

# 2009 Full Year Results

Andrew Formica      Chief Executive  
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24 February 2010

All information in £ unless otherwise stated

## FY09 overview

- Turbulent market environment
- Henderson proved resilient
- New Star acquisition exceeded expectations
- Strengthened platform to deliver for clients
- Strong and competitive investment performance
- Positive flows in Horizon, US and UK Wholesale and Institutional
- Controlled costs

## Key highlights

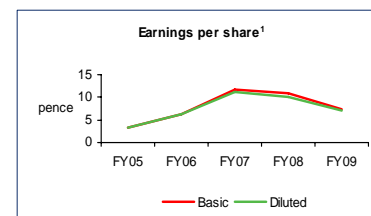
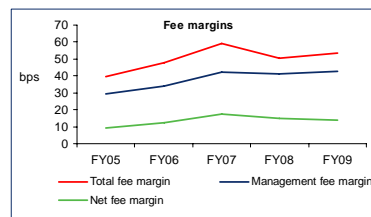
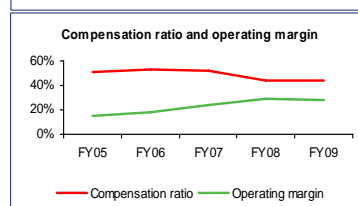
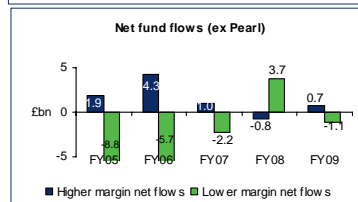
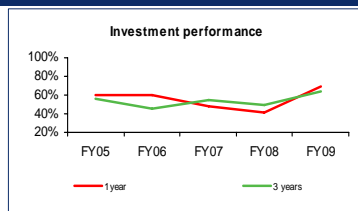
- Profit<sup>1</sup> £73.7m (FY08: £80.4m)
- Operating margin 27.6% (FY08: 28.6%)
- Compensation ratio 43.9% (FY08: 44.3%)
- AUM £58.1bn (31 Dec 08: £49.5bn)
- £0.7bn net inflows in higher margin in FY09, with £1.0bn in 4Q09
- 70% of funds meeting/exceeding benchmarks over 1 year (64% over 3 years)
- Earnings per share<sup>2</sup> 7.5p (FY08: 10.8p)
- Final dividend 4.25p<sup>3</sup> per share, full year dividend unchanged 6.1p per share

<sup>1</sup> Recurring profit before intangible amortisation, void property finance charge and tax.

<sup>2</sup> Basic EPS on recurring profit before intangible amortisation, void property finance charge after tax.

<sup>3</sup> Subject to shareholder approval at AGM on 11 May 2010.

## Key performance indicators



<sup>1</sup> Recurring profit after tax before intangible amortisation and void property finance charge.

## Investment performance

Asset weighted of funds measured

Funds at or above benchmark to 31 Dec 09	1 year		3 years	
	2009 %	2008 %	2009 %	2008 %
<b>Equities</b>	<b>70</b>	<b>41</b>	<b>70</b>	<b>48</b>
<b>Fixed Income</b>	<b>94</b>	<b>55</b>	<b>80</b>	<b>62</b>
<b>Property<sup>1</sup></b>	<b>22</b>	<b>30</b>	<b>10</b>	<b>50</b>
<b>Total<sup>2</sup></b>	<b>70</b>	<b>41</b>	<b>64</b>	<b>49</b>
<b>Higher Margin</b>				
Investment Trusts	45	34	24	54
Horizon	52	72	78	82
UK Wholesale	76	46	65	72
US Wholesale	88	88	97	87
Hedge funds	100	17	87	38
Property <sup>1</sup>	22	30	10	50
<b>Total higher margin</b>	<b>52</b>	<b>43</b>	<b>49</b>	<b>63</b>
<b>Lower margin</b>				
Enhanced index	100	19	100	6
Fixed Income	100	43	70	40
Balanced/active equity	73	28	68	40
<b>Total lower margin</b>	<b>93</b>	<b>31</b>	<b>80</b>	<b>29</b>
<b>New Star UK Wholesale<sup>2</sup></b>	<b>62</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b>NSIM<sup>2</sup></b>	<b>12</b>	<b>-</b>	<b>56</b>	<b>-</b>

<sup>1</sup> Estimated, pending Property benchmark data.

