LSEG FY 2024 Results

27th February 2025

Operator:

Good morning and welcome to the investor and analyst call for LSEG's full year results. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session through the phone lines and instructions will follow at that time. I would like to remind all participants that this call is being recorded. I will now hand over to David Schwimmer, Chief Executive Officer, to open the presentation. Please go ahead.

David Schwimmer:

Good morning and welcome to our 2024 full year results. I'm joined by Michel-Alain Proch, or MAP, our CFO, and by Peregrine Riviere, Head of Investor Relations. In 2024, LSEG made significant progress on our strategy as we continue to transform our business and the industry we serve with innovative products across the trade lifecycle. LSEG delivered a year of strong revenue growth of 8.4% or 7.7% on an organic basis. Our good performance was broad-based, driven by a high pace of innovation and relentless customer focus. We are also delivering efficient growth with 80 basis points of margin improvement in the year. Our equity free cash flow was up very strongly to £2.2 billion, supporting significant shareholder returns and our continued investment in future growth. 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.

Michel-Alain Proch:

Thanks, David, and good morning everyone. As you can see on slide four, we have delivered a strong income performance of 7.7% in 2024 on an organic constant currency basis. Growth in H2 was stronger than H1 with an acceleration of D&A and Capital Markets and a rebound of Post Trade after a stable first semester. All divisions contributed to the Group growth of 7.7%, demonstrating the strength of the Group's all-weather business model. Data & Analytics posted a solid performance at 4.5%, accelerating from H1 to H2. Both FTSE Russell and Risk Intelligence grew at a healthy double-digit rate on an organic basis. Capital Markets had an exceptional year with growth at nearly 18%, reflecting Tradeweb's record performance. Post Trade reported a satisfying slight growth despite a very strong 2023 and the impact of the loss of the Euronext business.

Looking now at Data & Analytics in more detail. Where we saw an acceleration in growth over the course of the year, there was really a good performance from Workflows with organic growth of 2.9%, which would be closer to 4% adjusting for Credit Suisse and the enterprise deal we mentioned at Q1. On top of now integrating news from Dow Jones, Workspace strongly improved its functionalities with an end-to-end buy-side solution integrating the TORA order and execution platform. And the addition of Macabacus productivity tools is proving very popular with investment banking customers. Data & Feeds maintained its good momentum. We continue to invest in broadening our data sets, both in private companies data and ESG. We are also building out our distribution channels with the launch of DataScope Warehouse in Snowflake, and our first cloud-based full tick feed with the full depth of book data. Our first data sets are now available in our Data as a Service offering, built in partnership with Microsoft. In Analytics, demand for Yield Book's fixed income analytics and loan data continued to drive growth.

Turning now to FTSE Russell and Risk Intelligence on slide seven. FTSE Russell had a strong year with a solid performance across both subscription and asset-based revenues. The growth here is broad-based with good progress on our flagship equity products, a strong performance in fixed income, and encouraging sales in new areas. Asset-based revenue was also double digits with record AUM levels reflecting market movements and inflows despite the loss of an ETF mandate at the end of H1. On the product side, the integration of Tradeweb data into FTSE Russell progressed well during 2024 with the launch in June of Tradeweb FTSE US Treasury closing prices, and in October, the plan to include Tradeweb FTSE benchmark closing prices for US Treasuries, European government bonds, and UK gilts in FTSE global fixed income indices. Finally, Risk Intelligence continued to be driven by World-Check, where the underlying growth drivers remain strong. Our Digital Identity & Fraud business saw a good pipeline of product release in the year driving volume growth and our Enhanced Due Diligence activity stabilised in Q4.

Looking now at our ASV metric on the next slide. ASV growth was 6.3% as we exited 2024, providing a solid base for growth for 2025. The 6.3% result reflects the positive net sales performance in the year and limited incremental impact from Credit Suisse-related cancellations during the fourth quarter. On the next slide, Capital Markets had an outstanding year with all businesses contributing to growth. Performance has notably improved in Equities and FX in the second part of the year driven by improving market conditions and higher market share in Equities. Fixed Income had a fantastic year, driven by the growth of Tradeweb with record average daily volume of $2.2 trillion, up 37% on 2023, excluding ICD, or up 56% all in. Tradeweb continued to grow share in a number of product lines in a very healthy market environment. The acquisition of r8fin and ICD also contributed 3.5% of growth to the division and the latter adds corporate treasury as a fourth client channel for the business.

Finally, looking at Post Trade. Here, the reported growth does not fully reflect the strength of the underlying performance given the known headwinds in 2024, including the Euronext migration, the LIBOR SOFR migration in 2023, and the normalisation of cash collateral levels. Business was good across both our core swaps franchise and in newer growth areas. SwapClear saw strong growth with client clearing volumes up 26% and ForexClear saw 34% growth in notional cleared. We continue to make progress with the development of Post Trade Solutions and increased our stake in LCH Group, bringing ownership to 94.2%.

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 group is starting to deliver operating leverage. The strong top line growth of 8.4% on a constant currency basis fully translates into an improved AOP growth of 9.5%. AEPS increased by 10% with the share buybacks impact compensating for higher finance costs and tax.

Looking at the cost base in more detail on the next slide, this looks at both cost of sales and operating expenses. As I have mentioned before, cost of sales is heavily influenced by the mix of our top line growth. On a constant currency basis, it grew by 4.9%, a slower pace than the 7.7% income growth we reported. This is mainly due to the larger contribution to top line growth from Tradeweb and D&A where a large proportion of cost of sales is fixed in nature.

Turning to operating expenses, staff costs should be looked at in conjunction with third-party services. These two lines together reflect the total people resources we employ across our organisation. As you can see, the resource cost decreased by 20bps year on year as a proportion of total income. This is a great result and is a materialisation of operating leverage. The major driver of this is one of our key strategic programmes to manage more of our own engineering resource and drive a more product-led culture. During 2024, we exited 2,200 contractors on the back of the end of Refinitiv integration and added 800 employees in our engineering team, upgrading our internal capabilities and creating both ownership and efficiency. This is easy to say, but it's hard to do and it represents really good progress on our journey towards an engineering mix that is at least 70% insourced.

All in all, as I said, 2024 is demonstrating the beginning of operating leverage with total operating expenses increasing by 6.4% for an organic growth of 7.7%. It's also worth noting that our reported adjusted operating expense cost base in 2024 includes a £41 million benefit related to a fair value gain on embedded derivatives and FX items. In 2023, this was a £42 million expense.

