



TP ICAP GROUP PLC

Interim Results

For the six months ended 30 June 2021





Nicolas Breteau

CEO

Agenda



Introduction

Nicolas Breteau

Financials

Robin Stewart

Strategy Execution Update

Nicolas Breteau

Q&A

Nicolas Breteau & Robin Stewart

H1 2021: Business Highlights

Advancing our transformation



Ongoing execution of strategy:

- Global Markets 'hub strategy': continued investment and roll out to evolve electronification and aggregation of liquidity
- Industry-leading market share
- Further progress in diversifying and growing non-Global Broking revenues

Liquidnet:

- Completed acquisition and integration progressing well
- Identified cost synergies
- Launched Liquidnet Primary Markets

Cost management:

- £35 million annualised savings commitment on track
- Investing for growth

Better placed to drive sustainable earnings growth in the medium term

H1 2021: Financial Highlights

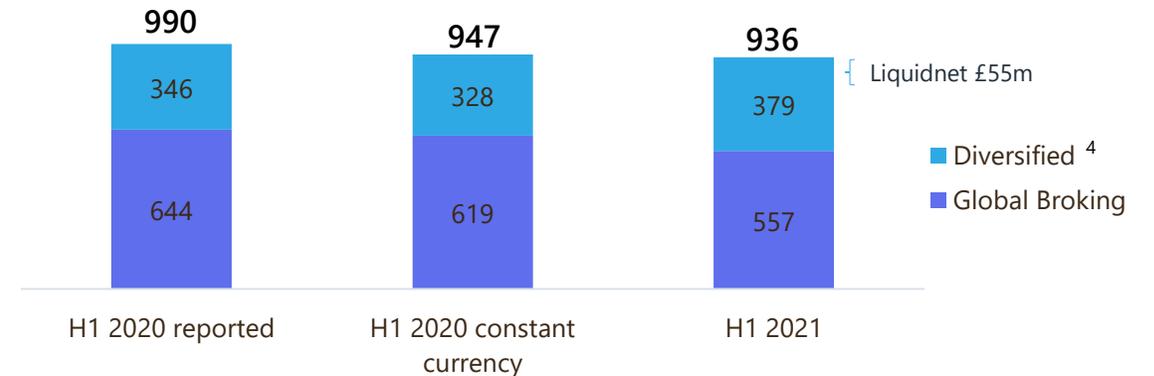
Performance reflects market activity



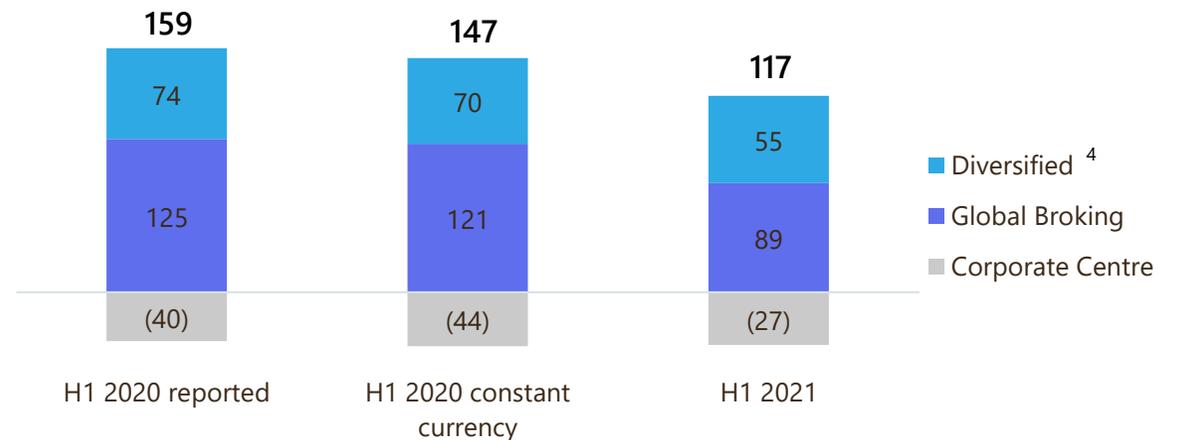
- Revenue £936m, 1% lower than the equivalent period last year (H1 2020: £947m) on a constant currency basis (£5% lower on reported basis)
- Adjusted EBIT1 £117m, £30m lower than the equivalent period last year (H1 2020: £147m) on constant currency basis (£42m lower on reported basis)
- Adjusted EBIT1 margin 12.5% (H1 2020: 16.1% reported, 15.5% constant currency)
- Adjusted basic EPS1 10.2p (H1 2020 restated: 17.8p)²
- H1 2021 DPS 4p (H1 2020 pro-forma: 4p)³

- Adjusted EBIT, adjusted EBIT margin and adjusted basic EPS exclude significant items. Management adjusts for significant items to enable it to measure the Group's performance and aid comparability from period to period.
- H1 2020 EPS are rebased to take into account the bonus element of the rights issue completed in February 2021 (original H1 2020 EPS 19.9p)
- H1 2020 DPS is pro-forma using total £31m dividend paid divided by the H1 2021 period-end number of shares of 780.6m.
- Diversified revenue and EBIT are defined as the sum of Energy & Commodities, Agency Execution and Parameta Solutions business divisions

Revenue (£m)



Adjusted EBIT (£m)





Robin Stewart

CFO

H1 2021 Income Statement



£m	H1 2021	H1 2020	Change (%)
Revenue	936	990	-5%
Adjusted EBITDA	155	186	-17%
<i>Adjusted EBITDA margin</i>	16.6%	18.8%	-2.2%pts
Adjusted EBIT	117	159	-26%
<i>Adjusted EBIT margin</i>	12.5%	16.1%	-3.6%pts
Net finance costs	(29)	(23)	26%
Adjusted profit before tax	88	136	-35%
Tax	(21)	(34)	-38%
<i>Effective tax rate</i>	24.1%	25.3%	-1.2%pts
Share of JVs and associates less non-controlling interests	8	9	-11%
Adjusted earnings	75	111	-32%
Total significant items	(74)	(57)	30%
Reported earnings	1	54	-98%
<i>Weighted average basic shares in issue¹</i>	737.7m	625.3m	18%
Adjusted basic EPS¹	10.2p	17.8p	-43%
Reported EPS¹	0.1p	8.6p	-99%

