

# Man Group plc

Preliminary results for the twelve months ended 31 March 2008

29 May 2008



# Disclaimer



These materials issued by Man Group plc are a summary of certain information contained in the stock exchange announcement dated 29 May 2008 (relating to the results for the year to 31 March 2008 of Man Group plc) 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 Man Group plc. 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. Man Group plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

# Agenda

- Introduction – Jon Aisbitt, Chairman
- Financial Review – Kevin Hayes, Finance Director
- Strategy and Outlook – Peter Clarke, Chief Executive
- Q&A

# Introduction



## FY08 review

- ▶ Extraordinary market turbulence
- ▶ Significant change at Man Group
- ▶ Record results and outstanding shareholder returns
- ▶ Successful first year for new executive team

# Financial Review



# Financial highlights

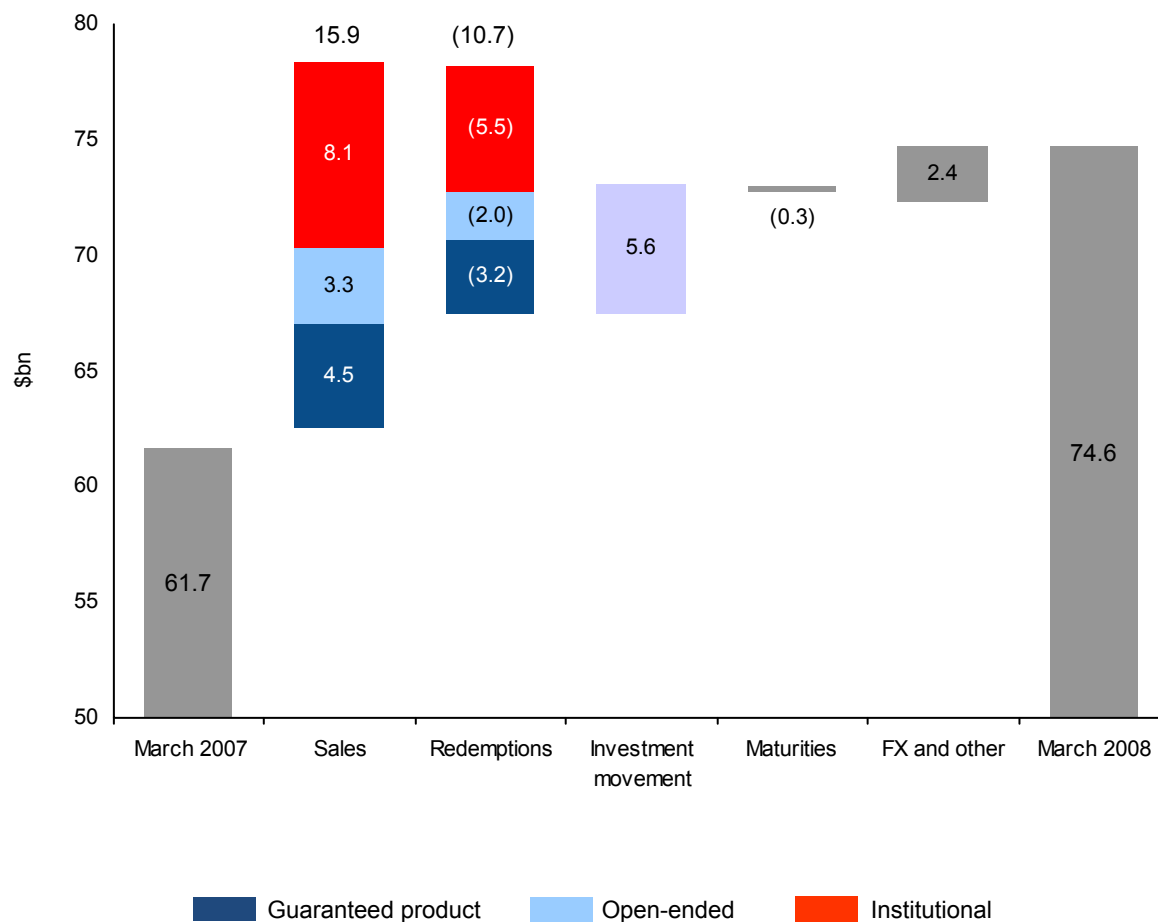


	FY08	FY07	Change
Funds under Management	<b>\$74.6bn</b>	\$61.7bn	+21%
Net management fees	<b>\$1,143m</b>	\$943m	+21%
Net performance fees	<b>\$936m</b>	\$358m	+161%
Profit before tax	<b>\$2,079m</b>	\$1,301m	+60%
Pre-tax margin	<b>64%</b>	58%	
Profit after tax	<b>\$1,717m</b>	\$1,110m	+55%
Diluted EPS	<b>90.2c</b>	55.4c	+63%
Return on equity <sup>1</sup>	<b>41.6%</b>	32.2%	
Proposed dividend per share	<b>44.0c</b>	20.0c	
Special distribution – MF Global (per share)	<b>140.0c</b>		
Operating cash flow from continuing operations	<b>\$2,369m</b>	\$1,132m	+109%

<sup>1</sup>Post-tax return on equity is based on Asset Management only (the return therefore excludes the earnings and the profit on sale of MF Global, and the equity base excludes the proceeds from the sale of MF Global and the residual investment in MF Global).

# Funds under Management

- ▶ Funds under Management up 21%
- ▶ \$5.6 billion of performance generated for investors



# Margins: private investor

	FY08	H108	FY07
<b>Average FUM in period (\$bn)</b>	<b>39.6</b>	38.2	33.5
<b>Gross management fees (\$m)</b>	<b>1,771</b>	844	1,525
<b>Gross management fees / FUM</b>	<b>4.47%</b>	4.42%	4.55%
<b>Adjusted net management fee income (\$m)</b>	<b>898</b>	409	787
<b>Adjusted net management fees / FUM</b>	<b>2.27%</b>	2.15%	2.35%

## Margin Trends

- ▶ No investor driven fee pressure
- ▶ Reduction in liquidity fees offset by
  - Mix change
  - Redemption fees

# Margins: Institutional Investor

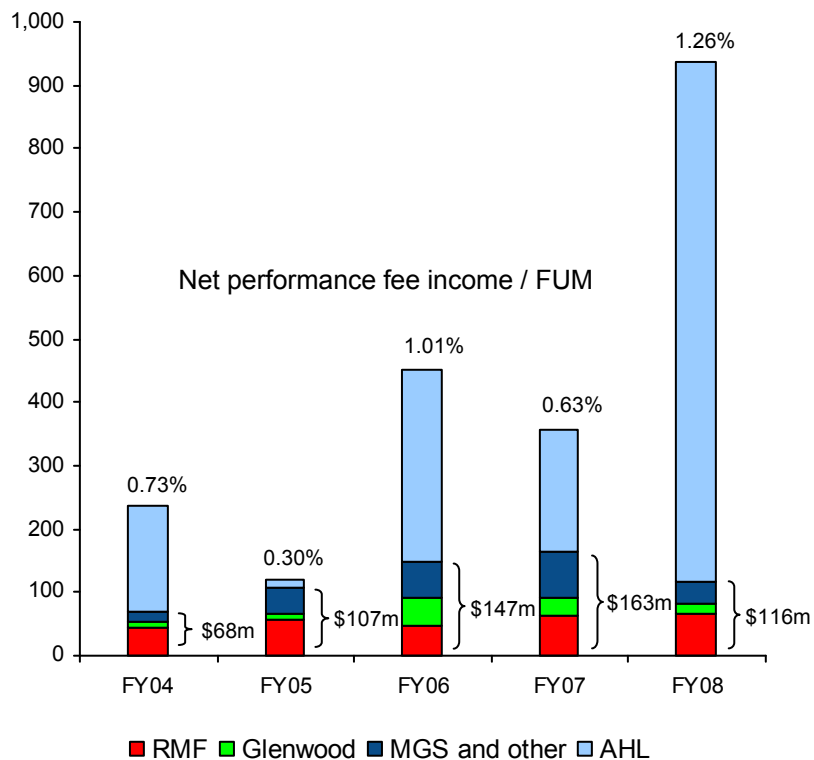
	FY08	H108	FY07
<b>Average FUM in period (\$bn)</b>	<b>29.7</b>	28.2	23.7
<b>Gross management fees (\$m)</b>	<b>297</b>	142	269
<b>Gross management fees / FUM</b>	<b>1.00%</b>	1.01%	1.14%
<b>Adjusted net management fee income (\$m)</b>	<b>157</b>	75	147
<b>Adjusted net management fees / FUM</b>	<b>0.53%</b>	0.53%	0.62%

## Margin Trends

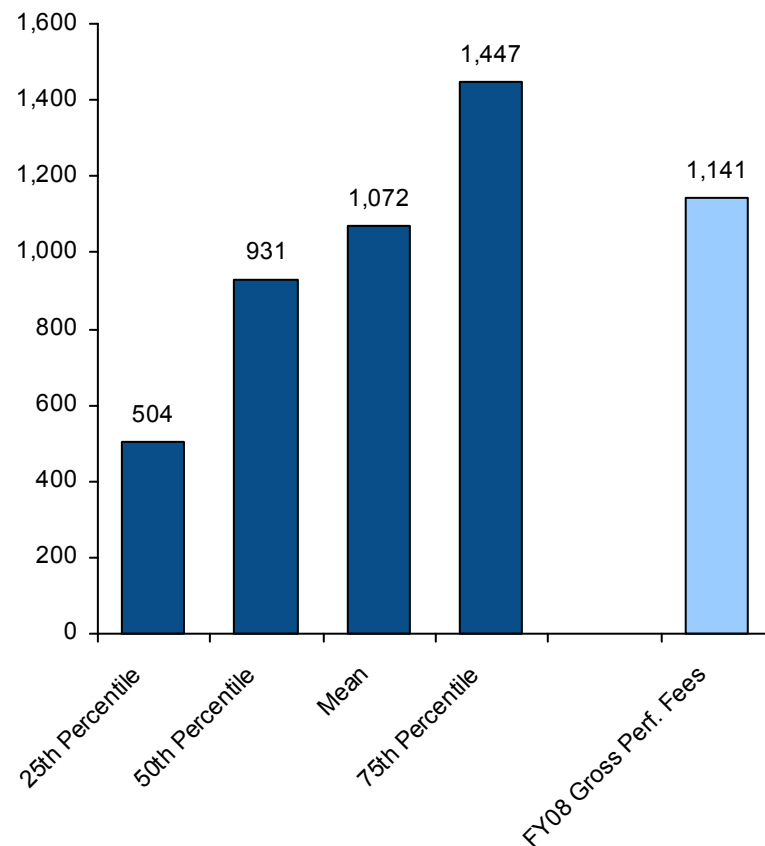
- ▶ Diversified products face ongoing fee pressure
- ▶ Satellite products are stable

