

Accelerating growth and improving profitability

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SEG



LSEG

Capital Markets Day **2023**

Today's key messages



Strong track record of performance: delivering against all our targets



Medium term guidance: accelerating growth and improving margins, capital intensity to moderate, with full cash conversion

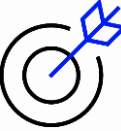
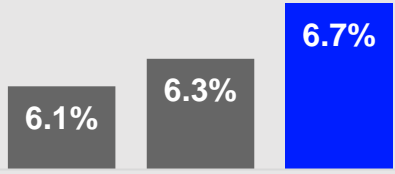







Robust cash generation – announcing £1bn of share buybacks in 2024



Revised reporting structure to better reflect our business

Strong performance against our long-term targets

Target	Total income growth	EBITDA margin	Revenue synergies	Cost synergies	Leverage
	<p>5-7% 2020PF - 2023 CAGR</p>	<p>50% by exit 2023</p>	<p>>£225m run rate by end of 2025</p>	<p>>£350m run rate by end of 2025</p>	<p>1.0–2.0x within 24 months of completion</p>
Progress	<p>Income growth¹</p>  <p>6.1% 6.3% 6.7%</p> <p>2021 2022 9M 2023</p>	<p>On track on underlying basis²:</p> <p>47.2% 2023 Consensus³</p>	<p>Increased target significantly to:</p> <p>£350-400m</p>	<p>Delivered 2 years ahead of schedule. Increased target to:</p> <p>>£400m</p>	<p>Delivered 13 months ahead of schedule:</p> <p>1.8x H1 2023</p> <p>From 3.2x⁴ to 1.9x at Dec 2021</p>
					

1. Organic, constant currency income growth, excluding deferred revenue accounting adjustment in 2021 and 2022, and the impact of Ukraine/ Russia war in 2022.
2. Underlying basis assumes a constant perimeter of the business and excludes the impacts of acquisitions and disposals (120bps), the Microsoft partnership (30bps); non-cash FX losses (~40bps) and Russia Ukraine war impacts (70bps).
3. In year margin - company complied consensus dated 3 November 2023.
4. 31 Dec 2020 pro forma leverage.

Medium term guidance: accelerating growth, good cash conversion



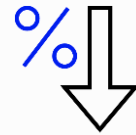
Revenue

Mid to high single digit organic growth annually, accelerating after 2024



EBITDA Margin

Underlying margin to increase over time



Capex¹

Remain around current levels of 11-12% of revenue in 2024, then declining over time to high single digit % of revenue



Cash Conversion

Cumulative free cash flow to exceed underlying profit after tax attributable to equity holders

