



7 August 2020

## **TP ICAP plc**

### **Financial and Interim Management Report - for the six months ended 30 June 2020** (the "period")

**TP ICAP plc** (the "Company") announces its group (the "Group") results for the six months ended 30 June 2020 today. Commentary on year-on-year performance is on a reported and constant currency basis. Despite the unprecedented macroeconomic backdrop, characterised by the emergence of the COVID-19 pandemic, the Group took rapid and effective action to safeguard its staff and operations. In so doing, the Group delivered continuous service to its clients, essential liquidity to the markets and strong revenue growth.

#### **Nicolas Breteau, CEO of TP ICAP plc, said:**

*"Against the COVID-19 backdrop, our primary focus has been to protect the wellbeing of our staff and ensure continuity of service excellence for our clients. We achieved this by deploying new technology and workflows that enabled the majority of our staff to work from home while maintaining seamless, global client coverage.*

*Despite the challenges posed by the pandemic, we have grown revenues and underlying profitability whilst advancing our strategic priorities of aggregating liquidity across our brands, increasing electronification and diversifying our revenue streams. We paid our full year dividend and have declared an interim dividend. Our performance is a testament to our operational strength, scale and diversified business portfolio, as well as the hard work and dedication of our teams.*

*We will update the market on our strategic priorities and medium-term growth plan at our Investor Update on 8 October 2020."*

#### **Response to COVID-19 pandemic:**

- The Group fundamentally re-engineered its operations during lockdown to maintain continuous global client service and liquidity across all asset classes and desks.
- Tactical deployment of new digital solutions and new workflows enabled the vast majority of the Group's employees to work from home effectively.
- Re-engineering the business presented significant technological, management and regulatory challenges, coming as it did during a period of extremely high volatility and a sharp increase in volumes. The Group demonstrated readiness and resilience to continue to serve clients and provide essential liquidity in the markets.
- The Group has not furloughed or reduced its permanent workforce as a consequence of COVID-19, nor has it requested any government aid in any of its global locations.
- The Group paid its final 2019 dividend and has declared an interim dividend for 2020.

The Group increased its underlying profits in the period, despite incurring a £10m charge due to an increase in unused annual leave as at 30 June ("impact from unused annual leave"), as employees chose not to use their annual leave due to the lockdown enforced in most jurisdictions where the Company operates. This charge will reverse in H2 2020 in line with Group policy on holiday carry-forward.

## Financial highlights

Underlying (before acquisition, disposal and integration costs, and exceptional items)

	<b>H1 2020</b>	H1 2019
Revenue	<b>£990m</b>	£922m
Operating profit	<b>£159m</b>	£158m
Operating margin	<b>16.1%</b>	17.1%
Profit before tax	<b>£136m</b>	£134m
Basic EPS	<b>19.9p</b>	19.3p

Statutory (after acquisition, disposal and integration costs, and exceptional items)

	<b>H1 2020</b>	H1 2019
Revenue	<b>£990m</b>	£922m
Operating profit	<b>£101m</b>	£107m
Operating margin	<b>10.2%</b>	11.6%
Profit before tax	<b>£78m</b>	£83m
Basic EPS	<b>9.7p</b>	11.8p

A table showing Underlying and Statutory figures for each period, detailing acquisition, disposal and integration costs, and exceptional items is included in the Financial Review.

The average number of shares used for the basic H1 2020 EPS calculation for the period is 557.3m (H1 2019: 560m).

## Operational highlights

- The Group's performance reflected our operational and technological resilience and the benefits of a diversified portfolio.
- Revenue of £990m grew 7% on a reported basis (7% at constant currency).
- Underlying operating profitability was 1% higher (7% higher excluding the impact of unused annual leave, 6% lower on a statutory basis) on higher revenues and tight cost discipline, offset by measured strategic investments.
- Global Broking revenue increased 2% on a reported basis (2% at constant currency), as stronger Rates were partially offset by weaker FX & Money Markets and Emerging Markets businesses.
- Energy & Commodities revenue increased 15% on a reported basis (15% at constant currency) with strong organic growth in oil and non-oil products, boosted by strategic hires and favourable markets.
- Institutional Services revenue increased 50% on a reported basis (50% at constant currency), as the division benefited from increased client appetite, increased capacity to service new accounts, and strategic hires.
- Data & Analytics revenue increased 9% on a reported basis (8% at constant currency), against a strong prior year comparative period as the business continued to benefit from strategic initiatives to launch new, higher-value products and deeper client relationships. The minor slowdown reflects some COVID-19-driven reduction in clients' overall spend appetite.

## Strategic highlights

- Provided continuous global client service, whilst maintaining strong financial position and liquidity.
- Furthered earnings diversification through continued strong growth in non-Global Broking businesses.
- Expanded our customer base, range of services and geographic profile, especially in our newest divisions.
- Enhanced the synergies and links between our business divisions to maximise cross-selling opportunities.
- Modernised our technology infrastructure by investing in cloud capabilities, enabling the majority of our front-office employees to maintain full working capability remotely. The Group expects that this agility could lead to future property footprint savings, as it will require a smaller number of recovery sites.
- Continued the measured execution of our strategy, investing in core long-term projects aligned to our three defined strategic themes of electronification, liquidity aggregation and diversification.

## Dividend

A 5.6p per share interim dividend (2019: 5.6p) will be paid on 6 November 2020 to shareholders on the register at close of business on 2 October 2020.

## 2020 full year guidance and outlook

- July trading activity has slowed down and is materially lower than 2019 levels. Consequently our full year guidance of low single-digit revenue growth remains unchanged. We will continue to monitor the impact of the COVID-19 pandemic on TP ICAP and its customers through the remainder of the year.
- The targeted investment spend we guided to in March will be partially deferred as we manage resources prudently in response to the ongoing uncertainty caused by COVID-19. We will prioritise investment projects based on business needs. We aim to invest c£15m of cash in 2020, of which c£7m will be expensed.

## Investor update and redomiciling timetable

- The Group plans to host its Investor Update on 8 October 2020.
- The Group maintains its intention to incorporate a new holding Company in Jersey and the Group is currently in the process of seeking the relevant regulatory approvals. This has taken longer than originally anticipated due to COVID-19. The Group will in due course seek shareholder approval and currently expects to post shareholder documentation by the end of 2020 with completion following shortly thereafter.

## Forward looking statements

This document contains forward looking statements with respect to the financial condition, results and business of the Company. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. The Company's actual future results may differ materially from the results expressed or implied in these forward looking statements.



## **Enquiries:**

### **Analysts and investors**

Al Alevizakos

Direct: +44 (0) 203 933 3040

Email: [Alevizos.Alevizakos@tpicap.com](mailto:Alevizos.Alevizakos@tpicap.com)

### **Media**

William Baldwin-Charles

Direct: +44 (0) 207 200 7124

Email: [William.Baldwin-Charles@tpicap.com](mailto:William.Baldwin-Charles@tpicap.com)

Neil Bennett

Maitland

Direct: +44 (0)20 7379 5151

Email: [tpicap-maitland@maitland.co.uk](mailto:tpicap-maitland@maitland.co.uk)

### **About TP ICAP**

- TP ICAP brings together buyers and sellers in global financial, energy and commodities markets.
- It is the world's largest wholesale market intermediary, with a portfolio of businesses that provide broking services, data & analytics and market intelligence, trusted by clients around the world.
- We operate from offices in 26 countries, supporting award-winning brokers with market-leading technology.

## **CEO review**

The emergence of COVID-19 caused a significant shock to the global economy and resulted in an uplift of volatility and trading volumes in the OTC markets where we operate.

Our focus during the pandemic has been on ensuring the safety of our employees while continuing to provide high quality service to our clients and maintaining our financial and operational resilience. I am pleased that we have achieved these three goals while growing our revenues and our underlying operating profit. This is testament to the resilience and adaptability of the Group and its employees.

We operate in 26 countries globally and therefore had to adapt to new working practices for each office to align with local guidance. In essence, this meant sending support staff to work from home as soon as was feasible allowing us to free up extra floor space to give the brokers who needed to remain in the office enough room to socially distance while continuing to work.

For brokers who could work from home, we introduced new digital technology and new workflows. This involved transferring more than 2,000 telephone lines to the cloud to create new client connections and installing desktop software to create digital dealer boards, or soft-turrets, for over 500 brokers. This solution was identified, purchased and rolled out effectively in less than two weeks. It provided a fully-integrated and compliant voice and electronic infrastructure with access to our global client base alongside a robust trading workflow.

Despite these challenges, all desks continued to be fully operational and our clients benefited from continuous global coverage across all asset classes.

Furthermore, in response to COVID-19, we have not furloughed any staff, reduced our permanent workforce, nor requested any government aid in any of our locations. We paid our full year dividend demonstrating our resilience and recognising the importance of income to our investors, and in turn, their customers.

As well as serving our clients and helping enable the markets to remain open and liquid, we have been mindful of our responsibilities to the communities in which we operate. We redirected our Disaster Relief Fund to global and local initiatives supporting those affected by the pandemic, for example the COVID-19 Solidarity Response Fund, the UK National Emergencies Trust, and the US CDP COVID-19 Response Fund. At a time when governments were lacking in Personal Protective Equipment, we donated 20,000 face masks to health authorities in the UK and US. Additionally, colleagues around the world have taken action to support those in need – for example, our UK employees took part in the 2.6 challenge to raise money for charities who have seen a significant reduction in donations during the period.

## **Financial performance**

The Group delivered a good performance in the first half of 2020. The COVID-19 pandemic led to higher volatility and volumes particularly in February and March. This translated into higher revenues in our Energy & Commodities, Institutional Services and certain Global Broking asset classes, highlighting the Group's increasing diversification.

Revenue grew by 7% year-on-year to £990m on a reported basis (7% on a constant currency). We achieved an underlying operating profit of £159m, an increase of 1% on the £158m reported for H1 2019. Our underlying operating profit would have increased to £169m (7% higher year-on-year), excluding the £10m impact from unused annual leave. Our underlying operating profit margin of 16.1% (17.1% excluding impact from unused annual leave) was slightly lower than the 17.1% reported at H1 2019. We reported an underlying profit before tax of £136m, up 1% (9% excluding the impact from unused annual leave) from £134m in the prior year.

Statutory operating profit was £101m, 6% lower than the prior year, with an operating profit margin of 10.2% (2019: 11.6%) and statutory profit before tax of £78m was £5m lower in H1 2019. The decrease in statutory profit is mainly due to higher business reorganisation expense due to the proposed Group redomiciliation, and the £10m impact due to an increase in unused annual leave as at 30 June which will reverse by the year end in line with Group policy on holiday carry-forward and an Asia Pacific goodwill impairment. This is partially offset by the non-recurrence of costs associated with the ICAP integration that was completed in December 2019.

Basic underlying earnings per share ("EPS") were 19.9p (21.4p excluding the impact from unused annual leave, basic statutory EPS 9.7p) and we are paying a dividend of 5.6p per share for the half year, in line with our previously stated guidance.

### **Regional performance**

Revenue for the EMEA region was £488m, a 7% year-on-year increase on a reported basis (6% at constant currency). This performance reflected an increase in all divisions, with notable growth in Institutional Services, due to strong growth in relative value (RV) strategies and our core product offering and Energy & Commodities, with strong revenue growth across all three brands. On a geographical basis, EMEA reported strong revenue growth year-on-year in Continental Europe, namely France, Spain and the Netherlands as well as in the UK and Africa, whilst the Middle East was more muted.

The Americas reported revenue of £376m, an increase of 11% year-on-year on a reported basis (+9% on constant currency), with strong growth in Global Broking, Energy & Commodities and Institutional Services.

In Asia Pacific, revenue was £126m, an increase of 2% year-on-year on a reported basis (2% on constant currency). This reflected a very solid growth in Energy & Commodities offset by more challenging Global Broking figures, especially in Q2, as trading appetite was dampened due to the pandemic that placed practical constraints on market activity.

### **Our business divisions**

In March of this year we announced the three key strategic pillars which would drive our medium-term growth: electrification and technology; aggregation of liquidity across our brands; and diversification of our revenues.

These three pillars remain critical for our future growth but we have taken a prudent approach to managing these through the crisis and its associated macro uncertainty. Consequently, the execution of our strategy has been actively slowed as we prioritised our liquidity and capital buffers under stressed scenarios.

We previously indicated that we planned an additional £45m of investment for 2020, of which £30m would be capital expenditure.

Under our prudent approach, this has resulted in a lower-than-targeted H1 investment spend of c£7m, of which c£6m were operating expenses which was also lower than originally targeted. In addition we have incurred £3m of IT expenses related to the development of cloud capabilities as a response to COVID-19, which will have longer term benefits. We intend to flex our investment spending in line with market performance. We aim to invest c£15m of cash in 2020, of which c£7m will be expensed.

Despite the aforementioned deceleration, we were still able to continue with a number of initiatives which fit our three strategic themes: liquidity aggregation, electrification and diversification and detail these initiatives in the business division reviews below. We aim to update you on our revised plans at our Investor Update on 8 October 2020.

On top of these initiatives, we continue to expand our customer base, especially in our newest business divisions, whilst adding a range of new solutions (e.g. new agency execution products and new data offerings) in new jurisdictions. Previously, we have looked to increase collaboration between the four businesses to capitalise on the clear connections between them. In the first half of 2020, the increased footprint of our business has allowed us to pursue cross-divisional referrals, and we have seen particular success with this initiative between Institutional Services and Data & Analytics.

Looking ahead, we will continue to assess where and when it makes sense to invest. Where we see opportunities to acquire assets that would accelerate and further our strategic ambitions, then we will consider them carefully.

### **Global Broking**

Global Broking is our largest division covering Rates, Credit, Equities, Foreign Exchange & Money Markets and Emerging Markets, where we have market leading positions. We bring together buyers and sellers providing a range of professional intermediary services that enable them to execute trades successfully. We operate through Tullett Prebon and ICAP brands separately. We also offer clients a range of ways to interact with us - through voice, hybrid or electronically - depending on the nature of the market, product and transaction. One of our fundamental strengths is the long-established relationships we have with top-tier banks, and our ability to operate deep liquidity pools.

Market volatility and market volumes increased from the impact of COVID-19 improving revenue performance by 2% both on reported basis and constant currency, at £656m (H1 2019: £642m). This is despite implementing a remote broking strategy due to COVID-19. Q1 2020 saw particularly high volatility and volumes driving the increased revenue performance with Q2 2020 offsetting much of the gains from the prior period as conditions in financial markets began a decline following fears of COVID-19 resurgence and a global recession.

The Rates business, largest of Global Broking, increased by 6% (both on reported basis and at constant currency) as interest rate swap and treasuries markets saw increased volatility. Equities business also increased 3% on reported basis (1% at constant currency) from good global market volatility, especially in Q1 2020.

Credit markets were in better shape, boosted by increased issuance, and revenues increased by 2% in H1 2020 year-on-year both on reported basis and at constant currency. FX & Money Markets and Emerging Markets were down 2% (3% at constant currency) and 5% (4% at constant currency) on a reported basis, respectively, as macroeconomic factors including slowdown in global growth challenged these businesses.

