

# 2020 Preliminary results

5 March 2021



**LSEG**

# Welcome

- **Introduction** – David Schwimmer, CEO
- **Financial Performance FY2020** – Anna Manz, CFO
- **LSEG – The Path Forward** – David Schwimmer
- **Q&A**



**LSEG**

# A leading financial markets infrastructure and data provider

- Delivered a strong 2020 performance against a challenging market backdrop
- Strong operational resilience – successfully navigating through Covid-19 and Brexit
- Completion of the Refinitiv transaction following successful navigation of highly complex approvals process
- Increasingly compelling strategic rationale – a transformational transaction
- Executing on integration programme – work so far confirms the quality of the business and the extent of the opportunities across the Group
- Group well-positioned across the financial markets value chain – further connection of Group's divisions will deliver increased value
- Strong industry trends and LSEG competitive advantages provide strong shareholder value proposition
- Confidence in delivery of financial targets

# Financial Performance FY2020

Anna Manz, CFO



**LSEG**

# Overview of FY2020

**£2,444m**

Total Income

**↑ 6%**

**£2,220m**

Gross profit

**↑ 6%**

**£887m**

Underlying Operating Expenses

**↑ 6%**

**£1,329m**

Adj. EBITDA

**↑ 5%**

**209.7p**

Adj. EPS

**↑ 5%**

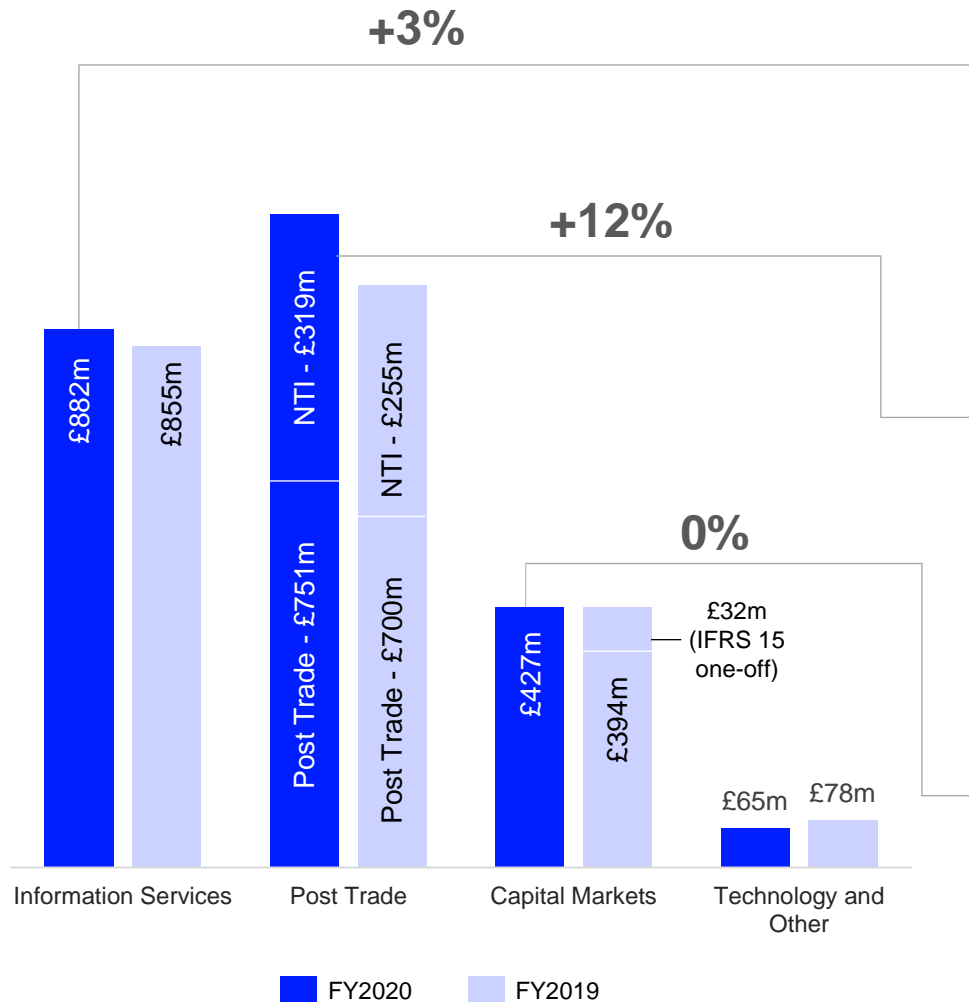
**75.0p**

Full-year dividend

**↑ 7%**

Strong financial performance despite challenging market backdrop

# Strong income performance from diversified business portfolio



## Information Services

- Good growth in subscriptions (+6%) and other data
- Lower asset-based revenues (-2%) – reflecting a challenging year in asset valuations and asset based products as a result of market volatility

## Post Trade

- Good Non-OTC growth from higher volumes across EquityClear and listed derivatives
- Modest growth in OTC reflecting subdued IRS volumes Q2 onwards
- Exceptional performance in Net Treasury Income (NTI) as a result of pandemic-related activity in Q1: higher collateral balances and enhanced returns

## Capital Markets

- Strong volumes and activity across both primary and secondary markets
- Adjusting for one-off IFRS benefit, revenue up 8%

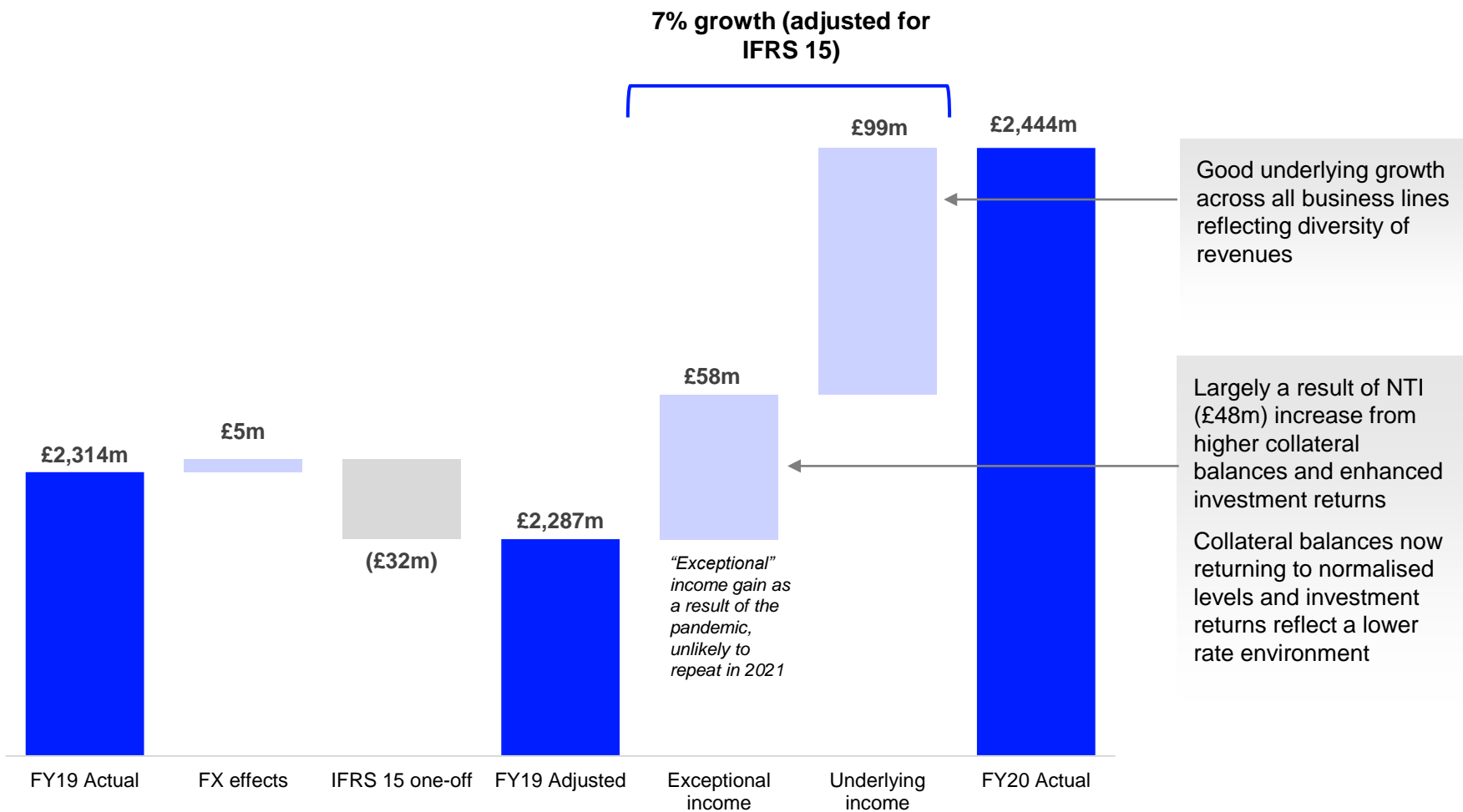


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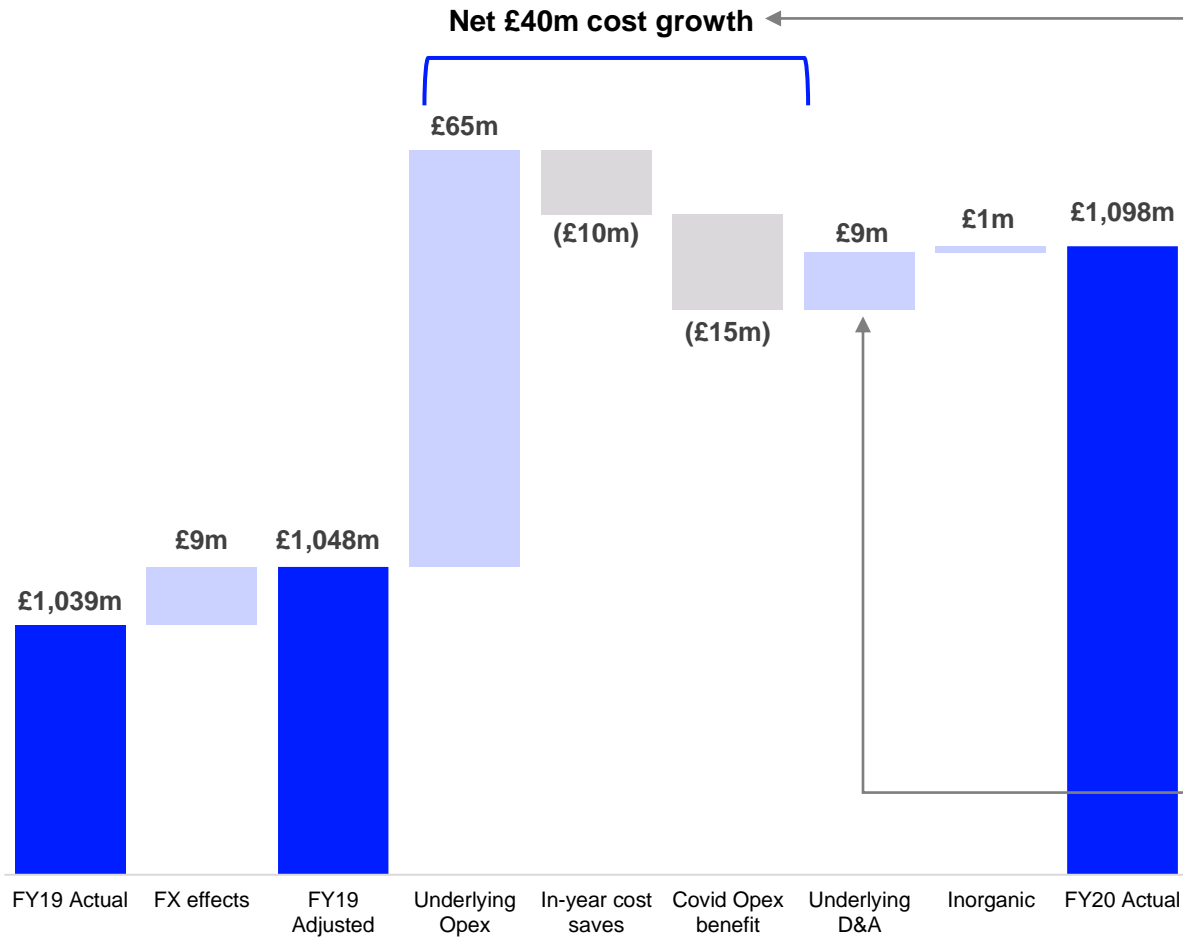
**Note**

