



London Stock Exchange Group plc

Interim results ended 30 September 2014

13 November 2014



Key financial highlights

- Strong financial performance – revenue up **18%**:
 - **organic** and **acquisitions both delivering**
 - organic revenue up 15% - growth across each business area
 - adjusted total income up **13%**
 - continued good cost control, expenses on organic basis up 2%¹
 - adjusted operating profit up **24%** to **£286.1m**
- AEPS of **58.7p** up 22%
- Dividend up **4.3%** to **9.7p per share**²

¹ including inflation, cost of sales and one-time items, excluding FX

² Adjusted for rights issuance shares



Overview of results

	Six months ended 30 September			Organic and constant currency
	2014 £m	2013 £m	Change %	variance %
Revenue	592.6	504.2	18%	15%
Adjusted total income¹	642.5	567.1	13%	10%
Adjusted operating expenses¹	(356.4)	(337.2)	6%	2%
Adjusted operating profit¹	286.1	229.9	24%	21%
Non-recurring items and amortisation	(114.2)	(76.9)		
Operating profit	172.3	151.0	14%	10%
Net finance expense	(35.5)	(35.0)	1%	
Adjusted profit before tax¹	250.6	194.9	29%	
Underlying effective tax rate ²	26.3%	27.1%		
Basic earnings per share (p)	26.6	27.7	(4%)	
Adjusted earnings per share (p)¹	58.7	48.2	22%	
Dividend per share (p)³	9.7	9.3	4%	

A €5c movement in the average £/€ rate for the year would have changed the Group's operating profit for the year before amortisation of purchased intangibles and non-recurring items by approximately £6 million.

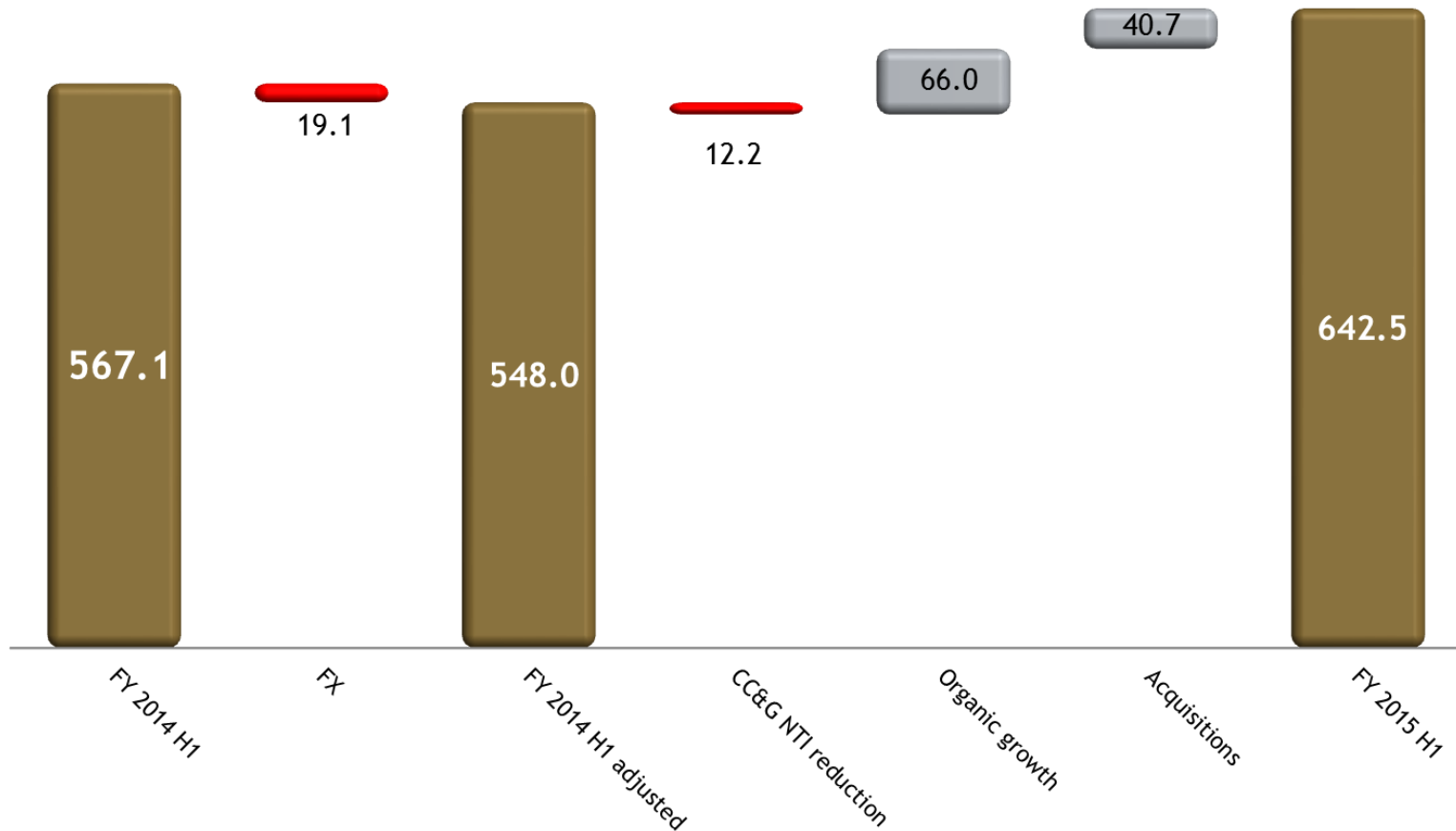
¹ Excluding amortisation of purchased intangibles (£58.1m), non-recurring items (£56.1m) and LCH.Clearnet unrealised gain (£0.4m)

