

27 April 2016

**LONDON STOCK EXCHANGE GROUP plc**

**INTERIM MANAGEMENT STATEMENT  
FOR THE PERIOD TO 26 APRIL 2016, INCLUDING REVENUES AND KPIs FOR  
THE THREE MONTHS ENDED 31 MARCH 2016 (Q1)**

- A strong performance – all main business divisions delivering growth on an organic and constant currency basis
- Q1 total income from continuing operations up 9% to £387.6 million
- Merger with Deutsche Börse announced in March 2016; a compelling value enhancing opportunity through the creation of a leading global markets infrastructure group anchored in Europe – shareholder documents being prepared
- Sale of Russell Investment Management, for gross proceeds of US\$1,150 million, is on track to complete in Q2 2016

Q1 summary:

- Information Services revenues up 10% (up 7% on organic and constant currency basis), reflecting continued good growth at FTSE Russell
- LCH revenues increased 14% (up 12% at constant currency), with 22% revenue growth in OTC from higher SwapClear client trades; good growth also in CDS volumes
- Capital Markets revenues up 8% (up 6% at constant currency), with growth across all areas
- Post Trade Services (Italy) income up 12% (up 8% at constant currency), with growth in clearing volumes and net treasury income
- Technology Services revenues down 18%, mainly as the result of the timing of customer deliveries
- Group continues to deliver on its strategy:
  - LCH received recognition as a clearing house in Singapore for SwapClear, ForexClear and EnClear (Freight); and in Japan for non-yen interest rate derivatives at SwapClear
  - LCH Spider, a new rates portfolio margining service, expected to launch in Q2, subject to regulatory approval
  - CurveGlobal expected to launch Q3 2016
  - SETS intra-day auction launched in March 2016 with good initial volumes
  - MillenniumIT, successfully implemented its Millennium PostTrade platform to support Singapore Exchange's Central Depository (CDP) business

- ELITE expanded to over 380 companies in 23 countries, as has been launched with partnerships in Morocco and Turkey

Organic growth is calculated in respect of businesses owned for at least the full 3 months in either period and so excludes Exactpro Proquote and XTF Inc. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

Commenting on performance in Q1, Xavier Rolet, Chief Executive, said:

**“The Group has started the year well and delivered a strong Q1 financial performance. We achieved underlying growth in each of our core business areas, with particularly strong performances in LCH’s OTC clearing, at FTSE Russell and good results across Capital Markets. We also continued to make good progress integrating recent acquisitions, developing innovative new products and expanding services and partnerships in line with our successful open access strategy.**

**“We recently announced our proposed merger with Deutsche Börse. This presents a compelling opportunity to expand our business in an industry-defining combination, creating a global markets infrastructure group. With substantial cost synergies and multiple opportunities to extend our product offerings, we believe this transaction offers significant value and benefits to customers and shareholders”**

## **Financial Position**

Following normal course bond coupon payments, as well as ongoing investment in organic growth initiatives, the Group’s financial position is not materially changed from that reported at 31 December 2015. As at 31 March 2016, the Group had committed facility headroom of circa £550 million available for general corporate purposes.

The euro strengthened by 4% against sterling compared with the same period last year while the US \$ strengthened by 5%. To illustrate our exposure to movements in exchange rates, a €0.05 change in the average euro:sterling rate would have resulted in a change to continuing operations total income of c£5 million for Q1, while a US\$0.05 move would have resulted in a c£3 million change.

## **Merger with Deutsche Börse**

The Group announced a proposed merger with Deutsche Börse during the period, with a detailed announcement on 16 March 2016. The Board believes the combination would create a leading global markets infrastructure group anchored in Europe and represents a compelling opportunity for both businesses to accelerate their successful and complementary growth strategies.

We continue to prepare our shareholder documents and will update the market in due course.

## **Current trading and outlook**

The Group has made a strong start to the year, despite testing market conditions during the first quarter. The growth achieved at LCH and in our Information Services division, particularly at FTSE Russell, demonstrates the strong ongoing demand for our services. The good performance of our Capital Markets business is also encouraging.

