



Jardine Matheson

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Press Release

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To: Business Editor

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For immediate release

Jardine Lloyd Thompson Group plc Interim Management Statement

The following announcement was issued today by the Company's 42%-owned associate, Jardine Lloyd Thompson Group plc.

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Press Release

Jardine Lloyd Thompson Group plc Interim Management Statement

4th November, 2014, London: Jardine Lloyd Thompson Group plc ("JLT" or "the Group"), one of the world's leading suppliers of insurance, reinsurance and employee benefits related advice, brokerage and associated services, today released its Interim Management Statement for the period from 1st July to 3rd November 2014 in accordance with the requirements of the Disclosure & Transparency Rules of the UK Listing Authority.

Trading performance

The Group's trading performance for the period has been broadly in line with our expectations, with good levels of overall organic revenue growth consistent with the rate delivered during the first six months of the year.

This was achieved despite the continuing marked decline in the insurance and reinsurance rating environment experienced since the beginning of the second quarter of this year. While the impact of the strength of sterling in the third quarter of 2014 was not as material as that experienced in the first half, currency movements will nonetheless impact the year-on-year results.

Our Risk and Insurance businesses delivered good overall levels of organic revenue growth despite increasingly challenging trading conditions, driven by new client wins and increased penetration as our businesses have continued to benefit from our strategy of deepening our specialty capabilities and expanding our geographic reach.

Our Employee Benefits businesses have made strong progress, particularly in Asia and Australasia, where our distinctive life insurance and healthcare offering continues to allow us to benefit from the strong underlying demographic factors driving client demand for our products and services. Our UK business has also made solid progress, with a number of new client wins and a strong pipeline of activity and new opportunities emerging from the significant changes affecting the UK pensions industry.

The integration of Towers Watson Re is progressing well and the combined JLT Re business is building a strong pipeline for 2015 and beyond. We continue to invest in the business through the addition of new talent and the build out of our analytics platforms.

Strategic developments

In line with JLT's ambition to be one of the world's leading specialty brokers and reflecting growing client demand, JLT announced on 29th August its intention to launch a US Specialty business under the leadership of Michael Rice, CEO, and Patrick Donnelly, Deputy CEO. This announcement was followed on 10th September by the appointment of Jim Pierce as Chairman of JLT Specialty Insurance Services Inc.

The reaction to this announcement from professionals across the insurance industry has been very encouraging, with our US Specialty business already growing to more than 50 colleagues in just over two months, well ahead of our plans. This includes colleagues who have joined us as a result of a bolt-on acquisition, announced on 3rd October, of part of Alliant's energy business that focuses on larger and more complex major and international accounts, some of whom are existing international clients of JLT.

The quality and number of candidates who have approached us has led us to step up our recruitment activities, with the result that we have accelerated some of the investment we were intending to make from 2015, into 2014. It is now anticipated that this will result in a net investment of approximately US\$10 million in 2014, based on completed recruitment and positive ongoing discussions. Our plans are expected to result in a total net investment of approximately £50 million during the period 2014 to 2017, with the business expected to start to contribute to profits in 2018 and generate an accelerated return thereafter. This investment is to be fully expensed through the income statement.

On 29th August, JLT also announced the merger of JLT Specialty Ltd. and Lloyd & Partners Ltd. to create a single specialty business of increased scale, distinctive reputation and enhanced transactional capability. The business will trade as JLT Specialty with the Lloyd & Partners brand retained to service and develop the Group's independent wholesale client base. Subject to the appropriate regulatory approvals, the merger will take effect for reporting purposes from 1st January 2015 and will be led by Adrian Girling, as Chairman, and John Lloyd as CEO.

Broadening our geographic reach

On 2nd July, JLT announced the acquisition of a 26% shareholding in Independent Insurance Brokers Private Limited, the Mumbai and Chennai based insurance and reinsurance broking subsidiary of the Sunidhi Group, a leading Indian financial services Group with over 100 locations across India.

On 15th September, JLT announced the establishment of JLT Turkey, subject to regulatory approval and finalisation of contracts.

The investment in India and the establishment of JLT Turkey are in line with the Group's strategy of expanding its presence in markets where long-term growth is supported by fundamental macro-economic trends and a growing demand for JLT's distinctive specialist capabilities.

Board changes

JLT announced a series of Board changes during the period, designed to align the Group's senior leadership with the above strategic developments and position JLT for its next phase of growth.

Nic Walsh was appointed as a non-executive director of the Group, following a long and distinguished career at AIG, most recently in the US where he resides. Nic's deep knowledge of the US insurance market will prove invaluable to JLT as the firm builds its US reinsurance and Specialty retail operations.

Mark Drummond Brady was appointed Deputy Group CEO, reflecting the increasing size, complexity and international reach of the Group. Mike Reynolds was appointed Global CEO of JLT Re. He retains his position as Group Finance Director until the appointment of his successor for which a formal search process is underway.

Financial position

On 30th October 2014, the Group successfully completed a US\$125 million issue of private placement loan notes with an existing institutional investor. The unsecured loan notes were issued by JLT's wholly owned subsidiary, JIB Group Ltd., and consist of US\$62.5 million 12 year loan notes with a coupon of 3.93% and US\$62.5 million 15 year loan notes with a coupon of 4.13%.

The proceeds of the private placement have been swapped into sterling at floating rates and will be used to refinance existing shorter term borrowings under the Group's revolving credit facilities with its relationship banks. As at 31st October 2014, the Group has unsecured committed debt facilities totalling approximately £725 million equivalent.

JLT's financial position continues to be strong with acquisitions financed from operating cash flows and committed borrowing facilities.

There have been no other significant changes in the financial position of the Company since the publication of the interim results for the six months ended 30th June 2014.

Outlook

Dominic Burke, Chief Executive said:

“I am encouraged by the success we have had in attracting leading market professionals from across the industry to join our new US Specialty business. This has enabled us to accelerate our investment plans, with the result of bringing some of our projected future expense forward into the second half of the current year.

Trading conditions remain challenging, given the decline in the insurance and reinsurance rating environment, which continued into the third quarter. As we indicated at the time of our interim results, we remain cautious about the outlook for the underlying business for the full year.

The good levels of organic revenue growth we are achieving demonstrate the success of our strategy of deepening our specialty focus and expanding our geographical reach and give us confidence in our investment plans which are designed to drive sustainable and long term growth.”

- ENDS –

Notes to Editors

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This announcement may contain "forward looking statements" regarding the financial position, business strategy or plans for future operations of the group. By their nature, forward looking statements involve risk and uncertainty, relating to facts that are beyond the company's ability to control, such as future market conditions. Any such statements in this announcement speak only as at the date of this announcement. The company does not assume any obligation to, and does not intend to, revise or update these forward looking statements except as required pursuant to applicable law.

About Jardine Lloyd Thompson Group plc

Jardine Lloyd Thompson is one of the world's leading providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. JLT's client proposition is built upon its deep specialist knowledge, client advocacy, tailored advice and service excellence.

JLT is quoted on the London Stock Exchange and owns offices in 41 territories with more than 9,500 employees. Supported by the JLT International Network, it offers risk management and employee benefit solutions in 135 countries.

www.JLTGroup.com