<sup>2</sup> New Star funds are shown separately in order to be consistent with 2008.

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## Performance fee diversity

Sourced from:	FY09		FY08		Benchmark	FY09 No. of funds	FY08 No. of funds
	£m	%	£m	%			
Institutional clients	21.0	66	5.1	16	Rel	21	13
Hedge funds	7.8	25	14.3	45	Abs	9	8
Property	1.6	5	7.4	23	Abs/Rel	4	13
Investment Trusts	1.0	3	2.4	7	Rel	2	5
Horizon	0.2	1	2.8	9	Abs/Rel	1	2
<b>Total</b>	<b>31.6</b>	<b>100</b>	<b>32.0</b>	<b>100</b>		<b>37</b>	<b>41</b>

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## AUM with performance fee potential

	31 Dec 09		31 Dec 08		31 Dec 07	
	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	61	44	55	40	49	49
Property	29	80	33	91	30	90
Horizon	18	100	20	100	20	100
Hedge funds	14	100	16	100	14	100
Investment Trusts	10	71	10	76	10	77
Private Equity	6	100	6	100	6	100
<b>Total</b>	<b>138</b>	<b>46</b>	<b>140</b>	<b>53</b>	<b>129</b>	<b>57</b>

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## AUM and flows

£bn	Opening AUM 1 Jan 09	New Star take-on	Net flows	Net market/FX	Closing AUM 31 Dec 09
<b>Higher margin</b>					
Investment Trusts	2.7	0.1	-	0.7	3.5
Horizon	2.3	-	0.5	0.6	3.4
UK Wholesale	3.1	4.7	0.1	2.4	10.3
US Wholesale	2.3	-	0.4	0.5	3.2
Hedge funds	0.8	0.1	(0.1)	0.1	0.9
Property (UK/Europe)	7.6	0.5	-	(0.5)	7.6
Property (US)	1.7	-	-	(0.4)	1.3
Private Equity	1.2	-	-	(0.6)	0.6
Structured Products	2.2	-	(0.2)	(0.2)	1.8
<b>Higher margin total</b>	<b>23.9</b>	<b>5.4</b>	<b>0.7</b>	<b>2.6</b>	<b>32.6</b>
<b>Lower margin</b>					
Institutional clients	11.2	0.2	0.6	1.2	13.2
Cash funds	2.9	-	(0.6)	-	2.3
NSIM	-	2.5	(1.1)	0.6	2.0
<b>Lower margin total</b>	<b>14.1</b>	<b>2.7</b>	<b>(1.1)</b>	<b>1.8</b>	<b>17.5</b>
Pearl	11.5	-	(4.2)	0.7	8.0
<b>Total</b>	<b>49.5</b>	<b>8.1</b>	<b>(4.6)</b>	<b>5.1</b>	<b>58.1</b>

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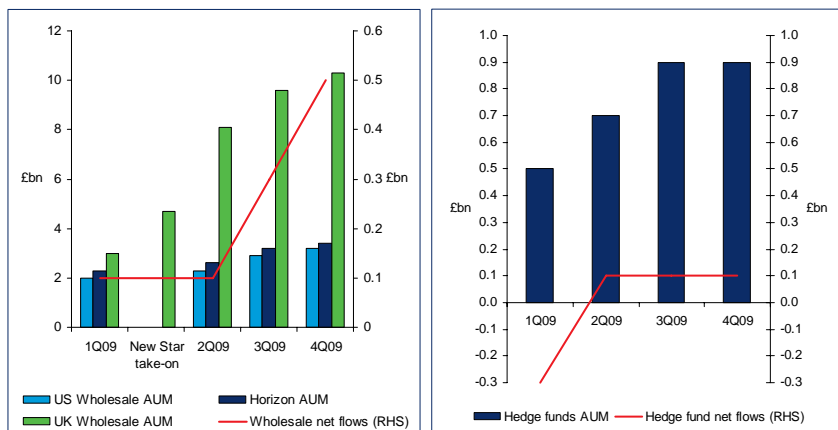
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## AUM and flows continued

