

LONDON STOCK EXCHANGE GROUP

Continued strong growth; well-positioned

H1 2022 results



LSEG

Welcome

- **Continued strong growth**
David Schwimmer, CEO
- **Strong H1 2022 financial performance**
Anna Manz, CFO
- **Delivering and building in H1**
David Schwimmer, CEO
- **Q&A**

Delivering on our strategy in H1

-
- Strong and broad-based growth
 - Realising benefits of accelerating integration
 - Strong focus on execution to accelerate growth and scalability
 - Further enhancing our customer offering

Strong H1 performance; delivering on our financial targets

	DELIVERY IN H1 2022		TARGET
Total income growth	7.0% ⁽¹⁾	10.2% growth on a headline basis	5-7% 2020-23 CAGR ✓
EBITDA margin⁽²⁾	48.8%	50.4% EBITDA margin including non-cash FX-related balance sheet gain	At least 50% ✓ by exit 2023
Revenue synergies	£44m run-rate	Full year expected to be at the top end of the previously stated £40-60m target	>£225m ✓ run-rate basis by end 2025 ⁽³⁾
Cost synergies	£220m run-rate	Targeting £250m run-rate savings by year end; up from previous guidance of £220m	>£400m ✓ run-rate basis by end 2025 ⁽³⁾
Leverage	Target delivered; announcing £750m share buyback		1.0-2.0x ✓✓ 2 years post-completion ⁽⁴⁾

With the exception of EBITDA margin, all guidance is on a constant currency basis and does not factor in any movements in currencies, notably USD and EUR versus GBP

All figures and prior year comparative performance are on a pro-forma basis

(1) Total income (excl. recoveries) and the impact of the deferred revenue accounting adjustment, excluding impact of actions relating to Ukraine/Russia

(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA / Total Income (excl. recoveries) and excluding the non-cash FX-related balance sheet gain in H1 2022

(3) Revenue and cost synergy targets run to 31 December 2025. Cost synergy target raised in March 2022 from an initial target of £350m

(4) 24 months from the date of completion of the Refinitiv transaction: 29 January 2021, target achieved at FY 2021

Well-positioned for the current environment

Diversified
across
geography,
products and
customers

Services more
important than
ever in solving
customer's
business
critical issues

Interest rate
volatility
supports
volume growth

Multiple levers
to manage
costs

“Balance sheet
light” business
model

A compelling proposition

- **High quality assets in growing markets**
- **High proportion of recurring, diversified revenues**
- **Strong focus on execution to accelerate growth and scalability**
- **Active capital allocation; announcing £750m buyback**
- **Investing for further growth**



Strong H1 2022 financial performance

Anna Manz, CFO

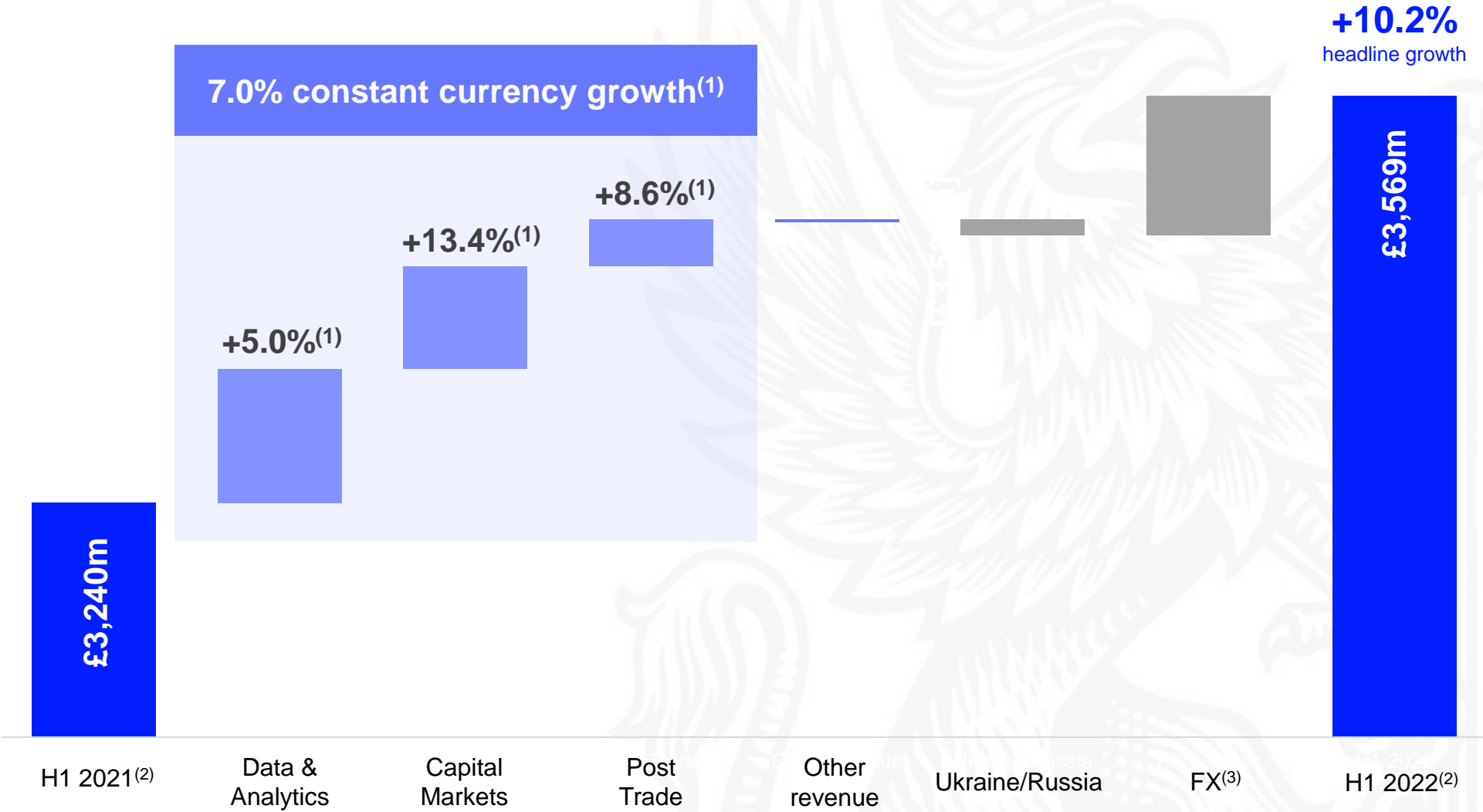


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Delivering another strong half

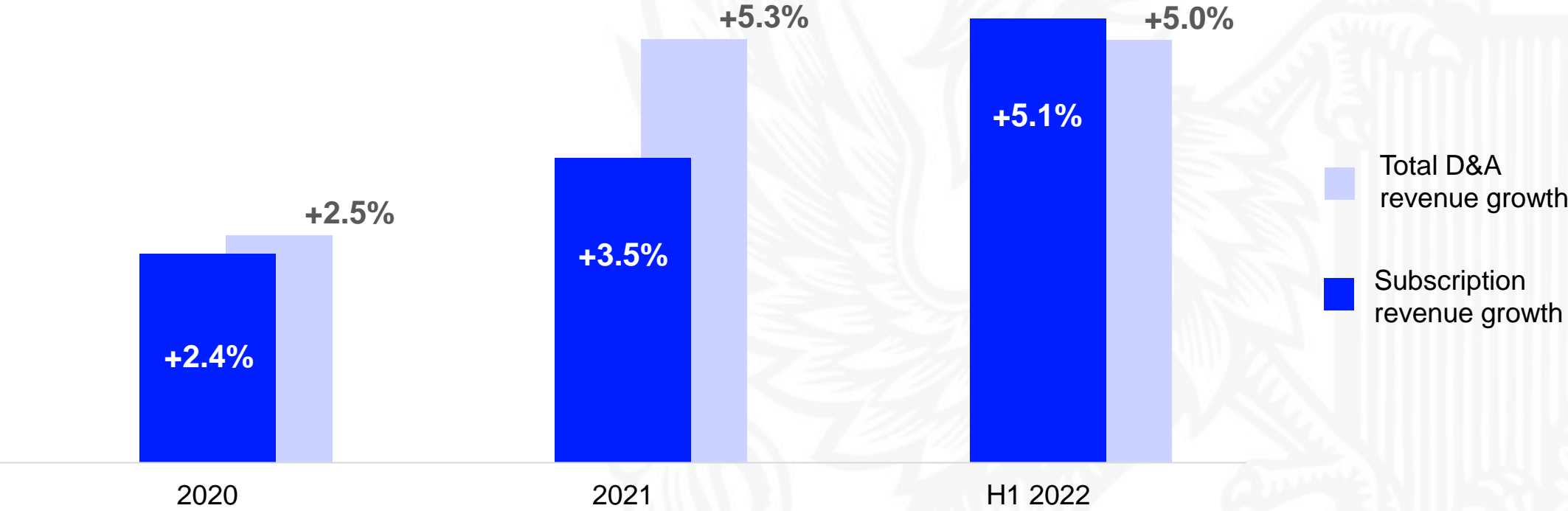
-
- H1 2022 progress across all divisions, continuing into H2
 - Growing contribution from revenue synergies; accelerated delivery of cost synergies
 - On-track to deliver 5-7% revenue CAGR⁽¹⁾; margin guidance unchanged
 - Robust cash generation supporting investment and shareholder returns; commencement of share buyback programme
 - Further progress in building a faster growing, more efficient business

