LSEG 2022 Preliminary Results –

Analyst & Investor Call Transcript

THURSDAY 2 MARCH 2023

David Schwimmer:

Well, good morning, everyone, and welcome to our 2022 financial results. It is great to be giving this presentation in person. Great to see so many of you here in our offices and also great to have those of you joining us online or on the call.

David Schwimmer:

2022 was a year of strong broad-based growth for LSEG. Our strategy is working and it's driving better performance and higher growth. Our Data & Analytics grew by more than 5%. Trading & Banking grew in each quarter of the year, the first time that's happened in roughly a decade. We also delivered great results in our Capital Markets and Post Trade business.

With the success of the Refinitiv integration, we are bringing forward delivery of our costing synergy program by around 2 years. And we're significantly increasing our revenue synergy target.

We continue to invest to improve our customer offering. In particular, our partnership with Microsoft will revolutionize workflow for financial market participants, introducing new products and making it easier for users to gain insights and interact with our data.

We generate a lot of cash, and we're deploying it to the benefit of all stakeholders, targeting over £1 billion of share buybacks over the next 12 months or so.

We started the year in a strong position, and we are not stopping here. As we transition from integration to transformation, we are building an even stronger platform for long-term growth. We're investing in our market-leading infrastructure and venues, the benefits of which will become more visible over the course of this year and beyond. I'll give more detail on this a little bit later.

David Schwimmer

First, though, I will hand over to Anna to take you through our 2022 financial performance.

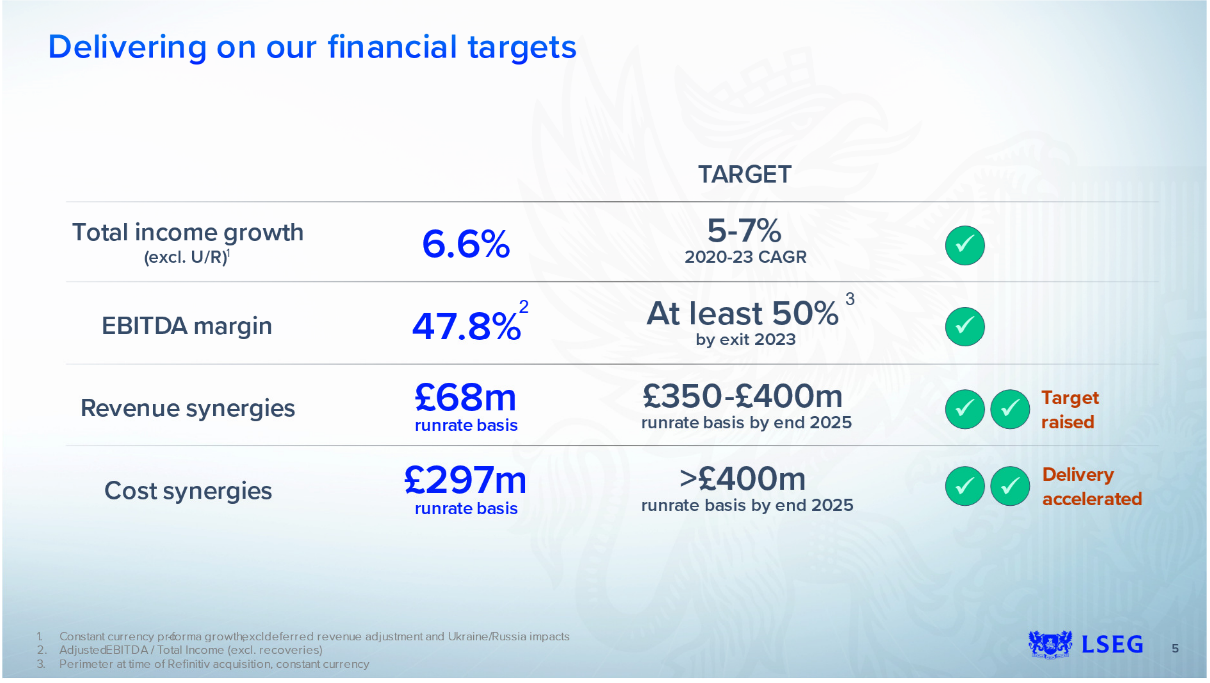
Anna Manz:

Thanks, David It's just great to be here together in person today.

Anna Manz:

I'm going to open through our 2022 performance.

We continue to make good progress towards our targets, delivering strong broad-based growth and margin expansion. Cash generation was also strong, so the investments in our business and shareholder returns. 2023 has started well, and we expect growth in income of between 6% and 8% this year.



Anna Manz:

We continue to deliver on all of our key targets in what's been a challenging external environment.

This reflects the strength of our business model, the value to our customers of the services that we provide and good execution against our plan. Growth in income was at the upper end of our range and a slight acceleration on the 6.1% we reported in 2021. Underlying margins continue to expand.

And we're overdelivering on the Refinitiv acquisition synergies. Today, we are significantly raising our target for revenue synergies to between £350 million and £400 million. David, you will give you a bit more on this in a minute. We're also delivering the bulk of our cost synergies 2 years earlier than targeted.

Strong growth and improving profitability

£m	2022	2021	Growth	Constant Currency Growth[1]
Total Income (excl. recoveries)	7,428	6,211	19.6%	5.7%
Adjusted EBITDA	3,550	2,969	19.6%	6.0%
Adjusted EBITDA Margin	47.8%	47.8%	-	-
Adjusted operating profit	2,728	2,282	19.5%	4.6%
Adjusted profit for the year	2,028	1,684	20.4%	-
Adjusted basic earnings per share (p)	317.8p	272.4p	16.7%	-

1. Proforma variance excluding the deferred revenue adjustment

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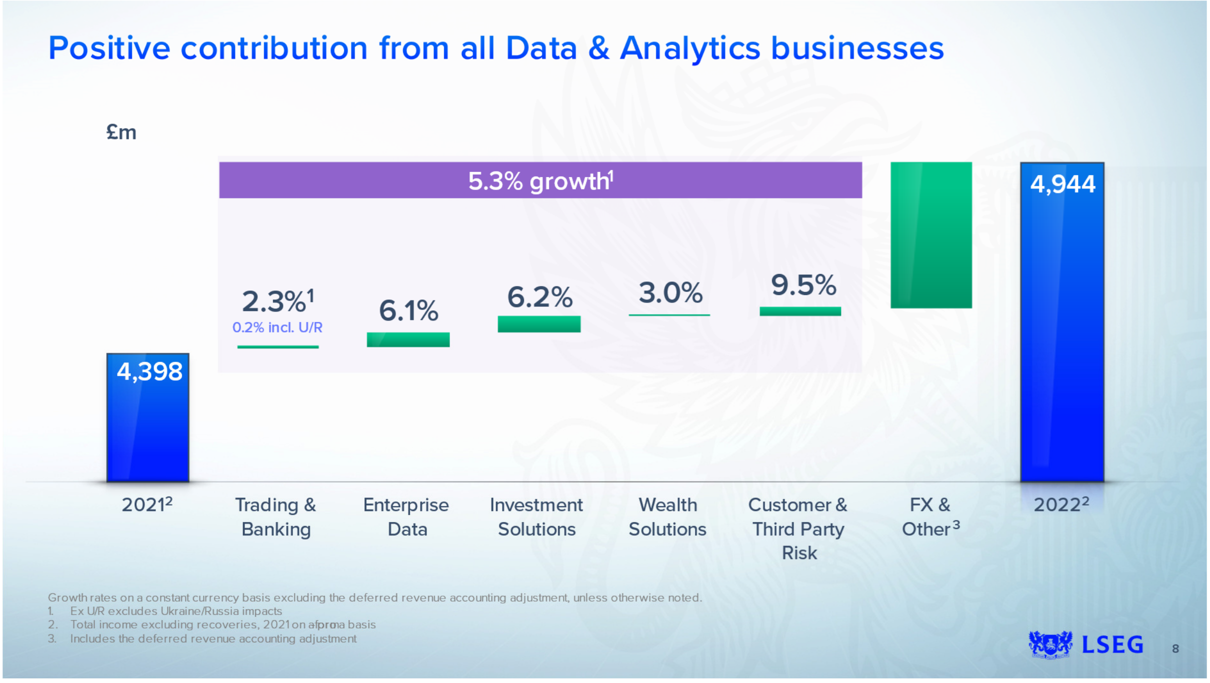
Anna Manz:

On a reported basis, we benefited from an FX tailwind and an extra month's ownership of Refinitiv. On this basis, total income of £7.4 billion was up 20%, adjusted operating profit was up 20%, and also EPS grew 17%. For the rest of this presentation, I'm going to focus on pro forma constant currency growth as it gives the best insight into the performance of our business. All of our divisions are performing well, which I'm going to run through over the next few slides.

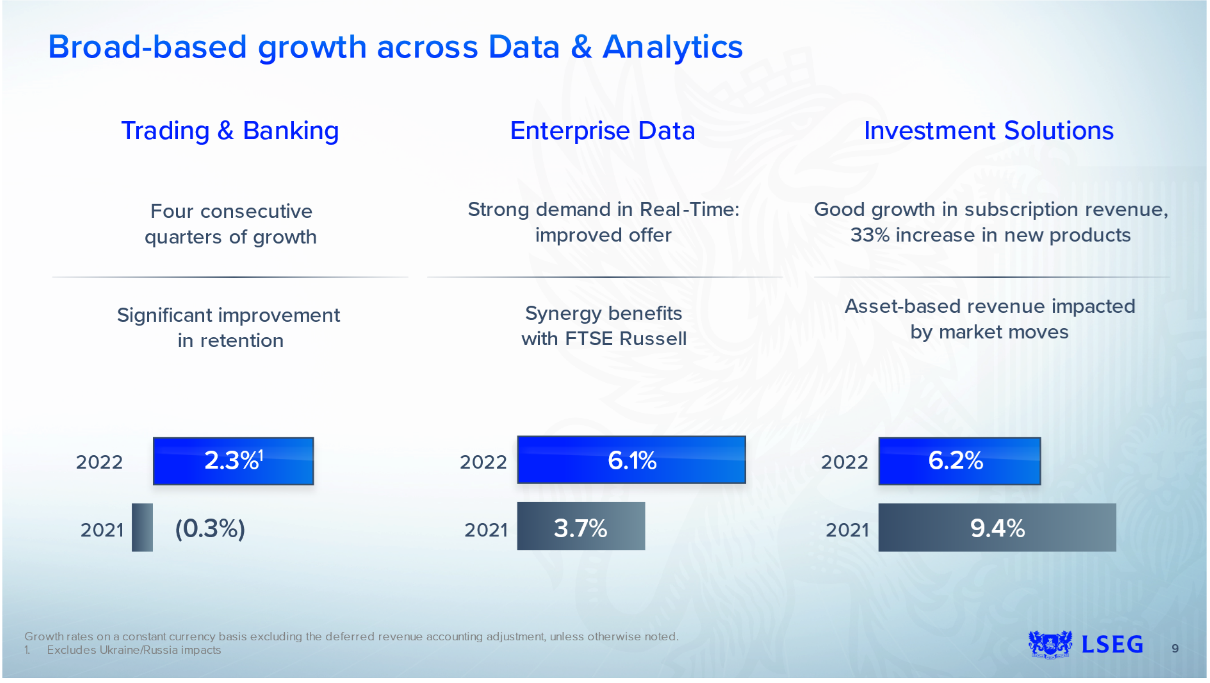
Anna Manz:

Data & Analytics was up 5.3%, excluding the impact of the Ukraine-Russia conflict. That's the second year of growth over 5%. Capital Markets and Post Trade also grew strongly, up 10% and 8%, respectively. These are structurally growing businesses, which also benefited from some market volatility last year.



Anna Manz:

And Data & Analytics, Trading & Banking, Enterprise Data and Investment Solutions all grew well, and I'm going to come back to this in a minute. Growth in Wealth Solutions accelerated, driven by the demand for data feeds and other digital solutions needed by wealth managers. The primary driver of the 10% growth in Customer & Third-Party risk is World-Check. World-Check is the industry-leading solution in a fast-growing market.



