



Hargreaves Lansdown PLC

Unaudited Interim Results

6 Months Ended 31 December 2008

Forward-looking statements



These presentation slides contain forward-looking statements and forecasts with respect to the financial condition and the results of Hargreaves Lansdown PLC.

These statements are forecasts involving risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this presentation should be construed as a profit forecast.

Nothing in this presentation should be seen as a promotion or solicitation to buy HL 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.

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Business overview



- A challenging six months
 - volatile markets
 - net new business inflows
- Continued growth in revenue and profits
 - margins improved
 - cost management
- Strong balance sheet
 - no debt

H1 2009 highlights

“Strong performance continues”



	6m ended 31 Dec 2008	6m ended 31 Dec 2007	Movement	Year ended 30 Jun 2008
Revenue	£65.6m	£57.8m	up 14%	£120.3m
Proportion of recurring revenue	72%	73%	down 1 pt	72%
Operating profit	£34.9m	£27.2m	up 28%	£57.8m
Operating profit margin	53%	47%	up 6 pts	48%
Earnings per share	5.5p	4.2p	up 31%	9.0p
Total Assets Under Administration	£9.9bn	£10.9bn	down 9%	£11.1bn
FTSE All Share Index (at end of period)	2,209.3	3,286.7	down 33%	2,855.7



Assets under administration and management

AUA since June 2008



- £0.9bn net new business inflows
- Fall in AUA driven by market movements

	31 Dec 2008 £'bn	30 Jun 2008 £'bn	Decrease
Assets Under Administration (AUA)			
- Vantage	8.9	10.0	
- Other	0.1	0.2	
AUA Total	9.0	10.2	down 12%
Assets Under Management (AUM)			
- Portfolio Management Service (PMS)	0.9	0.9	
- Multi-manager funds excluding PMS	0.3	0.4	
AUM Total	1.2	1.4	down 10%
Less: Multi-manager funds in Vantage	(0.3)	(0.4)	
Total Assets under Administration	9.9	11.1	down 11%
FTSE All Share index	2,209.3	2,855.7	down 23%

