



---

# London Stock Exchange Group plc

**Preliminary results**  
**Year ended 31 December 2018**

1 March 2019

# Welcome

---

**Financial Performance FY 2018 – David Warren**

**Look Ahead – Strategic focus and priorities – David Schwimmer**

**Q&A**

# Group Strategic priorities

**Focus on delivering shareholder returns while investing for long-term value**

**Successful strategy with differentiated approach**

Open Access, customer partnership model, strong set of businesses with good growth opportunities

**Group-wide collaboration**

Develop product innovation across the Group; data and analytics; new technologies; deepen Group-wide customer focus

**Operational efficiency**

Invest for growth, focus on efficiency, improve margins, while maintaining operational excellence and resiliency

**Shareholder value**

Focus on delivering performance, while investing for long-term value



---

# David Warren, Chief Financial Officer

# Strong financial performance

Total income

**+9%**

**£2,135m**

(2017: £1,955m)

Gross profit

**+10%**

**£1,908m**

(2017: £1,740m)

Underlying expenses

**+2%**

on organic and constant  
currency basis, while  
investing for growth

**£834m** (2017: £816m)

Adjusted EBITDA

**+17%**

**£1,066m**

(2017: £915m)

AEPS

**+17%**

**173.8p**

(2017: 148.7p)

Full year dividend

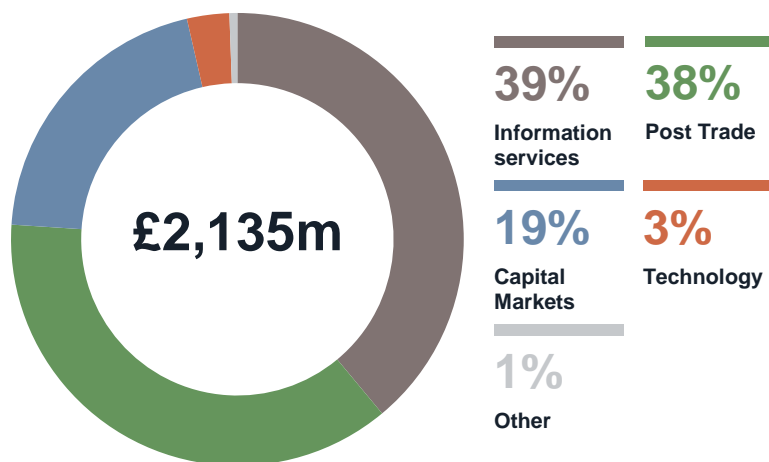
**+17%**

**60.4p** per share

(2017: 51.6p)

# Income by segment

## LSEG 2018 Total Income by segment



## Double-digit growth

FTSE Russell

**15%**

FTSE Russell revenue up 15% (up 8% at organic constant currency)

LCH

**16%**

LCH OTC clearing revenue up 16% (up 17% at organic constant currency)

	Twelve months ended			Organic and constant currency variance <sup>1</sup>
	31 December			
	2018	2017	Variance	
	£m	£m	%	%
<b>Continuing operations:</b>				
<b>Revenue</b>				
Information Services	841	736	14%	9%
Post Trade Services - LCH	487	432	13%	13%
Post Trade Services - CC&G and Monte Titoli	102	109	(6%)	(7%)
Capital Markets	407	391	4%	4%
Technology	65	91	(28%)	7%
Other	9	9	(1%)	(2%)
<b>Total revenue</b>	<b>1,911</b>	<b>1,768</b>	<b>8%</b>	<b>7%</b>
Net treasury income through CCP businesses	218	162	34%	35%
Other income	6	25	(73%)	(73%)
<b>Total income</b>	<b>2,135</b>	<b>1,955</b>	<b>9%</b>	<b>9%</b>

## 2018 versus 2017

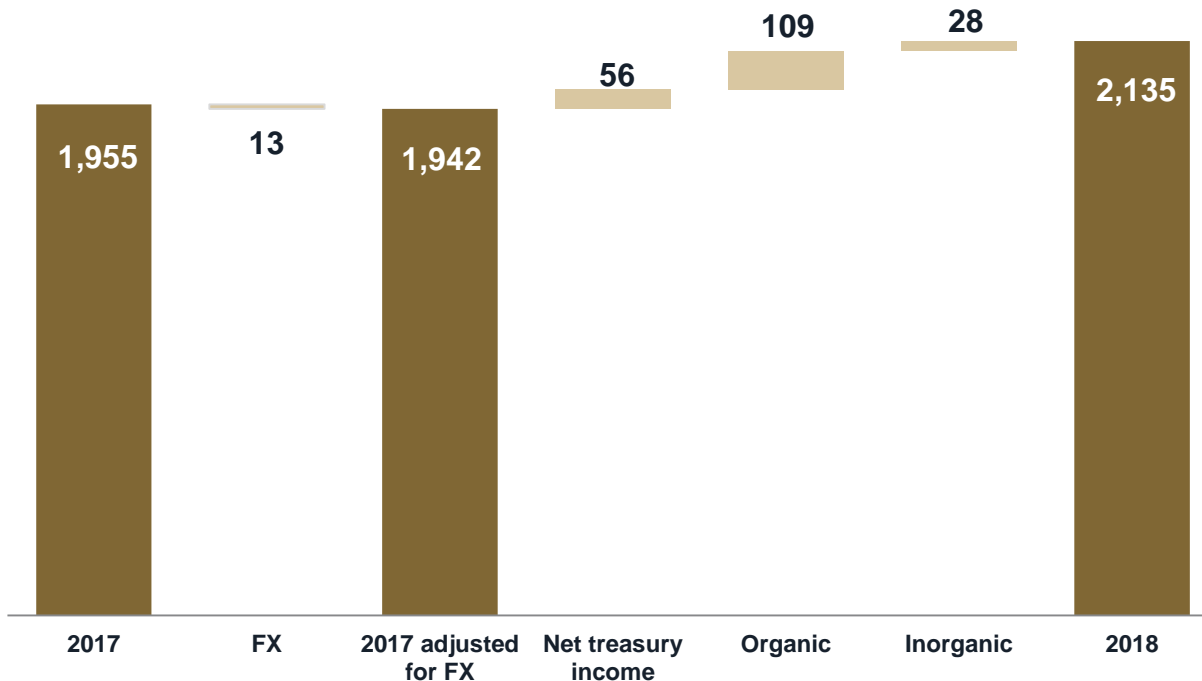
- Capital Markets £13m reduction in revenues due to adoption of accounting standard IFRS 15 (see 2018 Notes To The Financial Statements)
- Post Trade – LCH: £9m Cost of Sales netted off against Other income
- Post Trade – CC&G and Monte Titoli: £10m Cost of Sales netted off against revenues
- Technology Services: Disposal of MillenniumIT ESP and Exactpro December 2017 £30m revenue

<sup>1</sup> Organic growth is calculated in respect of businesses owned for at least 12 months in either period and so excludes ISPS, The Yield Book, MillenniumIT ESP and Exactpro

# Income growth

## Strong organic growth from investment in new products and acquisitions

LSEG income (£m)



LCH net treasury income

LCH NTI up 45% to £175m

Cash collateral driven by:

- Volumes
- Volatility

Income driven by

- Quantum of cash margin
- USD rate changes
- Expansion of counterparties
- Active asset allocation

