



2013

Interim Results

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Thursday 8 August 2013

Andrew Formica
Chief Executive

Roger Thompson
Chief Financial Officer





2013

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Andrew Formica
Chief Executive



Key highlights

First half 2013

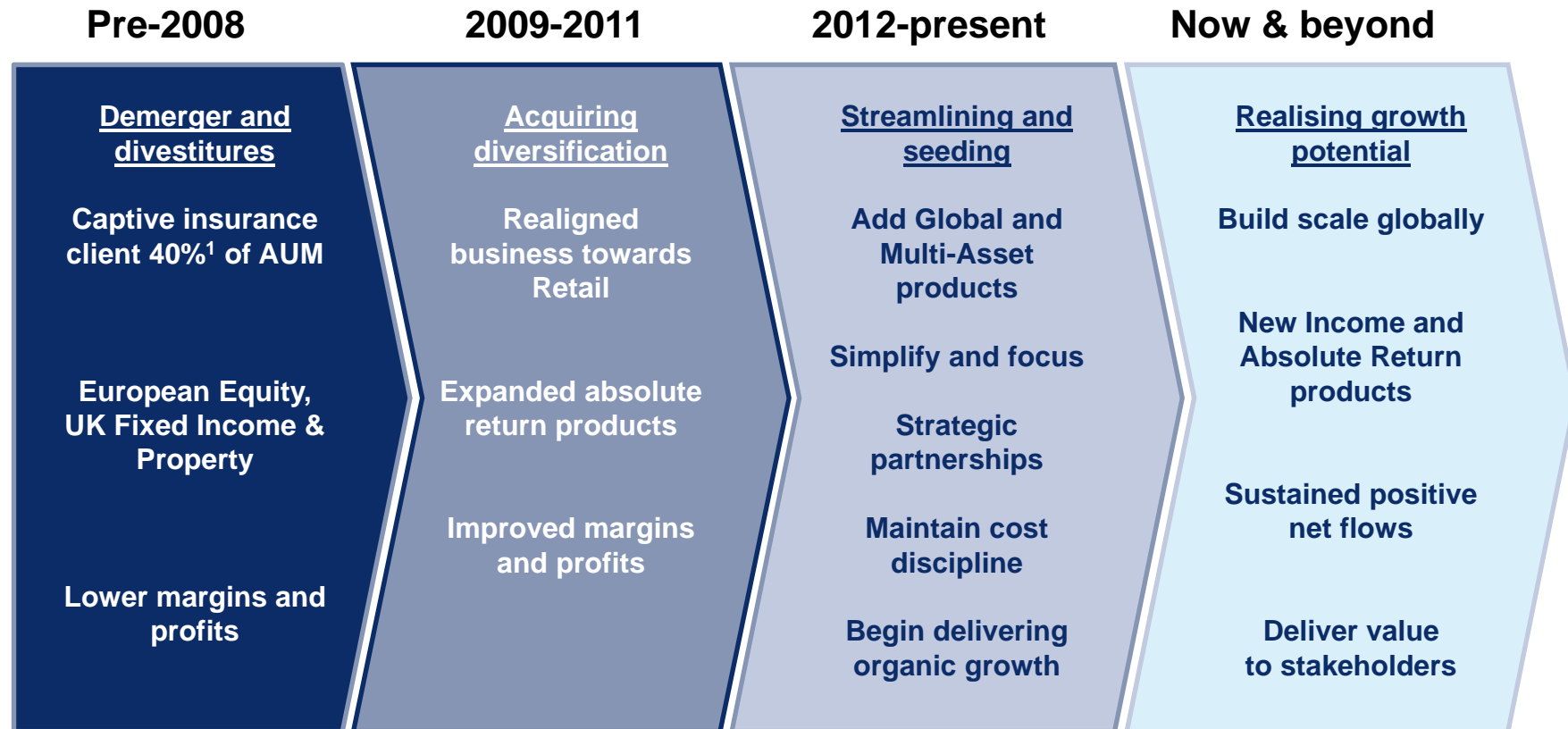
- ✓ **Record underlying PBT**
- ✓ **Operating margin increased to 38.8%**
- ✓ **Improved 3-year investment performance to 73%²**
- ✓ **Positive retail flows of £0.6bn**
- ✓ **AUM increased to £67.9bn**

	1H13	1H12 ¹	Change
Underlying PBT	£101.1m	£82.8m	+22%
Operating margin	38.8%	36.2%	Improved
3-year investment performance ²	73%	66%	Improved
Positive retail flows	£0.6bn	£(0.9)bn	+£1.5bn
AUM	£67.9bn	£63.6bn	+7%

¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

² Asset weighted, percentage of funds achieving or beating benchmark / percentile ranking over three years.

Establishing a platform for growth



¹ As at 31 December 2005.

Key outcomes

First half 2013

✓ **Simplified and focused business**

✓ **Strong investment performance and improving flows**

✓ **Strong financial performance**

✓ **Positioned for growth**

Key outcomes (cont'd)

First half 2013

Simplified & focused business

- ✓ Streamlined business and reduced costs
- ✓ Established global alliance with TIAA-CREF
 - TIAA Henderson Global Real Estate JV (40% stake)
 - Sale of North American real estate business to TIAA-CREF
- ✓ Focused on core capabilities: Global Equities, European Equities, Absolute Return, Multi-Asset and Global Fixed Income

Strong investment performance & improving flows

- ✓ 73% and 81% of Equity and Fixed Income funds, respectively, outperformed over 3 years
- ✓ Positive net retail flows of £587m in 1H13
 - Highest achieved since 1H11
 - UK retail positive flows in 2Q13
- ✓ Encouraging institutional pipeline

Key outcomes (cont'd)

First half 2013

Strong financial performance

- ✓ Record first half underlying PBT at £101.1m (up 22% on 1H12¹)
- ✓ Improved operating margin to 38.8%
- ✓ Strong net cash position of £16.7m
- ✓ Continued financial discipline




Positioned for growth

- ✓ Exploring strategic opportunities beyond real estate with TIAA-CREF
- ✓ Sesame Bankhall and Intrinsic JVs generating solid flows
- ✓ Acquired c.33% of 90 West as part of Australian strategic growth plans
- ✓ Launched funds supporting recent acquisitions, including:
 - Henderson High Yield Opportunities Fund
 - AlphaGen Northern Pines Long / Short Equity Fund
- ✓ Agreed new terms with Phoenix, building on our strong relationship

¹ This has been restated upon adoption of the amended standard IAS 19 Employee Benefits.

Investment performance

Cornerstone of success

Core capabilities	1 year ²	3 years ²	5 years ²
Global Equity ¹			
European Equity ¹			
Absolute Return			
Multi-Asset ¹			
Global Fixed Income			

 1st quartile/outperform/positive
  2nd quartile
  3rd quartile
  4th quartile/underperform/negative

¹ Excludes Segregated Mandates and certain pooled funds (Optimum, Core, Avelley, Cirilium, UK Equity Tracker and US Growth OEIC).

² Performance is relative to benchmark, percentile ranking or absolute performance where appropriate as at 30 June 2013.

