



Investor Update

12 June 2017



Welcome

Xavier Rolet

Group CEO

Agenda

Topic	Presenter	Title
Welcome Strategy Overview	Xavier Rolet	CEO, LSEG
Information Services	Mark Makepeace Caroline O'Shaughnessy Waqas Samad	Group Director of Information Services, LSEG and CEO, FTSE Russell Global Head, Sales & Marketing CEO, Benchmarks, Fixed Income and Multi Assets
Capital Markets	Raffaele Jerusalmi Michael Davie	Group Director of Capital Markets, LSEG and CEO, Borsa Italiana Head of Rates, LSEG and Chairman, CurveGlobal
Break		
LCH	Suneel Bakhshi Daniel Maguire Paddy Boyle Bruce Kellaway	CEO, LCH Group COO, LCH Group and Global Head of Rates & FX Derivatives Global Head of ForexClear Global Head of RepoClear, EquityClear & Collateral
COO/CIO	Chris Corrado	COO/CIO, LSEG
Capital Management / Financial track record	David Warren	CFO, LSEG
Q&A	Moderated by Paul Froud	Head of Investor Relations, LSEG



What you'll hear today

Group strategy working well

Diversified range of businesses positions us well to meet an evolving macroeconomic and political landscape

Information Services

Further growth to come from FTSE Russell – The Yield Book and Mergent provide new opportunities to expand products, sales and efficiency

Capital Markets

Working with clients to offer new services – CurveGlobal, ELITE, Turquoise Plato

LCH

OTC growth to continue and further efficiency savings to drive significant improvement in EBITDA margin

Technology

Group scale and resources to support business growth and efficiencies

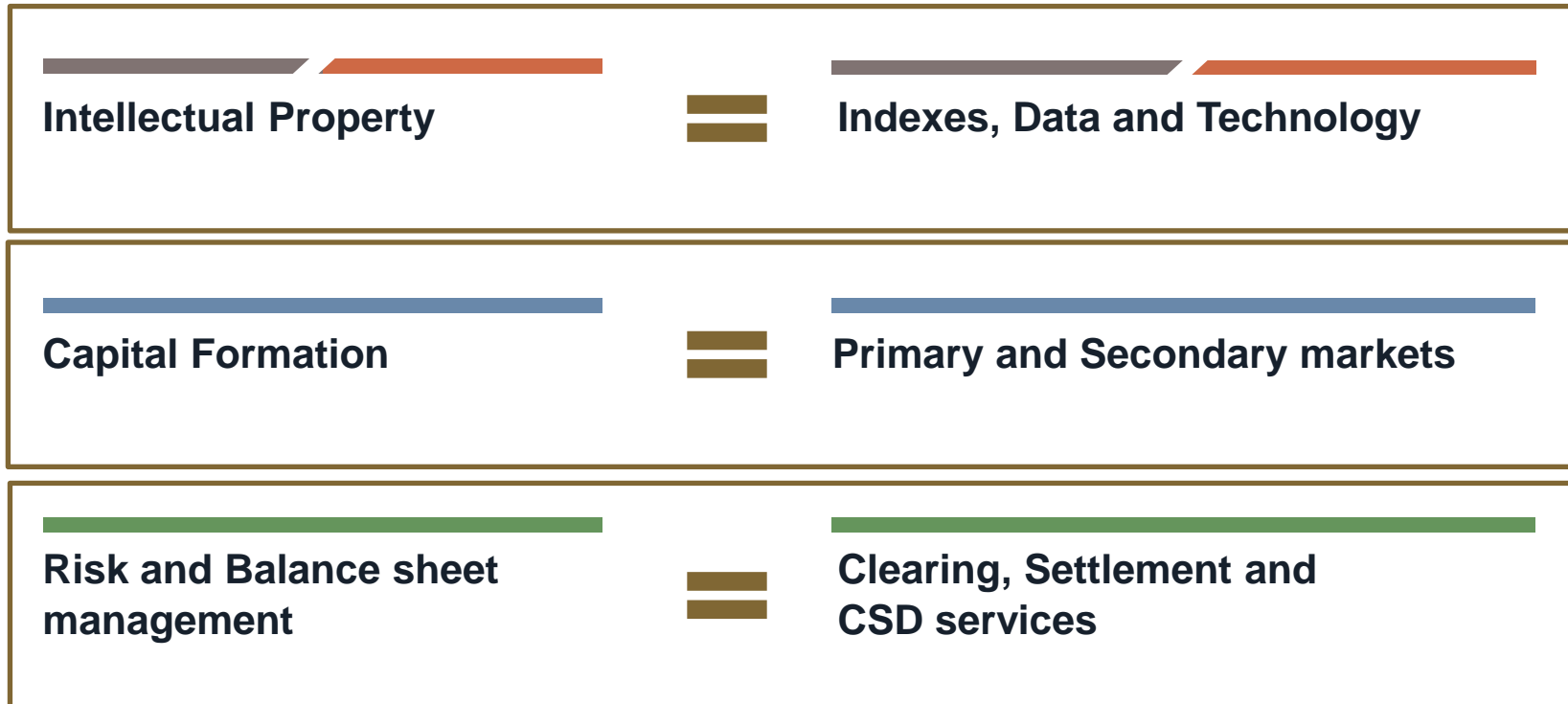
Strong financial position

Revenue growth and cost control – operating leverage and improved operating margins for increased shareholder returns

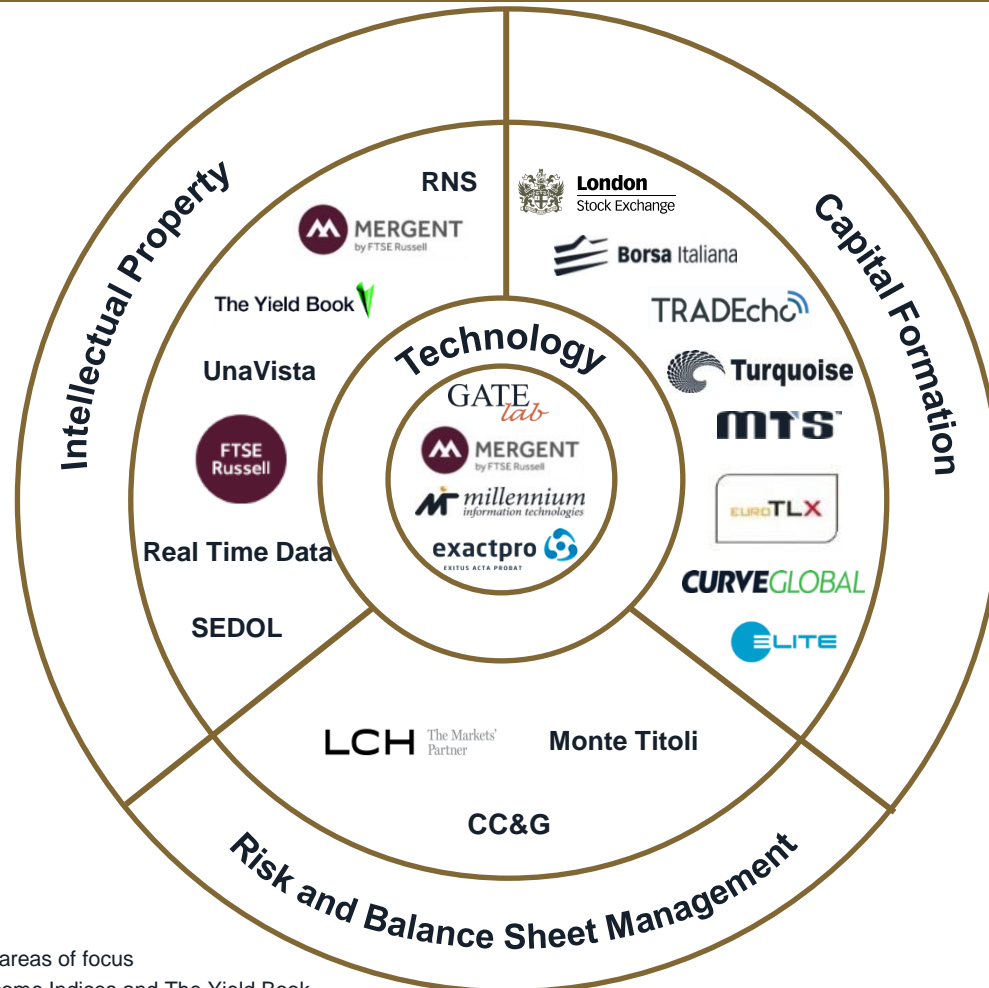
Successful strategy

executed across three key areas

Diversified, resilient and international markets infrastructure business
Unique Open Access model, working in close partnership with customers



An interconnected business



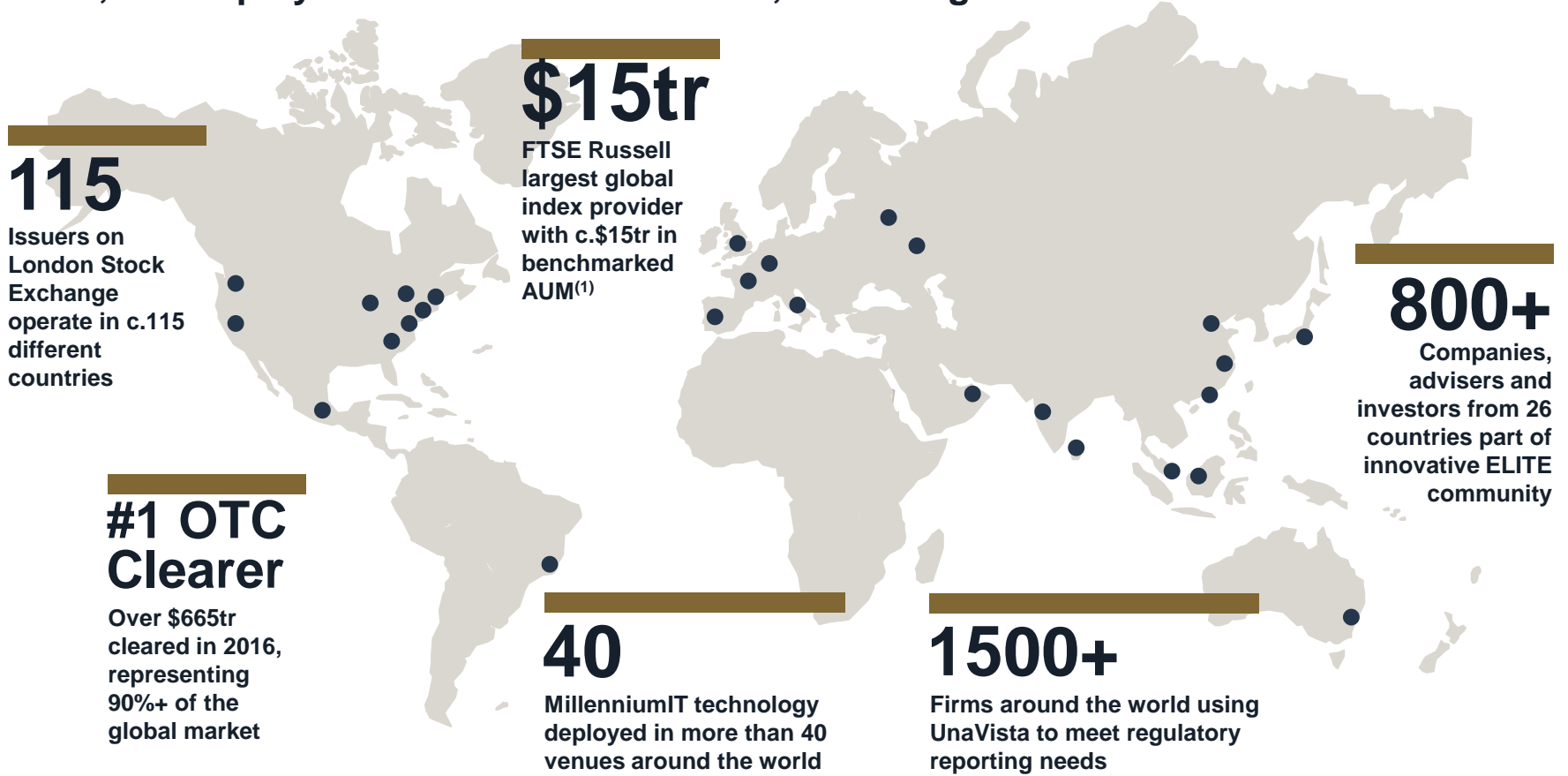
Selected LSEG business lines and areas of focus

