



London Stock Exchange Group plc

**Interim results – six months period ended 30
June 2015**

5 August 2015



Key financial highlights

- Good H1 financial performance:
 - **revenue up 90%**
 - **organic** and **acquisitions both delivering**
 - revenue on a continuing basis¹ up **9%** (up 14% adjusting for loss of LME)
 - Total income up **83%**
 - expenses on organic basis up **4%**² with investment in growth initiatives
 - adjusted operating profit up **27%** to **£366.1m**
- AEPS of **65.5p** up 14%³
- Interim dividend up **11.4%**⁴ to **10.8p per share – reflects strong H1 performance and confidence in future prospects**

Note: All above figures include continuing and discontinuing operations, unless stated

¹ excludes discontinued operations, principally being Russell Investment Management

² including inflation and cost of sales, excluding FX

³ Versus 2014 6 months adjusted for rights issue

⁴ 2014 dividend for period Apr-Sep 2014



Overview of results

	Six months ended ¹ 30 June			Organic and constant currency
	2015 £m	2014 £m	Change %	variance %
Revenue	1,164.9	611.5	90%	1%
Total income	1,208.7	661.2	83%	0%
Share of loss after tax of associates	(0.1)	-		
Adjusted operating expenses²	(842.5)	(372.4)	126%	4%
Adjusted operating profit²	366.1	288.8	27%	(5%)
Non-recurring items and amortisation	(126.7)	(83.1)		
Operating profit	239.4	205.7	16%	4%
Net finance expense	(34.2)	(35.4)	(3%)	
Adjusted profit before tax²	331.9	253.4	31%	
Underlying effective tax rate ³	26.0%	24.5%		
Basic earnings per share (p)	43.4	40.5	7%	
Adjusted earnings per share (p)^{2,5}	65.5	57.3	14%	
Dividend per share (p)⁴	10.8	9.7	11%	

Note: All above figures include continuing and discontinuing operations

¹ Unaudited ² Excluding amortisation of purchased intangibles (£81.7m) and non-recurring items (£45.0m)

³ Excluding adjustments in respect of previous years

⁴ 2014 dividend for period Apr-Sep 2014

⁵ Adjusted basic share count 2014: 293.7m, 2015: 346.3m

Segmental highlights

	Six months ended			Organic and constant currency variance ¹
	30 June			
	2015	2014	Variance	
	£m	£m	%	%
Revenue				
Capital Markets	170.0	171.2	(1%)	4%
Post Trade Services - CC&G and Monte Titoli	46.8	51.0	(8%)	3%
Post Trade Services - LCH.Clearnet	149.1	173.8	(14%)	(11%)
Information Services	261.0	180.0	45%	5%
Technology Services	38.3	32.8	17%	14%
Russell Investment Management (gross)	497.3	-	-	-
Other	2.4	2.7	(11%)	(8%)
Total revenue	1,164.9	611.5	90%	1%
Net treasury income through CCP business				
CC&G	13.4	16.8	(20%)	(11%)
LCH.Clearnet	27.0	29.3	(8%)	(6%)
Other income	3.4	3.6	(6%)	0%
Total income	1,208.7	661.2	83%	0%

