

London Stock Exchange Group

February 13, 2026

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Overview

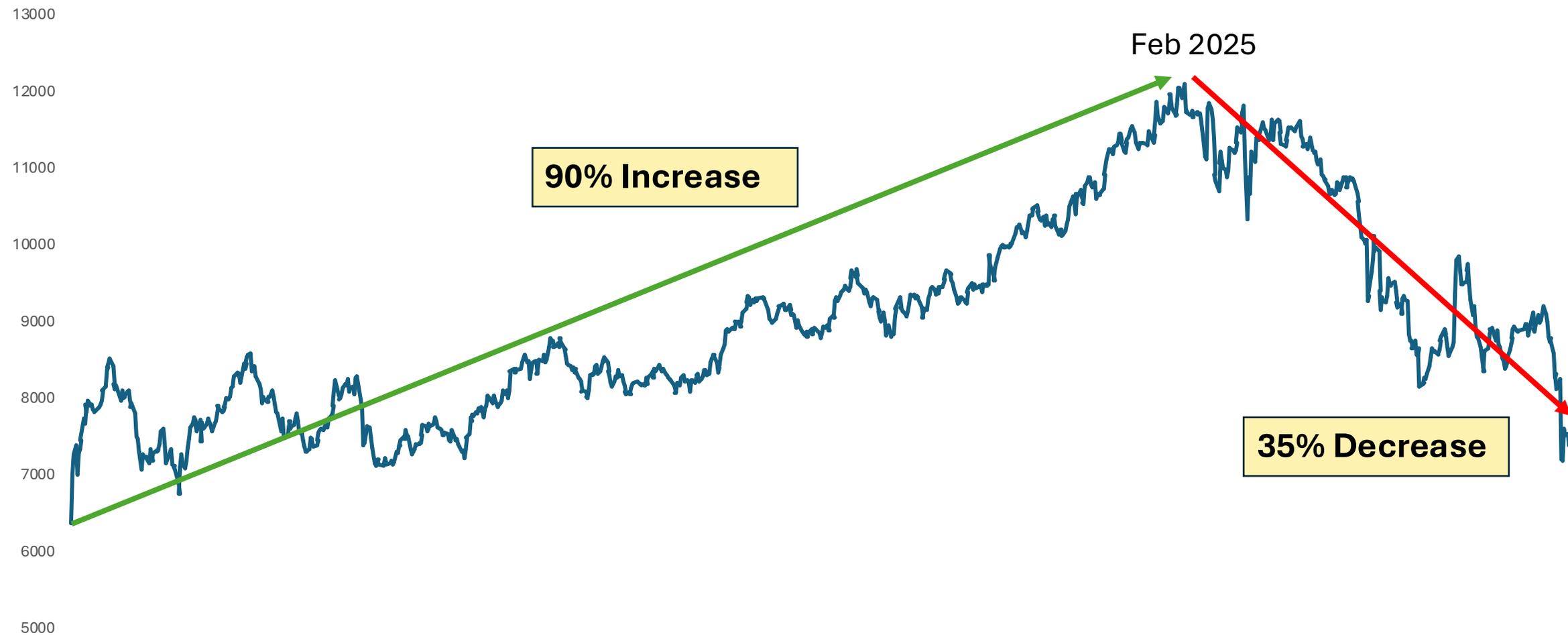


Ticker: LSEG

**Stock Price:
£75.70**

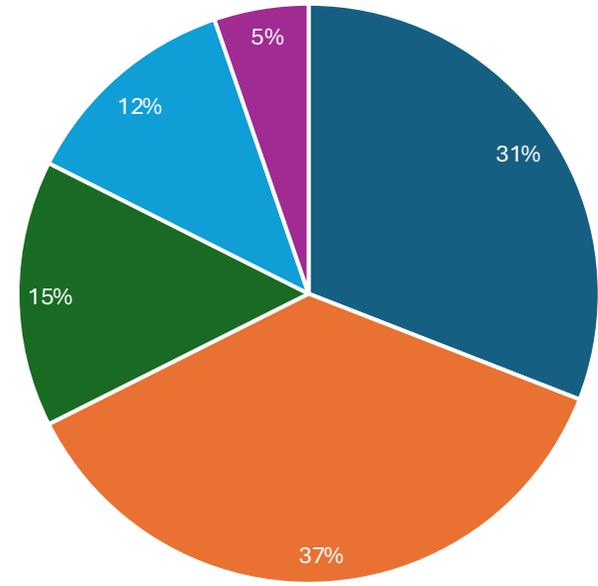
- Global financial markets infrastructure and data provider
- £8.9 billion in worldwide sales in FY2024
 - 37% US, 31% UK, 15% Europe, 12% Asia, 5% other
- Market capitalization of ~\$38 billion
- CEO David Schwimmer has led the company since August 2018

