28 February 2020

LONDON STOCK EXCHANGE GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Unless stated otherwise, all figures in the highlights below refer to 12 months to 31 December 2019 and comparisons with the prior 12 month period on the same basis.

- Strong financial performance – revenue growth continues across our businesses as the Group continues to invest successfully for growth

- Acquisition of Refinitiv will accelerate the Group's growth strategy and position as a global financial markets infrastructure leader - increasing its global footprint and adding leading data and analytics and multi-asset class capital markets capabilities

- Detailed integration planning underway to ensure delivery of Refinitiv transaction benefits; regulatory approvals processes ongoing and on track for completion in H2 2020

2019 Financial Highlights

- Total revenue and total income both up 8% to £2,056 million (2018: £1,911 million) and £2,314 million (2018: £2,135 million) respectively

- FTSE Russell delivered 10% revenue growth (up 6% on a constant currency basis)

- LCH OTC revenues up 15% (up 13% on a constant currency basis) driven by record SwapClear volumes with over $1.2 quadrillion of notional cleared

- Cost of sales decreased 8%, in part driven by an updated SwapClear agreement with partner banks delivering a more than £30 million reduction in the year

- Continued cost discipline, operating expenses (excluding depreciation and amortisation)[1] up only 1%, helped by achievement of cost savings; total costs up 7% reflecting higher depreciation and amortisation mainly arising from increased capital investment

- Adjusted operating profit[2] up 14% to £1,065 million (2018: £931 million); operating profit down 2% to £738 million (2018: £751 million); adjusted EBITDA[2] up 19% to £1,265 million (2018: £1,066 million) and EBITDA margin of 54.7%

- Adjusted EPS[2] up 15% to 200.3 pence (2018: 173.8 pence); basic EPS down 14% to 119.5 pence (2018: 138.3 pence)

- Proposed final dividend of 49.9 pence per share, resulting in a 16% increase in the full year dividend to 70.0 pence per share, reflecting good performance and confident outlook for the Group

Continued organic and inorganic development, including:

- Acquisition of Beyond Ratings, a provider of Environmental, Social and Governance (ESG) data for fixed income investors
- FTSE Russell launched Climate WGBI, an innovative government bond index incorporating climate risk factors
- Record volumes reported by all LCH OTC clearing services – SwapClear, CDSClear, ForexClear and RepoClear
- LCH continues to facilitate migration to alternative reference rates and was the first CCP to launch clearing for €STR swaps
- ForexClear launched the clearing of deliverable FX Forwards
- Acquisition of a 4.92% minority stake in Euroclear with a seat on the Board, strengthening the commercial relationship between the businesses
- Capital Markets launched Shanghai-London Stock Connect with Huatai Securities as its first issuer
- Capital Markets launched the Green Economy Mark, enabling investors to identify issuers that generate 50% or more of their revenues from green initiatives; and the Sustainable Bond Market, a new dedicated segment for social and sustainability bonds

[1] *Before depreciation, amortisation and non-underlying items.*
[2] *Before amortisation of purchased intangible assets and non-underlying items.*

Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so 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.

Commenting on performance for the year, David Schwimmer, CEO, LSEG said:

"It was another strong year for London Stock Exchange Group – delivering a good financial performance, making meaningful progress executing on our strategic objectives, and taking significant steps on a number of Group-wide initiatives. The Group continued to perform well, navigating an evolving macroeconomic and geopolitical landscape and remains well positioned for the future. We continue to partner with our customers to develop innovative services in a range of areas, from reference rate reform to sustainable investment.

"Our proposed acquisition of Refinitiv, a leading provider of data, analytics and financial markets services, will significantly accelerate our strategy to be a leading global financial markets infrastructure provider. Refinitiv brings highly complementary capabilities in data, analytics and capital markets as well as deep customer relationships across a global business. Detailed integration planning is underway to ensure we are ready to deliver the benefits of the transaction to our shareholders, customers and other stakeholders. We remain on track to close the transaction in the second half of this year."

Financial Summary

Unless otherwise stated, all figures below refer to continuing operations for the year ended 31 December 2019. Comparative figures are for continuing operations for the year ended 31 December 2018. Variance is also provided on an organic and constant currency basis.

Continuing operations	Twelve months ended 31 December 2019 £m	2018 £m	Variance %	Organic and constant currency Variance[1] %
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%
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 loss after tax of associate	**(7)**	(8)	(12%)	(12%)
Adjusted operating profit[2]	**1,065**	931	14%	13%
Add back underlying depreciation, amortisation and impairment	**200**	135	49%	49%
Adjusted earnings before interest, tax, depreciation, amortisation and impairment[2]	**1,265**	1,066	19%	17%
Amortisation of purchased intangible assets and non-underlying items	**(327)**	(180)	81%	78%
Operating profit	**738**	751	(2)%	(3%)

Earnings per share			
Basic earnings per share (p)	**119.5**	**138.3**	(14%)
Adjusted basic earnings per share (p) [2]	**200.3**	**173.8**	15%
Dividend per share (p)	**70.0**	**60.4**	16%

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.

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

[2]Before amortisation of purchased intangible assets and non-underlying items.

Variances in table are calculated from unrounded numbers.

Board of Directors – change of Senior Independent Director

Stephen O'Connor will assume the role of Senior Independent Director from Paul Heiden after the conclusion of the AGM in April 2020, when, as previously announced, Paul will step down from the Board. Stephen was appointed to the LSEG Board in June 2013 and is Chairman of the Risk Committee.

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Further information

The Group will host a presentation and conference call on its Preliminary Results for analysts and institutional shareholders today at 09:00am (GMT). 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/1384568**

- Please register in advance 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 require operator assistance when joining this conference call and will not be automatically connected.

Presentation slides can be viewed at http://www.lseg.com/investor-relations

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

The information in the preliminary announcement of the results for the year ended 31 December 2019, which was approved by the Board of Directors on 28 February 2020, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The financial statements for the year ended 31 December 2018 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498 (2) and 498 (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2019 will be filed with the Registrar of Companies in due course.

In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company's auditors, Ernst &Young LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included in the Group's Annual Report and Accounts for the year ended 31 December 2019.

The preliminary results have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2019.

CEO's statement

Overview

2019 was another eventful year of macroeconomic and geo-political events directly influencing global financial markets. Despite this complex backdrop, it was also another strong year for London Stock Exchange Group - delivering a strong financial performance; making meaningful progress executing on our strategic objectives; and taking significant steps on a number of Group-wide initiatives. We announced the proposed acquisition of Refinitiv, which will accelerate our strategy, while continuing to progress financially, strategically and operationally across our core businesses of Information Services, Post Trade and Capital Markets. Our successful strategy is underpinned by the continuation of our Open Access and customer partnership approach to deliver innovative solutions across the financial markets value chain.

At the end of 2018, the Board and the executive team evaluated the Group's strategy in order to ensure that LSEG is well positioned for the decade ahead. We carried out this evaluation from a position of strength, building on the successful execution of the strategy and financial performance of recent years. Over the last 20 years, the financial market landscape has changed significantly – driven by technology, regulatory and macroeconomic factors - and change is happening at an even greater pace today. We are consistently hearing from our clients that they want to trade across different regions and asset classes, with fewer providers that are better positioned to do more for them across the financial markets value chain, while maintaining an open access model built on customer choice.

LSEG is looking to drive that evolution and position the Group for long-term sustainable growth. In August 2019 we announced the transformational acquisition of Refinitiv in an all-share transaction for an enterprise value of approximately US$27 billion, as at 1 August 2019. The proposed acquisition, which has been well received by the market and approved by shareholders, significantly accelerates our existing strategy to be a leading global financial markets infrastructure provider. Refinitiv brings highly complementary capabilities in data, analytics and capital markets as well as deep customer relationships across a truly global business. As a result, we will significantly expand our data and analytics offering to create a global multi-asset class capital markets business. Shortly after the announcement of the proposed Refinitiv transaction, we received an unsolicited approach from Hong Kong Exchanges and Clearing Limited (HKEX). The Board reflected fully on the conditional proposal and highlighted fundamental concerns about the deliverability, value and strategic benefit of the approach. HKEX later announced that it would not proceed with an offer. The Board remains convinced that the Refinitiv transaction provides superior benefits, and we continue to make good progress towards achieving regulatory approvals. We remain on target to close the transaction in the second half of 2020.

Information Services

In our Information Services division, FTSE Russell is a key contributor to Group revenues, delivering 10% revenue growth over the course of the year. This included strong growth in subscription revenues, up 12% in 2019, reflecting new sales across a number of indices.

The growth in passive investing continues and is now increasing at approximately 20% per year, with assets expected to reach $30 trillion by 2023. FTSE Russell is well placed to capitalise on these industry trends, with increased demand for its data and analytical tools. At the end of 2019, the value of ETF assets tracking its indices was US$765 billion, up 26% on the previous year.

LSEG's Information Services business is also responding to the rapidly growing demand among asset owners to integrate sustainability and Environmental, Social and Governance (ESG) considerations. In June, we announced the acquisition of Beyond Ratings, a highly regarded provider of ESG data for fixed income. Beyond Ratings is very complementary to FTSE Russell's existing ESG index and data offering as well as the analytics tools provided through The Yield Book.

In July, FTSE Russell launched the first climate risk-adjusted government bond index, which allows the market to access a quantitative climate risk assessment for sovereign debt. FTSE Russell has worked with institutions across the globe to develop indices that meet their sustainability criteria as well as the underlying benchmarks for exchange traded funds. FTSE Russell will continue to help develop and promote more global standards for measuring progress against ESG and sustainable development goals.

FTSE Russell successfully began inclusion of China A Shares and Saudi Arabia securities into its global equity benchmarks, marking significant developments for these emerging markets. We have received positive feedback from index users with many passive asset managers moving quickly to adjust portfolios. We estimate that the inclusion of these countries within the FTSE Emerging Index will equate to around US$15 billion in net passive inflows of assets under management.

Post Trade

The Group's post trade divisions continued to perform well. LCH delivered a strong performance with income up 14% to £756 million. Post Trade – Italy saw income increase by 5% to £152 million. In January 2019, LSEG also announced the purchase of a 4.92% minority stake in Euroclear, a leading provider of settlement, custody and collateral management services across Europe, which further strengthened LSEG's and Euroclear's existing operational and commercial relationship to the benefit of our respective customers.

LCH's OTC clearing services continued to set new records in 2019 and have seen good growth in member and client clearing. SwapClear remains the largest OTC rates liquidity pool in the world, processing over US$1.2 quadrillion in notional volume in 2019. Alongside this, the increased use of its compression services has enabled members and customers to save approximately US$35.1 billion in capital over the course of the year. In October, LCH became the first clearing house to offer clearing of Euro-denominated swaps benchmarked to the new reference rate €STR, as the industry adopts new interest rate benchmarks. The move follows its launch of clearing for SOFR swaps and SONIA Futures in 2018, and SARON swaps in 2017. Through SwapAgent, LCH has the opportunity to expand its offering in the non-cleared OTC derivatives space, which represents around 25% of the global OTC interest rate derivatives market. ForexClear has also expanded its product offering to include the clearing of deliverable FX forwards. In Italy, the Group's central securities depository (CSD), Monte Titoli, is implementing a digital transformation programme to deliver increased efficiency, risk reduction and simplification for clients.

In October, we announced that we would align our Post Trade businesses in one division from January 2020, under the leadership of Daniel Maguire. The new Post Trade division includes LCH Group, CC&G, Monte Titoli and UnaVista, our trade reporting business that previously sat within Information Services. The new division will ensure greater Group-wide collaboration and benefits for customers, while continuing to operate on an open-access basis with no changes to local legal entity governance and regulatory oversight.

The withdrawal agreement in relation to the UK's departure from the European Union provides for a transition period until 31 December 2020 during which the UK will continue to apply European Union 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. 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, third country CCP.

Capital Markets

Capital Markets continued to perform well despite macroeconomic headwinds with revenue up 5% to £426 million.

While IPO activity globally has been slower this year due to macroeconomic and political uncertainty, London Stock Exchange and Borsa Italiana attracted significant listings with a total of £23.4 billion raised by firms in new and further issues across the Group's markets. London Stock Exchange retained its status as the leading European exchange in terms of money raised and Borsa Italiana recorded the highest number of new listings in Europe.

