fund charges comparatively lower

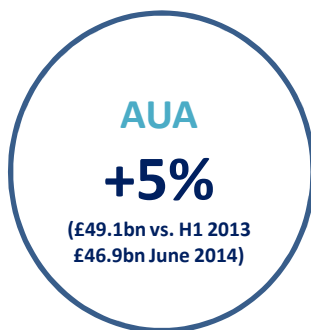
Ian Gorham, CEO

Results comment

Strategy update

Other information

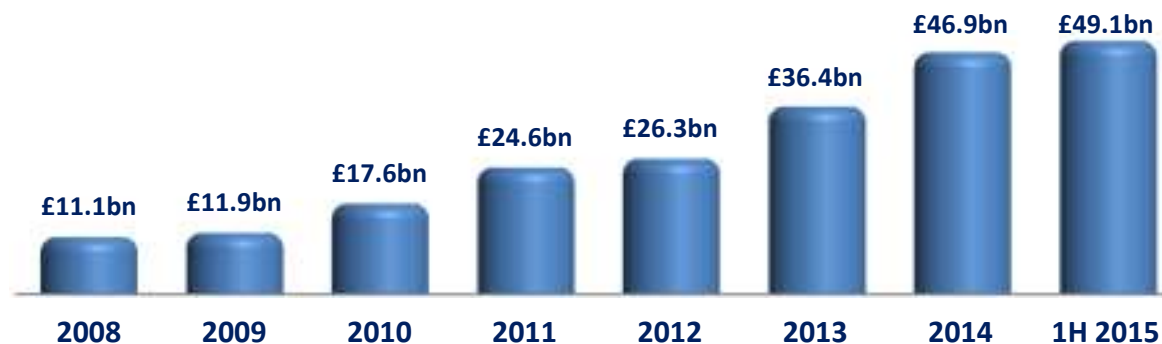
Results comment: Assets



Continued growth despite headwinds

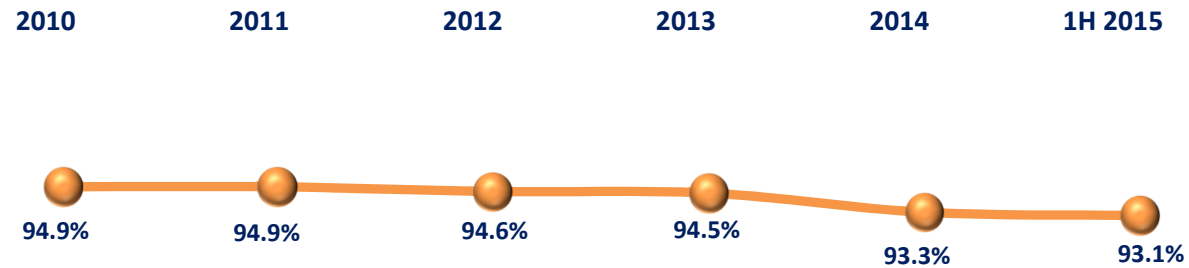
No market help (FTSE All Share -1.9%)