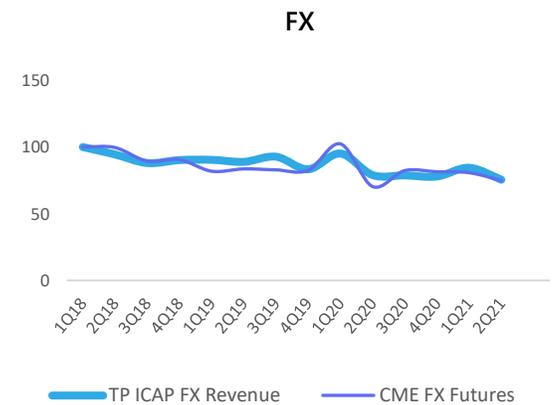
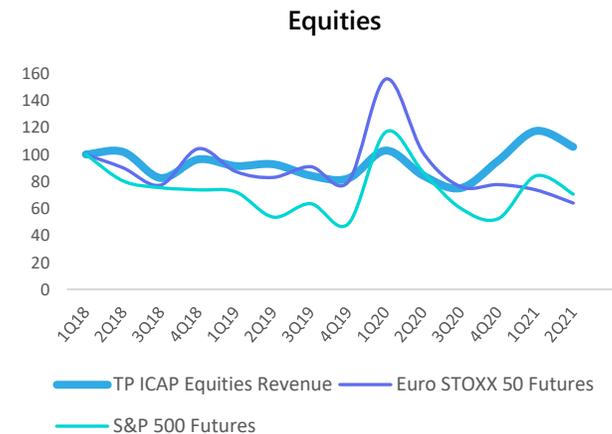
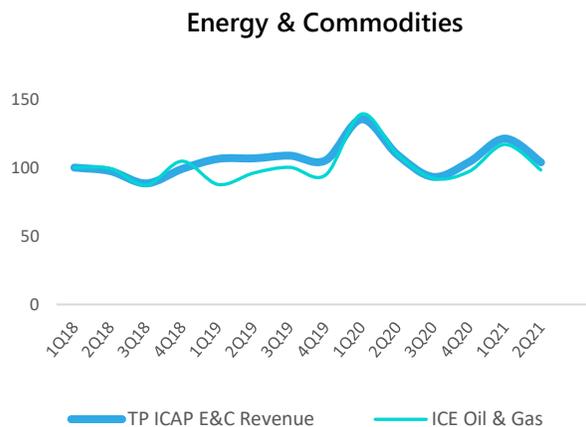
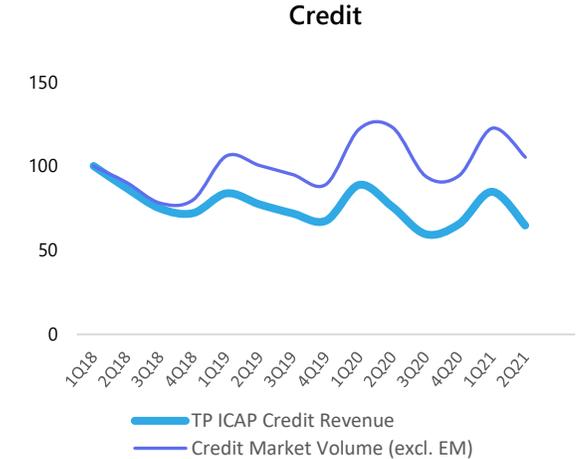
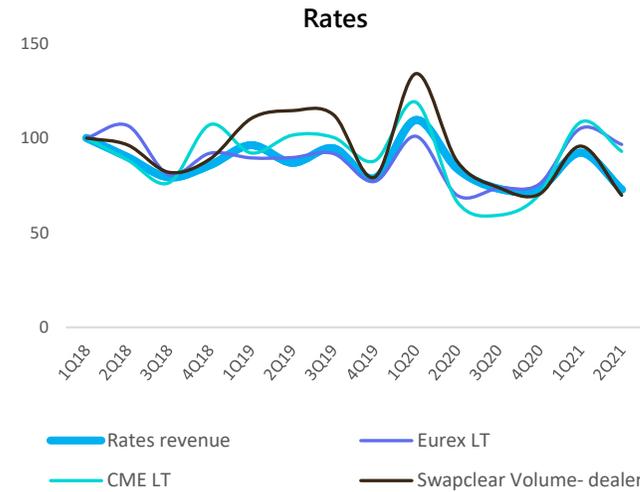
1. The weighted average number of shares used for the basic H1 2021 EPS calculation for the Period is 737.7m (H1 2020: 625.3m, after restatement for the bonus element of the 2021 rights issue). See slide 14 for additional details.

Understanding the drivers of broking revenues

Correlation of Global Broking and E&C revenue with secondary market activity



- Transaction volume drives broking revenue
- Publicly available volume data for exchange-traded derivatives (Rates, FX, E&C), cleared OTC swaps (Rates), and corporate bonds (Credit) are typically correlated with movements in reported broking revenue
- TP ICAP's Global Broking customer base comprises mainly larger dealers, whereas exchange-traded volume reflects a more diverse participant mix