AIM, which will celebrate its 25th anniversary in 2020, remains the world's largest growth market, helping firms to raise over £3.8 billion in new and further issues during 2019. As part of our ongoing commitment to broadening our services to help make markets more accessible, London Stock Exchange also signed an agreement with PrimaryBid to enable retail investors real time access to listings. AIM Italia welcomed 31 companies to its markets, the highest number since it launched in 2009. In fixed income, a number of companies and sovereign issuers chose London to raise capital, including Aramco's inaugural international $12 billion bond in April.

After four years of development, including close work with the UK and Chinese Governments and regulators, we launched Shanghai-London Stock Connect, welcoming Huatai Securities as the first issuer of GDRs on the new segment in June. While we expect it will take a while to build, it is a significant achievement in our relationship with China.

LSEG continued to support issuers and investors in the transition to a sustainable, low-carbon economy throughout 2019. Over a third of the £6.9 billion total capital raised by investment funds through IPOs and further issues this year has been raised by green funds. Borsa Italiana's third Italian Sustainability Day welcomed a record number of participants amidst the growing focus on sustainable investment. In October, London Stock Exchange launched two green initiatives to recognise the increased interest from issuers and investors. The new Green Economy Mark recognises listed companies with 50% or more of their revenues derived from products and services that contribute to the global green economy. The Sustainable Bond Market builds on the success of the Green Bond Segment, launched in 2015, and includes new sustainability, social and issuer-level segments, based on independently verified frameworks and use of proceeds.

CurveGlobal, the interest rate derivatives business, continued to innovate and build momentum. CurveGlobal trading volumes rose by 78% in 2019, compared to 2018, as it continues to drive competition in the futures markets. CurveGlobal is supporting the transition away from LIBOR-based derivatives, enhancing price discovery and helping the market manage risk. It has also introduced a unique uncapped pre-paid trading scheme to encourage further use of CurveGlobal services.

Leadership

During the course of the year, we announced some changes to strengthen further our executive management team. David Shalders joined the Group as Chief Integration Officer and Chief Operating Officer and Anthony McCarthy was appointed Chief Information Officer, following Chris Corrado's decision to leave the Group. As noted in last year's report, Waqas Samad was appointed Group Director, Information Services in January 2019, while Daniel Maguire, CEO LCH Group was appointed Group Director, Post Trade following the creation of a single Post Trade division. Tim Jones, Group Head of Human Resources, and Gavin Sullivan, Group Communications Director, both joined the executive management team from 1 January 2020, reflecting the importance of these roles as the Group continues to develop. From 1 April 2020, Murray Roos will join LSEG as Group Director, Capital Markets as Raffaele Jerusalmi steps down from that role, while continuing as CEO, Borsa Italiana.

Finally, in October we announced that David Warren, Group Chief Financial Officer had informed the Group of his intention to retire from the company. David will continue in his current role as Group CFO and a member of the Board through to the close of the Refinitiv transaction to ensure a smooth transition to his successor. However, I would like to express my thanks now for David's significant contribution to the Group's success.

Our purpose

LSEG supports global financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risk and create jobs. As a global financial markets infrastructure business, LSEG provides critical services to clients around the world. We understand the vital role we play in supporting and enabling a financial ecosystem that fosters long-term sustainable economic growth, for the benefit of all participants in capital markets – issuers, investors and intermediaries. We run businesses that are of systemic importance and recognise that in doing so we hold an important position in the financial ecosystem with a broad set of responsibilities to our stakeholders.

We are also cognisant of our responsibilities to our people and to the wider communities in which we operate. We are committed to supporting a culture of collaboration and embracing the diversity of the Group. In 2019, we launched our Inclusion Network (IN) which will support networks embracing all forms of diversity. Colleagues in all locations have actively supported cultural initiatives from mentoring to organising activities that promote our values. It is also encouraging to see a rise in the number of colleagues participating in our paid volunteering days initiative to support various local charities around the world. You can read more in our separate Corporate Sustainability report available on our website.

Looking forward

We keep a close eye on the broader macroeconomic, technology and regulatory factors which continue to drive change in our industry. We have continued to invest across our businesses, working in partnership with customers to deliver innovative products and services, while also controlling costs. The Group remains well positioned for future growth in this evolving environment as a global financial markets infrastructure leader.

Finally, I would like to take the opportunity to thank all colleagues across the Group for their hard work in delivering another successful performance.

Financial review

The financial review covers the financial year ended 31 December 2019.

Commentary on performance uses variances on a continuing organic and constant currency basis, unless otherwise stated. Constant currency is calculated by rebasing 2018 at 2019 foreign exchange rates. Sub-segmentation of revenues are unaudited and are shown to assist the understanding of performance.

Highlights

- Total income of £2,314 million (2018: £2,135 million) increased by 7% and total revenue of £2,056 million (2018: £1,911 million) increased by 6%
- Adjusted EBITDA[1] of £1,265 million (2018: £1,066 million) increased by 17%
- Adjusted operating profit[1] of £1,065 million (2018: £931 million) increased by 13%
- Operating profit of £738 million (2018: £751 million) decreased by 3%
- Adjusted basic earnings per share[1] of 200.3 pence (2018: 173.8 pence) increased by 15%
- Basic earnings per share of 119.5 pence (2018: 138.3 pence) decreased by 14%
- Total dividend per share of 70.0 pence (2018: 60.4 pence) increased by 16%

There were no discontinued operations in 2019.

David Warren
Group Chief Financial Officer

[1] London Stock Exchange Group uses non-GAAP performance measures as key financial indicators as the Board believes these better reflect the underlying performance of the business. As in previous years, adjusted operating expenses, adjusted EBITDA, adjusted operating profit and adjusted earnings per share all exclude amortisation and impairment of purchased intangible assets and goodwill and non-underlying items

Continuing Operations Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at organic and constant currency[2] %
Information Services	**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 Services	**66**	65	2	1
Other	**9**	9	–	–
Total revenue	**2,056**	1,911	8	6
Net treasury income from CCP clearing business	**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**
Operating expenses before depreciation, amortisation and impairment[1]	**(839)**	(834)	1	(1)
Income from equity Investments	**7**	–	–	–
Share of loss after tax of associates	**(7)**	(8)	(12)	(12)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment[1]	**1,265**	1,066	**19**	**17**
Depreciation, amortisation and impairment[1]	**(200)**	(135)	49	49
Adjusted operating profit[1]	**1,065**	931	**14**	**13**
Amortisation of purchased intangible assets and non-underlying items	**(327)**	(180)	81	78
Operating profit	**738**	751	**(2)**	**(3)**
Adjusted basic earnings per share[1]	**200.3p**	173.8p	**15**	
Basic earnings per share	**119.5p**	**138.3p**	**(14)**	

[1] Before amortisation of purchased intangible assets and non-underlying items
[2] Organic growth is calculated in respect of businesses owned for at least 12 months in either period and excludes Beyond Ratings
Note: Variances in all tables are calculated from unrounded numbers

Information Services

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at organic and constant currency[1] %
Index - Subscription	**418**	373	12	8
Index - Asset Based	**231**	219	6	2
FTSE Russell[2]	**649**	**592**	**10**	**6**
Real Time Data	**97**	94	3	3
Other Information Services[1,2]	**156**	155	1	(1)
Total revenue	**902**	841	**7**	**5**
Cost of sales	**(74)**	(70)	5	2
Gross profit	**828**	771	**7**	**5**
Operating expenses before depreciation, amortisation and impairment[3]	**(323)**	(302)	7	–
Earnings before interest, tax, depreciation, amortisation and impairment[3]	**505**	469	**7**	**–**
Depreciation, amortisation and impairment[3]	**(56)**	(29)	93	–
Operating profit[3]	**449**	440	**2**	**–**

[1] Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes Beyond Ratings
[2] Mergent and some other minor items (previously reported in FTSE Russell subscriptions) are now included in Other Information Services for both periods
[3] Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Information Services provides global index products, real time pricing data, product identification, reporting and reconciliation services. Revenue was £902 million (2018: £841 million).

FTSE Russell's revenue was £649 million (2018: £592 million). On a reported basis, revenue increased by 10% and growth on a constant currency basis was 6% driven by strong subscription renewal rates and data sales, as well as increases in average AUM levels in benchmarked ETFs and other investable products.

Real Time Data revenue increased by 3% to £97 million (2018: £94 million) driven by increased licence sales, partially offset by the revenue impact of a 4% decline in the number of terminals to 167,000 (2018: 174,000).

Other Information Services revenue is broadly in line with last year at £156 million (2018: £155 million), with recurring licence growth in data products offset by a decline in transactional revenues in UnaVista.

Cost of sales increased by 2% to £74 million (2018: £70 million), primarily as a result of increased data charges and partnership costs, in relation to growth in FTSE Russell revenue.

Reported operating expenses excluding depreciation, amortisation and impairment (D&A) increased by 7% to £323 million (2018: £302 million), and D&A rose 93% to £56 million (2018: £29 million) reflecting continued investment to support growth of the business and share of IFRS 16 right of use asset amortisation. The increase in total cost contributed to a marginal operating profit margin decline.

Reported operating profit increased by 2% to £449 million (2018: £440 million). The Group remains on track to achieve the financial performance announced as part of the Yield Book acquisition.

Post Trade Services – LCH

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
OTC	**307**	268	15	13
Non-OTC	**140**	136	3	4
Other	**103**	83	25	24
Total revenue	**550**	487	13	13
Net treasury income	**206**	175	18	17
Total income	**756**	662	**14**	**14**
Cost of sales	**(114)**	(123)	(8)	(7)
Gross profit	**642**	539	**19**	**18**
Income from equity investments	**7**	–	–	–
Operating expenses before depreciation, amortisation and impairment[1]	**(234)**	(235)	–	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**415**	304	**36**	**–**
Depreciation, amortisation and impairment[1]	**(76)**	(62)	23	–
Operating profit[1]	**339**	242	**40**	**–**

[1] Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Post Trade Services – LCH comprises the Group's majority owned global clearing business. Total income was £756 million (2018: £662 million).

2019 performance is in line with the Group's double-digit growth revenue target for OTC clearing. OTC clearing revenue increased by 13% to £307 million (2018: £268 million), driven by SwapClear, with strong growth in client clearing where client trade volume increased by 13% to 1,681,000 (2018: 1,487,000). ForexClear membership increased to 34 members (2018: 32) while notional value cleared grew by 5% to US$18.0 trillion (2018: US$17.2 trillion). Of this, $61 billion was client cleared notional, up significantly from the previous year (2018: $8 billion).

Non-OTC clearing revenue increased by 4% to £140 million (2018: £136 million), reflecting continued strong performance in RepoClear. RepoClear reached a record nominal value cleared of €106 trillion (2018: €98.7 trillion) up 7% largely as a result of strong growth in the underlying Repo market, particularly in Europe as a result of excess liquidity with members realising netting and other benefits from the newly consolidated Euro debt pool in LCH SA.

Other revenue, which includes fees from non-cash collateral management, compression services, recharged pass through costs and revenue sharing arrangements, increased by 24% to £103 million (2018: £83 million).

Net treasury income increased by 17% to £206 million (2018: £175 million). The growth reflects a 13% rise in average cash collateral held to €98.4 billion (2018: €86.7 billion), primarily driven by volumes cleared and market volatility. Increased capacity with investment counterparties as well as continued expansion of the range of products invested in for asset allocation optimisation continued to support NTI growth. The Group expects NTI to stabilise around the levels seen in H2 2019 if collateral levels remain unchanged.

Cost of sales decreased 7% to £114 million (2018: £123 million), reflecting the updated SwapClear agreement which came into effect at the start of the year, which exceeded the £30 million benefit previously communicated.

Reported operating expenses excluding D&A remained flat and D&A increased by 23% to £76 million (2018: £62 million), driven by investment to support growth and IFRS 16 right of use asset amortisation.

LCH EBITDA margin increased by nine percentage points to 55% (2018: 46%), significantly exceeding the target of approaching 50% by 2019.

Reported operating profit increased by 40% to £339 million (2018: £242 million).