Despite the difficult macroeconomic backdrop, we continue to identify opportunities to fill gaps in coverage and offer additional products for our clients as well as continue to expand our hybrid technology offering. These developments will better position TP ICAP to take advantage as market conditions and challenges adjust.

Our key strategic priorities remain aggregating liquidity from our competing brands; improving connectivity with our clients and delivering improved workflows for all products. Our Global Broking strategy is based around electronic hubs that create a seamless experience for our clients. These hubs offer a single point of liquidity for clients across our brands, from screens with a common look and feel together with robust post-trade processing.

For example:

- In Rates, we continued the build-out of our Rates hub, with development of cross-brand execution platform for Sterling products with integrated functionalities. In addition, we continue the migration of legacy matching engines, mainly in Tullett Prebon, to TP ICAP's Fusion platform.
- In Foreign Exchange, we launched the FXO hub in March. FXO hub is a multi-brand, hybrid trading platform for FX Options products, covering both G10 and emerging markets currency pairs. The platform supports collation of "Indication of Interest" bids and offers, via an electronic order book, "Request for Quote", plus Auxiliary matching order entry methods. It provides our clients with a much better user experience and improved connectivity. It has had an excellent response so far and we are seeing a good number of top tier banks already streaming liquidity.
- In Credit, we increased electronification through launching the Matchbook Rebalance platform. This is a pure-electronic platform used for Emerging Market, Investment Grade, High Yield, Financial and Sterling Corporate Bonds. The platform, which has common TP ICAP branding, runs auctions allowing traders to clear up unwanted odd-lot risk on their books, based on a total P&L marker.
- In Equities, where the market is much more dispersed, we completed the acquisition of Louis Capital Markets, which brings us expertise and scale in cash equities and equity derivatives, as well as strengthening our Continental European franchise.

We will maintain this commitment to increase the electronification and innovation of our business to meet the changing demands of our clients.

### ***Energy & Commodities***

Energy & Commodities is our second largest division and operates through the Tullett Prebon, ICAP and PVM brands in all the key commodities markets including oil, gas, power, renewables, ferrous metals, base metals, precious metals and soft commodities. Clients include regional banks, corporates, hedge funds and trading companies.

Revenues were up 16% at £216m for the half year on a reported basis (15% at constant currency basis), as the market has been characterised by increased volatility with COVID-19 tensions, trade discussions and oil price war. The oil market faced uncharted territory with significantly reduced demand (particularly transportation fuels), excess supply combined with filled storage, resulting in decreased prices and negative territory for the first time in history. Freight economics have also played a significant part in the reduced movement of physical oil. We believe that during extreme Q1 volatility, clients turned to more established brokers with deeper liquidity pools.

Overall, the increased revenues with constant cost discipline, despite higher spending relating continuous strategic execution, led to increased divisional profitability (+2.5 ppts year-on-year).

In EMEA, we had a record first quarter in precious metals, and recorded a strong performance in LNG due to the market making greater use of it as a hedging tool. Oil performed well, driven by new hires, as well as increased volatility caused by the oil price war.

Utility markets have generally held up well with European gas (especially the UK) being over-supplied, with pricing moving to historical lows off the back of a long bear run as the market struggled with storage and capacity issues. Volatility and uncertainty in the power market has caused volumes to spike to record highs with participants adjusting positions as a result of reduced electricity demand.





In Americas, power revenue increased as the western market saw increased volatility. Oil revenue increased driven by extreme market volatility from both the pandemic and global oil price war, with high growth in crude swaps and refined products group, assisted with the Atlas partnership, physical refined products.

In APAC, we reported strong performance from our established oil desks within PVM and Tullett Prebon, notably Crude, fuel, middle distillates and Gasoline.

This is already a mature business and our strategic goal for Energy & Commodities is to consolidate our global leadership position. To this end, we have made further progress with several strategic initiatives, which include increasing aggregation and electronification.

Similarly to Global Broking, we are building an Oil hub which will ultimately allow clients to view aggregated liquidity across our competing brands and execute electronically via a range of low touch protocols.

In the half, we have made good progress with Nova, our electronic matching engine for Oil. This is an important initiative as we believe it will become a significant component in the oil trading market infrastructure and lead to increased efficiencies within the business, stronger margins and better client retention. Developments include implementing an Order Management System on the platform to facilitate and manage trades; automating straight through processing; and incorporating an instrument feed from the Intercontinental Stock Exchange ("ICE").

We will invest further in Nova in the second half to accelerate its deployment. We have already rolled out Nova to desks in Norway and Asia Pacific with the next stages being to onboard our remaining desks, and our clients, and then build a new front end. We expect to complete this in H2.

We have previously flagged our machine learning tool, Darwin. We have trialled this successfully during the first half and it will be rolled out to all desks this September. Darwin harvests and mines big data, ranging from clients' historic trading behaviour to external news events. It identifies trading opportunities for our brokers and alerts them to market triggers. In time, it will enable our brokers to anticipate and better meet the needs of our clients and in turn do more business. It will also capture trades across all our brands and provide our Data & Analytics business with fast, real-time information.

### ***Institutional Services***

Institutional Services provides trade ideas and agency execution to buy side clients including hedge funds, asset managers and non-bank liquidity providers. The role of an agency brokerage is to offer the buy side access to the best price in the market from a wide range of different banks, whilst guaranteeing client anonymity and neutrality. Institutional Services is an important part of the Group's diversification strategy bringing in a new revenue stream from a different client base.

In the first half of the year, Institutional Services achieved revenues of £57 million up 50% on the comparative period. This very strong growth underlines that the agency execution model has become an established and valued component of the market's ecosystem.

Growth was driven by increased client appetite and the business' greater capacity to service new clients, and was experienced across our core products and strategies: Foreign exchange, exchange traded and cleared derivatives; relative value; government bonds and cash equities.

We also grew our client base, mainly hedge funds and asset managers and grew our team by making new hires in Singapore and New York. Our continued ability to attract high calibre salespeople from both the buy-side and sell-side shows that our business model is recognised and accepted by seasoned market participants, and opportunities remain open as banks reduce their salesforce.



Our strategy for Institutional Services is to continue grow the business and further diversify our revenues. To this end, we are adding more asset classes to our coverage; broadening our geographic reach; and investing in further electrification. In the first half, we introduced additional interest swaps and equity derivatives to our asset coverage.

We have previously mentioned the importance of pre-trade connectivity to the business and we have since connected to Bloomberg's Fixed Income and Derivatives Execution System (TSOX) which is the gateway to the majority of the buy-side. In addition, we have added TP Credit Deal order book liquidity to institutional customers via Bloomberg, and will shortly be adding TP CreditDeal Volume Match liquidity.

### ***Data & Analytics***

Our Data & Analytics business provides unbiased data products that facilitate trading, enhance transparency, reduce risk and improve operational efficiency. It is the leading provider of OTC pricing data and has access to more OTC data than any other company globally. We have pricing, reference data and analytical tools for major asset classes and markets. We pride ourselves on our rigorous quality assurance processes, which ensure the integrity and robustness of our products.

It is a high margin business with revenues that are largely subscription-based and sticky, so it provides us with excellent earnings diversification and sustainable growth opportunities.

Data & Analytics grew its revenues by 8% in the half, which was a good performance given the impact of COVID-19 on many of its customers which lead to reduced spending, and expectations that Global Data revenues will decline in the full year due to the pandemic.

During the half, we increased permanent headcount to support our long-term initiatives and future revenue generation, including sales heads in Asia and America, which impacted contribution.

However, subscription revenues grew as we continued to roll out new products sets and signed new mandates with clients, enhancing our ability to generate strong recurring revenues going forward.

Our strategy to grow our Data & Analytics business is clear: to harvest the data generated internally which historically has not been captured; to broaden our distribution network, both internally and externally; and to move our product offering up the value chain.

In line with our strategy, we launched five new products in the first six months. In April, we launched a new FIX protocol-based data feed, called SURFIX. This allows us to distribute real-time market data for all security types, from all TP ICAP brands, via a single consolidated data feed. We launched new products via new distribution partners such as AWS Data Exchange. In addition, we are working on building a web store which will allow our clients to buy our products in the same way that people shop on Amazon.

In the half, we also launched our first information product called Bond Evaluated Price. We launched the product after our clients told us that meaningful transparency in fixed income pricing has become critical as regulators globally require more detailed disclosure and stricter risk management. This new product captures all available bond transaction across the Group and uses our proprietary model to offer clients more detailed information than the price of a bond at one point in time. The product employs machine learning to provide frequent and regular updates on a large number of bonds, rather than just indicative pricing. Clients therefore have better insights into the price formation process. The product will help financial institutions with exposure to government, corporate or supranational bond risk to run internal market risk tasks and meet regulatory requirements.



### **Near term outlook**

The Group continues to monitor and respond as appropriate to the challenges presented by COVID-19. The emergence and continuation of the COVID-19 pandemic creates unusually high levels of uncertainty in our major markets, but our intention is to continue our technology implementation in H2, and we expect to see some early benefits from recent hires, geographic expansion and product roll-out. H2 has started slowly with July volumes materially lower than in 2019. We remain cautious and expect to see continued episodic volatility and the frequency, duration and intensity of these periods will be more significant determinants of our performance than usual.

### **Concluding comments**

While the first six months of the year have been challenging, I am delighted with how the business and my colleagues responded. We acted rapidly and effectively to ensure that our staff remained safe and our clients continued to receive the service from us that they expect.

We continued to implement our strategic initiatives, albeit at a more measured pace, and we plan to update the market on our plans in detail on Thursday 8 October. Despite the near-term uncertainty, I am confident that our strategic initiatives will deliver sustainable profit growth.

I would like to thank all of my colleagues at TP ICAP for their enormous efforts and the remarkable resilience they have demonstrated in the first half of the year.

### **Nicolas Breteau**

Chief Executive Officer

7 August 2020

## Financial review

### Statutory Income Statement

H1 2020 £m	Underlying	Acquisition, disposal & integration costs	Exceptional items	Statutory
Revenue	990	-	-	990
Underlying Operating profit	159	-	-	159
Net charge relating to legal settlements	-	-	(2)	(2)
Business re-organisation costs	-	-	(13)	(13)
Impairment of intangible assets arising on consolidation	-	(21)	-	(21)
Amortisation of intangible assets arising on consolidation	-	(20)	-	(20)
Other	-	(2)	-	(2)
Operating profit	159	(43)	(15)	101
Net finance expense	(23)	-	-	(23)
Profit before tax	136	(43)	(15)	78
Tax	(34)	-	1	(33)
Share of net profit of associates and joint ventures	10	-	-	10
Non-controlling interests	(1)	-	-	(1)
Earnings	111	(43)	(14)	54
Average number of shares	557.3m			557.3m
Basic EPS	19.9p			9.7p
H1 2019 £m	Underlying	Acquisition, disposal & integration costs	Exceptional items	Statutory
Revenue	922	-	-	922
Operating profit	158	-	-	158
ICAP integration costs	-	(20)	-	(20)
Amortisation of intangible assets arising on consolidation	-	(21)	-	(21)
Net charge relating to legal settlements	-	-	(2)	(2)
Charge relating to business reorganisation	-	-	(4)	(4)
Other acquisition and disposal items	-	(4)	-	(4)
Operating profit	158	(45)	(6)	107
Net finance expense	(24)	-	-	(24)
Profit before tax	134	(45)	(6)	83
Tax	(33)	8	1	(24)
Share of net profit of associates and joint ventures	8	-	-	8
Non-controlling interests	(1)	-	-	(1)
Earnings	108	(37)	(5)	66
Average number of shares	560.0m			560.0m
Basic EPS	19.3p			11.8p



Our key financial and performance indicators for H1 2020 are summarised in the table below together with comparatives from the equivalent period in H1 2019.

	H1 2020	H1 2019	Change
Total revenue (reported basis)	<b>£990m</b>	£922m	+7%
Operating profit:			
- Underlying	<b>£159m</b>	£158m	+1%
- Underlying margin	<b>16.1%</b>	17.1%	-1.0% pts
- Statutory	<b>£101m</b>	£107m	-6%
- Statutory margin	<b>10.2%</b>	11.6%	-1.4% pts
Contribution:			
- Broking <sup>1</sup>	<b>£349m</b>	£330m	+6%
- Broking margin	<b>37.5%</b>	38.4%	-0.9% pts
- Data & Analytics <sup>1</sup>	<b>£33m</b>	£32m	+3%
- Data & Analytics margin	<b>47.1%</b>	50.0%	-2.9% pts
Total contribution	<b>£375m</b>	£362m	+4%
Underlying operating profit margin (%):			
- EMEA	<b>19.1%</b>	21.0%	-1.9% pts
- Americas	<b>14.9%</b>	14.4%	+0.5% pts
- Asia Pacific	<b>7.9%</b>	10.5%	-2.6% pts
Underlying operating profit margin (%):			
- Global Broking	<b>20.0%</b>	20.7%	-0.7% pts
- Energy & Commodities	<b>14.7%</b>	12.2%	+2.5% pts
- Institutional Services	<b>14.0%</b>	8.1%	+5.9% pts
- Data & Analytics	<b>40.0%</b>	45.3%	-5.3% pts
Average:			
- broker headcount	<b>2,770</b>	2,706	+2%
- revenue per broker <sup>2</sup> (£'000)	<b>332</b>	318	+4%
- contribution per broker <sup>3</sup> (£'000)	<b>126</b>	122	+3%
Period end:			
- Broker headcount	<b>2,754</b>	2,728	+1%
- Broker support headcount	<b>1,833</b>	1,798	+2%
- Total headcount	<b>4,898</b>	4,866	+1%
Broker compensation costs : broking revenue <sup>4</sup>	<b>53.8%</b>	52.5%	+1.3% pts

1. Broking and Data & Analytics contribution and contribution margins are defined in the Contribution & Underlying Profit by Division section. Prior year figures have been restated due to inter-division revenues in Global Broking and Energy & Commodities, and inter-division front-office costs in Data & Analytics.
2. Average revenue per broker is defined as Total Broking revenues excluding inter-division revenues divided by average broker headcount.
3. Average contribution per broker represents broking contribution (as defined in the Contribution section) divided by the average broker headcount with the prior year comparative calculated on the same basis.
4. Broker compensation costs : broking revenue is defined as Total Broking compensation costs divided by Broking revenues excluding inter-division revenues.

Average broker headcount increased 2% in H1 2020 to 2,770 year-on-year, and with average revenues per broker increasing 6%, the resulting broking revenue was 7% higher than in H1 2019 on a reported basis.

The period-end broking support headcount increased by 2% year-on-year primarily reflecting in-sourcing (including Belfast), and investing in Risk and Compliance functions as a response to increasing regulatory demands.

The tables that follow analyse revenue by business division as well as revenue and underlying operating profit by region for H1 2020 compared with the equivalent period in 2019, on a reported basis. The tables also show the change at constant currency.

A significant portion of the Group's activity is conducted outside the UK and the statutory revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The comparative data in the tables below therefore shows the statutory revenue change, but also the constant currency basis, where the revenues are translated at the same exchange rates as those used for H1 2020.

## Revenue

Total revenue of £990m in H1 2020 was 7% higher than H1 2019 on a reported basis, and 7% higher at constant currency.

