

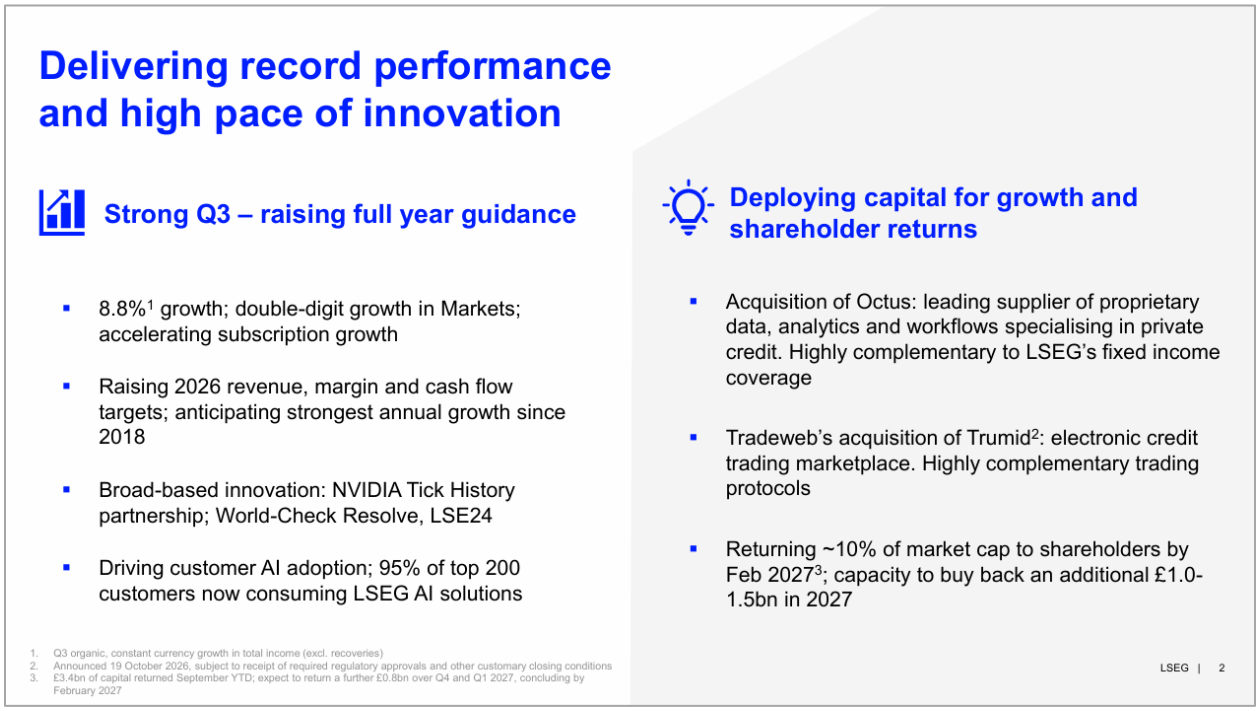
LSEG Q3 2026 Trading Update - Acquisition of Octus

Presentation Transcript

22 October 2026

Moderator:

Good morning and welcome to the LSEG Q3 results. At this time, all participants are in listen-only mode. Later, we will conduct a question and answer session through the phone lines and instructions will follow at that time. I would like to remind all participants that this call is being recorded. I'll now hand over to David Schwimmer, CEO of LSEG and Michel-Alain Proch, CFO, to begin the presentation. Please go ahead.



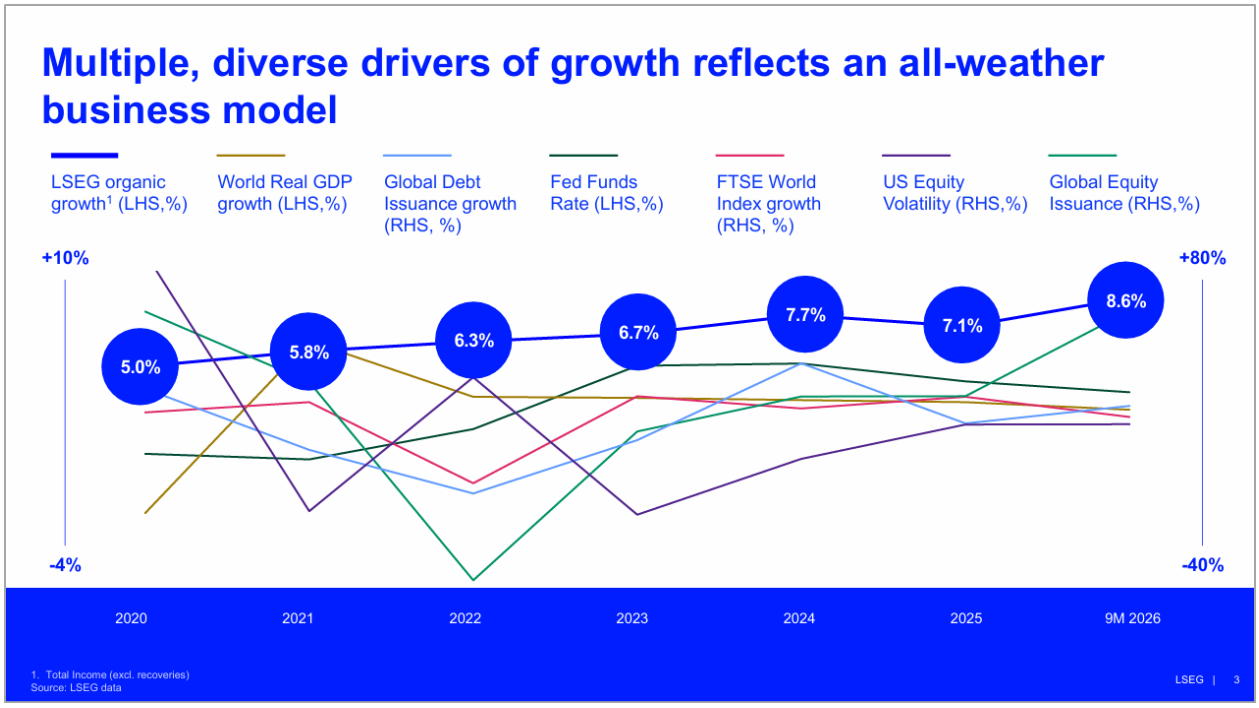
David Schwimmer:

Good morning. Thanks for joining the call. I'm here with MAP, our CFO, and Peregrine, Head of Investor Relations. We continue to deliver very strong growth. Revenue is up 8.8% in the third quarter and 8.6% year to date. All our businesses are contributing to this growth. Markets continues its outstanding year with our sustained investment, ensuring it's well positioned to help customers navigate the ongoing economic and political uncertainty. Our subscription business has accelerated, growing at 6.6% in Q3, up from 6.3% at H1, and on track to deliver 6.5% for the full year. We are raising 2026 guidance again to reflect this continuing strength. We now expect full year revenue of at least 8%, putting us on track for the strongest year of growth since 2018. We're also raising our guidance for EBITDA margins and cash generation. MAP will walk you through those in a moment. Taken together, our revised guidance speaks to a business that is growing faster, is more profitable, and is generating more cash than anticipated at the start of the year.

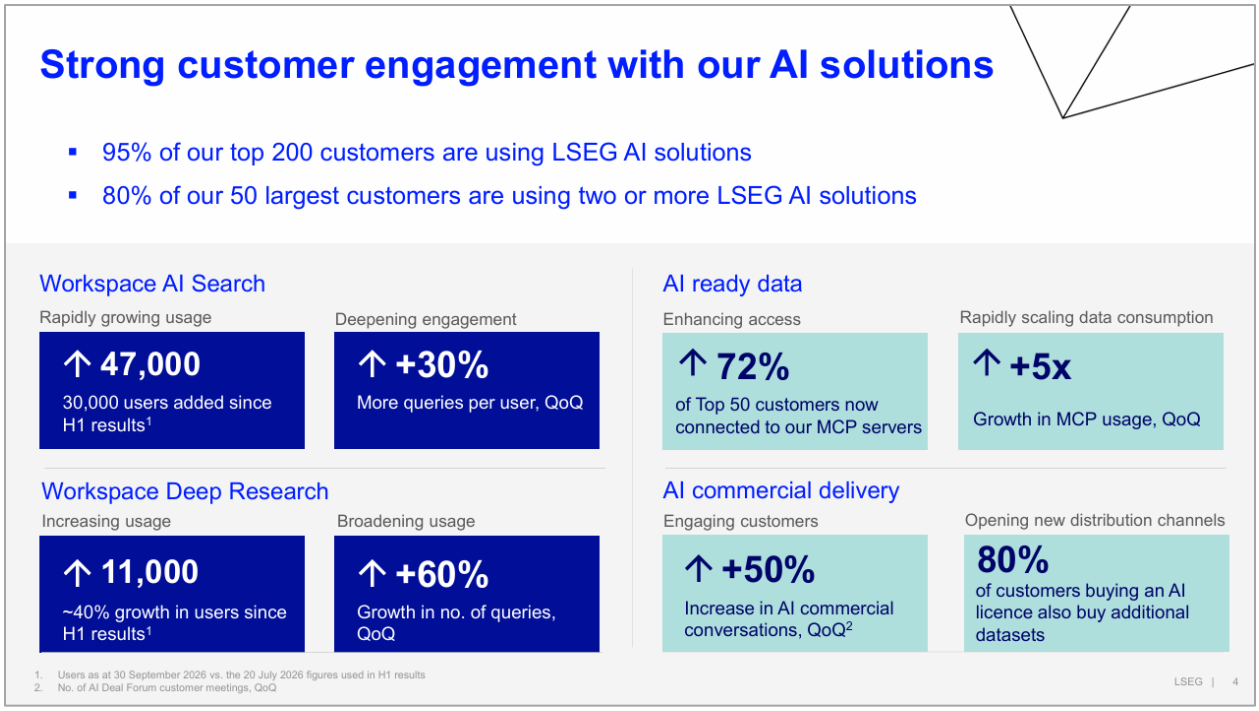
Our strong cash generation gives us significant flexibility in capital allocation, combining bolt-on M&A and significant cash returns to shareholders. I've spoken before about the culture of innovation we've embedded at LSEG and the pace of product development this is driving. Last week, we announced a partnership with Nvidia that will reduce the time for customers to analyze our massive tick history dataset from days to minutes. And last month, we launched World-Check Resolve, a new AI layer, which reduces false positives by around 75% and saves our customers a lot of manual checking. Where we have these leading positions, we continue to invest to maintain that gap and drive growth. On AI, we're driving adoption at scale. 95% of our top 200 customers are now using our AI solutions. I'll come back to this in a moment. As you will have seen, we have had two really exciting developments this week.

On Monday, Tradeweb announced its acquisition of Trumid, a high growth electronic credit trading marketplace. Billy and Sarah have already taken investors through the logic of this deal, but I'll recap this briefly later. And this morning, we have confirmed the acquisition of Octus, a leader in the provision of credit solutions in the illiquid and private credit space backed by highly proprietary data. This deal fits

squarely within our criteria in terms of both strategic fit and financial discipline. It's highly complimentary to our existing fixed income product suite and enhancing to growth. Much more on that later. Finally, on capital allocation, we have made record returns to shareholders this year, returning £3.4 billion in the first nine months. With £800 million remaining on our current buyback program in Q4 and Q1 of next year, we're on track to return around 10% of our market cap in total since January of this year. We also have capacity for an additional £1-1.5 billion in 2027.