Post Trade Services – CC&G and Monte Titoli

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
Clearing (CC&G)	**43**	41	3	4
Settlement, Custody and Other (MT)	**60**	61	–	1
Inter-segmental revenue	–	1	–	–
Total revenue	**103**	103	**1**	**2**
Net treasury income (CC&G)	**49**	43	14	15
Total income	**152**	146	**5**	**6**
Cost of sales	**(7)**	(7)	6	6
Gross profit	**145**	139	**5**	**6**
Operating expenses before depreciation, amortisation and impairment[1]	**(44)**	(47)	(6)	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**101**	92	**10**	**–**
Depreciation, amortisation and impairment[1]	**(9)**	(9)	–	–
Operating profit[1]	**92**	83	**11**	**–**

[1] Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Post Trade Services provides clearing (CC&G), settlement and custody activities (both Monte Titoli). Total income was £152 million (2018: £146 million).

CC&G clearing revenues increased by 4% to £43 million (2018: £41 million) mainly due to growth in bonds clearing volumes, mirroring trading performance on MTS Repo market, jointly with higher guarantee deposit fees and fails commissions. Underlying Monte Titoli revenues were flat year on year as result of higher Custody revenues, largely due to the rise in assets under custody, offset by lower settlement revenues recorded in the year following a decrease in settlement instructions.

CC&G generates net treasury income by investing the cash margin held, retaining any surplus after members are paid a return on their cash collateral contributions. Net Treasury Income increased by 15% to £49 million (2018: £43 million) as result of higher average daily initial margin at €14.4 billion, 31% higher than 2018 (2018: €11.0 billion).

Cost of sales was in line with 2018.

Reported operating expenses excluding D&A decreased by 6% to £44 million (2018: £47 million), driven by lower IT costs from efficiency and lower staff costs. D&A was flat year on year.

Reported operating profit increased by 11% to £92 million (2018: £83 million).

Capital Markets

Revenue	**12 months ended Dec 2019** £m	**12 months ended Dec 2018** £m	**Variance** %	**Variance at constant currency** %
Primary Markets	**151**	113	34	34
Secondary Markets Equities	**151**	169	(11)	(11)
Secondary Markets – Fixed Income, Derivatives and Other	**124**	125	–	1
Total revenue	**426**	407	**5**	**5**
Cost of sales	**(5)**	(16)	(67)	(67)
Gross profit	**421**	391	**8**	**8**
Operating expenses before depreciation, amortisation and impairment[1]	**(192)**	(189)	2	–
Share of loss after tax of associates	(1)	(1)	–	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**228**	201	**13**	**–**
Depreciation, amortisation and impairment[1]	**(32)**	(17)	88	–
Operating profit[1]	**196**	184	**7**	**–**

[1] Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Capital Markets comprises Primary and Secondary Market activities. Revenue was £426 million (2018: £407 million).

Primary Markets revenue increased by 34% to £151 million in 2019 (2018: £113 million) with underlying revenue remaining stable despite uncertainty due to Brexit delays and the UK general election. The Group benefited from a change in estimate relating to IFRS 15 due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised, which resulted in a £32 million one-off balance sheet release. The total amount of capital raised across the Group's markets, through both new and further issues, decreased by 18% to £23.4 billion (2018: £28.7 billion), however four new admissions each raised over £1 billion (2018: one admission over £1 billion). Although there was a 38% decrease in the number of new issues across the Group's markets to 109 (2018: 176), the average market capitalisation of companies joining the Group's UK markets increased by 50% to £849 million (2018: £565 million). Further issuance from investment funds accounted for £4.2 billion (2018: £2.6 billion) with 55% of prior year listings raising further capital in 2019 (2018: 21%) following the trend that funds are able to upscale expediently on the Group's markets to advance their strategies after listing.

Secondary Markets revenue decreased by 11% to £151 million (2018: £169 million). UK average order book daily value traded fell by 19% to £4.7 billion (2018: £5.8 billion) in line with the subdued volume trend impacting European equity markets in 2019. Following on the same trend, Italian equity trading volumes also decreased by 10% year on year, with 255,000 trades per day (2018: 282,000). Turquoise, the Group's pan-European equities platform, was similarly impacted with a 36% reduction in average daily equity value traded to €2.1 billion (2018: €3.2 billion). Lower market volumes on Turquoise Lit Book were partly offset by Turquoise Plato and Turquoise Plato Lit Auctions which had record years, up 3% and 9% respectively on 2018 performance.

Fixed Income, Derivatives and Other revenue remained broadly flat year on year at £124 million (2018: £125 million). MTS Fixed Income revenue saw a 4% increase with strong performance by Repo up 24% partially offset by a decline of Cash and BondVision down 6% and 3% respectively. Derivatives performance was down 16% driven by the removal of Equity derivatives in the UK during the year and lower volumes on the Italian IDEM market. Growth in ELITE continued, with increased membership revenue in both the UK and Italy.

Cost of sales decreased by 67% to £5 million (2018: £16 million), primarily driven by Turquoise commercial policy changes from rebate model to discount scheme.

Reported operating expenses excluding D&A increased by 2% to £192 million (2018: £189 million) while D&A increased 88% to £32 million (2018: £17 million), reflecting ongoing investment and IFRS 16 right of use asset amortisation.

Share of loss after tax of associates relates to the Group's share of the HUB Exchange funding platform.

Reported operating profit increased by 7% to £196 million (2018: £184 million).

Technology Services

	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
Revenue	**66**	65	2	1
Inter-segmental revenue	**17**	21	(19)	(19)
Total revenue	**83**	86	**(3)**	**(3)**
Cost of sales	**(7)**	(9)	(23)	(23)
Gross profit	**76**	77	**(1)**	**(1)**
Operating expenses before depreciation, amortisation and impairment[1]	**(20)**	(59)	66	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**56**	18	**211**	**–**
Depreciation, amortisation and impairment[1]	**(25)**	(20)	25	–
Operating profit / (loss)[1]	**31**	(2)	**–**	**–**

[1] Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit / (loss) variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Technology Services provides server location solutions, client connectivity and software products for the Group and third parties.

Third party revenue increased by 1% to £66 million (2018: £65 million), driven by an expanding product suite and higher sales volumes.

Reported operating expenses excluding D&A decreased by 66% to £20 million (2018: £59 million), and D&A increased 25% to £25 million (2018: £20 million), driven by continued Group technology investment.

The Technology segment made a profit of £31 million (2018: £2 million loss).

Operating Expenses

Group operating expenses (including D&A) before amortisation of purchased intangible assets and non-underlying items, were £1,039 million (2018: £969 million).

Reported operating expenses increased by 7% (6% on an organic and constant currency basis). Within this, reported expenses excluding D&A were well controlled, with a 1% increase driven by salary and IT costs as the Group continues to invest in new products and resilient infrastructure.

D&A increased by 49%. Within this increase was a £26 million amortisation charge relating to implementation of IFRS 16, which requires items categorised as finance leases to be recognised on the balance sheet as an asset and the right to use the asset amortised. Reflecting the 2019 capital expenditure of £195 million and ongoing investment, underlying D&A in 2020 is expected to increase by a similar amount as in 2019.

Inorganic expenses increased by £1 million due to the acquisition of Beyond Ratings, which supports product expansion in FTSE Russell ESG indices.

The Group continues to integrate Yield Book and continues with the global headcount programme announced in March 2019, delivering a benefit of £17 million in 2019. The Group expects to achieve the announced run rate savings of £30 million by the end of 2020.

Income from Equity Investments and Share of Loss After Tax of Associates

Income from equity investments of £7 million reflects the dividend from the Group's 4.92% share in Euroclear. As the acquisition was in January 2019 there is no prior year comparative.

The share of loss after tax of associates primarily reflects the Group's 44.1% minority share of the operating loss of CurveGlobal of £6 million (2018: £7 million share of loss). CurveGlobal volumes continued to grow and open interest at the end of 2019 was up 14%, to 395,000 contracts (2018: 348,000 contracts). The Group recognised a £1 million share of loss on the Group's investment in the HUB Exchange funding platform (2018: £1 million share of loss).

Non-underlying Items

Non-underlying operating items increased by £147 million to £327 million (2018: £180 million). Non-underlying items in 2019 included amortisation and impairment of goodwill and purchased intangible assets of £195 million (2018: £159 million). Within this, £25 million relates to accelerated amortisation in relation to Mergent Inc; £15 million relates to impairment of goodwill and purchased intangibles, Turquoise Global Holdings Ltd £9 million, driven by uncertainty of future cash flows; and Mergent Inc £6 million, driven by lower expected future cash flows than forecast at the time of acquisition.

The Group incurred restructuring costs of £32 million (2018: nil) in relation to implementation of the headcount programme announced in March 2019. Integration costs of £4 million (2018: £12 million) relate to integration of Yield Book.

In relation to acquisitions, the Group has incurred £96 million (2018: £9 million) of transaction costs.

The Group incurred £16 million (2018: nil) of non-underlying financing fees for establishing a bridge financing facility in two tranches of $9.325 billion and €3.58 billion (Bridge Facility) in relation to the Refinitiv acquisition.

Finance Income and Expense and Taxation

Net finance costs were £71 million, up £5 million on the prior year driven by £4 million of lease interest recognised as a result of IFRS 16. In October 2019, upon its maturity, the Group repaid a £250 million bond with a coupon of 9.125% per annum, drawing down on existing facilities to refinance at significantly lower rates of interest.

The effective tax rate for the period in respect of continuing underlying operations and excluding the effect of prior year adjustments was 23.7% (2018: 21.6%).

This reflects the Group's mix of profits across a largely stable tax base without any material changes in underlying rates but does include several one-off items increasing the rate. These items include the write off of Turquoise Global Holding Ltd's deferred tax assets, London Stock Exchange Plc's pension asset being subjected to a temporary higher rate of tax, increased exposure to US state taxes and a one off increase in US federal tax arising from changes in the US legislation. Excluding one-off items the underlying effective tax rate was 22%.

While the UK corporation tax rate was due to fall to 17% from 1 April 2020 it was made clear during the 2019 general election that the Conservative Party intends to amend this and hold the UK Corporation Tax rate at 19%. With regards to the Group's UK deferred tax assets and liabilities, these are measured on substantially enacted future rates at the balance sheet date, which remains at 17% with the next UK budget schedule for 11 March 2020.

From a sustainability perspective, we do not expect there to be any material changes to both the underlying tax base and tax rates (assuming the UK remains at 19%). If the mix of profits remains constant with 2019 and each sub group achieves a tax rate close to the local statutory rate the Group should expect to record a reported tax rate of between 22% to 23% for 2020.

Cash Flow and Balance Sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from operations of £1,089 million (2018: £969 million).

At 31 December 2019, the Group had net assets of £3,801 million (2018: £3,698 million). The central counterparty clearing business assets and liabilities within LCH and CC&G largely offset each other but are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties.

Net debt

Year ended 31 December	**2019** £m	**2018** £m
Gross borrowings	2,085	2,203
Cash and cash equivalents	(1,493)	(1,510)
Net derivative financial liabilities	38	47
Net debt	630	740
Regulatory and operational cash	1,125	1,120
Operating net debt	1,755	1,860

At 31 December 2019, the Group had operating net debt of £1,755 million after setting aside £1,125 million of cash and cash equivalents held to support regulatory and operational requirements, including cash and cash equivalents at LCH Group and amounts covering regulatory requirements at other LSEG companies. There was little movement in total capital amounts during the year and the Group's operating net debt decreased as cash generated, after organic and inorganic investments and other normal course payment obligations, was applied to pay down borrowings.

In August 2019, the Group arranged a Bridge Facility in connection with its proposed acquisition of Refinitiv. The Bridge Facility offers the Group greater certainty of availability of funds, to potentially refinance the debt it takes on at completion as a result of the acquisition. The Bridge Facility has been arranged on terms appropriate for an investment grade borrower and is available in two tranches, one of $9.325 billion and one of €3.580 billion. As at 31 December 2019, the Bridge Facility was undrawn.

