



Jardine Matheson

Jardine Matheson Holdings Limited
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Press Release

www.jardines.com

To: Business Editor

26th February 2019

For immediate release

Jardine Lloyd Thompson Group plc Preliminary Results Statement for the Year Ended 31st December 2018 (Unaudited)

The following announcement was issued today by the Company's 41%-owned associate, Jardine Lloyd Thompson Group plc.

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26 FEBRUARY 2019

Jardine Lloyd Thompson Group plc

PRELIMINARY RESULTS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018 (UNAUDITED)

Jardine Lloyd Thompson Group plc (“JLT” or the “Group”) announces its preliminary results for the year ended 31 December 2018. Due to the recommended cash offer for JLT by MMC Treasury Holdings (UK) Limited (the “MMC transaction”), this statement replaces JLT’s usual announcement of its preliminary results and provides an update on key financial items in accordance with Listing Rule 9.7A.1. There will not be a presentation to investors and analysts at JLT’s office today.

As announced on 7 November 2018, the MMC transaction has been approved by shareholders and is expected to complete in spring 2019, subject to the satisfaction or (where applicable) waiver of the conditions set out in the scheme document published on 15 October 2018 (the “Scheme Document”) (available to view at <https://www.jlt.com/investors/recommended-cash-acquisition-of-jlt>). The process of satisfying the anti-trust and regulatory conditions is continuing, with MMC having received clearance from the US anti-trust authority in October 2018.

GROUP FINANCIAL HIGHLIGHTS¹

- Revenues of £1,451m, up 5%
- Organic² revenue growth of 5%
- Underlying³ profit before tax of £233.6m, up 25%
- Underlying³ trading margin of 17.5%, up 240bps
- Reported profit before tax of £88.1m, reflecting £145.4m⁴ of exceptional items consisting principally of MMC transaction-related costs, regulatory-related costs and Global Transformation Programme restructuring charges
- Net Debt⁵ of £535m (2017: £506m). Net Debt to EBITDA was 1.8:1 on a reported basis, consistent with 2017

¹ 2017 figures restated for IFRS 15 *Revenue from Contracts with Customers*

² Organic revenue growth is based on total revenue excluding the effect of currency, acquisitions, disposals and investment income

³ Underlying results exclude exceptional items

⁴ The MMC transaction-related costs have been estimated based on anticipated completion in spring 2019

⁵ Net Debt is defined as own funds less total borrowings net of transaction costs

BUSINESS HIGHLIGHTS

- All divisions delivered organic revenue growth year on year, with 7% in Global Specialty and 7% in UK Employee Benefits.
- Trading profit grew 21% year on year, driven by organic revenue growth and the Global Transformation Programme. Trading Profit increased by 25% in Global Specialty to £192.7m, 10% in Global Reinsurance to £45.8m and 8% in Global Employee Benefits to £51.2m.
- US Specialty revenue increased by US\$38.8m to US\$134.4m, net investment losses decreased to US\$9.9m and the business remains on track to achieve profit in 2019.
- UK Employee Benefits increased trading profit by 55% year on year to £21.6m, driven by organic revenue growth, combined with higher trading margins. The business remains on track to achieve a 15% trading margin in 2019.
- The Global Transformation Programme delivered benefits of £20.7m for a cost of £28.6m and remains on track to deliver further incremental benefits of £16.3m in 2019, and full annualised benefits of £40m in 2020.

Exceptional items principally consist of MMC-related transaction costs of £77.2m (predominantly staff costs relating to the amortisation of remuneration payments and the acceleration of share awards vesting outlined in the Scheme Document), estimated net costs of £38.4m arising from the UK regulatory review disclosed in JLT's 2017 Annual Report relating to enhanced transfer value products, and Global Transformation Programme restructuring charges of £28.6m.

In light of the cash consideration of £19.15 per share to be paid by MMC to JLT shareholders on completion of the MMC transaction, and consistent with the terms of the MMC cash offer, no final dividend will be paid for the 2018 financial year.

