



# Data Pack 2017

## **Full Year Results**

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# SUMMARY INCOME STATEMENT

All figures in £millions		<b>FY 2017</b>	<b>FY 2016</b>
<b>Revenue</b>	-0.7%	<b>£385.7</b>	£388.3
<b>Commission payable</b>	-100%	<b>(£0.1)</b>	(£61.8)
<b>Net revenue</b>	+18%	<b>£385.6</b>	£326.5
<b>Staff costs</b>	+14%	<b>(68.5)</b>	(60.2)
<b>Other Operating costs</b>	+22%	<b>(51.8)</b>	(42.6)
<b>FSCS costs</b>	-24%	<b>(4.2)</b>	(5.5)
<b>Operating profit</b>	+20%	<b>261.1</b>	218.3
<b>Investment revenue*</b>	+683%	<b>4.7</b>	0.6
<b>Profit before tax</b>	+21%	<b>265.8</b>	218.9
<b>Tax</b>	+29%	<b>(53.8)</b>	(41.6)
<b>Profit for the financial year</b>	+20%	<b>212.0</b>	177.3
<b>Basic earnings per share (pence)</b>		<b>44.7</b>	37.4
<b>Diluted earnings per share (pence)</b>		<b>44.6</b>	<b>37.3</b>

\* Investment revenue in FY 2017 includes a £3.7m one-off gain on disposal of a holding in Euroclear plc.

# GROUP NET REVENUE ANALYSIS

		FY 2017	FY 2016	FY 2015
<b>Platform fees</b>	+21%	<b>169.3</b>	139.4	123.8
<b>Net renewal income</b>	-58%	<b>6.3</b>	15.1	20.2
<b>Management fees</b>	+11%	<b>28.2</b>	25.5	24.1
<b>HL Fund AMC</b>	+28%	<b>56.5</b>	44.1	36.5
<b>Stockbroking income</b>	+32%	<b>61.6</b>	46.8	39.3
<b>Interest receivable</b>	+17%	<b>36.6</b>	31.2	24.3
<b>Adviser charges</b>	+5%	<b>11.0</b>	10.5	9.7
<b>Funds Library</b>	+21%	<b>7.5</b>	6.2	6.4
<b>Other Income</b>	+14%	<b>8.8</b>	7.7	9.9
<b>Total revenue</b>	+18%	<b>385.7</b>	326.6	294.3
<b>Less commission payable</b>		<b>(0.1)</b>	(0.1)	(0.1)
<b>Total net revenue</b>	<b>+18%</b>	<b>385.6</b>	<b>326.5</b>	<b>294.2</b>

# NET REVENUE MARGINS

	FY 2017			FY 2016		
	Revenue £m	Ave Assets £bn	Margin %	Revenue £m	Ave Assets £bn	Margin %
Renewal income (net of loyalty bonus)	(0.1)			7.7		
Platform fee	169.3			139.4		
<b>Total net revenue from funds</b>	<b>169.2</b>	<b>40.9</b>	<b>0.41%</b>	<b>147.2</b>	<b>33.3</b>	<b>0.44%</b>
Stockbroking commission	59.2			43.0		
Management fees	17.1			14.8		
<b>Total revenue from other stock</b>	<b>76.3</b>	<b>23.3</b>	<b>0.33%</b>	<b>57.8</b>	<b>19.3</b>	<b>0.30%</b>
<b>Total revenue from cash</b>	<b>36.6</b>	<b>7.5</b>	<b>0.49%</b>	<b>31.2</b>	<b>5.5</b>	<b>0.56%</b>
<b>HL Funds<sup>1</sup></b>	<b>56.5</b>	<b>7.7<sup>2</sup></b>	<b>0.73%</b>	<b>44.1</b>	<b>5.9<sup>2</sup></b>	<b>0.75%</b>
	338.8	71.7	0.47%	280.3	58.1	0.48%
Other income <sup>3</sup>	46.8			46.2		
<b>Total Investment Platform margin</b>	<b>385.6</b>			<b>326.5</b>		

<sup>1</sup> Annual management charge on HL Funds.