Secular growth trends

Strategic combination: LSEG + Refinitiv

Revenue **synergy opportunities**

Sales transformation

End to end workflows
e.g. FX

Smarter pricing

Monetising **investment** in existing products e.g. Workspace upgrades

Discipline in **price realisation**

Moving to a **usage-based** pricing model over time

New product

Organic and inorganic investment to **expand our offering**
e.g. PCAP¹ data

Geographic and market expansion

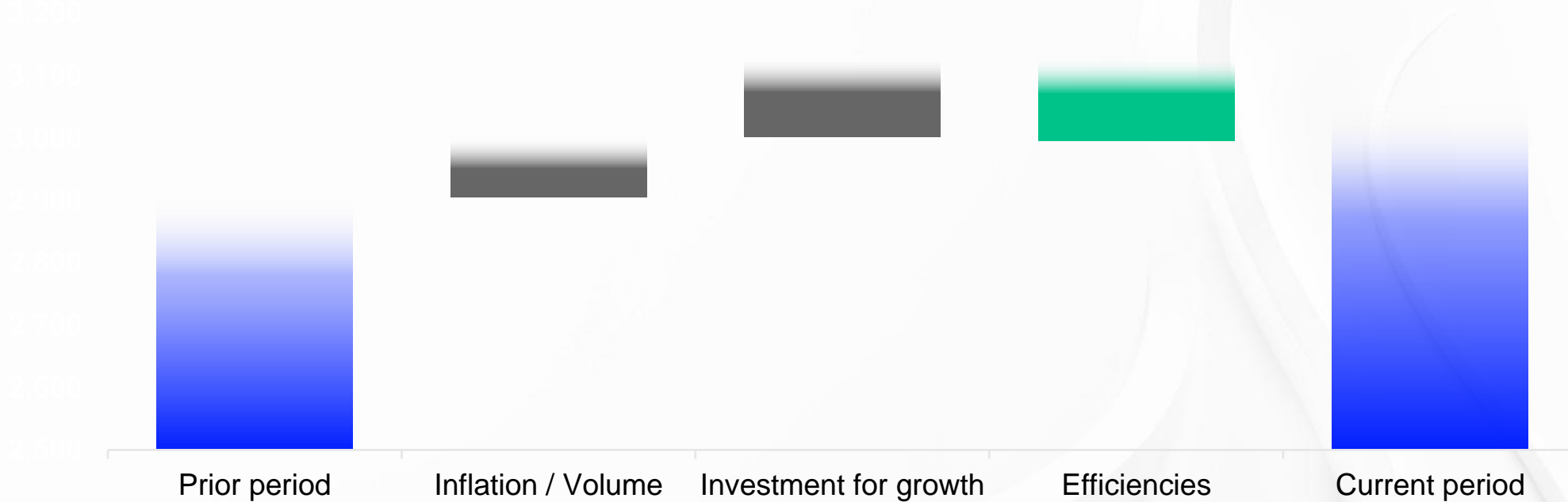
Geographical expansion e.g. **LCH** and **Tradeweb**

Developing infrastructure for **new asset classes**
e.g. private markets



Microsoft partnership enabling **new and adjacent** market opportunities

We will continue to invest for growth, reinvesting efficiencies...



Investment for growth

Driving incremental revenue opportunities

Includes Microsoft partnership, Tradeweb growth, acquisitions and revenue synergy delivery costs



