

# **Delivering sustainable growth**

**Preliminary Results for the year ended  
31<sup>st</sup> December 2007**

**4th March 2008**



**JARDINE LLOYD THOMPSON**  
Group plc

# 2007 Financial Highlights

£M	2007	2006	Growth	
			Actual	at CRE
Turnover	473.2	459.5	3%	4%
Underlying trading profit	62.1	58.9	6%	9%
Trading margin	13.1%	12.8%		
Underlying PBT	82.5	76.5	8%	11%
Reported PBT	95.2	90.8	5%	
Underlying EPS (diluted)	26.0p	23.8p	9%	
Reported EPS* (diluted)	33.7p	21.6p	56%	
Dividend per share	20.5p	20.5p		

\* Includes discontinued operations  
 CRE = Constant rates of exchange

# 2007 Trading Profit

Good results despite difficult trading conditions

£M	2007						2006		
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
Retail	<b>196.8</b>	8%	9%	36.6	37.2	19%	19%	38.1	21%
London Market	<b>193.5</b>	(2%)	(1%)	26.7	28.1	14%	14%	23.3	12%
<b>Risk &amp; Insurance</b>	<b>390.3</b>	<b>3%</b>	<b>4%</b>	<b>63.3</b>	<b>65.3</b>	<b>16%</b>	<b>17%</b>	<b>61.4</b>	<b>16%</b>
UK Employee Benefits	<b>81.5</b>	7%	7%	13.7	13.7	17%	17%	13.1	17%
Central Overheads	<b>1.4</b>	-	-	(14.9)	(15.0)	-	-	(15.6)	-
<b>Total</b>	<b>473.2</b>	<b>3%</b>	<b>4%</b>	<b>62.1</b>	<b>64.0</b>	<b>13%</b>	<b>13%</b>	<b>58.9</b>	<b>13%</b>

# Retail

## Strong revenue growth

£M	2007				2006	
	Turnover		Trading		Trading	
	Actual	Growth	Profit	Margin	Profit	Margin
Australia/NZ	<b>65.6</b>	<b>10%</b>	16.3	25%	15.7	26%
Asia	<b>33.2</b>	<b>6%</b>	6.9	21%	6.4	20%
UK & Europe	<b>60.0</b>	<b>16%</b>	10.3	17%	10.1	20%
Canada	<b>18.5</b>	<b>2%</b>	2.5	13%	2.6	14%
Latin America	<b>16.1</b>	<b>(11%)</b>	1.3	8%	3.5	19%
Insurance Management	<b>3.4</b>	<b>15%</b>	(0.7)	(22%)	(0.2)	(8%)
<b>TOTAL</b>	<b>196.8</b>	<b>8%</b>	<b>36.6</b>	<b>19%</b>	<b>38.1</b>	<b>21%</b>

# London Market Operations

## Jardine Lloyd Thompson Limited

£M	2007								2006	
	Turnover			Trading Profit		Trading Margin		Trading		
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin	
Jardine Lloyd Thompson Ltd	109.1	2%	3%	15.0	15.3	14%	14%	8.5	8%	

***Clear benefits from cost savings***

# London Market Operations

## Lloyd & Partners

£M	2007								2006	
	Turnover			Trading Profit		Trading Margin		Trading		
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin	
Lloyd & Partners	41.2	(5%)	(3%)	6.8	7.1	17%	17%	10.2	24%	

*Investments made to broaden business*

# London Market Operations

JLT Re

£M				2007				2006	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
JLT Re	<b>43.2</b>	<b>(8%)</b>	<b>(5%)</b>	4.9	5.7	11%	13%	4.6	10%

***Growing non-marine activities***

# Employee Benefits

Another year of good revenue growth

£M	2007				2006	
	Turnover		Trading		Trading	
	Actual	Growth	Profit	Margin	Profit	Margin
<b>UK Employee Benefits</b>	<b>81.5</b>	<b>7%</b>	<b>13.7</b>	<b>17%</b>	<b>13.1</b>	<b>17%</b>



