



London Stock Exchange Group

June 2018

Strong 2017 financial performance

in all business areas



London
Stock Exchange Group

Revenue

up 17% ▲

£1,768m

(2016: £1,515m)

Total income

up 18% ▲

£1,955m

(2016: £1,657m)

Operating expenses

up 6% ▲

on organic and constant
currency basis, while
investing for growth

Adjusted EBITDA

up 19% ▲

£915m

(2016: £771m)

AEPS

up 19% ▲

To 148.7p

(2016: 124.7p)

Full year dividend

up 19% ▲

51.6p per share

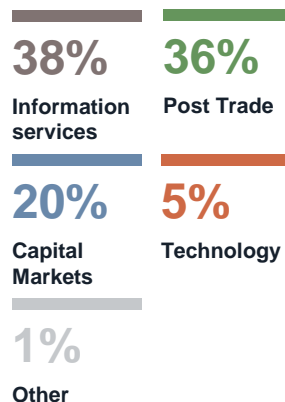
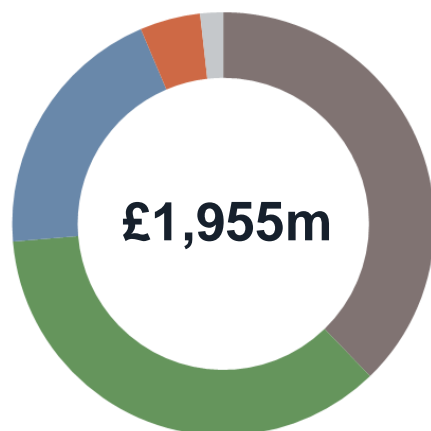
(2016: 43.2p)

Note: All above figures for continuing operations only



Revenue by segment

LSEG 2017 Total Income by segment



Double-digit growth

FTSE Russell
33%

FTSE Russell revenue up 33% (up 15% at organic constant currency)

LCH
21%

LCH OTC clearing revenue up 21% (up 17% at organic constant currency)

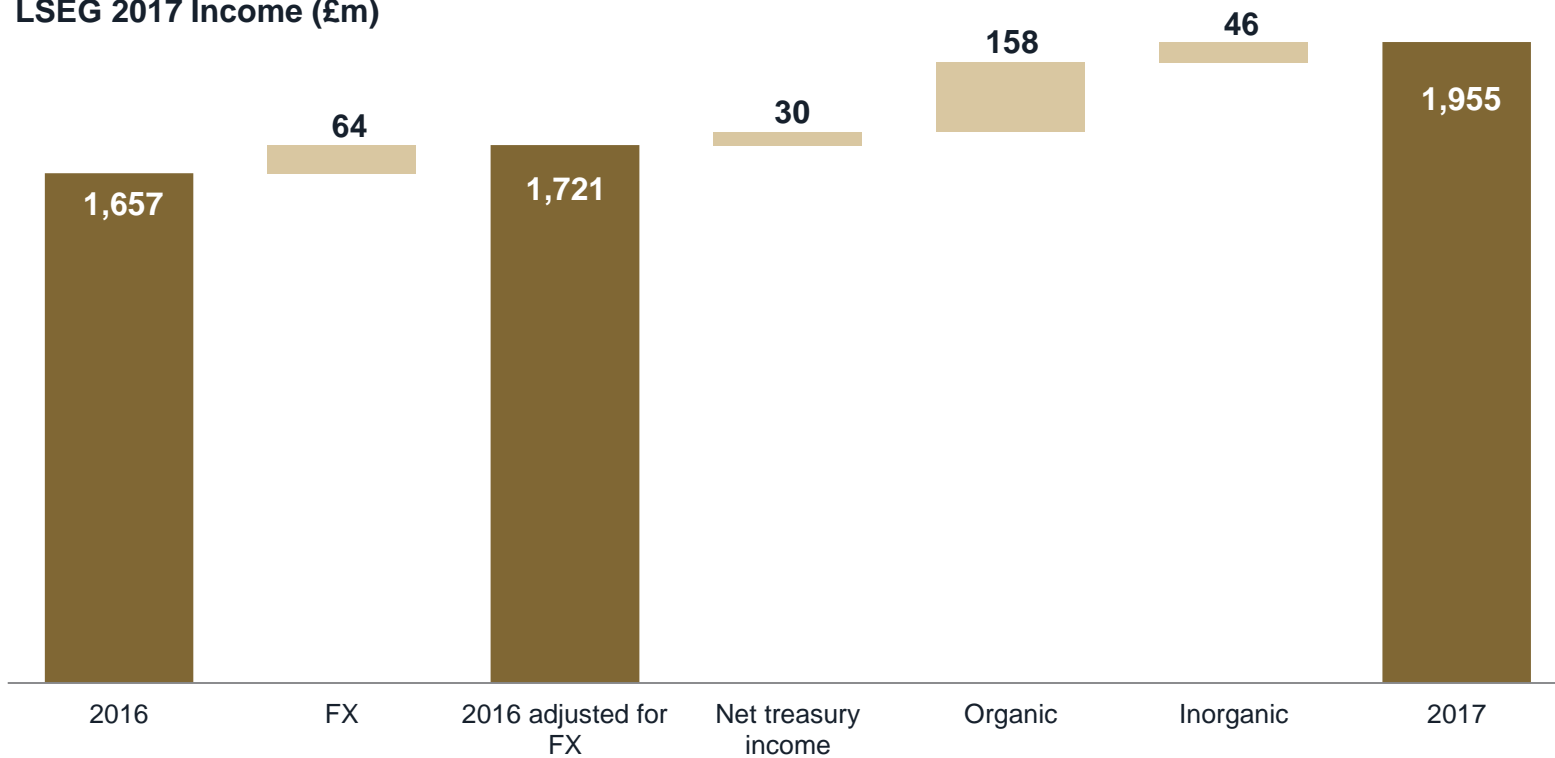
	Twelve months ended			Organic and constant currency variance ¹
	31 December			
	2017	2016	Variance	
	£m	£m	%	%
Continuing operations:				
Revenue				
Information Services	736	595	24%	13%
Post Trade Services - LCH	432	356	21%	17%
Post Trade Services - CC&G and Monte Titoli	109	104	5%	(2%)
Capital Markets	391	368	6%	3%
Technology Services	91	88	3%	0%
Other	9	4	-	-
Total revenue	1,768	1,515	17%	10%
Net treasury income through CCP businesses	162	125	30%	22%
Other income	25	17	-	-
Total income	1,955	1,657	18%	11%

