



Tullett Prebon plc

Preliminary Results 2010

March 2011





Terry Smith
Chief Executive



Introduction

- Good performance in challenging conditions
- Market activity more subdued in 2010 than 2009
- Underlying revenue unchanged
- Impact of North America broker defections
- Strong cash flow
- Dividend 15.75p – up 5%

North America

- Re-established presence in all product areas
- 26 strong credit broking team joined January 2011
- Headcount on affected desks largely back to pre-raid levels
- 6 satellite offices closed
- Support cost reductions

Asia

- Strong recovery
- Return of risk appetite
- Greater liquidity in regional products
- Development in oil products and equity derivatives

Europe

- Strong market position
- Good performance in 'flow' products
- Continued development in Energy
- Slower activity in 'volatility'

Electronic Broking

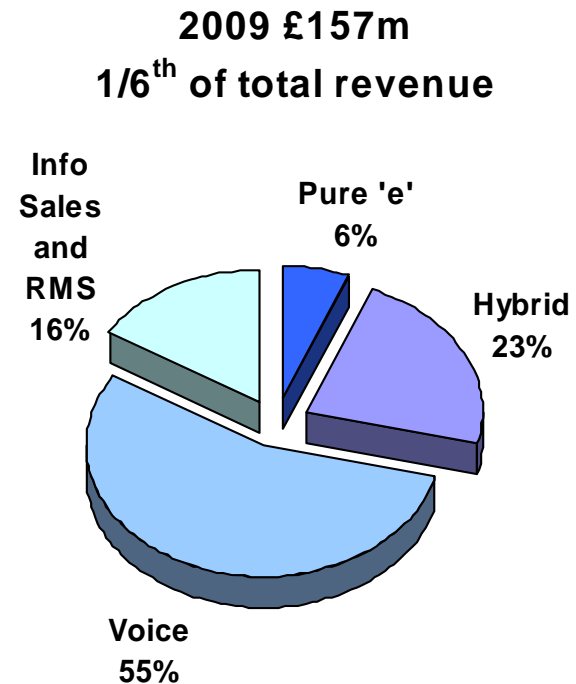
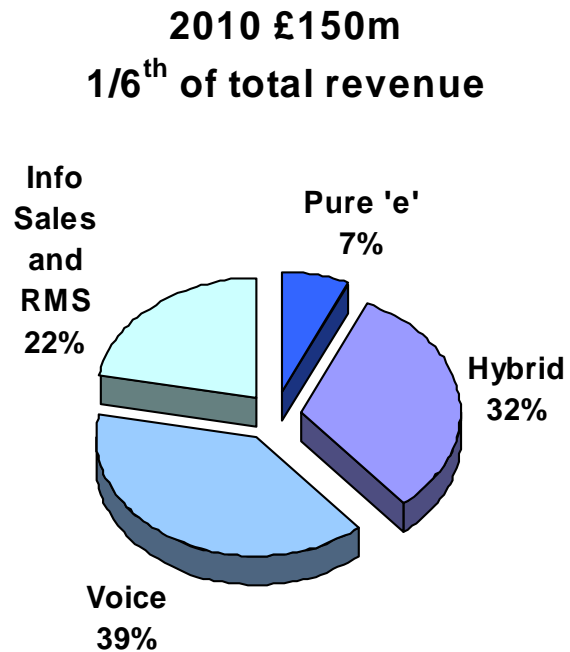
- Liquidity for most OTC products depends on voice broker support
- Hybrid model
 - complements voice broking business
 - facilitates introduction of new platforms
- Well established development process

Information Sales and RMS

- Expansion of customer base
- Investment to increase breadth of data
- tpMATCH has established a significant market share

Electronic Broking – Revenues

Revenues from products supported by electronic platforms plus Information Sales Proportions of Revenues by type



Litigation Update

- UK
 - Judgment March 2010
 - BGC appeals all rejected February 2011
 - damages trial March 2011
- US
 - FINRA arbitration – outcome 2012
 - RICO action – under appeal

Financial Performance

£m	2010	2009	Change	
			Reported	Constant Exchange Rates
Revenue	908.5	947.7	-4%	-5%
Operating profit	152.4	170.8	-11%	-11%
Operating margin	16.8%	18.0%	-1.2%pts	

Revenue by Product Group

£m	2010	2009	Change	
			Reported	Constant Exchange Rates
Treasury Products	248.4	238.9	+4%	+2%
Interest Rate Derivatives	205.0	192.0	+7%	+5%
Fixed Income	249.3	317.1	-21%	-21%
Equities	67.2	74.0	-9%	-9%
Energy	105.8	100.6	+5%	+5%
Info Sales/Risk Management Services	32.8	25.1	+31%	+31%
	908.5	947.7	-4%	-5%