We've built a business capable of partnering with customers through the whole trade life cycle and data value chain across multiple asset classes. Trading and data are evermore intertwined as financial markets grow and increase in sophistication, reinforcing our strategy and strengthening our position. It's inevitable that the external environment will evolve, whether that's asset prices, issuance trends, market volatility, or GDP growth, but the balanced and diversified nature of our subscription and transaction revenues and our alignment with multiple long-term growth drivers position us to perform well in almost any environment. You can see the power of this all-weather business model in the steady and accelerating growth on this slide.



Before I hand to MAP, let me update you on the significant progress we're making in the delivery of our AI solutions and how they're resonating with our customers. You'll recall our focus for this year was rolling out solutions and driving customer adoption. With 95% of our largest customers using at least one of our AI solutions and 80% of our top 50 customers using two or more, we've made real progress in driving adoption in Q3. We had 47,000 users of Workspace AI Search at the end of Q3 and have just passed the 50,000 mark. User engagement with the product also continues to deepen with the average queries per user up 30%. Crucial to the success are the ongoing enhancements we're making, including scheduled queries through Microsoft Copilot, a bespoke library of user prompts, and greater export functionality. LSEG everywhere continues to build. Over two thirds of our largest customers and over 300 in total have now connected or are onboarding to our MCP.

But our customer engagement on enterprise AI goes far beyond just MCP. As highlighted at the first half, customers increasingly want to access our AI ready data via multiple distribution channels, including APIs, cloud platforms, and traditional bulk feeds. Overall, we saw a 50% increase in AI related commercial discussions in Q3, and 80% of AI license sales involved the customer buying new or additional data sets. With new AI distribution channels, our customers want more of our data. AI is enhancing the value of our data, showing that our Data & Analytics business is more valuable in an AI world. With that, let me hand over to MAP to take you through our financial performance in more detail.

Delivering strong, broad-based growth across all divisions

(GBP million)	Q3 2026	Q3 2025	Reported growth vs Q3 2025	Organic growth[1] vs Q3 2025
Data & Analytics	1,023	982	4.2%	5.2%
FTSE Russell	265	241	10.0%	10.2%
Risk Intelligence	160	144	11.1%	9.8%
Subscription Businesses	1,448	1,367	5.9%	6.6%
Markets	957	850	12.6%	12.5%
Total Income (excl. recoveries)[2]	2,407	2,219	8.5%	8.8%
Recoveries	94	89	5.6%	6.4%
Cost of Sales	(294)	(292)	0.7%	1.1%
Gross Profit	2,207	2,016	9.5%	9.9%

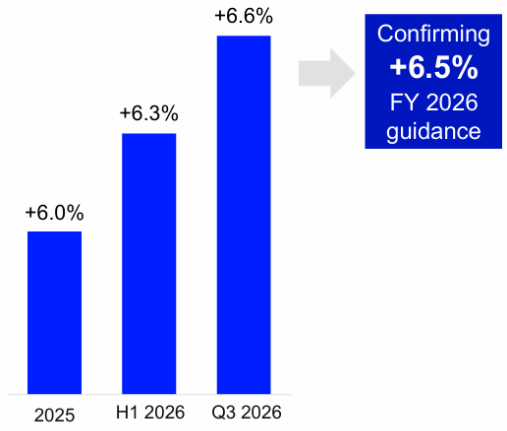
1. Organic, constant currency growth
2. Totals include other income of £2 million in Q3 2026 and £2 million in Q3 2025

LSEG | 5

Michel-Alain Proch:

Thank you, David, and good morning to all of you. As you just heard, we delivered another strong financial performance in the third quarter, organic revenue up 8.8%. Data & Analytics was up 5.2% as our ongoing innovation and investment in content drives demand across our solutions. Data and feeds continue to be particularly strong, up 7.5%. FTSE Russell was up 10.2% with subscription revenues re-accelerating as we said it would. We continue to see sustained demand for our screening and identity verification services in Risk Intelligence, which grew 9.8% in Q3. Taken together, our subscription businesses grew 6.6%, a good acceleration from the 6.3% in the first half. Our Markets division is sustaining its very strong performance up over 12% with strengths across all the businesses. OTC derivatives was the standout performer with continued strengths at SwapClear and almost 30% growth in client volumes in Q3. We continue to work with the industry to drive adoption of our Post Trade Solutions for uncleared OTC products, signing four new members to TradeAgent in the quarter. Tradeweb also grew strongly, benefiting from sustained innovation and investment against the backdrop of shifting interest rate expectation. That drove 22% growth in volumes in Q3. Finally, cost of sales grew below revenues benefiting from the change to the SwapClear agreement we made at the end of 2025. As a result, we delivered almost 10% growth in gross profit for the quarter.

Continuing strength in subscription revenues[1]



Accelerating recurring, visible subscription growth

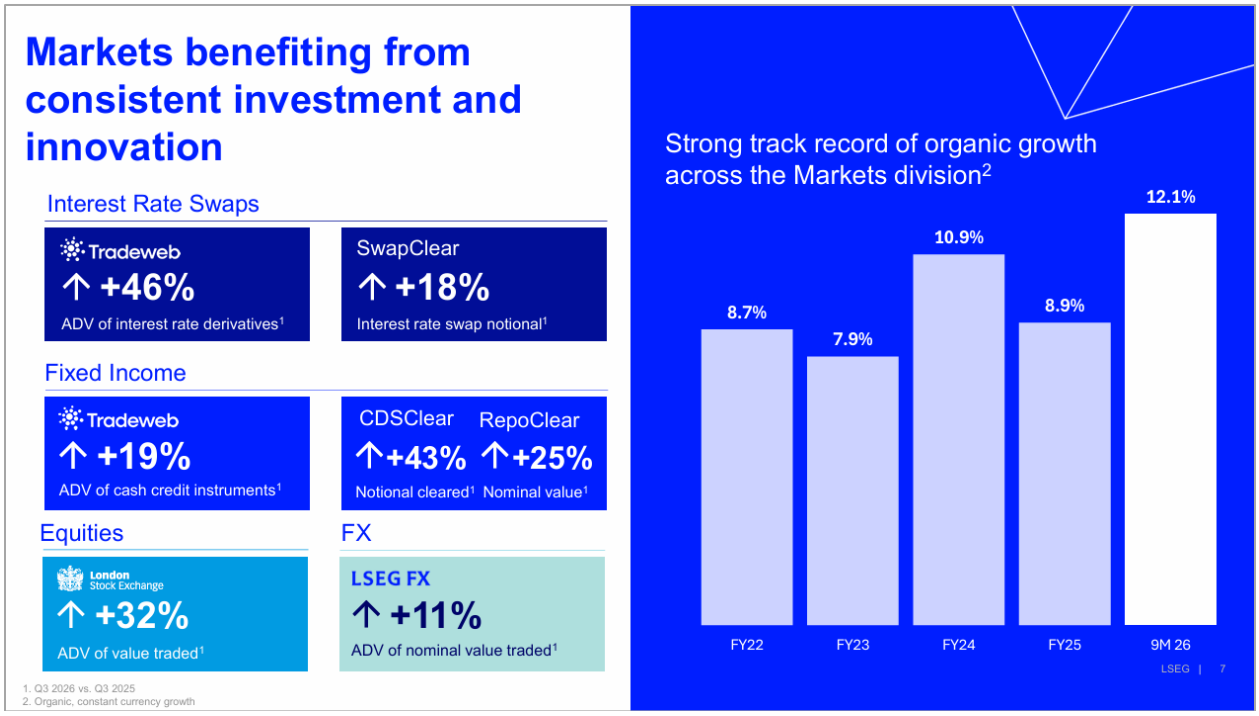
- Continuing strong retention; good visibility
- Activation of strong 2025 and 2026 YTD sales; encouraging pipeline
- Ongoing pricing benefit from sustained investment in content, capabilities and distribution
- Multi-year contractual growth from LDA enterprise agreements (c.18% of Data & Analytics revenues)
- Growing contribution from AI revenues with long runway for growth

LSEG | 6

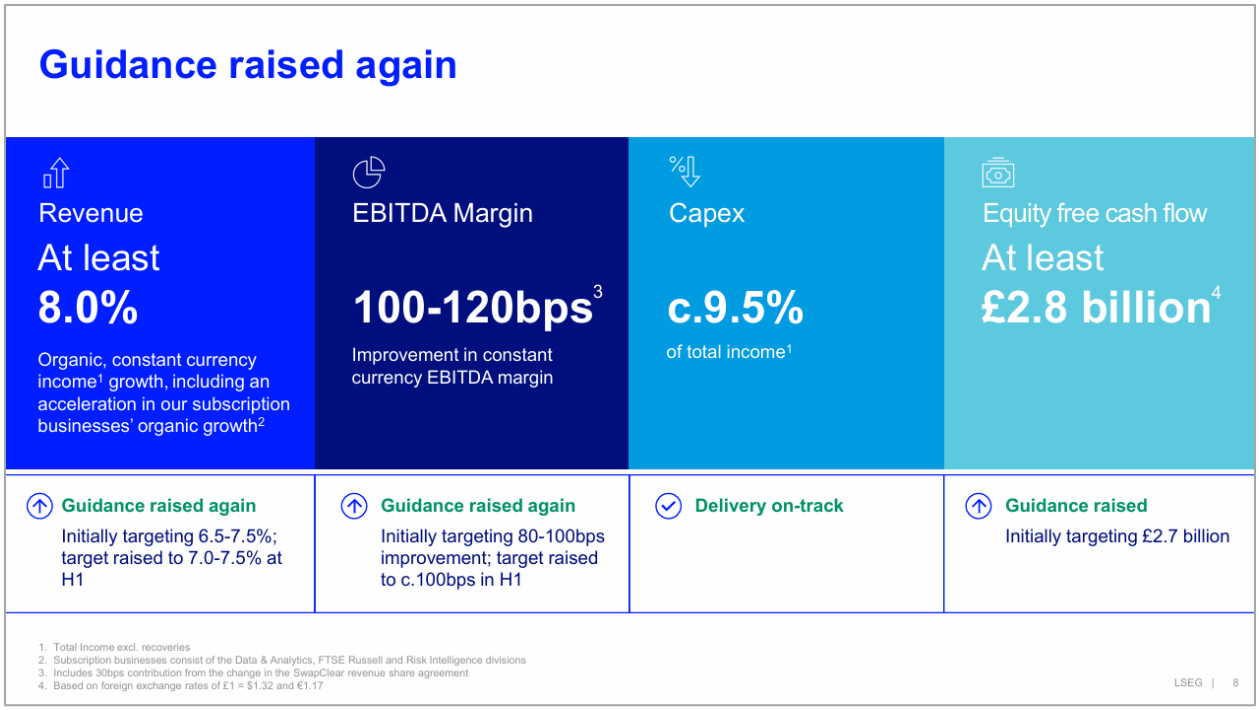
1. Revenue growth of Data & Analytics, FTSE Russell and Risk Intelligence

Turning to our subscription revenues, we are well on track to deliver full year subscription growth of around 6.5%, an acceleration from the 6% growth in 2025. These revenues are highly recurring, typically around 93% annually, and that brings good visibility. New sales made in previous quarters feed through to revenues once a product is installed and activated, and we have a good line of sight to these timelines too.

