



London Stock Exchange Group plc

Interim results
Six months ended 30 June 2019

1 August 2019



Financial highlights



Strong financial performance

Total income

+8%

£1,140m

(2018 H1: £1,060m)

Gross profit

+8%

£1,031m

(2018 H1: £954m)

Underlying expenses

-2%

on a constant currency basis,
while investing for growth

£406m (2018 H1: £407m)

Adjusted EBITDA

+14%

£621m

(2018 H1: £544m)

AEPS

+13%

100.6p

(2018 H1: 88.7p)

Interim dividend

+17%

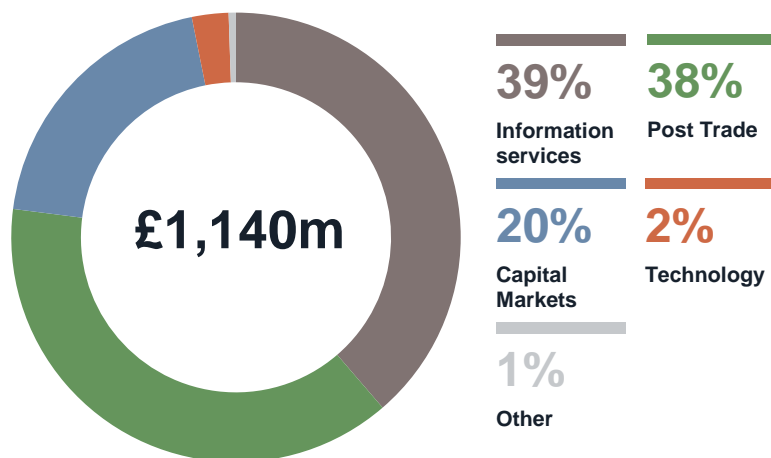
20.1p per share

(2018 H1: 17.6p)



Income by segment

LSEG 2019 H1 Total Income by segment



	Six months ended 30 June			Constant currency variance %
	2019 £m	2018 £m	Variance %	
Continuing operations				
Revenue				
Information Services	441	412	7%	4%
Post Trade Services - LCH	266	237	12%	12%
Post Trade Services - CC&G and Monte Titoli	51	52	(1%)	(0%)
Capital Markets	226	215	5%	5%
Technology	30	32	(6%)	(7%)
Other revenue	4	5	-	-
Total revenue	1,018	953	7%	5%
Net treasury income through CCP businesses	120	104	16%	14%
Other income	2	3	-	-
Total income	1,140	1,060	8%	6%
Cost of sales	(109)	(106)	3%	2%
Gross profit	1,031	954	8%	7%

Strong growth

FTSE Russell

9%

FTSE Russell revenue up 9% (up 4% at constant currency)

LCH

14%

LCH OTC clearing revenue up 14% (up 12% at constant currency)

H1 2019 vs H1 2018 income and cost of sales changes

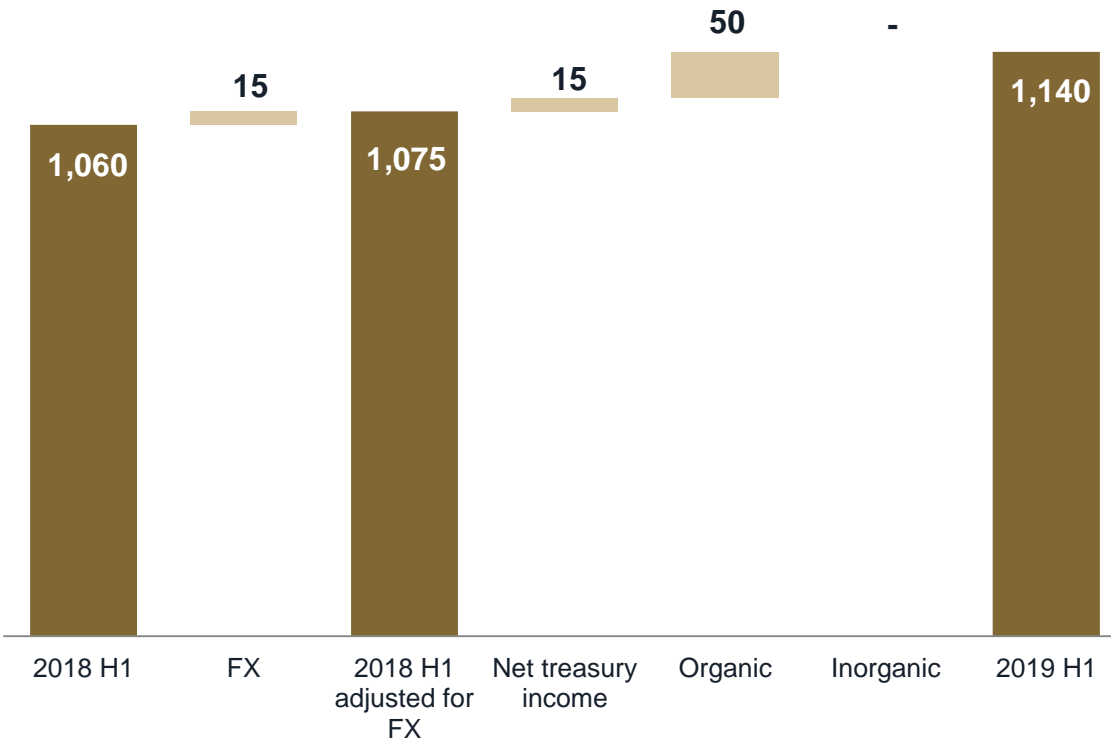
- Capital Markets: Primary Markets revenue has increased by c.£32 million in H1 2019 due to a change in estimate relating to IFRS 15. This is due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised. Under this new treatment, it is estimated the impact on Primary Markets will be an increase in revenue of £1 million on an annual basis.
- LCH cost of sales reduced due an updated SwapClear agreement with partner banks, announced at Q1 2019

