

16 July 2014

## LONDON STOCK EXCHANGE GROUP plc

### INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 15 JULY 2014, INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 30 JUNE 2014 (Q1)

- Strong financial performance - Q1 total income up 16 per cent to £323.9 million
- Revenue increased 20 per cent overall and 12 per cent on an organic and constant currency basis, with growth across nearly all business segments
- Capital Markets revenues up 16 per cent, with strong growth in primary markets as the number of new issues more than doubled; secondary markets benefitted from improvements in fixed income trading and Italian cash equity volumes
- Post Trade Services (Italy) revenues up 4 per cent, and up 8 per cent on an organic and constant currency basis with increases in clearing volumes and within settlement and custody
- LCH.Clearnet total income up 14 per cent on a pro forma, constant currency basis, with good growth in OTC and commodities revenues
- Information Services revenues up 5 per cent, reflecting good performances from FTSE and a number of other services
- Technology Services revenues declined 8 per cent, mainly as the result of the phasing of customer deliveries
- The Group announced the proposed acquisition of Frank Russell Company on 26 June 2014; preparation of a Circular for a shareholder meeting and a Prospectus for the accompanying rights issue is underway, with posting expected in late August

Commenting on performance in Q1, Xavier Rolet, Chief Executive, said:

**“We have made good progress in the first quarter, delivering a strong financial performance reflecting organic growth and inorganic revenues across the Group. We have been pleased by the continued resurgence in the IPO market with an increase both in the number of companies joining our markets and the amount of money raised.**

**“The proposed acquisition of Russell Investments will also help to expand the global footprint of the Group, particularly in the key U.S. market. This is**

**a strong strategic acquisition for the Group, which will accelerate development in one of our core strengths, intellectual property, and offers significant growth potential. In the coming months, we will focus on obtaining the necessary approvals to complete the acquisition and to deliver the financial benefits of the transaction to the Group.”**

## **Financial Position**

Prior to the announcement of the proposed acquisition of Frank Russell Company, the Group put in place new, committed, multicurrency revolving credit facilities of £600 million for a term of up to 3 years. The new facilities have been arranged on similar terms to the Group’s existing £700 million syndicated deal, signed in July 2013, and are available for part financing the Russell transaction. Other than these new arrangements, and normal scheduled coupon payments on longer term debt in the quarter, there are no material changes to the Group’s financial position since the financial year end.

The euro weakened against sterling compared with the same period last year, from €1.18 to €1.23. 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£7.3 million for Q1

## **Current trading and outlook**

The Group has made good progress in the start to the new financial year. As we enter the seasonally quieter summer period, the Group remains well placed to benefit from continued positive market trends through its increasingly diversified businesses and from the work to realise the previously announced integration synergies at LCH.Clearnet Group.

The Group expects to provide interim financial results for the period to 30 June 2014 at the time of the release of the Prospectus in connection with the acquisition of Frank Russell Company.

Further information is available from:

London Stock Exchange Group plc	Gavin Sullivan – Media Paul Froud – Investor Relations	+44 (0) 20 7797 1222 +44 (0) 20 7797 3322
RLM Finsbury	David Henderson / Mike Turner	+44 (0) 20 7251 3801

A conference call for analysts and investors will be held at 9:00 (UK time) on Wednesday 16th July. On the call will be David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the Telephone conference call dial 0800 376 7922 or +44 (0) 2071 928 000

Conference ID: 7330 9625

## Q1 Revenue Summary

Revenues for three months ended 30 June 2014, with comparatives against performance for the same period last year, are provided below. Growth rates for performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended			Organic and
	30 June		Variance	constant
	2014	2013		currency
	£m	£m	%	variance <sup>1</sup>
				%
<b>Revenue</b>				
Capital Markets	87.0	75.0	16%	14%
Post Trade Services	26.0	25.1	4%	8%
LCH.Clearnet <sup>2</sup>	83.2	49.0	70%	21%
Information Services	88.0	83.9	5%	7%
Technology Services	14.3	15.5	(8%)	(2%)
Other	1.4	1.2	17%	17%
<b>Total revenue</b>	<b>299.9</b>	<b>249.7</b>	<b>20%</b>	<b>12%</b>
Net treasury income through CCP business				
CC&G	7.5	16.7	(55%)	(53%)
LCH.Clearnet <sup>2</sup>	15.1	11.7	29%	(13%)
Other income	1.4	2.1	(33%)	(30%)
LCH.Clearnet unrealised gain / (loss)	0.7	(1.2)	-	-
<b>Total income including unrealised</b>	<b>324.6</b>	<b>279.0</b>	<b>16%</b>	<b>7%</b>
<b>Total income excluding unrealised</b>	<b>323.9</b>	<b>280.2</b>	<b>16%</b>	<b>7%</b>

<sup>1</sup>Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

- 1) Removal of EuroTLX and Bonds.com revenue (Capital Markets – Fixed Income)
- 2) LCH.Clearnet pro forma for three months
- 3) MTS Indices remove from Capital Markets Fixed Income revenue and include in Information Services FTSE revenue

<sup>2</sup>LCH.Clearnet represents two months ended 30 June 2013

More detailed revenues by segment are provided in tables below:

## Capital Markets

	Three months ended 30 June			Organic and constant currency variance <sup>1</sup>
	2014 £m	2013 £m	Variance %	%
<b>Revenue</b>				
<b>Primary Markets</b>				
Annual fees	11.0	10.0	10%	11%
Admission fees	14.3	9.5	51%	52%
	<b>25.3</b>	<b>19.5</b>	<b>30%</b>	<b>31%</b>
<b>Secondary Markets</b>				
Cash equities UK & Turquoise	24.5	24.2	1%	1%
Cash equities Italy	10.0	8.6	16%	20%
Derivatives	4.9	5.0	(2%)	2%
Fixed income	19.9	15.5	28%	10%
	<b>59.3</b>	<b>53.3</b>	<b>11%</b>	<b>7%</b>
Other	2.4	2.2	9%	14%
<b>Total revenue</b>	<b>87.0</b>	<b>75.0</b>	<b>16%</b>	<b>14%</b>

<sup>1</sup> Removal of EuroTLX and Bonds.com revenue (Capital Markets – Fixed Income) and MTS Indices removed from Capital Markets Fixed Income revenue and included in Information Services FTSE revenue

## Post Trade Services

	Three months ended 30 June			Constant currency variance
	2014 £m	2013 £m	Variance %	%
<b>Revenue</b>				
Clearing	10.2	10.1	1%	5%
Settlement	5.0	4.4	14%	19%
Custody & other	10.8	10.6	2%	6%
<b>Total revenue</b>	<b>26.0</b>	<b>25.1</b>	<b>4%</b>	<b>8%</b>
Net treasury income	7.5	16.7	(55%)	(53%)
<b>Total income</b>	<b>33.5</b>	<b>41.8</b>	<b>(20%)</b>	<b>(17%)</b>

## LCH.Clearnet

	Three months ended 30 June			Organic and constant currency variance <sup>1</sup>
	2014 £m	2013 <sup>2</sup> £m	Variance %	%
<b>Revenue</b>				
<b>OTC</b>				
SwapClear	26.8	14.9	80%	25%
ForexClear / CDSClear	7.3	2.7	170%	85%
	<b>34.1</b>	17.6	94%	34%
<b>Non-OTC</b>				
Fixed income	11.6	5.4	115%	53%
Commodities	14.1	4.4	220%	164%
Listed derivatives	9.5	12.4	(23%)	(48%)
Cash equities	8.4	6.2	35%	(3%)
	<b>43.6</b>	28.4	54%	9%
<b>Total Clearing fee revenue</b>	<b>77.7</b>	46.0	69%	19%
Other	5.5	3.0	83%	63%
<b>Total revenue</b>	<b>83.2</b>	49.0	70%	21%
Net treasury income	15.1	11.7	29%	(13%)
<i>Unrealised gain / (loss)</i>	<i>0.7</i>	<i>(1.2)</i>	-	-
<b>Total income including unrealised</b>	<b>99.0</b>	59.5	66%	16%
<b>Total income excluding unrealised</b>	<b>98.3</b>	60.7	62%	14%

<sup>1</sup>Pro forma represents three months ended 30 June 2013

<sup>2</sup>LCH.Clearnet 2013 represents two months ended 30 June 2013

## Information Services

	Three months ended 30 June			Organic and constant currency variance <sup>1</sup>
	2014 £m	2013 £m	Variance %	%
<b>Revenue</b>				
FTSE	44.4	41.7	6%	8%
Real time data	21.3	22.4	(5%)	(3%)
Other information services	22.3	19.8	13%	14%
<b>Total revenue</b>	<b>88.0</b>	83.9	5%	7%

<sup>1</sup> MTS Indices removed from Capital Markets Fixed Income revenue and included in Information Services FTSE revenue

## Technology Services

	Three months ended 30 June			Organic and constant currency
	2014 £m	2013 £m	Variance %	variance %
<b>Revenue</b>				
MillenniumIT	6.0	7.4	(19%)	(9%)
Technology	8.3	8.1	2%	4%
<b>Total revenue</b>	<b>14.3</b>	<b>15.5</b>	<b>(8%)</b>	<b>(2%)</b>