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Selected funds

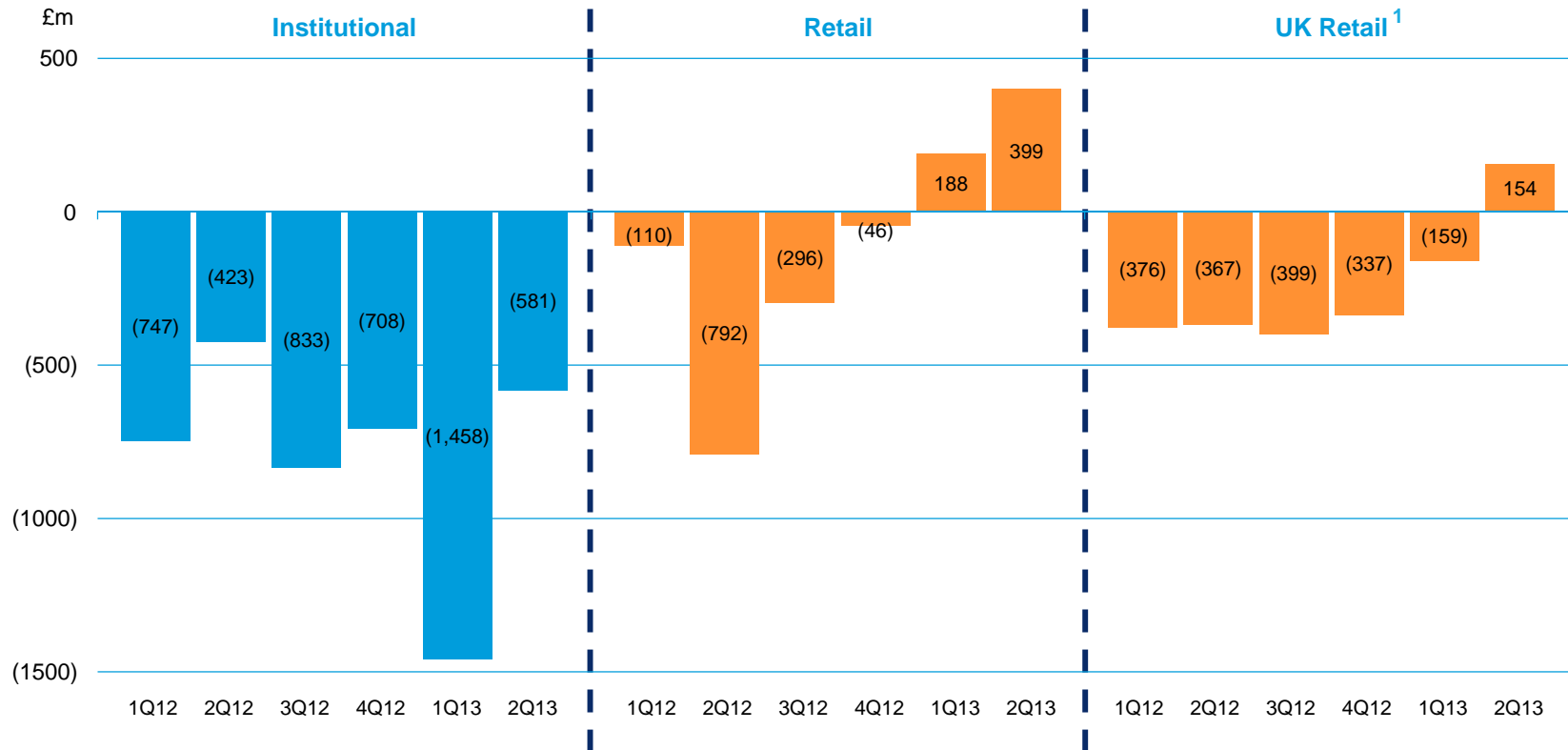
Investment performance

	Fund	Fund range	1 year ¹	3 years ¹	5 years ¹
Global Equity	Global Equity Income	OEIC	●		
	Global Focus	OEIC	●	●	●
European Equity	European Selected Opportunities	OEIC	●	●	●
	Pan European Equity	SICAV	●	●	●
Absolute Return	Tucana	Cayman	●	●	●
	Octanis	Cayman	●	●	●
	Volantis	Cayman	●	●	●
Multi-Asset	Multi-Manager Distribution	OEIC	●	●	●
	Diversified Growth	OEIC	●		
Global Fixed Income	European Corporate Bond	SICAV	●	●	
	Credit Alpha	OEIC	●	●	●

● 1st quartile/outperform/positive ● 2nd quartile ● 3rd quartile ● 4th quartile/underperform/negative

¹ Performance is relative to benchmark, percentile ranking or absolute performance where appropriate as at 30 June 2013.

Net flow improvement Quarter-on-quarter



¹ UK Retail is a subset of Retail.

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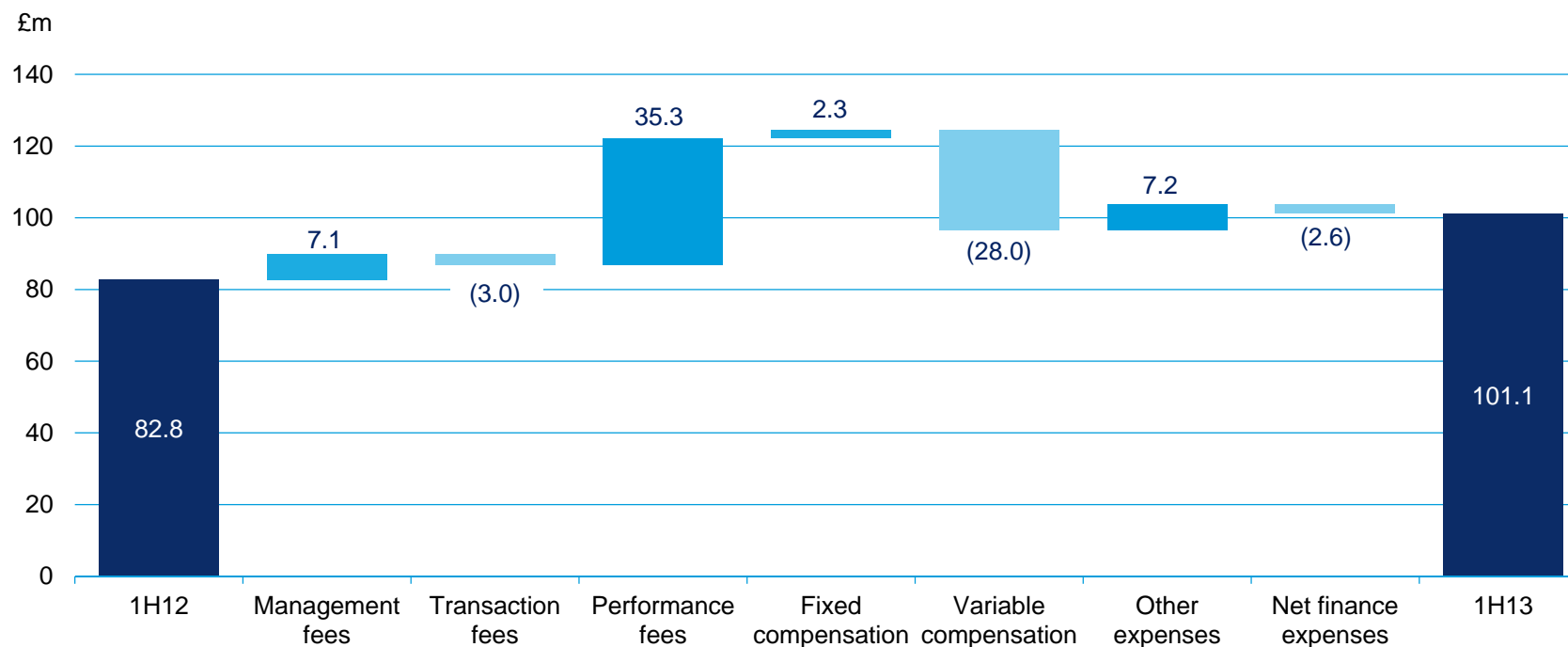
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Roger Thompson
Chief Financial Officer



