

# Business update and outlook

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September 2007

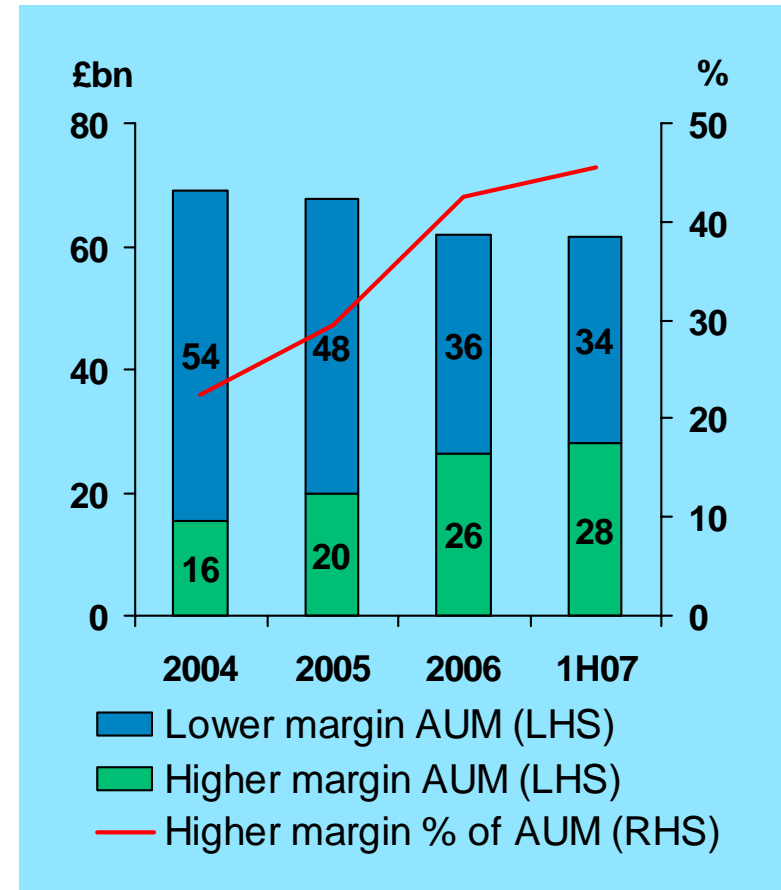
All information in £



# Henderson Group

A global independent asset management business

- 75 year history, dual listed in London and Sydney
- £62bn AUM<sup>1</sup>, diversified by product range, asset class and geography
- Successful in higher margin areas, such as Mutual Funds, Property and Hedge Funds – in 1H07 was 78% of revenues and 45% of AUM<sup>1</sup>
- Good or improving investment performance and margins
- Efficient balance sheet



<sup>1</sup> As at 30 June 2007

- **Financial highlights**

- Business performance

- Outlook

# Henderson Group

## 1H07 results overview

- Group operating profit before tax up 31% to £60.5m<sup>1</sup>
- EPS 5.7 pence per share<sup>1</sup> (1H06: 3.3 pence per share)
- Henderson Global Investors
  - profit before tax up 32% to £61.4m
  - cost to income ratio 65.6% (1H06: 69.2%)
  - AUM stable at £61.6bn (£61.9bn at 31 Dec 06)
- Corporate
  - small negative of £0.9m
  - raised £175m debt
  - declared 2007 interim dividend 1.66 pence per share (2006: 0.88 pence per share)
- Non-recurring items
  - investment gain on BPI £31.8m
  - pension scheme credit £8.7m
- Return £250m to shareholders in 4Q07, by special dividend and share consolidation

<sup>1</sup> Continuing operations, excluding non-recurring profits of £40.5m.

