

23 January 2014

LONDON STOCK EXCHANGE GROUP plc

INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 22 JANUARY 2014, INCLUDING REVENUES AND KPIS FOR THE THREE MONTHS ENDED 31 DECEMBER 2013 (Q3)

- Strong financial performance - Q3 total income¹ up 48 per cent at £308.9 million and 9 months year-to-date up 38 per cent, to £876.0 million
- Growth in Q3 and year-to-date revenues driven by organic increases in all segments, as well as inclusion of LCH.Clearnet revenues; on an organic constant currency basis, Q3 revenues up 13 per cent
- Capital Markets Q3 revenues up 21 per cent, with good growth in primary markets as the number of new issues nearly doubled; secondary markets benefitted from improvements in cash equity and fixed income trading volumes
- Post Trade Services (Italy) Q3 revenues up 14 per cent, with growth in clearing volumes and within settlement and custody
- LCH.Clearnet Q3 total income up 3 per cent on pro forma basis - further year-on-year growth in OTC clearing
- Information Services Q3 revenues up 16 per cent, reflecting good performances from FTSE and a number of other services, and with contribution from the fixed income JV indices business launched last year
- Technology Services revenues up 17 per cent, driven by growth from MillenniumIT
- Good progress being made on integration with LCH.Clearnet - detailed work programmes underway to restructure and drive cost and operational efficiencies

¹ includes a £6.9m gain from sale of shares in non-core asset

Commenting on performance in Q3, Xavier Rolet, Chief Executive, said:

“The Group continued to make good progress, delivering further revenue growth in the past quarter. All of our main business segments have recorded good performances, both through organic development and as a result of successful additions to the Group’s portfolio of businesses.

“Significant focus remains on the integration of LCH.Clearnet, with a number of detailed programmes underway to achieve the widespread benefits of the transaction. We are also focused on developing further

growth opportunities across the Group, building on our increasingly diverse world class assets and working in partnership with our customers to deliver service and product innovation.”

Financial Position

Following normal course interim dividend and bond coupon payments, the Group’s financial position is broadly unchanged from the position reported at 30 September 2013. As at 31 December, 2013, the Group had committed facility headroom of circa £400 million available for general corporate purposes.

The euro strengthened against sterling compared with the same period last year. To illustrate our exposure to movements in this exchange rate, a €0.05 change in the average euro:sterling rate would have resulted in a change to total income of c£7 million for Q3.

Board and Management

As announced earlier in January, Sherry Coutu and Joanna Shields joined the LSEG Board as Non-Executive Directors with immediate effect. These new appointments bring broad international management experience and, in particular, deep knowledge of the information technology sector, reflecting the Group’s continued focus on delivering innovative technology solutions to its customers around the world, as well as its on-going commitment to supporting entrepreneurs and SMEs to find appropriate and sustainable financing solutions.

Suneel Bakhshi, as previously announced, starts as LCH.Clearnet Group CEO, on 3 February. He joins from Citigroup and brings substantial experience in risk management and process change in complex organisations. Suneel will help drive the integration process, work to achieve operational efficiencies and ensure the business meets EMIR and other regulatory requirements for clearing houses.

Current trading and outlook

The Group has made good progress in Q3 and year-to-date. As we start the fourth quarter there are positive signs in our primary markets, with expectations of continuing capital raising activity, while in secondary markets, both UK and Italian cash equity trading and Italian derivative trading is running ahead of the same period last year. In turn, any improvements in trading will feed through to our Post Trade operations.

With a broad, well diversified and increasingly international range of businesses, the Group is well positioned to develop further. In the meantime, we remain focused on delivering the synergy benefits from the transaction with LCH.Clearnet, with detailed work programmes underway to control costs, restructure and deliver operational efficiencies.