We remain focused on achieving the synergies from the FTSE Russell index operations and on investment in a wide range of growth initiatives. The Group is well placed to develop further. In addition, we are also advancing the proposed merger with Deutsche Börse and working on shareholder documentation as well as preparatory work on approvals needed for the transaction.

Further information is available from:

London Stock Exchange	Gavin Sullivan – Media	+44 (0) 20 7797 1222
Group plc	Paul Froud – Investor Relations	+44 (0) 20 7797 3322

A conference call for analysts and investors will be held at 8:00 (UK time) on Wednesday 27 April. On the call will be David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the Telephone conference call dial 0800 694 0257 or +44 (0) 1452 555 566

Conference ID: 9069 4702

## Q1 Revenue Summary

Revenues for three months ended 31 March 2016, with comparatives against performance for the same period last year, are provided below. Growth rates for are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended			Organic and constant currency variance <sup>1</sup>
	31 March		Variance	
	2016	2015		
	£m	£m	%	%
<b>Continuing operations:</b>				
<b>Revenue</b>				
Capital Markets	92.4	85.9	8%	6%
Post Trade Services - CC&G and Monte Titoli	23.5	23.4	0%	(3%)
Post Trade Services - LCH	84.3	73.9	14%	12%
Information Services	141.5	128.5	10%	7%
Technology Services	16.2	19.6	(17%)	(18%)
Other	1.0	0.8	25%	25%
<b>Total revenue</b>	<b>358.9</b>	<b>332.1</b>	<b>8%</b>	<b>5%</b>
Net treasury income through CCP businesses	27.9	20.2	38%	33%
Other income	0.8	1.7	-	-
<b>Total income</b>	<b>387.6</b>	<b>354.0</b>	<b>9%</b>	<b>7%</b>
<b>Discontinued operations:</b>				
Russell Investment Management (gross)	226.2	246.7	(8%)	(13%)
Proquote	-	2.3	-	-
<b>Total income</b>	<b>226.2</b>	<b>249.0</b>	<b>(9%)</b>	<b>(13%)</b>
<b>Continuing and discontinued operations:</b>				
<b>Total income</b>	<b>613.8</b>	<b>603.0</b>	<b>2%</b>	<b>(2%)</b>

<sup>1</sup> Organic growth is calculated in respect of businesses owned for at least the full 3 months in either period and excludes Exactpro, Proquote and XTF Inc. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

More detailed revenues by segment are provided in tables below:

### Capital Markets

	Three months ended 31 March			Constant currency variance
	2016	2015	Variance	
Revenue	£m	£m	%	%
Primary Markets	22.2	21.4	4%	3%
Secondary Markets - Equities	42.2	38.2	10%	9%
Secondary Markets - Fixed income, derivatives and other	28.0	26.3	6%	3%
<b>Total revenue</b>	<b>92.4</b>	<b>85.9</b>	<b>8%</b>	<b>6%</b>

### Post Trade Services - CC&G and Monte Titoli

	Three months ended 31 March			Constant currency variance
	2016	2015	Variance	
Revenue	£m	£m	%	%
Clearing	10.6	10.0	6%	2%
Settlement, Custody & other	12.9	13.4	(4%)	(7%)
<b>Total revenue</b>	<b>23.5</b>	<b>23.4</b>	<b>0%</b>	<b>(3%)</b>
Net treasury income	10.3	6.8	51%	45%
<b>Total income</b>	<b>33.8</b>	<b>30.2</b>	<b>12%</b>	<b>8%</b>

## LCH

	Three months ended 31 March		Variance %	Constant currency variance %
	2016 £m	2015 £m		
<b>Revenue</b>				
OTC - SwapClear, ForexClear & CDSClear	44.6	36.5	22%	20%
Non-OTC - Fixed income, Cash equities and Listed derivatives	28.6	29.0	(1%)	(4%)
Other	11.1	8.4	32%	31%
<b>Total revenue</b>	<b>84.3</b>	<b>73.9</b>	<b>14%</b>	<b>12%</b>
Net treasury income	17.6	13.4	31%	27%
Unrealised gain / (loss)	(1.0)	0.4	-	-
<b>Total income</b>	<b>100.9</b>	<b>87.7</b>	<b>15%</b>	<b>12%</b>