# Henderson Group

## Profit and loss

Summary information from consolidated income statement				
£m	1H07	1H06	%	FY06
Henderson Global Investors	61.4	46.6	32	81.1
Corporate costs	(5.0)	(7.0)	29	(11.5)
Corporate net interest income	4.1	6.6	(38)	12.6
<b>Profit before tax, continuing operations</b>	<b>60.5</b>	<b>46.2</b>	<b>31</b>	<b>82.2</b>
Non-recurring items <sup>1</sup>	40.5	-	-	(7.8)
<b>Net profit before tax, continuing operations</b>	<b>101.0</b>	<b>46.2</b>	<b>119</b>	<b>74.4</b>
Discontinued operations	-	(2.0)	-	(2.0)
<b>Net profit before tax, all operations</b>	<b>101.0</b>	<b>44.2</b>	<b>129</b>	<b>72.4</b>
Taxation	(11.5)	(8.7)	(32)	(11.2)
<b>Net profit after tax, all operations</b>	<b>89.5</b>	<b>35.5</b>	<b>152</b>	<b>61.2</b>
ETR – continuing operations, ex non-recurring	14.7%	18.6%		14.9%
– all operations, incl non-recurring	11.4%	19.7%		15.5%
<b>EPS – continuing operations, ex non-recurring</b>	<b>5.7p</b>	<b>3.3p</b>	<b>73</b>	<b>6.3p</b>
<b>– continuing operations, incl non-recurring</b>	<b>9.9p</b>	<b>3.3p</b>	<b>200</b>	<b>5.7p</b>

<sup>1</sup> 1H07 comprises gain on BPI investment of £31.8m and pension scheme service credit of £8.7m. FY06 one-off restructure costs of £7.8m.

# Henderson Global Investors

## Profit and loss

£m	1H07	1H06	2H06 <sup>1</sup>	% change 1H07 vs 1H06
Management fees	129.5	108.4	112.8	19
Transaction fees	10.0	12.6	12.0	(21)
Net performance fees	34.9	24.2	13.1	44
<b>Total fee income</b>	<b>174.4</b>	<b>145.2</b>	<b>137.9</b>	<b>20</b>
Investment income	4.3	6.3	6.3	(32)
<b>Total income</b>	<b>178.7</b>	<b>151.5</b>	<b>144.2</b>	<b>18</b>
Operating expenses	(115.9)	(103.5)	(108.3)	(12)
Depreciation and amortisation	(1.4)	(1.4)	(1.4)	-
<b>Operating profit before tax</b>	<b>61.4</b>	<b>46.6</b>	<b>34.5</b>	<b>32</b>
<b>Margin on average AUM (bps)</b>				
	<b>1H07</b>	<b>1H06</b>	<b>2H06</b>	
Management fee margin	42	32	36	
Total fee margin	56	43	44	
Net margin	20	14	11	

<sup>1</sup> Excludes one-off restructure cost of £7.8m

# Henderson Group

## Net assets

- Strong balance sheet
- Prudent provisions
- Appropriate gearing
- Regulatory surplus

£m	30 Jun 07	Pro forma <sup>1</sup>	31 Dec 06
Henderson Global Investors	474	457	410
Corporate gross assets	233	-	86
Corporate debt	(174)	(174)	-
<b>Henderson Group</b>	<b>533</b>	<b>283</b>	<b>496</b>

Gearing ratios	Actual	Pro forma <sup>1</sup>
Debt/Equity (%)	33	62
Debt/EBITDA <sup>2</sup> (%)	151	151
EBITDA/interest <sup>3</sup>	10x	10x

<sup>1</sup> Assuming £250m return of cash in 4Q07  
<sup>2</sup> EBITDA based on 1H07 recurring result (annualised)  
<sup>3</sup> Assumes 6 months interest for illustrative purposes

# Return of cash in 4Q07

## Special dividend and share consolidation

- Prudent assessment of forecast cash flows, regulatory, seed and working capital requirements
- Return £250m cash in 4Q07 (27.6 pence per share or equivalent)
- Method – special dividend and share consolidation
- Timetable:

EGM	9 October
CDIs ex-dividend, post-consolidation, deferred settlement	15 October <sup>1</sup>
Record date	19 October <sup>1</sup>
New ordinary shares ex-dividend, post consolidation	22 October <sup>1</sup>
Payment	By 29 October <sup>1</sup>

<sup>1</sup> These are expected dates and indicative only

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# Henderson Global Investors

