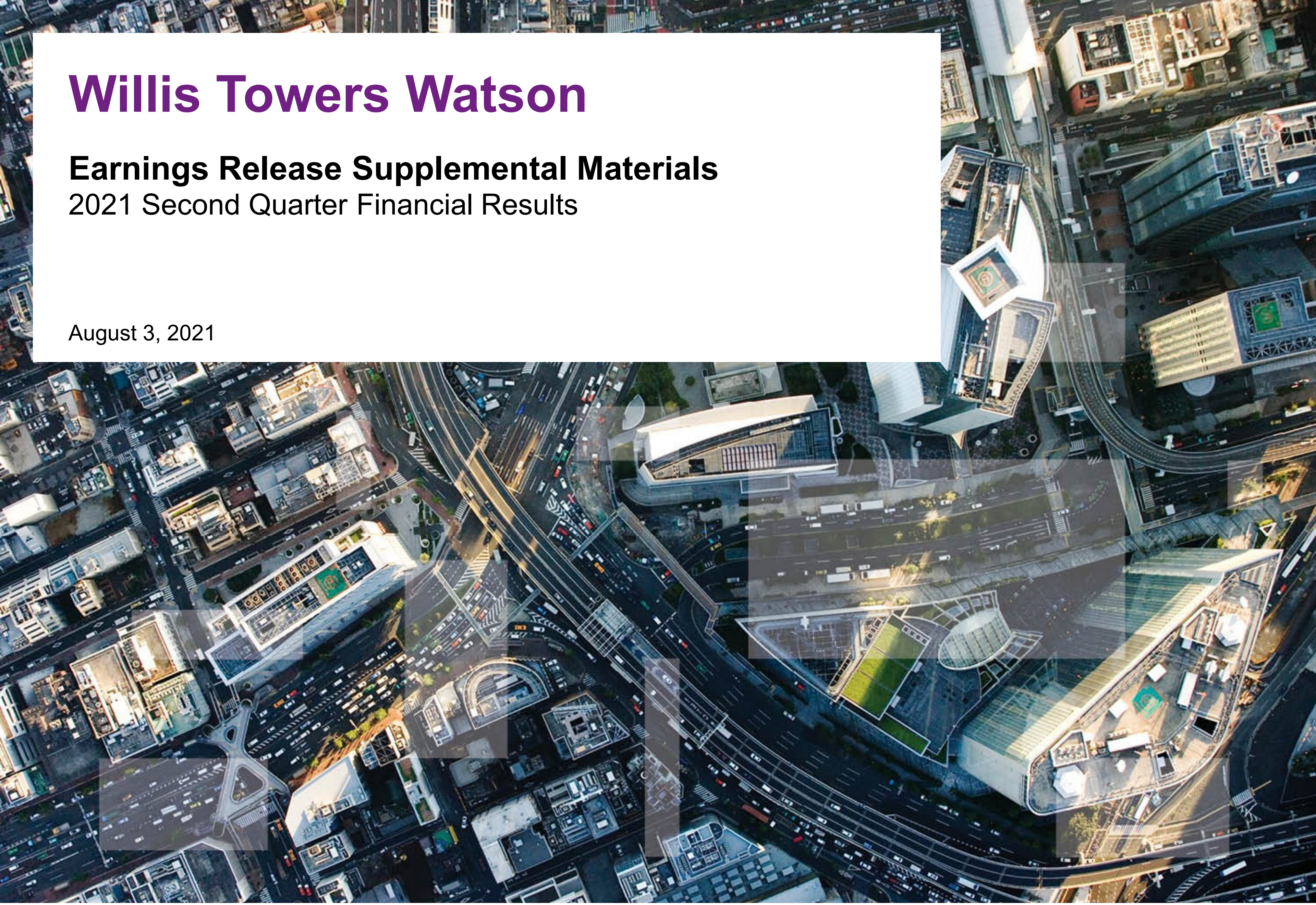
Willis Towers Watson

Earnings Release Supplemental Materials

2021 Second Quarter Financial Results

August 3, 2021



Willis Towers Watson

Willis Towers Watson Forward Looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements and other forward-looking statements in this document by words such as “may”, “will”, “would”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “intend”, “continue”, or similar words, expressions or the negative of such terms or other comparable terminology. These statements include, but are not limited to, such things as our outlook, the impact of the COVID-19 pandemic on our business, impact of the termination of the business combination with Aon plc and the divestitures contemplated in connection therewith, future capital expenditures, ongoing working capital efforts, future share repurchases, financial results (including our revenue), the impact of changes to tax laws on our financial results, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, our ability to successfully manage ongoing organizational and technology changes, including investments in improving systems and processes, and plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Willis Towers Watson’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained herein, including the following: our ability to successfully establish, execute and achieve our global business strategy as it evolves; changes in demand for our services, including any decline in consulting services, defined benefit pension plans or the purchasing of insurance; the risks related to changes in general economic, business and political conditions, including changes in the financial markets and inflation; the risks relating to the adverse impact of the ongoing COVID-19 pandemic on the demand for our products and services, our cash flows and our business operations, including increased demand on our information technology resources and systems and related risks of cybersecurity breaches or incidents; the risks relating to or arising from the termination of the business combination with Aon plc announced in March 2020 and the divestitures contemplated in connection therewith, including, among others, risks relating to the impact of such terminations on relationships, including with suppliers, customers, employees and regulators, risks relating to litigation in connection with the business combination and the impact of the costs of the business combination that will be borne by us, despite the business combination being terminated and the payment of the termination fee; significant competition that we face and the potential for loss of market share and/or profitability; the impact of seasonality and differences in timing of renewals; the failure to protect client data or breaches of information systems or insufficient safeguards against cybersecurity breaches or incidents; the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation; the risk of substantial negative outcomes on existing litigation or investigation matters; changes in the regulatory environment in which we operate, including, among other risks, the impacts of pending competition law and regulatory investigations; various claims, government inquiries or investigations or the potential for regulatory action; our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses; our ability to successfully hedge against fluctuations