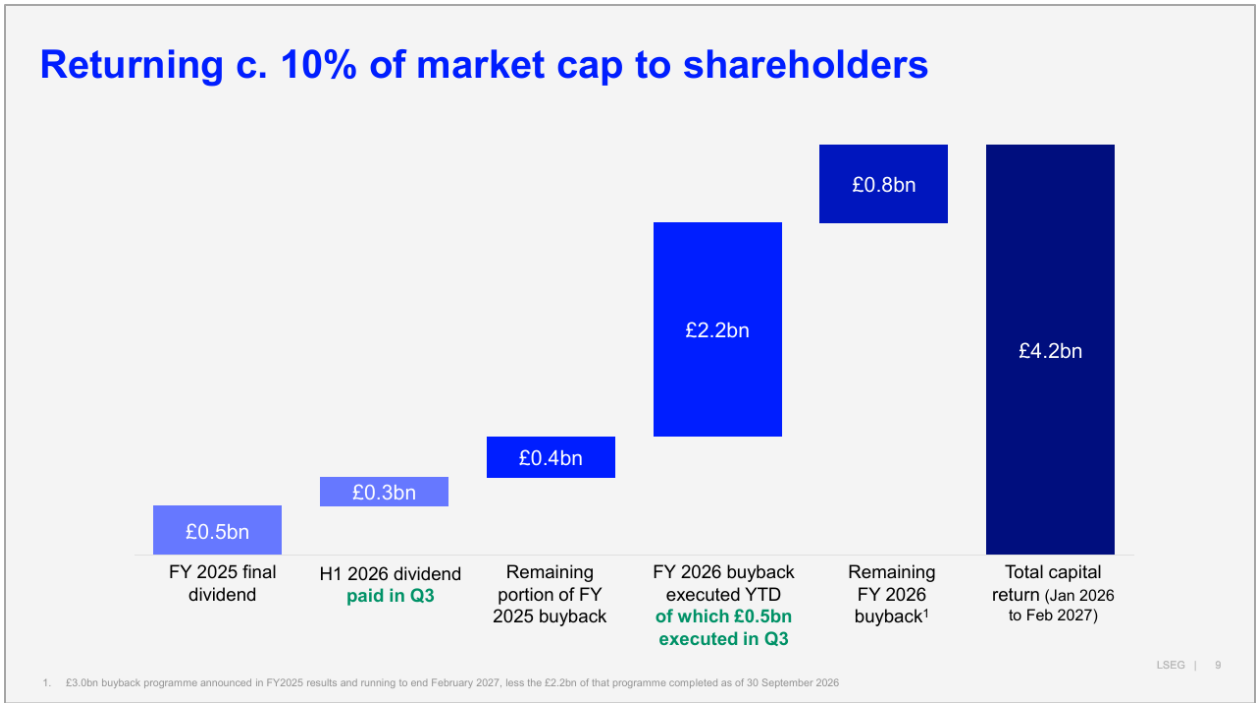
The ongoing investment we make into content capabilities and distribution is reflected in product pricing and annual increase in LSEG Data Access agreements representing 18% of D&A revenues. And over time, AI revenues will make a growing contribution to these subscription revenues with a long runway for growth.



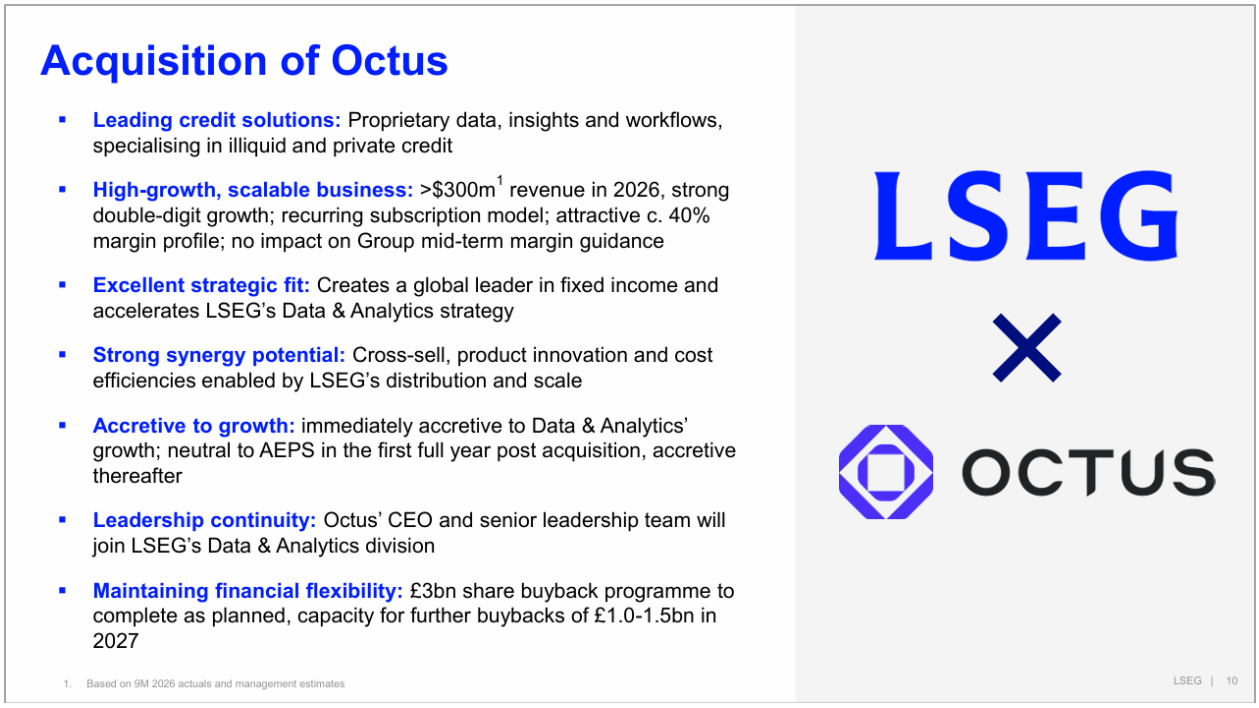
Turning now to our Markets division, which has seen another outstanding quarter, volume interest rate swaps on our trading and clearing platforms were very strong in Q3 as customers turn to our solution amidst economic and political uncertainty. These dynamics also supported strong volumes across Fixed Income, Equities and FX, as you can see on this slide. Putting market conditions to one side and taking a long-term view, these are leading businesses with strong structural growth drivers. Our sustained investment is helping drive this growth by developing new solutions and expanding reach. Through this strategy, we have delivered a five-year CAGR of over 9%.



Turning to our full-year guidance, most of which we are raising once more. On revenues, we expect organic revenue growth in 2026 to be at least 8%. This is a meaningful increase to the guidance we issued at H1. We are raising our margin guidance again, expecting between 100 and 120 basis points of improvement this year. This reflects our continued strong top line performance and our focus on efficient management and delivery of operating leverage. We reiterate our CapEx guidance at 9.5%, and finally, our guidance for free cash flow that already reflected the highly cash generative nature of our business model, but we think we can do even more this year and now expect equity free cash flow to be at least £2.8 billion. As David said earlier, our strong cash generation is allowing us both to execute on M&A when it makes sense and return cash to shareholders.



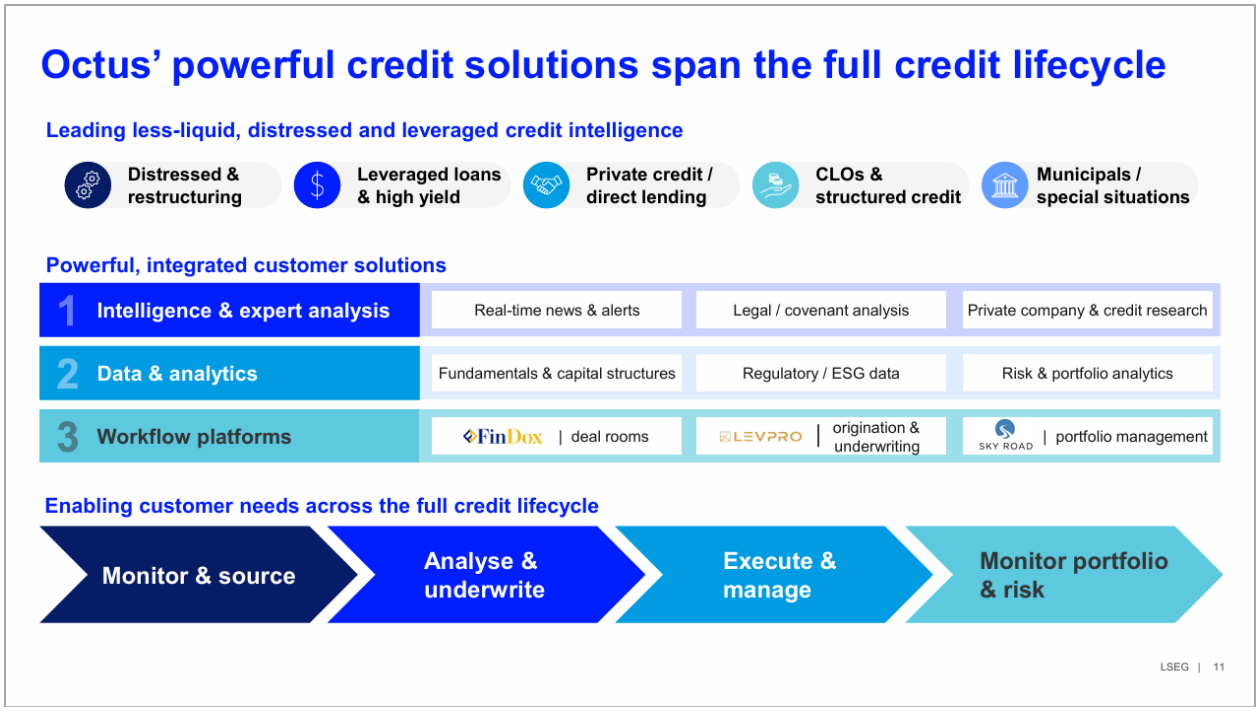
And you can see on this slide that we have returned a record amount of capital to shareholders this year, and we are on track to return around 10% of our market capitalization in a little over 12 months. With that, I will hand back to you, David.



