



Andrew Polydor
Energy & Commodities

Energy & Commodities: Overview

Leader in OTC energy market



- Energy & Commodities (E&C) operate through three well recognised brands:



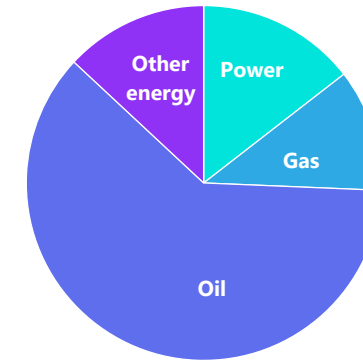
- Strong position in key commodities markets globally

- Global leader in OTC trading of physical and derivative crude oils & oil products
- Strong position across EU, UK, US and Australian power & gas products
- Strong emerging franchises in environmental and alternative fuel products
 - Markets currently small, but represent meaningful sources of growth

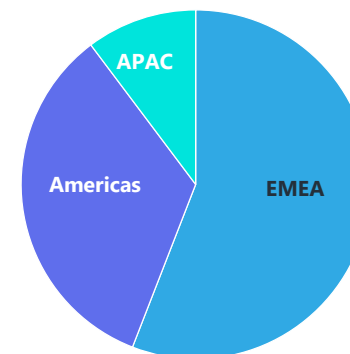
- Diversified & growing client base

- Producers, consumers, commodity trading houses
- Banks (sell-side)
- Asset managers/hedge funds (buy-side)

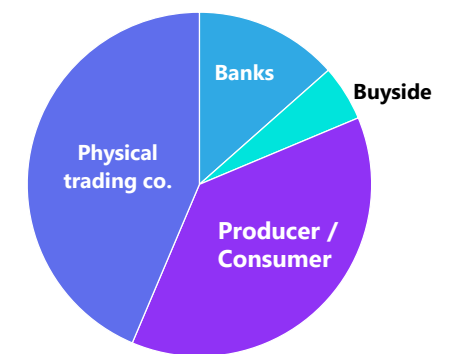
Revenue Mix by Product (9M 2020)



Revenue Mix by Geography (9M 2020)



Revenue Mix by Client Type (9M 2020)