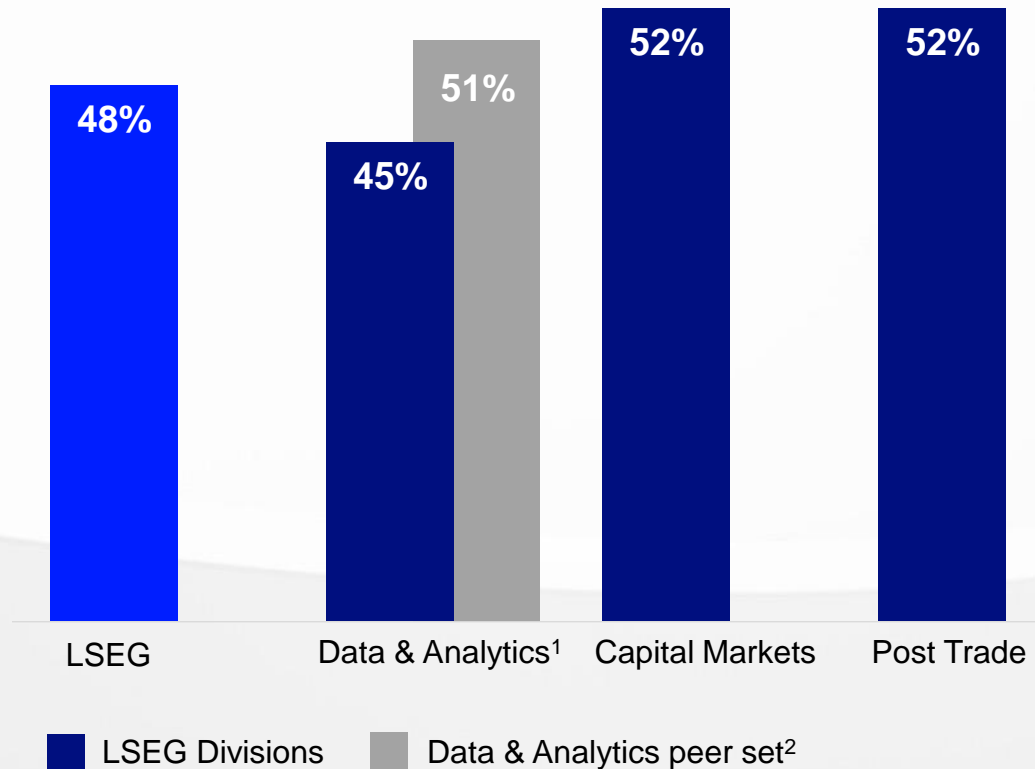
Efficiencies

2024 - final year of incremental benefit from cost synergies

Ongoing opportunities for efficiency through our transformation programme

...and the potential for margin improvement over time is clear

2022 EBITDA Margins



Capital Markets & Post Trade are scaled businesses with margins in line with industry averages

Opportunity to improve our **Data & Analytics** margin:

- Common data platform
- Data and content transformation
- Technology modernisation
- eCommerce platform

