

HARGREAVES
LANSDOWN

2020 ANNUAL RESULTS

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FURTHER GROWTH AND DEVELOPMENT IN 2020

Clients

- 188,000 new active clients
- 1,412,000 active clients
- 92.8% retention rate

Growth

- Net new business of £7.7bn
- 41.1% share of D2C platform market¹
- 39.5% share of retail stockbroking²

Financials

- Underlying profit before tax of £339.5m
- Profit before tax inc FundsLibrary £378.3m
- Dividend of 54.9p

Proposition and Service

- Record Volumes
- Sale of FundsLibrary
- Relaunch of Wealth Shortlist

1. Platform UK D2C Market Overview, July 2020, data as at 31 March 2020

2. Compeer XO Quarterly Benchmarking Report, data as at 31 March 2020

PHILIP JOHNSON

CFO UPDATE

FINANCIAL HIGHLIGHTS

£ million	2020	2019	+/-
Revenue	550.9	480.5	15%
Underlying PBT (ex FundsLibrary)	339.5	305.8	11%
Profit before tax	378.3	305.8	24%
Underlying Diluted EPS	57.8p	52.0p	11%
Diluted EPS	65.9p	52.0p	27%
Total dividend per share	54.9p	42.0p	31%

Revenue
+15%

Average FTSE All Share
(4.7%)

Underlying profit before tax
+11%

Total dividend
+31%

REVENUE BY ASSET TYPE

Resilient platform benefiting from diversified revenue streams

Asset class	2020 revenue £ million	2019 revenue £ million	+/-	2020 average AUA £ billion	2019 average AUA £ billion	+/-	2020 margin bps	2019 margin bps	2020 closing AUA £ billion
Funds	210.6	206.2	2%	52.3	50.6	3%	40	41	51.7
Shares	148.5	86.2	72%	34.3	31.4	9%	43	27	36.4
Cash	91.1	73.2	24%	12.3	10.2	21%	74	72	13.7
HL Funds	63.6	68.3	(7%)	8.7	9.2	(5%)	73	74	8.0
Other ⁽¹⁾	37.1	46.6		1.7	0.5				2.2
Double count ⁽²⁾	-	-		(8.6)	(9.1)				(7.9)
	550.9	480.5	15%	100.6	92.8				104.0

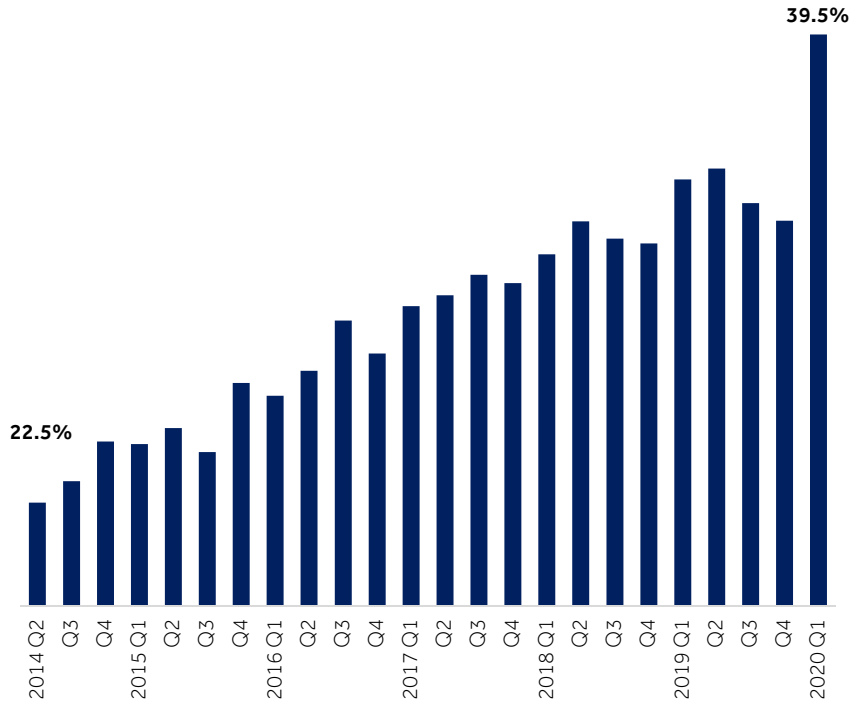
⁽¹⁾ Includes Active Savings

⁽²⁾ Deducted to avoid double-count as average AUA in Funds for platform fee and in HL funds for annual management charge

