

21 April 2020

LONDON STOCK EXCHANGE GROUP plc

TRADING STATEMENT INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 31 MARCH 2020 (Q1)

- Good Q1 performance against unprecedented market backdrop
- Q1 total income up 13% year-on-year to £615 million, driven by increased equity trading in Capital Markets and higher clearing activity across listed and OTC products leading to higher NTI in Post Trade
- Resources focused on ensuring strong operational resilience across the Group's systemically important market infrastructure platforms and services; Group employees working almost entirely on a remote basis across all locations
- Integration planning for Refinitiv transaction progressing well: CFIUS approval received and anti-trust filings prepared in multiple jurisdictions; remain committed to achieving completion in H2 2020

Q1 summary:

- Information Services: revenues up 7% to £215 million – with 8% growth at FTSE Russell. Good growth in both subscription and asset-based revenues, the latter reflecting growth in ETF AUM in prior quarter; ETF AUM fell sharply at the end of Q1, reflecting market turbulence in March
- Post Trade: income up 17% to £271 million, with 11% growth in LCH revenue, with strong listed and OTC clearing activity, including record volumes in SwapClear. Good clearing volumes at CC&G drove a 15% revenue increase. Increased clearing activity drove higher cash margin, with consequent stronger NTI, up 39% in LCH and 10% in CC&G
- Capital Markets: revenues up 15% to £112 million, principally reflecting higher equity secondary markets activity in London and Milan
- Technology Services: revenues unchanged at £14 million

Update on the Refinitiv transaction

The Group continues to make good progress on planning for the integration of Refinitiv. A number of workstreams on business structure and opportunities, including synergy realisation, are well developed, and the Integration Management Office has been expanded to bring additional resource to the Group.

The Group also continues to make progress with merger control, foreign investment and financial regulatory filings. US foreign investment clearance has been received from CFIUS. Merger control clearance has been received from Botswana, Japan, Kenya and Ukraine, and merger control reviews have commenced in several other jurisdictions. As disclosed last month, the European Commission has requested a delay to submission of filings by merger parties generally; the Group continues to work constructively with the European Commission case team and will file as soon as it is possible to do so. The Group is committed to completion of the transaction in H2 2020.

Comment on Q1 and outlook:

LSEG recognises the significant impact of the coronavirus Covid-19 global pandemic on its employees, customers and other stakeholders. Employee health and wellbeing has been a key focus. The vast majority of our employees have been working remotely, and we continue to adapt our technology and working practices to this changing environment. LSEG is in regular contact with public health authorities, governments and stakeholders around the world and will continue to adjust our response as needed.

As a systemically important financial markets infrastructure business, LSEG places a high priority on its responsibility to ensure the orderly functioning of markets and continuity of services for its customers and other stakeholders. During this unprecedented period, the Group has prioritised operational resilience across the Group's Capital Markets, Information Services and Post Trade businesses.

In light of current circumstances, LSEG regularly assesses the strength of its balance sheet and stress-tests its liquidity positions under various market scenarios. The Group strongly believes it has sufficient cash resources and access to liquidity to maintain continuity of business and has no need to materially adjust any its operations or incur significant additional costs. As at 31 March 2020, the Group had committed facility headroom of over £600 million available for general corporate purposes. Reflecting the strong 2019 results and ongoing financial strength, the Group intends to pay its final dividend in relation to the 2019 financial year, subject to shareholder approval at today's AGM.

While the Group has performed well in Q1, it is too early to comment specifically on the impact of the coronavirus pandemic on the outlook for LSEG and its customers for the remainder of the year. The Group believes the longer-term drivers of growth in each of its business lines remain intact.

David Schwimmer, CEO said:

“The Group has delivered a good financial performance and strong operational resilience during this unprecedented period. We have had a focus on ensuring orderly functioning of markets and continuity of service to customers across our businesses.”

“A key priority has been the health and wellbeing of our employees around the world. The vast majority of our colleagues are working remotely as a key element of our business continuity measures. I’ve been impressed by their adaptability, resiliency and commitment to continue to support our customers. Although market conditions are likely to remain challenging in the coming period, we believe the Group is financially strong and has the necessary resources to continue to operate effectively in this environment.”

Further information is available from:

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The Group will host a conference call for analysts and investors today, Tuesday 21 April at 08:30am (UK time). On the call will be David Schwimmer (CEO), David Warren (CFO) and Paul Froud (Group Head of Investor Relations).

To access the telephone conference call please pre-register using the following link and instructions below: <http://emea.directeventreg.com/registration/5831128>

- **Please register in advance of the conference using the link above.** Upon registering with your full name, company name and email address, you will be provided with participant dial-in numbers, Direct Event passcode and unique registrant ID
- In the 10 minutes prior to the call start time, you will need to use the conference access information provided in the email received at the point of registering

Note: Due to regional restrictions some participants may receive operator assistance when joining this conference call and will not be automatically connected.

