

26 April 2017

**LONDON STOCK EXCHANGE GROUP plc**

**INTERIM MANAGEMENT STATEMENT  
FOR THE PERIOD TO 25 APRIL 2017, INCLUDING REVENUES AND KPIs FOR THE  
THREE MONTHS ENDED 31 MARCH 2017 (Q1)**

- Strong start to 2017: Q1 total income from continuing operations up 19% to £458.7 million; gross profit (after cost of sales) up 17%
- Strong results reflect good headline growth across all core business areas as the Group continues to deliver and execute on its strategy; revenue up 18% (up 8% on an organic and constant currency basis)
- Group remains actively engaged in exploring selective ongoing organic and inorganic investments in order to drive further growth

Q1 summary:

- LCH income increased 31% (up 21% at constant currency), with 27% revenue growth in OTC from higher SwapClear client trades; good performances also in CDSClear and ForexClear. Non-OTC clearing revenue up 15% with good growth in fixed income
- Post Trade Services (Italy) revenue up 18% (up 6% at constant currency) - increased settlement and custody revenues offset lower clearing revenue
- Information Services revenues up 24% (up 9% on organic and constant currency basis) – FTSE Russell up 11% on a like for like basis, and up 31% on a headline basis with the inclusion of Mergent following the successful completion in early January
- Capital Markets revenues up 1% (down 4% at constant currency), reflecting lower trading levels against a strong comparative quarter last year
- Technology Services revenues up 27% (up 18% at constant currency)
- Group continues to invest - new initiatives in the period include:
  - CDSClear launched client clearing
  - LCH SA began offering repo clearing on German debt
  - FTSE Russell launched £SONET – a new secured rate for sterling overnight funds
  - London Stock Exchange announced plans to launch a new International Securities Market
  - More than 500 companies on ELITE, across 26 countries; ELITE Club Deal (online private placement platform) signed a strategic partnership with The HUB to provide bespoke technology

- £200 million share buyback programme commenced at the end of the quarter

Organic growth is calculated in respect of businesses owned for at least the full 3 months in either period and so excludes: Russell Investment Management, SwapMatch, Mergent and ISPS. 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 made a strong start to the year with growth across all of our core businesses. In particular, we recorded strong results in the SwapClear OTC clearing service, and at FTSE Russell. We also have the first contribution from Mergent, having completed the transaction at the start of the quarter.**

**“We are well positioned as an open access financial markets infrastructure group to benefit from the introduction of MiFID II and remain focused on executing our strategy, partnering with customers and delivering value for shareholders. We continue to be actively engaged in exploring selective ongoing organic and inorganic investments in order to drive further growth.”**

## **Financial Position**

Taking account of the acquisition of Mergent Inc. on 3 January 2017, together with normal course expenses (including funding organic investment), the Group's financial position is broadly unchanged from that reported at 31 December 2016. As at 31 March 2017, the Group had committed facility headroom of over £600 million available for general corporate purposes. During the period, the Group extended £600 million of its facilities that were due to mature in June 2017, for up to a further 12 months to maintain financial flexibility as the Group continues to invest for growth. The Group also confirmed LCH's intention to redeem and cancel its €200,000,000 Preferred Securities, effective on 18 May 2017.

The Euro strengthened by 10% against sterling compared with the same period last year while the US \$ strengthened by 13%. 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£6.3 million for Q1, while a US\$0.05 move would have resulted in a c£4.9 million change.

## **Share buyback**

Reflecting the Group's active capital management framework and with leverage as at 31 December 2016 being at the lower end of the target 1-2x range, the Group committed in March 2017 to a £200 million on market share buyback programme. The value of the programme reflects the special dividend that would have been paid to LSEG shareholders had the merger with Deutsche Borse taken place.

**Investor Update event**

LSEG will hold an event in London on 12 June 2017 to update investors on the Group’s plans and progress in executing its strategy for growth across its core business areas. Further details will be provided nearer to the date.

