

2021 ANNUAL RESULTS

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HARGREAVES
LANSDOWN

A YEAR OF RECORD GROWTH POSITIONING HL FOR THE FUTURE

Execution of client focused strategy as a digital wealth management service

Clients

- 233,000 Record new active clients
- 1,645,000 active clients
- 92.1% retention rate

Growth

- Record Net New Business of £8.7bn
- 42.9% share of D2C platform market¹
- 43.3% share of retail stockbroking²

Financials

- £135.5bn assets under administration
- £366.0m profit before tax
- Dividend of 50.5p

Leading Digital Wealth Management Service

- Record levels of digital engagement
- Further developments to Proposition and Service during the pandemic

PHILIP JOHNSON

CFO UPDATE

FINANCIAL HIGHLIGHTS

£ million	2021	2020	+/-
Revenue	631.0	550.9	15%
Underlying PBT (ex FundsLibrary)	366.0	339.5	8%
Profit before tax	366.0	378.3	(3%)
Underlying Diluted EPS	62.5p	57.8p	8%
Diluted EPS	62.5p	65.9p	(5%)
Underlying dividend per share	50.5	46.7p	8%

Revenue
+15%

Average FTSE All Share
(2.4%)

Underlying profit before tax
+8%

Underlying dividend
+8%

REVENUE BY ASSET TYPE

Resilient platform benefiting from diversified revenue streams

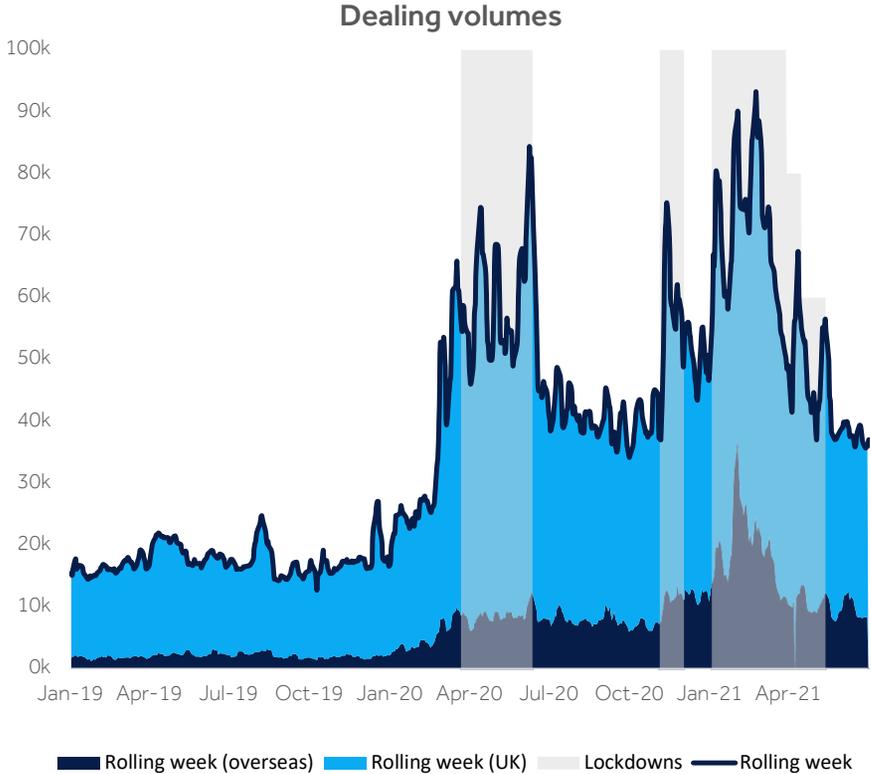
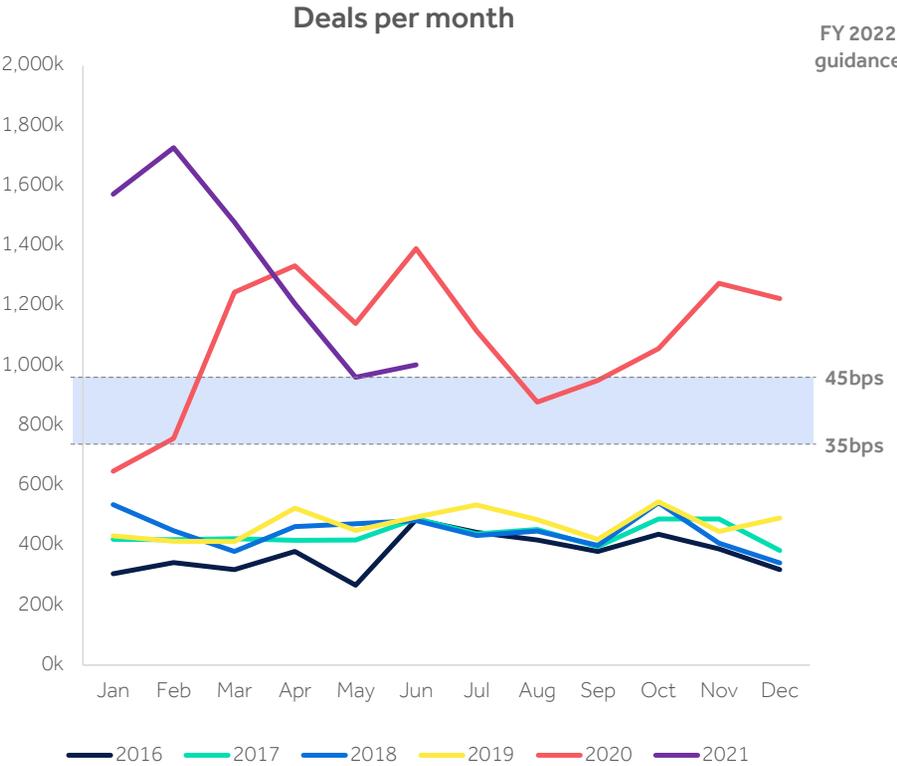
Asset class	2021 revenue £ million	2020 revenue £ million	+/-	2021 average AUA £ billion	2020 average AUA £ billion	+/-	2021 margin bps	2020 margin bps	2021 closing AUA £ billion
Funds	232.9	210.6	11%	58.5	52.3	12%	40	40	66.6
Shares	258.0	148.5	74%	45.1	34.3	31%	57	43	53.1
Cash	50.7	91.1	(44%)	13.0	12.3	6%	39	74	12.6
HL Funds	60.7	63.6	(5%)	8.4	8.7	(3%)	72	73	9.0
Other ⁽¹⁾	28.7	37.1	(23%)	2.8	1.7	65%			3.1
Double count ⁽²⁾	-	-		(8.3)	(8.6)				(9.0)
	631.0	550.9	15%	119.5	100.6	19%			135.5

