



London Stock Exchange Group

Investor Relations Presentation

March 2020

Strong financial performance in 2019

Total income

+8%

£2,314m

(2018: £2,135m)

Gross profit

+10%

£2,104m

(2018: £1,908m)

Underlying operating expenses¹

+1%

£839m

(2018: £834m)

Adjusted EBITDA

+19%

£1,265m

(2018: £1,066m)

AEPS

+15%

200.3p

(2018: 173.8p)

Full year dividend

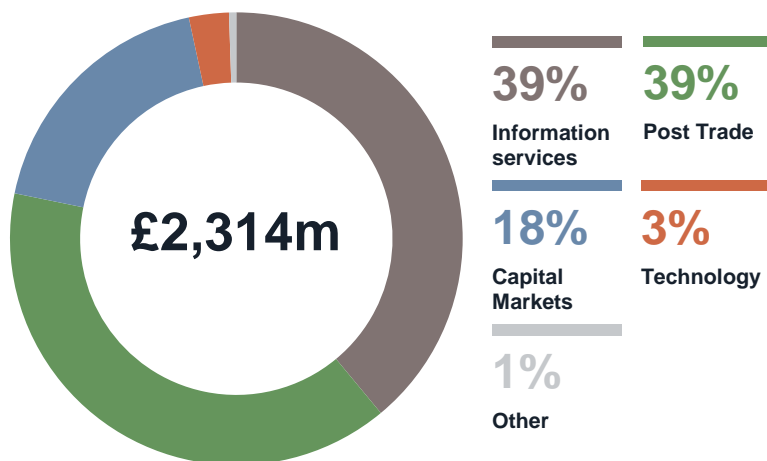
+16%

70.0p per share

(2018: 60.4p)

Income by segment – growth in all core segments

LSEG 2019 Total Income by segment



Double-digit growth

FTSE Russell

10%

FTSE Russell revenue up 10% (up 6% at organic constant currency)

LCH

15%

LCH OTC clearing revenue up 15% (up 13% at constant currency)

	Twelve months ended 31-Dec			Organic and constant currency
	2019 £m	2018 £m	Variance %	variance ¹ %
Continuing operations				
Revenue				
Information Services ¹	902	841	7%	5%
Post Trade Services - LCH	550	487	13%	13%
Post Trade Services - CC&G and Monte Titoli	103	102	1%	2%
Capital Markets	426	407	5%	5%
Technology	66	65	2%	1%
Other revenue	9	9	-	-
Total revenue	2,056	1,911	8%	6%
Net treasury income through CCP businesses	255	218	17%	16%
Other income	3	6	-	-
Total income	2,314	2,135	8%	7%
Cost of sales	(210)	(227)	(8%)	(8%)
Gross profit	2,104	1,908	10%	9%

2019 versus 2018

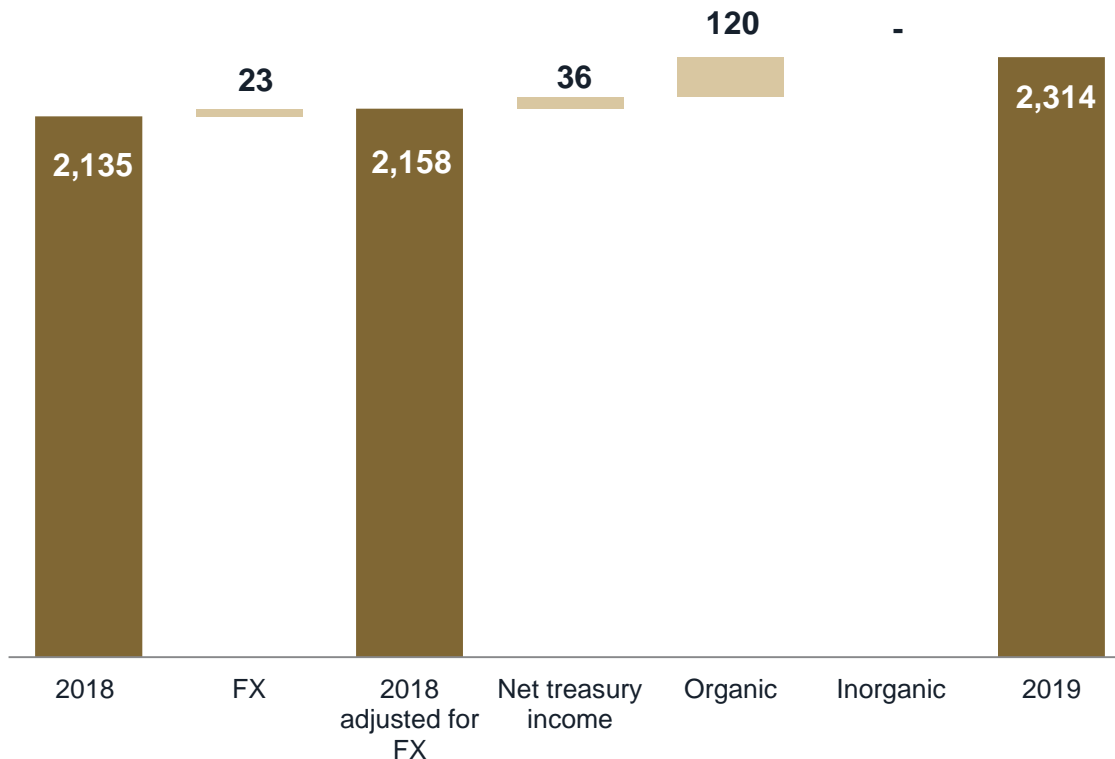
- Capital Markets: Primary Markets revenue increased by c.£32 million in H1 2019 due to a change in estimate relating to IFRS 15. This is due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised. Under this new treatment, it is estimated the impact on Primary Markets will be an increase in revenue of £1 million on an annual basis
- LCH cost of sales reduced by over £30 million due to an updated SwapClear agreement with partner banks, announced at Q1 2019

¹Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes Beyond Ratings

Income growth

Organic growth across core businesses and NTI drives income

LSEG income (£m)



Net Treasury Income

LCH NTI up 18% to £206m
CC&G NTI up 14% to £49m

Cash collateral driven by:

- Volumes
- Volatility

Income driven by

- Quantum of cash margin
- Expansion of counterparties
- Active asset allocation

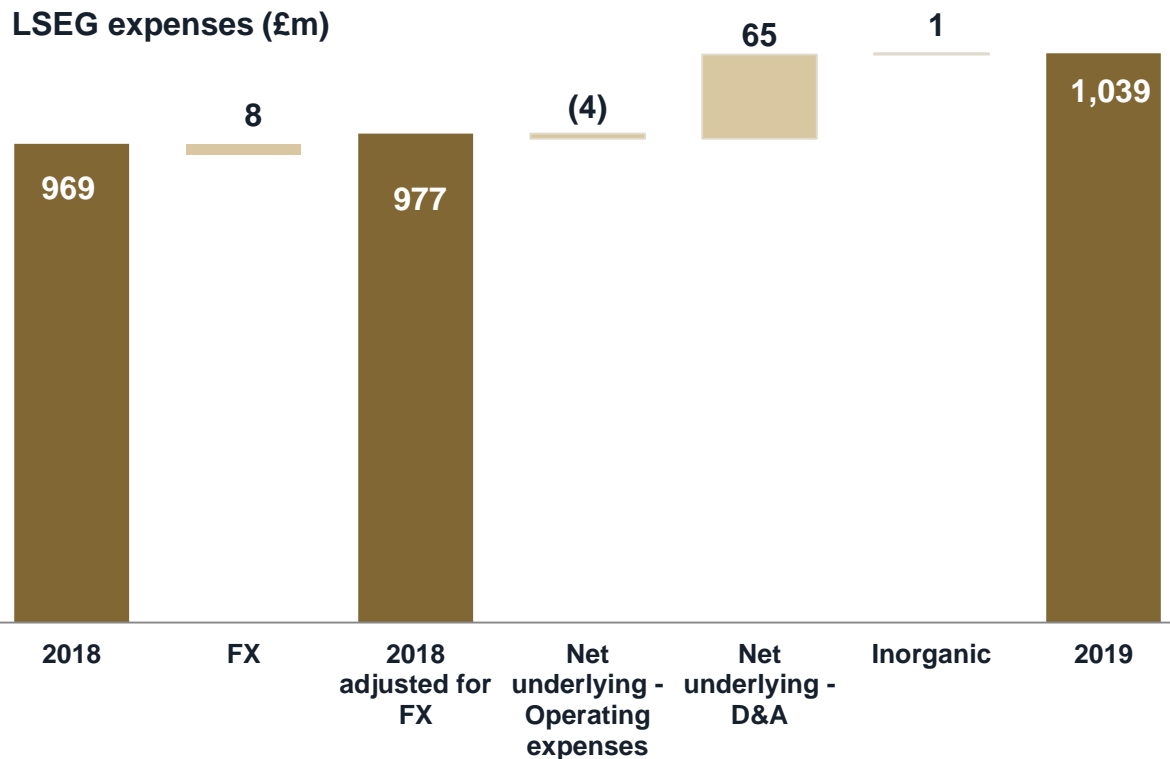
Note: Inorganic includes income for businesses held for less than 12 months in either period: Beyond Ratings
Organic includes £32 million IFRS15 benefit

Operating expenses well controlled

Expenses (before depreciation) up 1%

Total operating expenses up 7%

LSEG expenses (£m)



- Operating expenses before depreciation and amortisation: £839m (2018: £834m)
- Headcount reduction programme in 2019: £17m achieved; programme continues
- Organic investment for growth and operational improvements driving depreciation – 2019: £200m (2018: £135m)

