



IG Group

Annual Pan European Small/Mid Cap
Conference October 2008

Tim Howkins, CEO
Steve Clutton, Finance Director

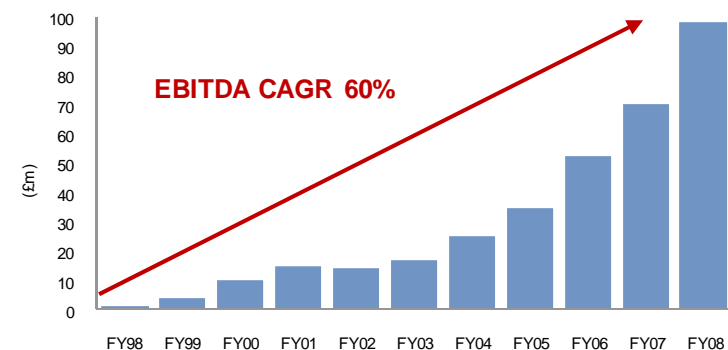
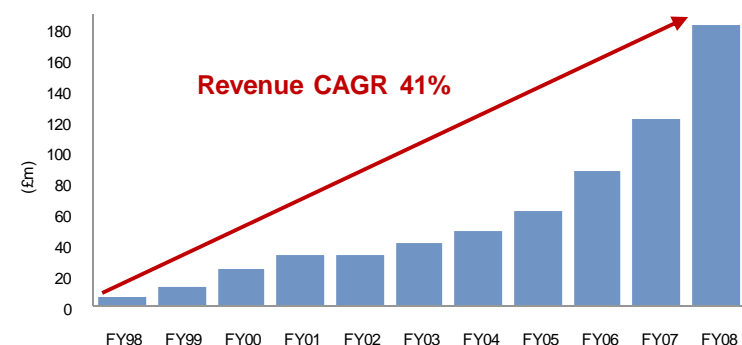
Introduction

Strong revenue and profit growth continues

Year on year comparison

	FY 07	FY 08	Growth
	£'m	£'m	%
Revenue	122.0	184.0	51%
Betting duty	-4.2	-10.8	
Gross profit	117.8	173.2	47%
Interest on client balances	6.5	10.2	
Operating costs	-53.9	-84.9	57%
EBITDA	70.4	98.5	40%
Margin (%)	57.7%	53.5%	
Depreciation and amortisation	-4.6	-4.9	
EBIT	65.8	93.6	42%
Interest received	3.1	3.4	
Profit before tax	68.9	97.0	41%
Diluted earnings per share	14.52p	20.28p	40%
Dividend per share	8.5p	12.0p	41%

10 year history of growth

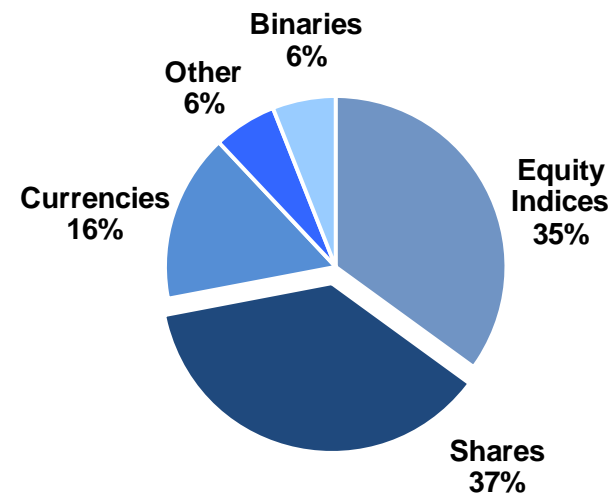
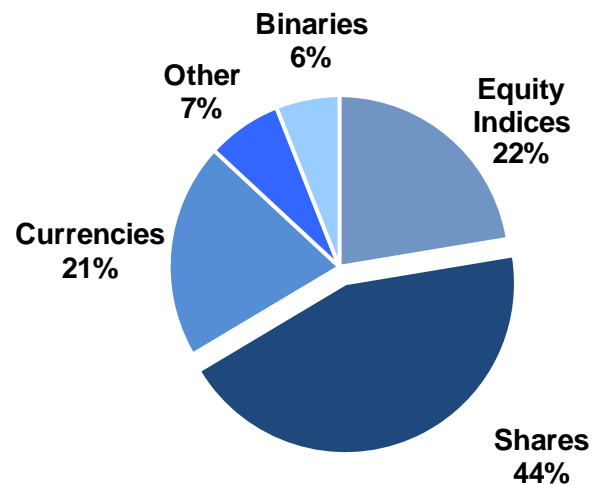


