



Tullett Prebon plc

Interim Results 2011

August 2011





Terry Smith
Chief Executive



Introduction

- Good performance in challenging conditions
- Market activity more subdued, overall, than H1 2010
- New management appointed in North America
- Presidential approval for acquisition of Convenção
- Investment firm consolidation waiver renewed
- Interim dividend 5.25p per share

Europe

- Market activity lower than in strong H1 2010
- Increase in broker headcount

North America

- Rebuild of affected desks
- Growth in underlying revenue
- New management team

Convenção

- Acquisition agreed October 2009
- Presidential approval July 2011
- Revenue FY 2010 R\$ 37.9m
 H1 2011 R\$ 18.7m
- Initial consideration R\$ 20.0m
- Deferred consideration maximum R\$ 30.3m
- Exchange rate 30 June 2011 R\$ 2.51: £1

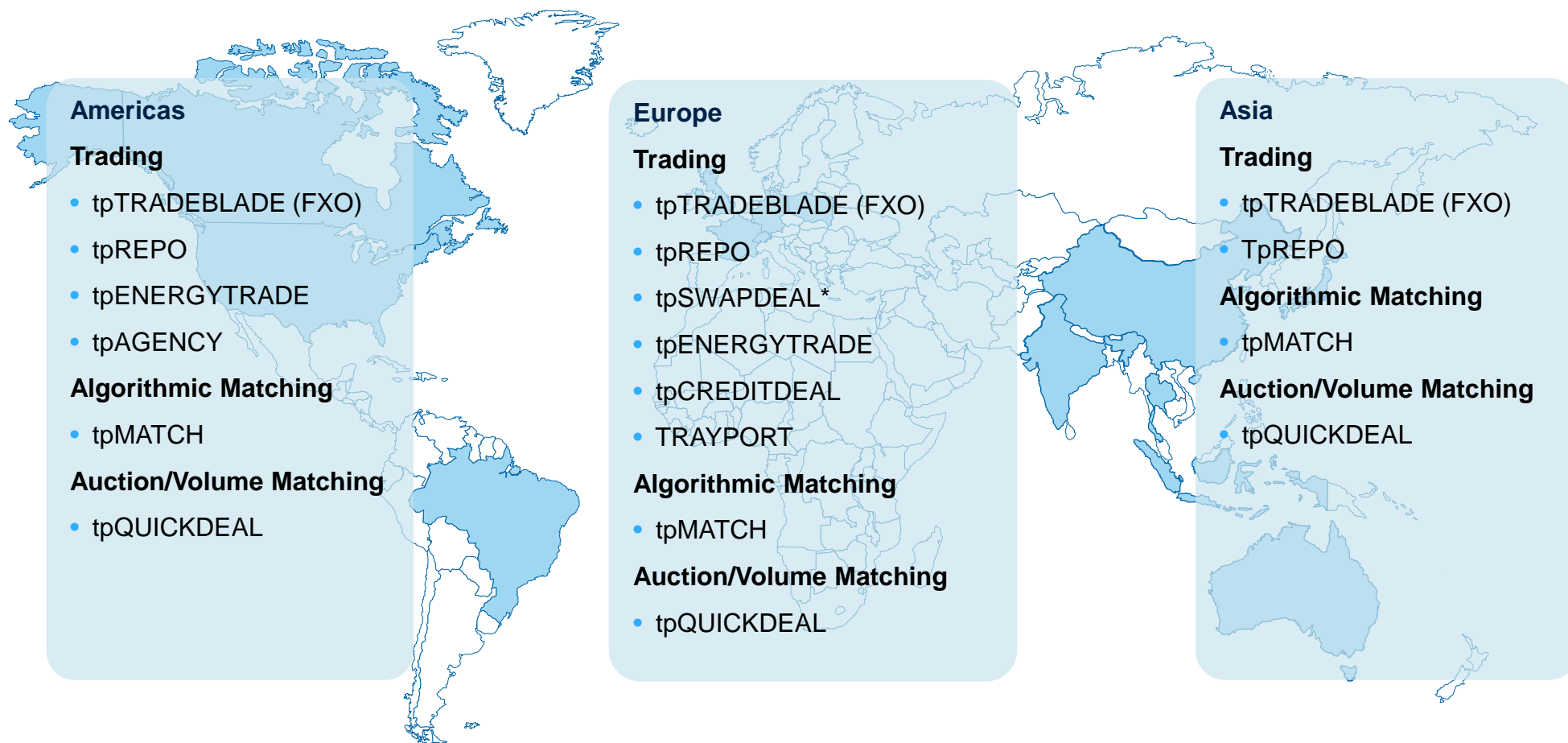
