LSEG 2023 Preliminary Results –

Analyst & Investor Call Transcript

THURSDAY 29 FEBRUARY 2024

PRESENTATION

David Schwimmer: Good morning, and welcome to our 2023 financial results. It's great to have people here in Paternoster Square, and welcome to those who are joining us online. I'm here with Anna, and we are also joined by Michel-Alain Proch, or MAP as he is widely known, who has joined us this week as our new CFO.

Faster growing, more efficient, returning capital

Strong performance in 2023

- Accelerating, broad-based growth
- Achieving all Refinitiv acquisition targets
- Driving efficiency and cash generation
- Delivering substantial shareholder returns
- Set ambitious medium-term targets

+8.3% Total Income[1] growth in 2023

+6.5% organic revenue CAGR 2020-23[2]

+110bps underlying margin improvement[3]

£1.8bn free cash flow in 2023

£1.2bn returned via buybacks in 2023

+7.5% dividend growth in 2023

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1. Total Income excl. recoveries
2. 2020-23 CAGR in Total Income excl. recoveries, before impact of Ukraine/Russia war and deferred revenue haircut
3. Underlying EBITDA margin expansion

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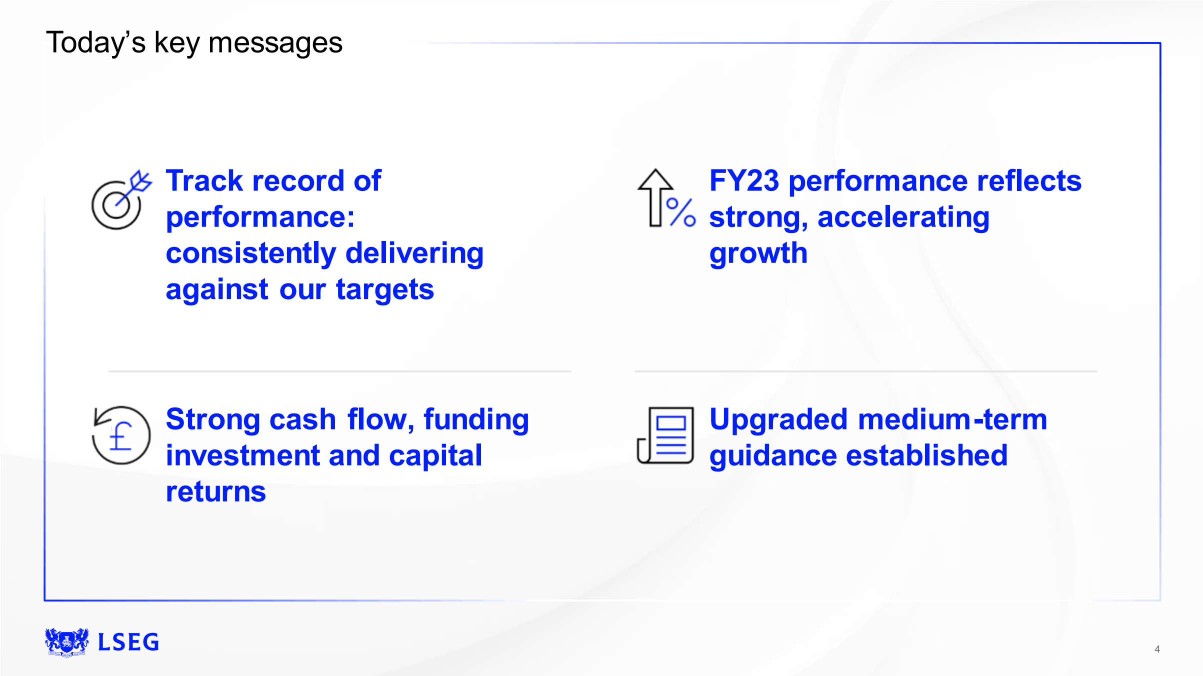
David Schwimmer: We have had a very good 2023. We delivered at the top end of our growth guidance for the year and have compounded organic growth at 6.5% over the last 3 years. We also accelerated within 2023, exceeding the year with organic growth at 8.5% in Q4. So this is a great setup as we head into 2024.

I'm pleased to say that we've met or exceeded all of our Refinitiv acquisition targets, which Anna will talk you through in a moment. Cash generation was very strong, with all of our profit converted to cash. This means we can invest in growth and our platform and still have significant excess capital to return to investors. You have seen us do this with over GBP 1 billion of buybacks in the past year and further growth in our dividend announced today.

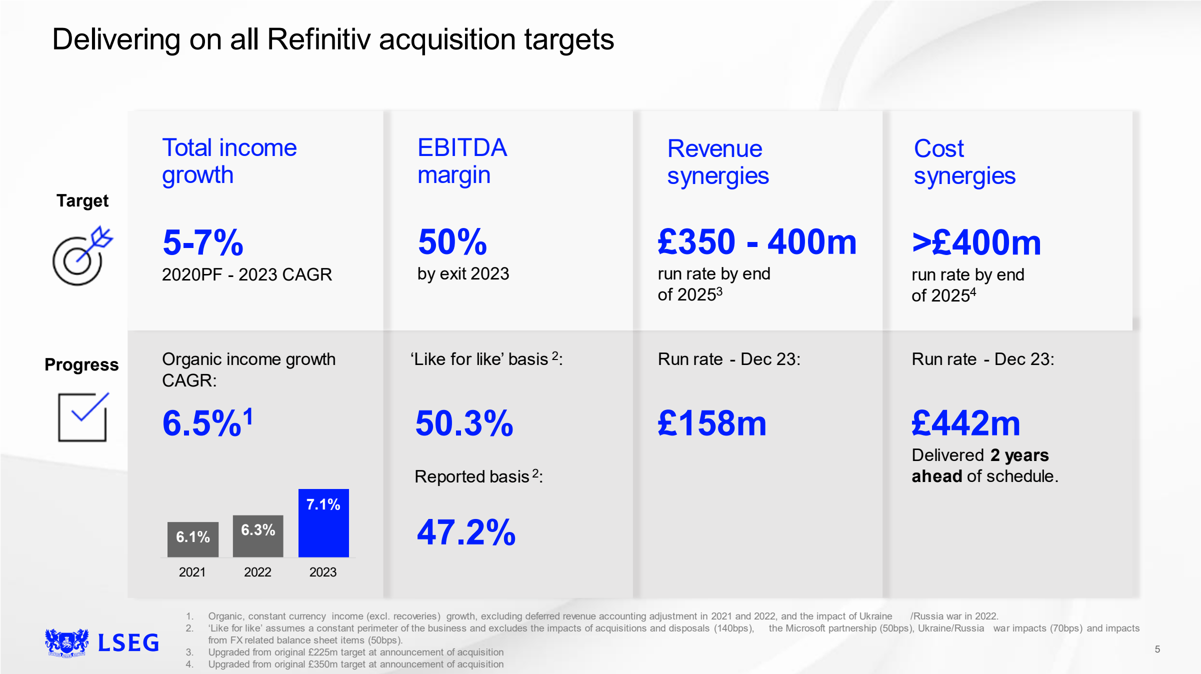
At our Capital Markets Day in November, we set new upgraded targets for growth with an acceleration over the medium term. I'll give more detail on our progress and our plans in a few moments.

First, though, let me hand over to Anna to take you through our 2023 financial performance.

Anna Manz: Thanks, David, and good morning.



Anna Manz: 2023 marked the end of our initial guidance period following the Refinitiv acquisition. And I'm pleased to say that, thanks to a strong track record of performance, we've beaten all of our acquisition targets. We've delivered good cash generation and have been active in our approach to capital allocation. Looking forward, we're confident in our delivery of our upgraded medium-term guidance.



Anna Manz: So let's start with the performance against our 3-year Refinitiv acquisition targets. Income growth has been consistently at the upper end of our 5% to 7% range. And our organic growth has accelerated through the period from 6.1% in 2021 to 7.1% in 2023. Excluding the impact of the Ukraine-Russia conflict, our 3-year organic income CAGR was 6.5%.

Our 2023 margin on a like-for-like basis, and that's reflecting a constant perimeter from the time that guidance was set, was 50.3%, ahead of our guidance of a 50% exit run rate. There's a bridge in the appendix, which walks you through the perimeter changes. These changes strengthen our business for the future.

Turning to revenue synergies. Here, we're on track to deliver against our upgraded targets. For 2023, we aim to double the prior year run rate of GBP 68 million. In fact, we've significantly exceeded that, exiting the year at a run rate of GBP 158 million.

Our cost synergy program is largely complete, with a bit more to come in 2024. We're well ahead of the upgraded targets with a run rate of GBP 442 million. In short, we've delivered against all of our acquisition targets.

Strong income and EBITDA growth in 2023

£m	2023	2022	Growth	Constant currency growth
Total income excl. recoveries	**8,009**	**7,428**	**7.8%**	**8.3%**
Adjusted EBITDA	**3,777**	**3,550**	**6.4%**	**8.6%**
Adjusted EBITDA margin	*47.2%*	*47.8%*		
Adjusted depreciation, amortisation & impairment	(915)	(822)	11.3%	10.7%
Adjusted operating profit	**2,862**	**2,728**	**4.9%**	**7.9%**

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Anna Manz: Now for the rest of this presentation, I will, as usual, focus on constant currency growth rates, and you can see the strength of our 2023 performance on this slide. Total income, excluding recoveries, rose up by over 8%, and EBITDA was up nearly 9%. Depreciation and amortization was up about 11%.

There's 2 drivers of this. Firstly, we've continued to invest at a high level. And secondly, during 2023, we've embedded a more agile product engineering culture, and this means we're delivering product to our customers faster in regular releases, and we're starting to depreciate earlier. The accelerated -- this accelerated depreciation in 2023 and will have a further impact in 2024. Growth in adjusted operating profit was about 8%, fairly consistent with EBITDA growth.

FX items and tax rate impacting AEPS

£m	2023	2022	Growth	Constant currency growth
Adjusted operating profit	**2,862**	**2,728**	**4.9%**	**7.9%**
Adjusted net finance expense	(170)	(160)	6.3%	
Adjusted tax expense	(625)	(540)	15.7%	
Adjusted effective tax rate	*23.2%*	*21.0%*		
Adjusted profit attributable to:				
Equity holders	1,775	1,770	0.3%	
Non-controlling interests	292	258	13.2%	
Adjusted earnings per share (p)	**323.9**	**317.8**	**1.9%**	

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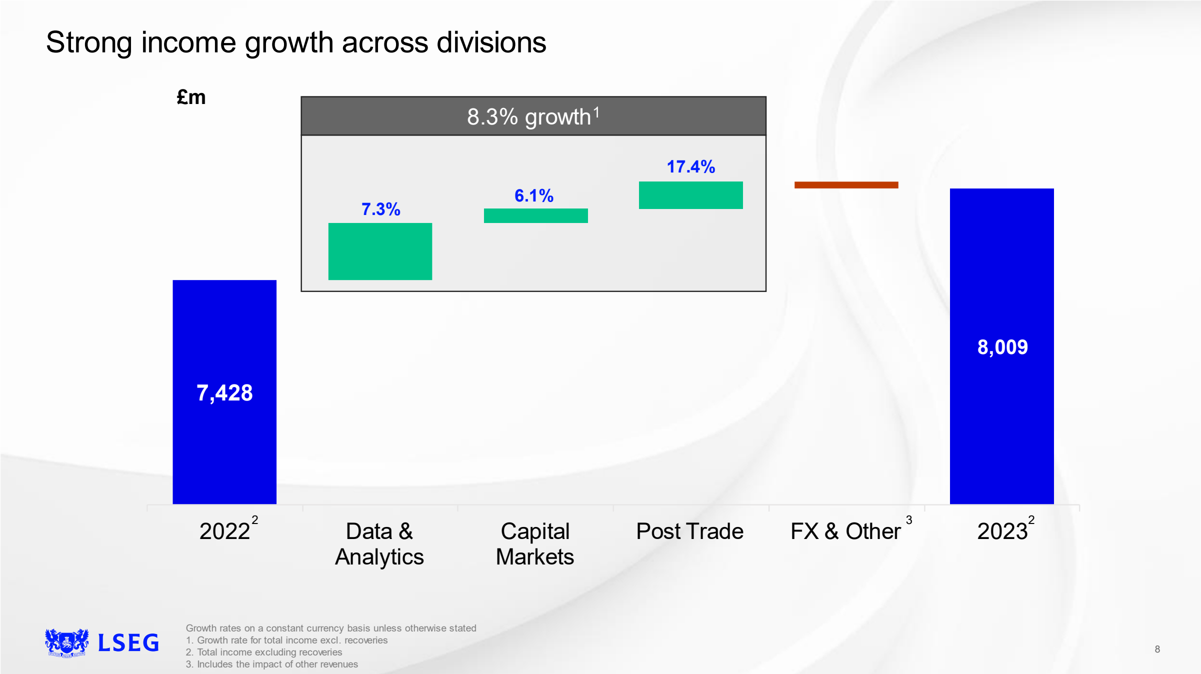
Anna Manz: Turning to the lower half of the P&L on the next slide.

Our finance expense includes GBP 30 million of FX losses, mainly related to the group's funding arrangements. Previously, these FX movements were included in operating expense, and this change is to bring us in line with best practice disclosure.

GBP 16 million of the GBP 30 million relates to the first half, which at the time was reported in OpEx. Our effective tax rate has gone up 2.2 percentage points from last year, and that reflects the higher U.K. corporate tax rate in place from April 2023.

Tradeweb and LCH performed strongly in the year, and this has resulted in higher profit attributable to non-controlling interests. The combination of depreciation, FX impacts and higher tax has impacted our EPS performance relative to EBITDA.

