

# Jardine Lloyd Thompson Group plc

## Preliminary Results

for the year ended 31st December 2009

*A strong performance and looking to the future  
with growing confidence*

2<sup>nd</sup> March 2010

 Distinctive. Choice.



- **Market-leading organic growth of 5%**
- **Investing for growth**
  - Targeted recruitment
  - Market leading products and platforms
  - Quality and efficiency
  - Accretive acquisitions

# 2009 financial highlights

*Dividend growth reflecting strong performance*



<b>£M</b>	<b>2009</b>	2008	Growth	
			Actual	at CRE**
Turnover	<b>612.9</b>	536.1	14%	8%
Underlying trading profit*	<b>97.1</b>	76.2	28%	15%
Trading margin	<b>15.8%</b>	14.2%		
Underlying PBT*	<b>104.8</b>	95.2	10%	
Reported PBT	<b>102.0</b>	92.8	10%	
Underlying EPS* (diluted)	<b>33.8p</b>	30.4p	11.2%	
Reported EPS (diluted)	<b>33.1p</b>	29.6p	11.8%	
Dividend per share	<b>21.0p</b>	20.5p	2.4%	

*\*Underlying results exclude exceptional items*

*\*\*CRE = Constant rates of exchange*

# 2009 turnover & trading profit



£M	2009							2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
- Retail	269.5	14%	4%	51.0	46.4	19%	19%	45.7	19%
- London Market	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%
Risk & Insurance	519.9	16%	8%	97.2	87.5	19%	18%	80.0	18%
Employee Benefits	90.5	3%	3%	14.7	14.7	16%	16%	14.9	17%
Central Overheads	2.5	-	-	(14.8)	(14.7)	-	-	(18.7)	-
	<b>612.9</b>	<b>14%</b>	<b>8%</b>	<b>97.1</b>	<b>87.5</b>	<b>16%</b>	<b>15%</b>	<b>76.2</b>	<b>14%</b>

# Retail

*Strong performances in Asia and Latin America*



£M	2009							2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
Australia/NZ	87.5	12%	2%	20.9	19.1	24%	24%	18.9	24%
Asia	50.9	25%	8%	10.4	9.1	21%	21%	8.1	20%
Europe	72.8	3%	0%	11.1	10.7	15%	15%	11.5	16%
Canada	24.8	11%	0%	2.4	2.1	10%	9%	3.6	16%
Latin America	28.5	37%	26%	5.8	5.1	20%	20%	3.5	17%
Insurance Management	5.0	16%	1%	0.4	0.3	8%	7%	0.1	2%
	<b>269.5</b>	<b>14%</b>	<b>4%</b>	<b>51.0</b>	<b>46.4</b>	<b>19%</b>	<b>19%</b>	<b>45.7</b>	<b>19%</b>

# Jardine Lloyd Thompson Limited

*A revitalised business*



£M	2009							2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
<b>JLTL</b>	<b>131.5</b>	<b>14%</b>	<b>11%</b>	<b>24.2</b>	<b>22.1</b>	<b>18%</b>	<b>17%</b>	<b>19.0</b>	<b>16%</b>
Lloyd & Partners	55.5	18%	9%	10.9	8.9	20%	17%	8.2	17%
JLT Re	63.4	30%	21%	11.1	10.1	17%	17%	7.1	15%
	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%

# Lloyd & Partners

*Good levels of new business*



£M	2009							2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
JLTL	131.5	14%	11%	24.2	22.1	18%	17%	19.0	16%
<b>Lloyd &amp; Partners</b>	<b>55.5</b>	<b>18%</b>	<b>9%</b>	<b>10.9</b>	<b>8.9</b>	<b>20%</b>	<b>17%</b>	<b>8.2</b>	<b>17%</b>
JLT Re	63.4	30%	21%	11.1	10.1	17%	17%	7.1	15%
	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%

£M				2009				2008	
	Turnover			Trading Profit		Trading Margin		Trading	
	Actual	Growth	at CRE	Actual	at CRE	Actual	at CRE	Profit	Margin
JLTL	131.5	14%	11%	24.2	22.1	18%	17%	19.0	16%
Lloyd & Partners	55.5	18%	9%	10.9	8.9	20%	17%	8.2	17%
<b>JLT Re</b>	<b>63.4</b>	<b>30%</b>	<b>21%</b>	<b>11.1</b>	<b>10.1</b>	<b>17%</b>	<b>17%</b>	<b>7.1</b>	<b>15%</b>
	250.4	19%	13%	46.2	41.1	18%	17%	34.3	16%



