

18 July 2013

## LONDON STOCK EXCHANGE GROUP plc

### INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 17 JULY 2013, INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 30 JUNE 2013 (Q1)

- Good Group performance – revenue up 39 per cent on Q1 last year at £249.7 million, reflecting growth across all business divisions and first time addition of LCH.Clearnet; revenue up 8% on an organic, constant currency basis
- Information Services – revenue up 11 per cent with continued good growth from FTSE (up 8% on organic and constant currency basis)
- Post Trade Services (excluding LCH.Clearnet) – the Group’s Italian-based operations reported revenues up by 10 per cent (up 5% on organic and constant currency basis)
- LCH.Clearnet – £60.7 million total income contribution (excluding unrealised loss) since the Group’s completion of the acquisition of a majority stake, effective from 1 May 2013
- Capital Markets – revenue up 11 per cent with growth in both primary and secondary markets (up 9% on organic and constant currency basis)
- Technology Services – revenue up 28 per cent reflecting a strong performance from MillenniumIT (up 18% on organic and constant currency basis)
- Ian Axe to leave his position as CEO of LCH.Clearnet Group; will remain in place to ensure an orderly transition
- LSEG confirmed plans to expand its custody and settlement services through establishment of a new CSD in Luxembourg; a major new customer confirms selection of LSEG for settlement, custody and asset servicing

Commenting on performance in the past quarter, Xavier Rolet, Group Chief Executive, said:

**“The Group has made a positive start to the year. Our portfolio of complementary global brands continues to perform well and we have seen revenue growth across all of our business divisions. In particular, we have delivered strong results from FTSE, MillenniumIT and from Capital Markets, reflecting an uplift in admissions and money raised, and improving market sentiment in secondary markets.**

**“We are also pleased to report the first revenue contribution from LCH.Clearnet, which showed year on year top line growth, including strong performance from the SwapClear IRS service as it continues to gain good traction. Work is underway to drive the synergy benefits from the transaction with LCH.Clearnet.**

**“We remain focused on delivering benefits from recent transactions, developing opportunities and expanding our global footprint. The Group is well placed to build on the positive start we have made so far this year”**

## **LCH.Clearnet**

LCH.Clearnet produced a good performance in clearing fee revenues with an increase in the type and volume of financial instruments cleared. SwapClear maintained its leadership position in the interest rate swap clearing business, with expansion of the service in the US as new customers were added following go-live of mandatory clearing for certain categories of firms under Dodd-Frank.

Net treasury income remained broadly flat year-on-year with a reduction in the level of cash collateral partly offset by revenue share movements.

Operating costs have increased further as investment continues in people and systems to enhance risk-management and implement regulatory requirements. Investment in future growth opportunities also continued, including OTC client clearing, in listed product businesses, in energy and commodities clearing in Australia, and with the launch of LCH.Clearnet LLC in the US.

Over the past two and half years Ian Axe has implemented a programme of strategic initiatives that has secured the future direction of the LCH.Clearnet business, including leading the successful execution of the sale of majority stake in the business to LSEG. Following the transaction’s completion, Ian is to leave his position as CEO of LCH.Clearnet Group Limited, in order to pursue other interests. He will remain in his role to ensure an orderly handover process.

## **Financial Position**

As expected, the Group increased its net debt in the quarter following completion of the acquisition of a majority stake in LCH.Clearnet and the subsequent subscription to its capital raise. Operating net debt to EBITDA, following this investment, was consistent with the 2.1x illustrative pro forma guidance given at the time of our Preliminary Results. While credit facility headroom remains comfortable, the Group is at an advanced stage of discussions with its banks to replace existing facilities with a new package of revolving credit facilities, increasing headroom and extending bank commitments out to 2018. Otherwise, there are no other material changes to the Group’s financial position since financial year end.

The average £:€ exchange rate weakened by 4 per cent in Q1 compared to the same period last year, from €1.23 to €1.18. Each €0.05 movement in the average £:€ rate would have changed the Group's operating profit by approximately £9 million in the last financial year.

### **Current Trading and Outlook**

The Group has made a positive start to the new financial year and remains well placed to develop as markets evolve. We will continue to focus on delivering benefits from recent transactions, developing opportunities and expanding our more diversified range of products and services.

