LSEG Q1 24 Trading Update –

Analyst & Investor Call Transcript

THURSDAY 25 APRIL 2024

PRESENTATION

Peregrine Riviere:

Good morning everyone and welcome to LSEG's first quarter update. I'm here with David and Michel-Alain, MAP. He'll make some brief opening remarks on our Q1 performance, and then we'll open up to questions on the conference call line. So let me hand over to him right now.

Michel-Alain Proch:

Thanks, Peregrine. Good morning everyone. I'm very happy to be talking to you for the first time after my first two months in the group. It has been quite an intensive onboarding. I've spent a lot of time in the business, as well as joining David on investor roadshows. For me, the status is clear. We have a strong portfolio of businesses, a rapid pace of innovation, and a strategy that is well understood. Now it's time to execute.

I'm excited about the potential of accelerating growth, and I also see the opportunity for improving margins and cash flows over the medium term, consistent with our guidance. I'm confident we will deliver all of that, and I'm already deeply engaged in making that happen.

For 2024, we have started the year well. We saw good performance across the group. There are some puts and takes across the business, but these are very much as expected, we remain well set for the rest of the year, and are on track to deliver all of our guidance.

Total income grew 7.3% on a constant currency basis. This includes 90 basis points of M&A benefit, mainly from Acadia in Post Trade. Organic growth was 6.4%, and I will actually refer to this metric through the rest of my comments.

Growth was a little lower than in 2023, as expected. This mainly reflects the exceptional growth in Post Trade in Q1 last year, plus some erosion from Credit Suisse. We saw a robust performance across all of our divisions, reflecting the strengths of our product offerings and the benefits of our services to customers.

Turning first to Data & Analytics. So this is the new DNA, reflecting the reporting changes we made at the start of this year, and we published 2023 numbers on this basis a few weeks ago. Overall, it represents just under half of the group. Organic growth was 4.3%. This compares to growth of 5.5% through 2023. As we highlighted at the full year result, our annual price increase was similar to what we achieved going into 2023, reflecting our investments in improving our products and services. In addition, our overall sales and retention performance was solid.

As expected, we are now seeing a greater impact from the Credit Suisse cancellation in revenue growth. In addition, we renegotiated our relationship with another major investment bank at the start of the year. We moved from service-by-service contracts to a data access model, significantly extending the breadth of our relationship. In year one, this has resulted in a slight step down in revenue, but it will generate attractive growth and greater value over the full length of the new contract. Taking these two relationship together accounts for 1% of growth of D&A, with a slightly bigger impact within Data & Feeds.

Workflow's revenue was up 1.7%. Our underlying performance was consistent with the growth rates since through 2023. We continued to make good progress on migrating customer from Eikon to Workspace. We were able to retire our legacy SDC Platinum deals platform, with all banking customers migrated to Workspace, which has SDC Platinum integrated. We have also maintained a strong pace of improvement and innovation. During the quarter, we made over a hundred enhancement to the platform.

In Data & Feeds, we had another solid performance, with growth of 6.8%. In Q1, we launched cloud-based Real-Time Full Tick data, complementing our existing range of Feed-Based, Full Tick, and Real-Time optimised services.

And in Analytics, we achieved 6.5% growth. It was primarily driven by demand for fixed income analytics.

So you can see the pipeline of standalone innovation across the division is straightening, and we are also making strong progress with Microsoft. Our first products, Meeting Prep and Open Directory, are now entering the pilot phase with customers, and our Lipper AI insights platform is on the brink of commercialisation. We are looking forward to bringing you feedback on these at the first half results.

At the same time, we are accelerating the migration of our data sets to the Microsoft environment we have built. You can expect to hear more on the Data Intelligence services this will facilitate at our H1 in August.

Turning now to our two new divisions, starting with FTSE Russell, our index business. FTSE Russell was a strong performer in Q1, with growth of 9.5%. The subscription line continued to grow well, up 6.2%, with some price benefit and good sales momentum. The reported slowdown in growth just reflects a one-off of around £3 million in the prior period, which we referenced at the time.