**Excellent client and asset retention
(93.1%)**

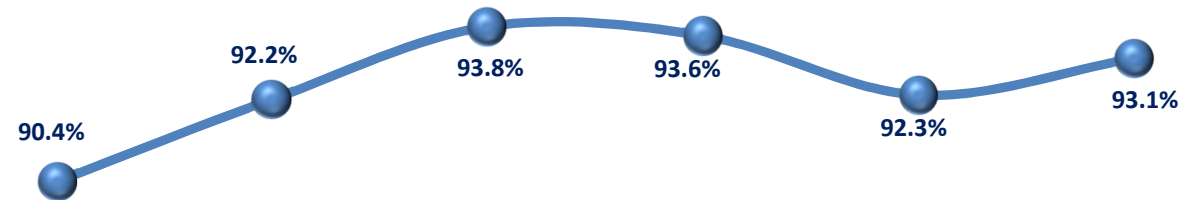


Client and Asset Retention

Client retention

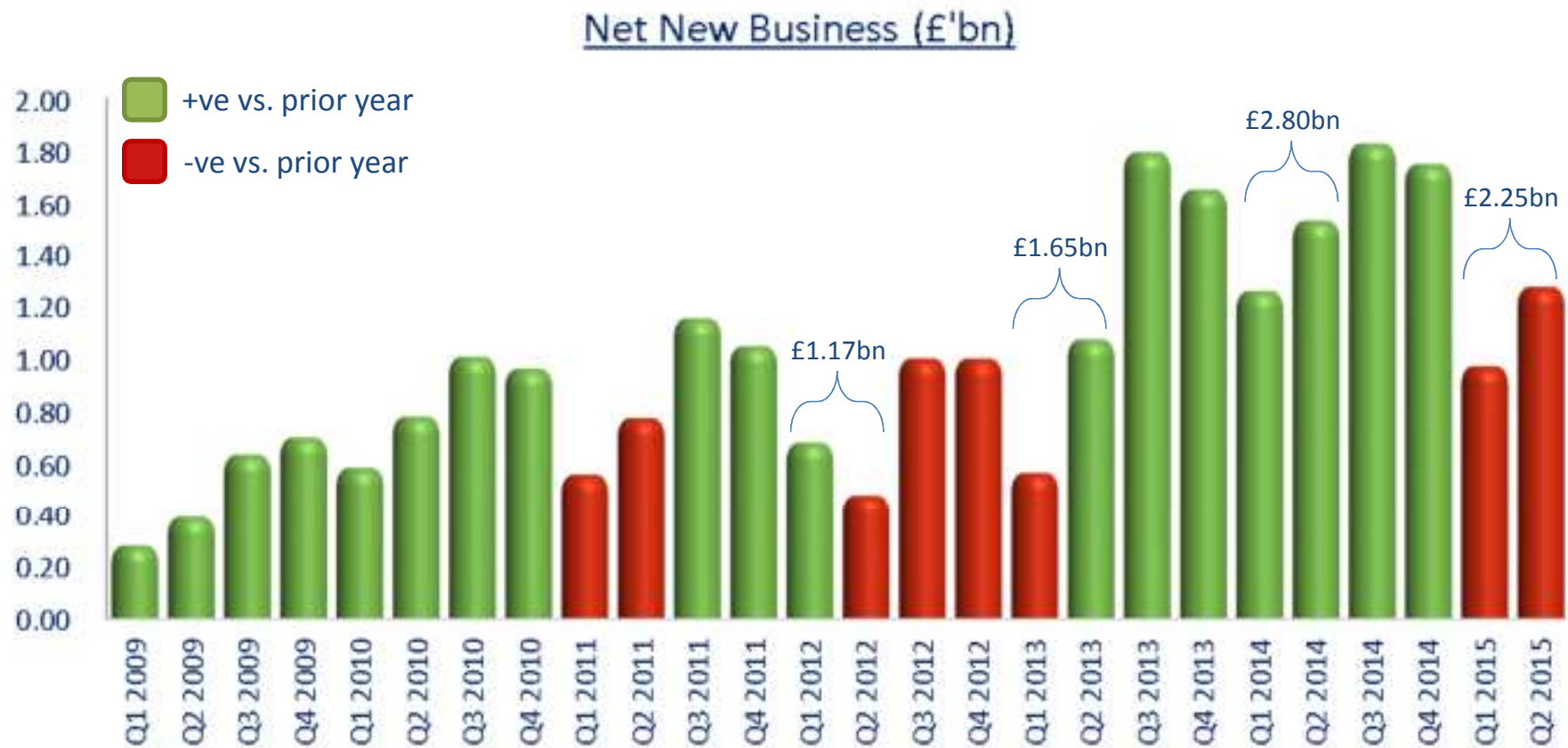


Asset retention

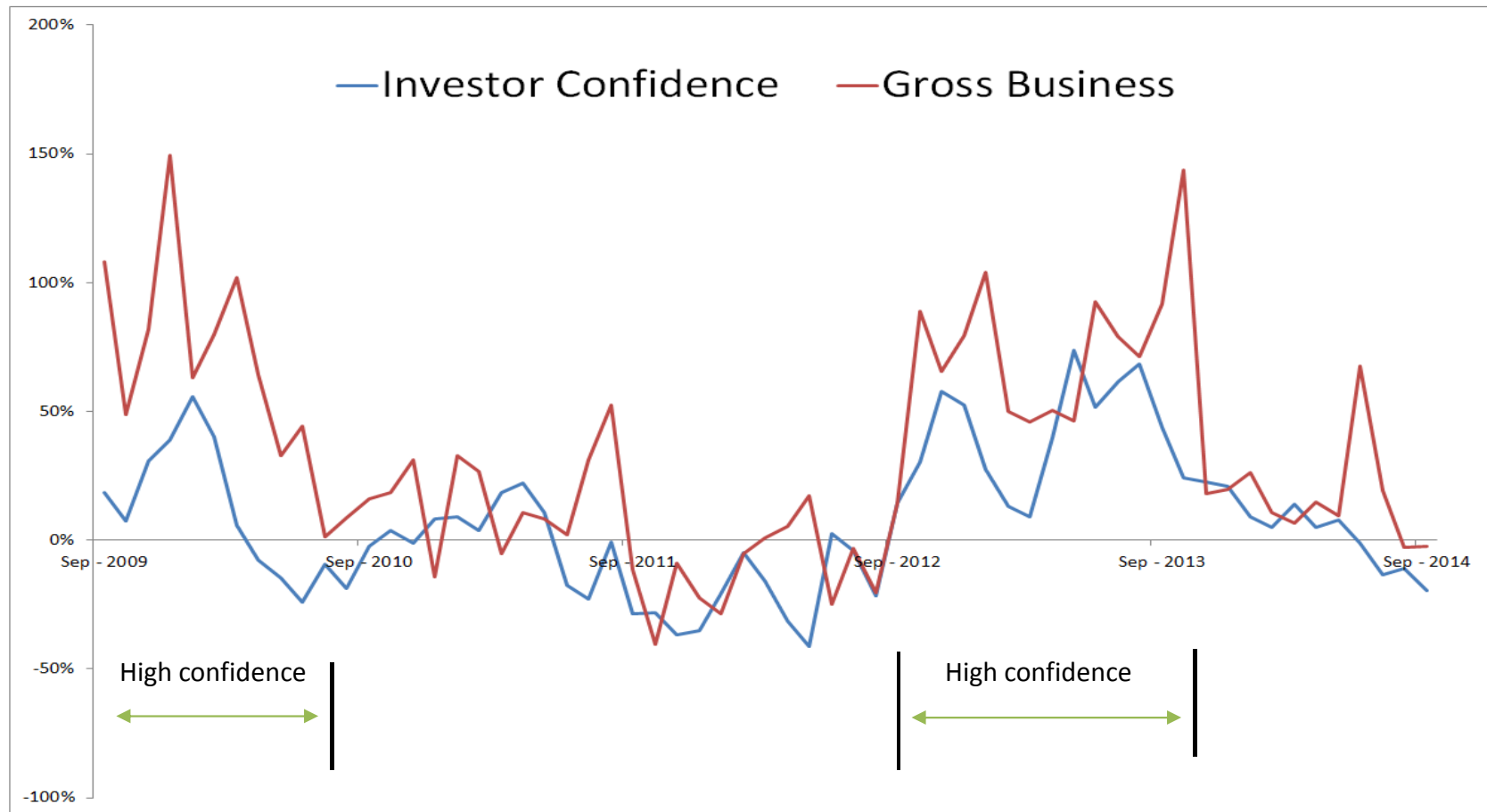


- Both remain excellent at 93.1%
- Transfers out normalised at low levels

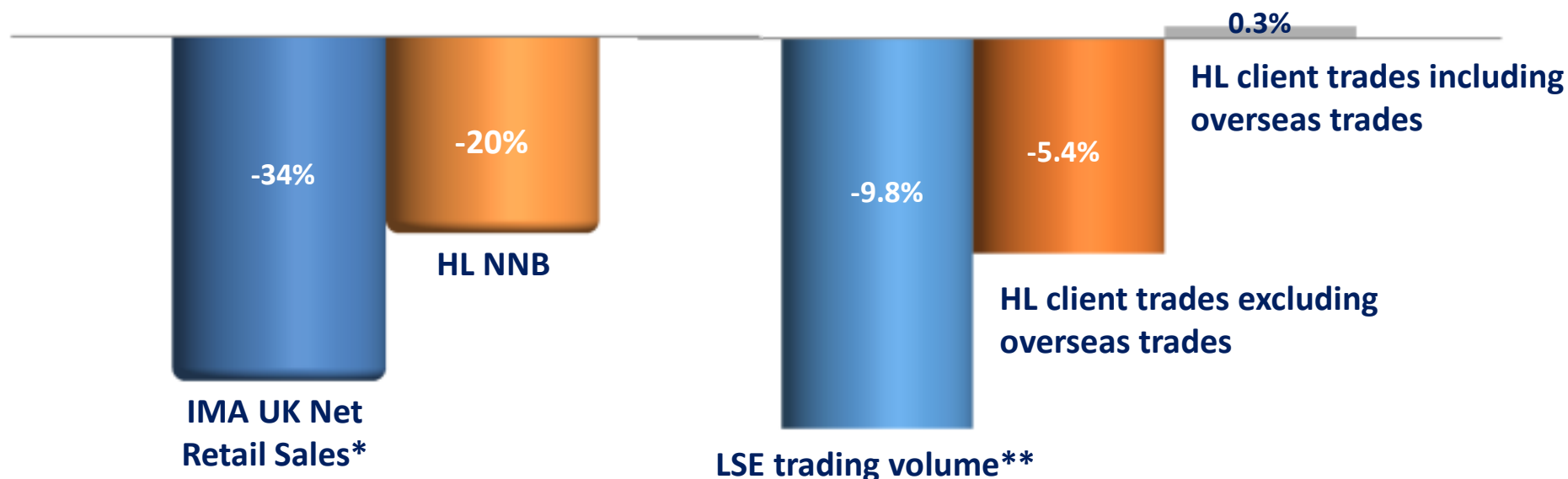
Quieter periods happen.....



Investor confidence v new business levels



Last 6 months in the wider market



**IMA UK Net Retail Fund Sales
-34% (to end Dec 2014)**

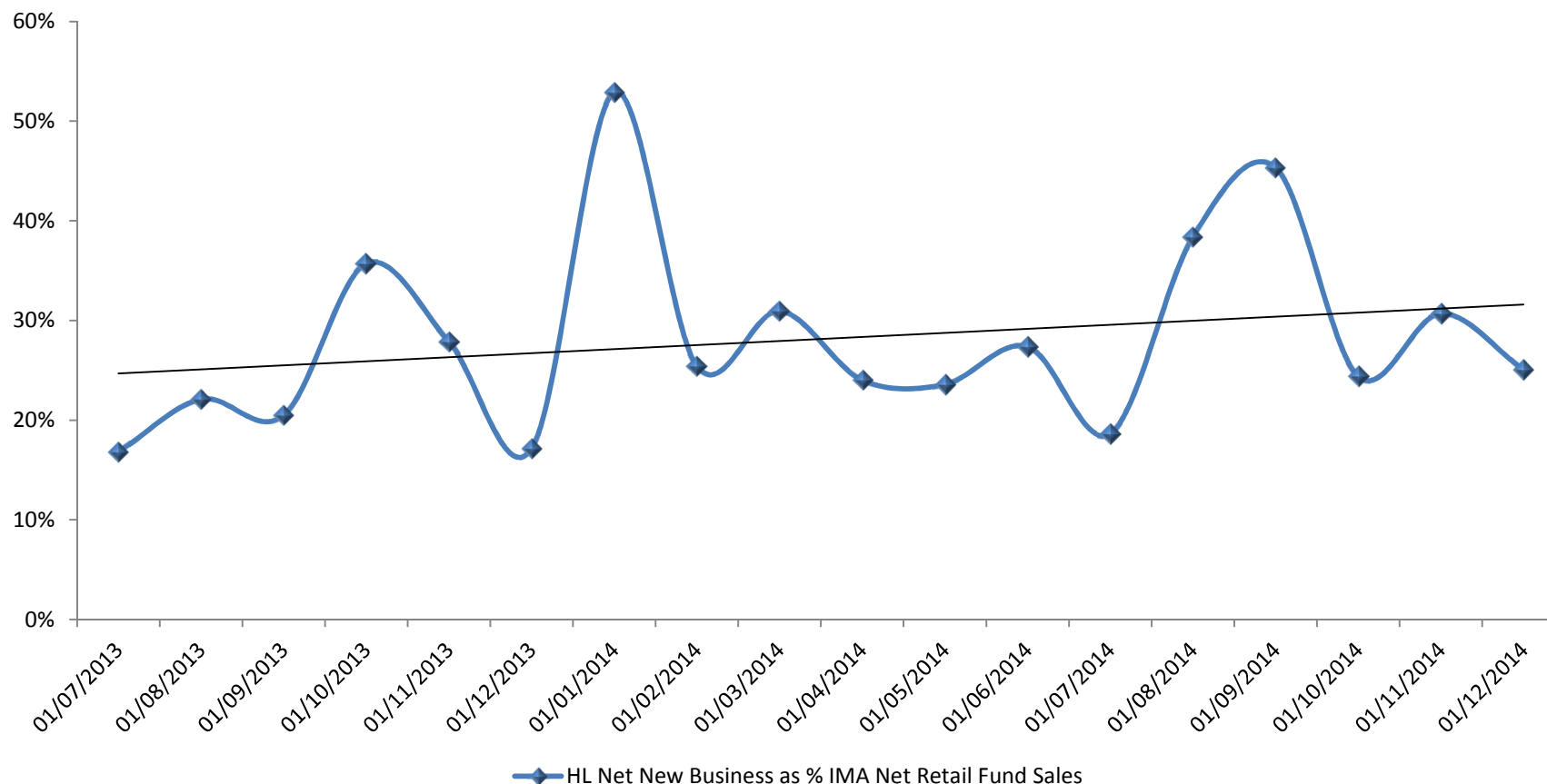
**LSE UK retail trade volumes
-9.8% (to end Dec 2014)**

**HL Net New Business
-20% (Jul-Dec 2014 vs 2013)**

**HL client-instructed trades
+0.3% (to end Dec 2014)**

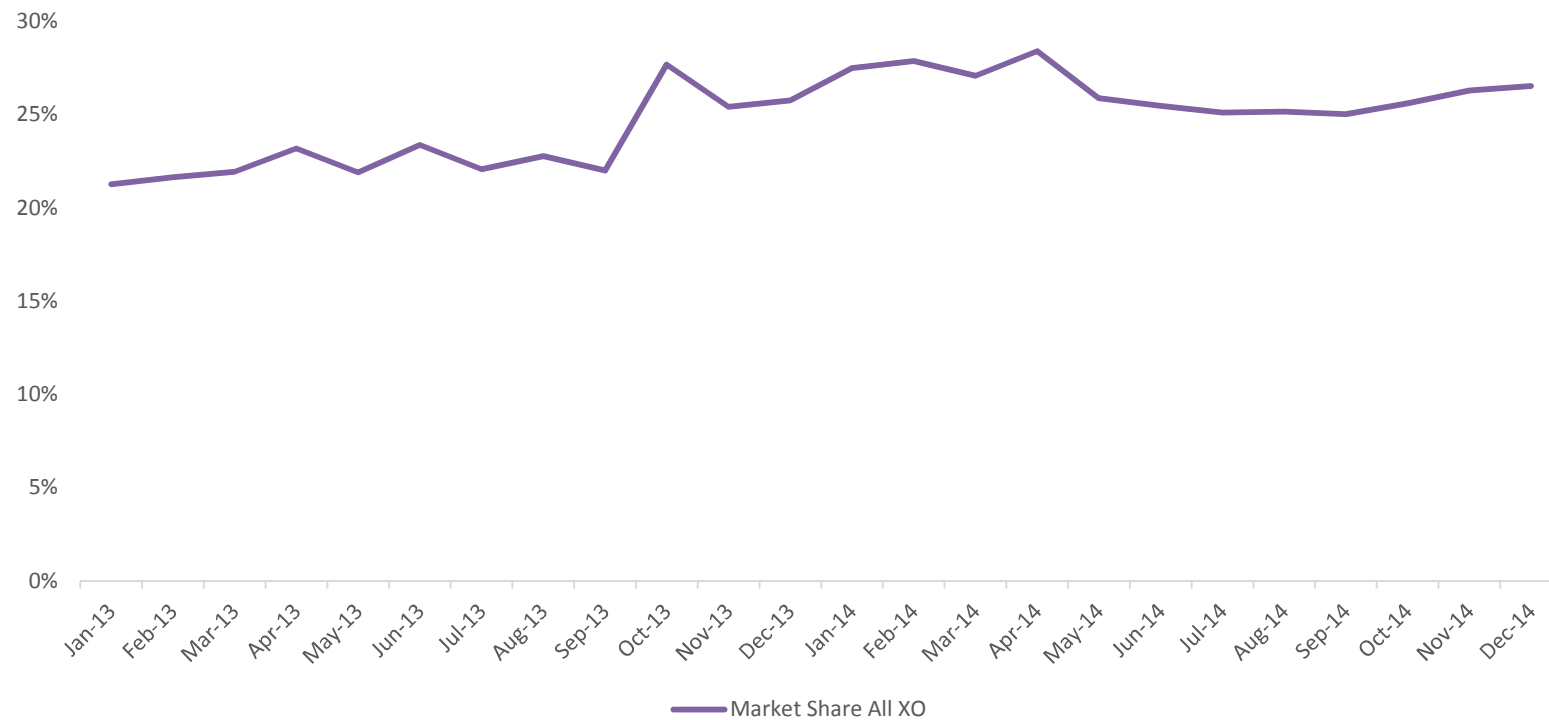
HL Net New Business v Net UK Retail Fund Sales*