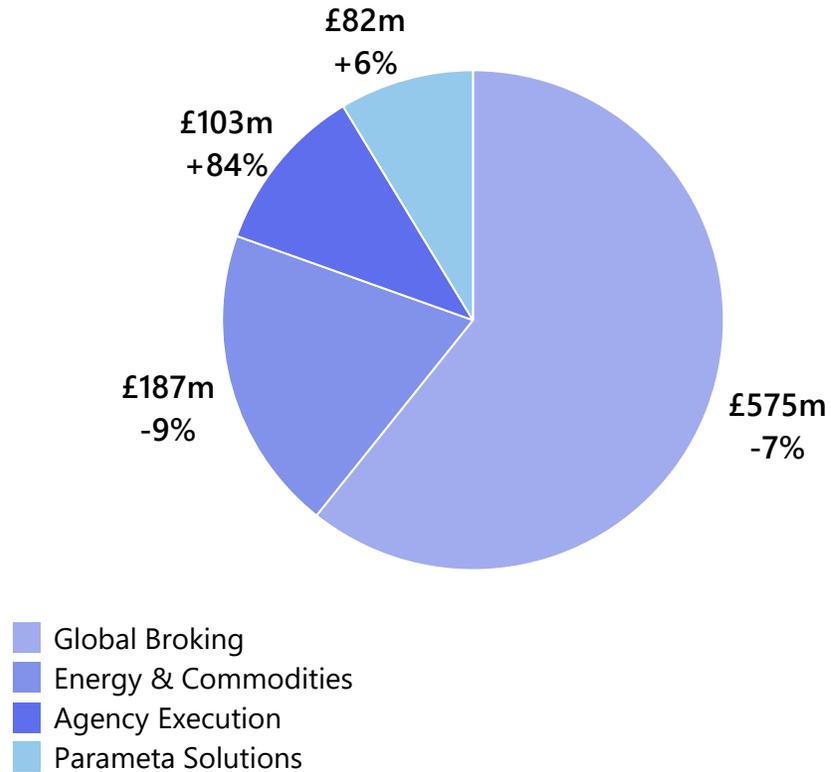
1. TP ICAP Revenue & Related Market Transaction Volume, by Asset Class (rebased to 100 as of 1Q18)

H1 2021 Revenues Breakdown

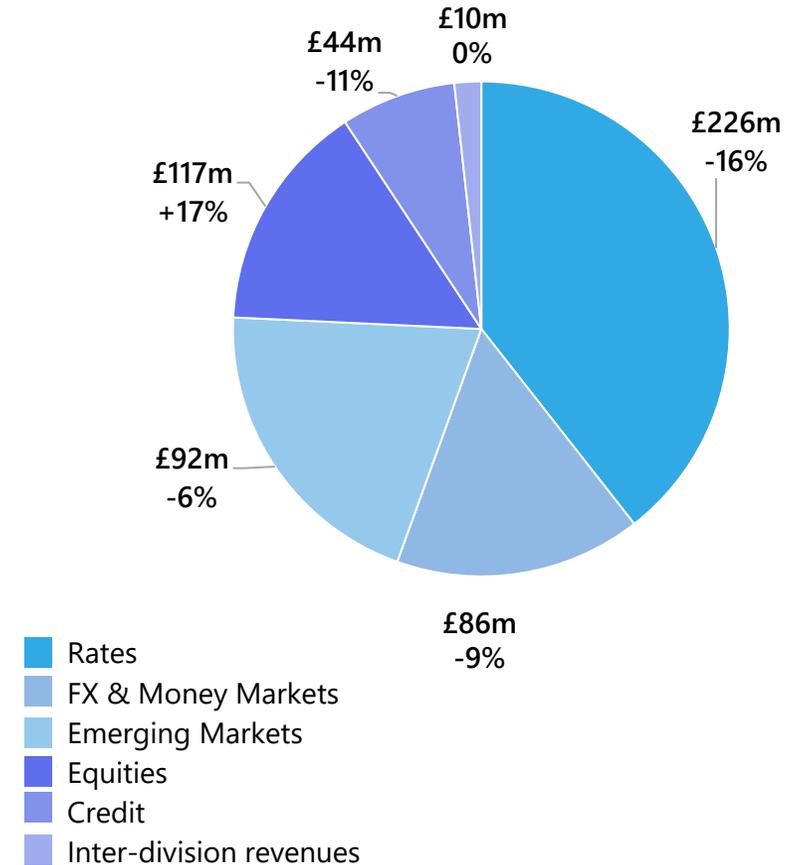
Constant currency change



Revenue by Business Division¹



Global Broking Revenue by Asset Class



1. Revenues shown here do not include inter-division revenues

Divisional Analysis



H1 2021 (£m)	Global Broking	Energy & Commodities	Agency Execution	Parameta Solutions	Corp/Elim ¹	Group
Revenue	575	187	103	82	(11)	936
Contribution	218	64	36	41	-	359
<i>Contribution margin (%)</i>	37.9%	34.2%	35.0%	50.0%	n/a	38.4%
Management and Support Costs²	(114)	(36)	(25)	(8)	(21)	(204)
Adjusted EBITDA	104	28	11	33	(21)	155
<i>Adjusted EBITDA margin</i>	18.1%	15.0%	10.7%	40.2%	n/a	16.6%
Depreciation and amortisation	(15)	(5)	(11)	(1)	(6)	(38)
Adjusted EBIT	89	23	0	32	(27)	117
<i>Adjusted EBIT margin</i>	15.5%	12.3%	0%	39.0%	n/a	12.5%
H1 2020						
Revenue	634	217	57	83	(11)	990
Contribution	252	73	16	41	(7)	375
<i>Contribution margin</i>	39.1%	33.6%	28.1%	49.4%	n/a	37.9%
EBITDA	139	36	8	35	(32)	186
<i>Adjusted EBITDA margin</i>	21.6%	16.6%	14.0%	42.2%	n/a	18.8%
EBIT	125	32	8	34	(40)	159
<i>Adjusted EBIT margin</i>	19.4%	14.7%	14.0%	41.0%	n/a	16.1%

1. Corp/Elim = Corporate Centre legal entity costs, costs not attributable to other business divisions and inter-divisional eliminations.

2. Includes other operating income of £4m in H1 2021.

Segmental Analysis



H1 2021 (£m)	EMEA	AMERICAS	APAC	Liquidnet ³	Corp. Centre ¹	Group
Revenue	456	307	118	55	-	936
Contribution	187	102	44	26	-	359
<i>Contribution margin</i>	41.0%	33.2%	37.3%	47.3%	n/a	38.4%
Management and Support Costs²	(92)	(57)	(29)	(19)	(7)	(204)
Adjusted EBITDA	95	45	15	7	(7)	155
<i>Adjusted EBITDA margin</i>	20.8%	14.7%	12.7%	12.5%	n/a	16.6%
Depreciation and amortisation	(18)	(6)	(5)	(9)	-	(38)
Adjusted EBIT	77	39	10	(2)	(7)	117
<i>Adjusted EBIT margin</i>	16.9%	12.7%	8.5%	-3.6%	n/a	12.5%
H1 2020						
Revenue	488	377	125	n/a	-	990
Contribution	207	131	44	-	(7)	375
<i>Contribution margin</i>	42.4%	34.7%	35.2%	n/a	n/a	37.9%
EBITDA	117	64	15	-	(10)	186
<i>Adjusted EBITDA margin</i>	24.0%	17.0%	12.0%	n/a	n/a	18.8%
EBIT	103	56	10	-	(10)	159
<i>Adjusted EBIT margin</i>	21.1%	14.9%	7.9%	n/a	n/a	16.1%

