LSEG H1 2024 Interim Results –

Analyst & Investor Call Transcript

THURSDAY 01 AUGUST 2024

David Schwimmer, CEO

Michel-Alain Proch, CFO


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H1 2024 results
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Strong commercial, strategic and financial progress in H1

Delivering on all fronts in H1 2024

- Positive contribution from all business lines
- Rapid pace of innovation; Workspace regularly displacing competitors
- First Microsoft product coming to market in H2
- Greater efficiency driving margin improvements
- Significant shareholder returns

+7.6% Total Income[1] growth in H1 2024

+6.4% ASV growth at H1 2024

+50bps underlying margin improvement[2]

+29% FCF growth in H1 2024

£1.0bn returned via buybacks in H1 2024

+15% dividend growth in H1 2024

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1. Total Income excl. recoveries, constant currency basis. Throughout this presentation, constant currency growth is calculated on the basis of consistent FX rates applied across the current and prior year period (GBP:USD 1.243 GBP:EUR 1.150).
2. Constant currency EBITDA margin expansion.

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David Schwimmer:

Good morning and welcome to our first half 2024 results. I am joined by Michel-Alain Proch or MAP, our CFO, and by Peregrine Riviere, Head of Investor Relations.

LSEG had a strong first half – revenues were up 7.6% and we made good progress in the commercial and strategic transformation of our business.

Our first half growth was broad based, with positive contributions from every business line.

We're bringing stronger offerings to the market, driven by a high pace of innovation and consistent customer focus.

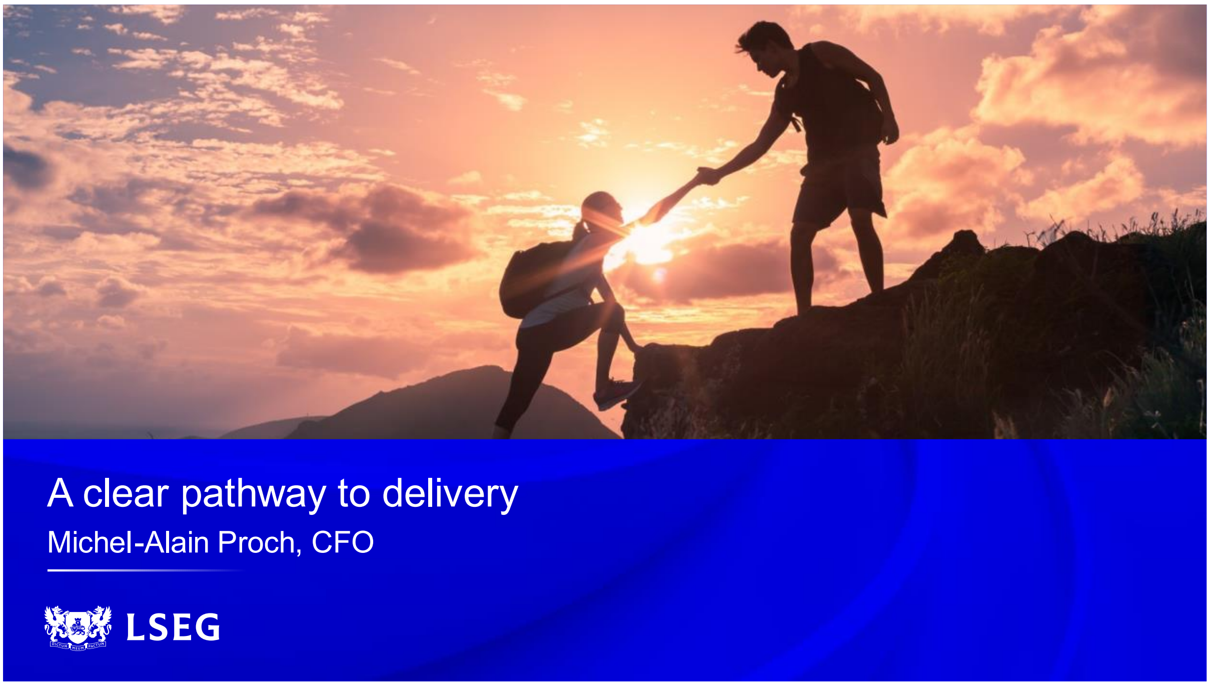
We're driving regular displacements with Workspace and the recent deal with Dow Jones expands our leadership in news.

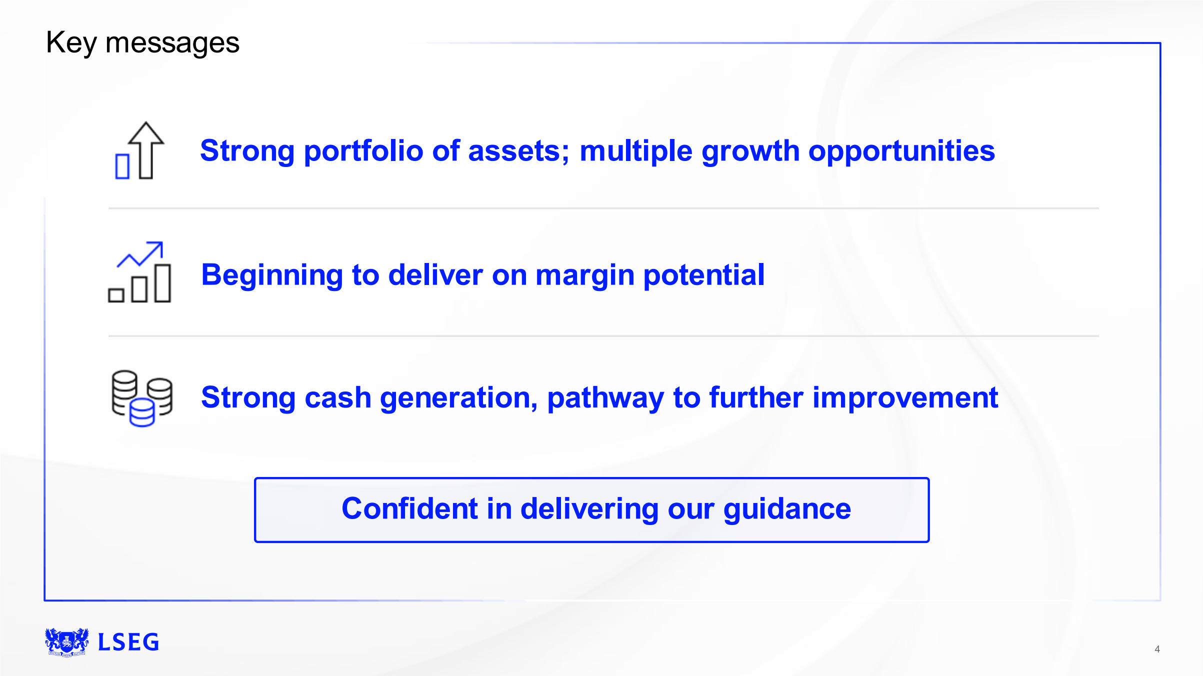
Our partnership with Microsoft is progressing well, delivering wider availability of the first products by year-end.

We are delivering this performance with a clear and critical focus on efficiency and discipline, driving a 50 basis point improvement in H1 margins. We are committed to further margin expansion over the next few years.

Cash flow growth was very strong, supporting significant shareholder returns. We bought back £1 billion of shares in the first half, and we increased our interim dividend by 15% today.

I'll come back to the commercial and strategic progress we're making in a moment, but first I'll hand over to MAP to take you through our financial performance in more detail.


A clear pathway to delivery
Michel-Alain Proch, CFO
LSEG



Michel-Alain Proch:

Thanks David. Good morning everyone. It has been good to meet many of you over the past few months.

My key messages are partly what I have seen since I joined, and partly what our first half performance confirms.

First, we have a great portfolio of assets providing critical services to our customers and with strong growth drivers behind them. This is clear from the 7.6 % growth derived from every business line in H1.

Second, there is scope for scaling our operating model. And this is something that I have executed before. Again, this is apparent already in H1, as margin improvements are coming through as we planned.

And third, even if LSEG is highly cash generative today, the pathway to stronger cash flow is well marked with higher margin and lower capital intensity.

So, when I put all that together, as the new CFO coming in after the Capital Markets Day last November and seeing what the plan is. I can say the plan makes complete sense to me and we are going to execute it in a very disciplined way. In a nutshell, you can have confidence in our medium-term guidance, as we all do.

Strong H1 growth; acceleration in Q2

(GBP million)	Q1	Q2	H1
2024 total income ex. recoveries	**2,089**	**2,115**	**4,204**
2023 total income ex. recoveries	2,007	1,983	3,990
Reported growth	4.1%	6.7%	5.4%
Organic growth [1]	**6.4%**	**7.8%**	**7.1%**

1. Constant currency organic growth.

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Michel-Alain Proch:

Turning to the next slide, I'm looking at how our growth has accelerated in Q2. Q1 was good at 6.4% organic, but Q2 has been better at 7.8%. The acceleration has been driven mainly by Capital Markets and FTSE Russell.

Delivering broad -based growth in H1

(GBP million)	H1 2024	H1 2023	Growth vs H1-23	Organic growth[1] vs H1 2023
Data & Analytics	2,005	1,973	1.6%	4.3%
FTSE Russell	452	412	9.7%	11.5%
Risk Intelligence	263	241	9.1%	11.5%
Capital Markets	880	759	15.9%	17.4%
Post Trade	596	590	1.0%	0.0%
Total[2]	**4,204**	**3,990**	**5.4%**	**7.1%**

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1. Constant currency organic growth.
2. Totals include other income of £8m in 2024 and £15m in 2023.

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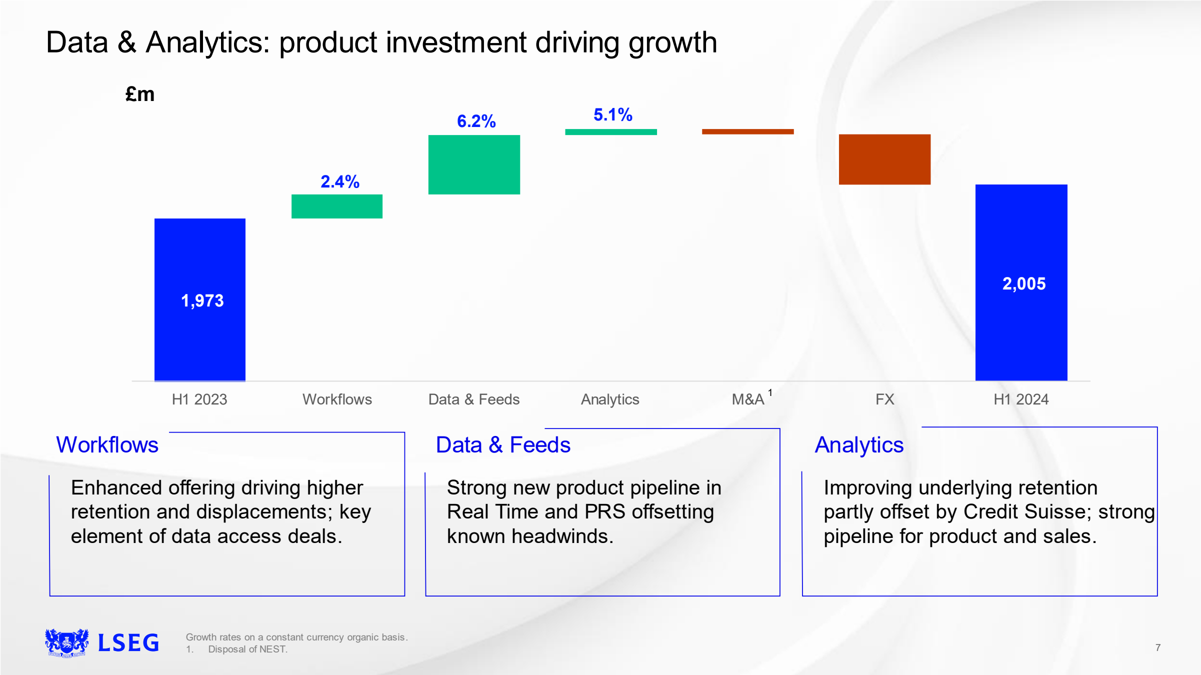
Michel-Alain Proch:

So now if we look at the whole of H1, division by division on the next slide, you can see a strong pattern, with three out of five divisions growing at double digit rate on an organic basis. Data & Analytics maintained a solid performance throughout the first half despite the known headwinds, and Post Trade was stable despite an exceptional 2023 and the first impact of the loss of the Euronext business.



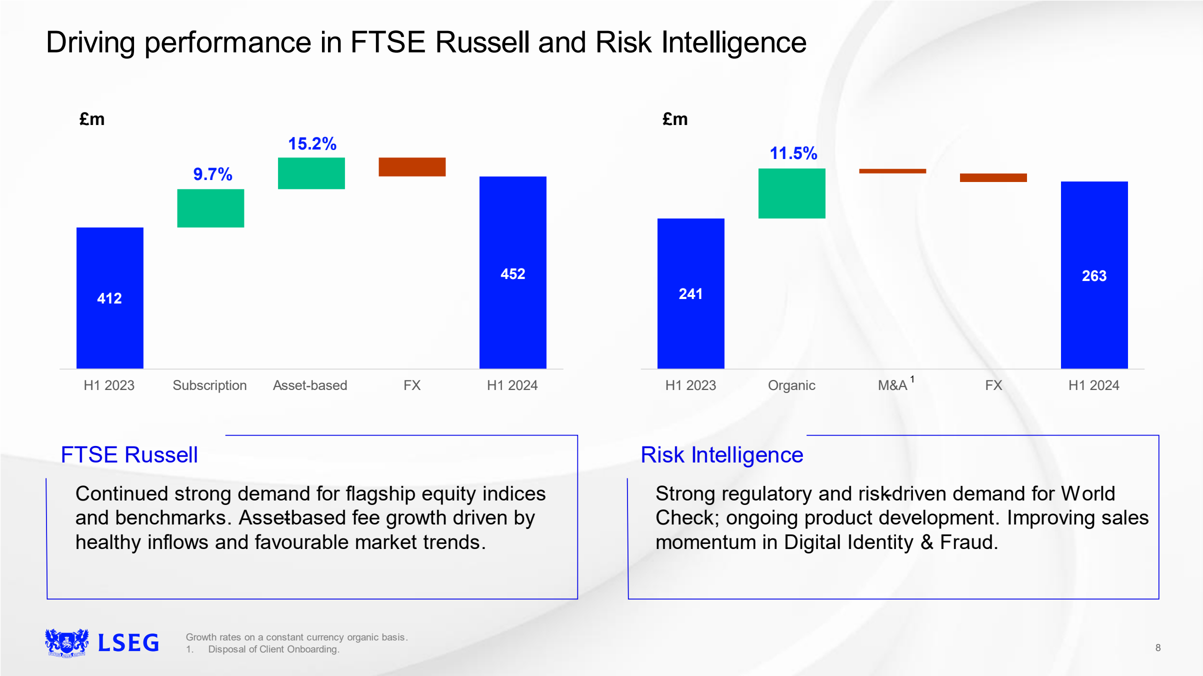
Michel-Alain Proch:

Looking now at Data & Analytics in more detail:

There was a really good performance from Workflows, with organic growth of 2.4%, which would be over 3% adjusting for Credit Suisse and the enterprise deal we mentioned at Q1. We are increasingly displacing other providers as Workspace becomes more powerful, and in Q2 we had our strongest net sales quarter for Workflows for many years. The integration of TORA and SDC Platinum, and the strategic partnership in news with Dow Jones, all bring significant enhancements to the platform.

Data & Feeds maintained its good momentum. The slight slowdown this quarter reflects a very strong Q2 last year. We continue to invest in broadening our datasets and adding more low latency feeds.

In Analytics, underlying growth remains solid. We expect the new Analytics API to drive an acceleration in H2, with initial sales looking encouraging. David will talk about that in a moment.