(1) Post completion of Citi Fixed Income Indices and The Yield Book



Proven strategy with increasing scale

c.4,000 employees based in 18 countries, delivering services worldwide

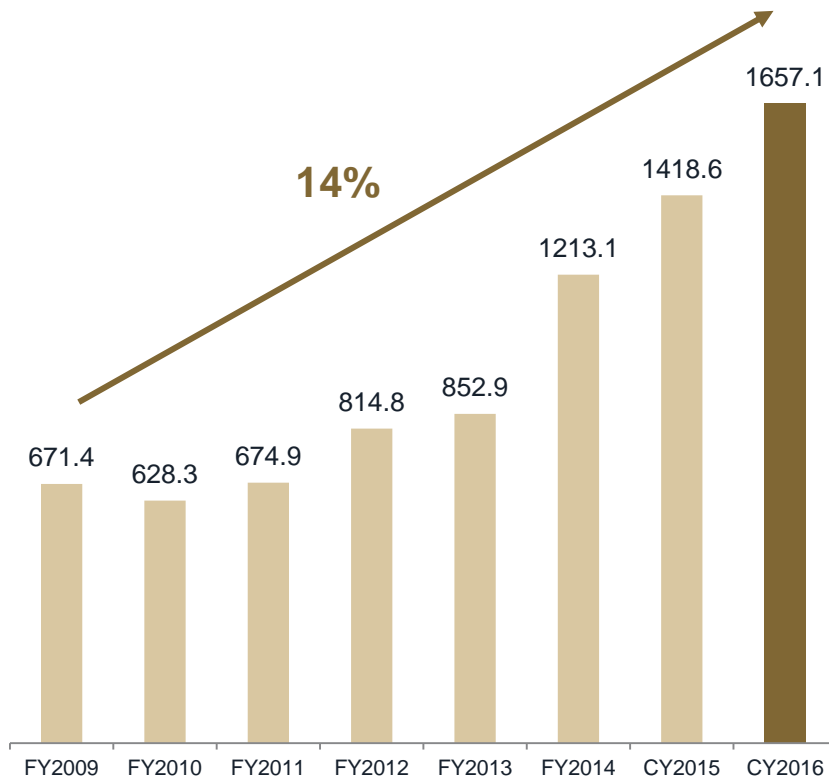


(1) Post completion of Citi Fixed Income Indices and The Yield Book

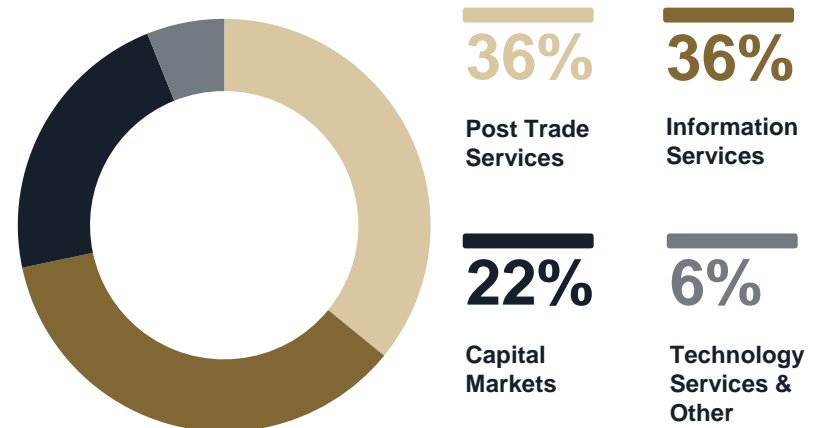
Long term growth

diversification by business activity

2009–2016 Income CAGR



2016 Income by Segment

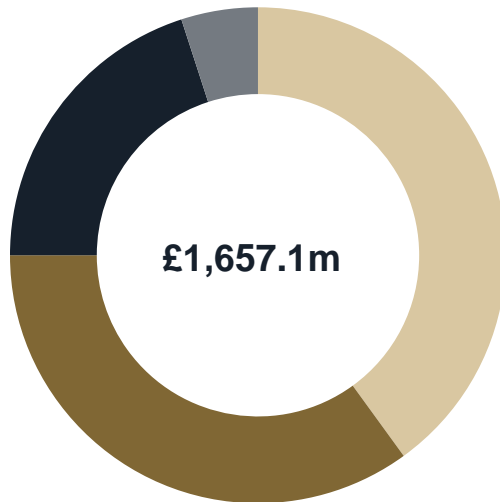


Continuing operations only

Diversified by currency

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

2016 Income



40%

GBP

35%

EUR

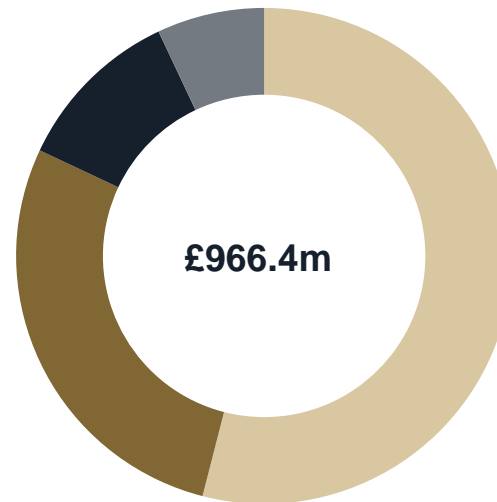
20%

USD

5%

Other

2016 Expenses



54%

GBP

28%

EUR

11%

USD

7%

Other

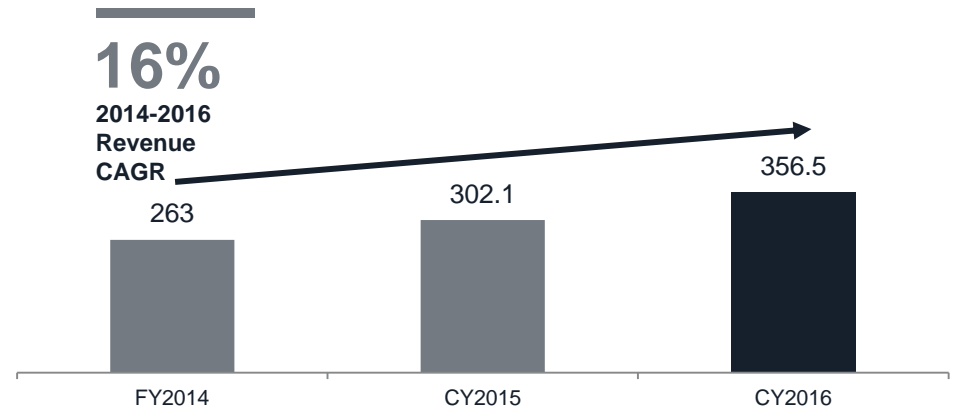
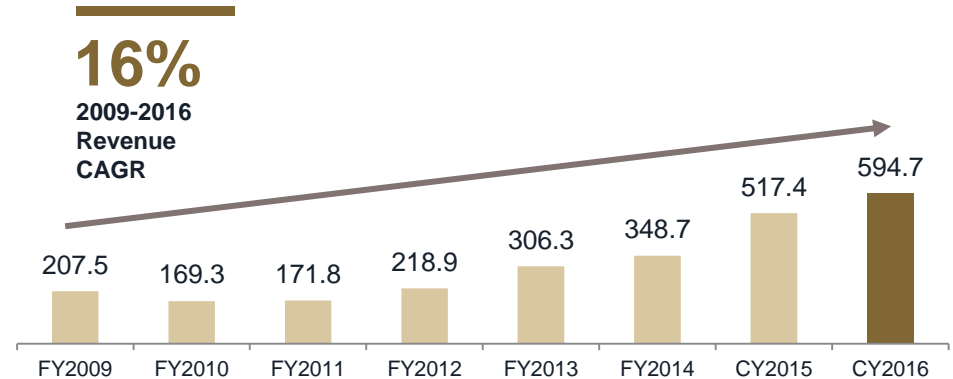
Continuing operations only, expenses include cost of sales

Strong growth across both ISD and LCH

Growth in Information Services driven by greater use of benchmarks, indexes, data and analytics, smart beta, ETFs, fixed income indexes and new products and geographies

Growth in LCH driven by further OTC clearing and new services

Regulatory landscape – provides opportunities, e.g. EMIR and MiFID II



Continuing operations only

MiFID II opportunities

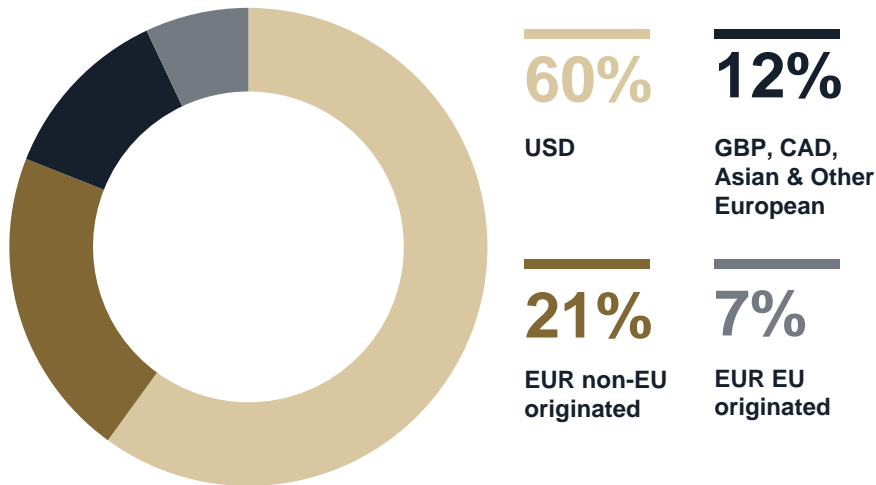
- MiFID II implementation from January 2018
- MiFID II mandates Open Access across financial markets infrastructure
- Will promote greater competition, transparency and innovation through unbundling of services and fees
- Transparency and consumer choice will create deeper pools of liquidity, reduce 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

Euro-denominated IRS clearing

SwapClear – clearing volumes

(May 2017)



SwapClear is a global service

SwapClear directly licensed to clear in many jurisdictions including: EU, UK, US, Australia, Canada, Japan, Hong Kong and Switzerland

18

International currencies are cleared

55

Clients from 55 countries

LSEG well positioned



London
Stock Exchange Group

Operating clearing houses in multiple jurisdictions

LSEG operates authorised clearing houses in the UK, US and Eurozone with global and domestic licences, operating within and across multiple jurisdictions around the world

We are well positioned to serve our clients, wherever our clients choose to clear

- All CCPs EMIR authorised or equivalent
- LCH in London, New York and Paris are DCO authorised and supervised by CFTC
- LCH is only European-based CCP qualified to clear FCM market in US
- LCH clears listed and OTC products
- CC&G clears fixed income, repos, equities and derivatives



Further growth and enhanced returns

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



Information Services Division

Mark Makepeace

Group Director of Information Services
CEO, FTSE Russell

Agenda



Information Services Division (ISD) Overview

Mark Makepeace, Group Director of Information Services and
CEO, FTSE Russell



Index Growth and Future Opportunities

Caroline O'Shaughnessy, Global Head of Sales & Marketing



Fixed Income Opportunities, The Yield Book & Citi Indexes

Waqas Samad, CEO Benchmarks, Fixed Income and Multi-Assets

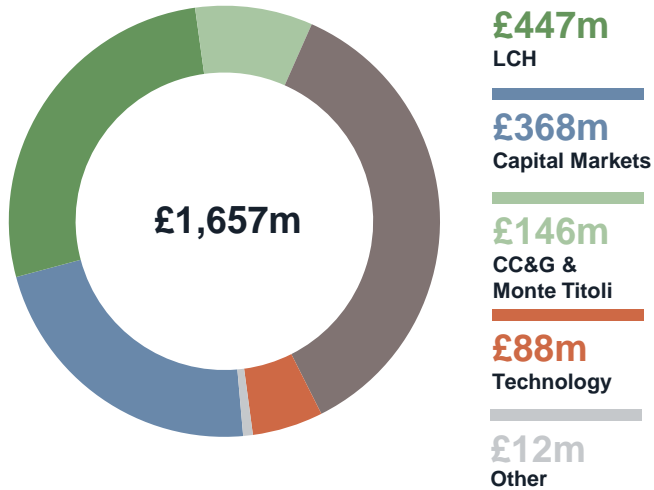


Summary

Mark Makepeace

Double-digit growth

Sustainable margins



£595m
Information services

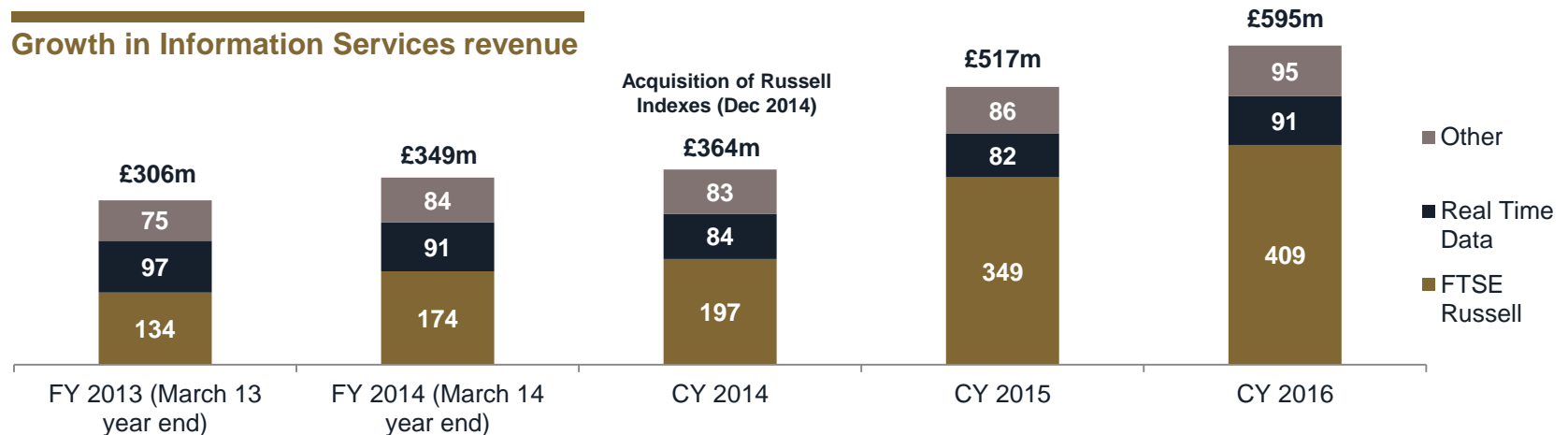
CAGR of 18%

Information Services revenue
CAGR of 18% from FY2013-2016

Organic & inorganic

Combination of organic & inorganic growth drivers

Growth in Information Services revenue



Source: LSEG Annual Reports FY2013-2016. Total may not sum due to rounding

Diverse revenue mix

Market tailwinds

Benchmarks & analytics



The Yield Book 

Citi Fixed Income Indexes

Data solutions



Multi-asset data

Reference data

Corporate events

Exchange data & regulatory reporting

Real-time pricing data

UnaVista

Underlying trends driving double-digit growth

Increasing sophistication of investors expanding range of benchmarks & analytics required

