

A man and a woman are looking at a laptop screen together. The woman is in the foreground, smiling broadly, wearing a yellow and blue striped sweater. The man is behind her, looking at the screen with a slight smile, wearing a dark blue shirt. The laptop is open in front of them. The background is a bright, out-of-focus indoor setting.

HARGREAVES
LANDSOWN

2021 INTERIM RESULTS

www.hl.co.uk

STRATEGIC EXECUTION DELIVERING FURTHER GROWTH

Supporting clients through challenging markets

Calendar Year 2020

- 221,700 net new clients
- £8.5bn net new business
- £354.8m profit before tax

H1 Clients

- 84,000 net new Clients
- 1,496,000 active clients
- 92.9% retention rate

Digital Wealth Management

- Significant increase in digital engagement
- Launch of Cash ISA
- New Digital Retirement tools

H1 Growth

- £120.6bn assets under administration
- £3.2bn net new business
- £188.4m profit before tax

PHILIP JOHNSON

CFO UPDATE

FINANCIAL HIGHLIGHTS

£ million	H1 2021	H1 2020	+/-
Revenue	299.5	257.9	16%
Profit before tax	188.4	171.1	10%
Diluted EPS	32.1p	29.3p	10%
Interim dividend per share	11.9p	11.2p	6%

Average AUA

+7%

Revenue

+16%

Profit before tax

+10%

Interim dividend

+6%

REVENUE BY ASSET TYPE

Revenues up 16%, average FTSE All Share down 17%

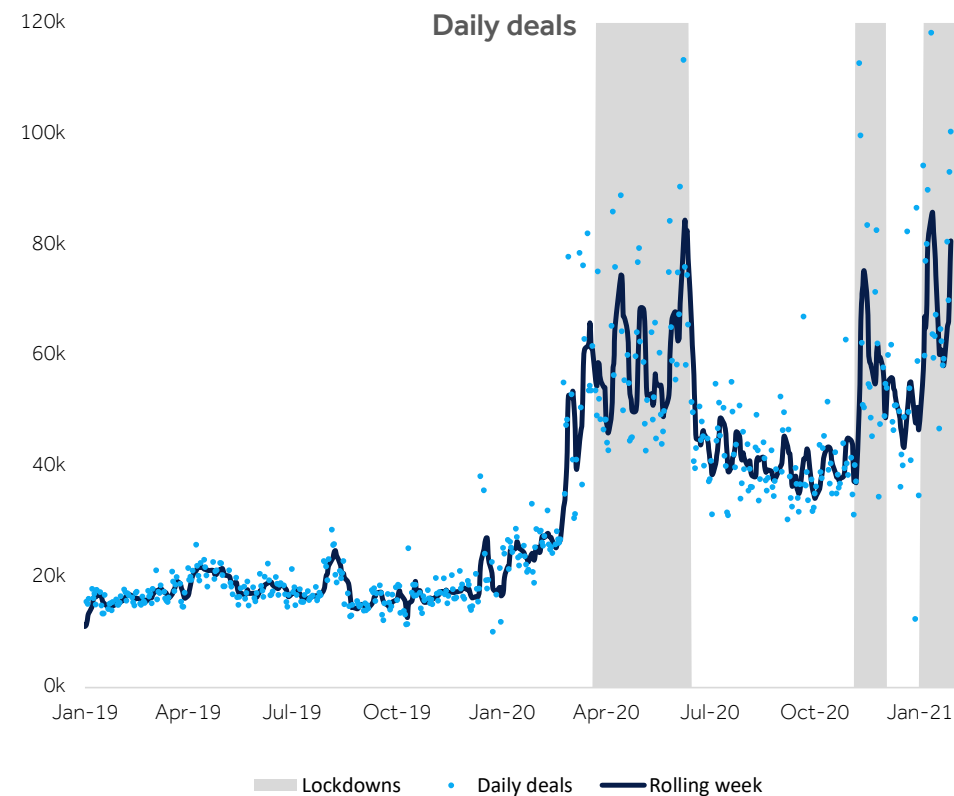
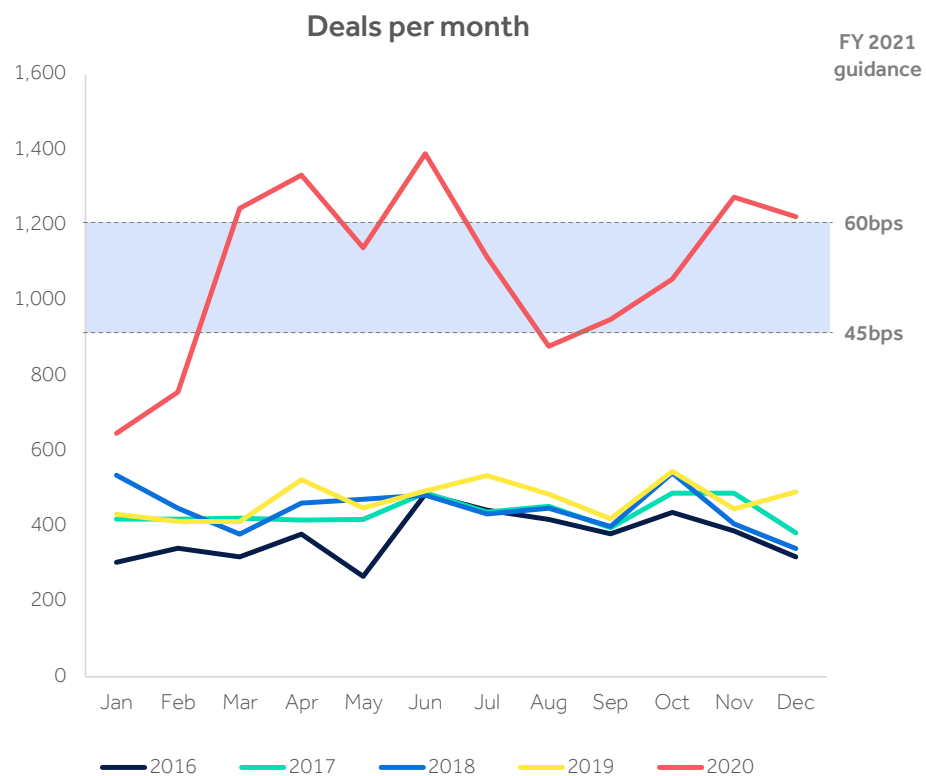
Asset class	H1 2021 revenue £ million	H1 2020 revenue £ million	+/-	H1 2021 average AUA £ billion	H1 2020 average AUA £ billion	+/-	H1 2021 margin bps	H1 2020 margin bps	31 Dec 20 closing AUA £ billion
Funds	109.7	109.6	0%	54.2	54.6	(1%)	40	40	59.2
Shares	113.2	45.7	148%	39.9	35.0	14%	56	26	45.9
Cash	32.8	46.0	(29%)	13.2	11.2	18%	50	82	12.5
HL Funds	29.4	33.9	(13%)	8.0	9.2	(13%)	73	73	8.5
Other ⁽¹⁾	14.4	22.7	(37%)	2.5	1.3	92%			2.9
Double-count ⁽²⁾		-		(8.0)	(9.1)				(8.4)
	299.5	257.9	16%	109.8	102.2	7%			120.6