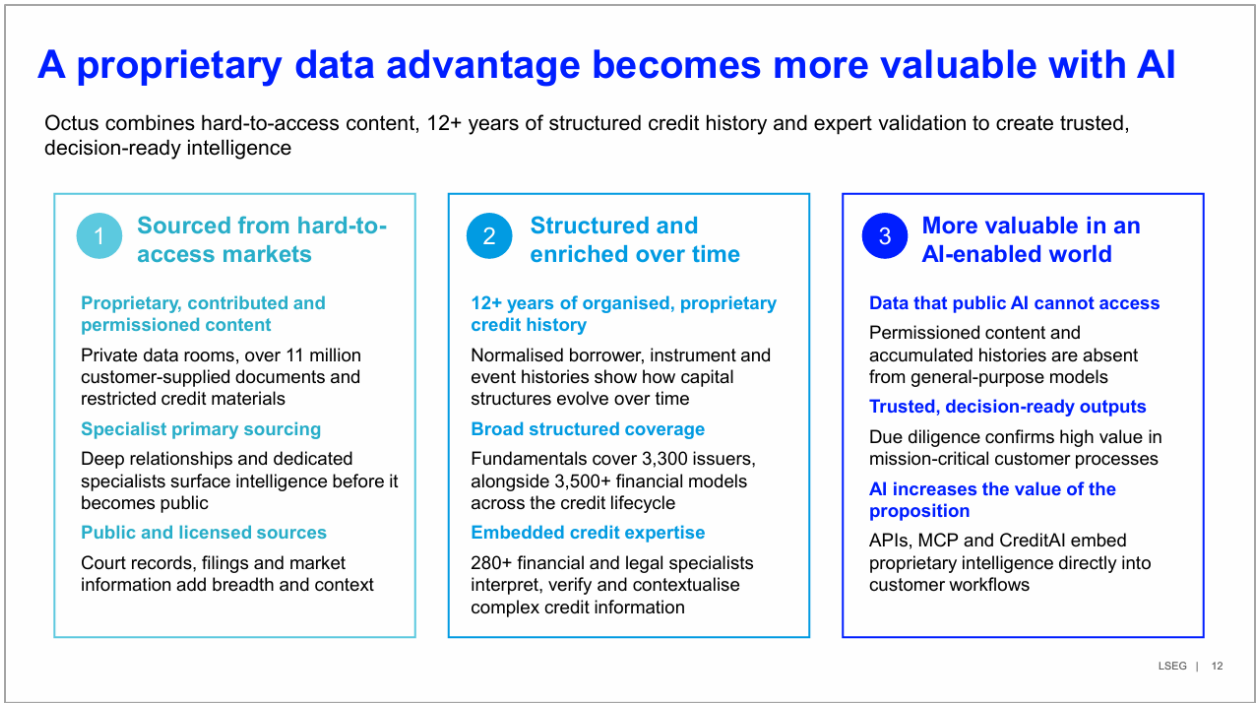
David Schwimmer:

Thanks, MAP. I'll now spend a few minutes focusing on the Octus acquisition. We are really excited about this transaction. It's a great business and the timing is excellent given the work we have done already to transform our data platform and scale up in fixed income and private company data. I'll explore all of these points in more detail, but to summarize here, Octus is a leading provider of credit solutions with a focus on illiquid and private credit. Its data is highly proprietary. Its financial track record is outstanding with very strong growth and improving margins in a market which will continue to grow at a double-digit rate. Our margin guidance is unaffected by this deal. Octus coverage and customer footprint are highly complimentary to LSEGs and will unlock significant product and cross-sell opportunities. The transaction will be accretive to our top line growth and accretive to EPS after 2028, and we are retaining a high class management team led by Kent Collier.

And as MAP will lay out, this deal fits well in the context of our broader capital allocation strategy. We're completing our current £3 billion buyback and we believe investing in our shares at this level continues to be a good use of capital. We can see capacity for a further £1-1.5 billion of buybacks in 2027, taking us to the top end of our leverage range a year from now.

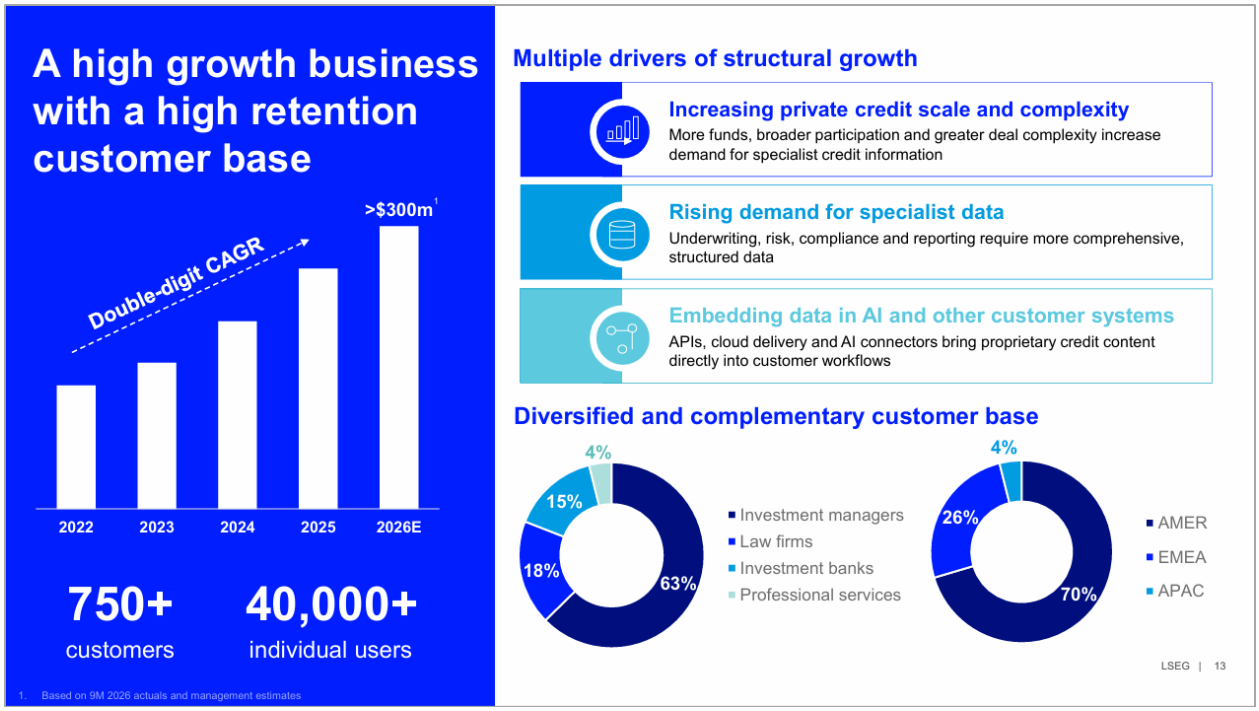


Octus looks a lot like our D&A business, but focused on a specialized asset class, illiquid and private credit. For example, distressed debt, leveraged loans and CLOs, and its solutions span the full credit life cycle - idea generation, deal tracking, detailed analysis, underwriting, and portfolio and risk management tools. As with D&A, it delivers through feeds, APIs, and workflow platforms.

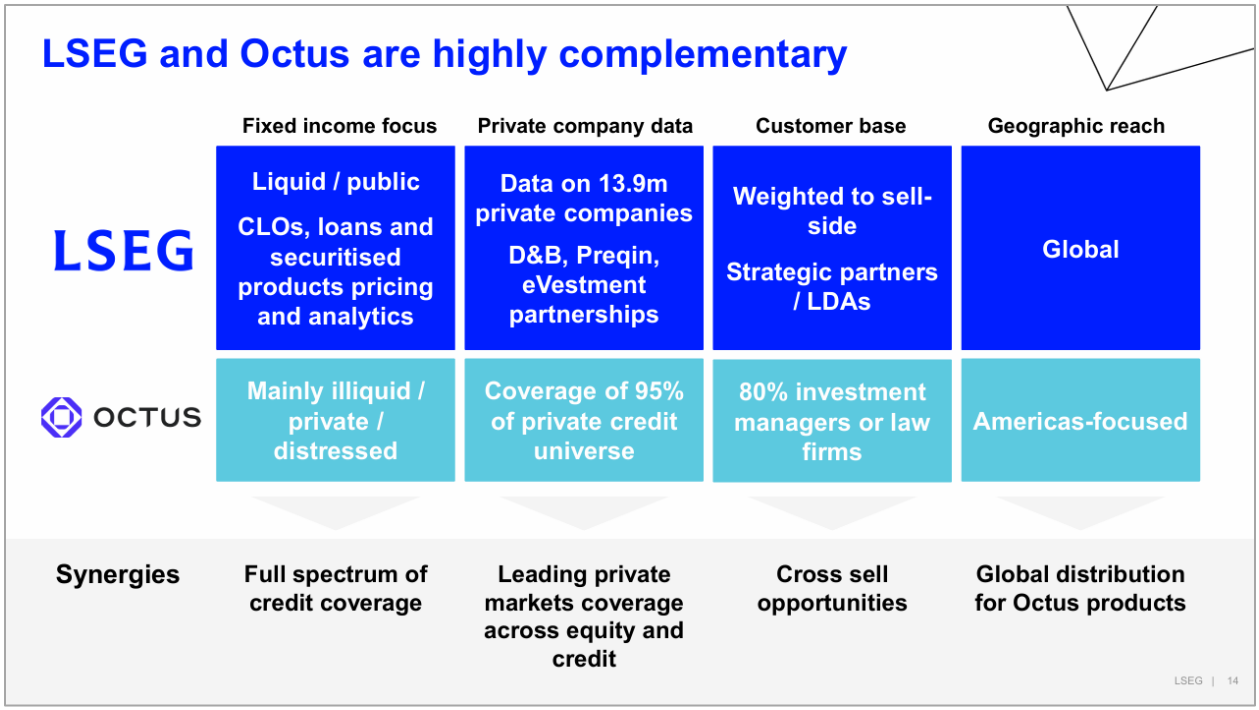


And these solutions are based on differentiated and proprietary data sets. Private credit is not like the investment grade corporate bond market. Documentation can be extremely hard to come back. Structures can be highly bespoke and complex, and sometimes you have to spend days sitting in courtrooms following legal processes. Even accurate financials on private companies can be hard to trace, as many of you have found over the last few days. Octus has been building up this data and associated insight and expertise for over 12 years, and it includes thousands of contributory records from customers, issuers, and investors, often detailed documents on specific loans. This is just not possible to replicate. We've done extensive customer due diligence and it is clear from the feedback that Octus solutions are extremely important for day-to-day research, workflow, and risk management. So like our existing data assets, this is a business that is becoming more valuable in an AI world, and Octus has built strong AI functionality with MCP connectors and its own credit AI platform, bringing proprietary intelligence and analytics directly into customer workflows.

To give you a couple of stats, just in 2026, its AI platform has generated more than four million automated classifications of complex market data and had half a million tool calls to its MCP.



Octus is a high-growth business in a high-growth market. Revenue has grown at a strong double-digit CAGR since 2022. In fact, it has compounded at a double-digit rate since its inception. Now has over 750 customers and 40,000 individual users with very high retention rates. The private credit market is growing at around 10 to 15% annually. There are more participants every year, and as I just mentioned, greater deal complexity just drives increasing demand for specialist solutions, and the user base is broadening from investors and advisors to underwriters, risk managers, and compliance teams. As we're seeing in our own business, AI is driving a range of different delivery mechanisms, increasingly delivering Octus proprietary credit solutions directly into customer workflows. Revenues are currently weighted around 80% to the buy-side and legal profession and around 70% to the Americas. So as I'll cover on the next slide, that is highly complimentary to LSEG.