Note: Excluding amortisation of purchased intangibles, non-underlying items and cost of sales

Inorganic includes costs for businesses held for less than 12 months in either period: Beyond Ratings

Net underlying operating expenses includes a £31 million IRFS 16 benefit, Net underlying D&A includes £26 million IFRS 16 impact

Operating expenses – looking ahead

Continuing to invest for growth, efficiency and resilience with good cost discipline

Operating Expenses

Growth

- Continued investment for growth and efficiency– will drive depreciation

Efficiency

- £30m cost reduction previously announced Q1 2019 – Net cost saves £17m in 2019. Expect to achieve run rate savings of £30m by the end of 2020

Resilience

- Ongoing investment in technology

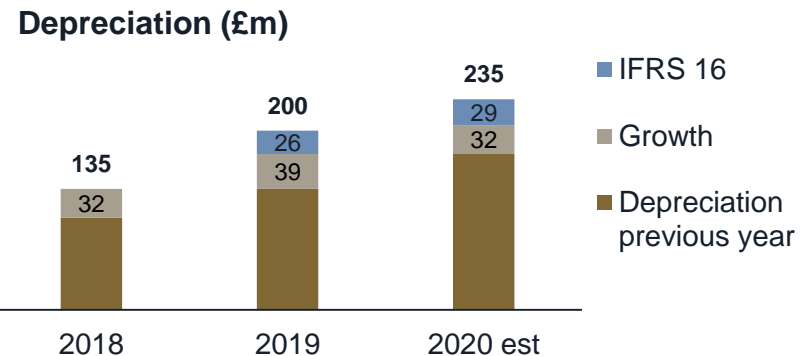
Cost discipline

- Focus on control of Operating expenses across Group

Looking Ahead

Depreciation

- Expect c.£235m in 2020 (IFRS 16 Leases - 2020 impact c.£29m)



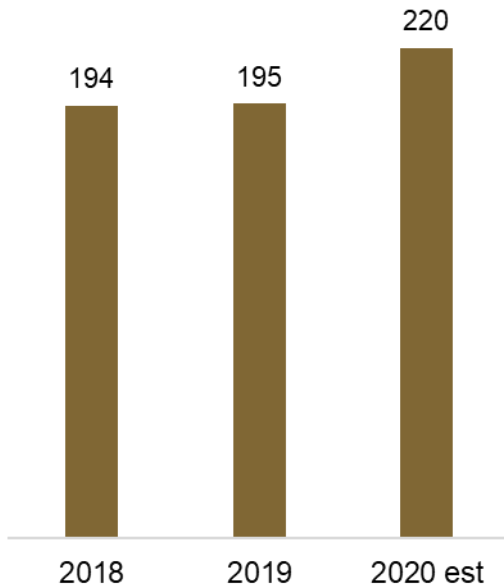
Tax rate

- Reported tax rate 2019: 23.7%
- Expect 22% - 23% for 2020

Investment for growth continuing

Investment expense 2020: c.£250m of which Capex c.£220m

Capex (£m)



Investment expense 2020



34%

Investment for growth

66%

Operational

Investment for growth and efficiency

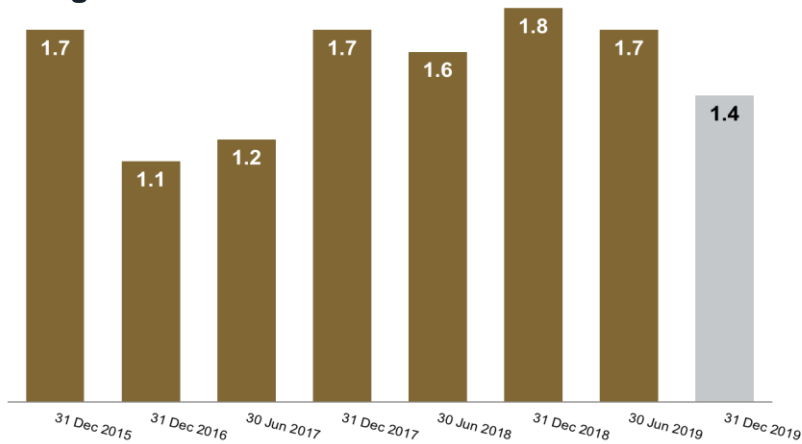
- Index & Analytics - digital, multi-asset, global
- Trading venue enhancements
- LCH - Multi-asset class clearing and risk platform
- CRM¹ systems - increasing efficiency
- Property consolidation

Operational

- Data centre consolidation
- Cloud migration
- Ongoing investment in technology upgrades and investment in systems, information security (cyber) and resilience

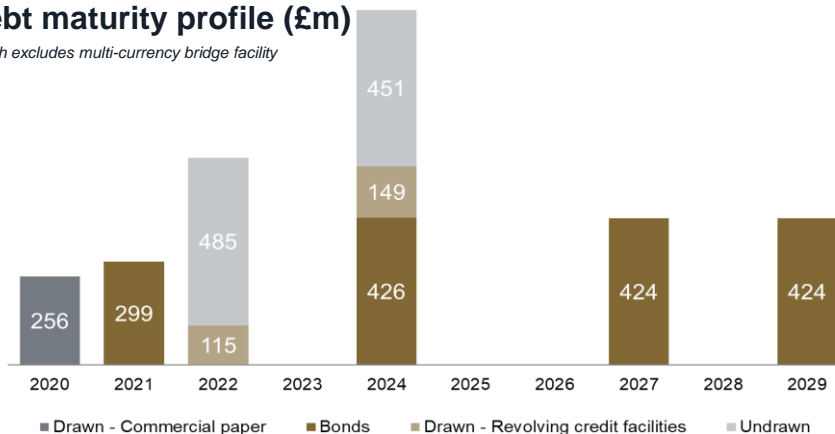
Strong financial position

Leverage¹



Debt maturity profile (£m)

Graph excludes multi-currency bridge facility



31 December 2019

Operating net debt **£1.8bn** (30 June 2019: £1.9bn)

Net debt: adjusted EBITDA 1.4x (excluding £1.1bn restricted cash)

Committed undrawn credit lines of c.£680m to 2024

Bridge facility to potentially refinance debt at completion of the acquisition, available in two tranches of \$9.325bn and €3.580bn

Ratings

LSEG: S&P long term **A** with **negative** outlook and Moody's **A3** with **negative** outlook

LCH LTD & SA: S&P long term **AA-** with **watch negative** outlook

Potential one or two-notch downgrade in long-term rating on completion of Refinitiv transaction

¹ Pro forma as if acquisitions held for the complete year

Achievement of 2017-19 financial targets

Target

FTSE Russell

Double-digit growth to continue 2017-2019

LCH - OTC

Double-digit growth to continue 2017-2019

LCH

Adjusted EBITDA margin growth -
approaching 50% by 2019
(2016: 35.6%, 2017: 43.6%, 2018: 45.9%)

Performance

2019: up 10%

Up 6% on constant currency basis

2019: up 15%

Up 13% on constant currency basis

2019: 54.9%

Original target: c.55% Group adjusted EBITDA margin - **2019: 54.7%**



Business Review

Successfully executing our strategy

Continued focus on delivering shareholder returns while investing for the long-term

Information Services

Develop our data and analytics products and capabilities to become a global leader

- 340 new equity indices launched in 2019
- Fixed Income and Multi-Asset (e.g. Climate WGBI)
- Strategic data-oriented acquisitions (e.g. Beyond Ratings)
- Utilise our proprietary datasets to develop cross divisional products

Capital Markets

Enhance and expand our multi-asset class capital markets capabilities

- Continue to innovate across multiple asset classes (e.g. Sustainable Bond Market, CurveGlobal, Turquoise NYLON)
- Increasing participation in private capital raising (ELITE including Scotland and Americas)
- Supporting retail activity onto our markets

Post Trade

Provide a resilient, stable and efficient post-trade solution to manage risk for customers

- New LSEG Post Trade division will deliver greater customer benefits through collaboration and coordination across LCH, CC&G, Monte Titoli and UnaVista on an Open Access basis
- Continued use of data and analytics to help our customers to effectively manage risk (e.g. SwapAgent)

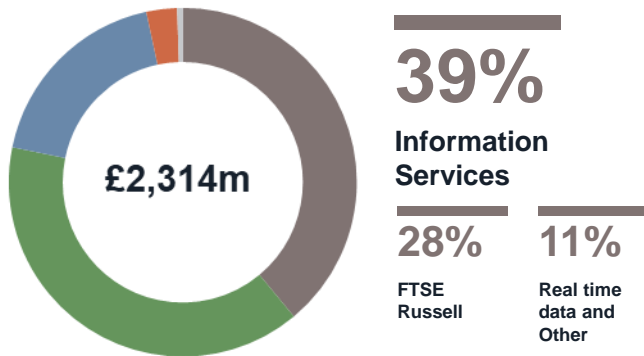
Operating across the financial markets value chain 

Technology and Operations

- Development of a strong Group operating model and culture of collaboration, operational and technological excellence
- Continuous investment in technology infrastructure, adopting a Cloud strategy
- Group-wide collaboration, creating efficiencies and innovative products