Asset-based revenue was up 16.4%, combining new inflows, strong market performance, and a weaker comparable period in 2023. Risk Intelligence continue its very strong trend, with growth of 12.5%, on top of similar levels of growth in the prior period. World-Check, our leading screening platform, remains the main driver, and we are also seeing good growth from our Digital Identity business.

We had a busy start to the year in terms of new products. We launch a new platform in the quarter which consolidates third-party risk data, allowing customer to screen their supply chain and distribution networks effectively. And this month we are launching a consumption- based pricing option for new customers for the first time.

Let me turn now to ASV growth, which covers all the subscription business of the three divisions I just covered. ASV growth stood at 6.0% at the end of Q1. There are three main elements to the movement from Q4, 6.7%.

First, price. As you know, the vast majority of our annual price increase lands in January. So given my earlier comments, in 2024, the price increase was equivalent to the one in 2023, and consequently was neutral to ASV growth from Q4 2023 to Q1 2024.

Second, Credit Suisse. As you remember, we expected the impact to increase coming into 2024, and this accounted for half of the ASV slowdown quarter on quarter. Overall, we are now around halfway through the Credit Suisse impact on ASV.

For the rest, this relates to the data access deal we struck at the start of the year with a large bank, and which I mentioned earlier, it impacts on ASV and revenue in the year, but it will be a driver of growth in 2025 and beyond.

Taking all this into account, we now expect ASV growth to be around these levels through the rest of 2024.

Moving on to Capital Markets. This was a strong contributor to group growth in the quarter. Organic growth was 14.4%, consistent with the Q4 exit rate. Tradeweb was the main driver, with strong volumes and continued share gains, mostly in Credit, including a record 17.6% share of fully electronic US High-Grade bond volumes. This performance drove organic growth in our fixed income line of 21.3%, with total constant currency growth of 23%, including contributions from the acquisition of Yield Broker and R8fin.

Earlier this month, we announce the acquisition of ICD, which brings a fourth leg to Tradeweb business by opening up the corporate treasury channel. It's growth and margin profile is very similar to Tradeweb's, and we're seeing it makes an excellent and synergistic fit.

Revenues in our Equity business return to growth, up 1.6%. In Secondary Markets, share gains for the LSE were offset by a decline in overall volumes. FX revenue was down 2.2%. Good volume growth in FXall was offset by a less favorable product mixed towards short-dated FX swaps. We saw strong demand in Forward First Fixing, an innovative new product launch last year. Actually, 64 billion was traded using this protocol in Q1. Matching was affected by weakness in interbank volumes.

Post Trade revenue grew 5% in constant currency, and were flat on an organic basis, excluding the Acadia benefit. This actually represents a very robust performance, despite the slowdown in headline growth. As you know, we face various headwinds this year. The combined impact of the Euronext exit and last year's SOFR migration revenue was circa 15 million in Q1 across OTC derivatives, Securities & Reporting, and NTI.

In addition, March 2023 saw exceptional volumes on the back of volatility created by the crisis around Credit Suisse and Silicon Valley Bank. Taking all of those into account, I think we can be very happy with the performance here.

We put through price increases for both members and client at the start of the year, reflecting the significant value we provide to the marketplace. In addition, we are successfully monetising our Post Trade data and analytics products. As expected, Net Treasury Income declined a bit year-on-year, with strong yields, more than offset by a fall in collateral balances. We are seeing some optimisation here from clients, shifting collateral from cash to non-cash, and we expect this to continue.

Finally, let me turn to capital allocation and financing. In March, we issued $1.25 billion of bonds, refinancing maturing debt. Given the move in interest rates, there is a significant step-up in coupon to above 5%. And we have swapped the ten-year tranche to floating rate, which is more expensive in the short term. So this move will have a small impact on Net Financial Expense in the year.

Also in March we participated in Blackstone's fourth placing, committing £500 million in a directed buyback. Blackstone holding is effectively now down to 4% from around 34% at the start of last year. We have a further £500 million to deploy as and when the opportunity arises.

