



Tullett Prebon plc

Preliminary Results 2015

London | March 2016



Agenda

2015 overview

John Phizackerley

Financial review

Paul Mainwaring

Strategy, transaction update and outlook

John Phizackerley

Q&A

John Phizackerley
Chief Executive

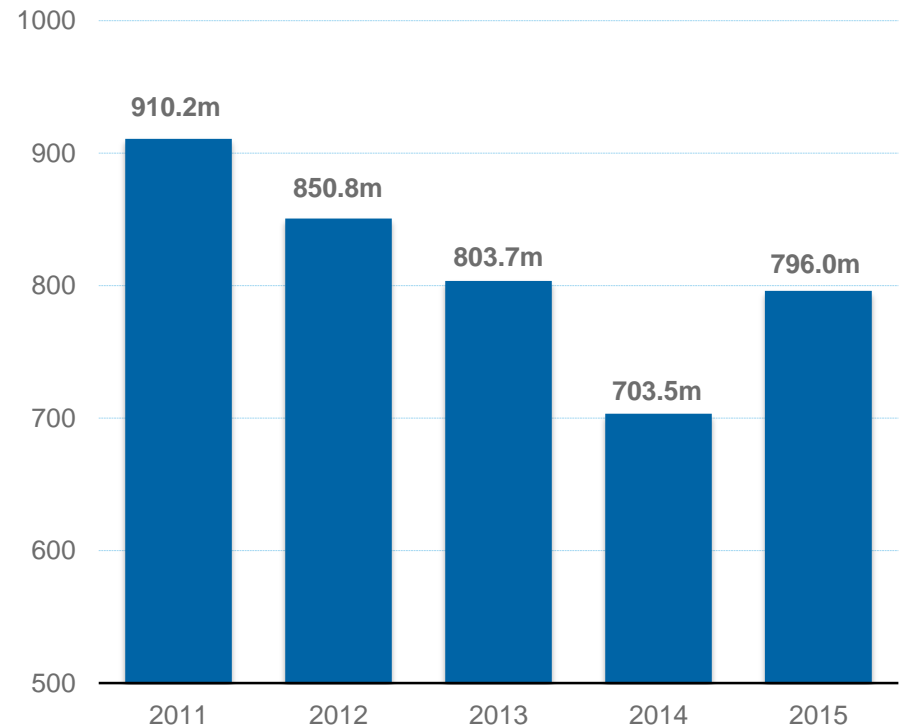


2015 financial highlights

Good overall financial performance

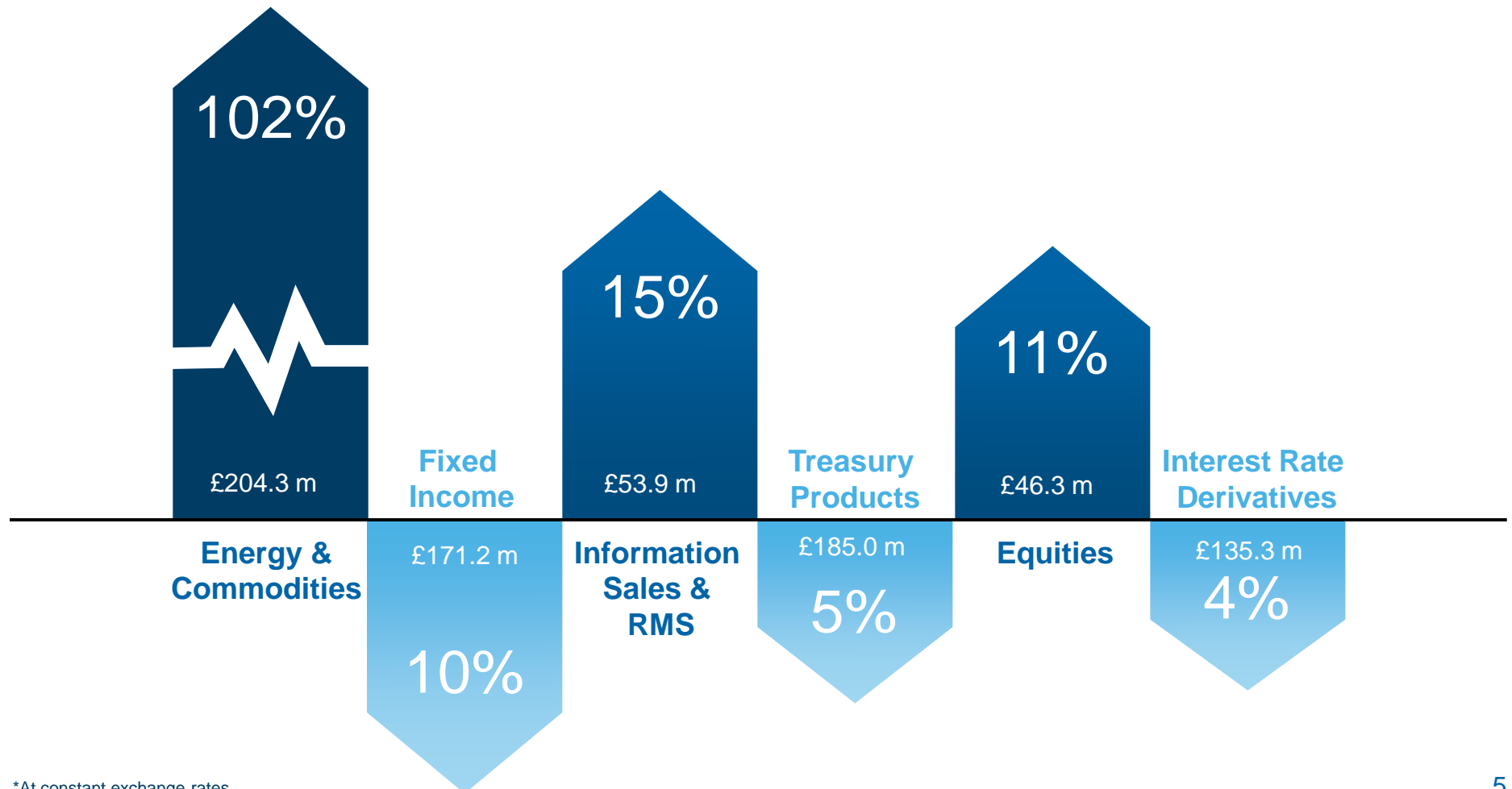
- Revenue £796.0m (2014: £703.5m)
- Operating profit £107.9m (2014: £100.7m)
- Operating margin 13.6% (2014: 14.3%)
- ROCE 20% (2014: 20%)
- Profit before tax £93.7m (2014: £86.6m)
- Basic EPS 32.2p (2014: 32.3p)
- Total dividend 16.85p per share (2014: 16.85p)

Tullett Prebon Revenue YE 31 December (£m)



2015 financial highlights

% change in revenue by product group*



*At constant exchange rates

2015 operating highlights

- Acquired MOAB Oil
- Integrated PVM and Murphy & Durieu
- Capital Markets Day, Strategic Review
- Product innovation
- Investing in people
- Managing costs
- Conduct and culture
- Risk management framework
- Signed ICAP SPA



