



Hargreaves Lansdown PLC

Unaudited preliminary results for the
year ended 30 June 2009

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.

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Chief Executive

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2009 Results Overview

2009 Results Overview



- A challenging year
 - financial crisis, volatile markets
 - net new business inflows
 - record levels of dealing activity
- Continued growth in revenue and profits
 - margins improved
 - tight cost management (costs increased by just 1%)
- 29% dividend growth
- Strong balance sheet

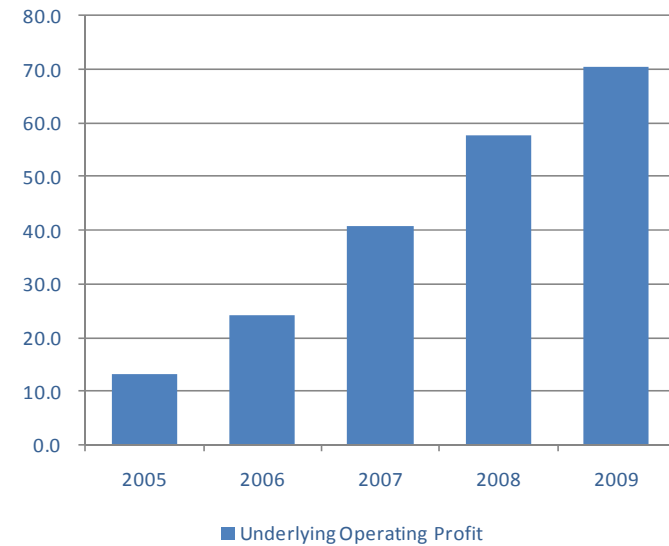
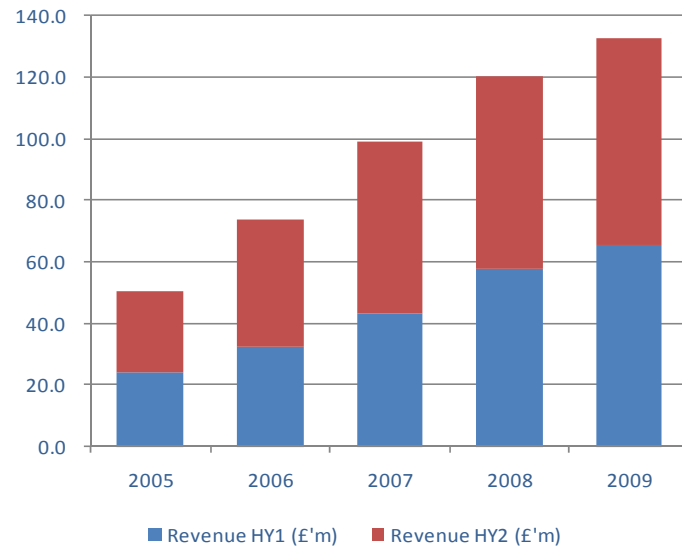
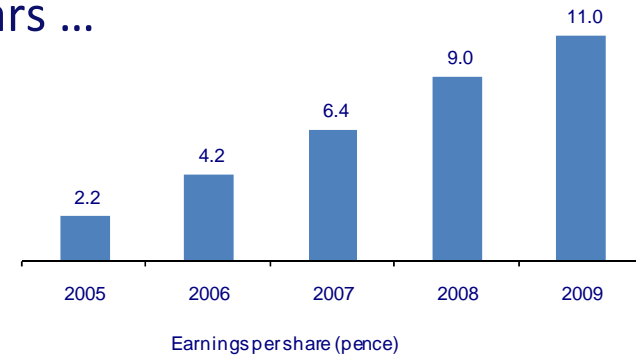
Progress



Compared to a market fall of 2.5% over the last 5 years ...

