

## **LSEG & Microsoft launch strategic partnership - Investor & Analyst Call Transcript**

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### **Hosts:**

David Schwimmer – Group CEO

Anna Manz – Group CFO

Judson Althoff – Microsoft Corporation - Executive VP & Chief Commercial Officer

### **David Schwimmer:**

Thank you, operator, and good morning, everyone. Anna and I are really excited to be here this morning to take your questions on the partnership we announced this morning with Microsoft, and there's no better way to reflect that partnership than our being joined here by Judson Althoff, who is Executive Vice President and Chief Commercial Officer at Microsoft. Judson has been leading this partnership on their side, and Judson, it is great to have you here with us. Judson and I will each make some brief introductory remarks, and then we will open it up to your questions.

So this agreement is transformative for LSEG's business. We've been working for over a year to put this partnership together, with a real focus on both sides to make this a win-win-win: a win for our customers, a win for Microsoft and a win for LSEG. It's another significant step on our journey towards becoming the leading global financial markets infrastructure and data business, building on the strategy that led to our acquisition of Refinitiv. We're bringing together LSEG's leading data sets, analytics and global customer base with Microsoft's trusted cloud services and global reach to transform workflow and the user experience for our customers across the financial markets value chain.

As always, with LSEG, we will remain true to our open access model, making it even easier for users to access our data and combine it with their own, driving multiple new use cases and creating attractive revenue growth opportunities for both companies.

At a high level, our plans comprise 4 main elements: the migration of our data platform to Microsoft Azure, allowing much greater flexibility, usability and scalability than we have today. Number two, an enhanced version of LSEG Workspace with seamless Teams communication and Microsoft 365 interoperability, including built-in compliance features for the first time. Three, the development of new analytics tools, combining the best of our data and analytics with Microsoft AI and collaboration tools. And a 10-year Cloud deal underpinning all of our work together. We've also agreed to explore the development of digital marketing infrastructure based on cloud technology, with a goal to transform how market participants interact with capital markets.

During the build-out phase, we and Microsoft will be investing in the products and capabilities I've mentioned. This investment, outlined in this morning's release, reflects our continued focus on long-term growth and will enable us to deliver a step change for our customers rather than small, incremental improvements. I'm also delighted to welcome Microsoft as a shareholder in LSEG and Scott Guthrie, who leads Microsoft's Cloud and AI Group, to our Board, subject to certain approvals. This reflects the depth and breadth of the partnership and the level of commitment both companies have.

Let me turn it over to Judson for a few remarks.

**Judson Althoff:**

Thank you, David. And let me start off by saying it's a real pleasure to be able to be here with you today, and thank you all for listening this morning. We're really excited at Microsoft about this new strategic partnership with the London Stock Exchange Group. It has been, as David said, a journey over this last year, coming together in partnership. And we're really excited about Microsoft's partnership with LSEG across many, many facets here, and I think it would be great to spend a little bit of time to dive into some of the things that David said about the characteristics of the partnership itself.

First and foremost, when we look at the opportunity for Microsoft to help the London Stock Exchange Group digitally transform their own infrastructure, we're very excited about bringing the power of the Microsoft Cloud to help lift infrastructure to the cloud but digitize business processes at the same time, and drive the effectiveness and efficiencies of the globally systemic market infrastructure that LSEG has built at a world-class scale. So we're very, very excited about the cloud partnership that is underpinning this relationship.

But we're more excited, quite frankly, about what we can do together for customers across the financial services industry, and there are 2 key areas here that I think are worth reflecting upon in a little bit more detail.

First of all, with Microsoft Teams, we've been able to really help the entire financial services industry to better collaborate, of course, through the pandemic but into post-pandemic phase and hybrid work, and we're really excited about the opportunity to combine the power of LSEG's Workspace technologies with Microsoft Teams in a never before, seamlessly integrated capacity that provides instantaneous information to financial advisers like never before across the workspace environment across mobile scenarios, and leveraging AI capabilities to provide the next best action for financial advice into the next generation of solutions for this industry.

