



London Stock Exchange Group plc: Q1 2022 Trading Update

This release contains revenues, cost of sales and key performance indicators (KPIs) for the three months ended 31 March 2022 (Q1). All figures quoted in this release are on an underlying basis. Q1 2022 is compared against Q1 2021 on both a statutory and pro-forma basis. Pro-forma figures assume that the acquisition of Refinitiv took place on 1 January 2021. Revenues and cost of sales associated with the BETA+ divestment have been classed as discontinued and are excluded from all periods. Revenues and cost of sales associated with the Borsa Italiana Group divestment, which completed in H1 2021, are also excluded. Constant currency variance is calculated on the basis of consistent FX rates applied across the current and prior year period. For more information on accounting treatments and approach to FX please refer to the "Accounting and modelling notes" section below.

Q1 2022 highlights – continued strong financial and operational progress

Note: Unless otherwise stated, variances refer to growth rates on a constant currency basis, with the comparator, Q1 2021, on a pro-forma basis which also excludes the impact of a deferred revenue accounting adjustment¹.

- LSEG continues to make strong financial and operational progress
- Q1 total income (excluding recoveries) up 6.3% with good growth across all divisions; up 6.8% adjusting for the actions LSEG has taken in response to the Ukraine and Russia (U/R) conflict²
- Good Q1 performance driven by new business growth and high customer retention, building on the strong foundations in 2021
- Data & Analytics up 4.5% on an underlying basis; up 5.1% excluding U/R impacts, with Trading & Banking growing; Annual Subscription Value (ASV) growth of 4.9% adjusted for U/R, or 3.6% unadjusted
- Capital Markets up 11.9%, with good contributions across Fixed Income (Tradeweb), FX and Equities
- Post Trade up 6.6% with broad-based growth
- 73% of Group income (excluding recoveries) is highly recurring in nature; diversified across customer, activity, product and geography
- Continued achievement of cost and revenue synergies during the quarter; £25 million run-rate revenue synergies achieved by end of Q1
- On track to meet all financial targets
- Continued focus on portfolio enhancement: acquisitions of Quantile, TORA and GDC, which will enhance our offerings in Post Trade, Trading & Banking and Customer & Third-Party Risk respectively, are all on track for completion during 2022; divestment of BETA+, with a significant proportion of the net proceeds of the divestment to be returned to shareholders via a share buyback likely to commence in Q3 2022

¹ The deferred revenue impact is a one-time, non-cash, negative revenue impact resulting from the accounting treatment of deferred revenue within Refinitiv's accounts which have been re-evaluated upon acquisition by LSEG under purchase price accounting rules. This reduced Q1 2021 revenue by £22m, mainly in Data & Analytics with a smaller impact in the FX business within Capital Markets. There is no material impact in 2022. More details can be found in the "Accounting and modelling notes" section

² Growth rates excluding the Ukraine / Russia conflict impact have been calculated by excluding income in the region and from sanctioned customers and related business from both periods

David Schwimmer, CEO said:

"LSEG has delivered a good first quarter, with strong underlying performance across all divisions. During the quarter we announced two acquisitions to enhance our product offerings in Trading & Banking and Customer & Third-Party Risk. We also announced the divestment of BETA+, which will simplify and refocus our Wealth Solutions business.

“Our ability to invest for growth, make strategic acquisitions and return capital to shareholders demonstrates the strength of the Group and its high-quality recurring revenues. The Group is well positioned and we look forward to further progress during the rest of 2022.”

Q1 2022 Summary

Variances are provided on a pro-forma and constant currency basis. Unless stated otherwise, commentary is provided on the constant currency variance (excluding the deferred revenue adjustment) to provide insight into performance on a comparable basis. Revenues and cost of sales associated with the BETA+ divestment have been classed as discontinued and are excluded from all periods. Revenues and cost of sales associated with the Borsa Italiana Group divestment, which completed in H1 2021, are also excluded.