Underlying profit before tax

Movement in underlying profit before tax¹



¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

Income drivers

	1H13 £m	1H12 ¹ £m	% change	2H12 ¹ £m	FY12 ¹ £m
Management fees (net of commissions)	185.9	178.8	4.0	176.4	355.2
Transaction fees	20.3	23.3	(12.9)	20.4	43.7
Performance fees	57.5	22.2	159.0	11.7	33.9
Total fee income	263.7	224.3	17.6	208.5	432.8
Finance income	4.3	9.8	(56.1)	4.3	14.1
Total income	268.0	234.1	14.5	212.8	446.9

¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

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Performance fees

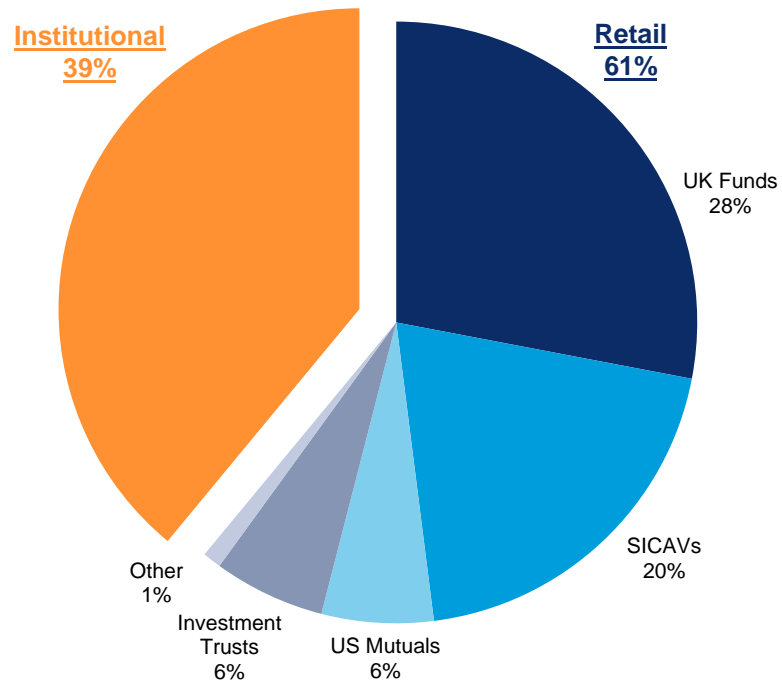
	1H13 £m	1H12 £m	2H12 £m	Benchmark	1H13 No. funds	1H12 No. funds	2H12 No. funds
SICAVs	17.9	2.1	0.1	Absolute / Relative	12	3	1
Absolute Return Funds	15.5	0.8	3.6	Absolute	18	5	14
Institutional clients	9.0	14.5	1.8	Relative	30	30	4
UK OEICs	8.0	-	0.4	Absolute / Relative	3	-	1
Investment Trusts	3.5	0.1	3.5	Absolute / Relative	4	1	4
Property	3.4	3.1	0.4	Absolute / Relative	9	5	2
Private Equity	0.2	1.6	1.9	Absolute	2	1	1
Total	57.5	22.2	11.7		78	45	27

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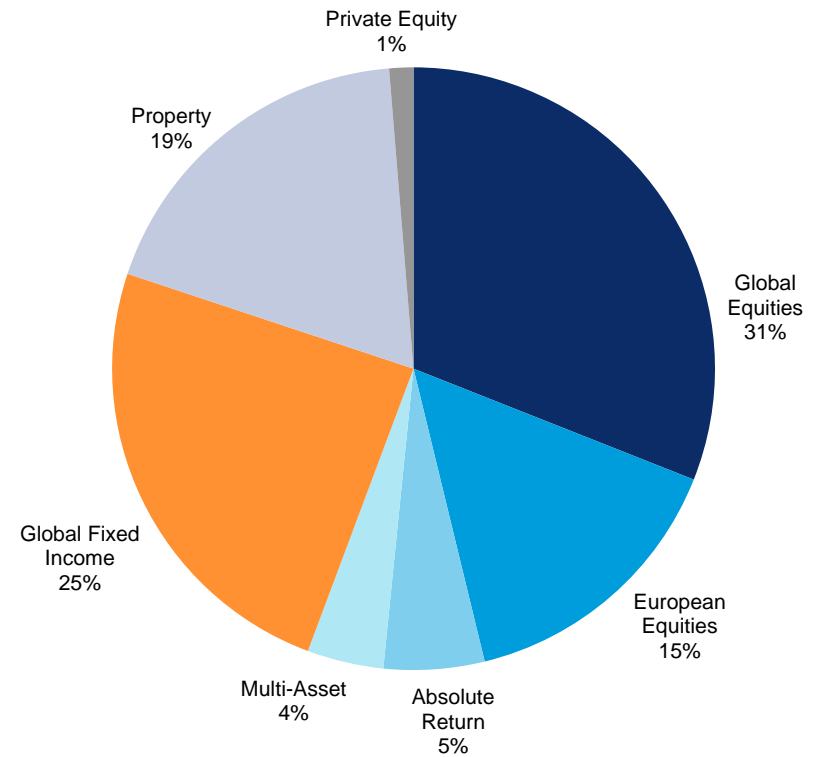