Information Services

LSEG 2019 Total Income by segment



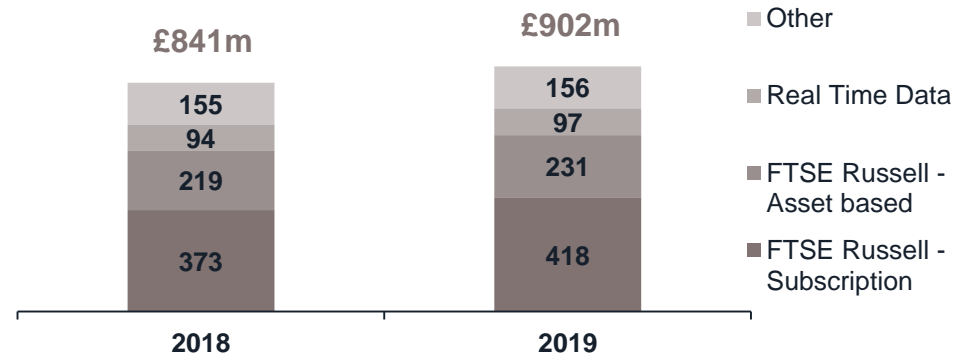
Growth drivers

- **Core Product:** Support core product offering with value-added content
- **Sustainable Investment:** Development of specialist ESG datasets and IP
- **Fixed Income & Multi-asset:** Continued development and expansion of expertise and coverage within multi-asset
- **Smart Beta:** Further develop factor offering across asset classes to help investors implement more complex investment strategies
- **Analytics:** Support investor needs to build, manage and analyse complex portfolios and investment processes

Highlights

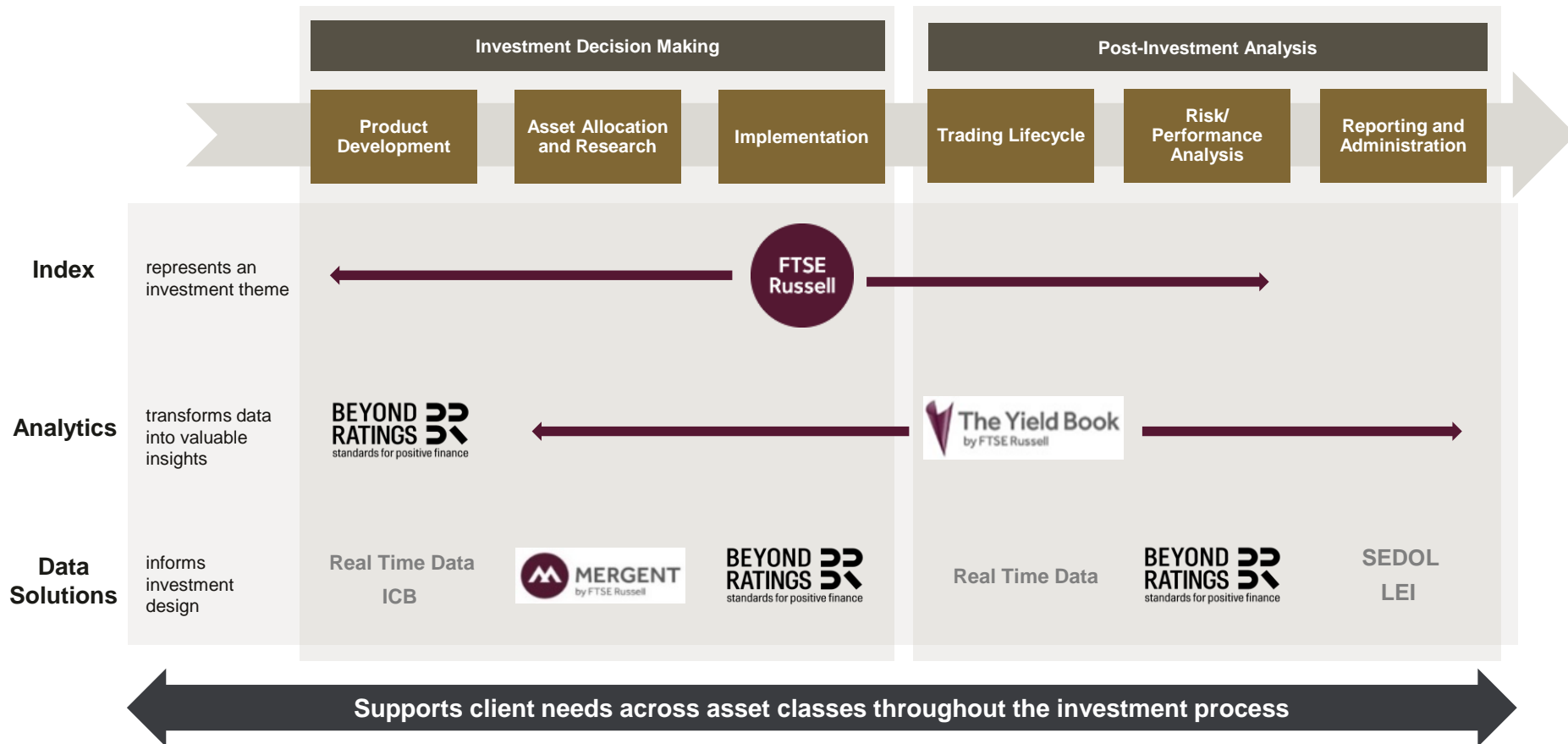
- \$765bn ETF AUM benchmarked to FTSE Russell indices
- Launched Climate WGBI, based on risk modelling from Beyond Ratings
- Pensioenfonds Detailhandel selected a custom FTSE Russell ESG benchmark to align with the UN's Sustainable Development Goals
- Inclusion of China A shares in FTSE global equity benchmarks

Growth in Information Services income



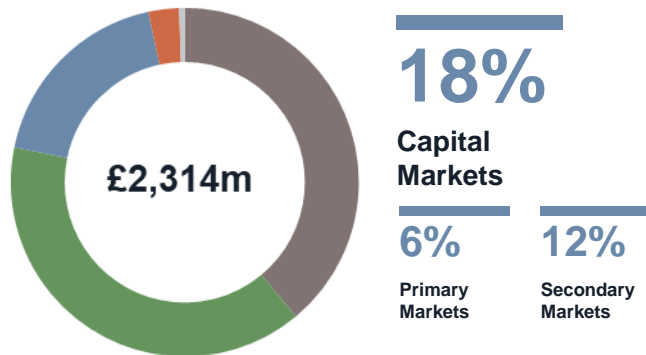
Information Services Ecosystem

Market participants use indices, data and analytics throughout the investment process



Capital Markets

LSEG 2019 Total Income by segment



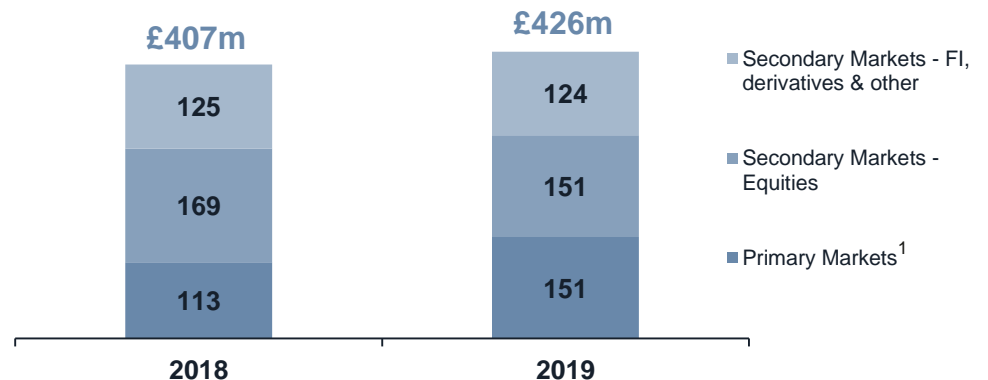
Key initiatives

- **MTS:** 21 countries currently operating on MTS Cash markets and expanding
- **Turquoise:** Continued innovation and Europe's leading dark pool
- **CurveGlobal:** Supporting alternative reference rate transition
- **Shanghai-London Stock Connect:** Expand our global reach and deepen partnerships
- **Sustainable Finance:** Green Economy Mark and Sustainable Bond Market launched in 2019

Highlights

- 109 new admissions, of which c.25% international
- Borsa Italiana had the highest number of new listings in Europe in 2019
- MTS Repo: Value traded up 30% to €113tn
- CurveGlobal: 5.7m lots traded in 2019, up 78%

Growth in Capital Markets income



Sustainable finance leadership

London Stock Exchange Group is uniquely positioned to support and facilitate sustainable and low carbon solutions across the financial markets ecosystem

Integrating sustainability into investment processes

- LSEG acquired Beyond Ratings (specialists in fixed income and government bond ESG solutions)
- FTSE Russell launched Climate Risk-Adjusted World Government Bond Index (Climate WGBI)
- Launch of FTSE SDG Aligned Index
- Launch of FTSE TPI Climate Transition Index in collaboration with TPI and the Church of England Pensions Board

Providing access to capital

- Launch of the Sustainable Bond Market
- Launch of the Green Economy Mark, recognising 75 companies with 50% or more green revenues
- A record 79 new ESG ETFs listed on our markets in 2019
- Borsa Italiana launched a new segment of its ExtraMOT market for Italian SMEs
- Over a third of the £6.9bn total capital raised by investment funds in 2019 raised by green funds

LSEG environmental performance in 2019

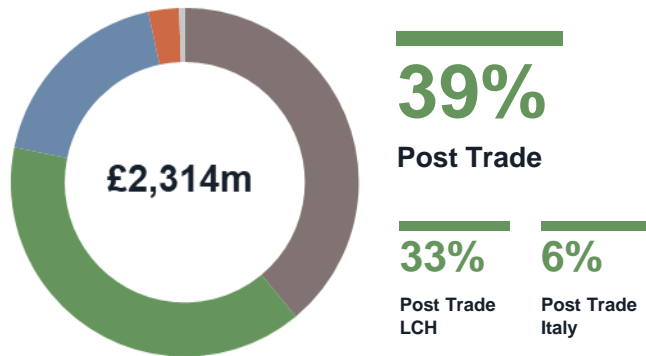
LSEG was one of the first companies in the financial services sector to commit to a long-term science-based carbon reduction target