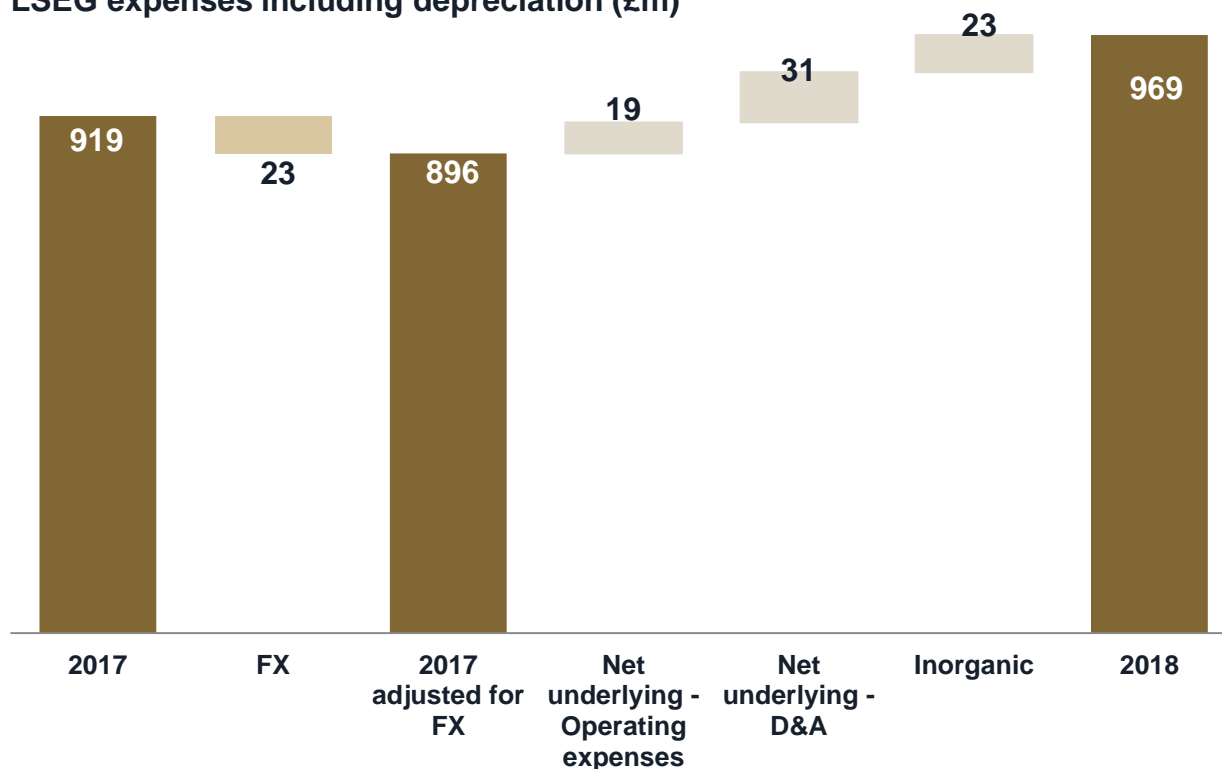
Note: Figures include continuing operations only, Inorganic includes income for businesses held for less than 12 months in either period: ISPS, The Yield Book, MillenniumIT ESP and Exactpro

# Operating expenses

## Underlying expenses<sup>1</sup> up 2%

Operating expenses including depreciation up 6%

### LSEG expenses including depreciation (£m)



Organic investment in recent periods driving depreciation and amortisation **£135m** (2017: £103m)

Operating expenses before depreciation and amortisation **£834m** (2017 : £816m)

<sup>1</sup> before depreciation and amortisation, on an organic and constant currency basis



# Expenses and Efficiency – looking ahead

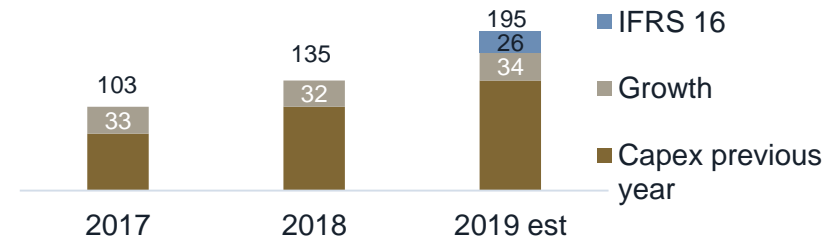
## Cost efficiencies

- **Focus on control of Operating expenses across Group** – real estate, procurement, sourcing strategy
- **Low margin businesses exited** – LSEDM equity derivatives, Exactpro, MillenniumIT ESP
- **Headcount:** drive integration, remove duplication, invest in low cost centres, reduction of contractors. Continue to invest in growth businesses globally. (c.£30m opex reductions - net 250 people/c.5% of global headcount)

## Looking Ahead

- **Depreciation**
  - Expected similar increase in 2019
  - IFRS 16 Leases - 2019 impact adds further c.£26m\*

### Depreciation £m

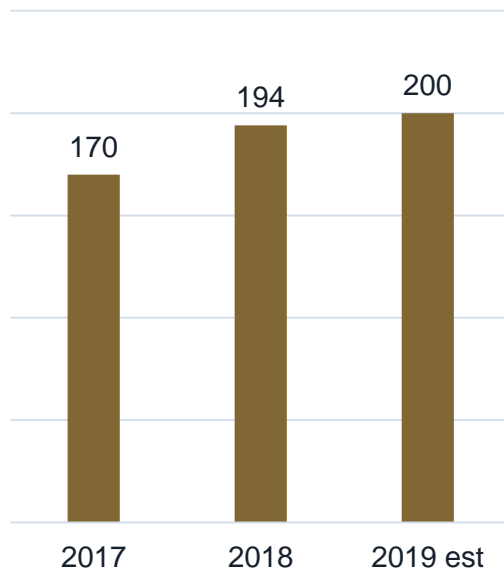


- **Net interest expense**
  - IFRS 16 Leases - 2019 impact adds c.£4m\*
- **Underlying effective tax rate (excluding one-offs): 2018: 21.9%;**
  - expect ~22% for 2019 (assuming same mix of profits)

# Investment

Investment expense 2019: c.£230m of which Capex c.£200m

## Capex £m



## Investment expense 2019



## Investment for growth and efficiency

- Lower cost service centres
- Restructuring, further integration
- LCH - ForexClear
- Index – data, analytics, multi-asset
- New technology – Cloud
- NY and Tokyo property consolidation

## Operational

- Platform maintenance and upgrades
- Regulatory, including Brexit
- Corporate functions
- Hardware upgrades, data centres
- LCH Collateral management upgrade

# 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%, 2017: 43.6%)

## Progress

**2018: up 15%**, up 8% on organic and constant currency basis

**2018: up 16%**, up 17% on organic and constant currency basis

**2018: 45.9%**

# Progress on 2019 financial targets

## Target

Operating expenses at 4% p.a.

