Financial review

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Financial Officer

The financial review covers the financial year ended 31 December 2019. Commentary on performance uses variances on a continuing organic and constant currency basis, unless otherwise stated. Constant currency is calculated by rebasing 2018 at 2019 foreign exchange rates. Sub-segmentation of revenues are unaudited and are shown to assist the understanding of performance.

Highlights

- Total income of £2,314 million (2018: £2,135 million) increased by 7% and total revenue of £2,056 million (2018: £1,911 million) increased by 6%
- Adjusted EBITDA[1] of £1,265 million (2018: £1,066 million) increased by 17%
- Adjusted operating profit[1] of £1,065 million (2018: £931 million) increased by 13%
- Operating profit of £738 million (2018: £751 million) decreased by 3%
- Adjusted basic earnings per share[1] of 200.3 pence (2018: 173.8 pence) increased by 15%
- Basic earnings per share of 119.5 pence (2018: 138.3 pence) decreased by 14%
- Total dividend per share of 70.0 pence (2018: 60.4 pence) increased by 16%

There were no discontinued operations in 2019.

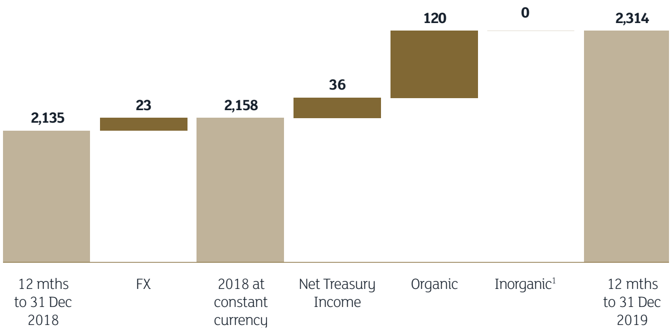
1. London Stock Exchange Group uses non-GAAP performance measures as key financial indicators as the Board believes these better reflect the underlying performance of the business. As in previous years, adjusted operating expenses, adjusted EBITDA, adjusted operating profit and adjusted earnings per share all exclude amortisation and impairment of purchased intangible assets and goodwill and non-underlying items

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at organic and constant currency[2] %
Information Services	**902**	841	7	5
Post Trade Services – LCH	**550**	487	13	13
Post Trade Services – CC&G and Monte Titoli	**103**	102	1	2
Capital Markets	**426**	407	5	5
Technology Services	**66**	65	2	1
Other	**9**	9	–	–
Total revenue	**2,056**	1,911	8	6
Net Treasury Income through CCP businesses	**255**	218	17	16
Other income	**3**	6	–	–
Total income	**2,314**	2,135	8	7
Cost of sales	**(210)**	(227)	(8)	(8)
Gross profit	**2,104**	1,908	10	9
Operating expenses before depreciation, amortisation and impairment[1]	**(839)**	(834)	1	(1)
Income from equity Investments	**7**	–	–	–
Share of loss after tax of associates	**(7)**	(8)	(12)	(12)
Adjusted earnings before interest, tax, depreciation, amortisation and impairment[1]	**1,265**	1,066	19	17
Depreciation, amortisation and impairment[1]	**(200)**	(135)	49	49
Adjusted operating profit[1]	**1,065**	931	14	13
Amortisation of purchased intangible assets and non-underlying items	**(327)**	(180)	81	78
Operating profit	**738**	751	(2)	(3)
Adjusted basic earnings per share[1]	**200.3p**	173.8p	15	
Basic earnings per share	**119.5p**	138.3p	(14)	

1. Before amortisation of purchased intangible assets and non-underlying items
2. Organic growth is calculated in respect of businesses owned for at least 12 months in either period and excludes Beyond Ratings

Note: Variances in all tables are calculated from unrounded numbers

Total Income
£ m



1. Inorganic includes income for businesses held for less than 12 months in either period: Beyond Ratings

Financial review
(continued)

