

POLAR CAPITAL HOLDINGS PLC

Results Presentation

For year ending

31 March 2011

Tim Woolley (CEO)
John Mansell (COO)
June 2011

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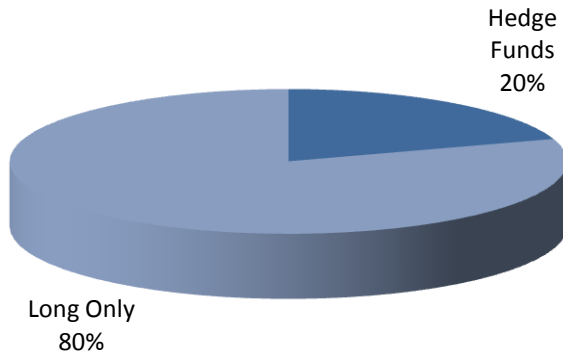
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BUSINESS REVIEW

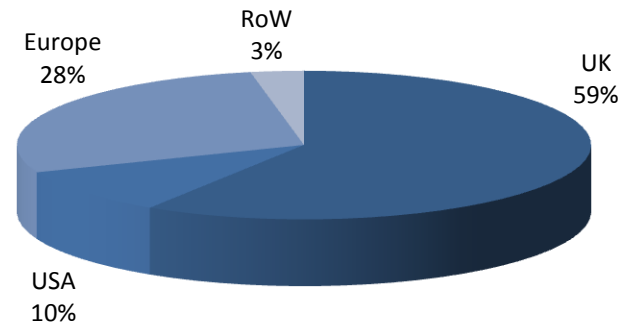
Analysis of AUM

At 31 March 2011

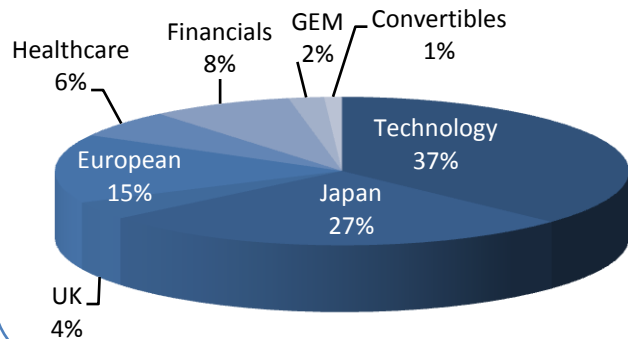
AuM Split by Strategy



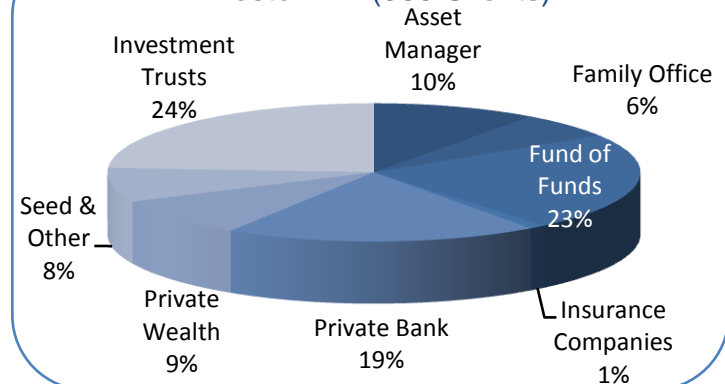
Investor Mix by Geography



AuM Split by Business Unit



Investor Mix (365 Clients)



Overview of Polar Capital



AUM Flows

AUM at start of period: 31 March 2010 **\$2.53bn**

Gross inflows	quarter 1 [long 324 hedge 127]	\$451m	
	quarter 2 [long 190 hedge 33]	\$223m	
	quarter 3 [long 328 hedge 59]	\$387m	
	quarter 4 [long 529 hedge 27]	<u>\$556m</u>	
			\$1,617m

