



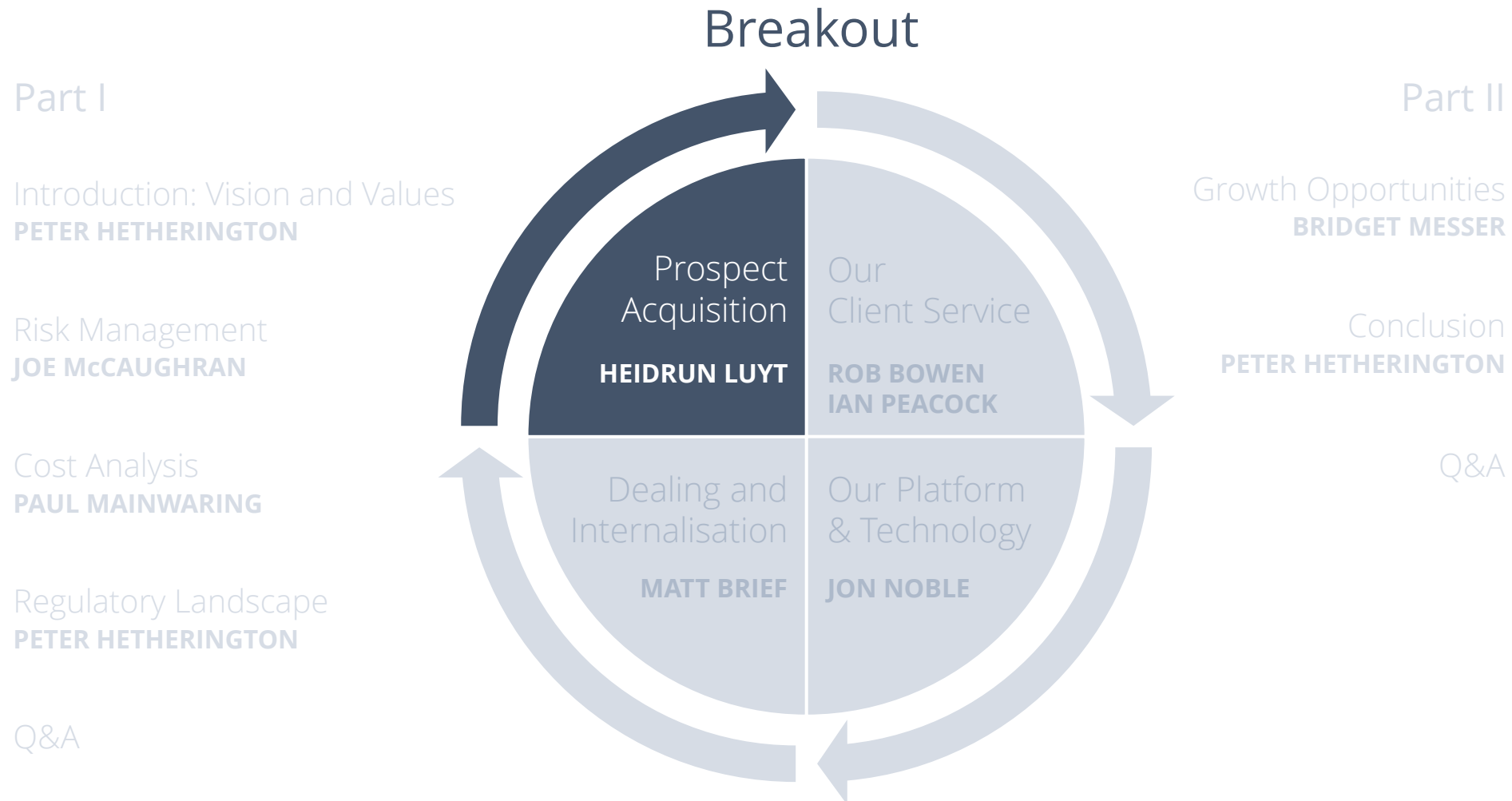
Prospect Acquisition

Capital Markets Day

May 2018

Breakout Session

Prospect Acquisition



Agenda

- 1** Marketing efficiency
- 2** Marketing efficiency architecture
- 3** Key take-aways