# **JLT Today – “Fit for purpose”**

- **Repair work completed**
- **Moving to an external focus**
- **Implementing strategic actions to underpin JLT’s future success**
- **Delivering sustainable growth**

# JLT in 2008

## **Quality:**

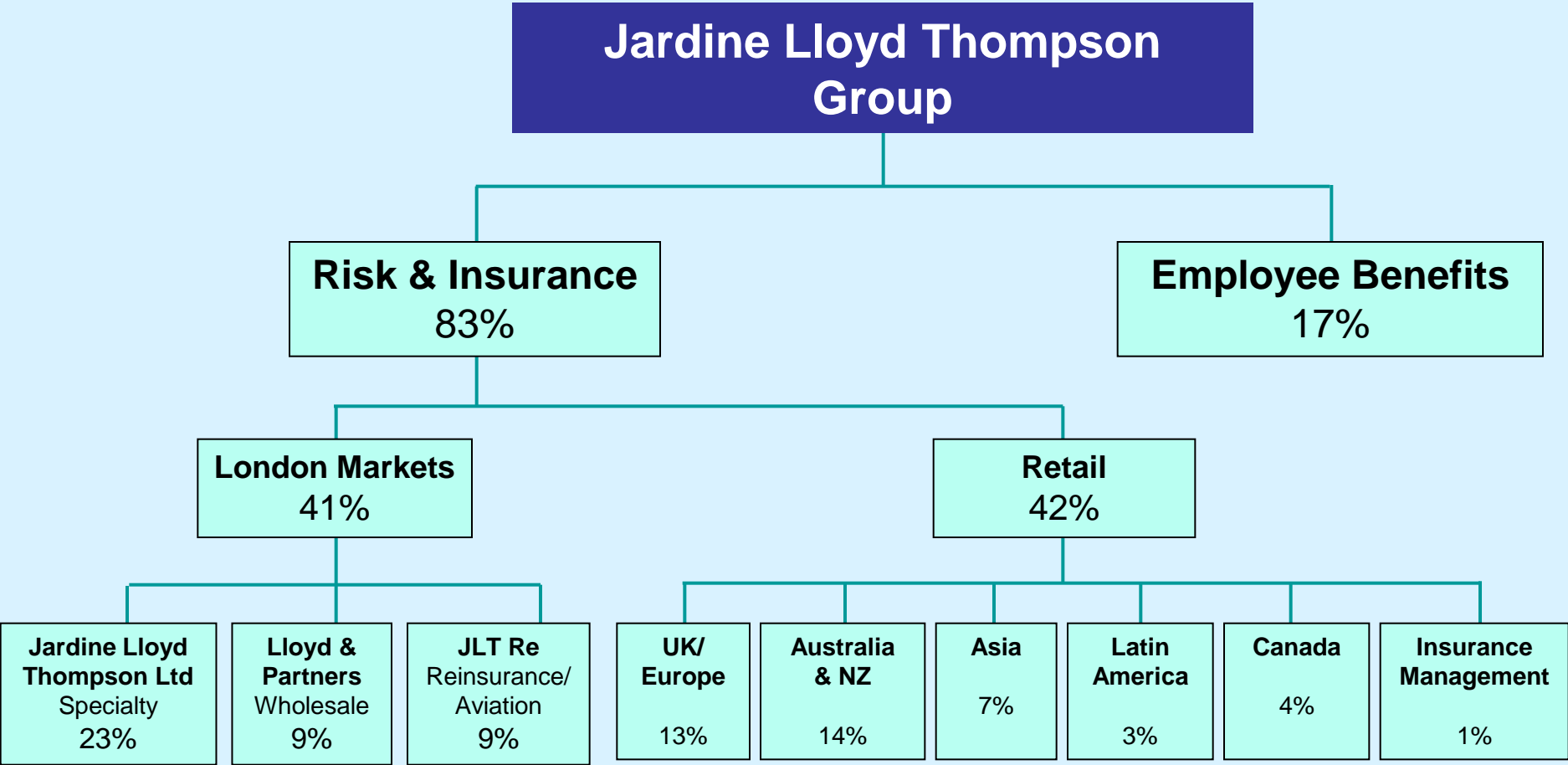
- to generate improved performance despite headwinds and business change