Compound annual growth of

- Revenue of 26% p.a
- Underlying EPS of 47% p.a
- Underlying operating profit of 48% p.a





Assets under administration and management

Assets under administration (AUA)



£1.8bn net new business inflows into Vantage (2008: £2.3bn)

	30 Jun 2009 £'bn	30 Jun 2008 £'bn	Movement
Assets Under Administration (AUA)			
- Vantage	10.7	10.0	
- Other	0.2	0.2	
AUA Total	10.9	10.2	up 7%
Assets Under Management (AUM)			
- Portfolio Management Service (PMS)	1.0	0.9	
- Multi-manager funds excluding PMS	0.4	0.4	
AUM Total	1.4	1.4	-
Less: Multi-manager funds in Vantage	(0.4)	(0.4)	
Total Assets under Administration	11.9	11.1	up 7%
FTSE All Share index	2,172.1	2,855.7	down 24%

Movement in Vantage AUA



71% of Vantage AUA in tax wrappers (2008: 73%)

YE 30 June 2009	ISA £'bn	SIPP £'bn	F&S £'bn	Vantage £'bn	Mvmt
Opening AUA	5.0	2.3	2.7	10.0	
Net New Business	0.5	0.9	0.4	1.8	18%
Market movements*	(0.8)	(0.2)	(0.1)	(1.1)	-11%
Rounding	0.0	(0.1)	0.1	0.0	
Closing AUA	4.7	2.9	3.1	10.7	7%

YE 30 June 2008	PEP/ISA £'bn	SIPP £'bn	F&S £'bn	Vantage £'bn	Mvmt
Opening AUA	5.0	1.4	2.7	9.1	
Net New Business	0.7	1.1	0.5	2.3	25%
Market movements*	(0.7)	(0.2)	(0.5)	(1.4)	-16%
Closing AUA	5.0	2.3	2.7	10.0	10%

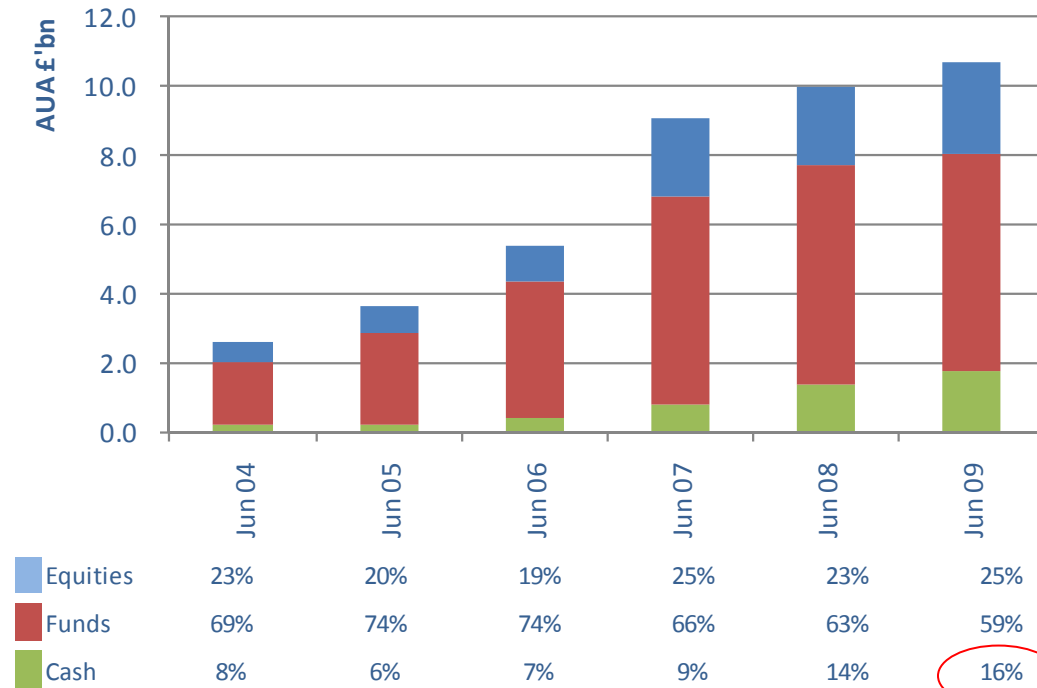
* Market movements includes other growth factors, such as retained investment income, totalling £0.1Bn (2008: £0.1 Bn)

PEP and ISA figures are shown as a combined ISA total following changes to regulations which permits consolidation of these accounts. Figures contain roundings.