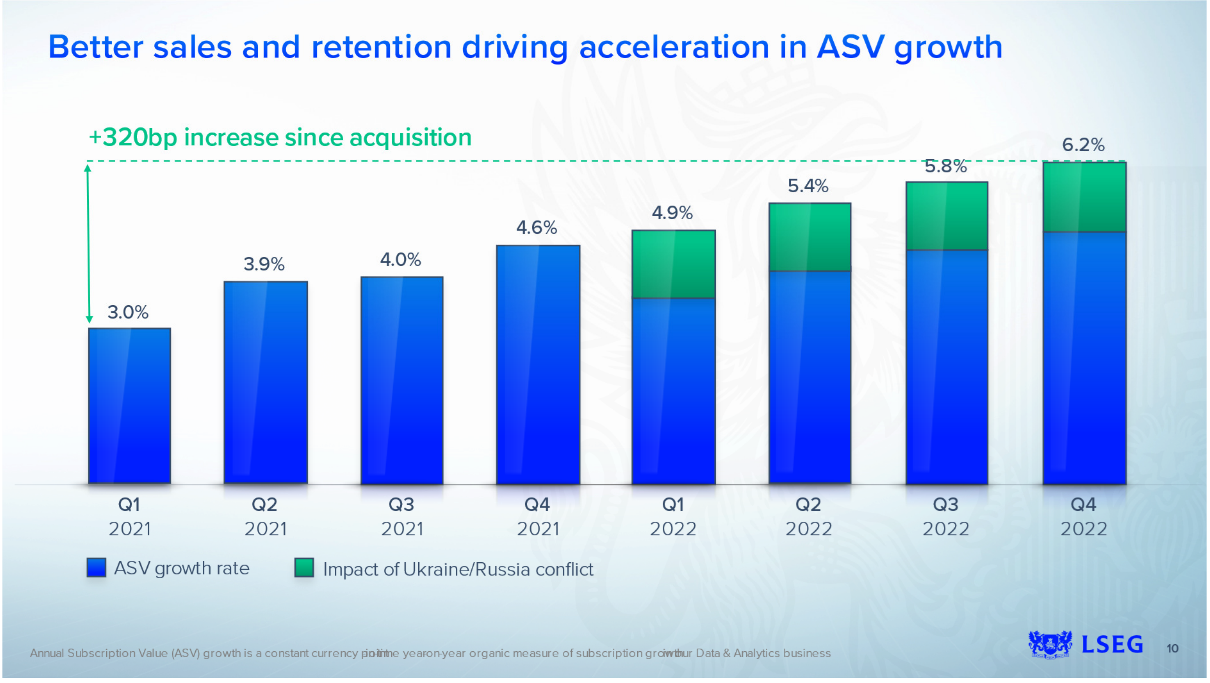
Anna Manz:

Returning to our three biggest Data & Analytics businesses, and these make up over half of the group.

For the first time in many years, Trading & Banking delivered 4 consecutive quarters of positive underlying growth. A more focused and structured sales approach means we're better understanding our customers and acting on their feedback, driving up retention. And we're also continuing to invest. The acquisition of TORA enhances our offering by adding important order execution and management capability.

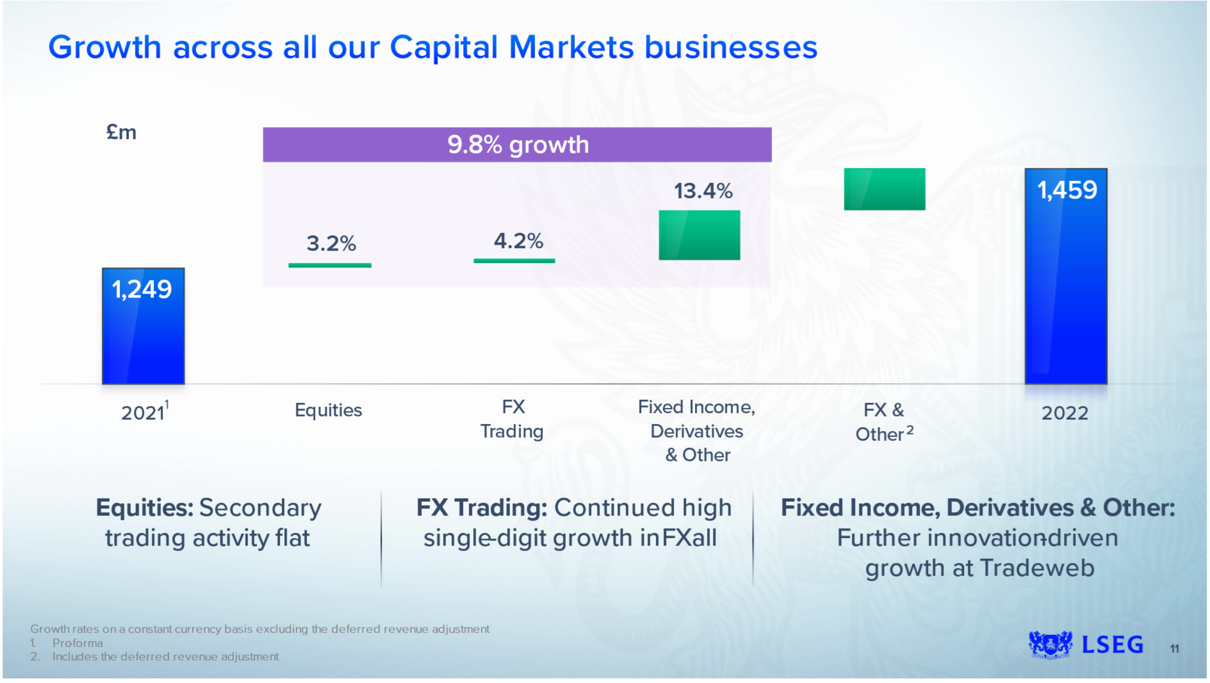
Enterprise Data has accelerated its growth, gaining share in both real-time and nonreal-time data. Investment in content and capabilities over the last 2 years has improved what was already a strong offering. And we're driving increasing benefits from the linkage with FTSE Russell. The acquisition of MayStreet has also added to growth, meeting the customer demand for low latency real-time data. In our Investment Solutions business, we've increased the pace of product development, launching 33% more products last year in an environment of substantial customer demand. That drove high single-digit growth in recurring subscriptions.

Our asset-based revenues were broadly flat with inflows into passive funds using our indices, offset by the market decline in asset prices.



Anna Manz:

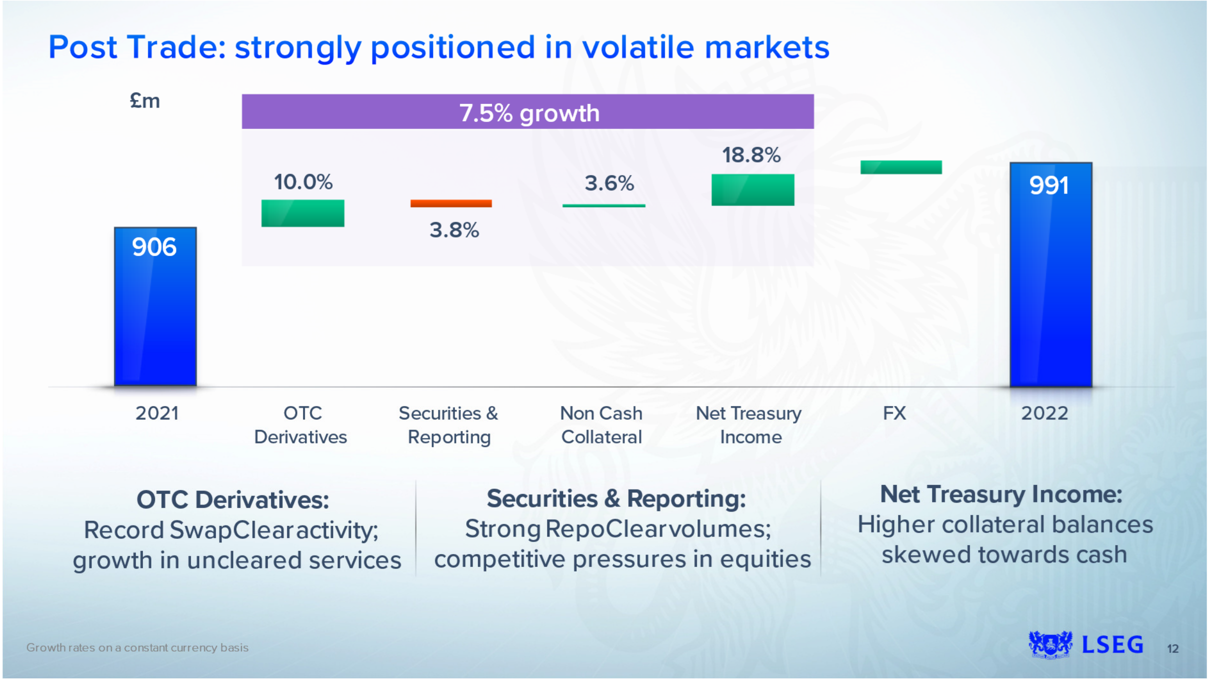
The quality of growth in Data & Analytics continues to improve. We've made more progress on subscription revenues in the fourth quarter, ending the year with ASV growth of 6.2%, up more than 3 percentage points from acquisition, and this acceleration has been driven by all the improvements that I've just talked about.



Anna Manz:

Capital Markets grew 10%. Our Equities business delivered growth against the backdrop of limited new issuance and relatively flat volumes. We continue to drive change in our FX trading venues. New functionality is supporting growth in FXall, strengthening its position as the leading dealer-to-client venue globally.

Our dealer-to-dealer matching venue returned to growth in the second half, the first time this business has grown in many years. The largest driver of growth in capital markets was Tradeweb, which continues to innovate as markets electronify, growing its share of credit in ETF trading and expanding into new geographies.

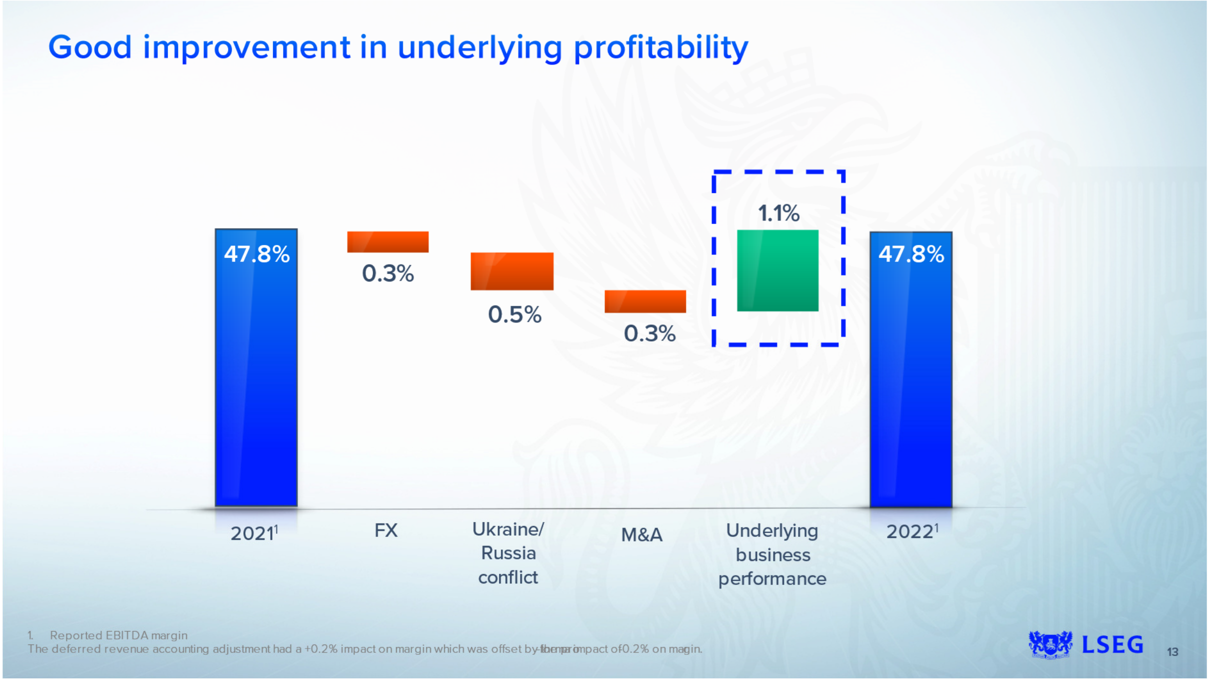


Anna Manz:

Turning to Post Trade. 2022 was a record year for trading activity on SwapClear. And that was the primary driver of the 10% growth in OTC derivative revenues and the 19% increase in net treasury income. As banks and other financial institutions look for more efficient ways to manage their balance sheet, demand for uncleared derivative solutions is increasing.

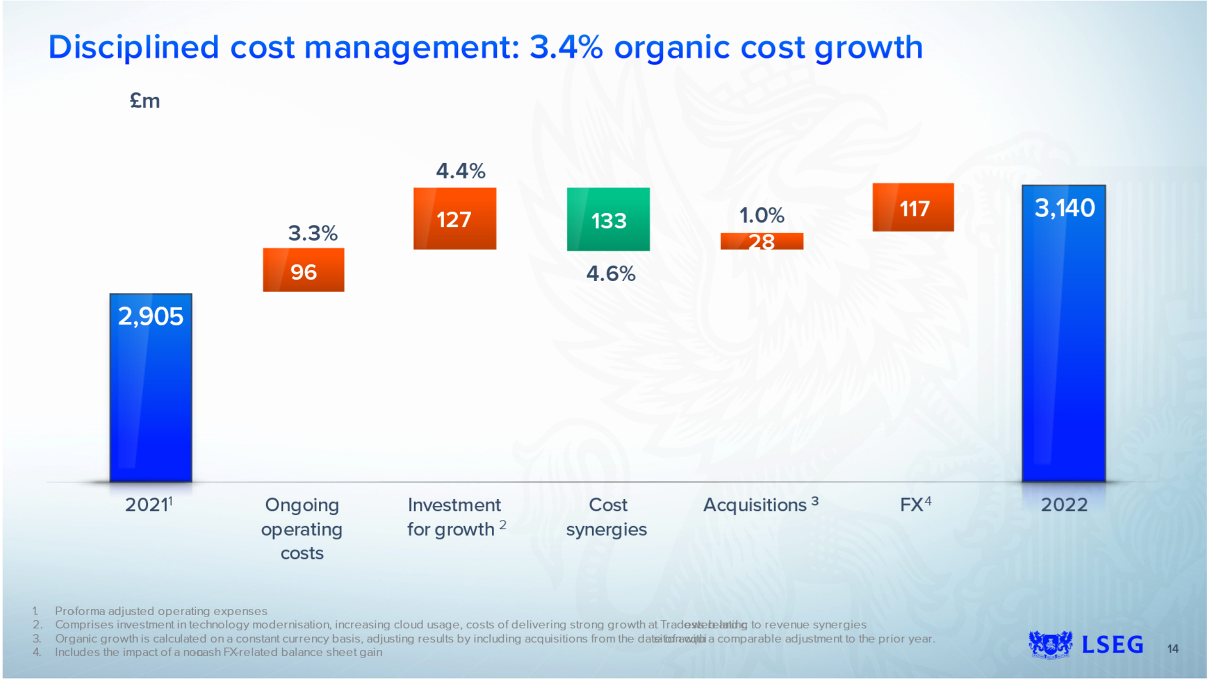
The acquisition of Quantile and soon Arcadia round out what's already a compelling offering. We see a long runway for growth here, and David will come back to this as well in a few minutes. We saw a small decline in our securities and reporting revenues. Price competition and cash equity clearing is the key driver, and it was offset by good growth in Repoclear.