### Basis of Preparation

Results for Borsa Italiana and LCH.Clearnet for the period ended 30 June 2014 have been translated into Sterling using the average monthly exchange rate for the period of €1.23: £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 30 June 2014	Closing €:£ rate at 30 June 2014	Average €:£ rate 3 months ended 30 June 2013	Closing €:£ rate at 30 June 2013
€ 1.23	€ 1.25	€ 1.18	€ 1.18

## Appendix – Key performance indicators

### Capital Markets - Primary Markets

	Three months ended		Variance %
	30 June		
	2014	2013	
<b>New Issues</b>			
UK Main Market, PSM & SFM	33	12	175%
UK AIM	38	18	111%
Borsa Italiana	7	3	133%
<b>Total</b>	<b>78</b>	<b>33</b>	<b>136%</b>

#### Company Numbers (as at period end)

UK Main Market, PSM & SFM	1,371	1,365	0%
UK AIM	1,104	1,085	2%
Borsa Italiana	297	283	5%
<b>Total</b>	<b>2,772</b>	<b>2,733</b>	<b>1%</b>

#### Market Capitalisation (as at period end)

UK Main Market (£bn)	2,270	2,088	9%
UK AIM (£bn)	78	62	26%
Borsa Italiana (€bn)	499	354	41%
Borsa Italiana (£bn)	400	300	33%
<b>Total (£bn)</b>	<b>2,748</b>	<b>2,450</b>	<b>12%</b>

#### Money Raised (£bn)

UK New	7.6	2.0	280%
UK Further	4.8	2.6	85%
Borsa Italiana new and further	7.5	0.3	2400%
<b>Total (£bn)</b>	<b>19.9</b>	<b>4.9</b>	<b>306%</b>



## Capital Markets - Secondary Markets

	Three months ended		Variance %
	30 June		
	2014	2013	
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	265	275	(4%)
Borsa Italiana (no of trades m)	16.9	14.3	18%
Turquoise value traded (€bn)	241.4	175.1	38%
<b>SETS Yield</b> (basis points)	0.66	0.66	0%
<b>Average daily</b>			
UK value traded (£bn)	4.2	4.4	(5%)
Borsa Italiana (no of trades '000)	272	227	20%
Turquoise value traded (€bn)	3.83	2.74	40%
<b>Derivatives (contracts m)</b>			
LSE Derivatives	2.8	3.7	(24%)
IDEM	8.8	8.1	9%
<b>Total</b>	<b>11.6</b>	<b>11.8</b>	<b>(2%)</b>
<b>Fixed Income</b>			
MTS cash and Bondvision (€bn)	1,098	807	36%
MTS money markets (€bn term adjusted)	19,997	19,491	3%
MOT number of trades (m)	1.43	1.75	(18%)

## Post Trade Services

### CC&G and Monte Titoli

	Three months ended		Variance %
	30 June		
	2014	2013	
<b>CC&amp;G Clearing (m)</b>			
Equity clearing (no of trades)	17.6	15.2	16%
Derivative clearing (no of contracts)	8.8	8.1	9%
<b>Total</b>	<b>26.4</b>	<b>23.3</b>	<b>13%</b>
Open interest (contracts as at period end)	4.4	3.9	13%
Initial margin held (average €bn)	10.3	12.4	(17%)
<b>Monte Titoli</b>			
Pre Settlement instructions (trades m)	8.5	7.0	21%
Settlement instructions (trades m)	9.9	7.4	34%
<b>Total Settlement</b>	<b>18.4</b>	<b>14.4</b>	<b>28%</b>
Custody assets under management (average €tn)	3.40	3.28	4%

## LCH.Clearnet

	Three months ended		Variance %
	30 June		
	2014	2013	
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional outstanding (\$trn)	419	391	7%
IRS notional cleared (\$trn)	181.3	127.2	43%
SwapClear members	106	83	28%
<b>CDSClear</b>			
Open interest (€bn)	31.0	13.2	135%
Notional cleared (€bn)	19.5	44.5	(56%)
CDSClear members	9	11	(18%)
<b>ForexClear</b>			
Notional value cleared (\$bn)	212.2	263.3	(19%)
ForexClear members	20	15	33%
<b>Non-OTC</b>			
Fixed income - Nominal value (€trn)	18.6	18.6	0%
Commodities (lots m)	46.3	34.3	35%
Listed derivatives (contracts m)	42.7	42.6	0%
Cash equities trades (m)	103.8	89.9	15%
Average cash collateral (€bn)	46.5	41.5	12%

