



London Stock Exchange Group plc

Preliminary results
Year ended 31 December 2017

2 March 2018



Paul Froud

Head of Investor Relations

Strong financial performance across all business areas

Revenue

up 17%▲

£1,768m

(2016: £1,515m)

Total income

up 18%▲

£1,955m

(2016: £1,657m)

Operating expenses

up 6%▲

on organic and constant
currency basis, while
investing for growth

Adjusted EBITDA

up 19%▲

£915m

(2016: £771m)

AEPS

up 19%▲

To 148.7p

(2016: 124.7p)

Full year dividend

up 19%▲

51.6p per share

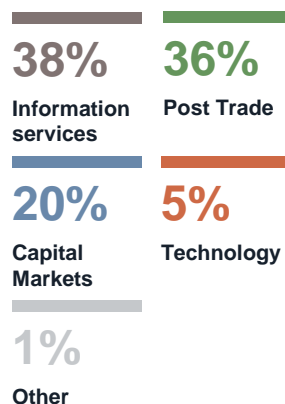
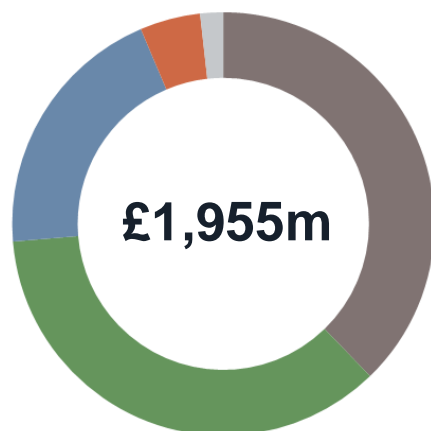
(2016: 43.2p)

Note: All above figures for continuing operations only



Revenue by segment

LSEG 2017 Total Income by segment



Double-digit growth

FTSE Russell
33%

FTSE Russell revenue up 33% (up 15% at organic constant currency)

LCH
21%

LCH OTC clearing revenue up 21% (up 17% at organic constant currency)

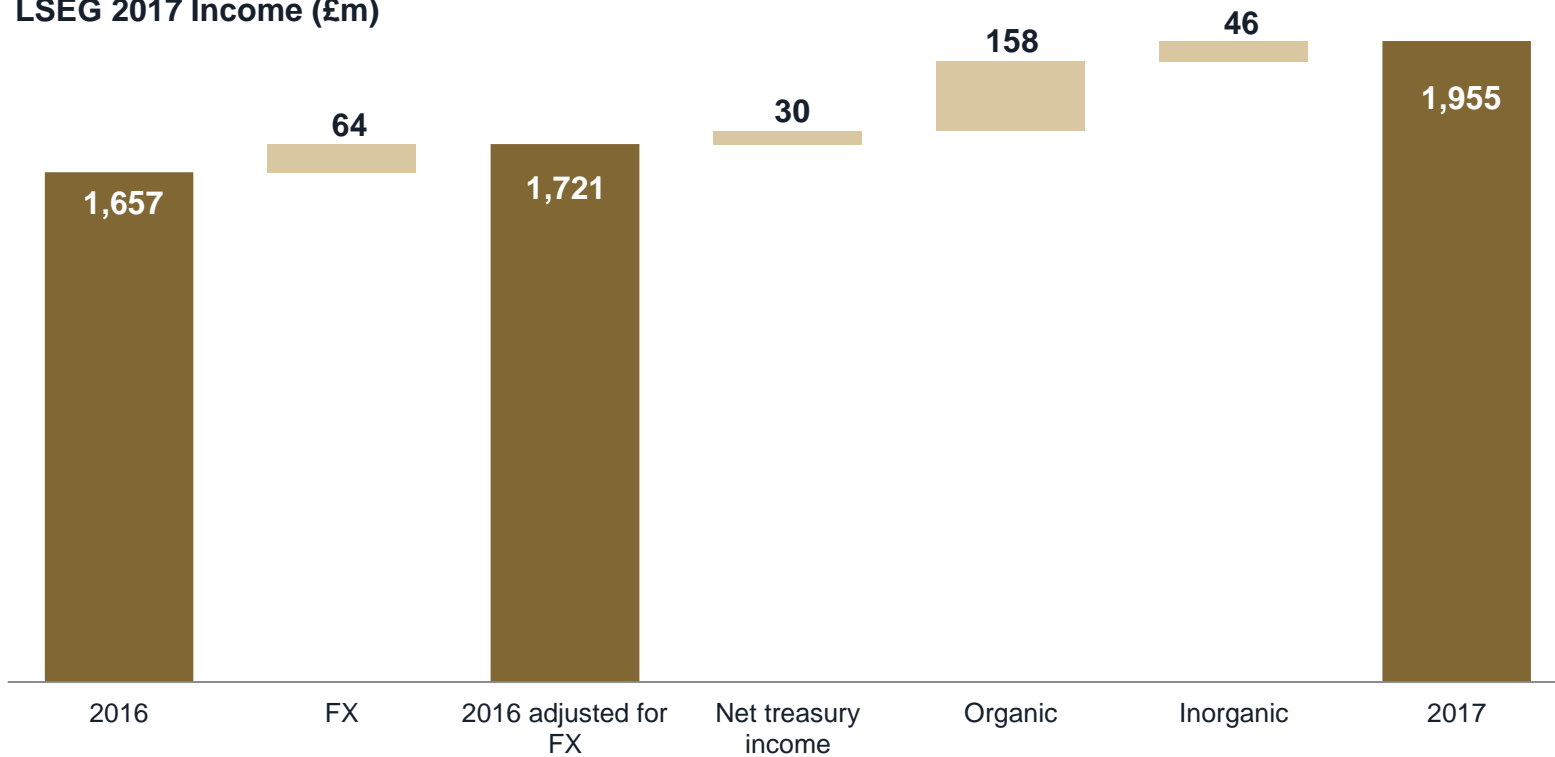
	Twelve months ended			Organic and constant currency variance ¹
	31 December			
	2017	2016	Variance	
	£m	£m	%	%
Continuing operations:				
Revenue				
Information Services	736	595	24%	13%
Post Trade Services - LCH	432	356	21%	17%
Post Trade Services - CC&G and Monte Titoli	109	104	5%	(2%)
Capital Markets	391	368	6%	3%
Technology Services	91	88	3%	0%
Other	9	4	-	-
Total revenue	1,768	1,515	17%	10%
Net treasury income through CCP businesses	162	125	30%	22%
Other income	25	17	-	-
Total income	1,955	1,657	18%	11%

¹ Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes ISPS, Mergent, SwapMatch and The Yield Book