£bn	1Q09				2Q09				3Q09			4Q09		
	31 Dec 08 Closing	1Q09 Net Flows	1Q09 Market/FX	31 Mar 09 Closing	New Star take-on	2Q09 Net Flows	2Q09 Market/FX	30 Jun 09 Closing	3Q09 Net Flows	3Q09 Market/FX	30 Sep 09 Closing	4Q09 Net Flows	4Q09 Market/FX	31 Dec 09 Closing
<b>Higher Margin</b>														
Investment Trust	2.7	(0.1)	(0.2)	2.4	0.1	0.1	0.2	2.8	0.0	0.6	3.4	0.0	0.1	3.5
Horizon	2.3	0.1	(0.1)	2.3	0.0	0.2	0.1	2.6	0.1	0.5	3.2	0.1	0.1	3.4
UK Wholesale	3.1	0.1	(0.2)	3.0	4.7	(0.1)	0.5	8.1	0.0	1.5	9.6	0.1	0.6	10.3
US Wholesale	2.3	(0.1)	(0.2)	2.0	0.0	0.0	0.3	2.3	0.2	0.4	2.9	0.3	0.0	3.2
Hedge Funds	0.8	(0.3)	0.0	0.5	0.1	0.1	0.0	0.7	0.1	0.1	0.9	0.1	(0.1)	0.9
Property (UK/Europe)	7.6	0.0	(0.2)	7.4	0.5	(0.4)	(0.3)	7.2	0.0	(0.1)	7.1	0.4	0.1	7.6
Property (US)	1.7	0.0	0.0	1.7	0.0	0.0	(0.4)	1.3	0.0	0.1	1.4	0.0	(0.1)	1.3
Private Equity	1.2	0.0	(0.2)	1.0	0.0	0.0	(0.1)	0.9	0.0	(0.3)	0.6	0.0	0.0	0.6
Structured Products	2.2	(0.1)	(0.2)	1.9	0.0	(0.1)	0.0	1.8	(0.1)	0.2	1.9	0.0	(0.1)	1.8
<b>Total Higher Margin</b>	<b>23.9</b>	<b>(0.4)</b>	<b>(1.3)</b>	<b>22.2</b>	<b>5.4</b>	<b>(0.2)</b>	<b>0.3</b>	<b>27.7</b>	<b>0.3</b>	<b>3.0</b>	<b>31.0</b>	<b>1.0</b>	<b>0.6</b>	<b>32.6</b>
<b>Lower Margin</b>														
Institutional clients*	11.2	0.1	(1.2)	10.1	0.2	0.2	0.6	11.1	0.3	1.8	13.3	0.0	0.0	13.2
Cash	2.9	(0.3)	0.0	2.6	0.0	0.7	0.0	3.3	(0.4)	0.0	2.8	(0.6)	0.0	2.3
NSIM	0.0	0.0	0.0	0.0	2.5	(0.2)	0.1	2.4	(0.2)	0.4	2.6	(0.7)	0.1	2.0
<b>Total Lower Margin</b>	<b>14.1</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>12.7</b>	<b>2.7</b>	<b>0.7</b>	<b>0.7</b>	<b>16.8</b>	<b>(0.3)</b>	<b>2.2</b>	<b>18.7</b>	<b>(1.3)</b>	<b>0.1</b>	<b>17.5</b>
<b>Total</b>	<b>38.0</b>	<b>(0.6)</b>	<b>(2.5)</b>	<b>34.9</b>	<b>8.1</b>	<b>0.5</b>	<b>1.0</b>	<b>44.5</b>	<b>0.0</b>	<b>5.2</b>	<b>49.7</b>	<b>(0.3)</b>	<b>0.7</b>	<b>50.1</b>
<b>Pearl Group</b>	<b>11.5</b>	<b>(2.4)</b>	<b>(0.6)</b>	<b>8.5</b>	<b>0.0</b>	<b>(0.4)</b>	<b>0.4</b>	<b>8.5</b>	<b>(1.2)</b>	<b>0.7</b>	<b>8.0</b>	<b>(0.2)</b>	<b>0.2</b>	<b>8.0</b>
<b>Total</b>	<b>49.5</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>43.4</b>	<b>8.1</b>	<b>0.1</b>	<b>1.4</b>	<b>53.0</b>	<b>(1.2)</b>	<b>5.9</b>	<b>57.7</b>	<b>(0.5)</b>	<b>0.9</b>	<b>58.1</b>

\*Includes New Star Private Clients.