Asia

- Continued recovery in market activity
- Japan earthquake
 - no interruption in client service
 - Tokyo activity remains subdued
- Non-convertible currencies activity strong

Electronic Broking

- Continued focus on hybrid model
 - complements and supports voice broking activity
 - consistent with nature and operation of most OTC markets
 - platforms also support pure electronic broking
 - “auctions” capability – tpQUICKDEAL

Electronic Offering



tpSWAPDEAL

- Electronic interest rate swap platform
- Development complete
- Being rolled out to clients
- Millennium IT technology – extremely low latency
- Flexible for clients
- Adaptable for changing regulatory environments

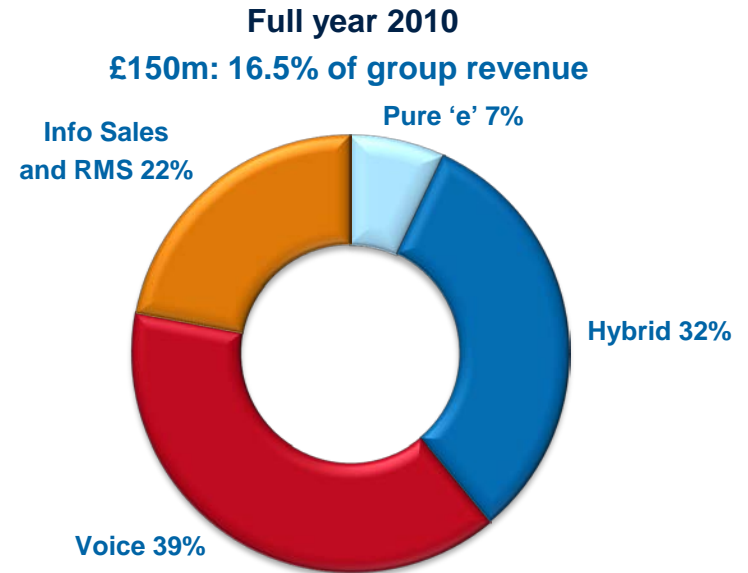
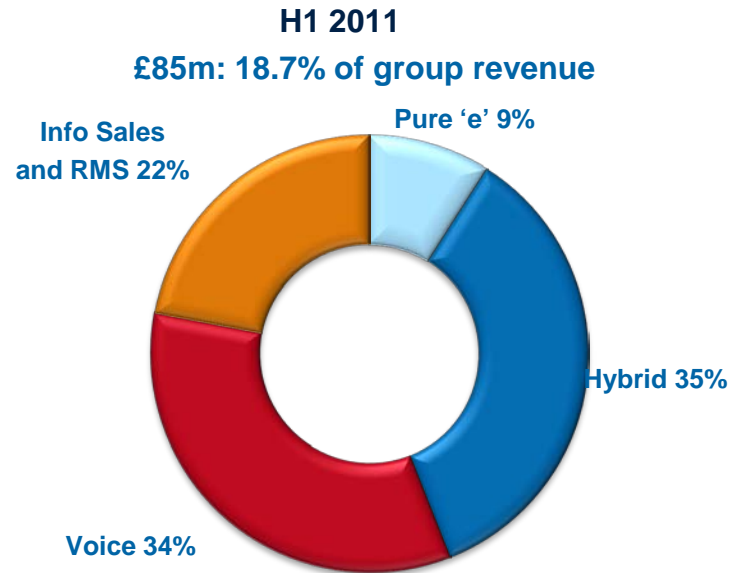
Information Sales and Risk Management Services