# Performance fees

## PBT (\$m)



## Gross performance fee distribution

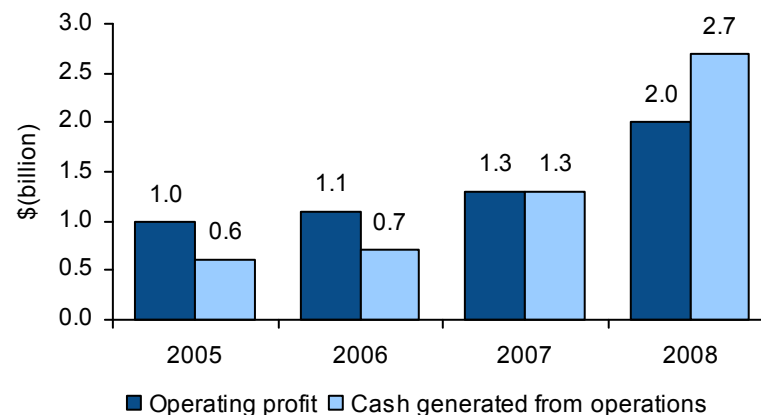


The results represent a distribution of possible outcomes and are illustrative of ranges of outcome rather than single point estimates. Returns and volatilities are based on targeted levels and actual performance may vary. These figures are based on the FUM and high watermarks as at 31 March 2008.

# Results summary

	FY08	FY07	% change
	\$m	\$m	
Performance fees	1,141	456	150
Management fees	2,030	1,758	15
Affiliate income	86	44	95
<b>Income</b>	<b>3,257</b>	<b>2,258</b>	<b>44</b>
Sales commission	(391)	(335)	17
Compensation			
Fixed	(203)	(166)	22
Variable	(436)	(290)	50
Other costs	(238)	(176)	35
	(877)	(632)	39
<b>Operating profit</b>	<b>1,989</b>	<b>1,291</b>	<b>54</b>
Net finance income	90	10	
<b>Profit before tax</b>	<b>2,079</b>	<b>1,301</b>	<b>60</b>
Tax	(362)	(191)	
<b>Profit for the period</b>	<b>1,717</b>	<b>1,110</b>	
Year end # shares in issue	1,715m	1,880m	
Weighted average # shares	1,910m	2,051m	
Diluted earnings per share	90.2c	55.4c	
Return On Equity	41.6%	32.2%	

- ▶ **Pre-tax margin: 64% (2007: 58%)**
- ▶ **Compensation as % of Income: 20.2% (2007:20.6%)**



# Balance sheet



	March 2008 \$m	March 2007 \$m
Goodwill on acquisitions	813	785
Commission intangible	427	405
Associates	267	258
Seed investments and fund products	1,648	1,229
Balance sheet supporting core investment managers	<b>3,155</b>	<b>2,677</b>
Fixed assets	52	46
Other assets	1,153	591
Cash and cash equivalent	1,876	1,571
<b>Total assets</b>	<b>6,236</b>	<b>4,885</b>
<b>Total equity</b>	<b>4,711</b>	<b>4,563</b>

# Liquidity: debt and committed facilities

## Maturity by period (as at 29 May 2008)

	Total \$m	Less than 1 Year \$m	1-3 years \$m	4-5 years \$m	After 5 years \$m
Short-term committed facilities	330	330	-	-	-
Long-term syndicated committed facility	2,500	-	-	2,500	-
Subordinated FRN	400	-	400	-	-
Hybrid Tier 1 Securities	300	-	-	-	300
<b>Total facilities</b>	<b>3,530</b>	<b>330</b>	<b>400</b>	<b>2,500</b>	<b>300</b>

- ▶ Optimisation of capital and tiering of regulatory capital
- ▶ Extend maturity profile and replace recently retired debt
- ▶ Maintenance of substantial excess liquidity
- ▶ Diversification of funding sources using capital markets
- ▶ Long term senior credit ratings confirmed – Moody's Baa1; Fitch A-

# Capital resources

## Available capital (as at 31 March 2008) \$m

	Total	Tier 1	Tier 2
Permitted share capital and reserves	4,175	4,101	74
Subordinated debt	399		399
	<b>4,574</b>	<b>4,101</b>	<b>473</b>

## Capital deductions/requirements

Goodwill on acquisition	(813)
Commission intangible	(427)
Associates	(267)
MF Global	(221)
Other material holdings/deductions	(227)
Other requirements	(1,007)
	<b>(2,962)</b>
<b>Net excess capital</b>	<b>1,612</b>

Excess capital = \$1,400m - \$1,600m

# Conclusion

- ▶ Record year
- ▶ Using our balance sheet to grow capacity
- ▶ Optimising our funding position
- ▶ Proposed final dividend takes total distribution to shareholders in the past year to \$4 billion

# Strategy and Outlook



# Key themes

## FY08

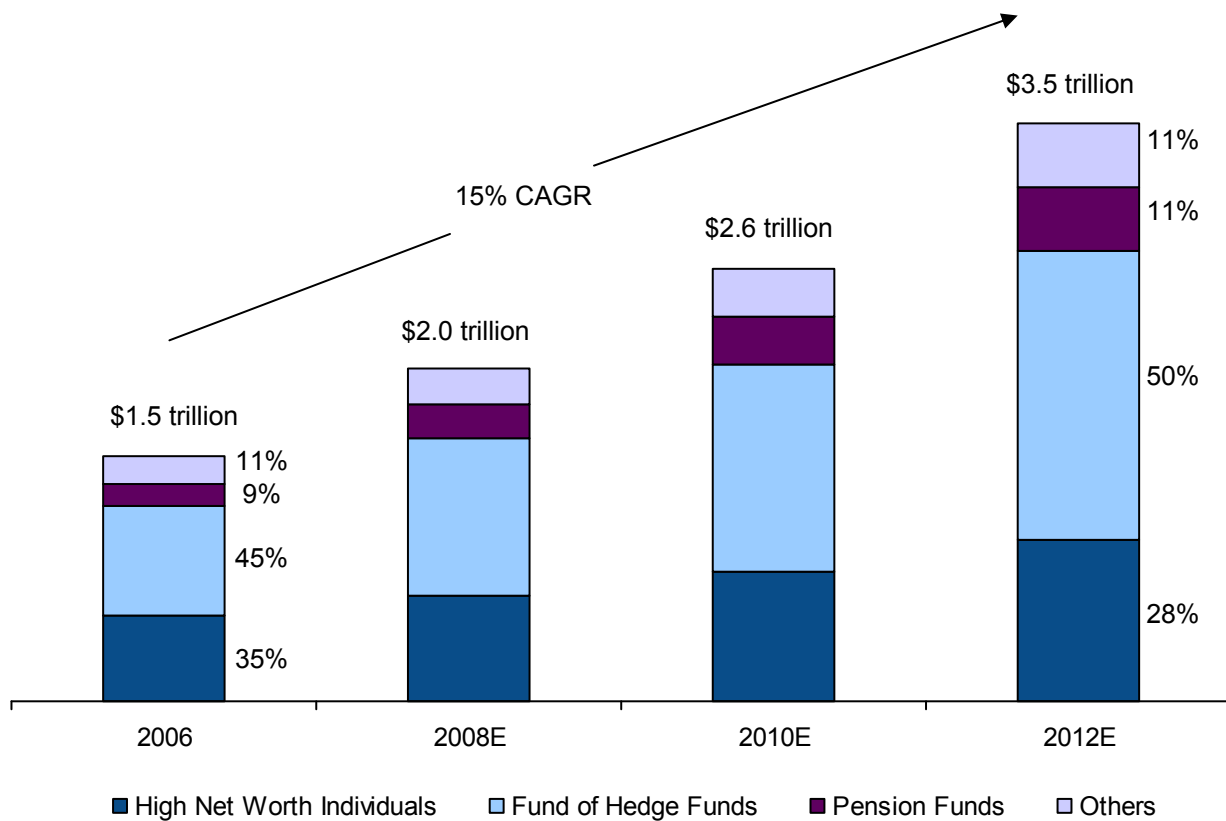
- ▶ Record results in tough market conditions
- ▶ A year of significant activity and achievement
- ▶ Resilient and effective business model

## Looking forward

- ▶ Industry growth prospects remain compelling
- ▶ Man well positioned to seize opportunities ahead
- ▶ Pursuing a wide range of new initiatives

