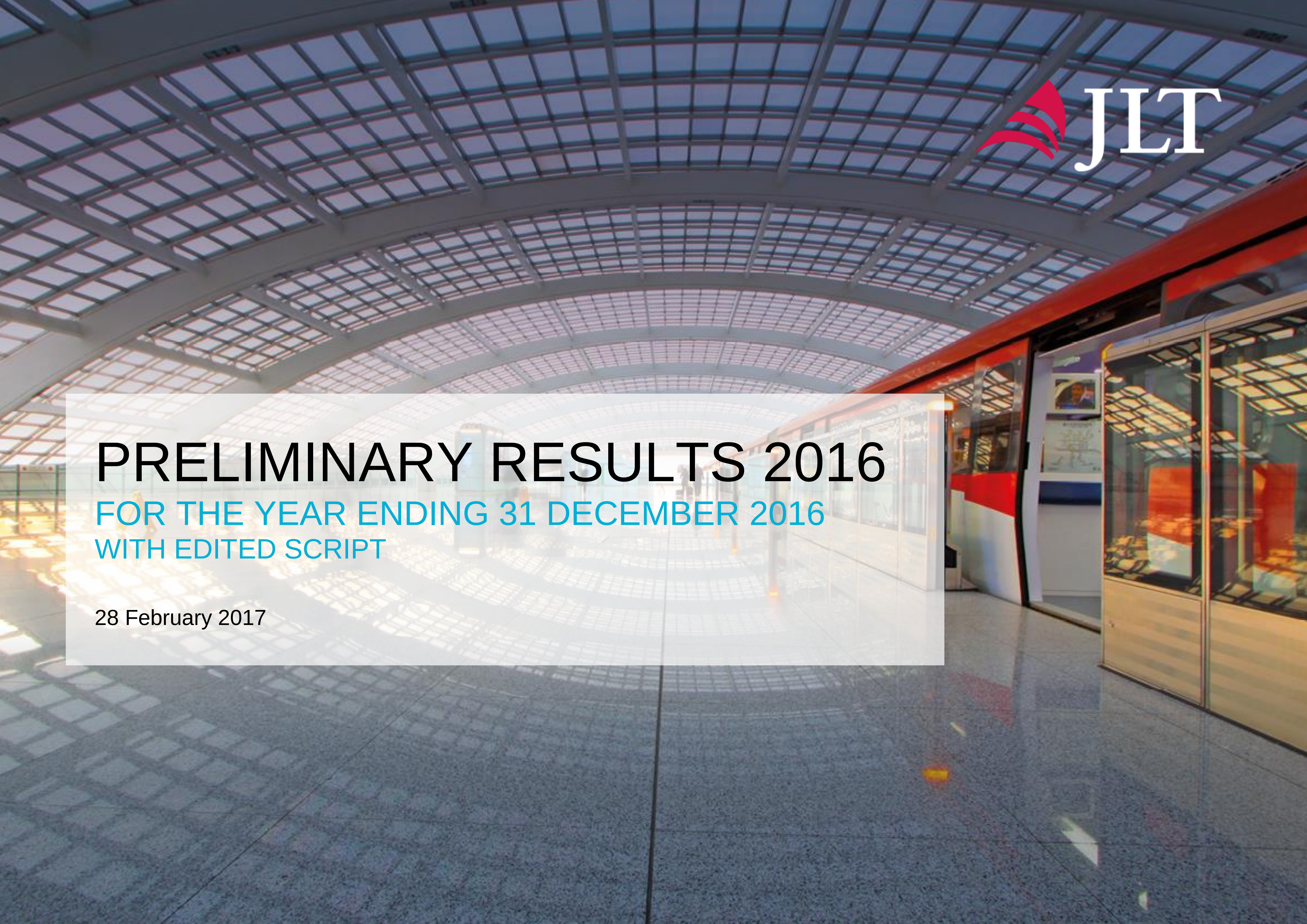


# PRELIMINARY RESULTS 2016

## FOR THE YEAR ENDING 31 DECEMBER 2016

### WITH EDITED SCRIPT

28 February 2017

**Good morning and welcome to our 2016 Preliminary Results presentation.**

**Before I start, let me introduce my colleagues, Mark Drummond-Brady, our Deputy CEO and Charlie Rozes, our Group Finance Director.**

**As usual, this presentation has been structured into three sections:**

**First, I will run through our trading performance, focusing on the results of our larger businesses. You will find a more detailed breakdown of all of our operating businesses in the supporting slides included at the back of your packs.**

**Second, Charlie will provide additional commentary on some of the more detailed financial aspects of our results.**

**I will then return to talk about the outlook, after which we will take questions.**

**Let me begin with highlights of the past year.**

# 2016 HIGHLIGHTS

- **Risk & Insurance delivered organic revenue growth of 3%, with strong performances in Construction and Aviation**
- **JLT Re achieved market-leading organic revenue growth of 4% and a 21% trading profit margin**
- **Successfully completed the UK Employee Benefits restructure with the business now set for a return to growth in revenues and profits**
- **Continued with the build-out of US Specialty, delivering US$56m of revenues, with peak investment reached in 2016 and on track to deliver profits in 2019**

**3%** organic revenue growth in Risk & Insurance

**4%** JLT Re market leading organic revenue growth

**UK EB** set for a return to growth

**57%** revenue growth in US Specialty

## SCRIPT

**It is fair to say that 2016 saw some of the most challenging trading and economic conditions that I've experienced in my 11 years as Chief Executive. Despite the headwinds, JLT had a number of successes in the year, demonstrating the fundamental strength and resilience of our global franchise.**

- **Our Risk & Insurance businesses delivered organic revenue growth of 3%, with particularly strong performances in Construction and Aviation in all markets around the world.**

- **JLT Re achieved market leading organic revenue growth of 4%, double 2015's rate of growth, with an improved trading profit margin of 21%, demonstrating the business's momentum as a global reinsurance broker and advisor.**

- **Our UK Employee Benefits business successfully completed its restructure. This included delivering the anticipated savings of £9m in the year, and a further saving of £5m will be secured in 2017. The business is now positioned to grow its revenues and profits.**

- **The build-out of our US Specialty platform continued, with revenues increasing by 57% in the year to US$56m. With the peak of the investment programme being reached in 2016, we are now fully focused on narrowing our investment losses this year and next, to achieve profits in 2019.**

# 2016 FINANCIAL RESULTS

| | | | Growth | | |
|---|---|---|---|---|---|
| **£m** | **2016** | **2015** | **Actual** | **CRE** | **Organic** |
| Total revenue | 1,261.3 | 1,155.1 | 9% | 3% | 2% |
| Underlying trading profit | 193.7 | 187.5 | 3% | (9%) | |
| Underlying profit margin | 15.4% | 16.2% | | | |
| *Excl. US investment* | *18.1%* | *18.4%* | | | |
| Underlying PBT | 172.6 | 170.1 | 1% | | |
| *Excl. US investment* | *199.6* | *190.6* | *5%* | | |
| Reported PBT | 134.9 | 155.0 | (13%) | | |
| Reported EPS (diluted) | 37.8p | 48.0p* | (21%) | | |
| Underlying EPS (diluted) | 51.4p | 52.2p* | (2%) | | |
| Total dividend per share | 32.2p | 30.6p | 5% | | |

**Notes:**
Underlying results exclude exceptional items.
CRE = constant rates of exchange are calculated by translating 2016 results at 2015 exchange rates.
Organic revenue growth is based on total revenue excluding the effect of currency, acquisitions, disposals and investment income.
Net investment in US Specialty in 2016 was £27.0m (2015: £20.5m).

* Restated following revision to the calculation.

# SCRIPT

**JLT has delivered a good set of financial results in 2016, when set against the continued challenging trading environment which persisted all year. This included, the sustained softness in both the insurance and reinsurance rating environment, depressed commodity prices and lacklustre global GDP growth.**

**A positive factor in our results was the weakness of sterling from June 2016. The benefits of currency weakness, estimated at £22.2 million at underlying profit before tax, provided a helpful offset to the challenging trading environment.**

**We have entered 2017 in good shape, with momentum intact, and we are confident that the business is well positioned to deliver organic revenue growth and to grow earnings across the Group's businesses.**

**Looking in more detail now at the key elements of JLT's overall financial performance in 2016:**

**Total revenues increased by 9%, or 3% at constant rates of exchange, to £1.26 billion with overall organic revenue growth of 2%, consistent with that of 2015, once again impacted by the decline in the revenues in the UK Employee Benefits business.**

**Underlying trading profit increased by 3% to £193.7 million, however at constant rates of exchange this decreased by 9%. Underlying PBT increased by 1% to £172.6 million. The trading profit margin reduced from 16.2% to 15.4%.**

**The reduction in the Group's underlying trading profit at constant rates of exchange, largely reflects both our continued investment in building out our US Specialty operation and the challenging business environment, resulting from the economic and industry factors to which I have already referred.**

**Excluding the US net investment of £27 million, the Group's underlying profit before tax would have increased by 5% and the Group's trading profit margin would have been broadly maintained at 18.1%, compared to 18.4% for 2015.**

**Our reported PBT reduced by 13% to £134.9 million, which includes the impact of exceptional costs of £37.7 million and, as a consequence, reported EPS decreased to 37.8p.**

**With the Board confident in the business's underlying trading performance, the total dividend for the year has increased by 5.2% to 32.2p.**