Strong revenue growth across all three divisions



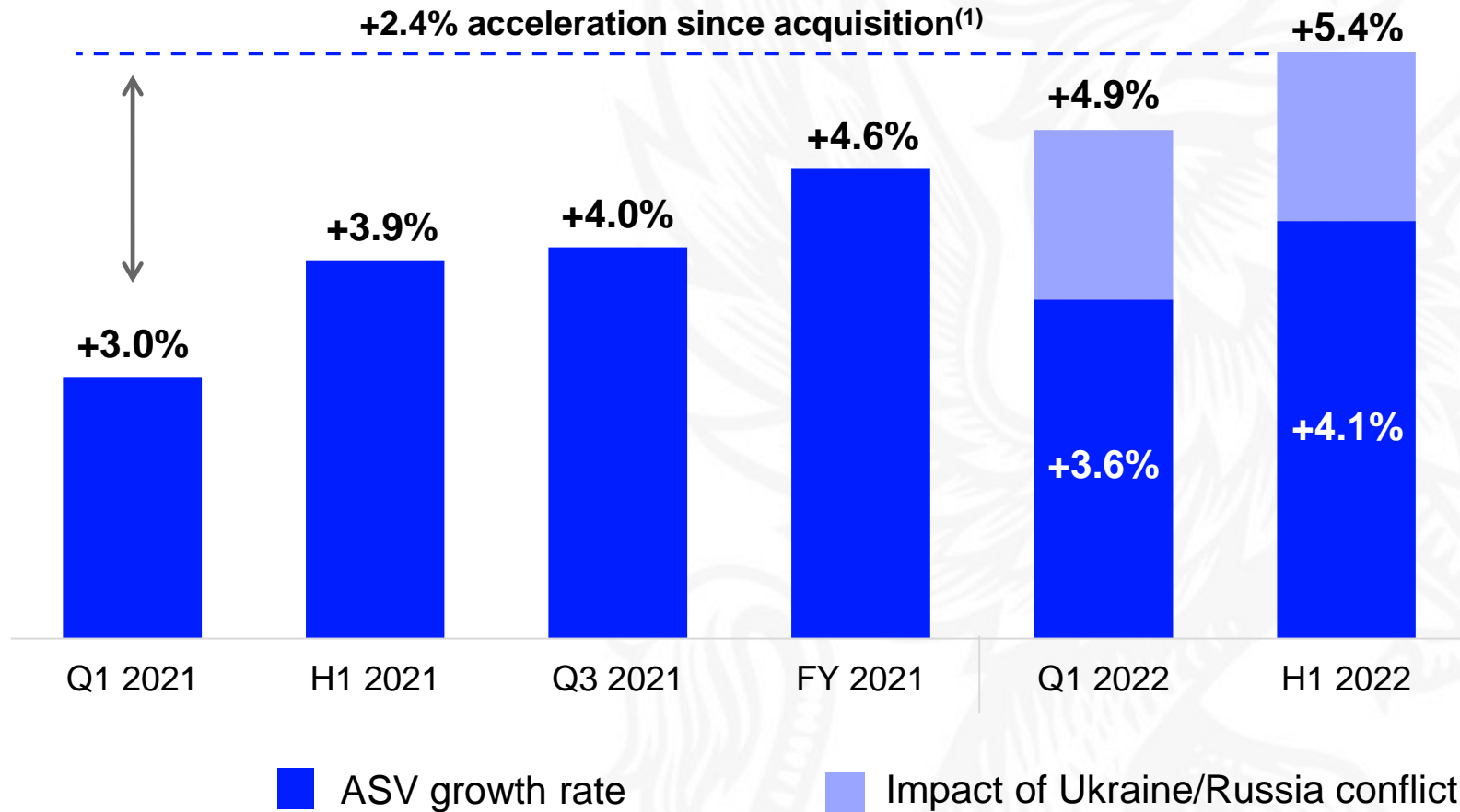
(1) Growth is on a constant currency basis excluding the impact of the deferred revenue accounting adjustment and the impact of actions relating to Ukraine/Russia
 (2) Total income excl recoveries, on a pro-forma basis
 (3) Includes the impact of the one-time deferred revenue accounting adjustment in FY21 relating to the acquisition of Refinitiv