STOCKBROKING VOLUMES

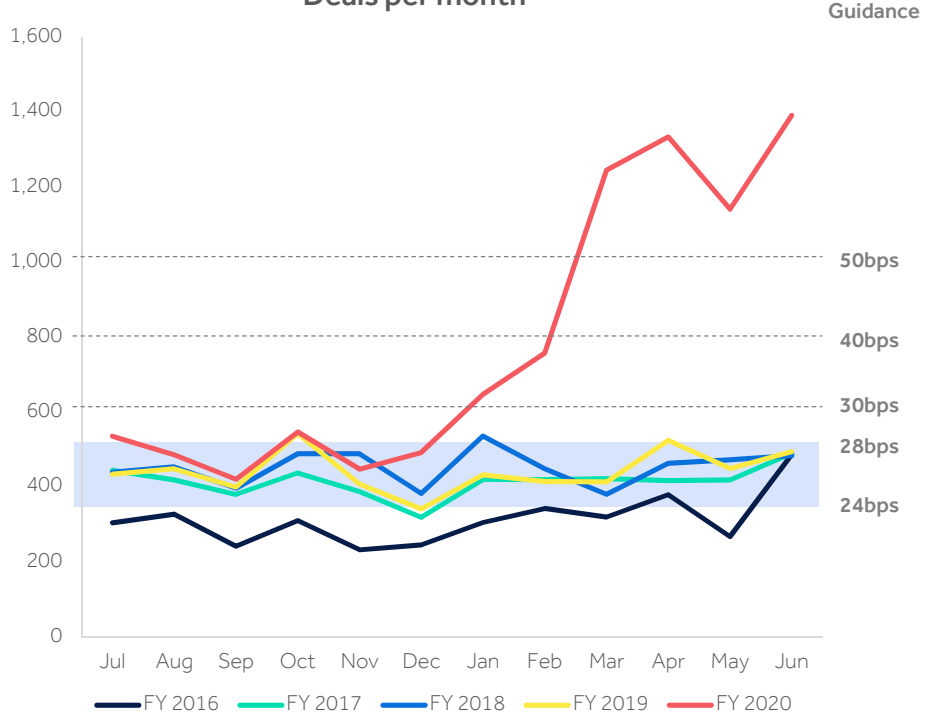
Guidance by trading volume

Execution-only market share



Source: Compeer XO Quarterly Benchmarking Report

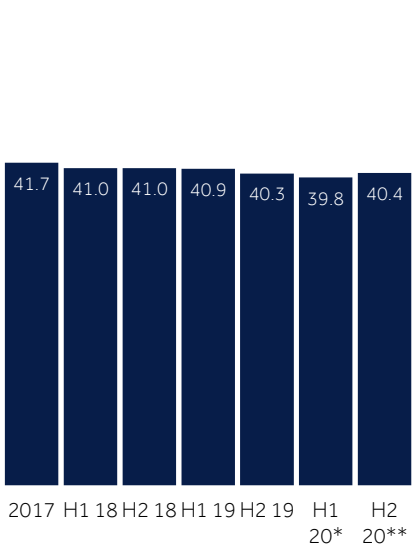
Deals per month



REVENUE MARGINS

Stable platform fee and updated shares / cash guidance

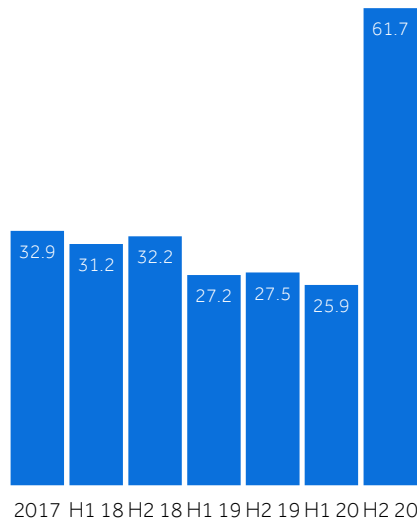
FUNDS
Guidance: 40-41bps



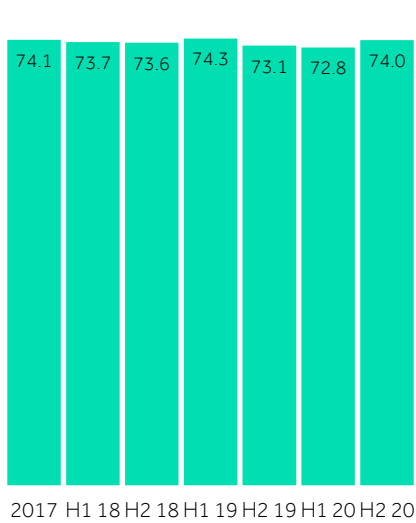
■ Platform fee, post RDR

*40.7bps without WEIF and WIF waiver
** 40.9 bps without WEIF and WIF waiver

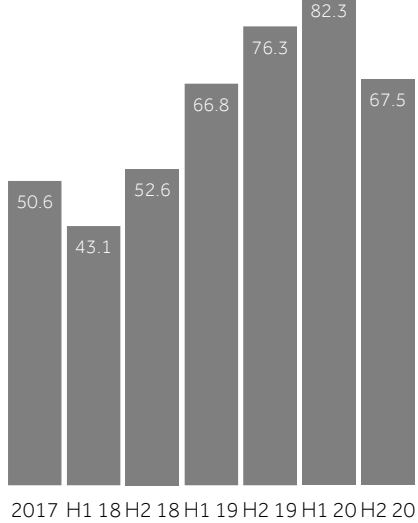
SHARES