### Revenue by business division

£m	H1 2020	H1 2019	Reported Change	Constant Currency Change
Rates <sup>1</sup>	290	273	+6%	+6%
Credit	51	50	+2%	+2%
FX & Money Markets	98	100	-2%	-3%
Emerging Markets	103	108	-5%	-4%
Equities	105	102	+3%	+1%
Inter-division revenues <sup>2</sup>	9	9	0%	0%
<b>Global Broking total</b>	<b>656</b>	<b>642</b>	<b>+2%</b>	<b>+2%</b>
Energy & Commodities	216	187	+16%	+15%
Inter-division revenues <sup>3</sup>	1	1	+0%	+0%
<b>Energy &amp; Commodities total</b>	<b>217</b>	<b>188</b>	<b>+15%</b>	<b>+15%</b>
Institutional Services total <sup>1</sup>	57	38	+50%	+50%
Data & Analytics total	70	64	+9%	+8%
Inter-division eliminations <sup>3</sup>	(10)	(10)	+0%	+0%
<b>Total Revenue</b>	<b>990</b>	<b>922</b>	<b>+7%</b>	<b>+7%</b>

- For H1 2019 £15m of revenues have been reclassified from Rates business into Institutional Services as the Global Broking Relative Value (RV) Rates businesses have been reclassified to move all RV desks under Institutional Services. This is to reflect the mechanics of the underlying business.
- Institutional Services growth rate would have been 26% on a reported and constant currency basis excluding the aforementioned move of the RV desks.
- Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. Previous year has been restated in line with the new presentation format. The broking inter-segmental revenues and Data & Analytics inter-segmental costs are eliminated upon the consolidation of the Group financial results.

Conditions in financial markets have generally been volatile in H1 2020 due to the unprecedented macroeconomic environment caused by the emergence of COVID-19 pandemic. The sharp volatility accompanied with higher industry volumes in February and March, was succeeded by flattening yield curves and more subdued activity in the latter part of the period.

Despite this mixed macroeconomic backdrop, Global Broking Rates, Energy & Commodities, Data & Analytics and Institutional Services performance was strong. This performance was only partially offset by weaker performances in Global Broking's Emerging Markets & FX & Money Markets.

Inter-division revenue has been recognised in Global Broking and Energy & Commodities to identify the value of data provided to the Data & Analytics division. Additionally, the Relative Value (RV) businesses from the Rates division in Global Broking have been reclassified to move all RV desks within

the Group under Institutional Services. This leads to a £15m H1 2019 revenue reclassification from Global Broking Rates to Institutional Services.

In Global Broking, revenue grew by 2% as Q1 volumes surged on the back of sharp volatility boosted by the global pandemic. During the heightened volatility period, clients sought expert market colour and advice from the most established brokers. Conditions normalised in the beginning of Q2, before a drop in volatility towards the end of the H1 period.

With this in mind, Rates revenue grew 6% year-on-year both on reported and at constant currency basis. Similarly, Equities (3% on reported, 1% at constant currency) and Credit (2% on reported and at constant currency basis) benefited from the aforementioned volatility surge. On the contrary, conditions in emerging markets were challenging due to lower risk appetite in APAC since the beginning of the year, leading to Emerging Markets decline of 5% on a reported basis (4% lower at constant currency). FX & Money Markets were down 2% and 3%, on a reported and at constant currency respectively.

Energy & Commodities revenue was 16% higher than H1 2019 on a reported basis (15% at currency basis). The division has benefitted from higher volumes in all major products combined with additional strategic hires. Power & Gas demonstrated very strong revenue growth, while oil revenues increased 12% capitalising on unprecedented volatility across different oil products.

Institutional Services revenue of £57m grew 50% compared to H1 2019 on a reported basis (50% at constant currency). The continuous growth was supported by growing client appetite and increased capacity to service new accounts. This is due to continued improvement in client onboarding and referrals from other Group divisions, most notable Data & Analytics. The business now has a well-defined panoply of core product offerings, namely foreign exchange, listed derivatives, relative value execution and cleared interest rate swaps. New products include additional rate swaps and equity derivatives. Performance was also boosted through strategic hires, notably in Singapore and the US.

Data & Analytics revenue was 9% higher than H1 2019 on a reported basis (8% at constant currency). Despite the emergency of COVID-19, revenues continued to grow as we engaged with all our clients, in the sell and buy-side, in order to fulfil their previously unmet needs. However, our growth has been slightly reduced as: (a) clients' attrition rate increased to 0.7% (from 0.3% in H1 2019) where some clients "tightened the purse" due to the pandemic, (b) new initiatives requiring bulk historical data, e.g. ad hoc hedge fund requests, were postponed by clients and (c) one-time revenue recoveries have also slowed as we were unable to do on-side data audits. Despite these short-term obstacles, the division invested in its future by: (a) expanding Data, Channel Management and Technology partnerships, (b) creating a new Digital Marketing strategy for product and capabilities launch, (c) deploying a new scalable Sales methodology to enhance performance, (d) launched SURFIX for single line delivery of our multiple broking brands and (e) improved our back-office systems to automate certain processes and generate savings. Finally, during H1 2020, we deployed four new high-value data products, plus our very first information product (the Bond Evaluated Pricing or BEP) which is valuable for our clients.

## Revenue by region

£m			Reported	Constant
	H1 2020	H1 2019	Change	Currency Change
EMEA	<b>488</b>	458	+7%	+6%
Americas	<b>376</b>	340	+11%	+9%
Asia Pacific	<b>126</b>	124	+2%	+2%
Total Revenue	<b>990</b>	922	+7%	+7%

### EMEA

Revenue for the region increased by 7% in H1 2020 compared with H1 2019 on a reported basis (6% at constant currency). Revenues were uplifted by a strong month in March 2020 due to increased volatility created by the pandemic. Global Broking revenue increased slightly, with Rates and Credit being ahead year-on-year. The remaining three asset classes saw small revenue declines.

Revenue from Energy & Commodities increased materially with strong results stemming from all three brands. The growth came from strong performance in power, gas, environmental, metals, soft & agricultural products and oil. Our data expansion also delivered some good results with higher revenues.

Institutional Services also saw a strong year-on-year increase. This is due to material increases in relative value, COEX and electronic markets.

### Americas

Americas revenues were up by 11% on a reported basis (9% at constant currency) to £376m in H1 2020 versus H1 2019 as global market volatility from COVID-19 fears drove increased performance despite the necessity to implement a remote broking strategy for a large percentage of the brokers.

Within our Global Broking business, increased market volatility and market volumes in Q1 2020 relative to Q1 2019 drove the overall H1 2020 revenue up year-on-year. Depressed volatility and general summer slowdown in the latter half of H1 2020 offset some of the year-on-year growth.

Rates revenue was up year-on-year as USD interest rate swaps and Treasuries markets were very active in the beginning of H1 2020 driven by increased volatility from a dipped yield curve with rising concerns around a recession. Rates continues to be Americas' largest asset class.

Equities revenue was materially up versus H1 2019 from increased volatility in global equity markets. US Credit markets remained subdued with revenues down marginally year-on-year. Continued focus remains on building an electronic strategy to improve Credit business.

FX & Money Markets business saw increased revenues in H1 2020 versus H1 2019, while emerging business was flat year-on-year. Lower levels of volatility, de-risking by some of our primary clients in Forward FX as well as new entrants in the emerging markets space continue to put pressure on revenue growth.

Americas Energy & Commodities outperformed in H1 2020 with strong double-digit increase year-on-year. Increased revenue across most products was driven by the COVID-19 pandemic and global oil price war as well as the strengthening of the PVM/Atlas partnership in Oil and organic growth in Power, Environmental and Gas businesses. Energy continues to be a target area for TP ICAP Americas across all three brands.



Institutional Services also performed well in H1 2020 with strong revenue growth as COEX and RV drove the increased performance from global market volatility. Finally, Data & Analytics continued its good performance as the business expanded further its product offering.

## Asia Pacific

Overall revenue in the region was up by 2% year on year on a reported basis (2% at constant currency).

The Global Broking business in APAC suffered a small year-on-year revenue decline after a solid first quarter gave way to a very challenging second quarter. From April, turnover in the Asian markets suffered a sharp dip as COVID-19 dampened trading appetite and placed some practical constraints on market activity. The month of June saw some recovery in volumes across the region.

The sharp dip in market activity in the second quarter was especially pronounced in our Japan Rates business and to some extent in the Hong Kong based Rates and FX businesses. It was also a difficult period for the Singapore based NDF and INR Rates businesses. Overall, however, our various Equities businesses grew revenue year-on-year and the newly established Credit business in Hong Kong gained some traction. Encouragingly, our smaller offices in the region, continued to perform well, especially our Korean business which had strengthened its FX desk in the summer of 2019.

The Energy & Commodities business, the majority of which comprises of oil and gas related products, benefited from episodes of volatility in those markets, together with some increased scale and diversification within the ICAP branded business. Overall revenue from Energy & Commodities grew strongly year-on-year.

## Underlying administrative expenses

Total underlying administrative expenses of £837m in H1 2020 were 8% higher than H1 2019 on a reported and at constant currency basis (see Note 6 in the financial statements for further details), or 7% excluding the impact of unused annual leave.

## Underlying administrative expenses

£m	H1 2020	H1 2019 <sup>1</sup>	Change	Reported Change (%)	Constant Currency Change (%)
Broker compensation	495	451	44	+10%	+9%
Unused annual leave	7	-	7	+100%	+100%
Other front office costs	86	88	(2)	-2%	-3%
Data & Analytics costs	27	21	6	+29%	+29%
<b>Total front office costs</b>	<b>615</b>	<b>560</b>	<b>55</b>	<b>+10%</b>	<b>+9%</b>
Other staff costs	121	108	13	12%	12%
Unused annual leave	3	-	3	+100%	+100%
Technology and related costs	38	30	8	+27%	+27%
Premises and related costs	24	22	2	+9%	+4%
Depreciation and amortisation	15	18	(3)	-17%	-17%
Other administrative costs	21	34	(13)	-38%	-36%
<b>Total management and support costs</b>	<b>222</b>	<b>212</b>	<b>10</b>	<b>+5%</b>	<b>+5%</b>
<b>Total costs</b>	<b>837</b>	<b>772</b>	<b>65</b>	<b>+8%</b>	<b>+8%</b>

1. Restated in line with our new divisional disclosures

The table above sets out administrative expenses on the basis on which management chooses to view this area, divided principally between front office costs and management and support costs. Front office

costs tend to have a large variable component to them and are directly linked to the output of our brokers. The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group.

Overall, the underlying cost base has seen a 8% increase at reported rates to £837m in H1 2020 compared with H1 2019 (8% at constant currency), or 7% excluding to a £10m increase in unused annual leave as at 30 June which will reverse by the year end in line with Group policy on holiday carry-forward.

The 8% increase has been primarily driven by an increase in total front office costs. Broker compensation costs increased by 10% at reported rates (9% at constant currency rates) during the period reflecting a 7% increase in broking revenue at reporting rates (7% at constant exchange rates) and an increase in the broker compensation ratio from 53.1% to 53.8%. The increase in broker compensation reflects the change in revenue mix between the two periods towards businesses with higher compensation ratio, mainly relating to the strong Energy & Commodities growth.

Other front office costs have decreased by 2% (£2m) on a reported basis (3% (£3m) at constant currency rates). Increases in information services (£3m), clearing & settlements (£5m) and increased revenue provisions (£1m) on the back of higher revenues have been offset by decreases in travel and entertainment (£10m). The increase in front office Data & Analytics costs of 29% reflect the continuous top-line growth in the business but also the significant investment in talent, which should increase revenues in future periods.

The £13m increase (£14m reduction at constant currency rates) in other staff costs on a reported basis mainly reflects previously announced increased technology (£5m), risk (£1m) and legal & compliance (£1m) support costs as we enhance these functions to fulfil our increased IT strategic needs and ensure compliance in an ever-changing environment.

Technology and related costs include the costs of all external technology services, maintenance contracts, consultancy, market data services and communications costs. During 2020 these costs increased £11m on a reported basis (£12m at constant currency) year-on-year due to a combination of planned increases regarding IT infrastructure modernisation, cyber and surveillance IT projects and other IT investments. The balance relates to other IT increases, mainly COVID-19 related IT spending, such as investment in cloud services.

The significant decrease in other administrative costs (£13m lower on a reported basis, £15m lower at constant currency rates) includes a decrease in corporate travel & entertainment (£2m), decreases in legal fees, higher capitalisation of support staff costs (£2m), lower audit & tax fees (£2m), lower one-off costs in respect of the Group strategy, lower Brexit costs and other FX gains (£6m).

### **Contribution & Underlying Operating Profit by division**

Contribution represents the revenue of our businesses less the total front office costs described above. An improvement in the absolute level of contribution is an important metric in driving earnings growth for the Group. In H1 2020, the overall level of contribution was 4% higher at £375m year-on-year. The overall contribution margin decreased by 1.4 percentage points to 37.5% as higher revenues were more than offset by higher front office costs.

This decline mainly reflects the broker compensation ratio increase, due to revenue shift changes, combined with higher initial contract payments ("ICP") amortisation.

GB = Global Broking; E&C = Energy & Commodities; IS = Institutional Services, D&A = Data & Analytics, Corp. Centre = Corporate Centre and other unallocated costs

<b>H1 2020 (£m)</b>	<b>GB<sup>1</sup></b>	<b>E&amp;C</b>	<b>IS<sup>1,2</sup></b>	<b>D&amp;A</b>	<b>Corp. Centre<sup>5</sup></b>	<b>Total</b>
<b>Revenue:</b>						
- External	647	216	57	70	-	990
- Inter-division <sup>3</sup>	9	1	-	-	(10)	-
	<b>656</b>	<b>217</b>	<b>57</b>	<b>70</b>	<b>(10)</b>	<b>990</b>
<b>Total front office costs:</b>						
- External	(396)	(144)	(41)	(27)	(7)	<b>(615)</b>
- Inter-division <sup>3</sup>	-	-	-	(10)	10	-
	<b>(396)</b>	<b>(144)</b>	<b>(41)</b>	<b>(37)</b>	<b>3</b>	<b>(615)</b>
<b>Contribution</b>	<b>260</b>	<b>73</b>	<b>16</b>	<b>33</b>	<b>(7)</b>	<b>375</b>
<i>Contribution margin<sup>4</sup></i>	39.6%	33.6%	28.1%	47.1%	n/a	37.9%
<b>Net management and support costs:</b>						
- Management and support costs	(131)	(41)	(8)	(5)	(37)	(222)
- Other operating income	2	-	-	-	4	6
	<b>(129)</b>	<b>(41)</b>	<b>(8)</b>	<b>(5)</b>	<b>(33)</b>	<b>(216)</b>
<b>Underlying Operating profit / (loss)</b>	<b>131</b>	<b>32</b>	<b>8</b>	<b>28</b>	<b>(40)</b>	<b>159</b>
<b>Underlying operating profit margin<sup>4</sup></b>	<b>20.0%</b>	<b>14.7%</b>	<b>14.0%</b>	<b>40.0%</b>	<b>n/a</b>	<b>16.1%</b>



H1 2019 (£m)	GB	E&C	IS <sup>1,2</sup>	D&A	Corp. Centre <sup>5</sup>	Total
Revenue:						
- External	634	187	37	64	-	922
- Inter-division <sup>3</sup>	9	1	-	-	(10)	-
	643	188	37	64	(10)	922
Total front office costs:						
- External	(381)	(129)	(28)	(22)	-	(560)
- Inter-division <sup>3</sup>	-	-	-	(10)	10	-
	(381)	(129)	(28)	(32)	10	(560)
Contribution	262	59	9	32	-	362
<i>Contribution margin<sup>4</sup></i>	<i>40.7%</i>	<i>31.4%</i>	<i>24.3%</i>	<i>50.0%</i>	<i>n/a</i>	<i>39.3%</i>
Net management and support costs:						
- Management and support costs	(130)	(36)	(6)	(3)	(37)	(212)
- Other operating income	1	-	-	-	7	8
	(129)	(36)	(6)	(3)	(30)	(204)
Underlying Operating profit / (loss)	133	23	3	29	(30)	158
<i>Underlying operating profit margin</i>	<i>20.7%</i>	<i>12.2%</i>	<i>8.1%</i>	<i>45.3%</i>	<i>n/a</i>	<i>17.1%</i>

1. For H1 2019 £15m of revenues have been reclassified from Rates business into Institutional Services as the Global Broking Relative Value (RV) Rates businesses have been reclassified to move all RV desks under Institutional Services. This is to reflect the mechanics of the underlying business.
2. Institutional Services growth rate would have been 26% on a reported and constant currency basis excluding the aforementioned move of the RV desks.
3. Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. Previous year has been restated in line with the new presentation format. The broking inter-segmental revenues and Data & Analytics inter-segmental costs are eliminated upon the consolidation of the Group financial results.
4. Contribution and Underlying Operating Profit margins are calculated using External and Inter-division revenues as the denominator.
5. Corporate Centre and Other unallocated costs represents the cost of group and central functions that are not allocated to the Group's divisions, including a H1 2020 £10m charge (H1 2019: £nil) due to an increase in unused annual leave as at 30 June which will reverse by the year-end in line with Group policy on holiday carry-forward.