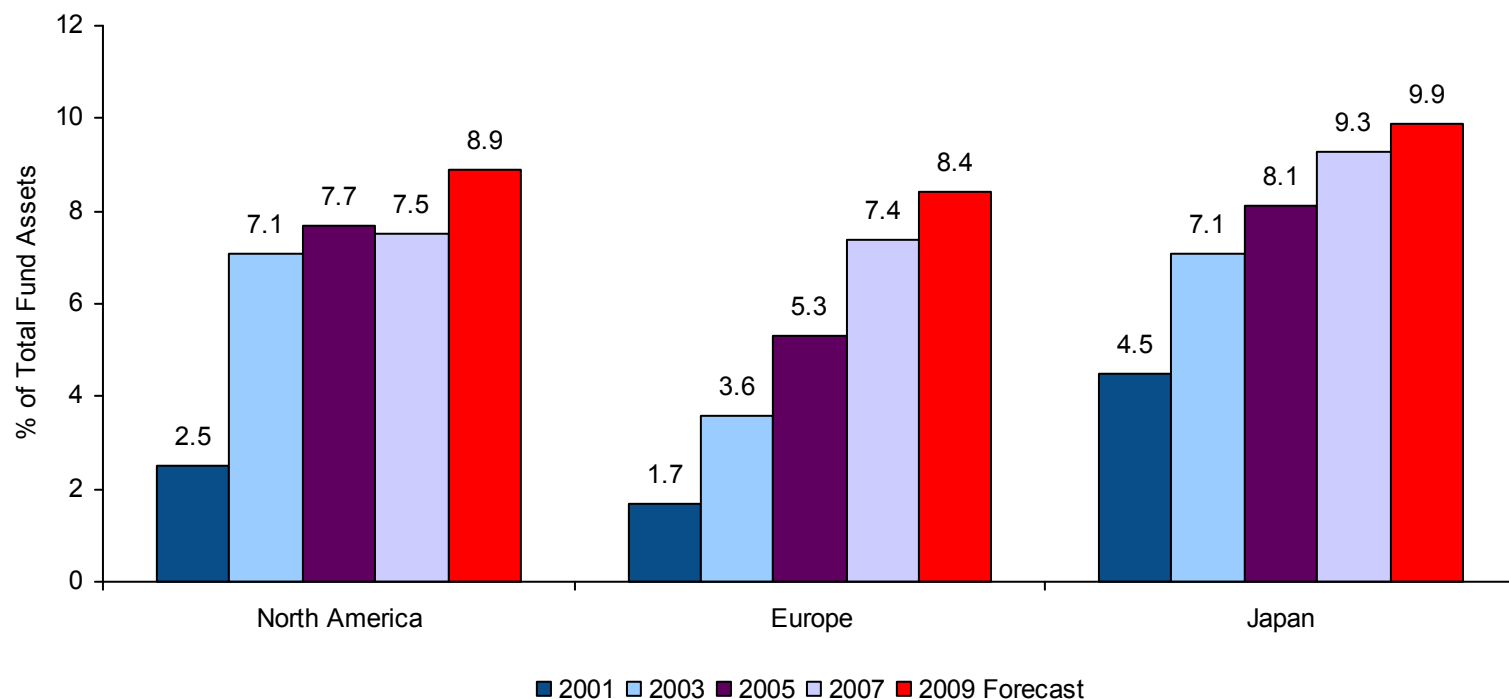
# Growth story for the industry remains compelling

## Hedge Fund Assets under Management



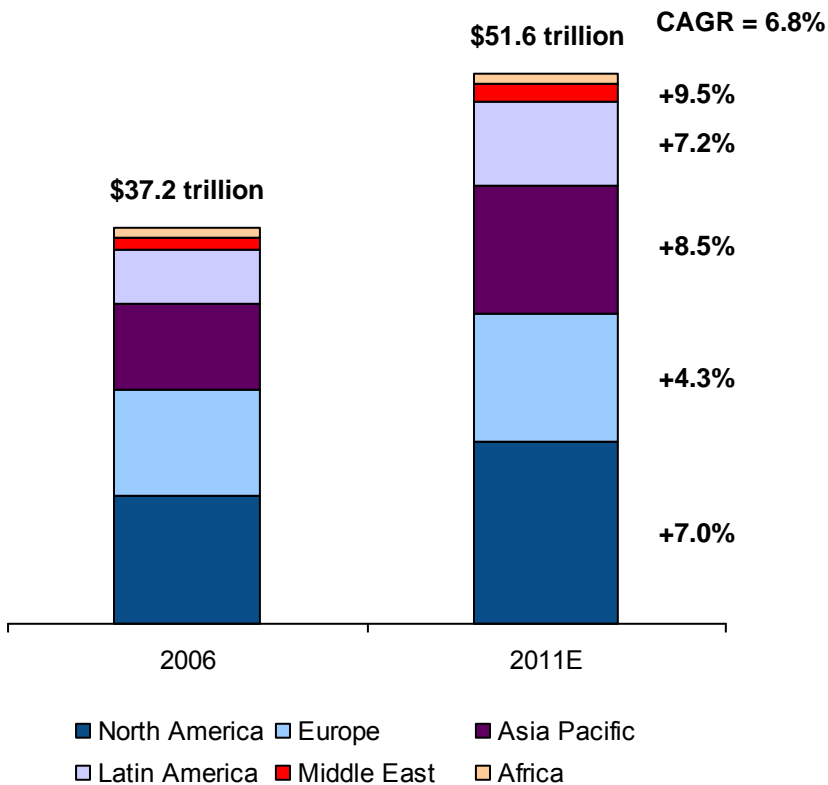
# Strong institutional growth trend

## Forecast increase in institutional allocations to hedge funds

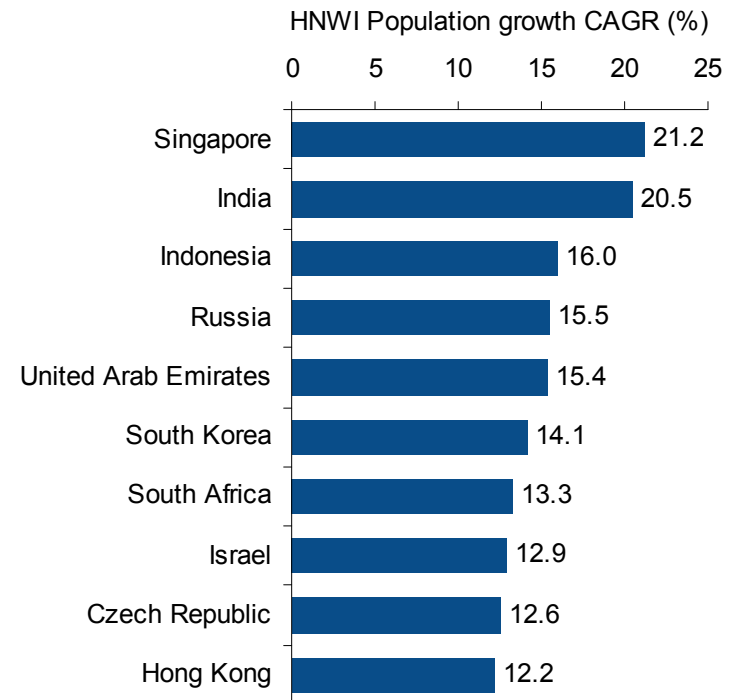


# Continued private investor growth trend

## Global high net worth growth forecast

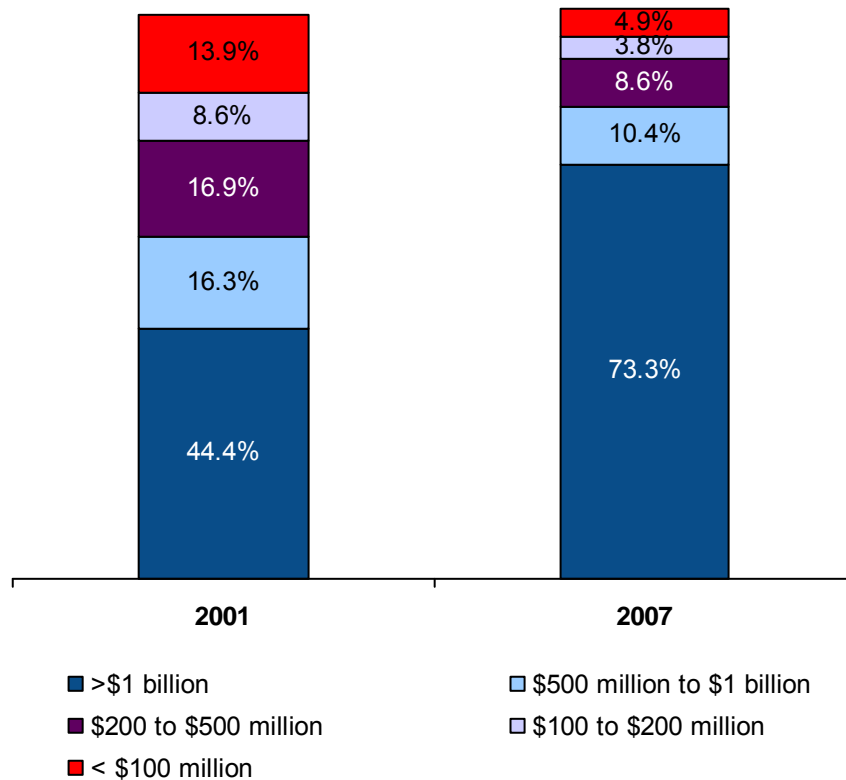


## HNWI financial wealth forecast 2004-2011E emerging markets



# Investors are concentrating capital with scale players

## Over 70% of assets are now managed in funds > \$1 billion



## Attributes of premium large scale players

- ▶ “Patient capital” to fund new alternative research and develop frontier markets
- ▶ Retain and motivate talent in “intellectual arms race”
- ▶ Create time and space for managers to focus on trading
- ▶ Leverage “operational alpha” and provide high levels of transparency and investor service
- ▶ Commit resources to increasing regulatory oversight and participate in self regulation dialogue