# **JLT in 2008**

## **Quality:**

- **to generate improved performance despite headwinds and business change**
- **of earnings due to balance of activities**

# Group Revenues



Percentage shown is contribution to the Group's 2007 revenues

# JLT in 2008

## **Quality:**

- to generate improved performance despite headwinds and business change
- of earnings due to balance of activities
- growth without high-risk corporate activity

*Added momentum to take JLT forward*

# Financial Review

**Jim Rush**

**Group Finance Director**

4<sup>th</sup> March 2008



**JARDINE LLOYD THOMPSON**  
Group plc

# Key Financial Messages

- 1. Achieving profitable growth**
- 2. Strong financial position**
- 3. Tight cost control and additional savings**

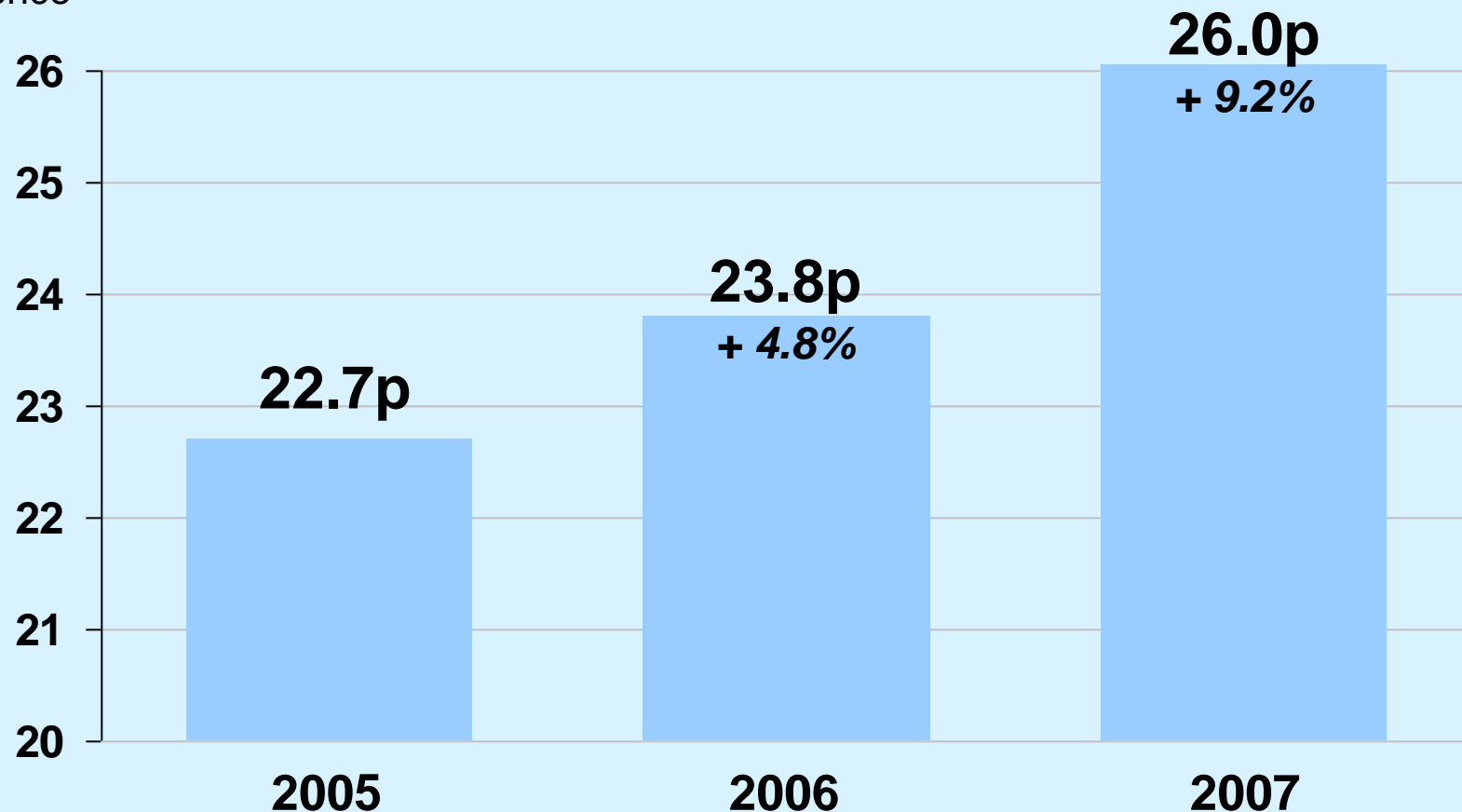
# Profit and Loss

£M	2007	2006	Change
<b>Underlying trading profit</b>	<b>62</b>	59	3
Investment income / finance costs / associates	<b>20</b>	17	3
<b>Underlying PBT</b>	<b>82</b>	76	6
Exceptional items and impairments	<b>13</b>	15	(2)
<b>PBT</b>	<b>95</b>	91	4
Tax expense	<b>(22)</b>	(29)	7
Loss on disposal of discontinued US operations	-	(15)	15
Minorities	<b>(1)</b>	(1)	-
<b>PAT (after minorities)</b>	<b>72</b>	46	26
EPS	<b>33.7p</b>	21.6p	12.1p
Underlying PAT	<b>56</b>	51	5
Underlying EPS	<b>26.0p</b>	23.8p	2.2p
Total Dividend per share	<b>20.5p</b>	20.5p	-



# Underlying Diluted EPS

Pence



*Dividend maintained at 20.5p for the full year*

# Cost savings & improvements

- **London Market restructuring**  
**Achieved £10m p.a. total saving**
- **Core processing restructuring**  
**Projected £5m p.a. additional saving**
- **IT Improvements**  