## Information Services

	Three months ended 31 March		Variance %	Organic and constant currency variance <sup>1</sup> %
	2016 £m	2015 £m		
<b>Revenue</b>				
FTSE Russell Indexes	96.4	85.0	13%	9%
Real time data	22.7	21.3	7%	5%
Other information services	22.4	22.2	1%	(1%)
<b>Total revenue</b>	<b>141.5</b>	<b>128.5</b>	<b>10%</b>	<b>7%</b>

*Note: Continuing operations only (excludes Proquote from 2015)*

<sup>1</sup> Removal XTF from Other information services (acquired Q4 2015)

## Technology Services

	Three months ended 31 March		Variance %	Organic and constant currency variance <sup>1</sup>
	2016	2015 £m		%
<b>MillenniumIT &amp; other technology</b>	<b>16.2</b>	19.6	(17%)	(18%)

<sup>1</sup> Removal Exactpro from Technology services (acquired Q4 2015)

### **Basis of Preparation**

Results for the period ended 31 March 2016 have been translated into Sterling using the average monthly exchange rates. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

	Average rate 3 months ended 31 March 2016	Closing rate at 31 March 2016	Average rate 3 months ended 31 March 2015	Closing rate at 31 March 2015
GBP : EUR	1.30	1.26	1.35	1.37
GBP : USD	1.43	1.44	1.51	1.48

## Appendix – Key performance indicators

### Capital Markets - Primary Markets

	Three months ended		Variance %
	31 March		
	2016	2015	
<b>New Issues</b>			
UK Main Market, PSM & SFM	15	22	(32%)
UK AIM	15	16	(6%)
Borsa Italiana	3	6	(50%)
<b>Total</b>	<b>33</b>	<b>44</b>	<b>(25%)</b>
<b>Money Raised (£bn)</b>			
UK New	1.4	2.0	(30%)
UK Further	2.1	6.1	(66%)
Borsa Italiana new and further	2.8	0.4	600%
<b>Total (£bn)</b>	<b>6.3</b>	<b>8.5</b>	<b>(26%)</b>

### Capital Markets - Secondary Markets

	Three months ended		Variance %
	31 March		
	2016	2015	
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	320	330	(3%)
Borsa Italiana (no of trades m)	21.5	19.5	10%
Turquoise value traded (€bn)	393	300.0	31%
<b>SETS Yield (basis points)</b>	0.63	0.62	2%
<b>Average daily</b>			
UK value traded (£bn)	5.2	5.2	0%
Borsa Italiana (no of trades '000)	347	309	12%
Turquoise value traded (€bn)	6.3	4.8	31%
<b>Derivatives (contracts m)</b>			
LSE Derivatives	1.3	1.3	0%
IDEM	13.3	11.0	21%
<b>Total</b>	<b>14.6</b>	<b>12.3</b>	<b>19%</b>
<b>Fixed Income</b>			
MTS cash and BondVision (€bn)	1,020	1,186	(14%)
MTS money markets (€bn term adjusted)	23,108	23,613	(2%)



## Post Trade Services - CC&G and Monte Titoli

	Three months ended		Variance %
	31 March		
	2016	2015	
<b>CC&amp;G Clearing</b>			
Contracts (m)	36.2	31.8	14%
Initial margin held (average €bn)	11.9	11.1	7%
<b>Monte Titoli</b>			
Settlement instructions (trades m)	11.4	17.5	(35%)
Custody assets under management (average €trn)	3.17	3.29	(4%)

## Post Trade Services - LCH

	Three months ended		Variance %
	31 March		
	2016	2015	
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional cleared (\$tn)	169	142	19%
SwapClear members	117	113	4%
Client trades ('000)	241	132	83%
<b>CDSClear</b>			
Notional cleared (€bn)	131.1	21.9	499%
CDSClear members	11	11	0%
<b>ForexClear</b>			
Notional value cleared (\$bn)	293	270	9%
ForexClear members	23	22	5%
<b>Non-OTC</b>			
Fixed income - Nominal value (€tn)	17.1	18.6	(8%)
Listed derivatives (contracts m)	36.4	36.7	(1%)
Cash equities trades (m)	169.5	140.3	21%
Average cash collateral (€bn)	60.0	54.0	11%