- Expansion of customer base
- Good revenue growth
- Market share gains in tpMATCH

Electronic Broking – Revenues

Revenues from products supported by electronic platforms plus Information Sales

Proportions of Revenues by type



OTC Market Regulation

- United States
 - final detailed rules and regulations delayed
 - implementation likely to be during 2012
- Europe
 - EMIR and MiFID II
 - reforms expected to be in force in 2013
- Well positioned

Litigation Update

- UK – action settled
- US – FINRA arbitration
- Data misappropriation claim

Financial Performance

£m	H1 2011	H1 2010	Change	
			Reported	Constant Exchange Rates
Revenue	454.8	475.8	-4%	-4%
Underlying operating profit	79.4	87.3	-9%	-9%
Credit/ (charge) relating to major legal actions	0.8	(2.6)		
Operating profit	80.2	84.7	-5%	-5%
Underlying operating margin	17.5%	18.3%	-0.8%pts	

Revenue by Product Group

£m	H1 2011	H1 2010	Change	
			Reported	Constant Exchange Rates
Treasury Products	127.8	125.2	+2%	+2%
Interest Rate Derivatives	103.8	107.5	-3%	-3%
Fixed Income	126.8	132.7	-4%	-3%
Equities	23.7	38.1	-38%	-36%
Energy	53.8	55.6	-3%	-3%
Info Sales/Risk Management Services	18.9	16.7	+13%	+15%
	454.8	475.8	-4%	-4%

Revenue by Region

£m		H1 2011	H1 2010	Change	
				Reported	Constant Exchange Rates
Europe		269.9	288.1	-6%	-7%
North America	- ongoing	123.4	124.2	-1%	+4%
	- satellite offices	-	11.4		
Asia Pacific		61.5	52.1	+18%	+13%
Reported		454.8	475.8	-4%	-4%

Operating Profit & Margin by Region

£m	Operating Profit				Margin	
	H1 2011	H1 2010	Change		H1 2011	H1 2010
			Reported	Constant Exchange Rates		
Europe	65.5	69.6	-6%	-6%	24.3%	24.2%
North America	7.4	11.7	-37%	-33%	6.0%	8.6%
Asia Pacific	7.3	3.4	+115%	+109%	11.9%	6.5%
	80.2	84.7	-5%	-5%	17.6%	17.8%

Performance Measures

	H1 2011	H1 2010	Change
Broker headcount (period end)	1,666	1,624	+3%
Average revenue per broker	£266k	£283k	-6%*
Broker employment costs: broking revenue	58.7%	57.9%	+0.8% pts
Broking support headcount (period end)	688	703	-2%

* At constant exchange rates

Broker Headcount

	June 2011	December 2010	June 2010
Europe	833	807	803
North America - ongoing	466	437	428
- satellite offices	-	-	33
Asia Pacific	367	357	360
	<hr/> 1,666	<hr/> 1,601	<hr/> 1,624

Comparison with Sector – most recent 12 months

Most recent published 12 months (basis: see appendices)	Revenue £m	Revenue Growth Year on Year %	Operating Margin %
ICAP (Electronic Broking)	302	+20%	40.7%
ICAP (Post Trade and Information)	184	+30%	42.9%
ICAP (Voice Broking including New Business)	1,255	+4%	13.8%
ICAP (All activities)	1,741	+8%	21.5%
Tullett Prebon	888	-2%	16.7%
BGC Partners Inc	818	+8%	9.3%
Tradition	732	-12%	4.3%
GFI	522	+3%	2.1%