⁽¹⁾ Includes Active Savings; FundsLibrary contained within this line until its disposal in February 2020

⁽²⁾ Deducted to avoid double-count as average AUA in Funds for platform fee and in HL funds for annual management charge

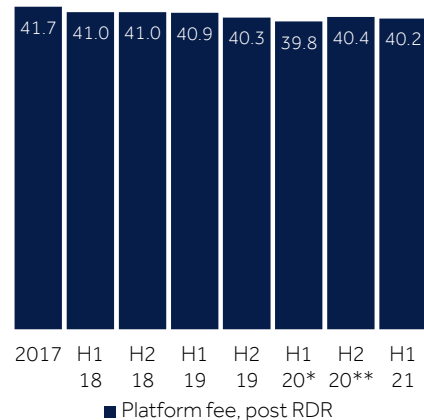
STOCKBROKING VOLUMES

Trading volumes, lockdowns and guidance

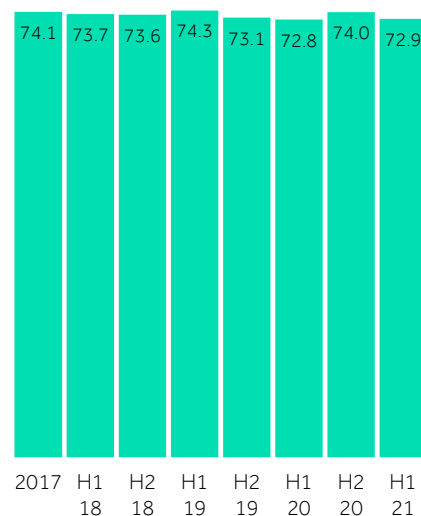
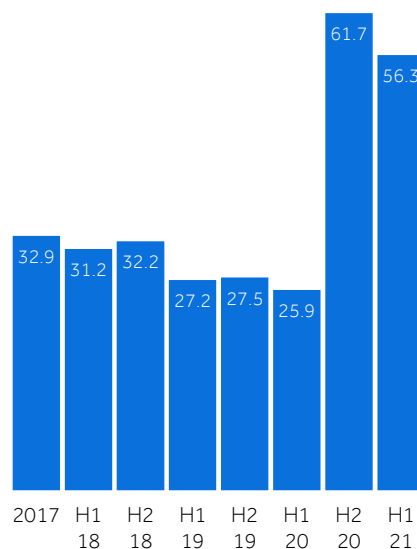
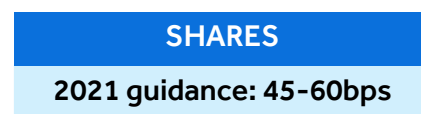