Guidance: 30-50bps



HL FUNDS
Guidance: 70-75bps



CASH
Guidance: 40-50bps

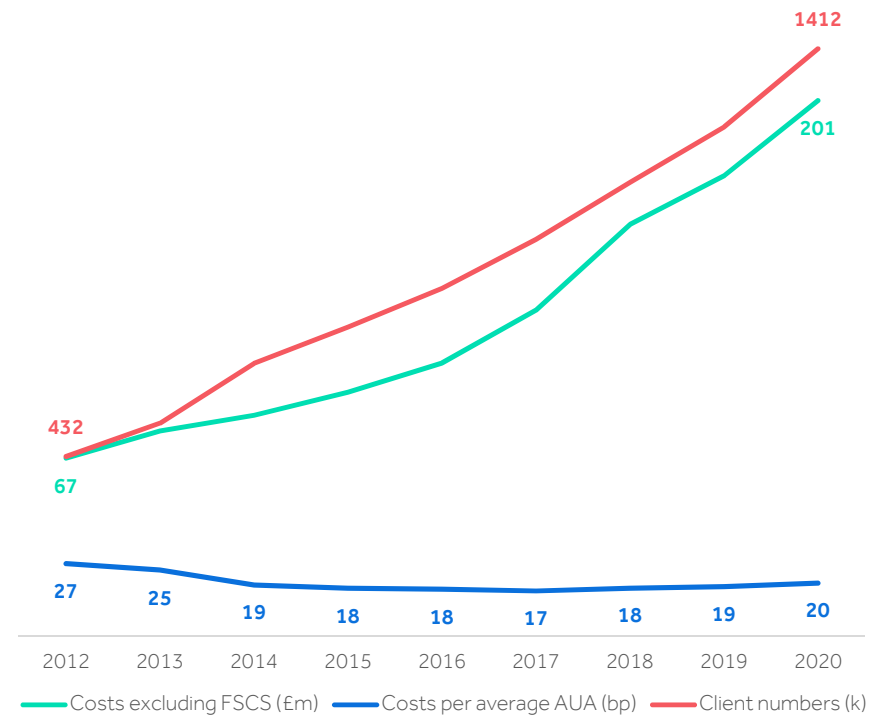


OPERATING COSTS

Costs increase in line with client numbers...

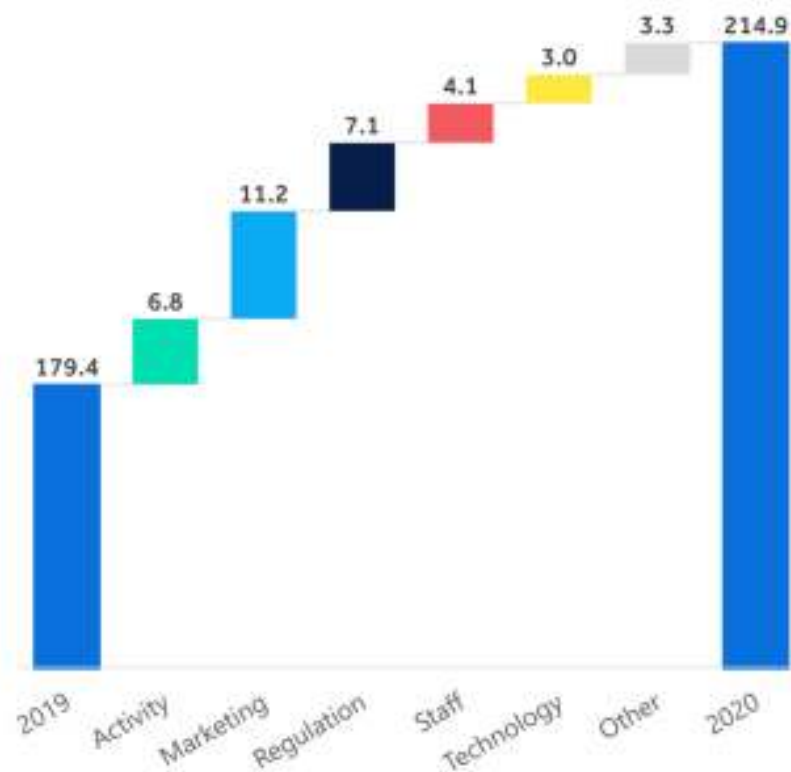
£ million	2020	2019	+/-
Staff costs	101.2	97.2	4%
Marketing	23.9	12.7	88%
Dep'n & financial costs	17.6	12.4	42%
Other costs	58.5	50.3	16%
Costs (excl FSCS levy)	201.2	172.6	17%
FSCS levy	13.7	6.8	101%
Total operating costs	214.9	179.4	20%

- More detail on variances on next slide
- Adoption of IFRS16 moving £3.0m from other costs to depreciation