Movement in Vantage AUA

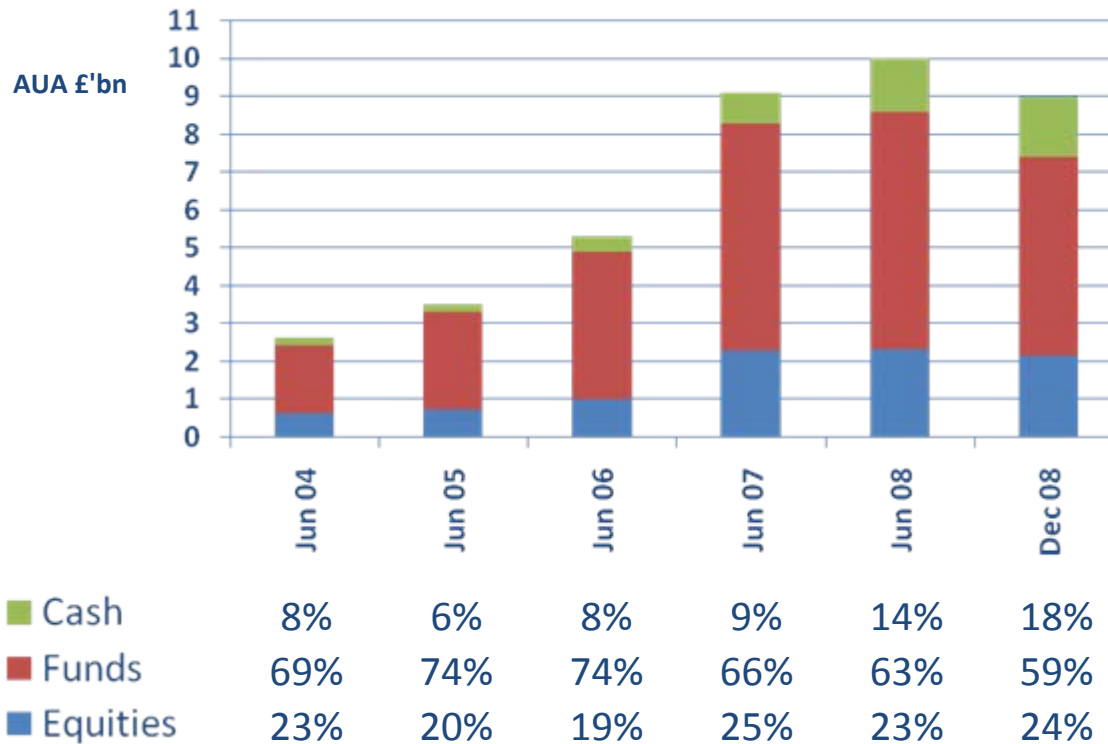


6m ended 31 Dec 2008	ISA £'bn	SIPP £'bn	F&S £'bn	Consol. Adj	Vantage £'bn	Mvmt
Opening AUA	5.0	2.3	2.7		10.0	
Net new business	0.1	0.5	0.2	-	0.8	8%
Market movements	(1.0)	(0.5)	(0.4)	-	(1.9)	-19%
Closing AUA	4.2	2.2	2.5		8.9	-11%

6m ended 31 Dec 2007	PEP/ISA £'bn	SIPP £'bn	F&S £'bn	Consol. Adj	Vantage £'bn	Mvmt
Opening AUA	5.0	1.4	2.7		9.1	
Net new business	0.1	0.4	0.3	0.1	0.9	10%
Market movements			(0.1)	(0.1)	(0.2)	-2%
Closing AUA	5.1	1.8	2.9		9.8	8%

PEP and ISA figures are shown as a combined ISA total following changes to regulations which permits consolidation of these accounts.

Vantage AUA by asset class



Vantage AUA by tax wrapper

72% of Vantage AUA in tax wrappers (H1 2008: 70%)

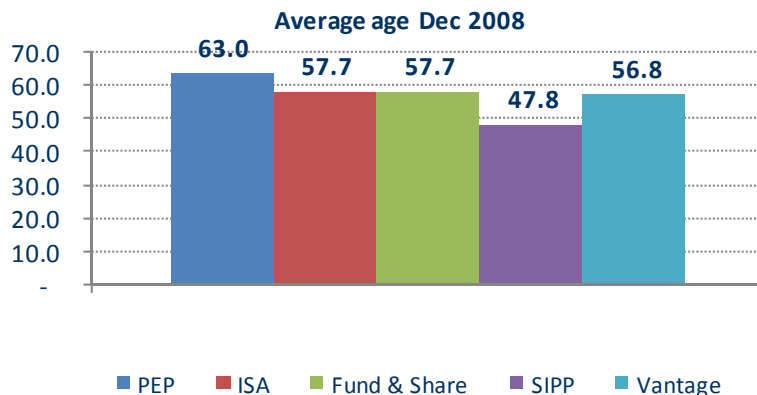


At 31 Dec 2008	PEP/ISA	SIPP	F&S	Vantage
Equities	12%	15%	51%	24%
Funds	77%	44%	40%	59%
Cash	11%	41%	8%	18%
% of Vantage	47%	25%	28%	100%
At 30 Jun 2008				
Equities	12%	18%	48%	23%
Funds	79%	49%	45%	63%
Cash	9%	33%	7%	14%
% of Vantage	50%	23%	27%	100%
At 31 Dec 2007				
Equities	12%	17%	48%	24%
Funds	81%	56%	46%	66%
Cash	7%	27%	6%	10%
% of Vantage	52%	18%	30%	100%

Profile of Vantage Clients



		31 Dec 2008	31 Dec 2007	Mvmt
Value of Vantage accounts	£' billion	8.9	9.8	-9%
Number of Vantage accounts	'000	400	386	4%
Number of Vantage clients	'000	252	227	11%
Average client value	£'000	35.3	43.2	-18%
Number of clients registered for e-correspondence	'000	36	-	-
Average age	Years	56.8	57.9	-1.1



- Increase to number of clients
- 63% registered for online access
- Further decrease to average age of clients

