

24 April 2018

LONDON STOCK EXCHANGE GROUP plc

TRADING STATEMENT INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 31 MARCH 2018 (Q1)

- Strong Q1 performance - double-digit income growth for Information Services, LCH and Capital Markets
- Q1 total income up 13% year-on-year to £520 million (up 13% on an organic and constant currency basis)
- David Schwimmer to join LSEG as CEO on 1 August 2018

Q1 summary:

- Information Services: revenues up 16% (up 11% on an organic and constant currency basis) – with continued double-digit growth at FTSE Russell
- Post Trade: LCH income up 18% (up 20% at constant currency), with 15% revenue growth in OTC from record volumes at SwapClear and ForexClear
- Capital Markets: revenues up 14% (up 13% at constant currency), with good primary markets activity and secondary markets revenue up on higher equity volumes
- Technology Services: revenues down 5% on an organic and constant currency basis (down 37% reflecting disposal of the MillenniumIT ESP and Exactpro businesses)

David Warren, Interim Chief Executive and Group CFO, said:

“The Group has delivered a strong first quarter performance. All of our key businesses continue to perform well, with strong growth in FTSE Russell, LCH and Capital Markets. During the period, we further increased our stake in LCH and acquired full ownership of the FTSE TMX Global Debt Capital Markets business. We continue to invest in new product initiatives while maintaining a focus on improving efficiencies as we work to deliver on our financial targets. The Group is strategically well placed to further develop its many growth opportunities, working in partnership with our customers.”

Organic growth is calculated in respect of businesses owned for at least 3 months in either period and so excludes The Yield Book and Citi Fixed Income Indices, ISPS, MillenniumIT ESP and Exactpro. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

New products and investment in opportunities continued across the business:

- LSEG increased its stake in LCH Group to 68%, acquiring an additional 2% following a sale by a minority shareholder
- FTSE Russell acquired minority interests to assume 100% ownership of FTSE TMX Global Debt Capital Markets Limited
- MiFID II opportunities progressing well - Turquoise Plato Block Discovery Large in Scale volume up 40% in Q1 2018 vs Q4 2017, and UnaVista and TRADEcho reporting solutions seeing good flows
- LCH - SwapClear to launch Non-deliverable Interest Rate Swaps and ForexClear FX Options in Q2 (subject to approvals)
- CurveGlobal completed its second funding round, launched a customer partnership programme and set to launch SONIA future contracts on 30 April 2018
- LSEG Technology, working with HKEX, completed the go-live of the Orion Central Gateway using MillenniumIT to provide low latency, scalable and resilient connectivity
- ELITE added 50 new companies in Italy; community of now over 800 companies from 34 countries. ELITE and Monsha'at partner to launch ELITE in Saudi Arabia

Financial Position

The Group's financial position remains strong and flexible, broadly unchanged from that reported at 31 December 2017. As at 31 March 2018, the Group had committed facility headroom of over £750 million available for general corporate purposes. During the period, the Group issued euro commercial paper at favourable rates, further diversifying its sources of funding.

On 27 March 2018, S&P moved its A- long term rating of LSEG from stable to a positive outlook. Moody's rates LSEG A3 with a stable outlook.

The euro strengthened by 3% and the US dollar weakened by 12% against sterling compared with the same period last year. To illustrate our exposure to movements in exchange rates, a €0.05 change up or down in the average euro:sterling rate would have resulted in a corresponding change to continuing operations total income of c£7 million for Q1, while a US\$0.05 move would have resulted in a c£5 million change.

Further information is available from:

London Stock	Gavin Sullivan/Lucie	+44 (0) 20 7797 1222
Exchange Group plc	Holloway/Ramesh Chhabra – Media	
	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 Tuesday 24 April. On the call will be David Warren (Interim CEO and Group CFO) and Paul Froud (Head of Investor Relations).

