



**London**  
Stock Exchange Group

# Introduction to London Stock Exchange Group

**November 2016**

# The London advantage

**LSEG operates at the heart of the world's financial centre. Working with us gives our customers unique access to the City of London.**

**Internationally focused open market culture**

**World's largest pool of international equity assets** – \$2trn of international equity AUM

**Leading foreign exchange trading centre** with 41% of global turnover

**Global centre for derivatives trading**, with 49% of OTC interest rate turnover

**Leading exporter of financial services** in the world with a trade surplus of \$71bn

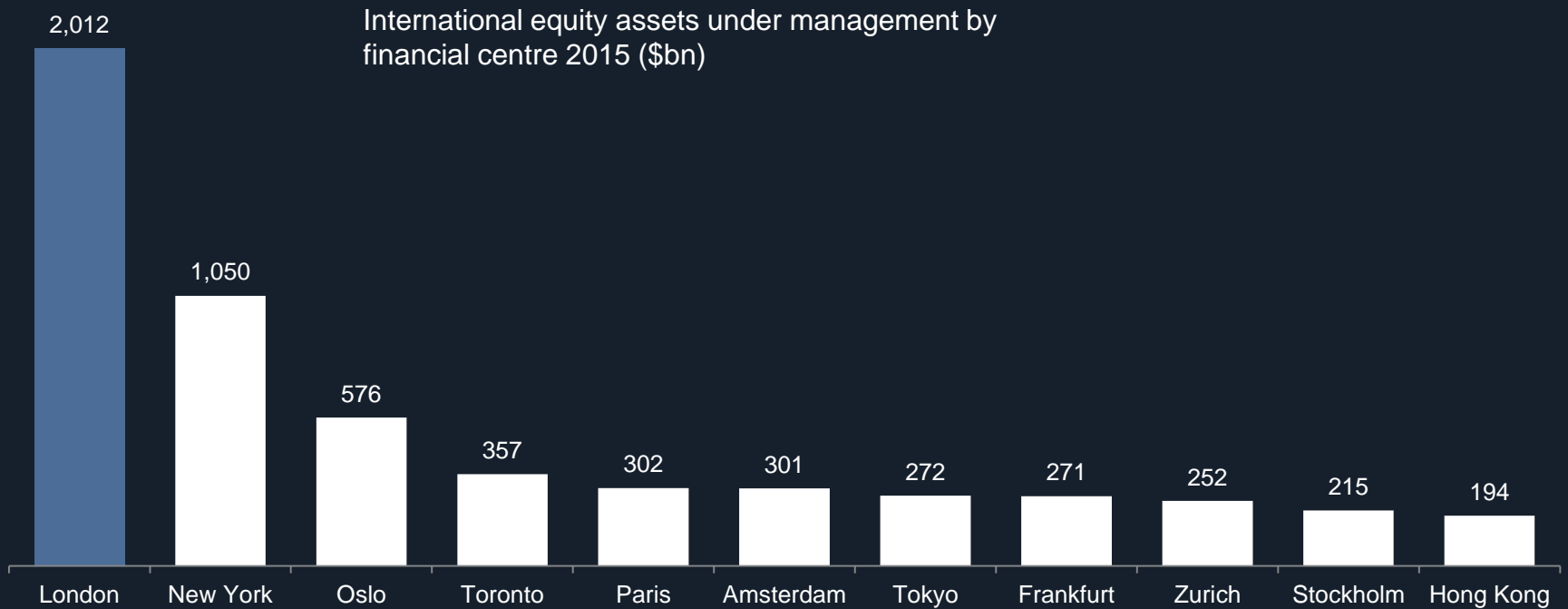
**Largest centre for international banking**, with 17% of cross-border lending

**The key western centre for Islamic finance**

**20% of global hedge fund assets managed in London**, 75% of the European HF market

# London's investment pool

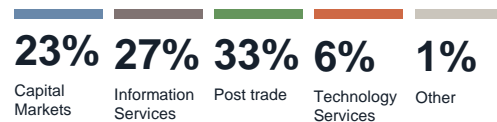
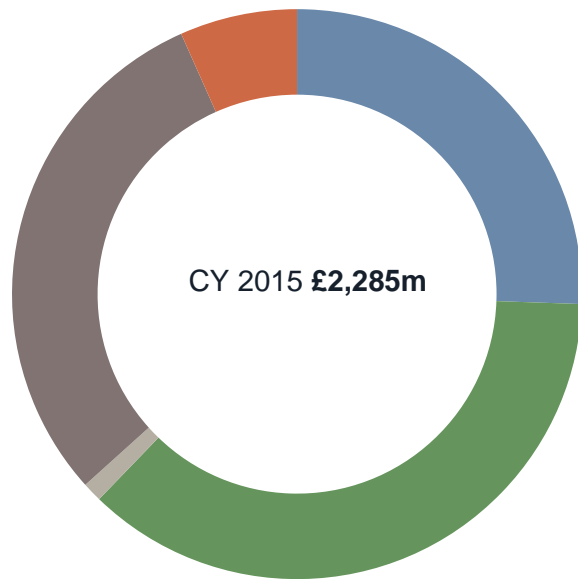
London has the largest pool of investors dedicated to international companies.



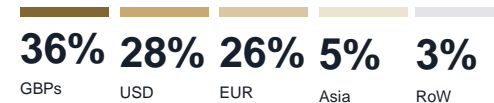
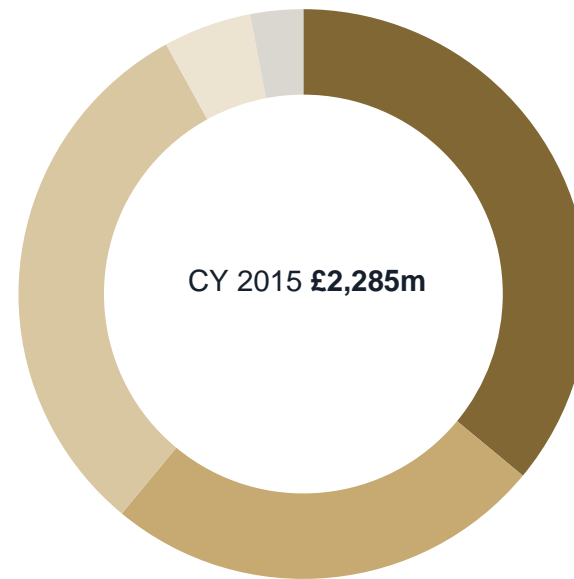
# London Stock Exchange Group

Market capitalisation of c£10bn / \$14bn; Diversified revenue by business and geography.