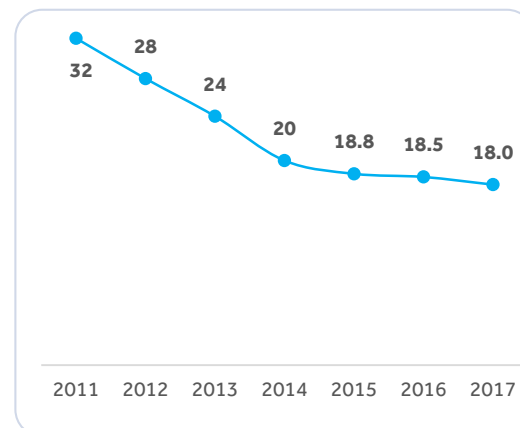
<sup>2</sup> HL Funds AUM included in Funds AUA for platform fee and in HL Funds for annual management charge. Total average AUA excludes HL Fund AUM to avoid double counting.

<sup>3</sup> Other income includes advisory fees, Funds Library revenues and ancillary services (e.g. annuity broking, distribution of VCTs and Hargreaves Lansdown Currency and Market Services).

# COSTS

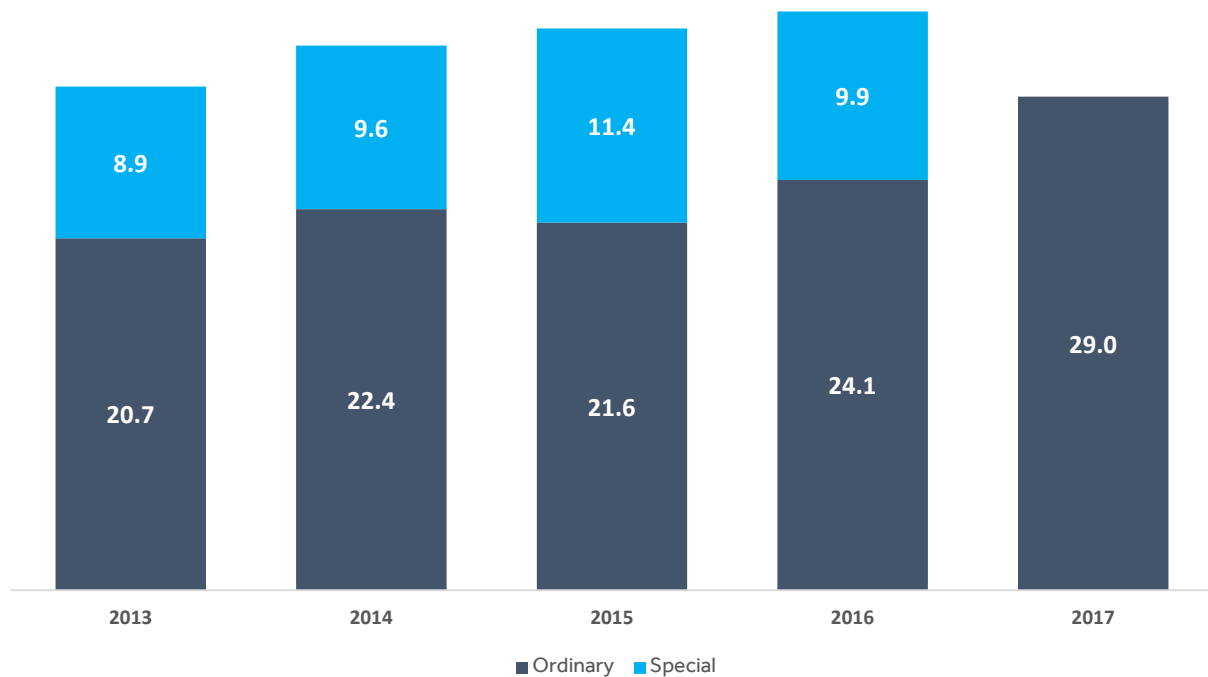
		<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
Staff costs	+14%	<b>£68.6m</b>	£60.2m	£53.1m
Marketing and distribution spend	+28%	<b>£14.3m</b>	£11.2m	£12.7m
Depreciation, amortisation & financial costs	+48%	<b>£9.0m</b>	£6.1m	£5.1m
Office running costs	-13%	<b>£4.2m</b>	£4.8m	£4.3m
Other costs	+29%	<b>£26.4m</b>	£20.4m	£16.5
FSCS levy costs	-24%	<b>£4.2m</b>	£5.5m	£4.4m
<b>Total operating costs</b>	<b>+17%</b>	<b>£126.7m</b>	<b>£108.3m</b>	<b>£96.1m</b>
Ave. no of staff (FTE)	+8%	<b>1,046</b>	969	914
No of staff at end of period (FTE)	+26%	<b>1,185</b>	942	970