Further information is available from:

London Stock	Gavin Sullivan – Media	+44 (0) 20 7797 1222
Exchange 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 26 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: 1120 9850

## Q1 Revenue Summary

Revenues for three months ended 31 March 2017 refer to continuing operations, with comparatives against performance for the same period last year. Growth rates for Q1 are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended			Organic and
	31 March		Variance	constant currency variance <sup>1</sup>
	2017	2016		
	£m	£m	%	%
<b>Continuing operations:</b>				
<b>Revenue</b>				
Capital Markets	93.7	92.4	1%	(4%)
Post Trade Services - CC&G and Monte Titoli	27.7	23.5	18%	6%
Post Trade Services - LCH	105.7	84.3	25%	17%
Information Services	171.6	138.9	24%	9%
Technology Services	20.5	16.2	27%	18%
Other	1.4	1.0	-	-
<b>Total revenue</b>	<b>420.6</b>	<b>356.3</b>	<b>18%</b>	<b>8%</b>
Net treasury income through CCP businesses	34.0	27.9	22%	9%
Other income	4.1	0.8	-	-
<b>Total income</b>	<b>458.7</b>	<b>385.0</b>	<b>19%</b>	<b>9%</b>
Cost of sales	(49.6)	(34.4)	44%	27%
<b>Gross profit</b>	<b>409.1</b>	<b>350.6</b>	<b>17%</b>	<b>7%</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 Russell Investment Management, SwapMatch, Mergent and ISPS. 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

Revenue	Three months ended 31 March			Organic and constant currency variance <sup>1</sup>
	2017	2016	Variance	
	£m	£m	%	%
Primary Markets	21.3	22.2	(4%)	(7%)
Secondary Markets - Equities	42.0	42.2	(0%)	(4%)
Secondary Markets - Fixed income, derivatives and other	30.4	28.0	9%	(2%)
<b>Total revenue</b>	<b>93.7</b>	<b>92.4</b>	<b>1%</b>	<b>(4%)</b>
<b>Cost of sales</b>	<b>(4.9)</b>	<b>(6.1)</b>	<b>(20%)</b>	<b>(22%)</b>
<b>Gross profit</b>	<b>88.8</b>	<b>86.3</b>	<b>3%</b>	<b>(3%)</b>

<sup>1</sup> Excludes SwapMatch from Capital Markets (acquired Q3 2016)

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

Revenue	Three months ended 31 March			Constant currency variance
	2017	2016	Variance	
	£m	£m	%	%
Clearing	10.7	10.6	1%	(9%)
Settlement, Custody & other	17.0	12.9	32%	18%
<b>Total revenue</b>	<b>27.7</b>	<b>23.5</b>	<b>18%</b>	<b>6%</b>
Net treasury income	9.8	10.3	(5%)	(15%)
<b>Total income</b>	<b>37.5</b>	<b>33.8</b>	<b>11%</b>	<b>(1%)</b>
<b>Cost of sales</b>	<b>(4.1)</b>	<b>(2.7)</b>	<b>52%</b>	<b>37%</b>
<b>Gross profit</b>	<b>33.4</b>	<b>31.1</b>	<b>7%</b>	<b>(4%)</b>

## LCH

	Three months ended 31 March		Variance %	Constant currency variance %
	2017 £m	2016 £m		
<b>Revenue</b>				
OTC - SwapClear, ForexClear & CDSClear	56.8	44.6	27%	19%
Non-OTC - Fixed income, Cash equities and Listed derivatives	32.9	28.6	15%	4%
Other	16.0	11.1	44%	48%
<b>Total revenue</b>	<b>105.7</b>	<b>84.3</b>	<b>25%</b>	<b>17%</b>
Net treasury income	24.2	17.6	38%	23%
Other income	2.1	(1.0)	-	-
<b>Total income</b>	<b>132.0</b>	<b>100.9</b>	<b>31%</b>	<b>21%</b>
<b>Cost of sales</b>	<b>(18.9)</b>	<b>(11.0)</b>	<b>72%</b>	<b>54%</b>
<b>Gross profit</b>	<b>113.1</b>	<b>89.9</b>	<b>26%</b>	<b>17%</b>

## Information Services

	Three months ended 31 March		Variance %	Organic and constant currency variance <sup>1</sup> %
	2017 £m	2016 £m		
<b>Revenue</b>				
FTSE Russell Indexes	126.7	96.4	31%	11%
Real time data	23.0	22.7	1%	(3%)
Other information services	21.9	19.8	11%	10%
<b>Total revenue</b>	<b>171.6</b>	<b>138.9</b>	<b>24%</b>	<b>9%</b>
<b>Cost of sales</b>	<b>(15.2)</b>	<b>(9.8)</b>	<b>55%</b>	<b>23%</b>
<b>Gross profit</b>	<b>156.4</b>	<b>129.1</b>	<b>21%</b>	<b>7%</b>