² Excluding adjustments in respect of previous years

³ FY 2014 adjusted for rights issue

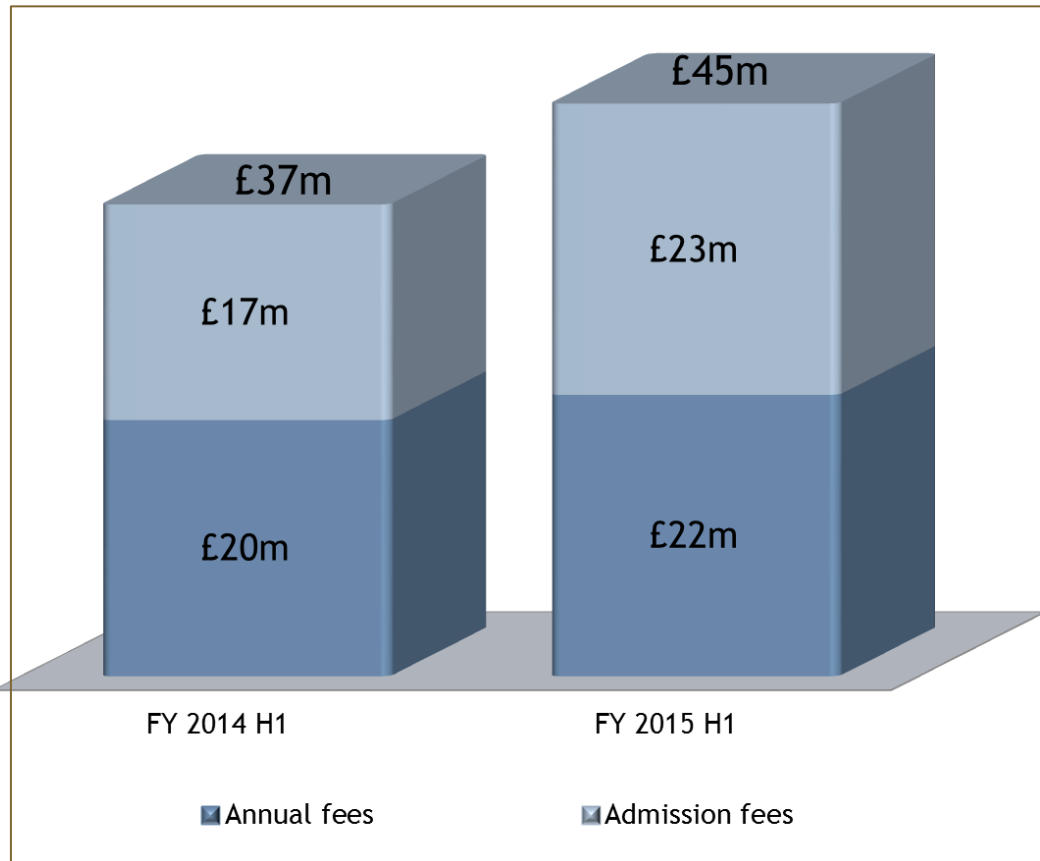
Income growth

Good organic growth and contribution from acquisitions



Capital Markets - Primary

Revenue up 21%; up 23% at constant currency



Note: Minor rounding differences, figures may not cast down

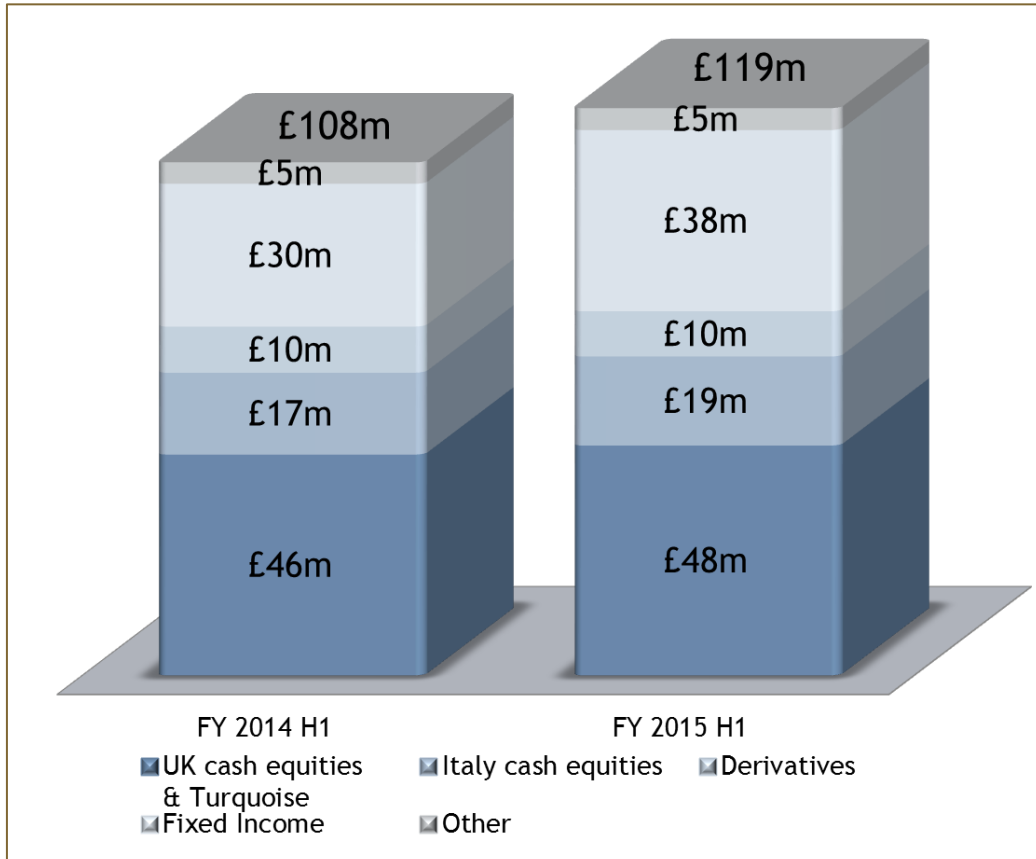
Annual fee revenue up 10%

Admission fee revenues up 35%

- 126 new issues, up 59% (79)
 - UK Main Markets: 47 - up 124%
 - UK AIM: 62 - up 19%
 - Italy: 17 - up 183%
- £27.5bn raised via equity issuance, up 83% (£15.0bn)
- Good pipeline of companies looking to join both our AIM and main markets

Capital Markets - Secondary

Revenue up 11%; up 8% at organic and constant currency

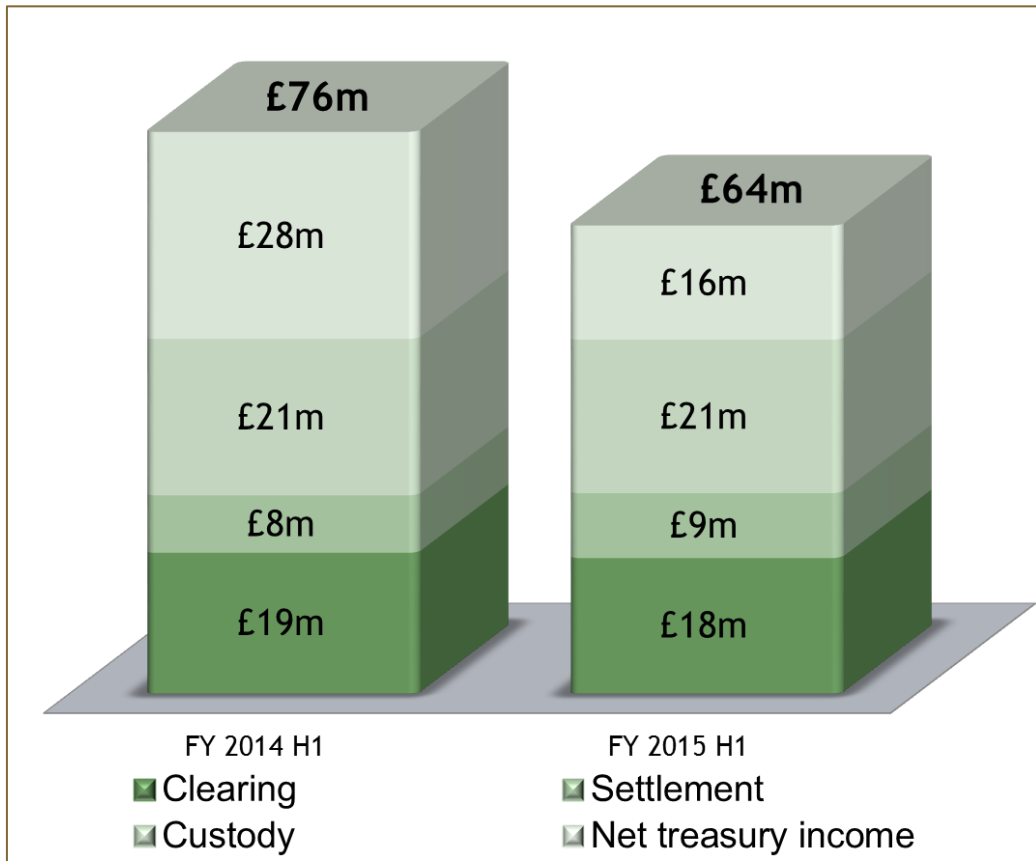


- UK equities Average Daily Value (ADV) down 2%
- Turquoise equities ADV up 39%
- Italy equities average daily number of trades up 18%
- Derivatives volumes down 8%, revenue up 3% at organic and constant currency
- Fixed Income revenue up 27%; up 11% at organic and constant currency
 - MTS Repo value traded up 4%
 - MTS Cash value traded up 39%

Note: Minor rounding differences, figures may not cast down

Post Trade Services – CC&G and MT

Revenue unchanged; up 6% at constant currency (exc NTI)



CC&G

Clearing revenues up 2%

- Clearing volumes up 15%

Monte Titoli

Settlement revenues up 19%

- Settlement instructions up 22% (inc OTC)

Custody revenues up 4%

- Assets under Custody up 3% to €3.38 trillion

NTI down as expected (-42%)

