



London Stock Exchange Group plc: Q3 2022 Trading Update

Broad based growth, sustained execution, guidance unchanged

David Schwimmer, CEO said:

“We have delivered another strong quarter, with good growth across all businesses. The consistency of delivery in recent quarters demonstrates the strength of our business model, generating quality recurring revenues from a range of services that are highly valued by our customers.

“Our strategy is working, delivering growth and increasing efficiency. We are investing organically for growth and completed the acquisition of TORA during the quarter to strengthen our offering in Trading & Banking. We are also making good progress on returning surplus capital to shareholders through our share buyback programme.

“With sustained execution, a broad base of businesses and leading market positions, we remain well positioned.”

Q3 2022 highlights

- **Strong growth continues across all divisions:** total income excluding recoveries up 16.2% on a reported basis, to £1,905m. Up 5.9% on a constant currency basis, and up 7.0% adjusting for Ukraine and Russia conflict impact¹
- **High-quality recurring revenue:** like-for-like ASV growth continues to improve, up 5.8% in Q3 (up 280 basis points since Refinitiv acquisition in Q1 2021); driven by new sales and improved retention
- **Continued good progress on integration:** revenue and cost synergies in line with targets
- **Active capital management:**
 - TORA acquisition completed, enhancing Trading & Banking Solutions in Data & Analytics; provisional clearance achieved for Quantile acquisition, expected to complete in Q4
 - Share buyback: £235 million returned in Q3 as part of our active 12 month, £750 million share buyback programme
- **Well-positioned for further growth:** strong progress, no change to guidance or targets

Note: Unless otherwise stated, variances refer to growth rates relative to Q3 2021 on a constant currency basis

This release contains revenues, cost of sales and key performance indicators (KPIs) for the three months ended 30 September 2022 (Q3), certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Throughout this document, revenues and cost of sales associated with the BETA divestment, completed on 1 July 2022, and the Borsa Italiana divestment, completed in H1 2021, have been classed as discontinued and are excluded from all periods. To reflect underlying performance, all constant currency variances compare the current and prior period at consistent exchange rates. For more information on accounting treatments and approach to FX please refer to the “Accounting and modelling notes” section below.

¹ Growth rates excluding the Ukraine / Russia conflict impact exclude income in the region and from sanctioned customers and related business from both periods

Q3 2022 summary

The deferred revenue accounting adjustment¹ was immaterial to growth rates in Q3.

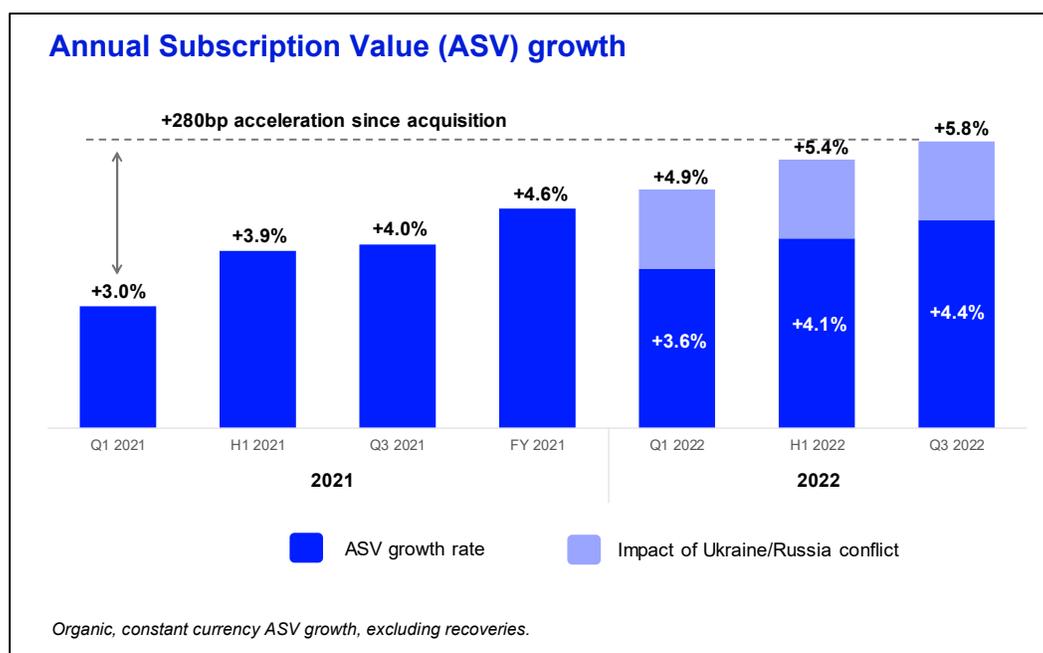
Continuing operations	Q3 2022 £m	Q3 2021 £m	Variance %	Constant Currency Variance %
Trading & Banking Solutions	417	373	11.8%	1.0%
Enterprise Data Solutions	332	284	16.9%	6.2%
Investment Solutions	344	294	17.0%	4.7%
Wealth Solutions	71	61	16.4%	5.0%
Customer & Third-Party Risk Solutions	110	92	19.6%	8.5%
Data & Analytics	1,274	1,104	15.4%	4.1%
Equities	60	60	0.0%	1.2%
FX	68	56	21.4%	4.3%
Fixed Income, Derivatives & Other	241	193	24.9%	12.1%
Capital Markets	369	309	19.4%	8.6%
OTC Derivatives	103	86	19.8%	14.5%
Securities & Reporting	55	60	(8.3%)	(7.4%)
Non-Cash Collateral	25	24	4.2%	0.8%
Net Treasury Income	66	47	40.4%	30.7%
Post Trade	249	217	14.7%	10.4%
Other	13	9	44.4%	23.4%
Total Income (excl. recoveries)	1,905	1,639	16.2%	5.9%
Recoveries	80	90	(11.1%)	4.5%
Total Income (incl. recoveries)	1,985	1,729	14.8%	5.9%
Cost of sales	(289)	(227)	27.3%	12.4%
Gross Profit	1,696	1,502	12.9%	4.9%

