

2010 Half Year Results

Andrew Formica Chief Executive
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18 August 2010

All information in £ unless otherwise stated

1H10 overview

- Volatile market environment, but improved from 1H09
- Competitive investment performance
- £1bn net inflows in higher margin
- Revenue up c.50%; underlying profit before tax up c.80% from 1H09
- Improved brand awareness
- RidgeWorth Capital Management

Key financial highlights of 1H10

- Underlying profit before tax¹ £48.5m (1H09: £27.1m)
- 62% of funds meeting/exceeding benchmarks over 1 year (63% over 3 years)
- Operating margin 29.1% (1H09: 25.1%)
- Compensation ratio 44.5% (1H09: 42.9%)
- £1bn net inflows in higher margin (1H09: £0.6bn net outflows)
- AUM £56.4bn (31 Dec 09: £58.1bn)
- Earnings per share² 4.7 pence (1H09: 2.9 pence)
- Interim dividend of 1.85 pence per share

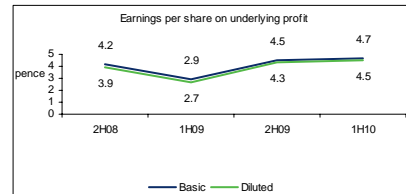
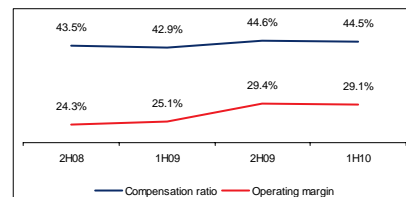
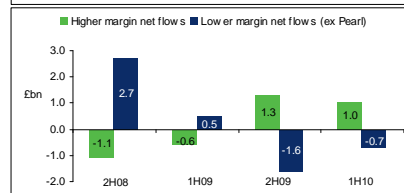
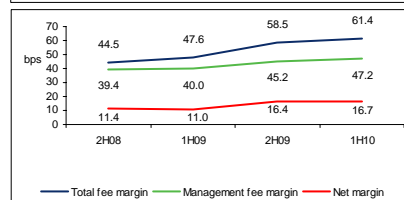
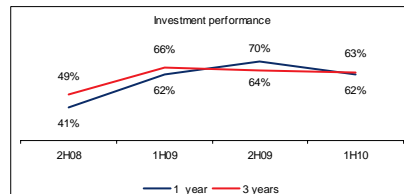
¹ Recurring profit before intangible amortisation and void property finance charge.

² Basic EPS based on underlying profit after tax attributable to equity holders of the parent.



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Key performance indicators



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Investment performance



Funds at or above benchmark ¹ (%)	1 year		3 years	
	1H10	FY09	1H10	FY09
Equities	69	70	70	70
Fixed Income	72	94	76	80
Property²	n/a	22	n/a	10
Total³	62	70	63	64
Higher margin				
Investment Trusts	56	45	33	24
Horizon funds	80	52	87	78
UK Wholesale	91	76 ³	49 ⁴	65 ³
US Wholesale	15	88	98	97
Hedge funds	41	100	77	87
Property ²	n/a	22	n/a	10
Total higher margin²	55	52	49	49
Lower margin				
Enhanced index	100	100	90	100
Fixed Income	71	100	68	70
Balanced/active equity	79	73	81	68
Total lower margin	83	93	82	80
NSIM	99	12	69	56

¹ Asset weighted of funds measured.

² UK/Europe Property is based on 2009 IPD benchmarks. Total performance in 1H10 is calculated using Property FY09 results.

³ Excluding New Star funds.

⁴ Following the consolidation and rebranding of the UK Wholesale range, 3 year investment performance includes legacy New Star funds. Excluding these funds, 80% of UK Wholesale assets would have been at or above benchmark.