REVENUE MARGINS

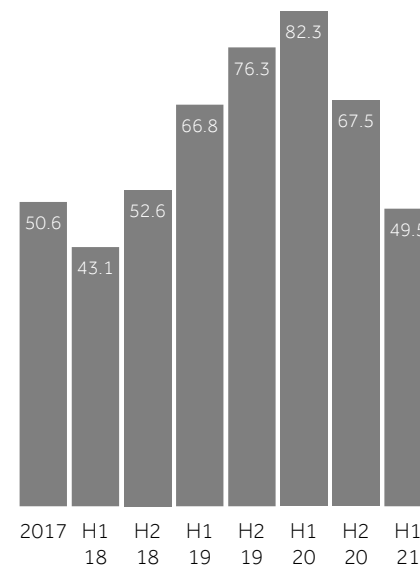
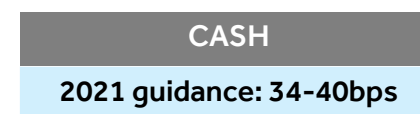
Stable platform fee and initial forward guidance on other classes



*40.7bps without WEIF and WIF waiver
** 40.9 bps without WEIF and WIF waiver



2022 guidance: 66-70bps



2022 initial guidance: 10-15bps

OPERATING COSTS

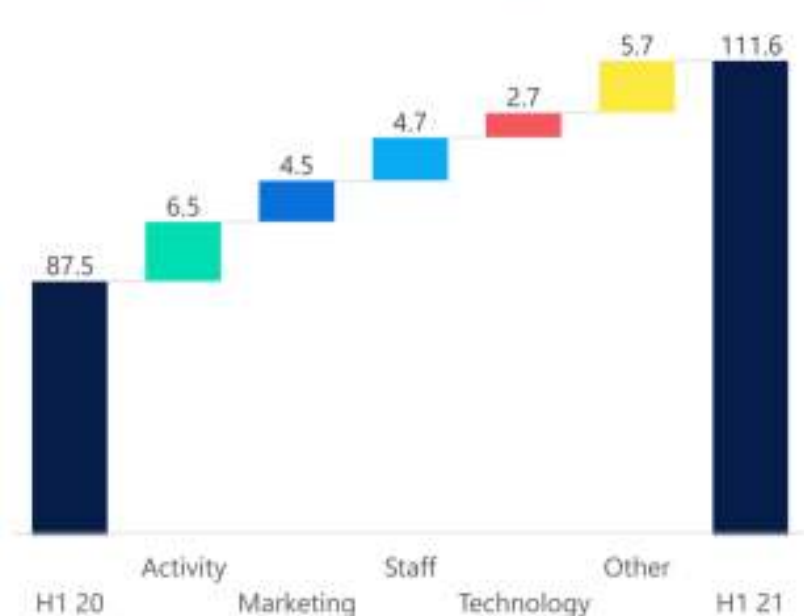
Higher client activity, acquisition and engagement levels during COVID

£ million	H1 2021	H1 2020	+/-
Staff costs	55.5	50.5	
Marketing	10.5	6.0	
Dep'n & financial costs	9.5	8.4	
Other costs	36.1	22.6	
Costs (ex. FSCS levy)	111.6	87.5	27%
FSCS levy	0.4	1.7	
Total operating costs	112.0	89.2	26%

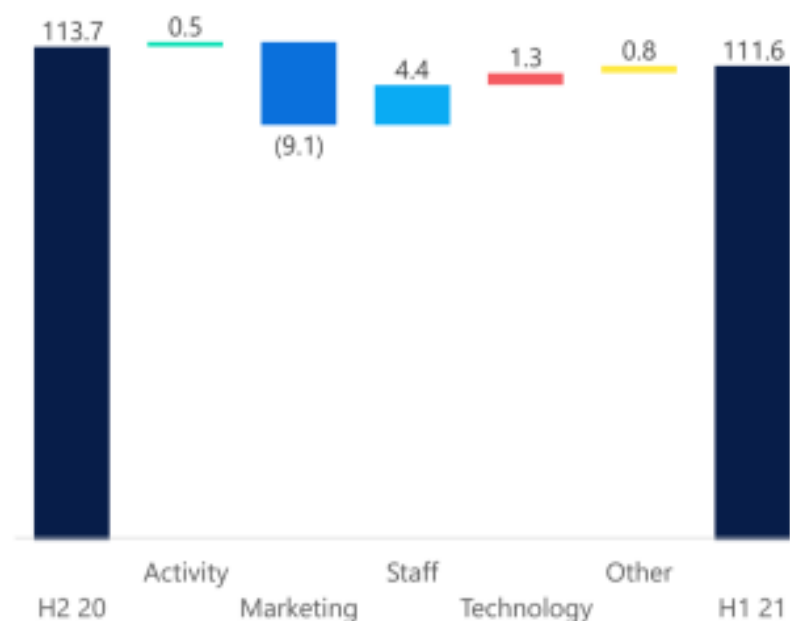
- Significant increase in client activity, new client acquisition and client engagement
- Resultant cost drivers as per H2 FY20:
 - Additional servicing costs supporting higher client activity levels within COVID working configurations
 - Additional dealing costs from record volumes; linked to £67m of additional revenues
 - Increased marketing from acquiring 84,000 net new clients and engaging with our existing client base, resulting in £3.2bn of NNB
 - Investing in technology and our proposition
- Creating capacity to invest with continued control over remaining costs

OPERATING COSTS (EX-FSCS LEVY)

