



Results presentation

Year ended 31 May 2010

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Financial tables contain un-rounded numbers to ensure consistency with the Financial Statements.

Australian market share data on slide 7 is provided by Investment Trends Pty Limited. Contact Mark Johnston; mark@investmenttrends.com.au phone: +61 400 841 995 website: www.investmenttrends.co.uk.



Overview

Continuing to deliver on our strategy

Performance

- Breadth of product offering caters for all market conditions
- Net recovery of doubtful debts, despite chaotic markets in May
- Return to growth in the UK
- Continued overseas success
- Japan re-positioning achieved
- Regulatory approval for Nadex intermediation

Ongoing strategy

- Maintain market leading positions in existing markets
- Continue to expand IG's global reach
- Maintain technology lead
- Ensure high levels of client service

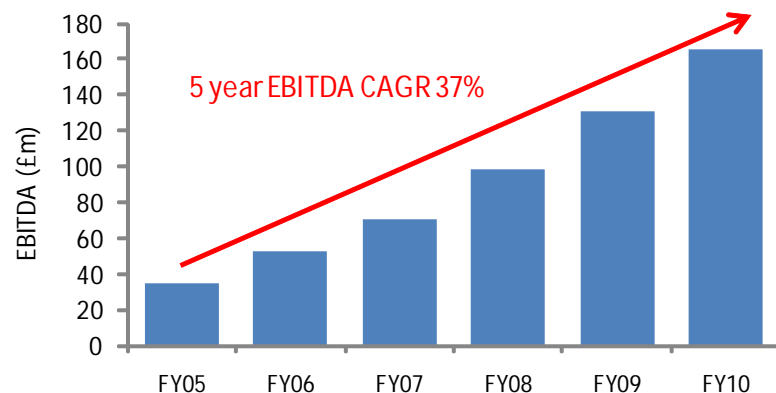
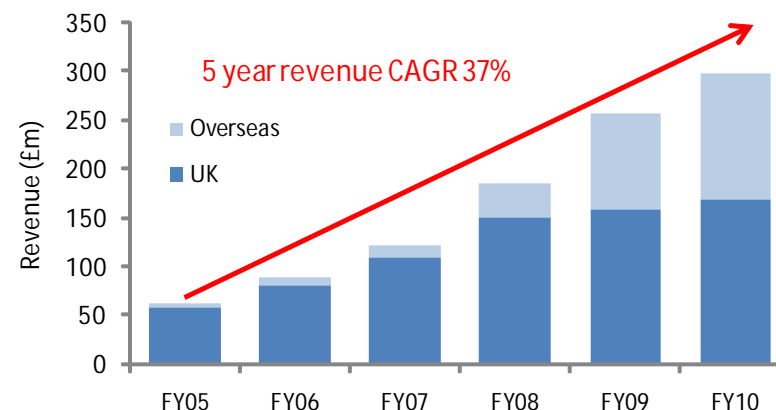


Growth story continues

FY10 results

- Trading revenue £298.6m, up 16%
- Adjusted PBT¹ £157.6m, up 25%
- Adjusted EPS¹ 30.8p, up 24%
- Proposed final dividend of 13.5p
 - Full year dividend of 18.5p, up 23%
- Well capitalised balance sheet
- Strong cash generation

Performance since IPO



(1) Excludes amortisation of intangibles on consolidation of FXOnline



Business review

Income statement

Strong revenue and profit growth continues

Year on year comparison

	FY09	FY10		Total	Yr on Yr growth
	Total	H1	H2		
Trading revenue	257.1	143.8	154.8	298.6	16%
Interest income on client money	12.9	1.8	4.0	5.8	
Total revenue	270.0	145.6	158.7	304.3	
Interest expense on client money	-5.3	-0.3	0.0	-0.3	
Betting duty	-7.2	-1.9	-2.4	-4.3	
Net operating income	257.5	143.4	156.3	299.7	16%
Doubtful debt charge	-18.2	-0.1	1.2	1.1	
Other operating costs	-108.2	-62.3	-72.6	-134.9	25%
EBITDA	131.1	81.0	84.9	165.9	27%
<i>Margin</i> ²	<i>51.0%</i>	<i>56.3%</i>	<i>54.8%</i>	<i>55.6%</i>	
Depreciation and amortisation	-6.4	-3.4	-5.2	-8.6	
EBIT	124.7	77.6	79.7	157.3	
Interest received	1.2	0.4	0.0	0.4	
PBT (adjusted) ¹	125.9	78.0	79.7	157.6	25%
<i>Margin</i> ²	<i>49.0%</i>	<i>54.2%</i>	<i>51.5%</i>	<i>52.8%</i>	
Amortisation of intangibles on consolidation of FXOnline	-14.6	-9.0	-8.3	-17.3	
PBT (statutory)	111.3	69.0	71.4	140.3	26%
Diluted EPS (adjusted) ¹	24.74p			30.77p	24%
Dividend per share	15.00p			18.50p	23%

- 16% Trading revenue growth
 - 20% excluding FXOnline
- Key variances:
 - Doubtful debt benefit (£19.2m)
 - Exceptional non-cash property charges (£4.9m)
 - Lower interest income (£2.9m)