¹ Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes ISPS, Mergent, SwapMatch and The Yield Book

Income Growth

Strong organic growth from investment in new products and acquisitions

LSEG 2017 Income (£m)

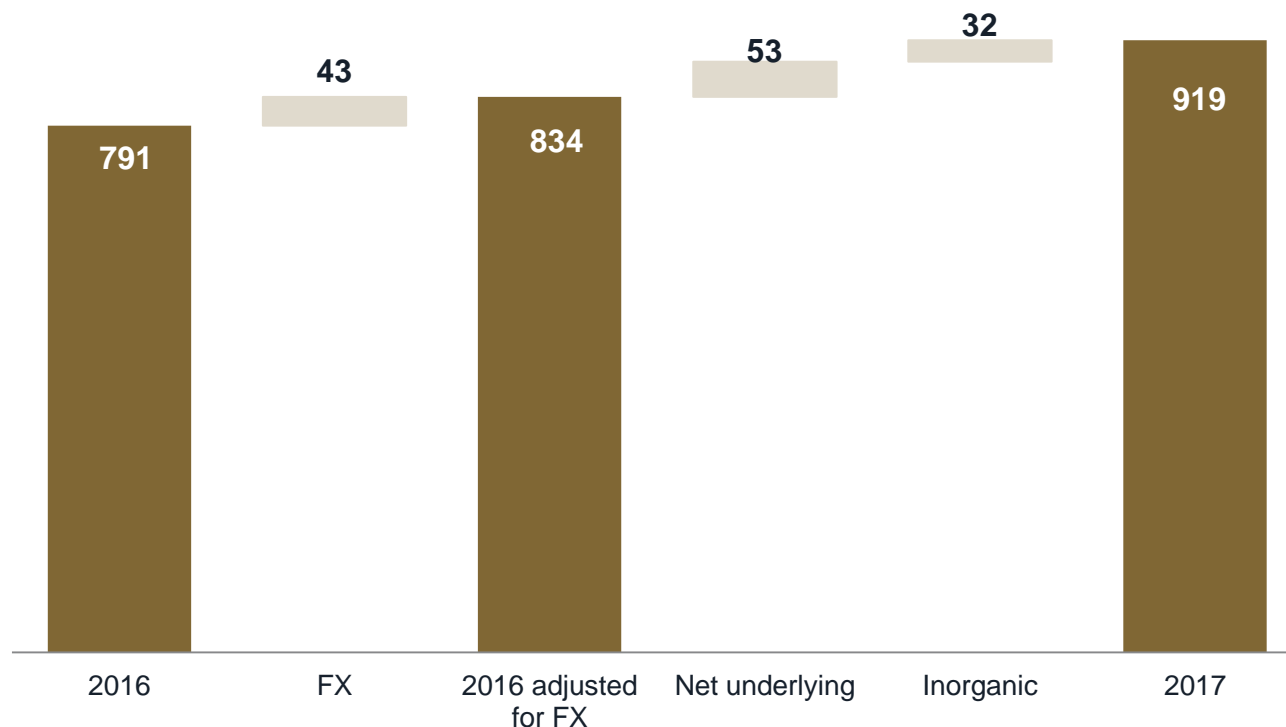


Note: Figures include continuing operations only, Inorganic includes income for businesses held for less than 12 months in either period: ISPS, Mergent, SwapMatch and The Yield Book
Organic includes £9m of non-core income

Operating Expenses

Underlying expenses – up 6% (on an organic and constant currency basis)

LSEG 2017 Expenses including Depreciation (£m)



Operating expenses before depreciation and amortisation
£816m (2016: £706m)

Depreciation £103m
(2016 : £85m including £8m globeSettle one-off)

2017 underlying effective tax rate (excluding one-offs): 23.4%; expect similar for 2018

Note: Figures include continuing operations only, excluding amortisation of purchased intangibles, non-underlying items and cost of sales
Inorganic includes costs for businesses held for less than 12 months in either period: ISPS, Mergent, SwapMatch and The Yield Book



Investment for growth

£212m

Investment spend –
including £190m
capital expenditure

c65%

Investing for growth
and efficiencies

c35%

Investing in
operations

Expansion of customer offering:

FTSE Russell Global Fixed Income

LCH – SwapClear, ForexClear
and CDSClear enhancements,

LCH Spider and LCH SwapAgent development

Turquoise enhancements

Infrastructure maintenance and upgrades:

Trading

Compliance

Regulatory - including MiFID II

Property upgrades

Investing to drive Group efficiencies:

Finance systems

BSL (Shared Services Company)

Disposal of non-core assets:

Technology - MillenniumIT ESP (December 2017); and Exactpro (January 2018)¹

Information – ISPS Italian info/data vendor business (February 2017)

¹ 2017 MillenniumIT ESP and Exactpro contribution:
Income £30m, Cost of Sales £22m and Operating expenses £8m