## Information Services

	As at		Variance %
	31 March 2016	2015	
<b>ETFs assets under management benchmarked (\$bn)</b>			
FTSE	219	223	(2%)
Russell Indexes	156	158	(1%)
<b>Total</b>	<b>375</b>	<b>381</b>	<b>(2%)</b>

### Terminals

UK	75,000	76,000	(1%)
Borsa Italiana Professional Terminals	132,000	130,000	2%
Russell Investment Management AuM (\$bn) <sup>1</sup>	247	272	(9%)

<sup>1</sup> LSEG and the members of its group accept no responsibility for or liability in respect of information relating to Russell AUM, which has been published by Russell Investments and has not been independently verified by LSEG. No representation or warranty, express or implied, is given by or on behalf of LSEG or its group as to its accuracy or completeness and no reliance should be placed on such information

## Total Income – Quarterly

£ millions	<u>CY 2015</u>				<u>CY 2015</u>	<u>CY 2016</u>
	Q1	Q2	Q3	Q4		Q1
Primary Markets	21.4	24.0	19.1	24.3	88.8	22.2
Secondary Markets - Equities	38.2	36.5	35.1	33.9	143.7	42.2
Secondary Markets - Fixed income, derivatives & other	26.3	23.6	22.9	25.0	97.8	28.0
<b>Capital Markets</b>	<b>85.9</b>	<b>84.1</b>	<b>77.1</b>	<b>83.2</b>	<b>330.3</b>	<b>92.4</b>
Clearing	10.0	9.8	9.4	8.8	38.0	10.6
Settlement, Custody & other	13.4	13.6	12.4	12.4	51.8	12.9
<b>Post Trade Services - CC&amp;G and Monte Titoli</b>	<b>23.4</b>	<b>23.4</b>	<b>21.8</b>	<b>21.2</b>	<b>89.8</b>	<b>23.5</b>
OTC - SwapClear, ForexClear & CDSClear	36.5	38.8	39.4	42.1	156.8	44.6
Non OTC - Fixed income, Cash equities & Listed derivatives	29.0	28.9	30.0	26.6	114.5	28.6
Other	8.4	7.5	6.4	8.5	30.8	11.1
<b>Post Trade Services - LCH</b>	<b>73.9</b>	<b>75.2</b>	<b>75.8</b>	<b>77.2</b>	<b>302.1</b>	<b>84.3</b>
FTSE Russell Indexes	85.0	86.2	90.7	87.0	348.9	96.4
Real time data	21.3	20.7	19.9	20.3	82.2	22.7
Other information	24.5	23.3	23.1	23.0	93.9	22.4
<b>Information Services</b>	<b>130.8</b>	<b>130.2</b>	<b>133.7</b>	<b>130.3</b>	<b>525.0</b>	<b>141.5</b>
<b>Technology Services</b>	<b>19.6</b>	<b>18.6</b>	<b>19.8</b>	<b>22.5</b>	<b>80.6</b>	<b>16.2</b>
<b>Russell Investment Management (gross)</b>	<b>246.7</b>	<b>251.5</b>	<b>237.4</b>	<b>217.5</b>	<b>953.1</b>	<b>226.2</b>
Other	0.8	0.8	0.5	2.4	4.5	1.0
<b>Total Revenue</b>	<b>581.1</b>	<b>583.9</b>	<b>566.1</b>	<b>554.3</b>	<b>2,285.4</b>	<b>585.1</b>
<b>Net treasury income through CCP:</b>						
CC&G	6.8	6.6	7.7	8.2	29.3	10.3
LCH.Clearnet	13.4	13.6	13.5	15.9	56.4	17.6
Other income	1.7	1.7	2.0	5.0	10.4	0.8
<b>Total income</b>	<b>603.0</b>	<b>605.8</b>	<b>589.3</b>	<b>583.4</b>	<b>2,381.5</b>	<b>613.8</b>
<b>Continuing operations</b>	<b>354.0</b>	<b>351.2</b>	<b>349.4</b>	<b>364.1</b>	<b>1,418.6</b>	<b>387.6</b>

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly