



London
STOCK EXCHANGE

London Stock Exchange

Interim Results 6 November 2003

Agenda

Introduction

Chris Gibson-Smith
Chairman

Financial Review

Jonathan Howell
Director of Finance

CEO Overview

Clara Furse
Chief Executive Officer

Q&A

Introduction

- Satisfactory half-year performance
- Interim dividend up **8%** to **1.4 pence per share**
- Investing for growth – new products and services launched



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Jonathan Howell

Director of Finance

Overview of results

Satisfactory earnings growth in difficult market conditions

	Six months ended 30 September		Change %	Year ended 31 March
	<u>2003</u> £m	<u>2002</u> £m		<u>2003</u> £m
Turnover				
Issuer services	18.4	19.2	(4)	36.0
Broker services	43.7	43.7	-	87.3
Information services	50.2	50.7	(1)	102.2
Derivative services	1.7	-	-	-
Other income	5.6	5.9	(5)	11.8
Gross turnover	119.6	119.5	-	237.3
Net turnover	113.4	113.9	-	225.9
Operating costs	(72.4)	(73.4)	(1)	(144.3)
Operating profit*	41.7	40.5	3	81.7
Operating margin*	37%	36%		36%

* before exceptional items and goodwill amortisation

Overview of results (continued)

	Six months ended 30 September		Change %	Year ended 31 March
	<u>2003</u>	<u>2002</u>		<u>2003</u>
	£m	£m		£m
Operating profit*	41.7	40.5	3	81.7
Exceptional items	-	(2.3)	-	(11.6)
Profit before tax	44.7	47.4	(6)	79.5
Tax	(11.2)	(15.1)	(26)	(26.8)
Profit after tax**	<u>33.5</u>	<u>32.3</u>	4	<u>52.7</u>
Earnings per share (pence)	11.5	11.1	4	18.1
Adjusted earnings per share* (pence)	10.8	10.5	3	20.9
Dividend per share (pence)	1.4	1.3	8	4.3

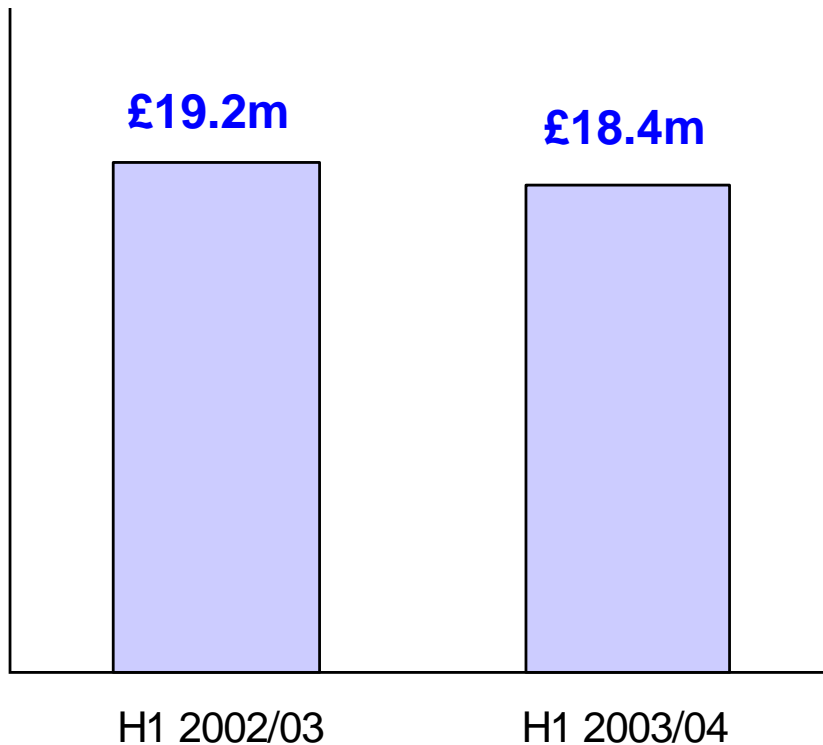
* before exceptional items and goodwill amortisation

