



# LSEG

## Delivering on our growth potential

### H1 2023 financial results

# Delivering on our growth potential

## Strong and broad-based growth:

- Total income (excl. recoveries) up **7.9%**
- Accelerating growth in Q2: total income (excl. recoveries) **+8.4%** (Q1 +7.5%)
- All divisions contributing to growth:
  - Data & Analytics **+7.6%**  
all businesses growing well
  - Capital Markets **+1.5%**  
strong volumes in Tradeweb
  - Post Trade **+19.2%**  
exceptional first half

## Good strategic progress:

- Investing in our products:
  - **Acadia** acquisition completed
  - New **FX Matching** platform to launch in H2
  - Faster product cycle with **FTSE Russell** re-platform
- Unlocking the **benefits of AI**
- Strong start to **Microsoft partnership**
- Significant shareholder returns:
  - Interim dividend **+12.6%**
  - Total buybacks **£1.5 billion<sup>1</sup>**  
2022 to April 2024

1. £750m on-market share buyback completed July 2023; directed buyback approved at 2023 AGM, intended to be £750m



**LSEG**

**Strong growth and  
continued transformation**

Anna Manz, CFO



# Strong H1 growth; confidence in full year outlook

Strong and sustained growth

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EBITDA margin reflecting growth investments

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Strong cash flow, funding investment and capital returns

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2023 guidance unchanged

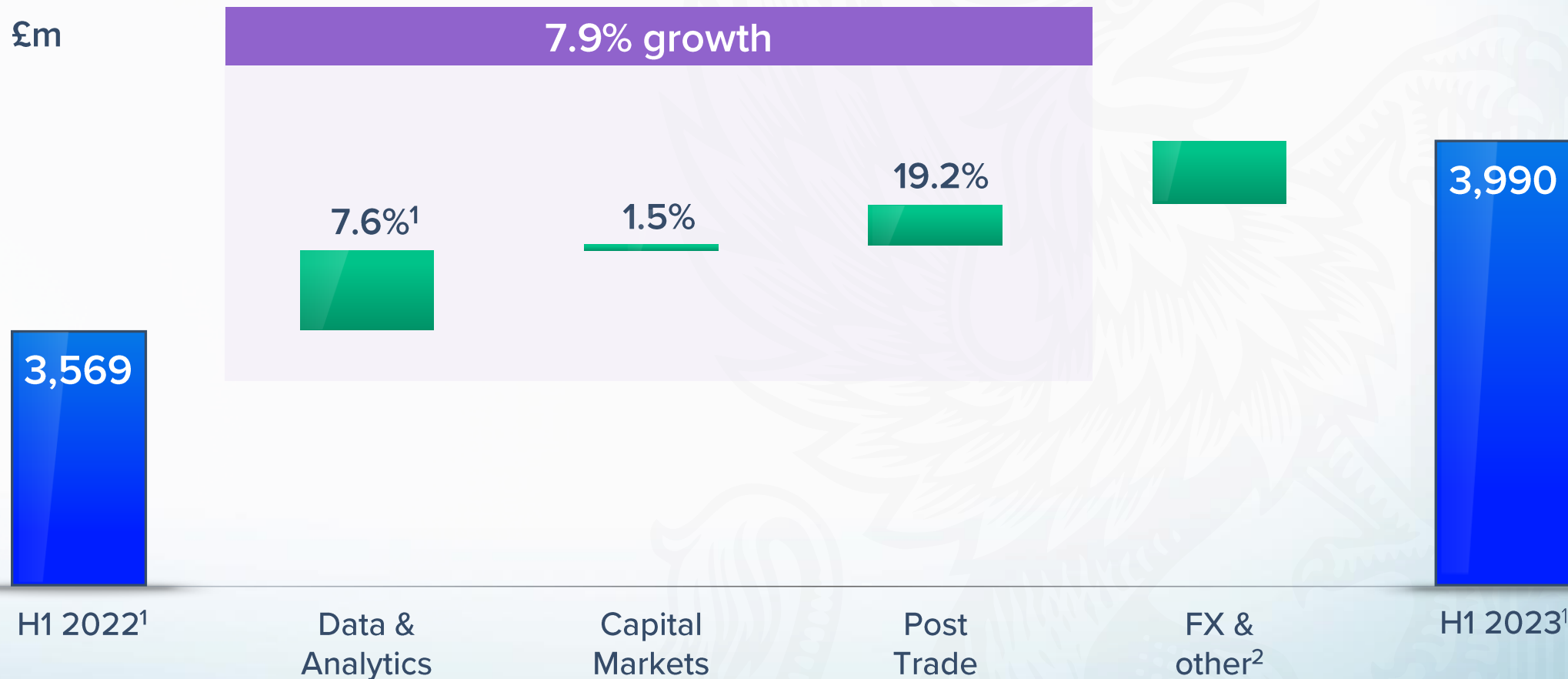
# Strong revenue and EBITDA growth in H1

£m	H1 2023	H1 2022	Growth	Constant currency growth
Total income (excl. recoveries)	3,990	3,569	11.8%	7.9%
Adjusted EBITDA	1,872	1,799	4.1%	5.8%
Adjusted EBITDA margin	46.9%	50.4%		
Adjusted EBITDA margin excl. non-cash FX gains/losses	47.7%	48.8%		
Adjusted operating profit	1,418	1,408	0.7%	4.1%

# FX items and tax rate impacting on AEPS

£m	H1 2023	H1 2022	Growth
Adjusted operating profit	1,418	1,408	0.7%
Adjusted net finance expense	(63)	(81)	(22.2%)
Adjusted tax expense	(321)	(262)	22.5%
Adjusted effective tax rate	23.7%	19.7%	
Adjusted profit for the period	1,034	1,065	(2.9%)
<i>Adjusted profit for the period attributable to:</i>			
Equity holders	888	934	(4.9%)
Non-controlling interests	146	131	11.5%
Adjusted basic earnings per share (p)	160.9	167.4	(3.9%)

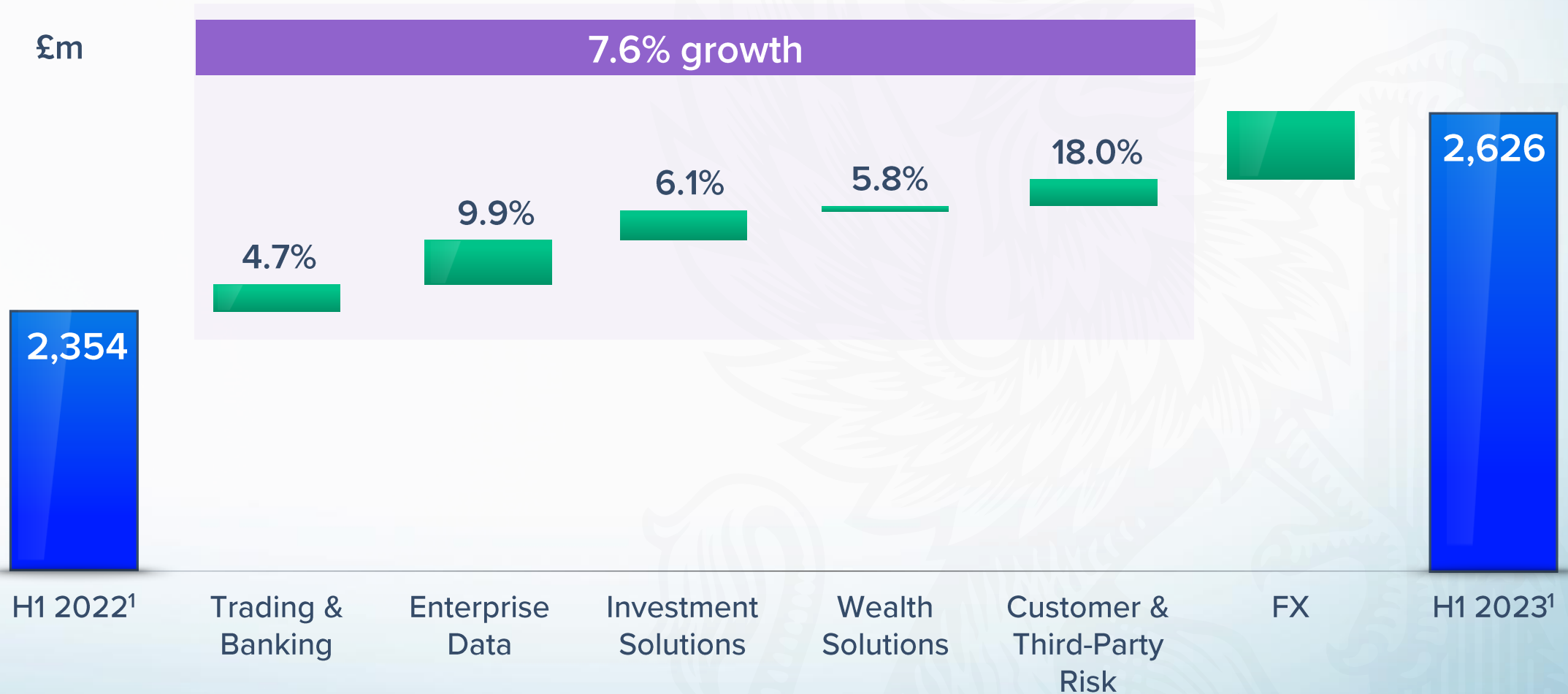
# Strong and sustained growth across divisions



Growth rates on a constant currency basis unless otherwise noted

1. Total income excluding recoveries
2. Includes the impact of other revenues

# All Data & Analytics businesses performing well



Growth rates on a constant currency basis, unless otherwise noted.