in foreign currency rates; our ability to integrate direct-to-consumer sales and marketing solutions with our existing offerings and solutions; our ability to comply with complex and evolving regulations related to data privacy and cyber security; our ability to successfully manage ongoing organizational changes, including investments in improving systems and processes; disasters or business continuity problems; the impact of Brexit; our ability to successfully enhance our billing, collection and other working capital efforts, and thereby increase our free cash flow; the potential impact of the anticipated replacement of the London Interbank Offered Rate (‘LIBOR’); our ability to properly identify and manage conflicts of interest; reputational damage, including from association with third parties; reliance on third-party services; the loss of key employees or a large number of employees; doing business internationally, including the impact of exchange rates; compliance with extensive government regulation; the risk of sanctions imposed by governments, or changes to associated sanction regulations; our ability to effectively apply technology, data and analytics changes for internal operations, maintaining industry standards and meeting client preferences; changes and developments in the insurance industry or the U.S. healthcare system, including those related to Medicare and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; the inability to protect the Company’s intellectual property rights, or the potential infringement upon the intellectual property rights of others; fluctuations in our pension assets and liabilities; our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each; our ability to obtain financing on favorable terms or at all; adverse changes in our credit ratings; the impact of recent or potential changes to U.S. or foreign tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign regulatory and tax laws and regulations and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares; changes in accounting principles, estimates or assumptions; fluctuation in revenue against our relatively fixed or higher than expected expenses; the laws of Ireland being different from the laws of the U.S. and potentially affording less protections to the holders of our securities; and our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries. The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information, please see Part I, Item 1A in our Annual Report on Form 10-K, and our subsequent filings with the SEC. Copies are available online at http://www.sec.gov or www.willistowerswatson.com.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made, and we will not update these forward-looking statements unless the securities laws require us to do so. With regard to these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

Willis Towers Watson Non-GAAP Measures

In order to assist readers of our consolidated financial statements in understanding the core operating results that Willis Towers Watson's management uses to evaluate the business and for financial planning, we present the following non-GAAP measures: (1) Constant Currency Change, (2) Organic Change, (3) Adjusted Operating Income/Margin, (4) Adjusted EBITDA/Margin, (5) Adjusted Net Income, (6) Adjusted Diluted Earnings Per Share, (7) Adjusted Income Before Taxes, (8) Adjusted Income Taxes/Tax Rate and (9) Free Cash Flow.

