



London Stock Exchange Group plc

Interim results – six months ended 30 June 2017

3 August 2017

Key financial highlights

Strong financial performance across all business areas – and good control of underlying costs

Revenue
up 18%
£853m



(2016 H1: £722m)

Total income
up 20%
£946m



(2016 H1: £786m)

Expenses
well controlled while
investing for
growth – up 5% on
organic and constant
currency basis

EBITDA
up 20%
£444m



(2016 H1: £369m)

AEPS
up 23% to 71.2p



(2016 H1: 57.7p)

Interim dividend
up 20%¹ to
14.4p per share



(2016 H1: 12.0p)



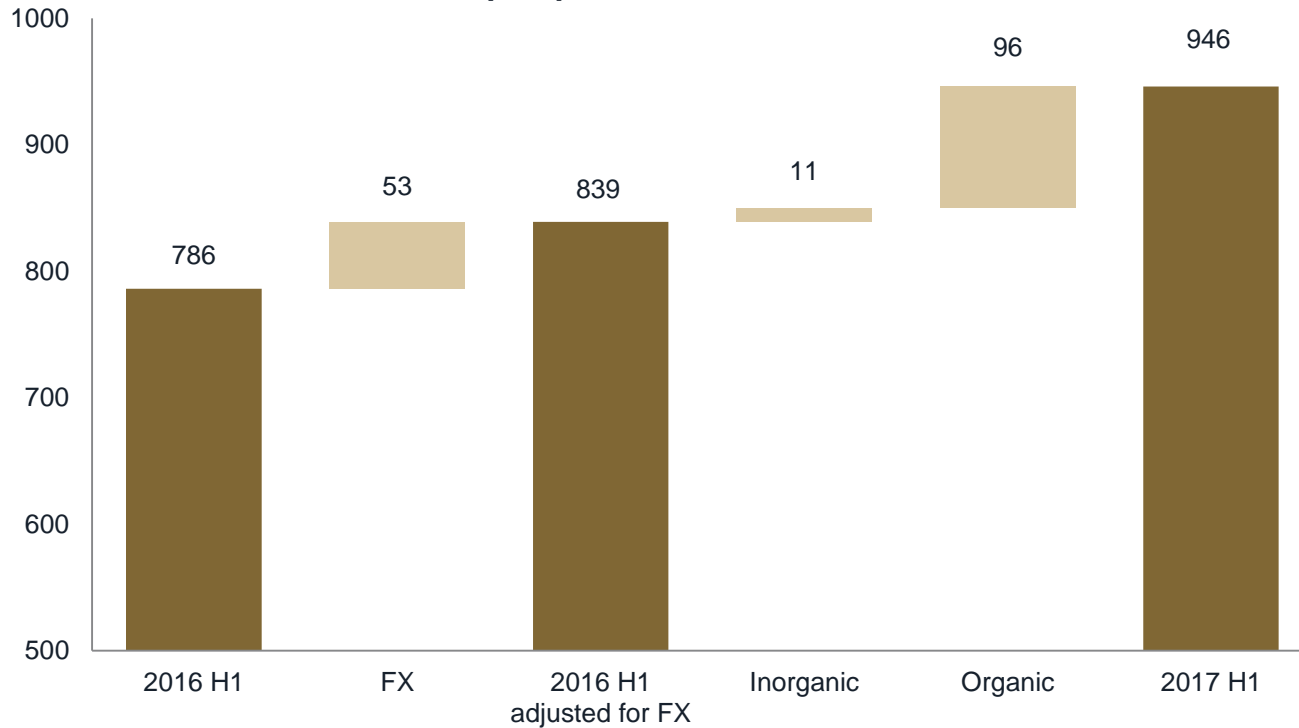
Overview of results

	Six months ended 30 June			Organic and constant currency
	2017 ¹ £m	2016 ¹ £m	Variance %	variance %
Total income	946	786	20%	12%
Cost of sales	(102)	(77)	32%	22%
Gross profit	844	709	19%	11%
Operating expenses before depreciation and amortisation	(399)	(337)	18%	4%
Depreciation and amortisation	(46)	(36)	28%	18%
Total operating expenses	(445)	(373)	19%	5%
Share of profit / (loss) after tax of associates	(1)	(3)	-	-
Adjusted operating profit²	398	333	20%	18%
add back depreciation and amortisation	46	36	28%	18%
Earnings before interest, tax, depreciation and amortisation	444	369	20%	18%
Amortisation of purchased intangible assets and non-recurring items and profit on disposal	(93)	(134)	(31%)	(31%)
Operating profit	305	199	53%	55%
Net finance expense	(28)	(35)	(20%)	
Adjusted profit before tax²	370	298	24%	
Effective tax rate	23.8%	25.6%		
Basic earnings per share (p)	50.4	27.4	84%	
Adjusted earnings per share (p)²	71.2	57.7	23%	
Dividend per share (p)	14.4	12.0	20%	

