LSEG 2023 Capital Markets Days –
Day One Transcript

Partnering to transform our industry

David Schwimmer, CEO

Accelerating growth and improving profitability

Anna Manz, CFO

Thursday 16 November 2023

Peregrine Riviere:

Good evening, everyone and welcome to Paternoster Square and hello to everyone who's following us on the webcast.

Peregrine Riviere:

I'll shortly hand over to David, but first I'll just take you through the plan for the next day or so.

After hearing from David and Anna through to about 6:30, we'll head off to The Ned for dinner. Table numbers are on your lanyards and your places will be individually names. For tomorrow, you'll be given a second lanyard, which will have a personalised agenda on it. And after we come back at around 8:00 a.m. for breakfast, we'll be back in here for the webcast presentations from Satvinder and Ron between 9 and 10 and then we'll move into the breakouts.

Now the breakouts are designed to give you a deeper dig into areas that we've touched on in the presentations, and they'll mainly be Q&A in format. And then we'll be back here at 3:15 for the panel Q&A before witnessing a market close ceremony at 4:30. So please enjoy yourselves, ask questions, and talk to our many leaders who are here throughout the event.

And with that, we'll kick off the event proper - David.

David Schwimmer:

Thank you. So, good evening and welcome. It is really great to have you all here. I'm delighted to see many familiar faces, but I must also say with over £10 billion of our stock placed this year, I'm also delighted to welcome those of you who may be new to LSEG. So, I'll start by speaking briefly about the journey of the last three years bringing us to today.

Partnering to transform our industry

The journey to today

What differentiates our business

Strong platform for growth

LSEG tomorrow

David Schwimmer:

I'll then talk about how we are clearly differentiated both for our customers, and also for you, for our investors. And most importantly, I'll highlight the great opportunities for growth that we have in front of us. As you go through the presentations and breakouts that will follow, you'll be able to hear more about all of these in greater detail.

The journey to today

LSEG

2020: businesses with strong market positions but in need of investment and integration

London Stock Exchange Group	REFINITIV
Mainly national/regional market infrastructure; global index business; equities-focused	Global presence in Data & Analytics; leading FX and fixed income venues
Strong brands, trusted partner	Long-term relationships, mixed perception
Unintegrated businesses	Unintegrated businesses, investment required
Mainly transactional revenue	Mainly recurring revenue
Organic revenue growth:	Organic revenue growth (D&A [1]):
2019: **7.0%** 2020: **5.0%**	2019: **1.7%** 2020: **2.2%**

LSEG 1. Pro forma, including LSEG D&A businesses.

David Schwimmer:

So back in 2020, LSEG and Refinitiv were two separate but complementary businesses. We had the same customers, but we provided different services. LSEG's heritage was in European equity and derivatives markets with a world-class index business. Refinitiv was a global data and analytics business with leading execution platforms in FX and fixed income. Both groups had long-term robust relationships with key stakeholders, but it's fair to say that LSEG had a stronger brand and a more consistent sense of trust with customers. And although LSEG was a business mainly based on transactional revenue, it had a stronger growth track record.

Four perceived challenges to the Refinitiv acquisition

Investor concerns	LSEG delivery
Can LSEG achieve revenue growth of even 5%?	Organic revenue growth[1] 6.1% 2021, 6.3% 2022, 6.7% 9M 2023 = 6.4% CAGR
Can LSEG stem the decline of the Trading & Banking business?	7 Consecutive quarters of underlying growth (Q1 2022 onwards); Microsoft
Significant level of investment required in the Refinitiv business	Generating returns with revenue growth acceleration and higher revenue synergies; >300bps Underlying EBITDA margin improvement[2]
Share overhang risk from large stake held by former Refinitiv owners	37% ➔ 11%[3]

1. Organic constant currency growth rates are on a pro forma basis 2021, exclude deferred revenue haircut accounting adjustment in 2021 and 2022, and the impact of the Russia/Ukraine war from 2022.
2. Underlying improvement between 2020 pro forma margin of 46.3% and H1 2023 adjusted margin of 47.7% on a constant currency basis, allowing for the impacts of acquisitions and disposals (120bps), the Russia / Ukraine war (70bps), Microsoft (30bps) and FX impacts (20bps).
3. Assuming all covered calls are exercised.

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David Schwimmer:

We announced the Refinitiv acquisition just over four years ago. It was big, surprising, and transformational for LSEG. And the execution risk gave a lot of people pause. So we had a few points to prove to all of you over the last three years. And when we gave our 5-7% growth guidance back then, there was a degree of scepticism as to whether we could hit even the bottom end of that range. I'm pleased to say we have achieved it every year with organic growth clearly towards the upper end of what we laid out.

Within that, the turnaround in Trading & Banking was key and we've delivered that with seven quarters of growth, and that is before we transformed this business with Microsoft. We've also delivered on our synergies with bigger cost targets delivered faster, and revenue targets significantly increased. And we've actually achieved over three percentage points of underlying margin improvement. Along the way, the perimeter has changed a lot with investments with Microsoft, the acquisition of a few early-stage companies and the sale of the high margin Beta business. These are all moves that make our business better set up for growth, even if they have had a short-term dilutive impact.

And finally, our partners in the Blackstone Consortium have done a great job in exiting their position in an orderly way, with nearly a quarter of LSEG stock moving into new hands this year and the Blackstone Consortium stake dropping to 11%.

We've beaten our growth targets

	Historical performance[1]	Growth ambition as of July 2021	Growth achieved[2]
LSEG		**5-7%**	**6.7%**
Data & Analytics	**1-3%**	**4-6%**	**6.6%**
Enterprise Data	4-5%	Mid single digit	**9.0%**
Trading & Banking	(1-2)%	Low single digit	**2.5%**
Customer & Third Party Risk	10-12%	Double digit	**14.4%**
Investment Solutions	3-5%	High single digit	**11.6%**[3]
Wealth	Low to mid single digit	Mid single digit	**4.7%**

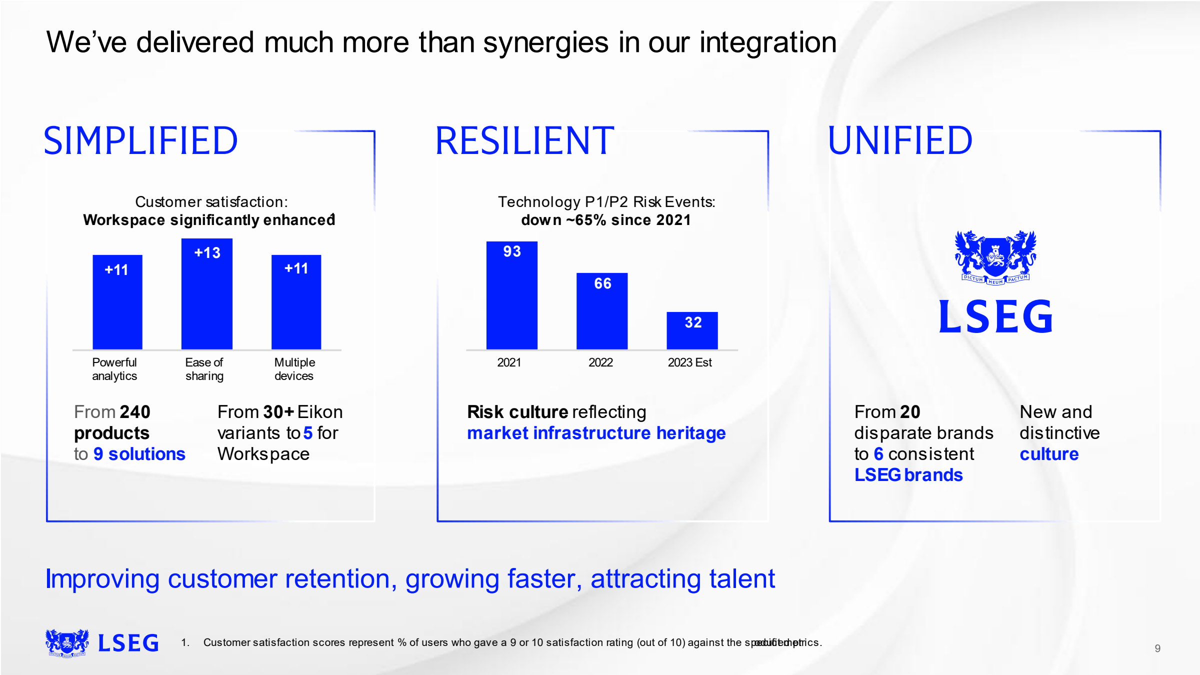
1. Historical performance covers performance between 2018 and 2020, pro forma.
2. Organic growth 2023 Q3 YTD.
3. Benchmark Rates, Indices & Analytics. Total Investment Solutions growth 7.2%.

David Schwimmer:

So, on this slide, let's look at the growth performance in more detail.

As some of you will remember at our last Capital Markets Day in July 2021, we built up that growth target, line by line through our D&A business. We have met or exceeded every single one of those targets.

So, hitting our guidance has not just been a top-down exercise where we reach the target without performance in certain areas. We've done what we set out to do line by line. We've taken businesses that were pretty much all underperforming and losing market share in their respective markets, and we have brought them up to at least market level growth in the space of 2.5 years. And as you'll hear throughout the event, there is so much more to go for.



David Schwimmer:

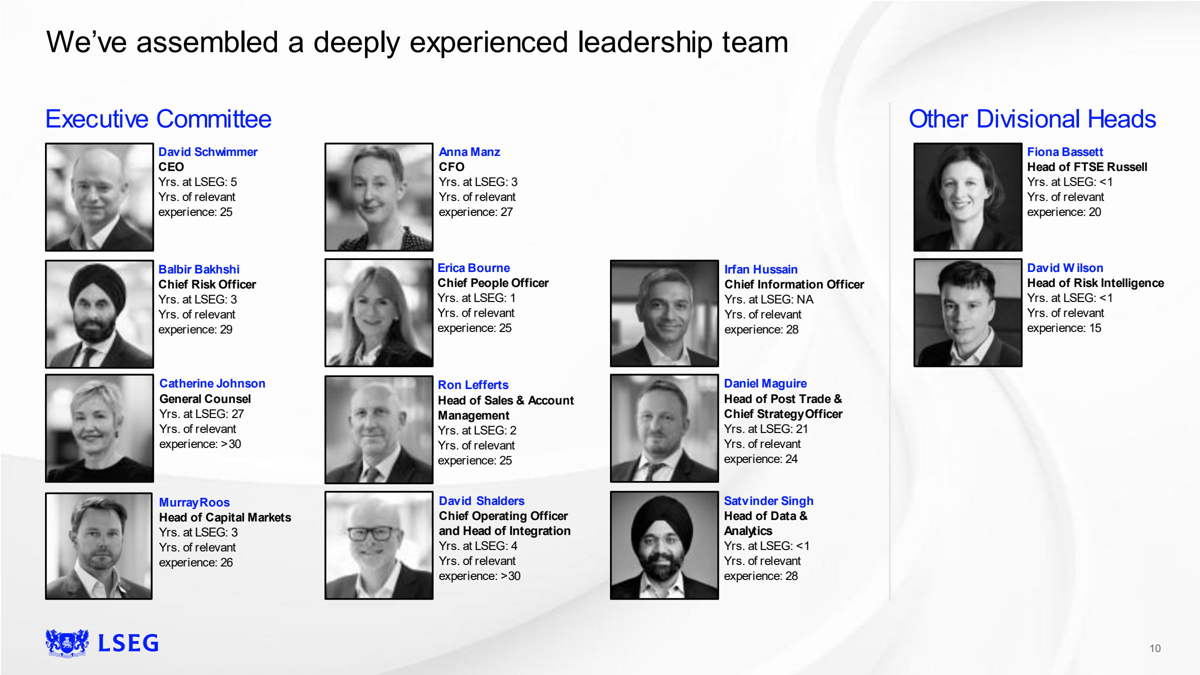
You've heard us talk a lot about synergy delivery over the past few years and Anna will give a recap on that journey in just a few minutes. But I want to talk about the real integration that we have driven across the combined business. Because remember, both old LSEG and old Refinitiv were themselves a combination of businesses that hadn't undergone much integration along the way. So our ambition was much bigger than taking out cost and removing areas of overlap.

I've talked in the past about how we have been really integrating our businesses, our systems, and our network infrastructure. We are well on our way to creating a transformed business, one that is simplified, resilient, and unified. We are simplifying and improving the product set for our customers, and this is showing up in how they are responding to those changes with significantly higher customer satisfaction.

We're also transforming the technology we use to run our business. We have made our platform much more resilient with incidents down by 2/3 over the last two years.

And we are unifying our business. Our brand campaign is improving how we show up to the market, bringing clarity and simplicity to what was the hodgepodge of over 20 branded products. All of this has only been possible because we've created a new culture. We are a much more collaborative organization, breaking down silos and working across the group effectively.

Our transformation is also building engineering muscle and improving the employee experience, as you'll hear in the breakouts tomorrow. We're also much more data-driven in our decision-making as we build a high-performance culture across the group with more stretching aspirations and targets at all levels.



David Schwimmer:

We've built a great leadership team too. We now have a very strong blend of deep industry experience, LSEG heritage and new leadership from a range of industries and this sets us up really well to deliver our next leg of growth.

You'll get the chance to talk to most of these people at dinner and through tomorrow. I will just take this opportunity to recognize Tony McCarthy who announced his retirement a few months ago. Tony has had a long and distinguished career in financial markets technology and has been a great CIO for us these past four years. Irfan Hussain will join us from Goldman Sachs to succeed Tony in the new year.

