

IG Group enjoys strong growth amid volatile markets

Submitted by: IG Group

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IG Group, the UK's largest spread betting company, is pleased to announce continued growth in its revenues and profits, in a complete reversal of the general downward trends in the financial services industry.

In its half-year results, IG Group reported turnover of £126.5million for the six month period ending 20 November 2008 – an increase of 47%. EBITDA grew 24% to £60.3million and the interim dividend rose by 33% to 4.0p per share.

IG Group's core business of financial spread betting (<http://www.igindex.co.uk/>) has enabled it to benefit from market volatility in a unique way, aided by PureDeal, its award-winning online share trading platform (<http://www.igindex.co.uk/spread-betting/dealing-landing.html>). Tim Howkins, Chief Executive, explains: 'IG Group's recent growth was achieved against a backdrop of steadily worsening capital market and economic conditions worldwide and reflects the resilient nature of both our business model and our client base. Different aspects of our business are better suited to differing market conditions. During the equity bull market our revenue from clients trading in individual shares grew very strongly. Since global equities began to decline in 2007 our shares business has been weaker, but these market conditions lend themselves very well to short term currency and index trading (<http://www.igindex.co.uk/spread-betting/stock-indices.html>). Revenue from both these areas has grown very strongly, more than making up for the weakness in share trading (<http://www.igindex.co.uk/spread-betting/shares.html>).'

IG has also allayed fears that it could suffer an increase in levels of bad and doubtful debts following exceptional market volatility in October 2008. Howkins comments: 'We have taken a prudent approach to providing for these debts and consequently our doubtful debt charge for the six months was £14.7m, the majority of which arose in October. We are at a relatively early stage in pursuing these debts; historically we have ultimately achieved good levels of recovery of amounts initially provided and I expect this pattern to be repeated. As a result of this recent experience, we have changed our approach to managing credit risk, moving to a position where the vast majority of clients on margin call are closed out before they can get into deficit. Since we began the progressive implementation of this process fewer debts have arisen than in the past.'

IG Group has continued to expand its global reach, acquiring FXOnline Japan in September 2008 to strengthen its presence in the Asia Pacific region, and opening new offices in six countries since April 2006. This strategy is set to continue, with 39% of revenue now derived from countries outside the UK. In 2008, revenue from overseas offices increased by 600% against the equivalent period in 2007, benefiting the company during a time when sterling was at depressed levels.

Commenting on the future for IG Group and its financial spread betting business, Tim Howkins concludes: 'The Group remains well-capitalised, profitable and cash flow generative. Trading since the period end has continued to be strong. While it remains impossible to predict future trends in volatility or customer reaction to changing market conditions, I remain confident about the outlook for the business.'

Find out more information about IG Group at www.iggroup.com, financial spread betting (<http://www.igindex.co.uk/>) at www.igindex.co.uk, and CFD trading (<http://www.igmarkets.co.uk/>) at www.igmarkets.co.uk