Information Services

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at organic and constant currency[1] %
Index - Subscription	**418**	373	12	8
Index - Asset Based	**231**	219	6	2
FTSE Russell[2]	**649**	592	10	6
Real Time Data	**97**	94	3	3
Other Information Services[1,2]	**156**	155	1	(1)
Total revenue	**902**	841	7	5
Cost of sales	**(74)**	(70)	5	2
Gross profit	**828**	771	7	5
Operating expenses before depreciation, amortisation and impairment[3]	**(323)**	(302)	7	–
Earnings before interest, tax, depreciation, amortisation and impairment[3]	**505**	469	7	–
Depreciation, amortisation and impairment[3]	**(56)**	(29)	93	–
Operating profit[3]	**449**	440	2	–

1. Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes Beyond Ratings
2. Mergent and some other minor items (previously reported in FTSE Russell subscriptions) are now included in Other Information Services for both periods
3. Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Information Services provides global index products, real time pricing data, product identification, reporting and reconciliation services. Revenue was £902 million (2018: £841 million).

FTSE Russell's revenue was £649 million (2018: £592 million). On a reported basis, revenue increased by 10% and growth on a constant currency basis was 6% driven by strong subscription renewal rates and data sales, as well as increases in average AUM levels in benchmarked ETFs and other investable products.

Real Time Data revenue increased by 3% to £97 million (2018: £94 million) driven by increased licence sales, partially offset by the revenue impact of a 4% decline in the number of terminals to 167,000 (2018: 174,000).

Other Information Services revenue is broadly in line with last year at £156 million (2018: £155 million), with recurring licence growth in data products offset by a decline in transactional revenues in UnaVista.

Cost of sales increased by 2% to £74 million (2018: £70 million), primarily as a result of increased data charges and partnership costs, in relation to growth in FTSE Russell revenue.

Reported operating expenses excluding depreciation, amortisation and impairment (D&A) increased by 7% to £323 million (2018: £302 million), and D&A rose 93% to £56 million (2018: £29 million) reflecting continued investment to support growth of the business and share of IFRS 16 right of use asset amortisation. The increase in total cost contributed to a marginal operating profit margin decline.

Reported operating profit increased by 2% to £449 million (2018: £440 million). The Group remains on track to achieve the financial performance announced as part of the Yield Book acquisition.

Post Trade Services – LCH

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
OTC	**307**	268	15	13
Non-OTC	**140**	136	3	4
Other	**103**	83	25	24
Total revenue	**550**	487	13	13
Net Treasury Income	**206**	175	18	17
Total income	**756**	662	14	14
Cost of sales	**(114)**	(123)	(8)	(7)
Gross profit	**642**	539	19	18
Income from equity investments	**7**	–	–	–
Operating expenses before depreciation, amortisation and impairment[1]	**(234)**	(235)	–	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**415**	304	36	–
Depreciation, amortisation and impairment[1]	**(76)**	(62)	23	–
Operating profit[1]	**339**	242	40	–

1. Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Post Trade Services – LCH comprises the Group's majority owned global clearing business. Total income was £756 million (2018: £662 million).

2019 performance is in line with the Group's double-digit growth revenue target for OTC clearing. OTC clearing revenue increased by 13% to £307 million (2018: £268 million), driven by SwapClear, with strong growth in client clearing where client trade volume increased by 13% to 1,681,000 (2018: 1,487,000). ForexClear membership increased to 34 members (2018: 32) while notional value cleared grew by 5% to US$18.0 trillion (2018: US$17.2 trillion). Of this, $61 billion was client cleared notional, up significantly from the previous year (2018: $8 billion).

Non-OTC clearing revenue increased by 4% to £140 million (2018: £136 million), reflecting continued strong performance in RepoClear. RepoClear reached a record nominal value cleared of €106 trillion (2018: €98.7 trillion) up 7% largely as a result of strong growth in the underlying Repo market, particularly in Europe as a result of excess liquidity with members realising netting and other benefits from the newly consolidated Euro debt pool in LCH SA.

Other revenue, which includes fees from non-cash collateral management, compression services, recharged pass through costs and revenue sharing agreements, increased by 24% to £103 million (2018: £83 million).

