



2016 Preliminary Results

14/03/2017

John Phizackerley

Chief Executive



Agenda

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Key financials	Andrew Baddeley
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2016 financial and operational highlights

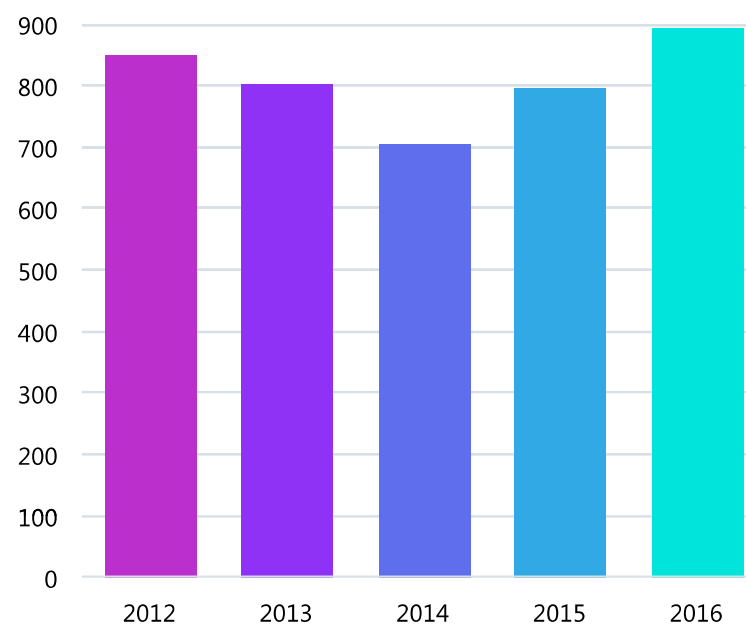


2016 financial highlights

Strong financial progress

- Revenue £891.5m (2015: £796.0m)
- Operating profit £131.5m (2015: 107.9m)
- Operating margin 14.8% (2015: 13.6%)
- Profit before tax £121.6m (2015: £93.7m)
- Basic EPS 42.5p (2015: 32.2p)
- Total dividend 16.85p per share (2015: 16.85p)

Revenues 2012 – 2016 (£m)



2016 operational highlights

- Completion of acquisition
- Integration under way
- Strategic reorganisation complete
- Introduction of CRM
- New product launches in data business
- Hiring the next generation of brokers
- Conduct and Culture



Andrew Baddeley

Chief Financial Officer



Key financials



Tullett Prebon Revenue by product group

£m (2015 at constant exchange rates)	2016	2015	Change
Energy and Commodities	245.3	221.9	+11%
Interest Rate Derivatives	143.6	144.1	+0%
Fixed Income	183.0	184.8	-1%
Treasury Products	194.1	198.6	-2%
Equities	57.3	50.4	+14%
Information Sales and RMS	68.2	56.1	+22%
Revenue at constant exchange rates	891.5	855.9	+4%
Exchange translation		(59.9)	
Revenue as reported	891.5	796.0	+12%



Tullett Prebon Underlying operating profit and margin by region

£m	Underlying operating profit			Margin	
	2016	2015	Change	2016	2015
			Reported		
EMEA	97.7	81.2	+20%	20.3%	17.8%
Americas	18.2	14.9	+22%	6.5%	6.4%
Asia Pacific	15.6	11.8	+32%	11.9%	11.1%
	131.5	107.9	+22%	14.8%	13.6%

Investment in Operational Capabilities

Increase in management and support costs due to investment in:

- IT Infrastructure including Belfast support services centre
- Legal & Compliance
- Conduct & Risk
- Customer Relationship Management
- HR (recruitment, performance management, training)
- Marketing & Communications



Tullett Prebon Underlying profit and loss

£m	2016	2015
Revenue	891.5	796.0
Operating profit	131.5	107.9
Net finance expense	(9.9)	(14.2)
Profit before tax	121.6	93.7
Tax	(22.1)	(17.5)
Associates and joint ventures	4.0	2.6
Non-controlling interests	(0.5)	(0.4)
Earnings	103.0	78.4
Weighted average shares in issue	242.3m	243.6m
Basic EPS	42.5p	32.2p
<i>Effective rate of tax</i>	<i>18.2%</i>	<i>18.7%</i>