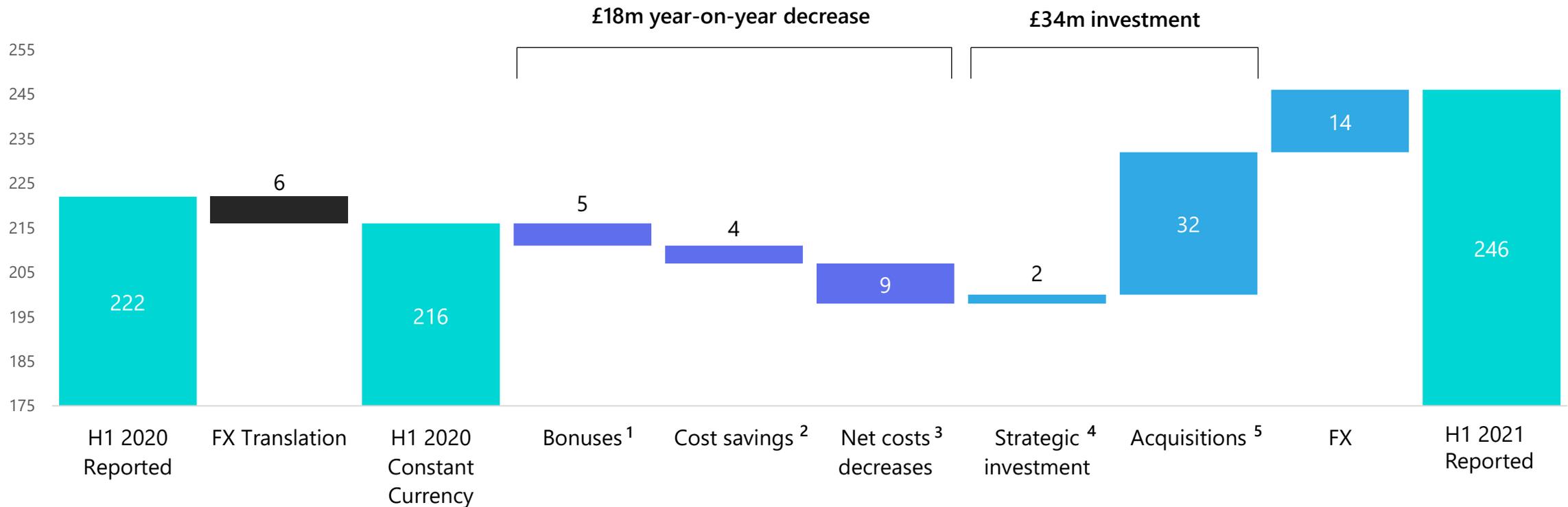
1. Corp. Centre = Corporate Centre legal entity costs.

2. Includes other operating income of £4m in H1 2021.

3. Liquidnet reflects post acquisition financial results (23rd March – 30 June).

Management and Support Costs

Breakdown of cost movements: H1 2021 vs. H1 2020



1. Bonus accrual reduction
2. Cost savings relating to the back office element of the £35m plan announced in H2 2020;
3. Net cost decreases relating to lower COVID-19 related IT investment and lower consultant costs
4. Year-on-year increase on strategic investment (Opex only)
5. Total management and supports costs relating to the acquisition of Liquidnet and Louis Capital Markets (LCM)

Significant Items



£m	H1 2021	H1 2020	Change (%)
Amortisation of intangible assets arising on consolidation	21	20	
Goodwill impairment	-	21	
Charge relating to business reorganisation	2	-	
Pension scheme past service and settlement costs	1	-	
Significant non-cash items	24	41	-41%
Business reorganisation & integration	11	4	
Business redomiciliation	3	9	
Acquisition costs	8	1	
Net derivative and FX (gains) / losses	3	-	
Adjustments to deferred consideration	-	1	
Legal and regulatory matters	11	2	
Significant cash items	36	17	112%
Total significant items (pre-tax)	60	58	3%
Associates write-down (non-cash)	5	-	
Tax impact ¹	9	(1)	
Total significant items	74	57	30%

1. Non-cash charge of £16m offset by £7m of cash deductions

EPS and DPS



£m	H1 2021	H1 2020
Adjusted Earnings	75	111
Significant items (net of tax)	(74)	(57)
Reported Earnings	1	54
Weighted average shares in issue ¹	737.7m	625.3m
Adjusted EPS¹	10.2p	17.8p
Reported EPS¹	0.1p	8.6p
Reported DPS²	4.0p	5.6p
Reported period-end number of shares in issue	780.6m	563.3m
Dividend payable / paid (£m)	32	31
Illustrative number of shares	780.6m	780.6m ³
DPS based on illustrative number of shares	4.0p	4.0p ³

1. The weighted average number of shares used for the basic H1 2021 EPS calculation for the Period is 737.7m (H1 2020: 625.3m, after restatement for the bonus element of the 2021 rights issue)
2. DPS is declared based on the period-end number of shares, which were 780.6m and 563.3m for H1 2021 and H1 2020 respectively.
3. For the pro-forma H1 2020 DPS calculated, the total £31m dividend paid is divided by the H1 2021 period-end number of shares of 780.6m.