Data & Analytics: accelerating subscription revenue growth

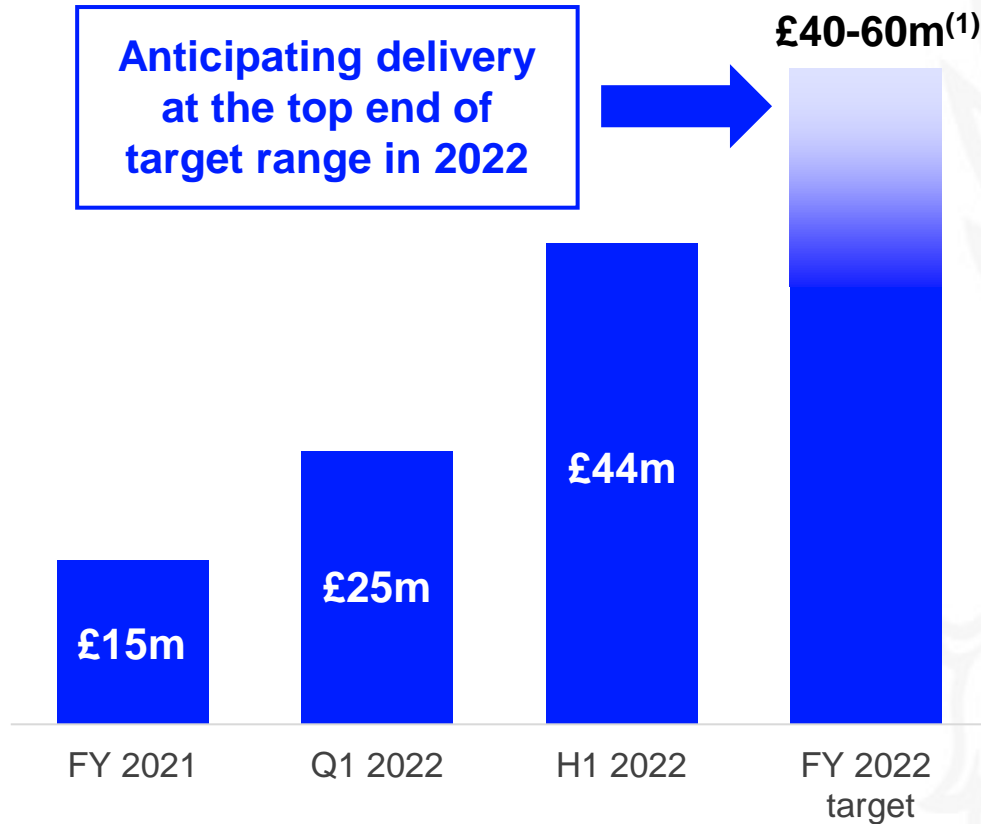


c.93% of Data & Analytics revenues are subscription-based

Annual Subscription Value growth continues to improve



Delivering revenue synergies

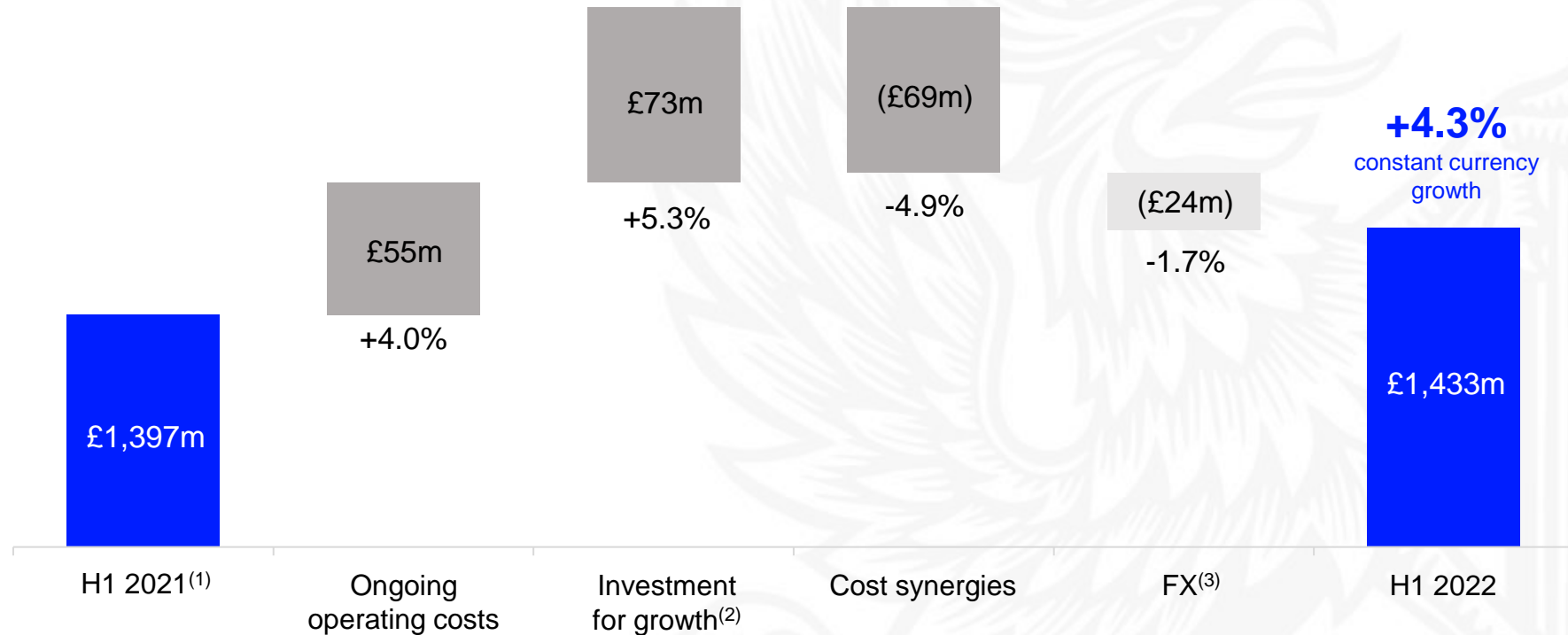


- **Creating new products** by combining Refinitiv's data with FTSE Russell's expertise in index construction
- **Cross-selling** Enterprise Data products to FTSE Russell customers
- **Improving distribution** of existing data products e.g. Yield Book fixed income analytics

Delivering on costs, margins and synergies

- Strong H1 margin performance; on track to deliver 2022 organic cost guidance
- Strong delivery against our £400m cost synergy target⁽¹⁾; expect to realise £250m of run-rate savings this year
- Continuing to invest for growth
- Robust levers in place to manage cost pressure going forwards; on track to achieve margin target of at least 50% on an exit basis by end 2023

H1 2022 adjusted operating expenses



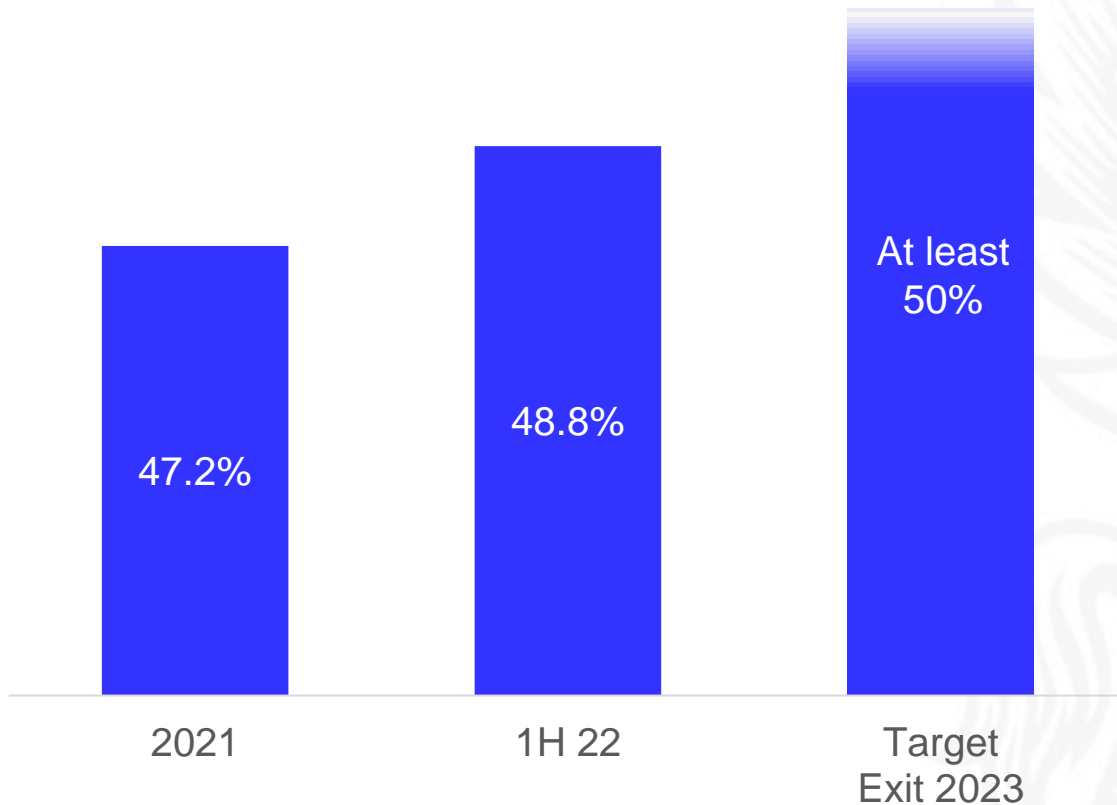
- H1 cost growth elevated by annualisation of investment in sales and resilience capacity in H2 last year
- Expect modest H2 cost growth and **low single-digit organic cost growth for 2022** as a whole

(1) H1 2021 pro-forma adjusted operating expenses

(2) Comprises investment in technology modernisation, increasing cloud usage, costs of delivering strong growth at Tradeweb and costs relating to revenue synergies

(3) Includes the impact of a non-cash FX-related balance sheet gain in H1 2022

Confident in delivering target EBITDA margin



- Continuing to **invest** to secure future growth
- Well positioned with **levers to pull** to manage inflationary pressures
- Confident in delivering **an EBITDA margin of at least 50%** by end 2023

