

22 October 2015

## **LONDON STOCK EXCHANGE GROUP plc**

### **INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 21 OCTOBER 2015, INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015 (Q3)**

- Another period of growth: Q3 total income from continuing operations up 11% and rose 8% year-to-date; headline Q3 total income<sup>1</sup> up 85% to £589.3 million and 9 months year-to-date up 83%, to £1,798.1 million;
- Q3 revenues from continuing operations (excluding assets held for sale) up 12% to £326.4 million; up 10% for 9 months year-to-date at £897.4 million
- All business divisions delivering growth on an underlying, organic and constant currency basis
- Information Services Q3 revenues up 44% (up 5% on organic and constant currency basis), reflecting good growth at FTSE and contribution from Russell Indexes; the index businesses are now managed and reported as an integrated business
- LCH.Clearnet Q3 revenues, excluding loss of LME commodities clearing, increased 8%, with 14% growth in OTC; on a reported basis revenue reduced 8%
- Capital Markets Q3 revenues down 1% (up 5% at constant currency), with growth in cash equities trading offset in part by weaker primary markets and reduction in fixed income trading
- Post Trade Services (Italy) Q3 revenues down 1% (up 10% at constant currency), with growth in clearing volumes partly offset by decline in settlement and custody
- Technology Services revenues up 20% (up by same amount on an organic and constant currency basis), driven by growth from MillenniumIT
- Group continues to deliver on its strategy:
  - announced the launch of CurveGlobal, a new interest rate derivatives venture with a number of major dealer banks and CBOE, further extending our product offer and reflecting our partnership and open access approach; all products designed and supported by CurveGlobal will be admitted to trading on the Group's, London Stock Exchange Derivatives Market, and cleared through LCH.Clearnet
  - On 8 October 2015, the Group announced the proposed sale of Russell Investment Management to TA Associates, for gross proceeds of US\$1,150 million; the transaction is expected to complete in H1 2016

- During the period, the Group confirmed the sale of Proquote, a UK market data vendor provider, which is expected to close in Q4 2015

<sup>1</sup> revenue and total income include both continuing and discontinuing operations

Organic growth is calculated in respect of businesses owned for at least the full 3 or 9 months in either period and so excludes Bonds.com, MTS Indices and Frank Russell Company. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

Commenting on performance in Q3, Xavier Rolet, Chief Executive, said:

**“The Group has delivered further revenue growth in the third quarter, with good performance in particular from our Information Services division, including FTSE Russell, and from LCH.Clearnet with another strong result from the OTC clearing services.**

**“The Group also continues to innovate, partnering with customers to deliver open access solutions, such as the launch of CurveGlobal, part of our effort to further develop a comprehensive Rates offering to our customers.**

**“We have started Q4 well, with the successful IPO of Worldpay, the largest UK new issue so far in 2015, and the expected IPO of Poste Italiane which will be the largest in Europe this year. We remain focused on executing on a wide range of attractive growth opportunities and continuing to deliver on our strategy to be a leading globally diversified open access market infrastructure business.”**

## **Financial Position**

Following normal course interim dividend and bond coupon payments, as well as ongoing investment in organic growth initiatives, the Group's financial position is broadly unchanged from that reported at 30 June 2015. As at 30 September, 2015, the Group had committed facility headroom of circa £500 million available for general corporate purposes.

The euro weakened by 10% against sterling compared with the same period last year while the US \$ strengthened by 8%. To illustrate our exposure to movements in exchange rates, a €0.05 change in the average euro:sterling rate would have resulted in a change to total income of c£4 million for Q3, while a US\$0.05 move would have resulted in a c£1.5 million change.

## **Current trading and outlook**

The Group made good progress in Q3 and year-to-date, despite exchange rate headwinds. While we are early in the fourth quarter, the period has started well, with continuing capital raising activity, including the largest IPO on our markets this year - Worldpay – and an encouraging pipeline of companies seeking to join our markets in Italy and the UK. In secondary markets, both UK and Italian cash equity trading and fixed income trading is running in line with levels in September.

We remain focused on delivering the synergy benefits from the continuing integration of FTSE Russell index operations and on completing the successful disposal of Russell Investment Management, following full separation from the Indexes business. The Group continues to invest in a wide range of growth initiatives, including the opportunities highlighted in our Post Trade event earlier this year, and we are well placed to develop further.