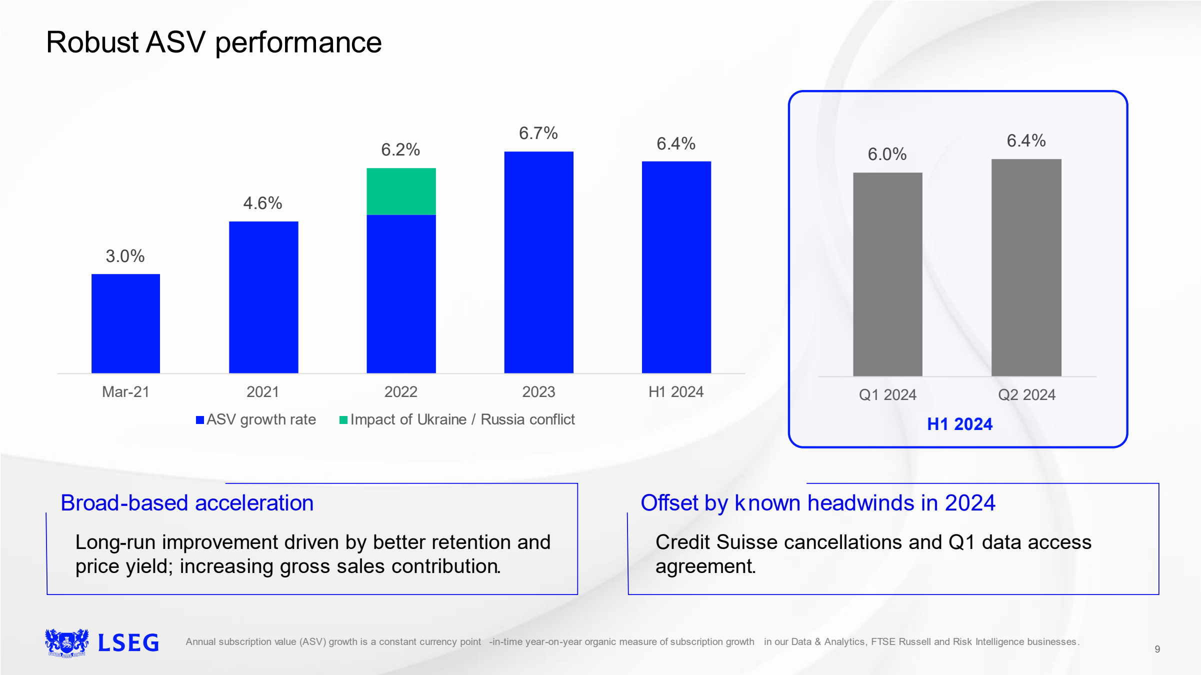


Michel-Alain Proch:

Turning to the next slide, I will cover FTSE Russell and Risk Intelligence, now reported as separate divisions.

FTSE Russell had a very strong first half, with a real acceleration into Q2, as anticipated. The growth here is broad-based, with good progress in both, FTSE and Russell equity franchise, a strong performance in fixed income, and encouraging sales in new areas like interest rate benchmarks. Asset-based revenue was also up double-digits, reflecting market movements and inflows.

Risk Intelligence continued to be driven by World-Check, our leading screening business. The market remains very attractive, although we are just seeing a normalisation of growth rates post the spike in activity caused by the invasion of Ukraine. Our due diligence business continues to be impacted by the shortage of IPOs in the Asian market, particularly in Hong Kong.

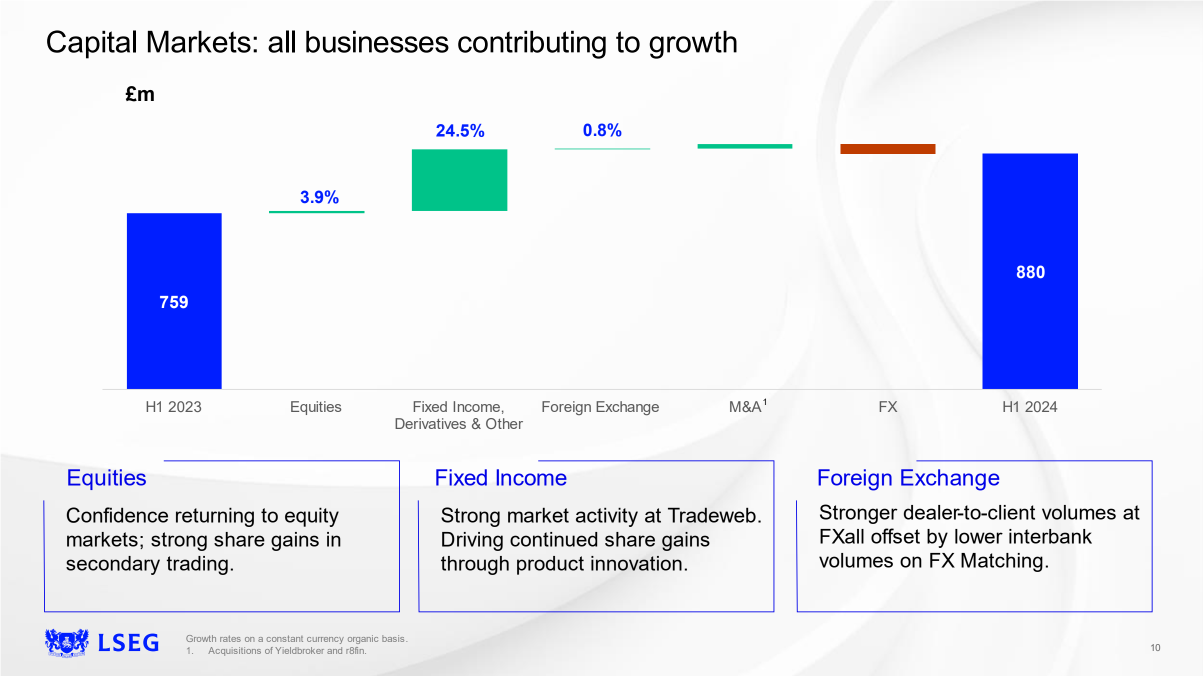


Michel-Alain Proch:

Looking now at our ASV metric on the next slide.

ASV growth was 6.4% as we exited Q2, compared to 6.0% three months earlier. The stronger result reflects a very good performance for sales and installs in a number of businesses, with limited additional headwind from Credit Suisse cancellations in the quarter.

So now, we now expect a bit more impact in H2 and our guidance for the rest of the year – that we shared in Q1 - remains “around 6%”. We remain around halfway through the total expected Credit Suisse impact on ASV.



Michel-Alain Proch:

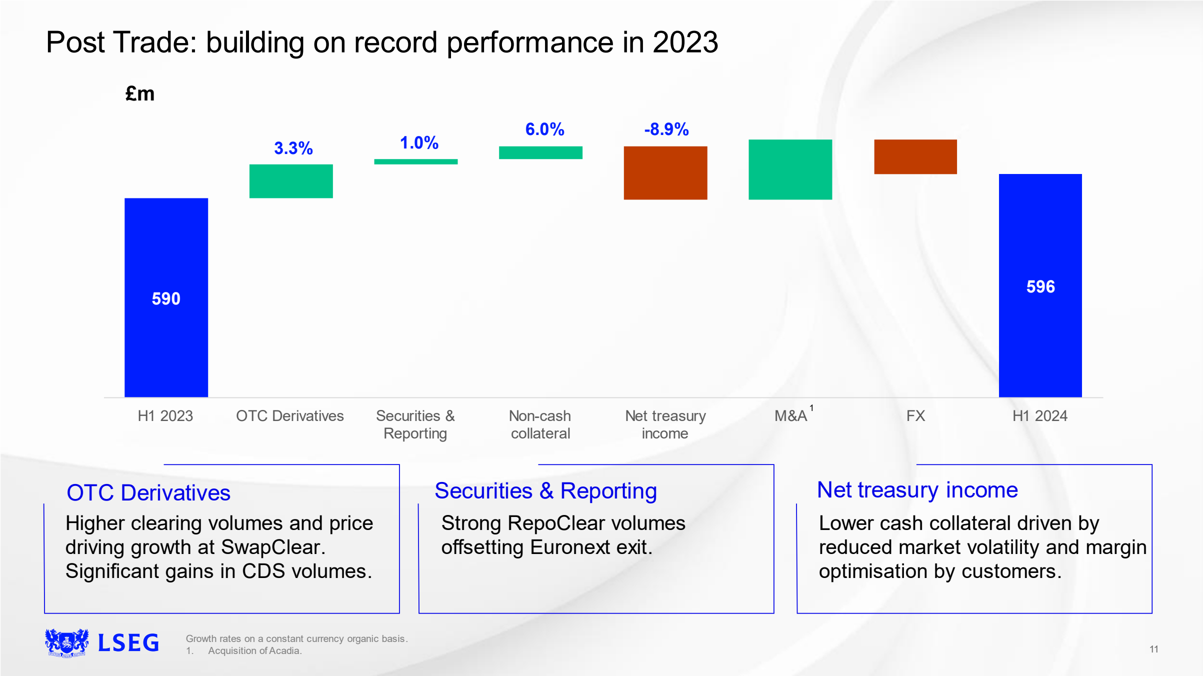
On the next slide, Capital Markets presents a positive picture across the board, with all businesses contributing to growth.

As you can see performance has notably improved in Q2 in Equities. While the primary market remains relatively subdued globally, the pipeline for the Autumn is improving.

Meanwhile, secondary volumes have picked up and so has our market share. We are encouraged by the significant revisions to Listing Rules announced in July, reflected in this week's launch of the new Main Market, which we believe will help to ensure London remains a leading global exchange.

Fixed Income had an outstanding H1, driven by the growth of Tradeweb. Tradeweb continued to grow share in a number of product lines in a very healthy market environment. We also made important strategic progress, completing the r8fin acquisition earlier in the year and announcing the acquisition of ICD, which completes shortly. This deal adds a fourth customer group for Tradeweb, expanding into the corporate treasury market. This also presents an attractive opportunity for other parts of LSEG, particularly for our FX business.

Turning then to FX, we are seeing a more positive trend here, with the business returning to growth in Q2, supported by stronger markets and new products.



Michel-Alain Proch:

Finally, looking at Post Trade on the next slide. Here the reported growth does not fully reflect the strength of the underlying performance, given the one-time revenue bump from reference rate reform in 2023, and the first impact of the Euronext exit.

We still achieved organic growth across all our revenue lines, and only saw a decline in net treasury income reflecting lower levels of collateral. Just on Euronext, it is worth highlighting that the full year impact of £35-40 million which we've previously talked about, is very heavily weighted to the second half.

Business was good both in our core swaps franchise and in newer growth areas. CDSClear grew strongly after a competitor exited the market in 2023, and RepoClear increased its share in a buoyant market. We also made progress with the development of Post Trade Solutions and bought out a further minority stake in LCH Group.

Strong growth in EBITDA; improving AEPS performance

£m	H1 2024	H1 2023	Growth % vs H1 2023 Reported	Constant ccy
Total income excl. recoveries	**4,204**	**3,990**	**5.4%**	**7.6%**
Gross profit	3,801	3,607	5.4%	7.5%
Adjusted EBITDA	**2,040**	**1,888**	**8.1%**	**8.4%**
Adjusted EBITDA margin	*48.5%*	*47.3%*		
Adjusted depreciation, amortisation & impairment	(477)	(454)	5.1%	7.2%
Adjusted operating profit	**1,563**	**1,434**	**9.0%**	**8.8%**
Adjusted net finance expense	(112)	(79)	41.8%	
Adjusted tax expense	(360)	(321)	12.1%	
Adjusted effective tax rate	*24.8%*	*23.7%*		
Non-controlling interest	(160)	(146)	9.6%	
Adjusted profit attributable to equity holders	**931**	**888**	**4.8%**	**4.4%**
Adjusted earnings per share	**174.0**	**160.9**	**8.1%**	**7.7%**

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Michel-Alain Proch:

So we are moving now from revenue to the rest of the P&L on the next slide. I will go into opex and margin in a bit more detail on the following slides.

The overall message here is that the strong top line growth of 7.6% fully translates into similar level of earnings growth at 7.7% on a constant currency basis and this – it is important to note it - despite higher finance costs and tax.

That latter impact is actually offset by the significant share buybacks we completed over the last 12 months, which have reduced our average share count by around 3%.

Improving cost control

(GBP million)	H1 2024	H1 2023	Growth % vs H1 2023 Reported	Constant ccy	Organic[1]
Cost of sales	**588**	**572**	**2.8%**	**5.5%**	**4.9%**
Staff costs	1,102	1,038	6.2%	8.5%	7.5%
As a % of total income ex recoveries	*26.2%*	*26.0%*			
IT costs	309	296	4.4%	6.7%	6.4%
As a % of total income ex recoveries	*7.4%*	*7.4%*			
Third-party services	195	201	(3.0%)	0.5%	0.7%
Other costs	174	169	3.0%	0.5%	(0.8%)
Total adjusted operating expenses ex FX[2]	**1,780**	**1,704**	**4.5%**	**6.4%**	**5.7%**
FX-related items[2]	(21)	14			
Total adjusted operating expenses	**1,759**	**1,718**	**2.4%**	**6.4%**	**5.7%**
Total Group cost base[3]	**2,347**	**2,290**	**2.5%**	**6.2%**	**5.5%**

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1. Constant currency organic growth.
2. FX-related items represent fair value movements on embedded derivative contracts and foreign exchange (gains)/losses (H1 2024: £21m gain, H1 2023: £14m loss). Within this, the impact of embedded derivatives was a £27 million gain in H1 2024 and zero in H1 2023.
3. Total Group cost base combines cost of sales and adjusted operating expenses.

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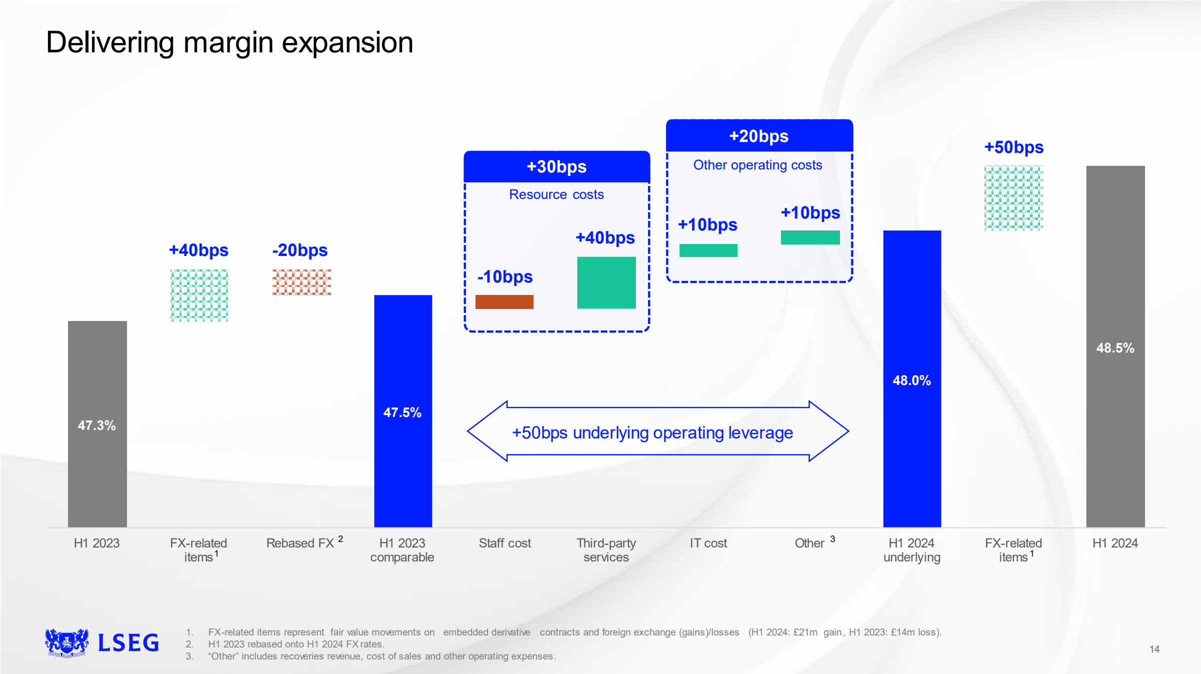
Michel-Alain Proch:

Let's look at our cost base in more detail on the next slide, both cost of sales and operating expenses.

First, cost of sales is heavily influenced by the mix of our top line growth. On a constant currency basis, it grew by 5.5%, a slower pace than the 7.6% growth we posted. This is mainly due to the improved contribution to the growth from D&A where a part of the cost of sales is fixed, like our Reuters news cost.