## Investment performance<sup>1</sup>

	30 Jun 07 AUM <sup>2</sup>	Funds at/above Benchmark	
	£bn	1 year %	3 years %
Equities	24.3	61	52
Fixed interest	20.5	55	37
Property <sup>3</sup>	8.3	93	98
<b>Higher margin</b>			
Investment Trusts	3.8	91	86
Horizon funds	4.3	48	54
UK Wholesale	3.7	80	77
US Wholesale	2.5	100	98
Hedge funds	1.6	96	100
Property (UK/Europe) <sup>3</sup>	7.2	92	98
Property (US) <sup>3</sup>	1.1	100	100
<b>Lower margin</b>			
<b>Institutional</b>	14.4	54	30
<i>Enhanced index</i>	6.5	67	100
<i>Fixed interest</i>	4.2	45	15
<i>Balanced/active equity</i>	3.7	40	7

<sup>1</sup> Asset weighted.

<sup>2</sup> Of funds measured.

<sup>3</sup> 1yr to 31 Dec 06, based on 2006 IPD benchmarks. Property AUM is as at 31 Dec 06.

# Henderson Global Investors

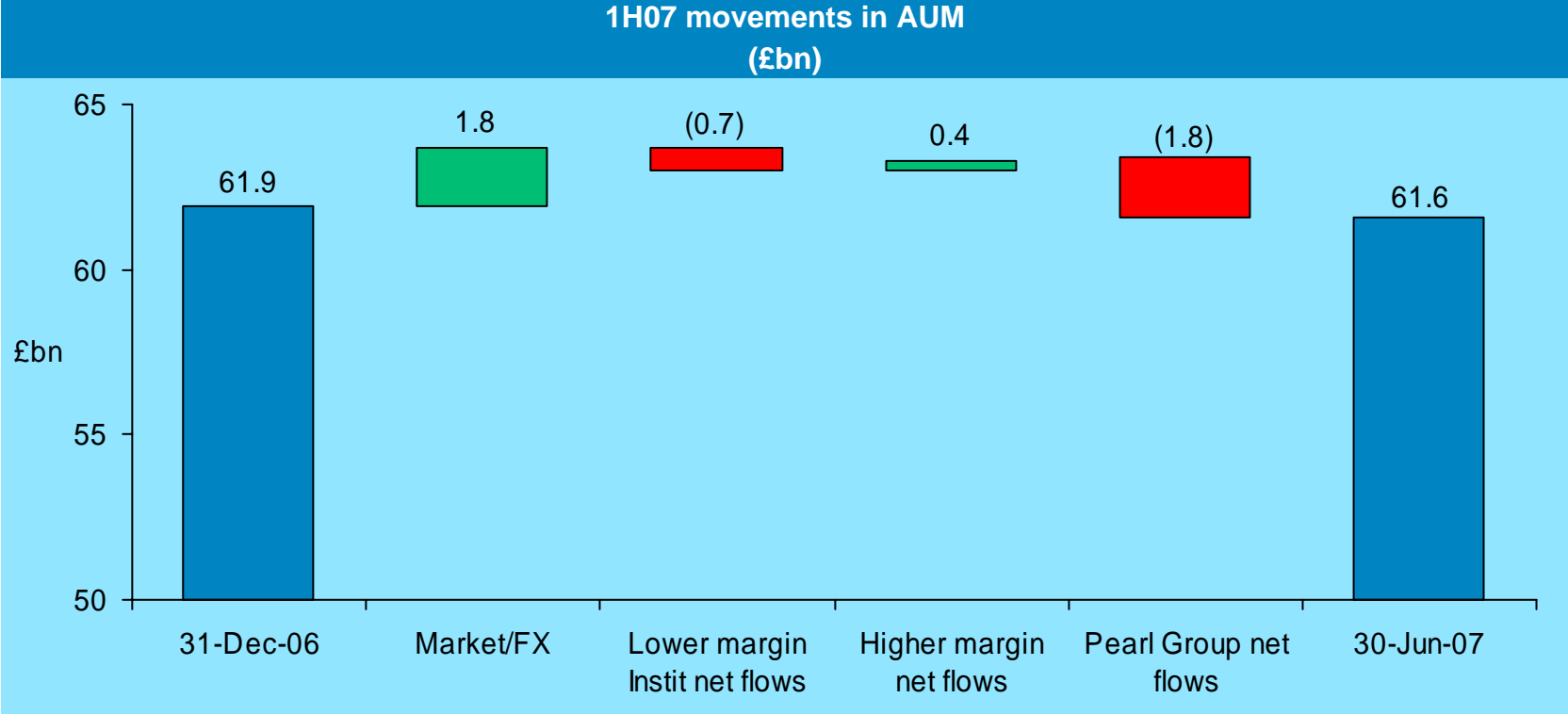
## Performance fee diversity

	1H07	1H06	1H07 No. of funds <sup>1</sup>	1H06 No. of funds <sup>1</sup>
Net performance fees (£m)	34.9	24.2		
Sourced from:	%	%		
Hedge funds	37	44	11	10
Property	30	25	15	13
Investment Trusts	11	10	6	2
Horizon Funds	8	17	9	7