**Additional £3m expensed in 2007**

# Underlying operating costs by category

£M	2007		2006		Change	
Revenue	473	100%	460	100%	13	3.0%
<b>Operating costs:</b>						
Staff costs	(292)	(61.6%)	(287)	(62.4%)	(5)	1.6%
Premises	(30)	(6.5%)	(29)	(6.3%)	(1)	6.0%
Other operating costs	(80)	(16.9%)	(77)	(16.7%)	(3)	4.2%
Depreciation and amortisation	(9)	(1.9%)	(8)	(1.8%)	(1)	8.2%
	(411)	(86.9%)	(401)	(87.2%)	(10)	2.6%
Underlying trading profit	62	13.1%	59	12.8%	3	5.6%

# Underlying operating costs by operation

£M	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>%</u>
<b>London Market businesses:</b>				
Jardine Lloyd Thompson Ltd	<b>94</b>	98	(4)	(4%)
Lloyd & Partners (including Bermuda)	<b>35</b>	33	2	4%
JLT Re	<b>38</b>	43	(5)	(10%)
	<u><b>167</b></u>	<u>174</u>	<u>(7)</u>	<u>(4%)</u>
<b>Retail</b>	<b>160</b>	144	16	11%
<b>Employee Benefits</b>	<b>68</b>	63	5	8%
<b>Central costs and other</b>	<b>16</b>	20	(4)	(19%)
	<u><b>411</b></u>	<u>401</u>	<u>10</u>	<u>3%</u>

# 2007 / 2006 operating costs reconciliation

£M

2006 Operating costs	401
Inflation in 2007 - £401m @ c3%	12
Impact of bolt-on acquisitions in 2007	8
	<hr/>
	421
2007 London Market cost savings	(10)
	<hr/>
2007 Operating costs	411
	<hr/>

# Exceptional items and impairment

£M	Gain / (loss) before tax	Cash
	<hr/>	<hr/>
<b>Exceptional items:</b>		
<b>Restructuring</b> (London Market/Core processing)	(10)	(4)
<b>Other non-recurring items</b>	(3)	(3)
	<hr/>	<hr/>
	(13)	(7)
<b>SIACI – net gain on disposal</b>	29	14
	<hr/>	<hr/>
	16	7
<b>Impairment of goodwill - Mexico</b>	(3)	-
	<hr/>	<hr/>
	13	7
	<hr/>	<hr/>