Let's now turn to the next slide where we bridge the effects of these cost drivers on our EBITDA margin rate. Starting from the left, the 47.2% is the reported margin for 2023. Then there are the adjusting FX factors, namely embedded derivative and a translational impact. All in, it gets you to a comparable baseline of 47.6% for 2023. Next, you can see the contribution to margin from each cost line on a constant currency basis. The net benefit to margin from people resource cost leverage that I just mentioned is a 30 basis point improvement in constant currency terms and from IT cost is another 10 basis point benefit. The 30 basis points from “Other” is made up of all other P&L line items above EBITDA: cost of sales, recoveries, other operating costs, and associates. The improvement is mainly coming from property cost, travel expense, and the fixed nature of some of our cost of sales items that I was mentioning.

Taking these controllable movements together gives our underlying margin improvement: a 70 basis points performance. We have also called out a separate 10 basis point improvement from the higher Euroclear dividend received this year, which nearly doubled in 2024. As a reminder, we sold our Euroclear stake in December. So that brings us to an underlying margin for 2024 of 48.4%, and as I said, we enjoyed the benefit of 40 basis points from embedded derivatives that gets you to our reported 48.8%.

Turning now to net financial expense on slide 14, which increased by £25 million on an adjusted basis in 2024. As you know, interest rates were higher in 2024. While this had a benefit to interest income, it meant our refinancing activity was more expensive, which drove up our interest expense. In December, we took advantage of the rate environment to repurchase $250 million of LSEG bonds which were trading at a discount to par value. This was an NPV positive transaction that also resulted in a fair value gain of £24 million, which was recognised within finance income.

On tax, on the next slide, the effective tax rate rose from 23.2% to 24%, fully in line with our guidance of 24% to 25% for the full year. The increase is mostly a result of last year's step up in the UK corporation tax rate.

On AEPS, it's helpful to take 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 33%, or the compound rate of 10%. And in the last year, it grew 12%, well ahead of revenue growth.

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 2025. The successful Refinitiv integration is now largely completed with revenue and cost synergy delivery exceeding original targets, and we will stop detailed monitoring of the synergy programme.

Turning to depreciation, amortisation, and impairment of intangibles and other assets. This includes £235 million of asset impairment as part of our annual balance sheet review process. The non-cash impairment charge is made up of three things. Firstly, £186 million relating to software assets no longer in use. The two largest items relate to aspects of our FX and index replatforming, with the balance reflecting our focus on a smaller number of projects. This £186 million should be seen in the context of almost £4 billion of investment we have made since the Refinitiv acquisition, so around 5%. As I said at the half year, we have introduced much more stringent assessment and tracking of software projects. Then the second part of the impairment was £60 million on property that we no longer require. And finally, £33 million related to an impairment of a minority held investment.

Let's turn to cash flow now, which I think is an increasingly important part of the LSEG financial performance. We have made two changes to our definition of equity free cash flow to make it more comprehensive. First, we now deduct lease payments within equity free cash flow and second, we now include commercial paper interest within interest paid. In the past, both of these items sat outside equity free cash flow and result in a £228 million reduction in 2024 compared to the old definition.

Now, onto the 2024 cash flow items. We saw a big step up in operating free cash flow generating nearly £750 million more year on year, driven by the EBITDA growth of £430 million and a normalisation in working capital contributing £320 million. Net tax paid increased by about £180 million. There are a few reasons for this increase. First, we have now utilised our historic tax losses in the US. Second, our UK business is now moving into statutory profit. And lastly, our Euroclear stake sale drove a 34 million capital gains tax charge. Capex came in at £957 million, well below last year and fully in line with our guidance at 11.3% 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 showed really strong growth of £576 million. Normalising the working capital, it's an increase of 16% versus 2023 higher than EBITDA and EPS. We have continued to be very active in our allocation of cash as well, as you are going to see from the next slide.

The first in order of capital allocation is a dividend, with the final dividend increasing 12.2% to 89 pence. This amounts to a total dividend of 130 pence, which equates to 36% of AEPS around the middle of our policy payout ratio of 33% to 40% of AEPS. On acquisitions, total spend was £1.2 billion. This relates to the acquisition of ICD and r8fin and the buyout of 11.6% of the LCH minorities. We also disposed of our 4.9% Euroclear stake and a small Risk Intelligence business, which together brought in £385 million. And lastly, we deployed £1 billion 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 and a half years at an average share price of around 82.50 pounds. We ended the period with a leverage of 1.7 times net debt to EBITDA, well within the range of 1.5 to 2.5 times.

Looking ahead to 2025, we expect to generate at least £2.4 billion in equity free cash flow. Based on our dividend policy, around £700 million of cash will be deployed in dividends. We plan to execute a £500 million share buyback in the next few months and we will provide a further update at our H1 2025 results in July, depending on other use of capital. And of course, we will continue to look at M&A opportunities across the Group that make strategic and financial sense. You can see from our performance in 2024 that we are well set to deliver on our promises from the 2023 Capital Markets Day. For 2025 specifically, we see revenue growth of 6.5% to 7.5%, which includes an acceleration in D&A

organic growth and a more normalised growth at Tradeweb. EBITDA margin will improve 50 to 100 basis points on an underlying basis after our 80 basis point improvement in 2024. We have structural levers here which will support this expansion while still leaving plenty of room for growth investment. Capex intensity will fall to around 10% of revenue as we see the final Refinitiv integration spend tail off in 2025 and an improved investment control. And finally, the free cash flow I just mentioned. There is one point to call out on our reporting as we go into 2025. We are combining Capital Markets and Post Trade under one division for reporting purposes. We will obviously still give all the revenue line disclosure we give today, but a single P&L for the two divisions going forward. You will be familiar with this slide. It lays out our medium term guidance first published at our Capital Markets Day in 2023. The updates to guidance are highlighted in bold on the slide, and our 2025 guidance is wholly consistent and underpins this medium term guidance. Revenue growth will accelerate after 2024, adjusting for Tradeweb's exceptional 2024 performance. Underlying EBITDA margin will increase by c.250 basis points over the period 2024 to 2026 compared to 2023, and we actually already completed 80 basis points in 2024. As I mentioned, capital intensity will be around 10% in 2025, then declining to a high single digit percentage of income. And no change to cash conversion. It will exceed adjusted net profit as you saw strongly achieved in 2024. With that, let me hand back to David to talk about our strategic and operational progress.

David Schwimmer:

Thank you, MAP. This chart puts last year's performance in context. Despite big swings in capital markets and the global economy, we delivered strong and consistent growth. This is a testament to our all-weather business model. You can also see how disciplined delivery of our strategy over the last few years has accelerated growth from mid-single digits to high-single digit growth in 2024. On this slide, we've summarised the principles guiding our execution and how these principles combine to form a powerful strategy that is delivering sustainable long-term growth. This is the foundation of our strategy, our global reach and capabilities across asset classes, combined with our presence along the entire financial markets and data value chains, uniquely position us to partner with our customers and meet their needs.

