

North American business update and acquisition of Geneva Capital Management

Monday 30 June 2014

Andrew Formica – Chief Executive

Roger Thompson – Chief Financial Officer



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Andrew Formica
Chief Executive

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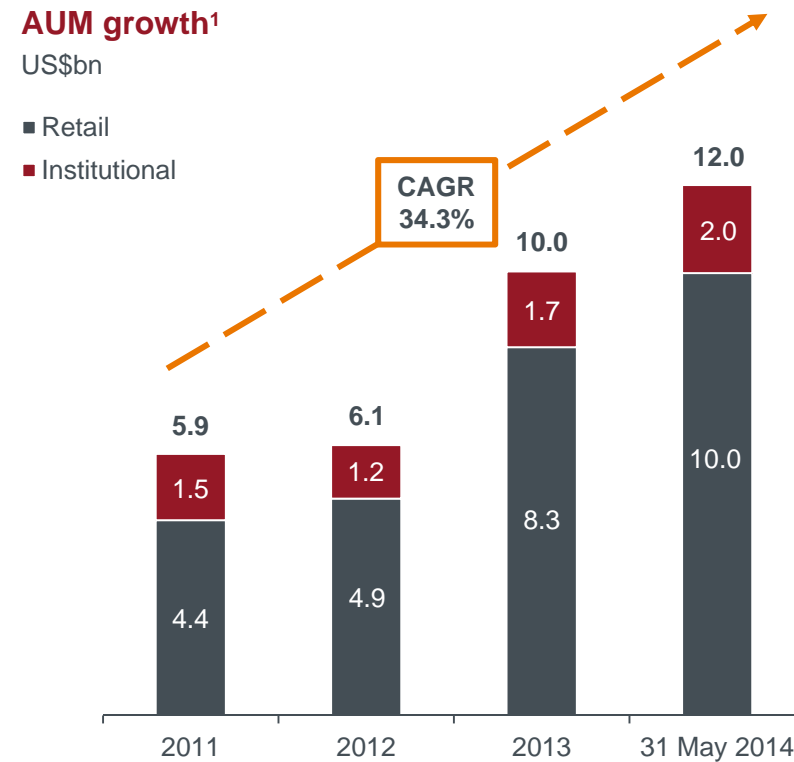
Agenda

- North American business update
- Acquisition of Geneva Capital Management
- Strategic context
- Transaction structure
- Financial considerations
- The future
- Q&A

North American business update

In last 2 years, doubled AUM and expanded investment capabilities

- US Mutual fund range has reached US\$10bn, with net flows of US\$1.4bn in the five months to 31 May 2014
- US institutional mandate win for Henderson Global Equity team
- Strong performance from US based investment teams
 - US high yield team under Kevin Loome achieved 2nd percentile performance in Year 1
 - Adding investment grade expertise to expand US and global credit platform



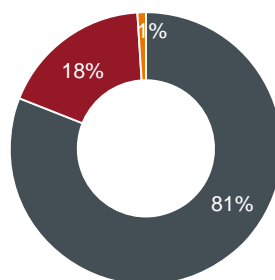
¹ Excludes assets transferred to TIAA Henderson Real Estate as part of the property-related transactions completed on 1 April 2014.

Strong fit with Henderson

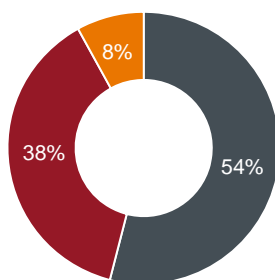
Overview

Founded in 1987 and based in Wisconsin, USA

AUM by strategy (US\$bn) ¹	
Mid-Cap	5.1
Small-Cap	1.1
Other	0.1
Total	6.3



AUM by client type (US\$bn) ¹	
Segregated mandates	3.4
Sub-advisory	2.4
HNW	0.5
Total	6.3



¹ As at 31 May 2014.