Net Treasury Income increased by 17% to £206 million (2018: £175 million). The growth reflects a 13% rise in average cash collateral held to €98.4 billion (2018: €86.7 billion), primarily driven by volumes cleared and market volatility. Increased capacity with investment counterparties as well as continued expansion of the range of products invested in for asset allocation optimisation continued to support NTI growth. The Group expects NTI to stabilise around the levels seen in H2 2019 if collateral levels remain unchanged.

Cost of sales decreased 7% to £114 million (2018: £123 million), reflecting the updated SwapClear agreement which came into effect at the start of the year, which exceeded the £30 million benefit previously communicated.

Reported operating expenses excluding D&A remained flat and D&A increased by 23% to £76 million (2018: £62 million), driven by investment to support growth and IFRS 16 right of use asset amortisation.

LCH EBITDA margin increased by nine percentage points to 55% (2018: 46%), significantly exceeding the target of approaching 50% by 2019.

Reported operating profit increased by 40% to £339 million (2018: £242 million).

Post Trade Services – CC&G and Monte Titoli

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
Clearing (CC&G)	**43**	41	3	4
Settlement, Custody and Other (MT)	**60**	61	–	1
Inter-segmental revenue	**–**	1	–	–
Total revenue	**103**	103	1	2
Net Treasury Income (CC&G)	**49**	43	14	15
Total income	**152**	146	5	6
Cost of sales	**(7)**	(7)	–	–
Gross profit	**145**	139	5	6
Operating expenses before depreciation, amortisation and impairment[1]	**(44)**	(47)	(6)	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**101**	92	10	–
Depreciation, amortisation and impairment[1]	**(9)**	(9)	–	–
Operating profit[1]	**92**	83	11	–

1. Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Post Trade Services provides clearing (CC&G), settlement and custody activities (both Monte Titoli). Total income was £152 million (2018: £146 million).

CC&G clearing revenues increased by 4% to £43 million (2018: £41 million) mainly due to growth in bonds clearing volumes, mirroring trading performance on MTS Repo market, jointly with higher guarantee deposit fees and fails commissions. Underlying Monte Titoli revenues were flat year on year as a result of higher custody revenues, largely due to the rise in assets under custody, offset by lower settlement revenues recorded in the year following a decrease in settlement instructions.

CC&G generates Net Treasury Income by investing the cash margin held, retaining any surplus after members are paid a return on their cash collateral contributions. Net Treasury Income increased by 15% to £49 million (2018: £43 million) as result of higher average daily initial margin at €14.4 billion, 31% higher than 2018 (2018: €11.0 billion).

Cost of sales was in line with 2018.

Reported operating expenses excluding D&A decreased by 6% to £44 million (2018: £47 million), driven by lower IT costs from efficiency and lower staff costs. D&A was flat year on year.

Reported operating profit increased by 11% to £92 million (2018: £83 million).

Capital Markets

Revenue	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
Primary Markets	151	113	34	34
Secondary Markets – Equities	151	169	(11)	(11)
Secondary Markets – Fixed Income, Derivatives and Other	124	125	–	1
Total revenue	426	407	5	5
Cost of sales	(5)	(16)	(67)	(67)
Gross profit	421	391	8	8
Operating expenses before depreciation, amortisation and impairment[1]	(192)	(189)	2	–
Share of loss after tax of associates	(1)	(1)	–	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	228	201	13	–
Depreciation, amortisation and impairment[1]	(32)	(17)	88	–
Operating profit[1]	196	184	7	–

1. Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Capital Markets comprises Primary and Secondary Market activities. Revenue was £426 million (2018: £407 million).

Primary Markets revenue increased by 34% to £151 million in 2019 (2018: £113 million) with underlying revenue remaining stable despite uncertainty due to Brexit delays and the UK general election. The Group benefited from a change in estimate relating to IFRS 15 due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised, which resulted in a £32 million one-off balance sheet release. The total amount of capital raised across the Group's markets, through both new and further issues, decreased by 18% to £23.4 billion (2018: £28.7 billion), however four new admissions each raised over £1 billion (2018: one admission over £1 billion). Although there was a 38% decrease in the number of new issues across the Group's markets to 109 (2018: 176), the average market capitalisation of companies joining the Group's UK markets increased by 50% to £849 million (2018: £565 million). Further issuance from investment funds accounted for £4.2 billion (2018: £2.6 billion) with 55% of prior year listings raising further capital in 2019 (2018: 21%) following the trend that funds are able to upscale expediently on the Group's markets to advance their strategies after listing.

Secondary Markets revenue decreased by 11% to £151 million (2018: £169 million). UK average order book daily value traded fell by 19% to £4.7 billion (2018: £5.8 billion) in line with the subdued volume trend impacting European equity markets in 2019. Following on the same trend, Italian equity trading volumes also decreased by 10% year on year, with 255,000 trades per day (2018: 282,000). Turquoise, the Group's pan-European equities platform, was similarly impacted with a 36% reduction in average daily equity value traded to €2.1 billion (2018: €3.2 billion). Lower market volumes on Turquoise Lit Book were partly offset by Turquoise Plato and Turquoise Plato Lit Auctions which had record years, up 3% and 9% respectively on 2018 performance.

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Fixed Income, Derivatives and Other revenue remained broadly flat year on year at £124 million (2018: £125 million). MTS Fixed Income revenue saw a 4% increase with strong performance by Repo up 24% partially offset by a decline of Cash and BondVision down 6% and 3% respectively. Derivatives performance was down 16% driven by the removal of Equity derivatives in the UK during the year and lower volumes on the Italian IDEM market. Growth in ELITE continued, with increased membership revenue in both the UK and Italy.

Cost of sales decreased by 67% to £5 million (2018: £16 million), primarily driven by Turquoise commercial policy changes from rebate model to discount scheme.

Reported operating expenses excluding D&A increased by 2% to £192 million (2018: £189 million) while D&A increased 88% to £32 million (2018: £17 million), reflecting ongoing investment and IFRS 16 right of use asset amortisation.

Share of loss after tax of associates relates to the Group's share of the HUB Exchange funding platform.

Reported operating profit increased by 7% to £196 million (2018: £184 million).

Technology Services

	12 months ended Dec 2019 £m	12 months ended Dec 2018 £m	Variance %	Variance at constant currency %
Revenue	**66**	65	2	1
Inter-segmental revenue	**17**	21	(19)	(19)
Total revenue	**83**	86	(3)	(3)
Cost of sales	**(7)**	(9)	(23)	(23)
Gross profit	**76**	77	(1)	(1)
Operating expenses before depreciation, amortisation and impairment[1]	**(20)**	(59)	66	–
Earnings before interest, tax, depreciation, amortisation and impairment[1]	**56**	18	211	–
Depreciation, amortisation and impairment[1]	**(25)**	(20)	25	–
Operating profit/(loss)[1]	**31**	(2)	–	–

1. Operating expenses before depreciation, amortisation and impairment; earnings before interest, tax, depreciation, amortisation and impairment; depreciation, amortisation and impairment; and operating profit / (loss) variance percentage is shown on a reported basis only i.e. not on a constant currency basis. Variances will include underlying movements and foreign exchange effects

Technology Services provides server location solutions, client connectivity and software products for the Group and third parties.

Third party revenue increased by 1% to £66 million (2018: £65 million), driven by an expanding product suite and higher sales volumes.

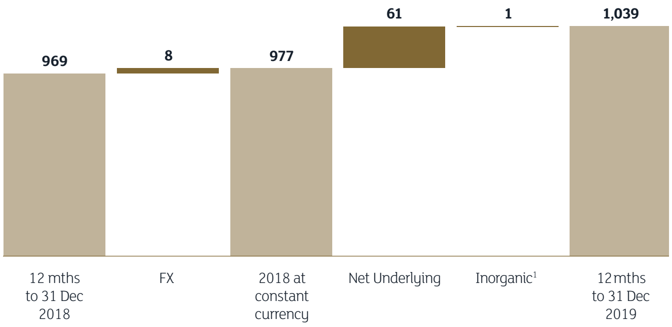
Reported operating expenses excluding D&A decreased by 66% to £20 million (2018: £59 million), and D&A increased 25% to £25 million (2018: £20 million), driven by continued Group technology investment.