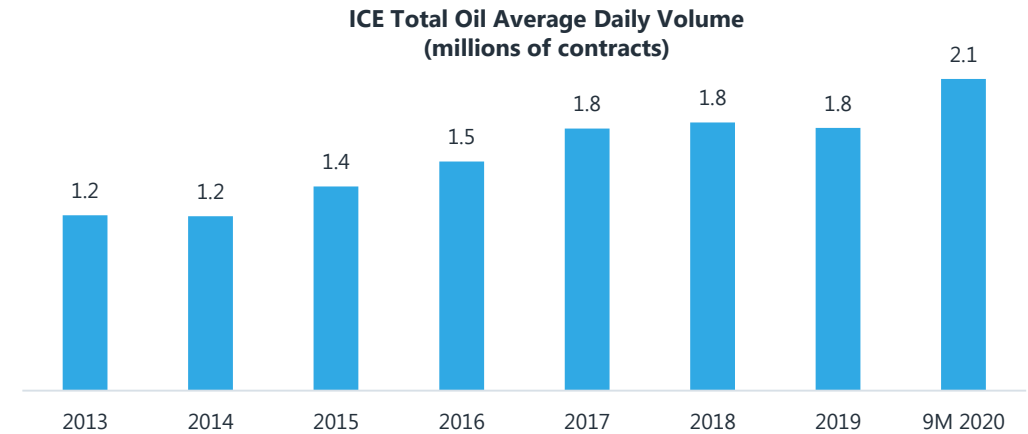


World's Largest OTC Energy and Commodity Broker

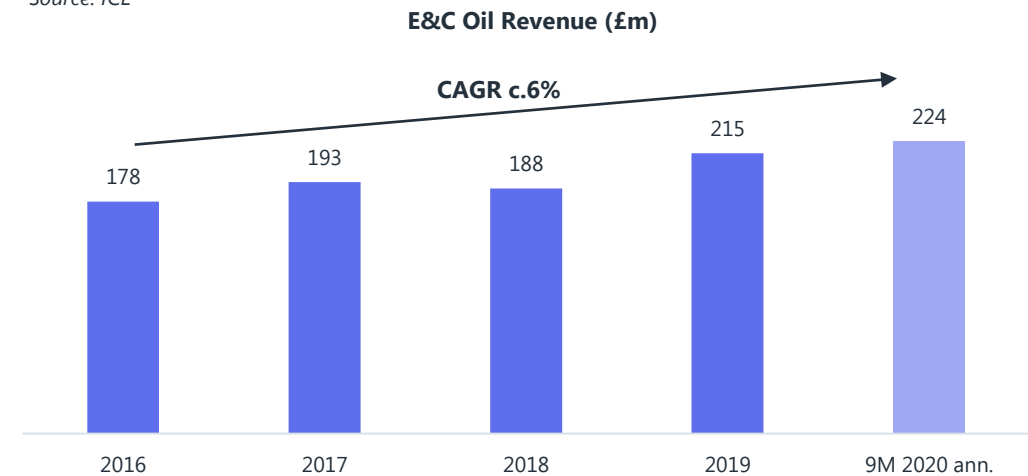


- **Overview of E&C's oil business**

- Broker of physical and derivative crude and refined products both on-exchange (ICE & CME) and OTC
- Three global brands – ICAP, Tullett Prebon & PVM
- 2020 was a strong year for the oils trading activity with our clients particularly active in the first half of the year



Source: ICE



Source: TP ICAP

Medium Term Strategy: Oil Hub

Strategy & 2020 Progress



- **What is Oil Hub?**

- A global platform to digitalise the OTC oil broking model and aggregate liquidity across our brands

- **Potential Benefits**

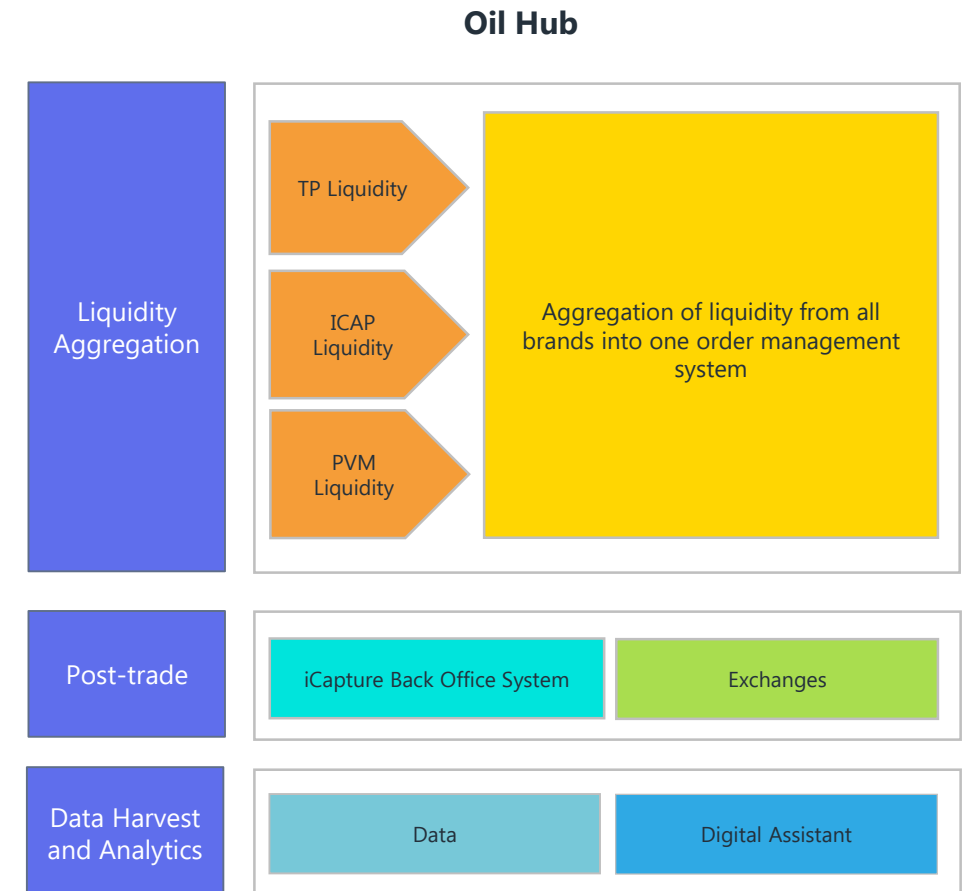
- Aggregating our liquidity into one platform / efficient management of liquidity by the brokers
- Operational & technology efficiencies
- Increased opportunities for Data & Analytics
- Increased stickiness of broker relationships
- Increased broker productivity
- Protect revenue and market share