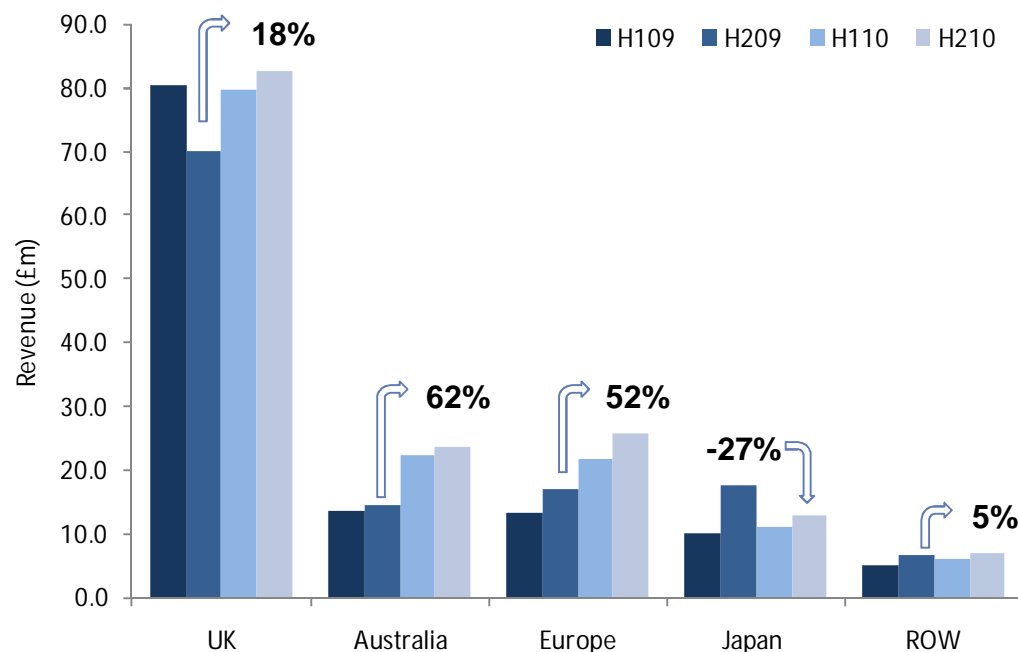
(1) Excludes amortisation of intangibles on consolidation of FXOnline

(2) Margin based on trading revenue

Revenue by region

Continued growth in trading revenues

Year on year comparison: H210 vs H209 growth rates



- UK revenue growth - increased shares business
- Market-leading Australian business increases market share to 29% (FY09 25%)¹
- Europe continues to build scale
- FXOnline impacted by competitive environment

(1) Share of main CFD accounts as stated in the Investment Trends May 2010 Australia CFD Report (published July 2010)



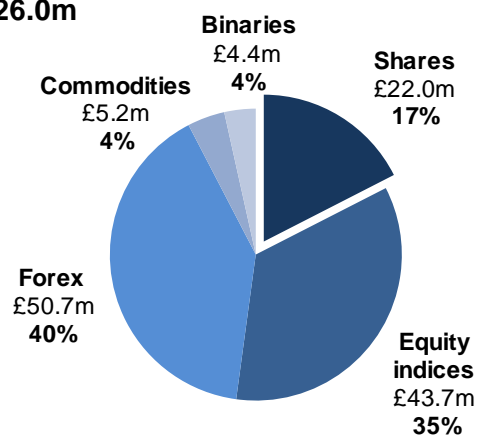
Revenue by product and by channel

Shares stage a comeback

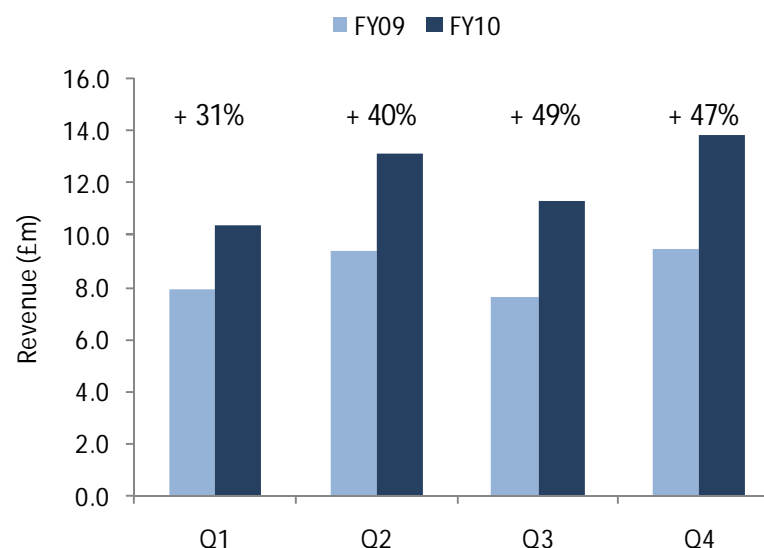
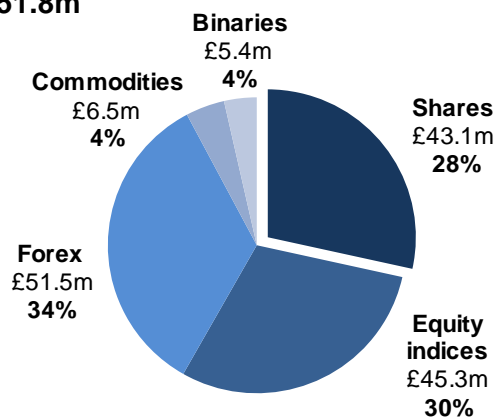
H209 – H210 Financial revenue