Income Growth

Good organic growth from investment in new products

LSEG 2017 H1 Income (£m)

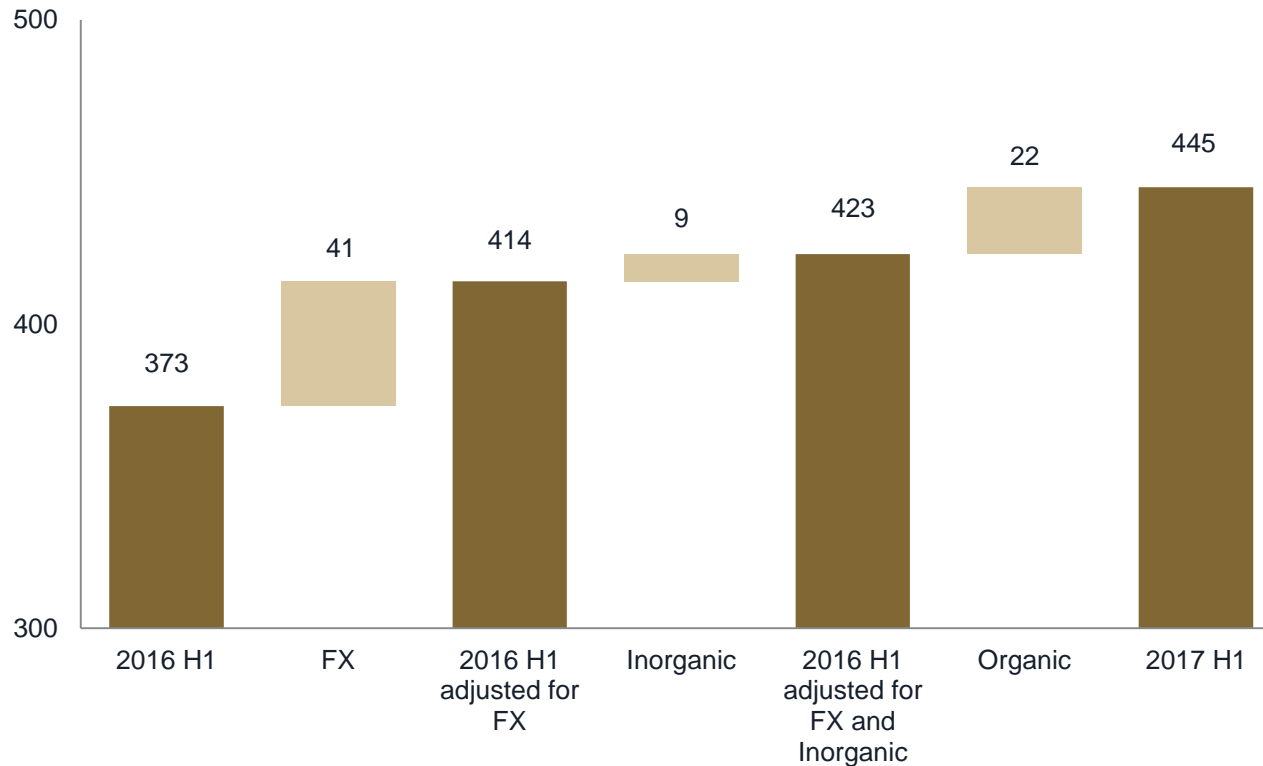


Note: figures include continuing operations only

Operating Expenses

Good control of underlying expenses – up 5%

LSEG 2017 H1 Expenses (£m)