## LSEG

Adjusted EBITDA margin of c.55% by 2019 (2016: 46.5%, 2017: 46.8%)

## Update

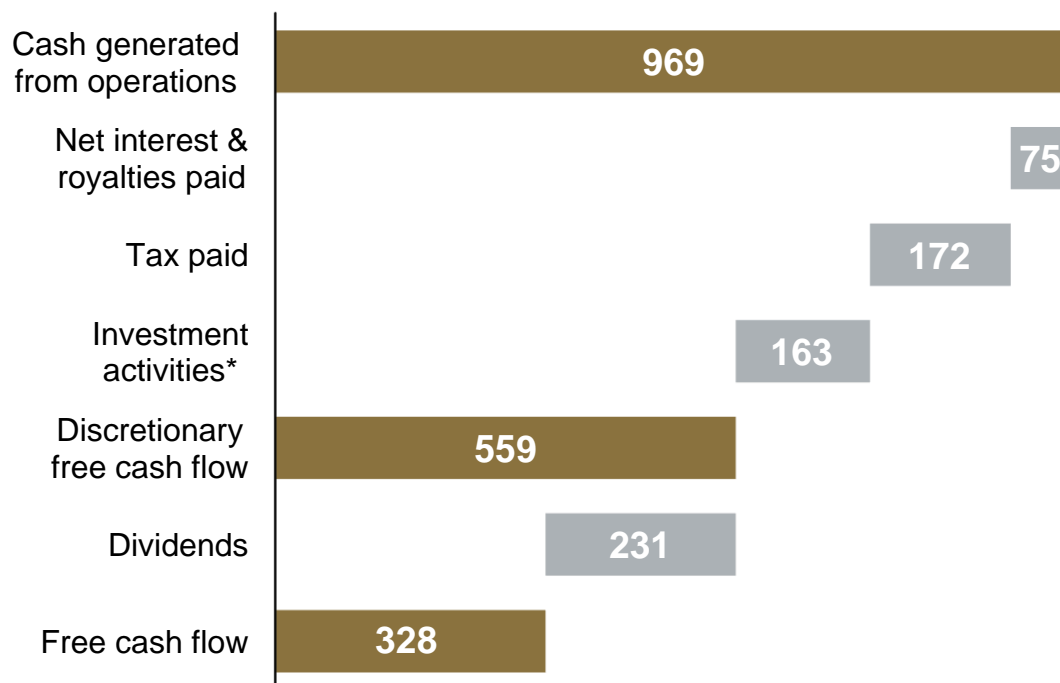
**2018: +6%**

- Prioritising continued investment in growth opportunities
- 4% target includes depreciation which is expected to grow further, so not achievable in 2019 if continue to invest
- Excluding depreciation, will achieve target in 2019

**2018: 49.9%**

- Margin improvement remains a focus; prioritisation of investment means target unlikely to be met in 2019

# Summarised cash flow



£194m capex – mainly business and corporate technology upgrades, acquisition integration, regulatory changes and new projects

Discretionary free cash flow remains strong at **161.1p** per share<sup>1</sup> (2017: 139.7p)

Investment activities excludes 2018 acquisitions:

- LCH stake increased from 66% to 82.6%
- FTSE TMX Global Debt Capital Markets stake increased to 100%

January 2019

- Euroclear 4.92% minority stake

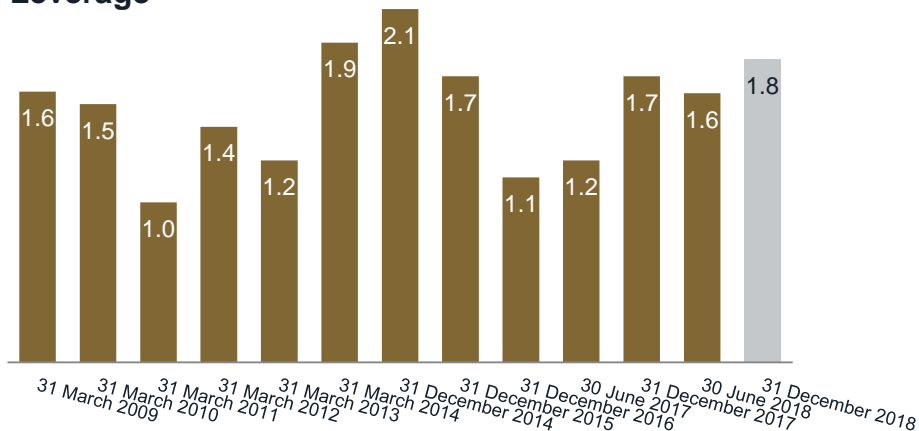
Note

<sup>1</sup> Based on weighted average shares in issue for the period of 2018: 347m, 2017 345m

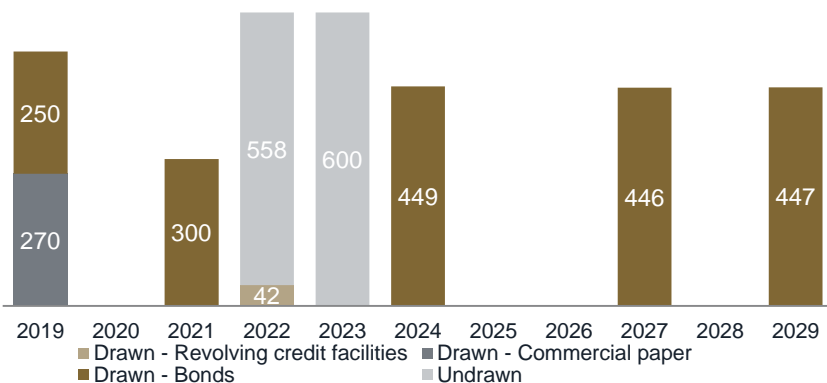
\* Investment activities includes capital expenditure, investment in associates and proceeds from disposal of assets

# Financial position

## Leverage<sup>1</sup>



## Debt maturity profile



## 31 December 2018

Operating net debt **£1.9bn**  
(30 June 2018: £1.6bn)

**Net debt: adjusted EBITDA 1.8x** (excluding £1.1bn restricted cash)

**€500m 1.75% 2027 Bond** issued December 2018

Committed undrawn credit lines out to 2023 of over £1,100m (including backstop to commercial paper issuance)

£250m 9.125% 2019 Bond due for repayment in October 2019

## Ratings

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

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

<sup>1</sup> Pro forma as if acquisitions held for the complete year



---

# Looking ahead

David Schwimmer

CEO



# Looking ahead

---

- Group strategic focus and priorities
- Growth opportunities across core businesses
- Shareholder value



# Strategy and strengths continue as we deliver further growth

- A leading **global financial market infrastructure** business
- Differentiated **Open Access** and **customer partnership** approach
- **Global footprint** with further focus in North America and Asia and global emerging markets
- **High growth businesses** (OTC clearing and indices/data) supported by strong drivers
- Strong track record of **M&A** to accelerate growth
- Delivery of shareholder returns through growth and improved margins

**Build on successful strategy and differentiated approach to deliver high performance**



# Differentiated sustainable competitive advantages

Strategic approach enables continued growth, driven by:

---

## **Open Access**

transparency, fairness, flexibility and customer choice underpin competitive advantage

---

## **Customer partnership approach**

continue to partner with customers to drive innovation, new services and products

---

## **Global reach**

enhance global footprint to serve customers across Europe, North America and Asia

---

## **Operational excellence**

resilient, transparent and efficient infrastructure supports customer and stakeholder needs



# Deliver next-stage benefits of enlarged Group

## Enhance customer partnership approach

further customer collaboration with buy-side and sell-side to drive innovation on new services and products

e.g. LCH, Turquoise Plato & CurveGlobal

## Develop data & analytics strategy

utilise data and analytics to enable further product innovation across businesses in partnership with customers

e.g. explore ISD analytics for LCH customers

## Collaboration, innovation and efficiency

Group model and culture to support collaboration across businesses to join up client delivery, foster innovation, drive efficiency and remove duplication

## Emerging technologies

for product development and cost saving opportunities

e.g. Nivaura and on-going adoption of Cloud technology

## Focus on capital utilisation organic & inorganic investments

within existing framework – to drive further shareholder returns

**Bringing together a great set of businesses to deliver wider benefits of global Group**



# Information Services



- Leading global multi-asset provider with ~\$16tn assets benchmarked
- ETF AuM benchmarked **\$606bn**, including smart beta ETF **\$184bn**
- Authorised as EU-based Administrator under new European Benchmark Regulation