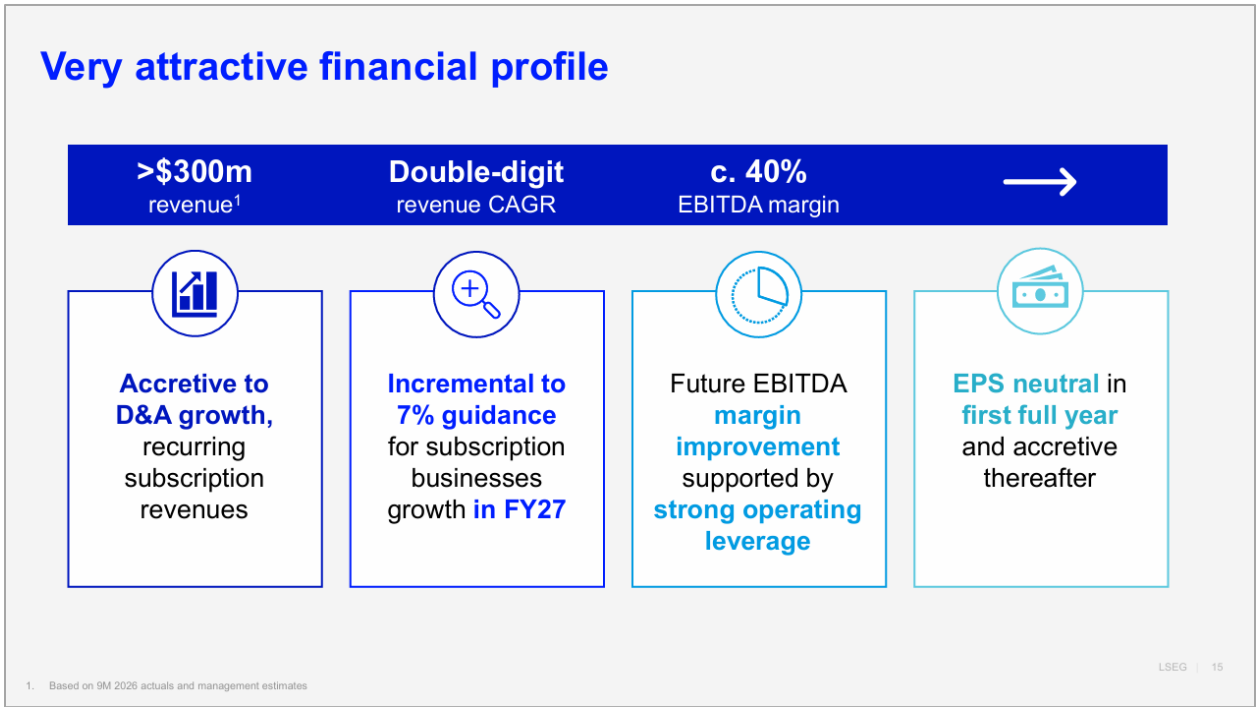


Let's look at how these businesses will fit together and create opportunities for additional growth.

First, the combination of LSEG's more liquid and public credit coverage combines with Octus's illiquid and private focus to give coverage of the full credit spectrum.

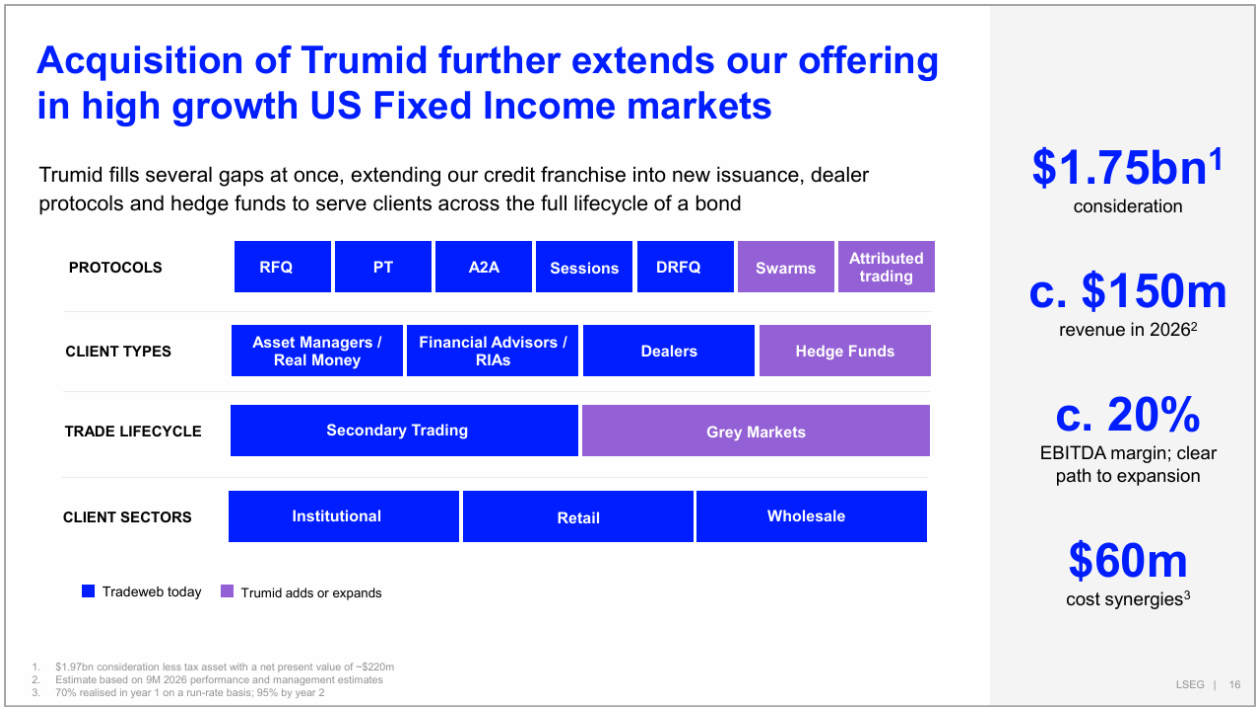
Second, we are able to drive a step change in our overall private company's coverage, marrying all the work we have done building our private company data set with Octus's 95% coverage in the private credit universe. This will give us leading private markets coverage.

Third, our business today is weighted to the sell-side and global institutions where we have deep strategic partnerships. We are under-penetrated on the buy-side where Octus excels. This presents a significant cross-selling opportunity. And similarly, for our respective geographic footprints, we will bring global distribution for Octus, which until now has been more focused in North America. Now, MAP will spend a couple of minutes on the financial aspects of Octus and the deal.



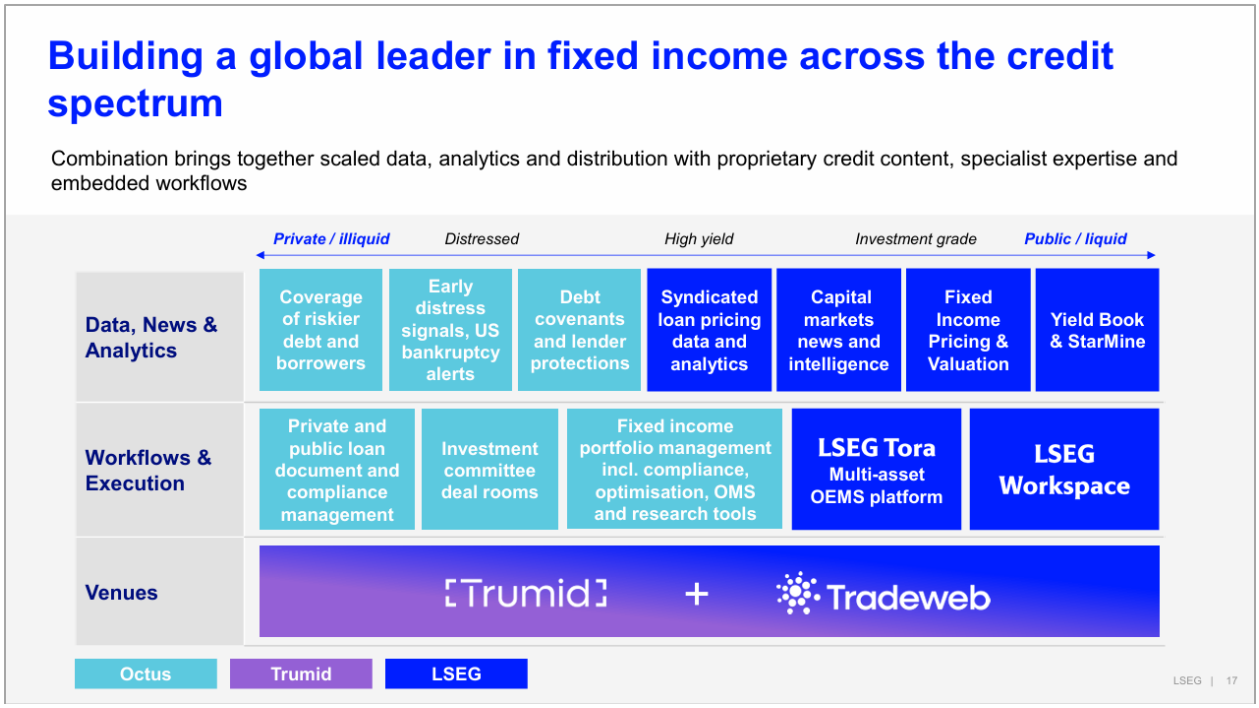
Michel-Alain Proch:

Yes, David. And on the financials for LSEG, this deal is also highly attractive. We have talked about the revenue and growth profile. This will be accretive to D&A growth and will of course be incremental to our 7% guidance for our subscription businesses in 2027. It is also already generating really strong margins, which is a sign of high quality for a business that has achieved such strong growth, and we only expect those to improve as the top-line growth continues. Octus has a roughly 40% adjusted EBITDA margin and a strong operating leverage, which is allowing us to confirm the growth EBITDA improvement of 150 bps over 2027 to 2029 from the 2026 baseline. Putting this together, it is neutral to EPS in 2028 and accretive thereafter. David, back to you.