Free Cash Flow



£m	H1 2021	H1 2020
Adjusted EBITDA	155	186
Share based compensation and pension admin fees	6	4
Change in initial contract prepayments	2	-
Working capital movements	(55)	(14)
Interest paid	(28)	(24)
Taxation	(25)	(37)
Adjusted cash flow from Operating activities	55	115
Capital expenditure	(30)	(23)
Free cash flow (FCF)	25	92

Debt Profile



£m	Jun-21	Dec-20
5.25% Sterling Notes January 2024	431	431
5.25% Sterling Notes May 2026	250	250
Revolving Credit Facility (RCF) – Banks	42	-
Revolving Credit Facility (RCF) – Totan	65	28
Overdraft	32	7
Vendor Loan Notes	36	-
Unamortised debt issue costs	(2)	(2)
Accrued interest	11	11
Gross Debt¹	865	725
Lease liabilities	286	212
Total Debt	1,152	937

– Fitch re-affirmed investment grade rating on 3 September 2021: (BBB- / Stable Outlook)

1. Figure used for covenant purposes

Liquidnet

Cost synergies



Identified synergies:

- We have identified cost synergies of c. £20m annualised. Around half is headcount related and half is non-compensation expense
- Cost to achieve the synergies around 1x synergy savings
- Cost synergies are more than 10% of annualised cash costs
- Expect around one quarter of savings to be realised in 2021, with the remaining amount achieved by the end of 2023
- Additional property savings are being reviewed as part of a wider Group project

2021 Full Year Guidance



Revenue (exc. Liquidnet)

Broadly in line with prior year at constant currency

Liquidnet Revenue (post acquisition)

c£160-180m

FX Impact

GBP:USD strengthening is a headwind on our revenue and EBIT margin (60% revenues and 40% costs in USD)

Full year Group EBIT margin

Expected to be lower than 2020 full year

Group Net finance expense

c.£60m in 2021

Group Tax rate

Expected at c.24%

Group Strategic IT Investments

c.£30m of cash investments in 2021
(c.£13m of opex)

Group Capex

Expected to be c.£50m (H1 2021: £30m), including £17m Strategic IT Investments capex