## Continued expansion of offering by product and location

### Global expansion

- China A shares to be included in FTSE's global equity benchmarks from June 2019
- Saudi Arabia promoted to Emerging Market status from March 2019

### ETFs

- \$606bn ETF AuM benchmarked by over 70 issuers to FTSE Russell Indexes
- Positive global secular trends, active to passive

### ESG

- FTSE Russell 1st Green Revenues report highlights opportunity represents \$4tn in market capitalisation
- Developing ESG benchmarks and data solutions responding to client demand in multiple regions

### Smart beta / Factor

- Smart beta ETF AuM of \$184bn
- Factor, multi factor, ESG & risk based indexes across multiple asset classes

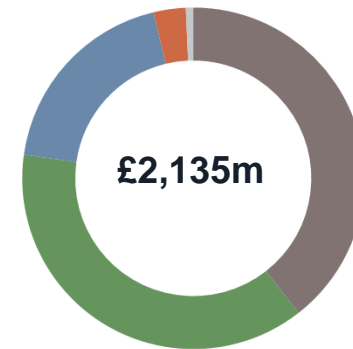
### Fixed income

- Yield Book performing well
- Acquired 100% ownership of FTSE TMX Global Debt Capital Markets Ltd
- China likely to be added to Watch List for possible inclusion in FTSE's global bond indexes including WGBI

### Unique content & IP

- Data, Analytics and IP that supports the investment process
- Extend data coverage and developing data and analytics solutions for the full spectrum of clients

## LSEG Total Income by Segment - 2018



**39%**

Information services

**30%**

FTSE Russell

**9%**

Real time data and Other

**£2,135m**

**~\$16tn**

Leading global multi-asset provider with ~\$16tn assets benchmarked

**\$606bn**

ETF AuM benchmarked



# Leading multi-asset class provider

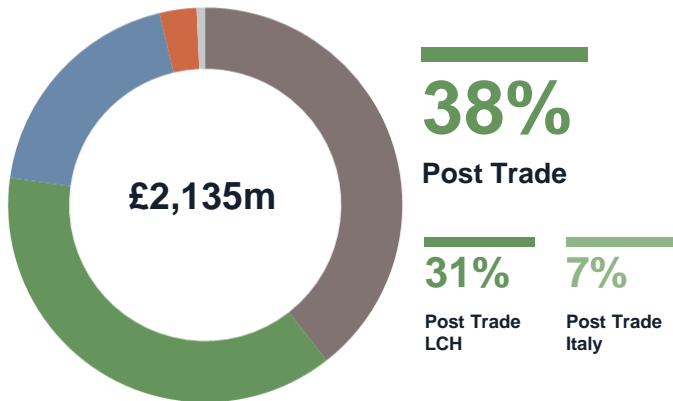
## Driving further growth and opportunities:

- **Multi-asset class capabilities** - development of fixed income analytics and indices
- **Increased data and analytics** opportunities
- **Deepen customer partnership** approach with asset owners/managers
- **Emerging Markets** - build on existing strengths in China, emerging markets
- **Passive investment strategies**, including **ETFs**
- **Smart beta** and factor-based analytics and indices

**Build on competitive advantages to develop multi-asset and data and analytics opportunities**

# Post Trade

## LSEG Total Income by Segment - 2018



## Risk & Balance Sheet Management

### Clearing, Settlement and CSD services

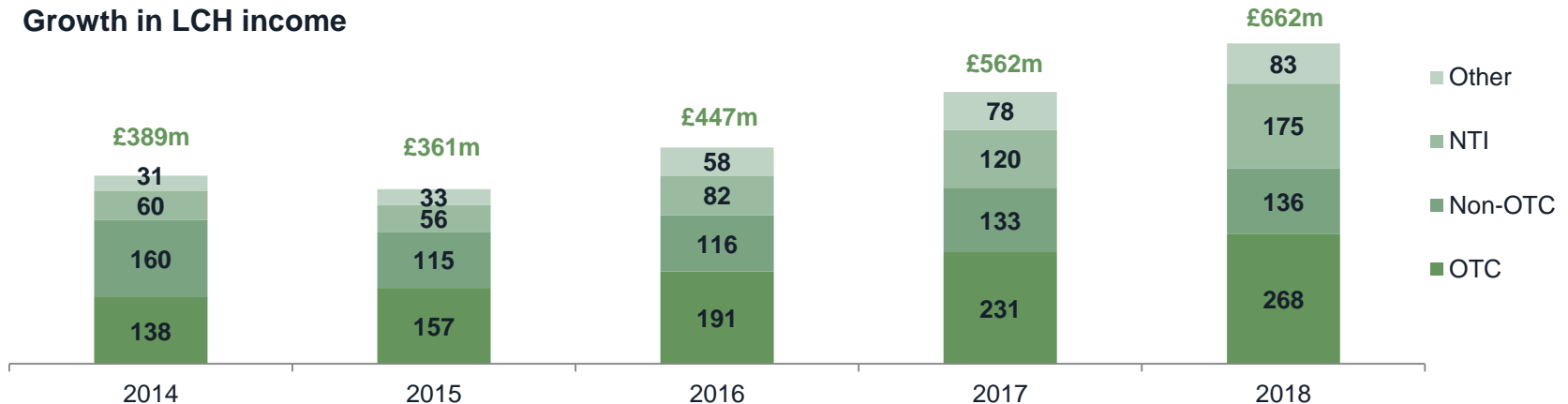
The Group offers a full range of post trade services, providing risk and balance sheet management solutions to a range of customers

**LCH** The Markets' Partner

**Monte Titoli**

**CC&G**

## Growth in LCH income



# Expanded Post Trade Opportunities

## Customer partnership to drive innovation and further service development

**Strong growth** in OTC clearing and other post trade services, focused on:

- **SwapClear** – leading global clearing service providing critical margin and capital efficiencies to member and clients
- **ForexClear** – strong early stage growth, further build on established lead in NDFs and new options clearing, with additional product clearing
- **RepoClear** – enhanced choice and efficiency with clearing offered through LCH SA
- **Uncleared market** – develop services, including compression and efficiency tools, **SwapAgent** and benefits of **AcadiaSoft** investment

**Euroclear** - opportunities for stronger commercial collaboration and product development – based on common open access customer partnership approach

# SwapClear

## Continued global leadership in OTC rates clearing

### SwapClear 2018:

- **\$1,077tn record** notional cleared (2017: \$874tn) **up 23%**
- **1.5m record** number Client trades cleared (2017: 1.2m) **up 21%**
- **\$773tn record** total notional compressed (2017: \$609tn) **up 27%**
  - **Saving customers c.\$39.5bn in capital**
- **\$309tn** notional outstanding
- LCH SwapClear **23 currencies** cleared; launched April 2018 first **non-deliverable interest rate swaps** denominated in Chinese Yuan, Korean Won and Indian Rupee, over **\$3tn** cleared
- **Alternative reference rates clearing launched;**
  - **SOFR** Secured Overnight Financing Rate for USD swaps
  - **SONIA** Sterling Overnight Index Average
  - **SARON** Swiss Average Rate Overnight

**90%+**

Share of clearing notional value (member and client)