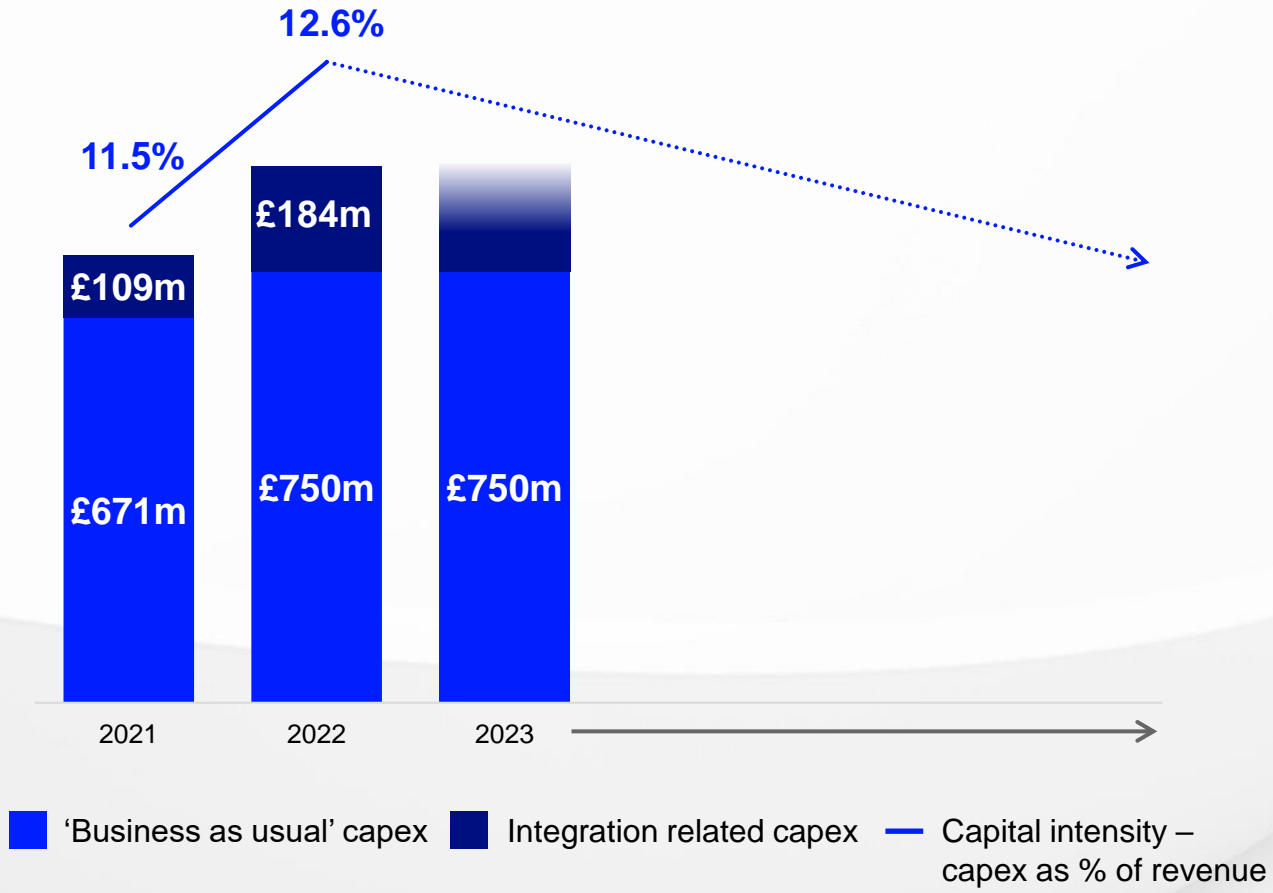


These investments have wider benefits for the business and our customers

Significant investment will continue but intensity will moderate



Capex profile



Investing ahead of peers due to:

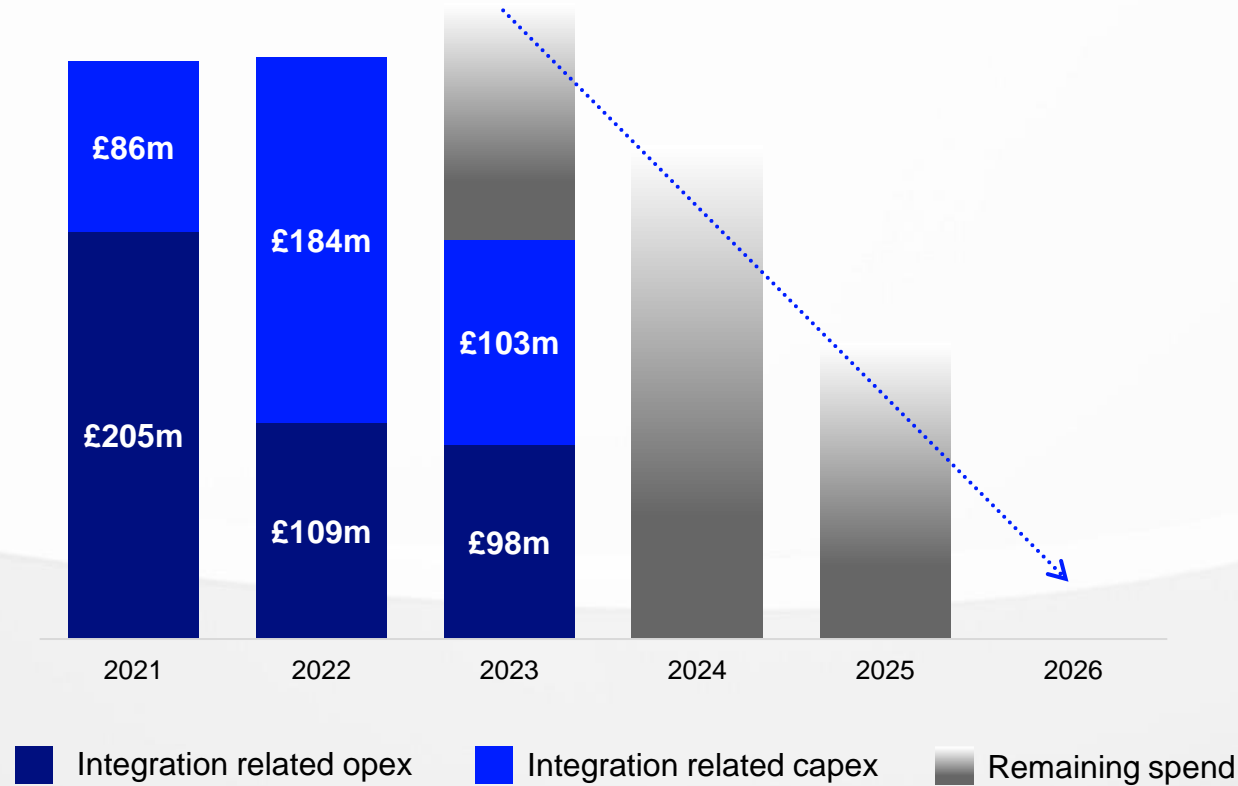
- Historic underinvestment
- Capex related to cost and revenue synergies
- Investing for new capabilities