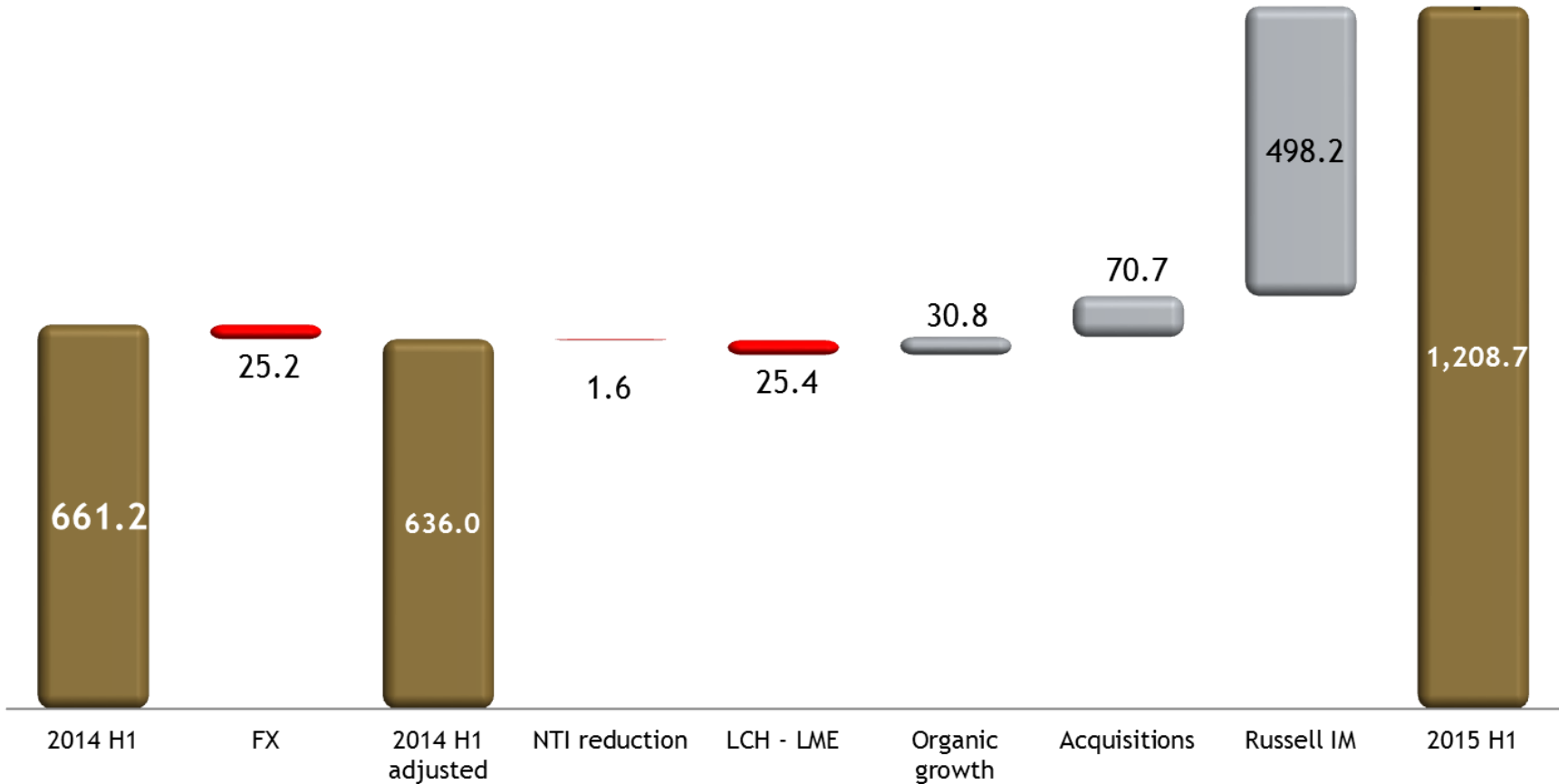
Note: All above figures include continuing and discontinuing operations, unless stated
¹ Organic growth is calculated in respect of businesses owned for at least 6 months in either period and so excludes Bonds.com, MTS Indices and Frank Russell Company. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

- Capital Markets
 - Underlying growth in Primary & Secondary markets
- LCH.Clearnet
 - Revenue ex-LME and at constant currency up 5%
 - SwapClear revenue up 19%
- FTSE Russell
 - Continued good growth - FTSE revenue up 12%
 - ETF benchmarked AuM up 11% to \$389bn
 - First time contribution from Russell Indexes – £70.0m
- Net treasury income
 - Increased margin levels on higher volumes and volatility

All above revenue comparisons at organic constant currency.