Our marketing is efficient, managing to short term value whilst investing for the long term

£1,650

Leveraged Equivalent Cost per First Trade (CpFT); FY17

£1,800

Average leveraged client revenue over 6 months

£3,000

Average leveraged client revenue over 12 months

£5,000

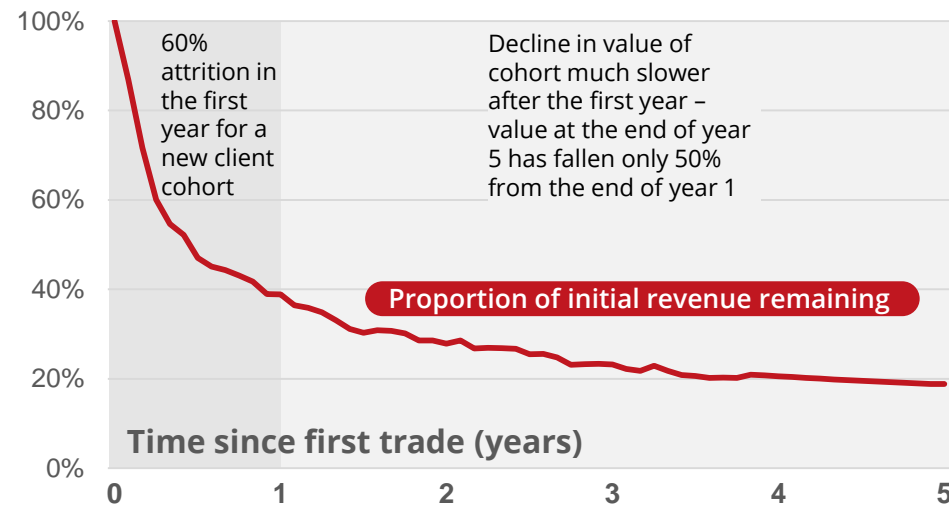
Average leveraged client revenue over 2 years

~£10,000

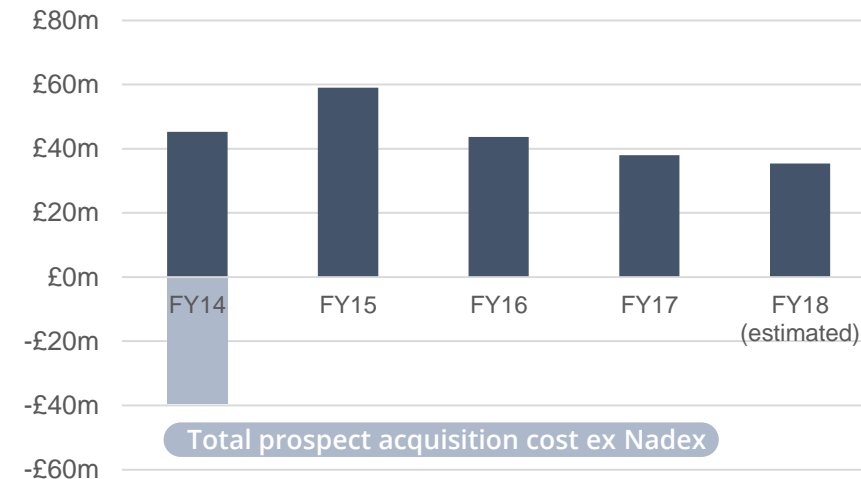
Average lifetime leveraged client revenue

Rapid early attrition, long term tail is a revenue annuity

VALUE-BASED ATTRITION CURVE



FY14 NEW CLIENT COHORT REVENUE



- Post the attrition in year 1 we see something akin to a revenue annuity from newly acquired client cohorts
- Our spend continues to pay back long beyond the short term