Broking contribution (excluding Data & Analytics) was 5% higher year-on-year at £349m, as higher contribution from Energy & Commodities and Institutional Services, was only partially offset by lower contribution from Global Broking, due to different product mix and the aforementioned higher ICP amortisation.

Data & Analytics contribution represents the revenue of the Data & Analytics business less the total front office costs associated with running the business, including the cost of internally generated data from the broking businesses. In H1 2020 the overall level of contribution increased by £1m or 3% to £33m. The overall contribution margin decreased by 2.9 percentage points to 47.1% driven by hiring, mainly in H2 2019.

### Underlying operating profit

The underlying operating profit of £159m is 1% higher than the prior year, with an underlying operating profit margin of 16.1%, 1percentage point lower than H1 2019. Underlying operating profit and profit margin would have been £169m (7% higher year-on-year) and 17.1%, excluding the impact of the unused annual leave.

We produce the underlying operating profit by division which is after the allocation of net management and support costs (excluding Corporate centre and other unallocated costs) to the different divisions.

For Global Broking, the underlying operating profit decreased to £131m, or 2% lower versus H1 2019. This was due to higher front office costs reflecting higher compensation ratio on the back of continuous retention and hiring efforts, as well as increased clearing and settlement costs reflecting to vendor cost increases. Moreover, other costs were increased due to higher IT allocations regarding investments in cloud capabilities, strategic investments and cyber and risk and compliance costs. Operating profit margin decreased 0.7 percentage points to 20%.

For Energy & Commodities, the underlying operating profit increased to £32m, or 39% higher versus H1 2019. This is primarily due to higher revenues, only partially offset by higher support costs. The underlying operating profit margin improved 2.5 percentage points to 14.7%.

Institutional Services improved its underlying operating profit to £8m, or 267% higher than H1 2019. Our newest business division continues to generate necessary scale to improve its profitability, with very strong revenue growth. The underlying operating profit margin improved to 14.0%, 5.9 percentage points higher year-on-year.

Data & Analytics reported minor underlying operating profit decline to £32m, or 3% lower versus H1 2019. Despite solid revenue growth in a tough environment, the cost base included a number of H2 2019 strategic hires that were not fully deployed due to the global pandemic. As such, the underlying operating profit margin slightly deteriorated to 40.0%, 5.3 percentage points lower year-on-year.

### Underlying operating profit by region

The underlying operating profit and underlying operating profit margin by region are shown below are compared against reported data for the prior period.

#### Underlying operating profit

£m	H1 2020	H1 2019	Change
EMEA	<b>93</b>	96	-3%
Americas	<b>56</b>	49	14%
Asia Pacific	<b>10</b>	13	-23%
Underlying	<b>159</b>	158	1%

#### Underlying operating profit margin by region

£m	H1 2020	H1 2019
EMEA	<b>19.1%</b>	21.0%
Americas	<b>14.9%</b>	14.4%
Asia Pacific	<b>7.9%</b>	10.5%
Underlying	<b>16.1%</b>	17.1%

### EMEA

Underlying operating profit in EMEA of £93m was 3% lower than H1 2019 on a reported basis, and with revenue up 7% on a reported basis (6% at constant currency), the underlying operating profit margin has decreased by 1.9 percentage points, to 19.1%. The decrease reflects higher broker compensation due to different revenue mix, higher clearing and settlement costs due to increase market volumes, combined with slightly inflated support costs mainly through increased employee in-sourcing of IT consultancy.

### Americas

The Americas underlying operating profit of £56m was 14% higher than H1 2019. Revenue in the Americas was 11% higher than the prior year at reported exchange rates (9% at constant currency), and the operating profit margin of 14.9% in H1 2020 was 0.5 percentage points higher than H1 2019, as higher contribution in the region more than offset a higher net support cost base.

## Asia Pacific

Underlying operating profit in Asia Pacific decreased by £3m to £10m in H1 2020, while the underlying operating profit margin has reduced by 2.6 percentage points to 7.9%. This was due to the building of new businesses in Energy & Commodities and Institutional Services that created some drag on the contribution margin. Meanwhile additional expenditure on the Group's technology infrastructure, together with some specific need to put in place recovery sites to cater for pandemic contingency, put upward pressure on support costs despite a strong focus on cost control in other areas.

## Exceptional and acquisition, disposal and integration items

The Group presents its Condensed Consolidated Income Statement in a columnar format on page 28 to aid the understanding of its results by separately presenting its underlying operating profit before acquisition, disposal and integration costs and exceptional items. Underlying operating profit is reconciled to profit before tax in the Condensed Consolidated Income Statement and is disclosed separately to give a clearer presentation of the Group's underlying trading results.

Acquisition, disposal and integration costs are excluded from underlying results as they reflect the impact of acquisitions and disposals rather than underlying trading performance.

A further amount of £20m has been charged through the income statement reflecting the amortisation of intangible assets other than goodwill arising on acquisitions, reflecting brand value, the value of customer relationships and other intangible assets. This non-cash item is excluded from underlying results to present the performance of the Group's acquired businesses consistently with its organically grown businesses where such intangible assets are not recognised.

In accordance with its obligations under IAS 36 (see also Note 13), the Group has undertaken an impairment review of the carrying value of its regional cash generating units ('CGU') to which goodwill arising on acquisitions, including the acquisition of ICAP, has been allocated. In determining whether goodwill is impaired under IAS 36, the resulting value of each CGU has been estimated based on its value in use. As a result of the review, the carrying value of the Asia Pacific CGU has been written down by £21m and this charge is included as an acquisition related item. This non-cash impairment does not have an impact on the Group's regulatory capital position, which excludes the carrying value of intangible assets in the calculation of the Group's allowable resources.

Other acquisition, disposal and integration costs also include a £1m charge for adjustments to acquisition consideration, due to an increase in the expected deferred consideration on the Axiom acquisition due to its continuous strong performance, partially offset by the finalisation of the COEX acquisition payment. There are also c£1m of other minor acquisition and disposal items that have been excluded from underlying results, mainly relating to the Louis Capital acquisition.

Other exceptional items include £2m legal provision in connection with ongoing court cases in Australia and Germany, plus some costs associated with enforcing escrow related claims.

A £13m charge relating to business reorganisations, which includes £9m in relation to our proposed redomiciliation, £2m charge for other business reorganisation including office moves the Group has undertaken in Belfast and £2m in relation to the impairment of a lease receivable and a right-of-use asset as a result of office consolidations.

Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business.

### **Net finance expense**

The underlying net finance expense of £23m is £1m lower than the £24m charged in H1 2019. This comprises £25m of interest expense, of which £18m relates to the Group's Sterling Notes, £1m of costs relating to interest fees on bank facilities, £1m relating to the amortisation of debt issue and bank facilities and £5m interest payable on lease liabilities. The expense is offset by £2m of interest income.

### **Tax**

The effective rate of tax on underlying profit before tax is 25% (2019: 25%). The effective rate of tax on reported profit before tax is 42% (2019: 29%) as some exceptional expenses are not tax deductible, in particular the goodwill write-off. The outlook for the underlying effective tax rate in 2021 is for it to remain broadly in line with that for the current period.

### **Basic EPS**

The average number of shares used for the basic EPS calculation of 557.3m reflects the 563.3m shares in issue less the 4.5m shares held by the TP ICAP plc Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment elements of the 2.8m of shares acquired by the TP ICAP plc Employee Benefit Trust to satisfy deferred share awards made to senior management, and the 0.8m of deferred shares meeting their vesting requirements in June. The TP ICAP plc Employee Benefit Trust has waived its rights to dividends.

### **Dividend**

A 5.6p per share interim dividend (H1 2019: 5.6p) will be paid on 6 November 2020 to shareholders on the register at close of business on 2 October 2020. The ex-dividend date will be 1 October 2020.

The Company offers a Dividend Reinvestment Plan ("DRIP"), where dividends can be reinvested in further TP ICAP plc shares. The DRIP election cut-off date will be 16 October 2020.

## Cash Flow H1 2020

£m	Underlying	Non-Underlying <sup>1</sup>	Reported
<b>Operating profit</b>	<b>159</b>	<b>(58)</b>	<b>101</b>
Share based compensation and pension admin fees	4	-	4
Depreciation and amortisation	15	-	15
Depreciation on leased assets	12	-	12
Exceptional non-cash items	-	3	3
Impairment & amortisation of intangible assets arising on consolidation	-	41	41
<b>EBITDA</b>	<b>190</b>	<b>(14)</b>	<b>176</b>
Working capital	(24)	1	(23)
Unused annual leave	10	-	10
<b>Cash generated from operations</b>	<b>176</b>	<b>(13)</b>	<b>163</b>
Capital expenditure	(23)		
<b>Operating cash flow</b>	<b>153</b>		
Interest paid	(24)		(24)
Income taxes paid	(37)	4	(33)
<b>Underlying Free cash flow</b>	<b>92</b>		
<b>Reported net cash flow from operating activities</b>			<b>106</b>

1. Acquisition, disposal and integration costs, and exceptional items

The cash flow presentation above reconciles the underlying cash flow generation, excluding the impact of acquisition, disposal and integration costs and exceptional items, to the reported net cash flow from operations. The impact on EBITDA of acquisition, disposal and integration costs and exceptional items was £14m during the period principally relating to the costs of the business reorganisation.

During the period, there was a working capital outflow of £24m that mainly reflects a seasonal increase in trade receivables (£18m) and settlement balances (£6m). This outflow is significantly lower than the prior period as change to settlement balances was £48m. Capital expenditure has increased to £23m, slightly higher than in the prior year. This is due to incremental spending on our new London Headquarters and continued IT spending on routine, mandatory and investment projects.

After interest paid and underlying taxation paid, the underlying free cash flow for the Group was £92m, an increase of £97m versus 2019, mainly due to lower working capital outflows. Interest paid was £3m lower than the prior year.



## Cash Flow H1 2019

£m	Underlying	Non-Underlying <sup>1</sup>	Reported
<b>Operating profit</b>	<b>158</b>	(51)	107
Share based compensation and pension admin fees	3	2	5
Depreciation and amortisation	18	1	19
Depreciation on leased assets	11	-	11
Exceptional non-cash items	-	2	2
Impairment & amortisation of intangible assets arising on consolidation	-	21	21
<b>EBITDA</b>	<b>190</b>	<b>(25)</b>	<b>165</b>
Change in Initial contract prepayments	2	2	4
Working capital	(112)	2	(110)
<b>Cash generated from operations</b>	<b>80</b>	<b>(21)</b>	<b>59</b>
Capital expenditure	(19)		
<b>Operating cash flow</b>	<b>61</b>		
Interest paid	(27)		(27)
Income taxes paid	(39)	5	(34)
<b>Underlying Free cash flow</b>	<b>(5)</b>		
<b>Reported net cash flow from operations</b>			<b>(2)</b>

1. Acquisition, disposal and integration costs, and exceptional items

The movement in net funds is summarised below:

£m	Cash & cash equivalents	Financial investments	Total funds	Debt	Lease liabilities	Net funds/(debt)
At 31 December 2019	676	148	824	(689)	(140)	(5)
Reported net cash flow from operations	106	-	106	-	-	106
Net cash flow from investment activities	(29)	8	(21)	-	-	(21)
Dividends paid	(63)	-	(63)	-	-	(63)
Net drawdown of the RCF	40	-	40	(40)	-	-
Other financing activities	(9)	-	(9)	(1)	-	(10)
Change in lease liabilities net of interest	-	-	-	-	(85)	(85)
Payments of lease liabilities	(16)	-	(16)	-	16	-
Effect of movements in exchange rates	23	2	25	-	7	18
<b>At 30 June 2020</b>	<b>728</b>	<b>158</b>	<b>886</b>	<b>(730)</b>	<b>(216)</b>	<b>(60)</b>

Of the £886m cash and financial investments balance at the period end, £798m is held in 61 regulated entities to meet regulatory capital, margin and other trading requirements as well as accrued profits, £80m is held in non-regulated entities for working capital requirements as well as accrued profits and £8m is held in corporate holding companies. £641m of cash is held in regulated entities for regulatory and operational reasons.

Details of the Sterling Note & other debt refinancing in the period can be found in the next section.

The Group's net debt position of £60m has increased from a net debt position of £5m at 2019 year-end. Net debt has increased mainly due to a net £85m increase in IFRS 16 lease liabilities increased in the period due to the commencement of three new leases relating to our new City of London premises in 135 Bishopsgate.

Excluding the impact of IFRS 16, that requires the recognition of £216m lease liabilities, the Group would have a net funds position of £156m. The IFRS 16 impact is not recognised within the Group's banking covenant calculations.

### Debt finance

The composition of the Group's outstanding debt, excluding lease liabilities, is summarised below.

	<b>At 30 June 2020</b>	At 30 June 2019	At 31 December 2019
<b>£m</b>			
5.25% Sterling Notes January 2024	<b>431</b>	431	431
5.25% Sterling Notes May 2026	<b>250</b>	250	250
Loan from related party	-	37	-
Revolving credit facility drawn	<b>40</b>	-	-
Unamortised debt issue costs	<b>(2)</b>	(3)	(3)
Accrued interest	<b>11</b>	11	11
<b>Debt</b>	<b>730</b>	726	689
Lease liabilities	<b>216</b>	150	140
<b>Total Debt</b>	<b>946</b>	876	829

The Group's core debt, pre lease liability has increased to £730m. The increase was due to a drawdown on our revolving credit facility (RCF). The £270m RCF was extended in December 2019 and matures in December 2022. We have drawn £40m at the end of the period for general corporate purposes.

### Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currencies are not GBP are translated into Sterling at average and period end exchange rates respectively. The most significant exchange rates for the Group are the US Dollar and the Euro. The Group's current policy is not to hedge income statement or balance sheet translation exposure. Average and period end exchange rates used in the preparation of the financial statements are shown below.

	Average			Period End		
	<b>H1 2020</b>	H1 2019	FY 2019	<b>H1 2020</b>	H1 2019	H2 2019
US Dollar	<b>\$1.28</b>	\$1.30	\$1.28	<b>\$1.24</b>	\$1.27	\$1.32
Euro	<b>€1.15</b>	€1.15	€1.14	<b>€1.10</b>	€1.12	€1.18

### Pensions

The Group has one defined benefit pension scheme in the UK which is in the process of being wound up and individual policies issued to beneficiaries. During the wind-up period, the Group will continue to restrict the recognition of the net surplus applying an asset recognition ceiling.

Following the full settlement of the Scheme's liabilities the Scheme will be wound-up and the sponsor expects to receive the remaining assets. Any repayment received will also be subject to applicable taxes at that time, currently 35%.

## **Regulatory capital**

The Group's lead regulator is the FCA. The Group has a waiver from the consolidated capital adequacy requirements under CRD IV. The Group's current waiver took effect on 30 December 2016, following the acquisition of ICAP, and will expire on 30 December 2026. Under the terms of the waiver, each investment firm within the Group must be treated as either a limited activity or a limited licence firm and comply with its individual regulatory capital resources requirements. TP ICAP plc, as the parent Company, must continue to maintain capital resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Group (the 'Financial Holding Company test'). The terms of the waiver require the Group to eliminate the excess of its consolidated own funds requirement compared with its consolidated own funds ('Excess Goodwill') over the ten-year period to 30 December 2026. The amount of the Excess Goodwill must not exceed the amount determined as at the date the waiver took effect (the 'Excess Goodwill Ceiling'). The Excess Goodwill Ceiling is reduced to nil in line with a schedule over ten-years to December 2026, with the first reduction of 25% having occurred at the end of June 2019. The Excess Goodwill Ceiling continues to reduce 25% every 2.5 years on a stepped basis. The Group expects to reduce its Excess Goodwill in accordance with the declining Excess Goodwill Ceiling. The waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

The Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £1,453m (2019 year-end: £1,591m). Many of the Group's broking entities are regulated on a 'solo' basis, and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Information disclosure under Pillar 3 is available on the Group's website: [www.tpicap.com](http://www.tpicap.com).

## **Going concern**

The Group has sufficient financial resources both in the regions and at the corporate centre to meet the Group's ongoing obligations. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Interim Management Report continues to be prepared on the going concern basis.

## Condensed Consolidated Income Statement

for the six months ended 30 June 2020

Six months ended 30 June 2020 (unaudited)	Notes	Underlying £m	Acquisition, disposal and integration costs (Note 7) £m	Exceptional Items (Note 7) £m	Total £m
<b>Revenue</b>	5	<b>990</b>	-	-	<b>990</b>
Administrative expenses	6	<b>(837)</b>	<b>(43)</b>	<b>(15)</b>	<b>(895)</b>
Other operating income	8	<b>6</b>	-	-	<b>6</b>
<b>Operating profit</b>	5	<b>159</b>	<b>(43)</b>	<b>(15)</b>	<b>101</b>
Finance income	9	<b>2</b>	-	-	<b>2</b>
Finance costs	10	<b>(25)</b>	-	-	<b>(25)</b>
<b>Profit before tax</b>		<b>136</b>	<b>(43)</b>	<b>(15)</b>	<b>78</b>
Taxation		<b>(34)</b>	-	<b>1</b>	<b>(33)</b>
<b>Profit after tax</b>		<b>102</b>	<b>(43)</b>	<b>(14)</b>	<b>45</b>
Share of results of associates and joint ventures		<b>10</b>	-	-	<b>10</b>
<b>Profit for the period</b>		<b>112</b>	<b>(43)</b>	<b>(14)</b>	<b>55</b>
<b>Attributable to:</b>					
Equity holders of the parent		<b>111</b>	<b>(43)</b>	<b>(14)</b>	<b>54</b>
Non-controlling interests		<b>1</b>	-	-	<b>1</b>
		<b>112</b>	<b>(43)</b>	<b>(14)</b>	<b>55</b>
<b>Earnings per share</b>					
- Basic	11	<b>19.9p</b>			<b>9.7p</b>
- Diluted	11	<b>19.7p</b>			<b>9.6p</b>

## Condensed Consolidated Income Statement

for the six months ended 30 June 2020

Six months ended 30 June 2019 (unaudited)	Notes	Underlying £m	Acquisition, disposal and integration costs (Note 7) £m	Exceptional Items (Note 7) £m	Total £m
<b>Revenue</b>	5	922	-	-	922
Administrative expenses	6	(772)	(45)	(6)	(823)
Other operating income	8	8	-	-	8
<b>Operating profit</b>	5	158	(45)	(6)	107
Finance income	9	3	-	-	3
Finance costs	10	(27)	-	-	(27)
<b>Profit before tax</b>		134	(45)	(6)	83
Taxation		(33)	8	1	(24)
<b>Profit after tax</b>		101	(37)	(5)	59
Share of results of associates and joint ventures		8	-	-	8
<b>Profit for the period</b>		109	(37)	(5)	67
<b>Attributable to:</b>					
Equity holders of the parent		108	(37)	(5)	66
Non-controlling interests		1	-	-	1
		109	(37)	(5)	67
<b>Earnings per share</b>					
- Basic	11	19.3p			11.8p
- Diluted	11	19.1p			11.7p

## Condensed Consolidated Income Statement

for the six months ended 30 June 2020

Year ended		Underlying	Acquisition, Disposal and integration costs	Exceptional Items	Total
31 December 2019	Notes	£m	(Note 7) £m	(Note 7) £m	£m
<b>Revenue</b>	5	1,833	-	-	1,833
Administrative expenses	6	(1,570)	(115)	(31)	(1,716)
Other operating income	8	16	-	9	25
<b>Operating profit</b>	5	279	(115)	(22)	142
Finance income	9	6	-	-	6
Finance costs	10	(55)	-	-	(55)
<b>Profit before tax</b>		230	(115)	(22)	93
Taxation		(55)	15	-	(40)
<b>Profit after tax</b>		175	(100)	(22)	53
Share of results of associates and joint ventures		15	-	-	15
<b>Profit for the period</b>		190	(100)	(22)	68
<b>Attributable to:</b>					
Equity holders of the parent		189	(100)	(22)	67
Non-controlling interests		1	-	-	1
		190	(100)	(22)	68
<b>Earnings per share</b>					
- Basic	11	33.8p			12.0p
- Diluted	11	33.5p			11.9p

## Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2020

	<b>Six months ended 30 June 2020 (unaudited) £m</b>	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 £m
<b>Profit for the period</b>	<b>55</b>	67	68
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit pension schemes	-	(55)	(52)
Equity investments at FVTOCI			
– net change in fair value	<b>(1)</b>	1	1
Taxation relating to items not reclassified	-	19	19
	<b>(1)</b>	(35)	(32)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Effect of changes in exchange rates on translation of foreign operations	<b>66</b>	3	(44)
Taxation relating to items that may be reclassified	<b>1</b>	-	-
	<b>67</b>	3	(44)
<b>Other comprehensive income/(loss) for the period</b>	<b>66</b>	(32)	(76)
<b>Total comprehensive income/(loss) for the period</b>	<b>121</b>	35	(8)
<b>Attributable to:</b>			
Equity holders of the parent	<b>118</b>	34	(8)
Non-controlling interests	<b>3</b>	1	-
	<b>121</b>	35	(8)

## Condensed Consolidated Balance Sheet

as at 30 June 2020

		<b>30 June 2020 (unaudited)</b>	30 June 2019 (unaudited) Restated <sup>1</sup>	31 December 2019
	Notes	£m	£m	£m
<b>Non-current assets</b>				
Intangible assets arising on consolidation	13	<b>1,505</b>	1,571	1,511
Other intangible assets		<b>62</b>	64	61
Property, plant and equipment		<b>82</b>	78	72
Right-of-use assets	14	<b>164</b>	106 <sup>1</sup>	91
Investment in associates		<b>60</b>	53	58
Investment in joint ventures		<b>27</b>	27	28
Other investments		<b>17</b>	20	20
Deferred tax assets		<b>3</b>	3	3
Other long term receivables	15	<b>25</b>	28 <sup>1</sup>	26
		<b>1,945</b>	1,950	1,870
<b>Current assets</b>				
Trade and other receivables	15	<b>37,672</b>	57,638	49,371
Financial investments	19	<b>158</b>	135	148
Cash and cash equivalents	19	<b>728</b>	646	676
		<b>38,558</b>	58,419	50,195
<b>Total assets</b>		<b>40,503</b>	60,369	52,065
<b>Current liabilities</b>				
Trade and other payables		<b>(37,577)</b>	(57,470)	(49,305)
Interest bearing loans and borrowings	16	<b>(51)</b>	(48)	(11)
Lease liabilities	17	<b>(22)</b>	(23)	(23)
Current tax liabilities		<b>(55)</b>	(49)	(48)
Short term provisions	20	<b>(20)</b>	(29)	(21)
		<b>(37,725)</b>	(57,619)	(49,408)
<b>Net current assets</b>		<b>833</b>	800	787
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	16	<b>(679)</b>	(678)	(678)
Lease liabilities	17	<b>(194)</b>	(127)	(117)
Deferred tax liabilities		<b>(78)</b>	(98)	(83)
Long term provisions	20	<b>(26)</b>	(25)	(26)
Other long term payables		<b>(16)</b>	(20)	(21)
Retirement benefit obligations		<b>(2)</b>	(3)	(2)
		<b>(995)</b>	(951)	(927)
<b>Total liabilities</b>		<b>(38,720)</b>	(58,570)	(50,335)
<b>Net assets</b>		<b>1,783</b>	1,799	1,730
<b>Equity</b>				
Share capital		<b>141</b>	141	141
Share premium		<b>17</b>	17	17
Merger reserve		<b>1,384</b>	1,384	1,384
Other reserves		<b>(1,148)</b>	(1,159)	(1,205)
Retained earnings		<b>1,368</b>	1,399	1,375
<b>Equity attributable to equity holders of the parent</b>		<b>1,762</b>	1,782	1,712
Non-controlling interests		<b>21</b>	17	18
<b>Total equity</b>		<b>1,783</b>	1,799	1,730

1. Right-of-use assets and other long term receivables as at 30 June 2019 have been restated for the adoption of IFRS 16 in 2019.



# Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020

	Equity attributable to equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Merger reserve	Reverse acquisition reserve	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
<b>30 June 2020 (unaudited)</b>											
<b>Balance at 1 January 2020</b>	<b>141</b>	<b>17</b>	<b>1,384</b>	<b>(1,182)</b>	<b>5</b>	<b>(12)</b>	<b>(16)</b>	<b>1,375</b>	<b>1,712</b>	<b>18</b>	<b>1,730</b>
Profit for the period	-	-	-	-	-	-	-	54	54	1	55
Other comprehensive income/(loss) for the period	-	-	-	-	(1)	65	-	-	64	2	66
Total comprehensive income/(loss) for the period	-	-	-	-	(1)	65	-	54	118	3	121
Dividends paid	-	-	-	-	-	-	-	(63)	(63)	-	(63)
Gain on disposal of equity instruments at FVTOCI	-	-	-	-	(1)	-	-	1	-	-	-
Share settlement of share-based payment awards	-	-	-	-	-	-	3	(3)	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	(9)	-	(9)	-	(9)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	4	4	-	4
<b>Balance at 30 June 2020</b>	<b>141</b>	<b>17</b>	<b>1,384</b>	<b>(1,182)</b>	<b>3</b>	<b>53</b>	<b>(22)</b>	<b>1,368</b>	<b>1,762</b>	<b>21</b>	<b>1,783</b>

	Equity attributable to equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Merger reserve	Reverse acquisition reserve	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
<b>30 June 2019 (unaudited)</b>											
<b>Balance at 1 January 2019</b>	<b>141</b>	<b>17</b>	<b>1,384</b>	<b>(1,182)</b>	<b>4</b>	<b>31</b>	<b>(11)</b>	<b>1,430</b>	<b>1,814</b>	<b>16</b>	<b>1,830</b>
Profit for the period	-	-	-	-	-	-	-	66	66	1	67
Other comprehensive income/(loss) for the period	-	-	-	-	1	3	-	(36)	(32)	-	(32)
Total comprehensive income for the period	-	-	-	-	1	3	-	30	34	1	35
Dividends paid	-	-	-	-	-	-	-	(63)	(63)	-	(63)
Share settlement of share-based payment awards	-	-	-	-	-	-	2	(3)	(1)	-	(1)
Own shares acquired for employee trusts	-	-	-	-	-	-	(7)	-	(7)	-	(7)
Credit arising on share-based payment awards	-	-	-	-	-	-	-	5	5	-	5
<b>Balance at 30 June 2019</b>	<b>141</b>	<b>17</b>	<b>1,384</b>	<b>(1,182)</b>	<b>5</b>	<b>34</b>	<b>(16)</b>	<b>1,399</b>	<b>1,782</b>	<b>17</b>	<b>1,799</b>



## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020

	Equity attributable to equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Merger reserve	Reverse acquisition reserve	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31 December 2019											
Balance at 1 January 2019	141	17	1,384	(1,182)	4	31	(11)	1,430	1,814	16	1,830
Profit for the period	-	-	-	-	-	-	-	67	67	1	68
Other comprehensive (loss)/income for the period	-	-	-	-	1	(43)	-	(33)	(75)	(1)	(76)
Total comprehensive Income/(loss) for the period	-	-	-	-	1	(43)	-	34	(8)	-	(8)
Dividends paid	-	-	-	-	-	-	-	(94)	(94)	(1)	(95)
Share settlement of share-based payment awards	-	-	-	-	-	-	2	(3)	(1)	-	(1)
Own shares acquired for employee trusts	-	-	-	-	-	-	(7)	-	(7)	-	(7)
Increase in non-controlling interests	-	-	-	-	-	-	-	3	3	3	6
Credit arising on share-based payment awards	-	-	-	-	-	-	-	5	5	-	5
Balance at 31 December 2019	141	17	1,384	(1,182)	5	(12)	(16)	1,375	1,712	18	1,730

## Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 £m
<b>Cash flows from operating activities</b>	18	<b>106</b>	(2)	148
<b>Investing activities</b>				
Purchase of financial investments		(8)	(2)	(20)
Sale of equity investments at FVTOCI		2	1	1
Purchase of equity investments at FVTOCI		-	(1)	(1)
Interest received		2	3	5
Dividends from associates and joint ventures		3	9	10
Expenditure on intangible fixed assets		(10)	(8)	(20)
Purchase of property, plant and equipment		(13)	(11)	(13)
Deferred consideration paid		(4)	(12)	(12)
Investment in associates		(1)	-	(5)
<b>Net cash flows from investment activities</b>		<b>(29)</b>	(21)	(55)
<b>Financing activities</b>				
Dividends paid	12	(63)	(63)	(94)
Dividends paid to non-controlling interests		-	-	(1)
Dividend equivalents paid on share-based awards		-	-	(1)
Sale of equity to non-controlling interests		-	-	6
Own shares acquired for employee trusts		(9)	(8)	(7)
Drawdown of revolving credit facility		161	39	39
Repayment of revolving credit facility		(121)	(91)	(91)
Funds received from loans from related parties		-	35	35
Repayment of loans from related parties		-	-	(38)
Gain on derivative financial instruments		-	-	3
Funds received from issue of Sterling Notes		-	250	250
Repayment of Sterling Notes		-	(149)	(149)
Debt issue and bank facility arrangement costs		-	(1)	(2)
Payment of lease liabilities		(16)	(10)	(21)
<b>Net cash flows from financing activities</b>		<b>(48)</b>	2	(71)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29</b>	(21)	22
<b>Cash and cash equivalents at the beginning of the period</b>		<b>676</b>	667	667
Effect of foreign exchange rate changes		23	-	(13)
<b>Net cash and cash equivalents at the end of the period</b>	19	<b>728</b>	646	676
Cash and cash equivalents		733	706	686
Overdrafts		(5)	(60)	(10)
<b>Net cash and cash equivalents at the end of the period</b>		<b>728</b>	646	676

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 1. General information

The condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union ('EU'). This condensed financial information should be read in conjunction with the statutory Group Financial Statements for the year ended 31 December 2019 which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

The statutory Group Financial Statements for the year ended 31 December 2019 have been reported on by the Company's auditors, Deloitte LLP, and have been delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated financial information for the six months ended 30 June 2020 has been prepared using accounting policies consistent with IFRS. The interim information, together with the comparative information contained in this report for the year ended 31 December 2019, does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The financial information is unaudited but has been reviewed by the Company's auditor, Deloitte LLP, and their report appears at the end of the Interim Management Report.