Income Growth

Strong organic growth from investment in new products and acquisitions

LSEG 2017 Income (£m)

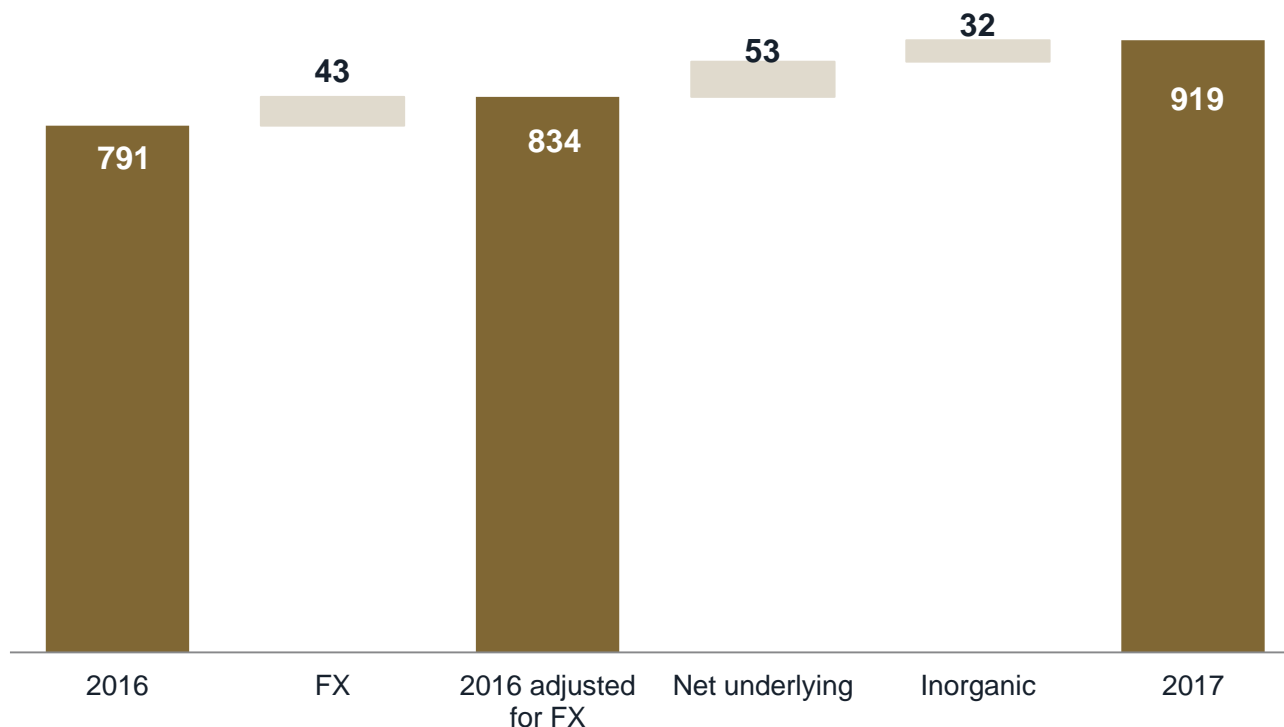


Note: Figures include continuing operations only, Inorganic includes income for businesses held for less than 12 months in either period: ISPS, Mergent, SwapMatch and The Yield Book
Organic includes £9m of non-core income

Operating Expenses

Underlying expenses – up 6% (on an organic and constant currency basis)

LSEG 2017 Expenses including Depreciation (£m)



Operating expenses before depreciation and amortisation
£816m (2016: £706m)

Depreciation £103m
(2016 : £85m including £8m globeSettle one-off)

2017 underlying effective tax rate (excluding one-offs): 23.4%; expect similar for 2018

Note: Figures include continuing operations only, excluding amortisation of purchased intangibles, non-underlying items and cost of sales
Inorganic includes costs for businesses held for less than 12 months in either period: ISPS, Mergent, SwapMatch and The Yield Book



Investment for growth

£212m

Investment spend –
including £190m
capital expenditure

c65%

investing for growth
and efficiencies

c35%

Investing in
operations

Expansion of customer offering:

FTSE Russell Global Fixed Income
LCH – SwapClear,
ForexClear and CDSClear enhancements,
LCH Spider and LCH SwapAgent development
Turquoise enhancements

Infrastructure maintenance and upgrades:

Trading
Compliance
Regulatory - including MiFID II
Property upgrades

Investing to drive Group efficiencies:

Finance systems
BSL (Shared Services Company)

Disposal of non-core assets:

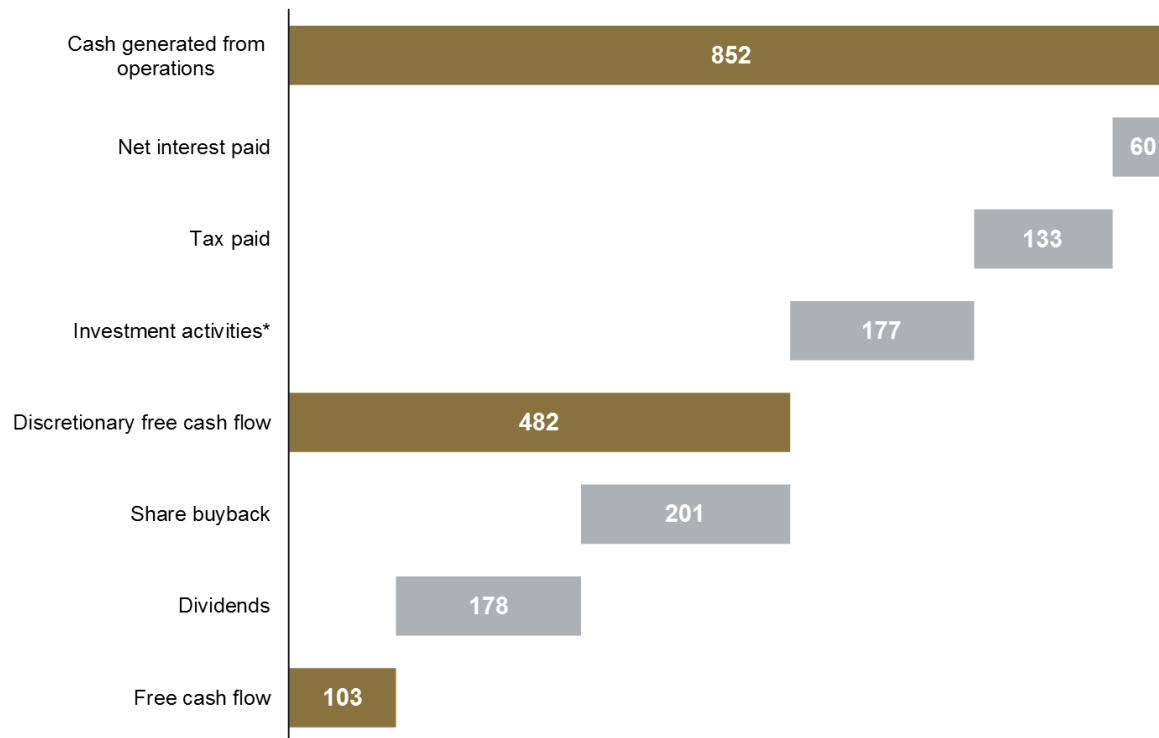
Technology - MillenniumIT ESP (December 2017); and Exactpro (January 2018)¹
Information – ISPS Italian info/data vendor business (February 2017)