Group Cost Ratio\* (bps) FY 2011 to FY 2017



\*Cost ratio is measured as operating costs, divided by average AUA

## DIVIDENDS (pence per share)



# TOTAL ASSETS UNDER ADMINISTRATION

	<b>FY 2017</b>	FY 2017 H2	FY 2017 H1	<b>FY 2016</b>	FY 2016 H2	FY 2016 H1
	<b>£bn</b>	£bn	£bn	<b>£bn</b>	£bn	£bn
AUA at start of period	<b>61.7</b>	70.0	61.7	<b>55.2</b>	58.8	55.2
Net new business inflows	<b>6.9</b>	4.6	2.3	<b>6.0</b>	3.2	2.8
Market movement	<b>10.6</b>	4.6	6.0	<b>0.5</b>	(0.3)	0.8
AUA at end of period	<b>79.2</b>	79.2	70.0	<b>61.7</b>	61.7	58.8
Net new business inflow %	<b>11%</b>	13%	7%	<b>11%</b>	11%	10%



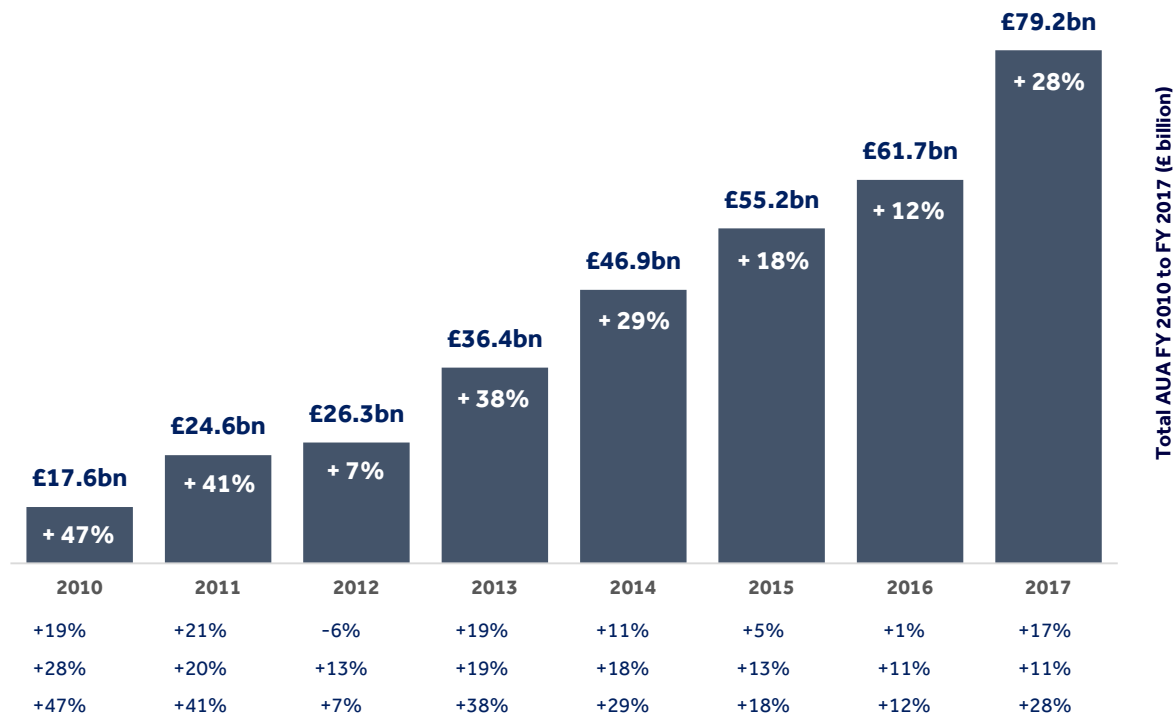
## ASSETS BY PRODUCT AND ASSET TYPE

	Vantage (£bn)	PMS (£bn)	TOTAL (£bn)	HLMM Funds <sup>1</sup> (£bn)
Opening AUA	58.7	2.9	61.7	6.3
Net new business	6.8	0.1	6.9	1.2
Market growth and other	10.1	0.5	10.6	1.3
Closing AUA	75.7	3.5	79.2	8.8

<sup>1</sup> The HLMM Funds are held in Vantage (2017 £5.3bn, 2016 £3.4bn) and PMS (2017 £3.4bn, 2016 £2.8bn). A further £0.1bn is held off platform by third parties in both 2017 & 2016.

Closing AUA	Vantage (£bn)	PMS (£bn)	TOTAL (£bn)
Funds	42.2	3.5	45.7
Stocks and shares	25.4	-	25.4
Cash	8.1	-	8.1
Closing AUA	75.7	3.5	79.2

# GROWTH IN TOTAL AUA



<sup>1</sup> Organic growth based on net inflows as a % of opening AUA

# VANTAGE AUA

73% of vantage AUA in tax wrappers (June 16: 72%)

