LSEG Q3 23 Trading Update –

Analyst & Investor Call Transcript

THURSDAY 19 OCTOBER 2023

PRESENTATION

Peregrine Riviere: Good morning, everyone, and welcome to LSEG's third quarter update. I'm here with David and Anna. Anna will make some brief opening remarks on our Q3 performance and then we'll open up to questions on the conference call line.

And with that, let me hand over to Anna.

Anna Manz: Thanks, Peregrine. Good morning. It's been another good quarter. We're delivering strong broad-based growth and we're transforming the business. As we go through the numbers, our focus as usual on constant currency growth.

Total income grew 8%, continuing the trend that we've seen in the first half with good contribution from all three divisions. This puts us in good position to deliver growth towards the upper end of the 6% to 8% guidance range. And we remain confident of delivering on all of our other 2023 guidance as well.

Data & Analytics was up 7.2% as stronger sales, better retention and this year's higher price increase all continued to drive growth. All of our Data & Analytics businesses made a positive contribution to this growth. Trading & Banking revenues were up 2.2% with a similar level of organic growth to the first half. We continue to improve the functionality of our Trading & Banking products with over 200 updates to Workspace so far this year.

Enterprise Data grew 9%, supported by continuing strong growth for real-time data, particularly Tick History and cloud-based services. The breadth and quality of our data remains a key differentiator for PRS, which also grew strongly. Headline growth appears slightly slower, but this is all due to the one-off benefit from the BETA contract in Q2 and the annualization of the MayStreet acquisition. Underlying growth remains strong and consistent.

Investment Solutions grew 10%. Growth accelerated as our asset-based revenues benefited from inflows and more favorable market levels while strong demand for our flagship equity products helped to drive double-digit growth in subscription revenues.

Our Wealth business grew 3%, where we're seeing good demand for our data feeds slightly offset by a slower period for our workflow business. And we're continuing to drive excellent momentum in our Customer & Third-Party Risk business, where revenues grew 16% with our cloud-based offering making it easier for customers to access our services and integrate them into their workflow.

Turning to ASV growth, which we've increased over 400 basis points since the Refinitiv acquisition. The third quarter saw a reversal of the timing differences I spoke about at the half year with ASV growth ending the quarter at 7.1%. You remember at the half year, we talked about ASV growth increasingly being driven by new sales as opposed to higher retention, which, as I said at the time, is a good thing.

But as we track the impact of this month-on-month, we see that the metric is now fluctuating more than it's done historically. So while it remains indicative of future growth, it won't perfectly align from quarter-to-quarter. In the short term, we expect ASV to soften again around the turn of the year, mainly reflecting the impact of Credit Suisse that we called out at the first half.

That said, consensus expectations for Data & Analytics next year reflect this already.

Meanwhile, we're continuing to make great progress with Microsoft, though we don't expect to see a benefit to revenue or ASV until 2025. Our joint global teams are building product as we speak, and we're gaining insight from some of our largest customers as we work closely with them through our Design Partner Programme.

Growth in Capital Markets division accelerated to 6.2%, a nice step-up from the half year. And this was largely driven by Tradeweb. Revenues in our Equities business were down 9%, reflecting continued weakness in both primary and secondary markets. In FX, the buy-side activity that was weaker as we saw in the first half persisted into Q3, weighing on the performance of FXall. Overall, FX revenues were down a little over 3%.

Growth at Tradeweb accelerated in the quarter with strong performance across rates, credit and money markets. Activity improved in Q3 as expectations around interest rates began to settle. And Tradeweb continues to take market share, supported by the healthy adoption of new products and services. Share in investment grade and high-yield credit hit record highs in the third quarter.

Post Trade revenues grew 17% or 9% on an organic basis. Headline growth in OTC Derivatives was just over 30% as we benefit from the recent acquisitions of Quantile and Acadia. These businesses form part of the Post Trade solutions offering that we're building. And we're excited to share more with you on that at our upcoming investor event.

On an organic basis, OTC Derivatives grew 7%, where elevated SwapClear volumes are continuing to drive good growth. This activity also supported net treasury income, which was up 9%. As market volatility has begun to normalize, we've seen cash collateral fall from the recent high levels. Cash balances currently stand around EUR 110 billion, 25% down from the end of last year.