2024: Capital intensity at 11-12% of revenue

2025 onward: Capital intensity declining to high single digit % of revenue over time

Cash conversion will improve as Refinitiv integration costs cease

Refinitiv integration costs



Over halfway through the **Refinitiv integration** related costs

Remaining spend incurred over **2024 – 2025**, **improving cash conversion** in 2026

Cumulative free cash flow will exceed adjusted profit after tax attributable to equity holders

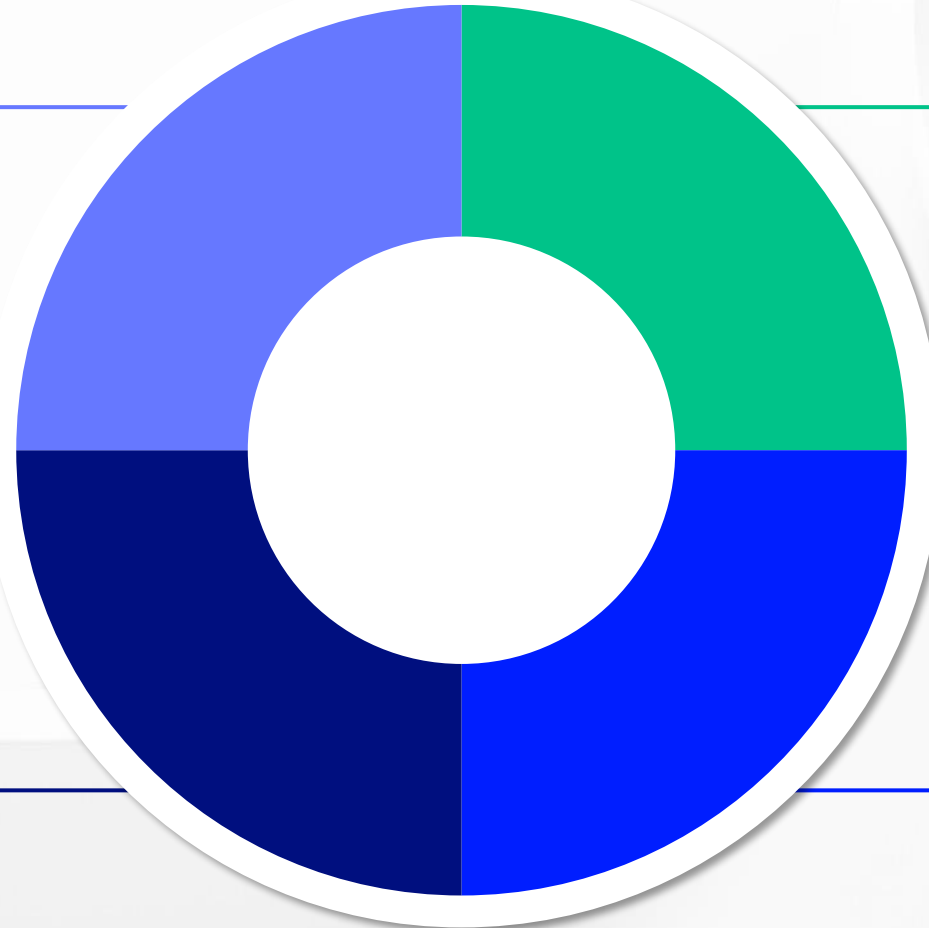
Investing today's cash generation proactively for future value

Excess capital

Proactively returned to shareholders

M&A

Enhancing our value proposition



Capex

Capital intensity moderating in medium term

Dividends

Updated progressive policy

M&A focus: enhancing LSEG's value proposition across the trade lifecycle

Value accretive to the Group...