¹ The deferred revenue adjustment is further explained in the "Accounting and modelling notes" section

Q3 2022 business highlights

Constant currency basis

- Data & Analytics:** revenues up 4.1%; up 5.4% excluding impact of Ukraine / Russia conflict, with good growth across all businesses. In particular:
 - Trading & Banking Solutions:** up 1.0%; up 3.5% excluding impact of Ukraine / Russia conflict with an improved product offering reflected in stronger sales and continued good retention. First time contribution from acquisition of TORA.
 - Enterprise Data Solutions:** up 6.2%; up 7.1% excluding impact of Ukraine / Russia conflict as investment in data content improved retention and sales growth; contribution of MayStreet's low-latency capabilities.
 - Investment Solutions:** up 4.7%; continued strong growth across Benchmark, Indices and Analytics, up c.8% adjusting for prior year effects; resilient Asset-based revenues with encouraging product inflows.
- Capital Markets:** revenues up 8.6% with strong demand for our services and benefit of volatility at the end of the quarter. In particular:
 - Fixed Income, Derivatives & Other:** strong performance at Tradeweb, with double-digit revenue growth across Rates, Credit, Equity and Money Market asset classes.
- Post Trade:** total income up 10.4% reflecting strong demand for clearing services; good performance in OTC markets as we helped customers manage their risk in an uncertain market environment. Higher Net Treasury Income (NTI) reflects increased cash collateral (up 45% yoy to €151 billion).
- Cost of sales:** up 12.4% reflecting strong SwapClear performance where revenue share arrangements are in place, additional cost of sales from acquisitions, and continued growth in Data & Analytics.



Share buyback programme

In August 2022, we announced a £750 million on-market share buyback programme through three tranches over a 12 month period. We made good progress in Q3, repurchasing 3.0 million shares for £235 million. The first tranche of £250 million (3.1 million shares) completed on 5 October 2022. The next tranche will commence on 1 December 2022.

Board appointment

William Vereker joined the Board as a Non-Executive Director with effect from 3 October 2022 and will also serve on the Risk, Remuneration and Nomination Committees. William brings a strong track record in the global financial services sector. His international experience in developing senior relationships, managing risk and organisational change will benefit the Group as we look to further capitalise on the trends shaping our industry.

Statutory¹ Q3 YTD results

Continuing operations	Q3 9m 2022 £m	Q3 9m 2021 £m
Trading & Banking Solutions	1,186	994
Enterprise Data Solutions	953	761
Investment Solutions	980	819
Wealth Solutions	202	163
Customer & Third-Party Risk Solutions	306	239
Data & Analytics	3,627	2,976
Equities	190	180
FX	191	147
Fixed Income, Derivatives & Other	708	521
Capital Markets	1,089	848
OTC Derivatives	294	255
Securities & Reporting	177	183
Non-Cash Collateral	74	70
Net Treasury Income	187	155
Post Trade	732	663
Other	25	22
Total Income (excl. recoveries)	5,474	4,510
Recoveries	246	238
Total Income (incl. recoveries)	5,720	4,747
Cost of sales	(793)	(619)
Gross Profit	4,927	4,128

¹ Statutory figures for 9 months to 30 Sep 2021 incorporate figures from Refinitiv for February to September 2021.