And given our divisional structure from 2024, which we've just announced, I'd like to call out Fiona Bassett and David Wilson who are bringing great insight and energy to their roles. We're not covering FTSE Russell or Risk Intelligence in any detail at this CMD, but we will definitely provide opportunities for you to engage with them next year.

So to wrap up, we've come a long way in the last three years and our team, our people are very proud of what they have achieved.

David Schwimmer:

LSEG today is a strong launchpad for what we plan to achieve in the next few years. Our services are vital to our customers. Our end markets are growing. We're highly diversified with recurring revenue and very strong cash generation, and we have a highly differentiated approach.

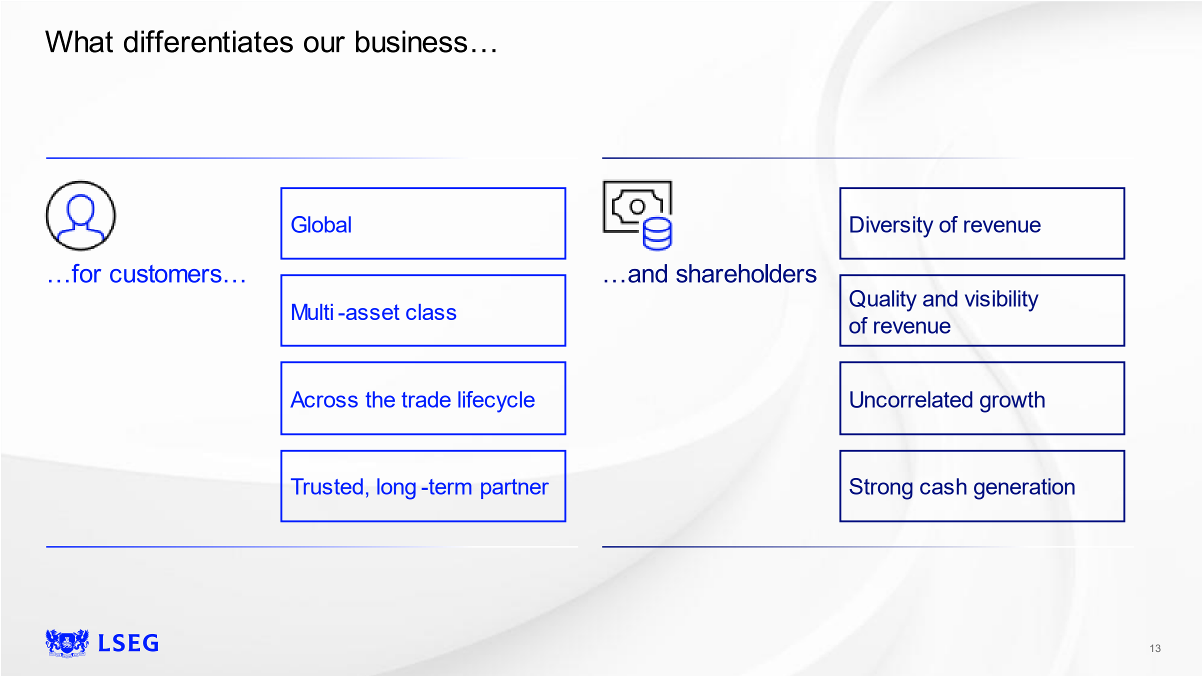
We also have a long history of trusted partnership. Our ecosystem is open and interoperable and we are increasingly linking our businesses together to provide more integrated services.

Let's see how the new brand campaign pulls all of that together. And then I will talk about how we are differentiated both for our customers and for you, our investors.

[Brand campaign plays]

David Schwimmer:

So, what makes our business different?

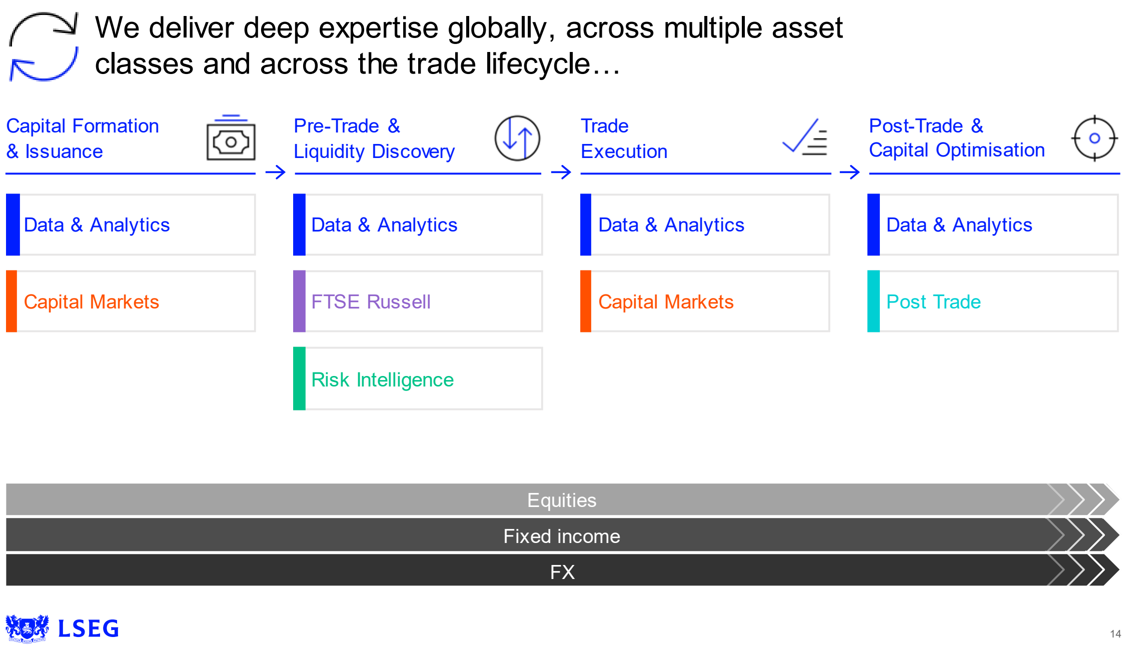


David Schwimmer:

I'm looking at it here through two lenses. What makes it different for our customers and then what makes it different for you, our shareholders.

We are truly global. We span multiple asset classes and we provide services through the entire trade life cycle. None of our competitors has the breadth of offering or the global reach of LSEG. This in turn, supports genuine long-term partnerships built on trust. From a financial perspective, the nature of our services, the markets we are aligned to and relationships we have, mean that the quality and visibility of our earnings are very high and not correlated to a single driver.

I'll unpack each of these.

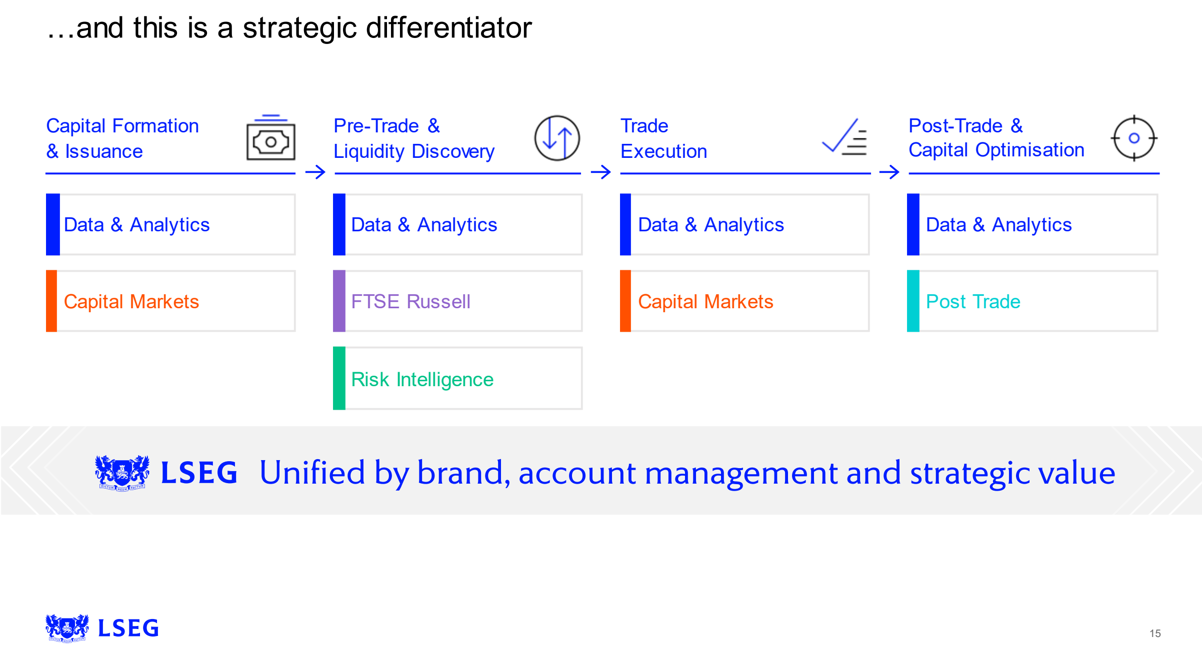


David Schwimmer:

We are multi-asset class and we operate across the trade lifecycle.

And we are a genuinely global business, with people in 65 markets, serving customers across 190. So whether you want to raise capital, research investments, benchmark your performance, check out whom you are planning to do business with, execute your trade, or clear it in a low risk and efficient way, we are your partners.

And we're your end-to-end partners across equities, fixed income, and foreign exchange. And we have large parts of the trade lifecycle in commodities and other asset classes. No one else offers this breadth of product and service.



David Schwimmer:

And this breadth and depth is a true strategic differentiator.

Many of you have heard me talk about how the nature of our conversations with customers has changed since the Refinitiv deal. Customers recognize that because we serve them across so many different parts of their business, our relationship is not that of a typical supplier, we become a strategic partner.

We are increasingly working in partnership with our customers' leadership teams working together to solve problems and create opportunities. We help them simplify their business, reduce their reliance on multiple other vendors, and drive growth, innovation, and efficiency. We have competitors in each segment, but they tend to be much more monoline in what they offer. Our customers really value our breadth and the benefits that it brings them.

David Schwimmer:

Crucially, we work in partnership.

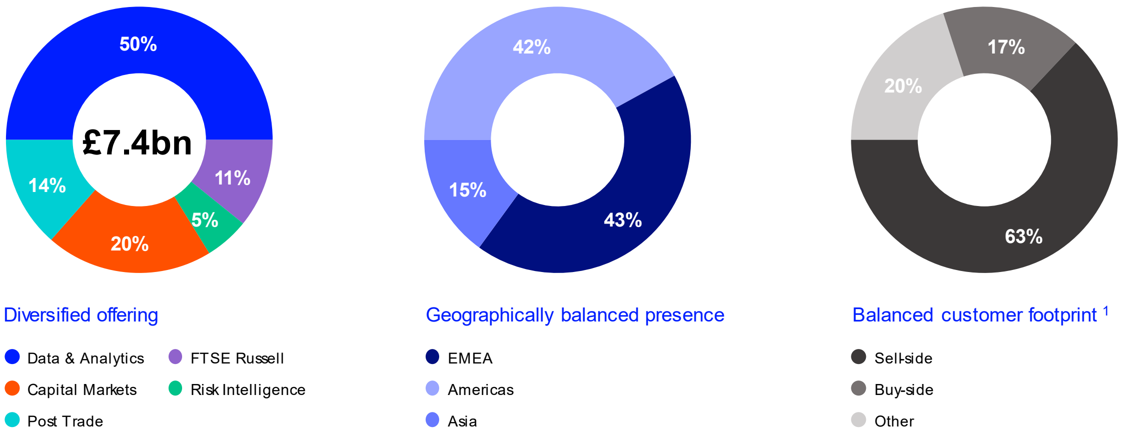
It's popular to talk about customers as partners, but for LSEG it is in our DNA. Look at the businesses we run, whether it's the Clearing House, London Stock Exchange, Tradeweb, Turquoise, these were all businesses founded or built by the financial institutions that are now our most important customers. They have successively entrusted us to run the critical market infrastructure that they rely on every day. And that trust has continued as we've invested in technology, innovation, and new services to make those platforms better and better and to grow them.

And we're also proactive to partner where we know we don't have all the answers and where one plus one can make much more than two. Our close collaborations with Microsoft and BlackRock are great examples of that and you'll hear more about both tomorrow.

Let me turn it over to some of our partners to share their thoughts.

[Customer film plays]

Our business and revenue are diversified across products, geographies and customers



LSEG 1. Customer split shown representative of Data & Analytics, FTSE Russell and Risk Intelligence businesses.