Reconciliation to prior year and previous six months



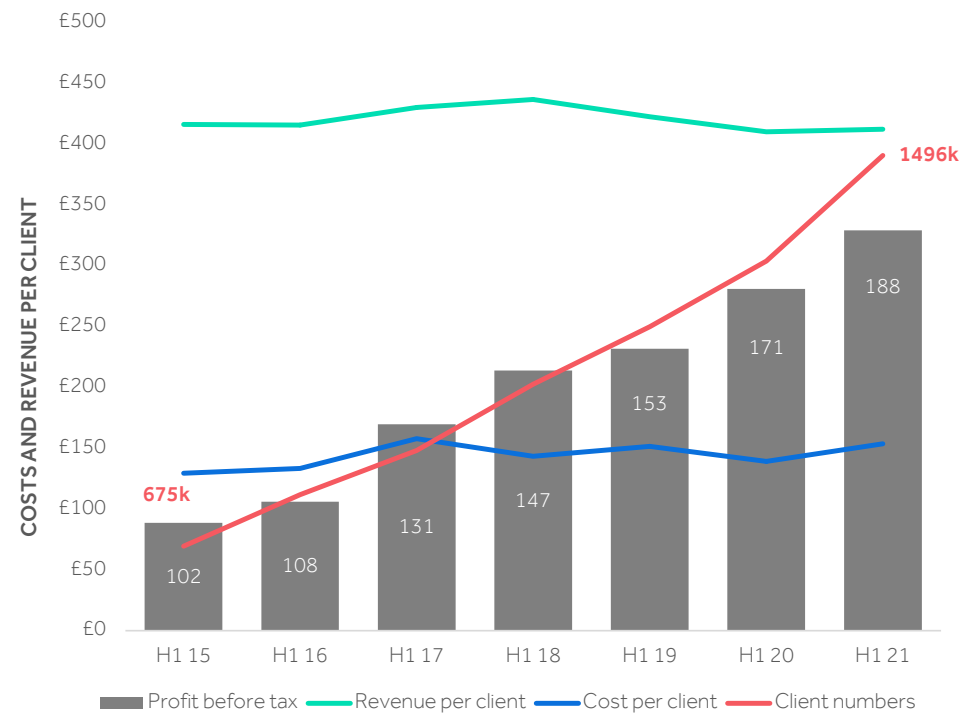
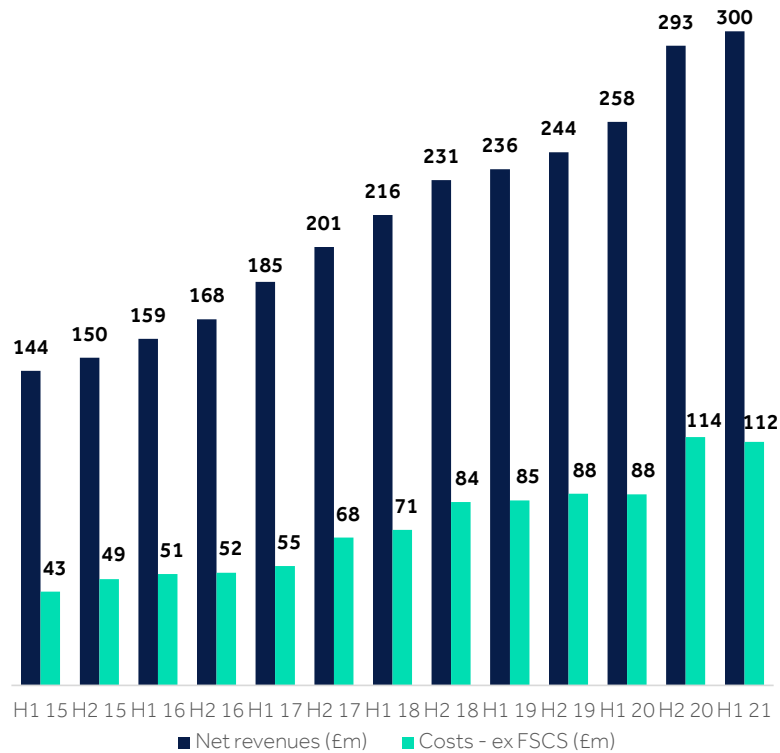
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£ million	H1 2021	H2 2020	+/-
Costs (ex. FSCS levy)	111.6	113.7	(2%)
FSCS levy	0.4	12.0	
Total operating costs	112.0	125.7	(11%)

PROFIT BEFORE TAX

Business continues to scale through unprecedented market conditions



EPS AND DIVIDENDS

Operating our communicated dividend policy

£ million	H1 2021	H1 2020	+/-
Operating profit	188.1	169.7	11%
Finance income	0.8	1.6	
Finance costs	(0.5)	(0.2)	
Profit before tax	188.4	171.1	10%
Tax	(36.4)	(31.8)	
Profit after tax	152.0	139.3	9%
Diluted share count (m)	474.5	475.6	
Diluted EPS (p)	32.1	29.3	10%

Pence per share	2021	2020	+/-
Interim	11.9	11.2	6%
Final		26.3	
Total ordinary		37.5	
Ordinary dividend payout ratio on underlying diluted EPS		65%	
Special – underlying earnings		9.2	
Special - FundsLibrary		8.2	
Total underlying dividend		46.7	
Total dividend		54.9	
Total underlying dividend payout ratio on underlying diluted EPS		81%	