# Employee Benefits

*An encouraging outcome in a challenging year*



£M

	2009				2008	
	Turnover		Trading		Trading	
	Actual	Growth	Profit	Margin	Profit	Margin
<b>Employee Benefits (UK)</b>	<b>90.5</b>	<b>3%</b>	<b>14.7</b>	<b>16%</b>	<b>14.9</b>	<b>17%</b>

- A clear strategy
  - Continuing to provide services in relation to occupational pension schemes
  - Expanding consulting, delivery and administration services for today's employee benefits
  - Delivering international solutions with multi-country services to multi-national clients.

# Employee Benefits

*Strategy supported by acquisitions*



- HACL acquisition – delivering greater value to the clients of both firms
- HACL purchase price of £27.2m - a business that generated revenues approaching £37m in 2009.
- iimia Wealth Management - adding strength to our private client business and introducing Discretionary Portfolio Management capabilities.

- Streamlining back-office processes
- Improving speed & quality of output
- Increasing use of automation
- Centralising functions in Mumbai
- Significantly reducing the cost of doing business

***A Group-wide initiative for  
operational improvement***

- Underlying annual cost saving of circa £14m by 2011
- Exceptional cost totalling £18m by 2011
- Savings of £3m in 2009
- Run-rate savings already visible in Q1 2010

***Enhancing client services***

# Financial Review

**Jim Rush**

Group Finance Director

2<sup>nd</sup> March 2010

 Distinctive. Choice.