Let's turn briefly to capital allocation and financing. In September, we completed the directed purchase of 9.5 million shares from the Blackstone-led consortium, taking total buyback since August last year to GBP 1.5 billion. Assuming full conversion of the options written, the consortium shareholding now stands at around 11%, down from around 34% at the start of the year. In September, we made a successful return to the bond markets, raising EUR 1.4 billion to repay the remaining term loan from the Refinitiv acquisition in 2021. We'll be continuing with refinancing activity in the months ahead.

So to sum up, we've delivered another quarter of 8% growth. In fact, organic growth has actually picked up a bit from the 6.5% in H1 to 7% in Q3. We're on course to achieve total income growth towards the upper end of our 6% to 8% guidance. And we're confident in delivering on all of our other targets. As we invest in the long-term growth of the business, we're excited about the opportunities ahead, and we're looking forward to discussing these with you in more detail at our upcoming investor event in November.

And with that, I'll pass back to Peregrine for questions.

Peregrine Riviere: Thanks, Anna.

Judith please, would you open the line to questions? Thank you.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) We will take our first question from Michael Werner of UBS.

Michael Werner (*UBS):* Just two questions for me, please. First, on pricing, as we think about pricing going into 2024, inflation remains elevated. I believe from what I've heard in commentary from management in the past, you guys feel quite emboldened about the product that you guys are delivering and the investments that you're making, so just thinking about how we should think about pricing as we go into '24. And ultimately, are these discussions happening now? Is this something that tends to get wrapped up in December? Just also would like to know the timing there.

And then second, I think the last time you guys reported results, there were some questions from some of your peers about a slowing sales cycle and weakening pipelines. You guys made it very clear that, that was not the case. You were not seeing that at all. I just wanted to confirm that was still the case that you are not seeing any slowdown there.

Anna Manz: Thanks, Michael. So with respect to the first question on pricing, as we've said before, we track customer satisfaction very closely. And as we improve our products and the customer experience, that gives us confidence to continue to take price. So the way I think about pricing in 2024 is it will be likely at a similar level than we've seen in 2023. And we're working our way through the pricing process as normal at the moment.

And on your second question, we track, as we shared at the half year, a good number of sales metrics. And I would say where we sit at the end of Q3, they're all looking in really good shape. Our net sales was exactly where we expected it to be versus our plan. Our sales cycle metric continued robust as did our deal size, win rate, all of the things that we track. So feeling good at the end of the quarter. The only area, as I've mentioned, that will impact ASV looking a little bit forward is Credit Suisse. And I've called that one out before.

Operator: The next question comes from Hubert Lam of Bank of America.

Hubert Lam (*BofA):* It's Hubert Lam from Bank of America. Just a couple of questions. Firstly, on Tradeweb, you've had a good quarter for Tradeweb, driven by strong growth there because of the rates uncertainty. How do you think about growth there when rates start to stabilize? Would you expect a slowdown when this happens in Tradeweb? That's the first question.

And second question is on the FCA wholesale market study. Just wondering -- I just wondered what your thoughts on it, given the concerns and report around competition and concentration risk, particularly in data and indices.

David Schwimmer: Sure. Thanks, Hubert. So on your first question with respect to Tradeweb, yes, they did have a very good quarter. We're really pleased with how they're doing and ongoing discussions in a number of areas as our partnership continues to grow. I don't want to speculate on what the forward looks like in terms of the interest rate environment. And I would say Billy and Sara and the team there are better placed to give any indication on how they might be thinking about that.

But what I would point out is just the continuing innovation and the continuing growth in their market share across a number of different products we saw. And Anna just touched on this, the high level -- high market share levels in the credit product area. And that's just an example of how they continue to improve and drive innovation across their product suite, which we're very pleased with.

Your second question on the wholesale market study with the FCA. As you would have seen, I think, beginning of September, they did not make a referral to the CMA. And so they're still working through their analysis. And I think we'll hear from them in the spring of next year, and we'll continue to monitor that.