Discretionary - AUM



Portfolio Management Service	31 Dec 2008	30 Jun 2008	Movement
Portfolio Management Service	£861m	£929m	-7%
Multi-manager excl. PMS	£373m	£443m	-16%
Total AUM	£1,234m	£1,372m	
PMS assets in HL multi-manager	£535m	£588m	
% PMS in HL multi-manager	62%	63%	-1 pt
Number of PMS clients	9,610	8,763	10%
Average client value	£89.6k	£106.0k	-15%



Financial results

Income statement



Revenue up 14%, PBT up 27%

	6m ended 31 Dec 2008 £'m	6m ended 31 Dec 2007 £'m	Year ended 30 Jun 2008 £'m
Revenue	65.6	57.8	120.3
Administrative expenses	(30.7)	(30.6)	(62.6)
Operating profit	34.9	27.2	57.8
Non operating income	1.6	1.5	3.2
Profit before taxation	36.5	28.7	60.9
Taxation	(10.6)	(8.5)	(18.5)
Profit after taxation	25.9	20.1	42.4

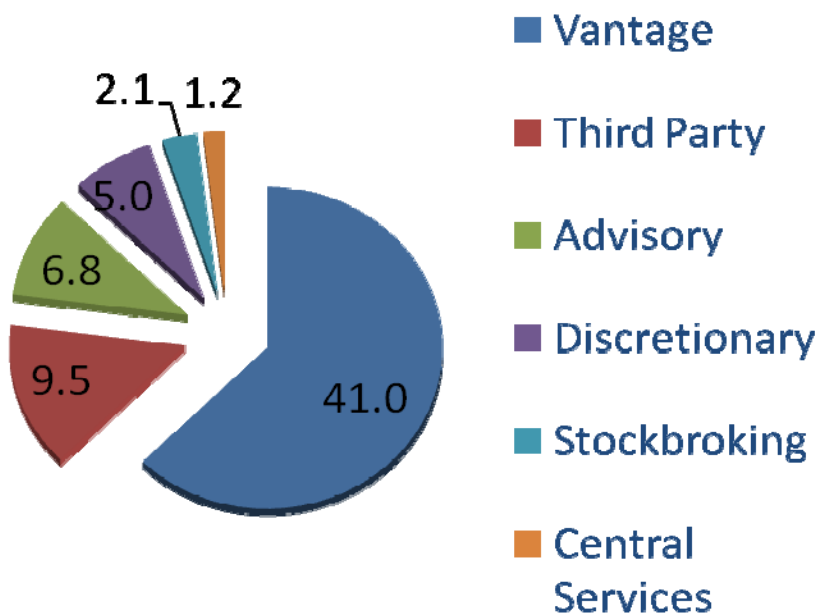
Revenue by division

Vantage and Third Party up 20%



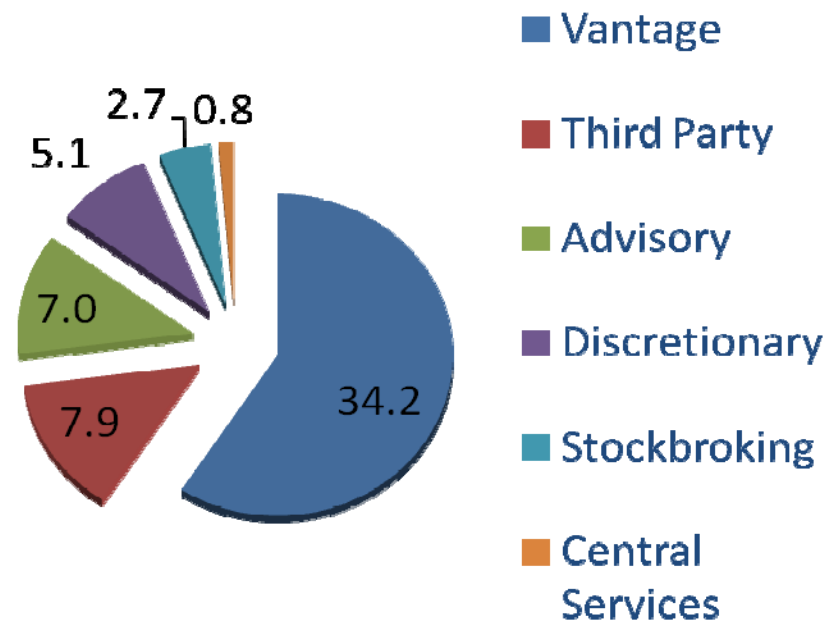
6 Months Ended 31 Dec 2008

Revenue £'million



6 Months Ended 31 Dec 2007