CY 2015 by business segment
















CY 2015 by customer origin



# LSEG assets across the value chain

A leading diversified international exchange and infrastructure group with assets across the entire exchange value chain.

Capital Markets	Primary Markets	 London Stock Exchange	 Borsa Italiana			
	Cash Equities	 London Stock Exchange	 Borsa Italiana		 Turquoise	
	Derivatives	 CURVEGLOBAL		IDEM	IDEX	LSEDM
	Fixed Income	 MTS	 EURBTLX	ORB	MOT	ExtraMOT
Post Trade	 LCH The Markets' Partner	CC&G	Monte Titoli		GlobeSettle	
Information Services	 FTSE Russell	RNS	Unavista	SEDOL	Real time data	
Technology	 millennium information technologies	 GATE lab	 exactpro <small>EXITUS ACTA PROBAT</small>	Hosting and Connectivity	X2M	
Business Services	Academy	Events & Studios				



# International reach

LSEG has 3,500 employees based in 24 cities, delivering services worldwide.

**115**

Global Primary Markets franchise with companies from 115 countries

**ELITE**

Innovative Elite Programme inclusive of 23 European countries

**19**

Turquoise is trading in 19 countries, linked to 3 interoperable clearing houses

**FTSE**

FTSE-linked ETFs traded over 25 exchanges worldwide

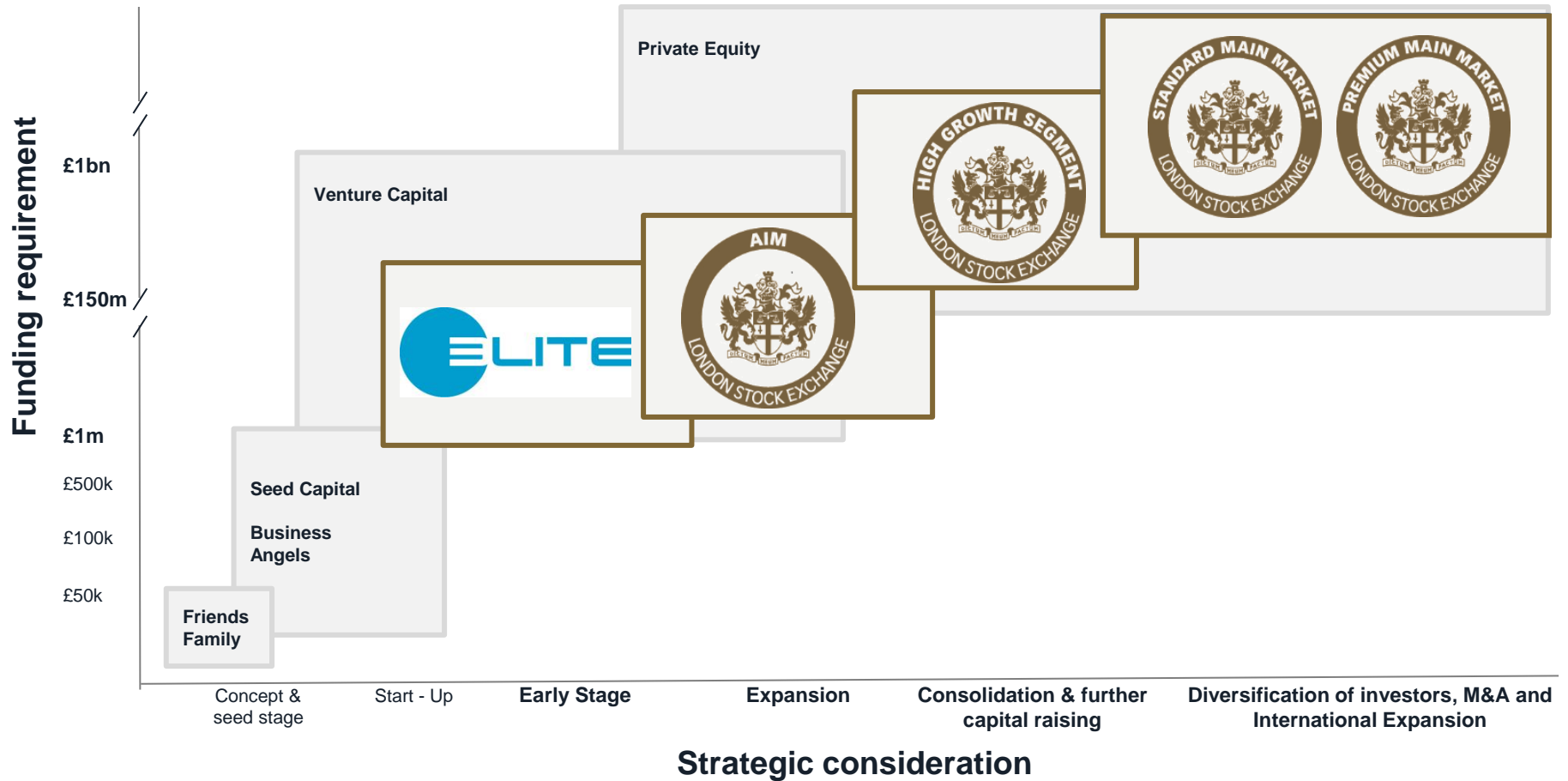
**40**

MillenniumIT technology deployed in 40 countries and venues around the world



LSEG offices

# The funding ladder



# LSEG trading markets

LSEG operates a range of world class regulated trading markets and MTFs covering various asset classes and products.