## 2. Basis of preparation

### (a) Basis of accounting

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements are rounded to the nearest million pounds (expressed as £m), except where otherwise indicated.

### (b) Basis of consolidation

The Group's Condensed Consolidated Financial Statements incorporate the financial information of the Company and entities controlled by the Company made up to each reporting period. Under IFRS 10 control is achieved where the Company exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

### (c) Presentation of the Income Statement

The Group maintains a columnar format for the presentation of its Condensed Consolidated Income Statement. The columnar format enables the Group to continue its practice of aiding the understanding of its results by presenting its underlying profit. This is the profit measure used to calculate underlying EPS (Note 11) and is considered to be the most appropriate as it better reflects the Group's underlying earnings. Underlying profit is reconciled to profit before tax on the face of the Condensed Consolidated Income Statement, which also includes acquisition, disposal and integration costs and exceptional items.

The column 'acquisition, disposal and integration costs' includes: any gains, losses or other associated costs on the full or partial disposal of investments, associates, joint ventures or subsidiaries and costs associated with a business combination that do not constitute fees relating to the arrangement of financing; amortisation or impairment of intangible assets arising on consolidation; any re-measurement after initial recognition of contingent consideration which has been classified as a liability, and any gains or losses on the revaluation of previous interests. The column may also include items such as gains or losses on the settlement of pre-existing relationships with acquired businesses and the re-measurement of liabilities that are above the value of indemnification.

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 2. Basis of preparation (continued)

#### (c) Presentation of the Income Statement (continued)

Acquisition related integration costs include costs associated with exit or disposal activities, which do not meet the criteria of discontinued operations, including costs for employee and lease terminations, or other exit activities. Additionally, these costs include expenses directly related to integrating and reorganising acquired businesses and include items such as employee retention costs, recruiting costs, certain moving costs, certain duplicative costs during integration and asset impairments.

Items which are of a non-routine nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Group's results. These are shown as 'exceptional items' on the face of the Condensed Consolidated Income Statement.

#### (d) Accounting policies

Except as described below, the accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2019.

The following new Standards and Interpretations are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements:

- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 Business Combinations; and
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark.

#### (e) Restatement of 30 June 2019 comparative information

Right-of-use assets and trade and other receivables have been restated as at 30 June 2019 reflecting a reclassification of finance lease receivables, included in trade and other receivables, as right-of-use assets following the adoption of IFRS 16. The reported value of right-of-use assets has increased by £5m with a corresponding reduction in trade and other receivables.

### 3. Related party transactions

The total amount due from related parties as at 30 June 2020 was £11m (31 December 2019: £3m) and amounts due to related parties as at 30 June 2020 was £3m (31 December 2019: £3m).

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 4. Principal risks and uncertainties

Robust risk management is fundamental to the achievement of the Group's objectives. The Group identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, and categorises those risks into five 'risk objectives': Financial position, Operational effectiveness and resilience, Regulatory standing, Reputation and Business strategy. The risks identified within each of these categories, along with an explanation of how the Group seeks to manage or mitigate these risk exposures can be found on pages 35 to 39 of the latest Annual Report which is available at [www.tpicap.com](http://www.tpicap.com). The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2019. Risks and uncertainties, which could have a material impact on the Group's performance over the remaining six months of the financial year are discussed in the Interim Management Report.

## 5. Segmental analysis

*Products and services from which reportable segments derive their revenues*

The Group is organised by geographic reporting segments which are used for the purposes of resource allocation and assessment of segmental performance by Group management. These are the Group's reportable segments under IFRS 8 'Operating Segments'.

Revenue arising in each geographic reportable segment is derived from four business divisions; Global Broking, Energy & Commodities, Institutional Services, and Data & Analytics.

Information regarding the Group's operating segments is reported below:

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
<b>Revenue</b>			
EMEA	<b>488</b>	458	900
Americas	<b>376</b>	340	687
Asia Pacific	<b>126</b>	124	246
	<b>990</b>	922	1,833
<b>Operating profit</b>			
EMEA	<b>93</b>	96	164
Americas	<b>56</b>	49	94
Asia Pacific	<b>10</b>	13	21
<b>Underlying operating profit</b>	<b>159</b>	158	279
Acquisition, disposal and integration costs (Note 7)	<b>(43)</b>	(45)	(115)
Exceptional items (Note 7)	<b>(15)</b>	(6)	(22)
<b>Reported operating profit</b>	<b>101</b>	107	142
Finance income	<b>2</b>	3	6
Finance costs	<b>(25)</b>	(27)	(55)
<b>Profit before tax</b>	<b>78</b>	83	93
Taxation	<b>(33)</b>	(24)	(40)
<b>Profit of consolidated companies</b>	<b>45</b>	59	53
Share of results of associates and joint ventures	<b>10</b>	8	15
<b>Profit for the period</b>	<b>55</b>	67	68

There are no inter-segment sales included in segment revenue.

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 5. Segmental analysis (continued)

	<b>Six months ended 30 June 2020</b>	Six months ended 30 June 2019 Restated <sup>1</sup>	Year ended 31 December 2019
<b>Revenue by Business Division</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
- Rates	290	273 <sup>1</sup>	537
- Credit	51	50	94
- FX & Money Markets	98	100	201
- Emerging Markets	103	108	213
- Equities	105	102	199
Global Broking	647	633	1,244
Energy & Commodities	216	187	379
Institutional Services	57	38 <sup>1</sup>	75
Data & Analytics	70	64	135
	<b>990</b>	<b>922</b>	<b>1,833</b>
<b>Operating Profit</b>			
Global Broking	131	133	221
Energy & Commodities	32	23	46
Institutional Services	8	3	3
Data & Analytics	28	29	59
Corporate Centre and other unallocated costs	(40)	(30)	(50)
	<b>159</b>	<b>158</b>	<b>279</b>

1. In 2019, RV broking business was transferred from Global Broking to Institutional Services. June 2019 revenue has been restated to reclassify £15m from Global Broking to Institutional Services

Corporate Centre represents the cost of group and central functions that are not allocated to the Groups divisions including a £10m (2019: £nil) charge relating to an increase in unused annual leave on 30 June 2020 which will reverse by the year end in line with Group policy on holiday carry-forward.

## Other segmental information

	<b>30 June 2020</b>	30 June 2019	31 December 2019
<b>Segment assets</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
EMEA – UK	24,804	14,356	11,219
EMEA – Other	412	855	223
Americas	14,943	44,780	40,280
Asia Pacific	344	378	343
	<b>40,503</b>	<b>60,369</b>	<b>52,065</b>
<b>Segment liabilities</b>			
EMEA – UK	23,729	13,289	10,161
EMEA – Other	395	834	208
Americas	14,403	44,259	39,782
Asia Pacific	193	188	184
	<b>38,720</b>	<b>58,570</b>	<b>50,335</b>

Segmental assets and liabilities exclude all inter-segment balances.

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 6. Administrative expenses

Administrative expenses comprise:

Six months ended 30 June 2020 (unaudited)	Underlying Front Office £m	Underlying Support £m	Total Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
Broker compensation costs	495	-	495	-	-	495
Other staff costs	11	117	128	-	2	130
Other share-based payment charge	-	4	4	-	-	4
Employment costs – divisionally allocated	506	121	627	-	2	629
Unused annual leave	7	3	10	-	-	10
Employment costs	513	124	637	-	2	639
Technology and related costs	49	38	87	-	-	87
Premises and related costs	-	12	12	-	2	14
Amortisation of other intangible assets	-	9	9	-	-	9
Depreciation of property, plant and equipment	-	6	6	-	-	6
Depreciation of right-of-use assets	-	12	12	-	-	12
Amortisation of intangible assets arising on consolidation	-	-	-	20	-	20
Impairment of intangible assets arising on consolidation	-	-	-	21	-	21
Adjustments to deferred consideration	-	-	-	1	-	1
Net charge related to legal settlements	-	-	-	-	2	2
Acquisition Costs	-	-	-	1	-	1
Other administrative costs	51	19	70	-	9	79
	613	220	833	43	15	891
Impairment loss on trade receivables	2	2	4	-	-	4
<b>Total Administrative Expenses</b>	<b>615</b>	<b>222</b>	<b>837</b>	<b>43</b>	<b>15</b>	<b>895</b>



## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 6. Administrative expenses (continued)

Six months ended 30 June 2019 (unaudited)	Underlying Front Office £m	Underlying Support £m	Total Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
Broker compensation costs	451	-	451	-	-	451
Other staff costs	8	105	113	9	1	123
Other share-based payment charge	-	3	3	2	-	5
Employment costs – divisionally allocated	459	108	567	11	1	579
Technology and related costs	46	30	76	3	-	79
Premises and related costs	-	11	11	-	2	13
Amortisation of other intangible assets	-	12	12	1	-	13
Depreciation of property, plant and equipment	-	6	6	-	-	6
Depreciation of right-of-use assets	-	11	11	-	-	11
Amortisation of intangible assets arising on consolidation	-	-	-	21	-	21
Adjustments to deferred consideration	-	-	-	2	-	2
Other administrative costs	55	33	88	7	3	98
	560	211	771	45	6	822
Impairment loss on trade receivables	-	1	1	-	-	1
	560	212	772	45	6	823

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 6. Administrative expenses (continued)

Year ended 31 December 2019	Underlying Front Office £m	Underlying Support £m	Total Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
Broker compensation costs	900	-	900	-	-	900
Other staff costs	19	209	228	18	2	248
Other share-based payment charge/(credit)	-	6	6	(1)	-	5
Charge relating to employee long-term benefits	-	-	-	-	1	1
Employment costs – divisionally allocated	919	215	1,134	17	3	1,154
Technology and related costs	99	59	158	-	-	158
Premises and related costs	-	26	26	-	1	27
Amortisation of other intangible assets	1	22	23	4	-	27
Depreciation of property, plant and equipment	1	12	13	-	-	13
Depreciation of right-of-use assets	-	20	20	-	1	21
Amortisation of intangible assets arising on consolidation	-	-	-	42	-	42
Impairment of intangible assets arising on consolidation	-	-	-	24	-	24
Adjustments to deferred consideration	-	-	-	6	-	6
Adjustments to provisions and contingent liabilities acquired	-	-	-	3	-	3
Charge relating to legal and regulatory settlements	-	-	-	-	18	18
Pension scheme past service and settlement costs	-	-	-	-	4	4
Acquisition costs	-	-	-	2	-	2
Other administrative costs	119	77	196	17	4	217
	1,139	431	1,570	115	31	1,716
Impairment loss on trade receivables	-	-	-	-	-	-
	1,139	431	1,570	115	31	1,716

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 7. Acquisition, disposal and integration costs, and Exceptional items

Acquisition, disposal and integration costs comprise:

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
<b>ICAP integration costs</b>			
- Employee related costs	-	9	16
- Share-based payment charge/(credit)	-	2	(1)
- Premises, equipment and other intangible assets	-	3	-
- Amortisation of other intangible assets	-	1	4
- Other administrative costs	-	5	15
	-	20	34
<b>Acquisition and disposal costs</b>			
- Acquisition costs	<b>1</b>	2	6
- Amortisation of intangible assets arising on consolidation	<b>20</b>	21	42
- Impairment of intangible assets arising on consolidation	<b>21</b>	-	24
- Adjustments to deferred consideration	<b>1</b>	2	6
- Adjustments to provisions and contingent liabilities acquired	-	-	3
	<b>43</b>	45	115
Taxation	-	(8)	(15)
	<b>43</b>	37	100

Exceptional items comprise:

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
<b>Exceptional items</b>			
- Charge relating to business reorganisation	<b>13</b>	4	7
- Pension scheme past service and settlement costs	-	-	4
- Charge relating to employee long-term benefits	-	-	1
- Charge relating to legal costs	<b>2</b>	-	1
- Charge relating to legal and regulatory settlements	-	2	18
	<b>15</b>	6	31
- Employment related legal settlement receipt	-	-	(9)
	<b>15</b>	6	22
Taxation	<b>(1)</b>	(1)	-
	<b>14</b>	5	22

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 8. Other operating income

Other operating income comprises:

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Business relocation grants	1	2	3
Employee related insurance receipts	1	1	2
Management fees from associates	1	1	1
Other receipts	3	4	10
	<b>6</b>	<b>8</b>	<b>16</b>

### 9. Finance income

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Interest receivable and similar income	2	2	5
Interest receivable on finance lease receivables	-	1	1
	<b>2</b>	<b>3</b>	<b>6</b>

### 10. Finance costs

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Interest and fees payable on bank facilities	1	2	3
Interest payable on Sterling Notes June 2019	-	2	2
Interest payable on Sterling Notes January 2024	11	12	24
Interest payable on Sterling Notes May 2026	7	1	8
Other interest payable	-	-	1
Amortisation of debt issue and bank facility costs	1	1	2
Borrowing costs	<b>20</b>	<b>18</b>	<b>40</b>
Interest payable on lease liabilities	5	6	12
Premium on repurchase of Sterling Notes January 2024	-	3	3
	<b>25</b>	<b>27</b>	<b>55</b>

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 11. Earnings per share

	<b>Six months ended 30 June 2020</b>	Six months ended 30 June 2019	Year ended 31 December 2019
Basic – underlying	<b>19.9p</b>	19.3p	33.8p
Diluted – underlying	<b>19.7p</b>	19.1p	33.5p
Basic	<b>9.7p</b>	11.8p	12.0p
Diluted	<b>9.6p</b>	11.7p	11.9p

The calculation of basic and diluted earnings per share is based on the following number of shares:

	<b>Six months ended 30 June 2020 No. (m)</b>	Six months ended 30 June 2019 No. (m)	Year ended 31 December 2019 No. (m)
Basic weighted average shares	<b>557.3</b>	560.0	559.4
Contingently issuable shares	<b>5.7</b>	5.7	4.2
Diluted weighted average shares	<b>563.0</b>	565.7	563.6

The earnings used in the calculation of underlying, basic and diluted earnings per share are set out below:

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Earnings for the period	<b>55</b>	67	68
Non-controlling interests	<b>(1)</b>	(1)	(1)
<b>Earnings</b>	<b>54</b>	66	67
Acquisition, disposal and integration costs (Note 7)	<b>43</b>	45	115
Exceptional items (Note 7)	<b>15</b>	6	22
Taxation	<b>(1)</b>	(9)	(15)
<b>Underlying earnings</b>	<b>111</b>	108	189

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 12. Dividends

	<b>Six months ended 30 June 2020 £m</b>	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
<b>Amounts recognised as distributions to equity holders in the period:</b>			
Final dividend for the year ended 31 December 2019 of 11.25p per share	<b>63</b>	-	-
Interim dividend for the year ended 31 December 2019 of 5.6p per share	-	-	31
Final dividend for the year ended 31 December 2018 of 11.25p per share	-	63	63
	<b>63</b>	63	94

An interim dividend of 5.6p per share will be paid on 6 November 2020 to all shareholders on the Register of Members on 2 October 2020.