Revenue £'million



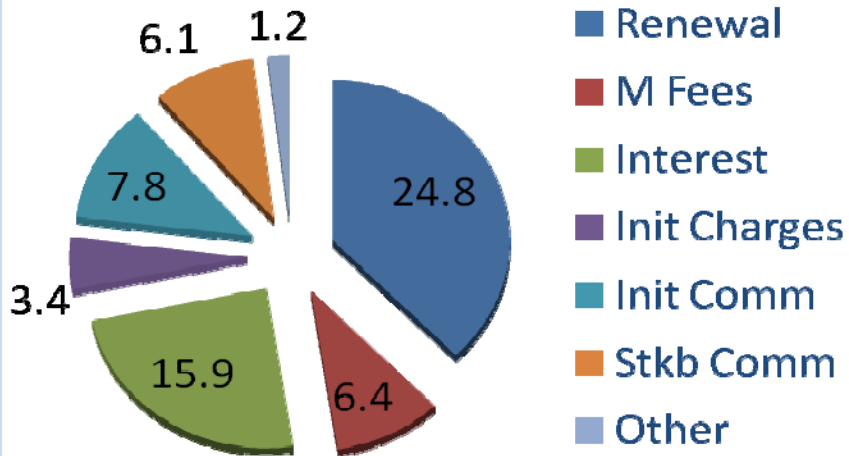
Revenue by type

72% recurring income (FY 2008: 72%)



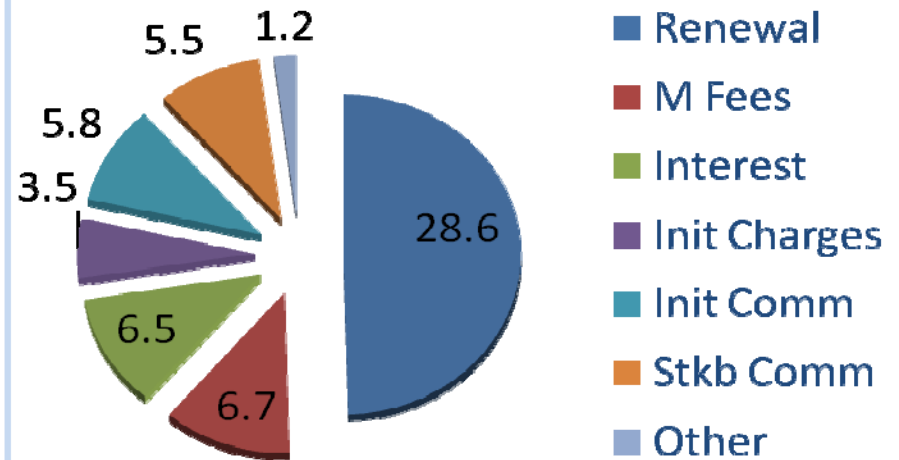
6 Months Ended 31 Dec 2008

Revenue £'million



6 Months Ended 31 Dec 2007

Revenue £'million



Divisional Highlights

Vantage	<ul style="list-style-type: none">• Net inflows continue despite market volatility• Client growth
Discretionary	<ul style="list-style-type: none">• Net inflows
Advisory	<ul style="list-style-type: none">• Focus on quality, controls and efficiency
Third Party	<p>Third Party Corporate pensions</p> <ul style="list-style-type: none">• Strong recurring income• Shift in focus to Group SIPP <p>Third Party Personal pensions</p> <ul style="list-style-type: none">• Strong annuities business
Stockbroking	<ul style="list-style-type: none">• Continued efficiency improvements• Continued shift to Vantage and online

Administrative costs

“Continued focus on cost control”