But at this point, really nothing further to say. And we always work closely with the FCA. We consult on all their consultations and participate and are trying to be helpful as possible. But we don't anticipate anything dramatic coming out of this, but we'll see in the spring.

Operator: The next question comes from Johannes Thormann of HSBC.

Johannes Thormann (*HSBC):* Johannes from HSBC. Some questions from my side as well. First of all, you had a very strong performance in your Post Trade business this quarter. And what has -- after the ones in the previous call, what has driven the strength in the OTC Derivatives? And also, looking at last market, on the cash side, what has been driving the Securities & Reporting as you don't break down the single component anymore?

And then secondly, on the collateral balances, the cash balances you hold, is this a new level we should factor into our model? Or do you think this is just a seasonal slowdown? What's your take on that one? And last but not the least, if you could comment on the limited -- on the conversion of the limited voting shares recently.

Anna Manz: Should I do the first three of this?

David Schwimmer: Sure. And I'm sorry, I didn't catch the last question, the conversion of the?

Johannes Thormann (*HSBC):* Limited voting shares we've seen where -- what has triggered this and why did you do this?

Anna Manz: So just to work through those questions, the first one around what's driven the performance in OTC Derivatives. I mean, two things. Firstly, we've seen the benefit of the Quantile and Acadia acquisitions. And that has helped drive overall growth. But actually, just on the core business, the organic growth was still very solid at 7.3%. And that's been driven by the levels of market volatility that we've seen in the market, so strong performance there.

In terms of Securities & Reporting, what you're seeing there is strength in RepoClear as the majority of that growth. We also get a slight benefit from the Euronext early termination fee, but that's just a handful of million. And then finally, with respect to cash collateral, we've seen -- I've been saying for some time now that the levels have been very elevated. And I've been saying that they, therefore, should come down as we see a reduction in the level of volatility in the market.

And I think that's what we're seeing. We're seeing a bit of a reversion to more normal levels as the level of interest rate volatility reduces. I think the secondary thing we're seeing, and this is very much a minor impact, is that as the levels of volatility reduce, we see banks better managing their collateral and, therefore, a bit of a shift to noncash collateral away from cash.

Peregrine Riviere: So I'll just pick up the limited voting shares. Yes, you're right, Johannes, the Blackstone consortium have taken their kind of ordinary shares, if you like, up to, I think, 9.5%. They did a bit of that before when they sold earlier in the year. And I think that's just part of their ongoing process, nothing to be read into that either way.

Johannes Thormann (*HSBC):* There's nothing, conversion premium or anything else to be paid for?

Peregrine Riviere: Nothing at all. It's a straight conversion.

Operator: The next question comes from Andrew Coombs of Citi.

Andrew Coombs (*Citi):* If I could just ask about Data & Analytics revenue trajectory, please. You've printed a 7.1% ASV today. I appreciate your commentary around the Credit Suisse contract dropping out. But at the same time, looking into next year, it looks like you could have an FX tailwind of about 1 percentage point. And so perhaps if you could just comment on consensus expectations, the 6% revenue growth in Data & Analytics next year compared to that healthier ASV metric today and some of those other moving parts I just said.

Anna Manz: Sure. So you're absolutely right. Data & Analytics is growing a little over 7%. And our ASV metric at the end of Q3 is 7.1%. Credit Suisse, we've called out before, but just to remind you of that, will have an impact on revenue and that will be less than 1% of Data & Analytics revenue. And that revenue impact for Credit Suisse will show up in '24 and '25, albeit just to manage your expectations, the ASV impact is likely to impact us earlier than that. Not quite sure when but sometime around the turn of the year, we should start to see that.

So with respect to consensus expectations, look, we need -- consensus doesn't actually quite reflect the most current FX. But if you work all of that through, consensus is largely in the right place looking forward for Data & Analytics. So we should see this sort of level of sustained performance, adjusting for Credit Suisse.

Operator: The next question comes from Kyle Voigt of KBW.

Kyle Voigt (*KBW):* Two questions for me. So the first, you mentioned cloud-based services helping to drive growth in both the Enterprise Data and Customer and Third-Party Risk businesses. Just wondering if you could remind us, as a greater percentage of your new sales transitions towards cloud, do you realize incremental revenues or margin pickups as those transition? Or is the primary benefit here just a better distribution and sales potential of being in the cloud? That's the first question.

