Tullett Prebon plc

Preliminary Results 2009

March 2010

Terry Smith

Chief Executive

Introduction

- Strong financial results
- Robust business
- Action taken to reduce fixed costs
- Elimination of net debt
- Dividend 15.0p for the year

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Performance Drivers - External

- Activity levels
  - reduction in risk appetite
  - reduction in financial sector leverage
  - emerging markets, volatility, equity derivatives
  - ‘flow’ products; FX, IRS, Bonds
- Favourable exchange rates

Performance Drivers - Internal

- Action taken on costs
  - increased flexibility in front office costs
  - reduction in fixed support costs
- Benefit from investments
  - Credit in Europe
  - Primex and Aspen
- Good progress in Electronic Broking

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Electronic Broking

- Focus on hybrid model
- Competitive offering
- Post trade risk management services
  - TP Match
  - OTC Valuations
- Information Sales plus Hybrid revenues = one sixth of Group total

BGC Raids

- 77 brokers in North America resigned
- 7 desks affected
- Reduction in revenue in Q4 2009 ≈ 1.5% of 2008 group total
- New senior management and brokers hired
- Legal action in progress

Financial Performance

£m	2009	2008	Change Reported	Change Constant Exchange Rates
Revenue	947.7	943.6	+0%	-9%
Operating profit	170.8	175.1	-2%	-11%
Operating margin	18.0%	18.6%	-0.6%pts	

Operating profit and operating margin for 2008 are stated before exceptional items

Revenue by Product Group

£m	2009	2008	Change: Reported	Change: Constant Exchange Rates
Treasury Products	238.9	246.1	-3%	-12%
Interest Rate Derivatives	192.0	220.9	-13%	-22%
Fixed Income	317.1	282.1	+12%	+2%
Equities	74.0	94.2	-21%	-29%
Energy	100.6	81.5	+23%	+13%
Info Sales/Risk Management Services	25.1	18.8	+34%	+32%
	947.7	943.6	0%	-9%

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Revenue by Region

£m	2009	2008	Change: Reported	Change: Constant Exchange Rates
Europe	542.6	504.1	+8%	+7%
North America	318.0	339.6	-6%	-23%
Asia Pacific	87.1	99.9	-13%	-30%
Reported	947.7	943.6	0%	-9%

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Operating Profit & Margin by Region

£m	Operating Profit				Margin	
			Change			
	2009	2008	Reported	Constant Exchange Rates	2009	2008
Europe	123.2	108.1	+14%	+13%	22.7%	21.4%
North America	44.4	57.8	-23%	-37%	14.0%	17.0%
Asia Pacific	3.2	9.2	-65%	-72%	3.7%	9.2%
	170.8	175.1	-2%	-11%	18.0%	18.6%

Operating profit and operating margin for 2008 are stated before exceptional items

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Performance Measures

	2009	2008	Change
Broker headcount (year end)	1,612	1,653	-2%
Average revenue per broker	£565k	£548k	-7%*
Broker employment costs: broking revenue	58.0%	57.5%	+0.5%pts
Non broker headcount (year end)	824	889	-7%

**at constant exchange rates*

Broker Headcount

	December 2009	June 2009	December 2008
Europe	788	775	758
North America	468	526	547
Asia Pacific	356	346	348
	1,612	1,647	1,653

Comparison with Sector – most recent 12 months

Most recent published 12 months	Revenue 2009 £m	Revenue Growth 2009 vs 2008 %	Operating Margin 2009 %
ICAP (Electronic Broking)	245	n/a	34.7%
ICAP (Post Trade and Info Sales)	141	n/a	48.2%
ICAP (Voice Broking including New Business)	1,260	n/a	15.4%
ICAP (All activities)	1,646	+14%	21.1%
Tullett Prebon	948	0%	18.0%
Tradition	805	-13%	8.0%
BGC Partners Inc	709	-4%	6.1%
GFI	525	-20%	8.6%

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Comparison with Sector – most recent 6 months

Most recent published 6 months	Revenue 2009 £m	Revenue Growth 2009 vs 2008 %	Operating Margin 2009 %
ICAP (Electronic Broking)	122	-5%	38.5%
ICAP (Post Trade and Info Sales)	68	+33%	47.1%
ICAP (Voice Broking including New Business)	619	+6%	14.5%
ICAP (All activities)	809	+6%	20.9%
Tullett Prebon	430	-10%	16.3%
Tradition	354	-21%	9.6%
BGC Partners Inc	337	+1%	3.9%
GFI	233	-15%	5.8%