## Securities

**London Stock Exchange**

**Borsa Italiana**

**Turquoise**

The pan European MTF

**AIM**

The world's leading SME market

**ETFs**

European leading market venue

**Specialist Fund Segment**

**Professional Securities Market**

## Fixed Income

**MTS**

Europe's leading market for of government fixed income

**MOT**

World's leading retail bond market

**ORB**

The UK retail bond market

**EuroTLX**

The first European retail bond MTF

## Derivatives & Commodities

**London Stock Exchange Derivatives**

Large range of UK, IOB DR and Norwegian single stock options and futures

**IDEM**

Italian Equity Derivatives Markets derivatives

**IDEX / AGREX**

Energy Commodity Derivatives  
Durum Wheat Futures





# FTSE Russell: global index provider

**FTSE Russell indices are used extensively world-wide for benchmarking portfolios, performance measurement, investment analysis, asset allocation, and for creating a wide range of index tracking funds and structured products.**

## Global client base

Client base spans 77 countries from 3 global hubs: London, New York and Hong Kong. About \$10tn assets tracking FTSE Russell indices – 218 of top 300 assets owners are FTSE Russell clients.

## The world's largest institutional investors

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment

## Global market leader

FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 80 countries, covering 98% of the investable market globally. FTSE Russell is a global market leader in real estate, China, Australia, non-market cap weighted indices and foreign exchange.

## Global product solutions

Global product solutions for investors in every market. FTSE calculate and manage a comprehensive range of global equity, fixed income, Shariah, commodity, currency, fixed income and real estate indices, on both a standard and custom basis. FTSE is also the leading index provider of alternatively weighted indices.



# Overview of ELITE



# ELITE in brief

- ELITE is an wide-ranging **community** as well as an innovative **structured programme** for private growth companies, providing practical advice, coaching services and relationships from a network of advisors and investors who can help companies achieve their next stage of growth
- ELITE is a programme designed to help corporates to prepare and structure for the next stage of growth through the **access to long term financing opportunities**. It is dedicated to the most exciting and ambitious companies, having a sound business model, clear growth strategy and a desire to obtain funding in the near future.
- ELITE offers an innovative approach, including a training programme, a working zone supported by a **tutorship model** and direct access to the financial community through dedicated digital community facilities. It is “**capital neutral**” to any financing opportunity, providing access to Private Equity and Venture Capital funds, debt products, etc.



# ELITE companies at glance

**400+**  
COMPANIES

**23**  
COUNTRIES

**€33bn**  
AGGREGATE  
REVENUE

**30+**  
SECTORS

**140,000+**  
EMPLOYEES



**Basic Materials**

**20** companies

**Consumer Goods**

**93** companies

**Consumer Services**

**46** companies

**Financials**

**9** companies

**Health Care**

**26** companies

**Industrials**

**122** companies

**Oil & Gas**

**7** companies

**Technology**

**64** companies

**Telecommunications**

**13** companies

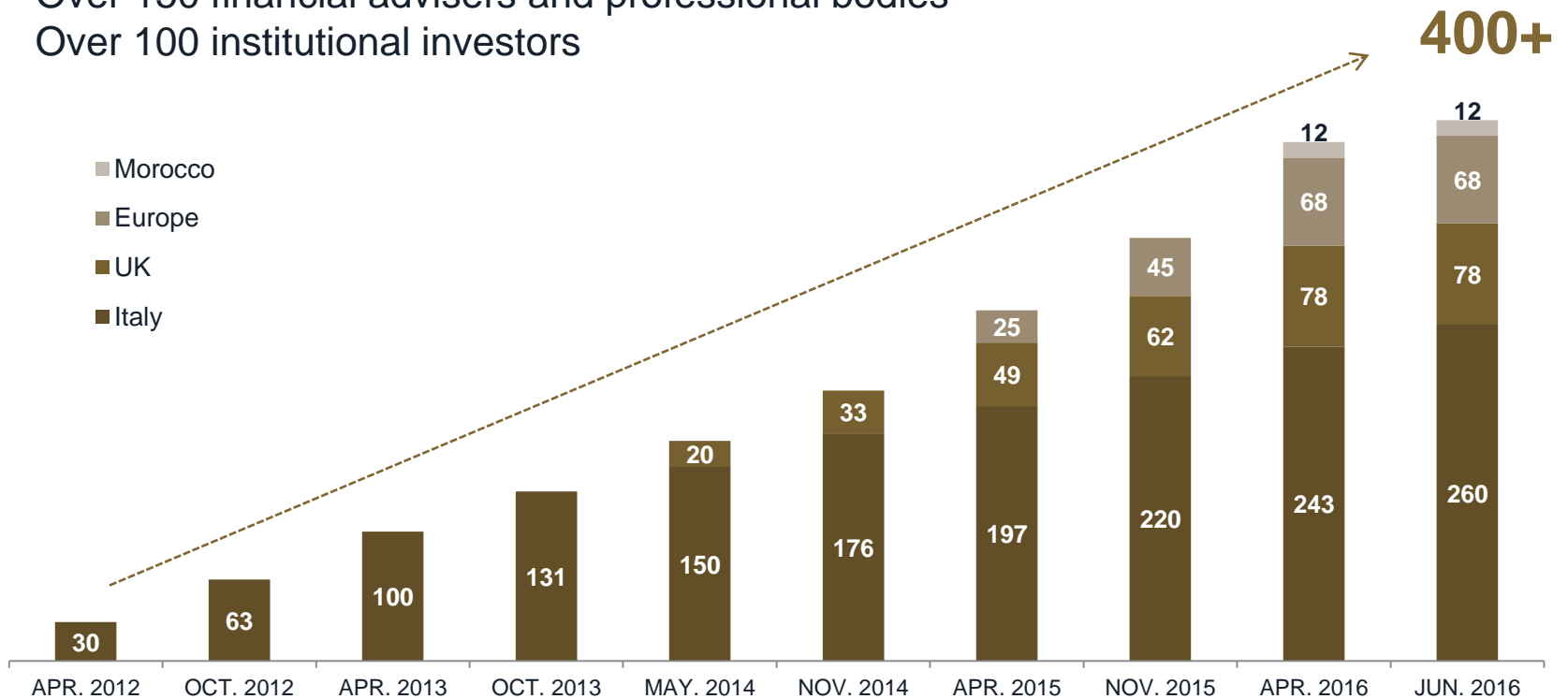
**Utilities**

**6** companies

# A story of growth

Launched in April 2012, in 4 years ELITE has attracted:

- Over 400 companies, selected between the most ambitious businesses
- Over 150 financial advisers and professional bodies
- Over 100 institutional investors



# The impact of ELITE

Since joining ELITE companies have accelerated their growth plans and gained access to funding opportunities