Year on year comparison: partners revenue

H2 FY09: £126.0m



H2 FY10: £151.8m



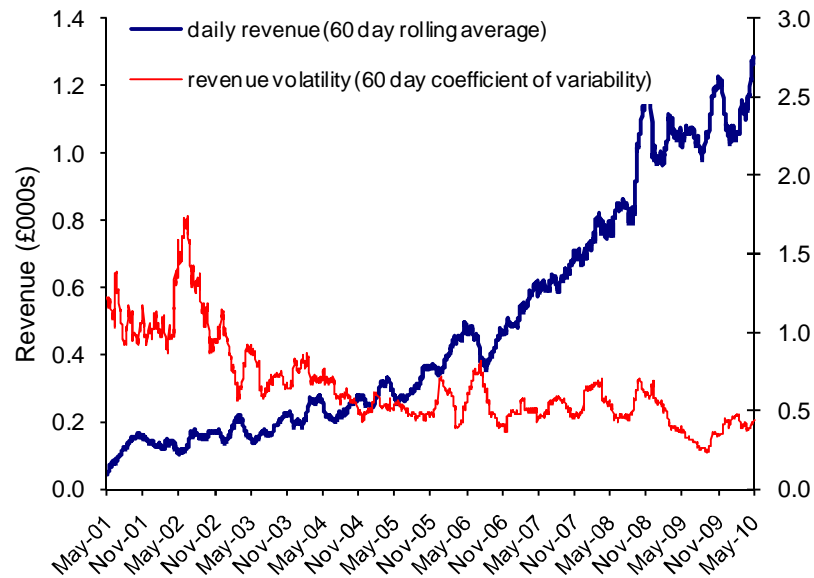
- Year on year partners revenue increased by 42% to £48.7m
- 17% of Financial revenue (FY09: 14%)



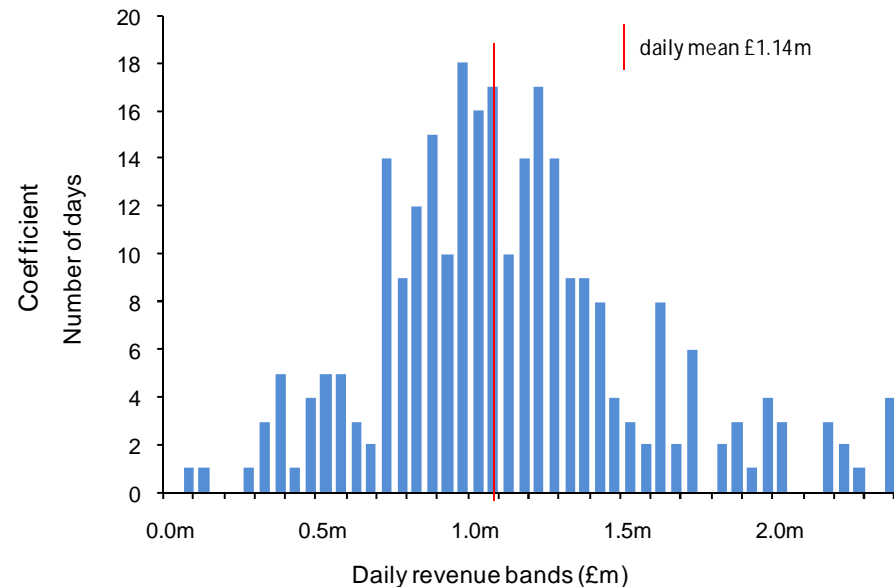
Volatility of revenues

Trading revenue volatility remains low

Daily trading revenue volatility



Distribution of FY10 daily trading revenue



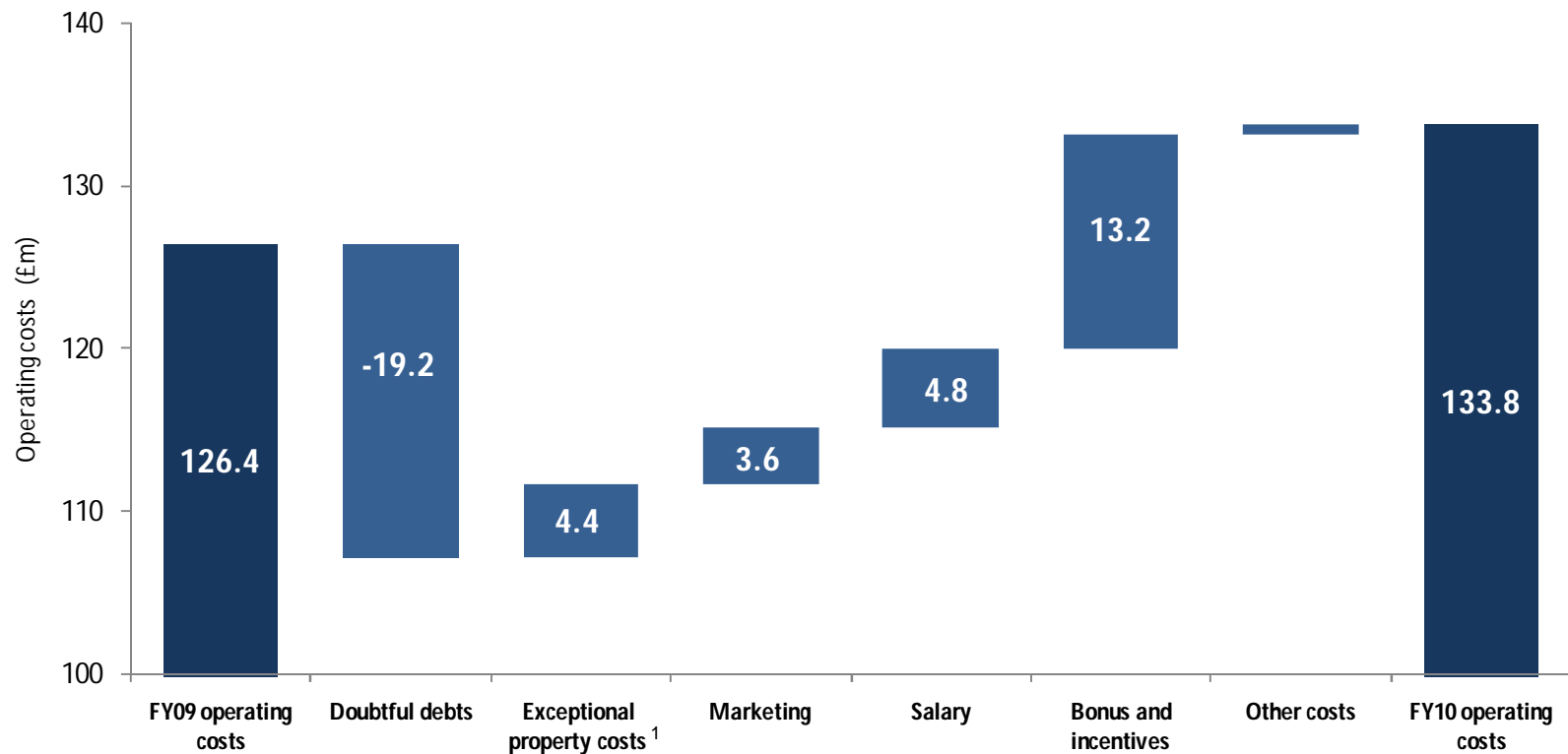
- Volatility of revenue remains in a tight range
- No loss making days in FY10