Revenue by Region

£m	2010	2009	Change	
			Reported	Constant Exchange Rates
Europe	536.1	542.6	-1%	-1%
North America	259.0	318.0	-19%	-19%
Asia Pacific	113.4	87.1	+30%	+22%
Reported	908.5	947.7	-4%	-5%

Operating Profit & Margin by Region

£m	Operating Profit				Margin	
	2010	2009	Change		2010	2009
			Reported	Constant Exchange Rates		
Europe	120.7	123.2	-2%	-2%	22.5%	22.7%
North America	22.5	44.4	-49%	-49%	8.7%	14.0%
Asia Pacific	9.2	3.2	+188%	+168%	8.1%	3.7%
	152.4	170.8	-11%	-11%	16.8%	18.0%

Performance Measures

	2010	2009	Change
Broker headcount (year end)	1,601	1,612	-1%
Average revenue per broker	£540k	£565k	-5%*
Broker employment costs: broking revenue	58.5%	58.0%	+0.5%pts
Broking support headcount (year end)	679	712	-5%

**at constant exchange rates*

Broker Headcount

		December 2010	June 2010	December 2009
Europe		807	803	788
North America	- ongoing	437	428	416
	- satellite offices	-	33	52
Asia Pacific		357	360	356
		<hr/>	<hr/>	<hr/>
		1,601	1,624	1,612
		<hr/>	<hr/>	<hr/>

Comparison with Sector – most recent 12 months

Most recent published 12 months	Revenue	Revenue Growth	Operating Margin
	2010 £m	2010 vs 2009 %	2010 %
ICAP (Electronic Broking)	281	+15%	40.2%
ICAP (Post Trade Risk and Information Services)	163	+15%	45.4%
ICAP (Voice Broking including New Business)	1,243	-1%	13.7%
ICAP (All activities)	1,687	+2%	21.2%
Tullett Prebon	909	-4%	16.8%
BGC Partners Inc	809	+14%	5.9%
Tradition	747	-11%	5.6%
GFI	524	+1%	4.6%

Comparison with Sector – most recent 6 months

Most recent published 6 months	Revenue	Revenue Growth	Operating Margin
	2010 £m	2010 vs 2009 %	2010 %
ICAP (Electronic Broking)	151	+24%	41.1%
ICAP (Post Trade Risk and Information Services)	90	+30%	43.3%
ICAP (Voice Broking including New Business)	626	+1%	15.3%
ICAP (All activities)	867	+7%	22.7%
Tullett Prebon	433	+1%	15.6%
BGC Partners Inc	387	+9%	10.4%
Tradition	351	-9%	6.5%
GFI	247	+1%	n/a



Paul Mainwaring
Finance Director



Profit & Loss

£m	2010	2009
Revenue	908.5	947.7
Operating profit	152.4	170.8
Finance income/(expense)	(12.7)	(13.8)
Adjusted Profit before tax	139.7	157.0
Tax	(40.8)	(53.0)
Associates	1.5	1.8
Minorities	(0.6)	(0.6)
Adjusted Earnings	99.8	105.2

Finance Income/(Expense)

£m	2010	2009
Interest receivable on cash balances	1.6	2.1
Eurobonds	(10.5)	(11.5)
Net swap interest	-	1.3
Bank loan	(2.5)	(4.6)
Amortisation of debt issue costs	(1.2)	(0.9)
Other interest	(0.1)	(0.2)
	<u>(12.7)</u>	<u>(13.8)</u>

Taxation

£m	2010	2009
Adjusted Profit before tax	<u>139.7</u>	<u>157.0</u>
Effective tax rate	29.2%	33.8%
Tax charge on adjusted profit	<u>(40.8)</u>	<u>(53.0)</u>

EPS

	2010	2009
Adjusted Earnings	<u>£99.8m</u>	<u>£105.2m</u>
Weighted average number of shares	214.9m	213.9m
Adjusted Earnings per share	<u>46.4p</u>	<u>49.2p</u>

Operating Cash Flow

£m	2010	2009
Operating profit	152.4	170.8
Share based compensation	(0.9)	(0.4)
Depreciation/amortisation	9.4	8.2
EBITDA	160.9	178.6
Capital expenditure (net of disposals)	(12.4)	(9.4)
Increase in sign-on prepayment	(7.6)	(12.6)
Other working capital	(8.9)	(18.7)
Operating cash flow	132.0	137.9
% of operating profit	87%	81%