	6m ended 31 Dec 2008 £'m	6m ended 31 Dec 2007 £'m	Year ended 30 Jun 2008 £'m	Year ended 30 Jun 2007 £'m
Staff costs	18.5	17.9	36.5	34.5
Commission payable	4.3	5.2	10.2	9.3
Marketing spend	2.2	2.8	6.2	5.8
Depreciation, amortisation and financial costs	1.0	0.5	1.4	0.8
Other administrative costs and overheads	4.8	4.1	8.3	7.7
Total administrative expenses	30.7	30.5	62.6	58.1

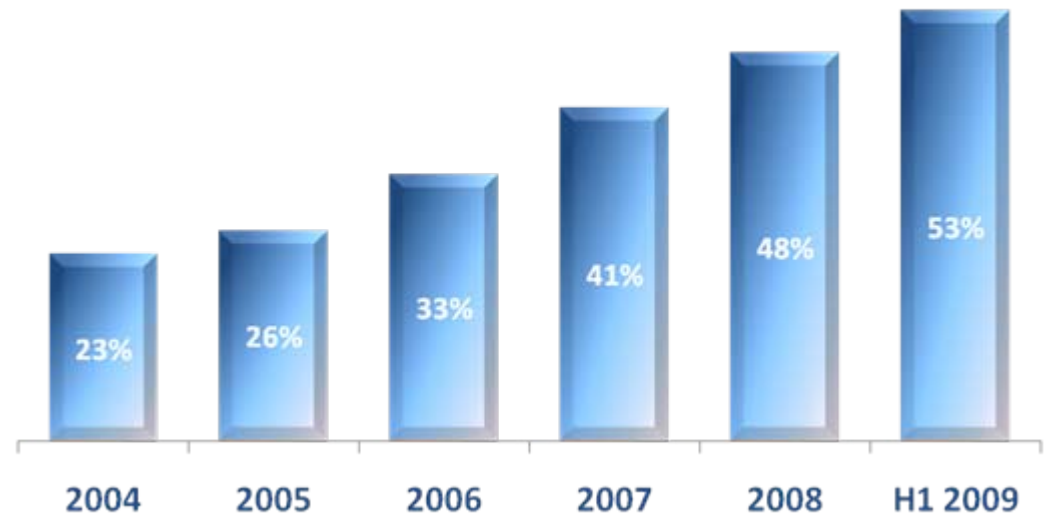
Variable staff costs	46%	47%	45%	42%
Average number of staff	608	651	657	621

Operating profit margins



- HL business model is scalable
- Revenue depends on asset values
- Margins vary across divisions

Profit Margin Growth



Margin mix across divisions (H1 2008)



above average

Above Average	Margin
3P Investments	75% - 85%
Discretionary	70% - 80%
Vantage (excl SIPP)	55% - 65%
Stockbroking	50% - 60%

47%

Average	Margin
Vantage SIPP	40% - 50%

below average

Below Average	Margin
Advisory	15% - 25%
3P Corporate	0% - 10%
3P Personal L&P	0% - 10%

Margin mix across divisions (H1 2009)



above average

	Above Average	Margin
→	3P Investments	75% - 85%
→	Discretionary	70% - 80%
↑	Vantage (excl SIPP)	60% - 70%
↑	Vantage SIPP	60% - 70%

53%

	Average	Margin
→	Stockbroking	50% - 60%



below average

	Below Average	Margin
↑	3P Corporate	30% - 40%
↑	3P Personal L&P	30% - 40%
↓	Advisory	0% - 10%

Simplified Cash Flow – H1 2009

“Strong organic cash generation”



Year ended 31 December 2008	HL Cash £'m	Client Settlement £'m	Total
Cash brought forward	64	4	68
Profit after tax	26	-	26
Depreciation	1	-	1
Tax charged less tax paid	2	-	2
Dividend	(22)	-	(22)
Capital	(1)	-	(1)
Purchase of investments	(1)	-	(1)
Decrease in trade debtors	-	13	13
(Decrease) in trade creditors	(4)	(10)	(14)
Change in funding	1	(1)	-
Cash carried forward	66	6	72