Gross outflows	quarter 1 [long 55 hedge 77]	\$(132)m	
	quarter 2 [long 102 hedge 157]	\$(259)m	
	quarter 3 [long 115 hedge 107]	\$(222)m	
	quarter 4 [long 153 hedge 134]	<u>\$(287)m</u>	
			\$(900)m

Acquisition of HIM Capital \$249m

Performance and currency movements \$378m

AUM at end of period: 31 March 2011 **\$3.87bn**

Deduced AUM at 31 May 2011 (from published factsheets) **\$4.30bn**

UCITS Fund Strategies – Lipper Peer Group Quartile Rankings (to 31 March 2011)

	6 months	1 year	3 years	5 years
Global Technology	1	1	1	2
Japan	1	1	1	1
Healthcare Opportunities	1	2	N/A	N/A
GEM Growth	N/A	N/A	N/A	N/A
GEM Income	N/A	N/A	N/A	N/A
Insurance	2	1	1	1
Far Eastern Financial	3	1	1	1
European Financial	3	2	1	1
Financial Income	2	1	N/A	N/A

Hedge Fund Strategies – Annual Returns

	2006	2007	2008	2009	2010	2011 (YTD)*
UK**	6.10	3.53	5.98	10.89	3.79	(8.84)
Forager	21.76	11.85	(12.24)	24.90	10.49	3.00
Conviction	N/A	5.56	12.78	8.88	(0.17)	5.22
ALVA Convertible***	N/A	N/A	N/A	N/A	1.94	5.53

* YTD = to 31 May 2011

** UCITS fund run off same mandate

*** Launched 1 November 2010

Capacity of Fund Strategies



**Strategy Size
31 March 2011**

**Total Capacity
in Current Strategies**

Hedge Fund Strategies

UK*	\$0.17bn	\$1.00bn
European Conviction	\$0.10bn	\$1.00bn
European Forager	\$0.48bn	\$0.50bn
ALVA Convertibles	\$0.04bn	\$1.00bn

Long Only Strategies

Technology Trust	\$0.76bn	\$1.00bn
Global Technology UCITS	\$0.64bn	\$1.00bn
Japan UCITS*	\$1.06bn	\$1.50bn
Healthcare Opportunities UCITS	\$0.08bn	\$0.50bn
Healthcare Trust	\$0.15bn	\$0.20bn
Far Eastern Financial	\$0.07bn	\$0.40bn
Financial Opportunities UCITS / European	\$0.03bn	\$1.00bn
Insurance UCITS	\$0.13bn	\$0.50bn
Financial Income	\$0.07bn	\$0.40bn
Global Emerging Markets Growth UCITS*	\$0.08bn	\$1.00bn
Global Emerging Markets Income UCITS	\$0.01bn	\$1.00bn