The Group will host an investor update event on Information Services, in particular focusing on FTSE Russell Indexes, on 9 November 2015.

Further information is available from:

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A conference call for analysts and investors will be held at 8:30 (UK time) on Thursday 22 October. On the call will be David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the Telephone conference call dial 0800 694 0257 or +44 (0) 1452 555 566

Conference ID: 49956864

### Q3 Revenue Summary

Revenues for three months and nine months ended 30 September 2015, with comparatives against performance for the same period last year, are provided below. Growth rates for both Q3 and year to date performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended 30 September			Organic and constant currency variance <sup>1</sup> %	Nine months ended 30 September			Organic and constant currency variance <sup>1</sup> %
	2015 £m	2014 £m	Variance %		2015 £m	2014 £m	Variance %	
<b>Revenue</b>								
Capital Markets	77.1	77.6	(1%)	5%	247.1	248.7	(1%)	5%
Post Trade Services - CC&G and Monte Titoli	21.8	22.0	(1%)	10%	68.7	73.0	(6%)	5%
Post Trade Services - LCH.Clearnet	75.8	82.5	(8%)	(6%)	224.9	256.4	(12%)	(9%)
Information Services <sup>2</sup>	133.7	93.0	44%	5%	394.7	273.0	45%	6%
Technology Services	19.8	16.5	20%	20%	58.1	49.4	18%	16%
Russell Investment Management (gross) <sup>2</sup>	237.4	-	-	-	735.6	-	-	-
Other	0.5	1.1	(55%)	(55%)	2.1	3.8	(45%)	(42%)
<b>Total revenue</b>	<b>566.1</b>	<b>292.7</b>	<b>93%</b>	<b>3%</b>	<b>1,731.2</b>	<b>904.3</b>	<b>91%</b>	<b>1%</b>
Net treasury income through CCP businesses	21.2	25.2	(16%)	(12%)	61.5	71.3	(14%)	(9%)
Other income	2.0	0.1	-	-	5.4	4.5	-	-
<b>Total income</b>	<b>589.3</b>	<b>318.0</b>	<b>85%</b>	<b>2%</b>	<b>1,798.1</b>	<b>980.1</b>	<b>83%</b>	<b>1%</b>

<sup>1</sup> Organic growth is calculated in respect of businesses owned for at least the full 3 or 9 months in either period and so excludes Bonds.com, MTS Indices and Frank Russell Company. The Group's principal foreign exchange exposure arises from translating our European based euro and US based USD reporting businesses into sterling.

<sup>2</sup> includes discontinuing operations revenue of £239.7m (2014: £2.2m) for 3 months and £742.4m (2014: £6.9m) for 9 months

More detailed revenues by segment are provided in tables below:

## Capital Markets

Revenue	Three months ended 30 September			Organic and constant currency variance <sup>1</sup> %	Nine months ended 30 September			Organic and constant currency variance <sup>1</sup> %
	2015	2014	Variance		2015	2014	Variance	
	£m	£m	%		£m	£m	%	
Primary Markets	19.1	20.1	(5%)	(3%)	64.5	66.1	(2%)	0%
Secondary Markets - Equities	35.1	32.5	8%	11%	109.8	103.2	6%	9%
Secondary Markets - Fixed income, derivatives and other	22.9	25.0	(8%)	0%	72.8	79.4	(8%)	3%
<b>Total revenue</b>	<b>77.1</b>	<b>77.6</b>	<b>(1%)</b>	<b>5%</b>	<b>247.1</b>	<b>248.7</b>	<b>(1%)</b>	<b>5%</b>

<sup>1</sup> Removal Bonds.com revenue (Capital Markets – Fixed Income) and MTS Indices removed from Capital Markets Fixed Income revenue and included in Information Services FTSE revenue