** excluding minority interests

Issuer Services

Weak IPO market

Turnover down 4%

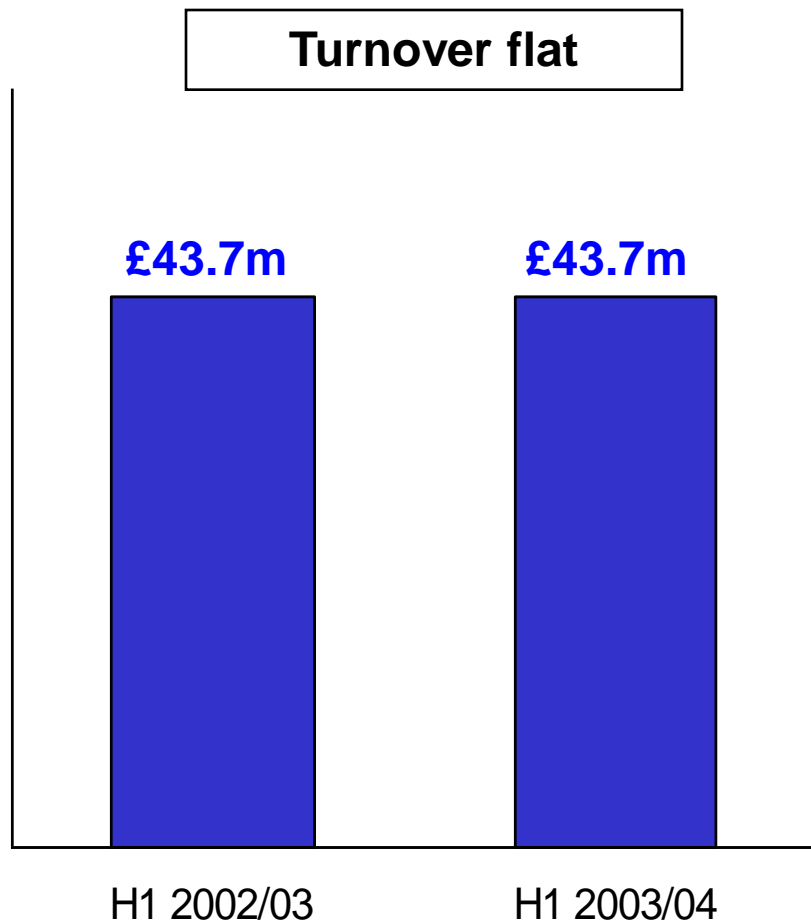


Key metrics

- Annual Fees represent **59%** of Issuer Services' turnover (H1 2002/03: 55%)
- New issues fell **27%** from **128** to **94**
- Companies: **2,692** (H1 2002/03: 2,849)
- AIM companies up **5%** to **718**

Broker Services

SETS volumes continue to grow



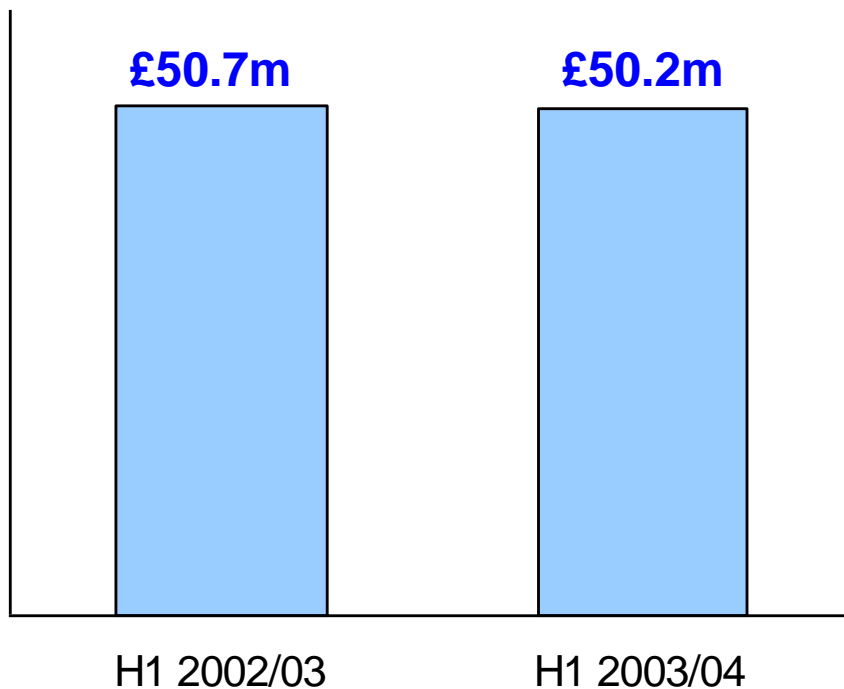
Key metrics

- Average daily equity bargains up **4%** to **219,000**
 - order book bargains up **30%** to **126,000** per day
 - off book bargains up **2%** to **55,000** per day
 - international bargains down **36%** to **38,000** per day
- Total value of equity bargains fell **25%** to **£1.8tn** (H1 2002/03: £2.4tn)
- SETS contributed **62%** of Broker Services' revenue (H1 2002/03: 55%)