Note: Continuing operations only (excludes ISPS from 2016 and 2017)

<sup>1</sup> Excludes £7.6m for Mergent from FTSE Russell revenues and £1.9m from Cost of sales (acquired January 2017)

## Technology Services

	Three months ended		Variance	Constant currency variance
	31 March			
	2017	2016		
	£m	£m	%	%
<b>MillenniumIT &amp; other technology</b>	<b>20.5</b>	16.2	27%	18%
<b>Cost of sales</b>	<b>(6.1)</b>	(4.5)	36%	22%
<b>Gross profit</b>	<b>14.4</b>	11.7	23%	16%

### Basis of Preparation

Results for the period ended 31 March 2017 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 2017	Closing rate at 31 March 2017	Average rate 3 months ended 31 March 2016	Closing rate at 31 March 2016
GBP : EUR	1.16	1.17	1.30	1.26
GBP : USD	1.24	1.25	1.43	1.44

## Appendix – Key performance indicators

### Capital Markets - Primary Markets

	Three months ended		Variance %
	31 March		
	2017	2016	
<b>New Issues</b>			
UK Main Market, PSM & SFM	22	15	47%
UK AIM	10	15	(33%)
Borsa Italiana	6	3	100%
<b>Total</b>	<b>38</b>	<b>33</b>	<b>15%</b>
<b>Money Raised (£bn)</b>			
UK New	1.4	1.4	0%
UK Further	3.7	2.1	76%
Borsa Italiana new and further	11.2	2.8	300%
<b>Total (£bn)</b>	<b>16.3</b>	<b>6.3</b>	<b>159%</b>

### Capital Markets - Secondary Markets

	Three months ended		Variance %
	31 March		
	2017	2016	
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	337	320	5%
Borsa Italiana (no of trades m)	18.9	21.5	(12%)
Turquoise value traded (€bn)	279	393	(29%)
<b>SETS Yield</b> (basis points)	0.63	0.63	0%
<b>Average daily</b>			
UK value traded (£bn)	5.3	5.2	2%
Borsa Italiana (no of trades '000)	290	347	(16%)
Turquoise value traded (€bn)	4.3	6.3	(32%)
<b>Derivatives (contracts m)</b>			
LSE Derivatives	1.7	1.3	31%
IDEM	10.5	13.3	(21%)
<b>Total</b>	<b>12.2</b>	<b>14.6</b>	<b>(16%)</b>
<b>Fixed Income</b>			
MTS cash and BondVision (€bn)	996	1,020	(2%)
MTS money markets (€bn term adjusted)	22,643	23,108	(2%)



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

	Three months ended		Variance %
	31 March		
	2017	2016	
<b>CC&amp;G Clearing</b>			
Contracts (m)	30.6	36.2	(15%)
Initial margin held (average €bn)	13.1	11.9	10%
<b>Monte Titoli</b>			
Settlement instructions (trades m)	11.9	11.4	4%
Custody assets under management (average €trn)	3.20	3.17	1%

## Post Trade Services - LCH

	Three months ended		Variance %
	31 March		
	2017	2016	
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional cleared (\$tn)	245	169	45%
SwapClear members	105	117	(10%)
Client trades ('000)	307	241	27%
<b>CDSClear</b>			
Notional cleared (€bn)	130.7	131.1	(0%)
CDSClear members	12	11	9%
<b>ForexClear</b>			
Notional value cleared (\$bn)	2,440	293	733%
ForexClear members	26	23	13%
<b>Non-OTC</b>			
Fixed income - Nominal value (€tn)	21.7	17.1	27%
Listed derivatives (contracts m)	35.9	36.4	(1%)
Cash equities trades (m)	203.3	169.5	20%
Average cash collateral (€bn)	84.1	60.0	40%