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Performance fee diversity

Sourced from	1H10		1H09		2H09		Benchmark	1H10	1H09	2H09
	£m	%	£m	%	£m	%		No. of funds	No. of funds	No. of funds
Institutional clients	19.9	81	4.4	53	16.6	71	Rel	16	12	9
Hedge funds	3.0	12	2.2	27	5.6	24	Abs	10	3	6
Horizon funds	1.2	5	0.2	2	-	-	Abs/Rel	3	1	-
Property	0.3	1	1.5	18	0.1	1	Abs/Rel	2	4	-
Investment Trusts	0.2	1	-	-	1.0	4	Rel	1	-	1
Total	24.6	100	8.3	100	23.3	100		32	20	16



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AUM with performance fee potential

	30 Jun 10		31 Dec 09		31 Dec 08	
	No. of funds	% of AUM with performance fee potential	No. of funds	% of AUM with performance fee potential	No. of funds	% of AUM with performance fee potential
Institutional clients	71	50	61	44	55	40
Property	29	80	29	80	33	91
Horizon funds	19	99 ¹	18	100	20	100
Hedge funds	16	100	14	100	16	100
Investment Trusts	10	71	10	71	10	76
Private Equity	6	100	6	100	6	100
Total	151	50	138	46	140	53

¹ Includes fund switch from UK Wholesale which does not have a performance fee opportunity.



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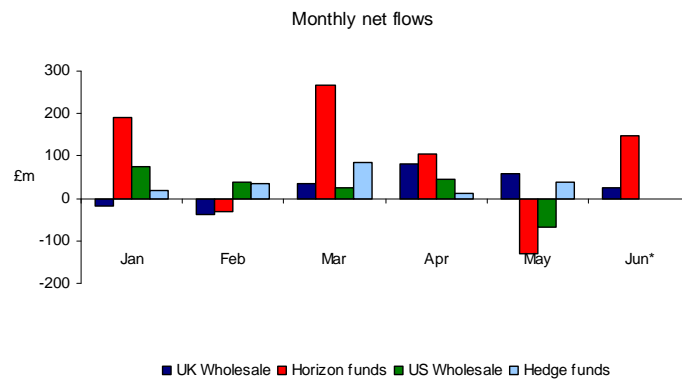
AUM and flows

Ebn	Opening AUM			Closing AUM			Net flows		Market/FX	
	1 Jan 10	1H10	30 Jun 10	1H09	2H09	1H09	2H09	1H09	2H09	
Higher margin										
Investment Trusts	3.5	(0.1)	(0.1)	3.3	-	-	-	0.7	-	-
Horizon funds	3.4	0.6	0.1	4.1	0.3	-	0.2	0.6	-	-
UK Wholesale	10.3	0.1	(0.5)	9.9	-	0.3	0.1	2.1	-	-
US Wholesale	3.2	0.1	(0.1)	3.2	(0.1)	0.1	0.5	0.4	-	-
Hedge funds	0.9	0.2	-	1.1	(0.2)	-	0.1	0.1	-	-
Property (non-US)	7.6	0.2	-	7.8	(0.4)	(0.5)	0.4	-	-	-
Property (US)	1.3	-	0.1	1.4	-	(0.4)	-	-	-	-
Private Equity	0.6	-	0.1	0.7	-	(0.3)	-	(0.3)	-	-
Structured Products	1.8	(0.1)	(0.1)	1.6	(0.2)	(0.2)	-	-	-	-
Higher margin total	32.6	1.0	(0.5)	33.1	(0.6)	(1.0)	1.3	3.6		
Lower margin										
Institutional clients	13.2	-	(0.1)	13.1	0.3	(0.6)	0.3	1.8	-	-
Cash funds	2.3	(0.2)	-	2.1	0.4	-	(1.0)	-	-	-
NSIM	2.0	(0.5)	-	1.5	(0.2)	0.1	(0.9)	0.5	-	-
Lower margin total	17.5	(0.7)	(0.1)	16.7	0.5	(0.5)	(1.6)	2.3		
Pearl	8.0	(1.6)	0.2	6.6	(2.8)	(0.2)	(1.4)	0.9	-	-
Total	58.1	(1.3)	(0.4)	56.4	(2.9)	(1.7)	(1.7)	6.8		



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Market volatility impact on net flows



* UK Wholesale and Horizon funds adjusted for £60m switch to Horizon funds.