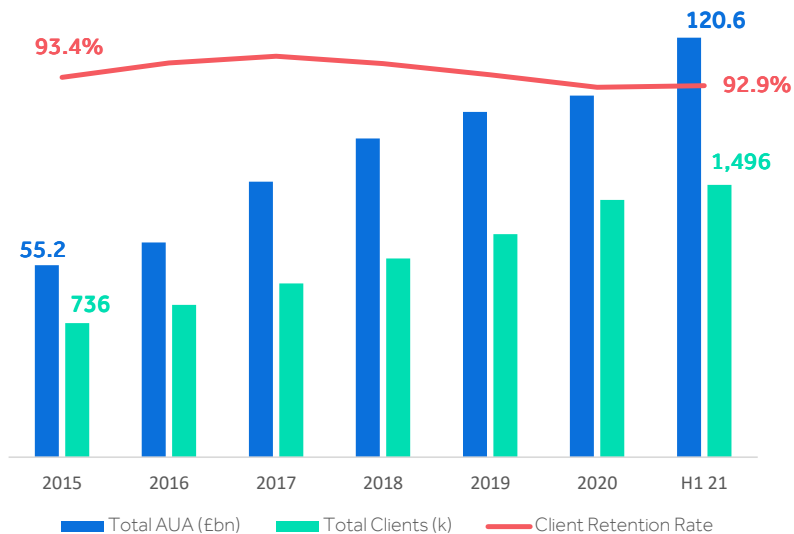
CHRIS HILL

CEO UPDATE

DELIVERING GROWTH THROUGH THE CYCLE

Continued delivery in difficult market conditions

Clients - Assets - Retention



- Equity trading volumes up 123% YoY

Market Environment

- Widespread market volatility through H1
- COVID-19 pandemic providing ongoing challenge
- Investor confidence grew through the period
- Acceleration of already evident structural changes

HL Growth

- Net New Business of £3.2bn, up 39% on prior year
- AUA of £120.6bn
- 84,000 Net New Clients, up 68% on prior year
- Leading market share of 42.5%*

* Platform UK D2C: Market Overview, February 2021, data as at 30 September 2020

CLEAR PURPOSE AND VALUES UNDERPIN A CLEAR STRATEGY

We are the leading digital wealth manager

OUR PURPOSE

To empower people to save and invest with confidence

OUR VALUES

Put the client first. Do the right thing. Go the extra mile. Do it better. Make it easy

A CLEAR STRATEGY TO DRIVE CLIENT GROWTH

Attract

- Strong Brand
- Broad proposition
- Simple product & wrapper choice
- Ease of access

Engage

- Outstanding client experience
- Research and Content
- Online tools
- Investment Solutions

Retain

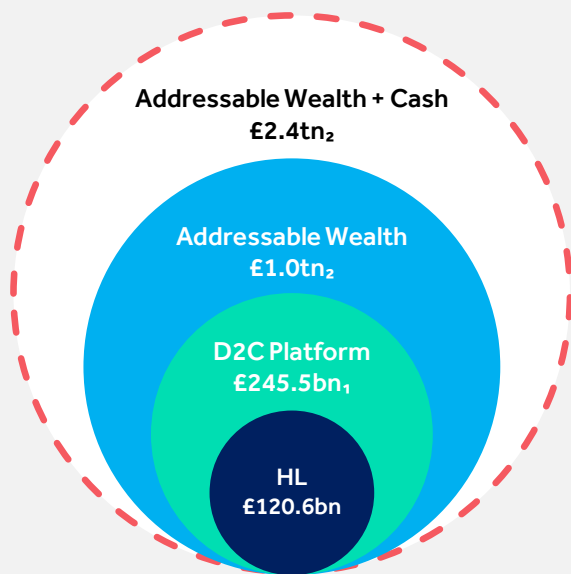
- Relentless client service focus
- Product and platform development based upon evolving client needs
- Trust and governance

Underpinned by focused investment in people and technology capabilities

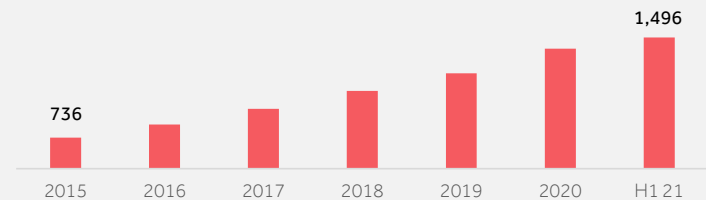
CAPTURING GROWTH IN AN ATTRACTIVE MARKET

Competitively positioned to capture structural growth opportunity and win market share

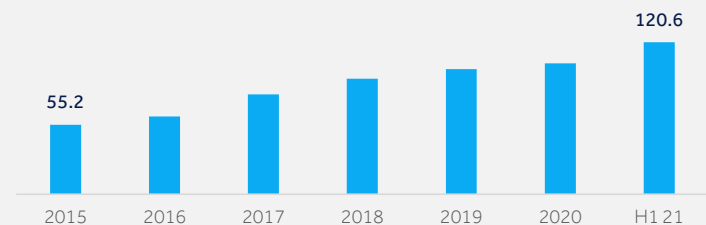
We have a small and growing share of a £2.4tn wealth and savings market that continues to grow.



