



# TP ICAP GROUP PLC

## Preliminary Results

For the 12 months ended 31 December 2022



# Agenda



- 1 2022 Highlights** Nicolas Breteau, Group CEO
- 2 2022 Financials** Robin Stewart, Group CFO
- 3 Global Broking** Daniel Fields, CEO Global Broking
- 4 Energy & Commodities** Andrew Polydor, CEO Energy & Commodities
- 5 Liquidnet** Mark Govoni, CEO Liquidnet
- 6 Parameta Solutions** Eric Sinclair, CEO Parameta Solutions
- 7 Summary** Nicolas Breteau, Group CEO
- 8 Q&A** All speakers

# 2022 business performance highlights



## Strong Group revenue performance

- Group revenue up 7%<sup>1</sup> to £2.1bn
- +13% in reported currency



## Global Broking delivering

- High single digit growth<sup>1</sup> across all asset classes
- Revenue/broker +14%<sup>1</sup>; Contribution/broker +20%<sup>1</sup> (excl. Russia impact)



## High-margin businesses performing well

- Strong Rates performance: +7%<sup>1</sup>
- Parameta Solutions: +8%<sup>1</sup>



## Uplift in profitability

- Adjusted EBIT increased 8%<sup>1</sup> to £275m; Adjusted EBIT margin 13.0%
- 14.0% excl. Russia impact (2021: 12.9%<sup>1</sup>)



## Dynamic capital management

- On track to release c. £100m cash by end 2023 for debt reduction:
  - Around £30m freed up in H2 2022
  - Identifying and returning potential surplus capital - subject to ongoing assessment of balance sheet/investment requirements



## Final DPS 7.9 pence

- Up 44%
- Total 2022 dividend 12.4 pence, up 31%

**Strong year for core franchise. Deep liquidity pools. Well positioned as Central Banks de-risk**

1. In constant currency



# Delivering our strategy



## Fusion rollout on track in Global Broking

- 40% of in-scope revenue now on Fusion – in line with target
- On track to complete rollout (55% of total revenue) by end 2025
- Dedicated Fusion Sales team driving adoption



## 2023 Capital Markets Day targets<sup>1</sup>

- Global Broking expected to be close<sup>2</sup> to Contribution Margin; relatively close<sup>2</sup> to Adjusted EBIT Margin
- Energy & Commodities expected to be relatively close<sup>2</sup> to Contribution and Adjusted EBIT Margins
- Parameta Solutions expected to exceed both targets



## Launching spot crypto assets institutional platform

- FCA registration obtained. Planning to launch in 2023
- Well received



## Liquidnet diversification

- Equities: Expanding in cross-border, algo and programme trading
- Fixed Income: D2C Credit proposition live



## Expanding Parameta Solutions

- First IDB FCA authorised as Benchmark Administrator
- Announcing today partnership with Numerix, leading global analytics company



## Delivering cost savings

- 2022 Group cost savings target of £25m delivered
- On track to deliver at least £30m Liquidnet integration cost synergies by end 2023

**Advancing our strategy to be the world's most trusted, and innovative, liquidity and data solutions specialist**

1. Assuming current market conditions continue until end 2023

2. Guidance that refers to being "close" to target is defined as within one percentage point of target; "Relatively close" is defined as being within one to two percentage points of target



**Robin Stewart**  
Group CFO

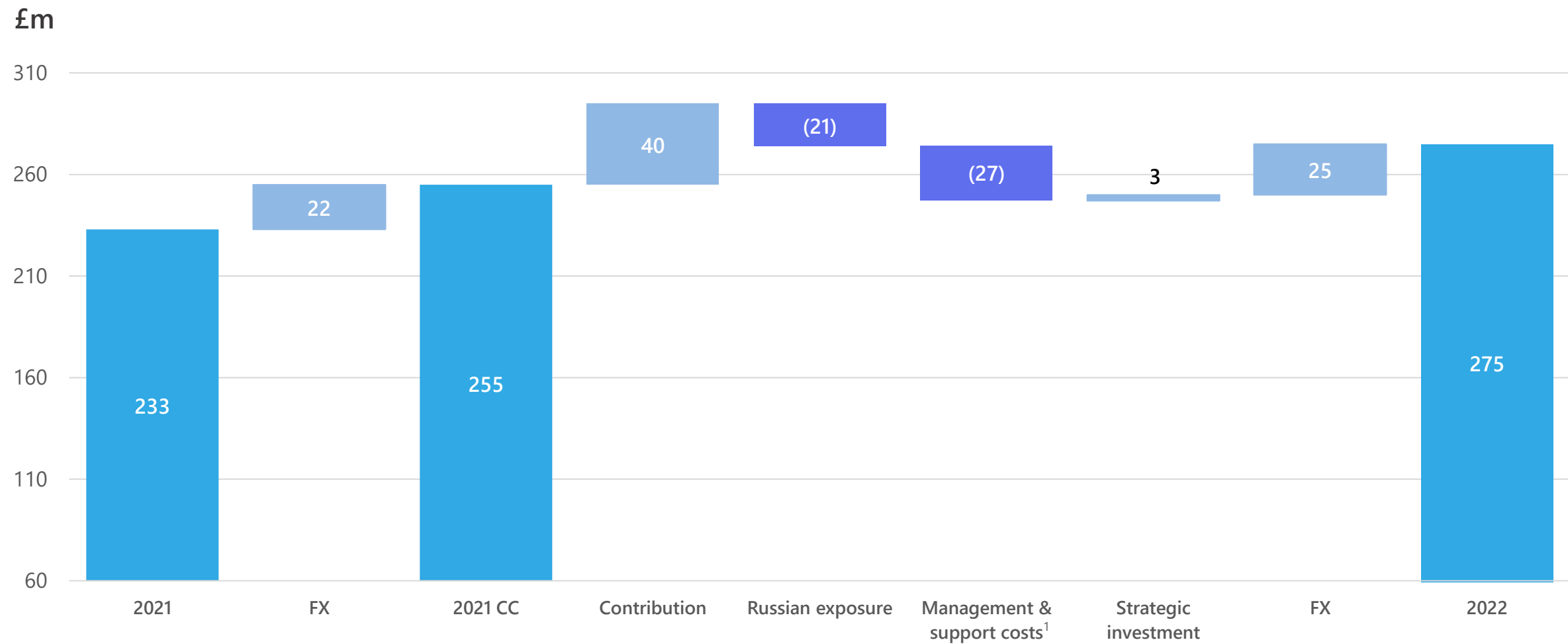
# 2022 Income Statement



£m	2022	2021 (reported)	Change	CC Change
<b>Revenue</b>	<b>2,115</b>	<b>1,865</b>	<b>13%</b>	<b>7%</b>
Adjusted EBITDA	357	315	13%	4%
<i>Adjusted EBITDA margin</i>	<i>16.9%</i>	<i>16.9%</i>	-	<i>(0.1%pts)</i>
<b>Adjusted EBIT</b>	<b>275</b>	<b>233</b>	<b>18%</b>	<b>8%</b>
<i>Adjusted EBIT margin</i>	<i>13.0%</i>	<i>12.5%</i>	<i>0.5%pts</i>	<i>0.1%pts</i>
Net finance costs	(49)	(56)	(13%)	
<b>Adjusted profit before tax</b>	<b>226</b>	<b>177</b>	<b>28%</b>	
Tax	(58)	(44)	32%	
<i>Effective tax rate</i>	<i>25.7%</i>	<i>24.9%</i>	<i>0.8%pts</i>	
Share of JVs and associates less non-controlling interests	26	15	73%	
<b>Adjusted earnings</b>	<b>194</b>	<b>148</b>	<b>31%</b>	
Total significant items (post-tax)	(91)	(143)	(36%)	
<b>Reported earnings</b>	<b>103</b>	<b>5</b>	<b>n/m</b>	
Basic average number of shares	779.1m	759.3m	3%	
<b>Adjusted basic EPS</b>	<b>24.9p</b>	<b>19.5p</b>	<b>28%</b>	
<b>Reported EPS</b>	<b>13.2p</b>	<b>0.7p</b>	<b>n/m</b>	
<b>Total dividend per share<sup>1</sup></b>	<b>12.4p</b>	<b>9.5p</b>	<b>31%</b>	

1. Total dividend per share based on the period end number of shares in issue in 2022 of 788.7m (2021: 788.7m).

# Adjusted EBIT



1. Including other operating income and depreciation and amortisation.



# Global Broking

Strong performance: All asset classes delivered high single digit growth

£m	2022	2021 <sup>1,2,3</sup>	Reported Change	Constant Currency Change
Rates <sup>1,2</sup>	566	509	11%	7%
Credit <sup>1</sup>	118	102	16%	8%
FX & Money Markets <sup>1</sup>	302	263	15%	9%
Equities <sup>1</sup>	243	214	14%	7%
Inter-division revenue	22	19	16%	10%
<b>Total revenue</b>	<b>1,251</b>	<b>1,107</b>	<b>13%</b>	<b>7%</b>
<b>Contribution</b>	<b>471</b>	<b>413</b>	<b>14%</b>	
<i>Contribution margin (%)</i>	<i>37.6%</i>	<i>37.3%</i>	<i>0.3%pts</i>	
<b>Management and support costs<sup>4</sup></b>	<b>(222)</b>	<b>(198)</b>	<b>12%</b>	
<b>Adjusted EBITDA</b>	<b>249</b>	<b>215</b>	<b>16%</b>	
<i>Adjusted EBITDA margin</i>	<i>19.9%</i>	<i>19.4%</i>	<i>0.5%pts</i>	
Depreciation and amortisation	(36)	(29)	24%	
<b>Adjusted EBIT</b>	<b>213</b>	<b>186</b>	<b>15%</b>	
<i>Adjusted EBIT margin</i>	<i>17.0%</i>	<i>16.8%</i>	<i>0.2%pts</i>	

- Macro/geopolitical driven volatility:
  - Rising interest rates/inflation
  - Strong performance from higher margin Rates business – largest asset class
- Excluding Russia impact:
  - Contribution Margin: 39.2%
  - Adjusted EBIT Margin: 18.6%
- Productivity up:
  - Revenue per broker up 14%<sup>5</sup>
  - Contribution per broker up 15%<sup>5</sup>; up 20%<sup>5</sup> (excl. Russia impact)
  - Market share up<sup>6</sup>, underlining leadership position

1. In prior year reporting, the revenue breakdown of Global Broking included Emerging Markets revenue as a separate line item. This revenue has now been reclassified to the relevant asset classes within Global Broking. Emerging Markets revenue reported in 2021 of £179m has been reclassified as follows: Rates: £65m; Credit £20m, FX & Money Markets £94m, Equities £1m

2. Post Trade Solutions revenue has been reclassified from Parameta Solutions to Global Broking and Liquidnet. Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m