Income growth

Growth – both organically and from acquisitions

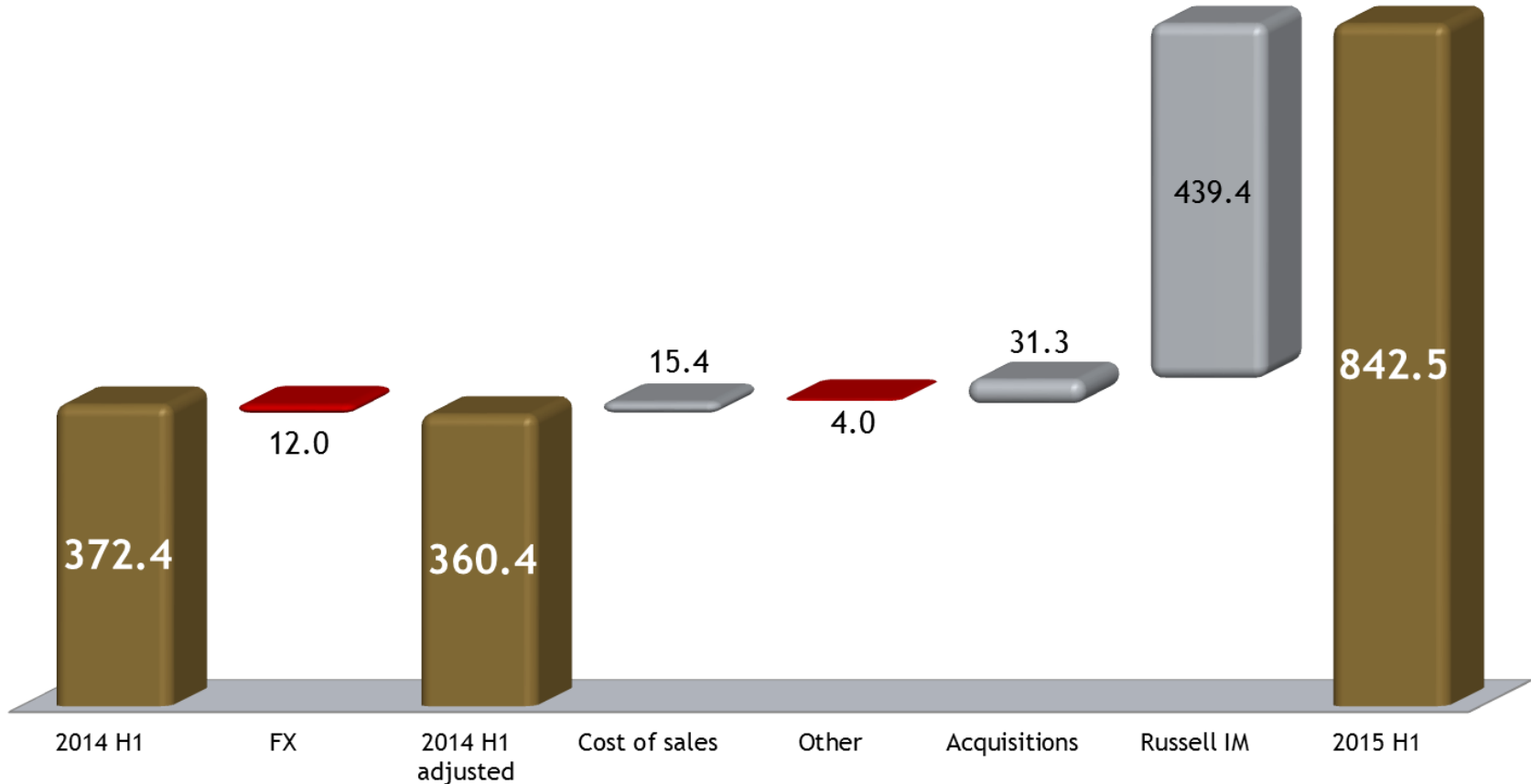


Note: All above figures include continuing and discontinuing operations



Good control of operating expenses

Organic costs held flat (excluding Cost of sales)