In addition to the Bridge Facility, the Group retained total committed bank facilities for general corporate purposes of £1.2 billion during the financial year. The maturity of the five-year £600 million facility arranged in December 2017 was extended during the period for a further year to December 2024. The Group therefore continues to be well positioned to fund future growth. Strong cash generation, £678 million of undrawn committed bank lines (after taking into account committed, swingline backstop coverage for the €300 million euro commercial paper in issuance) and the Bridge Facility, continued to provide an appropriate level of financial flexibility to the Group in its planning at the end of 2019.

The Group's interest cover, the coverage of net finance expense by EBITDA (consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation, foreign exchange gains or losses and non-underlying items), decreased to 14.4 times in the 12 months to 31 December 2019 (31 December 2018: 16.1 times) due to the additional costs of the Bridge Facility. Net leverage (operating net debt to EBITDA updated to account for the EBITDA of acquisitions or disposals undertaken in the period) decreased to 1.4 times at 31 December 2019 (31 December 2018: 1.8 times) and returns the Group to the middle of its targeted range of 1-2 times.

At the end of 2019, the Group's long-term credit ratings were A3 and A with Moody's and S&P respectively, with both agencies having moved their ratings to a negative outlook in anticipation of the impact of the Refinitiv acquisition on net leverage. Both agencies are positive about the strategic rationale for the transaction and note the Group's clearly positioned de-leveraging plans. Prior to the announcement of the Refinitiv acquisition on 1 August 2019, S&P had upgraded LSEG by one notch to the current A rating and Moody's had applied a positive outlook to its A3, reflecting their views on the Group's continued progress as it diversifies and strengthens its businesses and resulting earnings.

Foreign exchange

	2019	2018
Spot £/€ rate at 31 December	1.17	1.11
Spot £/US$ rate at 31 December	1.31	1.27
Average £/€ rate for the year	1.14	1.13
Average £/US$ rate for the year	1.28	1.34

The Group's principal foreign exchange exposure arises as a result of translating its foreign currency earnings, assets and liabilities into LSEG's reporting currency of Sterling. For the 12 months to 31 December 2019, the main exposures for the Group were its European based Euro reporting businesses and its US based operations, principally Russell Indexes, Mergent and The Yield Book. A 10 euro cent movement in the average £/€ rate for the year and a 10 cent movement in the average £/US$ rate for the year would have changed the Group's operating profit for the year before amortisation of purchased intangible assets and non-underlying items by approximately £29 million and £34 million, respectively.

The Group continues to manage its translation risk exposure by, where possible, matching the currency of its debt to the currency of its earnings, to ensure its key financial ratios are protected from material foreign exchange rate volatility.

Earnings per share

The Group delivered a 15% increase in adjusted basic earnings per share, which excludes amortisation of purchased intangible assets and non-underlying items, to 200.3 pence (2018: 173.8 pence). Basic earnings per share were 119.5 pence (2018: 138.3 pence).

Dividend

The Board is proposing a final dividend of 49.9 pence per share, which together with the interim dividend of 20.1 pence per share paid to shareholders in September 2019, results in a 16% increase in the total dividend to 70.0 pence per share. The final dividend will be paid on 27 May 2020 to shareholders on the register as at 1 May 2020.

Financial Targets

At an Investor Update event in June 2017, the Group set out financial targets for 2017-2019, with the 2019 outcome provided below.

Financial Targets to 2019		**Performance**
FTSE Russell	**Double-digit growth to continue 2017-2019**	**2019: Up 10%** on a reported basis; **up 6%** on a constant currency basis
LCH	**Double-digit OTC revenue growth to continue**	**2019: Up 15%** on a reported basis; **up 13%** on a constant currency basis
	Adjusted EBITDA margin growth – approaching 50% by 2019	**2019: 55%**

Targets relating to increases in operating expenses and Group EBITDA margin of c55% were stepped away from at the end of 2018. The Group achieved an EBITDA margin of 54.7% in 2019.

Capital Management Framework

The Group has reviewed its Capital Management Framework, which remains broadly unchanged (shown below). The Group continues to focus on maintaining a prudent balance sheet while also continuing to deploy capital for select organic and inorganic investments. Returns to shareholders, including share buy-backs, will continue to be kept under review.

Prudent Balance Sheet management Maintain existing leverage target of 1.0-2.0x Net Debt / EBITDA	Flexibility to operate within this range for normal investment / development and to go above this range in the short term for compelling strategic opportunities Manage credit rating, debt profile, and regulatory requirements
Investment for growth Preserve flexibility to pursue growth both organically and through ‘bolt-on’/strategic M&A	Selective inorganic investment opportunities - meeting high internal hurdles Continued organic investments
Ordinary dividend policy Progressive ordinary dividend policy	Progressive dividend - reflects confidence in strong future financial position Operating in target 2.5-3.0x dividend cover range Interim dividend payment of 1/3 of prior full year dividend results
Other capital returns	Continue to keep other returns under review

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2019

Continuing operations	Notes	2019 Underlying £m	2019 Non-underlying £m	2019 Total £m	2018 Underlying £m	2018 Non-underlying £m	2018 Total £m
Revenue	4	**2,056**	**-**	**2,056**	1,911	-	1,911
Net treasury income from CCP clearing business	4	**255**	**-**	**255**	218	-	218
Other income	4	**3**	**-**	**3**	6	-	6
Total income		**2,314**	**-**	**2,314**	2,135	-	2,135
Cost of sales	4	**(210)**	**-**	**(210)**	(227)	-	(227)
Gross profit		**2,104**	**-**	**2,104**	1,908	-	1,908
Expenses							
Operating expenses before depreciation, amortisation and impairment	5, 7	**(839)**	**(132)**	**(971)**	(834)	(21)	(855)
Income from equity investments	4	**7**	**-**	**7**	-	-	-
Share of loss after tax of associates	4	**(7)**	**-**	**(7)**	(8)	-	(8)
Earnings before interest, tax, depreciation, amortisation and impairment		**1,265**	**(132)**	**1,133**	1,066	(21)	1,045
Depreciation, amortisation and impairment	7	**(200)**	**(195)**	**(395)**	(135)	(159)	(294)
Operating profit/(loss)		**1,065**	**(327)**	**738**	931	(180)	751
Finance income		**14**	**-**	**14**	13	-	13
Finance expense		**(85)**	**(16)**	**(101)**	(79)	-	(79)
Net finance expense	7, 8	**(71)**	**(16)**	**(87)**	(66)	-	(66)
Profit/(loss) before tax		**994**	**(343)**	**651**	865	(180)	685
Taxation	7, 9	**(236)**	**50**	**(186)**	(187)	55	(132)
Profit/(loss) for the year		**758**	**(293)**	**465**	678	(125)	553
Profit/(loss) attributable to:							
Equity holders		**699**	**(282)**	**417**	603	(123)	480
Non-controlling interests		**59**	**(11)**	**48**	75	(2)	73
Profit/(loss) for the year		**758**	**(293)**	**465**	678	(125)	553
Earnings per share attributable to equity holders							
Basic earnings per share	10			**119.5p**			138.3p
Diluted earnings per share	10			**118.1p**			136.0p
Adjusted basic earnings per share	10			**200.3p**			173.8p
Adjusted diluted earnings per share	10			**198.0p**			170.8p
Dividend per share in respect of the financial year							
Dividend per share paid during the year	11			**20.1p**			17.2p
Dividend per share declared for the year	11			**49.9p**			43.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 £m	2018 £m
Profit for the year		**465**	553
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Defined benefit pension scheme remeasurement gain/(loss)		**7**	(12)
Income tax relating to these items	9	**-**	5
		7	(7)
Items that may be subsequently reclassified to profit or loss:			
Net gains/(losses) on net investment hedges		**71**	(55)
Debt instruments at fair value through other comprehensive income:			
- Net gains/(losses) from changes in fair value		**16**	(21)
- Net (gains)/losses reclassified to the consolidated income statement on disposal		**(2)**	4
Exchange (losses)/gains on translation of foreign operations		**(218)**	168
Income tax relating to these items	9	**(5)**	4
		(138)	100
Other comprehensive income net of tax		**(131)**	93
Total comprehensive income for the year		**334**	646
Total comprehensive income attributable to:			
Equity holders		**298**	572
Non-controlling interests		**36**	74
Total comprehensive income for the year		**334**	646

BALANCE SHEET

At 31 December 2019

	Notes	2019 £m	2018 £m
Assets			
Non-current assets			
Property, plant and equipment		**288**	149
Intangible assets	12	**4,421**	4,687
Investment in associates		**28**	25
Deferred tax assets		**49**	42
Investments in financial assets	13	**266**	31
Retirement benefit asset		**66**	46
Trade and other receivables	13	**19**	33
		5,137	5,013
Current assets			
Trade and other receivables	13	**566**	785
Derivative financial instruments	13	**2**	-
Clearing member financial assets		**729,094**	764,411
Clearing member cash and cash equivalents		**67,118**	70,927
Clearing member assets	13	**796,212**	835,338
Current tax		**160**	147
Investments in financial assets	13	**81**	53
Cash and cash equivalents		**1,493**	1,510
		798,514	837,833
Total assets		**803,651**	842,846
Liabilities			
Current liabilities			
Trade and other payables	13	**620**	538
Contract liabilities		**157**	153
Derivative financial instruments	13	**1**	30
Clearing member liabilities	13	**796,102**	835,508
Current tax		**127**	61
Borrowings	13, 14	**512**	561
Provisions		**19**	2
		797,538	836,853
Non-current liabilities			
Borrowings	13, 14	**1,573**	1,642
Derivative financial instruments	13	**39**	17
Contract liabilities		**88**	118
Deferred tax liabilities		**432**	475
Retirement benefit obligations		**17**	22
Other non-current payables	13	**150**	11
Provisions		**13**	10
		2,312	2,295
Total liabilities		**799,850**	839,148
Net assets		**3,801**	3,698

Equity

Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	16	**24**	24
Share premium	16	**967**	965
Retained earnings		**668**	424
Other reserves		**1,796**	1,930
Total shareholders' funds		**3,455**	3,343
Non-controlling interests		**346**	355
Total equity		**3,801**	3,698

CASH FLOW STATEMENT

Year ended 31 December 2019

	Notes	2019 £m	2018 £m
Cash flow from operating activities			
Cash generated from operations	17	**1,089**	969
Interest received		**6**	3
Interest paid		**(103)**	(76)
Royalties paid		**(2)**	(2)
Corporation tax paid		**(153)**	(173)
Withholding tax received		**-**	1
Net cash inflow from operating activities		**837**	722
Cash flow from investing activities			
Purchase of property, plant and equipment		**(41)**	(50)
Purchase of intangible assets	12	**(154)**	(144)
Proceeds from sale of businesses [1]		**30**	58
Cash disposed as part of the sale of businesses		**-**	(2)
Acquisition of business, net of cash acquired [2]	19	**(14)**	3
Investment in associates		**(11)**	(28)
Investments in financial assets classed as FVOCI	13	**(247)**	-
Investment in government bonds		**(3)**	-
Net cash outflow from investing activities		**(440)**	(163)
Cash flow from financing activities			
Dividends paid to shareholders	11	**(221)**	(189)
Dividends paid to non-controlling interests		**(40)**	(42)
Purchase of non-controlling interests [3]		**(9)**	(452)
Purchase of own shares by the employee benefit trust		**(5)**	(4)
Proceeds from exercise of employee share options		**5**	7
Issue of convertible debt to external party		**(4)**	-
Loan to associate		**(1)**	-
Arrangement fee paid		**-**	(4)
Proceeds from the issue of bonds		**-**	445
Bond repayment		**(250)**	-
Proceeds from the issue of commercial paper		**-**	255
Repayments made towards bank credit facilities		**(35)**	(489)
Additional drawdowns from bank credit facilities		**261**	-
Principal element of lease payments (2018: Payments towards lease obligations)		**(41)**	(2)
Net cash outflow from financing activities		**(340)**	(475)
Increase in cash and cash equivalents		**57**	84
Cash and cash equivalents at beginning of year		**1,510**	1,382
Exchange (loss)/gain on cash and cash equivalents		**(74)**	44
Cash and cash equivalents at end of year		**1,493**	1,510

The Group's net cash inflow from operating activities of £837 million includes £98 million of expenses related to non-underlying items.