## Our key differentiator: integrated excellence

**Longevity and  
depth**

**Diverse product  
range**

**Global distribution**

**Unmatched  
franchise in  
guaranteed product**

**Product structuring  
and client service**

**Capital strength**

# Investment management: keynotes

**AHL**

- ▶ Stand out performance off strong market trends

**RMF**

- ▶ Consistent performance, low beta, new themes

**Glenwood**

- ▶ Positive performance with low volatility in a difficult market

**MGS**

- ▶ Impacted by style bias

**Man ECO**

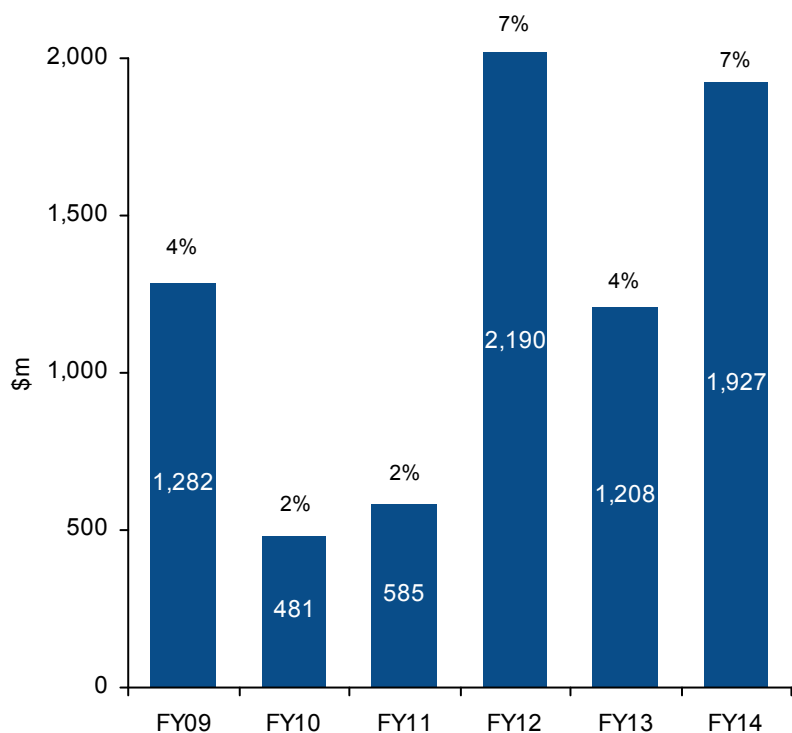
- ▶ Environmental capital opportunities

**Ore Hill / Pemba**

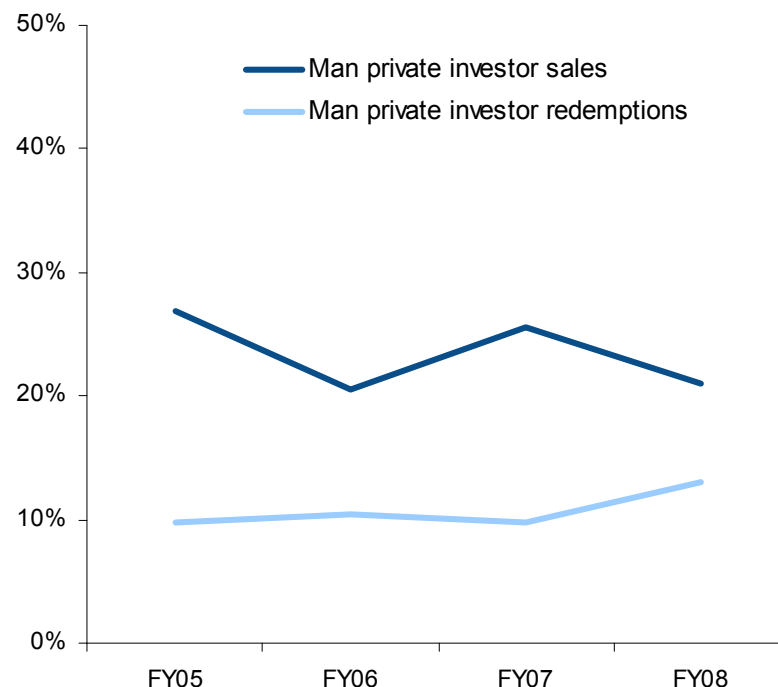
- ▶ Sound underlying credits; challenging pricing environment; dislocation creates opportunities

# Long tenors and low redemptions create resilience

Private investor funds maturing over the next five years (% of guaranteed products FUM)



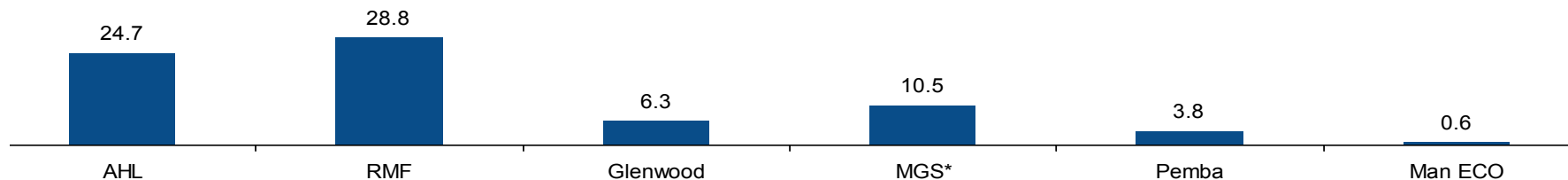
The sales-redemptions gap results in more resilient FUM growth



# Product diversity and innovation



**Composition of Funds under Management - March 2008 (\$bn)**

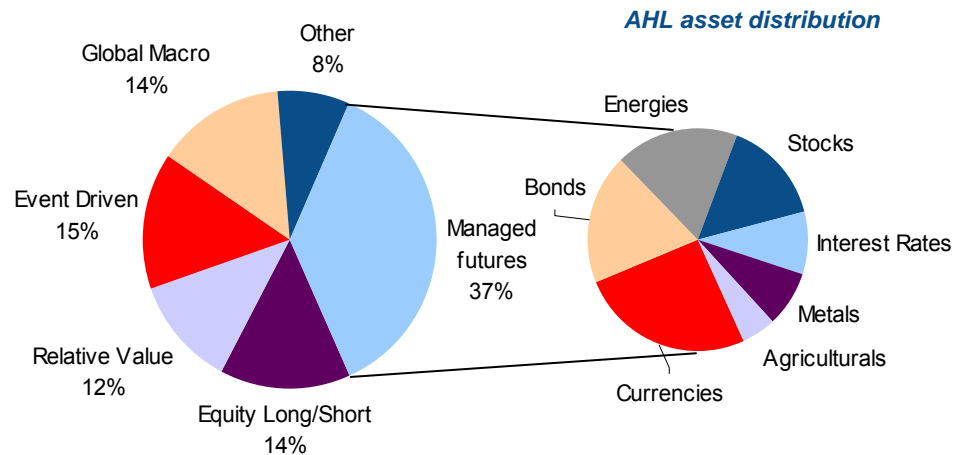


\*Affiliated manager and third party component of MGS Portfolio

# Alpha / Beta separation favours low beta providers

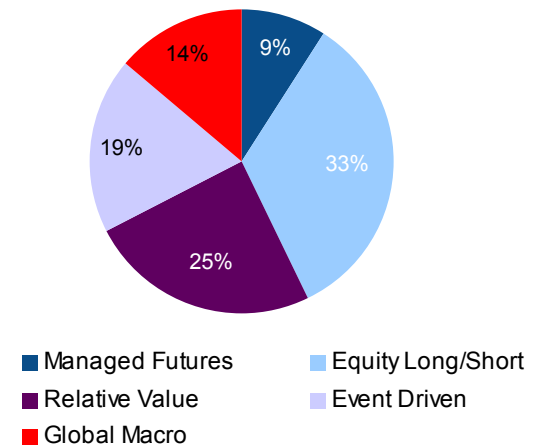
“Designed to deliver absolute return with a low correlation to equity and bond market benchmarks”

## Man



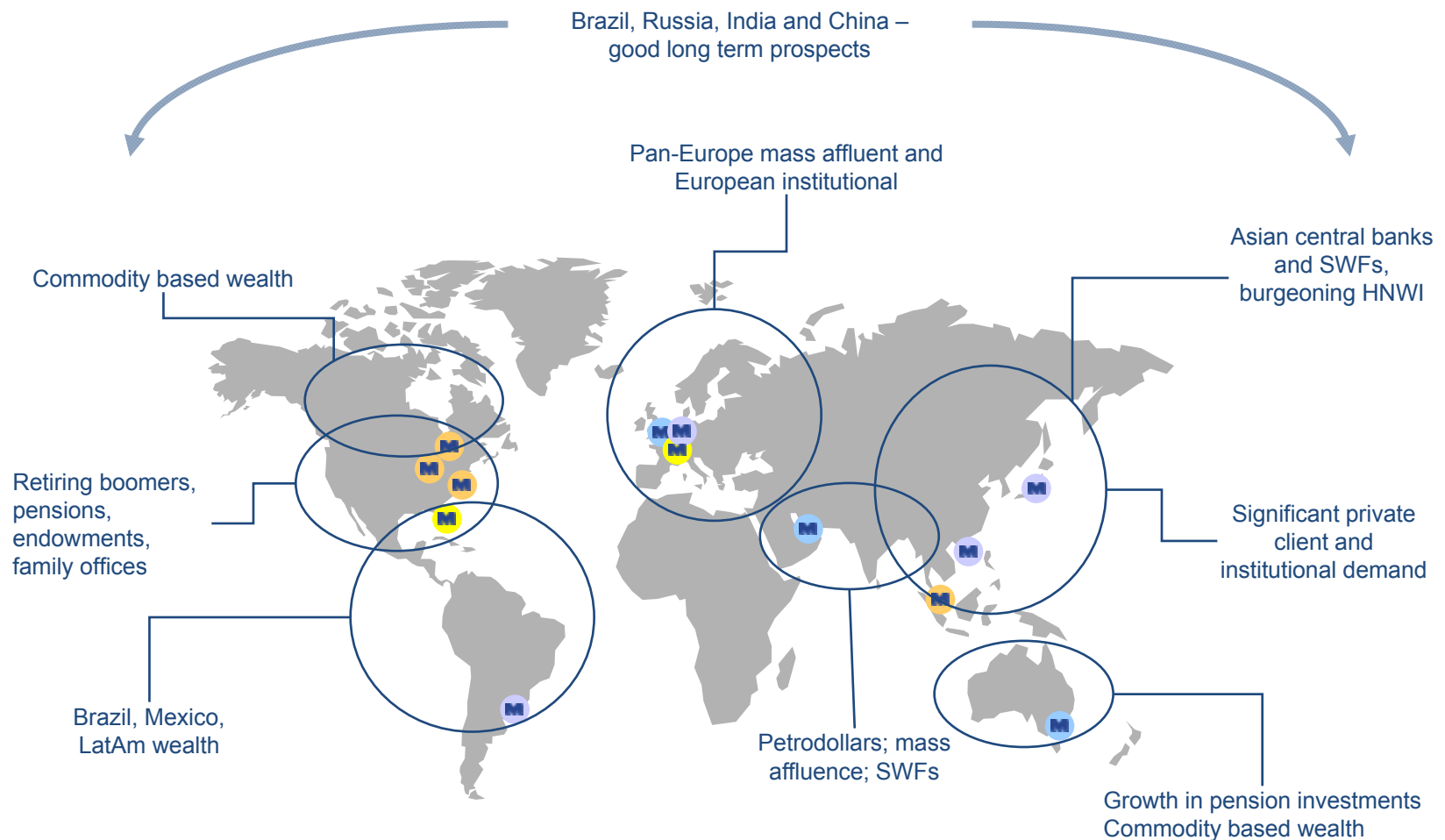
**Indicative beta**  
**Institutional +0.1**  
**Guaranteed product -0.2**