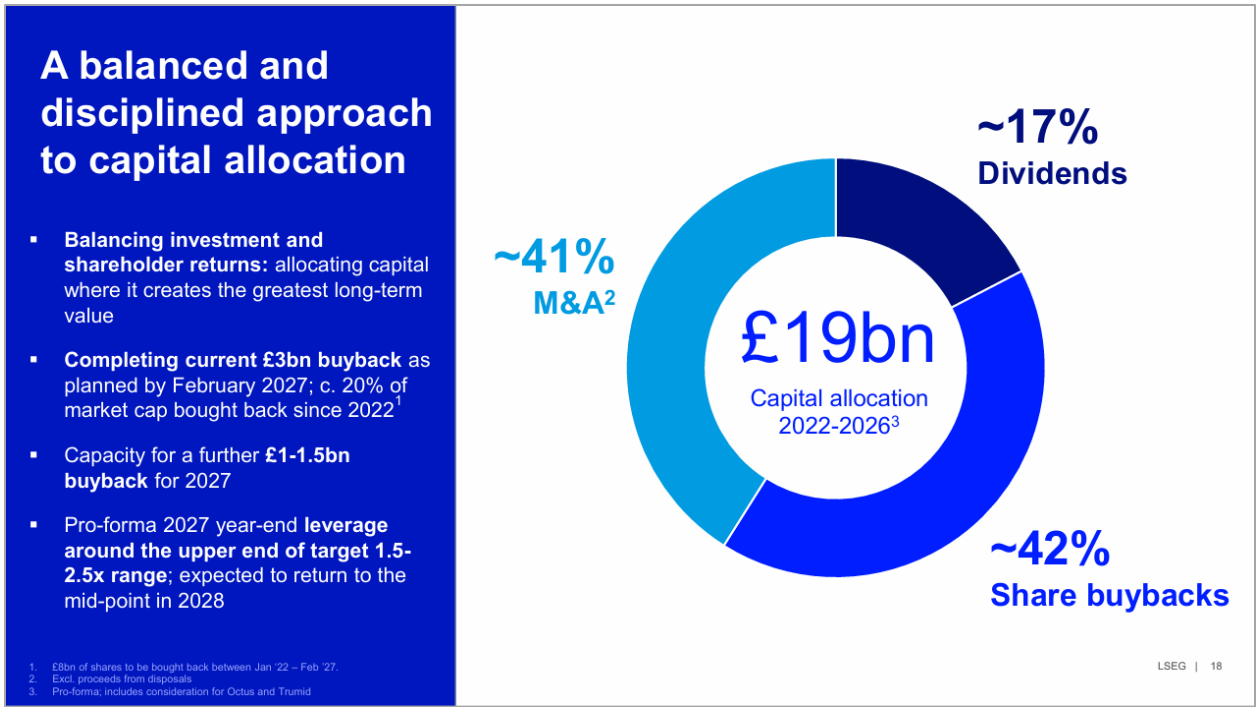


David Schwimmer:

Thanks, MAP. As you will have seen a couple of days ago, Tradeweb announced its planned acquisition of Trumid, an electronic credit trading platform. You can see how it fits together with Tradeweb on this slide. And just as Octus is for LSEG, Trumid is highly complimentary to what Tradeweb does today. It extends Tradeweb's presence into gray markets and new issuance, has great customer penetration with hedge funds, and additional specialized dealer protocols. We think this is a great deal for Tradeweb and LSEG.



And when you combine it with what Octus does for us and our ongoing organic investments, we have made huge strategic strides with these two transactions. We are building a global leader in fixed income, in proprietary data, news, and analytics with AI-enabled workflows and execution tools and with trading venues operating from public, investment grade through high-yield, to private and distressed. This is a great growth engine.

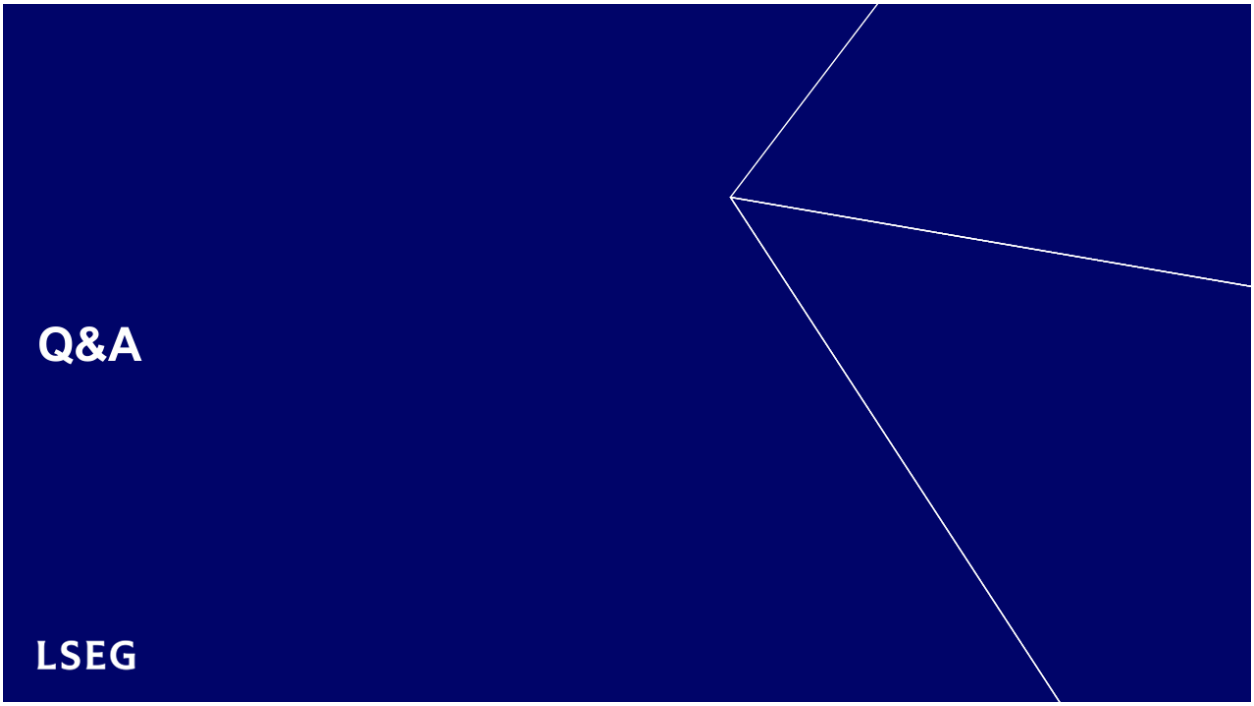


Yes, it has been a big week for M&A, but we think about capital allocation over multi-year periods. We have looked at many deals over the last five years and very few made the cuff in terms of strategic fit or financial return. These acquisitions do both. At the same time, we have bought back £8 billion of our own shares since 2022, accelerating significantly over the last 18 months with our share price depressed. We'll continue to buy back shares because we think that provides attractive returns. The current £3 billion program will complete by February next year, which means another £800 million across Q4 and the first 2 months of 2027. And then we have capacity for a further £1-1.5 billion through 2027, which would take us to around the top of our leverage range by the end of next year.



So I appreciate that's a little longer than our usual Q3 presentation, but there are a lot of great things happening across LSEG. We're delivering record results and raising full-year guidance. We're driving strong adoption of our AI solutions and expect that to make a growing contribution to revenues. We are driving an unprecedented pace of innovation across the business. I've spoken to some of this already, but this is also a good moment to remind you that our Head of Markets, Daniel Maguire and his team will host an online investor event in December to give more insight into our initiatives across digital markets.

Finally, we continue to invest both organically and where it makes strategic and financial sense through acquisition to further enhance our customer proposition. Through that strategy, we are building a business that is better positioned than ever for sustained long-term growth and value creation. And now MAP and I are happy to take your questions. Peregrine, over to you.



Peregrine Riviere:

Thanks, David. As usual, please restrict yourself to one question and maybe there'll be time for you to come back and ask another at the end. So operator, I'll hand to you. Thanks.

Moderator:

Thank you, Peregrine. And if you would like to ask a question, please signal by pressing star one to raise your hand and join the queue. And to withdraw your question, press star one again. When called upon to ask your question, please ensure that you use your handset and that you are not on mute. Again, star one to raise your hand. And your first question is from the line of Andrew Lowe of Citi. Please go ahead.

Andrew Lowe:

Hi, thanks for the very detailed presentation. I just wanted to ask on the Octus deal, it fills a gap in your data coverage with the private credit. As you look to explore options to fill this, did you look at building this data organically? Could you just talk through what the challenges of doing this were that led you to go down the organic routes? And related to that, if you could maybe talk a little bit more about the moats to Octus's data and provide some tangible examples of why the data cannot be found elsewhere. If Octus can access the data, what stops others from replicating its offering over time and what's the right to win in the market? Thanks.

David Schwimmer:

Thanks, Andrew. Great questions. We always think about the build versus buy equation, and on both private markets data and fixed income data, we have been investing substantially in those areas, and we have added a significant amount to our fixed income content, our fixed income evaluated pricing, corporate actions, et cetera. And we have also added extensively to our private assets data over the last few years, including bringing in Preqin data, Nasdaq eVestment data, but also a lot of our own.

What is really special about Octus is how proprietary it is and how hard to source a lot of the data that Octus provides is. And just to give you a couple of examples, there are 12 plus years of deals data covering substantial aspects, 95% market coverage. And so that's data on thousands of deals. It's information on thousands, 3,000 plus public and private issuers over, over again, 12 plus years. It has thousands of, I'll say 11,000 plus transcripts analyzed for structuring and valuation comps. So just a huge library of content and deal documents across 28,000 issuers and 65,000 deals going back again, 12 plus years.

Now, that in and of itself, huge amount of highly valuable data. The content that Octus has, this is not publicly available. This is often only available through confidentiality agreements in secure data rooms with restricted rights, and Octus has aggregated and anonymized rights to certain private data that is protected by those confidentiality provisions. So no one else is getting access to that information.

On top of that, Octus has about 280 experts, financial and legal experts who are providing their own analysis. They're getting information through their relationships, through their on-the-ground research. They are gathering insight in complex bankruptcy restructurings, often sitting in courtrooms or finding out information right outside of courtrooms. They put out 60,000 plus articles every year, and that ranges from real-time news and alerts to legal or covenant analysis as well as research on private companies and credit.

And so you put all that together, this is highly specialized, highly proprietary, not replicable. No LLM is going to be able to scoop that up anywhere. And so very, very high quality, very highly proprietary. And they also have contributed data. So as you can see, I could go on for a little while on this, but we have done extensive due diligence. I would encourage any of our investors to do extensive due diligence on how proprietary this is. This is a great proprietary data set.

The other thing I should just say as a final point, in addition to what Octus brings, LSEG has great fixed income and credit capabilities in parts of our business that people typically don't focus on. For example, LPC, which has great syndicated loan data, IFR, which has insight across mostly the public credit sector, and of course our Yield Book analytics, which are industry standard fixed income analytics. So when you bring this together with what Octus provides, it really is an extraordinary and attractive combination.

Andrew Lowe:

Great. Thanks so much.

Moderator:

Your next question comes from the line of Hubert Lam of Bank of America. Your line is open.

Hubert Lam:

Great. Thank you and thanks for taking my question. For Octus, can you talk about how you get to EPS neutral in year 1 and accretion thereafter, if you include interest costs of say 5 to 6% to finance it? So what are the assumptions to get there for revenue growth and EBITDA margin at Octus from 40% today? Are the cost savings at Octus coming through and how quickly do you expect revenue synergies to come through? Thank you.

Michel-Alain Proch:

Yeah, so I think to get to this point, you need to take the financials we gave during the presentation. So we think that Octus will land anywhere between 300 and 320 million in 2026 in terms of revenue. Then you take between low and mid double-digit growth for 2027, and you can take the same for 2028. EBITDA margin, you have an accretion of about 300 bps in '27 and the same in '28. So that's giving you the EBITDA

margin for 2028. And as far as the debt is concerned, we think we'll be able to have a compound debt interest rate at 5.5%. And when you make this calculation, the 5.5% on 3.5 billion is about, if you take out the cash generated by Octus, it's about 180 million of net financial expense for 2028, and that's the actual profit that will be generated by Octus. It's too many acquisitions at the same time. So by Octus, yeah, and that's where you'll get the 2028 EPS acquisition.