Let's shift now to margin and cost over the next few slides.



Anna Manz:

Starting with EBITDA margins. You can see that FX and the impact of the Ukraine-Russian conflict were a drag on margin. We also acquired 4 early-stage growth companies, which in the short term lower our margins slightly. But on an underlying basis, margin expansion was 110 basis points. And this reflects the strong top line growth and great progress on costs, as you can see on the next slide.



Anna Manz:

Organic costs grew by 3.4%, with cost growth slowing in the second half. This is a good result in a period of double-digit inflation. We continue to invest in transforming the business and driving further growth. And you can see from the chart that those investments are being offset by the actions that we're taking to increase efficiency, including the £133 million of cost synergies.

Anna Manz:

A year ago, I told you we'd identified an additional £50 million of cost synergies, taking our total to at least £400 million. We continue to execute strongly, and you can see this through the metrics on the slide.

Following this program, we expect to deliver the significant majority of these cost synergies roughly 2 years ahead of the original target, so by the end of 2023 rather than 2025.

Non-underlying items mainly relate to Refinitiv integration

£m	2022	2021
Adjusted Operating Profit	2,728	2,282
Transaction costs	(85)	(109)
Integration, separation & restructuring costs	(304)	(225)
Profit on disposal & remeasurement gains	156	-
Amortisation & impairment of purchased intangible assets	(1,044)	(851)
Depreciation & impairment of other assets	(34)	(32)
Operating Profit	1,417	1,065

£304m integration, separation and restructuring costs mostly related to the integration of Refinitiv

£156m profit on disposal & measurement gains, primarily relating to a UK freehold property

£1,044m amortisation and impairment of intangible assets, largely recognised on the acquisition of Refinitiv

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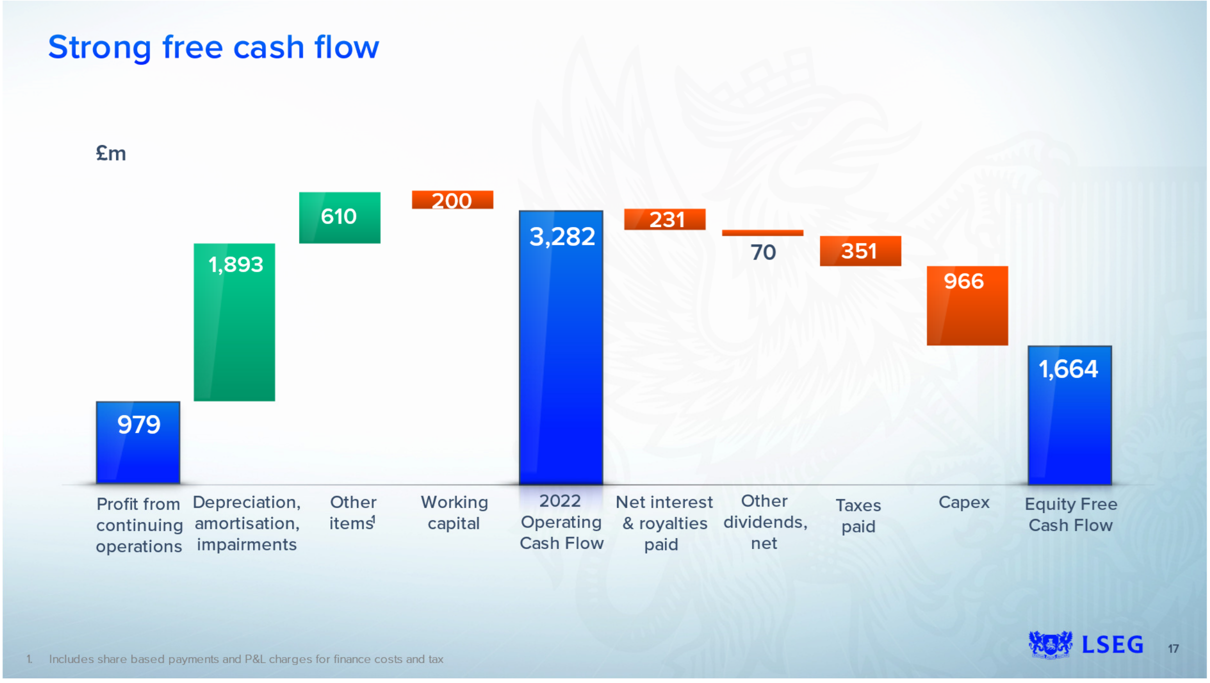
Anna Manz:

I think it's important to highlight the reconciling items between adjusted and reported operating profit. These are all as expected and largely relate to the Refinitiv acquisition.

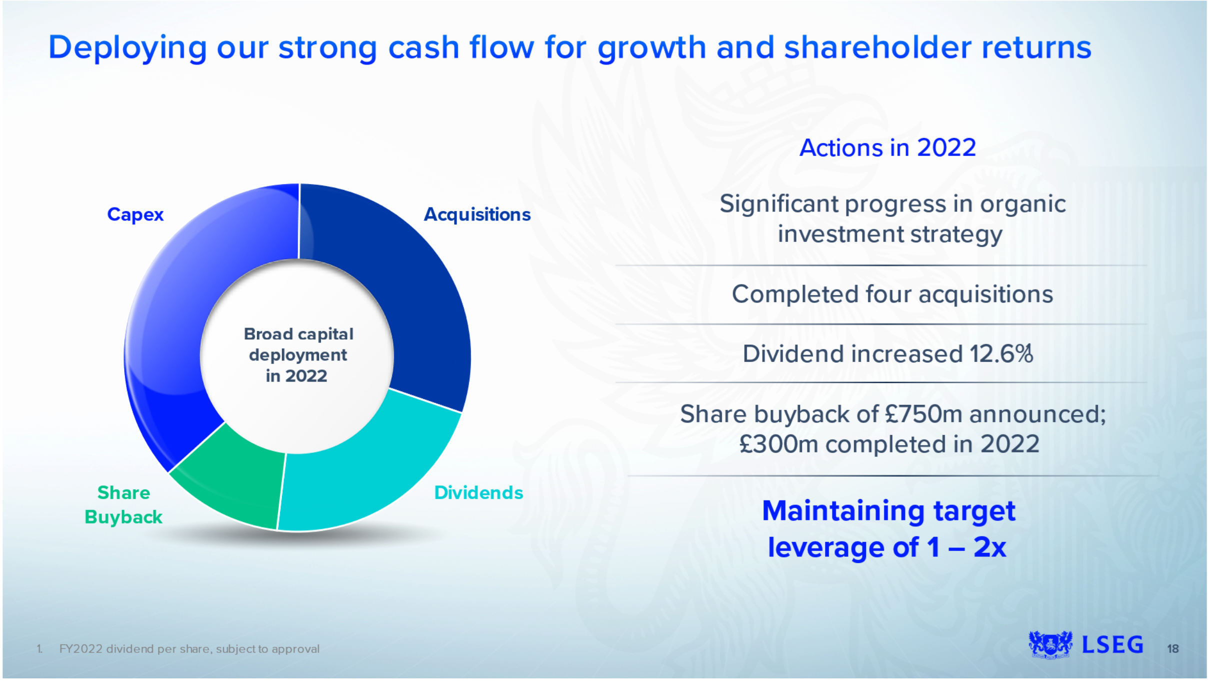
The key message here is that the cost to achieve our synergy targets continue to be in line with our plans. You can also see the gain on the property disposal that I spoke about a year ago and various costs related to acquisition activity.



Anna Manz:

Our business is highly cash-generative with £3.3 billion of operating cash flow last year. The Capex figure here is the cash cost of both business-as-usual Capex and integration Capex. If you remember, the equivalent figure in 2021 was £662 million. So taking the 2 years together, we're on track both at our business-as-usual capital investment and the costs required to achieve our synergies. More importantly, our pace of execution on our major programs is increasing as we get better at execution and they, too, are all on track.

Equity free cash flow was also substantial at £1.7 billion before dividends. And over the next couple of slides, I'll look at how we're deploying this capital.

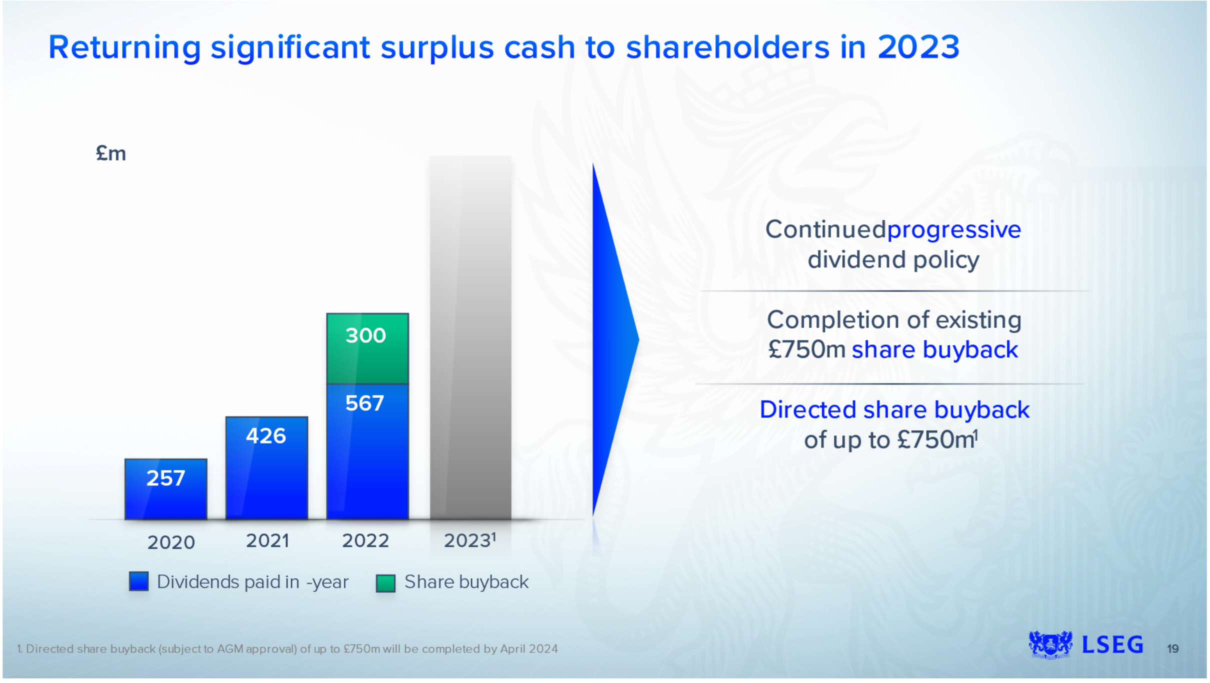


Anna Manz:

Last year, we allocated roughly equal amounts of our cash flow to organic investment, inorganic investment and shareholder returns. Capex reflects the transformation we're driving in our business, investing in platforms for future growth and extracting acquisition synergies.

In M&A, we've acquired 4 high-growth businesses last year. In each case, we've added an important capability, and we'll accelerate their growth with our customer relationships and our technology platform.

We also continue to return capital to shareholders, consistent with our capital allocation framework.

