

Marsh & McLennan Companies, Inc. 1166 Avenue of the Americas New York, New York 10036-2774 212 345 5000 www.mmc.com

## **NEWS RELEASE**

Media Contact:
Erick R. Gustafson
Marsh & McLennan Companies
+1 202 263 7788
erick.gustafson@mmc.com

Investor Contact: Sarah DeWitt Marsh & McLennan Companies +1 212 345 6750 sarah.dewitt@mmc.com

MARSH & McLENNAN COMPANIES REPORTS STRONG FIRST QUARTER 2020 RESULTS

**Underlying Revenue Increases 5%** 

GAAP Operating Income Rises 14% to \$1.1 billion

Strong Growth in Adjusted Operating Income of 15% to \$1.2 billion

GAAP EPS Rises 6% to \$1.48 and Adjusted EPS Increases 8% to \$1.64

NEW YORK, April 30, 2020 – Marsh & McLennan Companies, Inc. (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people, today reported financial results for the first guarter ended March 31, 2020.

Dan Glaser, President and CEO, said, "Marsh & McLennan had an excellent first quarter. We marked the one-year anniversary of our acquisition of JLT and are realizing the benefits of the combination. In the quarter, we grew total revenue 14% and delivered strong underlying revenue growth of 5%, with underlying growth across both Risk and Insurance Services and Consulting. We also increased our adjusted operating income by 15%, adjusted margin by 80 basis points and adjusted EPS by 8%.

Although the COVID-19 pandemic will affect all businesses in 2020, Marsh & McLennan has proven to be a resilient firm with unique capabilities, talent and expertise that will allow us to help our clients in this time of need."

### Consolidated Results

Consolidated revenue in the first quarter of 2020 was \$4.7 billion, an increase of 14%, or 5% on an underlying basis, compared with the first quarter of 2019. Underlying revenue growth is calculated as if Marsh & McLennan and Jardine Lloyd Thompson were a combined company a year ago, but excludes the impact of currency, other acquisitions, dispositions, and transfers among businesses. Operating income was \$1.1 billion compared with \$938 million in the prior year. Adjusted operating income, which excludes noteworthy items as presented in the attached supplemental schedules, rose 15% to \$1.2 billion.

Net income attributable to the Company was \$754 million, or \$1.48 per diluted share, in the first quarter. This compares with \$716 million, or \$1.40 per diluted share, in the prior year. Adjusted earnings per share rose 8% to \$1.64 compared with \$1.52 for the prior year period.

#### Risk & Insurance Services

Risk & Insurance Services revenue was \$2.9 billion in the first quarter of 2020, an increase of 20% compared with the first quarter 2019, or 5% on an underlying basis. Operating income of \$854 million increased 17% from the prior year. Adjusted operating income rose 20% to \$932 million compared with \$775 million in the prior year.

Marsh's revenue in the first quarter was \$2.1 billion, an increase of 5% on an underlying basis. In U.S./ Canada, underlying revenue also rose 5%. International operations produced underlying revenue growth of 4%, reflecting growth of 6% in Asia Pacific, 4% in EMEA and 3% in Latin America.

Guy Carpenter's revenue in the first quarter was \$827 million, an increase of 7% on an underlying basis.

## Consulting

Consulting revenue in the first quarter was \$1.8 billion, an increase of 5%, or 3% on an underlying basis. Operating income increased 1% to \$282 million compared with \$279 million in the prior year. Adjusted operating income declined 1% to \$289 million compared with \$291 million in the prior year.

Mercer's revenue was \$1.3 billion in the first quarter, an increase of 5% on an underlying basis. Health, with revenue of \$486 million, rose 8% on an underlying basis. Wealth revenue of \$592 million increased 3% on an underlying basis, and Career revenue of \$173 million increased 2% on an underlying basis.

Oliver Wyman's revenue was \$511 million, flat with the first quarter of 2019 on an underlying basis.

## Other Items

In January, Marsh & McLennan Agency (MMA) closed the acquisitions of Ironwood Insurance Services, LLC and Momentous Insurance Brokerage. On April 1, 2020, MMA announced the acquisition of Assurance Holdings, Inc., one of the leading independent agencies in the U.S.

During the first quarter of 2020, the Company repaid \$500 million of senior notes.

#### Conference Call

A conference call to discuss first quarter 2020 results will be held today at 8:30 a.m. Eastern time. To participate in the teleconference, please dial +1 888 204 4368. Callers from outside the United States should dial +1 323 794 2423. The access code for both numbers is 3870718. The live audio webcast may be accessed at <a href="mmc.com">mmc.com</a>. A replay of the webcast will be available approximately two hours after the event.