... and a compelling strategic rationale

Scalability of the opportunity

Opportunity cost versus organic development

Deal structures to incentivise performance



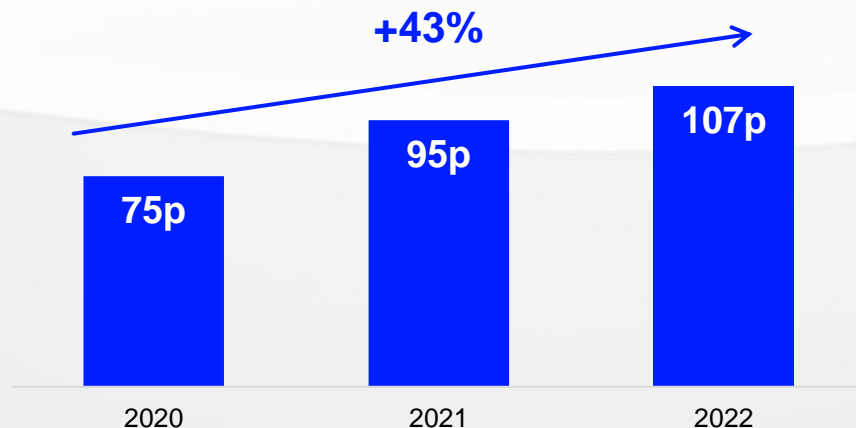
Attractive financial returns for investors

Updated progressive dividend policy...

2.5x – 3.0x cover ratio (c.33% – 40% pay-out based on **full-year AEPS**)