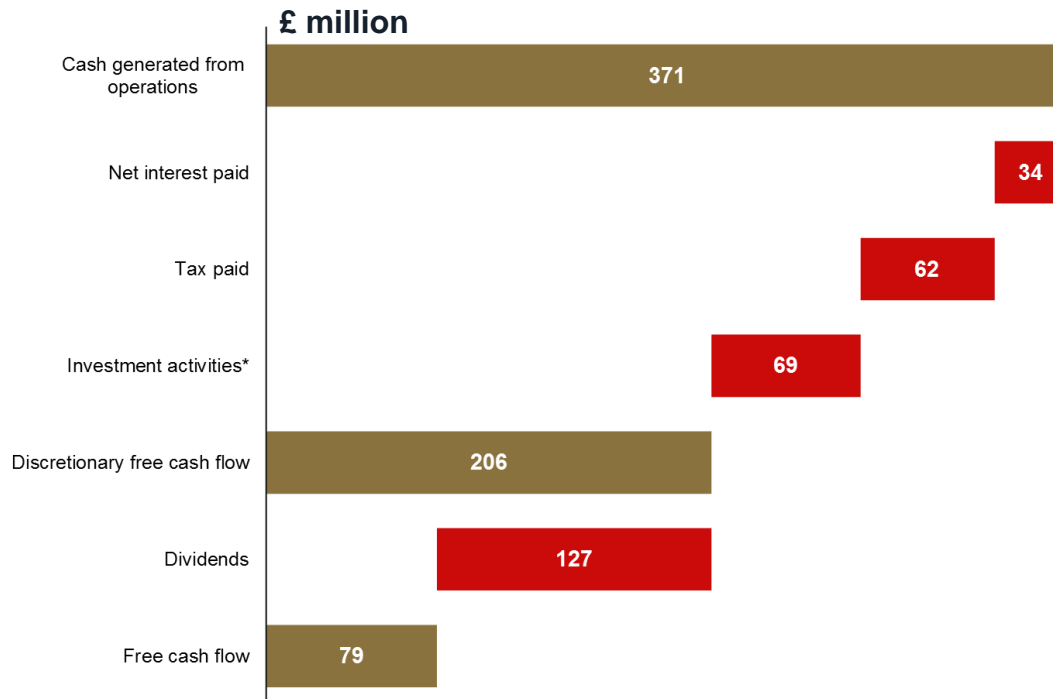


- FX includes one-off items of £11m related to closing out of balance sheet positions (mainly Russell Investment Management disposal)
- Organic increase includes £6m one-off items related to restructurings and other expenses

Note: figures include continuing operations only, excluding amortisation of purchased intangibles, non-recurring items and cost of sales

Summarised cash flow

Strong cash generation



- £88m capex – mainly technology upgrades and new projects
- Discretionary free cash flow remains strong at 59.4p per share¹ (2016 H1 107.7p including Russell Investment Management tax payment and sale proceeds)

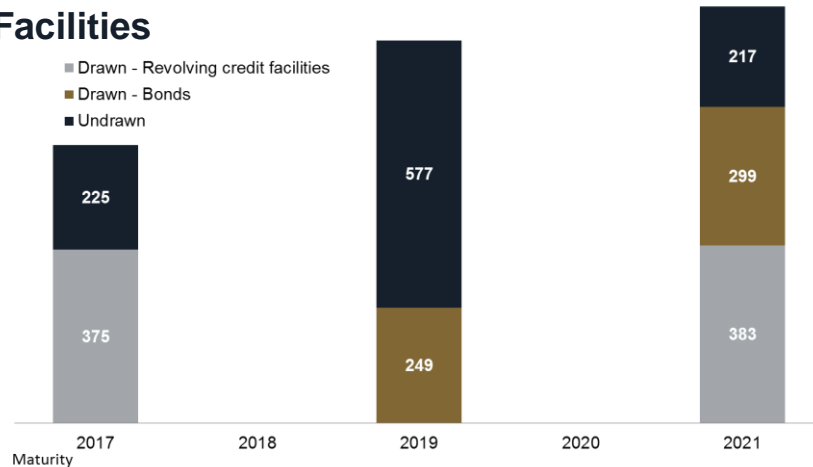
Note: All above figures include continuing and discontinuing operations

¹ Based on weighted average shares in issue for the period of 2017 H1: 347.0m, 2016 H1 348.1m

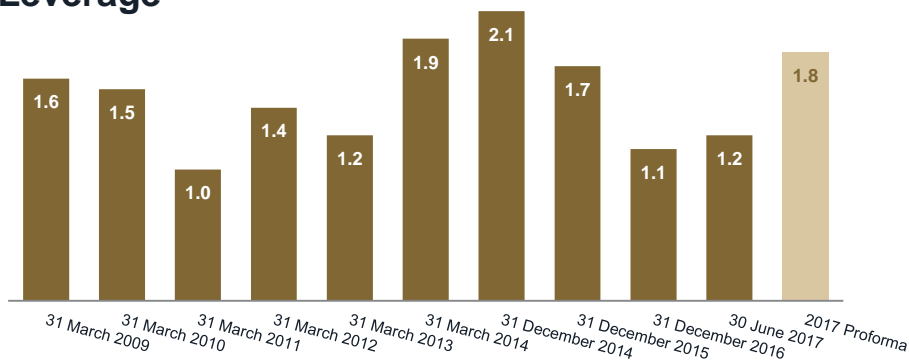
* Investing activities includes capital expenditure, investment in associates, proceeds from disposal of assets, less dividends received, excludes investment in acquisitions, and joint ventures

Financial position

Facilities



Leverage¹



¹ FY 2012 Pro forma as if FTSE owned for whole year, FY 2014 pro forma as if LCH 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 and £200m of further Group cash and cash equivalents held locally for regulatory purposes

30 June 2017

Operating net debt **£1,005m**
(31 December 2016: £882m)

Net debt: Pro forma EBITDA **1.2x**
(excluding £843m restricted cash)

Net debt: 2017 H1 Pro forma EBITDA c.1.8x (includes share buy-back and The Yield Book / Citi's Fixed Income Indices acquisition, excludes restricted cash and any 2017 H2 free cash flow)

Ratings

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

MiFID II opportunities

- MiFID II implementation from January 2018
- MiFID II mandates Open Access across financial markets infrastructure
- Will promote 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, MTS)
- Our Open Access business model is MiFID II ready

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



Investment in growth and innovation

Information Services

- LSEG to acquire Yield Book and Citi Fixed Income Indices - strengthens FTSE Russell's position as world's #1 index provider with pro forma c.**\$15trn** AuM benchmarked to its indexes
- Integration of Mergent progressing well – leading provider of business and financial information
- The Government Pension Investment Fund of Japan selects FTSE Blossom Japan Index as a core ESG benchmark

Capital Markets

- Flagship ELITE programme – **600+** companies from 25 countries – partnership with CDP and NUO to further strengthen ELITE's innovative offering
- New International Securities Market for primary debt issuance – first bonds on the platform
- CurveGlobal passed **1m** contracts traded and c.**120k** lots of open interest since launch Sept 2016

LCH

- SwapClear – **\$468trn** total notional cleared; **610k** client trades cleared
- Compression – **up 75%** to **\$312trn** compressed
- LCH SwapAgent launched – **14** dealers committed to new service that will increase efficiency of non-cleared derivatives market
- ForexClear now cleared over **1m** trades and **\$10trn** notional – continue to see significant volume growth



Successful strategy driving growth

Investor Update affirmed mid-term outlook

- Strong global business, well diversified across products and geographies
- Open Access approach will enable Group to take full advantage of MiFID II

FTSE Russell

Double-digit growth to continue 2017-2019

Sustainable and attractive margins over the same period

LCH

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

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

LSEG

Operating expenses held at c.4% p.a. 2017-2019 increase while Group continues to deliver revenue growth and improved margins

Next phase cost saves of £50m p.a. by exit 2019

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

Increasing operating leverage - increasing operating margin



Appendices

Notes

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 347.0m (2016 H1: 348.1m), excludes ESOP

Exchange rates

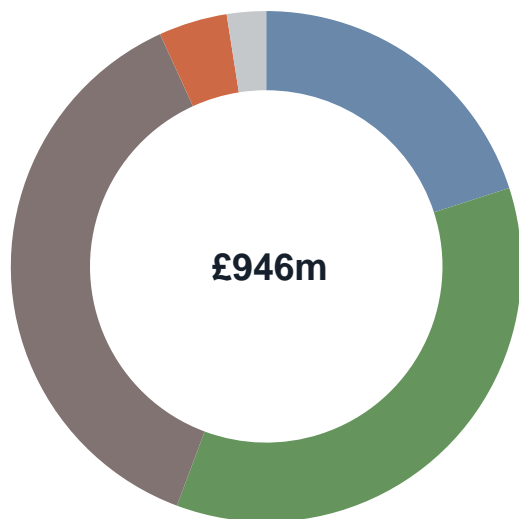
	Average rate		Average rate	
	6 months ended	Closing rate at	6 months ended	Closing rate at
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
GBP : EUR	1.16	1.14	1.28	1.20
GBP : USD	1.26	1.30	1.43	1.33

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

A \$10c movement in the average £/\$ rate for the six months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-recurring items by approximately £5 million.

Diversified by business activity

LSEG 2017 H1 Total Income by segment



20%
Capital
Markets

36%
Post Trade

38%
Information
services

4%
Technology

2%
Other

Segmental growth 2017 H1 vs 2016 H1

	Variance %	Organic and constant currency variance ¹ %
Continuing operations		
Revenue		
Information Services ¹	24%	13%
Post Trade Services - LCH	24%	17%
Post Trade Services - CC&G and Monte Titoli	15%	4%
Capital Markets ¹	4%	(1%)
Technology Services	8%	0%
Other revenue	-	-
Total revenue	18%	10%
Net treasury income through CCP businesses	34%	22%
Other income	-	-
Total income	20%	12%

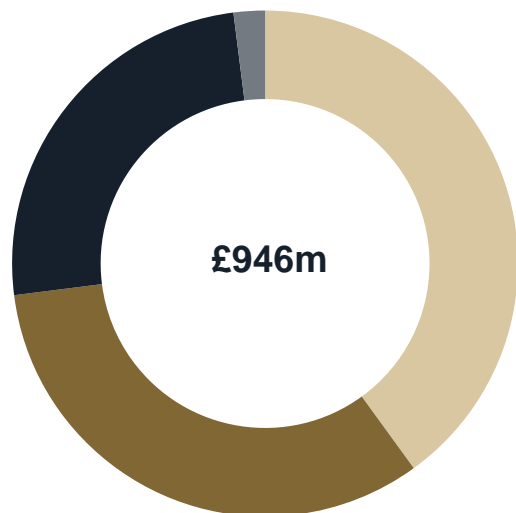
Note: figures include continuing operations only

¹ Organic growth is calculated in respect of businesses owned for at least 6 months in either period and so excludes ISPS, Mergent, SwapMatch and Russell Investment Management.