- Exposure to emerging markets, including China

Switch to passive

- Smart Beta
- Factor-based investment
- ETF growth

Multi-asset and global investment strategies

Demand for value added data and analytics

Cloud computing, Artificial Intelligence and data integration innovations

Increasing regulation

- MiFID II

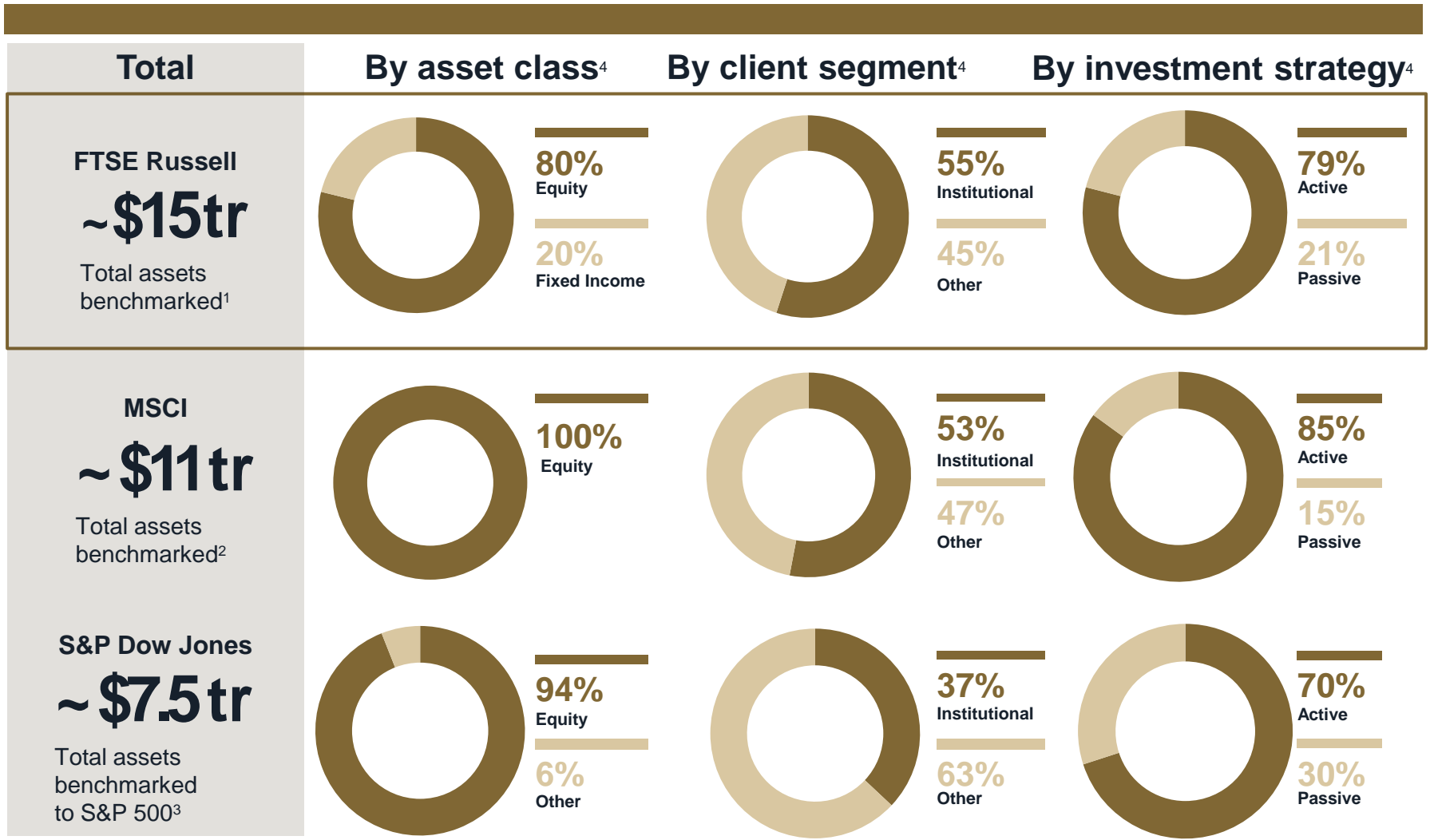
Client demand for efficient, out-sourced solutions

Automation & digitisation

Source: LSEG. Post completion of Citi Fixed Income Indices and The Yield Book

Index business has global scale

Broad & deep opportunity set



Sources: (1) Pro-forma FTSE Russell and The Yield Book, Dec 2016; (2) MSCI, 2016; (3) S&P, 2015 (latest published); (4) eVestment; Morningstar.

FTSE Russell & The Yield Book

The largest multi-asset index company globally



London
Stock Exchange Group

Consideration

\$685m

Implied EV / 2016 EBITDA
multiple of 14.9x

Synergies

\$30m

3 year revenue synergies

\$18m

3 year cost synergies

EPS accretive in year 1

\$107m

2016 revenue

\$46m

2016 EBITDA¹

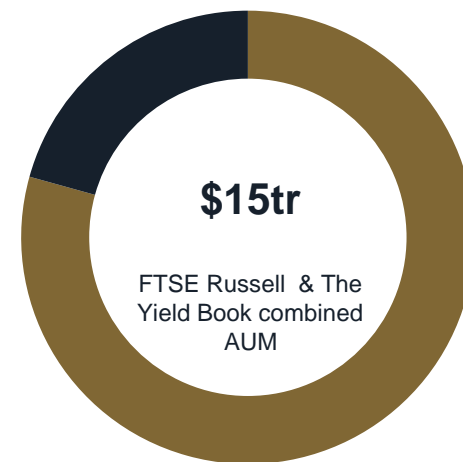
for the Yield Book and Citi Indexes

Strategic Rationale

- Establishes FTSE Russell as global leader in fixed income index and analytics and multi-asset capabilities
- Targeted business expansion with addition of over 300 institutional client relationships
- Significant operational expansion in US and Asia

Products

- Comprehensive global fixed income analytics and indexes
- The World Government Bond Index (WGBI) is among the most widely followed globally
- Sophisticated modelling and analytics capabilities of The Yield Book widely used by fixed income investors



20%

Fixed Income

80%

Equity

Source: RNS, "LSEG to acquire The Yield Book and Citi Fixed Income Indices", 30/05/2017. (1) Based on a pro forma estimate of the central costs to be allocated to the Business under LSEG ownership

FTSE Russell & Mergent

New index products & scalable data operations



London
Stock Exchange Group

Mergent allows creation of new products for index clients and provides scalable data operations at low cost



Multi-asset content and product for index and analytics business



Creation of complementary data products for index users from higher quality data sets and long-dated histories



Flexibility in data use for new products through IP ownership



Scalable & low-cost operations in US and Asia

Source: FTSE Russell, 2017.



Index Growth, Clients and Products

Caroline O'Shaughnessy
Global Head of Sales & Marketing

Core client base driving growth

Global adoption of products & network effect

Global relationships

97 / 100

top asset managers

48 / 50

of the largest US plan sponsors

Top 10

investment banks

221m

derivatives contracts traded on 15 exchanges globally in 2016

Embedded in the entire investment process

~\$15tr

Active & passive assets benchmarked

~\$500bn

ETF assets

#1

Indexer for China A shares ETFs

#1

UK equity mutual funds benchmarked

~\$3tr

Global passive assets

#1

US equity institutional assets benchmarked

#2

US equity ETF AUM benchmarked

#2

Fixed income institutional assets benchmarked globally

Diverse product range

Core index

- Cap-weighted
- Smart beta / Factors
- Custom

Multi-asset

- Equity
- Fixed Income
- Real Estate

Global

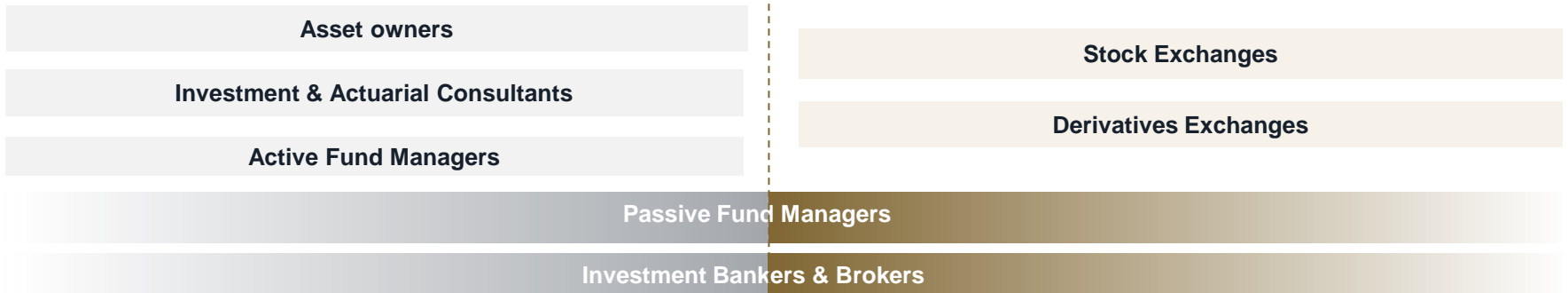
- Developed & emerging markets
- China
- Futures & options: CME, CBOE, ICE and SGX
- Exchange partnerships: JSE, TSEC, Bursa Malaysia

Sources: LSEG Annual Report 2016, eVestment, Morningstar, FTSE Russell

High quality recurring revenue

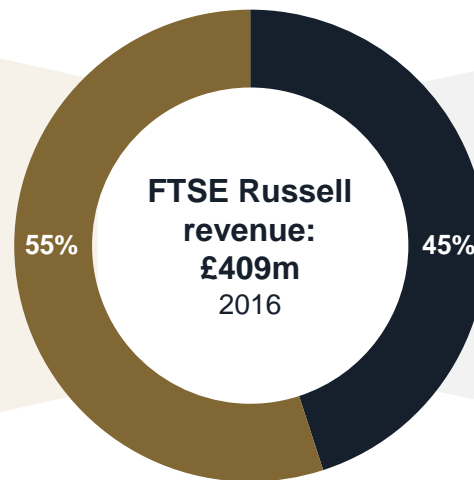
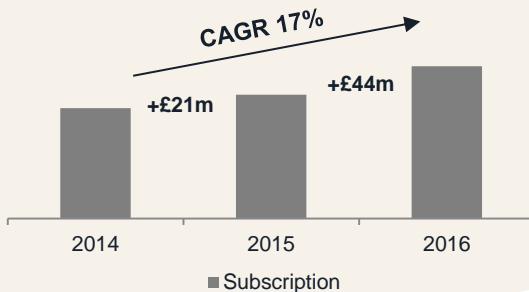
Range of clients & licensing models

Clients



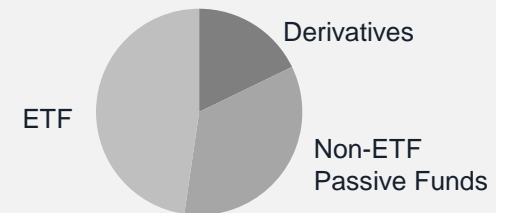
2016 Revenue Split¹

Recurring revenues²



Asset linked

FTSE Russell asset linked revenues



Source: LSEG, 2016. Note: (1) Rounded %; (2) Pro-forma inclusion of Russell Indexes in 2014

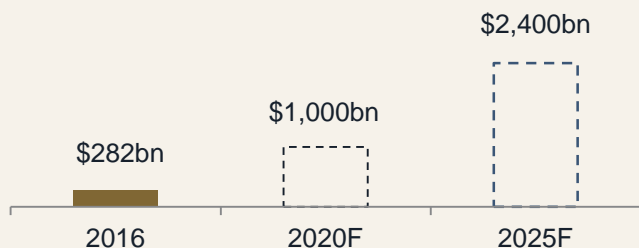
Ability to commercialise trends

Index growth through deep client relationships

Smart Beta

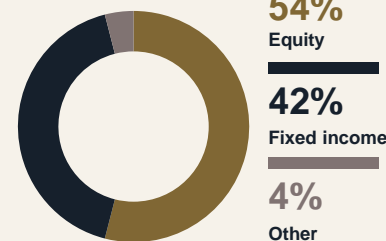
\$2tr+ AUM increase

Smart Beta ETF AUM growth to 2025F¹

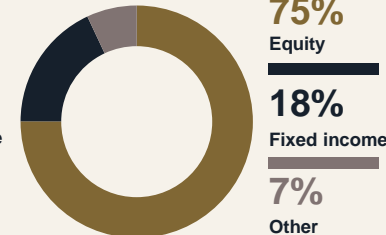


Fixed Income and multi-asset

Global institutional AUM by asset class²

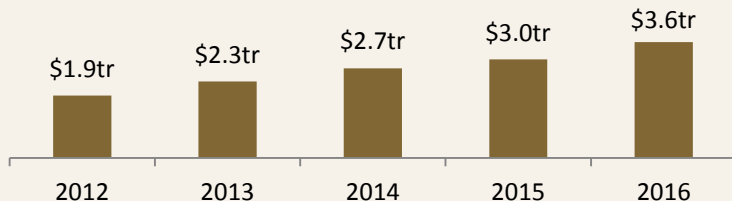


Global ETP AUM by asset class³



Passive and ETF

ETF AUM 2012-2016⁴



4.5x⁴

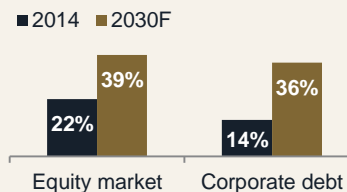
Passive mutual fund AUM grew 18% in 2016, 4.5x faster than actively managed funds

42%⁵

Passive forecasted to comprise 42% of cumulative net flows to 2020

Emerging Markets including China

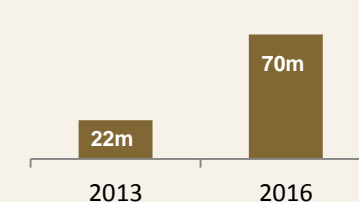
Emerging markets capitalisation⁶



39%

Emerging markets forecast to make up 39% of global equity market value by 2030

China A50 futures contracts traded⁷



+47% CAGR

FTSE China A50 index futures volume +47% CAGR since 2013



Fixed Income, The Yield Book & Citi Indexes

Waqas Samad

CEO Benchmarks, Fixed Income and Multi-Asset

The Yield Book

Accelerates FTSE Russell fixed income strategy



London
Stock Exchange Group

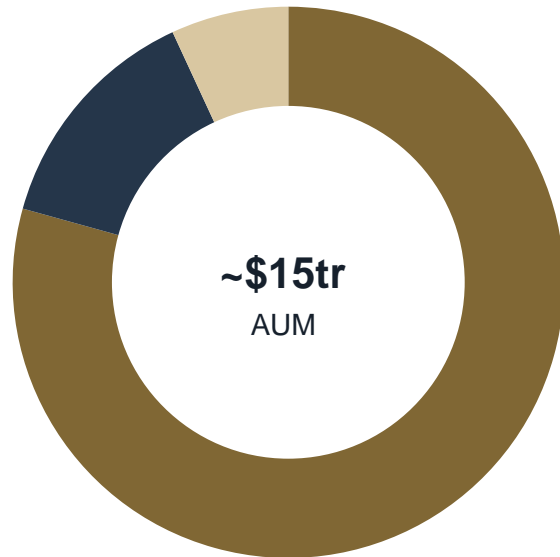
Pre - 2000	2013	2014		2016	2017	
FTSE UK Gilts	FTSE TMX JV	Bank of China (HK) Offshore RMB Bond Index	FTSE ASFA Australia Bond Index	FTSE TMX acquires MTS Indexes	LSEG acquires Mergent	LSEG to acquire The Yield Book
Leading benchmark for UK Gilt investments	Adds Canadian fixed income indexes & analytics	Builds on equity index success in China	Asset owner- led innovation	Leading Eurozone government bond indexes	Leading source of US corporate and municipal bond terms and conditions	Leading global fixed income index and analytics provider

Post completion of Citi Fixed Income Indices and The Yield Book

Broadening client relationships

Complementary and synergistic offering

Combined assets under management



80%

FTSE Russell
Equity

14%

The Yield Book &
Citi Fixed Income
Indexes

6%

FTSE Russell
Fixed Income

Clients

- \$107m revenue from analytics and index services in 2016
- 300 clients globally, including 200 fixed income asset managers and asset owners
- Used by most leading US fixed income managers
- Citi will remain a significant client and long-term partner
- Significant operations in Asia

Product

- Family of fixed income benchmarks with 35+ years history includes the widely followed World Government Bond Index (WGBI)
- Leading fixed income analytics platform with 25 years of history
- Extensive fixed income securities database
- Opportunity to use FTSE Russell sales capability to develop index business and products

Source: LSEG, Citi. Post completion of Citi Fixed Income Indices and The Yield Book