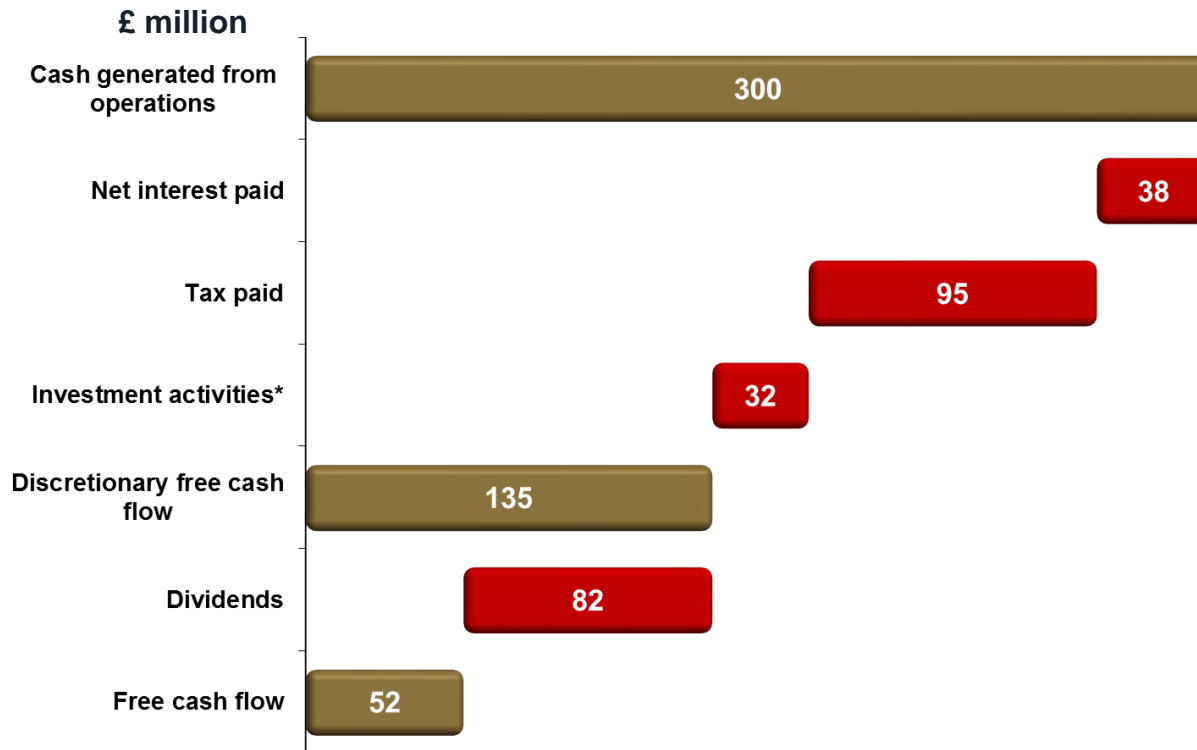


Note: Excluding amortisation of purchased intangibles and non-recurring items.

All above figures include continuing and discontinuing operations

Summarised cash flow

Good cash generation



- £48.6m capex – mainly technology upgrades, new projects and integration of LCH and FTSE Russell
- Discretionary free cash flow after investment activities remains strong at 38.8p per share¹ (2014 H1 : 46.5p)

Note: All above figures include continuing and discontinuing operations

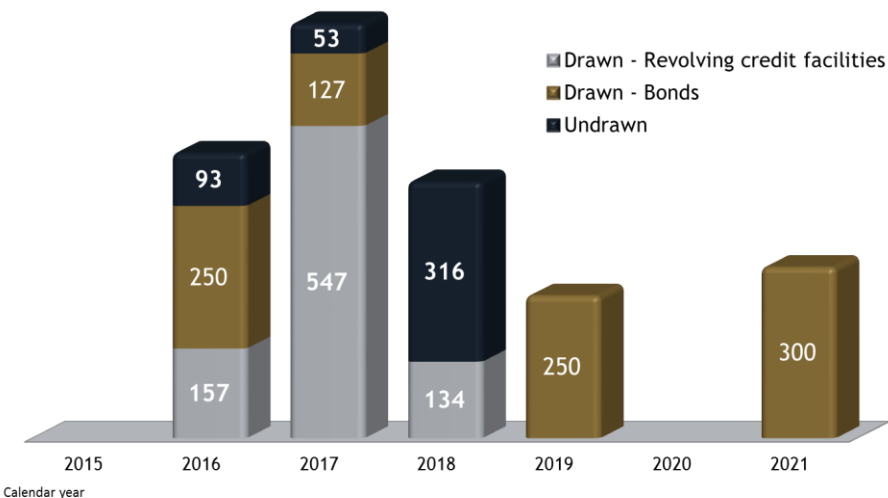
¹ Based on weighted average shares in issue for the period of 2015 H1: 346.3m and 2014 H1 293.7m

* includes cash outflows of £51.6m and inflows of £19.7m

Note: Dividends paid of £82m covers change of year end and includes Interim (Apr-Sep 2014) and Final December 2014 dividend (Apr-Dec 2014)

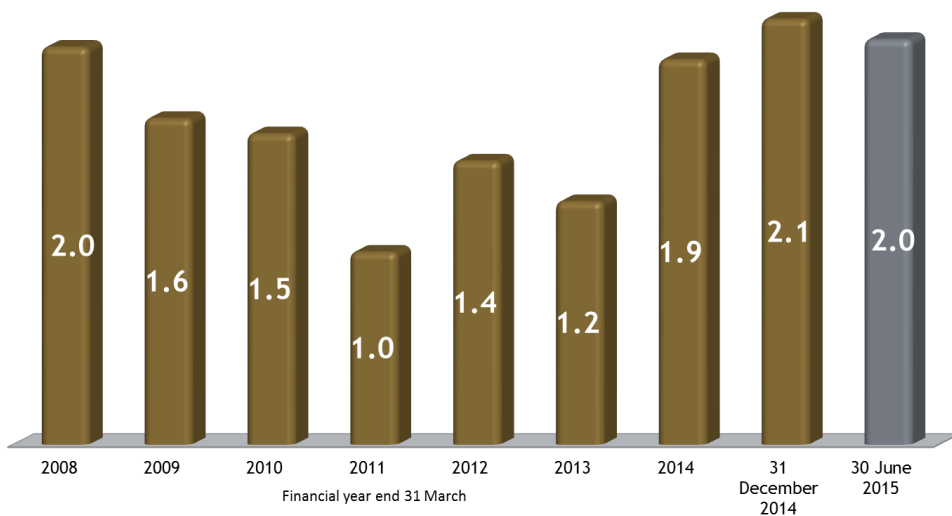
Borrowings

Facilities



- Operating net debt £1,454m (£1,587m 31 December 2014)
- Net debt: Pro forma EBITDA 2.0x (excluding £922m restricted cash)
- Committed undrawn credit lines available for Group purposes at 30 June 2015 total £0.5 billion, extending out to 2018