As at 30 June 2020 the TP ICAP plc Employee Benefit Trust held 6,624,662 ordinary shares (31 December 2019 and 30 June 2019: 4,535,504 ordinary shares) and has waived its rights to dividends.

### 13. Intangible assets arising on consolidation

	<b>Goodwill £m</b>	<b>Other £m</b>	<b>Total £m</b>
<b>As at 1 January 2020</b>	<b>993</b>	<b>518</b>	<b>1,511</b>
Amortisation of acquisition related intangibles	-	(20)	(20)
Impairment of acquisition related intangibles	(21)	-	(21)
Effect of movements in exchange rates	20	15	35
<b>As at 30 June 2020</b>	<b>992</b>	<b>513</b>	<b>1,505</b>

Other intangible assets at 30 June 2020 represent customer relationships of £505m (31 December 2019: £506m), business brands and trademarks of £7m (31 December 2019: £10m), and other intangibles of £1m (31 December 2019: £2m) that arise through business combinations. Customer relationships are being amortised between 10 and 20 years.

Goodwill arising through business combinations is allocated to groups of individual cash-generating units ('CGUs'), reflecting the lowest level at which the Group monitors and tests goodwill for impairment purposes. The CGU groupings are as follows:

	<b>30 June 2020 £m</b>	<b>31 December 2019 £m</b>
<b>CGU</b>		
EMEA	<b>662</b>	<b>663</b>
Americas	<b>280</b>	<b>262</b>
Asia Pacific	<b>50</b>	<b>68</b>
<b>Goodwill allocated to CGUs</b>	<b>992</b>	<b>993</b>

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 13. Intangible assets arising on consolidation (continued)

During the period the Group has undertaken an impairment assessment of its CGUs to which goodwill has been allocated, triggered as a result of changes in expected CGU cash flows. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each group of CGUs. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared to the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared to a post-tax carrying value of the CGU. The CGU's recoverable amount is compared to its carrying value to determine if an impairment is required.

As at 30 June 2020 the recoverable amount for each CGU has been based on their VIU. The key assumptions for the VIU calculations are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future projections are based on the most recent financial projections considered by the Board which are used to project pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Growth rates on underlying revenues were 1.4% (2019: 2.1%) for EMEA, 1.1% (2019: 1.6%) for Americas and 2.0% (2019: 1.2%) for Asia Pacific over the five year projected period, with pre-tax discount rates of 10.6% (2019: 11.0%) for EMEA, 13.2% (2019: 13.6%) for Americas and 11.6% (2019: 11.6%) for Asia Pacific. As a result, the recoverable amount for the Asia Pacific CGU was estimated to be lower than its carrying value by £21m and has been impaired by this amount.

As at 30 June 2020 the Asia Pacific CGU remains sensitive to reasonably possible changes in the VIU assumptions. Further impairment of the Asia Pacific CGU would be required if there are changes in the applicable assumptions. A reduction in the growth rate over the period by 0.5% would increase the impairment charge by £24m and a 1% increase in the discount rate would increase the charge by £9m. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 14. Right-of-use assets

	Land and buildings	Furniture, fixtures, equipment and motor vehicles	Total
	£m	£m	£m
<b>As at 1 January 2020</b>	<b>90</b>	<b>1</b>	<b>91</b>
Additions	76	-	76
Modifications	8	-	8
Capitalised costs	(2)	-	(2)
Depreciation	(12)	-	(12)
Impairment	(1)	-	(1)
Effect of movements in exchange rates	4	-	4
<b>As at 30 June 2020</b>	<b>163</b>	<b>1</b>	<b>164</b>

The Group leases several buildings which have an average lease terms of 11 years (2019: 10 years).

Additions to right-of-use assets was £76m, £75m of which is for new leases for the Group's London based headquarters and broking operations. Under an agreement with the landlord, two existing London property leases will be terminated once the Group has moved its operations to several floors in the newly leased building. The new leases commenced in January and June 2020 at a weighted average incremental borrowing rate of 5.32% and the leased space will be further developed during 2020 enabling the transfer of operations during the first quarter of 2021. During the development phase of these leased spaces the depreciation and lease interest expense is being capitalised as a direct cost of the leasehold improvements being undertaken. During the period to 30 June 2020 £3m has been capitalised.

## 15. Trade and other receivables

	30 June 2020	30 June 2019 Restated <sup>1</sup>	31 December 2019
	£m	£m	£m
<b>Non-current receivables</b>			
Finance lease receivables	6	7 <sup>1</sup>	7
Other receivables	19	21	19
	<b>25</b>	<b>28</b>	<b>26</b>
<b>Current receivables</b>			
Settlement balances	36,373	56,369	48,295
Deposits paid for securities borrowed	831	818	652
Trade receivables	335	323	301
Finance lease receivables	1	1	1
Financial assets	37,540	57,511	49,249
Other debtors	19	18	17
Prepayments	92	89	91
Accrued income	9	11	10
Corporation tax	1	2	1
Owed by associates and joint ventures	11	7	3
	<b>37,672</b>	<b>57,638</b>	<b>49,371</b>

1. Right-of-use assets and other long term receivables as at 30 June 2019 have been restated for the adoption of IFRS 16 in 2019.



## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 15. Trade and other receivables (continued)

Settlement balances arise on Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions is primarily on a delivery vs payment basis ('DVP') and typically take place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously. The above analysis reflects only the receivable side of such transactions. Corresponding payable amounts are shown in 'Trade and other payables'. The Group measures loss allowances for settlement balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of underlying instruments, that could arise as a result of default. As at 30 June 2020, the provision for expected credit losses amounted to less than £1m (2019: less than £1m).

Deposits paid for securities borrowed arise on collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The above analysis reflects the receivable side of such transactions. Corresponding deposits received for securities loaned are shown in 'Trade and other payables'. The Group measures loss allowances for these balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of collateral, that could arise as a result of default. As at 30 June 2020, the provision for expected credit losses amounted to less than £1m (2019: less than £1m).

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix by region. As the Group's historical credit loss experience does not show significantly different loss patterns for different regional customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Trade receivables	Total £m	Not past due £m	Less than 30	31-60 days	61-90 days	Greater than
			days past due £m	past due £m	past due £m	91 days past due £m
<b>30 June 2020</b>						
EMEA	<b>179</b>	<b>66</b>	<b>26</b>	<b>22</b>	<b>16</b>	<b>49</b>
Americas	<b>118</b>	<b>53</b>	<b>17</b>	<b>13</b>	<b>11</b>	<b>24</b>
Asia Pacific	<b>54</b>	<b>24</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>14</b>
Group balances outstanding	<b>351</b>	<b>143</b>	<b>50</b>	<b>40</b>	<b>31</b>	<b>87</b>
Lifetime ECL	<b>(16)</b>					
	<b>335</b>					
<b>31 December 2019</b>						
EMEA	161	49	34	21	15	42
Americas	104	47	17	13	7	20
Asia Pacific	48	18	8	5	3	14
Group balances outstanding	313	114	59	39	25	76
Lifetime ECL	(12)					
	301					

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 16. Interest bearing loans and borrowings

	Current £m	Non-current £m	Total £m
<b>30 June 2020</b>			
Bank loans	40	-	40
Sterling Notes January 2024	10	430	440
Sterling Notes May 2026	1	249	250
	<b>51</b>	<b>679</b>	<b>730</b>
<b>31 December 2019</b>			
Sterling Notes January 2024	10	430	440
Sterling Notes May 2026	1	248	249
	<b>11</b>	<b>678</b>	<b>689</b>

All amounts are stated after unamortised transaction costs.

### Bank credit facilities and bank loans

The Group has a £270m committed revolving facility that matures in December 2022. Facility commitment fees of 0.8% on the undrawn balance are payable on the facility. Arrangement fees of £3m are being amortised over the maturity of the facility.

As at 30 June 2020, £40m of the revolving credit facility was drawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling.

Interest and facility fees of £1m were incurred in the six months to 30 June 2020.

### Sterling Notes: Due January 2024

In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% payable semi-annually, subject to compliance with the terms of the Notes. In May 2019, the Group repurchased £69m of the Notes. Accrued interest at 30 June 2020 amounted to £10m. Unamortised issue costs were £1m.

### Sterling Notes: Due May 2026

In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Accrued interest at 30 June 2020 was £1m. Unamortised issue costs were £1m.

## 17. Lease liabilities

The maturity analysis of lease liabilities is as follows:

	30 June 2020 £m	31 December 2019 £m
Year 1	35	33
Year 2	34	25
Year 3	32	21
Year 4	27	20
Year 5	23	15
Onwards	164	91
	<b>315</b>	205
Less interest	(99)	(65)
	<b>216</b>	140
Included in current liabilities	22	23
Included in non-current liabilities	194	117
	<b>216</b>	140

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 18. Reconciliation of operating result to net cash from operating activities

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
<b>Operating profit</b>	<b>101</b>	107	142
Adjustments for:			
- Share-based payment charge	4	5	5
- Pension scheme's administration costs	-	-	4
- Depreciation of property, plant and equipment	6	6	13
- Depreciation of right-of-use assets	12	11	21
- Amortisation of intangible assets	9	13	27
- Amortisation of intangible assets arising on consolidation	20	21	42
- Impairment of intangible assets arising on consolidation	21	-	24
- Loss on disposal of property, plant and equipment	-	-	1
- Impairment of right-of-use assets	1	-	-
- Impairment of finance lease receivables	1	-	-
- Remeasurement of deferred consideration	1	2	6
- Revaluation of debt instruments	-	2	-
- Non-cash movement in FVTPL balances	-	(2)	-
<b>Operating cash flows before movement in working capital</b>	<b>176</b>	165	285
Increase in trade and other receivables	(17)	(38)	(24)
(Increase)/decrease in net settlement and trading balances	(6)	(48)	8
Increase/(decrease) in trade and other payables	12	(20)	4
Decrease in provisions	(2)	-	(5)
Increase in non-current liabilities	-	-	(2)
Retirement benefit scheme contributions	-	-	(1)
<b>Cash generated from operations</b>	<b>163</b>	59	265
Income taxes paid	(33)	(34)	(64)
Interest paid	(19)	(21)	(41)
Interest paid – finance leases	(5)	(6)	(12)
<b>Net cash from operating activities</b>	<b>106</b>	(2)	148

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 19. Analysis of net funds

	1 January 2020 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	30 June 2020 £m
Cash	678	26	-	23	727
Cash equivalents	8	(2)	-	-	6
Overdrafts	(10)	5	-	-	(5)
Cash and cash equivalents	676	29	-	23	728
Financial investments	148	8	-	2	158
Total funds	824	37	-	25	886
Bank loan due within one year	-	(40) <sup>1</sup>	-	-	(40)
Sterling Notes January 2024	(440)	11 <sup>1</sup>	(11)	-	(440)
Sterling Notes May 2026	(249)	7 <sup>1</sup>	(8)	-	(250)
Lease liabilities	(140)	21 <sup>1</sup>	(90)	(7)	(216)
	(829)	(1)	(109)	(7)	(946)
Total net funds	(5)	36	(109)	18	(60)

1. Principal changes plus payment of interest and debt issue costs where applicable

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial investments comprise government debt securities, term deposits and restricted funds held with banks and clearing organisations.

Non-cash items represent additions to lease liabilities, accrued interest and the amortisation of debt issue.

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 20. Provisions

	Property	Re- structuring	Legal and other	Total
	£m	£m	£m	£m
<b>At 1 January 2020</b>	<b>6</b>	<b>8</b>	<b>33</b>	<b>47</b>
Charge to income statement	-	-	1	1
Utilisation of provisions	(1)	(2)	-	(3)
Effect of movements in exchange rates	-	-	1	1
<b>At 30 June 2020</b>	<b>5</b>	<b>6</b>	<b>35</b>	<b>46</b>
Included in current liabilities				20
Included in non-current liabilities				26
				<b>46</b>

Property provisions outstanding as at 30 June 2020 relate to provisions in respect of building dilapidations, represents the estimated cost of making good dilapidations and disrepair on various leasehold buildings. Property leases expire in one to 14 years.

Restructuring provisions outstanding as at 30 June 2020 relate to termination and other employee related costs. The movements during the period reflects the actions taken under the Group's integration of ICAP and other business reorganisations. It is expected that these obligations will continue to be discharged during 2020.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain long-term employee benefits and non-property related onerous contracts. At present the timing and amount of any payments are uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next 24 years.

#### European Commission Yen Libor

In February 2015 the European Commission imposed a fine of £13m (€15m) on NEX International Limited (formerly ICAP plc), ICAP Management Services Limited and ICAP New Zealand Limited for alleged competition violations in relation to the involvement of certain of ICAP's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. While this matter relates to alleged conduct violations prior to completion of the Group's acquisition of the ICAP global broking business, it is noted that the fine imposed by the European Commission has been appealed, seeking a full annulment of the Commission's decision. In the event that the Commission imposes a fine in excess of €15m such excess will be borne by NEX Group plc ('NEX'). In November 2017, the European General Court granted a partial annulment of the Commission's findings. The Commission appealed this decision in February 2018 and the Group served its reply during April 2018. A decision from the Courts of Justice of the European Union was received on 10 July 2019 which determined that the decision of the European Commission in relation to the competition violations still stands but the decision of the European Commission imposing the fine was annulled. The European Commission is likely to adopt new articles in relation to a fine however and the Group has retained a €10m (£9m) provision in its accounts in connection with this matter.