All variances calculated on a reported basis

# Continued organic growth supplemented by strong NTI activity



# Investing for resilience and future growth



## Underlying opex growth

- Additional staff costs and technology spend to support operational resilience and capital market infrastructure
- Further investment, including staff to support growth

## Benefitted by...

- £10m of cost saves realised in-year
- £15m of cost benefits associated with the pandemic e.g., reduced marketing, travel and entertainment expenses

Reflects increased capital expenditure in prior year but slower spend in H1 due to Covid-19



# Strong performance underpinned by focus on operational resilience

Full continuity of service during the pandemic – seamless transition to working from home environment for vast majority of employees

## Execution Venues

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- Full service across all platforms
- Resilient during periods of high market volatility
- Platform upgrade programme continued
- £1.25trn of equity flow through LSE

## Customer Support

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- Supported issuers by waiving admission fees of bonds used to mitigate the impact of COVID-19
- Applied a three month extension for reporting of annual audited accounts for AIM listed companies
- Supported issuers via our Issuer Services platform to host virtual shareholder meetings and presentations
- Reduced fees for market makers during periods of extreme market volatility

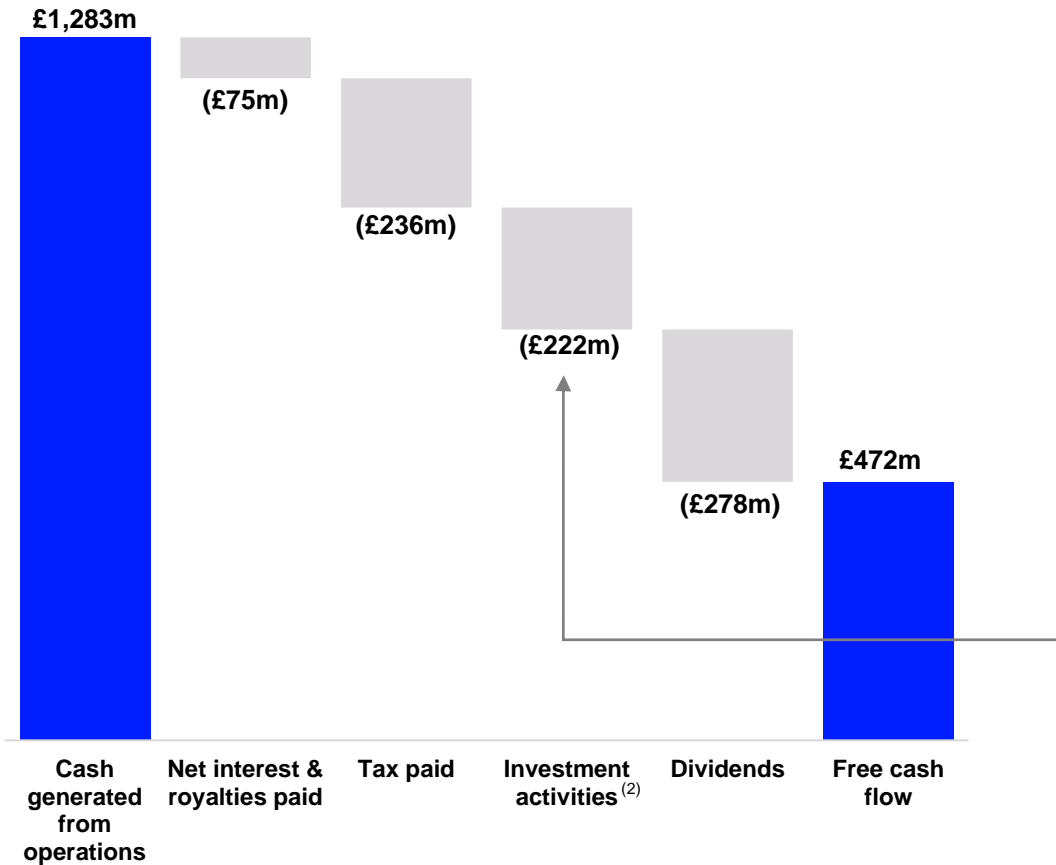
## Clearing Venues

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- Continuity of service across all venues
- SwapClear platform able to deal with the surge in volumes associated with global market volatility
- A record 6.4m trades in total cleared by SwapClear
- Robust capital and risk models maintained
- Implemented new M CCP EquityClear platform in a highly volatile clearing environment, new platform functioned without issues – clearing record volumes
- Record collateral balances effectively managed by LCH treasury function

# Robust cash generation resulting in strong year-end financial position

Continued strong cash generation; investment activities as planned



## Leverage as at 31 December 2020:

- 1.1x Net Debt / EBITDA<sup>(1)</sup>

## Total investment of £263m, of which £222m capex

### Investment for growth and efficiency:

- Enhancements to trading venues
- LCH M CCP – multi-asset clearing and risk platform
- Index & Analytics – new products

### Operational:

- Improved cyber security controls
- Resiliency upgrades across market operations and technology
- Data centre consolidation

**Note**

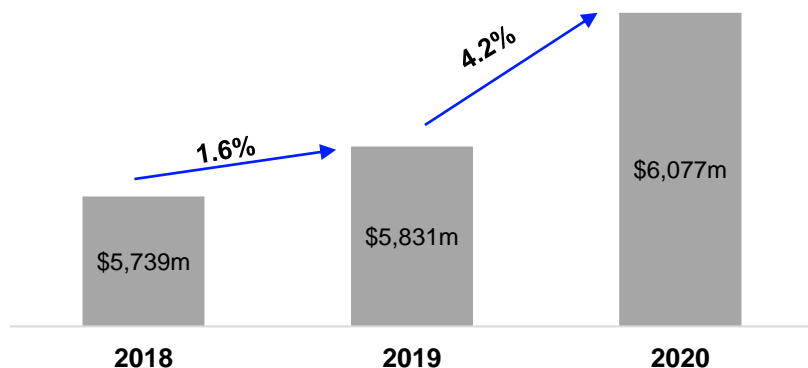
(1) Pro forma EBITDA as if acquisitions held for the complete year

(2) Investment activities includes purchase of property, plant and equipment, purchase of intangible assets

# Strong performance momentum at Refinitiv

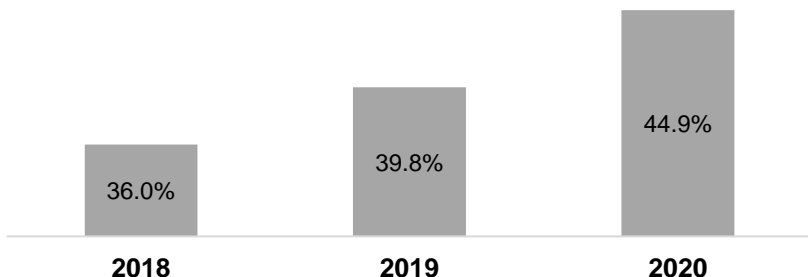
Good revenue growth and margin expansion, supported by the accelerated delivery of productivity programme and continued investment in business

## Revenue<sup>(1)</sup> – good growth trajectory

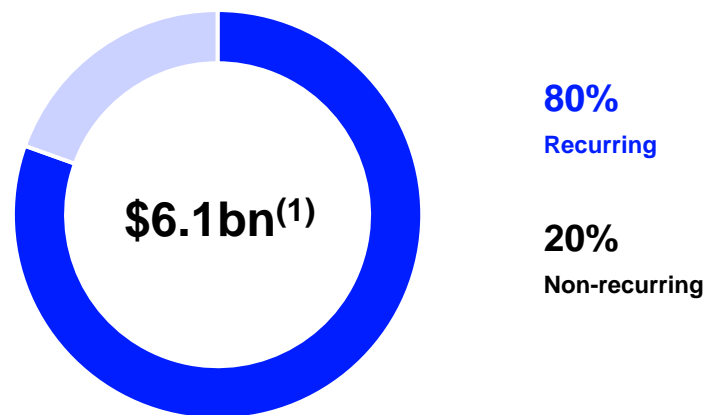


## Adjusted EBITDA margin<sup>(2)</sup> – improving efficiency

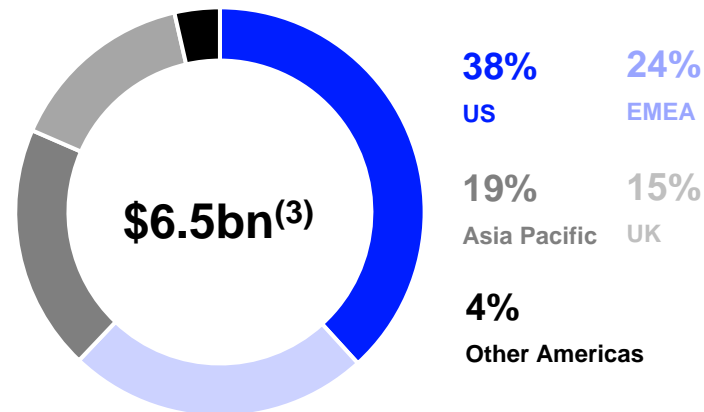
*\$650m run-rate cost saving target achieved*



## High proportion of recurring subscription-based revenue



## Diversified revenue across the globe



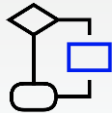
**Note:**

- (1) Revenue excludes recoveries
- (2) Adjusted EBITDA margin is calculated as a % of Refinitiv revenue excluding recoveries
- (3) Refinitiv revenue includes recoveries

# CFO priorities going forward



Strong financial management – opportunities from integration for process optimisation and value delivery from cost and scale efficiencies



Enable strategic change and development – through strong performance-management focus



Integration execution – enable delivery on synergy targets and drive additional benefits/returns from a fully integrated business



Capital allocation – to support transformation and value-creation opportunities while managing de-leveraging plan

# Consistent capital management framework

Continued focus on deploying capital for selected organic and inorganic investments, and shareholder returns, while maintaining a prudent balance sheet.