So to sum up, we have delivered another quarter of solid growth. We are trading through the expected headwinds well and continue to innovate and improve product and services for our customers. We are confident of delivering on guidance, and we are fully on track to deliver on all revenue, margin, CapEx and cash flow targets as provided in November 2023, Capital Markets Day. I look forward to meeting more of you over the coming months. And with that I will pass back to Peregrine for questions.

Peregrine Riviere:

Thank you, MAP. Operator, please would you open the line to questions now?

QUESTIONS AND ANSWERS

Operator:

Thank you, Peregrine. And if you would like to ask a question, please signal by pressing star one on your telephone keypad to raise your hand and join the queue. If you are listening to the call via loudspeaker and are called upon to ask your question, please pick up your handset and unmute your device to ensure you are clearly heard. Again, to join the queue, please press *1, and your first question comes from the line of Arnaud Giblat from BNP Paribas Exane. Your line is open.

Arnaud Giblat (Exane BNP):

Yeah, good morning. I've got three questions please.

Firstly, can I ask about the Microsoft agreement? You've talked about Meeting Prep and Open Directly coming through. I'm just wondering if there are more products coming through in the pipeline, and are we still expecting to see contribution to the P&L come through in 2025?

My second question is, you pointed out that there was an enterprise, a wider ... Sorry. You struck an enterprise wider agreement with a major investment bank that led to a step-down in ASV and that should rebuild from here. I'm wondering, could you give a bit more color around this? Are you, for example, charging on usage, or is that a big part of the equation that's going to lead to the growth of that account? And do you have other potential to strike these sorts of deals with other clients? Thanks.

David Schwimmer:

Morning Arnaud. David here. So with respect to your first question on Microsoft, everything's very much on track. As MAP just mentioned, we now have pilot versions out there of Open Directory and of Meeting Prep. We are also close to the same stage with respect to the AI functionality that we have added to Lipper. There are a few other things that we're working on such as the interoperability of Workspace in the Microsoft Productivity Suite, which we've put a demo out a couple months ago. So everything very much on track. No change in terms of what we've said in the past with respect to when we expect to see revenue, and that that continues to be in 2025. But overall feeling very good about the progress we're making with the Microsoft partnership.

And then your question on the enterprise agreement, let me just spend a moment on this actually. Because this is a textbook example of a successful turnaround in a relationship through one of these data access agreements. This is a big global bank that we had a, I'll say, flat to declining revenue record with them over the last 10 years in the Refinitiv and Thomson Reuters era. And the team did a very nice job in terms of turning that from a transactional relationship where there was constant negotiation on a product by product basis, and constant chipping away because this bank was looking to address their own cost issues. As we've talked about with you all in the past, we had a discussion with them, turned it into a strategic relationship. And that covers a broad array of their products. We expect to see meaningful displacements across a number of our competitors that they have been using. And it's just as part of this, the negotiation we have, it's attractive in terms of the multi-year arrangement and we gave them a modest discount in year one. So that's the impact that MAP was referring to with respect to ASV.

The second part of your question, whether there are others like this, there are a relatively small number of our customers where these kinds of very large data access arrangements, one, makes sense, and two, would have an impact like this that you would see. But we have these kinds of conversations pretty regularly, and as I said, it's a great turn in what historically was frankly a more challenged relationship. The other point I should just make on this is that this is another good reason or a really good example of why you shouldn't get hung up on moves in little bits of ASV from quarter to quarter, because this is a good outcome for us. And yes, in year it has a modest tick down in terms of ASV.

Arnaud Giblat (Exane BNP):

That's very helpful. Thank you.

David Schwimmer:

Thanks.

Operator:

Your next question comes from the line of Bruce Hamilton from Morgan Stanley. Your line is open.

Bruce Hamilton (Morgan Stanley):

Hi. Morning guys, and thanks for the information so far. Two questions from me. Just on the ASV, you've obviously given quite a lot of the inputs that have taken us through the last quarter or two, and been very explicit on CS, but as we think about the path from here, obviously there's still some CS pain to come, but you're indicating you think ASV should be flat, and so other things should be I guess adding. So I'm just trying to think how to consider that part of ASV acceleration play through into 2025.