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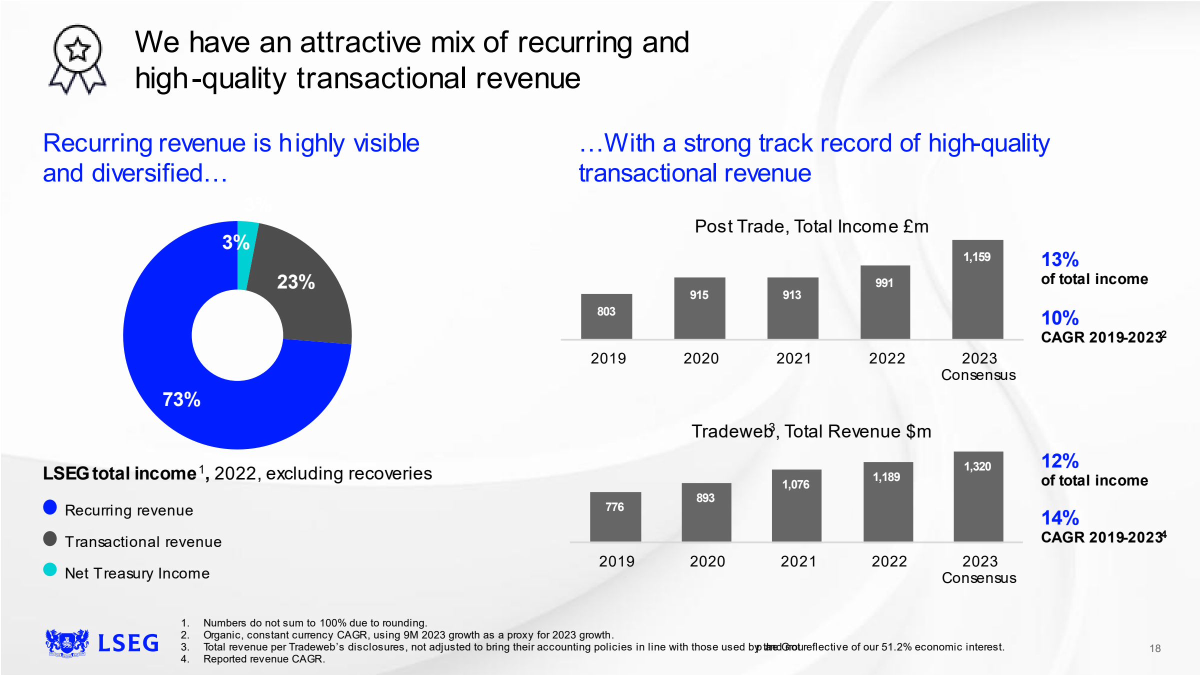
David Schwimmer:

So, great customer relationships and strong partnership with the industry. What does that mean for our investors and the shape of the business that you own.

We are global and highly diversified by region, country, customer, and product. This helps us on both offense and defence. Our customers are increasingly looking to consolidate suppliers and want partners who can match their own footprints across markets and products, and that plays to our strengths.

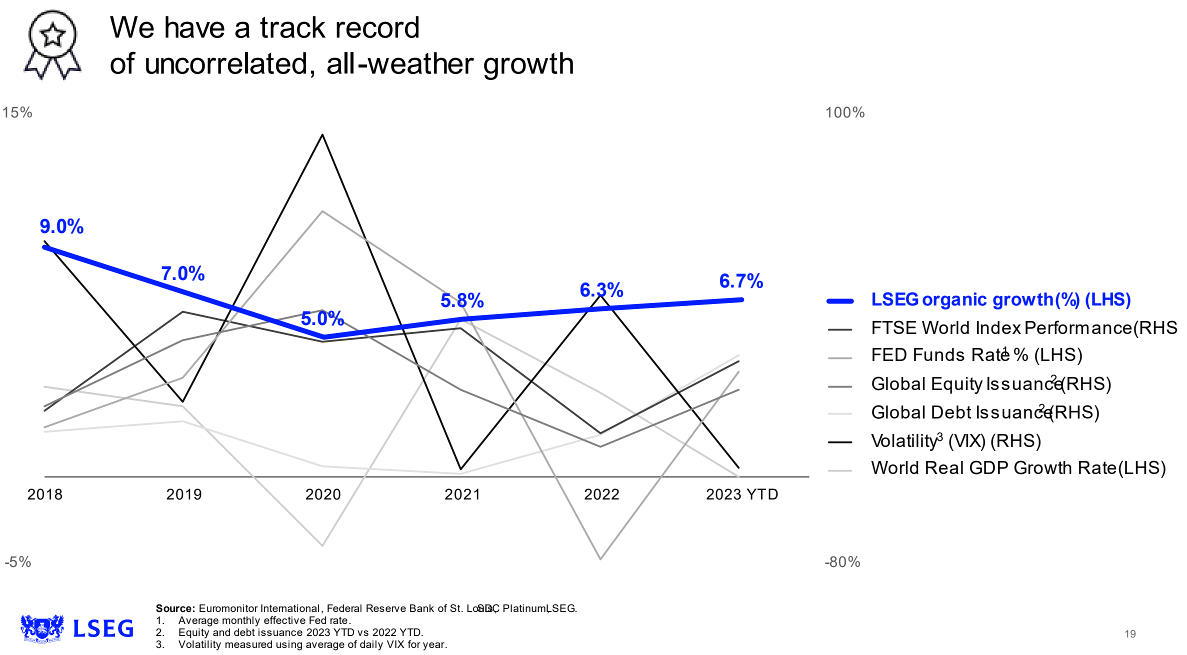
We are not overly reliant on any single market product or customer type. Our business has a number of natural offsets, where market conditions that may drag on one part of the business naturally boost another.



David Schwimmer:

Let's look at how that translates into our revenue profile. We have a high proportion of recurring revenue, nearly 3/4 of our business in 2022. These are subscriptions for services that tend to be pretty sticky, and they're not at all concentrated by product or customer.

I think there is a lot of appreciation of that very high-quality recurring revenue, but one point that is often missed is the very high quality of our transactional revenue. Almost all of it comes from two businesses, Tradeweb and Post Trade. And these both have excellent track records of multi-year double digit revenue growth. They've combined strong market tailwinds with consistent innovation and partnership and I'm confident that they can continue to do so.

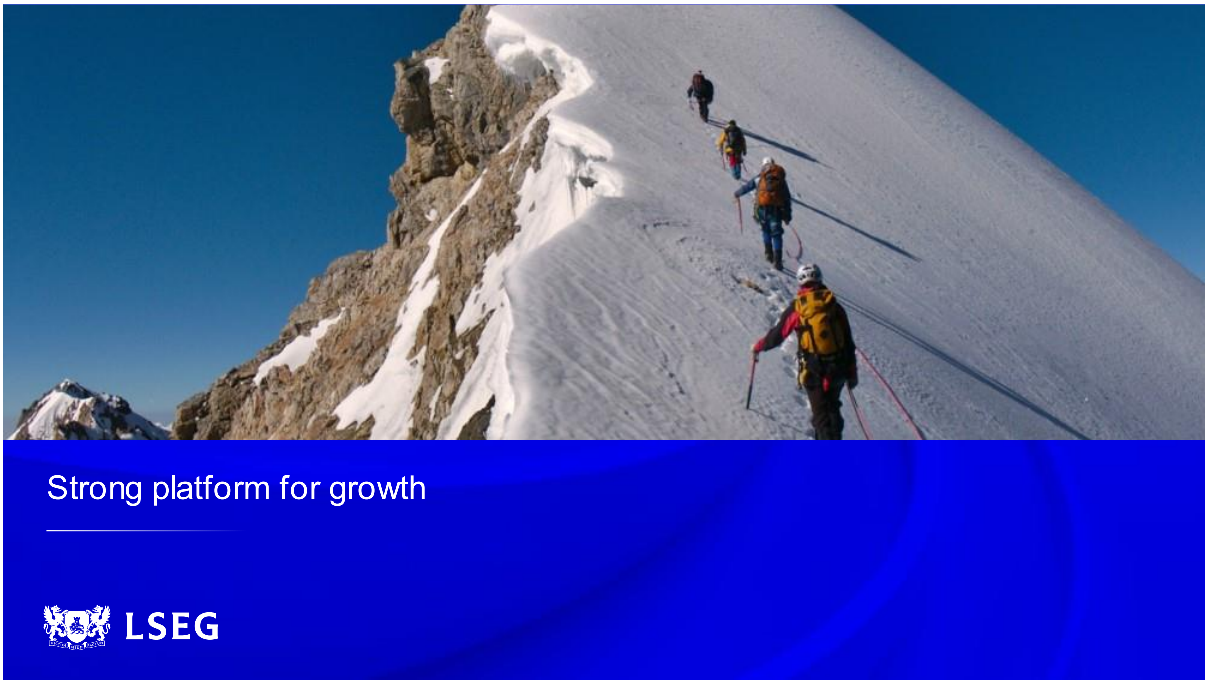


David Schwimmer:

One way to think about the quality of our revenue and the diversity of our business is to look at market correlations or rather, the lack of them.

And here we've plotted LSEG's organic growth in each of the last five years, both before and after the acquisition of Refinitiv. You can see how our growth has consistently been in that mid to high single digit range every year since 2018.

But look at the data points that you might think would impact our business. Interest rates have been zero and then risen very steeply. Equity markets have risen and fallen significantly and the same for equity issuance. The pandemic and geopolitics have driven volatility and the fact is, these factors do have an impact in parts of our business, but the overall growth drivers we enjoy, and the diversification of our business contribute to a really consistent top line whatever the weather.



David Schwimmer:

Okay. I've talked about what we have achieved over the past few years and what makes us unique and different from others in the industry. Let's talk now about the big opportunity ahead of us.

We operate in large and growing market segments

	2022 LSEG Income	2022 Segment Spend	LSEG Segment Share	Segment Growth 2022-25 CAGR
Data & Analytics	£3.7bn	£32 – 38bn[1]	10 - 12%	5 - 7%
FTSE Russell[2]	£0.8bn	£4 – 5bn	16 - 19%	8 - 10%
Risk Intelligence[3]	£0.4bn	£8 – 9bn	4 - 6%	8 - 12%
Capital Markets	£1.5bn	£10 – 13bn	11 - 14%	5 - 7%
Post Trade	£1.0bn	£5 – 6bn	16 - 18%	4 - 6%

Source: LSEG Market Intelligence
1. TAM refers to vended segment only, additional opportunities exist to displace in-house solutions.
2. FTSE Russell formerly referred to as Benchmarks & Indices and part of Data & Analytics.
3. Risk Intelligence formerly referred to as Customer & Third Party Risk and part of Data & Analytics.

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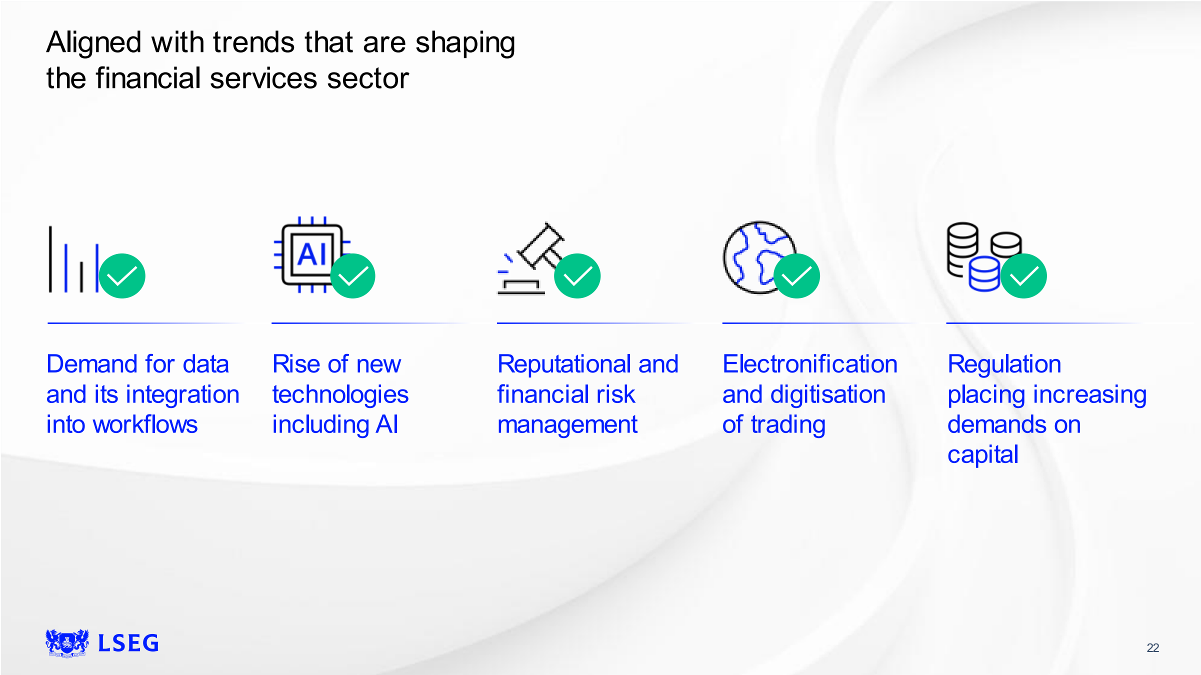
David Schwimmer:

First, our markets are large and growing. We operate in markets with around £60 - 70 billion of spend that are growing anywhere from mid single digit up to double digits and our market shares are in a sweet spot.

We're well-established so we have the opportunity to grow with the market, but we also have room to grow share as well. There is also a significant unserviced TAM which we think we can increasingly address, particularly in our partnership with Microsoft. This is in areas such as data management as a service. It's a big area of spend for many of our customers and Satvinder will touch on this more in the morning.



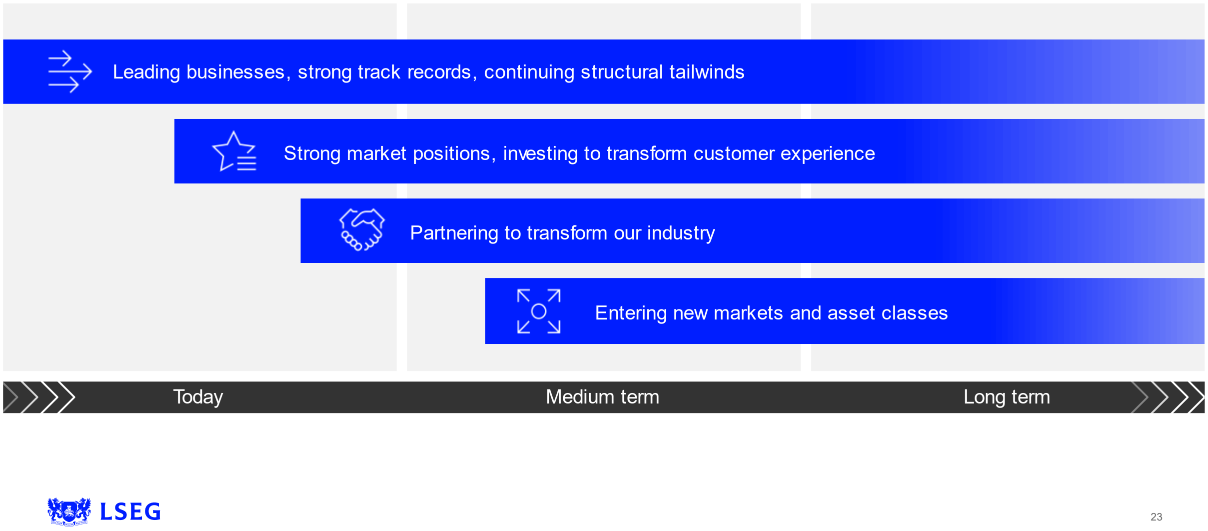
David Schwimmer:

Second, the trends, such as increasing demand for data and new technologies that are driving growth play to our strengths. In many cases, we are investing to shape these trends ourselves.