41%

Reduction in our absolute carbon footprint

Post Trade

LSEG 2019 Total Income by segment



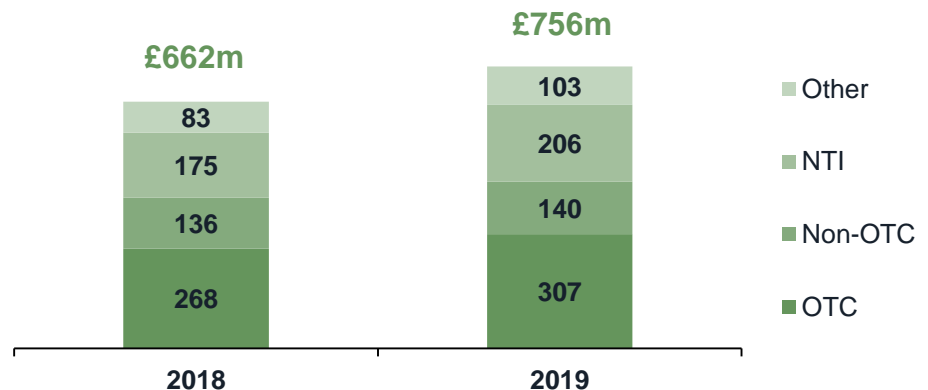
Key initiatives

- **SwapClear:** Leading global clearing service providing margin and capital efficiencies to members and clients – supporting a number of alternative reference rates
- **ForexClear:** Strong early stage growth, building on established position in NDFs and new deliverable forwards clearing
- **RepoClear:** Enhanced choice and efficiency with clearing in LCH SA
- **SwapAgent:** Compression and efficiency tools to extend benefits to the uncleared market – surpassed \$1tn in total notional registered
- **Monte Titoli:** Focus on efficiency with digitalisation programme

Highlights

- SwapClear: \$1,229tn total notional cleared, up 14%; 1.7m client trades cleared up 13%
- Compression: up 19% to \$920tn
- ForexClear: Launched clearing for deliverable FX forwards; membership increased to 34
- RepoClear: nominal cleared up 7% to €106tn; Successfully migrated a large majority of Euro denominated debt into LCH SA
- Acquired a minority 4.92% stake in Euroclear

Growth in LCH income





SwapClear and ForexClear

SwapClear

Continued global leadership in OTC rates clearing

90%+

Share of clearing notional value (member and client)

+14%

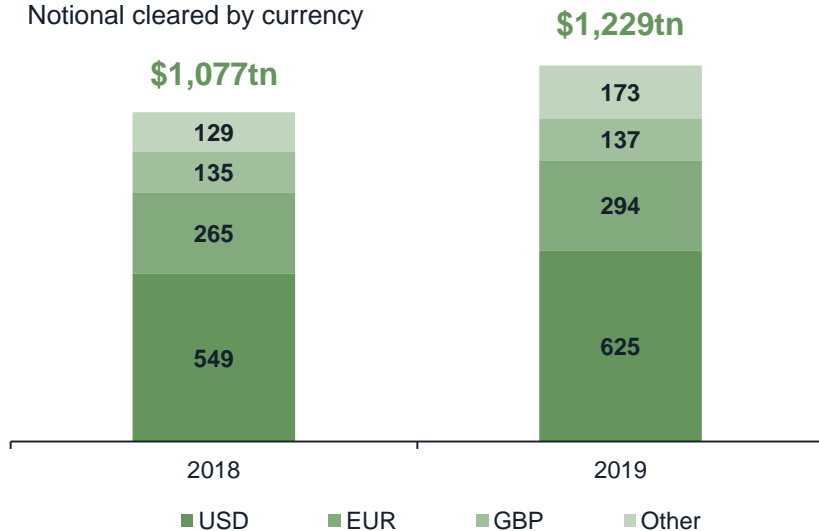
Growth in notional cleared in 2019 to over \$1.2 quadrillion

+13%

Growth in number of client trades cleared in 2019 to 1.7 million

SwapClear

Notional cleared by currency



ForexClear

Expanding beyond position as the leading NDF clearing platform

+5%

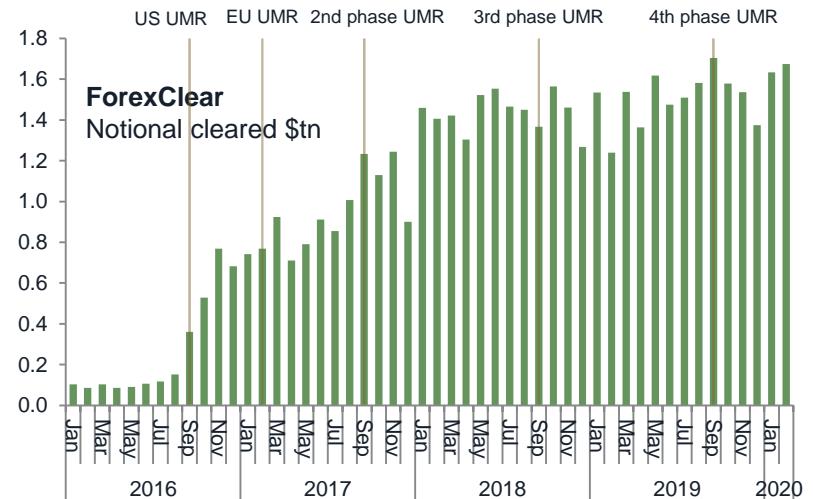
Growth in notional cleared in 2019 to \$18.0 trillion

\$61bn

Client notional cleared (2018: \$8 billion)

34

ForexClear members in 2019 (2018: 32)



¹ Source: ClarusFT January 2019

Uncleared Margin Rules phase-in began in the US, September 2016 and Europe, February 2017, further phases have been introduced each September since and will continue until 2021

ForexClear – The FX Opportunity

Economic incentives increasingly driving FX products into scope for central clearing

LCH well positioned to address capital and margin challenges within the vast \$6.6tr daily FX market

Instrument Category	Average Daily Turnover ⁽¹⁾	LCH offering	
NDFs	\$258bn	Live today	Current ForexClear offering
Vanilla Options	\$244bn	Live today	
FX Swaps & Deliverable Forwards	\$4,200bn	Deliverable Forwards live today	
NDOs	\$45bn	Aim to launch early 2020 ⁽²⁾	2020 ForexClear focus
Spot	\$1,987bn	Some clears as FX Option hedges	
Currency Swaps	\$108bn	Shorter-dated Currency Swaps are likely to clear in time alongside FX swaps	2021+ likely ForexClear focus
Exotics	\$5bn	Potential to clear some first generation exotics is growing as impediments fall away	

Note:

(1) Source: BIS Triennial Central Bank Survey Global foreign exchange market turnover in 2019 (Sep 2019) and estimated breakdown of FX Options using SDR traded volumes

(2) New products subject to regulatory approvals

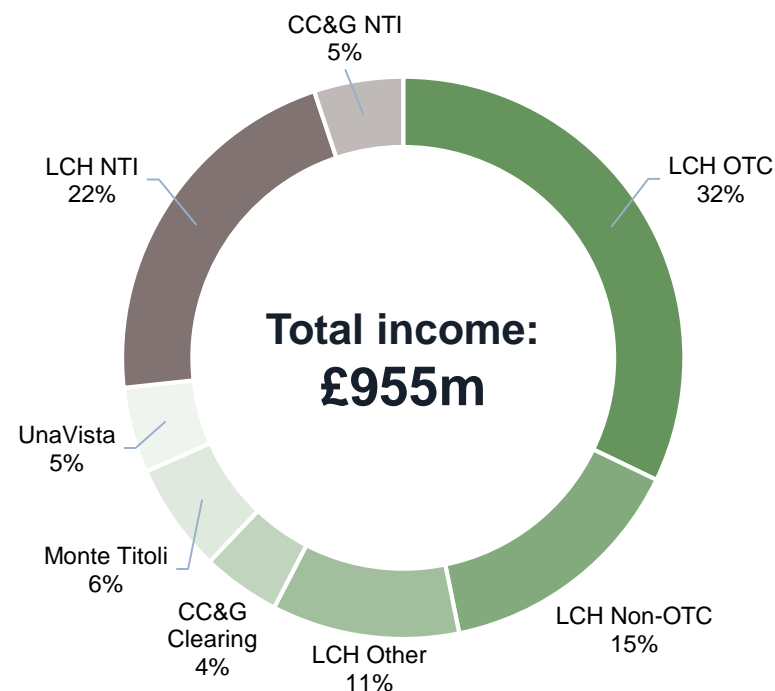


Post Trade

From January 2020, we aligned our Post Trade businesses in one division. The new Post Trade division includes LCH Group, CC&G, Monte Titoli and UnaVista, our trade reporting business that previously sat within Information Services.

