



London Stock Exchange Group plc: Q3 2023 Trading Update

Continued delivery of our transformation

David Schwimmer, CEO said:

“LSEG delivered another quarter of strong, broad-based growth. By building compelling solutions that meet customers’ evolving business needs we have established a consistent track-record of growth in our Data & Analytics business. Our Capital Markets revenues accelerated in the third quarter, with ongoing innovation increasing Tradeweb’s share of global credit trading. Our Post Trade businesses also continue to grow strongly as customers look to our risk management services in an uncertain macro environment. We are confident that growth for the full year will be towards the upper end of the +6-8% guidance range.”

Q3 2023 highlights

(All growth rates on a constant currency basis unless otherwise stated)

- **Total income (excl. recoveries) +8.0%; on-track to deliver full year growth towards the upper end of the +6-8% guidance range**
- **Broad strength with Data & Analytics +7.2%, Capital Markets +6.2%, Post Trade +17.0%**
- **Organic Annual Subscription Value (“ASV”) growth +7.1%**
- **All 2023 guidance reiterated incl. EBITDA margin and capex**
- **£750m directed buyback completed in Q3; £1.5bn returned to shareholders since August 2022**

This release contains revenues, cost of sales and key performance indicators (KPIs) for the three months ended 30 September 2023 (Q3). Certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. To reflect underlying performance, all constant currency variances compare the current and prior period at consistent exchange rates. Organic variance is calculated on a constant currency basis, adjusting the results to remove disposals from the entirety of the current and prior year periods, and including acquisitions from the date of acquisition with a comparable adjustment to the prior year.

Q3 2023 summary

Continuing operations	Q3 2023 £m	Q3 2022 £m	Variance %	Constant Currency Variance %	Organic Variance %
Trading & Banking	404	417	(3.1%)	2.2%	2.3%
Enterprise Data	345	332	3.9%	9.0%	9.0%
Investment Solutions	357	344	3.8%	9.5%	9.5%
Wealth	69	71	(2.8%)	2.6%	2.6%
Customer & Third-Party Risk	123	110	11.8%	16.3%	16.3%
Data & Analytics	1,298	1,274	1.9%	7.2%	7.2%
Equities	55	60	(8.3%)	(8.6%)	(8.6%)
FX	61	68	(10.3%)	(3.3%)	(3.3%)
Fixed Income, Derivatives & Other	259	241	7.5%	12.7%	12.3%
Capital Markets	375	369	1.6%	6.2%	6.0%
OTC Derivatives	125	103	21.4%	25.9%	7.3%
Securities & Reporting	64	55	16.4%	13.7%	13.7%
Non-Cash Collateral	27	25	8.0%	8.6%	8.6%
Net Treasury Income	70	66	6.1%	9.1%	9.1%
Post Trade	286	249	14.9%	17.0%	9.2%
Other	7	13	(46.2%)	(42.0%)	(42.0%)
Total Income (excl. recoveries)	1,966	1,905	3.2%	8.0%	7.0%
Recoveries	88	80	10.0%	(1.3%)	(1.3%)
Total Income (incl. recoveries)	2,054	1,985	3.5%	7.6%	6.6%
Cost of sales	(282)	(289)	(2.4%)	3.8%	2.7%
Gross Profit	1,772	1,696	4.5%	8.2%	7.3%

Total income (excluding recoveries) was up 8.0% year-on-year in Q3, and 7.0% on an organic basis.

- **Data & Analytics** was up 7.2% with improving sales, rising retention and this year's higher annual price increase all contributing to growth. Organic ASV growth remains broadly around the level seen in Q1 and Q2, ending September 2023 at +7.1%. We continue to make very good progress building new products with Microsoft and are on target to launch with customers in the second half of 2024.
 - **Trading & Banking** was up 2.2% with growth in both Trading and Banking revenue. Q3 revenue excludes NEST, an Indian broking solution that recorded revenue of £11m in 2022, which we sold effective 30 June 2023. Organic growth of 2.3% in the quarter is consistent with the growth delivered in the first half. Customers continue to benefit from the rollout of new functionalities and greater workflow integration, continuing into Q4 with the anticipated connection of Workspace and our leading dealer-to-client FX platform, FXall.
 - **Enterprise Data** was up 9.0%. Demand for our leading Real-Time data services remains strong, with particularly good growth in our cloud-based services and tick-history data. The breadth and quality of data in Pricing and Reference Services (PRS) continues to differentiate our offering and helped drive growth in Q3.