⁽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

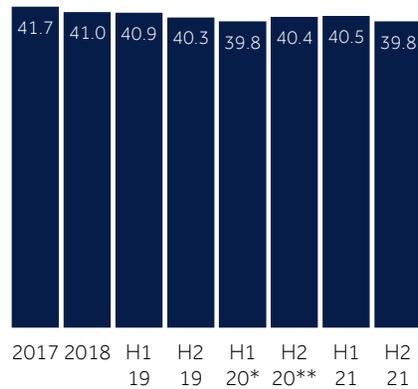
STOCKBROKING VOLUMES

Trading volumes, lockdowns and guidance



REVENUE MARGINS

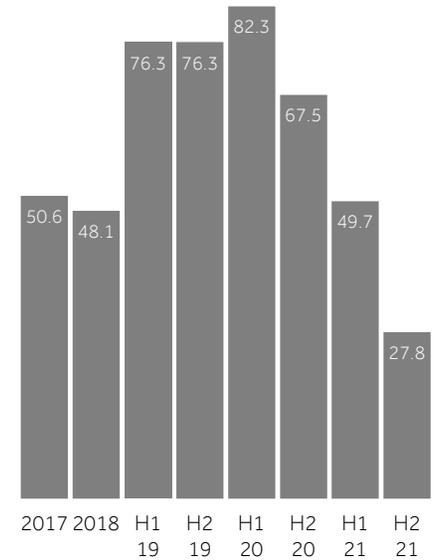
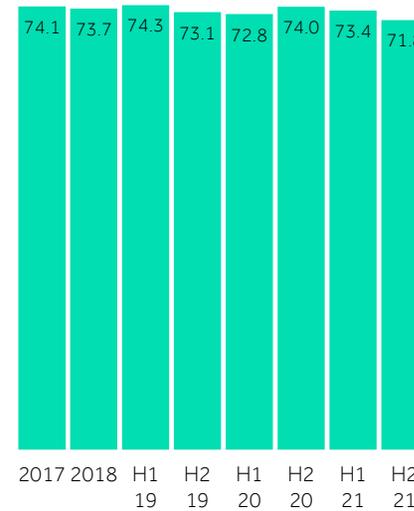
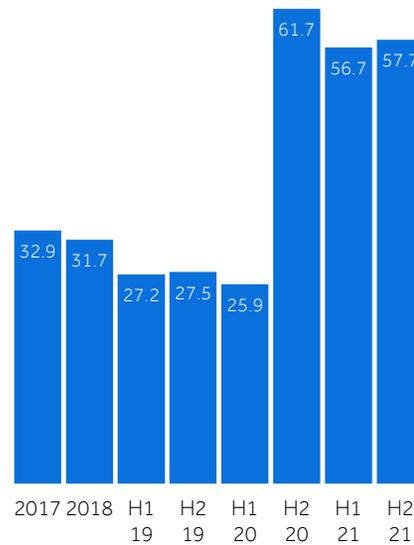
Trends and guidance