Operating costs overview

Year on year operating costs reflect change in doubtful debts and performance related bonuses

FY09 to FY10 operating costs bridge



(1) Total exceptional property charge of £4.9m includes £0.5m accelerated depreciation excluded from operating costs



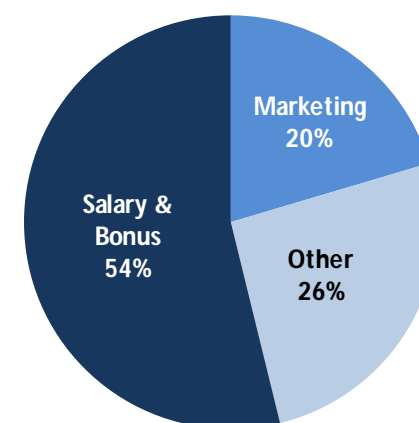
Cost base

The importance of salary and marketing costs

Year on year comparison

	FY09	FY10		Total
	Total	H1	H2	
	£'000	£'000	£'000	£'000
Salaries	40,165	21,737	23,202	44,939
Advertising and marketing	23,682	12,812	14,485	27,297
IT, market data and communications	10,859	6,140	5,645	11,785
Premises related costs	6,183	3,206	3,463	6,669
Legal, professional and regulatory fees	4,449	2,796	3,186	5,982
Staff related and recruitment costs	3,192	1,233	1,896	3,129
Other overheads	5,765	2,276	1,230	3,506
	94,295	50,200	53,107	103,307
Doubtful debts charge	18,168	63	-1,127	-1,064
	112,463	50,263	51,980	102,243
Exceptional property costs ¹	0	609	3,813	4,422
Bonus	10,661	9,942	12,391	22,333
LTIP/SIP	3,256	1,577	3,205	4,782
Total operating costs	126,380	62,391	71,389	133,780

- Operating costs up 10% year on year excluding doubtful debt, bonus and exceptionals
- c75% of FY10 costs relate to headcount costs and marketing:



(1) Total exceptional property charge of £4.9m includes £0.5m accelerated depreciation excluded from operating costs

Cash and Regulatory capital

Strong capital and cash position

Year on year comparison

	May 09 £m	May 10 £m
Working capital		
Amounts due from brokers & clients	183.1	206.2
Cash and cash equivalents	520.4	678.6
Amounts due to clients	-511.6	-608.1
Other net current liabilities	-59.0	-78.0
Net working capital	132.9	198.7
Undrawn committed facilities	120.0	160.0
Total available liquidity	252.9	358.7
Regulatory capital		
Tier 1 capital	396.9	475.6
Intangible assets (adjusted)	-243.9	-252.5
Investment in own shares	-1.0	-1.0
Total capital resources (1)	152.0	222.1
Capital resources requirement - Pillar 1		
Total (2)	60.0	65.7
Surplus regulatory capital (1-2)	92.0	156.4
less proposed dividend	-39.6	-48.8
Total	52.4	107.7

