



IG Group plc Q3 Trading Update 8.30 am - 23 March 2017

Peter Hetherington Chief Executive Officer

Good morning everyone, thank you for joining the call. With me on the call today I have got Paul Mainwaring our CFO and Kieran McKinney the Head of IR for us. Please forgive us if the call is slightly disjointed as we are geographically dispersed today.

As you all know, the third quarter was pretty dull in the financial markets. Could give you any number of stats. I won't bore you and will just give you two. Ending Tuesday the Dow Jones industrial average and the S&P 500 had gone 109 trading days without a 1% decline, a record since 1995 and the last three months have been the least volatile in the history of the FTSE 100. That just sets the context for the conditions which we find ourselves in.

In you look at the performance of the Group, revenue of £117 million was down 3.8% on last year. Q3 last year was the biggest quarter in the year and a record quarter ever for us until Q2 of this year. Given the backdrop, client numbers are strong, up 20% in total and up 9% looking only at leveraged trading clients. Also first trades, clients trading for the first time, are up over 20% from the same period last year. We think of this as a reasonable performance in dull markets.

On regulation which is a big focus, I think you all understand the situation at this stage. We have made it very clear that we cannot provide a running commentary. However as clarity appears on any material elements we will provide an update. To be very clear, none of the changes announced today have affected the business adversely in any way at all and changes such as those announced in France recently have improved our competitive situation. This is also what appears to happen from history when regulation does toughen up in industries such as ours.

My main message is that Q3 was a little weak, simply based on dull financial markets. That is what happens sometimes as many of you know. The underlying business is performing well, client recruitment remains strong. A quarter of the way through Q4 it has started better, but we are not going to make any predictions about how it will play out.

So that is it for the monologue. We would now like to hand it over to questions.

Question and Answer Session

Question 1: Paul McGinnis, Shore Capital

Good morning guys. A quick one. In terms of discussions particularly with some of your high value clients, have you actually raised the subject with them of potentially electing to be designated as professional or is it too early to have those kind of conversations?

Answer: Peter Hetherington

Hi Paul it's Peter. Our view is that being an elective pro as a client, actually takes away some protection that clients are used to having and we believe that in the event

of a dispute Court would be significantly less sympathetic to clients who were elective pro, if they claimed that they don't know what they are doing as opposed to the protection that you get as a retail client. So given at this time that it makes no difference to the service that we can offer, we don't believe it is in our clients' interests to encourage them to become professional clients. We have had a number of queries from people about becoming professional clients, we are not stopping people, but we certainly don't believe it is in the vast majority of our client's interests at this stage to become professional clients. If the rules change, and I am not predicting where they are going to end up. But if the rules change and there are advantages as well as disadvantages, being a professional client, then that is something we would address. Did that answer your point?

Paul McGinnis

Yes I was just trying to get at the point, obviously on the assumption that the proposals go through as originally set out by the FCA, whether that situation would change?

Answer: Peter Hetherington

If there were significant advantages as well as disadvantages to being a professional client, then that is something we would address, but there are not at this stage.

Paul McGinnis

Okay, understood.

Question 2 : Emmanuel de Figueiredo, LBV Asset Management

Good morning. Could you just tell us when do you think we will know something definite from the FCA in terms of timeframe or by when should we know something? Thank you.

Answer: Peter Hetherington

All I can do is repeat the FCA's public position on this matter which is that they aim to have released the rule book by the end of the spring. End of spring traditionally is 20 June so that is the date which we are working at this stage.

Emanuel

Okay that is clear, thank you.

Operator: No further questions on the call

Kieran McKinney

Okay, so it is Kieran McKinney here. I think on that basis we are done. Folks thank you very much for your time and attention. Any queries obviously as usual come back through me.

Thank you very much indeed.