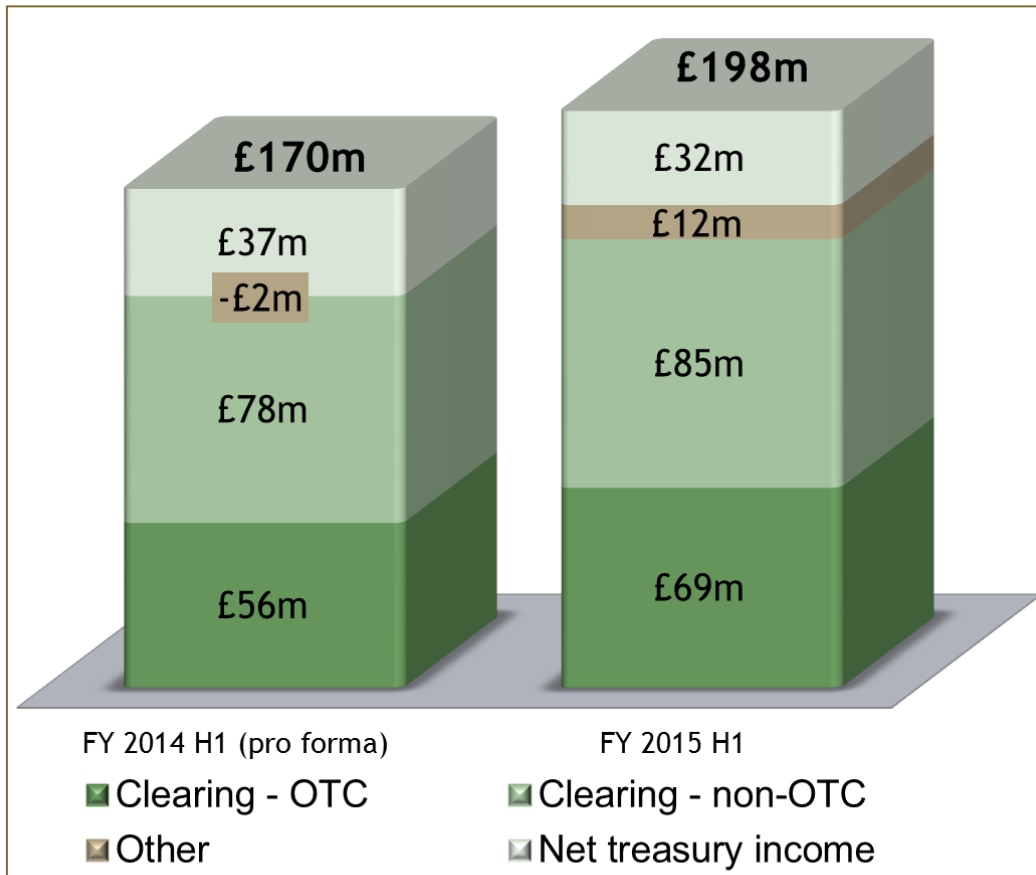
- Lower European yields

All above revenue comparisons at organic constant currency.

Note: Minor rounding differences, figures may not cast down

Post Trade Services - LCH.Clearnet

Adjusted Income up 21% at organic and constant currency



Note: Minor rounding differences, figures may not cast down

OTC revenue up 26%

SwapClear:

- \$340 trillion notional cleared (up 41%)
- 108 members (100)

Non-OTC clearing revenue up 14%

Volumes:

- Fixed Income up 2%
- Commodity up 34%
- Equity up 17%
- Listed derivatives unchanged

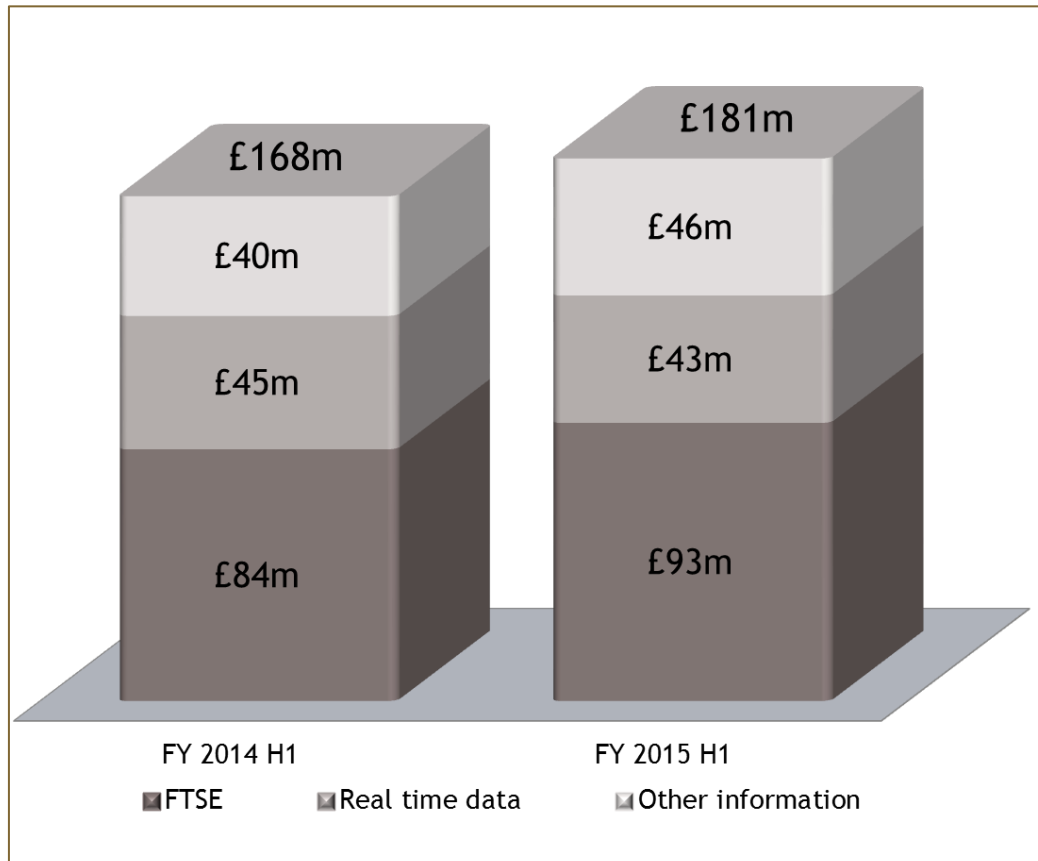
Net Treasury Income down 9% at organic and constant currency

All above revenue comparisons at organic and constant currency.

Volume comparisons to equivalent 6 month period.

Information Services

Revenue up 8%; up 9% on organic and constant currency



FTSE revenue up 10%; up 12% on organic and constant currency

- FTSE China Indices exceeds \$22 billion AUM
- FTSE compliant with IOSCO Principles