[1] Proceeds from sale of businesses include deferred consideration of £29 million received by the Group from its disposal of Russell Investment Management in 2016 and a further £1 million received in the current year for the disposal of Exactpro Systems Limited and its subsidiaries in the prior year. Proceeds from sale of businesses in the prior year relates to £58 million deferred consideration received by the Group from its disposal of Russell Investment Management.

[2] Acquisition of business, net of cash acquired, in the current year relates to the Group's acquisition of 100% of Beyond Ratings SAS for £14 million. In the prior year, the Group received £3 million from the vendors of the Yield Book business on finalisation of the purchase price.

[3] Purchase of non-controlling interests relates to the Group's purchase of the remaining 30% interest in EuroTLX SIM S.p.A. from non-controlling equity holders for £9 million (€10.2 million). During the prior year, the Group completed the purchase of shareholdings from non-controlling equity holders in LCH Group Holdings Limited and FTSE Global Debt Capital Markets Limited for cash consideration of £413 million and £39 million respectively.

Group cash flow does not include cash and cash equivalents held by the Group's Post Trade operations on behalf of their clearing members for use in their operations as managers of the clearing and guarantee systems. These balances represent margins and default funds held for counterparties for short periods in connection with these operations.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to equity holders						
	Ordinary share capital	**Share premium**	**Retained earnings**	**Other reserves**	**Total attributable to equity holders**	**Non-controlling interests**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
31 December 2017	24	964	324	1,820	3,132	525	3,657
Profit for the year	-	-	480	-	480	73	553
Other comprehensive income for the year	-	-	(18)	110	92	1	93
Issue of shares (note 16)	-	1	-	-	1	-	1
Final dividend relating to the year ended 31 December 2017 (note 11)	-	-	(129)	-	(129)	-	(129)
Interim dividend relating to the year ended 31 December 2018 (note 11)	-	-	(60)	-	(60)	-	(60)
Dividend payments to non-controlling interests	-	-	-	-	-	(42)	(42)
Employee share scheme expenses	-	-	38	-	38	-	38
Tax in relation to employee share scheme expenses	-	-	7	-	7	-	7
Purchase of non-controlling interest within acquired subsidiary	-	-	(218)	-	(218)	(202)	(420)
31 December 2018	24	965	424	1,930	3,343	355	3,698
Impact of adoption of IFRS 16 (note 2)	-	-	(23)	-	(23)	-	(23)
1 January 2019 (restated)	24	965	401	1,930	3,320	355	3,675
Profit for the year	**-**	**-**	**417**	**-**	**417**	**48**	**465**
Other comprehensive income for the year	**-**	**-**	**15**	**(134)**	**(119)**	**(12)**	**(131)**
Issue of shares (note 16)	**-**	**2**	**-**	**-**	**2**	**-**	**2**
Final dividend relating to the year ended 31 December 2018 (note 11)	**-**	**-**	**(151)**	**-**	**(151)**	**-**	**(151)**
Interim dividend relating to the year ended 31 December 2019 (note 11)	**-**	**-**	**(70)**	**-**	**(70)**	**-**	**(70)**
Dividend payments to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(44)**	**(44)**
Employee share scheme expenses	**-**	**-**	**37**	**-**	**37**	**-**	**37**
Tax in relation to employee share scheme expenses	**-**	**-**	**17**	**-**	**17**	**-**	**17**
Purchase of non-controlling interest within acquired subsidiary	**-**	**-**	**2**	**-**	**2**	**(1)**	**1**
31 December 2019	**24**	**967**	**668**	**1,796**	**3,455**	**346**	**3,801**

Shares held in the Employee Benefit Trust to settle exercises of employee share awards were 517,563 (2018: 573,672).

Employee share scheme expenses include costs related to the issue and purchase of own shares for employee share schemes of £(5) million (2018: £(4) million), subscriptions, net of sundry costs, received on the vesting of employee share schemes of £5 million (2018: £6 million) and equity-settled share scheme expenses for the year of £37 million (2018: £36 million).

Purchase of non-controlling interests in the year relates to the Group's acquisition of the remaining 30% of interest in EuroTLX SIM S.p.A. In the prior year, the Group acquired an additional 16.68% interest in LCH Group Holdings Limited and the remaining 27.26% interest in FTSE Global Debt Capital Markets Limited.

Other reserves comprise the following:

Merger reserve of £1,305 million (2018: £1,305 million), a reserve that arose when the Company issued shares as part of the consideration to acquire subsidiary companies.

Capital redemption reserve of £514 million (2018: £514 million), a reserve set up as a result of a court approved capital reduction.

Reverse acquisition reserve of £(512) million (2018: £(512) million), a reserve arising on consolidation as a result of the capital reduction scheme.

Foreign exchange translation reserve of £535 million (2018: £740 million), a reserve reflecting the impact of foreign currency changes on the translation of foreign operations.

Hedging reserve of £(46) million (2018: £(117) million), a reserve representing the cumulative fair value adjustments recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its consolidated income statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before any non-underlying items. Non-underlying items include amortisation of purchased intangible assets and other income or expenses not considered to drive the operating results of the Group. This is the profit measure used to calculate adjusted earnings per share. Profit before non-underlying items is reconciled to profit before taxation on the face of the income statement.

Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates. The results of subsidiary companies sold or acquired in the period are included in the income statement up to, or from, the date that control passes. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The acquisition of subsidiary companies is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Upon completion of the Group's fair value exercise, comparatives are revised up to 12 months after the acquisition date, for the final fair value adjustments. Further details are provided in Note 19. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with non-controlling interests through the economic entity model. Transactions with non-controlling interests are recognised in equity. Where the non-controlling interest has an option to dispose of their holding to the Group, then the amounts potentially due are recognised at their fair value at the balance sheet date.

Recent accounting developments

The following standards and amendments have been endorsed by the EU and adopted in these financial statements:

- IFRS 16, ‘Leases’
- IFRIC 23, ‘Uncertainty over Income Tax Treatments’
- Amendments to IAS 28, ‘Long-term interest in Associates and Joint Ventures’
- Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’
- Amendments to IFRS 9, ‘Prepayment features with negative compensation’
- Annual improvements to IFRS standards 2015-2017

The impact of adopting IFRS 16 on the Group’s financial results is described in detail in note 2. The adoption of the other amendments did not have a material impact on the results of the Group.

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC, but have not been adopted because they are not yet mandatory and the Group has not chosen to early adopt. The Group plans to adopt these standards and interpretations when they become effective. The impact on the Group’s financial statements of the future standards, amendments and interpretations is still under review, and where appropriate, a description of the impact of certain standards and amendments is provided below:

International accounting standards and interpretations	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3, ‘Business Combinations’	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform	1 January 2020
IFRS 17, ‘Insurance Contracts’	1 January 2021

The above amendments and standards are not expected to have a material impact on the results of the Group.

2. Adoption of new accounting standards and interpretations

On 1 January 2019, the Group adopted IFRS 16 'Leases'. The impact of adopting the new standard has been reflected through transition adjustments to the Group's opening retained earnings at the start of the current year, as presented in the consolidated statement of changes in equity. The table below provides a summary of the impact at the date of transition:

	As reported 31 December 2018	Impact of adoption	After adoption 1 January 2019
	£m	£m	£m
Property, plant and equipment	149	172	**321**
Investment in leases	-	3	**3**
Assets	149	175	**324**
Lease liabilities - current	4	39	**43**
Lease liabilities – non-current	1	162	**163**
Trade and other payables – accruals	355	(3)	**352**
Deferred tax liabilities	475	(4)	**471**
Provisions	12	4	**16**
Liabilities	847	198	**1,045**
Retained earnings	424	(23)	**401**
Equity	424	(23)	**401**

The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective transitional arrangements and consequently the comparative amounts have not been restated.

The standard requires the Group to recognise a 'right-of-use' asset where the Group has a long-term arrangement to benefit from an asset which it controls in return for regular consideration (a lease). This definition includes the majority of the Group's offices around the world, and these form the largest group of assets recognised on 1 January 2019. Other assets include motor vehicles.

The Group has recognised right-of-use assets and corresponding liabilities for all leased assets, except for those with only short-term commitment (less than 12 months) or for individual assets of a value less than £5,000. In such cases, the Group recognises the associated lease payments as an expense on a straight-line basis over the lease term.

Right-of-use assets for property or equipment are included within property, plant and equipment on the face of the balance sheet. Assets relating to the right-of-use of an intangible are included within intangible assets on the face of the balance sheet.

The cost of right-of-use assets was calculated as if the Group had always applied the new standard but using an incremental borrowing rate calculated as at 31 December 2018. The value recognised for lease liabilities is the present value of the remaining lease payments, discounted to 1 January 2019 using the same rate.

The following practical expedients have been applied by the Group:

- The use of hindsight to determine the lease term, if the contract included extensions or break clauses
- Application of the short-term lease exemption to leases that expired before 31 December 2019
- Excluding initial direct costs from the measurement of the cost of the asset
- Applying a single discount rate to groups of leases with similar characteristics, e.g. similar period and location

A reconciliation of the new liabilities recognised to the amounts disclosed at 31 December 2018 as lease commitments is given below:

	£m
Lease commitments at 31 December 2018	226
Discounted lease commitments at 1 January 2019	198
Less:	
Lease liabilities recognised as short-term leases	(2)
Add:	
Leases not previously recognised	5
Adjustments in respect of change in treatment of extension options	5
Lease liabilities as at 1 January 2019	**206**
Weighted average incremental borrowing rate as at 1 January 2019	**2.4%**

3. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

Estimates:

For the year ended 31 December 2019, the following areas require the use of estimates:

Impairment of intangible assets and goodwill – these assets form a significant part of the balance sheet and are key assets for the cash generating business in the Group. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by investors to determine an appropriate discount rate. Details are provided in note 12;

Defined benefit pension asset or liability - determined based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary; and

Estimated service period for admission and listing services within the Primary Markets business – the Group determines the estimated period for admission services using historical analysis of listing durations in respect of the companies on our markets. The estimated service period inherently incorporates an element of uncertainty in relation to the length of a customer listing which is subject to factors outside of the Group's control. The estimated service periods are reassessed at each reporting date to ensure the period reflects the Group's best estimates. The Group estimates that a one year decrease in the deferral period would cause an estimated £19 million increase in revenue and a one year increase in the deferral period would cause an estimated £17 million decrease in revenue recognised in the year.

Judgements:

In preparing the financial statements for the year ended 31 December 2019, the following judgement has been made:

Clearing member trading assets and trading liabilities - The Group uses its judgement to carry out the offsetting within clearing member balances. The carrying values of the balances are offset at what the Group considers an appropriate level to arrive at the net balances reported in the balance sheet. The Group has an aligned approach for its CCP subsidiaries to ensure the principles applied are consistent across similar assets and liabilities. The approach is reviewed on a timely basis to ensure the approach used is the most appropriate.

EU State Aid – The Group has used its judgement to assess any obligations arising in relation to EU State Aid investigations. Considering the appeals made by the UK PLCs (including the Group), UK Government, and management's internal view, the Group does not consider any provision is required in relation to this investigation. Additional details are provided in note 9.

4. Segmental information

The Group is organised into operating units based on its service lines and has six reportable segments: Information Services, Post Trade Services – LCH, Post Trade Services – CC&G and Monte Titoli, Capital Markets, Technology Services and Other. These segments generate revenue in the following areas:

- **Information Services** – Subscription and licence fees for data and index services provided;
- **Post Trade Services – LCH** - Fees based on CCP and clearing services provided, non-cash collateral management and net interest earned on cash held for margin and default funds;
- **Post Trade Services – CC&G and Monte Titoli** – Clearing fees based on trades and contracts cleared, net interest earned on cash, securities held for margin and default funds, and fees from settlement and custody services;
- **Capital Markets** – Admission fees from initial listing and further capital raises, annual fees charged for securities traded on the Group's markets, and fees from our secondary market services;
- **Technology Services** – Capital markets software licences and related IT infrastructure, network connection and server hosting services; and
- **Other** – Includes events and media services.

The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Executive Committee primarily uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) to assess the performance of the operating segments.

Sales between segments are carried out at arm's length and are eliminated on consolidation.