Client activity is increasingly diversified

Clients seek out volatility

FY 07: Financials revenue £110m

FY 08: Financials revenue £172m



- Client positions in shares predominantly long
- Median hold for shares
 - 3 days
 - 25% closed same day

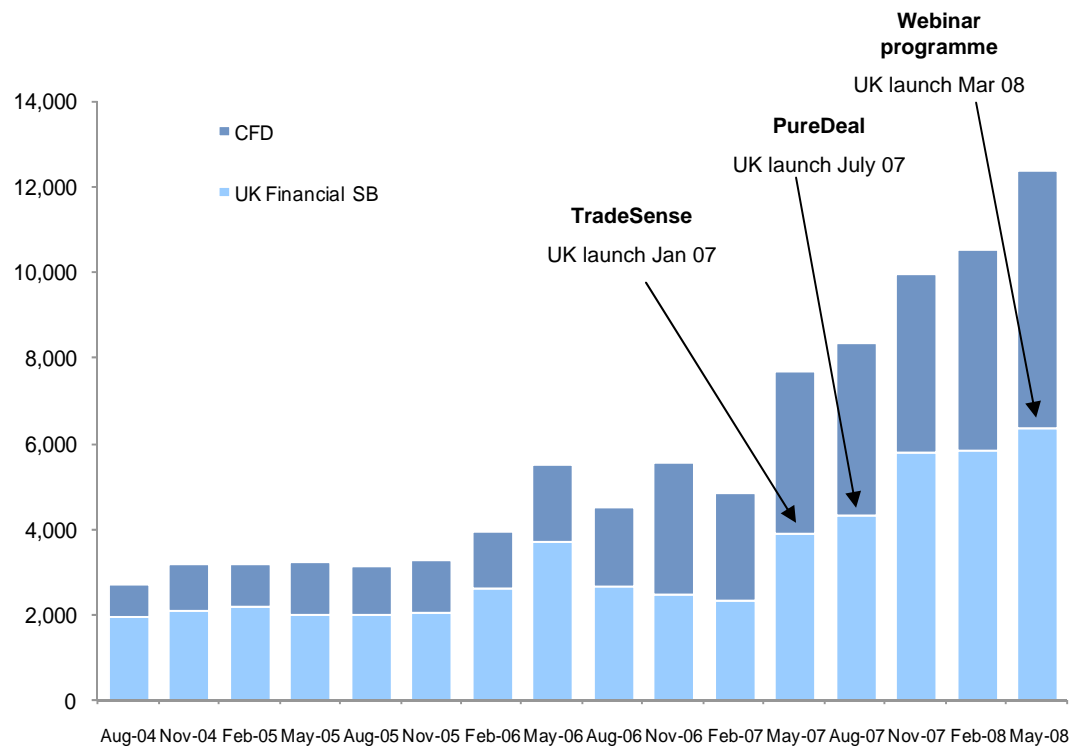
- No directional bias in other asset classes