## Industry



**Indicative beta +0.8**

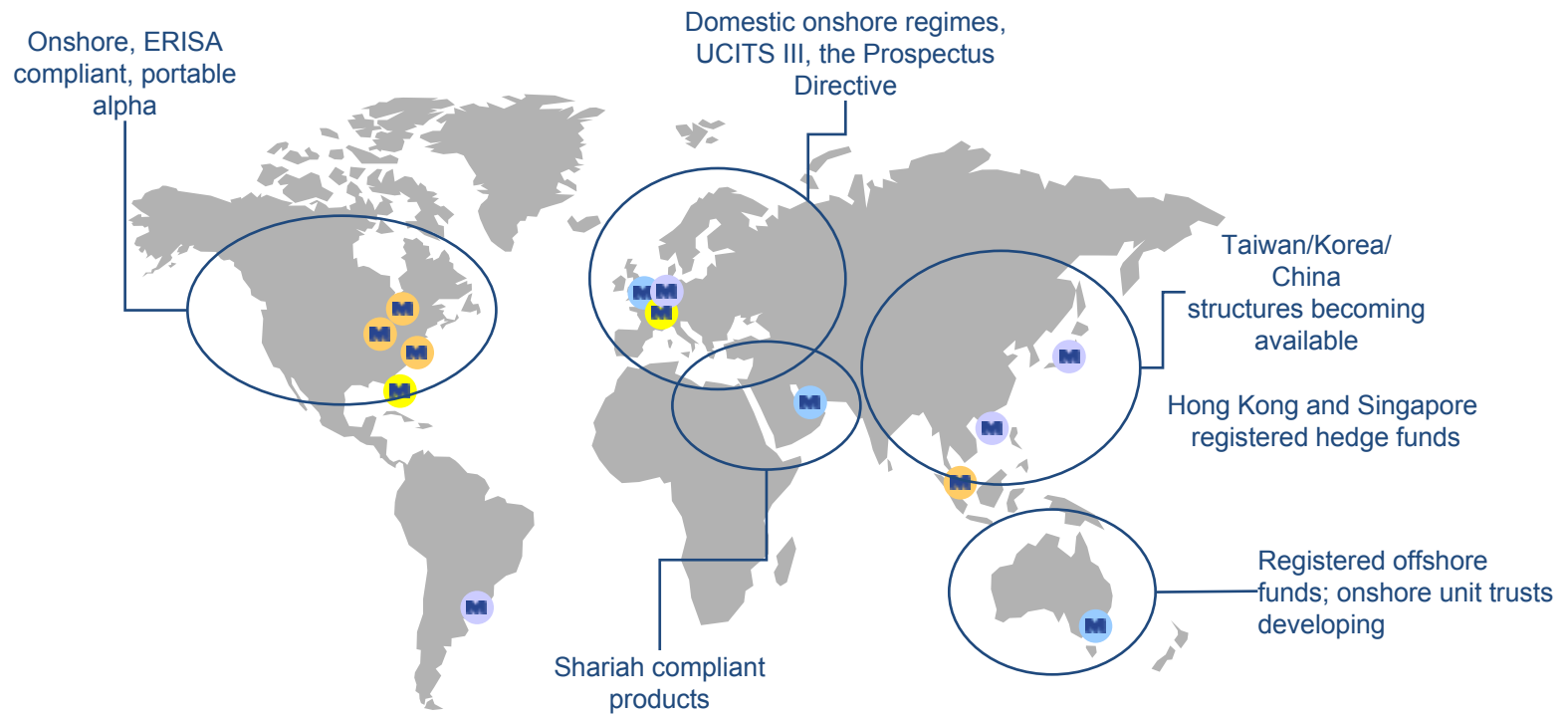
# Global opportunities



# Global opportunities

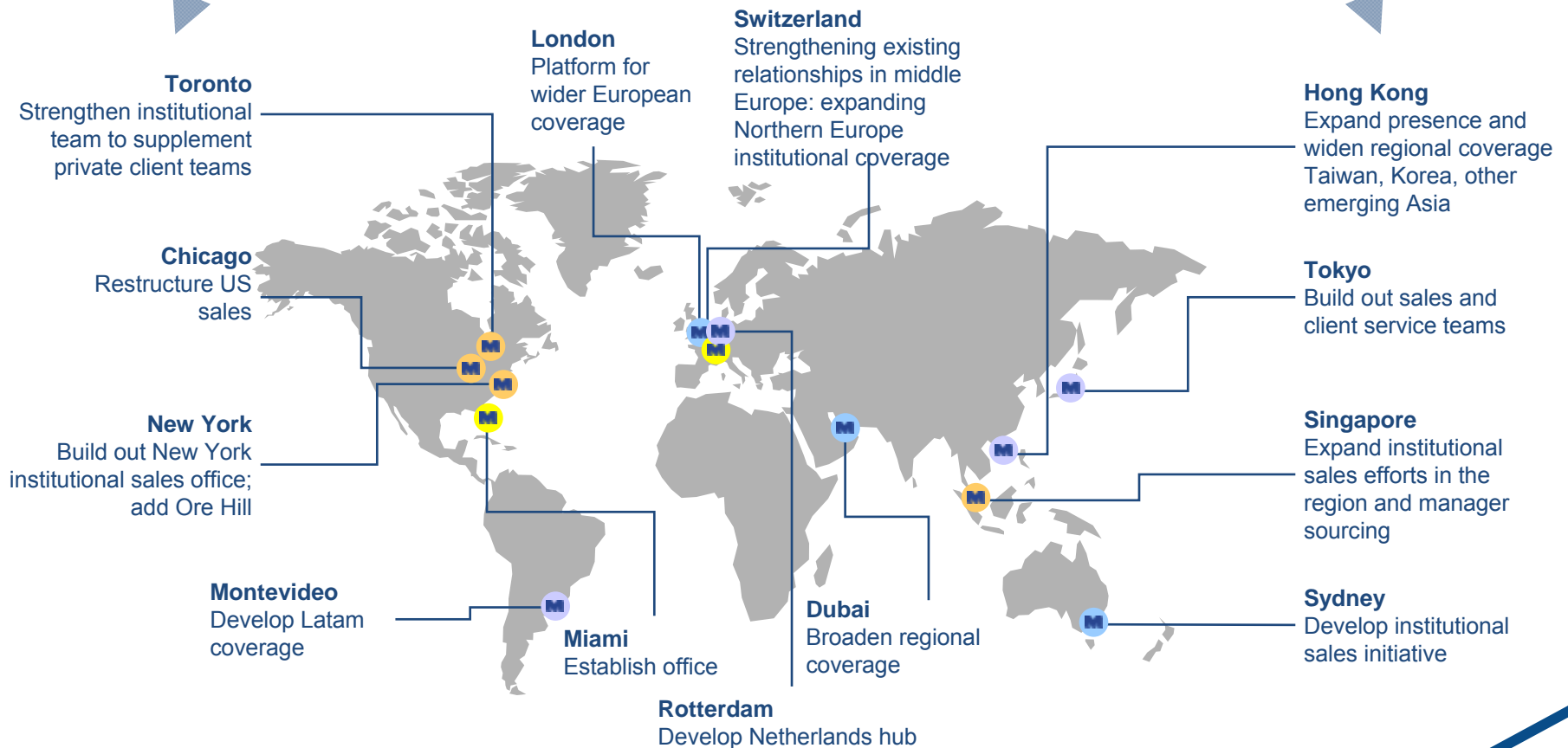
## Formats

- ▶ Global launches
- ▶ Open-ended “offshore”
- ▶ Open-ended onshore single manager
- ▶ Open-ended onshore FOHF or multi-strategy
- ▶ Specialist
- ▶ Style Funds
- ▶ Strategy Funds
- ▶ Sub-adviser
- ▶ Managed accounts