Diversified by currency

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

2017 H1 Income



40%

GBP

33%

EUR

25%

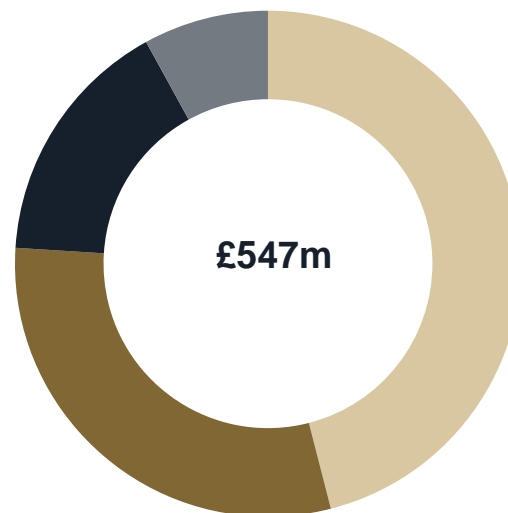
USD

2%

Other

£946m

2017 H1 Expenses



46%

GBP

30%

EUR

16%

USD

8%

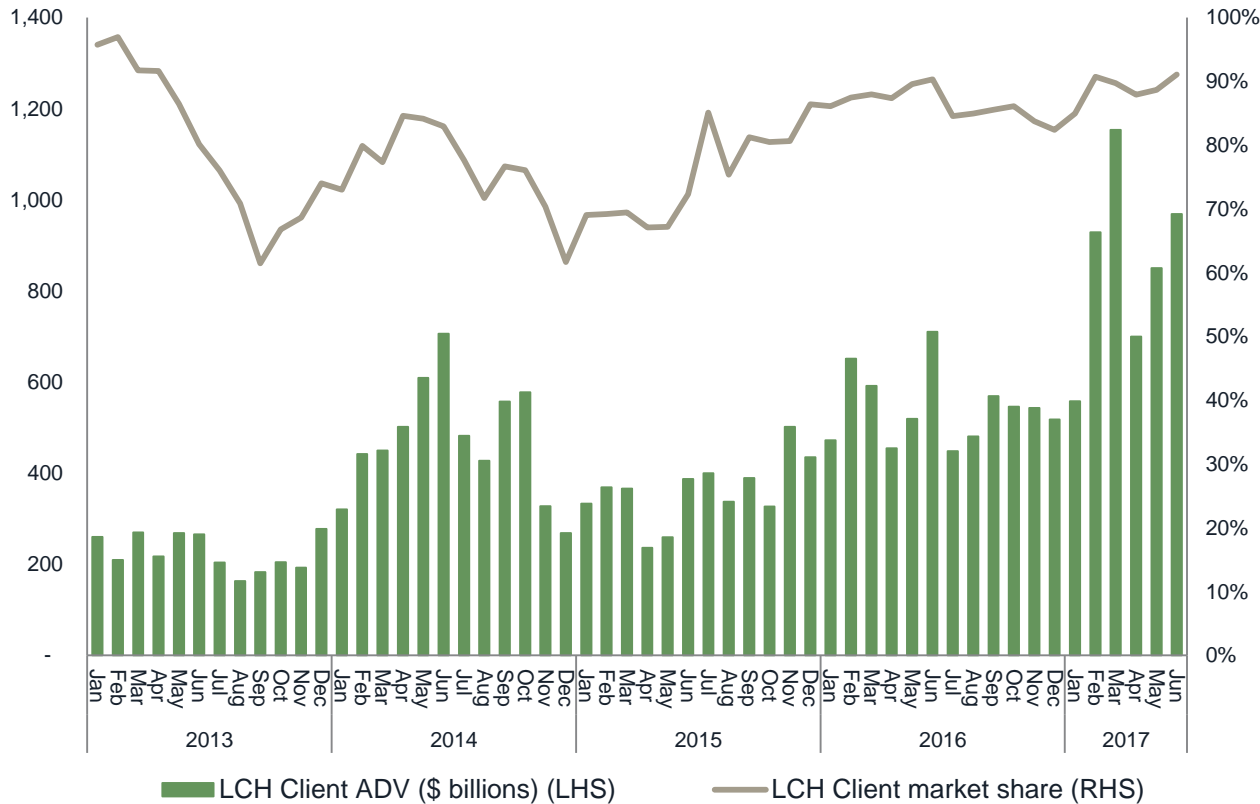
Other

£547m

Note: figures include continuing operations only, expenses include depreciation and cost of sales

