



London
STOCK EXCHANGE

London Stock Exchange

Interim Results 7 November 2002

Agenda

Introduction

Don Cruickshank
Chairman

Financial Review

Jonathan Howell
Director of Finance

CEO Overview

Clara Furse
Chief Executive Officer

Q&A

Introduction

- Robust performance despite difficult market conditions
- Continuing to shape market landscape
 - Euroclear / CrestCo merger
 - Lobbying on European Directives



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STOCK EXCHANGE

Jonathan Howell

Director of Finance

Overview of Results

Strong growth in turnover and profit

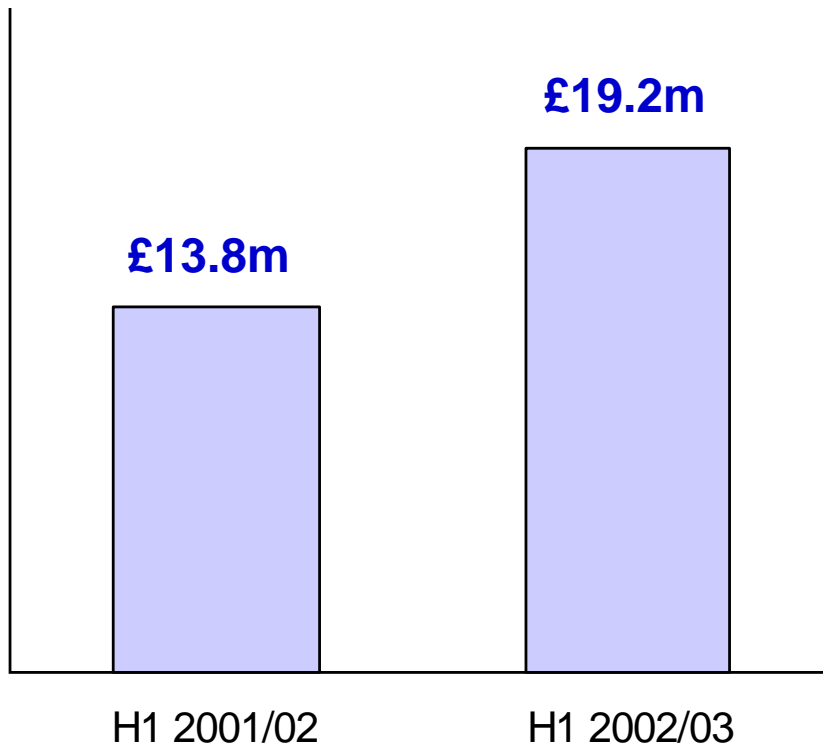
	Six months ended 30 September		Change %	Year ended 31 March
	2002 £m	2001 £m		2002 £m
Turnover				
Issuer Services	19.2	13.8	39%	26.9
Broker Services	43.7	39.9	10%	81.2
Information Services	50.7	47.2	7%	94.9
Other income	5.9	5.9	-	12.6
Gross turnover	119.5	106.8	12%	215.6
Operating profit*	40.5	34.2	18%	70.5
Exceptional items	2.3	(3.6)		(3.6)
Profit before tax	47.4	34.9	36%	75.2
Tax	(15.1)	(12.3)		(25.3)
Profit after tax	32.3	22.6	43%	49.9
Earnings per share (pence)	11.1p	7.7p	44%	17.1p
Adjusted EPS (pence)	10.5p	9.0p	17%	18.3p
Dividend per share (pence)	1.3p	1.1p	18%	3.6p

* before exceptional items

Issuer Services

Selective tariff changes underpin increase

Turnover up 39%

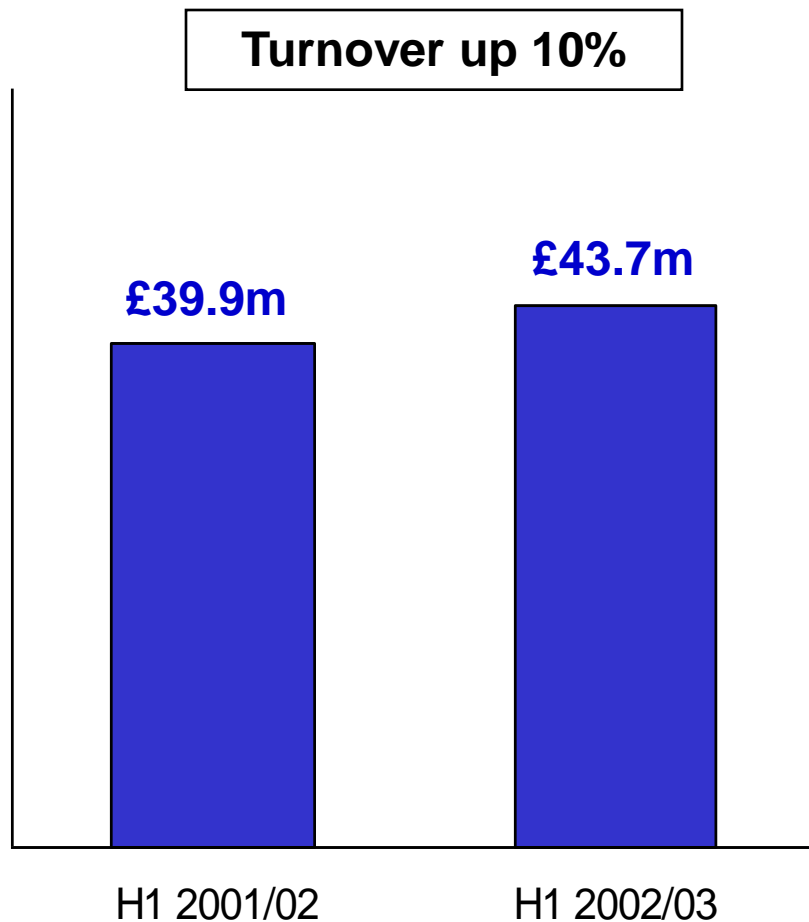


Key metrics

- Annual Fees represent **55%** of Issuer Services' turnover (H1 2001/02: 45%)
- UK new issues fell **25%** from **170** to **128**
- Companies: **2,849** (H1 2001/02: 2,912)
- AIM companies up **13%** to **686**

Broker Services

Turnover increase driven by strength of SETS



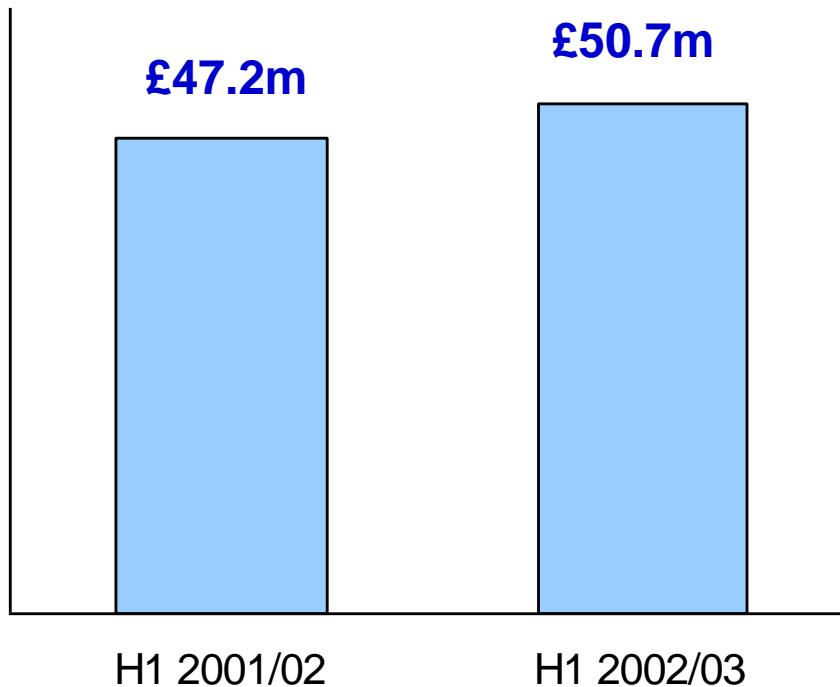
Key metrics

- Average daily equity bargains up **10%** to **210,000**
- Order book bargains up **59%**, contributing **55%** of Broker Services' turnover
- Average value of a SETS bargain down **29%** to **£29,000**
- Average daily off book and international bargains down **13%**

Information Services

Turnover growth reflects increased revenue from RNS and FTSE

Turnover up 7%



Key metrics

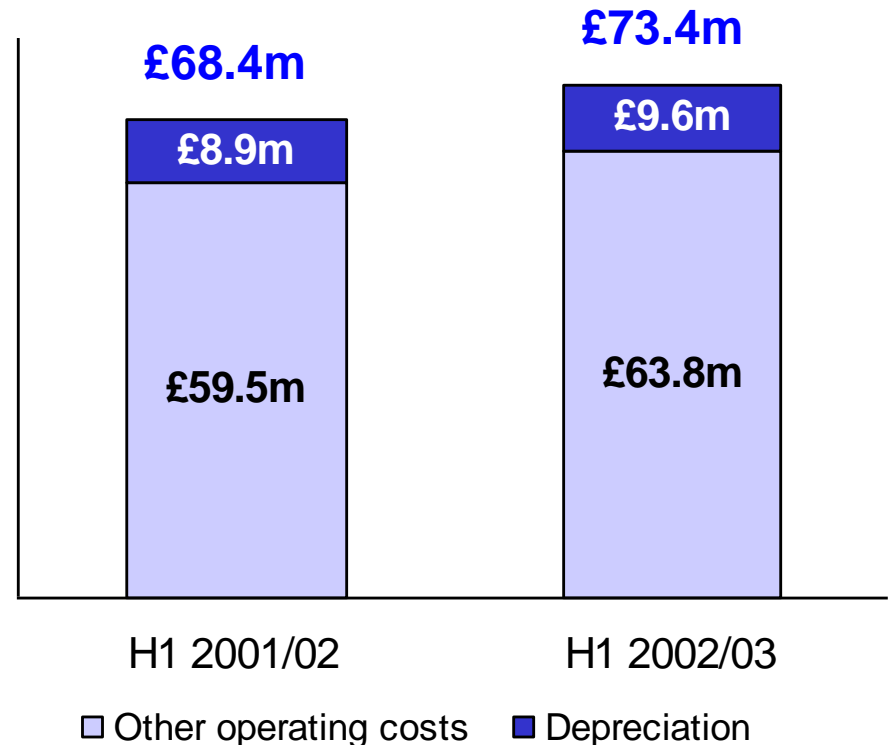
- Terminal population **100,000** (H1 2001/02: 109,000)
- Professional investor terminals at **94,000** (H1 2001/02: 101,000)
- H1 2002/03 RNS turnover **£3.4m** (H1 2001/02: £1.0m)
- FTSE JV – share of turnover **£5.6m** (H1 2001/02: £4.2m)

Operating and development costs

Improved cost/income ratio

- Total costs up 7% - reflecting additional IT network costs
- Depreciation up following systems investment

Cost/income*	
67%	64%



* before exceptional items

Summarised Cash Flow

Strong free cash flow

	Six months ended 30 September		Year ended 31 March
	2002	2001	2002
	£m	£m	£m
Net cash inflow from: - ongoing operating activities	53.8	41.5	82.4
Taxation	(6.7)	(0.3)	(15.8)
Capital expenditure	(8.4)	(7.5)	(15.8)
Dividends paid	(7.3)	(6.4)	(9.7)
Exceptional items	9.3	(1.0)	(3.8)
Free cash flow - after exceptional items	40.7	26.3	37.3
- before exceptional items	31.4	27.3	41.1

Summarised Balance Sheet

Balance sheet remains strong

	30 September		31 March
	2002	2001	2002
	£m	£m	£m
Fixed assets	127.6	131.3	129.0
Current assets - debtors	49.2	43.0	46.8
- cash	237.1	173.0	189.9
Creditors: due within one year	(75.6)	(63.8)	(62.7)
Provisions	(28.4)	(22.1)	(21.7)
Net assets	<u>309.9</u>	<u>261.4</u>	<u>281.3</u>

Financial summary

H1 2002/03

- Volatile markets led to robust Broker Services' turnover
- Continued improvement in operating margins
- Strong cash flow

Current trading and prospects

- Strong SETS volumes
- Weak IPO market continues
- Difficult conditions impacting terminal numbers
- Expect satisfactory outturn for the year



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Clara Furse

Chief Executive Officer

Financial performance

H1 2002/03

- Creditable performance in difficult market conditions
- Growth across all revenue lines
- Operating margin up from 33% to **36%**
- Strengthened balance sheet

Issuer Services

H1 2002/03

- Companies raised **£12** billion
- More IPOs than NYSE and NASDAQ combined
- **80** new AIM companies, largest IPO ever
- **13** new international companies
- Hong Kong, Nordic initiatives progressing well

Broker Services

H1 2002/03

- SETS trades increased **59%**
- Continuing to reduce settlement costs – CCP, netting
- Covered Warrants launched 28 October 2002
- RSP Gateway and Crest Network Service rolled out

Information Services

H1 2002/03

- Since 31 March 2002, overall terminals decreased **5%**
- RNS: **£3.4** million turnover, attracted over 90 FTSE 100 companies
- Implementing strategic review / diversifying information income
- Introducing Corporate Data Warehouse FY2003
- Developing global SEDOL solution

Outlook

- Significant capital and revenue investment for new initiatives
- Strong performance however given current market conditions:
 - Issuer Services – weak IPO market, well positioned to benefit from upturn
 - Broker Services – strong SETS volumes, difficult to forecast future activity
 - Information Services – generally stable demand, no indication rate of decline in terminal numbers has slowed
- Expect satisfactory outturn for the year