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2019 FULL YEAR RESULTS

HARGREAVES
LANSDOWN

GROWTH AND DEVELOPMENT IN 2019

Executing the strategy

Clients

- 1,224,000 active clients
- £99.3bn assets under administration
- £1bn Active Savings
- £300m Global Fund launch
- The best client service in the market¹

Growth

- 133,000 new active clients
- £7.3bn net new business
- £305.8m profit before tax
- Dividend increase of 5%

1. Platform UK D2C: The Investor Experience, November 2018

PHILIP JOHNSON

CFO UPDATE

FINANCIAL HIGHLIGHTS

£ million	2019	2018	+/-
Revenue	480.5	447.5	7%
Profit before tax	305.8	292.4	5%
Diluted EPS	52.0p	49.6p	5%
Total dividend per share	42.0p	40.0p	5%
<i>Total dividend payout ratio</i>	<i>81%</i>	<i>81%</i>	

Revenue
+7%

Average FTSE All Share
(4%)

Profit before tax
+5%

Total dividend
+5%

REVENUE BY ASSET TYPE

81% recurring revenues

Asset class	2019 revenue £ million	2018 revenue £ million	+/-	2019 average AUA £ billion	2018 average AUA £ billion	+/-	2019 margin bps	2018 margin bps	2019 closing AUA £ billion
Funds	206.2	198.0	4%	50.6	48.4	5%	41	41	53.8
Shares	86.2	89.6	(4%)	31.4	28.3	11%	27	32	33.7
Cash	73.2	42.1	75%	10.2	8.8	16%	72	48	10.7
HL Funds	68.3	67.2	2%	9.2	9.1	1%	74	74	9.4
Other ⁽¹⁾	46.6	50.6	(8%)	0.5	-				1.0
Double count ⁽²⁾	-	-		(9.1)	(9.1)				(9.4)
	480.5	447.5	7%	92.8	85.5	9%			99.3