Vantage AUA by asset class



Vantage AUA: 2004 to 2009

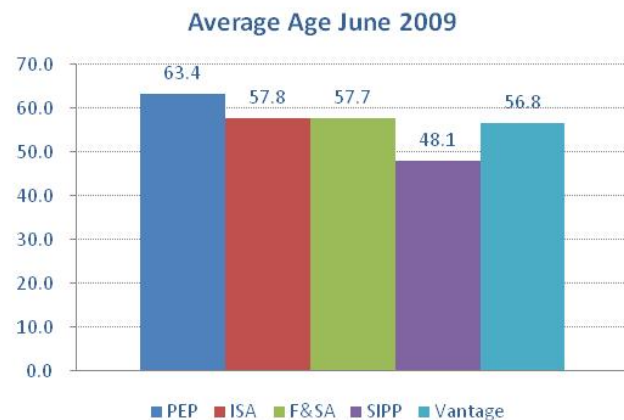


- Each asset class generates revenue at different rates
- Growth in cash in year, led by SIPP and market conditions
- Exceptional interest rate environment 2008/09

Profile of Vantage clients



		30 Jun 2009	30 Jun 2008	Mvmt
Value of Vantage accounts	£' billion	10.7	10.0	7%
Number of active Vantage clients	'000	276	245	13%
Number of active Vantage accounts	'000	432	427	1%
Average client value	£'000	38.8	40.8	-5%
Average age	Years	56.8	57.5	-0.7



- Increase to number of Vantage clients
- Consolidation of PEP/ISA accounts
- 66% registered for online access
- Increased proportion of online dealing

Discretionary - AUM



	30 Jun 2009	30 Jun 2008	Movement
Portfolio Management Service	£982m	£929m	6%
Multi-manager excl. PMS	£412m	£443m	-7%
Total AUM	£1,394m	£1,372m	
Vantage assets in HL multi-manager	£395m	£424m	
PMS assets in HL multi-manager	£878m	£588m	
% PMS in HL multi-manager	89%	63%	41%
Number of PMS clients	10,215	8,763	17%
Average client value	£96.2k	£106k	-9%

Advisor numbers down from 86 to 75

Net new business inflows £201m (2008: £278m)

New Multi Manager Bond Fund launched February 2009



Financial Highlights and Results

2009 Financial Highlights

Continued strong performance



	Year ended 30 Jun 2009	Year ended 30 Jun 2008	Movement
Revenue	£132.8m	£120.3m	10%
Administrative expenses	£63.0m	£62.6m	1%
Operating profit margin	52.5%	48.0%	+4.5 pts
Profit before tax	£73.1m	£60.9m	20%
Underlying earnings per share	11.0p	9.0p	22%
Dividends per share	10.101p	7.809p	29%