## AUM: improved client demand for Wholesale and Hedge



## Fund flows and AUM pipeline

- Fund flows
  - Positive Wholesale fund flows
  - Positive Hedge fund flows
- Institutional pipeline with unfunded wins of £0.7bn
- Property pipeline of £1.4bn
- Pearl £(2.4)bn offset by compensation payments

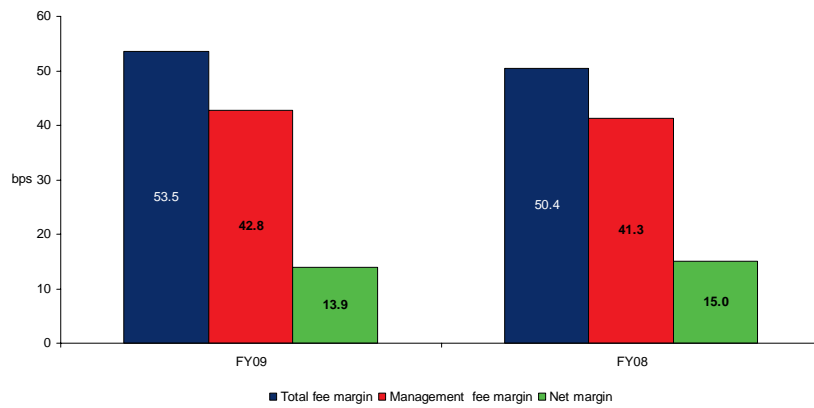
## Profit and loss

	FY09 £m	FY08 <sup>1</sup> £m	Favourable/ (adverse) % change
Management fees (net of commissions)	226.8	221.9	2
Transaction fees	24.9	16.5	51
Performance fees	31.6	32.0	(1)
<b>Total fee income</b>	<b>283.3</b>	<b>270.4</b>	<b>5</b>
Finance income	4.3	15.3	(72)
<b>Total income</b>	<b>287.6</b>	<b>285.7</b>	<b>1</b>
Operating costs	(205.0)	(193.0)	(6)
Finance costs	(8.9)	(12.3)	28
<b>Total expenses</b>	<b>(213.9)</b>	<b>(205.3)</b>	<b>(4)</b>
<b>Recurring profit<sup>2</sup></b>	<b>73.7</b>	<b>80.4</b>	<b>(8)</b>
Intangible amortisation and void property finance charge	(10.7)	(0.1)	-
<b>Recurring profit before tax</b>	<b>63.0</b>	<b>80.3</b>	<b>(22)</b>
Non-recurring items	(47.5)	(97.3)	51
<b>Profit/(loss) before tax</b>	<b>15.5</b>	<b>(17.0)</b>	
<b>Total taxation</b>	<b>(1.0)</b>	<b>(3.8)</b>	
<b>Profit/(loss) after tax</b>	<b>14.5</b>	<b>(20.8)</b>	
ETR on recurring profit	21.2%	10.7%	
Basic EPS on recurring profit <sup>2</sup> after tax	7.5p	10.8p	
Basic EPS on profit/(loss) after tax	1.8p	(3.2)p	

<sup>1</sup> Certain comparatives have been restated to conform with the current year's presentation. This relates to the recognition of performance fee bonuses as an operating cost, which were previously netted off against performance fees, and the elimination of Corporate Office and its resultant impact on finance income and total expenses.

<sup>2</sup> Before intangible amortisation, void property finance charge and tax.

## Fee margins

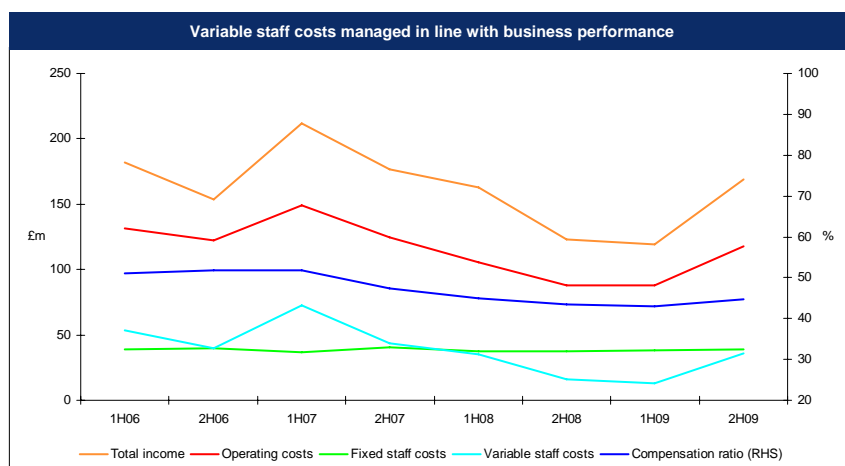


## Operating costs

- Additional costs from New Star acquisition partly offset by actions taken in 2008 to reduce costs
- Increase in fixed staff costs offset by decrease in variable staff costs
- Investment admin and IT costs increase due to New Star
- Higher office costs due to loss of sublet income and release of prior year provisions
- Higher depreciation costs due to relocation of London office
- Operating margin resilient due to cost control and benefit of New Star acquisition