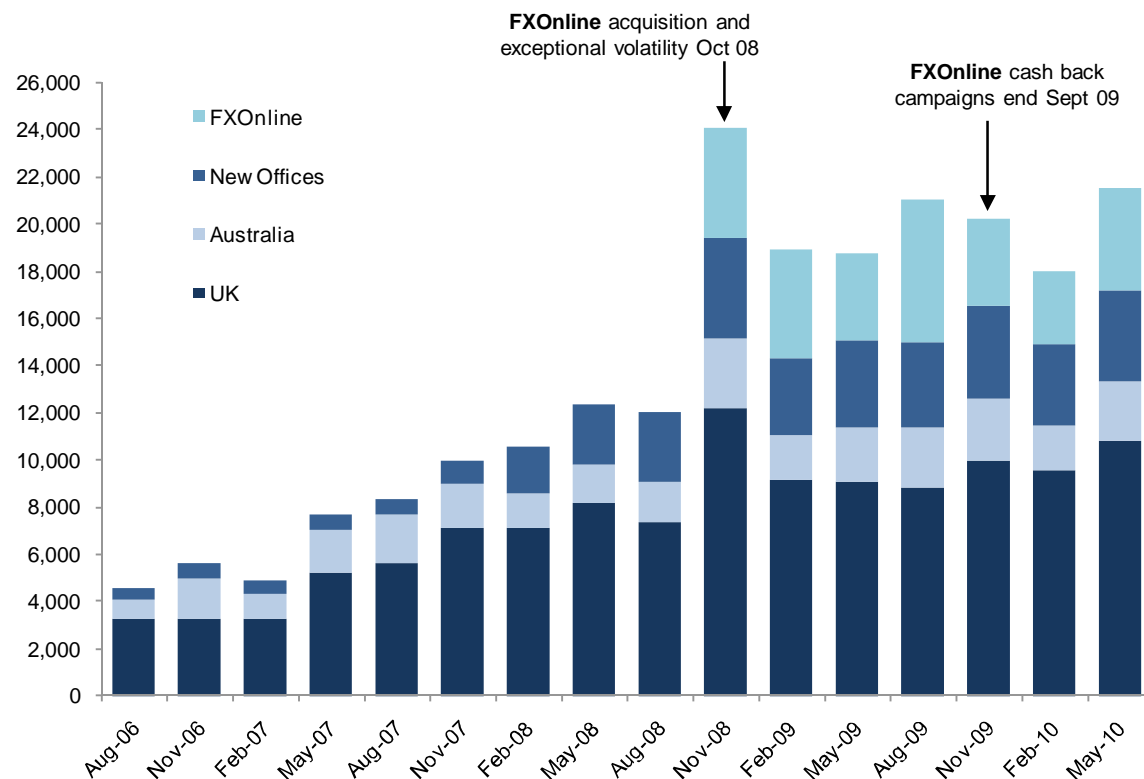
- Strong cash generation
- Client balances increase reflects higher proportion of equities trading (higher margin requirement)
- Well capitalised
- Regulatory capital
 - Increases with retained earnings
 - Reduced by dividends and acquisition of intangible assets



Client recruitment

Account opening remains a key lead indicator

Quarterly account opening



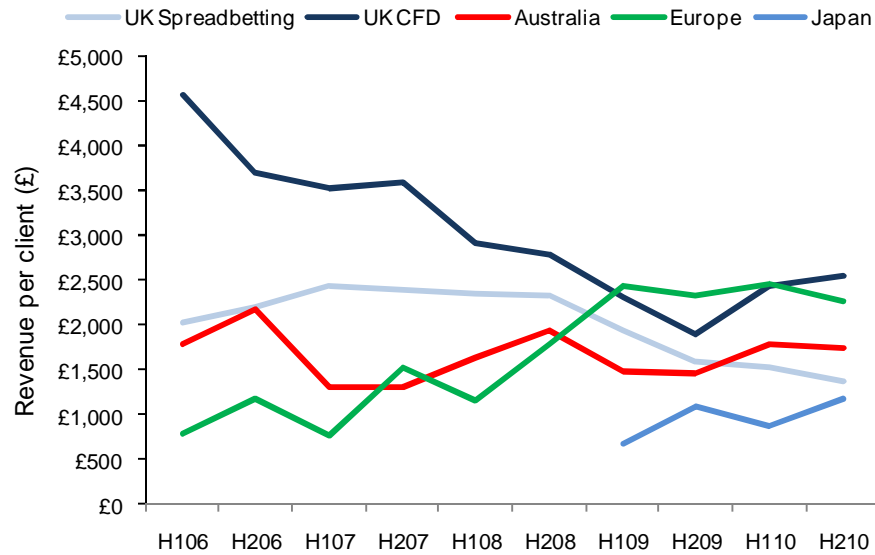
- 39k new H210 financial accounts opened
- Maintained high levels in low volatility environment
 - H210 8% higher than H209 excluding FXOnline
 - 3 of the 4 best ever quarters in FY10
 - Better quality mix