OPERATING COSTS

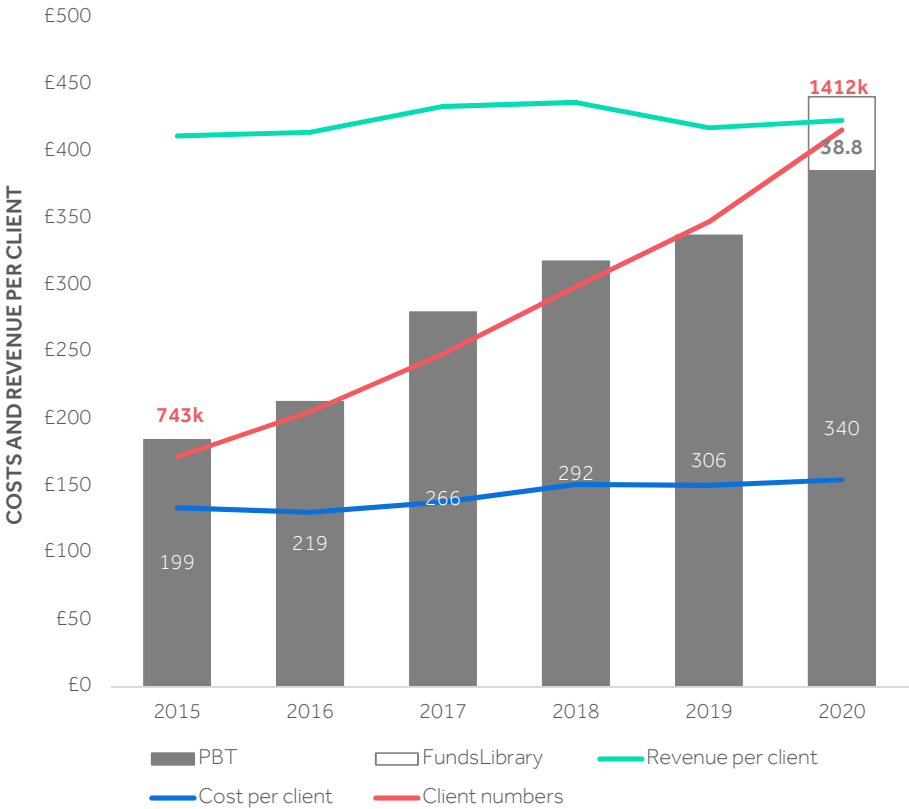
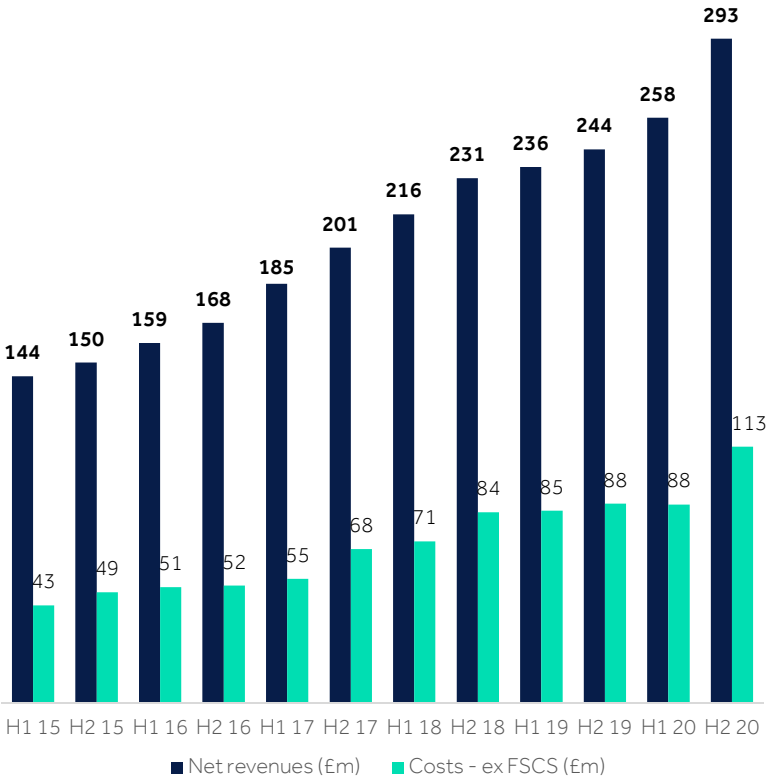
...driving in-year or future revenues (and the FSCS)



- **Activity spend linked to 2020 revenues**
 - Additional dealing costs from record volumes; linked to £62m of additional revenues
 - Debit card fees linked to cash paid onto platform
- **Increased marketing spend linked to future revenues**
 - 188,000 net new clients and £7.7bn of NNB
 - £40m of incremental annual revenue added at current margins
- **Increased FSCS levy charge this year, as per May trading update**
- **£160m of remaining costs tightly controlled**
 - Managing increased scale whilst creating capacity to drive growth

SCALING PROFITS

Delivering growth in a difficult environment



PBT AND EPS

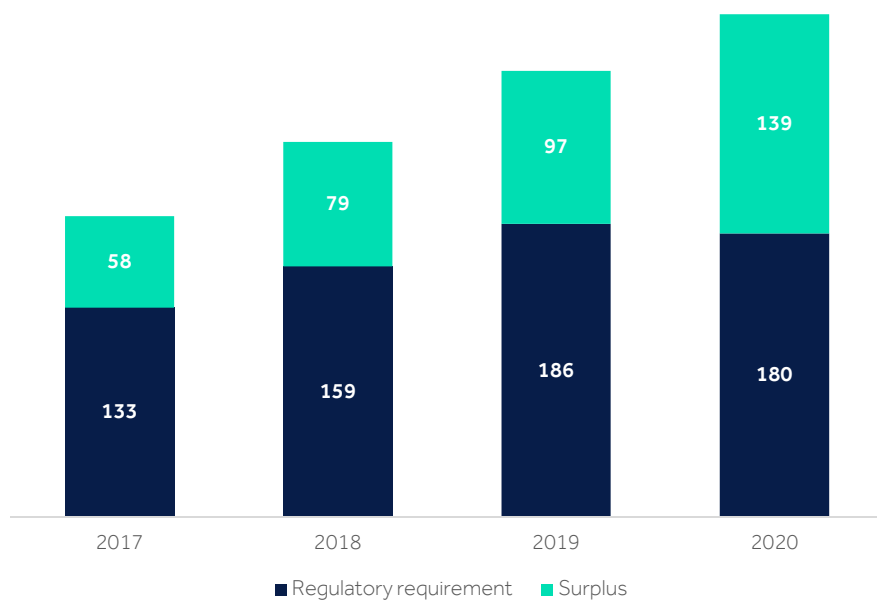
Before and after disposal of FundsLibrary

£ million	2020	2019	+/-
Underlying profit before tax	339.5	305.8	11%
Profit on disposal of FundsLibrary	38.8	-	
Profit before tax	378.3	305.8	24%
Tax	(65.1)	(58.2)	
Profit after tax	313.2	247.6	
Diluted share count (m)	474.8	475.8	
Underlying diluted EPS (p)	57.8	52.0	11%
Diluted EPS (p)	65.9	52.0	27%

