Tullett Prebon plc

Interim Results for the 6 months ended 30 June 2016

London | August 2016

John Phizackerley

Chief Executive

Agenda

- Introduction
- Financial highlights
- Business developments
- CFO's presentation
- Operational developments
- Themes and outlook
- Q&A

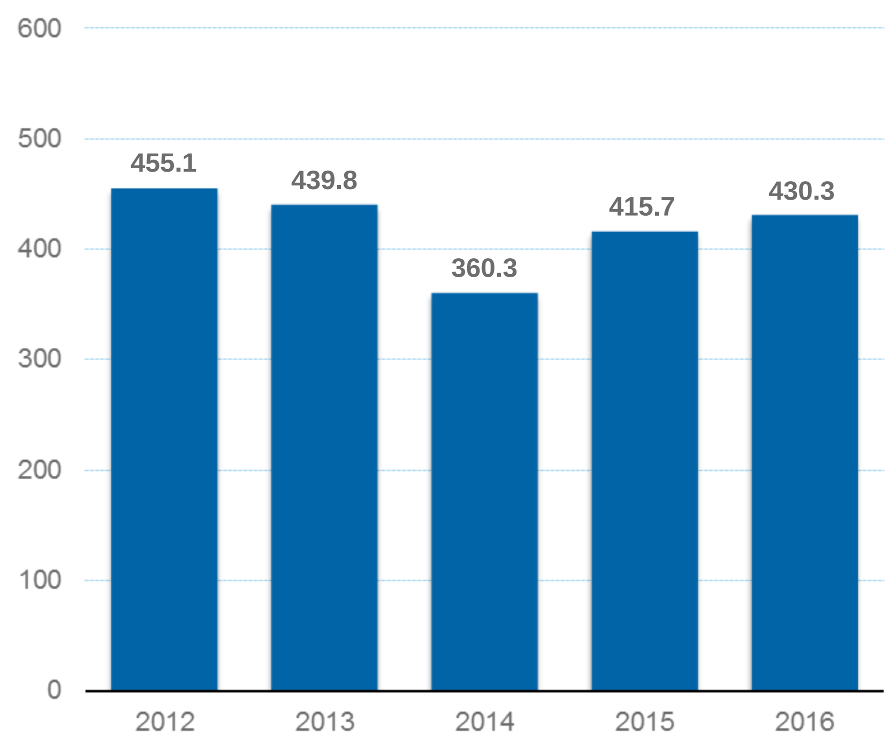
Key messages

- Momentum at Tullett Prebon
- TP ICAP deal transformational and on track
- Increasingly diverse product mix and client base
- Evolving geographic footprint
- Cost control key

H1 2016 financial highlights

- Good overall financial performance
- Resilient broking business
- Strong performance in Energy and Commodities and Equities
- Strong contribution from Information Sales and RMS
- Revenue £430.3m (2015: £415.7m)
- Operating profit £67.0m (2015: £60.6m)
- Operating margin 15.6% (2015: 14.6%)
- Broker compensation ratio 53.2% (2015: 54.5%)
- Profit before tax £60.3m (2015: £52.9m)
- Basic EPS 21.0p (2015: 17.7p)
- Dividend of 5.6p (2015: 5.6p)

Tullett Prebon Revenue 6m ended 30 June (£m)



Business developments

- Appointment of new CFO
- Strategic reorganisation into 5 global divisions
- Launch of new division – Institutional Services
- Advanced stage of integration preparation for the ICAP acquisition
- New technology and support centre in Northern Ireland
- Driving talent recruitment
- Strategically important acquisitions and partnerships

TP ICAP transaction headlines

- Creates the world's largest interdealer broker
- Multi-platform hybrid voice business operating across all major asset classes
- 3,245 brokers and c.5,500 total staff
- Historical pro forma revenue £1.5bn
- 3 year integration
- At least £60m synergies
- Oil desk disposal
- Progress with anti-trust authorities in US, Singapore and Australia
- ICAP will distribute its 19.9% shareholding