■ Platform fee, post RDR

*40.7bps without WEIF and WIF waiver

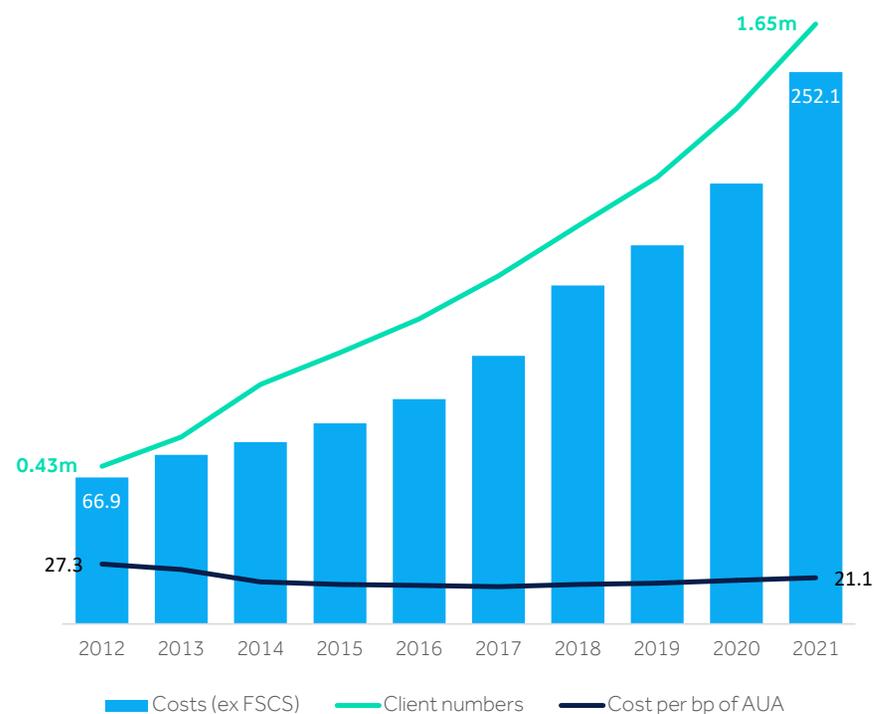
** 40.9 bps without WEIF and WIF waiver



OPERATING COSTS

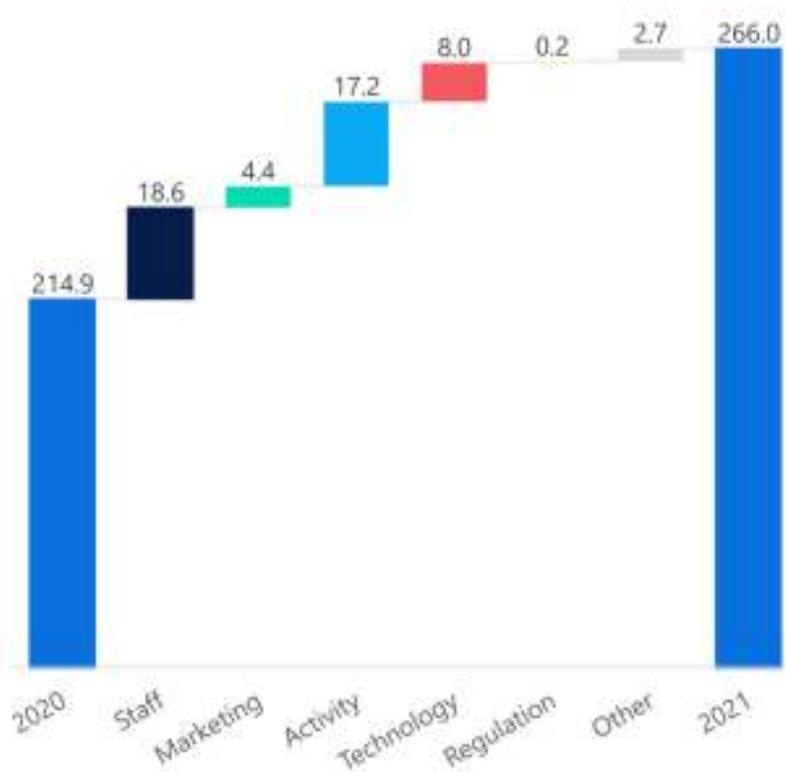
Growing in line with client numbers

£ million	2021	2020	+/-
Staff costs	119.8	101.2	18%
Marketing	28.3	23.9	18%
Dep'n & amortisation	16.2	13.1	24%
Activity costs	35.6	18.4	93%
Third party data and tech	22.8	14.8	54%
Other costs	29.4	29.8	(1%)
Costs (excl FSCS levy)	252.1	201.2	25%
FSCS levy	13.9	13.7	
Total operating costs	266.0	214.9	24%



OPERATING COSTS

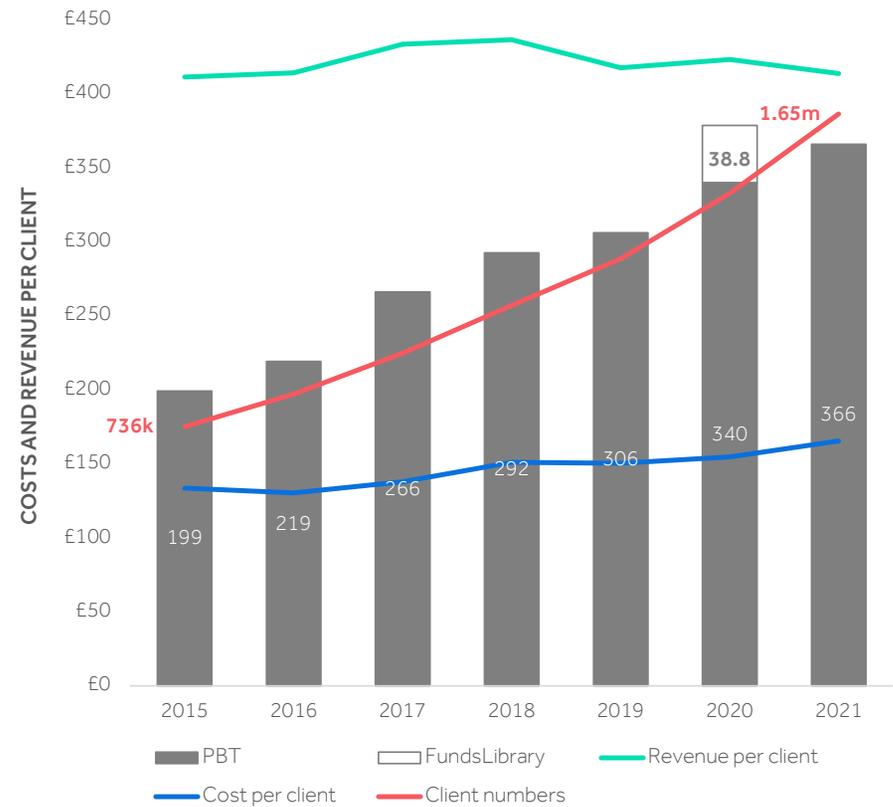
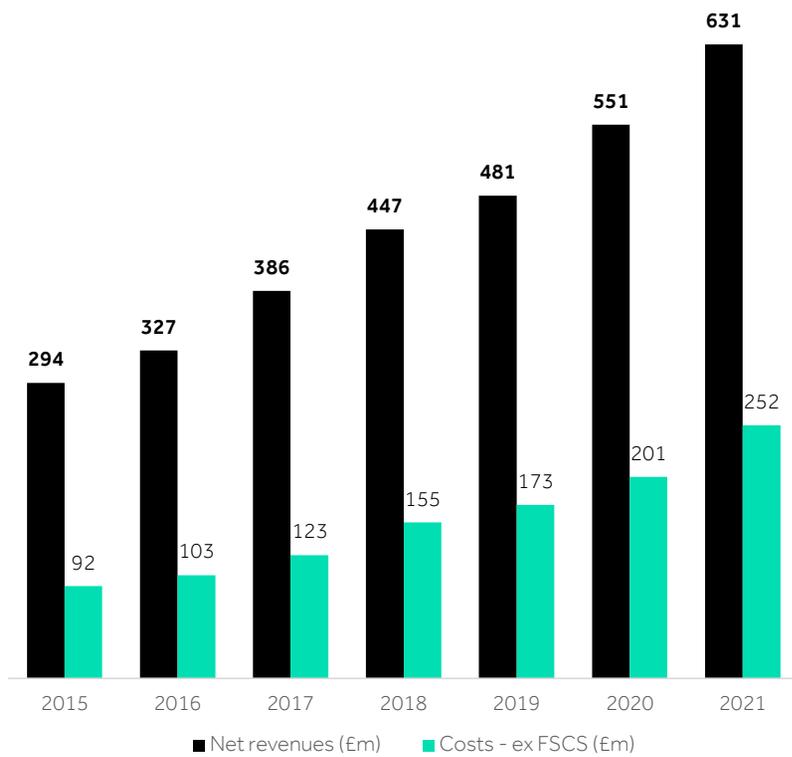
Supporting increased scale and record activity whilst delivering future capabilities