3. In reported currency

4. Includes other operating income of £2m in 2022 (2021: £2m)

5. In constant currency

6. Compared with the two other listed peers for H1 2022 vs FY 2021





# Energy & Commodities

Challenging market conditions. Revenue decline in line with exchange volumes

£m	2022	2021 <sup>1</sup>	Reported Change	Constant Currency Change
Energy & Commodities	384	367	5%	(2%)
Inter-division revenue	3	3	-	-
<b>Total revenue</b>	<b>387</b>	<b>370</b>	<b>5%</b>	<b>(2%)</b>
<b>Contribution</b>	<b>124</b>	<b>122</b>	<b>2%</b>	
<i>Contribution margin (%)</i>	32.0%	33.0%	(1%pt)	
<b>Management and support costs</b>	<b>(65)</b>	<b>(63)</b>	<b>3%</b>	
<b>Adjusted EBITDA</b>	<b>59</b>	<b>59</b>	<b>-</b>	
<i>Adjusted EBITDA margin</i>	15.2%	15.9%	(0.7%pts)	
Depreciation and amortisation	(10)	(9)	11%	
<b>Adjusted EBIT</b>	<b>49</b>	<b>50</b>	<b>(2%)</b>	
<i>Adjusted EBIT margin</i>	12.7%	13.5%	(0.8%pts)	

- Unprecedented market conditions in European Power & Gas
  - Price rises and volatility
  - Significant margin requirements curtailed trading
- Oil: liquidity constraints in European Power & Gas, knock-on impact
- 2023 outlook: European energy prices normalising

1. In reported currency

# Liquidnet<sup>1</sup>

Significant stock market declines. Challenging H2 larger block market conditions



£m	2022	2021 <sup>3</sup>	Reported Change	Constant Currency Change
<b>Total revenue<sup>2</sup></b>	<b>325</b>	<b>261</b>	<b>25%</b>	<b>18%</b>
<b>Contribution</b>	<b>79</b>	<b>91</b>	<b>(13%)</b>	
<i>Contribution margin (%)</i>	<i>24.3%</i>	<i>34.9%</i>	<i>(10.6%pts)</i>	
<b>Management and support costs</b>	<b>(78)</b>	<b>(63)</b>	<b>24%</b>	
<b>Adjusted EBITDA</b>	<b>1</b>	<b>28</b>	<b>(96%)</b>	
<i>Adjusted EBITDA margin</i>	<i>0.3%</i>	<i>10.7%</i>	<i>(10.4%pts)</i>	
Depreciation and amortisation	(25)	(25)	-	
<b>Adjusted EBIT</b>	<b>(24)</b>	<b>3</b>		
<i>Adjusted EBIT margin</i>	<i>(7.4)%</i>	<i>1.1%</i>	<i>(8.5%pts)</i>	

- Liquidnet platform revenue from March 2021 onwards (completion date)
- Proforma platform revenue declined in line with market activity:
  - S&P 500: -19%; Stoxx 600: -13%
  - US mutual Fund outflows (worst year on record<sup>4</sup>)
  - Cash levels highest since early 2000<sup>5</sup>
- COEX, MidCap and ICAP RV:
  - Strong revenue performance from Relative Value business as well as Rates, Futures and FX
- H2 investment in D2C proposition impacted platform profitability

1. As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from October 2022 onwards, MidCap Partners, following the transfer into Liquidnet from Global Broking.

2. Post Trade Solutions revenue has been reclassified from Parameta Solutions to Global Broking and Liquidnet. Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m

3. In reported currency

4. Source: Morningstar

5. Source: Bank of America Global Fund Manager Survey



# Parameta Solutions

High single digit revenue growth. Expanding partnerships for future growth

£m	2022	2021 <sup>1,2</sup>	Reported Change	Constant Currency Change
<b>Total revenue</b>	<b>177</b>	<b>149</b>	<b>19%</b>	<b>8%</b>
<b>Contribution</b>	<b>89</b>	<b>76</b>	<b>17%</b>	
<i>Contribution margin (%)</i>	<i>50.3%</i>	<i>51.0%</i>	<i>(0.7%pts)</i>	
<b>Management and support costs</b>	<b>(8)</b>	<b>(8)</b>	<b>-</b>	
<b>Adjusted EBITDA</b>	<b>81</b>	<b>68</b>	<b>19%</b>	
<i>Adjusted EBITDA margin</i>	<i>45.8%</i>	<i>45.6%</i>	<i>0.2%pts</i>	
Depreciation and amortisation	(2)	(2)	-	
<b>Adjusted EBIT</b>	<b>79</b>	<b>66</b>	<b>20%</b>	
<i>Adjusted EBIT margin</i>	<i>44.6%</i>	<i>44.3%</i>	<i>0.3%pts</i>	

- 95% recurring, predictable, subscription-based revenue:
  - c. 97% USD-based revenue
  - Diversified, growing client base
  - Multi-channel distribution: partners, direct, cloud-based
- Growth initiatives:
  - Partnerships:
    - *ClearConsensus* with PeerNova
    - Numerix (announced today): high quality, independent fair valuations of OTC derivatives
  - Benchmark administration (first IDB FCA authorised)

1. In reported currency

2. Post Trade Solutions revenue has been reclassified from Parameta Solutions to Global Broking and Liquidnet; Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m



# Significant items

£m	2022	2021
<b>Restructuring &amp; related costs</b>	<b>41</b>	<b>42</b>
Property rationalisation	16	25
Liquidnet integration	9	7
Group cost saving programme	21	5
Business restructuring / re-domiciliation <sup>1</sup>	2	3
Remeasurement of employee long term benefits <sup>2</sup>	(7)	1
Other	-	1
<b>Disposals, acquisitions and investment in new business</b>	<b>66</b>	<b>79</b>
Amortisation of intangible assets arising on consolidation	45	46
Liquidnet acquisition-related <sup>3</sup>	5	14
Foreign exchange losses	5	4
Reversal of US Tax indemnity provision	-	13
Adjustment to deferred consideration	8	2
Strategic project costs	3	-
<b>Legal &amp; regulatory matters<sup>4</sup></b>	<b>5</b>	<b>15</b>
<b>EBIT (pre financing and tax)</b>	<b>112</b>	<b>136</b>
Debt refinancing	-	16
Liquidnet interest expense on Vendor Loan Notes	1	1
<b>Profit before tax</b>	<b>113</b>	<b>153</b>
Tax relief	(22)	(21)
Associate write down	-	11
<b>Reported earnings</b>	<b>91</b>	<b>143</b>

1. £2m of Business restructuring / re-domiciliation costs include legal entity separation work to operationally separate Parameta division to enable it to benefit from commercial partnerships and other venture arrangements.
2. Relates to the reduction to the present value of the Group's income protection liability.
3. £5m Liquidnet acquisition related costs mainly includes £20m impairment of customer relationship related intangible assets as a result of challenging equity market conditions, partly offset by £16m reimbursements following the ruling of an independent arbitration on the purchase consideration which is recognised in the income statement.
4. Mainly includes costs related to the cum-ex investigation by the Frankfurt and Cologne Public Prosecutors in Germany.

- £113m pre tax (2021: £153m) – broadly in line with guidance
- c. 80% of total 2022 costs are non-cash
- Includes £45m of non-cash amortisation of intangible assets
- Decrease primarily driven by:
  - £9m reduction in property rationalisation
  - Non-recurrence of 2021 US tax indemnity provision reversal (£13m)
  - Non-recurrence of 2021 debt refinancing (£16m)
- Partly offset by higher costs to achieve Group savings (£16m)



# Reported cash flow

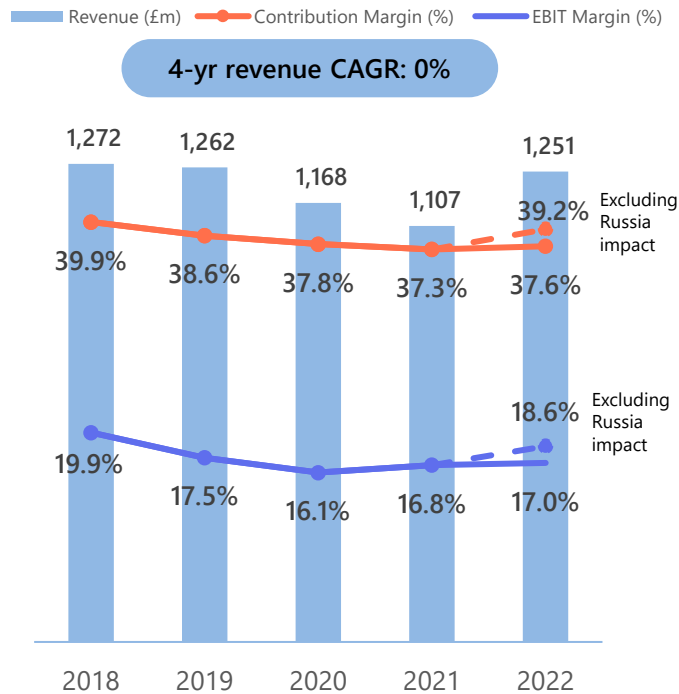
£m	2022	2021
<b>EBIT reported</b>	<b>163</b>	<b>97</b>
Depreciation, amortisation and other non-cash items	178	165
Change in Net Matched Principal balances and balances with clearing organisations	27	(36)
Movements in working capital	62	(17)
Taxes and interest paid	(106)	(98)
<b>Operating cash flow</b>	<b>324</b>	<b>111</b>
Capital expenditure	(53)	(58)
Disposal of property, plant & equipment	12	-
Acquisition consideration paid	-	(451)
Cash acquired with acquisition	-	202
Deferred consideration paid on prior acquisitions	(10)	(14)
(Purchase) / sale of financial assets	(50)	11
Other investing activities	23	21
<b>Investing activities</b>	<b>(78)</b>	<b>(289)</b>
Net proceeds from rights issue	-	309
Dividends paid to shareholders	(78)	(47)
Net funds received from issuance of 2028 Sterling Notes	-	247
Repayment of 2024 Sterling Notes including premium	-	(200)
Repayment of loan from related party	(47)	-
Other financing activities	(38)	(13)
<b>Financing activities</b>	<b>(163)</b>	<b>296</b>
<b>Change in cash</b>	<b>83</b>	<b>118</b>
Foreign exchange movements	38	-
Cash at the beginning of the period	767	649
<b>Cash at the end of the year</b>	<b>888</b>	<b>767</b>

- Operating cash flow:
  - Increase in payables, partly offset by higher receivables
- Investing activities:
  - CAPEX on tech/strategic projects
- Financing activities:
  - Dividends and RCF repayment
- Dynamic capital management:
  - On track to free up £100m cash by end 2023 to reduce debt
  - c. £30m freed up in H2 2022