	SIPP**	ISA	F&S/Other***	Total	FY 2016
	£bn	£bn	£bn	£bn	£bn
Total AUA at start of period	<b>19.3</b>	<b>23.0</b>	<b>16.5</b>	<b>58.7</b>	<b>52.3</b>
Net new business inflows	2.7	3.1	1.0	<b>6.8</b>	5.9
Market movement *	3.3	4.2	2.6	<b>10.1</b>	0.5
AUA at end of period	<b>25.3</b>	<b>30.3</b>	<b>20.1</b>	<b>75.7</b>	<b>58.7</b>
Net new business %	14%	14%	6%	12%	11%
Market movement %	17%	18%	16%	17%	1%
Net business inflows FY 2016	2.7	2.2	1.1		5.9

\* Market movement includes other growth factors, such as retained investment income, totalling £734m (FY 2016: £595m). Figures contain roundings.

\*\* Vantage SIPP AUA includes £5,626m income drawdown assets at 30 June 2017 (30 June 2016: £4,211m)

\*\*\* Vantage Fund & Share Account includes £3.4bn as at 30 June 2017 (30 Jun 2016: £3.2bn) of Hargreaves Lansdown plc shares.





# VANTAGE SPLIT BY ASSET CLASS

73% of vantage AUA in tax wrappers (June 2016: 72%)

	<b>SIPP</b>	<b>ISA</b>	<b>F&amp;S/Other</b>	<b>Total</b>
<b>At 30 June 2017</b>				
Stocks and shares	24%	25%	58%	<b>33%</b>
Investment funds	59%	67%	35%	<b>56%</b>
Cash	17%	8%	7%	<b>11%</b>
% of Vantage	<b>33%</b>	<b>40%</b>	<b>27%</b>	<b>100%</b>
<b>At 30 June 2016</b>				
Stocks and shares	24%	24%	59%	<b>34%</b>
Investment funds	58%	67%	33%	<b>54%</b>
Cash	18%	9%	8%	<b>12%</b>
% of Vantage	<b>33%</b>	<b>39%</b>	<b>28%</b>	<b>100%</b>