The Company believes that these measures are relevant and provide useful information widely used by analysts, investors and other interested parties in our industry to provide a baseline for evaluating and comparing our operating performance, and in the case of free cash flow, our liquidity results.

Reconciliations of these measures are included in the accompanying appendix of these earning release supplemental materials.

The Company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information, such as foreign currency impacts necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure, is available to the Company without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

Q2 2021 GAAP Financial Results

Key Figures

$USD million, except EPS and %	Three months ended June 30,		Six months ended June 30,	
	2020	**2021**	2020	**2021**
Revenue *as reported % change*	$2,113	**$2,286** *+8%*	$4,579	**$4,876** *+6%*
Income from Operations *as reported % change*	$163	**$260** *+60%*	$523	**$712** *+36%*
Operating Margin % *as reported change, basis points*	7.7%	**11.4%** *+370 bps*	11.4%	**14.6%** *+320 bps*
Net Income attributable to Willis Towers Watson *as reported % change*	$94	**$184** *+96%*	$399	**$917** *+130%*
Diluted EPS *as reported % change*	$0.72	**$1.41** *+96%*	$3.07	**$7.04** *+129%*
Net Cash From Operating Activities *as reported % change*			$685	**$366** *-47%*

Q2 2021 Key Figures, Includes Non-GAAP Financial Results

Willis Towers Watson reports strong second quarter 2021 earnings

Total Revenue

$2.3B

Q2 2021 Revenue

Broad-Based Organic Growth

Constant currency growth of 4% and organic revenue growth of 8% for the quarter

This reflects our commitment to our clients and their rapidly evolving needs as they continue to navigate unprecedented business disruptions

Constant Currency %		*Organic %*	
+4%	+5%	+8%	0%
Q2 2021	Q2 2020	Q2 2021	Q2 2020

Adj. Diluted EPS[1]

$2.66

Q2 2021 Adj. Diluted EPS

Double-Digit Earnings Growth

Delivered strong adjusted diluted EPS growth of 48%

Underpinned by robust growth in core operations as well as effective management of non-operating activities

+48%	$1.80
Q2 2021	Q2 2020

Adj. Operating Margin[1]

17.9%

Q2 2021
Adj. Operating Margin

Core Margin Expansion

+390bps of core margin expansion

Strong organic growth coupled with operational efficiency gains and disciplined expense management helped drive margin expansion

+390*bps*	14.0%
Q2 2021	Q2 2020

Free Cash Flow[1]

$287M

Free Cash Flow
six months ended
June 30, 2021

Short-term Headwind

The decrease in year-over-year free cash flow was due to net legal settlement payments of approximately $185 million for the previously announced Stanford and Willis/Towers Watson merger settlements and higher incentive compensation and benefit-related items of approximately $249

-48%	$550M
YTD ‘21 vs. YTD ‘20	YTD 2020

1 Signifies Non-GAAP financial measures. See appendix for Non-GAAP reconciliations.

Organic Growth Across All Segments

Our unwavering commitment to our clients and colleagues is key to our growth

Organic Revenue Growth %

	Q2 2020	Q2 2021
Human Capital & Benefits	-2%	**5%**
Corporate Risk & Broking	4%	**8%**
Investment, Risk & Reinsurance	2%	**15%**
Benefits Delivery & Administration	-3%	**14%**
Willis Towers Watson	0%	**8%**

HCB had solid organic revenue growth. Talent and Rewards revenue grew due to an increase in demand for advisory work. Retirement revenue grew in Great Britain driven by funding and Guaranteed Minimum Pension ('GMP') equalization work. Health and Benefits revenue grew primarily from increased consulting work in North America. Technology and Administrative Solutions revenue increased due to new project and client activity in Great Britain.

CRB produced strong organic growth and was led by North America who benefited from gains in connection with settlements and book-of-business sales. Revenue in International, Western Europe, and Great Britain increased due to new business generation and strong renewals across several insurance lines such as FINEX and Construction.