¹ 2017 MillenniumIT ESP and Exactpro contribution:
Income £30m, Cost of Sales £22m and Operating expenses £8m



Summarised cash flow

Strong cash generation - £ million



£190m capex – mainly business and corporate technology upgrades, acquisition integration, regulatory changes and new projects

£379m distributed to shareholders in 2017 via share buyback and dividends

Discretionary free cash flow remains strong at **139.7p** per share¹

(2016 135.8p including Russell Investment Management tax payment and sale proceeds)

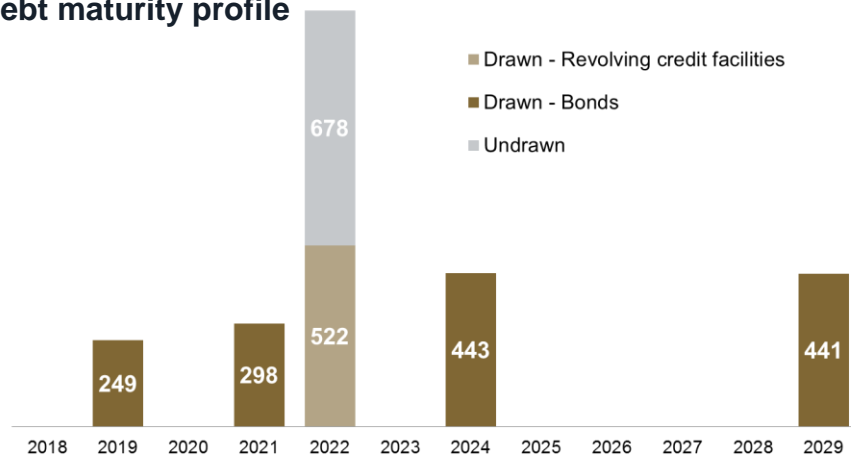
Note: All above figures include continuing and discontinuing operations

¹ Based on weighted average shares in issue for the period of 2017: 345.0m, 2016 349m

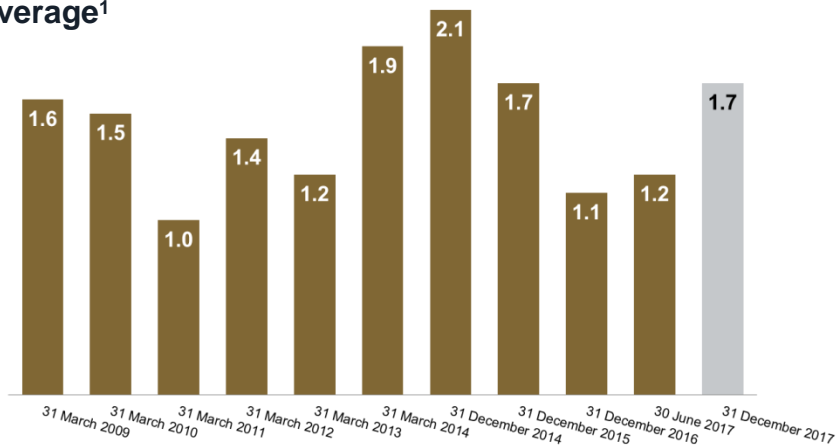
* Investing activities includes capital expenditure, investment in associates, proceeds from disposal of assets, less dividends received, excludes investment in acquisitions

Financial position

Debt maturity profile



Leverage¹



31 December 2017

Operating net debt **£1,639m**
(31 December 2016: £882m)

Net debt: Pro forma¹ adjusted EBITDA 1.7x
(excluding £1,042m restricted cash²)

Refinancing completed Q3 with issue of

- €500 million 0.875% 2024 bond
- €500 million 1.75% 2029 bond
Total €1bn of which €700m swapped to USD at **2.8%**
- New 5yr £600 million RCF

Ratings

LSEG: S&P long term **A-** and Moody's **A3** both with **stable** outlook

LCH LTD & SA: S&P long term **A+**

¹ Pro forma as if acquisitions held for the complete year

² Restricted cash (2016: £848m) increase due to i) LCH c£100m surplus cash (will be distributed to LSEG in H1), and ii) c£100m regulatory and operational cash including Monte Titoli (CSDR requirements) and other small regulatory requirements

Financials Summary

- ▶ Strong financial performance across all core businesses
- ▶ Continued investment in acquisitions – The Yield Book, Mergent
- ▶ Strong organic development, investment for growth
- ▶ Capital management continues in-line with policy – **£379m** distributed to shareholders through ordinary dividends and buybacks
- ▶ Balance sheet strengthened and new low-cost debt issued
- ▶ Dividend up **19%** reflecting confidence in outlook
- ▶ On track to deliver 2019 financial targets



David Warren

Interim Group CEO & Group CFO



Strategy delivering strong results

Continued execution of strategy:

- driving strong operational and financial performance
- deployment of capital for strategic acquisitions
- organic investment to capitalise on multiple growth opportunities

Strong financial results:

- headline growth across all business divisions
- underpins confidence in delivery of three-year financial targets

Well positioned to drive further growth:

- diversified, global financial markets infrastructure business
- operating on an Open Access basis in partnership with customers

MiFID II opportunities

- Mandates Open Access across financial markets infrastructure – promotes greater competition, transparency and innovation through unbundling of services and fees
 - Transparency and consumer choice will create deeper pools of liquidity, reduce costs and lead to better risk management
 - LSEG well positioned with both Open Access and customer partnership at the core of our business model and proven track record (LCH, CurveGlobal, Turquoise and MTS)
-
- MiFID II introduction January 2018 – LSEG implementation went smoothly
 - UnaVista and TRADEcho meeting customer requirements for trade reporting
 - Best execution rules benefit LSE auctions, Turquoise Plato Block Discovery and LIT auctions and smart order routing to fixed income and derivative platforms MTS & CurveGlobal