Capital management framework

Balance Sheet Prudency 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 If expect to hold surplus cash for prolonged period	£200m on market buy-back completed September 2017 Continue to keep options under review

Successful track-record of value creation through acquisitions

2011

FTSE

3 year synergy targets achieved

£18m ✓

Revenue

£10m ✓

Cost

2014

Russell Indexes

3 year synergy target delivered ahead of schedule

£18m ✓

(\$30m)

Revenue

£46m ✓

(\$78m)

Cost

2016

MERGENT

Leading provider of proprietary fixed income and global equity data

Low cost data collection model

Mergent data to drive index adoption and new product development

2017

The Yield Book

Accelerates data and analytics offering, builds US and Asia presence and fixed income client base globally

3 year synergy target:

\$30m

Revenue

\$18m

Cost

Source: FTSE, Frank Russell Company, Mergent & The Yield Book and Citi Fixed Income Indices acquisition announcements. Post completion of Citi Fixed Income Indices and The Yield Book

M&A activity delivering returns

Information Services

FTSE Russell – Russell Acquisition:

- 3 year cost synergy target of **\$78m successfully achieved**;
- 5 year revenue synergy target of **\$48m delivered two years early**

Mergent and The Yield Book acquisitions completed:

- Expands FTSE Russell multi-asset and data capabilities;
- Expands Group footprint in US and Asia
- Integration and synergies progressing well

LCH

LCH cost synergies:

- €60m delivered in 2015
- €40m run-rate achieved in 2017

LSEG majority stake increased to 68%:

- Acquired **additional 6.6% stake** (November 2017);
- Acquired **additional 2%** following a sale by a minority shareholder (March 2018)

Progress on 2019 financial targets

Target

FTSE Russell

Double-digit growth to continue 2017-2019

LCH

OTC revenue growth to continue at double-digit 2017-2019

LCH

Adjusted EBITDA margin growth - approaching 50% by 2019 (2016: 35.6%)

LSEG

Adjusted EBITDA margin of c.55% by 2019 (2016: 46.5%)

Progress

2017: up 33%, up 15% on organic and constant currency basis

2017: up 21%, up 17% on organic and constant currency basis

2017: 43.6%

2017: 46.8%

Operating expenses held at c.4% p.a. 2017-2019 & Next phase cost saves of £50m p.a. by exit 2019 – On-track

Key Q1 financial highlights

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

Revenue

up 11% ▲

£470m

(2017 Q1: £423m)

Total income

up 13% ▲

£520m

(2017 Q1: £461m)

Gross profit

up 12% ▲

£464m

(2017 Q1: £410m)



Q1 Divisional highlights

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

CC&G and Monte Titoli income unchanged (down 2% at constant currency)

Capital Markets

Revenues up 14% (up 13% on an organic and constant currency basis)

With good primary markets activity and secondary markets revenue up on higher equity volumes

Technology

Revenues down 5% on an organic and constant currency basis

(down 37% reflecting disposal of the MillenniumIT ESP and Exactpro businesses)

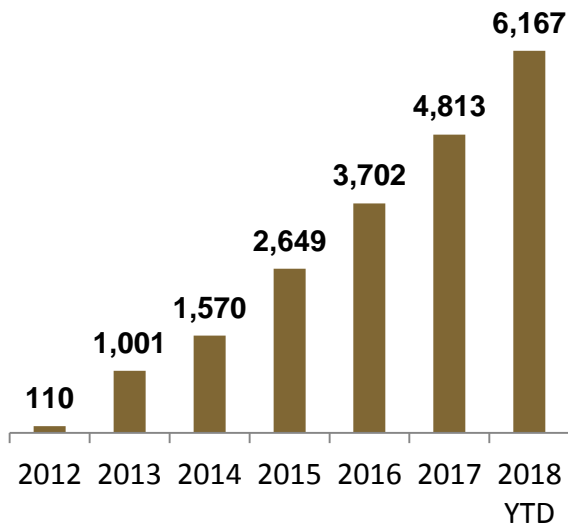


Opportunities and development

SwapClear

Continued global leadership in OTC rates clearing

Average Daily Client Trades



2018 YTD to May 2018

SwapClear KPIs 2017:

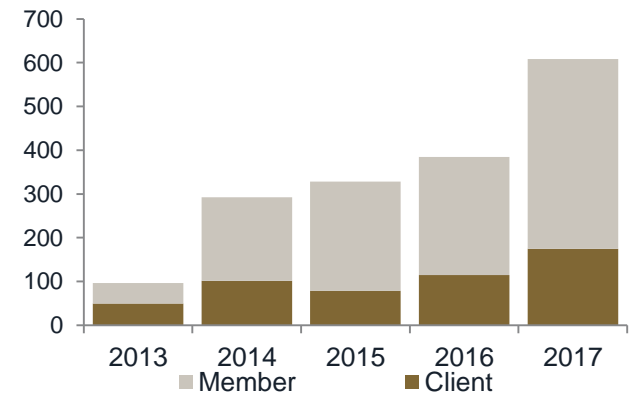
\$874tn total notional cleared (2016: \$666tn) **up 31%**

1,227k Client trades cleared (2016: 952k) **up 29%**

90%+ Share of clearing notional value (client and member)

100+ SwapClear members
800+ SwapClear Clients

Notional Compressed (USD tn)