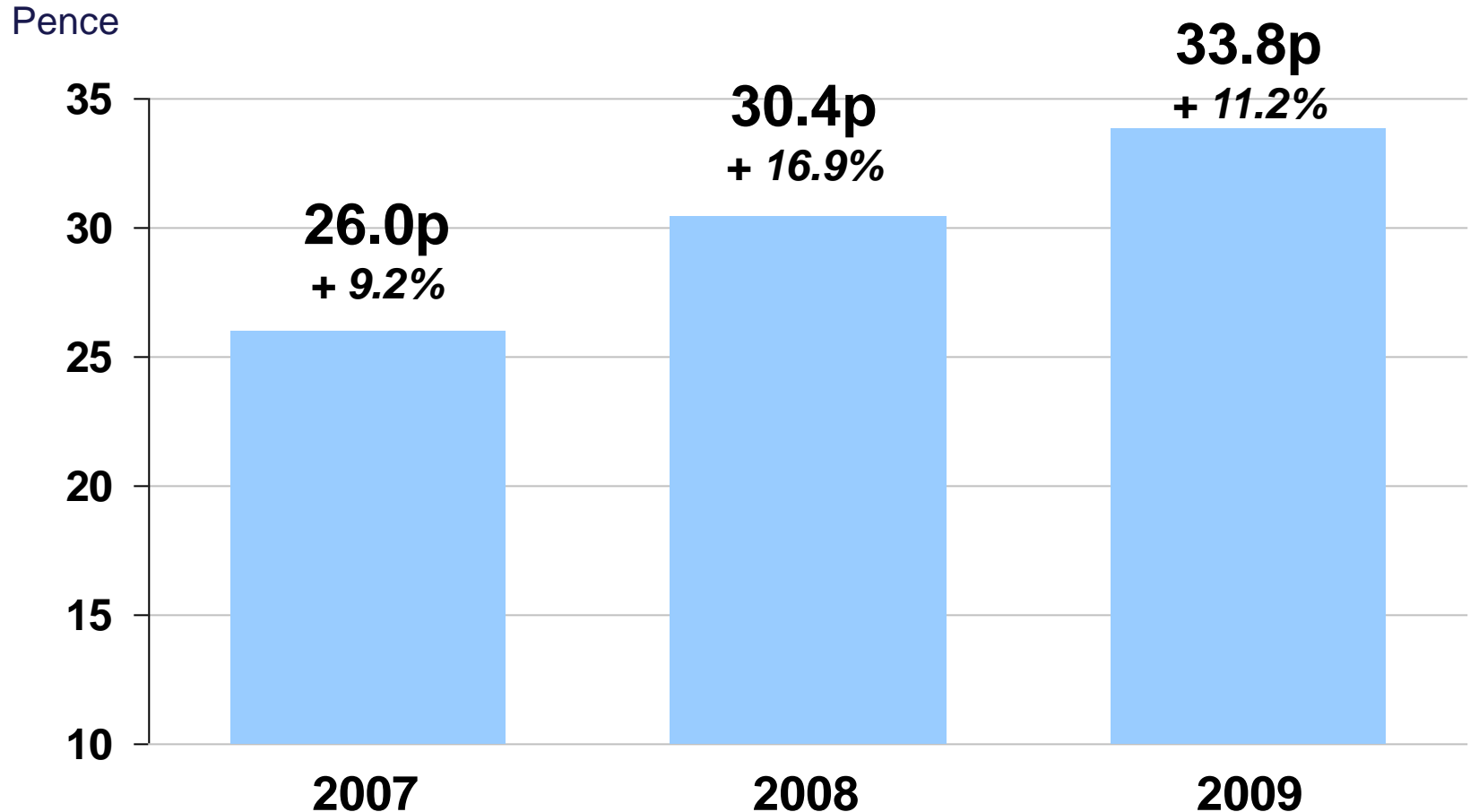


# Profit and loss



£M	2009	2008	Change
Underlying trading profit	<b>97.1</b>	76.2	20.9
Investment income	<b>6.4</b>	15.8	(9.4)
Underlying operating profit	<b>103.5</b>	92.0	11.5
Associates after tax	<b>3.8</b>	3.5	0.3
Net finance costs	<b>(2.5)</b>	(0.3)	(2.2)
Underlying PBT	<b>104.8</b>	95.2	9.6
Net exceptional losses	<b>(2.8)</b>	(2.4)	(0.4)
PBT	<b>102.0</b>	92.8	9.2
Tax expense	<b>(28.7)</b>	(28.0)	(0.7)
Minority interests	<b>(2.4)</b>	(1.2)	(1.2)
PAT (after minorities)	<b>70.9</b>	63.6	7.3
Underlying PAT (after minorities)	<b>72.4</b>	65.3	7.1
Diluted EPS	<b>33.1p</b>	29.6p	3.5p
Underlying diluted EPS	<b>33.8p</b>	30.4p	3.4p
Total dividend per share	<b>21.0p</b>	20.5p	0.5p