Other <sup>2</sup>	14	4	16	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>57</b>	<b>43</b>

<sup>1</sup> Number of funds generating performance fees.  
<sup>2</sup> Includes £3.6m performance fee earned on Pearl funds in 1H07.

# Assets Under Management

Stable AUM in 1H07

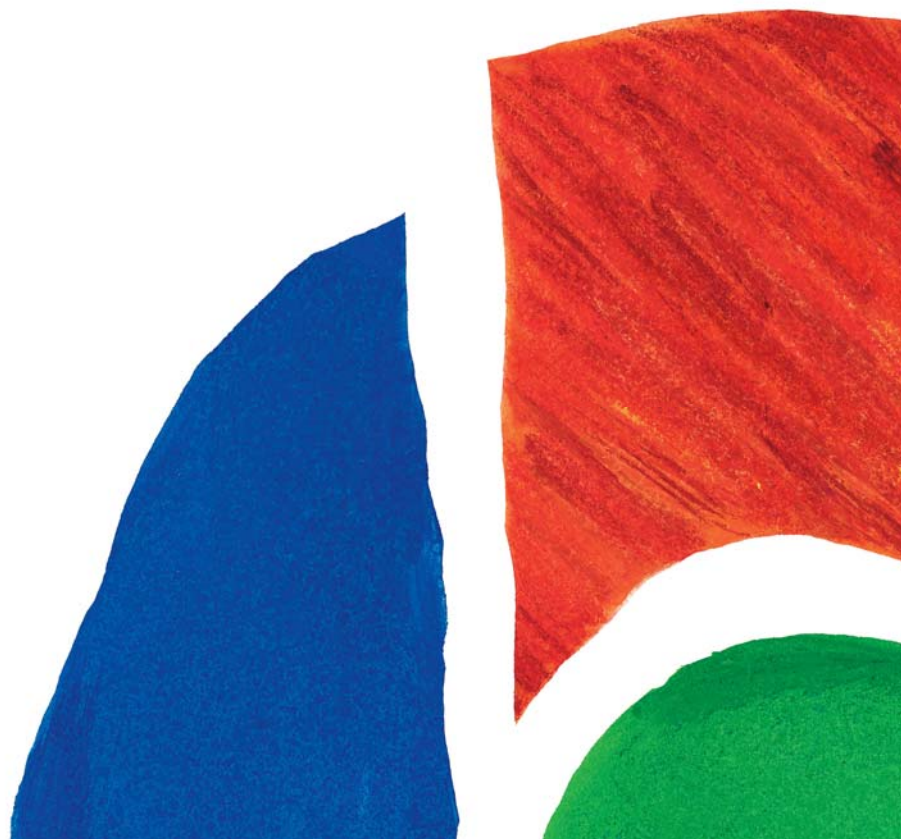


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# Henderson Group

## Outlook

- Corporate
  - Costs approximately £10m for FY07
  - Corporate net interest income £6m – £7m for FY07
  - £15m interim dividend in 4Q07
  - £250m special dividend with share consolidation in 4Q07
- Henderson
  - Build on improved investment performance
  - Continued net flows into higher margin businesses
  - Reach 70% cost to income ratio target for FY07



# Disclaimer

These materials issued by Henderson Group plc are a summary of certain information contained in the stock exchange announcements dated 24 August 2007 (relating to the half year results for the period ended 30 June 2007 of Henderson Group) and should be read in conjunction with the full text of those announcements.

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