

29 April 2015

## LONDON STOCK EXCHANGE GROUP plc

### INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 28 APRIL 2015, INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 31 MARCH 2015 (Q1)

- Good financial performance – revenue up 86 per cent to £581.0 million and total income up 79 per cent, to £602.5 million; excluding Russell Investment Management, income rose 6 per cent
- Information Services - revenues up 42 per cent with inclusion of Russell Indexes; and up 5 per cent on an organic and constant currency basis reflecting good performance from FTSE (up 12 per cent) and other information services
- Capital Markets - revenues up 2 per cent, with growth in both money raised and in the number of new issues on the UK main market and in Italy; secondary markets benefitted from stronger trading in equities, derivatives at IDEM and fixed income trading at MTS
- Post Trade Services in Italy - revenues up 4 per cent at constant currency (down 6 per cent as reported) with increased clearing and settlement activity
- LCH.Clearnet - flat after adjusting for currency changes and the previously announced loss of LME commodities clearing, with good growth at SwapClear (revenues up 16 per cent) - Group to hold investor update event on opportunities and developments in Post Trade Services on 20 May
- Technology Services revenues increased 5 per cent (up 2 per cent constant currency)
- Group making excellent progress integrating Russell Indexes; sale of Russell Investment Management is on track, with a good number of indications of interest received

Commenting on performance in Q1, Xavier Rolet, Chief Executive, said:

**“We have delivered a good performance in the first quarter, reflecting both organic growth and the contribution from the newly acquired Russell businesses. FTSE and Russell Indexes have both performed well, Capital Markets revenues have continued to grow and we have seen good underlying performance in our Italian post trade business and at SwapClear.**

**“We remain focused on realising integration and efficiency benefits, as well as developing the many opportunities across the Group arising from our extended geographic reach and product range. The Group is well placed to build on its success as the only major, international open access market infrastructure business, working with its customers to drive innovation and deliver market efficiencies.”**

## **Financial position**

Following the payment of dividends, bond coupons, tax and variable compensation during the last quarter, the Group’s financial position is broadly unchanged from the position reported at 31 December 2014.

The euro weakened against sterling compared with the same period last year, while the Group’s increased exposure to the US dollar provided some offset. To illustrate our exposure to movements in exchange rates, a €0.05 change in the average euro:sterling rate would have resulted in a change to total income of c£6 million for Q1, while a \$0.05 change in the average dollar:sterling rate would have resulted in a change to total income of c£6 million in the period.

## **Current trading and outlook**

The Group has made a good start to the year and is well placed to deliver benefits from continued positive market trends and from the work to develop further revenue and efficiency opportunities. We remain confident that the Group will continue to develop and grow.

The Group will host an investor update event on Post Trade Services on 20 May 2015.

Further information is available from:

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A conference call for analysts and investors will be held at 9:00 (UK time) on Wednesday 29th April. On the call will be David Warren (CFO) and Paul Froud (Head of Investor Relations).

To access the Telephone conference call, dial 0800 694 0257 or +44 (0) 1452 555 566  
Conference ID: 3418 5549

## Q1 Revenue Summary

Revenues for three months ended 31 March 2015, with comparatives against performance for the same period last year, are provided below. Growth rates for performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended		Variance	Organic and constant currency variance <sup>1</sup>
	31 March			
	2015	2014		
	£m	£m	%	%
<b>Revenue</b>				
Capital Market	85.9	84.2	2%	7%
Post Trade Services - CC&G and Monte Titoli	23.4	25.0	(6%)	4%
Post Trade Services - LCH.Clearnet	73.9	90.7	(19%)	(16%)
Information Services	130.8	92.0	42%	5%
Technology Services	19.6	18.6	5%	2%
Russell Investment Management (gross)	246.5	-	-	-
Other	0.9	1.3	(31%)	(31%)
<b>Total revenue</b>	<b>581.0</b>	<b>311.8</b>	<b>86%</b>	<b>(1%)</b>
<i>Net treasury income through CCP business</i>				
CC&G	6.8	9.4	(28%)	(19%)
LCH.Clearnet	13.4	14.1	(5%)	(4%)
Other income	1.3	1.9	(32%)	(32%)
<i>LCH.Clearnet unrealised gain / (loss)</i>	<i>0.4</i>	<i>(0.6)</i>	-	-
<b>Total income including unrealised</b>	<b>602.9</b>	<b>336.5</b>	<b>79%</b>	<b>(1%)</b>
<b>Total income excluding unrealised</b>	<b>602.5</b>	<b>337.1</b>	<b>79%</b>	<b>(2%)</b>