The other piece of this really centers around the data and analytics portion that David mentioned a moment ago. The data is at the source of real -- really, every single financial decision that's made in the world today. However, the current state of affairs is that most financial institutions have silos of data that they have to work tirelessly to bring together to have insights that are relevant for their customers and their institutions. By taking the LSEG data sets to the cloud and running them on Microsoft Azure and Microsoft Azure Synapse in integrated data service, we can enable financial service institutions around the world to mash up these data sources and make better decisions more effectively and more efficiently than ever before. So we're very excited about bringing that foundation of data to the world of financial services in integrated capacity and allowing analytic reasoning to occur instantaneously to make better decisions for all of our customers.

So foundationally, this is a long-term partnership that Microsoft is very excited to be entering with LSEG. Again, we're very excited about being able to help LSEG continue to transform digitally, leveraging the power of the Microsoft Cloud, and then bringing these great new technologies to our customers through the advancements of Teams and integration with LSEG Workspace and bringing these data and analytics services capabilities to the cloud.

So I'll pause there, and David, hand it back to you.

**David Schwimmer:**

Thank you, Judson.

And with that, we'll open up the lines to Q&A. So operator, who do we have first?

**Operator:**

(Operator Instructions)

We will take our first question from Bruce Hamilton from Morgan Stanley.

**Bruce Hamilton:**

A couple of questions from me just to kick off. Maybe on the financial impact. Can you help us think around those a little bit more? So the additional costs near term of GBP 250 million to GBP 300 million, maybe a little more around what is driving that, given you were already on a path to sort of moving to the cloud? And then perhaps more importantly, can you help us think about the time line and the quantum of the revenue impact? You talked about a meaningful uplift, but can you help us think about what services products you have in mind, what time frame those could come to market, and how else to think about that improvement versus the 5% to 7% growth you're currently targeting?

And then I had a second question, just -- there's a number of exchanges globally that are in partnerships with technology partners, CME with Google Cloud; Nasdaq, AWS. So how is this sort of partnership differentiated in your view?

**David Schwimmer:**

Thanks, Bruce. We'll turn it over to Anna for the first one, and then I'm happy to jump in on the second. And Judson, you may have a view as well about that.

**Anna Manz:**

So I'll just talk through the financial impact. Thanks, Bruce.

I'm going to start with revenue, and we've said that this partnership will meaningfully accelerate revenue. Although we're going to have a couple of years of product development, so we won't see that revenue flowing through until 2025. It will be delivered by selling more of our existing products, accessing white spaces and also better pricing the broader set of products that we've got.

To bring that to life a little bit, you've just heard Judson describe what making Workspace native within the Microsoft 365 that really could look and feel like, that is going to help us accelerate our trading or banking revenue. But also on top of that, it allows us to take data analytics much more broadly and access the full suite of Teams uses potentially with our financial data in the future. So that's about selling more. And then the analytics example, again, that just unpacked. That's about us coming together with our modeling capabilities and Microsoft's Machine Learning and AI capabilities to really create some very sophisticated analytics.

And price. As we improve the quality of our products such -- as a whole, that allows us to be confident in our price positioning. But also as we move to more consumption-based pricing, that allows us to better monetize our entire product portfolio. So feeling good about revenue. It doesn't change our short-term guidance of 5% to 7%, which of course expires at the end of 2023, but we'll see meaningful acceleration beyond that.

And in terms of cost, excluding the investment we've been at today, we're on track to our greater than 50% EBITDA margin at the end of 2023. We've laid out that this will have a 50 to 100 -- 100 basis point impact on our EBITDA margins over the next 3 years, which is frankly quite a modest investment for what is a big opportunity.

**David Schwimmer:**

Thank you, Anna.

So to your second question, Bruce, this is a significant strategic partnership where we are building product together and accessing markets together, and we've been working together for many months now. We have detailed product road maps. The teams have been spending a lot of time together. So I would really emphasize the strategic partnership angle here and the fact that we're building and going to market. Building product and going to market together.

Judson, you can share your view as well.

