



TP ICAP plc Interim Results

For the six months ended 30 June 2020

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Nicolas Breteau
CEO

Agenda

Introduction

Nicolas Breteau

Financials

Robin Stewart

Update

Nicolas Breteau

Q&A

Nicolas Breteau & Robin Stewart

Overview: Readiness and Resilience

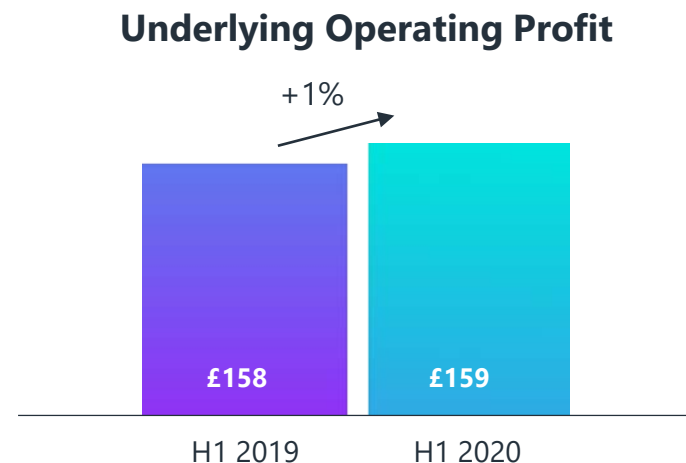
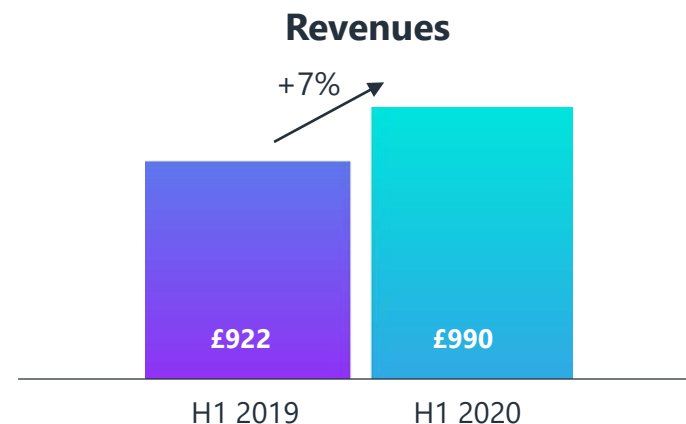
Operational strength, scale, and diversified portfolio underpin strong revenue performance

- **COVID 19** – Took swift action to protect staff and ensure continuous client service:
 - Well placed to ride the wave of volatility and volume that peaked in March
 - Helped markets remain open and liquid during a period of unprecedented stress, underlining TP ICAP's systemic role in wholesale markets
- **Record H1 revenues** with growth across all four business divisions
- Robust **liquidity** and **capital** position
- Despite the pandemic commenced **measured execution of our growth strategy**
- Paid 2019FY dividend **in full**; announced 2020 **interim dividend**

H1 2020: Financial Highlights

Record revenues, improved underlying profitability, interim dividend

- Revenue £990m
(H1 2019: £922m)
- Underlying Operating Profit £159m^{1,2}
(H1 2019: £158m)
- Underlying Operating Margin 16.1%^{1,2}
(H1 2019: 17.1%)
- Underlying Profit before tax £136m^{1,2}
(H1 2019: £134m)
- Basic Underlying EPS 19.9p^{1,2}
(H1 2019: 19.3p)
- Interim H1 Dividend of 5.6p
(H1 2019: 5.6p)



¹ Underlying profit and profit margin numbers exclude exceptional and acquisition-related items, but include negative £10m COVID-19 related unused annual leave that will reverse in H2.

² Underlying profit, profit margin, PBT and EPS would have been £169m, 17.1%, £146m and 21.4p respectively excluding the impact of the above £10m unused annual leave.