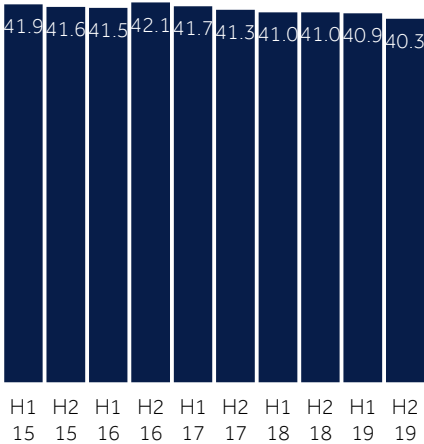
⁽¹⁾ Includes Active Savings

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

REVENUE MARGINS

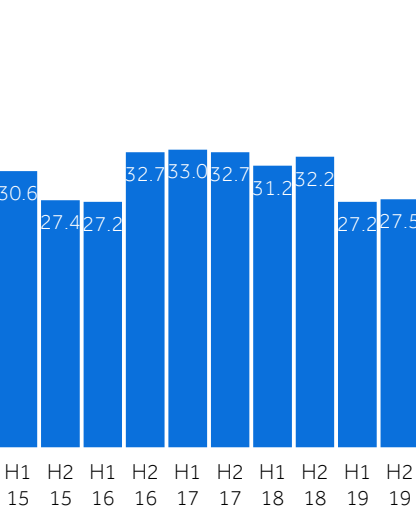
Stability over time

FUNDS
Guidance: 40-41bps

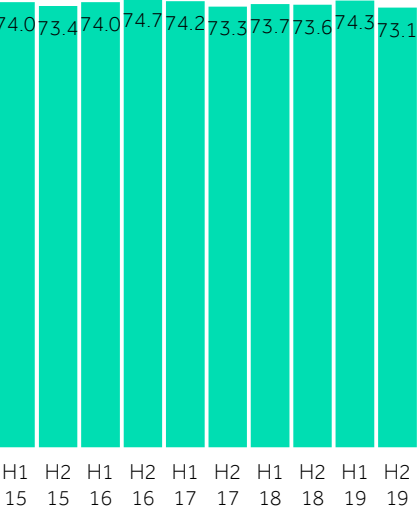


■ Platform fee, post RDR

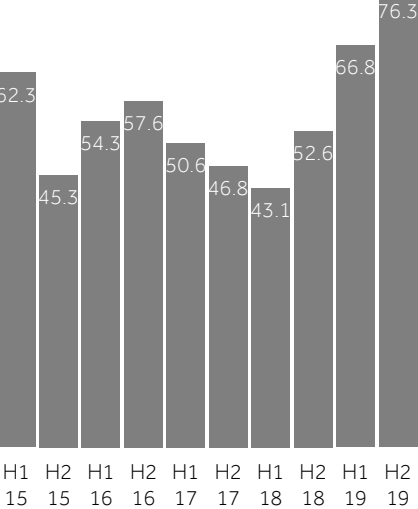
SHARES
Guidance: 26-32 bps



HL FUNDS
Guidance: 70-75bps



CASH
Guidance: 70-80bps



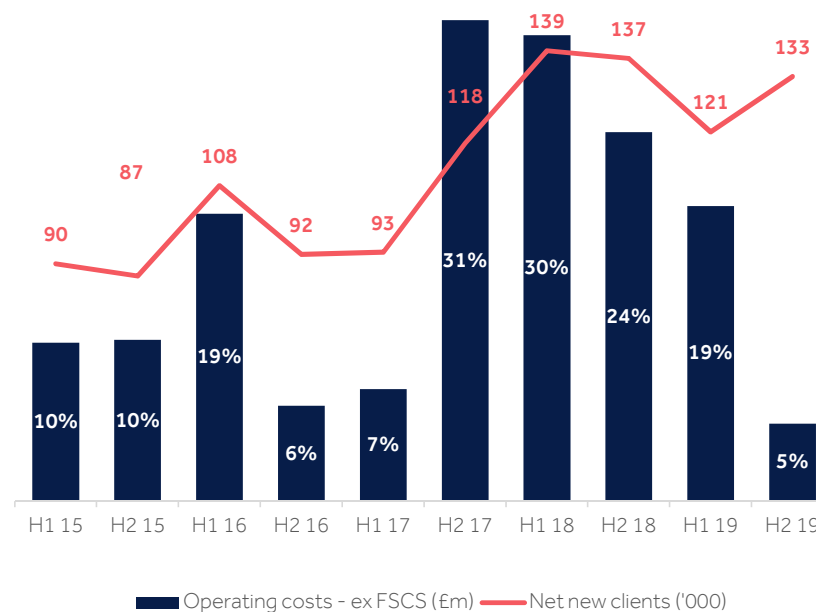
OPERATING COSTS

Moderating the rate of investment in line with client growth

£ million	2019	2018	+/-
Staff costs	97.2	87.4	11%
Marketing	12.7	16.3	(22%)
Dep'n & financial costs	12.4	10.3	20%
Other costs	50.3	41.2	22%
Costs (excl FSCS levy)	172.6	155.2	11%
FSCS levy	6.8	3.5	94%
Total operating costs	179.4	158.7	13%