2015 operating highlights

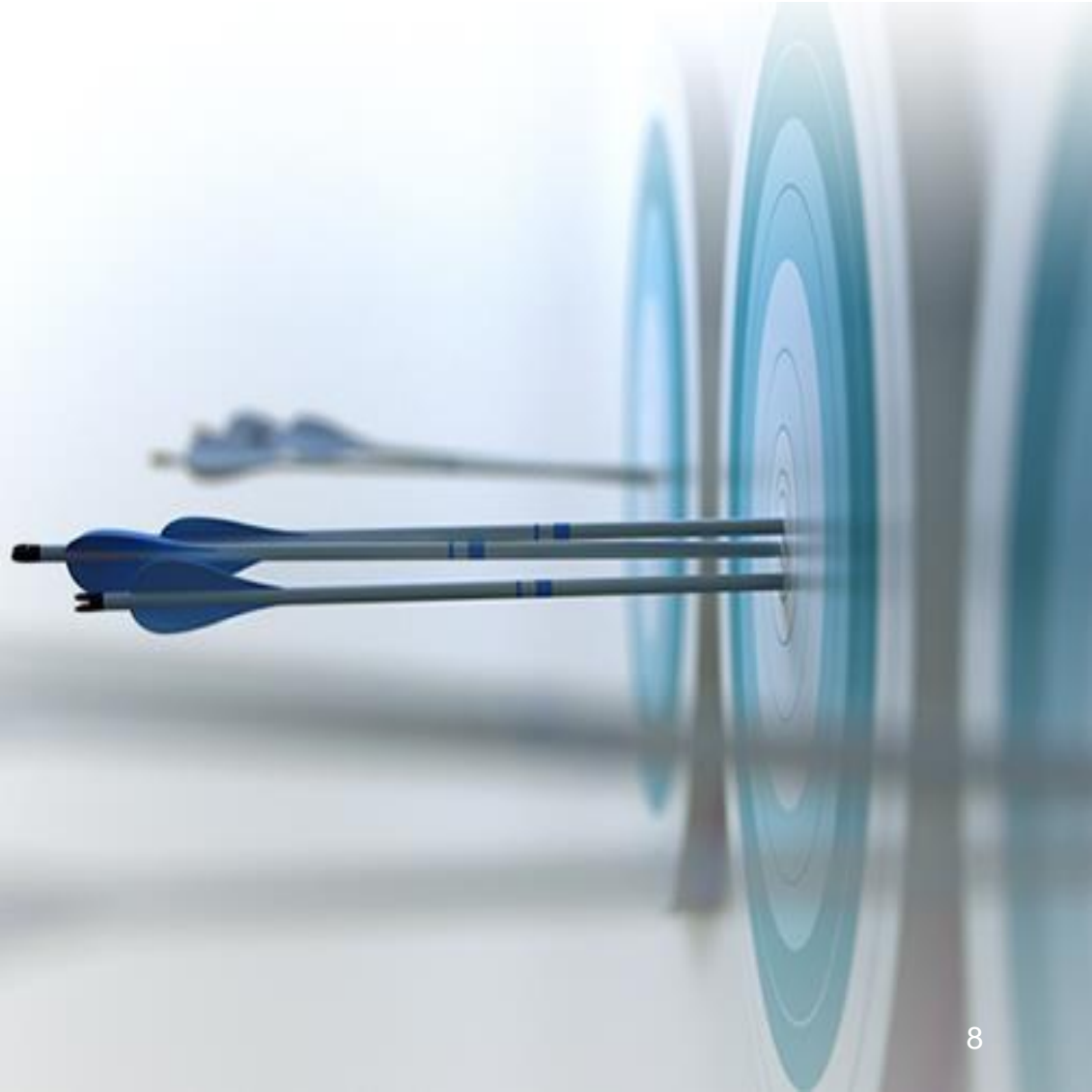
Capital Markets Day, June 2015



2015 operating highlights

Ten Arrows

1. Strategically add brokers
2. Build our energy business
3. Win new all-to-all client business
4. Further monetise Tullett Prebon Information
5. Invest strategically in our IT
6. Adopt a focussed and disciplined CRM approach
7. Develop our acquisition and partnership capabilities
8. Create a robust investment framework
9. Recharge our HR
10. Design and market our brand



2015 operating highlights

Product innovation

Alternative Investments

TP-AIME

Oil



Biofuel



Nuclear Fuel Pricing



Real Estate

tpsynrex

2015 operating highlights

Investing in people



Luke Barnett

Group Chief Information Officer



Carrie Heiss

Group Head of Human Resources



Giles Triffitt

Group Chief Risk Officer



Nicolas Breteau

Group Chief Commercial Officer



Mihiri Jayaweera

Group Head of Strategy



Alan Whittaker

Group Chief Administration Officer



Stephen Breslin

Group Head of Communications



Philip Price

Group General Counsel and
Global Head of Compliance

2015 operating highlights

Conduct and culture

- Respect@work
- Time for Change
- tp² – our training and performance portal
- Performance Management Process
- Code of Conduct

Our culture

“We are known in the market for our **Honesty**, **Integrity** and **Excellence** in the provision of services to clients. Above all else, we **Respect** our clients and each other, without bias.”



2015 operating highlights

Risk management framework

Key Risks survey

The areas of risk most prominent in assessments by all Board & Executive members.