Post Trade

£ millions	2019				2019
	Q1	Q2	Q3	Q4	
OTC - SwapClear, ForexClear & CDSClear	76	72	80	79	307
Non OTC - Fixed income, Cash equities & Listed derivatives	34	35	36	35	140
Other	24	25	28	26	103
Total LCH revenue	134	132	144	140	550
Clearing	11	11	11	10	43
Settlement, Custody & other	14	15	16	15	60
Total Post Trade Italy revenue	25	26	27	25	103
UnaVista	13	12	10	12	47
Total Revenue	172	170	181	177	700
Net treasury income through CCP:					
LCH	48	48	53	57	206
CC&G	11	13	12	13	49
Total income	231	231	246	247	955
Cost of sales	(35)	(30)	(35)	(22)	(122)
Gross profit	196	201	211	225	833





Creating a Financial Markets Infrastructure Leader of the Future

Acquisition of Refinitiv

Compelling strategic rationale

1

Transforms LSEG's position as a leading global financial markets infrastructure group

Ability to benefit from global growth opportunities with greater range of leading businesses and enhanced strategic balance

2

Significantly enhances LSEG's customer proposition in data and analytics

Combination of valuable datasets with extensive distribution and IP capabilities, boosting revenue opportunities

3

Creates a global multi-asset class capital markets business

Adds high-growth execution venues in the two largest traded asset classes: FX and fixed income

4

Deepens and expands our shared core principles of customer partnership and open access

Continued partnership with customers to deliver innovative solutions across the financial markets value chain

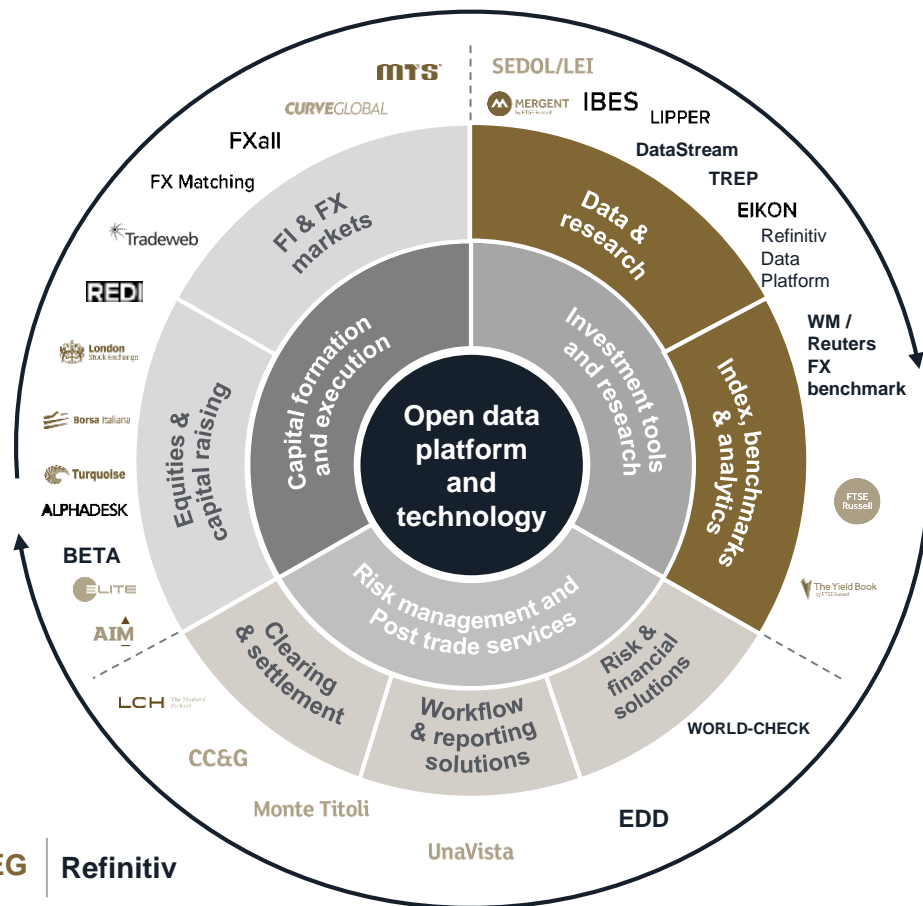
5

Compelling financial profile: Sustainable growth and substantial synergies

- In excess of £350m cost and £225m revenue run rate synergies
- Revenue¹ CAGR of 5-7% targeted over the first three years post completion with c.70% recurring subscription-based revenue
- Over 30% adjusted EPS accretion in the first full year post completion and increasing in years two and three

¹ Revenue excludes recoveries and includes treasury income and other income

Transforms LSEG's position as a leading financial markets infrastructure group



- ✓ **Refinitiv complements LSEG across the financial markets value chain**
 - Trading venues generate proprietary multi-asset class data
 - Data and analytics enable trading and investment decisions
- ✓ **Provides proprietary content and extensive data management capabilities**
 - Enables expansion of fixed income and ESG index business
 - Development of high value analytics
 - Unlocks value in post trade data
- ✓ **Creates a multi-asset class capital markets offering**
 - Adds high-growth execution venues in the two largest traded asset classes: FX and fixed income
 - Complements existing capital formation and execution business

Underpinned by our shared core principles of Open Access and Customer Partnership

Creates a new global financial markets infrastructure leader

- A leading global financial markets infrastructure business
- Successful open access philosophy and customer partnership approach
- Systemically important, world class businesses serving global customer base
- Leading global OTC clearer with over \$1,200tn of notional cleared in 2019: **LCH**
- Leading global multi-asset index company with \$15tn in AUM and \$765bn ETF AUM: **FTSE Russell**
- Leading European equities trading business
- Strong track record of top-line organic growth and strategic M&A



- A leading global provider of data, analytics and financial markets solutions
- Open platform promoting partner community, solutions and efficiency
- Global reach and significant customer connectivity
- Best-in-class capabilities in data collection, management and distribution
- Leading trading venues in FX and fixed income: **FXall** and **Tradeweb**
- 150,000 data sources, over 10,000 data partners and 24,000 developer community
- Significant recent investment to accelerate growth
- High quality, highly recurring subscription-based revenue base

2019 Revenue: £2.3bn¹
2019 Adj. EBITDA: £1.3bn

2019 Revenue: £4.9bn^{2, 3}
2019 Adj. EBITDA: £1.7bn³

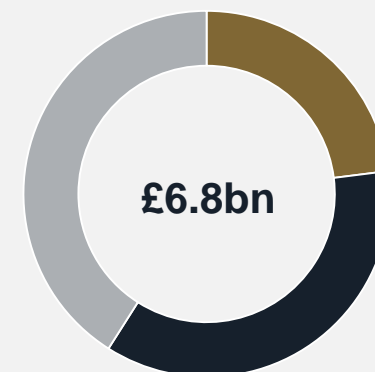
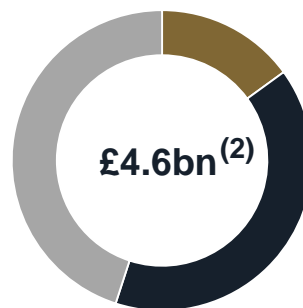
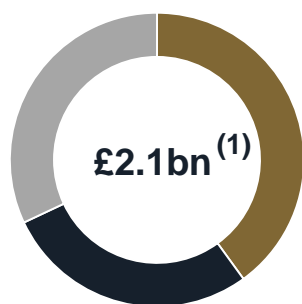
¹Revenue includes treasury income and other income

²Revenue includes recoveries

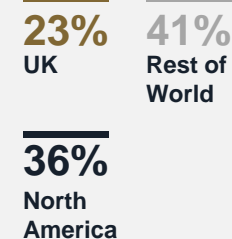
³Refinitiv's performance for the 12 months to 31 December 2019 has been translated from USD to GBP using an FX rate of 1.28

Creates a global footprint with significant growth opportunities

2018 Revenue diversification



Combined




Growth opportunities in existing and new geographies

- **Growth and scale in the US** – the world's largest financial market
- **Expands LSEG's existing position in Asia**, particularly China
- **Growth in emerging markets** where Refinitiv has a significant presence
- **Global servicing capability** aligned to customers' global operating model

Note:

(1) LSEG revenue includes treasury income and other income, LSEG splits are based on income diversity by currency as presented on page 37 of LSEG's 2018 Preliminary Results presentation
 (2) Refinitiv revenue includes recoveries. Refinitiv's performance for the 12 months to 31 December 2018 has been translated from USD to GBP using an FX rate of 1.34

A leading financial markets data and infrastructure provider serving over 40,000 customers in approx. 190 countries

Data, distribution, analytics and workflow			Venues		Risk
DATASTREAM	EIKON	IBES	FXall	FX Matching	WORLD-CHECK
WM / REUTERS FX BENCHMARK	LIPPER	FXT	 Tradeweb	REDI	EDD
			BETA		CONNECTED RISK

Refinitiv Data Platform ⁽¹⁾

Open data platform and core capabilities in data collection, integration, distribution & management to power financial markets

- Financial, company, economic, commodities, deals and ‘alternative data’
- Content workflow and analytics
- Benchmarks and indexes, pricing, reference and entity data
- Strategic workflow solutions such as FXT, REDI, AlphaDesk, etc.
- Ownership of proprietary data content (e.g. Lipper, ESG, financial crime, venue data)
- Messaging and collaboration services

£3.2bn revenue in 2018 ⁽²⁾⁽³⁾

Leading data & analytics business with significant global reach and connectivity

- FX venues — FXall, Matching
- Fixed income venues — Tradeweb
- BETA trade processing in Wealth

£0.8bn revenue in 2018 ⁽²⁾⁽³⁾

Leading FX, fixed income and multi-asset trading venues

- Anti-financial crime data and solutions
- KYC/AML financial crime data and solutions
- Legal entity identifiers
- Enhanced due diligence services for customer and supplier screening