Source of 1H13 earnings

Total fees by product¹

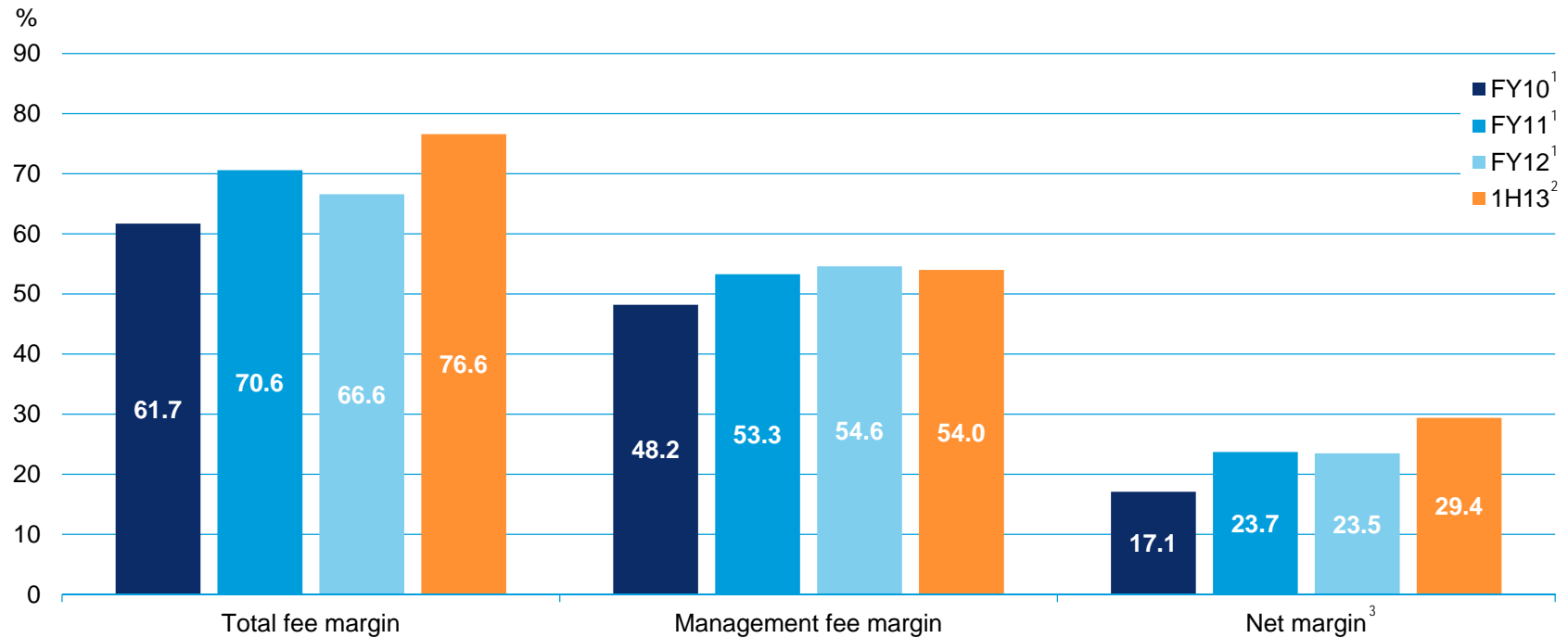


Total AUM by capability



¹ Includes management and performance fees only.

Fee margins

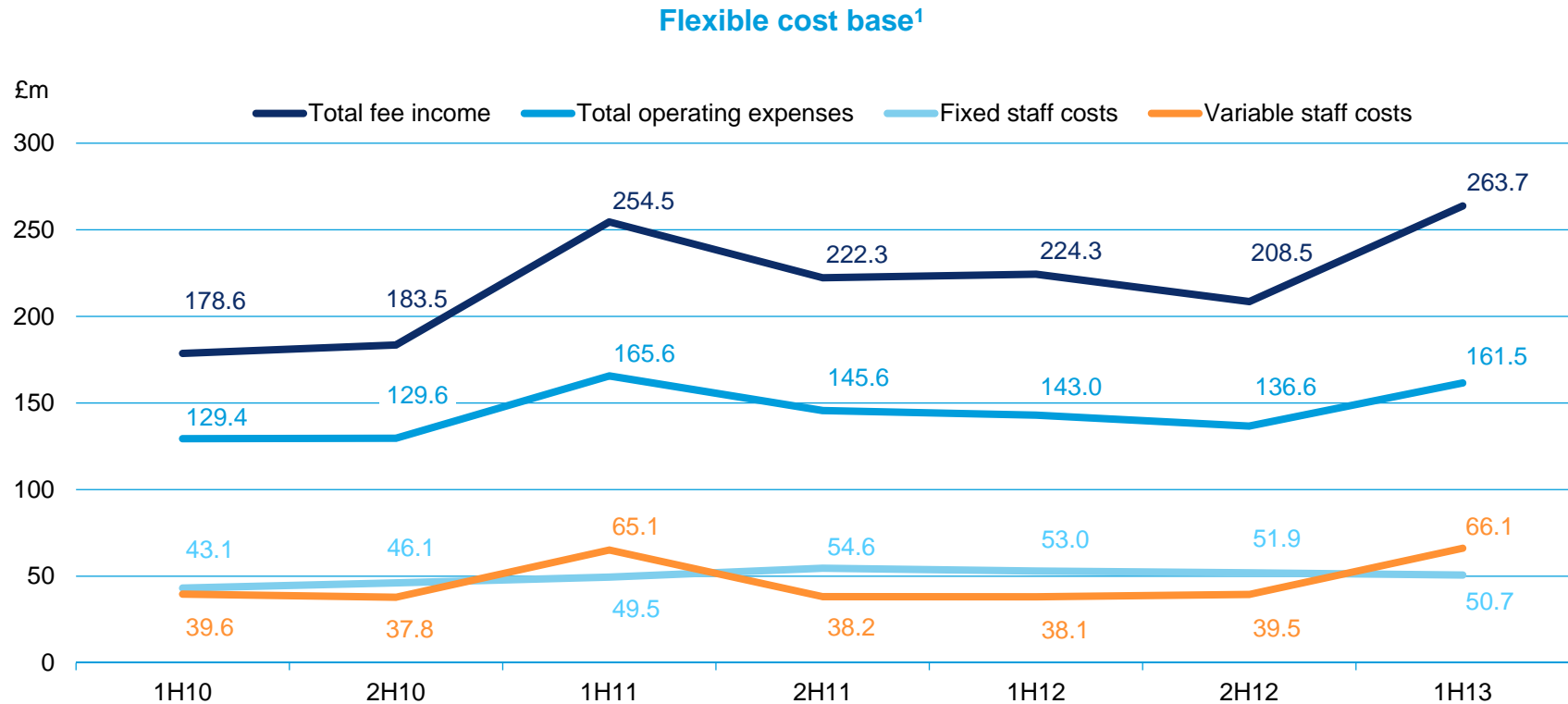


¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

² Annualised where appropriate and based on average AUM for the period.