HL Net New Business as % IMA Net Retail Fund Sales



Stockbroking

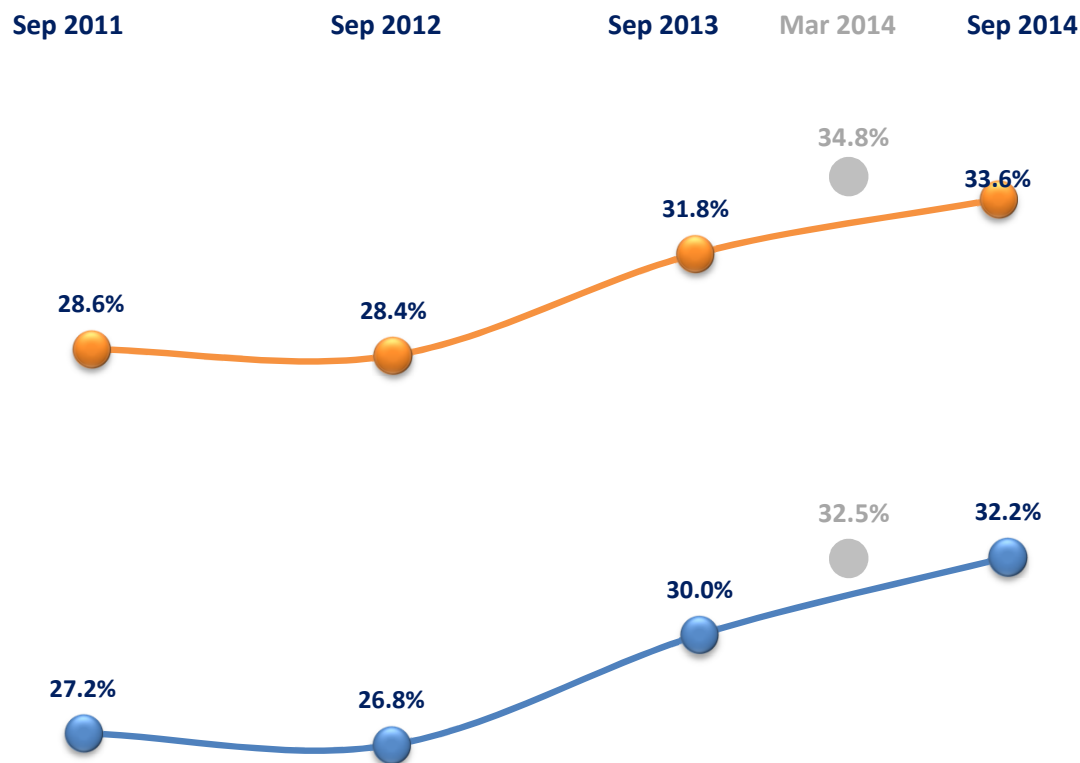
HL UK stockbroking volumes as a % of LSE UK Retail volumes



HL D2C market share

HL market share
as per Platform*

Adjusted for HL
shares held on the
platform



Results comment: profit

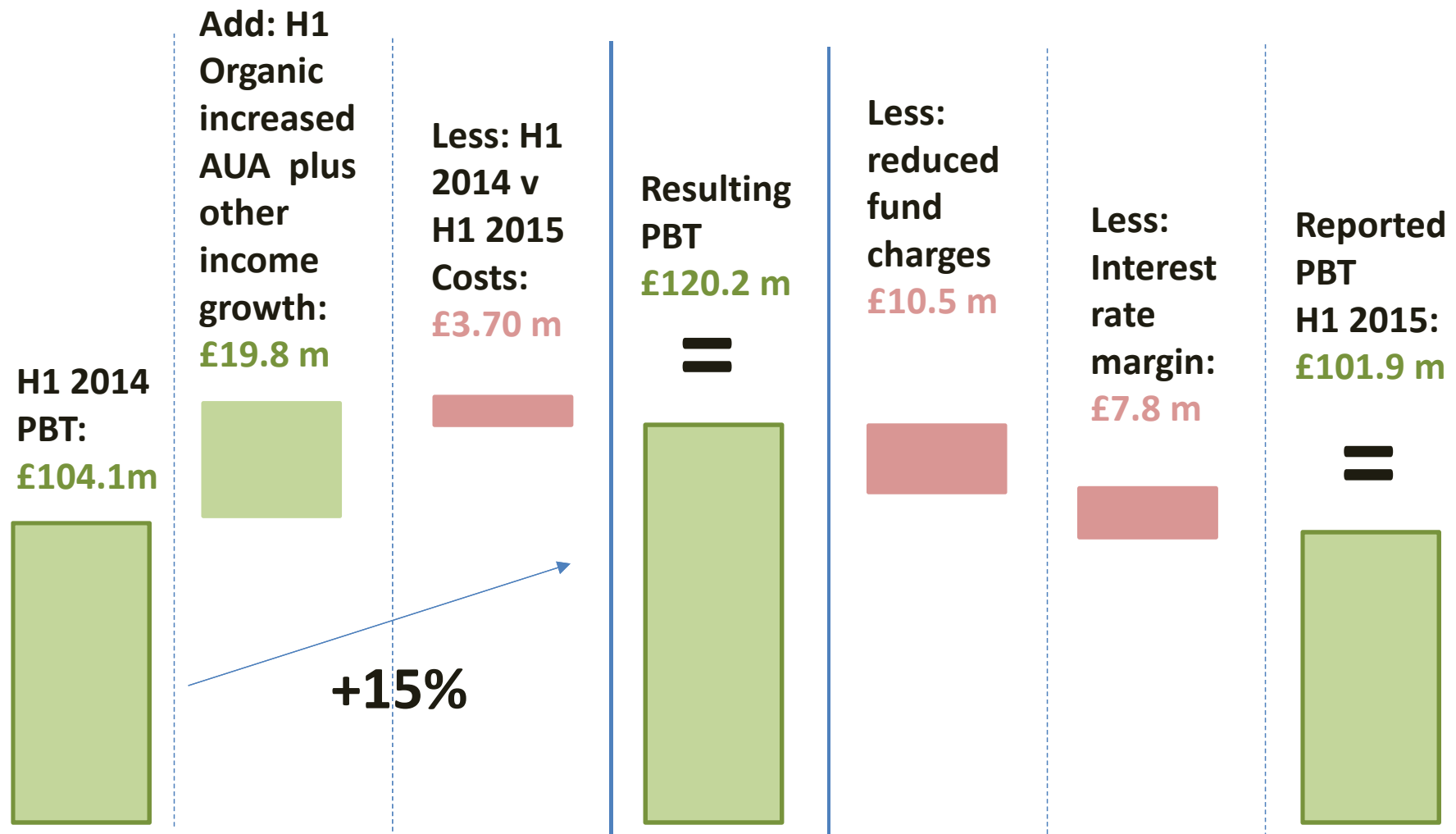


Ex - two key factors :

- Interest margin income
- Changes to fund pricing

Underlying profit growth would be **+15%**

Profit Bridge H1 2015 v H1 2014



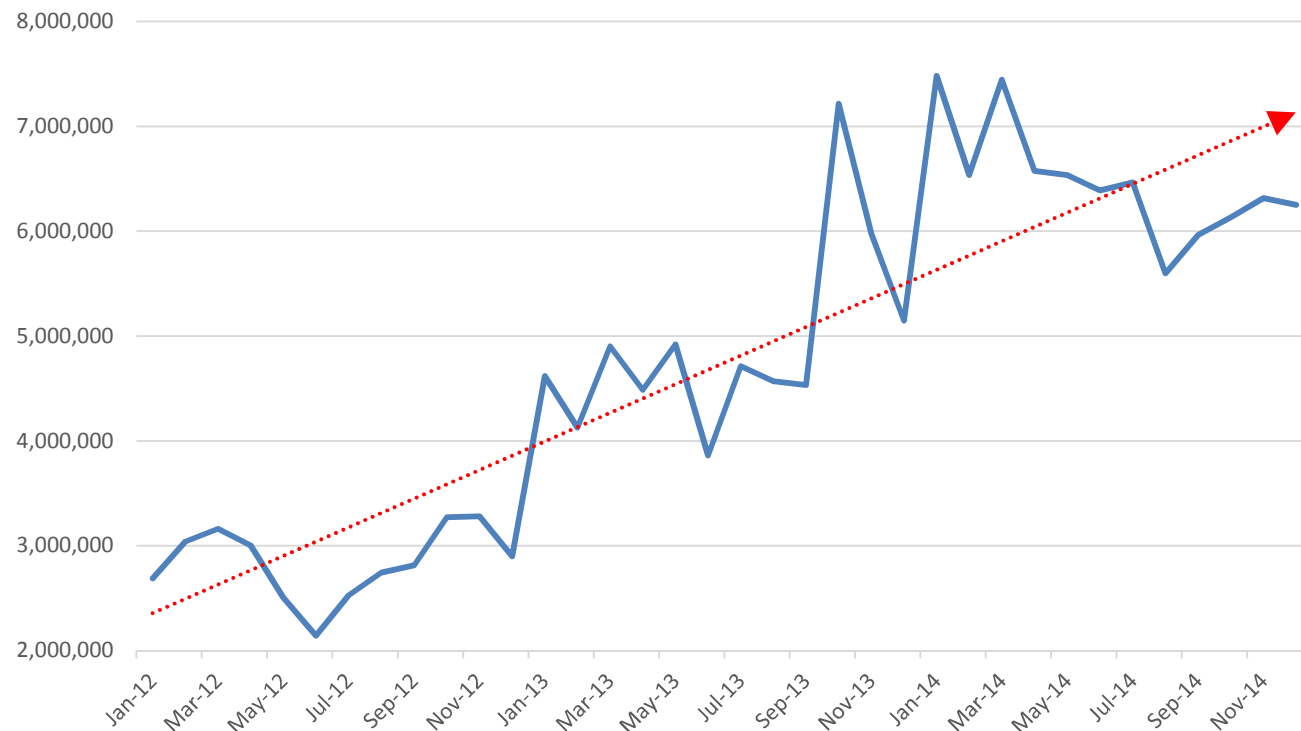
Results summary

- Vantage active clients +4% since June 2014
- Asset growth +5% since June 2014
- Lower investor confidence
- Negative market (FTSE All-Share -1.9%)
- Little competitive impact
- Strong client & asset retention
- No current plans for material price changes
- Good “underlying” profit growth
- Two key headwinds will wash through financials