- **2020 progress**

- Initial Order Management System (“OMS”) build complete
- Roll-out of OMS to broker desks began in August 2020 and is expected to be completed in 1H 2021
- Initial Post-trade STP work completed

- **2021+ Strategy**

- Further STP feeds
- Liquidity sharing between brands
- Real time oil price data feed
- Integrate to Digital Assistant



E&C ESG Footprint

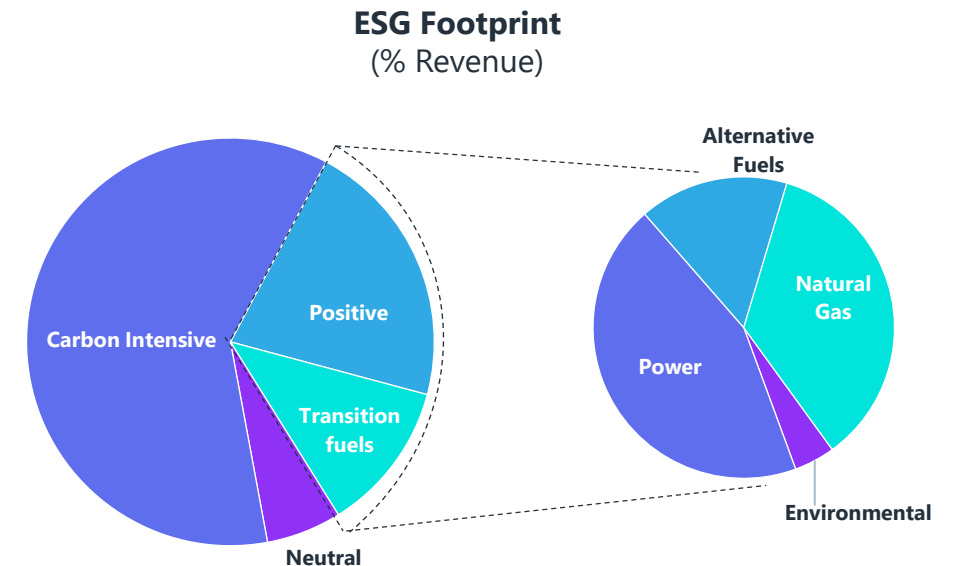


- **Energy market transition presents opportunities**

- The energy market is expected to transition over the next 10-20 years as the economy, and our clients, decarbonise
- Potential new broking opportunities:
 - Growth of low carbon markets such as renewables, carbon credits, electricity and gas
 - New markets such as hydrogen and battery metals
- Continued demand for oil expected from industrial processes e.g. petrochemicals

- **E&C ESG footprint**

- 40% of our revenue comes from positive, transitional or neutral products
- Revenues from environmentally friendly products expected to be an important and growing part of our business



