



Tullett Prebon plc

Interim Results 2007

September 2007





Terry Smith
Chief Executive



Themes

- Revenue growth
 - Broker hires
 - Acquisitions
 - Product development
- Development of electronic broking
- Positive outlook

H1 Overview

- Periods of market volatility
- Strength of sterling
- Successful integration of Chapdelaine
- Continued investment in TradeBlade™
- Significant investment commitment to broker hires

Financial Performance

£m	H1 2007	H1 2006	Full Year 2006
Revenue	371.6	348.0	654.1
Operating profit	64.8	62.5	114.8
Operating margin	17.4%	18.0%	17.6%

Revenue by Region

£m	H1 2007	H1 2006	Change
Europe	184.4	179.6	+3%
North America	151.5	120.8	+25%
Asia Pacific	35.7	31.6	+13%
At constant exchange rates	371.6	332.0	+12%
Translation	-	16.0	-
Reported	371.6	348.0	+7%

Revenue by Product Group

£m	H1 2007	H1 2006	Change
Treasury Products	96.5	98.5	-2%
Interest Rate Derivatives	89.8	84.1	+7%
Fixed Income	109.3	91.2	+20%
Equities	36.8	23.6	+56%
Energy	32.1	28.2	+14%
Information Sales	7.1	6.4	+11%
At constant exchange rates	371.6	332.0	+12%
Translation	-	16.0	-
Reported	371.6	348.0	+7%

Operating Profit by Region

£m	H1 2007	H1 2006	Change
Europe	40.0	36.4	+10%
North America	20.9	20.9	-
Asia Pacific	3.9	2.5	+56%
At constant exchange rates	64.8	59.8	+8%
Translation	-	2.7	-
Reported	64.8	62.5	+4%

Operating Margin by Region

£m	H1 2007	H1 2006
Europe	21.7%	20.3%
North America	13.8%	17.3%
Asia Pacific	10.9%	8.0%
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	17.4%	18.0%

Performance Measures

	H1 2007	H1 2006	Change*	Full Year 2006
Broker headcount (period end)	1,587	1,550		1,512
Average revenue per broker	£228k	£218k	+10%	£413k
Broker employment costs: broking revenue	56.4%	57.7%		57.9%
Broking revenue per support staff head	£566k	£535k	+12%	£1,005k

*at constant exchange rates

Electronic Broking

TradeBlade™

- FX Options – launched May 2007
- Mortgage-backed Securities – launched August 2007
- Client base supportive

Next Steps

- New management team hired – start in October
- Shift in development approach

Chapdelaine

- Successful integration
- Performing in line with expectations
- Significant strengthening in Credit activities in North America

Broker Hires

- 86 new brokers contracted in 2007 to date
- Investment commitment of £18.6m
- Expected annualised revenue return of circa 3 x investment
- Effect will start to show H2 2007

Comparison with Sector

LATEST 6 MONTHS RESULTS	Revenue	Operating Profit	Operating Margin	Operating Margin
	2007 £m	2007 £m	2007 %	2006 %
ICAP (all activities)	563.5	128.6	22.8%	21.4%
ICAP (Voice Broking & Information Sales)	450.6	96.0	21.3%	20.6%
Tullett Prebon	371.6	64.8	17.4%	18.0%
GFI	235.5	36.6	15.5%	14.2%
Tradition	282.0	33.9	12.0%	10.1%
eSpeed	38.1	(7.1)	n/a	n/a
BGC	254.8	24.5	9.6%	n/a



Paul Mainwaring
Finance Director



Profit & Loss

£m	H1 2007	H1 2006
Revenue	371.6	348.0
Operating profit	64.8	62.5
Finance income/(expense)	(7.7)	5.6
Profit before tax	57.1	68.1
Tax	(22.9)	(21.6)
Associates	0.2	-
Profit for the period	34.4	46.5

Finance Income/(Expense)

£m	H1 2007	H1 2006
Interest receivable	6.8	4.6
Interest payable	(12.0)	(6.9)
Amortisation of debt issue costs	(0.9)	(0.2)
Net 'cash interest' expense	(6.1)	(2.5)
MTM (loss)/gain on equity swap	(1.5)	7.7
Fair value hedge accounting	-	0.5
Pension asset return/interest cost	0.4	(0.1)
Amortisation of discount on deferred consideration	(0.5)	-
Non cash items	(1.6)	8.1
Per profit and loss account	(7.7)	5.6