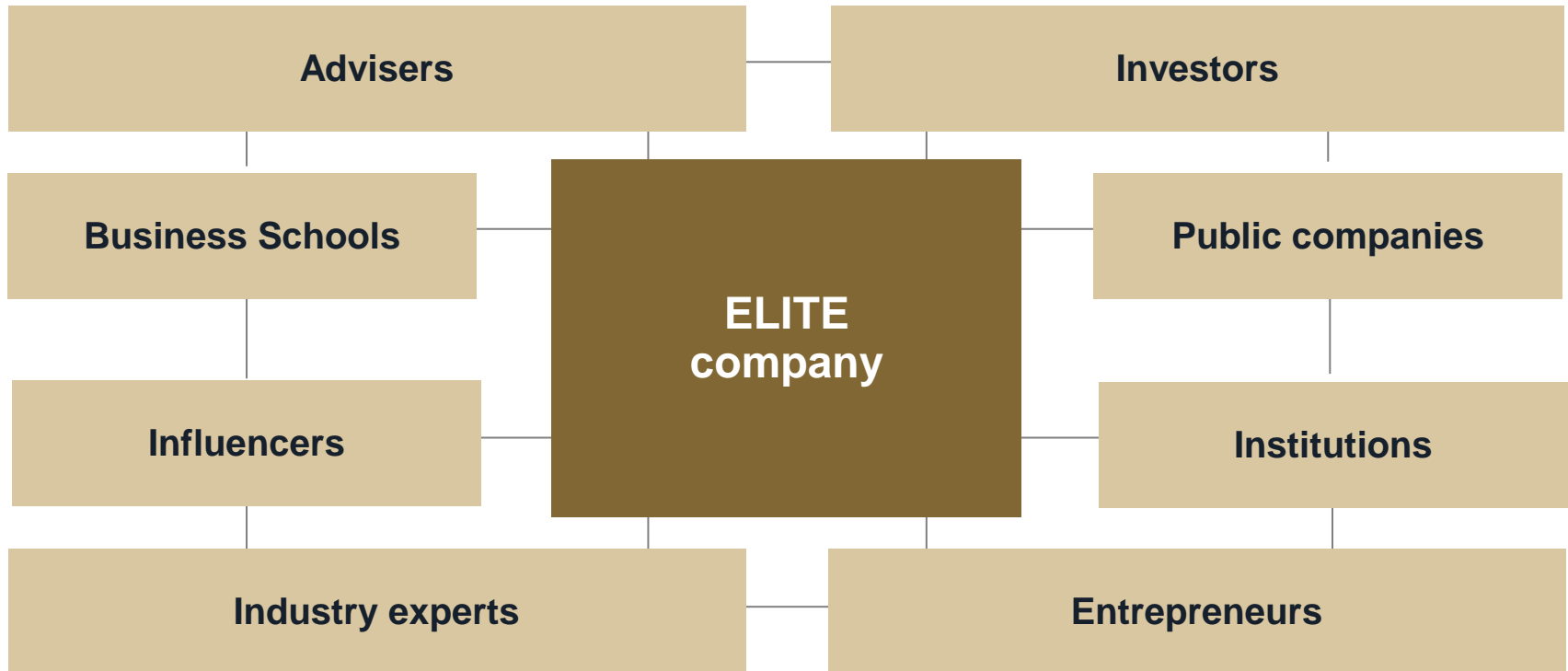
## Key milestones

- 2012** ELITE launch in Italy
- 2014** ELITE launch in UK
- 2015** ELITE launch in EU
- 2016** ELITE launch in Morocco

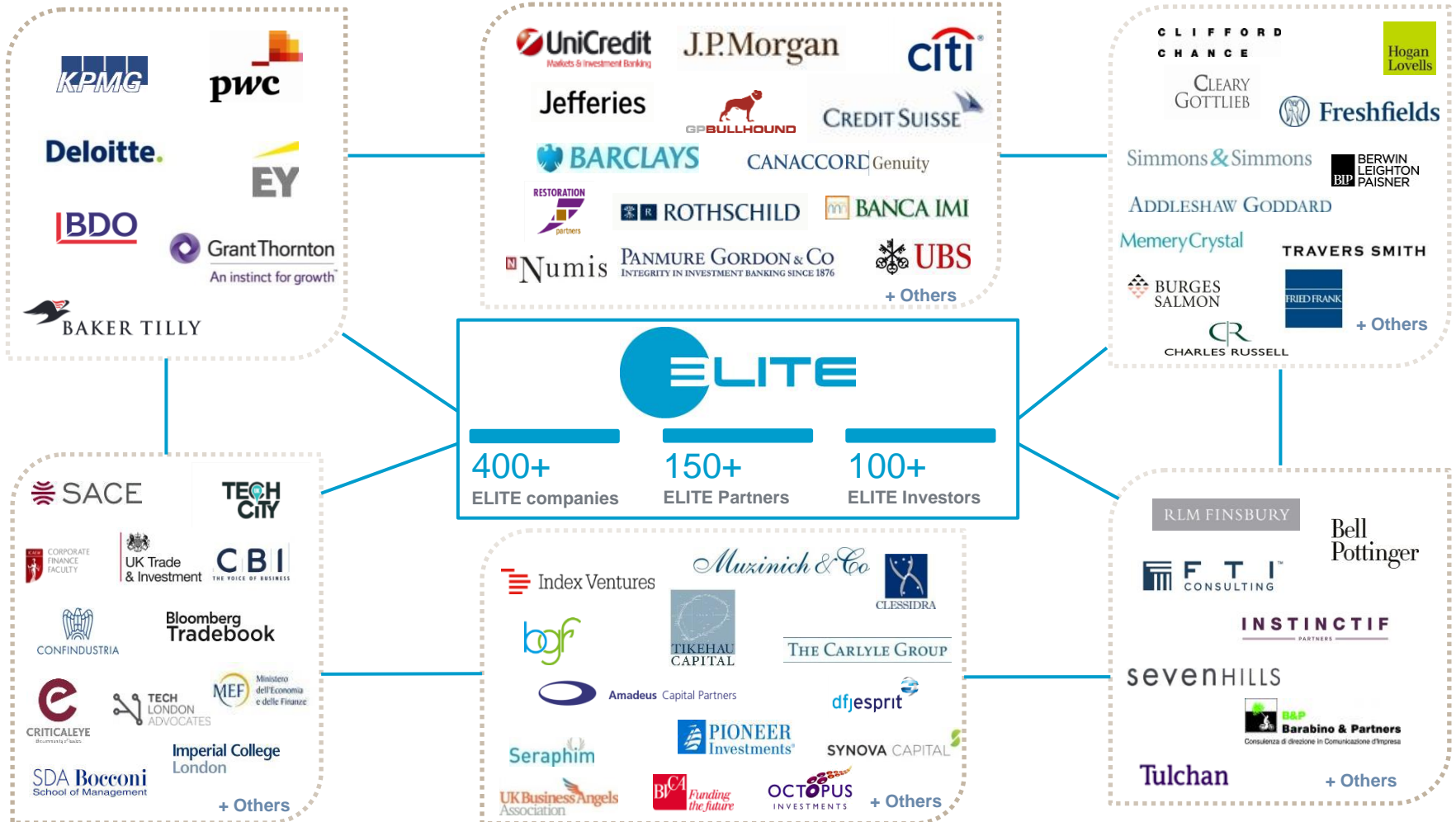
- 45** Companies have completed a deal with a Private Equity firm
- 15** Companies publicly announced an IPO in the medium term – **4** companies listed on a public market
- 21** Companies issued a bond raising an aggregate 410 m€
- 120** M&A / JV deals completed by ELITE companies
- 250** Mln Euro raised by Italian state owned institution
- 40** Listed companies play as mentor for ELITE companies