The Technology segment made a profit of £31 million (2018: £2 million loss).

Operating Expenses

Group operating expenses (including D&A) before amortisation of purchased intangible assets and non-underlying items, were £1,039 million (2018: £969 million).

Operating Expenses
£ m



1. Inorganic includes costs for businesses held for less than 12 months in either period: Beyond Ratings

Reported operating expenses increased by 7% (6% on an organic and constant currency basis). Within this, reported expenses excluding D&A were well controlled, with a 1% increase driven by salary and IT costs as the Group continues to invest in new products and resilient infrastructure.

D&A increased by 49%. Within this increase was a £26 million amortisation charge relating to implementation of IFRS 16, which requires items categorised as finance leases to be recognised on the balance sheet as an asset and the right to use the asset amortised. Reflecting the 2019 capital expenditure of £195 million and ongoing investment, underlying D&A in 2020 is expected to increase by a similar amount as in 2019.

Inorganic expenses increased by £1 million due to the acquisition of Beyond Ratings, which supports product expansion in FTSE Russell ESG indices.

The Group continues to integrate Yield Book and continues with the global headcount programme announced in March 2019, delivering a benefit of £17 million in 2019. The Group expects to achieve the announced run rate savings of £30 million by the end of 2020.

Income from Equity Investments and Share of Loss After Tax of Associates

Income from equity investments of £7 million reflects the dividend from the Group's 4.92% share in Euroclear. As the acquisition was in January 2019 there is no prior year comparative.

The share of loss after tax of associates primarily reflects the Group's 44.1% minority share of the operating loss of CurveGlobal of £6 million (2018: £7 million share of loss). CurveGlobal volumes continued to grow and open interest at the end of 2019 was up 14%, to 395,000 contracts (2018: 348,000 contracts). The Group recognised a £1 million share of loss on the Group's investment in the HUB Exchange funding platform (2018: £1 million share of loss).

Non-underlying Items

Non-underlying operating items increased by £147 million to £327 million (2018: £180 million). Non-underlying items in 2019 included amortisation and impairment of goodwill and purchased intangible assets of £195 million (2018: £159 million). Within this, £25 million relates to accelerated amortisation in relation to Mergent Inc; £15 million relates to impairment of goodwill and purchased intangibles, Turquoise Global Holdings Ltd £9 million, driven by uncertainty of future cash flows; and Mergent Inc £6 million, driven by lower expected future cash flows than forecast at the time of acquisition.

The Group incurred restructuring costs of £32 million (2018: nil) in relation to implementation of the headcount programme announced in March 2019. Integration costs of £4 million (2018: £12 million) relate to integration of Yield Book.

In relation to acquisitions, the Group has incurred £96 million (2018: £9 million) of transaction costs.

The Group incurred £16 million (2018: nil) of non-underlying financing fees for establishing a bridge financing facility in two tranches of $9.325 billion and €3.58 billion (Bridge Facility) in relation to the Refinitiv acquisition.

Finance Income and Expense and Taxation

Net finance costs were £71 million, up £5 million on the prior year driven by £4 million of lease interest recognised as a result of IFRS 16. In October 2019, upon its maturity, the Group repaid a £250 million bond with a coupon of 9.125% per annum, drawing down on existing facilities to refinance at significantly lower rates of interest.

The effective tax rate for the period in respect of continuing underlying operations and excluding the effect of prior year adjustments was 23.7% (2018: 21.6%).

This reflects the Group's mix of profits across a largely stable tax base without any material changes in underlying rates but does include several one-off items increasing the rate. These items include the write off of Turquoise Global Holding Ltd's deferred tax assets, London Stock Exchange Plc's pension asset being subjected to a temporary higher rate of tax, increased exposure to US state taxes and a one off increase in US federal tax arising from changes in the US legislation. Excluding one-off items the underlying effective tax rate was 22%.