<sup>1</sup>Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

- 1) Removal of Bonds.com revenue (Capital Markets – Fixed Income)
- 2) MTS Indices removal from 2014 Capital Markets Fixed Income revenue and from 2015 Information Services FTSE revenue

More detailed revenues by segment are provided in tables below:

## Capital Markets

	Three months ended			Organic and constant currency variance <sup>1</sup>
	31 March		Variance	
Revenue	2015	2014		
	£m	£m	%	%
<b>Primary Markets</b>				
Annual fees	11.3	10.6	7%	11%
Admission fees	10.1	10.1	0%	1%
	<b>21.4</b>	<b>20.7</b>	<b>3%</b>	<b>6%</b>
<b>Secondary Markets</b>				
Cash equities UK & Turquoise	28.1	26.4	6%	7%
Cash equities Italy	10.1	9.9	2%	12%
Derivatives	4.6	5.0	(8%)	2%
Fixed income	19.5	19.7	(1%)	7%
	<b>62.3</b>	<b>61.0</b>	<b>2%</b>	<b>8%</b>
Other	2.2	2.5	(12%)	(8%)
<b>Total revenue</b>	<b>85.9</b>	<b>84.2</b>	<b>2%</b>	<b>7%</b>

Adjustments to calculate organic growth:

<sup>1</sup> Removal of Bonds.com and MTS Indices from Capital Markets Fixed Income revenue

## Post Trade Services - CC&G and Monte Titoli

	Three months ended			Constant currency variance
	31 March		Variance	
Revenue	2015	2014		
	£m	£m	%	%
Clearing	10.0	10.4	(4%)	6%
Settlement	4.3	4.4	(2%)	10%
Custody & other	9.1	10.2	(11%)	(1%)
<b>Total revenue</b>	<b>23.4</b>	<b>25.0</b>	<b>(6%)</b>	<b>4%</b>
Net treasury income	6.8	9.4	(28%)	(19%)
<b>Total income</b>	<b>30.2</b>	<b>34.4</b>	<b>(12%)</b>	<b>(2%)</b>

## LCH.Clearnet

	Three months ended 31 March			Constant currency variance <sup>1</sup> %
	2015 £m	2014 £m	Variance %	
<b>Revenue</b>				
<b>OTC</b>				
SwapClear	29.9	25.8	16%	16%
ForexClear / CDSClear	6.6	7.4	(11%)	0%
	<b>36.5</b>	<b>33.2</b>	<b>10%</b>	<b>13%</b>
<b>Non-OTC</b>				
Fixed income	10.4	11.0	(5%)	3%
Commodities	-	11.2	-	-
Listed derivatives	9.4	13.2	(29%)	(26%)
Cash equities	9.2	9.1	1%	8%
	<b>29.0</b>	<b>44.5</b>	<b>(35%)</b>	<b>(32%)</b>
<b>Total Clearing fee revenue</b>	<b>65.5</b>	<b>77.7</b>	<b>(16%)</b>	<b>(13%)</b>
Other	8.4	13.0	(35%)	(34%)
<b>Total revenue</b>	<b>73.9</b>	<b>90.7</b>	<b>(19%)</b>	<b>(16%)</b>
Net treasury income	13.4	14.1	(5%)	(4%)
<i>Unrealised gain / (loss)</i>	<i>0.4</i>	<i>(0.6)</i>	-	-
<b>Total income including unrealised</b>	<b>87.7</b>	<b>104.2</b>	<b>(16%)</b>	<b>(13%)</b>
<b>Total income excluding unrealised</b>	<b>87.3</b>	<b>104.8</b>	<b>(17%)</b>	<b>(14%)</b>

<sup>1</sup> 0% constant currency variance excluding Commodities clearing revenue (£11.2m) and net treasury income / collateral fees (£3.1m) from 2014