Real time data revenue down 4% - lower number of UK real-time professional users

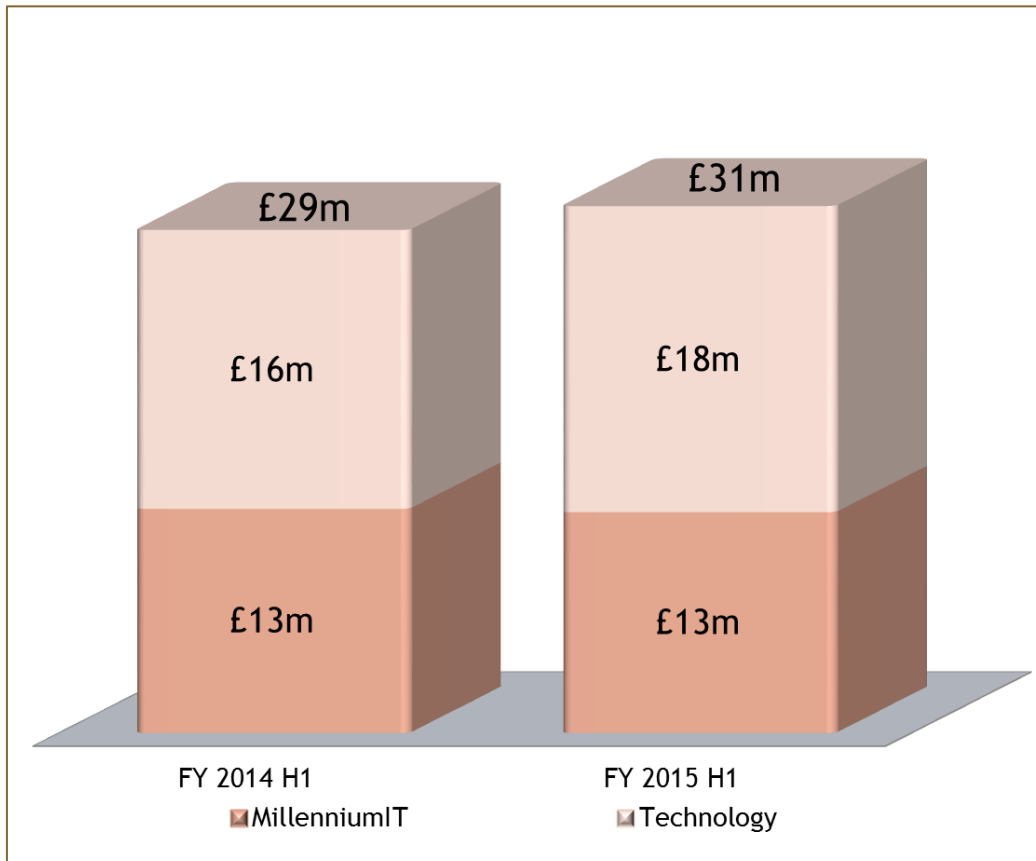
Revenue from other information products up 15%

- UnaVista and SEDOL

Note: Minor rounding differences, figures may not cast down

Technology Services

Revenue up 5%; up 10% on organic and constant currency



MillenniumIT revenues down 2%; up 9% on and organic constant currency

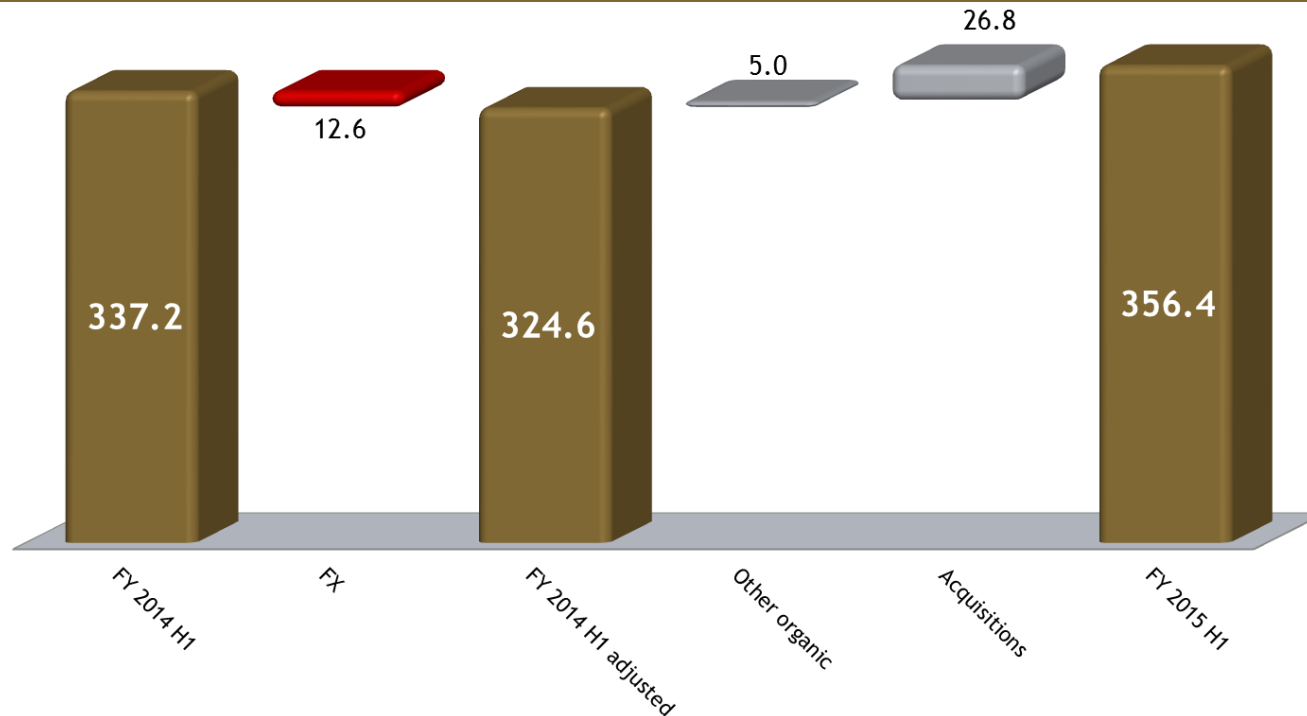
- Argentinian CSD first milestone delivery
- Aequitas Innovations Inc selects suite of MillenniumIT products to power exchange in Canada
- MillenniumIT to provide trading and market surveillance technology to Casablanca Stock Exchange

Other technology revenues up 10%, including contribution from new services

Note: Minor rounding differences, figures may not cast down



Good control of operating expenses



- **LCH Cost synergies - increased May 2014 from €23m to €60m / £19m to £49m¹**
 - To be achieved in full in 2015; €51m / £42m run-rate already achieved
 - £18m savings in FY 2015 H1
 - Costs to achieve synergies reduced from €43m / £35m¹ to €39 / £32m¹

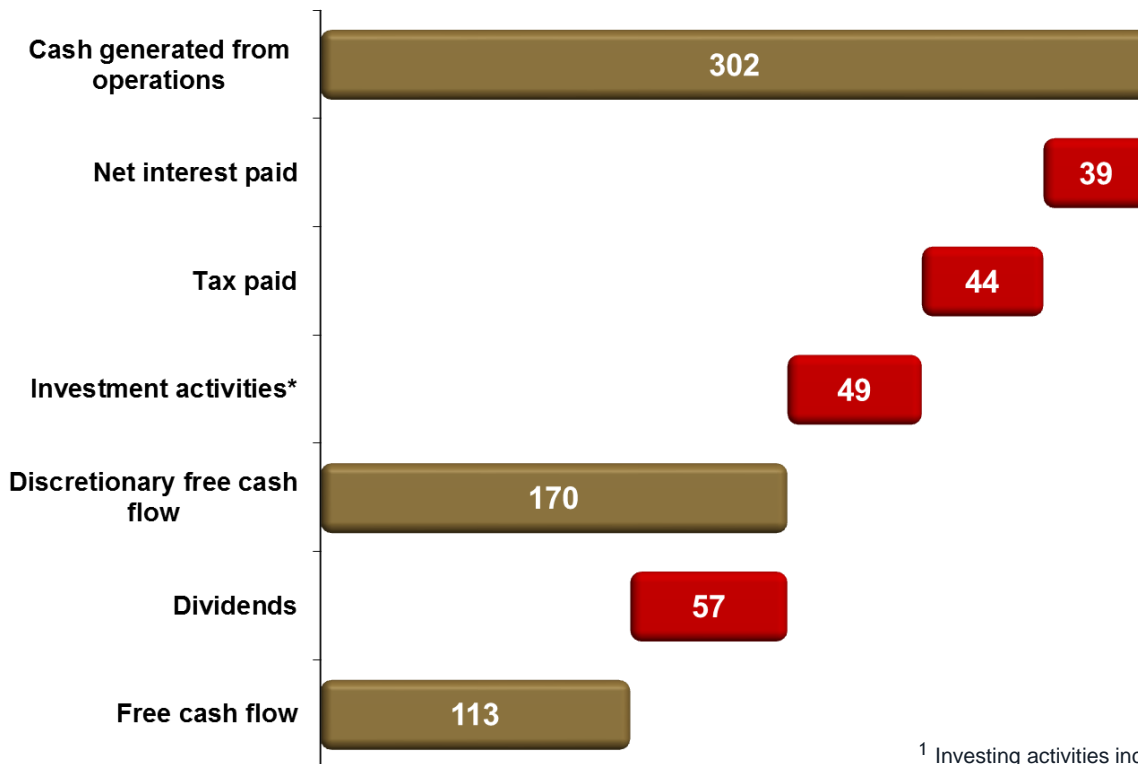
Note: Excluding amortisation of purchased intangibles and non-recurring items.