Continuing operations	Q1 2022 £m	Pro-forma Q1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %	Constant Currency Variance (excl. deferred revenue adjustment) ^{3,4} %
Trading & Banking Solutions	378	372	1.6%	1.0%	(0.9%)
Enterprise Data Solutions	304	279	9.0%	8.8%	6.5%
Investment Solutions	308	274	12.4%	10.8%	9.4%
Wealth Solutions	63	61	3.3%	2.2%	0.9%
Customer & Third-Party Risk Solutions	94	85	10.6%	9.9%	7.8%
Data & Analytics	1,147	1,071	7.1%	6.3%	4.5%
Equities	67	61	9.8%	10.0%	10.0%
FX	60	57	5.3%	2.7%	2.4%
Fixed Income, Derivatives & Other	232	200	16.0%	15.2%	15.2%
Capital Markets	359	318	12.9%	11.9%	11.9%
OTC Derivatives	93	87	6.9%	7.5%	7.5%
Securities & Reporting	64	63	1.6%	5.1%	5.1%
Non-Cash Collateral	24	22	9.1%	10.5%	10.5%
Net Treasury Income	57	55	3.6%	5.2%	5.2%
Post Trade	238	227	4.8%	6.6%	6.6%
Other	7	5	40.0%	44.1%	44.1%
Total income (excl. recoveries)	1,751	1,621	8.0%	7.6%	6.3%
Recoveries	80	88	(9.1%)	1.6%	(0.5%)
Total income (incl. recoveries)	1,831	1,709	7.1%	7.3%	6.0%
Cost of sales	(240)	(230)	4.3%	2.9%	2.9%
Gross profit	1,591	1,479	7.6%	8.0%	6.4%

¹ The Q1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021

² Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance

³ Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates

⁴ Excludes the deferred revenue adjustment further explained in the “Accounting and modelling notes” section

Q1 2022 Highlights

Group Income (excluding recoveries) grew 6.3% at constant currency and up 6.8% adjusting for the actions LSEG has taken in response to the Ukraine and Russia (U/R) conflict. The revenue impact of U/R is anticipated to be c.£60 million in 2022. Most of the impact reflects the suspension of Data & Analytics services to customers in Russia, with the largest impact in Trading & Banking.

- **Data & Analytics:** revenues up 4.5%; up 5.1% excluding U/R impacts
 - Trading & Banking Solutions down 0.9%; but grew 0.1% excluding U/R impacts – Driven by better understanding and servicing of customer needs, with growth in Banking products and an improved performance in Trading revenues. Acquisition of TORA, expected to complete in H2, will enhance customers' ability to trade multiple asset classes across global markets through our platform
 - Enterprise Data Solutions up 6.5% – Continued acceleration in revenue growth reflects our investment in broadening and deepening our data & analytics offering, and innovation in our delivery of this content. This has reinforced our #1 position in real-time data and continues to support market share gains in pricing and reference data
 - Investment Solutions up 9.4% – Good growth in FTSE Russell with subscription revenues up 10.3%. Asset-based revenues rose 17.0%, despite volatile market conditions over the quarter. Further revenue synergy realisation in the quarter from cross-selling of FTSE Russell and Refinitiv data products
 - Wealth Solutions up 0.9% – Steady growth in our subscription-based services providing data and analytics to Wealth advisory companies. Contribution from the transaction-orientated BETA+ business moved to discontinued operations ahead of expected divestment in H2 2022
 - Customer & Third-Party Risk Solutions up 7.8% – Double-digit organic growth maintained in Q1, reduced on a reported basis by disposal of ERMT business in November 2021. Strong growth in the core screening business, WorldCheck, reflecting market share gains and customer demand for comprehensive, reliable and timely sanctions and KYC data
- **Capital Markets:** revenues up 11.9%
 - Equities up 10.0% – Robust secondary market activity in Q1, reflecting the value customers place on the breadth and depth of LSEG's liquidity, especially during periods of heightened volatility. This more than offsets the impact of weaker primary market issuance and suspension of securities impacted by the U/R conflict
 - FX up 2.4% – Strong growth in our leading global dealer-to-client FX platform, FXall, reflects investment in customer service and platform functionality. Performance partially offset by weaker volumes on Matching platform, our dealer-to-dealer FX trading venue. We continue to make good progress towards transitioning Matching to our modern, proprietary trading architecture in 2023
 - Fixed Income, Derivatives & Other up 15.2% – Strong performance at Tradeweb¹ which saw \$1.17 trillion of total Average Daily Volume traded in the quarter, an increase of 11%. Growth was driven by continued market share gains and a more volatile macroeconomic backdrop
- **Post Trade:** total income up 6.6%
 - OTC Derivatives up 7.5% – Strong volumes seen across SwapClear, ForexClear, CDSClear and SwapAgent, as we support OTC market participants' need for robust risk management and capital optimisation
 - Securities & Reporting up 5.1% – Good volume growth at RepoClear and EquityClear as they continue to provide an essential service through volatile markets and the introduction of Central Securities Depository Regulation (CSDR)
 - Non-Cash Collateral up 10.5% – Mainly driven by an increase in average non-cash collateral balances
 - Net Treasury Income up 5.2% – Reflecting the benefit of larger cash collateral balances due to increased clearing activity in Q1