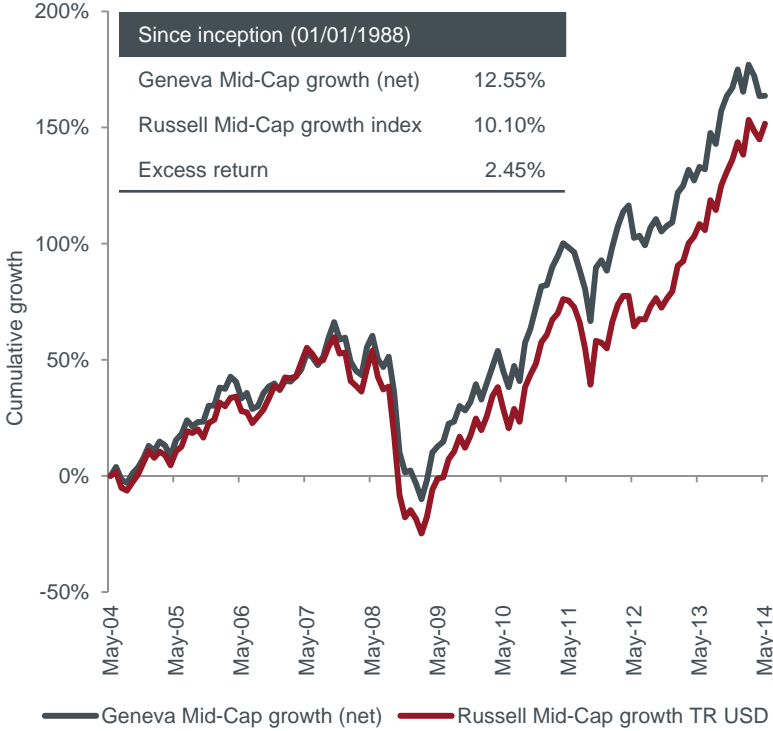
Why Geneva?

- Investment expertise in US Mid- and Small-Cap growth equities fills a key capability gap for Henderson
- Institutional client base complements Henderson's retail strength
- Founder-owned and operated, with principals committed to the next stage of business development
- Principals will re-invest at least 30% of their net proceeds in Geneva funds
- Strong cultural fit with Henderson