Existing initiatives

Digital visits

Digital visits (Jan 2012 - Dec 2014)







**Web traffic
share % up
to 27.9%
(June-14
25.8%)**

- **Mobile apps: 225,000+ downloads**
- **iPad app: 125,000+ downloads**
- **Total in-app share trades up 65% YOY**
- **Total in-app fund trades up 200% YOY**
- **Vast (and largely unseen) network of affiliate, PPC, PPA arrangements**

Corporate

Auto enrolment phasing in, affects all employers by Q1 2017. Potential for higher take up rates c.10% AE opt-out rates (DWP)

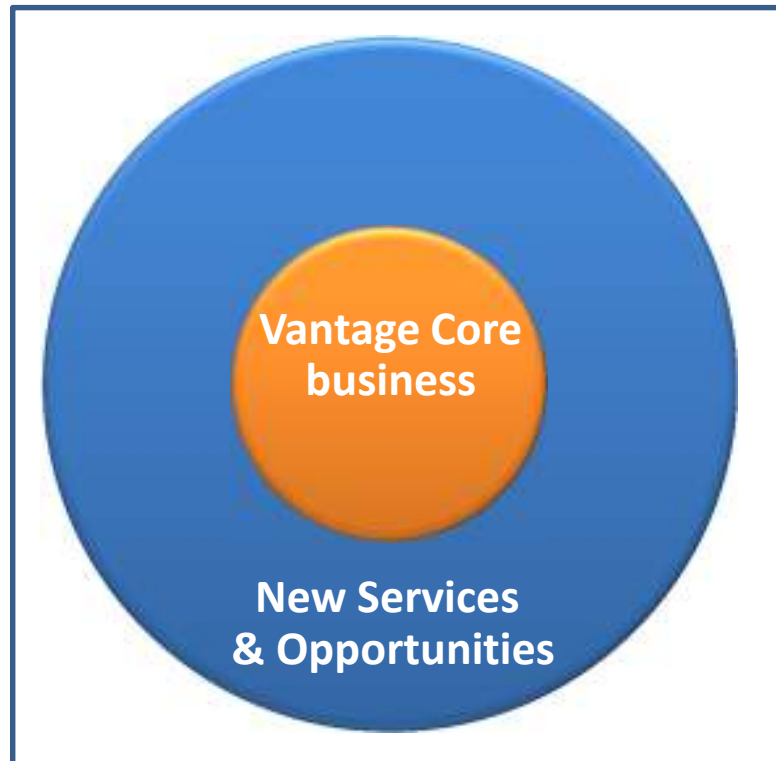
However, AE can also distract from decision making for schemes looking to change.

| | <u>As at 31 Dec 2014</u> | <u>As at 30 June 2014</u> | % change | 6 months increase in H1 2015 | 6 months increase in H1 2014 |
|---|------------------------------|-------------------------------|----------|------------------------------------|------------------------------------|
|  Members* | 48,338 | 42,184 | +15% | 6,094 | 8,815 |
|  Schemes * | 224 | 211 | +6% | 13 | 24 |
|  Annual Premiums ** | £169.0m | £158.9m | +6% | £10.1m | £23.5m |
|  AUA | £1,114m | £984.0m | +13% | £130.3m | £175.2m |

*Numbers relate to schemes either live or contracted. ** Only includes those annual premiums already being received.

New initiatives

Strategy



Continue to improve



Additional

- **HL: The centre of a client's financial life**

What we've got... and what we need



- Low cost custodianship & execution
- Brand trust
- Best service through online, mobile, telephone, post
- Distribution & reach
- Full choice of investments
- Digital innovation and pre-eminence
- Information & communication
- Direct marketing
- Excellent data & information
- Financial advice
- Fund management
- Retirement options
- Workplace



- **Cash Savings** options
- **Wider HL fund management and investment solution range**
- Retirement planning

Why does HL need Cash Savings services?

- All clients have cash savings
- UK savings market worth **£700bn***
- A market we could improve:
 - Service issues
 - Teaser rates
 - FCA study: “banks give savers a poor deal”
- **45%** of HL clients have more than **£75,000** in savings**
- **70%** of clients say they would use HL for savings**
- Opens up a non-investment savings market

Cash Savings

The Objective:

- Become preferred retail venue for managing cash **savings** in UK....
- ... for existing clients and new savings clients.....
- without needing a banking licence

Let's be clear on target "cash"...

Lower stakes and shorter
implementation time

Higher stakes and longer
implementation time

Today

Existing Treasury arrangements

Revenue: 50-60bps
Capital: Low
Flexibility: Decreasing
Regulation: Increasing

Tactical: eg reclassification

Revenue: c.70bps
Capital: Low
Easily flexed: Yes
Regulation: Eased

New & evolving Cash Services

Revenue: 25-200bps
Capital: Low
Easily flexed: Yes
Regulation: Evolving

Banking

Revenue:
c.100bps+
Capital: High
Easily Flexed: No
Regulation: High

Existing client cash (c.£4 bn)

Based on current interest rates

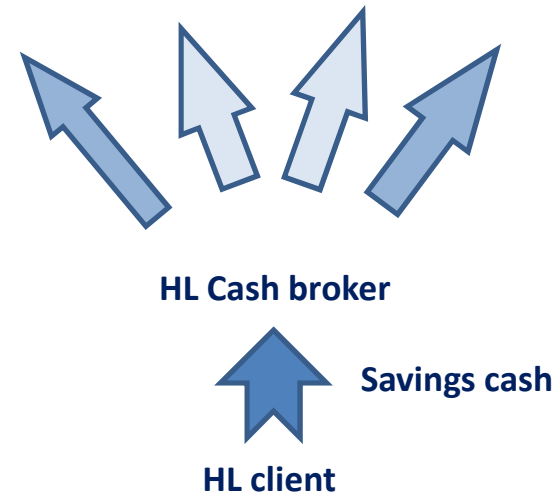
Cash Savings

Additional £700bn* market for HL

Cash management service aims

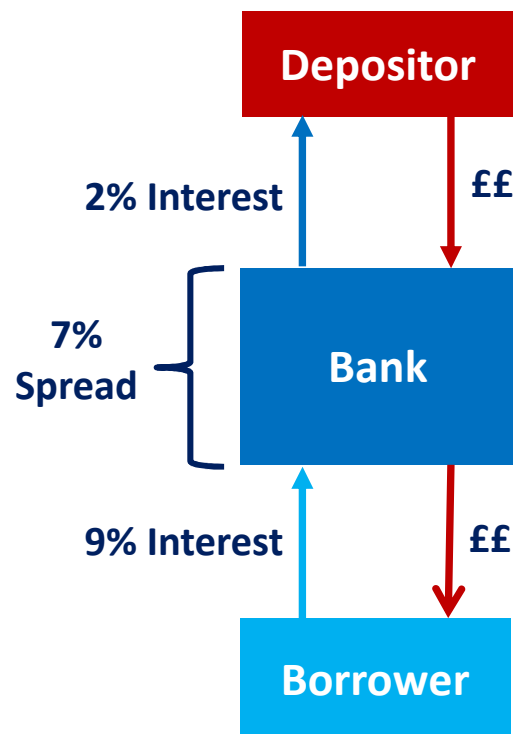
- Seamless movement of cash
- Variety of accounts available
 - Instant access
 - Term
 - Notice
- Ability to easily spread and move savings through technology
- Ability to transfer funds quickly to/from current account

Multiple Selected bank account options

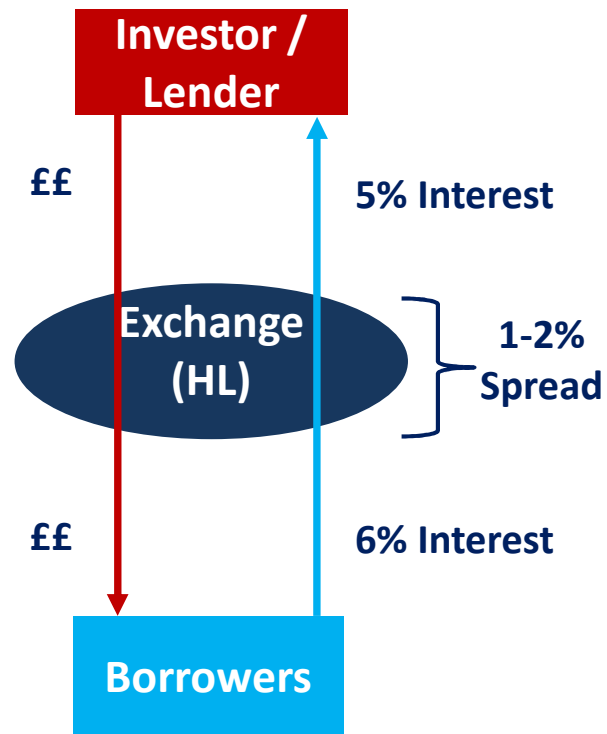


Marketplace lending

Traditional Bank Model



Market Place Lending



- ✓ Attractive low risk return for investors
- ✓ Improved rates for borrowers
- ✓ Attractive Margins for Exchange

Why marketplace lending?

- 675,000 “peers”
- Good principle. Needs scale. HL has that scale.
- Opportunity for HL to mainstream
- Opportunity to offer secured borrowing on HL assets
- Clients can stay invested. Protect wrappers, reduce CGT, avoid transaction costs and improve growth

How do they fit together?