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Fund flows and AUM pipeline

- Fund flows
 - Horizon and UK Wholesale positive
 - International Property Fund £0.2bn transfer in 3Q10
- Institutional pipeline with unfunded wins of £0.3bn
- Property pipeline of £1.4bn
- Pearl £1.4bn on notice, but no material impact on revenues



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Profit and loss

	1H10 £m	1H09 £m	% change	FY09 £m
Management fees (net of commissions)	137.4	98.2	40	226.8
Transaction fees	16.6	10.4	60	24.9
Performance fees	24.6	8.3	196	31.6
Total fee income	178.6	116.9	53	283.3
Finance income	0.9	2.2	(59)	4.3
Total income	179.5	119.1	51	287.6
Operating costs	(126.6)	(87.6)	45	(205.0)
Finance costs	(4.4)	(4.4)	-	(8.9)
Total expenses	(131.0)	(92.0)	42	(213.9)
Underlying profit before tax	48.5	27.1	79	73.7
Intangible amortisation and void property finance charge	(6.9)	(3.5)	97	(10.7)
Recurring profit before tax	41.6	23.6	76	63.0
Non-recurring items	-	(26.5)	-	(47.5)
Profit/(loss) before tax	41.6	(2.9)	-	15.5
Total taxation	(8.6)	2.3	-	(1.0)
Profit/(loss) after tax	33.0	(0.6)	-	14.5
Effective tax rate on recurring profit	20.7%	19.7%	-	21.2%
Basic EPS on underlying profit after tax attributable to equity holders of the parent	4.7p	2.9p	62	7.5p
Basic EPS	4.1p	(0.1)p	-	1.8p



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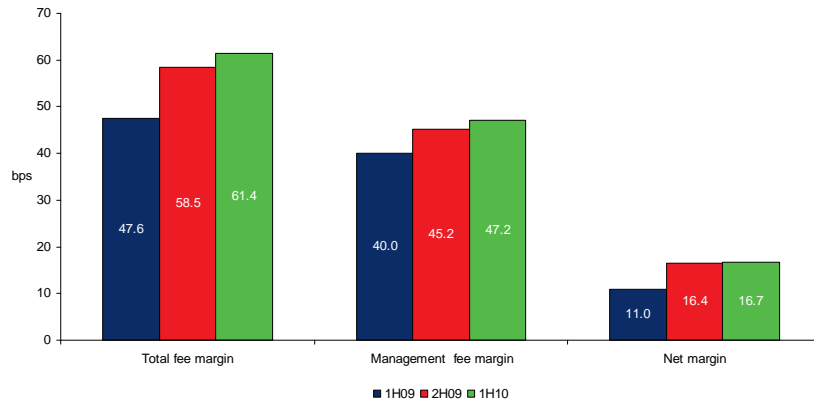
Drivers of net increase in total fee income

- 64% increase from management fees
 - Higher market levels
 - New Star funds
 - Higher margin net inflows
- 10% increase from transaction fees
 - New Star funds
 - Increased number of transactions in Property
- 26% increase from performance fees
 - Largely the result of higher institutional performance fees