From this space, we deliver on the opportunities created by our five strategic enablers, our best in class data machine and distribution, our commitment to open ecosystems, the power of our integrated end-to-end solutions, the trust that we build with customers by helping them with their business critical needs and the deep value creating partnerships we build with customers. I'll unpack each of these themes in the following slides, demonstrating how we delivered against them in 2024 and how we plan to advance them in 2025 and beyond.

We operate along the full life cycle of a financial markets trade, helping customers access capital on our debt and equity issuance platforms with pre-trade price and liquidity discovery, through to execution and post-trade data and reporting. This is mirrored by a similar process across the data value chain. In the sourcing phase, we acquire and ingest data. We categorise it or apply our taxonomy to it. We add value and IP to the data with financial models and analytics. We distribute it via a data feed, a desktop, the cloud or some other channel however and wherever our customers want to consume it. Each individual step in the trade life cycle and data value chain is important to customers, but it is when you connect them end to end in a single solution that the value created for customers becomes truly compelling and that is the proposition we are building globally.

I think it's fair to say that, two or three years ago, many of our customers and potential customers didn't know who or what LSEG was, who we were and what was included in our business. That's understandable given the transformation of the company, but look how quickly that is changing. Following our successful brand campaign, our brand awareness, which tracks recognition of who we are, has jumped to almost 70% of customers and potential customers. That is up roughly 25 points over the last 12 months. That growing recognition of the LSEG brand is translating into greater purchase intent. We're seeing this both from existing customers looking to buy more and non-customers looking to make their first purchase. This purchase intent is turning into action with continued good growth in our sales pipeline.

We sometimes get asked about our competitors who were highlighting a softer sales cycle a year ago and are now pointing to a modest recovery. While we do see some variations in demand across our customer base, the breadth of our business and diversification make us pretty consistent. You can see this in metrics like the length of our sales cycle, average deal size and win rate, which remain stable. At H1 we highlighted our success in driving competitor displacements. That trend continues. In the second half, for example, Workspace displaced 650 desktops at a European wealth manager. Workspace also displaced a competitor in the fixed income function of a leading US fund management group, a customer community not historically considered home turf or friendly territory for Workspace. It's a trend we also see outside of Workflows. In Data & Feeds, for example, a large global custodian switched to our pricing and reference data. And in Risk Intelligence, a UK bank adopted World-Check as their primary anti-money laundering and sanctions solution, displacing two rival offerings.

Integral to our strategy for growth is optimising our best-in-class data machine and delivering its full power to customers. We continue to benefit from our multi-year investment in content. Debt Corporate Actions data for one million instruments is now live. The accuracy, timeliness and coverage of our fixed income evaluated pricing data is much improved. These improvements have addressed the capability gap in fixed income data that I spoke about at the time of the Refinitiv acquisition and are already unlocking new sales. And we continue to build relationships with other content providers, signing partnerships with Dow Jones and Dun & Bradstreet and a new data agreement with Tradeweb. We are deploying new technologies and automation to drive greater efficiency and scalability in our ingestion and management of data. Our usage of AI tools on some of our data sets is already driving efficiencies. They also indicate we can make further gains in the timeliness and accuracy of our data and reduce the costs of maintenance. As technology evolves, it changes the way our customers consume data. We are investing and innovating to meet that future need. A key aspect of that strategy is the expansion of our multi-cloud offering. With Microsoft, we're building a cloud-based platform, allowing customers to access the full breadth of our data from a single connection or interface. We call that Data as a Service. Our ESG data is now live on that platform and we will continue to add more data sets over the course of the year. Also in partnership with Microsoft, we have migrated our quantitative data products to a new Azure environment, creating a powerful and scalable cloud solution for our quant customers. Our multi-cloud approach allows us to meet customers in whichever cloud environment they choose. Last year, we added DataScope's pricing and reference data to AWS and Snowflake. We also expanded our real-time services across all the major cloud providers, including Azure. By making it easier for customers to find, access and use our data in the cloud, we expect they'll consume more of it and extract greater value.

LSEG has a long history of an open approach. Our flexibility makes us a partner of choice to many. Our partnership with the US futures trading platform, FMX, went live in September with the clearing of SOFR futures and will soon expand to include US Treasury futures. Together, we see potential to bring competition to the market and unlock over $200 billion of cross-margin and collateral for market participants. At the half year, I explained how we'd introduced a single API for our 300+ analytics models, radically simplifying the way our customers access our Analytics content. We continue to build on that success and are partnering with a number of banks to distribute their analytics via the same API later this year. Again, this is an opportunity only made possible by our open approach and trusted relationships with partners. And also this year, in partnership with Microsoft, we will begin the community-by-community rollout of Open Directory, an integrated Workspace and Teams messaging function that will enable collaboration in a compliant way. It will integrate new data, content and tools and will be open to other industry players helping to build communities more quickly and intentionally. A key part of our success in recent years has been the increased focus on end-to-end solutions aligned with our customers' needs. The acceleration and growth of our Workflows business is a great example. We have continued to improve the core Workspace offering with more than 500 enhancements last year, and we are also integrating other powerful LSEG and third-party services. Research and news, expanded trading functionality, index products, banker productivity tools and Post Trade data are just a few examples. As a result, so much more of a user's workflow can be done without leaving the Workspace environment. This is what we mean by seamless integration. In partnership with Microsoft, we intend to take this workflow integration much further. The first Workspace application from this partnership is now live in Teams and the pace of product delivery accelerates from here. More on this in a few minutes.

Let me give you another example of the value we create when we combine our capabilities into a new single solution. We all recognise the importance of rules against market abuse like insider trading. However, we hear from our customers that ensuring compliance with these rules is often costly and complex. By combining products from our Capital Markets, Data & Analytics and Post Trade businesses, we have created a novel trade surveillance solution that addresses these customer pain points. Because it builds on the existing connectivity customers have with our UnaVista regulatory reporting tool, it's straightforward for customers to adopt. This platform launches in the coming months.

This slide shows a few more examples of the solutions we're providing to help customers navigate new opportunities or challenges. I'll talk about the first two to give you a sense of the role we play. The first example relates to the EU's Digital Operations Resilience Act, or DORA, which came into effect in early January. Among other things, it requires companies to maintain detailed frameworks on their technology risks and conduct regular tests of their IT infrastructure. Our customers value and trust our processes of data governance and reporting and the robust testing frameworks we apply to our own operational infrastructure. And we give customers full access to this reporting through a web-based all-in-one solution which they can configure to meet their specific needs.