We're at the heart of industry change. Whether it's the rapid rise of generative AI or the provision of ultra-low latency feeds, the constant innovation at Tradeweb driving the transition in their markets, or the creation of Post Trade Solutions to optimize capital efficiency.

We tried to create a slide showing which of these drivers lined up with which of our businesses. But we abandoned the slide because it just showed a tick in every box. Effectively, all of our businesses are benefiting from these mega trends.

Powerful growth engines today and over the long term

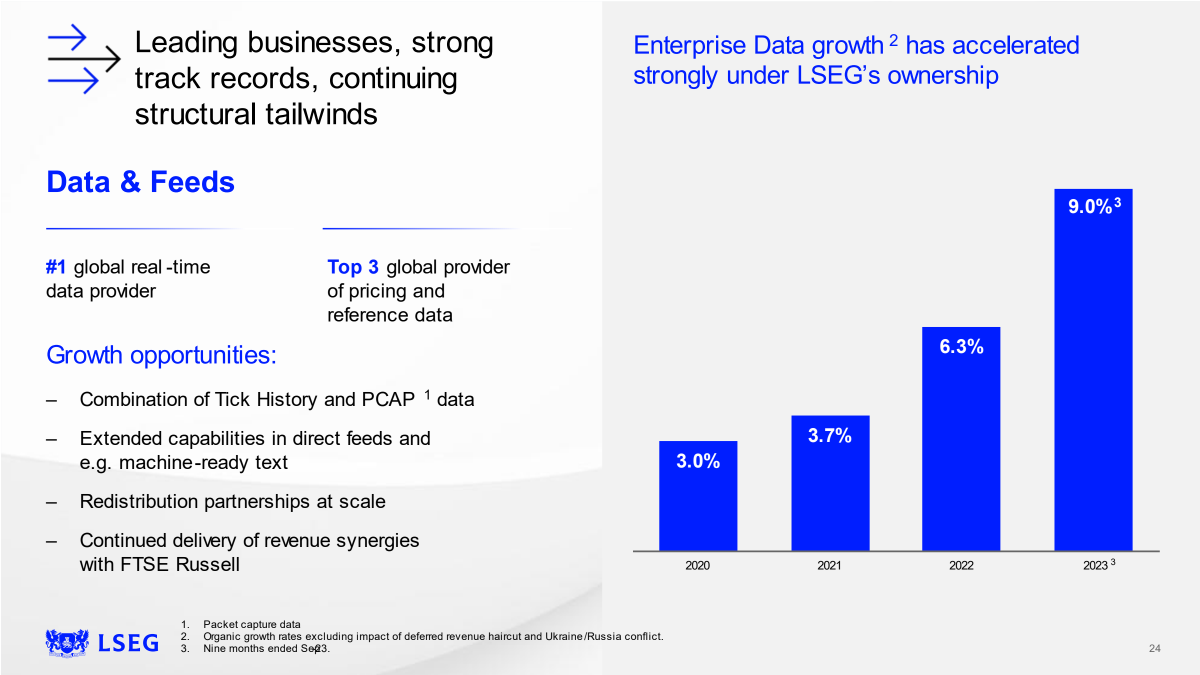


David Schwimmer:

So, as we move to the next phase of growth, which underpins the new medium-term guidance that we have just published today, we see four powerful drivers accelerating our growth into the future.

For all of them, you will see that we're not just standing still and waiting for growth to happen to us. We're driving that growth through product innovation, investment, partnership, and opening new markets.

I'll go through each of these over the next few slides, but tomorrow you will be able to learn about most of them in much more detail.

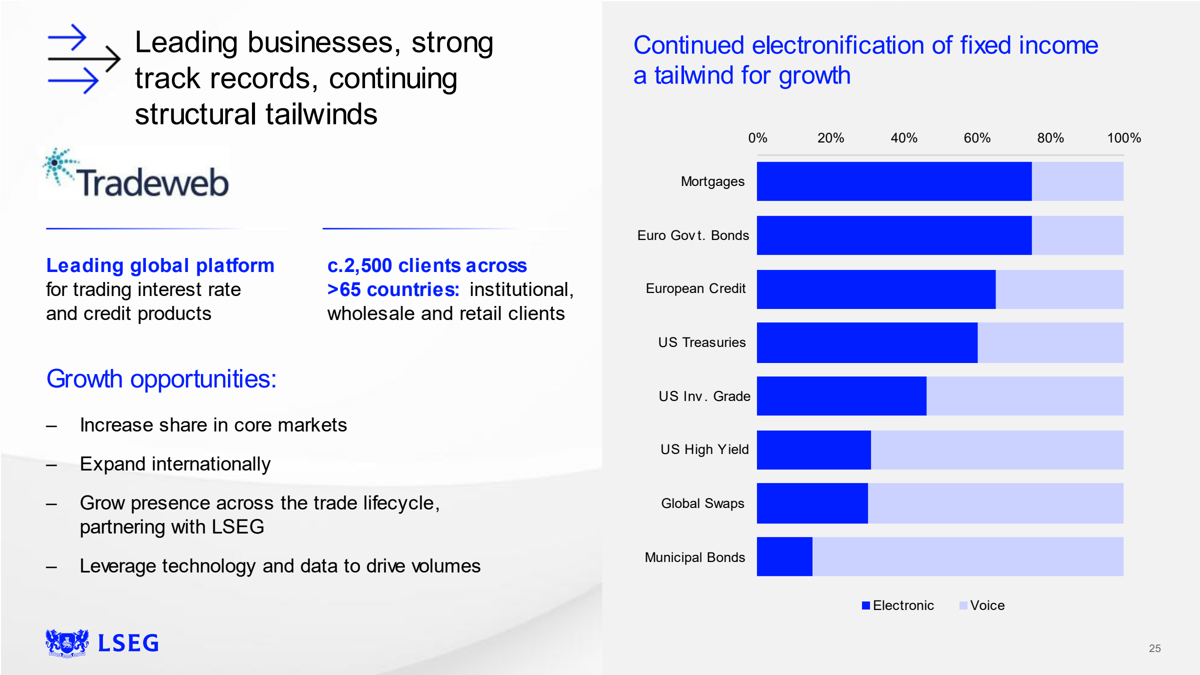


David Schwimmer:

First I'll start with the continuing strength of our existing business. Let me touch on three of our world-class businesses, which together make up nearly half of LSEG.

Our Data & Feeds business has a really strong market position. Leading in real-time and gaining share in pricing and reference services. As you'll hear from Satvinder and Stuart Brown tomorrow, there is much more growth to go for here. I've talked before, about Tick History and PCAP data. That combination has a really long runway for growth and is extremely hard for our competitors to replicate. We're also building capability in direct feeds and machine-ready text and we're continuing to deliver Refinitiv revenue synergies.

You can see how growth has accelerated these last three years.

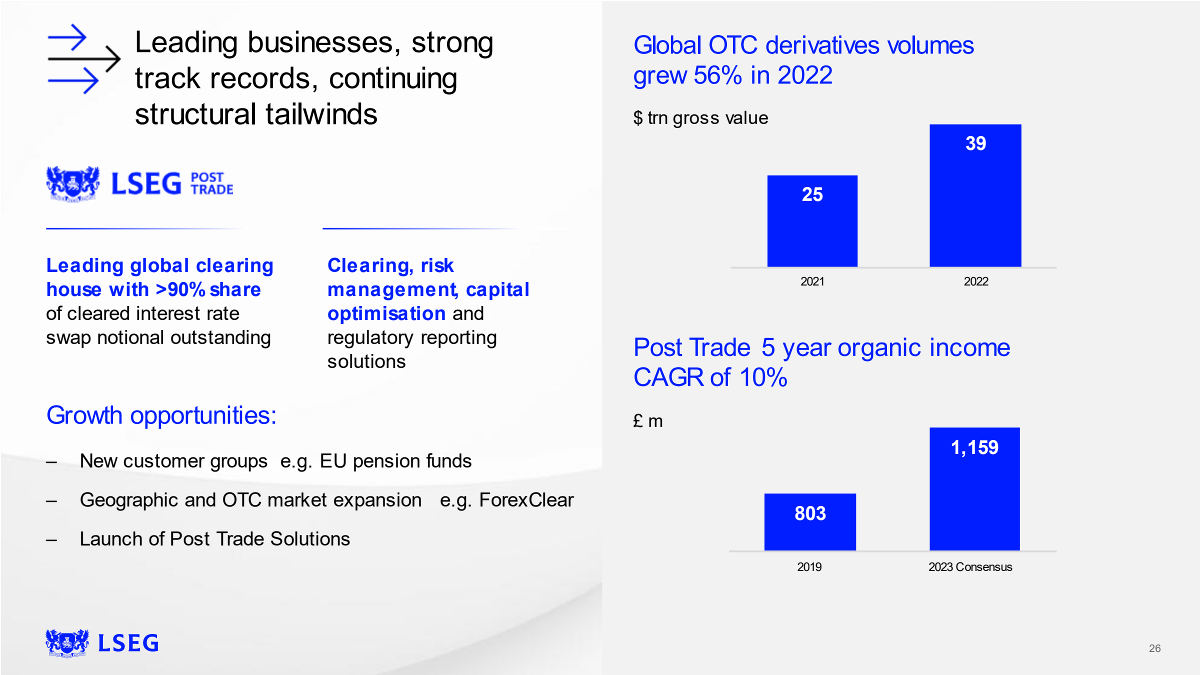


David Schwimmer:

Tradeweb is another great growth story. I touched on its 14% revenue CAGR a few minutes ago. Its track record speaks for itself but its pace of innovation has opened up so many avenues for future growth.

The core driver of electronification remains intact as you can see from the penetration rates on the right, but the scope for international expansion, growing in new product areas, and Tradeweb's closer collaboration with the rest of LSEG, position us well for continued momentum in the future.

Tradeweb's president, Tom Pluta is with us here and he will talk more about that in the Capital Markets breakout tomorrow.



David Schwimmer:

And then Post Trade. I often get asked if Post Trade has reached the end of its impressive growth trajectory, or if we face a big regulatory headwind from EU changes after Brexit. Post Trade continues to grow strongly due to both market conditions and our own innovation and investment.

OTC derivatives volumes increased by 56% in 2022 to $39 trillion notional gross value, and our Post Trade business has compounded annually at 10% over the last four years.

Post Trade has a strong reputation with its members and customers. This allows the business to continue growing in its core swaps franchise and also grow further in newer products like forex, repos, and CDS.

We are attracting new customers such as pension funds that are increasingly required to clear and via international expansion, with our first two Singapore members signing up this past year. And I will talk about Post Trade Solutions shortly.

Strong market positions, investing to transform customer experience

FTSE RUSSELL An LSEG Business

#3 global provider in B&I

Investing in speed to market, customisation and distribution

Refinitiv synergies and deeper collaboration across LSEG

Next steps

Strengthen geographic/channel commercial strategy

Expand into higher growth segments

Complete index refactoring and automation programmes

RISK INTELLIGENCE

#3 provider; fragmented segment; World-Check a leading platform

Serving c 7,000 corporate clients

Fastest growing segment in LSEG

Next steps

Complete integration of M&A: e.g. Digital Onboarding solution

Enhance sales model - direct/channel partners/digital

Invest in high growth segments e.g. dynamic authentication

LSEG FX

Leading global venues for dealer-to-client and dealer-to-dealer

Matching re-platforming:

– Significant new functionality e.g. NDF matching
– 10x latency improvement

Next steps

Complete comprehensive FX offering across value chain

Continue integration with fixed income workflow with Tradeweb

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David Schwimmer:

Let's look at three other businesses now which add up to around 20% of LSEG. In each of these, we have strong market positions, and we have significant investments in flight to make them even stronger.

Our benchmarks and indices business, FTSE Russell, has a great brand and is a top three global provider. We have particular strengths in the Russell franchise and the FTSE 100, but also in benchmarks for fixed income and FX. It's in a market sweet spot with sustained growth coming from indexation, passive investing, and trends like ESG. But we are also seeing newer drivers like self-indexation and technology-driven solutions.

Our transformation program is making good progress and we are already seeing faster time to market. But that's really going to leap forward on completion, making the production of a new bespoke index possible in days down from months with the legacy systems. We're also leveraging technology to improve distribution for our customers so they can receive our data in a way that best suits their needs, be it via APIs or the cloud. And FTSE Russell is partnering across the group as well, driving revenue synergies and now collaborating with Tradeweb on pricing data.