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Fee margins



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Operating costs

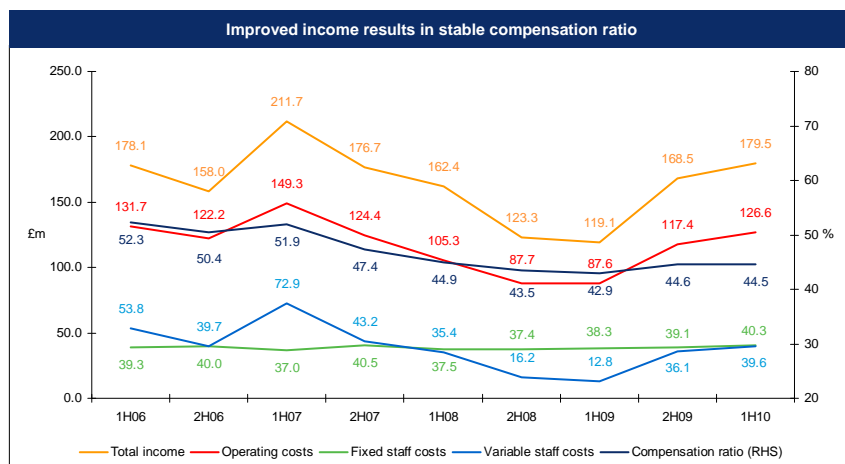
- Increase in variable staff costs linked to increased profitability
- Higher investment admin and IT costs due to increased funds and headcount post New Star acquisition
- Increase in other expenses
 - Investment in UK Wholesale through marketing and related expenses
 - Potential deal abort costs
 - Other smaller items
- Improved operating margin due to higher fee income and continued cost control

	1H10 £m	1H09 £m	% change	2H09 £m	FY09 £m
Employee compensation and benefits	79.9	51.1	56	75.2	126.3
Investment administration	11.6	10.2	14	12.4	22.6
Information technology	6.1	5.4	13	6.1	11.5
Office expenses	8.3	7.7	8	8.5	16.2
Depreciation	1.7	1.6	6	1.6	3.2
Other expenses	19.0	11.6	64	13.6	25.2
Operating costs	126.6	87.6	45	117.4	205.0
Operating margin	29.1%	25.1%	-	29.4%	27.6%



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Compensation ratio



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Profit and loss

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Basic EPS	4.1p	(0.1)p	-	1.8p



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Financial position – net debt and gearing

£m	30 Jun 10	31 Dec 09
6.5% senior, listed fixed rate notes	175.0	175.0
Less: cash and cash equivalents ¹	(100.5)	(119.0)
Net debt	74.5	56.0
Total equity	295.4	282.2

Gearing ratios and interest cover	30 Jun 10	31 Dec 09
Gross debt/total equity	0.6	0.6
Net debt/total equity	0.3	0.2
Gross debt/EBITDA	1.6	2.1
Net debt/EBITDA	0.7	0.7
Interest cover	12x	9x

¹ Includes restricted cash of £5m (31 Dec 09: £5.3m).



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2H10 priorities

- Continued focus on clients' needs
- Maintain momentum in good investment performance
- Realise UK Wholesale strategy
- Generate net positive fund flows across the business
- Improve operational efficiency
- Increase global footprint



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Summary and outlook

- Competitive investment performance positions us well
- Diverse product line-up matches clients' needs
- Organic growth opportunities in all channels and geographies
- Well placed to launch new products and grow the business further
- Although expect volatility, optimistic outlook for markets
- Alert to implications of changes in regulatory environment
- Strategic opportunities remain under consideration



