

Trading Update

Hargreaves Lansdown Plc

Hargreaves Lansdown Plc ('the Group') today publishes a trading update covering the period from 1 July 2015 to 13 October 2015, including trading data for the three months ended 30 September 2015 ("Q1 2016"). The comparatives are for 1 July 2014 to 30 September 2014 ("Q1 2015").

Summary

- Net new business inflows of £1.43bn (Q1 2015: £0.97bn), up 47% on Q1 last year.
- Total active client numbers rose by 24,000 (Q1 2015: 10,000), up 140%.
- Total client numbers now 760,000 (30 June 2015: 736,000).
- Assets Under Administration ("AUA"), decreased by £0.5 billion in the three months to 30 September 2015 to £54.7 billion (June 2015: £55.2bn).
- Client initiated share deals of 691,000 in the quarter (Q1 2015: 606,000) up 14%.
- Net revenue £78.5m, (Q1 2015: £70.8m) up 11%.

Hargreaves Lansdown is pleased to report record net new business and net new active client numbers for the first quarter of any financial year.

We are particularly pleased with the reported trading data for the first quarter of the financial year given lower stock markets and weakness in investor confidence during the period. During the quarter, the FTSE All Share index fell by 6.57% to 3335.92, driven primarily by concerns about the Chinese economy. These stock market falls meant that despite record new business in the quarter, overall AUA fell by £0.5 billion to £54.7 billion.

Comparative data for the equivalent Q1 period for the last three years is set out below:

	Q1 2016	Q1 2015	Q1 2014
FTSE All share change Q1	-6.57%	-1.84%	+4.69%
Net new clients	+24,000*	+10,000	+20,000**
Net new assets	+£1.43bn*	+£0.97bn	+£1.26bn**

*benefited from 496 additional new clients and £14.8 million of net new business during the quarter from a previously announced acquisition from JPMorgan.

**benefited from c. 3,000 additional new clients and c. £0.1 billion of new business during the quarter from the Royal Mail IPO.

Much of Hargreaves Lansdown's income is recurring, derived from fees based on client assets. This means lower stock markets can reduce income. However, revenue during the period still grew by 11%, to £78.5m, driven primarily by strong growth in year on year assets, and to a lesser extent increased equity dealing volumes.

Client and asset retention rates continue to be strong at 94.0% and 93.7% for the quarter, above the 93.4% and 92.7% respectively seen in the last financial year. Inward transfers of client assets also remain strong, driven by effective distribution activity, our competitive market offering and client interest in pensions.

Looking ahead, early indications suggest considerable interest in next year's Lloyds share sale. A sizeable number of people buy their first ever share via an IPO, and retail share offers are therefore very important in encouraging the UK public to invest.

As ever, future stock market levels and investor confidence will have a significant part to play during the remainder of our financial year. However, we remain confident of growing the business further to the benefit of our clients and shareholders.

Ian Gorham

Chief Executive
October 2015

Assets Under Administration

Total assets under administration at 30 September 2015 can be analysed as follows:

	30 Sept 2015 £'billion	30 June 2015 £'billion	30 Sept 2014 £'billion
Vantage Assets Under Administration (AUA)*	51.9	52.3	44.3
Assets Under Management (AUM)			
Portfolio Management Service (PMS)	2.8	2.9	2.7
Multi-Manager Funds held outside of PMS	3.0	2.9	2.0
AUM Total	5.8	5.8	4.7
Less: Multi-Manager funds (AUM) included in Vantage AUA	(3.0)	(2.9)	(2.0)
Total Assets Under Administration and Management	54.7	55.2	47.0

* Figures are subject to rounding

During the first quarter the value of assets held within the Vantage service, the Group's direct-to-private investor platform, decreased marginally from £52.3 billion at 30 June 2015 to £51.9 billion at 30 September 2015 (ISA £20.3 billion, SIPP £16.3 billion and Fund & Share £15.3 billion). This can be attributed to £1.4 billion net new business inflows and a £1.8 billion negative 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 decreased by 0.5% from £5.84 billion as at 30 June 2015 to £5.81 billion as at 30 September 2015. This is attributable to net new business inflows of £193 million and a £228 million negative impact from investment performance.

Net operating revenue

	Q1 2016 £'million	Q1 2015 £'million	% Increase
Net operating revenue			
by division:			
Vantage	58.6	52.7	11%
Discretionary	14.6	12.1	21%
Third Party & Other	5.3	6.0	-12%
Total	78.5	70.8	+11%

Total net revenue increased by 11% driven by 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.

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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.