

11 September 2012

IG GROUP HOLDINGS PLC  
Interim Management Statement

IG Group today issues the following Interim Management Statement for the period from 1 June 2012 to 10 September 2012. Unless otherwise stated, trends and figures highlighted below refer to the three months ended 31 August 2012 and the corresponding period last year.

Revenue in the first quarter was in line with expectations at £81.5m, 18% lower than the prior year. As previously stated, the comparator period in 2011, which was 30% ahead of the year before, was marked by some extreme levels of volatility in financial markets and short term spikes in client activity. August 2011 remains, by some way, the record month for the group in terms of trading revenue.

Performance across the group was reasonably consistent, with revenue down in all regions. The particularly quiet financial markets impacted all areas of client activity relative to the prior period, including active client numbers, average revenue per client and the number of clients signing up and trading for the first time. The impact of the fall in revenue on profit before tax was partly mitigated by a number of factors including the flow through into lower staff bonuses, low betting duty and subdued marketing activity; the last of these was both as a direct result of quieter markets and hence reduced demand, and in anticipation of new marketing due to commence early in the second quarter which will build on the strength of the IG brand.

Revenue and KPIs by region were as follows:

Geographical Revenue	Q1 revenue			KPI	
	FY13 £m	FY12 £m	% Change	Active clients	Revenue per client
UK	41.1	51.8	(21%)	(16%)	(6%)
Australia	14.1	16.9	(17%)	(9%)	(9%)
Europe	15.4	19.2	(20%)	12%	(28%)
Rest of World	7.0	7.3	(4%)	19%	(20%)
Total Financial excluding Japan	77.6	95.2	(18%)	(7%)	(12%)
Japan	3.9	4.4	(11%)	(32%)	30%
<b>Total Financial</b>	<b>81.5</b>	<b>99.6</b>	<b>(18%)</b>	<b>(10%)</b>	<b>(9%)</b>

In the longer established UK and Australian markets, both the number of clients active in the period and the average revenue per client were down, leading to revenue falls of 21% and 17% respectively. Recent market share data\* in Australia indicates that IG's market share increased over the prior year from 34% to 37%, in a market which grew by 7%; this is particularly pleasing against the backdrop of increased competition and higher competitor marketing.

Revenue in Europe was down by 20%, reflecting the return to more normal seasonal trading patterns, with clients reducing their activity during the summer holiday period. Active client numbers increased in all of the European countries, with the strongest growth in the group's newest offices in Sweden and

\* Share of main CFD accounts as stated by Investment Trends May 2012 Australia CFD Report (published August 2012)

the Netherlands. However, weak sentiment, coupled with a more challenging competitive environment, impacted results in Germany against a particularly strong prior period.

The Rest of the World was only slightly down against the prior year, with the drop in average revenue per client almost entirely offset by continued growth in active clients. Nadex continues to develop its direct retail offering and saw a steady improvement in the number of clients trading on the exchange, albeit from a low base.

IG has a track record of applying higher standards than required by regulation in the protection of client money, including being the first major CFD provider in Australia to offer full protection and in the UK offering full protection to individuals who are classified as professionals. In keeping with this leadership position, the group has recently had an independent assurance assessment of its client money processes and controls completed to the ISAE 3000 standard, and believes it is the first firm in its industry to do so.

## **Outlook**

The first quarter of any financial year is normally the lowest revenue quarter for IG, with the prior year an unusual exception to this. The group continues to face tough comparatives at the start of the second quarter, with September 2011 the second highest revenue month in the history of the company. The group anticipates that revenue this year will, as in most years, be weighted towards the second half.

The investment in technology, combined with strong brand identity and the lead IG enjoys in the majority of the markets in which it operates leave it well positioned for further growth.

Today there will be a conference call for analysts and investors at 8.30am (UK time). The call can be accessed by dialling +44(0)20 3364 5381 and using the passcode 5645329#. A replay of the conference call will be available for a period of 14 days after the event by dialling +44(0)20 3427 0598 and using passcode 5645329#.

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*(1)The commentary above excludes the Sport business which was discontinued as of June 2011.*

*(2)References in this statement to "revenue" refer to net trading revenue, which is trading revenue excluding interest on segregated client funds and is net of introducing broker commissions.*

*(3) References in this statement to active clients are to the number of clients trading during the period referred to and references to average revenue per client are to revenue for the period referred to divided by the number of active clients in that period.*