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2010 Half Year Results

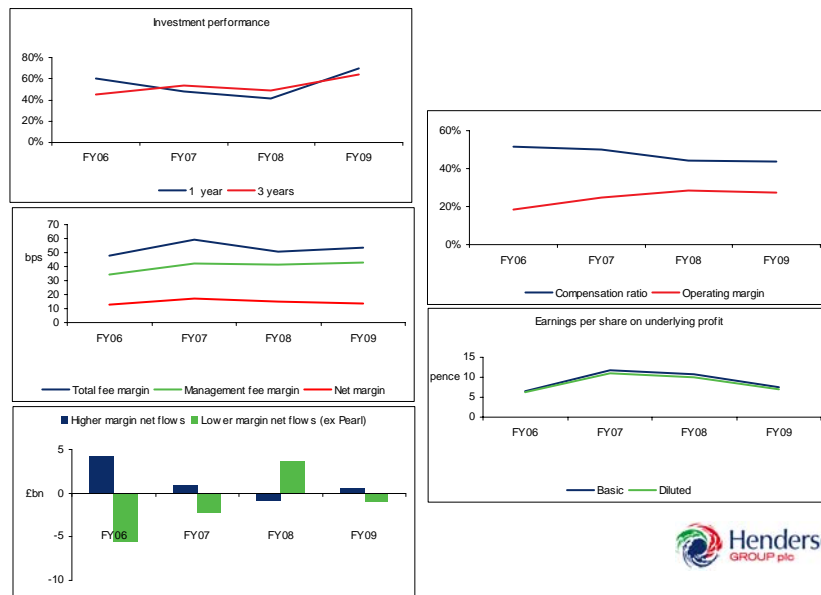
Appendix

- Key performance indicators – four year history
- AUM and flows – 1Q10 and 2Q10
- Split of AUM
- Geographic source of clients
- Investment performance – Top 20 listed asset funds by AUM
- Awards
- Number of shares for EPS calculation
- EPS calculation



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Key performance indicators – four year history



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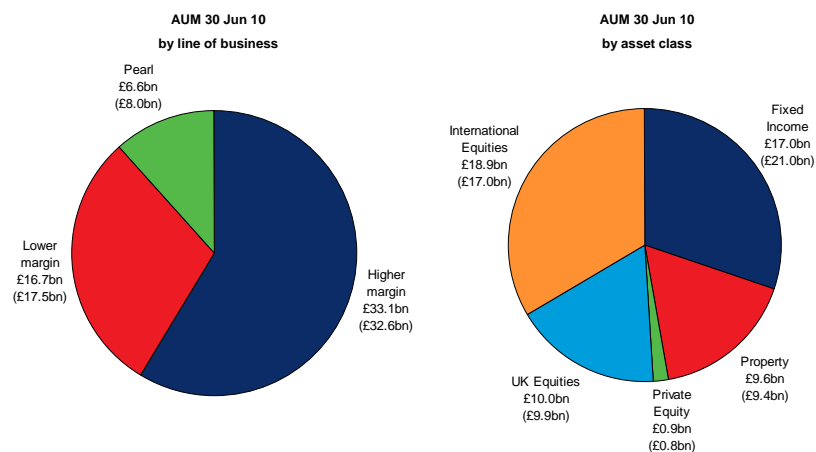
AUM and flows – 1Q10 and 2Q10

Ebn	Opening AUM 1 Jan 10	Net flows 1Q10	Market/FX 1Q10	Closing AUM 31 Mar 10	Net flows 2Q10	Market/FX 2Q10	Closing AUM 30 Jun 10
Higher margin							
Investment Trusts	3.5	(0.1)	0.2	3.6	-	(0.3)	3.3
Horizon funds	3.4	0.4	0.4	4.2	0.2	(0.3)	4.1
UK Wholesale	10.3	-	0.3	10.6	0.1	(0.8)	9.9
US Wholesale	3.2	0.1	0.3	3.6	-	(0.4)	3.2
Hedge funds	0.9	0.2	-	1.1	-	-	1.1
Property (non-US)	7.6	0.2	0.1	7.9	-	(0.1)	7.8
Property (US)	1.3	-	0.1	1.4	-	-	1.4
Private Equity	0.6	-	0.1	0.7	-	-	0.7
Structured Products	1.8	(0.1)	-	1.7	-	(0.1)	1.6
Higher margin total	32.6	0.7	1.5	34.8	0.3	(2.0)	33.1
Lower margin							
Institutional clients	13.2	0.3	0.8	14.3	(0.3)	(0.9)	13.1
Cash funds	2.3	(0.5)	-	1.8	0.3	-	2.1
NSIM	2.0	(0.4)	0.1	1.7	(0.1)	(0.1)	1.5
Lower margin total	17.5	(0.6)	0.9	17.8	(0.1)	(1.0)	16.7
Pearl	8.0	(0.7)	0.4	7.7	(0.9)	(0.2)	6.6
Total	58.1	(0.6)	2.8	60.3	(0.7)	(3.2)	56.4