# Composition of the ELITE community

Implementing ELITE will create a vibrant community which facilitates a long-term structured engagement between ambitious businesses, industry experts and the investor and corporate advisory community

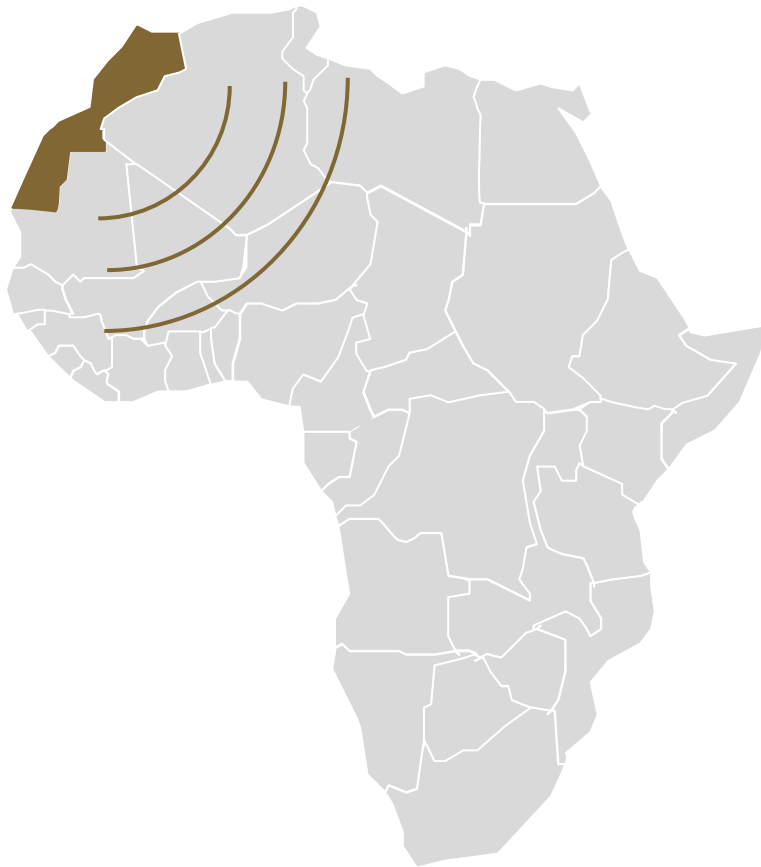


# Our ELITE community today





# Case study: ELITE in Morocco



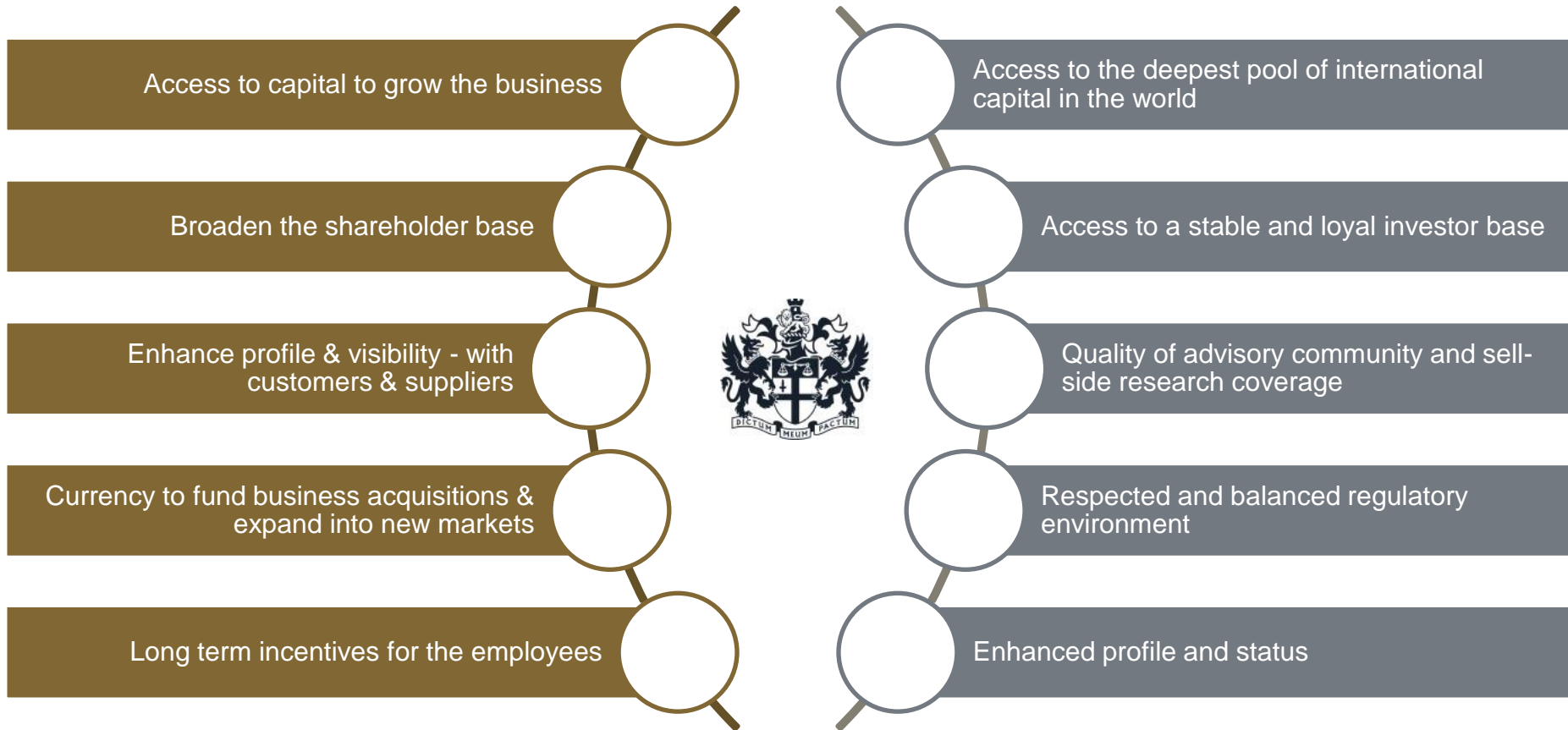
## ELITE Morocco and West Africa

- April 2016 - ELITE was successfully launched by Casablanca Stock Exchange (CSE), marking the first launch of the ELITE model in partnership with another exchange
- 12 ambitious companies joined the programme in Morocco
- ELITE has the potential to support the country's emergence as a regional economic hub