## Post Trade Services

Revenue	Three months ended 30 September			Constant currency variance %	Nine months ended 30 September			Constant currency variance %
	2015	2014	Variance		2015	2014	Variance	
	£m	£m	%		£m	£m	%	
Clearing	9.4	8.2	15%	27%	29.3	28.8	2%	14%
Settlement, Custody & other	12.4	13.8	(10%)	(1%)	39.4	44.2	(11%)	(0%)
<b>Total revenue</b>	<b>21.8</b>	<b>22.0</b>	<b>(1%)</b>	<b>10%</b>	<b>68.7</b>	<b>73.0</b>	<b>(6%)</b>	<b>5%</b>
Net treasury income	7.7	8.0	(4%)	7%	21.0	24.9	(16%)	(6%)
<b>Total income</b>	<b>29.5</b>	<b>30.0</b>	<b>(2%)</b>	<b>9%</b>	<b>89.7</b>	<b>97.9</b>	<b>(8%)</b>	<b>2%</b>

## LCH.Clearnet

Revenue	Three months ended			Constant currency variance	Nine months ended			Constant currency variance
	30 September				30 September			
	2015 £m	2014 £m	Variance %		2015 £m	2014 £m	Variance %	
OTC - SwapClear, ForexClear & CDSClear	39.4	34.5	14%	17%	114.7	101.8	13%	16%
Non-OTC - Fixed income, Cash equities and Listed derivatives <sup>1</sup>	30.0	41.7	(28%)	(25%)	87.9	129.8	(32%)	(29%)
Other	6.4	6.3	2%	(2%)	22.3	24.8	(10%)	(11%)
<b>Total revenue</b>	<b>75.8</b>	<b>82.5</b>	<b>(8%)</b>	<b>(6%)</b>	<b>224.9</b>	<b>256.4</b>	<b>(12%)</b>	<b>(9%)</b>
Net treasury income	13.5	17.2	(22%)	(20%)	40.5	46.4	(13%)	(11%)
Unrealised gain / (loss)	0.1	(0.3)	-	-	0.2	0.4	-	-
<b>Total income</b>	<b>89.4</b>	<b>99.4</b>	<b>(10%)</b>	<b>(8%)</b>	<b>265.6</b>	<b>303.2</b>	<b>(12%)</b>	<b>(10%)</b>

<sup>1</sup> 2014 includes LME revenue of £12.2m for 3 months and £37.5m for 9 months. Total revenue adjusted for the loss of LME increased 8% for 3 months and 3% for 9 months

## Information Services

Revenue	Three months ended			Organic and constant currency variance <sup>1</sup>	Nine months ended			Organic and constant currency variance <sup>1</sup>
	30 September				30 September			
	2015 £m	2014 £m	Variance %		2015 £m	2014 £m	Variance %	
FTSE Russell Indexes	90.7	48.3	88%	12%	261.9	138.6	89%	10%
Real time data	19.9	21.3	(7%)	(4%)	61.8	65.9	(6%)	(4%)
Other information services <sup>2</sup>	23.1	23.4	(1%)	1%	71.0	68.5	4%	6%
	<b>133.7</b>	<b>93.0</b>	<b>44%</b>	<b>5%</b>	<b>394.7</b>	<b>273.0</b>	<b>45%</b>	<b>6%</b>

<sup>1</sup> Removal Russell Indexes and MTS Indices revenue from FTSE Russell Indexes

<sup>2</sup> includes discontinuing operations revenue of £2.3m (2014: £2.2m) for 3 months and £6.8m (2014: £6.9m) for 9 months

## Technology Services

	Three months ended			Organic and	Nine months ended			Organic and
	30 September			constant	30 September			constant
	2015	2014	Variance	currency	2015	2014	Variance	currency
	£m	£m	%	Variance	£m	£m	%	variance
				%				%
<b>MillenniumIT &amp; other technology</b>	<b>19.8</b>	16.5	20%	20%	<b>58.1</b>	49.4	18%	16%

### Basis of Preparation

Results for the period ended 30 September 2015 have been translated into Sterling using the average monthly exchange rates. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

	Average rate 3 months ended 30 September 2015	Average rate 9 months ended 30 September 2015	Closing rate at 30 September 2015	Average rate 3 months ended 30 September 2014	Average rate 9 months ended 30 September 2014	Closing rate at 30 September 2014
GBP : EUR	1.39	1.38	1.35	1.26	1.23	1.29
GBP : USD	1.55	1.53	1.52	1.67	1.67	1.62