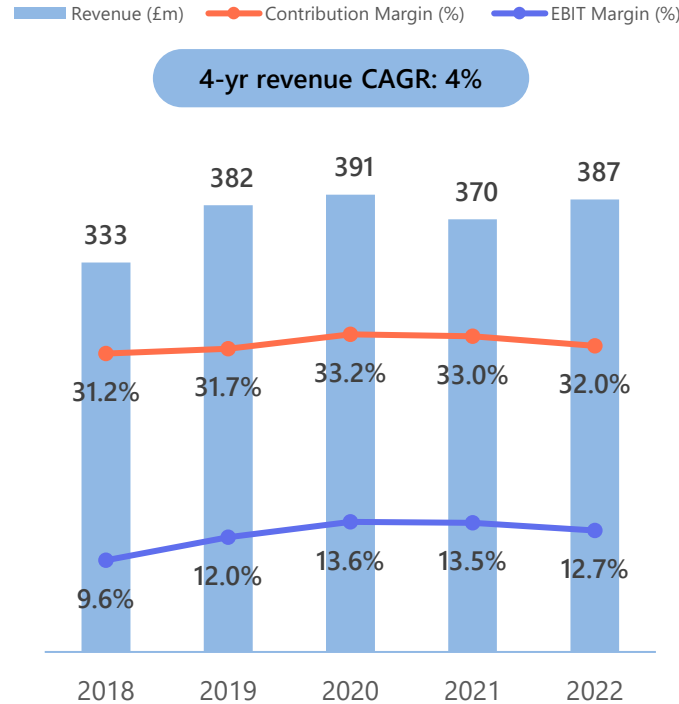


# Reported revenue and margins: 2018 to 2022

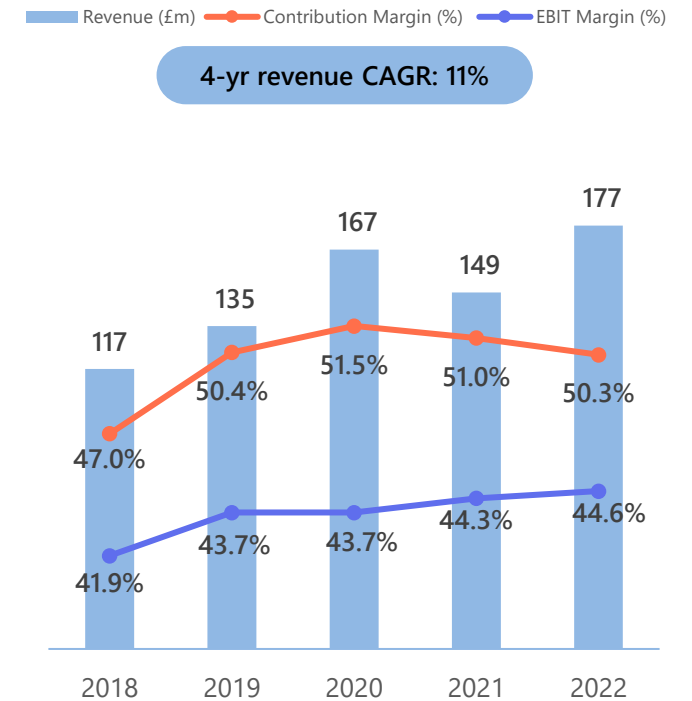
## Global Broking



## Energy & Commodities



## Parameta Solutions





# 2023 Capital Markets Day Targets

	Contribution margin		Adjusted EBIT margin	
	2023	2023 expectation <sup>1</sup>	2023	2023 expectation <sup>1</sup>
Global Broking <sup>2</sup>	c. 40%	Close <sup>3</sup>	c. 19%	Relatively close <sup>3</sup>
E&C	c. 35%	Relatively close <sup>3</sup>	c. 15%	Relatively close <sup>3</sup>
Liquidnet <sup>2,4</sup>	c. 30% <i>new</i>	Meet	N/A	N/A
Parameta Solutions <sup>2</sup>	c. 50%	Exceed	c. 45%	Exceed
Total Group	N/A	N/A	c. 14% <i>updated</i>	Meet

- Global Broking 2023 targets:
  - Contribution Margin: expected to be close to target
  - Adjusted EBIT Margin: expected to be relatively close to target
- Energy & Commodities 2023 targets:
  - Expected to be relatively close to both targets
- Parameta solutions 2023 targets:
  - Expected to exceed both targets
- Contribution margin 2023 target for the combined Liquidnet division set at c. 30%
- In line with market consensus, Group adjusted EBIT margin target (18%) now 14%

1. Assuming current market conditions continue until end 2023

2. Post Trade Solutions revenue has been reclassified from Parameta Solutions to Global Broking and Liquidnet; Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m

3. Guidance that refers to being "close" to target is defined as within one percentage point of target; "Relatively close" is defined as being within one to two percentage points of target.

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# 2023 full year guidance



## Effective tax rate on adjusted earnings

- c. 28.0% in 2023



## Group net finance expense

- Broadly in line with 2022 (c. £49m)



## Significant items

- c. £85m (pre-tax), excluding potential income and costs associated with legal and regulatory matters



## Liquidnet integration cost synergies

- At least £30m



## Dividend policy

- 2x adjusted post tax earnings dividend cover
- Typically based on pay-out range of 30-40% of H1 adjusted post-tax earnings with balance paid in final dividend





**Daniel Fields**  
CEO, Global Broking

# Global Broking

Building our franchise as market leader

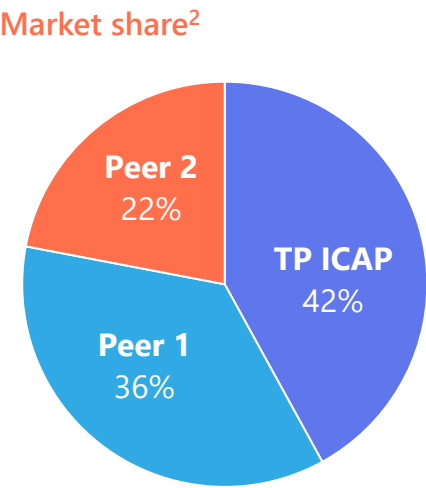
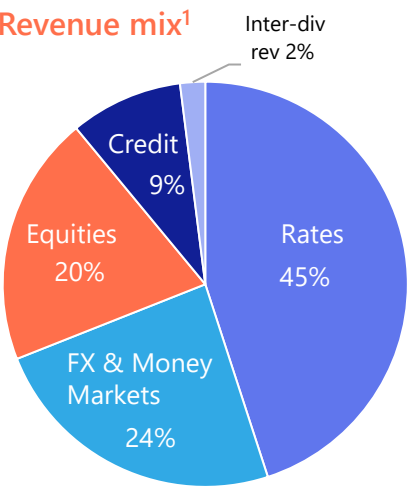


One of the world’s largest venue operators

Industry-leading market share

Market-leading brands

Best-in-class brokers and technology



## Our 2023 priorities

- Enhancing position as leading liquidity provider
- Revenue quality and productivity: underpinning strong margin
- Delivering close to 2023 Contribution Margin target<sup>3</sup>
- Continuing Fusion rollout, driving client adoption

1. Based on FY 22 reported revenue  
2. Market share vs. listed peers as at H1 2022  
3. Assuming current market conditions continue until end 2023

# Rates: 2022 and 2023 outlook



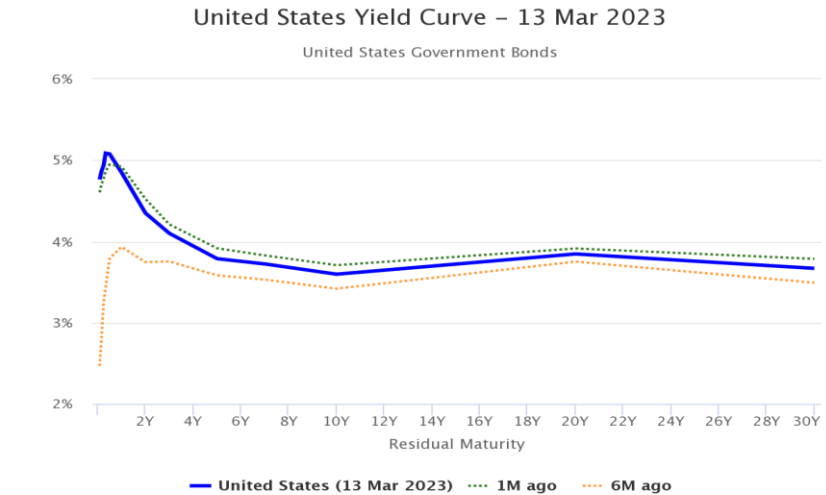
## 2022 market conditions

- Marked shift from low interest rate environment:
  - Many clients never seen a rate hike
- Significant Central Bank tightening:
  - Concentration in short-dated
- Quantitative Tapering (QT) created more demand for liquidity in H2 2022

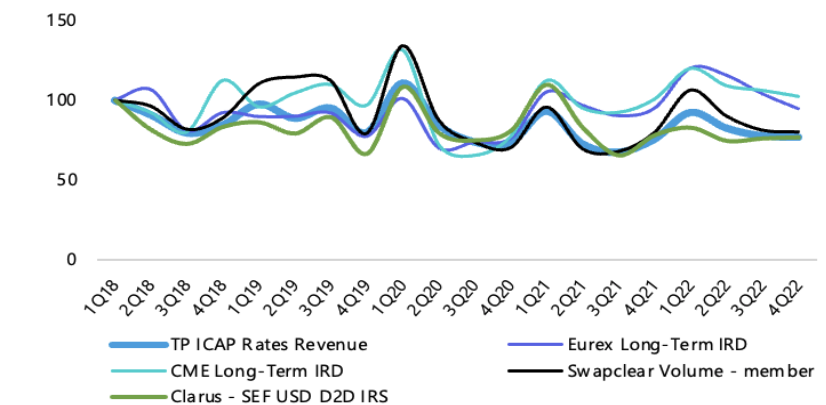
## 2023 outlook

- Rate increases/inflation moderating
- QT continues. High levels of government debt issuance
- Potential shift to medium/long dated end of yield curve

## US Yield Curve



## TP ICAP Rates revenue vs. market volumes





# Credit, Equities and FX: 2022 and 2023 outlook

## Credit

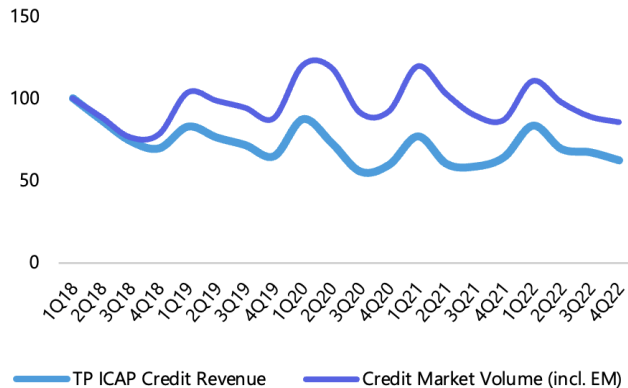
### 2022 market conditions

- Increased CDS activity: political instability, high inflation, recession concerns
- Bond volumes reduced: lower issuance/dislocated markets

### 2023 outlook

- Higher bond volumes: increased new issuance/ increased risk appetite
- Uncertainty around peak inflation/monetary policy
- Global economic contraction (CDS volumes)

### Credit revenue vs. market volumes



## Equities

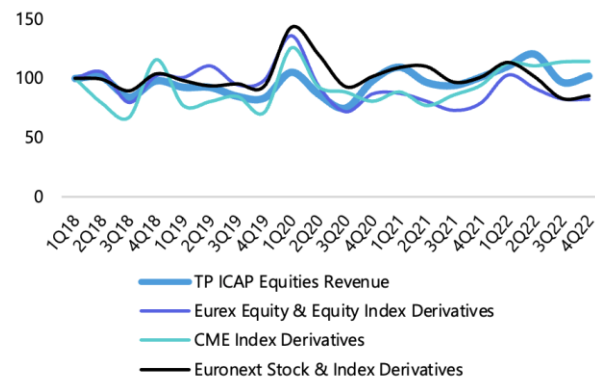
### 2022 market conditions

- Strong volumes on medium/long-term index derivatives: hedging activity in Europe
- Increased volatility triggered by geopolitical tensions