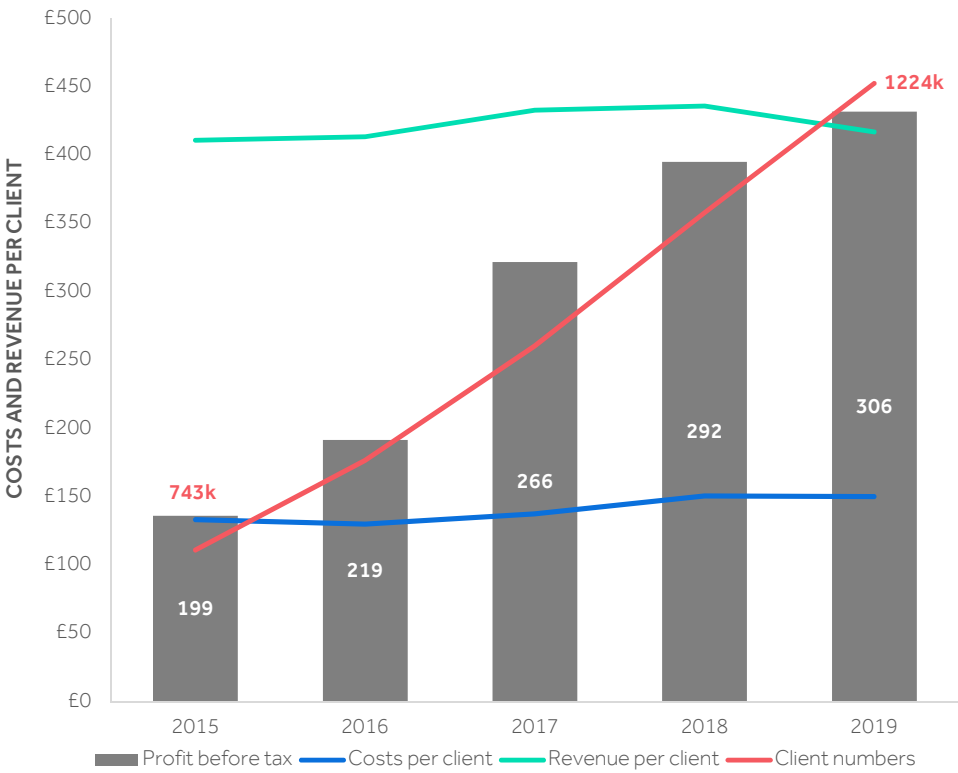
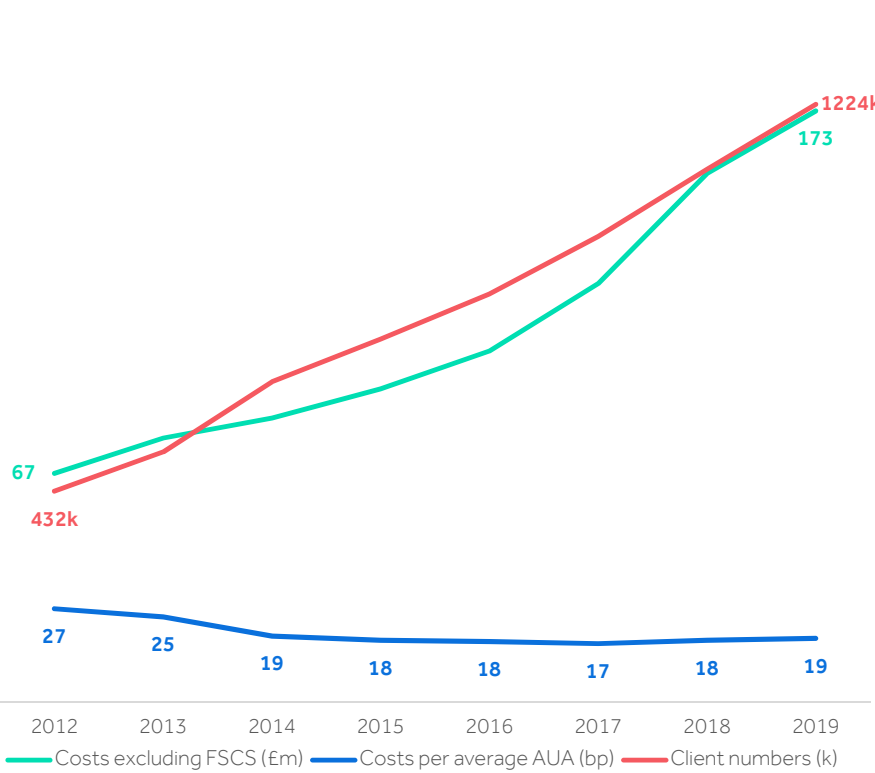
- Additional staff costs due to increased headcount
- Marketing down due to adoption of IFRS 15 and external conditions
- Other costs up due to professional fees, irrecoverable VAT and new office space
- FSCS levy rebased upwards due to restructure of fee blocks