Leverage



Ratings:

- LSEG: S&P **BBB+** and Moody's **Baa1**
- LCH.Clearnet Group: **A+**

London Stock Exchange Group

*FY 2012 Pro forma as if FTSE owned for whole year, FY 2014 pro forma as if LCH.Clearnet owned for whole year, 31 December 2014 and 30 June 2015 pro forma as if Frank Russell Co owned for whole year. Operating Net debt : Adjusted EBITDA. Net debt excludes all cash and cash equivalents of LCH.Clearnet and Frank Russell Company and £200m of further Group cash and cash equivalents held locally for regulatory purposes

Capital allocation / dividend

Continue to review ways to enhance shareholder value

- **Focus remains on leverage**
 - Target leverage ratio 1.0 – 2.0x net debt : EBITDA
- **Flexibility to invest for growth – organic/inorganic**
- **Interim dividend increased 11.4% to 10.8p per share**
 - reflects good H1 results and confidence in future prospects while continuing investment in growth

Will provide updated thoughts on capital allocation and longer term dividend policy at Preliminary results – March 2016



Xavier Rolet

Strategy delivering good results

- **Open access is working** - CBOE and CME to trade FTSE Russell index derivatives
- **Strategy is delivering** - customers benefitting from diversified business, continued innovation and global scale
- **Operational leverage** – continuing cost control and delivering integration synergies
- **Significant opportunities for growth** – M&A and organic investment in growth initiatives
- **Well positioned for evolving markets and regulatory landscape**



Innovation – leveraging assets

LCH.Clearnet

- Compression providing client benefits - \$164 trn compressed in H1
- Inflation Swaps launched
- Portfolio margining being developed for 2016 launch
- FX and Repo opportunities

FTSE Russell

- New CME futures licence in US
- CBOE – options licence signed
- FTSE China A50 – strong position in ETF assets and derivatives

Capital Markets

- Partnerships with Casablanca Stock Exchange and Borsa Istanbul
- Turquoise entered exclusive discussions with Plato Partnership
- ELITE Connect network launched
- 1st London listed RMB money market ETF

FTSE Russell

FTSE Russell Indexes – focus on integration and growth

- “FTSE Russell” global brand launched
- Integration making good progress:
 - Sales and marketing teams merged
 - Cost synergies **\$78m** by end of year three – **on track**
 - Revenue synergies **\$48m** by end of year five – **on track**
 - Integration costs \$71m, mainly in 2015 & 2016

Russell Investment Management

- Number of expressions of interest - we continue to make good progress with the sale process
- Work continues to ensure full separation of Indexes from IM operations
- More information will be provided in due course

Post Trade - Multiple growth opportunities

- Work underway to achieve incremental revenue opportunities totalling **€175m to €250m** (by exit 2018):
 - Client clearing €30m - 40m p.a.
 - Compression €10m - 15m p.a.
 - Inflation swaps €10m p.a.
 - European Repo service €10m - 20m p.a.
 - ForexClear €25m - 40m p.a.
 - globeSettle €50m - 100m p.a.
 - T2S / Monte Titoli €25m p.a.
- Additional opportunities from US Repo clearing and Portfolio Margining
- Cost efficiencies – incremental **€40m** Phase 2 savings (for total **€100m**), plus further IT saves

Global growth - China

Delivering on strategy to extend global reach

- **FTSE Russell**
 - Over 70% of A Share ETF AUMs listed in Hong Kong are based on FTSE China indexes, with \$21bn assets benchmarked; leading futures contract licenced to SGX
 - FTSE launched China offshore and onshore bond indexes - related ETFs expected to list in 2015
 - Transitional indices started - include weighting of China A-Shares in global indices
- **Listings:**
 - 8 companies listed on the Main Market; 49 admitted to AIM; 31 “Dim Sum” bonds
 - 7 RQFII ETFs on London Stock Exchange markets, incl RMB sovereign bonds
- **RMB development:**
 - RMB denominated money market ETF launched in March 2015, giving European investors access to China Interbank Bond Market securities
 - UK government issued world’s first sovereign RMB bond outside of China
 - China Development Bank issued RMB 2bn bond in London – first quasi-sovereign bond outside of Greater China
- **Membership:**
 - Regulatory approval from Hong Kong’s Securities and Futures Commission received to allow Hong Kong firms to become Members of London Stock Exchange.
 - 1st member of London Stock Exchange from Hong Kong – BOCI Securities