¹ Tradeweb Q1 2022 results will be released on 28 April 2022 and will provide more detailed commentary on performance

Statutory financials¹

Continuing operations	Q1 2022 £m	Q1 2021 £m
Trading & Banking Solutions	378	247
Enterprise Data Solutions	304	194
Investment Solutions	308	238
Wealth Solutions	63	40
Customer & Third-Party Risk Solutions	94	57
Data & Analytics	1,147	776
Equities	67	61
FX	60	39
Fixed Income, Derivatives & Other	232	141
Capital Markets	359	241
OTC Derivatives	93	87
Securities & Reporting	64	63
Non-Cash Collateral	24	22
Net Treasury Income	57	55
Post Trade	238	227
Other	7	4
Total income (excl. recoveries)	1,751	1,248
Recoveries	80	58
Total income (incl. recoveries)	1,831	1,306
Cost of sales	(240)	(171)
Gross profit	1,591	1,135

¹ The comparator Q1 2021 figures are statutory results, incorporating Refinitiv from acquisition at the end of January 2021. Revenues and cost of sales associated with the BETA+ divestment have been classed as discontinued and are excluded from all periods. Revenues and cost of sales associated with the Borsa Italiana Group divestment, which completed in H1 2021, are also excluded

Contacts: London Stock Exchange Group plc

Investors

Paul Froud / Chris Turner - Investor Relations

ir@lseg.com

Media

Lucie Holloway / Rhiannon Davies – Financial Communications

+44 (0) 20 7797 1222
newsroom@lseg.com

Additional information can be found at www.lseg.com

Q1 investor and analyst conference call:

The Group will host a conference call on its Q1 Trading Statement for analysts and institutional shareholders today at 08:30am (UK time). On the call will be David Schwimmer (Chief Executive Officer), Anna Manz (Chief Financial Officer) and Paul Froud (Group Head of Investor Relations).

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

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/7c30d30d-da35-461a-8d5e-4314cd811e0e>

- If you wish to participate in Q&A, questions can be submitted by clicking the 'Ask a question button' on the page or by emailing the LSEG Investor Relations team at ir@lseg.com. Questions can be submitted in advance and during the event itself
- If you wish to ask a question live, you will need to register for the telephone conference call here: <https://cossprereg.btc.com/prereg/key.process?key=PQ6N49EQ8>
- NOTE: Once you have registered for the conference call, you will be provided with the information you need to join the conference, including dial-in numbers and passcodes. Please save this information to your calendar or print this information

Presentation slides can be viewed at <https://www.lseg.com/investor-relations>

Accounting and modelling notes

Minor business revenue reclassification – As indicated at Preliminary results 2021

To better align with our operating model, some small revenue items have been reallocated between business lines from Q1 2022. All results in this release reflect this reclassification. At a divisional level, the impact on the 2021 results previously reported is:

- £7 million of revenue moves from Post Trade to Data & Analytics
- £6 million of revenue moves from Capital Markets to Data & Analytics

Deferred revenue accounting adjustment

This adjustment is as previously described in 2021. There is no material impact in 2022. An adjusted variance, excluding the deferred revenue adjustment, has been presented to show true underlying business growth on the prior year.