- Record levels of client acquisition and activity in 2021
- Consequent impact on servicing headcount, marketing and activity costs
- Investing in technology to remain compliant and improve longer-term offering and capabilities
 - Regulatory-driven (e.g. Retirement Outcomes, Making Transfers Simpler);
 - Payments (e.g. Stripe); and
 - Technology foundations (e.g. cloud, data)
- Continuing to invest through 2022 and beyond to capitalise on:
 - Strong performance through pandemic;
 - Significant market opportunity; and
 - Our market leading digital wealth manager service

SCALING PROFITS

Delivering growth through the pandemic



PBT AND EPS

Before and after disposal of FundsLibrary

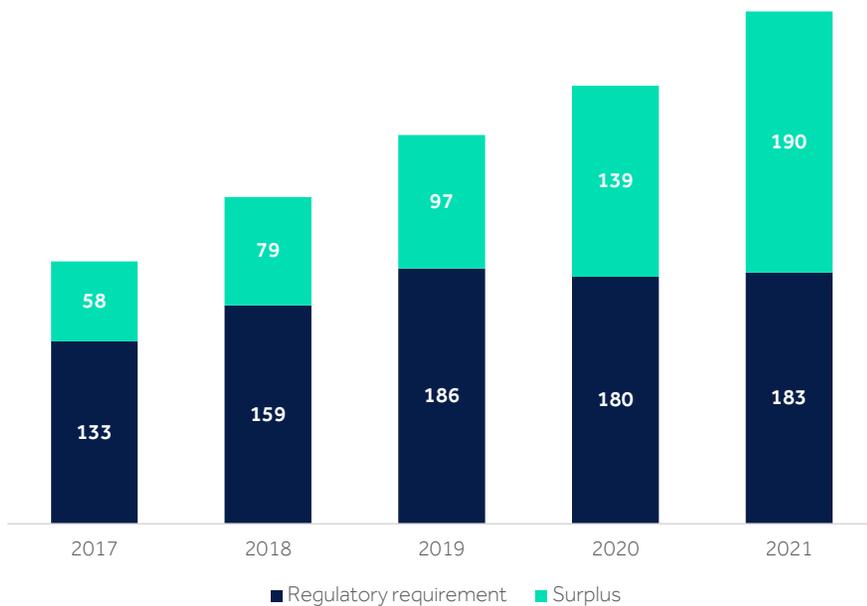
£ million	2021	2020	+/-
Underlying profit before tax	366.0	339.5	8%
Profit on disposal of FundsLibrary	-	38.8	
Profit before tax	366.0	378.3	(3%)
Tax	(69.7)	(65.1)	
Profit after tax	296.3	313.2	

£ million	2021	2020	+/-
Profit after tax	296.3	313.2	
Diluted share count (m)	474.5	474.8	
Underlying diluted EPS (p)	62.5	57.8	8%
Diluted EPS (p)	62.5	65.9	(5%)

CAPITAL

Maintaining healthy surplus against regulatory capital

Capital and resources



£ million	2021
Shareholder funds	593
Less: intangible assets and other deductions	(37)
Tangible capital	556
Less: provision for dividend	(183)
Qualifying capital	373
Less: regulatory capital requirement	(183)
Capital surplus	190

DIVIDENDS

Confidence in prospects for the business

Pence per share	2021	2020	+/-
Interim	11.9	11.2	
Final	26.6	26.3	
Total ordinary	38.5	37.5	3%
Ordinary dividend payout ratio on underlying diluted EPS	62%	65%	
Special – underlying earnings	12.0	9.2	30%
Special – FundsLibrary	-	8.2	
Total underlying dividend	50.5	46.7	8%
Total dividend	50.5	54.9	(8%)
Total underlying dividend payout ratio on underlying diluted EPS	81%	81%	



CHRIS HILL

CEO UPDATE

GROWTH BUILDS SCALE

Record performance in volatile market conditions

Net new business – Net new clients



Clients - Assets - Retention



Market Environment

- H1 volatility followed by rising markets
- Investor confidence grew throughout the period
- COVID-19 pandemic driving increased volume
- Acceleration of already evident structural changes

HL Growth

- Net New Business of £8.7bn, up 13% on prior year
- AUA of £135.5bn
- 233,000 Net New Clients, up 24% on prior year
- Leading market share of 42.9%¹
- Record equity trading volumes up 53%