Further information is available from:

London Stock Exchange Gavin Sullivan – Media +44 (0) 20 7797 1222
Group plc Paul Froud – Investor Relations +44 (0) 20 7797 3322

Citigate Dewe Rogerson Patrick Donovan/Grant Ringshaw +44 (0) 20 7638 9571

A conference call for analysts and investors will be held at 8:30 (UK time) on Thursday 23rd January. On the call will be David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the Telephone conference call dial 0800 279 7058 or +44 (0) 1452 580 111

Conference ID: 34486460

Q3 Revenue Summary

Revenues for three months and nine months ended 31 December 2013, with comparatives against performance for the same period last year, are provided below. Growth rates for both Q3 and year to date performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended			Organic and	Nine months ended			Organic and
	31 December			constant	31 December			constant
	2013	2012	Variance	currency	2013	2012	Variance	currency
	£m	£m	%	variance ¹	£m	£m	%	variance ¹
				%				%
Revenue								
Capital Markets	80.1	66.3	21%	19%	225.3	196.0	15%	12%
Post Trade Services	24.9	21.8	14%	10%	73.1	66.5	10%	4%
LCH.Clearnet ²	61.2	-	-	-	172.3	-	-	-
Information Services	88.4	76.0	16%	9%	256.7	223.6	15%	6%
Technology Services	16.0	13.7	17%	13%	45.4	39.3	16%	9%
Other	1.4	1.3	8%	8%	3.4	3.5	(3%)	(3%)
Total revenue	272.0	179.1	52%	13%	776.2	528.9	47%	9%
Net treasury income through CCP business								
CC&G	10.4	27.8	(63%)	(64%)	38.5	95.8	(60%)	(62%)
LCH.Clearnet	17.6	-	-	-	48.1	-	-	-
Other income ³	8.9	2.0	345%	345%	13.2	7.8	69%	69%
LCH.Clearnet unrealised gain / (loss)	(0.9)	-	-	-	(2.9)	-	-	-
Total income including unrealised	308.0	208.9	-	-	873.1	632.5	-	-
Total income excluding unrealised	308.9	208.9	48%	5%	876.0	632.5	38%	(1%)

¹Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

- 1) Removal of EuroTLX revenue (Capital Markets – Fixed Income)
- 2) Removal of FTSE TMX revenue (Information Services)
- 3) Removal of GATElab revenue (Technology Services)
- 4) Removal of LCH.Clearnet revenue

²LCH.Clearnet represents three months ended 31 December 2013 and eight months ended 31 December 2013

³Other income includes a gain of £6.9m from disposal of shares in a non-core asset

More detailed revenues by segment are provided in tables below:

Capital Markets

Revenue	Three months ended			Organic and constant currency variance ¹	Nine months ended			Organic and constant currency variance ¹
	31 December				31 December			
	2013	2012	Variance		2013	2012	Variance	
	£m	£m	%	£m	£m	%	%	
Primary Markets								
Annual fees	10.2	9.6	6%	5%	30.6	28.8	6%	4%
Admission fees	12.8	10.5	22%	22%	29.8	25.0	19%	19%
	23.0	20.1	14%	14%	60.4	53.8	12%	11%
Secondary Markets								
Cash equities UK & Turquoise	21.7	19.8	10%	10%	68.1	62.7	9%	9%
Cash equities Italy	9.0	7.0	29%	23%	26.2	23.3	12%	7%
Derivatives	4.5	4.6	(2%)	(6%)	14.2	14.1	1%	(4%)
Fixed income	20.4	13.0	57%	29%	50.5	37.0	36%	22%
	55.6	44.4	25%	22%	159.0	137.1	16%	13%
Other	1.5	1.8	(17%)	(21%)	5.9	5.1	16%	11%
Total revenue	80.1	66.3	21%	19%	225.3	196.0	15%	12%

Post Trade Services

Revenue	Three months ended			Constant currency variance	Nine months ended			Constant currency variance
	31 December				31 December			
	2013	2012	Variance		2013	2012	Variance	
	£m	£m	%	£m	£m	%	%	
Clearing	10.1	8.0	26%	22%	29.2	25.7	14%	8%
Settlement	4.2	3.8	11%	5%	12.1	10.9	11%	5%
Custody & other	10.6	10.0	6%	2%	31.8	29.9	6%	1%
Total revenue	24.9	21.8	14%	10%	73.1	66.5	10%	4%
Net treasury income	10.4	27.8	(63%)	(64%)	38.5	95.8	(60%)	(62%)
Total income	35.3	49.6	(29%)	(32%)	111.6	162.3	(31%)	(35%)