## Key factors that inform our capital allocation decisions

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**Maintain our existing leverage target of 1.0-2.0x Net Debt / EBITDA** and manage credit rating, debt profile, and regulatory requirements

**Focus on meeting appropriate internal hurdles** for selected organic and inorganic investment opportunities

**Maintain a progressive ordinary dividend policy, operating in a target 2.5-3.0x dividend cover range**

## How we deploy capital

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### **Organic Deployment:**

Pursue organic investment opportunities for growth, efficiency and resilience

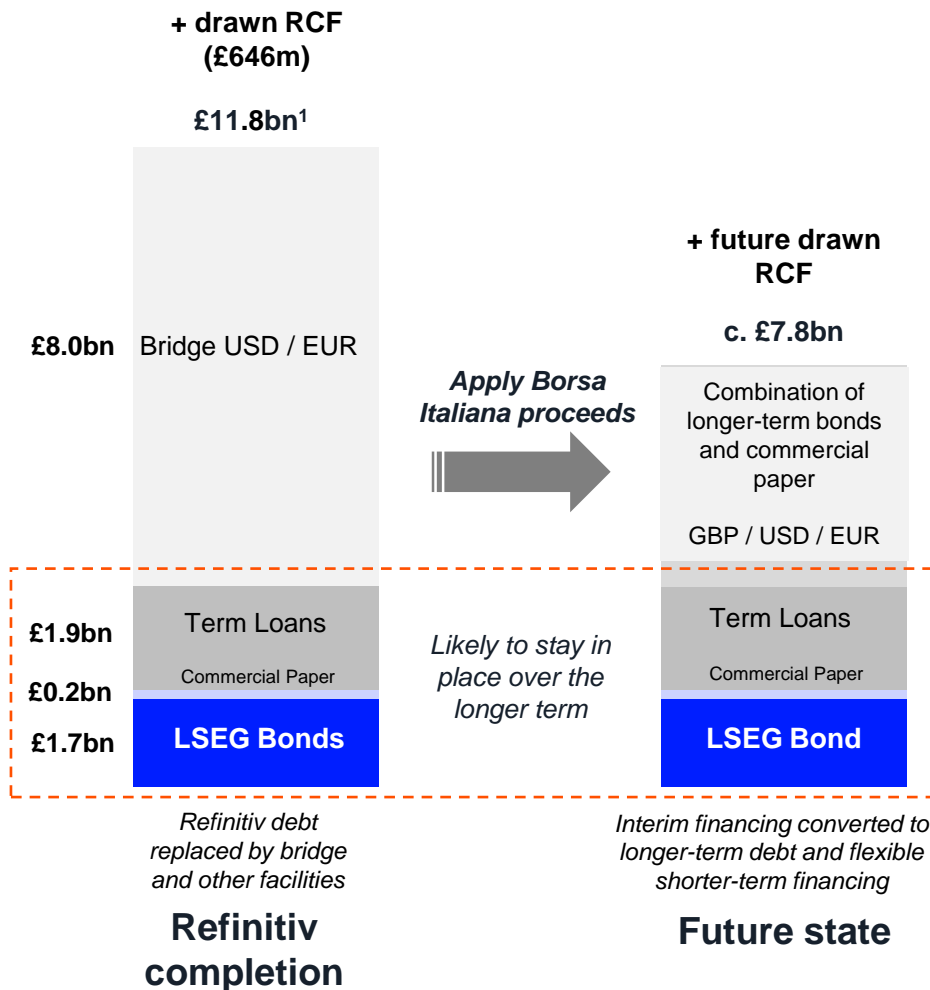
### **Inorganic Opportunities:**

Robust appraisal of inorganic opportunities to deliver growth through 'bolt-on' / strategic M&A

### **Returns to Shareholders:**

Commitment to ordinary dividends and continue to keep other options for capital returns under review

# Executing on our refinancing strategy



## Longer-term refinancing

- Gross borrowings as at completion of £12.4bn
- Existing LSEG debt remains in place
- New USD/EUR Term Loans arranged to partially replace Bridge Facility.
- Monitoring market conditions for refinancing as opportunity permits
- Group rated long term A3 with Stable Outlook by Moody's and long term A with S&P with negative outlook
- Borsa Italiana proceeds to reduce debt by c.£4bn
- Estimated Pro forma leverage at completion >3.5x Net debt / EBITDA; taking into account the proceeds from the divestment of Borsa Italiana this would fall to <3.0x



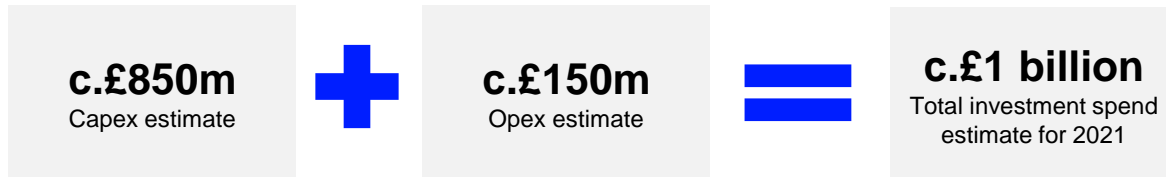
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**Note:**

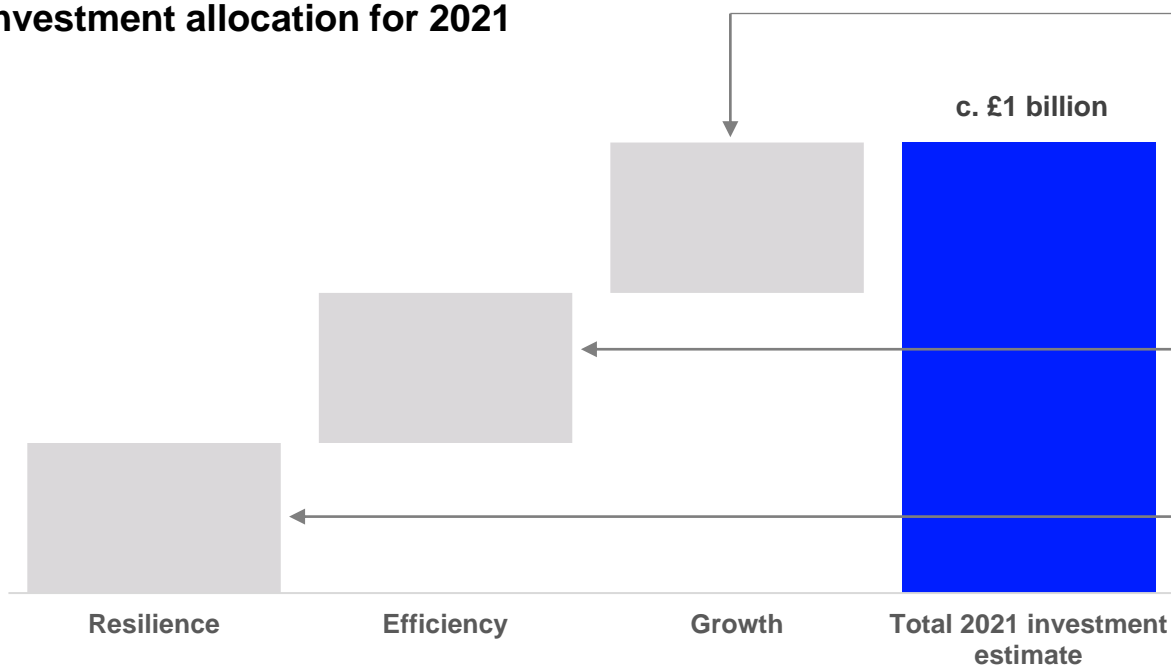
- (1) The headline amount of £11.8bn includes one-off Refinitiv refinancing costs plus additional Refinitiv borrowings incurred to part finance acquisition of GIAC, as at 31 January 2021

# Investing for resilience, efficiency and growth

Continuation of investment for growth programmes and to realise synergies



## Investment allocation for 2021



- Evolution to Workspace
- FTSE Russell indices on Refinitiv platforms
- Enhanced Real Time content, products and analytics
- Enhanced Fixed Income analytics platform
- Includes £38m investment for growth in relation to Tradeweb

- Consolidation of clearing platforms
- Integration of FX venues
- Drive cost synergies
- Operational improvements
- Property consolidation
- Separation of Borsa Italiana

- Optimise data centre footprint
- Simplification of technology and network infrastructure
- Improved cyber security controls

# Confidence in achieving financial targets

- 1** 5 – 7% **Total Income** (excluding recoveries) CAGR over the first three years (2020PF – 2023) <sup>(1)</sup>
- 2** >£225m of **annual run rate revenue synergies** phased over five years (2020PF – 2025) <sup>(2)</sup>
- 3** >£350m of **annual run rate cost synergies** phased over five years (2020PF – 2025) <sup>(2), (3)</sup>
- 4** **50% Adjusted EBITDA margin** (excluding recoveries) over the medium term
- 5** **Leverage to reduce to 1-2x target range** within 24 months of completion <sup>(4)</sup>
- 6** >**30% EPS accretion** after the first year of completion and increasing in years two and three <sup>(4)</sup>

## Guidance for 2021:

**Total Income** <sup>(5)</sup> – expect <5% growth for 2021 reflecting strong prior year comparators with non-recurring factors; lead time to develop revenue synergies

**Underlying operating expenses** <sup>(5)</sup> - Expect a mid single-digit rise in operating expenses (including any cost synergies in the year) reflecting continuation of spend on resilience across all parts of the new enlarged Group, further expenditure on efficiency-related projects and development of new products and services to drive future growth

**Depreciation and Amortisation** <sup>(5)</sup> - c.£830m reflecting increased investment spend

**Tax** – Effective Tax rate of 22-24% based on assumed UK corporation tax rate of 19% and US blended federal and state tax rate of 26%.