Cash deposit options

- Simple portal for savings cash
- Improved rates
- Secure Deposits

Marketplace options

- Attractive rates
- New asset class (credit)
- Low risk
- Services 'income hungry' investors

Access through HL technology platform & telephone service



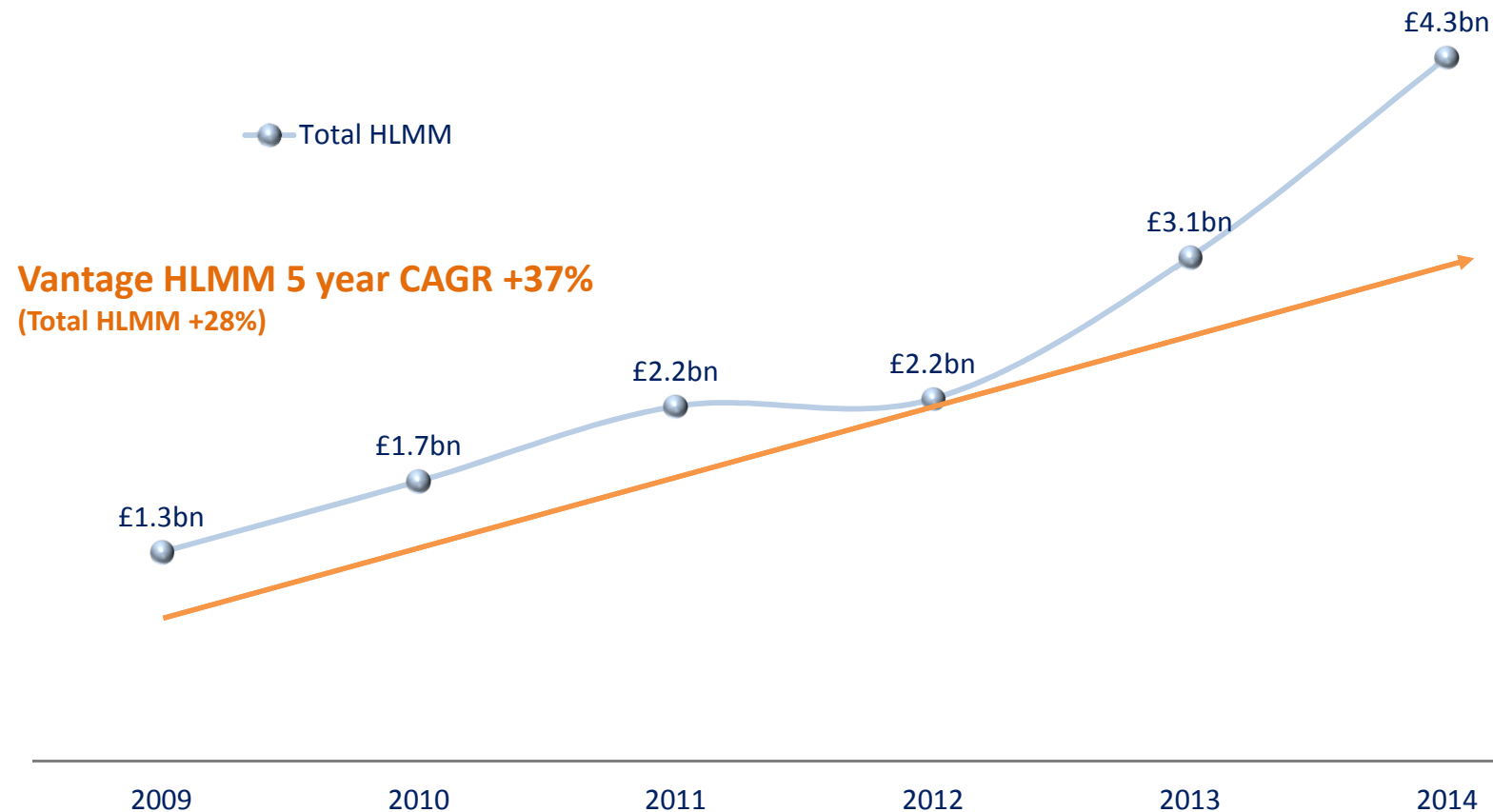
HL Client

What else to know?

- Typical margins:
 - 0.25% on cash
 - 1-2% on marketplace lending (assume lower end)
 - Services exist elsewhere (typically not with HL scale & tech)
 - Recruitment and development work has begun.
 - No sub-prime! Not our market.
 - Limited cap-ex cost.
 - Cost mostly development and people: new skills.
 - Costs: more info at full year. Unlikely to be material in 2015 or 2016.
-
- Expecting *at least* 18-24 months project for launch

HL funds have grown faster than Vantage

HL MM Funds growing faster than Vantage assets generally....
.... and performing well



Funds

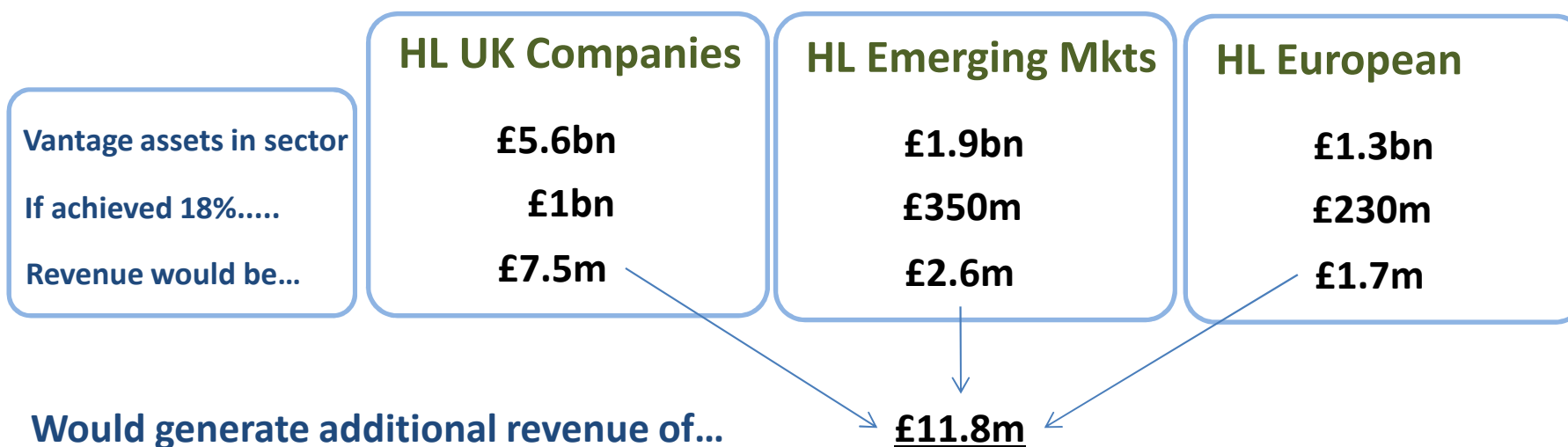
Q1 2015: Launch of 3 new HL MM funds



Potential to cover
79% of Vantage
sector AUA



More HL multi
manager sector
coverage for clients

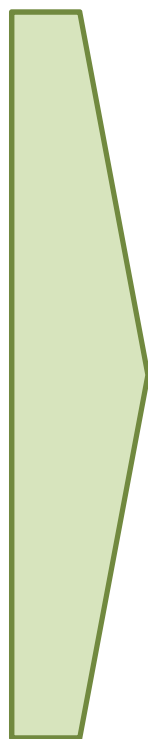


Most recent fund launch

- HLMM UK Growth
- **£162m** invested by clients in new fund
- Second largest fund launch ever
- 99% of investment not from existing HL funds
- Clear demand for HL as a Fund Management brand

The fund path

HLMM UK Growth
£162m



HLMM European
• February

HLMM Emerging
Markets
• Soon after



Further HL funds

- Particularly solution based eg. High income
- Consider both active and passive
- Likely next 12-18 months

HL Retirement Planner

- What is it?**
- Planning and execution tool for retirement
- Why?**
- Aid retention
 - Add new service
 - Attract new leads by offering free use of the tools
- How?**
- Online and telephone support
- Advantages?**
- Takes advantage of HL being
 - Major drawdown provider
 - No.1 annuity broker
- Interest?**
- Over **143,000** people have asked Hargreaves Lansdown for information about pensions in the last six months

A word on....

The election – what might it mean?

- Limited data – usually only one every 5 years!

Last time:

- Month of May - new business fairly muted
- BUT some evidence of more action before election
- People want to get money in under the status quo...

Future disclosure policy

- No longer formal requirement for Interim management Statements (IMS)
- Currently we provide IMS covering quarter to March and quarter to Sept

In future:

- **A trading update in October** covering 3 months to 30 Sept
- Headline info: clients, assets, revenue, brief comment.
- **A trading update in May** covering 4 months to end April
- Gives market earlier clarity on important tax year end period

Summary

- **Strong** performance
- **Muted markets**
- **Low interest rates and fund charges comparatively lower**
- **Shows** HL resilience
- **Underlying profit growth strong**
- **Little competitor impact**
- **Strong retention and market share performance**
- **Exciting new initiatives.**
- Working hard as ever

Appendices

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Market consensus

To exclude the effect of outdated forecasts, HL maintains a 'consensus tracker' to which analysts are invited to contribute their latest forecasts. The table below represents the position based on the consensus tracker as at 27/01/15.

13 analysts have contributed to the tracker.

| H1 2015 | Average | Range Min | Range Max | Reported |
|--------------------------------|---------|-----------|-----------|----------|
| Net revenue (£m) | 145.5 | 140.1 | 156.3 | 144.1 |
| Profit before tax (£m) | 103.2 | 97.6 | 111.4 | 101.9 |
| Diluted EPS (pence) | 17.1 | 16.2 | 18.5 | 16.8 |
| DPS (pence) | 7.6 | 6.9 | 8.2 | 7.30 |
| Vantage Net New Business (£bn) | 2,042 | 1,700 | 2,317 | 2,214 |

Cash flow and regulatory capital

| | Dec 2014 £m | June 2014 £m |
|---|----------------|-----------------|
| Group regulatory capital | | |
| Group capital resources* | 179 | 225 |
| Regulatory capital requirement | (27) | (29) |
| Declared interim dividend | (34) | (118) |
| Total surplus capital after dividend | 118 | 78 |

Cash flow

| | | |
|---------------------------------|------------|-------------|
| Operating cash flow % ** | 92% | 103% |
|---------------------------------|------------|-------------|

Strong, conservative balance sheet

- No debt
- Retain flexibility to reinvest in our business
- Retain responsiveness if opportunities arise

Low normal capex requirement

Large regulatory capital surplus (> 4x capital requirement)

Consistently cash generative

* Pro-forma Group capital resources including H1 2015 profits

**Operating cash flows as a % of operating profit

Divisional net revenue

| | | H1 2015 | H1 2014 | FY 2014 |
|---------------------------------------|------|----------------|---------|---------|
| Vantage | +1% | £108.2m | £107.2m | £221.0m |
| Discretionary | +13% | £24.5m | £21.7m | £44.9m |
| Third Party and Other Services | -14% | £11.4m | £13.3m | £26.0m |
| Total | +1% | £144.1m | £142.2m | £291.9m |

| Vantage net revenue | | FY 2015 | H1 2014 | FY 2014 |
|---|-------|----------------|----------------|----------------|
| Net renewal income | -89% | £6.6m | £59.5m | £86.1m |
| Share of HL Multi Manager AMC (pre RDR) | | - | £3.5m | £4.8m |
| Platform fee | | £59.0m | - | £36.8m |
| Management fees | 0% | £6.2m | £6.2m | £12.8m |
| Interest receivable | -27% | £13.0m | £17.7m | £33.7m |
| Initial income | - | - | £0.3m | £0.4m |
| Stockbroking income | -2% | £17.9m | £18.3m | £39.0m |
| Advice and other charges* | +224% | £5.5m | £1.7m | £7.4m |
| Total | +1% | £108.2m | £107.2m | £221.0m |
| % of Group net revenue | | 75% | 76% | 76% |