Dividend policy

c.2x Adjusted earnings dividend cover



Nicolas Breteau

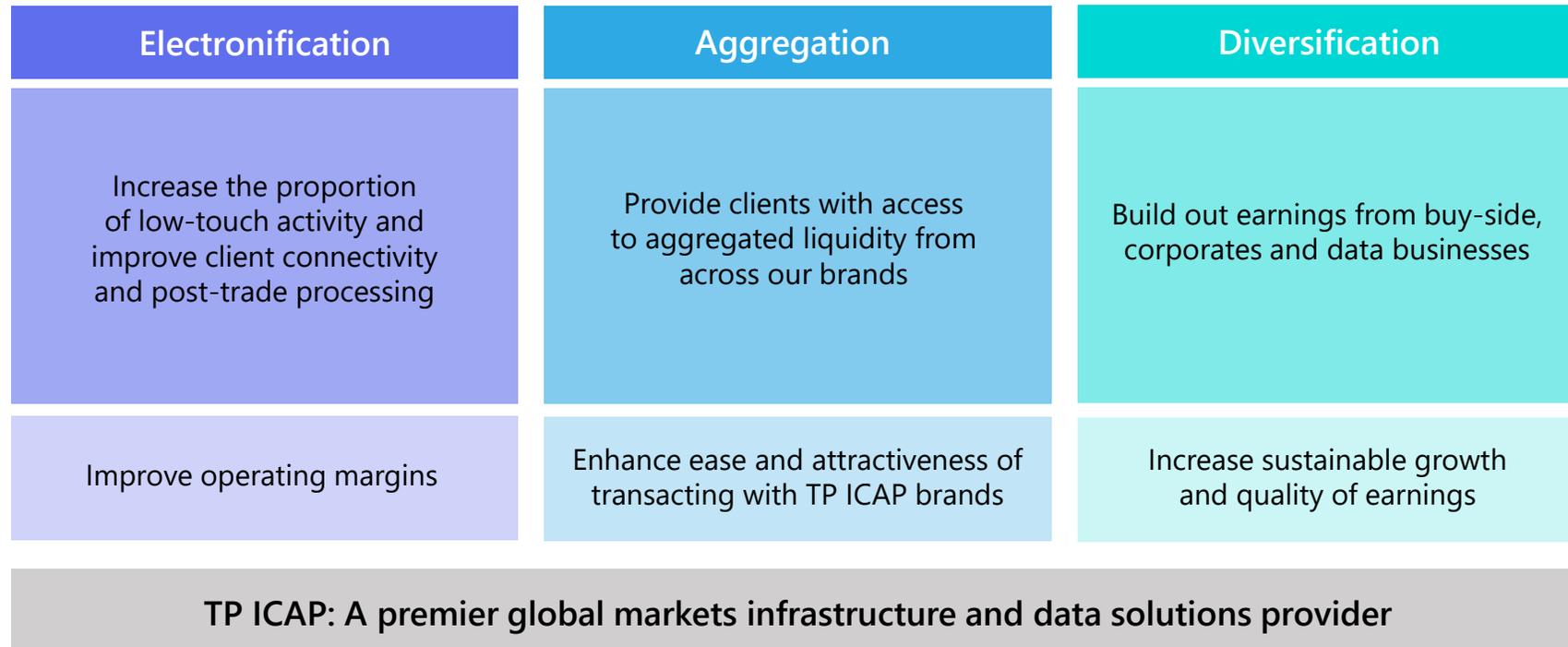
CEO

Our Strategy

Transform the Group to drive sustainable earnings growth



Three Strategic Pillars



Hub Strategy to Drive Electronification and Aggregation

Across Rates, FX, Credit and Energy



Multi-year transformation

Hub Features

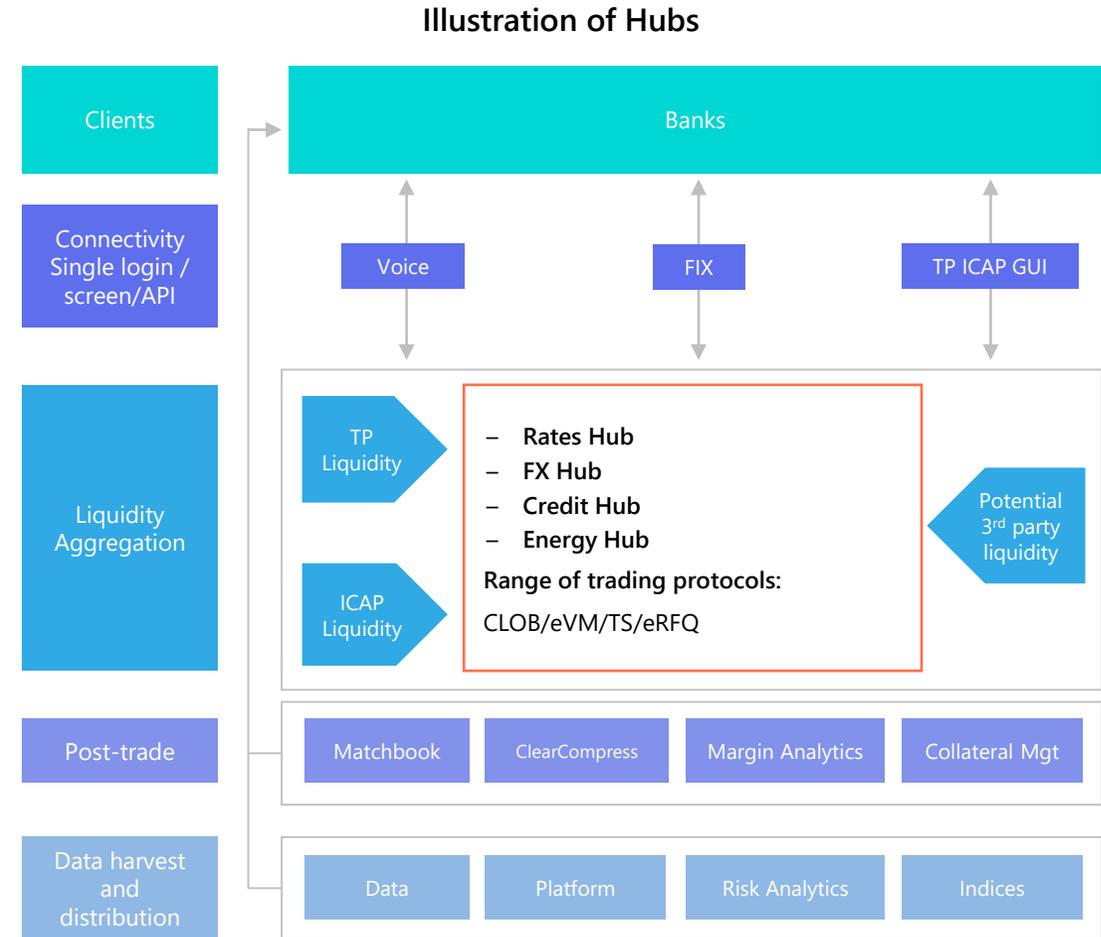
- Single login to access multiple liquidity pools in a given asset class, across all instrument types and all brands
- Common look and feel across TP ICAP screens & improved API access
- Streamlined processes
- Integrated analytics

Benefits for clients

- Pre-trade efficiency – improved pre-trade view of market
- Trade efficiency – cost, speed, choice of protocols
- Post-trade – operational processes, risk management, optimisation

Benefits for TP ICAP

- Stickier client relationships and more standardised brokerage rates
- More activity conducted via platforms creates greater opportunity to develop new data and analytics solutions.
- Increase broker productivity and improve profitability



Executing our Hub Strategy

Comprehensive plan to achieve target state



Rates

Inflation

Swaps

Cross Currency

Government Bonds

Interest Rate Options

FX

Forwards

Non-Deliverable Forwards

FX Options

FX Spot

Energy & Commodities

Crude Oil

Refined Products

Alternate Fuels

Environmental Products

Digital Assets

Credit

Credit Default Swaps

Credit Default Swaps Indices

Investment Grade Bonds

Financial & Sovereign Bonds

Emerging Markets Bonds

High Yield Bonds

H1 2021 Progress

Milestones achieved, results delivered



Rates Hub

- Continued expansion of Interest Rates Option platform coverage/functionality
 - Target end-state platform now live in EMEA, US, APAC (Japan); advanced functionality live in EMEA
 - Client usage growing rapidly in EMEA TP brand, since Sept. 2020 launch

FX Hub

- Launched ICAP SpotMatch
 - Automated matching solution for the daily spot FX fixing
 - 12 banks already participating, including three of the top five

Credit Hub

- Launched EMEA index options platform (iTraxx indices); launched new execution protocols globally
- Launched US Investment Grade Bonds optimisation session product

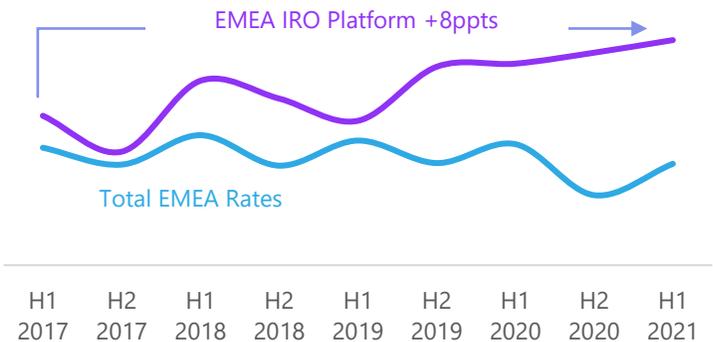
Energy Hub

- Client pilot underway in Guarantees of Origin (GOO) segment with positive feedback received
- Internal roll out of Nova Oil: two-thirds complete / in final testing. 100% completion by year-end

TP IRO Platform Revenue (% total revenue)



Impact of electronification on contribution margin (%)



Liquidnet Equities

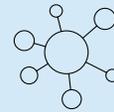
Protect and enhance position as a leading agency execution specialist



Current Position – Established Business



Trusted for its execution solutions, liquidity sourcing techniques and advanced analytics through dark, lit and block markets



>1,000 Buy-side client network with offerings across all product channels within the equity agency trading: Block Crossing, High Touch, Programme Trading & Algo

Strategic Focus and Evolution

- Develop Distribution: Asia and Continental Europe
- Advance Algo Infrastructure
- Progress Programme Trading
- Improve Cross-Border Trading



An enhanced liquidity and client network, well placed to execute more flow across all regions