Energy & Commodities Financial Targets

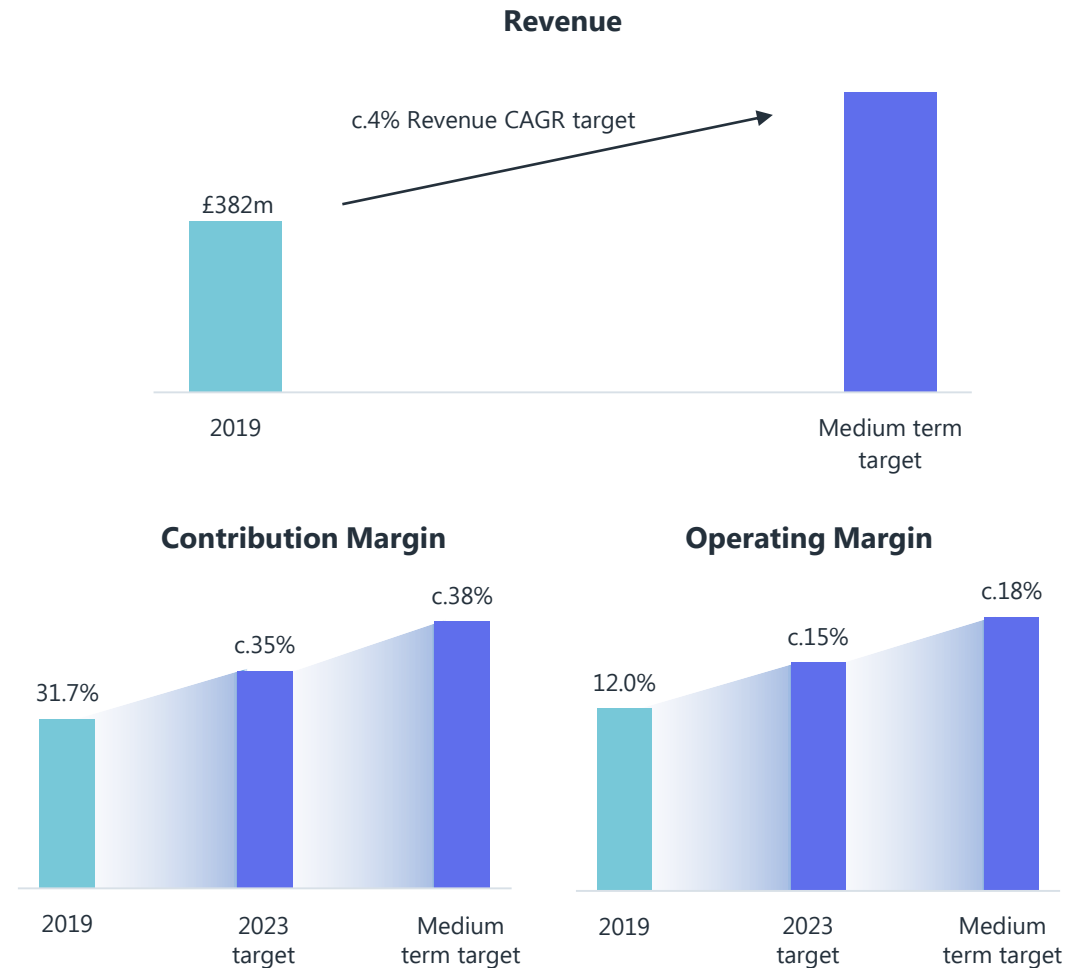


• Financial targets

- Revenue Growth:
 - Medium term target: c.4% CAGR
- Contribution Margin:
 - 2023 target: c.35%
 - Medium term target: c.38%
- Operating Margin:
 - 2023 target: c.15%
 - Medium term target: c.18%

• Principal drivers of Operating Margin improvement

- Increased quality revenue
- Improved contribution margin / Improved broker productivity
- Non-comp cost savings
- Technology investments



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TP ICAP Capital Markets Day

1 December 2020