¹ using exchange rate of £1:€1.22 as at 12 May 2014

Summarised cash flow

Good cash generation

£ million



- £40m capex¹ – mainly technology upgrades, new projects and integration of LCH
- Discretionary free cash flow after investment activities remains strong at 62.4p per share² (FY 2014 H1 : 44.3p)

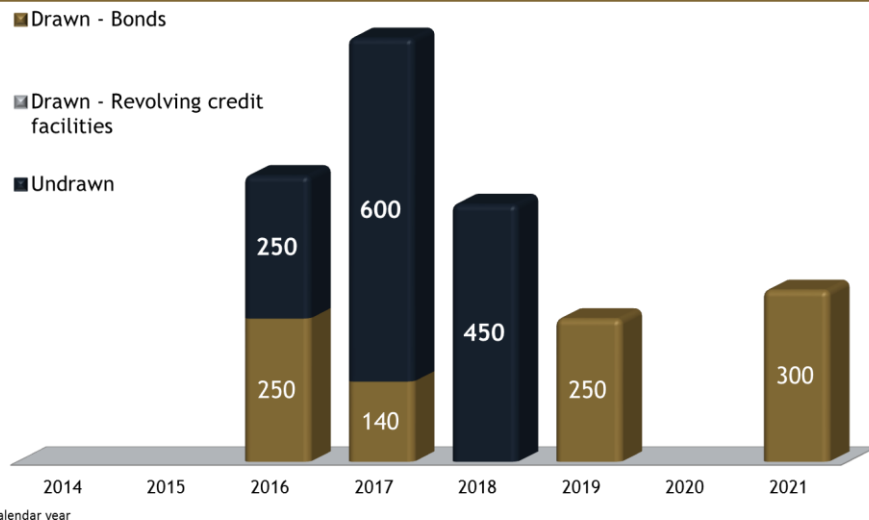
¹ Investing activities includes capital expenditure, investment in associates, less dividends received

² Based on weighted average shares in issue for the period of 272.9m

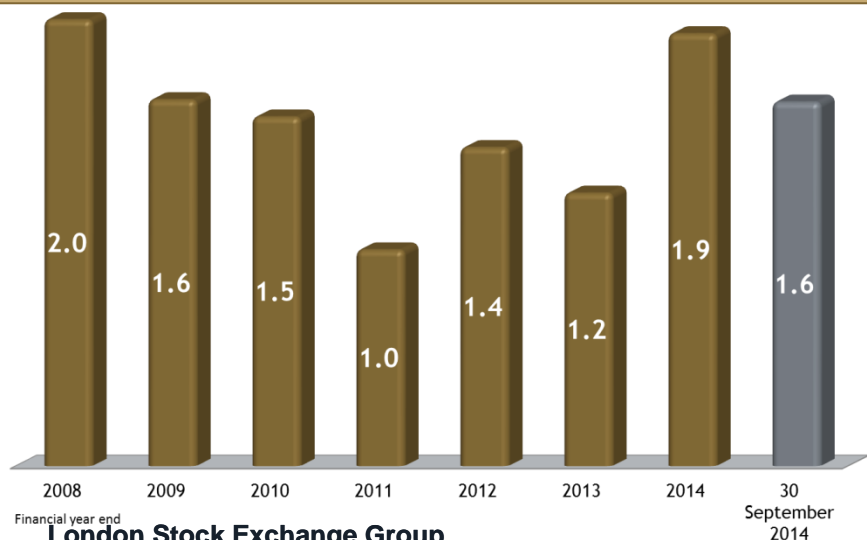
* Includes investment in acquisitions

Borrowings

Facilities



Leverage



- Operating net debt £32.2m¹ (£1,023m 30 June 2014)
- Net debt: EBITDA 1.6x (setting aside the effect of the rights issue)
- Committed undrawn credit lines available for Group purposes at 30 September 2014 totalled £1.3 billion, extending out to 2016 or beyond
- Ratings: S&P **A-** and Moody's **Baa2**

¹ reflects the use of rights issue funds, raised in September as part funding of the planned acquisition of Frank Russell, to temporarily pay down current borrowings

London Stock Exchange Group

*2012 Pro forma as if FTSE owned for whole year, 2014 pro forma as if LCH.Clearnet owned for whole year
Operating Net debt : Adjusted EBITDA. Net debt excludes all cash and cash equivalents of LCH.Clearnet and £200m of further Group cash and cash equivalents held locally for regulatory purposes

Strategy update

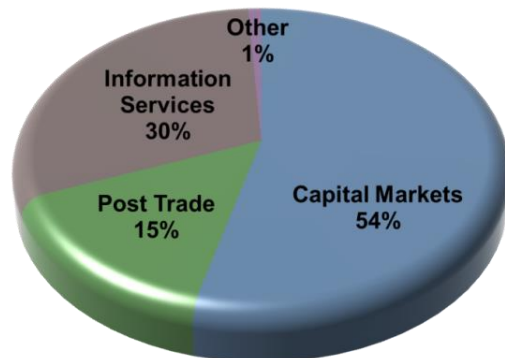
- Strategy to **broaden and diversify** the Group's - strong financial results across all businesses
- Increasing **geographic expansion** - particularly in US market
- **Complimentary products and services** positioned around:
 - Capital formation (primary and secondary markets)
 - Intellectual property (indices, data and technology)
 - Risk and balance sheet management (clearing, settlement and CSD services)
- **Increasingly international infrastructure player:**
 - Indices – FTSE and Russell
 - Post Trade - LCH.Clearnet
 - Global listings business – 578 international companies listed
 - Global strategic partnerships – Morocco, Mongolia
- **Unique open-access model, close partnership with our customers**

Successful execution and delivery of strategy

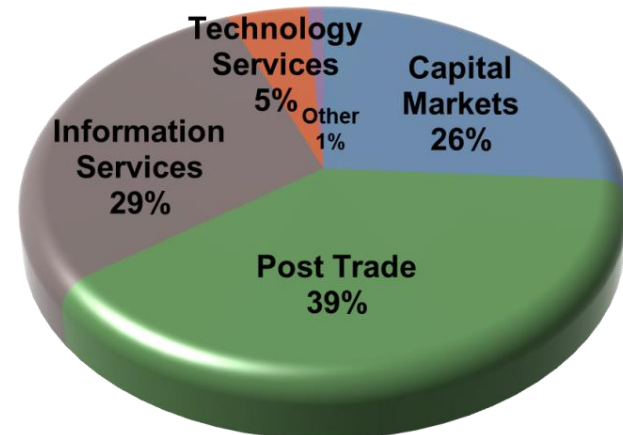
- Growth being delivered organically and through M&A
- Russell acquisition to further expand geographic footprint with expanded US presence and strengthening of Intellectual Property assets

