

Trading update

13 May 2021

Hargreaves Lansdown plc (“Hargreaves Lansdown” or the “Company” or the “Group”) today publishes a trading update in respect of the four month period to 30 April 2021 (“the period”).

Highlights

- Net new business of £4.6 billion in the period
- Year to date net new business of £7.9 billion
- Assets under administration (“AUA”) of £132.9 billion as at 30 April 2021, up 28% for the YTD
- 1,622,000 active clients, with net new active clients of 126,000 in the period
- Year-to-date total revenue of £532.7 million, up 19%, supported by record dealing volumes

Chris Hill, Chief Executive Officer, commented:

“This was a period of very strong growth with record net new business, record ISA subscriptions, record client growth, and record share dealing volumes, reflecting the benefits of the investment we have undertaken in recent years in our digital platform and the diversity and strength of our client proposition.

Taking our clients on a journey to improve their long-term financial resilience is a key focus for us and it has been very pleasing to see record numbers of clients making contributions into the tax beneficial ISA and SIPP accounts. In addition, across our tax year end campaign from 12 February to 5 April we have seen a 48% increase in new money into the ISA and SIPP accounts versus the same period last year, and a 54% increase in new ISA and SIPP account openings. We have also continued to see significantly elevated levels of client engagement throughout the period, with a 150% increase in the number of people logging into their accounts, particularly via the mobile app.

We continue to invest for growth, both as part of broadening our proposition and ensuring we continue to respond to our clients’ needs. During the period we launched our Active Savings Cash ISA and added two new responsible investment fund options to the Wealth Shortlist reflecting increased client interest and activity in ESG. We have also invested further in our service capabilities, improving digital processes and increasing both capacity and resilience including the appointment of several senior hires to ensure we have the right capabilities in place to thrive at scale.

Conditions look more positive than they did at the end of December. However, there remains much uncertainty and like many businesses, we cannot predict levels of new business or client activity. We remain confident in our strategy of focusing on the needs of UK investors and savers and delivering the highest level of client service, which should position us to deliver attractive sustainable long-term growth as the UK’s leading digital wealth manager.

I would like to thank all my colleagues for their ongoing hard work, commitment and dedication to supporting our clients, each other and our local community.”

Assets under administration and net new business

£ billion	Four months to 30 April 2021	Ten months to 30 April 2021
Opening AUA	120.6	104.0
Net new business	4.6	7.9
Market movements	7.9	21.2
Founders transfers ¹	(0.2)	(0.2)
Closing AUA	132.9	132.9

¹ Represents cash withdrawals from the disposal proceeds of a placement of Hargreaves Lansdown plc shares by a founder during the period.

With vaccines now rolling out and some aspects of life getting back to normal, the start of 2021 has seen a new phase of market reaction to the ongoing pandemic bringing another set of challenges for society, governments, businesses and investors around the world. Hargreaves Lansdown’s strategy, business model, breadth of proposition and focus on service have allowed us successfully to support our clients and colleagues through these challenges and perform strongly. Client

engagement and activity have again been significantly elevated across the period resulting in records for net new business, net new clients and share trading volumes.

Net new business was £4.6 billion during the period (2020: £4.0 billion), taking year to date net inflows to £7.9 billion (2020: £6.3 billion). Net new business growth was driven by the usual factors of existing clients using their tax allowances during the ISA season and ongoing wealth consolidation onto our platform from existing clients. As a result of lockdown many clients have seen an increase in their cash savings and for some that has led them to putting their money to work in funds and shares, particularly when viewed in the context of the extremely low interest rates that are on offer from the banks as an alternative. The extremely low interest rates on offer make the environment for our Active Savings proposition more challenging. Active Savings added an additional £0.1 billion taking its AUA to £3.0 billion with over 87,000 clients. Despite the challenging environment Active Savings remains part of our core proposition and we continue to build out its functionality.

Net new clients for the period were 126,000, taking total active client numbers to 1,622,000. Year to date we have now added net new clients of 210,000, representing a 15% increase. Our client service, reputation and breadth of proposition are core to Hargreaves Lansdown and were particularly important during the recent lockdown period. The Tax Year End period is always significant for marketing and this time around we built on the prior year's successful brand awareness message "Switch your money ON" with an evolved campaign focused on the benefits of long term investing, "Thank yourself later", including national TV advertisements. This, together with our direct digital marketing expertise, resulted in record numbers of net new clients in the period. In line with recent trends the average age of new clients for the current financial year has been 36 (2020: 37) and many are new to investing. We have therefore been focused on how we can support them through a lifetime of investing to meet their long-term desired outcomes.

Across the period stock markets have continued their recovery from the global impact of COVID-19, which has led to a positive market movement in AUA in the period of £7.9 billion. When combined with net new business and founder transfers, AUA was £132.9 billion as at 30 April 2021.

Revenue

Revenue for the period was £233.2 million (2020: £190.2m). The key driver for the year-on-year increase has been the record dealing volumes including elevated trading in international equities, driven by interest in US stocks from existing clients as we flagged in March. Total share deals for the period were 6.0 million (2020: 4.0m). The recovery in stock markets has also helped drive platform fees higher with the FTSE All Share on average being 9% higher this period compared to last year. These positive impacts were partly offset, as previously flagged, by the continued fall in net interest margins as the emergency cuts to the UK base rate in March 2020 are still playing through.

Overall, this has resulted in year to date revenue of £532.7 million (2020: £448.1m), 19% higher than last year.

Elevated levels of client acquisition, trading volumes and debit card payments onto the platform boost revenues but also come with associated costs. These activity-related and associated client servicing costs will flow into the second half of our financial year, together with the costs of our brand marketing campaign. In addition, there has been a notified increase in the FSCS budget for 2021/22, which will give rise to a likely charge this current year of c£15.8 million compared to £13.7 million last year.

Where daily share dealing volumes settle, as we ease out of lockdown and life returns to more normal, is difficult to say. Similar to when previous lockdowns have been lifted, we have begun to see a reduction in share dealing volumes in both UK and overseas trades. However, given our focus on engaging with an ever-growing client base, helping to build their financial knowledge and confidence, ensuring the simplicity of investment via our platform and the breadth of equities available, we are confident that we will see a higher base level of dealing volumes than we did pre COVID-19. We will update our guidance on the shares revenue margin and other revenue margins when we announce our full year results on 9th August 2021.

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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.

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Assets under administration

Average AUA (£billion)	4 months to 30 April 2021	3 months to 31 December 2020	3 months to 30 September 2020	2 months to 30 June 2020	4 months to 30 April 2020
Funds	61.3	56.0	52.4	51.1	49.4
Shares	49.0	42.3	37.6	35.8	32.5
Cash	12.9	13.0	13.5	13.6	13.2
HL Funds	8.6	8.1	7.9	8.0	8.2
Active Savings	3.0	2.7	2.2	2.2	1.9
Double count ¹	(8.5)	(8.1)	(7.8)	(7.9)	(8.1)
Total	126.3	114.0	105.8	102.8	97.1

AUA (£billion)	As at 30 April 2021	As at 31 December 2020	As at 30 September 2020	As at 30 June 2020	As at 30 April 2020
Funds	64.6	59.2	52.8	51.7	47.9
Shares	52.3	45.9	38.2	36.4	32.5
Cash	12.9	12.5	13.5	13.6	14.1
HL Funds	8.9	8.5	7.8	8.0	7.7
Active Savings	3.0	2.9	2.3	2.2	2.1
Double count ¹	(8.8)	(8.4)	(7.7)	(7.9)	(7.6)
Total	132.9	120.6	106.9	104.0	96.7

Average AUA (£billion)	10 months to 30 April 2021	10 months to 30 April 2020
Funds	57.0	52.5
Shares	43.6	34.0
Cash	13.1	12.0
HL Funds	8.3	8.8
Active Savings	2.7	1.6
Double count ¹	(8.2)	(8.7)
Total	116.5	100.2

¹All HL Funds are held in Vantage or the Portfolio Management Service (PMS) and are included in the Funds category of the table with the exception of a small balance held off platform by third parties. To avoid double counting the amount held in Vantage or PMS has been deducted.

AUA (£billion)	4 months to 30 April 2021	3 months to 31 December 2020	3 months to 30 September 2020	2 months to 30 June 2020	4 months to 30 April 2020
Opening AUA	120.6	106.9	104.0	96.7	105.2
Net new business	4.6	2.4	0.8	1.4	4.0
Market movements	7.9	11.3	2.1	5.9	(12.4)
Founder transfer*	(0.2)	-	-	-	(0.1)
Closing AUA	132.9	120.6	106.9	104.0	96.7

* Represents cash withdrawals from the disposal proceeds of a placement of Hargreaves Lansdown plc shares by a founder during the period.