TOTAL

\$3.87bn

\$12.0bn

* Sizes include all mandates run off the same strategy

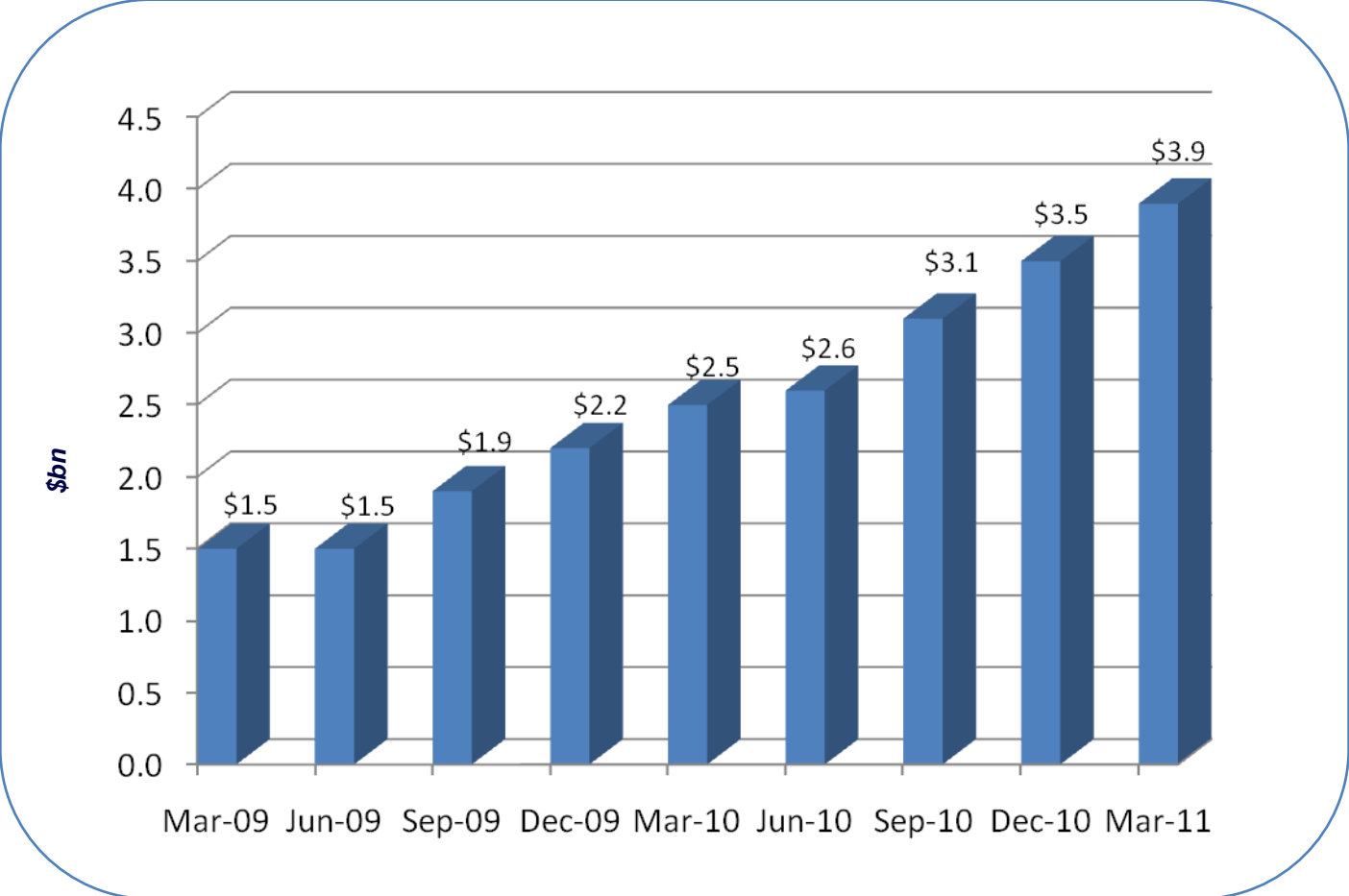
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Source: Polar Capital.