Financials business

Account opening is key lead indicator

Quarterly account opening



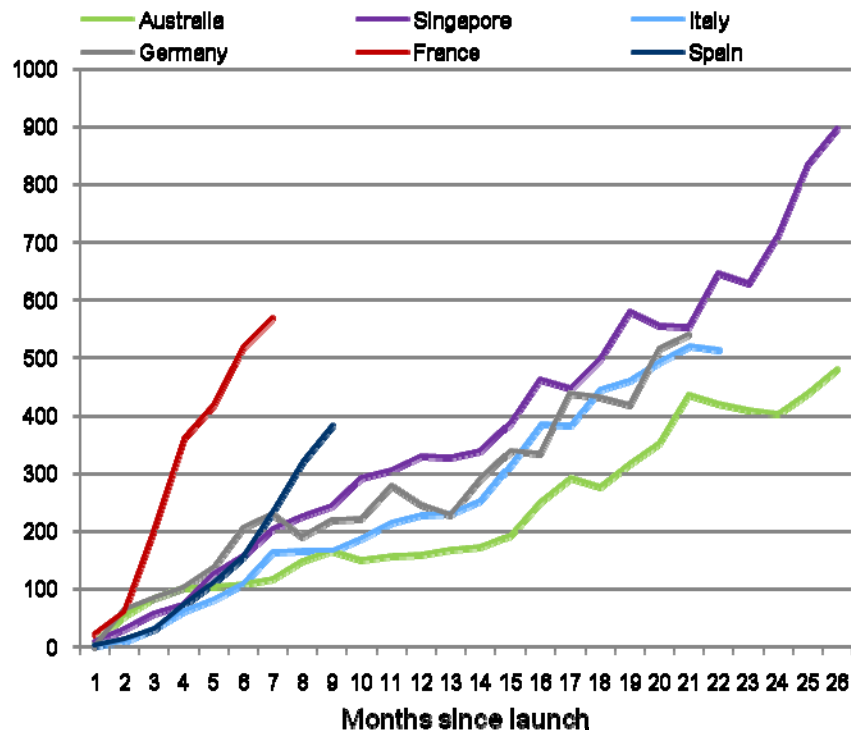
- Overall client recruitment up 82% year on year
- H2 account openings 25% higher than H1
- Strong brand and recognition of IG as market leader
- Growing global recognition and market reach
- Currently 36% of new accounts from overseas businesses



Overseas CFD expansion

Early performance of new offices has improved

Number of clients dealing (monthly)



- Newer offices outperforming early experience in Australia
- Minimal set up costs, modest headcount requirement
- Singapore, Italy and Germany: monthly revenue run rate approx £1.1m
- Paris & Madrid opened in November 2007: monthly revenue run rate approx £0.9m
- Focus on marketing and consumer education
- Continuing to research new markets



Acquisition of FX
Online Japan KK

Introduction

A major strategic opportunity

- IG Group acquired 87.5% of FXOnline Japan KK (“FXO”)
- Cost £112m (Y 21.9bn) *
- £117m total funding requirement including costs financed via
 - £35m from own resources
 - £82m share placing
- Delivers immediate scale in a key strategic market
- FXO offers
 - Track-record of innovation
 - Strong client recruitment skills
 - Good cultural fit
 - Immediate synergies through migration to PureDeal and move to IG hedging model
- Expected to be EPS enhancing in year ending May 09

•All current and historic Yen values in this presentation are restated to Sterling at an assumed exchange conversion rate of Y195/£

•Statements regarding the enhancement of earnings per share do not constitute profit forecasts nor should they be interpreted to mean that the earnings per share for IG for the current or future financial years will necessarily match or exceed the historical published earnings per share of IG