Second, looking at operating expenses, I like to present this by nature of costs because that's how we drive it and I think it helps to see what levers there are to manage these costs.

Staff costs, which are our largest expense, increased by 20 bps year-on-year as a proportion of total income at 26.2%. This is a very good result of our global resource equation. Indeed, one of the strategic projects we are conducting with Irfan Hussain, our Global CIO is a massive insourcing of our external technology contractors in order to enhance our engineering expertise and create a strong product culture. And we begin to see its materialisation in our numbers, with a stabilisation of our third-party services, where these contractor costs are recognised. This is providing operating leverage overall on our resource cost, as I am going to show you on the next slide.



Michel-Alain Proch:

So lets turn to the next slide where we bridge the effects of these cost drivers on our EBITDA margin rate.

Starting from the left, the 47.3% is the reported margin rate for H1 last year. Then there are the adjusting FX factors, both transactional, namely embedded derivatives on our client contracts for a positive 40 bps and then translational with a -20 bps mainly coming from the evolution of the USD and EUR versus GBP. All in, it gets you to a comparable baseline of 47.5% for H1 2023.

Then you can see the contribution to margin from each cost line, on a constant currency basis. The net benefit to margin from resource cost leverage that I just mentioned is a net 30 basis points, and from IT and other costs, another 20 basis point benefit. Taking these controllable movements together gives our underlying margin improvement of 50 basis points and all this while we continue to invest in our strategic projects, as our Microsoft partnership.

So that brings us to an underlying margin in H1 at 48%, and to complete the bridge on the right hand side: we enjoyed this semester, a benefit of 50 basis points mainly from embedded derivatives – from certain non-sterling customer contracts, as over time, exchange rates move. That gets you to our reported 48.5%.

Net finance expense affected by refinancing

(GBP million)	H1 2024	H1 2023
Interest expense on bank balances and other borrowings, net of derivative interest	(157)	(101)
Bank deposit and other interest income	77	49
Net lease interest expense	(9)	(7)
Interest differential and foreign exchange losses	(16)	(16)
Other finance expenses	(7)	(4)
Adjusted net finance costs	**(112)**	**(79)**

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Michel-Alain Proch:

Turning to net finance expense, which stepped up by about £30 million in H1.

There are two main drivers to this increase. First, as you may remember, we refinanced a part of our debt in March that came to maturity. Consequently, we issued $1.25 billion of bonds at 3 and 10 years, at about 300 bps higher coupons than the instruments they were replacing – which is just the reality of where markets are.

Second, we front-loaded our announced £1 billion buyback, to take advantage of Blackstone's selldown, which led to an increase of the Group net debt in the semester.

Finally, I just want to mention that the net finance expense includes now swap interest costs when for example we swap commercial paper labelled in EUR back in GBP. We previously identified these as FX losses, but they are actually an ongoing financing cost of our balance sheet. These were around £9 million in H1, both this year and last year. And they sit in the "Interest Differential" line on this table. I remind you that the full-year impact last year was around £24 million, and they were reclassified from opex to net finance expense.

So, taking all of that into account, for the full year, we expect the figure to be a little over £200 million.

Tax rate impacted by increase to the UK corporate rate

(GBP million)	H1 2024	H1 2023
Reported income taxes	**(225)**	**(114)**
Reversal in income tax on amortisation of intangibles arising from acquisition	(141)	(124)
Rate change on non-underlying attributes[1]	44	(44)
Transactions, integration and similar costs	(33)	(43)
Other	(5)	4
Adjusted tax	**(360)**	**(321)**
Effective tax rate	**24.8%**	**23.7%**

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1. Reflects the impact of changes in the tax rate applied to the surplus on one of the Group's pension schemes.

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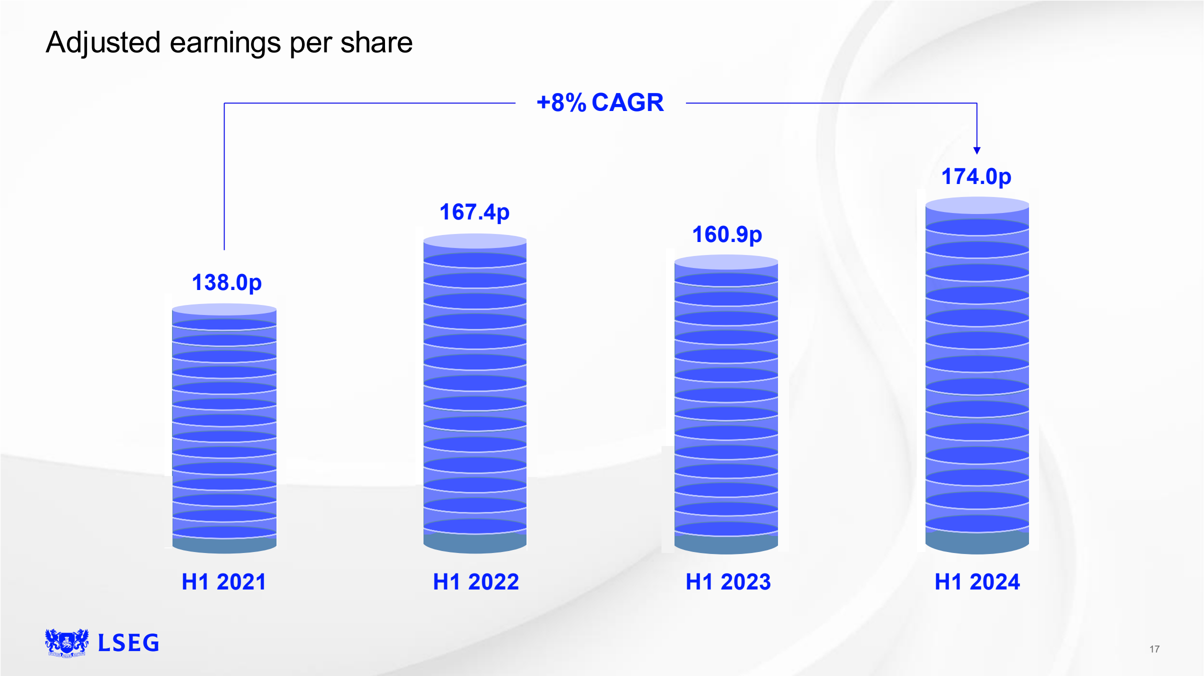
Michel-Alain Proch:

On tax, on the next slide, the effective tax rate rose from 23.7% to 24.8% - in line with our guidance of 24-25% for the full year. The increase is mostly a result of last year's step up in the UK corporation tax rate.



Michel-Alain Proch:

On AEPS, I think it is worth taking a slightly longer-term view given the noise from year to year from FX. Here you can see that over the last three years, AEPS has grown 26% or a compound rate of 8%.

That's a bit ahead of organic revenue growth of 6.5-7%.

Non-underlying items: Refinitiv integration costs tracking as expected

£m	H1 2024	H1 2023
Adjusted operating profit	**1,563**	**1,434**
Transaction cost credit/(costs)	10	(64)
Integration, separation & restructuring costs	(114)	(119)
Profit on disposal & remeasurement gains	8	69
Depreciation, amortisation & impairment of intangibles and other assets	(655)	(575)
Operating profit	**812**	**745**

£114m

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

£18m

in transaction credits and profits on disposal includes items relating to the sale of small businesses within Risk Intelligence

£655m

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

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Michel-Alain Proch:

Now looking at non-underlying items, which are similar in nature to previous years, and for the most part relate to Refinitiv.

We remain on track for total integration costs across capex and opex of around £1.4 billion by the end of next year.

As you know, we have already reached our cost synergy target a couple of years ahead of plan, and we are well set for revenue synergies.

Highly cash generative business model: strong free cash flow

(GBP million)	H1 2024	H1 2023
Operating cash flow	**1,501**	**1,200**
Net interest	(42)	(44)
Net taxes paid	(203)	(52)
Capex	(454)	(462)
Other items[1]	(41)	(50)
Equity free cash flow	**761**	**592**

Equity free cash flow: +29% vs H1 2023

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1. Includes dividends received, dividends paid to non -controlling interests and sales commissions paid.

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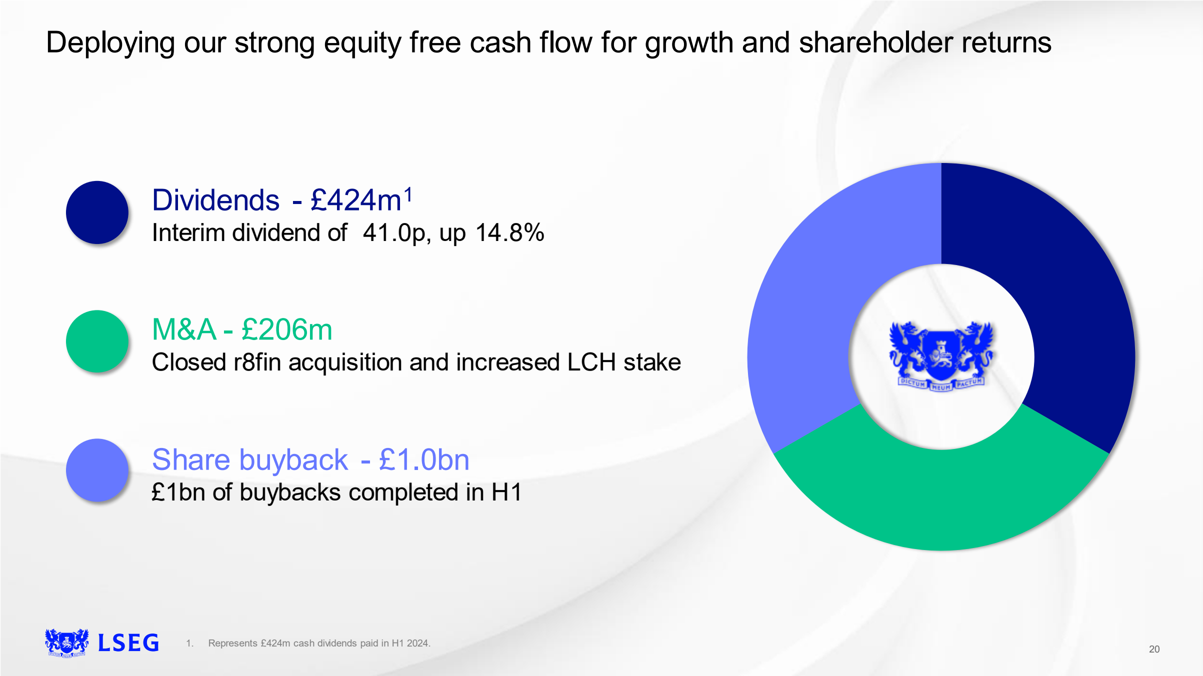
Michel-Alain Proch:

Let’s turn to cash flow now. We saw a big step up in operating cash flow, generating over £300 million more year-on-year. Net taxes paid optically increased by about £150 million reaching £203 million.

There are two reasons for such an increase: first, H1 2023 is exceptionally low due to a rebate we got last year, and second our UK business is now moving into statutory profit.

Capex came in at £454 million, slightly below last year and fully in line with our full year guidance that capex will be 11-12% of revenue. We have a good line of sight to that number coming down in 2025 and beyond.

Putting those movements together, equity free cash flow shows a strong growth of 29% year-on-year.



Michel-Alain Proch:

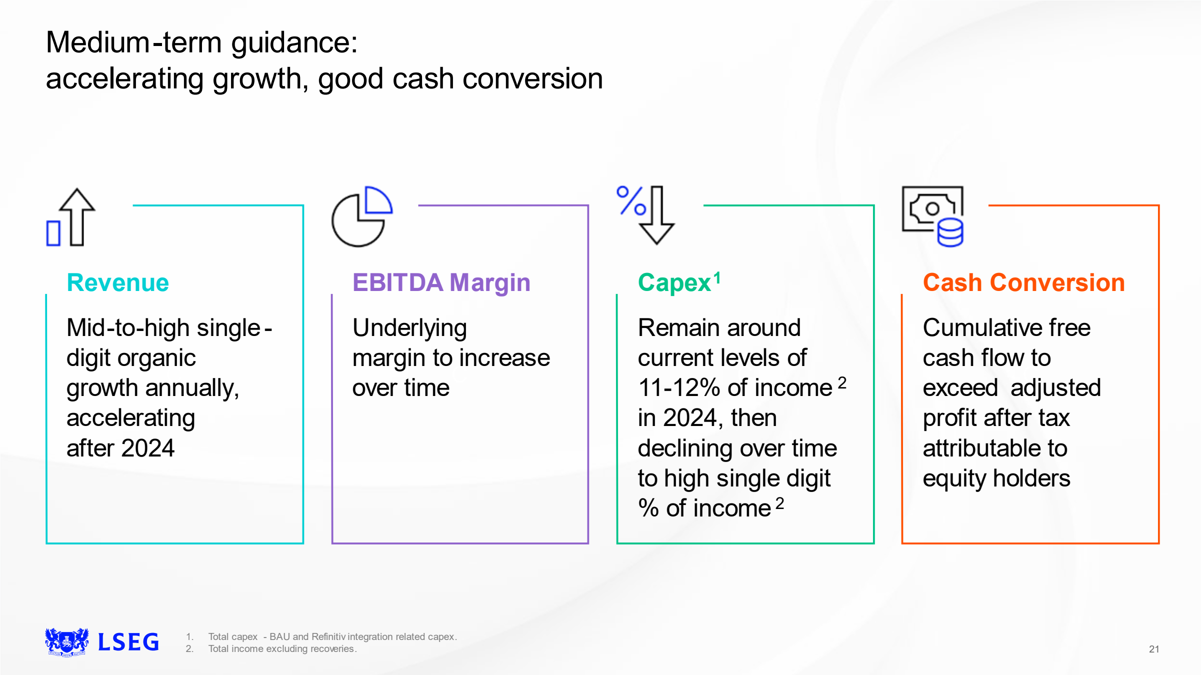
We have continued to be very active in our allocation of cash as well, as you can see from the next slide.

We have just talked about capex. Next is the dividend, with the interim dividend increasing 15% to 41 pence. As you know, we have slightly tweaked our policy here – the interim will represent around one third of the full-year dividend, and our payout ratio remains between a third and 40% of AEPS.

On M&A, total spend was just over £200 million. This relates to the acquisition of r8fin, and the buy-out of about 3% of the LCH minorities back in Q1. The acquisition of ICD completes shortly, with a consideration of $785 million, therefore impacting in H2.

And as I mentioned already, we have deployed £1 billion in the first half on buybacks, playing our part in Blackstone's orderly exit from the register. In total we've now returned £2.5 billion via buybacks in the last two years.

We ended the period with a leverage of 2x net debt to EBITDA, exactly in the middle of our guided range.



Michel-Alain Proch:

So to sum up, you can see from our performance in H1 that we are well set to deliver on our promises from last year's Capital Markets day.

We see revenue in the mid to high single digits organic growth range, accelerating after this year. We see that acceleration coming from a number of sources, reflecting how we have been investing across LSEG.

Our EBITDA margin will increase over time. We have structural levers here which will support this expansion while still leaving plenty of room for growth investment.