**In terms of the performance of our two trading divisions…**

# REVENUE AND TRADING PROFIT BY SECTOR

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| **Risk & Insurance** | | | | | | | | | | | |
| Specialty Businesses | 765.3 | 10% | 4% | 3% | 693.0 | 126.1 | 113.0 | 128.5 | 16% | 16% | 19% |
| JLT Re | 195.6 | 13% | 4% | 4% | 173.6 | 40.5 | 34.8 | 32.4 | 21% | 19% | 19% |
| | **960.9** | **11%** | **4%** | **3%** | **866.6** | **166.6** | **147.8** | **160.9** | **17%** | **16%** | **19%** |
| **Employee Benefits** | | | | | | | | | | | |
| UK & Ireland | 160.0 | (4%) | (5%) | (8%) | 167.4 | 12.3 | 11.9 | 12.8 | 8% | 7% | 8% |
| International EB | 140.4 | 16% | 5% | 3% | 121.1 | 37.2 | 33.1 | 30.8 | 26% | 26% | 25% |
| | **300.4** | **4%** | **(1%)** | **(3%)** | **288.5** | **49.5** | **45.0** | **43.6** | **16%** | **16%** | **15%** |
| **Group*** | **1,261.3** | **9%** | **3%** | **2%** | **1,155.1** | **193.7** | **170.2** | **187.5** | **15.4%** | **14.4%** | **16.2%** |

**Notes:**
CRE = constant rates of exchange are calculated by translating 2016 results at 2015 exchange rates.
Organic revenue growth is based on total revenue excluding the effect of currency, acquisitions, disposals and investment income.

* Trading profit figures include central costs.

# SCRIPT

**Our Risk & Insurance businesses recorded revenue growth of 11%, of which 3% was organic. The rate of organic revenue growth was faster in JLT Re at 4%. Our emerging market businesses in Latin America and Asia saw good organic revenue growth as did our US Specialty business.**

**Risk & Insurance trading margins contracted, primarily as a consequence of the US Specialty build-out, but JLT Specialty maintained its trading margin and JLT Re, at 21%, exceeded its 20% trading margin target.**

**The full year results of our Employee Benefits business were impacted by the disappointing performance of the UK & Ireland business in the first half. The Profits in the UK Employee Benefits business however rebounded in the second half of the year as anticipated, which gives us every confidence that the business is now firmly set for a return to growth.**

**Our international Employee Benefits businesses saw headline revenue growth of 16% which was primarily driven by foreign exchange, while organic revenue growth was 3%. The trading margin rose 100bps to 26%.**

**Looking now at the performance of our larger businesses individually…**

# JLT SPECIALTY LTD

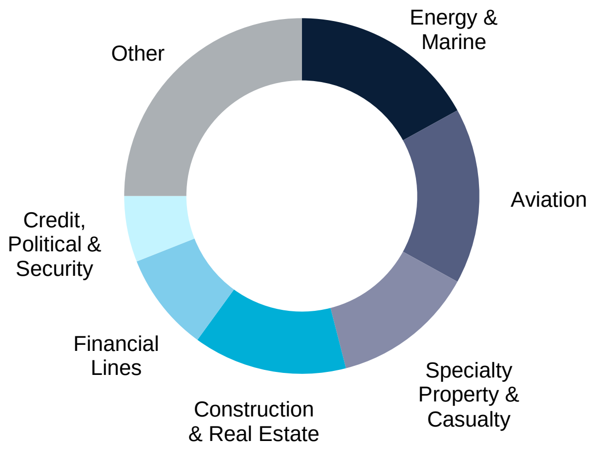
## CONTINUED MOMENTUM DESPITE SECTOR SPECIFIC CHALLENGES

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **£m** | **2016** | **Growth** | **CRE** | **Organic** | **2015** | **2016** | **CRE** | **2015** | **2016** | **CRE** | **2015** |
| JLT Specialty | 327.5 | 5% | 3% | 3% | 311.2 | 73.1 | 67.8 | 68.3 | 22% | 21% | 22% |

### Highlights

- **Strong performance with a 7% increase in trading profit**
- **Particularly good performances from Aviation, Construction, Cargo and Food & Agriculture**
- **A balanced business helping better withstand sector-specific challenges in Energy and Marine**
- **Higher revenues driven by client retention and market share penetration**

**JLT Specialty: A Balanced Portfolio**




*Contribution to 2016 revenue*

## SCRIPT

**JLT Specialty generated a 5% increase in headline revenues to £327.5 million, or a 3% increase at constant rates of exchange, all of which was organic. Trading profit increased by 7% to £73.1 million, with the trading margin maintained at 22%.**

**This was a strong performance in challenging trading conditions which saw insurance rates continuing their downward trend across all Specialty lines. The business had to contend in particular with the reduced economic activity in the Energy and Marine sectors. Clearly less economic activity means a lower total value of risk to insure. To put this in context and as I mentioned at the time of the interims, it was reported that in excess of $1 trillion of oil & gas capital projects in 2015 and 2016 have been either deferred, delayed or abandoned. Together, these 2 businesses saw a £12 million reduction in year on year revenues, despite increasing the client base and their market share, and an estimated £8.5 million negative impact on Group trading profit.**

**However, the revenue base of Specialty is diverse and well-balanced, as we have shown in this slide, which enables JLT to better withstand sector-specific challenges. In 2016, we saw particularly strong performances in a number of divisions, including Aviation, Construction, Cargo and Food & Agriculture, with higher revenues driven by client retention and market share penetration. Added to this there were important client Cyber wins across major financial institutions and corporate clients, in turn helping to drive growth across our Financial Lines specialty.**

# OTHER SPECIALTY BUSINESSES
## GOOD REVENUE GROWTH IN EMERGING MARKETS

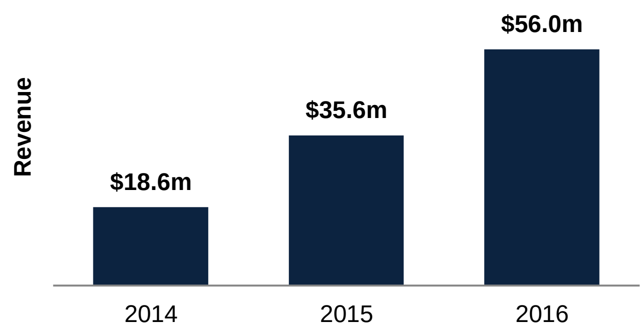
| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| JLT Australia & NZ | 117.7 | 7% | (4%) | (3%) | 109.5 | 34.1 | 30.6 | 32.7 | 29% | 29% | 30% |
| JLT Asia | 90.3 | 18% | 5% | 5% | 76.6 | 16.8 | 14.8 | 12.7 | 19% | 18% | 17% |
| JLT Latin America | 71.4 | 13% | 5% | 4% | 63.1 | 21.1 | 17.6 | 21.3 | 30% | 27% | 34% |
| JLT US Specialty | 41.3 | 77% | 57% | 52% | 23.3 | (27.0) | (24.0) | (20.5) | - | - | - |
| Other* | 117.1 | 7% | - | (3%) | 109.3 | 8.0 | 6.2 | 14.0 | 7% | 6% | 13% |
| | **437.8** | **15%** | **4%** | **3%** | **381.8** | **53.0** | **45.2** | **60.2** | **12%** | **11%** | **16%** |

* Details of 'Other' business shown on supplementary slide no.2

### Highlights

- **JLT Australia & NZ: High levels of client retention and notable business wins**
- **JLT Asia: A strong performance with a 17% increase in trading profit at CRE**
- **JLT Latin America: Will start to see benefit of recent investments in 2017**
- **US Specialty: Revenue growth in excess of 50%; on track to deliver profits in 2019**

**JLT USA: Building on its Potential**



# SCRIPT

**Together, our international Specialty businesses delivered revenues of £437.8 million, an increase of 15% or 4% at constant rates of exchange, with organic revenue growth of 3%.**

**On a reported basis our Australian and New Zealand businesses saw revenue increase by 7% to £117.7 million. However this translated to a 4% reduction on a constant rates of exchange basis. The trading environment has been particularly competitive in Australia and New Zealand and this, coupled with the continued significant pressure on rates in the region, has masked what was actually a good underlying performance by the business, with high levels of client retention and a number of high profile client wins, particularly in the Financial Lines and Corporate divisions. The new business wins have included an increasing number of 'coast to coast' appointments, further underlining our growing national Specialty presence.**

**Asia has had a strong performance in the year, with a headline 18% increase in revenue to £90.3m, and a 5% organic revenue growth rate. Trading profits grew strongly, with an increase of 17% at constant rates of exchange, a good performance when set against the challenging economic conditions and fierce rating pressure in the region.**

**Our Latin American operations delivered good revenue growth of 13%, with a 4% organic revenue growth rate. Our operations in Brazil performed strongly despite the difficult economic backdrop in that country. While our Latin American risk and insurance operations experienced good revenue growth, trading profit reduced year on year reflecting the planned on-going investment in building specialty capabilities across the region, the benefits of which we expect will start to be seen in 2017.**