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Paul Mainwaring

Finance Director

Profit & Loss

£m	2009	2008
Revenue	947.7	943.6
Operating profit	170.8	175.1
Cash finance income/(expense)	(13.8)	(19.7)
Adjusted Profit before tax	157.0	155.4
Tax	(53.0)	(56.0)
Associates	1.8	1.3
Minorities	(0.6)	(0.5)
Adjusted Earnings	105.2	100.2

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Cash Finance Income/(Expense)

£m	2009	2008
Interest receivable on cash balances	2.1	9.8
Eurobond	(11.5)	(12.4)
Net swap interest	1.3	1.7
Bank loan	(4.6)	(17.2)
Amortisation of debt issue costs	(0.9)	(1.4)
Other interest	(0.2)	(0.2)
	(13.8)	(19.7)

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Taxation

£m	2009	2008
Adjusted Profit before tax	157.0	155.4
Effective tax rate	33.8%	36.0%
Tax charge on adjusted profit	(53.0)	(56.0)

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EPS

	2009	2008
Adjusted Earnings	£105.2m	£100.2m
Weighted average number of shares	213.9m	212.8m
Adjusted Earnings per share	49.2p	47.1p

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Operating Cash Flow

£m	2009	2008
Operating profit	170.8	175.1
Share based compensation	(0.4)	4.9
Depreciation/amortisation	8.2	7.8
EBITDA	178.6	187.8
Capital expenditure (net of NBV of disposals)	(9.4)	(14.9)
Working capital	(31.3)	20.2
Operating cash flow	137.9	193.1

Operating profit for 2008 is stated before exceptional items

Working Capital Cash Flow

£m	2009	2008
Trade receivables	13.4	12.6
Net settlement balances	(0.2)	5.1
Sign-on bonus balances	(12.6)	(11.3)
Bonus creditor	(28.9)	8.4
Other working capital	(3.0)	5.4
	(31.3)	20.2

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Net Cash Flow

£m	2009	2008
Operating cash flow	137.9	193.1
Exceptional items – cash payments	(6.8)	(1.4)
Interest	(11.7)	(18.8)
Maturity of derivative financial instruments	(10.0)	-
Taxation	(30.4)	(39.1)
Pension funding	(8.1)	(3.2)
ESOT transactions	1.5	-
Dividends received from associates/paid to minorities	1.2	(0.5)
Acquisitions/investments	(3.5)	(3.9)
Cash flow before debt repayments and dividends	70.1	126.2

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Movement in Cash and Debt

£m	Cash	Debt	Net
At 31 December 2008	405.2	(422.6)	(17.4)
Cash flow	70.1	-	70.1
Dividends	(27.8)	-	(27.8)
Debt repayments/draw downs	(33.6)	33.6	-
Debt issue costs	(2.5)	2.5	-
Effect of movement in exchange rates	(15.2)	0.3	(14.9)
Movement in fair values/amortisation of costs	-	(1.0)	(1.0)
At 31 December 2009	396.2	(387.2)	9.0

Elimination of Net Debt – last 3 years

£m	
At 31 December 2006	111.2
Return of capital March 2007	(301.5)
'Proforma' post return of capital	(190.3)
Cash flow before debt repayments and dividends	249.6
Dividends	(76.1)
Movement in exchange rates/other	25.8
At 31 December 2009	9.0

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Debt Profile

£m	2009	
7.04% Notes	141.1	Due July 2016
6.52% Notes	8.8	Due August 2014
Bank loan	240.0	£30m January 2010 £30m January 2011 £180m January 2012
Finance leases	0.5	
Unamortised issue costs	(3.2)	
	387.2	

Group credit ratings: Fitch BBB-, Moody's Baa3

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Balance Sheet

£m	2009	2008
Goodwill	373.5	387.7
Deferred consideration	(10.3)	(23.8)
Associates/investments	8.3	8.2
Operating assets (liabilities)	**(34.8)**	**(75.7)**
Accrued interest	(5.3)	(5.7)
Current tax	(32.2)	(28.0)
Deferred tax	5.6	17.4
Pensions	(1.3)	(8.5)
Derivative financial instruments	-	(9.7)
	303.5	261.9
Net funds/(debt)	**9.0**	**(17.4)**
Net assets/Shareholders' funds	312.5	244.5

Operating Assets/(Liabilities)