CAPITAL

Maintaining healthy surplus against regulatory capital

Capital and resources



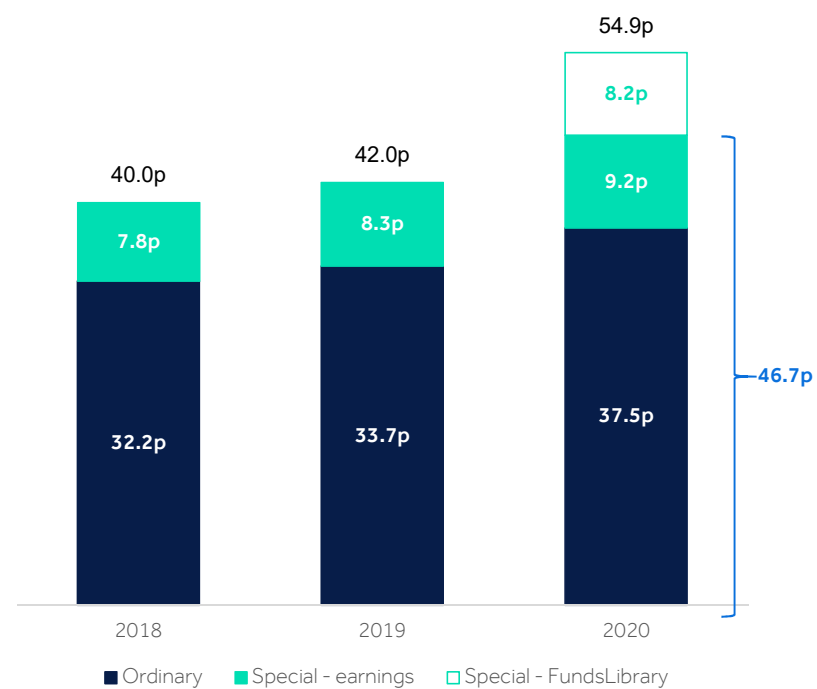
£ million	2020
Shareholder funds	558
Less: intangible assets and other deductions	(32)
Tangible capital	526
Less: provision for dividend	(207)
Qualifying capital	319
Less: regulatory capital requirement	(180)
Capital surplus	139

DIVIDENDS

Operating our communicated dividend policy as usual

Pence per share	2020	2019	+/-
Interim	11.2	10.3	9%
Final	26.3	23.4	12%
Total ordinary	37.5	33.7	11%
Ordinary dividend payout ratio on underlying diluted EPS	65%	65%	
Special – underlying earnings	9.2	8.3	11%
Special – FundsLibrary	8.2	-	
Total underlying dividend	46.7	42.0	11%
Total dividend	54.9	42.0	31%
Total underlying dividend payout ratio on underlying diluted EPS	81%	81%	

Dividends



CHRIS HILL

CEO UPDATE

STRONG AND SUCCESSFUL YEAR

Delivering through challenge

H1

- Low levels of investor confidence
- Weak industry flows (Investment Association)
- Trade wars and Brexit
- Woodford fund aftermath
- General election
- Direct Migrations

H2

- Market volatility
- Woodford Equity Income liquidations
- COVID-19 pandemic
- Tax Year End
- Multi-channel advertising
- Wealth Shortlist launch
- FundsLibrary sale

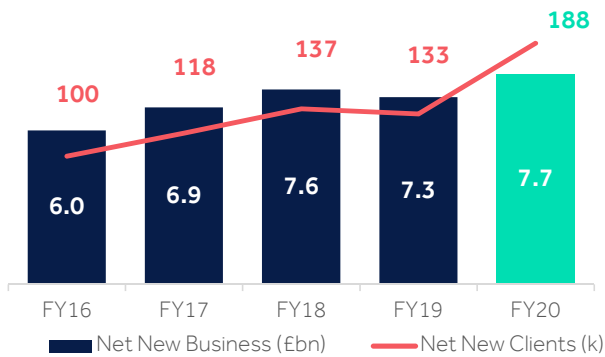
FY20

- 188,000 net new clients
- 1,412,000 total clients
- 92.8% client retention rate
- Net new business of £7.7bn
- Active Savings at £2.2bn
- Underlying PBT of £339.5m

GROWTH

Strong performance in difficult market conditions

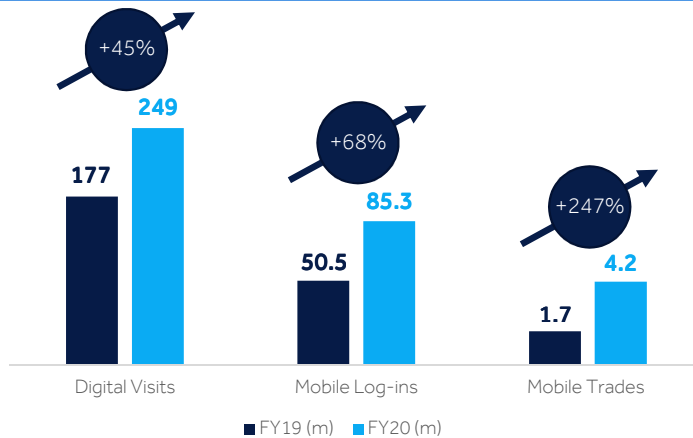
Net new business – Net new clients



Clients - Assets - Retention



Increased engagement and insight



Increased Scale

	FY16	FY18	FY20
Fund Trades	8.4m	11.9m	14.2m
Share Trades	3.7m	5.4m	9.4m
Client Log-Ins	44m	60m	135m

- Investment in service and technology paying off
- Importance of scale

OUR OPPORTUNITY - LOOKING AHEAD WITH CONFIDENCE

Three fundamental drivers



OUR MARKET
OPPORTUNITY

OUR CLIENT
RELATIONSHIPS

OUR CLIENT
FOCUSED
STRATEGY AND
CULTURE

OUR OPPORTUNITY - CLIENTS AT THE CENTRE OF OUR STRATEGY

Ensuring we are delivering the right outcomes

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

Our strategy guided our actions during the COVID-19 pandemic

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

PEOPLE

Clear priority to maintain client service and colleague wellbeing:

- Maintained digital services and reduced paper processes
- Adjusted client contact focus to manage demand
- Moved 86% of colleagues to work remotely
- Significantly enhanced our governance structure to raise the level of rigour and challenge for all decision making

TECHNOLOGY

Validation of investment to support service and agility:

- Resilience – Maintained system up time
- Scalability – Supported record volumes
- Mobile – Record levels of mobile interaction

MARKETING

Focus on support of clients through uncertainty

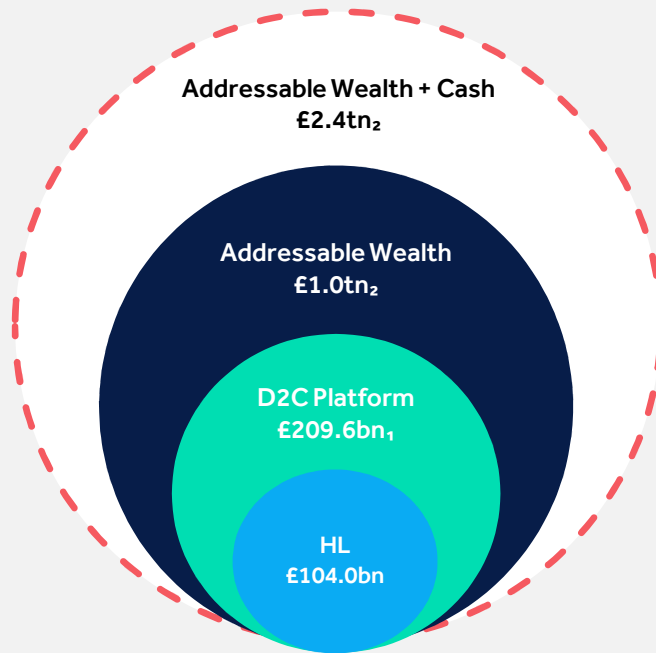
- Agile reaction to client engagement
- Delayed and launched Wealth Shortlist and Fund Finder

POSITIONED FOR GROWTH IN AN ATTRACTIVE MARKET

Investment in people, technology and platform delivering results and building a foundation for further growth

- People are living longer 
- Ongoing low asset yields 
- Political & market uncertainty 
- Complex savings environment 
- Individual responsibility 

We have a small share of a growing £2.4tn market.



2020 View

Hargreaves Lansdown	£104.0bn
D2C Platform ₁	HL=41.1%
Addressable Wealth	HL=10%
Addressable Wealth + Cash	HL= 4%

2016 View

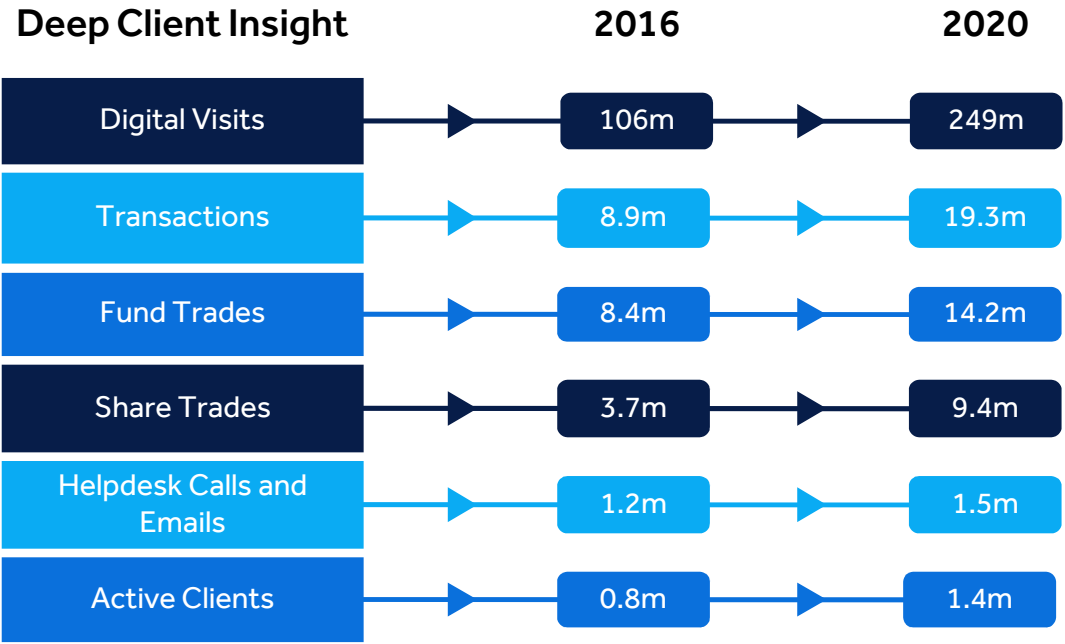
Hargreaves Lansdown	£61.7bn
D2C Platform ₃	HL=37.5%
Addressable Wealth	HL=6%
Addressable Wealth + Cash	HL= 2%

1. Platform UK D2C Market Update July 2020, data as at 31 March 2020
 2. Oliver Wyman. Addressable wealth includes self-directed, financial adviser and independent wealth manager segments mainly serving upper affluent.