**US Specialty has continued to make progress in only its second full year of operation, achieving organic revenue growth in excess of 50%, higher than the rate in 2015. We continued with our programme of recruitment, with headcount reaching 223 employees at the year end. Revenues for the year were $56 million, up from $36 million the year before, while our continued investment in the business resulted in losses of $37 million. The business now has a proven capability and a track record of winning business in specialist areas such as Financial Lines and Cyber, Energy, Real Estate and Entertainment. The recently announced investment in, and partnership with, Construction Risk Partners, a highly respected Construction specialist broker, which reported some $24 million in revenues in 2016, will establish a market-leading Construction practice as a part of US Specialty, which completes our global Construction capability and enables us to serve international clients wherever they operate around the World. Given the investments to date in hiring, and a steadily growing client list, we are confident that US Specialty revenues will once again see a significant uplift in 2017. The progress that has now been made in the US Specialty business means that 2016 represented the high-water mark for the losses recorded in our US Specialty business.**

# JLT RE

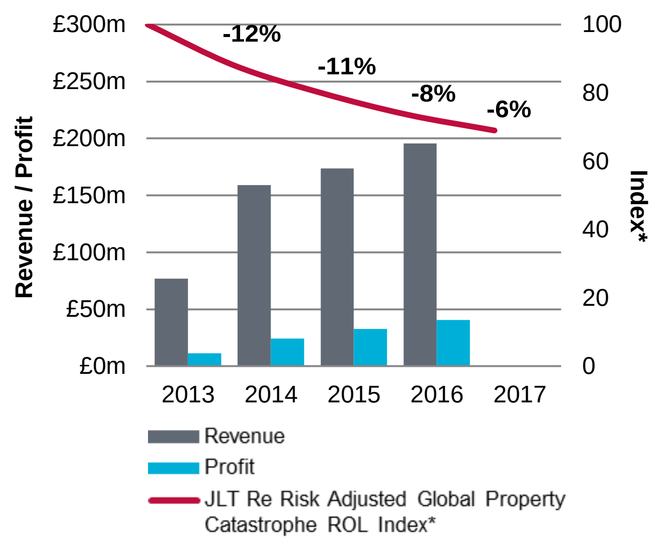
## STRONG PERFORMANCE DESPITE CONTINUED DECLINE IN PRICING

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| JLT Re | 195.6 | 13% | 4% | 4% | 173.6 | 40.5 | 34.8 | 32.4 | 21% | 19% | 19% |

### Highlights

- **Market leading organic revenue growth of 4%**
- **Trading profit increased by 25% and trading margin expanded**
- **Investment in business continues to drive future growth**
- **Two acquisitions made, to deepen capabilities in Healthcare and the Central America region**
- **Firmly established as a leading global Reinsurance broker providing real choice for clients**

**JLT Re: Financial Performance Relative to Reinsurance Rates***



# SCRIPT

**JLT Re delivered a strong performance with reported revenues increasing by 13% to £195.6 million, representing market-leading organic revenue growth of 4%, twice the rate of 2015.**

**This performance was delivered despite the well documented, multi-year decline in pricing across most lines of reinsurance business and in most geographies and the continued consolidation in the capital providers. This was evident during the 1st January 2016 renewals, where risk-adjusted global property-catastrophe pricing fell by 8.2%, compared with the double digit decreases we have seen in recent years. In addition to this, casualty business renewed at rates ranging from flat to down 5%. Double digit declines were still evident in Specialty classes such as marine & energy and aviation. However, as the year progressed the rate of decline has generally slowed, particularly in the United States and Asia Pacific. Despite these consecutive years of rating pressure, JLT Re has continued to grow revenues and profits steadily.**

**JLT Re's trading profits increased to £40.5 million with an improved trading margin of 21%, delivering upon our guidance to improve profitability in this business. This margin improvement was achieved while the business continues to invest significantly for future growth, not only in recruiting leading talent to further strengthen our general property, casualty and specialty lines and our analytics capabilities, but also our infrastructure and systems. We completed two acquisitions in December, to deepen our capabilities in Healthcare and the central America region.**

**We operate JLT Re on a global basis, and all regions delivered organic revenue growth in the year. North America continues to deliver upon its promise, with the significant investments made in talent and infrastructure now beginning to bear fruit.**

**Looking to 2017 and the recent January renewal season, a reduced rate of decline in prices from prior years has been evident, with global property-catastrophe pricing falling by 5.7%; this compares to 8.2% in 2016 and double digit reductions in the two prior years to that. Casualty reductions were however similar to those seen in 2016, with Specialty classes seeing more substantial rate reductions than other areas, but again a reduced rate of decline was noted.**

**Today JLT Re is positioned amongst the leading global reinsurance brokers, providing real choice and differentiation.**

**The strong start to the year this business has had, underlines how the strategic investments we have made are enabling us to continue to take market share from our competitors.**

**Turning now to the employee benefits businesses…**

# EMPLOYEE BENEFITS – UK & IRELAND

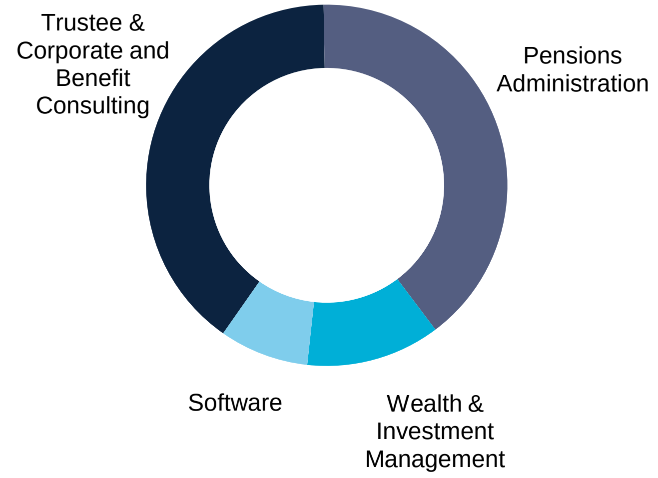
## COMPLETED RESTRUCTURE PROGRAMME

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| UK & Ireland | 160.0 | (4%) | (5%) | (8%) | 167.4 | 12.3 | 11.9 | 12.8 | 8% | 7% | 8% |

### Highlights

- **Delivered restructure with annualised savings of £14 million**
- **Profitability restored and organic revenue growth expected in 2017**
- **Prospects encouraging for 2017 and remains on track to deliver 15% trading profit margin for 2018**
- **Fundamental strengths intact:**
  - **Largest provider of private sector pensions administration services**
  - **Provider of one of the most widely used software platforms**
  - **Growing Wealth Management business**

**2016 Split of Revenue by Service Provided**



# SCRIPT

**Starting with our UK and Ireland businesses, reported revenues for the year were £160 million, compared to £167.4 million in 2015, reflecting the final impact of the cessation of commission revenue from life assurers, being £5 million earned in 2015, as was flagged at the time of our half year results. Putting the performance of UK Employee Benefits into context is best done by looking at the second half performance, given the restructure programme last year. In terms of revenue, and as indicated at the half year, the second half revenues of £85.1 million exceeded that of the same period in 2015 of £82.4 million, which was an encouraging indication of the stabilisation in the revenue run rate.**

**At the time of the interims we indicated that the business would deliver the majority of its profits in the second half of the year and this has been the case. Trading profit for the year was £12.3 million, which compares to breakeven at the half year.**

**We successfully completed the restructuring programme, which has resulted in a flatter, more client-centric structure and a headcount reduction of over 300 people. In line with previous guidance, the programme will deliver £14 million of annualised savings in 2017, £9 million of which were delivered in 2016 and £7 million of that in the second half of last year.**

**The focus in 2016, which continues into 2017, was very much about transitioning and rebalancing the business so that both the top line and trading profit margins can grow. Our emphasis continues to be on investing to strengthen and enhance our platforms and to build out our sales function.**

**We are now anticipating that our UK Employee Benefits business will deliver organic revenue growth for 2017 and this, taken together with the £5 million residual benefit of the restructuring programme, means we are confident that this business is making steady progress towards delivering a 15% trading profit margin for 2018.**

# EMPLOYEE BENEFITS – INTERNATIONAL

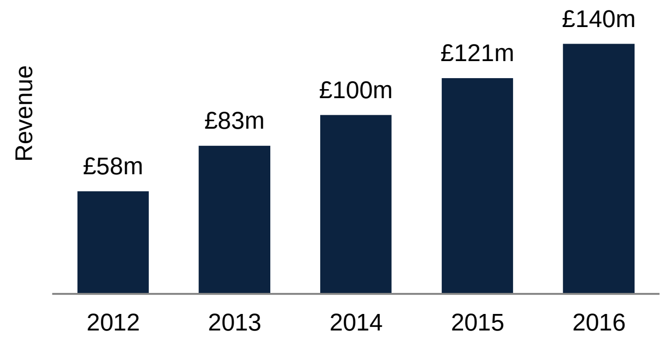
## DELIVERING GOOD REVENUE AND PROFIT GROWTH

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| Asia | 87.3 | 11% | (2%) | - | 78.9 | 27.2 | 23.7 | 24.5 | 31% | 31% | 31% |
| Australia & NZ | 27.5 | 36% | 22% | 4% | 20.3 | 5.5 | 4.9 | 3.3 | 20% | 20% | 16% |
| Latin America | 21.7 | 15% | 10% | 10% | 18.9 | 3.7 | 3.7 | 3.5 | 17% | 18% | 19% |
| Other | 3.9 | 28% | 24% | 23% | 3.0 | 0.8 | 0.8 | (0.5) | 21% | 20% | (17%) |
| | **140.4** | **16%** | **5%** | **3%** | **121.1** | **37.2** | **33.1** | **30.8** | **26%** | **26%** | **25%** |