- **Investment Solutions** was up 9.5%, accelerating from H1 2023. Asset-based revenue returned to positive growth (+8.3%) driven by inflows and more favourable year-on-year market levels. Subscription revenue in Benchmark Rates, Indices & Analytics also grew strongly (+11.4%) driven by demand for flagship equity products.
- **Wealth** was up 2.6%, as good growth in data feeds offset lower growth in the workflow business.
- **Customer & Third-Party Risk** was up 16.3%. World-Check, our risk intelligence screening business, continued to show excellent business momentum driven by customer demand and the benefits of cloud migration.
- **Capital Markets** was up 6.2%, driven by growth at Tradeweb.
 - **Equities** was down 8.6%, reflecting subdued market volumes in both primary and secondary markets.
 - **FX** was down 3.3% reflecting lacklustre industry volumes which particularly impacted our dealer-to-client platform, FXall. Activity in interbank markets was more robust and our FX Matching spot platform continued to see positive volume growth. Our Singapore-based NDF trading platform is expected to commence trading in Q4.
 - **Fixed Income, Derivatives & Other** was up 12.7% with Tradeweb performing strongly across rates, credit, and money markets. Volumes accelerated in Q3, partially offset by a skew in activity towards lower-fee short-duration instruments. Tradeweb's share in both investment grade and high yield credit rose to all-time highs in Q3, reflecting strong client adoption of new trading protocols, including AllTrade and portfolio trading.
- **Post Trade** was up 17.0%, and 9.2% on an organic basis. OTC Derivative revenues rose 7.3% organically as activity in SwapClear continued to be supported by market volatility. Net Treasury Income was up 9.1% as a higher margin offset lower cash collateral balances. Cash collateral continued to moderate towards the quarter end, following a prolonged period of very heightened levels.
- **Group cost of sales** was up 3.8%, below the growth rate in revenue reflecting the partially fixed nature of the costs.

Capital allocation

In September we completed the acquisition of 9.5 million limited voting ordinary shares at £78.94 per share from the Blackstone-led consortium, utilising the shareholder approval granted at our AGM in April 2023. This takes cumulative share repurchases (both directed and non-directed) since August 2022 to £1.5 billion.

In September, we successfully returned to the debt capital markets, issuing €1.4bn of 3-year and 7-year bonds, with proceeds used to repay the remaining term loan entered into as part of the Refinitiv acquisition in 2021. The net effect is to extend the average maturity of our financing.

Capital Markets Event

We are hosting a Capital Markets event in London on 16 (afternoon/evening) and 17 November 2023. The plenary sessions will be webcast live and further information can be found at:

<https://www.lseg.com/en/investor-relations/capital-markets-days-2023>

Registration for in-person attendance for the event is now closed.

Q3 investor and analyst conference call:

LSEG will host a conference call for its Q3 Trading Update for analysts and investors today at 10am (UK time). On the call will be David Schwimmer (Chief Executive Officer) and Anna Manz (Chief Financial Officer).

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

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/7d4cf53e-a034-4304-bb72-9153e9b6d144>

To ask a question live you will need to register for the telephone conference call here:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=5746494&linkSecurityString=efc32d880>

Contacts: London Stock Exchange Group plc

Investors

Peregrine Riviere / Chris Turner – Investor Relations

ir@lseg.com

Media

Lucie Holloway / Rhiannon Davies – External Communications

+44 (0) 20 7797 1222
newsroom@lseg.com

Additional information can be found at www.lseg.com.