SwapClear - Interest Rate Swaps

Client clearing – average daily value (\$bn)



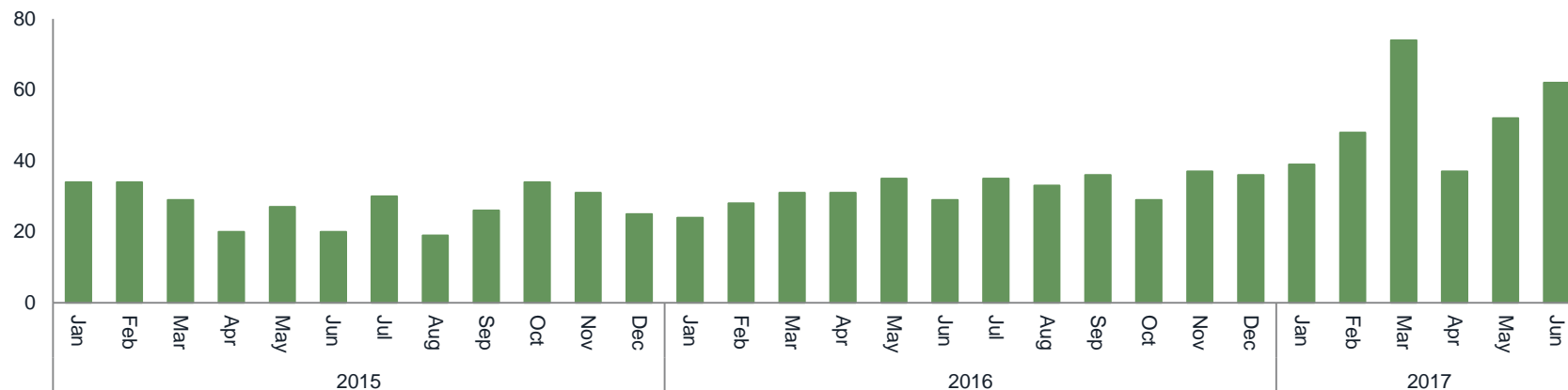
SwapClear H1 2017:

- **\$468trn** total notional cleared (2016 H1: \$346trn) **up 35%**
- **610k** Client trades cleared (2016 H1: 460k) **up 33%**
- **106** SwapClear members (2016 H1: 102)

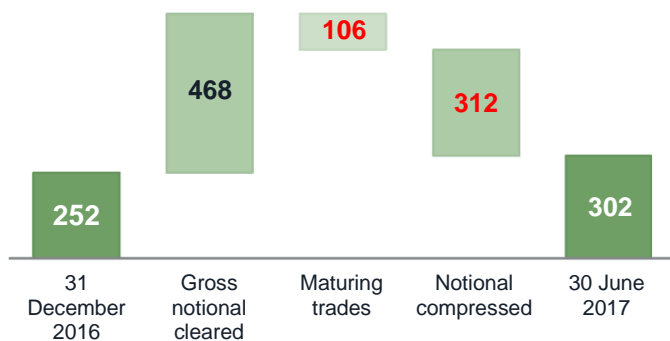
Chart shows SwapClear client volumes only vs CME client and member

SwapClear - Compression

Compression (\$trn)



Compression activity (\$trn)

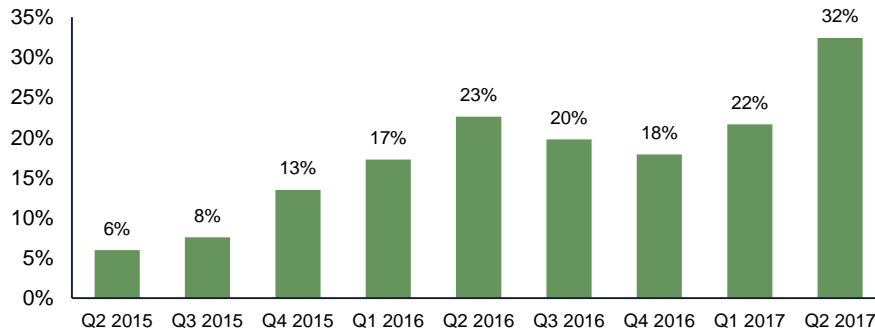


SwapClear H1 2017:

- **\$312trn** compressed (2016 H1: \$178trn)
- **1.8 million** trade sides compressed (2016 H1: 1.4m)