All income is on an organic basis as there has been no inorganic income seen in either period.

Income growth

Strong organic growth from investment in new products

LSEG income (£m)



LCH net treasury income

LCH NTI up 16% to £96m

Cash collateral driven by:

- Volumes
- Volatility

Income driven by

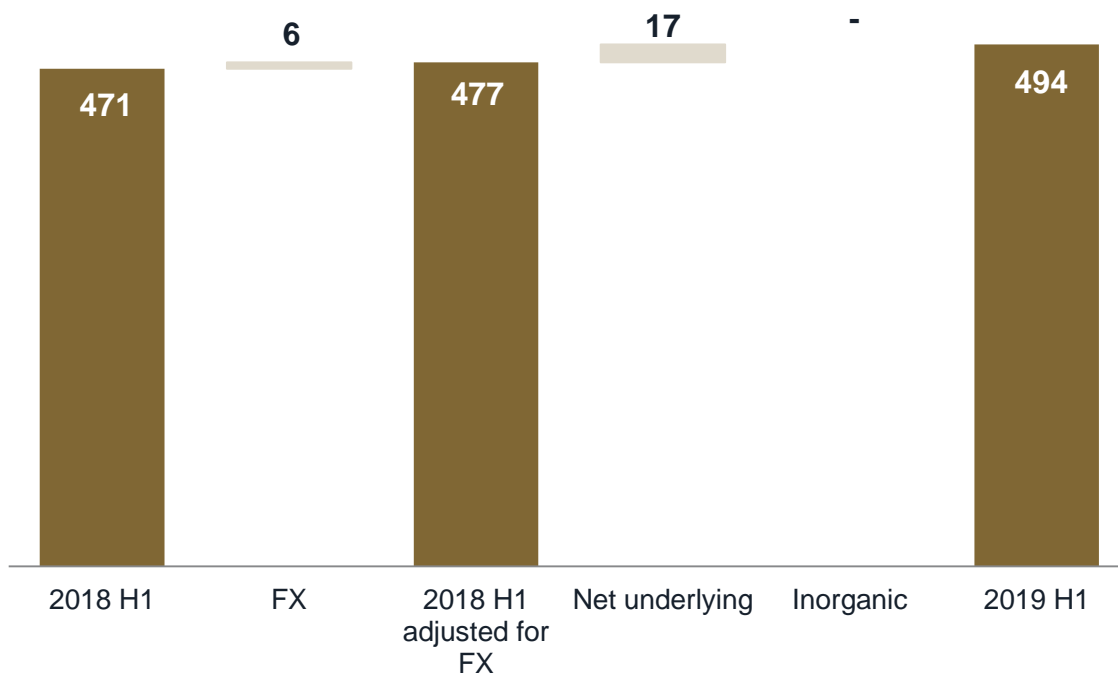
- Quantum of cash margin
- Expansion of counterparties
- Active asset allocation

Note: Figures include continuing operations only. There has been no inorganic income during either period

Operating expenses

Underlying expenses down -2% (before depreciation and amortisation, on a constant currency basis)

LSEG expenses including depreciation (£m)



Organic investment in recent periods driving depreciation

Operating expenses before depreciation and amortisation £406m (2018 H1: £407m)