# USD/GBP achieved FX rates and hedging

	2006	2007	2008	2009
	Actuals		Forward rates	
Average market rates	<b>\$1.84</b>	<b>\$2.00</b>		
Hedging rates achieved as at 29 Feb 2008			\$1.96	\$1.96
- Revenue % - Hedged			75%	25%
Market forward rates as at 29 Feb 2008			\$1.95	\$1.92
- Revenue % - Unhedged			25%	75%
Potential achieved rates after hedging			\$1.96	\$1.93
- Revenue % - Hedged + Unhedged			100%	100%
Actual achieved rates after hedging	<b>\$1.82</b>	<b>\$1.85</b>		
- Revenue %	<b>100%</b>	<b>100%</b>		
Value of <u>c\$220M</u> revenue in £M	<b>£121</b>	<b>£119</b>	£112	£114
Approximate YOY revenue impact in £M	<b>(£12)</b>	<b>(£2)</b>	(£7)	£2

# Cash flow

£M	2007	2006
<b>Underlying EBITDA</b>	<b>102</b>	101
Exceptional items paid	<b>(7)</b>	(11)
<b>EBITDA</b>	<b>95</b>	90
Interest / tax / other	<b>(16)</b>	(23)
Net working capital movements	<b>(27)</b>	5
Capex / intangibles	<b>(13)</b>	(8)
Shares acquired – share ‘buy-back’/Employee trust	<b>(8)</b>	-
Net (acquisitions) / disposals	<b>(9)</b>	49
Pension deficit funding – UK/USA/Canada	<b>(34)</b>	(14)
	<b>(12)</b>	99
Dividends paid	<b>(46)</b>	(44)
Foreign exchange	-	(5)
	<b>(58)</b>	50



# Balance Sheet

£M	<u>2007</u>	<u>2006</u>	<u>Change</u>
Goodwill and intangibles	171	156	15
Deferred net tax assets	20	39	(19)
Fixed assets	24	23	1
Associates and investments	32	14	18
Net working capital	3	(23)	26
Net pension deficit	(27)	(100)	73
Net (debt) / cash	(1)	57	(58)
	<u>222</u>	<u>166</u>	<u>56</u>

# Key Financial Messages

**1. Achieving profitable growth**

**Underlying EPS +9.2%**



**2. Strong financial position**

**Minimal net debt, equity +34%**



**3. Tight cost control and additional savings**

**Additional cost savings £5m**



# **Building for Future Growth**

**Dominic Burke**  
Group Chief Executive



**JARDINE LLOYD THOMPSON**  
Group plc

# JLT in 2008

## Building for future growth

- Bolt-on acquisitions

# JLT in 2008

## Building for future growth

- **Bolt-on acquisitions**
- **Start-up developments**
  - JLT Online
  - Thistle Underwriters
  - ICAP-JLT
  - China

# JLT in 2008

## Building for future growth

- **Bolt-on acquisitions**
- **Start-up developments**
  - JLT Online
  - Thistle Underwriters
  - ICAP-JLT
  - China
- **International co-ordination and collaboration**

# JLT in 2008

## Building for future growth

- Bolt-on acquisitions
- Start-up developments
  - JLT Online
  - Thistle Underwriters
  - ICAP-JLT
  - China
- International co-ordination and collaboration
- Operational efficiency

***Delivering sustainable growth***

# The Outlook

## The headwinds continue

- Highly competitive market conditions
- Continued weak US Dollar
- Broker competition



**“Although still early in the year we expect further profitable growth in 2008.**

**Looking further ahead we anticipate that the combined impact of actions taken over the past two years and our strategic initiatives will enable JLT to continue to deliver value to our shareholders, our clients, and our employees.”**

***JLT - delivering sustainable growth***