### 2023 outlook

- Elevated economic/geopolitical uncertainty driving volatility
- Market participants diversifying trading universe – more trading opportunities
- Rotation into equities. US/Asian markets buoyant

### Equities revenue vs. market volumes



## FX

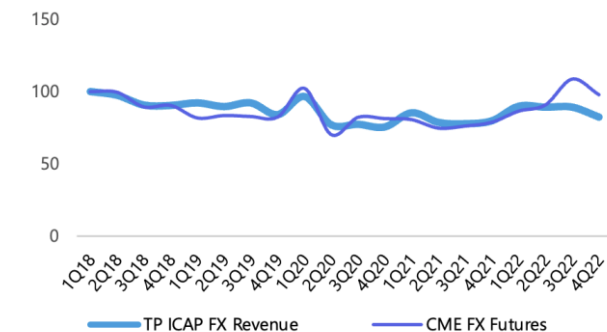
### 2022 market conditions

- USD strength vs all currencies drove volumes
- GBP all time lows, unprecedented inflationary pressure
- Volatile EM FX markets due to political uncertainty

### 2023 outlook

- Global recession/interest rates driving FX volatility
- Potential USD weakness supportive for EM/G10 currencies
- More risk appetite in H2 2023 as interest rate outlook clears

### FX Revenue vs. market volumes

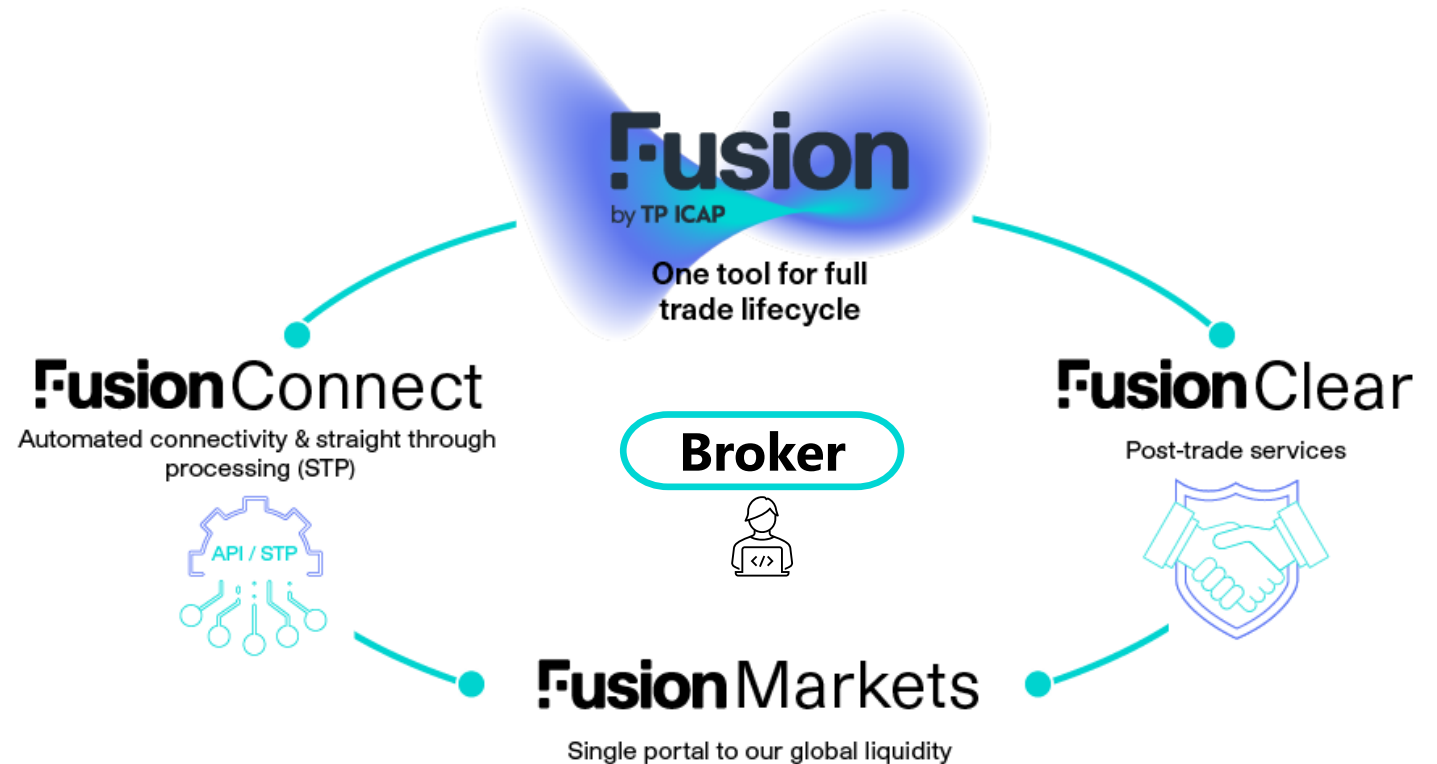


# Fusion: Award-winning, client-led, electronic platform



## What is Fusion?

- Key tool for clients and brokers
- Facilitates full trade life cycle
- *FusionMarkets*:
  - Single portal to global aggregated liquidity
  - Price discovery
- *FusionConnect*:
  - Automated connectivity and workflow
- *FusionClear*:
  - Settlement and post trade services



# Delivering Fusion



## Rollout target

- 55% Global Broking revenue

## On track

- On desks comprising 40% of in-scope revenue (FY21: 20%)

## 2022 highlights

- TP and ICAP inflation and interest rate swaps
- TP and ICAP EUR inflation: volume matching, Central Limit Order Book (CLOB) functionality

## Key 2023 launches

- Credit
- TP and ICAP Sterling IRS: Volume Matching

## What our clients are saying:

"...the most modern, intuitive and easy platform to navigate."

"Very easy to use. Has formed part of my day-to-day platform usage."

"Layout looks nice. Efficient use of real estate."

"...website is also customisable...lots of important information can be viewed at once."

**On track to complete rollout by end 2025**

# Fusion: Driving client adoption



## Dedicated focus

- Fusion Sales team

## Feedback loop

- Client feedback on ease of use
- Acting on feedback

## Active marketing

- Sales team engaging with clients/new leads
- Promotional materials: demos, brochures etc.
- Bespoke client training

## Monitoring & measurement

- Portal tracking client usage, orders and trades
- Internal KPIs:
  - Pace of delivery
  - Client usage
  - ROI

## Broker-led

- Brokers promoting Fusion

Global Broking teach-in autumn 2023. Will update on progress

# Priorities and outlook for 2023



## Strategic priorities

- Revenue quality, productivity, and contribution
- Leveraging position as leading liquidity provider
- Rollout of Fusion: client adoption

## 2023 outlook

- Rising interest rates supportive of secondary market volumes
- More demand for liquidity
- Potential steepening of yield curve at medium/long dated end

**Well positioned to benefit from market trends**





**Andrew Polydor**  
CEO, Energy & Commodities

# Energy & Commodities

Leading global OTC broker



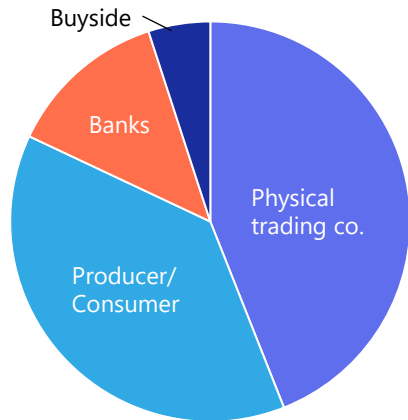
Leading broker in global Oil, Gas and Power

Market-leading brands

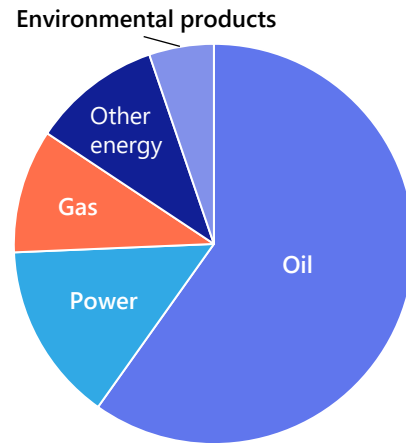
Diversified revenue and client base

Growth opportunities: Environmental products, Digital Assets

Revenue mix by client type



Revenue mix by product



## Our 2023 priorities

- Underpin market-leading position
- Ready for any switch back to 'risk-on' market conditions
- Delivering relatively close to 2023 Contribution Margin and Adjusted EBIT Margin targets<sup>1</sup>
- Expanding Environmentals franchise, e.g. voluntary emissions
- Growing Digital Assets platform
- Fusion Energy: Continued internal rollout of OMS<sup>2</sup> for Oil

1. Assuming current market conditions continue until end 2023  
2. Order Management System



# 2022 market conditions

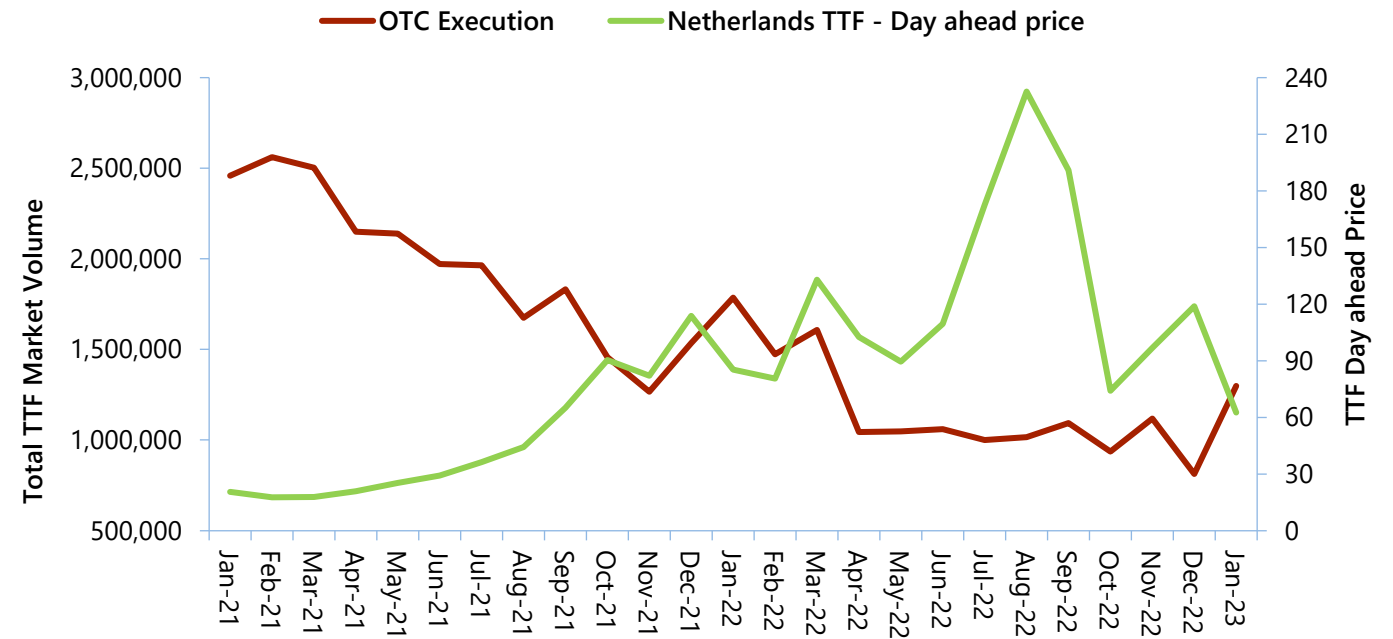
Subdued Oil volumes, significant volatility in European Gas & Power