## Information Services

	As at		Variance %
	31 March		
	2017	2016	
<b>ETF assets under management benchmarked (\$bn)</b>			
FTSE	277	219	26%
Russell Indexes	210	156	35%
<b>Total</b>	<b>487</b>	<b>375</b>	<b>30%</b>
<b>Terminals</b>			
UK	71,000	75,000	(5%)
Borsa Italiana Professional Terminals	128,000	132,000	(3%)

## Total Income – Quarterly

Continuing operations only £ millions	CY 2016				CY 2016	CY 2017
	Q1	Q2	Q3	Q4		Q1
Primary Markets	22.2	22.0	21.1	25.5	90.8	21.3
Secondary Markets - Equities	42.2	40.9	40.0	41.8	164.9	42.0
Secondary Markets - Fixed income, derivatives & other	28.0	26.3	28.5	29.8	112.6	30.4
<b>Capital Markets</b>	<b>92.4</b>	<b>89.2</b>	<b>89.6</b>	<b>97.1</b>	<b>368.3</b>	<b>93.7</b>
Clearing	10.6	10.1	10.0	11.8	42.5	10.7
Settlement, Custody & other	12.9	14.5	15.2	18.6	61.2	17.0
<b>Post Trade Services - CC&amp;G and Monte Titoli</b>	<b>23.5</b>	<b>24.6</b>	<b>25.2</b>	<b>30.4</b>	<b>103.7</b>	<b>27.7</b>
OTC - SwapClear, ForexClear & CDSClear	44.6	44.4	47.6	54.0	190.6	56.8
Non OTC - Fixed income, Cash equities & Listed derivatives	28.6	29.1	28.3	30.5	116.5	32.9
Other	11.1	9.3	13.6	15.4	49.4	16.0
<b>Post Trade Services - LCH</b>	<b>84.3</b>	<b>82.8</b>	<b>89.5</b>	<b>99.9</b>	<b>356.5</b>	<b>105.7</b>
FTSE Russell Indexes	96.4	97.1	102.1	113.7	409.3	126.7
Real time data	22.7	21.8	23.3	23.1	90.9	23.0
Other information	19.8	21.8	19.9	19.9	81.4	21.9
<b>Information Services</b>	<b>138.9</b>	<b>140.7</b>	<b>145.3</b>	<b>156.7</b>	<b>581.6</b>	<b>171.6</b>
<b>Technology Services</b>	<b>16.2</b>	<b>21.9</b>	<b>20.8</b>	<b>29.4</b>	<b>88.3</b>	<b>20.5</b>
<b>Other</b>	<b>1.0</b>	<b>0.1</b>	<b>2.6</b>	<b>0.4</b>	<b>4.1</b>	<b>1.4</b>
<b>Total Revenue</b>	<b>356.3</b>	<b>359.3</b>	<b>373.0</b>	<b>413.9</b>	<b>1,502.5</b>	<b>420.6</b>
<b>Net treasury income through CCP:</b>						
CC&G	10.3	10.7	11.2	10.4	42.6	9.8
LCH	17.6	17.4	24.1	23.1	82.2	24.2
Other income	0.8	7.1	3.1	5.7	16.7	4.1
<b>Total income</b>	<b>385.0</b>	<b>394.5</b>	<b>411.4</b>	<b>453.1</b>	<b>1,644.0</b>	<b>458.7</b>
Capital Markets	(6.1)	(5.6)	(5.5)	(5.3)	(22.5)	(4.9)
Post Trade Services - CC&G and Monte Titoli	(2.7)	(3.0)	(3.1)	(3.8)	(12.6)	(4.1)
Post Trade Services - LCH	(11.0)	(12.2)	(15.8)	(16.8)	(55.8)	(18.9)
Information Services	(9.8)	(13.1)	(12.4)	(14.1)	(49.4)	(15.2)
Technology Services	(4.5)	(6.1)	(6.5)	(10.7)	(27.8)	(6.1)
Other	(0.3)	(0.6)	(0.3)	(0.5)	(1.7)	(0.4)
<b>Cost of sales</b>	<b>(34.4)</b>	<b>(40.6)</b>	<b>(43.6)</b>	<b>(51.2)</b>	<b>(169.8)</b>	<b>(49.6)</b>
<b>Gross profit</b>	<b>350.6</b>	<b>353.9</b>	<b>367.8</b>	<b>401.9</b>	<b>1,474.2</b>	<b>409.1</b>

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