* Includes the paper based valuation statement fee

Divisional net revenue

Discretionary and Managed net revenue

| | | H1 2015 | H1 2014 | FY 2014 |
|---------------------------|-------------|---------------|---------------|---------------|
| Renewal income | -87% | £0.1m | £0.8m | £1.5m |
| Ongoing advice fee | +33% | £5.7m | £4.3m | £8.9m |
| HL Multi Manager fund AMC | +23% | £16.9m | £13.7m | £28.9m |
| Advice charges | -46% | £1.4m | £2.6m | £4.5m |
| Interest receivable | -100% | £0.0m | £0.1m | £0.1m |
| Other | +100% | £0.4m | £0.2m | £1.0m |
| Total | +13% | £24.5m | £21.7m | £44.9m |
| % of Group net revenue | | 17% | 15% | 15% |

Third Party + Other Services net revenue

| | | | | |
|---|-------------|---------------|---------------|---------------|
| Corporate pensions | -8% | £2.4m | £2.6m | £5.3m |
| Investments | +4% | £2.4m | £2.3m | £4.9m |
| Personal life & pensions | -59% | £1.2m | £2.9m | £4.8m |
| Other services | -2% | £5.4m | £5.5m | £11.0m |
| Total (further breakdown on next page) | -14% | £11.4m | £13.3m | £26.0m |
| % of Group net revenue | | 8% | 9% | 9% |

Third Party & Other Services net revenue

3P Corporate Pensions net revenue

| | | H1 2015 | H1 2014 | FY 2014 |
|----------------|-----------------------|---------|---------|---------|
| Renewal income | | +29% | £0.9m | £0.7m |
| Initial income | - corporate annuities | -33% | £0.2m | £0.3m |
| | - corporate pensions | -25% | £0.9m | £1.2m |
| Advisory fees | | - | £0.4m | £0.4m |
| Total | | -8% | £2.4m | £2.6m |

3P Investments net revenue

| | | | | |
|----------------|--|-------|-------|-------|
| Renewal income | | +9% | £2.4m | £2.2m |
| Initial income | | -100% | - | £0.1m |
| Total | | +4% | £2.4m | £2.3m |

3P Personal Pensions net revenue

| | | | | |
|----------------|------------------|-------|-------|-------|
| Renewal income | | - | £0.3m | £0.3m |
| Initial income | - Annuities | -59% | £0.9m | £2.2m |
| | - pensions/other | -100% | - | £0.4m |
| Total | | -59% | £1.2m | £2.9m |

Other Services net revenue

| | | | | |
|----------------------------------|--------------|-------|-------|-------|
| Stockbroking income | | - | £2.0m | £2.0m |
| - <i>Certificated</i> | | - | £0.5m | £0.5m |
| - <i>Currency services</i> | | -10% | £0.9m | £1.0m |
| - <i>CFD & Spreadbetting</i> | } HL Markets | +20% | £0.6m | £0.5m |
| Interest receivable | | -100% | - | £0.1m |
| Funds Library income | | +7% | £3.2m | £3.0m |
| Other/advice fees | | -50% | £0.2m | £0.4m |
| Total | | -2% | £5.4m | £5.5m |

| | | | | |
|---|-------------|---------------|---------------|---------------|
| Total Third Party & Other Services net revenue | -14% | £11.4m | £13.3m | £26.0m |
|---|-------------|---------------|---------------|---------------|

Platform net revenue and average AUA

| | H1 2015 | | | Pre RDR | *Post RDR | FY 2014 |
|---|---------------|----------------------|--------------|--------------|--------------|--------------|
| | Revenue £m | Ave Assets £bn | Margin % | Margin % | Margin % | Margin % |
| Renewal income (net of loyalty bonus) | 6.6 | | | | | |
| Platform fee | 59.0 | | | | | |
| Initial commission | - | | | | | |
| Total net revenue from funds | 65.6 | 27.9 | 0.47% | 0.60% | 0.49% | 0.56% |
| Stockbroking commission | 17.9 | | | | | |
| Management fees | 6.2 | | | | | |
| Total revenue from other stock | 24.1 | 15.7 | 0.31% | 0.36% | 0.33% | 0.35% |
| Total revenue from cash | 13.0 | 4.1 | 0.62% | 0.95% | 0.84% | 0.91% |
| Other income | 5.5 | | | | | |
| Total Investment Platform margin | 108.2 | 47.7 | 0.45% | 0.55% | 0.50% | 0.53% |

'Post RDR' income and AUA includes PMS

Post RDR = March to June 2014

Costs

| | | H1 2015 | H1 2014 | FY 2014 |
|--|--------------|---------------|---------------|----------------|
| Commission payable (loyalty bonus) | +228% | £53.1m | £16.2m | £66.5m |
| Staff costs | -0.4% | £25.5m | £25.6m | £51.3m |
| Marketing and distribution spend | +22% | £5.5m | £4.5m | £11.3m |
| Depreciation, amortisation & financial costs | +69% | £2.2m | £1.3m | £3.0m |
| Office running costs | +10% | £2.2m | £2.0m | £4.2m |
| Other costs | +36% | £7.6m | £5.6m | £13.3m |
| Other operating costs | +10% | £43.0m | £39.0m | £83.1m |
| Total FSCS levy costs | - | (0.3) | - | £0.8m |
| Total operating costs | +74% | £95.9m | £55.2m | £150.4m |
| Ave. no of staff (FTE) | +17% | 881 | 752 | 794 |
| No of staff at end of period (FTE) | +14% | 904 | 790 | 844 |

Interim dividend up 4% to 7.30p

Interim ordinary dividend

Interim special dividend

Interim dividend payable 10th April 2015

Total interim dividend – April 2015

Total final dividend

Total ordinary dividend

Total special dividend

Total dividend per share

H1 2015

Pence per share

7.30p

-

7.30p

£34.4m

% of PAT FY 2014

Pence per share

7.0p

-

7.0p

25.0p

65% 22.39p

28% 9.61p

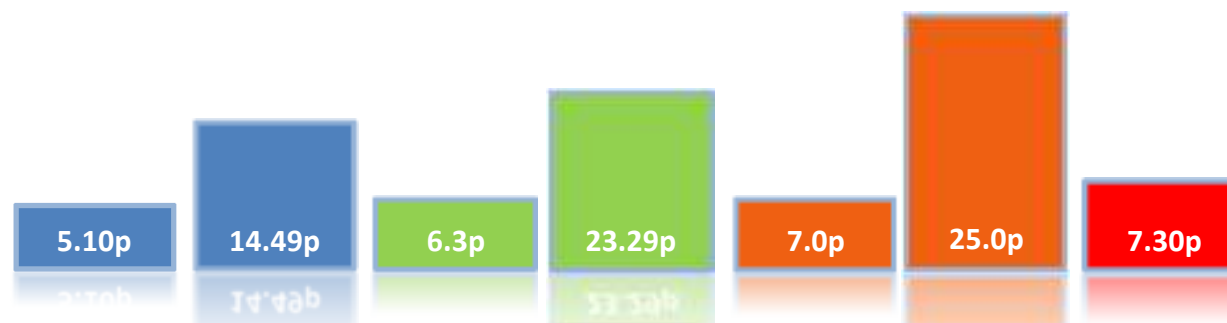
93% 32.0p

22.59p 29.59p 32.0p
2012 Interim 2012 Final 2013 Interim 2013 Final 2014 Interim 2014 Final 2015 Interim



DIVIDEND

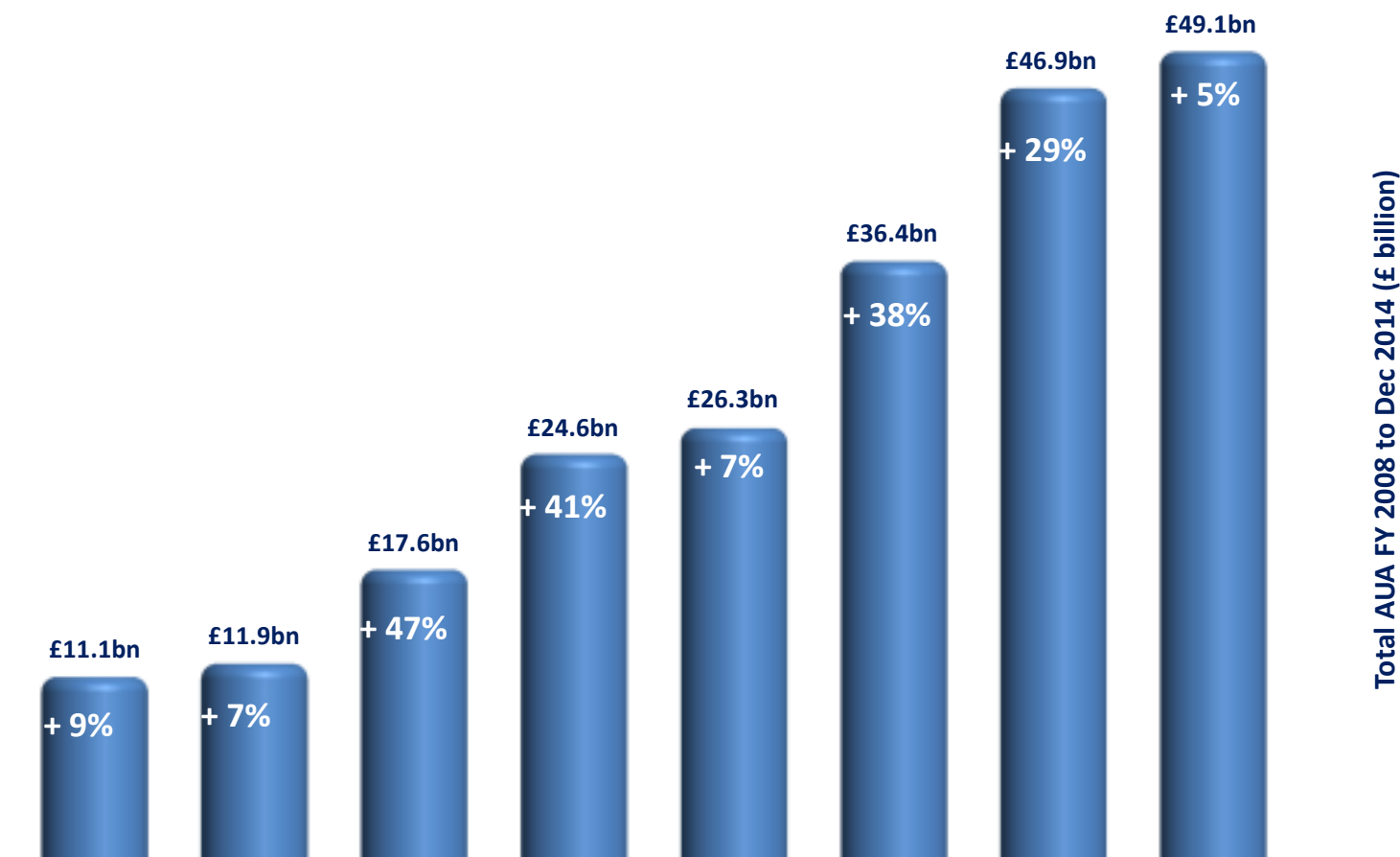
Interim and final dividend (p)