**Our clients have absolute choice across our value chain –
fundamentally different approach to peers**

LSEG well positioned

Operating markets in multiple jurisdictions

Authorised listing and trading platforms in the UK and Eurozone

Clearing houses in UK, US and Eurozone with global and domestic licences, operating within and across multiple jurisdictions around the world

Well positioned to serve clients, wherever our clients choose to clear

~4,500

London Stock Exchange
Group employees

18

In 18
countries

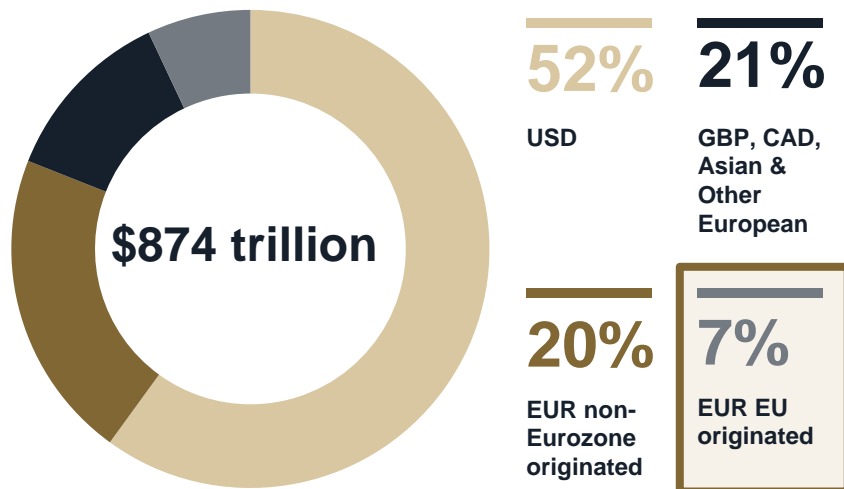
Delivering services worldwide

- All trading platforms MiFID II compliant
- LCH and CC&G EMIR authorised
- LCH in London, New York and Paris are DCO authorised and supervised by CFTC
- LCH is only European-based CCP qualified to clear FCM market in US
- SwapClear directly licensed to clear in many jurisdictions including: EU, UK, US, Australia, Canada, Japan, Hong Kong and Switzerland

Euro-denominated IRS clearing

Euro-denominated swaps with EU origination: 7% of IRS for 2017

SwapClear – clearing volumes 2017 – full year



SwapClear is a global service

SwapClear directly licensed to clear in many jurisdictions including: EU, UK, US, Australia, Canada, Japan, Hong Kong and Switzerland

18

International currencies are cleared

55

Clients from 55 countries

LCH is only European-based CCP qualified to clear FCM market in US

M&A activity delivering returns

Information Services

FTSE Russell – Russell Acquisition:

- 3 year cost synergy target of **\$78m successfully achieved**;
- 5 year revenue synergy target of **\$48m delivered two years early**

Mergent and The Yield Book acquisitions completed

- Expands FTSE Russell multi-asset and data capabilities;
- Expands Group footprint in US and Asia
- Integration and synergies progressing well

LCH

LCH cost synergies

- €60m delivered in 2015
- €40m run-rate achieved in 2017

LSEG majority stake increased to 65.9%:

- Acquired **additional 6.6% stake** (November 2017);
- LSEG currently in process of acquiring additional stake of **2%**



Organic growth and innovation

Information Services

- **\$624bn** ETF AuM benchmarked to FTSE Russell indexes **up 38%**, including Smart Beta **up 26%** to **\$190bn**
- CME and CBOE start trading FTSE Russell Futures and Options
- Government Pension Investment Fund of Japan selects FTSE Blossom Japan Index as a core ESG benchmark
- UnaVista good growth ahead of MiFID II

\$624bn

ETF AuM benchmarked

LCH

- SwapClear – **\$874tn** total notional cleared, **up 31%**; **1,227k** client trades cleared **up 29%**
- Compression – **up 59%** to **\$609tn** compressed
- ForexClear - cleared **\$11.2tn** notional, **up 252%** – continue to see significant volume growth
- RepoClear - 13 government bond markets cleared **€87.5tn, up 24%**; Sponsored Clearing launched

\$11.2tn

Notional cleared at
ForexClear

Capital Markets

- **194** New Issues - **up 45%**; Money Raised by equity issuance **up 73% to £44bn** - encouraging 2018 IPO pipeline,
- CurveGlobal – **300+%** rise in open interest on platform in last 12 months, to circa 180k lots
- Turquoise Plato Block Discovery value traded **up 600% to €54.5bn**, ahead of MiFID II

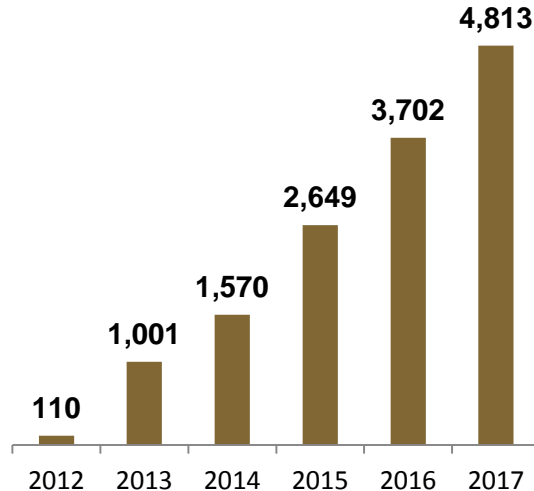
194

New issues

SwapClear

Continued global leadership in OTC rates clearing

Average Daily Client Trades



SwapClear KPIs 2017:

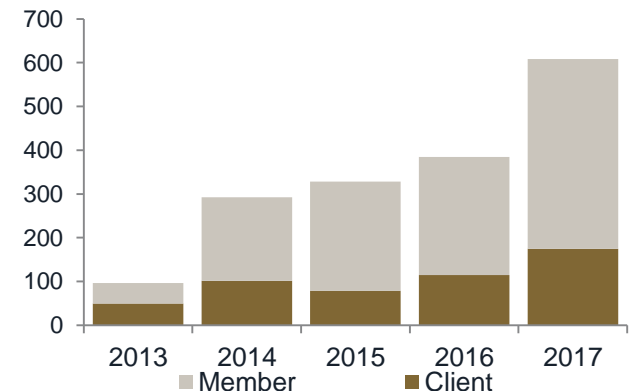
\$874tn total notional cleared (2016: \$666tn) **up 31%**

1,227k Client trades cleared (2016: 952k) **up 29%**

90%+ Share of clearing notional value (client and member)