Simplifying our business and reducing costs

Leveraging our global footprint

- >65% of total new hires into lower cost locations in H1 2022⁽¹⁾

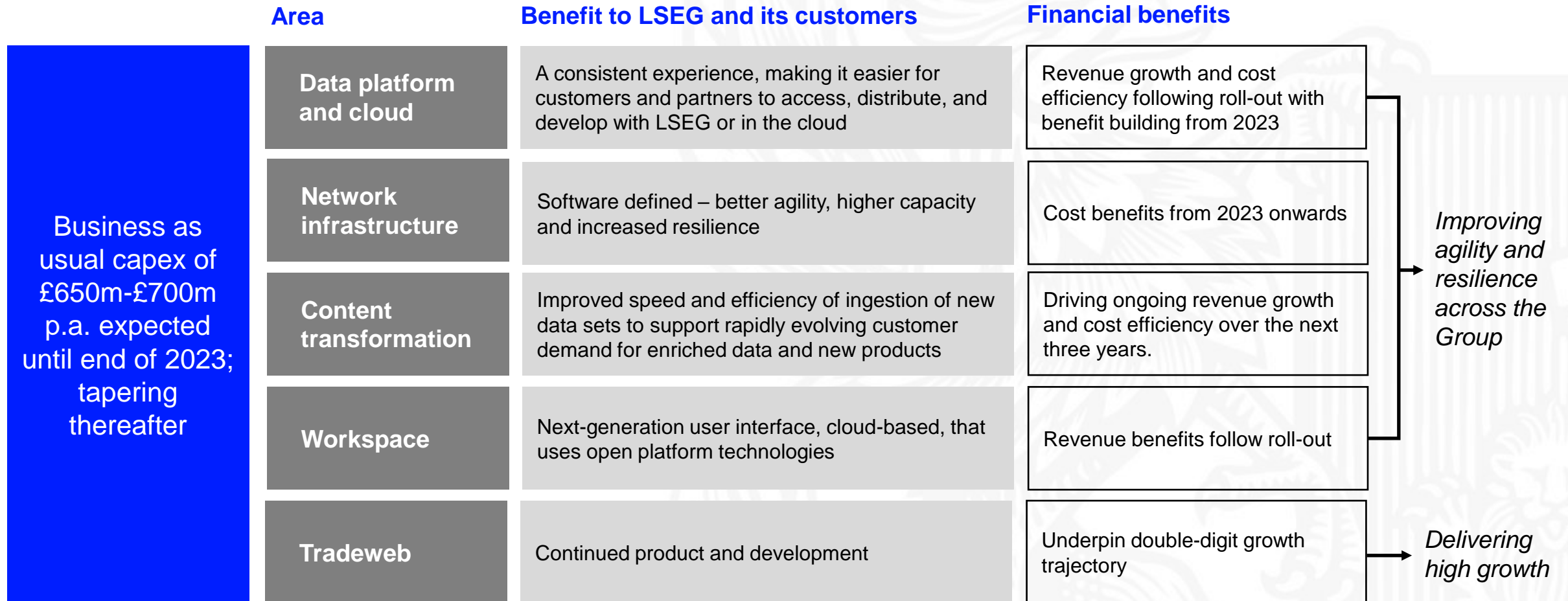
Taking a strategic approach to technology

- Consolidating low latency real time data products onto a single efficient platform
- Increasing the efficiency of our cloud estate

Building a more efficient business

- 2022 run-rate cost synergy target delivered in H1, on track to deliver >£400m savings by end 2025
- >80% of our real estate optimisation and >60% data centre rationalisation complete

Capex guidance unchanged; delivering benefits of investment



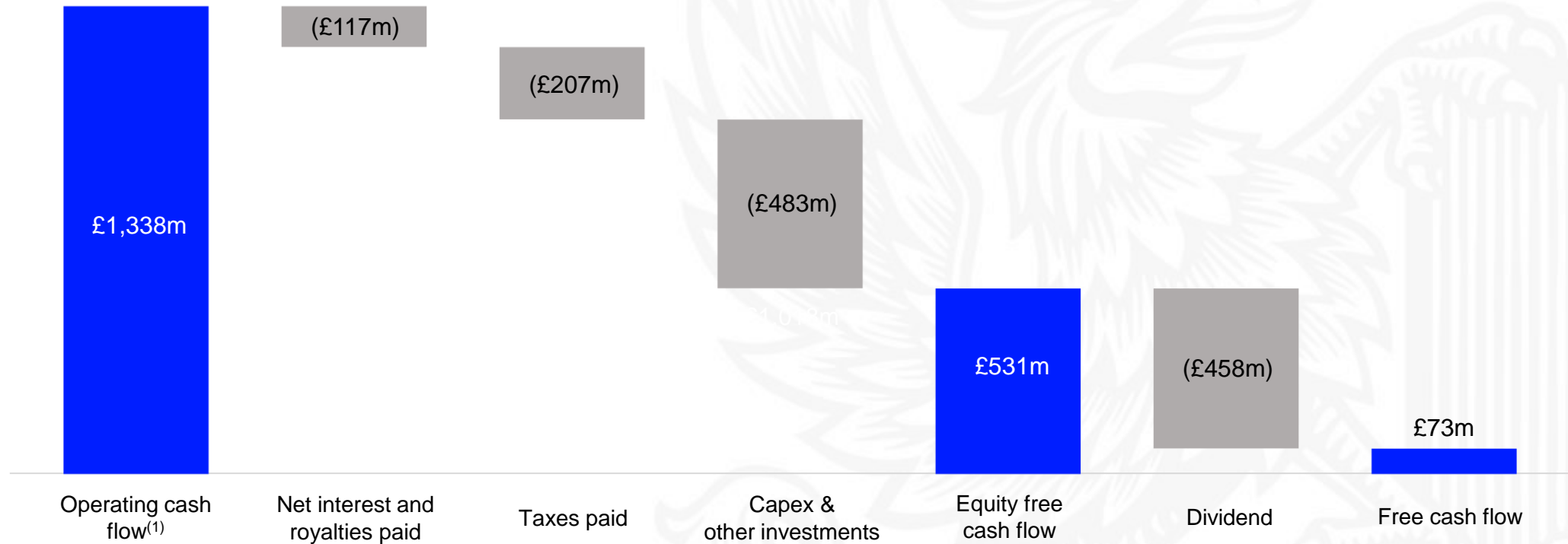
Business as usual capex of £650m-£700m p.a. expected until end of 2023; tapering thereafter



Integration and separation capex

Largely capex element of announced cost to achieve synergies

Free cash generation weighted towards H2



Expect full year free cash flow to exceed £1bn, plus proceeds from BETA disposal

Creating value through active capital management

Deploying capital for select organic and inorganic **investments**, and **shareholder returns**, while **managing leverage**.

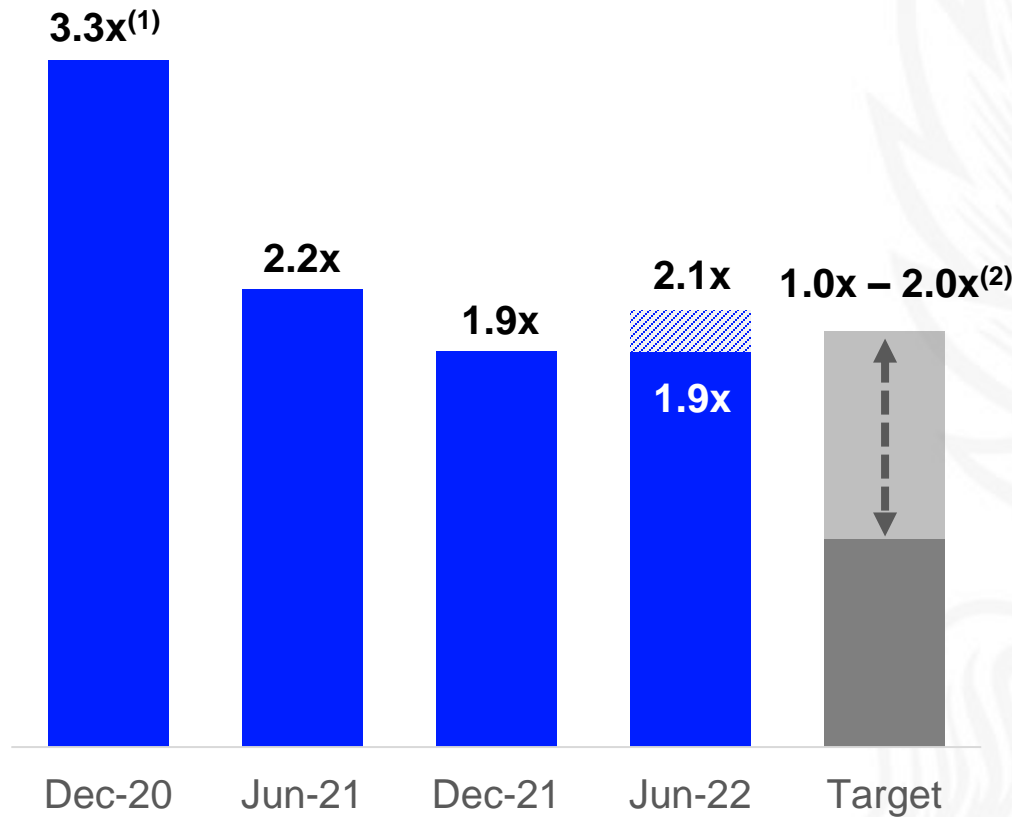
Key considerations


- Target leverage range of 1.0-2.0x⁽¹⁾
- Appropriate internal hurdles for investment
- Progressive dividend policy; targeting 2.5-3.0x cover⁽²⁾