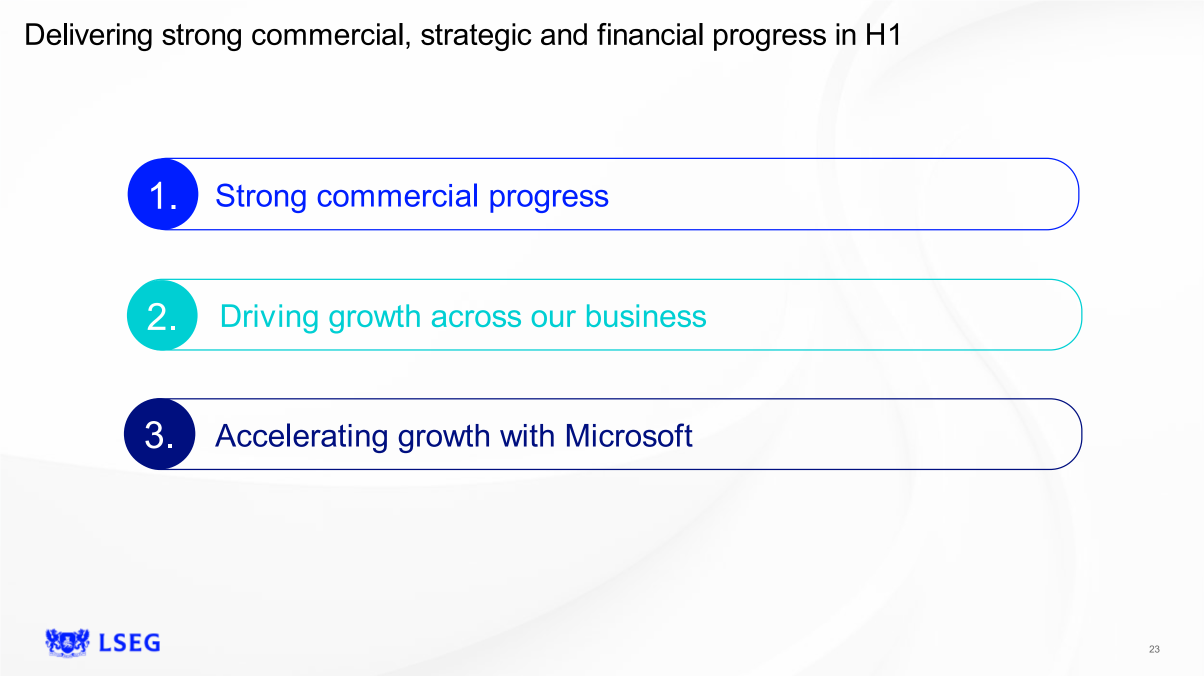
As I mentioned just now, capex will fall as a % of revenue from its current elevated levels.

And finally we are confident of very strong cash conversion.

Now let me hand back to David to talk about our strategic and operational progress.

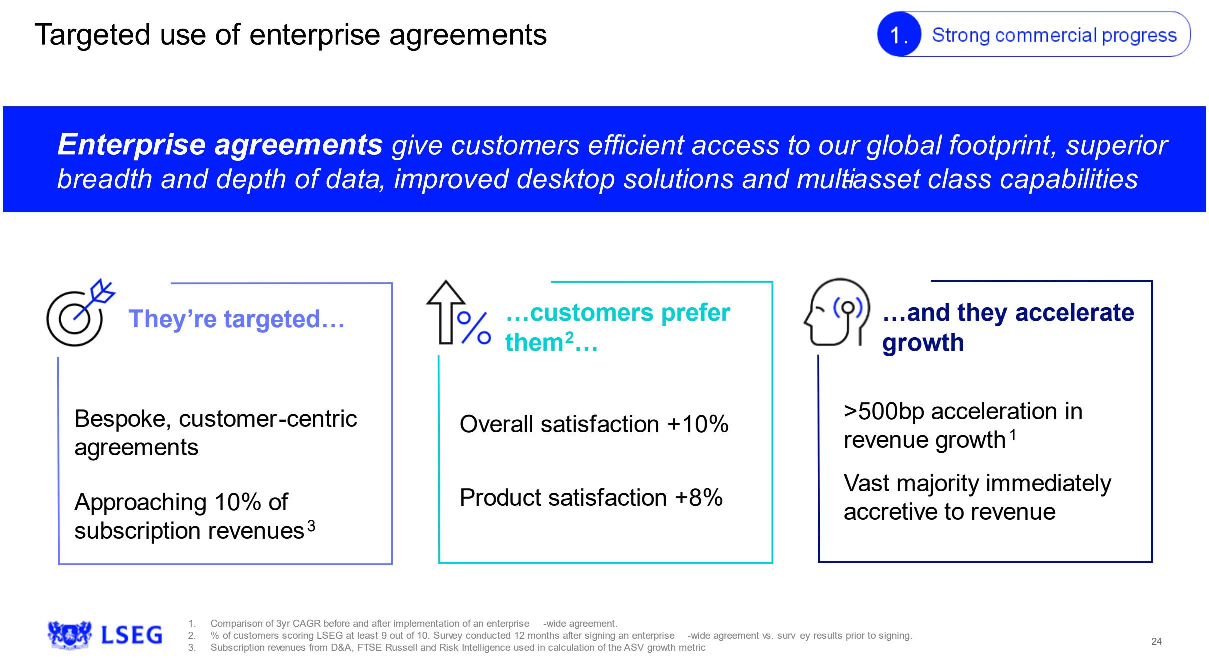
David Schwimmer:

Thank you, MAP.



David Schwimmer:

I’m going to spend the next few minutes giving you some of the highlights of our commercial progress, the investments we are making to drive growth, and our partnership with Microsoft.



David Schwimmer:

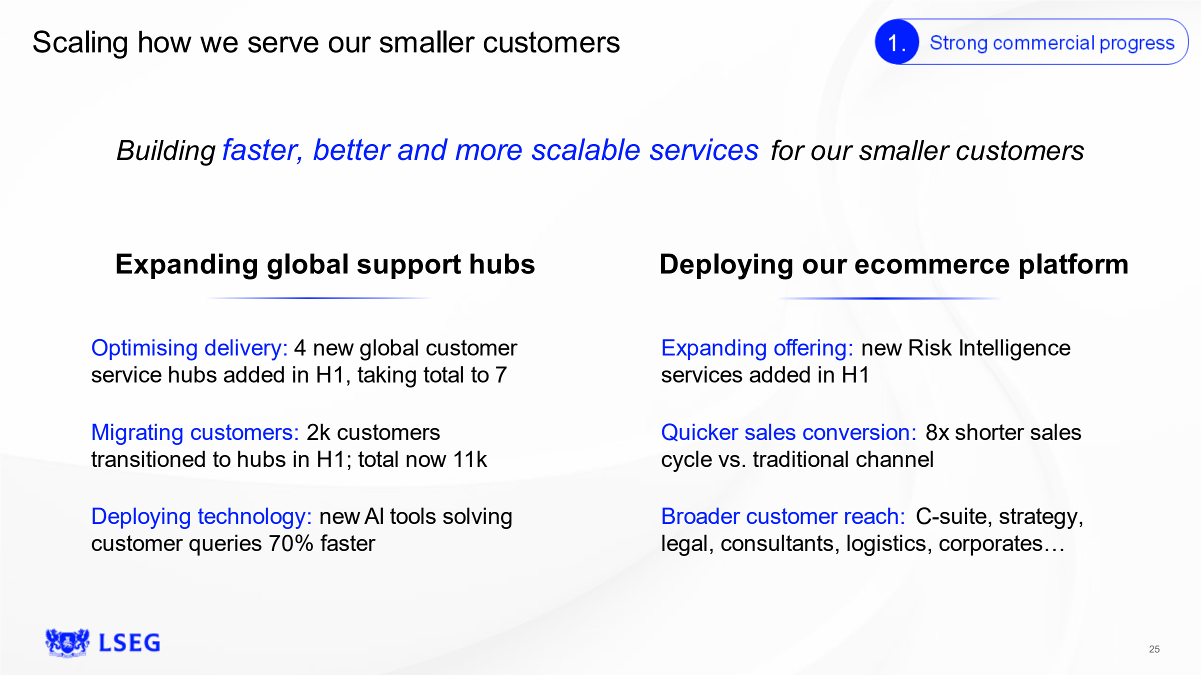
At our Capital Markets Day in November last year I highlighted how the breadth of our business is a key competitive differentiator. With products and services along the whole trade lifecycle, across multiple asset classes and with global reach, we are a natural partner to large banks and asset managers.

Enterprise agreements are a great example of this competitive advantage. These bespoke, multi-year agreements with our largest customers give access to a broad selection of our products and services in a single contract.

We've talked to you before about how it has strengthened relationships with major institutions like Barclays and HSBC.

By removing barriers to consumption and giving certainty on cost, these agreements drive improvement in customer engagement and satisfaction.

So, these are great for customers and also good for us. We've seen a step-change in growth from these major accounts, as well as growth in our wallet-share.



David Schwimmer:

We're also focused on how our scale can better serve our smaller customers, ensuring a consistent experience and more efficient delivery.

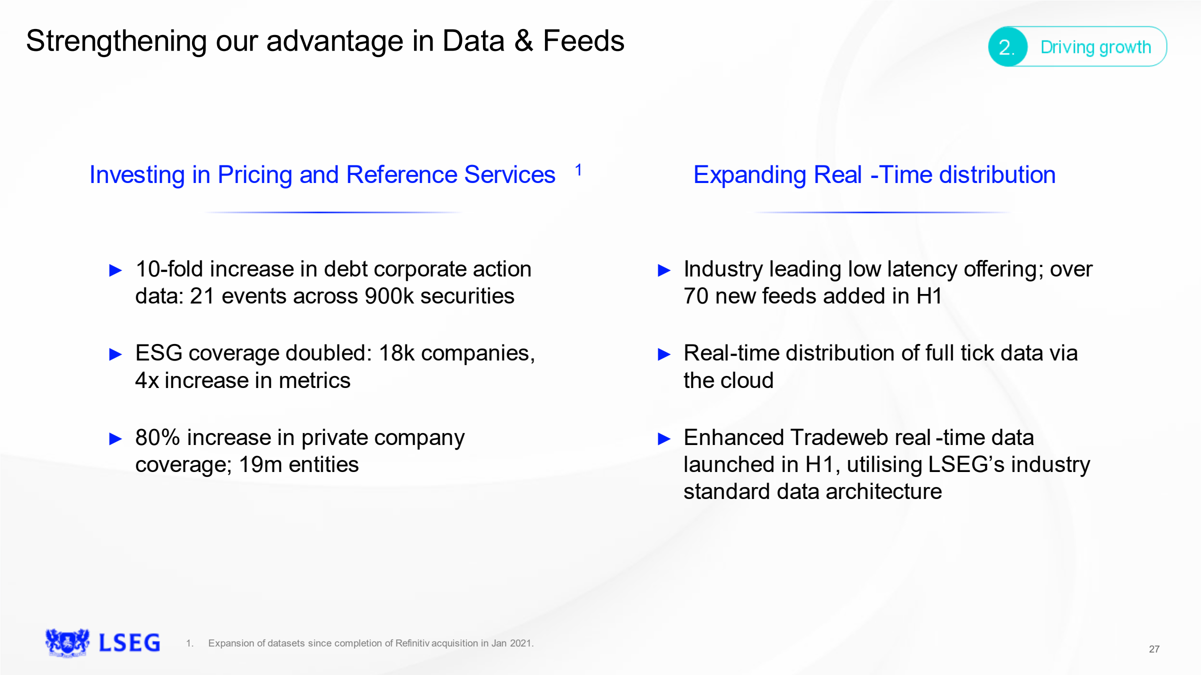
We opened four new service hubs and migrated an additional two thousand customers in H1. One quarter of our customers are now served from these locations.

Through technology and process improvements we are raising service levels and outcomes for smaller customers. To give just one example, our new AI-based Question and Answer tool is helping us answer customer queries up to 70% more quickly, and can be applied to 60% of all incoming queries. And, as we train it on the almost 3,000 queries a day we receive, it will continue to get better.

In H1 we added new Risk Intelligence services to our ecommerce platform, which offers smaller customers a self-serve capability for the first time. We will add further products to the platform in the second half and beyond.

David Schwimmer:

We continue to keep a close eye on the sales environment. In a business as diversified as ours, with our size and breadth, there will always be puts and takes but the overall trend here is consistent with what we shared at the full year – no change to the length of our sales cycle, average deal size or win rates – and we have seen encouraging growth in our sales pipeline, which we expect to support our sales performance in H2 and beyond.



David Schwimmer:

In the next few slides, I'll outline some of what we are doing to accelerate LSEG's growth.

Starting with our Data & Feeds business on slide 27. This business is built on the superior richness, breadth and depth of our data and the power of our distribution. And we are investing in both.

Over the last three and a half years we've expanded our fixed income corporate action data 10-fold.

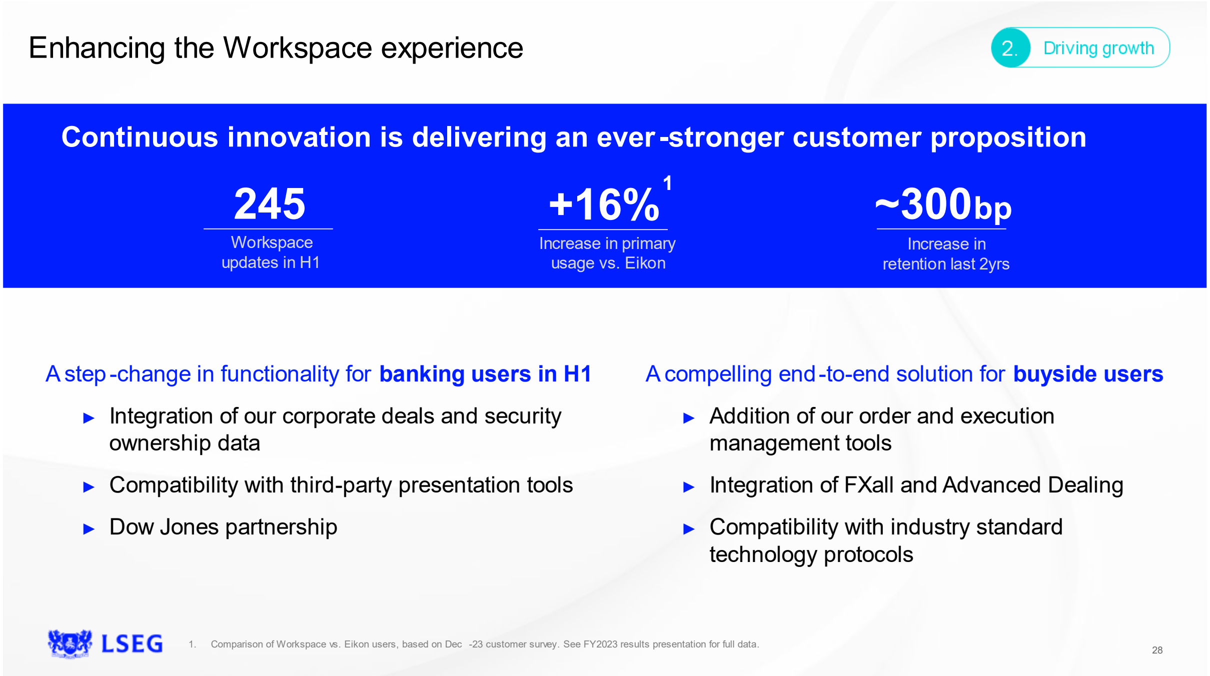
Since acquiring Refinitiv we've doubled the number of companies covered by our ESG data and increased the number of metrics four-fold. And we have expanded our private markets coverage by 80%.

At the same time as we are growing the breadth of our data, we have also improved its quality – cutting in half the number of data corrections over the last 18 months. This continuing investment in data scale and quality is driving growth and share gains in our Pricing and Reference business.

We're also focused on making it easier for customers to consume our data in ways that work for them – meeting them where they want to be. When we make it easier for customers to access our datasets and gain insights from them, the usage and value of our data increases.

We are investing from a position of strength in Real-Time data, where we are the global leader. We significantly expanded the footprint of our low latency business in H1, adding new feeds from over 70 venues to an offering that was already unmatched by peers.

We also launched cloud distribution of our full tick Real-Time offering – meeting a need from compliance, risk and market surveillance teams for comprehensive full tick data, but with the ease of cloud distribution.



David Schwimmer:

Turning to Workflows, the story here is getting better and better. The improvements we've made over the last few years are having a real impact.

Let's look at two specific groups of users: bankers and asset managers:

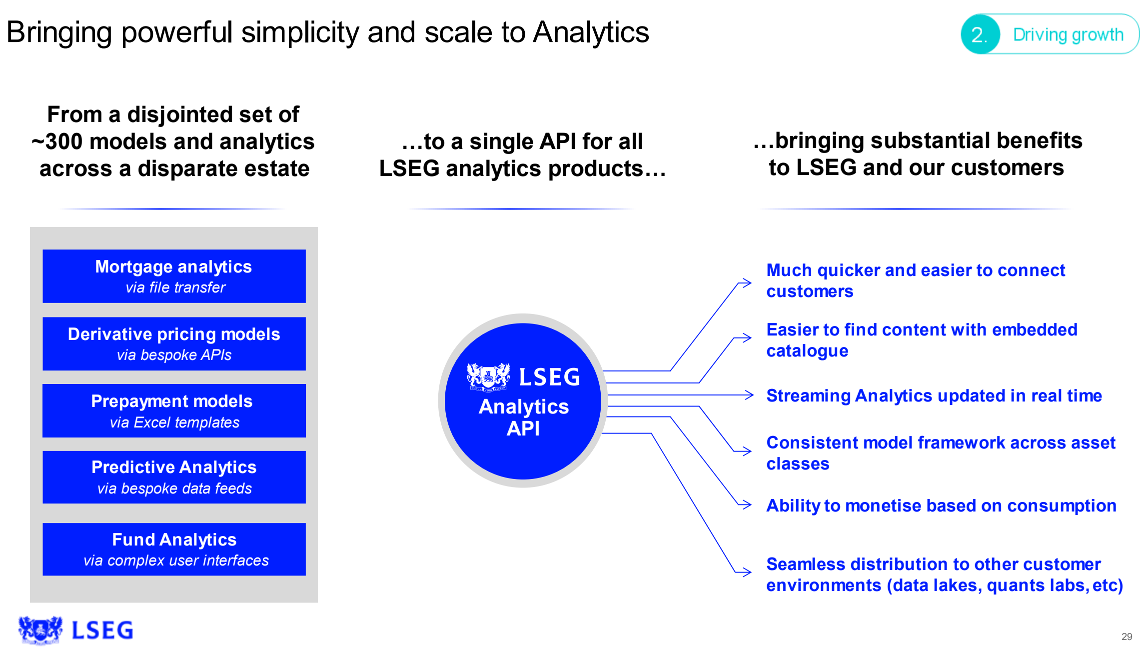
Our offering to Bankers saw another step-change in H1, as we integrated deals and security ownership data – both previously hosted on separate LSEG platforms. We also integrated third-party presentation tools from Macabacus, a key workflow requirement of many junior bankers.

Workspace already had a strong news offering, with exclusive distribution of Reuters content. The multi-year agreement we signed with Dow Jones a month ago takes this to the next level, giving Workspace an unparalleled offering.

As part of this partnership, Dow Jones will benefit from access to our data sets and Workspace, making our deals data and league tables the default source in Wall Street Journal reporting and driving further appetite in the banking community for our products.

For asset managers our end-to-end offering is now a real differentiator. We've integrated our multi-asset class order and execution management services, and the FX trading capabilities of FXall and Advanced Dealing, into Workspace.

This allows users to remain in Workspace while they seek liquidity, and then execute and manage their trades. A much neater, more seamless workflow that is helping drive displacements.

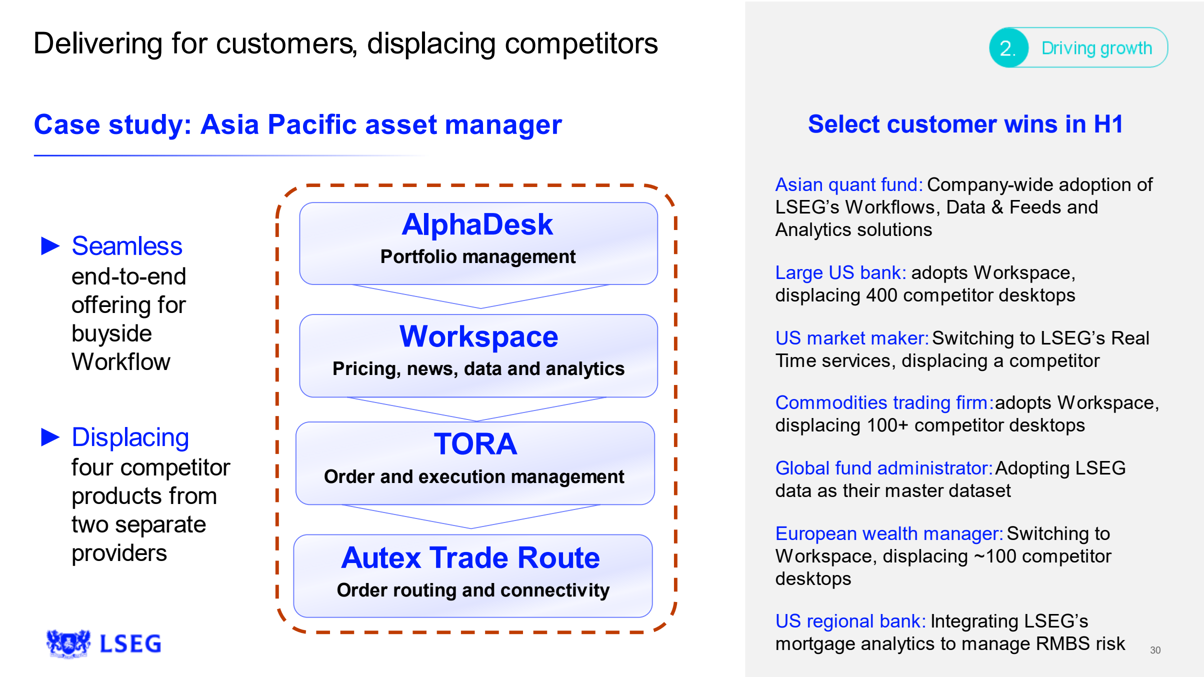


David Schwimmer:

We have a powerful Analytics offering with around 300 models across a broad range of asset classes. But our offering has been fragmented across a variety of distribution platforms and user interfaces, making it hard for customers to find or access many of our analytics.

In H1 we launched a single, consolidated distribution channel, via API. This makes it much quicker and easier for customers to connect with LSEG and find the analytics they need. The customer experience is further enhanced by real time updates and seamless distribution to data lakes and other customer locations.

It is also an approach that makes it much easier to build AI solutions on top of our analytics tools.



David Schwimmer:

Not only are we improving specific products, but we are getting better at combining them to build end-to-end solutions that mirror a customer's workflow. Let me give you an example from an Asia Pacific asset management customer.

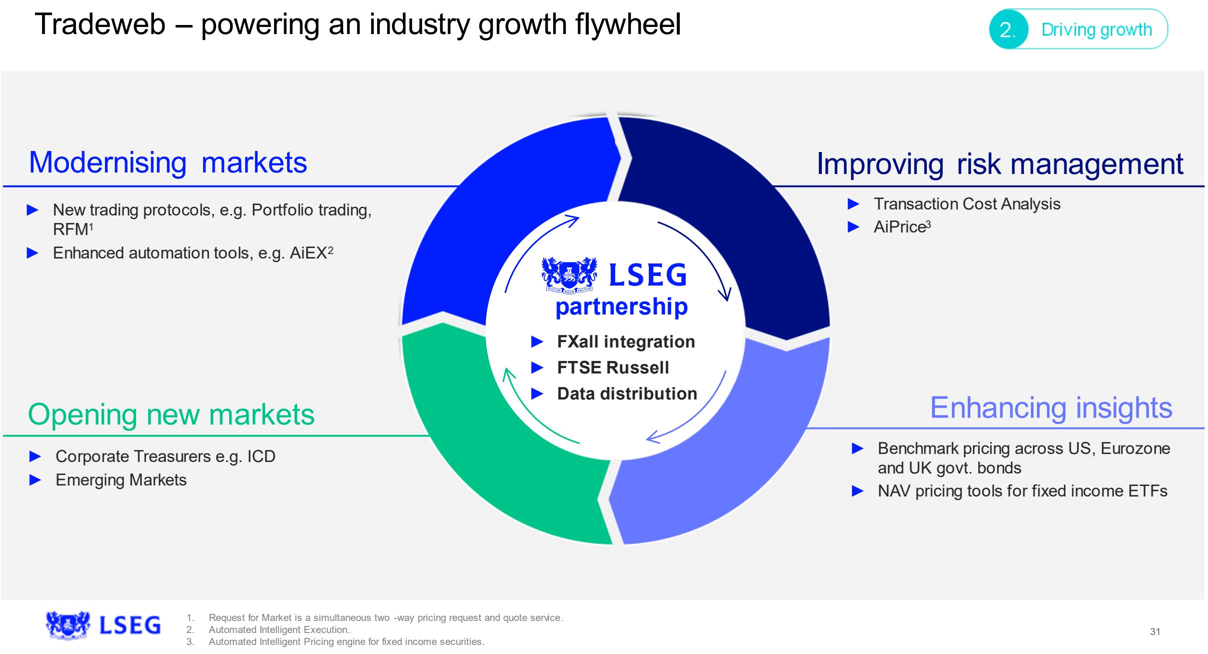
First, we combined our portfolio management tools and our Workspace desktop to create a single space for the customer's traders to monitor their portfolios in real time and explore pre-trade data, news and analytics.

We then extended this seamless experience to the point of trade through a combination of our order and execution management tools and our trade routing capabilities.

In the past, these have been positioned as discrete offerings – hence the product names on the slide. By combining them into a single solution we've unlocked a powerful end-to-end workflow that is really appealing to our customers. In this particular example, allowing us to replace four products from two competitors.

This is something we now do on a regular basis.

On the right hand side of slide 30 we show a selection of other customer wins from H1. Note the broad range of customer types and geographies, and the variety of products we're selling. That really speaks to the breadth and strength of our end-to-end offering.



David Schwimmer:

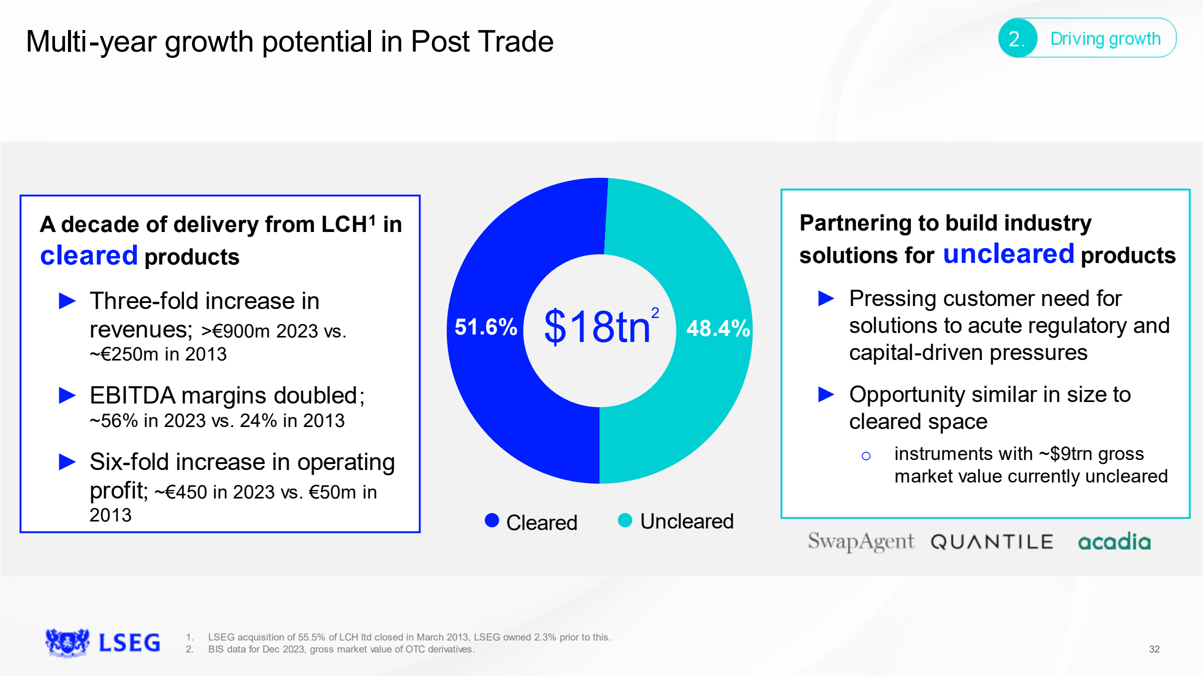
Moving to Tradeweb, which had another good half. The business sits at the heart of multiple strong growth vectors.

Tradeweb's innovation in new trading protocols and execution tools like Portfolio Trading is aiding the electronification of interest rate and credit markets. As this trading evolves, it creates the need for new risk management tools, which Tradeweb is meeting with its automated pricing engine and similar innovations.

More sophisticated performance and risk management is driving demand for more data and insights. Armed with all of these tools, new market segments, asset classes and geographies are opening up to electronic execution.

We work with Tradeweb across every part of this industry cycle -- from the benefits of integrating FXall with the Tradeweb platform, to the UK and European government bond price benchmarks FTSE Russell is providing to Tradeweb, through to the comprehensive distribution of Tradeweb data by our Data & Feeds business.

This a great example of our focus on partnership, and the power of our end-to-end business model. We're still in the early stages of realising our full potential here.



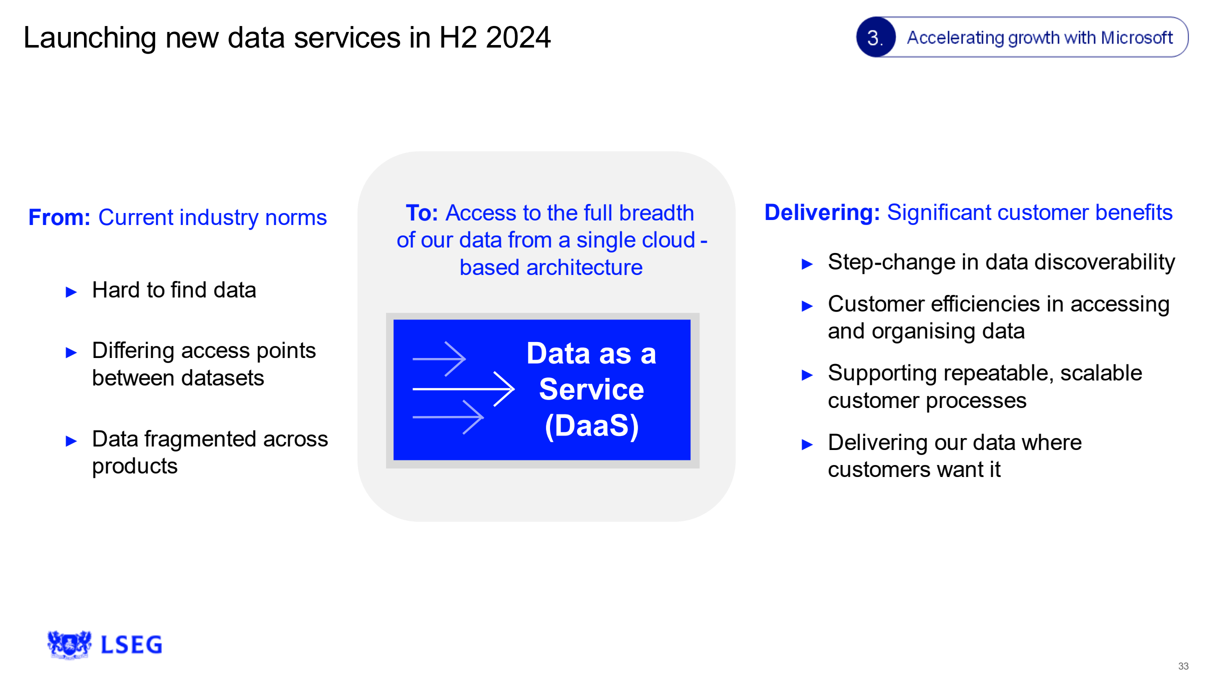
David Schwimmer:

Post Trade is another area where we are working in partnership, in this case, with the industry, to transform financial markets infrastructure.

We continue to grow our core clearing business, adding new Swapclear members, expanding CDS clearing in the US, taking share in repos, and working with partners such as FMX to offer cross-margin benefits to customers in the futures space.

But the industry is also demanding common standards and greater capital efficiency in the other half of this pie chart – the uncleared space. In the first half we added five banks to our Smart Clearing service, helping to optimise their capital and margin in FX forwards. We continue to work closely with other industry partners to build out our broader suite of Post Trade Solutions, providing trade compression and optimisation, risk management, margining and collateral services across the 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're effectively doubling our market opportunity.



David Schwimmer:

Now, let's turn to our partnership with Microsoft. I'll give you an update on our progress with the integration of Workspace with Teams and Office365 in a moment, but first I want to give you some insight into the products we are building in the Data & Feeds space.

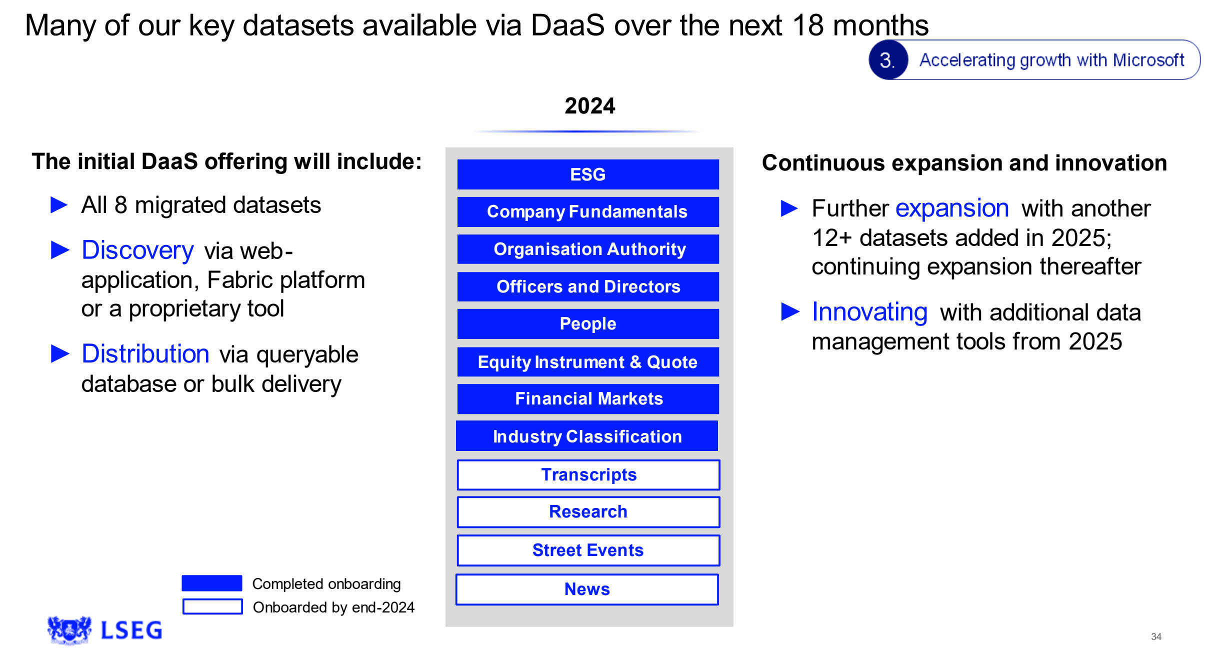
Today, it's harder than it should be for our customers to use our data. There are multiple datasets and multiple distribution channels, often based on complex underlying technology. And this is true across the industry.

This can make it hard to isolate the data you need, or combine it with other data. Sometimes you might not even know what data is available.

Those are the issues we are addressing with the Data as a Service, or DaaS, products we'll be rolling out from the second half.

We will host our key datasets in a single cloud-based platform with a single catalogue to help customers find what they need. They will have a single, common data structure and be accessible through a variety of channels, with the option to use the data on our platform or to export it to their own data lake.

By removing many of the obstacles to consumption of our data, we make it easier for our customers to use a lot more of it.



David Schwimmer:

The initial launch will cover 8 of our datasets, including company fundamentals and ESG data. We will continue to expand the service from here, and by the end of next year we expect many of our most popular datasets to be live on the platform.

The capabilities we are introducing are revolutionary for our industry and will change how people discover, access and maintain our data.

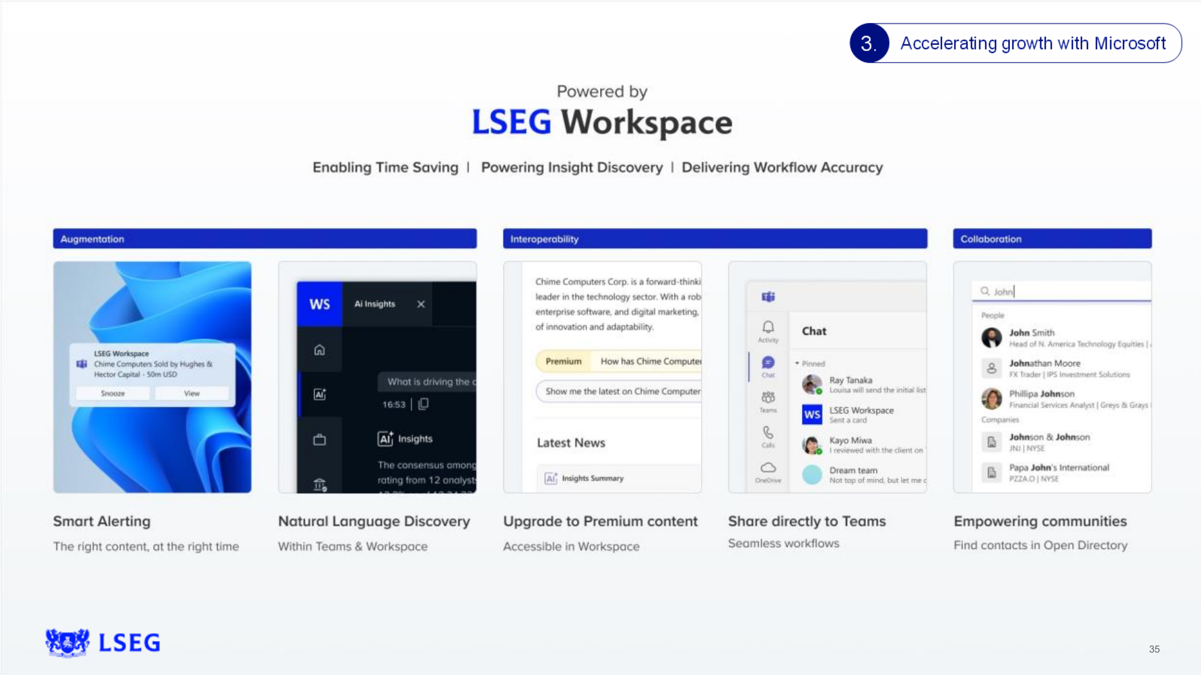
We know how helpful you have found the demo videos that we've released in understanding the new product capabilities we are building. However, watching someone find and manipulate datasets doesn't make for a particularly engaging video. For those of you who are interested, we do have that demo video on our website.

We know there is a lot of interest in the integration of Workspace with Microsoft Teams and Office365 products.

So we thought you might like to see an update on that experience, with a particular focus on the way Open Directory will open up communication across our industry and the increased insights provided by embedded co-pilots and natural language search and prompts. This is very much a prototype at this stage, but gives you a good idea of where we are heading.

Let's watch the video.

[VIDEO PLAYS]



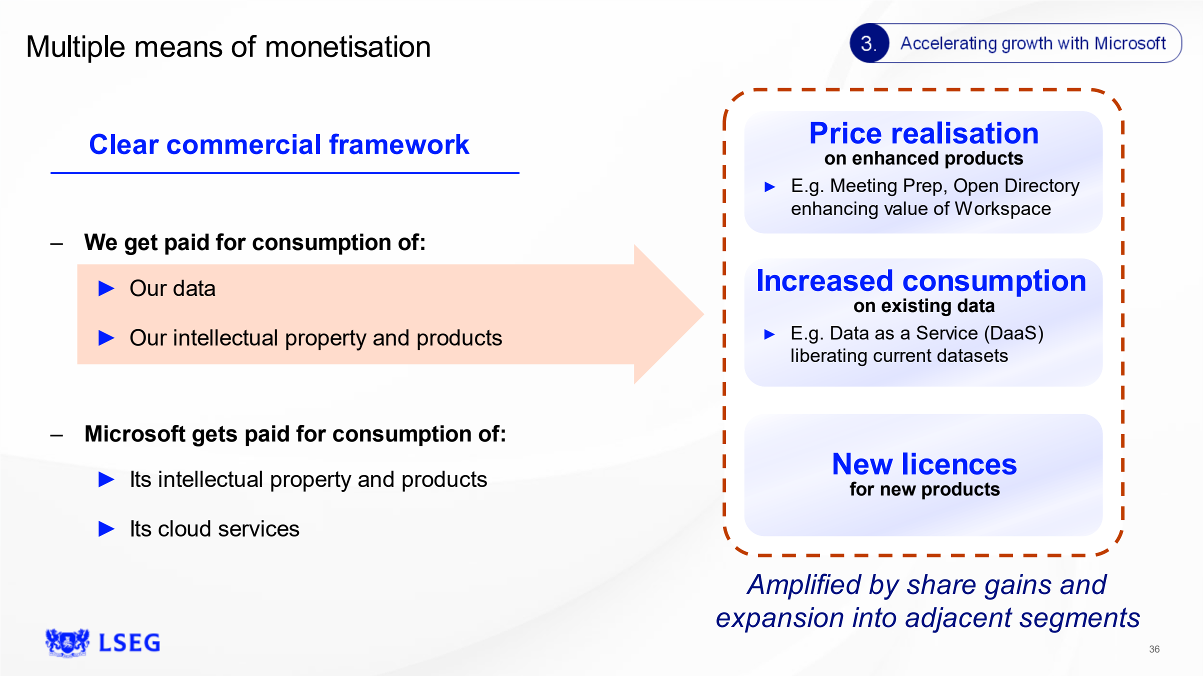
David Schwimmer:

What you saw there, was the power that comes from combining our data and insights and Microsoft's productivity tools, with innovations like Open Directory and AI co-pilots.

Augmentation with smart alerts and natural language helps users find the content they need, quickly.

Interoperability allows users to move seamlessly between applications, removing points of friction and frustration from their Workflow.

And by embedding sharing and messaging tools like Open Directory we open up our user's workflow, powering whole communities through closer collaboration.



David Schwimmer:

We get asked a lot how we're going to monetise the products we're developing with Microsoft.

The commercial framework remains unchanged: we get paid when customers consume our data or use our workflow, our intellectual property, and Microsoft gets paid for consumption of its IP and cloud services.

How we apply that framework will look different from product to product. Where we are making an existing product better and more powerful, such as Workspace with the addition of Open Directory and Meeting Prep and other features, we will look to ensure we share in the value we are creating for customers.

In other areas such as DaaS, or Data as a Service, we expect to benefit from greater consumption of our data.

And for some products we'll charge a separate licence fee.

With more powerful products and broader capabilities, we will also look to take share and expand our addressable market over time

David Schwimmer:

So, to wrap up, a really good first-half for LSEG. We delivered strong growth and margin expansion, and returned £1.4bn to shareholders. We continue to innovate to strengthen our solutions across the business, and we're making good progress in our partnership with Microsoft, where we expect our first commercial launches in the second half.

I feel very good about the progress we're making on our transformation and the healthy momentum in the business.

Now we're very happy to take your questions, which Peregrine will moderate.

Peregrine Riviere:

Thanks David – operator please can you open the line to questions now. Thank you.

Tom Mills (Jefferies):

Hey, good morning, guys. Thanks for taking my questions. Just starting with a boring question. I know you're keen for people not to obsess around quarterly movements in ASV growth rates, which makes sense. Clearly, the 6.4% is a strong print. I get what you're saying around more CS headwinds to come in 2H, and sticking with 6% or around 6% guide. Could you just remind us though what the residual headwinds come through related is, and do you expect to be materially complete by year-end, any kind of quarterly lumpiness to expect?

And then yeah, it's great to see the displacements coming through in desktop. I guess we've seen some of your competitors in that space appear to be responding to your strong position by tooling up their own capabilities, thinking of say S&P buying Alpha. Beyond the Microsoft partnership, you're clearly not standing still, you've done the Dow Jones partnership. And there are other mutually beneficial partnerships that you're exploring further enhance your data and analytics offering at minimal capital outlay.

And then conversely on the M&A side, I guess you were, press-speculated to be in the bidding process for Preqin, and I guess one of your larger customers ended up winning out there. I'm curious though, is that the sort of asset that appeals to you, particularly thinking about the private markets aspect of it and was it simply price that didn't work in that occasion. Thanks very much.

David Schwimmer:

Great, Tom, thanks, MAP will take your first question on ASV. And then I'm happy to touch on the second and third.

Michel-Alain Proch:

Yeah, hi, Tom. So on ASV obviously, we're satisfied with the 6.4% for Q2, an acceleration of 40 bps to Q1. We remain with circa 6% for the entire year. And that's mostly coming from the fact that to answer more precisely the impact on Credit Suisse. In this second quarter, we didn't have much of an impact.

Actually, we were expecting more and it's actually more weighted towards H2. So as of now, we've said that the impact will be in total 100 bps on ASV on the former D&A scope, meaning D&A, Risk Intelligence, and FTSE Russell.

We have 50% of that, you know about 50 bps, which are behind us. And 50 bps which are in front of us. Now the question is, are these 50 bps going completely to materialise into H2 or maybe H2 and a bit in H1 2025, I don't know, we'll see.

And that's the reason why we keep you this this guidance at around 6% for the year on ASV. But I think about the Credit Suisse thing, I would just add, the Credit Suisse we're saying, I would just add a very positive message is that if you put that aside, we were satisfied with the number of net installs that we've done during this second quarter, David.

David Schwimmer:

Great. Thank you. And Tom, on your second question really around displacements and what our competitors might be doing, hard to speculate on what our competitors might be doing. We see some announcements and hear some things in the market, and of course, it continues to be a competitive space, no one's rolling over.

But what you are seeing and when the reason we're talking about displacements is that we have seen this really picking up a bit over the last few quarters. We are making a lot of different changes, a lot of different improvements, a lot of investments. We talked at the full year about all the changes we had made in Workspace last year, more than a change a day. that's continuing. That pace continues in this first half, and we are constantly improving that product.

And again, it's not just about Workspace. We're seeing displacements in terms of some of our analytics offerings. We're seeing it in terms of the Data & Feeds, and we're seeing it just really across the business. So we'll continue to invest in different areas. We'll continue to improve our product and we like how that is playing out.

With respect to other partnerships beyond Dow Jones, we have a team, very good team that is focused, specifically on partnerships. And there's a lot that they do that you never hear about or don't come up in press releases, but that is, I would say, a consistent part of our model in terms of our open philosophy, our open access approach. And I think we partner very well and bring others into our distribution and take advantage of that and give them the benefits of that as well. So I think plenty more opportunity just in terms of taking advantage of that in the model.

And then on your last question on M&A, as you know, we don't comment on specific opportunities in the M&A markets, you should assume we look at everything. We do know the team at Preqin. I think they're a great team, great business, and certainly wish them very well.

Enrico Bolzoni (JPMorgan Chase & Co):

Hi, good morning. Thanks for taking my questions. So going back again to the displacements, can you give us any idea whether you saw these materialising more among those clients that signed a multi-year strategic partnership with you. So they are already to some extent, benefiting from very competitive pricing or actually if you're seeing it occurring also within some of the smaller clients, of course, the one you have not such a long contractual terms in place.

And related to that, typically when you when you materialise these displacements, for how long the clients are locked in, so is this a one year renewal or actually you managed to sign them in for a multiyear period? So that's my first question.

And the second question I wanted to ask you is again on monetisation of all the upcoming tools and innovation and functionalities that we are expecting. Can you just remind us of how actually you're going to monetise them? By that I mean, the existing contracts you have with clients, do they already embed the fact, the expectation that the product will improve and therefore, you have good visibility to that, at least, a portion of the revenues will be automatically generated. Or you think that once these products are available, they will require a strong commercial push, convince clients to sign up to those. And clearly, I mean, particularly referring to the Microsoft partnership.

And then finally, just one question on the Post Trade opportunity, there has been a lot of speculation that FX clearing might at some point pick up again in light of the new regulation. Can you give us any update in terms of how you think this will evolve over the next 12 months? Thank you.

David Schwimmer:

Thank you. Great, Enrico. Thank you. And let me make sure I'm keeping track of the three questions there. So I'll do the first one. MAP, why don't you take the second one? And I'll do the third one. Just with respect to displacements and you asked if it's the big enterprise customers in our LSEG data access agreements or smaller accounts. It's both.

And I think if you have an enterprise type agreement with us, then it's certainly a very healthy incentive structure. And those are built around our providing a broader set of services to our customers and helping them reduce their overall costs, while we increase our wallet share. So what does that mean in practice? Displacements.

But it's also with a lot of customers that don't have those kinds of agreements with us. And the specific example, we called out in the presentation this morning, the Asian asset manager, we don't have an enterprise agreement with them. That was where our sales team spent time with them, looked across the different capabilities they needed what they had that was currently in place and they realised we could do a much better job in terms of providing them an end-to-end offering. So it's really the short answer on that one. It's both.

Same answer to the second part of your question there, whether it's one year or multi-year, some of these can just be a one year contract. Some of them can be multi-year. There tends to be in the data access arrangements, the enterprise arrangements, those tend to be multi-year. And so if it is in those, that nets us a strong correlation there with the multi-year timeframe. So I hope that helps on that. And then you want to take the monetisation part?

Michel-Alain Proch:

Sure. So on the monetisation, obviously as I've joined, I spent a lot of time on this with our D&A team and the Microsoft partnership. I think there are really three avenues of monetisation. The first one is price realisation. The second is an increased consumption. And the last one is new licenses.

So if I go back a bit in each of them, price realisation is when we actually are enhancing the product, and enhancing the product is really relates to Workspace. Here we have -- we are bringing to the market Meeting Prep, we are bringing to the market Open Directory.

You've seen in the video what can be done with our AI insight and natural language model. So all this is enhancement of this existing product and the price realisation is going to come maybe not so much about an increase of the listed price, but about a reduction of the discount that that we give to large clients.

So first price realisation and that's going to happen around Workspace. The second venue is increased consumption and that's really about Data & Feeds. And I think there was a very valuable slide in the presentation related to this eight data sets that we are moving to Azure and Fabric, and which are going to be for the first time under one single roof, in which people are going to easily access the data, manipulate the data, merge the data with their own data, and obviously we think this is not going to come through an increase of prices, this is going to come through an increase of consumption. And that's mostly for Data & Feeds.

And then obviously we'll have new licenses for new product. But that's it's a bit early to tell you more about this avenue.

David Schwimmer:

And then on your third question on FX clearing and thanks for the question on ForexClear because there's a lot going on there and it's actually going very well. So a couple of thoughts on that.

First of all, the core business of ForexClear continues to do very well with growth in volumes, new members coming in, et cetera. Then I think it's important to touch a little bit on a relatively new offering that we have that's really gotten traction, we call this Smart Clearing. And so you may recall that over the past couple of years, we have talked about the incentive for clearing of products due to the uncleared margin rule. And the aspect of the uncleared margin rules is that it does not force clearing, but it makes it -- it provides a financial incentive for parties that are -- counterparties that are in a bilateral contract, they get a collateral efficiency if they do clear.

That only applies to a roughly 7% or so of the broader FX market. So not a huge push into clearing, but what we've seen now is that with the SA-CCR regulations that creates a roughly 3 to 4 times increase in the amount of capital that banks and the trading counterparties have to hold against their FX positions. And so we have this offering, we've got smart clearing and basically our members will put their positions through our optimisation engine. And that will tell them what should be cleared and what should be going through our SwapAgent service and it provides them, I'll spare you the details right now, but it provides them with very significant capital efficiencies. And so we're seeing good growth in that area as well. So now that's a bright spot within what is a very broad and strong franchise in Post Trade.

Kyle Voigt (Keefe, Bruyette, & Woods):

Hi, good morning. Maybe I'll switch gears and kind of move to EBITDA margins. My first question, so you generated 50 basis points of margin expansion year on year on a core basis, which is good to see. At your Capital Markets Day last year, I think you laid out a pathway to get into that 50%-plus range over the medium term on EBITDA margins, I guess can you help us think about the pacing of margin expansion from here. Is it fair to think that this margin expansion will reaccelerate from the current 50 basis point improvement level as ASV growth reaccelerates into 2025?

And then I just want to follow up and circle back on some of the Workflow commentary and just the strongest net new sales quarter for Workflow in years and Workspace specifically. I guess when we were talking about these displacements, can you just kind of help us kind of simplify what is really resonating with these clients in terms of the value proposition? Is it price? Is it interface? Is it the data sets that are available? If you can kind of help us rank order kind of what's most important for some of these clients as we're thinking about additional displacements that we could start to see in coming quarters and years?

David Schwimmer:

Thanks, Kyle. MAP will take your first question. I'm happy to talk about the second one.

Michel-Alain Proch:

Sure. So you mean on the EBITDA margin. Let me first tell you that I'm satisfied with this improvement of you know, the underlying improvement of 50 bps on the semester. I think we've been quite, quite clear about the different levers we are using, obviously I can come back to it, but you know in a nutshell, you've got also the resource cost equation that we are managing and the non-personnel cost.

I think on both we have strong levers, which obviously are different, to improve margin. And in terms of improvement of margin, as you may remember, our guidance that the margin will improve over time, the only thing I would add to this is that I'm comfortable with what the consensus is in this regard.

David Schwimmer:

So Kyle, on your second question on what's resonating with Workflow and the displacements. It's a lot of different things. And so maybe where I should start, and we haven't really touched on this much so far, but the migration to Workspace has gone very well and continues to go very well. And we're on track there to be substantially complete with that kind of going into 2025. And Workspace is a really good product and we continue to improve it, so sort of almost maybe an improvement a day or even more than that.

And then on top of that, we're putting more and more into the Workspace interface. And so a couple of examples, in the past, our deals information was in a separate product, you could not access it through Eikon and certainly this was in the era before Workspace.

Similarly, we are now integrating FXall access into Workspace. Then we've gotten a great reception to what the partnership with Dow Jones and the notion of our customers being able to access Reuters and Dow Jones content as well as to thousands of other elements of news content that we have is very appealing and very attractive.

And so it's just a lot of different things. There's no one item that is clinching it in most cases, it's just a confluence of improvements. It's improvement in the data, it's improvement in the interface, and our price is appropriate. So you put all those together and we're having a really good traction.

Hubert Lam (BofA Securities)

Hi, everyone. Thank you for taking my questions. I've got three of them. Firstly, how should we think about the phasing of revenue growth in 2025? You said most of your products are coming online at the end of this year, so probably expected, not all pickup the revenue growth immediately at the start of the year. So just wondering how should we think about the progress throughout 2025, the revenue growth guidance?

Secondly, on private market data, how do you view your data capabilities within private markets? I know you said you're increasing coverage, but are you satisfied with your coverage today within private markets? Are you satisfied with your data sets there? And if you want to grow it, would you think about it organically? Or would you consider that to be an area of potential area for inorganic growth.

And lastly, just again on M&A outlook, and I know you haven't done any deals recently, but how do you view the M&A market today? Are you seeing things that are interesting out there? And just given your strong free cash flow, how do you weigh that against potential you to do more buybacks? Thank you.

David Schwimmer:

Got it. Hubert, thank you. MAP will touch on that phasing question, number one, I'll take the other two.

Michel-Alain Proch:

Yeah. So on the phasing question, I mean, I go back to what we've said at the CMD, the revenue growth will accelerate after 2024. Maybe there is a couple of elements of colour that I can bring to this. You see that in this year, we have our Post Trade business, which is posting a stable growth due to a certain number of headwinds that we already described.

I think that obviously going in 2025 that will help this acceleration. In the other way around on our D&A division, you see the progress we are doing on our two major subdivision, which is D&A and Workspace. We've been relatively detailed about that. And this monetisation that we're talking about will begin. Yet still slowly, but we'll begin in 2025, but even more so in 2026. So I think that's the different element of this whole new planning.

David Schwimmer:

And on private market data, as we mentioned earlier, we have increased our coverage of private companies, about 80% or so. And this was, I'll say, a gap when we acquired the Refinitiv business and we've made really good progress with it.

I think you asked if I was satisfied with it, we're never really satisfied. There's a lot have growth going on in many different parts of our industry. And when you think about data and data sets, we're always trying to improve things. We're always investing in different areas. So you should expect to see us continuing to invest in this dataset and in other ones.

I think on the M&A market broadly, well, I'm not sure I would say anything's particularly different, we will continue to evaluate opportunities. You've seen us do I think six or so of bolt-on transactions over the last few years. And we always tried to remain both strategically and financially disciplined. It's got to make sense for us strategically, it's got to make sense for us financially. But this is a business that, as you know, generates a lot of cash flow. We've got great internal investment opportunities, and we are continuing to pursue those, but we will evaluate the M&A opportunities as we see them.

Russell Quelch (Redburn Atlantic):

Hi, thanks for having me on. My first question is around the ASV. I guess there's some headwinds to come, particularly in the second half still, but when we think about that metric perhaps going into '25, the first half of '25, do you expect that to step up as some of these customer discount windows close, the CS/UBS impact is annualised, and then we should see an upsizing of some of these contracts that you've already booked. So should we see in this a material step up as soon as sort of Q1 of '25? That's first question.

Second question is around the DaaS product that you've helpfully laid out in the presentation. Sounds like very much a consulting service built around the existing data sets. And I think you said you won't necessarily charge a discrete amount for the product, but more around greater use of data. I was wondering if you can talk more about the size of the revenue opportunity and maybe elaborate a bit more as to what MAP was about to say in that last question, when do you think that will start to really kick in?

And if I can squeeze one more just around the costs, and obviously, a good and helpful break down the costs, the IT costs coming in much lower in terms of growth than some of your peers. And you've hinted a few times around the opportunities for further optimisation of staff costs. So maybe you could elaborate a bit more as to what you could do around future staff costs to drive sort of greater jaws in the business. Thanks.

David Schwimmer:

Thanks, Russell, I'll take your first two and then MAP can touch on your cost question.

So we're not going to give any new guidance today on ASV. I think MAP has been very clear that we're comfortable with our guidance, really on all aspects of our guidance. That does talk about our revenue growth improving in future years, but no specific comments around ASV.

And then on the second question, again, no specific comments on the size of the revenue opportunity. And when that's kicking in, we see meaningful opportunity on all the different aspects of what we're working on in terms of our partnership with Microsoft. We're also making really good progress with the investments we're making in other parts of the business, and you'll see that in 2025. And I think the way that we report our numbers now should make it very clear in terms of in Data & Analytics, you have the Workflow line, you have the Data & Feeds line, you have the Analytics line. And so you'll see in each of these areas what's coming through in '25 and beyond. And as MAP said, we expect that to come in over time.

Michel-Alain Proch:

Yeah, maybe on cost, I think in the presentation we try to be as transparent as possible on the entire cost base of the company because that's the way I look at it. And you know in the in the last six months, I've tried to put my arms around it, putting in place reinforced cost control, which is really a question of process and discipline. And I have reinforced both with the business division and the function. So that's more in term of process.

But when I look at the nature of course to answer your question, again it's, I really look at it in two parts. There is a resource equation by itself, and when I'm saying resources, I'm talking about our own staff plus our external contractors, which are on time and material and our external contractors which are on fixed price. To me that the total of -- and you see the total of this resource equation, you see this in the cost base in two different lines, which is staff cost and third-party services.

So here, the overall idea in the years to come is to have a total of these two lines decreasing in percentage of income, over time. To achieve this there are several levers, I mean there is one which I mentioned into my script, which is we are implementing a massive in-sourcing of our engineering external capabilities. I'm doing this right now with Irfan, our global CIO in order to improve our cost and to improve the quality of our engineering. It's both things.

The second level is really about pivoting the mix of our resources from our high cost location to our global delivery and excellence centres. And the third lever if you want is what I call de-layering. So what I mean by this is establishing a linear organisation with a reduction of legal entities, I mean the playbook of all this is well known. It's not rocket science. It requires discipline and attention. And I think we have both.

Then David mentioned in the script, we are already moving into AI, into automation. We have another lever which we haven't materialised yet, we're working on it, but it's not yet into the number. It will be more in '25 and '26, which is automation on our content ingestion, which is an important point, and then our customer operation centre. But that's not for this year. So in a nutshell, that's on the resource equation.

Maybe just one word quickly on the non-personnel cost in which you've pinpointed rightly, the IT cost. So here you have really the cost of running the group infrastructure, it goes from the IT cost to the property to the cost of living. So here the levers are different, but on IT what I want to mention is that we are engaged in a full optimisation of our IT infrastructure cost moving into a multi-cloud environment and obviously Azure playing a key role in there.

On the property side, we are constantly carrying on adapting our footprint in order to adapt the company to a more hybrid way of working. And for our cost of living, obviously we are prioritising travels to client meeting and having internal meeting being by default Teams meeting. So you see that's different levers that are addressing these two buckets. Of course, I apologise I've been a bit long, but I wanted to give you some colours about the cost base and the way to optimise it.

Arnaud Giblat (BNP Paribas Exane):

Yeah, good morning. I've got a few follow-up questions, please. Firstly sorry to come back, but on M&A, I'm just wondering if you could comment a bit about your views on the pricing of recent transactions and whether you've been -- perhaps if pricing, if you see that's a bit too aggressive, I'm just wondering around that.

Second question is on LCH. Cash balances have come down. What's the outlook there? And finally, in terms of the D&A growth or the growth in Data & Analytics and ASV, I'm just wondering if you could break down for us or give us a bit more colour around how that's broken out in terms of market share gains, pricing, retention, other, just to get a bit of flavour as to how those dynamics are working out there. Thank you.

David Schwimmer:

Okay. Hi, Arnaud. So not sure I can really comment on any of the M&A pricing out there, I think that from our perspective, as I've said in the past, we want to be both strategically disciplined and what I mean by that is that we have great opportunities within LSEG, within our existing businesses. So we don't need to go out there and find something to buy to drive more growth. It has to really make sense for us. So that gives us the opportunity to be really strategically disciplined and look for things that really make sense for us.

And then financially disciplined, we want to be very good stewards of the capital that we earn and that our shareholders entrust us with. And so when we are looking at M&A, we're thinking about return on the invested capital. It has to make strategic sense. It has to make financial sense.

I think like there's been some speculation or some commentary on some of the deals that have been printed out there. And I'll say the very rich prices and the acquirers, though they'll be making their own assumptions about what kinds of returns they can handle, what kinds of synergies they might have, what the strategic opportunities are, but I'm not sure I can really comment on anything specifically.

LCH cash balances, as you know, that goes up and down depending on volatility in the market. One thing that we have seen over the past few months is that a number of our members have really, I'll use the word optimised, from their perspective, their collateral, and moving over time from cash collateral into non-cash, i.e., securities. And that's a little bit more economically attractive for them. But then when you see volatility in the markets, when you see a lot of significant moves or collateral calls, then they tend to put more in cash. So that tends to be the driver. And one other element with respect to cash balances is that we are seeing a modest reduction in the cash balances as the Euronext business moves away. And so that's just more of a one-time aspect.

And then on the D&A growth question and where that's coming from, again, I wish I could give you more specificity, but it's sort of all of the above in terms of some of it is market share, some of it is pricing, some of it is new products, gross new sales. And again, there's no one lever that we are pulling to drive the improvement in our performance or to drive our growth. This is something and you all shouldn't be surprised by this, this is the same story we've been talking about for the last 3.5 years, we are investing across our product estate.

We are focused on our sales team and getting the sales incentives right. We're focused on our customer service. I could go on, a lot of the different initiatives that we've been talking about for the last few years, and they're all having an impact. And that's why we're seeing the continuing improvement in the performance, and just to put it very simply, the strategy is working and the execution is working.

Oliver Carruthers (Goldman Sachs):

Hi, there. Oliver Carruthers from Goldman. Two questions I'll ask. I know you flagged that we should see a step-up in the FTSE Russell subscription growth this quarter, but it seems to have come in ahead of expectations. So it would be good to understand what drove this pickup and how we should think about the forward from here.

And then second question for MAP, I think slide 13 on operating leverage is interesting, particularly showing the staff and IT costs as a percentage of revenues. And it sounds like you're looking to drive down both ratios, lower overtime. But on one of the strategic cost initiatives you've been talking about where you're looking to in-source external technology contracts, how far through this exercise are you? And how should we think about the impact this could have on the EBITDA margin as we look into 2H and 2025? Or is this more of a longer-term initiative? Thank you.

Michel-Alain Proch:

Yeah. Thank you, Oliver. So on the FTSE subscription, yeah, I mean, I think you are referring you are referencing to the sequence between Q1 and Q2, but you should remember to be really comparable that in Q1 we had between market a bad guy of £3 million that we have explained at Q1 call.

So basically if you take this into account, Q1 was about 9%. It's still an improvement, and I'm not saying the reverse, Q2 and Q1, I mean, it's going well and it's in line with our expectation. I think in this quarter you see on it two legs being subscription and asset base of FTSE is really delivering well, on both the FTSE and Russell franchise.

On the operating leverage, yeah so you're right, this project of reinforcing engineering talent is a very large one. It's not going to be done by the end of this year, it will pursue in 2025. It's a bit early to tell you to when it will going on, but I think it will take the largest part, I would say of 2025.

It's as I have just described, I'm not going to repeat myself, it's obviously not the only lever we have, but it's a very important one. And I think what I would like to underline is the fact that it's not only a cost play. I mean, there is obviously a cost optimisation, it's quite obvious. But more importantly, we're talking about reinforcing our engineering culture and our capacity to create products and to bring them to the market quickly. I mean that's behind these two.

Benjamin Bathurst (RBC Capital Markets):

Good morning. I've got questions from two areas, if I may. Firstly, as Microsoft moves closer towards commercialisation, just wondered how is thinking evolving on specific metrics or KPIs that we get back to following to help track the commercial progress of the partnership going forward?

And then secondly, really, I think just to follow-up now on costs, thanks for the extra detail on the third-party services. I was wondering how should we expect that £195 million to move now going forwards? I mean, is this a chance potentially that it could start to reduce in organic terms? Thanks.

David Schwimmer:

Thanks, Ben. So on your first question, the interest is noted. I don't think we have at this point determined if we're going to be putting any new metrics or KPIs out there. You should assume, of course, that we track a number of different things in terms of customer usage and various other aspects of telemetry. But the interest is certainly noted. And then on the cost side…

Michel-Alain Proch:

Yeah, on the cost side, so I won't give you a precise number on how is this £195 million going to grow? But I mean in terms of trajectory, it is clear that say, it's a pocket of cost that we'd like to reduce as I was just explaining, you know, from one semester to the other.

I think the important KPI here. And that's the reason why I gave this transparency on the cost base is really to -- it's what I call the resource equation again and it's really staff plus third-party services to be considered together because these are the resources we are using to produce services for the group.

Bruce Hamilton (Morgan Stanley):

Hi there, thanks for taking my questions. I'll try and keep it brief, lots of good colour already. Maybe just on capex in terms of the path to sort of normalised high single digit percent, I think would I be right in thinking is sort of '24 as peak. And then maybe by '26, we're at that level. And if I take 8% randomly, that's maybe £200 million annualised sort of capex. Is that sort of the right way to think about it? Point one.

And then secondly, on the displacement stuff, and clearly that's very positive as we think about the opportunity to price up for kind of existing subscription business, presumably that's something we should see kind of January 1, 2025? Or am I thinking about it incorrectly?

And then on the DaaS stuff, because data is mostly moving across to the cloud through 2025, that's really 2026 and beyond, just trying to think through the phasing of those different monetisation opportunities.

David Schwimmer:

Thanks, Bruce. First question?

Michel-Alain Proch:

Sure, I'll take capex. So yeah, I mean mostly, first, we landed capex for the semester as you have seen at £454 million, it's about £10 million less than last year. And this is despite the top-line growth of 7.6%. I just want to give you a bit of colour on this. It's really one of the first thing I did when I joined was to reset our investment process.

We've put in place now, a Group Investment Committee that David and I are chairing. We are operating it obviously with Irfan, our global CIO; with Pascal Boillat, our new COO; and with Balbir, our Chief Risk Officer. We're meeting twice a month. We're reviewing all the major projects, and obviously all the divisions, portfolio boards report to this Group Investment Committee.

I think the process is in place. I'm saying this, I mean it's an explanation, again the process explanation, but I try to give you some colour here. I think when you look at capex, in 2022 it was £970 million, 2023, £1,030 million. I think this year will be just below the £1 billion mark, and after that it will decrease substantially in 2025. It's too early to be honest to tell you how much it's going to decrease in 2025, but yes, it will decrease in 2025.

David Schwimmer:

And Bruce, on your other question, so with respect to displacements and pricing, we've talked in the past about how, for example, our high-end desktop product is a 30% discount to a competitor out there. So you should not expect us as of the beginning of '25 to have a 29% price rise. That's not how we're going to be managing these things. This is -- we are investing in our product over time. And we're working with our customers. We want to make sure they're getting an appropriate return and value-add from the investment we're putting in. We want to make sure we're getting the appropriate return from the investment that we're putting in. But we're going through that pricing, the 2025 pricing discussion really over the next few weeks and months, so we'll see how that plays out.

And then with respect to the phasing of the revenue associated with DaaS, I think you're pretty much on target there and that we're just launching this later this year, it's not a full complement of all of our datasets. And exactly as you said, we'll be rolling this out in '25 and beyond frankly, and so you'll see the revenue really picking up after that.

Michael Werner (UBS):

Thank you, guys. And two quick questions from me, please. Thank you for the video on Open Directory. We saw I guess it was couple of months ago now that the EU started to look at the bundling of Teams within Microsoft's Office 365. Is there any risk of the rollout of Open Directory or the distribution of Open Directory if this investigation picks up and ultimately impacts how Microsoft interacts with Teams?

And then second, I was just wondering, apologies if I missed this. Did you provide the financial details related to the Dow Jones partnership? I was just wondering how to think about that as that partnership comes online and any potential impact in the P&L. Thank you.

David Schwimmer:

Thanks, Michael. So we've, of course, noted the review of the Teams construct. From our perspective, there's no requirement on our end for there to be any linkage between teams as a communication tool and then the 365 productivity tools. So from our perspective, we do not view that as a risk.

And then with respect to the Dow Jones partnership, no we have not put out any specific financial terms, but just to give you some colour around that, it's a two-way relationship. And what I mean by that, is that we are paying Dow Jones for their news content into Workspace and our feeds. And then they are paying us for our workflow going into the Dow Jones newsrooms and the various properties' newsrooms. So they will have access to our data and to our deals data and league tables and various other things that will displace a competitor of ours.

It's one of the displacements that we've touched on, and it also makes our deals data, our league tables data the default source in the Wall Street Journal and other of the Dow Jones properties, which is particularly relevant for many of our bank customers who track that data very, very carefully. So it's that kind of symmetry where it's a win-win for both sides.

Julian Dobrovolschi (ABN AMRO):

Hello. Good morning, gentlemen, and thanks for taking my questions. I have two follow-ups. The first one is on the Workspace and apologies for digging further on the topic. It looks like you made more than, a kind of about 150 updates in the Workspace over H1, bringing a step change of functionality, just quoting you back from the slide.

I was just wondering how do you think about the pricing versus the uptake correlation formula? In another way, when do you think would be a good time to actually step up pricing on the Workspace license?

So that's the first question and the second one is on the cost synergy level, you outpaced your initial targets two years ahead of plan, which is very good. I was wondering, is there anything left to be squeezed towards the end of 2025.

And maybe also as a kind of follow-up on that one, you are now with £1.2 billion in total integration costs and you guide for £1.4 billion by the end of 2025. Can you please update us on the breakdown of the remaining £200 million in integration costs that you expect to book over the next couple of quarters?

David Schwimmer:

Thanks, Julian. I'll take your first question and MAP will touch on the question on cost synergies. So with respect to pricing and Workspace, and the notion of pricing versus the updates, so as we've talked about in the past, we update pricing under our current model once a year.

And so as we have been migrating our Eikon customers to Workspace, they are getting a significantly better product, at what is in-year the same price. But then we modified the prices on an annual basis and we send that notification out in the fall. And then the pricing, the new pricing kicks in, in most cases as of January of the new year.

So to your question, how do we think about that? It's an active discussion and we look at the upgrades we've made the updates, the improvements in product, the greater integration, the greater availability. And we've spent a bit of time today talking about a lot of those areas of improvement.

And so that goes into the conversation that we have with our customers by the same token. As I mentioned in response to a previous question, we are very focused on partnering with our customers. And you should expect us to do this in a moderated way over time, so that it works well for our customers as well.

Michel-Alain Proch:

Yeah. So maybe on the cost synergy. So I just confirm that we'll be landing the overall cost synergy at £1.4 billion as we've said in the in the past. So you were asking about this £200 million, which are in front of us, maybe some element of for you, it's a mix of capex and opex.

For the first semester of this year, H1 2024, in the amount of capex I was mentioning there is £85 million, which are related to integration. So I'm expecting, you know, pretty much the same thing in the second semester.

So here you go, you've got £85 million out of the £200 million. We still have some integration opex and again they are in the financial statements. But I'm expecting pretty much the same thing in the second semester. So you see when you add up those £85 million in capex and the parts in opex, it's pretty much the £200 million we are talking about. So I think by the end of the year, most of the £1.4 billion will be consumed.

Julian Dobrovolschi (ABN AMRO):

And by that you mean by the end of 2025, not 2024, correct? Just to confirm.

Michel-Alain Proch:

No, I'm talking about 2024.

Julian Dobrovolschi (ABN AMRO):

Oh, got it. All right, cool. Thank you so much.

Michel-Alain Proch:

So we still have some part of it, but very small into '25, but we are intending to do the maximum in 2024.

Johannes Thormann, HSBC:

Hello, everybody. I'm Johannes Thormann. Three follow-up questions, please from my side.

First of all, on your pricing strategy, as you said, it's more about the removal of discounts. Is there any point in time where you envisage that you will have zero discounts anymore and you will reach probably a pricing relatively close to your major competitor product?

Secondly, just to understand the EBITDA margin trend in H2 and probably in 2025, with the headwinds from Credit Suisse and Euronext and other things, should we expect a decline in the second half or still you expect a stable level or even improvement in second half of this year?

And last but not least as you talk about the beauty of integrating everything into Microsoft product world, having 365, Open Directory, Teams, and everything, how do you protect your clients from events like the CrowdStrike outage last month, if they are using one log in and doesn't need to be Microsoft but some other provider and they can't log in anymore for the day and can't work, how do you protect your clients?

David Schwimmer:

Thanks, Johannes. So on your pricing strategy question, our products are getting better and better. And I think, let's talk about Workspace for a moment. This is a product that's significantly better from Eikon and it gets better literally by the day. And this is all before we have actually introduced the step change that you'll see in terms of functionality once it is embedded and then interoperable with the Microsoft productivity suite.

So, and we've talked about this in the past, we believe that we are creating products in this area and other areas that are going to be meaningfully better than the competitive product set out there. And so we will price that appropriately.

Again, we want to make sure that our customers feel that they are getting the appropriate value add, on their end. And as long as we make sure of that, we think that they will be comfortable with us getting an appropriate return on our investment. So when appropriate, zero discount and beyond, yes.

Then with respect to EBITDA margin, let me turn that over to MAP, and then I'll come back to you on your CrowdStrike question.

Michel-Alain Proch:

Yeah. So Johannes just to make it very simple, in H2 of this year I do not expect the EBITDA margin to decrease. Actually it's going to be as stable or slightly positive, but not decline.

David Schwimmer:

And then on integrating with Microsoft, a couple of things. First of all, we're very pleased with the partnership with Microsoft. It's going very well. But just to be really clear, we do not have an exclusive relationship with Microsoft in terms of where we provide our data, how we provide our workflow. We work with the other cloud providers.

I think that there's a very important industry-wide conversation to be had and this is already going on in many ways, in terms of making sure that we all have operational resilience and that we highlight single points of failure.

And so I think there will be lessons learned by us, but also by many others, including CrowdStrike, Microsoft, and probably many people on this call in terms of making sure that when, for example, there's a new update that's rolled out, it's rolled out in phases as opposed to on a global basis immediately. That's just one example. So I think some good risk management lessons to be learned from that, and I think it will make the broader system stronger.

Ian White (Autonomous):

Hi there, thanks for taking my questions. Just a few follow-ups from my side, please. And just also on the displacements within Workflows, is there any detail you'd share that might help us to understand the potential for this to continue in the near term?

I'm thinking of sort of low to medium hanging fruit where you might have a significant presence with larger clients, but an underweight position within those clients' desktop consumption, for example, is there any detail that would help us to understand the potential for this trend to continue?

Secondly, can you provide maybe a bit more detail around what you've learned from stakeholders during the pilot projects so far in relation to Open Directory and Meeting Prep. Are you making significant enhancements to those products relative to sort of where they were initially? And are there any particular focus areas you would call out with respect to the external pilot exercises, it sounds like it's going to be ongoing in the second half of the year. That's question two.

And just lastly, just a detailed question. Sorry if I misunderstood this. Was the Dow Jones agreements included in ASV growth in 2Q? And if it was, would you be prepared to share an approximation of what it contributed to the 6.4% growth rate, please? Thank you.

David Schwimmer:

Thanks, Ian. Just very quickly, the Dow Jones agreement was announced at the beginning of July. So after Q2, so nothing in that ASV number there. On the displacements, these are ongoing conversations, ongoing sales discussions with many of our customers, I'm not in a position to give you anything specific on the horizon. But I would say this is ongoing conversation with a number of customers.

And then on the feedback during the pilot projects, lots of things. And this is why it's been such a useful interaction. A bunch of them are little things in terms of make this feature look like that. In terms of themes, Open Directory, a lot of important things around compliance and making sure that it works from an archiving perspective or from a regulatory monitoring perspective.

And then Meeting Prep I think a lot of thought given to -- there's been a big focus on Meeting Prep in terms of from a risk management and from a compliance perspective, particularly from some of the big bank partners because as we've talked about in the past, Meeting Prep, the way this works is it is combining using genAI technology to combine our data with the customer's internal proprietary information in their emails, their files, and if they want to plug it in their CRM system.

And so you can understand when highly regulated institutions are looking at that, they want to make sure that when a Meeting Prep memo is produced, is it transferable? Can the user than email that to someone else within the institution, outside the institution. What kind of checks do they have on the confidential information that might be included in that memo, so those kinds of things.

Andrew Coombs (Citigroup):

Morning. I'll have another stab at Dow Jones and then a follow-up on net finance expense as well. Just on the Dow Jones partnership, and I know in the notes to the accounts, you do quantify the Reuters news relationship for 30 years, well you talk about CPI-adjusted payment, I think it's £368 million in 2023. So when I think about Dow Jones, presuming it is a smaller quantum than that. And also how should we think about in terms of how you account for it, is it step-up in revenues because they're paying for your workflow into newsroom, but then also a step-up in costs as you pay for the newsfeed. Is there anything you can just clarify there?

And then on the financing expense, I guess a couple of questions on this one, is that I note a movement in the derivative interest income and interest expense line, which seems to be related to this new swap fixed and floating you've put on. And I guess my question is firstly, do you expect to do any more of those?

And secondly, in the very helpful slide, you provide on 42, you give the mix of fixed and floating, is that including the swap impact in floating rate? And when you think about rates going forward, to what extent do you think lower interest expense will offset now lower income on that cash and cash equivalents as rates come down? Thank you.

David Schwimmer:

Thanks, Andrew. So on the Dow Jones partnership, let me assure you that compared to the Reuters number, this is tiny. And just to remind everyone, the Reuters relationship that's part of the reason, that's of that size is the exclusivity that we have with Reuters. And Dow Jones provides their information to a number of other players. There's no exclusivity there, but it is powerful having it on the same platform with our other new sources.

And so I think just on your accounting question, yes, I don't want to play accountant, but it's pretty straightforward in terms of the revenue that we're getting from it and then the cost that we are paying for. And on the second question…

Michel-Alain Proch:

Yeah, on the second question. So the swap costs are indeed included into the net financial expense. It was representing £9 million in H1 2023. It's representing £9 million in H1 2024. The reason why I was mentioning this in in my script is because you know as long as the euro rate is lower than the GBP, this is going to be a recurring cost of operating our balance sheet.

And they are in the line interest differential which is on the slide of the presentation. So now you know when I look at the net financial expense for the year, I think that they will be a bit above £200 million for the year.

Now going to 2025 making the link with your question about fixed and floating, I think that obviously will depend on our capital allocation policy in 2025. It's a bit early to say. I think with the mix we have on fixed and floating, we should be able to improve our position over time. And I just want to add the last point, which is purely technical, which is that indeed in the slide 42, they are included as it was your question.

Operator

And this concludes our Q&A session for today. I will now hand back over to David for closing remarks.

David Schwimmer:

Great. Well, thank you very much.

Thank you all for your questions. A lot of good, interesting, robust questions there. We really appreciate the interest and really appreciate the focus. And if anyone has additional questions, of course, Peregrine and the team will be happy to hear from you, and we look forward to seeing you all soon. Thanks a lot.