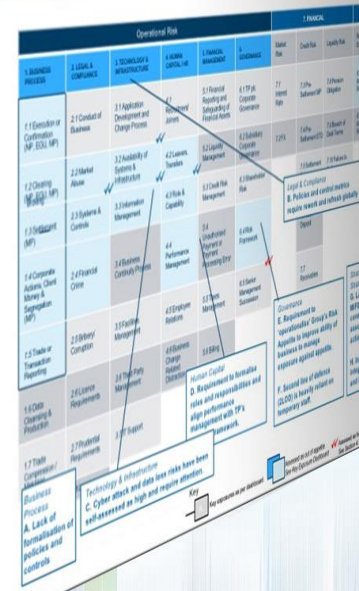


Business process



Assessment of Risk v Appetite

Cross referencing to Board & Executive Key Risk Survey



Group Key exposure dashboard

assessment of exposure against appetite.

Risk Category	Appetite status last period	Appetite Status / Target (Risk to meet)	Risk Profile / Trend	Key Exposures	Action to bring TP back to green	Target Date	Owner	Commentary
1. BUSINESS PROCESS	---	3/10/16	---	A. Lack of formalisation of policies and controls	1. IFC Program - Policy 2. Delivery of a new internal policy 3. Delivery of a new internal policy 4. Policy later agreement review	31/12/16 30/11/16 30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
3. LEGAL & COMPLIANCE	---	3/10/16	---	B. Requirement to implement appropriate trade surveillance and investigation capability	1. Complete legal quality check 2. Sub implementation	30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
3. TECHNOLOGY & INFRASTRUCTURE	---	3/10/16	---	C. Cyber attack and data loss risks have been assessed as high and require attention	1. Technology Review update 2. Cyber assessment of internal systems 3. Delivery of a new internal policy 4. Delivery of a new internal policy	30/11/16 30/11/16 30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
4. HUMAN CAPITAL / HR	---	3/10/16	---	D. Requirement to formalise roles and responsibilities and align performance management with TP's Cultural Framework	1. IFC Program - Roles 2. Implementation of IFC Program (2016)	31/12/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
5. FINANCIAL MANAGEMENT	---	3/10/16	---	E. Requirement to operationalise Group's Risk Appetite to improve ability of business to manage exposure against appetite	1. IFC Program - Appetite 2. IFC Program - Appetite	30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
6. GOVERNANCE RISK	---	3/10/16	---	F. Shortfall of volume (2.0x) is likely to result in temporary cost	1. Risk to ensure market and exposure	30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
7. FINANCIAL	---	3/10/16	---	G. Lack of clarity regarding MPE's requirements and contractual obligations for public reporting on MPE's public debt	1. IFC Program - Public Debt 2. IFC Program - Public Debt	30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16
8. STRATEGIC & BUSINESS	---	3/10/16	---	H. Increased risk from IFC Program both in execution and impact on EGU	1. IFC Program - Public Debt 2. IFC Program - Public Debt	30/11/16 30/11/16	Operational Risk	Check new internal policy - Internal review on 10/10/16

2015 operating highlights

Signed ICAP SPA

THE WALL STREET JOURNAL.

ICAP to Sell Brokering Unit to Tullett Prebon

Move comes a week after the companies announced they were in talks for \$1.66 billion merger

The New York Times

Tullett Prebon Agrees to Buy ICAP's Global Brokering Business

theguardian

Tullett Prebon and Icap combine to create broking behemoth

FINANCIAL TIMES

ICAP and Tullett Prebon put aside rivalry to strike deal

Bloomberg Business

Tullett to Acquire ICAP's Global Hybrid Voice Broking Business

CITYA.M.