100+ SwapClear members
800+ SwapClear Clients

Notional Compressed (USD tn)



59% Notional compressed higher in 2017 vs 2016

\$30bn estimated capital savings by members from compression services in 2017

Successfully expanding and diversifying revenue streams, including client clearing, compression services, extension of currencies (KRW, INR & CNY) and LCH SwapAgent

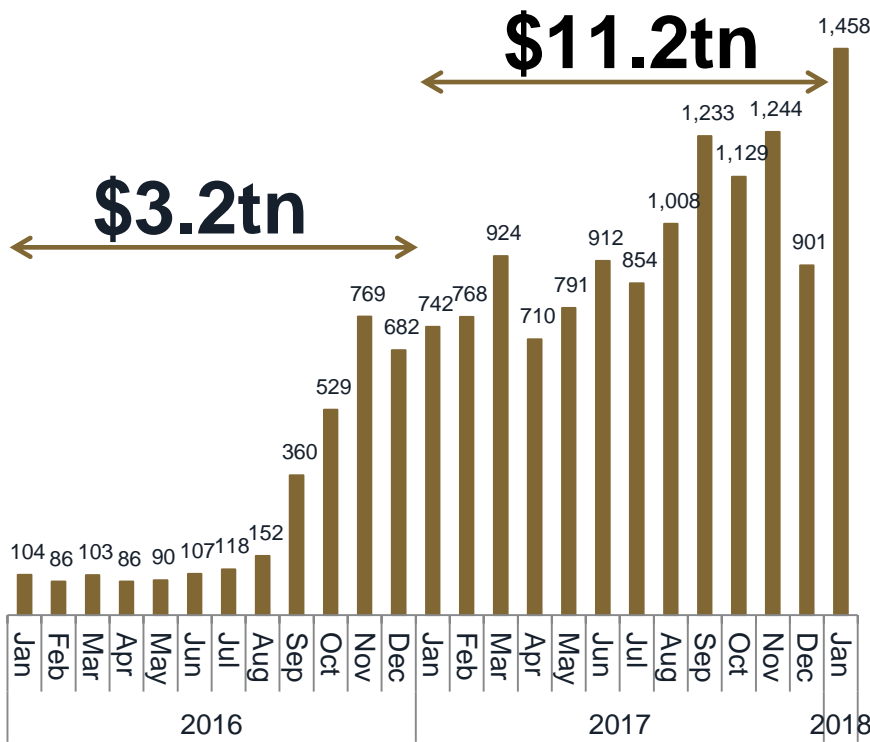
Regulatory tailwinds supporting growth in core business and new product areas

ForexClear

Compelling platform for growth

A step-change in volumes following the introduction of Uncleared Margin Rules, with scope for significant further growth

ForexClear: Cleared Notional - \$ billions



+250% **+270%** **92%**

In cleared notional
2017 \$11.2tn
(2016 \$3.2tn)

In trade count 2017
1.5m trades
(2016 0.4m trades)

Of NDF clearing
notional outstanding
is at ForexClear ⁽¹⁾

Additional areas for growth

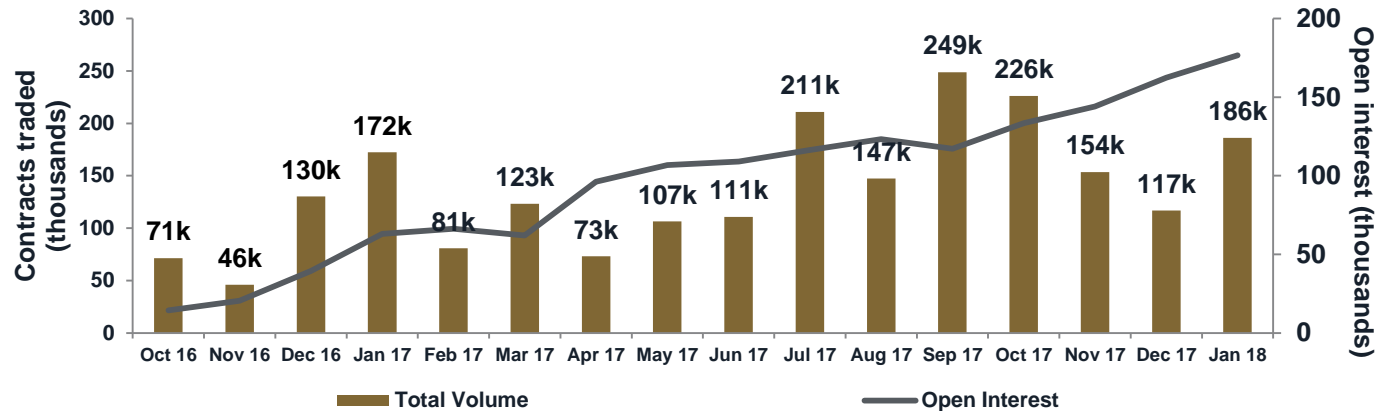
- G10 FX NDFs launched in Q4
- FX Options to launch in 2018
- Client clearing
- Compression services

Additional volume growth expected with strong member and client take up, additional phases of Uncleared Margin Rules and potential for compression services

(1) Source: ClarusFT October 2017



CurveGlobal



300%
Rise in open interest
on platform in last 12
months

- CurveGlobal customer partnership model delivering choice, innovation and low cost service in response to customer demand
- Over 300% rise in open interest on platform in last 12 months, to circa 180k lots
- CurveGlobal completed £20m second round funding with banks, Cboe & LSEG
- Supports further expansion of product offering, which includes the upcoming launch of a SONIA[®] futures contract
- LCH Spider II to launch Long term interest rate 2018 Q3
- MiFID II Best execution – Banks smart order routers being deployed across futures

