

Interim Management Statement

Hargreaves Lansdown Plc

Hargreaves Lansdown Plc ('the Group') today publishes its Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency rules. This statement covers the period from 1 July 2013 to 14 October 2013, and includes trading results for the three months ended 30 September 2013 ("Q1 2014"). The comparatives are for 1 July 2012 to 30 September 2012 ("Q1 2013").

Summary

- Record level of Assets Under Administration ("AUA"), increasing by £2.9 billion in the three months to 30 September 2013 to £39.3 billion (June 2013: £36.4bn).
- Continued strong growth in assets. Net new business inflows of assets of £1.26bn (Q1 2013: £0.55bn).
- Total active client numbers rose by 20,000 (Q1 2013: 7,000) to 528,000.
- Revenue £77.9m, (Q1 2013: £68.7m).

The first quarter of the financial year is traditionally the quietest. However, we are pleased to report exceptional activity in the first quarter of the 2014 financial year.

Quarterly revenue, total Assets under Administration and client numbers have all achieved record levels. Revenue rose to a record performance for any quarter at £77.9 million, which is 13% up on the prior year.

Assets under Administration reached £39.3 billion as at 30 September 2013, an increase of £2.9 billion over the quarter. Key drivers have been strong net new business of £1.26 billion (an increase of 129% compared with the first quarter of last year), improved investor confidence, the success of strategic initiatives and improved stock markets. The FTSE All Share index has increased by 4.7% during the quarter to 3443.85.

Net new client numbers in the quarter were 20,000, representing a 186% increase over the same quarter last year.

The beginning of the second quarter has seen unprecedented public interest in the flotation of the Royal Mail. Public offerings of well-known companies have historically substantially boosted our client numbers. The rules of the offer prevent us from immediately disclosing details of participation through Hargreaves Lansdown, but suffice to say it was immense. In addition to interest from existing clients, a large proportion of our Royal Mail investors were new clients, many investing for the first time. Some will have used our services solely for facilitating short-term Royal Mail profits, but we expect to retain most as new investors. The net new clients gained will be reported in the next quarter.

A minority of clients experienced a reduction in service around the Royal Mail Share Offer period primarily because of the sheer demand to participate through Hargreaves Lansdown. We consider there are no notable financial implications, but we do not underestimate the inconvenience caused to some clients, and have apologised to clients who experienced delays. We will consider any lessons to be learned for the future.

On a cautionary note, the reduction of interest deposit rates continue to impact interest margin revenue and thus act as a short term, but material, headwind for revenue and profit.

In the second quarter we shall announce our new pricing structure for clients holding funds. As we have previously advised, whilst retaining focus on delivering security and the best service and information for clients, Hargreaves Lansdown's funds tariff will be highly competitive and appeal to both the small and large investor. We remain delighted with the results of our tender to fund managers seeking market leading fund charges for clients.

In the coming months we will be launching our iPad App and a number of other major new initiatives. We remain confident of growing the business further to the benefit of our clients and shareholders. As ever, future stock market levels and investor confidence will have a significant part to play during the remainder of our financial year.

Ian Gorham

Chief Executive
October 2013

Assets Under Administration

Total assets under administration at 30 September 2013 can be broken down as follows:

	30 Sept 2013 £'billion	30 June 2013 £'billion	30 Sept 2012 £'billion
Vantage Assets Under Administration (AUA)*	37.0	34.2	26.7
Assets Under Management (AUM)			
Portfolio Management Service (PMS)	2.3	2.1	1.7
Multi-Manager Funds held outside of PMS	1.3	1.2	0.9
AUM Total	3.6	3.3	2.6
Less: Multi-manager funds (AUM) included in Vantage AUA	(1.3)	(1.2)	(0.9)
Total Assets Under Administration and Management	39.3	36.4	28.5

* Figures are subject to rounding

Net new business for the first quarter came in at £1.26 billion which was 129% higher than the prior year (Q1 2013: £0.55 billion).

During the first quarter the value of assets held within the Vantage service, the Group's direct-to-private investor platform, increased by 8% from £34.2 billion at 30 June 2013 to £37.0 billion at 30 September 2013 (ISA £14.4 billion, SIPP £11.2 billion and Fund & Share £11.3 billion). This can be attributed to £1.2 billion net new business inflows and a £1.6 billion positive impact of stock market movements during the period.

The value of assets held in Hargreaves Lansdown's Portfolio Management Service (PMS) and range of multi-manager funds, increased by 10% from £3.34 billion as at 30 June 2013 to £3.66 billion as at 30 September 2013. Again this is attributable to net new business inflows of £0.19 billion and a £0.13 billion positive impact from investment performance.

Business volumes

Share dealing volumes for the first quarter totalled 582,000 representing a 62% increase on the previous year. This reflects both an improved investor confidence and the step change in the scale of our business.

The number of active Vantage clients increased by 20,000 (Q1 2013: 7,000) over the first quarter, from 500,000 as at 30 June 2013 to 520,000 as at 30 September 2013. The number of active accounts held by these clients increased from 722,000 to 747,000.

Hargreaves Lansdown continues to add clients and schemes to the Corporate Vantage service.

Operating revenue

Operating revenue by division:	Q1 2014 £'million	Q1 2013 £'million	% Increase
Vantage	60.9	53.7	+13%
Discretionary	10.5	7.4	+42%
Third Party & Other	6.5	7.6	-14%
Total	77.9	68.7	+13%

Note: In addition to the above operating revenue, the Group received £0.6 million of interest on its own cash in the three month period ended 30 September 2013 compared with £0.8 million for the same period in the previous year.

The key drivers of revenue growth have been the higher level of Vantage Assets under Administration compared to the same period in the previous year, and increased stockbroking commission from higher dealing volumes. These have more than offset the fall in interest revenue resulting from the significantly lower term deposit rates on offer. The proportion of assets held as cash at 30 September 2013 was 9.6% compared to 10.3% at 30 June 2013.

Financial position

On 27 September 2013 the Group paid a final dividend and a special dividend totalling £109.1m, as announced in September's Preliminary announcement. The Group's operating activities remain highly cash generative. Throughout the whole of the quarter the Group maintained a strong cash and balance sheet position, free from debt and with a high level of surplus regulatory capital.

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15 October 2013

Forward looking statements

This announcement contains forward-looking statements with respect to the financial condition, results and business of the Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. The Group's actual results may differ materially from the results expressed or implied in these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. This announcement is unaudited. This statement should not 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.