Revenue growth led by Vantage

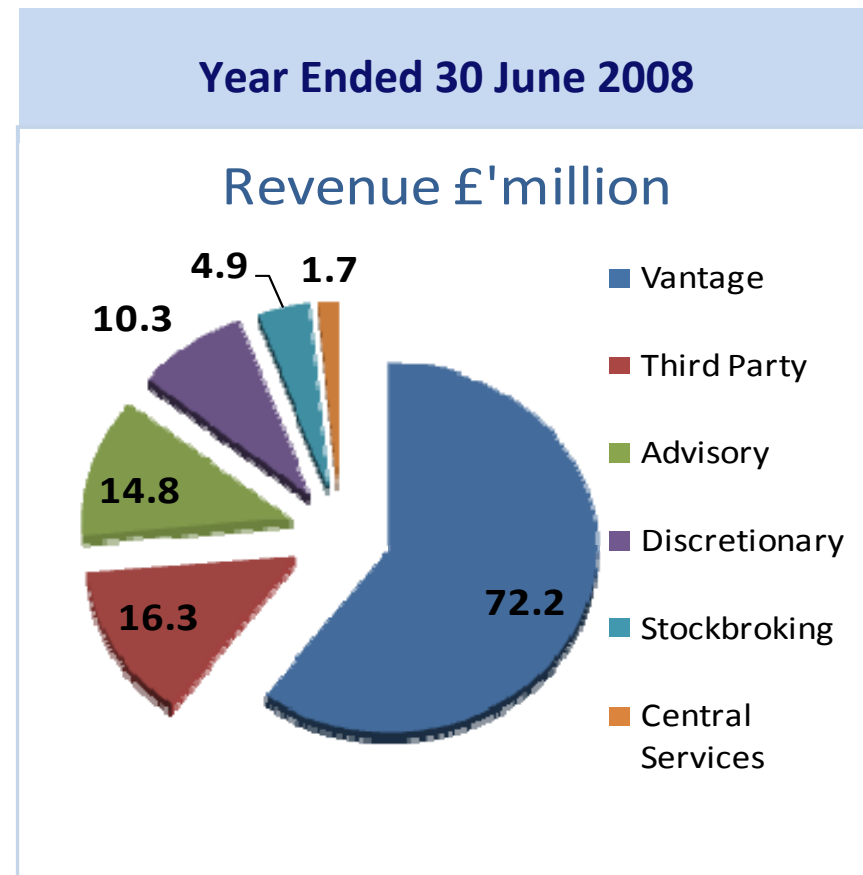
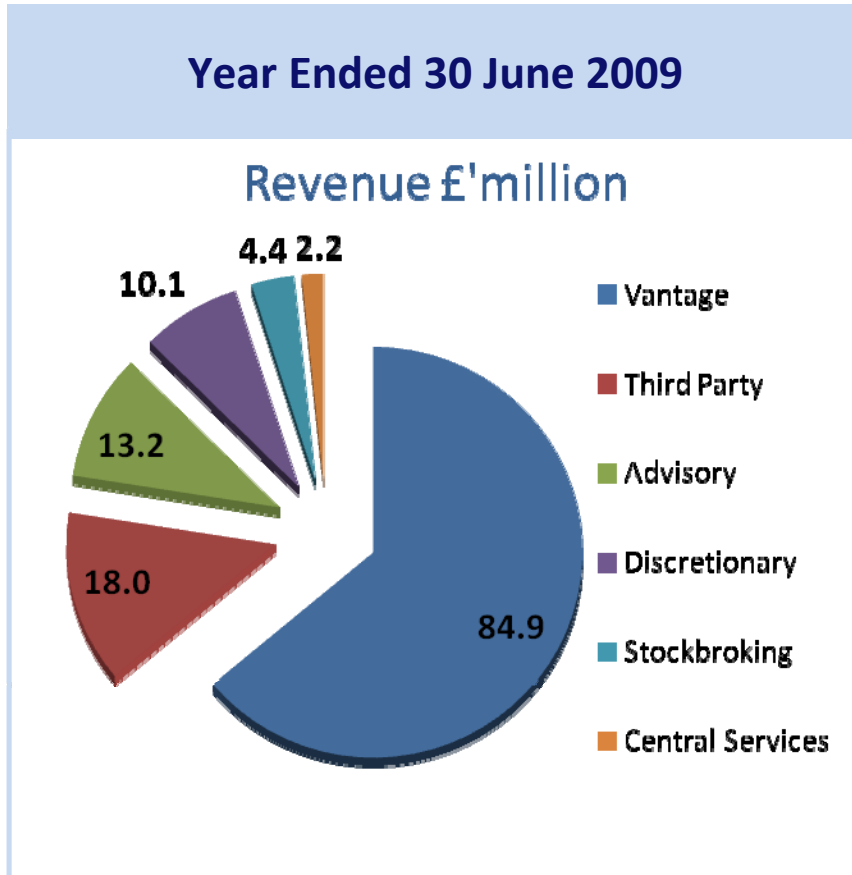
Costs well controlled

Dividend payout 90% of post tax profits

Revenue by division



Increased revenue in Vantage and Third Party



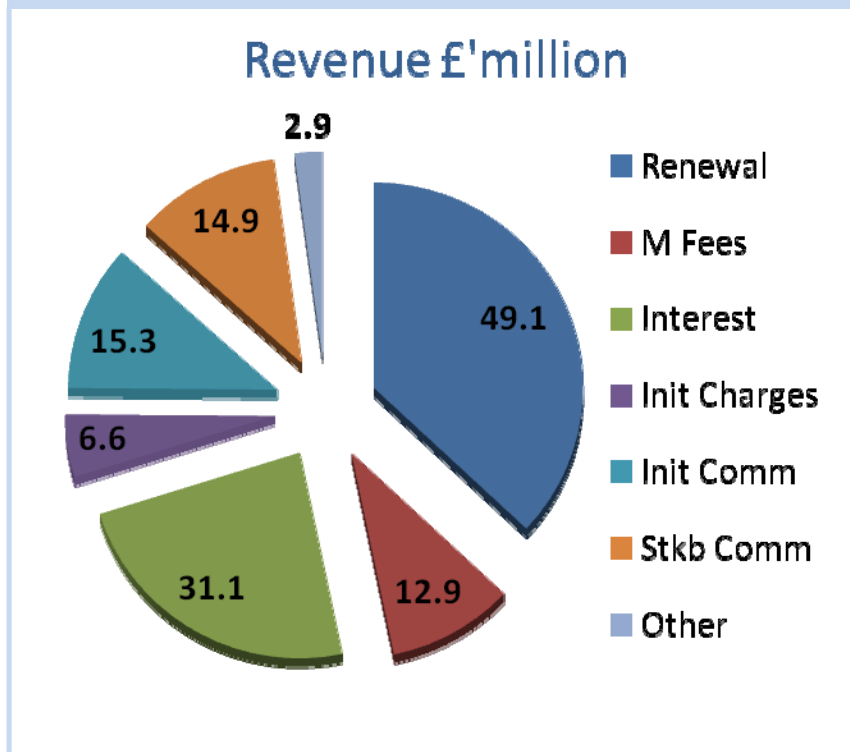
Average Vantage revenue margin up to 90 bps (2008: 74bps), boosted by equity dealing commissions, higher proportion of cash, and exceptional interest rates on cash deposits