Our customers' need for regulatory solutions also drives our Risk Intelligence business. For example, at the start of this year, the European Central Bank implemented the latest phase of its electronic payments initiative known as SEPA, which stands for Single European Payments Area. This added rules on the speed and quality of the sanctions data that banks and other payments companies must use to screen their payments in Euros. We created a solution tailored specifically to these requirements, providing customers with the fastest possible delivery specifically for European sanctions data, ensuring our customers are fully compliant. While these and the other examples below differ in their specifics, they have one common factor, the value and trust customers place in our expertise as we help them meet their business-critical needs.

I've mentioned partnership a few times now because it underpins everything we do. Tradeweb is another great example. Tradeweb's innovation in new trading protocols and execution tools like Portfolio Trading is enabling the electronification of interest rate and credit markets. It is also growing Tradeweb's share of these segments, with Tradeweb gaining almost 4% of market share in the trading of interest rate swaps and 2.6% in US investment grade credit just in the last 12 months. We work with Tradeweb across the fixed income trade life cycle. Our customers are already seeing the benefits of our partnership from integrating FXall with the Tradeweb platform, to the UK and European government bond price benchmarks FTSE Russell is providing to Tradeweb, through to the distribution of Tradeweb data by our Data & Feeds business.

In Post Trade too, we're partnering to build industry solutions for the uncleared space and we're seeing some encouraging early traction. We've seen record growth in the number of members at SwapAgent, which provides post-trade services for uncleared interest rate swaps. And we're seeing good momentum in our FX Smart Clearing service. Seven new member banks joined last year with the service clearing a combined $35 billion of FX forwards. We continue to build new solutions and integrate our capabilities in this space. From October, FX Smart Clearing customers have benefited from access to our capital optimisation capabilities, creating a more seamless offering and further supporting growth in Post Trade Solutions. Over the long term, we see a similar opportunity for solutions in the uncleared space as we do in cleared products today. Finally, turning to our partnership with Microsoft, we aim to provide customers with an open ecosystem that seamlessly integrates our workflows and data with Microsoft's enterprise applications. In the second half of last year, we moved from innovation and co-development into implementation with a number of solutions going live. Financial Meeting Prep is now available, the first example of our data being integrated into Microsoft Teams using AI to surface insights. And I've already mentioned our cloud-based data platform, Data as a Service, and our Analytics API, both of which went live at the end of last year.

The cadence of product delivery will accelerate in 2025. The first half, we will see a significantly enhanced Workspace Excel add-in and additional data on the DaaS platform. The second half of the year, we'll see three particularly exciting developments for Workspace, availability of the Open Directory messaging function I mentioned earlier, deeper integration of Workspace data into Microsoft Teams and introduction of the first generative AI tools in Workspace. With these tools, customers will benefit from the integration of data into a seamless and efficient workflow and enhanced productivity. The partnership products on this slide can feel sort of like a shopping list of apps and features, but it is the clearest way to demonstrate the progress we are making and the new functionality and capabilities we're introducing. Over time, what customers will really experience is an entire ecosystem, seamlessly combining Microsoft's enterprise applications with LSEG's workflows and data. And all of these features and many more will form part of this. We're excited by the pace and direction of progress.

So to summarise, we are delivering on our strategy. We're driving a strong financial performance with good growth, margin expansion and cash generation in 2024. We are actively managing our allocation of capital, but we continue to invest in the future growth of our business. Our capex is moderating. We are committed to returning surplus capital to shareholders and will buy back £500 million of our shares this half. We are innovating and transforming our business while deepening and strengthening our customer relationships and driving change across financial markets. And with that I'll pass to Peregrine for Q&A.

Peregrine Riviere:

Thanks, David. Before we move into Q&A, please can I ask everyone to restrict themselves to one question plus a follow-up. This will allow us to get through everyone's questions in good time. Thank you. Operator, over to you.

Operator:

Thank you. And if you would like to ask a question, please signal by pressing star one on your telephone keypad to raise your hand and join the queue. To withdraw your question, press star one again. If you're called upon to ask a question, please remember to unmute your device and for optimal clarity, please use your device handset. Again, that is star one to join the queue. And your first question comes from the line of Russell Quelch from Redburn Atlantic. Please go ahead.

Russell Quelch:

Good morning, both David and MAP. Thanks for the detailed presentation. I wanted to ask a question on pricing and sales. So going back to the Q4 conference call that S&P hosted a couple of weeks ago now, it was suggested that they had improved retention at full year client renewals, but they are seeing negative pressure on pricing in data and desktop from competition. I was wondering, having completed your pricing round now, did you see the same dynamic or not? And as a follow-up, how far through your back book are you in terms of developing enterprise sales contracts? Could we potentially see more large data deals being announced in 2025 as we did through the course of '24?

David Schwimmer:

Morning. Thanks, Russell. Short answer is, we're not really seeing the same dynamic. Over the past year or two, we've gotten these kinds of questions around our business relative to some of our competitors and when they saw the weakness a year or two ago, our business, we have a much broader, much more diversified business. We don't have the kind of exposure to one particular segment, but we do buy side, sell side, corporates, et cetera. So we have not seen that kind of dynamic. And when some of our competitors saw things being a little weaker a year ago, our business was fine. Today, some of our competitors are making different kinds of comments about what they're seeing in the market and our business continues to be fine. So on the enterprise question, and we've talked about this in the past, it's a fairly small percentage of our overall book, and we have ongoing discussions with some of our customers. They can be somewhat lengthy discussions given the complexity of these kinds of enterprise arrangements. But I would say I feel generally very good about what that pipeline looks like. But nothing to announce specifically today.

Russell Quelch:

Super. Thanks so much.

David Schwimmer:

Thank you.

Operator:

Your next question is from the line of Bruce Hamilton of Morgan Stanley. Please go ahead.

Bruce Hamilton:

Thanks. Morning, guys and thanks for taking my questions and for the presentation. I guess there's been quite a lot of market focus given the departure of the head of data, so I was wondering if you could just provide some colour. Obviously, the financial momentum in the business looks good, but just understanding that, given there's been quite a lot of movement in terms of senior heads within data since the Refinitiv deal was closed and within senior management more generally. And then just linked to that, in terms of any contract losses that are in line of sight, those are embedded in the guidance, any colour you can add there. I think there's been debate around UBS, for example. I know you don't like to talk about specific contracts, but any colour there would be helpful. Thank you.