## European Gas & Power

- Most challenging market conditions in some time
- Big margin requirements and sharp volume contraction:
  - ICE Gasoil average volatility of 61%, a record high
  - Lack of liquidity curtailed trading
- Improving 2023 outlook: mild winter, good storage levels
  - Dutch TTF now c. €49 vs 2022 peak €350 (pre-war: c. €20)

## Oil

- Ukraine war impact on global Oil market
- Excessive volatility/subdued trading volumes:
  - ADV on CME WTI < 1m contracts (first time since 2015)
  - ICE Oil contract volumes: -12% YoY
- Sentiment improving – China reopening



# The energy transition opportunity

## Well positioned



### Transition dynamics

#### Natural Gas:

- Designated low-emission energy source (COP27)
- Power is backbone for any zero carbon energy infrastructure

#### Oil:

- Continued importance of Oil: by 2030 global demand estimated 6% higher than 2023<sup>1</sup> (8% by 2050)

#### Emissions credits:

- Necessary for transition

### Targeted growth opportunities

- Emissions credits/Norwegian green certificates: first trades completed through Fusion
- Renewable energy (e.g. US, Australia, Europe, South America)

### Substantial medium term opportunity

"Renewables to become the **largest source of global electricity generation** by early 2025, **reaching 38% by 2027<sup>1</sup>**"

"Electricity from **wind/solar to more than double by 2027**, reaching **20% of global generation<sup>1</sup>**"

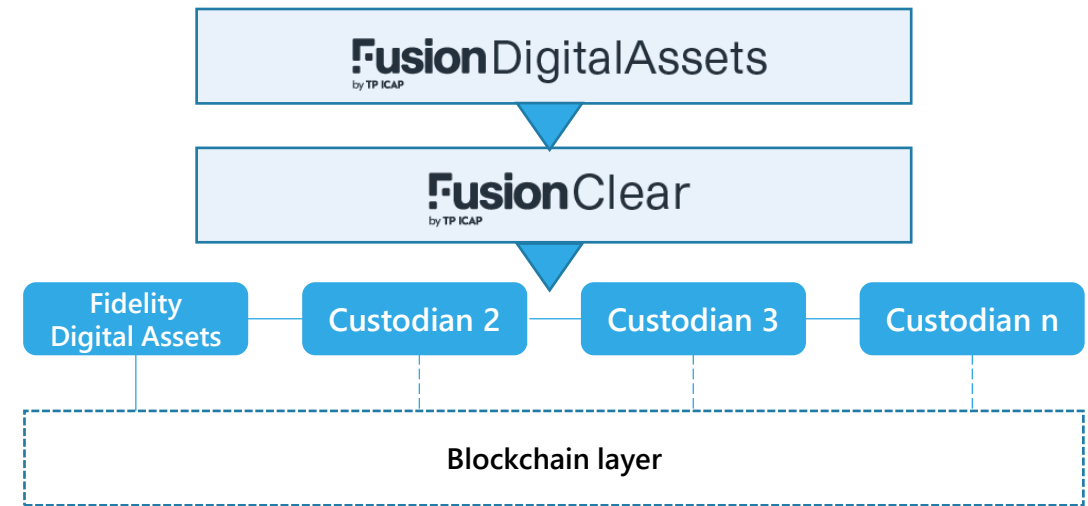
**Strong franchise in traditional and new markets. Leveraging existing infrastructure**

# Fusion Digital Assets



- Institutional marketplace for spot crypto assets:
  - FCA registration
  - Launching in 2023
- Client access via Fusion for order matching and execution
- Segregated model:
  - Independent safekeeping of clients' inventories and settlement service
- Liquidity streaming from leading market makers. We do not take positions

7 out of 10 professional investors believe **institutions will hold 60%** of all digital assets within 7 years; **currently hold 3%**, with retail 97%.<sup>1</sup>



# 2023 outlook and priorities



## Strategic priorities

- Underpinning margin
- Growth opportunities in Environmental products/Digital Assets
- Fusion Energy rollout
- Broker productivity

## 2023 outlook

- Macro-event driven market
- Continuing client demand for Environmental products
- Growing Digital Assets as institutions enter market

**Well positioned as market leader**



**Mark Govoni**  
CEO, Liquidnet

# Liquidnet<sup>1</sup>

Leading technology-driven agency execution specialist



Trusted brand, strong market position

Buyside partner for 20+ years – unique liquidity, quality execution

c. 1,000 institutional investment firms

Execution across 46 equity markets



## Our 2023 priorities

- Complete integration and deliver targeted cost synergies
- Equities: Growing and diversifying franchise:
  - Algos, cross-border, programme trading
- Fixed Income: Expanding Dealer-to-Client (D2C) business:
  - Number of dealers and buy-side clients
  - Geographies and products
- Expand ETD offering by leveraging assets within the division
- Delivering 2023 contribution margin target

1. As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from October 2022 onwards, MidCap Partners, following the transfer into Liquidnet from Global Broking.

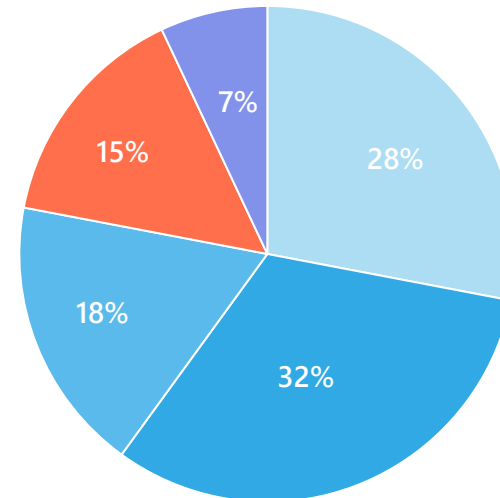


# Equity market conditions in 2022



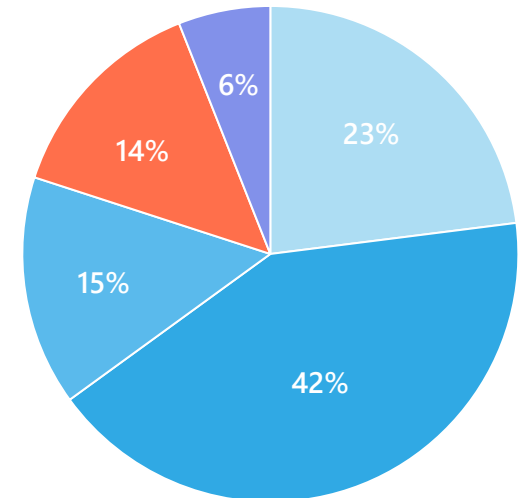
- Highly challenging market environment:
  - S&P 500: -19% (worst performance since 2008)
  - Stoxx 600: -13% (worst performance since 2018)
  - US mutual Fund outflows (worst year on record<sup>1</sup>)
- Subdued larger block trading:
  - Block volume in US Agency ATS<sup>2</sup>: flat YoY
  - EMEA LIS<sup>2</sup> volumes: -15% YoY
  - EMEA 5x LIS volumes: -39% (H2 2022 v H1 2022)
- Traditional active managers on side-lines:
  - Global cash levels highest since early 2000<sup>5</sup>
  - % investors underweight US Equities on par with October 2005
  - Q3 2022 YTD global commission wallet -10% YoY (lowest since Q1 2009)<sup>6</sup>

LIS Market Share (EMEA)<sup>3</sup>



■ Liquidnet  
 ■ Venue 2  
 ■ Venue 3  
 ■ Venue 4  
 ■ Other venues

Agency ATS block volume market share (US)<sup>4</sup>



■ Liquidnet  
 ■ Venue 1  
 ■ Venue 2  
 ■ Venue 3  
 ■ Venue 4

1. Source: Morningstar  
 2. ATS: Alternative Trading Systems - Top 5 US Agency ATS venues; LIS: Large in Scale  
 3. Source: Bloomberg; market share at FY 2022  
 4. Source: FINRA; Top 5 US ATS venues, with market share totalling 53% of total ATS block market, at FY 2022 (4% of total US block market)  
 5. Bank of America Global Fund Manager Survey  
 6. Source: McLagan

# Building the Equities franchise

Diversifying business model for different market conditions

## Priorities

### Grow client base

- Enhanced Trade Coverage
- Source differentiated liquidity
- Expansion of client base and geographical presence

### Expand product suite

- Cross border trading (enables clients to trade globally)
- Programme Trading
- Algo/Systematic Trading

## Highlights

### Grow client base

- Global simplified match workflow roll-out
- 80 new clients
- Local presence in Paris, Frankfurt, Madrid and Johannesburg

### Expand product suite

- VWAP Cross in APAC
- Cross border 18% of revenue (FY17: 15%, FY12: 7%)
- Programme Trading revenue up 15%
- Algos 31% of revenue (FY17: 19%, FY12: 15%)

## Focus in 2023

- Enhance algo trading offering
- Expand product suite
- Grow cross border and program trading offerings
- Grow client base



# Growing Fixed Income: Primary/Secondary market offering

The next generation electronic Fixed Income marketplace

## Primary markets platform

- Partnered with 30 syndicate banks for New Issues
- Platform enhancements:
  - Integration of NIT<sup>1</sup> protocol into TP ICAP's Fusion
  - New Issue Orders directly from OMS<sup>2</sup> to Syndicate desks
  - Automated New Bond in clients' OMS
- Collaboration: Access to BondAuction via OMS through Liquidnet
- 2022 Leaders In Trading Awards - "Outstanding Electronic Trading Initiative"

30

Syndicate Banks  
Connected

11

OMS<sup>1</sup>  
Connections

+80%

New deal  
announcements<sup>3</sup>

## Secondary markets platform

- Traditional Liquidnet Dark Pool had more than twice traded volume of 2021
- Broad range of liquidity-seeking protocols, including RFQ<sup>4</sup>
- Scalability enhancements (API)
- First South African dealers onboarded

£15<sub>bn</sub>

Average Daily  
Liquidity 2022

>450

Active Firms

x 2.2

Volume traded

1. New Issue Trading  
2. Order Management System  
3. European new deal announcements in investment grade, high yields, SSAs, covered bonds and global emerging markets  
4. RFQ: Request-for-Quote; CLOB: Central Limit Order Book

# D2C Credit rollout

## Update

- Substantial opportunity
- Client-facing tech built and in place
- Proposition live; good feedback
- Covid-19: substantial IT backlogs for dealers and potential clients
- Within target market share range (3-6%) later than planned

## 2023 action plan

- Focused effort on being reprioritised in technology queues
- Leveraging Global Broking's extensive dealer connectivity
- Optimising RFQ functionality
- Connecting our Fixed Income darkpool to Fusion

"Liquidnet offers **a unique platform** ... they adhere to being a true dark pool ... refreshing to see Liquidnet **focus on its strengths**"

*Credit trader*

"Liquidnet's desire to partner ... and adopt a commercial approach has **set them apart**"