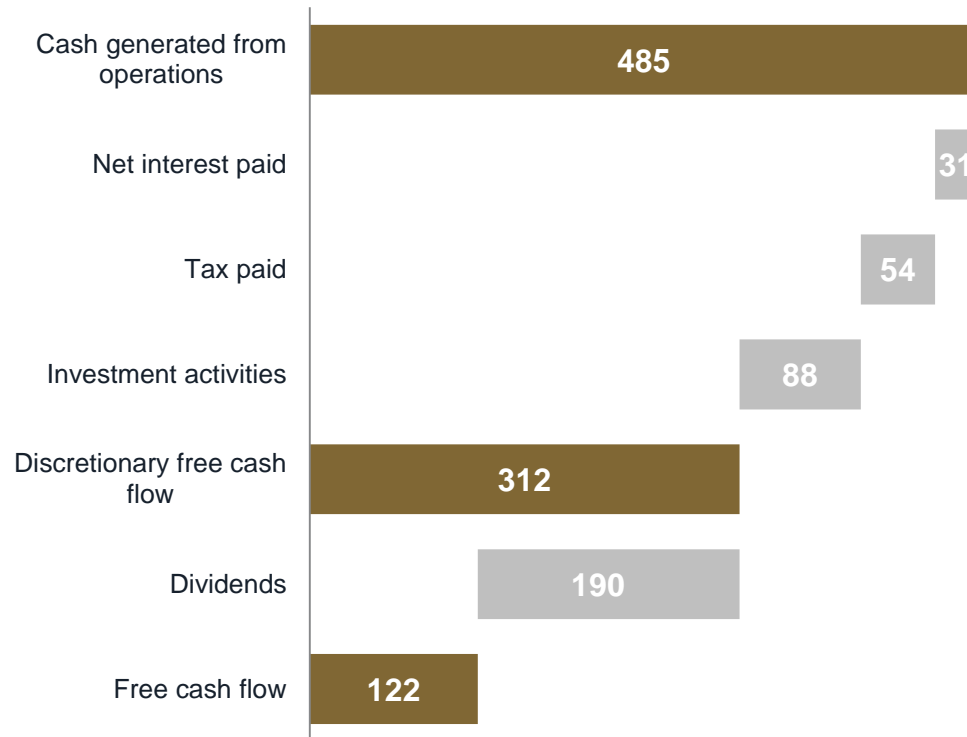
Depreciation £88m (2018 H1: £64m)

Due to phasing of spend during the year 2019 H2 operating expenses (including depreciation and amortisation) expected to be higher than H1 by c.£25m

2019 underlying tax rate: **22.9%**, with reported H1 tax rate **24.1%** (including one-offs)

Note: Figures include continuing operations only. There have been no inorganic expenses during either period

Summarised cash flow – H1 2019



£89m capex – mainly business and corporate technology upgrades, acquisition integration, regulatory changes and new projects

Discretionary free cash flow remains strong at **89.7p** per share¹ (2018 H1: 56.6p)

Investment activities excludes 2019 H1 acquisitions:

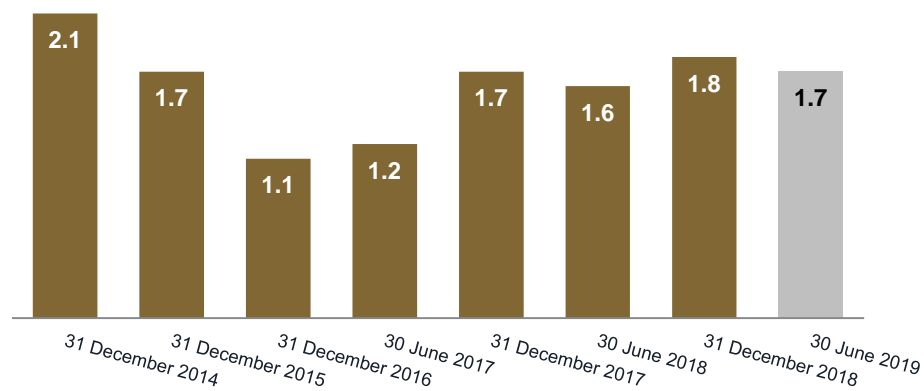
- Euroclear 4.92% minority stake for €278 million (£244 million)
- Nivaura minority stake
- Beyond Ratings

¹ Based on weighted average shares in issue for the period of 2019 H1: 348m, 2018 H1 346m

Note: Net interest paid includes royalties paid. Investment activities includes capital expenditure, investment in associates and proceeds from disposal of assets

Financial position

Leverage¹



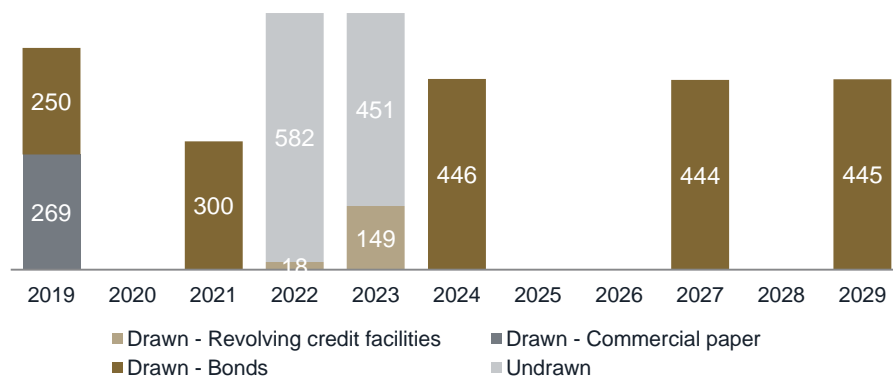
30 June 2019

Operating net debt **£1.9bn**
(31 December 2018: £1.9bn)

Net debt: adjusted EBITDA 1.7x (excluding £1bn restricted cash)