**Judson Althoff:**

Yes. I think that's precisely right, David. The real differentiation here is the co-innovation and co-development -- over at Microsoft and LSEG. And in fact, we had been working, as David said, over the last several months on preliminary designs and road maps, and there's been a lot of engineering work across the board to help form these solutions that we want to take market together.

And so if you think about the difference fundamentally in this strategic partnership versus other cloud deals that may exist in the market, it has to -- you have to start think fundamentally about both LSEG and Microsoft as differentiated entities themselves and the power of the two of them coming together. Let me say a little bit more about that.

Look, LSEG is unique in the market in that they have systemic market infrastructure, data assets and Workspace technologies that bring data forward to the folks that actually need to make decisions in real time to support their customers. Microsoft, at the same time, has the most comprehensive and trusted cloud in the industry, with more pre-integrated assets that enable customers to do more with less. So if

you think about everything that Microsoft does across the cloud, from traditional productivity capabilities through to hyperscale cloud technologies in serving up data and artificial intelligence, machine learning capabilities, you combine that together with LSEG's differentiated assets. What we can do is not only have data revolutionized in the cloud for more effective and efficient access or instantaneous decision-making, but also pull it right through to the hands of people who need to make those decisions on behalf of their institutions and provide advice back to their clients.

So if you think about any interaction you may have had with Microsoft Teams, imagine every data asset within LSEG's portfolio being served up instantaneously inside of Teams, whether it's in a desktop environment, a mobile environment with next best action and curated advice, so that we can help the financial institutions around the world to be more nimble in their engagement with clients. Far, far different than simply lifting and shifting assets to the cloud.

**Operator:**

The next question is coming from Andrew Coombs from Citi.

**Andrew Coombs:**

Just one question from me, please.

In the Microsoft release, it talks about a \$5 billion revenue opportunity, and that's including the \$2.8 billion that LSEG's referenced for cloud-related spend. But I'm intrigued to where the other \$2.2 billion is coming from? And if you could perhaps elaborate on exactly how the revenue sharing opportunity works with LSEG going forward?

**David Schwimmer:**

Thanks, Andrew. I'll turn it over to Judson in a moment.

Just on the revenue, we will each be compensated for the services that we provide, so it's not much more complex than that in terms of revenue share. Judson, over to you.

**Judson Althoff:**

So to the incremental revenue opportunity, it comes from precisely where I ended with my last answer, which is how we'll serve the market together. We think both the integrated Workspace solutions coming together with Teams and AI-driven next best action in the financial services market is a huge revenue opportunity for both companies, and LSEG will monetize their assets as Microsoft will monetize ours. The second piece comes from serving up the data and analytic capability for financial institutions around the world and commercial institutions around the world that leverage the same data to make better investment decisions.

Again, just to reiterate, today's market consists of many, many different financial services institutions acquiring data from many, many different service providers, co-mingling our own data and trying to rationalize it. And an amazing amount of work product in terms of human capital, and on-premise compute today is leveraged to make these data solutions come to life. If you take those assets, bring

them to the cloud, leverage LSEG's data assets and Microsoft's cloud data services, we have the ability to really sell new solutions to market like never before that allow financial institutions to make better and more effective and efficient decisions than they have historically. So we see that driving a tremendous amount of upside revenue for both companies.

So again, you can think of the \$2.8 billion as cloud infrastructure that is a part of the digital transformation that will happen inside of LSEG, but the rest of it will come from our success in the market together.

**Anna Manz:**

And Andrew, should I just sort of clarify from the LSEG perspective, so you are clear which of it works with respect to us.

So \$2.8 billion cloud consumption commitment you're aware of, and then really, there's 2 other pieces to this. One, we're collectively selling new products. And as we see those products take off, we will see incremental revenue and Microsoft will see incremental cloud consumption. And then on top of that, as Judson just explained, there is a network effect across financial services which drives cloud consumption across financial service customers for Microsoft.

**Andrew Coombs:**

That's clear. I mean, I guess the onus of my question is would you steer us away from that \$2.2 billion number? Is there a read across to the revenue appetite potential for LSEG?