To access the telephone conference call dial 0800 376 7922 or +44 (0) 20 7192 8000

Conference ID: 629 6027

Q1 Revenue Summary

Revenues for three months ended 31 March 2018 refer to continuing operations, with comparatives against performance for the same period last year, are provided below. Growth rates for Q1 performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended			Organic and constant currency variance ¹
	31 March		Variance	
	2018	2017		
	£m	£m	%	%
Continuing operations:				
Revenue				
Information Services	201	174	16%	11%
Post Trade Services - LCH	118	106	12%	13%
Post Trade Services - CC&G and Monte Titoli	28	28	0%	(2%)
Capital Markets	107	94	14%	13%
Technology Services	13	20	(37%)	(5%)
Other	3	1	-	-
Total revenue	470	423	11%	11%
Net treasury income through CCP businesses	48	34	41%	43%
Other income	2	4	-	-
Total income	520	461	13%	13%
Cost of sales	(56)	(51)	9%	21%
Gross profit	464	410	13%	12%

¹ Organic growth is calculated in respect of businesses owned for at least the full 3 months in either period and excludes The Yield Book and Citi Fixed Income Indices, ISPS, MillenniumIT ESP and Exactpro. 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:

Information Services

	Three months ended			Organic and constant currency variance ¹
	31 March			
	2018	2017	Variance	
	£m	£m	%	%
Revenue				
FTSE Russell Indexes	150	127	18%	11%
Real time data	24	23	6%	5%
Other information services	27	24	12%	22%
Total revenue	201	174	16%	11%
Cost of sales	(18)	(16)	11%	10%
Gross profit	183	158	16%	11%

¹ Removal of The Yield Book and Citi Fixed Income Indices (acquired Q3 2017) from FTSE Russell and ISPS from Other information services (disposed Q1 2017)

Post Trade Services - LCH

	Three months ended			Constant currency variance
	31 March			
	2018	2017	Variance	
	£m	£m	%	%
Revenue				
OTC - SwapClear, ForexClear & CDSClear	66	57	15%	19%
Non OTC - Fixed income, Cash equities & Listed derivatives	33	33	1%	(1%)
Other	19	16	20%	20%
Total revenue	118	106	12%	13%
Net treasury income	38	24	58%	61%
Other income	0	2	-	-
Total income	156	132	18%	20%
Cost of sales	(25)	(19)	34%	34%
Gross profit	131	113	16%	18%

Post Trade Services - CC&G and Monte Titoli

	Three months ended			Constant currency variance
	31 March			
	2018	2017	Variance	
	£m	£m	%	%
Revenue				
Clearing	10	11	(5%)	(6%)
Settlement, Custody & other	18	17	4%	1%
Total revenue	28	28	0%	(2%)
Net treasury income	10	10	2%	1%
Total income	38	38	1%	(1%)
Cost of sales	(4)	(4)	2%	(2%)
Gross profit	34	34	1%	(1%)

Capital Markets

	Three months ended 31 March			Constant currency variance %
	2018 £m	2017 £m	Variance %	
Revenue				
Primary Markets	29	21	36%	35%
Secondary Markets - Equities	45	42	8%	7%
Secondary Markets - Fixed income, derivatives and other	33	31	7%	6%
Total revenue	107	94	14%	13%
Cost of sales	(5)	(5)	6%	4%
Gross profit	102	89	14%	14%

Technology Services

	Three months ended 31 March			Organic and Constant currency variance ¹ %
	2018 £m	2017 £m	Variance %	
Revenue				
MillenniumIT & other technology	13	20	(37%)	(5%)
Cost of sales	(3)	(6)	(57%)	100%
Gross profit	10	14	(29%)	(17%)

¹ Removal of MillenniumIT ESP and Exactpro (disposed Q4 2017 and Q1 2018)

Basis of Preparation

Results for the period ended 31 March 2018 have been translated into sterling using the average exchange rates for the period. 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 2018	Closing rate at 31 March 2018	Average rate 3 months ended 31 March 2017	Closing rate at 31 March 2017
GBP : EUR	1.13	1.14	1.16	1.17
GBP : USD	1.39	1.40	1.24	1.25

Appendix – Key performance indicators

Information Services

	As at		Variance
	31 March		
	2018	2017	%
ETF assets under management benchmarked (\$bn)			
FTSE	399	277	44%
Russell Indexes	240	210	14%
Total	639	487	31%