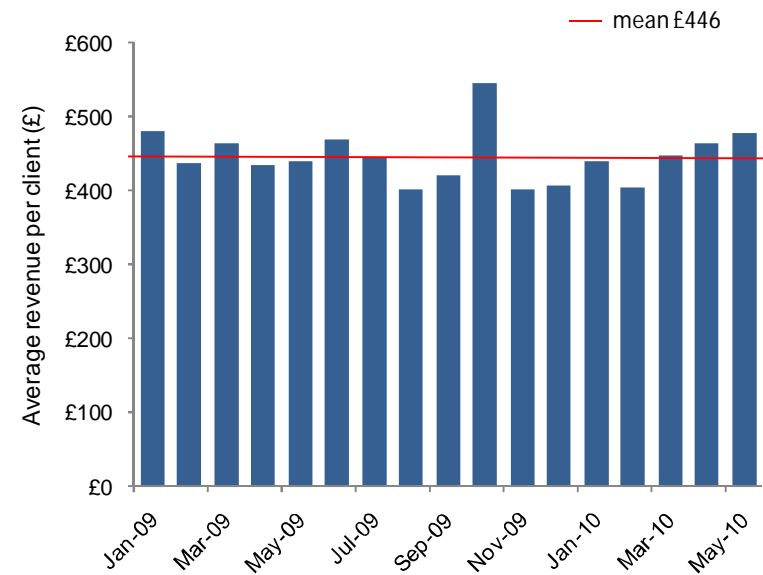
Trading revenue per client

Revenue per client is now more stable

Half yearly revenue by client FY09 to FY10¹



Average revenue per client by month 2009-2010



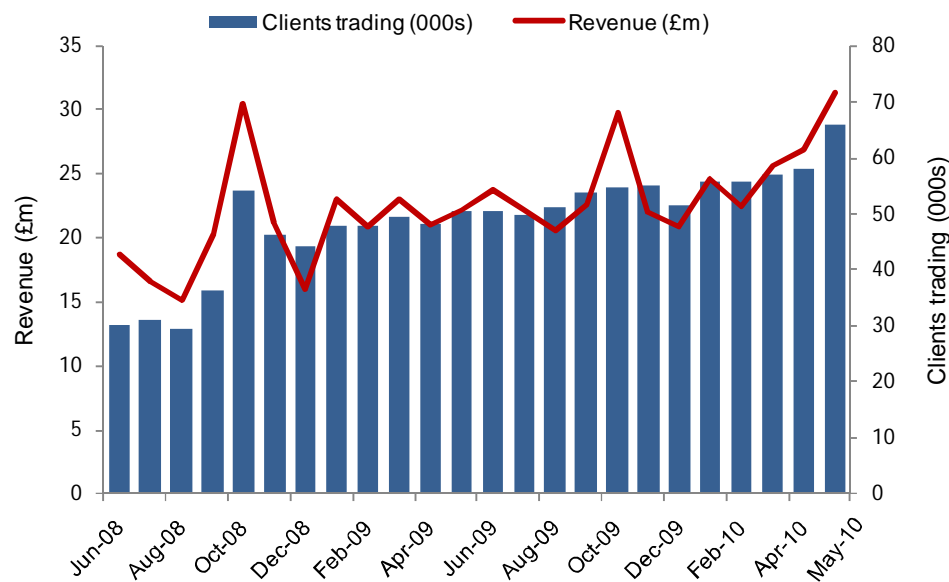
(1) Clients trading in each half year



Active clients

Revenue growth reflects growth in active client numbers

Monthly revenue and active clients trend FY09-FY10



- Number of clients trading drives revenue growth
 - Revenue per client largely stable
 - Seasonal and volatility variations
- Growth in clients trading through
 - Education and marketing in more established markets
 - New geographies



Strategy update

Client offering

IG is continually improving its client offering

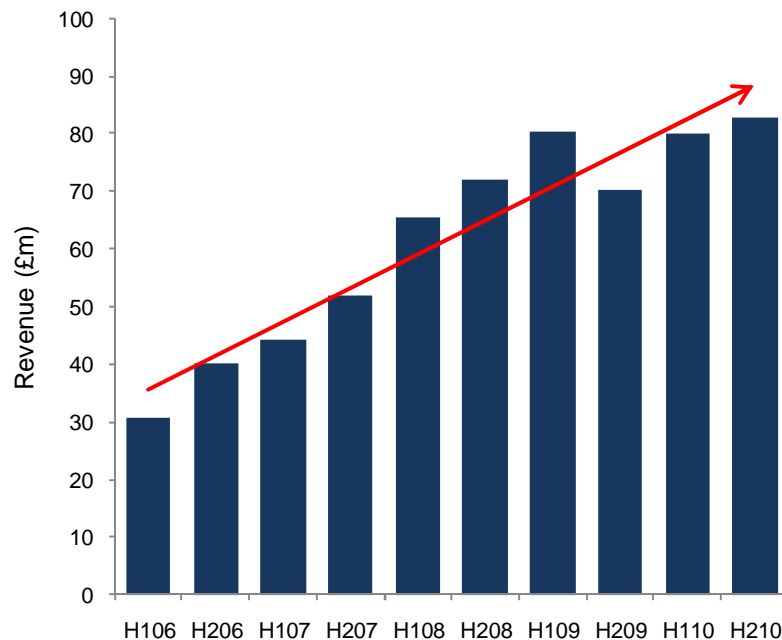
- Improving our product offering
 - Forex – variable spreads (April 2009)
 - Shares
 - Tiered margining (September 2009)
 - MTFs (January 2010)
 - Indices – spread cuts (January and March 2010)
- Ongoing improvements to our dealing platform
 - iPhone App



UK Financial overview

Resilient market

UK financial revenue FY06 - FY10



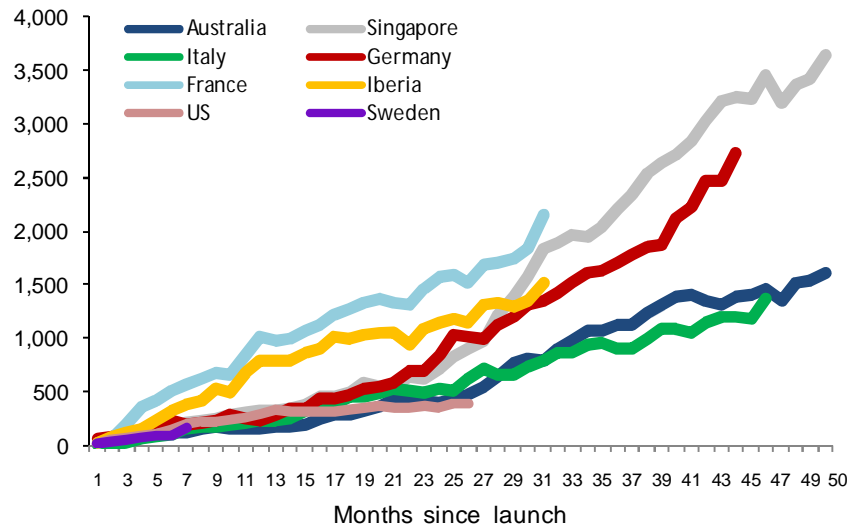
- Business has recovered from the impact of October 08
- Account opening remains strong
- Mix between CFD and SB influenced by:
 - Market conditions
 - CGT rate
- No adverse impact from client money rule changes