And then second point, a number of your peers have pointed to some client driven pressure, I think particularly from buy-side clients impacting some subscription revenue growth, including in index. And I guess it sounds like that's elongated sales cycles, client pressures are not something you are seeing in your business, but I just wanted to double check that. Thank you.

Michel-Alain Proch:

Hi Bruce. So maybe I begin with the ASV and the ASV variation and evolution for 2024.

Let me first say, ASV is obviously an important KPI for sure, but I think it should be considered more on a trend basis, and not really on a quarter by quarter basis. And I shall add that over time it will become less and less relevant as we move towards more consumption-based pricing.

Now, if I go to the evolution of ASV in Q1, remember that we did expect to slow down because of the impact of Credit Suisse, but we did not know its weight quarter by quarter throughout 2024 until early 2025. And as previously communicated, we think that overall it will represent less than 1% of the former D&A revenue. So about 100bps on the ASV. So if you take the Q1 slow down, it actually captures around 30bps of these 100 bps on top of the 10 bps or so we already had in Q4 last year.

So what does it mean going forward? It means that all in all, we have captured about half of the Credit Suisse impact in ASV so far. In terms of the rest, it's still hard to be precise, but as I said in my remarks, we do expect ASV growth to remain around this level of 6% through the rest of the year, and despite these further Credit Suisse headwinds that I was referring to.

Please, David.

David Schwimmer:

Yeah. Bruce, I'll just take on your second question with respect to, as you mentioned it, some of the pressure that some of our competitors are talking about. We are not seeing any broad-based weakness in terms of our business, and we are not complacent about this. We track this very carefully in terms of we look at all our metrics around deal velocity, deal size, number of deals, win rates, et cetera, and we are not seeing any kind of broad-based weakness. There's a little bit of moves up and down in the different metrics. So nothing that I would describe as a trend.

We're certainly aware of some of the different factors that are out there that some of our competitors have talked about. Obviously MAP was just talking about Credit Suisse. We've seen a little bit of bank consolidation in Canada, for example. But overall, I think this is a function of the diversity of our business relative to our competitors. We are global, we serve our customers across asset classes, across products. We have a very broad range of customer types. You touched specifically on pressure from the buy side. We work with the buy side, we work with the sell side, we work with Corporates through the trade lifecycle. So I think we really have a different scale and a different level of diversification.

And then on top of that, we also, we don't have huge exposure to per-seat pricing models. So we will continue to execute, we'll continue to improve our product, invest in our capabilities. And maybe the last thing I would say, in my remarks a moment ago I talked about the success of these enterprise relationships and the breadth of our product offering and our diversification really allows us to serve our customers in a very different way from our competitors.

Bruce Hamilton (Morgan Stanley):

Brilliant. Really helpful. Thank you.

David Schwimmer:

Thank you.

Operator:

Your next question comes from the line of Ian White from Autonomous Research. Please go ahead.

Ian White (Autonomous):

Hi there. Thanks for taking my questions. Just a few follow-ups please. Can I just ask for a little bit more detail around the enterprise wide agreement you've signed? I'm particularly interested to understand if there is an embedded agreement, that the cost of the service to that customer will rise, or is there some obligation on LSEG to deliver additional products, particularly under the Microsoft partnership for example, or some link back into consumption for that deal. I'm just trying to get my head around to what degree is growth assured from that, or contingent on other deliverables. On FTSE Russell subscriptions, I think obviously given a lot of colour in the previous answer, but can you just say a bit about how client retention rates have progressed there over the last few quarters specifically, please? And finally, just interested in the yield progression on NTI in

Post Trade. Can you help me understand how much of the return you're making there is being driven by the cash collateral fees that you charge to customers versus market returns, please, if that's a number that you might have available? Thank you.

David Schwimmer:

Sure. Maybe I'll start with the last one and then we'll work our way up. We are seeing ... And MAP or Peregrine, feel free to correct me on this, but we are seeing modestly lower collateral levels, and modestly higher yield in terms of the portfolio. So hopefully that gives you answer on your question on the yield progression.