£0.3bn revenue in 2018 ⁽²⁾⁽³⁾⁽⁴⁾

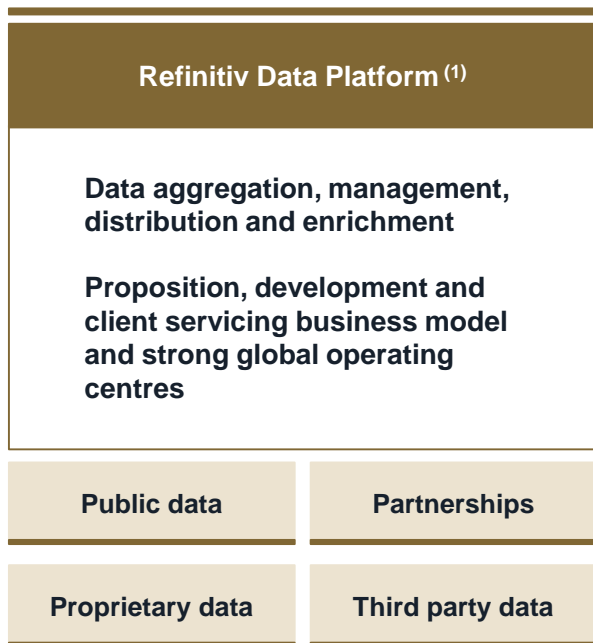
Leading Risk business providing innovative products to corporates

Note:

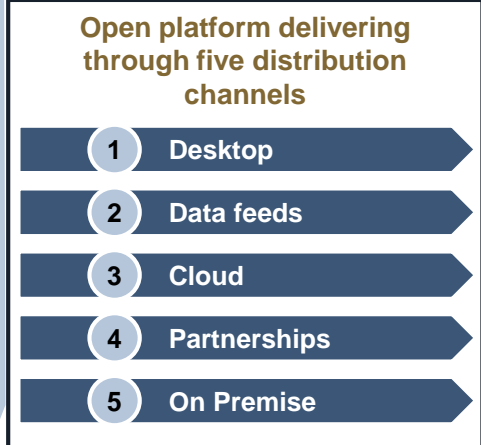
- (1) Refinitiv Data Platform was formerly known as Elektron Data Platform
- (2) Revenue excluding recoveries
- (3) Refinitiv's performance for the 12 months to 31 December 2018 has been translated from USD to GBP using an FX rate of 1.34
- (4) Risk includes Risk & Other

Refinitiv's data and analytics operating model

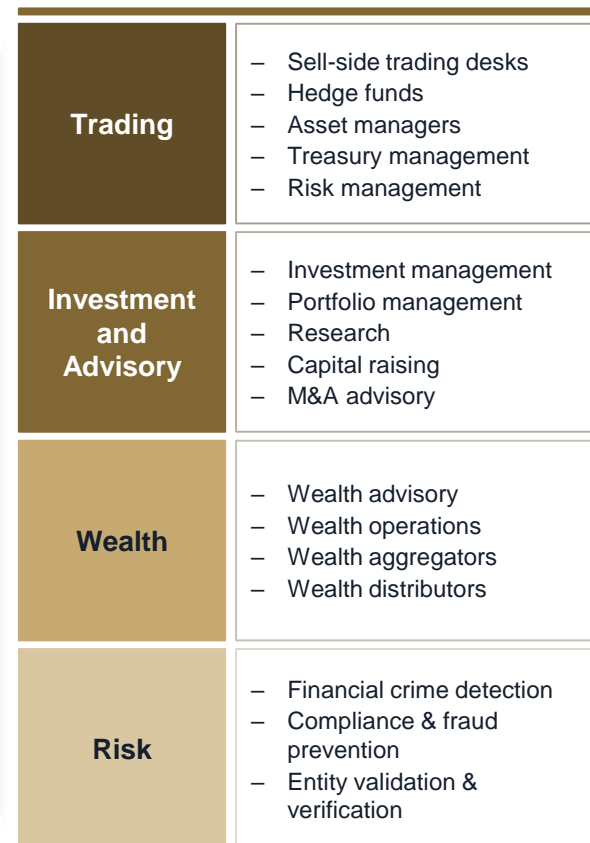
Core capabilities in data content and data management



150,000 data sources, over 10,000 data partners, 400,000 end users and consumed by machines globally (24,000 developer community)



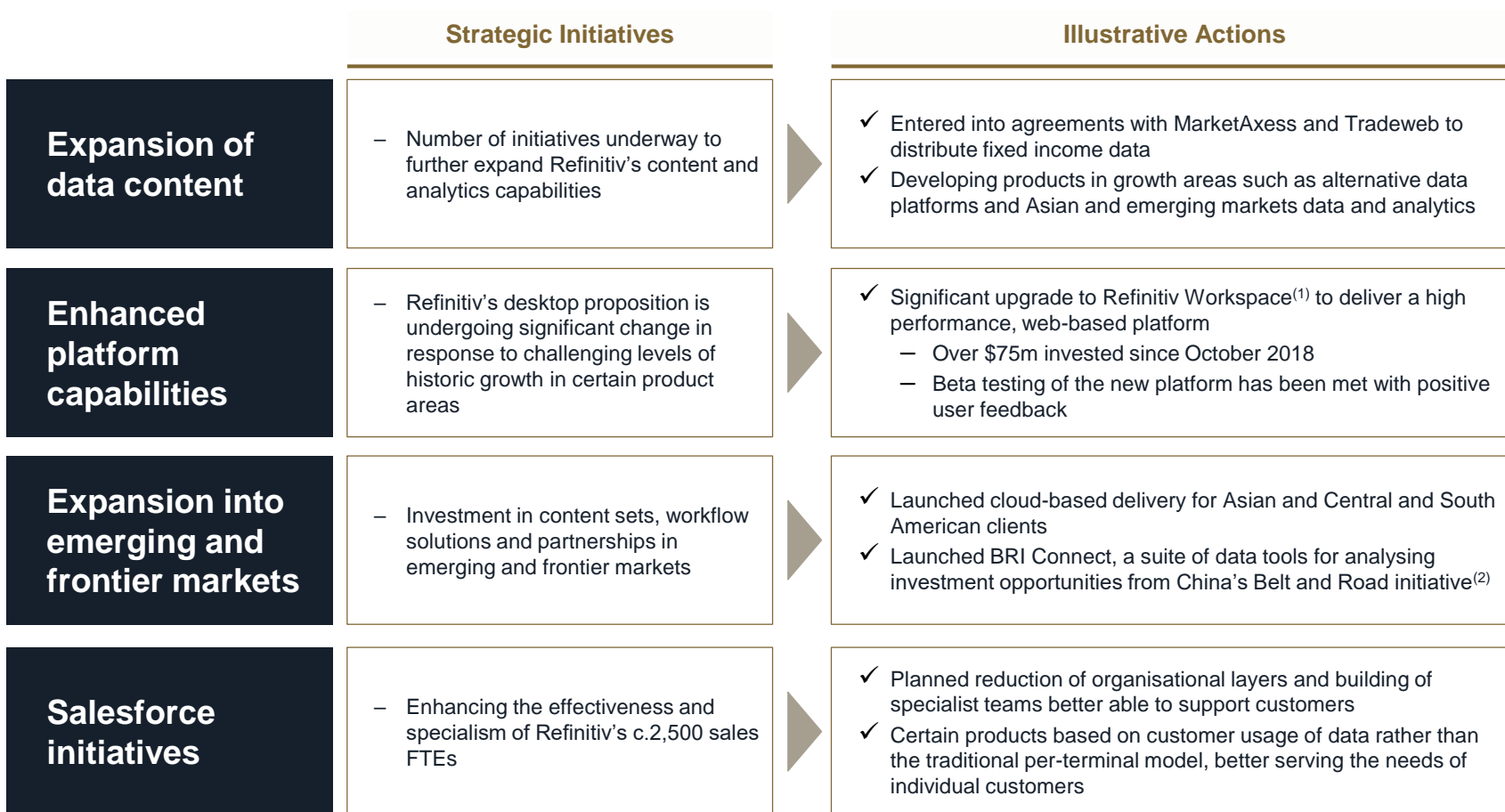
40,000 customers across 4 key communities



Note:

(1) Refinitiv Data Platform was formerly known as Elektron Data Platform

Successfully transforming Refinitiv's data business and accelerating topline growth



Note:

(1) Refinitiv Workspace is a replacement for the Eikon Platform

(2) China's Belt and Road Initiative focuses on building significant infrastructure projects across Asia, Europe, and Africa. Officially launched in 2013, it is already considered the largest investment program in history, accounting for more than \$500 billion USD of spend in infrastructure projects across more than 70 countries

Multiple engines to drive revenue growth

5-7% revenue⁽¹⁾ CAGR targeted over the first three years post completion

1 Continued performance of LSEG's current business

- Continued growth in FTSE Russell and Post Trade supported by structural drivers
- Maintain customer partnership approach to drive innovation

2 Accelerating revenue growth of Refinitiv's Data, Distribution, Analytics and Workflow businesses

- Expansion of content and platform upgrades following recent investment
- Increased salesforce and customer service effectiveness after reorganisation
- A number of ongoing initiatives including on-demand data services, cloud distribution, etc.