A unique index company

Diversified product range & global scale

Combination of The Yield Book and Citi Fixed Income Indexes with FTSE Russell creates a unique multi-asset index company with ~\$15tr AUM

New fixed income and multi-asset index and analytic products

Deepen and extend client base through FTSE Russell sales organisation

Accelerate commercialisation of index business and FTSE Russell growth

EPS accretive in year 1

\$48m synergies in 3 years

EBITDA margin will increase to match FTSE Russell

Source: FTSE Russell. Post completion of Citi Fixed Income Indices and The Yield Book



Summary

Mark Makepeace

Group Director of Information Services
CEO, FTSE Russell

Successful track-record of value creation through acquisitions

2011

FTSE

3 year synergy targets achieved

£18m ✓

Revenue

£10m ✓

Cost

2014

Russell Indexes

3 year synergy target delivered ahead of schedule

£18m ✓

(\$30m)

Revenue

£46m ✓

(\$78m)

Cost

2016

MERGENT

Leading provider of proprietary fixed income and global equity data

Low cost data collection model

Mergent data to drive index adoption and new product development

2017

The Yield Book

Accelerates data and analytics offering, builds US and Asia presence and fixed income client base globally

3 year synergy target:

\$30m

Revenue

\$18m

Cost

Source: FTSE, Frank Russell Company, Mergent & The Yield Book and Citi Fixed Income Indices acquisition announcements. Post completion of Citi Fixed Income Indices and The Yield Book

Continued double-digit growth

Attractive and sustainable margins

FTSE Russell will continue to deliver high levels of top line growth through organic and inorganic strategies

Positive secular trends

- Active to passive
- Investment innovation
- Increasing sophistication of investment processes
- Index industry consolidation



Robust business model

- Global sales capability
- Recurring revenue and high retention rates
- Embedded in global investment processes
- Open access



Strategic focus & ambition

- Global leader in multi-asset indexes
- Diverse and innovative products: global, multi-asset, smart beta, analytics



Proven execution capability

- Consistent double-digit growth
- Organic and inorganic growth; effective synergy delivery
- Scale business creates efficiencies



Capital Markets Division

Raffaele Jerusalmi

Director of Capital Markets

CEO, Borsa Italiana



Agenda

Growth Opportunities in Capital Markets

Raffaele Jerusalmi

Director of Capital Markets

CEO, Borsa Italiana

Opportunities for CurveGlobal

Michael Davie

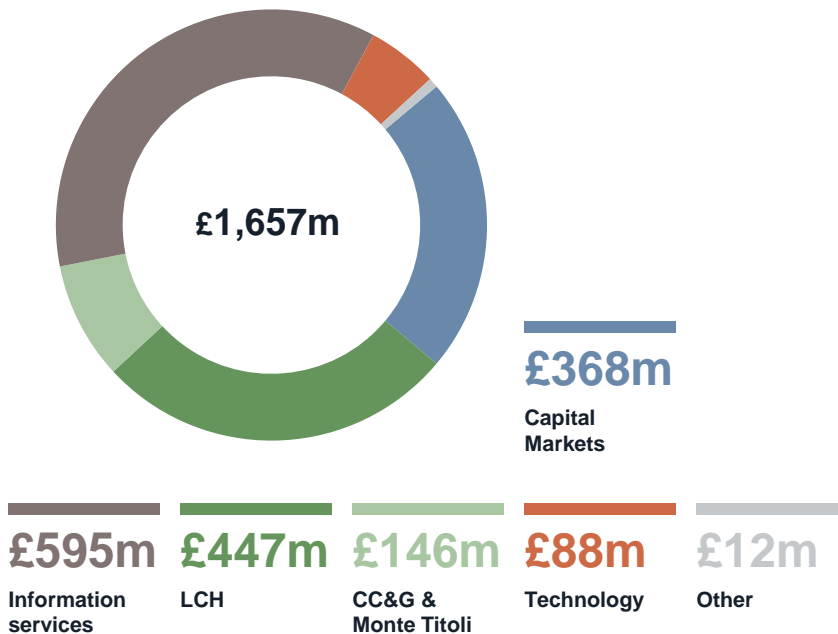
Chairman, CurveGlobal



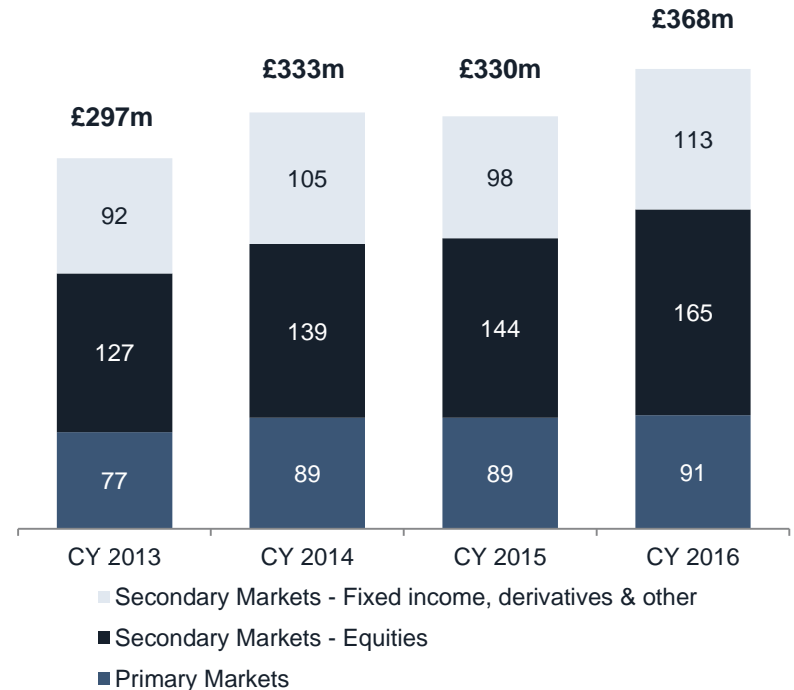
Leading primary and secondary markets

Capital Markets has delivered growth across varied market conditions

LSEG 2016 Total Income by segment



Capital Markets Total Income: 2013 – 2016



Capital Markets EBITDA margin of 51% in 2016

Total may not sum due to rounding

ELITE is a programme that helps fast-growing private companies prepare and structure for further growth through sharing experiences, access to financing opportunities and education.

ELITE Growth

Catalyst for growth

A full-service programme designed to share best practices and increase growth opportunities, including the understanding of capital markets

Launched in 2012

ELITE Connect

Connection to investment opportunities

A digital platform bringing together listed companies, institutional investors and financial intermediaries to enable easier interactions and increase productivity

Launched in 2015

ELITE Club Deal

Capital for growth

An online private placement platform designed to streamline the capital raising process for companies

Launched in 2016

800+

Growing community of over 800 companies, investors and advisers

26

The ELITE community spans 26 countries across Europe and beyond

€44bn

ELITE companies generate €44bn revenue, with over 196,000 employees across 34 sectors

€39bn

Global alternative finance market volume of €39bn in 2015 ⁽¹⁾

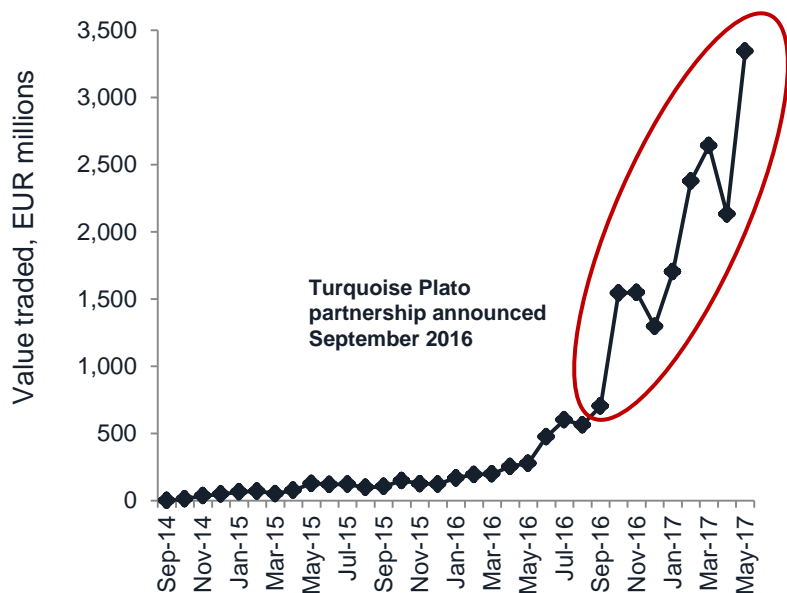
(1) Source: Global insights from regional Alternative Finance studies, KPMG; Cambridge Centre for Alternative Finance (Oct 2016). Excludes China alternative finance volumes of \$101.69bn. Converted to EUR at BoE 2015 annual average exchange rate (0.90 EUR/USD).

Delivering MiFID II solutions

In partnership with customers

MiFID II ready solutions – delivering innovative services providing choice and flexibility to customers

Turquoise Plato Block Discovery™ Value Traded



Award winning innovation designed in cooperation with Plato Partnership, a unique collaboration with buy-side and sell-side firms

Average trade size **30 times industry dark pool average**

Selected Regulatory-Driven Client Solutions

Equities	Facilitating MiFID II compliant dark liquidity on LSE plc through intra-day auctions and Mid Price Pegged Orders
ETFs	Request-for-quote functionality for ETFs and ETPs launched in UK and Italy, providing a solution for customers to execute large bilateral trades on-exchange
TRADEcho	Multi-asset, pan-European pre- and post-trade reporting solutions to help customers meet MiFID II obligations, in partnership with Boat Services
Turquoise SwapMatch	A neutral arranging mechanism to match clients' block interests in OTC equity total return swaps to support balance sheet efficiency

Fixed Income

Opportunities for growth across multiple segments



London
Stock Exchange Group

Significant presence across inter-dealer, dealer-to-client and retail trading segments. Positioned for growth as regulatory tailwinds and market participants increasingly support shift to electronic trading.

LSEG Institutional & Retail Fixed Income Platforms

Institutional

MTS™

A leading electronic platform for interdealer and dealer-to-client European bond and repo trading

Average daily volumes exceeding €100bn and 50% share of inter-dealer European government bond trading in 2016 ⁽¹⁾

US presence via MTS BondsPro provides all-to-all liquidity in USD and non-USD corporate bonds and emerging market debt

International Securities Market (ISM)

Recently launched MTF for primary debt issuance targeted at institutional and professional investors operating alongside the LSE Main Market and Professional Securities Market

Retail

MOT & ExtraMOT

A leading position in terms of trading and turnover on Italian retail market, supporting investors' access to bonds, debt and government securities

EuroTLX

Dedicated to investors trading in retail size, with liquidity providers present for each instrument across a wide range of fixed income securities

ORB

Provides investors with access to on-screen secondary market for UK debt instruments in retail size, with over 60 gilts and 100 corporate bonds available for trading

Further growth opportunities arising from closer integration of fixed income assets across LSEG

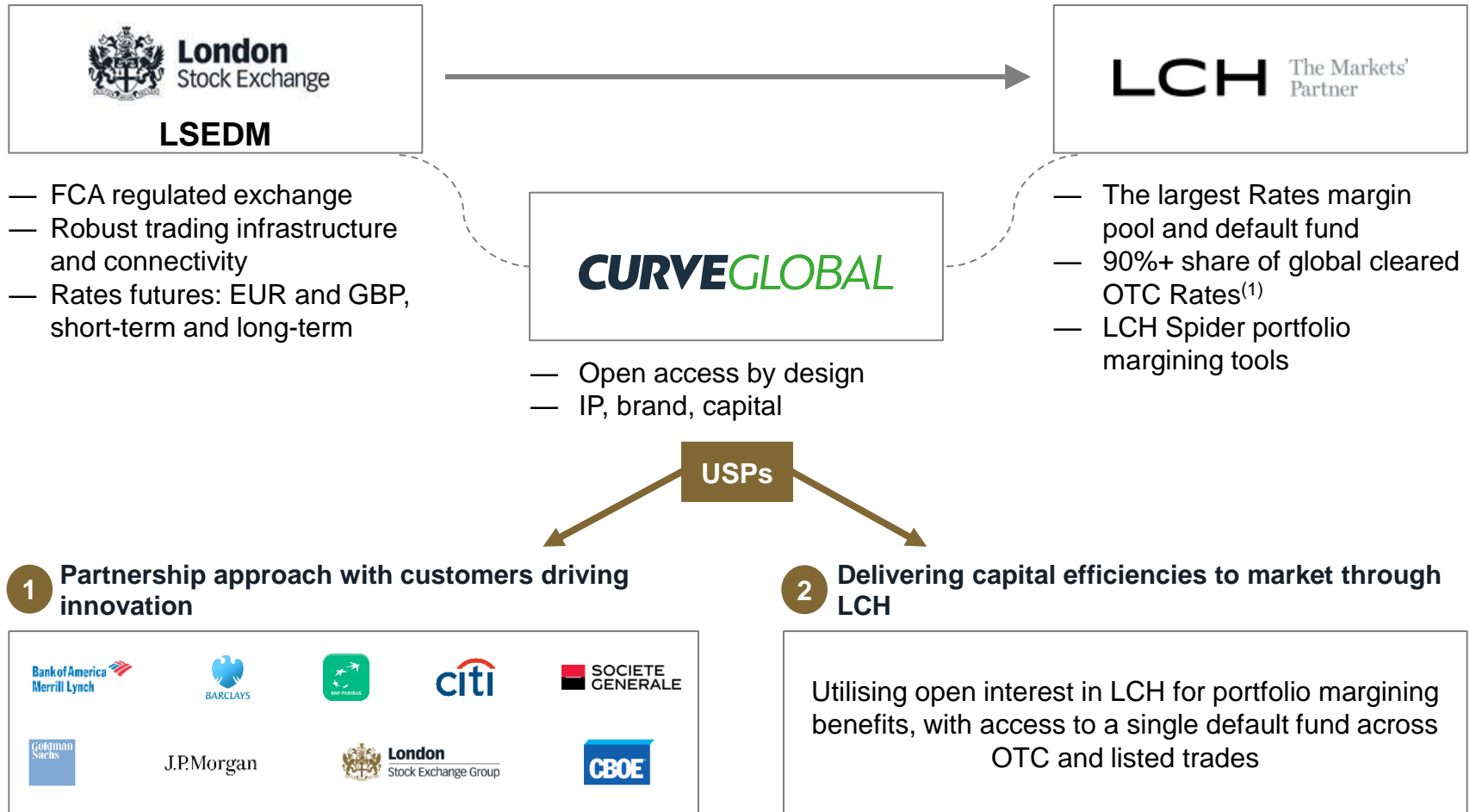
(1) Source: Celent 2016 European Fixed Income Market Sizing (Oct 2016)