Note:

(1) Total income growth target to be measured off the 2020 pro-forma Total Income (excluding recoveries) of £6,763m and runs until 31 December 2023

(2) Revenue and cost synergy targets run to 31 December 2025

(3) Year 1 cost synergy phasing refers to the full 12 months to 31 December 2021

(4) From the date of Completion of the Refinitiv transaction: 29 January 2021

(5) Guidance for 2021 is based on a pro-forma for 2021, assuming the completion of Refinitiv on 1<sup>st</sup> January 2021 and excludes financial performance associated with the Borsa Italiana divestment



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# Well positioned to create further value

- Strong LSEG and Refinitiv financial results in 2020
- Strong operational performance and focus on resilience
- Financial priorities are clear
- Investment continues for growth, efficiency and resilience
- Confidence in opportunities ahead for enlarged Group and delivering on financial targets

# LSEG – The Path Forward

David Schwimmer, CEO



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# A leading global financial markets infrastructure and data provider

- Increasingly compelling strategic rationale for the combination
- Core attributes to be a leading financial markets infrastructure business of the future:



**Global footprint**



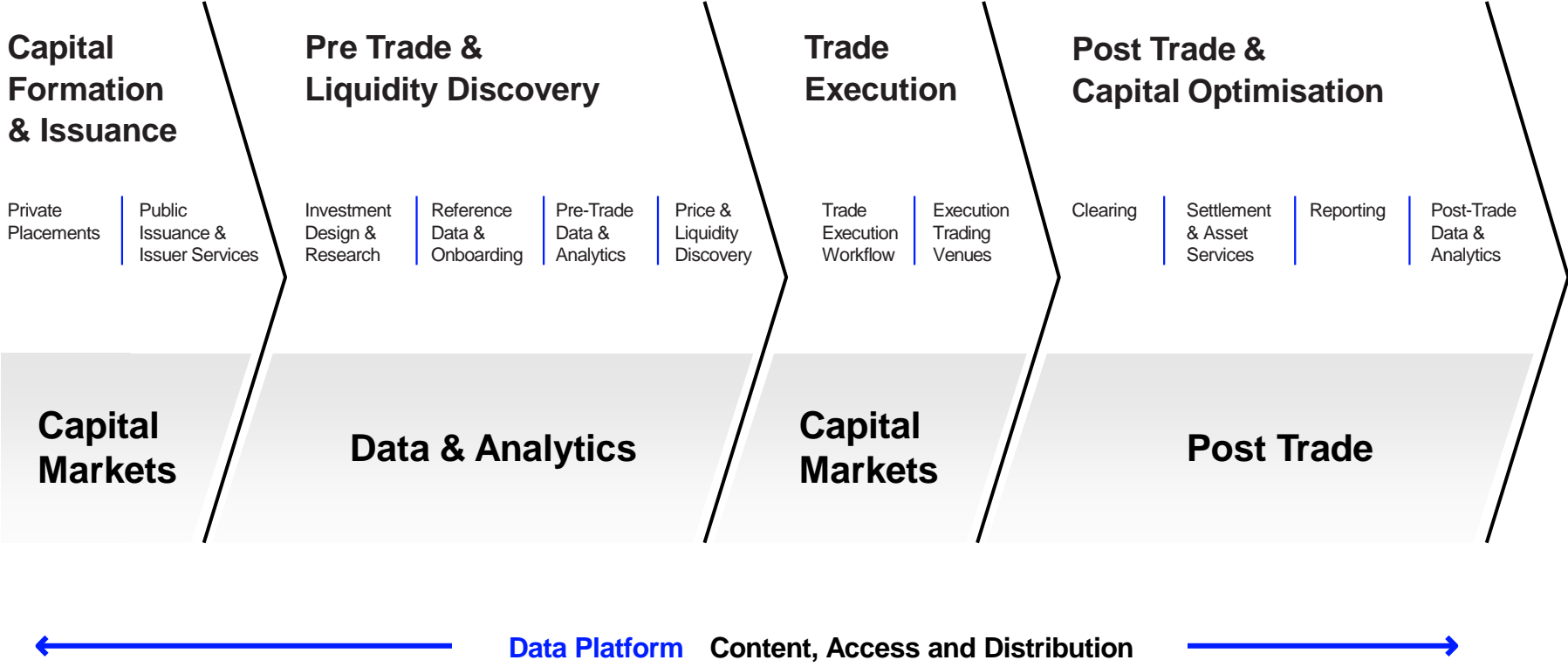
**Leading data and analytics capabilities**



**Multi-asset class coverage**

- Many **opportunities to deliver value** through sustainable revenue growth, product innovation, scale efficiencies and substantial synergies
- **Strategic alignment to strong, long term market trends**, diversified and highly recurring revenue streams
- **Supporting customers across the entire financial markets value chain**

# Strong presence across the financial markets value chain



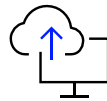
# Mega-trends shaping the industry drive multiple opportunities



## Digitisation and the customer experience

Increased focus on digitisation and the digital customer experience across banking, wealth and asset management

Ability to diversify offerings across new segments, markets

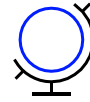


## Demand for data discovery and access

Demand for open and more interoperable platforms

Adoption of cloud for compute power and analytics

Role of AI / machine learning in unlocking the value of data



## Global multi-asset connectivity

Increasing ability to trade and invest across global markets, driven by electronification

Growing demand across both single and multi-asset execution workflows



Assets managed through global index funds pushed through the \$10 trillion barrier at the end of 2019  
Funds Europe

## Growth of passive investing

Growth in passive investment strategies, AUM composition, and increased demand for passive instruments and products

Demand for index solutions



## Continued regulatory change

Ongoing governance and regulation of financial markets, including demand for post trade services to help manage operational risk, regulatory risk and capital requirements



AuM in Multi-Asset funds globally, expected to grow at 8% CAGR (2018 - 2023)  
BCG

## Growth of global wealth

Growing influence of millennial and gen-Z on global wealth including emerging markets

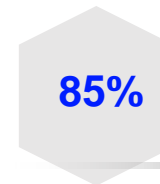
Continued growth in self-directed and retail activity – catalysed by digital services



## Continued focus on cost and resiliency

Consistent fee pressures and a focus on margin and costs across banking communities

Critical importance of cyber security and operational resiliency



of investment professionals use ESG factors  
CFA Institute

## Evolution of sustainable markets

Continued growth in sustainable investing and financing, driven by regulatory focus and investor demand

ESG criteria adopted into portfolio and product strategies

# Strong competitive advantages

## Multi-asset class execution and post trade venues

- Capabilities across Fixed income, FX, Equities, ETFs and Derivatives
- Simplified connectivity to multiple venues further enhanced by workflow integration
- Deep liquidity pools and access to capital across asset classes

## Global presence and multi-channel distribution

- Presence in 190 countries, across 400,000 end users
- Experience in the expansion of global financial markets capabilities
- Distribution across desktop / feeds / cloud tailored to client needs

## Proprietary and extensive content with added value services packaged for different customer groups

- Leading data aggregation and content management capabilities
- Tailored data, analytics, indices, and IP tailored to different market segments
- Value-add services across client workflows – from informing investment decisions through to trade execution and post-trade

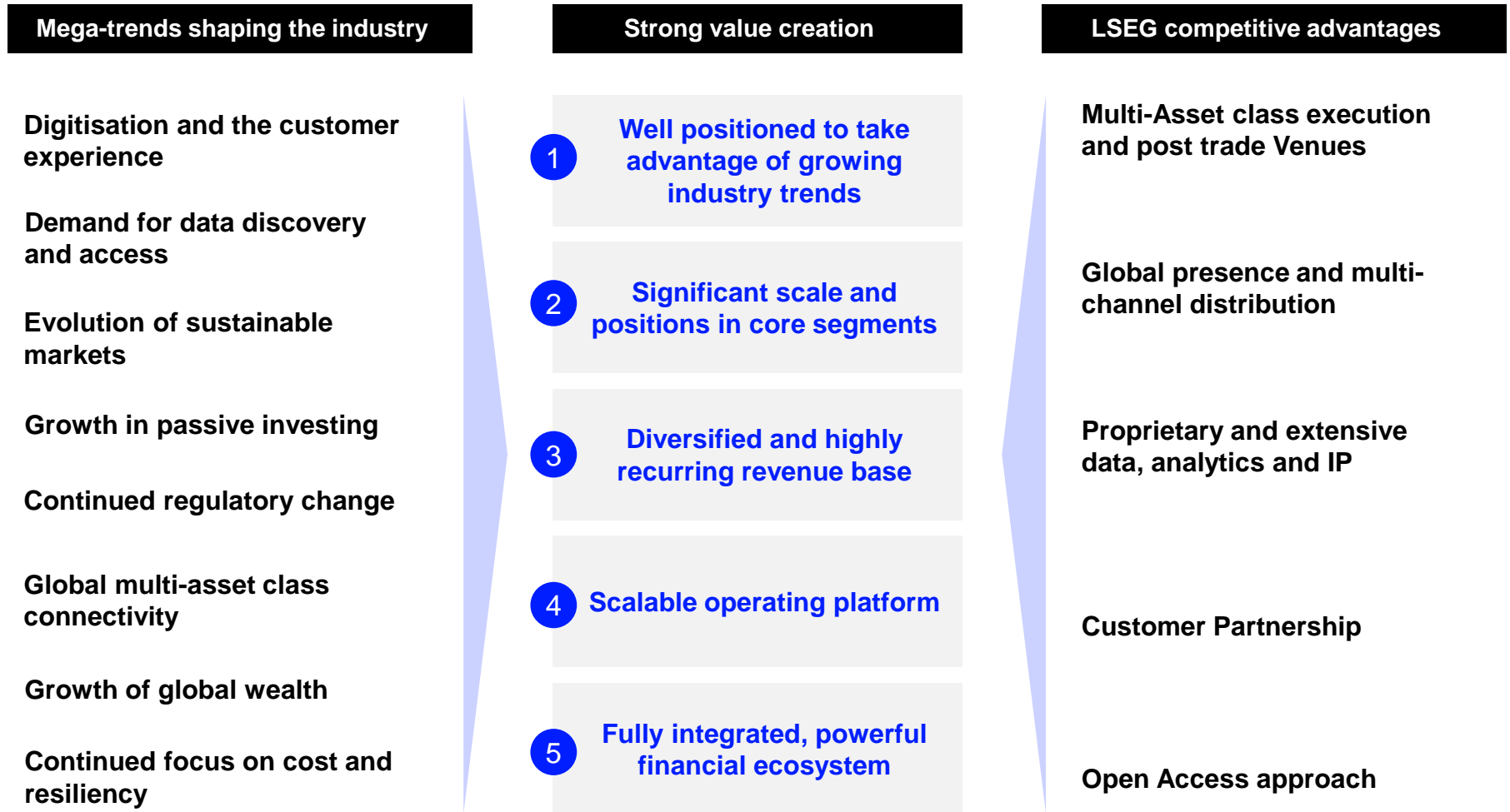
Supported by

Open Access approach

Customer Partnership

# Strongly positioned for growth and value creation

Supportive market trends and LSEG customer propositions creates strong shareholder value creation



# Strong value proposition

LSEG's competitive positioning and supportive market trends creates strong long-term value opportunities for shareholders

1

## Well positioned to take advantage of growing industry trends

*Increasing use of data in the investment decisioning process*

*Increasingly global nature of trading across borders*

*Accelerating adoption of electronic and algorithmic trading employing multi-asset strategies*

2

## Significant scale and positions in core segments

*#2 financial market data provider, #1 provider of direct data feeds*

*Leading provider of ESG data*

*Leading position in equities, fixed income and FX execution venues*

*#1 provider of clearing services in rates and FX*

3

## Diversified and highly recurring revenue base

*>70% recurring revenues with established customer base and strong cash generation*

*Transaction based revenues provide upside during market volatility*

*Diversified geographic mix with strong position in Europe, US and emerging markets*

4

## Scalable operating platform

*Ability to develop and distribute new products at scale*

*Ongoing investment for growth programmes across both businesses*

*Large scale efficiency programmes launched as part of the integration*

5

## Fully integrated, powerful financial ecosystem

*Coverage across the financial markets value chain – a seamless offering*

*Benefits of connectivity across data platform, trading and clearing venues*

*Over 150,000 data sources and 10,000 data partners*



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# New Executive Committee leading our transformation

Combines best in class leadership from LSEG and Refinitiv, enhanced by key external appointments