Interim dividend to be ~1/3 of the **expected full-year** dividend

LSEG annual dividends

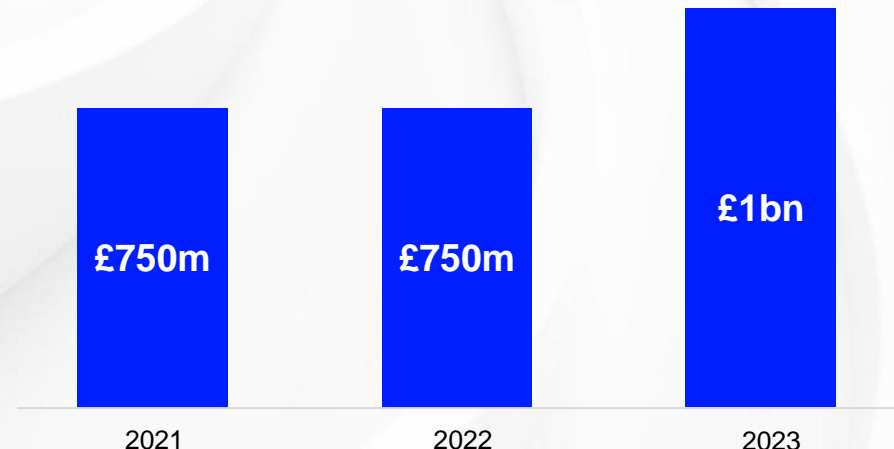


...and returning excess capital to shareholders

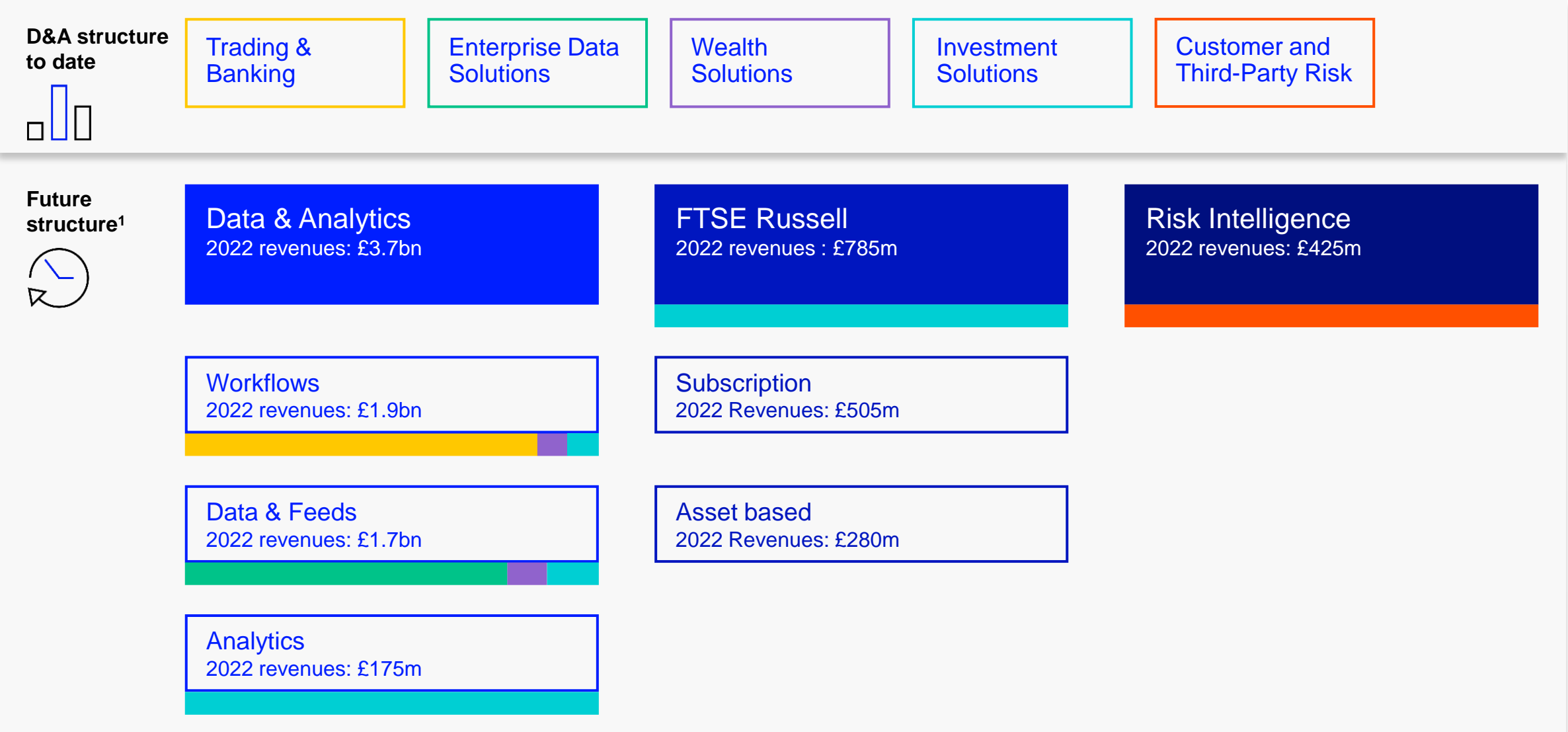
£1.5bn returned since August last year

Announcing a further **£1bn** of share buybacks in 2024

Announced share buybacks



Revised reporting structure to better reflect our business



1. Effective for reporting from Q1 2024.

In summary



**Strong track record of performance:
delivering against all our targets**



**Medium term guidance:
accelerating growth,
improving profitability
and full cash conversion**



**Disciplined capital
allocation with a
further £1bn share
buybacks in 2024**



Summary



LSEG

LSEG TOMORROW



**Leading franchises
across all our
businesses**



**Growing with the best
of our peer group**



**Increasing profitability,
strong cash generation for
value-accretive growth and
shareholder returns**



**Partner of choice across
the financial markets
value chain**