While the UK corporation tax rate was due to fall to 17% from 1 April 2020 it was made clear during the 2019 general election that the Conservative party intends to amend this and hold the UK Corporation Tax rate at 19%. With regards to the Group's UK deferred tax assets and liabilities, these are measured on substantially enacted future rates at the balance sheet date, which remains at 17% with the next UK budget scheduled for 11 March 2020.

From a sustainability perspective, we do not expect there to be any material changes to both the underlying tax base and tax rates (assuming the UK remains at 19%). If the mix of profits remains constant with 2019 and each sub group achieves a tax rate close to the local statutory rate the Group should expect to record a reported tax rate of between 22% to 23% for 2020.

Cash Flow and Balance Sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from operations of £1,089 million (2018: £969 million).

At 31 December 2019, the Group had net assets of £3,801 million (2018: £3,698 million). The central counterparty clearing business assets and liabilities within LCH and CC&G largely offset each other but are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties.

Net debt

Year ended 31 December	2019 £m	2018 £m
Gross borrowings	**2,085**	2,203
Cash and cash equivalents	**(1,493)**	(1,510)
Net derivative financial liabilities	**38**	47
Net debt	**630**	740
Regulatory and operational cash	**1,125**	1,120
Operating net debt	**1,755**	1,860

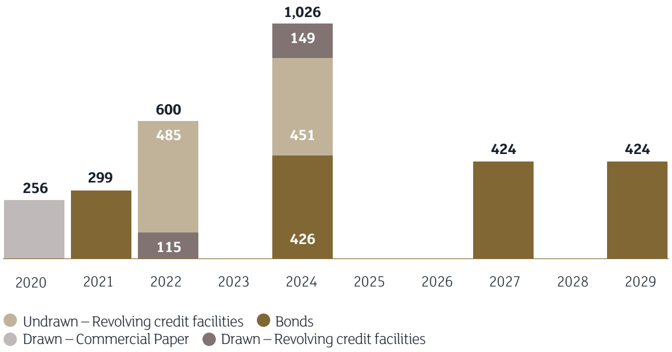
At 31 December 2019, the Group had operating net debt of £1,755 million after setting aside £1,125 million of cash and cash equivalents held to support regulatory and operational requirements, including cash and cash equivalents at LCH Group and amounts covering regulatory requirements at other LSEG companies. There was little movement in total capital amounts during the year and the Group's operating net debt decreased as cash generated, after organic and inorganic investments and other normal course payment obligations, was applied to pay down borrowings.

In August 2019, the Group arranged a Bridge Facility in connection with its proposed acquisition of Refinitiv. The Bridge Facility offers the Group greater certainty of availability of funds, to potentially refinance the debt it takes on at completion as a result of the acquisition. The Bridge Facility has been arranged on terms appropriate for an investment grade borrower and is available in two tranches, one of $9.325 billion and one of €3.580 billion. As at 31 December 2019, the Bridge Facility was undrawn.

In addition to the Bridge Facility, the Group retained total committed bank facilities for general corporate purposes of £1.2 billion during the financial year. The maturity of the five-year £600 million facility arranged in December 2017 was extended during the period for a further year to December 2024.
The Group therefore continues to be well positioned to fund future growth. Strong cash generation, £678 million of undrawn committed bank lines (after taking into account committed, swingline backstop coverage for the €300 million euro commercial paper in issuance) and the Bridge Facility, continued to provide an appropriate level of financial flexibility to the Group in its planning at the end of 2019.

Financial review
(continued)

Debt maturity profile
£ m



Graph excludes multi-currency Bridge Facility

The Group's interest cover, the coverage of net finance expense by EBITDA (consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation, foreign exchange gains or losses and non-underlying items), decreased to 14.4 times in the 12 months to 31 December 2019 (31 December 2018: 16.1 times) due to the additional costs of the Bridge Facility. Net leverage (operating net debt to EBITDA updated to account for the EBITDA of acquisitions or disposals undertaken in the period) decreased to 1.4 times at 31 December 2019 (31 December 2018: 1.8 times) and returns the Group to the middle of its targeted range of 1-2 times.