Comparison with Sector – most recent 6 months

Most recent published 6 months (basis: see appendices)	Revenue £m	Revenue Growth Year on Year %	Operating Margin %
ICAP (Electronic Broking)	151	+16%	40.4%
ICAP (Post Trade and Information)	94	+29%	42.6%
ICAP (Voice Broking including New Business)	629	+3%	12.2%
ICAP (All activities)	874	+8%	20.4%
Tullett Prebon	455	-4%	17.6%
BGC Partners Inc	431	+7%	8.3%
Tradition	381	-15%	1.7%
GFI	275	+4%	4.1%



Paul Mainwaring
Finance Director



Profit & Loss

£m	H1 2011	H1 2010	FY 2010
Revenue	454.8	475.8	908.5
Underlying operating profit	79.4	87.3	160.1
Credit/ (charge) relating to major legal actions	0.8	(2.6)	(7.7)
Operating profit	80.2	84.7	152.4
Cash finance income/(expense)	(7.1)	(6.1)	(12.7)
Adjusted Profit before tax	73.1	78.6	139.7
Tax	(20.8)	(24.8)	(40.8)
Associates	0.8	1.0	1.5
Minorities	(0.3)	(0.2)	(0.6)
Adjusted Earnings	52.8	54.6	99.8

Cash Finance Income/(Expense)

£m	H1 2011	H1 2010
Interest receivable on cash balances	1.2	0.9
Eurobonds	(5.2)	(5.2)
Bank loan	(1.9)	(1.2)
Revolving credit facility fee	(0.5)	-
Amortisation of debt issue costs	(0.7)	(0.5)
Other interest	-	(0.1)
	<hr/>	<hr/>
	(7.1)	(6.1)

Taxation

£m	H1 2011	H1 2010
Adjusted Profit before tax	73.1	78.6
Effective tax rate	28.5%	31.5%
Tax charge on Adjusted Profit	20.8	24.8

EPS

£m	H1 2011	H1 2010
Adjusted Earnings	52.8	54.6
Weighted average number of shares	216.5m	214.3m
Adjusted Earnings per share	24.4p	25.5p

Operating Cash Flow

£m	H1 2011	H1 2010
Operating profit	80.2	84.7
Share based compensation	0.6	1.3
Depreciation/amortisation	4.2	4.5
EBITDA	85.0	90.5
Capital expenditure (net of NBV of disposals)	(5.6)	(5.2)
Increase in sign-on prepayments	(16.2)	(8.9)
Other working capital	(29.6)	(38.1)
Operating cash flow	33.6	38.3

Net Cash Flow

£m	H1 2011	H1 2010
Operating cash flow	33.6	38.3
Interest	(1.3)	(0.5)
Taxation	(22.9)	(20.1)
Pension funding	(0.5)	(6.3)
ESOT transactions	-	1.7
Dividends received from associates/paid to minorities	0.9	1.4
Acquisitions/investments	(6.6)	(2.4)
Cash flow before debt repayments and dividends	3.2	12.1

Movement in Cash and Debt

£m	Cash	Debt	Net
At 31 December 2010	425.7	(357.9)	67.8
Cash flow	3.2	-	3.2
Dividends	(22.6)	-	(22.6)
Debt repayments/draw downs	(90.1)	90.1	-
Debt issue fees	(3.4)	3.4	-
Effect of movement in exchange rates	0.2	-	0.2
Amortisation of debt issue costs	-	(0.7)	(0.7)
At 30 June 2011	313.0	(265.1)	47.9

Balance Sheet

£m	June 2011	December 2010	June 2010
Goodwill	380.1	376.5	378.1
Deferred consideration	(4.1)	(4.2)	(9.3)
Associates/investments	9.2	7.7	7.8
Operating assets/(liabilities)	31.2	(14.6)	14.8
Accrued interest	(10.3)	(5.2)	(10.4)
Current tax	(24.1)	(33.3)	(39.0)
Deferred tax	(19.4)	(6.5)	3.6
Pensions	47.0	23.6	4.8
Derivative financial instruments	-	-	(0.1)
	409.6	344.0	350.3
Net funds	47.9	67.8	7.2
Net assets/Shareholders' funds	457.5	411.8	357.5