As a reminder, the adjustment results from the acquisition of Refinitiv and the associated purchase price accounting rules. Refinitiv's deferred revenue balances were subject to a one-time haircut at the time of acquisition. This was a non-cash adjustment. 2021 saw a negative revenue impact of £25 million, with £22 million in Q1; £1 million in Q2; £1 million in Q3; £1 million in Q4. The impact is mostly in the Group's Data & Analytics division, with a much smaller impact on the Group's FX venues business sitting within Capital Markets.

FX conversion

As a result of the acquisition of Refinitiv, the majority of LSEG revenues and expenses are in USD followed by GBP, EUR and other currencies. All guidance given by LSEG, including the longer-term targets associated with the acquisition of Refinitiv as well as specific guidance for the 2022 financial year, has been given on a constant currency basis.

The results for Q1 2022 have been translated into Sterling using the average exchange rates for the period. The rates for the largest two currency pairs are shown in the table below.

	Average rate 3 months ended 31-Mar-22	Closing rate at 31-Mar-22	Average rate 3 months ended 31-Mar-21	Closing rate at 31-Mar-21
GBP : USD	1.342	1.317	1.379	1.374
GBP : EUR	1.196	1.180	1.143	1.173

Divisional revenue, gross profit and non-financial KPIs

1. Data & Analytics

Results to gross profit ¹

Continuing operations	Q1 2022 £m	Pro-forma Q1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %	Constant Currency Variance (excl. deferred revenue adjustment) ^{3,4} %
Trading & Banking Solutions	378	372	1.6%	1.0%	(0.9%)
<i>Trading</i>	298	297	0.3%	-	(2.0%)
<i>Banking</i>	80	75	6.7%	5.2%	3.3%
Enterprise Data Solutions	304	279	9.0%	8.8%	6.5%
<i>Real Time Data</i>	195	178	9.6%	9.2%	6.6%
<i>PRS</i>	109	101	7.9%	8.2%	6.4%
Investment Solutions	308	274	12.4%	10.8%	9.4%
<i>Benchmark Rates, Indices & Analytics</i>	137	122	12.3%	10.6%	10.3%
<i>Index - Asset-Based</i>	70	58	20.7%	17.0%	17.0%
<i>Data & Workflow</i>	101	94	7.4%	7.0%	3.7%
Wealth Solutions	63	61	3.3%	2.2%	0.9%
Customer & Third-Party Risk Solutions	94	85	10.6%	9.9%	7.8%
Total revenue (excl. recoveries)	1,147	1,071	7.1%	6.3%	4.5%
Recoveries	80	88	(9.1%)	1.6%	(0.5%)
Total revenue (incl. recoveries)	1,227	1,159	5.9%	6.0%	4.1%
Cost of sales	(198)	(192)	3.1%	1.5%	1.5%
Gross profit	1,029	967	6.4%	6.9%	4.6%

Non-financial KPIs ¹

	Q1 2022	Q1 2021	Variance %
Annual Subscription Value growth (%) ⁵	3.6%	3.0%	
Annual Subscription Value growth excl. U/R impact (%) ^{5,6}	4.9%	3.0%	
Subscription revenue growth (%) ^{5,7}	3.7%		
Subscription revenue growth excl. U/R impact (%) ^{5,6,7}	3.9%		
Index - ETF AUM (\$bn)	1,100	956	15.1%
Index - ESG Passive AUM (\$bn) ⁸	167	63	165.1%