# CORPORATE VANTAGE

Strong growth in assets

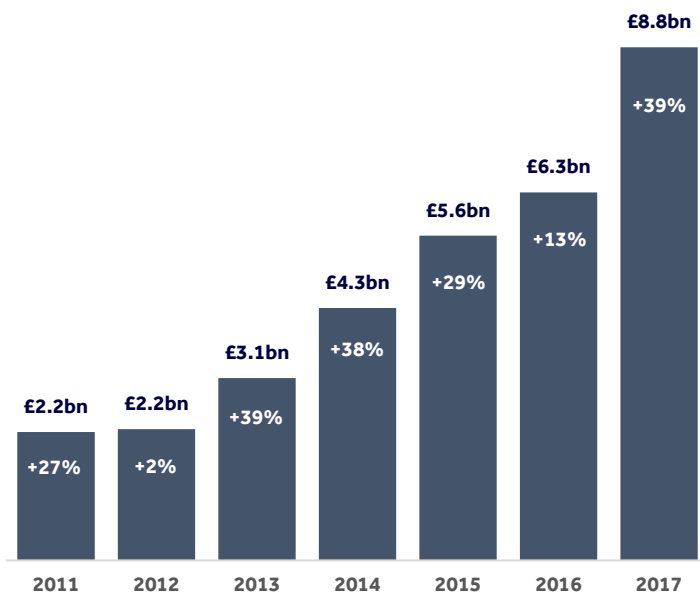
	As at 30 June 2017	As at 30 June 2016	% change	12 months increase in FY 2017	12 months increase in FY 2016
 <b>Members*</b>	82,005	68,560	+20%	13,445	15,242
 <b>Schemes *</b>	387	335	+16%	52	79
 <b>Annual Premiums **</b>	£271m	£244m	+11%	£27m	£47m
 <b>AUA</b>	£2,493m	£1,765m	+41%	£728m	£464m

\*Numbers relate to schemes either live or contracted.

\*\*Only includes those annual premiums already being received.