**Anna Manz:**

That's exactly what I'm doing. An element is relevant to the revenue upside potential for LSEG and comes with that revenue coming, and the other fees comes from broader network effect across financial services.

**Operator:**

The next question is coming from Arnaud Giblat from BNPP Exane.

**Arnaud Giblat:**

Could I please ask for a clarification? If I heard well the answer to Bruce's question on the revenue -- the incremental upside. Is that coming after '23 or '25, I think?

And I've got 2 other questions. Could you talk a bit about the exclusivity of the partnership? I mean, is -- what terms of the agreement are tied exclusively to LSEG, or is Microsoft open to entering any other partnerships?

And also, I was wondering if you could give us maybe some concrete examples of how a user of Eikon or Workspace, what sort of improvements he might experience? Just to get a better feel as to how it's going to look like on the platform from a client perspective?

**David Schwimmer:**

Sure. Thanks, Arnaud. Want to touch on the revenue question?

**Anna Manz:**

Yes. Just to clarify on the revenue, the revenue upside associated with this partnership in our number's from 2025 onwards.

**David Schwimmer:**

Okay.

And then just a couple of thoughts on your second question about the partnership. This is a long-term strategic partnership where we will be investing together to build products together. And I think there will be our IP in that and Microsoft's IP in that, and we look forward to building on that together. We will continue to work with other cloud providers. And Microsoft, I'll let Judson talk about this, but Microsoft will continue to work with other market participants.

And -- anything you want to add to that?

**Judson Althoff:**

Look, Microsoft and LSEG are both open companies, so this is not a signal that somehow we'll not work with other like entities. And what we're really focused on here though is just what we're building together. We're really excited about the unique capability we'll be able to bring to life with LSEG's Workspace technologies and Microsoft Teams, as well as all of the data services that we can bring to life on Microsoft Cloud.

Maybe that flows into the question about some of the scenarios, and how do you think it's different than it is today. So you've all sat on video calls, one or 2 over the last 3 years. And whether you've used Zoom or whether you've used Microsoft Teams, you most likely, you know how to switch in between your voice, video and chat environment and your systems of record. You've probably had to pull up research notes. You've probably had to pull up shared documents, and perhaps even bring in other people into the conversation to help convey whatever it is you were trying to discuss.

And so to translate that into the world of trying to provide financial advice in real-time markets instantaneously, what we can do through this integration is effectively bring all the LSEG Workspace data to life in integrated capacity with Microsoft Teams. All in one screen, one canvas. So the 360-degree view of your clients, all of the financial trading data that you need to support the call, the next best action, to the extent that calls would be recorded as permissible by the client. You can even do sentiment analysis to gauge your rate of effectiveness, whether that be to improve your outbound sales and marketing techniques or just from a listening perspective and being able to better serve clients.

So this will revolutionise, the way in which financial advisers to provide advice to their clients. And you'll be able to do it not just in a compliant Workspace environment, but also through mobile technologies in an omnichannel engagement scenario. So we're really excited about this.

**Operator:**

The next question is coming from Philip Middleton from Bank of America.

**Philip Middleton:**

Two questions.

Firstly, you've already talked about moving about some double running costs in your IT, which is supposed to be running off in 2023. Does this affect that at all? Because you are already investing in the cloud as you said, so how does what you've announced here interact with the guidance you've already given?

And secondly, you've been quite compelling about the attractions of this in Workspace, but could you talk a little bit more about the opportunity on this outside Workspace, particularly in the wholesale data maybe? Because it seems to me there's a huge amount you can do here as well in terms of data integration, AI and all that kind of thing, and that also ought to be a big opportunity for you? Are you looking at that as well?

**David Schwimmer:**

Thanks, Philip.

Anna, you want to touch on the first question? I'll take the second one.

**Anna Manz:**

Yes. So you're right. We've already been on a journey to the cloud for the last 3 years and we have seen a journey to the cloud as we looked forward, and therefore, all of the costs associated with our journey to the cloud are included in our current guidance. We've announced an incremental investment today that is associated with the investment in the initiatives you've heard David and Judson describe. #

**David Schwimmer:**

And Philip, you're right on the second question as well, where we've been spending a little bit of time on the call so far talking about the integration of Workspace and Teams and other Microsoft collaboration tools. In many ways because, as you know, we get a lot of questions about Workspace, and that is very tangible for a lot of our investors but also our users.