Tullett Prebon Exceptional and acquisition related items

£m	2016	2015
Major legal actions	-	64.4
Cost improvement programme	(5.2)	(25.7)
ICAP Acquisition related costs	(16.8)	(12.1)
ICAP Integration costs	(19.3)	-
Acquisition related share-based payment charge	(16.3)	(10.5)
Amortisation of intangible assets arising on acquisition	(1.4)	(1.2)
Other acquisition and disposal items	(2.8)	(0.9)
Acquisition related finance expense	(6.6)	(2.0)
Pension Scheme Settlement Gains	3.6	-
	(64.8)	12.0
Tax relief/(charge)	5.0	(7.5)



Tullett Prebon Earnings, EPS and Dividends

£m	2016	2015
Underlying Earnings	103.0	78.4
Exceptional and acquisition related items (net of tax)	(59.8)	4.5
Reported Earnings	43.2	82.9
Weighted average shares in issue	242.3m	243.6m
Underlying EPS	42.5p	32.2p
Reported EPS	17.8p	34.0p

- Full year dividend 16.85p (2015: 16.85p)



TP ICAP 2016 Unaudited Pro forma



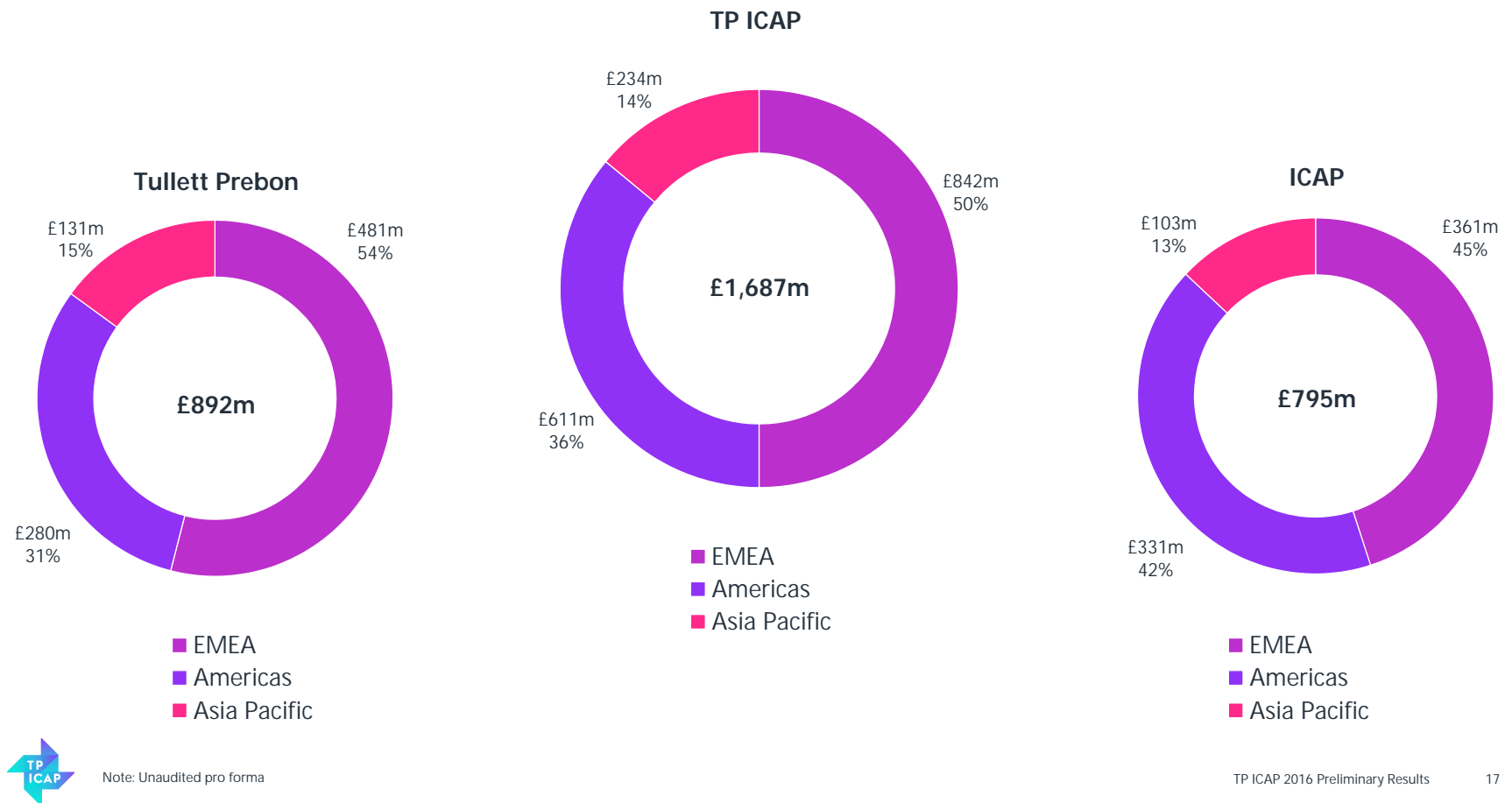
TP ICAP 2016 Pro forma Income Statement

	Dec-16 TP	Dec-16 ICAP ¹	Dec-16 Pro forma ¹
Revenue	891.5	795.1	1,686.6
Operating profit	131.5	108.0	239.5
Operating profit margin	14.8%	13.6%	14.2%
Finance income	5.3	3.0	8.3
Finance costs	(15.2)	(1.0)	(16.2)
Profit before tax	121.6	110.0	231.6
Tax	(22.1)	(30.0)	(52.1)
Effective tax rate	18.2%	27.3%	22.5%
Share of JVs and associates less non-controlling interests	3.5	4.9	8.4
Net income pre exceptionals	103.0	84.9	187.9
Total exceptionals	(59.8)	-	(59.8)
Net income after exceptionals	43.2	84.9	128.1
Weighted average basic shares in issue	242.3	310.3	552.6
Underlying Basic EPS	42.5p	27.4p	34.0p
Reported EPS	17.8p	27.4p	23.2p