COVID-19 Response Readiness

Took swift action to reengineer our operations globally

- **Demonstrated operational agility to manage unprecedented market conditions:**
 - **Pioneered cloud solution:** 2,000 telephone lines transferred; digital dealer boards installed for more than 500 brokers; solution sourced and implemented in less than two weeks
 - Robust trader workflow to **manage operational and credit risk**. **Surveillance tech** enables us to meet all compliance and regulatory obligations
 - Result: **Continuous client coverage**, across all asset classes, globally
- **Acted responsibly vis-a-vis our stakeholders:**
 - **Not furloughed or reduced** any permanent staff due to COVID-19, or requested any government aid
 - Contributed to the **communities** in which we operate



Robin Stewart
CFO

H1 2020 Income Statement

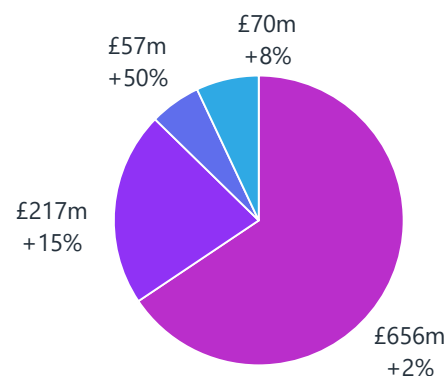
£m	H1 2020	H1 2019	Change (%)
Revenue	990	922	+7%
Underlying Operating profit ^{1,2}	159	158	+1%
<i>Underlying Operating profit margin ^{1,2}</i>	16.1%	17.1%	-1% pts
Net finance costs	(23)	(24)	-4%
Underlying Profit before tax	136	134	+1%
Tax	(34)	(33)	+9%
<i>Effective tax rate</i>	25.3%	24.6%	+0.7% pts
Share of JVs and associates less non-controlling interests	9	7	+29%
Underlying earnings	111	108	+3%
Total acquisition, disposal & integration costs and exceptionals	(57)	(42)	+36%
Reported earnings	54	66	-18%
<i>Weighted average basic shares in issue (m)</i>	557.3	560.0	-0%
Underlying basic EPS ^{1,2}	19.9p	19.3p	+3%
Reported EPS	9.7p	11.8p	-18%

¹ Underlying profit and profit margin numbers exclude exceptional and acquisition-related items, but include negative £10m COVID-19 related unused annual leave that will reverse in H2.

² Underlying profit, profit margin, PBT and EPS would have been £169m, 17.1%, £146m and 21.4p respectively excluding the impact of the above £10m unused annual leave.

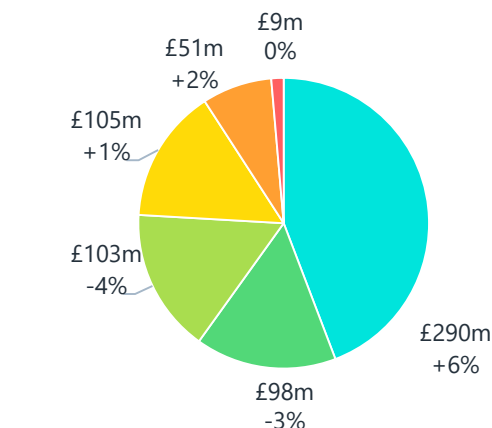
H1 2020 Revenues Breakdown

Revenue by Business Division¹



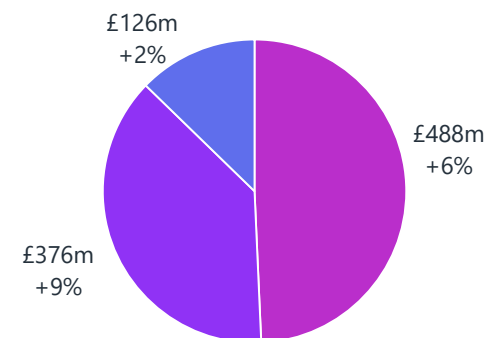
- Global Broking
- Energy & Commodities
- Institutional Services
- Data & Analytics

Global Broking Revenue by Product



- Rates
- FX & Money Markets
- Emerging Markets
- Equities
- Credit
- Inter-division revenues

Revenue by Region



- EMEA
- Americas
- Asia Pacific

¹ Revenues do not include inter-division revenues and eliminations,
Note: All percentage changes at constant currency