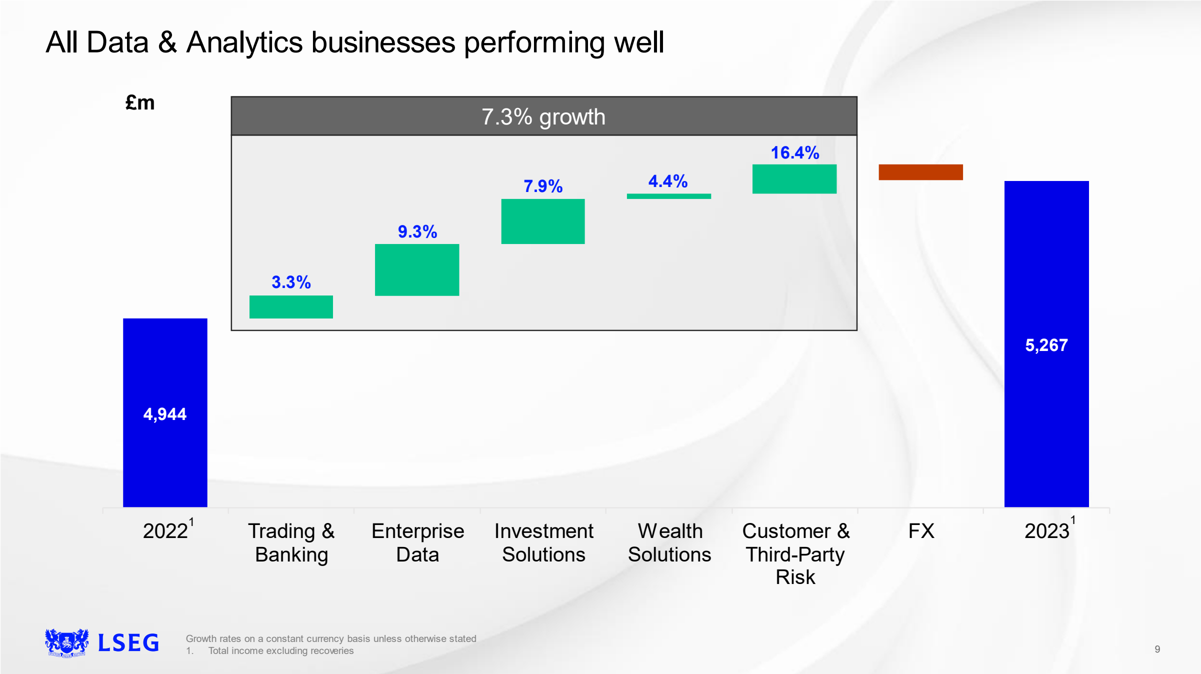


Anna Manz: All our divisions grew well.

Data & Analytics grew 7.3%, with higher pricing, improved retention and stronger sales.

Capital Markets grew 6.1%, with good growth at Tradeweb, partly offset by market driven weakness in equities and FX.

Post Trade had an exceptional year, up 17%, as interest rate uncertainty drove strong client demand for our SwapClear services. And there was also a contribution from M&A.



Anna Manz: Let's start with Data & Analytics, where all of our businesses performed well.

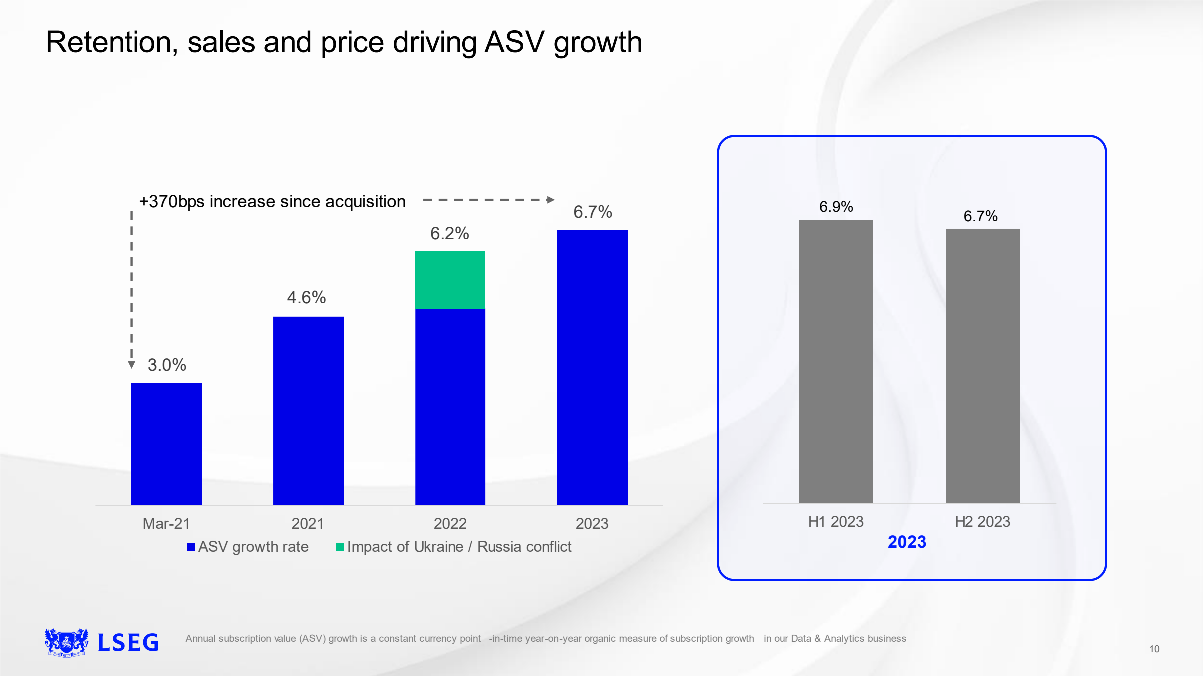
Trading & Banking grew over 3% this year or 2.5% organically. We've turned around a business that had been in decline for over a decade to one achieving consistent solid growth for the last 2 years. And we continue to get better and better feedback on Workspace, as David will cover later. This improved product delivered better price realisation and higher retention.

Enterprise Data grew strongly, up over 9%, driven by demand for our proprietary real-time data.

Within Investment Solutions, subscription revenues have accelerated, and we've seen double-digit growth this year. Improved sales execution is driving a better customer experience and helping us meet the strong demand for our core benchmark products. We also saw a recovery in asset-based revenues over the year, with Q4 up 11%. Assets under management at year-end were 23% higher than December 2022.

Wealth was up 4%, driven by digital solutions, where we have seen sustained demand for data feeds.

Customer & Third-Party Risk grew 16%. World-Check continued to show excellent growth, benefiting from both regulatory and reputational risk management tailwinds.



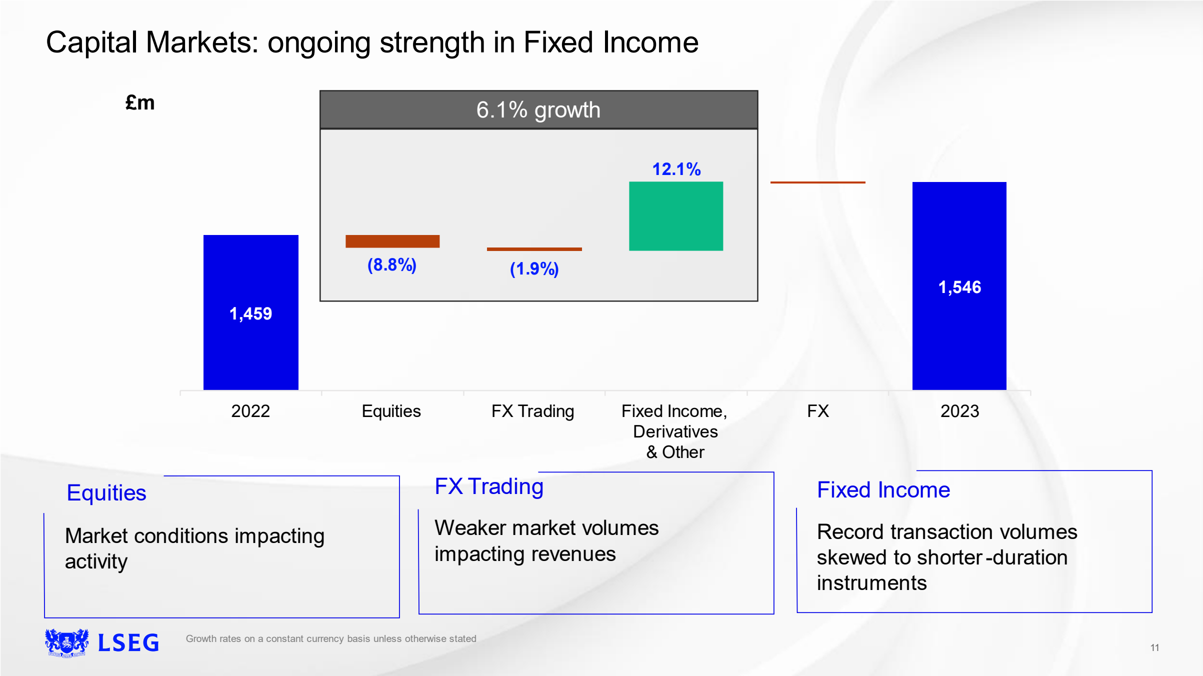
Anna Manz: Turning to ASV.

ASV growth continues to be good evidence of the improvements we're making in our business. Subscription revenues in Data & Analytics are growing nearly 4% faster than when we acquired Refinitiv.

ASV growth was 6.7% at the end of the year. As we saw over the course of the year, this metric will fluctuate from quarter-to-quarter. So while it remains indicative of future growth, it won't always perfectly align.

The 6.7% in December includes a small impact of Credit Suisse, with some more to come in the first half of 2024.

We continue to monitor our sales metrics closely, and they remain strong. And David will talk more about that in a minute.

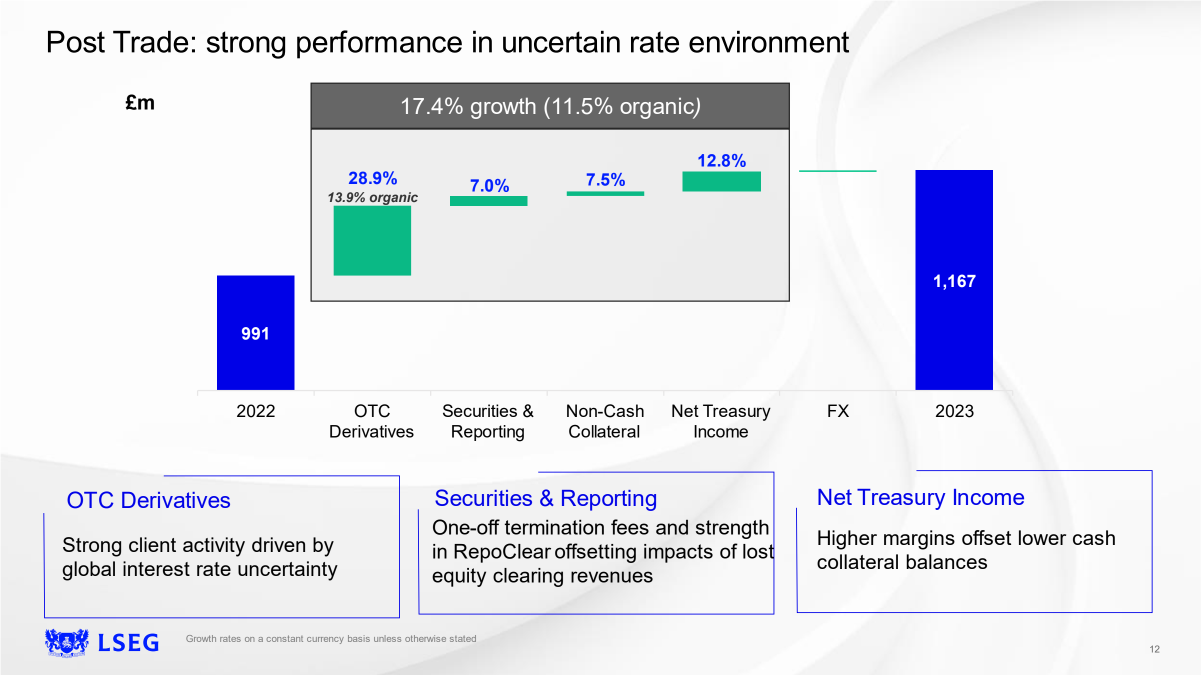


Anna Manz: Turning to Capital Markets. We grew 6.1%.

Equity revenues declined due to market conditions, as 2023 was a pretty weak year globally for equities.

In FX, market volumes were also weaker, impacting activity across both FXall and Matching. In Fixed Income, Tradeweb, which drives over two-thirds of our Capital Markets revenues, saw record transaction volumes in both rates and credit.

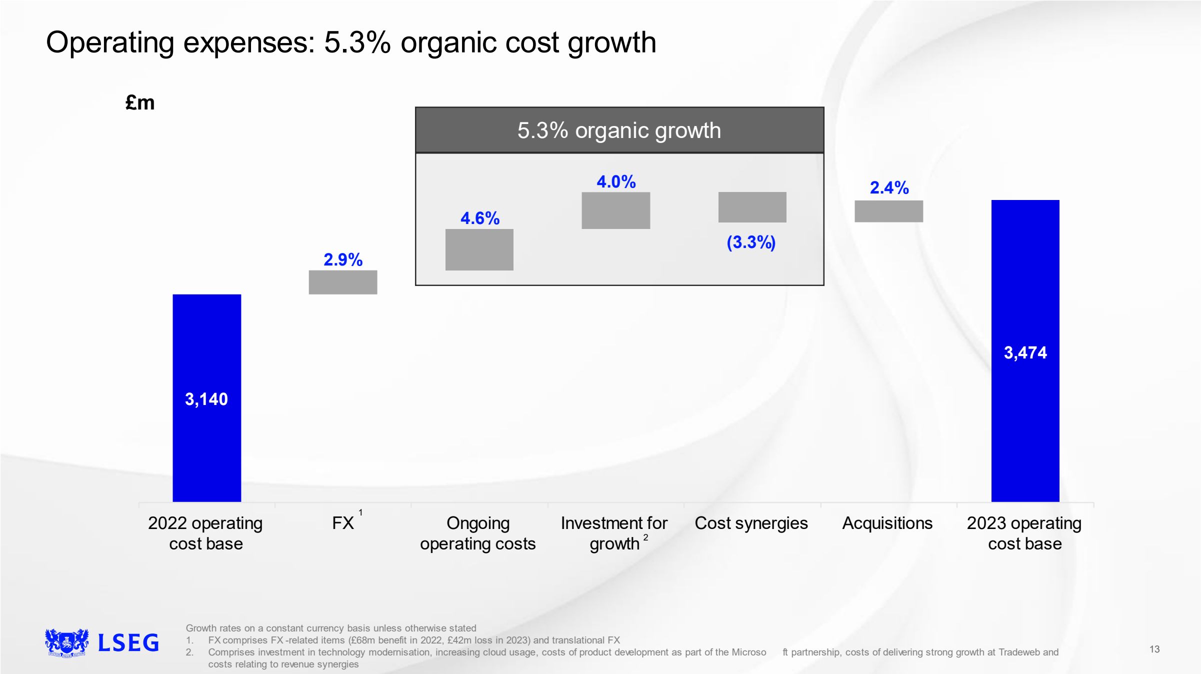
Variable fees per million were lower due to product mix and a skew towards shorter-duration instruments. So overall, revenue growth is a bit behind volumes, but still very strong and accelerating in the second half.



Anna Manz: Our Post Trade business delivered an exceptional performance, up 17%.

Interest rate volatility drove strong client demand for SwapClear services, and that was the primary driver of the organic growth in OTC Derivatives. In addition, we helped our clients through U.S. LIBOR reference rate reform, contributing GBP 18 million in onetime revenues.

Net treasury income was up nearly 13%, as interest margins benefited from the shape of the yield curve in 2023. We saw higher levels of cash collateral in the first half, which moderated in the second half, as balances normalised and members optimise their collateral between cash and noncash.



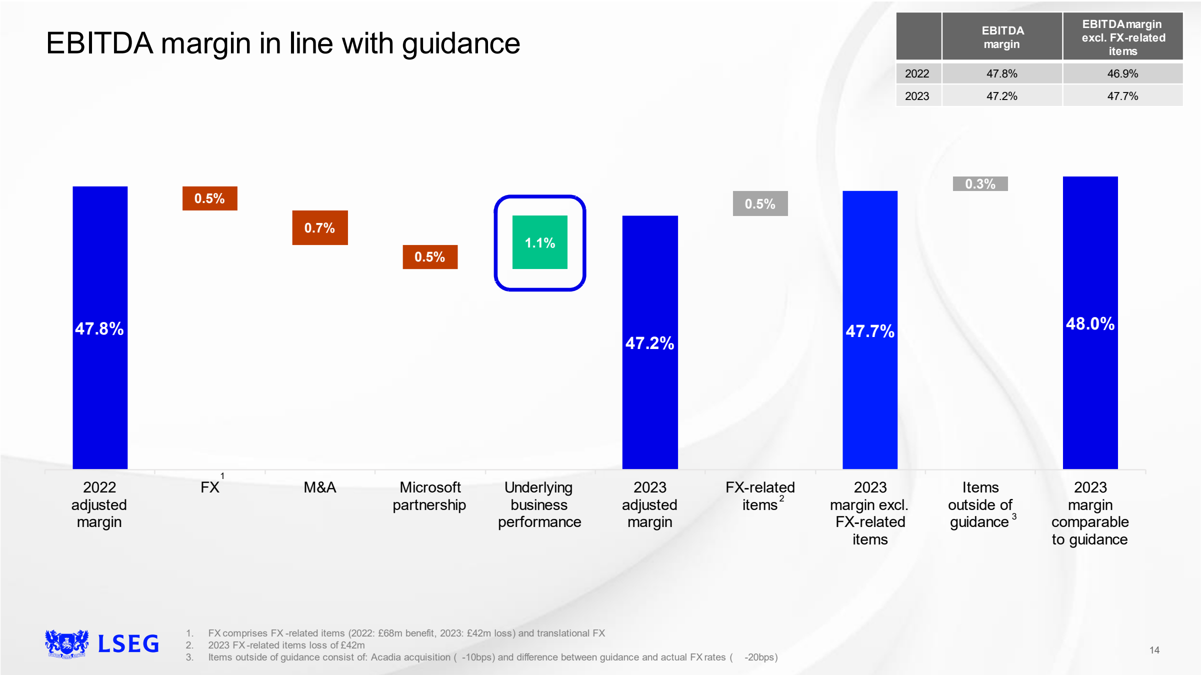
Anna Manz: Turning to costs on Slide 13.

Before I go into the drivers of our cost growth, I want to touch on FX. In 2022, you'll remember, we had a GBP 68 million benefit in OpEx. And this year, we saw an adverse impact of GBP 42 million. These FX impacts are a result of being a global organisation operating in over 170 countries. And that's why constant currency growth rates are a better indicator of underlying performance.

Organic cost growth of 5.3% was broadly balanced between ongoing operating costs and investment for growth. Average pay increases in 2023 were around 6%. But at the same time, we've delivered further cost synergies, which partly offset this.

Acquisitions added 2.4% to our cost growth. Ongoing operating cost growth reduced from 6.4% in the first half to 3% in the second half. This reflects the phasing of investment and efficiencies.

Looking ahead, Refinitiv synergies will continue to benefit us in 2024, but that's not the end of the efficiency opportunity. Our broader transformation program is building a more scalable platform, which will deliver cost efficiencies over the medium term.



Anna Manz: Turning to margins on Slide 14.

We delivered an EBITDA margin of 47.2%, which included a 110 basis point improvement in our underlying efficiency. As I mentioned earlier, the FX-related items are impacting margins in both years, and the impact is clearly shown in the table on this slide.

We're laying out our 2023 EBITDA margin guidance. I explained how our investment with Microsoft and recent acquisitions would impact this year's margin. And you can see that the impact was 120 basis points.

Our guidance was set excluding the Acadia acquisition and FX. On this basis, we delivered an in-year margin of 48%, in line with guidance.

Non-underlying items mainly relate to Refinitiv integration

£m	2023	2022
Adjusted operating profit	**2,862**	**2,728**
Transaction costs	(85)	(85)
Integration, separation & restructuring costs	(247)	(304)
Profit on disposal & remeasurement gains	69	156
Depreciation, amortisation & impairment of intangibles and other assets	(1,228)	(1,078)
Operating profit	**1,371**	**1,417**

£247m

integration, separation and restructuring costs, mostly related to the integration of Refinitiv

£69m

remeasurement gain, triggered by the acquisition of Acadia, on the previously owned 14% stake

£1,228m

depreciation, amortisation and impairment of intangible assets, largely recognised on the acquisition of Refinitiv

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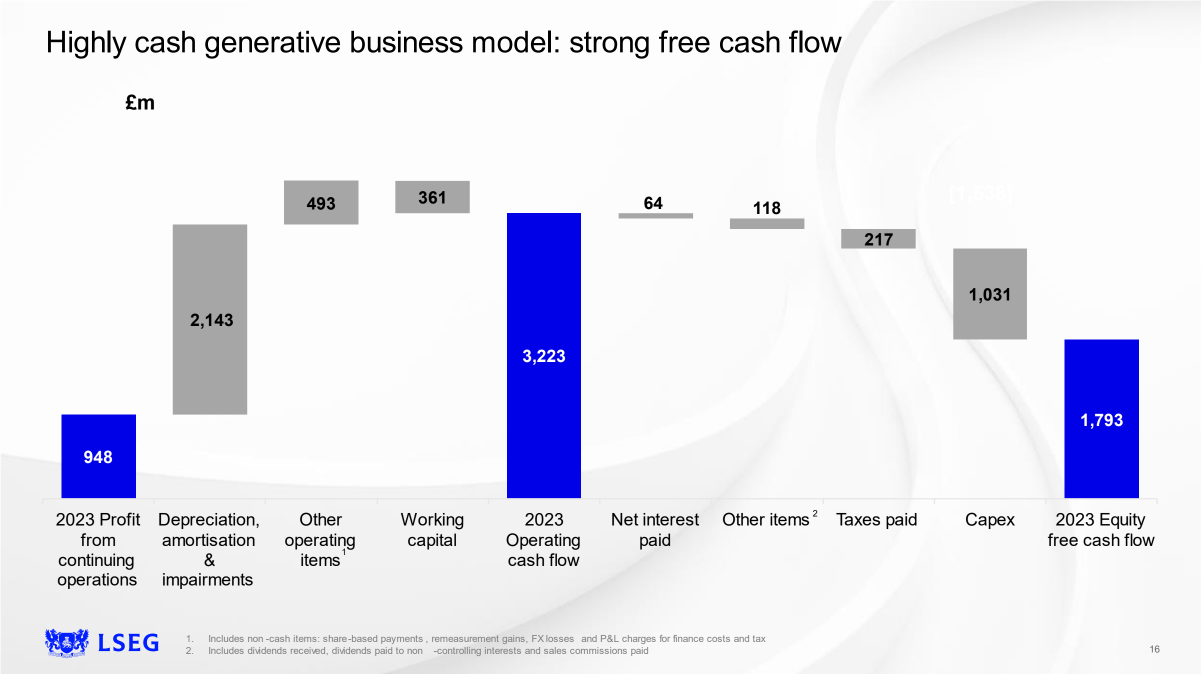
Anna Manz: The reconciling items between adjusted and reporting operated profit relate to the acquisitions that we've closed over the last few years, and most materially Refinitiv.

The GBP 69 million remeasurement gain relates to the fair value adjustment of our previously held 14% in Acadia.



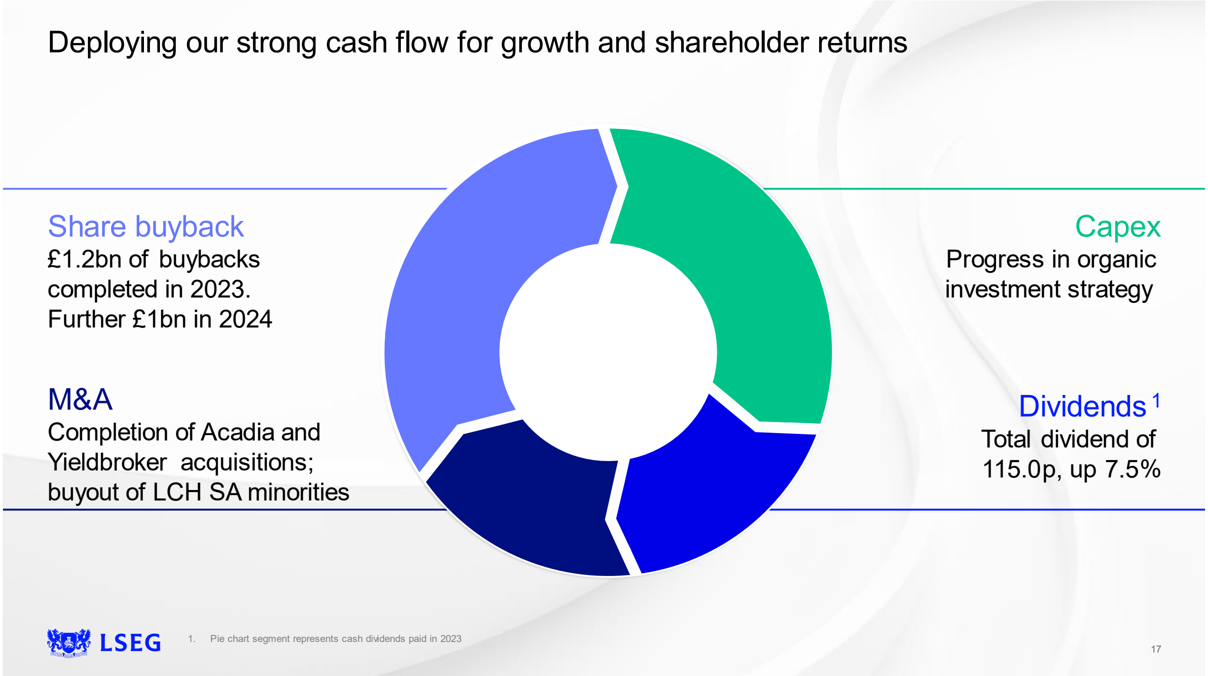
Anna Manz: Moving from the P&L to cash flow.

Our business is highly cash generative, as you can see on Slide 16. We delivered GBP 3.2 billion of operating cash in the year.

As a reminder, the CapEx figure here is the cash cost of both business as usual and integration CapEx.

Equity free cash flow was again substantial at GBP 1.8 billion, and we converted all of our profit into cash this year.

Let's look at how we're deploying this capital on the next slide.



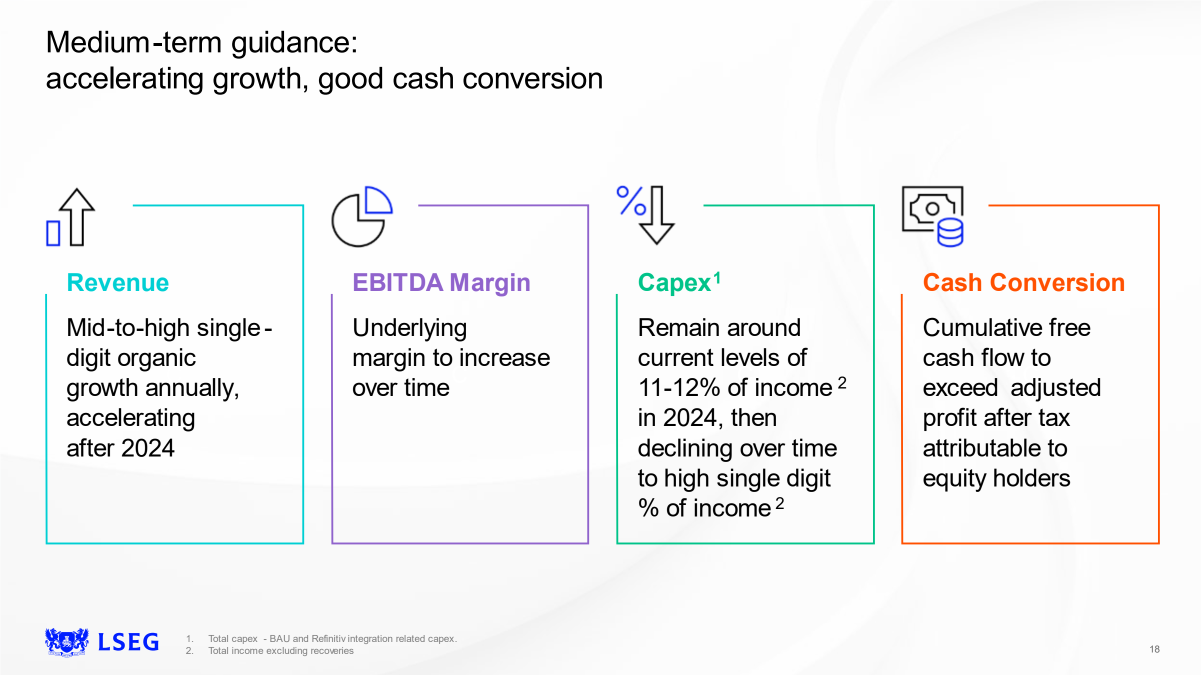
Anna Manz: We continue to deploy our strong cash generation back into the business for future growth, whilst also returning any excess to shareholders.