Growth in clients (k)

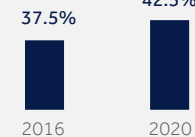


Growth in AUA (£bn)

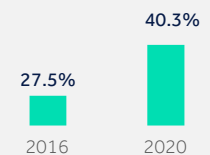


Growth in Market Share

D2C¹ Market Share



Stockbroking³ Market Share



IN STEP WITH THE DEVELOPING MARKET ENVIRONMENT

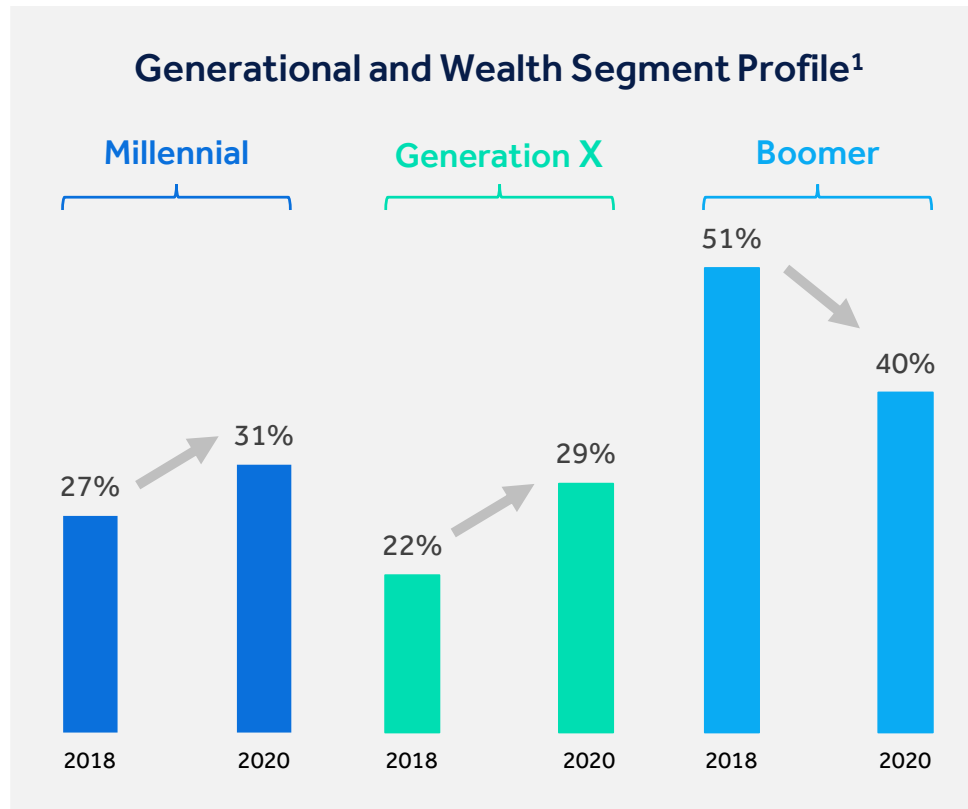
People are living longer 

Ongoing low asset yields 

Political & market uncertainty 

Complex savings environment 

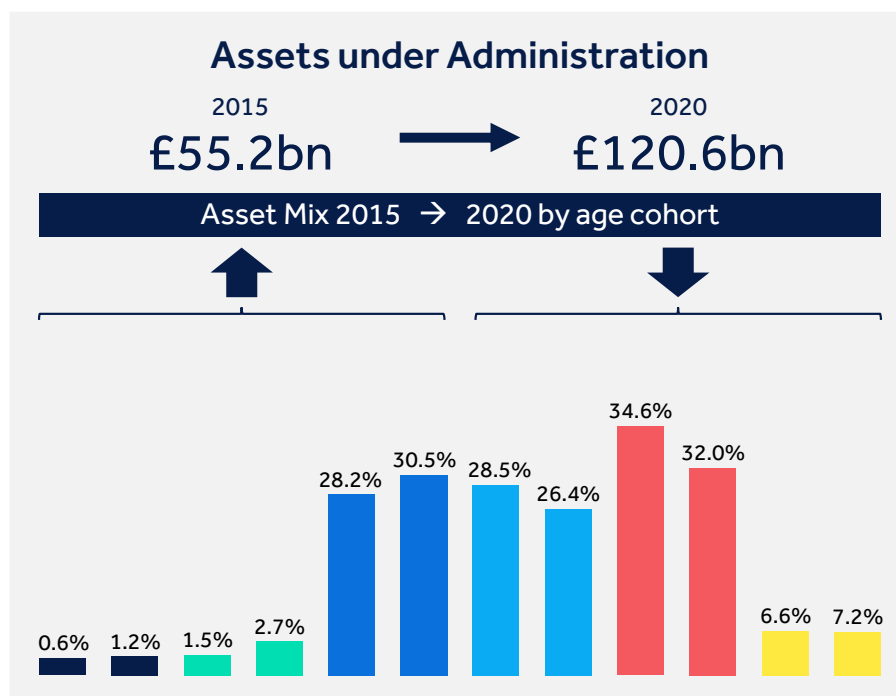
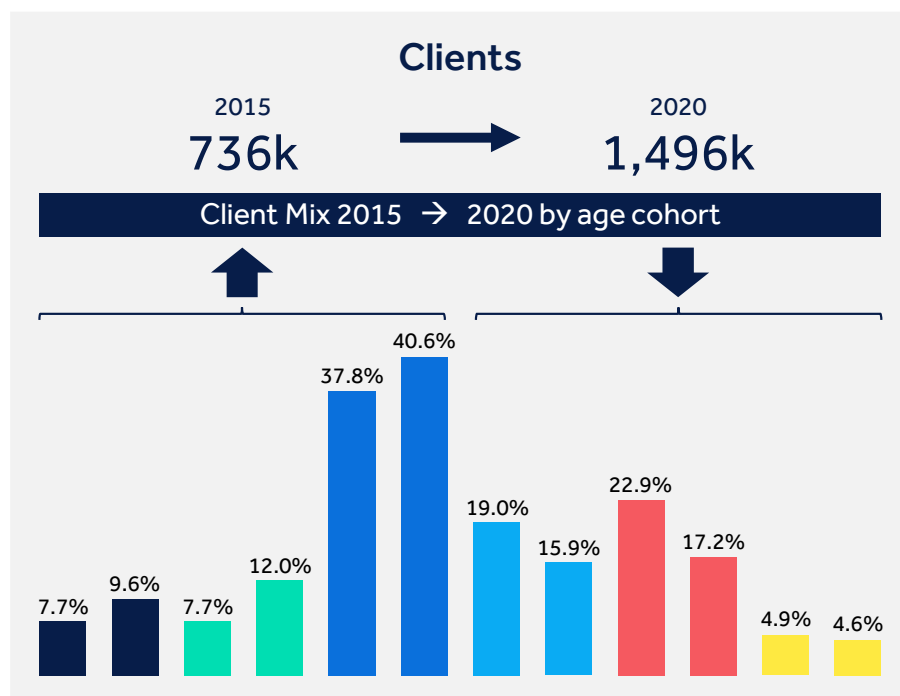
Individual responsibility 