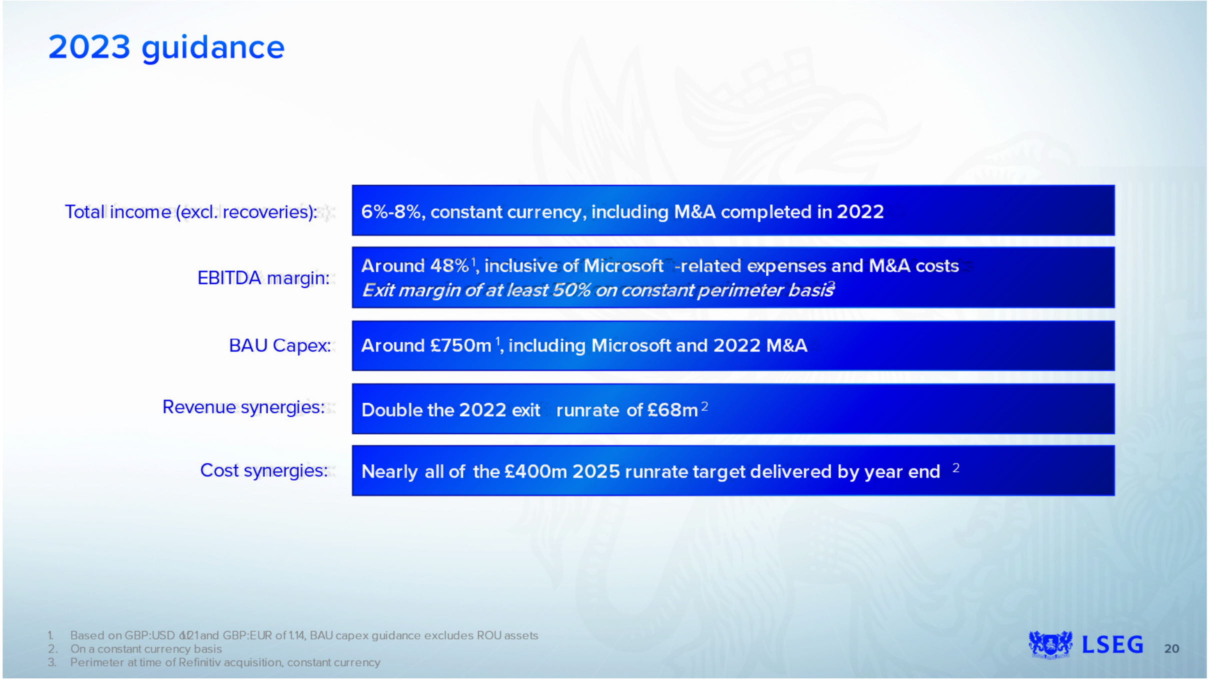


Anna Manz:

This slide highlights our shareholder returns. Our total dividend is up 13%, consistent with our progressive dividend policy and strong earnings growth. We expect to return over £1 billion via share buybacks over the next 12 months or so.

Let me talk you through that. We returned £300 million of the current £700 million share buyback program last year. We expect to return the balance of this program, £450 million, by July.

Today, we also announced our intention to return a further £750 million via directed buyback, starting in the second half. The lockup covering the first tranche of shares owned by the former Refinitiv shareholders recently ended, and it makes sense to target our excess capital directly at the overhang to help support an orderly sell-down, and that benefits all of our shareholders.



Anna Manz:

This slide summarizes everything you've heard. We're confident in the growth of the business. We expect total income to grow between 6% to 8% in constant currency terms in 2023, underpinned by strong growth in recurring revenues in our Data & Analytics business. We expect another good year in Capital Markets and Post Trade, but the growth range reflects a degree of market volatility that we can't predict.

We expect to deliver this growth at margins consistent with the current market expectations, and that's an EBITDA margin of around 48% on a reported basis. This reflects continued expansion of underlying margins, offset by the impact of the investment in the Microsoft partnership and M&A. The 50% exit rate 2023 margin guidance still stands.

Anna Manz:

So to wrap up, the change we're driving in our business puts us in a strong position for further growth this year, a further step-up in our revenue synergy target and an additional share buyback.

And I'll now hand back to David to get into how we're transforming the business.

David Schwimmer:

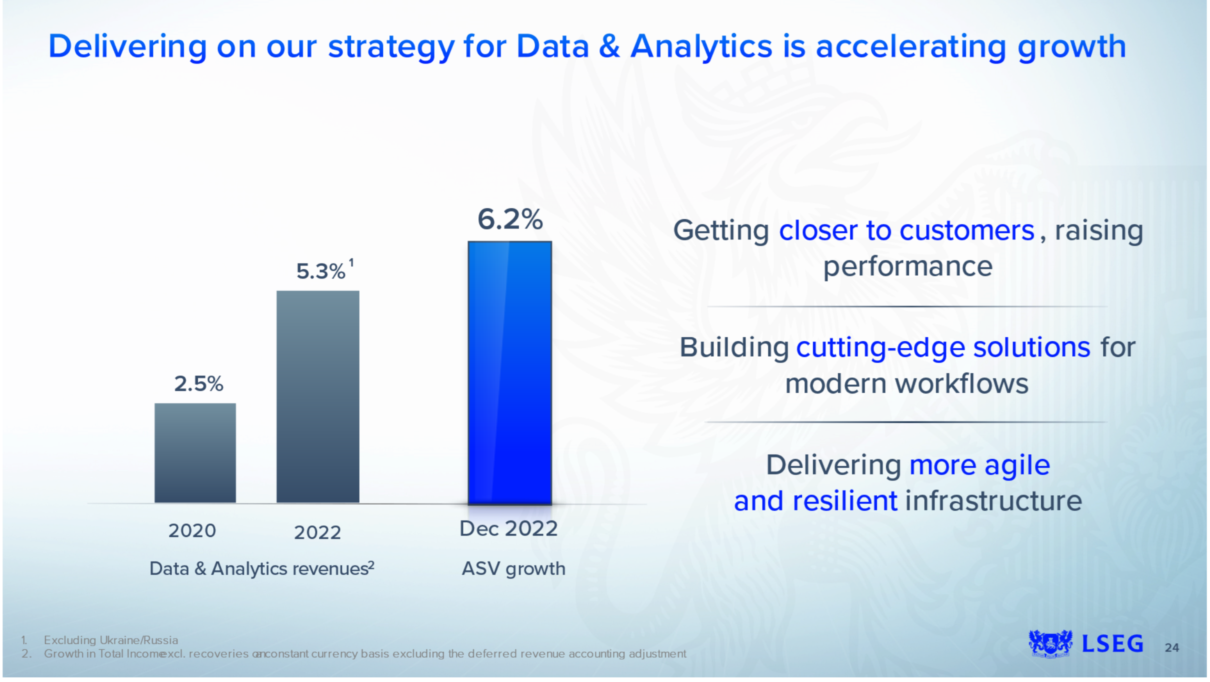
Thank you, Anna.

David Schwimmer:

So it's 2 years since we closed the Refinitiv acquisition. The strong financial performance that Anna just outlined speaks to the effective way we're driving that integration and the positive impact of the changes that we're making.

I'll come back to our actions in 2022 shortly, but 2023 is the year that we shift from integration to transformation, moving to capitalise on the opportunities for growth in all of our businesses and the significant potential in building on the linkages between them.

Microsoft is an important partner in this transformation, supporting our initiatives across the data platform, workspace and analytics, as well as our broader tech infrastructure. Our relationship with Microsoft is strong and it is getting stronger. And in a few minutes, I will give you a glimpse of what that partnership will mean for the future of Workspace.



David Schwimmer:

You can see the success of the Refinitiv integration on this slide.

Our Data & Analytics business grew by 5.3% last year, a significant acceleration on its historical growth rate. When we acquired it, Refinitiv was a business with solid positions in growing markets, providing services which solve business-critical issues for a broad range of customers.

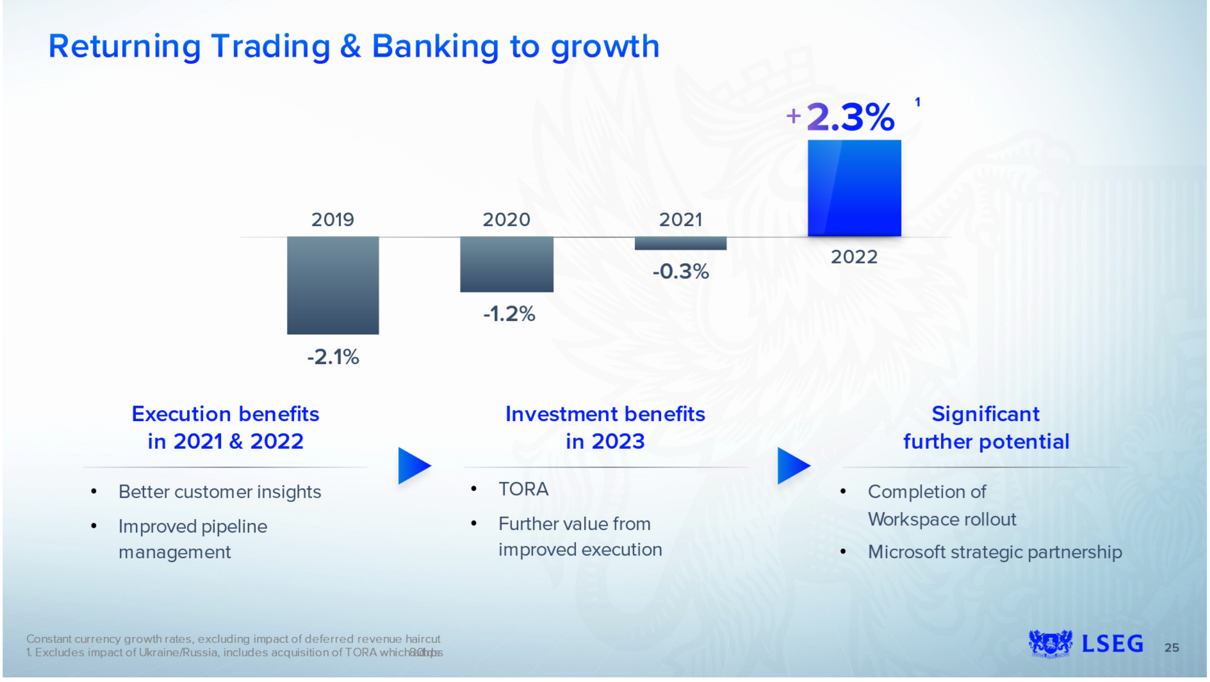
However, it had delivered low single-digit growth for the best part of a decade. We knew from our due diligence that we needed to address a history of underinvestment, improve our engagement with customers and build better products. And that is what we have done.

We started by restructuring our sales approach, aligning more closely with our customers and acting on their feedback. To give one example, we've made our conversations with customers more strategic by focusing on 9 core solutions instead of 240 individual products.

I've talked in the past about how Refinitiv was a single P&L when we acquired it. Now we have much better insight into the business and make data-driven decisions. As a result, we can manage the business more effectively, and we are setting targets that are more ambitious.

We're investing in our content and capabilities. To give 2 examples, we've doubled the footprint of our fixed income ESG data. And we provide ESG data for 15,000 companies. That's 50% higher than at the time of the acquisition. This is driving tangible benefits with better sales and retention.

Underpinning all of this is our delivery of a more modern, agile and resilient technology infrastructure, increasing the flexibility and efficiency of our business and significantly improving the customer experience.

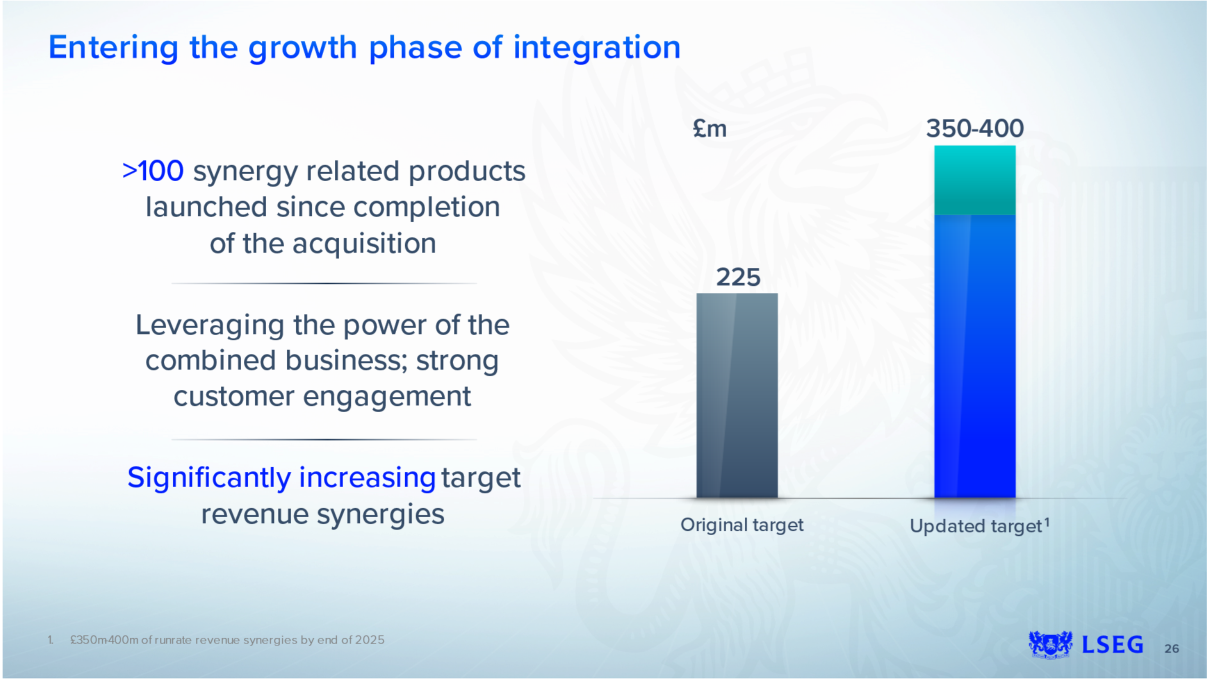


David Schwimmer:

Our Trading & Banking business is a good example of this strategy in action. This was a business that had been in decline for many years, losing both market share and revenues. We stabilised the top line in year 1 and delivered positive underlying growth in all 4 quarters of last year. We drove this with better execution in sales, customer management and product. This is materially improving our retention, and we continue to enhance our offering.

The acquisition of TORA, as Anna mentioned, adds to order execution and management capabilities and creating a more seamless workflow and adding functionality that customers were asking for. The rollout of Workspace, our next-generation human interface continues, ending last year with versions for all customer segments, either live or in beta testing. We expect the rollout to be significantly complete by the end of 2024.