Divisional Contribution and Underlying Op. Profit

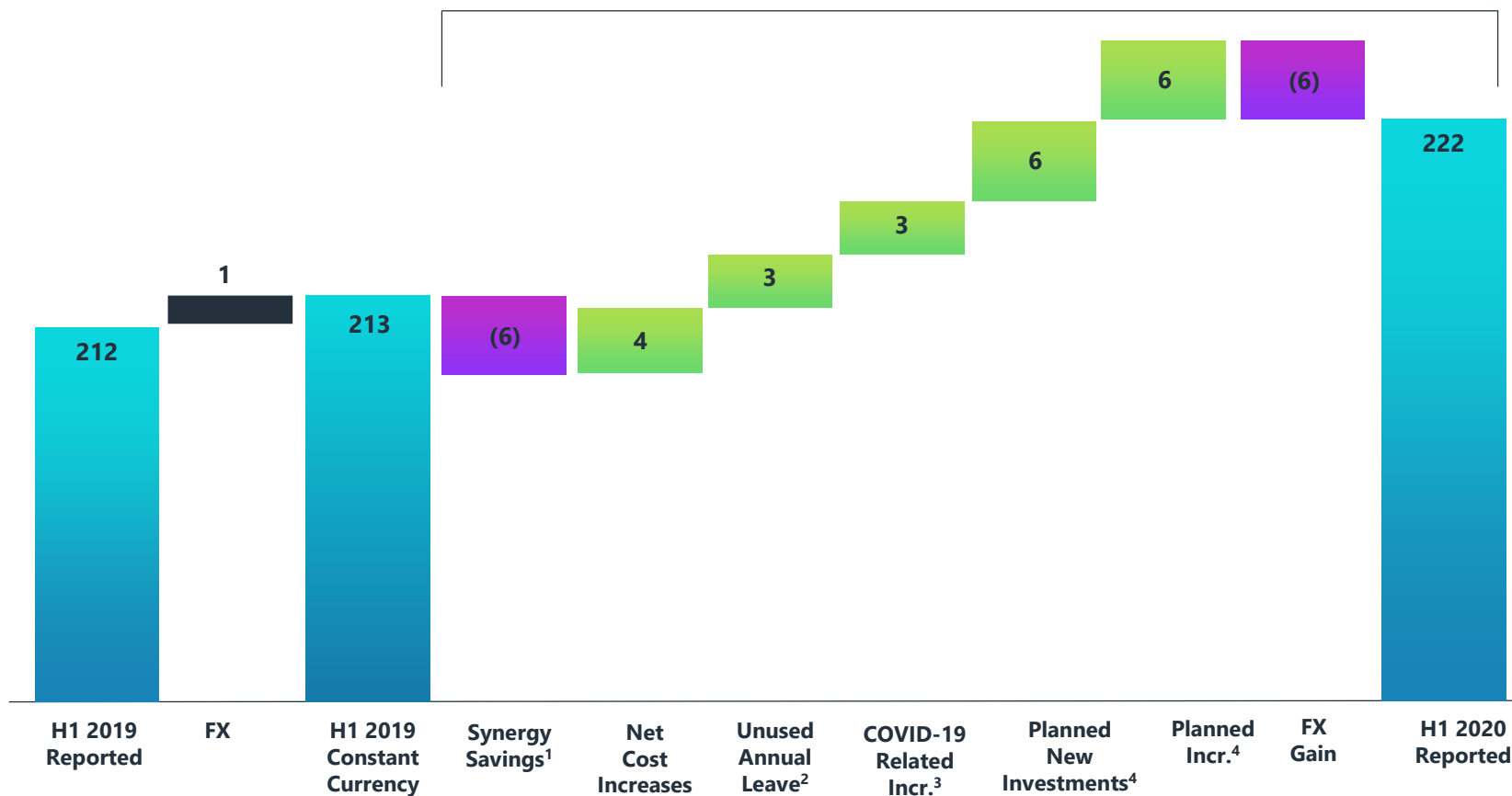
H1 2020 (£m)	Global Broking	Energy & Commodities	Institutional Services	Data & Analytics	Corp. Centre ¹	Group
Revenues	656	217	57	70	(10)	990
External	647	216	57	70	-	990
Inter-division	9	1	-	-	(10)	-
Total Front-Office costs	(396)	(144)	(41)	(37)	3	(615)
External	(396)	(144)	(41)	(27)	(7)	(615)
Inter-division	-	-	-	(10)	10	-
Contribution	260	73	16	33	(7)	375
<i>Contribution margin (%)</i>	39.6%	33.6%	28.1%	47.1%	n/a	37.9%
Net Management and Support Costs	(129)	(41)	(8)	(5)	(33)	(216)
Management and support costs	(131)	(41)	(8)	(5)	(37)	(222)
Other operating income	2	-	-	-	4	6
Underlying Op. profit / (loss)	131	32	8	28	(40)	159
<i>Underlying Op. profit margin (%)</i>	20.0%	14.7%	14.0%	40.0%	n/a	16.1%
H1 2019						
Contribution	262	59	9	32	n/a	362
Contribution margin (%)	40.7%	31.4%	24.3%	50.0%	n/a	39.3%
<i>Underlying Op. profit margin (%)</i>	20.7%	12.2%	8.1%	45.3%	n/a	17.1%