Revenue by type

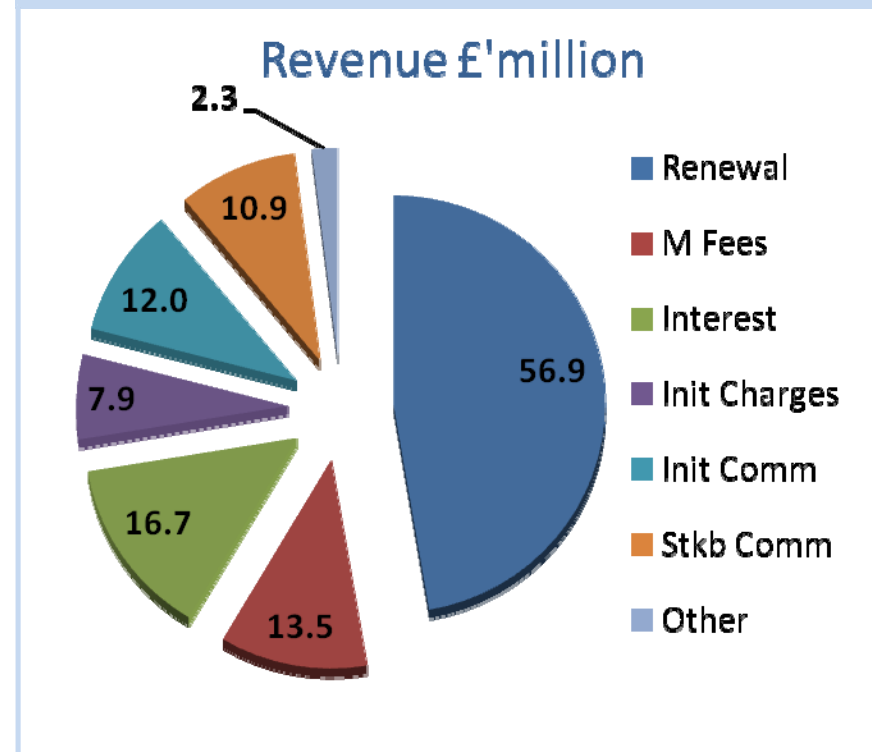


70% recurring income (FY 2008: 72%)

Year Ended 30 June 2009



Year Ended 30 June 2008



Administrative costs



Continued focus on cost control

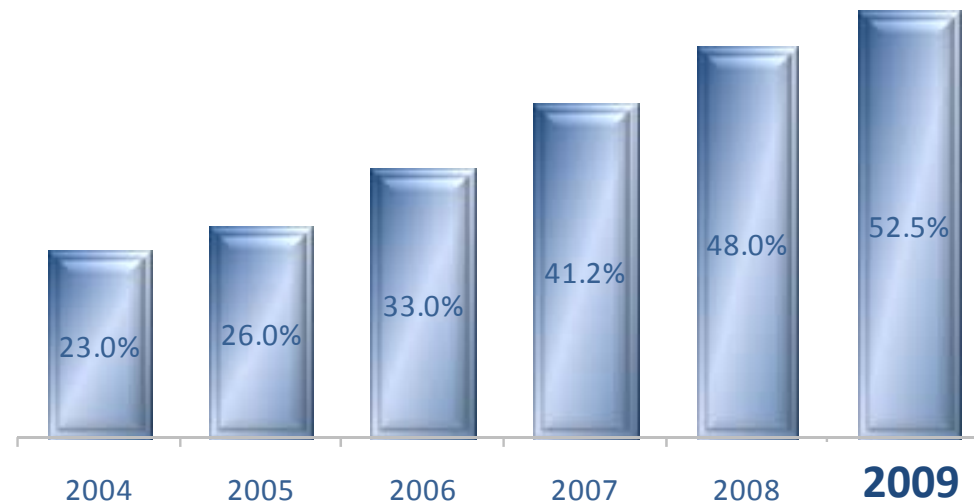
	Year ended 30 Jun 2009 £'m	Year ended 30 Jun 2008 £'m
Staff costs	37.2	36.5
Commission payable	8.3	10.2
Marketing spend	6.0	6.2
Depreciation, amortisation and financial costs	1.9	1.4
Other administrative costs and overheads	9.6	8.3
Total administrative expenses	63.0	62.6
Average number of staff	607	657