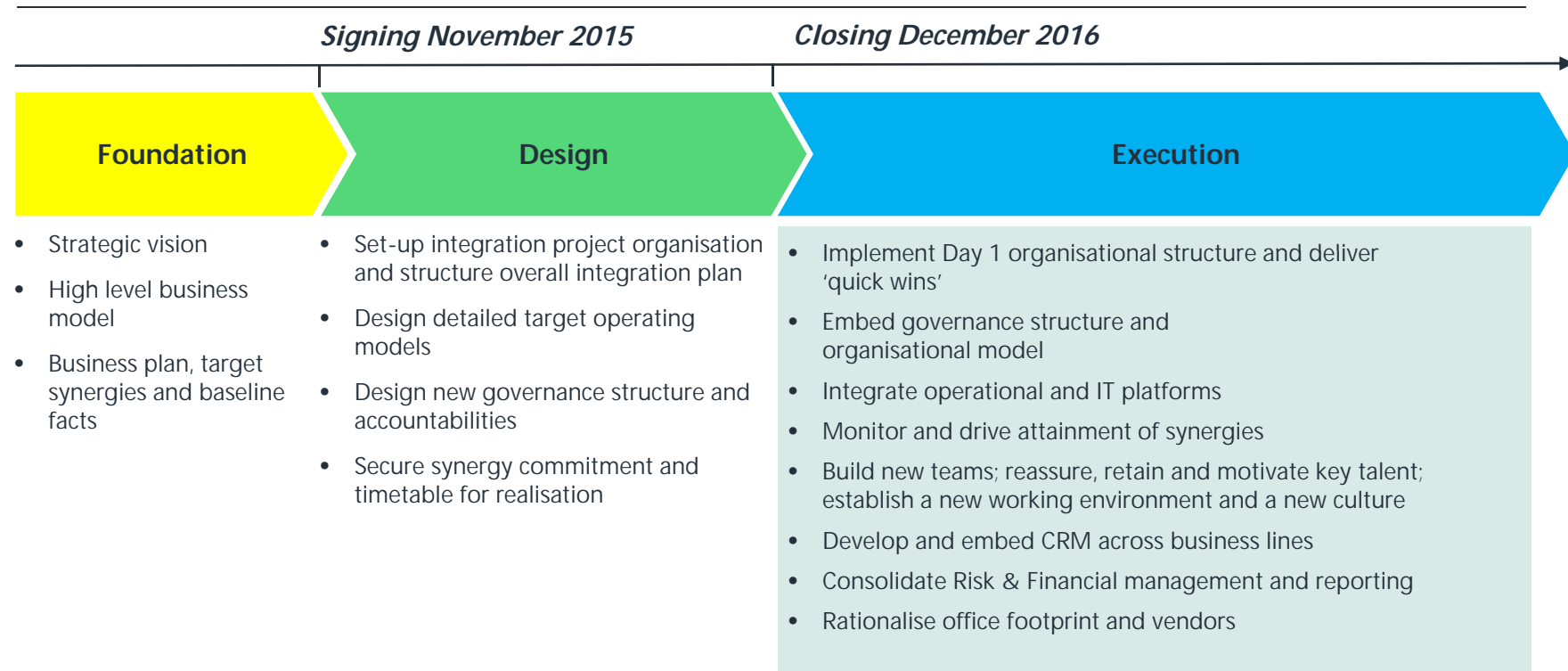


¹ Unaudited

TP ICAP 2016 Revenue

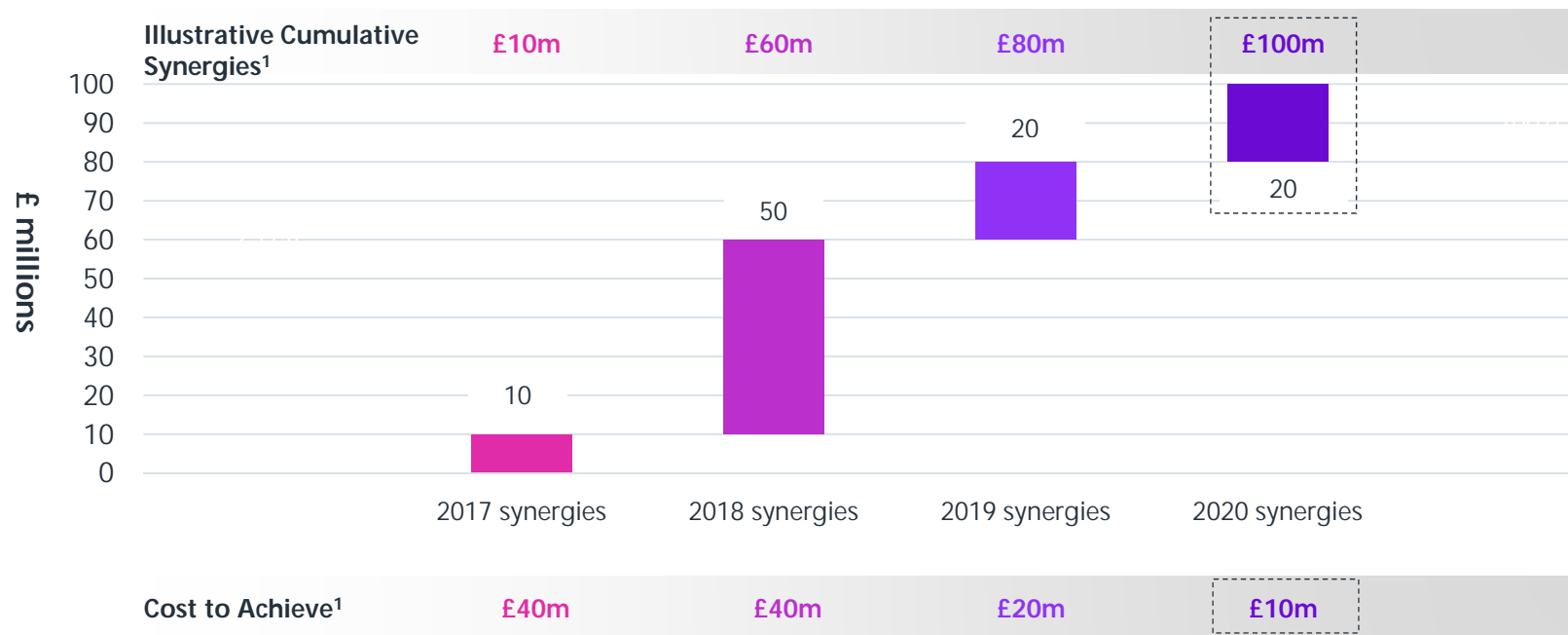


With the transaction complete, integration has begun



TP ICAP Synergies

Synergies of £80m by 2019 with a stretch target to achieve £100m by 2020¹



¹ Unaudited

IT Integration

- A large and complex project
- Delivery over the next three years
- Approximately 40% of our synergy target

Four Integration Principles



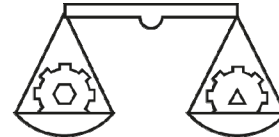
SINGLE IT STACK

Use existing Tullett Prebon software and infrastructure as the foundation for the combined organisation



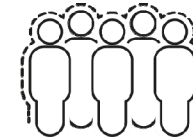
MAXIMISE SYNERGIES

Design and deliver a standardised IT organisation that yields financial synergies, low delivery risk, and a strategic platform



FUNCTIONAL PARITY

Deliver a functionally rich solution that maintains existing service offering and delivers operational efficiency