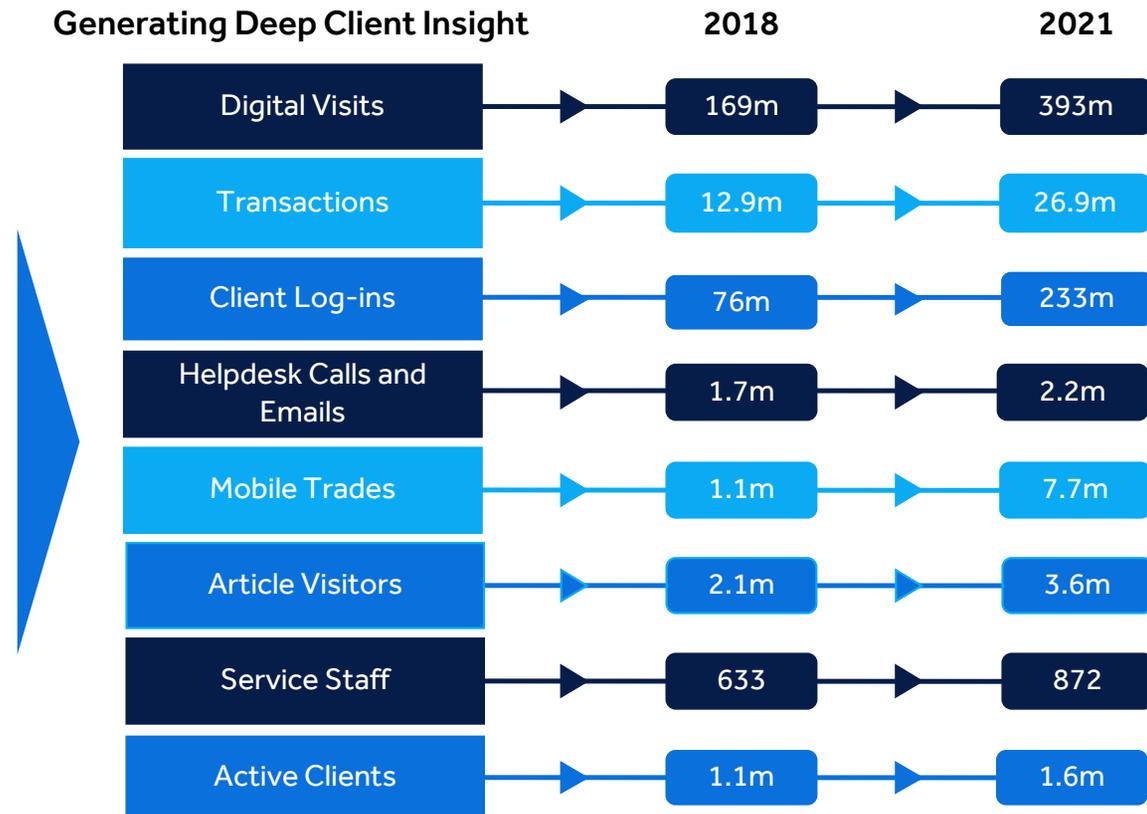
INVESTMENT IN CLIENT ENGAGEMENT IS DRIVING GROWTH

Growing client based increasingly using digital channels to engage with our service

UK's leading digital wealth manager

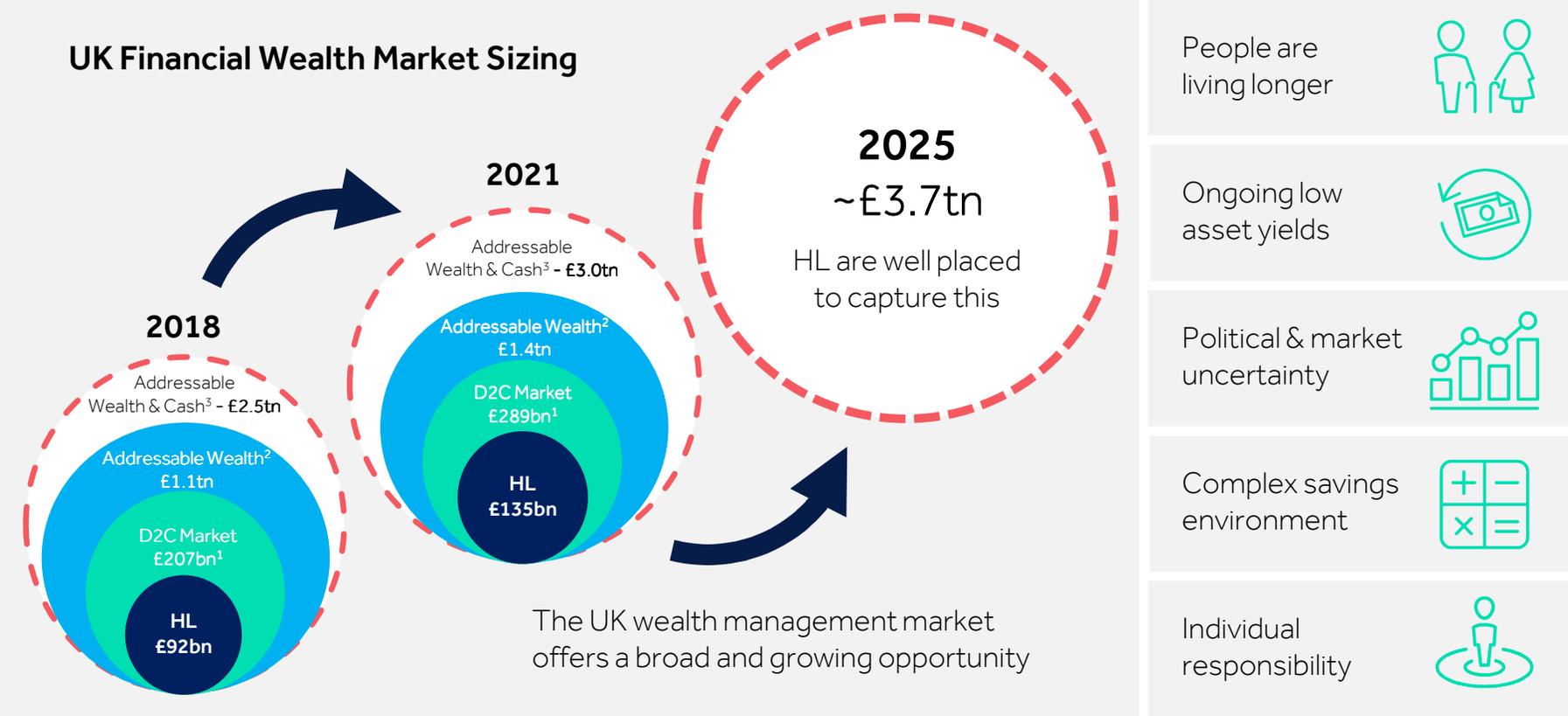
- Significant increase in digital time spent with HL
- Mobile log-ins more than doubled vs FY20 – 180m vs 85m
- Digital sessions up 58% vs FY20 – 393m vs 249m in FY20
- Record share trading and engagement with HL articles and guide downloads
- Greater numbers of clients contacting our Helpdesk
- Scale and depth of insight providing unique understanding of client need