At the same time, Workspace is not a static product. It continues to evolve with 200 updates last year, including the addition of sentiment data for transcripts, sustainable investing analytics and a custom index sandbox. Workspace will also change and improve significantly as part of our partnership with Microsoft, and more on that shortly.



David Schwimmer:

We are transitioning from the heavy-lifting days of our integration into a period of transformational growth in our business. We are outperforming on our revenue synergies. As Anna has said, we are announcing a step change in our targets with £350 million to £400 million in revenue synergies expected by 2025. That's up from the £225 million that we had originally announced.

This is due to the great response that we are getting from customers as we cross-sell existing products and launch new services with 100 product launches and counting.

Our customers need financial data and analytics to support their decision-making, risk management and regulatory compliance. Increasingly, they want straight-through workflow connecting financial market infrastructure with the data and analytics that support them. And that is the very essence of what we are providing.

David Schwimmer:

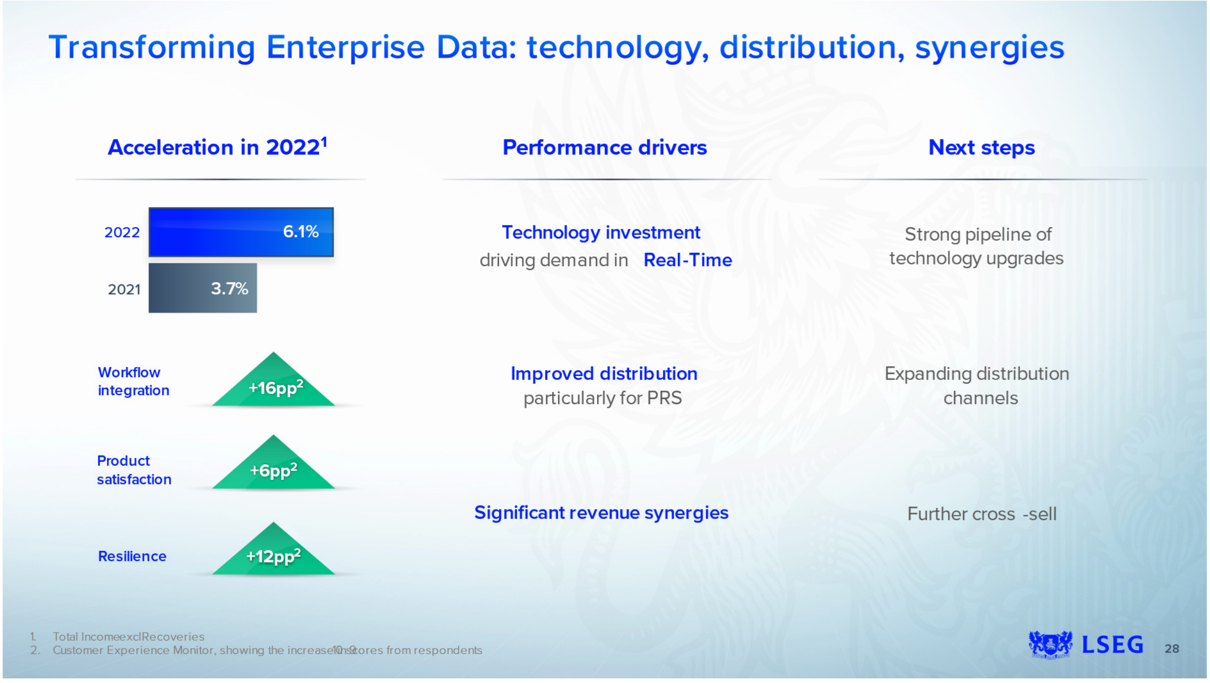
Revenue synergies are just one example of our broader transformation as we build on the strengths of our businesses and explore the connections among them. LSEG has a great set of businesses with multiple trophy assets and growth engines. Our Data & Analytics business is deeply embedded with almost all major banks and asset managers globally. Our real-time offering is the global leader, and we are 1 of the top 3 global providers in the index space.

In Capital Markets, FXall is the world's leading dealer-to-client platform for FX, and Tradeweb has a leading position in electronic trading of government bond credit and interest rate products.

Our Post Trade business provides systemically important infrastructure for financial markets, accounting for roughly 1/4 of the global segment in which it operates. Its share of global interest rate swap clearing is more than 90%.

The group is highly diversified across product and geography with more than 40,000 customers who value our open approach and see it as a key differentiator. These businesses have strong positions in growing segments with great potential to increase share and to build on the links between them to create additional value for our customers.

We have no intention of stopping here. Let me talk you through 3 examples of how we are building on this position of strength and driving further growth in our business, starting on Slide 28.



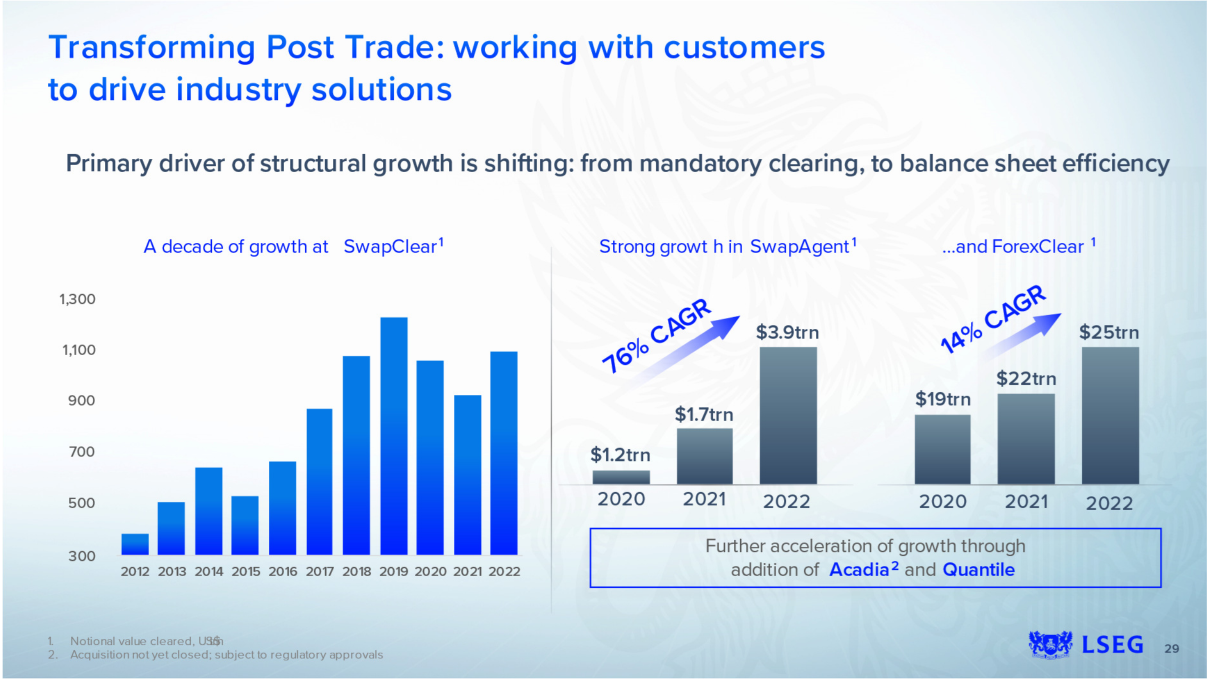
David Schwimmer:

First, Enterprise Data. In 2022, performance improved significantly compared to 2021 as we reaccelerated growth in one of our leading businesses. Customer demand in this space is stronger than ever as institutions increasingly rely on multiple data sources for decision-making. In the past, some products have been too cumbersome and difficult to access. Our investment is changing this.

You can see this in the customer experience measures on the left-hand side of this slide, showing strong year-on-year improvements in resilience and workflow integration.

Our real-time optimized product has attracted 350 customers in the last 2 years. Tick History has 126 new customers since migrating to the cloud. And MayStreet acquired just a few months ago has 8 new customers and is driving retention with others. We've also invested in distribution, strengthening our sales effort, winning more head-to-head pitches and continuing to benefit from strong partnerships like Aladdin.

We're seeing benefits from our synergy program with the sale of fixed income data to FTSE Russell customers, our single-biggest area of synergy delivery last year. Looking ahead, 2 of our biggest tech programs, electron colocation and software-defined network, will make material progress in 2023. And we have a pipeline of cloud migrations and new venues and feeds, making us more flexible and user-friendly for our customers. We are just scratching the surface of the opportunity here.

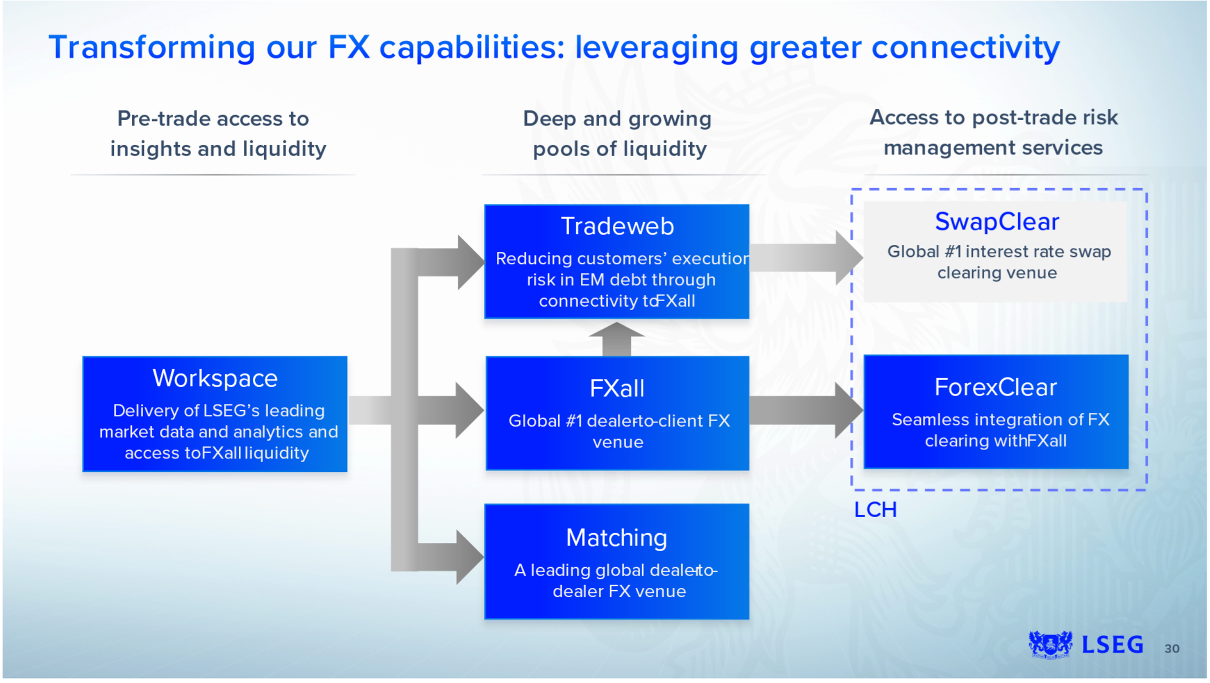


David Schwimmer:

Turning to Post Trade. 2022 was a strong year for our interest rate swap business, SwapClear, clearing over $1.1 quadrillion in notional value. And that business has had a decade of good growth, fuelled by the strength of its open partnership approach and by regulation that required financial institutions to clear most of their interest rate swaps. That franchise continues to grow, adding new customers and with more activity from existing customers.

The regulatory landscape continues to evolve. And our Post Trade offering is evolving with it. Regulations such as the Uncleared Margin Rules and SA-CCR means that banks are more focused than ever on optimizing their capital and managing their balance sheets efficiently. We are well positioned to help our customers with this. Activity in our FX clearing solution, ForexClear, continues to build as it does at SwapAgent, which provides workflow efficiencies in the uncleared interest rate swap space. Both of these illustrate the growth in importance of capital optimization and balance sheet efficiency.

Adding Quantile and Acadia will considerably enhance these capabilities as we extend our solutions into uncleared products across asset classes and along our customers' post-trade workflow. So, we are well positioned for further structural growth in Post Trade this year and beyond.