# Current and forward positioning

Continue to deepen global banking relationships and client service

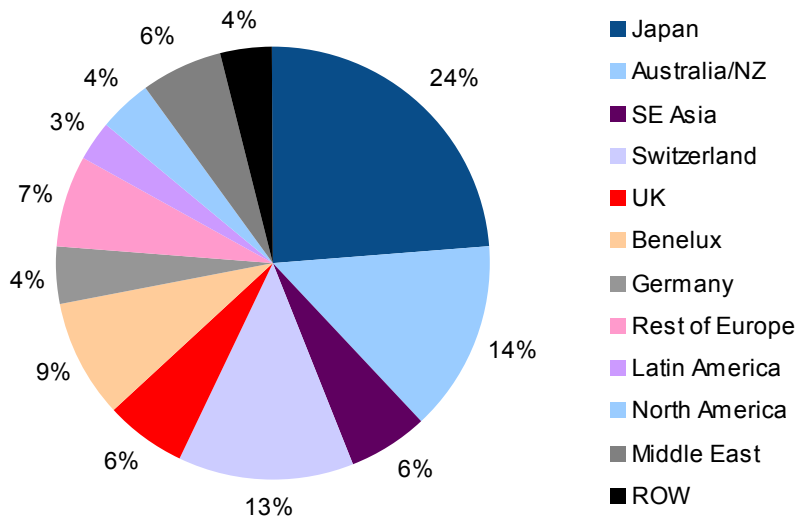


M Office opened in 1980's 
 M Office opened in 1990's 
 M Office opened in 2000's 
 M Office opening in 2008

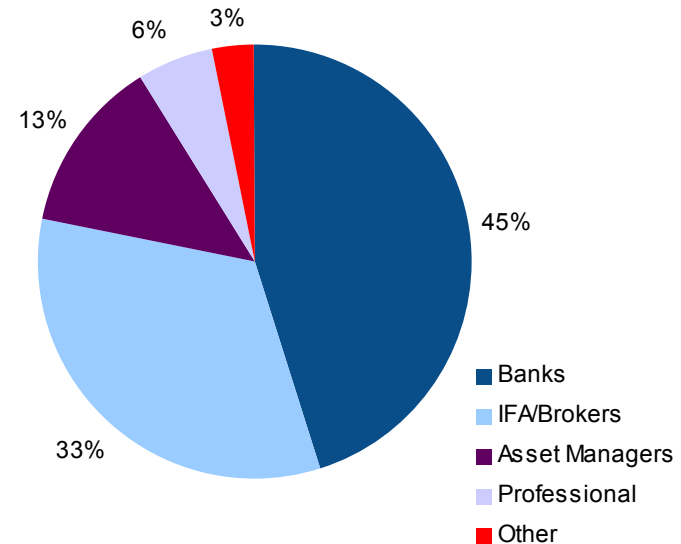
# Broadening opportunity set: private investor channels

## Global network of distributors provides access to private investors

### Private investor FUM by geography



### Distributors by type

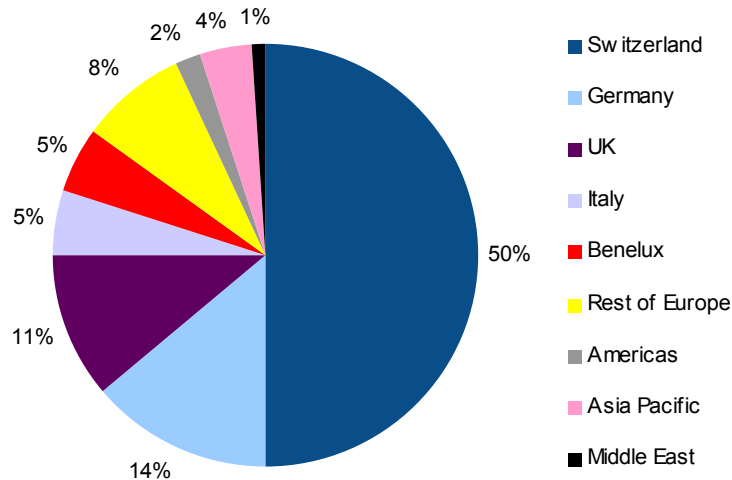


- ▶ Over 2,000 distributors
- ▶ Average private investor has \$300,000 in a product
- ▶ Top 25 distributors account for 43% of private investor FUM
- ▶ Rigorous selection process
- ▶ e-marketing solutions for distributors

# Broadening opportunity set: institutional investor channels

## Global breadth of institutional investors

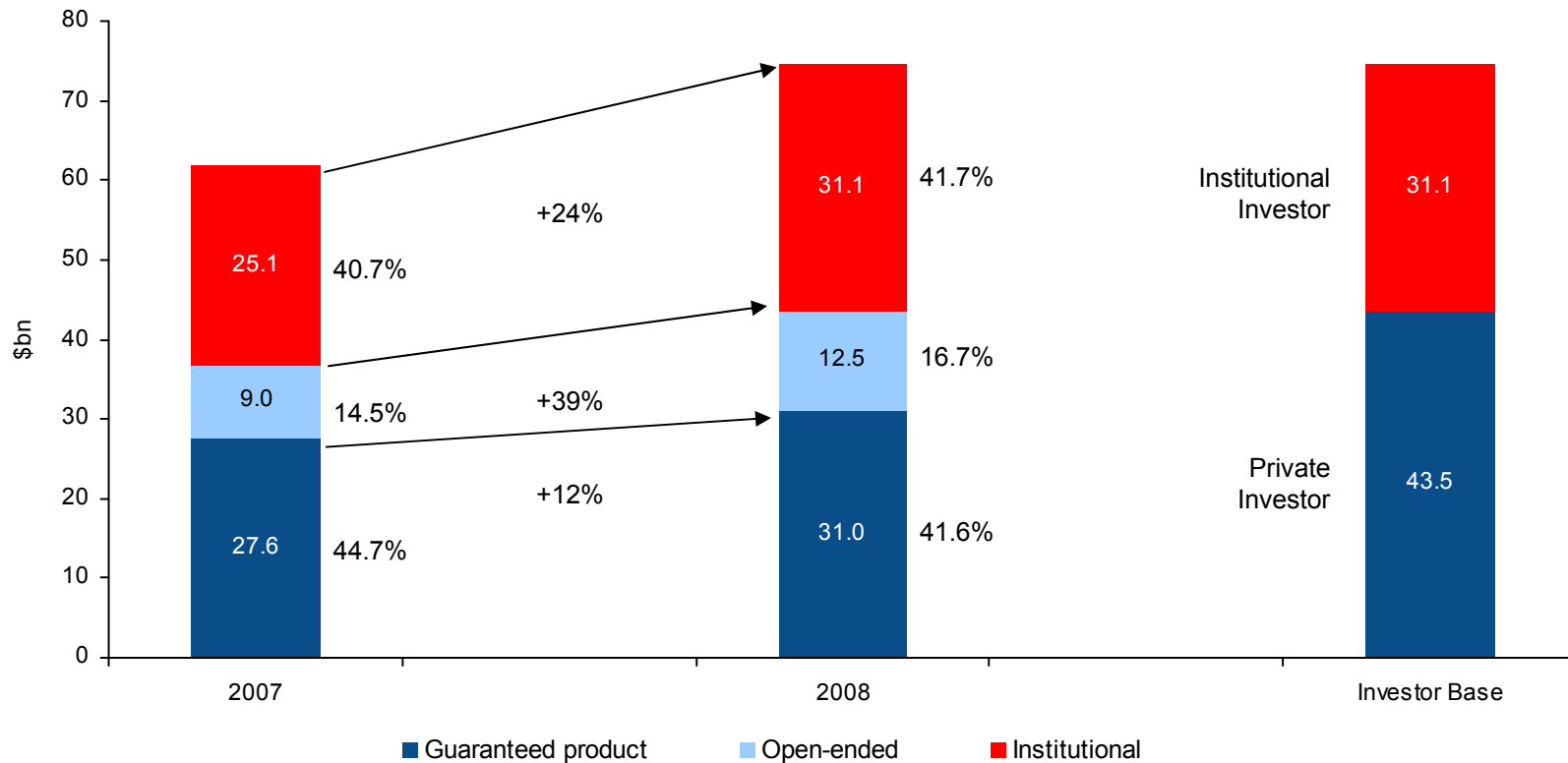
### Institutional FUM by geography



- ▶ Average Swiss institutional investors c. \$200m; average of other institutional investors c. \$95m
- ▶ Over 270 institutional investors
- ▶ Top 10 institutions account for c. 44% of institutional FUM (top 20 c. 56%)
- ▶ Dedicated institutional sales force flagship institutional product

# Access to new channels implies upward trending open-ended product

## Increase in open-ended product



# Differentiated investor service

Shortname:	RFS3	Description:	Man RMF Four Seasons 2XL CHF
ISIN:	KYG5807G1275	Common Fund Ref:	19337910
Currency:	Swiss Francs	Trade Start Date:	01 Jun 2004
Domicile:	Cayman Islands	Maturity Date:	
Valor:	1866982	Fund Status:	Trading
Face Value Unit:	Shares	Phone Dealing:	No
Product Name:		Observations:	Late Dealing : Director's approval is available.
Legal Form:	Shares		
Fund Family:	RMF		
Fund Type:	-		
Investment Style:	-		
Fund Launch:	-		
Offer Period:	-		

- ▶ Provide daily liquidity
- ▶ Increase sales of open ended products
- ▶ Reduce level of fund redemptions
- ▶ Create new distribution channels
- ▶ Single online trading brand



**Man RMF Four Seasons Strategies 2XL - CHF share class**  
 broad complementary diversification which provides stability for enhanced exposure

Ccy:	CHF	NAV:	1.2968	Date:	31.Oct.2007
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ISIN: KYG5807G1275  
 Stock: 1,548,475  
 Bid: 1.2432  
 Ask: 1.2686

Monthly performance report

submit trade request

# Man Group outlook

- ▶ Outlook for financial markets remains uncertain; periods of higher volatility may return
- ▶ Diversification into non-traditional assets will attract increasing investor focus
- ▶ Growth driven by changing regulatory and wealth creation environment
- ▶ Man can offer product breadth and geographic reach
- ▶ Turbulent market has created a lot of opportunity
- ▶ Capital strength – a significant advantage