MINIMAL CLIENT IMPACT

Ensure minimal impact to client and broker communities

TP ICAP Debt profile, refinancing and interest cost

£m	December 2016	June 2016	December 2015
7.04% Sterling Notes July 2016	-	141.1	141.1
5.25% Sterling Notes June 2019	80.0	80.0	80.0
3.5% Bank bridge loan	470.0	-	-
Unamortised issue costs	(3.2)	(0.6)	(0.9)
	546.8	220.5	220.2

Refinancing

- Successful refinancing of bank bridge loan in January 2017 with issue of £500m 5.25% senior unsecured 2024 notes
- Net interest costs expected to be approximately £28m

Committed facility

- £250m RCF currently undrawn



TP ICAP Tax, JVs, associates and non-controlling interests

- Tax rate expected to be approximately 26% going forward
- Increase in rate expected due to:
 - Higher proportion of profits from the US
 - The full utilisation of losses brought forward in TP that had sheltered previous US profits
- JVs, associates and non-controlling interests are expected to be broadly in line with 2016



TP ICAP Exceptionals

- PVM acquisition related expenses approximately £9m
- Amortisation of intangibles approximately £29m
- Tax on exceptionals at underlying tax rate - 26%



TP ICAP Balance sheet

£m

	2016
Goodwill & other intangibles	1,783.2
Other non-current assets	165.5
Current assets less current and non-current liabilities	(167.8)
Cash and financial assets	785.6
Pension assets / obligations	96.7
Deferred tax liabilities	(197.3)
Interest bearing loans and borrowings	(546.8)
Net Assets	1,919.1
Shareholders' equity	1,897.7
Attributable to non-controlling interests	21.4
Attributable to Shareholders	1,919.1



TP ICAP Movement in cash and debt

£m	Cash	Debt	Net
At 31 December 2015	379.2	(220.2)	159.0
Cash flow	35.2	-	35.2
Dividends	(40.7)	-	(40.7)
Bank facility arrangements fees	(3.8)	3.8	-
Repayment of Sterling Notes June 2016	(141.1)	141.1	-
Drawdown Bridge Facility	470.0	(470.0)	-
Amortisation of debt issue costs	-	(1.5)	(1.5)
Cash acquired with ICAP subsidiaries	383.5	-	383.5
Debt obligation to NEX acquired with ICAP	-	(330.0)	(330.0)
Repayment of debt obligation to NEX	(330.0)	330.0	-
Effect of movement in exchange rates	33.3	-	33.3
At 31 December 2016	785.6	(546.8)	238.8