CurveGlobal

Michael Davie
Chairman, CurveGlobal

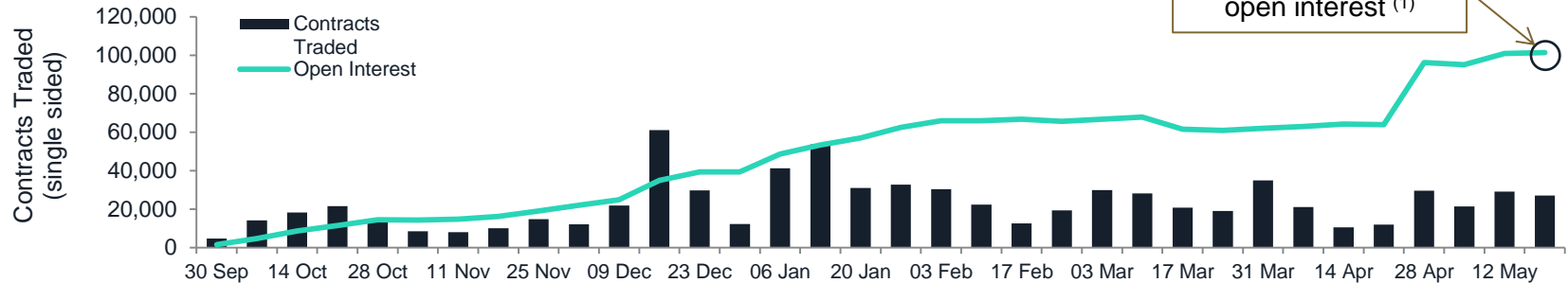
Innovation in partnership with customers



(1) Source: ClarusFT

Steady progress through early stage adoption

CurveGlobal Weekly Trading Volume & Open Interest



2017 Priorities

Build the community

— Utilise the dealer bank shareholder cornerstone to grow adoption across more banks (both house and FCM), market-makers, proprietary trading firms and the buy-side

Evolve connectivity

— From traditional fixed income point-to-point via vendor offerings to full smart order router deployment

Evidence best execution

— Leverage MiFID best execution driver – compelling, objective analysis of CurveGlobal liquidity

Facilitate optimisation

— Encourage block trading for risk transfer and optimal risk taking
— Create tools and community to enable smarter risk management

(1) Source: LSEG analysis. Based on total short term interest rate (STIR) derivatives open interest on CurveGlobal, ICE (EUR and GBP) and Eurex (EUR only) as at 24 May 2017

Further opportunities and drivers of growth

<p>Portfolio margining for LTIR futures</p>	<ul style="list-style-type: none"> — Could potentially enable material duration offset and “full curve” portfolio margining for some customers — Of particular interest to relative hedge fund community and their FCMs — Sea change when individual traders are charged all end-to-end trading costs at point of execution
<p>Compression and other post-trade optimisation</p>	<ul style="list-style-type: none"> — OTC notional continues to grow despite extensive use of compression services — Opportunity to add CurveGlobal futures as replacement products, with potential for portfolio margining in LCH — Partnership with LCH, TriOptima, Quantile and others
<p>Packaged trades</p>	<ul style="list-style-type: none"> — CurveGlobal can straddle the OTC-listed divide — Symbiotic trading of Bonds, Futures & OTC swaps with OTF/MTF partners, cleared into LCH
<p>Innovation - GBP risk free rate products</p>	<ul style="list-style-type: none"> — Bank of England risk free rate decision for SONIA+ pending – market consultation during H2 2017 — CurveGlobal can list futures products for stand-alone execution, or in conjunction with OTC via OTF/MTF partners, cleared into LCH — Other risk-free rates also in scope (e.g. £SONET)



LCH Group

Suneel Bakhshi
CEO, LCH Group

Agenda

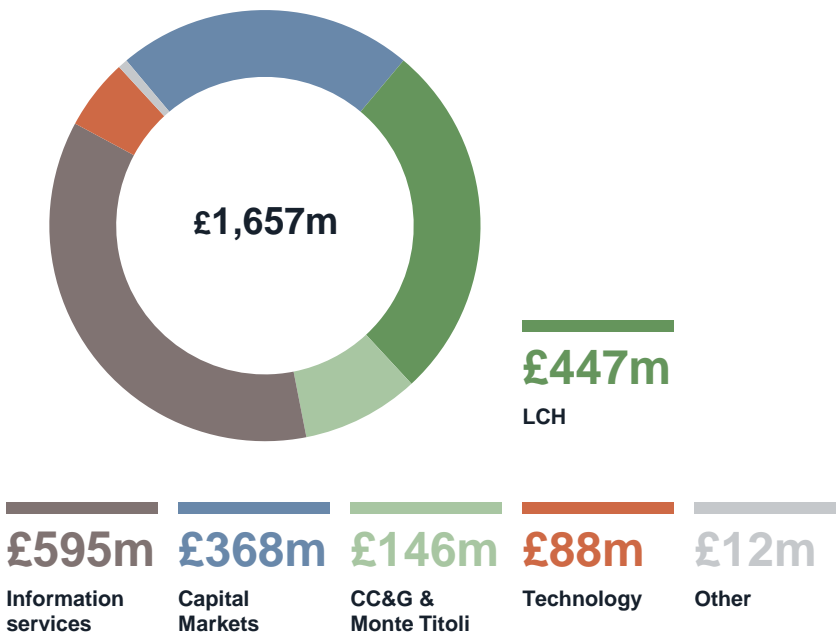
Introduction	Suneel Bakhshi, CEO, LCH Group
Rates and Credit	Daniel Maguire, COO, LCH Group & Global Head of Rates & FX Derivatives
ForexClear	Paddy Boyle, Global Head of ForexClear
RepoClear and Net Treasury Income	Bruce Kellaway, Global Head of RepoClear, EquityClear & Collateral
Driving growth and operating leverage	Daniel Maguire, COO, LCH Group & Global Head of Rates & FX Derivatives

Uniquely positioned as a leading global clearing house

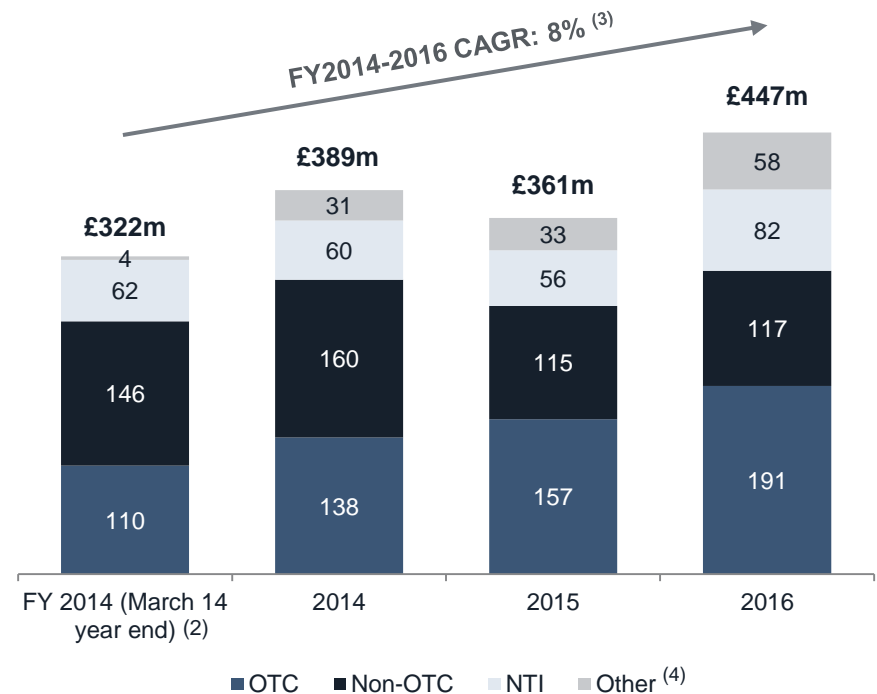
- Customer driven business model, underpinned by our commitment to best in class risk management and open access, leading to innovation and unrivalled service adoption
- Regulatory tailwinds support growth in our core business – aimed to attract further business through new services
- Universe and diversity of clearing participants continues to grow, creating greater network effects across our business
- More asset classes in more geographies set to benefit from cleared and uncleared services

A growing contributor to LSEG financial performance

LSEG 2016 Total Income by segment



LCH Group Total Income: FY2014 – 2016 ⁽¹⁾



Total may not sum due to rounding

⁽¹⁾ LCH total income profile includes the migration of LME business to LME Clear in September 2014 ⁽²⁾ 2014 figures include 11 months only ⁽³⁾ Based on annualised figures for 2014 based on 11 months actual income ⁽⁴⁾ Other income includes non-cash collateral and compression fees



Rates & Credit

Daniel Maguire

COO, LCH Group

Global Head of Rates & FX Derivatives



Delivering against growth opportunities

We have delivered, or are on track to deliver, the revenue targets and key initiatives presented at the May 2015 Post Trade Investor Day

Service	Revenue Targets ⁽¹⁾	Current Status
SwapClear	Client clearing	€30m - 40m p.a.
	Compression	€10m - 15m p.a.
	Inflation swaps	€10m p.a.
ForexClear	€25m - 40m p.a.	On target
European Repo service	€10m - 20m p.a.	On target

Update on Rates Portfolio Margining

- A core component of LCH's risk management offering across the entire Rates spectrum
- LCH Spider, the open access portfolio margining service for interest rate derivatives, went live in May 2016, starting with Short Term Interest Rate Futures against SwapClear
- Clearing services for CurveGlobal went live in September 2016
- LCH Spider II, portfolio margining of Bund, Bobl, Schatz and Gilt Futures against SwapClear, scheduled for go live by Q4 2017 (subject to regulatory approval)

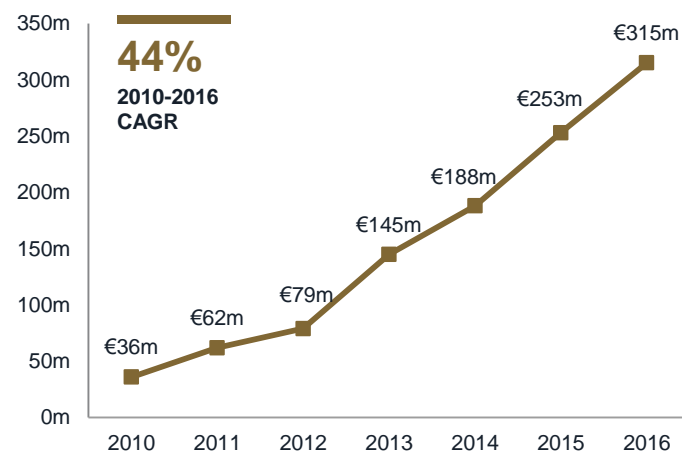
(1) Incremental annual revenue opportunities relative to CY 2014 baseline, to be achieved by exit 2018

SwapClear

Continued global leadership in OTC rates clearing

Headline Statistics	2010	2016	Future Trend
Number of clearing members	35	107	➔
Number of dealers	52	197	➔
Number of members offering client clearing	21	49	➔
Number of active clients (in year)	5	767	➔
Number of clearing countries	11	55	➔
Average daily trades	2,969	14,792	➔
Average daily USD notional	0.72tr	2.63tr	➔
Total GBP Initial Margin (IM requirement)	£8.1bn	£85.3bn	➔
Geographic hubs	1	4	➔

SwapClear Total Income Growth (€m) ⁽¹⁾



90%+

Share of clearing notional value (client and member) ⁽²⁾

Successfully expanding and diversifying revenue streams, including client clearing, compression services and LCH SwapAgent

Regulatory tailwinds supporting growth in core business and new product areas

(1) Total income reported is converted to Euro at prevailing FX rates and includes revenues from clearing, compression services and NTI (2) Source: ClarusFT

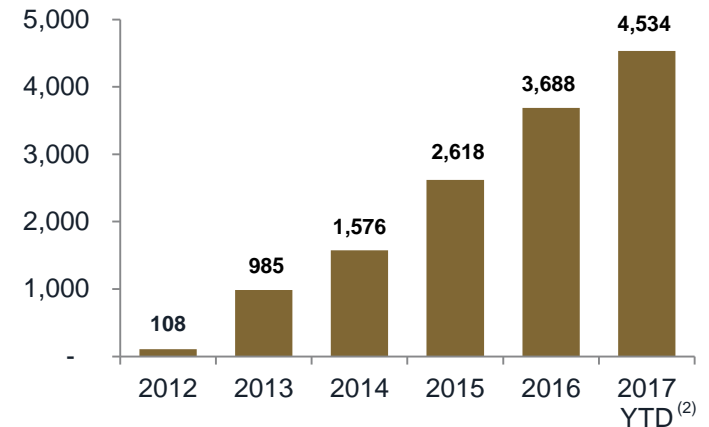


SwapClear Client Clearing

Significant increase in client volumes, notional cleared and revenue contribution across EMEA, North America and Asia Pacific, with further growth expected

Headline Statistics	2014	2015	2016
Cleared Notional (\$US tr)	122	93	139
Cleared Notional Market Share ⁽¹⁾	74%	76%	87%
Cleared Trades (000s)	410	680	950
Cleared Trades Market Share ⁽¹⁾	49%	61%	75%
Compressed Trades (000s)	340	580	810
Outstanding Notional (\$US tr)	12.6	16.0	22.9
Outstanding Trades (000s)	110	180	270
Initial Margin (\$US bn)	9	19	44
Number of clients clearing	251	348	579

Average Daily Client Trades



+27%

Continued growth in 2017 – client trades up 27% y-o-y in Q1 2017

Source: (1) ClarusFT (2) 2017 YTD as of 31st May 2017

+55%

Increase in number of clients clearing in Q1 2017 versus prior year

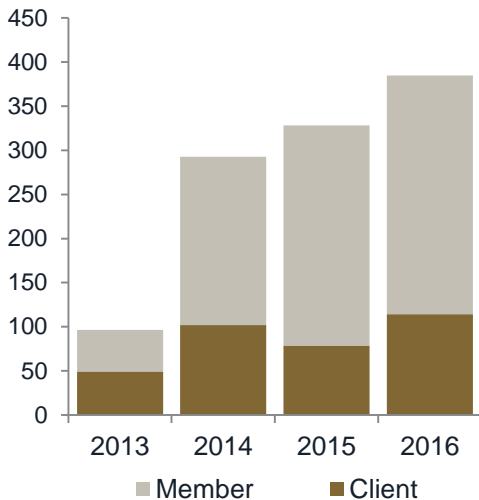
Future growth drivers include mandated EU client clearing and extension of non-deliverable IRS to additional Asian currencies (KRW, INR, CNY) to meet global and local client demand

Expansion of the client community strengthens network effects to drive growth in existing and new products

