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FOR IMMEDIATE RELEASE

**IG announces  
Initial Public Offering price range and appointment  
of Non-Executive Directors**

(LONDON, 13 APRIL 2005) – IG Group Holdings plc (“IG” or the “Group”), owner of the UK’s leading spread betting firm, has today launched a global offer (the “Global Offer”) to institutional investors and qualifying IG clients with the publication of its price range prospectus. The indicative price range is 112p-139p per ordinary share, which would imply a market capitalisation for the Group of approximately £375 million - £435 million following the Global Offer.

IG also announces the appointment of Sir Alan Budd and Martin Jackson as Non-Executive Directors of the Group with immediate effect. Sir Alan was Chief Economic Adviser to the Treasury between 1991 and 1997 and subsequently served on the Monetary Policy Committee of the Bank of England. Sir Alan was also Chairman of the Gambling Review Body. Martin Jackson was the Group Finance Director of Friends Provident plc between 2001 and 2003. Martin is a Non-Executive Director and Chairman of the Audit Committee of Admiral Group plc.

UBS Limited (“UBS”) is acting as global coordinator, bookrunner and sponsor to IG in relation to the Global Offer, with Bridgewell Securities Limited and Numis Securities Limited acting as joint lead managers. UBS and Lexicon Partners Limited are acting as joint financial advisers.

**Highlights of the Global Offer**

- The Global Offer will consist of a capital raising of approximately £124 million (after deducting expenses) (the “Primary Offer”) and will include a secondary offer of ordinary shares by existing shareholders.
- The indicative price range has been set at 112p-139p per ordinary share, implying a market capitalisation for the Group following the Global Offer of approximately £375 million - £435 million.
- The Group intends to apply the net proceeds of the Primary Offer together with existing surplus cash to repay outstanding indebtedness and to redeem its preference share capital.

- All institutional shareholders, management shareholders and employee shareholders of IG are subject to lock-up conditions in respect of the ordinary shares which they will hold immediately following admission of the ordinary shares to the Official List ("Admission"). No further sales of IG ordinary shares by existing institutional and employee shareholders are permitted until a minimum of six months following Admission. The Executive Directors can make no further sales of IG ordinary shares before the announcement of the Group's preliminary results for the year ending 31 May 2006 (expected to be July 2006) and have phased restrictions over selling their IG ordinary shares expiring in their entirety upon the announcement of the Group's preliminary results for the year ending 31 May 2007 (expected to be July 2007).
- IG intends to adopt a progressive dividend policy, reflecting the long term earnings and cashflow potential of the Group whilst targeting a post-tax cash earnings dividend cover of approximately two times.
- UK clients of the Group as at 28 February 2005 are being offered the opportunity to apply for IG ordinary shares. Clients may register their interest and apply for IG ordinary shares at [www.igshareoffer.capitaregistrars.com](http://www.igshareoffer.capitaregistrars.com).
- IG is commencing an institutional roadshow today. Following a bookbuilding exercise, it is expected that the announcement of the offer price and the commencement of conditional trading will take place on 28 April 2005.

**Jonathan Davie, Chairman, said:**

"We are delighted to be launching our IPO today and are very pleased to welcome Sir Alan Budd and Martin Jackson to IG, both of whom bring significant talent and experience to the Group."

**Nat le Roux, Chief Executive, said:**

"The IPO is the next step in the development of IG. Our interim results demonstrate the Group's continuing momentum. We believe the IPO will enable us to build upon this success and position the Group for further growth."

**Rob Lucas, Non-Executive Director of IG and Partner of CVC, said:**

"IG is a rapidly growing business with an excellent management team. CVC's decision to retain a significant shareholding in IG reflects the confidence we have in the Group's future."

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## **About IG**

IG is a fast growing, profitable and cash generative provider of speculative investment products to retail and institutional clients around the world. The Group's core business is spread betting, both on financial markets and on sporting, entertainment and political events. The Group's other products and services include contracts for differences ("CFDs"), foreign exchange trading and binary betting. The Group has two core brands – IG, under which IG Index and IG Markets operate, and binarybet.com™.