59% Notional compressed higher in 2017 vs 2016

\$30bn estimated capital savings by members from compression services in 2017

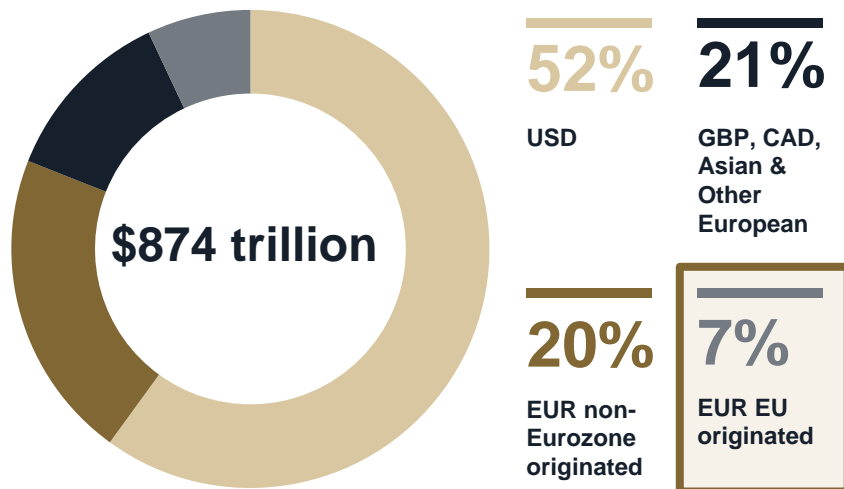
Successfully expanding and diversifying revenue streams, including client clearing, compression services, extension of currencies (KRW, INR & CNY) and LCH SwapAgent

Regulatory tailwinds supporting growth in core business and new product areas

Euro-denominated IRS clearing

Euro-denominated swaps with EU origination: 7% of IRS for 2017

SwapClear – clearing volumes
2017 – full year



SwapClear is a global service

SwapClear directly licensed to clear in many jurisdictions including: EU, UK, US, Australia, Canada, Japan, Hong Kong and Switzerland

21

International currencies are cleared

55

Clients from 55 countries

LCH is only European-based CCP qualified to clear FCM market in US

ForexClear – The FX Opportunity

Economic incentives increasingly driving FX products into scope for central clearing

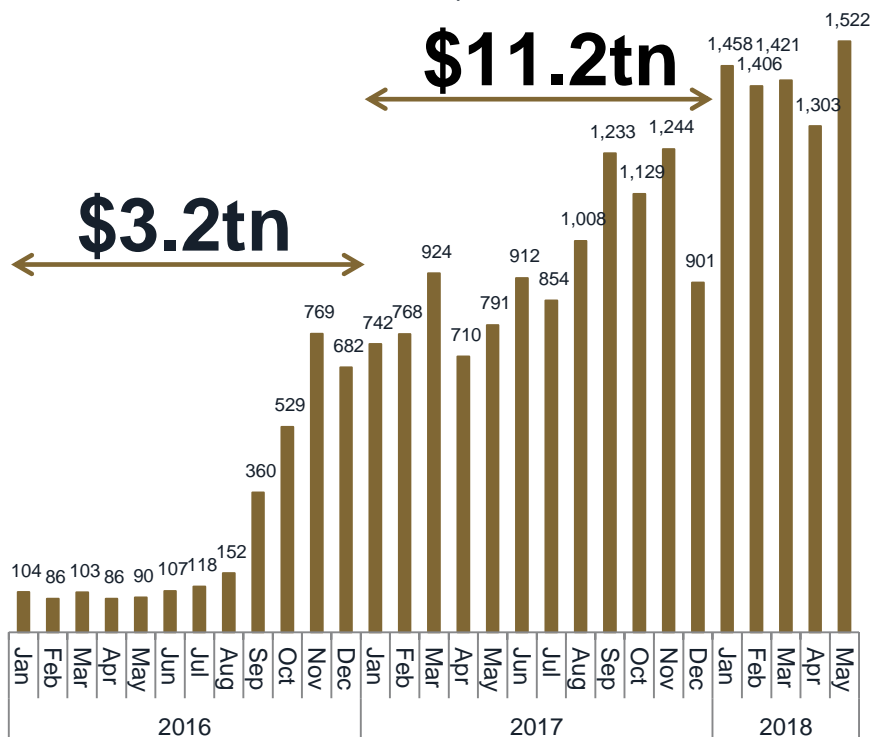
LCH well positioned to address capital and margin challenges within the vast \$5.1tr daily FX market

Instrument Category	Average Daily Turnover ⁽¹⁾	LCH offering	
NDFs	\$134bn	Live today	Current ForexClear focus
Vanilla Options	\$151bn	Live in Q2 2018	
FX Swaps & Deliverable Forwards	\$2,944bn	Some will clear alongside vanilla options Some will clear as NDFs as a product substitute	2019 ForexClear focus
Spot	\$1,652bn		
NDOs	\$22bn	Likely to follow vanilla options	
Currency Swaps	\$82bn	Less obvious to clear as most risk excluded from bilateral margin requirements	Not a ForexClear focus
Exotics	\$81bn	Challenging to clear due to limited liquidity under stress	

(1) Source: BIS Triennial Central Bank Survey Global foreign exchange market turnover in 2016 (Dec 2016)

A step-change in volumes following the introduction of Uncleared Margin Rules, with scope for significant further growth

ForexClear: Cleared Notional - \$ billions



+250% **+270%** **92%**

In cleared notional
2017 \$11.2tn
(2016 \$3.2tn)

In trade count 2017
1.5m trades
(2016 0.4m trades)

Of NDF clearing
notional outstanding
is at ForexClear ⁽¹⁾

Additional areas for growth

- G10 FX NDFs launched in Q4
- FX Options to launch in 2018
- Client clearing
- Compression services

Additional volume growth expected with strong member and client take up, additional phases of Uncleared Margin Rules and potential for compression services

(1) Source: ClarusFT October 2017

Driving growth and operating leverage

Financial Targets:

- 1) Deliver **double digit income growth per annum** through to 2019
- 2) Deliver **EBITDA margin in LCH approaching 50% in 2019** (2016: 36%)

Delivery of financial targets driven by:

Growth

Continued expansion and diversification of revenue streams

- Further growth in the user community to drive incremental revenue from existing and new services
- Aim to attract new business through unwavering commitment to customer partnership, open access, innovation and best in class risk management

Efficiency

Streamline and reduce LCH cost base, including leveraging LSEG resources and scale

- Replace legacy systems with best of breed technology, using LSEG solutions where appropriate
- Leverage LSEG shared services company to enable LCH to focus on core activities
- Drive future investment and resource allocation based on clear product and service strategy



FTSE Russell

- Largest global benchmark provider with **~\$15tn** assets AuM
- Expanded multi-asset index, data and analytics capabilities with addition of The Yield Book and Mergent
- ETF AuM benchmarked **up 38% to \$624bn**, including smart beta ETF **up 26% to \$190bn**
- Responding to growing trend among asset owners to integrate ESG considerations into their investment strategies

Continued expansion of offering by product and location

- Launched FTSE Blossom Japan Index – selected as core ESG benchmark by GPIF
- Launched standalone FTSE Saudi Arabia Index Series
- Expansion of innovative Green Revenues data model
- Launch of FTSE Italia PIR and creation of new FTSE Italia Brands Index reflecting recent market initiatives

~\$15tn

Largest global benchmark provider with ~\$15tn assets

\$624bn

ETF AuM benchmarked up 38% to \$624bn

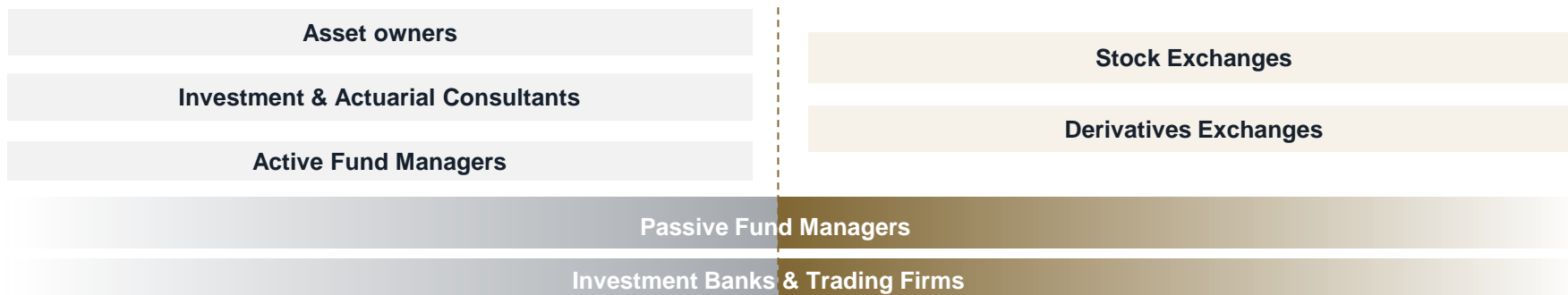
\$190bn

Smart beta ETF up 26% to \$190bn

FTSE Russell

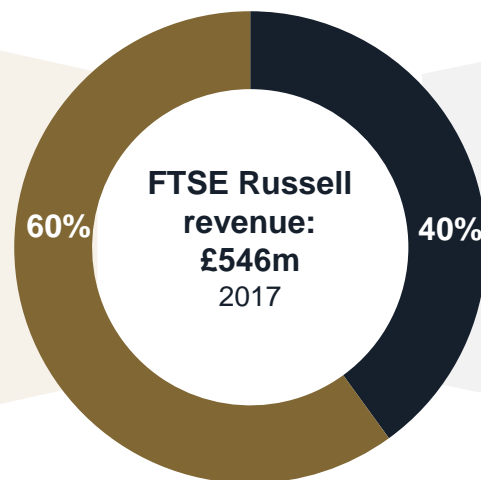
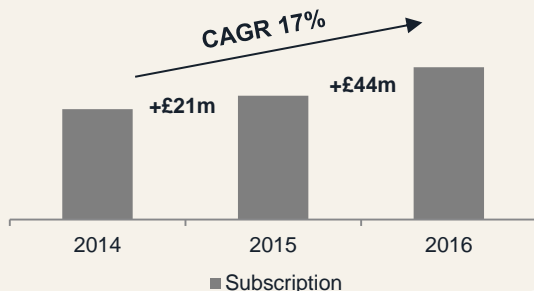
High quality recurring revenue