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

Debt maturity profile



Ratings

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

LCH LTD & SA: S&P long term **AA-** with **stable** outlook

¹ Pro forma as if acquisitions held for the complete year



Operational Highlights

Strategy delivering strong results

Strong financial results:

- Strong financial performance in H1 despite challenging market conditions
- Continued good growth in Information Services and Post Trade

Continued execution of strategy:

- Focus on Group-wide collaboration to drive product innovation and development of growth opportunities
- Continued successful execution of strategy aligned with core principles of Open Access and Customer Partnership

Well positioned to benefit from global growth trends:

- Acquisition of Beyond Ratings, a highly regarded provider of Environmental, Social and Governance (ESG) data for fixed income investors
- Acquisition of a 4.9% stake in Euroclear with a seat on the Board, which will help strengthen the existing commercial relationships between the businesses
- Shanghai-London Stock Connect launched and welcomed its first issuer Huatai Securities, raising over \$1.5bn on London's Shanghai segment

Information Services



- Leading global multi-asset provider with **~\$15tn** assets benchmarked
- ETF AuM benchmarked **\$705bn**, including smart beta ETF **\$222bn**
- Authorised as EU-based Administrator under new European Benchmark Regulation

Continued expansion of offering by product and location

Global expansion

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

ETFs

- \$705bn ETF AuM benchmarked by 65 issuers to FTSE Russell Indexes
- Positive global secular trends, active to passive

ESG

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

Smart beta / Factor

- Smart beta ETF AuM of \$222bn
- Factor, multi factor, ESG & risk based indexes across multiple asset classes

Fixed income

- Yield Book performing well
- Launched Climate WGBI; allows sovereign debt investors to incorporate climate change risk considerations within Fixed Income portfolios

Unique content & IP

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

~\$15tn

Leading global multi-asset provider with ~\$15tn assets benchmarked

\$705bn

ETF AuM benchmarked at the end of June 2019

\$222bn

Smart beta ETF AuM at the end of June 2019

SwapClear

Continued global leadership in OTC rates clearing

SwapClear KPIs 2019 H1:

- **\$660tn record** notional cleared (2018 H1: \$574tn) **up 15%**
- **807k record** number Client trades cleared (2018 H1: 771k) **up 5%**
- **\$459tn record** total notional compressed (2018 H1: \$388tn) **up 18%**
 - In 2018, saving customers **c.\$39.5bn** in capital
- LCH SwapClear **26 currencies** cleared; **non-deliverable interest rate swaps** have seen **\$8tn** cleared since launching in April 2018 with 5 additional currencies added in March 2019
- **Alternative reference rates clearing launched;**
 - **SOFR** Secured Overnight Financing Rate for USD swaps
 - **SONIA** Sterling Overnight Index Average
 - **SARON** Swiss Average Rate Overnight

90%+

Share of clearing notional value (member and client)

+15%

Growth in notional cleared in 2019 H1 to \$660 trillion

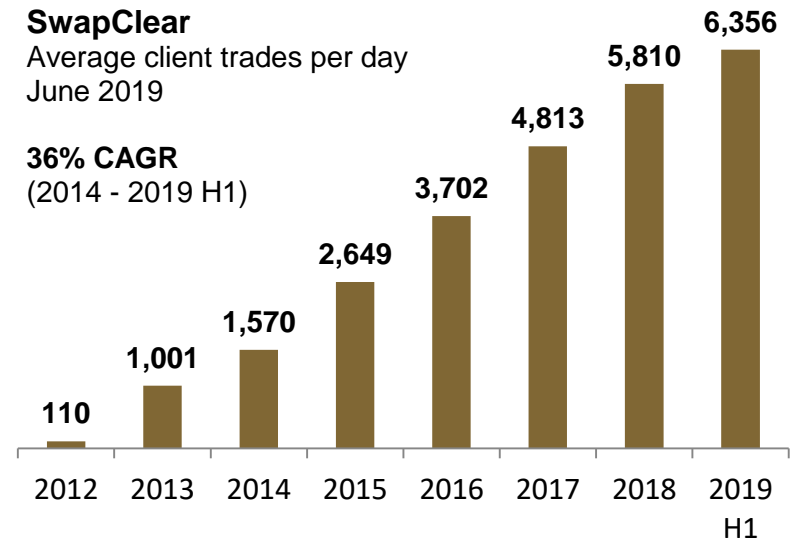
+5%

Growth in number of client trades cleared in 2019 H1 to 807k

SwapClear

Average client trades per day
June 2019

36% CAGR
(2014 - 2019 H1)