4 Year Stock Performance (since Mar. 2022)



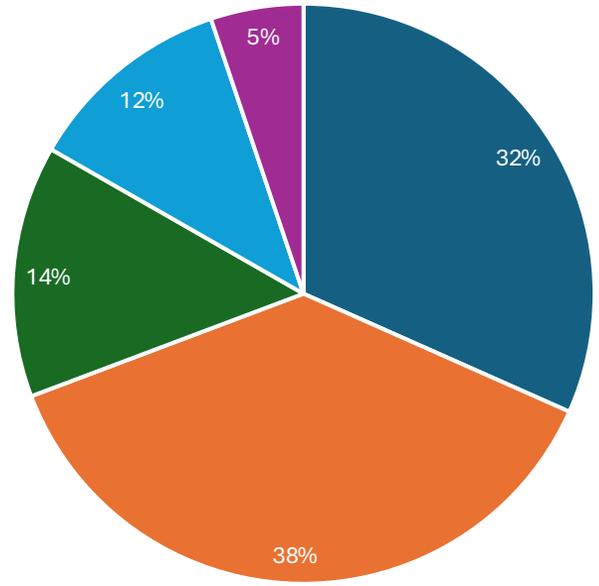
Revenue by Region

2023



■ UK ■ US ■ Europe ■ Asia ■ Other

2024



■ UK ■ US ■ Europe ■ Asia ■ Other

Industry Overview

- Competitors include S&P Global, Bloomberg, ICE, Nasdaq, CME Group
- Network effects in trading/creating create self-reinforcing moats
- Proprietary data monopolies cannot be replicated
- FMI companies are primary creators of proprietary data
- Regulatory mandates require use of specific products
- Core FMI services embedded in regulatory frameworks

Competitive Standing

- Bloomberg Terminal remains the biggest player
 - 325,000+ subscribers at ~\$28-32K/year
 - LSEG Workspace priced lower at ~\$22K/year but has not replicated messaging network effects
- S&P Global controls ~40-50% of global credit ratings market
 - Regulatory-entrenched franchise LSEG cannot replicate
- CME Group holds near-monopoly in US interest rate and equity index futures
 - 64% operating margins through unmatched network effects
- ICE owns NYSE and dominates energy derivatives
- Deutsche Borse controls Eurex (Europe's largest derivatives exchange)
- MSCI leads in ESG and factor investing indices (~70% margins)

Competitive Advantage

- Network Effects in Clearing LCH
 - SwapClear clears ~50% of global interest rate swap market
 - Membership grew from 35 to 127 banks, notional from \$186T to \$1,870T
 - EMIR and Dodd-Frank clearing mandates structurally entrench this position
- Switching Costs in Data & Analytics
 - Deep integration into trading systems, risk models, compliance workflows
 - 90% of data and feeds revenue is IP-protected
 - Annual subscription value grew 6.3% in FY2024
- Intangible Assets
 - FTSE Russell: globally recognized benchmark indices (FTSE 100, Russell 2000, WGBI)
 - World-Check: leading KYC/AML screening database
 - Covers 21M private companies, 7.3M price updates/sec across 90M+ instruments

Why now?

- Stock has fallen ~35% from all-time high
- Disconnect between business performance and market sentiment
- AI fears appear overblown

Excellent Debt Management

- Moderate debt, actively deleveraging
- Investment-grade credit ratings
 - Interest coverage (EBIT/interest): 9.6x
- Strong and growing cash generation
 - Adjusted EBITDA margin: 48.8%
- CapEx intensity declining
- Accelerating shareholder returns
 - £1 billion in buybacks in FY2024; additional £500M committed by Jul 2025

Management

- Great execution of the \$27B Refinitiv acquisition
 - Cost synergies hit £400M run-rate two years ahead of schedule
- Sold 20% of Post Trade Solutions to 11 major banks to deepen strategic partnerships
 - Deal moves them from users to partners, aligning interests
- Aggressive shareholder returns while investing for growth
- Strategic foresight and innovation
 - Forged 10-year Microsoft partnership (2022) with \$2.8B cloud commitment AI partnerships with Anthropic, Databricks, Snowflake

Management has shown that they operate as owners and understand what drives business value.

Risks

- AI disruption commoditizes core data products
 - Mitigant: 90% IP-protected revenue; proactive AI partnerships
- EU forces onshoring of euro clearing away from LCH Mitigant: Politically and practically difficult; LSEG systemically important
- Bloomberg Terminal dominance remains unchallenged
- Return on invested capital remains below peers
 - Weighted down by £27B Refinitiv goodwill; improving as synergies fully realized
- Currency headwinds compress reported revenue
 - ~37% USD exposure; GBP strength impacts translation
- Macro downturn reduces transactional revenue (~24%)
- Microsoft partnership revenue contribution slower than expected

LSEG: Summary Investment Thesis

- ✓ Top-4 global financial data and infrastructure company with wide moat
- ✓ 73% recurring subscription revenue with 90% IP-protected data
- ✓ Dominant positions: LCH clearing (~50% of global IRS), FTSE Russell indices, World-Check
- ✓ Refinitiv integration delivered ahead of schedule; margins expanding toward 50%+
- ✓ AI sell-off creates rare entry point: ~35% below ATH
- ✓ Strong cash generation (£2.2B+ FCF) funding aggressive buybacks and dividends

LSEG is a good business, in a good industry, with good management, at a good price.