	FY09 £m	FY08 £m	Favourable/ (adverse) % change
Employee compensation and benefits	126.3	126.5	-
Investment administration	22.6	16.4	(38)
Information technology	11.5	9.6	(20)
Office	16.2	13.2	(23)
Depreciation	3.2	2.3	(39)
Other expenses	25.2	25.0	(1)
<b>Operating costs</b>	<b>205.0</b>	<b>193.0</b>	<b>(6)</b>
<b>Operating margin (%)</b>	<b>27.6</b>	<b>28.6</b>	

## Compensation ratio



Historical numbers have been restated to conform with the current year's presentation. This relates to the recognition of performance fee bonuses as an operating cost, which were previously netted off against performance fees, and the elimination of Corporate Office and its resultant impact on finance income and total expenses.



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## Profit and loss

	FY09 £m	FY08 <sup>1</sup> £m	Favourable/ (adverse) % change
Management fees (net of commissions)	226.8	221.9	2
Transaction fees	24.9	16.5	51
Performance fees	31.6	32.0	(1)
<b>Total fee income</b>	<b>283.3</b>	<b>270.4</b>	<b>5</b>
Finance income	4.3	15.3	(72)
<b>Total income</b>	<b>287.6</b>	<b>285.7</b>	<b>1</b>
Operating costs	(205.0)	(193.0)	(6)
Finance costs	(8.9)	(12.3)	28
<b>Total expenses</b>	<b>(213.9)</b>	<b>(205.3)</b>	<b>(4)</b>
<b>Recurring profit<sup>2</sup></b>	<b>73.7</b>	<b>80.4</b>	<b>(8)</b>
Intangible amortisation and void property finance charge	(10.7)	(0.1)	-
<b>Recurring profit before tax</b>	<b>63.0</b>	<b>80.3</b>	<b>(22)</b>
Non-recurring items	(47.5)	(97.3)	51
<b>Profit/(loss) before tax</b>	<b>15.5</b>	<b>(17.0)</b>	
<b>Total taxation</b>	<b>(1.0)</b>	<b>(3.8)</b>	
<b>Profit/(loss) after tax</b>	<b>14.5</b>	<b>(20.8)</b>	
ETR on recurring profit	21.2%	10.7%	
Basic EPS on recurring profit <sup>2</sup> after tax	7.5p	10.8p	
Basic EPS on profit/(loss) after tax	1.8p	(3.2)p	

<sup>1</sup> Certain comparatives have been restated to conform with the current year's presentation. This relates to the recognition of performance fee bonuses as an operating cost, which were previously netted off against performance fees, and the elimination of Corporate Office and its resultant impact on finance income and total expenses.

<sup>2</sup> Before intangible amortisation, void property finance charge and tax.



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## Non-recurring items

- New Star integration costs lower than expected mainly due to lower re-branding and administration costs
- Fall in valuation of infrastructure fund; prudent charge taken re management fees of the fund
- Three property investments impaired based on latest fund valuations
- Insurance recoveries agreed in relation to historical claims

	(Adverse)/ favourable
	FY09
	£m
New Star integration	(33.8)
Infrastructure fund	(20.7)
Property seed investments	(7.3)
Insurance recoveries	14.3
<b>Total</b>	<b>(47.5)</b>

## Financial position – net borrowings and gearing

£m	31 Dec 09	31 Dec 08 <sup>1</sup>
6.5% senior, listed fixed rate notes	<b>175.0</b>	175.0
Less: cash and cash equivalents <sup>2</sup>	<b>(119.0)</b>	(152.1)
Net borrowings	<b>56.0</b>	22.9
Total equity	<b>282.2</b>	293.1

Gearing ratios and interest cover	31 Dec 09	31 Dec 08 <sup>1</sup>
Gross debt/total equity	<b>0.6</b>	0.6
Net debt/total equity	<b>0.2</b>	0.1
Gross debt/EBITDA	<b>2.1</b>	2.0
Net debt/EBITDA	<b>0.7</b>	0.3
Interest cover	<b>9x</b>	7x

<sup>1</sup>The figures and ratios for 31 Dec 08 have been restated on a consistent basis with 31 Dec 09 calculations.  
<sup>2</sup>Includes restricted cash of £5.3m (31 Dec 08: £5.3m).