Outlook

- **Strategy is delivering** - customers benefitting from diversified business, continued innovation and global scale
 - Open access is delivering in indices and further growth opportunities in Post Trade from Portfolio Margining
 - Continued integration of Russell and FTSE indexes to achieve cost and revenue synergies
 - Focus on Post Trade opportunities - €175-250m incremental revenue, plus further cost saves at LCH.Clearnet
- **Strongly placed to develop further through unique open access and customer partnership model**



Appendices

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

Adjusted earnings per share

Based on number of shares 346.3m (CY 2014 H1 : 293.7m), excludes ESOP and adjusted for September 2014 rights issue bonus factor

Exchange rates

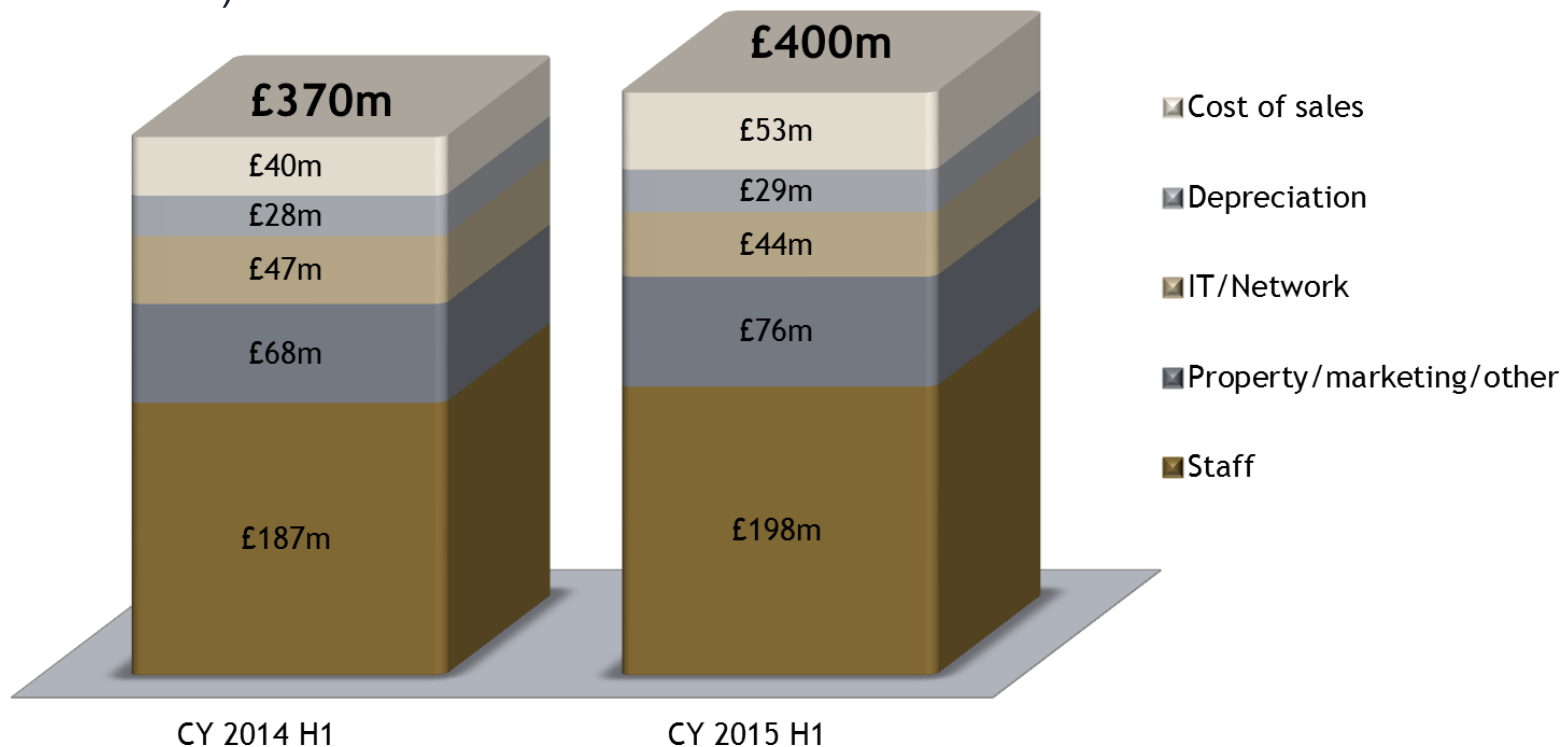
	Average rate 6 months ended 30 June 2015	Closing rate at 30 June 2015	Average rate 6 months ended 30 June 2014	Closing rate at 30 June 2014
GBP : EUR	1.37	1.41	1.22	1.25
GBP : USD	1.52	1.57	1.67	1.70