Enlarged Group Adjusted Total Income

FY 2009 H1 **£342.5m**

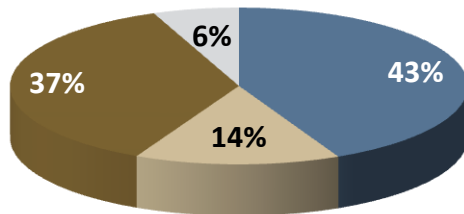


FY 2015 H1 **£642.5m**

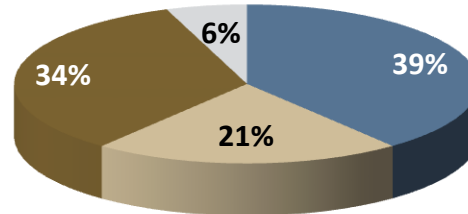


Diversified revenue by geography

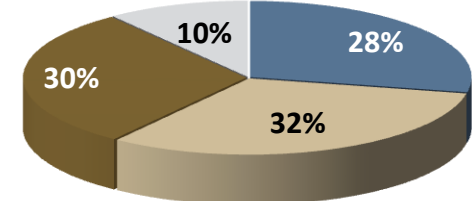
LSEG



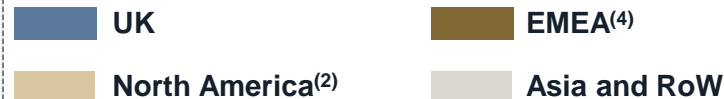
LSEG incl. Index⁽³⁾



LSEG incl. Russell⁽³⁾



Legend - Geography



FY 2014⁽³⁾

LSEG: \$1,848m (£1,088m)

Russell: \$954m (£562m)

Combined: \$2,802m (£1,650m)

Extracted from LSEG acquisition of Frank Russell Company presentation 26 June 2014

Source: Company information.

Notes: (1) Based on unaudited Russell management financial information, total depreciation and amortisation for the year ended 31 December 2013 of US\$24 million was allocated US\$6 million with respect to the index business and US\$18 million with respect to the investment management business. EBITDA is stated after certain Russell management normalisation and other adjustments, including in relation to the treatment of multi-year contracts. (2) North America comprises U.S. and Canada. (3) Currencies converted from USD to GBP at a rate of 0.5888 as of 25 June 2014. Russell's U.S. GAAP figures for period ended 31 December 2013. LSEG's IFRS figures for period ended 31 March 2014. In accordance with the Listing Rules, the Prospectus when published will include full audited historic three year financial information on Russell in IFRS, in a form consistent with the accounting policies adopted by LSEG in its own annual consolidated accounts. Such IFRS financial information will differ from the summary financial information on Russell as set out above. (4) A portion of Russell's EMEA revenue includes income from the UK.



Continued investment in innovation

Capital formation

- ELITE – Over 200 companies signed up to programme in Italy and UK supporting high growth private companies
- Launch of Turquoise Block Discovery™
- Successful migration of SETS and SETSqx Gross Trade Feed to Central Counterparties
- Completed acquisition of Bonds.com – US-based fixed income trading platform

Intellectual property

- Continued development of FTSE indices including new RQFII Index, Frontier Markets Index and DC Benchmarks Index
- Expansion of strategic partnerships in Mongolia and Morocco

Risk management

- SwapClear launch of Blended Rate Compression service
- 3 CCPs choose globeSettle as securities collateral location venue

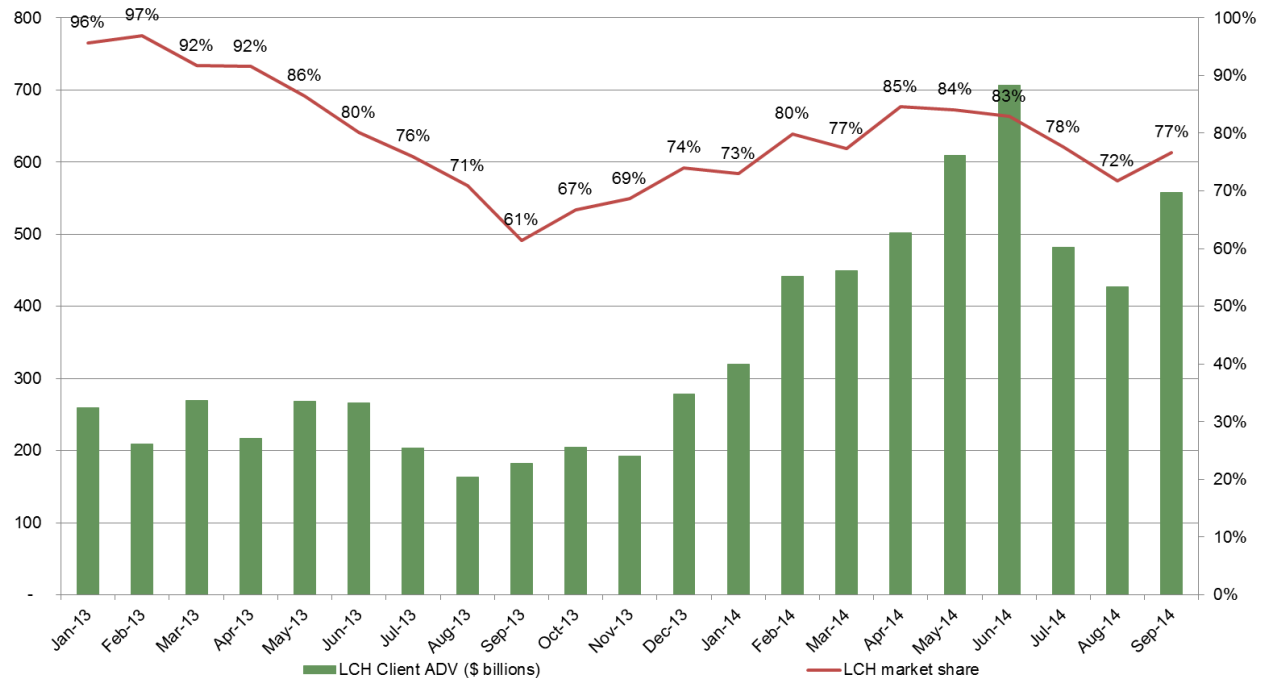
SwapClear

- SwapClear clears more than 90% of the cleared IRS market
- \$225 trillion reduction to notional outstanding as a result of compression services year to end September

SwapClear Client clearing

\$166 trillion notional cleared
– almost 4 times nearest competitor

LCH.Clearnet - SwapClear
Client clearing - Average Daily Value \$billion



SwapClear – Compression

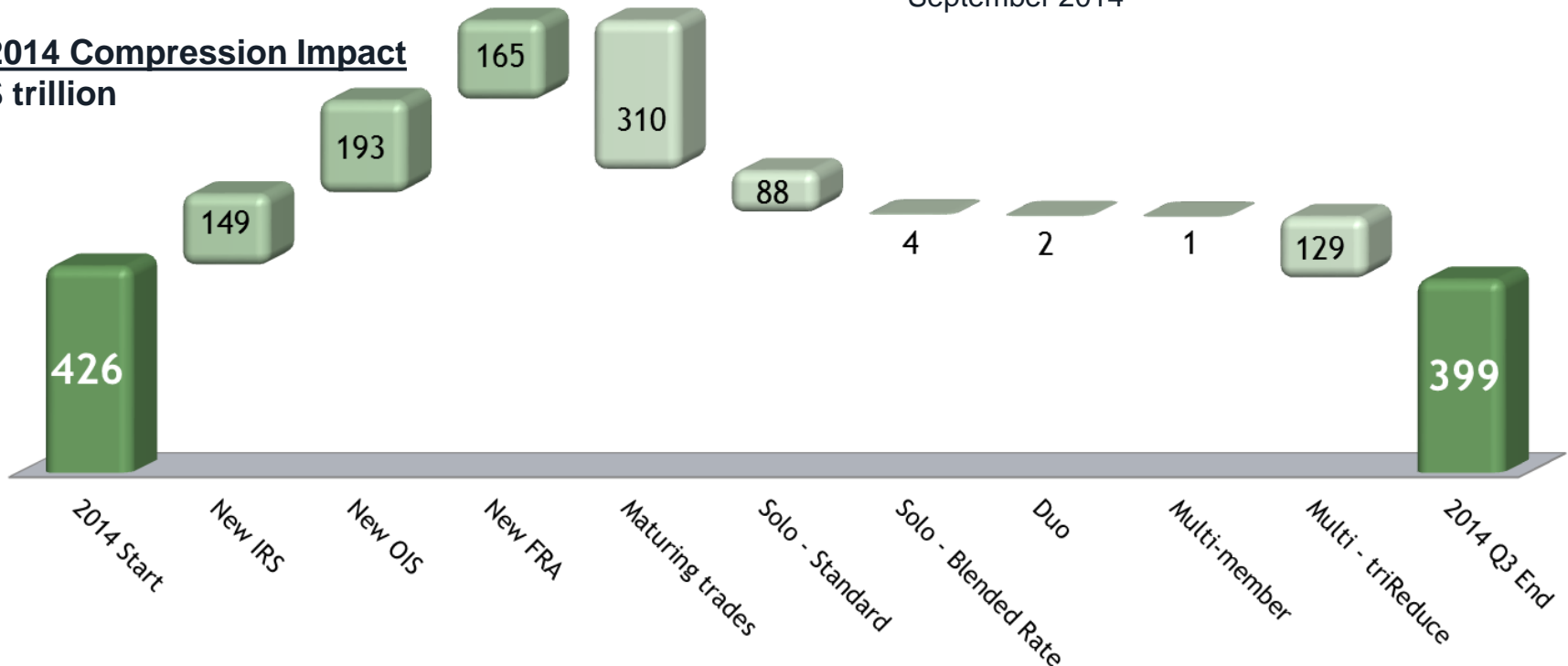
Compression reduces notional and trade count with the following benefits :