Operating profit margin



- HL business model is scalable
- Revenue depends on asset values
- Margins vary across divisions

Profit Margin Growth

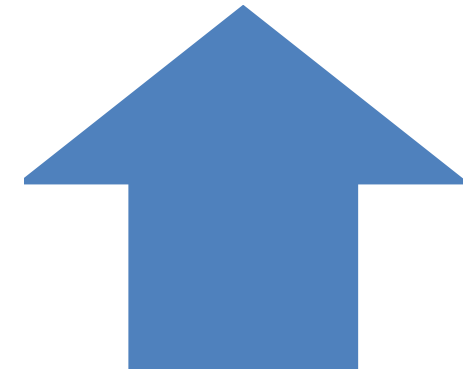


Profit margin mix across divisions



2009 % of total revenue	Profit Margin by division	Year ended 30 Jun 2009	Year ended 30 Jun 2008	Movement
	Average Profit Margin	52.5%	48.0%	+4.5 pts
	Above Average			
3%	3rd Party Investments	70% - 80%	70% - 80%	↔
8%	Discretionary	70% - 80%	70% - 80%	↔
64%	Vantage	60% - 70%	50% - 60%	↑
3%	Stockbroking	60% - 70%	50% - 60%	↑
	Below Average			
4%	3rd Party Personal L&P	40% - 50%	0% - 10%	↑
7%	3rd Party Corporate	30% - 40%	10% - 20%	↑
10%	Advisory	10% - 20%	10% - 20%	↔

above average



2009 margin 52.5%



below average

Balance sheet and regulatory capital



Regulatory Capital	30 Jun 2009 £'000	30 Jun 2008 £'000
Share capital & reserves	84,650	70,311
Intangible assets	(237)	(291)
Regulatory adjustments	(1,333)	(1,333)
Net capital	83,080	68,687
Regulatory requirement	6,815	5,765
Surplus group capital	76,265	62,922
Proposed dividend	(32,700)	(22,003)
Total	43,565	40,919
Surplus of regulated companies	£34m	£26m

Balance Sheet	30 Jun 2009 £'000	30 Jun 2008 £'000
Non current assets	5,187	7,119
Own cash	77,185	64,465
Other current assets	88,051	81,545
Total assets	170,423	153,129
Current liabilities	84,989	82,374
Non current liabilities	784	444
Total liabilities	85,773	82,818
Net Assets	84,650	70,311
Equity	84,650	70,311

Regulatory capital increases with retained earnings, reduced by dividends and any acquisition of intangible assets. Regulatory requirement increases as business grows.

Simplified cash flow statement



Strong organic cash generation

Year ended 30 June 2009	HL Cash £'m	Client Settlement £'m	Total £'m
Cash brought forward	64	4	68
Profit after tax	52	-	52
Non cash – incl. depreciation	2	-	2
Tax charged less tax paid	1	-	1
Dividend	(36)	-	(36)
Capital expenditure	(1)	-	(1)
Purchase of investments	(1)	-	(1)
Decrease in trade debtors	(3)	3	-
Increase in trade creditors	1	3	4
EBT transactions	(2)	-	(2)
Cash carried forward	77	10	87

• Profits readily converted to cash

• High dividend capacity

• Ordinary dividend 7.294p and special dividend 2.807p



Outlook

Regulation



- Retail Distribution Review, from December 2012
 - Execution only business likely to be unaffected
 - Advisory business well positioned
 - No retrospective changes
 - Competitors
- FSA thematic review of Platforms in Autumn 2009