Total assets under administration

| | Vantage AUA | Discr. AUM | Less MM funds in Vantage | H1 2015 | H1 2014 | FY 2014 |
|---------------------------|----------------|---------------|--------------------------------|---------|---------|---------|
| | £bn | £bn | £bn | £bn | £bn | £bn |
| AUA at start of period | 44.2 | 4.6 | (1.9) | 46.9 | 36.4 | 36.4 |
| Net new business inflows | 2.2 | 0.3 | (0.2) | 2.3 | 2.8 | 6.4 |
| Market movement | (0.1) | 0.1 | (0.1) | (0.1) | 4.2 | 4.1 |
| AUA at end of period | 46.3 | 5.0 | (2.2) | 49.1 | 43.4 | 46.9 |
| Net new business inflow % | 5% | 7% | 11% | 5% | 8% | 18% |
| Daily ave. FTSE All-Share | | | | 3532.74 | 3497.86 | 3546 |

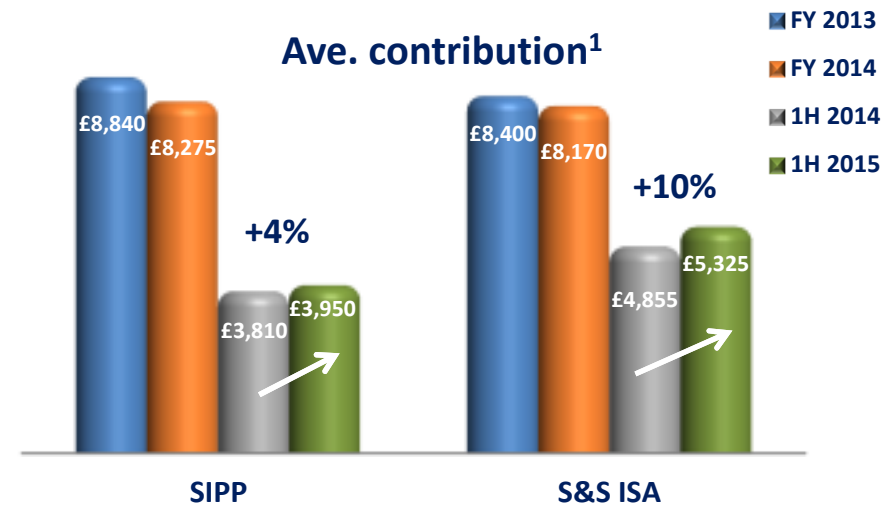
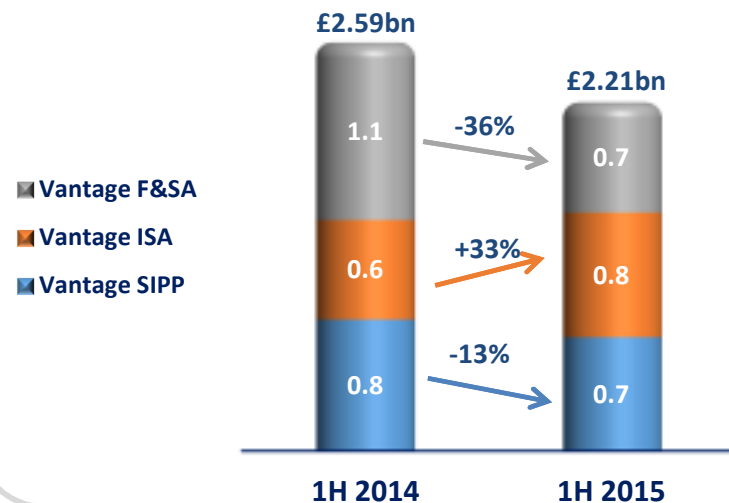
Growth in total AUA



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 1H 2015 |
|----------------------------------|------|------|------|------|------|------|------|---------|
| Market/other growth ² | -17% | -11% | +19% | +21% | -6% | +19% | +11% | 0% |
| Organic growth ^{1,2} | +26% | +18% | +28% | +20% | +13% | +19% | +18% | +5% |
| Total growth in AUA ² | +9% | +7% | +47% | +41% | +7% | +38% | +29% | +5% |

Vantage AUA & Net new business

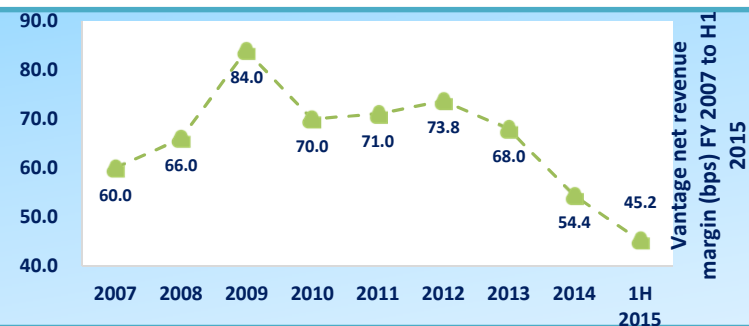
NET NEW BUSINESS (£BN)



¹ Average contribution for those clients who have contributed during the year, includes both member and employer contributions includes SIPP tax relief

Growth and scale

Lower interest rates + lower post RDR charges (from 1.3.14) have contributed to a reduced Vantage net revenue margin this year



Historically the **combined** effect of **growth in AUA** and benefits of **increased scale** has more than offset reductions to net income margin and **driven growth in profit**.

| | Vantage net revenue margin | Group net revenue margin | Total AUA | Group cost ratio improvement |
|-----------|----------------------------|--------------------------|-----------|------------------------------|
| FY 2007 * | 60bps | 111bps | £10.2bn | 60.7bps |
| H1 2015 | 45bps | 60bps | £49.1bn | 17.8bps |
| Change | -25% | -46% | +381% | +71% |

Net new clients



Divisional results

| | Net revenue | Operating profit |
|------------------------------|----------------|------------------|
| H1 2014 | £142.2m | £103.2m |
| Vantage (platform) | +£1.0m | -£3.5m |
| Discretionary & Managed | +£2.8m | +£3.0m |
| Third party & Other services | -£1.9m | -£1.3m |
| H1 2015 | £144.1m | £101.4m |

See Appendices for breakdown of divisional revenues

Vantage AUA

70% of Vantage AUA in tax wrappers (Jun 14: 69%)

| | SIPP** £bn | ISA £bn | F&S/Other*** £bn | Total £bn | H1 2014 £bn | FY 2014 £bn |
|------------------------------|---------------|------------|---------------------|--------------|----------------|----------------|
| Total AUA at start of period | 13.4 | 17.1 | 13.8 | 44.2 | 34.2 | 34.2 |
| Net new business inflows | 0.7 | 0.8 | 0.7 | 2.2 | 2.6 | 6.1 |
| Market movement * | 0.2 | 0.2 | (0.6) | (0.1) | 4.1 | 4.0 |
| AUA at end of period | 14.3 | 18.1 | 13.9 | 46.3 | 40.9 | 44.2 |
| Net new business % | 5% | 5% | 5% | 5% | 8% | 18% |
| Market movement % | 1% | 1% | (4%) | 0% | 12% | 11% |
| Net business inflows H1 2014 | 0.8 | 0.6 | 1.1 | | 2.6 | |

* Market movement includes other growth factors, such as retained investment income, totalling £245m (H1 2014: £224m, FY 2014: £421m). Figures contain roundings.

** Vantage SIPP AUA includes £2,871m income drawdown assets at 31 December 2014 (31 Dec 2013 £2,289m, 30 June 2014: £2,612m)

*** Vantage Fund & Share Account includes £2.7bn as at 31 Dec 2014 (31 Dec 2013: £3.8bn, 30 Jun 2014: £3.3bn) of Hargreaves Lansdown plc shares.

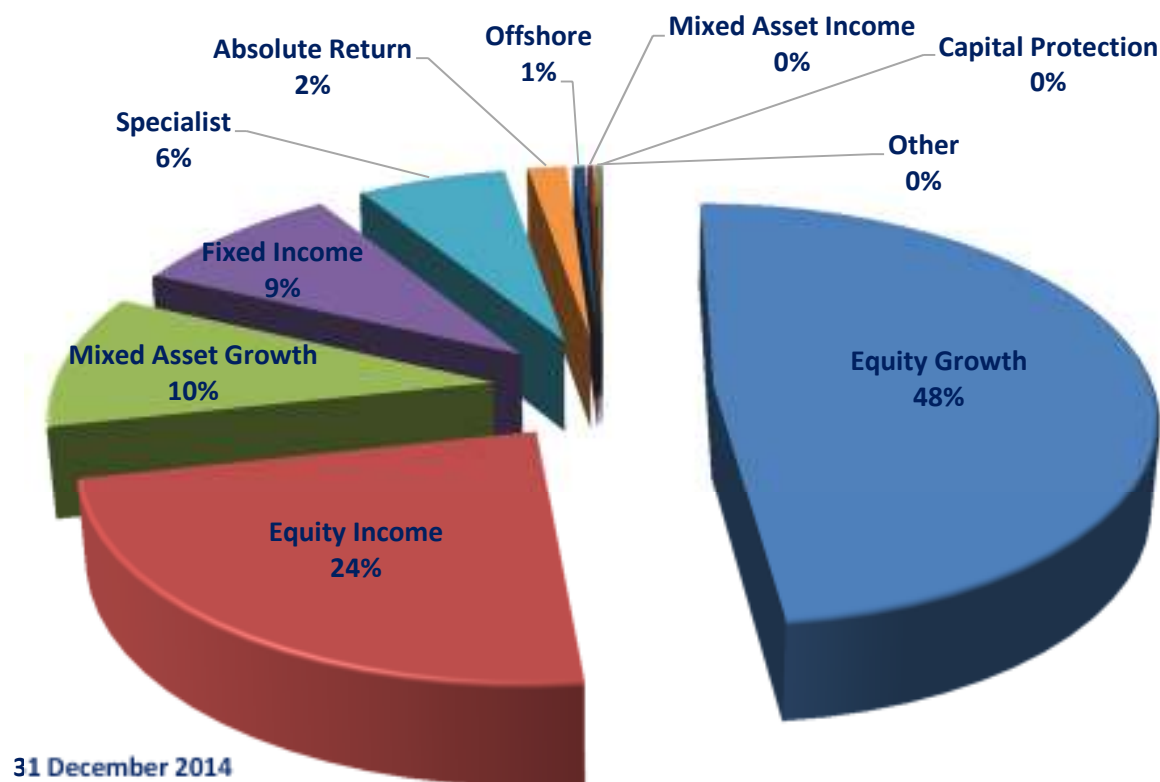
Vantage AUA analysis

70% of Vantage AUA in tax wrappers (Jun 2014: 69%)

| | SIPP | ISA | F&S/Other | Total |
|-----------------------|------------|------------|------------|-------------|
| At 31 Dec 2014 | | | | |
| Stocks and shares | 26% | 24% | 58% | 35% |
| Investment funds | 59% | 70% | 36% | 56% |
| Cash | 15% | 6% | 6% | 9% |
| % of Vantage | 31% | 39% | 30% | 100% |
| At 30 Jun 2014 | | | | |
| Stocks and shares | 27% | 23% | 60% | 36% |
| Investment funds | 58% | 70% | 34% | 55% |
| Cash | 15% | 7% | 6% | 9% |
| % of Vantage | 30% | 39% | 31% | 100% |