Information Services

FTSE Russell

Double-digit growth to continue to 2019

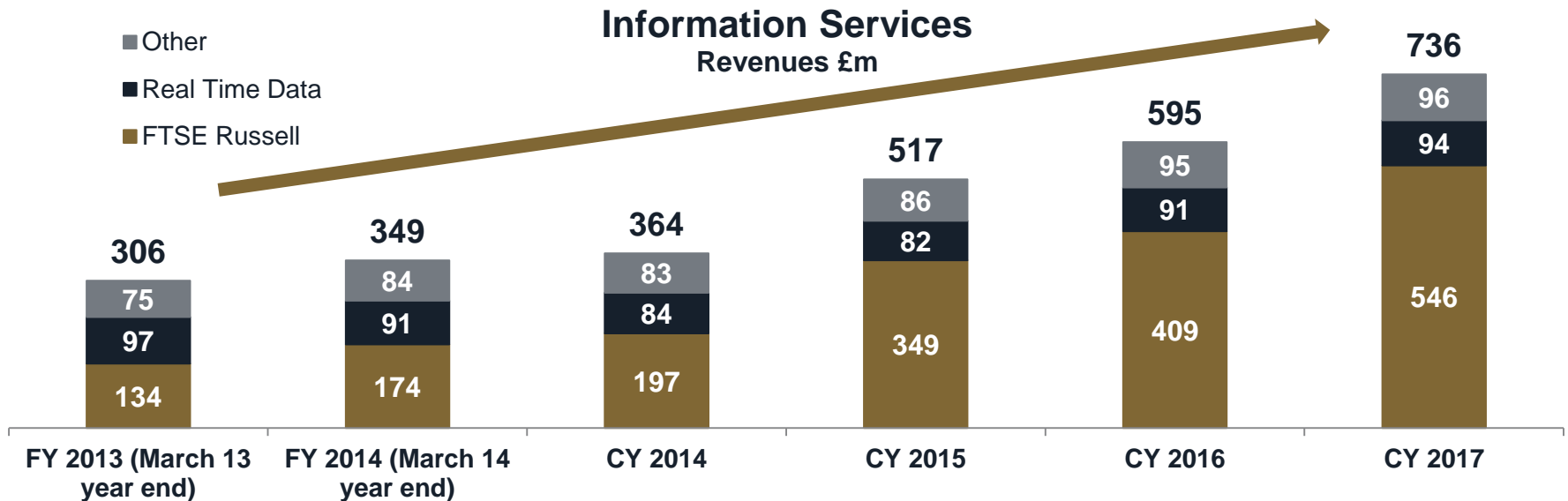
— Combination of organic & inorganic drivers

— Sustainable and attractive margins

FTSE Russell revenue

CAGR of 32%

from FY2013-2017





FTSE Russell

- Largest global benchmark provider with **~\$15tn** assets AuM
- Expanded multi-asset index, data and analytics capabilities with addition of The Yield Book and Mergent
- ETF AuM benchmarked **up 38% to \$624bn**, including smart beta ETF **up 26% to \$190bn**
- Responding to growing trend among asset owners to integrate ESG considerations into their investment strategies

Continued expansion of offering by product and location

- Launched FTSE Blossom Japan Index – selected as core ESG benchmark by GPIF
- Launched standalone FTSE Saudi Arabia Index Series
- Expansion of innovative Green Revenues data model
- Launch of FTSE Italia PIR and creation of new FTSE Italia Brands Index reflecting recent market initiatives

~\$15tn

Largest global benchmark provider with ~\$15tn assets

\$624bn

ETF AuM benchmarked up 38% to \$624bn

\$190bn

Smart beta ETF up 26% to \$190bn

Progress on 2019 financial targets

Target

FTSE Russell

Double-digit growth to continue 2017-2019

LCH

OTC revenue growth to continue at double-digit 2017-2019

LCH

Adjusted EBITDA margin growth - approaching 50% by 2019 (2016: 35.6%)

LSEG

Adjusted EBITDA margin of c.55% by 2019 (2016: 46.5%)

Progress

2017: up 33%, up 15% on organic and constant currency basis

2017: up 21%, up 17% on organic and constant currency basis

2017: 43.6%

2017: 46.8%

Operating expenses held at c.4% p.a. 2017-2019 & Next phase cost saves of £50m p.a. by exit 2019 – On-track

Summary

- ▶ **Continued execution of strategy – core businesses delivering results** with multiple growth opportunities
- ▶ **Strong financial results** underpins confidence in delivery of three-year financial targets
- ▶ **Well positioned to drive further growth** operating on an Open Access basis in partnership with customers



Appendices

Notes

Adjusted operating profit, Adjusted EBITDA and Adjusted earnings per share - excludes amortisation of purchased intangible assets and non-underlying items, to enable comparison of the underlying earnings of the business with prior periods.

Adjusted earnings per share

Based on number of shares 345.0m (2016 : 348.9m), excludes ESOP

Exchange rates

	Average rate		Average rate	
	12 months ended	Closing rate at	12 months ended	Closing rate at
	31 December 2017	31 December 2017	31 December 2016	31 December 2016
GBP : EUR	1.14	1.12	1.22	1.17
GBP : USD	1.29	1.35	1.36	1.23

A €10c movement in the average £/€ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £23 million.

A \$10c movement in the average £/\$ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £24 million.



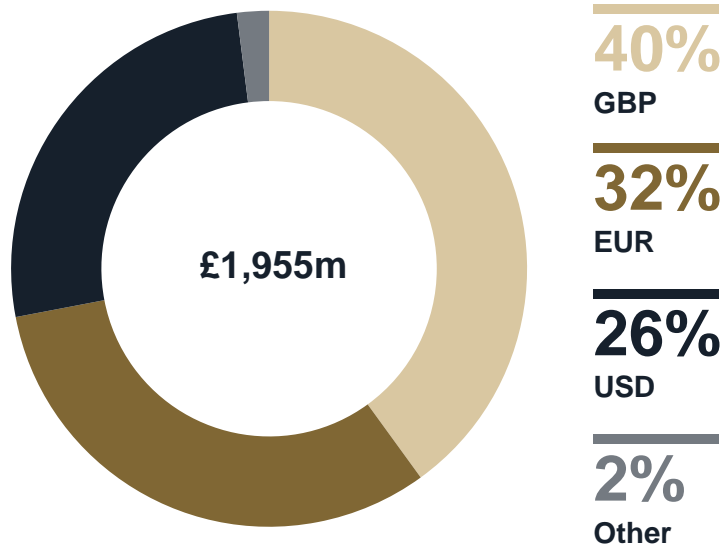
Overview of results

	Twelve months ended 31 December			Organic and constant currency
	2017 ¹ £m	2016 ¹ £m	Variance %	variance %
Total income	1,955	1,657	18%	11%
Cost of sales	(215)	(175)	23%	16%
Gross profit	1,740	1,482	17%	10%
Operating expenses before depreciation and amortisation ²	(816)	(706)	15%	6%
Depreciation, amortisation and impairment ²	(103)	(85)	22%	7%
Total operating expenses	(919)	(791)	16%	6%
Share of profit / (loss) after tax of associates	(9)	(5)	-	-
Adjusted operating profit²	812	686	18%	15%
Add back depreciation, amortisation and impairment ²	103	85	22%	7%
Adjusted earnings before interest, tax, depreciation and amortisation²	915	771	19%	14%
Amortisation of purchased intangibles and non-underlying items and profit on disposal	(186)	(259)	(28%)	(28%)
Operating profit	626	427	47%	44%
Net finance expense	(62)	(63)	(1%)	
Adjusted profit before tax²	750	623	20%	
Effective tax rate	22.4%	22.5%		
Basic earnings per share (p)	153.6	63.8	141%	
Adjusted earnings per share (p)²	148.7	124.7	19%	
Dividend per share (p)	51.6	43.2	19%	