Liquidnet Credit

Launch of Liquidnet Primary Markets

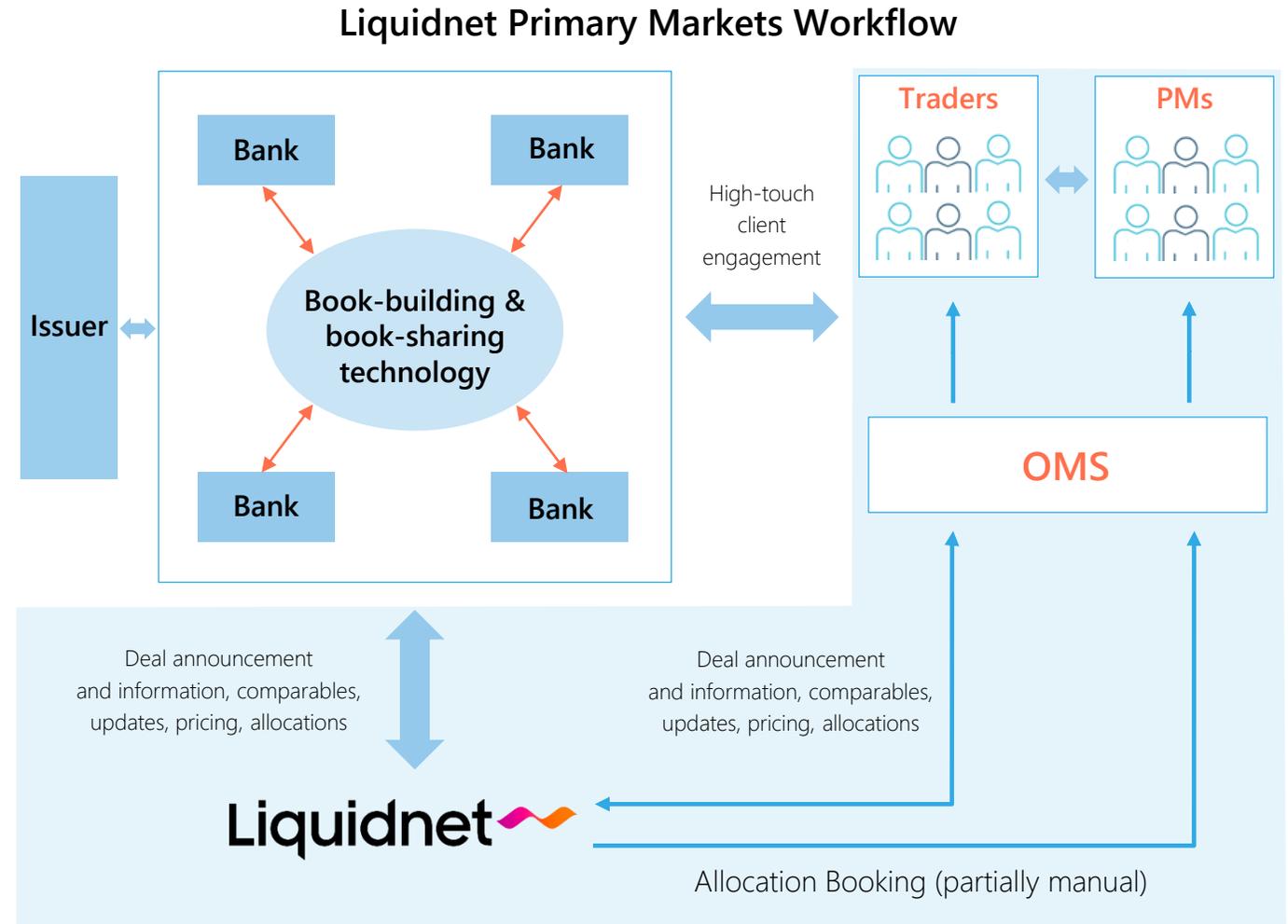


Why Primary?

- Primary market has not been electrified
- New bond issue process is manual, inefficient, error-prone, time consuming
- Liquidnet primary market workflow solution is original and market-led:
 - Co-creation with top European banks (sell side) and asset managers (buiside)
 - Close coordination with critical market participants: market data vendors, OMS community

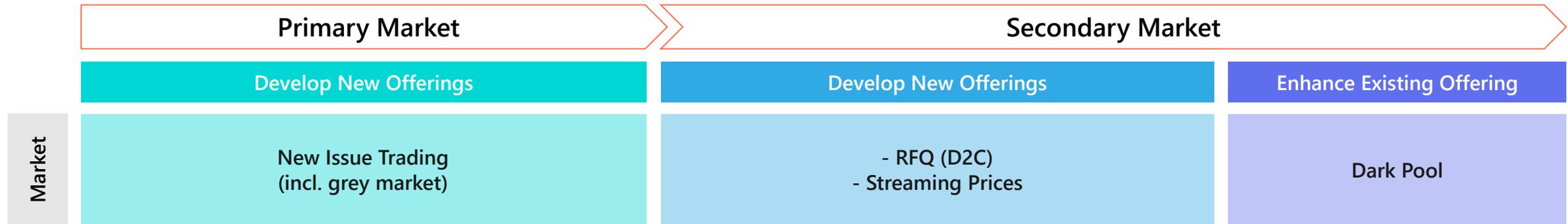
Liquidnet Primary Markets

- Structured publishing of new issue announcements & updates via Liquidnet app
- Web-based portal for non-traders (PMs, data, compliance teams)
- Bank working group formed of >10 leading banks
- First to launch New Issue Trading in Europe with integration to clients' OMS trading capabilities
- Target: end-to-end electrification of new issue process – orders and allocations



Liquidnet Credit

Execution programme well underway



Potential for growth

- 500 active buy-side clients, including most of the top 50 bond holders globally
- Platform sees good order activity, but not enough of that activity is executed

Vision

- Offer the full electronic agency services across the lifecycle of a bond from issuance to trading and redemption

Strategy

- Build on existing infrastructure and client base / connectivity
- Extend range of trading protocols to meet market demands
- Create dealer liquidity network

Parameta Solutions

Focused strategic delivery



Parameta Solutions rebrand:

- New distinct identity will accelerate strategic execution

Right strategy, effective execution, delivering results:

- **Product:** Progressively launch higher-value products & solutions to move up the value pyramid
- **Client:** Grow client base; increase buy-side & corporate penetration
- **Distribution:** Expand our channel partners; grow our direct distribution scale/capabilities

H1 2021 data & analytics milestones:

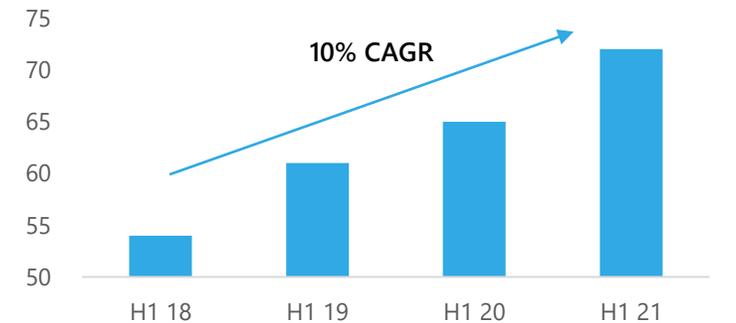
- Product strategy
 - Information: Launch of FX Evaluated Pricing, strengthening our Evaluated Pricing offering
 - Data: New Environmental Markets package launched
- Client strategy
 - Realigned sales team to focus on client segments (i.e. buy side, sell side, corporates, E&C)
- Distribution strategy
 - Built out sales team in underpenetrated markets
 - Advanced scope of relationships with major cloud providers

H1 2021 post-trade milestones:

- Challenging H1
- Added 10 large dealers to the award-winning ClearCompress offering

Parameta Solutions Investor Seminar – Tuesday 12 October

Data & Analytics revenue (£m)



Best
Post Trade
Company

Summary

Executing our strategy to advance our transformation



Global Markets Hub Strategy

- Achieved notable deliveries, which are already starting to yield results

Liquidnet

- Clear growth plan for both Equities and Credit
- Integration progressing well, with meaningful cost synergies identified

Parameta Solutions

- Stable double-digit growth profile (constant currency) for data & analytics business
- Important product and distribution milestones achieved

Well placed to drive sustainable earnings growth



Questions & Answers



Appendix

Balance Sheet



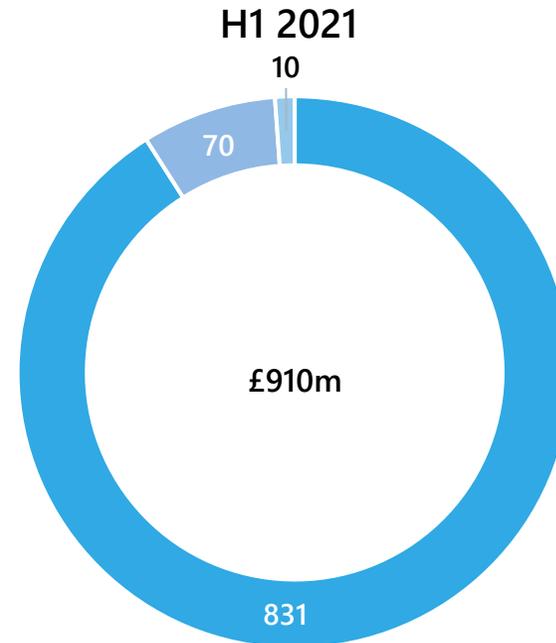
£m	Jun-21	Dec-20
Goodwill & other intangibles	1,857	1,521
Other non-current assets	271	237
Current assets less current and non-current liabilities	(14)	10
Cash and financial investments ¹	910	783
Deferred tax liabilities	(107)	(79)
Interest bearing loans and borrowings ¹	(865)	(725)
Right-of-use assets	215	163
Lease liabilities	(286)	(212)
Net assets	1,981	1,698
Shareholders' equity	1,963	1,679
Attributable to non-controlling interests	18	19
Attributable to shareholders	1,981	1,698

1. Includes £7m of grossed-up overdraft in cash and debt

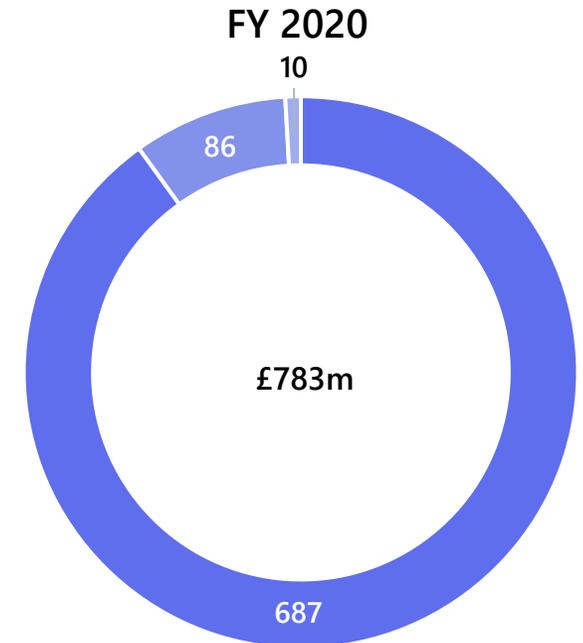
Cash & Cash Equivalents and Financial Investments



- 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



■ Regulated entities
 ■ Non-regulated entities
 ■ Corporate entities



■ Regulated entities
 ■ Non-regulated entities
 ■ Corporate entities

Net Funds / (Debt)



£m	Cash & cash equivalents	Financial investments	Total Funds	Debt	Lease Liabilities	Net
At 31 December 2020	649	127	776	(718)	(212)	(154)
Reported net cash flow from operating activities	24	-	24	-	-	24
Net cash flow from investment activities	(262)	(9)	(271)	-	-	(271)
Dividends paid	(16)	-	(16)	-	-	(16)
Overdraft	40	-	40	(40)	-	-
Funds received from Totan	39	-	39	(39)	-	--
Other financing activities	(1)	-	(1)	-	-	(1)
Shares issued net of issue costs	309	-	309	-	-	309
Payments of lease liabilities	(16)	-	(16)	-	16	-
No-cash changes	-	-	-	(36)	(91)	(127)
Effect of movements in exchange rates	(5)	(1)	(6)	-	1	(5)
At 30 June 2021	761	117	878	(833)	(286)	(241)
Net funds excluding lease liabilities	761	117	878	(833)	-	45

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