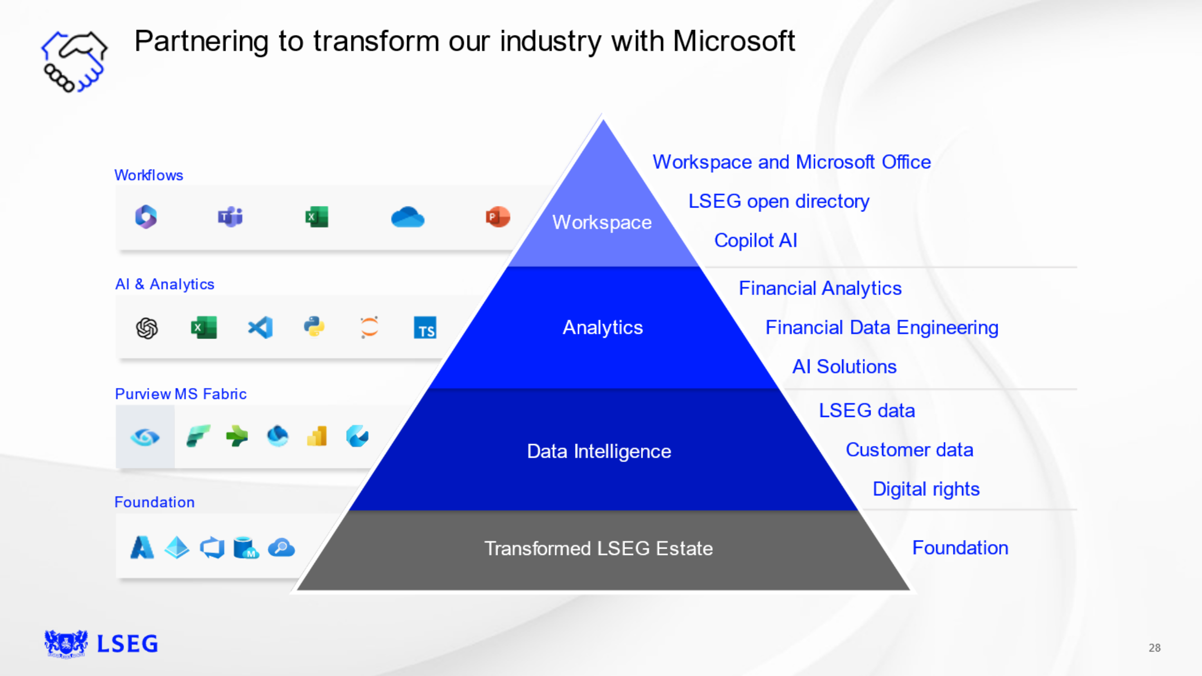
Looking ahead, there is a real opportunity to commercialize the assets we have more effectively, with better geographic coverage, better customer segmentation, and a tailored approach to different asset classes. We've already begun to see improved growth in recent quarters and we have plenty of levers to continue that.

In Risk Intelligence, which is the new name for the Customer and Third-Party Risk business, we're aligned with a very high growth segment growing double digits. World-Check is a leading platform in KYC AML screening and gives us exposure into the wider corporate market outside financial services.

We've made significant investments through M&A, moving into the digital identity and fraud market. And we've seen a real uptick in usage with the migration of World-Check to the cloud, demonstrating what this could do across our estate. We see three important next steps for this business. Integrating the various platforms we have into a single customer solution, building a more mature sales model including channel partners and digital sales, and continuing to look for opportunities in the higher growth segments of the market.

And LSEG FX. There are two really important aspects of our FX business, which has a great market position and customer loyalty, but the franchise has been running on pretty old technology. First, we are replatforming that technology which will deliver much better functionality and will be 10 times faster. You may have seen the first product to come out of this replatforming. Our new non-deliverable forwards matching platform in Singapore went live this past Monday bringing together the liquidity, execution, operational and capital benefits of an NDF Central Limit Order Book and clearing for the first time. Second, we are building a full FX ecosystem from pre-trade through to clearing, and also incorporating a link to Tradeweb.

But it's important to note that this is an open system, not a closed one. We want to build a platform that makes workflows simple and efficient, but gives customers the option to work with others at any stage in the trade.



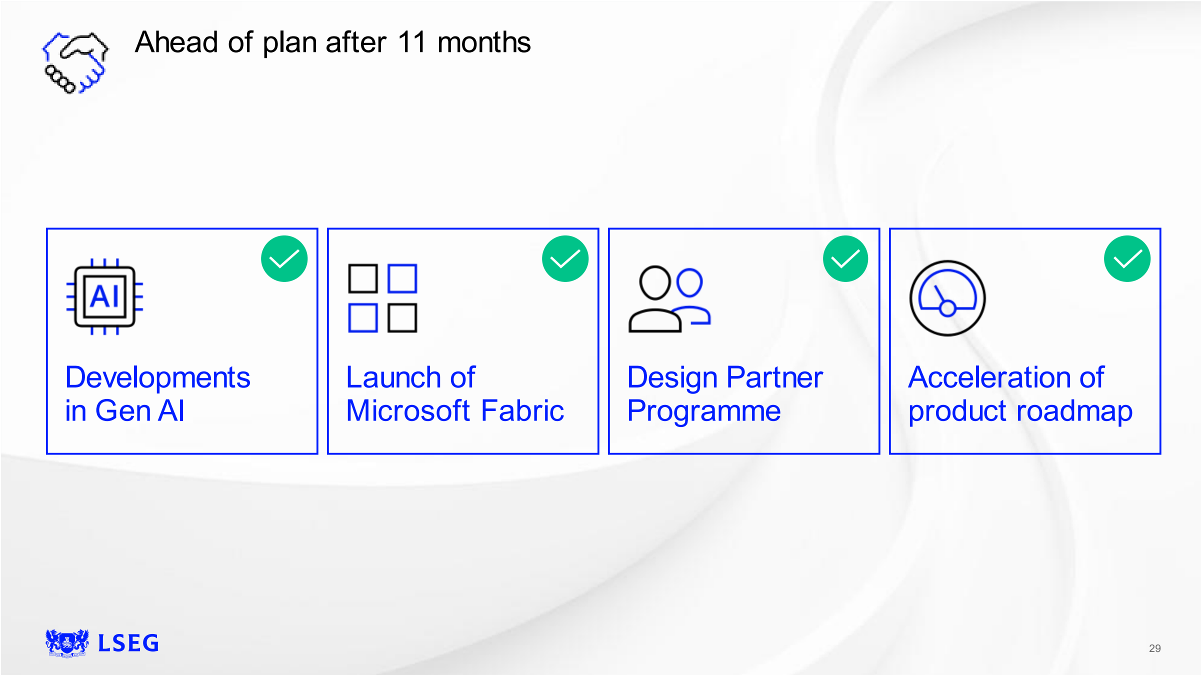
David Schwimmer:

The third wave of our growth comes from our major partnerships as we transform our industry.

You will all be familiar with what we plan to do with Microsoft, but this diagram gives a little more colour and you heard Scott Guthrie in the video a few minutes ago talk about the strengths of the partnership and the opportunities that it creates.

We are building a brand new environment for our products and data in Azure and that will be the foundation of the partnership. And we're developing a really wide range of new services across Data Intelligence, Analytics, and Workspace. Like the meeting prep app that Microsoft introduced at their Ignite event yesterday and another new capability, open directory. Satvinder will take you through this in more detail tomorrow, but we will change how our customers discover and experience data. We will introduce AI-enabled apps and a modelling infrastructure that will improve productivity and enhance customers' own data excellence, and we will integrate LSEG workspace into Microsoft Office, which will simplify workflows and expand communities.

All of these add up to really material opportunities both in our existing markets and in new areas of customer spend, which we currently do not address.



David Schwimmer:

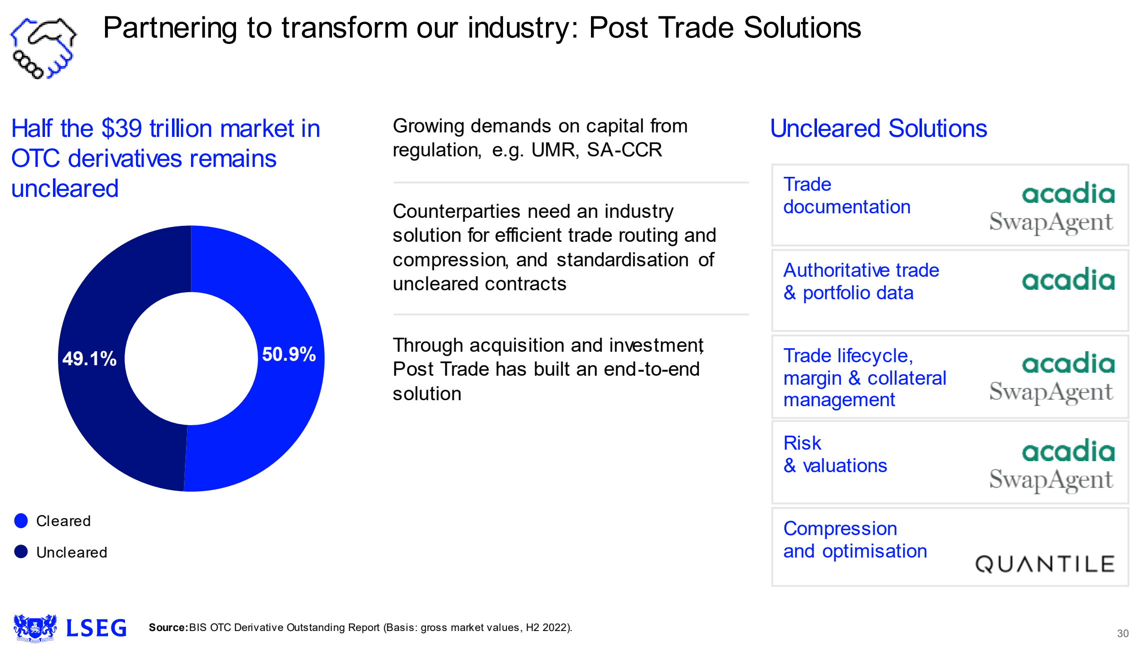
And I'm really delighted to report that progress in less than a year has been very good.

We've benefited from a couple significant developments. First, the rapid evolution of generative AI with Microsoft as a leading player in the market. And second, the introduction of Fabric, Microsoft's end-to-end data platform where we are a key development partner. It's already saving us time and effort on our data platform journey.

We are getting great engagement with some of our biggest customers through our design partner program and this operates with both key decision makers and with people who will use these products every day. Satvinder will talk through that process in more detail tomorrow.

And we are ahead of plan in terms of product launch. We have previously indicated that our customers would start to see the benefits of the Microsoft partnership in the second half of 2024, but we're making excellent progress and we will have the first new applications in the hands of customers in the first half of next year. And then a steady drumbeat of pilots, launches, and ongoing enhancements.

And you'll hear much more about all of this tomorrow as you meet with the people delivering the partnership for LSEG.



David Schwimmer:

I'd like also to talk about how we are partnering with the industry on Post Trade Solutions.

LCH has a history of strong and trusted partnership. We acquired LCH from market participants and many are still engaged minority shareholders. Our bank members face two main problems, rising capital requirements and a lack of standards or consistency in bilateral or uncleared markets.

We've been working with the industry for some time to address these challenges and Post Trade Solutions is the answer. With the acquisitions of Quantile and Acadia, which was also an industry-owned consortium, and our SwapAgent platform, we're building a new suite of services and these will optimize capital and standardize process across the whole trading book, both cleared and uncleared. When you consider that OTC trading is roughly 50% cleared and 50% uncleared, this is a material new opportunity for LSEG.

Dan and Isabelle will go through this in much more detail for you all tomorrow.

Breaking into new markets and asset classes

New verticals

- LSEG services becoming increasingly widely applicable
- Wider Workspace opportunity across full Teams / O365 base
- Leveraging our data management DNA
- Channel partner strategy in e.g. Risk Intelligence

New asset classes

- Private markets: investment in Floww, development of intermittent trading venue
- Digital assets: clearing and indices

New platforms

- Digital market infrastructure: exploratory work with Microsoft complete
- Further work on potential opportunity ongoing

LSEG

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David Schwimmer:

Finally, we are investing and exploring opportunities for the longer term and this is something that LSEG has always done. The thinking and work we do today can be the seed of really substantial businesses in 5 to 10 years.

We see real potential in new industry verticals. So much of the investment we're making with Microsoft as well as the products in areas like Risk Intelligence have much wider market applications. Our expertise in data management is second to none. And as all companies and industries become increasingly data-driven, they're going to look to experts to help them manage their data. We are well-placed to play that role.

And in new asset classes, we're investing in developing a trading venue for private companies to create a continuum from private markets to public markets. And we're looking in more detail at digital markets infrastructure in partnership with Microsoft and others.

David Schwimmer:

So, to sum it up, as we continue to execute on our strategy, we will continue to transform LSEG.

David Schwimmer:

We will develop our businesses from positions of strength to positions of leadership.