David Schwimmer:

Thanks, Bruce. Maybe I'll take your second question first. And so nothing new out there in terms of any contract losses. We had highlighted this really going back over the last year in terms of our expectations for some of the UBS-Credit Suisse consolidation. We're aware of the chatter around one particular product that people have been talking about. This is again, not new. You can see where our ASV is. The business continues to perform well. And I think that particular contract, we're talking single digit millions here, so should not be causing people question or concern.

And then on your first question, we have had some movement in terms of the senior leadership. A lot of it's very natural. Our head of technology retired last year. MAP's predecessor went to a job at Nestle. Our head of integration moved on as the integration was done. I would say in terms of the broader leadership team, we have no trouble attracting great talent. The team's working really well together. And with respect to the departure of the former head of D&A, he moved on for some other opportunities. I would say, let me put this into a little bit of context. And this is not talking about any individual in particular, but you put this into context when you talk about some changes in the leadership of D&A ... this is a business that when we acquired it a few years ago, it had not been growing for many, many years. We now have it growing at 4.5%.

That is a massive transformation and there has been a lot of work that's going into that. And part of that is changing of some of the people. That has pretty much all been positive from my perspective. Appreciate the question. It's absolutely a fair question, but there really isn't anything to be concerned about. And the results I would say speak for themselves.

Bruce Hamilton:

Great stuff. Thank you.

David Schwimmer:

Yeah, thank you.

Operator:

Your next question is from the line of Michael Werner from UBS. Your line is open.

Michael Werner:

Thank you guys. Congrats on the results. Just a question on the index business. If we take a look at the constant currency organic growth rate within subscription revenues on FTSE Russell, it's been quite volatile throughout the year. It started around 8%, 9% Q1, 13-ish% Q2, Q3, and then it's dropped down I think back to around 9%, 8% in Q4. I was just wondering how we should think about that. Look, we've seen really good developments in this business in recent years. Should we look at the average growth rate? Are there any auditing fees or difficult comps there? And then just as we look forward, how do you think about the strength of that business, what's driving this growth in particular? Thank you.

Michel-Alain Proch:

Yeah, thanks Michael. It's MAP. I think we are very satisfied by the performance of FTSE Russell in 2024, both in terms of top line and profitability. And I would say that related to top line, the big picture here is that we have a very strong demand for FTSE Russell flagship equity index and benchmark products. And it's true, throughout the year. Now, in any particular quarter, there will be some individual items that have an impact. And it's true that in Q4 when you look at subscriptions, we were lapping a very strong sales performance from the same period a year earlier. So that combined with a bit of normal fluctuation in term of sales and installs and it's created a bit of quarterly fluctuation. But that's all. So long and short, very satisfied and we think we have great potential for 2025.

Michael Werner:

Thank you.

Operator:

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

Kyle Voigt:

Hi, good morning everyone. Maybe just a question in terms of the margin target out to 2026. I think it implies closer to 100 basis points of EBITDA margin expansion in '26 versus the 50-100 basis point range for '25. I guess can you just clarify the main driver of that slight acceleration in margin expansion that's expected in '26?

And then second part to the margin question is really just as we think about a longer term horizon, what's the right way to think about incremental margins of the business or more normalised expense growth rates as we move into 2027 and beyond as you're past the Refinitiv-related synergy realisation?

Michel-Alain Proch:

Kyle, hi, it's MAP. Thank you for the question. I think it's a very fair point. Let me first explain the base of the numbers and then I explain the driver. So the base of the number is really when you look at 2023 margin constant currency, 47.6. So what we've done last year in 2024 is 80bps on this 47.6, bringing it to 48.4. And then as I'm sure you were mentioning, based on this 47.6, we go 250 basis points by 2026. So on this 250 basis points, we've done 80 and we have 170 to do.

Now for 2025, we've given a guidance of 50 to 100bps. If you go in the middle, you find about 80 basis points. So repetition of the performance of 2024. And then to go to 250, you have about 90 in 2026. That's pretty much it. If you take the middle of the threshold and that will bring you just north of 50%, which is our target for 2026.

Now in terms of drivers, so the way we look at it in term of operating leverage, we really have two baskets in here. We have what we call our people equation, meaning the addition of our internal employees and our external contractors. And we are driving this through a project of reinsourcing on which I think I've given a lot of colour in H1, so I'm not going to repeat too much, but I want to give you some just some colour here to tell you that at Group level, when you look at 2024, we have been able to control our headcount and increase by 600. Net-hire of 600 people, '24 and '23, so about 27,700. And we've been able to reduce 1,900 contractors in which you have the 2,000 contractors reduction that I was referring to in engineering. So net-net our resources went from 39,700 to 38,400. So a net reduction of 1,300. So on this, we've been a bit helped by the end of the Refinitiv integration for sure, but the engine is there and we are going to carry on in this project for '25 and '26. So that's on the resource part. Then you ask about '26 precisely, and you were right to say that there is a slight acceleration compared to '25. So there is this, plus you will see in '26 the first benefits from automation projects that we have launched with Pascal Boillat and Irfan Hussain, our CEO and CIO. We're working the three of us together. That we have launched now. But you are not going to see a real benefit in '25, but you'll see an increased benefit in '26. Sorry, I have been a bit long.

Kyle Voigt:

Thank you very much.

Michel-Alain Proch:

And maybe just addressing beyond 2026. So first obviously we are very concentrated into doing these 250bps. And beyond 2026, you will see an incremental margin, but not at the level of 80, 90, 100 a year as we would have caught up our competitor by the end of 2026, it will then be more incremental.

Kyle Voigt:

Perfect, thank you.

David Schwimmer:

Thanks Kyle.

Operator:

You have a question from Hubert Lam, Bank of America. Please go ahead.

Hubert Lam:

Hi, good morning. Thank you for taking my questions. I’ve just got one on Microsoft. So it's good to see good progress on the Microsoft partnership and the pipeline coming up. Maybe if you can share some feedback from clients who've used them so far. And also when should we expect the upside from Microsoft benefits coming through in your growth numbers? Is it more the back end of this year or 2026? How much of your guidance for '25 includes the Microsoft benefits or is it more of a driver for '26 and beyond? Thank you.

David Schwimmer:

Yeah, thanks Hubert. So on the feedback question, so it's great to have the products out there and to be getting the feedback. I'll give you a little bit of colour or feedback that we're getting, for example, on the Meeting Prep product. There is a desire for more languages and I think we've gotten requests for a number of different languages. I think we're looking into that with Microsoft in terms of being able to use multiple languages.

There's a desire for the product to be plugged straight into PowerPoint. And for it to be more accessible across other parts of the Microsoft productivity suite. So those kinds of things. It's very, in many ways, nuts and bolts, like easier ways to take advantage of it and adding different features or putting some way of accessing it in a different Microsoft feature. So that's terrific. Your second question, sorry on?