The level of CapEx reflects the transformation we're driving in our business and investments in our broad range of growth opportunities.

On dividends, we're proposing a final dividend of 79.3p, totalling 115p for the year, up 7.5% from last year. We completed the acquisitions of Acadia and Yieldbroker and the buyout of the LCH SA minorities in the year.

We returned GBP 1.2 billion to shareholders via share buybacks in the year. We carried out the remaining GBP 450 million of the on-market buyback announced in 2022, followed by a GBP 750 million directed buyback, targeting the former Refinitiv shareholders.

At our Capital Markets Day in November, we announced a further GBP 1 billion share buyback in 2024. As we announced this morning, we intend to do that through directed buybacks from the former Refinitiv shareholders.



Anna Manz: Looking ahead, we're reiterating our upgraded medium-term targets that we announced at our Capital Markets Day. We expect revenue to grow organically at mid- to high single digits, accelerating after 2024.

2024 is impacted by a number of known one-offs, including Credit Suisse and the Euronext clearing termination. These impacts are well understood and reflected in consensus.

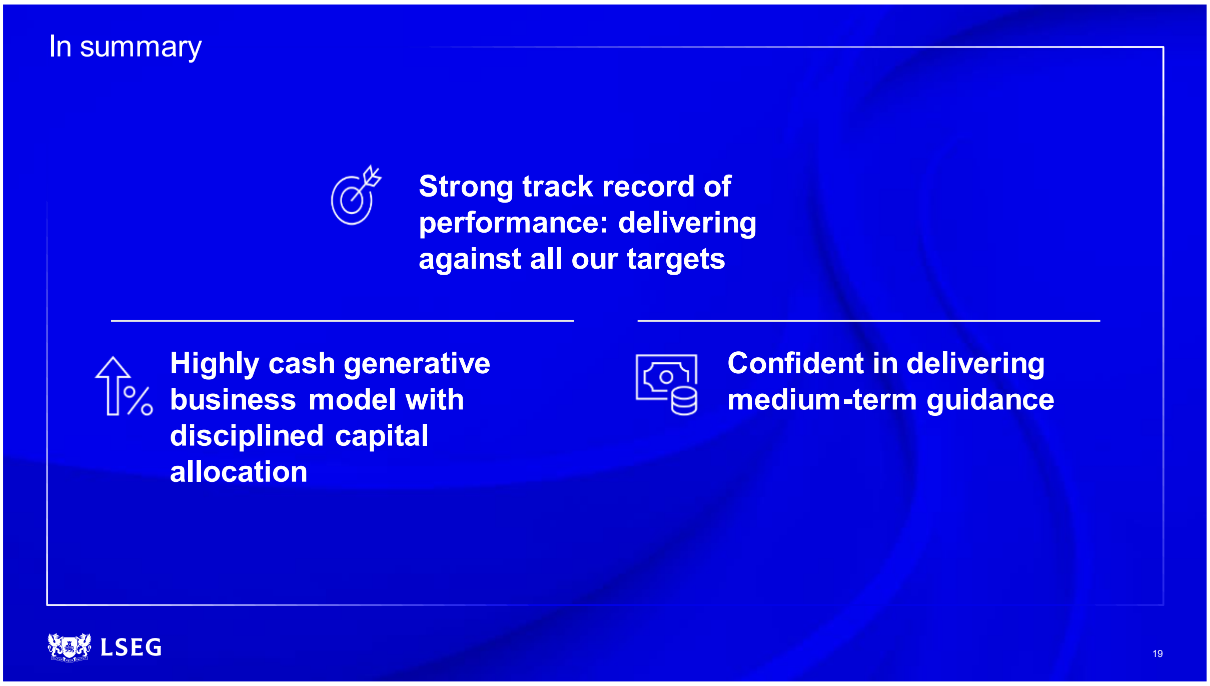
We expect underlying EBITDA margin to increase over time. The improvement won't be linear because it will depend partly on the phasing of investments and efficiencies.

With regards to CapEx, for 2024, this will remain at current levels of 11% to 12% of income, reducing over time to high single digits as a percentage of income.

And lastly, over the medium term, our cumulative free cash flow will exceed net income.

For 2024, we're confident of continued growth and improving profitability, in line with our medium-term guidance. And we expect the adjusted tax rate to be 24% to 25%.

As noted at the CMD, we'll be moving to our new reporting structure from the first quarter.



Anna Manz: So in summary, we built a strong track record of performance and met and beat -- or beaten all of our Refinitiv acquisition targets.

2023 was another great year of delivery across the top line and in profitability. And we continue to be very active and thoughtful about how we allocate capital, combining investments in the long-term growth with returns today.

It's been a privilege and a pleasure to be part of the LSEG journey these last few years, and now see the transformation that we've been driving. I'll be eagerly watching the group deliver the next phase of growth.

And with that, David

David Schwimmer: Thank you, Anna.

Transforming our business

1. Delighting customers
2. Deepening and scaling relationships
3. Delivering product excellence and new solutions

…realising our goal of "mid-to-high single-digit organic growth, accelerating after 2024"

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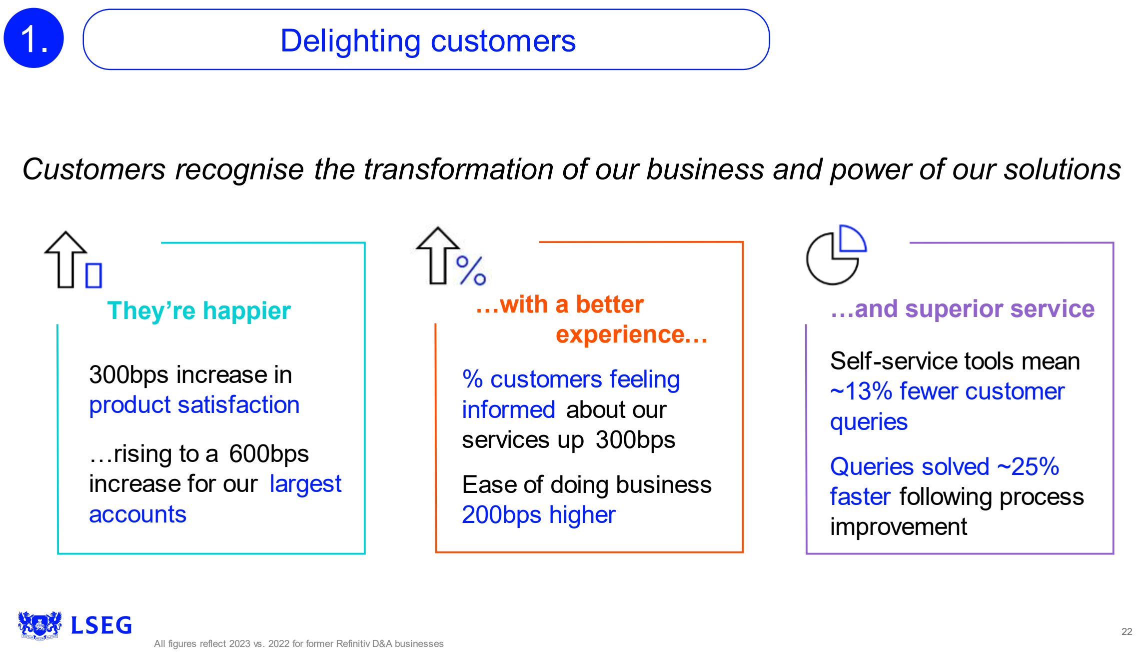
David Schwimmer: Now we gave you a pretty detailed update at the CMD back in November, so for the next few minutes, I want to briefly look at our plans for accelerating growth in three key ways: one, by delighting our customers, improving retention and pricing power as a result; two, by transforming our sales and account management approach to deepen and scale our customer relationships; and three, by improving existing products and bringing new solutions to market.

These are the building blocks of our growth goal, to deliver mid- to high single-digit growth accelerating after this year.

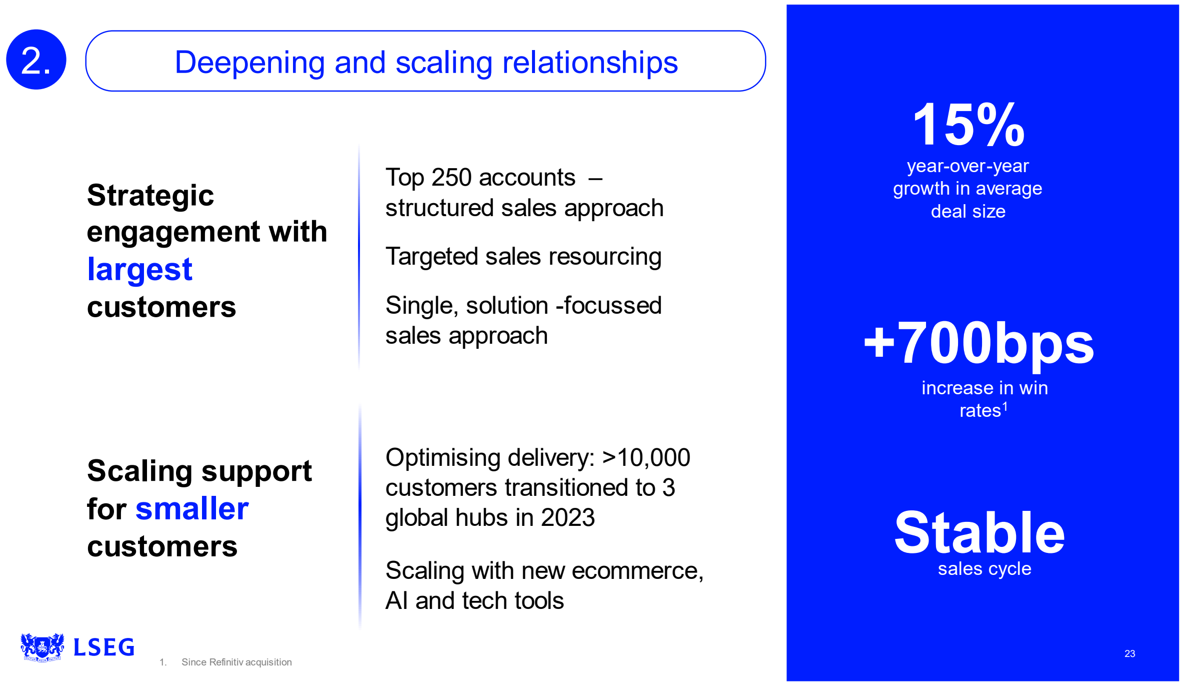


David Schwimmer: So first, our customers are recognizing the ongoing transformation of our business and our products.

Customer satisfaction is up across all of our key products, with the biggest improvement seen in our largest accounts.

Our customers also tell us they feel better informed about our products and find it easier to get things done. We are significantly improving our customer service.

We've already reduced the time it takes us to resolve customer queries by 25%, and we plan to lower it much more.



David Schwimmer: Second, we are deepening and scaling our relationships.

You've heard us talk before about the success we've been having with our key strategic accounts, those 20 or so global institutions that are our biggest customers.

The combination of LSEG and Refinitiv has created a truly strategic partner, and we have resourced our account management to reflect that. These relationships involve regular top-to-top dialogues and more strategic partnerships that have led to faster growth from our biggest customers. The Design Partner Programme with Microsoft is a great example of this.

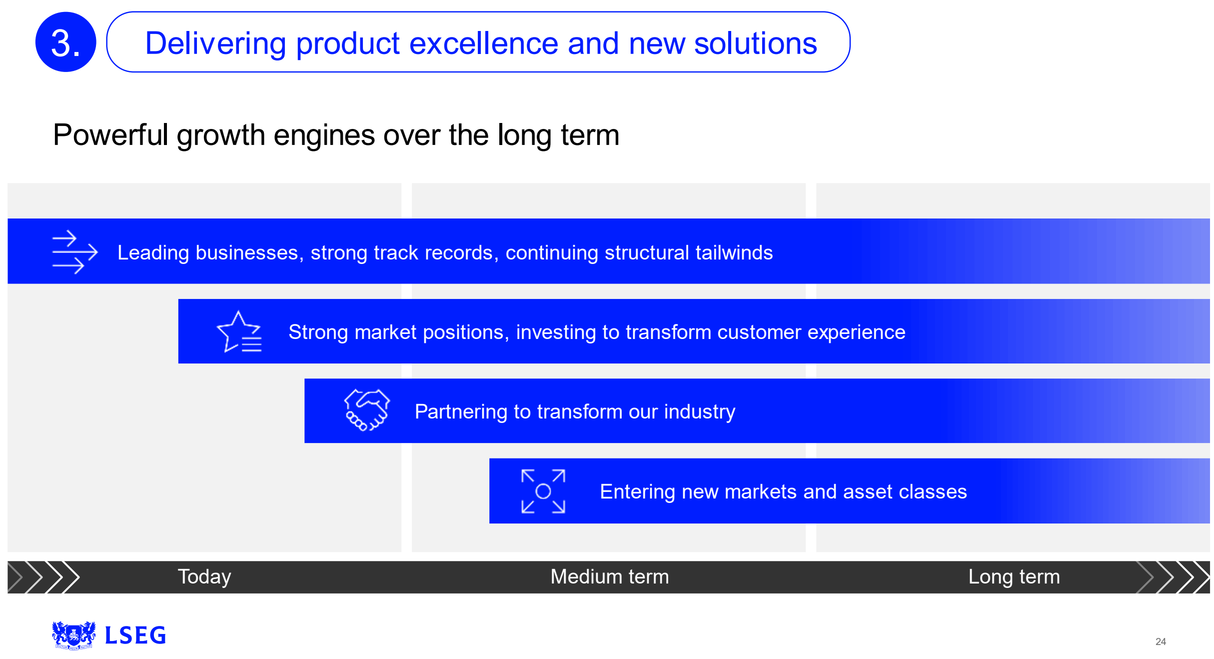
We're now putting in place a similar account coverage program for our top 250 accounts.