3. Platform UK D2C Market Update July 2016, data as at 31 March 2016

INVESTMENT DELIVERING GROWTH AND SCALE

Using our insight to deliver an outstanding client experience



Improving experience

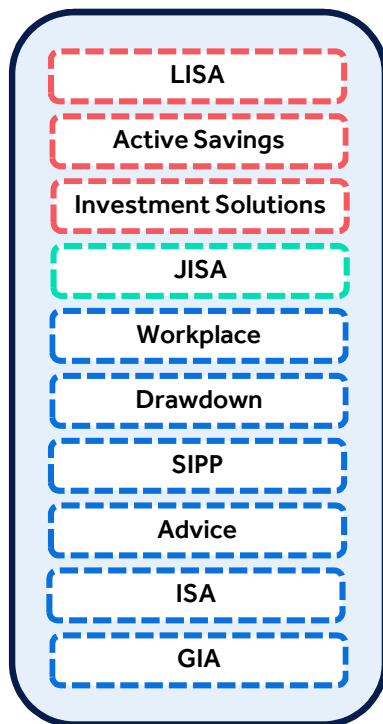
- Tailored content, information and insight
- Wealth Shortlist and fundfinder
- Portfolio +
- 3x Select funds
- Segregated Mandates
- Income tools
- Retirement Outcomes
- Active Savings
- LISA
- Mobile app/ platform

*Mobile numbers only date back to FY18

TARGETED AND EFFECTIVE INVESTMENT

Our investment has strengthened our offering to clients

Proposition since 2016



Capabilities delivered in 2020

Service

- Wealth Shortlist
- Retirement Outcomes
- Active Savings: Banks & Easy Access
- Direct books
- Segregated Mandates
- Workplace EBC

Technology

- Mobile app
- Platform scalability
- Trading engine
- Cyber Security
- User centred design

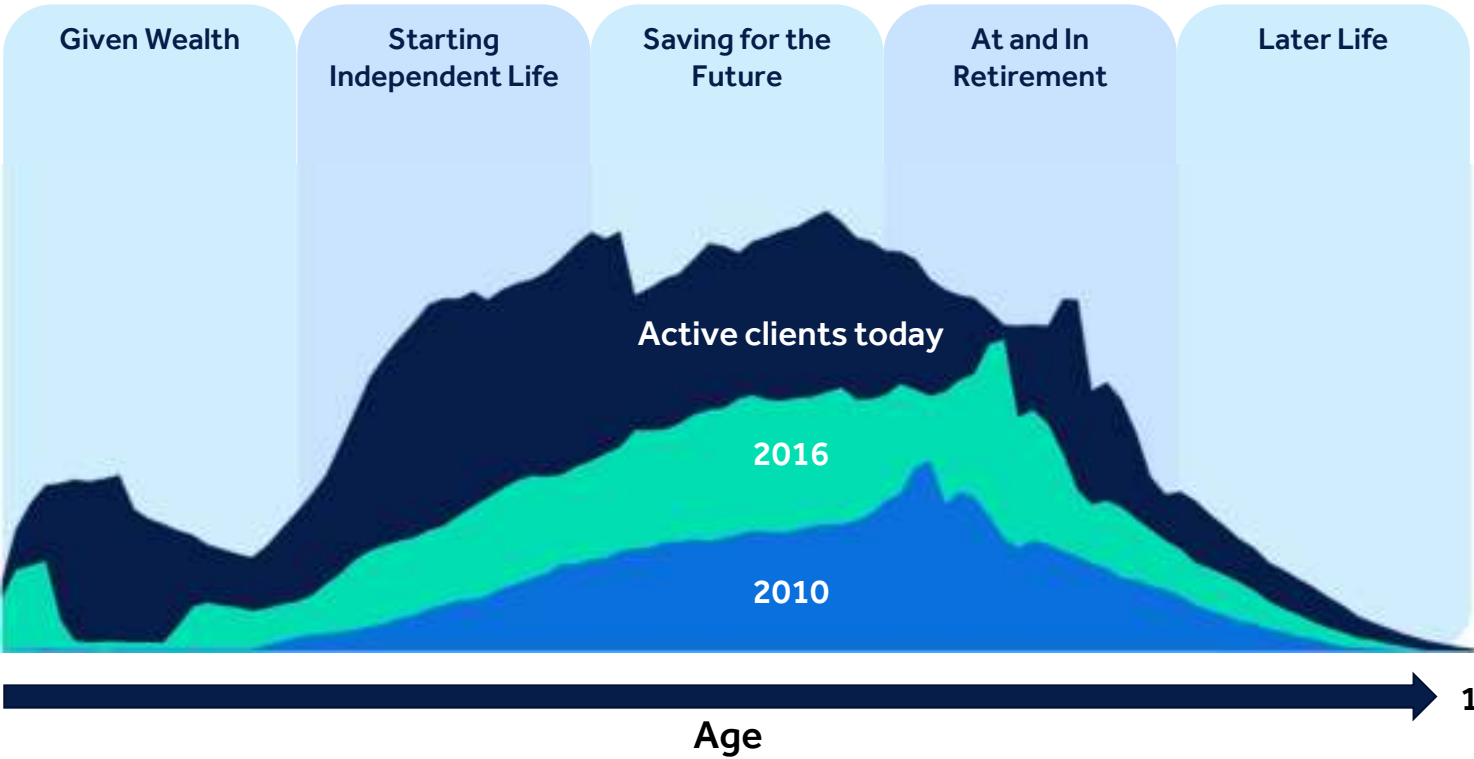
Marketing

- Omni-channel campaigns
- Data analytics and segmentation
- Digital marketing
- Tailored Editorial content and research

LIFELONG RELATIONSHIPS WITH CLIENTS

Attracting a greater proportion of younger and wealthier clients; growing the lifetime value of the client