## 2010 priorities

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

## Summary and outlook

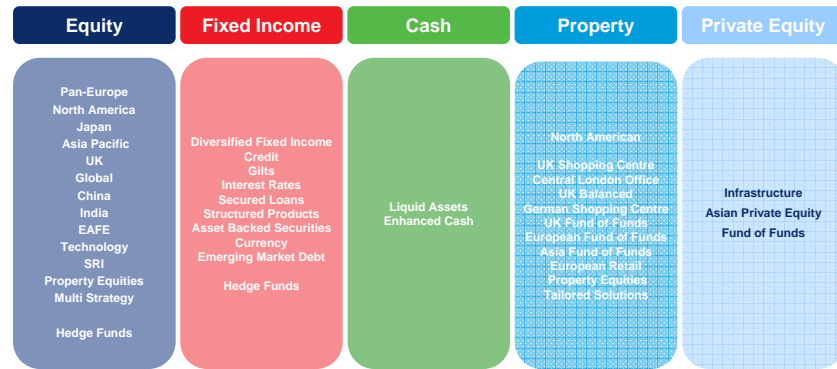
- Strong investment performance sets us up well
- Diverse product line-up matches clients' needs
- Organic growth opportunities in all channels and geographies
- Strategic opportunities remain under consideration
- Optimistic outlook for markets, though expect volatility
- Well placed to grow the business further

# 2009 Full Year Results

## Appendix

- Investment capabilities
- Investment performance Top 20 Listed Asset funds by AUM
- Number of shares for EPS calculation
- EPS calculation
- Split of AUM
- Global Property AUM
- Geographic source of clients

## Investment capabilities



Diversification and scale to provide total client solution

## Investment performance

### Top 20 listed asset funds by AUM

Fund	AUM 31 Dec 09 £m	Fund range	Fund manager	1 year	3 years	5 years
Henderson International Opportunities Fund <sup>1</sup>	2,292	US Mutual	Team			
Henderson Horizon Pan-European Equity <sup>1</sup>	1,245	Horizon	Stevenson			
Henderson All Stock Credit <sup>2</sup>	1,238	Institutional OEIC	Payne			
New Star UK Property Trust <sup>1</sup>	741	Retail OEIC	McLennan/Pearse			
Henderson Strategic Bond Fund <sup>1</sup>	691	Retail OEIC	Pattullo/Barnard			
New Star European Growth Fund <sup>1</sup>	687	Retail OEIC	Pease/Rowe			
Henderson Preference and Bond Fund <sup>1</sup>	669	Retail OEIC	Pattullo/Barnard			
Henderson Long Dated Credit <sup>2</sup>	573	Institutional OEIC	Payne			
New Star Fixed Interest Unit Trust <sup>1</sup>	569	Retail OEIC	Gledhill/Pattullo/Barnard			
Henderson Cash Fund <sup>1</sup>	526	Retail OEIC	Andrews			
Henderson High Alpha Credit <sup>2</sup>	462	Institutional OEIC	Tharlan/Adams		n/a	n/a
Henderson Mainstream UK Equity <sup>2</sup>	434	Institutional OEIC	Kitchen/Jones			n/a
Henderson Horizon Global Technology Fund <sup>1</sup>	424	Horizon	O'Gorman			
Henderson Asia-Pacific Absolute Return Fund <sup>3</sup>	368	Hedge	Crawford/Mattock			
Henderson European Focus Fund <sup>1</sup>	354	US Mutual	Peak			
New Star Sterling Bond Unit Trust <sup>1</sup>	339	Retail OEIC	Tharlan/Payne			
Henderson Horizon Global Property Equities Fund <sup>1</sup>	332	Horizon	Barnard/Summer			n/a
Henderson UK Gilts <sup>2</sup>	325	Institutional OEIC	Apel			
Henderson Global Technology Fund <sup>1</sup>	323	Retail OEIC	O'Gorman/Warmerdam			
Henderson Global Equity Income <sup>1</sup>	310	US Mutual	Crooke/Curtis			n/a
<b>Total</b>	<b>12,902</b>					

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

<sup>1</sup> Percentile ranking measured 31 Dec 09.  
<sup>2</sup> Performance relative to benchmark.