HY costs vs HY comparable period



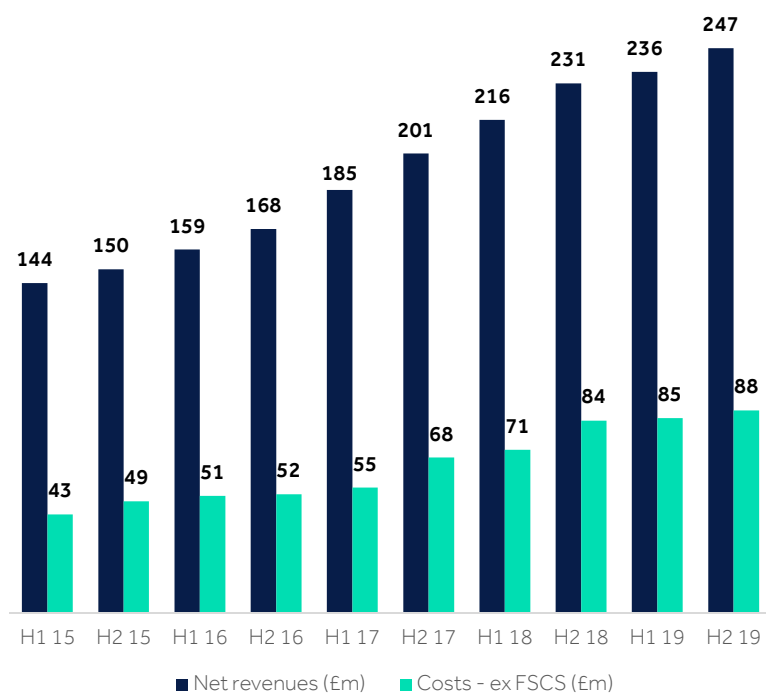
SCALING PROFITS BY ADDING CLIENTS

Driving growth by reinvesting into proposition, capabilities and service



PROFIT BEFORE TAX AND EPS

Continued revenue increases allied with tight cost management

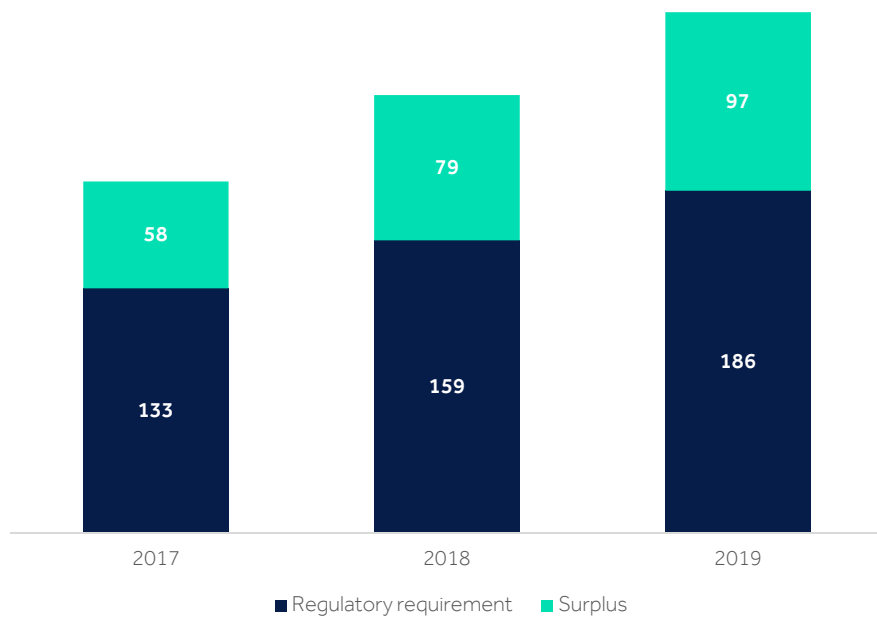


€ million	2019	2018	+/-
Operating profit	303.3	291.1	4%
Finance income	2.8	1.5	
Finance costs	(0.3)	(0.2)	
Profit before tax	305.8	292.4	5%
Tax	(58.2)	(55.7)	
Profit after tax	247.6	236.6	5%
Diluted share count (m)	475.8	475.4	
Diluted EPS (p)	52.0	49.6	5%