Peregrine Riviere:

Upside and growth in 2026.

David Schwimmer:

Yes. So really you understand how our business works. As these products are starting to be used and starting to roll out this year, we're not going to see a dramatic impact this year. You should expect to see more of that in '26 and beyond. I don't know, MAP if there's anything you want to add to that?

Michel-Alain Proch:

No, I think maybe just to give some colour. In Workspace, we have indeed a very, and David you explained it, very important road map to deliver in 2025. So it's a lot about roll out of product in 2025 and then we'll gain momentum in terms of revenue in 2026 through price realisation because obviously we are here providing functionalities, far better functionalities to this tool. So it's price realisation. And for Data & Feeds, we are moving very fast at moving more data sets and our key ones on Azure and Fabric and here it'll be a usage play if you want. It's less about price, it's more about usage and in both cases it's '26 and '27.

David Schwimmer:

Thanks, Hubert.

Hubert Lam:

Okay, thank you.

David Schwimmer:

Sorry, you wanted to ask a follow up there?

Hubert Lam:

Sorry, just yeah, so if I take this all together, then potentially there could be more growth in '26 versus '25 within your guidance you've given in '25?

David Schwimmer:

Yeah.

Michel-Alain Proch:

Yeah.

Hubert Lam:

Okay. Sounds good. Thank you.

David Schwimmer:

Thanks a lot.

Operator:

You have a question from Enrico Bolzoni from JP Morgan. Your line is open.

Enrico Bolzoni:

Hi, thank you for taking my question. I was looking at slide 37 where you presented a pipeline of products coming this year. Just caught my eye, the fact that now you place quite soon in ways... maybe I'm reading too much into that, but the launch of Open Directory. And towards the end of last year I think you were mentioning that this was a big project and the target was to complete it by the very end of 2025. So looking at the slide it looks that maybe things are moving a bit faster than expected. Is that fair? So could we see perhaps already in 3Q. And related to that, can you share any insight on whether you have conversation with clients and there are a few clients that already told you, I don't know, I love your product, I'm just waiting for the Open Directory to be live and then I would switch out of a competitor and move to LSEG. So just wanted to understand how good of a visibility do you have on winning large accounts, large mandate once this product is featured larger?

David Schwimmer:

Yeah. Well thanks Enrico for the question. On Open Directory, because of the nature of the product, this is basically about creating communities that are all using the same communication tool. We are not going to have a big launch date. It's more about building community access community by community. And so we actually started this in 2024 with some piloting and with Tradeweb and others using some of the pilot product there and getting feedback and beta versions, et cetera.

And then as we go through this year, you can see on that page 37, we talk about it being more broadly available in the second half, but we're really continuing that piloting process now and engaging with a number of partners and customers in terms of starting to build up those communities. That's the kind of rollout that you should expect over the course of this year. At the same time, we're building the functionality. We have to make sure that it covers the compliance needs of our customers. We have to make sure that it works well in terms of a lot of the different needs for users to share workflow. We are continuing to work on it as we roll it out in the same way that we have been working on Workspace as we've been rolling that out. And so you'll see that continue over the course of 2025.

On the client conversations, there's a lot of excitement about this. There's real interest in terms of having a very high functioning messaging capability that is fully integrated with what a lot of our customers already have, which is Teams, fully integrated with the LSEG product in Workspace and also an open protocol and open to others in the industry. I'm not in a position to tell you specifically right now we have X customers waiting to shift over to us, but there is significant anticipation and interest in terms of what we are building here.

Enrico Bolzoni:

Thanks. And sorry to go back on the first point, if I have to summarise, you’re confident that actually Teams will be live in 2H, I see it’s a gradual process, but is it fair to say it's very high?

David Schwimmer:

In terms of the specific Open Directory?

Enrico Bolzoni:

Okay. Yeah. In terms of being confident that actually this will be a product live in 2H?

David Schwimmer:

Yes. And to my point, we are basically out there piloting it now and so it should be more generally available over the course of the year. But yes, in H2 we have confidence in that.

Enrico Bolzoni:

Great. Thank you.

David Schwimmer:

Yep, thank you.

Operator:

Your next question is from the line of Arnaud Giblat from BNP Paribas Exane. Please go ahead.

Arnaud Giblat:

Good morning. Yes, my question is on the software. I think during the presentation you outlined the fact that there was some pricing benefit that aided OTC revenues grow. I'm just wondering if you could give us a bit of a quantification as to how much of an impact that has had. Also, if I think back over the past few years, it seems like there is a bit of a repricing cycle happening every three years or so. Is that something you can confirm and whether we should expect that going forward?

And secondly, if I could also ask my follow-up on that division. I'm just wondering how we should think about the impact of EMIR 3.0 and potential upside on OTC derivatives. Thank you.

David Schwimmer:

So just on your EMIR question, and I assume you're referring to the challenges over the last several years in terms of EU clearing? Just want to make sure I know I'm answering the right question for you.

Arnaud Giblat:

Yeah. No, I think in one of your slides on Post Trade you say that OTC derivatives benefited from pricing increases. That's all clear. And I think if I reflect back over the past 10 years or so, it seems to me that every three years or so there's an increase in price, and if that's the case, and if you can continue pricing up at that sort of cadence.

David Schwimmer:

So a couple of different things at work here. Every few years we have had a renegotiation of our revenue share and there has not been that this year. I'll turn it over to MAP in a moment just to talk about any pricing implications. But then I think just the last part of your question was around the changes associated with EMIR. And I assume you're referring to the fact that the European Union has again put a ... well, I expect we'll have an extension of access to LCH Ltd's clearing, and this has been an ongoing discussion really since Brexit. I think there's a clear recognition now within the European Union stakeholders that it is important for EU institutions to have access to LCH Ltd's clearing. And we've gotten a very strong clear indication that that would be extended for another three years, at least through 2028. So I just want to make sure, was that the third part of your question there?

Arnaud Giblat:

Yep.

David Schwimmer:

Okay. And then let me turn it over to MAP on your specific question around pricing.

Michel-Alain Proch:

Yeah, sure. So indeed we enjoyed a very, very strong performance of SwapClear as part of our OTC Derivatives during 2024. There was, you remember well, a price increase at the beginning of this year, if I'm not mistaken, in February. It's a price increase after two years of no price increase, just to have this in mind, because we want to carry on having a very strong partnership with our members, which kick in in February. But have in mind that the performance of H1 was greatly affected by the fact that we were comparing to prior year H1 2023, in which we had about £20 million of one-time revenue from the LIBOR migration. Okay?