Net Cash Flow

£m	2010	2009
Operating cash flow	132.0	137.9
Exceptional items – cash payments	-	(6.8)
Interest	(11.5)	(11.7)
Maturity of derivative financial instruments	-	(10.0)
Taxation	(27.5)	(30.4)
Pension funding	(8.8)	(8.1)
ESOT transactions	1.7	1.5
Dividends received from associates/paid to minorities	1.1	1.2
Acquisitions/investments	(2.4)	(3.5)
Sale of investments	1.7	-
Cash flow before debt repayments and dividends	<u>86.3</u>	<u>70.1</u>

Movement in Cash and Debt

£m	Cash	Debt	Net
At 31 December 2009	396.2	(387.2)	9.0
Cash flow	86.3	-	86.3
Dividends	(32.7)	-	(32.7)
Debt repayments/draw downs	(30.4)	30.4	-
Effect of movement in exchange rates	6.3	0.1	6.4
Amortisation of debt issue costs	-	(1.2)	(1.2)
At 31 December 2010	<u>425.7</u>	<u>(357.9)</u>	<u>67.8</u>

Debt Profile at Year End

£m

December 2010

7.04% Senior Notes	141.1	Due July 2016
6.52% Subordinated Notes	8.5	Due August 2014
Bank loan	210.0	£30m January 2011 £180m January 2012
Finance leases	0.3	
Unamortised issue costs	(2.0)	
	<u>357.9</u>	

Group credit ratings: Fitch BBB, Moody's Baa3

New Bank Facilities

- New £235m bank facilities agreed 8 February 2011
- Replaces previous facilities (£180m term loan, £50m RCF)
- £120m amortising term loan facility
 - £30m repayments February 2012 and February 2013
 - matures February 2014
- £115m committed revolving credit facility
 - not yet drawn
 - matures February 2014

Balance Sheet

£m	2010	2009
Goodwill	376.5	373.5
Deferred consideration	(4.2)	(10.3)
Associates/investments	7.7	8.3
Operating assets/(liabilities)	(14.6)	(34.8)
Accrued interest	(5.2)	(5.3)
Current tax	(33.3)	(32.2)
Deferred tax	(6.5)	5.6
Pensions	23.6	(1.3)
	344.0	303.5
Net funds/(debt)	67.8	9.0
Net assets/Shareholders' funds	411.8	312.5

Operating Assets/(Liabilities)

£m		2010	2009
Fixed assets		36.4	33.0
Trade receivables		79.8	73.8
Net settlement balances		0.4	0.4
Other debtors/prepayments		62.2	48.8
Payables/accruals		(189.0)	(181.5)
Provisions		(4.4)	(9.3)
		(14.6)	(34.8)
Gross settlement balances	- Receivable	4,037.9	5,638.0
	- Payable	(4,037.5)	(5,637.6)
		0.4	0.4

Pensions

£m	2010	2009	2004
Scheme assets	169.5	137.7	75.4
IAS19 valuation of liabilities	(145.9)	(139.0)	(113.8)
Surplus/(deficit)	<u>23.6</u>	<u>(1.3)</u>	<u>(38.4)</u>



Terry Smith
Chief Executive



Regulatory Developments

- United States
 - Dodd-Frank Act passed into law July 2010
 - CFTC and SEC developing detailed rules
 - CFTC proposed rules for SEFs issued January 2011
 - Implementation earliest Q4 2011
- Europe
 - EMIR proposals September 2010
 - MiFID II consultation December 2010
 - Implementation 2013

Regulatory Developments – Themes

- CCPs
- Trade repositories
- Pre and post trade transparency
- Regulated execution venues
 - US: SEF
 - Europe: OTF

Regulatory Developments – Our Views

- CCPs – transfer not elimination of risk
- CCPs – increase in counterparties
- CCPs – must be open to all execution venues
- Trade reporting – useful for overview
 - can be harmful to liquidity

Regulatory Developments – Our Views

- Execution venues
 - very few products suitable for pure electronic platforms
 - broker support to liquidity essential for most products
 - hybrid platforms can develop to meet requirements
 - Tullett Prebon well positioned to continue to provide valuable service to clients

Historical Perspective

Profit and Loss £m	2005	2006	2007	2008	2009	2010
Revenue	649.4	654.1	753.8	943.6	947.7	908.5
Operating profit	90.7	114.8	131.8	175.1	170.8	152.4
Operating margin	14.0%	17.6%	17.5%	18.6%	18.0%	16.8%
Adjusted PBT	83.2	110.8	114.4	155.4	157.0	139.7
Tax rate on adjusted PBT	44.2%	39.6%	38.0%	36.0%	33.8%	29.2%
Adjusted EPS	22.4p	31.6p	33.5p	47.1p	49.2p	46.4p