OTC clearing – CDS and FX

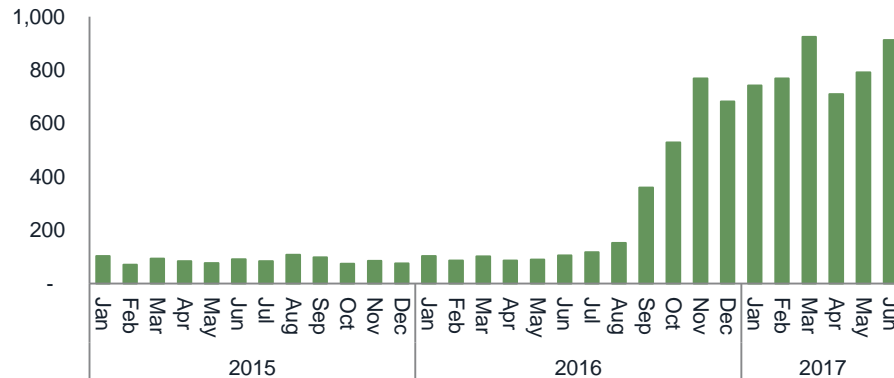
CDSClear – Share of Overall Indices



CDSClear

- Market share growth since European mandate implementation began February 2017
- **€298bn cleared** in H1 (2016 H1: €242bn) **up 23%**

ForexClear – Notional value (\$bn)



ForexClear

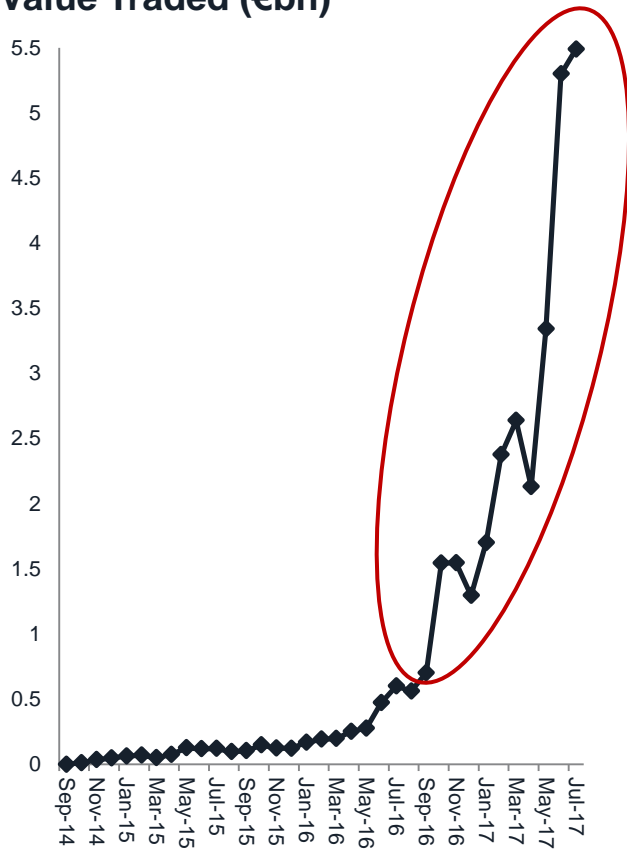
- **Strong volume growth**, well positioned to serve increasing customer's requirement for central clearing of FX products
- **\$4.9trn cleared** in H1 (2016 H1: \$0.6trn) **up 743%**

Source: LCH, ICE Clear Europe cleared notional data



Turquoise Plato Block Discovery

Turquoise Plato Block Discovery™
Value Traded (€bn)



- Award winning innovation designed in cooperation with Plato Partnership, a unique collaboration with buy-side and sell-side firms
- Monthly value traded in July 2017 at **€5.5bn** up 3% on previous record in June 2017
- **€32bn** traded since October 2014 launch to end July
- **Average trade size above €1m** for ESMA Band 5 blue chip trades above Large in Scale (€0.5m threshold)

Key performance indicators

Capital Markets - Primary Markets

	Six months ended		Variance %
	30 June		
	2017	2016	
New Issues			
UK Main Market, PSM & SFM	42	25	68%
UK AIM	28	41	(32%)
Borsa Italiana	14	8	75%
Total	84	74	14%
Money Raised (£bn)			
UK New	2.5	1.9	32%
UK Further	8.4	6.0	40%
Borsa Italiana new and further	12.9	3.9	231%
Total (£bn)	23.8	11.8	102%

Capital Markets - Secondary Markets

	Six months ended		Variance %
	30 June		
	2017	2016	
Equity			
Totals for period			
UK value traded (£bn)	683	637	7%
Borsa Italiana (no of trades m)	37.5	40.6	(8%)
Turquoise value traded (€bn)	556	759	(27%)
SETS Yield (basis points)	0.63	0.63	0%
Average daily			
UK value traded (£bn)	5.5	5.1	8%
Borsa Italiana (no of trades '000)	295	320	(8%)
Turquoise value traded (€bn)	4.4	6.0	(27%)
Derivatives (contracts m)			
LSE Derivatives	3.2	2.4	33%
IDEM	20.4	25.2	(19%)
Total	23.6	27.6	(14%)
Fixed Income			
MTS cash and BondVision (€bn)	1,902	2,042	(7%)
MTS money markets (€bn term adjusted)	41,355	44,425	(7%)