- Morocco was a very good initial case for ELITE as CSE is one of most developed markets in Africa with a market cap of 486bn MAD (54% of Morocco's GDP) and more than 31% of the capitalisation is owned by foreign investors



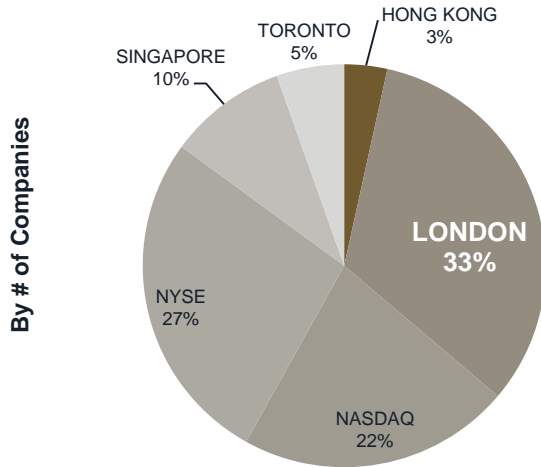
# Listing in London

# Benefits of listing in London

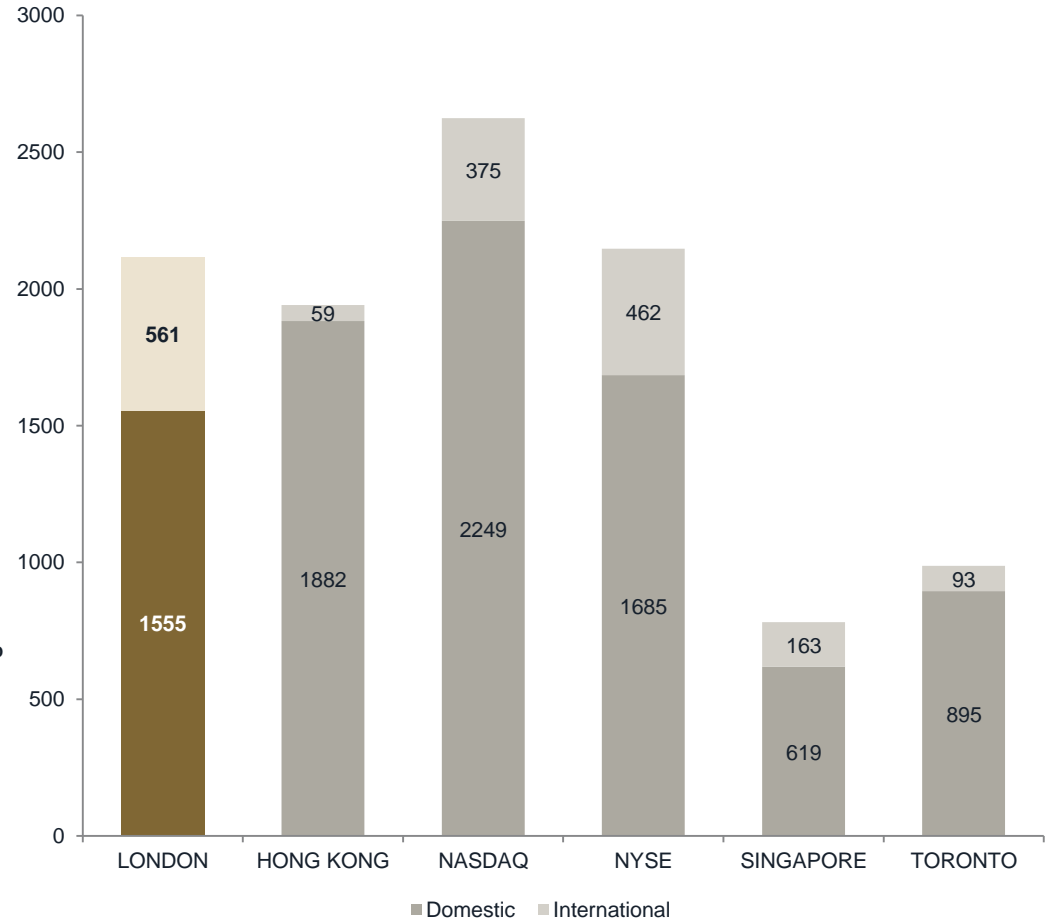


# Hub of International Businesses

## Cross Border Listings on International Exchanges



- More international companies choose London for listing than any other exchange. Over 30% of all major exchange listed international companies are listed on LSE.
- Tried and tested market expertise, developed financing infrastructure and internationally-minded investor community.