**David Schwimmer**  
Group Chief Executive Officer

**Anna Manz**  
Group Chief Financial Officer

## BUSINESS DIVISION LEADERS

**David Craig**  
Group Head, Data & Analytics and CEO Refinitiv

**Andrea Remyn Stone**  
Chief Product Officer, Data & Analytics

**Debra Walton**  
Chief Revenue Officer, Data & Analytics

**Murray Roos**  
Group Head of Capital Markets

**Daniel Maguire**  
Group Head of Post Trade & CEO LCH Group

## CORPORATE FUNCTION LEADERS

**Balbir Bakhshi**  
Chief Risk Officer

**Catherine Johnson**  
General Counsel

**Tim Jones**  
Chief People Officer

**Anthony McCarthy**  
Chief Information Officer

**David Shalders**  
Chief Operating Officer & Head of Integration

**Brigitte Trafford**  
Chief Communications & Marketing Officer

LSEG

Refinitiv

New Appointments

All Executive committee members report into David Schwimmer, CEO

# Three core businesses across the financial markets value chain

## 1 Data & Analytics

- Collects, aggregates and manages huge breadth and depth of financial, company, economic and other market data content
- Provides enriched data, analytics, indices, tools and workflow
- Delivered via multiple distribution channels such as API, data feeds, cloud and desktop solutions
- Tailored data and analytics packaged for specific customer segments

**£4.7bn**

Total Revenue <sup>(1)</sup>

**69%**

Total Revenue contribution <sup>(1)</sup>

## 2 Capital Markets

- Provides access to capital for domestic and international participants
- Leading electronic platforms for trading of equities, FX and fixed income products
- Combines LSEG's Capital Markets division with Refinitiv's FX platforms and Tradeweb

**£1.2bn**

Total Revenue <sup>(1)</sup>

**17%**

Total Revenue contribution <sup>(1)</sup>

## 3 Post Trade

- Provides world-class clearing, bilateral services and regulatory reporting services to support clients' risk and balance sheet management, regulatory reporting and capital efficiency
- Effective management of cash collateral contained in the margin and collateral funds

**£0.9bn**

Total Revenue <sup>(1)(2)</sup>

**14%**

Total Revenue contribution <sup>(1)(2)</sup>

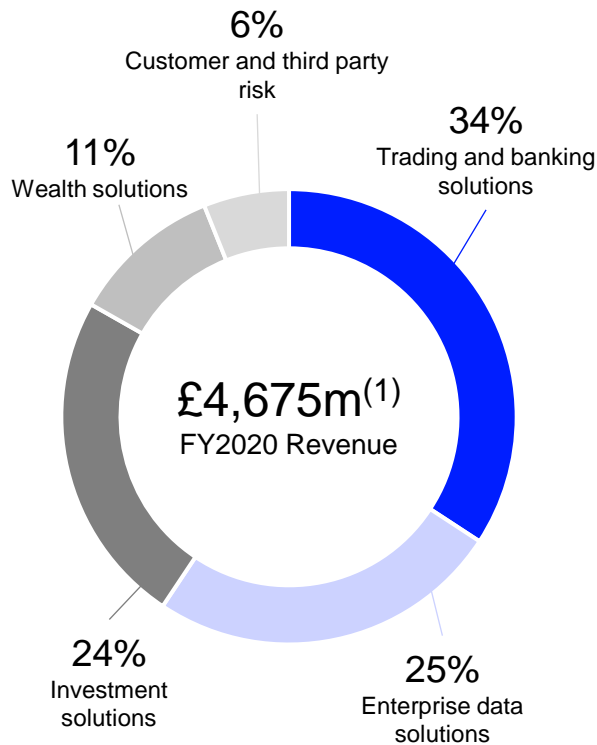
**Note:**

(1) Based on 2020 pro-forma of the combined company which includes LSEG total income and Refinitiv total revenue, excluding recoveries and revenues associated with the Borsa Italiana divestment. All 2020 pro-forma information is unaudited

(2) Post Trade revenue includes net treasury income

# Data & Analytics

Highly recurring revenues from subscription-based services; growth opportunities across business lines



**Trading and banking solutions**

**Enterprise data solutions**

**Investment solutions**

**Wealth solutions**

**Customer and third party risk**

## Growth opportunities

- Increase penetration with the buy-side
- Continue roll-out of Refinitiv Workspace
- Connect product suite with other data products, capital markets venues and post trade platforms
- Continue to grow position in real time data and support growth in evaluated pricing and reference data
- Develop and invest in new content
- Modernise technology infrastructure
- Distribute data via new channels including cloud
- Create new indices using Refinitiv data and analytics
- Expand product offering in sustainable finance
- Capitalise on new distribution capabilities using the Refinitiv platform including Workspace
- Further develop multi-asset class indices and analytics
- Grow digital capabilities to deliver analytics, workflow tools and execution to retail and wealth customers
- Offer investment research and IP into new wealth advisory solutions and into new geographies (e.g. Asia)
- Continue adoption of Workspace for advisors
- Deliver screening solutions in response to rising demand for financial crime prevention, supplier risk management, customer due diligence and digital identity verification
- Extend GIACT payment and identity verification data sets and platform



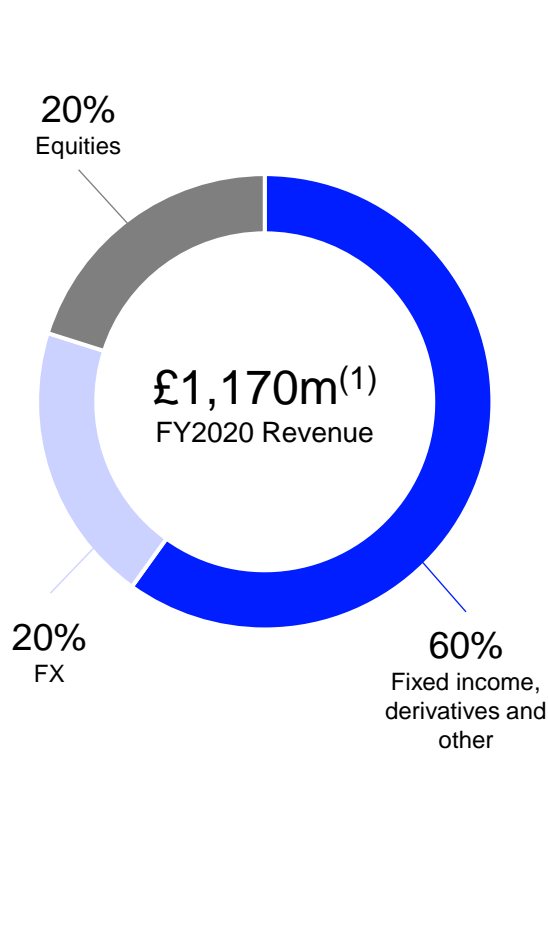
**LSEG**

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# Capital Markets

Providing access to capital; efficient electronic platforms across fixed income, FX and equities



## Growth opportunities

- Volume growth: expanding government debt pool / growing corporate debt / rising popularity of ETFs / China Capital Markets reform
- Electronification: focus on cost reduction, data-driven trading, workflow digitisation and increasing regulation
- Rising value of trading data
- Accelerating electronification of markets driving more flow and increasing price transparency
- Increase penetration in the largest traded asset class of \$5 trillion ADV
- Added investment will see significant platform enhancements
- Strong IPO prospects and continued corporate refinancing to address future needs
- Increasing retail participation in primary offerings and secondary trading



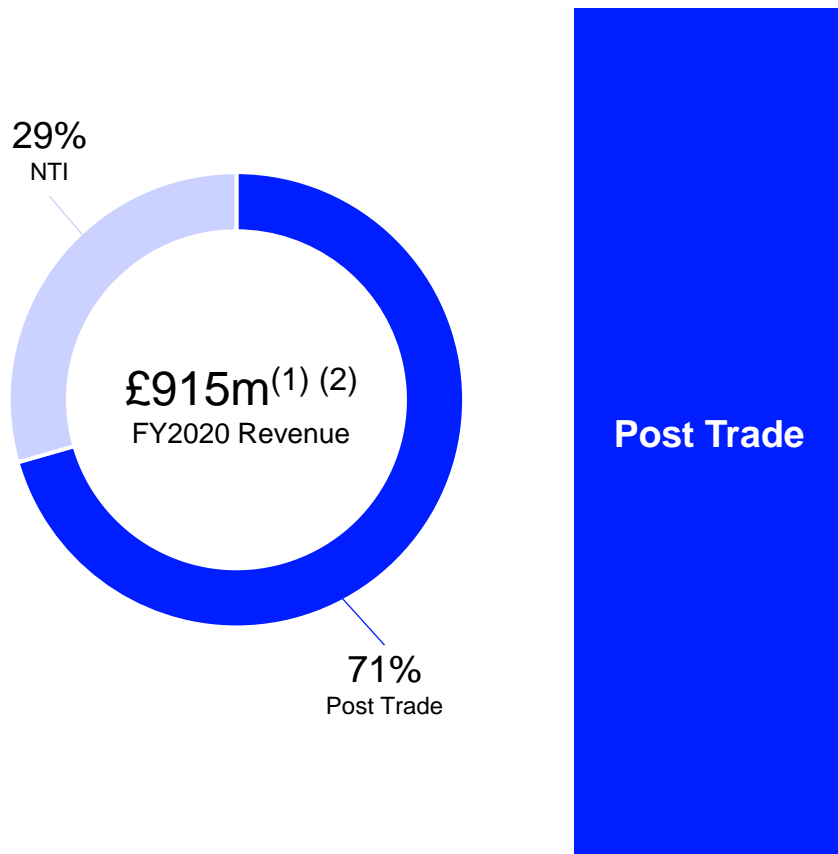
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# Post Trade

Global and systemically important provider of clearing and risk management



## Growth opportunities

### SwapClear:

- Promoting reference rate reform agenda
- New product offerings (e.g. single period swaps) and sponsored clearing
- Geographic expansion of users in Asia and Americas
- Data and analytics

### ForexClear

- Increase adoption of FX clearing driven by UMR
- New currency pairs and products (e.g. NDO)
- Increase client adoption

### SwapAgent

- Drive increase in dealer and regional bank membership, and buy-side
- Volume growth of Swaptions