**+23%**

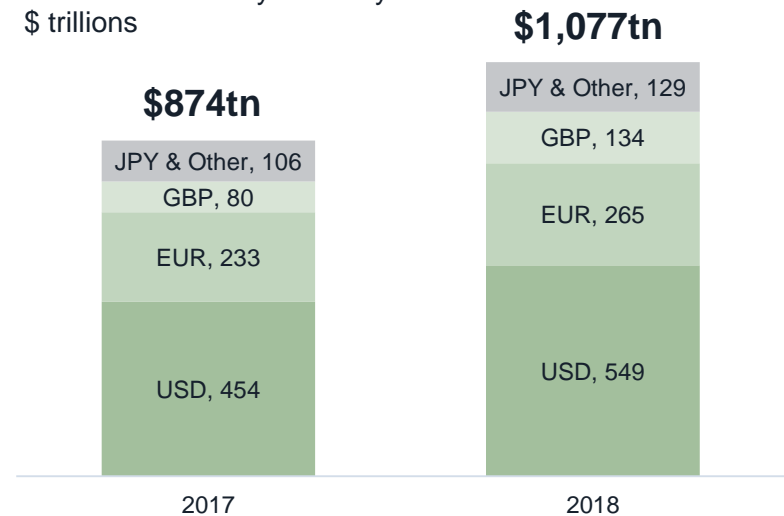
Growth in notional cleared in 2018 to over \$1 quadrillion

**+21%**

Growth in number of client trades cleared in 2018 to 1.5m

### SwapClear

Notional cleared by currency  
\$ trillions



## Regulatory tailwinds supporting growth in core business and new product areas

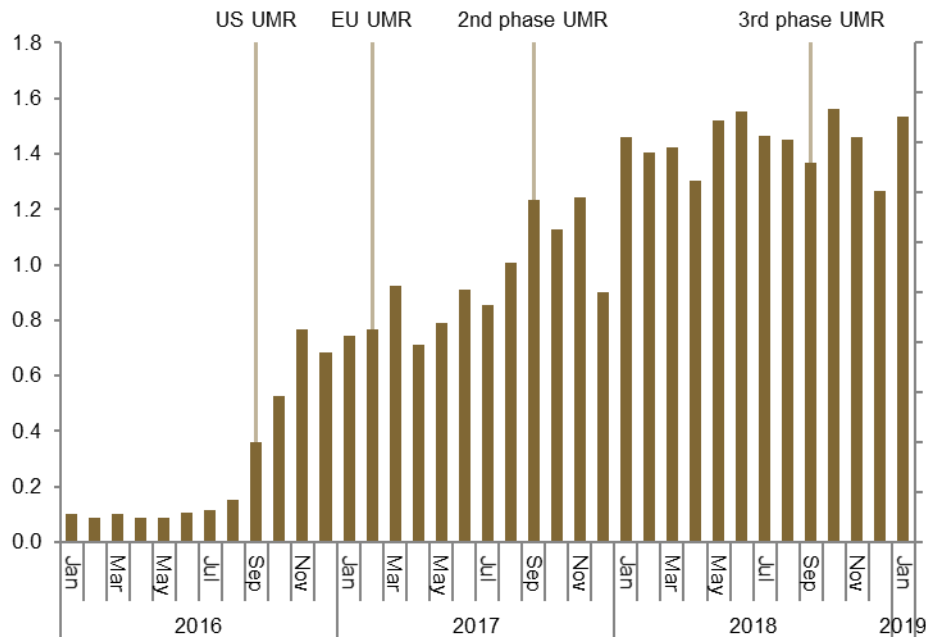




# ForexClear

## Compelling platform for growth

ForexClear: Cleared Notional - \$tn



**+54%**

In cleared notional  
2018 \$17.2tn  
(2017 \$11.2tn)

**+74%**

In trade count 2018  
2.6m trades  
(2017 1.5m trades)

**97%**

Of NDF clearing  
notional is at  
ForexClear <sup>2</sup>

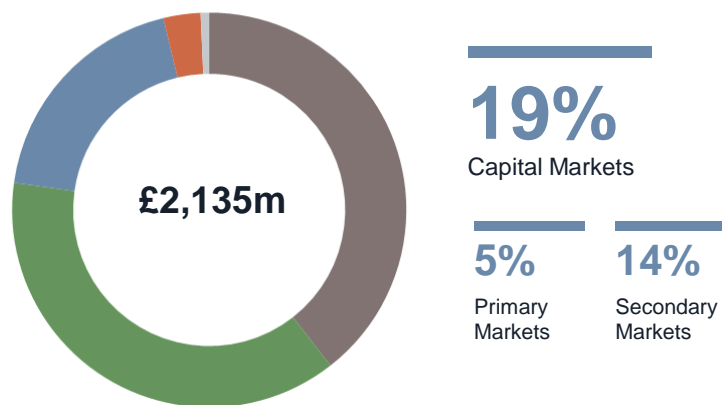
### Developments

- G10 FX NDFs launched
- Deliverable products including FX Options launched
- Membership increased to 32
- Compression services began Q4 2018
- Client clearing to expand

Uncleared Margin Rules phase-in began in the US, September 2016 and Europe, February 2016, further phases have been introduced each September since and will continue until 2020

<sup>2</sup> Source: ClarusFT January 2019

# Capital Markets



**Leading UK & Italy listing and trading businesses, LSE plc and Borsa Italiana**

## Fixed income markets

- **MTS Repo €87.4tn traded up 13%**
- **MTS selected by Johannesburg Stock Exchange** to power South Africa's first electronic government bond market
- **Over 2,000 bonds listed in 2018** - more than 50% were international issues, including green financing, Chinese RMB, Indian Rupee and Sukuk bonds

**Turquoise Plato** dark book - largest European dark pool in 2018

- Turquoise Plato Block Discovery Large in Scale value traded **€93bn**

**Shanghai-London Stock Connect** – ongoing preparations for launch

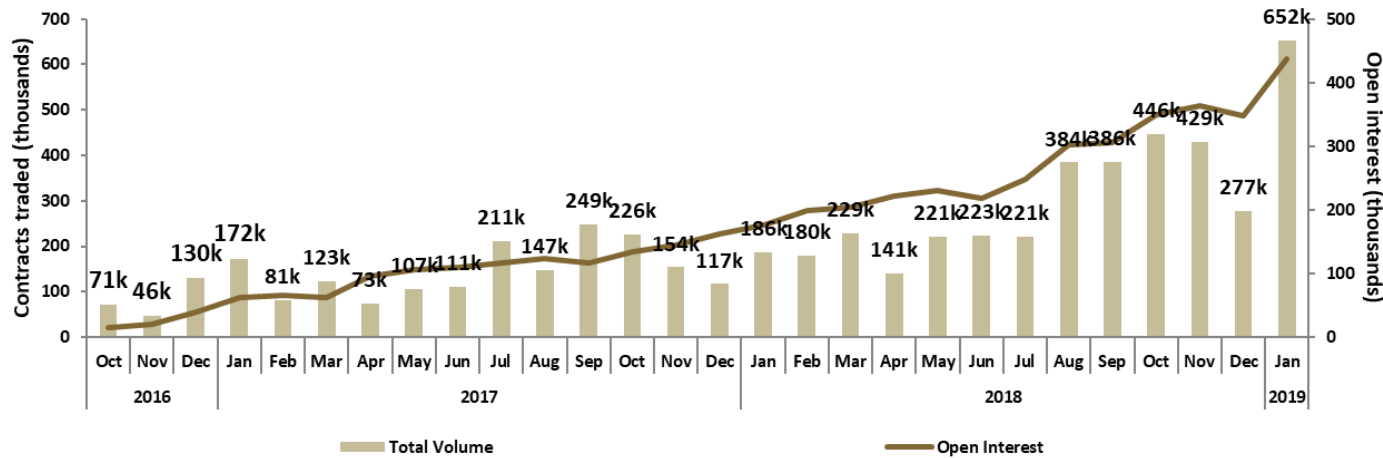
Capital formation core to Group business model delivering partnership and innovation across capital markets lifecycle