## About Marsh & McLennan Companies

Marsh & McLennan (NYSE: MMC) is the world's leading professional services firm in the areas of risk, strategy and people. The Company's 76,000 colleagues advise clients in over 130 countries. With annual revenue of \$17 billion, Marsh & McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses. Marsh advises individual and commercial clients of all sizes on insurance broking and innovative risk management solutions. Guy Carpenter develops advanced risk, reinsurance and capital strategies that help clients grow profitably and pursue emerging opportunities. Mercer delivers advice and technology-driven solutions that help organizations redefine the world of work, reshape retirement and investment outcomes, and unlock health and wellbeing for a changing workforce. Oliver Wyman serves as a critical strategic, economic and brand advisor to private sector and governmental clients. For more information, visit mmc.com, follow us on LinkedIn and Twitter @mmc\_global or subscribe to BRINK.

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

## Marsh & McLennan Companies, Inc. Consolidated Statements of Income (In millions, except per share figures) (Unaudited)

	Th	Three Months Ended March 31,				
		2020		2019		
Revenue	\$	4,651	\$	4,071		
Expense:						
Compensation and Benefits		2,555		2,282		
Other Operating Expenses		1,026		851		
Operating Expenses		3,581		3,133		
Operating Income		1,070		938		
Other Net Benefit Credits		64		64		
Interest Income		2		28		
Interest Expense		(127)		(120)		
Investment (Loss) Income		(2)		5		
	_					
	_					

## Marsh & McLennan Companies, Inc. Reconciliation of Non-GAAP Measures - Actual as Reported Three Months Ended March 31 (Millions) (Unaudited)

#### Overview

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (referred to in this release as "GAAP" or "reported" results). The Company also refers to and presents below certain additional non-GAAP financial measures, within the meaning of Regulation G under the Securities Exchange Act of 1934. These measures are: adjusted operating income (loss), adjusted operating margin, adjusted income, net of tax and adjusted earnings per share (EPS). The Company has included reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP in the following tables.

The Company believes these non-GAAP financial measures provide useful supplemental information that enables investors to better compare the Company's performance across periods. Management also uses these measures internally to assess the operating performance of its businesses, to assess performance for employee compensation purposes and to decide how to allocate resources. However, investors should not consider these non-GAAP measures in isolation from, or as a substitute for, the financial information that the Company reports in accordance with GAAP. The Company's non-GAAP measures include adjustments that reflect how management views our businesses, and may differ from similarly titled non-GAAP measures presented by other companies.

Adjusted Operating Income (Loss) and Adjusted Operating Margin

Adjusted operating income (loss) is calculated by excluding the impact of certain noteworthy items from the Company's GAAP operating income or (loss). The following tables identify these noteworthy items and reconcile adjusted operating income (loss) to GAAP operating income or loss, on a consolidated and segment basis, for the three months ended March 31, 2020 and 2019. The following tables also present adjusted operating margin. In 2019, the Company changed its methodology for calculating adjusted operating margin due to the significant amount of identified intangible asset amortis. Later the LT Transaction, on April 1, 2019. For the three months ended March 31, 2020 and 2019, adjusted operating margin is calculated by dividing the sidentified intangible asset amortization by consolidated or segment adjusted revenue.

The information presented below represents the actual as reported results for the three months ended March 31, 2020 and 20 ethree months ended March 31, 2019 are for MMC only, as previously reported, and do not include JLT results.

Risk & Insurance Services		Consulting		Corpo Eliminat		Total	
					_		
\$	854	\$	282	\$	(		1,07
	29.4%		16.0%		N		23.0
-							
	2		4		3	<b>\</b>	
	3		(4)		_		
	61		10		9		
	12		1		_		
	_		(4)		_	\	
			7		12		
		\$	289	\$	(54)	\$	
			14	\$	_	\$	
			17.2%		N/A		\
							7
			279	\$	(74)	\$	
<u> </u>					N/A	· —	
	5		11		2		
					_		
			_		17		
				-			
		-				-	
	\$	29.4% 2 3 61	29.4% 2 3 61 12 \$ \$ 5 10	29.4%     16.0%       2     4       3     (4)       61     10       12     1       —     (4)       7     \$       \$     289       14     17.2%       \$     279       16.7%       5     11       10     1	29.4%     16.0%       2     4       3     (4)       61     10       12     1       —     (4)       7     \$       \$ 289     \$       14     \$       17.2%     \$       \$ 279     \$       16.7%     \$       10     1	29.4%         16.0%         N           2         4         3           3         (4)         —           61         10         9           12         1         —           4         —         —           4         —         —           5         14         —           17.2%         N/A           N/A         N/A	29.4%         16.0%         N           2         4         3           3         (4)         —           61         10         9           12         1         —           -         (4)         —           7         12         \$           \$         289         \$ (54)         \$           14         \$         —         \$           17.2%         N/A         \$              \$         16.7%         N/A         \$