1. Total income excluding recoveries



# Continuing strong momentum in our Data & Analytics businesses

## Trading & Banking

Record customer satisfaction

Improved retention amplifying benefit of price



## Enterprise Data

Strong demand for proprietary real-time data

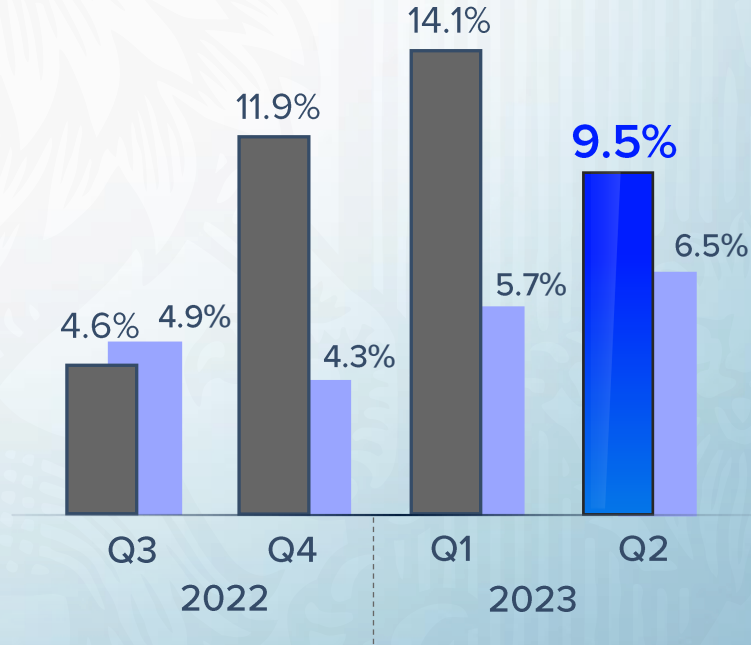
Accelerating revenue synergies from FTSE Russell cross-sell



## Investment Solutions

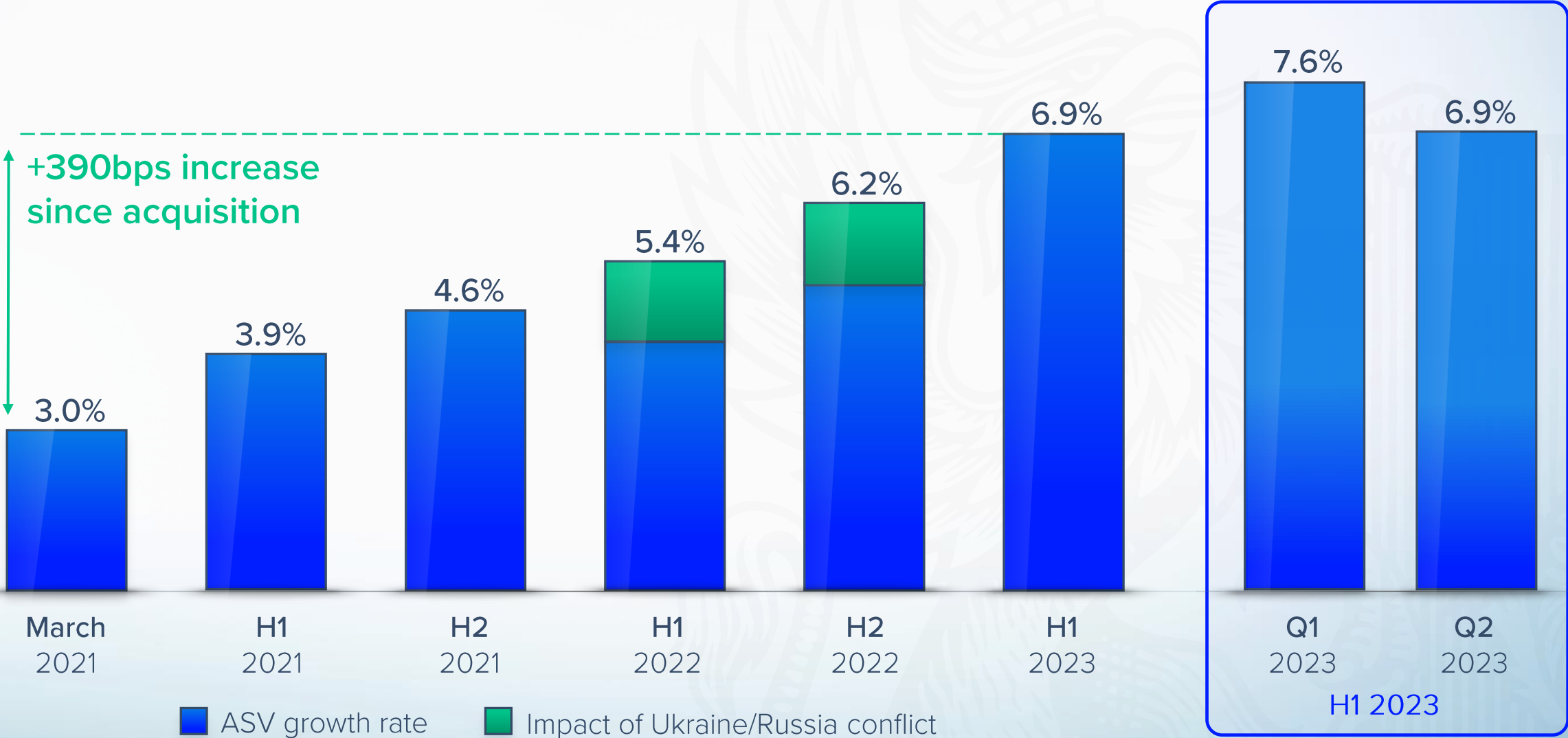
Strong subscription growth: Q2 at 9.5%

Accelerating asset-based revenues over H1



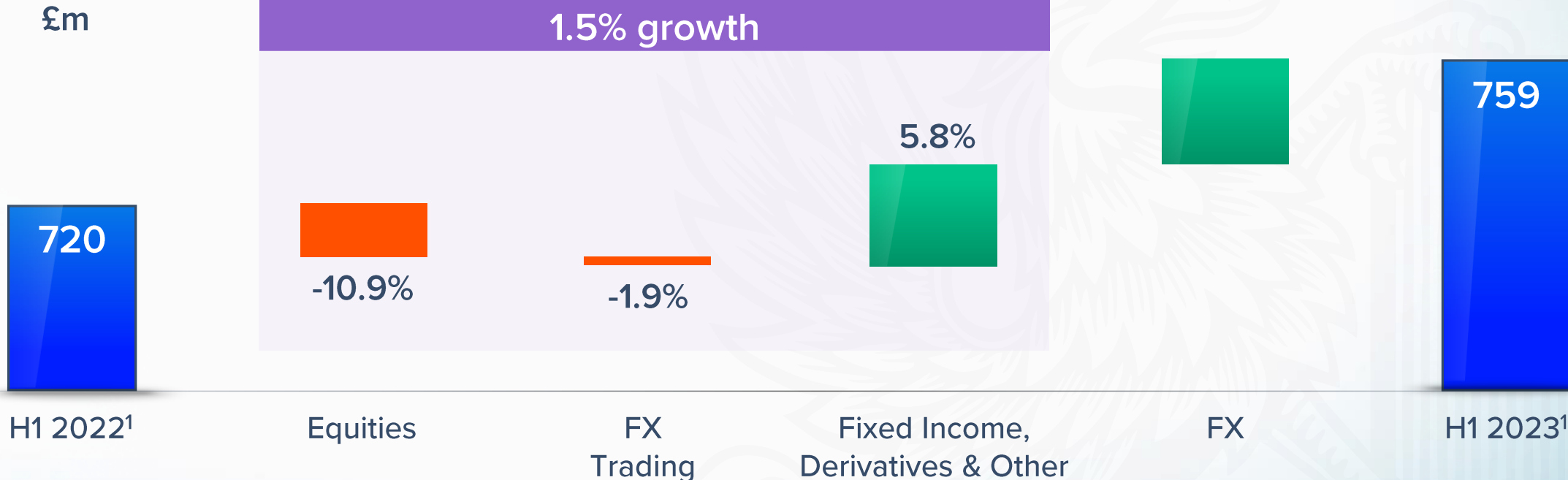
Growth rates on a constant currency basis, 2022 growth rates exclude the deferred revenue adjustment  
 1. Excludes Ukraine/Russia impacts