John Phizackerley

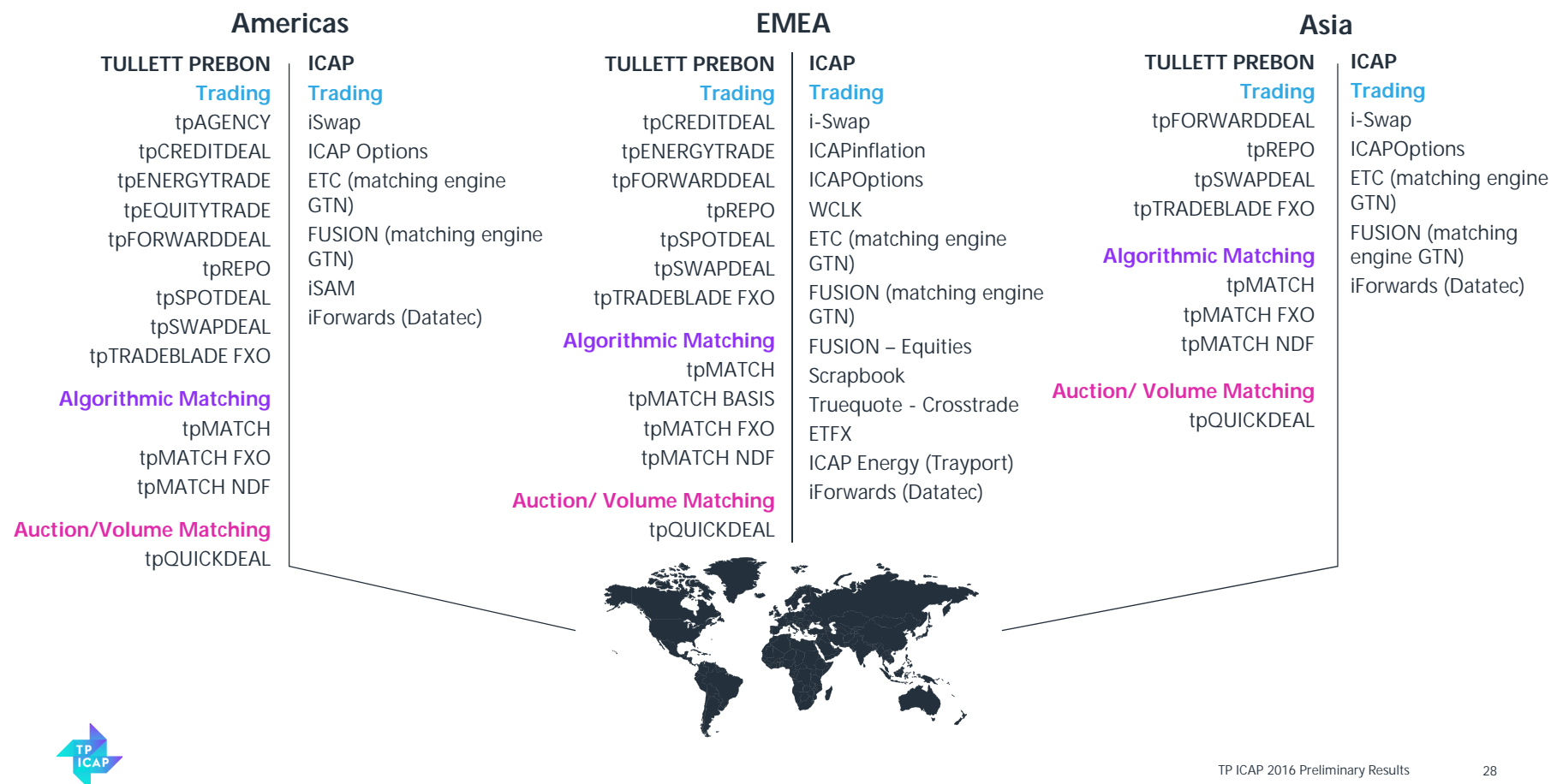
Chief Executive



Business update

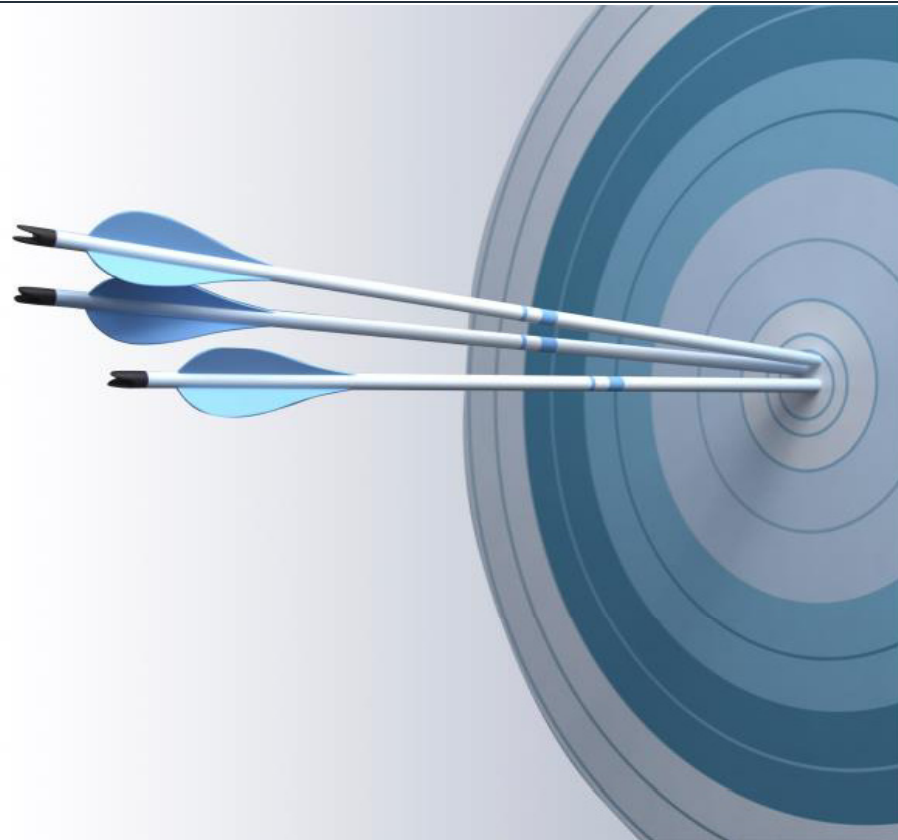


Tullett Prebon and ICAP broking platforms



10 arrows

1. Strategically add brokers
2. Build our energy business
3. Win new all-to-all client business
4. Further monetise Tullett Prebon Information
5. Invest strategically in our IT
6. Adopt a focused and disciplined CRM approach
7. Develop our acquisition and partnership capabilities
8. Create a robust investment framework
9. Recharge our HR
10. Design and market our brand