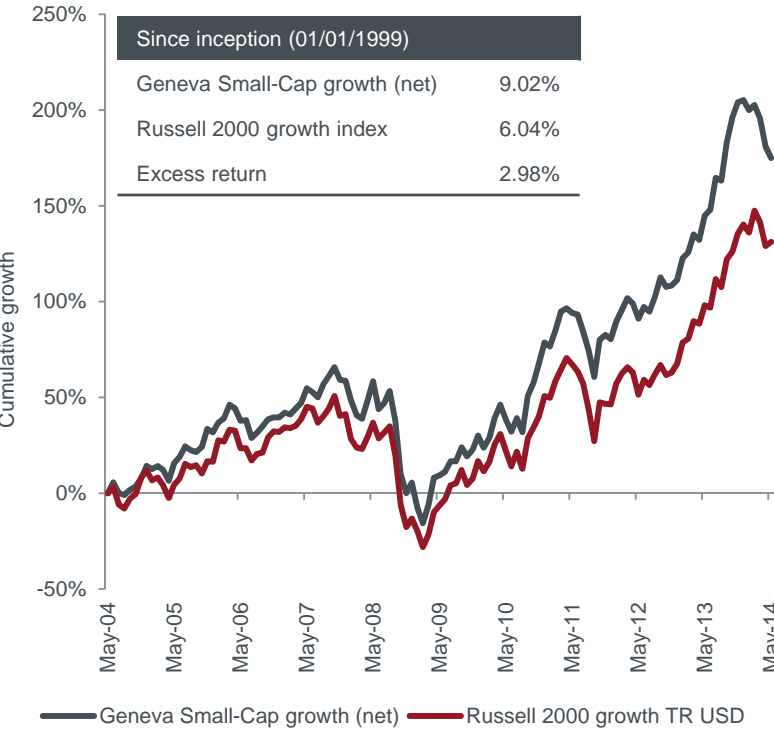
Investment performance

Robust, consistent investment process focused on high quality growth

Geneva Mid-Cap growth



Geneva Small-Cap growth

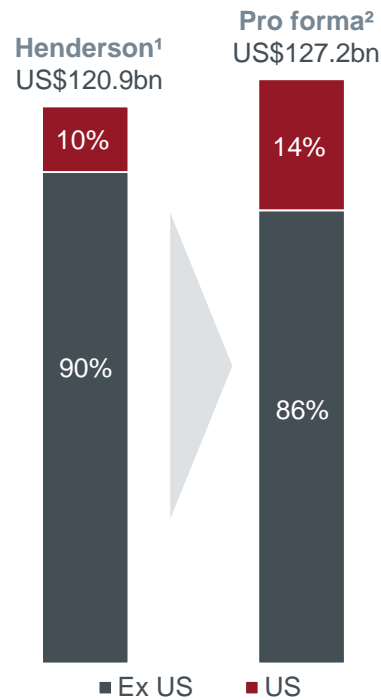


Source: Morningstar as at 31 May 2014.

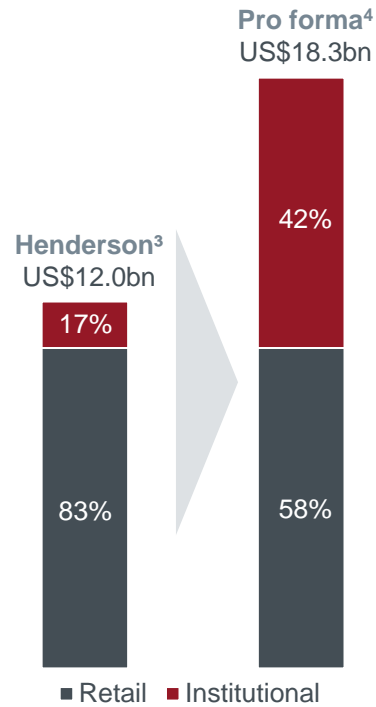
Strategic context

An important contributor to our strategy of growth and globalisation

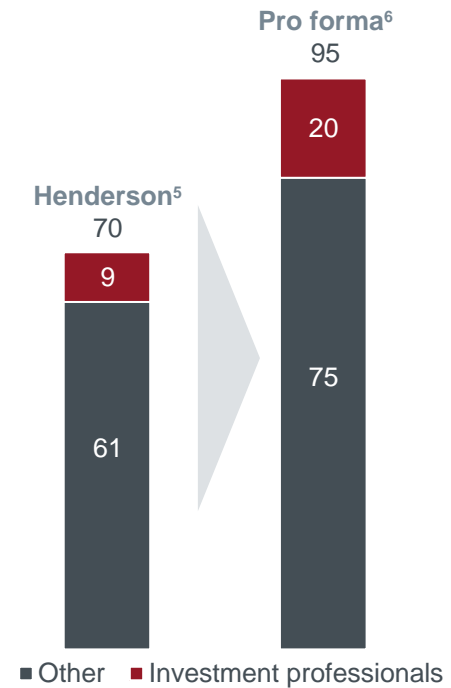
Group AUM by geography



US AUM by channel



US based staff



¹ AUM as at 1 April 2014 at an exchange rate of US\$1.66715.

² Based on Henderson AUM as at 1 April 2014 at an exchange rate of US\$1.66715 and Geneva Capital Management AUM as at 31 May 2014.

³ AUM as at 31 May 2014.

⁴ Based on Henderson US AUM as at 31 May 2014 and Geneva Capital Management AUM as at 31 May 2014.

⁵ Employees as at 31 May 2014.

⁶ Projected number of employees as at 1 October 2014.