Vantage AUA analysis by sector

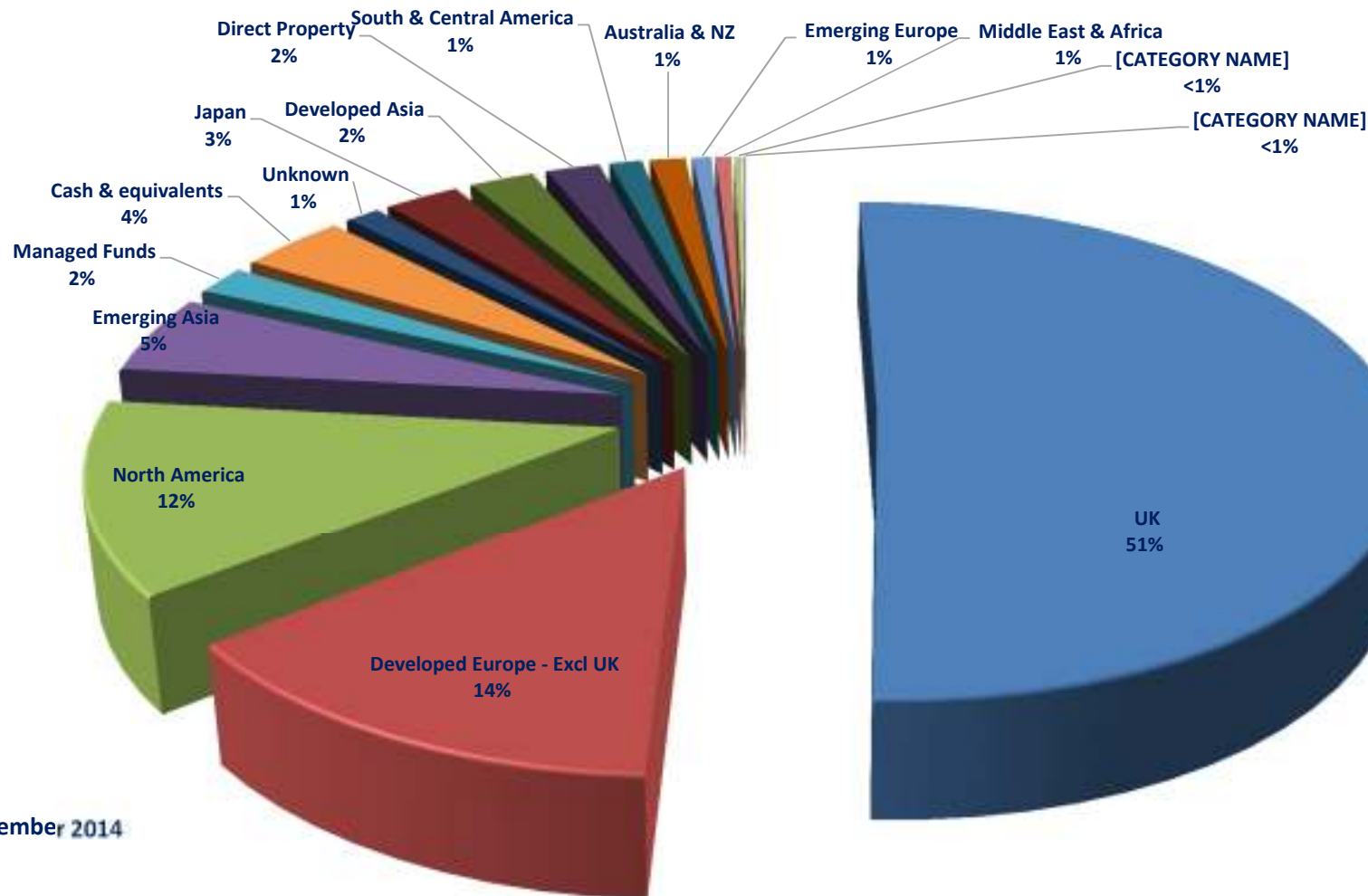
56% of Vantage AUA held as investment funds (Jun 2014: 55%) across the following sectors:



Mix of assets held has remained constant since June 2014

Vantage AUA Investment funds geographical exposure

51% (June 2014: 49%) of underlying holdings within clients investment funds are located within the UK



31 December 2014

Vantage – other information

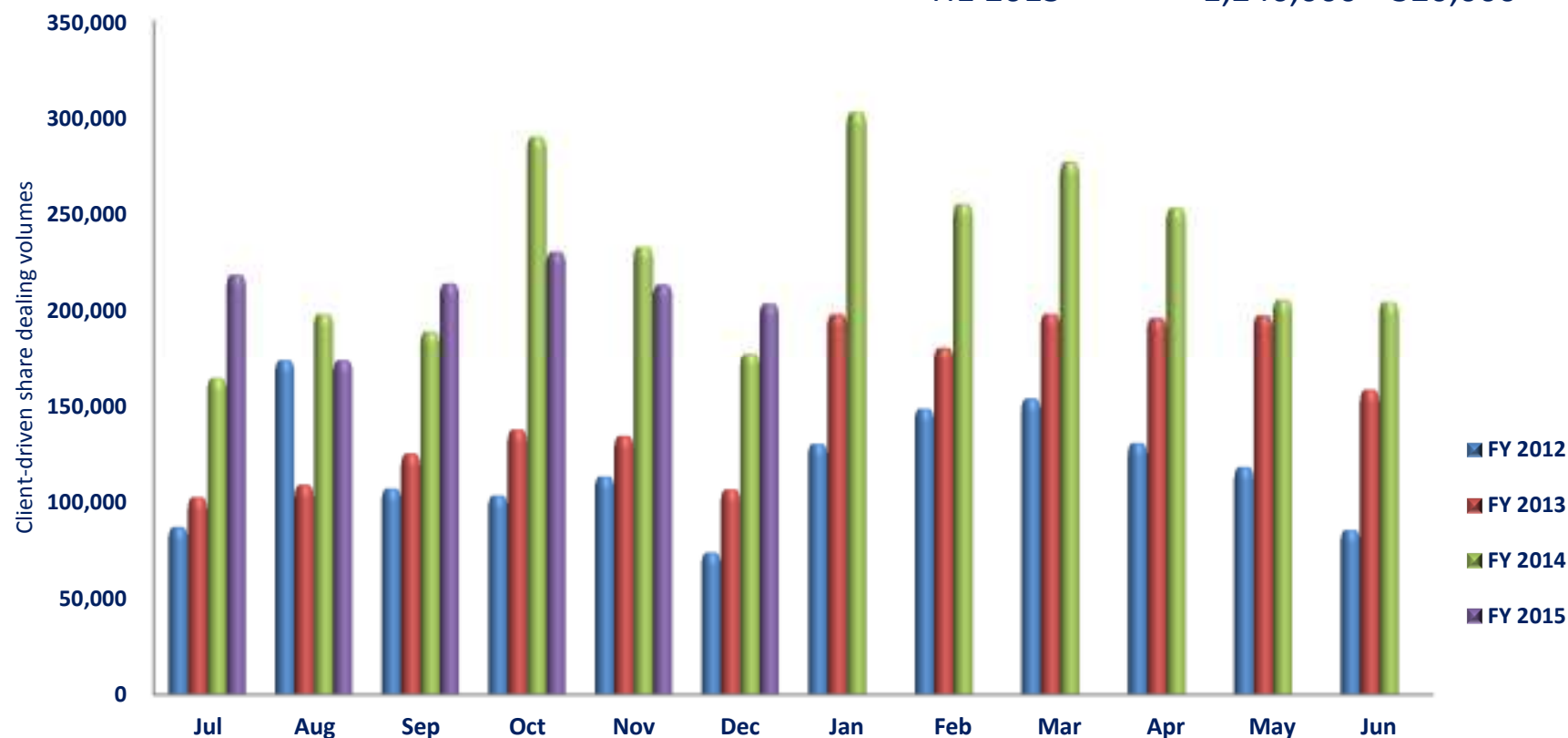
| | SIPP | ISA | F&S/Other | Total | H1 2014 | FY 2014 |
|---|-------|-------|-----------|-------|---------|---------|
| Total No. of equity deals* ('000) | 430 | 680 | 455 | 1,565 | 1,298 | 2,978 |
| Total client share deals ('000) | 374 | 489 | 383 | 1,246 | 1,241 | 2,707 |
| % Internet (of client share deals) | 98% | 96% | 95% | 96% | 96% | 96% |
| No. of fund deals ('000) | 1,318 | 1,495 | 338 | 3,151 | 2,885 | 6,304 |
| Average active client value at period end (£'000) | 71.5 | 41.9 | 56.0 | 69.5 | 70.9 | 68.8 |
| Average age (years) | 47.3 | 52.7 | 57.4 | 51.7 | 52.6 | 51.9 |
| New active accounts ('000) | 12 | 10 | 6 | 28 | 94 | 176 |
| Total active accounts ('000) | | | | 926 | 816 | 898 |
| Clients registered for online access | | | | 86% | 83% | 85% |
| Clients registered for paperless service | | | | 68% | 51% | 65% |

* Includes 320,000 automated share deals i.e. income reinvestment, fee sales and regular savings (H1 2014: 57,000 , FY 2014 : 272,000)

Share dealing volumes (Vantage)

Client-driven share dealing
volumes +0.3% vs H1 2014

| | Client-driven | Automated* |
|---------|---------------|------------|
| FY 2014 | 2,706,000 | 272,000 |
| H1 2014 | 1,241,000 | 57,000 |
| H1 2015 | 1,246,000 | 320,000 |



*Income reinvestment levels decreased from June 2014, resulting in an increase in automated deal volumes