Partnership approach with customers drives product innovation e.g. Turquoise Plato, CurveGlobal

International growth opportunities continue to offset market headwinds



# CurveGlobal



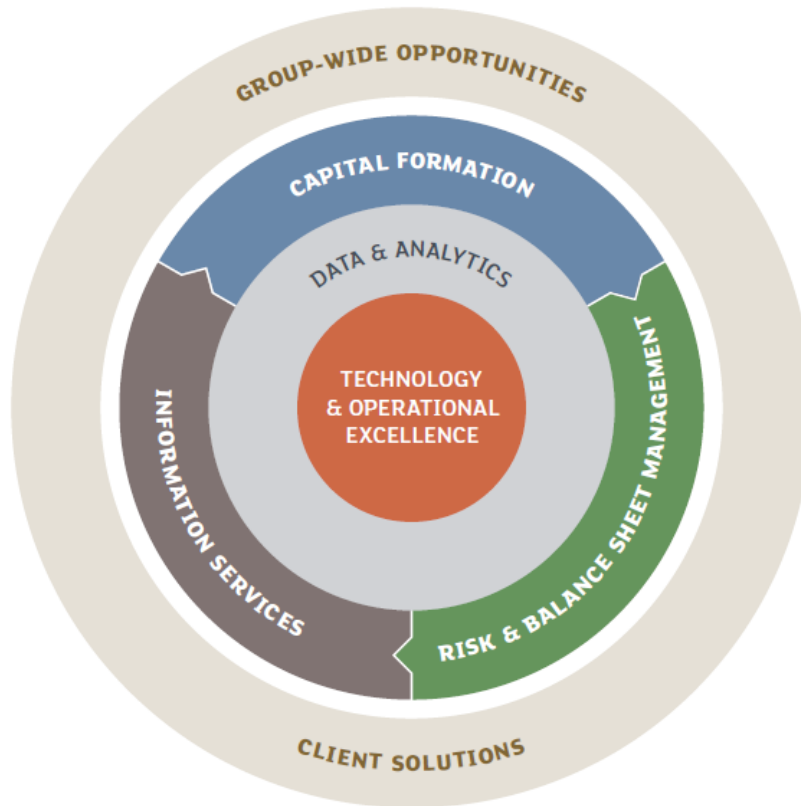
**148%**  
Rise in open interest on platform in last 12 months

- **3.3m** lots traded in 2018, **up 88%** (2017: 1.8m)
- **148% rise** in open interest on platform in last 12 months to January 2019, to 437k lots (January 2018: 177k) and **have exceeded 500k lots** in February 2019
- SONIA® three month futures contract launched April 2018, over 600k lots traded to end January 2019
- LCH Spider II launched long term interest rate clearing 2018 Q4
- MiFID II Best execution – Banks smart order routers being deployed across futures

**Customer partnership model delivering choice, innovation and low cost service**



# Inter-connected business model delivers benefits



**Business model to deliver benefits of customers' need for global services, products, data and analytics.**

Example cross-Group opportunities:

- Data and analytics
- ETFs
- New global reference rates
- China

# Brexit - LSEG well positioned

**LSEG committed to orderly function of markets, continuity of service to customers and supporting financial stability.**

<b>Global business, balanced portfolio</b>	<b>Global business, balanced portfolio of assets</b> across listing, trading, index and clearing services in the UK, EU, United States and Asia
<b>Global clearing operations</b>	<b>Clearing houses</b> operate globally across 59 jurisdictions with equivalence and enhanced cooperative regulation arrangements
<b>Diversified mix of revenues</b>	Revenues earned in a variety of currencies – over 50% income non-GBP
<b>No discernible change in customer behaviour</b>	Committed to supporting customers as they prepare contingency plans, but <b>no discernible change in customers' current behaviour across listing, trading, index and clearing businesses</b>
<b>Additional licence and regulatory preparations in hand</b>	<p>LCH Ltd recognised as a third country (TC) EMIR CCP to provide EU customers with continued access</p> <p>LCH SA and CC&amp;G allowed under the Bank of England Temporary Recognition Regime (TRR), to continue to offer clearing services and activities in the UK for up to 3 years under a Hard Brexit scenario,</p> <p>UnaVista and TRADEcho received regulatory authorisation in The Netherlands; Turquoise application in advanced stages; Businesses prepared should a EU27 location be needed to serve EU customers in Hard Brexit scenario.</p> <p>MTS has established two MTF markets in Italy to replace markets operated by EuroMTS from the UK</p>

# Focus on enhancing shareholder returns

## Capital management framework

### **Prudent Balance Sheet management**

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**

Continue to keep other returns under review

# Group Strategic priorities

**Focus on delivering shareholder returns while investing for long-term value**

**Successful strategy with differentiated approach**

Open Access, customer partnership model, strong set of businesses with good growth opportunities

**Group-wide collaboration**

Develop product innovation across the Group; data and analytics; new technologies; deepen Group-wide customer focus

**Operational efficiency**

Invest for growth, focus on efficiency, improve margins, while maintaining operational excellence and resiliency

**Shareholder value**

Focus on delivering performance, while investing for long-term value



---

# Appendices





# Notes

Adjusted operating profit, Adjusted EBITDA and Adjusted basic 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 347.0m (2017 : 345.0m), excludes ESOP

## Exchange rates

	Average rate		Average rate	
	12 months ended	Closing rate at	12 months ended	Closing rate at
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
GBP : EUR	1.13	1.11	1.14	1.12
GBP : USD	1.34	1.27	1.29	1.35

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 £25 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 £29 million.

Full year dividend 60.4p per share, final dividend 43.2p ex-dividend date 2 May 2019, record date 3 May 2019 and payment date 29 May 2019

### 2018 versus 2017 Income and Cost of sales changes

- Capital Markets £13m reduction in revenues due to adoption of accounting standard IFRS 15 (see 2018 Notes To The Financial Statements)
- Post Trade – LCH: £9m Cost of Sales netted off against Other income
- Post Trade – CC&G and Monte Titoli: £10m Cost of Sales netted off against revenues
- Technology Services: Disposal of MillenniumIT ESP and Exactpro December 2017 £30m revenue



# Overview of results

	Twelve months ended 31 December			Organic and constant currency
	2018 £m	2017 £m	Variance %	variance %
<b>Total income</b>	<b>2,135</b>	1,955	9%	9%
Cost of sales	(227)	(215)	6%	16%
<b>Gross profit</b>	<b>1,908</b>	1,740	10%	8%
Operating expenses before depreciation, amortisation and impairment <sup>1</sup>	(834)	(816)	2%	2%
Underlying depreciation, amortisation and impairment <sup>1</sup>	(135)	(103)	31%	30%
<b>Total operating expenses</b>	<b>(969)</b>	(919)	5%	6%
Share of profit / (loss) after tax of associates	(8)	(9)	(14%)	(14%)
<b>Adjusted operating profit<sup>1</sup></b>	<b>931</b>	812	15%	11%
Add back underlying depreciation, amortisation and impairment <sup>1</sup>	135	103	31%	30%
<b>Adjusted earnings before interest, tax, depreciation, amortisation and impairment<sup>1</sup></b>	<b>1,066</b>	915	17%	13%
Amortisation of purchased intangibles and non-underlying items and profit on disposal	(180)	(186)	(3%)	(2%)
<b>Operating profit</b>	<b>751</b>	626	20%	14%
<b>Net finance expense</b>	<b>(66)</b>	(62)	6%	
<b>Adjusted profit before tax<sup>1</sup></b>	<b>865</b>	750	15%	
Effective tax rate	21.6%	22.4%		
<b>Basic earnings per share (p)</b>	<b>138.3</b>	153.6	(10%)	
<b>Adjusted earnings per share (p)<sup>1</sup></b>	<b>173.8</b>	148.7	17%	
<b>Dividend per share (p)</b>	<b>60.4</b>	51.6	17%	