*Tier 1 Investment Bank*

# 2023 priorities and outlook



## Strategic priorities

- Growing and diversifying equities franchise
- D2C Credit: deliver action plan
- Complete integration: deliver cost synergies target of at least £30m by end 2023
- Become leading non-bank Exchange Traded Derivatives (ETD) provider

## 2023 outlook

- Sentiment driven by macro uncertainty/geopolitical events
- Elevated levels of volatility, until inflation pressures ease
- Modestly improving global growth outlook
- Rotation of cash into active equity strategies

Operational leverage, growth and diversification strategy in place



**Eric Sinclair**  
CEO, Parameta Solutions

# Parameta Solutions

World's leading provider of scarce, neutral OTC pricing data



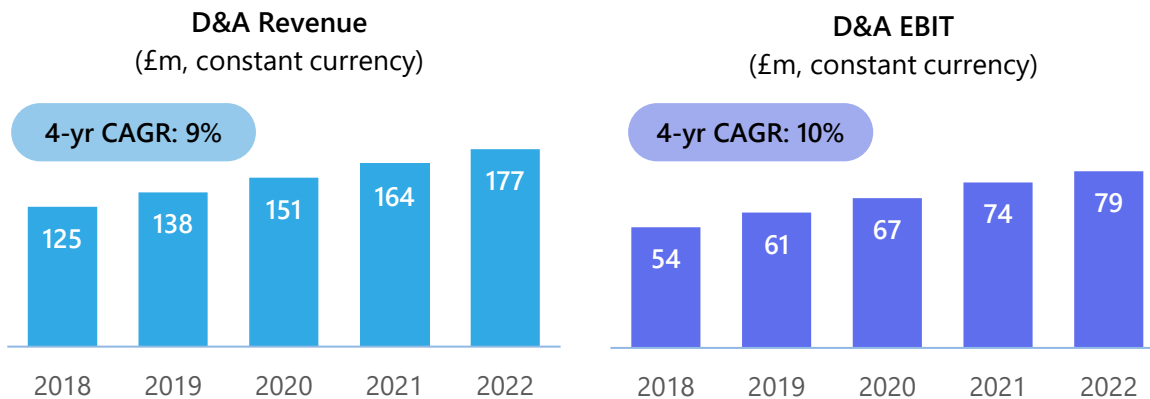
High growth/high margin sectors

Significant revenue, contribution and operating profit growth

95% recurring, predictable, subscription-based revenue

> 98% revenue retention

## Consistently strong financial performance



## Our 2023 priorities

- Building products, increasing addressable market size
- Growing direct and multi-channel distribution
- Diversifying client base
- Generating significant value from partnerships
- Delivering double digit growth in Adjusted EBIT
- Exceeding 2023 Capital Markets Day targets

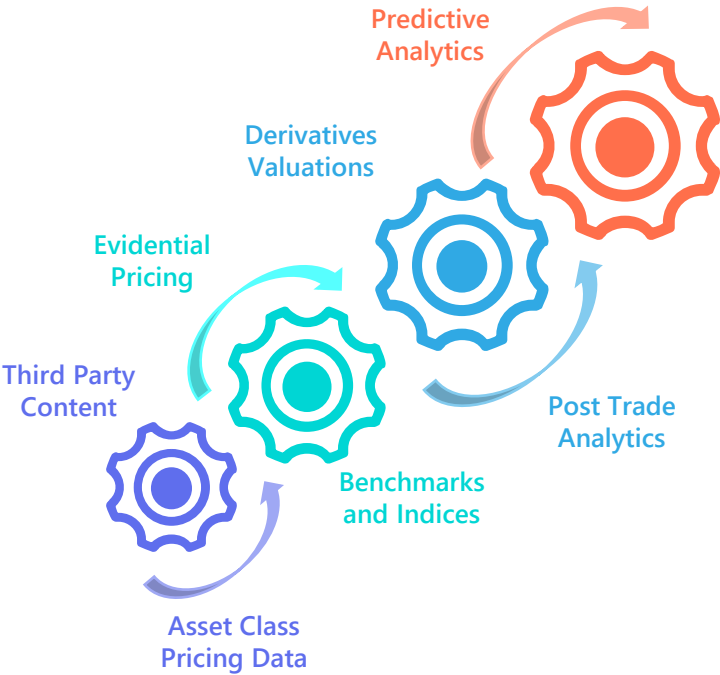
# Parameta Solutions

Unique solutions, focused strategy



## Products

Leveraging partnerships for value-added products



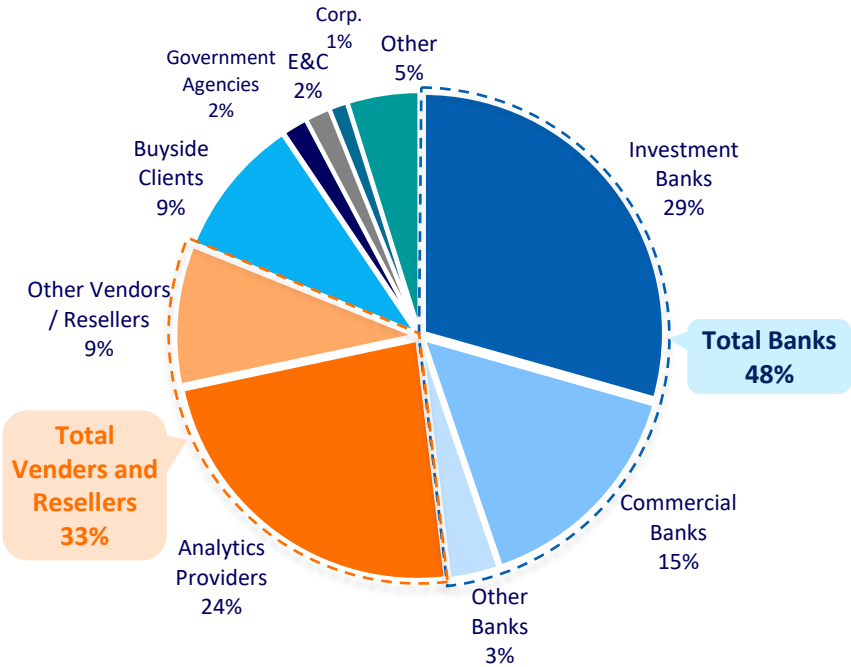
## Distribution

Expanding multi-channel distribution

Public Cloud	<ul style="list-style-type: none"><li>• Data Share</li><li>• Streamer</li><li>• Web Socket</li></ul>
Direct Delivery	<ul style="list-style-type: none"><li>• Data Feeds</li><li>• Internet Display</li></ul>
Channel partners	<ul style="list-style-type: none"><li>• Market data vendors</li><li>• Independent software vendors (ISV)</li></ul>

## Client

Diversifying client base





# Significant partnership opportunities driving growth



## ClearConsensus

### Partnership with PeerNova

- Silicon Valley cloud-based data management and analytics software
- Parameta Solutions Evidential Pricing service



- Operational efficiency gain
- Improved Fair Value measurement
- Enhanced risk management
- Potential capital optimisation



## Derivatives Valuations

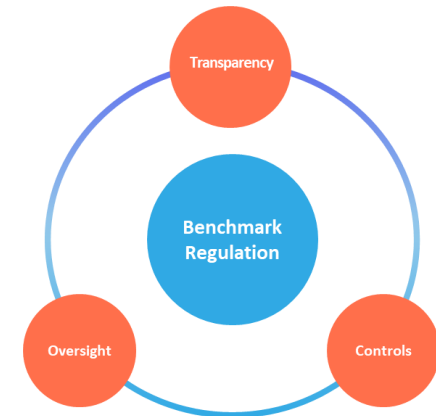
### Partnership with Numerix

- Global leader in quantitative analytics and derivatives pricing libraries
- Parameta Solutions market leading OTC derivatives data
- Combines best data with best analytics
- Addresses client need to respond to changing risk and accounting regulation



## Benchmarks & Indices

### Partnership with General Index



- Challenger to Price Reporting Agencies (PRAs)
- Expertise in Energy & Commodities Benchmarks
- Calculation agent and EU Benchmark Administrator for LNG index series



# 2023 priorities and outlook



## Strategic priorities

- New higher value products:
  - Partnerships to leverage collective strengths
- Execute multi-channel distribution strategy:
  - Public cloud
  - Direct delivery
  - Channel partners
- Diversify and expand client and user base

## 2023 outlook

- Continued double digit growth in Adjusted EBIT
- Energy & Commodities data monetisation opportunity
- Diversify client base (more buy-side, quants, data scientists)
- Delivering Capital Markets Day targets

Well positioned to keep outperforming the industry



Nicolas Breteau  
Group CEO

# Summary

Delivering value for shareholders



## Strong franchise

Market-leading positions  
Deep liquidity  
Geographical presence

## High single digit revenue growth

Operational leverage  
Increase in profitability

## Continuing our transformation

Rollout and adoption of Fusion on track  
40% of in-scope Global Broking on Fusion  
Fusion Energy deployment in place

## Diversified business

E&C:

- Digital Assets
- Environmental products

Liquidnet:

- D2C Credit
- Expanding Equities

Parameta Solutions:

- Benchmark administration
- Partnerships

## Dynamic capital management

Freeing up c. £100m cash by end 2023, to pay down debt  
Ongoing capital review

Well positioned in current market conditions



Q&A

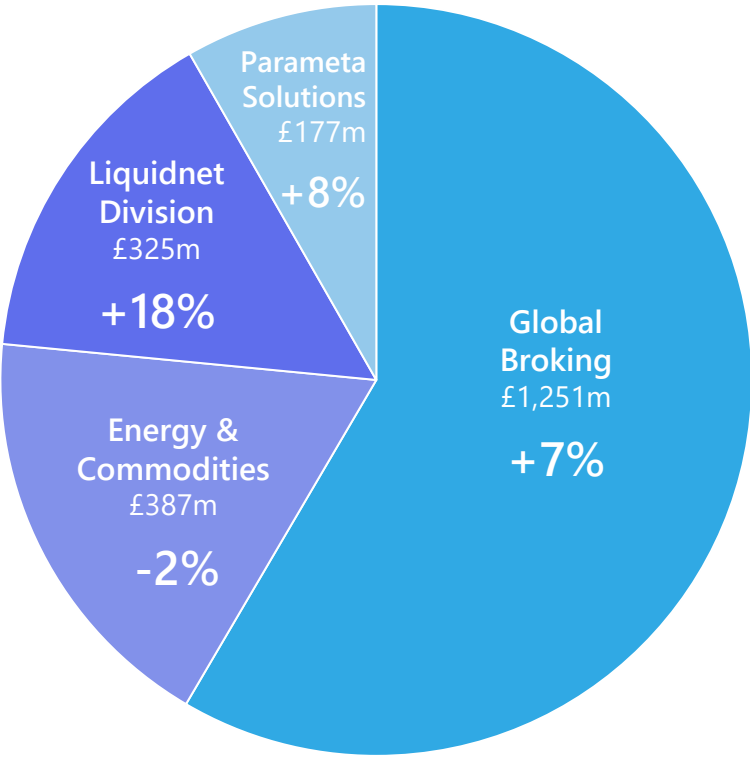


**Appendix**

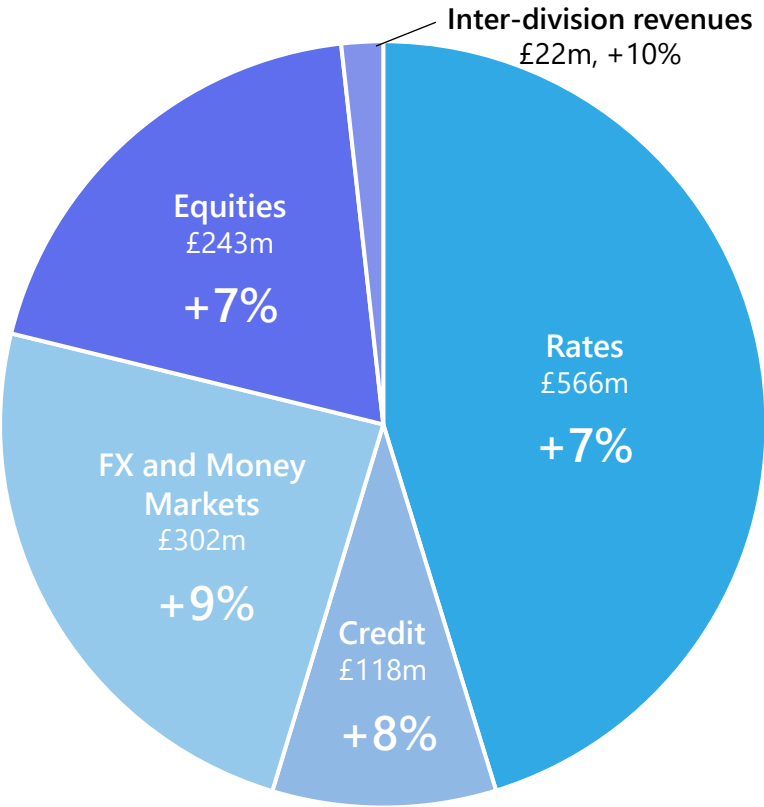
# 2022 revenue breakdown



Revenue by business division<sup>1</sup>

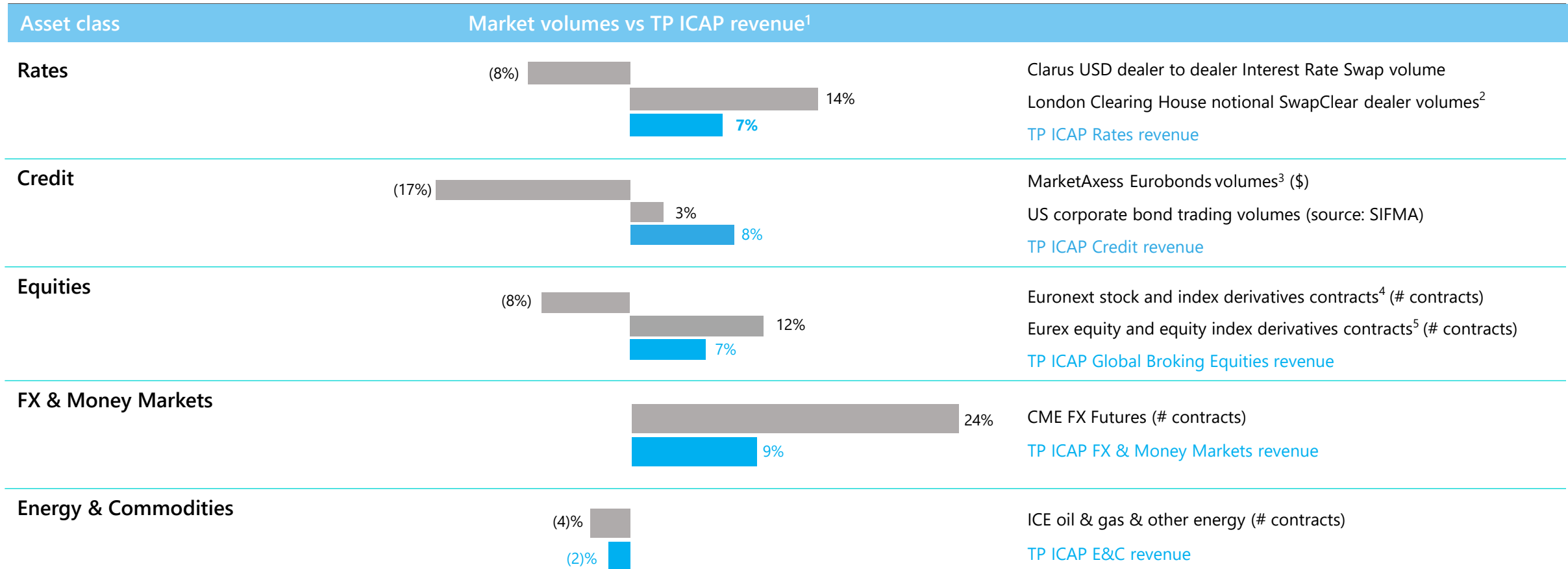


Global Broking revenue by asset class



1. Revenues by division include inter-division revenues; % movements are in constant currency

# Mixed market volumes across asset classes



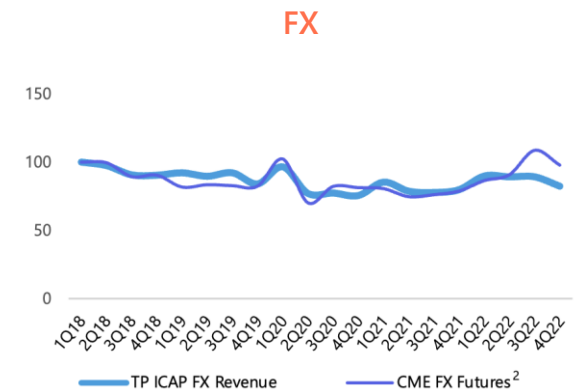
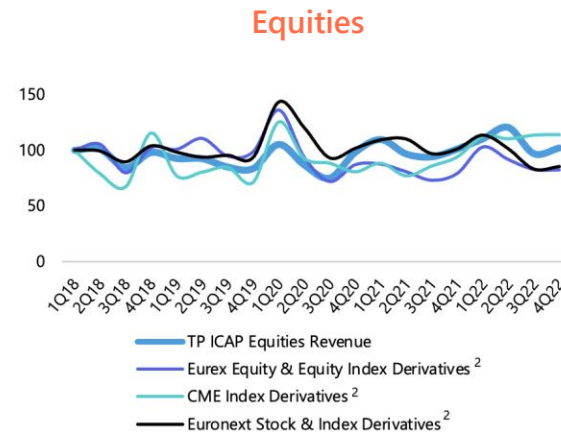
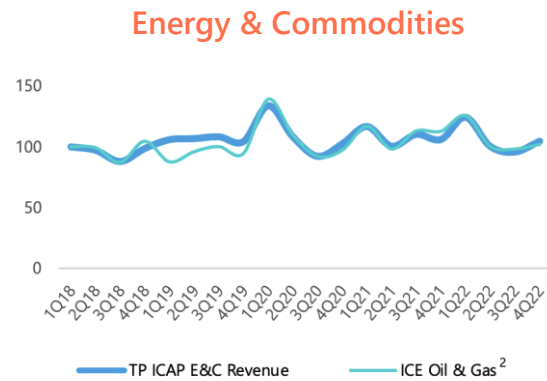
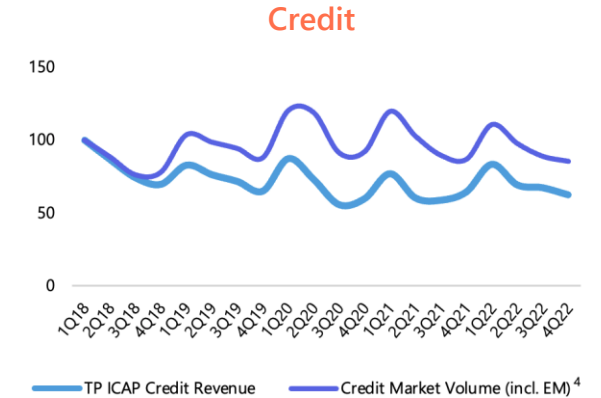
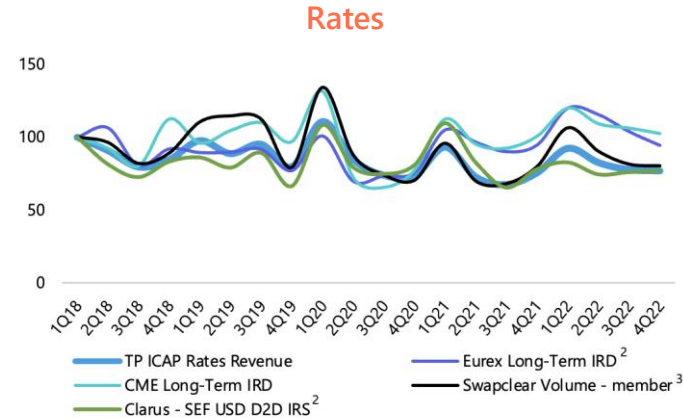
1. TP ICAP revenue in constant currency
2. Total volumes excluding client clearing volumes
3. Source: MarketAxess Post Trade
4. Euronext stock products and index product traded contracts
5. Eurex equity derivatives and index derivatives traded contracts



# Correlation of Global Broking and E&C revenue with secondary market activity<sup>1</sup>



- 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)  
 2. Number of contracts; IRD = Interest Rates Derivatives  
 3. Notional in USD trillion  
 4. Trading volumes in USD million; Includes US corporate bonds trading volumes as reported by SIFMA and MarketAxess Post-Trade Eurobonds volumes (grossed up to better represent European market volumes)

# Divisional analysis



2022 (£m)	Global Broking	Energy & Commodities	Liquidnet	Parameta Solutions	Corp/Elim <sup>1</sup>	Group
<b>Revenue</b>	<b>1,251</b>	<b>387</b>	<b>325</b>	<b>177</b>	<b>(25)</b>	<b>2,115</b>
<b>Contribution</b>	<b>471</b>	<b>124</b>	<b>79</b>	<b>89</b>	<b>-</b>	<b>763</b>
<i>Contribution margin</i>	37.6%	32.0%	24.3%	50.3%	-	36.1%
<b>Management and support costs<sup>2</sup></b>	<b>(222)</b>	<b>(65)</b>	<b>(78)</b>	<b>(8)</b>	<b>(33)</b>	<b>(406)</b>
<b>Adjusted EBITDA</b>	<b>249</b>	<b>59</b>	<b>1</b>	<b>81</b>	<b>(33)</b>	<b>357</b>
<i>Adjusted EBITDA margin</i>	19.9%	15.2%	0.3%	45.8%	-	16.9%
Depreciation and amortisation	(36)	(10)	(24)	(2)	(9)	(82)
<b>Adjusted EBIT</b>	<b>213</b>	<b>49</b>	<b>(25)</b>	<b>79</b>	<b>(42)</b>	<b>275</b>
<i>Adjusted EBIT margin</i>	17.0%	12.7%	(7.4)%	44.6%	-	13.0%

