



Robin Stewart
Financials

Impact of the anticipated Jersey re-domiciliation

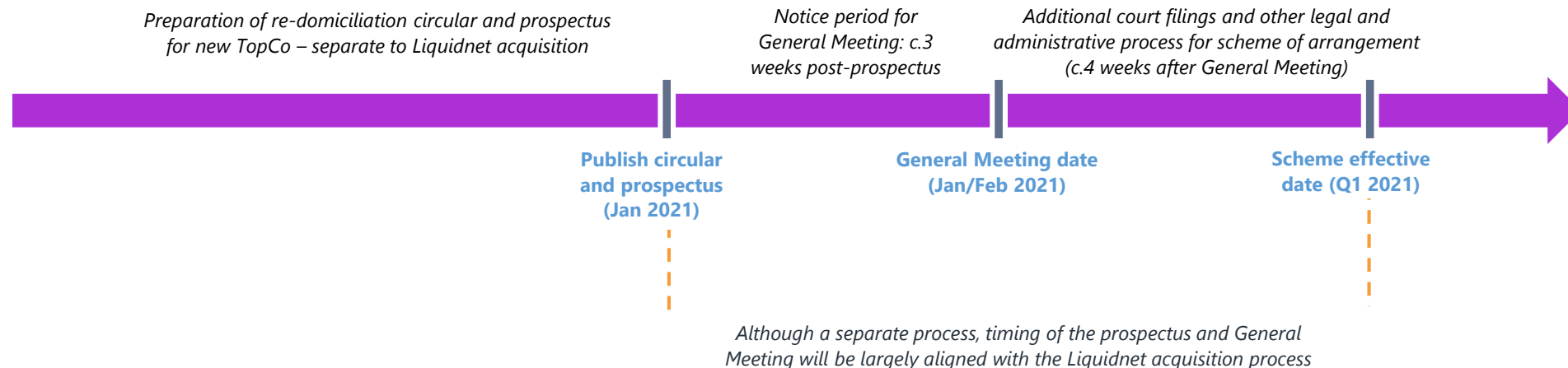
Capital Efficiencies



Overview

- TP ICAP is in the process of completing its re-domiciliation by incorporating a new Group holding company in Jersey
- The re-domiciliation is expected to create a more capital efficient corporate structure that is expected to provide greater financial flexibility, stronger regional governance and greater competitiveness
- The Group will no longer require a waiver from the FCA's consolidated capital supervision regulations

Indicative timeline



TP ICAP Standalone Financial Targets¹

Revenue and Operating Margin Targets



• Revenue Target

- Medium term revenue CAGR target of c.3%, expected to be driven by our double-digit growing business of D&A (c.11%) and I.S. (c.12%)
- Stickiness of revenue from the subscription business of D&A expected to reduce revenue growth risk

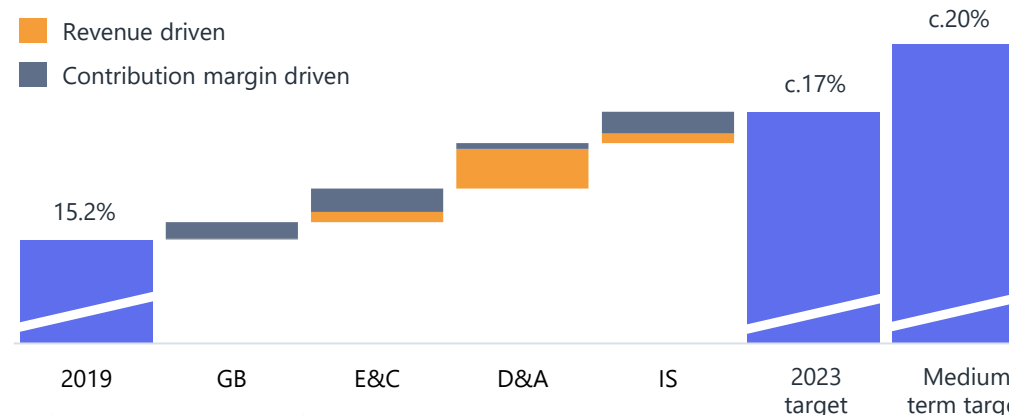
• Underlying Operating Margin Target

- 2023 target of c.17%, improving to c.20% over the medium term
 - Margin expansion will not be linear given the higher initial investments
 - Annualised £35m cost saving by end of 2021
 - Approximately half expected to improve 2021 contribution

Revenue Target



Underlying Operating Margin Target



1. Please note that the term “target” used here, and elsewhere in this document, should not be construed as a profit or revenue forecast or estimate or profit or revenue guidance. As previously announced, the Group intends to publish a prospectus in relation to its proposed acquisition of Liquidnet (“Prospectus”) in due course. Investors are advised not to rely on this presentation nor make any investment decisions in relation to the shares to be issued in connection with the Prospectus except on the basis of the information contained therein

TP ICAP Standalone Financial Targets

Underlying Net Income, Dividend and Cash Conversion



• Underlying Net Income

- Drivers of net income improvement over the medium term
 - + Margin expansion, greater proportion of higher growth businesses, operating leverage
 - ± Increased tax rates and interest costs

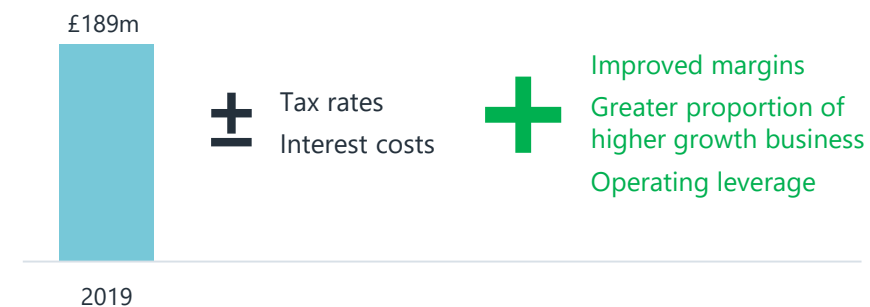
• Dividend Policy:

- One-off 50% reduction to the FY 2020 dividend
- c.2x underlying earnings dividend cover for FY 2021 which is expected to grow in line with earnings

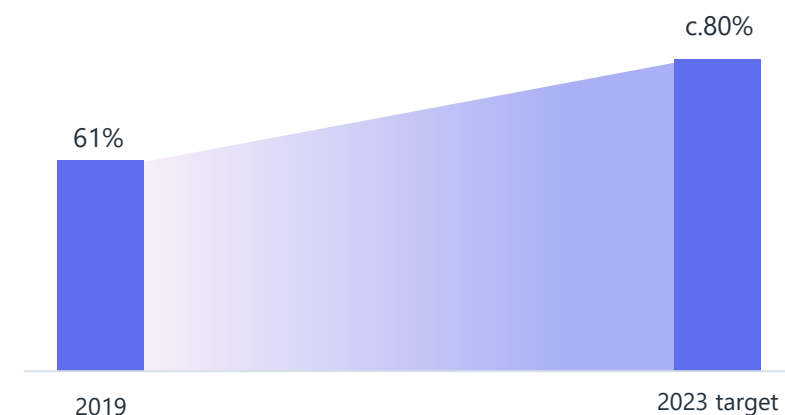
• Cash Conversion¹:

- 2023 target c.80%, improving from 61%

Underlying Net Income Growth Drivers



Cash Conversion¹



1. Calculated as *Reported free cash flow* (2019: £115m) divided by *Underlying earnings attributable to the equity holders of the parent* (2019: £189m), where *Reported free cash flow* is *Reported net cash flow from operating activities* (2019: £148m) minus *capital expenditure* (2019: £33m)

TP ICAP Standalone Financial Targets

Investment and Costs



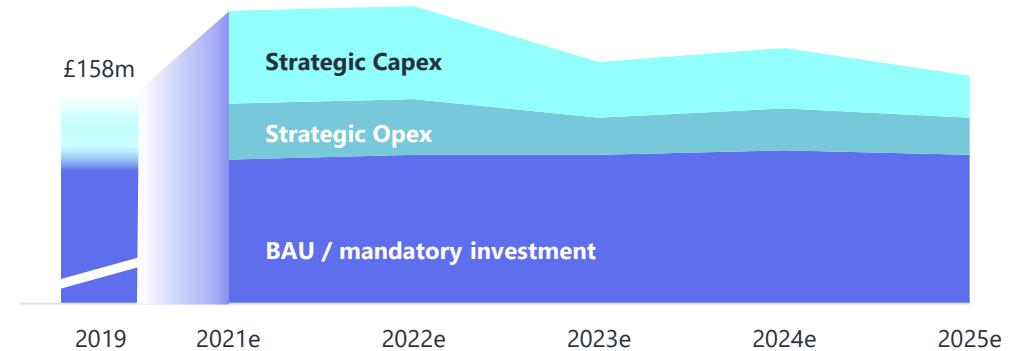
• Investment

- c.£100m of incremental strategic investment over the next 5 years expected to drive future margins
 - This is on top of the annual c.£140m - £160m technology investment
 - c.60% invested in the first 2 years
 - c.40% Opex, 60% Capex