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Andrew Baddeley

Chief Financial Officer

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Revenue by product group

£m (2015 at constant exchange rates)	H1 2016	H1 2015	Change
Energy and Commodities	117.6	104.9	+12%
Interest Rate Derivatives	70.2	77.8	-10%
Fixed Income	88.8	96.7	-8%
Treasury Products	94.3	98.6	-4%
Equities	27.6	22.3	+24%
Information Sales and RMS	31.8	27.6	+15%
	430.3	427.9	+1%
Exchange translation		(12.2)	
	430.3	415.7	+4%

Revenue by region

£m	H1 2016	H1 2015	Change	
			Reported	Constant
Europe and the Middle East	234.2	241.9	-3%	-5%
Americas	134.1	117.9	+14%	+8%
Asia Pacific	62.0	55.9	+11%	+6%
	430.3	415.7	+4%	+1%

Underlying operating profit & margin by region

£m	Underlying operating profit				Margin	
	H1 2016	H1 2015	Change		H1 2016	H1 2015
			Reported	Constant		
Europe and the Middle East	47.5	46.3	+3%	+4%	20.3%	19.1%
Americas	10.8	7.1	+52%	+21%	8.1%	6.0%
Asia Pacific	8.7	7.2	+21%	+6%	14.0%	12.9%
	67.0	60.6	+11%	+7%	15.6%	14.6%

Cost improvement programme 2015

- 2015 programme
  - Focused on broker headcount reduction in Europe and restructuring contracts in North America
  - Charge of £5.2m in H1 2016
- Benefits in H1 2016
  - Broker employment costs as a % of revenues driven down
- Broker employment costs as % of broking revenue continue to reduce to 53.2%, down by > 1% compared with prior year

2016 progress and initiatives

- Continuing to invest in response to regulatory demands
  - Increased costs in compliance, risk management and control
  - Increased headcount in support functions
  - Impact on operating margin

- Focus on
  - Continuing improvement in broker employment costs
  - Expense control, vendor and procurement management

Northern Ireland technology and support services centre

- Major overhaul of our IT delivery
- Nearshoring technology and support services centre
- Phase 1 – 200 IT contractors
- Over time – other IT professionals and support
- Target an initial headcount of 300
- Mixture of current outsourced and in-house activity
- Projected maximum net cash outflow of £6m
- P&L positive by 2018
- Anticipated annual savings of £5m when fully operational during 2019

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Integration planning

- Key areas of focus of resource
- Comprehensive project management programme

Integration Working Group

Front Office Integration Lead		Functional Integration Lead							
Front Office Business Model	**Front Office Business Analysis**	**IT**	**Operations**	**Finance**	**Control**	**HR**	**Premises**	**Comms & Branding**	**IGBB Separation**
Treasury products	Broker performance	Applications	Middle office	Finance	Risk	HR function	Leases	Internal and external comms	Progress
IRD	CRM	Infrastructure	Trade capture	General ledger	Legal	Contracts	Facilities	Branding	Risks
FI	Management information	Networks	Onboarding	P&Ls	Compliance	HR system		Charity day	
Equities		Market data	Vendors	Audit	Governance	Culture and values			
E and Cs		Vendors	Settlements and clearing	Treasury	Company secretary	Org design			
TPI		IT risk management							
SEF									
1	2	3	4	5	6	7	8	9	10

Integration planning

- Day 1 readiness flowing into detailed integration plans
- Synergy targets built into budgets over 2017-2019
- Previous synergy target guidance maintained
- Interaction with Belfast

Underlying profit & loss

£m	H1 2016	H1 2015
Revenue	**430.3**	**415.7**
Operating profit	67.0	60.6
Net finance expense	(6.7)	(7.7)
Profit before tax	**60.3**	**52.9**
Tax	(10.8)	(10.8)
Associates	1.7	1.2
Minorities	(0.3)	(0.3)
Earnings	**50.9**	**43.0**
Weighted average shares in issue	242.7m	243.6m
Basic EPS	21.0p	17.7p
Effective rate of tax	*18.0%*	*20.5%*

Exceptional and acquisition related items

£m	H1 2016	H1 2015
Major legal actions	-	64.4
Cost improvement programme	(5.2)	-
Acquisition related costs	(9.5)	-
Acquisition related share-based payment charge	(5.5)	(5.2)
Amortisation of intangible assets arising on acquisition	(0.6)	(0.7)
Other acquisition and disposal items	(0.8)	(0.3)
Acquisition related finance expense	(3.2)	-
	(24.8)	58.2
Tax relief/(charge)	2.9	(12.9)