Risk management



- ✔ FSA emphasis following the banking crisis
- ✔ Stress testing against extreme stress scenarios
- ✔ Increased emphasis on co-ordinating risk management
- ✔ Low risk appetite
- ✔ Continued emphasis on Treating Clients Fairly

Outlook



Opportunities

- SIPP, transfers
- ISAs – increased allowance
- Annuities
- More people needing advice
- Low interest rates forcing investment decisions

Future developments

- IT/platform capability and resilience
- New offices

Other factors

- Regulation
- Budget, tax changes, interest rates

Group strategy



- Continued focus on service

- Continuous improvements to platform and infrastructure
- Encourage online take-up and range of services

- Maintain tight cost control

- Re-location of staff into a single location

- Maintain dialogue

- Flexibility, responsiveness and opportunism

- Maintain and improve profile

- Innovative advertising and marketing

- Client satisfaction

Conclusions



- Resilient business model
 - cash generative, profitable business, strong client recruitment
- Medium/long term factors remain positive
- Asset gathering - net business inflows
- Growth remains our goal
- Market performance will be key in FY2010

We have the right business model, well placed for the future



Appendices

Vantage Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	38.6	45.0	-14%
Management fees	3.7	3.9	-5%
Interest receivable	29.7	15.1	97%
Initial commission	0.9	0.8	12%
Stockbroking commission	11.8	7.2	64%
Non investment income	0.3	0.3	-
Total	84.9	72.2	18%
% of Group revenue	64%	60%	

Third Party Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Corporate Pensions	9.2	7.0	31%
Investments	4.0	5.6	-29%
Personal life and pensions	4.8	3.8	26%
Total	18.0	16.3	10%
% of Group revenue	14%	14%	

Third Party Corporate Pensions Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	0.9	0.7	29%
Initial commission	8.0	5.9	36%
Advisory fees	0.4	0.3	33%
Total	9.2	7.0	31%
% of Group revenue	7%	6%	

Third Party Investments Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	3.8	5.3	-28%
Initial commission	0.2	0.3	-33%
Total	4.0	5.6	-29%
% of Group revenue	3%	5%	

Third Party Personal Pensions Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	0.3	0.4	-25%
Initial commission	4.5	3.4	32%
Total	4.8	3.8	26%
% of Group revenue	4%	3%	

Advisory Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	1.0	0.9	11%
Management fees	3.7	4.0	-8%
Initial charges	6.6	7.9	-16%
Initial commission	1.8	1.6	13%
Advisory fees	0.2	0.4	-50%
Total	13.2	14.8	-11%
% of Group revenue	10%	12%	

Discretionary Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	4.6	4.6	-
Management fees	5.3	5.3	-
Interest receivable	0.1	0.1	-
Other	0.2	0.3	-33%
Total	10.1	10.3	-2%
% of Group revenue	8%	9%	

Stockbroking Revenue



	Year ended 30 Jun 09 £'m	Year ended 30 Jun 08 £'m	Movement
Renewal commission	0.0	0.0	100%
Management fees	0.3	0.3	-
Interest	0.2	0.5	-60%
Dealing commission	3.1	3.8	-18%
Non investment income	0.7	0.3	133%
Total	4.4	4.9	-10%
% of Group revenue	3%	4%	

Vantage AUA by wrapper

71% of Vantage AUA in tax wrappers (2008: 73%)



At 30 Jun 2009	ISA	SIPP	F&S	Vantage
Equities	13%	18%	51%	25%
Funds	78%	45%	41%	59%
Cash	9%	37%	8%	16%
% of Vantage	44%	27%	29%	100%
At 30 Jun 2008	PEP/ISA	SIPP	F&S	Vantage
Equities	12%	18%	48%	23%
Funds	79%	49%	45%	63%
Cash	9%	33%	7%	14%
% of Vantage	50%	23%	27%	100%

Vantage revenue and AUA



Vantage revenue	Year Ended 30 June 2009		Year Ended 30 June 2008	
	Revenue £'m	Avg Assets £'bn	Revenue £'m	Avg Assets £'bn
Renewal commission	38.6		45.0	
Initial commission	0.9		0.8	
Total revenue from qualifying funds	39.5	5.4	45.8	6.2
Stockbroking commission	11.8		7.2	
Management Fees	3.7		3.9	
Total revenue from non-qualifying stock	15.5	2.4	11.1	2.4
Total revenue from cash	29.7	1.6	15.1	1.1
Other income	0.3		0.3	
Total	84.9	9.4	72.2	9.7