## Appendix – Key performance indicators

### Capital Markets - Primary Markets

	Three months ended			Nine months ended		
	30 September		Variance	30 September		Variance
	2015	2014	%	2015	2014	%
<b>New Issues</b>						
UK Main Market, PSM & SFM	13	14	(7%)	60	62	(3%)
UK AIM	14	24	(42%)	46	88	(48%)
Borsa Italiana	7	10	(30%)	21	22	(5%)
<b>Total</b>	<b>34</b>	<b>48</b>	<b>(29%)</b>	<b>127</b>	<b>172</b>	<b>(26%)</b>
<b>Money Raised (£bn)</b>						
UK New	0.8	2.1	(62%)	7.1	14.1	(50%)
UK Further	4.3	3.8	13%	17.1	12.3	39%
Borsa Italiana new and further	0.4	1.7	(76%)	4.4	9.3	(53%)
<b>Total (£bn)</b>	<b>5.5</b>	<b>7.6</b>	<b>(28%)</b>	<b>28.6</b>	<b>35.7</b>	<b>(20%)</b>

### Capital Markets - Secondary Markets

	Three months ended			Nine months ended		
	30 September		Variance	30 September		Variance
	2015	2014	%	2015	2014	%
<b>Equity</b>						
<b>Totals for period</b>						
UK value traded (£bn)	311	264	18%	965	851	13%
Borsa Italiana (no of trades m)	17.5	14.4	22%	54.6	49.4	11%
Turquoise value traded (€bn)	254	228	11%	825	691	19%
<b>SETS Yield (basis points)</b>	0.62	0.65	(5%)	0.62	0.64	(3%)
<b>Average daily</b>						
UK value traded (£bn)	4.8	4.1	17%	5.1	4.5	13%
Borsa Italiana (no of trades '000)	265	222	19%	286	260	10%
Turquoise value traded (€bn)	3.8	3.5	9%	4.3	3.6	19%
<b>Derivatives (contracts m)</b>						
LSE Derivatives	1.1	1.9	(42%)	3.4	9.8	(65%)
IDEM	11.5	8.9	29%	33.6	28.3	19%
<b>Total</b>	<b>12.6</b>	<b>10.8</b>	<b>17%</b>	<b>37.0</b>	<b>38.1</b>	<b>(3%)</b>
<b>Fixed Income</b>						
MTS cash and BondVision (€bn)	861	998	(14%)	2,996	3,259	(8%)
MTS money markets (€bn term adjusted)	22,728	17,743	28%	67,584	54,412	24%

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

	Three months ended			Nine months ended		
	30 September		Variance %	30 September		Variance %
	2015	2014		2015	2014	
<b>CC&amp;G Clearing</b>						
Contracts (m)	30.2	24.0	26%	91.7	79.9	15%
Initial margin held (average €bn)	12.8	9.3	38%	12.4	10.2	22%
<b>Monte Titoli</b>						
Settlement instructions (trades m)	14.0	14.5	(3%)	48.9	49.2	(1%)
Custody assets under management (average €tn)	3.30	3.36	(2%)	3.31	3.37	(2%)

## Post Trade Services - LCH.Clearnet

	Three months ended			Nine months ended		
	30 September		Variance %	30 September		Variance %
	2015	2014		2015	2014	
<b>OTC derivatives</b>						
<b>SwapClear</b>						
IRS notional cleared (\$trn)	131	159	(18%)	392	505	(22%)
SwapClear members	114	108	6%	114	108	6%
Client trades ('000)	182	104	75%	492	296	66%
<b>CDSClear</b>						
Notional cleared (€bn)	38.5	10.0	285%	104.9	48.4	117%
CDSClear members	11	9	22%	11	9	22%
<b>ForexClear</b>						
Notional value cleared (\$bn)	291	247	18%	813	650	25%
ForexClear members	23	20	15%	23	20	15%
<b>Non-OTC</b>						
Fixed income - Nominal value (€trn)	18.5	19.0	(3%)	55.0	55.6	(1%)
Listed derivatives (contracts m)	38.2	40.7	(6%)	110.8	132.7	(17%)
Cash equities trades (m)	139.2	105.2	32%	410.3	326.9	26%
Average cash collateral (€bn)	58.8	50.9	16%	57.1	46.9	22%