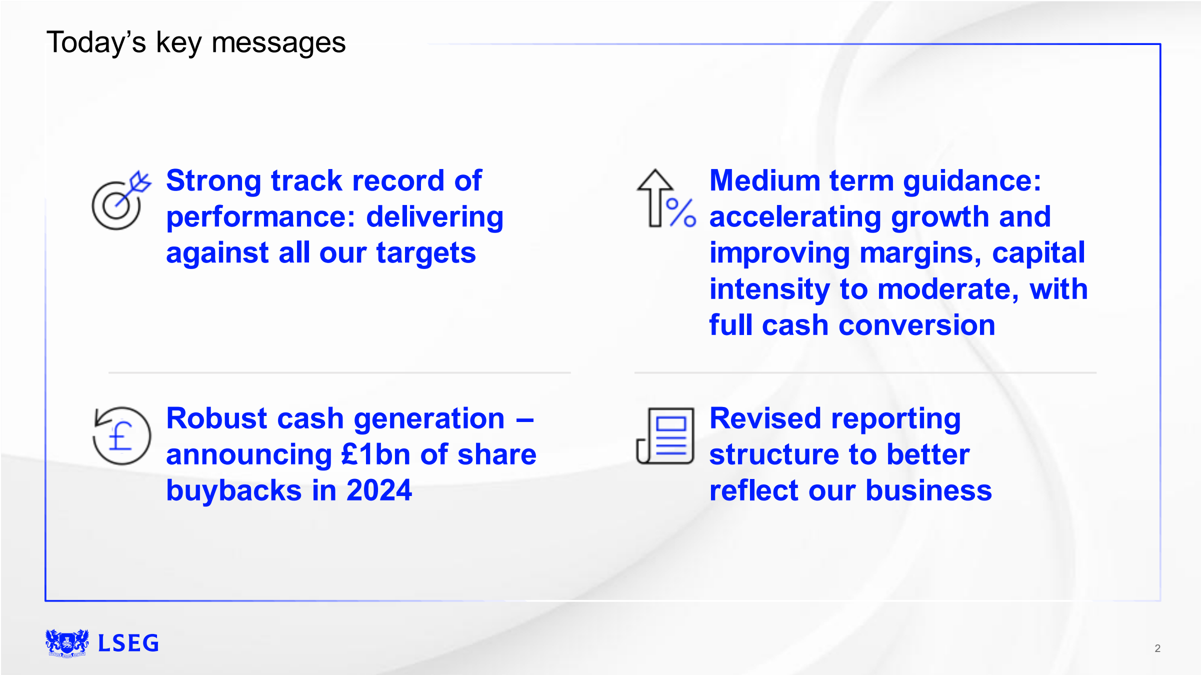
Through investment, innovation, and partnership we will shape the future of our industry. Growth will accelerate over the medium-term. Margins will expand and our cash generation will improve creating opportunities for reinvestment in growth and continued shareholder returns.

And we will leverage our differentiated customer proposition to become the partner of choice across the financial markets value chain.

I'm looking forward to the rest of the event. I know you will all get a lot out of it and thanks again for making the time to join us. I will now hand over to Anna to talk about how all of this translates into our medium-term financial outlook.

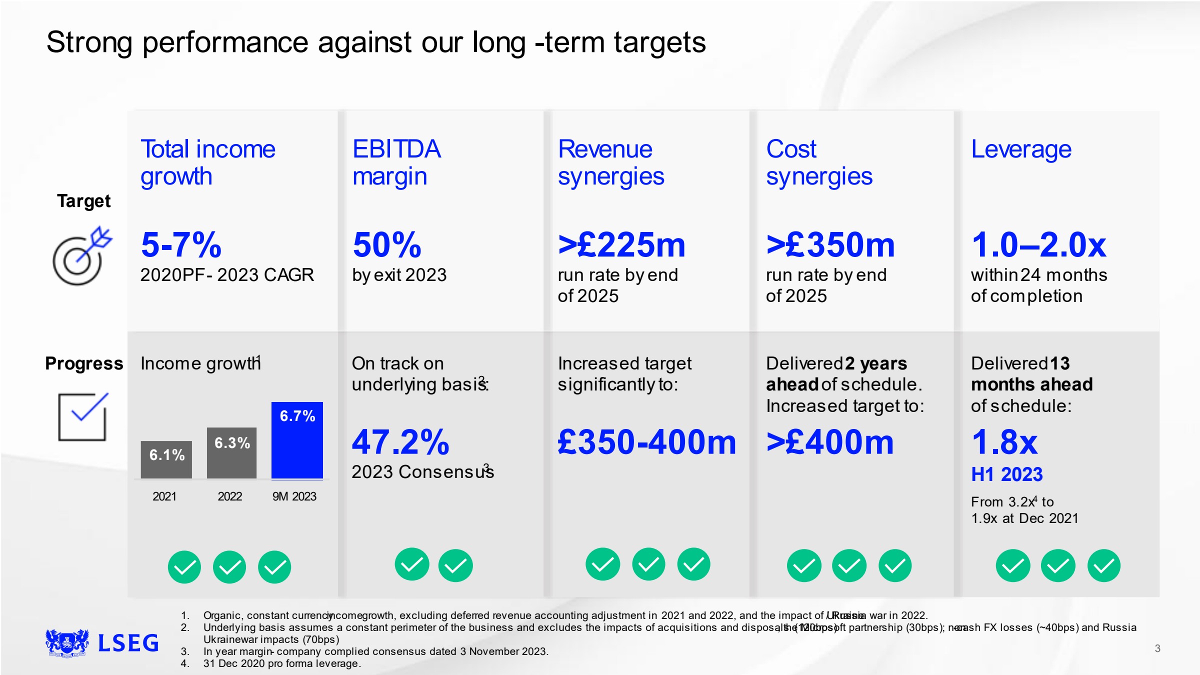
Anna Manz:

Thanks, David and good evening.



Anna Manz:

I'm going to look at our performance against the targets we set on the back of the Refinitiv deal. Then I'll go through the medium-term guidance that we announced today and some of the drivers behind that. And I'll also cover our capital allocation plans, including the new buyback. And finally the rationale for our new divisional reporting.



Anna Manz:

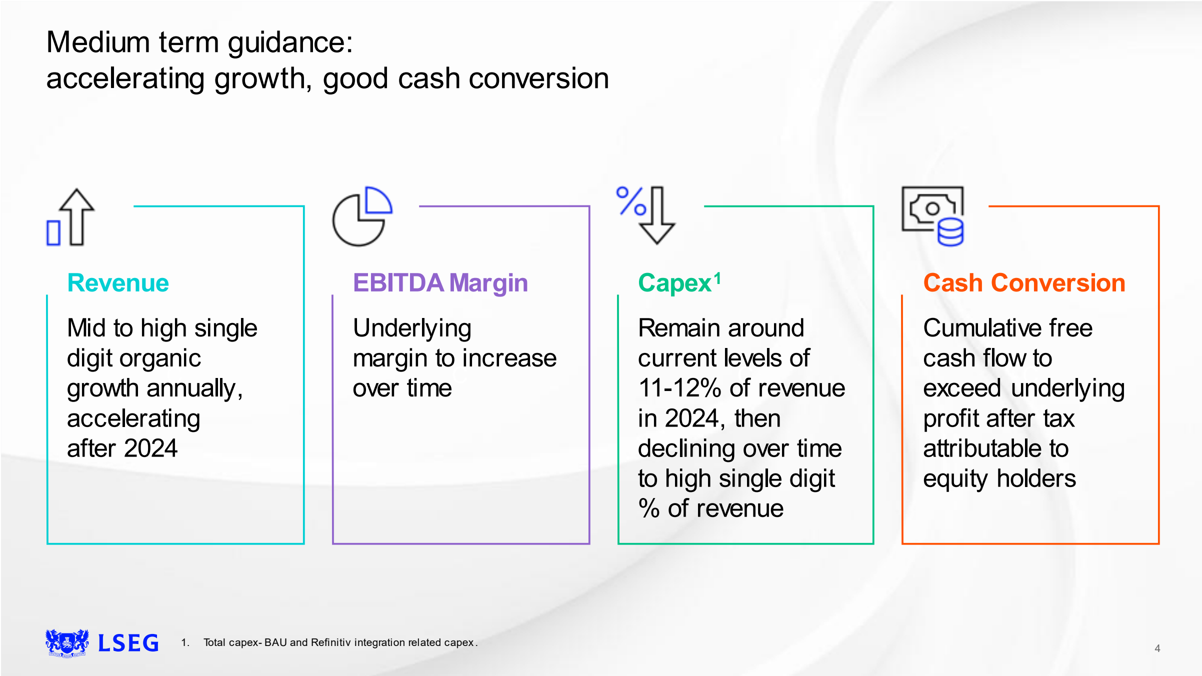
So let's start with performance against our long-term targets. Income growth has been consistently in the upper end of the 5-7% range and we've seen acceleration through the period from 6.1% in 2021 to 6.7% for the first nine months of this year.

EBITDA margins on an underlying basis are on track to meet guidance. The perimeter of our business has changed since we acquired Refinitiv and we've made five bolt-on acquisitions. We've disposed of Beta, which is a high margin but low growth business. And we've announced a transformational strategic partnership with Microsoft.

Together these have a short-term dilutive impact on our margin of around 150 basis points, but they set our business up for long-term growth. In the absence of these decisions, and excluding the impacts of FX and the Russia-Ukraine war, we'd be delivering a 50% EBITDA margin for 2023.

Turning to revenue and cost synergies, and here we're on track to deliver against our upgraded targets, and by the end of this year, we'll have largely completed our cost synergy program, two years ahead of schedule.

And we're back within our target leverage range about a year ahead of plan. So as you can see, we've delivered strongly against the targets we set ourselves and we're well-placed as we enter the next phase of growth.



Anna Manz:

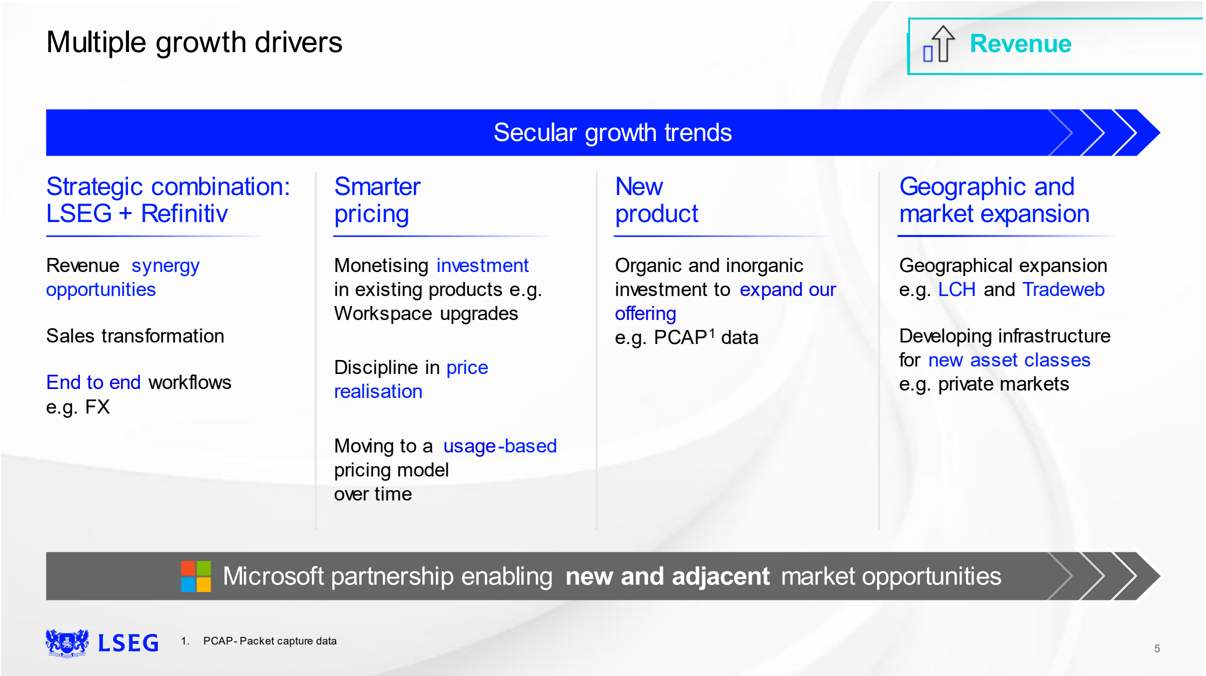
Looking ahead, we announced our medium-term guidance earlier today.

Revenue will grow organically at mid to high single digit annually, accelerating after 2024. And this is as our customers start to benefit from some of the big investments we're making like index replatforming and the Microsoft partnership.

Underlying EBITDA margin will increase over time as costs grow more slowly than revenue.

And capex will remain at the current levels of 11 to 12% of revenue for 2024, and then over time the capital intensity will decline to a high single digit percentage of revenue.

And on cash conversion, our cumulative free cash flow will exceed net income. I'll give you more detail on each of these guidance points on the following slides.



Anna Manz:

You've heard David talk about the big picture secular growth trends that are driving our industry. I'm going to break this down and talk to the specific actions we're taking to maximize the opportunity and deliver above market growth.

The strategic combination of LSEG and Refinitiv drives growth in three ways. Firstly, through revenue synergies. We expect to exit this year with more than £130 million of run rate synergies. And by 2025 this will be £350 - 400 million. So plenty more to go for over the next two years. Secondly, you've heard us talk about how we partner with our customers strategically, and we can do that because of the breadth of our combined offering. As we continue with our sales transformation, we're bringing that model to all of our top 250 accounts, increasing the penetration of our services and growing our share of wallet, just as we've begun to do with our biggest customers. And thirdly, the end-to-end workflows that we now have across multiple asset classes is a strategic differentiator, and that will come to the full over the medium-term.

With regards to pricing, there's a lot of opportunity here and we've begun to prove that price can be an important driver for our business. Now I think of price in three ways, improving the value of our services for our customers, being disciplined in making sure customers pay for that value, and increasingly, being paid for the volumes that our customers use.

On the first of these, we continue to invest in our existing products. For example, you see us continue to add further data sets that deepen and broaden our data moat and we're rolling out Workspace updates all of the time. These improvements mean customers are giving us better and better feedback, and that supports higher prices over time.