Polar AUM



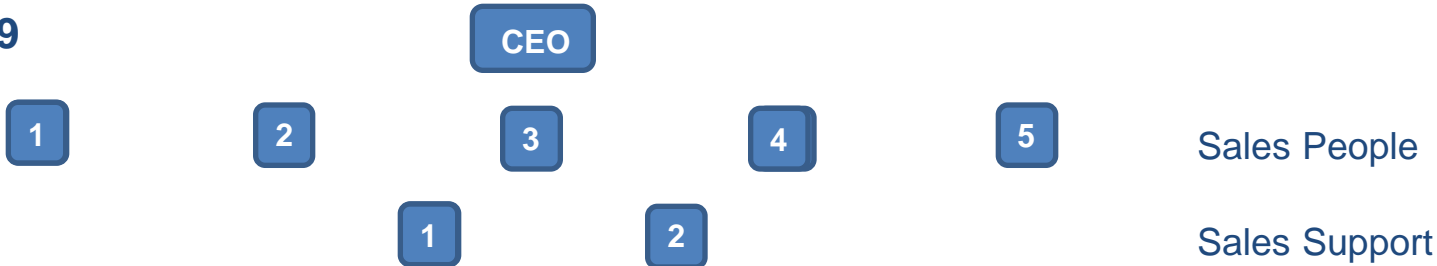
Good Recovery Since Crisis



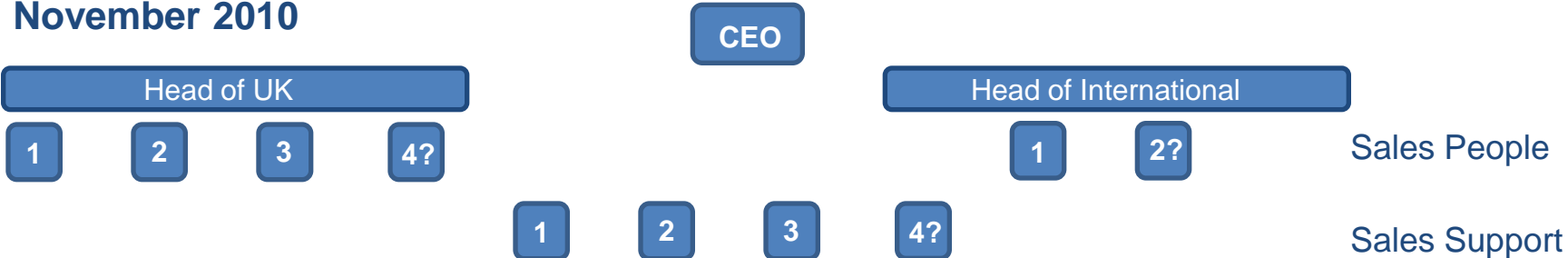
Sales Organisation



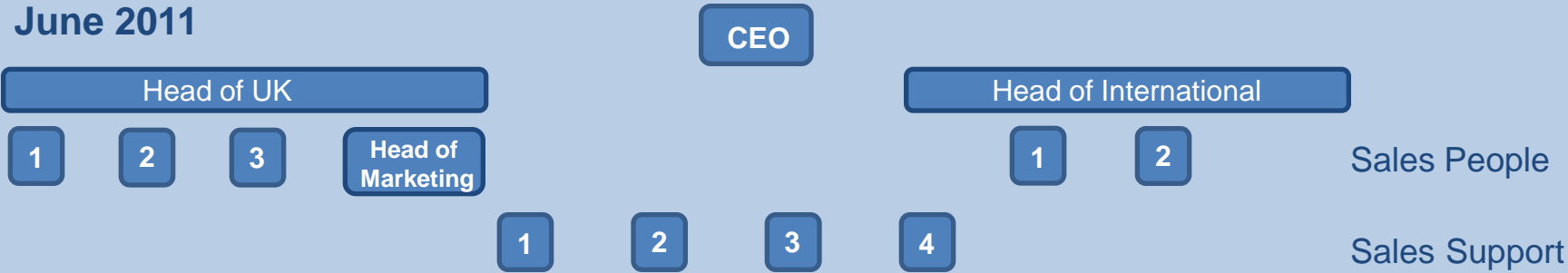
November 2009



November 2010



June 2011



Positioning

- Highly differentiated performance of funds
- Balance of long and hedge fund product
- Improved asset gathering from reorganised and expanded sales team
- Strong operating infrastructure positions the business well for changes in the operating and regulatory environment
- Strong balance sheet
- Good internal morale

Strategy

- Attract AUM into current products
- Launch new products with current teams
- Continue to attract top quality managers to join Polar Capital
- Consider further opportunistic corporate activity