ENQUIRIES

Jardine Lloyd Thompson Group plc

Dominic Burke	Group Chief Executive	020 7558 3373
Charles Rozes	Group Finance Director	020 7558 3380
Paul Dransfield	Head of Investor Relations	020 7528 4933

Brunswick Group LLP

Tom Burns/Rosheeka Field	Brunswick Group LLP	020 7404 5959
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Disclaimer

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth, margins and market trends are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to JLT as of the date of the statement. All written or oral forward-looking statements attributable to JLT are qualified by this caution. JLT does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances.

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CONDENSED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018		
	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	1,438,416	-	1,438,416
Investment income	12,865	-	12,865
Operating costs	(1,197,198)	(145,442)	(1,342,640)
Trading profit	254,083	(145,442)	108,641
Finance costs - net	(23,562)	-	(23,562)
Share of results of associates	3,055	-	3,055
Profit before taxation	233,576	(145,442)	88,134
Income tax expense	(56,653)	22,861	(33,792)
Profit for the year	176,923	(122,581)	54,342
Profit attributable to:			
Owners of the parent	163,318	(120,317)	43,001
Non-controlling interests	13,605	(2,264)	11,341
Earnings per share attributable to the owners of the parent during the year (expressed in pence per share)			
Basic earnings per share	77.0p		20.3p
Diluted earnings per share	74.4p		19.6p
	Year ended 31 December 2017 (restated)		
	Underlying profit £'000	Exceptional items £'000	Total £'000
Fees and commissions	1,373,689	-	1,373,689
Investment income	7,474	-	7,474
Operating costs	(1,171,999)	(9,882)	(1,181,881)
Trading profit	209,164	(9,882)	199,282
Finance costs - net	(24,349)	-	(24,349)
Share of results of associates	2,149	-	2,149
Profit before taxation	186,964	(9,882)	177,082
Income tax expense	(52,424)	422	(52,002)
Profit for the year	134,540	(9,460)	125,080
Profit attributable to:			
Owners of the parent	123,154	(8,332)	114,822
Non-controlling interests	11,386	(1,128)	10,258
Earnings per share attributable to the owners of the parent during the year (expressed in pence per share)			
Basic earnings per share	58.3p		54.4p
Diluted earnings per share	56.9p		53.0p

CONDENSED BALANCE SHEET

as at 31 December 2018

	2018	Restated
	£'000	2017
		£'000
NET ASSETS		
Non-current assets		
Goodwill & other intangible assets	732,641	686,732
Property, plant and equipment	66,770	68,645
Investments in associates	54,234	53,055
Other financial assets	20,385	16,858
Derivative financial instruments	83,996	82,569
Trade and other receivables*	60,355	39,950
Deferred tax assets	76,696	63,751
	1,095,077	1,011,560
Current assets		
Trade and other receivables*	648,063	564,301
Current tax assets	7,219	-
Derivative financial instruments	3,241	5,545
Other financial assets	164,163	115,269
Cash and cash equivalents	1,007,484	1,015,087
	1,830,170	1,700,202
Current liabilities		
Borrowings	(17,867)	(19,226)
Trade and other payables**	(1,483,815)	(1,280,245)
Derivative financial instruments	(9,634)	(10,265)
Current tax liabilities	-	(10,290)
	(1,511,316)	(1,320,026)
Net current assets	318,854	380,176
Non-current liabilities		
Borrowings	(715,525)	(690,872)
Trade and other payables**	(258,032)	(247,678)
Derivative financial instruments	(112,617)	(85,516)
Deferred tax liabilities	(11,656)	(11,773)
	(1,097,830)	(1,035,839)
	316,101	355,897
TOTAL EQUITY		
Capital and reserves attributable to the owners of the parent		
Shareholders' equity	296,132	336,444
Non-controlling interests	19,969	19,453
	316,101	355,897

*includes Contract Assets and Retirement benefit surpluses

**includes Contract Liabilities, Provisions for Liabilities and Charges and Retirement Benefit Obligations

The accounting policies applied in the preparation of the condensed Income Statement and Balance Sheet are consistent with those of the Interim Financial Statements for the 6 months ended 30 June 2018