Capital deployment

- Organic deployment for growth, efficiency and resilience
- Strategic M&A to drive growth
- Returns to shareholders

Investing and returning capital



 Pro forma leverage reduction from BETA disposal, completed July-22

- Leverage of 1.9x including BETA disposal
- Enhancing our business through M&A – two transactions closed in H1
- £750m returned to shareholders over next 12 months

Full year guidance

Revenue synergies

- Expected to be towards the top of the previously stated £40-60m range on a run-rate basis
- On-track to deliver target of at least £225m run-rate synergies by end 2025

Cost synergies

- Expect to deliver c.£100m run-rate cost synergies in 2022, taking total run-rate synergies to c.£250m
- On-track to deliver target of at least £400m run-rate savings by end 2025

Underlying operating expenses

- Low single-digit increase in operating expenses, on an organic basis

Depreciation and amortisation ⁽¹⁾

- Anticipated to be c.£790m, depending on phasing of capex

Net finance expense⁽¹⁾

- Financing expenses of c.£180m
- *A 1% increase in interest rates results in an approximate £15m increase in net finance expense*

Tax⁽¹⁾

- Effective Tax Rate of 21-22% in 2022

Capex

- Business as usual capex of £650m-£700m, plus additional integration capex

Delivering another strong half

-
- H1 2022 progress across all divisions, continuing into H2
 - Growing contribution from revenue synergies; accelerated delivery of cost synergies
 - On-track to deliver 5-7% revenue CAGR⁽¹⁾; margin guidance unchanged
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 - Further progress in building a faster growing, more efficient business

Delivering and building in H1

David Schwimmer, CEO



A leading global provider of financial markets infrastructure and data



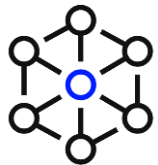
Solving business critical issues through value-add services around the world

- Customers include almost all top 100 global banks and three-quarters of top 100 asset managers⁽¹⁾
- >40,000 customers worldwide; 98% annual customer retention⁽²⁾



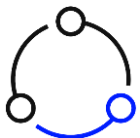
Operating world-class assets

- Maintaining systemically important global infrastructure
- >90% global share of interest rate swap notional cleared; #1 global dealer-to-client FX venue; leading position in fixed income with 23% share of credit and 14% share of rates segments



Delivery across asset classes and along the whole value chain

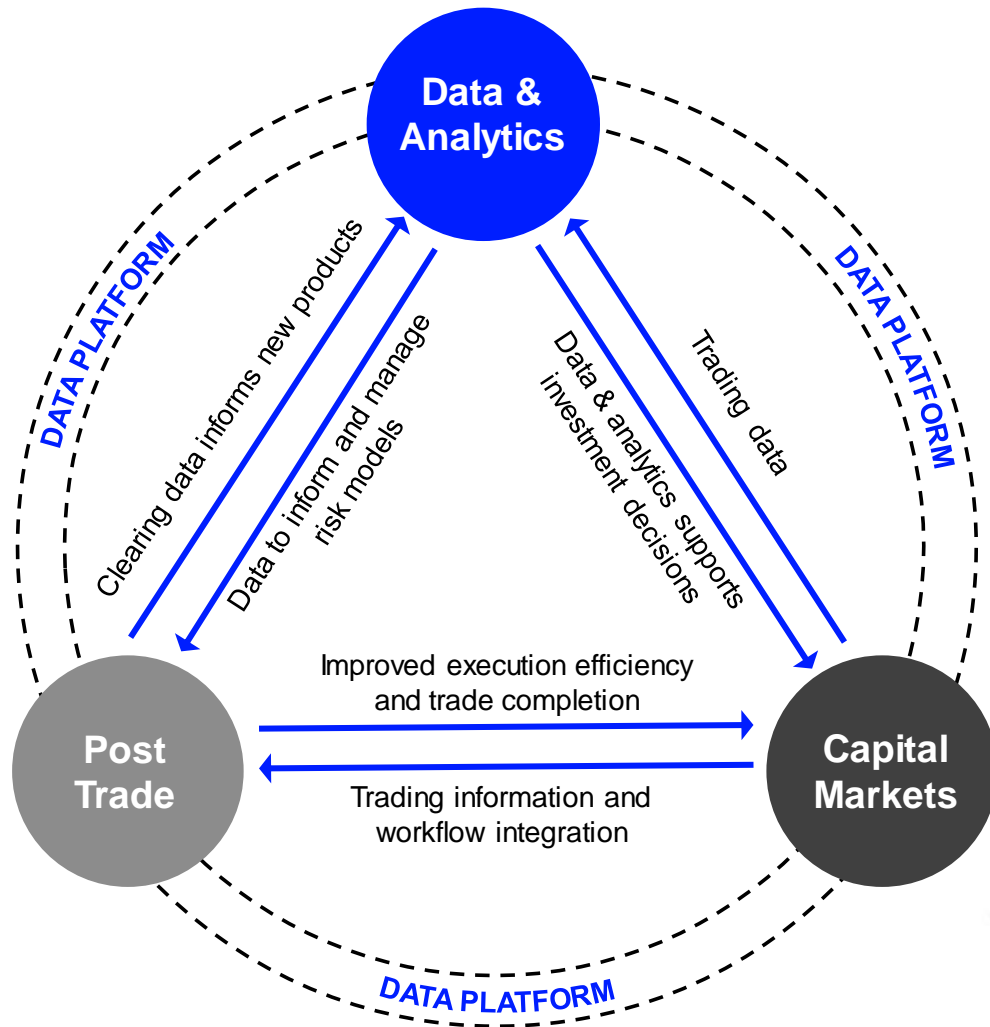
- A global presence along the whole financial markets value chain
- A leader across traditional and emerging asset classes



The value of our open approach

- Flexible access to our services; strongly preferred by customers

Uniquely positioned to create innovative products and services



- Delivering competitive advantages by capitalising on the natural linkages across our business:
- **Customer advantages:** Our global end-to-end proposition across asset classes is deepening and expanding our customer relationships
- **Product advantages:** Our compelling combination of financial market infrastructure, data and analytics drives innovative products and solutions

Strong delivery in H1 2022 and building for the future

1

Integrating our world-class businesses

- Partnering with customers to create tailored solutions
- Building revenue synergies

2

Driving growth

- Driving product innovation through the linkages in our business
- Serving customers better