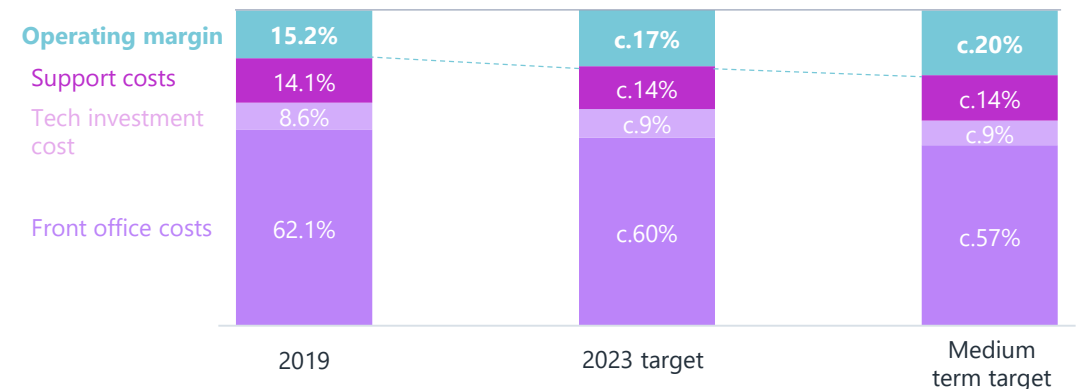
• Costs

- Front office costs expected to reduce over time with a focus on improving contribution margins
- Investment in technology going forward to continue improving margins

Expected Investment Profile (£m)



% of Revenue



TP ICAP & Liquidnet Targets

Medium Term Targets



- **Revenue Target:**

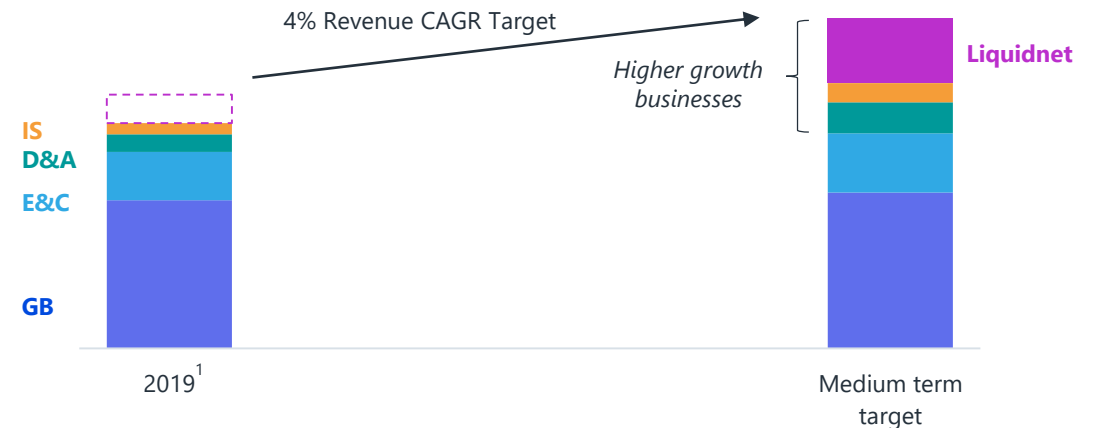
- Medium term revenue CAGR target of 4%
- Liquidnet expected to contribute an additional c.1% revenue growth

- **Underlying Operating Margin Target:**

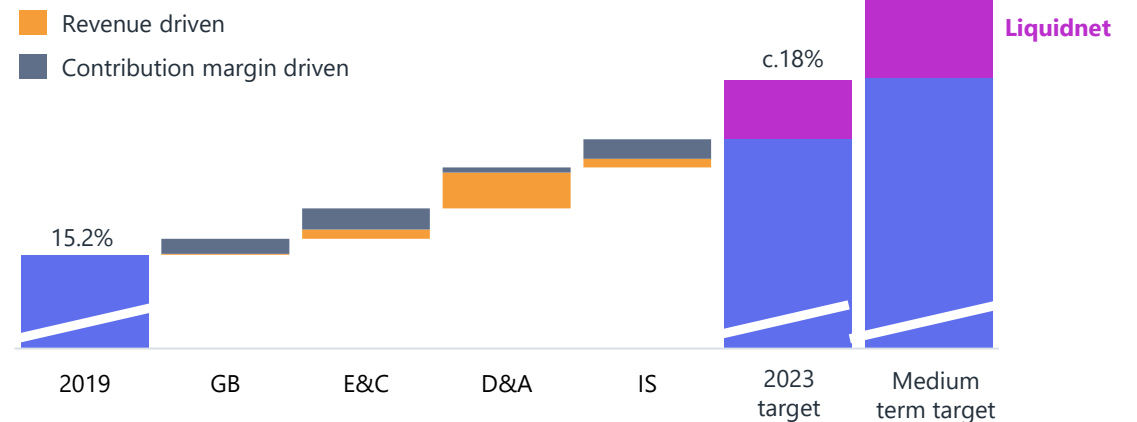
- 2023 target: c.18%
- Medium term target: c.23%
- Liquidnet contribution is expected to improve underlying operating margins by c.3% over the medium term

- **With the Liquidnet acquisition, a much larger proportion of TP ICAP's overall business is expected to comprise higher growth divisions over the medium term**

Revenue Target



Underlying Operating Margin Target



1. 2019 pro-forma including Liquidnet

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TP ICAP Capital Markets Day

1 December 2020