ForexClear and RepoClear

ForexClear

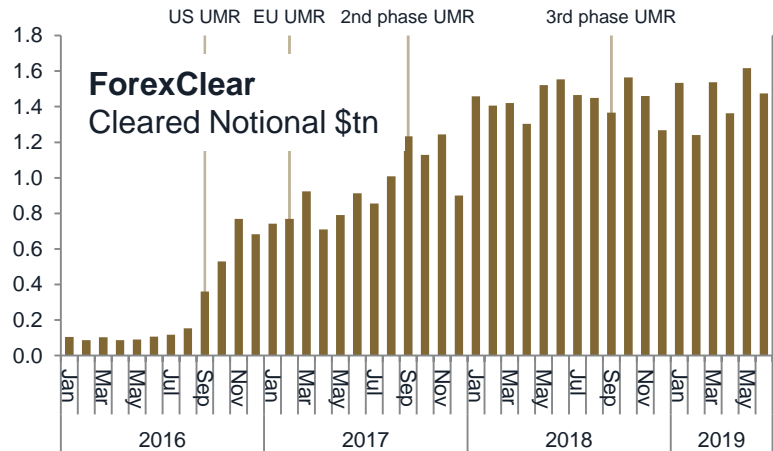
Expanding beyond position as the leading NDF clearing platform

+7%

In trade count 2019
H1 1.3m trades
(2018 H1 1.3m
trades)

97%

Of NDF clearing
notional is at
ForexClear ¹



¹ Source: ClarusFT January 2019

Uncleared Margin Rules phase-in began in the US, September 2016 and Europe, February 2017, further phases have been introduced each September since and will continue until 2021

RepoClear

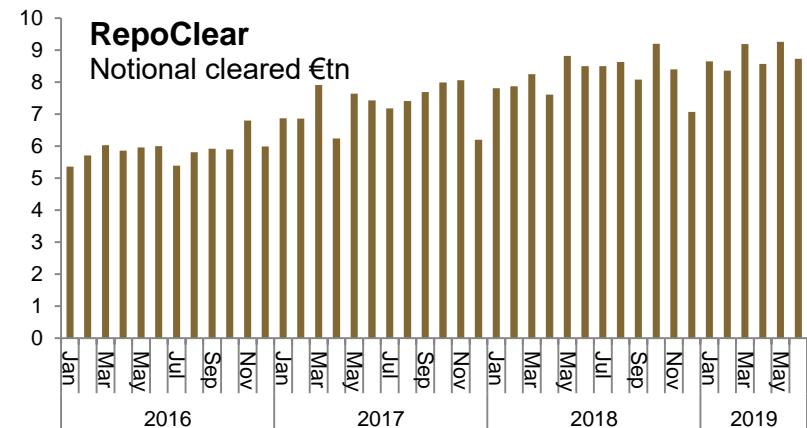
Continued European leadership in Repo clearing

+8%

Notional cleared
2019 H1: €53tn
(2018 H1: €49tn)

20yrs

Of clearing liquidity,
delivering capital and
operational
efficiencies through
netting



Capital Markets

Primary Markets

- London Stock Exchange #1 in Europe for number of IPOs
- Money Raised by equity issuance £15bn, up 1% on 2018 H1 Group-wide
- Growth in number of new issues and ETP listings at Borsa Italiana
- 204 AIM companies raised £2.1bn in equity

Secondary Markets

- Strong growth at MTS money markets (Repo), with value traded up 31%
- UK equity average daily value traded £4.7bn down 24%, Borsa Italiana average daily trades down 20%

Turquoise Plato dark book – remains largest European dark pool

- Turquoise Plato Block Discovery traded **€49bn**

CurveGlobal

- SONIA® three month futures contract launched April 2018, over 1 million lots traded. SONIA® one month futures, launched on 29 July 2019

Shanghai-London Stock Connect

- Launched with first listing in June 2019

£15bn

Raised by equity issuance

+1m

SONIA three month futures contracts traded at CurveGlobal

211%

Growth in lots traded on CurveGlobal, 2019 H1: 3.7m (2018 H1: 1.2m)

Brexit - LSEG well positioned

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

Global business, balanced portfolio	Global business, balanced portfolio of assets across listing, trading, index and clearing services in the UK, EU, United States and Asia
Global clearing operations	Clearing houses operate globally across 59 jurisdictions with equivalence and enhanced cooperative regulation arrangements
Diversified mix of revenues	Revenues earned in a variety of currencies – over 50% income non-GBP
No discernible change in customer behaviour	Committed to supporting customers as they prepare contingency plans, but no discernible change in customers' current behaviour across listing, trading, index and clearing businesses
Additional licence and regulatory preparations in hand	<p>LCH Ltd recognised as a third country (TC) EMIR CCP to provide EU customers with continued access, with EMIR 2.2 engagement in progress</p> <p>LCH SA and CC&G allowed under the Bank of England Temporary Recognition Regime (TRR), to continue to offer clearing services and activities in the UK for up to 3 years under a Hard Brexit scenario</p> <p>UnaVista, TRADEcho and Turquoise received regulatory authorisation in The Netherlands; Businesses prepared should a EU27 location be needed to serve EU customers in Hard Brexit scenario</p> <p>MTS has established two MTF markets in Italy to replace markets operated by EuroMTS from the UK</p>

Progress on 2019 financial targets

Target

FTSE Russell

Double-digit growth to continue 2017-2019

LCH

OTC revenue growth to continue at double-digit 2017-2019

LCH

Adjusted EBITDA margin growth - approaching 50% by 2019 (2016: 35.6%, 2017: 43.6%)

Group adjusted EBITDA margin growth

Progress

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

2019 H1: up 9%, up 4% constant currency

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

2019 H1: up 14%, up 12% constant currency

2018: 45.9%

2019 H1: 51.2%

2019 H1: 54.5% (2018: 49.9%)

Summary



Continued execution of strategy

Benefitting from global trends



Strong financial results

Good progress in delivery of three-year financial targets



Well positioned to drive further growth

Multiple growth opportunities, operating on an Open Access basis in partnership with customers



Appendices

Notes

Adjusted operating profit, Adjusted EBITDA and Adjusted basic earnings per share

- excludes amortisation and impairment of purchased intangible assets and goodwill and non-underlying items, to enable comparison of the underlying earnings of the business with prior periods.