The Group's business has grown rapidly since the late 1990s, with turnover having increased 41.7% compound between the financial years 1998 and 2004 to £49.8 million. EBITDA has increased by 63.8% compound over the same period to £25.1 million

### **Key strengths**

#### *Market leadership and brand value*

IG is one of the leading brands in financial markets speculation and the leading brand in UK financial spread betting. This longstanding leadership is attributable to the Group's focus on client service, speed and quality of execution, breadth of product offering, and technological and product innovation.

#### *Client service*

Central to IG's business is its ability to attract and retain large numbers of clients, open accounts for them and then provide them with attractive dealing opportunities. Online account opening – often involving an immediate online identity check for regulatory purposes – was introduced by the Group in June 2003 and has made it significantly quicker for most clients to open accounts. In February 2005, online account opening represented 84% of total account openings.

IG's extensive range of products, which includes offering speculative opportunities on financial markets and sporting, political and entertainment events, appeals to a diverse range of retail clients and market professionals. The Group is committed to providing clients with fast, simple and secure access to an exciting and expanding product range.

#### *Technology*

IG launched a new Internet platform in January 2003 offering live streaming prices and rapid one click dealing. Online dealing enjoyed a rapid take-up, with monthly transaction volumes increasing from less than 30,000 in December 2002 to a level of approximately 220,000 in February 2005 (inclusive of transactions executed using IG's mobile and L2™ platforms). The sophistication of the Group's technology enables it to offer innovative products such as binary bets and provides the basis for future growth.

Other technological innovations include L2™, one of only a limited number of CFD trading platforms allowing clients to execute directly into the exchange order book, and IG's mobile telephone platform, which enables clients to deal and view live prices and open positions using a number of high-end mobile phones.

### *Product innovation and breadth of offering*

The Group has a strong track record for developing an innovative product offering. The most recent significant example of this has been the introduction of binary betting. Other recent product developments include offering a wide range of options which expire daily and expanding the range of sport spread bets.

IG was the first UK bookmaker to offer binary betting in the UK and, as with financial spread betting, maintains a leading market position in the UK. The Group's ongoing development of new products supports its rate of new client acquisition and existing client retention.

### *Experienced senior management team*

IG's senior management team has extensive experience of the markets in which the Group operates and has been instrumental in implementing the commercial and strategic initiatives undertaken by the Group in recent years, which have been important drivers of the Group's rapid and profitable growth.

### **Selected financial data and current trading**

The table below sets out summary financial information for the Group for the periods indicated. The data has been extracted without material adjustment from the Group's financial statements prepared in accordance with UK GAAP.

	Year ended			Six months ended	
	31 May			30 November	
	2002	2003	2004	2003	2004
	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)
Financial	26,288	34,118	40,895	18,573	23,113
Financial Binaries	-	-	2,153	897	2,541
Sports	7,285	6,878	6,791	3,618	3,847
<b>Total turnover</b>	<b>33,573</b>	<b>40,996</b>	<b>49,839</b>	<b>23,088</b>	<b>29,501</b>
Cost of sales	(1,050)	(1,958)	(1,879)	(793)	(1,366)
Gross profit	32,523	39,038	47,960	22,295	28,135
Interest on clients' money	1,471	1,358	2,244	950	1,584
Administrative expenses	(19,366)	(23,208)	(25,076)	(11,739)	(13,609)
<b>EBITDA</b>	<b>14,628</b>	<b>17,188</b>	<b>25,128</b>	<b>11,506</b>	<b>16,110</b>
Depreciation	(1,556)	(2,475)	(3,305)	(1,597)	(1,899)
EBITA	13,072	14,713	21,823	9,909	14,211
Amortisation	(220)	(220)	(4,241)	(1,392)	(2,840)
EBIT	12,852	14,493	17,582	8,517	11,371
<b>EBITDA margin</b>	<b>43.6%</b>	<b>41.9%</b>	<b>50.4%</b>	<b>49.8%</b>	<b>54.6%</b>

*EBITDA represents earnings before exceptional items, depreciation, amortisation, taxation, interest payable on the Group's indebtedness and interest receivable on corporate cash balances and includes interest receivable by the Group on clients' money net of interest payable to clients*  
*EBITDA margin is calculated by dividing EBITDA by total turnover*

The Group has delivered strong growth in turnover and profits over the three year period to 31 May 2004. During this period of sustained turnover growth, IG has maintained a tight control on expenses with costs increasing less than revenues. The increase in turnover, coupled with the ability to manage the cost base has delivered notable EBITDA margin improvement from 41.9% for the financial year 2003 to 50.4% for the financial year 2004.