Segmental disclosures for the year ended 31 December 2019 are as follows:

	Information Services	Post Trade Services - LCH	Post Trade Services - CC&G and Monte Titoli	Capital Markets	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**902**	**550**	**103**	**426**	**66**	**9**	**-**	**2,056**
Inter-segmental revenue	-	-	-	-	17	-	(17)	-
Revenue	**902**	**550**	**103**	**426**	**83**	**9**	**(17)**	**2,056**
Net treasury income from CCP clearing business	**-**	**206**	**49**	**-**	**-**	**-**	**-**	**255**
Other income	-	-	-	-	-	3	-	3
Total income	**902**	**756**	**152**	**426**	**83**	**12**	**(17)**	**2,314**
Cost of sales	(74)	(114)	(7)	(5)	(7)	(3)	-	(210)
Gross profit	**828**	**642**	**145**	**421**	**76**	**9**	**(17)**	**2,104**
Income from equity investments	-	7	-	-	-	-	-	7
Share of loss after tax of associates	-	-	-	(1)	-	(6)	-	(7)
Earnings before interest, tax, depreciation, amortisation and impairment	**505**	**415**	**101**	**228**	**56**	**(34)**	**(6)**	**1,265**
Underlying depreciation, amortisation and impairment	(56)	(76)	(9)	(32)	(25)	(6)	4	(200)
Operating profit/(loss) before non-underlying items	**449**	**339**	**92**	**196**	**31**	**(40)**	**(2)**	**1,065**
Amortisation and impairment of goodwill and purchased intangible assets								(195)
Other non-underlying items								(132)
Operating profit								**738**
Net finance expense including non-underlying items								(87)
Profit before tax								**651**

Revenue from external customers principally comprises fees for services rendered of £1,981 million (2018: £1,837 million) and Technology Services of £66 million (2018: £65 million).

Net treasury income from CCP clearing businesses of £255 million (2018: £218 million) comprises gross interest income of £1,337 million (2018: £1,025 million) less gross interest expense of £1,082 million (2018: £807 million).

During the year the Group recognised a total of £29 million (2018: £106 million) of net treasury income on financial assets and financial liabilities held at amortised cost comprising £1,028 million (2018: £732 million) gross treasury income and £999 million (2018: £626 million) gross treasury expense.

£226 million net income (2018: £112 million net gain) on assets held at fair value was recognised, comprising £309 million (2018: £293 million) income and £83 million (2018: £181 million) expense.

Presented within revenue are net settlement expenses from the CCP clearing businesses of net nil (2018: £2 million) which comprise gross settlement income of £30 million (2018: £24 million) less gross settlement expense of £30 million (2018: £26 million).

The Group's revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2019 is shown below:

Revenue from external customers

	Information Services	Post Trade Services - LCH	Post Trade Services - CC&G and Monte Titoli	Capital Markets	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m	£m
Major product & service lines							
FTSE Russell Indexes - subscription	418	-	-	-	-	-	418
FTSE Russell Indexes - asset based	231	-	-	-	-	-	231
Real time data	97	-	-	-	-	-	97
Other information services	156	-	-	-	-	-	156
Clearing	-	550	43	-	-	-	593
Settlement, custody and other	-	-	60	-	-	-	60
Primary capital markets	-	-	-	151	-	-	151
Secondary capital markets - equities	-	-	-	151	-	-	151
Secondary capital markets - fixed income, derivatives and other	-	-	-	124	-	-	124
Capital markets software licences	-	-	-	-	66	-	66
Other	-	-	-	-	-	9	9
Total revenue from contracts with customers	902	550	103	426	66	9	2,056
Timing of revenue recognition							
Services satisfied at a point in time	42	544	95	283	4	7	975
Services satisfied over time	860	6	8	143	62	2	1,081
Total revenue from contracts with customers	902	550	103	426	66	9	2,056

Segmental disclosures for the year ended 31 December 2018 are as follows:

	Information Services	Post Trade Services - LCH	Post Trade Services - CC&G and Monte Titoli	Capital Markets	Technology Services	Other	Eliminations	Group
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	841	487	102	407	65	9	-	1,911
Inter-segmental revenue	-	-	1	-	21	-	(22)	-
Revenue	841	487	103	407	86	9	(22)	1,911
Net treasury income from CCP clearing business	-	175	43	-	-	-	-	218
Other income	-	-	-	-	-	6	-	6
Total income	841	662	146	407	86	15	(22)	2,135
Cost of sales	(70)	(123)	(7)	(16)	(9)	(2)	-	(227)
Gross profit	771	539	139	391	77	13	(22)	1,908
Share of loss after tax of associates	-	-	-	(1)	-	(7)	-	(8)
Earnings before interest, tax, depreciation, amortisation and impairment	469	304	92	201	18	(5)	(13)	1,066
Underlying depreciation, amortisation and impairment	(29)	(62)	(9)	(17)	(20)	(2)	4	(135)
Operating profit/(loss) before non-underlying items	440	242	83	184	(2)	(7)	(9)	931
Amortisation and impairment of goodwill and purchased intangible assets								(159)
Other non-underlying items								(21)
Operating profit								751
Net finance expense								(66)
Profit before tax								685

The Group's revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2018 is shown below:

Revenue from external customers

	Information Services	Post Trade Services - LCH	Post Trade Services - CC&G and Monte Titoli	Capital Markets	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m	£m
Major product & service lines							
FTSE Russell Indexes - subscription	373	-	-	-	-	-	373
FTSE Russell Indexes - asset based	219	-	-	-	-	-	219
Real time data	94	-	-	-	-	-	94
Other information services	155	-	-	-	-	-	155
Clearing	-	487	41	-	-	-	528
Settlement, custody and other	-	-	61	-	-	-	61
Primary capital markets	-	-	-	113	-	-	113
Secondary capital markets - equities	-	-	-	169	-	-	169
Secondary capital markets - fixed income, derivatives and other	-	-	-	125	-	-	125
Capital markets software licences	-	-	-	-	65	-	65
Other	-	-	-	-	-	9	9
Total revenue from contracts with customers	841	487	102	407	65	9	1,911
Timing of revenue recognition							
Services satisfied at a point in time	45	479	93	237	2	8	864
Services satisfied over time	796	8	9	170	63	1	1,047
Total revenue from contracts with customers	841	487	102	407	65	9	1,911

31 December 2018 comparatives have been re-presented in line with current year classification.

5. Expenses by nature

Expenses comprise the following:

	Notes	2019 £m	2018 £m
Employee costs	6	**529**	510
IT costs		**146**	136
Short-term lease costs		**2**	-
Lease costs for low value items		**2**	-
Other costs		**163**	193
Foreign exchange gains		**(3)**	(5)
Underlying operating expenses before depreciation, amortisation and impairment		**839**	834
Non-underlying operating expenses before depreciation, amortisation and impairment	7	**132**	21
Operating expenses before depreciation, amortisation and impairment		**971**	**855**

Other costs include £49 million in relation to professional fees (2018: £60 million). Previously property costs included within other costs are now recognised as depreciation under IFRS 16 (note 2).

6. Employee costs

Employee costs comprise the following:

	2019 £m	2018 £m
Salaries and other benefits	**397**	387
Social security costs	**71**	62
Pension costs	**26**	25
Share-based compensation	**35**	36
Total	**529**	510

Staff costs include the costs of contract staff who are not on the payroll, but fulfil a similar role to employees.

The average number of employees in the Group from total operations was:

	2019	2018
UK	**1,631**	1,628
USA	**664**	659
Italy	**643**	612
France	**185**	166
Sri Lanka	**1,082**	1,025
Other	**493**	315
Total	**4,698**	4,405

Average staff numbers are calculated from the date of acquisition for subsidiary companies acquired in the year and up to the date of disposal for businesses disposed in the year.

7. Non-underlying items

	Note	2019 £m	2018 £m
Amortisation and impairment of goodwill and purchased intangible assets	12	**195**	159
Transaction costs		**96**	9
Restructuring costs		**32**	-
Integration costs		**4**	12
Operating expenses before depreciation, amortisation and impairment		**132**	21
Total affecting operating profit		**327**	180
Non-underlying finance expense		**16**	-
Total affecting profit before tax		**343**	180
Tax effect on items affecting profit before tax			
Deferred tax on amortisation of purchased intangible assets		**(31)**	(33)
Current tax on amortisation of purchased intangible assets		**(11)**	(11)
Tax effect on other items		**(8)**	(11)
Total tax effect on items affecting profit before tax		**(50)**	(55)
Total non-underlying charge to income statement		**293**	125

During the year the Group incurred a £180 million (2018: £154 million) amortisation charge in relation to purchased intangible assets, which includes £25 million accelerated amortisation in relation to Mergent Inc. In the prior year £5 million expense was recognised in relation to written-off work in progress assets no longer required for development.

The Group impaired goodwill of £8 million and purchased intangible assets of £1 million in relation to Turquoise Global Holdings Ltd and the Group impaired goodwill of £6 million in relation to Mergent Inc (note 12).

Transaction costs comprise charges incurred for services relating to potential merger and acquisition transactions.

Restructuring costs comprise one-off implementation costs arising from the cost savings programme announced in March 2019.

Integration costs in the current and prior year relate to the activities to integrate the Mergent and Yield Book businesses into the Group.

Financing costs relate to fees for establishing a Bridge Financing to refinance the Refinitiv notes and term loans in full following completion of its proposed acquisition. Further details of the facility are provided in note 14.

8. Net finance expense

	2019	2018
	£m	£m
Finance income		
Expected return on defined benefit pension scheme assets	**1**	1
Bank deposit and other interest income	**9**	8
Other finance income	**4**	4
Underlying finance income	**14**	13
Finance expense		
Interest payable on bank and other borrowings	**(73)**	(72)
Defined benefit pension scheme interest cost	**-**	(1)
Lease interest payable	**(4)**	-
Other finance expenses	**(8)**	(6)
Underlying finance expense	**(85)**	(79)
Non-underlying	**(16)**	-
Net finance expense	**(87)**	(66)

Bank deposits and other income includes negative interest earned on the Group's borrowings. Interest payable includes amounts where the Group earns negative interest on its cash deposits.

Other finance income includes amounts relating to the unwind of discount on net investments in leases. These amounts are immaterial.

During the year the Group recognised a total of £72 million (2018: £66 million) of net interest expense on financial assets and financial liabilities held at amortised cost, comprising £13 million (2018: £12 million) gross finance income and £85 million (2018: £78 million) gross finance expense. Presented within finance income and finance expense are amounts in relation to defined benefit pension schemes which are measured at fair value.

9. Taxation

The standard UK corporation tax rate for the year was 19% (2018: 19%).

	2019	2018
Taxation charged to the income statement	**£m**	**£m**
Current tax:		
UK corporation tax for the year	**84**	53
Overseas tax for the year	**134**	107
Adjustments in respect of previous years	**(3)**	(12)
	215	148
Deferred tax:		
Deferred tax for the year	**2**	15
Adjustments in respect of previous years	**-**	2
Deferred tax on amortisation of purchased intangible assets	**(31)**	(33)
	(29)	(16)
Total taxation charge	**186**	132

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns submitted to relevant tax authorities.

Taxation on items not recognised in the income statement	2019 £m	2018 £m
Current tax credit:		
Tax allowance on share awards in excess of expense recognised	**7**	5
	7	5
Deferred tax (charge)/credit:		
Tax on defined benefit pension scheme remeasurement	**(2)**	5
Adjustments relating to change in defined benefit pension tax rate	**2**	-
Tax allowance on share options/awards in excess of expense recognised	**10**	2
Tax on movement in value of investments in financial assets	**(5)**	4
	12	16

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%) as explained below:

	2019 £m	2018 £m
Profit before tax	**651**	685
Profit multiplied by standard rate of corporation tax in the UK	**124**	130
Expenses not deductible/(income not taxable)	**9**	(7)
Adjustment arising from change in tax rates	**7**	-
Overseas earnings taxed at higher rate	**38**	25
Adjustments in respect of previous years	**(3)**	(10)
Adjustment arising from changes in tax rates on amortisation of purchased intangible assets	**4**	(2)
Deferred tax provided for withholding tax on distributable reserves	**2**	-
Derecognition of deferred tax	**5**	(4)
Taxation	**186**	132

The UK Finance Bill 2016 was enacted in September 2016, reducing the standard rate of corporation tax to 17% effective from 1 April 2020. Accordingly, the UK deferred tax balances at December 2019 have been stated at the rate dependent on when the temporary differences are expected to reverse. The deferred tax balances in other countries are recognised at the substantively enacted rates at the balance sheet date.