Adjusted earnings per share

Based on number of shares 348m (2018 H1: 346m), excludes ESOP

Exchange rates

	Average rate 6 months ended 30 June 2019	Closing rate at 30 June 2019	Average rate 6 months ended 30 June 2018	Closing rate at 30 June 2018
GBP : EUR	1.15	1.12	1.14	1.13
GBP : USD	1.29	1.27	1.38	1.32

A €10c movement in the average £/€ rate for the six months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £14 million.

A \$10c movement in the average £/\$ rate for the twelve months would have changed the Group's continuing operating profit for the period before amortisation of purchased intangibles and non-underlying items by approximately £15 million.

Interim dividend 20.1p per share, calculated as one-third of the prior full year dividend, record date 23 August 2019 and payment date 17 September 2019

H1 2019 vs H1 2018 income and cost of sales changes

- Capital Markets: Primary Markets revenue has increased by c.£32 million in H1 2019 due to a change in estimate relating to IFRS 15. This is due to a reduction in the length of time initial admissions and further issue revenues are required to be recognised. Under this new treatment, it is estimated the impact on Primary Markets will be an increase in revenue of £1 million on an annual basis
- LCH cost of sales reduced due an updated SwapClear agreement with partner banks, announced at Q1 2019

All income is on an organic basis as there has been no inorganic income seen in either period



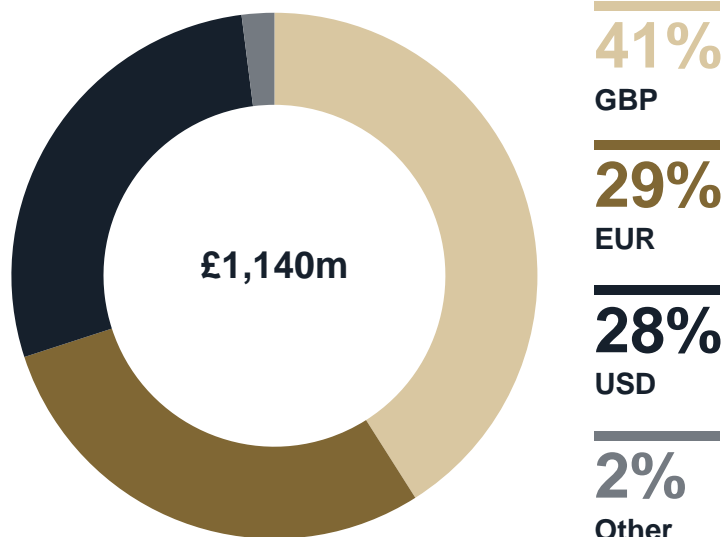
Overview of results

	Six months ended 30 June			Constant currency variance
	2019 £m	2018 £m	Variance %	%
Total income	1,140	1,060	8%	6%
Cost of sales	(109)	(106)	3%	2%
Gross profit	1,031	954	8%	7%
Operating expenses before depreciation, amortisation and impairment	(406)	(407)	-	(2%)
Underlying depreciation, amortisation and impairment	(88)	(64)	37%	37%
Total operating expenses	(494)	(471)	5%	4%
Share of profit / (loss) after tax of associates	(4)	(3)	20%	20%
Adjusted operating profit¹	533	480	11%	9%
Add back underlying depreciation, amortisation and impairment	88	64	37%	37%
Adjusted earnings before interest, tax, depreciation, amortisation and impairment¹	621	544	14%	13%
Amortisation and impairment of purchased intangibles and goodwill and non-underlying items	(134)	(87)	55%	51%
Operating profit	399	393	2%	-
Net finance expense	(36)	(33)	8%	7%
Adjusted profit before tax¹	497	447	11%	10%
Effective tax rate	24.1%	22.6%		
Basic earnings per share (p)	70.7	71.1	(1%)	
Adjusted earnings per share (p)¹	100.6	88.7	13%	
Dividend per share (p)	20.1	17.2	17%	