Across all of these accounts, we are focused on solution selling, a comprehensive sales training program selling the LSEG way is on target for global rollout completion by the end of next month.

And then for our smaller customers, we are improving how we serve them by consolidating and standardising our approach. We have already migrated 10,000 customers to be served out of three global hubs, with two further hubs to follow.

At the end of last year, we launched our e-commerce platform, empowering our smaller customers to self-serve and giving us a tool to upsell and cross-sell much more effectively. We will be launching new products onto that platform throughout 2024.

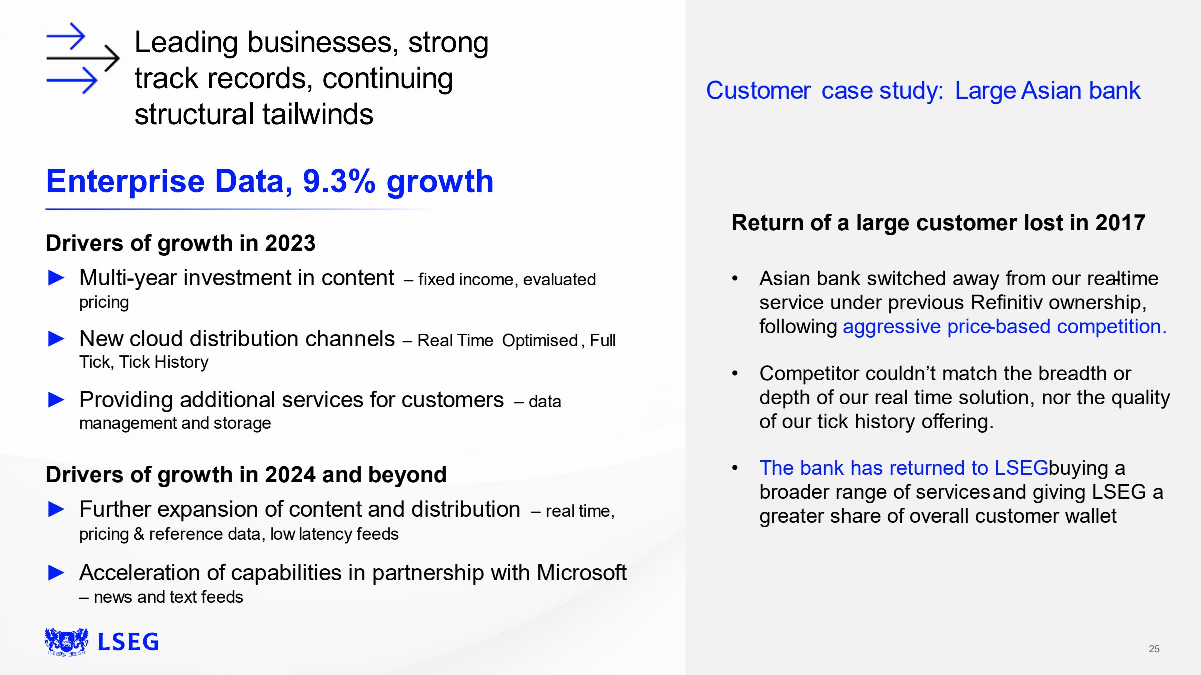
And as you know, we continue to keep a close eye on sales cycle trends. The data remained very consistent with what we shared at the first half. Deal sizes are up year-on-year, win rates are up strongly since acquisition, and we are not seeing any lengthening in those cycles.



David Schwimmer: And now onto product, where I'll update you on what we're doing and the breadth of opportunity in front of us. You'll recognise this slide from the CMD. It underlines the waves of growth as they contribute to our acceleration. Half of LSEG, Enterprise Data, Tradeweb and Post Trade are businesses driving industry-leading growth.

Another set of businesses, such as Trading & Banking and Investment Solutions, have great market positions and are the focus of investment programs to make them even better.

And then we have our partnerships with Microsoft and with the world's leading financial institutions, where we are transforming the industry.



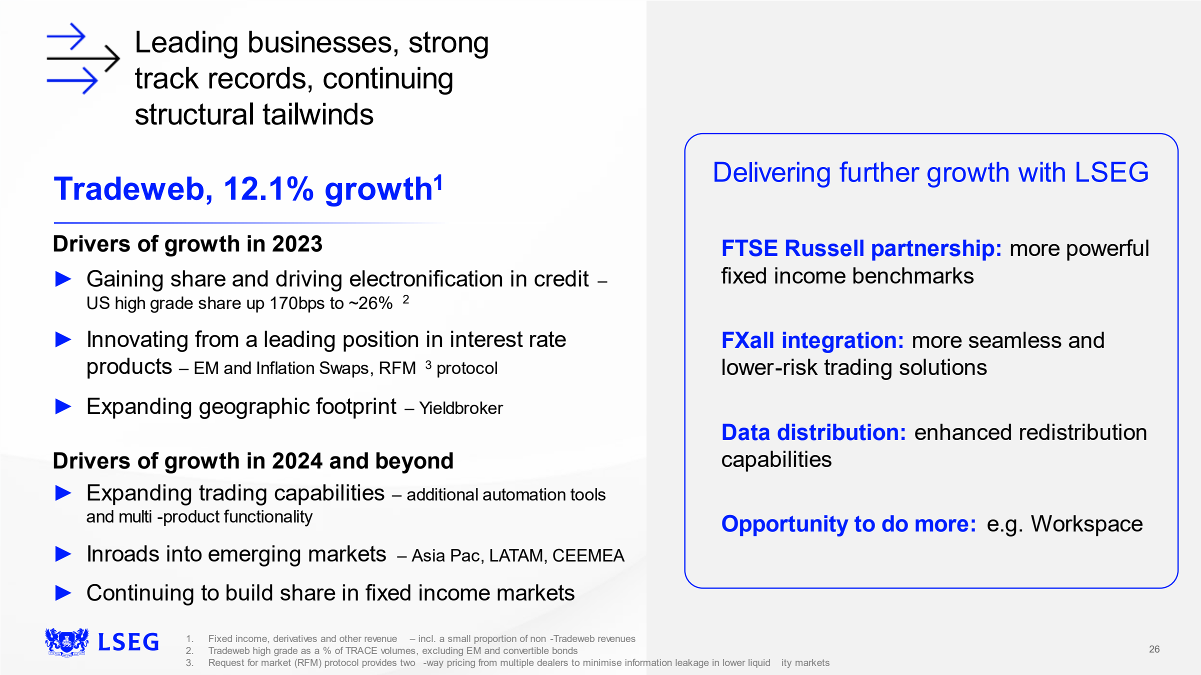
David Schwimmer: Let's look at Enterprise Data first, which is just under a fifth of our revenue. This has been a continuing success story, building on our leadership in real time and our growing share in pricing and reference services. Our continuing investment in content is driving strong growth. We're having real success with fixed income and evaluated pricing data.

A recent major win with an Asian bank reflects the new LSEG's unrivalled breadth and depth as well as the quality of our data set. This was business that Refinitiv lost to a competitor pre-LSEG, largely because of that competitor's extremely aggressive pricing. But this customer has come back to LSEG because of the quality of our product.

Our real-time optimised service in the cloud now has over 500 new customers since its launch a couple of years ago and opens up a real-time service to many more customers who previously would not have invested in on-premise infrastructure to take the service.

We're also seeing growing demand for data management and storage, which is an encouraging sign for our move into this space with Microsoft.

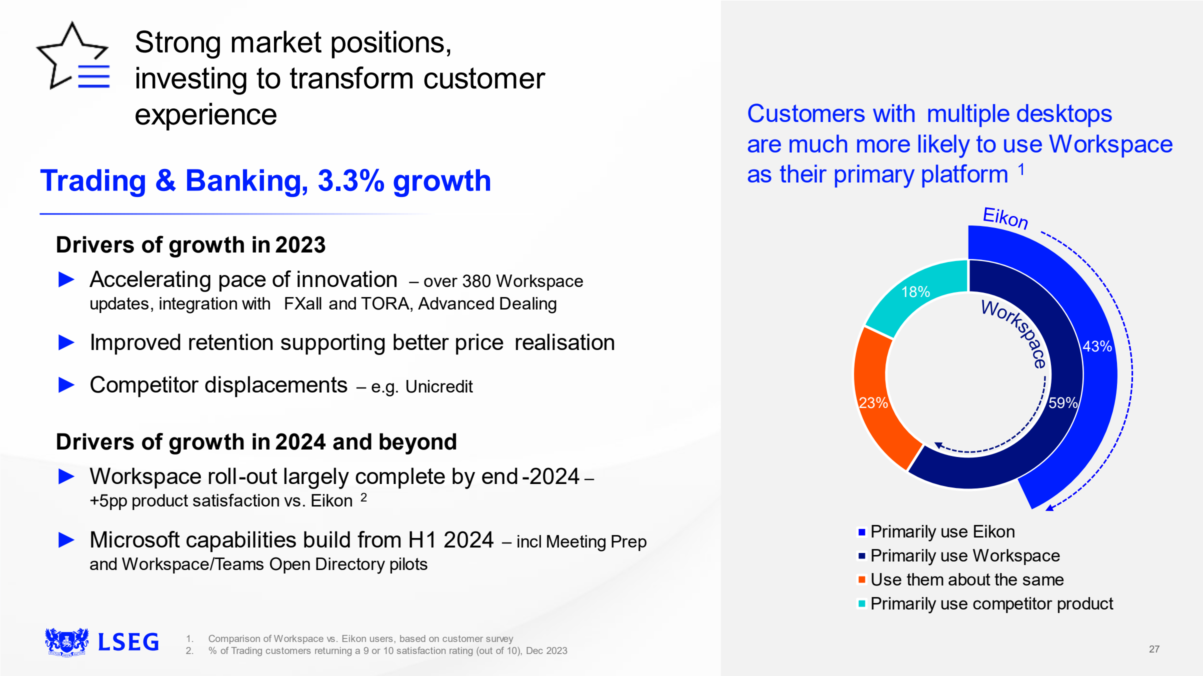
Looking ahead, we are expanding on the same winning formula. We're investing in our content, transforming our data operations, so we can onboard data much more efficiently and accurately. And as we make it easier for customers to access and combine data sets and drive insights from them, usage and value are only going to increase.



David Schwimmer: Moving to Tradeweb, which is about 13% of our revenue. It was another strong year, with a notable acceleration in the second half. This business has a number of really strong growth vectors. Overall, electronification is an ongoing tailwind, but when the team is adding to with market share gains, particularly in credit, where Tradeweb represents a quarter of the high-grade credit market.

Innovation in core markets continues, as does international expansion. In 2023, Tradeweb moved into the Australian market with the acquisition of Yieldbroker. Looking at 2024, Tradeweb is adding more trading tools, pushing further into emerging markets where electronification is in its very early stages and looking to make further share gains in credit.

Overall, we've stepped up the level of collaboration between Tradeweb and the rest of LSEG, building better products for our customers. The FTSE Russell partnership and the integration with FXall are great examples of this, but there is much more to go for.



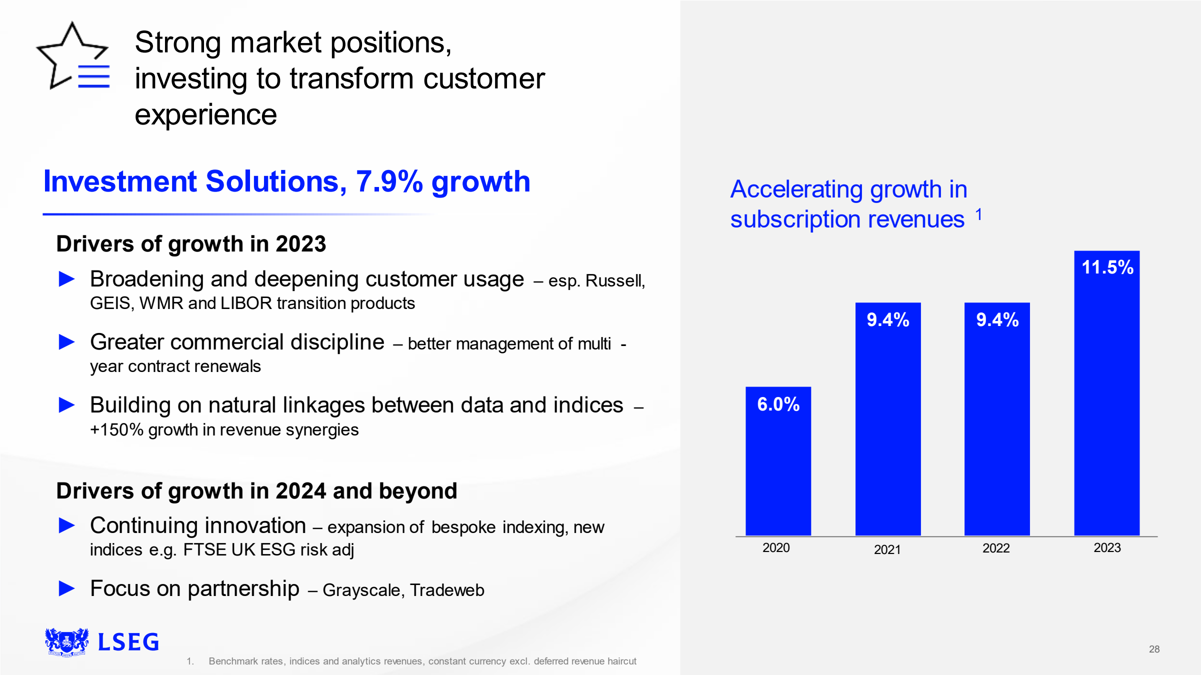
David Schwimmer: Turning to our businesses where we are driving improvement through investment.

Trading & Banking has probably been the area with the most upside surprise for our investors. After years of revenue declines, it's fair to say that expectations of a turnaround were low, but we have now delivered eight straight quarters of organic growth.

What's changed? Put simply, Workspace is a great product, and we are continuing to improve it week in and week out. In 2023 alone, we made nearly 400 updates. We integrated some of the TORA functionality, and we launched the AI-driven advanced dealing for FX.