But you're absolutely right, there's a significant opportunity here in terms of our data platform and there's a significant opportunity here in terms of the initiative we have working together on analytics and modeling, where we will be providing significant new capabilities for financial market participants to access our data, our analytics capabilities, our modeling capabilities in a Microsoft environment using a number of different Microsoft tools. Judson can talk about it if that's helpful, but significant opportunity well beyond the Workspace opportunity.

I'll turn it over to Judson.



**Judson Althoff:**

Yes. Look, Anna used a term that I think is really important to understand here a moment ago when she said there's a network effect. When it comes to data, as you well know, look, financial services institutions around the world acquire data from many different sources. Today, it tends to sit on proprietary infrastructure that is extremely heterogeneous. And so it leaves the technology staff, the IT organization, the group with a responsibility of trying to bringing together a seamless understanding in an analytic product from many, many data sources, including mashing up their own resources.

By taking that to cloud, by leveraging the Microsoft Azure Synapse capability, we can hydrate data sources with LSEG data being the foundation. And being able to have that network effect or data gravity, if you will, bringing together more data to rationalize more effectively over the complete corpus of a given financial problem or opportunity state and provide better answers more effectively and more efficiently than ever before. You can think about it as simply as no system can be any more intelligent than the data over which it reasons. So if we can create a data gravity and a network effect around the LSEG data, we can help people reason over more effectively than ever before.

**Philip Middleton:**

Okay. And the revenue upside partly comes from that enabling people to reason over, which means enabling people to use it more and enabling them to use your joint services, presumably?

**Judson Althoff:**

Correct.

**Anna Manz:**

The joint services then increase our own cloud consumption.

**David Schwimmer:**

Yes.

**Operator:**

The next question is coming from Enrico Bolzoni from JPMorgan.

**Enrico Bolzoni:**

So my first question is I just wanted to ask, within your data division and the various subdivisions within that, which of these lines you expect will benefit the most from the partnership in terms of acceleration of growth? So that's my first question.

My second question is on EBITDA margin beyond 2025. What is your expectation from this agreement? And you talked a lot about clearly integration and moving to the cloud and the help that Microsoft can

give you there. What can we expect in terms of cost synergies? Is there a potential scope for actually reducing costs more than what you disclosed in the past?

And then finally, I just wanted to ask. Would this deal agreement change at all the London Stock Exchange Group M&A activity in terms of a slowdown maybe in the number of deals you do every year, or things pretty much would remain unchanged?

David Schwimmer:

Thanks, Enrico. I'll turn over your second question over to Anna in just a minute, I'll take your first and third.

So the businesses with MD&A where the strategic partnership and the initiatives that we've been working on with Microsoft, our most relevant are for enterprise data, wealth solutions and trading and banking solutions.

And then with respect to your third question. LSEG will -- so first of all, we're in very good shape in terms of the Refinitiv integration. We've made great progress there, and this builds on top of that. You've seen that we've done a number of transactions this past year, and we will continue to evaluate opportunities. And if they make sense from a strategic and financial perspective, then we certainly have the capability to do that. And as I said, we'll continue to focus on the Refinitiv integration process and the transformation that we have that will be driven by this partnership with Microsoft.

So Anna, over to you.

**Anna Manz:**

Yes. So the cost efficiencies associated with moving to the cloud, we already foresee that we've been on a journey to move into the cloud for a number of years now, so they're within our existing guidance.

To be specific of our EBITDA margin, as I said, we --prior to this announcement, have guided to an exit rate of more than 50% EBITDA margin at the end of 2023. We're confident of delivering that, and then we've describe the investment of 50 to 100 basis points that comes with this exciting opportunity that we've described today. And I guess I would characterize everything you've heard today as part of our journey to a more scalable division in data and analytics over the medium term.

**Operator:**

The next question is coming from Johannes Thormann from HSBC.

**Johannes Thormann:**

Some questions from my side as well.

First of all, just on the benefit for the Data & Analytics division, you mentioned enterprise data and then trading and banking. In the midterm, would this accelerate growth by a high single-digit percentage or rather also in some years by double-digit percentage?

And secondly, do we see any spillover effects into your other businesses from this deal for capital markets revenues or for post trade revenues?

**David Schwimmer:**

Thanks, Johannes.

We're not going to give any more specificity around revenue opportunity. I would just refer to the meaningful revenue growth that we expect from this. Anna has talked already about the time frame.

And then in terms of similar effects for other parts of the business, I think over time, there are likely to be significant benefits for the overall business. We've talked with you all in the past about how we are harnessing all the different parts of LSEG, bringing them together, and getting the benefit of the broader ecosystem. And I should also mention that as we touched on in the release, we are working -- going to be working with Microsoft on digital markets infrastructure. And although this is a little more exploratory at this phase, has some very interesting potential in terms of what that could mean for capital markets.

**Johannes Thormann:**

Could you -- but meaningful is a very unspecific term, if I may say so, because it's all about headwinds on costs now and tailwinds on revenues in some years' time, and then the discount factor is increased with rising rates. So a bit more specific help on modeling would be appreciated.

**Anna Manz:**

So as I said to you, we will see that revenue growth come for 2025 onwards.

Now I will try to give you clarity over the next few years, the next couple of years, then you can model that. And it's a little bit hard to guide today so far out, but what you will hear us do is we come back at subsequent -- at the full year and then onwards. We will, of course, be revisiting our guidance because our current guidance is through to the end of 2023. So we will give you more clarity over time, but we're not going to go further today.

**Operator:**

The next question is coming from Ian White from Autonomous Research.

**Ian White:**

I had just 2 additional questions, please.

Firstly, is there any granularity that you could provide to help us think about the revenue upside opportunity for LSEG? I get that you don't want to put through specific numbers on that upside, but I guess, are you assuming ultimately that you'll displace competitors and take to increase market share? Is the assumption that you're going to develop these sort of new products and tools as you've described,

and therefore, your existing clients should pay a lot more for the service? Is it that you think you can access new markets? Are you able to maybe provide some more granular thoughts around that, please?

And just secondly, can you just demarcate for us how this agreement differs from the previous partnership, I think, that Refinitiv had already entered into with Microsoft in 2020? Kind of what specifically is kind of new here versus the previous agreement, please?

**David Schwimmer:**

Sure. Anna, you want to take the first one? And I'm happy to touch on the second one.

**Anna Manz:**

Yes. And feel free to build. So maybe just to sort of unpack some of the drivers of revenue growth. So absolutely, there's market share gain, and I'll give you some examples of each of them in a minute. The ability to reach a broader customer set, there is some white space and there is pricing.

So let's start with Workspace. You've heard Judson describe a really different experience. You're not moving in and out of screens. You've got all of your data and analytics in one place where you are working in an integrated workflow with external communication with the partners that you need to be working with. That is a step change in the product offering versus where we are today, and that should allow us to gain share and give us better pricing power.

In addition, we've talked about the huge global reach of Teams. If we can offer data and analytics to other user groups across that global region, we will be accessing new markets versus the customers that we are accessing today. So that's what I expect, and you can see the growth of that.

Now analytics, you heard the product description that Judson gave. This is a white space. We've got some fabulous models. But if you put that together with the cloud, with Machine Learning and AI, you can create models that -- some really sophisticated analytics that are not in the market today, and will better help our customers make decisions and make decisions also including their own data as they look at various scenarios. So that is a really interesting area, one of which is your appetite for in the market.

And then certainly, taking our data offering to the next level such that we cannot just provide a -- our data offering, but as you heard Judson describe, allow integration of our customers' data in there in a more meaningful way, again, will drive further revenue beyond just the improved accessibility of our own data platform. And improving the accessibility of our own data and data platform will help us better monetize it and achieve pricing, so that maybe gives you some sense of the levers over time.

**David Schwimmer:**

And to your second question, Ian. A couple -- you're referring to an announcement made a couple of years ago in a partnership a couple of years ago around a single product. That's a great product, but a single product. And this is a completely different category where we are building substantial new products together on an entirely different scale from what that announcement was a couple of years ago. We will be investing together. We will be designing products together. We will be going to market together. And as part of this, in terms of alignment of incentives, the long-term commitment.

I mentioned earlier, Scott Guthrie will be joining our Board. Microsoft is taking a significant minority stake in LSEG, so just an entirely different category here in terms of the level of collaboration going forward.

**Ian White:**

Okay. I wondered if -- would you be prepared to offer sort of a broad indication on the revenue upside of how much depends on sort of growing your share in the existing market versus how much could be achieved from sort of accessing new markets or essentially sort of growing the overall pie even in broad terms? Kind of how much of the upside comes from those sort of 2 portions, please?

**Anna Manz:**

I think we'll deliver value from revenue in a different order. So actually, what I've given you is sort of temporal flow. Tackling workspace is something we can do more quickly than some of those other areas that we will be building towards. I'm not going to share breakdowns at this point, but you can see how we will build our product sequentially, and revenue will grow as we build out where we are.

**Operator:**

The next question is coming from Ben Bathurst from RBC CM.

**Ben Bathurst:**

I've got 2 questions, please. Firstly, as part of the partnership, you committed to \$2.3 billion in cloud spend with Microsoft over the next 10 years. I just wondered if you could give an indication how much you've been spending annually historically on cloud-related spend, and maybe a clue as to what proportion of that has been with Microsoft?

And then just secondly, on the Microsoft investment. Is the right read of this that by granting the waiver to '24 and '25 lockups, that this investment effectively increases the potential quantum of sell-downs from the Refinitiv shareholders between now and the end of Jan 2024?

**David Schwimmer:**

Thanks, Ben. Do you want to take the first question? I'll take the second.

**Anna Manz:**

Yes. So the way to think about this, as I've said before, we've been on a journey to the cloud for a number of years with multiple cloud providers, and so we have significant cloud spend already where we sit today. The way to think about that \$2.3 billion is it was always foreseen in our journey to the cloud, and taken on average over that period is a single-digit proportion of our overall cost base. So I would say to very much keep it in that proportion.

**David Schwimmer:**

And Ben, on your second question, we have significantly reduced the overhang here through the transfer from the Blackstone Consortium to Microsoft. We're thrilled to have Microsoft as an equity partner here and a shareholder in LSEG, and look forward to that as a key part of the long-term partnership.

**Operator:**

The next question is coming from Philip Middleton from Bank of America.

**Philip Middleton:**

Sorry, just a quick follow-up. Given you're not going to tell me what to put in my revenue number for FY '25, I wondered if you could slightly de-confuse me on your revenue margin, please? Is your guidance exit velocity of 50% before this deal or even including the margin dilution, which understandably this deal will bring about?

**Anna Manz:**

So -- sorry, let me de-confuse you on the EBITDA margin.

**Philip Middleton:**

If you can manage that, but.

**Anna Manz:**

It's early on a Monday morning. I'll do my best. Prior to announcing today, we've given very precise guidance around a 50% EBITDA exit margin at the end of 2023. What we're saying today is the impact of the investment will decrease our EBITDA margin by 50 to 100 basis points in 2023. So it will reduce our previous guidance to that.

**Philip Middleton:**

Okay, So reduced of the previous guidance. So it's now 49% and a bit percent, EBITDA velocity at the end?

**Anna Manz:**

Yes, that's the way to think about it.

**Operator:**

There are no further questions on the conference line. I will now hand over to the management for closing remarks.

**David Schwimmer:**

Thank you all for joining the call. I really appreciate the interest. As I imagine you can tell, we are very, very excited about this partnership between LSEG and Microsoft, and we look forward to updating you further in 2023. And with that, we'd like to wish you all a happy and peaceful holiday season, and look forward to catching up with you all soon. Thank you very much.