3

Building an efficient and scalable platform

- Connecting our businesses
- Realising cost synergies

Improving sales execution

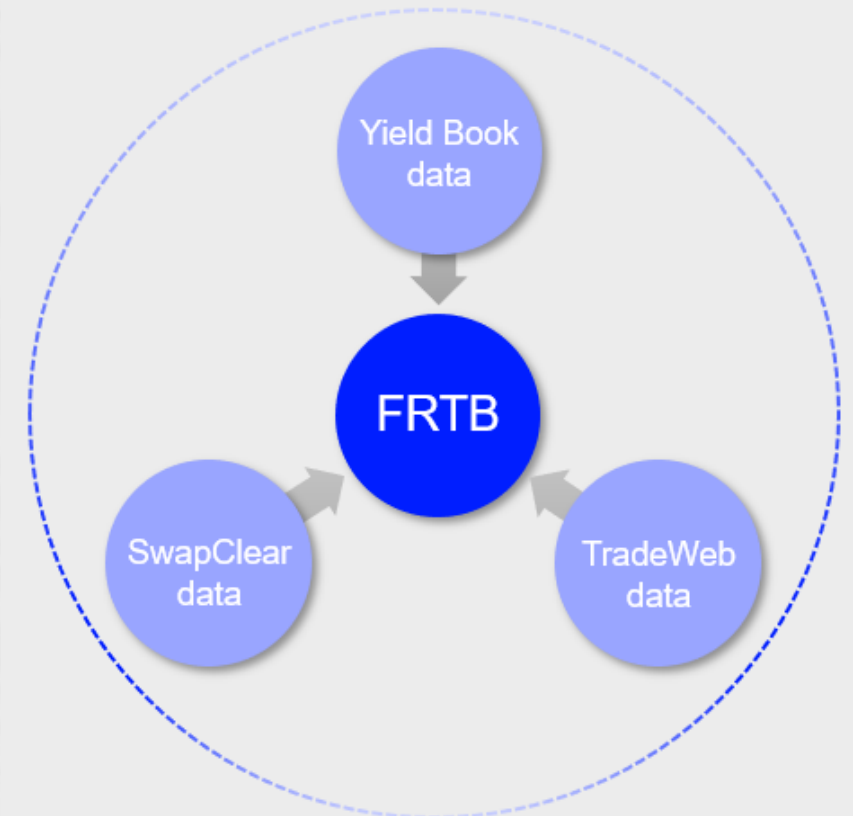
- Simplifying our sales approach to deliver **further improvements**; focusing more than 240 Data & Analytics products around 9 core industry themes
- Better aligned incentives, more rigorous pipeline management, and greater focus on cross-selling are **improving retention and sales**



**>350bps increase⁽¹⁾
in product retention
with our large
customer segment
since 2020**

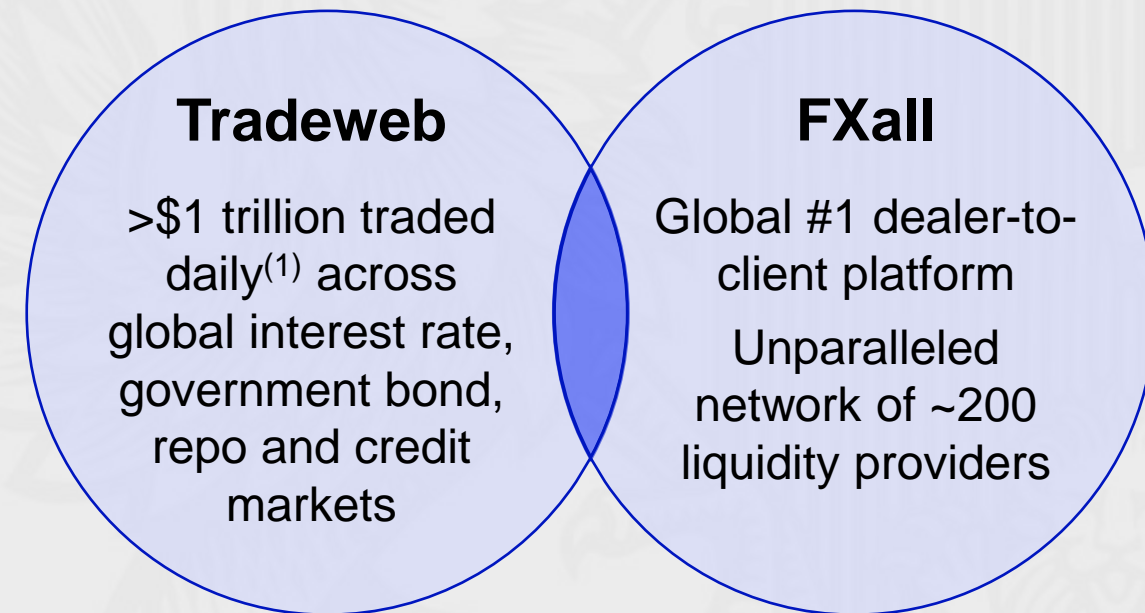
Solving regulatory requirements for customers

- Drawing on proprietary data, our novel FRTB⁽¹⁾ solution was implemented quickly and proves a **distinct solution for customers**
- Our ability to aggregate insight from across our business, and deliver it rapidly and in a flexible way is a **differentiator**



Seamlessly linking Tradeweb and FXall

- Customers face both currency and price risks when trading local currency Emerging Market bonds
- By **connecting Tradeweb and FXall**, customers can place their bond and currency trades simultaneously, reducing execution risk
- Ambition to further **streamline customers' workflow** over time



New FX trading venue in Singapore

- Improving liquidity, reducing costs and simplifying workflow in non-deliverable FX forwards (NDFs)
- Spanning the entire financial markets value chain from trade execution via Workspace through to an intrinsic clearing solution
- Supported by Monetary Authority of Singapore; largest FX trading centre in Asia⁽¹⁾

**Singapore optimal for
minimising trading
latencies across Asia**
- *mondovisione.com*

**London uniquely
positioned as a
gateway to Europe for
Asian companies**
- *Channel News Asia*

**LSEG to launch NDF
Matching venue in Singapore**
- *CNBC Asia*

Delivering on the rollout...

- **Over 50%** of users now migrated onto Workspace from legacy solutions
- Workspace solution for **all remaining user types** live or in beta-testing by end 2022

...and feedback has been very positive

Customer satisfaction⁽¹⁾ up >10% for:

- Quality of search functionality
- Ease of content sharing
- Multi-device capabilities
- Value for money

Enhancing growth and creating shareholder value through strategic M&A

3

Building an
efficient and
scalable platform

- **GDC**: globalises our Digital Identity & Fraud prevention capability in Customer & Third-Party Risk Solutions
- **MayStreet**: significantly enhances the breadth of our low latency data offering in Enterprise Data
- **TORA⁽¹⁾**: enhances our multi-asset class order and execution management capability in Trading & Banking
- **Quantile⁽²⁾**: enables OTC derivative customers to manage their capital and margin more efficiently in our Post Trade division
- Divested non-core, lower-growth **BETA** wealth transaction business

Delivering against our strategy and targets

- Strong H1 performance across all divisions
- Well positioned for the current environment
- Strong execution
- Active capital allocation
- Delivering on our strategy for growth

Investor Q&A



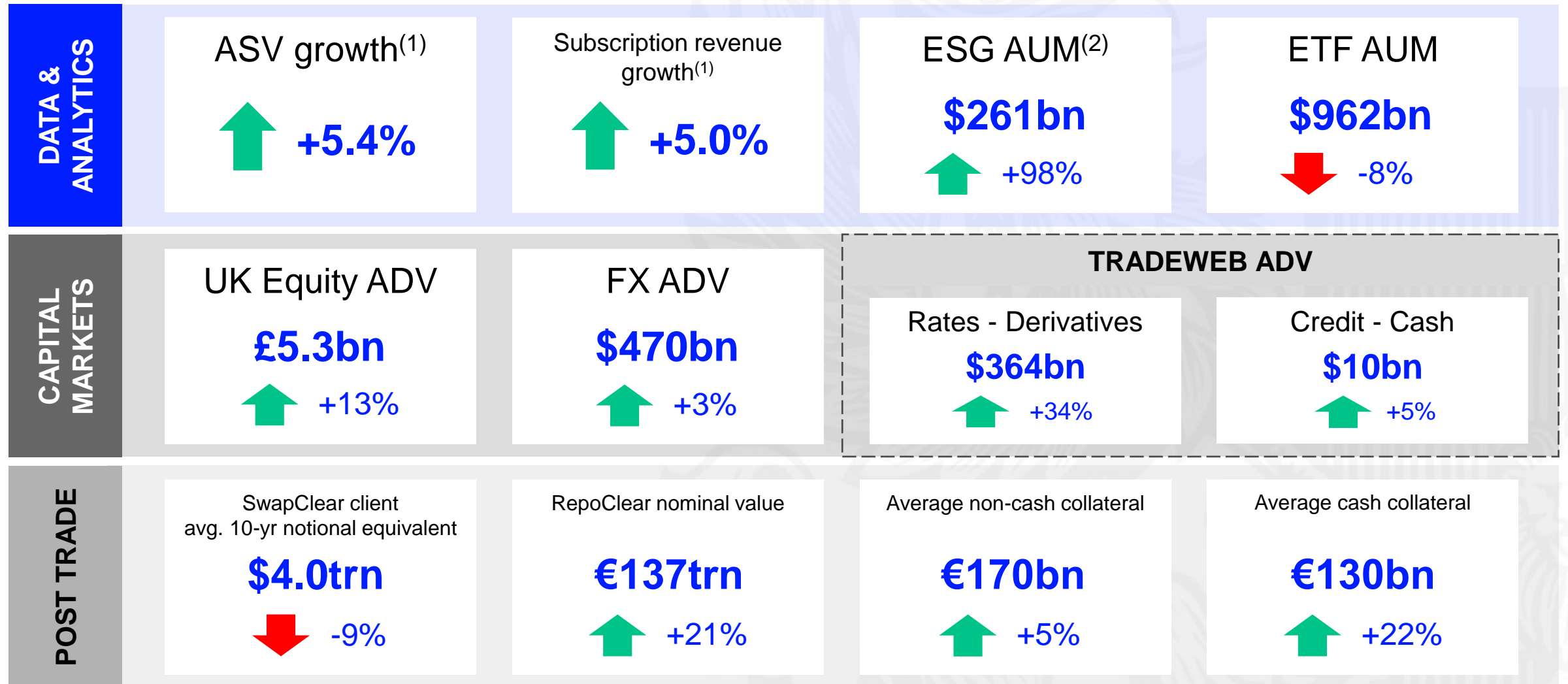
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Key performance indicators for H1 2022