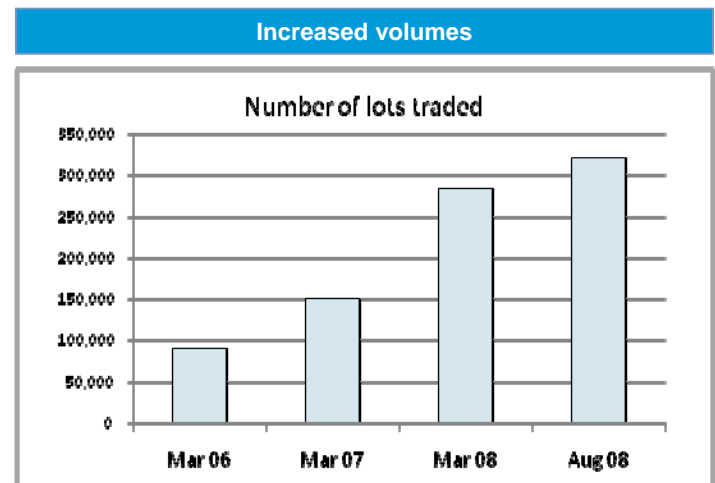
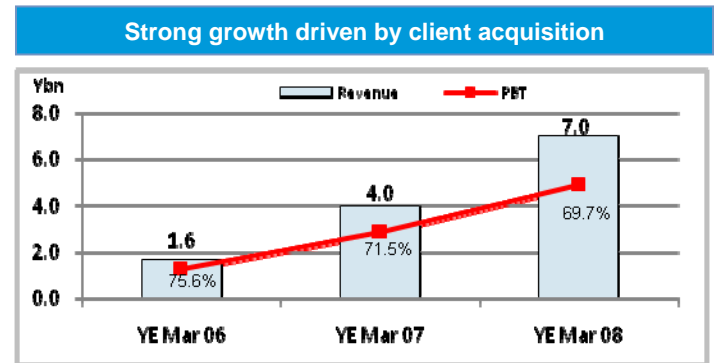


FXO background



Established player in a key market

- Retail FX in Japan
- Dec 2002: Established as a white label
- Feb 2005: Launched own online trading platform
- Feb 2005: Introduced commission free trading
- Feb 2006: FX licence enhanced credibility
- Strong brand
- Financial strength
 - High margins
 - No debt
 - Minimal capex



Source: Company information (unaudited)



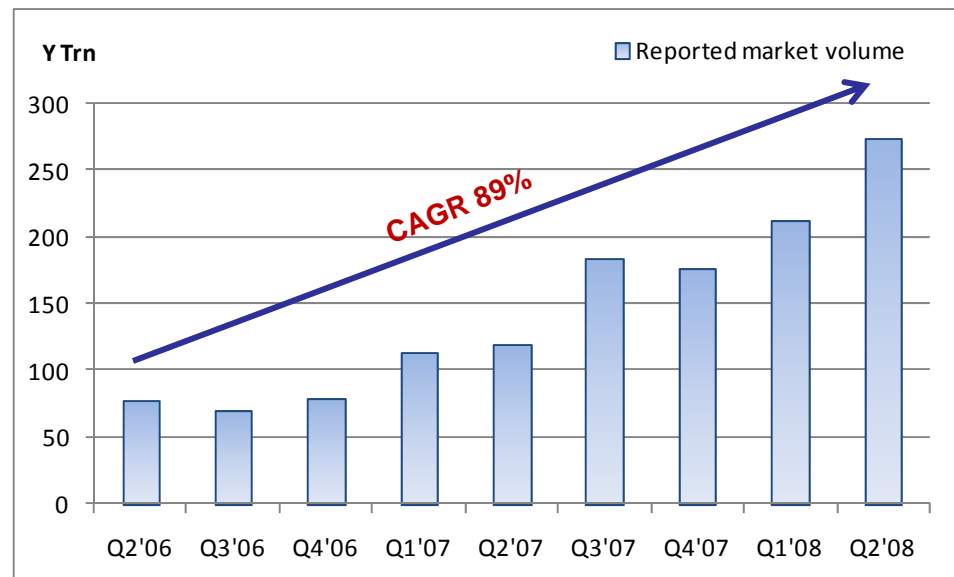
Japanese FX market

Immediate scale and infrastructure in the 2nd largest retail FX market in the world

Online Retail FX Trading

- Established regulatory framework
- Experiencing extremely rapid growth
- FXO market share 4%
- Fragmented market - opportunity to increase market share
- Opportunity to introduce CFDs
- White label opportunities