With respect to the FTSE retention rates, I don't think we've seen any change there. Any meaningful change at all. So not much more to add on that. I know there's a lot of focus on that in the market, but from our perspective, I'd say nothing to see here.

And then your question for more colour on the data access agreement. The way these typically work, and this most recent one is very similar, is that they're multi-year contractual relationships, tend to have a step-up year over a year. As part of that step up, some of that may be related to our adding some incremental product that we are already investing in and already planning on building. With respect to a number of these, there are basically displacement plans baked into those. Displacement of competitors. And so as they are able to get off some competitor products and move over to ours within the same fixed arrangement that becomes a cost saving for them. As I said, a textbook example of using the breadth of our offering and the continuing improvement in our offering to serve our customers better and to displace some of our competitors.

Ian White (Autonomous):

Okay, thanks. Let me just get my head around slightly on the enterprise deal a bit more. Is it fair to think of this as a discount being given to the client in exchange for much greater consumption of LSEG product? Is that essentially what this boils down to over a number of years and hence you get this growth profile mostly based on greater consumption of LSEG services basically?

David Schwimmer:

So, yes, I'm just being cautious about your use of the word consumption because this is not yet a consumption-based pricing agreement. So they will be using more of our products because we are displacing some of our competitors. From that perspective, yes, more consumption of LSEG products, but not within a framework of consumption-based pricing if you follow me.

It is a multi-year arrangement and so as part of the negotiation and part of our desire to really make sure we have appropriately attractive growth rates in the coming years, we gave them a modest discount in year one. That's how you should think about that.

Ian White (Autonomous):

Got it. Thank you.

David Schwimmer:

Thank you.

Operator:

Your next question comes from the line of Hubert Lam from Bank of America. Your line is open.

Hubert Lam (BofA):

Hi, good morning. Thanks for taking my questions. I've got three of them. Firstly on Tradeweb. There's obviously another very strong quarter in Tradeweb. Can you just talk a little bit more about your thoughts for the rest of the year, I guess if you go into tougher comps for the rest of the year? Just wondering what your thoughts are on the Tradeweb growth.

Second question is on FTSE Russell, you had 9.5% organic growth this quarter. I think back in the last year you had double-digit growth. Just wondering how confident you are in terms of getting back to that double-digit growth that we saw at the back end of the last year.

Lastly, a question for MAP. I know today's update is mainly on revenues, but just wondering what your thoughts are on costs as you took a look at it for the first time and what you can do about it and for the efficiencies that can come through on the cost side. Thank you.

David Schwimmer:

Thanks, Hubert. I'll take your first one and then MAP will take the FTSE and cost question. With respect to Tradeweb, look, this is a great business. The team's doing very well. We have a lot of confidence in Billy and Sarah and Tom and the team there. I don't think that we would have anything to add with respect to the rest of the year beyond what you would hear from the Tradeweb team. Again, feel good about their execution. We are happy with what they're doing so far on the M&A front. We like the ICD deal. We think that's a great fit both for Tradeweb but also for the broader LSEG relationships, given the access to the money market and corporate treasurer field there for ICD. We think that fits in very well with Tradeweb and also with us, with Fxall, with World-Check, with Workspace, et cetera. But in terms of specific thoughts for the rest of the year, I'll leave that to Billy and Sarah.

Michel-Alain Proch:

Yeah, so on FTSE Russell subscription revenue in Q1, the organic growth was 6.2% so it's true that it compares with double-digit 12% actually in Q4. But around half of this difference relate to a one-off of £3 million in Q1 2023, which was related to back billing as we flagged previously. When you take this one-off out, we're talking about we very close to 9% underlying. For the rest, it is just some natural quarterly fluctuation. We are confident on good growth here through the rest of the year.