A €10c movement in the average £/€ rate for the year would have changed the Group's operating profit for the six months before amortisation of purchased intangibles and non-recurring items by approximately £7 million.

A \$10c movement in the average £/\$ rate for the year would have changed the Group's operating profit for the six months before amortisation of purchased intangibles and non-recurring items by approximately £4 million.

Operating expenses

Cost : Income ratio ¹ 57%
(CY 2014 H1 56%)



¹ Excluding discontinuing operations (Russell Investment Management and a smaller business line held for sale)
Costs exclude discontinuing operations, amortisation of purchased intangibles and non-recurring items
Note: Minor rounding differences, figures may not cast down



Key performance indicators

Capital Markets - Primary Markets

	Six months ended		Variance %
	30 June 2015	2014	
New Issues			
UK Main Market, PSM & SFM	47	48	(2%)
UK AIM	32	64	(50%)
Borsa Italiana	14	12	17%
Total	93	124	(25%)
Money Raised (£bn)			
UK New	6.3	12.0	(48%)
UK Further	12.8	8.5	51%
Borsa Italiana new and further	4.0	7.6	(47%)
Total (£bn)	23.1	28.1	(18%)

Capital Markets - Secondary Markets

	Six months ended		Variance %
	30 June 2015	2014	
Equity			
Totals for period			
UK value traded (£bn)	655	587	12%
Borsa Italiana (no of trades m)	37.1	35.0	6%
Turquoise value traded (€bn)	570	462	23%
SETS Yield (basis points)	0.61	0.63	(3%)
Average daily			
UK value traded (£bn)	5.3	4.7	13%
Borsa Italiana (no of trades '000)	297	280	6%
Turquoise value traded (€bn)	4.5	3.7	22%
Derivatives (contracts m)			
LSE Derivatives	2.3	7.9	(71%)
IDEM	22.0	19.4	13%
Total	24.3	27.3	(11%)
Fixed Income			
MTS cash and BondVision (€bn)	2,135	2,261	(6%)
MTS money markets (€bn term adjusted)	44,856	36,669	22%

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

	Six months ended		Variance %
	30 June		
	2015	2014	
CC&G Clearing			
Contracts (m)	61.5	55.9	10%
Initial margin held (average €bn)	12.2	10.7	14%
Monte Titoli			
Settlement instructions (trades m)	35.0	34.8	1%
Custody assets under management (average €tn)	3.32	3.38	(2%)

Information Services

	As at		Variance %
	30 June		
	2015	2014	
Terminals			
UK	75,000	79,000	(5%)
Borsa Italiana Professional Terminals	128,000	132,000	(3%)
ETFs assets under management benchmarked (\$bn)			
FTSE	230	213	8%
Russell Indexes	159	137	16%
Russell Investment Management AuM (\$bn)	266	280	(5%)

Post Trade Services - LCH.Clearnet

	Six months ended		Variance %
	30 June		
	2015	2014	
OTC derivatives			
SwapClear			
IRS notional cleared (\$trn)	261	346	(25%)
SwapClear members	111	106	5%
CDSClear			
Notional cleared (€bn)	66.4	38.4	73%
CDSClear members	11	9	22%
ForexClear			
Notional value cleared (\$bn)	522	402	30%
ForexClear members	23	20	15%
Non-OTC			
Fixed income - Nominal value (€trn)	36.5	36.6	(0%)
Listed derivatives (contracts m)	72.6	92.0	(21%)
Cash equities trades (m)	271.1	221.7	22%
Average cash collateral (€bn)	56.2	44.8	25%