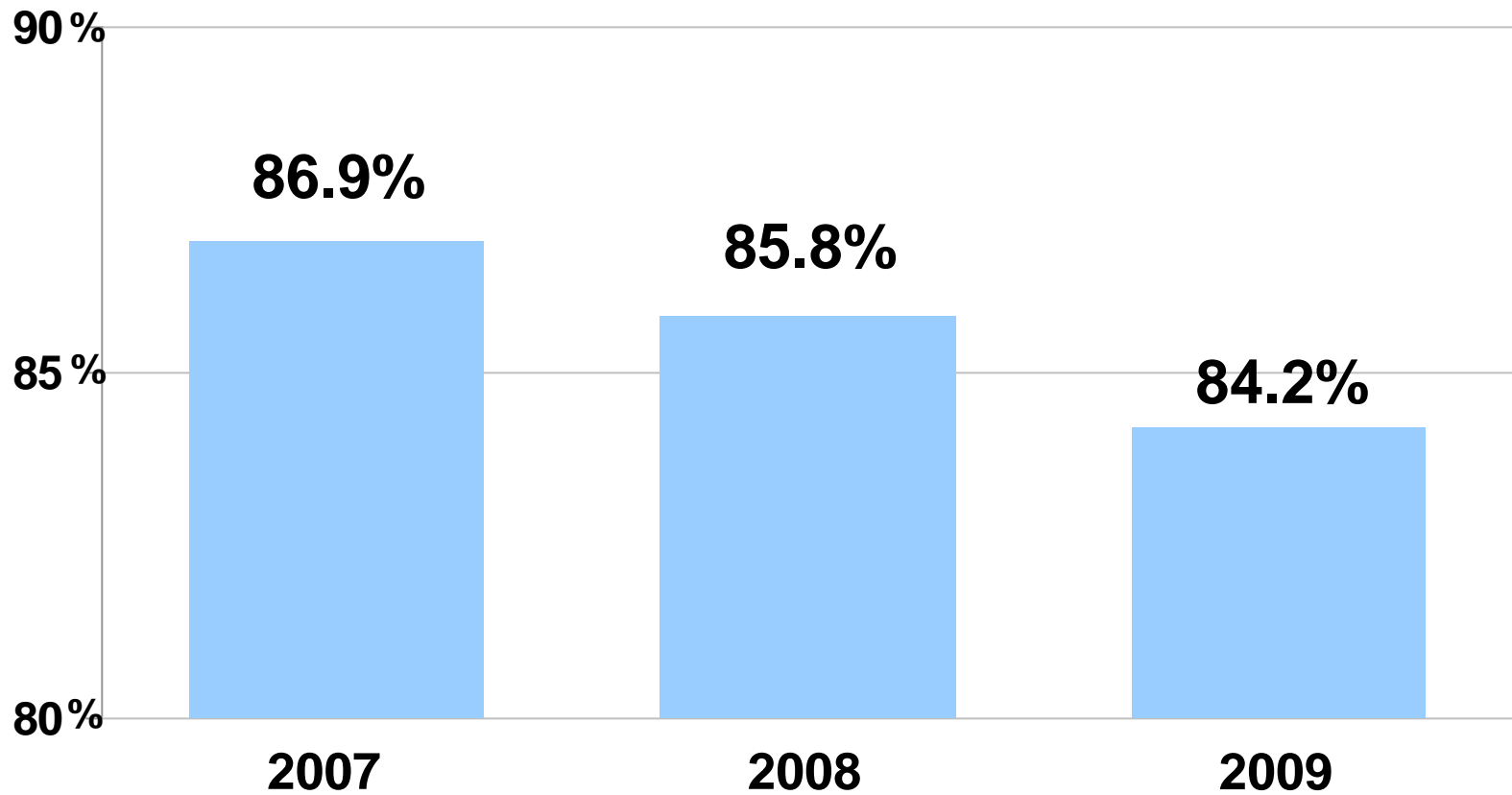
# Underlying diluted EPS



*2009 final dividend increased 0.5p to 12.5p  
2009 full year dividend increased 0.5p to 21.0p.*



# Underlying operating cost ratio



# Business Transformation Project



## Profit & loss impact

£M

<b>Recurring cost savings</b>	<b>Total annualised savings</b>	<b>2009 Actual savings</b>	<b>2011 Projected additional savings</b>
	<u>14.0</u>	<u>3.0</u>	<u>11.0</u>
<b>Non-recurring costs</b>	<b>Total costs</b>	<b>2009 Actual costs</b>	<b>2010/2011 Projected costs</b>
	<u>(18.0)</u>	<u>(6.9)</u>	<u>(11.1)</u>

# Underlying operating costs by type



£M	2009		2008		Change
Revenue	<b>613</b>	<b>100%</b>	536	100%	77
Operating costs:					
Staff costs	<b>(367)</b>	<b>60%</b>	(329)	61%	(38)
Premises	<b>(35)</b>	<b>6%</b>	(30)	6%	(5)
IT costs	<b>(20)</b>	<b>3%</b>	(20)	4%	-
Travel and Entertainment	<b>(23)</b>	<b>4%</b>	(22)	4%	(1)
Other operating costs	<b>(71)</b>	<b>11%</b>	(59)	11%	(12)
	<b>(516)</b>	<b>84%</b>	(460)	86%	(56)
Underlying trading profit	<b>97</b>	<b>16%</b>	76	14%	21

# Underlying operating costs by business



£M	2009		2008	Change		Change	
	Actual	at CRE	Actual	Actual		at CRE	
Retail	218	201	191	27	14%	10	5%
London Market	205	197	177	28	15%	20	11%
Employee Benefits	76	76	73	3	4%	3	4%
Central Costs	17	17	19	(2)	(7%)	(2)	(7%)
	<b>516</b>	<b>491</b>	460	56	12%	31	7%

# Underlying operating cost increases in 2009



£M

## Cost Increases in 2009

	Staff	Other	Total	% Increase
Currency impact	19	6	25	5.4%
Acquisition impact	8	3	11	2.2%
Inflation and organic growth initiatives	14	9	23	5.1%
Business Transformation Project savings	(3)	-	(3)	(0.6%)
	38	18	56	12.1%