So when you look at the performance of SwapClear it's two stories in one. You really have H1 and then H2 in which we have a growth of 18% while we have a more normalised 2023 comparison base. And obviously, we had a tailwind from the market volatility and uncertainty around the central bank activity and obviously the US election, don't forget this, at the end of last year, so we saw particularly high client clearing activity among hedge funds. And I remember talking with Dan Maguire. And there were some record days at SwapClear in the last two months of the year. So that's the dynamic of this activity for 2024.

Arnaud Giblat:

All right, thank you.

David Schwimmer:

Thanks, Arnaud.

Operator:

You have a question from Benjamin Goy of Deutsche Bank. Please go ahead.

Benjamin Goy:

Yes, hi, good morning. Maybe one on cash flow. And thanks for the guidance and more details.

It looks like more than a £200 million increase in '25. And looking at the revenue guidance and margin improvement, I would expect more than three times of that, and hopefully one-offs come down. Maybe you can explain the moving parts here, and whether it's just conservative.

And linked to that, looks like you would have more higher power for buybacks. How should we think about that? You mentioned H1. Is it conditional on larger M&A, or you would also feel comfortable increasing leverage again within your guidance range, of course?

Thank you.

David Schwimmer:

Thanks, Ben.

MAP, why don't you answer the cash flow question and I'll take the other?

Michel-Alain Proch:

Sure.

So Ben, first of all, when you look at our performance of cash flow in 2024, it was extremely, extremely strong with an increase of about £570 million. But you need to strip out of this £570 million the normalisation of the working capital of £320 million.

So it mean that if you take that apart, the 570 of 2024 is an increment of 250. And then when you move on to our 2024 free cash flow guidance, first of all, you are right to note that it's at least £2.4 billion. So now if you take the £2.4 billion precisely as a point, you're going to find a performance, an increment if you want, of 210 compared to the 250 of 2024. But really, have in mind that it's at least so I feel comfortable with materialising the same increment.

I want to say just one thing that you are right when you do your modelling that we've got the 6.5 to 7.5 increase of revenue materialising into an improved EBITDA, reduction of capex. But just have two things in mind. We have in cash wise an increase of net financial expense for about £20, 30 million.

And as I was mentioning in 2024, we are going to have an increment into cash tax because we are out of tax loss carried forward. So if you put that into consideration, you land at least £2.4 billion.

David Schwimmer:

And then on your buyback question, no change in terms of how we think about our capital allocation. So we will continue to invest internally. You have seen our dividend announcement today. We will continue to evaluate M&A opportunities in the bolt-on categories. And I think to the extent that we have excess cash beyond that within our target leverage range, you'll see us actively manage that. And so that's exactly what you've heard about today. And we will revisit the buyback question when we get to the half year.

So I don't think you should anticipate anything. I don't think you should think there's anything different there. This is consistent with how we've approached it in the past.

Benjamin Goy:

Thank you. Thank you.

David Schwimmer:

Thank you.

Operator:

You have a question from Andrew Coombs of Citi. Your line is open.

Andrew Coombs:

Good morning, two follow-ups please. One on Post Trade and one on Data & Feeds.

If I come back to Arnaud's point on Post Trade, that business has grown - the OTC derivatives line at least - has grown 11% year-on-year and 19% year-on-year in Q4. So incredibly strong.

You flagged the SwapClear pricing change in February and that's after two years. So presumably there'll be no step change in pricing this year. I think your volumes are up 21% notional cleared in SwapClear, so extremely strong.

So just trying to think about this from a cyclical versus structural growth perspective, would you expect some of the cyclical tailwinds to moderate this year, but perhaps the integration of Acadia, SwapAgent, Quantile under Post Trade Solutions, still providing structural growth? Keen for your thoughts on trajectory from here for that line.

And then the second on Data & Feeds is almost the opposite way round in that you've gone from 9% growth year-on-year to 6% growth year-on-year, but that includes the Credit Suisse contract loss. You had the major client enterprise agreement signed at the start of last year. So should we expect that to improve and recover this year?

Thank you.

David Schwimmer:

Thanks, Andrew.

You want to make a quick comment on…

Michel-Alain Proch:

Yeah, just a quick comment about SwapClear price increase. So it happened in February 2024, represents in our performance in 2024, about £20 million of incremental revenue that we obviously will not have in 2025 because we are not increasing prices on this asset class in 2025.

David.

David Schwimmer:

But Andrew, to get to your question, which is really how much of this is cyclical and how much of this is structural. This business continues to grow very well. Does it benefit when there is incremental uncertainty in the market and volatility? Absolutely.

But let me just give you one statistic, are the number of clients, new clients clearing on SwapClear in 2024, I believe was somewhere around 60. And so that in the context of clients who are already on SwapClear, it's roughly about 1,000.

And so that gives you sort of a fundamental underlying client growth rate to this business. So the cyclical aspects will continue, the volatility will continue, but here we are many years into the era of mandated clearing and we still have good customer, meaning clients, growth signing up for clearing with SwapClear. So hopefully that helps give you a sense of some of the underlying drivers.

We also see opportunities in new geographies. There's a lot going on in Asia in particular. So it's a great business and I think it will get the benefits from the cyclical activity, but that doesn't mean you should assume that the underlying structural elements are subdued. There's good growth in this business.

On your Data & Feeds question, I think that in terms of the... this was a question around higher growth two years ago.

Michel-Alain Proch:

Yeah. Nine and six.

David Schwimmer:

Yeah. We have continued to see good growth in this business. There was some one-off and synergies in the two years ago, 9% zone. But I think we feel very good about where we are with this business and it continues to grow well.

Michel-Alain Proch:

Yeah, and I would just say the performance of 2024, as I'm sure you remember, is impacted by the Credit Suisse cancellation, that we just mentioned, and is impacted too by the enterprise data deal that we explained in Q1, if I'm not mistaken.

And actually when you look at our guidance, the guidance is precising the 6.5 to 7.5, that it's including an acceleration of D&A. So including Data & Feeds.

Operator:

You have a question from Julian Dobrovolschi of ABN AMRO. Please go ahead.

Julian Dobrovolschi:

Hello. Good afternoon gentlemen. Thanks for taking my question.

I have one on the capex guidance. So I was just wondering what are the new areas of investment which were not part of the previous plan, given that forecast 10% capex relative to revenue of 2025, and I believe in the past you are guiding for a high single digit previously? So I'm just curious what has changed now?

And maybe a quick follow up on the capital allocation for 2025. It looks like you left the door open for selective M&A and would appreciate if you could comment a bit about the areas of potential targets for inorganic growth, that you might consider for 2025.

Michel-Alain Proch:

All right. Thanks, Julian.

So maybe to clarify on the capex, what we've said during the 2023 CMD is that the capital intensity of the company will decrease over time to a high single digit.

So when you look back in time, in 2023, we spent £1,040m of capex, we decreased it in 2024 to about, cash wise £960m, so reaching 11% of revenue. What we are saying is that in '25 we'll do another step down to 10% of revenue. And if you calculate, you will see that it's somewhere around 920s around that, whatever. It's a circa. So 10%. And then, going into a high single digit by 2026. So that's basically the curve if you want.

David Schwimmer:

And then, Julian, I think your second question was around areas for potential M&A.

I would just suggest you take a look at what we've done over the last couple of years, where we have done I think five or six bolt-on type transactions. A couple of them in Post Trade to help build out our Post Trade Solutions, a number of them in Data & Analytics in terms of TORA and MayStreet, we added some capabilities in Risk Intelligence.

So-

Michel-Alain Proch:

And Tradeweb.

David Schwimmer:

Yep, Tradeweb of course has been active as well in terms of r8fin, Yieldbroker and ICD. So that gives you a sense of both the kinds of assets that we have been evaluating and also in terms of the size, I would say, and we've talked about this in the past, we get a little bit more bang for the buck so to speak, if they're a little bit bigger. If it's Acadia, that's a bigger transaction than Quantile, for example. And it's basically the same amount of work, but we will continue to evaluate opportunities. They have to make both strategic and financial sense for us. There's a lot that we look at that we don't do, so we try to be very disciplined about it.

Iulian Dobrovolschi:

Appreciate it. Thanks.

David Schwimmer:

Yep, thank you.

Operator:

Your next question is from the line of Ben Bathurst of RBC. Your line is open.

Ben Bathurst:

Good morning. My question is on Workflows. You've seen sequential growth improvements there each quarter in 2024. I wonder, do you think the exit rate is sustainable into 2025 or might we expect any noise around the sunsetting of Eikon in H1?

And my follow-up of sorts is that you mentioned the first generative AI capabilities in Workspace in H2 2025. And can you clarify, will that be accessible to all Workspace users or just those with Copilot?

Thank you.

David Schwimmer:

So, MAP, why don't you take the first one? I'll take the second one.

Michel-Alain Proch:

No, so Ben, you're right. We have indeed a very good performance of Workflows throughout the year with an incremental growth, sequential quarter after quarter. There are several drivers behind this. I think the most important one is the number of enhancements that we've made throughout the year to the product.

David mentioned more than 500 enhancements to Workspace, and we have underlined in previous calls displacements that we had, based on the quality of our product, and we expect Workspace to carry on having a positive trajectory in 2025.

And we don't see the end of Eikon as a negative on our top line. So the conversion from Eikon to Workspace is almost complete. We have the last clients, which are large banks, which are the last clients that will be complete by the end of H1 2025. And overall, we really feel good about it.

David Schwimmer:

And then on the second part of your question, on the gen AI capabilities in Workspace. So this basically will mean a very different customer experience, and natural language search, and accessing a lot of our data through with the power of the AI functionality that people have now come to see and really appreciate.

I think my expectation is that we will be rolling that out in the back half of this year as part of our regular product. We have not finalised that, but if you look at how we have been making a lot of these enhancements over the past year or two, we have tended not to have any incremental pricing in year. We roll out the new products or the new features and new capabilities, and then we do a once a year price adjustment in the beginning of the next year. And that would be my expectation on this kind of approach as well.

But we haven't finalised our exact landing on that, but that would be my expectation.

Ben Bathurst:

Thank you.

Operator:

And your next question is from the line of Ian White of Autonomous Research. Please go ahead.

Ian White:

Hello, thanks for taking my questions. Firstly, just in terms of some of the comments you made in relation to slide 27, maybe can you say a bit more about the extent to which some of the new product innovations, especially the ecommerce platform, Data as a Service and Meeting Prep, showing evidence of providing the Group with access to a slightly different type of client to the large financial institutions? I'm thinking about corporates and smaller financial clients. To what degree are we seeing those newer items helping you in those groups please? That's my main question.

And just a follow-up please, on the technology side. Can you just describe what is left to do on the journey to getting 70% of the engineering capability insourced? So how many more people do you need to hire? Are there specific skills and capabilities that you need to locate? Is it as simple as converting some existing contract relationships to permanent employees?

Just some help understanding what actually needs to happen there. That would be great. Thank you.

David Schwimmer:

Sure, Ian, thanks for the questions. I'll take the first one and then, MAP, you can go into the engineering journey.

So short answer to your first question, Ian, it's early days and of course that is why we are building the ecommerce capability so that we can serve smaller customers, some corporates out there, new addressable markets with a lighter touch.

But it's very early days and in terms of on the ecommerce, we have that working for World-Check and a relatively small amount, not material amounts at this point, but making good progress on just smoothing out that workflow.

With respect to DaaS and Meeting Prep: The focus now is on, certainly with Meeting Prep, getting institutional customers signed up. I think there is an opportunity for other customers that are not in our normal wheelhouse, whether they're corporates or others, to access it. And the way that works today is that if you have the right version of Teams, you have access to it, but you don't have Workspace, you can click through it and there will be a paywall. And then it does go to basically an ecommerce capability and you can ask for it.

So we, I believe have that capability up and running, but it's early days in terms of seeing a meaningful impact there. But that's certainly part of how we're building this out going forward.

Over to you.

Michel-Alain Proch:

So on the engineering journey, so I'd say, first of all, it's a very large project that we are conducting with Irfan Hussain, our CIO.

I'm going to give you some colour. We began 2024 with a split 60/40, so 60 external, 40 internal. And the total of our engineering resources was 17,000 people. So see rough numbers: 10,000 external, 7,000 internal.

During the year, as we've said very clearly in the script, we have hired a bit less than 1,000 people internally and we have decreased the external contractors by 2,000.

So roughly, again, our rough number, we are going from 17,000 to 16,000 all together. And we have almost at the end of this year a 50/50 percentage.

And now we need to go to 30/70, and it's going to take us '25, '26, and '27. So it's a very large project indeed.

And then in term of colour, it's not only a question of converting people, it's really about improving our talent, and internalising our engineering knowledge in very particular areas.

So long and short, we still have to go to the 70/30, so 30% external, 70% internal. We have in front of us three years.

Ian White:

Thanks a lot. That's very helpful detail.

David Schwimmer:

You got it. Thank you.

Operator:

There are no further questions on the conference line. I will now hand the presentation back to David Schwimmer, CEO of LSEG, for closing remarks.

David Schwimmer:

Great.

Well, thank you all for your questions and for your interest. You know where Peregrine and the IR team are, if you have any further questions. And we look forward to talking to you again soon.