£m		2009	2008
Fixed assets		33.0	33.4
Trade receivables		73.8	91.6
Net settlement balances		0.4	0.7
Other debtors/prepayments		48.8	41.0
Payables/accruals		(181.5)	(230.5)
Provisions		(9.3)	(11.9)
		(34.8)	**(75.7)**
Gross settlement balances	- Receivable	5,638.0	13,414.1
	- Payable	(5,637.6)	(13,413.4)
		0.4	**0.7**

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Terry Smith

Chief Executive

Regulatory Developments

- Proposals directed at OTC derivatives markets
- Proposals aimed at reducing systemic risk of financial institutions
- Impact on OTC market activity difficult to judge

but

- Vibrant OTC markets will remain essential
- Role of intermediaries of increasing importance
- Shift in volume to IDBs from direct

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Regulatory Developments – Our Views

- Not all OTC derivatives will become standardised
  - need for bespoke contracts
  - management of risk positions
- ‘Standard’ OTC derivatives will not all migrate to trading on exchanges
  - proposals do not mandate exchange trading
  - MTFs in Europe, ASEFs in USA
  - FSA and HM Treasury – mandating trading on organised venues would be detrimental

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Regulatory Developments – Our Views

- OTC derivatives trading will not all move onto pure electronic platforms
  - pure electronic platforms suitable for very few OTC products
  - voice broking will continue to be required to provide liquidity
  - hybrid model more suitable for majority of OTC products
  - “electronification” will continue to be evolutionary