# USD/GBP achieved FX rates and hedging



	2008	2009	2010	2011	2012
	Actuals		Projections		
<b>Average market rates</b>	<b>\$1.85</b>	<b>\$1.57</b>			
<b>Hedging rates achieved as at 1 March 2010</b>			<b>\$1.55</b>	<b>\$1.51</b>	<b>\$1.55</b>
Revenue % - Hedged			85%	75%	60%
<b>Market forward rates as at 1 March 2010</b>			<b>\$1.49</b>	<b>\$1.49</b>	<b>\$1.49</b>
Revenue % - Unhedged			15%	25%	40%
<b>Potential achieved rates after hedging</b>			<b>\$1.54</b>	<b>\$1.50</b>	<b>\$1.52</b>
Revenue % - Hedged + Unhedged			100%	100%	100%
<b>Actual achieved rates after hedging</b>	<b>\$1.81</b>	<b>\$1.72</b>			
Revenue %	100%	100%			
<b>Value of c\$260M revenue in £M</b>	<b>£144</b>	<b>£152</b>	<b>£169</b>	<b>£173</b>	<b>£171</b>
<b>Approximate YOY revenue impact in £M</b>		<b>£8</b>	<b>£17</b>	<b>£4</b>	<b>- £2</b>

# Cash flow



£M

	<u>2009</u>	<u>2008</u>
<b>Underlying EBITDA</b>	<b>134</b>	<b>117</b>
<i>Deduct:</i> Exceptional items paid	<b>(6)</b>	<b>(1)</b>
<b>EBITDA</b>	<b>128</b>	<b>116</b>
<i>Deduct:</i> Net interest paid & associates	<b>(6)</b>	<b>(6)</b>
Tax paid	<b>(22)</b>	<b>(7)</b>
Net working capital increase	<b>(18)</b>	<b>(11)</b>
Normal capex	<b>(22)</b>	<b>(18)</b>
Shares acquired – employee trust	<b>(4)</b>	<b>(20)</b>
Pension deficit funding	<b>(12)</b>	<b>(11)</b>
Acquisitions	<b>(26)</b>	<b>(20)</b>
Dividends paid	<b>(46)</b>	<b>(44)</b>
Foreign exchange	<b>(5)</b>	<b>13</b>
<b>Net cash outflow</b>	<b>(33)</b>	<b>(8)</b>

# Balance sheet



£M	<b>2009</b>	2008	Change
Goodwill and intangibles	<b>252</b>	213	39
Fixed assets	<b>28</b>	28	-
Associates and investments	<b>44</b>	43	1
Net working capital and other	<b>7</b>	(9)	16
Hedging contracts after deferred tax	<b>8</b>	(25)	33
Net pension deficit after deferred tax	<b>(67)</b>	(22)	(45)
Other deferred net tax asset/(liabilities)	<b>9</b>	13	(4)
Net debt	<b>(42)</b>	(9)	(33)
Net assets	<b>239</b>	232	7



# Dominic Burke

Group Chief Executive

2<sup>nd</sup> March 2010

 Distinctive. Choice.