Information Services

Terminal numbers continue to decline

Turnover down 1%



Key metrics

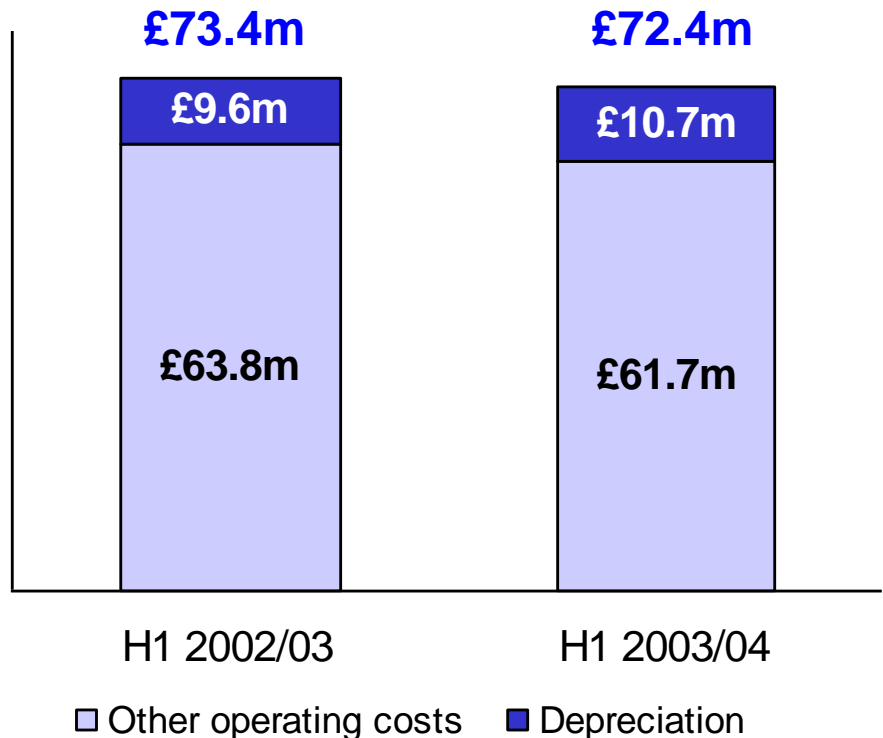
- Terminal population **90,000** (March 2003: 94,000, H1 2002/03: 100,000)
- Professional investor terminals at **81,000** (March 2003: 88,000, H1 2002/03: 94,000)
- Over **1,500** Proquote screens (March 2003: 1,000)
- H1 2003/04 RNS turnover **£3.6m** (H1 2002/03: £3.4m)
- FTSE JV – share of turnover **£6.2m** (H1 2002/03: £5.6m)

Operating and development costs

Focus on cost control

- Total costs down 1% reflecting
 - IT cost savings
 - reductions in other operational spend
- Depreciation up following systems investment
- Higher incremental costs in H2

Cost/income*	
64%	63%



* before exceptional items and goodwill amortisation

Summarised Cash Flow

Positive free cash flow

	Six months ended 30 September		Year ended 31 March
	2003	2002	2003
	£m	£m	£m
Net cash inflow from:			
- ongoing operating activities*	54.8	53.8	89.8
Taxation	(8.6)	(6.7)	(25.2)
Capital expenditure	(18.3)	(8.4)	(28.1)
Dividends paid	(8.8)	(7.3)	(11.1)
Free cash flow - pre one-off items	19.1	31.4	25.4
One-off items - exceptional items	-	9.3	10.4
- acquisitions	(14.0)	-	(11.3)
- pension funding	-	-	(15.0)
Free cash flow	5.1	40.7	9.5

* before exceptional items and one-off pension funding

Summarised Balance Sheet

Balance sheet remains strong

	30 September 2003	31 March 2003
	£m	£m
Fixed assets		
Goodwill	27.3	14.1
Tangible assets & Investments	146.8	137.9
Total fixed assets	174.1	152.0
Current assets - debtors	66.7	64.3
- cash	225.6	211.0
Creditors: due within one year	(72.4)	(64.0)
Creditors: due after one year	(0.5)	-
Provisions	(41.8)	(41.6)
Net assets	351.7	321.7

Financial summary

H1 2003/04

- Weak IPO market continues and difficult conditions impacting terminal numbers
- SETS growing at slower rate

Current trading and prospects

- No improvement in IPO market
- SETS expected to underpin Broker services performance
- Terminal numbers remain under pressure
- Confident that performance for the year will remain resilient



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Clara Furse

Chief Executive Officer

Financial performance

- Demonstrated resilience – operating profit and earnings increased
- Issuer and Information services impacted by tough markets, Broker services unchanged
- Focus on cost control – savings in IT costs and other operational spend
- Continued investment in business – new initiatives contributing to turnover

Issuer Services

- **£10 billion** new capital raised
- **87%** of Western European IPO's (2002/03: 77%)
- Yell – largest IPO in Europe this year
- AIM continues to grow – **718** companies (2002/03: 686)
- AIM fast track service launched May 2003
- Success in listing Russian and Canadian companies
- OFT – outcome to discussions expected shortly

Broker services

- SETS continues to grow
- Iceberg facility launched September 2003
- SETSmm launched this week – additional **200** securities
- EUROSETS – Dutch trading service to launch March 2004

Information Services

- Terminals under pressure, growth from other products
- Proquote – **1,500** screens and over **100** corporate customers
- Corporate Data Warehouse launched
 - Stage 1 providing historic trading information (May 2003)
 - Stage 2 providing enhanced real-time data (June 2003)
- SEDOL on track to launch January 2004

Derivatives

Covered Warrants

- October most successful month with **3,700** bargains
- Expanded range of underlyings – oil, gold, property, Russian stocks, currencies
- Turnover **£250,000**
- **16,000** bargains

EDX

- EDX London commenced trading June 2003
- Turnover **£1.6 million**
- **3.7 million** EDX contracts traded

Outlook

- New initiatives contributing to turnover
- Weak IPO market continues
- SETS underpinning Broker Services
- Terminal numbers remain under pressure
- Confident performance for the year will remain resilient



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