## Information Services

	As at		Variance %
	30 September		
	2015	2014	
<b>Terminals</b>			
UK	75,000	78,000	(4%)
Borsa Italiana Professional Terminals	130,000	129,000	1%
<b>ETFs assets under management benchmarked (\$bn)</b>			
FTSE	206	216	(5%)
Russell Indexes	145	134	8%
Russell Investment Management AuM (\$bn) <sup>1</sup>	237	275	(14%)

## Total Income – Quarterly

£ millions	<u>CY 2014</u>				<u>CY 2014</u>	<u>CY 2015</u>		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Primary Markets	20.7	25.3	20.1	22.7	88.8	21.4	24.0	19.1
Secondary Markets - Equities	36.3	34.5	32.5	35.9	139.2	38.2	36.5	35.1
Secondary Markets - Fixed income, derivatives & other	27.2	27.2	25.0	25.8	105.2	26.3	23.6	22.9
<b>Capital Markets</b>	<b>84.2</b>	<b>87.0</b>	<b>77.6</b>	<b>84.4</b>	<b>333.2</b>	<b>85.9</b>	<b>84.1</b>	<b>77.1</b>
Clearing	10.4	10.2	8.2	9.3	38.2	10.0	9.8	9.4
Settlement, Custody & other	14.6	15.8	13.8	14.1	58.3	13.4	13.6	12.4
<b>Post Trade Services - CC&amp;G and Monte Titoli</b>	<b>25.0</b>	<b>26.0</b>	<b>22.0</b>	<b>23.4</b>	<b>96.5</b>	<b>23.4</b>	<b>23.4</b>	<b>21.8</b>
OTC - SwapClear, ForexClear & CDSClear	33.2	34.1	34.5	36.4	138.2	36.5	38.8	39.4
Non OTC - Fixed income, Cash equities & Listed derivatives	44.5	43.6	41.7	29.8	159.8	29.0	28.9	30.0
Other	13.0	5.5	6.3	6.8	31.4	8.4	7.5	6.4
<b>Post Trade Services - LCH.Clearnet</b>	<b>90.7</b>	<b>83.2</b>	<b>82.5</b>	<b>73.1</b>	<b>329.4</b>	<b>73.9</b>	<b>75.2</b>	<b>75.8</b>
FTSE Russell Indexes	45.9	44.4	48.3	58.2	196.8	85.0	86.2	90.7
Real time data	23.3	21.3	21.3	18.4	84.3	21.3	20.7	19.9
Other information	22.8	22.3	23.4	23.4	91.9	24.5	23.3	23.1
<b>Information Services</b>	<b>92.0</b>	<b>88.0</b>	<b>93.0</b>	<b>100.0</b>	<b>373.0</b>	<b>130.8</b>	<b>130.2</b>	<b>133.7</b>
<b>Technology Services</b>	<b>18.6</b>	<b>14.3</b>	<b>16.5</b>	<b>16.6</b>	<b>66.0</b>	<b>19.7</b>	<b>18.6</b>	<b>19.8</b>
<b>Russell Investment Management (gross)</b>				<b>79.7</b>	<b>79.7</b>	<b>246.7</b>	<b>251.5</b>	<b>237.4</b>
<b>Other</b>	1.3	1.4	1.1	1.6	5.4	0.8	0.8	0.5
<b>Total Revenue</b>	<b>311.8</b>	<b>299.9</b>	<b>292.7</b>	<b>378.8</b>	<b>1,283.2</b>	<b>581.1</b>	<b>583.9</b>	<b>566.1</b>
<b>Net treasury income through CCP:</b>								
CC&G	9.4	7.5	8.0	7.7	32.6	6.8	6.6	7.7
LCH.Clearnet	14.1	15.1	17.2	13.6	60.0	13.4	13.6	13.5
Other income	1.9	2.1	0.4	0.9	5.3	1.7	1.7	2.0
<b>Total income</b>	<b>337.2</b>	<b>324.6</b>	<b>318.3</b>	<b>401.0</b>	<b>1,381.1</b>	<b>603.0</b>	<b>605.8</b>	<b>589.3</b>

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