Uncertain tax positions

EU State Aid

The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company (CFC) regime was published. It concludes that the legislation up until December 2018 does partially represent State Aid.

Both the Group and the UK Government, among a number of other UK PLCs, have since submitted appeals to the EU general court to annul the EU Commission's findings.

The UK Government are required to commence the process of recovering the State Aid while the decision is under appeal, issuing their first round of determinations in December 2019 focusing on the financial year 2015 due to the expiry of certain time limits.

The Group received a determination in respect of one of its two affected subsidiaries for £1 million, which was both paid by the Group and appealed against separately to HMRC in January 2020. The appeal against the determination to HMRC is likely to stay until the conclusion of the appeals to the EU general court to annul the original EU Commission's decision.

Considering the appeals made by the UK PLCs (including the Group), UK Government, and management's internal view, the Group does not consider any provision is required in relation to this investigation. Additionally, in accordance with the provisions of IFRIC 23 'Uncertainty over Income Tax Treatments' and IAS 12 'Income Taxes', the Group will recognise a receivable for the determination paid in January 2020.

As previously disclosed, the Group has made claims under the CFC legislation and considers that the potential amount of tax payable, excluding compound interest, remains between nil and £65 million.

Other

The Group does not have any other uncertain tax positions as at 31 December 2019 (2018: nil).

10. Earnings per share

Earnings per share is presented on four bases: basic earnings per share, diluted earnings per share, adjusted basic earnings per share, and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities. Diluted earnings per share takes into account the dilutive effects that would arise on conversion or vesting of all outstanding share options and share awards under the Group's share option and award schemes. Adjusted basic earnings per share and adjusted diluted earnings per share exclude amortisation of purchased intangible assets and non-underlying items to enable a better comparison of the underlying earnings of the business with prior periods.

	2019	2018
Basic earnings per share	**119.5p**	138.3p
Diluted earnings per share	**118.1p**	136.0p
Adjusted basic earnings per share	**200.3p**	173.8p
Adjusted diluted earnings per share	**198.0p**	170.8p

Profit and adjusted profit for the year attributable to the Company's equity holders:

	2019 £m	2018 £m
Profit for the financial year attributable to the Company’s equity holders	**417**	480
Adjustments:		
Total non-underlying items (note 7)	**293**	125
Amortisation of purchased intangible assets, non-underlying items and taxation attributable to non-controlling interests	**(11)**	(2)
Adjusted profit for the year attributable to the Company's equity holders	**699**	603
Weighted average number of shares - millions	**349**	347
Effect of dilutive share options and awards - millions	**4**	6
Diluted weighted average number of shares - millions	**353**	353

The weighted average number of shares excludes those held in the Employee Benefit Trust and treasury shares held by the Group.

11. Dividends

	2019 £m	2018 £m
Final dividend for 31 December 2017 paid 30 May 2018: 37.2p per Ordinary share	**-**	129
Interim dividend for 31 December 2018 paid 18 September 2018: 17.2p per Ordinary share	**-**	60
Final dividend for 31 December 2018 paid 29 May 2019: 43.2p per Ordinary share	**151**	-
Interim dividend for 31 December 2019 paid 17 September 2019: 20.1p per Ordinary share	**70**	-
	221	189

Dividends are only paid out of available distributable reserves.

The Board has proposed a final dividend in respect of the year ended 31 December 2019 of 49.9p per share, which is estimated to amount to an expected payment of £174 million in May 2020. This is not reflected in the financial statements.

12. Intangible assets

		Purchased intangible assets				
	Goodwill	Customer and supplier relationships	Brands	Software, licences and intellectual property	Software and other	Total
Cost:	£m	£m	£m	£m	£m	£m
31 December 2017	2,377	1,848	960	584	678	6,447
Additions	-	-	-	-	187	187
Disposals	-	(6)	-	(14)	(4)	(24)
Transfer of asset	-	-	-	-	3	3
Write-off	-	-	-	-	(5)	(5)
Foreign exchange	70	50	45	12	13	190
31 December 2018	2,447	1,892	1,005	582	872	6,798
Acquisition of subsidiaries	**14**	**-**	**-**	**-**	**-**	**14**
Additions	**-**	**-**	**-**	**-**	**206**	**206**
Disposals and write-off	**-**	**(2)**	**(1)**	**(2)**	**(16)**	**(21)**
Foreign exchange	**(104)**	**(64)**	**(24)**	**(12)**	**(39)**	**(243)**
31 December 2019	**2,357**	**1,826**	**980**	**568**	**1,023**	**6,754**
Accumulated amortisation and impairment:						
31 December 2017	521	566	151	291	317	1,846
Amortisation charge for the year	-	91	39	24	102	256
Impairment	-	-	-	-	1	1
Disposals	-	(6)	-	(14)	(4)	(24)
Write-off	-	-	-	-	(1)	(1)
Foreign exchange	7	11	7	3	5	33
31 December 2018	528	662	197	304	420	2,111
Amortisation charge for the year	**-**	**117**	**41**	**22**	**123**	**303**
Impairment	**14**	**1**	**-**	**-**	**9**	**24**
Disposals and write-off	**-**	**(2)**	**(1)**	**(2)**	**(14)**	**(19)**
Foreign exchange	**(27)**	**(26)**	**(5)**	**(6)**	**(22)**	**(86)**
31 December 2019	**515**	**752**	**232**	**318**	**516**	**2,333**
Net book values:						
31 December 2019	**1,842**	**1,074**	**748**	**250**	**507**	**4,421**
31 December 2018	1,919	1,230	808	278	452	4,687

Goodwill

On 31 May 2019, the Group acquired Beyond Ratings SAS ("Beyond Ratings"), which resulted in additions to goodwill of £14 million (note 19).

The goodwill arising on consolidation represents the growth potential and assembled workforces of the Italian Group, LCH Group, FTSE Group, MillenniumIT, the US Information Services Group and Turquoise.

During the year an impairment has been recognised in relation to Turquoise Global Holdings Ltd due to uncertainties in the underlying future cash flows resulting in an impairment of £8 million in goodwill.

An impairment has been recognised in relation to Mergent due to lower forecast cash flows, driven by revenue performance below expectations set at the time of acquisition. This has resulted in an impairment of £6 million in goodwill.

Purchased intangible assets

The fair values of the purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The Group's purchased intangible assets include:

Customer and supplier relationships
These assets have been recognised on acquisition of major subsidiary companies by the Group. The amortisation periods remaining on these assets are between 7 to 23 years. Following a reassessment of useful economic lives the Group has recognised a £25 million acceleration of amortisation charge in the year.

Brands
Brands have been recognised in a number of major acquisitions, including FTSE, LCH, Russell and Yield Book. Included within brands are trade names relating to the acquisition of Frank Russell Group of £538 million (2018: £583 million). The remaining amortisation period on these assets are between 3 to 23 years.

Software, licences and intellectual property
These assets have been recognised on acquisition of subsidiary companies and have a remaining amortisation period of 2 to 18 years.

There are no other individual purchased intangible assets with a carrying value that is considered material to each asset class.

Following a review of purchased intangible assets no longer in use, the Group disposed of assets with costs of £2 million of customer relationships, £1 million of brands and £2m of software licences, all with a nil net book value.

Impairment tests for purchased intangible assets

Turquoise

An impairment of £1 million has been recognised in relation to Customer and Supplier Relationships which represents the recurring source of income from customers' existing at the time of acquisition. The impaired asset belongs to the Capital Markets reportable segment.

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts approved by senior management covering a three year period. The pre tax discount rate applied to cash flow projections is 8.8% (2018: 9.7%) and cash flows beyond the three-year period are extrapolated using a 3.4% growth rate (2018: 3.5%). The projected cash flows have been impacted by weaker demand in the 'lit' trading book, coupled with increased costs of additional investment in information technology to support the business. This has resulted in the carrying value exceeding the value in use and the Group has recognised an impairment of £1 million in the current year taking the carrying value to nil.

Software and other

As a part of the business operating model the Group develops technology solutions where software products are developed internally, for use within the Group or to sell externally. The cost of self-developed software products in the year includes £100 million (2018: £133 million) representing assets not yet brought into use. No amortisation has been charged on these assets and instead they are tested for impairment annually.

During the year, additions relating to internally generated software amounted to £176 million (2018: £175 million). Research expenditure of £16 million (2018: £4 million) has been recognised in the income statement in the year.

Other amounts represent the internally built and developed trading systems within the various business lines, licences, capitalised contract costs and right-of-use assets. In general, these assets have a useful economic life of up to 7 years.

During the year, the Group capitalised £9 million (2018: £10 million) of incremental contract costs in respect of revenue generating contracts with customers and recognised a £7 million (2018: £6 million) amortisation charge relating to contract cost assets. No impairment was recognised in the year (2018: nil) in relation to contract cost assets.

Previously, the Group recognised licences held under finance leases with a carrying value of £6 million at 2018. On 1 January 2019, the Group adopted IFRS 16 (note 2) and these assets are now included with other right-of-use assets within 'software and other'. During the year the Group recognised additions of £21 million of right-of-use assets, with a corresponding amortisation charge of £7 million.

Following a review of software assets in the year the Group recognised £9 million impairment in relation to assets no longer in use.

During the year the Group recognised disposals and write-offs of assets no longer in use with a cost of £16 million, comprising £14 million nil net book value assets and £2 million of assets not yet brought into use.

13. Financial assets and financial liabilities

Financial instruments by category

The financial instruments of the Group are categorised as follows:

Financial assets

31 December 2019	Financial assets at amortised cost £m	Financial assets at fair value through OCI £m	Financial instruments at fair value through profit or loss £m	Total £m
Clearing member financial assets:				
- Clearing member trading assets	122,299	-	574,889	**697,188**
- Other receivables from clearing members	8,330	-	-	**8,330**
- Other financial assets	-	23,576	-	**23,576**
- Clearing member cash and cash equivalents	67,118	-	-	**67,118**
Clearing member business assets	197,747	23,576	574,889	**796,212**
Trade and other receivables	521	-	5	**526**
Cash and cash equivalents	1,493	-	-	**1,493**
Investments in financial assets - debt instruments	-	106	-	**106**
Investments in financial assets - equity instruments	-	241	-	**241**
Derivative financial instruments	-	-	2	**2**
Total	**199,761**	**23,923**	**574,896**	**798,580**

There were no transfers between categories during the year.

Prepayments and contract assets within trade and other receivables are not classified as financial instruments.

The Group no longer recognises bonds with less than three months maturity as cash and cash equivalents. They remain within investments in financial assets - debt.

Financial liabilities

31 December 2019	Financial liabilities at amortised cost £m	Financial liabilities at fair value through profit and loss £m	Total £m
Clearing member financial liabilities:			
- Clearing member trading liabilities	122,299	574,889	**697,188**
- Other payables to clearing members	98,914	-	**98,914**
Clearing member business liabilities	221,213	574,889	**796,102**
Trade and other payables	747	-	**747**
Borrowings	2,085	-	**2,085**
Derivative financial instruments	-	40	**40**
Total	**224,045**	**574,929**	**798,974**

There were no transfers between categories during the year.

Social security and other tax liabilities within trade and other payables, and contract liabilities are not classified as financial instruments.

The financial instruments of the Group at the previous year's balance sheet date were as follows:

Financial assets

31 December 2018	Financial assets at amortised cost £m	Financial assets at fair value through OCI £m	Financial instruments at fair value through profit or loss £m	Total £m
Clearing member financial assets:				
- Clearing member trading assets	138,153	-	604,303	742,456
- Other receivables from clearing members	2,261	-	-	2,261
- Other financial assets	-	19,694	-	19,694
- Clearing member cash and cash equivalents	70,927	-	-	70,927
Clearing member business assets	211,341	19,694	604,303	835,338
Trade and other receivables	761	-	-	761
Cash and cash equivalents	1,510	-	-	1,510
Investments in financial assets - debt instruments	-	84	-	84
Total	213,612	19,778	604,303	837,693

Prepayments and contract assets within trade and other receivables are not classified as financial instruments.