(1) Excluding the impact of Ukraine/Russia

(2) ESG Passive AUM is at 31 December 2021 and prior period comparator is at 31 December 2020. The metric is updated bi-annually

Sustainability is core to our strategy and embedded in our offering

Accelerating the transition to net zero

LSEG is a founding member of the Net Zero Financial Service Providers Alliance

- LSEG has been a signatory and supporter of Taskforce for Climate-related Financial Disclosure (TCFD) since its launch in 2017
- Committed to reducing the Group's carbon emissions by 50% by 2030, reaching net zero by 2040
- Ensuring suppliers responsible for 67% of our emissions from purchased goods and services have set science-based targets by 2026

Enabling the growth of the green economy

FTSE Russell was named “ESG index provider of the year” at the 2022 Environmental Finance Sustainable Investment Awards

- 108 companies listed on our exchange are green economy mark recipients⁽¹⁾, recognising that >50% of their revenues contribute to the green economy
- \$261bn in passive AUM tracking FTSE Russell Climate/ESG indices⁽²⁾
- Our Sustainable Bond Market hosts over 340 active bonds, raising >\$142bn

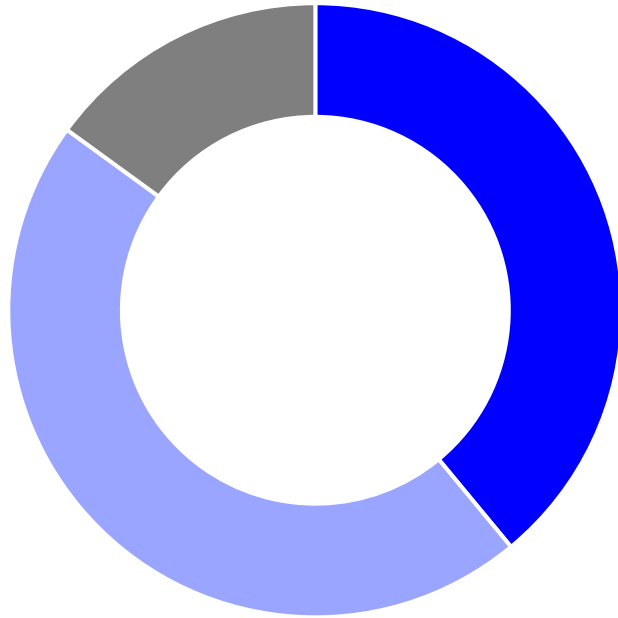
Creating inclusive economic opportunity

LSEG works with governments and stakeholders in emerging economies to support the development of well functioning financial markets

- LSEG facilitated >\$1.8 trillion in trading volumes in through Auctions in Emerging Markets in H1 2022
- >800k records added or enriched on World-Check in H1 2022, supporting more than 10,000 customers in the prevention of greenwashing, corruption, and financial and environmental crime

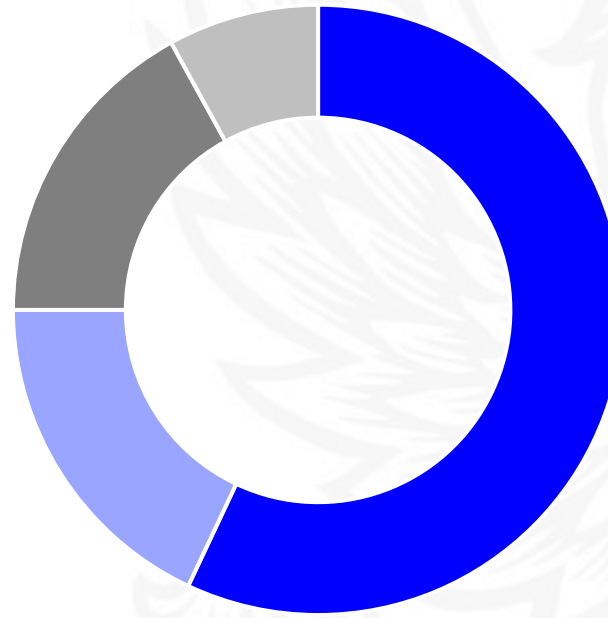
Geographically diversified revenues & costs

Total Income by Geography⁽¹⁾



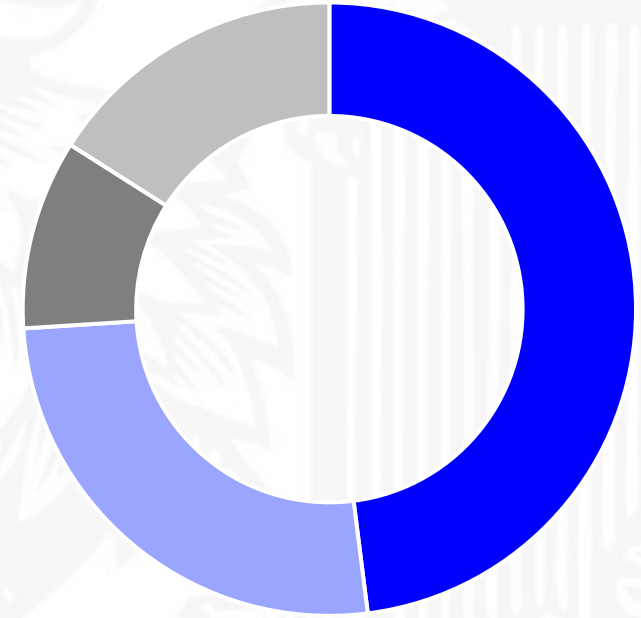
39% Americas
46% EMEA
15% Asia

Total Income by Currency⁽¹⁾



57% USD
18% GBP
17% EUR
8% Other

Total Costs by Currency⁽²⁾



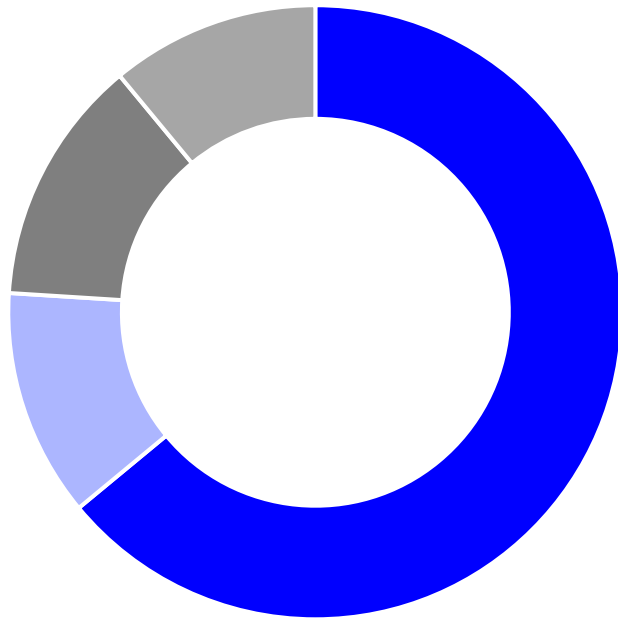
48% USD
26% GBP
10% EUR
16% Other

(1) H1 2022 total income including recoveries, on a constant currency basis. Geography based on customer location.