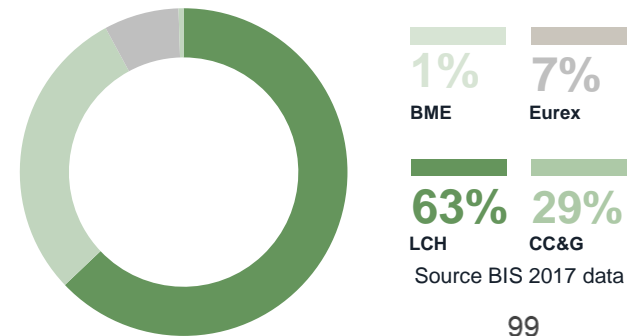


# RepoClear

## Continued European leadership in Repo clearing

- LCH SA offers clearing of all Euro-denominated debt repo products, with full benefits of T2S settlement
- European government bond repo clearing – the majority has now consolidated in LCH SA
- RepoClear's Sponsored Clearing extends benefits of CCP membership to the buy-side

### Repo clearing - Europe



**20yrs**

of clearing liquidity, delivering capital and operational efficiencies through netting

**€99tn**

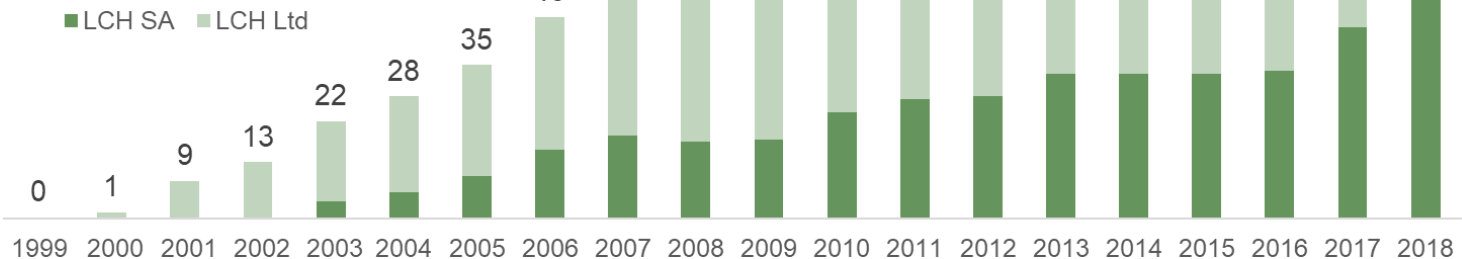
record notional cleared (2017: €87tn) up 13%

**96**

Members

### RepoClear

nominal cleared - € trillions





# IFRS 16 Leases

IFRS 16 Leases is effective for the year ending 31 December 2019 and will require all lease amounts to be recognised on the balance sheet. Currently, IAS 17 Leases only requires lease amounts categorised as finance leases to be recognised on the balance sheet, with leases categorised as operating leases not recognised. The Group expects to recognise right of use assets of £145 million, and investment in lease asset of £3 million and a corresponding lease liability of £190 million on 1 January 2019 in relation to property leases. Differences of £42 million between the leased assets and liabilities will be recognised in opening reserves on transition to the new standard.

Amounts previously recognised in operating expenses in relation to lease expenses will be recognised as a combination of depreciation and lease interest expense. This will affect earnings before interest, tax, depreciation and amortisation and impairment (EBITDA) and profit before tax on adoption. The expected impact is as follows:

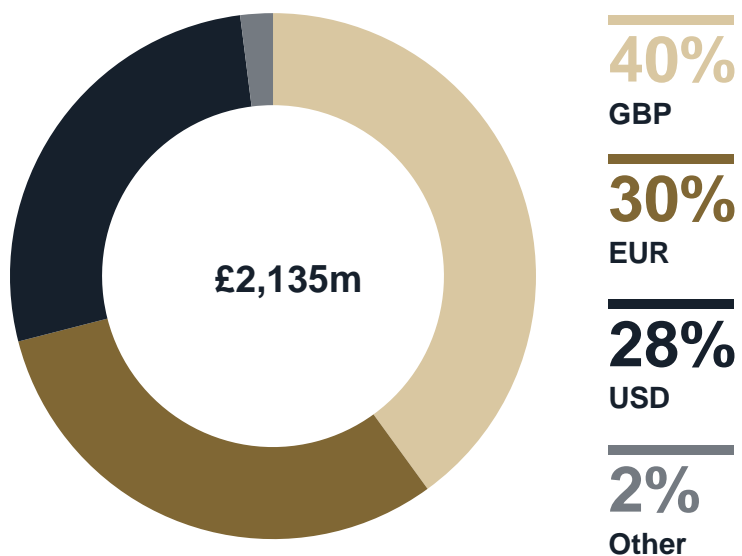
	£m	
<b>Estimated effect on the income statement</b>	Increase/ (decrease)	Description
Operating expenses before depreciation, amortisation and impairment	(31)	Amounts formerly recognised as rent
<b>Earnings before interest, tax, depreciation, amortisation and impairment</b>	31	
Depreciation	(26)	Depreciation of the right of use asset
Finance expense	(4)	Finance expense on lease liabilities
Finance income	-	Finance income on investment in lease
<b>Depreciation and net finance expense</b>	(30)	
<b>Profit before tax</b>	1	Net effect on profit
<b>Estimated effect on the balance sheet</b>		
Right of use asset	145	Net book value of right of use assets
Investment in lease	3	Present value of future rent receipts
<b>Total assets</b>	148	
Lease liabilities	(190)	
<b>Total liabilities</b>	(190)	
<b>Net assets</b>	(42)	Net effect on net assets
Retained earnings	(42)	
<b>Total equity</b>	(42)	Opening balance adjustment on adoption
<b>Basic and adjusted earnings per share</b>	0.3p	

Costs relating to items that do not qualify as leased assets under the new standard because they are short-term arrangements or low value items will continue to be recognised in operating expenses