Clients



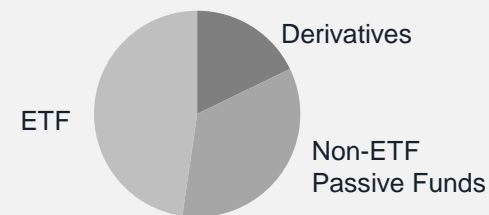
2017 Revenue Split¹

Recurring revenues²



Asset linked

FTSE Russell asset linked revenues



Note: (1) Rounded %; (2) Pro-forma inclusion of Russell Indexes in 2014

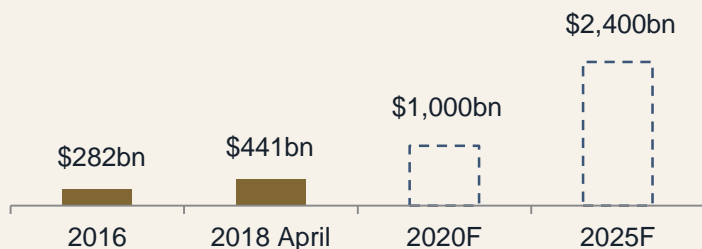
Ability to commercialise trends

Index growth through deep client relationships

Smart Beta

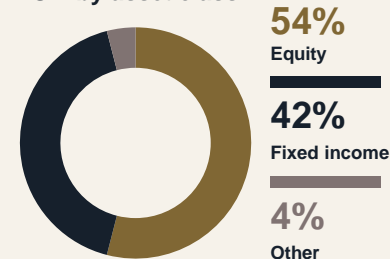
\$2tr+ AUM increase

Smart Beta ETF AUM growth to 2025F¹

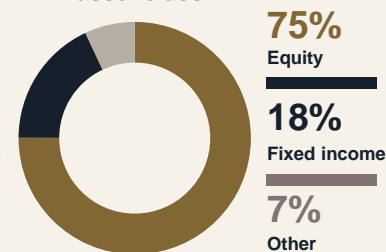


Fixed Income and multi-asset

Global institutional AUM by asset class²

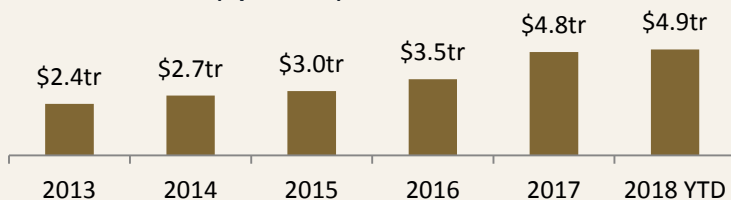


Global ETP AUM by asset class³



Passive and ETF

ETF AUM 2013-2018 (April 2018)¹



4.5x⁴

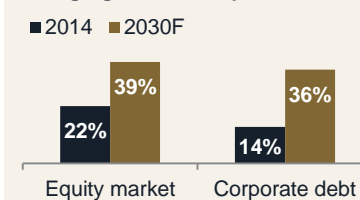
Passive mutual fund AUM grew 18% in 2016, 4.5x faster than actively managed funds

42%⁵

Passive forecasted to comprise 42% of cumulative net flows to 2020

Emerging Markets including China

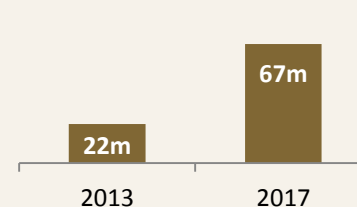
Emerging markets capitalisation⁶



39%

Emerging markets forecast to make up 39% of global equity market value by 2030

China A50 futures contracts traded⁷



+32% CAGR

FTSE China A50 index futures volume +32% CAGR since 2013

Diverse revenue mix

Market tailwinds

Benchmarks & analytics



Citi Fixed Income Indexes

Data solutions



Multi-asset data

Reference data

Corporate events

Exchange data & regulatory reporting

Real-time pricing data

UnaVista

Underlying trends driving double-digit growth

Increasing sophistication of investors expanding range of benchmarks & analytics required

- Exposure to emerging markets, including China

Switch to passive

- Smart Beta
- Factor-based investment
- ETF growth

Multi-asset and global investment strategies

Demand for value added data and analytics

Cloud computing, Artificial Intelligence and data integration innovations

Increasing regulation

- MiFID II

Client demand for efficient, out-sourced solutions

Automation & digitisation

Source: LSEG

Continued double-digit growth

Attractive and sustainable margins



FTSE Russell will continue to deliver high levels of top line growth through organic and inorganic strategies

Positive secular trends

- Active to passive
- Investment innovation
- Increasing sophistication of investment processes
- Index industry consolidation



Robust business model

- Global sales capability
- Recurring revenue and high retention rates
- Embedded in global investment processes
- Open access



Strategic focus & ambition

- Global leader in multi-asset indexes
- Diverse and innovative products: global, multi-asset, smart beta, analytics



Proven execution capability

- Consistent double-digit growth
- Organic and inorganic growth; effective synergy delivery
- Scale business creates efficiencies

MiFID II opportunities

- Mandates Open Access across financial markets infrastructure – promotes greater competition, transparency and innovation through unbundling of services and fees
- Transparency and consumer choice will create deeper pools of liquidity, reduce costs and lead to better risk management
- LSEG well positioned with both Open Access and customer partnership at the core of our business model and proven track record (LCH, CurveGlobal, Turquoise and MTS)

- MiFID II introduction January 2018 – LSEG implementation went smoothly
- UnaVista and TRADEcho meeting customer requirements for trade reporting
- Best execution rules benefit LSE auctions, Turquoise Plato Block Discovery and LIT auctions and smart order routing to fixed income and derivative platforms MTS & CurveGlobal

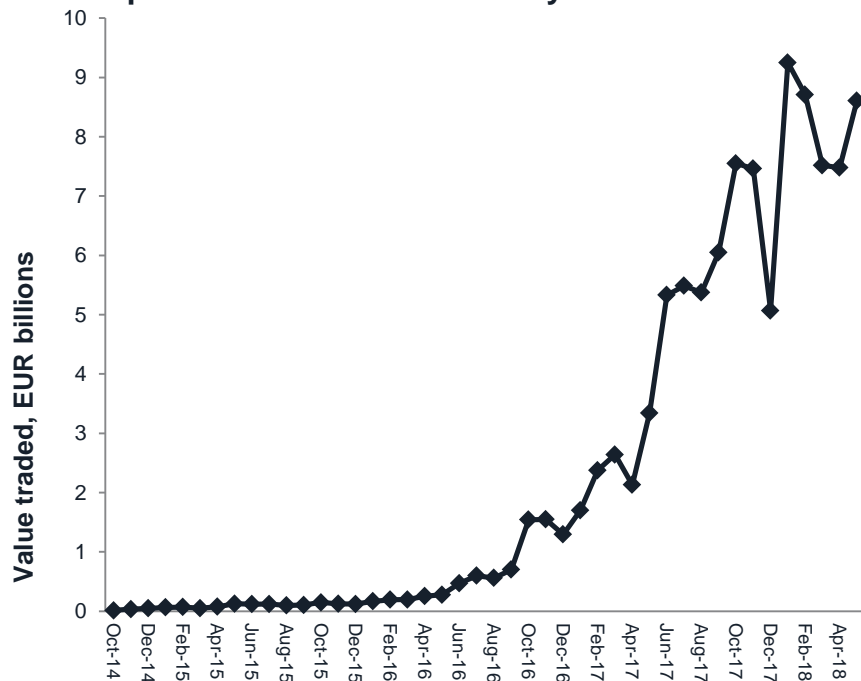
**Our clients have absolute choice across our value chain –
fundamentally different approach to peers**