Four global business lines



TP ICAP
Business Lines

Global Broking

- Hybrid voice business operating across all major asset classes
- 6 product lines: Rates, FX and Money Markets, Local Markets, Equities and Credit
- Hybrid platforms with rich functionality and variety of execution methods
- Post-trade risk mitigation services business

Energy & Commodities

- Largest Energy and Commodities franchise
- Diverse customer base
- Highly regarded publications

Data & Analytics

- The leading OTC data business by a significant margin
- Reputation for quality assurance
- Breadth and depth of pricing data and suite of sophisticated analytics

Institutional Services

- High-touch, alpha-generating cross asset broking service
- Client base of institutional asset managers and hedge funds
- Building a "one stop shop" service, important for many macro funds



Global Broking strategic objectives

Maintaining separate brand identities

Co-operating to exploit our similarities and differences

Competing and, where appropriate, adopting differing business models per brand

A Front office optimisation

B Continue to invest in technology and build out electronic presence

C Accelerate CRM

D Add brokers and services to cover white spaces and deepen existing relationships

E Hire and develop next generation of talent

F Embed culture of professional excellence across the business

Energy & Commodities

Oil



Gas



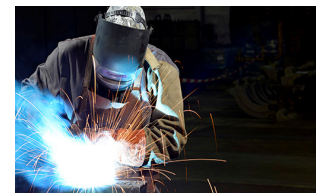
Power



Renewables



Ferrous metals



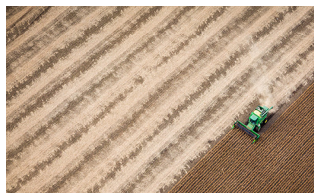
Base metals



Precious metals



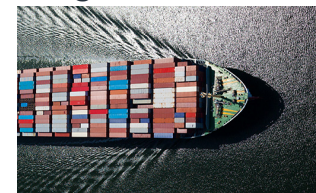
Soft commodities



Coal



Freight



- Broad range of energy and commodity products
- Natural hedge across our portfolio
- Products covered are both global and domestic

Data & Analytics

- Track record in global OTC financial and commodity markets
- Global customer base
- Regulatory trends positive
- Strong products and technology
- Attractive future growth potential



Institutional Services: delivering new revenue streams

Objective	Delivery
1 Strategic partnerships to expand our capabilities	<ul style="list-style-type: none"> • Strategic partnerships with prime brokers, clearing and execution houses • Strategic partnerships with banks to outsource sales for certain products • Acquisition of existing businesses seeking a larger platform
2 Cross-sell full spectrum of products to existing clients	<ul style="list-style-type: none"> • Build cross-asset class sales force to cover clients • Leverage CRM, and expand to include firm-wide sales engine • Consider how to maximise liquidity and price discovery
3 Meet operational needs of this new set of clients	<ul style="list-style-type: none"> • Provide ease of execution • Understand and adapt to the needs of clients in a changing market place

- Institutional Assets Under Management forecast to rise from \$74 trillion in 2014 to \$100 trillion by 2020
- This will generate nearly \$300 billion in fees by 2020, constituting 45% of the overall capital markets revenue pool (assuming favourable market conditions and current fee structures)¹

Strategic areas of focus

CRM: 5 Pillars

Areas of Focus		Goals	
1	Grow Revenues	A	Prioritise “white space businesses”; cross selling; pricing optimisation; competitive analysis
2	Improve Client Relationships	B	Focus at business head level, institutionalise relationships, become strategic partner
3	Focus on Performance	C	Standard performance reports, including brokers and desks; challenge business plans
4	Drive Commercial Strategy	D	Understand client priorities by products/regions; product roadmap; marketing positioning
5	Manage Client Database	E	Client data and reporting; specific campaigns; integrate in firm information architecture

Conduct and Culture

- Clear focus on Conduct and Culture
- Investment in:
 - Legal and Compliance
 - Risk systems and controls
 - Training
 - Regulatory readiness
- Investment in new brand and identity



2017 Outlook

- Political & Economic uncertainties
- Heightened tensions in global relations
- Ongoing military and terrorism threats
- Expectations for higher US interest rates
- Political turmoil in UK & Europe
- Further growth in Asia