David Schwimmer:

And then Hubert, just to touch on, you asked about synergies as well. So there'll be modest cost saves here. This is not a cost synergy-driven transaction, and we think there are very attractive revenue synergy opportunities over time, initially through cross-sell. LSEG is global platform, strong penetration across the large institutional and sell-side institutions, and Octus tends to be more North America-focused and has great presence amongst the credit buy-side firms. So we think there's really attractive cross-sell opportunities going both ways there. And then you should expect to see us building both enhanced and new products over time that will combine a bunch of the great assets I was just talking about before as we create, build, and monetize new products. So excited about that opportunity as well over time.

Hubert Lam:

Great. So does that mean that you say near term you expect revenue growth to be low to mid double-digit with the revenue synergies, should we expect it to be higher than what it is near term?

Michel-Alain Proch:

No, I think as I was saying, I think a good proxy is to take mid-teen double-digit for the next two year, all included.

Hubert Lam:

Okay, great. Thank you.

Michel-Alain Proch:

Thank you.

Moderator:

And we'll take our next question from Michael Sanderson at Barclays. Please go ahead.

Michael Sanderson:

Good morning, David. Good morning, MAP. Thank you for taking my question. On the other side, I guess, to what Hubert was asking about, just trying to understand a couple of the other elements of the Octus dynamics. First of all, the costs of bringing on and implementing the business. I'm sure we've all seen legal cases about whether ... That's been spinning around at the moment around providing the structure to optimize these businesses when they come across. And so I guess just trying to understand how you bring that in and how much that will cost for us to think about. And all added into that, the key individuals at Octus, what sort of terms, how they kept within the business? Because from my understanding, they are seen as a very powerful and important part of the story over the last decade. Thank you.

David Schwimmer:

Yeah, so I'll answer your second question and then MAP can try to touch on your first one. This is a talent accretive transaction for us, and we're excited to have Kent and his team joining us. They've done a great job building this business. I think they're excited about the opportunity to partner with LSEG. I think together we can do a lot more in the space. And so we have put in place, in addition to what I'll call the natural excitement and the alignment that we all have around serving our customers, a retention program. And a significant part of the proceeds that the management team will be receiving will be reinvested in LSEG shares. And there will be an appropriate incentive structure around that and around the performance. So we're, as I said, really excited to have Kent and the team joining. And we think they'll add a lot to both the Octus business within LSEG, but also to LSEG more broadly. And I am very excited about that.

Michel-Alain Proch:

Yeah. In term of cost to bring Octus in, so maybe before answering this question, a bit more color about what we are expecting to do.

So during the first two years, '27 and '28, or the 24 months following closing, we will really have two major priorities. One is to make sure that Octus has the relevant means to carry on having this high level of growth that I was commenting to you there. And then at the same time, making sure that it respects the level of cybersecurity protection that we have for the Group and so forth and so on. So it's a relatively light integration, if you want, in this first two year.

But at the same time we are doing this, we will spend money into building the combined product that David was referring to, which is going to take us about 24 months in order to get it on the market, 18 to 24 months to get it on the market 18 to 24 months after. So in term of full cost to achieve, if you want, you can take a proxy of about 100 million that will be mostly in '27, '28, maybe one, '29, but I think we'll be done by end of 2028. And most of it being fundamentally engineering and the ability to bring all Octus' data sets into LSEG structure. And I just want to precise that I'm talking cash here, so I'm talking both OpEx and CapEx together.

Michael Sanderson:

Thank you very much.

Moderator:

And your next question is from the line of Russell Quelch of Morgan Stanley. Your line is open.

Russell Quelch:

Yeah, good morning, both. I had a question on AI monetization and when adoption becomes incremental to revenue. So you've given a bunch of new disclosures today signaling increased adoption and increased upselling of data. How should we be thinking about the conversion of this adoption into incremental revenue growth? I'm thinking as much detail as you can give around size and timing.

And I'm also wondering how you approach pricing discussions, will this be more linked to increased data usage this year than in previous years, where perhaps inflation was more the input into the pricing discussion?

David Schwimmer:

Thanks, Russell. So on the first question around AI monetization. Look, we've been pretty clear and consistent that we expect to see acceleration of the revenue growth in our Data & Analytics. We're

comfortable with the 6.5% for this year. You've seen the growth rate tick up to 6.6% in Q3, and MAP's been very clear about what we expect in 2027, in terms of the 7%. And just to be clear, incremental growth from Octus will be on top of that. So, I'm not going to break out specifics around anything related to AI. We're seeing great adoption. We are seeing significant signs of monetization at this point, and I expect that to continue. So with respect to pricing, we are taking a slightly different approach to pricing going into next year. Where in the past we've had pretty much a single approach across most of our estate to pricing across almost all the products and all the customers. Going into next year, we're taking a more targeted approach where we will have those who have bigger discounts, i.e. greater discounts to list pricing. Their price rise will be a little bit more than those who are closer to list pricing. And we expect that overall this should have an impact that is roughly in the same ballpark in terms of what we have seen this past year. So, I don't think from your perspective you should expect meaningful or dramatic differences, but just wanted to be transparent that we are approaching pricing with a more nuanced or more multifaceted approach going into '27.

Russell Quelch:

Just to be clear on that, so if you're closing some of the discounts you've given to customers previously and inflation is higher year-on-year, why should we not see a higher price increase next year than we did this year? I think you said they're the same.

David Schwimmer:

I think, as I said, roughly in the same ballpark, but it's going to be a little bit different based on both product and different customer segments and what level of discount each customer has. So as we've said in the past, we always look to get an appropriate return on our investment in new capabilities and in new products, and we will be doing that during the course of this pricing cycle. At the same time, we are very focused on the long-term relationships that we have with our customers. On top of that, we have, as we talked about at H1, we will have in certain areas some usage-based or consumption-based pricing on top of that.

So, a few different moving parts going into '27, which is a little bit different from years past. I wouldn't make a huge deal. You've mentioned inflation a couple times. A few years ago we had significantly higher inflation. And do we take inflation into account when we're going into our pricing? Of course, that's a part of the overall formula.

Russell Quelch:

Got it. Okay, super. Thank you very much.

David Schwimmer:

Thanks a lot.

Moderator:

Your next question is from the line of Michael Werner of UBS. Your line is open.

Michael Werner:

Thank you very much. Just wanted to get back to Octus, if that was all right. Just if you could help us understand, you've highlighted very strong revenue growth expectations and what we have seen in the past at Octus. I was just wondering if you could break that down a little bit, whether you can provide some

indication as to what's coming from pricing, what's coming from upsell. What user growth has been, and whether that's been accelerating or decelerating in recent years, just to try to get a little bit better understanding as to the drivers behind that revenue growth. Thank you.

David Schwimmer:

So, thanks for the question. Let me answer the question this way. I can give a little bit of a breakdown in terms of the different parts of Octus's business. And the intelligence and expert analysis part, and that's where the Octus business really started, and that's 60% plus of the revenue. And then the data and analytics and the workflow platforms are smaller parts of the business. So I would say, very strong performance across the different parts of the business. There's no one area that I would say is the growth driver.

One of the great things that Kent and his team have done has been really adding new product and also expanding product per customer, and they've been very successful in doing that. So because of that approach, they've seen consistent, steady growth among their existing products and then adding new products. And then they also have the ability to take price on an annual basis.

So, there's no one area at this point that I would point you to and say, "This is the growth driver and these other parts are slower." It's a very strong business, good growth across the business, lots of innovation, and really both bringing in new logos, but also selling more products to existing logos.

Michael Werner:

Thank you.

David Schwimmer:

Yep.

Moderator:

Your next question comes from the line of Arnaud Giblat of BNP Paribas. Please go ahead.

Arnaud Giblat:

Good morning. My question's on treasury income. So you saw a 21% increase year-on-year, and I think some of that came from a revised cash and margin framework. So I'm just wondering how sustainable that increases into the future. So I assume that those changes remain and therefore, a high level should remain. Just wanted to get a bit of your take there.

And secondly, can you talk a bit more about the potential sensitivity to rate rises or cuts, given that new framework? Thank you.

David Schwimmer:

Thanks, Arnaud. So the change with respect to the treasury income, modest impact. As you have seen with the overall market's growth, a big part of that was driven by our OTC Derivatives business, and a big part of that was driven by SwapClear. So very strong, very robust environment. And the NTI is, as you know, paired very closely with that. So I don't know off the top of my head, maybe a very marginal, incremental impact from the change in our cash policy, but I wouldn't look at that 21 and say, "Oh gosh, that's because of the change in the cash policy." That's because of a very strong underlying performance in the business.

And then with respect to interest rate sensitivity, as we've talked about in the past, this business is not driven by directionality. This business, we see lots of activity when there is uncertainty about interest rates, and volatility with respect to interest rates. And whether they're moving up or down is not really a driver of that.

And so, I think we'll see how the environment continues to play out, but this goes back to where I started the presentation. Now this is an all-weather business, and SwapClear and LCH are a great, I'll say, microcosm of that in terms of their business. And we see activity when there's lots of debt issuance, we see activity when there is hedging, we see activity when there's speculation, and whenever there's any uncertainty around inflation or rate moves, that's additive to the business. Does that help?

Arnaud Giblat:

Great, thank you.

David Schwimmer:

Thanks, Arnaud.

Moderator:

You have a question from Enrico Bolzoni of JP Morgan, please go ahead.

Enrico Bolzoni:

Good morning. Thank you for taking my questions and for the presentation. Apologies to go back on the monetization of AI, but I think it's just an important topic. So you are very clear and explicit in saying that we should expect an acceleration coming from greater AI adoption and I guess agent consumption. Well, if I look at your numbers and I look at Data & Analytics, the pace of growth has been roughly stable over the last few quarters. So I would imply or think that this implies that this acceleration has not materialized yet.

So I just wanted to hear a bit more from you, in terms of the price discovery that I suspect is going on in your conversation with clients. This is in a way a new technology and I suspect you still have to define the contractual terms that will lead to revenues associated with agentic consumption. So I know you send your price letter typically in September, so I would like to know, where do you stand in this conversations with clients and what sort of proposition you have? Is it going to be quite homogeneous? So you think that for anybody that will consume data through AI through MCP, there will be a similar pricing structure, or again, it will differ greatly depending on the client? So any sort of information you can provide to help us understand how the monetization will occur, when it will occur, and where do you stand at the moment in the conversation with clients on this?

David Schwimmer:

Thanks, Enrico. And MAP, do you want to kick off on this?

Michel-Alain Proch:

Yeah, maybe I begin with the growth of D&A, and we've posted 5.2% in Q3, equal to Q2 that was factor 5.2% too.

I just want to give here an information that I've shared in several conferences and one-to-ones, but not on the call, which is that at the end of 2022, there was an RFP that was launched on a US bank in its wealth division. And after one year of RFP in November 2023, there was a decision taken and we were the

incumbent and we lost this deal. I'm mentioning it because we are talking about 25 million of revenue. I did not mention it in Q2 because it impacted D&A by two million, so it's 20 bps, but in Q3, it's five million, so it's 50 bps. So if you take aside this loss, which is quite exceptional, and we haven't been notified since then for another of this one. Remember, it was an old product, it's T1, so clearly not a Workspace. You should read the 5.2% as a 5.7%, and your Q2 at 5.2% as 5.4%. So it's a kind of 5.4 going to 5.7.