IRR had organic revenue across most lines of business. Reinsurance growth was driven by new business wins and favorable renewals. Investments and Insurance Consulting & Technology revenue growth was led by advisory-related fees.

BDA delivered another quarter of strong organic growth and was led by Individual Marketplace, primarily TRANZACT. For the quarter, TRANZACT revenue was $116 million with strong growth in Medicare Advantage sales.

Summary of Segment Financial Results

Q2 2021 segment results compared to Q2 2020

As reported, $USD million, except %	Q2 2020		Q2 2021		
	Revenue	Operating Margin %[1]	**Revenue**	**Operating Margin %[1]**	**Margin** *Year-over-year*
Human Capital & Benefits	767	21%	**836**	**23%**	**+210 bps**
Corporate Risk & Broking	701	19%	**788**	**23%**	**+370 bps**
Investment, Risk & Reinsurance	413	29%	**400**	**33%**	**+460 bps**
Benefits Delivery & Administration	209	-4%	**242**	**-4%**	**-10 bps**

1 The Operating Margin percentage is rounded.

Maintaining A Flexible Balance Sheet Position

Reinforcing our business fundamentals; safeguarding WTW's financial strength

$USD million	June 30, 2020	Dec 31, 2020	**June 30, 2021**
Cash and Cash Equivalents	1,087	2,089	**2,217**
Total Debt[1]	5,593	5,635	**5,105**
Total Equity	10,456	10,932	**11,715**
Debt to Adj. EBITDA[2] *Trailing 12-month*	*2.3x*	*2.3x*	***1.9x***

A disciplined capital management strategy intended to provide Willis Towers Watson with **the financial flexibility** to reinvest in our businesses, capitalize on market growth opportunities, and support significant value creation for shareholders

Our capital structure provides a solid foundation for business strength and growth in the long-term

A solid history of effectively managing our leverage with a commitment to **maintaining investment grade credit rating**

Our **disciplined approach to managing outstanding debt** has successfully reduced the leverage profile

1 Total Debt equals sum of current debt and long-term debt as shown on the Consolidated Balance Sheets.
2 Signifies Non-GAAP financial measure. See appendix for Non-GAAP reconciliations.

A Capital Strategy Fit For The Short & Long-Term

Disciplined approach to capital allocation

A capital light business model and capital structure allow us to shift capital between growth and value creation based on changes in the businesses and/or the macro environment

A strong focus on return on investment to optimize the use of cash

A disciplined approach to managing our pipeline of investment opportunities. Matching capital with opportunities that yields the best results for our clients, colleagues, and shareholders

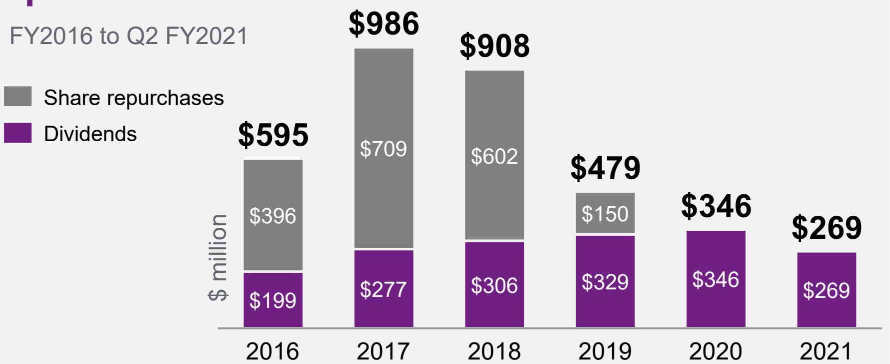
Goals to prioritize use of cash

1. Reinvest in our capabilities, businesses, and processes
2. Invest in innovation, technology, and new business opportunities
3. Return excess cash to shareholders through share repurchase
4. Strengthen balance sheet and liquidity
5. Sustain dividends and payout ratio
6. Pursue opportunistic mergers, acquisitions, and divestitures