# Thistle

## JLT UK Retail Insurance Broking activities

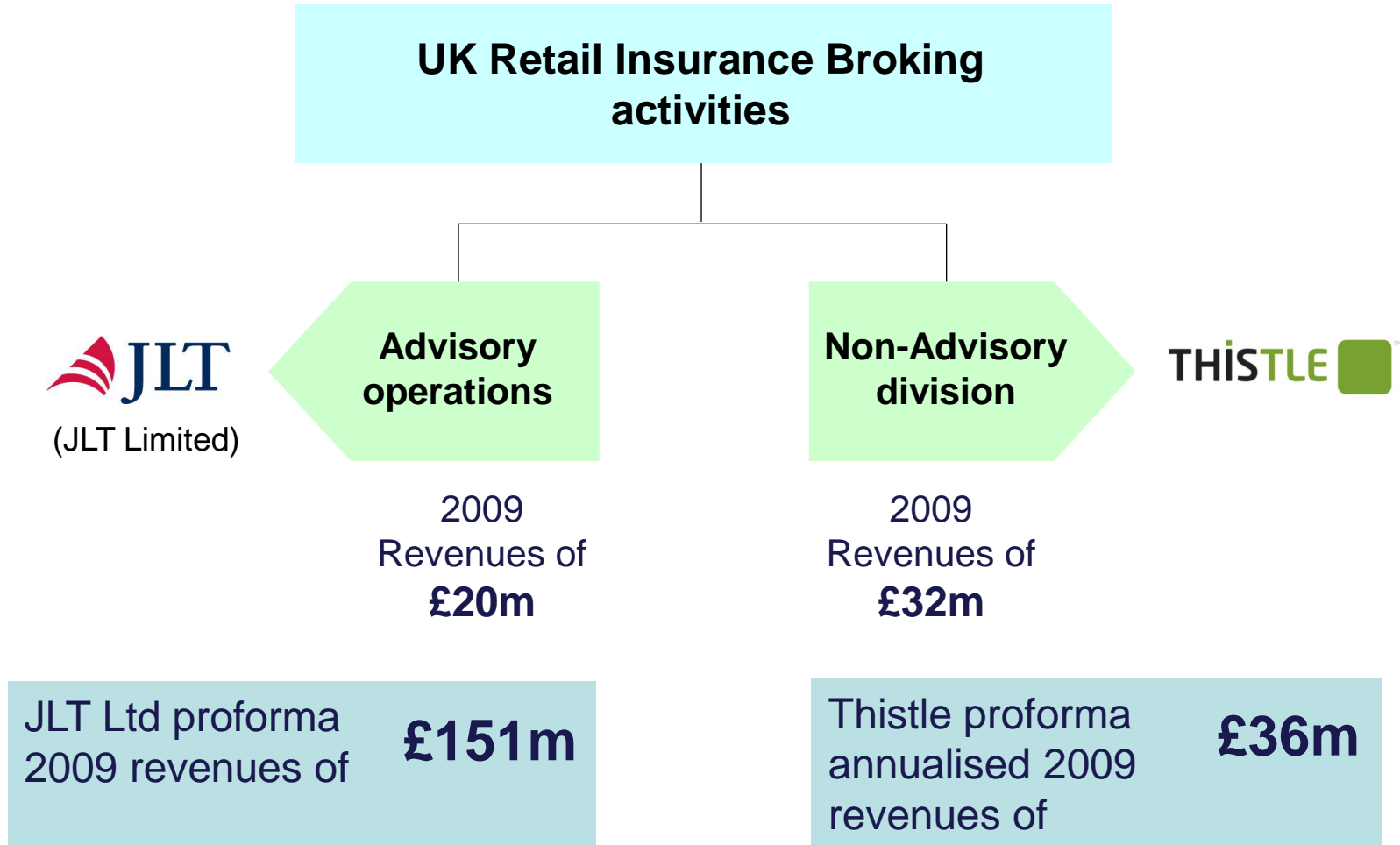
### **Advisory operations**

a traditional broking business  
handling larger commercial  
risks requiring bespoke  
solutions

### **Non-Advisory division**

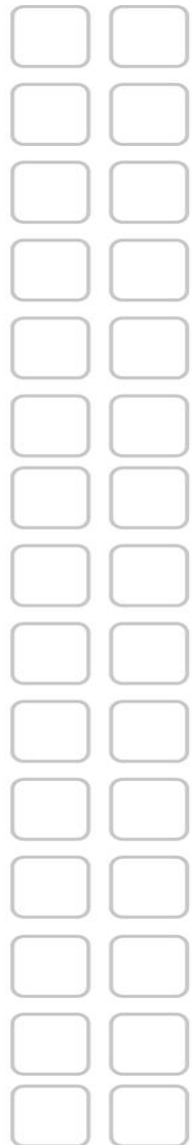
distributing cover principally  
underwritten by a single  
provider for smaller standard  
risks

# Reorganising JLT UK





- Accessing the full range of distribution channels
  - affinity
  - direct
  - via third party brokers
- Complemented by strength in online
- Over time significant economic advantage to JLT.



## Market rates

“If we assume that the current benign claims experience continues, there is little reason other than to expect the current soft market conditions to continue in 2010.”

*- However JLT has a proven track record of growing revenues despite soft markets and we are confident that we shall continue to do so.*

## JLT Today

- Increasingly recognised for our commitment to provide each client with the very best solutions to meet their particular needs.
- Continuing to demonstrate that our distinctive culture enables us to attract and retain the very best likeminded industry professionals.

*Distinctive. Choice.*

***“Despite the challenges posed by economic conditions around the world and the continuing soft insurance rates, we believe that JLT is well positioned for continuing growth and we look forward to the future with confidence.”***



# Preliminary Results

for the year ended 31st December 2009

2<sup>nd</sup> March 2010

 Distinctive. Choice.

