

11 December 2012

IG GROUP HOLDINGS PLC
First Half Trading Update

IG Group today issues the following Trading Update for the period from 1 June 2012 to 30 November 2012. Unless otherwise stated, trends and figures highlighted below refer to the six months ended 30 November 2012 and the corresponding period last year.

- Short term trading continues to be subdued
- Consolidating leadership position in key markets with further market share gains⁽¹⁾
- Ongoing technology differentiation through mobile applications and Insight research tool
- Second half revenue likely to be in line with first half if recent activity levels persist
- Disciplined approach towards managing costs and investment

Revenue in the period was £169m, 14% lower than the prior year. Revenue in the second quarter, at £87.5m, was 7% higher than the first quarter, although still 9% behind the prior year. This performance reflects the particularly tough comparators which the group faced, as previously stated, due to the extreme levels of volatility in financial markets in 2011, and the continuing subdued markets which are impacting client activity. During the period the business did respond well to short spells of heightened market activity and continued to grow market share in its biggest markets⁽¹⁾.

Revenue and KPIs by region

Geographical Revenue	H1 revenue			KPI	
	12/13 £m	11/12 £m	% Change	Active clients	Revenue per client
UK	86.9	102.1	(15%)	(14%)	(1%)
Australia	28.2	32.7	(14%)	(12%)	(2%)
Europe	32.1	37.8	(15%)	9%	(22%)
Rest of World	14.2	14.5	(2%)	20%	(18%)
Total excluding Japan	161.4	187.1	(14%)	(7%)	(7%)
Japan	7.6	8.4	(9%)	(29%)	28%
Total	169.0	195.5	(14%)	(9%)	(5%)
	Q2 revenue			KPI	
	12/13 £m	11/12 £m	% Change	Active clients	Revenue per client
UK	45.8	50.4	(9%)	(10%)	1%
Australia	14.1	15.8	(11%)	(7%)	(4%)
Europe	16.6	18.5	(10%)	12%	(20%)
Rest of World	7.3	7.2	2%	22%	(17%)
Total excluding Japan	83.8	91.9	(9%)	(3%)	(6%)
Japan	3.7	4.0	(7%)	(20%)	16%
Total	87.5	95.9	(9%)	(4%)	(4%)

Trading in the period

In the UK and Australia revenue per client was broadly flat, with the fall in revenue driven by fewer clients trading in the period. In Europe the number of active clients increased, but this was more than offset by the decline in average revenue per client. Across the rest of the world IG continued to see strong growth in active clients in all countries except Japan, but revenue per client also fell in these markets in line with other less mature regions.

As previously stated, levels of account opening are affected by market conditions in the same way as client activity. In subdued markets the total level of account openings was 26% behind the same period in the prior year. There was some pick-up in this measure in the second quarter, with sequential quarter growth of 7%. The development of the IG platform and customer proposition continues to be directed towards attracting and retaining higher value clients.

Business Update

In September the group carried out a significant relaunch of the IG brand, bringing the external image up to date with the company's market positioning and delivering continuity and consistency across websites and dealing platforms. The initial roll-out of the mobile applications has now been delivered in all regions and the business continues to see an increase in the proportion of both client trades and account openings coming through mobile. IG also continued its development of the Insight research tool with a roll-out onto mobile applications.

Recent market research studies⁽¹⁾ in the UK, Australia and Singapore have been very encouraging, with IG continuing to increase its market share in all three countries. In the UK, market share in spread betting increased from 41% in 2011 to 44% in 2012 and in CFDs from 24% to 32%; in Australia market share increased from 34% to 37%. Recent results in Singapore show IG increased its share of the CFD market from 12% to 15% and is now the joint largest provider in the forex market, with a 13% share, up 4 percentage points on the prior year.

Outlook

Historically, revenue has been weighted towards the second half of the year. However, if the levels of client activity seen in the first half persists, revenue in the second half is likely to be similar to that delivered in the first. This does not, though, factor in any increase in market activity and if markets do start to provide more attractive opportunities for clients to trade IG remains very well placed to take advantage of this.

Against this backdrop of continuing subdued activity levels, the more uncertain short term outlook and lower levels of competitor activity, IG has taken, and will continue to take, a disciplined approach to managing the cost base, whilst continuing to invest in developing the business to reinforce its market-leading positions. To date the company has made some headcount reductions, reduced some planned marketing spend and deferred some recruitment. These savings are over and above those costs which would naturally flex with revenue.

IG continues to extend its market lead in key territories and has a strong financial position. The company remains confident in its long-term growth prospects.

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)203 106 4822 and using the passcode 5364379. A replay of the conference call will be available for a period of 14 days after the event by dialling +44(0)203 427 0598 and using passcode 5364379 and it will be archived for access at www.iggroup.com/investors.

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(1) Share of primary accounts, by number, as stated by Investment Trends August 2012 UK Leveraged Trading Report (published November 2012), Investment Trends May 2012 Australia CFD Report (published August 2012) and Investment Trends September 2012 Singapore CFD and FX Report (published November 2012)

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

(3) 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.

(4) 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.