Limits on spend

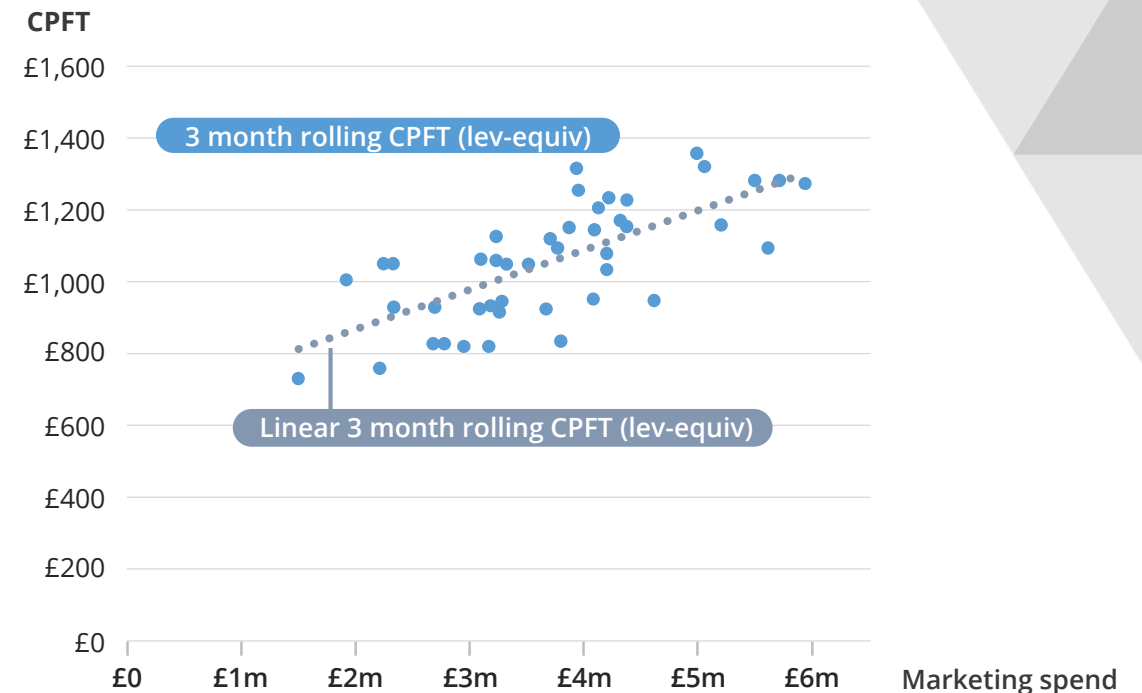
Reaching the efficient frontier

- When we have spent more we have acquired a greater revenue stream as a result
- However, we are capturing less low hanging fruit as we spend more and thus the incremental benefits are lower
- There is an efficient frontier, but it is not fixed and we have not yet reached it

	Prospect acquisition cost ex Nadex	Revenue within 2 years	Incremental spend	Incremental revenue
FY15	£46m	£115m	-	-
FY16	£64m	£160m	£18m	£45m
FY17	£79m	£190m	£15m	£30m

CPFT vs MARKETING SPEND¹

JUNE 14 TO MARCH 18



¹ External marketing cost ex Nadex

Key drivers of marketing efficiency

1 Integrated multi-channel marketing



2 Technology

- Bidding technology
- Machine learning

3 Data & Insight

- Research
- Reporting
- Attribution

4 Optimisation

- Test & Learn
- Best practice

Integrated multi-channel marketing

Local brand & product marketing

Paid advertising (web & app)

- Display marketing (programmatic & direct deals)
- Marketing partners
- Paid Social

Organic search (web & app)

- On-page SEO
- Off-page SEO
- Tech SEO

Feeder hubs (web & app)

- DailyFX
- IG Academy
- Owned YouTube channels
- Owned Social Media channels

IG.com



Value across our channels

	FY17 - Proportion of clients in top 10%	FY17 - Proportion of revenue from top 10%
Paid search – Brand	9%	80%
Paid search – Non-Brand	7%	81%
Display	9%	84%
Natural Search (SEO)	9%	79%
All other channels	7%	78%