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		
	2017	2016	%
CC&G Clearing			
Contracts (m)	60.1	68.5	(12%)
Initial margin held (average €bn)	12.8	11.8	8%
Monte Titoli			
Settlement instructions (trades m)	22.9	22.5	2%
Custody assets under management (average €tn)	3.24	3.17	2%

Information Services

	As at		Variance
	30 June		
	2017	2016	%
ETF assets under management benchmarked (\$bn)			
FTSE	315	229	38%
Russell Indexes	215	161	34%
Total	530	390	36%

Terminals

UK	70,000	73,000	(4%)
Borsa Italiana Professional Terminals	127,000	130,000	(2%)

Post Trade Services - LCH

	Six months ended		Variance
	30 June		
	2017	2016	%
OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	468	346	35%
SwapClear members	106	102	4%
Client trades ('000)	610	460	33%
CDSClear			
Notional cleared (€bn)	298	242	23%
CDSClear members	13	11	18%
ForexClear			
Notional value cleared (\$bn)	4,857	576	743%
ForexClear members	27	23	17%
Non-OTC			
Fixed income - Nominal value (€tn)	42.9	34.9	23%
Listed derivatives (contracts m)	76.4	70.0	9%
Cash equities trades (m)	419	345	21%
Average cash collateral (€bn)	86.5	61.3	41%

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



Revenues - Quarterly

Continuing operations only £ millions	CY 2016				CY 2016	CY 2017		
	Q1	Q2	Q3	Q4		Q1	Q2	H1
Primary Markets	22.2	22.0	21.1	25.5	90.8	21.3	26.4	47.7
Secondary Markets - Equities	42.2	40.9	40.0	41.8	164.9	42.0	41.9	83.9
Secondary Markets - Fixed income, derivatives & other	28.0	26.3	28.5	29.8	112.6	30.4	27.6	58.0
Capital Markets	92.4	89.2	89.6	97.1	368.3	93.7	95.9	189.6
Clearing	10.6	10.1	10.0	11.8	42.5	10.7	9.9	20.6
Settlement, Custody & other	12.9	14.5	15.2	18.6	61.2	17.0	17.7	34.7
Post Trade Services - CC&G and Monte Titoli	23.5	24.6	25.2	30.4	103.7	27.7	27.6	55.3
OTC - SwapClear, ForexClear & CDSClear	44.6	44.4	47.6	54.0	190.6	56.8	55.8	112.6
Non OTC - Fixed income, Cash equities & Listed derivatives	28.6	29.1	28.3	30.5	116.5	32.9	33.1	66.0
Other	11.1	9.3	13.6	15.4	49.4	16.0	12.6	28.6
Post Trade Services - LCH	84.3	82.8	89.5	99.9	356.5	105.7	101.5	207.2
FTSE Russell Indexes	96.4	97.1	102.1	113.7	409.3	126.7	133.8	260.5
Real time data	22.7	21.8	23.3	23.1	90.9	23.0	24.4	47.4
Other information	22.4	25.5	23.1	23.5	94.5	23.9	23.1	47.0
Information Services	141.5	144.4	148.5	160.3	594.7	173.6	181.3	354.9
Technology Services	16.2	21.9	20.8	29.4	88.3	20.5	20.6	41.1
Other	1.0	0.1	2.6	0.4	4.1	1.4	3.2	4.6
Total Revenue	358.9	363.0	376.2	417.5	1,515.6	422.6	430.1	852.7
Net treasury income through CCP:								
CC&G	10.3	10.7	11.2	10.4	42.6	9.8	9.6	19.4
LCH	17.6	17.4	24.1	23.1	82.2	24.2	31.3	55.5
Other income	0.8	7.1	3.1	5.7	16.7	4.1	13.8	17.9
Total income	387.6	398.2	414.6	456.7	1,657.1	460.7	484.8	945.5
Cost of sales	(35.3)	(41.7)	(44.8)	(53.0)	(174.8)	(50.4)	(51.2)	(101.6)
Gross profit	352.3	356.5	369.8	403.7	1,482.3	410.3	433.6	843.9

Contacts

Paul Froud
Head of Investor Relations

Tel: +44 (0)20 7797 1186

email: pfroud@lseg.com

email: twoodley@lseg.com

London Stock Exchange Group plc
10 Paternoster Square
London
EC4M 7LS

For information on the Group: www.lseg.com

Tom Woodley
Investor Relations Manager

Tel: +44 (0)20 7797 1293