Delivering MiFID II solutions

In partnership with customers

MiFID II ready solutions – delivering innovative services providing choice and flexibility to customers

Turquoise Plato Block Discovery Value Traded



Award winning innovation designed in cooperation with Plato Partnership, a unique collaboration with buy-side and sell-side firms

Average trade size **30 times industry dark pool average**

Selected Regulatory-Driven Client Solutions

Equities

Facilitating MiFID II compliant dark liquidity on LSE plc through intra-day auctions and Mid Price Pegged Orders

ETFs

Request-for-quote functionality for ETFs and ETPs launched in UK and Italy, providing a solution for customers to execute large bilateral trades on-exchange

TRADEcho

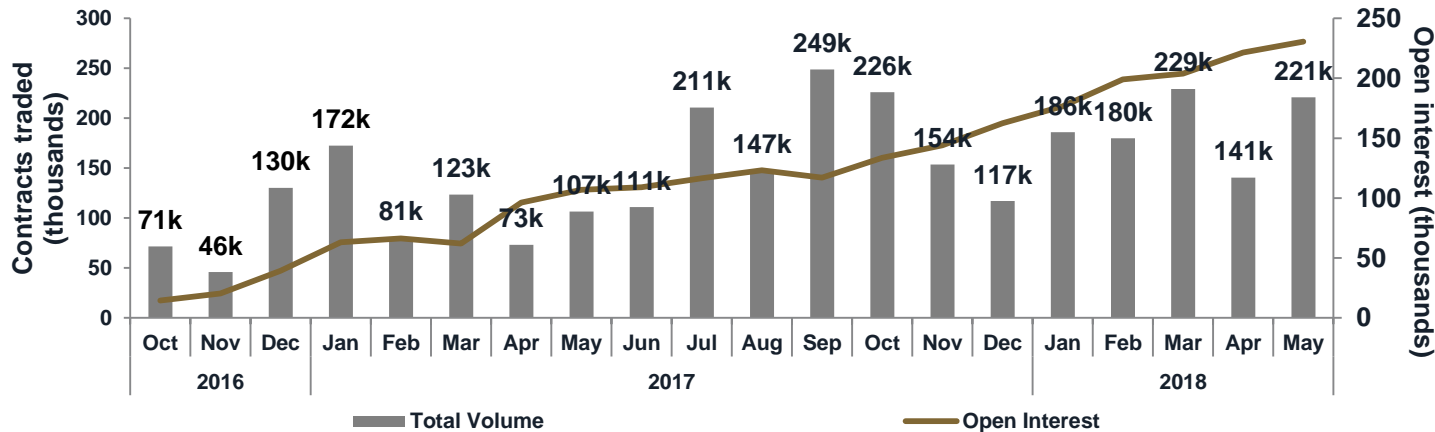
Multi-asset, pan-European pre- and post-trade reporting solutions to help customers meet MiFID II obligations, in partnership with Simplitem

Turquoise SwapMatch

A neutral arranging mechanism to match clients' block interests in OTC equity total return swaps to support balance sheet efficiency



CurveGlobal



120%
Rise in open interest on platform in last 12 months

- CurveGlobal customer partnership model delivering choice, innovation and low cost service in response to customer demand
- Over 120% rise in open interest on platform in last 12 months, to circa 230k lots
- CurveGlobal completed £20m second round funding with banks, Cboe & LSEG
- Supports further expansion of product offering, which includes the upcoming launch of a SONIA[®] futures contract
- LCH Spider II to launch Long term interest rate 2018 Q3
- MiFID II Best execution – Banks smart order routers being deployed across futures



Appendices

Notes

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

Adjusted earnings per share

Based on number of shares 345.0m (2016 : 348.9m), excludes ESOP

Exchange rates

	Average rate		Average rate	
	12 months ended	Closing rate at	12 months ended	Closing rate at
	31 December 2017	31 December 2017	31 December 2016	31 December 2016
GBP : EUR	1.14	1.12	1.22	1.17
GBP : USD	1.29	1.35	1.36	1.23

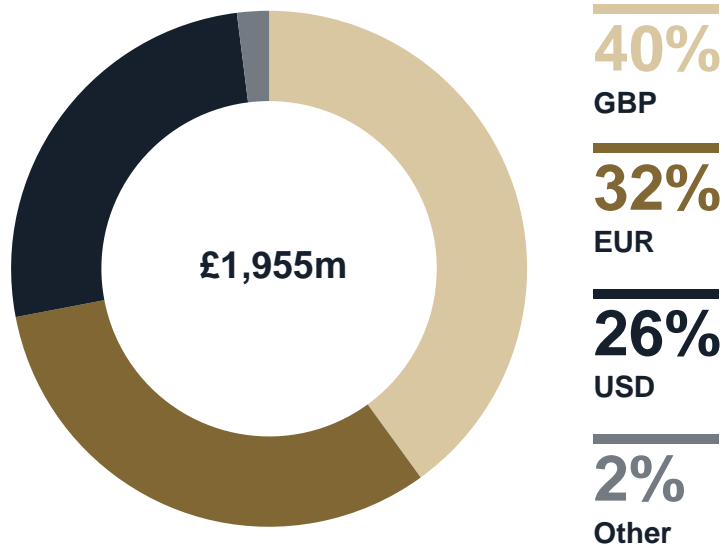
A €10c movement in the average £/€ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £23 million.