# IPO – What are investors looking for?

## Growth story and earnings visibility

- Leading position in attractive sector, demonstrating strong market share and pricing power
- Good track record of growth, escalating revenues and maintenance of margins

## Strong management and good governance

- Ambitious, focused and dynamic team with excellent communication skills
- Alignment of interest and visions between management and shareholders
- Best in class board including the right NEDs and Independent Chairman
- Appropriate corporate governance structures in place (preferably 6-12 months ahead of an IPO) adding long term and sustainable value

## Capital structure

- Candidates with net debt/EBITDA above 2x are a concern to the market with a ceiling at 3x (although exceptions clearly possible if cashflows supportive)
- Leverage compared to peers is reviewed as well as absolute leverage but for high growth tech – limited if any leverage expected

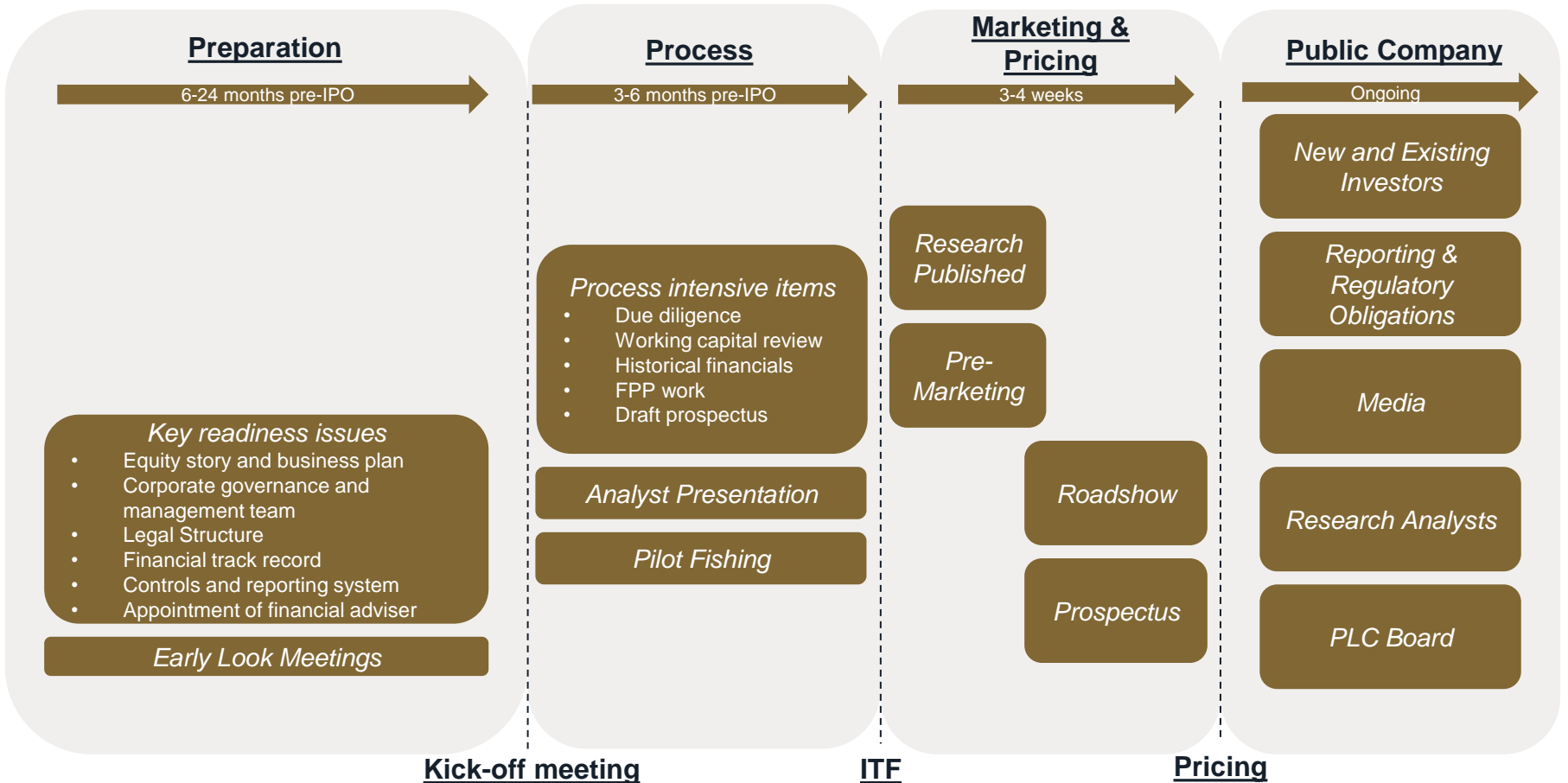
## Cash generation

- Strong balance sheet required with low refinancing risk and low gearing
- Meeting top line expectations and executing on margin resilience
- Visibility on cash return

## Technology Industry Factors

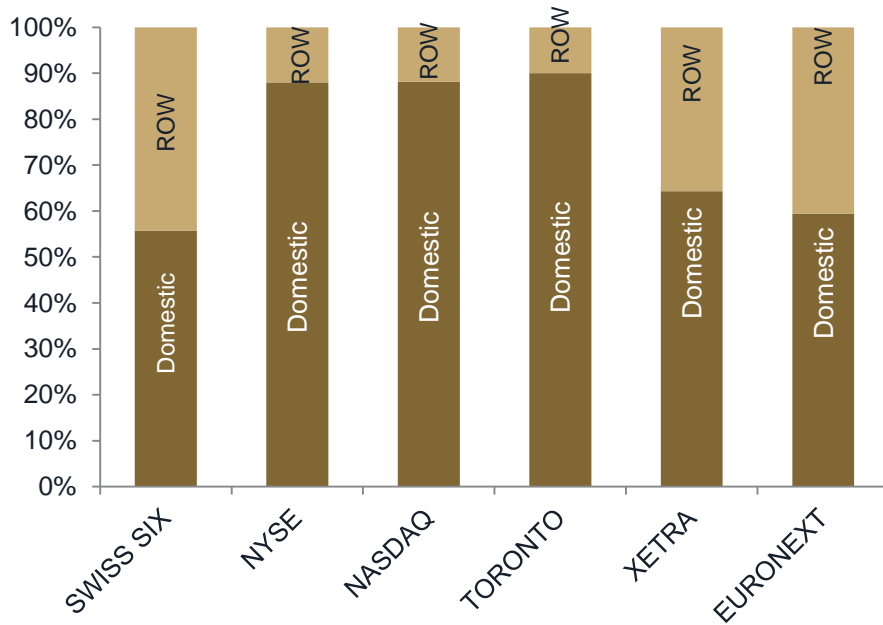
- For technology – revenue growth is the key determinant
- Bookings/Billings has become the key indicator for SaaS based businesses
- Market growth rates and overall total addressable market
- Revenue per customer and costs of customer acquisition
- Key reference customers