On the cost side, indeed I have spent time in the business into reviewing both the operating model of the different division and the different projects on which we are engaged. Project of transformation, let me first say that this year is an interesting year because we are finishing up integration and we are moving into transformation for most of our businesses. The point is really about capital allocation and the ability to run a strategic program with large impact on growth and margin. So, overall, I think I see really opportunity on the cost side, particularly in term of more efficient operation in between the different divisions. Long and short, I'm confident we can deliver improving margin and cash flow as per our guidance.

Hubert Lam (BofA):

Great, thank you.

Operator:

Your next question comes from the line of Enrico Bolzoni from JP Morgan, please go ahead.

Enrico Bolzoni (JP Morgan):

Hi, good morning. Thank you for taking my questions. The first question relates to this strategic agreement you signed with another big bank. Can you just tell us if these large agreements that you're signing were fully included in your guidance that you presented at the Capital Market Day? Or if in a way, these are on top in the terms. When you presented the guidance were you already expecting to sign these big agreements or it's a positive surprise going forward and therefore can be an upside risk to your original guidance?

My second question relates to, you mentioned displacements, so you expect that you'll be able to displace some of your competitors as part of the agreement. I was curious if you could provide some colour in terms of which areas of, for example, the bank you just signed the agreement with, you see the greatest potential of displacements. Is it in wealth management? Is it in investment banking or in risk functions? I'm just trying to understand really where your product is stronger. And related to that, is the displacement driven more by pricing or you think it's more by your unique product offering? Thank you.

David Schwimmer:

Thanks, Enrico. With respect to your first question, I would say I would not view this as a don't put this in the positive surprise category in terms of changing our guidance or changing your outlook. But I would say that it is a consistent record of how we are executing. We regularly get questions from people over the past year or two in terms of how have we made this a faster growing business, how have we improved the performance in particular of the Data & Analytics business? This is just a really good example of that where we have been investing in our product, our product is getting better and better, our customers are recognising that, we have an unmatched breadth and depth of our offering and so when we take that to our customers and we have these discussions around the strategic opportunity that they have to, as I said, lower their overall cost and we get higher wallet share, that's a win-win for them, for us.

I would just put this in the category of the continuing improvement in how we are executing and continuing improvement in our performance and our relationship with our customers, market share, et cetera. But I wouldn't take this on its own as a signal in terms of changing your outlook. Hopefully that's clear.

To the question around some specificity on the displacements, I would describe it, there are three main areas for this customer actually. It's really about desktops and then real-time, our real-time offering and then also non-real-time, so desktops and then basically Data & Feeds, a number of different areas within data and feeds are the primary areas for displacements. The other point I should just make, when we have these data access arrangements, and we've seen this with a number of the others, when the enterprise arrangements really start working well, we become a natural first call for other opportunities, other RFPs, which can then lead to other displacements. But in terms of the starting point here, it's desktops and then within the Data & Feeds space. Does that help?

Enrico Bolzoni (JP Morgan):

Thank you. Yes, very much. Thank you.

David Schwimmer:

Great.

Operator:

Your next question comes from the line of Benjamin Bathurst from RBC. Please go ahead.

Benjamin Bathurst (RBC):

Good morning. I've got two questions if I may. Starting on ASV, you've mentioned previously that the group is less likely to see ASV improvements from improvement retention. I just wondered if you could confirm if retention at a group level has now flat lined or if you're still seeing improvements in that area, maybe just more minor. Secondly, on Gen AI, you're obviously very clearly exposed to that trend by the Microsoft partnership, but are there any other areas of major investment that you're carrying out across the group outside of that Microsoft initiative that we should be aware of? Thank you.

David Schwimmer:

Sure. Thanks, Ben. I would say in terms of retention, we are still seeing modest improvement in retention so I would say it is flattening out, and we've talked about this given the areas of improvement over the last few years, it is flattening out relative to that. But we're still seeing, as I said, some modest areas of improvement. With respect to Gen AI, we are actually doing a bunch with Gen AI in some of the operational aspects of the business that have nothing to do with Microsoft actually. For example, I think we've mentioned in the past that we have about 2,200 people doing customer service, basically responding to inbound customer questions or customer queries. We get a lot of them given the breadth of our business and some of them are quite complex questions and can be challenging for people to answer quickly.