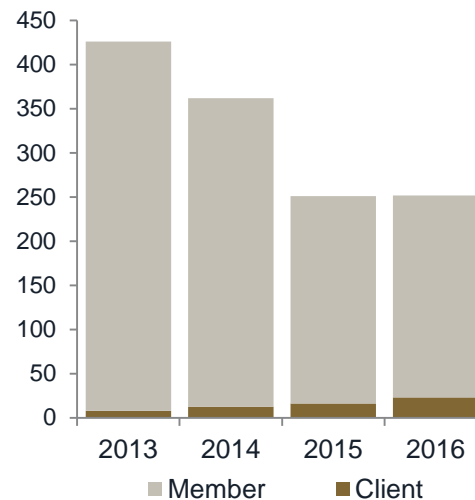
SwapClear compression services

Continuing to deliver significant value to members and clients

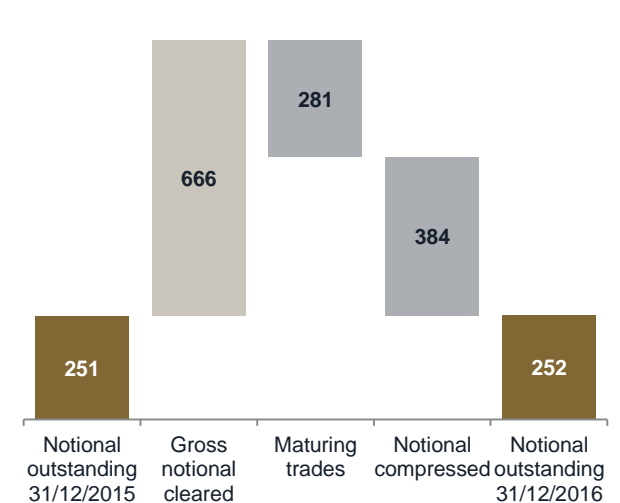
Notional Compressed (USD tr)



Notional Outstanding (USD tr)



Cleared and Compressed Notionals (USD tr)



\$21bn

Estimated capital savings realised by members from compression services in 2016

+64%

Notional compressed in Q1 2017 was 64% higher than any previous Q1 period

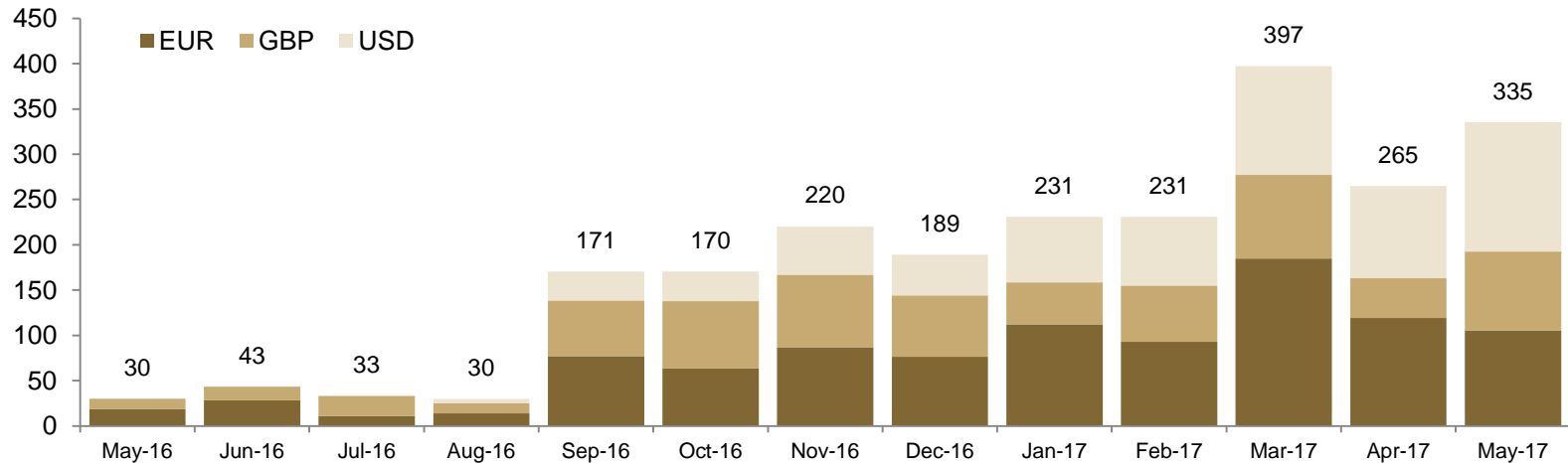
Compelling benefits for members and clients from capital and operational savings are expected to drive further growth in compression services

LCH compression services capturing increased share of the total compressed, whilst partnering with other service providers on an open access basis

SwapClear Inflation Swaps

Uncleared Margin Rules driving clearing volumes and benefits for members and clients

Inflation Swap Volume (USD bn)



\$1.1tr +218%

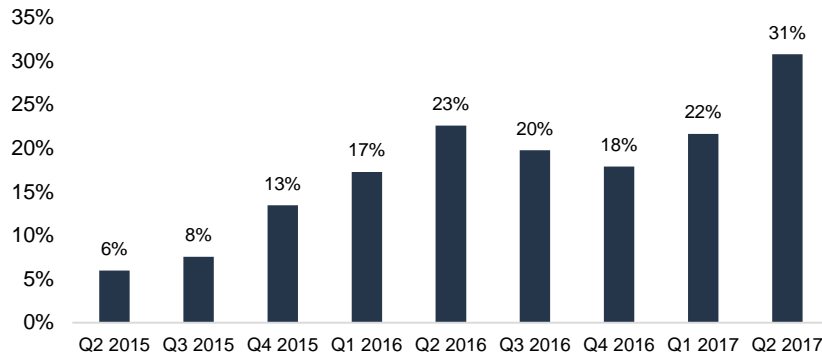
Cleared in 2016 with more than 120 buy-side and sell-side participants

Blended rate compression for inflation swaps to be launched in Q4 2017, allowing participants to realise greater operational and capital efficiencies to support further volume growth

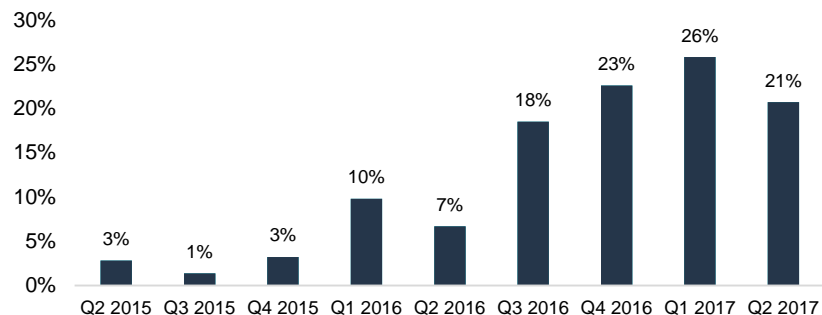
CDSClear

Clearing the broadest set of CDS across both European and US underlyings

CDSClear – Share of Overall Indices ⁽¹⁾



CDSClear – Share of Overall Single Names ⁽¹⁾



Performance

+160%

€449bn cleared in 2016, up 160% versus 2015

31%

Share of overall indices at 31% in Q2 2017, up from 6% in Q2 2015 ⁽¹⁾

Drivers for further growth

- Introduction of Uncleared Margin Rules and European clearing mandate for index CDS
- Onboarding of Select Members uniquely clearing at LCH SA
- Onboarding of buy-side clients ahead of the Category 2 clearing obligation
- Launch of an industry-first clearing service for Credit Index Options in Q3 2017 ⁽²⁾

(1) Q2 2017 data as of May 31st 2017. (2) Subject to regulatory approval. Source: LCH, ICE Clear Europe cleared notional data

LCH SwapAgent

A new service developed with dealer support to simplify the processing, margining and settlement of uncleared derivatives


Uncleared Service Comparison: LCH SwapAgent vs. Bilateral

Category	Bilateral	LCH SwapAgent
Standardised collateral documentation	X	✓
Standardised trade processing	X	✓
Independent valuation agent	X	✓
Dispute elimination	X	✓
VM / coupon / interest netting	X	✓
Standardised risk factor calculation	X	✓
Standardised payment processing	X	✓
Cross-currency and swaptions	✓	✓

Service Adoption

14 dealers already committed, including:



 **Winner: 2017 Financial News Post-Trade Initiative of the Year**

- LCH SwapAgent extends SwapClear infrastructure to the bilateral market without novation to a central counterparty and default fund contributions
- Service launched in May 2017, to be followed by extended product offering to include cross-currency swaps and swaptions
- Opens up new opportunities in uncleared services and the wider Rates market infrastructure, with quicker time to market given lighter regulation versus cleared services



ForexClear

Paddy Boyle
Global Head of ForexClear

ForexClear – The FX Opportunity

Economic incentives increasingly driving FX products into scope for central clearing

LCH well positioned to address capital and margin challenges within the vast \$5.1tr daily FX market

Instrument Category	Average Daily Turnover ⁽¹⁾	LCH offering	
NDFs	\$134bn	Live today	Current ForexClear focus
Vanilla Options	\$151bn	Live in Q4 2017	
FX Swaps & Deliverable Forwards	\$2,944bn	Some will clear alongside vanilla options Some will clear as NDFs as a product substitute	2018-19 ForexClear focus
Spot	\$1,652bn		
NDOs	\$22bn	Likely to follow vanilla options	
Currency Swaps	\$82bn	Less obvious to clear as most risk excluded from bilateral margin requirements	Not a ForexClear focus
Exotics	\$81bn	Challenging to clear due to limited liquidity under stress	

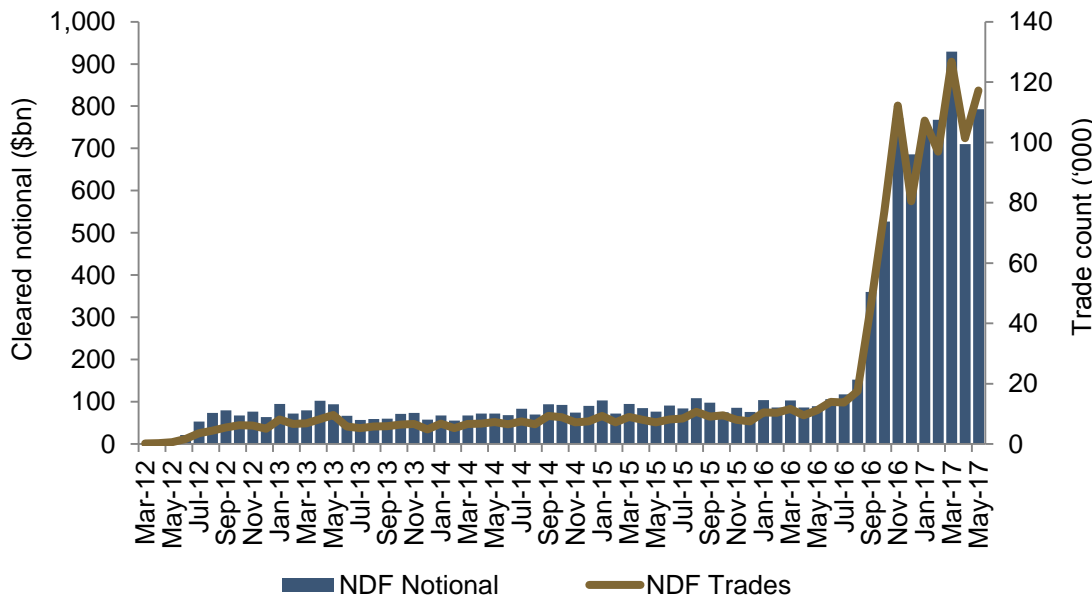
(1) Source: BIS Triennial Central Bank Survey Global foreign exchange market turnover in 2016 (Dec 2016)



A strong foundation in NDF clearing ...

A step-change in volumes following the introduction of Uncleared Margin Rules, with scope for significant further growth

ForexClear: Cleared Notional and Total Trades



+600%

in cleared notional following Uncleared Margin Rules (UMR) in September 2016 ⁽¹⁾

+775%

in trade count following UMR in September 2016 ⁽¹⁾

\$32bn

Average daily notional, up from \$4.5bn pre UMR ⁽¹⁾

4,460

Average daily cleared trades, up from 510 pre UMR ⁽¹⁾

15%

of total NDF market now cleared, including 35% of total dealer NDF flow ⁽²⁾

Additional volume growth expected with strong member and client take up, additional phases of Uncleared Margin Rules and increased interest in compression services

(1) Average daily notional, cleared trades and percentage growth figures are for Sep 2016 to May 2017, compared to pre UMR which refers to the 12 month period from Sep 2015 – Aug 2016

(2) Source: ClarusFT

... provides a compelling platform for growth

Well positioned to target large pool of FX participants, including existing LCH network, to support further service adoption

G10 NDFs

Alternative to deliverable forwards for participants who do not require delivery

Utilising the EM NDF platform to provide a cleared solution

Technically ready and progressing through regulatory approvals

FX Options

A 'clearing to settlement' solution for OTC FX options and associated spot and forwards trades, in partnership with settlement provider CLS

14

Members engaged

Technical development nearing completion and regulatory approval well advanced

Additional areas for growth

- Client clearing
- Compression services
- Tenor / currency extensions
- Margin optimisation



RepoClear and Net Treasury Income

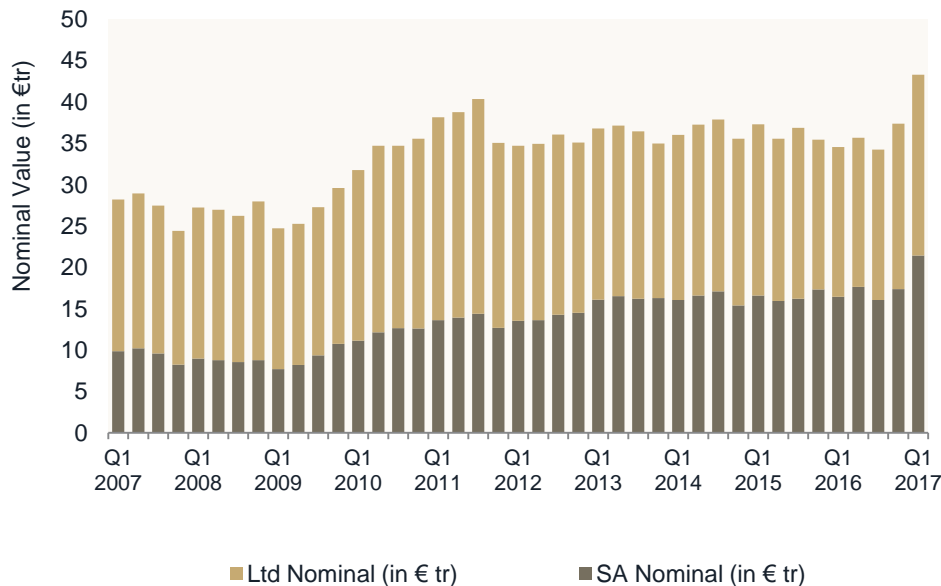
Bruce Kellaway

Global Head of RepoClear, EquityClear & Collateral

RepoClear

A leading provider of clearing for cash bonds and repos across multiple European markets