¹ Corporate centre and other unallocated costs

Management and Support Costs

Breakdown of cost movements: H1 2020 vs. H1 2019

£9m year-on-year increase (£3m excluding COVID-19 impact)



¹ Total synergy savings vs. H1 2019

² Unused annual leave for management and support costs

³ COVID-19 related IT costs

⁴ As previously guided

Underlying Operating Profit and Margin by Region

£m	Underlying operating profit			Margin	
	H1 2020	H1 2019	Change	H1 2020	H1 2019
EMEA	93	96	-3%	19.1%	21.0%
Americas	56	49	+14%	14.9%	14.4%
Asia Pacific	10	13	-23%	7.9%	10.5%
Group	159	158	+1%	16.1%	17.1%

Exceptional and Acquisition Related Items

£m	H1 2020	H1 2019
ICAP integration costs	-	20
Amortisation of intangible assets arising on consolidation	20	21
Impairment of intangible assets arising on consolidation	21	-
Charge relating to business redomiciliation	9	-
Net charge relating to legal settlements	2	2
Charge relating to business reorganisation	4	4
Adjustments to deferred consideration	1	2
Other	1	2
Total Exceptional and acquisition related items (pre-tax)	58	51
Tax relief	(1)	(9)
Total Exceptional and acquisition related items	57	42

Earnings EPS and Dividends

£m	H1 2020	H1 2019
Underlying Earnings	111	108
Exceptional and acquisition-related items (net of tax)	(57)	(42)
Reported Earnings	54	66
Weighted average shares in issue	557.3m	560.0m
Underlying EPS ¹	19.9p	19.3p
Reported EPS	9.7p	11.8p

- A 5.6p per share interim dividend (2019: 5.6p) will be paid on 6 November 2020 to shareholders

¹ Underlying EPS excluding unused annual leave would have been 21.4p

Operating Cash Flow

£m	H1 2020 Underlying Cash flow	H1 2019 Underlying Cash flow
Underlying Operating profit	159	158
Share based compensation and pension admin fees	4	3
Depreciation and amortisation	15	18
Depreciation of right-of-use assets	12	11
EBITDA	190	190
Unused annual leave	10	-
Change in initial contract prepayments	-	2
Working capital movements	(24)	(112)
Cash generated from operations	176	80
Capital expenditure	(23)	(19)
Underlying Operating cash flow	153	61
Interest paid	(24)	(27)
Taxation	(37)	(39)
Underlying Free cash flow	92	(5)

Balance Sheet

£m	Jun-20	Dec-19
Goodwill & other intangibles arising on consolidation	1,567	1,572
Other non-current assets	214	207
Current assets less current and non-current liabilities	(24)	(52)
Cash and financial investments	886	824
Deferred tax liabilities	(78)	(83)
Interest bearing loans and borrowings	(730)	(689)
Right-of-use assets	164	91
Lease liabilities	(216)	(140)
Net assets	1,783	1,730
Shareholders' equity	1,762	1,712
Attributable to non-controlling interests	21	18
Attributable to shareholders	1,783	1,730