Customers with multiple desktop services are spending 59% of their time on Workspace compared to 43% for Eikon, and that is showing up in improved retention and better pricing. We also continue to make inroads in volumes and competitor displacements. UniCredit is a great example of this. They were lining up to cancel, but they saw how good and cost-effective the new product was. And we are confident that this progress can continue. As you know, we plan to have nearly all of Eikon customers migrated to Workspace by the end of this year before sunsetting Eikon in 2025.

And the first applications from the Microsoft partnership will be in customers' hands in the first half of this year, with Meeting Prep and Open Directory pilots scheduled for the next month or two.



David Schwimmer: Now we have also seen improving performance in our FTSE Russell index business, which forms the bulk of Investment Solutions.

We are selling more to our existing customers, and we have also generated significant Refinitiv revenue synergies as we link index sales to underlying data subscriptions much more effectively. Together, these measures have led to an acceleration in subscription revenue in 2023, as you can see on the right.

Looking to 2024 and beyond, we see further growth from better commercialization of our existing products and improve distribution, both through partnerships and technology.

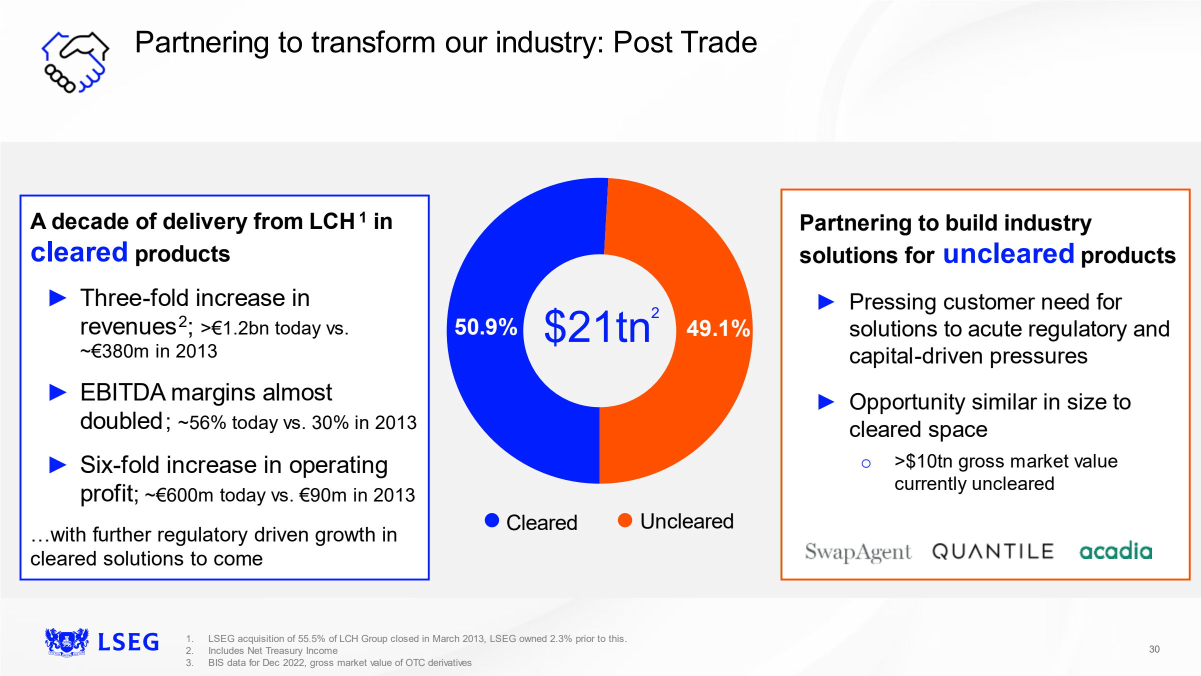
On top of that, we'll improve functionality as we complete our index refactoring program, accelerating time to market and giving our customers better tools and functionality.

David Schwimmer: Now moving on to our truly transformational opportunities, where we are making a step change to our addressable markets through deep partnership with the industry.

For Post Trade, it's worth reflecting on 2023 before we go on to the new opportunities in 2024 and beyond. The division achieved total income growth of over 17% and 12% on an organic basis. Not bad for a supposedly mature business. That extends a double-digit compound growth record over five years.

In addition to market volatility, the drivers were continued expansion with our first two Singaporean members onboarded, product innovation and a strong demonstration of our partnership credentials. We helped our customers migrate 600,000 contracts worth $45 trillion from LIBOR to SOFR in the first half of the year.

Looking ahead, we will continue to innovate in our core clearing business, with a move into clearing of derivatives on digital assets, CDS in the U.S. market and the development of our FX Forwards service. But the big opportunity is in Post Trade Solutions



David Schwimmer: We thought it would be useful on this slide just to frame the opportunity in the simplest way possible.

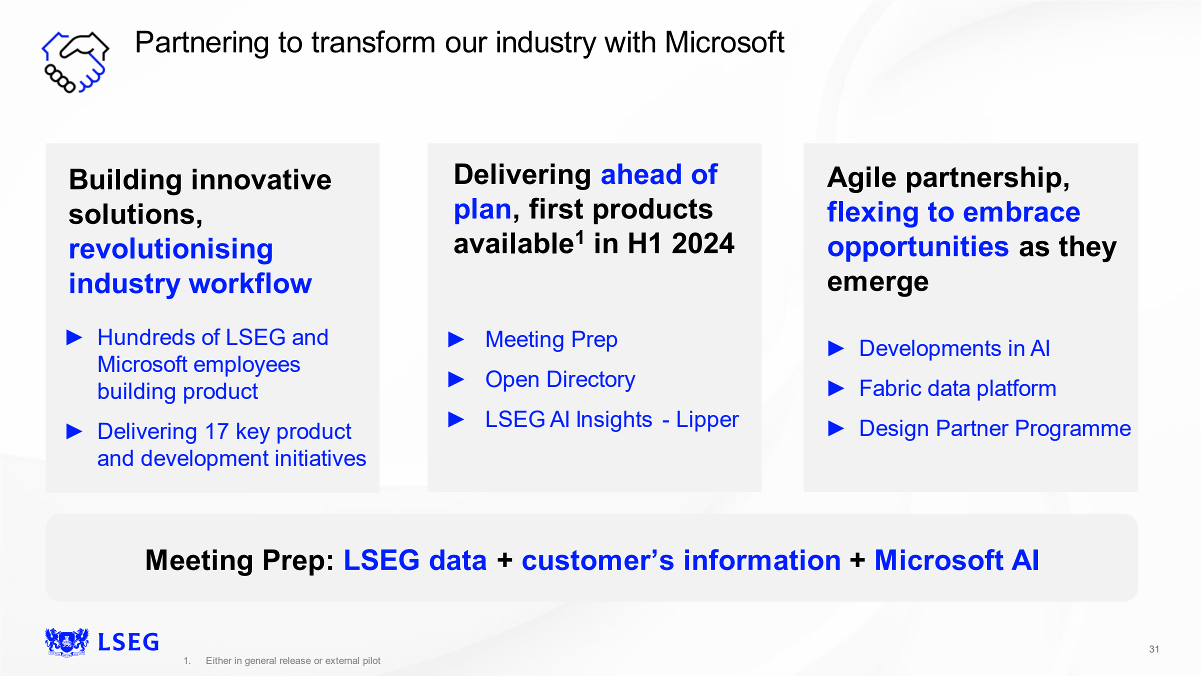
Over the last ten years, LCH has achieved extraordinary growth, tripling revenues and increasing profit 6x. It now generates well over GBP 1 billion in revenue and is still growing. Almost all of its income is generated from clearing, but this is only half of the OTC Derivatives market, as you can see from the pie chart.

At the end of 2022, the total value of OTC Derivatives contracts outstanding was $21 trillion. Obviously, the amount traded during a year is many multiples of that. Almost all of that cleared business is in swaps, where, as you know, we are the market leader.

Two important changes are taking place in the industry. First, regulations such as SA-CCR, are making it much more expensive from a capital perspective for banks to enter into bilateral trades. We think this will see more and more business migrate to clearing over time, as liquidity improves and the relative cost comes down. Note that FX, the second biggest OTC market, is still over 90% uncleared.

Second, the industry is crying out for common standards in the uncleared space. Participants want a consistent framework for contracting, documentation, valuation and dispute resolution, and they want us to provide that. We are combining our existing SwapAgent business with Quantile, which offers trade compression and optimisation across multiple counterparties and with Acadia, which provides risk management, margining and collateral services for uncleared markets.

Together, these businesses offer a full suite of services to manage risk and capital efficiency across the whole OTC market, i.e., cleared and uncleared. So we are effectively doubling our market opportunity.

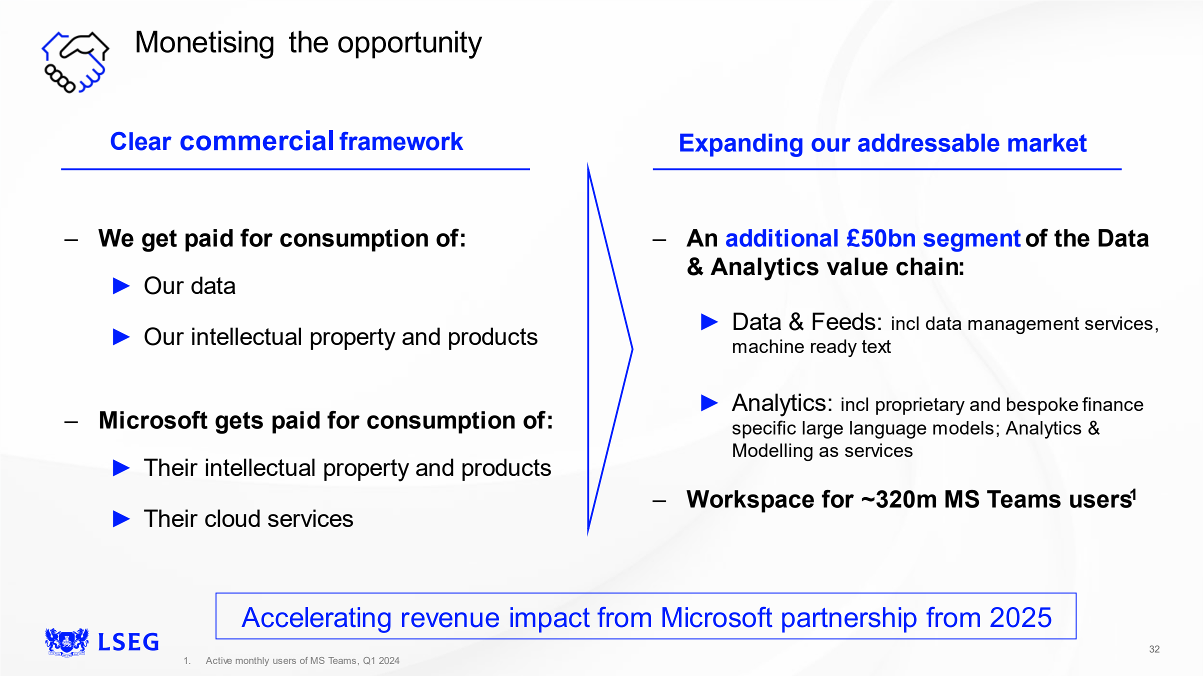


David Schwimmer: And finally, a brief update on our Microsoft partnership. We covered this in some detail at the CMD, but progress continues to be encouraging, and we are very close to having product in the hands of our customers a few months ahead of our original plan.

Now I know you have found the demo videos that we have shared in the past very helpful in visualising the types of service we will be providing. So here is another one. This is actually a recording of a live demo done by Nej D'Jelal, our Head of Workspace to our Board. And it shows the integration of Workspace with Meeting Prep and the broader Teams suite and just how flexible and embedded it is. So please play the video.

[Meeting Prep demo plays]

David Schwimmer: So pretty powerful in terms of that embedded nature. And one point to note that the video doesn't emphasize Meeting Prep uses Microsoft's AI to combine our data with the customers' own data in their e-mail, other files or CRM system to write those briefing materials. We are rolling out pilots of these 2 customers over the course of the next month or two.



David Schwimmer: As we've said before, the first meaningful revenues from the partnership will begin to flow in 2025. We have gotten some questions as to how we will commercialise these products. We will get paid for usage of our data and Workspace licenses. Microsoft revenue will come from cloud consumption and their licenses. Of course, the precise commercial model will vary from product to product and will also depend on the distribution mechanism, whether that's through our sales organization or Microsoft's enterprise relationships.

But the bigger point is clear. We are developing products will -- which will significantly enhance insight and efficiency for financial markets participants, and the value proposition will be compelling. And as we highlighted at the CMD, we see at least two significant new opportunities opening up for us: first, an adjacent TAM of around GBP 50 billion in Data Management Services; and second, penetrating the 300 million-plus Teams user base with our data.

David Schwimmer: So to sum up, in 2023, we drove growth in all of our divisions, with acceleration through each quarter.

We made significant strategic progress through the Refinitiv integration benefits, the deeper collaboration across the group, the investments in our platforms and our partnership with Microsoft.

We have an exciting set of plans to accelerate growth and are confident of executing on them. And we will continue to allocate capital actively for growth and shareholder returns.

Now, we're very happy to take your questions, which Peregrine will moderate. And I already see hands popping up.

Q&A

Peregrine Riviere: Thank you, David. Morning, everyone. So we'll take the questions in the room first, and then we'll go to the conference line. So Tom, I saw you first.

Tom Mills *(Jefferies)*: Thanks very much. It's Tom Mills from Jefferies. So I saw the FCA's Wholesale Data Market Study, final report also came out this morning. I guess, nobody has really had that much time to look through it in much detail. But I mean, certainly, the headlines look fairly neutral from a sort of outcomes perspective. I just wondered if you had any other takes beyond that.

And then I also wanted to pick up on the demo that you just showed there. Is it right to think that people would -- or users would need to sort of pay the additional Copilot subscription with Microsoft in order to get the benefits that you show there? And I guess, some of the early feedback on Copilot had been that people found it interesting, but perhaps didn't meet the $30 a month price tag that it sort of currently applies. Do you think that the sort of additional capabilities within Workspace will significantly add to what it has to offer? Thank you.