Historical Perspective

Cash Flow and Dividend £m	2005	2006	2007	2008	2009	2010
Operating profit	90.7	114.8	131.8	175.1	170.8	152.4
Operating cash flow	96.3	136.9	140.5	193.1	137.9	132.0
% of operating profit	106%	119%	107%	110%	81%	87%
Dividends	18.3	33.8	21.1	27.2	27.8	32.7
Return of capital	-	-	301.5	-	-	-

Historical Perspective

Balance Sheet £m	2005	2006	2007	2008	2009	2010
Capital employed	304.3	271.1	292.4	261.9	303.5	344.0
Share capital & reserves	364.7	382.3	132.4	244.5	312.5	411.8
Net debt/(funds)	(60.4)	(111.2)	160.0	17.4	(9.0)	(67.8)
	304.3	271.1	292.4	261.9	303.5	344.0

Outlook

- Financial markets remain unsettled
- Periods of volatility expected
- Revenue in first 2 months up 3%, excluding satellite offices
 - rebuilding in North America
 - continued recovery in Asia



Tullett Prebon plc

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Appendices



Reconciliation: PBT adjusted to reported

£m	2010	2009
Adjusted Profit before tax	139.7	157.0
Non cash finance (expense)/income	1.6	(0.5)
Reported Profit before tax	<u>141.3</u>	<u>156.5</u>

Reconciliation: Earnings adjusted to reported

£m	2010	2009
Adjusted Earnings	99.8	105.2
Non cash finance income/(expense)	1.6	(0.5)
Tax on non cash finance income/(expense)	(0.5)	0.2
Prior year tax items	1.6	5.9
Tax on capital related items	6.0	-
Reported Earnings	<u>108.5</u>	<u>110.8</u>

Net Debt

£m	2010	2009
Cash and cash equivalents	390.1	366.1
Other financial assets	35.6	30.1
	425.7	396.2
Eurobonds	(149.6)	(149.9)
Unamortised issue costs	2.0	2.3
	(147.6)	(147.6)
Bank loans	(210.0)	(240.0)
Unamortised issue costs	-	0.9
	(210.0)	(239.1)
Finance leases	(0.3)	(0.5)
Net funds/(debt)	67.8	9.0

Competitor Analysis – Sources

- Unless noted below operating profit margins are calculated using reported profit before net interest and associates
- ICAP is 12 and 6 months to September 2010 with prior year comparatives. Revenue includes discontinued operations. Operating profit margin is shown before amortisation of acquisition intangibles and exceptional items
- BGC Partners Inc. is 12 and 6 months to December 2010 with prior year comparatives. Revenue includes Broking, Market Data and Software Solutions revenues
- Tradition revenue is 12 and 6 months to December 2010 with prior year comparatives. Operating profit margin is 12 and 6 months to June 2010
- GFI is 12 and 6 months to December 2010 with prior year comparatives. Revenue includes Broking, Clearing Services (net), Software, Analytics and Market Data
- Average exchange rates applied for each period

Major Shareholders as at 16 February 2011

Investor		Holding	(%)
1	Scottish Widows Investment Partnership	20,034,994	9.31
2	Jupiter Asset Management	16,497,375	7.66
3	Director & Related Holdings(s)	9,956,148	4.62
4	Credit Suisse First Boston (Europe)	8,892,329	4.13
5	Legal & General Investment Management	8,091,886	3.76
6	JP Morgan Asset Management	7,835,100	3.64
7	Aberforth Partners	7,747,614	3.60
8	LSV Asset Management	6,886,535	3.20
9	HSBC Global Asset Management (UK)	6,491,106	3.01
10	Liverpool Victoria Asset Management	6,439,565	2.99
11	Standard Life Investments	5,103,154	2.37
12	Openheimerfunds	4,660,826	2.16
13	Toscafund Asset Management	4,582,683	2.13
14	Acadian Asset Management	4,573,680	2.12
15	F&C Asset Management	3,492,994	1.62
16	Henderson New Star	3,181,407	1.48
17	BlackRock Investment Management (UK)	3,115,495	1.45
18	Norges Bank Investment Management	2,822,775	1.31
19	State Street Global Advisors	2,717,909	1.26
20	IG International Management	2,544,279	1.18
		135,667,854	63.00