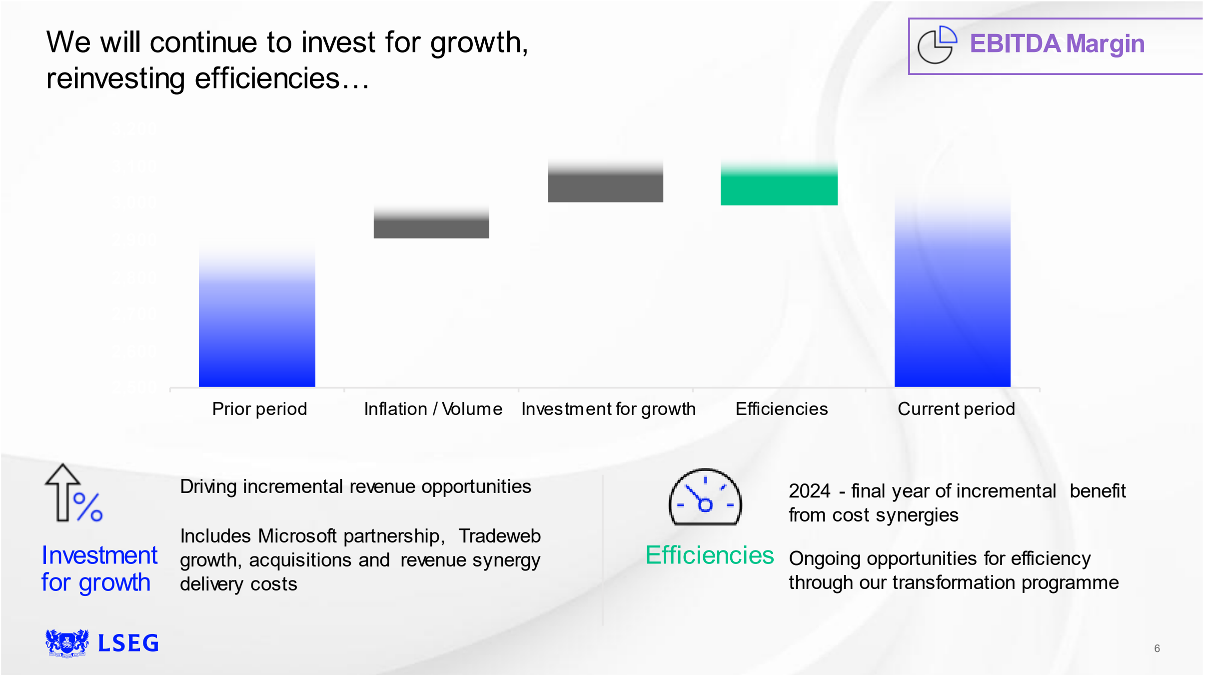
Secondly, we can be much more disciplined in our price realization. This will be delivered through the transformation of our sales approach and a more empowered and confident sales organization. And you'll hear more about that from Ron tomorrow. And longer term we'll be increasingly moving to a usage-based pricing model. This gives us real-time insight into how our customers are consuming our data and products and allows us to charge in line with that and upsell. So overall, I would say we're getting smarter with our pricing approach.

The third area of growth is from new products. Much of what we've achieved over the last three years has been about fixing the basics and running an undermanaged business better. What you'll see going forward is the benefit of the investments that we're making in new product. It takes time to build a product pipeline, but we're starting to see a real rhythm of innovation and collaboration with customers. This will deliver new applications and enhancements to market with increasing regularity.

Today, that's most evident in Enterprise Data, but across the rest of Data & Analytics, as well as Capital Markets and Post Trade, there's a lot in the pipeline and you'll hear a lot more about that from the teams tomorrow.

And finally, there's geographic expansion. We're already doing this in LCH, for example, with the addition of new members to our clearing services in APAC. And in Tradeweb, the acquisition of Yieldbroker connects the Australian and New Zealand markets with Tradeweb's global network. In Data & Analytics, this wasn't an initial focus. We wanted to fix our existing footprint and portfolio first. But with that work done, we're now well-placed to tap into geographic growth. And as David mentioned, we're also beginning to expand into new asset classes like private markets and digital assets.

The Microsoft partnership increases the potential for every one of these levers and enables new and adjacent market opportunities. The building blocks on this slide are why we can deliver accelerated growth. We've got teams lined up against each one of these levers and we're pulling them already, and that's why we're confident in our delivery.



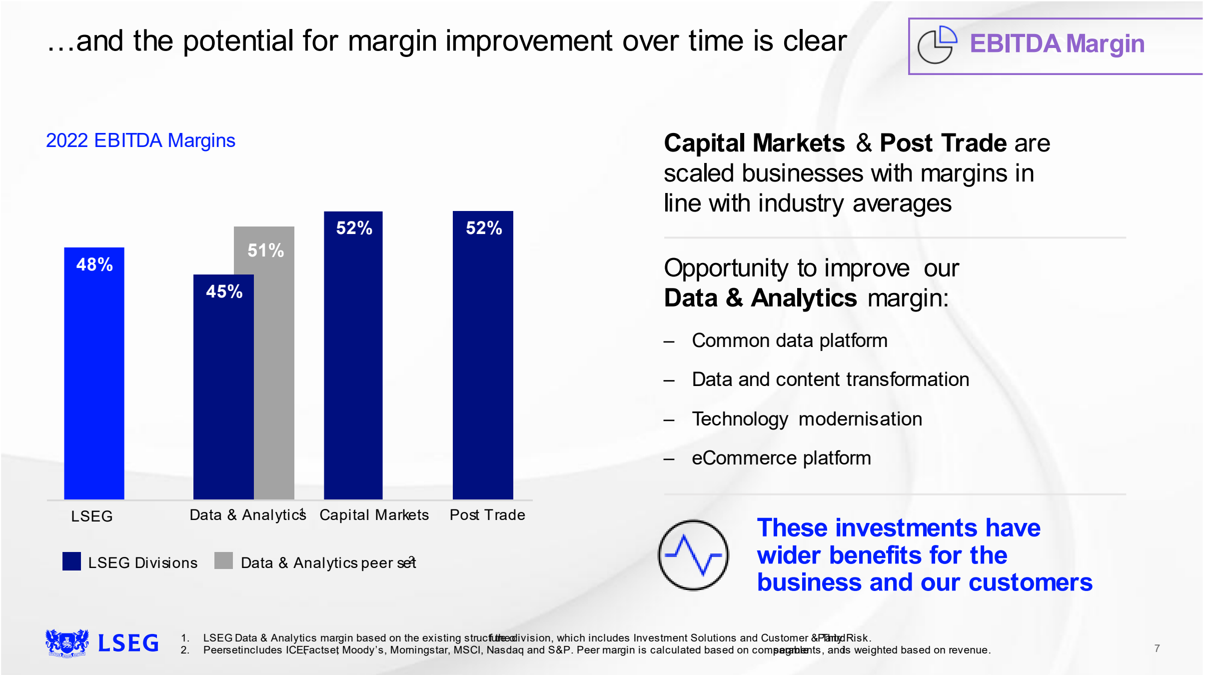
Anna Manz:

Turning to cost - I show you a cost bridge like this in every results presentation, with investment for growth and efficiency well-balanced. And you can continue to expect it to look like this in the future. Let me talk you through that.

Now as I've said before, people and technology make up over 75% of our cost base and naturally there'll be an inflationary impact. Outside of this, we'll continue to deliver efficiencies and invest for growth. Investment for growth will drive incremental revenue opportunities, some of which should be delivered fairly quickly such as Tradeweb. Others take a little longer such as the investment in some of our early stage acquisitions.

On the efficiency side, we've enjoyed the tailwind of significant cost synergies from the Refinitiv integration, and that will benefit us for another year, but that's not the end of the opportunity. Many aspects of our broader transformation program are building a more efficient and scalable platform.

Taken together, costs will grow slower than revenues enhancing our margin.



Anna Manz:

Our EBITDA margin was 48% in 2022 and we're confident of improving that over time. If I unpack that by division, our scaled Capital Markets and Post Trade businesses sit at 52% and that's largely in line with industry averages. The real opportunity, as you know, lies in Data & Analytics where we benchmark below our peers. And this reflects legacy systems, product duplication, and process complexity all stemming from historic underinvestment.

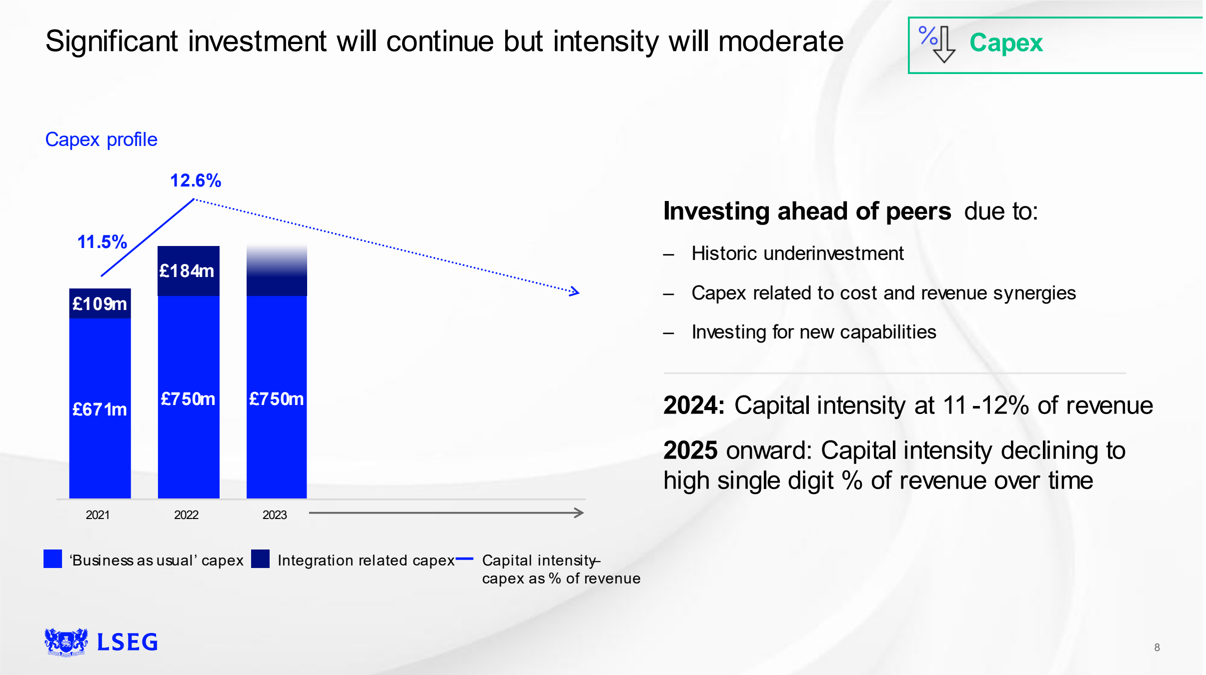
Our existing integration and transformation programs are addressing these issues, but there's more to go. We're on a multi-year journey to create a genuinely scalable platform and one which also improves the service we provide to customers. And you'll hear more about that in the transformation breakout tomorrow. At its heart, the transformation program is about end-to-end process and product simplification. And we know we can do this because we've done a lot of similar work as part of the Refinitiv integration.

But just to give you a flavour of what we're working on - data and content transformation is just one of our many programs underway. We're modernizing our data sourcing and ingestion. This will result in higher accuracy and speed, and coverage beyond the 90 million instruments we cover today, as well as the wider provision of unstructured complex data.

We're modernizing our technology infrastructure. We're implementing a software-defined network and migrating physical infrastructure to the cloud. This improves our resilience, automation, and product development capabilities, making our tech stack much more agile for our evolving business.

We're building an e-commerce platform and digitized customer service capabilities. Our top 250 customers account for 55% of our revenues. This platform will serve a good proportion of the remainder of the 40,000 or so customers, which don't always require the high touch human interaction that they get today. But it'll also make it easier for small customers to self-serve on our platform.

Our EBITDA margin improvement won't be linear, but as I said, we're confident that it will improve over time.



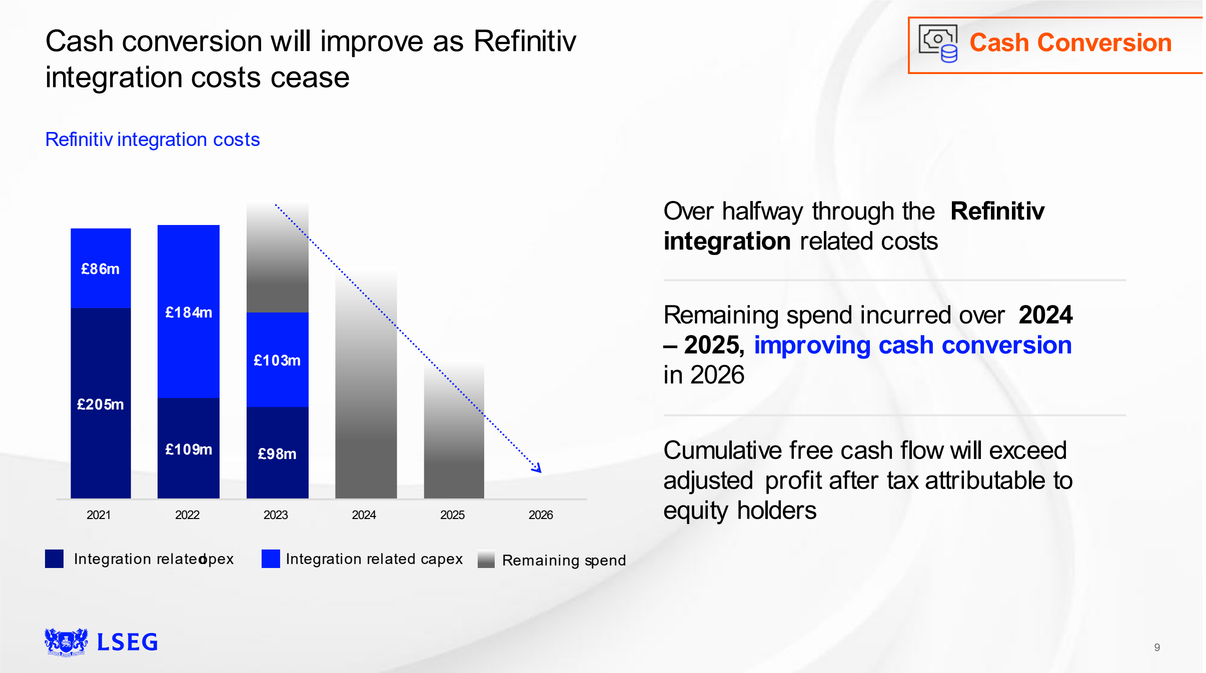
Anna Manz:

Moving to capex. We've been investing heavily in our business and the level of spend has been ahead of our peers. There's a few reasons for this.