Generating Deep Client Insight



THE OPPORTUNITY HAS GROWN AND ACCELERATED

The structural growth drivers remain consistent but the opportunity is larger

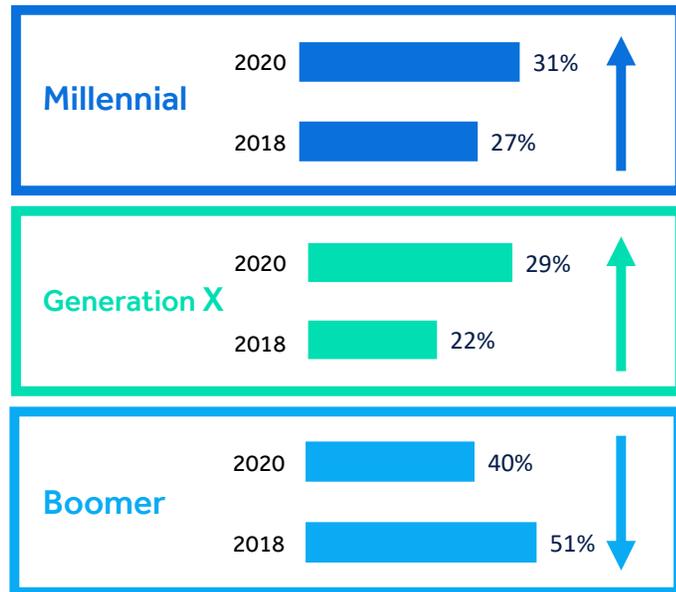


Source: 1. Platform UK D2C Market Update July 2018, June 2021
 2. FCA, Platform, Pimfa, PAM Directory, Oliver Wyman estimates – 2017, Summer 2021 – Addressable Wealth definition = Wealth served by FA’s, Wealth Managers and D2C market
 3. Building Society Association - Savings statistics - <https://www.bsa.org.uk/statistics/savings>