Pro-forma Q3 YTD results

Continuing operations	Q3 9m 2022 £m	Q3 9m 2021 £m	Variance %	Constant Currency Variance %	Constant Currency Variance (excl. deferred revenue adjustment) ¹ %
Trading & Banking Solutions	1,186	1,118	6.1%	0.3%	(0.4%)
Enterprise Data Solutions	953	845	12.8%	7.0%	6.2%
Investment Solutions	980	854	14.8%	7.3%	6.8%
Wealth Solutions	202	184	9.8%	3.7%	3.2%
Customer & Third-Party Risk Solutions	306	267	14.6%	8.5%	7.6%
Data & Analytics	3,627	3,268	11.0%	4.7%	4.0%
Equities	190	180	5.6%	5.6%	5.6%
FX	191	166	15.1%	5.7%	5.5%
Fixed Income, Derivatives & Other	708	580	22.1%	15.0%	15.0%
Capital Markets	1,089	926	17.6%	11.5%	11.5%
OTC Derivatives	294	255	15.3%	12.9%	12.9%
Securities & Reporting	177	183	(3.3%)	(1.2%)	(1.2%)
Non-Cash Collateral	74	70	5.7%	4.3%	4.3%
Net Treasury Income	187	155	20.6%	17.2%	17.2%
Post Trade	732	663	10.4%	9.1%	9.1%
Other	25	24	4.2%	0.3%	0.3%
Total Income (excl. recoveries)	5,474	4,881	12.1%	6.6%	6.1%
Recoveries	246	268	(8.2%)	3.5%	2.7%
Total Income (incl. recoveries)	5,720	5,149	11.1%	6.4%	5.9%
Cost of sales	(793)	(679)	16.8%	8.6%	8.6%
Gross Profit	4,927	4,470	10.2%	6.1%	5.6%

¹ Excludes the deferred revenue adjustment further explained in the "Accounting and modelling notes" section

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Additional information can be found at www.lseg.com

Q3 investor and analyst conference call:

LSEG will host a conference call for its Q3 Trading Update for analysts and investors today at 09:00am (UK time). On the call will be David Schwimmer (Chief Executive Officer), Anna Manz (Chief Financial Officer) and Peregrine Riviere (Group Head of Investor Relations).

To access the webcast or telephone conference call please register in advance using the following link:

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/b49ef70b-c219-4ae7-a007-b470b8a5ed8a>

- Questions can be submitted in advance and during the event itself, either by clicking the 'Ask a question' button on the page or by emailing the LSEG Investor Relations team at ir@lseg.com.
- To ask a question live you will need to register for the telephone conference call here: <https://cossprereg.btc.com/prereg/key.process?key=PTAJ4VAPV>

Accounting and modelling notes

Financial details on completed acquisitions

The acquisition of TORA completed on 9 August 2022, enhancing our multi-asset class order and execution management capability within Trading & Banking Solutions. TORA will provide approximately 5 months of contribution to our P&L in 2022.

The financial performance of TORA in 2021 is shown below, consistent with LSEG's accounting treatment. TORA's costs are in addition to our existing organic constant currency cost guidance.

£m	2021
Total Income	29
Cost of Sales	(2)
Gross Profit	27
Operating Expenses	(24)
EBITDA	4
Depreciation	0
Operating profit	3

Divestment of BETA

On 1st July, LSEG completed the divestment of BETA, previously contained within the Wealth Solutions business. Consistent with the treatment at Q1 and H1 2022, the financial contribution of BETA is excluded from our 2021 and 2022 continuing operations.

Organic growth

Organic growth is calculated on a constant currency basis, adjusting the results to remove disposals from the entirety of the current and prior year periods, and by including acquisitions from the date of acquisition with a comparable adjustment to the prior year.

Deferred revenue accounting adjustment

Consistent with purchase price accounting rules, Refinitiv's deferred revenue balances were subject to a one-time haircut at the time of acquisition. This adjustment impacted 2021 revenues, with no material impact in 2022. In order to provide insight into the underlying business performance, variance figures are presented that exclude the deferred revenue adjustment where appropriate.