¹ The Q1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021. Revenues and cost of sales associated with the BETA+ divestment have been classed as discontinued and are excluded from all periods. Revenues and cost of sales associated with the Borsa Italiana Group divestment, which completed in H1 2021, are also excluded

² Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance

³ Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates

⁴ Excludes the deferred revenue adjustment further explained in the "Accounting and modelling notes" section

⁵ The variance is a constant currency variance adjusted for acquisitions and disposals

⁶ Growth rates excluding the Ukraine / Russia conflict impact have been calculated by excluding income in the region and from sanctioned customers and related business from both periods

⁷ The variance is a 12-month rolling constant currency variance excluding the impact of the deferred revenue accounting adjustment. The comparator is not available due to different methodologies applied to the data for the periods before the completion of the Refinitiv acquisition

⁸ ESG Passive AUM is at 30 June 2021 and prior period comparator is at 30 June 2020. The metric is updated bi-annually

2. Capital Markets

Results to gross profit ¹

Continuing operations	Q1 2022 £m	Pro-forma Q1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %	Constant Currency Variance (excl. deferred revenue adjustment) ^{3,4} %
Equities	67	61	9.8%	10.0%	10.0%
FX	60	57	5.3%	2.7%	2.4%
Fixed Income, Derivatives & Other	232	200	16.0%	15.2%	15.2%
Total revenue	359	318	12.9%	11.9%	11.9%
Cost of sales	(8)	(6)	33.3%	12.7%	12.7%
Gross profit	351	312	12.5%	11.9%	11.8%

Non-financial KPIs ¹

	Q1 2022	Q1 2021	Variance %
Equities			
<i>Primary Markets</i>			
New issues	27	35	(22.9%)
Total money raised (£bn)	2.6	6.9	(62.3%)
<i>Secondary Markets – Equities</i>			
UK Value Traded (£bn) – Average Daily Value	5.7	4.9	16.3%
SETS Yield (bps)	0.66	0.71	(7.0%)
FX			
Average daily total volume (\$bn)	484	471	2.8%
Fixed income, Derivatives and Other			
<i>Tradeweb Average Daily (\$m)</i>			
Rates – Cash	387,494	378,323	2.4%
Rates – Derivatives	361,041	287,477	25.6%
Credit – Cash	10,793	10,382	4.0%
Credit – Derivatives	22,420	16,690	34.3%

¹ The Q1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021. Revenues and cost of sales associated with the Borsa Italiana Group divestment, which completed in H1 2021, are excluded from all periods

² Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance

³ Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates

⁴ Excludes the deferred revenue adjustment further explained in the “Accounting and modelling notes” section

3. Post Trade

Results to gross profit ¹

Continuing operations	Q1 2022 £m	Pro-forma Q1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %
OTC Derivatives	93	87	6.9%	7.5%
Securities & Reporting	64	63	1.6%	5.1%
Non-Cash Collateral	24	22	9.1%	10.5%
Total revenue	181	172	5.2%	7.0%
Net Treasury Income	57	55	3.6%	5.2%
Total income	238	227	4.8%	6.6%
Cost of sales	(34)	(32)	6.3%	9.9%
Gross profit	204	195	4.6%	6.0%

Non-financial KPIs ¹

	Q1 2022	Q1 2021	Variance %
OTC			
<i>SwapClear</i>			
IRS notional cleared (\$trn)	324	271	19.6%
SwapClear members	123	121	1.7%
Client trades ('000)	658	574	14.6%
Client average 10-year notional equivalent (\$trn)	4.2	4.8	(12.5%)
<i>ForexClear</i>			
Notional cleared (\$bn)	6,512	5,474	19.0%
ForexClear members	36	35	2.9%
<i>CDSClear</i>			
Notional cleared (€bn)	927	627	47.8%
CDSClear members	25	26	(3.8%)
Securities & Reporting			
EquityClear trades (m)	647	506	27.9%
Listed derivatives contracts (m)	77.8	74.9	3.9%
RepoClear – nominal value (€trn)	67.5	55.6	21.4%
Non-Cash Collateral			
Average non-cash collateral (€bn)	172.0	160.6	7.1%
Net Treasury Income			
Average cash collateral (€bn)	121.5	106.4	14.2%