LCH.Clearnet

	Three months ended			Constant currency variance	Eight months ended			Constant currency variance
	31 December		Variance		31 December		Variance	
	2013	2012			2013	2012		
	£m	£m	%	£m	£m	%	%	
Revenue								
OTC			Pro forma			Pro forma		
SwapClear	24.5	13.0	89%	83%	65.7	33.4	97%	89%
ForexClear / CDSClear	4.0	3.8	6%	3%	10.7	8.0	34%	29%
	28.5	16.8	70%	65%	76.4	41.4	85%	77%
Non-OTC								
Fixed income	7.0	7.7	(9%)	(11%)	20.8	20.7	0%	(4%)
Commodities	9.3	3.1	196%	187%	22.8	8.0	183%	172%
Listed derivatives	11.5	18.6	(38%)	(40%)	35.1	49.4	(29%)	(32%)
Cash equities	8.7	6.7	30%	26%	23.1	19.5	19%	14%
	36.5	36.1	1%	(2%)	101.8	97.7	4%	0%
Total Clearing fee revenue	65.0	52.9	23%	19%	178.2	139.0	28%	23%
Other revenue	(3.8)	6.9	(155%)	(153%)	(5.9)	22.5	(126%)	(125%)
Total revenue	61.2	59.8	2%	(1%)	172.3	161.5	7%	2%
Net treasury income	17.6	16.7	5%	2%	48.1	46.1	4%	0%
<i>Unrealised gain / (loss)</i>	<i>(0.9)</i>	<i>(2.5)</i>	-	-	<i>(2.9)</i>	<i>2.9</i>	-	-
Total income including unrealised	77.9	74.0	-	-	217.5	210.6	-	-
Total income excluding unrealised	78.8	76.5	3%	0%	220.4	207.6	6%	2%

Information Services

	Three months ended			Organic and constant currency variance ¹	Nine months ended			Organic and constant currency variance ¹
	31 December		Variance		31 December		Variance	
	2013	2012			2013	2012		
	£m	£m	%	£m	£m	%	%	
Revenue								
FTSE	44.2	32.9	34%	26%	128.1	97.7	31%	22%
Real time data	23.0	24.7	(7%)	(8%)	67.5	70.0	(4%)	(5%)
Other information services	21.2	18.4	15%	14%	61.1	55.9	9%	8%
Total revenue	88.4	76.0	16%	9%	256.7	223.6	15%	6%

Technology Services

	Three months ended 31 December			Organic and constant currency variance ¹ %	Nine months ended 31 December			Organic and constant currency variance ¹ %
	2013	2012	Variance		2013	2012	Variance	
	£m	£m	%		£m	£m	%	
Revenue								
MillenniumIT	7.9	6.7	18%	22%	21.0	18.1	16%	15%
Technology	8.1	7.0	16%	6%	24.4	21.2	15%	3%
Total revenue	16.0	13.7	17%	13%	45.4	39.3	16%	9%

Basis of Preparation

Results for Borsa Italiana and LCH.Clearnet for the period ended 31 December 2013 have been translated into Sterling using the average monthly exchange rate for the period of €1.19: £1. 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 December 2013	Closing €:£ rate at 31 December 2013	Average €:£ rate 9 months ended 31 December 2013	Average €:£ rate 3 months ended 31 December 2012	Closing €:£ rate at 31 December 2012	Average €:£ rate 9 months ended 31 December 2012
€ 1.19	€ 1.20	€ 1.18	€ 1.24	€ 1.23	€ 1.25

Appendix

Capital Markets - Primary Markets

	Three months ended			Nine months ended		
	31 December		Variance %	31 December		Variance %
	2013	2012		2013	2012	
New Issues						
UK Main Market, PSM & SFM	21	17	24%	42	31	35%
UK AIM	33	16	106%	85	59	44%
Borsa Italiana	9	0	-	15	4	275%
Total	63	33	91%	142	94	51%
Company Numbers (as at period end)						
UK Main Market, PSM & SFM	1,359	1,384	(2%)			
UK AIM	1,087	1,096	(1%)			
Borsa Italiana	290	287	1%			
Total	2,736	2,767	(1%)			
Market Capitalisation (as at period end)						
UK Main Market (£bn)	2,307	1,973	17%			
UK AIM (£bn)	76	61	25%			
Borsa Italiana (€bn)	447	365	22%			
Borsa Italiana (£bn)	372	298	25%			
Total (£bn)	2,755	2,332	18%			
Money Raised (£bn)						
UK New	7.3	3.9	87%	11.0	7.7	43%
UK Further	2.8	2.1	33%	13.1	4.6	185%
Borsa Italiana new and further	0.9	0.1	800%	1.9	1.5	27%
Total (£bn)	11.0	6.1	80%	26.0	13.8	88%