FINANCIAL REVIEW

Highlights

- AUM
 - AUM at 31 March 2011 up 53% to \$3.9bn (2010: \$2.5bn)
- Profitability
 - Pre-tax core profitability £3.6m (2010: nil)
 - Pre-tax (pre SBP) profitability £10.2m (2010: £3.7m)
- EPS and Dividend
 - Adjusted diluted EPS up to 9.5p (2010: 3.8p)
Adjustment excludes cost of share based payments and amortisation of intangibles
 - Dividends for the year 7.5p (2010: 4.5p)
- Balance Sheet
 - £19m of cash and £29m of liquid investments in own funds totalling £48m of liquid assets

Financial Review



Profitability

	2010 £m	2011 £m
Average AUM	\$1.9bn	\$3.2bn
Core operating profit	0.0	3.6
Performance fee profit	2.5	5.7
Interest and similar income	1.2	0.9
PBT pre IFRS S.B.P.	£3.7m	£10.2m
Share based payments ("S.B.P")	(0.6)	(0.5)
Intangible asset amortisation	-	(0.5)
PBT	£3.1m	£9.2m

Financial Review



Costs

	2010 £m	2011 £m
Salaries and bonuses	8.1	8.9
Core distributions	1.6	3.5
Other staff costs	0.4	-
Core compensation costs	£10.1m	£12.4m
Other operating costs	4.2	6.1
Core operating costs	£14.3m	£18.5m
Performance fee interests	3.7	9.0
Core operating costs	£18.0m	£27.5m

Financial Review



Other Operating Costs

	Year to Mar 10	Year to Mar 11	Comments
IT	1.5	2.0	Increase in number of teams
Rent and Rates	0.8	1.1	Overseas offices
Professional Fees	0.5	0.7	HIM transaction
Insurance	0.4	0.4	
Travel and Entertainment	0.5	0.7	Increased sales activity
Other	0.5	1.2	Recruitment & Discovery closure
Total Other Operating Costs	£4.2m	£6.1m	

Dividend

- Dividends for the year 7.5p (2010: 4.5p)

- Dividend reflects:
 - Policy of distribution
 - (i) Material portion of core profits and;
 - (ii) Majority of performance fee profits

 - Current run rate profitability of the Company
 - Confidence in Company's prospects
 - Acceptance that incremental increase in cash balances are not valuable to the company

Financial Review



Cash and Investments

	March 2010 £m	March 2011 £m
Cash	£19.7m	£19.2m
Available for sale investments		
Hedge fund investments	£16.3m	£4.2m
Hedge fund seed	nil	£15.2m
Long only seed	<u>£3.4m</u>	<u>£10.0m</u>
	£19.7m	£29.4m
Total Cash and Investments	£39.4m	£48.6m

Financial Review



Shareholder Analysis at 31 March 2011

	Holding	Percentage of ISC
Directors, Founders and Staff	34.0m	45%
Caledonia	10.7m	14%
XL	8.0m	11%
EBT	2.1m	3%
Blackrock	4.9m	6%
Legal & General	3.2m	4%
Others	12.8m	17%
	<hr/>	<hr/>
Issued Share Capital	75.7m	100%
<p>Year end dilutive effect of share appreciation 3.7m rights of total outstanding options (11.5m) Issuance satisfied by EBT <u>(2.1m)</u> Net dilutive effect of options <u>1.6m</u> Year end diluted share capital <u><u>77.3m</u></u> (Average over the year: 77.0m)</p>		

} free float = 27%

Summary

Well Positioned in Challenging Times

Strong Performance

- Consistent and impressive bull and bear market performance.
- Across long and hedge strategies.

Fund Capacity

- Significant potential for further growth.
- Total current capacity in the funds of c.\$12.0 billion of which only \$4.3 billion currently utilised.

Impressive Asset Gathering

- Reorganised, reformed and reinvigorated sales team.
- Good asset inflows across a wide range of products.

Operational Robustness

- High quality, robust and scalable institutional style operational platform.
- To support expansion through arrival of new teams and / or corporate activity.

Strong Balance Sheet

- Strong cash position and public company status gives flexibility to pursue further opportunities.

Establishment of New Businesses

- Successful integration in 2010 of GEM, Convertibles and Financials teams.

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House View

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