Data & Analytics business line revenue

	Q3 2023 £m	Q3 2022 £m	Variance %	Constant Currency Variance %	Organic Variance %
Trading & Banking	404	417	(3.1%)	2.2%	2.3%
<i>Trading</i>	319	330	(3.3%)	1.7%	1.8%
<i>Banking</i>	85	87	(2.3%)	4.1%	4.1%
Enterprise Data	345	332	3.9%	9.0%	9.0%
<i>Real-Time Data</i>	218	212	2.8%	7.9%	7.9%
<i>PRS</i>	127	120	5.8%	11.0%	11.0%
Investment Solutions	357	344	3.8%	9.5%	9.5%
<i>Benchmark Rates, Indices & Analytics</i>	171	161	6.2%	11.4%	11.4%
<i>Index – Asset-Based</i>	73	73	-	8.3%	8.3%
<i>Data & Workflow</i>	113	110	2.7%	7.6%	7.6%
Wealth	69	71	(2.8%)	2.6%	2.6%
Customer & Third-Party Risk	123	110	11.8%	16.3%	16.3%
Total Revenue (excl. recoveries)	1,298	1,274	1.9%	7.2%	7.2%
Recoveries	88	80	10.0%	(1.3%)	(1.3%)
Total Revenue (incl. recoveries)	1,386	1,354	2.4%	6.6%	6.6%

Divisional non-financial KPIs

1. Data & Analytics

	Q3 2023	Q3 2022	Variance %
Annual Subscription Value growth (%) ¹	7.1%	4.4%	
Subscription revenue growth (%) ^{1, 2}	6.8%	4.5%	
Index – ETF AUM (\$bn):			
- Period end	1,099	896	22.7%
- Average	1,134	977	16.1%
Index – ESG Passive AUM (\$bn) ^{3, 4}	281	261	7.7%

¹ Organic, constant currency variance

² 12-month rolling constant currency variance

³ ESG Passive AUM is at 31 December 2022 and prior period comparator is at 31 December 2021. The metric is updated bi-annually

⁴ 2023 revised from the previously published figure of \$311bn

2. Capital Markets

	Q3 2023	Q3 2022	Variance %
Equities			
<i>Secondary Markets – Equities</i>			
UK Value Traded (£bn) – Average Daily Value	3.3	4.1	(19.5%)
SETS Yield (bps)	0.73	0.67	9.0%
FX			
Average daily total volume (\$bn)	433	442	(2.0%)
Fixed income, Derivatives and Other			
<i>Tradeweb average daily value (\$m)</i>			
Rates – Cash	361,432	324,153	11.5%
Rates – Derivatives	491,883	328,636	49.7%
Credit – Cash	12,981	9,275	40.0%
Credit – Derivatives	16,955	20,020	(15.3%)

3. Post Trade

	Q3 2023	Q3 2022	Variance %
OTC			
<i>SwapClear</i>			
IRS notional cleared (\$trn)	315	249	26.5%
Client trades ('000)	779	696	11.9%
<i>ForexClear</i>			
Notional cleared (\$bn)	7,207	6,243	15.4%
ForexClear members	38	36	5.6%
Securities & Reporting			
EquityClear trades (m)	331	486	(31.9%)
Listed derivatives contracts (m)	54.2	57.0	(4.9%)
RepoClear – nominal value (€trn)	78.1	75.8	3.0%
Non-Cash Collateral			
Average non-cash collateral (€bn)	180.1	165.5	8.8%
Net Treasury Income			
Average cash collateral (€bn)	124.2	151.0	(17.7%)

FX conversion

The majority of LSEG revenue 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 3 months ended 30 September 2023	Closing rate at 30 September 2023	Average rate 3 months ended 30 September 2022	Closing rate at 30 September 2022
GBP : USD	1.266	1.221	1.178	1.103
GBP : EUR	1.163	1.153	1.168	1.130

For definitions of technical terms – refer to the Glossary contained in the 2022 Annual Report, page 246.