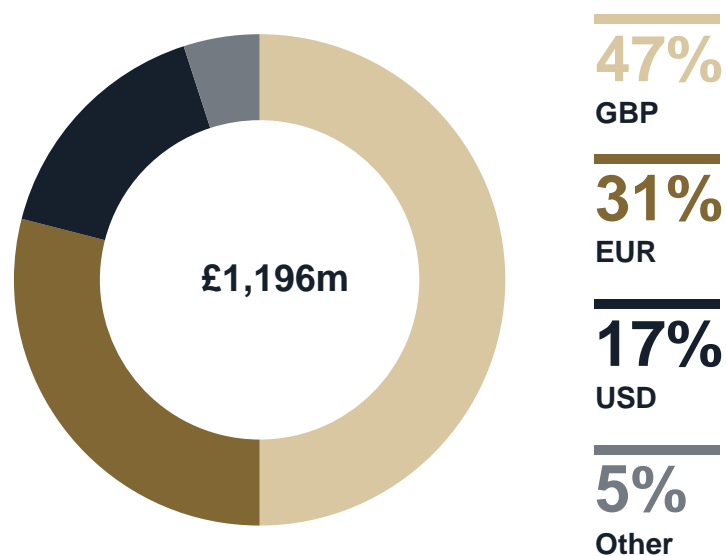
# Diversified by currency

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

2018 Income



2018 Underlying Expenses



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

# Key performance indicators

## Information Services

	As at		Variance %
	31 December 2018	2017	
<b>ETF assets under management benchmarked (\$bn)</b>			
FTSE	374	378	(1%)
Russell Indexes	232	246	(6%)
<b>Total</b>	<b>606</b>	<b>624</b>	<b>(3%)</b>

## Terminals

UK	69,000	69,000	0%
Borsa Italiana Professional Terminals	105,000	111,000	(5%)

## Post Trade Services - CC&G and Monte Titoli

	Twelve months ended		Variance %
	31 December 2018	2017	
<b>CC&amp;G Clearing</b>			
Contracts (m)	111.9	108.3	3%
Initial margin held (average €bn)	11.0	11.1	(1%)
<b>Monte Titoli</b>			
Settlement instructions (trades m)	45.4	44.6	2%
Custody assets under management (average €tn)	3.29	3.27	1%

## Post Trade Services - LCH

	Twelve months ended		Variance %
	31 December 2018	2017	
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional cleared (\$tn)	1,077	874	23%
SwapClear members	110	105	5%
Client trades ('000)	1,487	1,227	21%
<b>CDSClear</b>			
Notional cleared (€bn)	612	549	11%
CDSClear members	16	13	23%
<b>ForexClear</b>			
Notional value cleared (\$bn)	17,239	11,218	54%
ForexClear members	32	30	7%
<b>Non-OTC</b>			
Fixed income - Nominal value (€tn)	98.7	87.5	13%
Listed derivatives (contracts m)	152.9	146.9	4%
Cash equities trades (m)	810	805	1%
Average cash collateral (€bn)	86.7	84.5	3%

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

# Key performance indicators

## Capital Markets - Primary Markets

	Twelve months ended		Variance %
	31 December		
	2018	2017	
<b>New Issues</b>			
UK Main Market, PSM & SFM	79	83	(5%)
UK AIM	65	80	(19%)
Borsa Italiana	33	33	0%
<b>Total</b>	<b>177</b>	<b>196</b>	<b>(10%)</b>
<b>Money Raised (£bn)</b>			
UK New	6.6	9.7	(32%)
UK Further	18.3	17.5	5%
Borsa Italiana new and further	3.8	17.0	(78%)
<b>Total (£bn)</b>	<b>28.7</b>	<b>44.2</b>	<b>(35%)</b>

## Capital Markets - Secondary Markets

	Twelve months ended		Variance %
	31 December		
	2018	2017	
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	1,456	1,339	9%
Borsa Italiana (no of trades m)	71.2	70.2	1%
Turquoise value traded (€bn)	828	993	(17%)
<b>SETS Yield (basis points)</b>	0.64	0.62	3%
<b>Average daily</b>			
UK value traded (£bn)	5.8	5.3	9%
Borsa Italiana (no of trades '000)	282	276	2%
Turquoise value traded (€bn)	3.2	3.9	(18%)
<b>Derivatives (contracts m)</b>			
LSE Derivatives	6.6	6.6	0%
IDEM	36.2	34.1	6%
<b>Total</b>	<b>42.8</b>	<b>40.7</b>	<b>5%</b>
<b>Fixed Income</b>			
MTS cash and BondVision (€bn)	3,310	3,702	(11%)
MTS money markets (€bn term adjusted)	87,399	77,677	13%

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



# Income & gross profit

£ millions	2017				2017	2018				2018
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Primary Markets	21	26	30	33	110	29	33	20	31	113
Secondary Markets - Equities	42	42	39	40	163	45	44	39	41	169
Secondary Markets - Fixed income, derivatives & other	31	28	28	31	118	33	31	30	31	125
<b>Capital Markets</b>	<b>94</b>	<b>96</b>	<b>97</b>	<b>104</b>	<b>391</b>	<b>107</b>	<b>108</b>	<b>89</b>	<b>103</b>	<b>407</b>
Clearing	11	9	9	10	39	10	12	10	9	41
Settlement, Custody & other	17	18	17	18	70	18	12	15	16	61
<b>Post Trade Services - CC&amp;G and Monte Titoli</b>	<b>28</b>	<b>27</b>	<b>26</b>	<b>28</b>	<b>109</b>	<b>28</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>102</b>
OTC - SwapClear, ForexClear & CDSClear	57	55	59	60	231	66	64	65	73	268
Non OTC - Fixed income, Cash equities & Listed derivatives	33	33	33	34	133	33	34	34	35	136
Other	16	13	22	17	68	19	21	21	22	83
<b>Post Trade Services - LCH</b>	<b>106</b>	<b>101</b>	<b>114</b>	<b>111</b>	<b>432</b>	<b>118</b>	<b>119</b>	<b>120</b>	<b>130</b>	<b>487</b>
FTSE Russell	127	134	135	150	546	150	159	162	160	631
Real time data	23	24	23	24	94	24	23	23	24	94
Other information	24	23	24	25	96	27	29	27	33	116
<b>Information Services</b>	<b>174</b>	<b>181</b>	<b>182</b>	<b>199</b>	<b>736</b>	<b>201</b>	<b>211</b>	<b>212</b>	<b>217</b>	<b>841</b>
<b>Technology</b>	<b>20</b>	<b>21</b>	<b>23</b>	<b>27</b>	<b>91</b>	<b>13</b>	<b>19</b>	<b>16</b>	<b>17</b>	<b>65</b>
<b>Other</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>9</b>
<b>Total Revenue</b>	<b>423</b>	<b>430</b>	<b>443</b>	<b>472</b>	<b>1,768</b>	<b>470</b>	<b>483</b>	<b>464</b>	<b>494</b>	<b>1,911</b>
<b>Net treasury income through CCP:</b>										
CC&G	10	10	11	11	42	10	11	11	11	43
LCH	24	31	31	34	120	38	45	46	46	175
Other income	4	14	1	6	25	2	1	1	2	6
<b>Total income</b>	<b>461</b>	<b>485</b>	<b>486</b>	<b>523</b>	<b>1,955</b>	<b>520</b>	<b>540</b>	<b>522</b>	<b>553</b>	<b>2,135</b>
Cost of sales	(51)	(51)	(56)	(57)	(215)	(56)	(50)	(57)	(64)	(227)
<b>Gross profit</b>	<b>410</b>	<b>434</b>	<b>430</b>	<b>466</b>	<b>1,740</b>	<b>464</b>	<b>490</b>	<b>465</b>	<b>489</b>	<b>1,908</b>





# Contacts

Paul Froud  
Head of Investor Relations  
Tel: +44 (0)20 7797 1186  
email : pfroud@lseg.com

Tom Woodley  
Investor Relations Manager  
Tel: +44 (0)20 7797 1293  
email: twoodley@lseg.com

Ian Hughes  
Investor Relations Executive  
email: ihughes@lseg.com

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

For information on the Group:  
[www.lseg.com](http://www.lseg.com)