ICAP confirms sale of voice-brokerage to Tullett Prebon as revenues slide four per cent

Paul Mainwaring
Finance Director



Revenue

£m	2015	2014	Change*
Excluding PVM			
– Broking	638.9	649.6	-3%
– Information Sales and RMS	53.3	46.4	+14%
	692.2	696.0	-2%
PVM	103.8	7.5	
Total Revenue	796.0	703.5	+11%

Revenue by product group

£m (2014 at constant exchange rates)	2015	2014	Change
Energy & Commodities	204.3	101.3	+102%
Interest Rate Derivatives	135.3	141.0	-4%
Fixed Income	171.2	190.3	-10%
Treasury Products	185.0	194.2	-5%
Equities	46.3	41.6	+11%
Information Sales and RMS	53.9	46.7	+15%
	796.0	715.1	+11%
Exchange translation		(11.6)	
	796.0	703.5	+13%

Revenue by region

£m (2014 at constant exchange rates)	2015	2014	Change	Change excluding PVM
Europe and the Middle East	455.3	404.7	+13%	-7%
Americas	234.5	214.0	+10%	+4%
Asia Pacific	106.2	96.4	+10%	+3%
	796.0	715.1	+11%	-2%
Exchange translation		(11.6)		
	796.0	703.5	+13%	

Underlying operating profit & margin by region

£m	Underlying operating profit			Margin	
	2015	2014	Change	2015	2014
Europe and the Middle East	81.2	80.1	+1%	17.8%	19.8%
Americas	14.9	10.5	+42%	6.4%	5.2%
Asia Pacific	11.8	10.1	+17%	11.1%	10.5%
	107.9	100.7	+7%	13.6%	14.3%

Cost improvement programme 2015

- Focused on traditional interdealer product areas
- Reducing broker headcount in Europe
- Restructuring broker contracts in North America
- Front office headcount being reduced by c70 heads
≈ 7.5% of headcount in affected product areas
- Exceptional charge in 2015 of £25.7m (of which £4.4m is non-cash)
- Further exceptional charge to come in 2016 < £10m

Costs

- Broker employment costs as % of broking revenue
 - 2015: 55.7%
 - 2014: 56.2%
 - 2013: 58.3%
 - 2012: 59.8%
- In traditional IDB product areas in Europe and North America
 - fixed broker employment costs down 12%
 - revenue down 8%

Underlying profit & loss

£m	2015	2014
Revenue	796.0	703.5
Operating profit	107.9	100.7
Net finance expense	(14.2)	(14.1)
Profit before tax	93.7	86.6
Tax	(17.5)	(16.9)
Associates	2.6	1.9
Minorities	(0.4)	(0.4)
Earnings	78.4	71.2
Weighted average shares in issue	243.6m	220.4m
Basic EPS	32.2p	32.3p
<i>Effective rate of tax</i>	<i>18.7%</i>	<i>19.5%</i>
<i>Effective rate of tax exc. tax provision releases</i>	<i>20.5%</i>	<i>23.1%</i>

Exceptional and acquisition related items

£m	2015	2014
Major legal actions	64.4	3.1
Cost improvement programme	(25.7)	(46.7)
Acquisition costs (2015: IGBB, 2014: PVM)	(12.1)	(1.8)
Amortisation of PVM acquisition deferred consideration	(10.5)	(0.9)
Amortisation of intangible assets arising on acquisition	(1.2)	-
Other acquisition and disposal items	(0.9)	-
Goodwill impairment	-	(6.8)
Acquisition related finance expense	(2.0)	-
	12.0	(53.1)
Tax (charge)/relief	(7.5)	6.5

Operating cash flow

£m	2015	2014
Underlying operating profit	107.9	100.7
Share based compensation and other non-cash items	2.2	0.9
Depreciation/amortisation	15.0	13.6
EBITDA	125.1	115.2
Capital expenditure	(13.9)	(11.0)
(Increase)/decrease in initial contract prepayments	(0.9)	8.7
Other working capital	13.6	(21.9)
Operating cash flow	123.9	91.0
<i>% of operating profit</i>	<i>115%</i>	<i>90%</i>

Net cash flow

£m	2015	2014
Operating cash flow	123.9	91.0
Exceptional and acquisition related items		
– Cost improvement programme 2015	(3.7)	-
– Cost improvement programme 2014	(5.3)	(17.0)
– Restructuring 2011/2012	(0.3)	(0.9)
– Major legal actions	64.4	3.1
– Acquisition costs related to IGBB	(12.1)	-
– Other acquisition and disposal items	(0.5)	(1.8)
Interest	(14.6)	(15.2)
Taxation	(19.5)	(15.9)
Net dividends received from associates/(paid) to minorities	1.1	0.8
Acquisition consideration/investments (net of disposals)	(12.0)	(6.9)
Cash flow before debt repayments and dividends	121.4	37.2