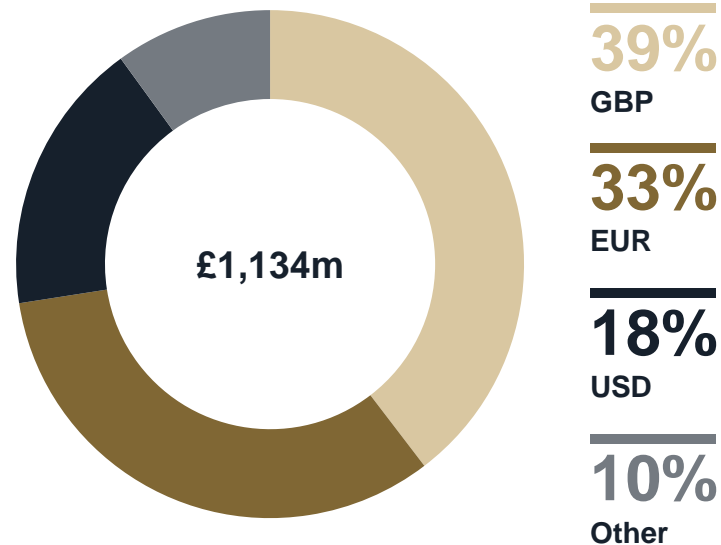
Diversified by currency

Diversification by both income and expenses across GBP, EUR and USD

2017 Income



2017 Underlying Expenses



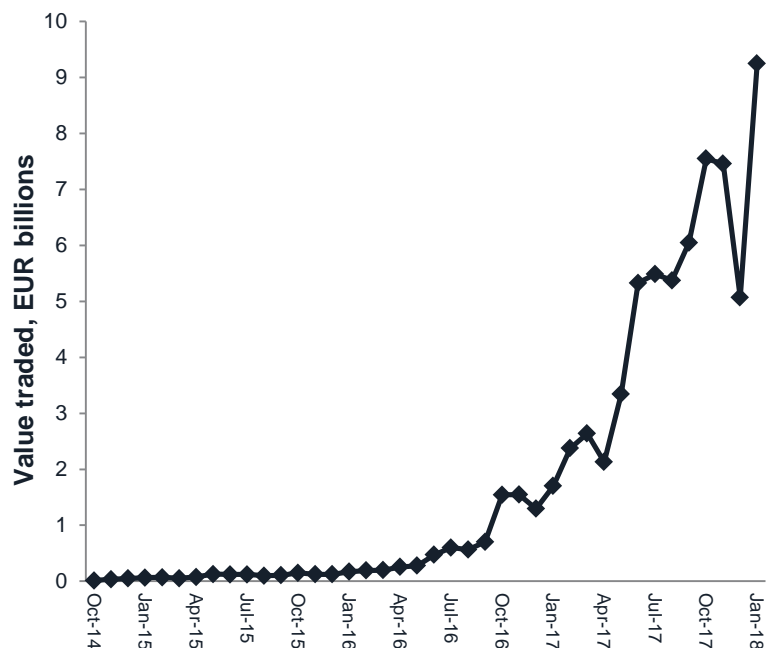
Note: figures include continuing operations only, expenses include depreciation and cost of sales, but exclude non-underlying expenses

Delivering MiFID II solutions

In partnership with customers

MiFID II ready solutions – delivering innovative services providing choice and flexibility to customers

Turquoise Plato Block Discovery™ Value Traded



Award winning innovation designed in cooperation with Plato Partnership, a unique collaboration with buy-side and sell-side firms

Average trade size **30 times industry dark pool average**

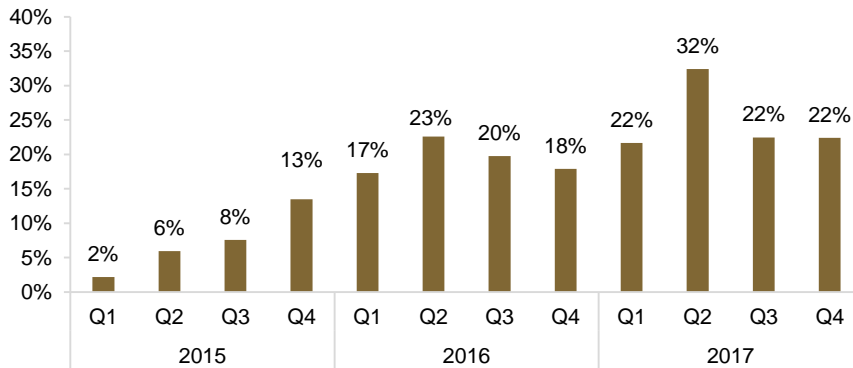
Selected Regulatory-Driven Client Solutions

Equities	Facilitating MiFID II compliant dark liquidity on LSE plc through intra-day auctions and Mid Price Pegged Orders
ETFs	Request-for-quote functionality for ETFs and ETPs launched in UK and Italy, providing a solution for customers to execute large bilateral trades on-exchange
TRADEcho	Multi-asset, pan-European pre- and post-trade reporting solutions to help customers meet MiFID II obligations, in partnership with Boat Services
Turquoise SwapMatch	A neutral arranging mechanism to match clients' block interests in OTC equity total return swaps to support balance sheet efficiency

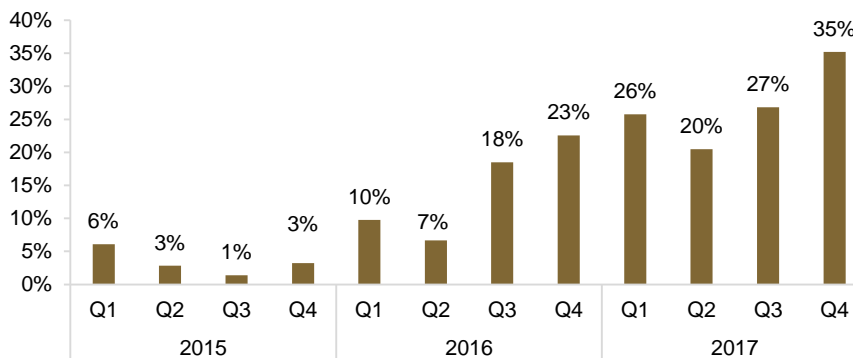
CDSClear

Clearing the broadest set of CDS across both European and US underlyings

CDSClear – Share of Overall Indices ⁽¹⁾



CDSClear – Share of Overall Single Names ⁽¹⁾



Performance

+22%

€549bn cleared notional in 2017 versus 2016

22%

Share of overall indices in Q4 2017, +4bps versus Q4 2016

Drivers for further growth

- Introduction of Uncleared Margin Rules and European clearing mandate for index CDS
- Develop Client Clearing and onboard US members and clearing brokers
- Launch of an industry-first clearing service for Credit Index Options on December 13th 2017
- Continue innovating and building up new products & services offerings