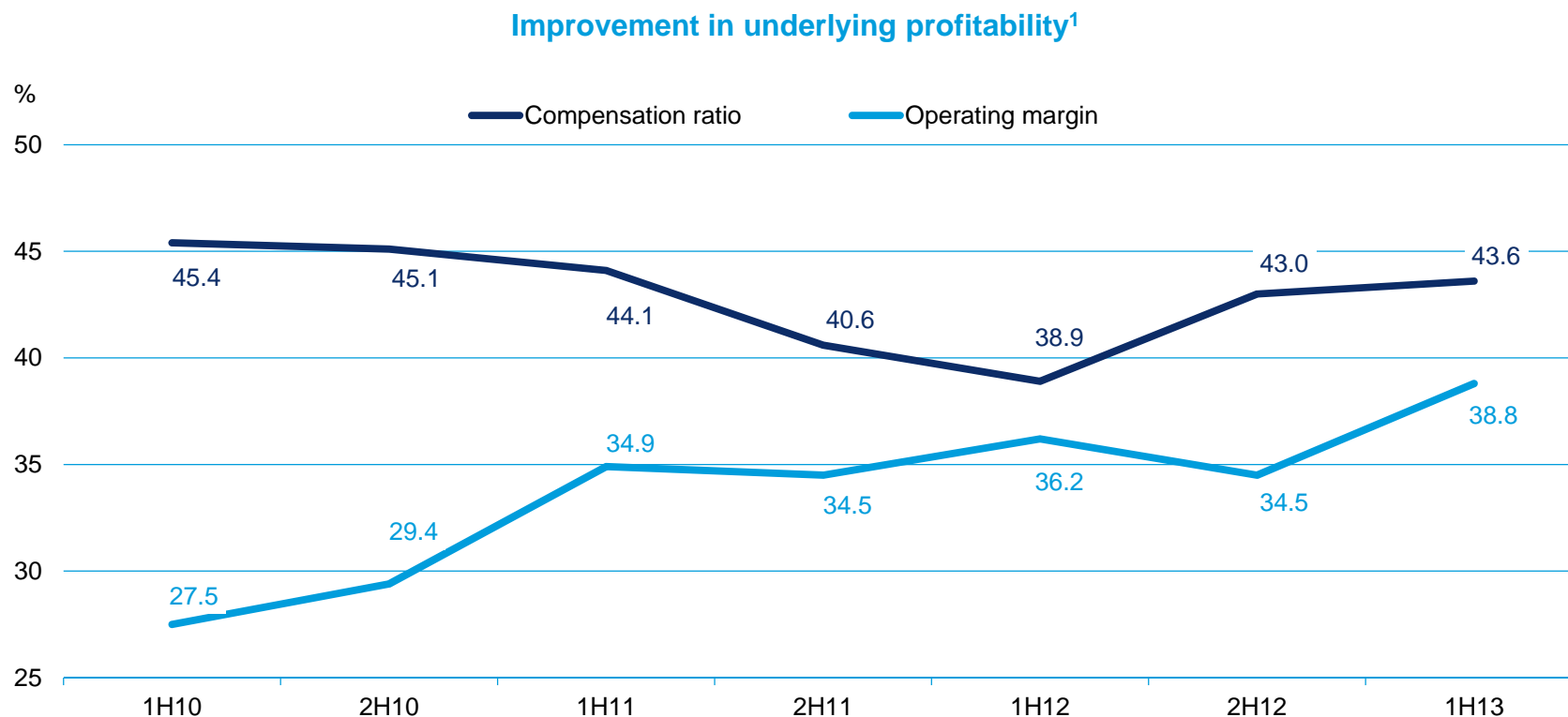
³ Based on underlying profit before tax.

Total fee income and operating expenses



¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

Compensation ratio and operating margin

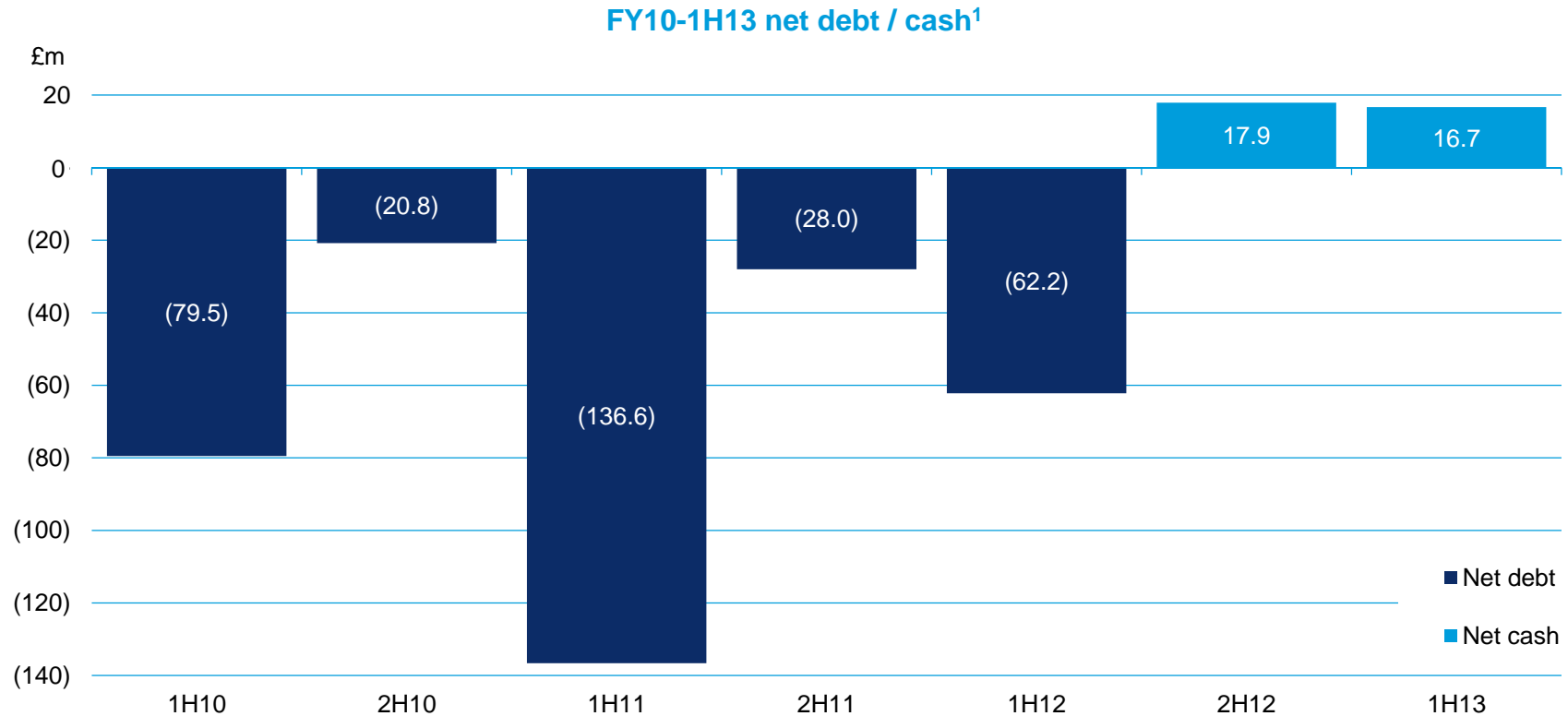


¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

Continued cost discipline

	1H13 £m	1H12 £m	% change	2H12 £m	FY12 £m
Investment administration	12.7	14.4	(11.8)	11.3	25.7
Information technology	7.7	8.0	(3.8)	6.4	14.4
Office expenses	8.6	9.0	(4.4)	7.8	16.8
Depreciation	1.4	1.4	-	1.5	2.9
Other expenses	14.3	19.1	(25.1)	18.2	37.3
Other operating expenses	44.7	51.9	(13.9)	45.2	97.1