David Schwimmer: So I'll take your second question first. Short answer is, I think, yes. I think this is a very clear use case that is going to add significant efficiency to users. I think we all know how much time is spent in terms of preparing for meetings, and the notion that you can have a pretty effective briefing memo prepared in about 15 seconds is going to be pretty compelling. So I think that it will prove to be an attractive element, both from a Microsoft perspective, but also in terms of users of our data.

Just a point to mention on that. If you are not a user of Refinitiv data and you have access to the Microsoft product and you are using Meeting Prep, you will be given access to basically a teaser element of our data and then a link to accessing more of our data via subscription. So we see that as a very interesting opening to a larger set of Microsoft customers.

On your first question really around the FCA, I took a quick look at it this morning. For those of you who haven't seen it, it indicates there will be no -- I think the phrase they used was no significant intervention in the markets, but that they will continue to focus on fair and -- fair, reasonable and transparent distribution of data.

That's exactly how we approach data. We are both a provider of and a consumer of data. So we look at it from both sides and try to take that fair and reasonable and transparent approach at all times. So again, early days, just came out this morning, but it looks to be not a material event from our perspective and one where we will continue to work with the FCA.

Tom Mills *(Jefferies)*: Can I just check on the first point you made? Is it the case that people would need to take the Copilot subscription to benefit from what we saw in the demo there?

David Schwimmer: At this point, yes. But I can't speak for Microsoft in terms of whether they may modify that over time.

Tom Mills *(Jefferies)*: Okay. Thank you.

Peregrine Riviere: Enrico?

Enrico Bolzoni *(JPMorgan)*: Thank you. It's Enrico Bolzoni, JPMorgan. A couple of questions from me. So one, again, related to the demo you showed us. I would like to understand, from your point of view, where is the biggest opportunity in terms of winning market share? And I'm referring to the different divisions within banks, for example.

So you have markets historically that have been adopter of Bloomberg. My understanding is it’s very difficult to displace those. This product seems to be more targeted to investment banking, possibly or other -- I guess, other division within banks. Can you just give us some color whether you think you can generally take market share with the partnership, at least in the early phases?

My second question relates to the synergies. I mean, clearly, you are ahead of your original schedule. You gave us an indication of the -- where the run rates were towards the end of the year. What should we expect for 2024? So where -- related to that, were this run rate achieved towards the very end of the year? So should we expect already from first, second quarter a meaningful benefit from a cost and revenue standpoint?

And then finally, among the things you mentioned, you have this e-commerce opportunity to service smaller clients. And I was thinking whether it relates also to clients that might be served better with the cloud -- adoption of the cloud technology. So can you just remind us what is the addressable market there? What is the opportunity for revenue?

David Schwimmer: Sure. Maybe I'll take your first and third, and if you want to touch on the synergies. So in terms of where we look to be taking market share within different segments in Capital Markets, we're not limiting it and we're not targeting it at any one area.

You may see in our different demos a use case that may be more relevant for investment banking or for trading or for wealth or for data management. But we think this is going to be a kind of step-change product that is going to be significantly better in terms of the user experience, in terms of the flexibility, in terms of the availability of data, analytics, workflow.

And so I think that the market opportunities apply across banking, wealth, trading, corporates, and we have seen that kind of interest. As you know, we have the Design Partner Programme where we are working with a number of our biggest customers, and we're not working with any one division of those big institutions. These are both buy side and sell side. We are working with them across their different segments.

On e-commerce, the real opportunity here is to have our sales force work much, much more effectively and efficiently. So if we have tens of thousands of customers, in the past, we used to deal with all of them in basically the same way, i.e., human intervention, so we could have a human dealing with a very large international bank that we might have hundreds of millions of dollars or pounds of business with, and we could also have a human dealing with a small hedge fund that might need a little bit of data and workflow from us.

What we are doing is creating the e-commerce capability. So for the long tail of customers that might want a single data set from us, they can access that themselves electronically and do that quickly, efficiently, no human intervention, more efficient for them, more efficient for us. That allows our sales force to focus the human interaction on those who either need more individual help or on the bigger customers, which have more complex needs and requirements.

So in terms of the e-commerce platform, we have rolled out a beta version at the end of last year on Workspace for Wealth. And then this year, we have World-Check becoming available on the platform, and then we'll be making more and more product available on it over the course of this year and into next year.

Over to you on the synergies question.

Anna Manz: Synergies, yes. So just to recap a little bit. So starting with revenue synergies, we've said that we exited the year at GBP 158 million run rate synergies. And you've seen that grow fairly consistently, and it will continue to grow consistently. So I wouldn't look at any specific phasing around that, but really good momentum there.

And in terms of cost synergies, we exited the year at GBP 442 million run rate synergies at the end of the year. And we said there's a little bit more to come. So GBP 442 million won't be the final number. It will be a little bit higher. And we'll see the benefits of the annualization of the 400 -- the incremental piece that we've delivered this year, which has been relatively evenly spread, plus the benefits that we'll see from those further synergies flowing through to 2024.

Peregrine Riviere: Let's come over to this side. Andy?

Andrew Coombs *(Citi)*: Thank you. Good morning. It's Andrew Coombs from Citi. Firstly, just wish Anna all the best in her new endeavors. And let's take advantage of that and ask a few number of questions beforehand.

Anna Manz: I knew that this coming.

Andrew Coombs *(Citi)*: The first thing is just on the ASV metric. You do reference there is some Credit Suisse impact in there. You said that Credit Suisse is well captured for the full year consensus figure. But can you give us an idea of how much you've already recognised in the ASV figure versus how much is still to come?

Second question would just be coming back to the OpEx. You made this point that the second half organic growth run rate was notably below the first half in 2023 because of the timing of investments. So when we're thinking ahead to 2024, should we be thinking about the full year run rate as the base or the second half run rate as the base? Intrigued on your thoughts there.

And final question on buybacks, just given the reference to the AGM authorisations. Can you just provide us an idea of how many authorisations do you have outstanding still from last year versus the timing of the buyback and, hence, your comment about potentially rolling those at the end of April with the new AGM?

David Schwimmer: You do the first. I'll do the third.

Anna Manz: Yes. Sure. So with respect to Credit Suisse, just to kind of recap the things that we've said so far, so firstly, we've said it's less than a point of D&A revenue growth in total. And we have said that the effect is fully reflected in 2024 consensus.

In terms of ASV, there was a smaller impact in Q4, and there will be a larger impact as we look ahead to first half 2024.

In terms of OpEx, I'm afraid I'm not going to give you the detail of the phasing, in part because we work our way through making investments in a thoughtful way, and we don't sort of manage to an overarching number. We manage investing when we've got the teams ready and capable to deliver.

Now in terms of phasing, well, firstly, we've given you guidance on margin. It will improve as we look forward to 2024. And in terms of phasing, it would be right to think that the second half growth rate as we exit the year gives you a sense of where we entered the year, and then we'll continue to drive efficiencies and investments as we manage our way through.

David Schwimmer: And on your buyback question, the authorisation that we guide at last year's AGM goes through the year until this year's AGM. And so we then, to do anything after this year's AGM, need the shareholder vote at this year's AGM.

Andrew Coombs *(Citi)*: So in terms of launching that directed buyback, there's no constraint when you're doing it before the AGM potentially. It's just you're saying that should you choose to do it after the AGM, you would.

David Schwimmer: So the authorisation we got at last year's AGM, I believe, was a percentage amount, up to just under 5%. And so then we need to get the new authorisation going forward after this year's AGM -- at this year's AGM.

Peregrine Riviere: Russell, just behind you, Andrew.

Russell Quelch *(Redburn)*: Hi. Russell Quelch from Redburn Atlantic. I've got a few questions on the go-to-market strategy. And I'm just going to give you these in the order I wrote them down, but you can answer them in any order.

When you roll out product, particularly around when you start adding predictive analytics, generative AI into the product suite, and you're moving more, as you mentioned, David, towards the sort of consumption or usage based model, someone called that like a token based pricing model, I wondered how that affect ASV growth given you'll have less visibility at the upfront when you've actually made the -- when you put the contracts on the total size of the contract. That's my number one.

In terms of these clients where you've done -- or you're targeting through your 250 clients implementing this new structured enterprise sales approach, can you give us some details on where you're at in that sort of 250, how far you are through?

In terms of your investments in the sales team to deliver that, can you give us some idea as to where you are in your spending on your sales team? Is there an incremental expense we should expect in 2024 in the sales teams?

And then just any flavor you can give us. I assume you've done some trials with your customers around the new products. So just any flavor you can give us around sort of feedback insights, any statistics you can share from some of those trials. Thanks.

David Schwimmer: Okay. Let me see how much of that we can tackle. So your first question around moving to a consumption-based model, so we will not be shifting to a fully consumption-based model. It will basically be -- and this is all -- please take -- this is all still work in process here. But it is likely that we would be shifting to a model where we're maintaining the subscription relationship and sort of a base level of subscription with consumption-based pricing -- consumption-based charging on top of that.

And so you're right that in the ASV construct, there will not be an ability to predict the exact levels of the incremental consumption on top of the base level subscription. And that's something that, as we move into that space, we'll all get comfortable with that together.

On the 250 clients, so we have gone through -- as I mentioned in my remarks, we've gone through a process of training our full sales force, and this is not a light endeavor in terms of our overall sales and account management team. That's about 2,700 people, so a very substantial part of the organisation, in terms of thinking in this way, in terms of focusing on our customers in this way and in terms of allocating the resources appropriately.

And this includes the focus on the 250 accounts, but also, as I mentioned, the focus on the shift of the 10,000 smaller tail accounts to basically call center hubs, and we're still in that process. So we're not completely done on either part of that.

In terms of the spending, I don't know if there's nothing specific I would add on, but if Anna wants to touch on...

Anna Manz: A couple of thoughts. If you think about it, historically, we've been serving 40,000 customers with humans, which has to be a deeply inefficient way of doing it. And so what you're seeing us do here is really make sure that we're targeting our resource, those really biggest customers that can drive the incremental value and removing the sales force focus from those ones that can and would actually prefer to engage with us electronically.

So this is not about incremental spend in sales. It's actually about efficiency, but it's about efficiency, greater returns focus and, frankly, a better experience for our customer.

David Schwimmer: Then on your last question with respect to trials with new customers, so we have had our design partners actively engaged in the product build process and the development. And then in terms of, to use your word, trials, we will have pilot versions of these products with a subset of members of the design partnership around kind of end of March, April time frame. That applies to Meeting Prep.

We are also going to be piloting Open Directory with probably one close partner on the same time frame, and then we'll be rolling that out further over the course of the year.

Peregrine Riviere: Arnaud?

Arnaud Giblat *(BNP Paribas Exane)*: Good morning. It's Arnaud Giblat from BNP Paribas Exane. Three questions, please.

Firstly, could we come back on the adoption of Workspace? I think from the stats you gave on the time your clients have taken on Workspace, it sounded like usage have increased by about 20%, 25%. Could you confirm that or give a more -- the accurate number?

My second question is, you talked about sunsetting Eikon in 2025. I mean, given that Eikon is run on-premise and Workspace on the cloud, I'm just wondering if there are any significant cost synergies to extract from that event.

And thirdly, really interesting, the Meeting Prep demo you showed us. I think one of the big advantages is the AI being able to access the client's data. I'm just wondering if -- particularly knowing how banks work, if you're finding any pushback in terms of giving access -- giving AI access to clients' data, how difficult is it to convince -- what sort of safeguards need to be put in place, so that the clients adopt it?

David Schwimmer: I'll take the first and third, if you want to touch on the cost question. So maybe a little bit of a correction or adjustment in terms of your first question around usage. So we have a customer experience monitor, which is an ongoing process in terms of tracking our customers and their customer satisfaction scores, their usage.

What we have found is that usage when you are a Workspace user, that your Workspace is your -- is the desktop that you use 59% of the time. This is for multiple desktop users, so if a customer has other services. That compares to, if you were an Eikon user before Workspace, if I have the percentage, was 43%, yes, you used Eikon 43% of the time.

So that's a significant uptick in terms of where our customers who have access to multiple desktops and have a choice where they are spending their time. That's probably not -- what that does imply is greater usage. But I just want to be careful, it's not exactly the same thing as what you said in terms of usage increasing by 25% or so. But that is a very clear and strong indicator, and we have other customer metrics that are comparable to that in terms of -- our customers like Workspace. It's a great product.

Just -- while I'm going here, I'll then turn it over to you. Pushback from customers on data, Microsoft is perceived to be a very good enterprise partner. And if you think about how embedded Microsoft already is in many of these institutions, we use them. I'm sure many of you use them.

It is a question, but it is a question that is addressed. And I'll say, I'm a pilot user of Copilot now. And so I am now using some of these tools that have access to all of my files. And I would say initially, it's -- you asked questions, like, who else has access to because I actually asked that question. And for the files that are just in my OneDrive, I'm the only person who has access to them. If you put them into SharePoint, anybody has access to them.

So it certainly raised the question in my mind. I'm sure it raises the question for our customers. But once you address those questions, the power of the product is impressive.

Just quickly to Anna on...

Anna Manz: Yes. So sunsetting Eikon and does it give us a big synergy benefit. So as I've said before, there's quite a big opportunity for us to continue to drive efficiency actually across our whole platform, as we continue to modernise our infrastructure and improve the quality of the applications across the top and move to the cloud.

And that's why there is a sustained cost opportunity to create cost efficiencies to allow further investment beyond the Refinitiv synergies, and sunsetting Eikon is part of that.

I wouldn't see it as a single big lump in and of itself. Actually, there's lots of small applications that sit around it, and we sunset them sort of one by one over time. So what you'll see is consistent cost efficiency as we've delivered through the synergies to date, but coming through other moves to make our platform more scalable, and it's part of that.

Peregrine Riviere: Hubert

Hubert Lam *(BofA)*: Thanks. It's Hubert Lam from Bank of America. I've got 3 questions. Firstly, on EBITDA margin. I know your target is to have that growing over time. But any guidance for this year and the moving parts, like how much more of a hit is EBITDA margin could be from the Microsoft investments and other moving parts? That's the first question.

Second question is on capital allocation. Just wondering what your thoughts are in terms of further possibility of M&A for this year. I know you've got your management time mainly around Microsoft. But just wondering what other opportunities potentially to see or maybe even another buyback by the year-end.

And lastly, on the -- another regulation question on EU derivatives. I'm just wondering what your thoughts are on that. It seems to not be that significant for you, but just wondering what your thoughts on it after the EU proposal. Thank you.