# Retention, sales and price driving strong ASV growth



Annual subscription value (ASV) growth is a constant currency point-in-time year-on-year organic measure of subscription growth in our Data & Analytics business

# Capital Markets: ongoing strength in Fixed Income



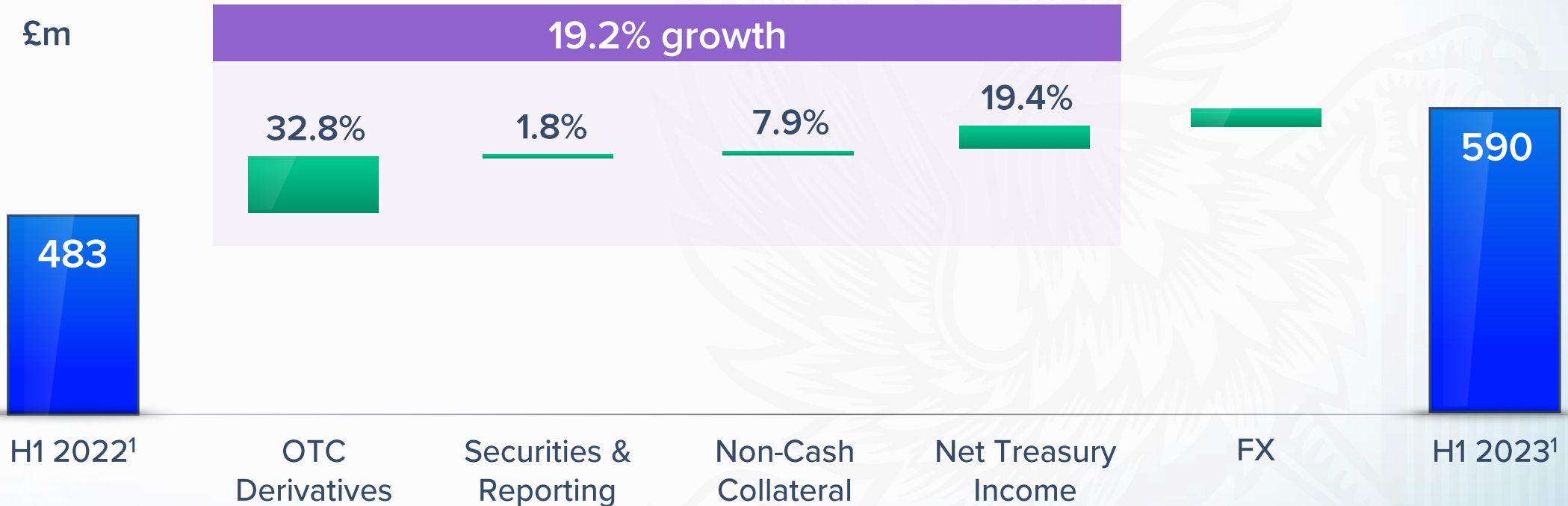
**Equities:** Market conditions impacting primary and secondary activity

**FX Trading:** Lower market volumes; growth in Matching

**Fixed Income, Derivatives & Other:** Record transaction volumes in H1 skewed to shorter-duration instruments

Growth rates on a constant currency basis, unless otherwise noted.  
1. Total income

# Post Trade: outstanding H1 performance; building innovative industry solutions



**OTC Derivatives:**  
Strong client activity driven by global interest rate uncertainty

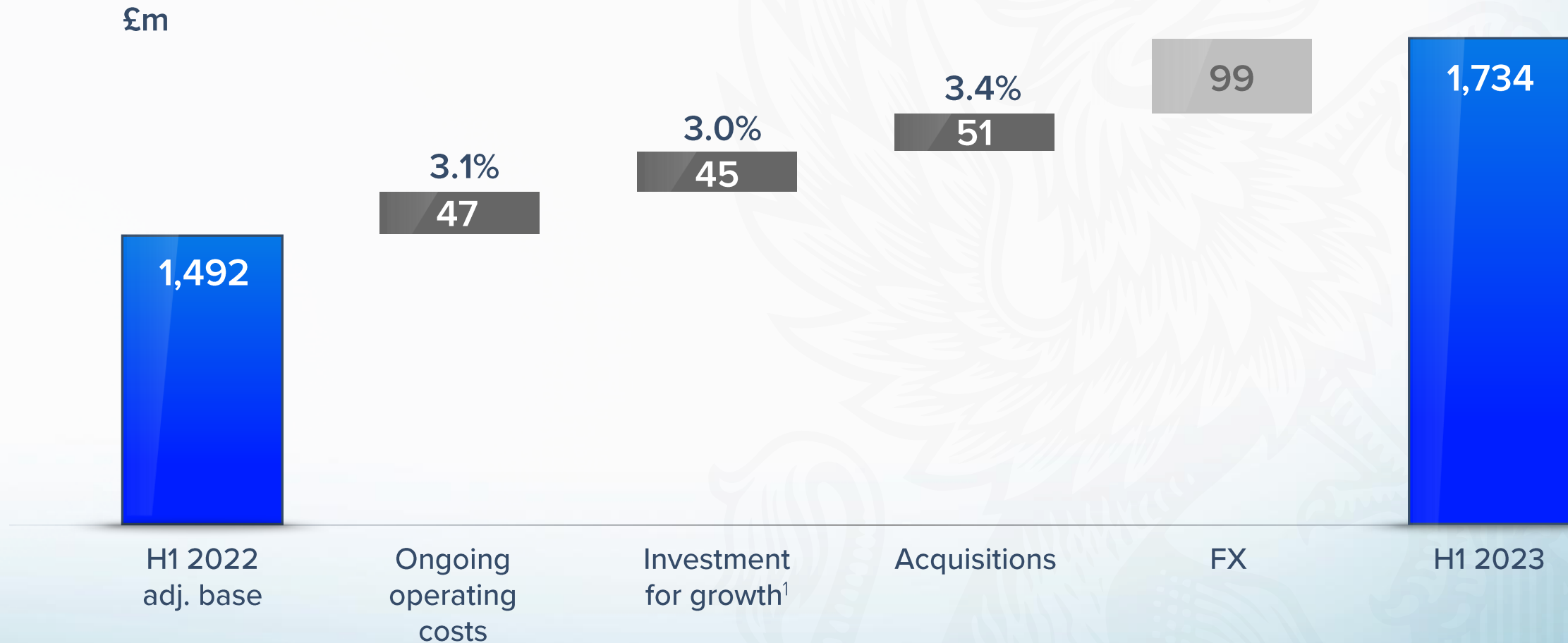
**Securities & Reporting:**  
Strength in RepoClear offsetting ongoing pressure in equities

**Net Treasury Income:**  
Higher collateral balances reflecting strong client activity

Growth rates on a constant currency basis, unless otherwise noted.