## Information Services

	Three months ended 31 March			Organic and constant currency variance <sup>1</sup> %
	2015 £m	2014 £m	Variance %	
<b>Revenue</b>				
FTSE	51.2	45.9	12%	7%
Russell Indexes	33.8	-	-	-
Real time data	21.3	23.3	(9%)	(6%)
Other information services	24.5	22.8	7%	10%
	<b>130.8</b>	<b>92.0</b>	<b>42%</b>	<b>5%</b>

Adjustments to calculate organic growth:

<sup>1</sup> MTS Indices removed Information Services FTSE revenue

## Technology Services

	Three months ended 31 March			Organic and constant currency
	2015 £m	2014 £m	Variance %	variance %
<b>Revenue</b>				
MillenniumIT	9.8	10.5	(7%)	(15%)
Technology	9.8	8.1	21%	26%
<b>Total revenue</b>	<b>19.6</b>	<b>18.6</b>	<b>5%</b>	<b>2%</b>

### Basis of Preparation

Results for the period ended 31 March 2015 have been translated into Sterling using the average monthly exchange rates. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

	Average rate 3 months ended 31 March 2015	Closing rate at 31 March 2015	Average rate 3 months ended 31 March 2014	Closing rate at 31 March 2014
GBP : EUR	1.35	1.37	1.21	1.20
GBP : USD	1.51	1.48	1.66	1.66

## Appendix – Key performance indicators

### Capital Markets - Primary Markets

	Three months ended 31 March		Variance %
	2015	2014	
<b>New Issues</b>			
UK Main Market, PSM & SFM	22	15	47%
UK AIM	16	26	(38%)
Borsa Italiana	7	5	40%
<b>Total</b>	<b>45</b>	<b>46</b>	<b>(2%)</b>
<b>Money Raised (£bn)</b>			
UK New	2.0	4.2	(52%)
UK Further	6.1	3.8	61%
Borsa Italiana new and further	0.4	0.1	300%
<b>Total (£bn)</b>	<b>8.5</b>	<b>8.1</b>	<b>5%</b>

## Capital Markets - Secondary Markets

	Three months ended		Variance
	31 March		
	2015	2014	%
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	330	322	2%
Borsa Italiana (no of trades m)	19.5	18.0	8%
Turquoise value traded (€bn)	300.4	221.0	36%
<b>SETS Yield</b> (basis points)	0.62	0.61	2%
<b>Average daily</b>			
UK value traded (£bn)	5.2	5.1	2%
Borsa Italiana (no of trades '000)	309	287	8%
Turquoise value traded (€bn)	4.8	3.5	37%
<b>Derivatives (contracts m)</b>			
LSE Derivatives	1.3	5.1	(75%)
IDEM	11.0	10.6	4%
<b>Total</b>	<b>12.3</b>	<b>15.7</b>	<b>(22%)</b>
<b>Fixed Income</b>			
MTS cash and BondVision (€bn)	1,186	1,163	2%
MTS money markets (€bn term adjusted)	23,613	16,672	42%

## Post Trade Services - CC&G and Monte Titoli

	Three months ended		Variance
	31 March		
	2015	2014	%
<b>CC&amp;G Clearing</b>			
Contracts (m)	31.8	29.6	7%
Initial margin held (average €bn)	11.1	11.1	0%
<b>Monte Titoli</b>			
Settlement instructions (trades m)	17.5	16.3	7%
Custody assets under management (average €tn)	3.29	3.36	(2%)

## Post Trade Services - LCH.Clearnet

	Three months ended		Variance
	31 March		
	2015	2014	%
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional outstanding (\$trn)	304	404	(25%)
IRS notional cleared (\$trn)	142	165	(14%)
SwapClear members	113	103	10%
<b>CDSClear</b>			
Notional cleared (€bn)	21.9	18.9	16%
CDSClear members	11	11	0%
<b>ForexClear</b>			
Notional value cleared (\$bn)	270	190	42%
ForexClear members	22	20	10%
<b>Non-OTC</b>			
Fixed income - Nominal value (€trn)	18.6	17.9	4%
Listed derivatives (contracts m)	36.7	49.7	(26%)
Cash equities trades (m)	140.3	117.9	19%
Average cash collateral (€bn)	54.0	43.2	25%