Earnings and EPS

£m	H1 2016	H1 2015
Underlying Earnings	**50.9**	**43.0**
Exceptional and acquisition related items (net of tax)	(21.9)	45.3
Reported Earnings	**29.0**	**88.3**
Weighted average shares in issue	242.7m	243.6m
Underlying EPS	21.0p	17.7p
Reported EPS	11.9p	36.2p

Dividend

- Interim dividend 5.6p
- Expected full year dividend 16.85p (2015: 16.85p)
- Mechanism to apportion dividend to pre / post completion

Operating cash flow

£m	H1 2016	H1 2015
Underlying operating profit	**67.0**	**60.6**
Share based compensation and other non-cash items	2.9	0.3
Depreciation/amortisation	7.8	7.4
EBITDA	77.7	68.3
Capital expenditure	(5.1)	(6.3)
Decrease/(increase) in initial contract prepayments	0.6	(2.2)
Other working capital	(28.8)	(13.7)
Operating cash flow	**44.4**	**46.1**

Net cash flow

£m	H1 2016	H1 2015
Operating cash flow	**44.4**	**46.1**
Exceptional and acquisition related items		
– Cost improvement programme 2015	(17.0)	-
– Cost improvement programme 2014	(0.6)	(3.8)
– Restructuring 2011/2012	(0.2)	(0.2)
– Major legal actions	-	64.4
– Acquisition costs related to IGBB	(9.5)	-
Share award purchases	(6.2)	-
Interest	(1.9)	(2.1)
Taxation	(10.7)	(4.6)
Net dividends received from associates/(paid) to minorities	1.9	-
Acquisition consideration/investments (net of disposals)	-	(0.5)
Cash flow before debt repayments and dividends	**0.2**	**99.3**

Movement in cash and debt

£m	Cash	Debt	Net
At 31 December 2015	**379.2**	**(220.2)**	**159.0**
Cash flow	0.2	-	0.2
Dividends	(27.2)	-	(27.2)
Bank facility fees	(2.9)	-	(2.9)
Amortisation of debt issue costs	-	(0.3)	(0.3)
Effect of movement in exchange rates	20.7	-	20.7
At 30 June 2016	**370.0**	**(220.5)**	**149.5**

Debt profile and refinancing

£m	June 2016	December 2015	June 2015
7.04% Sterling Notes July 2016	141.1	141.1	141.1
5.25% Sterling Notes June 2019	80.0	80.0	80.0
Unamortised issue costs	(0.6)	(0.9)	(1.1)
	220.5	220.2	220.0

Committed facilities

- £470m bank bridge facility
- £250m RCF - from which £141.1m 7.04% Sterling Notes have been repaid in July 2016

Balance sheet

£m	June 2016	December 2015	June 2015
Intangible assets arising on consolidation	372.1	357.4	334.3
Deferred consideration	(18.9)	(16.4)	(6.5)
Associates/investments	16.1	14.5	14.4
Operating assets/(liabilities)	25.6	(11.3)	35.7
Interest/facility fees	(8.7)	(2.5)	(8.9)
Tax	(13.4)	(16.3)	(30.0)
Pension scheme surplus net of deferred tax	75.3	57.3	37.0
	448.1	382.7	376.0
Net funds	**149.5**	**159.0**	**144.6**
Net assets/Shareholders' funds	597.6	541.7	520.6

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John Phizackerley

Chief Executive

New business model – global product lines

Global Brokerage
competing Tullett Prebon, ICAP and other brands

Global Energy and Commodities

Information Sales

Institutional Services

Corporate Services

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New business division – Institutional Services

Global Brokerage

Global Energy and Commodities

Information Sales

Corporate Services

Institutional Services

- Headed by Sam Ruiz
- Brings market credentials and experience
- Diverse stream of non-bank revenues

Hiring the new generation

- Graduates
- Referrals
- Lateral hires
- Apprentices
- Second jobbers
- Annual target of 100