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

Revenues - Quarterly

£ millions	CY 2014				CY 2014	CY 2015		
	Q1	Q2	Q3	Q4		Q1	Q2	H1
Annual Fees	10.6	11.0	11.3	11.2	44.2	11.3	11.2	22.5
Admission Fees	10.1	14.3	8.8	11.5	44.6	10.1	12.8	22.9
Cash equities UK & Turquoise	26.4	24.5	23.8	26.5	101.2	28.1	26.8	54.9
Cash equities Italy	9.9	10.0	8.7	9.4	38.0	10.1	9.7	19.8
Derivatives	5.0	4.9	4.6	5.5	20.0	4.6	4.7	9.3
Fixed Income	19.7	19.9	18.2	18.1	75.9	19.5	17.0	36.5
Other	2.5	2.4	2.2	2.2	9.3	2.2	1.9	4.1
Capital Markets	84.2	87.0	77.6	84.4	333.2	85.9	84.1	170.0
Clearing	10.4	10.2	8.2	9.3	38.2	10.0	9.8	19.8
Settlement	4.4	5.0	3.8	4.2	17.4	4.3	4.1	8.4
Custody & other	10.2	10.8	10.0	9.9	40.9	9.1	9.5	18.6
Post Trade Services - CC&G and Monte Titoli	25.0	26.0	22.0	23.4	96.5	23.4	23.4	46.8
OTC - SwapClear	25.8	26.8	27.6	29.4	109.6	29.9	32.5	62.4
OTC - ForexClear / CDSClear	7.4	7.3	6.9	7.0	28.6	6.6	6.3	12.9
Fixed income	11.0	11.6	11.0	9.3	42.9	10.4	10.1	20.5
Commodities	11.2	14.1	12.2	-	37.5	-	-	-
Listed derivatives	13.2	9.6	10.1	11.4	44.4	9.4	10.1	19.5
Cash equities	9.1	8.3	8.4	9.1	35.0	9.2	8.7	17.9
Other	13.0	5.5	6.2	6.8	31.4	8.4	7.5	15.9
Post Trade Services - LCH.Clearnet	90.7	83.2	82.5	73.1	329.4	73.9	75.2	149.1

Note: All above figures include continuing and discontinuing operations
 Minor rounding differences may mean quarterly and other segmental figures may differ slightly.



Revenues – Quarterly (continued)

£ millions	CY 2014				CY 2014	CY 2015		
	Q1	Q2	Q3	Q4		Q1	Q2	H1
FTSE	45.9	44.4	48.3	48.2	186.8	51.2	50.0	101.2
Russell Indexes	-	-	-	10.0	10.0	33.8	36.2	70.0
Real time data	23.3	21.3	21.3	18.4	84.3	21.3	20.7	42.0
Other information	22.8	22.3	23.4	23.4	91.9	24.5	23.3	47.8
Information Services	92.0	88.0	93.0	100.0	373.0	130.8	130.2	261.0
MillenniumIT	10.5	6.0	6.9	6.3	29.7	9.7	9.7	19.4
Technology	8.1	8.3	9.6	10.3	36.3	9.9	9.0	18.9
Technology Services	18.6	14.3	16.5	16.6	66.0	19.6	18.7	38.3
Russell Investment Management (gross)				79.7	79.7	246.5	250.8	497.3
Other	1.3	1.4	1.1	1.6	5.4	0.9	1.5	2.4
Total Revenue	311.8	299.9	292.7	378.8	1,283.2	581.0	583.9	1,164.9
Net treasury income through CCP:								
CC&G	9.4	7.5	8.0	7.7	32.6	6.8	6.6	13.4
LCH.Clearnet	14.1	15.1	17.2	13.6	60.0	13.4	13.6	27.0
Other income	1.9	1.4	0.7	1.3	5.3	1.7	1.7	3.4
LCH.Clearnet unrealised gain / (loss)	(0.6)	0.7	(0.3)	(0.3)	(0.5)			
Total income	336.5	324.6	318.3	401.1	1,380.6	602.9	605.8	1,208.7

Note: All above figures include continuing and discontinuing operations

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

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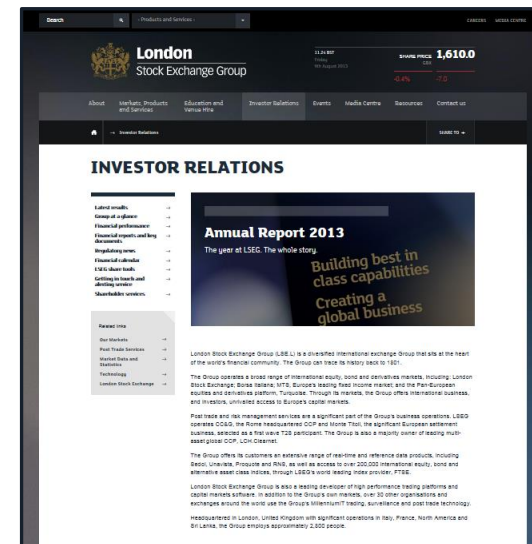
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