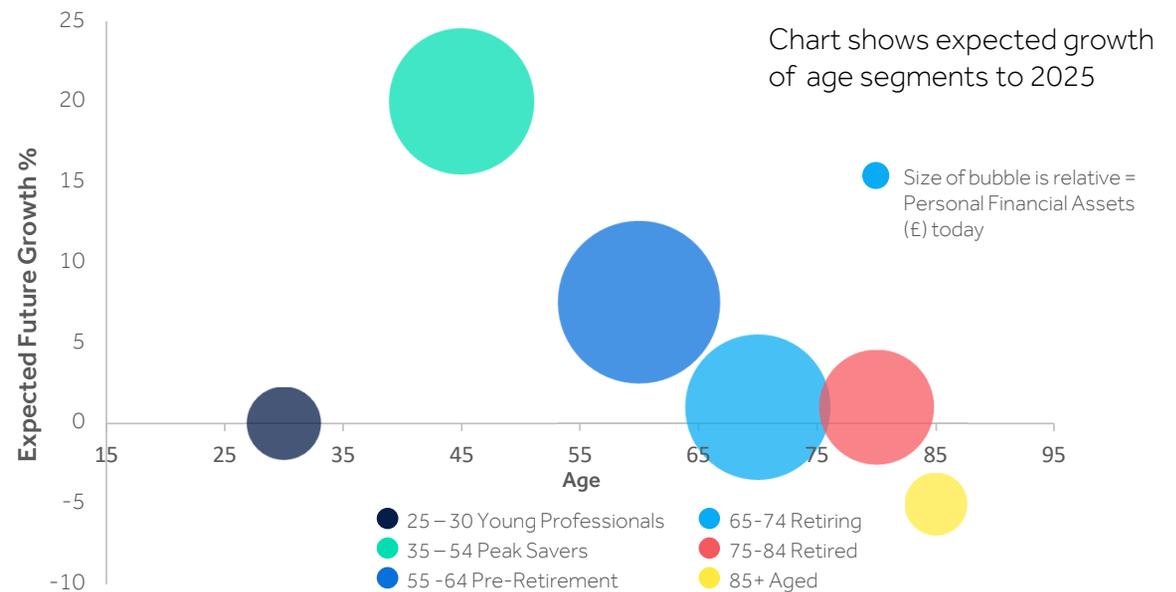
THE ACCELERATED SHIFT IN DEMOGRAPHICS IS A KEY DRIVER

The UK Wealth market is no longer all about the baby boomer

Wealth Distribution is evolving¹



This will impact how the market develops²

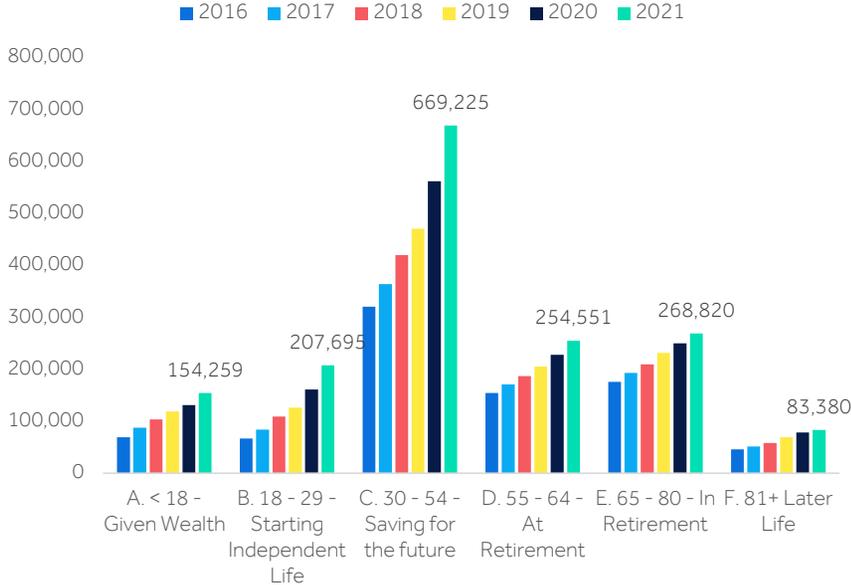


- Research and experience indicate shift to young segments wanting to invest
- These evolving market dynamics are changing the needs of wealth management clients

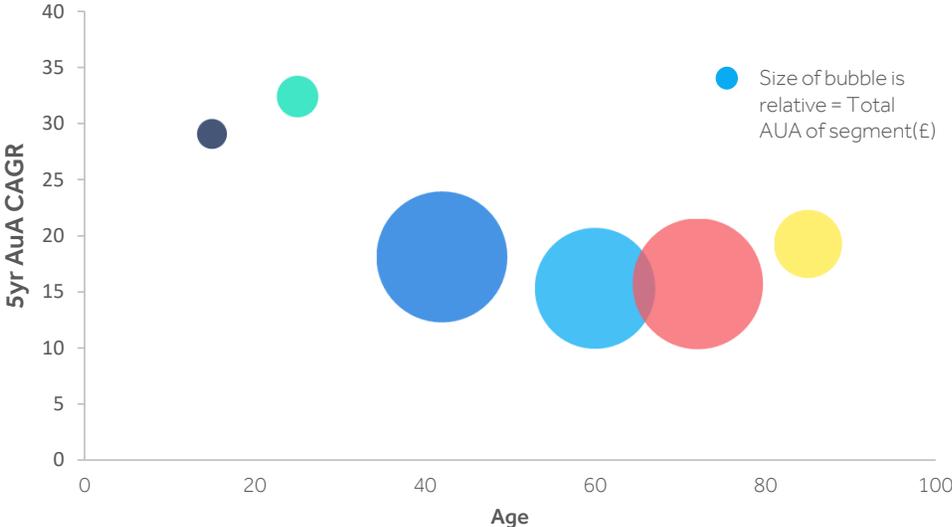
HL IS A KEY BENEFICIARY OF THESE CHANGING DEMOGRAPHICS

HL seeing an acceleration in growth of the client base which is increasing its lifetime value

Growth of client base by age segment



HL AuA Growth by Age



The client population is changing:

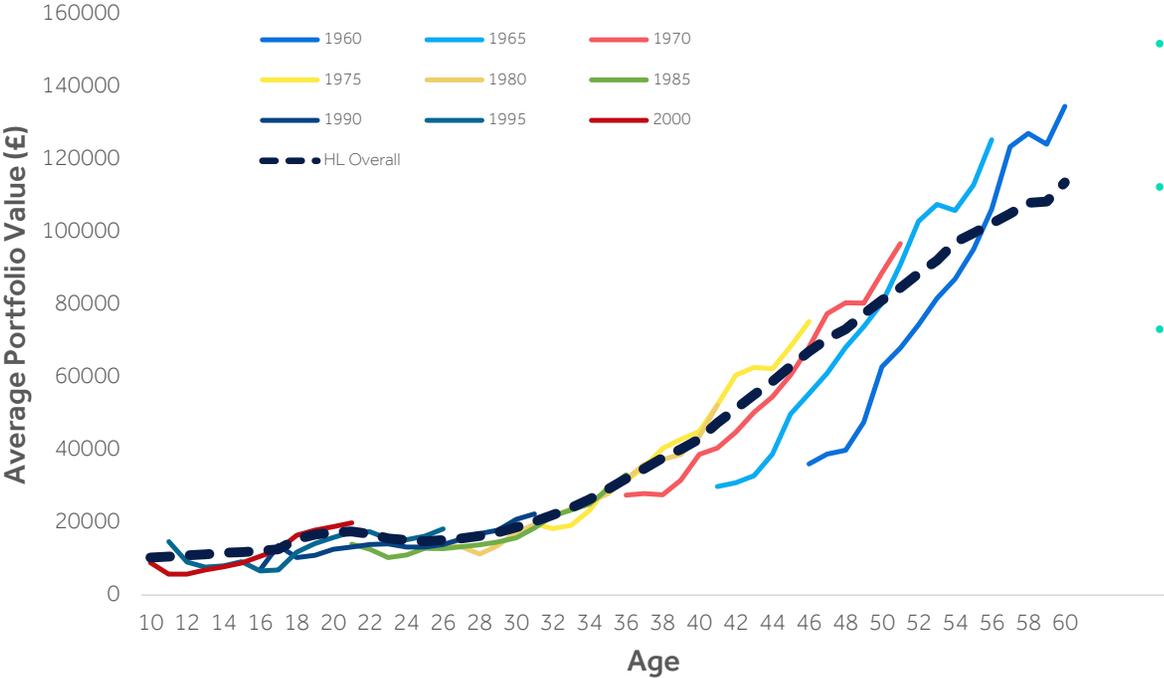
- In 2007, median age of HL clients was 58: in 2014 – 54, in 2021 - 46
- Average age of FY21 new clients is 37

5 Year CAGR	Under 18	18 - 29	30 - 54	55 - 64	65 - 80	81+
16 – 21 HL Client Growth	17.3%	25.4%	15.9%	10.5%	8.8%	12.8%
16 – 21 HL AUA Growth	29.1%	32.4%	18.1%	15.3%	15.7%	19.3%

WE ARE CONFIDENT IN LIFETIME VALUE GIVEN THE CONSISTENT BEHAVIOUR PATTERNS OF NEW CLIENTS...