CASH RETURNED TO SHAREHOLDERS

$3.6B

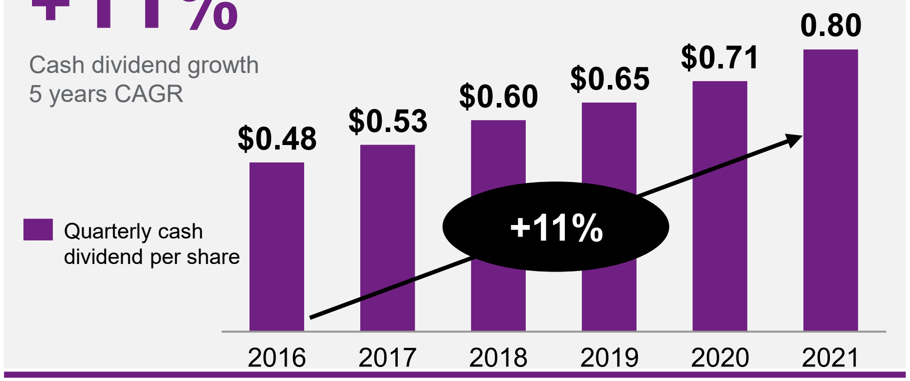
FY2016 to Q2 FY2021



MEANINGFUL DIVIDEND GROWTH

+11%

Cash dividend growth
5 years CAGR



Appendix: Reconciliation of Non-GAAP Measures

Appendix 1: Constant currency and organic revenue change

As reported, USD millions, except %

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	As Reported % Change	Components of Revenue Change[i]: Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	$ 836	$ 767	9%	5%	4%	0%	5%
Corporate Risk & Broking	788	701	12%	4%	8%	0%	8%
Investment, Risk & Reinsurance	400	413	(3)%	4%	(7)%	(23)%	15%
Benefits Delivery & Administration	242	209	16%	0%	16%	2%	14%
Segment Revenue	**2,266**	**2,090**	**8%**	**4%**	**4%**	**(4)%**	**9%**
Reimbursable expenses and other	20	23					
Revenue	**$ 2,286**	**$ 2,113**	**8%**	**4%**	**4%**	**(4)%**	**8%**

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	As Reported % Change	Components of Revenue Change[i]: Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	$ 1,711	$ 1,617	6%	4%	2%	0%	2%
Corporate Risk & Broking	1,598	1,440	11%	4%	7%	0%	6%
Investment, Risk & Reinsurance	1,005	1,028	(2)%	4%	(6)%	(14)%	8%
Benefits Delivery & Administration	529	440	20%	0%	20%	2%	19%
Segment Revenue	**4,843**	**4,525**	**7%**	**4%**	**3%**	**(3)%**	**6%**
Reimbursable expenses and other	33	54					
Revenue	**$ 4,876**	**$ 4,579**	**6%**	**4%**	**3%**	**(3)%**	**6%**

[i] Components of revenue change may not add due to rounding

Appendix 2: Adjusted operating income and margin, adjusted EBITDA and margin, free cash flow

As reported, USD millions, except %

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020	
Income from operations	$ 260	11.4 %	$ 163	7.7 %
Adjusted for certain items:				
Amortization	98		119	
Transaction and integration expenses	51		14	
Adjusted operating income	$ 409	17.9 %	$ 296	14.0 %

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
Income from operations	$ 712	14.6 %	$ 523	11.4 %
Adjusted for certain items:				
Abandonment of long-lived asset	—		35	
Amortization	201		240	
Transaction and integration expenses	75		23	
Adjusted operating income	$ 988	20.3 %	$ 821	17.9 %

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020	
Net Income	$ 186	8.1 %	$ 102	4.8 %
Provision for income taxes	96		75	
Interest expense	52		62	
Depreciation	72		67	
Amortization	98		119	
Transaction and integration expenses	51		14	
Loss on disposal of operations	2		2	
Adjusted EBITDA and Adjusted EBITDA Margin	$ 557	24.4 %	$ 441	20.9 %