Funds under management now stand at c. \$78.5 billion, driven by performance and sales

Q&A



# Appendix

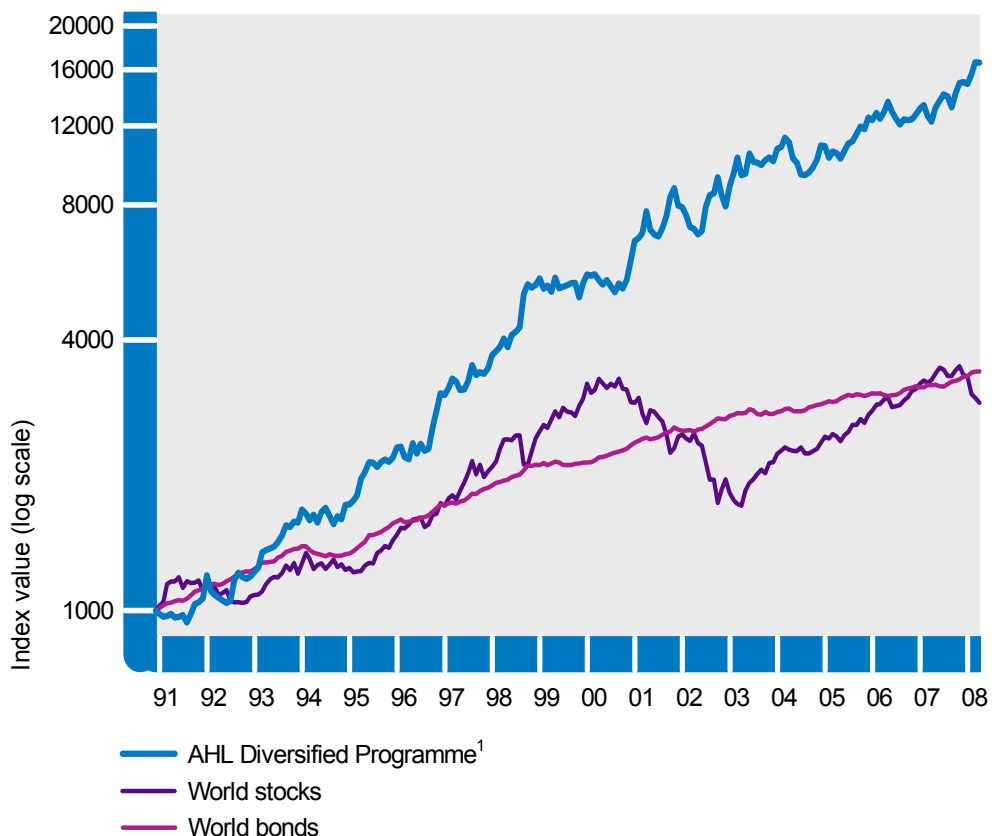


# Performance

	Total Return	Annualised Return	
	1 year to 31 Mar 2008	3 years to 31 Mar 2008	5 years to 31 Mar 2008
<b><u>Fund of Funds</u></b>			
RMF – Absolute Return Strategies <sup>1</sup>	6.7 %	8.6 %	8.2 %
RMF Four Seasons Strategies Ltd	5.0 %	7.7 %	7.3 %
Glenwood <sup>2</sup>	1.8 %	6.3 %	5.0 %
<b><u>Multi Strategy</u></b>			
MGS Multi Style Ltd	0.5 %	6.2 %	n/a
Man Multi-Strategy Guaranteed Limited	-1.4 %	6.2 %	4.9 %
<b><u>Single Managers</u></b>			
AHL Diversified Programme <sup>3</sup>	35.3 %	16.7 %	12.2 %
Ore Hill <sup>4</sup>	-9.3 %	5.8%	15.5%
World stocks <sup>5</sup>	-10.9 %	5.9 %	11.1 %
HFRI Fund Weighted Composite	3.6 %	9.2 %	11.2 %
HFRI Fund of Funds	2.4 %	7.5 %	8.1 %
Corporate Bonds <sup>6</sup>	1.5 %	3.4 %	4.5 %

Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance may not be a guide to future results. 1) RMF: represented by RMF Absolute Return Strategies I. All statistics have been calculated using the dividend reinvested track record. 2)Glenwood: Represented by the performance of Glenwood Partners L.P. (net of all fees and commissions) from 1 January 1987 to 31 December 1995 and Man-Glenwood Multi-Strategy Fund Limited from 1 January 1996. (Since 1 January 1996 actual trading results have been adjusted to reflect the current fee structure of Man-Glenwood Multi-Strategy Fund Limited). It should be noted that the fees, leverage and the exact mix of managers have varied over time and as a result performance in any future product advised by Man-Glenwood GmbH will vary. 3) AHL Diversified: represented by the performance of Athena Guaranteed Futures Limited (prior to 1 October 1997, actual trading results have been adjusted to reflect the current guaranteed public fee structure). 4) Ore Hill: Represented by Ore Hill International Ltd. 5) Represented by MSCI World Index hedged to USD. 6) Represented by Citigroup High Grade Corporate Bond Total Return.

# Performance of AHL Diversified Programme<sup>1</sup> 20 December 1990 to 31 March 2008



	AHL Diversified Programme <sup>1</sup>	World stocks	World bonds
Total return	1557.8 %	190.2 %	240.7 %
Annualised return	17.6 %	6.3 %	7.3 %
Annualised volatility	16.3 %	12.9 %	3.0 %
Worst drawdown	-21.1 %	-47.9 %	-5.1 %
Sharpe ratio <sup>2</sup>	0.81	0.20	0.93

Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance is not necessarily a guide to future results.

1) AHL Diversified Programme: represented by the performance of Athena Guaranteed Futures Limited (prior to 1 October 1997), actual trading results have been adjusted to reflect the current guaranteed public fee structure).

2) Sharpe ratio is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as N/A, as they can be misleading.

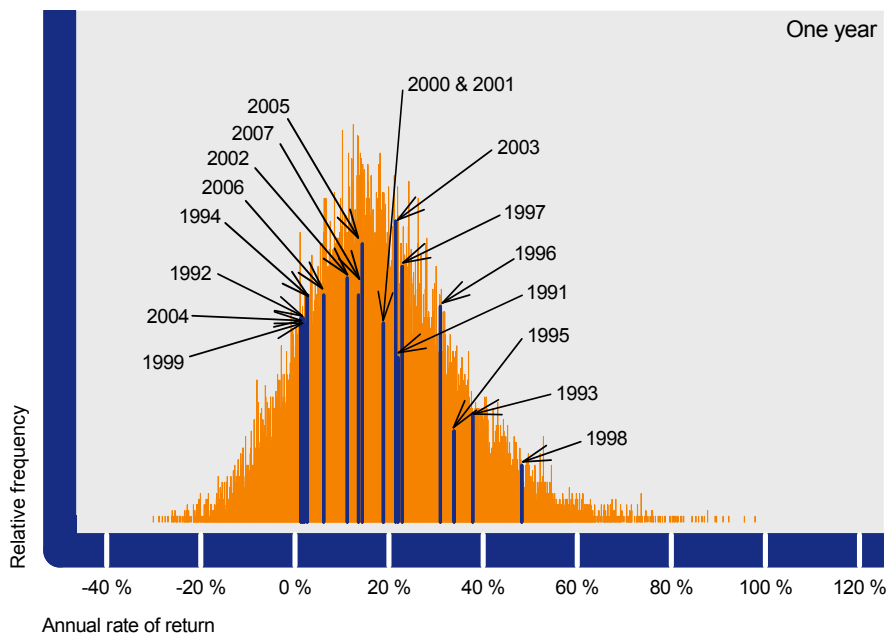
World stocks: MSCI World Index (hedged to USD). World bonds: Citigroup World Government Bond Index Hedged to USD (Total Return).

# Probability distribution of AHL Diversified Programme<sup>1</sup>

Monte Carlo analysis shows positive skew regarding distribution of returns



- ▶ All annual returns are within the expected probability distribution
- ▶ Positively skewed distribution of returns



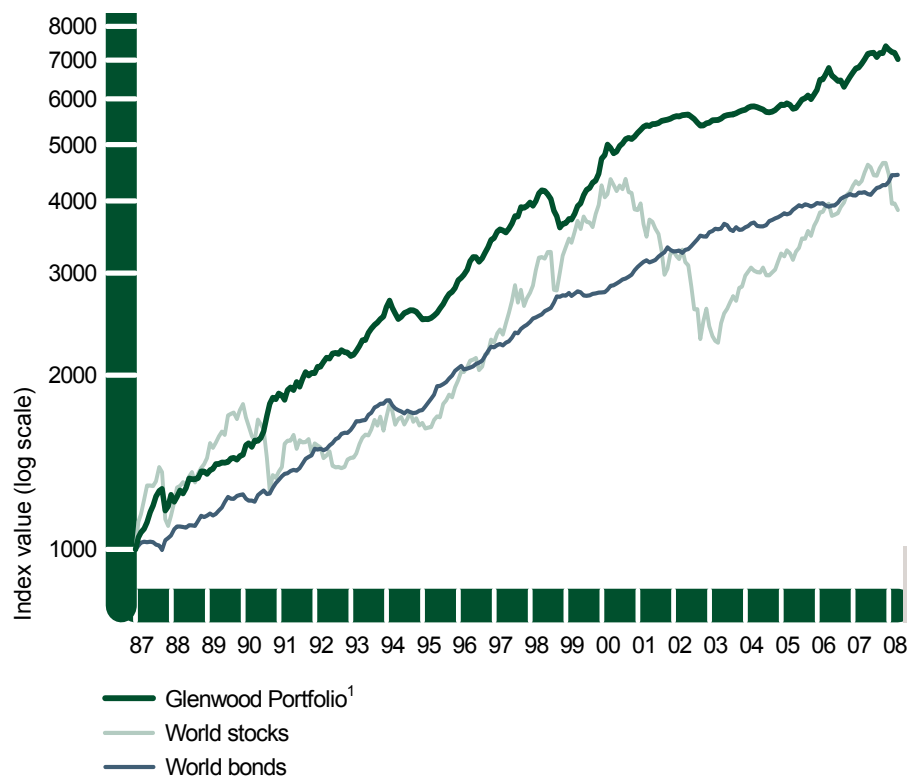
Calendar year	Annual return
1991	21.9 %
1992	1.7 %
1993	37.8 %
1994	2.6 %
1995	33.8 %
1996	30.9 %
1997	22.8 %
1998	48.2 %
1999	2.0 %
2000	18.8 %
2001	18.8 %
2002	11.1 %
2003	21.4 %
2004	1.3 %
2005	14.3 %
2006	6.0 %
2007	13.5 %
Annualised return since inception	17.6%