What we have put in place is what we call QAS, Question and Answer Service. It is an internal LLM based on all of our internal documentation of how to do things, how to find things, how to chart things. That is now used by our 2,200 people, our own customer service team to make them better at their jobs. It makes them more efficient, more responsive to our customers. As we are using this model, we are training it and making it better and better. Our plan and our hope is to get that QAS model strong enough so that we can expose it directly to our customers. I don't want to put a timeframe on that yet, but we are making very good progress on that so that's a really good example. That is a model... We are using one of the open source models for that so great technology and free.

Benjamin Bathurst (RBC):

Great. Thank you for that.

David Schwimmer:

Thanks, Ben.

Operator:

Your next question comes from the line of Russell Quelch from Redburn Atlantic. Please go ahead.

Russell Quelch (Redburn Atlantic):

Hi, guys. A couple of questions. Firstly, David, you spoke on the Q4 conference call to an additional £50 billion TAM opportunity in Data- as- a- Service. I was hoping you could elaborate on what you're looking to do here in terms of a product offering, how integrated you expect to be with Microsoft in that product area, and how soon we should expect LSEG to start to grow into that TAM. That's the first question.

My second question was around Workspace. You've obviously started to retire from legacy platforms, which is great. Just wondered if that has come with any increase in customer usage as they migrated to the new platform, and that then presents a future pricing opportunity. And you gave a helpful demo of Workspace integrated into Microsoft Office, I think that's the point at which most would expect there to be an acceleration in sales and pricing. So can you be very specific as to the timing of that product rollout too?

David Schwimmer:

So I'm confident, and I won't be as specific as you want me to be, but happy to try to be helpful here. So first, on your first question, with respect to the £50 billion TAM, this refers to all of the spend that we see our customers doing in-house as they manage their data. And that was what Satvinder was talking about at the Capital Markets Day in November. And we will... I'll touch on this briefly now, but we will be giving more of an update on our Data Intelligence offering and how that is developing at the Half Year. But the concept here is that we have expertise and we are at scale in terms of managing data, and we currently provide enormous amounts of data to our customers. Then they have to spend their own capital and human resources in terms of managing that data for themselves, interacting with their own data, et cetera.

And typically, they're not operating at scale and don't have that expertise as a core competency. And so we see that as an opportunity in the coming years. We already do this to a certain extent with our Tick History, where it is such a large data set that it is much easier for our customers to effectively rent access to it from us while we manage it in our cloud environment. Whereas in the past, we used to send it to them. And that was costly, unwieldy, difficult for them to manage. So that's an early example of how we're thinking about this concept of managed data services. As I said, we will talk more about our Data Intelligence approach at the half year. So, looking forward to that. With respect to Workspace and the role out there, nothing really to add. In other words, everything is going according to plan. The Eikon migration to Workspace is going well and going according to plan. Meeting Prep and Open Directory of course will have incremental benefits for Workspace in terms of making it that much more of a useful and powerful tool for our customers who have access to it. And then we had talked about the notion of interoperability, which as those of you who have seen our demo and that can see how powerful that is going to be where you can move seamlessly between the Microsoft productivity tools and Workspace across Teams, across Workspace, et cetera. And we are building that, and I would say no change in the timing.

Peregrine Riviere:

Can I just add, Russell, just on the integration of legacy platforms into Workspace? So we talked about SDC Platinum, and usage of that was up 85% year-on-year across January and February, post integration. So yeah, to your point, we do see a big uptake.

Russell Quelch:

Super. Thank you very much.

David Schwimmer:

Thank you.

Operator:

Your next question comes from the line of Michael Werner from UBS. Please go ahead.

Michael Werner (UBS):

Thank you very much. Just a question regarding SwapClear. I think you mentioned you raised pricing this year both on clearing members as well as clients. I was just wondering, A, if that was effective of the 1st of January? And B, is this something that we should expect going forward? And then C, any help in terms of better understanding the magnitude of the price increases? That'd be helpful. Thank you.