Movement in cash and debt

£m	Cash	Debt	Net
At 31 December 2014	297.8	(219.7)	78.1
Cash flow	121.4	-	121.4
Dividends	(41.0)	-	(41.0)
Bank facility arrangement fees	(4.7)		(4.7)
Amortisation of debt issue costs	-	(0.5)	(0.5)
Cash acquired/(sold) with subsidiaries	1.4	-	1.4
Effect of movement in exchange rates	4.3	-	4.3
At 31 December 2015	379.2	(220.2)	159.0

Debt profile and refinancing

£m	December 2015	December 2014
7.04% Sterling Notes July 2016	141.1	141.1
5.25% Sterling Notes June 2019	80.0	80.0
Unamortised issue costs	(0.9)	(1.4)
	220.2	219.7

Committed facilities

- £470m bank bridge facility
- £250m RCF

Balance sheet

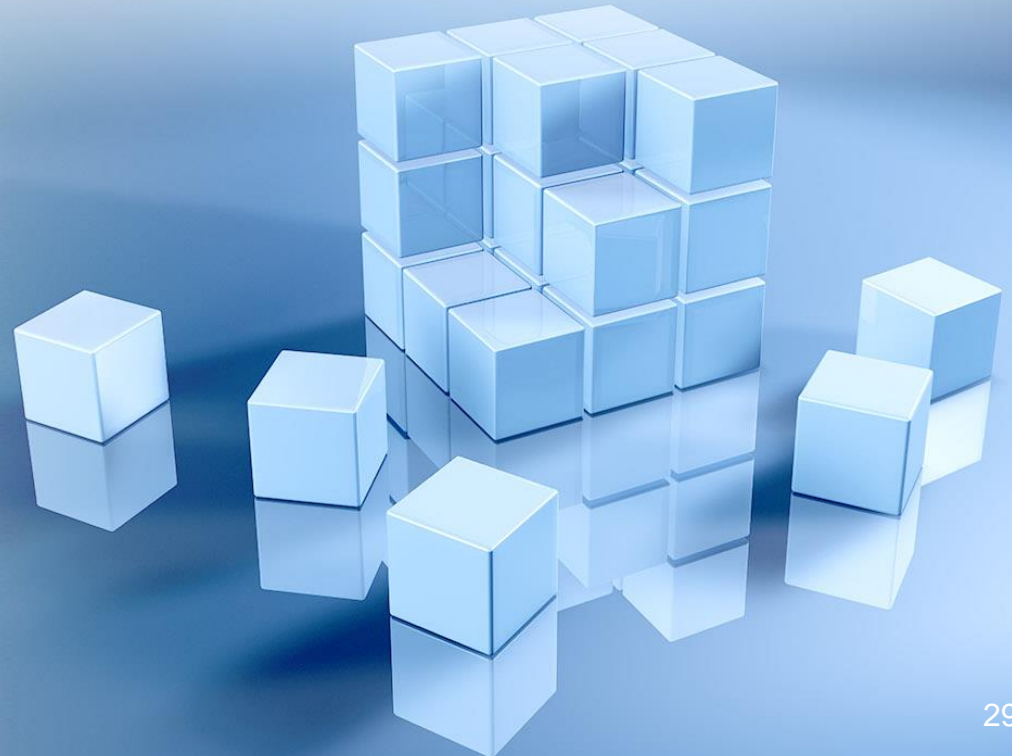
£m	December 2015	December 2014
Intangible assets arising on consolidation	357.4	336.6
Deferred consideration	(16.4)	(6.4)
Associates/investments	14.5	10.2
Operating assets/(liabilities)	(11.3)	20.4
Interest/facility fees	(2.5)	(4.7)
Tax	(16.3)	(11.1)
Pension scheme surplus net of deferred tax	57.3	40.4
	382.7	385.4
Net funds	159.0	78.1
Net assets/Shareholders' funds	541.7	463.5

John Phizackerley
Chief Executive



TP ICAP – update

- Announced acquisition of IGBB in November 2015
- Project management office has been established
- Positive client and shareholder feedback
- In discussion with respective regulators and anti-trust authorities
- Transaction on track to complete in 2016