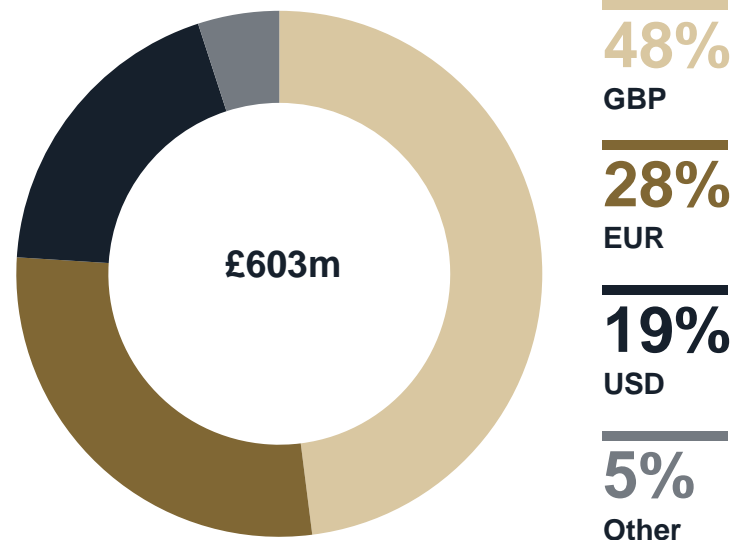
Diversified by currency

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

2019 H1 Income



2019 H1 Underlying Expenses



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

ForexClear – The FX Opportunity

Economic incentives increasingly driving FX products into scope for central clearing

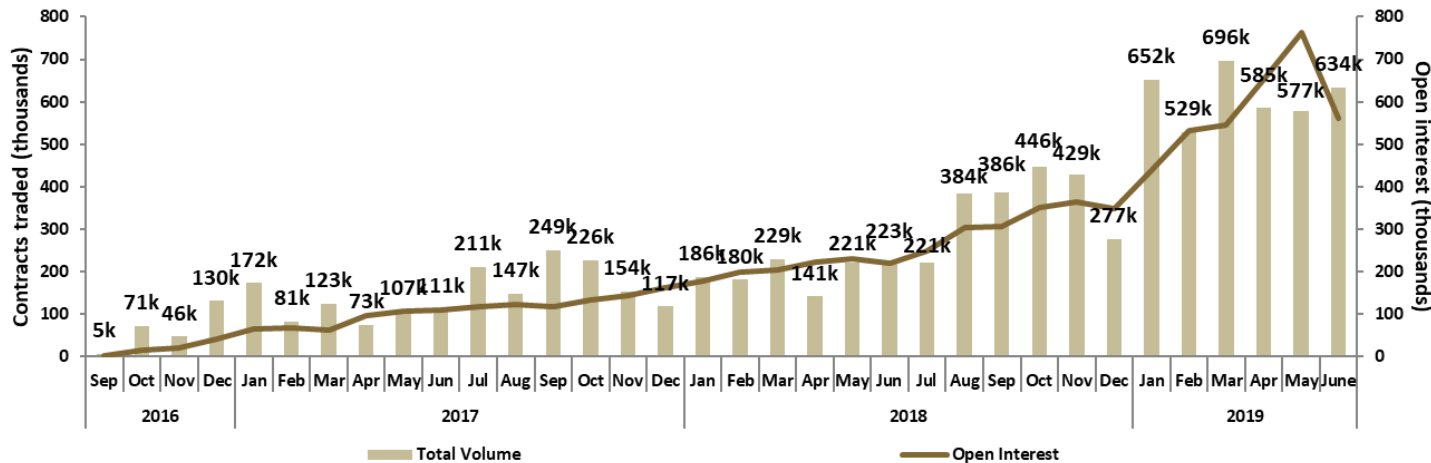
LCH well positioned to address capital and margin challenges within the vast \$5.1tr daily FX market

Instrument Category	Average Daily Turnover ⁽¹⁾	LCH offering	
NDFs	\$134bn	Live today	Current ForexClear offering
Vanilla Options	\$151bn	Live today	
NDOs	\$22bn	Aim to launch late 2019 / early 2020 ⁽²⁾	2019/2020 ForexClear focus
FX Swaps & Deliverable Forwards	\$2,944bn	Aim to launch in 2019 ⁽²⁾	
Spot	\$1,652bn	Some clears as FX Option hedges	
Currency Swaps	\$82bn	Shorter-dated Currency Swaps are likely to clear in time alongside FX swaps	2021+ likely ForexClear focus
Exotics	\$81bn	Potential to clear some first generation exotics is growing as impediments fall away	

(1) Source: BIS Triennial Central Bank Survey Global foreign exchange market turnover in 2016 (Dec 2016); (2) New products subject to regulatory approvals



CurveGlobal



156%
Rise in open interest
on platform in last 12
months

- **3.7m** lots traded in 2019 H1, **up 211%** (2018 H1: 1.2m)
- **156% rise** in open interest on platform in last 12 months to June 2019, to 561k lots (June 2018: 218k)
- SONIA® three month future contracts launched April 2018, over 1 million lots traded to end June 2019. SONIA® one month future contracts launched in July 2019
- LCH Spider II launched long term interest rate clearing 2018 Q4
- MiFID II Best execution – Banks smart order routers being deployed across futures