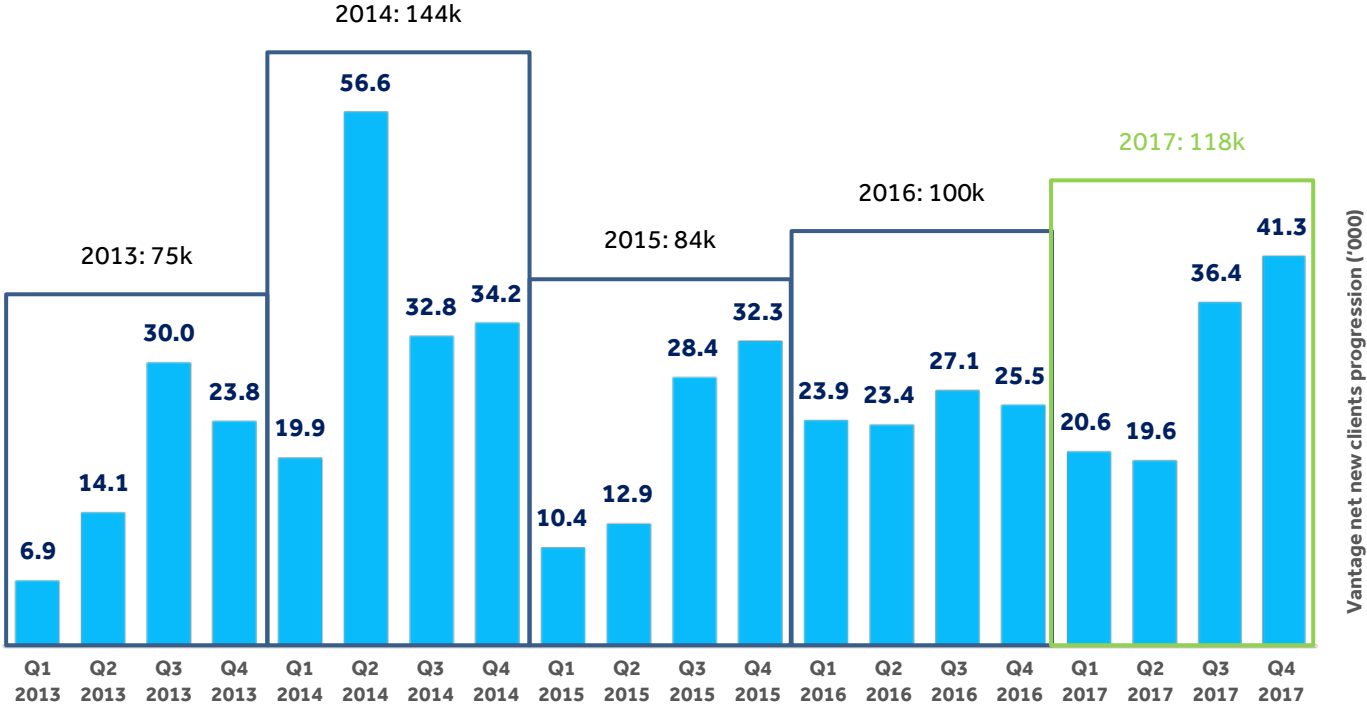
# GROWTH IN HL FUNDS

HL Multi-Manager Funds – 6yr CAGR = 26%



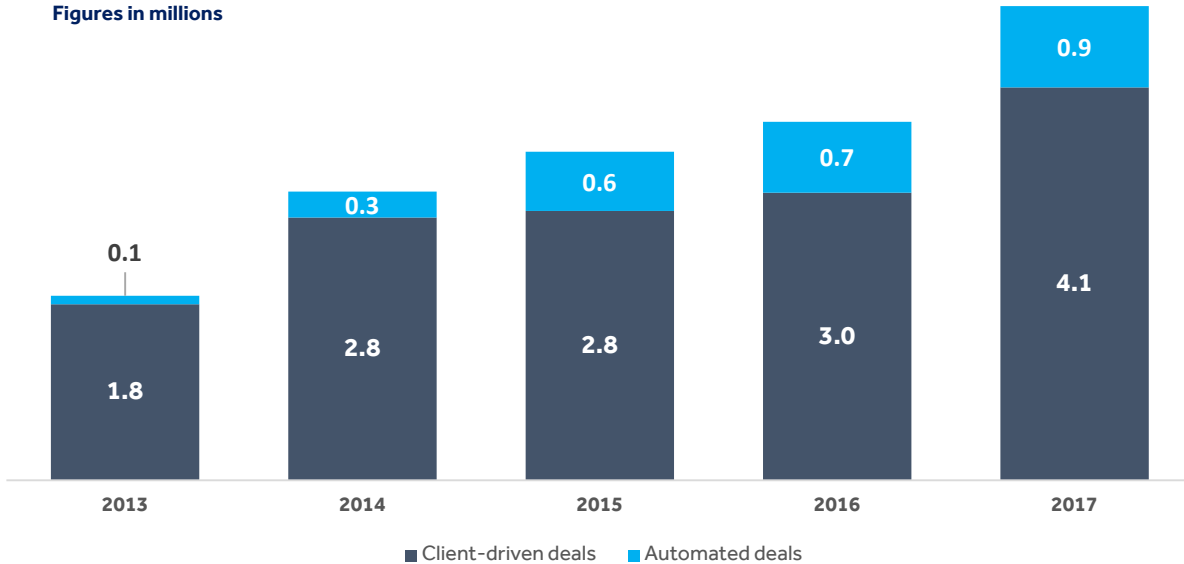
HLMM Funds (£m)	Jun-17
Income & Growth	3,198
Special Situations	1,566
Balanced Managed	1,127
Strategic Bond	864
High Income	486
Equity & Bond	275
UK Growth	217
Asia & Emerging Markets	207
European	164
Strategic Assets	142
<b>Multi-Manager Funds</b>	<b>8,246</b>
HL Select UK Income Shares	268
HL Select UK Shares	257
<b>Equity Funds</b>	<b>525</b>
<b>TOTAL</b>	<b>8,771</b>

# NET NEW CLIENTS



# STOCKBROKING VOLUMES

Figures in millions



- Automated deals include regular savings, income reinvestment & fee sale trades
- Client-driven deals are 98% online and charged at £5.95, £8.95 or £11.95