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Split of AUM



() 31 Dec 09



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Geographic source of clients



- Distribution/Investment offices
- Distribution only offices
- Investment only offices

Total AUM £56.4bn

US
£7.3bn AUM

UK
£38.2bn AUM

EMEA ex UK
£7.8bn AUM

Asia/Australasia
£3.1bn AUM



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Investment performance

Top 20 listed asset funds by AUM

Fund	AUM 30 Jun 10 £m	Fund range	Fund manager	1 year	3 years	5 years
International Opportunities ¹	2,211	US Wholesale	Team			
All Stock Credit ²	1,756	Institutional OEIC	Payne			
Horizon Pan-European Equity ¹	1,393	Horizon funds	Stevenson			
Strategic Bond ²	873	Retail OEIC	Pattullo/Barnard			
Horizon Global Technology ¹	747	Horizon funds	O'Gorman/Warmerdam			
European Growth ¹	645	Retail OEIC	Pease/Rowe			
Preference and Bond ¹	627	Retail OEIC	Pattullo/Barnard			
Long Dated Credit ²	608	Institutional OEIC	Payne			
Cash ¹	585	Retail OEIC	Teatherton			
Fixed Interest Unit Trust ¹	532	Retail OEIC	Gledhill/Pattullo/Barnard			
High Alpha Credit ²	522	Institutional OEIC	Tharjyan/Adams		n/a	n/a
Global Equity Income ¹	444	US Wholesale	Crooke/Curtis			n/a
Higher Income	417	Retail OEIC	Kitchen/Jones			
Multi Manager Income and Growth	407	Retail OEIC	McQuaker			
Asia-Pacific Absolute Return	399	Hedge	Crawford/Mattock			
Multi Manager Active	394	Retail OEIC	Harris/Heron			
Mainstream UK Equity ²	385	Institutional OEIC	Kitchen/Jones			
Horizon Global Property Equities ¹	332	Horizon funds	Barnard/Summer			
UK Gilf ²	325	Institutional OEIC	Apel			
Global Technology	340	Retail OEIC	O'Gorman/Warmerdam			
Total	13,942					

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

¹ Percentile ranking measured 30 Jun 10.
² Performance relative to benchmark.