## Information Services

	As at		Variance
	31 March		
	2015	2014	%
<b>Terminals</b>			
UK	76,000	79,000	(4%)
Borsa Italiana Professional Terminals	130,000	126,000	3%
<b>ETFs assets under management benchmarked (\$bn)</b>			
FTSE	242	186	30%
Russell Indexes	158	136	16%
Russell Investment Management AuM (\$bn)	272	260	5%



## Total Income – Quarterly

£ millions	<u>CY 2014</u>				<u>CY 2014</u>	<u>CY 2015</u>
	Q1	Q2	Q3	Q4		Q1
Annual Fees	10.6	11.0	11.3	11.2	44.2	11.3
Admission Fees	10.1	14.3	8.8	11.5	44.6	10.1
Cash equities UK & Turquoise	26.4	24.5	23.8	26.5	101.2	28.1
Cash equities Italy	9.9	10.0	8.7	9.4	38.0	10.1
Derivatives	5.0	4.9	4.6	5.5	20.0	4.6
Fixed Income	19.7	19.9	18.2	18.1	75.9	19.5
Other	2.5	2.4	2.2	2.2	9.3	2.2
<b>Capital Markets</b>	<b>84.2</b>	<b>87.0</b>	<b>77.6</b>	<b>84.4</b>	<b>333.2</b>	<b>85.9</b>
Clearing	10.4	10.2	8.2	9.3	38.2	10.0
Settlement	4.4	5.0	3.8	4.2	17.4	4.3
Custody & other	10.2	10.8	10.0	9.9	40.9	9.1
<b>Post Trade Services - CC&amp;G and Monte Titoli</b>	<b>25.0</b>	<b>26.0</b>	<b>22.0</b>	<b>23.4</b>	<b>96.5</b>	<b>23.4</b>
OTC - SwapClear	25.8	26.8	27.6	29.4	109.6	29.9
OTC - ForexClear / CDSClear	7.4	7.3	6.9	7.0	28.6	6.6
Fixed income	11.0	11.6	11.0	9.3	42.9	10.4
Commodities	11.2	14.1	12.2	-	37.5	-
Listed derivatives	13.2	9.6	10.1	11.4	44.4	9.4
Cash equities	9.1	8.3	8.4	9.1	35.0	9.2
Other	13.0	5.5	6.2	6.8	31.4	8.4
<b>Post Trade Services - LCH.Clearnet</b>	<b>90.7</b>	<b>83.2</b>	<b>82.5</b>	<b>73.1</b>	<b>329.4</b>	<b>73.9</b>
FTSE	45.9	44.4	48.3	48.2	186.8	51.2
Russell Indexes	-	-	-	10.0	10.0	33.8
Real time data	23.3	21.3	21.3	18.4	84.3	21.3
Other information	22.8	22.3	23.4	23.4	91.9	24.5
<b>Information Services</b>	<b>92.0</b>	<b>88.0</b>	<b>93.0</b>	<b>100.0</b>	<b>373.0</b>	<b>130.8</b>
MillenniumIT	10.5	6.0	6.9	6.3	29.7	9.8
Technology	8.1	8.3	9.6	10.3	36.3	9.8
<b>Technology Services</b>	<b>18.6</b>	<b>14.3</b>	<b>16.5</b>	<b>16.6</b>	<b>66.0</b>	<b>19.6</b>
Russell Investment Management (gross)				79.7	79.7	246.5
Other	1.3	1.4	1.1	1.6	5.4	0.9
<b>Total Revenue</b>	<b>311.8</b>	<b>299.9</b>	<b>292.7</b>	<b>378.8</b>	<b>1,283.2</b>	<b>581.0</b>
<b>Net treasury income through CCP:</b>						
CC&G	9.4	7.5	8.0	7.7	32.6	6.8
LCH.Clearnet	14.1	15.1	17.2	13.6	60.0	13.4
Other income	1.9	1.4	0.7	1.3	5.3	1.3
LCH.Clearnet unrealised gain / (loss)	(0.6)	0.7	(0.3)	(0.3)	(0.5)	0.4
<b>Total income including unrealised</b>	<b>336.5</b>	<b>324.6</b>	<b>318.3</b>	<b>401.1</b>	<b>1,380.6</b>	<b>602.9</b>
<b>Total income excluding unrealised</b>	<b>337.1</b>	<b>323.9</b>	<b>318.6</b>	<b>401.4</b>	<b>1,381.1</b>	<b>602.5</b>

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly