

London Stock Exchange Group plc: Q1 2024 Trading Update

Good start to the year, driven by solid performance across the business

David Schwimmer, CEO said:

“We have started the year well, delivering another quarter of solid growth consistent with our plans. We drove the strongest performances in FTSE Russell, Risk Intelligence and Tradeweb, and our Equities business returned to growth. The rapid pace of innovation continues, with new product launches across LSEG throughout 2024.

“We continue to make strong progress in our Microsoft partnership, with a number of products expected to be in external pilot or general release this half. We are now picking up the pace of migrating our datasets onto the Microsoft platform, which will transform access to our data for customers. We look forward to further progress in the rest of the year.”

Q1 2024 highlights

(All growth rates on an organic constant currency basis unless otherwise stated)

- **Solid growth:** Total income (excl. recoveries) +7.3% incl. M&A, +6.4% organic.
- **Robust performance from all divisions:** Data & Analytics +4.3%, FTSE Russell +9.5%, Risk Intelligence +12.5%, Capital Markets +14.4%, Post Trade revenues flat reflecting strong prior year comparator.
- **Organic Annual Subscription Value (ASV) growth +6.0%:** good underlying growth from strong retention, robust sales and pricing, partly offset by increasing impact of Credit Suisse losses, as expected, plus initial step-down from entry into an attractive multi-year contract renewal with another major bank. Organic ASV growth expected to remain around these levels throughout 2024 despite further Credit Suisse impact.
- **Active capital allocation:** £500 million directed buyback completed in Q1, targeting £1 billion of total buybacks in 2024; refinancing of \$1.25 billion in 3-year and 10-year bonds; acquisitions of ICD by Tradeweb and minority stakes in LCH Group.
- **Further strong progress in partnership with Microsoft:** delivering first products in H1; successful ongoing migration of datasets to our cloud-based data platform.
- **Confident of continued growth and improving profitability:** on track to deliver all financial guidance provided in November 2023's Capital Markets Day.

This release contains revenues, cost of sales and key performance indicators (KPIs) for the three months ended 31 March 2024 (Q1). Certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. To reflect underlying performance, all constant currency variances compare the current and prior period at consistent exchange rates. Organic variance is calculated on a constant currency basis, adjusting the results to remove disposals from the entirety of the current and prior year periods, and including acquisitions from the date of acquisition with a comparable adjustment to the prior year.

Q1 2024 summary

	Q1 2024 £m	Q1 2023 £m	Variance %	Constant currency variance %	Organic constant currency variance %
Workflows	479	488	(1.8%)	1.2%	1.7%
Data & Feeds	465	446	4.3%	6.8%	6.8%
Analytics	55	56	(1.8%)	6.5%	6.5%
Data & Analytics	999	990	0.9%	4.0%	4.3%
Subscription	144	139	3.6%	6.2%	6.2%
Asset-based	74	66	12.1%	16.4%	16.4%
FTSE Russell	218	205	6.3%	9.5%	9.5%
Risk Intelligence	131	120	9.2%	12.5%	12.5%
Equities	60	59	1.7%	1.6%	1.6%
Fixed Income, Derivatives & Other	318	269	18.2%	23.0%	21.3%
FX	61	66	(7.6%)	(2.2%)	(2.2%)
Capital Markets	439	394	11.4%	15.5%	14.4%
OTC Derivatives	138	126	9.5%	11.8%	0.1%
Securities & Reporting	62	64	(3.1%)	(0.5%)	(0.5%)
Non-Cash Collateral	28	26	7.7%	6.5%	6.5%
Net Treasury Income	69	73	(5.5%)	(2.6%)	(2.6%)
Post Trade	297	289	2.8%	5.0%	(0.1%)
Other	5	9	(44.4%)	(43.9%)	(43.9%)
Total Income (excl. recoveries)	2,089	2,007	4.1%	7.3%	6.4%
Recoveries	93	93	-	3.8%	3.8%
Total Income (incl. recoveries)	2,182	2,100	3.9%	7.1%	6.3%
Cost of sales	(289)	(288)	0.3%	3.9%	2.8%
Gross Profit	1,893	1,812	4.5%	7.6%	6.9%

Total income (excluding recoveries) was up 7.3% including M&A, and 6.4% on an organic basis.

- **Data & Analytics** was up 4.3% reflecting continued strong retention, good sales and a contribution from pricing consistent with the previous year. Overall Data & Analytics growth was impacted by cancellations related to Credit Suisse as expected, and by entry into an enterprise-wide LSEG Data Agreement (LDA) with a major bank securing a multi-year period of attractive growth and greater long-term value following an initial step down in revenue.

Our partnership with Microsoft continues to make good progress with a number of products expected to be in external pilot or general release this half and the ongoing migration of content sets into our cloud-based data platform.

- **Workflows** was up 1.7% with growth across Trading, Banking, Investment Management and Wealth customers. The roll-out of Workspace continues to progress well and, following the successful migration of banking users, we retired the legacy SDC Platinum platform in Q1, creating a more seamless and integrated experience for customers and driving increased usage.
- **Data & Feeds** was up 6.8%, driven by continued innovation and expansion in both our Data and Feeds offerings. In Q1 we launched our first cloud-based service offering customers access to full tick data in real time, further broadening our extensive range of real time services. Demand for our data content remains strong, especially in fixed income following targeted investment over recent years.
- **Analytics** was up 6.5%, primarily driven by growth in Yieldbook's fixed income analytics and loan data.
- **FTSE Russell** was up 9.5%, with inflows and more favourable year-on-year market trends driving a stronger contribution from asset-based revenues (+16.4%). Strong demand for flagship equity products continued to support good growth in underlying subscription revenues, adjusting for one-time revenues in the prior year period.
- **Risk Intelligence** was up 12.5% driven by strong business momentum and customer demand in our screening business, World-Check. Growth in our digital identity and fraud businesses continues to build as the expansion in distribution partnerships over recent years feeds through to increased usage.
- **Annual Subscription Value (ASV):** Period-end organic ASV growth of 6.0% reflects an increasing impact from Credit Suisse contract losses, as expected, plus the near-term step-down following entry into an attractive long-term agreement with a major bank noted above. We expect ASV growth to remain around these levels throughout 2024 despite further Credit Suisse cancellations.
- **Capital Markets** was up 14.4%, driven by growth at Tradeweb.
 - **Equities** returned to growth, up 1.6%, with gains in secondary trading partly offset by lower market activity.
 - **Fixed Income, Derivatives & Other** was up 21.3% with a record quarter for Tradeweb. Average Daily Volume (ADV) of \$1.9 trillion in Q1 reflected continued share gains, including a record 17.6% share of fully electronic US high-grade bond volumes, complemented by strong market activity across Tradeweb's global asset classes. Tradeweb also expanded its capabilities in algorithmic execution in Q1 with the acquisition of R8fin.
 - **FX** was down 2.2%. Good volume growth in FXall was offset by a less favourable product mix. We saw strong demand for our innovative Forward First Fixing capability launched last year, with \$64 billion traded using the automated multi-dealer trading protocol in Q1. Matching was affected by weakness in interbank volumes.
- **Post Trade** was flat on an organic basis, and up 5.0% in constant currency including the benefit of the Acadia acquisition. Underlying OTC Derivatives revenues grew strongly driven by higher clearing volumes and price increases for LCH members and clients, with realised organic growth flat due to the £8 million of one-time revenues from reference rate reform in the prior year period. Net Treasury Income was slightly lower (-2.6%) with higher treasury margins largely offsetting the impact of a 21.5% decline in cash collateral balances. Following the acquisition of minority interests in Q1, our ownership of LCH Group rose to 85.9%.
- **Group cost of sales** was up 2.8%, below the growth rate in revenue reflecting business mix and the partially fixed nature of the costs.

- **Gross profit** was up 6.9%, with growth slightly ahead of Total Income (excl. recoveries) as a result of the lower growth in cost of sales.

Capital allocation

In March we participated in the further placing of LSEG shares by the former Refinitiv shareholders, committing £500 million to a directed buyback. During the course of 2024 we intend to return an additional £500 million in buybacks, similarly targeted at the Blackstone-led consortium, and are seeking the requisite shareholder approvals at today's AGM.

In March, we successfully issued a total of \$1.25 billion in 3-year and 10-year bonds, using the proceeds to repay maturing bonds and commercial paper.

In April, Tradeweb announced the acquisition of ICD, a cash management platform for Corporate Treasurers, adding a new customer vertical with attractive cross-sell opportunities.

Q1 investor and analyst conference call:

LSEG will host a conference call for its Q1 Trading Update for analysts and investors today at 8.30am (UK time). On the call will be David Schwimmer (Chief Executive Officer) and Michel-Alain Proch (Chief Financial Officer).