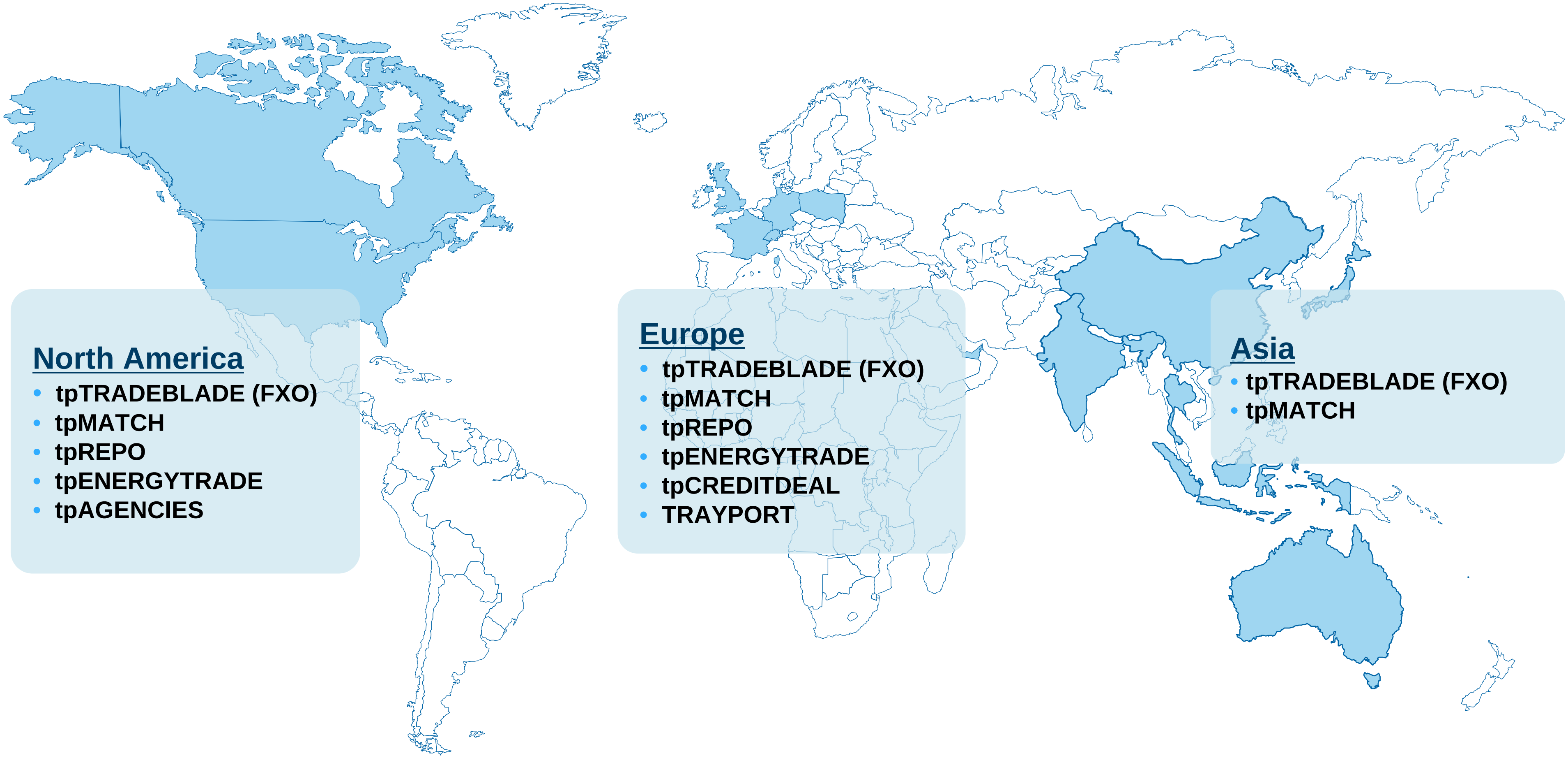
Regulatory Developments – Our Views

- Not all OTC derivatives will move to CCP clearing
  - CCPs do not eliminate risk
  - some products unsuitable for CCP clearing
- CCP clearing does not mean the end of voice broking
  - interest rate swaps CCP since 1999

Electronic Broking – Our Approach

- Focus on hybrid, not pure electronic platforms
- Focus on value added post trade services, not utility infrastructure
- Facilitate evolution from voice to electronic
- Internal knowledge/relationships
- External development of platforms

Electronic Broking – Current Offering



North America
- tpTRADEBLADE (FXO)
- tpMATCH
- tpREPO
- tpENERGYTRADE
- tpAGENCIES

Europe
- tpTRADEBLADE (FXO)
- tpMATCH
- tpREPO
- tpENERGYTRADE
- tpCREDITDEAL
- TRAYPORT

Asia
- tpTRADEBLADE (FXO)
- tpMATCH

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Electronic Broking – Current Offering

Product Group	HYBRID					
	Tullett Prebon	**ICAP**	**BGC**	**GFI**	**Tradition**	**DealerWeb**
RATES	**tpREPO**	i-Swaps				
VOLATILITY	**tpTRADEBLADE**	Volbroker JV	BGC Trader	ForexMatch	Volbroker JV	
CREDIT	**tpCREDITDEAL**	ICAP - Credit	BGC Trader	CreditMatch		
ENERGY	**tpENERGYTRADE** **Trayport**	Trayport	Trayport	EnergyMatch Trayport	Trayport	Trayport

Product Group	PURE ELECTRONIC					
	Tullett Prebon	**ICAP**	**BGC**	**GFI**	**Tradition**	**DealerWeb**
RATES	**tpMATCH**	Reset BrokerTec	eSpeed			DW TBA-MBS
TREASURY		EBS				

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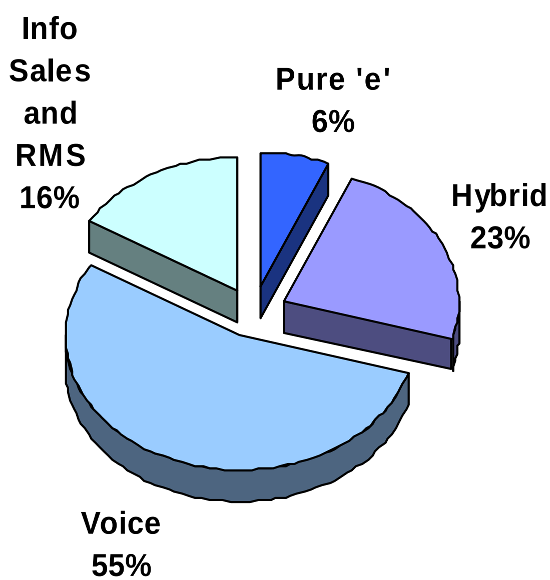
Electronic Broking – Revenues