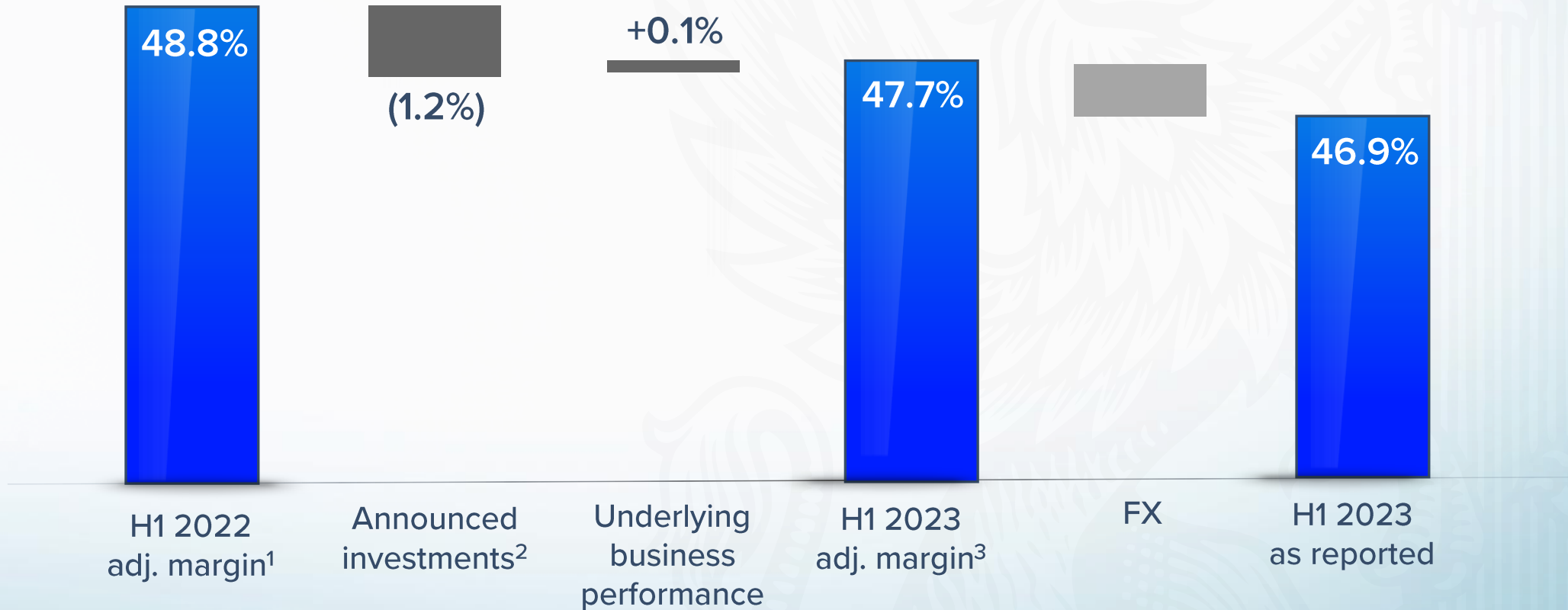
1. Total income

# Operating expenses: 6.1% organic cost growth



1. Comprises investment in technology modernisation, increasing cloud usage, costs of product development as part of the Microsoft partnership, costs of delivering strong growth at Tradeweb and costs relating to revenue synergies

# EBITDA margin on track to deliver in line with guidance



1. H1 2022 margin adjusted to remove the impact of the non-cash FX-related balance sheet adjustment of £59m
2. Announced investments consist of 70bps impact from M&A, 30bps from the Microsoft partnership and 20bps from Ukraine / Russia conflict
3. H1 2023 margin adjusted to remove the impact of non-cash FX losses

## Non-underlying items mainly relate to Refinitiv integration

£m	H1 2023	H1 2022
Adjusted operating profit	1,418	1,408
Transaction costs	(64)	(24)
Integration & restructuring costs	(119)	(136)
Profit on disposal & remeasurement gains	69	156
Amortisation & impairment of purchased intangible assets	(570)	(483)
Depreciation & impairment of other assets	(5)	(24)
Operating profit	729	897