### CDSClear

- Adoption of client clearing / CDX options

### RepoClear

- Grow sponsored clearing members to drive buy-side clearing

### EquityClear

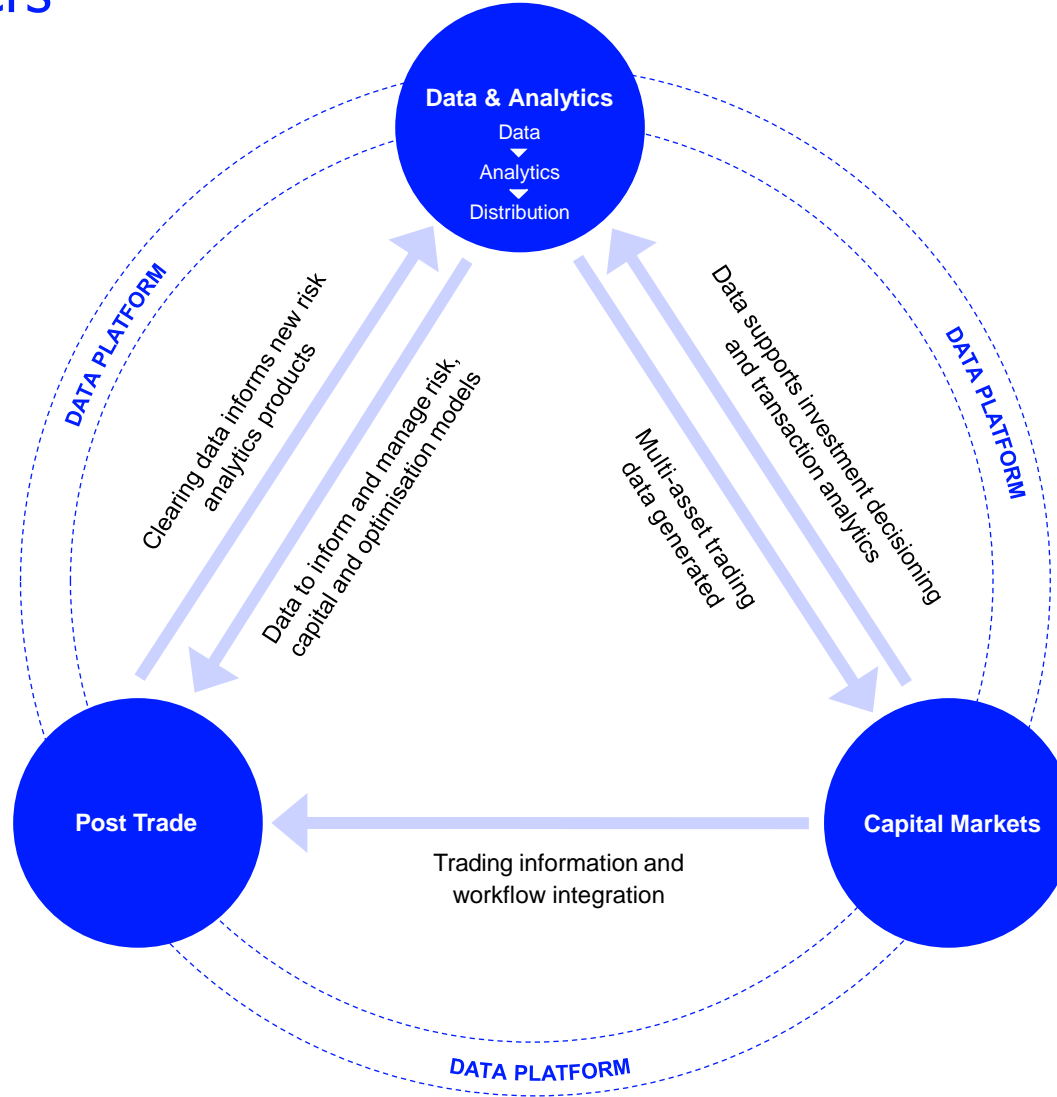
- Extend equity clearing offering through product extension into Term Contracts For Difference

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(2) Post Trade revenue includes net treasury income

# Creating an ecosystem of connected businesses that benefit our customers



# Integration priorities and milestones

Swift transition from integration planning to execution

## Integration programme focused on delivery of £350m cost and £225m revenue run rate synergies

- Successful employee and customer Day 1 roll out - including launch of new LSEG brand and internet site
- Executing on organisation changes and investment programmes to deliver integration efficiencies
- Confident in achieving year 1 target - realising 25% run rate of cost benefits

## Milestones for 2021

### Revenue initiatives

Cross-selling Refinitiv's pricing and reference data

New FTSE Russell product launches using Refinitiv's pricing and reference data

### Cost initiatives

Delaying and removing duplication in senior management roles

Consolidation of property to reduce footprint and enable collaboration

Technology efficiencies from contract rationalisation with our scale service providers e.g. run and development services

# A leading financial markets infrastructure and data provider

- Increasingly compelling strategic rationale – a transformational transaction
- Executing on integration programme – work so far confirms the quality of the business and the extent of the opportunities across the Group
- Group well-positioned across the financial markets value chain – further connection of Group's divisions will deliver increased value
- Strong industry trends and LSEG competitive advantages provide strong shareholder value proposition
- Confidence in delivery of financial targets



# Appendix



**LSEG**

# Group Sustainability



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# Sustainability – Being a Responsible Business

The Group has made significant progress on sustainability and continues to push for consistent disclosures across the industry and other issuers

## Diversity and Inclusion

**37%**

Female senior leadership <sup>(1)</sup>

**50%**

Female senior manager joiners in 2020

**34%**

UK and US colleagues who have identified as Black, Asian and Minority Ethnic <sup>(1)</sup>

- 40% female composition of new Executive Committee
- Good progress in promoting ethnically diverse talent, joined the Race at Work Charter and have grown inclusion networks
- Ethnic diversity remains a key priority for the group – more to do

## Environment

- Group has science based emissions targets to reduce emissions in line with the Paris Agreement
- Supporter of TCFD since launch, encouraging issuers to report against TCFD

**9%**

Reduction in absolute carbon footprint <sup>(2)</sup>

## Race to Zero

- LSEG is the first global exchange group to commit to net zero through the Business Ambition for 1.5°C and is a member of the United Nations Climate Change ‘Race to Zero’
- This commitment covers our own carbon emissions and also our influence across the marketplace, through our business and how we support clients
- LSEG is well positioned at the heart of global financial markets to act as a facilitator, bringing together investors and issuers in three critical areas:

**1**

**Data and disclosure** - catalysing consistent, comparable and reliable global climate data

**2**

**Growth of the green economy** - enabling the growth and development of green industries

**3**

**Climate transition across all sectors** - supporting investment and capital flows to achieve climate transition and resilience

# Sustainability – Enabling and Supporting Positive Change

LSEG is well positioned to support and facilitate sustainable and low carbon solutions across the financial markets ecosystem by providing access to capital and supporting integration of sustainability into investment processes.

## 1 Data & Analytics

### ESG data

- Covering **450** metrics across ESG categories for **10,000** companies across the globe
- **Macro datasets** added to establish the sustainability footprint of countries
- Green Revenues data model

### Sustainable indices

- Climate WGBI / EGBI
- FTSE TPI Index
- FTSE4Good Index series

### ESG and climate risk analytics tools

### Green Crime Screening

- Partnering to create tools to help disrupt criminal networks. We can now **unwrap ownership hierarchies across more than 200 countries** and screen the associated entities for potential risks, including those relating to green crime

## 2 Capital Markets

### Green Economy Mark

- Recognises issuers **with 50%+ of revenues** from green sources
- **92** Green Economy Mark issuers in 2020

### Green bonds / Sustainable Bond Market

- **£75 billion** in Covid-19 bonds
- **43 bonds raising £13.5 billion** listed on the Sustainable Bond Market in 2020

### Transition Bonds

### AIM

## 3 Promoting Disclosure

### Measure Up in partnership with Fortune

- Encourages the world's biggest companies to collect and **disclose data on their racial composition** by reporting current levels of minority inclusion in the workplace

### Model guidance on TCFD

### ESG disclosure score report

- In 2020, **12 issuers scored over 90%** and **eight of these issuers scored 100%**

### Future opportunities across the sustainable finance landscape

- **Scale our sustainable finance and investment data, analytics and benchmarks** across asset classes and across a wider investable universe
- Developing capabilities to help our clients **prepare for incoming sustainable finance and investment regulations** such as SFDR (Sustainable Finance Disclosure regulation) in Europe



# Information on the pro-forma combined company



**LSEG**

# Unaudited pro-forma FY2020 performance <sup>(1)</sup>

| £m   | FY2019       | FY 2020 <sup>(2)</sup> | % Growth   |
|--|--------------|------------------------|------------|
| Total income (excl. recoveries)                  | 6,485        | 6,763                  | 4%         |
| Recoveries                                       | 328          | 340                    | 4%         |
| <b>Total income (incl. recoveries)</b>           | <b>6,813</b> | <b>7,103</b>           | <b>4%</b>  |
| Cost of sales                                    | (941)        | (970)                  | 3%         |
| <b>Gross profit</b>                              | <b>5,872</b> | <b>6,133</b>           | <b>4%</b>  |
| Adjusted operating expenses                      | (3,037)      | (2,937)                | (3%)       |
| Income from equity investments                   | 7            | -                      | -          |
| Share of profit / (loss) after tax of associates | (5)          | (4)                    | -          |
| <b>Adjusted EBITDA</b>                           | <b>2,837</b> | <b>3,192</b>           | <b>13%</b> |
| Underlying depreciation and amortisation         | (687)        | (781)                  | 14%        |
| <b>Adjusted operating profit</b>                 | <b>2,150</b> | <b>2,411</b>           | <b>12%</b> |

| Recurring revenue analysis (£m)   | FY2019       | FY 2020 <sup>(2)</sup> | % Growth  |
|-----------------------------------|--------------|------------------------|-----------|
| Recurring                         | 4,668        | 4,773                  | 2%        |
| Non-recurring                     | 1,608        | 1,720                  | 7%        |
| <b>Revenue (excl. recoveries)</b> | <b>6,276</b> | <b>6,493</b>           | <b>4%</b> |
| Recoveries                        | 328          | 340                    | 4%        |
| <b>Total revenue</b>              | <b>6,604</b> | <b>6,833</b>           | <b>4%</b> |
| Other income <sup>(3)</sup>       | 209          | 270                    | 29%       |
| <b>Total income</b>               | <b>6,813</b> | <b>7,103</b>           | <b>4%</b> |

**Note:**

- (1) Excludes income, costs and earnings associated with the Borsa Italiana Group divestment, all numbers are on an underlying basis
- (2) FY20 pro-forma numbers are unaudited at the time of publication,
- (3) Other income includes NTI, other revenue and other income

# Unaudited quarterly pro-forma revenues – FY2020 <sup>(1)</sup> <sup>(2)</sup>

| £m                                     | Q1 2020      | Q2 2020      | H1 2020      | Q3 2020      | Q4 2020      | FY 2020      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Trading and banking solutions          | 397          | 397          | 793          | 402          | 403          | 1,598        |
| Enterprise data solutions              | 287          | 292          | 579          | 295          | 301          | 1,176        |
| Investment solutions                   | 273          | 280          | 553          | 280          | 284          | 1,117        |
| Wealth solutions                       | 126          | 127          | 252          | 124          | 124          | 500          |
| Customer and third party risk          | 67           | 67           | 134          | 69           | 80           | 284          |
| <b>Data &amp; Analytics</b>            | <b>1,150</b> | <b>1,162</b> | <b>2,312</b> | <b>1,171</b> | <b>1,193</b> | <b>4,675</b> |
| Equities                               | 64           | 58           | 122          | 55           | 59           | 236          |
| FX                                     | 64           | 55           | 119          | 56           | 58           | 234          |
| Fixed income, derivatives & other      | 184          | 167          | 352          | 169          | 181          | 701          |
| <b>Capital Markets</b>                 | <b>312</b>   | <b>280</b>   | <b>592</b>   | <b>280</b>   | <b>298</b>   | <b>1,170</b> |
| Post Trade                             | 165          | 154          | 319          | 158          | 168          | 646          |
| NTI                                    | 67           | 82           | 149          | 63           | 57           | 269          |
| <b>Post Trade income</b>               | <b>232</b>   | <b>236</b>   | <b>468</b>   | <b>221</b>   | <b>225</b>   | <b>915</b>   |
| Other revenue                          | 1            | –            | 1            | –            | –            | 1            |
| Other income                           | 1            | –            | 1            | –            | –            | 1            |
| Total Income (excl. recoveries)        | 1,696        | 1,679        | 3,375        | 1,672        | 1,716        | 6,763        |
| Recoveries                             | 87           | 75           | 162          | 83           | 95           | 340          |
| <b>Total Income (incl. recoveries)</b> | <b>1,783</b> | <b>1,754</b> | <b>3,537</b> | <b>1,755</b> | <b>1,811</b> | <b>7,103</b> |