Further information is available from:

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A conference call for analysts and investors will be held at 8:00 (UK time) on Thursday 18th July. 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: 18287566

## Q1 Revenue Summary

Revenues for three months ended 30 June 2013, with comparatives against performance for the same period last year, are shown below. Growth rates for Q1 performance are also expressed on an organic and constant currency basis. All figures are unaudited.

	Three months ended*		Variance	Organic and
	30 June			constant
	2013	2012		currency
	£m	£m	%	variance <sup>1</sup>
				%
<b>Revenue</b>				
Capital Markets	75.0	67.5	11%	9%
Post Trade Services	25.1	22.8	10%	5%
LCH.Clearnet	49.0	-	-	-
Information Services	83.9	75.3	11%	7%
Technology Services	15.5	12.1	28%	18%
Other	1.2	1.3	(8%)	(8%)
<b>Total revenue</b>	<b>249.7</b>	<b>179.0</b>	<b>39%</b>	<b>8%</b>
Net treasury income through CCP business				
CC&G	16.7	28.5	(41%)	(44%)
LCH.Clearnet	11.7	-	-	-
Other income	2.1	2.0	5%	5%
LCH.Clearnet unrealised gain / (loss)	(1.2)	-	-	-
<b>Total income including unrealised</b>	<b>279.0</b>	<b>209.5</b>	<b>33%</b>	<b>1%</b>
<b>Total income excluding unrealised</b>	<b>280.2</b>	<b>209.5</b>	<b>34%</b>	<b>1%</b>

\*LCH.Clearnet - two months ended 30 June 2013

<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 LCH.Clearnet revenue and income from current year
- 2) Removal of FTSE TMX revenue from current year (Information)
- 3) Removal of GATElab revenue from current year (Technology)

More detailed revenues by segment are provided in tables below:

## Capital Markets

	Three months ended 30 June		Variance %	Constant currency variance %
	2013 £m	2012 £m		
<b>Revenue</b>				
<b>Primary Markets</b>				
Annual fees	10.0	9.8	2%	1%
Admission fees	9.5	7.9	20%	20%
	19.5	17.7	10%	10%
<b>Secondary Markets</b>				
Cash equities UK & Turquoise	24.2	22.4	8%	8%
Cash equities Italy	8.6	8.8	(2%)	(7%)
Derivatives	5.0	5.0	0%	(4%)
Fixed income	15.5	12.1	28%	22%
	53.3	48.3	10%	7%
Other	2.2	1.5	47%	-
<b>Total revenue</b>	<b>75.0</b>	<b>67.5</b>	<b>11%</b>	<b>9%</b>

## Post Trade Services

	Three months ended 30 June		Variance %	Constant currency variance %
	2013 £m	2012 £m		
<b>Revenue</b>				
Clearing	10.1	9.0	12%	7%
Settlement	4.4	3.6	22%	16%
Custody & other	10.6	10.2	4%	(1%)
<b>Total revenue</b>	<b>25.1</b>	<b>22.8</b>	<b>10%</b>	<b>5%</b>
Net treasury income	16.7	28.5	(41%)	(44%)
<b>Total income</b>	<b>41.8</b>	<b>51.3</b>	<b>(19%)</b>	<b>(22%)</b>

## LCH.Clearnet

	Two months ended 30 June		Variance %	Constant currency variance %
	2013 £m	2012 £m		
<b>OTC</b>				
SwapClear	14.9	-	-	-
ForexClear / CDSClear	2.7	-	-	-
	<b>17.6</b>	-	-	-
<b>Non-OTC</b>				
Fixed income	5.4	-	-	-
Commodities	4.4	-	-	-
Listed derivatives	12.4	-	-	-
Cash equities	6.2	-	-	-
	<b>28.4</b>	-	-	-
<b>Total Clearing fee revenue</b>	<b>46.0</b>	-	-	-
Other revenue	3.0	-	-	-
<b>Total revenue</b>	<b>49.0</b>	-	-	-
Net treasury income	11.7	-	-	-
Unrealised gain / (loss)	<b>(1.2)</b>			
<b>Total income including unrealised</b>	<b>59.5</b>			
<b>Total income excluding unrealised</b>	<b>60.7</b>	-	-	-

## Information Services

Information Services	Three months ended 30 June		Variance %	Organic and constant currency variance <sup>1</sup> %
	2013 £m	2012 £m		
<b>Revenue</b>				
FTSE	41.7	33.0	26%	18%
Real time data	22.4	23.7	(5%)	(7%)
Other information services	19.8	18.6	6%	5%
<b>Total revenue</b>	<b>83.9</b>	<b>75.3</b>	<b>11%</b>	<b>7%</b>

Note:

Adjustments to calculate organic growth:

- 1) Removal of FTSE TMX revenue from current year

## Technology Services

	Three months ended			Organic and constant currency variance <sup>1</sup>
	30 June		Variance	
	2013	2012		
	£m	£m	%	%
<b>Revenue</b>				
MillenniumIT	7.4	4.9	51%	42%
Technology	8.1	7.2	13%	1%
<b>Total revenue</b>	<b>15.5</b>	<b>12.1</b>	<b>28%</b>	<b>18%</b>

Note:

Adjustments to calculate organic growth:

- 1) Removal of GATElab revenue from current year

### Basis of Preparation

Results for Borsa Italiana and LCH.Clearnet for the periods ended 30 June 2013 have been translated into Sterling using the average monthly exchange rate for the period of €1.18: £1. 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 30 June 2013	Closing €:£ rate at 30 June 2013	Average €:£ rate 3 months ended 30 June 2012	Closing €:£ rate at 30 June 2012
€1.18	€1.18	€1.23	€1.24

## Appendix

### Capital Markets - Primary Markets

	Three months ended		Variance %
	2013	2012	
<b>New Issues</b>			
UK Main Market, PSM & SFM	12	7	71%
UK AIM	18	20	(10%)
Borsa Italiana	3	2	50%
<b>Total</b>	<b>33</b>	<b>29</b>	<b>14%</b>
<b>Company Numbers (as at period end)</b>			
UK Main Market, PSM & SFM	1,365	1,416	(4%)
UK AIM	1,085	1,114	(3%)
Borsa Italiana	283	290	(2%)
<b>Total</b>	<b>2,733</b>	<b>2,820</b>	<b>(3%)</b>
<b>Market Capitalisation (as at period end)</b>			
UK Main Market (£bn)	2,088	1,855	13%
UK AIM (£bn)	62	61	2%
Borsa Italiana (€bn)	354	327	8%
Borsa Italiana (£bn)	300	264	14%
<b>Total (£bn)</b>	<b>2,450</b>	<b>2,180</b>	<b>12%</b>
<b>Money Raised (£bn)</b>			
UK New	1.9	0.3	533%
UK Further	3.9	1.7	129%
Borsa Italiana new and further	0.3	0.3	0%
<b>Total (£bn)</b>	<b>6.1</b>	<b>2.3</b>	<b>165%</b>



## Capital Markets - Secondary Markets

	Three months ended		Variance %
	30 June		
	2013	2012	
<b>Equity</b>			
<b>Totals for period</b>			
UK value traded (£bn)	275	268	3%
Borsa Italiana (no of trades m)	14.3	15.3	(7%)
Turquoise value traded (€bn)	175.1	110.2	59%
<b>SETS Yield</b> (basis points)	0.66	0.67	(1%)
<b>Average daily</b>			
UK value traded (£bn)	4.4	4.5	(2%)
Borsa Italiana (no of trades '000)	227	246	(8%)
Turquoise value traded (€bn)	2.74	1.75	57%
<b>Derivatives (contracts m)</b>			
Turquoise	3.7	7.5	(51%)
IDEM	8.1	12.3	(34%)
<b>Total</b>	<b>11.8</b>	<b>19.8</b>	<b>(40%)</b>
<b>Fixed Income</b>			
MTS cash and Bondvision (€bn)	807	564	43%
MTS money markets (€bn term adjusted)	19,491	15,739	24%
MOT number of trades (m)	1.75	1.32	33%

## Post Trade Services

	Three months ended		Variance %
	30 June		
	2013	2012	
<b>CC&amp;G Clearing (m)</b>			
Equity clearing (no of trades)	15.2	16.0	(5%)
Derivative clearing (no of contracts)	8.1	12.3	(34%)
<b>Total</b>	<b>23.3</b>	<b>28.3</b>	<b>(18%)</b>
Open interest (contracts as at period end)	3.9	4.5	(13%)
Initial margin held (average €bn)	12.4	9.7	28%
<b>Monte Titoli</b>			
Pre Settlement instructions (trades m)	7.0	6.9	1%
Settlement instructions (trades m)	7.4	6.3	17%
<b>Total Settlement</b>	<b>14.4</b>	<b>13.2</b>	<b>9%</b>
Custody assets under management (average €tn)	3.28	3.17	3%

## LCH.Clearnet

	Three months ended		Variance %
	30 June		
	2013	2012	
<b>OTC derivatives</b>			
<b>SwapClear</b>			
IRS notional outstanding (\$trn)	391.0	305.0	28%
IRS notional cleared (\$trn)	127.2	90.2	41%
SwapClear members	83	64	30%
<b>CDSClear</b>			
Notional cleared (€bn)	42.1	11.8	257%
Open interest (€bn)	13.2	9.4	40%
CDSClear members	11	9	22%
<b>ForexClear</b>			
Notional value cleared (\$bn)	263.3	29.1	805%
ForexClear members	15	13	15%
<b>Non-OTC</b>			
Fixed income - Nominal value (€trn)	18.6	17.5	6%
Commodities (lots m)	34.3	33.7	2%
Listed derivatives (contracts m)	42.6	50.0	(15%)
Cash equities trades (m)	89.9	95.5	(6%)
Average cash collateral (€bn)	41.5	47.5	(13%)

## Information Services

	As at		Variance %
	30 June		
	2013	2012	
<b>UK Terminals</b>			
Professional - UK	33,000	36,000	(8%)
Professional - International	48,000	52,000	(8%)
<b>Total</b>	<b>81,000</b>	<b>88,000</b>	<b>(8%)</b>
<b>Borsa Italiana Professional Terminals</b>	<b>138,000</b>	<b>143,000</b>	<b>(3%)</b>
<b>FTSE</b>			
ETFs assets under management benchmarked (\$bn)	163	55	196%

## Total Income – Quarterly

£ millions	FY 2013				FY 2013	FY 2014
	Q1	Q2	Q3	Q4		Q1
Annual Fees	9.8	9.4	9.6	9.7	38.5	10.0
Admission Fees	7.9	6.6	10.5	7.3	32.3	9.5
Cash equities UK & Turquoise	22.4	20.5	19.8	23.3	86.0	24.2
Cash equities Italy	8.8	7.5	7.0	9.4	32.7	8.6
Derivatives	5.0	4.6	4.6	4.9	19.1	5.0
Fixed Income	12.1	11.9	13.0	14.8	51.8	15.5
Other	1.5	1.7	1.8	2.1	7.1	2.2
<b>Capital Markets</b>	<b>67.5</b>	<b>62.2</b>	<b>66.3</b>	<b>71.5</b>	<b>267.5</b>	<b>75.0</b>
Clearing	9.0	8.7	8.0	10.4	36.1	10.1
Settlement	3.6	3.4	3.8	4.6	15.5	4.4
Custody & other	10.2	9.7	10.0	10.3	40.2	10.6
<b>Post Trade Services</b>	<b>22.8</b>	<b>21.8</b>	<b>21.8</b>	<b>25.3</b>	<b>91.8</b>	<b>25.1</b>
						<b>2</b>
						<b>months</b>
OTC - SwapClear	-	-	-	-	-	14.9
OTC - ForexClear / CDSClear	-	-	-	-	-	2.7
Fixed income	-	-	-	-	-	5.4
Commodities	-	-	-	-	-	4.4
Listed derivatives	-	-	-	-	-	12.4
Cash equities	-	-	-	-	-	6.2
Other	-	-	-	-	-	3.0
<b>LCH.Clearnet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.0</b>
FTSE	33.0	31.8	32.9	36.4	134.1	41.7
Real time data	23.7	21.6	24.7	26.9	96.9	22.4
Other information	18.6	18.9	18.4	19.4	75.3	19.8
<b>Information Services</b>	<b>75.3</b>	<b>72.3</b>	<b>76.0</b>	<b>82.7</b>	<b>306.3</b>	<b>83.9</b>
MillenniumIT	4.9	6.5	6.7	8.8	26.9	7.4
Technology	7.2	7.0	7.0	8.0	29.2	8.1
<b>Technology Services</b>	<b>12.1</b>	<b>13.5</b>	<b>13.7</b>	<b>16.8</b>	<b>56.1</b>	<b>15.5</b>
<b>Other</b>	<b>1.3</b>	<b>1.0</b>	<b>1.3</b>	<b>1.2</b>	<b>4.7</b>	<b>1.2</b>
<b>Total Revenue</b>	<b>179.0</b>	<b>170.8</b>	<b>179.1</b>	<b>197.5</b>	<b>726.4</b>	<b>249.7</b>
<b>Net treasury income through CCP:</b>						
CC&G	28.5	39.6	27.8	20.9	116.7	16.7
LCH.Clearnet	-	-	-	-	-	11.7
Other income	2.0	3.8	2.0	2.0	9.8	2.1
LCH.Clearnet unrealised gain / (loss)	-	-	-	-	-	(1.2)
<b>Total income including unrealised</b>	<b>209.5</b>	<b>214.2</b>	<b>208.9</b>	<b>220.4</b>	<b>852.9</b>	<b>279.0</b>
<b>Total income excluding unrealised</b>	<b>209.5</b>	<b>214.2</b>	<b>208.9</b>	<b>220.4</b>	<b>852.9</b>	<b>280.2</b>

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

## LCH.Clearnet Quarterly income

LCH.Clearnet majority stake was acquired with effect from May 2013; quarterly income below is shown for historical trend analysis.  
LCH.Clearnet report in Euro; the average exchange rate for each quarterly period used to convert to £ sterling is shown in the table.

LCH.Clearnet - historic £ millions	FY 2013				FY 2013	FY 2014
	Q1	Q2	Q3	Q4		Q1
<b>OTC</b>						<b>3 months</b>
OTC - SwapClear	11.8	12.5	13.0	18.2	55.5	22.1
OTC - ForexClear / CDSClear	2.3	2.6	3.8	3.9	12.6	4.1
	<b>14.1</b>	<b>15.2</b>	<b>16.8</b>	<b>22.1</b>	<b>68.1</b>	<b>26.2</b>
<b>Non-OTC</b>						
Fixed income	8.1	7.5	7.7	8.1	31.5	7.8
Commodities	2.8	2.9	3.1	3.1	11.9	5.5
Listed derivatives	18.0	18.6	18.6	19.1	74.4	18.9
Cash equities	8.5	7.2	6.7	8.7	31.1	8.9
	<b>37.4</b>	<b>36.3</b>	<b>36.1</b>	<b>39.1</b>	<b>148.9</b>	<b>41.1</b>
<b>Total Clearing fee revenue</b>	<b>51.5</b>	<b>51.4</b>	<b>52.9</b>	<b>61.2</b>	<b>217.0</b>	<b>67.3</b>
Other	8.8	9.8	6.9	0.3	25.8	3.5
<b>Total revenue</b>	<b>60.2</b>	<b>61.3</b>	<b>59.8</b>	<b>61.5</b>	<b>242.8</b>	<b>70.8</b>
Net treasury income	18.2	17.5	16.7	17.0	69.5	18.0
Unrealised gain / (loss)	(0.4)	6.3	(2.5)	(0.3)	3.1	(0.8)
<b>Total income including unrealised</b>	<b>78.0</b>	<b>85.2</b>	<b>74.0</b>	<b>78.1</b>	<b>315.4</b>	<b>87.9</b>
<b>Total income excluding unrealised</b>	<b>78.5</b>	<b>78.8</b>	<b>76.5</b>	<b>78.5</b>	<b>312.3</b>	<b>88.7</b>
GBP / EUR	1.23	1.26	1.24	1.17		1.18

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