Revenues from products supported by electronic platforms plus Information Sales

Proportions of Revenues by type

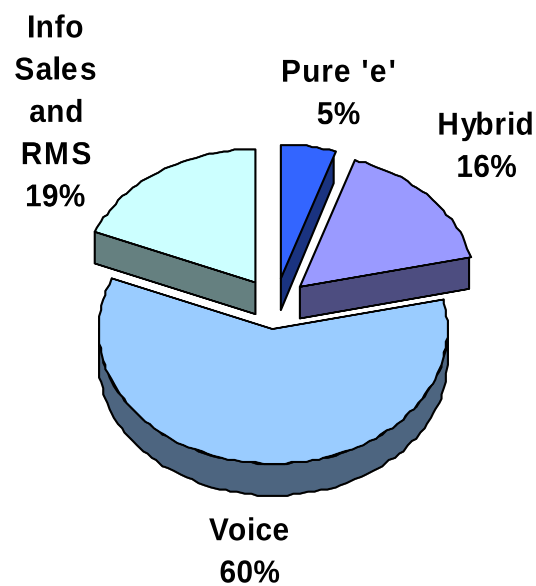
2009

£157m



2008

£99m



Electronic Broking - Conclusion

- Tullett Prebon is well positioned to respond to market and regulatory developments
  - Pure electronic platforms have limited application
  - Hybrid model more suited to most OTC products
  - Voice liquidity essential to “electronification” evolution

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Outlook

- Market activity slowed in H2 2009
- Currently activity remains at more normal levels
- Underlying revenue run rate in first 2 months expected to improve
- Benefit from North America rebuilding will increase
- Well diversified and robust business

Tullett Prebon plc

Preliminary Results 2009

March 2010

Appendices

Reconciliation: PBT adjusted to reported

£m	2009	2008
Adjusted Profit before tax	157.0	155.4
Exceptional items	–	(19.5)
Non cash finance (expense)/income	(0.5)	1.1
Reported Profit before tax	156.5	137.0

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Reconciliation: Earnings adjusted to reported

£m	2009	2008
Adjusted Earnings	105.2	100.2
Non cash finance income/(expense)	(0.5)	1.1
Deferred tax on non cash finance income/(expense)	0.2	(0.4)
Prior year tax items	5.9	7.3
Exceptional items	–	(19.5)
Tax on exceptional items	–	5.8
Reported Earnings	110.8	94.5

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Net Debt

£m	2009	2008
Cash and cash equivalents	366.1	375.0
Other financial assets	30.1	30.2
	396.2	405.2
Eurobonds	(149.9)	(150.0)
Unamortised issue costs	2.3	0.2
	(147.6)	(149.8)
Bank loans	(240.0)	(270.0)
Unamortised issue costs	0.9	1.5
	(239.1)	(268.5)
Overdrafts	–	(0.1)
Finance leases	(0.5)	(4.2)
Net funds/(debt)	9.0	(17.4)

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Competitor Analysis – Sources

- Operating profits are shown before exceptional items, restructuring costs and net interest
- ICAP is 12 and 6 months to September 2009 with prior year comparatives
- Tradition revenue is 12 and 6 months to December 2009 with prior year comparatives and operating profit is 12 and 6 months to June 2009; operating margin excludes exceptional gain on disposal of Reset
- BGC Partners Inc. is 12 and 6 months to December 2009 with prior year comparatives; Revenue includes Broking, Market Data and Software Solutions revenues
- GFI is 12 and 6 months to December 2009 non-GAAP results with prior year comparatives; Revenue includes Broking, Software, Analytics and Market Data
- Average exchange rates applied for each period

Major Shareholders as at 18 February 2010

Investor		Holding	(%)
1	Scottish Widows Investment Partnership	20,079,134	9.33
2	Jupiter Asset Management	12,169,522	5.65
3	Director & Related Holdings(s)	9,458,492	4.39
4	Legal & General Investment Management	8,710,532	4.05
5	JP Morgan Asset Management	7,147,474	3.32
6	HSBC Global Asset Management (UK)	7,047,113	3.27
7	Oppenheimerfunds	6,799,496	3.16
8	AXA Rosenberg Investment Management	6,138,988	2.85
9	F&C Asset Management	6,080,509	2.82
10	Standard Life Investments	5,922,425	2.75
11	Aberforth Partners	5,562,700	2.58
12	Acadian Asset Management	4,451,019	2.07
13	LSV Asset Management	4,289,800	1.99
14	BlackRock Investment Management (UK)	3,810,785	1.77
15	State Street Global Advisors	3,723,294	1.73
16	Henderson New Star	3,700,961	1.72
17	Globeflex Capital	3,636,616	1.69
18	Artemis Fund Managers	3,120,454	1.45
19	Liverpool Victoria Asset Management	3,013,051	1.40
20	Martin Currie Investment Management	2,987,045	1.39
		127,849,410	59.38

Source: Capita Registrars

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