- We drive significant value from across our suite of channels
- Value per channel falls in line with the group adage of 10% of clients driving 80% of revenue
- Proves the value of integrated multi-channel marketing



Brand & product marketing

- 14 local marketing teams with 34 staff focusing on brand & product marketing
- Supported by central Creative, Digital Marketing, and Marketing Technology teams
- Lays the foundation for digital channels to drive efficient prospect acquisition

Brand



Swiss office opening in Zurich

- First client opened account inspired by outdoor campaign

Product



Crypto product events, Singapore

- 323 attendees
- 15% opened accounts

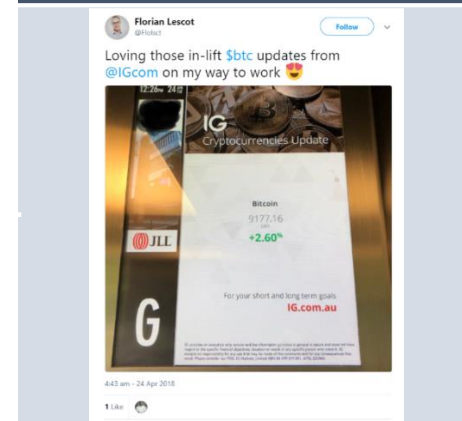
Events



La Nuit de Trading, France

- 725 attendees
- 77% prospects

Local Acquisition



Qantas local campaign, Australia

- 582 opened accounts
- 45% new traders



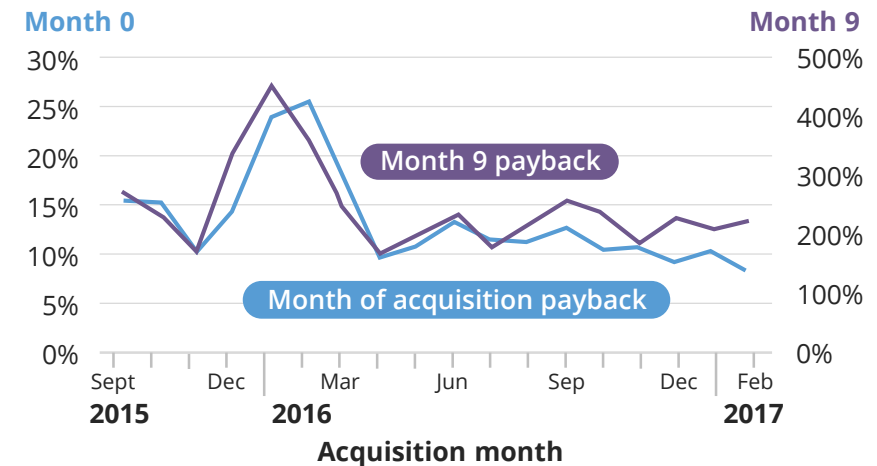
Paid advertising

Speed & flexibility for prospect acquisition

- Array of digital channels across web and app
- Highly targeted at relevant consumers
- 25 dedicated specialist staff
- Delivers against a payback target
- Technology, automation, and data powered to rapidly adjust spend
- Constant opportunities for innovation & experimentation
- Expecting only minimum impact from new regulations and policies



SHORT TERM vs LONG TERM PAYBACK





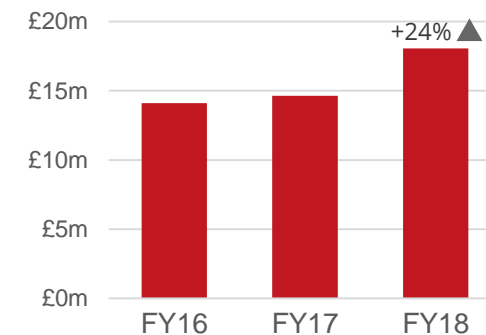
Organic search

Building our presence in the search space

- Achieve high search rankings across web and app, covering web page, news, video and app searches
- Dedicated specialist team of 20 staff
- Technology & data powered
- Delivers against a traffic volume and value target
- Increasingly important to our prospect acquisition strategy
- Small additional investment in FY18 drove a 24% uplift in client revenue attribution YoY
- Further investment planned for FY19