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Selected awards



12 months to Jun 2010

<p>Moneywise Investment Trust Awards 2009 Henderson Far East Income Limited- Highly Commended in the Far East ex Japan category Henderson City of London Investment Trust plc-Highly Commended in the UK Growth & Income category</p>	<p>Lipper Fund Awards (Nordics) Horizon Japanese Smaller Companies Fund – Best fund over three and five years – Equity Japan small and mid caps sector</p>
<p>Moneywise Pension Awards 2009 Henderson Multi-Manager Distribution Fund - Highly commended - Top Cautious Managed Fund Category</p>	<p>Lipper Fund Awards (Austria) Horizon Global Property Equities Fund – Best fund over three years – Equity sector real estate holdings global Horizon Japanese Smaller Companies – Best fund over three years – Equity Japan small and mid caps sector</p>
<p>Investment Week Investment Trust of the Year Awards 2009 Henderson Global Investors – Best group of the Year</p>	<p>Lipper Fund Awards (France) Horizon Japanese Smaller Companies Fund – Best fund over three and five years – Equity Japan small and mid caps sector Horizon Global Property Equities Fund – Best fund over three years – Equity sector real estate holdings global</p>
<p>Professional Pensions Awards 2009/2010 Henderson Global Investors – Fixed Income Manager of the Year</p>	<p>Lipper Fund Awards (Singapore) Horizon Global Technology – Best fund over five-years – Equity sector information technology Horizon Global Property Equities Fund – Best fund over three years – Equity sector real estate holdings global</p>
<p>Pension and Investment Provider Awards 2010 Henderson Global Investors – UK Fixed Income Manager of the Year</p>	<p>Lipper Fund Awards (Spain) Horizon Global Technology - Best fund over five-years – Equity sector information technology Horizon Japanese Smaller Companies Fund – Best fund over three and five years – Equity Japan small and mid caps sector</p>
<p>L'Echo/Tijd Awards (Belgium) Horizon Equity Funds - Best Equity Manager in 2009</p>	<p>Lipper Fund Awards (Switzerland) Horizon Japanese Smaller Companies Fund – Best fund over three years – Equity Japan small and mid caps sector Horizon Global Property Equities Fund – Best fund over three years – Equity sector real estate holdings global</p>
<p>Lipper Fund Awards (Europe) Horizon Global Property Equities Fund – Best fund over three years – Equity sector real estate holdings global Horizon Japanese Smaller Companies Fund – Best fund over three years – Equity Japan small and mid caps sector Henderson (previously New Star) Global Financials Fund – Best fund over five years –Equity, banks and other financial sector</p>	<p>Cash Award (Belgium) Horizon Pan European Smaller Companies Fund – Best performing fund – European equities sector</p>
<p>Lipper Fund Awards (UK) Horizon Japanese Smaller Companies – Best fund over three years – Equity Japan small and mid caps sector Horizon Global Technology - Best fund over five-years – Equity sector Information Technology</p>	<p>iMoneyNet- Offshore Money Fund Report Awards Henderson Liquid Assets Sterling Institutional Fund – Top performing sterling fund (with assets over €1 billion)</p>
<p>Lipper Fund Awards (Hong Kong) Horizon Global Property Equities – Best fund over five years – Equity sector real estate holdings global Horizon Japanese Smaller Companies Fund – Best fund over three, five and ten years – Equity Japan small and mid caps sector</p>	<p>Mondo Hedge Awards (Italy) Horizon Pan European Alpha Fund – Best fund in UCITS III equity hedge category</p>



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Number of shares for EPS calculation

	1H10 No. m	FY10E No. m
Weighted average		
Issued share capital	825.5	828.1
Less: own shares (unconditional awards)	(31.6)	(31.2)
Less: own shares (conditional awards)	(5.8)	(8.3)
Weighted average number of ordinary shares for the purpose of basic EPS	788.1	788.6
Add back: own shares (unconditional awards)	31.6	31.2
Add: dilutive potential of share options	7.3	7.3
Weighted average number of ordinary shares for the purpose of diluted EPS	827.0	827.1



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EPS calculation

	1H10 £m	1H09 £m	FY09 £m
Underlying profit before tax ¹	48.5	27.1	73.7
Less: taxation on underlying profit	(10.5)	(5.7)	(16.3)
Underlying profit after tax	38.0	21.4	57.4
Less: minority interests after tax	(0.7)	-	(0.7)
Underlying profit after tax attributable to equity holders of the parent	37.3	21.4	56.7
Weighted average number of ordinary shares for the purpose of basic EPS (m)	788.1	739.0	759.3
Basic EPS based on above earnings	4.7p	2.9p	7.5p

¹ Recurring profit before intangible amortisation and void property finance charge.



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Forward-looking statements

This presentation issued by Henderson Group plc is a summary of certain information contained in the stock exchange announcements dated 18 August 2010 (relating to the half year results for the period ended 30 June 2010 of Henderson Group) and should be read in conjunction with the full text of those announcements.

This presentation contains forward-looking statements with respect to the financial condition, results and business of Henderson Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. Henderson Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements.



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