LCH Nominal Volumes (all fixed income)

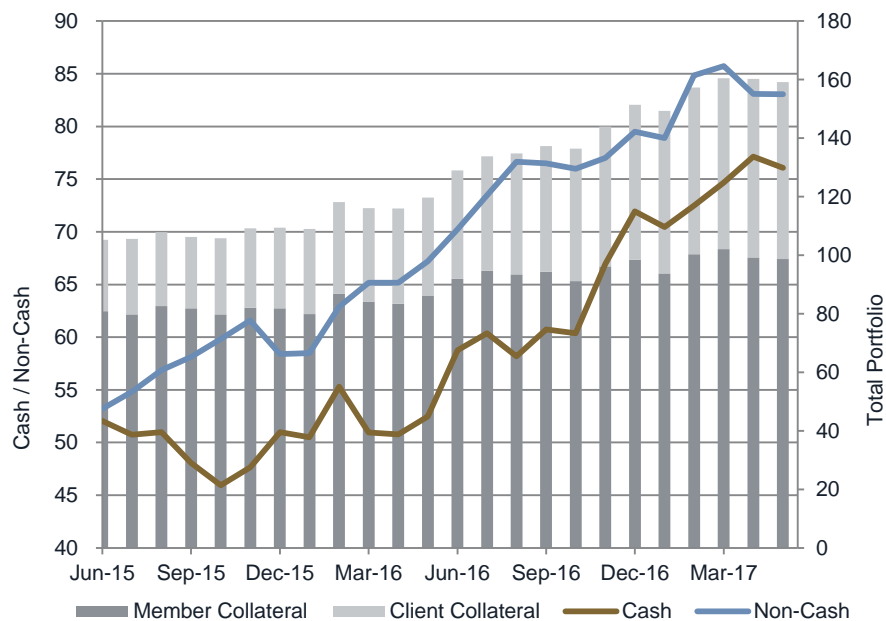


- Highest ever nominal cleared in Q1 2017, with strong growth in Gilts
- Cost of leverage ratio means member banks looking to net repos where possible – increasing attractiveness of central clearing
- Continued robust volumes relative to wider repo market
- New Sponsored Clearing model will bring benefits of clearing to the buy-side
- LCH SA's expanded repo offering allows members to benefit from risk offsets in Euro-based repos through T2S

Collateral – Net Treasury Income

Significant contributor to LCH Group performance, generating £82m of net treasury income in 2016 (18% of total LCH income)

LCH Group Collateral Held¹ (€bn)



- Total collateral continues to grow – both cash and non-cash
- Blended investment return on cash remains stable and drives higher net treasury income as collateral grows
- Investment options are diversifying – e.g. central bank accounts, direct buy-side investment counterparts and FRNs
- Optimisation of investment management has reduced risk and associated capital consumption within LCH

(1) Excludes default funds



Driving growth and operating leverage

Daniel Maguire

LCH Group COO

Global Head of Rates & FX Derivatives



Driving growth and operating leverage

Financial Targets:

- 1) Deliver **double digit income growth per annum** through to 2019
- 2) Deliver **EBITDA margin in LCH approaching 50% in 2019** (2016: 36%)

Delivery of financial targets driven by:

Growth

Continued expansion and diversification of revenue streams

- Further growth in the user community to drive incremental revenue from existing and new services
- Aim to attract new business through unwavering commitment to customer partnership, open access, innovation and best in class risk management

Efficiency

Streamline and reduce LCH cost base, including leveraging LSEG resources and scale

- Replace legacy systems with best of breed technology, using LSEG solutions where appropriate
- Leverage LSEG shared services company to enable LCH to focus on core activities
- Drive future investment and resource allocation based on clear product and service strategy



Delivering best in class capabilities

Chris Corrado

Group CIO

Group COO

CIO / COO function

To be the **enabler** of LSEG as a leading financial markets infrastructure provider

To provide **safe, stable, and trusted** operations

To provide technology that provides our businesses with **competitive advantage**



Delivering high quality infrastructure

2009



In-source technology via acquisition of high quality, development capability

Gain control of tech to support future growth and reduce costs

Large-scale offshore facility

2013 / 2015



In-sourcing and expanding software development, testing and operations management capabilities

Addition of scale operational centres near-shore and off-shore

2016

Business Services Ltd (BSL)

Creation of Group-wide shared service delivery centre

Reduced costs through centralised technology operations and back office, leveraging low cost centres

Scalable; extension to corporate functions in 2017

2017

Delivery of critical infrastructure and efficiency initiatives

LCH implementation of Millennium CCP

MiFID II readiness

Acquisition integration

Multiple emerging technology proof of concepts

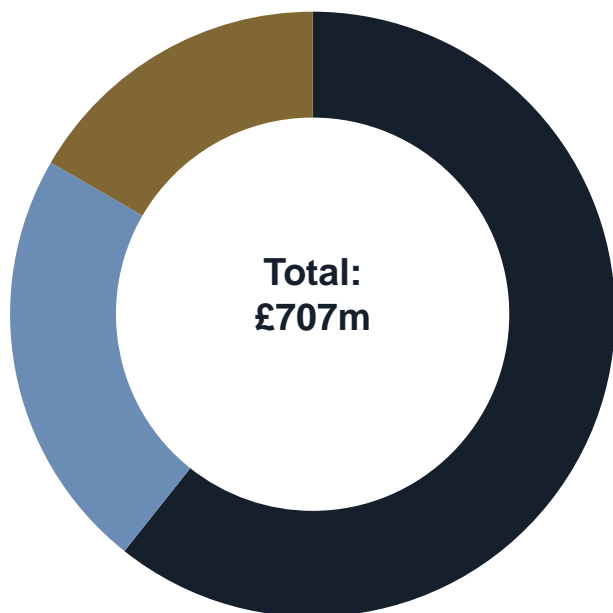
Utilise Mergent data capabilities Group-wide

Align resources to business unit needs

Strengthened management team and operational controls

Scalable and efficient operations

LSEG 2016 costs¹



£118m

IT costs ex staff

£429m

Staff costs

£160m

Other costs

Efficiency enhancement initiatives

Centralisation

Creation of shared services company BSL; LCH back office and technology integration with Group.

Leveraging scale

Progressive off-shoring and near-shoring; delivering value from acquisitions.

Lowering the cost of change

Automation and simplification; Group PMO control; introduction of enterprise architecture through CTO function.

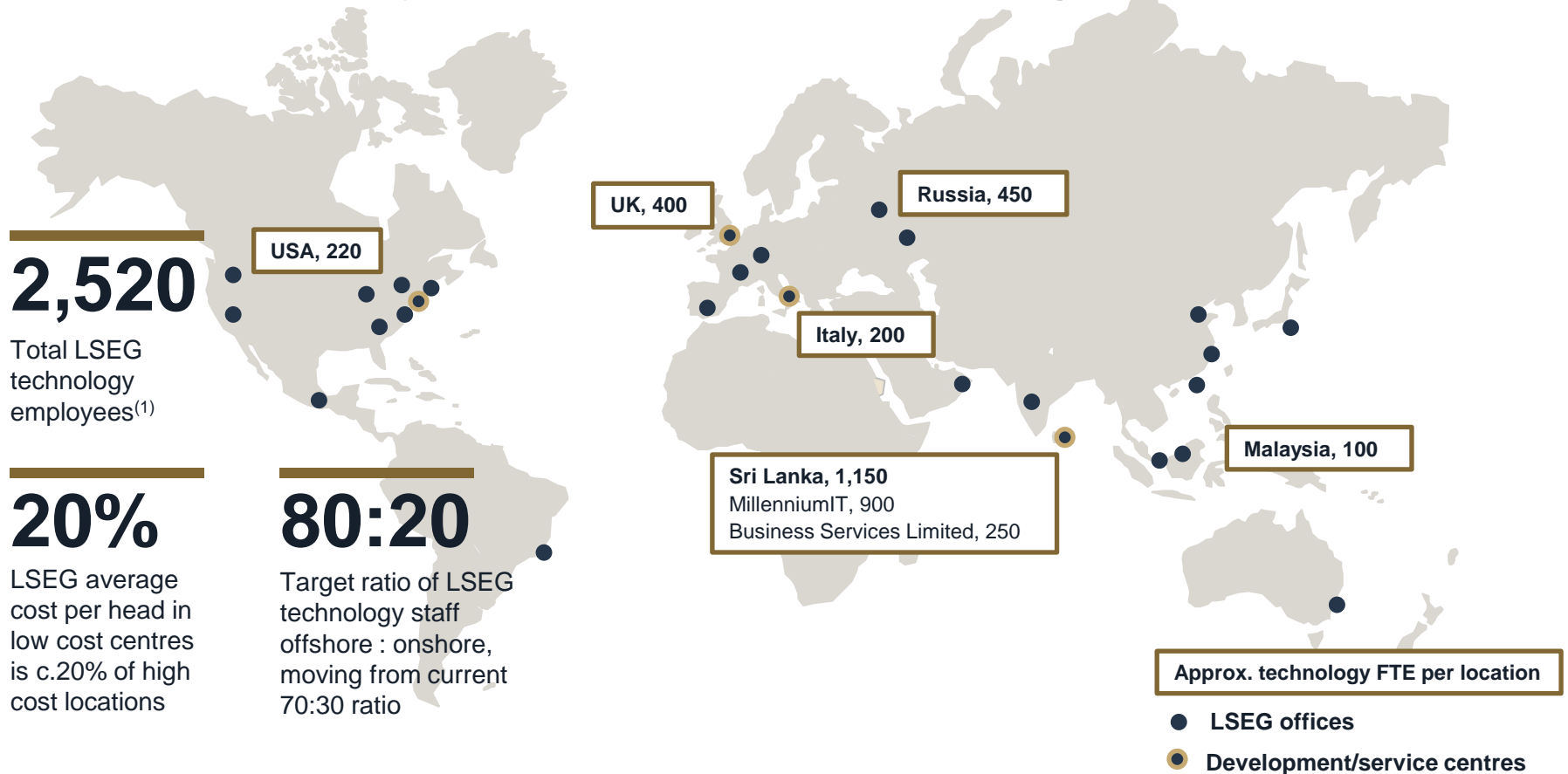
Enhancing speed to market

Resources aligned to business needs; strategic deployment of innovative technology; migration to agile delivery methodology.

(1) Expenses as reported in note 5 of the December 2016 financial statements excluding; depreciation, non-acquisition software amortisation and impairment; and amortisation of purchased intangible assets and non-recurring items. All figures rounded to nearest million.

IT scale enables global customer service

c.4,000 LSEG employees based in 18 countries, delivering services worldwide



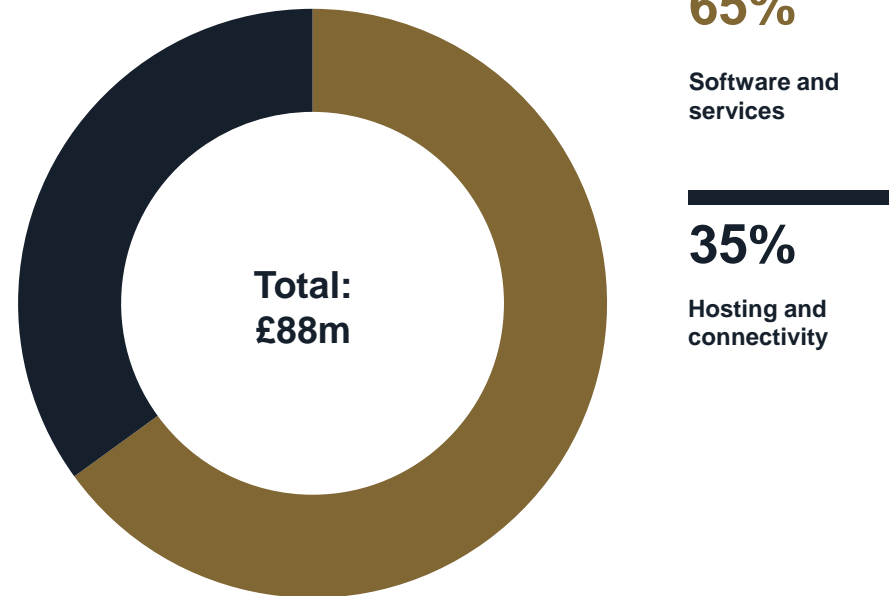
(1) Includes Mergent data operations staff

LSEG customer partnerships

deepen relationships

- High performing, low-cost technology enabling growth and efficiency
- As an open access Group, LSEG provides technology to over 40 exchanges and financial services infrastructure providers
- Key customer partnership projects such as CurveGlobal and Turquoise Plato enabled through Group technology capabilities
- Development of in-house solutions creates new opportunities with 3rd parties, e.g. clearing systems
- Flexible and efficient technology capabilities are critical to acquisition integration and value creation

LSEG 2016 Technology revenue



Enhancing core businesses through new technology

High impact technologies adapted to financial markets infrastructure

Distributed ledger technology

Machine learning & big data

Cloud-enabled computing

Business application and operational value for LSEG

- Resiliency / reconciliation
- Trade / pre-trade
- Custody / clearing & settlement

- Business Intelligence
- Market Supervision
- Risk Analytics

- Infrastructure and development flexibility
- Data management
- Cost reduction

Additional opportunities accessible via partnerships with customers, regulators, technology providers



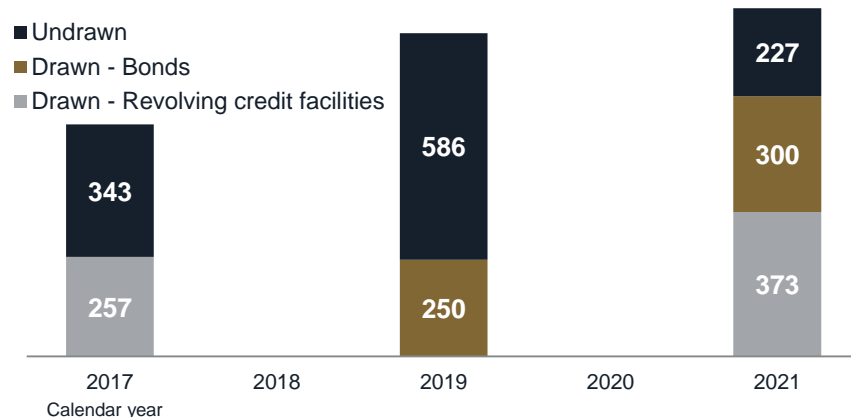
Capital Management / Financial track record