TP ICAP - update

Six stages of the integration

1	2	3	4	5	6
Base camp	Day 1	6 months post-closing	12 months post-closing	18 months post-closing	Summit 24 months post-closing
<ul style="list-style-type: none"> Governance defined Programme structure and workstreams agreed Mandates developed Teams assigned 	<ul style="list-style-type: none"> Delivery of Day 1 activities First day of work as integrated teams Consolidated risk and financial reporting 	<ul style="list-style-type: none"> Quick wins delivered Teams at full strength Target operating models (TOM) developed & being implemented 	<ul style="list-style-type: none"> Target F2B organisational structure in place Quick win synergies delivered 	<ul style="list-style-type: none"> Integrated teams working as single unit Set up for completion of integration work 	<ul style="list-style-type: none"> Systems integrated Synergies delivered Fully integrated teams



Commissioned 10 workstreams

Front office integration lead		Functional integration lead							
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Broking Business Model	Broking Analysis	IT	Operations	Finance	Control - Risk - Legal - Compliance	HR	Platforms	Comms and Branding	IS&B Separation
TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor	TP Sponsor
TP Lead	TP Lead	TP Lead	TP Lead	TP Lead	TP Lead	TP Lead	TP Lead	TP Lead	TP Lead
ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead	ICAP Lead

TP ICAP – creating the largest player in the industry

- Multi-platform hybrid voice business operating across all major asset classes
- 3,245 brokers and c.5,500 total staff
- Historical revenue in excess of £1.5bn
- Historical adjusted trading operating profit of £232m
- Portfolio of powerful brands
- High quality technology platforms including iSwap and Fusion



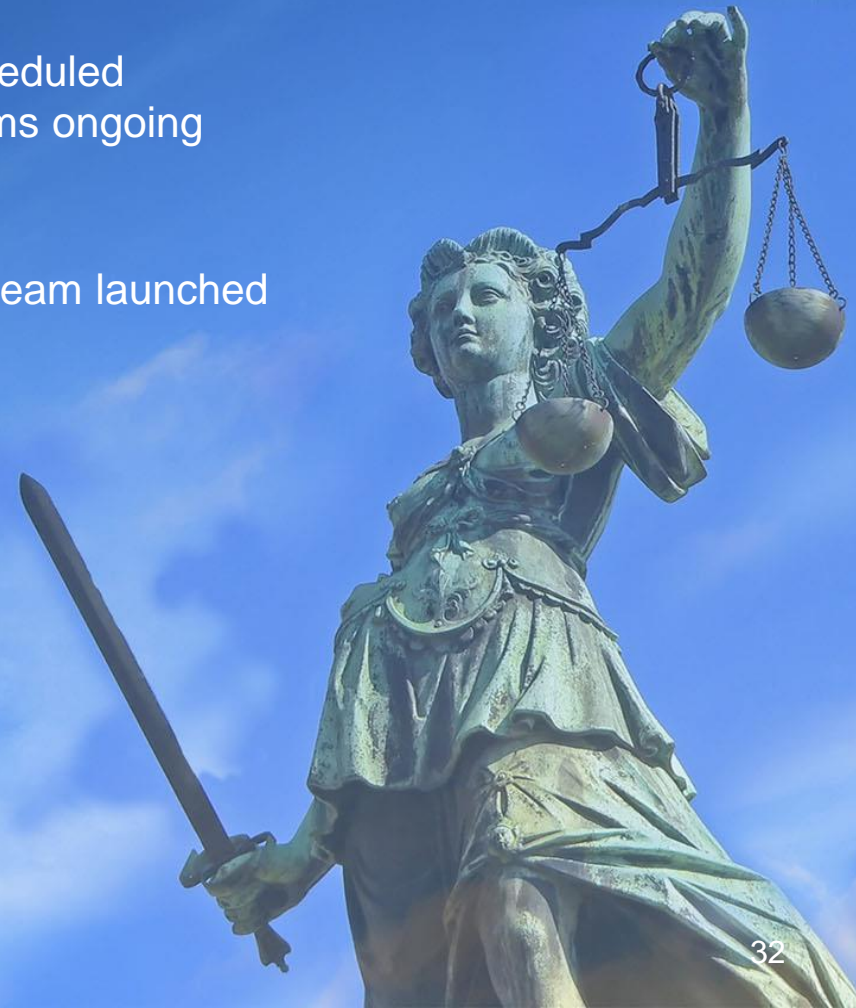
● **Tullett Prebon**
30 locations, 25 Countries