¹ The Q1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021

² Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance

³ Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates

Appendix – Total income by type ¹

Continuing operations	Q1 2022 £m	Pro-forma Q1 2021 ¹ £m	Variance ² %	Constant Currency Variance ³ %	Constant Currency Variance (excl. deferred revenue adjustment) ^{3,4} %
Recurring	1,273	1,189	7.1%	6.6%	4.9%
Transactional	414	372	11.3%	10.7%	10.7%
Net Treasury Income	57	55	3.6%	5.2%	5.2%
Other income	7	5	40.0%	44.1%	44.1%
Total income (excl. recoveries)	1,751	1,621	8.0%	7.6%	6.3%
Recoveries	80	88	(9.1%)	1.6%	(0.5%)
Total income (incl. recoveries)	1,831	1,709	7.1%	7.3%	6.0%

¹ The Q1 2021 comparator is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021

² Variance is the difference between current and prior year periods using FX rates prevalent at each time, therefore any changes in the FX rates are reflected in the variance percentage alongside business performance

³ Constant currency variance shows underlying financial performance, excluding currency impacts, by comparing the current and prior period at consistent exchange rates

⁴ Excludes the deferred revenue adjustment further explained in the "Accounting and modelling notes" section

Appendix – Total income and gross profit by quarter ¹

The table below has used FX rates on a YTD average basis which is the basis upon which the Group presents its financials. The 2021 results have been rebased to reflect the minor revenue reclassifications described in the “Accounting and modelling notes” section. Revenues and cost of sales associated with the BETA+ divestment have been classed as discontinued and are excluded in all periods. Revenues and cost of sales associated with the Borsa Italiana Group divestment, completed in H1 2021, are also excluded.

£m	Q1	Q2	Q3	Q4	2021	Q1
Trading & Banking Solutions	372	373	373	375	1,493	378
<i>Trading</i>	297	297	296	296	1,186	298
<i>Banking</i>	75	76	77	79	307	80
Enterprise Data Solutions	279	282	284	296	1,141	304
<i>Real Time Data</i>	178	182	182	188	730	195
<i>PRS</i>	101	100	102	108	411	109
Investment Solutions	274	286	294	302	1,156	308
<i>Benchmark Rates, Indices & Analytics</i>	122	126	136	134	518	137
<i>Index - Asset-Based</i>	58	64	62	69	253	70
<i>Data & Workflow</i>	94	96	96	99	385	101
Wealth Solutions	61	62	61	65	249	63
Customer & Third-Party Risk Solutions	85	90	92	92	359	94
Data & Analytics	1,071	1,093	1,104	1,130	4,398	1,147
Equities	61	59	60	61	241	67
FX	57	53	56	57	223	60
Fixed Income, Derivatives & Other	200	187	193	205	785	232
Capital Markets	318	299	309	323	1,249	359
OTC Derivatives	87	82	86	103	358	93
Securities & Reporting	63	60	60	63	246	64
Non-Cash Collateral	22	24	24	25	95	24
Net Treasury Income	55	53	47	52	207	57
Post Trade	227	219	217	243	906	238
Other	5	10	9	10	34	7
Total income (excl. recoveries)	1,621	1,621	1,639	1,706	6,587	1,751
Recoveries	88	90	90	86	354	80
Total income (incl. recoveries)	1,709	1,711	1,729	1,792	6,941	1,831
Cost of sales	(230)	(222)	(227)	(241)	(920)	(240)
Gross profit	1,479	1,489	1,502	1,551	6,021	1,591

¹ Q1 2021 is pro-forma and assumes that the acquisition of Refinitiv took place on 1 January 2021