Debt Profile and Refinancing

£m	Jun-20	Dec-19
5.25% Sterling Notes January 2024	431	431
5.25% Sterling Notes May 2026	250	250
£270m Revolving credit facility drawn down	40	-
Unamortised debt issue costs	(2)	(3)
Accrued interest	11	11
Debt¹	730	689
Lease liabilities	216	140
Total Debt	946	829

¹ Relevant figure for Group's Banking Covenants calculations

Net Funds /(Debt)

£m	Cash & cash equivalents	Financial investments	Total funds	Debt	Lease Liabilities	Net
At 31 December 2019	676	148	824	(689)	(140)	(5)
Reported net cash flow from operating activities	106	-	106	-	-	106
Net cash flow from investment activities	(29)	8	(21)	-	-	(21)
Dividends paid	(63)	-	(63)	-	-	(63)
Net drawdown of RCF	40	-	40	(40)	-	-
Other financing activities	(9)	-	(9)	(1)	-	(10)
Change in lease liabilities net of interest	-	-	-	-	(85)	(85)
Payments of lease liabilities	(16)	-	(16)	-	16	-
Effect of movements in exchange rates	23	2	25	-	(7)	18
30 June 2020	728	158	886	(730)	(216)	(60)
Net funds excluding lease liabilities	728	158	886	(730)	-	156

2020 Guidance

Revenue

Low single-digit growth

Broker compensation

Expected at c.54%

Net finance expense

c.£50m in 2020

Tax rate

Expected to be 25%

Strategic IT Incremental Investments

c.£15m of cash investments in 2020
(c.£7m of opex)

Total Capex

Expected to be c.£45m (including £8m Strategic Tech Investments capex)

Dividend

Intend to pay at least 16.85p



Nicolas Breteau
CEO

Clear Strategy in Place

Commenced measured execution

Aggregation	Electronification	Diversification
Provide clients with access to aggregated liquidity from across our brands	Increase the proportion of low-touch activity, improve client connectivity, post-trade processing	Build out earnings from buy-side, corporates, data businesses

- Given uncertainty, prudent resource management meant lower-than-targeted H1 investment spend
- However, where we have invested, we are seeing results:
 - Range of solutions
 - Geographic profile
 - Client base
 - Average broker headcount up 2%

Global Broking

Cementing leadership by launching new platforms

- **The largest provider of OTC marketplaces in the wholesale financial markets:**
 - Voice, hybrid and electronic platforms
 - Revenues grew 2% YoY¹ supported by heightened Q1 volatility and higher volumes, before activity cooled in May and June
- **Growth strategy execution update:**
 - **Hub strategy** is our core long-term initiative: a single point of liquidity across our brands, first class connectivity, robust post-trade processing
 - In **Rates**, IRO hub goes live in Sept, Sterling hub complete by YE
 - In **FX**, top-tier banks already streaming liquidity on FX Options hub
 - In **Credit**, launched *Matchbook Rebalance*, a pure-electronic solution to reduce secondary risk
 - In **Equities**, completed Louis Capital Markets acquisition: brings expertise and scale in cash equities and EQD, plus strengthens Continental European franchise

¹ Revenues include inter-division revenues but exclude Corporate Centre inter-division eliminations, Changes at constant currency

Energy & Commodities

The leading broker in OTC energy & commodities

- **Continued to outperform OTC energy & commodities markets:**
 - Revenues grew 15%¹ YoY, supported by heightened Q1 volatility and higher volumes
 - Double-digit growth across all major product lines, including power, gas and oil
 - Continued the rebuilding of ICAP's oil business
 - Improved contribution and operating profit margin due to economies of scale
- **Growth strategy execution update:**
 - **Nova, H1:** rolled out to Norway and APAC desks
 - **Nova, H2:** onboarding remaining desks, onboarding clients, and building a new front end
 - **Darwin:** to be rolled out to all desks in September

¹ Revenues include inter-division revenues but exclude Corporate Centre inter-division eliminations, Changes at constant currency