Contract assets that have been reclassified as fees receivable are included within trade and other receivables.

Financial liabilities

31 December 2018	Financial liabilities at amortised cost £m	Financial liabilities at fair value through profit or loss £m	Total £m
Clearing member financial liabilities:			
– Clearing member trading liabilities	138,153	604,303	742,456
– Other payables to clearing members	93,052	-	93,052
Clearing member business liabilities	231,205	604,303	835,508
Trade and other payables	510	10	520
Borrowings	2,203	-	2,203
Derivative financial instruments	-	47	47
Total	233,918	604,360	838,278

Social security and other tax liabilities within trade and other payables are not classified as financial instruments.

14. Borrowings

	2019 £m	2018 £m
Current		
Bank borrowings	**256**	41
Commercial paper	**256**	270
Bonds	**-**	250
	512	561
Non-current		
Bonds	**1,573**	1,642
	1,573	1,642
Total	**2,085**	2,203

The Group has the following committed bank facilities and unsecured notes:

Type	Expiry date	Notes/facility £m	Carrying value at 31 December 2019 £m	Interest rate percentage at 31 December 2019 %	
Drawn value of Facilities					
Dual-currency bridge facility	Jan 2022[1]	10,167	**(8)**	LIBOR + 0.3	
Multi-currency revolving credit facility	Nov 2022	600	**115**	LIBOR + 0.45	
Multi-currency revolving credit facility	Dec 2024	600	**149**	LIBOR + 0.3	
Total committed bank facilities			**256**		
Commercial paper	Jan 2020	256	**256**	(0.330)	2
£300 million bond, issued November 2012	Nov 2021	300	**299**	4.750	
€500 million bond, issued September 2017	Sep 2024	427	**426**	0.875	
€500 million bond, issued December 2018	Dec 2027	427	**424**	1.750	
€500 million bond, issued September 2017	Sep 2029	427	**424**	1.750	
Total bonds			**1,573**		
Total committed facilities and unsecured notes			**2,085**		

[1] Terminates 12 months after the earlier of Refinitiv business acquisition or the end of January 2022.

[2] The Commercial paper interest rate reflected is the average interest rate achieved on the outstanding issuances.

Current borrowings

The Group retained total committed revolving credit bank facilities of £1,200 million during the financial year. The final one year extension option on the five year £600 million facility arranged in December 2017 was taken up to push the final maturity out to December 2024. In August 2019 the Group arranged a Bridge Facility comprising tranches of US$9.325 billion and €3.58 billion. The revolving credit facilities were partially drawn at 31 December 2019 and the Bridge Facility remained undrawn, with total facilities carrying value of £256 million (2018: £41 million) which includes £10 million of deferred arrangement fees (2018: £2 million). Further details of the Bridge Facility arrangement fees amortised to the income statements are provided in note 7.

The Group maintained its £1 billion Euro Commercial Paper Programme. Outstanding issuances at 31 December 2019 of €300 million (£256 million) (2018: of €300 million (£270 million)) may be reissued upon maturity in line with the Group's liquidity requirements.

In October 2019, the Company redeemed the 2009 £250 million unsecured bond using funding drawn from its bank credit facilities. The issue price of the bond was £99.548 per £100 nominal. The coupon on the bond was dependent on the Company's credit ratings with Moody's and Standard & Poor's, which were unchanged at A3 and A- respectively. The bond coupon remained at 9.125% per annum for the period outstanding.

Cassa di Compensazione e Garanzia S.p.A. (CC&G) has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements in the event of a market stress or participant failure. In addition, it has arranged commercial bank back-up credit lines with a number of commercial banks, which total €420 million at 31 December 2019 (2018: €420 million), for overnight and longer durations to broaden its liquidity resources consistent with requirements under the European Markets Infrastructure Regulation (EMIR).

LCH SA has a French banking licence and is able to access refinancing at the European Central Bank to support its liquidity position. LCH Limited is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position, and has direct access to certain central bank facilities to support its liquidity risk management in accordance with the requirements under the EMIR. In accordance with the Committee on Payments and Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO) and Principles for Financial Market Infrastructures (PFMIs), many Central Banks now provide for CCPs to apply for access to certain Central Bank facilities.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day-to-day liquidity requirements across its operations.

Non-current borrowings

In November 2012, the Company issued a £300 million bond under its Euro Medium Term Notes Programme (launched at the same time) which is unsecured and is due for repayment in November 2021. Interest is paid semi-annually in arrears in May and November each year. The issue price of the bond was £100 per £100 nominal. The coupon on the bond is fixed at 4.75% per annum.

In September 2017, the Company issued €1 billion of bonds in two €500 million (£427 million) tranches under its updated Euro Medium Term Notes Programme. The bonds are unsecured and the tranches are due for repayment in September 2024 and September 2029 respectively. Interest is paid annually in arrears in September each year. The issue prices of the bonds were €99.602 per €100 nominal for the 2024 tranche and €99.507 per €100 nominal for the 2029 tranche. The coupon on the respective tranches is fixed at 0.875% per annum and 1.75% per annum respectively.

In December 2018, the Company issued a €500 million (£427 million) bond under its updated Euro Medium Term Notes Programme. The bond is unsecured and due for repayment in December 2027. Interest is paid annually in arrears in December each year. The issue price was €99.547 per €100 nominal. The coupon on the bond is fixed at 1.75% per annum.

Fair values

The fair values of the Group's borrowings are as follows:

	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
Borrowings				
- within 1 year	**512**	**512**	561	561
- after more than 1 year	**1,573**	**1,676**	1,642	1,914
	2,085	**2,188**	2,203	2,475

Bonds are classified as Level 1 in the Group’s hierarchy for determining and disclosing the fair value of financial instruments. Bond fair values are as quoted in the relevant fixed income markets.

Bank borrowings and commercial paper are classified as Level 2 in the Group’s hierarchy for determining and disclosing the fair value of financial instruments. The fair values of these instruments are based on discounted cash flows using a rate based on borrowing cost. Bank borrowings bear interest at an appropriate inter-bank reference rate plus and agreed margin, and commercial paper attracts interest at a negotiated rate at the time of issuance.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019			2018		
	Drawn	Swapped	Effective	Drawn	Swapped	Effective
Currency	£m	£m	£m	£m	£m	£m
Sterling	**420**	**-**	**420**	572	(270)	302
Euro	**1,557**	**(637)**	**920**	1,631	(361)	1,270
US dollar	**108**	**637**	**745**	-	631	631
Total	**2,085**	**-**	**2,085**	2,203	-	2,203

15. Analysis of net debt

Group net debt includes interest bearing loans and borrowings and derivative financial instruments less cash and cash equivalents.

	2019	**2018**
	£m	**£m**
Due within 1 year		
Cash and cash equivalents	**1,493**	1,510
Bank borrowings	**(256)**	(41)
Commercial paper	**(256)**	(270)
Bonds	**-**	(250)
Derivative financial assets	**2**	-
Derivative financial liabilities	**(1)**	(30)
	982	919
Due after 1 year		
Bonds	**(1,573)**	(1,642)
Derivative financial liabilities	**(39)**	(17)
Total net debt	**(630)**	(740)

Reconciliation of net cash flow to movement in net debt

	2019	**2018**
	£m	**£m**
Increase in cash in the year	**57**	84
Bond issue proceeds	**-**	(445)
Commercial paper issuance	**-**	(255)
Additional drawdowns from bank credit facilities	**(261)**	-
Net repayments made towards bank credit facilities	**35**	489
Repayment of bonds	**250**	-
Change in net debt resulting from cash flows	**81**	(127)
Foreign exchange	**14**	4
Movement on derivative financial assets and liabilities	**9**	(22)
Bond valuation adjustment	**(2)**	3
Movement in bank credit facility arrangement fees	**8**	(1)
Net debt at the start of the year	**(740)**	(597)
Net debt at the end of the year	**(630)**	(740)

16. Share capital and share premium

Ordinary shares issued and fully paid

	Number of shares	Ordinary shares [1]	Share premium	Total
	millions	£m	£m	£m
1 January 2018	350	24	964	988
Issue of shares to the Employee Benefit Trust	1	-	1	1
31 December 2018	351	24	965	989
Issue of shares to the Employee Benefit Trust	**-**	**-**	**2**	**2**
31 December 2019	**351**	**24**	**967**	**991**

[1] Ordinary Shares of 6 $^{79/86}$ pence

The Board approved the allotment and issue of 68,020 ordinary shares of par value 6 $^{79/86}$ pence at a weighted average exercise price of 2,238 pence to the Employee Benefit Trust (2018: 72,763 ordinary shares of par value 6 $^{79/86}$ pence at 2,042 pence), to settle employee 'Save As You Earn' share plans. This generated a premium of £2 million (2018: £1 million).

The Ordinary Share Capital of 351 million shares is shown net of 1 million treasury shares, recorded at par.

17. Net cash flow generated from operations

	Notes	2019 £m	2018 £m
Profit before tax		**651**	685
Adjustments for depreciation, amortisation and impairments:			
Depreciation and amortisation		**369**	287
Impairment of software and intangible assets		**24**	5
Impairment of property, plant and equipment		**2**	2
Adjustments for other non-cash items:			
Loss on disposal of intangible assets		**2**	-
Share of loss of associates		**7**	8
Net finance expense	8	**87**	66
Share scheme expense	6	**35**	36
Royalties		**1**	3
Movement in pensions and provisions		**(2)**	(19)
Net foreign exchange differences		**(27)**	30
Research and development tax credit		**(1)**	-
Decrease/(increase) in receivables and contract assets		**203**	(107)
Increase in payables and contract liabilities		**37**	3
Movement in other assets and liabilities relating to operations:			
Decrease/(increase) in clearing member financial assets		**6,525**	(101,678)
(Decrease)/increase in clearing member financial liabilities		**(6,796)**	101,646
Movement in derivative assets and liabilities [1]		**(28)**	2
Cash generated from operations		**1,089**	969

[1] Movement in derivative assets and liabilities includes £10 million relating to the Group's exercise of its option to purchase the remaining interest in Euro TLX SIM S.p.A, a subsidiary of the Group and £1 million from the revaluation of the derivative option attached to the convertible loan to Nivaura Limited.

18. Commitments and contingencies

The Group has no contracted capital commitments or any other commitments not provided for in the financial statements as at 31 December 2019 (2018: nil).

In the normal course of business, the Group receives legal claims in respect of commercial, employment and other matters. Where a claim is more likely than not to result in an economic outflow of benefits from the Group, a provision is made representing the expected cost of settling such claims.

19. Business combinations

Acquisitions in the year to 31 December 2019

On 31 May 2019, the Group acquired 100% of Beyond Ratings SAS (Beyond Ratings), a provider of financial analysis that includes Environmental, Social and Governance criteria based in France. The consideration of £14 million (€15 million) cash was paid in two instalments during the year.

The provisional fair value of the net assets acquired was nil, including fixed assets of £1 million, current assets of £1 million and liabilities of £2 million. The fair value of assets acquired will be finalised within 12 months of acquisition. There were no purchased intangible assets. The Group provisionally recognised £14 million in goodwill which represents the potential growth of future income streams expected as the Beyond Ratings business is highly complementary to the Group's analytics tools and the index and data products.

The post-acquisition revenues and operating profit from the continuing operations of Beyond Ratings were not material to the Group. If the acquisition had taken place at the beginning of the year there would have been no material effect on the Group.

Acquisition related costs incurred have been recognised in the income statement during the year, but were immaterial.

Acquisitions in the year to 31 December 2018

There were no acquisitions in the year ended 31 December 2018.

20. Events after the reporting period

In January 2020 the Group created a Post Trade Division. The division will include LCH Group and the post trade businesses in Italy, Monte Titoli and CC&G, which are currently reported separately as part of our financial results. The Post Trade division will also include UnaVista, the trade reporting business that currently sits in the Information Services Division.

The Group will disclose segmental information for the Post Trade Division in future financial reporting.