2021 as reported (£m)						
<b>Revenue</b>	<b>1,107</b>	<b>370</b>	<b>261</b>	<b>149</b>	<b>(22)</b>	<b>1,865</b>
<b>Contribution</b>	<b>413</b>	<b>122</b>	<b>91</b>	<b>76</b>	<b>-</b>	<b>702</b>
<i>Contribution margin</i>	37.3%	33.0%	34.9%	51.0%	-	37.6%
<b>Adjusted EBITDA</b>	<b>215</b>	<b>59</b>	<b>28</b>	<b>68</b>	<b>(55)</b>	<b>315</b>
<i>Adjusted EBITDA margin</i>	19.4%	15.9%	10.7%	45.6%	-	16.9%
<b>Adjusted EBIT</b>	<b>186</b>	<b>50</b>	<b>3</b>	<b>66</b>	<b>(72)</b>	<b>233</b>
<i>Adjusted EBIT margin</i>	16.8%	13.5%	1.1%	44.3%	-	12.5%

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 £12m in 2022 (2021: £10m)

# Divisional analysis



2022 (£m)	Global Broking	Energy & Commodities	Liquidnet	Parameta Solutions	Corp/Elim <sup>1</sup>	Group
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<i>Adjusted EBIT margin</i>	17.0%	12.7%	(7.4)%	44.6%	-	13.0%

2021 in constant currency (£m)						
<b>Revenue</b>	<b>1,164</b>	<b>396</b>	<b>275</b>	<b>164</b>	<b>(23)</b>	<b>1,976</b>
<b>Contribution</b>	<b>435</b>	<b>130</b>	<b>93</b>	<b>86</b>	<b>-</b>	<b>744</b>
<i>Contribution margin</i>	37.4%	32.8%	33.8%	52.4%	-	37.7%
<b>Adjusted EBITDA</b>	<b>230</b>	<b>65</b>	<b>21</b>	<b>74</b>	<b>(48)</b>	<b>342</b>
<i>Adjusted EBITDA margin</i>	19.8%	16.4%	7.7%	45.1%	-	17.3%
<b>Adjusted EBIT</b>	<b>194</b>	<b>54</b>	<b>(7)</b>	<b>74</b>	<b>(60)</b>	<b>255</b>
<i>Adjusted EBIT margin</i>	16.7%	13.6%	(2.5)%	45.1%	-	12.9%

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 £12m in 2022 (2021: £10m)

# Balance sheet



£m	Dec 2022	Dec 2021
Goodwill & other intangibles	1,877	1,853
Other non-current assets	297	285
Current assets less current and non current liabilities	(82)	3
Cash and financial instruments	1,062	899
Deferred tax liabilities	(85)	(107)
Interest bearing loans and borrowings	(794)	(856)
Right-of-use assets	165	187
Lease liabilities	(279)	(286)
<b>Net assets</b>	<b>2,161</b>	<b>1,978</b>
Shareholders' equity	2,143	1,961
Attributable to non-controlling interests	18	17
<b>Total equity</b>	<b>2,161</b>	<b>1,978</b>



# Net funds/(debt)

£m	Cash and cash equivalents	Financial investments	Total funds	Debt <sup>1</sup>	Lease liabilities	Net funds/(debt)
<b>At 31 December 2021</b>	<b>767</b>	<b>115</b>	<b>882</b>	<b>(839)</b>	<b>(286)</b>	<b>(243)</b>
Reported net cash flow from operating activities <sup>1</sup>	324	-	324	(2)	-	322
Net cash flow from investment activities	(78)	50	(28)	-	-	(28)
Dividends paid	(78)	-	(78)	-	-	(78)
Funds received to related party	(47)	-	(47)	47	-	-
Other financing activities	(9)	-	(9)	-	-	(9)
Payments of lease liabilities	(29)	-	(29)	-	29	-
Non-cash changes	-	-	-	-	(1)	(1)
Effect of movements in exchange rates	38	9	47	-	(21)	26
<b>At 31 December 2022</b>	<b>888</b>	<b>174</b>	<b>1,062</b>	<b>(794)</b>	<b>(279)</b>	<b>(11)</b>
<b>Net funds excluding lease liabilities</b>	<b>888</b>	<b>174</b>	<b>1,062</b>	<b>(794)</b>	<b>-</b>	<b>268</b>

1. Debt movement represents £2m of fees paid on bank and loans

# Debt finance



£m	Dec 2022	Dec 2021
5.25% £247m Sterling Notes January 2024 <sup>1</sup>	253	252
5.25% £250m Sterling Notes May 2026 <sup>1</sup>	250	250
2.625% £250m Sterling Notes November 2028 <sup>1</sup>	248	248
Loan from related party (RCF with Totan)	-	51
Revolving Credit Facility drawn - banks	-	-
3.2% Liquidnet Vendor Loan Notes	43	38
Settlement overdrafts	-	17
<b>Debt (used as part of net funds/(debt))</b>	<b>794</b>	<b>856</b>
Lease liabilities	279	286
<b>Total debt</b>	<b>1,073</b>	<b>1,142</b>

1. Sterling Notes are reported at their par value net of discount and unamortised issued costs and including interest accrued at the reporting date

# Debt maturity profile

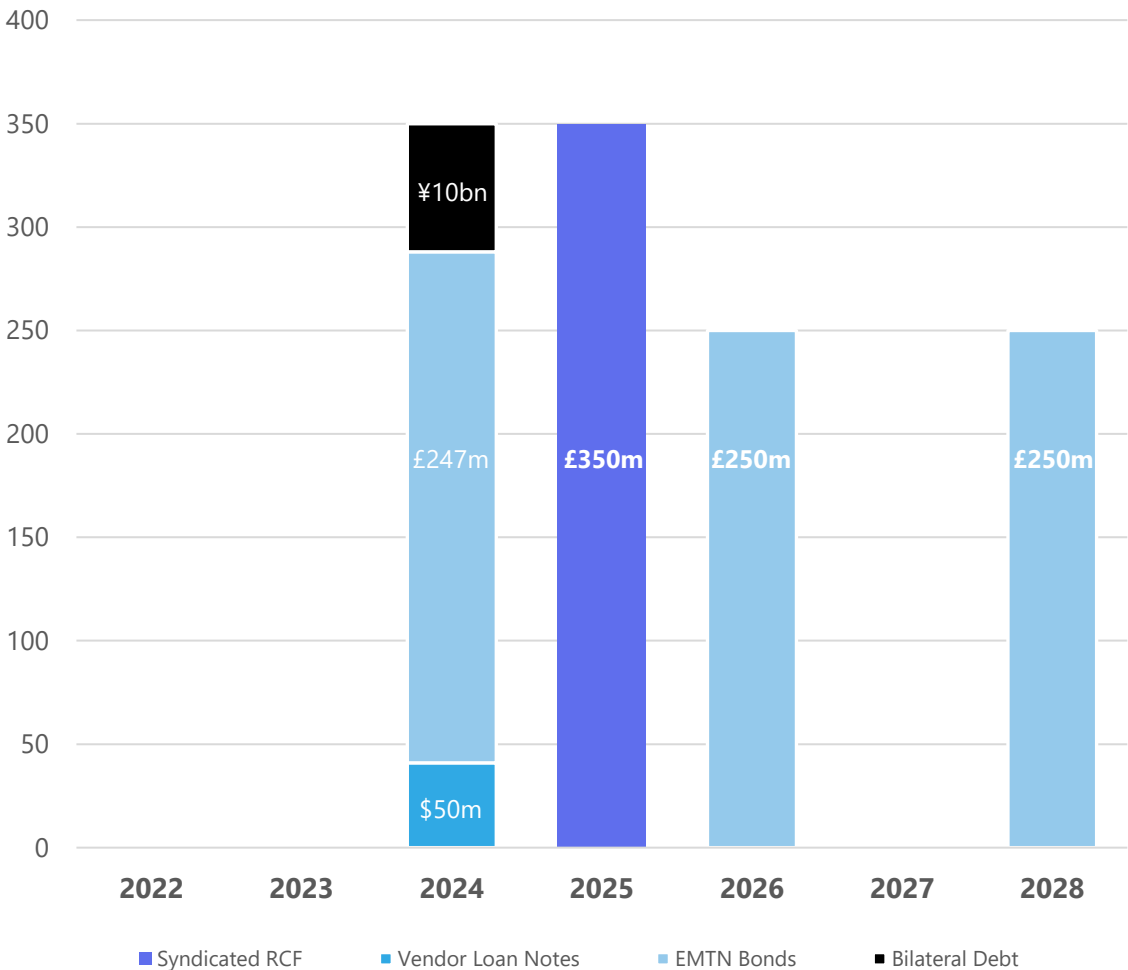


The Group’s core debt (EMTN bonds) comprises:

- 5.25% £247m Sterling Notes maturing January 2024
- 5.25% £250m Sterling Notes maturing May 2026
- 2.625% £250m Sterling Notes maturing November 2028
- 3.2% vendor loan notes of \$50m (£42m) were issued as part of the purchase consideration of Liquidnet (March 2024 maturity)

The Group’s Revolving Credit Facilities (RCFs) comprise:

- ¥10bn RCF with Totan (a related party) which matures in August 2024 (at 31 December 2022, this facility was undrawn)
- £350m RCF with syndicate banks maturing in May 2025 (at 31 December 2022, this facility was undrawn)

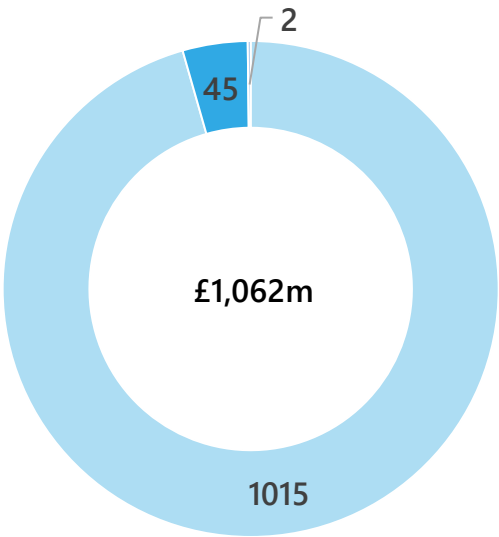


# Cash & Cash Equivalents and Financial Investments



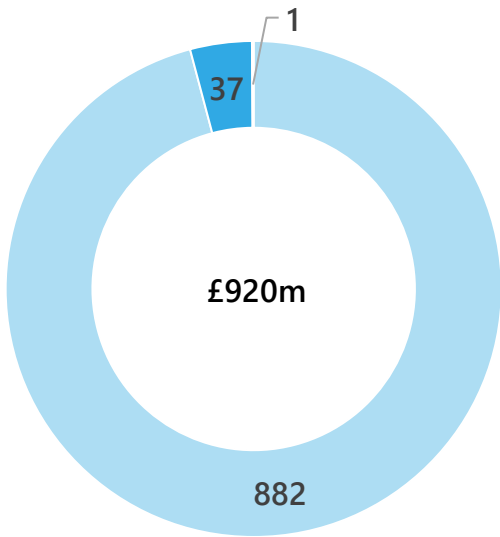
- Cash held for working capital, regulatory, liquidity and corporate purposes
- Capital requirements of the regulated entities are generally met by net tangible assets held in cash, funded by our bond portfolio
- This cash is restricted for regulatory and operational purposes

2022



- Regulated entities
- Non-regulated entities
- Corporate entities

2021



- Regulated entities
- Non-regulated entities
- Corporate entities



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