For further information, please call the Group’s Investor Relations team on +44 (0) 20 7797 3322.

Q1 Revenue Summary

Revenues for three months ended 31 March 2020, referring to continuing operations, with comparatives against performance for the same period last year, are provided below. Growth rates for Q1 performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended 31 March		Variance %	Organic and constant currency variance ¹
	2020 £m	2019 £m		%
Continuing operations:				
Revenue				
Information Services	215	201	7%	6%
Post Trade	192	172	12%	13%
Capital Markets	112	97	15%	16%
Technology	14	14	-	-
Other	2	2	-	-
Total revenue	535	486	10%	10%
Net treasury income through CCP businesses	79	59	34%	34%
Other income	1	1	-	-
Total income	615	546	13%	13%
Cost of sales	(60)	(56)	8%	9%
Gross profit	555	490	13%	13%

¹ Organic growth is calculated in respect of businesses owned for at least the full 3 months in either period and excludes Beyond Ratings. The Group's principal foreign exchange exposure arises from translating and revaluing its foreign currency earnings, assets and liabilities into LSEG's reporting currency of Sterling

The Euro weakened by 1% against Sterling compared with the same period last year while the US \$ strengthened by 2%. To illustrate our exposure to movements in exchange rates, a €0.05 change in the average euro:sterling rate would have resulted in a change to continuing operations total income of c£8 million for Q1, while a US\$0.05 move would have resulted in a c£7 million change.

More detailed revenues by segment are provided in tables below:

Information Services

	Three months ended		Variance	Organic and constant currency variance ¹
	31 March			
	2020	2019		
	£m	£m	%	%
Revenue				
Index - Subscription	105	99	6%	6%
Index - Asset based	58	52	12%	9%
FTSE Russell	163	151	8%	7%
Real time data	25	24	3%	4%
Other information services	27	26	2%	1%
Total revenue	215	201	7%	6%
Cost of sales	(17)	(17)	-	-
Gross profit	198	184	7%	6%

¹ Removal of Beyond Ratings from Other information services (acquired June 2019)

Note: UnaVista previously reported in Other information services is now reported in Post Trade, historical comparators have been adjusted to reflect this

Post Trade

	Three months ended		Variance	Constant currency variance
	31 March			
	2020	2019		
	£m	£m	%	%
Revenue				
OTC - SwapClear, Forex & CDS Clear	82	76	8%	9%
Non OTC - Fixed income, Cash equities & Listed derivatives	41	34	21%	22%
Other	26	24	7%	7%
Total LCH revenue	149	134	11%	12%
Clearing	12	11	15%	17%
Settlement, Custody & other	15	14	6%	7%
Total Post Trade Italy revenue	27	25	10%	12%
UnaVista	16	13	22%	22%
Total revenue	192	172	12%	13%
LCH - Net treasury income	67	48	39%	39%
CC&G - Net treasury income	12	11	10%	12%
Total income	271	231	17%	18%
Cost of sales	(39)	(35)	14%	15%
Gross profit	232	196	18%	19%

Capital Markets

	Three months ended		Variance	Constant currency variance
	31 March			
	2020	2019		
	£m	£m	%	%
Revenue				
Primary Markets	32	28	13%	14%
Secondary Markets - Equities	49	37	33%	33%
Secondary Markets - Fixed income, derivatives and other	31	32	(3%)	(2%)
Total revenue	112	97	15%	16%
Cost of sales	(1)	(1)	-	-
Gross profit	111	96	16%	17%

Technology Services

	Three months ended		Variance	Constant currency variance
	31 March			
	2020	2019		
	£m	£m	%	%
Total revenue	14	14	-	-
Cost of sales	(2)	(2)	-	-
Gross profit	12	12	-	-

Basis of Preparation

Results for the period ended 31 March 2019 have been translated into sterling using the average exchange rates for the period. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

	Average rate 3 months ended 31 March 2020	Closing rate at 31 March 2020	Average rate 3 months ended 31 March 2019	Closing rate at 31 March 2019
GBP : EUR	1.16	1.12	1.15	1.16
GBP : USD	1.28	1.24	1.30	1.30

Appendix – Key performance indicators

Information Services

	As at		Variance
	31 March		
	2020	2019	%
ETF assets under management benchmarked (\$bn)			
FTSE	359	398	(10%)
Russell Indexes	224	256	(13%)
Total	583	654	(11%)