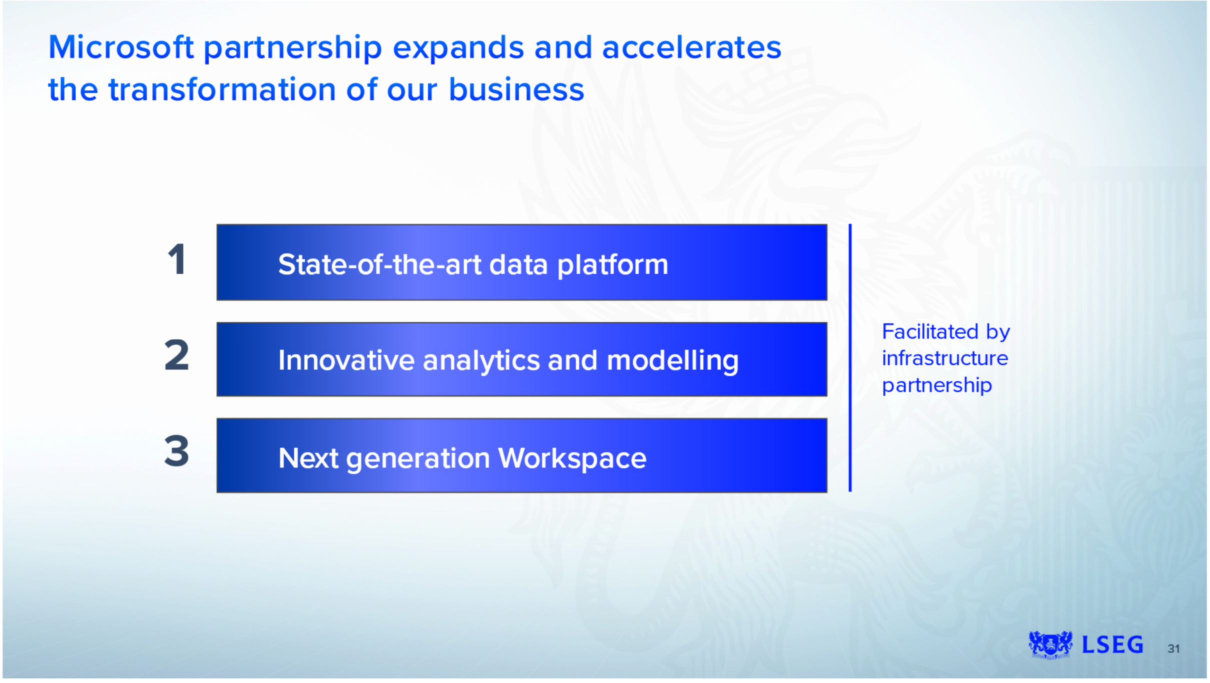
David Schwimmer:

Turning to Capital Markets. $6.6 trillion a day is traded. That's in dollars. $6.6 trillion a day is traded on foreign exchange markets. It's the largest traded asset class and touches all aspects of global finance and global trade. We have 2 of the leading global FX trade venues, FXall and our Matching business. By investing in these platforms and connecting them to other parts of the financial markets ecosystem we are building, a compelling end-to-end solution and driving further growth.

Through Workspace, an FX trade -- an FX trader, excuse me, can access the deepest and broadest FX data and news. And then will be able to access liquidity on FXall to make a trade. Later this year, we will launch connectivity between Tradeweb and FXall, offering customers the ability to trade emerging market securities and currencies on a single screen. This brings significant workflow benefits and reduces customers' execution risk. Imagine the potential if we scale this to all cross-border trading.

We also offer foreign exchange customers seamless access to our Post Trade services through the link between FXall and ForexClear. The first transaction through this link took place last year. So whether customers come to us through Workspace, through Tradeweb, through our FX venues or through Post Trade, they're entering a compelling ecosystem that can serve their end-to-end needs in an increasingly integrated way.

We have 2 significant developments in our FX business coming this year. We will launch a new FX trading venue in Singapore, trading non-deliverable forwards. And then we will also introduce our new state-of-the-art Matching platform built on LSEG technology, and that is 10x faster than the current platform.



David Schwimmer:

All the improvements to our business and the resulting higher-growth benefit from the transformation that we are driving within our core technology backbone and the engineering culture that we are building. The partnership with Microsoft is contributing to this transformation. It has 3 main work streams.

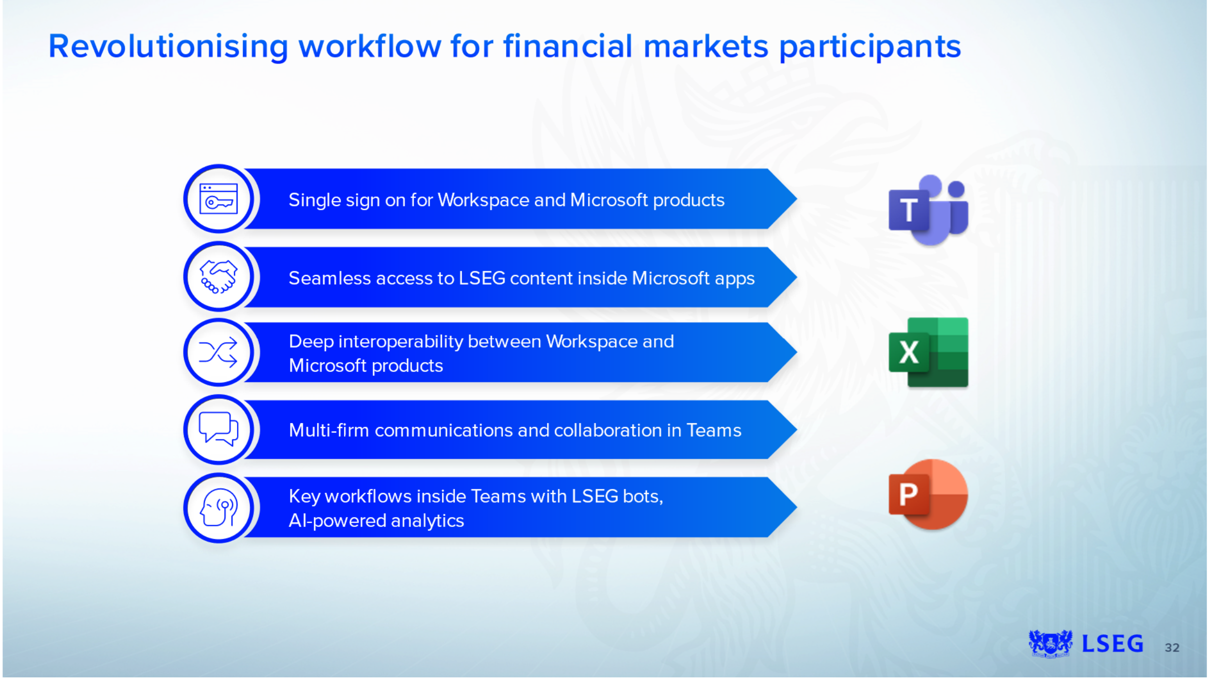
First, with Microsoft's cloud technology, we are consolidating our data sets onto one flexible infrastructure. Our customers will be able to access data faster and more easily with greater resilience and adaptability.

Second, we are combining Microsoft's expertise in machine learning and cloud infrastructure with our advanced analytics and modelling capabilities to develop a new suite of solutions for the financial industry. This will revolutionize how businesses that rely on analytics and models, like all of the firms that you all work for, build, access and scale these capabilities.

And third, we're working with Microsoft to transform the workflow for financial market participants. And I don't use that word transform lightly. We are integrating our next-generation human interface workspace with Microsoft's productivity and communication tools, creating an all-in-one data, analytics, workflow and collaboration solution.

Let me bring this to life by showing a short video that captures a few different aspects of the seamless functionality, workflow and intelligence that we are building together.

<Microsoft & LSEG Partnership video shown >



David Schwimmer:

So that is an investment banking example for you. But there will be many different use cases across sectors. What's more important than the specific example is the interoperability, the collaboration, and the intelligence that we will bring to Workspace with Microsoft.

Just think of your own day-to-day work with this functionality. The 5 bullets we have here can't really capture the revolutionary nature of the change to workflows that will result from our partnership with Microsoft. But whether it's multi-firm collaboration on Teams or the power of AI to filter information and support decision-making, it is clear this will drive huge productivity and insight improvements for our customers.

And the response we have already had from customers has been very encouraging with a number keen to partner with us.

David Schwimmer:

So what is the growth potential here? A number of you have asked us that. And we will provide more guidance as we get closer to product launch.

As we said in December, we do expect the partnership to increase revenue growth meaningfully over time. We think of the opportunity in 3 ways.

In value terms, we are developing a much more powerful platform with leading functionality. We all know there's a price gap in the market, and we're confident we can begin to close it.

On the volume side, this is the heart of the information services investment case. When data is liberated by technology, usage grows. Customers find more useful ways to manipulate data and to integrate it with their own and other sources, driving insight and decision-making. We are already seeing this effect where we have used technology to reduce friction in Enterprise Data, and we see it as a significant future driver across all of Data & Analytics. We also see an opportunity to increase our market share.

Third, the opportunity in new markets. We're creating a new market in modelling and Analytics as a Service, where as I mentioned, we expect institutional demand to be strong. There's also a long tail of customers with an installed Teams base of over 250 million customers. The opportunity to sell light versions of Workspace into corporates or the retail market has real potential as well.

David Schwimmer:

To summarize, on Slide 34, 2022 was a year of strong broad-based growth for LSEG with all divisions performing well.

We are accelerating delivery of our cost synergies and increasing our revenue synergy target. We continue to generate a lot of cash and are actively deploying it to improve our customer offering. We expect the Acadia acquisition to close in the next few weeks, a transaction that is roughly twice the size of the types of deals that we completed last year.

We're also returning surplus capital to shareholders. The share buyback we started last year is continuing. And as Anna mentioned at our AGM next month, we will seek authorization for a directed buyback. That will support an orderly sell-down and reduce our share count to the benefit of all of our shareholders.

Our partnership with Microsoft will revolutionize workflow for financial market participants, supporting further growth and transformation of our business. The changes across our business are improving our offering and accelerating growth.

We have a lot of confidence as we forge ahead in 2023. And with that, Anna and I will now be very happy to take your questions. So Peregrine, I will turn it over to you. And I can see the hands rising.

Peregrine Riviere:
Thank you, David. Morning, everyone. So we'll take the questions in the room first, and then we'll move on to the conference call. So Philip, you're the first person I spotted.

Philip Middleton (Bank of America):
You've talked very eloquently about the qualitative benefits of the Microsoft partnership. And you've talked slightly more prosaically about the quantitative costs of them. When will we see the quantitative benefits? And what will those look like? What should we be looking for to say, yes, this is working like they said it would?

David Schwimmer:
So as we mentioned when we announced the partnership in December, our customers will start to see the benefits from the partnership in terms of the product, 18 to 24 months out. In terms of when we will see that in our revenues, we expect that in 2025 and beyond. So as I mentioned in the presentation, we expect to see benefits in terms of value, in terms of volume, in terms of new markets. And we're very pleased with that, looking forward to that. But given we're still 2 years off from seeing that revenue impact in 2025, we're not going to put out more specific guidance at this point.

Haley Tam (Credit Suisse):
It's Haley Tam from Credit Suisse. Could I ask a couple of simple questions, please? Firstly, thank you for the increased revenue synergy guidance. That's very welcome. Could you just clarify for me that is on a sort of Refinitiv deal basis doesn't include TORA or any other acquisitions, okay?

And then the second question, just in terms of the directed buyback of £750 million. I think I'm right in thinking there's a $2 billion debt repayment associated with the future transaction due at the end of this year. So not to get too far ahead of ourselves, but presumably, that means in 2024, you could ask for much bigger capacity for a directed buyback? And that was the question.

Anna Manz:
Yes. Sure. So firstly, the increase in revenue synergies is entirely associated with the Refinitiv transaction and doesn't have any benefit of the other acquisitions in.

And in terms of how we might think about directive buybacks going forward, I mean, you're right, we're highly cash generative. And it's one of the real strengths of our business. However, the way we think about capital allocation is we firstly look at organic investment, and we look at the M&A opportunities that we can see. And then we return what we can't see a ready use for to shareholders. So we're not going to guide specifically. But you're right, we're highly cash-generative and we'll continue to be active in how we use our capital.

Enrico Bolzoni (JPMorgan):
Sorry, just one clarification. Going back to when we're going to see the economic benefit of that, clearly, you say the clients will start to see a benefit between 18 and 24 months. But then the monetary benefit to you is going to be a bit further delayed.

Can you give some colour why is that? Is it because you -- like kind of a hook? So you first give the new product, and then once it's rolled out, you can start charging them? I'm just curious to get some colour on how the -- actually is going to be monetized.

Second question, I just wanted to ask -- clearly, the integration, some of the acquisitions you've done, like MayStreet, for example, looks like it's going very, very well. I think when you announced it, you said that in 2021 MayStreet about £15 million revenues. I was just curious to know what kind of synergies, for example, from a revenue point of view you expect from that specific acquisition?

Or more in general, if I think about the bolt-on deals that you can do, do you have internal guidelines in terms of what kind of, I don't know, return on invested capital you usually aim to achieve or synergies or EPS accretion to make them work basically?

David Schwimmer:
Sure. So maybe I'll touch on each of these, and you should feel free to add in as well because just touch on both of our areas if I can put it that way.

First of all, in terms of how the Microsoft partnership is going to be monetized, I wouldn't read too much into the difference between the 18- to 24-month time frame and 2025 revenue. So will we be rolling out some product capability on that 18-month time frame, which will basically be the second half of '24? Yes, and our customers will start to see that then. But again, given that time frame, 18 to 24 months, basically takes us into 2025. So that's a how you should think about that. Anything you would add on that?

Anna Manz:
Only that as we build this product, we're going to be working with a number of our customers in the build phase to make sure it's really meeting their needs. So some customers will be interacting with it earlier.

David Schwimmer:
And then with respect to MayStreet, which for those of you who don't know, is a great capability, a great business we acquired last year, very small. But it's a great example of our M&A strategy in terms of acquiring relatively small businesses that give us a great

functionality or a new technological capability, we can plug that into our global network both in terms of distribution and also in terms of our customer relationships. It provides ultra-low latency, real-time data. So very fast, real-time data and is very high quality. The SEC uses it, as an example. And as it has become part of our larger business, this is a critical function, real-time data is a critical function for a number of our customers. And they feel more comfortable using it with us because we are established long-time partners of them as opposed to a very small entity that's not very well known.

So that is the kind of benefit in the kind of synergy that we are seeing there. And so it has improved in terms of -- we already have the #1 in the world, real-time data franchise. And this is just adding to that capability and strengthening that.