Second question, you've done a number of smaller acquisitions over the past year or 2. I call that Quantile, Acadia and others. Just wondering if you could help us understand those -- how those acquisitions are growing in aggregate. So are those acquisitions in aggregate grow faster organically than the company as a whole? Or maybe anything to help kind of frame that?

David Schwimmer: Thanks, Kyle. So I think probably the best way to think about the shift of some of our services to the cloud is that it pretty fundamentally changes how they are used by our customers. And so if we make -- so for example, when we've made some of our real-time data available in the cloud, that has, in many ways, changed the customer base. Because in the past, you had to have our hardware, our servers on your trading floor to access our real-time data. Now we make it available through cloud distribution, and it's accessible to different kinds of customers, corporates, for example, who might not even have a trading floor but want to track a complex supply chain or something along those lines.

Similarly, in our Customer & Third-Party Risk business, the cloud availability has just made our workflows easier to embed in our customers' daily activity. So we've seen the usage go up dramatically in a number of different areas. We don't take a sort of a 1:1 correlation, and we don't have a 1:1 correlation in terms of incremental revenue for incremental usage. But it is banded and it does go up over time, so we see the benefits of that. If Anna wants to comment on the cost ramifications of that, feel free. But I don't think there's much more to the shift to the cloud beyond that. Do you want to touch on the acquisitions?

Anna Manz: Yes, sure. So with respect to the acquisitions, they're all relatively small, early-stage acquisitions that are, yes, fast growth. But the way I look at them is not just around the growth of the acquired company in isolation. Actually, they're all very additive to the portfolio as a whole. So to give you an example, what TORA gives us is an order and execution management capability within our workflow within Workspace.

So that increases the whole value of the offering rather than should be looked at as growth in isolation. And I would say exactly the same is true, for example, with respect to MayStreet, where again we're rounding out our real-time offering and increasing our capabilities. So we're very pleased with them.

Operator: The next question comes from Ben Bathurst of RBC.

Benjamin Bathurst (*RBC)*: Two from me, if I may. Firstly, could you confirm what the group income growth for the 9 months was ex Acadia? Presumably, it's somewhere between the 8% constant currency growth and the 6.7% organic. But I just wondered if you could provide the specific number for the 9 months, given that's the basis you're guiding on for the full year.

And then secondly, you mentioned in the release that you're on track to launch new products with Microsoft in H2 '24. I know it might be early, but I wondered if you could just say yet what those products are likely to be.

David Schwimmer: You can do the first one and I'll take the second?

Anna Manz: Yes, sure. I don't have the exact number off the top of my head. I'm sure the IR team can help you with that. Acadia is not material in the overall size of the group. So I would be printing you to looking at the overall organic growth. And you can see also the constant currency growth as a whole. And that is giving it to us. Do you want to take...

Peregrine Riviere: I think it'd be probably in the order of 7.5% would be my, you know, which is in the upper half of the range of six to eight. So it'd be very close, 7.5% would be my expectation.

David Schwimmer: And then Ben, on your second question around Microsoft product, very pleased with the progress we're making in the broader partnership. And we're very much on track for the delivery in the second half of '24, which is the time frame that we indicated back in December, when we announced the partnership.

You should expect to see a product in the different areas that we have talked about, i.e., the embedding of our Data & Analytics and workflow in the Microsoft Teams and productivity suite; the usage of our data and the movement of our data into the Microsoft Azure environment and the usage of Fabric, which will make a much more attractive integrated environment for the usage of our data; and then the Analytics as a Service and Modelling as a Service. So the different product areas that we have talked about, very consistent, good progress being made. And we look forward to rolling that out.

Operator: Our next question comes from Benjamin Goy of Deutsche Bank.

Benjamin Goy (*Deutsche Bank):* Two questions, please, from my side. So first, on FX, still down year-on-year on an organic basis. I know it wasn't an ideal quarter. But I think we are not seeing the catch-up yet versus peers. So just wondering where we're standing on the dealer-to-client initiative and whether we -- whether that should help to drive some growth momentum there.

And then secondly, I might have missed it. Trading & Banking Solutions, the organic growth we saw in the third quarter, is that all pricing-driven or also some volume contract effect?

David Schwimmer: I'll touch on the first and then...

Anna Manz: Yes, sure.

David Schwimmer: So just -- and Anna touched on this in her remarks. But with respect to the FX business, a significant part of our business relates to the buy-side asset managers, et cetera, where it's, frankly, in normal times, a very strong part of the franchise. And there is some correlation there in terms of the level of volumes in the equity space, where on a global basis, we've seen relatively subdued volumes. And I think we've seen this at our peers or our competitors as well. And so that is part of the driver.

I think you asked about the rollout of our new initiative. I assume you're referring to our new platform in terms of FX. That's actually going very well. We have -- I expect a November launch of our non-deliverable forward platform, which has generated a lot of anticipation and excitement in the market. There's a lot of client testing ongoing. And we look forward to that arrival in November.

Anna Manz: And with respect to Trading & Banking, yes, we do see the benefit of price flowing through there, but we're also seeing improved net sales.

Operator: Our next question comes from Arnaud Giblat of BNP Paribas.

Arnaud Giblat (*BNP Paribas):* It's Arnaud Giblat here. A couple of questions for me, please. Firstly, could you give us a quick update on the rollout of Workspace and specifically when we're going to see that happen across the sell side and banks?

Second, ESG, I think you talked about that being an area of potential upside in data. We're seeing a bit of a slowdown in growth here amongst your peers. I'm just wondering whether that initiative is hitting some roadblocks.

David Schwimmer: Sure, Arnaud. So the rollout of Workspace continues to go very well. At the half year, we talked about, I believe, the fact that we were over 50% and that we were looking forward to completing substantially all of that by the end of next year. I think we also referred to the fact that we would be end-of-life-ing Eikon in 2025. So that is still the plan. And everything is moving along there as we continue to work with our customers on the migration from Eikon to Workspace for a number of those customers.

And then on ESG, this is again a similar story in terms of the consistency, where we have talked about the fact that we have ESG capabilities embedded in a number of different parts of our business. It's an area where we continue to invest. It's an area where we continue to see customer interest. And just I'll put one statistic out there. We have a industry-leading ESG corporate dataset, which came with the acquisition of Refinitiv when we acquired it. It had metrics going back 17 years or so for 450 metrics per company in about 10,000 companies. We now have that up to about 15,000 companies.

My point just being that we continue to invest in there, and we continue probably more importantly to see the customer interest in those areas. And we have it embedded in a lot of different products across the organization, including flood risk-type metrics in our mortgage analytics. So we have noted the environment, but there continues to be an interest in these kinds of products. And I expect to see that this does feel like more of a fundamental shift from an investor perspective as opposed to a short-term cyclical change.

Operator: Our next question comes from Enrico Bolzoni of JPMorgan.

Enrico Bolzoni (*JPMorgan):* So one question, one clarification. On the clarification, I think I know you were mentioning that for next year in terms of pricing increase, you expect -- I didn't understand if you meant that you expect similar prices to 2023 or actually, you expect a similar price increase in terms of inflation impact in 2024 compared to the increase in '23.

And then my second question, I was wondering whether you have any visibility in terms of your market share in the industry, if you see that you're winning market share. I'm referring specifically to Data & Analytics. And if so, is there any specific area within Data & Analytics where you see that you are growing very strongly, not just in absolute terms but also relative to some of your peers?

Anna Manz: Yes. So in terms of price increase, maybe to just make sure that it's clear, in 2023, we achieved broadly a slightly over 3% price yield. And I guess, what I'm -- which was higher than historic price yields taken by Refinitiv over multiple previous years. What I'm saying around 2024 is I think we're seeing the levels of customer engagement and satisfaction that would see a similar level of price yield in 2024 as we saw in 2023.

David Schwimmer: And then on your market share question, maybe the simplest -- I'm not going to go product-by-product. Maybe the simplest way to think about this is the growth rate of each of the businesses. And when we spoke about the growth rate of the sector at our Capital Markets Day in summer of '21, we referred to a 4% to 6% growth rate for the sector for the industry. It's probably up a little bit on that since then purely based on inflation. But if you look across our businesses and where we've got businesses growing at 9% or 10% or 15% or 16%, I think it's fair to think about those as areas where we are growing market share. So hopefully, that helps.

Operator: Our next question comes from Ian White of Autonomous Research.

Ian White *(Autonomous):* Two from my side, please. First of all, on pricing, I wanted to just ask about the thinking regarding SwapClear, please. I think I'm right in saying that the membership fees there basically aren't changed now. I think it's up to 4 or 5 years that haven't been inflation-adjusted. So is there something that might be reviewed there over the next 12 months or so, obviously given the trends we've seen in many other businesses basically in this sector?

And just secondly, on Data & Analytics, just noting that the commentary in the release today about some of the challenges on the workflow side in the Wealth segment. Can you just set out for us, please, what's kind of distinct about maybe the problems or challenges you're seeing in that market that means we shouldn't extrapolate that to maybe challenges with Workspace in other parts of the business, please, kind of what's different, I guess, about those challenges in Wealth? That would be interesting.

David Schwimmer: Sure. So on your first question on SwapClear pricing, so there are -- and this has been in place since the early days of SwapClear. There tends to be a multiyear contractual arrangement with a consortium of banks that have been involved with SwapClear really since the early days, going back 15 years or so. And that is renegotiated every few years.

And so that -- there's no pricing change to that business year-over-year, that tends to be renegotiated every several years. Again, we feel very good about that business. We feel very good about both the partnership with those member institutions, with our customers. And you can see in the results of that business, it's performing very, very well.

On your question on Wealth, I wouldn't overstate this. The -- we have talked in the past about the fact that our desktop offering for Wealth has been better received in Asia and has had some challenges in the North American market. And so the comment Anna was making earlier, I think, are just very consistent with that. But no broader read-across in terms of the receptivity to the Workspace offering in other segments.

Workspace continues to roll out very well. We have the customer satisfaction scores that we track. Those are continuing to go up. We continue to improve the product. I think we've put out close to 200 updates in the first half of this year. And so it's getting better and better. And our customers are seeing that and appreciating that.

Operator: The next question comes from Russell Quelch of Redburn Atlantic.

Russell Quelch (*Redburn):* I've got a few questions. My line did cut out in the middle. So if any of these repeat, please just say. Firstly, following on from Andrew's initial question regarding ASV, just wanted to get your thoughts on the resilience of the ASV growth in Data & Analytics going into 2024 and potentially even 2025. Given the improvement in retention will naturally cap out and ASV growth will become more reliant on new sales growth, do you think you'll have the product in the market in 2024 to support ASV growth above 7%? That's the first question.

Second question would be, could you remind us of the timing of Anna's departure? And in terms of the incoming CFO, will the incoming CFO be giving free rein to reassess spending priorities when they join even if a new 3-year strategy has been communicated at the upcoming Investor Day?

And if I could squeeze one more in, in terms of M&A, obviously, David, you spoke about mid-sized bolt-on M&A deals potentially back in Q1. You've increased your leverage target ratio in Q2, yet you really haven't executed a material M&A in 2023. So is this something we should still be expecting at the back end of this year? And potentially, how quickly would you expect any M&A to be accretive to EPS, please?

David Schwimmer: Sure. And do you want to take the first one, I'll do the other two?

Anna Manz: Yes. So let me touch on ASV. But I mean, really, I think your question is around revenue outlook. So let me touch on ASV first. I mean, firstly, I mean, what you're hearing from me is this is a more volatile measure than it was. And it's more volatile because of the nature of the more new sales that we have, it just moves that point-in-time measure around a little bit month-on-month. So bear that in mind.

Second thought, we've been clear about the impact of Credit Suisse, which will impact ASV and revenue. ASV impact will be around sometime towards the end of this year or early next year. The revenue impact will be felt over 2024 and '25. It will be less than 1 point of D&A growth. If you strip that all to one side for a minute, I would say we're very happy with the underlying consistency of revenue growth that we should see in D&A and feel we have a good pipeline of activity to support that, including the revenue synergies that we benefit from as a result of the Refinitiv acquisition. So as I said earlier, I feel good about where consensus is for D&A at the moment.

David Schwimmer: And on your next two questions. First of all, with respect to Anna, we are fortunate to have Anna with us through May of next year. If we find that necessary, I would say that our search process is going very well, excellent candidates and excellent process. So we will update the market in due course on that.

And then to your specific question as to whether a new CFO would come in and reassess spending priorities, so the numbers that we have, the planning, the budget, these are about our whole executive team, these are not just about Anna. So I wouldn't expect with any change in our CFO that you see any meaningful change in our strategy, in our numbers, in our planning or, to use your phrase, in our spending priorities.

And then on the last question on M&A, so I believe I -- the comments you were referring to, I actually probably made before we had closed on Acadia. We have closed on Acadia in the first half of this year, an excellent acquisition, which plays very well into our Post Trade Solutions strategy, which we can talk more about at our capital markets event in a few weeks. I think no broader change in terms of our approach with respect to M&A or frankly with respect to capital allocation more broadly. Yes, we did take up the leverage range slightly.

That was really more of a recognition of where we were and a recognition by the rating agencies of the diversification and the robustness of our business model. No shift in terms of our capital allocation policy, no shift in terms of our intentions. And then specifically with respect to M&A, you should expect us to continue evaluating opportunities and to be thoughtful about opportunities that we see out there. We'll do modest-sized M&A if it makes strategic and financial sense.

Operator: Our next question comes from Tom Mills of Jefferies.

Tom Mills (*Jefferies):* On pricing, you've spoken on the call about the number of product enhancements you continue to roll out. And then I guess, there's the broader point about the considerable pricing discounts of competitors that guys have consistently flagged across their Refinitiv platform. So I'm just trying to square that against the comment about pushing through a similar level of pricing from the 1st of January 2023.

3% isn't nothing. And it's more than you've been able to do in the past. But it feels like you need to be able to do a bit more than that to claw back pricing discount versus competitors. So how should we think about that? Are you trying to be tactical in the way that you stagger the price increases to align with when Microsoft capabilities are embedded? Or are you getting more pushback from customers on price increases?

And then the second question is on consensus expectations on interest costs over the next year or 2. Do those look reasonable to you at this point? Or do you see some upside risk as you refinance instruments?

Anna Manz: Sure. So maybe our philosophy on pricing, we build medium-term partnerships with our customers. That is the deep power of our business and the embeddedness of our products. And in that context, you'll always see us take price following the improvement and the incremental value that our customers are seeing. And so what you've seen us do is after a decade of, call it, 2% price increases, last year, in the context of significant improvements in our existing product suite and our customer services, we took a higher level of price. And you'll see us do that again in 2024.

Now your question about closing the gap. The biggest gap to the competitive set is in Workspace. And that is an area that as we roll out Microsoft products that will be a material enhancement, you'll see us price them at a different level in a different way. So what we're talking about is the annual price increase on our existing product set being at the same level as we were at last year, reflecting the improvements we're making in that product set. But as we roll out new and better products, it will be priced differentially, reflecting the value that it creates for the customers.

And then with respect to interest costs, I guess, what I would say here is, as I look at the two bonds that are maturing next year, so I think there's $500 million in April and EUR 500 million in September, if you were to price those bonds on a like-for-like basis today, interest rates, those two are both sub-1%, it's kind of 4% higher. So I would think about that as you look at the future interest costs.

David Schwimmer: And maybe just one more point on your first question with respect to pricing, you -- I wouldn't get overly focused on or hung up on the 3% number. That is the yield across the portfolio. The price rise that Anna was referring to, that is roughly similar to the price rise that we saw in 2023, meaningfully higher than that. And so you've just got to keep in mind, there is a distinction between the overall yield on the pricing across the portfolio, where we have a number of customers with different kinds of arrangements, multiyear arrangements, et cetera, compared to the headline price rise.

Operator: There are no further questions from the conference lines. I will now hand the presentation back to Peregrine Riviere, Group Head of Investor Relations.

Peregrine Riviere: Thanks very much. Thanks, everyone, for joining the call. And we look forward to catching up with you in 4 weeks' time.