Peregrine Riviere:

Yeah. Sorry Michael, it's Peregrine. I'm going to take that one. I think one of them was effective 1st of January, and the other was effective 1st of February. In terms of the quantum, actually, it's all public on our website. So you can see what the new prices are. But for I think top tier, it was I think sort of mid to high single digit, that kind of area. But remember, these are not common, these price increases.

Michael Werner (UBS):

Okay. So we shouldn't expect them to be recurring going forward, is that correct?

Peregrine Riviere:

No.

Michael Werner (UBS):

Okay. Thank you.

Operator:

Your next question comes from the line of Andrew Coombs from Citi. Please go ahead.

Andrew Coombs (Citi):

Good morning. Two technical questions, please. Firstly, just on the debt issuance, the £1.25 billion I think more than covers the two maturities you had in April 2024. I think you've got one more maturing in November of this year, and then nothing until April 2026, if I'm correct. So I just wanted to know, do you think you're done in terms of issuance, or is there more to come this year? That's the first question.

The second question. Tradeweb's acquisition of ICD, that's closing second half. I think it did 85 million of revenues last year, companies guiding around a 50% EBITDA margin. But I just wanted to check if... Firstly, I assume it'll be fully consolidated in the same way that Tradeweb has into your account. But is there any difference in scope, in IFRS versus US GAAP? How should we think about modeling that going forward? Thank you.

Michel-Alain Proch:

Okay. Maybe I take the first question about the debt. So we had 1.25 billion of debt maturing. So we decided to come back on the US market. We haven't been there since the Refinitiv acquisition. So we issued two bonds here, one at five years and one at 10 years. The five years at 500 million and the 10 years at 750, which is covering our need for flexibility in the year to come. So your analysis is good, actually. We do not expect to reissue any bond this year.

David Schwimmer:

And then Andrew, on your Tradeweb question, yes, we'll continue to consolidate with respect to Tradeweb. I think in terms of your specific question around whether there are any accounting differences between IFRS and how Tradeweb accounts work, maybe we should take that offline. And if there's any specific colour there, we can share that with you, but we'll take that offline.

Andrew Coombs (Citi):

Great. Thank you.

Operator:

Your next question comes from the line of Kyle Voigt from KBW. Please go ahead.

Kyle Voigt (KBW):

Hi, good morning. Maybe just a few questions on consumption-based pricing rollout this month in Risk Intelligence. I guess I'm wondering if your sales team has actually gone to market to end clients with the consumption-based pricing model yet. And if so, any initial feedback from those conversations and how those have gone, and how interest has been from those clients? And I believe in the remarks, you said the pricing model is being offered to new customers. Specifically, do you anticipate rolling that out to existing clients as well upon contract renewal in that segment? Is that also being rolled out this month? And then last part of this question, can you remind us what other businesses you're looking at to potentially roll out this consumption-based pricing model next?

David Schwimmer:

Thanks, Kyle. So I don't have a lot of feedback for you yet because we turned on the consumption-based pricing…

Michel-Alain Proch:

Tuesday.

David Schwimmer:

Yes. Just this week.

David Schwimmer:

So you're absolutely right. At this point, it's for new customers. And we will see how this goes with the new customers. There'll be a little bit of learning, frankly, on our end. But yes, we expect over time to be rolling that into the broader existing customer relationships. In terms of other areas where we will do consumption-based pricing, one other area where we already have it actually is in Yield Book. But this is something that we will be looking at across the business over time. If you think about how our model is shifting and as more of the business is moving into the cloud, as there's greater usage of our data in a cloud environment, that leads to greater cloud costs. And so we just need to make sure that our commercial model reflects the variable expense on the cloud cost. Does that help?

Kyle Voigt (KBW):

That does. Thank you.

David Schwimmer:

Great.

Operator:

There are no further questions on the conference line. I'll now hand the presentation back to Peregrine Riviere, Group Head of Investor Relations.

Peregrine Riviere:

Great. Thanks, Thanks everyone for your questions. And we look forward to speaking to you soon. Have a good day.