Anna, if you want to touch on any internal thinking or internal guidelines as to how we think about our M&A, please?

Anna Manz:
Well, I won't share that much. But firstly, we've been quite clear that we get a benefit next year at one point associated with the acquisitions that we've done. They're all early-stage businesses. So they are all businesses that we should be seeing a rapid acceleration in top line growth as we scale them across our platform. The way we think about our financial criteria depends a little bit on the business life cycle -- where it is in its life cycle.

And we're prepared to take a longer investment period in these early very scalable small businesses because we're going to drive performance through those revenue synergies. But I'm not going to go into specific return criteria.

Bruce Hamilton (Morgan Stanley):
And apologies, I was a bit late. So I you already answered, my apologies. Firstly, just on the Microsoft thing, I know we're going to learn more. But if I think about what you're saying about sort of user experience functionality, should we assume that when that starts to have an impact, it will be most strongly felt in the Trading & Banking solutions. So obviously, the rest of the business is growing already mid-high single digits. So is that where you'll see perhaps the biggest delta in terms of kind of growth rate?

And then secondly, just on the incremental revenue synergies. Obviously, the cost to achieve has stepped up fairly meaningfully. I mean, I guess, clearly, you go for the easier win revenue synergies first, and then it'll cost more as you go along. But can you just add any colour around that, please?

David Schwimmer:
Sure. Anna, do you want to touch on cost to achieve first and then I'll answer Bruce's question on the Microsoft impact?

Anna Manz:
Sure. So just to frame it for you, the first £225 million of revenue synergies we announced had an ROI, I think, of 125%, so a stunning return. Now we've really got into selling these products, and we see an opportunity to scale them much more broadly across a broader customer base. And that's what gives us the confidence to increase our revenue synergies.

And so we're now talking about a revenue synergy that's delivering a 65% ROI. So still a very, very strong return. And to your point, why is it a little bit lower, because what we're doing is taking a very strong performance and scaling it more broadly across our customer base.

David Schwimmer:
So to your question on where you might see the benefits financially in terms of the Microsoft partnership, I think it's worth breaking down a little bit each of the different aspects of the Microsoft partnership because, for example, we showed the video of Workspace embedded in the Microsoft product. I think in that particular product area, yes, you will see the benefits in the Trading & Banking line.

And I would just point out, and we touched on this in the presentation, we've taken Trading & Banking from, as I described it, a declining business over many, many years. And we indicated at our investor presentation, the Investor Day, is now a year and a half ago or so, that we would want to -- would take that business into a low single-digit growth area. And we've gotten there. Frankly, we've gotten there a little bit earlier than we expected.

But the partnership with Microsoft and the integration of that functionality with Microsoft Teams and the other Microsoft collaboration tools, we think there's a real opportunity to turn that into more of a growth engine going forward. We're not giving any change in guidance at this point, but we are very excited about that opportunity.

Then if you look at other parts of the partnership with Microsoft and the Analytics as a Service offering, that's a product that doesn't exist today. Now analytics currently appears in Trading & Banking. But we'll have to think about how we make that clear for people in terms of what we're seeing there.

And then the movement of our data platform into Microsoft's Cloud, that will have an impact, I think, across our business. I think that will be very attractive for our customers. It will make our products much easier to use. Customers will be able to access it themselves, pick and choose what they want to access, create their own new products. And that will have an impact, I think, as I said, across many different parts of our business. Anything you want to add to that?

Tom Mills (Jefferies):
It's Tom Mills at Jefferies. I just had a question about -- I think Nasdaq recently noted that it's seen some slippage in its anti-financial crime business from a subscription yield perspective, I guess, as decisions were having to be seniorised, if I can put it that way. Are you seeing any signs of that in your risk business or other subscription businesses?

David Schwimmer:
So in our Customer & Third-Party Risk business, we have our World-Check business, which has had a very strong year. And we talked about this last year when a lot of the focus was on what was going on with Russia, Ukraine, and World-Check proved itself during that time period as being really essential as a product for many, many of our customers. We saw big spikes in usage there. So a strong year for World-Check.

In terms of some of the other parts of the business within our Customer & Third-Party Risk Solutions business. For example, our enhanced due diligence part of that business, that tends to be very active when there's an active IPO market. And so that has been a slower year.

In terms of some of the payment verification and fraudulent ID parts of the business, some of that also has had exposure to both the crypto markets from a customer perspective, not in terms of any crypto trading that it's doing, but serving customers in that market. And so there's been a little bit of a slowdown in that area. Anything you want to add there?

Anna Manz:
Yes. Maybe just coming back to subscription revenue strength as a whole and what we're seeing with our customers, we're seeing good demand across the group. And I think that 6.2% ASV figure at the end of the year is all driven by increasing sales and better retention. It's not accelerated due to price. And we've gone into 2023 again with strong demand. So we're not seeing any slowdown in our customer base.

David Schwimmer:
Yes. And actually, it's a great point. Just to clarify some of the points I was touching on in Customer & Third-Party Risk, those are not subscription revenues. Some of the -- so for example, some of the enhanced due diligence, those are more transactional-type revenues.

Gregory Simpson (Exane BNP):
It's Greg Simpson from BNP Paribas Exane. Can I just ask, with the 6% to 8% revenue growth, did you say 1 percentage point that was from M&A that's been announced? And therefore, if you look at the organic guidance, I guess, of 5% to 7%, that's quite similar to what was the previous target and isn't more of a pricing impact this year? So just trying to square that point.

And then the second one would be on cost. Once you get to the 50% exit EBITDA margin, is that like a level that is sustainable for this kind of business? Or do you think there is still inherent scalability in terms of operating leverage when you look into '25, '26 and so on?

David Schwimmer:
Do you want to take that?

Anna Manz:
Sure. So our 6% to 8% revenue guidance, maybe just talking through the things that make me confident looking at our forward revenues. Firstly, ASV. So December ASV gives you a measure at a point in time of our contracts versus the same contract spending a year ago. And that gives you a sense of the acceleration that we're seeing in our underlying subscription revenue book of business, which is 70% of our revenue. And so there's a healthy acceleration there, which should start -- which will flow through our revenue as we move through the year.

Secondly, yes, we've taken more price in 2023 than we did in 2022. What I've said to you before is that we tended to take low single-digit price historically, particularly on our subscription revenue book of business and that we would be taking slightly more this year. So you will see that flow through as of January 1.

And thirdly, yes, we get the benefit of M&A, and it's about 1 point year-on-year. And then your second question about the 50% exit rate margin and do we see more scalability, yes, we see more scalability for this business. We'll continue to invest in opportunities like

Microsoft that we think would accelerate the top line. And so it won't always be a perfectly straight line. But yes, this is a business where we are not yet fully scaled.

Ian White (Autonomous):
Ian White from Autonomous. First up, please, what feedback could you share regarding the user reception of Workspace so far? You had some interesting statistics with the 1H update. I wondered what the latest view on that was now that, that rollout is more advanced.

Secondly, can you just provide a little bit more colour what specifically you have seen to drive the upgrade to the revenue synergy guidance? I know the release mentioned, I think, some aspects around FX and those businesses to me seemed to be at sort of early stage sort of growth or recovery. I'm just wondering what the sort of new information is, if you like, that's led to the upgrade there.

And finally, on the Microsoft partnership, can you just talk me through considerations there that you made in terms of thinking about the partnership around the risk of lock-in with Microsoft? Basically, how do you weigh the need to retain sort of sufficient in-house expertise and negotiating power with Microsoft, especially towards the end of the partnership versus the benefits that the partnership might bring to the group?

David Schwimmer:
Thank you, Ian. Maybe I'll take your first and third, and you can touch on the revenue synergies uplift. So the feedback from users on Workspace continues to be very positive and easier to use, easier to find data on it, lighter on their desktops, better functionality. So – and as I mentioned in the presentation, we are continuing to add new features and capabilities. So this is not a static product, and it's continuing to get better and better.
And again, as I mentioned, and you saw the demo in the video, it's going to get better and better and significantly change as part of the partnership with Microsoft. So really excited about the opportunity set there.

To your third question with respect to the risk of lock-in, as you described it, a couple of things on that. First of all, this is not an exclusive arrangement with Microsoft. We have very strong existing relationships and do significant amounts of work with other cloud providers. And that will continue. And there will be parts of our business that will be in other cloud providers' services for the duration.

The other point I would make is that our open-access model extends to the cloud. And what I mean by that is that we will serve our customers where they want to be served. And so although we may be housing a certain product or designing it to be native to Azure in Microsoft's Cloud, we will make it available. And there are some interesting engineering aspects to this that we will be working through with the various cloud providers, but we will make it available to our customers where they want to have access to it. And so I think it's really important to make those points.

From a -- I'll say, from a commercial perspective, from a regulatory perspective, from a risk perspective, we are very focused on maintaining the capability to use multiple cloud providers and not to have that risk of overdependence on any one provider. But we're -- at the same time, we're very excited about the partnership opportunities with Microsoft. So I turn it over to you, Anna.

Anna Manz:
Sure. Revenue synergy guidance, I think the first thing I'd say is the upgrade in revenue synergies is really the thesis that we had at acquisition has been proved out and been proved out to be more valuable than we first thought. And so a lot of the synergies we're talking about are the same synergies that we were talking about at acquisition. They're just more valuable, and we can take them to a broader range of customers.

So the biggest revenue synergy areas that we've talked to you about before is using Refinitiv's data in our indices, particularly fixed income; selling that data with our indices, so that cross-sell; putting Yield Book into Workspace, all of those areas. And as I say, it's largely the same, but they're more valuable, and we can take it more broadly to a broader customer set.

Ben Bathurst (RBC):
It's Ben Bathurst from RBC. I've got a question on targets. I think I'm right in saying that your initial targets announced at the time of the acquisition set to expire at the end of 2023. Does that mean we should be expecting new medium-term targets at some point in the next year or so? And if so, when?

Anna Manz:
So you're absolutely right. Our targets that acquisition really took us to the end of 2023. And towards the end of this year, we will come back and share with you how we're thinking about the journey from here. But right now, we're very focused on making sure we absolutely knock those acquisition targets at the park.

Michael Sanderson (Barclays):
Just a couple of ones. Sorry, Mike Sanderson, Barclays. First one, note on the slide you specifically talked about leverage and what you're willing about. I mean, historically, we've talked about the more recurring subscription nature of revenues in the model. Does that -- is that a reiteration that's now sort of long-term reiteration? Or is this just sort of reiterating the past as how we think about what sort of leverage you put in?

And the second one, I guess, on the political angle. Clearly, there's some developments with discussions with you and other parts of the world. Are these -- is there any sort of tone that might feel that financial services feels it could be making better progress for the clearing side of the business?

David Schwimmer:
Want to take the leverage question and then I'll.

Anna Manz:
Sure. So our capital allocation policy is our capital allocation policy. And within that, we talk about 1 to 2x leverage range. And it's something we continue to review, but it's working very well for us at the moment. And I think the most important thing is we're very cash-generative. And so within that cash generation, we have a lot of freedom to invest in the business, do the M&A we want to do and return.

David Schwimmer:
Then with respect to your question around the, I'll call it the improvement in tone in relations between the U.K. and the EU, that's only a good thing in terms of the markets overall. I think from our perspective, fragmentation is not helpful for the markets.

Now as we've said in the past, we are, I'd say, fairly confident given the messages that have come out of the EU, including the European Commission, including recently ESMA, there's not going to be a cliff edge in June 2025. That seems increasingly clear. And our customers have also made it increasingly clear that they -- and when I say our customers, our members in the EU have made it increasingly clear that they want to make sure they have continued access to LCH Limited. And so all of that continues to be playing out. And I think I've said in the past that we are optimistic and hopeful that, that will continue to play out well. If anything, the improvement in tone is making us that much more optimistic that that's going to play out fine.

But the improvement in tone is only a good thing. And I think -- I was reading in the paper this morning that we may have the financial services MOU between the U.K. and the EU finally gets signed. That doesn't have a direct impact on us. It's just -- it's tonal. And we're regulated in the EU by ESMA, we're regulated by Bank of England, we're regulated by the CFTC. It's a good thing if the regulators are cooperating with each other and if there are good political relationships there. So all positive from our perspective.

Operator:
(Operator Instructions)
We'll take our first question from Russell Quelch of Redburn.

Russell Quelch (Redburn):
Just checking, you can hear me okay in the room?

Peregrine Riviere:
Very well.

Russell Quelch (Redburn):
Good stuff thanks. So a few questions here. Firstly, I'll start with a clarification on the back of Greg's question, if that's okay. And appreciate you've got the products with different market penetration. But how much of the 6% to 8% gross revenue growth in '23, do you expect to be driven by pricing. And I guess the reason for the question is, do you have to be less aggressive on pricing than perhaps peers in this environment in order to improve retention and ensure retention stays higher as you move customers over to new platforms?

David Schwimmer:
Do you want to take that?

Anna Manz:
Yes. Sure. So just come back to sort of what I said to Greg, when we're talking pricing here, we're predominantly talking about the subscription revenue that's largely in the D&A business, which is 70% of our revenue. And historically, we've taken low single digit pricing there, call it, 2%. We're taking a little bit more than this year, which is not more than -- of the order of 1% on that book of business.