First, when we acquired Refinitiv, we were aware there was historic underinvestment in the business that would require addressing and we're already seeing the benefits of these investments coming through in our revenue, but there's more to come here.

Secondly, we're integrating these two businesses from the bottom up and delivering sizable cost and revenue synergies, which comes with a cost to achieve over a five-year period. And lastly, we've been investing in new capabilities to drive future growth.

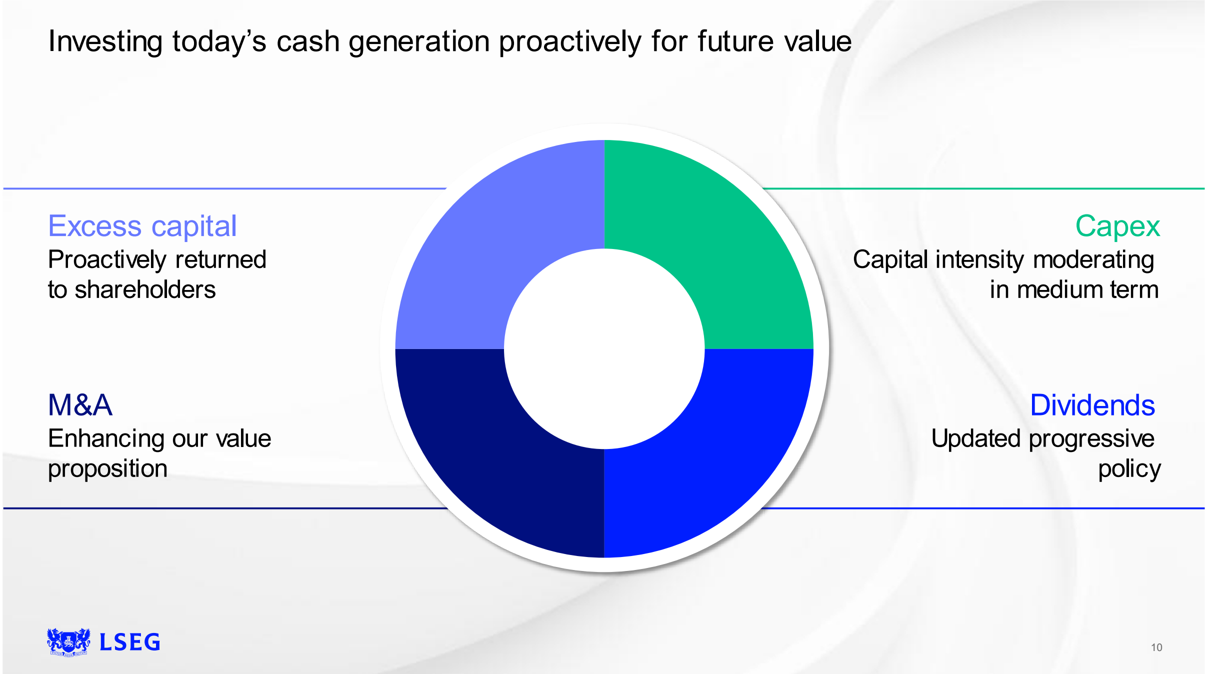
Looking ahead, we expect 2024 to have a similar level of capital intensity at 11-12%. Beyond this, the capital intensity will decline over time to a high single digit percentage of revenue, even as we continue to invest for growth.



Anna Manz:

On the previous slide, I talked about the capex outlay to integrate LSEG and Refinitiv and deliver the cost and revenue synergies. We're over halfway through the total combined cash spend relating to the integration. We're a highly cash generative business and as this rate of integration spend declines sharply in 2025, the final year of the integration, this will improve even further.

Over the medium-term, our cumulative free cash flow will exceed net income.



Anna Manz:

The strong cash generation allows us to have a balanced capital allocation framework with capacity for organic investment in growth, to continue our progressive dividend policy, to target M&A where it adds value and where available to return excess capital to shareholders proactively.

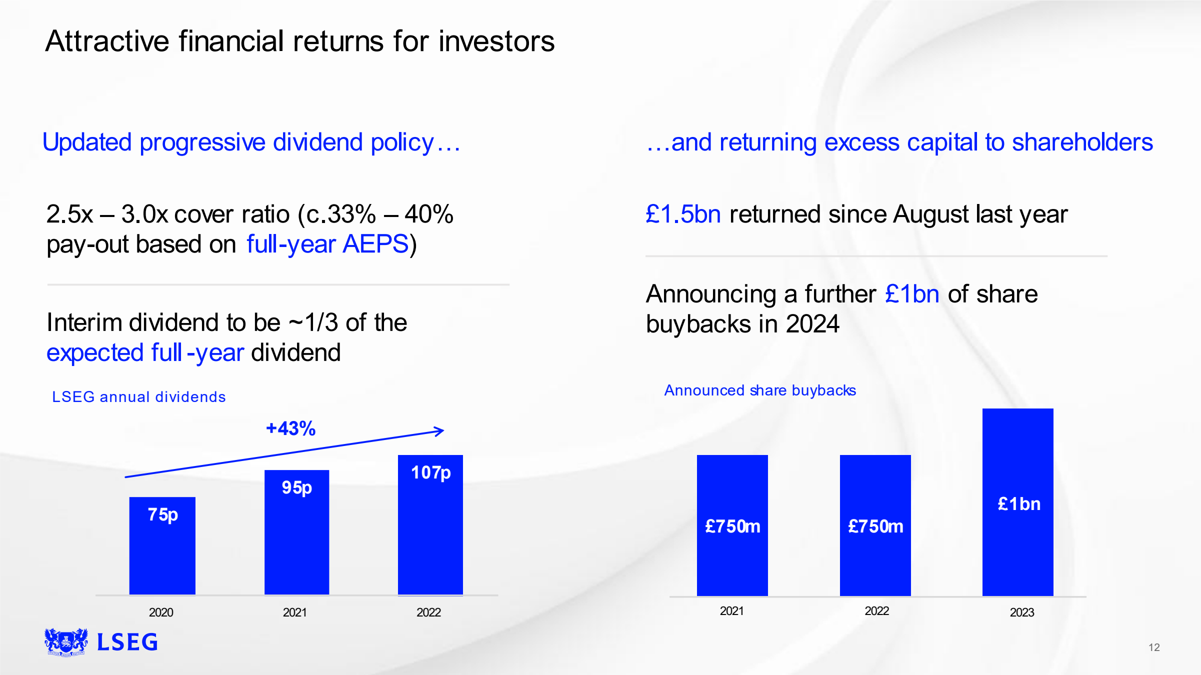
Anna Manz:

Our M&A focus will continue to be on acquisitions that enhance LSEG's offering through new technology capabilities or data and our value accretive for the group.

Value accretion needs to be measured over different periods. The early stage businesses that we've acquired over the last couple of years have longer dated returns but have huge potential. More established businesses should pay back more quickly.

Other important considerations for us are first scalability. We look at services and products that can be scaled across the group, through our nearly 3,000-person salesforce and our global network of customer relationships. Secondly, opportunity cost. The cash and time to develop these in-house versus acquiring the capabilities. And finally, structure. We ensure our deals are structured appropriately to tie maximum consideration to stretching performance and deliver value accretion for the Group.

From a strategic perspective, we scan for opportunities that fulfil one or more goals for us that could be building out functionality in an existing offering like TORA's order and execution management capability. We also look for opportunities that expand our product offering like GDC, which built out our digital identity verification business. And then there are acquisitions which add new products or markets to our customer proposition, which is where Acadia fits in. MayStreet does all three of these things from a strategic perspective.

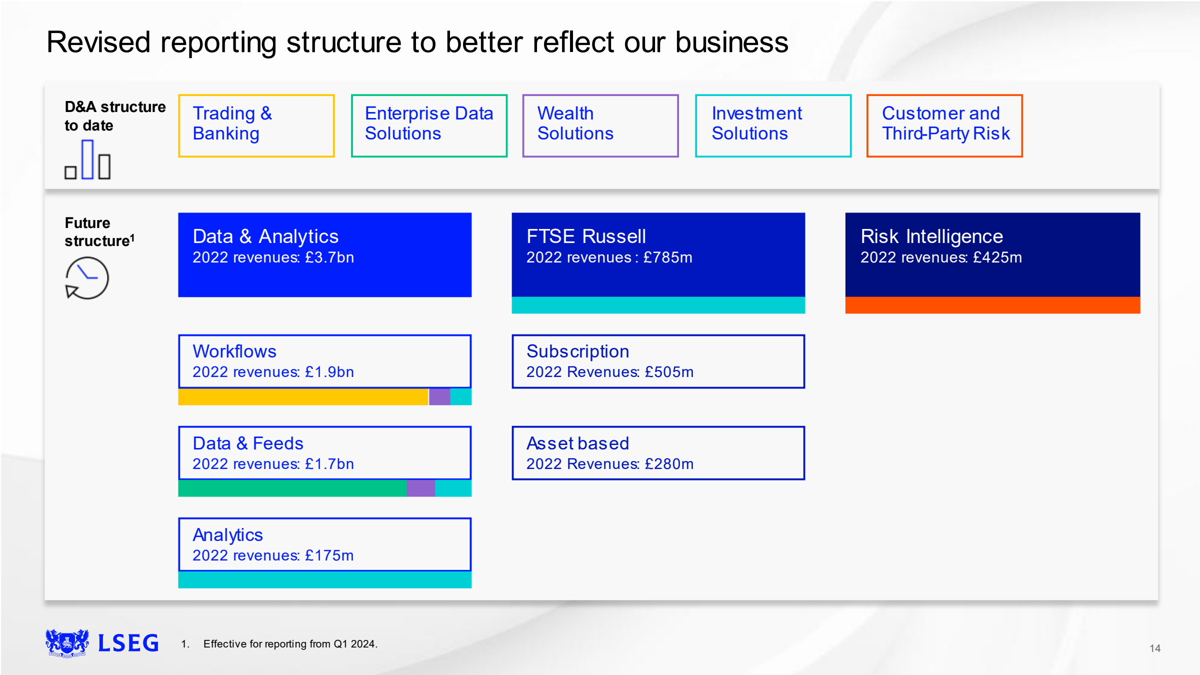


Anna Manz:

Today we announced a simplification to our dividend policy. Our old policy reflected the pre-Refinitiv business that was more exposed to transaction volumes, which made it a bit harder to predict financial performance for the year. Now our revenues are largely recurring and more visible as a result.

The policy doesn't change the expected payout. The coverage ratio remains at 2.5 - 3 times. The interim dividend will now be set as 1/3 of the expected full year dividend, giving shareholders more consistency between interim and final dividends from year to year. Our dividend policy remains progressive building on our notable track record.

And we continue to be active in returning excess capital to shareholders. We've returned nearly 4% of our equity to shareholders in the last 15 months through buybacks. And today we announced our plan to return a further billion via share buybacks in 2024, testament to our continued strong cash generation. And we'll provide more detail on the structure with the 2023 Prelims.



Anna Manz:

From 2024, we'll be revising our reporting structure to align divisional disclosures with management reporting lines. This primarily impacts the Data & Analytics business that we report today.

For the new Data & Analytics perimeter, revenues will be grouped by product types under three business lines: Workflows, Data & Feeds, and Analytics. This grouping allows for identification of the underlying trends in products and usage rather than trends in user groups and communities. Workflows will consolidate all of our user interface businesses, comprising Trading & Banking plus the desktop activities previously reported within Investment Solutions and Wealth. Data & Feeds will consolidate all of our data businesses and comprise Enterprise Data, plus the data and feeds activities previously reported within Investment Solutions and Wealth. Analytics was previously reported within Investment Solutions.

Benchmark & Indices will be split out from Investment Solutions and be renamed FTSE Russell as a separate division. And similarly, Customer and Third-Party Risk will also become a standalone division and be renamed Risk Intelligence. There'll be no change to our Capital Markets or Post Trade reporting apart from the combination of Non-Cash Collateral and Net Treasury Income revenue lines.

Anna Manz:

So, to wrap up, we've built a strong track record of performance and delivered on the Refinitiv acquisition. We've announced a clear step up in our growth expectations along with improving profitability and strong cash flow ahead. And we've signalled our intention to return a billion by share buybacks in 2024. I'm really looking forward to catching up with you all later on.

And with that I'll pass back to David.

David Schwimmer:

So I'm going to close by just repeating our vision for LSEG Tomorrow. And this really is what you will take away from LSEG, in fact, tomorrow.

The presentations and the breakouts will give you much deeper and broader insights into our transformation, our growth, and our partnerships. And I know the teams are looking forward to talking with you. So now, it is time for dinner in The Tapestry Room at The Ned. It is a 10-minute walk down Cheapside or one stop on the Tube for those so inclined from St. Paul's to Bank.

So we look forward to seeing you there. Thank you very much.