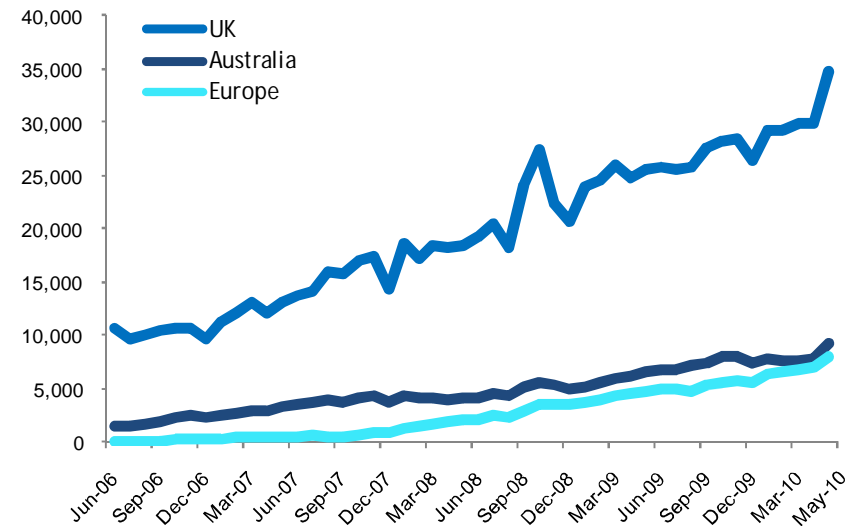
Strong organic growth

Newer offices growing strongly

Number of clients dealing (monthly since launch)¹



Number of clients dealing (monthly since June 06)



- European offices
 - 52% growth H210 on H209
 - 16% of FY10 Group revenue
- Outperformance to early experience in Australia¹

- UK experience illustrates potential of newer markets

(1) Australia month 50 represents August 06 trading. Current active clients 9,000.

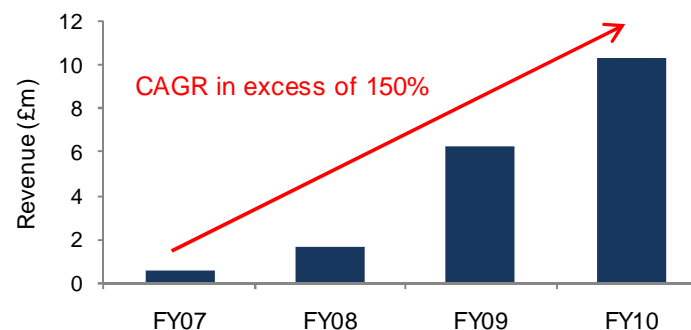


Case study of overseas expansion: Germany

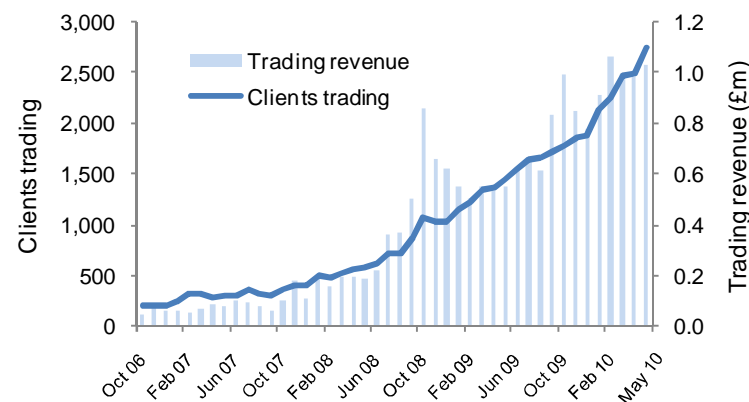
Recent success story

- German office opened October 06
- Market share concentrated amongst IG, CMC, RBS and Flatex
- Key initiatives this year
 - Increased Marketing
 - 1-pip Dax
- Raising brand profile through roadshows and press coverage
- Direct operating cost of c £0.4m per month
- 2,750 clients traded in May 10, a 91% increase year on year
- FY10 revenue of £10.5m, up 65% year on year

Germany revenue summary FY07 - FY10



Germany revenue and clients trading trend



South Africa acquisition

Emerging market with longer term potential

- £1.6m cash acquisition of business and clients of Ideal CFD Financial Services (Pty) Ltd
- Vendor retains 20% interest in IG South Africa
- Senior management retained