#### IFUS

On 11 May 2020, Tullett Prebon (Europe) Ltd ("TPE") received notice of the instigation of disciplinary proceedings by ICE Futures US ("IFUS") relating to activities undertaken between March 2018 and September 2019. TPE is currently in discussion with IFUS concerning the violations with the prospect of settling the matter and agreeing the scope of remediation.

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 21. Contingent liabilities

### Bank Bill Swap Reference Rate case

On 16 August 2016, a litigation was filed in the United States District Court for the Southern District of New York naming Tullett Prebon plc, ICAP plc, ICAP Australia Pty LTD and Tullett Prebon (Australia) Pty. Limited as defendants together with various Bank Bill Swap Reference Rate ('BBSW') setting banks. The complaint alleges collusion by the defendants to fix BBSW-based derivatives prices through manipulative trading during the fixing window and false BBSW rate submissions. On 26 November 2018, the Court dismissed all of the claims against the TP ICAP defendants and certain other defendants. On 28 January 2019 the Court ordered that a stipulation signed by the Plaintiffs and the TP ICAP defendants meant that the TP ICAP defendants were not required to respond to any Proposed Second Amended Class Action Complaint ('PSAC') that the Plaintiffs were seeking to file. On 3 April 2019 the Plaintiffs filed a PSAC, however the TP ICAP defendants have no obligation to respond. The Plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

### Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 12 (31 December 2019: 13) pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour claims'). The Group estimates the maximum potential aggregate exposure in relation to the Labour claims, including any potential social security tax liability, to be BRL 60m (£9m) (31 December 2019: BRL 49m (£11m)). The Group is the beneficiary of an indemnity from NEX in relation to any outflow in respect of materially all of these Labour claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP. The Company intends to contest liability in each of these matters and to vigorously defend itself. It is not possible to predict the ultimate outcome of these actions.

### Flow case – Tullett Prebon Brazil

In December 2012, Flow Participações Ltda and Brasil Plural Corretora de Câmbio, Títulos e Valores ('Flow') initiated a lawsuit against Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio and Tullett Prebon Holdings do Brasil Ltda alleging that the defendants have committed a series of unfair competition misconducts, such as the recruitment of Flow's former employees, the illegal obtainment and use of systems and software developed by the plaintiffs, as well as the transfer of technology and confidential information from Flow and the collusion to do so in order to increase profits from economic activities. The amount currently claimed is BRL 253m (£38m) (31 December 2019: BRL 243m (£44m)). The Group intends to vigorously defend itself but there is no certainty as to the outcome of these claims. The case is currently in an early evidentiary phase.

### LIBOR Class actions

#### (i) Stichting LIBOR Class Action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited ('IEL'), ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. A hearing took place on 18 June 2019 on defendants motions to dismiss the proceedings. On 14 August 2019 the Dutch Court issued a ruling dismissing ICAP plc from the case entirely but keeping certain claims against IEL relating solely to JPY LIBOR. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters. It is not possible to estimate any potential financial impact in respect of this matter at this time.

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 21. Contingent liabilities (continued)

### (ii) Swiss LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the 'Companies'). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (anti-trust) and RICO. On 16 September 2019, the Court granted the Companies' motions to dismiss in their entirety. The plaintiffs have appealed the dismissal to the United States Court of Appeals for the Second Circuit. The Companies intend to contest liability in the matter and to vigorously defend themselves. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

### (iii) Yen LIBOR Class Actions

In April 2013, ICAP plc was added as a defendant to an existing civil litigation originally filed in April 2012, Laydon v. Mizuho Bank, Ltd, against certain Yen LIBOR and Euroyen TIBOR panel banks alleging purported manipulation of the Yen LIBOR and Euroyen TIBOR benchmark interest rates. The Court dismissed the plaintiff's antitrust and unjust enrichment claims, but upheld the plaintiff's claim for purported manipulation under the Commodity Exchange Act. ICAP plc and certain other foreign defendants were dismissed in March 2015 for lack of personal jurisdiction. The Court permitted plaintiffs to file an amended complaint whereby they added new defendants to the action including ICAP Europe Limited and Tullett Prebon plc. On 10 March 2017, both ICAP Europe Limited and Tullett Prebon plc were dismissed for lack of personal jurisdiction. The Plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

Other plaintiffs filed a related complaint, Sonterra Capital Master Fund, Ltd. v. UBS AG, which included ICAP plc, ICAP Europe Limited and Tullett Prebon plc as defendants, asserting a cause of action for antitrust injury only as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by panel banks and brokers. Defendants filed motions to dismiss for lack of jurisdiction and failure to state a claim. On 10 March 2017, the Court issued an order dismissing the entirety of the Sonterra case on the grounds that the plaintiffs lacked antitrust standing. Plaintiffs appealed the dismissal, which was then stayed to accommodate new settlements reached between the plaintiffs and some of the defendants. The briefing on the appeal was completed on 28 January 2019 and oral argument was heard on February 5, 2020. On April 1, 2020, the Second Circuit Court of appeals reversed and remanded the dismissal. The Company intends to renew its motion to dismiss on grounds that were not reached in the original decision to dismiss including but not limited to lack of personal jurisdiction. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

### **ICAP Securities Limited, Frankfurt branch - Frankfurt Attorney General administrative proceedings**

On 19 December 2018, the Attorney General's office of Frankfurt notified ICAP Securities Limited (Frankfurt Branch) ('ISL'), that administrative offence proceedings have been initiated against ISL in connection with criminal investigations into two former employees and a former Director of ISL suspected of aiding and abetting tax evasion for the benefit of a third party between 2007 and 2008. The Attorney General's office is considering imposing a corporate administrative fine against ISL or confiscating the earnings that ISL derived from the underlying alleged criminal conduct by the former employees and former Director. Not all details of the alleged wrongdoing or of the case against ISL are yet available. External lawyers have been instructed to represent ISL and to seek further access to the Attorney General's case file. As a result, it is not possible at this stage to provide a reliable estimate of any potential financial impact on the Group.

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 21. Contingent liabilities (continued)

### **ICAP Securities Limited and The Link Asset and Securities Company Limited – Proceedings by the Cologne Public Prosecutor**

On 11 May 2020, TP ICAP learned that proceedings have been commenced by the Cologne Public prosecutor against ICAP Securities Limited ('ISL') and The Link Asset and Securities Company Ltd ('Link') in connection with criminal investigations into individuals suspected of aiding and abetting tax evasion between 2004 and 2012. It is possible that the Cologne Public Prosecutor may seek to impose an administrative fine against ISL or Link or confiscate the earnings that ISL or Link allegedly derived from the underlying alleged criminal conduct by the relevant individuals. ISL and Link have appointed external lawyers to advise them. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL and Link are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

### **Autorité des Marchés Financiers ('AMF')**

In August 2019, Tullett Prebon (Europe) Limited was notified that the AMF was investigating alleged facilitation of market abuse conduct concerning historic transactions with a client undertaken in 2015 on Eurex. In June 2020, the AMF initiated enforcement proceedings before the Enforcement Committee of the AMF which is at an early stage of the process.

### **General note**

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex regulatory, corporate and tax laws and practices of those territories. Accordingly, and as part of its normal course of business, the Group is required to provide information to various authorities as part of informal and formal enquiries or market review.

From time to time the Group's subsidiaries are engaged in litigation in relation to a variety of matters. The Group's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Group's results or net assets.

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex tax laws and practices of those territories. The Group establishes provisions for taxes other than current and deferred income taxes, based upon various factors which are continually evaluated, if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

In the normal course of business, certain of the Group's subsidiaries enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.



# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 22. Allocation of other comprehensive income within Equity

	Equity attributable to equity holders of the parent					Non-controlling interests	Total equity
	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings	Total		
	£m	£m	£m	£m	£m		
<b>Six months ended 30 June 2020 (unaudited)</b>							
Equity investments at FVTOCI – net change in fair value	(1)	-	-	-	(1)	-	(1)
Effect of changes in exchange rates on translation of foreign operations	-	64	-	-	64	2	66
Taxation on components of other comprehensive income	-	1	-	-	1	-	1
Other comprehensive income/(loss) for the period	(1)	65	-	-	64	2	66
Six months ended 30 June 2019 (unaudited)							
Equity investments at FVTOCI – net change in fair value	1	-	-	-	1	-	1
Effect of changes in exchange rates on translation of foreign operations	-	3	-	-	3	-	3
Remeasurement of the defined benefit pension scheme	-	-	-	(55)	(55)	-	(55)
Taxation on components of other comprehensive income	-	-	-	19	19	-	19
Other comprehensive income/(loss) for the period	1	3	-	(36)	(32)	-	(32)
Year ended 31 December 2019							
Equity investments at FVTOCI – net change in fair value	1	-	-	-	1	-	1
Effect of changes in exchange rates on translation of foreign operations	-	(43)	-	-	(43)	(1)	(44)
Remeasurement of the defined benefit pension scheme	-	-	-	(52)	(52)	-	(52)
Taxation on components of other comprehensive income	-	-	-	19	19	-	19
Other comprehensive income/(loss) for the year	1	(43)	-	(33)	(75)	(1)	(76)

# Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

## 23. Financial instruments

### (a) Categorisation of financial assets and liabilities

Financial Assets	FVTOCI	FVTOCI	Amortised cost	Mandatorily at FVTPL	Total carrying amount
	debt instruments	equity instruments			
30 June 2020 (unaudited)	£m	£m	£m	£m	£m
<b>Non-current financial assets measured at fair value</b>					
Equity securities	-	15	-	-	15
Corporate debt securities	2	-	-	-	2
<b>Non-current financial assets not measured at fair value</b>					
Finance lease receivables	-	-	6	-	6
	2	15	6	-	23
<b>Current financial assets measured at fair value</b>					
Government debt securities	86	-	-	-	86
<b>Current financial assets Not measured at fair value</b>					
Term deposits	-	-	61	-	61
Restricted funds	-	-	11	-	11
Trade receivables	-	-	335	-	335
Settlement balances receivable	-	-	36,373	-	36,373
Deposits paid for securities borrowed	-	-	831	-	831
Finance lease receivables	-	-	1	-	1
Cash and cash equivalents	-	-	728	-	728
	86	-	38,340	-	38,426
<b>Total financial assets</b>	<b>88</b>	<b>15</b>	<b>38,346</b>	<b>-</b>	<b>38,449</b>
<b>Financial Liabilities</b>					
	Mandatorily at FVTPL		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
30 June 2020 (unaudited)	£m	£m	£m	£m	£m
<b>Financial liabilities measured at fair value</b>					
Deferred consideration	13	26	-	-	39
	13	26	-	-	39
<b>Financial liabilities Not measured at fair value</b>					
Bank loan	-	-	-	40	40
Sterling Notes January 2024	-	-	430	10	440
Sterling Notes May 2026	-	-	249	1	250
Trade payables	-	-	-	20	20
Settlement balances payable	-	-	-	36,352	36,352
Deposits received for securities loaned	-	-	-	826	826
	-	-	679	37,249	37,928
<b>Total financial liabilities</b>	<b>13</b>	<b>26</b>	<b>679</b>	<b>37,249</b>	<b>37,967</b>

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 23. Financial instruments (continued)

#### (b) Maturity profile of financial liabilities

As at 30 June 2020, the contractual maturities, including future interest obligations, of the Group's financial liabilities were as follows:

<b>Contractual maturities of financial and lease liabilities</b>	<b>Less than 3 months</b>	<b>Between 3 and 12 months</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>
<b>30 June 2020 (unaudited)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Settlement balances	36,351	1	-	-	36,352
Deposits received for securities loaned	826	-	-	-	826
Trade payables	20	-	-	-	20
Bank loan	40	-	-	-	40
Sterling Notes January 2024	11	11	499	-	521
Sterling Notes May 2026	-	13	53	263	329
Lease liabilities	5	30	116	164	315
Deferred consideration	16	10	8	5	39
	<b>37,269</b>	<b>65</b>	<b>676</b>	<b>432</b>	<b>38,442</b>

#### (c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>As at 30 June 2020 (unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Financial assets measured at fair value</b>				
Equity instruments	-	8	7	15
Corporate debt securities	-	-	2	2
Government debt securities	86	-	-	86
Derivative instruments	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Deferred consideration	-	15	24	39
Derivative instruments	-	-	-	-
	<b>86</b>	<b>23</b>	<b>33</b>	<b>142</b>

There were no transfers between Level 1 and 2 during the period.

## Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2020

### 23. Financial instruments (continued)

#### (c) Fair value measurements recognised in the statement of financial position (continued)

Reconciliation of Level 3 fair value movements:

	Equity instruments (at FVTOCI) £m	Debt securities (at FVTOCI) £m	Deferred consideration (at FVTPL) £m	Total £m
<b>Balance as at 1 January 2020</b>	<b>7</b>	<b>2</b>	<b>(25)</b>	<b>(16)</b>
Net change in fair value	-	-	(2)	(2)
– included in 'administrative expenses'	-	-	(2)	(2)
Amounts settled during the period	-	-	4	4
Effect of movements in exchange rates	-	-	(1)	(1)
<b>Balance as at 30 June 2020</b>	<b>7</b>	<b>2</b>	<b>(24)</b>	<b>(15)</b>

### 24. Events after the balance sheet date

#### Louis Capital Markets and MidCap Partners

In July 2020 the Group announced the acquisition of Louis Capital Markets and MidCap Partners (collectively 'Louis Capital'), a private brokerage group specialising in equities and fixed income, primarily based in Europe.

Under the agreement, initial cash consideration is estimated to be US\$21m (£16m). Consideration is subject to adjustment based on the level of regulatory capital, working capital and net cash at completion, estimated to be an offset of US\$1m (£1m). Deferred non-contingent consideration with an estimated fair value of US\$5m (£4m) is payable over two years and deferred contingent consideration, with an estimated fair value of US\$11m (£9m), is payable dependent upon the performance of the business over five years. The gross payment of deferred contingent consideration is capped at US\$17m (£13m).

The initial fair value of the net assets acquired is estimated to be US\$5m (£4m). The estimated excess purchase price of US\$31m (£24m) will be allocated to goodwill and other acquisition related intangibles during the measurement period commencing in 2020 with goodwill estimated to be US\$19m (£14m) and US\$12m (£10m) relating to other acquisition related intangibles. Acquisition costs, included in administrative expenses, amounted to £1m in the period to 30 June 2020 and £1m was incurred in 2019.

Had Louis Capital been acquired on 1 January 2020 the Group's underlying operating profit would have been £2m higher and its underlying earnings £1m higher.

## Statement of Directors' Responsibilities

Each of the Directors who are Directors as at the date of this Statement of Directors' Responsibilities confirm to the best of their knowledge that:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by DTR 4.2.4R; and
- the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Robin Stewart  
*Chief Financial Officer*

7 August 2020

## **Independent Review Report to TP ICAP plc**

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2020 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related Notes 1 to 24. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Use of our report**

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

### **Deloitte LLP**

Statutory Auditor  
London, UK  
7 August 2020