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
Net Income	$ 922	18.9 %	$ 415	9.1 %
Provision for income taxes	192		153	
Interest expense	111		123	
Depreciation	143		165	
Amortization	201		240	
Transaction and integration expenses	75		23	
(Gain)/loss on disposal of operations	(357)		2	
Adjusted EBITDA and Adjusted EBITDA Margin	$ 1,287	26.4 %	$ 1,121	24.5 %

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities	$ 366	$ 685
Less: Additions to fixed assets and software for internal use	(79)	(135)
Free Cash Flow	$ 287	$ 550

Appendix 3: Adjusted net income and adjusted diluted earnings per share

As reported, USD millions, except % and EPS

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Net Income attributable to Willis Towers Watson	$ 184	$ 94
Adjusted for certain items:		
Amortization	98	119
Transaction and integration expenses	51	14
Loss on disposal of operations	2	2
Tax effect on certain items listed above(i)	(28)	(30)
Tax effect of statutory rate change	40	—
Tax effect of the CARES Act	—	35
Adjusted Net Income	$ 347	$ 234
Weighted-average shares of common stock, diluted	130	130
Diluted Earnings Per Share	$ 1.41	$ 0.72
Adjusted for certain items:(ii)		
Amortization	0.75	0.91
Transaction and integration expenses	0.39	0.11
Loss on disposal of operations	0.02	0.02
Tax effect on certain items listed above(i)	(0.21)	(0.23)
Tax effect of statutory rate change	0.31	—
Tax effect of the CARES Act	—	0.27
Adjusted Diluted Earnings Per Share	$ 2.66	$ 1.80

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net Income attributable to Willis Towers Watson	$ 917	$ 399
Adjusted for certain items:		
Abandonment of long-lived asset	—	35
Amortization	201	240
Transaction and integration expenses	75	23
(Gain)/loss on disposal of operations	(357)	2
Tax effect on certain items listed above(i)	(55)	(65)
Tax effect of statutory rate change	40	—
Tax effect of the CARES Act	—	35
Adjusted Net Income	$ 821	$ 669
Weighted-average shares of common stock, diluted	130	130
Diluted Earnings Per Share	$ 7.04	$ 3.07
Adjusted for certain items:(ii)		
Abandonment of long-lived asset	—	0.27
Amortization	1.54	1.84
Transaction and integration expenses	0.58	0.18
(Gain)/loss on disposal of operations	(2.74)	0.02
Tax effect on certain items listed above(i)	(0.42)	(0.50)
Tax effect of statutory rate change	0.31	—
Tax effect of the CARES Act	—	0.27
Adjusted Diluted Earnings Per Share	$ 6.30	$ 5.14

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals may differ due to rounding.

Appendix 4: Adjusted income before taxes and adjusted income tax rate

As reported, USD millions, except % and EPS

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Income from operations before income taxes	$ 282	$ 177
Adjusted for certain items:		
Amortization	98	119
Transaction and integration expenses	51	14
Loss on disposal of operations	2	2
Adjusted income before taxes	$ 433	$ 312
Provision for income taxes	$ 96	$ 75
Tax effect on certain items listed above[(i)]	28	30
Tax effect of statutory rate change	(40)	—
Tax effect of the CARES Act	—	(35)
Adjusted income taxes	$ 84	$ 70
U.S. GAAP tax rate	**33.8%**	**42.2%**
Adjusted income tax rate	**19.3%**	**22.2%**

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Income from operations before income taxes	$ 1,114	$ 568
Adjusted for certain items:		
Abandonment of long-lived asset	—	35
Amortization	201	240
Transaction and integration expenses	75	23
(Gain)/loss on disposal of operations	(357)	2
Adjusted income before taxes	$ 1,033	$ 868
Provision for income taxes	$ 192	$ 153
Tax effect on certain items listed above[(i)]	55	65
Tax effect of statutory rate change	(40)	—
Tax effect of the CARES Act	—	(35)
Adjusted income taxes	$ 207	$ 183
U.S. GAAP tax rate	**17.2%**	**26.9%**
Adjusted income tax rate	**20.0%**	**21.1%**

[(i)] The tax effect was calculated using an effective tax rate for each item.

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has more than 46,000 employees and services clients in more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance.
Together, we unlock potential. Learn more at willistowerswatson.com.