Terminals

UK	68,000	71,000	(4%)
Borsa Italiana Professional Terminals	108,000	128,000	(16%)

Post Trade Services - LCH

	Three months ended		Variance
	31 March		
	2018	2017	%
OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	292	245	19%
SwapClear members	105	105	0%
Client trades ('000)	419	307	36%
CDSClear			
Notional cleared (€bn)	162	131	24%
CDSClear members	13	12	8%
ForexClear			
Notional value cleared (\$bn)	4,286	2,440	76%
ForexClear members	30	26	15%
Non-OTC			
Fixed income - Nominal value (€tn)	24.7	21.7	14%
Listed derivatives (contracts m)	39.6	35.9	10%
Cash equities trades (m)	221	203	9%
Average cash collateral (€bn)	82.8	84.1	(2%)

Post Trade Services - CC&G and Monte Titoli

	Three months ended		Variance
	31 March		
	2018	2017	%
CC&G Clearing			
Contracts (m)	29.7	30.6	(3%)
Initial margin held (average €bn)	9.0	13.1	(31%)
Monte Titoli			
Settlement instructions (trades m)	11.7	11.9	(2%)
Custody assets under management (average €tn)	3.30	3.20	3%

Capital Markets - Primary Markets

	Three months ended		Variance %
	31 March		
	2018	2017	
New Issues			
UK Main Market, PSM & SFM	19	22	(14%)
UK AIM	12	10	20%
Borsa Italiana	6	4	50%
Total	37	38	(3%)
Money Raised (£bn)			
Total (£bn)	8.0	16.3	(51%)

Capital Markets - Secondary Markets

	Three months ended		Variance %
	31 March		
	2018	2017	
Equity			
Totals for period			
UK value traded (£bn)	388	337	15%
Borsa Italiana (no of trades m)	19.2	18.9	2%
Turquoise value traded (€bn)	254	279	(9%)
SETS Yield (basis points)	0.61	0.63	(3%)
Average daily			
UK value traded (£bn)	6.2	5.3	17%
Borsa Italiana (no of trades '000)	305	290	5%
Turquoise value traded (€bn)	4.0	4.3	(7%)
Derivatives (contracts m)			
LSE Derivatives	1.8	1.7	6%
IDEM	9.2	10.5	(12%)
Total	11.0	12.2	(10%)
Fixed Income			
MTS cash and BondVision (€bn)	1,030	996	3%
MTS money markets (€bn term adjusted)	19,588	22,643	(13%)

Total Income – Quarterly

£ millions	<u>2017</u>				<u>2017</u>	<u>2018</u>
	Q1	Q2	Q3	Q4		Q1
Primary Markets	21	26	30	33	110	29
Secondary Markets - Equities	42	42	39	40	163	45
Secondary Markets - Fixed income, derivatives & other	31	28	28	31	118	33
Capital Markets	94	96	97	104	391	107
Clearing	11	9	9	10	39	10
Settlement, Custody & other	17	18	17	18	70	18
Post Trade Services - CC&G and Monte Titoli	28	27	26	28	109	28
OTC - SwapClear, ForexClear & CDSClear	57	55	59	60	231	66
Non OTC - Fixed income, Cash equities & Listed derivatives	33	33	33	34	133	33
Other	16	13	22	17	68	19
Post Trade Services - LCH	106	101	114	111	432	118
FTSE Russell Indexes	127	134	135	150	546	150
Real time data	23	24	23	24	94	24
Other information	24	23	24	25	96	27
Information Services	174	181	182	199	736	201
Technology Services	20	21	23	27	91	13
Other	1	4	1	3	9	3
Total Revenue	423	430	443	472	1,768	470
Net treasury income through CCP:						
CC&G	10	10	11	11	42	10
LCH	24	31	31	34	120	38
Other income	4	14	1	6	25	2
Total income	461	485	486	523	1,955	520
Cost of sales	(51)	(51)	(56)	(57)	(215)	(56)
Gross profit	410	434	430	466	1,740	464

Note:

* 2017 Technology includes businesses disposed end Q4: MillenniumIT ESP and Exactpro £30m revenue and £22m cost of sales per annum

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