To access the webcast or telephone conference call please register in advance using the following link:

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/72b128c8-0a48-4bef-bfa6-dc423a0e1850>

To ask a question live you will need to register for the telephone conference call here:

<https://registrations.events/direct/LON594689>

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Divisional non-financial KPIs

1. Subscriptions¹

	Q1 2024	Q1 2023
Annual Subscription Value growth (%) ²	6.0%	7.6%
Subscription revenue growth (%) ^{2, 3}	6.6%	5.5%

¹ Subscription revenues in Data & Analytics, FTSE Russell and Risk Intelligence

² Organic, constant currency variance

³ 12-month rolling constant currency variance

2. FTSE Russell

	Q1 2024	Q1 2023	Variance %
Index – ETF AUM (\$bn):			
- Period end	1,328	1,077	23.3%
- Average	1,255	1,063	18.1%

2. Capital Markets

	Q1 2024	Q1 2023	Variance %
Equities			
<i>Secondary Markets – Equities</i>			
UK Value Traded (£bn) – Average Daily Value	3.9	4.0	(2.5%)
SETS Yield (bps)	0.71	0.69	2.9%
Fixed income, Derivatives and Other			
<i>Tradeweb average daily volume (\$m)</i>			
Rates – Cash	461,826	362,707	27.3%
Rates – Derivatives	798,871	508,675	57.0%
Credit – Cash	17,418	11,497	51.5%
Credit – Derivatives	17,502	20,806	(15.9%)
FX			
Average daily total volume (\$bn)	456	463	(1.5%)

3. Post Trade

	Q1 2024	Q1 2023	Variance %
OTC			
<i>SwapClear</i>			
IRS notional cleared (\$trn)	406	379	7.1%
Client trades ('000)	912	845	7.9%
<i>ForexClear</i>			
Notional cleared (\$bn)	8,287	6,225	33.1%
ForexClear members	38	36	5.6%
Securities & Reporting			
EquityClear trades (m)	268	473	(43.3%)
Listed derivatives contracts (m)	54.0	62.6	(13.7%)
RepoClear – nominal value (€trn)	74.4	77.9	(4.5%)
Collateral			
Average non-cash collateral (€bn)	197.1	175.7	12.2%
Average cash collateral (€bn)	110.5	140.7	(21.5%)

Foreign Exchange

The majority of LSEG revenues are in US dollars followed by sterling, euro and other currencies.

	USD	GBP	EUR	Other
Total Income by division^{1,2}	59%	15%	17%	9%
Data & Analytics ¹	63%	8%	15%	14%
FTSE Russell	72%	20%	3%	5%
Risk Intelligence	64%	9%	16%	12%
Capital Markets	62%	17%	20%	2%
Post Trade	27%	38%	34%	2%

¹ Total income includes recoveries

² Percentage splits based on Q1 2024

Due to rounding, income percentages may not add to 100%.

Spot / Average Rates

	Average rate 3 months ended 31 March 2024	Closing rate at 31 March 2024	Average rate 3 months ended 31 March 2023	Closing rate at 31 March 2023
GBP : USD	1.268	1.263	1.214	1.238
GBP : EUR	1.168	1.170	1.132	1.135

For definitions of technical terms – refer to the Glossary contained in the 2023 Annual Report, page 255.

Total income and gross profit by quarter

£m	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Workflows	488	473	465	477	1,903	479
Data & Feeds	446	454	443	467	1,810	465
Analytics	56	55	55	52	218	55
Data & Analytics	990	983	962	996	3,931	999
Subscription	139	136	141	147	563	144
Asset-Based	66	71	73	71	281	74
FTSE Russell	205	207	214	218	844	218
Risk Intelligence	120	121	123	128	492	131
Equities	59	57	55	56	227	60
Fixed Income, Derivatives & Other	269	246	259	294	1,068	318
FX	66	62	61	62	251	61
Capital Markets	394	365	375	412	1,546	439
OTC Derivatives	126	134	125	132	517	138
Securities & Reporting	64	63	64	63	254	62
Non-Cash Collateral	26	27	27	27	107	28
Net Treasury Income	73	77	70	69	289	69
Post Trade	289	301	286	291	1,167	297
Other	9	6	7	7	29	5
Total Income (excl. recoveries)	2,007	1,983	1,966	2,053	8,009	2,089
Recoveries	93	96	88	93	370	93
Total Income (incl. recoveries)	2,100	2,079	2,054	2,146	8,379	2,182
Cost of sales	(288)	(284)	(282)	(289)	(1,143)	(289)
Gross Profit	1,812	1,795	1,772	1,857	7,236	1,893