FX conversion

The majority of LSEG revenues and expenses are in USD, followed by GBP, EUR and other currencies. The rates for the largest two currency pairs are shown in the table below.

	Average rate 9 months ended 30-Sep-22	Closing rate at 30-Sep-22	Average rate 9 months ended 30-Sep-21	Closing rate at 30-Sep-21
GBP : USD	1.26	1.10	1.39	1.34
GBP : EUR	1.18	1.13	1.16	1.16

For definitions of technical terms – refer to the Glossary contained in the 2021 Annual Report, page 207.

Divisional revenues, gross profit and non-financial KPIs

1. Data & Analytics

The deferred revenue accounting adjustment¹ was immaterial to growth rates in Q3.

	Q3 2022 £m	Q3 2021 £m	Variance %	Constant Currency Variance %
Trading & Banking Solutions	417	373	11.8%	1.0%
<i>Trading</i>	330	296	11.5%	0.9%
<i>Banking</i>	87	77	13.0%	1.4%
Enterprise Data Solutions	332	284	16.9%	6.2%
<i>Real-Time Data</i>	212	182	16.5%	5.8%
<i>PRS</i>	120	102	17.6%	7.0%
Investment Solutions	344	294	17.0%	4.7%
<i>Benchmark Rates, Indices & Analytics</i>	157	136	15.4%	4.9%
<i>Index - Asset-Based</i>	73	62	17.7%	1.9%
<i>Data & Workflow</i>	113	96	17.7%	6.1%
Wealth Solutions	71	61	16.4%	5.0%
Customer & Third-Party Risk Solutions	110	92	19.6%	8.5%
Total Revenue (excl. recoveries)	1,274	1,104	15.4%	4.1%
Recoveries	80	90	(11.1%)	4.5%
Total Revenue (incl. recoveries)	1,354	1,194	13.4%	4.2%
Cost of sales	(240)	(191)	25.7%	9.3%
Gross Profit	1,114	1,003	11.1%	3.2%

Non-financial KPIs

	Q3 2022	Q3 2021	Variance %
Annual Subscription Value growth (%) ²	4.4%	4.0%	-
Annual Subscription Value growth excl. U/R impact (%) ^{2,3}	5.8%	4.0%	-
Subscription revenue growth (%) ^{2,4}	4.5%	-	-
Subscription revenue growth excl. U/R impact (%) ^{2,3,4}	5.3%	-	-
Index – ETF AUM (\$bn)	896	1,036	(14%)
Index – ESG Passive AUM (\$bn) ⁵	261	132	98%

¹ The deferred revenue adjustment is further explained in the "Accounting and modelling notes" section

² Organic, constant currency variance

³ Growth rates excluding the Ukraine / Russia conflict impact exclude income in the region and from sanctioned customers and related business from both periods

⁴ 12-month rolling constant currency variance excluding the impact of the deferred revenue accounting adjustment. Due to a change in methodology, prior year comparator is unavailable

⁵ ESG Passive AUM is at 31 December 2021 and prior period comparator is at 31 December 2020. The metric is updated bi-annually

2. Capital Markets

The deferred revenue accounting adjustment¹ was immaterial to growth rates in Q3.

	Q3 2022 £m	Q3 2021 £m	Variance %	Constant Currency Variance %
Equities	60	60	0.0%	1.2%
FX	68	56	21.4%	4.3%
Fixed Income, Derivatives & Other	241	193	24.9%	12.1%
Total Revenue	369	309	19.4%	8.6%
Cost of sales	(9)	(7)	28.6%	12.4%
Gross Profit	361	302	19.5%	8.5%

¹ The deferred revenue adjustment is further explained in the "Accounting and modelling notes" section

Non-financial KPIs

	Q3 2022	Q3 2021	Variance %
Equities			
<i>Primary Markets</i>			
New issues	18	45	(60%)
Total money raised (£bn)	2.5	6.9	(64%)
<i>Secondary Markets – Equities</i>			
UK Value Traded (£bn) – Average Daily Value	4.1	4.1	0%
SETS Yield (bps)	0.67	0.75	(11%)
FX			
Average daily total volume (\$bn)	442	426	4%
Fixed income, Derivatives and Other			
<i>Tradeweb Average Daily (\$m)</i>			
Rates – Cash	324,153	337,167	(4%)
Rates – Derivatives	328,636	246,981	33%
Credit – Cash	9,275	8,440	10%
Credit – Derivatives	20,020	13,796	45%