IG recently announced record interim results with both turnover and EBITDA growing strongly for the six months ended 30 November 2004. These results also demonstrated a further improvement in the EBITDA margin to 54.6%.

The Group continues to deliver strong growth in both turnover and earnings. For the three months ended 28 February 2005, IG delivered growth in unaudited turnover of 34.9% when compared to the same period in the prior year. As the Group benefits from high operational gearing, the expansion of the Group's EBITDA margin has continued.

Based on the Group's current financial performance, the Directors are confident about IG's prospects for the current financial year and that the Group will be well placed as it enters the next financial year.

### **Rationale for the Global Offer**

The Directors intend to use the net proceeds receivable by the Group, together with existing surplus cash, to pay down the debt obligations put in place at the time of the management buy-out in September 2003 and redeem the Group's preference shares, together with accrued interest and dividends.

The Directors believe that the Global Offer will offer the Group a number of benefits including raising the profile of the business and greater financial flexibility. In addition, the Directors believe that the resulting capital structure will increase the attractiveness of the Group as a counterparty and consequently will enhance the ability of the Group to trade with other financial institutions.

### **Business strategy**

IG has a strategy in place from which to deliver future growth. This strategy is based upon four key objectives

*Maintain a leading position in the Group's core UK financial spread betting market*

IG's brand strength has been built up over the past 30 years. The Group's strategy is to maintain its leading status by continuing to position the Group at the forefront of the market in terms of client service, product and technological innovation, breadth of product offering and quality and speed of execution.

*Expand the Group's international reach*

The Directors intend to achieve continued growth through the further expansion of the Group's Australian operations and through the expansion of the Group's client base in other jurisdictions. IG's advanced technology platforms and its well developed execution expertise will continue to be a significant factor in this growth. In addition, the Group will continue to invest in the development of the Group's online technology, including multi-lingual capabilities.

*Continue to broaden the Group's client base*

IG's strategy is to continue to broaden the Group's client base. This will include attracting a greater proportion of leisure oriented clients and drawing more heavily on the market professional section of the market. Developing the business of market making on betting and financial exchanges as well as white labelling opportunities will further extend the reach of the Group's products.

*Continue to deliver product and technological innovation*

The Directors intend to maintain IG's culture of innovation which has led to the introduction of new products such as binary bets and the development of the Group's market leading dealing platforms in order to continue to be at the forefront of the market in terms of product offering and technology platform.

### **Non-Executive appointments**

Sir Alan Budd (67 years old)

Sir Alan was Chief Economic Adviser to the Treasury and Head of the Government Economic Service between 1991 and 1997 and served as a member of the Monetary Policy Committee of the Bank of England between 1997 and 1999. Prior to 1991, he was Group Economic Adviser at Barclay's Bank and Professor of Economics at the London Business School. He was Chairman of the Gambling Review Body and is currently Provost of the Queen's College, Oxford.

Martin Jackson (56 years old)

Martin Jackson was the Group Finance Director of Friends Provident plc between 2001 and 2003 and Friends' Provident Life Office between 1999 and 2001. Prior to that, he was the Group Finance Director at London & Manchester Group plc from 1992 to 1998 up to the date of its acquisition by Friends' Provident Life Office. He is a Non-Executive Director and Chairman of the Audit Committee of Admiral Group plc and is a fellow of the Institute of Chartered Accountants. He is Chairman of the IG Audit Committee.

Following the appointments of Sir Alan Budd and Martin Jackson, two of the Group's seven Directors (excluding the Chairman) are considered by the Board of Directors (the "Board") to be independent. The Directors intend in due course to appoint additional independent Non-Executive Directors to the Board to ensure compliance with the Combined Code.

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