Customer partnership model delivering choice, innovation and low cost service

Key performance indicators

Information Services

	As at		Variance %
	30 June		
	2019	2018	
ETF assets under management benchmarked (\$bn)			
FTSE	421	387	9%
Russell Indexes	284	259	10%
Total	705	646	9%

Terminals

UK	66,000	68,000	(3%)
Borsa Italiana Professional Terminals	100,000	109,000	(8%)

Post Trade Services - CC&G and Monte Titoli

	Six months ended		Variance %
	30 June		
	2019	2018	
CC&G Clearing			
Contracts (m)	50.1	62.5	(20%)
Initial margin held (average €bn)	14.0	9.7	44%
Monte Titoli			
Settlement instructions (trades m)	21.5	23.9	(10%)
Custody assets under management (average €tn)	3.30	3.30	0%

Post Trade Services - LCH

	Six months ended		Variance %
	30 June		
	2019	2018	
OTC derivatives			
SwapClear			
IRS notional cleared (\$tn)	660	574	15%
SwapClear members	120	109	10%
Client trades ('000)	807	771	5%
CDSClear			
Notional cleared (€bn)	348	325	7%
CDSClear members	26	14	86%
ForexClear			
Notional value cleared (\$bn)	8,767	8,664	1%
ForexClear members	34	32	6%
Non-OTC			
Fixed income - Nominal value (€tn)	52.7	48.8	8%
Listed derivatives (contracts m)	73.0	76.9	(5%)
Cash equities trades (m)	349	414	(16%)
Average cash collateral (€bn)	91.8	85.9	7%



Key performance indicators

Capital Markets - Primary Markets

	Six months ended		Variance %
	30 June		
	2019	2018	
New Issues			
UK Main Market, PSM & SFM	28	38	(26%)
UK AIM	15	36	(58%)
Borsa Italiana	15	13	15%
Total	58	87	(33%)
Money Raised (£bn)			
UK New	2.7	1.9	42%
UK Further	10.8	10.8	0%
Borsa Italiana new and further	1.9	2.5	(24%)
Total (£bn)	15.4	15.2	1%

Capital Markets - Secondary Markets

	Six months ended		Variance %
	30 June		
	2019	2018	
Equity			
Totals for period			
UK value traded (£bn)	583	769	(24%)
Borsa Italiana (no of trades m)	31.1	39.4	(21%)
Turquoise value traded (€bn)	311	464	(33%)
SETS Yield (basis points)	0.69	0.62	11%
Average daily			
UK value traded (£bn)	4.7	6.2	(24%)
Borsa Italiana (no of trades '000)	249	312	(20%)
Turquoise value traded (€bn)	2.5	3.7	(32%)
Derivatives (contracts m)			
LSE Derivatives	1.6	4.1	(61%)
IDEM	16.8	20.7	(19%)
Total	18.4	24.8	(26%)
Fixed Income			
MTS cash and BondVision (€bn)	1,650	1,888	(13%)
MTS money markets (€bn term adjusted)	57,749	43,964	31%



Income & gross profit

£ millions	2018				2018	2019		2019
	Q1	Q2	Q3	Q4		Q1	Q2	
Index - Subscription	89	96	94	94	373	99	104	203
Index - Asset based	52	53	59	55	219	52	60	112
FTSE Russell	141	149	153	149	592	151	164	315
Real time data	24	23	23	24	94	24	24	48
Other information	36	39	36	44	155	39	39	78
Information Services	201	211	212	217	841	214	227	441
OTC - SwapClear, ForexClear & CDSClear	66	64	65	73	268	76	72	148
Non OTC - Fixed income, Cash equities & Listed derivatives	33	34	34	35	136	34	35	69
Other	19	21	21	22	83	24	25	49
Post Trade Services - LCH	118	119	120	130	487	134	132	266
Clearing	10	12	10	9	41	11	11	22
Settlement, Custody & other	18	12	15	16	61	14	15	29
Post Trade Services - CC&G and Monte Titoli	28	24	25	25	102	25	26	51
Primary Markets	29	33	20	31	113	28	62	90
Secondary Markets - Equities	45	44	39	41	169	37	37	74
Secondary Markets - Fixed income, derivatives & other	33	31	30	31	125	32	30	62
Capital Markets	107	108	89	103	407	97	129	226
Technology	13	19	16	17	65	14	16	30
Other	3	2	2	2	9	2	2	4
Total Revenue	470	483	464	494	1,911	486	532	1018
Net treasury income through CCP:								
CC&G	10	11	11	11	43	11	13	24
LCH	38	45	46	46	175	48	48	96
Other income	2	1	1	2	6	1	1	2
Total income	520	540	522	553	2,135	546	594	1,140
Cost of sales	(56)	(50)	(57)	(64)	(227)	(56)	(53)	(109)
Gross profit	464	490	465	489	1,908	490	541	1,031

Contacts

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

Gaurav Patel
Investor Relations Manager
Tel: +44 (0)20 7797 1154
email: gpatel@lseg.com

Ian Hughes
Investor Relations Executive
Tel: +44 (0)20 7797 3334
email: ihughes@lseg.com

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

For information on the Group:
www.lseg.com