Marsh & McLennan Companies, Inc. Reconciliation of Non-GAAP Measures Three Months Ended March 31, (Millions) (Unaudited)

Adjusted income, net of tax is calculated as the Company's GAAP income from continuing operations, adjusted to reflect the after tax impact of the operating income adjustments set forth in the preceding tables and investments gains or losses related to the impact of mark-to-market adjustments on certain equity securities. Adjustments also include JLT acquisition related items, including change in fair value of derivative contracts, financing costs and interest income on funds held in escrow. Adjusted EPS is calculated by dividing the Company's adjusted income, net of tax, by MMC's average number of shares outstanding-diluted for the relevant period. The following tables reconcile adjusted income, net of tax to GAAP income from continuing operations and adjusted EPS to GAAP EPS for the three months ended March 31, 2020 and 2019. Results for the three months ended March 31, 2019 are for MMC only, as previously reported, and do not include JLT results.

Marsh & McLennan Companies, Inc. Supplemental Information Three Months Ended March 31, (Millions) (Unaudited)

## Marsh & McLennan Companies, Inc. Consolidated Statements of Cash Flows (Millions) (Unaudited)

	TI	Three Months Ended March 31,			
		2020		2019	
Operating cash flows:					
Net income before non-controlling interests	\$	767	\$	727	
Adjustments to reconcile net income to cash provided by operations:					
Depreciation and Amortization		183		125	
Non cash lease expense		80		68	
Share-based compensation expense		72		57	
Change in fair value of acquisition-related derivative contracts and other		(2)		(61)	
Changes in Assets and Liabilities:					
Accrued compensation and employee benefits		(1,178)		(886)	
Net receivables		(313)		(309)	
Other changes to assets and liabilities		(64)		179	
Contributions to pension & other benefit plans in excess of current year expense/credit		(85)		(80)	
Operating lease liabilities		(86)		(73)	
Effect of exchange rate changes		(12)		(23)	
Net cash used for operations		(638)		(276)	
Financing cash flows:					
Borrowings from term-loan and credit facilities		2,000		_	
Net increase in commercial paper		193		748	
Proceeds from issuance of debt		_		6,462	
Repayments of debt		(503)		(3)	
Acquisition-related derivative payments		_		(129)	
Net issuance of common stock from treasury shares		(68)		(9)	
Net distributions of non-controlling interests and deferred/contingent consideration		(50)		(33)	
Dividends paid		(232)		(210)	
Net cash provided by financing activities		1,340		6,826	
Investing cash flows:					
Capital expenditures		(118)		(73)	
Net sales of long-term investments and other		73		26	
Acquisitions		(200)		(140)	
Net cash used for investing activities		(245)		(187)	
Effect of exchange rate changes on cash and cash equivalents		(132)		47	
Increase in cash and cash equivalents and cash held in escrow		325		6,410	
Cash and cash equivalents at beginning of period		1,155		1,066	
Cash balances, end of period:	-				
Cash and cash equivalents at end of period	\$	1,480	\$	1,117	
Funds held in escrow for acquisition				6,359	
Total	\$	1,480	\$	7,476	

# Marsh & McLennan Companies, Inc. Reconciliation of Non-GAAP Measures - 2019 Revenue Including JLT Three Months Ended March 31, 2019 (Millions) (Unaudited)

On April 1, 2019, the Company completed its previously announced acquisition of Jardine Lloyd Thompson Group, plc. JLT results of operations for the three months ended March 31, 2020 are included in the Company's results of operations for the first quarter of 2020. Prior periods in 2019 do not include JLT's results. Prior to being acquired by the Company, JLT operated in three segments, Specialty, Reinsurance and Employee Benefits. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty was included by geography within Marsh, JLT Reinsurance was included within Guy Carpenter and the majority of the JLT Employee Benefits business was included in Mercer Health and Wealth.

The JLT Transaction had a significant impact on the Company's results of operations in 2019. The Company believes that in addition to the change in reported GAAP Measures - 2019 R6n/e5.4 (The JL) Tj ET Q e2019 R6n/e5.4 46 of 2020 revelhm3 Revenue Including JL Measures - 2011BT asures - 2019 R6n/e5.