**Note:**

- (1) Excludes income associated with the Borsa Italiana Group divestment, all numbers are on an underlying basis, all quarterly Refinitiv revenues are converted to USD at a constant year-end rate
- (2) FY20 pro-forma numbers are unaudited at the time of publication, audited numbers will be made available shortly, numbers may not net due to roundings

# Unaudited quarterly pro-forma revenues – FY2019 <sup>(1)</sup> <sup>(2)</sup>

| £m                                     | Q1 2019      | Q2 2019      | H1 2019      | Q3 2019      | Q4 2019      | FY 2019      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Trading and banking solutions          | 411          | 406          | 817          | 398          | 405          | 1,619        |
| Enterprise data solutions              | 279          | 282          | 560          | 282          | 293          | 1,135        |
| Investment solutions                   | 262          | 276          | 538          | 279          | 276          | 1,094        |
| Wealth solutions                       | 121          | 114          | 235          | 114          | 113          | 461          |
| Customer and third party risk          | 65           | 65           | 130          | 65           | 70           | 266          |
| <b>Data &amp; Analytics</b>            | <b>1,138</b> | <b>1,142</b> | <b>2,280</b> | <b>1,137</b> | <b>1,157</b> | <b>4,574</b> |
| Equities                               | 53           | 86           | 139          | 55           | 55           | 248          |
| FX                                     | 59           | 58           | 117          | 58           | 57           | 232          |
| Fixed income, derivatives & other      | 148          | 152          | 300          | 161          | 159          | 619          |
| <b>Capital Markets</b>                 | <b>260</b>   | <b>295</b>   | <b>555</b>   | <b>274</b>   | <b>270</b>   | <b>1,099</b> |
| Post Trade                             | 147          | 143          | 291          | 154          | 152          | 597          |
| NTI                                    | 48           | 48           | 96           | 53           | 57           | 206          |
| <b>Post Trade income</b>               | <b>195</b>   | <b>191</b>   | <b>387</b>   | <b>207</b>   | <b>209</b>   | <b>803</b>   |
| Other revenue                          | 1            | 1            | 2            | 1            | 2            | 5            |
| Other income                           | 1            | 1            | 2            | 1            | 1            | 3            |
| Total Income (excl. recoveries)        | 1,595        | 1,631        | 3,226        | 1,620        | 1,639        | 6,485        |
| Recoveries                             | 82           | 78           | 160          | 85           | 83           | 328          |
| <b>Total Income (incl. recoveries)</b> | <b>1,677</b> | <b>1,709</b> | <b>3,386</b> | <b>1,705</b> | <b>1,722</b> | <b>6,813</b> |

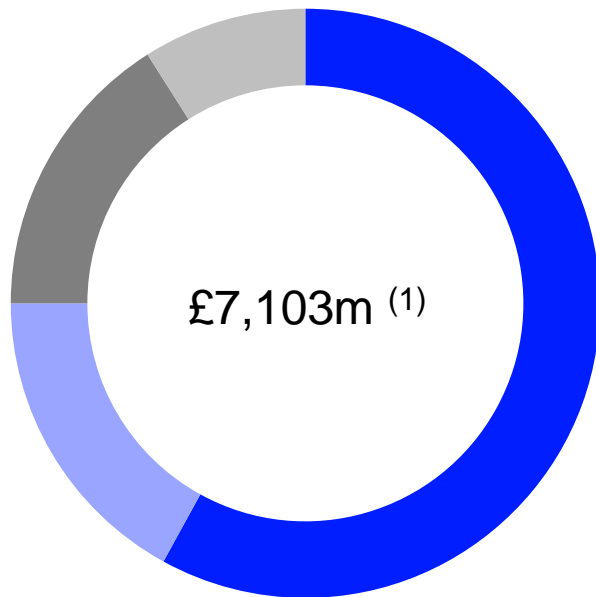
**Note:**

- (1) Excludes income associated with the Borsa Italiana Group divestment, all numbers are on an underlying basis, all quarterly Refinitiv revenues are converted to USD at a constant year-end rate
- (2) FY20 pro-forma numbers are unaudited at the time of publication, audited numbers will be made available shortly, numbers may not net due to roundings



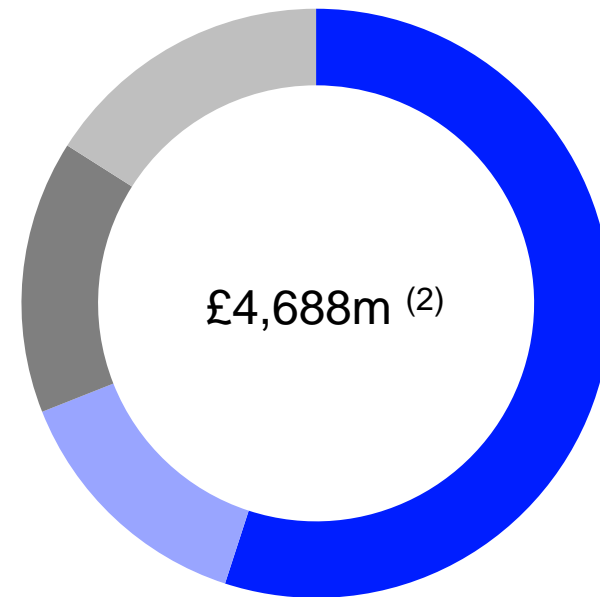
# Unaudited FY2020 pro-forma revenues and expenses by currency

## 2020 Total Income



**58%** USD  
**17%** GBP  
**16%** EUR  
**9%** Other

## 2020 Underlying expenses



**55%** USD  
**14%** GBP  
**15%** EUR  
**16%** Other



**LSEG**

**Note:**

- (1) Total income including recoveries
- (2) Includes cost of sales, underlying operating expenses, and underlying depreciation and amortisation

# Supplementary FY2020 information



**LSEG**

# LSEG FY2020 – Results overview

|  | Twelve months ended<br>31 December |            |               | Organic and<br>constant<br>currency<br>variance |
|--|------------------------------------|------------|---------------|---|
|  | 2020<br>£m                         | 2019<br>£m | Variance<br>% | %   |
| <b>Total income</b>  | 2,444                              | 2,314      | 6%            | 5%  |
| Cost of sales  | (224)                              | (210)      | 7%            | 6%  |
| <b>Gross profit</b>  | 2,220                              | 2,104      | 6%            | 5%  |
| Adjusted operating expenses before depreciation, amortisation and impairment                         | (887)                              | (839)      | 6%            | 5%  |
| Underlying depreciation, amortisation and impairment   | (211)                              | (200)      | 5%            | 5%  |
| <b>Adjusted operating expenses<sup>1</sup></b>   | (1,098)                            | (1,039)    | 6%            | 4%  |
| Income from equity investments   | -                                  | 7          | -             | -   |
| Share of profit / (loss) after tax of associates   | (4)                                | (7)        | (46%)         | (46%)   |
| <b>Adjusted operating profit<sup>1</sup></b>   | 1,118                              | 1,065      | 5%            | 6%  |
| Add back underlying depreciation, amortisation and impairment  | 211                                | 200        | 5%            | 5%  |
| <b>Adjusted earnings before interest, tax, depreciation, amortisation and impairment<sup>1</sup></b> | 1,329                              | 1,265      | 5%            | 5%  |
| Amortisation and impairment of purchased intangibles and goodwill and non-underlying items           | (363)                              | (327)      | 11%           | 11%   |
| <b>Operating profit</b>  | 755                                | 738        | 2%            | 3%  |
| Net finance expense  | (57)                               | (71)       | (20%)         |   |
| <b>Adjusted profit before tax<sup>1</sup></b>  | 1,061                              | 994        | 7%            |   |
| Tax  | (257)                              | (236)      | 9%            |   |
| <b>Adjusted profit after tax<sup>1</sup></b>   | 804                                | 758        | 6%            |   |
| Effective tax rate   | 24.2%                              | 23.7%      |               |   |
| Non-controlling interest   | (70)                               | (59)       | 19%           |   |
| <b>Profit for the year<sup>1</sup></b>   | 734                                | 699        | 5%            |   |
| <b>Basic earnings per share (p)</b>  | 120.3                              | 119.5      | 1%            |   |
| <b>Adjusted earnings per share (p)<sup>1</sup></b>   | 209.7                              | 200.3      | 5%            |   |
| <b>Dividend per share (p)</b>  | 75.0                               | 70.0       | 7%            |   |

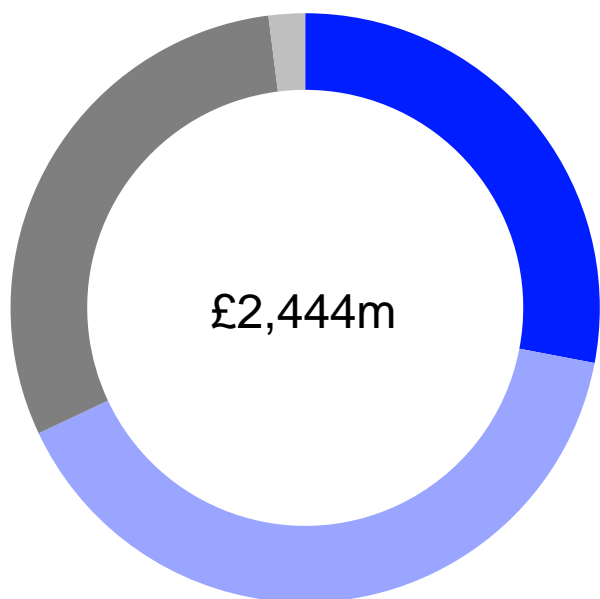
Note:

(1) Excluding amortisation and impairment of intangible assets (£96m) and non-underlying items (£88m)

# LSEG FY2020 – Diversified by currency

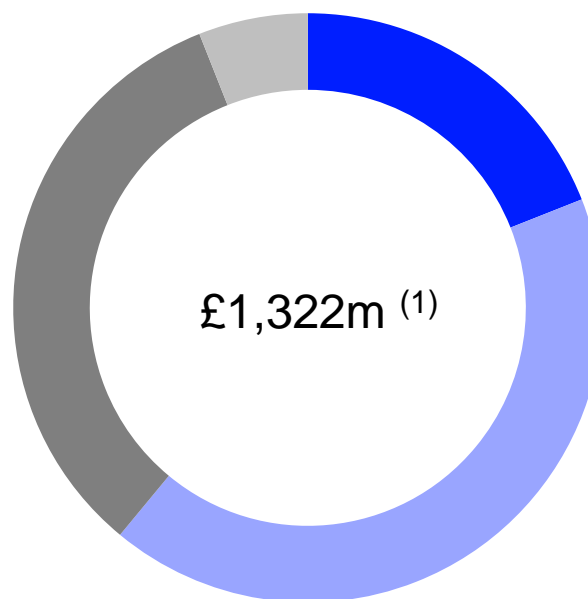
Diversification by currency across GBP, EUR and USD