(2) Total costs on a constant currency basis, including cost of sales, adjusted operating expenses and adjusted depreciation, amortisation and impairment

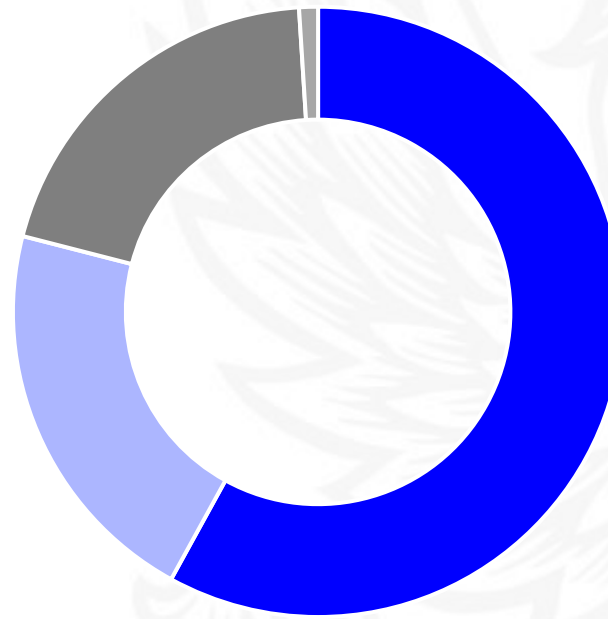
Divisional income by currency⁽¹⁾

Data & Analytics



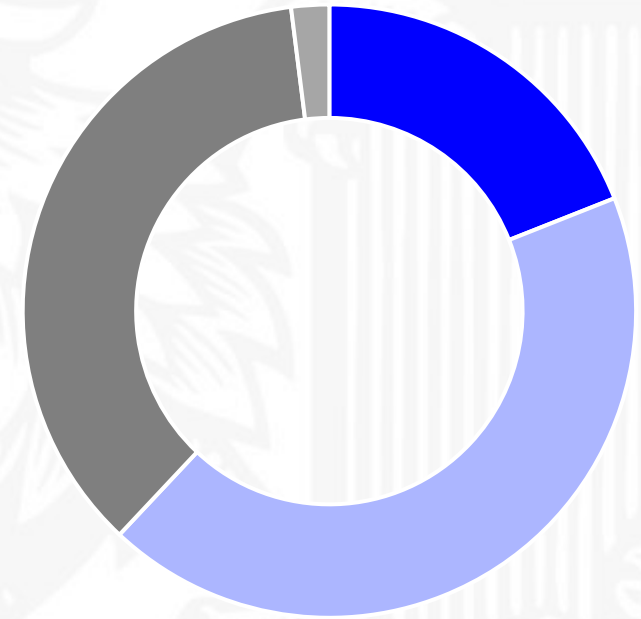
64% USD **12%** GBP **13%** EUR **11%** Other

Capital Markets



58% USD **21%** GBP **20%** EUR **1%** Other

Post Trade



19% USD **43%** GBP **36%** EUR **2%** Other

LSEG H1 2022 – Results overview

Continuing operations	Pro-forma underlying				
	H1 2022 £m	Pro-forma H1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %	Constant Currency Variance (excl. deferred revenue adjustment) ^{3,4} %
Data & Analytics	2,354	2,164	8.8%	5.0%	4.0%
Capital Markets	720	616	16.9%	13.0%	12.9%
Post Trade	483	446	8.3%	8.5%	8.5%
Other	12	14	(14.3%)	(14.2%)	(14.2%)
Total income (excl. recoveries)	3,569	3,240	10.2%	6.9%	6.2%
Recoveries	166	178	(6.7%)	2.9%	1.8%
Total income (incl. recoveries)	3,735	3,419	9.2%	6.7%	6.0%
Cost of sales	(504)	(452)	11.5%	6.6%	6.6%
Gross profit	3,231	2,967	8.9%	6.7%	5.9%
Adjusted operating expenses ⁵	(1,433)	(1,397)	2.6%	4.3%	4.3%
Income from equity investments	0	11	-		
Share of profit/(loss) after tax of associates	1	(2)	-		
Adjusted EBITDA⁵	1,799	1,579	13.9%	8.4%	6.8%
<i>Adjusted EBITDA Margin⁶</i>	<i>50.4%</i>	<i>48.7%</i>			
Adjusted depreciation, amortisation and impairment ⁵	(391)	(347)	12.7%	16.3%	16.3%
Adjusted operating profit⁵	1,408	1,233	14.2%	6.2%	4.3%
Adjusted net finance expense ⁵	(81)	(124)	(34.7%)		
Adjusted profit before tax⁵	1,327	1,108	19.8%		
Adjusted tax ⁵	(262)	(233)	12.4%		
Adjusted profit for the year⁵	1,065	874	21.9%		
Adjusted profit attributable to:					
Equity holders	934	767	21.8%		
Non-controlling interest	131	107	22.4%		
Continuing adjusted basic earnings per share (p)	167.4	138.0	21.3%		

Variations are provided on a pro-forma and constant currency basis. Unless stated otherwise, commentary is provided on the constant currency variance (excluding the deferred revenue adjustment) to provide insight into performance on a comparable basis. Revenues and costs associated with the BETA divestment have been classified as discontinued and are excluded from all periods. Revenues and costs associated with the Borsa Italiana group divestment, which completed in H1 2021, are also excluded.

- (1) The H1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021
- (2) Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance
- (3) Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates
- (4) Excludes the deferred revenue adjustment, further explained in the "Accounting and modelling notes" section of the H1 2022 RNS document
- (5) Before non-underlying items
- (6) Adjusted EBITDA margin is adjusted EBITDA divided by Total Income (excl. Recoveries)

Quarterly income and gross profit progression

£m	2021				2022			
	Q1 ⁽¹⁾	Q2	Q3	Q4	2021	Q1	Q2	2022
Trading & Banking Solutions	372	373	373	375	1,493	378	391	769
<i>Trading</i>	297	297	296	296	1,186	298	308	606
<i>Banking</i>	75	76	77	79	307	80	83	163
Enterprise Data Solutions	279	282	284	296	1,141	304	317	621
<i>Real-Time Data</i>	178	182	182	188	729	195	202	397
<i>PRS</i>	101	100	102	108	412	109	115	224
Investment Solutions	274	286	294	302	1,156	308	328	636
<i>Benchmark Rates, Indices & Analytics</i>	122	126	136	134	518	137	148	285
<i>Index - Asset-Based</i>	58	64	62	69	253	70	71	141
<i>Data & Workflow</i>	94	96	96	99	385	101	109	210
Wealth Solutions	61	62	61	65	249	63	68	131
Customer & Third-Party Risk Solutions	85	90	92	92	359	94	102	196
Data & Analytics	1,071	1,093	1,104	1,130	4,398	1,147	1,207	2,354
Equities	61	59	60	61	241	67	62	129
FX	57	53	56	57	223	60	63	123
Fixed Income, Derivatives & Other	200	187	193	205	785	232	235	467
Capital Markets	318	299	309	323	1,249	359	361	720
OTC Derivatives	87	82	86	103	358	93	98	191
Securities & Reporting	63	60	60	63	246	64	58	122
Non-Cash Collateral	22	24	24	25	95	24	25	49
Net Treasury Income	55	53	47	52	207	57	64	121
Post Trade	227	219	217	243	906	238	245	483
Other	5	10	9	10	34	7	5	12
Total Income (excl. recoveries)	1,621	1,621	1,639	1,706	6,587	1,751	1,818	3,569
Recoveries	88	90	90	86	354	80	86	166
Total Income (incl. recoveries)	1,709	1,711	1,729	1,792	6,941	1,831	1,904	3,735
Cost of sales	(230)	(222)	(227)	(241)	(920)	(240)	(264)	(504)
Gross Profit	1,479	1,489	1,502	1,551	6,021	1,591	1,640	3,231

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