### HIGHLIGHTS

- **Asia: Broader range of products results in stronger second half**
- **Australia: Benefits of earlier acquisitions seen with 36% increase in revenues and 67% increase in trading profit; strong growth expected to continue**
- **Latin America: Strong performance in Colombia and Brazil, with continuing investment across the whole region**

**International Employee Benefits 5 Year Growth**



## SCRIPT

**Our Employee Benefits businesses in other parts of the world performed well. In Asia, PCS, our high-net-worth life insurance broking business, saw some slowdown in first half revenues due to regional economic uncertainty in South Asia, however, it took steps in the second half to broaden the range of products offered by the business; this succeeded in pulling revenues back up from the half year position, which had been negative year on year.**

**Our Australian Employee Benefits business achieved 36% revenue growth following the acquisitions made in 2015 and 2016 in rehabilitation services provided in relation to Workers Compensation insurance. Organic revenue growth was 4%. With a series of major client wins as a result of the business's expanded capability, accelerated revenue growth and improved margins are now projected in 2017. The trading margin of our Australian Employee Benefits business improved from 16% in 2015 to 20% in 2016.**

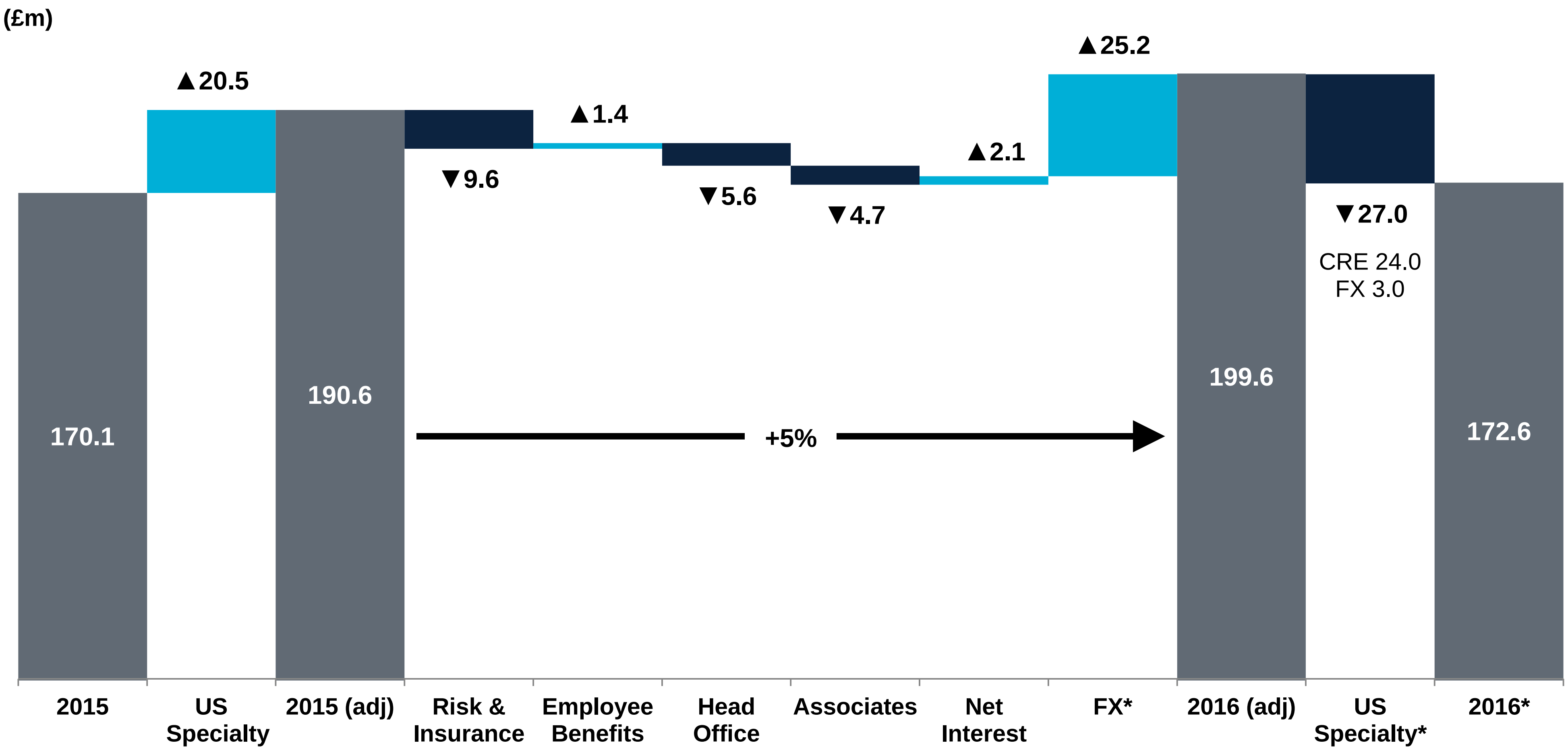
**Our Latin America Employee Benefits businesses achieved organic revenue growth of 10%. Performance was particularly notable in Colombia on the back of our Workers Compensation offering, and in Brazil despite the challenging local economic backdrop. As we highlighted at the time of the interims, we have continued to invest in building out our capabilities and expanding our offering in the region and this is the underlying reason for the smaller increase in trading profit and a 200 bps reduction in trading margin as we have previously advised.**

**I will now hand you over to Charlie to talk about the specific details of our financial performance.**

# CHARLES ROZES

## GROUP FINANCE DIRECTOR

# 2015-2016: UNDERLYING PBT




***Total FX in the year was £22.2m; £25.2m represents FX impact excluding JLT USA investment.***

## SCRIPT

**Good morning, and thank you.**

**I'd like to start with some analysis of our underlying profit before tax.**

**As we have shown previously, the waterfall chart helps provide you with an understanding of the moving parts within the Group's results year over year.**

**The results continue to be influenced by the build-out of our US Specialty business, which impacted trading profit by an additional £6.5 million compared to 2015, but in line with our plans. That said, we now believe the trading losses due to investment, have reached their 'high water' mark, and will begin to taper, as Dominic indicated earlier. The trading profit of our UK employee benefits business included £9 million of restructuring benefit and as a result, year on year, there is minimal distortion. We have now included it in the main part of the chart, within Employee Benefits.**

**The movement in our risk and insurance businesses, at constant rates of exchange, was driven by two things beyond the US Specialty investment and soft rating conditions:**

**First, the Energy and Marine specialty businesses, where we estimate the negative impact on trading profit across the Group was approximately £8.5 million, and**

**Second, a £3.6 million operating loss, in the parts of the Thistle UK business, which we exited at the end of the year.**

**Head office costs of approximately £22.4 million increased by £5.6 million as a result of a non-recurring credit in 2015, which we explained previously.**

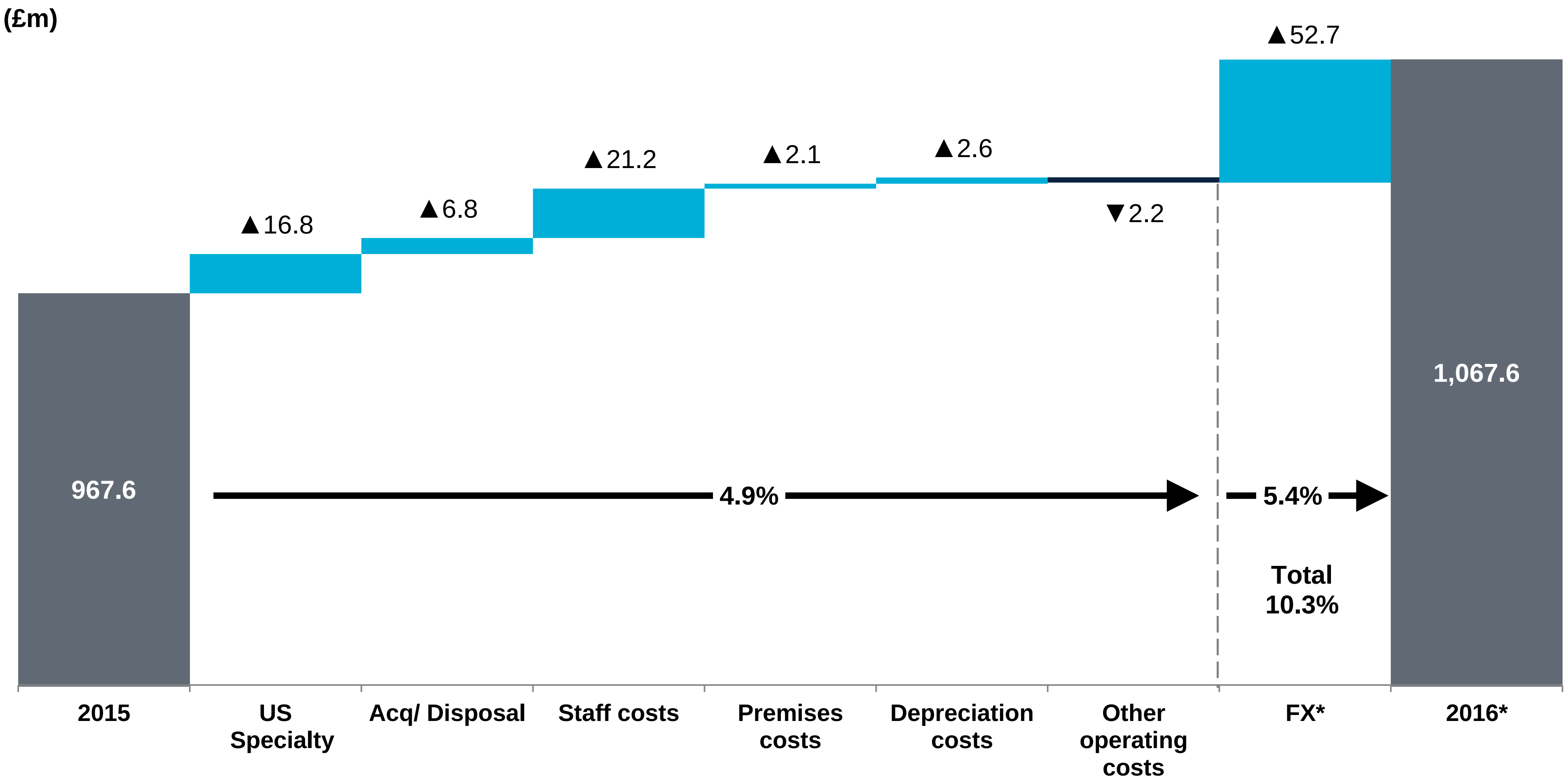
**The profits from our Associates reduced following the disposal of our French associate business in May 2015. The interest cost of the Group's defined benefit pension schemes reduced by £1million; as did the cost of the Group's external borrowings. Both of these were due to the reduction in UK interest rates.**