Taxation

£m	H1 2007			H1 2006		
	PBT	Tax	Effective Rate	PBT	Tax	Effective Rate
Per profit & loss account	57.1	22.9	40.1%	68.1	21.6	31.7%
Finance income/expense - non-cash items	1.6	(0.1)		(8.1)	-	
Prior year tax items	-	(0.5)		-	2.6	
Underlying	58.7	22.3	38.0%	60.0	24.2	40.3%

EPS

£m	H1 2007	H1 2006
Profit from continuing operations	34.4	46.5
Minority interests	(0.3)	(0.2)
Earnings	34.1	46.3
Non cash items in finance income/expense (net of tax)	1.7	(8.1)
Prior years tax items	0.5	(2.6)
Adjusted earnings	36.3	35.6
Weighted average shares in issue	211.6m	210.3m
Adjusted basic EPS	17.2p	16.9p

Operating Cash Flow

£m	H1 2007	H1 2006*
Operating profit	64.8	62.5
Share option plan charges	2.1	2.8
Depreciation/amortisation	3.7	3.9
EBITDA	70.6	69.2
Capital expenditure (net of NBV of disposals)	(2.7)	(2.7)
Working capital	(25.8)	(32.2)
Operating cash flow	42.1	34.3

*continuing operations only

Net Cash Flow

£m	H1 2007	H1 2006*
Operating cash flow	42.1	34.3
Interest	2.9	1.2
Taxation	(17.0)	(10.0)
Pension funding	(1.4)	(1.0)
Transaction costs	(1.0)	-
Share option cash flow	0.4	(1.3)
Dividends paid	(12.7)	(23.2)
Dividends paid to minorities	(0.4)	-
Acquisitions	(29.7)	-
Net cash flow	<u>(16.8)</u>	<u>-</u>

*continuing operations only

Movement in Net Debt

£m

At 1 January 2007	111.2
Net cash flow	(16.8)
Funds acquired with Chapdelaine	3.0
Return of capital to shareholders	(301.5)
Effect of movement in exchange rates	(1.9)
Movement in fair values/amortisation of costs	0.5
At 30 June 2007	<u>(205.5)</u>

Balance Sheet

£m	June 2007	December 2006
Goodwill	356.3	311.7
Deferred consideration	(17.6)	-
Associates/investments	5.5	5.3
Operating assets/(liabilities)	(5.8)	(27.3)
Accrued interest	(16.2)	(5.8)
Current tax	(24.4)	(29.1)
Deferred tax	14.2	26.9
Pensions	(5.1)	(26.2)
Derivative financial instruments	12.1	15.6
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	319.0	271.1
Net (debt)/funds	(205.5)	111.2
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Net assets	113.5	382.3
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Operating Assets/(Liabilities)

£m	June 2007	December 2006
Fixed assets	19.3	20.3
Trade receivables	83.7	63.3
Net settlement balances	5.8	2.8
Other debtors/prepayments	34.5	33.0
Payables/accruals	(138.2)	(138.9)
Provisions	(10.9)	(7.8)
	<u>(5.8)</u>	<u>(27.3)</u>
Gross settlement balances - Receivable	25,027.3	12,528.4
- Payable	(25,021.5)	(12,525.6)
	<u>5.8</u>	<u>2.8</u>

Counterparty Risk

- Name give up receivables (c75% of revenue)
- Matched principal (c25% of revenue)
 - No proprietary positions
 - Credit process
 - Delivery versus payment via established clearers
 - Counterparty default risk translates to market risk
 - Historically no losses through counterparty default



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Chief Executive



Future Developments and Outlook

- Significant volatility during July/August
- Uncertainty in financial markets persists
- Investment
 - electronic broking
 - acquisitions
 - hires
- Outlook is positive



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Appendices



Net Funds

£m	June 2007	December 2006
Cash and cash equivalents	216.5	236.4
Other financial assets	27.8	27.0
Overdrafts	(1.3)	(0.2)
	243.0	263.2
Eurobond	(150.0)	(150.0)
Unamortised issue costs	0.8	1.0
Fair value	1.3	0.3
	(147.9)	(148.7)
Bank loans	(300.0)	-
Unamortised issue costs	2.5	-
	(297.5)	-
Finance leases	(3.0)	(3.2)
Loan notes	(0.1)	(0.1)
Net funds	(205.5)	111.2

Competitor Analysis - Sources

- Operating profits are shown before exceptional items and net interest
- ICAP is 6 months to March 2007 with prior year comparatives
- GFI, Tradition and eSpeed are 6 months to June 2007 with prior year comparatives
- BGC – sourced from eSpeed announcements – Profit before tax, rather than operating profit, stated ‘excluding costs associated with formation, separation and merger’
- GFI, BGC and eSpeed @ US\$ 1.97 = £1
- Tradition @ CHF 2.4 = £1