Are we less aggressive than our customers? No. So a lot of the stuff that you're seeing in the press is headline pricing. So the number I get asked a lot about is the Bloomberg 9% increase. They take price every 2 years. So you need to have that, so 4.5%. Now there's always a difference between a headline price increase and the yield you actually achieve because there'll be different reasons for different places where contractually not every customer has the price increase applied to them. So I think it's all quite consistent. So that's largely how I think about it.

Russell Quelch (Redburn):
Okay. That's good. And then just coming back on Mike's question as well around leverage, because you're now at 1.8x, you're targeting 1 to 2. If I look across the data analytics peer group, mainly in the U.S., the average leverage is sort of 2 to 2.5x, depending on where we are in the cycle. Would you be prepared to move up towards that range to use that capacity to drive growth either M&A or buybacks? Or is there something perhaps in your covenants that restrict you from doing that right now?

David Schwimmer:
Go ahead.

Anna Manz:
Yes. We have no restriction. I think I'll come back to we're generating a lot of cash. And we have the cash generation that we need to deliver on all the things that we want to do. So while leverage is something we continue to keep under review, we're sticking with 1 to 2x for now.

Russell Quelch (Redburn):
Okay. And then sorry, if I could just squeeze one more in on the fixed income indices because you've spoken a couple of times about that today. How do you take market share in this space versus incumbents in the space, particularly people like S&P now coming post the info deal coming with rolling out new products in this area. It's highly competitive. There are incumbents there already. Where is your competitive advantage here?

David Schwimmer:
And is that question -- I couldn't quite hear at the beginning. Is that specifically around fixed income indices or indices in general?

Russell Quelch (Redburn):
Yes, David, particularly fixed income indices, yes, where you're talking a lot about growth.

David Schwimmer:
Yes. So we have a great franchise in fixed income in the index product, and it's actually one of the significant competitive advantages and differences from -- with respect to the FTSE Russell index product compared to a number of the other -- basically, the other top 2 -- the other 2 players in the top 3, if I can put it that way. And we continue to invest in the space. We do very, very well from a competitive perspective in terms of RFPs or the head-to-head pitches.

And we're continuing to invest in it, and I look forward to continuing to do really well. We've got new inflows, new products that we have been launching. The number of products that we are putting out has gone up dramatically over the past year or two compared to the product development pipeline that we had in the past. And part of that is related to having additional investment in the space. Part of that is related to having the benefits of access to the Refinitiv data, and that's part of the synergy case that we've been talking about. So the product is doing very well. The space is doing very well for us.

Operator:
Kyle Voigt at KBW.

Kyle Voigt (KBW):
So just one follow-up on the Microsoft partnership. You previously disclosed £250 million to £300 million of cash costs related to the partnership from 2023 to 2025. Just wondering how much of those costs are embedded in the margin guidance for 2023 specifically. And it might be helpful if you could provide an exit 2023 margin run rate inclusive of the Microsoft costs just so we have that like-for-like with the 50% excluding it on an exit basis.

And then also, I was wondering if you could run through how we should think about those costs as we get past that 2025 point. Do those costs really fall away and so are kind of more one-off in nature? Or do they kind of become embedded in the expense base on an ongoing basis past 2025?

Anna Manz:
So where to start? Maybe I'll do the second one first. So what we've shared with you is the products -- what we're talking about here is product development costs. So it is one-off cost, and we've been quite clear about it. And we've called out the investment that we're making before we start to get to revenue.

Now we'll need to continue to invest from 2025 onwards. But at that point, we'll be seeing a revenue flow come in, and the investment will be very commensurate with returns that you're starting to see. And we'll guide on those numbers nearer the time.

I'm not going to unpick our 48% margin guidance into its component parts because there's an awful lot of moving pieces in there. But as you work it through, you can see that there is some -- if you think about the level of underlying margin improvement we've delivered this year of 110 basis points, you can see as you look forward to 2023, there is a level of investment going in against ongoing underlying margin improvement. And that is against the combination of Microsoft and also the early-stage M&A businesses that we've got.

Kyle Voigt (KBW):
And then just one follow-up for me, if I could. Just with the Euronext clearing migration now set for the third quarter of 2024, I know it's small in context of the larger group, but just wondering if you could update us again on the financial impact and if there could be any potential offsets on the expense side as those revenues migrate away.

David Schwimmer:
Yes, Kyle. As we announced when they made their indication of that migration with last year sometime, this is immaterial for LSEG. So nothing really to add in terms of -- it was immaterial then. It's -- we're growing. And so it's, can you say more immaterial now?

Operator:
Next, we have a question from Johannes Thormann at HSBC.

Johannes Thormann (HSBC):
Two questions from my side, please. First of all, the cost development, there probably one reason for a slight miss, and then the increase is probably stronger than anybody had expected. Is this something the inflationary environment you have to live with? Do you start any new cost-savings initiatives, new measures? Or do you really think as you stop guiding on costs as well that you have the only ability to live with that is to compensate this via higher price increases on the revenue side?

And secondly, also on a small business of yours, the cash trading business in U.K., you lost market share and the yield deteriorated. Any countermeasures for the origin of the group?

Anna Manz:
I do the first one?

David Schwimmer:
Sure.

Anna Manz:
So 2023 cost, so a couple of years ago, we gave you cost guidance. And you're right, we've stepped away from it and we've moved to a margin guidance for 2023. And that's because in a high-growth environment, we think that is the right way to run our business -- sorry, high growth, high inflation environment because we're managing both the impact of the inflation on our top line and also on the cost base.

What you can see as you look at our margin, which is in line with expectation for 2023, there's a number of moving parts. There is some ongoing efficiency delivery, just as we've delivered this year. And you will see us continue to work very hard to run this business more efficiently, and there is more opportunity to do that.

And you will also see us investing for future growth, investing in the Microsoft partnership, which will accelerate growth from 2025 onwards and investing against early-stage M&A that's got a long runway for growth. So the way I think about it is our cost base is carefully controlled. We work very hard to drive efficiency, and we will continue to do so. And we will invest where there is a runway for growth as we are.

David Schwimmer:
And on your second question on cash trading in the U.K., and as you mentioned, this is a very small part of our overall revenues, so certainly sub-5%. But nothing really new in terms of what's going on in that space. And just to break that down a little bit, there's obviously the London Stock Exchange, there's Turquoise. And we have seen some sort of subdued volumes in that space when there is more volatility. You tend to see a lot of the volume coming back to the primary exchange.

We have done a few things with respect to Turquoise in terms of bringing in some incremental volume there that has meant some moves on some of the pricing and the relationships with some of the biggest providers there. So a few puts and a few takes there, but nothing really dramatic to touch on there. I don't see any signs of any longer-term trends there.

Operator:
Mike Werner at UBS.

Michael Werner (UBS):
Just have a question on costs, and thank you for the improved guidance with regards to being able to capture the bulk of your cost synergies by the end of 2023. Just thinking beyond that, those cost synergies, I think, have obviously helped the EBITDA margin and allowed you to invest in the business. As you look out to '24 and '25, do you see further opportunities capture cost synergies above what you're currently targeting? Or is this one where the tailwinds or the benefits from synergies are likely to slow in those years? And again, if you -- will it have an impact on your EBITDA margin as we look as you guys continue to build scale?

David Schwimmer:
Thanks, Mike. Anna?

Anna Manz:
So you're right, we've guided today that we'll be substantially done with our cost synergies by the end of this year. But that is a run rate exit at the end of this year. So we'll see the in-year benefit of those cost synergies benefiting both '23 and '24.

Now looking beyond that, you're not going to see us announce further cost synergies from the integration, but you will see us continue to drive efficiency. And there is a lot of opportunity to continue to drive efficiency in this business through running our processes better, through better automating things. And we are very motivated to continue to drive that efficiency. And so you will see that happen beyond 2024.

And in terms of what does that mean for margin over the medium term, as somebody asked me earlier, is the 50% exit rate margin, you know are we done? No we know there's opportunity for further scalability in this business and therefore margin enhancement as we continue to drive the cost at the top line and as we continue to manage our cost base sensibly. And you will see us invest where we see there's opportunities to further accelerate that growth.

Michael Werner (UBS):
And just actually a quick follow-up, if you don't mind. I think, David, you mentioned earlier that you expect to close the price gap in some of your markets. Is this something where we can maybe expect to see actually an acceleration of pricing power as we look out over the next couple of years?

David Schwimmer:
I think that's a fair conclusion. We're investing in our product. We're improving our product significantly. We're seeing stronger retention. We're seeing stronger customer interest in what we're providing. And so -- and we've said this before, when we are asking our customers for an appropriate return on the investment that we're making and that investment is adding incremental value for them, they're willing to pay for that. So the answer to your question is yes.

Operator:
Next is Andrew Coombs of Citi.

Andrew Coombs (Citigroup Inc):
Just a couple of follow-ups. Just firstly, going back to this point on the 6% to 8% revenue growth. When you answered this question previously, you admitted that it's 1% of that inorganic this year, but then you talked about some of the banking initiatives, you talked about the higher synergies, you talked about the Microsoft agreement.

As a function of just reading between the lines, it sounds like you think 6% to 8% is actually a sustainable level even on an organic basis. Is that a fair conclusion?

Anna Manz:
So our guidance for 2023 is 6% to 8%, but you can be absolutely sure that the investments that we're making and the things that we're doing are around improving the quality of our business in order to sustain good growth.

Andrew Coombs (Citigroup Inc):
And then a second question, just a follow-up on kind of the inorganic point. I mean you said you weren't going to expand on financial criteria. But if I look at the M&A areas of interest itself and what you've historically done, it's been bolt-on in order to expand your existing capabilities. Is there anything that you particularly look at and think you can benefit from any particular areas where you think you would need inorganic deals in order to improve your offering?

David Schwimmer
So I'll answer that question in a slightly different way, which is that we did 4 acquisitions last year, each of which was relatively small, sort of a couple of hundred, £200 million to £300 million or so. That's a lot. I mean that's small in size, but to do that amount of M&A in a year is a lot, and it kept the team very busy.

So one aspect of our approach to M&A that we have talked about is trying to do -- when we're doing bolt-ons, to the extent that we can do them that -- in slightly bigger size because you're doing the same amount of work for a $200 million or pound transaction as you are for a $500 million or pound transaction. And if you can add incremental value in that one transaction and move the needle a little bit more, that's just more efficient for the team. And the integration work is the same amount for the size, et cetera.

So we have talked about trying to do modestly larger transactions in the bolt-ons. And you'll see this in Acadia. Acadia is about double the size of the transactions that we announced last year. I wouldn't call out any particular area specifically where we're looking to fill a gap. We'll continue to scour the landscape, if I can use that phrase, in terms of figuring out whether there are opportunities that make sense for us from a strategic perspective and from a financial perspective. We'll continue to maintain the discipline that we have maintained both strategically and financially.

And if it makes sense, we have a lot of different areas of potential growth internally, organically. We have a very broad platform. And so if there are assets out there that makes sense, we certainly have -- as Anna mentioned, we certainly have the cash and the financing capability to do it while continuing to invest organically, while continuing our progressive dividend policy and while continuing our share buyback.

Operator:
Benjamin Goy of Deutsche Bank.

Benjamin Goy (Deutsche Bank):
Two smaller questions left on my side. The first, maybe you can also about your cash Capex not only the £750 million business-as-usual. And then secondly, I just wanted to check on Trading & Banking solutions. It looks like the implied growth rate in Q4 accelerated. I just want to check that was mainly adding TORA. Or is there also Q-on-Q an acceleration in the growth of the underlying business?

David Schwimmer:
Do you want to take that?

Anna Manz:
Yes. Sure. So I think I heard your question right on cash Capex. If I don't quite nail it, come back at me. So cash Capex, £966 million or something was the number you saw in the cash flow slide for 2022. Prior year, that same number was £600 million and some. That is both BAU Capex plus the Refinitiv acquisition, integration Capex, which was about £300 million over the couple of years.

So if you look at that together, we're absolutely on track to our guided number, which is actually an accruals number of £650 million to £700 million for the year just gone. Now if you look forward, we've said that we will be investing £750 million, which is a little bit more in 2023. And that increase really in the vast majority is some of the Microsoft spend and the early-stage M&A. There's a slight uplift because of currency. But of course, you see the benefit that comes through on revenues associated with the stronger dollar as well. And...

Benjamin Goy (Deutsche Bank AG):
So it means that this year, there's no addition to the business-as-usual. So it's £750 million at number -- the reported number essentially?

Anna Manz:
So what I'm saying is we've delivered in the year just gone -- well, across a couple of years. So '21 and '22, we've delivered absolutely in line with our cumulative guidance. And that guidance is a little bit higher for 2023, reflecting the impact of Microsoft and also the M&A.

Peregrine Riviere:
He might be asking about integration Capex for the year, I think.

Anna Manz:
Which we haven't guided on explicitly. But we're in line with our absolute integration plans. The Capex-Opex split moves around a little bit, which is why we don't sort of guide on it explicitly, but we'll share it with you at the end of the year.

David Schwimmer:
And then the question around Trading & Banking.

Anna Manz:
Trading & Banking. So yes, TORA has helped the Q4 numbers, but also we've continued to see good underlying performance in that business. So it's a bit of both, ongoing retention and sales improvement, plus the benefit of TORA.

Operator:

No further questions on the conference call line.

Peregrine Riviere:
Thank you very much. I'll hand back to David.

David Schwimmer:
Great. I'm happy to do it from here. Thank you all for joining us, both here in person and online and on the video. I really appreciate it. And we look forward to executing on our ambitious agenda for 2023. So thanks very much.