**The weakening of sterling, after the EU referendum in June, had a significant impact in the year. While the Group's hedging program has the effect of smoothing the achieved rate on US Dollar transactional revenues, the scale of the sterling depreciation nonetheless saw material improvement in the achieved rate, especially in the second half of 2016.**

**Of the overall £22.2 million FX benefit, £13.4 million related to transactional FX and £8.8 million related to the translation of overseas results into sterling.**

**I'll now talk about costs, and movements across the year.**

# OPERATING COSTS CHANGES




** Total FX in the year was £52.7m; £45.0m represents FX impact excluding JLT USA*

# SCRIPT

**Similar to revenues, foreign exchange also had a material impact on the Group's reported costs in 2016, compared to the year before, a £53 million adverse movement alone.**

**In terms of other cost drivers year on year, the investment in our US Specialty platform continued to be a significant contributor to the staff costs movement, with a nearly £17 million increase primarily related to hiring new staff.**

**Other key elements were the impact from acquisitions and disposals, where the net effect represented an increase of £6.8 million.**

**Growth in staff costs, outside of US Specialty, included investment in the Fine Arts division in JLT Specialty, the build out of our Latin American operations, and investments in other areas such as Europe, Middle East and Africa.**

**The other cost lines are a relatively small proportion of our total cost base, but in 2017 the cost of the Group's London operations will increase by £7 million. This is driven by an increase in our occupancy to accommodate growth in the business and other costs are incurred, such as higher UK business rates and the UK apprenticeship levy.**

**Bringing revenues and costs together, we can see our ability to manage them in tandem.**

# OPERATING COST LEVERAGE

| | Total Costs | | | | Operating Leverage | |
|---|---|---|---|---|---|---|
| **12 months to Dec (£m)** | **2016** | **Growth** | **CRE** | **2015** | **2016** | **2015** |
| **Risk & Insurance** | | | | | | |
| JLT Specialty | 254.4 | 5% | 4% | 242.9 | - | 2% |
| JLT Re | 155.1 | 10% | 3% | 141.2 | 3% | 4% |
| Other Specialty Businesses | 384.8 | 20% | 10% | 321.6 | (5%) | (1%) |
| | **794.3** | **13%** | **6%** | **705.7** | **(2%)** | **-** |
| **Employee Benefits** | | | | | | |
| UK & Ireland | 147.7 | (4%) | (4%) | 154.6 | - | (14%) |
| International EB | 103.2 | 14% | 4% | 90.3 | 2% | (6%) |
| | **250.9** | **2%** | **(1%)** | **244.9** | **2%** | **(10%)** |
| **Central Costs** | **22.4** | **32%** | **33%** | **17.0** | **-** | **-** |
| **Total (Group)** | **1,067.6** | **10%** | **5%** | **967.6** | **(1%)** | **(2%)** |
| **Total (excl US Specialty)** | **999.3** | **8%** | **3%** | **923.8** | **-** | **1%** |

## SCRIPT

**Operating leverage is the measure that we use to gauge this, defined as the difference in the growth rates between revenues and operating costs.**

**JLT Specialty managed to maintain a neutral leverage position even though this business was impacted by the reduction in revenues in certain sectors as Dominic mentioned. The cost base also grew from investments made in the business, including the full year effect of the Fine Arts division.**

**The growth in JLT Re's cost base set against revenue at CRE produced a 1% positive leverage, which translated into a near 100bps improvement in the trading margin at CRE. While foreign exchange also had a significant impact on this business, it is clear that it has continued to grow in difficult trading conditions in both revenues and margin.**

**Included in other Specialty businesses are US Specialty, where we have already highlighted its movements in revenues and costs; Latin America where we have continued to build the business for further growth by adding headcount; as well as Thistle UK, where there was a decline in trading over the course of 2016. The restructure of our UK Employee Benefits business drove a year on year reduction in costs, which enabled the business to achieve a neutral operating leverage in 2016, compared to 2015, despite the problems we encountered the year before.**

**International Employee Benefits achieved positive operating leverage, driven by Australia following the acquisitions we made previously.**

**For the Group overall, and excluding US Specialty as we did last year, we maintained a neutral operating leverage in the year despite a number of moving parts on both revenues and costs.**

**I'll now cover cash flows, doing so on an operational basis…**

# CASH FLOW (OPERATIONAL BASIS) AND NET DEBT

| £m | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| EBITDA | 238 | 244 | 240 | 219 | 209 |
| Net interest | (15) | (15) | (15) | (9) | (6) |
| Working capital | (43) | 1 | (55) | (25) | (58) |
| Annual capex | (39) | (60) | (49) | (72) | (32) |
| **Operational free cash flow** | **141** | **170** | **121** | **113** | **113** |
| Dividends paid | (66) | (63) | (60) | (58) | (54) |
| Acquisitions / disposals | 7 | 54 | (68) | (177) | (40) |
| Tax paid | (46) | (37) | (37) | (41) | (35) |
| Net shares acquired | (18) | (26) | (32) | (21) | (15) |
| Other | (33) | (30) | (21) | (22) | (8) |
| **Net cash (outflow) / inflow** | **(15)** | **68** | **(97)** | **(206)** | **(39)** |
| | | | | | |
| Opening net debt | **(440)** | **(474)** | **(345)** | **(142)** | **(100)** |
| Other non-cash items | (41) | (34) | (32) | 3 | (3) |
| **Closing net debt** | **(496)** | **(440)** | **(474)** | **(345)** | **(142)** |

# SCRIPT

**That excludes distortions from fiduciary funds.**

**In 2016, EBITDA remained broadly consistent with that generated in 2015, as did net interest.**

**The net increase in working capital was predominantly driven by an increase in JLT Specialty and JLT Re debtors in line with their growth, but without a deterioration in the aging profile.**

**Annual capex outflow reduced in the year, primarily driven by a £15 million reduction in staff related items, with the balance being split between IT and premises.**

**Operational free cash flow was £141 million, lower as a percentage of EBITDA compared to 2015, but higher as a percentage than the prior years.**

**The net effect of acquisitions and disposals, including deferred consideration adjustments, was a cash inflow of £7 million.**

**Net shares acquired represents the funding to the employee share trust in the year, while 'other' is a combination of cash contributions to the defined benefit pension schemes, dividends paid to minority interests and other payments not related to trading activities.**

**Taken together, the net cash outflow of £15 million for 2016 was relatively small compared to that of prior periods, and not unexpected given the growth and investment across JLT.**

**You will recall that in 2015 the significant cash inflow was a result of the disposal of our French associate that generated £80 million.**

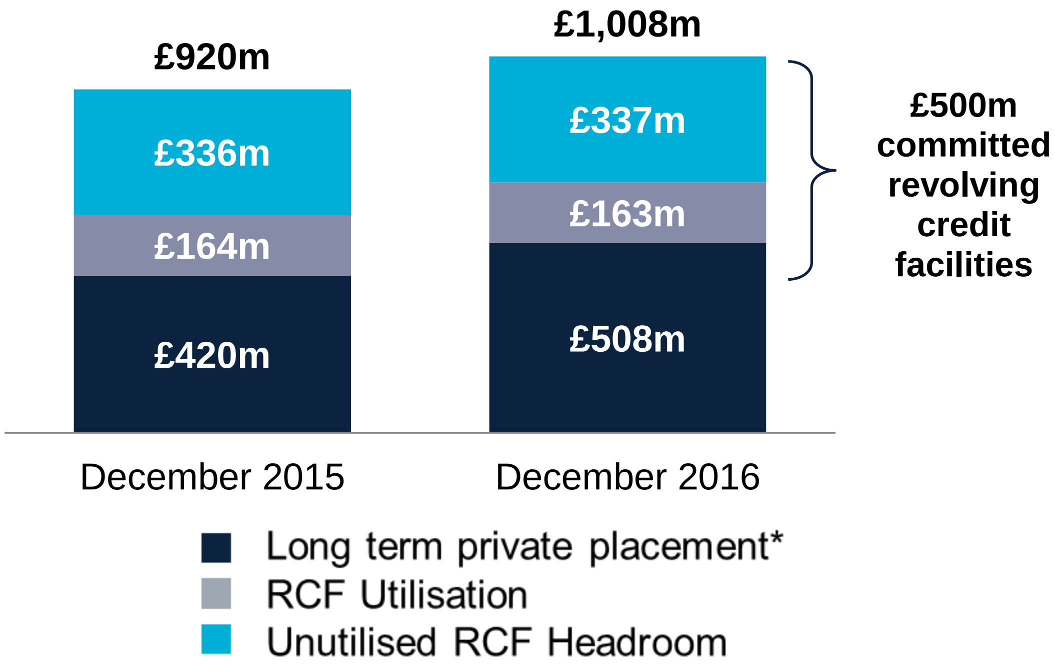
**Tax paid during the year increased over 2015, due to the change in the mix of the Group's profits and the associated rates of tax. The Group's effective tax rate for 2016 was 32.6%, or 30.3% on an underlying basis; both of which represented an increase on 2015. Additionally, we have not as yet recognised a deferred tax asset in respect of the net tax losses being generated in the USA.**