Institutional Services

Agency Execution model gains momentum

- **Clients embrace agency execution business model:**
 - Core element of diversification strategy
 - Revenue grew 50%¹ YoY, driven by client appetite and increased capacity to service new accounts
 - Growing scale drove higher profitability margin, despite the early stage of the business
- **Defined panoply of products with growing clientele:**
 - All key products and strategies showed strong growth:
 - Foreign exchange, exchange-traded and cleared derivatives
 - Government bonds and cash equities
 - Relative value mainly in the rates curve
- **Growth strategy execution update**
 - Broadening asset coverage, with additional rate swaps and equity derivatives
 - Expanded the team with key hires in Singapore and New York
 - Completed Emerging Markets order book integration with Bloomberg TSOX

¹ Revenues include inter-division revenues but exclude Corporate Centre inter-division eliminations, Changes at constant currency

Data & Analytics

Solid growth in unprecedented markets

- **D&A continues to grow despite tough markets:**
 - Revenue grew 8%¹ YoY against a very strong comparative period
 - Outperformed the industry in a market where 2020FY² Global Data revenues are expected to contract
 - Headcount increased 15% YoY to support future revenue generation
- **Clients remain engaged, but overall spend appetite was understandably muted:**
 - Some contracts were not renewed as clients reduced spending due to COVID-19
 - However, subscription revenues continued to grow as we launched new product sets and signed new client mandates
- **Growth strategy execution update:**
 - Expanded data sets: deployed four new data products bring total offering to 50+
 - Broadened distribution: SURFIX single line delivery; web store in development; AWS partnership
 - Developed and launched first information product: *Bond Evaluated Pricing* takes us up the value chain

¹ Revenues include inter-division revenues but exclude Corporate Centre inter-division eliminations, Changes at constant currency

² Burton-Taylor International estimates that Global Data revenues will shrink c2% for 2020FY

Outlook

Remain cautious as economic uncertainty continues

- Continue to focus on service excellence, cost discipline and developing client-led solutions to **grow market share** and **improve margins**
- **Brexit**: well prepared for all outcomes
- **New Group Holding Company** will create greater financial flexibility. We expect to post shareholder documentation by the year end
- **Investor Update**: Thursday 8 October
- Posted **resilient performance**, with a **clear growth strategy**, that we are **executing** across all four businesses



Questions & Answers



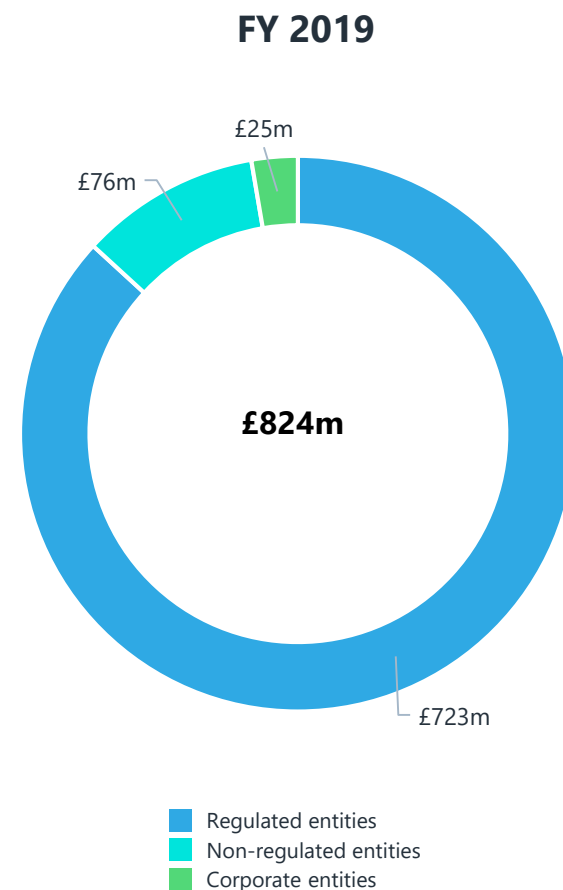
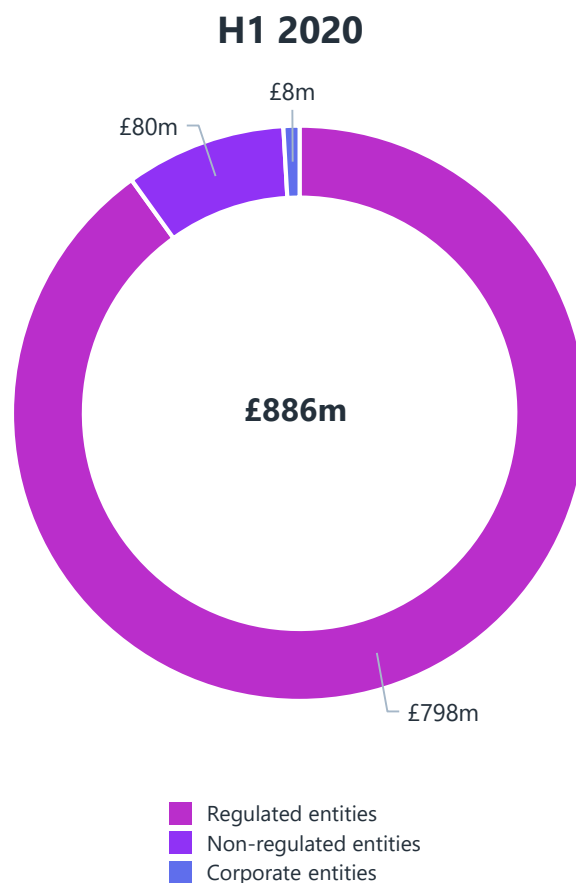
Appendix