CAPITAL

Maintaining healthy surplus against regulatory capital

Capital and resources



£ million	2019
Shareholder funds	458
Less: intangible assets and other deductions	(24)
Tangible capital	434
Less: provision for dividend	(150)
Qualifying capital	284
Less: regulatory capital requirement	(186)
Capital surplus	98

DIVIDENDS

Operating our communicated dividend policy

Pence per share	2019	2018	+/-
Interim	10.3	10.1	2%
Final	23.4	22.1	6%
Total ordinary	33.7	32.2	5%
Ordinary dividend payout ratio	65%	65%	
Special	8.3	7.8	6%
Total	42.0	40.0	5%
Total dividend payout ratio	81%	81%	

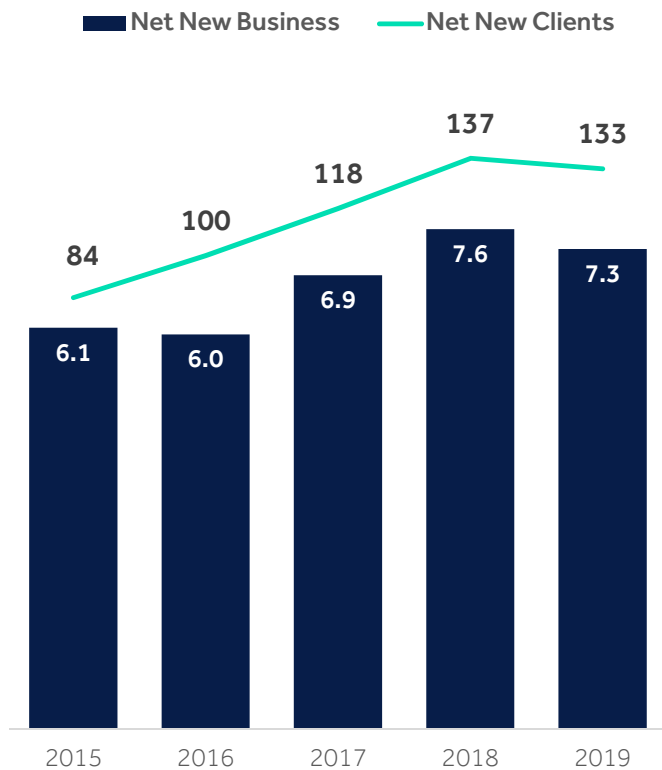
- Progressive ordinary dividend, with intention of maintaining payout ratio at 65% across the cycle
- Retentions to fund growth, investment and regulatory capital needs
- Commitment to returning excess cash via special dividends
- Ordinary, special and total dividends all increased by 5%, in line with profits

CHRIS HILL

CEO UPDATE

GROWTH

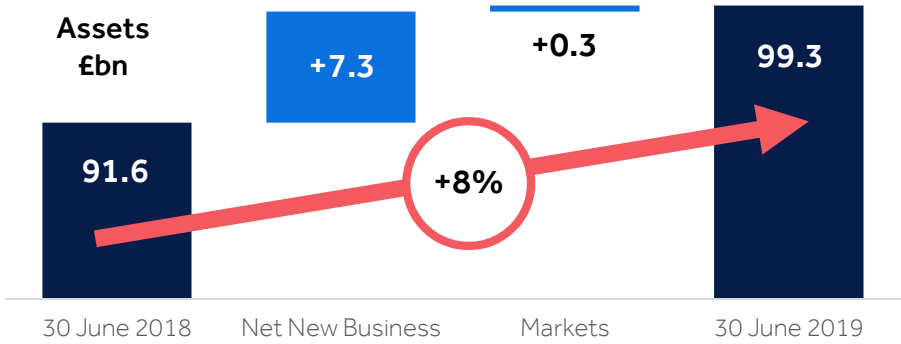
Driven by focused execution



- **Strong and sustained growth** in challenging market conditions
- Achieved through:
 - **Improved marketing effectiveness** from tailored communications
 - **Enhanced client experience** from new propositions, technology upgrades and even better service
- We continue to build momentum and deliver:
 - **Active Savings** allowing clients to manage cash alongside their investments
 - **HL Select Global Fund** launch was our most successful ever
 - **Direct book transfers** underscoring the value that HL offers