**The net debt at the end of 2016 was £496 million, as compared to £440 million at the end of 2015. This increase, year on year, was largely driven by foreign exchange.**

**Looking now at the funding profile of the Group…**

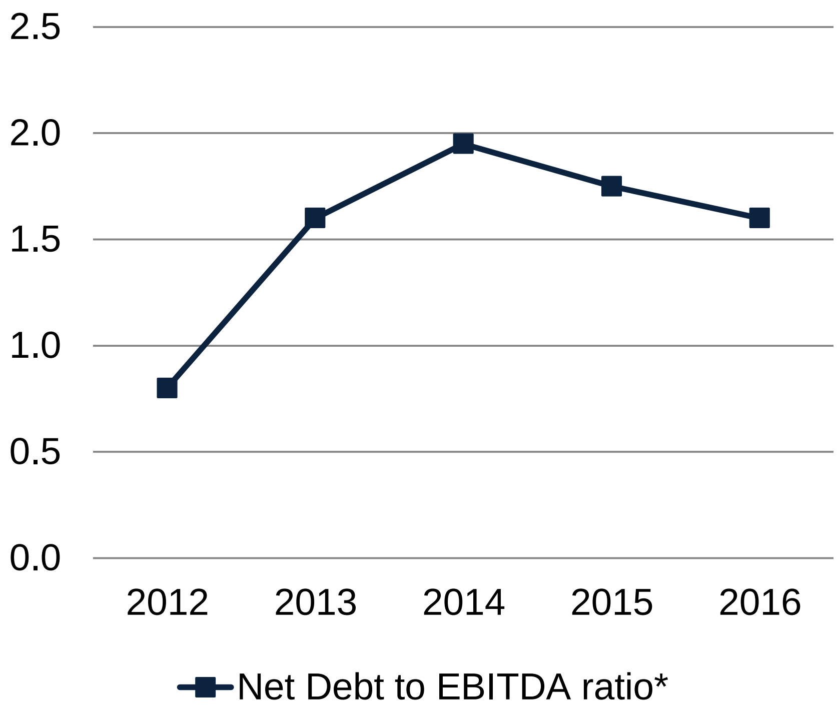
# GROUP FUNDING

## Total Committed Debt Facilities and Utilisation




*Difference between 2015 & 2016 due to foreign exchange effect

## Net Debt to EBITDA, 2012-2016




*Bank covenant basis

## SCRIPT

**The Group continues to be well funded with an appropriate mix of short and long-term debt, with a range of maturities that extend to 2029.**

**The Group currently has total medium and long-term committed debt facilities of just over £1 billion giving us significant headroom to finance further growth and expansion of our business. These facilities are attractively and competitively priced, and provide a stable, and cost effective means of funding the business.**

**In January 2017, we agreed with our relationship banks an extension of our core revolving credit facility by a further one year to a new maturity date of 2022. The Group's total revolving credit facility continues to stand at £500 million.**

**As the chart indicates, there was an increase in the Net Debt to EBITDA ratio, calculated on a bank covenant basis, from 2012 to 2014 that was driven by the acquisition of TW Re, our continued program of acquisitions, and the build-out of the US Specialty platform. In each of the last two years however this reduced, and at the end of 2016 the Net Debt to EBITDA ratio was 1.6:1 down from 1.7:1 at the end of 2015. This remains well within our bank covenant and continues to reflect an investment grade profile.**

**Net finance costs were £22 million in 2016 and this will increase in 2017 due to acquisition spend.**

**We will continue to invest in our businesses in line with our strategy and anticipate that our Net Debt to EBITDA ratio should remain within a conservative range.**

**Now let me give some explanation around the exceptional items in 2016 that were unrelated to the operating performance of the business.**

# EXCEPTIONAL ITEMS

JLT

| £m | 2016 | 2015 |
|---|---|---|
| **Net exceptional items** | | |
| Acquisition and integration costs | (1.2) | (21.2) |
| Restructuring costs | (13.9) | (9.9) |
| Net litigation costs | (21.1) | (1.6) |
| (Loss) / Gain on disposal of businesses and associates | (1.6) | 18.1 |
| Other | 0.1 | (0.5) |
| | **(37.7)** | **(15.1)** |

# SCRIPT

**Exceptional items were broadly in line with previous guidance.**

**Restructuring costs were entirely related to the UK Employee Benefits business. The program is complete and as previously advised, we will capture the remaining £5 million of benefit in 2017.**

**Litigation expenses announced at the half year were marginally less than originally anticipated.**

# OTHER ITEMS

- **Foreign exchange**
- **Revision to the 2015 Earnings Per Share calculation**
- **Business segmentation**

# SCRIPT

**I'd like now to highlight three other items related to our 2016 results..**

**First, on foreign exchange, there are two components:**

**The <u>translation</u> of overseas results into Sterling; and <u>transactional</u> exchange where local revenues and costs are denominated in different currencies which we seek to mitigate by hedging where appropriate.**

**The FX market currently remains volatile.  Therefore, we are not able to predict the impact on our 2017 results with any certainty.**

**As a reminder, the translation of our overseas results is done using an average rate. Although the US dollar is a large driver of FX impacts, it is only one of approximately 30 currencies, which affect the ultimate outcome in a given period.**

**Transactional foreign exchange exposures are managed through our hedging programme.  Details of this are given at the back of your packs.**

**Second, we've made some small adjustments to the calculation of Earnings per Share. During 2014 and 2015 the Group made changes to the terms of certain staff share awards that were classified as "Participating Equity Instruments" for the purposes of calculating Earnings per Share.**

**A review of these was made in the second half of 2016, and as a result, the calculation of both Basic and Diluted EPS has been revised, whereby the diluted earnings numerator remains unchanged, but the share count in the denominator reduces slightly to reflect the accounting definitions.**

**The effect of this has been to show a small increase in reported EPS.  We have shown the 2015 EPS calculation on a revised basis so that a true comparison can be made.**

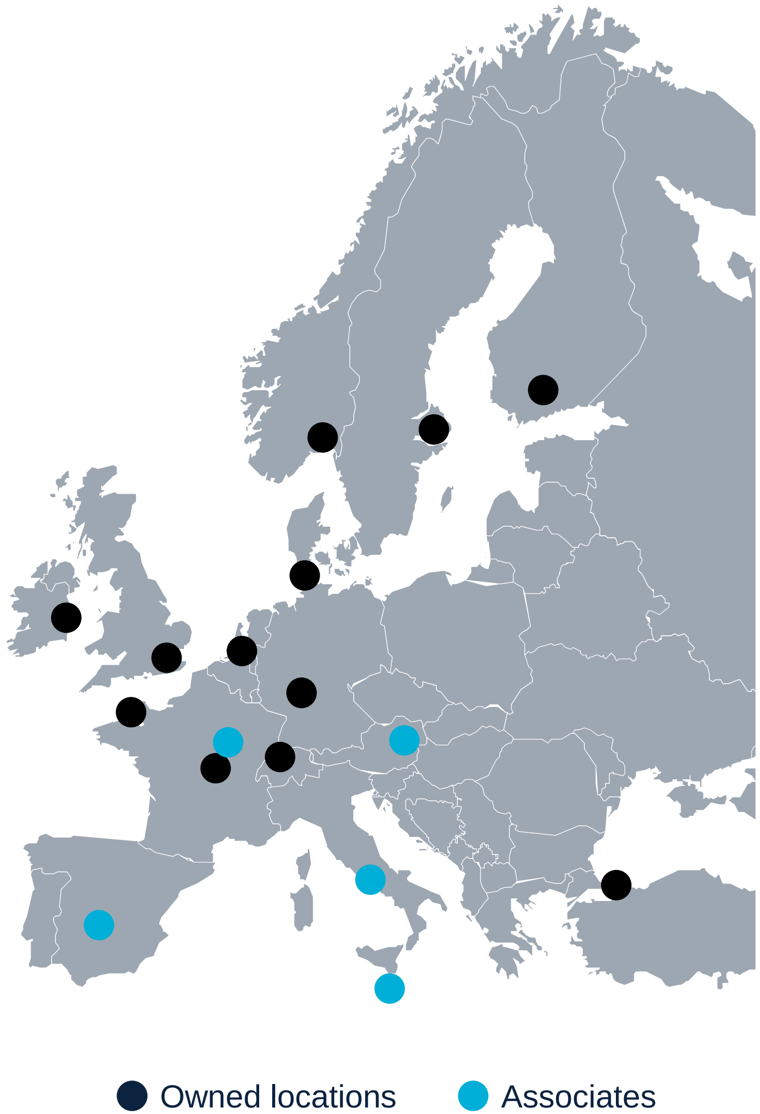
**Lastly, primarily as a consequence of the disposal of UK Thistle, there is a small segmental change which is given in the supplementary slides.**