Retail FX Volumes



Source: Financial Futures Association of Japan



Integration plan

Risk management, dealing and technology move to IG's platform

Immediately	Risk management/hedging undertaken from IG's London/Melbourne offices IG prices into FXO platform
About 1 month	FXO platform relocated to IG data centres from 3 rd party host
About 2 months	New clients onto IG's PureDeal platform
2 months onwards	Migrate existing clients from FXO platform to PureDeal over time
About 4 months (subject to regulatory approval)	Begin offering CFDs

- Integration costs expected to be minimal
- Development work substantially completed: lowers risk of integration and execution
- Group Director Andrew MacKay and other IG operational/IT specialist staff will be based in Tokyo to oversee integration and launch of CFDs



Japan CFD opportunity

Strong trading culture

- Regulation permits CFDs
- Expect client interest in equity indices
- Almost 80% of retail FX traders have experience of trading shares *
- Individuals account for a third of volume on the Tokyo Stock Exchange
- Minimal competition at present for CFDs
- Online brokers primarily offer domestic equities
- IG has had preliminary discussions with several potential white label partners

* Source: Yano Research Institute Ltd



Synergies

Improved profitability and better client offering under IG ownership

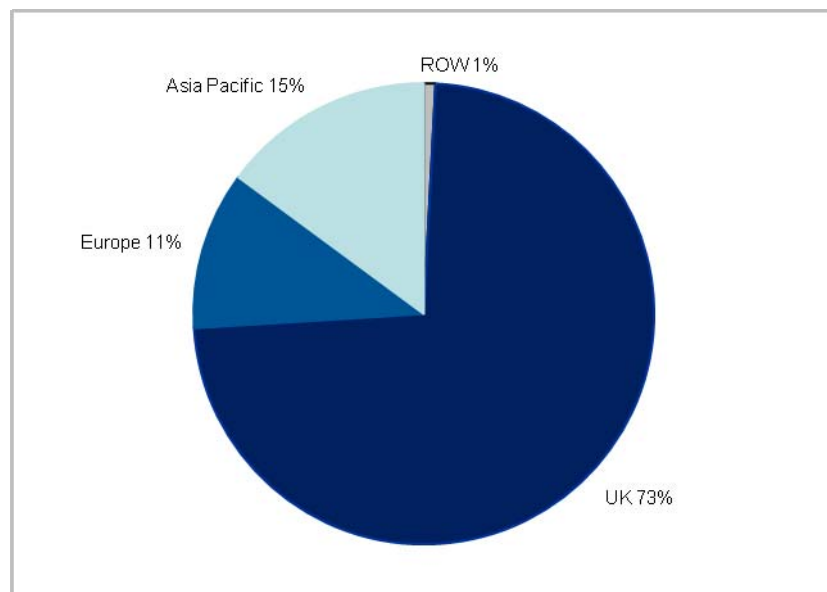
- Hedging
 - IG's hedging model allows offsetting of client flows with limited volatility of revenue
 - FXO hedges by currency pair rather than by currency
 - Acquisition expected to approximately double the Group's FX volume, increasing efficiency
- Move to superior PureDeal platform
 - Browser based
 - Improved functionality
 - Broader range of currency pairs
 - Multiple price updates per second
 - Precision pricing
 - iPhone dealing
- Introduce IG's client training programme, TradeSense, and online seminars
- Third party IT cost savings