I just want to say this, and the last thing I want to say that it's going to affect D&A until Q2 of next year, and then the 25 million will be gone, but it's entirely taken into account in the guidance I'm giving you of the subscription business going from 6% in '25 to 6.5% in '26, to 7% in 2027. All right, so just to give some color on D&A.

David Schwimmer:

And then to the latter part of your question, Enrico, we're having these conversations with pretty much all of our customers now, and it is a wide range of discussions in terms of the monetization of the AI. In my remarks this morning, I referred to a 50% in terms of the number of discussions going up 50% in our AI related discussions. And this comes from what we put together, which we call an AI deal form, because with pretty much all of our customers, we're having these kinds of conversations and we're trying to make sure that it works for us and it works for our customers.

And there is a wide range of possible commercial agreements, and some of it relates to AI usage rights, some of it relates to AI usage rights plus consumption, some of it relates to access to our MCP content. So, if you go back to our first half results and we laid out the different channels or the different ways that our customers are interacting with our AI, all of that still applies. And there's no one answer. I wish I could just tell you, "Expect X percent uptick across all of our customer relationships for AI usage," but it's just not that simple.

We are seeing with some of our smaller customers more flexibility and nimbleness and eagerness just to strike a deal and then move on with the usage. And then with some of our larger customers, they're still trying to figure it out and trying to understand what it looks like embedded across their systems, how we can help them get it embedded across their systems. What does that look like in the context of our broader LDA agreements? What's the appropriate surcharge, et cetera. So ongoing discussions, some of them resolved and monetized. We just didn't think it was constructive to break it out at this point and then be breaking it out every quarter. But we're very comfortable, as you've heard from MAP with the acceleration in our growth going through the end of this year and through '27.

Enrico Bolzoni:

Sorry, may I go back to what MAP said just to make sure I understood it correctly? So we should expect from Q3 next year [inaudible] in basically constant currency revenue growth because of the exit from the window of that contract you lost. Is that the right read into that?

Michel-Alain Proch:

Yeah. Yeah, that's correct. Yeah. Q3 2027. That contract is affecting D&A revenue. So I repeat 2 million in Q2, 5m in Q3, will be 7m in Q4, 7m in Q1, and finally 5m in Q2 of next year. So you have the full thing. And then it will behind us. It will be included into the guidance of subscription revenue of 7% in 2027 and obviously in the 6.5% of this year. Is that clear?

David Schwimmer:

I think we'll take that as a yes. And maybe I'll just to pick up on MAP's comment. When we talk about ongoing discussions with our customers, it just is worth reminding everyone how this industry often works

and the pace at which some of our customers sometimes move. So MAP is talking about impact from an RFP process that kicked off in 2022 and was decided in 2023, and we're seeing it in 2026 and 2027. So we see the opportunity, we see the benefits, we see the engagement and the usage with AI, and we are starting to see the monetization.

But we also see this as a steady trajectory over coming years as opposed to any kind of spike up. Again, because of the nature of the financial sector, how our customers often go through their processes, their risk committees, their new product committees. And we know how that works. We work closely with them. We're deeply embedded. We're viewed as a trusted partner and we will benefit and are benefiting from this. But I just wanted to take this opportunity to remind everyone of the timeframe and how this industry works.

Moderator:

Your next question is from the line of Oliver Carruthers of Goldman Sachs. Please go ahead.

Oliver Carruthers:

Hi there morning. Oliver Carruthers from Goldman Sachs. David, I wanted to pick up on your comment on the OTC Derivatives line and your LCH business. It may be a little bit of a difficult question to answer, but I'm just trying to get a sense of the structural versus the cyclical growth here because I think this is a business that the market thought was overgrowing last year in '25, and the reality is it's accelerated again in '26. And if we think about some of the moving parts of this, as you say SwapClear, very strong volumes, but you're also calling out onboarding of new members of CDSClear, you've got the Post Trade Solutions business scaling. I think consensus has this business meaningfully decelerating over the next couple of years, but I just wanted to get your sense on what is cyclical, what is structural at the moment, and how are you thinking about the medium-term growth rate from these levels? Thank you.

David Schwimmer:

So Oliver, thanks for the question. Since I joined LSEG in 2018, I've gotten questions about the fact that SwapClear must be mature and its best days of growth must be behind it. And clearly that has not been the case. Look, the way we manage this business, and the way we invest in this business and the way that Dan McGuire and the team approach this business is to have a very strong, attractive growth rate, regardless of market activity. And then when there is market activity, market volatility, that is upside.

And so you can make your own predictions, and this is a little bit of the issue out there. You all can make your own predictions on what market volatility looks like. The way that we think about it, just to be completely transparent, we have a base case of a couple incidents of market volatility per year. And that can obviously be, you can have more volatility than that in a year, you can have less volatility than that in a year. But if you look back over several years as we do, that tends to be a pretty good baseline.

So that's how we think about volatility and market activity. On top of that, I should just mention this business over the last several years has become much more than SwapClear. And we're seeing excellent growth in ForexClear. We're seeing excellent growth in CDSClear. The Post Trade Solutions also growing double digits. So what you have is a really diversified offering across multiple asset classes that is growing very well through lots of different kinds of market conditions.

So again, hopefully that helps. Again, I'm going to put it back on you. You can make your own judgment on what kind of market volatility you expect in '27 and beyond.

Michel-Alain Proch:

Yeah, just to compliment a couple of numbers. So SwapClear this quarter 18%, CDSClear 15% growth. Post Trade Solution that David was mentioning 14% because you know that in OTC Derivative you have closed the clear and the end cleared. And beyond the volatility, we are expanding to new products. PTS is a good example. We just introduced TradeAgent, so we just signed four new members. The revenue is flowing in in Q3. We have expanded the geographical reach of existing products and we are accessing new asset classes. So there is a volatility, yes, but there is everything we do on top of that and that materializing to this record performance.

Oliver Carruthers:

Thanks for the color and the numbers. That's helpful. Thank you.

Michel-Alain Proch:

Sure.

Moderator:

Your next question is from the line of Ben Bathurst of RBC. Your line is open.

Ben Bathurst:

Morning all. I'd like to return to the cross-sell opportunity with Octus if I may. You mentioned in the initial remarks that they've got 750 customers. I just wonder, could you share the overlap with the existing LSEG customer base, just a rough percentage? And in terms of the growth assumptions you've outlined in EPS creation, MAP thanks for the detail there. Does that factor in any cross-sell benefit out to 2028, or is that upside do you think? Thank you.

David Schwimmer:

So let me touch on the first part of your question and then MAP can answer the second part. In terms of overlap of customers, there's some. Octus has some customers in, for example, the big sell side institutions and has some customers of course outside of the US, but it's frankly not a huge amount. And where there is overlap, there's still significant opportunity. So for example, we may be providing lots of other product to customers, and of course what Octus and Kent and the team are providing there is completely different outside of our core dataset or areas of expertise.

So I would say the area where there's really very little overlap is in the buy-side credit firms. That is not a space where LSEG is well penetrated. So we think that's a great area of potential cross-sell. And the ability to add on the services that we provide in fixed income, in credit, whether that's LPC, Yield Book, IFR, or whether it's the broader offerings that we have where we can be serving those customers very effectively, compared to what they currently have outside of their Octus offering.

So I would say what's also exciting about this is once we get past the cross-selling, there's a lot that we can do with respect to new products and integrating Octus into our broader data offerings, evaluated pricing, Yield Book, model enhancements, private credit valuations, the list goes on. So we're excited about that as well.

Michel-Alain Proch:

Yeah, no, I just want to go back to the numbers I was mentioning at the beginning. I think for '27, '28, the proxy, the market growth, I mean Octus market growth is somewhere in between 10 and 15%. So in order to calculate the accretion and to have an idea of the cross-sell and so on, I have taken two times 13% for

'27 and '28. Now, could be conservative? I went into the middle. I think there are some benefits of the cross-sell in there. Can we have more? Certainly. But that was the assumption I took in order to commit to the market, to a 2028 neutral. And then after accretion in 2029.

And again, at the same time we're doing this in '27 and '28. At the same time, our engineering function with Irfan and the team is working with Octus engineering function in order to integrate the dataset of Octus into LSEG and create new product. And this part will be commercialized mostly in '29 and '30. Hope it's giving more clarity.

Ben Bathurst:

That does, thank you very much.

David Schwimmer:

Thanks, Ben.

Moderator:

And you have a question from Julian Dobrowolski of ABN AMRO. Your line is open.

Julian Dobrowolski:

Hi, good morning gentlemen. I have a question on the margin expansion please. So with the upgraded guidance that you have on EBITDA for '26 between 100 and 120 bps, that basically goes down to about 50 bps per year between '27 and '29 given the 150 margin expansion guide that you put out today. Whilst at the same time you expect the subscription business to actually accelerate over the medium term though AI and some other means. Just wondering why the incremental margin falls that much after '26, and what drives that? Also, if you look at some of your peers, this actually flagged exceptional cost savings through AI, potentially making room for operating leverage in the business. So wondering what sort of cost savings you see coming through already from adopting AI internally?

Michel-Alain Proch:

Yeah. So yeah, just to go back on the margin to set the scene. So we began the year with 80 to 100 bps. In H1, we increased it to 100 bps and now 120 bps. So behind this is the quality of our operating leverage and the quality of the cost control we have in place in two of our major costs, which is fundamentally resource costs, so internal employee and contractors, and cloud costs. And in this cloud cost, now you have in this cloud cost or next to it if you want, you have the AI tokens cost.

So we make 120 bps of margin with a record growth. So clearly there is a part of the 120 bps which is coming from the revenue, which is with the quality of the control that I just explained going down into the bottom line. Finally, you need to look at this 120. You know it's 30 bps, which is the final impact of the SwapClear deal we've made. Remember we had 100 bps in 2025, but that's 30 bps in 2026 and 90 bps which is underlying. So you look at this 90 bps, 90 bps going to 50, that's what you say. Maybe in the 90 bps you've got about 20 which is coming from the elevated growth at 8.6% year to date.

Now, can we do better than the 150 in three years? We'll see, maybe. But the assumption I have taken is an acceleration of the AI solution that we have put in place in the Group. The overall assumption, I want to be clear on that. The overall assumption, I think I've said it already, but I just want to repeat it, behind this 150 bps of margin accretion is pretty much a stable headcount, meaning that we are able with the resources we have to sustain a 7-8% growth in the years to come. So in a nutshell, the dynamics of this.

Julian Dobrowolski:

Understood. Thanks.

Moderator:

And this concludes our Q&A session. I will now hand the presentation back to David Schwimmer, CEO of London Stock Exchange Group.

David Schwimmer:

Thank you very much. Thanks to everyone for your questions. We know a lot going on in today's call and a lot going on in our Q3. Just a quick recap, really strong performance. Raising the guidance across revenue margin and cash. Very strong adoption and monetization around our AI capabilities. Octus and Trumid this week, really excited about what each of those does for LSEG and Tradeweb, as well as what we can do in the fixed income space more broadly. And then of course, continuing with our current buyback and having capacity to do another £1-1.5 billion next year.

Again, thanks for joining. If you have any further questions, you know where Peregrine and the team are.