OUR OPPORTUNITY

Increasing share in a growing market



- We have a **significant opportunity**
- The market is large and growing
- We're approaching from a **position of strength**:
 - Direct platform market share 40.5%¹
 - Execution-only stockbroking market share 34.1%³
- We are generating new business from across the addressable wealth and cash markets
- We are growing our addressable market

1. Platforum UK D2C Market Update July 2019; data as at 31 March 2019
 2. Oliver Wyman. Addressable wealth includes self-directed, financial adviser and independent wealth manager segments mainly serving upper affluent.

3. Source: Compeer Limited XO Quarterly Benchmarking Report Quarter 1 2019

OUR OPPORTUNITY

Clients need support across their whole lives

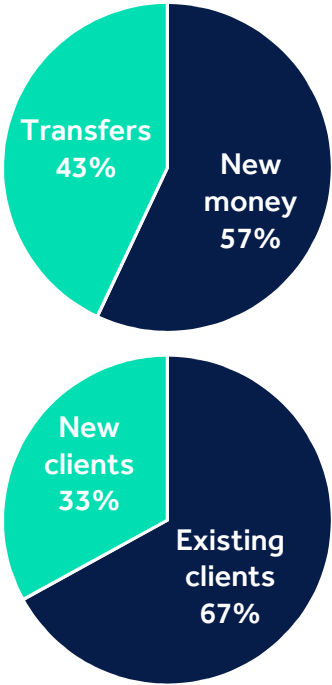
Structural market growth driven by need

- People are **living longer**
- **Shift of wealth** to older clients
- Ongoing **low asset yields**
- **Complex** savings environment
- **Auto-enrolment**

Clients want help and exceptional experience

- Help me understand
- Help me manage
- Just make it simple for me to do
- Compelling proposition
- Excellent service
- Tailored client engagement

Lifelong relationship



THE CLIENT IS AT THE CENTRE OF OUR STRATEGY

Value in our relationship for clients

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

Delivering an
outstanding
client
experience

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

MAINTAINING EXCELLENT SERVICE

Providing clients with the service they expect

Increasing client numbers



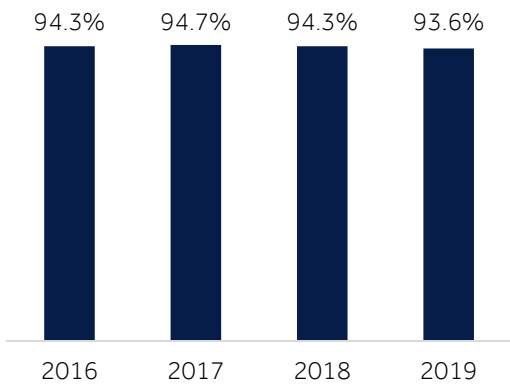
Improving service efficiency

Better call handling

More efficient processing

Faster transfers

Consistently high client retention



Net Promoter Score¹

48.7%

1. 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

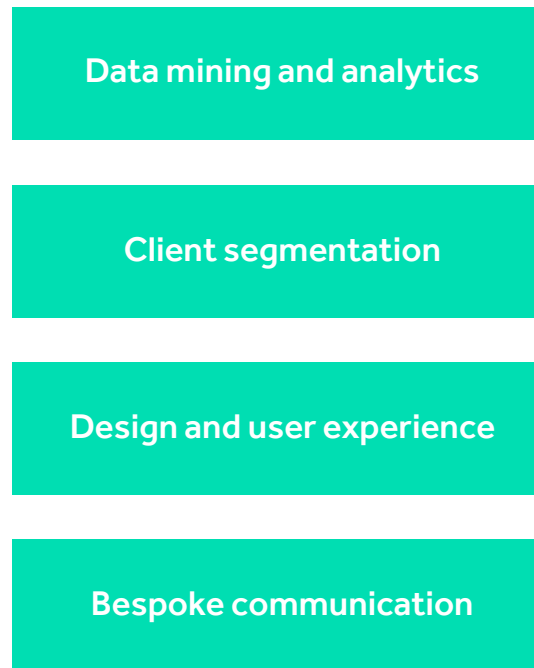
BETTER CLIENT UNDERSTANDING

Developing capabilities to build relationships

Unrivalled client engagement



Generating insight



Improving experience

- Marketing campaigns
- Email and direct mail
- Social media and video
- Digital search and display advertising
- Proposition and process improvement