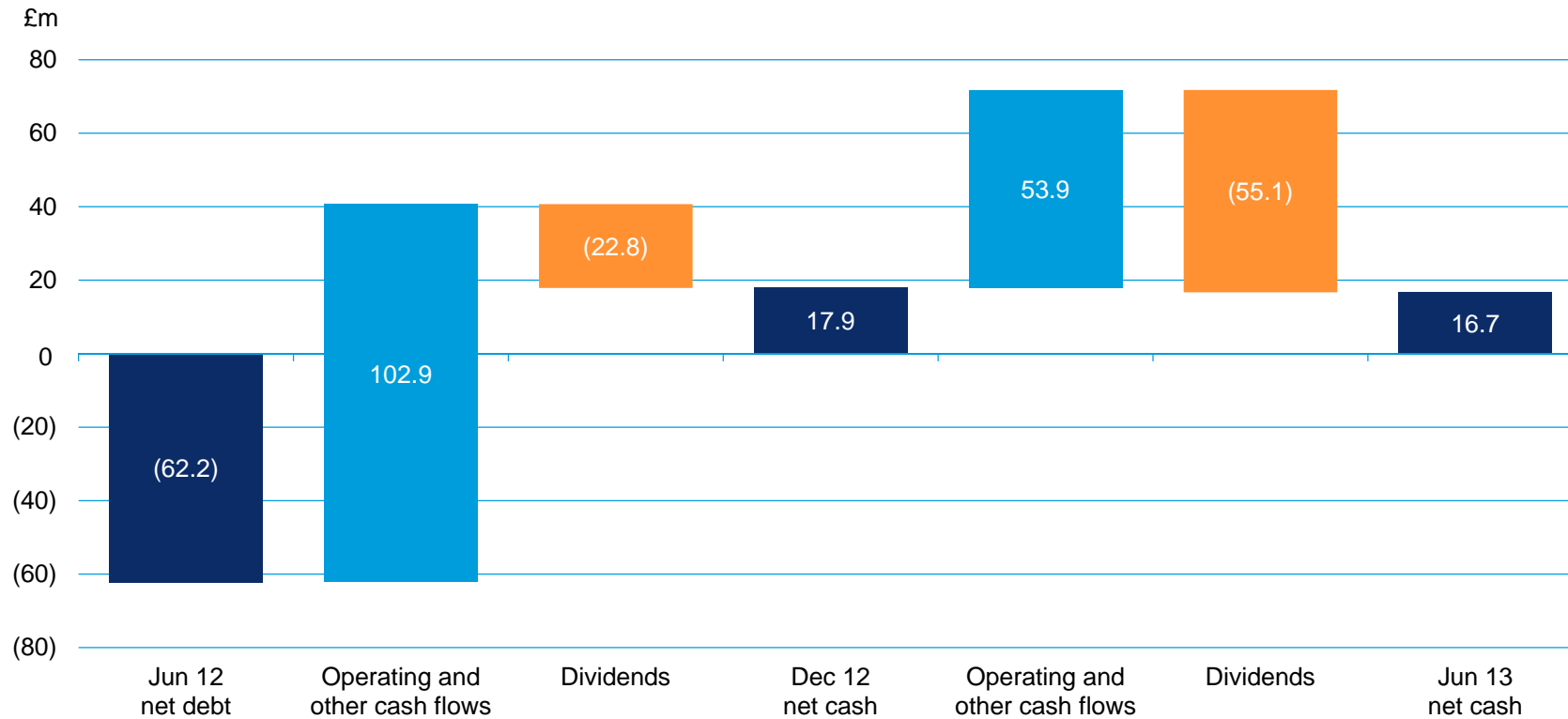
Summary: cash position



¹ Excludes restricted cash and managers dealing account balances.

Summary: cash position

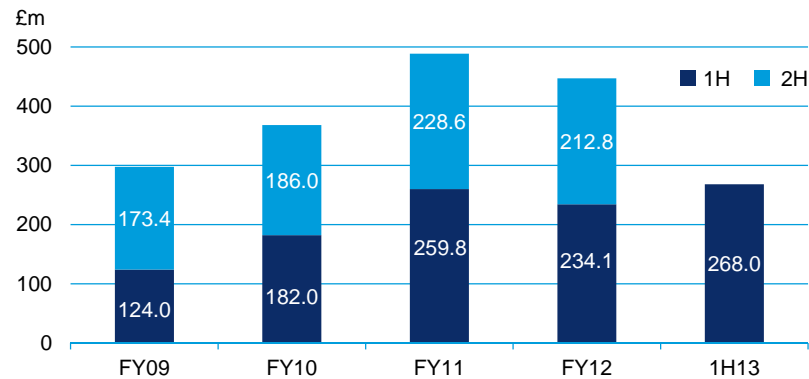
Movement in unrestricted cash over the last year¹



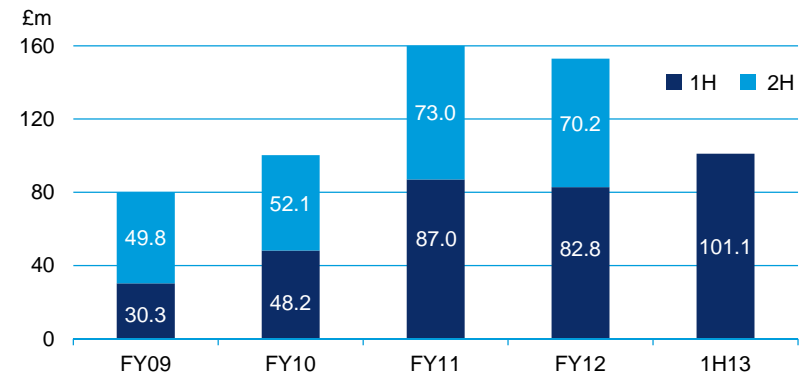
¹ Excludes restricted cash and managers dealing account balances.

Summary: strong financial performance

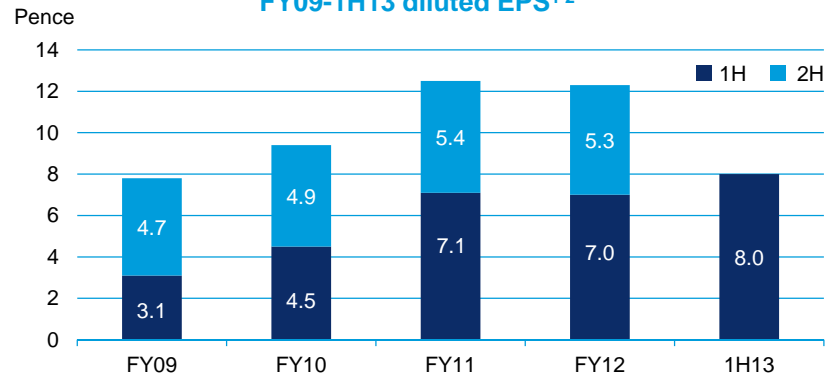
FY09-1H13 total income¹



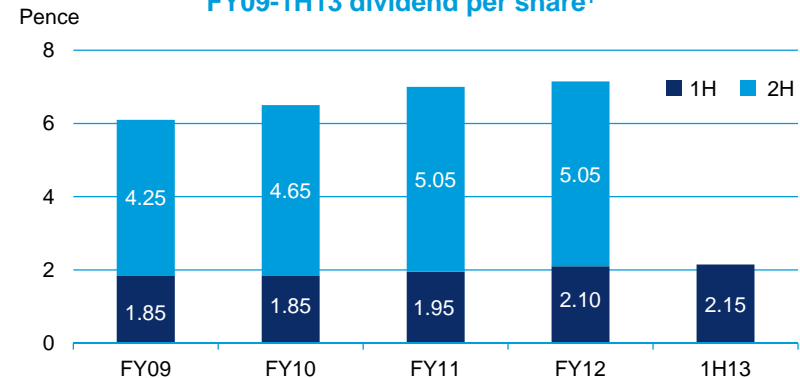
FY09-1H13 underlying profit before tax¹



FY09-1H13 diluted EPS^{1 2}



FY09-1H13 dividend per share¹



¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

² Based on underlying profit after tax attributable to equity holders of the parent.



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Andrew Formica
Chief Executive



Priorities going forward

- 1. Build on momentum achieved in 1H13**
- 2. Complete TIAA Henderson transaction**
- 3. Further supplement investment capabilities**
- 4. Maintain cost discipline**

Key points

1H13 recap



Strong investment performance and improving flows



Simplified and focused business



Strong financial performance



Positioned for growth

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Q&A



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Appendix

Profit and loss

	1H13 £m	1H12 ¹ £m	% change	FY12 ¹ £m
Management fees (net of commissions)	185.9	178.8	4.0	355.2
Transaction fees	20.3	23.3	(12.9)	43.7
Performance fees	57.5	22.2	159.0	33.9
Total fee income	263.7	224.3	17.6	432.8
Finance income	4.3	9.8	(56.1)	14.1
Total income	268.0	234.1	14.5	446.9
Total operating expenses	(161.5)	(143.0)	12.9	(279.6)
Finance expenses	(5.4)	(8.3)	(34.9)	(14.3)
Total expenses	(166.9)	(151.3)	10.3	(293.9)
Underlying profit before tax	101.1	82.8	22.1	153.0
Intangible amortisation	(26.0)	(26.0)	-	(52.1)
Gartmore related employee share schemes	(2.5)	(6.8)	(63.2)	(10.6)
Void property finance charge	(0.6)	(0.7)	(14.3)	(1.4)
Recurring profit before tax	72.0	49.3	46.0	88.9
Non-recurring items	-	-	-	13.8
Profit before tax	72.0	49.3	46.0	102.7
Tax on underlying profit	(13.1)	(8.0)	63.8	(19.5)
Tax on non-operating recurring items	6.9	8.9	(22.5)	18.5
Tax on non-recurring items	-	-	-	4.7
Total tax	(6.2)	0.9	(788.9)	3.7
Profit after tax	65.8	50.2	31.1	106.4

¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

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Summary AUM and fund flows 1H13

By channel / product

£m	Opening AUM 1 Jan 13	Net flows 1Q13	Market / FX 1Q13	Closing AUM 31 Mar 13	Net flows 2Q13	Market / FX 2Q13	Closing AUM 30 Jun 13	Closing AUM avg net mgmt fee (bps)
UK OEICs / Unit Trusts / Other	15,814	(159)	1,216	16,871	154	(101)	16,924	
SICAVs	7,226	480	866	8,572	(36)	(255)	8,281	
US Mutuals	3,006	187	290	3,483	97	57	3,637	
Investment Trusts	4,220	(320)	467	4,367	184	(43)	4,508	
Total Retail	30,266	188	2,839	33,293	399	(342)	33,350	73
UK OEICs / Unit Trusts	7,215	(133)	354	7,436	(306)	(121)	7,009	
SICAVs	762	1	101	864	515	(19)	1,360	
Offshore Absolute Return Funds	2,165	(61)	244	2,348	(85)	(45)	2,218	
Managed CDOs	740	(60)	26	706	(72)	(14)	620	
Segregated Mandates	13,833	(896)	553	13,490	(657)	(223)	12,610	
Property Funds	9,363	(307)	362	9,418	37	28	9,483	
Private Equity Funds	903	(17)	11	897	-	(30)	867	
Other	403	16	6	425	(13)	7	419	
Total Institutional	35,384	(1,457)	1,657	35,584	(581)	(417)	34,586	35
Total Group	65,650	(1,269)	4,496	68,877	(182)	(759)	67,936	54

¹ "Other" includes US Mutuals, Investment Trusts and Liquidity Funds.

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Summary AUM and fund flows (cont'd)

1H13

By asset class

£m	Opening AUM 1 Jan 13	Net flows 1Q13	Market / FX 1Q13	Closing AUM 31 Mar 13	Net flows 2Q13	Market / FX 2Q13	Closing AUM 30 Jun 13	Closing AUM avg net mgmt fee (bps)
Equity ¹	34,381	(1,158)	3,889	37,112	(81)	(391)	36,640	69
Fixed Income ¹	17,828	209	158	18,195	(17)	(423)	17,755	28
Property ²	12,523	(303)	438	12,658	(84)	86	12,660	42
Private Equity ³	918	(17)	11	912	-	(31)	881	134
Total Group	65,650	(1,269)	4,496	68,877	(182)	(759)	67,936	54

Absolute return sub-analysis

£m	Opening AUM 1 Jan 13	Net flows 1Q13	Market / FX 1Q13	Closing AUM 31 Mar 13	Net flows 2Q13	Market / FX 2Q13	Closing AUM 30 Jun 13
Retail	957	73	42	1,072	141	14	1,227
Institutional	2,418	(37)	245	2,626	(99)	(57)	2,470
Total Group	3,375	36	287	3,698	42	(43)	3,697

¹ Approximately £1.0bn of assets have been reclassified from Equity to Fixed Income as at 1 January 2013 to conform with the Group's ongoing presentation.

² Of the £12.7bn of Property AUM at 30 June 2013, £1.1bn relates to Henderson UK Property Unit Trust which will remain with the Group following completion of the transactions with TIAA-CREF announced on 24 June 2013 with the remaining £11.6bn being subject to those transactions.

³ Private Equity funds' AUM is based on 31 March 2013 valuations.

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Investment performance

Asset weighted of funds measured

Funds at / above benchmark (%) ¹	1 year % 1H13	3 years % 1H13
UK OEICs / Unit Trusts / Other	71	73
SICAVs	77	89
US Mutuals	81	1
Investment Trusts	69	93
Offshore Absolute Return Funds	100	100
Segregated Institutional Mandates	86	91
Total	77	76

Asset class	1 year % 1H13	3 years % 1H13
Equities	81	73
Fixed Income	66	81
Property ²	34	61
Total³	70	73

¹ Asset weighted of funds measured as at 30 June 2013. Retail fund ranges are measured relative to peers.

² Based on IPD performance as at 31 December 2012.

³ Excludes liquidity funds and Private Equity.

Performance fee potential AUM

	30 Jun 2013		31 Dec 2012	
	No. of funds	% AUM with performance fee potential	No. of funds	% AUM with performance fee potential
Institutional clients	49	33	54	34
Absolute return funds	37	81	36	75
Property	35	71	35	71
SICAVs	21	84	21	78
Investment Trusts	11	61	13	63
Private Equity	6	100	6	100
OEICs	5	4	3	5
Total	164	42	168	42

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Financial position

Debt, equity and ratios

	30 Jun 13 £m	31 Dec 12 £m
2016 notes	148.7	148.5
Gross debt at par	150.0	150.0
Unrestricted cash and cash equivalents¹	166.7	167.9
Net cash²	16.7	17.9
Total equity	801.4	781.2
Available facilities³	-	75.0

Gearing ratios and interest cover	30 Jun 13	31 Dec 12 ⁴
Gross debt / total equity	0.2x	0.2x
Gross debt / EBITDA⁵	0.7x	1.0x
Interest cover	19.2x	10.9x

¹ Restricted cash and cash equivalents of £22.3m (31 December 2012: £29.0m) held in the Group's manager dealing accounts.

² Based on outstanding debt at par.

³ Represents a £75.0m revolving credit facility, cancelled in January 2013.

⁴ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

⁵ 1H13 underlying EBITDA annualised.

EPS calculation

Number of shares

Weighted average	1H13 Shares (m)	FY13E ¹ Shares (m)
Issued share capital	1,115.1	1,118.0
Less: own shares held	(64.3)	(56.1)
Weighted average number of ordinary shares for basic EPS calculation	1,050.8	1,061.9
Add: dilutive impact of share options and awards	52.2	49.1
Weighted average number of ordinary shares for diluted EPS calculation	1,103.0	1,111.0

¹ Forecast is based upon vesting conditions as at 30 June 2013.

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EPS calculation

	1H13 £m	1H12 ¹ £m	FY12 ¹ £m
Underlying profit before tax	101.1	82.8	153.0
Less: tax on underlying profit	(13.1)	(8.0)	(19.5)
Underlying profit after tax	88.0	74.8	133.5
Less: non-controlling interests after tax	-	-	(0.2)
Underlying profit after tax attributable to equity holders of the parent	88.0	74.8	133.3
Less: Gartmore related employee share awards after tax	(1.6)	(6.8)	(9.4)
Less: intangible amortisation and void property finance charge after tax	(20.6)	(17.8)	(36.2)
Add: non-recurring items after tax	-	-	18.5
Profit after tax attributable to equity holders of the parent	65.8	50.2	106.2
Weighted average number of ordinary shares for the purpose of basic EPS (m)	1,050.8	1,030.0	1,034.0
Weighted average number of ordinary shares for the purpose of diluted EPS (m)	1,103.0	1,074.7	1,082.0
Basic EPS based on underlying profit after tax	8.4p	7.3p	12.9p
Basic EPS	6.3p	4.9p	10.3p
Diluted EPS based on underlying profit after tax	8.0p	7.0p	12.3p
Diluted EPS	6.0p	4.7p	9.8p

¹ Historical financials have been restated where necessary upon adoption of the amended standard IAS 19 Employee Benefits.

Historical classification of AUM

1H13

£ million		Opening AUM	Net flows	Market /FX	Closing AUM	Net flows	Market /FX	Closing AUM
		01-Jan	1Q13	1Q13	31-Mar	2Q13	2Q13	30-Jun
INVESTMENT MANAGEMENT								
Retail								
	UK OEICs/Unit Trusts	14,986	(187)	1,207	16,006	(3)	(139)	15,864
	SICAVs	7,226	480	866	8,572	(36)	(255)	8,281
	US Mutuals	3,006	187	290	3,483	97	57	3,637
	Investment Trusts	4,205	(320)	467	4,352	184	(42)	4,494
	Total Retail	29,423	160	2,830	32,413	242	(879)	32,276
Institutional								
	UK OEICs/Unit Trusts	4,305	(75)	59	4,289	(201)	(108)	3,980
	SICAVs	762	1	101	864	516	(20)	1,360
	US Mutuals	16	0	1	17	11	0	28
	Offshore Abs Return Funds	2,165	(61)	244	2,348	(85)	(45)	2,218
	Investment Trusts	26	0	4	30	0	0	30
	Managed CDOs	740	(60)	26	706	(72)	(14)	620
	Segregated Mandates	7,731	(734)	505	7,502	(379)	(114)	7,009
	Liquidity Funds	361	16	1	378	(24)	7	361
	Total Institutional	16,106	(913)	941	16,134	(234)	(294)	15,606
	Total Investment Management	45,529	(753)	3,771	48,547	8	(673)	47,882
Consisting of:								
	Abs Return Retail	957	73	42	1,072	141	14	1,227
	Abs Return Institutional	2,418	(37)	245	2,626	(99)	(57)	2,470
	Total Abs. Return	3,375	36	287	3,698	42	(43)	3,697
PROPERTY								
Retail								
	UK OEICs/Unit Trusts	828	28	9	865	157	38	1,060
	Total Retail	828	28	9	865	157	38	1,060
Institutional								
	Property Funds	9,363	(307)	365	9,421	37	29	9,487
	Segregated mandates	2,332	(24)	64	2,372	(278)	19	2,113
	Total Institutional	11,695	(331)	429	11,793	(241)	48	11,600
	Total Property	12,523	(303)	438	12,658	(84)	86	12,660
PRIVATE EQUITY								
Retail								
	Investment Trusts	15	0	0	15	0	(1)	14
	Total Retail	15	0	0	15	0	(1)	14
Institutional								
	Private Equity Funds	837	(4)	7	840	0	(32)	808
	Total Institutional	837	(4)	7	840	0	(32)	808
	Total Private Equity	852	(4)	7	855	0	(33)	822
PHOENIX								
Institutional								
	UK OEICs/Unit Trusts	2,910	(59)	293	3,144	(104)	(15)	3,025
	Segregated Mandates	3,770	(137)	(17)	3,616	(2)	(126)	3,488
	Private Equity Funds	66	(13)	4	57	0	2	59
	Total Phoenix	6,746	(209)	280	6,817	(106)	(139)	6,572
	TOTAL GROUP	65,650	(1,269)	4,496	68,877	(182)	(759)	67,936
Retail								
	Inst ex Phoenix	30,266	188	2,839	33,293	389	(842)	33,350
	Total Group ex Phoenix	28,638	(1,248)	1,377	28,767	(475)	(278)	28,014
	Total Group ex Phoenix	58,904	(1,060)	4,216	62,060	(76)	(620)	61,364
	Phoenix	6,746	(209)	280	6,817	(106)	(139)	6,572
	TOTAL GROUP	65,650	(1,269)	4,496	68,877	(182)	(759)	67,936
Equity								
	Fixed Income	34,381	(1,158)	3,889	37,112	(81)	(891)	36,640
	Property	17,828	209	158	18,195	(17)	(423)	17,755
	Private Equity	12,523	(303)	438	12,658	(84)	86	12,660
	TOTAL GROUP	65,650	(1,269)	4,496	68,877	(182)	(759)	67,936

1 A approximately £1.0bn of assets have been reclassified from Equity to Fixed Income as at 1 January 2013 to conform with the Group's ongoing policy of the £1.27bn of Property AUM at 30 June 2013. £1.1bn relates to Henderson UK Property Unit Trust which will remain with the Group following completion of the transactions with TIAA-CREF announced on 24 June 2013 with the remaining £1.1bn being subject to those 3 Private Equity funds' AUM is based on 31 March 2013 valuations.

Contacts

Investor enquiries

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