Capital Markets - Secondary Markets

	Three months ended			Nine months ended		
	31 December		Variance %	31 December		Variance %
	2013	2012		2013	2012	
Equity						
Totals for period						
UK value traded (£bn)	237	229	3%	766	737	4%
Borsa Italiana (no of trades m)	14.7	11.5	28%	41.4	40.2	3%
Turquoise value traded (€bn)	168.3	85.2	98%	508.4	285.9	78%
SETS Yield (basis points)	0.68	0.69	(1%)	0.66	0.68	(3%)
Average daily						
UK value traded (£bn)	3.7	3.6	3%	4.0	3.9	3%
Borsa Italiana (no of trades '000)	237	186	27%	218	214	2%
Turquoise value traded (€bn)	2.63	1.33	98%	2.62	1.49	76%
Derivatives (contracts m)						
LSE Derivatives	4.8	6.4	(25%)	13.6	19.8	(31%)
IDEM	8.6	7.2	19%	24.3	27.7	(12%)
Total	13.4	13.6	(1%)	37.9	47.5	(20%)
Fixed Income						
MTS cash and Bondvision (€bn)	908	570	59%	2,416	1,673	44%
MTS money markets (€bn term adjusted)	17,114	17,351	(1%)	52,552	50,328	4%
MOT number of trades (m)	1.46	1.87	(22%)	4.32	4.55	(5%)

Post Trade Services

	Three months ended			Nine months ended		
	31 December		Variance %	31 December		Variance %
	2013	2012		2013	2012	
CC&G Clearing (m)						
Equity clearing (no of trades)	15.3	12.2	25%	43.5	42.3	3%
Derivative clearing (no of contracts)	8.6	7.2	19%	24.2	27.7	(13%)
Total	23.9	19.4	23%	67.7	70.0	(3%)
Open interest (contracts as at period end)	3.9	3.3	18%	-	-	
Initial margin held (average €bn)	12.4	9.5	31%	12.1	10.1	20%
Monte Titoli						
Pre Settlement instructions (trades m)	7.5	7.2	4%	20.8	21.0	(1%)
Settlement instructions (trades m)	7.6	7.0	9%	21.2	19.6	8%
Total Settlement	15.1	14.2	6%	42.0	40.6	3%
Custody assets under management (average €tn)	3.34	3.26	3%	3.31	3.21	3%

LCH.Clearnet

	Three months ended			Nine months ended		
	31 December		Variance %	31 December		Variance %
	2013	2012		2013	2012	
OTC derivatives						
SwapClear						
IRS notional outstanding (\$trn)	426	340	25%	426	340	25%
IRS notional cleared (\$trn)	120	106	13%	361	300	20%
SwapClear members	103	72	43%	103	72	43%
CDSClear						
Open interest (€bn)	23.0	12.0	92%	23.0	12.0	92%
Notional cleared (€bn)	25.4	26.5	(4%)	134.9	45.0	200%
CDSClear members	11	8	38%	11	8	38%
ForexClear						
Notional value cleared (\$bn)	203	209	(3%)	642	445	44%
ForexClear members	20	14	43%	20	14	43%
Non-OTC						
Fixed income - Nominal value (€trn)	17.5	17.6	(1%)	54.4	53.2	2%
Commodities (lots m)	30.3	29.7	2%	93.3	85.2	10%
Listed derivatives (contracts m)	44.6	45.9	(3%)	128.2	146.5	(12%)
Cash equities trades (m)	88.5	73.4	21%	266.8	247.1	8%
Average cash collateral (€bn)	37.6	41.2	(9%)	39.3	46.2	(15%)