- Reduced leverage ratio and capital requirements for members
- Reduced portfolio line items and operational risk /cost
- More efficient default management and client porting

Q3 2014 Highlights:

- \$71 trn Net notional reduction in IRS outstanding
- \$225 trn Overall net notional compressed across products year to end September
- Introduction of new Solo with Blended Rate in September 2014

2014 Compression Impact \$ trillion





Acquisition of Frank Russell Company

- **Timetable:**
 - Rights issue completed in September
 - CMA clearance received
 - On track to complete earlier than expected - before end of 2014
- **Comprehensive review**
 - Good progress with post completion plans
 - Outcome to follow completion late 2014 / early 2015
- **The combination with FTSE, and the resulting synergies, provides firm platform for attractive financial returns**

Outlook

- **Good H1 financial performance**
 - Increased revenue, operating profits and AEPS
 - Growth both organic and from acquisitions
- **Remain focused**
 - Accelerated cost savings at LCH.Clearnet
 - Completing the acquisition of Russell and integration of indices business with FTSE
- **Continued investment to further strengthen Group**
- **Geographic footprint increasing – significant US presence**
- **Well positioned to develop further**



Appendices

Adjusted operating profit - excludes amortisation of purchased intangible assets, non-recurring items and unrealised gains/losses at LCH.Clearnet, to enable comparison of the underlying earnings of the business with prior periods.

Adjusted earnings per share

Based on number of shares 272.9m (FY 2014 H1 : 270.0m), excludes ESOP.

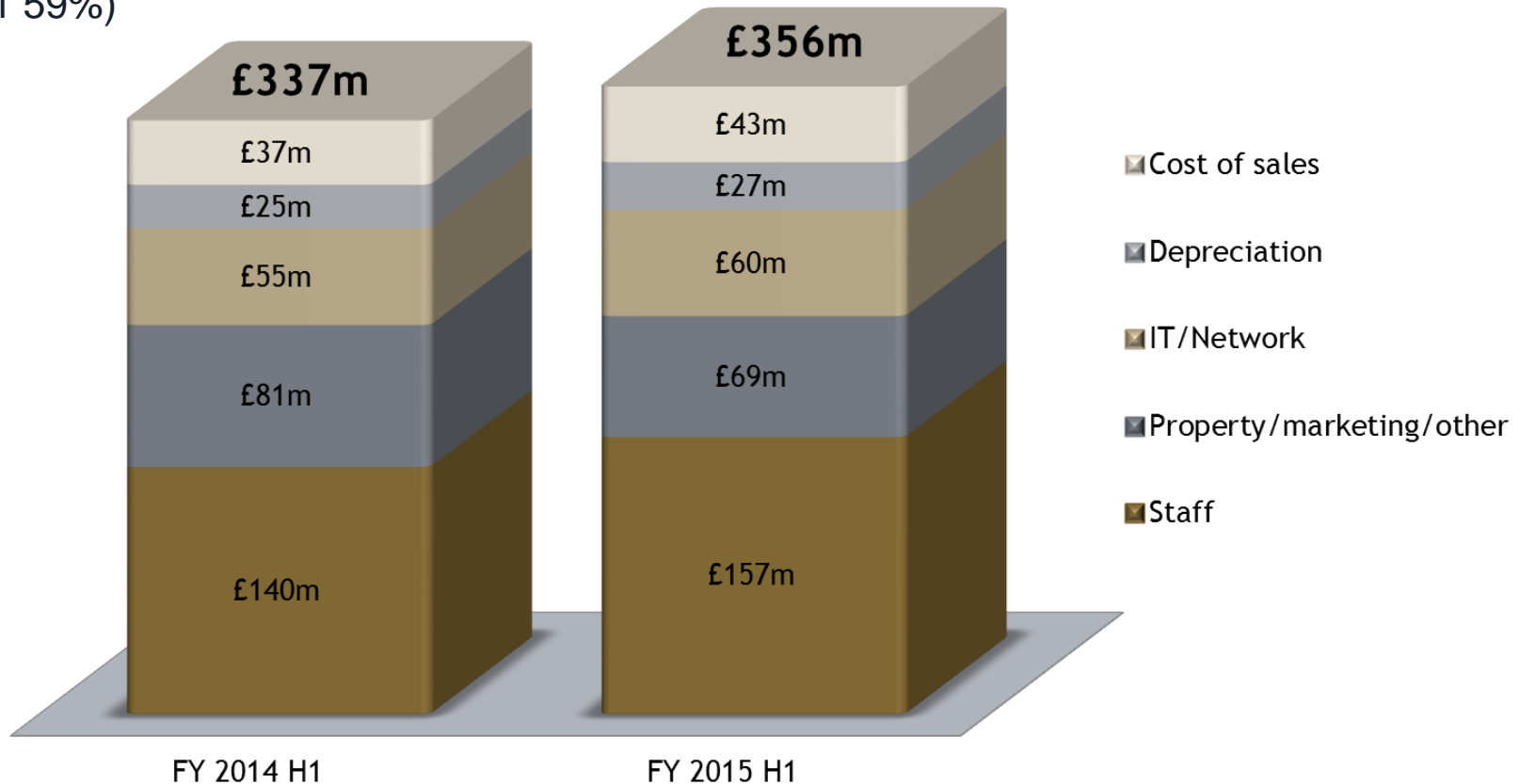
Exchange rates

	Closing € : £ rate	Average € : £ rate for the period ended
30 September 2014	€1.29	€1.24
30 September 2013	€1.20	€1.17
31 March 2014	€1.21	€1.19

Operating expenses

Cost : Income ratio 55%

(FY 2014 H1 59%)



Excluding amortisation of purchased intangibles and non-recurring items

Note: Minor rounding differences, figures may not cast down



Key performance indicators

Capital Markets - Primary Markets

	Six months ended		Variance %
	30 September 2014	2013	
New Issues			
UK Main Market, PSM & SFM	47	21	124%
UK AIM	62	52	19%
Borsa Italiana	17	6	183%
Total	126	79	59%

Company Numbers (as at period end)

UK Main Market, PSM & SFM	1,377	1,363	1%
UK AIM	1,099	1,090	1%
Borsa Italiana	303	283	7%
Total	2,779	2,736	2%

Market Capitalisation (as at period end)