Terminals

UK	64,000	67,000	(4%)
Borsa Italiana Professional Terminals	98,000	105,000	(7%)

Note: FTSE ETF assets under management benchmarked KPI has been rebased to remove previously reported active ETFs. The previous year comparator has also been adjusted, with a change of \$15 billion

Post Trade - LCH

	Three months ended		Variance
	31 March		
	2020	2019	%
LCH OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	402	318	26%
SwapClear members	123	119	3%
Client trades ('000)	565	411	37%
CDSClear			
Notional cleared (€bn)	776	352	120%
CDSClear members	26	26	-
ForexClear			
Notional value cleared (\$bn)	5,405	4,311	25%
ForexClear members	34	34	-
LCH Non-OTC			
Fixed income - Nominal value (€tn)	51.6	52.4	(2%)
Listed derivatives contracts (m)	104.2	72.8	43%
Cash equities trades (m)	558	362	54%
LCH average cash collateral (€bn)	115.9	91.1	27%

Note: CDSClear notional cleared and LCH Non-OTC volumes have been rebased to count both sides of each cleared trade. This aligns with how activity is reported on LCH's website. The previous year comparator has also been adjusted

Post Trade - Italy

	Three months ended		Variance
	31 March		
	2020	2019	%
CC&G Clearing			
Contracts (m)	38.9	25.0	56%
Initial margin held (average €bn)	14.3	13.7	4%
Monte Titoli			
Settlement instructions (trades m)	13.8	10.7	29%
Custody assets under management (average €tn)	3.34	3.29	2%

Capital Markets - Primary Markets

	Three months ended		Variance %
	31 March		
	2020	2019	
New Issues			
UK Main Market, PSM & SFM	12	10	20%
UK AIM	6	5	20%
Borsa Italiana	1	7	(86%)
Total	19	22	(14%)
Money Raised (£bn)			
UK New	0.4	0.5	(20%)
UK Further	2.3	3.0	(23%)
Borsa Italiana new and further	-	-	-
Total (£bn)	2.7	3.5	(23%)

Capital Markets - Secondary Markets

	Three months ended		Variance %
	31 March		
	2020	2019	
Equity			
Totals for period			
UK value traded (£bn)	390	294	33%
Borsa Italiana (no of trades m)	27.3	15.6	75%
Turquoise value traded (€bn)	166	163	2%
SETS Yield (basis points)	0.68	0.68	-
Average daily			
UK value traded (£bn)	6.1	4.7	30%
Borsa Italiana (no of trades '000)	427	248	72%
Turquoise value traded (€bn)	2.6	2.6	-
Derivatives			
Contracts (m)	9.2	9.1	1%
Fixed Income			
MTS cash and BondVision (€bn)	786	836	(6%)
MTS money markets (€bn term adjusted)	30,829	28,809	7%

Note: The Q1 2019 number of derivative contracts includes 0.8 million from LSE Derivatives. This service no longer accepted new trades from November 2019

Total Income – Quarterly

£ millions	<u>2019</u>				<u>2019</u>	<u>2020</u>
	Q1	Q2	Q3	Q4		Q1
Index - Subscription	99	104	108	107	418	105
Index - Asset based	52	60	61	58	231	58
FTSE Russell	151	164	169	165	649	163
Real time data	24	24	24	25	97	25
Other information	26	27	27	29	109	27
Information Services	201	215	220	219	855	215
OTC - SwapClear, ForexClear & CDSClear	76	72	80	79	307	82
Non OTC – Fixed income, Cash equities & Listed derivatives	34	35	36	35	140	41
Other	24	25	28	26	103	26
Post Trade Services - LCH	134	132	144	140	550	149
Clearing	11	11	11	10	43	12
Settlement, Custody & other	14	15	16	15	60	15
Post Trade Services - CC&G and MT	25	26	27	25	103	27
UnaVista	13	12	10	12	47	16
Post Trade	172	170	181	177	700	192
Primary Markets	28	62	30	31	151	32
Secondary Markets - Equities	37	37	39	38	151	49
Secondary Markets – Fixed income, derivatives & other	32	30	33	29	124	31
Capital Markets	97	129	102	98	426	112
Technology	14	16	16	20	66	14
Other	2	2	2	3	9	2
Total Revenue	486	532	521	517	2,056	535
Net treasury income through CCP:						
LCH	48	48	53	57	206	67
CC&G	11	13	12	13	49	12
Other income	1	1	1	-	3	1
Total income	546	594	587	587	2,314	615
Cost of sales	(56)	(53)	(58)	(43)	(210)	(60)
Gross profit	490	541	529	544	2,104	555

Note: UnaVista previously reported in Other information services is now reported in Post Trade, historical comparators have been adjusted to reflect this