- Structural growth drivers are playing out
- Research and experience indicate shift to young segments intending to invest
- 2020 experience has created further impetus
- Increased demand for HL to support digital-led wealth management

IN STEP WITH CHANGING DEMOGRAPHICS

Positioned to service the changing requirements of the client base

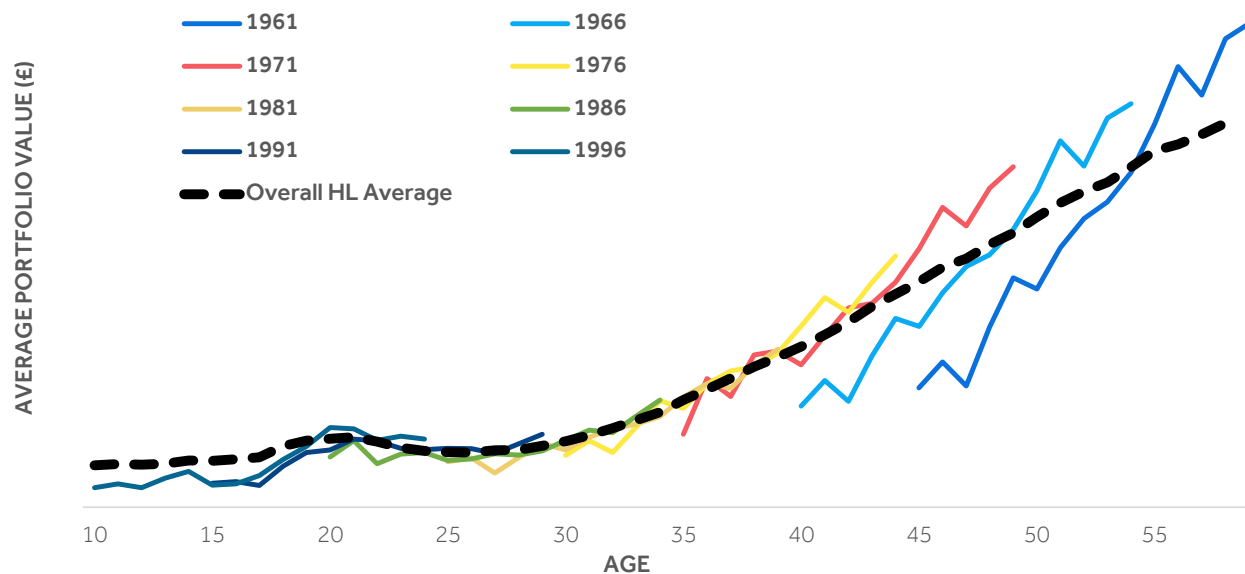


Under 18	Starting Independent Life	Saving for the future	Approaching retirement	Retirement	Later Life
<18	18-29	30-54	55 - 64	65 - 74	75+

BUILDING LIFETIME VALUE

Recognising the value opportunity from changing demographics and a growing client base