3 Continued strong growth of Refinitiv's FX trading platforms, Tradeweb and Risk

- High growth execution venues in FX and fixed income
- Benefits from ongoing electronification
- Regulatory-driven growth in KYC and Risk services

4 Realisation of target revenue synergies

- Cross-sell of products and services to a complementary customer base
- Creation of new and enhanced offering combining IP with best-in-class data management capabilities

Note:

(1) Combined business targeting delivery of revenue CAGR of 5-7% over the first three years following completion of the transaction. Revenue excludes recoveries and includes treasury income and other income

Delivers annual run rate revenue synergies in excess of £225m



60%
Cross-Selling & Distribution ⁽¹⁾

30%
Enhanced Products ⁽¹⁾

10%
New Products ⁽¹⁾

Cross-selling and distribution

- Distribution of Yield Book analytics via Refinitiv platform
- Distribution of Refinitiv pricing and reference data to LSEG index customers
- LSEG index distribution via Refinitiv platforms
- Utilise Refinitiv's global salesforce to introduce LSEG services to new customer segments such as wealth management advisory and corporates

Enhanced products

- Enhanced LSEG issuer services through addition of Refinitiv data
- Enhanced LCH valuation, margin and capital optimisation tool using Refinitiv data
- Refinitiv indexes and benchmarks (including WM/Reuters FX benchmarks) enhanced through LSEG index expertise

New products

- Extended LSEG ESG index and analytics services based on Refinitiv data
- Extended suite of LSEG fixed income indexes utilising Refinitiv pricing and reference data

Synergies	Target run rate phasing
Year 3	60%
Year 5	100%

One-time cash costs to achieve: c.£180m

5 year run rate revenue synergies represent c.3% of combined 2018 revenue ⁽²⁾

Note:

(1) Synergy breakdown rounded to the nearest tenth

(2) Revenue includes treasury income, other income and recoveries

Aligned efficiency initiatives support annual run rate cost synergies in excess of £350m



50%
Corporate & Employee-Related Efficiencies ⁽¹⁾

30%
Technology ⁽¹⁾

20%
Property & Other ⁽¹⁾

Cost synergies delivered through wide ranging efficiency programme:

- **Corporate and employee-related efficiencies:** Removing duplication and leveraging wider geographic footprint, while continuing to invest in growth; delaying, capturing associated flow-through to variable compensation
- **Technology:** De-duplication of services and applications while adopting the best of both organisations' capabilities and maintaining resiliency, data centre rationalisation
- **Property and other:** Consolidation of property footprint in common locations, seeking economies of scale on supplier contracts, depreciation benefits from technology and property de-duplication

These synergies are separate from and in addition to Refinitiv's previously announced and ongoing \$650m cost savings programme

LSEG and Refinitiv have a strong track record of execution and creation of shareholder value

Synergies	Target run rate phasing
Year 1	25%
Year 3	70%
Year 5	100%

One-time cash costs to achieve: c.£550m⁽²⁾ (1.6x run rate)

Note:

(1) Synergy breakdown rounded to the nearest tenth

(2) The majority of the cost to achieve synergies is expected to be incurred in the first two years following Completion



Transaction update – good progress

- **Overwhelming shareholder support with >99% voting in favour**
- **Regulatory and anti-trust workstreams progressing**
- **Transaction remains on track to close in H2 2020**
- **Refinitiv cost-saving programme - \$520m run-rate savings achieved at end of 2019, and on track to achieve \$650m by end of 2020**

Integration planning

- David Shalders appointed Chief Integration Officer - brings >30 years' experience in integration, technology and operations in financial services
- Integration Management Office established
- Strong working partnership with Blackstone who bring insight on Refinitiv and continued focus on efficiencies
- 18 workstreams established each with an LSEG and Refinitiv executive sponsor
- David Schwimmer and David Craig lead sponsors for cultural alignment workstream
- Fortnightly integration planning meetings between LSEG and Refinitiv executive leadership teams



Appendices

Notes

Adjusted operating profit, Adjusted EBITDA and Adjusted basic earnings per share - excludes amortisation of purchased intangible assets and non-underlying items, to enable comparison of the underlying earnings of the business with prior periods.

Adjusted earnings per share

Based on number of shares 349m (2018: 347m), excludes ESOP

Exchange rates

	Average rate		Average rate	
	12 months ended 31 December 2019	Closing rate at 31 December 2019	12 months ended 31 December 2018	Closing rate at 31 December 2018
GBP : EUR	1.14	1.17	1.13	1.11
GBP : USD	1.28	1.31	1.34	1.27

A €10c movement in the average £/€ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £29 million.

A \$10c movement in the average £/\$ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £34 million.

Full year dividend 70.0p per share, final dividend 49.9p ex-dividend date 30 April 2020, record date 1 May 2020 and payment date 27 May 2020

2019 versus 2018 Income and Cost of sales changes

- Capital Markets: Primary Markets revenue increased by c.£32 million in H1 2019 due to a change in estimate relating to IFRS 15. This is due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised. Under this new treatment, it is estimated the impact on Primary Markets will be an increase in revenue of £1 million on an annual basis
- LCH cost of sales reduced by more than £30 million due to an updated SwapClear agreement with partner banks, announced at Q1 2019



EU Transition - LSEG well positioned

LSEG is committed to orderly function of markets, continuity of service to customers and supporting financial stability.

Global business, balanced portfolio	Global business, balanced portfolio of assets across listing, trading, index and clearing services in the UK, EU, United States and Asia
Global clearing operations	Clearing houses operate globally across 59 jurisdictions with equivalence and enhanced cooperative regulation arrangements
Diversified mix of revenues	Revenues earned in a variety of currencies – over 50% income non-GBP
No discernible change in customer behaviour	Committed to supporting customers as they prepare contingency plans, but no discernible change in customers' current behaviour across listing, trading, index and clearing businesses
Additional licence and regulatory preparations in hand	<p>The withdrawal agreement provides for a transition period until 31 December 2020 during which the UK will continue to apply EU law. As such, LCH Ltd remains an EMIR 'Authorised' UK CCP and continues to offer clearing for all products and services to all members and clients.</p> <p>LCH Ltd also continues to engage in the application process under the revised supervisory framework for EU and third country CCPs ('EMIR 2.2') to ensure a smooth transition to being a recognised, non-EU, CCP.</p> <p>UnaVista, TRADEcho and Turquoise received regulatory authorisation in The Netherlands; Businesses prepared should a EU27 location be needed to serve EU customers in Hard Brexit scenario</p> <p>MTS has established two MTF markets in Italy to replace markets operated by EuroMTS from the UK</p>



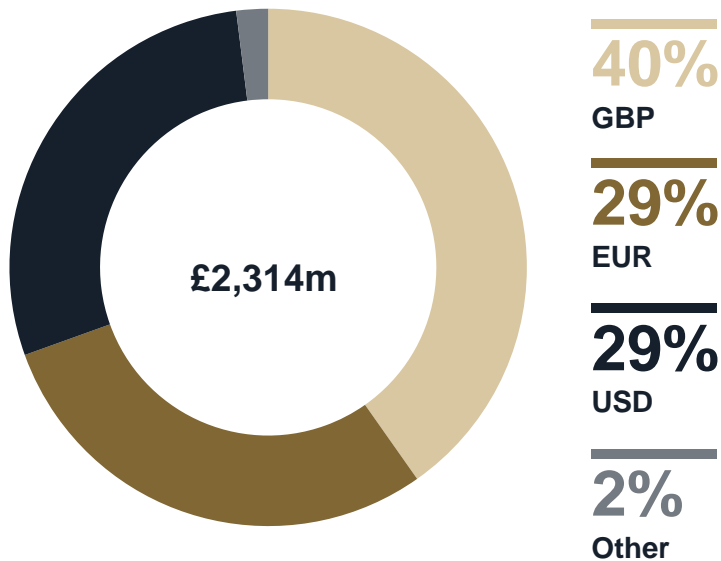
Overview of results

	Twelve months ended 30 December			Organic and constant currency variance
	2019 £m	2018 £m	Variance %	%
Total income	2,314	2,135	8%	7%
Cost of sales	(210)	(227)	(8%)	(8%)
Gross profit	2,104	1,908	10%	9%
Operating expenses before depreciation, amortisation and impairment	(839)	(834)	1%	(1%)
Underlying depreciation, amortisation and impairment	(200)	(135)	49%	49%
Total operating expenses	(1,039)	(969)	7%	6%
Income from equity investments	7	-	-	-
Share of profit / (loss) after tax of associates	(7)	(8)	(12%)	(12%)
Adjusted operating profit¹	1,065	931	14%	13%
Add back underlying depreciation, amortisation and impairment	200	135	49%	49%
Adjusted earnings before interest, tax, depreciation, amortisation and impairment¹	1,265	1,066	19%	17%
Amortisation and impairment of purchased intangibles and goodwill and non-underlying items	(327)	(180)	81%	78%
Operating profit	738	751	(2%)	(3%)
Net finance expense	(71)	(66)	8%	
Adjusted profit before tax¹	994	865	15%	
Tax	(236)	(187)	26%	
Adjusted profit after tax¹	758	678	12%	
Effective tax rate	23.7%	21.6%		
Non-controlling interest	(59)	(75)	(21%)	
Profit for the year¹	699	603	16%	
Basic earnings per share (p)	119.5	138.3	(14%)	
Adjusted earnings per share (p)¹	200.3	173.8	15%	
Dividend per share (p)	70.0	60.4	16%	