Q3 YTD 2023 summary

Continuing operations	9m 2023 £m	9m 2022 £m	Variance %	Constant Currency Variance %	Organic Variance %
Trading & Banking	1,241	1,187	4.5%	3.9%	2.5%
Enterprise Data ¹	1,049	952	10.2%	9.6%	9.0%
Investment Solutions ¹	1,057	981	7.7%	7.2%	7.2%
Wealth	213	202	5.4%	4.7%	4.7%
Customer & Third-Party Risk	364	306	19.0%	17.4%	14.4%
Data & Analytics	3,924	3,628	8.2%	7.5%	6.6%
Equities	171	190	(10.0%)	(10.2%)	(10.2%)
FX	189	191	(1.0%)	(2.3%)	(2.3%)
Fixed Income, Derivatives & Other	774	708	9.3%	8.0%	7.9%
Capital Markets	1,134	1,089	4.1%	3.1%	3.0%
OTC Derivatives	385	294	31.0%	30.5%	16.2%
Securities & Reporting	191	177	7.9%	5.5%	5.5%
Non-Cash Collateral	80	74	8.1%	8.1%	8.1%
Net Treasury Income	220	187	17.6%	15.9%	15.9%
Post Trade	876	732	19.7%	18.5%	12.9%
Other	22	25	(12.0%)	(12.1%)	(12.1%)
Total Income (excl. recoveries)	5,956	5,474	8.8%	8.0%	6.7%
Recoveries ²	277	246	12.6%	2.5%	2.5%
Total Income (incl. recoveries)	6,233	5,720	9.0%	7.7%	6.5%
Cost of sales	(854)	(793)	7.7%	7.3%	5.7%
Gross Profit	5,379	4,927	9.2%	7.8%	6.6%

¹ To better align with our internal reporting, some small revenue items have been reallocated between business lines across 2022 from Real Time Data and Data & Workflow into Benchmark Rates, Indices & Analytics.

² From 2023 onwards, FX-related items, related to embedded derivatives, previously included in recoveries, have been recognised within the appropriate Data & Analytics revenue lines, primarily Trading & Banking and Enterprise Data Solutions. In 2022 this embedded derivatives impact reduced recoveries by £43m and was heavily weighted towards H2.

Total income and gross profit by quarter

£m	2022					2023		
	Q1	Q2	Q3	Q4	2022	Q1	Q2	Q3
Trading & Banking	378	391	417	426	1,612	425	412	404
<i>Trading</i>	298	308	330	339	1,275	336	325	319
<i>Banking</i>	80	83	87	87	337	89	87	85
Enterprise Data ¹	303	317	332	354	1,306	347	357	345
<i>Real-Time Data¹</i>	194	202	212	229	837	221	225	218
<i>PRS</i>	109	115	120	125	469	126	132	127
Investment Solutions ¹	309	328	344	345	1,326	350	350	357
<i>Benchmark Rates, Indices & Analytics¹</i>	140	151	161	168	620	171	167	171
<i>Index - Asset-Based</i>	70	71	73	66	280	66	71	73
<i>Data & Workflow¹</i>	99	106	110	111	426	113	112	113
Wealth	63	68	71	73	275	73	71	69
Customer & Third-Party Risk	94	102	110	119	425	120	121	123
Data & Analytics	1,147	1,207	1,274	1,316	4,944	1,315	1,311	1,298
Equities	67	62	60	59	248	59	57	55
FX	60	63	68	67	258	66	62	61
Fixed Income, Derivatives & Other	232	235	241	245	953	269	246	259
Capital Markets	359	361	369	370	1,459	394	365	375
OTC Derivatives	93	98	103	108	402	126	134	125
Securities & Reporting	64	58	55	57	234	64	63	64
Non-Cash Collateral	24	25	25	26	100	26	27	27
Net Treasury Income	57	64	66	68	255	73	77	70
Post Trade	238	245	249	259	991	289	301	286
Other	7	5	13	9	34	9	6	7
Total Income (excl. recoveries)	1,751	1,818	1,905	1,954	7,428	2,007	1,983	1,966
Recoveries ²	80	86	80	69	315	93	96	88
Total Income (incl. recoveries)	1,831	1,904	1,985	2,023	7,743	2,100	2,079	2,054
Cost of sales	(240)	(264)	(289)	(271)	(1,064)	(288)	(284)	(282)
Gross Profit	1,591	1,640	1,696	1,752	6,679	1,812	1,795	1,772

¹ To better align with our internal reporting, some small revenue items have been reallocated between business lines across 2022 from Real Time Data and Data & Workflow into Benchmark Rates, Indices & Analytics.

² From 2023 onwards, FX-related items, related to embedded derivatives, previously included in recoveries, have been recognised within the appropriate Data & Analytics revenue lines, primarily Trading & Banking and Enterprise Data Solutions. In 2022 this embedded derivatives impact reduced recoveries by £43m and was heavily weighted towards H2.