● **IGBB**
35 locations, 22 Countries

Greater client and product coverage
and a stronger global footprint

Regulatory progress

- Our US SEF granted permanent registration by the CFTC in January 2016
- The introduction of MiFID II and MiFIR is currently scheduled to become effective from 3 January 2018 – workstreams ongoing
- Extensive UK FCA engagement
- EU Brexit Referendum contingency planning – workstream launched



2016 – the road ahead

- Regulatory and Investor approval for TP ICAP
- Subsequent integration and realisation of synergies
- Varied product performance
- Big technology agenda
- Retention during transition
- Taking market share

Market Outlook

- Plenty of economic, political and market risk factors
- US rate rises “on hold”
- 2016 Presidential election, Brexit vote
- Further financial sector consolidation
- Exciting opportunities for a market leading brokerage firm



Summary

- Good results against a challenging backdrop
- Good operational progress
- Investment in strategy and personnel paying off
- TP ICAP the next major challenge
- Confident and optimistic

Delivering our objective of becoming the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking



Q&A



Appendices



Headcount

	Brokers	Support	Other*	Total
At December 2014	1,702	765	145	2,612
At June 2015	1,750	806	149	2,705
At December 2015	1,726	801	158	2,685

Net finance expense

£m	2015	2014
Interest receivable on cash balances	1.8	1.4
Payable on Sterling Notes	(14.1)	(14.5)
Bank loan and RCF commitment fee	(1.6)	(1.5)
Amortisation of debt issue costs	(1.8)	(1.1)
Other interest	(0.4)	(0.5)
Cash interest and fees	(16.1)	(16.2)
Deemed pension scheme income	2.0	2.2
Amortisation of discount on deferred consideration	(0.1)	(0.1)
Non cash interest	1.9	2.1
	(14.2)	(14.1)

Operating assets/(liabilities)

£m		December 2015	December 2014
Fixed assets		49.5	49.5
Trade receivables		94.2	87.8
Net settlement balances		0.3	1.8
Other debtors/prepayments		33.6	38.0
Payables/accruals		(159.8)	(140.4)
Provisions		(29.1)	(16.3)
		(11.3)	20.4
Gross settlement balances	– Receivable	2,434.1	3,134.1
	– Payable	(2,433.8)	(3,132.3)
		0.3	1.8

Pension scheme surplus

£m	December 2015	December 2014
Scheme assets	289.8	255.7
IAS19 valuation of liabilities	(201.6)	(193.6)
Accounting surplus	88.2	62.1
Related deferred tax liability	(30.9)	(21.7)
	57.3	40.4
Discount rate applied	3.7%	3.7%

Major Shareholders as at 12 February 2016

Investor	Holding	(%)
1. Schroder Investment Management	27,880,290	11.45
2. Jupiter Asset Management	19,928,602	8.18
3. Majedie Asset Management	18,261,210	7.50
4. OppenheimerFunds Inc.	13,012,792	5.34
5. Liontrust Asset Management	12,071,780	4.96
6. Invesco Canada	11,613,588	4.77
7. Aberdeen Asset Management Limited	9,121,355	3.75
8. Terry Smith	9,086,004	3.73
9. Allianz KAG Frankfurt	7,011,542	2.88
10. Legal & General Investment Management	6,461,002	2.65
11. Henderson Global Investors	5,863,468	2.41
12. LSV Asset Management	5,785,440	2.38
13. Dimensional Fund Advisors	5,752,265	2.36
14. BlackRock Investment Management (UK)	5,415,476	2.22
15. Neptune Investment Management	5,327,809	2.19
16. David Hufton	4,766,308	1.96
17. M&G Investments	4,691,885	1.93
18. Norges Bank Investment Management	4,599,845	1.89
19. Vanguard Group	4,430,073	1.82
20. JP Morgan Asset Management	4,239,852	1.74