**£119m**

**integration and restructuring costs**, mostly related to the integration of Refinitiv

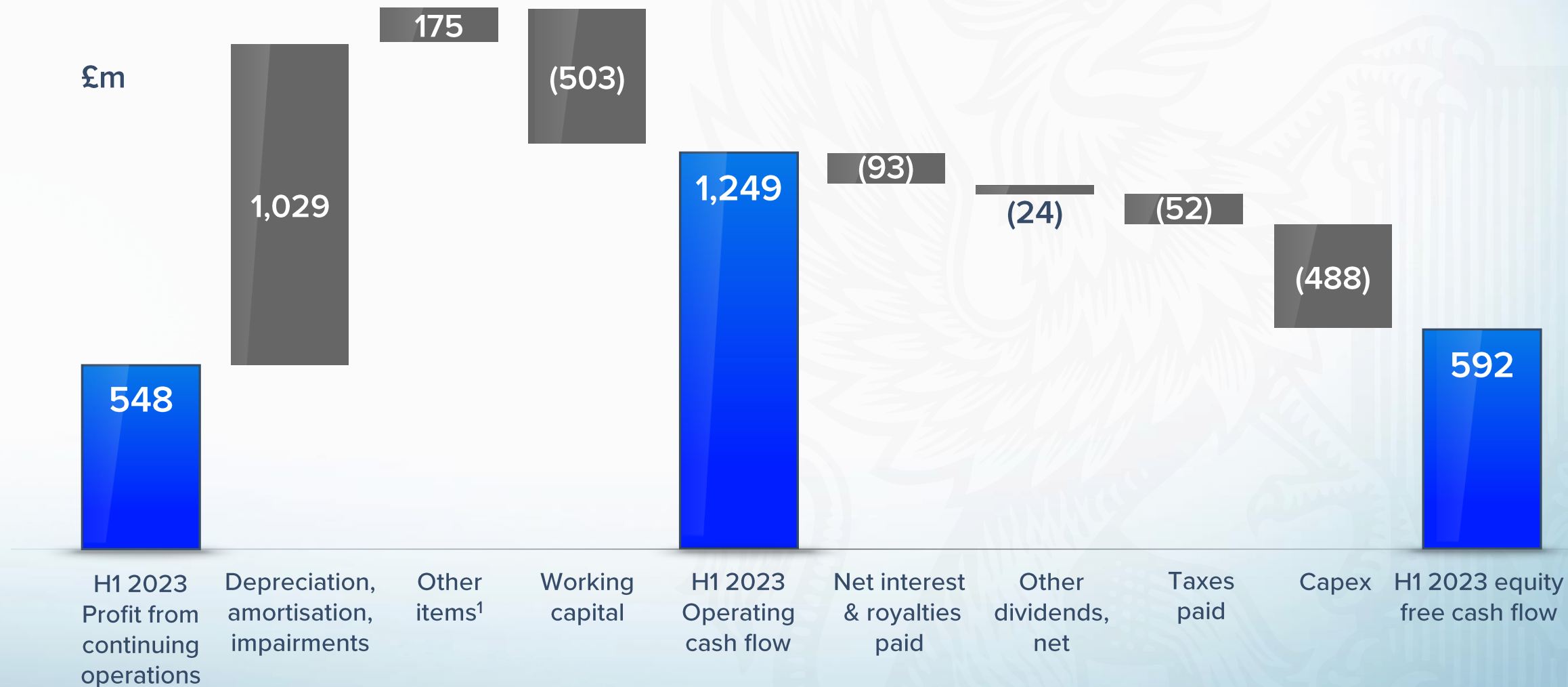
**£69m**

**remeasurement gain**, triggered by the acquisition of Acadia, on the previously owned 14% stake

**£570m**

**amortisation and impairment of intangible assets**, largely recognised on the acquisition of Refinitiv

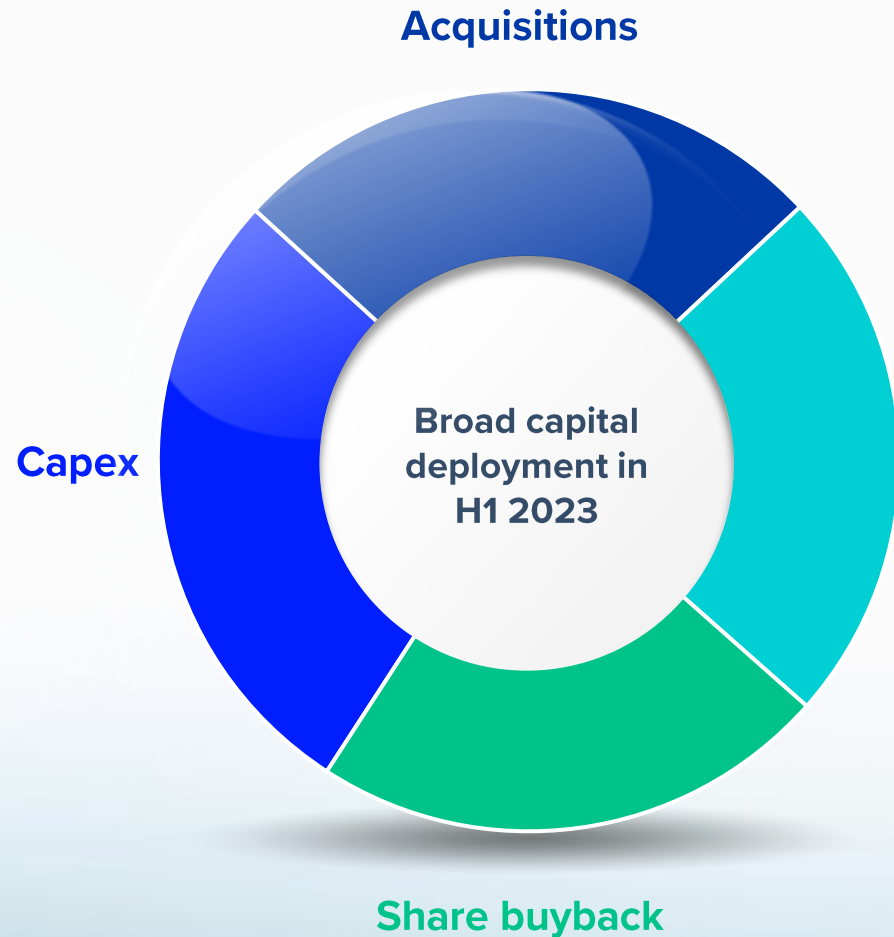
# Strong free cash flow



1. Includes share-based payments and P&L charges for finance costs and tax



# Deploying our strong cash flow for growth and shareholder returns



Significant progress in organic investment strategy

Completion of Acadia acquisition

Interim dividend of 35.7p per share, up 12.6%

£400m of the on-market share buyback completed in H1; c.£750m directed buyback from H2

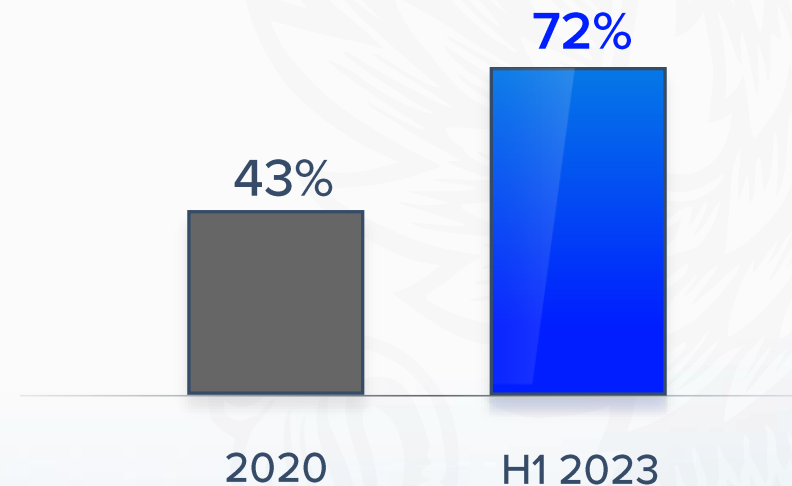
# Higher target leverage range of 1.5 - 2.5x reflects improving earnings quality

## Delivery on the Refinitiv acquisition

De-levered >12 months faster than original timeline

On track to meet or beat all acquisition targets

## Recurring, subscription revenues



## Strong cash flow and disciplined capital allocation

Robust cash generation

Returning surplus cash to shareholders

Day-to-day leverage anticipated around the middle of the range

# All 2023 guidance unchanged; more positive outlook on income

Total income (excl. recoveries): **6% - 8%<sup>1</sup> expected to be towards the upper end of the range**

EBITDA margin: **Around 48%<sup>2</sup>**

BAU capex: **Around £750m<sup>2</sup>**

Revenue synergies: **Double the 2022 exit runrate of £68m<sup>3</sup>**

Cost synergies: **Nearly all of the £400m 2025 runrate target delivered by year end<sup>3</sup>**

1. Excluding the Acadia acquisition, on a constant currency basis

2. Based on GBP:USD of 1.21 and GBP:EUR of 1.14, includes Microsoft and excludes the Acadia acquisition. BAU capex guidance excludes ROU assets

3. On a constant currency basis

# Strong H1 growth; confidence in full year outlook

Strong and sustained growth

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2023 guidance unchanged



# LSEG

Driving the transformation  
of our business

David Schwimmer, CEO



# Driving the transformation of our business

## We're capitalising on key trends...

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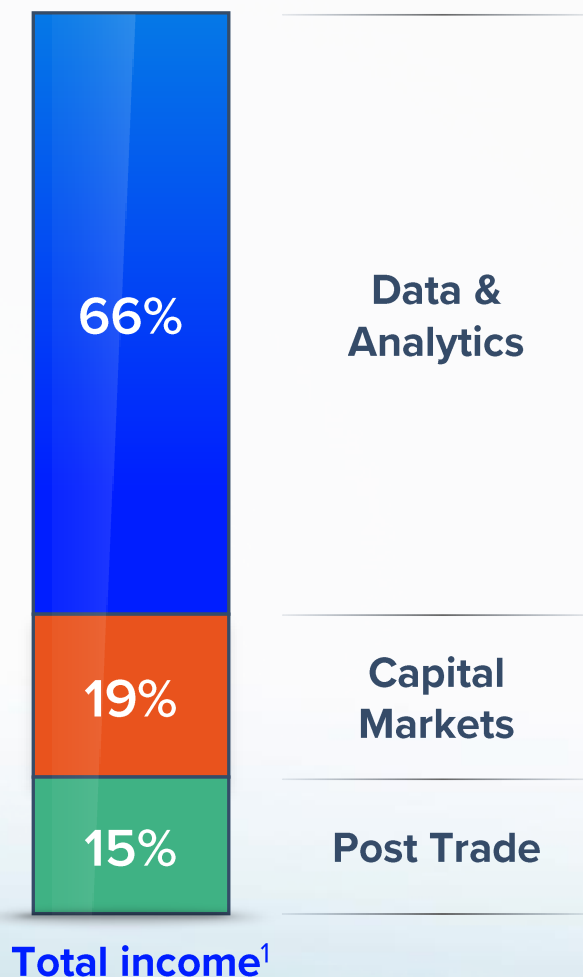
- Data significantly more valuable
- Customers automating workflows
- Increasing focus on regulation and reputational risk
- Trading increasingly borderless
- Rising need for risk management and capital optimisation

## ... and transforming our business

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- Built a truly global, multi-asset offering across the trade lifecycle
- Building on linkages across our business
- Totally transformed our earnings profile
- Building *the* next generation of workflow tools for financial markets participants
- Modernising our platforms

# Delivering exceptional performance across the Group



## Data & Analytics:

- Accelerating growth; almost double that of H1 2022
- >4% growth in Trading & Banking, following a decade of decline
- Winning mandates at record rates, landing larger deals
- Quicker to market; almost twice as many new index products in H1
- Rapidly innovating and enhancing products; 130 Workspace updates in H1

## Capital Markets:

- Record H1 volumes at Tradeweb, continuing to take share in credit
- First private market transactions on Floww

## Post Trade:

- Outstanding revenue growth; record client clearing volumes in H1
- Delivered landmark benchmark rate transitions for >550 customers

1. H1 2023 total income excluding recoveries

# Converting robust customer demand into strong sales performance



**Sales cycles  
remain firm**

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Consistent with previous  
quarters



**Deals are 15% larger  
year-over-year**

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Driven by our solution-  
focused sales approach



**We are winning  
more mandates**

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Win-rates up 700 bps  
since Refinitiv acquisition



# Case study – creating value by partnering with HSBC

By replacing product-level agreements with an enterprise-wide agreement we are:

Annual savings

**\$30m**

**Creating cost benefits for the customer...**

- \$30m of annual savings
- Streamlined the bank's portfolio of data suppliers

Driving growth



**...driving growth for both parties...**

- Co-developing next-generation customer solutions
- HSBC joined our Design Partner Programme with Microsoft

Account growing

**>4%**

**...and generating attractive economics for LSEG**

- Account now growing >4%, previously declining -3%
- Now consistently one of our top performing accounts

# Enterprise Data – our data is becoming more valuable

Growing at 10% in H1

Historical data **ever more critical** in decision-making

Used together, our **proprietary datasets** drive additional value

Virtuous circle: historical data **driving demand** for real-time

## Case study – our high-quality proprietary pricing data

Tick History

The longest set of historical real-time pricing data on the market

PCAP<sup>1</sup>

The highest quality historical pricing data in the world, timestamped to the nanosecond