Hiring the next generation

Growth initiatives – acquisitions, partnerships and new products

Creditex
- Acquisition of specialist US CDS brokers
- 14 brokers, $11m revenues

Coex
- Partnership with a specialist listed futures and options broker
- High touch, ideas-driven business
- Diverse client base

Hybrid trading platform technology
- Long term licence
- Develop proprietary, bespoke capabilities
- Versatile across all asset classes, will facilitate MIFID II compliance

EM corporate bonds data service
- Unique to TPI
- Proprietary analytics
- Input feed from tpCREDITDEAL

BREXIT

Brexit – our offices in Europe

Operational highlights – our clients' endorsements

Best data provider, Tullett Prebon Information

Interdealer broker of the year GlobalCapital Americas Derivatives Awards

•1st place, Equity

•1st place, Interest Rate Derivatives

Summary

- Good results
- TP ICAP transaction and integration on track
- Organisational and management changes
- Ongoing growth and diversification

Q & A

Appendices

Headcount

	Brokers	Support	Other*	Total
At June 2015	1,739	817	149	2,705
At December 2015	1,716	811	158	2,685
At June 2016	1,707	815	192	2,714

*Other includes Corporate, Information Sales and RMS, Temporary integration resource

Underlying net finance expense

£m	H1 2016	H1 2015
Interest receivable on cash balances	1.1	0.8
Payable on Sterling Notes	(7.0)	(7.0)
Bank and RCF commitment fee	(1.2)	(0.8)
Amortisation of debt issue and bank facility costs	(0.8)	(1.1)
Other interest	(0.2)	(0.2)
Cash interest and fees	**(8.1)**	**(8.3)**
Deemed pension scheme income	1.6	1.1
Unwind of discounted liabilities and provisions	(0.2)	(0.5)
Non cash interest	1.4	0.6
	(6.7)	**(7.7)**

Operating assets/(liabilities)

£m		June 2016	December 2015	June 2015
Fixed assets		48.7	49.5	48.0
Trade receivables		110.6	94.2	92.2
Net settlement balances		4.7	0.3	2.0
Other debtors/prepayments		35.3	33.6	39.5
Payables/accruals		(156.8)	(159.8)	(133.9)
Provisions		(16.9)	(29.1)	(12.1)
		25.6	**(11.3)**	**35.7**
Gross settlement balances	– Receivable	12,527.1	2,434.1	10,027.6
	– Payable	(12,522.4)	(2,433.8)	(10,025.6)
		4.7	**0.3**	**2.0**

Offsetting fair value financial assets and liabilities are reported net

Pension scheme surplus

£m	June 2016	December 2015	June 2015
Scheme assets	332.6	289.8	257.9
IAS19 valuation of liabilities	(216.8)	(201.6)	(201.0)
Accounting surplus	115.8	88.2	56.9
Related deferred tax liability	(40.5)	(30.9)	(19.9)
	75.3	57.3	37.0
Discount rate applied	2.8%	3.7%	3.6%

Major shareholders as at 14 July 2016

Investor	Holding	(%)
1. Schroder Investment Management	28,641,144	11.76
2. Jupiter Asset Management	21,153,096	8.69
3. Majedie Asset Management	19,976,924	8.20
4. OppenheimerFunds Inc.	14,516,841	5.96
5. Invesco Trimark	11,925,889	4.90
6. Liontrust Asset Management	11,824,270	4.86
7. Aberdeen Asset Management Limited	8,859,767	3.64
8. Norges Bank Investment Management	6,970,243	2.86
9. Legal & General Investment Management	6,505,070	2.67
10. Dimensional Fund Advisors	6,455,653	2.65
11. Henderson Global Investors	5,918,614	2.43
12. LSV Asset Management	5,523,911	2.27
13. Vanguard Group	5,299,222	2.18
14. Terry Smith	4,776,048	1.96
15. M&G Investments	4,763,091	1.96
16. David Hufton	4,757,825	1.95
17. JP Morgan Asset Management	4,686,475	1.92
18. Allianz KAG Frankfurt	4,440,961	1.82
19. Neptune Investment Management	4,058,000	1.67
20. River & Mercantile Asset Management	3,759,723	1.54

Source: Capita Registrars