WEALTH 50

Knowledge, information, insight, value and service

- Favourite funds lists empower clients to act with confidence
- Rigorous process for the benefit of clients run by our in-house experts
- Proven track record of performance and delivering value – on average funds have outperformed the index by 6% and their sector by 12%
- Clients have responded well to recent improvements
- FCA confirmed **favourite funds lists have an important role to play** in assisting investors to make their choices

Wealth 50 net flows



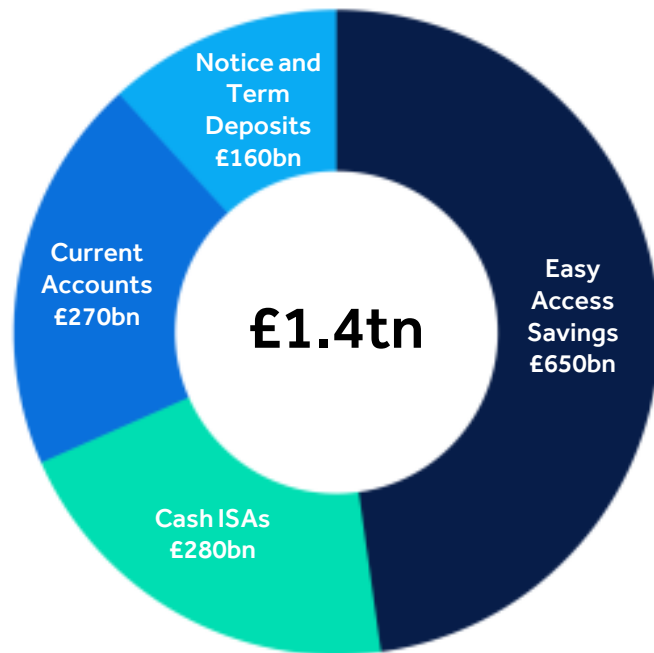
WOODFORD EQUITY INCOME FUND

- The recent suspension of the Woodford Equity Income Fund was **disappointing for all**
- We are **focused on getting the best outcome for our clients** and will continue to support them in understanding and managing the situation
- We remain **committed to providing the knowledge and insight** that our clients need
- **We will learn from this** and continue to improve our processes, transparency and governance, to ensure we provide the best client outcomes