## VANTAGE – OTHER INFORMATION

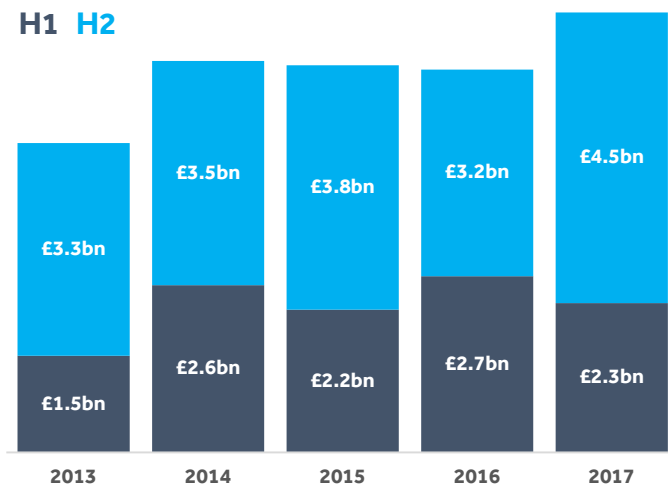
	SIPP	ISA	F&S/Other	Total	FY 2016
Total No. of equity deals* ('000)	1,412	2,164	1,376	4,952	3,741
Total client share deals ('000)	1,237	1,683	1,181	4,101	2,998
% Internet (of client share deals)	99%	98%	98%	98%	98%
No. of fund deals ('000)	4,285	5,132	1,048	10,466	8,427
Average active client value at period end (£'000)	81.7	48.9	67.6	80.1	71.0
Average age (years)	47.7	48.2	57.5	48.7	49.5
New active accounts ('000)	44	86	23	154	119
Total active accounts ('000)				1,276	1,122
Clients registered for online access				89%	88%
Clients registered for paperless service				76%	73%

\* Includes 851,000 automated share deals i.e. income reinvestment, fee sales and regular savings (FY 2016 : 743,000)

# £75.7BN VANTAGE AUA – OTHER INFORMATION

## VANTAGE NET NEW BUSINESS (£6.8BN)

H2 net new business at 66% of yearly net new business was at the top of the recent range of 54% – 69%.



Net new business inflows FY 2013 to FY 2017 (£ billion), first vs. second half

## ASSET MIX (AT 30 JUNE 2017)

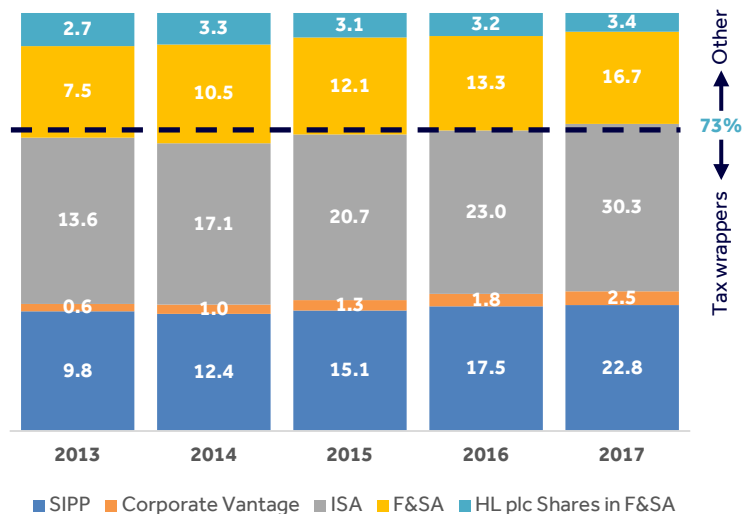
56% of Vantage AUA held in investment funds