NEW CLIENT REVENUE - SEO



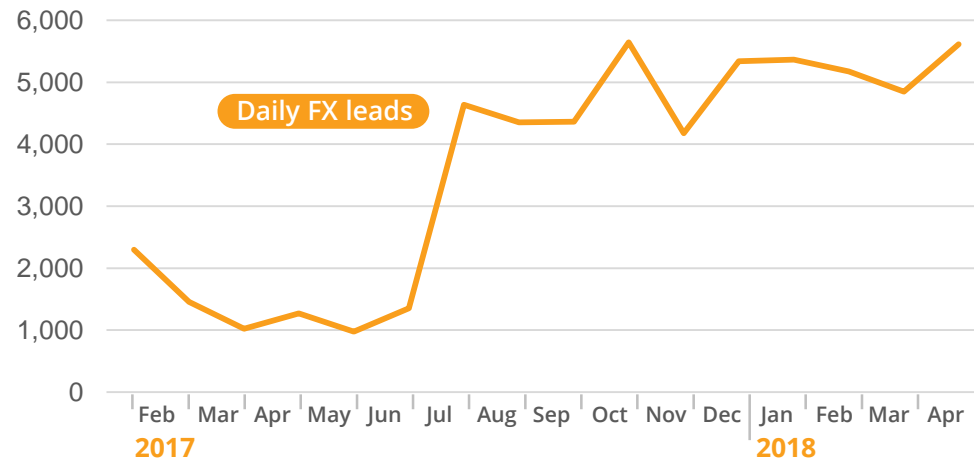


Feeder hubs

Bridging brand awareness and conversion



- News & market analysis website
- Site carries display brand adverts for IG, delivering leads to IG
- 1.3m unique visitors per month, discovering the site mainly via non-paid channels



- IG's web & app education tool
- IG Academy app achieving 4.9 out of 5 rating
- 53% monthly average user growth rate
- 8% average demo to trade conversion rate



- Support brand awareness
- Drive organic results by being key signals for search engines
- Deliver against a subscriber growth rate and engagement rate