Portfolio vs Age – Through the Generations

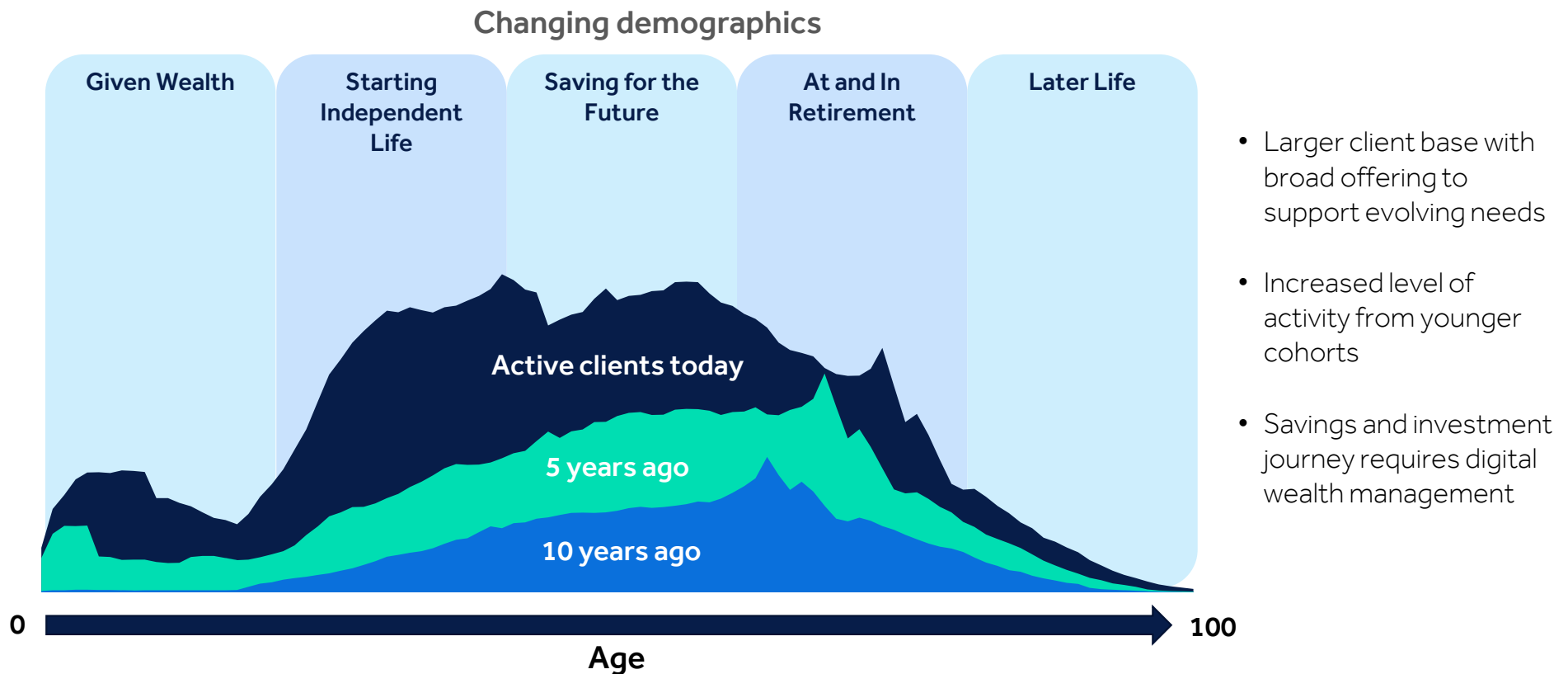


- Clients are saving and investing earlier
- 30 – 54 are the greatest source of future value
- 47% of new clients in H1 were in the 30-54 bracket
- Consistent behavioural patterns over lifetime
- Clients acquired over 2020 demonstrating similar behaviours and value at this stage as previous cohorts

Chart shows various cohorts based on birth year and the average pot size they held with HL when they were at Age X

LIFELONG RELATIONSHIPS WITH CLIENTS

Attracting younger clients and growing lifetime value per client



CLEAR, SIMPLE STRATEGIC EXECUTION

We have invested to maintain our position as the leading digital wealth manager

Focused investment		Impact					
<ul style="list-style-type: none">Support enlarged client base engagement through scalability of services and platformUse scale to generate market leading insightContinuously improve the client experience	Scalability	Clients (m) 1.27 1.49 H1 20 H1 21		Transactions (m) 6.8 11.9 H1 20 H1 21		Trades (m) 9.4 14.0 H1 20 H1 21	
	Smart tools	<ul style="list-style-type: none">New Wealth Shortlist & Fund Finder functionalityOnline drawdown calculatorNew Investment Pathways options for retirement					
	Ease of Use	Digital Visits (m) 91 153 H1 20 H1 21		Mobile Login (m) 32 81 H1 20 H1 21		Website Login (m) 20 32 H1 20 H1 21	
	Engaging content	<ul style="list-style-type: none">HL articles read by >3 million unique visitors in 2020 vs 2.3 million in 201925 million minutes spent reading website content H1 vs 18 million minutes in H1 20475% increase in sign-ups to our editors choice emails					
	Choice architecture	<ul style="list-style-type: none">Broad product and service range for broad demographicsNew Cash ISA to support diversification optionsOnline drawdown improving client outcomes					

CONCLUSION AND OUTLOOK

Continued focused execution

- Strong set of results
- Good start to January ahead of Tax Year End which is important as always
- Cognisant of external environment and uncertainty that remains
- Confident in the market's structural growth opportunity and HL's strategic and competitive position
- Continued focused investment in the leading digital wealth service to deliver growth