Operating Assets/(Liabilities)

£m		June 2011	December 2010	June 2010
Fixed assets		37.7	36.4	34.5
Trade receivables		95.9	79.8	97.8
Net settlement balances		6.2	0.4	1.3
Other debtors/prepayments		74.0	62.2	61.9
Payables/accruals/provisions		(182.6)	(193.4)	(180.7)
		31.2	(14.6)	14.8
Gross settlement balances	- Receivable	28,011.0	4,037.9	15,123.5
	- Payable	(28,004.8)	(4,037.5)	(15,122.2)
		6.2	0.4	1.3

Pensions

£m	June 2011	December 2010	June 2010
Scheme assets	182.3	169.5	149.1
IAS19 valuation of liabilities	(135.3)	(145.9)	(144.3)
Surplus	47.0	23.6	4.8



Terry Smith
Chief Executive



Outlook

- Unsettled financial markets
- Periods of heightened market activity likely in H2
- Broker headcount 4% higher
- Continued investment
- Convenção
- Well positioned



Tullett Prebon plc

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Appendices



Reconciliation: PBT adjusted to reported

£m	H1 2011	H1 2010
Adjusted Profit before tax	73.1	78.6
Non cash finance income/(expense)	1.5	0.7
Reported Profit before tax	<u>74.6</u>	<u>79.3</u>

Reconciliation: Earnings adjusted to reported

£m	H1 2011	H1 2010
Adjusted Earnings	52.8	54.6
Non cash finance income	1.5	0.7
Tax on non cash finance income/(expense)	(0.5)	(0.2)
Reported Earnings	53.8	55.1

Net Funds

£m	June 2011	December 2010	June 2010
Eurobond August 2014	(8.5)	(8.5)	(8.5)
Eurobond July 2016	(141.1)	(141.1)	(141.1)
Bank term loan	(120.0)	(210.0)	(210.0)
Finance leases	(0.2)	(0.3)	(0.3)
Unamortised debt issue costs	4.7	2.0	2.8
	(265.1)	(357.9)	(357.1)
Cash and cash equivalents	284.5	390.1	331.3
Other financial assets	28.5	35.6	33.0
	313.0	425.7	364.3
Net Funds	47.9	67.8	7.2

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 March 2011 with prior year comparatives; operating margin is shown before “acquisition and disposal costs” (which includes amortisation of acquisition intangibles) and exceptional items
- BGC Partners Inc. is 12 months and 6 months to June 2011 with prior year comparatives; revenue includes Broking, Market Data and Software Solutions revenues
- Tradition revenue is 12 and 6 months to June 2011 with prior year comparatives; operating margin is 12 months and 6 months to December 2010
- GFI revenue is 12 months and 6 months to June 2011 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 14 July 2011

Investor		Holding	(%)
1	Scottish Widows Investment Partnership	22,122,171	10.27
2	Jupiter Asset Management	17,078,418	7.93
3	Director & Related Holding(s)	9,956,148	4.62
4	Legal & General Investment Management	7,834,824	3.64
5	Aberforth Partners	7,587,822	3.52
6	LSV Asset Management	6,726,413	3.12
7	Standard Life Investments	6,110,459	2.84
8	Liverpool Victoria Asset Management	5,718,135	2.66
9	HSBC Global Asset Management (UK)	5,715,088	2.65
10	Oppenheimerfunds	5,154,466	2.39
11	Liontrust Asset Management	4,792,667	2.23
12	JP Morgan Asset Management	4,773,761	2.22
13	M&G Investments	4,604,034	2.14
14	Credit Suisse First Boston (Europe)	4,228,022	1.96
15	Norges Bank Investment Management	4,034,584	1.87
16	Henderson Global Investors	3,888,743	1.81
17	Insight Investment	3,657,869	1.70
18	JO Hambro Capital Management	3,566,711	1.66
19	F&C Asset Management	3,417,202	1.59
20	BlackRock Investment Management	3,186,395	1.48
Source: Capita Registrars		134,153,932	62.30