Summary

- Good strategic and operational progress in 2016
- Continued monetary, political and economic uncertainty likely to impact 2017
- Business model well-suited to a higher volatility and interest rate world
- TP ICAP is well-placed to:
 - Deliver synergies
 - Build the business
 - Deliver value to shareholders



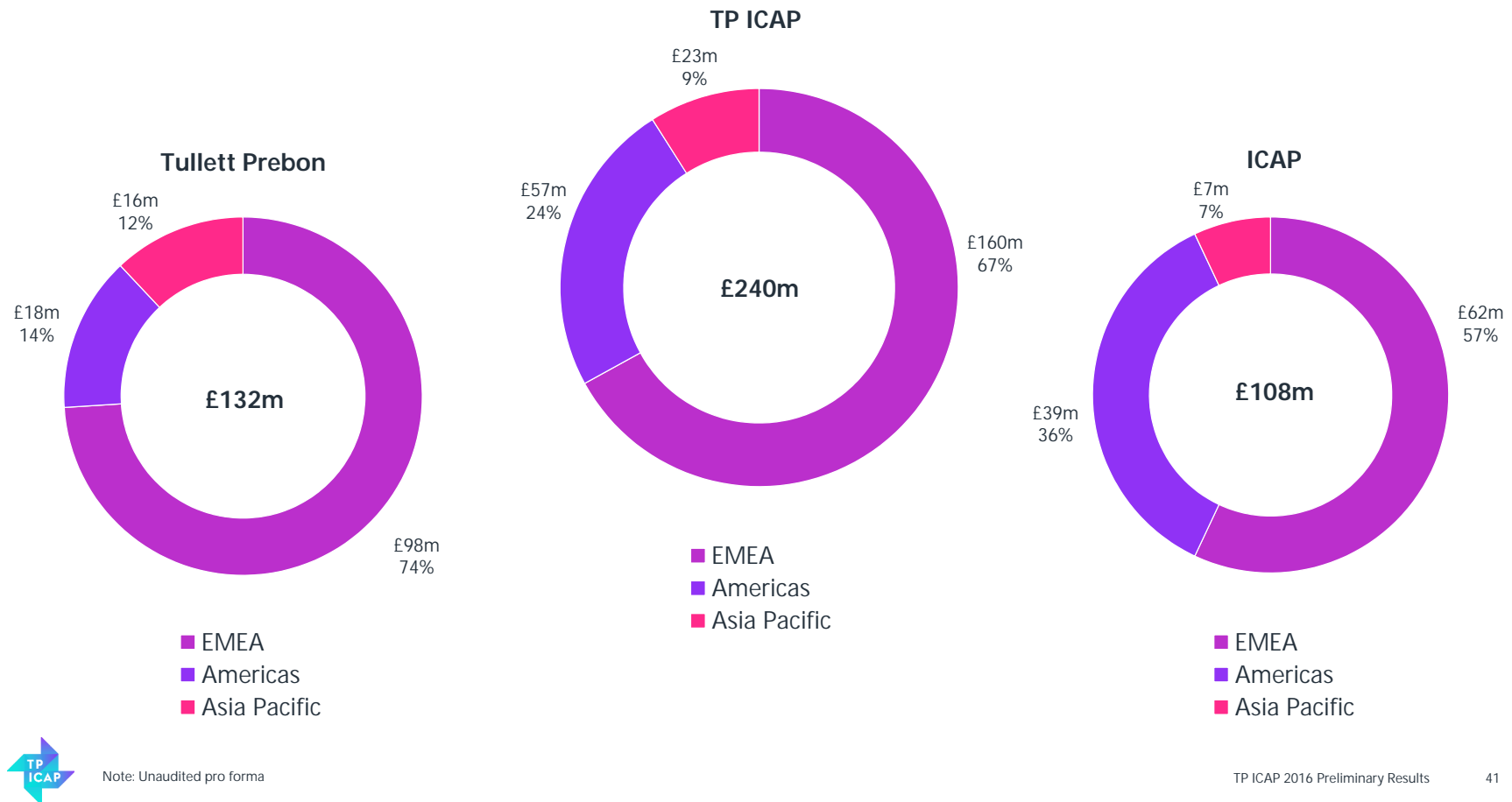
Q & A



Appendices



TP ICAP 2016 Operating Profit by Region



Tullett Prebon Revenue by region

£m	2016	2015	Change	
			Reported	Constant
Europe and the Middle East	480.9	455.3	+6%	+2%
Americas	279.6	234.5	+19%	+6%
Asia Pacific	131.0	106.2	+23%	+9%
	891.5	796.0	+12%	+4%