87

trillion ticks of data

100

million instruments

From  
550

global venues

25+

years of history

1. Packet capture data is a more granular form of historical pricing data, sourced directly from an exchange's data centre

# Workspace – entering a new era of data & analytics workflow

Expanding functionality: 130 new features implemented in H1

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Excellent customer feedback

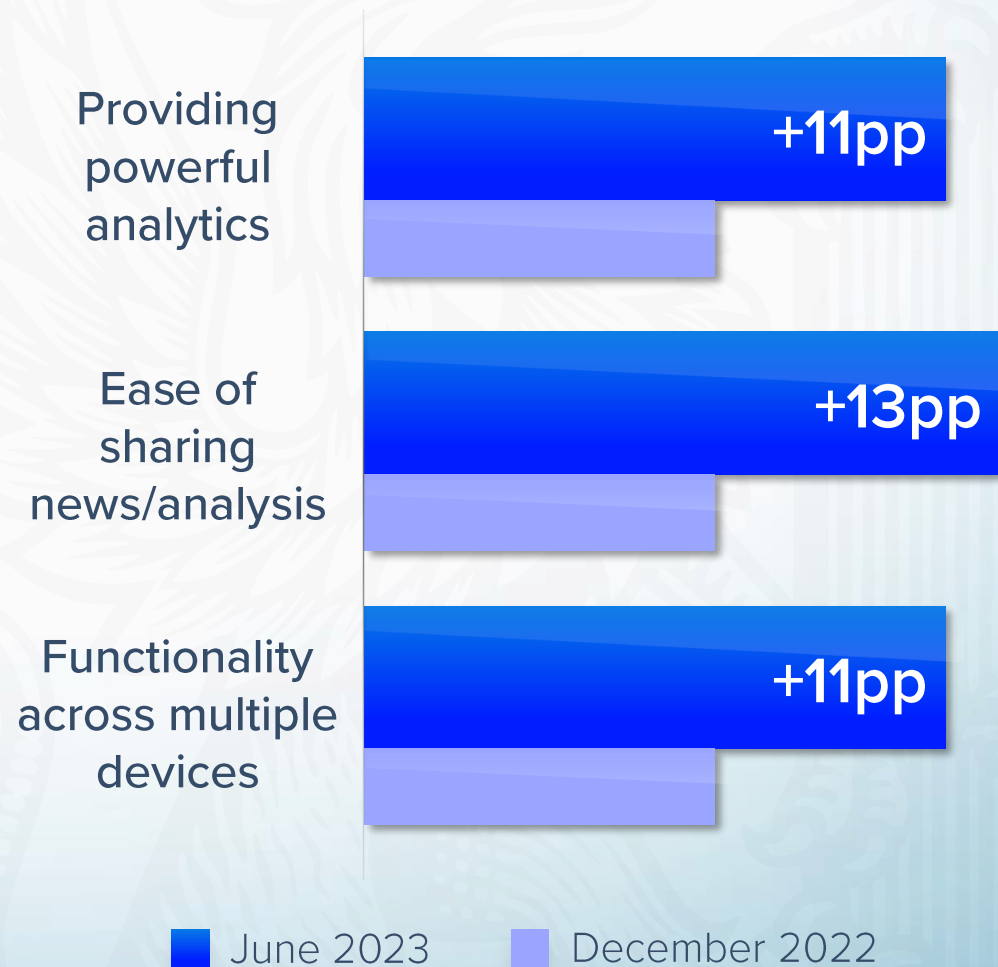
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Full launch with Microsoft in H2 2024

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**Sunsetting Eikon in 2025**

Customer satisfaction<sup>1</sup>



1. Customer satisfaction scores represent % of users who gave a 9 or 10 satisfaction rating (out of 10) against the specified product metrics

# The quality and integrity of data are paramount in an AI world

1

The AI is only as good as **the quality of the data** it's trained on...

...we aggregate, clean and codify >60,000 terabytes of data on >100m instruments



2

It's vital that customers have confidence in **the integrity of the data**...

...we have extensive data management knowledge and domain expertise



3

Customers have to be able to audit **the lineage of the data**...

...our data is fully auditable and we're deeply experienced at working with regulators



4

Customers need to have **immense trust in their data provider**...

...the world's largest financial institutions build critical processes on our taxonomy



# We are already leveraging the power of AI technology

## Enhancing customer productivity

Using **AI tools** to create more powerful, efficient and intuitive workflow solutions:

- AiEX
- Advanced Dealing
- Workspace

## Driving more valuable insight

Leveraging our data and expertise to develop **proprietary AI-powered analytics**:

- SentiMine
- Ai-Price
- Adverse media screening

## Further modernising our business

Utilising AI technologies to **improve the efficiency** of our business processes:

- Ingesting company financials
- Incident prevention
- Automating customer queries

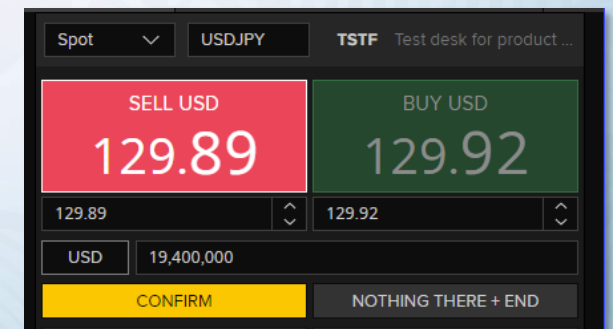
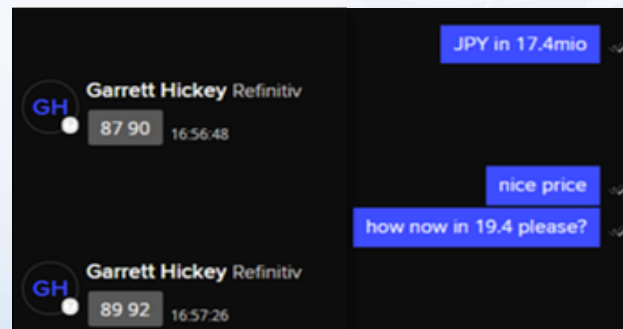
# Advanced Dealing – changing the face of FX trading

## Replacing our decades old “Dealing” product

- “Swivel-chair” workflow; chat, data & news, and trading activity in separate applications
- Manual data entry; disconnected post trade workflow
- Built on decades old technology

## With an Advanced Dealing workflow solution

- Cloud-based FX trading environment on industry-standard technology
- Integrated with Workspace; providing real-time news and insights
- LSEG’s market surveillance tools ensure seamless compliance
- AI technology: populates trade ticket in real-time based on trader chat



# Microsoft partnership – building strong momentum

Hundreds of people working in **cross-company product development** teams

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**Microsoft Fabric** data platform fuelled by **LSEG's financial markets intelligence**

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First enhanced **Workspace functionality** in development

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**Design Partner Programme** with major customers



**LSEG**



**Microsoft**



**LSEG**

# Transformation well under way

Well positioned in growing markets

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Investing in our high-quality assets to drive growth

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Innovating to enhance our customer offering

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Significant value creation opportunity with Microsoft