David Schwimmer: Thank you. Do you want to take the first question? I'll take the other 2.

Anna Manz: It's going to be a bit of a non-answer, I'm afraid.

EBITDA margin will improve in 2024 is what we've said. The moving parts to think about, you've got the annualisation of some of the Refinitiv synergies that we've seen. You've got some more to come through, and we will be making investment. You'll see the Microsoft investment ramp up a little bit. And there'll be some areas of investment. But overall, it will give us margin enhancement.

David Schwimmer: And on capital allocation, Anna had a slide on this in the presentation. You should expect to see us continue to manage our capital in a very similar way. So this is a business that generates a lot of cash flow, and we are continuing to invest in the business.

You shouldn't be surprised to see us do the more modest sized kind of bolt-on M&A going forward. We've done a number of those over the past couple of years, and they've all been very additive to us strategically and financially.

I think we've talked about the buyback we announced today. I think that is probably a good place to start for this year. But that gives you a sense. We will continue to actively manage our capital going forward.

And then on EU clearing, this has been a topic that we've talked about a lot over the last 6, 7 years. And I think you're absolutely right. So it looks as if the EU regulators have come out with a proposal and a new regime that I think is being described as pragmatic from a risk management perspective, this notion of having active accounts for various market participants.

But in terms of impact on our business, I'll say, de minimis kind of impact, and you've seen our business continuing to grow very attractively. And I think it ends up being a healthy outcome for the markets, including our members who are based in the EU, who want to have access to our liquidity in LCH.

Peregrine Riviere: Ian?

Ian White *(Autonomous)*: Thanks. This is Ian White from Autonomous Research. A couple of follow-ups from my side, please. Just -- first of all, is there any particular reason you might offer as to why maybe you haven't been seeing the sales cycle pressures that some of your North American peers have called out over the last few months? That's question one.

And just on question 2, I'm keen to understand a bit more or a slightly bit more detail about the progress on the Workspace migration following on from the numbers you put up on Slide 27. I guess, where is Eikon continuing to provide mission-critical functionality for clients? And what operationally kind of still needs to happen from your side in order for that functionality to transfer to Workspace and those users to transfer to? Thank you.

David Schwimmer: Sure. So on your first question, I can't comment on the North American peers and the challenges that they might be facing. But what I can say very clearly is our business is significantly more diversified than those you are talking about.

And we serve our customers in a much broader way than most of our peers. We don't have a particular focus or particular exposure, for example, to buy side or a particular exposure to a segment, like wealth. A relatively small percentage of our business is charged on a per user or per desktop basis.

So you put all of those things together and the diversity of our business, we -- as I said, we're not seeing those kinds of dynamics that some of our U.S. competitors or peers have spoken about.

In terms of the migration of Workspace, so there are a couple of things here. Overall, I would say the big picture answer is that this is just about working with our customers. And we need to work with them on their time frames to make sure that these migrations go smoothly.

There are a couple aspects of if a customer has been using Eikon for many, many years. They may have certain tailored or bespoke aspects associated with it. And so in certain cases like that, we may be working to make sure that when the migration happens, it's relatively seamless, so that they can access some of the same bespoke functionality on Workspace.

So in certain cases, that is an element of what we are working through. But broadly speaking, it's about working on customer timelines and on their time frame

Ian White *(Autonomous)*: Got it. Thanks.

Peregrine Riviere: Ben?

Ben Bathurst *(RBC)*: Hi. It's Ben Bathurst from RBC. I've got a question on Microsoft. At the CMD, I think it was apparent that there could be opportunities to expand the existing partnership. I just wondered, firstly, if you'd agree with that. And then secondly, over what sort of time horizon do you think those conversations might be starting to happen?

David Schwimmer: I guess, the way I would answer that, I'm not sure I would describe it as anything unusual in terms of expanding the partnership. I would just say the partnership is evolving, and a lot has changed over the last year plus. And we and Microsoft are working very well together.

When we announced the partnership, generative AI was -- had just been announced. ChatGPT had just been launched 2 weeks before we announced the partnership. Microsoft Fabric had not been announced yet. That's a platform that we're working very actively with.

And so some of the products that we're talking about now in terms of Meeting Prep, those were not fully formed 1.5 years ago. So I think the point that you probably heard some of this from Satvinder at the Capital Markets Day, there's a lot that we are doing together.

And as we -- as the market is evolving, as the technology is evolving, as we're learning more and more about each other, we are seeing how we can do more and more together. It's proving to be, I would say, a very healthy successful partnership, and we look forward to continuing to build on it as we go forward.

Peregrine Riviere: Mike Werner

Mike Werner (UBS)**:** Thank you. Mike Werner from UBS. Two questions, please. In terms of the rollout of the Microsoft enhancements, it's taken some time to fully roll out Workspace. As you say, it's going to be done by the end of this year. How long will that roll out and some of these new products take? Is this something that takes us into the middle of 2025? I'm just trying to get an idea there.

And then second, I think in the past, you've noted how there's a -- quite a big disparity between your desktop product, the Workspace product, and some competitors. As these new functionalities and capabilities and the strength of this product becomes evident to the market, when you think about pricing in terms of narrowing that gap, is that something you expect to do incrementally over time? Or do you expect over a year or 2 where you kind of narrow that gap a little bit more quickly? Thank you.

David Schwimmer: Actually, I think your 2 questions are pretty closely related. And what I mean by that is the fact that we will be rolling out new capabilities and new products and new functions kind of incrementally.

So if you go back to probably the product launch of Eikon, I don't know, 15, 20 years ago, there was a big launch. We don't expect to have a big launch of a completely new system or a completely new platform. You're going to start to see really high-quality products rolling out incrementally, and Meeting Prep is a great example of this. It's coming in, in a few months, and that will have a big impact on our customers.

But it's not going to be a massive launch. It's going to be a new button on the screen. I think you'll see more of that. Open Directory, similarly, this will enable Teams users to communicate across different companies. Today, Teams is only an intracompany platform. And I think we can all see how powerful it would be to have that kind of communication flexibility across the industry.

But again, there will be a launch of that functionality, but it will not be a massive new launch of Workspace. So you'll see more and more of that.

And then if you go to your second question in terms of what does the pricing look like, I think that as we add more value and as we make this platform more and more powerful and better and better for our customers, you'll see the pricing adjust appropriately.

Peregrine Riviere: Oliver?

Oliver Carruthers *(Goldman Sachs)*: Hi, there. Oliver Carruthers from Goldman Sachs. Maybe just one final one for me. Assuming this Design Partner Programme with Microsoft and your strategic customers feels like an environment that you can drive innovation in a fairly derisked way because you're figuring out what your customers want and you're piloting it with them as you go.

When you have these top-to-top dialogues, what is your sense of what your competitors are doing or potentially will do in terms of building out these new solutions like this Meeting Prep product for your customers?

David Schwimmer: Hard for us to speculate on that. I think we can only assume that our customers -- that our competitors will try to respond. And of course, everyone across the industry is putting out announcements about how much they're doing with AI. And you all can evaluate those as they come.

But I think we feel very good about our positioning. We are viewed culturally, and if I can use that word, as a partner to the industry. The partnership with Microsoft is working very well. Microsoft is viewed as a good enterprise partner for the industry.

So that is a very strong triangle, if I can put it that way, in terms of our sense -- as our position as a very strong partner systemic to the industry, Microsoft's position as a very strong partner. And we can't control what our competition is going to do, but we like our position, like our chances. And the receptivity from the customer base is, I'll say, very encouraging.

Oliver Carruthers *(Goldman Sachs)*: Thanks

Peregrine Riviere: Great. I think that's it in the room. So operator, could you open the lines for Q&A from the conference call, please?

Operator: *(Operator Instructions)* And your first question comes from the line of Kyle Voigt from KBW. Your line is open.

Kyle Voigt *(KBW)*: Hi. Good morning. Maybe just a few follow-ups for Anna on expenses.

First, on Slide 14, you showed the walk and impact to your EBITDA margins with margins, excluding the impact of FX, coming in at 47.7%, which is very slightly below the 48% guide. But that is despite over delivering your cost synergy target in the year and with organic revenue growth coming in stronger than you initially guided to.

So I'm just wondering on a core basis, where did the incremental expense growth come from in 2023 versus your initial expectations? Was there simply a higher level of investments paid for growth during the year? Or was the core operating expense inflation a bit higher than expected?

And then my second question, on Slide 13, expense growth walk, you show 4.6% growth in core and 4% growth for investments in 2023. It sounds like there will still be some increase related to Microsoft spend in 2024. But is it fair to think that investments for growth bucket will significantly decelerate in 2024 given that we've already had the big step-up in 2023 related to Microsoft?

And can you remind us where you stand today on the GBP 250 million to GBP 300 million of incremental cash costs you expected when you laid out that Microsoft deal? Thank you.

Anna Manz: So if I start with your first question, which I think if I boil it right down, it's really what has changed during the year, have you seen incremental inflation or is it phasing. And I would say the thing that has changed during the year is really the phasing of efficiencies and investments. And we don't go into the year with that completely fixed because we invest when we're ready to invest well and deliver well, deliver those returns.

And we ramp up at the speed we're confident that the teams are ready and delivering. And the same with efficiencies, we work our way through it, so that the change that we're implementing doesn't impact the business as a whole. So you do see phasing move around a little bit in the year.

With respect to your question around Microsoft costs year-on-year and also what that means for the level of investment in 2024, I'm not going to answer it directly, but I can give you a bit of a sense. So the step-up in 2023, some of that was Microsoft, but actually not a huge piece of it was in that we were ramping up our Microsoft investment back to that. We do it thoughtfully.

Some of it was in other areas because, as you can see, we're investing to transform our sales force, for example. So I wouldn't sort of read that straight as a Microsoft thing. Year-on-year, we'll spend a little bit more on Microsoft.

In terms of investments and efficiencies, we will be making some more investments to drive growth. You see the benefit that's having on the top line, but you also see the work that we're doing on efficiencies. So across the two, you can be comfortable that we'll see margin enhancement year-on-year.

Peregrine Riviere: Thanks, Kyle. Next question

Operator: Your next question comes from the line of Johannes Thormann from HSBC. Your line is open.

Johannes Thormann (HSBC): Hello, everybody. Johannes Thormann. Two follow-up questions, please. First of all, on your pricing policy regarding the mix of consumption and subscription-based models, will the clients have a choice in choosing how much subscription and how much consumption they want? Or will you put in pillars where everybody has to take a certain level of subscription and a certain level of consumption-based pricing?

And secondly, looking at your strong rise in OTC revenues, if we look at previous years, has there been any incremental shift like in the mix from SwapClear and other clearing products? Or have both buckets, I may say so, SwapClear and the other clearing products like CSP, and so increased similarly in the last year? Thank you.

David Schwimmer: Thanks, Johannes. So on the pricing question, probably the best way to answer that is to say early days. I think we have a good track record over many years of partnering with our customers in a way, demonstrating flexibility to our customers to make sure that what we're doing works from their perspective. So it's probably premature for me to give you a detailed framework of exactly what that's going to look like.

But I think the subscription revenue model will certainly continue, and this -- we will not be inventing this. There are plenty of other industries that have seen these kinds of models. So we'll keep you posted as this comes closer to delivery.

Do you want to touch on the breakdown in terms of the OTC revenues?

Anna Manz: Yes. So our cleared business is, of course, by far the majority of our OTC line, and that is what is driving the majority of that. But within that, you've also got some really good momentum in the pieces that we're building to create Post Trade Solutions.

And while it's off a smaller base and early stage, really good momentum and strong growth there, and that's building for the future. And of course, there's some acquisition benefit in the year as well.

Peregrine Riviere: Okay. Thanks, Johannes.

Operator: Your next question comes from the line of Benjamin Goy from Deutsche Bank. Your line is open.

Benjamin Goy *(Deutsche Bank)*: Yes. Hi. Good morning. Two questions, please. First, given we are now 2 months into the first quarter, maybe you can comment a bit on the ASV trends going into 2024, considering Q4 -- or Q1 was a strong year with the pricing. So what's the pricing impact we can expect this year and then Credit Suisse and other moving parts maybe?

And the second is now 3 years after the Refinitiv deal closed, are restructuring challenges, integration challenges falling going forward? And how do you think about moving to a reported -- reporting structure EBITDA, operating profit other than adjusting for purchase price amortization, which I think is fair? Thank you.

Anna Manz: So shall I take those?

So with respect to ASV, so we ended the year at 6.7%. We've said to you before that we expect to see the similarly higher level of pricing increase in 2024 that we saw in 2023, and that's really on the back of all of the improvements that we've made in our products and the improvement in customer satisfaction.

And we've said to you that there will be an impact in the first half of Credit Suisse that would be bigger than the impact that we've seen so far. I guess, stepping back from it, I would point you back to the strong sales metrics that we're seeing, I think, which gives me comfort going into the year. And the second question was, sorry?

David Schwimmer: Structuring integration, all that's mostly...

Anna Manz: Yes. Refinitiv synergies. So as we move to the end of our Refinitiv synergy costs -- our Refinitiv cost synergies, the cost associated with the delivery of those synergies will start to tail off. There is still more to do on the Refinitiv revenue synergies, and you will see that cost associated with delivering those revenue synergies continue as we move from the GBP 158 million run rate that we are at today to -- into the GBP 350 million to GBP 400 million zone. So a bit more to go, but, I mean, really more than broken the back of it, and the machine is working well.

Operator: And there are no final questions. I would like to hand the call back over to David Schwimmer, Chief Executive Officer.

David Schwimmer: Thank you. Before we wrap up, I would just like to recognise Anna's huge contribution to LSEG over the last 3 years. She has been a great partner to me, to the Executive Committee, to the Board. And she has combined a strong sense of strategic direction, high standards, rigorous attention to detail. We are sorry to see her go.

But if I could pick out two among the many areas of contribution just to highlight, Anna played a critical role in driving the Microsoft partnership over the line. And of course, she has played a critical role in driving a lot of the integration, financial and otherwise around Refinitiv.

She's had a great impact throughout the organisation culturally as a role model and great impact on her team. We all wish you the best. We will be watching your successes at Nestle.

Thank you, and congratulations.

Anna Manz: Thank you

David Schwimmer: I think we're all set.