3. Post Trade

	Q3 2022 £m	Q3 2021 £m	Variance %	Constant Currency Variance %
OTC Derivatives	103	86	19.8%	14.5%
Securities & Reporting	55	60	(8.3%)	(7.4%)
Non-Cash Collateral	25	24	4.2%	0.8%
Total Revenue	183	170	7.6%	4.7%
Net Treasury Income	66	47	40.4%	30.7%
Total Income	249	217	14.7%	10.4%
Cost of sales	(40)	(29)	37.9%	33.3%
Gross Profit	209	188	11.2%	6.7%

Non-financial KPIs

	Q3 2022	Q3 2021	Variance %
OTC			
<i>SwapClear</i>			
IRS notional cleared (\$trn)	249	202	23%
SwapClear members	123	122	1%
Client trades ('000)	696	516	35%
Client average 10-year notional equivalent (\$trn)	3.5	3.8	(8%)
<i>ForexClear</i>			
Notional cleared (\$bn)	6,243	5,528	13%
ForexClear members	36	35	3%
<i>CDSClear</i>			
Notional cleared (€bn)	881	467	89%
CDSClear members	25	25	0%
Securities & Reporting			
EquityClear trades (m)	486	493	(1%)
Listed derivatives contracts (m)	57.0	66.3	(14%)
RepoClear – nominal value (€trn)	75.8	62.0	22%
Non-Cash Collateral			
Average non-cash collateral (€bn)	165.5	167.2	(1%)
Net Treasury Income			
Average cash collateral (€bn)	151.0	103.9	45%

Appendix – Total income constant currency growth rates; Q3 2022

Continuing operations	Constant Currency Variance %	Constant Currency Variance (organic) %
Trading & Banking Solutions	1.0%	(0.3%)
Enterprise Data Solutions	6.2%	5.3%
Investment Solutions	4.7%	4.7%
Wealth Solutions	5.0%	5.0%
Customer & Third-Party Risk Solutions	8.5%	8.8%
Data & Analytics	4.1%	3.5%
Capital Markets	8.6%	8.6%
Post Trade	10.4%	10.4%
Total Income (excl. recoveries)	5.9%	5.5%

Appendix – Total income and gross profit by quarter

£m	2021				2021	2022		
	Q1 ¹	Q2	Q3	Q4		Q1	Q2	Q3
Trading & Banking Solutions	372	373	373	375	1,493	378	391	417
<i>Trading</i>	297	297	296	296	1,186	298	308	330
<i>Banking</i>	75	76	77	79	307	80	83	87
Enterprise Data Solutions	279	282	284	296	1,141	304	317	332
<i>Real-Time Data</i>	178	182	182	188	730	195	202	212
<i>PRS</i>	101	100	102	108	411	109	115	120
Investment Solutions	274	286	294	302	1,156	308	328	344
<i>Benchmark Rates, Indices & Analytics</i>	122	126	136	134	518	137	148	157
<i>Index - Asset-Based</i>	58	64	62	69	253	70	71	73
<i>Data & Workflow</i>	94	96	96	99	385	101	109	113
Wealth Solutions	61	62	61	65	249	63	68	71
Customer & Third-Party Risk Solutions	85	90	92	92	359	94	102	110
Data & Analytics	1,071	1,093	1,104	1,130	4,398	1,147	1,207	1,274
Equities	61	59	60	61	241	67	62	60
FX	57	53	56	57	223	60	63	68
Fixed Income, Derivatives & Other	200	187	193	205	785	232	235	241
Capital Markets	318	299	309	323	1,249	359	361	369
OTC Derivatives	87	82	86	103	358	93	98	103
Securities & Reporting	63	60	60	63	246	64	58	55
Non-Cash Collateral	22	24	24	25	95	24	25	25
Net Treasury Income	55	53	47	52	207	57	64	66
Post Trade	227	219	217	243	906	238	245	249
Other	5	10	9	10	34	7	5	13
Total Income (excl. recoveries)	1,621	1,621	1,639	1,706	6,587	1,751	1,818	1,905
Recoveries	88	90	90	86	354	80	86	80
Total Income (incl. recoveries)	1,709	1,711	1,729	1,792	6,941	1,831	1,904	1,985
Cost of sales	(230)	(222)	(227)	(241)	(920)	(240)	(264)	(289)
Gross Profit	1,479	1,489	1,502	1,551	6,021	1,591	1,640	1,696

¹ Q1 2021 is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021