UK Main Market (£bn)	2,221	2,192	1%
UK AIM (£bn)	75	69	9%
Borsa Italiana (£bn)	496	399	24%
Borsa Italiana (£bn)	386	333	16%
Total (£bn)	2,682	2,594	3%

Money Raised (£bn)

UK New	9.7	3.7	162%
UK Further	8.6	10.3	(17%)
Borsa Italiana new and further	9.2	1.0	820%
Total (£bn)	27.5	15.0	83%

Capital Markets - Secondary Markets

	Six months ended		Variance %
	30 September 2014	2013	
Equity			
Totals for period			
UK value traded (£bn)	529	528	0%
Borsa Italiana (no of trades m)	31.3	26.8	17%
Turquoise value traded (€bn)	469.8	340.1	38%

SETS Yield (basis points)

0.65	0.66	(2%)
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Average daily

UK value traded (£bn)	4.1	4.2	(2%)
Borsa Italiana (no of trades '000)	246	209	18%
Turquoise value traded (€bn)	3.64	2.62	39%

Derivatives (contracts m)

LSE Derivatives	4.7	8.8	(47%)
IDEM	17.7	15.6	13%
Total	22.4	24.4	(8%)

Fixed Income

MTS cash and BondVision (€bn)	2,096	1,509	39%
MTS money markets (€bn term adjusted)	37,740	36,438	4%

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



Key performance indicators

Post Trade Services - CC&G and Monte Titoli

	Six months ended		Variance %
	30 September 2014	2013	
CC&G Clearing (m)			
Equity clearing (no of trades)	32.7	28.2	16%
Derivative clearing (no of contracts)	17.7	15.6	13%
Total	50.4	43.8	15%
Open interest (contracts as at period end)	5.1	5.1	0%
Initial margin held (average €bn)	9.8	12.0	(18%)
Monte Titoli			
Settlement instructions (trades m)	32.9	26.9	22%
Custody assets under management (average €tn)	3.38	3.29	3%
Information Services			
	As at		Variance %
	30 September 2014	2013	
Terminals			
UK	78,000	80,000	(3%)
Borsa Italiana Professional Terminals	129,000	128,000	1%
FTSE ETFs assets under management benchmarked (\$bn)	216	176	23%

Post Trade Services - LCH.Clearnet

	Six months ended		Variance %
	30 September 2014	2013	
OTC derivatives			
SwapClear			
IRS notional outstanding (\$trn)	399	421	(5%)
IRS notional cleared (\$trn)	340.1	240.8	41%
SwapClear members	108	100	8%
CDSClear			
Open interest (€bn)	36.0	20.3	77%
Notional cleared (€bn)	29.5	104.5	(72%)
CDSClear members	9	11	(18%)
ForexClear			
Notional value cleared (\$bn)	459.6	439.2	5%
ForexClear members	20	15	33%
Non-OTC			
Fixed income - Nominal value (€trn)	37.6	36.9	2%
Commodities (lots m)	86.6	64.4	34%
Listed derivatives (contracts m)	83.4	83.2	0%
Cash equities trades (m)	209.0	178.3	17%
Average cash collateral (€bn)	48.7	40.2	21%

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



Revenues - Quarterly

£ millions	FY 2014				FY 2014	FY 2015	
	Q1	Q2	Q3	Q4		Q1	Q2
Annual Fees	10.0	10.3	10.2	10.7	41.2	11.0	11.3
Admission Fees	9.5	7.6	12.8	10.0	39.9	14.3	8.8
Cash equities UK & Turquoise	24.2	22.2	21.7	26.4	94.5	24.5	23.8
Cash equities Italy	8.6	8.6	9.0	9.9	36.1	10.0	8.7
Derivatives	5.0	4.7	4.9	5.0	19.6	4.9	4.6
Fixed Income	15.5	14.5	18.4	19.7	68.1	19.9	18.2
Other	2.2	2.3	3.1	2.5	10.1	2.4	2.2
Capital Markets	75.0	70.2	80.1	84.2	309.5	87.0	77.6
Clearing	10.1	9.0	10.4	10.5	40.0	10.2	8.2
Settlement	4.4	3.5	4.2	4.4	16.4	5.0	3.8
Custody & other	10.6	10.6	10.6	10.2	42.0	10.8	10.0
Post Trade Services - CC&G and Monte Titoli	25.1	23.0	25.2	25.1	98.4	26.0	22.0
	2 months						
OTC - SwapClear	14.9	26.3	24.5	25.8	91.5	26.8	27.6
OTC - ForexClear / CDSClear	2.7	4.0	4.0	7.4	18.1	7.3	6.9
Fixed income	5.4	8.4	7.0	11.0	31.8	11.6	11.0
Commodities	4.4	9.1	9.3	11.3	34.1	14.1	12.2
Listed derivatives	12.4	11.2	11.5	12.9	48.0	9.5	10.3
Cash equities	6.2	8.2	8.7	9.3	32.4	8.4	8.3
Other	3.0	(5.0)	(3.9)	12.9	7.1	5.5	6.2
Post Trade Services - LCH.Clearnet	49.0	62.2	61.1	90.6	263.0	83.2	82.5

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



Revenues – Quarterly (continued)

£ millions	FY 2014				FY 2014	FY 2015	
	Q1	Q2	Q3	Q4		Q1	Q2
FTSE	41.7	42.2	44.2	45.9	174.0	44.4	48.3
Real time data	22.4	22.2	23.0	23.3	90.8	21.3	21.3
Other information	19.8	20.1	21.2	22.8	83.9	22.3	23.4
Information Services	83.9	84.5	88.4	92.0	348.7	88.0	93.0
MillenniumIT	7.4	5.7	7.9	10.5	31.5	6.0	6.9
Technology	8.1	8.2	8.1	8.1	32.5	8.3	9.6
Technology Services	15.5	13.9	16.0	18.6	64.0	14.3	16.5
Other	1.2	0.7	1.5	1.3	4.7	1.4	1.1
Total Revenue	249.7	254.5	272.3	311.8	1,088.3	299.9	292.7
Net treasury income through CCP:							
CC&G	16.7	11.4	10.1	9.4	47.6	7.5	8.0
LCH.Clearnet	11.8	18.7	17.6	14.1	62.2	15.1	17.2
Other income	2.1	2.2	8.9	1.9	15.0	1.4	0.7
LCH.Clearnet unrealised gain / (loss)	(1.2)	(0.8)	(0.9)	(0.6)	(3.5)	0.7	-0.3
Total income including unrealised	279.1	286.0	308.0	336.5	1,209.6	324.6	318.3
Total income excluding unrealised	280.3	286.8	308.9	337.1	1,213.1	323.9	318.6

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



Contacts

Paul Froud
Head of Investor Relations

Tel: +44 (0)207 797 1186

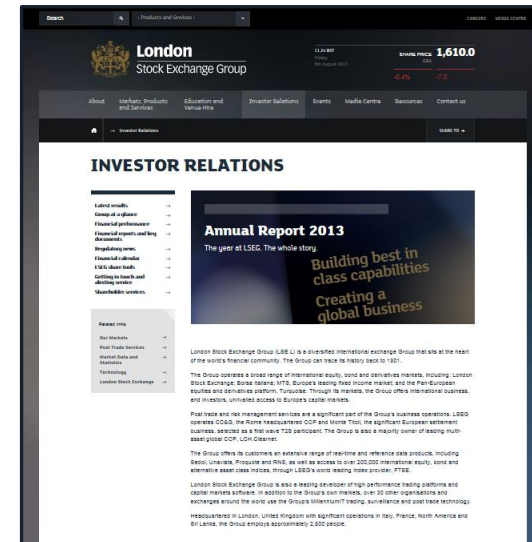
email: pfroud@lseg.com
email: twoodley@lseg.com

London Stock Exchange Group plc
10 Paternoster Square
London
EC4M 7LS

For information on the Group: www.lseg.com

Tom Woodley
Investor Relations Manager

Tel: +44 (0)207 797 1293





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