# LSEG

## Q&A



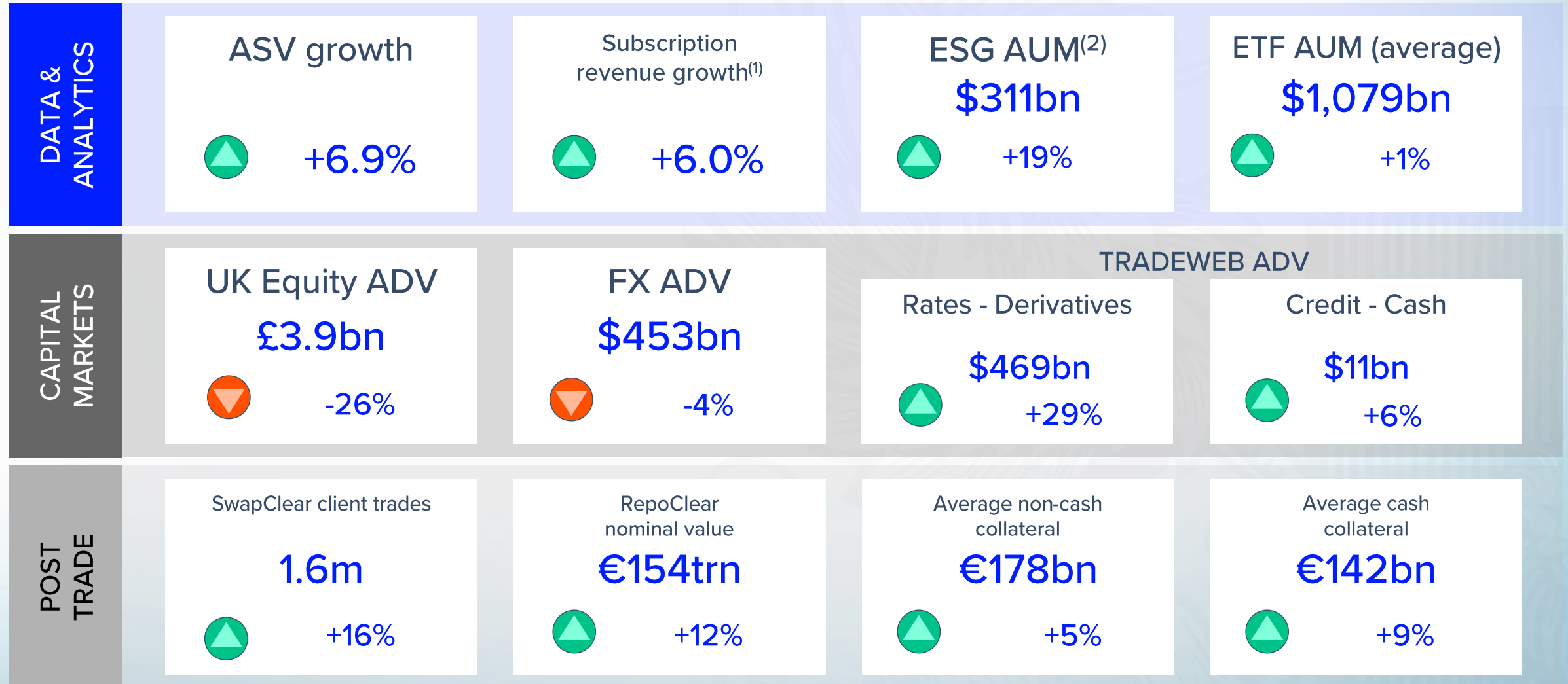


**LSEG**

# Appendix



# Key performance indicators for H1 2023

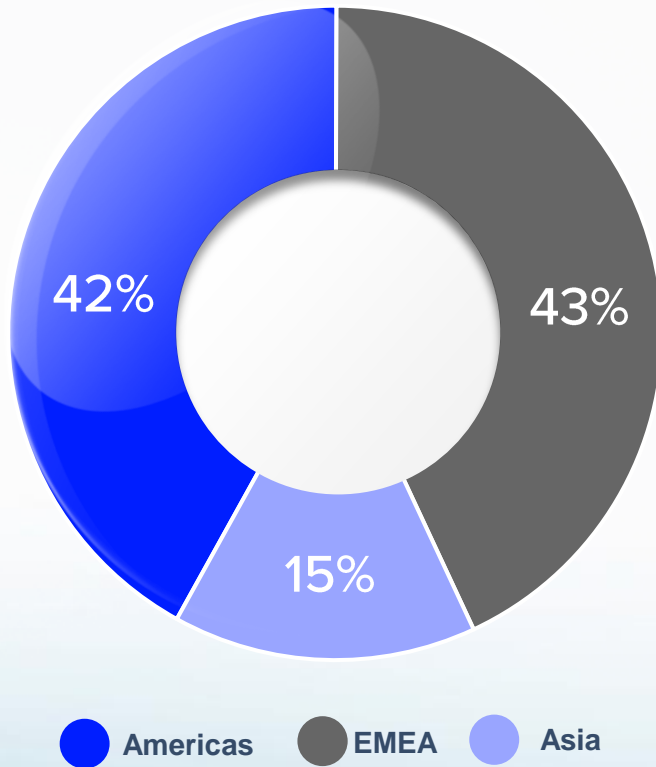


1. 12-month rolling constant currency variance

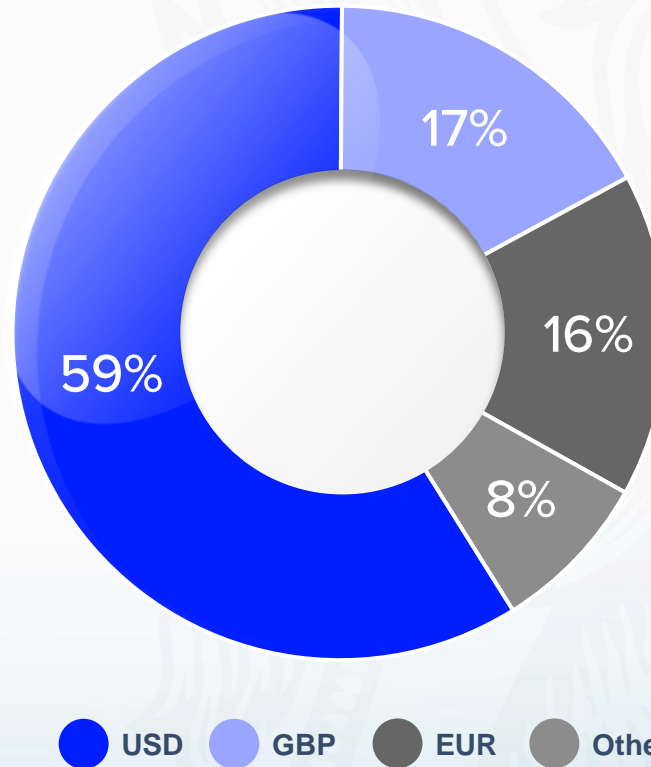
2. ESG Passive AUM is at 31 December 2022 and prior period comparator is at 31 December 2021

# Geographically diversified revenues & costs

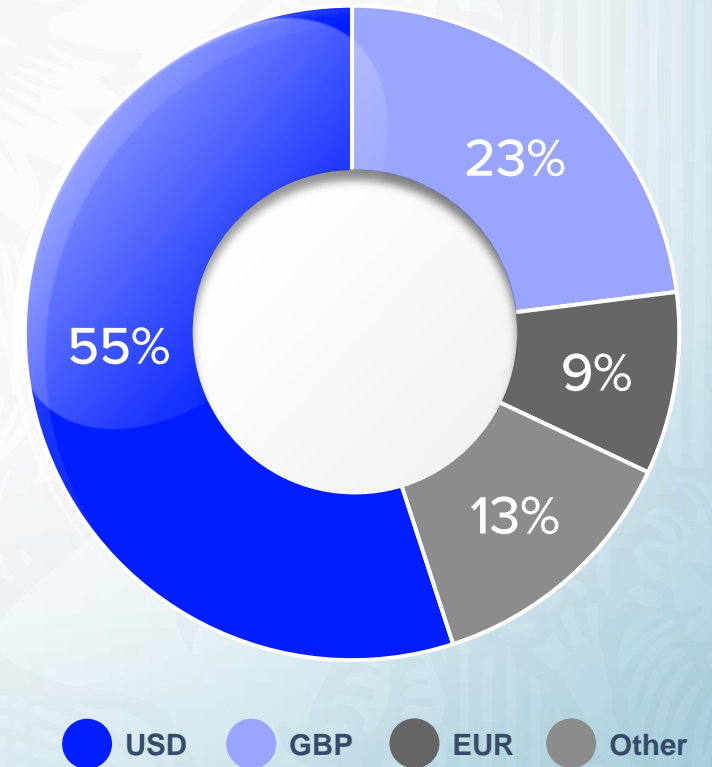
## Total income by geography<sup>1</sup>