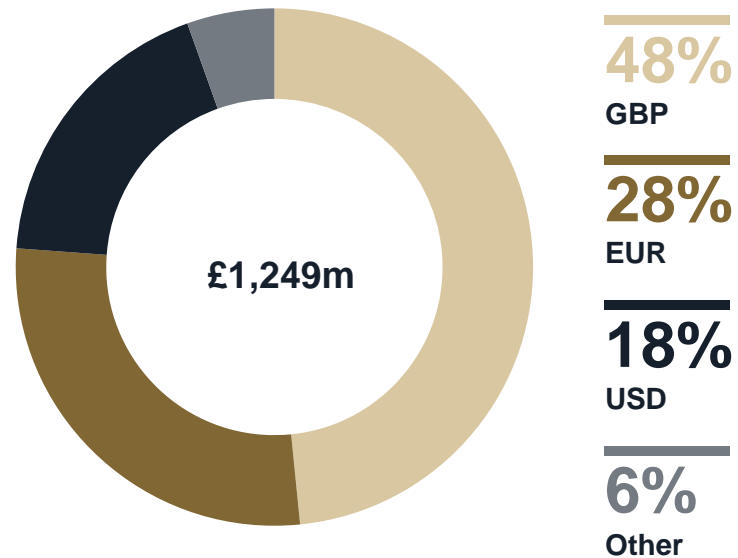
Diversified by currency

Diversification by both income and expenses across GBP, EUR and USD

2019 Income

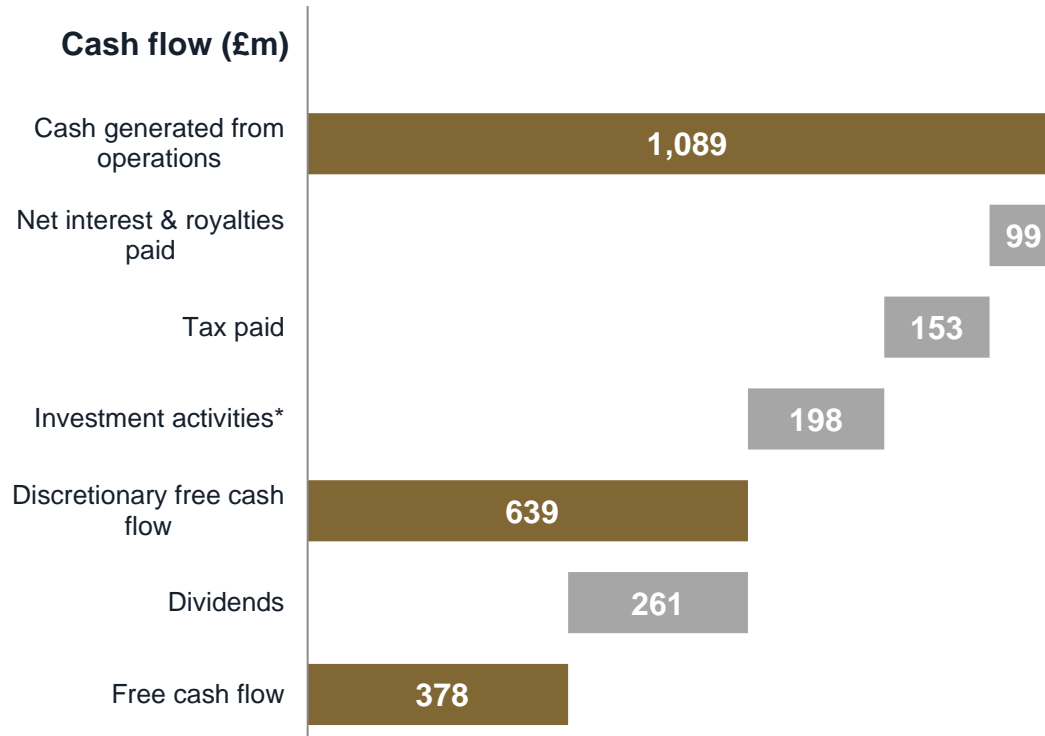


2019 Underlying Expenses



Note: figures include continuing operations only, expenses include depreciation and cost of sales, but exclude non-underlying expenses

Summarised cash flow



Continued strong cash generation

Discretionary free cash flow remains strong at **183.1p** per share¹ (2018: 161.1p)

Inorganic investment activities:

- Euroclear 4.92% minority stake
- Acquisition of Beyond Ratings

Note

¹ Based on weighted average shares in issue for the period of 2019: 349m, 2018: 347m

* Investment activities includes purchase of property, plant and equipment, purchase of intangible assets and investment in government bonds

Key performance indicators

Information Services

	As at		Variance %
	31 December		
	2019	2018	
ETF assets under management benchmarked (\$bn)			
FTSE	468	374	25%
Russell Indexes	297	232	28%
Total	765	606	26%

Terminals

UK	65,000	69,000	(6%)
Borsa Italiana Professional Terminals	102,000	105,000	(3%)

Post Trade Services - CC&G and Monte Titoli

	Twelve months ended		Variance %
	31 December		
	2019	2018	
CC&G Clearing			
Contracts (m)	99.5	111.9	(11%)
Initial margin held (average €bn)	14.4	11.0	31%
Monte Titoli			
Settlement instructions (trades m)	44.4	45.4	(2%)
Custody assets under management (average €tn)	3.32	3.29	1%

Post Trade Services - LCH

	Twelve months ended		Variance %
	31 December		
	2019	2018	
OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	1,229	1,077	14%
SwapClear members	123	110	12%
Client trades ('000)	1,681	1,487	13%
CDSClear			
Notional cleared (€bn)	759	612	24%
CDSClear members	26	16	63%
ForexClear			
Notional value cleared (\$bn)	18,050	17,239	5%
ForexClear members	34	32	6%
Non-OTC			
Fixed income - Nominal value (€tn)	106.0	98.7	7%
Listed derivatives (contracts m)	144.7	152.9	(5%)
Cash equities trades (m)	698	810	(14%)
Average cash collateral (€bn)	98.4	86.7	13%

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly.

Key performance indicators

Capital Markets - Primary Markets

	Twelve months ended		Variance %
	31 December 2019	2018	
New Issues			
UK Main Market, PSM & SFM	50	78	(36%)
UK AIM	23	65	(65%)
Borsa Italiana	36	33	9%
Total	109	176	(38%)
Money Raised (£bn)			
UK New	4.5	6.6	(32%)
UK Further	16.3	18.3	(11%)
Borsa Italiana new and further	2.5	3.8	(34%)
Total (£bn)	23.4	28.7	(18%)

Capital Markets - Secondary Markets

	Twelve months ended		Variance %
	31 December 2019	2018	
Equity			
Totals for period			
UK value traded (£bn)	1,188	1,456	(18%)
Borsa Italiana (no of trades m)	64.3	71.2	(10%)
Turquoise value traded (€bn)	531	828	(36%)
SETS Yield (basis points)	0.69	0.64	8%
Average daily			
UK value traded (£bn)	4.7	5.8	(19%)
Borsa Italiana (no of trades '000)	255	282	(10%)
Turquoise value traded (€bn)	2.1	3.2	(34%)
Derivatives (contracts m)			
LSE Derivatives ¹	2.4	6.5	(63%)
IDEM	30.7	36.2	(15%)
Total	33.1	42.7	(22%)
Fixed Income			
MTS cash and BondVision (€bn)	3,182	3,310	(4%)
MTS money markets (€bn term adjusted)	113,456	87,399	30%

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly

¹LSEDM has been rebranded CurveGlobal Markets as of 24 June 2019, following the withdrawal of IOB Equity Derivatives contracts in June 2019 and the subsequent withdrawal of Norwegian equity derivatives in November 2019.



Income & gross profit

£ millions	2018				2018	2019				2019
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Index - Subscription	89	96	94	94	373	99	104	108	107	418
Index - Asset based	52	53	59	55	219	52	60	61	58	231
FTSE Russell	141	149	153	149	592	151	164	169	165	649
Real time data	24	23	23	24	94	24	24	24	25	97
Other information	36	39	36	44	155	39	39	37	41	156
Information Services	201	211	212	217	841	214	227	230	231	902
OTC - SwapClear, ForexClear & CDSClear	66	64	65	73	268	76	72	80	79	307
Non OTC - FI, Cash equities & Listed derivs	33	34	34	35	136	34	35	36	35	140
Other	19	21	21	22	83	24	25	28	26	103
Post Trade Services - LCH	118	119	120	130	487	134	132	144	140	550
Clearing	10	12	10	9	41	11	11	11	10	43
Settlement, Custody & other	18	12	15	16	61	14	15	16	15	60
Post Trade Services - CC&G and MT	28	24	25	25	102	25	26	27	25	103
Primary Markets	29	33	20	31	113	28	62	30	31	151
Secondary Markets - Equities	45	44	39	41	169	37	37	39	38	151
Secondary Markets - FI, derivs & other	33	31	30	31	125	32	30	33	29	124
Capital Markets	107	108	89	103	407	97	129	102	98	426
Technology	13	19	16	17	65	14	16	16	20	66
Other	3	2	2	2	9	2	2	2	3	9
Total Revenue	470	483	464	494	1,911	486	532	521	517	2,056
Net treasury income through CCP:										
CC&G	10	11	11	11	43	11	13	12	13	49
LCH	38	45	46	46	175	48	48	53	57	206
Other income	2	1	1	2	6	1	1	1	0	3
Total income	520	540	522	553	2,136	546	594	587	587	2,314
Cost of sales	(56)	(50)	(57)	(64)	(227)	(56)	(53)	(58)	(43)	(210)
Gross profit	464	490	465	489	1,908	490	541	529	544	2,104

Contacts and further information

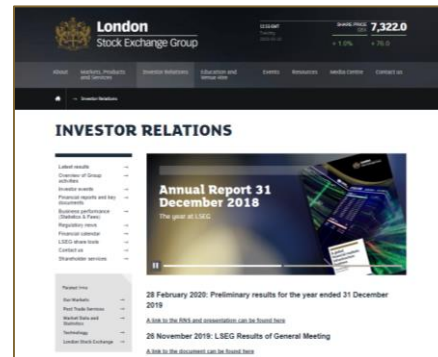
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