33% stocks and shares

11% cash

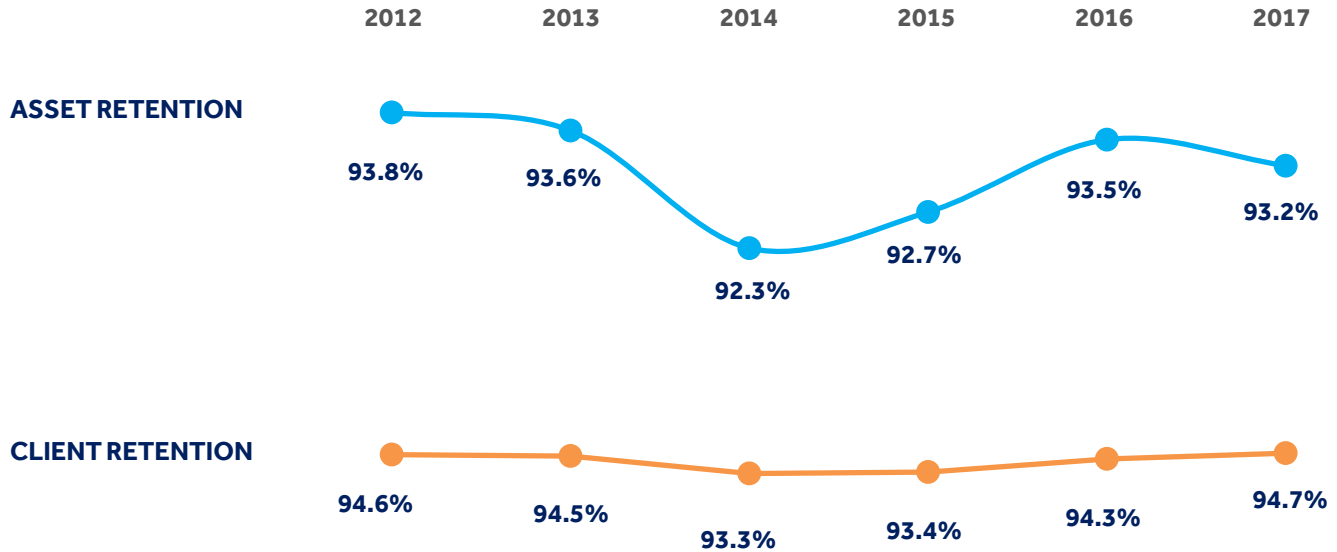
(At 30 June 2016: 54%, 34%, 12% respectively)

## STICKY ASSETS



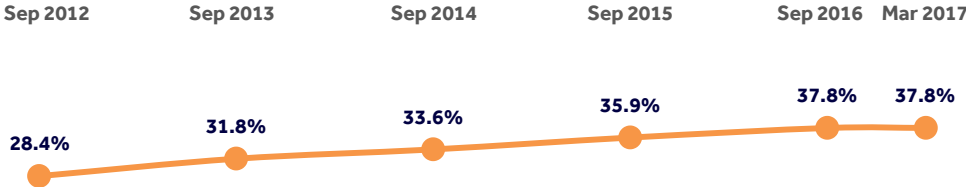
# ASSET RETENTION

Client and asset retentions remain very high

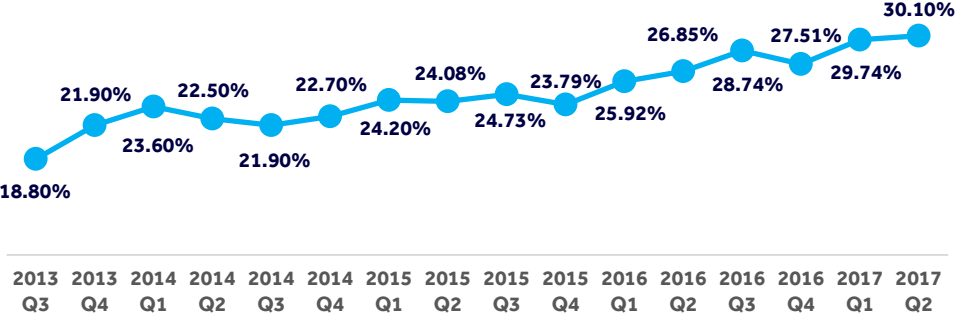


# MARKET SHARE STATISTICS

HL market share as per Platform\*



HL UK stockbroking volumes vs XO peer group\*\*



\* The Platform Direct Platform Guide Reports share of Assets Under Administration (July 2017)

\*\* Source: Compeer Quarterly Benchmarking Report – Q2 2017

# A GENERAL AND SUSTAINED INCREASE IN THE LEVEL OF REGULATION

## Legislation

- Market in Financial Instruments Directive II (MiFID II)
- General Data Protection Regulation (GDPR)
- Central Securities Depositories Regulation (CSDR)
- Payment Services Directive 2 (PSD2)
- Senior Managers Regime (SMR)
- Packaged Retail and Insurance-based Investments Products (PRIIPs)

## Reviews

- Financial Advice Market Review (FAMR)
- Platform Review
- Asset Management Market Review
- Retirement Outcomes