Changing demographics

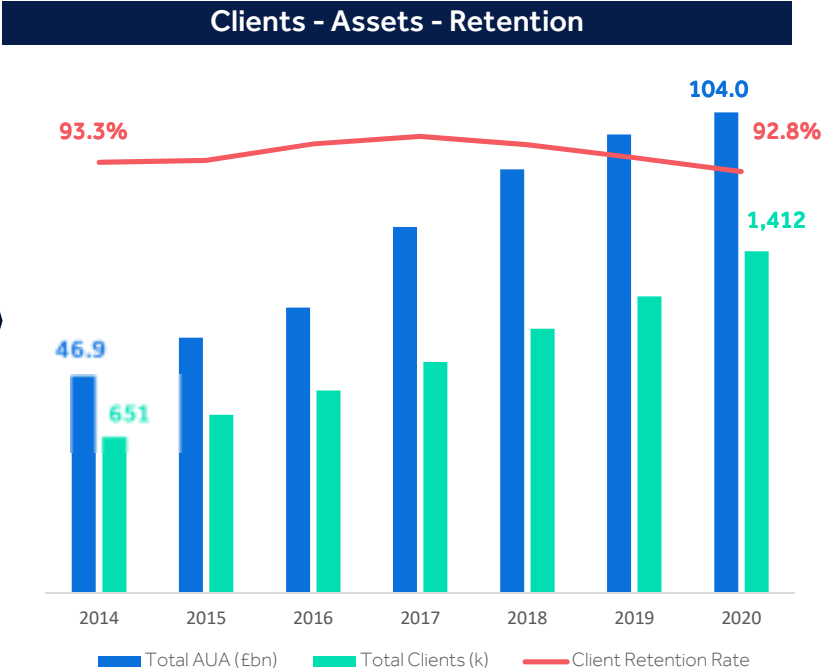
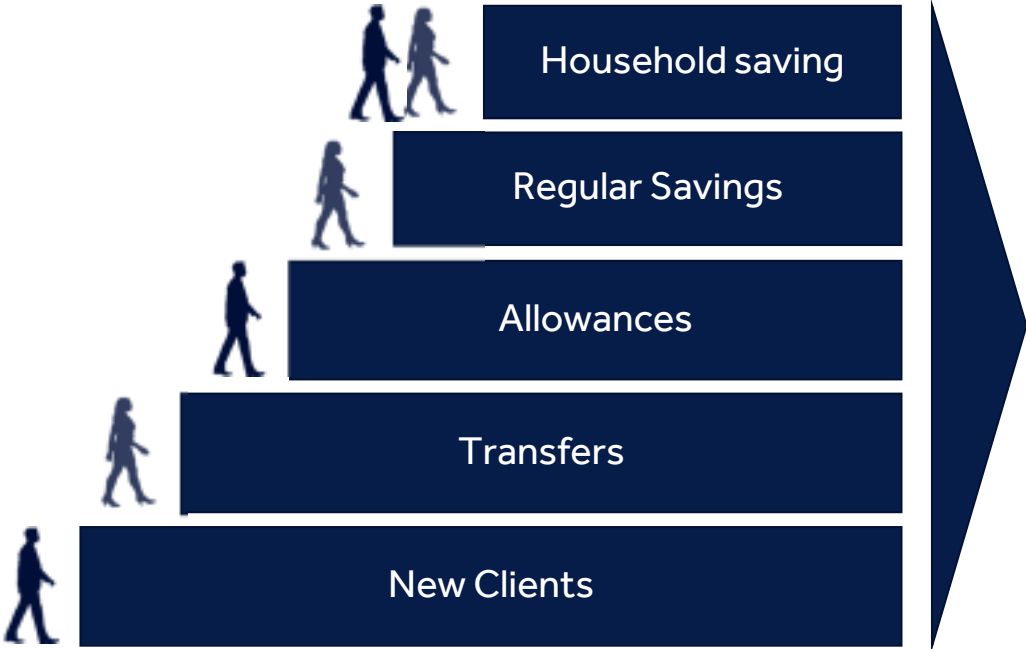
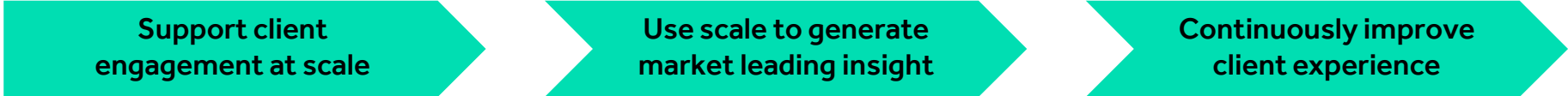


Products

- LISA
- Active Savings
- Investment Solutions
- JISA
- Workplace
- Drawdown
- SIPP
- Advice
- ISA
- GIA

POSITIONING FOR FURTHER GROWTH

The importance of the lifelong relationship



OUTLOOK

Continued execution of our strategy despite uncertain times

- Execution of service focused strategy validated in difficult year
- COVID-19 will bring uncertainty in the year ahead
- Continued focus on building skills, capabilities and technology over the long term
- Structural growth opportunities remain strong



LOOKING TO THE FUTURE

Continuing to develop the skills, capability and technology to meet client needs

- Attractive and growing structural opportunity
- Benefits of historical investment clear
 - Growth delivered
 - Increased scalability
 - Differentiated proposition
- Foundation for further growth and returns underpinned
 - Client focused strategy
 - Further proposition evolution
 - Increasing scalability

Focusing on societal needs: age, complexity, yield and uncertainty

Delivering the right balance of interaction: direct or advised

Meeting the evolving expectations of service



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.