## Total income by currency<sup>1</sup>



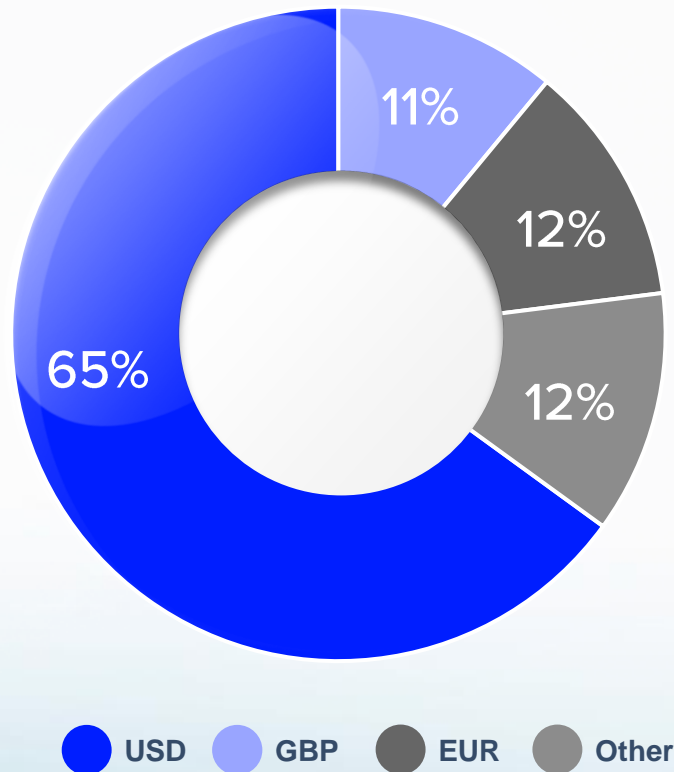
## Total costs by currency<sup>2</sup>



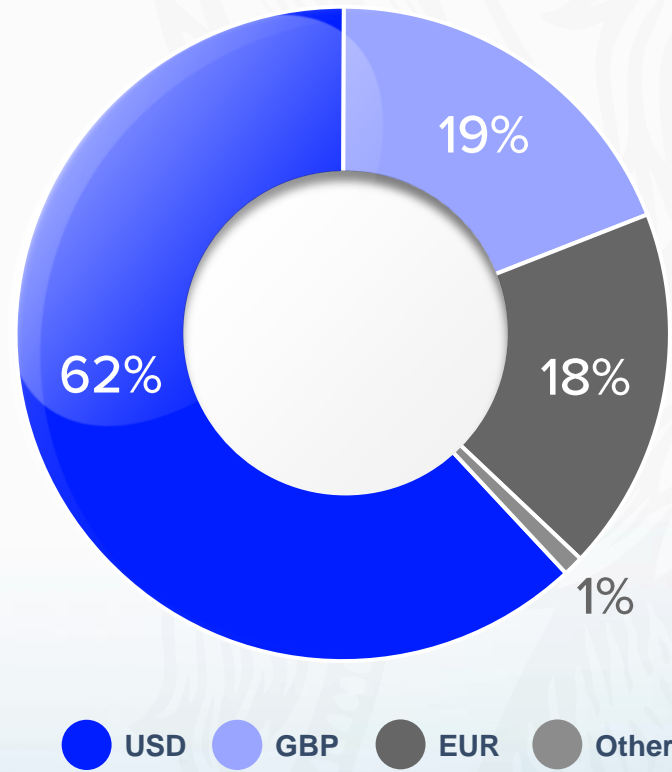
1. H1 2023 Total income including recoveries. Geography based on customer location
2. H1 2023 Total costs including cost of sales and adjusted operating expenses

# Divisional income by currency<sup>1</sup>

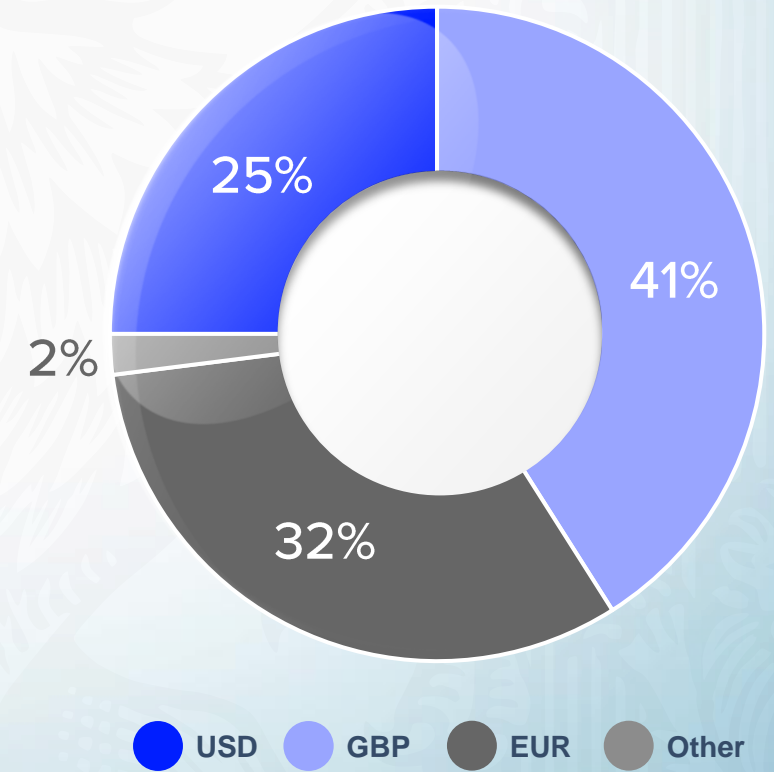
## Data & Analytics



## Capital Markets



## Post Trade



1. H1 2023 Total income by division including recoveries

# Quarterly revenue progression

£m	Q1	Q2	Q3	Q4	2022	Q1	Q2	H1 2023
Trading & Banking Solutions	378	391	417	426	1,612	425	412	837
Trading	298	308	330	339	1,275	336	325	661
Banking	80	83	87	87	337	89	87	176
Enterprise Data Solutions <sup>1</sup>	303	317	332	354	1,306	347	357	704
Real-Time Data <sup>1</sup>	194	202	212	229	837	221	225	446
PRS	109	115	120	125	469	126	132	258
Investment Solutions <sup>1</sup>	309	328	344	345	1,326	350	350	700
Benchmark Rates, Indices & Analytics <sup>1</sup>	140	151	161	168	620	171	167	338
Index - Asset-Based	70	71	73	66	280	66	71	137
Data & Workflow <sup>1</sup>	99	106	110	111	426	113	112	225
Wealth Solutions	63	68	71	73	275	73	71	144
Customer & Third-Party Risk Solutions	94	102	110	119	425	120	121	241
<b>Data &amp; Analytics</b>	<b>1,147</b>	<b>1,207</b>	<b>1,274</b>	<b>1,316</b>	<b>4,944</b>	<b>1,315</b>	<b>1,311</b>	<b>2,626</b>
Equities	67	62	60	59	248	59	57	116
FX	60	63	68	67	258	66	62	128
Fixed Income, Derivatives & Other	232	235	241	245	953	269	246	515
<b>Capital Markets</b>	<b>359</b>	<b>361</b>	<b>369</b>	<b>370</b>	<b>1,459</b>	<b>394</b>	<b>365</b>	<b>759</b>
OTC Derivatives	93	98	103	108	402	126	134	260
Securities & Reporting	64	58	55	57	234	64	63	127
Non-Cash Collateral	24	25	25	26	100	26	27	53
Net Treasury Income	57	64	66	68	255	73	77	150
<b>Post Trade</b>	<b>238</b>	<b>245</b>	<b>249</b>	<b>259</b>	<b>991</b>	<b>289</b>	<b>301</b>	<b>590</b>
Other	7	5	13	9	34	9	6	15
<b>Total income (excl. recoveries)</b>	<b>1,751</b>	<b>1,818</b>	<b>1,905</b>	<b>1,954</b>	<b>7,428</b>	<b>2,007</b>	<b>1,983</b>	<b>3,990</b>
Recoveries <sup>2</sup>	80	86	80	69	315	93	96	189
<b>Total income (incl. recoveries)</b>	<b>1,831</b>	<b>1,904</b>	<b>1,985</b>	<b>2,023</b>	<b>7,743</b>	<b>2,100</b>	<b>2,079</b>	<b>4,179</b>
Cost of sales	(240)	(264)	(289)	(271)	(1,064)	(288)	(284)	(572)
<b>Gross profit</b>	<b>1,591</b>	<b>1,640</b>	<b>1,696</b>	<b>1,752</b>	<b>6,679</b>	<b>1,812</b>	<b>1,795</b>	<b>3,607</b>

1. To better align with our internal reporting, some small revenue items have been reallocated between business lines across 2022 from Real Time Data and Data & Workflow into Benchmark Rates, Indices & Analytics.

2. From 2023 onwards, FX-related items, related to embedded derivatives, previously included in recoveries will be recognised within the appropriate Data & Analytics revenue lines, primarily Trading & Banking and Enterprise Data Solutions. In 2022 this FX impact reduced recoveries by £43m and was heavily weighted towards H2

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