A \$10c movement in the average £/\$ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £24 million.

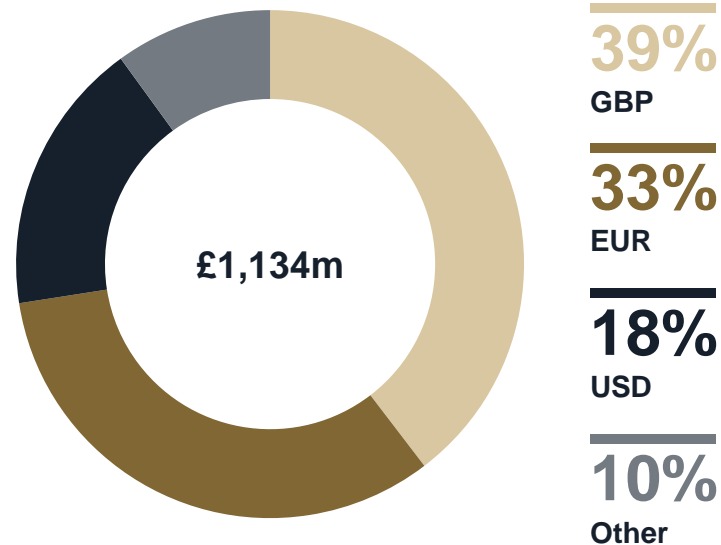
Diversified by currency

Diversification by both income and expenses across GBP, EUR and USD

2017 Income



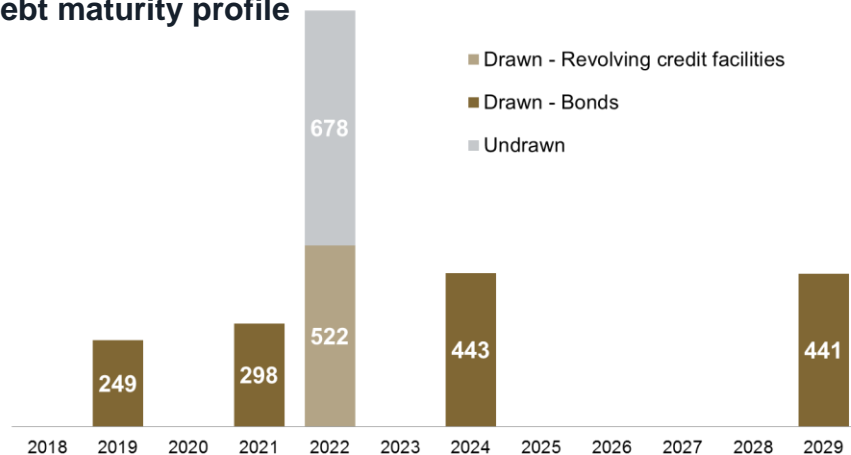
2017 Underlying Expenses



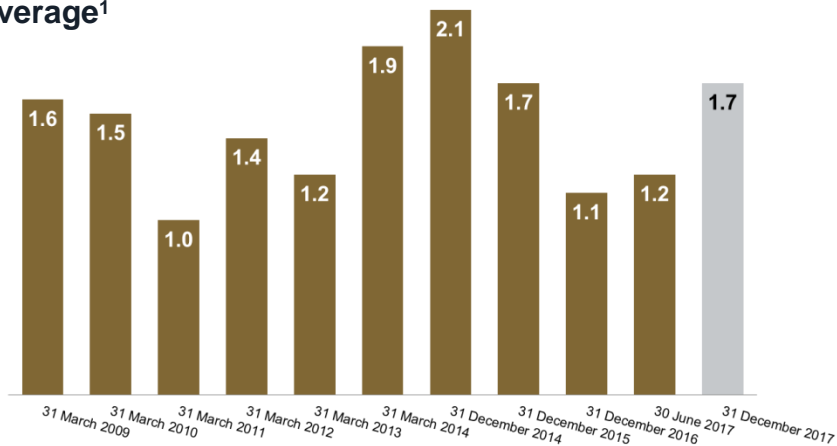
Note: figures include continuing operations only, expenses include depreciation and cost of sales, but exclude non-underlying expenses

Financial position

Debt maturity profile



Leverage¹



31 December 2017

Operating net debt **£1,639m**
(31 December 2016: £882m)

Net debt: Pro forma¹ adjusted EBITDA 1.7x
(excluding £1,042m restricted cash ²)

Refinancing completed Q3 with issue of

- €500 million 0.875% 2024 bond
- €500 million 1.75% 2029 bond
Total €1bn of which €700m swapped to USD at **2.8%**
- New 5yr £600 million RCF

Ratings

LSEG: S&P³ long term **A-** **positive** outlook and
Moody's **A3** with **stable** outlook

LCH LTD & SA: S&P long term **A+**

¹ Pro forma as if acquisitions held for the complete year

² Restricted cash (2016: £848m) increase due to i) LCH c£100m surplus cash (will be distributed to LSEG in H1), and ii) c£100m regulatory and operational cash including Monte Titoli (CDR requirements) and other small regulatory requirements

³ S&P rating revised to positive (from stable) 27 March 2018

Key performance indicators

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)			
UK New	1.0	1.4	(29%)
UK Further	5.5	3.7	49%
Borsa Italiana new and further	1.5	11.2	(87%)
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%)

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

	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%

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%)

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



Income & gross profit

£ millions	2017				2017	2018
	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

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