David Warren

Group CFO

Financial position

Facilities



31 December 2016

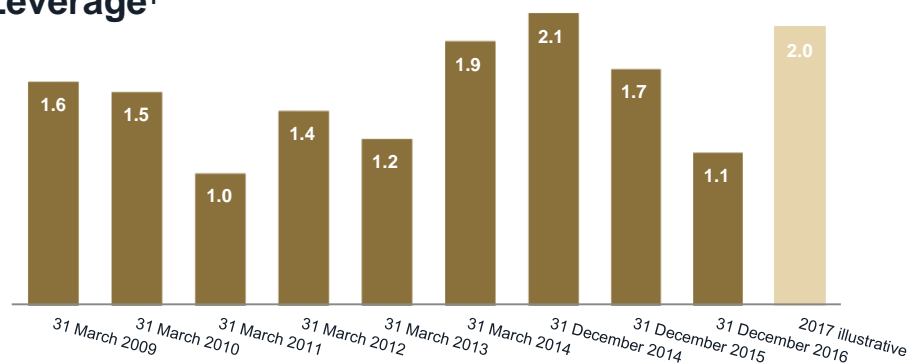
Operating net debt **£882m**
(31 December 2015: £1,273m)

Net debt: Pro forma EBITDA **1.1x**
(excluding £848m restricted cash)

Adjusted for 2017

Net debt: 2016 Pro forma EBITDA c.2.0x (includes Mergent acquisition, £200m share buy-back and The Yield Book and Citi's Fixed Income Indices acquisition, excludes restricted cash and any 2017 free cash flow)

Leverage¹



Ratings

LSEG: S&P long term **A-** and Moody's **Baa1**

(1) FY 2012 Pro forma as if FTSE owned for whole year, FY 2014 pro forma as if LCH.Clearent 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

Capital management framework

<p>Balance Sheet Prudency</p> <p>Maintain existing leverage target of 1.0-2.0x Net Debt / EBITDA</p>	<p>Flexibility to operate within this range for normal investment / development and to go above this range in the short term for compelling strategic opportunities</p> <p>Manage credit rating, debt profile, and regulatory requirements</p>
<p>Investment for growth</p> <p>Preserve flexibility to pursue growth both organically and through 'bolt-on'/strategic M&A</p>	<p>Selective inorganic investment opportunities - meeting high internal hurdles</p> <p>Continued organic investments</p>
<p>Ordinary dividend policy</p> <p>Progressive ordinary dividend policy</p>	<p>Progressive dividend - reflects confidence in strong future financial position</p> <p>Operating in target 2.5-3.0x dividend cover range</p> <p>Interim dividend payment of 1/3 of prior full year dividend results</p>
<p>Other capital returns</p> <p>If expect to hold surplus cash for prolonged period</p>	<p>£200m on market buy-back currently being executed</p> <p>Continue to keep options under review</p>

Increasing shareholder returns

Dividend and buy-back

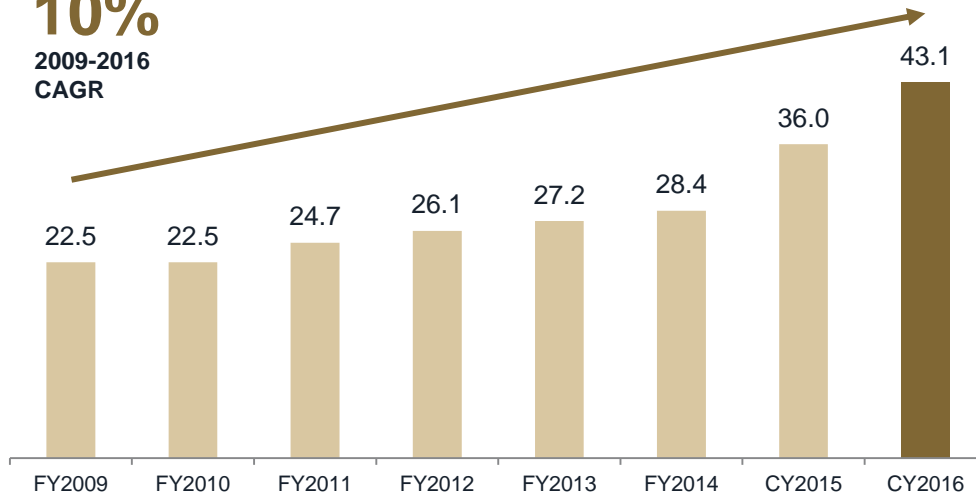


Strong track record of progressive dividend payments

Dividend cover of 2.9x in 2016 now in targeted range

10%

2009-2016
CAGR



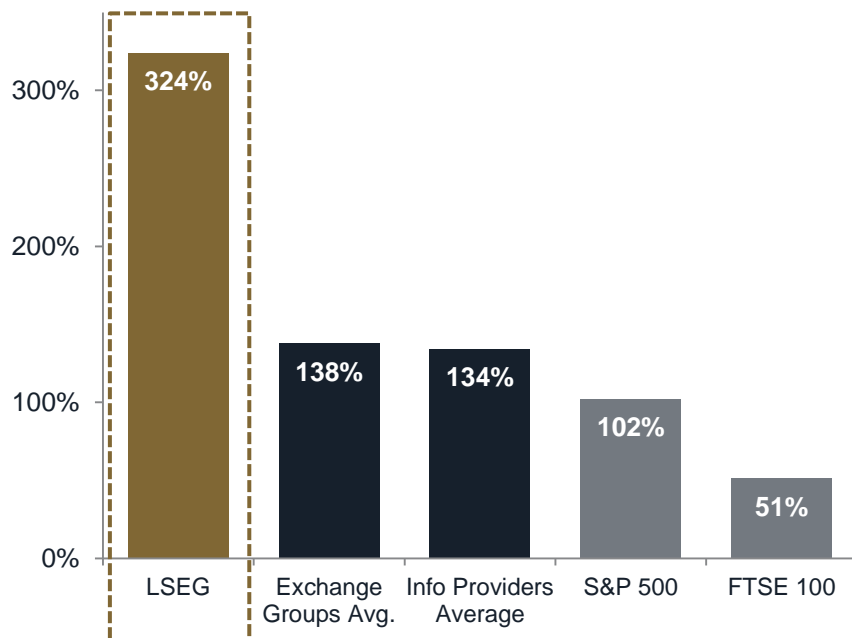
Share buy-back

£200m

on market programme
commenced April
2017

Total Shareholder returns

Total shareholder returns¹ 2011-2016



LSEG in Top 10 for FTSE 100 TSR 2011-2016

Rank	Company	TSR Return
1	[Blurred]	[Blurred]
2	[Blurred]	[Blurred]
3	[Blurred]	[Blurred]
4	[Blurred]	[Blurred]
5	[Blurred]	[Blurred]
6	[Blurred]	[Blurred]
7	[Blurred]	[Blurred]
8	London Stock Exchange Group	324.2%
9	[Blurred]	[Blurred]
10	[Blurred]	[Blurred]

(1) Total shareholder return represents the total return of stock to investors (i.e. capital gain / share price appreciation plus dividends). Exchange groups included in average: LSEG, CBOE, NDAQ, ICE, CME, ASX, DB1, BM&F, HKEX, SGX; Info providers included in average: S&P Global, MSCI, Thomson Reuters, FactSet.

Source: LSEG analysis; Total shareholder returns sourced from Bloomberg



Further growth and enhanced returns

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



Appendix: Speaker biographies



Today's presenters



Xavier Rolet
CEO, LSEG

Xavier joined the Board of LSEG in March 2009 and was appointed CEO in May 2009.

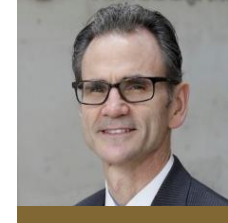
Previously Xavier had been a senior executive at Lehman Brothers from 2000 to 2008, most recently as CEO in France. Xavier has also held senior positions at Dresdner Kleinwort Benson (1997–2000), Credit Suisse First Boston (1994–96) and Goldman Sachs (1984–94). Until July 2010 he was a Non-Executive Director of LCH.



David Warren
CFO, LSEG

David was appointed LSEG's Chief Financial Officer and joined the Board as a Director in July 2012.

Prior to joining LSEG, David spent nine years as CFO at Nasdaq OMX where he was responsible for all financial operations. This was followed by two further years there as a Senior Advisor to the CEO. Before joining Nasdaq OMX David, whose career also includes seven years at Credit Suisse First Boston, had already held a number of senior finance roles.



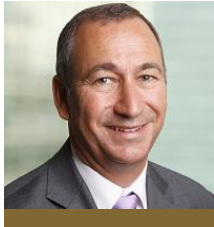
Chris Corrado
COO/CIO, LSEG

Chris was appointed Group COO and Group CIO in November 2015. He was previously Managing Director at MSCI, CIO/CTO, responsible for technology, data services and program management from 2013.

Chris has more than thirty years of global experience in managing technology platforms and transformational change in the financial services industry. Prior to joining MSCI, Chris held a variety of senior CTO roles in leading banks, including Morgan Stanley and Deutsche Bank. He has also worked for high growth technology companies as CTO at eBay, CIO at AT&T Wireless, and SVP of Technology, Strategic Initiatives and Business Architecture at Asurion, the mobile technology protection company. He began his career at IBM.



Today's presenters



Mark Makepeace
Group Director of Information Services,
LSEG and CEO, FTSE Russell

Mark was appointed Group Director of Information Services in October 2012 and, having established FTSE in 1995, is also CEO of FTSE Russell.

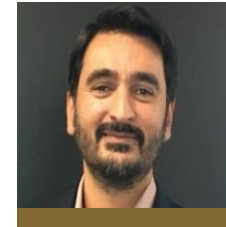
Mark has been developing successful joint ventures for more than 15 years and has forged alliances with stock exchanges, academics and leading industry groups. After beginning his career in local government, Mark joined London Stock Exchange in 1985. He holds senior positions in several industry bodies and is a Vice President of Unicef UK.



Caroline O'Shaughnessy
Global Head, Sales & Marketing

Caroline joined LSEG in April 2015, taking up responsibility for all sales, marketing and client services activities globally for the Information Services Division.

Caroline has more than 20 years of management expertise leading global data and intelligent information providers. At the Depository Trust & Clearing Corporation (DTCC) from 2008, she was Global Head of Sales and latterly Managing Director Data Services. During her tenure at DTCC, Caroline managed and developed a global enterprise sales capability, leading sales teams in the UK, US and Asia-Pacific. Prior to this, she was Global Head of Alliances and Channel Development, Enterprise at Thomson Reuters for six years, after spending eight years serving in a similar role at Interactive Data.



Waqas Samad
CEO, Benchmarks,
Fixed Income and Multi Assets

Waqas leads FTSE Russell's global benchmark business for fixed income and multi assets. This includes overseeing the successful FTSE TMX joint venture in North America and other fixed income partnerships.

Waqas joined LSEG from Barclays, where he had run the firm's index and analytics business as CEO of BRAIS (Barclays Risk Analytics & Index Solutions) since joining the firm in 2007. He has been an active voice in the index industry, serving as a board member of the Index Industry Association. He has spent the last 23 years in the financial services industry, the last 12 of which were in leadership roles in the index and portfolio analytics industry.



Today's presenters



Raffaele Jerusalmi
CEO, Borsa Italiana

Adding to his role as Director of Capital Markets, Raffaele became CEO of Borsa Italiana in April 2010. He was appointed to the Board of LSEG in June 2010. He is also Institore of the LSEGH (Italy) group of companies.

Prior to joining Borsa Italiana in 1998, Raffaele had been Head of Trading for Italian fixed income at Credit Suisse First Boston since 1993. From 1996 he was a member of the proprietary trading group in London, while from 1997 to 1998 he was a Board member of MTS, representing CSFB. Between 1989 and 1993 Raffaele was Head of Trading for fixed income and derivatives at Cimo in Milan.



Michael Davie
Chairman, CurveGlobal

In October 2015, Michael became Head of Rates Services, LSEG.

Michael was previously CEO of SwapClear, and prior to that worked at JP Morgan from 1995 to 2010, in the Fixed Income Markets division (Sales & Trading). He also spent 10 years at IBM in Sales and Finance. Michael is the Chairman of Governors of a large private Catholic school in the UK, and was previously a board director of Markit and TradeWeb.



Today's presenters



Suneel Bakhshi
CEO, LCH Group

Suneel assumed his role as Group Chief Executive Officer of LCH in February 2014. He is also a member of the Executive Committee of LSEG.

Suneel gained more than 30 years of experience at Citigroup, in trading, banking and risk management. Most recently, he was President and CEO, Citigroup Global Markets, Japan. Suneel has worked around the world, across asset classes and geographies in delivering growth programmes and implementing change.



Daniel Maguire
COO, LCH Group
and Global Head of
Rates and FX
Derivatives

Daniel was appointed Group COO, LCH in April 2017. He is also Global Head of Rates and FX Derivatives, responsible for the world's leading interest rate and FX derivatives clearing services.

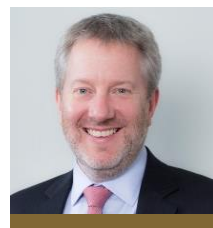
Daniel joined LCH in 1999, taking responsibility for areas including programme delivery, management, sales, marketing and operations. In 2010, he moved to New York to lead the creation of LCH's North America operations and the successful build-out of SwapClear's client clearing franchise in the US. He returned to the UK as Global Head of SwapClear in March 2014, before taking on additional responsibilities for Listed Rates and ForexClear. Daniel left LCH in 2005 and returned in 2008, where he was immediately responsible for the successful trading and unwinding of Lehman Brothers' LCH-cleared bond and repo portfolio.



Paddy Boyle
Global Head of
FXClear

Paddy was appointed as Head of FX Product in 2016. He is a senior industry professional having been Global Head of G10 FX Options at Goldman Sachs.

Paddy was a member of the Bank of England Joint Standing Committee on FX and also a Board member of the Global FX Division of the Global Financial Markets Association. More recently he has been a Consulting Partner at Turing Experts Limited involved in providing expert witness analysis for regulatory and non-regulatory investigations and litigation in FX.



Bruce Kellaway
Global Head of
RepoClear,
EquityClear &
Collateral

Bruce joined LCH in September 2014 and is Global Head of RepoClear and EquityClear. He also runs Collateral and Liquidity Management, responsible for investing and managing the cash and non-cash collateral across the CCPs.

Prior to joining LCH, Bruce worked at Lloyds Banking Group, most recently as Managing Director of Rates Trading. He was also Interim Head of Trading for nine months. During 20 years with Lloyds he was instrumental in building a successful and focused rates trading function and creating a leading GEMM (Gilt-Edged Market Maker) from scratch.



Glossary

EBITDA margin calculation *(Adjusted operating profit – Depreciation) / Total income*

CY2016

Total income £1,657.1m

Adjusted operating profit (before amortisation of purchased intangible assets and non-recurring items) £685.8m

Depreciation, software amortisation and impairment -£85.0m

EBITDA margin 46.5%