Key performance indicators (KPI)

H1 2020 (£m unless stated)	Underlying (exc. unused annual leave)	Unused annual leave	Underlying	Change (%)
Revenue	990		990	0%
Front Office costs	(608)	(7)	(615)	+1%
Contribution	382	(7)	375	-2%
Net Management & Support costs	(213)	(3)	(216)	+1%
Underlying Operating Profit	169	(10)	159	-6%
<i>Underlying Operating profit margin</i>	<i>17.1%</i>		<i>16.1%</i>	<i>-1% pts</i>
Underlying Profit before tax	146	(10)	136	-7%
Tax	(37)	3	(34)	-8%
<i>Effective tax rate (%)</i>	<i>25.3%</i>		<i>25.0%</i>	<i>-0.3% pts</i>
Underlying Earnings	118	(7)	111	-6%
Underlying Basic EPS (p)	21.4p	-1.5p	19.9p	-1.5p

Cash & Cash Equivalents and Financial Investments

- Cash held for working capital, regulatory, liquidity and corporate purposes
- Capital requirements of the regulated legal entities are generally met by net tangible assets held in cash
- This cash is restricted for regulatory and operational purposes



CRD IV Compliance

- FCA has granted TP ICAP ten year waiver (six and a half years remaining) from supervision under CRD IV on a consolidated basis
- The Group has to comply with Financial Holding Company Test and the conditions of the waiver
- Currently we have a deficit under the Consolidated Supervision Test, as Goodwill is a deduction from eligible capital
- The only eligible capital resources that count under CRD IV are equivalent to Net Tangible Assets
- We need to set aside c. £25 million (excluding foreign exchange impact on reserves) of retained earnings per annum in order to comply by 2026

Administrative Expenses

£m	H1 2020	H1 2019	Change	Reported (%)	Cons. Cur. (%)
Broker compensation	495	451	44	+10%	+9%
Unused annual leave	7	-	7	+100%	+100%
Other Front Office costs	86	88	(2)	-2%	-3%
Data & Analytics costs	27	21	6	+29%	+29%
Total Front Office Costs	615	560	55	+10%	+9%
Support Staff costs	121	108	13	+12%	+12%
Unused annual leave	3	-	3	+100%	+100%
Third-party technology	38	30	8	+27%	+27%
Premises	24	22	2	+9%	+4%
Depreciation & amortisation	15	18	(3)	-17%	-17%
Other	21	34	(13)	-38%	-36%
Management & Support Costs	222	212	10	+5%	+5%
Underlying Total Costs	837	772	65	+8%	+8%