Information Services

	As at		Variance %
	31 December		
	2013	2012	
UK Terminals			
Professional - UK	32,000	34,000	(6%)
Professional - International	48,000	51,000	(6%)
Total	80,000	85,000	(6%)
Borsa Italiana Professional Terminals	131,000	139,000	(6%)
FTSE			
ETFs assets under management benchmarked (\$bn)	186	71	162%

Total Income – Quarterly

£ millions	FY 2013					FY 2014			
	Q1	Q2	Q3	Q4	FY 2013	Q1	Q2	Q3	9 mths
Annual Fees	9.8	9.4	9.6	9.7	38.5	10.0	10.3	10.2	30.5
Admission Fees	7.9	6.6	10.5	7.3	32.3	9.5	7.6	12.8	29.9
Cash equities UK & Turquoise	22.4	20.5	19.8	23.3	86.0	24.2	22.2	21.7	68.1
Cash equities Italy	8.8	7.5	7.0	9.4	32.7	8.6	8.6	9.0	26.2
Derivatives	5.0	4.6	4.6	4.9	19.1	5.0	4.7	4.5	14.2
Fixed Income	12.1	11.9	13.0	14.8	51.8	15.5	14.5	20.4	50.4
Other	1.5	1.7	1.8	2.1	7.1	2.2	2.3	1.5	6.0
Capital Markets	67.5	62.2	66.3	71.5	267.5	75.0	70.2	80.1	225.3
Clearing	9.0	8.7	8.0	10.4	36.1	10.1	9.0	10.1	29.2
Settlement	3.6	3.4	3.8	4.6	15.5	4.4	3.4	4.2	12.0
Custody & other	10.2	9.7	10.0	10.3	40.2	10.6	10.6	10.6	31.8
Post Trade Services	22.8	21.8	21.8	25.3	91.8	25.1	23.0	24.9	73.0
						2			
						months			
OTC - SwapClear	-	-	-	-	-	14.9	26.3	24.5	65.7
OTC - ForexClear / CDSClear	-	-	-	-	-	2.7	4.0	4.0	10.7
Fixed income	-	-	-	-	-	5.4	8.4	7.0	20.8
Commodities	-	-	-	-	-	4.4	9.1	9.3	22.8
Listed derivatives	-	-	-	-	-	12.4	11.2	11.5	35.1
Cash equities	-	-	-	-	-	6.2	8.2	8.7	23.1
Other	-	-	-	-	-	3.0	(5.0)	(3.8)	(5.8)
LCH.Clearnet	-	-	-	-	-	49.0	62.2	61.2	172.4
FTSE	33.0	31.8	32.9	36.4	134.1	41.7	42.2	44.2	128.1
Real time data	23.7	21.6	24.7	26.9	96.9	22.4	22.1	23.0	67.5
Other information	18.6	18.9	18.4	19.4	75.3	19.8	20.1	21.2	61.1
Information Services	75.3	72.3	76.0	82.7	306.3	83.9	84.4	88.4	256.7
MillenniumIT	4.9	6.5	6.7	8.8	26.9	7.4	5.7	7.9	21.0
Technology	7.2	7.0	7.0	8.0	29.2	8.1	8.2	8.1	24.4
Technology Services	12.1	13.5	13.7	16.8	56.1	15.5	13.9	16.0	45.4
Other	1.3	1.0	1.3	1.2	4.7	1.2	0.8	1.4	3.4
Total Revenue	179.0	170.8	179.1	197.5	726.4	249.7	254.5	272.0	776.2
Net treasury income through CCP:									
CC&G	28.5	39.6	27.8	20.9	116.7	16.7	11.4	10.4	38.5
LCH.Clearnet	-	-	-	-	-	11.7	18.8	17.6	48.1
Other income	2.0	3.8	2.0	2.0	9.8	2.1	2.2	8.9	13.2
LCH.Clearnet unrealised gain / (loss)	-	-	-	-	-	(1.2)	(0.8)	(0.9)	(2.9)
Total income including unrealised	209.5	214.2	208.9	220.4	852.9	279.0	286.1	308.0	873.1
Total income excluding unrealised	209.5	214.2	208.9	220.4	852.9	280.2	286.9	308.9	876.0

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