(1) Q4 2017 data as of December 29th 2017 Source: LCH, ICE Clear Europe cleared



Key performance indicators

Capital Markets - Primary Markets

	Twelve months ended		Variance %
	31 December 2017	2016	
New Issues			
UK Main Market, PSM & SFM	83	51	63%
UK AIM	80	64	25%
Borsa Italiana	31	19	63%
Total	194	134	45%
Money Raised (£bn)			
UK New	9.7	4.7	106%
UK Further	17.5	16.1	9%
Borsa Italiana new and further	17.0	4.8	254%
Total (£bn)	44.2	25.6	73%

Capital Markets - Secondary Markets

	Twelve months ended		Variance %
	31 December 2017	2016	
Equity			
Totals for period			
UK value traded (£bn)	1,339	1,280	5%
Borsa Italiana (no of trades m)	70.2	75.4	(7%)
Turquoise value traded (€bn)	993	1,383	(28%)
SETS Yield (basis points)	0.62	0.63	(2%)
Average daily			
UK value traded (£bn)	5.3	5.1	4%
Borsa Italiana (no of trades '000)	276	295	(6%)
Turquoise value traded (€bn)	3.9	5.4	(28%)
Derivatives (contracts m)			
LSE Derivatives	6.6	4.9	35%
IDEM	34.1	49.0	(30%)
Total	40.7	53.9	(24%)
Fixed Income			
MTS cash and BondVision (€bn)	3,702	3,944	(6%)
MTS money markets (€bn term adjusted)	77,677	84,354	(8%)

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



Key performance indicators

Post Trade Services - CC&G and Monte Titoli

	Twelve months ended		Variance %
	31 December		
	2017	2016	
CC&G Clearing			
Contracts (m)	108.0	129.6	(17%)
Initial margin held (average €bn)	11.1	12.1	(8%)
Monte Titoli			
Settlement instructions (trades m)	44.6	43.3	3%
Custody assets under management (average €tn)	3.27	3.17	3%

Information Services

	As at		Variance %
	31 December		
	2017	2016	
ETF assets under management benchmarked (\$bn)			
FTSE	378	249	52%
Russell Indexes	246	203	21%
Total	624	452	38%

Terminals

UK	69,000	72,000	(4%)
Borsa Italiana Professional Terminals	111,000	128,000	(13%)

Post Trade Services - LCH

	Twelve months ended		Variance %
	31 December		
	2017	2016	
OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	874	666	31%
SwapClear members	105	107	(2%)
Client trades ('000)	1,227	952	29%
CDSClear			
Notional cleared (€bn)	549	449	22%
CDSClear members	13	12	8%
ForexClear			
Notional value cleared (\$bn)	11,218	3,191	252%
ForexClear members	30	25	20%
Non-OTC			
Fixed income - Nominal value (€tn)	87.5	70.8	24%
Listed derivatives (contracts m)	146.9	131.9	11%
Cash equities trades (m)	805	697	16%
Average cash collateral (€bn)	84.5	67.0	26%

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



Income & gross profit

£ millions	2016				2016	2017				2017
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Primary Markets	22.2	22.0	21.1	25.5	90.8	21.3	26.4	29.6	32.6	109.9
Secondary Markets - Equities	42.2	40.9	40.0	41.8	164.9	42.0	41.9	39.0	39.9	162.8
Secondary Markets - Fixed income, derivatives & other	28.0	26.3	28.5	29.8	112.6	30.4	27.6	28.1	31.8	117.9
Capital Markets	92.4	89.2	89.6	97.1	368.3	93.7	95.9	96.7	104.3	390.6
Clearing	10.6	10.1	10.0	11.8	42.5	10.7	9.9	8.9	9.7	39.2
Settlement, Custody & other	12.9	14.5	15.2	18.6	61.2	17.0	17.7	17.3	17.6	69.6
Post Trade Services - CC&G and Monte Titoli	23.5	24.6	25.2	30.4	103.7	27.7	27.6	26.2	27.3	108.8
OTC - SwapClear, ForexClear & CDSClear	44.6	44.4	47.6	54.0	190.6	56.8	55.8	58.6	59.8	231.0
Non OTC - Fixed income, Cash equities & Listed derivatives	28.6	29.1	28.3	30.5	116.5	32.9	33.1	33.3	33.5	132.8
Other	11.1	9.3	13.6	15.4	49.4	16.0	12.6	22.0	17.2	67.8
Post Trade Services - LCH	84.3	82.8	89.5	99.9	356.5	105.7	101.5	113.9	110.5	431.6
FTSE Russell Indexes	96.4	97.1	102.1	113.7	409.3	126.7	133.8	135.3	150.6	546.4
Real time data	22.7	21.8	23.3	23.1	90.9	23.0	24.4	23.0	23.6	94.0
Other information	22.4	25.5	23.1	23.5	94.5	23.9	23.1	23.5	25.2	95.7
Information Services	141.5	144.4	148.5	160.3	594.7	173.6	181.3	181.8	199.4	736.1
Technology Services	16.2	21.9	20.8	29.4	88.3	20.5	20.6	22.7	26.9	90.7
Other	1.0	0.1	2.6	0.4	4.1	1.4	3.2	1.4	4.0	10.0
Total Revenue	358.9	363.0	376.2	417.5	1,515.6	422.6	430.1	442.7	472.4	1,767.8
Net treasury income through CCP:										
CC&G	10.3	10.7	11.2	10.4	42.6	9.8	9.6	10.9	11.2	41.5
LCH	17.6	17.4	24.1	23.1	82.2	24.2	31.3	31.1	33.8	120.4
Other income	0.8	7.1	3.1	5.7	16.7	4.1	13.8	1.4	5.6	24.9
Total income	387.6	398.2	414.6	456.7	1,657.1	460.7	484.8	486.1	523.0	1,954.5
Cost of sales	(35.3)	(41.7)	(44.8)	(53.0)	(174.8)	(50.4)	(51.2)	(55.7)	(57.2)	(214.5)
Gross profit	352.3	356.5	369.8	403.7	1,482.3	410.3	433.6	430.4	465.8	1,740.0

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