FXO increases geographical diversification

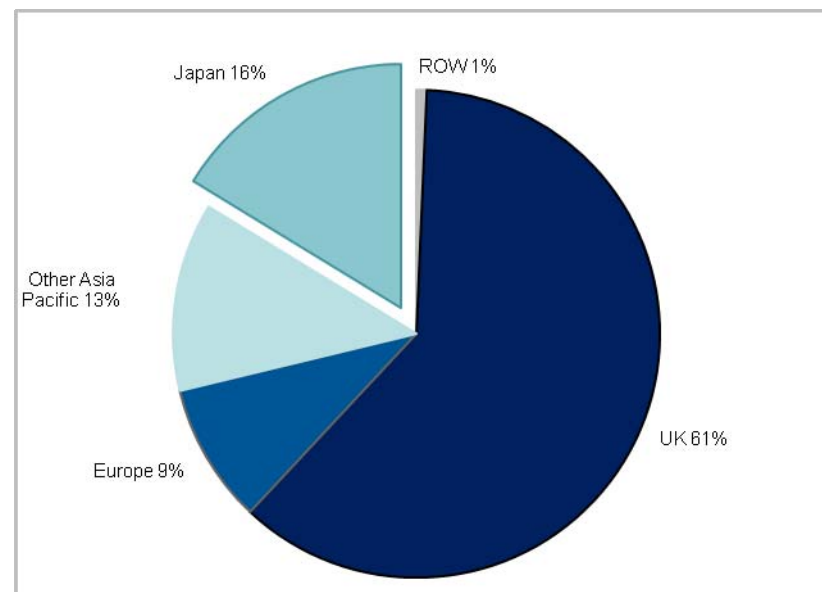
UK pro forma revenue falls to 61% of worldwide total

FY08: IG revenue £184m



IG year ended May-08

FY08: Enlarged group pro-forma revenue £220m



FXO year ended March-08 (unaudited)



IG current trading

Strong growth continues

- Q1 Results
 - Revenue growth 29%
 - Costs in line with expectations
 - Strong summer account opening – financial accounts up 45%
 - Established overseas offices continue to grow
 - New offices in France and Spain performing well
 - Non-UK revenues represent 30% of total

- September
 - Strong trading continues
 - No material counterparty risk to recent high profile failures
 - Negligible impact from short selling rules
 - Recent period of market volatility has seen
 - Record levels of client transactions
 - Record levels of account openings

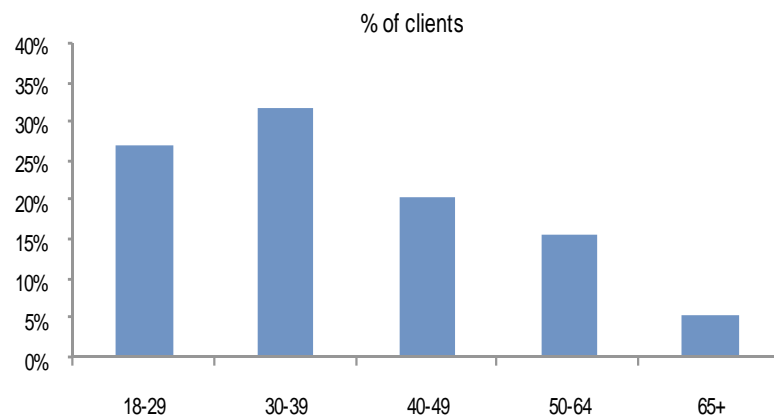


Appendices

Client demographics

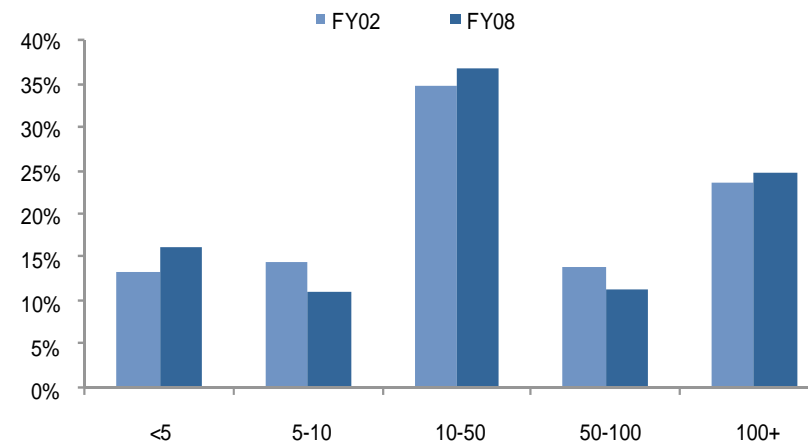
Affluent client base which has shown resilience to economic downturn

FY08 age profile of new clients



- Median age of clients 37 yrs
- Becoming more popular with women
 - 11% of FY08 trading for first time (FY02: 4%)

Client savings (£000s)



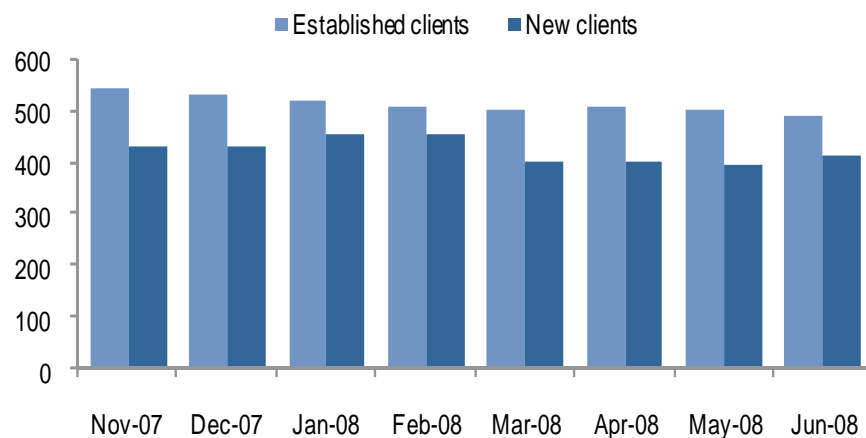
- Typical client has between £10k-50k savings
- Only 2.2% are “city based” clients



Client balances

Client balances remain stable

Median client balances (£)



- Recent market conditions have not impacted client balances
- 50% of established clients have balance above £488
- 50% of new clients have balance above £411

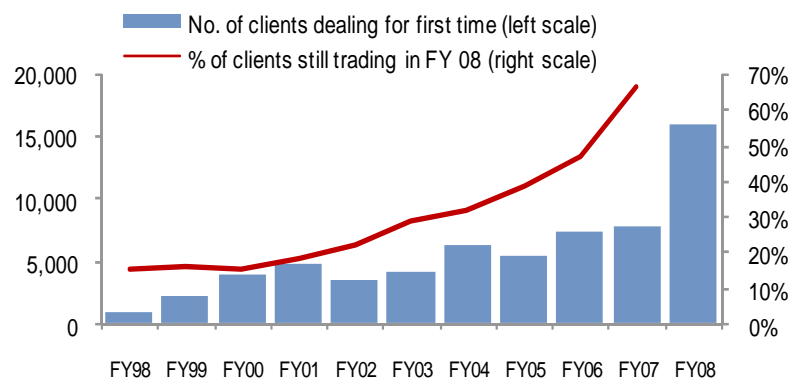
Population - UK Financial SB clients
New clients are those who have dealt for the first time in the previous three months



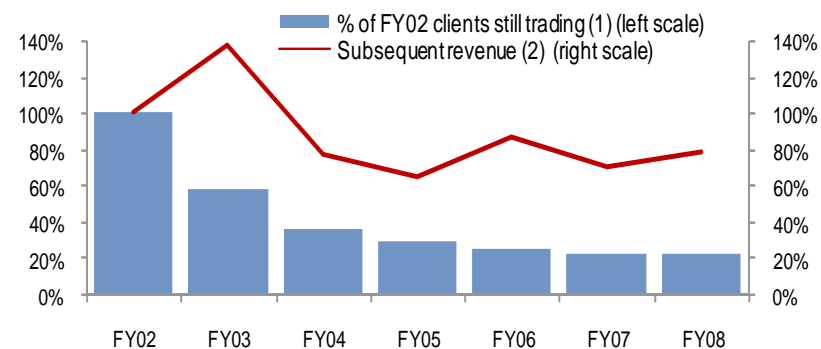
Client churn

After initial fall, churn rate tails off and revenue stream stabilises

Client retention



FY02 clients



- 35% of new accounts never trade (FY07: 40%)

- Clients generate increasing revenue over time
- After two years aggregate revenue stabilises

Population: UK Financial SB clients
 (1) As % of clients who started trading in FY02
 (2) As % of FY02 revenue