At the end of 2019, the Group's long-term credit ratings were A3 and A with Moody's and S&P respectively, with both agencies having moved their ratings to a negative outlook in anticipation of the impact of the Refinitiv acquisition on net leverage. Both agencies are positive about the strategic rationale for the transaction and note the Group's clearly positioned de-leveraging plans. Prior to the announcement of the Refinitiv acquisition on 1 August 2019, S&P had upgraded LSEG by one notch to the current A rating and Moody's had applied a positive outlook to its A3, reflecting their views on the Group's continued progress as it diversifies and strengthens its businesses and resulting earnings.

Foreign exchange

	2019	2018
Spot £/€ rate at 31 December	**1.17**	1.11
Spot £/US$ rate at 31 December	**1.31**	1.27
Average £/€ rate for the year	**1.14**	1.13
Average £/US$ rate for the year	**1.28**	1.34

The Group's principal foreign exchange exposure arises as a result of translating its foreign currency earnings, assets and liabilities into LSEG's reporting currency of Sterling. For the 12 months to 31 December 2019, the main exposures for the Group were its European based Euro reporting businesses and its US based operations, principally Russell Indexes, Mergent and The Yield Book. A 10 euro cent movement in the average £/€ rate for the year and a 10 cent movement in the average £/US$ rate for the year would have changed the Group's operating profit for the year before amortisation of purchased intangible assets and non-underlying items by approximately £29 million and £34 million, respectively.

The Group continues to manage its translation risk exposure by, where possible, matching the currency of its debt to the currency of its earnings, to ensure its key financial ratios are protected from material foreign exchange rate volatility.

Earnings per share
The Group delivered a 15% increase in adjusted basic earnings per share, which excludes amortisation of purchased intangible assets and non-underlying items, to 200.3 pence (2018: 173.8 pence). Basic earnings per share were 119.5 pence (2018: 138.3 pence).

Dividend
The Board is proposing a final dividend of 49.9 pence per share, which together with the interim dividend of 20.1 pence per share paid to shareholders in September 2019, results in a 16% increase in the total dividend to 70.0 pence per share. The final dividend will be paid on 27 May 2020 to shareholders on the register as at 1 May 2020.

Financial Targets

At an Investor Update event in June 2017, the Group set out financial targets for 2017-2019, with the 2019 outcome provided below.

Financial Targets to 2019		Performance
FTSE Russell	**Double-digit growth to continue 2017-2019**	**2019: Up 10%** on a reported basis; **up 6%** on a constant currency basis
LCH	**Double-digit OTC revenue growth to continue**	**2019: Up 15%** on a reported basis; **up 13%** on a constant currency basis
	Adjusted EBITDA margin growth – approaching 50% by 2019	**2019: 55%**

Targets relating to increases in operating expenses and Group EBITDA margin of c55% were stepped away from at the end of 2018. The Group achieved an EBITDA margin of 54.7% in 2019.

Capital Management Framework

The Group has reviewed its Capital Management Framework, which remains broadly unchanged (shown below). The Group continues to focus on maintaining a prudent balance sheet while also continuing to deploy capital for select organic and inorganic investments. Returns to shareholders, including share buy-backs, will continue to be kept under review.

Prudent Balance Sheet management Maintain existing leverage target of 1.0-2.0x Net Debt / EBITDA	– Flexibility to operate within this range for normal investment / development and to go above this range in the short term for compelling strategic opportunities – Manage credit rating, debt profile, and regulatory requirements
Investment for growth Preserve flexibility to pursue growth both organically and through 'bolt-on'/strategic M&A	– Selective inorganic investment opportunities - meeting high internal hurdles – Continued organic investments
Ordinary dividend policy Progressive ordinary dividend policy	– Progressive dividend - reflects confidence in strong future financial position – Operating in target 2.5-3.0x dividend cover range – Interim dividend payment of 1/3 of prior full year dividend results
Other capital returns	– Continue to keep other returns under review