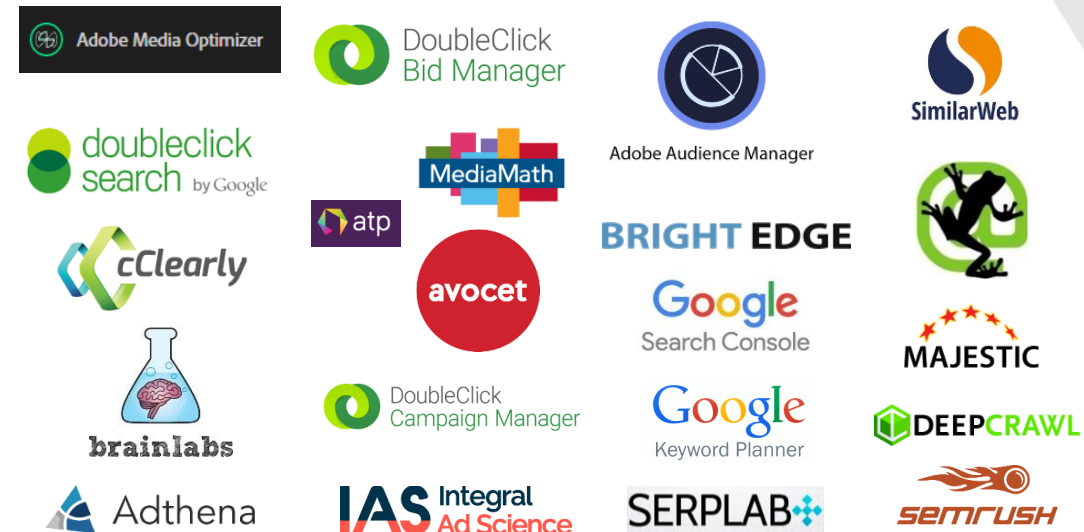


Technology

A key enabler of efficient prospect acquisition

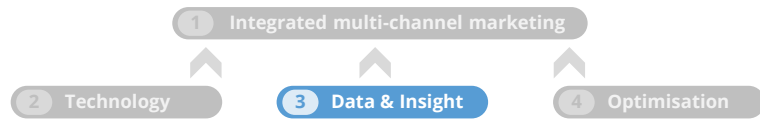
Technology used to optimise efficiency of prospect acquisition, covering:

- Bidding technology fuelled by machine learning
- Audience segmentation and optimisation
- Audience expansion
- Media buying
- Ad serving and optimisation
- Ad fraud detection
- Automation & analysis
- Monitoring
- Competitor analysis



Proprietary use of external technology mixed with internal technology

Integration of a Data Management Platform in FY19 will lead to increased efficiency



Data & insight

The building blocks for continued optimisation

Using internal & external data to constantly optimise our marketing spend decisions:

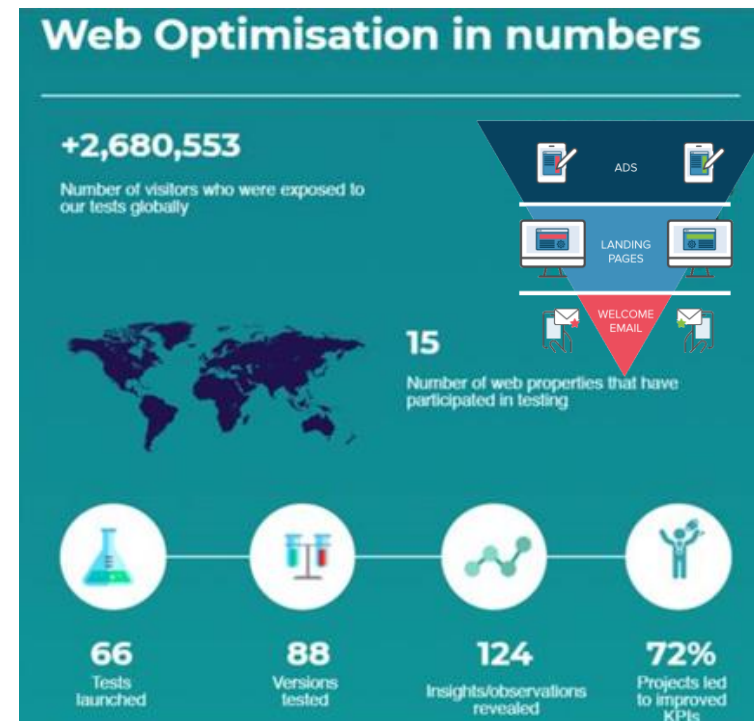
- A culture of data-driven decision making
- Supported by a dedicated team of analysts and data scientists
- Analyse third party platforms to identify opportunity and focus resource
- Regular automated analysis to identify inefficient spend
- Modelling the impact of business changes on acquisition before they're made to minimise inefficient spend



Optimisation

Ongoing micro & macro improvements

- Growth marketing focus
- Ongoing test & learn
- Run per channel as well as across channels
- Dedicated optimisation specialist team
- Technology & data powered
- Delivers against a conversion rate and value target



Key strengths of prospect acquisition

- Drives short-term as well as long-term return on investment
- Running integrated, highly targeted multi-channel marketing fuelled by technology, data & insight, and continuous optimisation
- Striking the right balance between paid and non-paid marketing activity, with the latter as a long-term competitive advantage
- Combining local market and customer insight with channel-specific knowledge of specialist teams
- Supporting human creativity with powerful technology, including machine learning
- Hard to replicate as built up over years with experienced specialist teams, supported by sophisticated technology and data



Questions