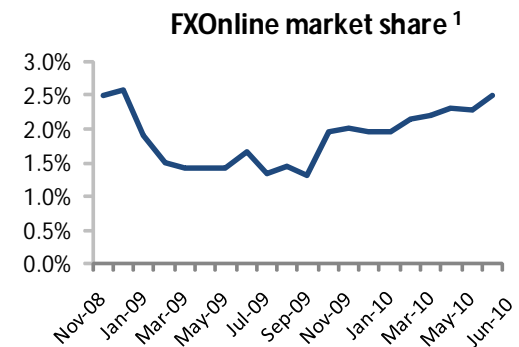
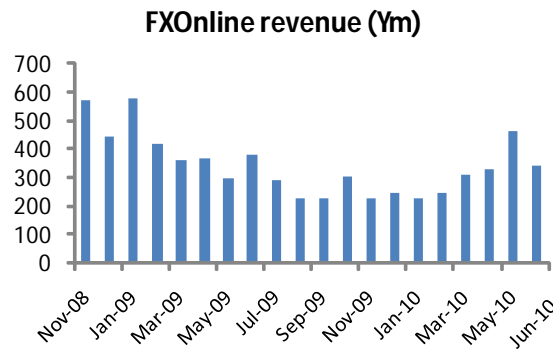
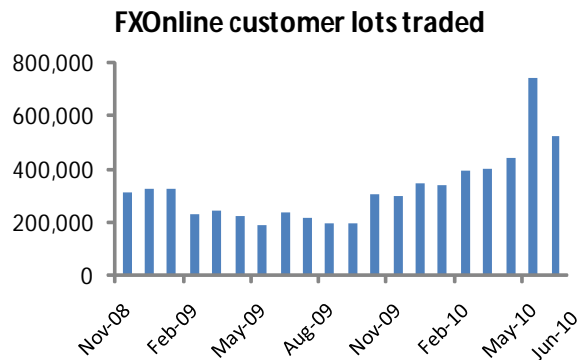
- Established April 06
- IG partner for 4 years
- FY10 revenue £3.4m split 56:44 between IG and Ideal
- £0.3m annual cost base
- Johannesburg and Durban offices with 13 employees



FXOnline update

Early signs of Japan stabilising

- Revenue and lots traded growth since Jan 10
 - May 10 significant volatility benefit
- Positive client feedback on low spreads and quality of execution
- Significant challenges remain in Japan:
 - Leverage limits
 - Competitive environment



(1) Source: The Financial Futures Association of Japan



US update

Nadex opportunity beyond FY11

- Nadex (North American Derivatives Exchange) offers options and futures on forex, equity indices and commodities
- Primary distribution channel will be via brokers
- CFTC permission for intermediation received in March
- IT work by trading platform providers and back office solution providers needed before brokers can connect to Nadex
- Potentially significant but will take time



Summary

IG is in position to deliver continued growth

- IG is clear market leader in the UK, Australia and many of its developing markets
- Many of the newer markets may have long-term potential similar to that of the UK and Australia
- Nadex is an interesting long-term opportunity
- Current trading is strong



Appendices

Trading revenue per client - financial business

Half-year analysis FY06 – FY10¹

Turnover (£m)	H106	H206	H107	H207	H108	H208	H109	H209	H110	H210
UK SB	24.0	31.6	33.6	36.6	48.0	56.2	63.4	54.6	55.8	55.1
UK CFD	6.6	8.7	10.7	15.2	17.6	16.0	16.9	15.6	24.1	27.6
UK Total	30.7	40.3	44.3	51.9	65.6	72.2	80.4	70.2	79.9	82.7
Australia	3.5	5.4	4.8	6.5	11.1	13.9	13.4	14.5	22.2	23.5
Europe	0.1	0.3	0.3	1.2	1.9	5.4	13.3	16.9	21.7	25.7
Japan	0.0	0.0	0.0	0.0	0.0	0.0	10.2	17.8	10.9	13.0
ROW	0.0	0.0	0.2	0.6	0.9	1.5	5.1	6.7	6.0	7.0
Financial Total	34.3	46.0	49.7	60.1	79.4	93.0	122.3	126.0	140.8	151.8

Number of Clients	H106	H206	H107	H207	H108	H208	H109	H209	H110	H210
UK SB	11,908	14,322	13,767	15,273	20,487	24,082	32,593	34,251	36,554	40,140
UK CFD	1,456	2,348	3,033	4,238	5,996	5,713	7,310	8,252	9,877	10,809
Australia	1,977	2,475	3,673	4,960	6,808	7,118	9,054	9,960	12,474	13,445
Europe	148	278	427	764	1,607	3,035	5,436	7,249	8,792	11,292
Japan							15,064	16,253	12,441	10,978
ROW	1	29	304	545	1,023	1,393	3,124	4,242	5,668	6,052

Income per Client (£)	H106	H206	H107	H207	H108	H208	H109	H209	H110	H210
UK SB	2,019	2,206	2,443	2,398	2,344	2,335	1,947	1,594	1,528	1,372
UK CFD	4,564	3,695	3,519	3,595	2,929	2,796	2,317	1,889	2,436	2,553
Australia	1,781	2,178	1,313	1,310	1,636	1,952	1,484	1,457	1,780	1,745
Europe	783	1,176	760	1,530	1,162	1,790	2,438	2,334	2,472	2,276
Japan							675	1,092	879	1,185
ROW	0	392	772	1,051	842	1,084	1,621	1,574	1,063	1,159

(1) Clients trading in a six month period



Geographical margin analysis

Breakdown of FY10 segment EBITDA

Year ended 31 May 2010	UK £000	Australia £000	Europe £000	Japan £000	ROW £000	Central £000	Total £000
Segment trading revenue	168,477	45,660	47,431	23,946	13,037	-	298,551
Interest income on segregated client funds	-	-	-	-	-	5,791	5,791
Revenue from external customers	168,477	45,660	47,431	23,946	13,037	5,791	304,342
Interest expense on segregated client funds	-	-	-	-	-	-321	-321
Betting duty	-4,298	-	-	-	-	-	-4,298
Net operating income	164,179	45,660	47,431	23,946	13,037	5,470	299,723
Segment contribution	135,543	35,226	29,803	10,662	5,761	-51,054	165,491
Allocation of central costs	-28,810	-7,808	-8,111	-4,095	-2,230	51,054	-
Segment EBITDA	106,733	27,418	21,692	6,567	3,531	-	165,941
Margin ¹	63.4%	60.0%	45.7%	27.4%	27.1%	-	55.6%

(1) Margin based on trading revenue