- ▶ The longer the product life, the greater the probability of the return being within any given range around the mean

Source of data: Man database. There is no guarantee of trading performance and past or projected performance is not a reliable indicator of future performance. Latest data available at the time of production has been used. Returns may increase or decrease as a result of currency fluctuations. It is a requirement of MiFID to include performance statistics on a 12 month rolling basis. From 31 March 1991 to 31 March 2008, AHL Diversified Programme had an annualised return of 18.1%. The Monte Carlo featured above is based on a proprietary model developed at Man Investments, which works by randomly simulating gross monthly returns for a manager/style. These are then combined to construct a possible random path that the NAV of a portfolio might take over the specified periods shown above, taking into account appropriate fees and interest, etc. This is repeated many thousands of times so that at the end it is possible to analyse simulated distributions of product level return, as illustrated. 1) AHL Diversified Programme: represented by the performance of Athena Guaranteed Futures Limited from 20 December 1990 to 31 March 2008 (prior to 1 October 1997, actual trading results have been adjusted to reflect the current guaranteed public fee structure).

# Performance of Glenwood Portfolio<sup>1</sup>

1 January 1987 to 31 March 2008



	Glenwood portfolio <sup>1</sup>	World stocks	World bonds
Total return	602.7 %	285.6 %	343.3 %
Annualised return	9.6 %	6.6 %	7.3 %
Annualised volatility	6.0 %	14.0 %	3.2 %
Worst drawdown	-13.7 %	-47.9 %	-5.1 %
Sharpe ratio <sup>2</sup>	0.72	0.16	0.62

Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance is not necessarily a guide to future results.

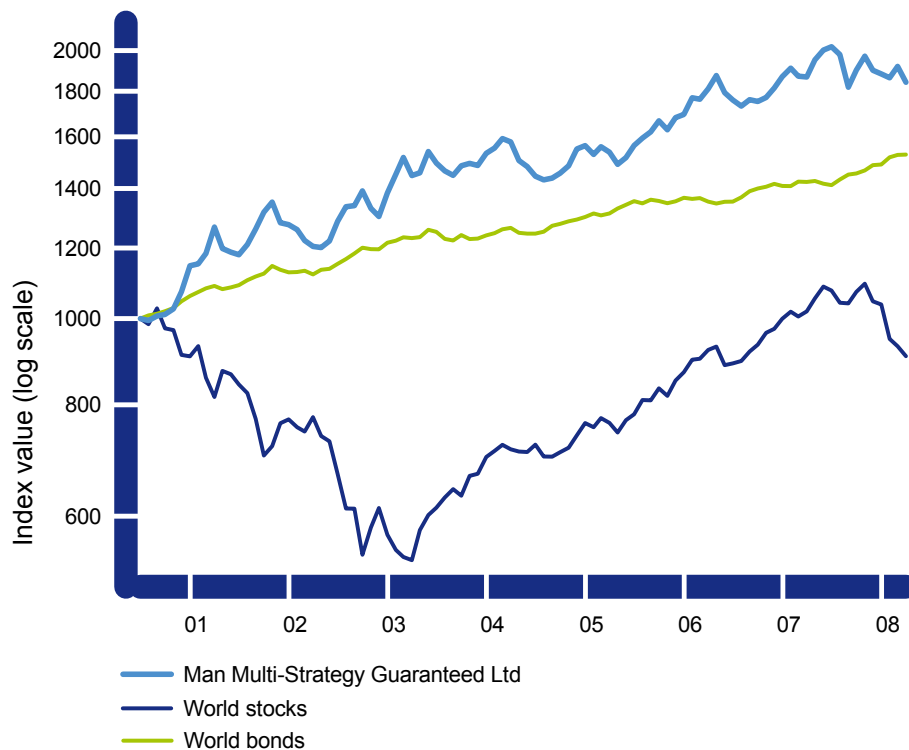
1) Represented by the performance of Glenwood Partners L.P. (net of all fees and commissions) from 1 January 1987 to 31 December 1995 and Man-Glenwood Multi-Strategy Fund Limited from 1 January 1996. (Since 1 January 1996 actual trading results have been adjusted to reflect the current fee structure of Man-Glenwood Multi-Strategy Fund Limited). It should be noted that the fees, leverage and the exact mix of managers have varied over time and as a result performance in any future product advised by Man-Glenwood GmbH will vary.

2) Sharpe ratio is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as N/A, as they can be misleading.

World stocks: MSCI World Index (hedged to USD). World bonds: Citigroup World Government Bond Index Hedged to USD (Total Return). MSCI World Index from 1 January 1987 to 31 December 1987 followed by MSCI World Index (hedged to USD) from 1 January 1988. Data is not available for the MSCI World Index (hedged to USD) before 1 January 1988.

# Performance of Man Multi-Strategy Gtd Ltd

15 July 2000 to 31 March 2008



	Man Multi-Strategy Guaranteed Ltd	World stocks	World bonds
Total return	84.3 %	-9.3 %	52.8 %
Annualised return	8.2 %	-1.2 %	5.6 %
Annualised volatility	10.5 %	13.2 %	2.8 %
Worst drawdown	-11.1 %	-47.9 %	-2.7 %
Sharpe ratio <sup>1</sup>	0.48	N/A	0.76

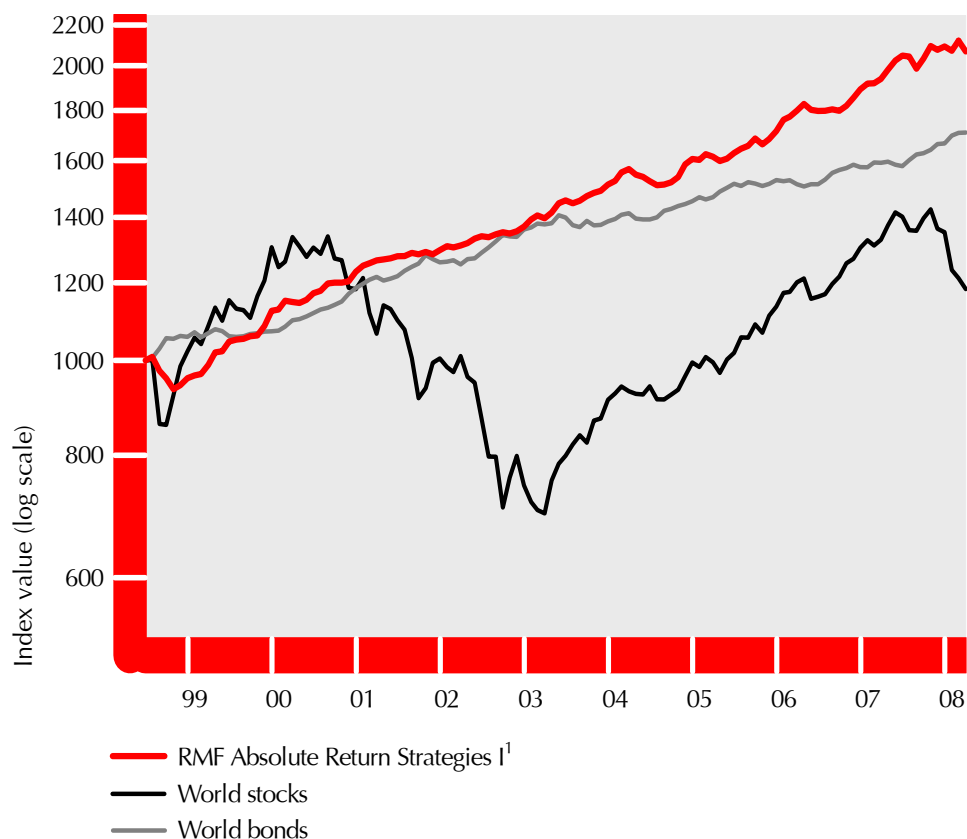
Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance is not necessarily a guide to future results.

1) Sharpe ratio is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as N/A, as they can be misleading.

World stocks: MSCI World Index (hedged to USD). World bonds: Citigroup World Government Bonds Index Hedged to USD (Total Return).

# Performance of RMF Absolute Return Strategies<sup>1</sup>

1 July 1988 to 31 March 2008



	RMF Absolute Return Strategies I <sup>1</sup>	World stocks	World bonds
Total return	106.8 %	18.3 %	70.9 %
Annualised return	7.7 %	1.7 %	5.6 %
Annualised volatility	4.2 %	14.1 %	2.8 %
Worst drawdown	-7.3 %	-47.9 %	-2.7 %
Sharpe ratio <sup>2</sup>	0.88	N/A	0.60

Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance is not necessarily a guide to future results.

1) RMF Absolute Return Strategies performance is shown with dividends reinvested.

2) Sharpe ratio is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as N/A, as they can be misleading.

World stocks: MSCI World Index (hedged to USD). World bonds: Citigroup World Government Bonds Index Hedged to USD (Total Return).

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