## 2020 Total Income



**28%** USD  
**40%** GBP  
**30%** EUR  
**2%** Other

## 2020 Underlying expenses



**19%** USD  
**42%** GBP  
**33%** EUR  
**6%** Other

# FY2020 - Key performance indicators <sup>(1)</sup>

## Information Services

|   | As at               |            | Variance<br>% |
|---|---------------------|------------|---------------|
|   | 31 December<br>2020 | 2019       |               |
| <b>ETF assets under management benchmarked (\$bn)</b> |                     |            |               |
| FTSE  | 521                 | 450        | 16%           |
| Russell Indexes                                       | 349                 | 297        | 17%           |
| <b>Total</b>  | <b>869</b>          | <b>747</b> | <b>16%</b>    |
| <b>Terminals</b>                                      |                     |            |               |
| UK  | 64,000              | 65,000     | (2%)          |
| Borsa Italiana Professional Terminals                 | 97,000              | 102,000    | (5%)          |

Note: FTSE ETF assets under management benchmarked KPI has been rebased to remove previously reported active ETFs. The previous year comparator has also been adjusted, with a change of £16bn

## Post Trade - Italy

|   | Twelve months ended |      | Variance<br>% |
|---|---------------------|------|---------------|
|   | 31 December<br>2020 | 2019 |               |
| <b>CC&amp;G Clearing</b>                      |                     |      |               |
| Contracts (m)                                 | 121.5               | 99.5 | 22%           |
| Initial margin held (average €bn)             | 13.4                | 14.5 | (7%)          |
| <b>Monte Titoli</b>                           |                     |      |               |
| Settlement instructions (trades m)            | 51.1                | 44.4 | 15%           |
| Custody assets under management (average €tn) | 3.36                | 3.33 | 1%            |

## Post Trade - LCH

|                                    | Twelve months ended |        | Variance<br>% |
|------------------------------------|---------------------|--------|---------------|
|                                    | 31 December<br>2020 | 2019   |               |
| <b>LCH OTC derivatives</b>         |                     |        |               |
| <b>SwapClear</b>                   |                     |        |               |
| IRS notional cleared (\$tn)        | 1,058               | 1,229  | (14%)         |
| SwapClear members                  | 122                 | 123    | (1%)          |
| Client trades ('000)               | 1,784               | 1,681  | 6%            |
| <b>CDSClear</b>                    |                     |        |               |
| Notional cleared (€bn)             | 2425                | 1518   | 60%           |
| CDSClear members                   | 26                  | 26     | -             |
| <b>ForexClear</b>                  |                     |        |               |
| Notional value cleared (\$bn)      | 18,986              | 18,050 | 5%            |
| ForexClear members                 | 35                  | 34     | 3%            |
| <b>LCH Non-OTC</b>                 |                     |        |               |
| Fixed income - Nominal value (€tn) | 205.3               | 212.2  | (3%)          |
| Listed derivatives contracts (m)   | 341.0               | 289.4  | 18%           |
| Cash equities trades (m)           | 1,963               | 1,397  | 41%           |
| LCH average cash collateral (€bn)  | 109.9               | 98.4   | 12%           |

Note: CDSClear notional and LCH Non-OTC volumes have been rebased to count both sides of each cleared trade. This aligns with how activity is reported on LCH's website. The previous year comparator has also been adjusted

**Note:**

(1) These key performance indicators relate to LSEG prior to the acquisition of Refinitiv for FY2020

# FY2020 - Key performance indicators <sup>(1)</sup>

## Capital Markets - Primary Markets

|                                | Twelve months ended |             | Variance<br>% |
|--------------------------------|---------------------|-------------|---------------|
|                                | 31 December         |             |               |
|                                | 2020                | 2019        |               |
| <b>New Issues</b>              |                     |             |               |
| UK Main Market & PSM           | 54                  | 50          | 8%            |
| UK AIM                         | 32                  | 23          | 39%           |
| Borsa Italiana                 | 22                  | 36          | (39%)         |
| <b>Total</b>                   | <b>108</b>          | <b>109</b>  | <b>(1%)</b>   |
| <b>Money Raised (£bn)</b>      |                     |             |               |
| UK New                         | 8.9                 | 4.5         | 98%           |
| UK Further                     | 34.3                | 16.3        | 110%          |
| Borsa Italiana new and further | 1.6                 | 2.5         | (36%)         |
| <b>Total (£bn)</b>             | <b>44.8</b>         | <b>23.3</b> | <b>92%</b>    |

## Capital Markets - Secondary Markets

|                                       | Twelve months ended |             | Variance<br>% |
|---------------------------------------|---------------------|-------------|---------------|
|                                       | 31 December         |             |               |
|                                       | 2020                | 2019        |               |
| <b>Equity</b>                         |                     |             |               |
| <b>Totals for period</b>              |                     |             |               |
| UK value traded (£bn)                 | 1,248               | 1,188       | 5%            |
| Borsa Italiana (no of trades m)       | 88.2                | 64.3        | 37%           |
| Turquoise value traded (€bn)          | 528                 | 531         | (1%)          |
| <b>SETS Yield (basis points)</b>      | <b>0.71</b>         | <b>0.69</b> | <b>3%</b>     |
| <b>Average daily</b>                  |                     |             |               |
| UK value traded (£bn)                 | 4.9                 | 4.7         | 6%            |
| Borsa Italiana (no of trades '000)    | 346                 | 256         | 35%           |
| Turquoise value traded (€bn)          | 2.0                 | 2.1         | (4%)          |
| <b>Derivatives</b>                    |                     |             |               |
| Contracts (m)                         | 25.1                | 33.1        | (24%)         |
| <b>Fixed Income</b>                   |                     |             |               |
| MTS cash and BondVision (€bn)         | 3,976               | 3,182       | 25%           |
| MTS money markets (€bn term adjusted) | 98,965              | 113,456     | (13%)         |

*Note: The 2019 number of derivatives contracts include 2.4 million contracts from LSE Derivatives. This service no longer accepted new trades from November 2019*

**Note:**

(1) These key performance indicators relate to LSEG prior to the acquisition of Refinitiv for FY2020

# FY2020 Income and gross profit

| £ millions                                   | 2019       |            |            |            |              | 2020       |            |            |            |              |
|--|------------|------------|------------|------------|--------------|------------|------------|------------|------------|--------------|
|  | Q1         | Q2         | Q3         | Q4         | 2019         | Q1         | Q2         | Q3         | Q4         | 2020         |
| Index - Subscription                         | 99         | 104        | 108        | 107        | 418          | 105        | 113        | 112        | 113        | 443          |
| Index - Asset based                          | 52         | 60         | 61         | 58         | 231          | 58         | 54         | 57         | 56         | 225          |
| <b>FTSE Russell</b>                          | <b>151</b> | <b>164</b> | <b>169</b> | <b>165</b> | <b>649</b>   | <b>163</b> | <b>167</b> | <b>169</b> | <b>169</b> | <b>668</b>   |
| Real time data                               | 24         | 24         | 24         | 25         | 97           | 25         | 27         | 27         | 26         | 105          |
| Other information services                   | 26         | 27         | 27         | 29         | 109          | 27         | 28         | 27         | 27         | 109          |
| <b>Information Services</b>                  | <b>201</b> | <b>215</b> | <b>220</b> | <b>219</b> | <b>855</b>   | <b>215</b> | <b>222</b> | <b>223</b> | <b>222</b> | <b>882</b>   |
| OTC - SwapClear, ForexClear & CDSClear       | 76         | 72         | 80         | 79         | 307          | 82         | 75         | 74         | 78         | 309          |
| Non OTC - FI, Cash equities & Listed derivs  | 34         | 35         | 36         | 35         | 140          | 41         | 39         | 40         | 44         | 164          |
| LCH other revenue                            | 24         | 25         | 28         | 26         | 103          | 26         | 30         | 29         | 33         | 118          |
| <b>Post Trade Services - LCH</b>             | <b>134</b> | <b>132</b> | <b>144</b> | <b>140</b> | <b>550</b>   | <b>149</b> | <b>144</b> | <b>143</b> | <b>155</b> | <b>591</b>   |
| Clearing                                     | 11         | 11         | 11         | 10         | 43           | 12         | 10         | 10         | 11         | 43           |
| Settlement, Custody & other                  | 14         | 15         | 16         | 15         | 60           | 15         | 16         | 15         | 17         | 63           |
| <b>Post Trade Services - CC&amp;G and MT</b> | <b>25</b>  | <b>26</b>  | <b>27</b>  | <b>25</b>  | <b>103</b>   | <b>27</b>  | <b>26</b>  | <b>25</b>  | <b>28</b>  | <b>106</b>   |
| UnaVista                                     | 13         | 12         | 10         | 12         | 47           | 16         | 10         | 15         | 13         | 54           |
| <b>Post Trade</b>                            | <b>172</b> | <b>170</b> | <b>181</b> | <b>177</b> | <b>700</b>   | <b>192</b> | <b>180</b> | <b>183</b> | <b>196</b> | <b>751</b>   |
| Primary Markets                              | 28         | 62         | 30         | 31         | 151          | 32         | 33         | 33         | 33         | 131          |
| Secondary Markets - Equities                 | 37         | 37         | 39         | 38         | 151          | 49         | 42         | 37         | 43         | 171          |
| Secondary Markets - FI, derivs & other       | 32         | 30         | 33         | 29         | 124          | 31         | 30         | 32         | 32         | 125          |
| <b>Capital Markets</b>                       | <b>97</b>  | <b>129</b> | <b>102</b> | <b>98</b>  | <b>426</b>   | <b>112</b> | <b>105</b> | <b>102</b> | <b>108</b> | <b>427</b>   |
| <b>Technology</b>                            | <b>14</b>  | <b>16</b>  | <b>16</b>  | <b>20</b>  | <b>66</b>    | <b>14</b>  | <b>16</b>  | <b>15</b>  | <b>16</b>  | <b>61</b>    |
| <b>Other</b>                                 | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>3</b>   | <b>9</b>     | <b>2</b>   | <b>0</b>   | <b>1</b>   | <b>0</b>   | <b>3</b>     |
| <b>Total Revenue</b>                         | <b>486</b> | <b>532</b> | <b>521</b> | <b>517</b> | <b>2,056</b> | <b>535</b> | <b>523</b> | <b>524</b> | <b>542</b> | <b>2,124</b> |
| <b>Net treasury income through CCP:</b>      |            |            |            |            |              |            |            |            |            |              |
| LCH  | 48         | 48         | 53         | 57         | 206          | 67         | 82         | 63         | 57         | 269          |
| CC&G   | 11         | 13         | 12         | 13         | 49           | 12         | 15         | 13         | 10         | 50           |
| Other income                                 | 1          | 1          | 1          | 0          | 3            | 1          | 0          | 0          | 0          | 1            |
| <b>Total income</b>                          | <b>546</b> | <b>594</b> | <b>587</b> | <b>587</b> | <b>2,314</b> | <b>615</b> | <b>620</b> | <b>600</b> | <b>609</b> | <b>2,444</b> |
| Cost of sales                                | (56)       | (53)       | (58)       | (43)       | (210)        | (60)       | (61)       | (49)       | (54)       | (224)        |
| <b>Gross profit</b>                          | <b>490</b> | <b>541</b> | <b>529</b> | <b>544</b> | <b>2,104</b> | <b>555</b> | <b>559</b> | <b>551</b> | <b>555</b> | <b>2,220</b> |



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