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Chief Financial Officer

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Transaction structure

Alignment of interests and incentive to grow

- Henderson to acquire 100% of the issued share capital of Geneva at closing
- Transaction expected to close on 1 October 2014

Element	US\$m	Key terms	EBIT ¹ multiple
Up front consideration	130	Payable at closing	7.2x
Deferred consideration	Up to 45	Retention of management fee run rate on a rolling three year average basis; payable over 5 years	1.6x ²
Earn-out consideration	Up to 25	Low double digit management fee growth to achieve maximum payout; payable over 5 years	0.9x ²

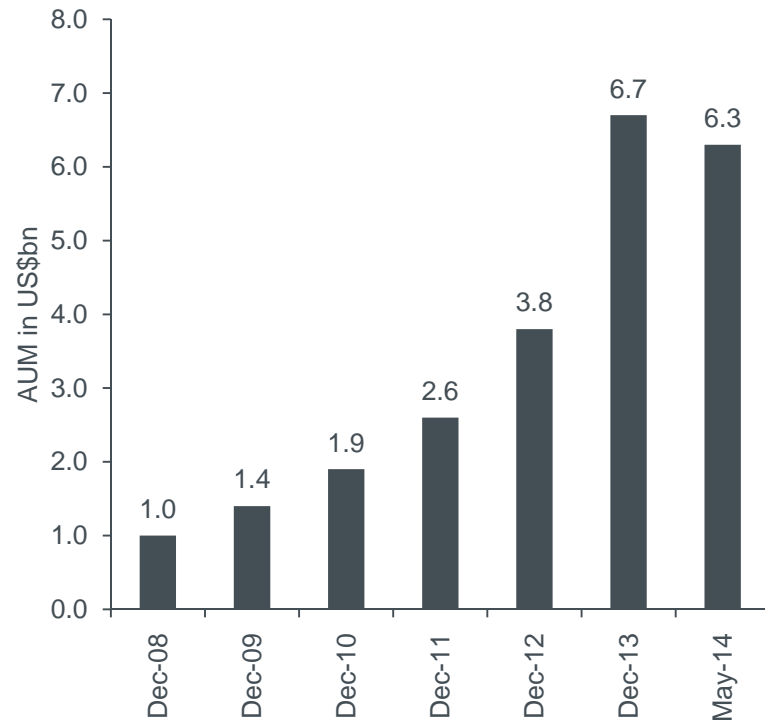
¹ Based on Geneva May 2014 run rate EBIT.

² Based on net present value of maximum deferred and earn-out considerations.

Geneva financial metrics

Strongly profitable business

Geneva AUM growth



Run rate management fee margin (31 May 2014):
48bps

P&L considerations

- Geneva run rate EBIT (31 May 2014): US\$18.0m
- Under Henderson's ownership, operating margins are expected to be around 50%
- Transaction and integration costs expected to be US\$10m, mostly booked in 2014
- Single digit underlying EPS accretion in the first full year post close

Capital considerations

Disciplined use of capital resources

- Funded from existing cash resources
- Returns significantly greater than Henderson's cost of capital
- Taking into account the effects of this transaction, Henderson expects to meet its capital requirements without recourse to its capital waiver during 2015

Summary

- In-line with growth and globalisation strategy
- Important milestone for Henderson in the US
- Highly complementary and good cultural fit
- Adds US equity investment capabilities and products
- Broadens our US institutional presence and will trigger expansion of US institutional distribution
- Aligns interests through transaction structure
- Financially compelling – earnings and margin accretive

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The future

- Springboard for further growth in the US
- Opportunities
 - Build new products with US content (Global Small-Cap and US All-Cap)
 - Launch new US equity retail products
 - Market Henderson capabilities actively to US institutions
- Looking forward to working with a highly regarded team

Q&A

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This presentation issued by Henderson Group plc (or the “Group”) is a summary of certain information contained in the stock exchange announcements dated 26 February 2014, 24 April 2014 and 30 June 2014 (relating to the Group’s full year results to 31 December 2013; the Group’s first quarter interim results to 31 March 2014; and the Group’s North America business update and acquisition of Geneva Capital Management, respectively) and should be read in conjunction with, and subject to, the full text of those announcements.

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