**And on that note, I'll hand you back to Dominic.**


DOMINIC BURKE
GROUP CEO

# JLT AND EUROPE

- **Owned operations in Ireland and Northern Europe**
- **Associates in Southern, Central and Eastern Europe**
- **JLT provides access to London Market**
- **Group aggregate revenues received from EU countries into the UK no more than 4%**



# SCRIPT

**Before moving to the outlook I would like to briefly provide an insight in relation to JLT and its trading activities in Europe.**

**JLT's operations in Europe outside of the UK, primarily comprise our subsidiary companies in Ireland and Northern Europe and our associate companies in Southern, Central and Eastern Europe. JLT provides advice in relation to complex risks and access to the London Market to clients across the Continent – but we do not have JLT-owned operations of a significant size in France or Germany. The services we provide to Continental European clients cover only the most specialist portion of their risk management requirements. The Group aggregate revenues received from EU countries into the UK in 2016 was modest – no more than 4%.**

**In light of the priority given in the recent White Paper to protecting the UK's strength in financial services and to agreeing appropriate transitional arrangements, we are confident that, after the UK leaves the EU, Continental European insureds will still be able to secure continuing access to the London Market insurance expertise that is essential for them to meet their business requirements.**

# ACTIONS TAKEN

## A YEAR OF SIGNIFICANT CHANGE FOR JLT

- **Disposal of two businesses, including Thistle UK**
- **Recent investment in and partnership with Construction Risk Partners USA**
- **Improving performance of UK Employee Benefits**
- **The successful establishment of JLT Re as a leading reinsurance broker**

# SCRIPT

**To recap, 2016 was a year of significant change for JLT. The Group continued to evolve and grow, building momentum in ways not always apparent in revenues or profits. When we consider steady improvements and superior results in barometers like client advocacy scores, RFP win rates, staff retention and client renewal levels, we strongly believe we are equipped for accelerating progress. Some specific manifestations of this change include:**

- **the disposal of two businesses during the year. One of these was Thistle in the UK, a business which did not now fit the Group's strategy;**
- **the recently announced investment in and partnership with CRP, the US specialist construction broker, followed seven acquisitions made during 2016 to add further specialty capability to our business; as a result, today we have global construction capabilities totalling some 400 colleagues across the Group.**
- **The improving performance of UK Employee Benefits business and the re-establishment of its revenue momentum and profit growth; and**
- **The success of JLT Re, now firmly established as a principal component of the Group following the substantial acquisition made 3 years ago. JLT Re's success has been achieved despite reinsurance premium rate reductions of 30% or more since the acquisition was made. The combination of its strong market position with regional insurers in the US and the strength of JLT Group's relationship with global insurers has provided a powerful platform from which to grow.**

**JLT's entrance into the US market as a reinsurance broker in 2013 and then as a Specialty player in 2014 marked a pivotal change in the development of the Group. Our capability to serve clients in the industries in which we specialise wherever they operate around the world now defines us as a global broker. We are, however, a global broker with our own distinctive model, able to operate flexibly and collaboratively in the interests of our clients, which positions us to outperform our larger competitors. This standing is beginning to generate substantial benefits throughout the Group's operations, particularly in our powerhouse Specialty operations in both specialty broking and reinsurance – as their performance in 2016 demonstrates.**

**At many times in recent years the word 'resilient' has perfectly described JLT's performance. We have grown, evolved and flourished despite setbacks and headwinds. And that is exactly what we have done once again in 2016. Not only have we continued to address external headwinds in the economies in which we operate, in the industries in which we specialise and in the insurance market; we are also addressing the challenges that have been specific to JLT – the challenge of an organic start-up from scratch in our US Specialty business; and the challenges posed by regulatory change in UK Employee Benefits business. We now have a clear sight of the benefits that will flow from all the efforts we have put in to address those challenges and opportunities.**

# 2017 OUTLOOK STATEMENT

JLT has entered 2017 with good momentum across all of its businesses, we are therefore confident that we will deliver organic revenue growth more in line with historical rates, generating sustained year-on-year financial progress.

# SCRIPT

**Turning now to the Outlook**

**JLT has entered 2017 with good momentum across all of its businesses, we are therefore confident that we will deliver organic revenue growth more in line with historical rates, generating sustained year-on-year financial progress.**

**Thank you, and I’m now happy to take your questions.**

# QUESTIONS

# SUPPLEMENTARY SLIDES

# PROFIT & LOSS

| £m | 2016 | 2015 | Change |
|---|---|---|---|
| Revenue | 1,261.3 | 1,155.1 | 106.2 |
| Operating costs | (1,067.6) | (967.6) | (100.0) |
| Underlying trading profit | 193.7 | 187.5 | 6.2 |
| Underlying share of associates | 1.0 | 5.5 | (4.5) |
| Net finance costs | (22.1) | (22.9) | 0.8 |
| Underlying PBT | 172.6 | 170.1 | 2.5 |
| Exceptional items | (37.7) | (15.1) | (22.6) |
| PBT | 134.9 | 155.0 | (20.1) |
| Underlying tax expense | (52.3) | (47.5) | (4.8) |
| Tax on exceptional items | 8.3 | 5.9 | 2.4 |
| Non-controlling interests | (9.4) | (10.3) | 0.9 |
| PAT (after non-controlling interests) | 81.5 | 103.1 | (21.6) |
| Underlying PAT (after non-controlling interests) | 110.9 | 112.3 | (1.4) |
| Diluted EPS | 37.8p | 48.0p* | (10.2p) |
| Underlying diluted EPS | 51.4p | 52.2p* | (0.8p) |
| **Total dividend per share** | **32.2p** | **30.6p** | **1.6p** |

* Restated following revision to the calculation

# TOTAL REVENUE & TRADING PROFIT

## BY BUSINESS SEGMENT

| | Total Revenue | | | | | Trading Profit | | | Trading Margin | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £m | 2016 | Growth | CRE | Organic | 2015 | 2016 | CRE | 2015 | 2016 | CRE | 2015 |
| **Risk & Insurance** | | | | | | | | | | | |
| JLT Specialty | 327.5 | 5% | 3% | 3% | 311.2 | 73.1 | 67.8 | 68.3 | 22% | 21% | 22% |
| JLT Re | 195.6 | 13% | 4% | 4% | 173.6 | 40.5 | 34.8 | 32.4 | 21% | 19% | 19% |
| JLT Australia & NZ | 117.7 | 7% | (4%) | (3%) | 109.5 | 34.1 | 30.6 | 32.7 | 29% | 29% | 30% |
| JLT Asia | 90.3 | 18% | 5% | 5% | 76.6 | 16.8 | 14.8 | 12.7 | 19% | 18% | 17% |
| JLT Latin America | 71.4 | 13% | 5% | 4% | 63.1 | 21.1 | 17.6 | 21.3 | 30% | 27% | 34% |
| JLT Insurance Services | 46.8 | (7%) | (11%) | (11%) | 50.6 | 0.9 | - | 6.0 | 2% | - | 12% |
| JLT Europe, Middle East and Africa | 41.8 | 39% | 28% | 17% | 30.1 | 6.8 | 6.1 | 6.0 | 16% | 16% | 20% |
| JLT US Specialty | 41.3 | 77% | 57% | 52% | 23.3 | (27.0) | (24.0) | (20.5) | - | - | - |
| JLT Canada | 19.2 | (6%) | (14%) | (14%) | 20.4 | (0.5) | (0.6) | 1.5 | (2%) | (3%) | 7% |
| JLT Insurance Management | 9.3 | 13% | 2% | 2% | 8.2 | 0.8 | 0.7 | 0.5 | 8% | 8% | 6% |
| | **960.9** | **11%** | **4%** | **3%** | **866.6** | **166.6** | **147.8** | **160.9** | **17%** | **16%** | **19%** |
| **Employee Benefits** | | | | | | | | | | | |
| UK & Ireland | 160.0 | (4%) | (5%) | (8%) | 167.4 | 12.3 | 11.9 | 12.8 | 8% | 7% | 8% |
| Asia | 87.3 | 11% | (2%) | - | 78.9 | 27.2 | 23.7 | 24.5 | 31% | 31% | 31% |
| Australia & NZ | 27.5 | 36% | 22% | 4% | 20.3 | 5.5 | 4.9 | 3.3 | 20% | 20% | 16% |
| Latin America | 21.7 | 15% | 10% | 10% | 18.9 | 3.7 | 3.7 | 3.5 | 17% | 18% | 19% |
| Europe, Middle East and Africa | 1.9 | 13% | 15% | 14% | 1.7 | 0.2 | 0.2 | (0.3) | 10% | 10% | (17%) |
| Canada | 2.0 | 47% | 35% | 35% | 1.3 | 0.6 | 0.6 | (0.2) | 31% | 31% | (17%) |
| | **300.4** | **4%** | **(1%)** | **(3%)** | **288.5** | **49.5** | **45.0** | **43.6** | **16%** | **16%** | **15%** |
| **Central Costs** | **-** | **-** | **-** | **-** | **-** | **(22.4)** | **(22.6)** | **(17.0)** | **-** | **-** | **-** |
| **Total** | **1,261.3** | **9%** | **3%** | **2%** | **1,155.1** | **193.7** | **170.2** | **187.5** | **15.4%** | **14.4%** | **16.2%** |