ACTIVE SAVINGS

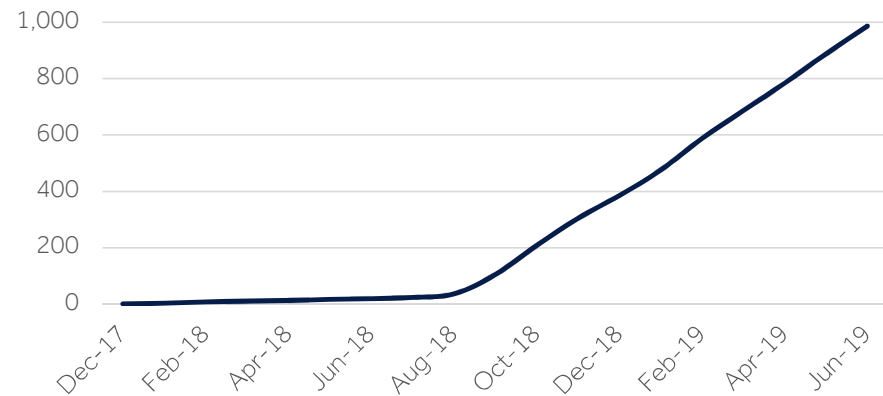
Making savings fair and simple

Household cash savings market



Source: Oliver Wyman

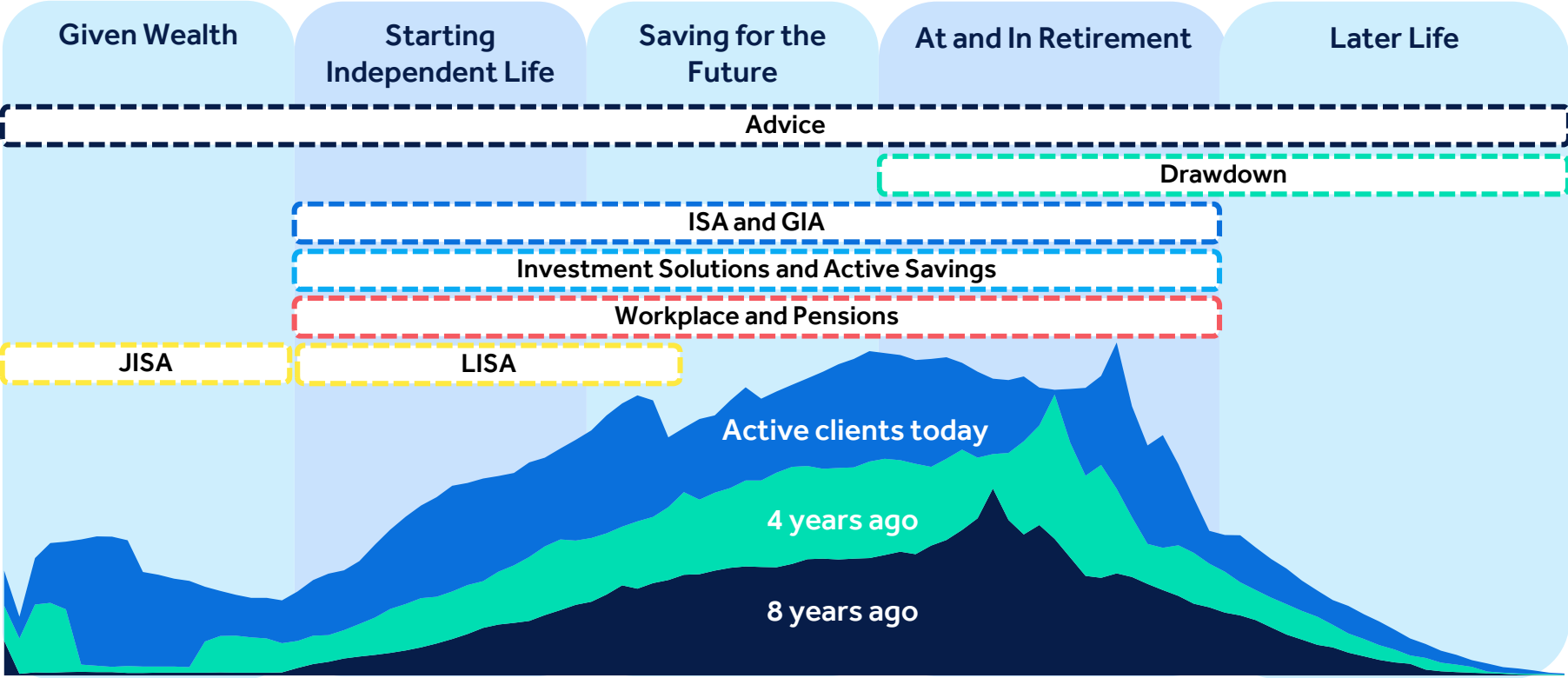
Assets £m



- **Simple switching** between banks and products
- **Launched Easy Access product in January**, making it even easier for clients to manage cash alongside investments
- **£1bn reached with more than 30,000 clients**; exciting market opportunity still ahead of us

LIFELONG RELATIONSHIPS WITH CLIENTS

Attracting a greater proportion of younger and wealthier clients



Age 0 100

OUTLOOK

Continued execution of our strategy

- Delivered strong growth in challenging markets
- We will continue to invest to build lifelong relationships with our clients
- Well positioned to capture the significant future opportunity