## Information Services

	As at		
	30 June		Variance
	2014	2013	%
<b>UK Terminals</b>			
Professional - UK	32,000	33,000	(3%)
Professional - International	47,000	48,000	(2%)
<b>Total</b>	<b>79,000</b>	<b>81,000</b>	<b>(2%)</b>
<b>Borsa Italiana Professional Terminals</b>	<b>132,000</b>	<b>138,000</b>	<b>(4%)</b>
<b>FTSE ETFs assets under management benchmarked (\$bn)</b>	213	163	31%

## Total Income – Quarterly

£ millions	FY 2014				FY 2014	FY 2015
	Q1	Q2	Q3	Q4		Q1
Annual Fees	10.0	10.3	10.2	10.7	41.2	11.0
Admission Fees	9.5	7.6	12.8	10.0	39.9	14.3
Cash equities UK & Turquoise	24.2	22.2	21.7	26.4	94.5	24.5
Cash equities Italy	8.6	8.6	9.0	9.9	36.1	10.0
Derivatives	5.0	4.7	4.9	5.0	19.6	4.9
Fixed Income	15.5	14.5	18.4	19.7	68.1	19.9
Other	2.2	2.3	3.1	2.5	10.1	2.4
<b>Capital Markets</b>	<b>75.0</b>	<b>70.2</b>	<b>80.1</b>	<b>84.2</b>	<b>309.5</b>	<b>87.0</b>
Clearing	10.1	9.0	10.4	10.5	40.0	10.2
Settlement	4.4	3.4	4.2	4.4	16.4	5.0
Custody & other	10.6	10.6	10.6	10.2	42.0	10.8
<b>Post Trade Services</b>	<b>25.1</b>	<b>23.0</b>	<b>25.2</b>	<b>25.1</b>	<b>98.4</b>	<b>26.0</b>
	<b>2 months</b>					
OTC - SwapClear	14.9	26.3	24.5	25.8	91.5	26.8
OTC - ForexClear / CDSClear	2.7	4.0	4.0	7.4	18.1	7.3
Fixed income	5.4	8.4	7.0	11.0	31.8	11.6
Commodities	4.4	9.1	9.3	11.3	34.1	14.1
Listed derivatives	12.4	11.2	11.5	12.9	48.0	9.5
Cash equities	6.2	8.2	8.7	9.3	32.4	8.4
Other	3.0	(5.0)	(3.8)	12.9	7.1	5.5
<b>LCH.Clearnet</b>	<b>49.0</b>	<b>62.2</b>	<b>61.2</b>	<b>90.6</b>	<b>263.0</b>	<b>83.2</b>
FTSE	41.7	42.2	44.2	45.9	174.0	44.4
Real time data	22.4	22.1	23.0	23.3	90.8	21.3
Other information	19.8	20.1	21.2	22.8	83.9	22.3
<b>Information Services</b>	<b>83.9</b>	<b>84.4</b>	<b>88.4</b>	<b>92.0</b>	<b>348.7</b>	<b>88.0</b>
MillenniumIT	7.4	5.7	7.9	10.5	31.5	6.0
Technology	8.1	8.2	8.1	8.1	32.5	8.3
<b>Technology Services</b>	<b>15.5</b>	<b>13.9</b>	<b>16.0</b>	<b>18.6</b>	<b>64.0</b>	<b>14.3</b>
<b>Other</b>	<b>1.2</b>	<b>0.8</b>	<b>1.4</b>	<b>1.3</b>	<b>4.7</b>	<b>1.4</b>
<b>Total Revenue</b>	<b>249.7</b>	<b>254.5</b>	<b>272.3</b>	<b>311.8</b>	<b>1,088.3</b>	<b>299.9</b>
<b>Net treasury income through CCP:</b>						
CC&G	16.7	11.4	10.1	9.4	47.6	7.5
LCH.Clearnet	11.7	18.8	17.6	14.1	62.2	15.1
Other income	2.1	2.2	8.9	1.8	15.0	1.4
LCH.Clearnet unrealised gain / (loss)	(1.2)	(0.8)	(0.9)	(0.6)	(3.5)	0.7
<b>Total income including unrealised</b>	<b>279.0</b>	<b>286.1</b>	<b>308.0</b>	<b>336.5</b>	<b>1,209.6</b>	<b>324.6</b>
<b>Total income excluding unrealised</b>	<b>280.2</b>	<b>286.9</b>	<b>308.9</b>	<b>337.1</b>	<b>1,213.1</b>	<b>323.9</b>

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