CRE = Constant Rate of Exchange

# TOTAL REVENUE GROWTH COMPONENTS

| % | Organic Growth | Acquisition Disposal Impact | Investment Income & Other | CRE Growth | Currency Impact | Total Growth |
|---|---|---|---|---|---|---|
| **Risk & Insurance** | | | | | | |
| JLT Specialty | 2.6% | - | 0.3% | 2.9% | 2.4% | 5.3% |
| JLT Re | 3.6% | 0.1% | 0.1% | 3.8% | 8.9% | 12.7% |
| JLT Australia & NZ | (3.2%) | - | (0.5%) | (3.7%) | 11.1% | 7.4% |
| JLT Asia | 5.5% | - | (0.1%) | 5.4% | 12.5% | 17.9% |
| JLT Latin America | 4.2% | 0.5% | (0.1%) | 4.6% | 8.6% | 13.2% |
| JLT Insurance Services | (10.7%) | (0.3%) | (0.1%) | (11.1%) | 3.7% | (7.4%) |
| JLT Europe, Middle East and Africa | 16.6% | 11.1% | 0.6% | 28.3% | 10.5% | 38.8% |
| JLT US Specialty | 52.1% | 5.3% | - | 57.4% | 20.0% | 77.4% |
| JLT Canada | (14.3%) | - | (0.1%) | (14.4%) | 8.4% | (6.0%) |
| JLT Insurance Management | 2.0% | - | - | 2.0% | 11.1% | 13.1% |
| | **3.1%** | **0.6%** | **-** | **3.7%** | **7.2%** | **10.9%** |
| **Employee Benefits** | | | | | | |
| UK & Ireland | (7.5%) | 2.8% | - | (4.7%) | 0.3% | (4.4%) |
| Asia | - | (1.6%) | - | (1.6%) | 12.2% | 10.6% |
| Australia & NZ | 4.1% | 17.7% | 0.1% | 21.9% | 14.0% | 35.9% |
| Latin America | 9.9% | 0.3% | - | 10.2% | 4.6% | 14.8% |
| Europe, Middle East and Africa | 14.2% | - | 0.8% | 15.0% | (1.9%) | 13.1% |
| Canada | 35.2% | - | (0.4%) | 34.8% | 11.7% | 46.5% |
| | **(3.2%)** | **2.5%** | **-** | **(0.7%)** | **4.8%** | **4.1%** |
| **Total** | **1.5%** | **1.0%** | **0.1%** | **2.6%** | **6.6%** | **9.2%** |

# ASSOCIATES

| £m | 2016 | CRE | 2015 | Growth |
|---|---|---|---|---|
| Total underlying contribution to JLT after tax | 1.0 | 0.8 | 5.5 | (82%) |

| Principal Associate Holdings as at 31 Dec 2016 | | |
|---|---|---|
| March-JLT | Spain | 25% |
| GrECo | Austria | 20% |
| MAG-JLT | Italy | 25% |
| JLT Sterling | Mexico | 36% |
| JLT Independent | India | 49% |

% = JLT equity interest

# JLT GROUP 2016 PROFIT & LOSS

| £m | Reported | % Rev | Growth (inc/(dec)) | Ex US | % Rev | Growth (inc/(dec)) | Ex UK EB | % Rev | Growth (inc/(dec)) | Ex US & UK EB | % Rev | Growth (inc/(dec)) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **1,261.3** | | **9%** | **1,220.0** | | **8%** | **1,101.3** | | **12%** | **1,059.9** | | **10%** |
| Operating expenses | (1,067.6) | (84.6%) | 10% | (999.3) | (81.9%) | 8% | (919.9) | (83.5%) | 13% | (851.6) | (80.3%) | 11% |
| **Underlying trading profit** | **193.7** | **15.4%** | **3%** | **220.7** | **18.1%** | **6%** | **181.4** | **16.5%** | **4%** | **208.3** | **19.7%** | **7%** |
| Associates after tax | 1.0 | | (82%) | 1.0 | | (82%) | 1.0 | | (82%) | 1.0 | | (82%) |
| **Underlying PBIT** | **194.7** | **15.4%** | **1%** | **221.7** | **18.2%** | **4%** | **182.4** | **16.6%** | **1%** | **209.3** | **19.7%** | **4%** |
| Interest income (own funds) | 2.1 | | 31% | 2.1 | | 31% | 2.1 | | 31% | 2.1 | | 31% |
| Interest expense | (24.2) | | 1% | (24.2) | | 1% | (24.2) | | 1% | (24.2) | | 1% |
| **Underlying PBT** | **172.6** | **13.7%** | **1%** | **199.6** | **16.4%** | **5%** | **160.3** | **14.6%** | **2%** | **187.2** | **17.7%** | **5%** |
| **Operating leverage**[1] | | | **(1%)** | | | **-** | | | **(1%)** | | | **(1%)** |

1) Operating leverage is defined as the percentage point differential of the year-on-year growth rates of revenue against operating expenses.

# BALANCE SHEET
## AS AT 31 DECEMBER

| £m | 2016 | 2015 | Change |
|---|---|---|---|
| Goodwill and intangibles | 645 | 600 | 45 |
| Fixed assets | 64 | 63 | 1 |
| Associates and investments | 64 | 48 | 16 |
| Net working capital and other | 192 | 161 | 31 |
| Derivatives after deferred tax | 33 | (7) | 40 |
| Net pension deficit after deferred tax | (166) | (108) | (58) |
| Other deferred net tax assets | 15 | 14 | 1 |
| Net debt | (496) | (440) | (56) |
| **Net assets** | **351** | **331** | **20** |

# EBITDA CALCULATION

| £m | 2016 | 2015 |
|---|---|---|
| Underlying trading profit | 193.7 | 187.5 |
| Add-back: | | |
| Amortisation of staff share options | 24.9 | 20.1 |
| Depreciation and other amortisation | 49.5 | 42.9 |
| Profit from associates | 1.4 | 5.5 |
| Other non-recurring items | (31.3) | (11.8) |
| **EBITDA** | **238.2** | **244.2** |

# NET DEBT

| £m | 2016 | 2015 |
|---|---|---|
| **Cash and investments:** | | |
| Cash and cash equivalents | 939.9 | 901.1 |
| **Available-for-sale cash deposits:** | | |
| Current | 116.9 | - |
| Non current | 10.8 | 9.0 |
| | 1,067.6 | 910.1 |
| Less: fiduciary cash (insurance payables) | (876.0) | (746.6) |
| Own funds | 191.6 | 163.5 |
| **Borrowings:** | | |
| Committed borrowings | (668.8) | (581.2) |
| Uncommitted/other borrowings | (19.0) | (22.3) |
| | (687.8) | (603.5) |
| **Net debt** | **(496.2)** | **(440.0)** |

# CURRENCY IMPACT ON UNDERLYING PBT

| £m | 2016 | 2015 |
|---|---|---|
| A) Transactional impact: | | |
| UK subsidiaries | 10.3 | 2.5 |
| Overseas subsidiaries | 3.1 | 5.5 |
| | **13.4** | **8.0** |
| B) Translational impact | 8.8 | (7.8) |
| **Total exchange effect** | **22.2** | **0.2** |

## Notes on USD Revenue

- In 2016 the Group earned some 357 million US dollars of revenues from operations which have a sterling cost base. The achieved blended rate for 2016 was 1.47.
- Based on current hedging levels in 2017, it would take a movement of around 4 cents in the spot rate to generate a 1 cent movement in the achieved blended rate. As a guide, each one cent movement in our achieved rate translates into a change of approximately £1.8 million in revenue, with an impact on trading profit equal to approximately 70% of that.
- At the 24th February 2017, some 80% of anticipated US dollar earnings for 2017 are hedged at an average rate of 1.46, for 2018 some 70% is hedged at an average of 1.38, for 2019 50% hedged at 1.32 and for 2020 35% has been hedged at 1.31.

# RISK & INSURANCE

## 2016 RESTATED BASED ON 2017 REPORTING STRUCTURE

| £m | Revenue | | | | Trading Profit | | | |
|---|---|---|---|---|---|---|---|---|
| | Current structure | JLT Insurance Services | EMEA to MEA | 2017 Format | Current structure | JLT Insurance Services | EMEA to MEA | 2017 Format |
| **Risk & Insurance** | | | | | | | | |
| JLT Specialty | 327.5 | 45.8 | 20.5 | 393.8 | 73.1 | 1.4 | 5.4 | 79.9 |
| JLT Insurance Services | 46.8 | (46.8) | - | - | 0.9 | (0.9) | - | - |
| JLT Europe, Middle East and Africa | 41.8 | - | (20.5) | 21.3 | 6.8 | - | (5.4) | 1.4 |
| JLT Insurance Management | 9.3 | 1.0 | - | 10.3 | 0.8 | (0.5) | - | 0.3 |
| Others | 535.5 | - | - | 535.5 | 85.0 | - | - | 85.0 |
| | **960.9** | **-** | **-** | **960.9** | **166.6** | **-** | **-** | **166.6** |

1. Following the disposal of Thistle, the majority of the balance of JLT Insurance Services will transfer into JLT Specialty. In our 2017 reporting, Thistle will be included in JLT Specialty for 2016 comparative purposes.

2. Europe will also transfer to JLT Specialty.

3. JLT Europe, Middle East and Africa will become JLT Middle East and Africa.