

Trading update Hargreaves Lansdown plc

Hargreaves Lansdown plc ('the Group') today publishes a trading update covering the period from 1 January 2016 to 18 May 2016, including trading data for the four and ten months ended 30 April 2016.

Highlights

- Net inflows of £2.30 billion in the four months to 30 April 2016 (four months to 30 April 2015: £2.75 billion).
- Cumulative total net inflows of £5.07 billion in the ten months to 30 April 2016 (ten months to 30 April 2015: £5.00 billion).
- 9% increase in AUA to £60.3 billion compared to 30 April 2015 (31 December 2015: £58.8 billion).
- Net new active Vantage clients up 38,000 in the four months (four months to 30 April 2015: 40,000).
- Total active clients as at 30 April 2016: 822,000 (30 April 2015: 715,000), up 107,000 (+15%) from one year ago.
- Continued high client and asset retention rates of 94.3% and 93.4% respectively for the ten months to 30 April 2016.
- Year-to-date total net revenue of £268.9 million (ten months to 30 April 2015: £241.0 million), up 12%.

Ian Gorham, Chief Executive, said

"Hargreaves Lansdown continues to maintain its market leading position as the most popular destination for UK retail investors, with strong new business and client growth for the period notwithstanding a challenging ISA season for the industry in the context of volatile market conditions, low investor confidence and 25% of investors quoting current uncertainty over EU membership as reducing their propensity to invest."*

*source: HL survey.

Growth

Total Assets Under Administration (AUA) comprise the following:

	30 Apr 16 £'billion	31 Dec 15 £'billion	30 June 15 £'billion	30 Apr 15 £'billion
Vantage AUA	57.4	55.9	52.3	52.4
Assets Under Administration and Management (AUM)				
Portfolio Management Services (PMS)	2.9	2.9	2.9	2.9
Multi-Manager Funds held outside of PMS	3.5	3.3	2.9	2.9
AUM Total	6.4	6.2	5.8	5.8
Less: Multi-manager funds (AUM) included in Vantage AUA	(3.5)	(3.3)	(2.9)	(2.9)
Total AUA	60.3	58.8	55.2	55.3

The value of assets held within the Vantage service, the Group's direct-to-private investor platform increased by 3% from £55.9 billion at 31 December 2015 to £57.4 billion at 30 April 2016, despite a decline in stock markets and reduced investor confidence reflecting volatile market conditions in the period.

The increase in Vantage AUA in the four months to April 2016 can be attributed to £2.30 billion net new business inflows offset by a £0.8 billion negative impact from a decline in the markets during the period. During the ten months to 30 April 2016, net business inflows to Vantage totalled £5.0 billion compared with £4.9 billion during the ten months to 30 April 2015. During the period the Group launched two new Multi-Manager funds, a High Income Fund and a Strategic Assets fund, which attracted initial new business of £153 million and £20 million respectively.

The number of active Vantage clients increased by 38,000 over the four months, from 775,000 as at 31 December 2015 to 813,000 as at 30 April 2016. The number of active accounts held by these clients increased from 1,058,000 to 1,106,000 and included an increase of 18,000 SIPP accounts and 24,000 ISA accounts, taking the totals to 270,000 and 565,000 respectively.

Operating performance

	Four Months Ended 30 April 2016 £'million	Four Months Ended 30 April 2015 £'million	Increase	10 Months Ended 30 April 2016 £'million	10 Months Ended 30 April 2015 £'million	Increase
Net operating revenue by division						
Vantage	82.5	71.6	+15%	201.8	179.8	+12%
Discretionary	19.8	18.1	+9%	48.9	42.6	+15%
Third Party & Other	7.8	7.2	+8%	18.2	18.6	-2%
Total	110.1	96.9	+14%	268.9	241.0	+12%

Net operating revenue for the four months is 14% higher than the corresponding period last year, and year-to-date net operating revenue is 12% higher. Revenue margins remain in line with our previous guidance.

In the year to 30 June 2016 the group expects to absorb a Financial Services Compensation Scheme levy estimated at £5.5m (2015: £4.6m). The FSCS levy is calculated and applied to companies on a formulaic basis to cover the costs of other defaulting regulated firms in the market and does not reflect any wrongdoing by Hargreaves Lansdown.

On 31 March 2016 the Group paid an interim dividend totalling £36.9m, as announced in February 2016 in the Interim Report. The Group's operations continue to be highly cash generative.

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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. Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.