Summary balance sheet



	31 Dec 2008 £'000	30 Jun 2008 £'000
Non current assets	5,735	7,119
Current assets	138,416	146,010
Total assets	144,151	153,129
Current liabilities	68,399	82,374
Non current liabilities	857	444
Total liabilities	69,256	82,818
Net Assets	74,895	70,311
Equity	74,895	70,311



Outlook and strategy

Opportunities



🔍 SIPP's and protected rights

🔍 Cash ISA transfers

🔍 Annuities

🔍 Acquisition of assets under administration

🔍 More people needing advice

🔍 High yielding equities and corporate bonds

Group Strategy



◉ Administrative Strategy

- ◉ Focus on service
- ◉ Continuous improvements to platform and infrastructure
- ◉ Encourage online take-up and range of services
- ◉ Maintain tight cost control
- ◉ Re-location of staff into a single location

◉ Marketing Strategy

- ◉ Maintain dialogue
- ◉ Target new clients
- ◉ Flexibility, responsiveness and opportunism
- ◉ Maintain and improve profile
- ◉ Improved data capture and data mining
- ◉ Innovative advertising

Conclusion



- HL business model is resilient
- Long term factors remain positive
- Innovation, marketing, flexibility, scalability will set us apart
- Asset gathering - net business inflows
- Growth remains our goal.....market volatility will impact profit growth
- Market performance will be key in FY2010



Appendices

Vantage Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	19.3	22.7	45.0	34.2
Management fees	1.8	1.9	3.9	3.4
Interest receivable	14.9	5.8	15.1	7.3
Initial commission	0.3	0.4	0.8	1.0
Stockbroking commission	4.6	3.2	7.2	5.0
Non investment income	0.1	0.2	0.3	1.1
Total	41.0	34.2	72.2	52.1
% of Group revenue	63%	59%	60%	53%

Third Party Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Corporate Pensions	5.0	3.2	7.0	10.0
Investments	2.2	3.0	5.6	6.6
Personal life and pensions	2.3	1.7	3.8	3.2
Total	9.5	7.9	16.3	19.8
% of Group revenue	14%	14%	14%	20%

Corporate Solutions Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	0.5	0.3	0.7	0.6
Initial commission	4.4	2.8	5.9	9.2
Advisory fees	0.2	0.1	0.3	0.2
Total	5.0	3.2	7.0	10.0
% of Group revenue	8%	5%	6%	10%

Investments Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	2.1	2.8	5.3	6.0
Interest	0.0	0.0	0.0	0.1
Initial commission	0.1	0.2	0.3	0.3
Non investment income	0.0	0.0	0.0	0.1
Total	2.2	3.0	5.6	6.6
% of Group revenue	3%	5%	5%	7%

Personal Life & Pensions Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	0.2	0.2	0.4	0.4
Initial commission	2.2	1.5	3.4	2.9
Other Income	0.0	0.0	0.0	0.0
Total	2.3	1.7	3.8	3.2
% of Group revenue	4%	3%	3%	3%

Advisory Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	0.5	0.5	0.9	0.7
Management fees	2.0	2.0	4.0	3.0
Initial charges	3.4	3.5	7.9	5.4
Initial commission	0.8	0.8	1.6	1.8
Advisory fees	0.1	0.3	0.4	1.0
Total	6.8	7.0	14.8	11.9
% of Group revenue	10%	12%	12%	12%

Discretionary Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Renewal commission	2.3	2.2	4.6	3.4
Management fees	2.5	2.7	5.3	3.7
Interest receivable	0.1	0.0	0.1	0.1
Other	0.1	0.1	0.3	0.2
Total	5.0	5.1	10.3	7.4
% of Group revenue	8%	9%	9%	7%

Stockbroking Revenue



	6m ended 31 Dec 08 £'m	6m ended 31 Dec 07 £'m	Year ended 30 June 08 £'m	Year ended 30 June 07 £'m
Management fees	0.1	0.2	0.3	0.3
Interest	0.2	0.3	0.5	0.7
Dealing commission	1.5	2.3	3.8	4.7
Non investment income	0.2	0.0	0.3	0.1
Total	2.1	2.7	4.9	5.8
% of Group revenue	3%	5%	4%	6%