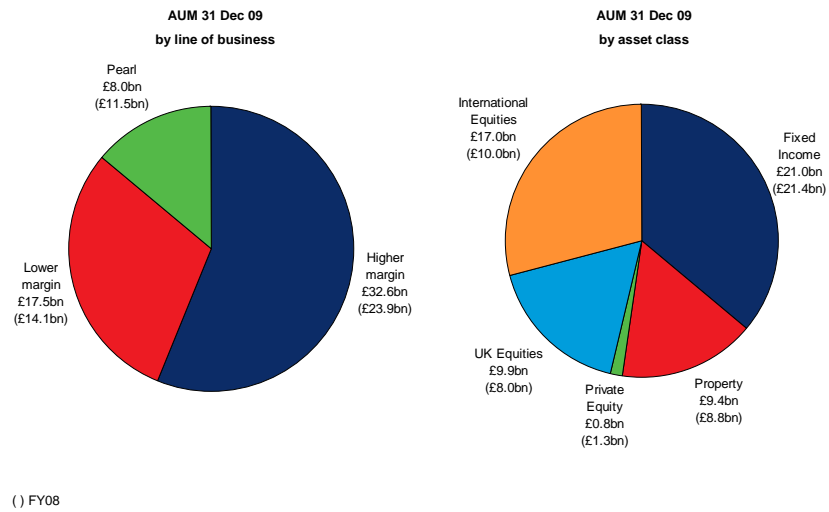
## Number of shares for EPS calculation

	FY09 No. m	FY08 No. m
Issued share capital	810.0	725.0
Less: treasury shares	-	(3.7)
Less: own shares (unconditional awards)	(45.8)	(53.6)
Less: own shares (conditional awards)	(4.9)	(7.1)
<b>Weighted average number of ordinary shares for the purpose of basic EPS</b>	<b>759.3</b>	<b>660.6</b>
Add back: own shares (unconditional awards)	45.8	53.6
Add: dilutive potential of share options	4.3	0.8
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>809.4</b>	<b>715.0</b>

## EPS calculation

	FY09 £m	FY08 £m
<b>Recurring profit before intangible amortisation, void property finance charge and tax</b>	<b>73.7</b>	<b>80.4</b>
Taxation on operating profits	(16.3)	(8.6)
Recurring profit before intangible amortisation, void property finance charge after tax	57.4	71.8
Less: minority interests after tax	(0.7)	(0.1)
<b>Earnings before intangible amortisation, void property finance charge and non-recurring items after tax</b>	<b>56.7</b>	<b>71.7</b>
Weighted average number of ordinary shares for the purpose of basic EPS (see slide 24)	759.3m	660.6m
<b>Basic EPS based on above earnings</b>	<b>7.5p</b>	<b>10.8p</b>

## Split of AUM



## Global Property AUM

	31 Dec 09				31 Dec 08			
	UK	EU	US	Total	UK	EU	US	Total
<b>Institutional clients</b>								
Closed-ended	3.2	3.7	0.8	7.7	3.8	3.2	1.1	8.1
Open-ended	0.1	0.3	0.2	0.6	0.2	0.5	0.2	0.9
Segregated	0.7	-	0.3	1.0	0.6	-	0.4	1.0
	<b>4.0</b>	<b>4.0</b>	<b>1.3</b>	<b>9.3</b>	<b>4.6</b>	<b>3.7</b>	<b>1.7</b>	<b>10.0</b>
<b>Wholesale</b>								
Open-ended	0.7	0.3	-	1.0	-	-	-	-
<b>Total</b>	<b>4.7</b>	<b>4.3</b>	<b>1.3</b>	<b>10.3</b>	<b>4.6</b>	<b>3.7</b>	<b>1.7</b>	<b>10.0</b>

## Geographic source of clients



## Forward-looking statements

These materials issued by Henderson Group plc are a summary of certain information contained in the stock exchange announcements dated 24 February 2010 (relating to the annual results for the period ended 31 December 2009 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.