The quality of new clients remains high and provides sustainable growth over time

Portfolio vs Age – Through the Generations



- The new clients we have added this year are following the patterns we associate with lifelong HL relationships
- Over 180k more clients have subscribed to ISA's compared to FY20 with active contributors higher than in any recent tax year
- Investment behaviour in buying funds vs shares has reverted to pre-COVID state
 - peak COVID saw 59% of new clients buying a share as their first investment – now 35% and close to long term average

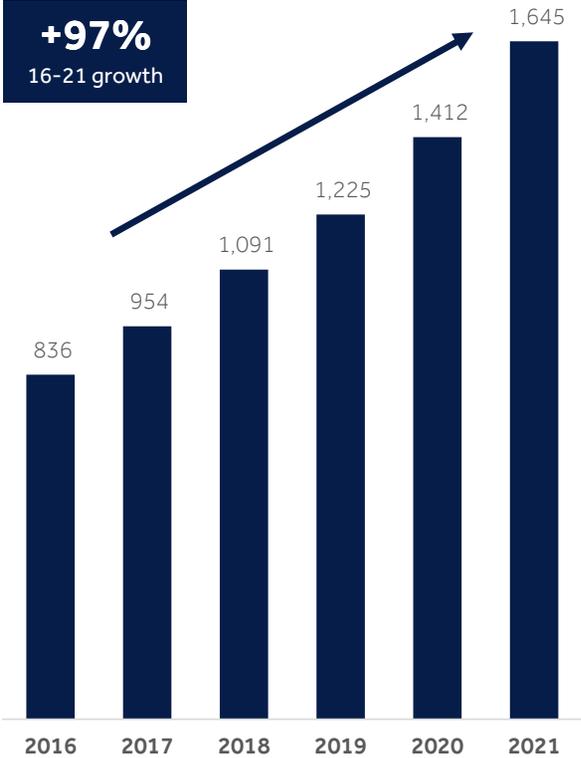
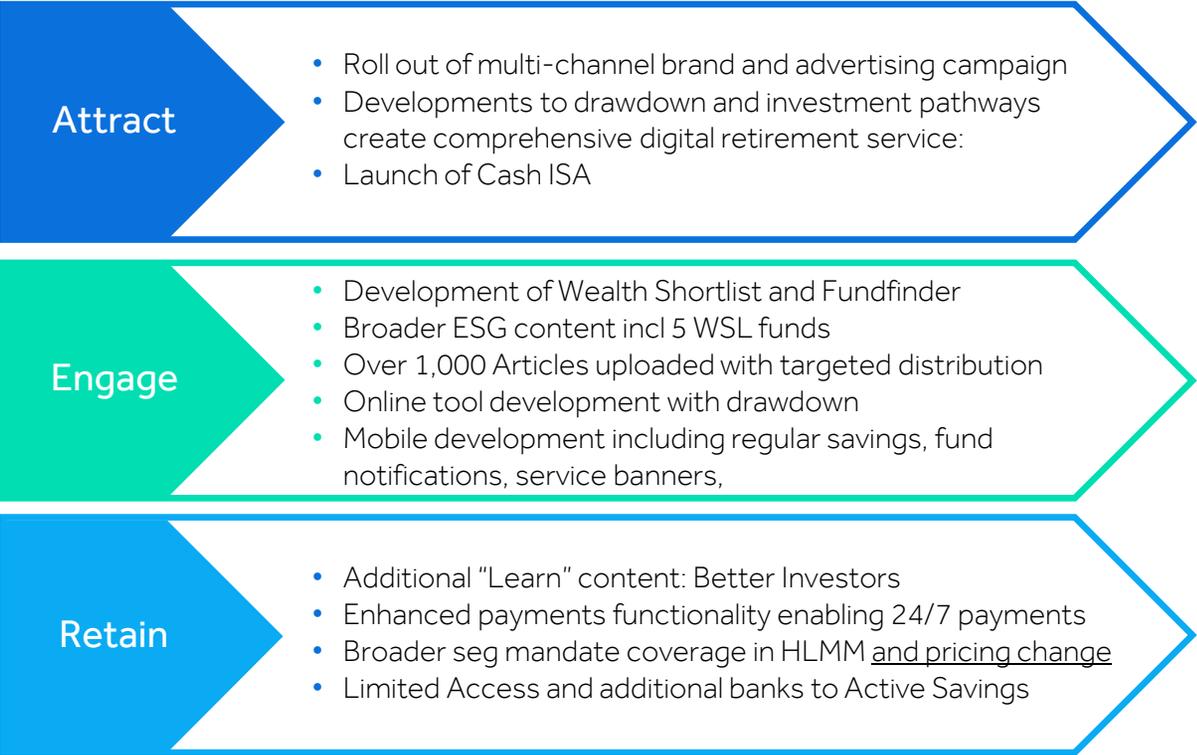
CLIENT GROWTH IS THE DRIVER OF LTV

We continue to evolve our service and proposition to be best in class

Clear strategy

2021 progress

Driving client growth



A DIGITAL WEALTH MANAGEMENT SERVICE

Developing the skills, capabilities and technology to attract, engage and retain clients



CONCLUSION AND OUTLOOK

Continued execution of our strategy despite uncertain times

FY21 was a year of outstanding growth

- We have delivered record results across a range of measures
- Past investment has helped us meet the demands of an exceptional year

We have a clear ambition to capture a significant opportunity

- The wealth management opportunity has only been broadened by the pandemic
- We will extend our market leading position as the market faces a structural shift in growth

We expect in FY22

- Costs to reflect ongoing investment and be broadly aligned with client growth
- Given the enlarged client base, strong client activity in FY22 vs FY20 (which also included a few months of elevated activity during peak of the pandemic period)

In the medium term

- Beyond this period of post pandemic 'normalisation' and investment, HL will continue to deliver attractive earnings growth with improving operating leverage as the benefits of this investment deliver