# IPO Process Overview

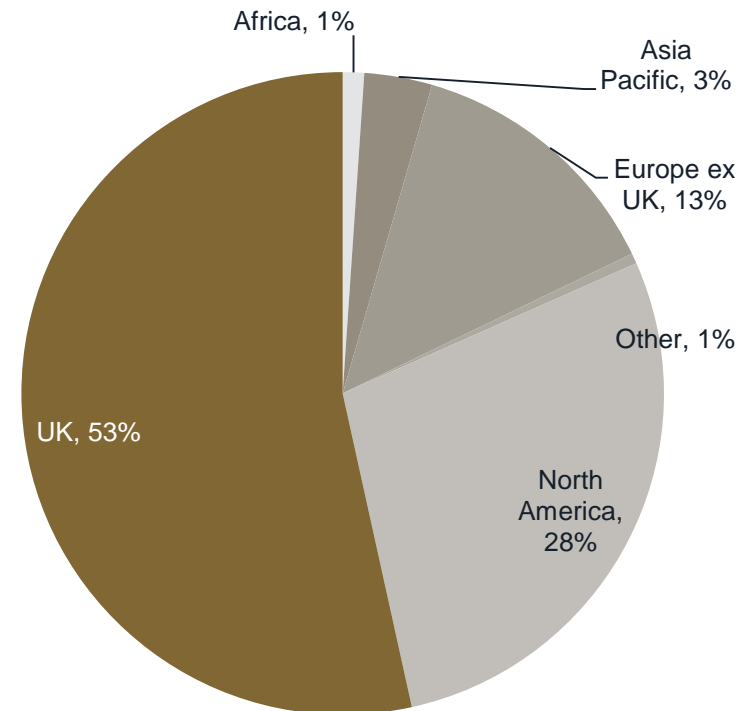


# Global Investors buy LSE listed stock

Domicile of Investors in listed securities by country



Domicile of Investors in LSE listed securities by country

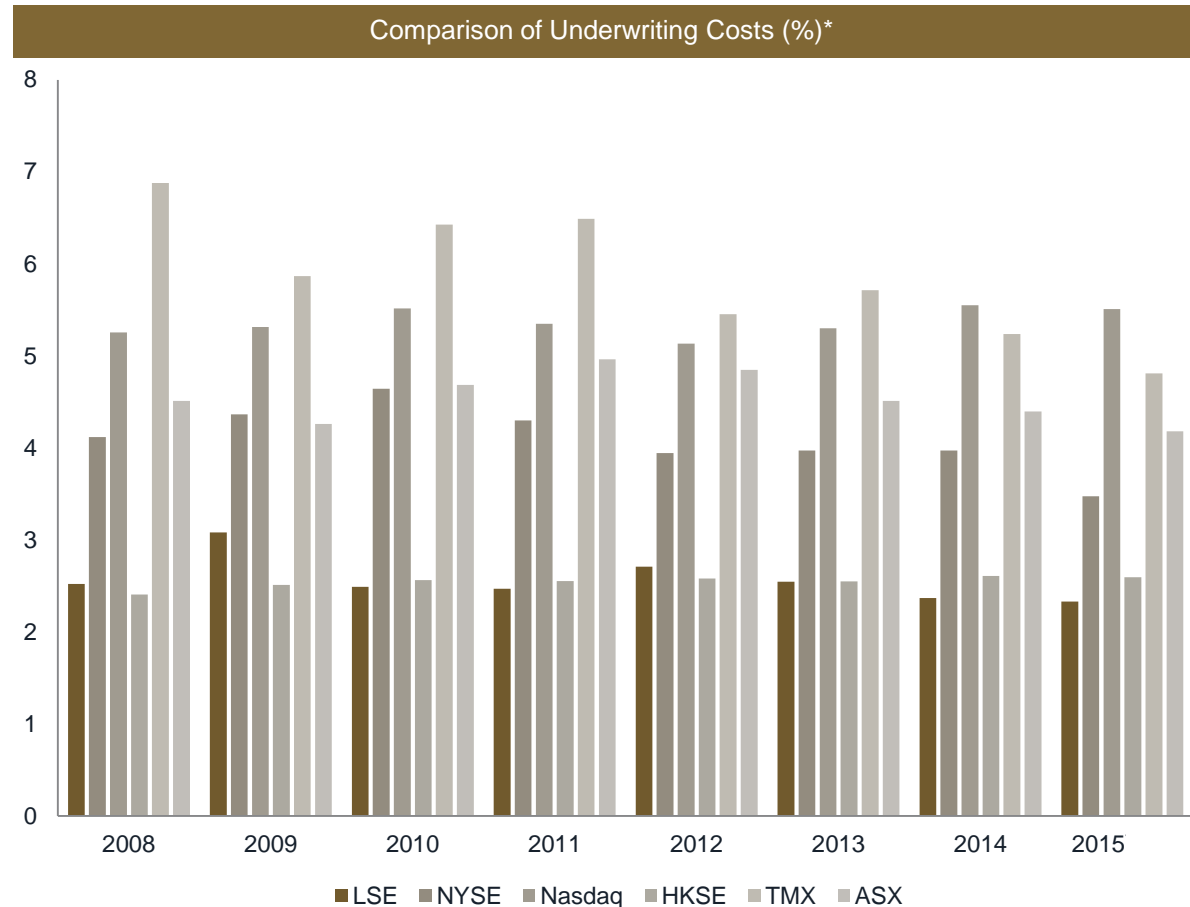


- London remains the world's equity market, with more international assets under management than any other global financial centre
- Companies listing in London are able to access overseas investors through widely used and well understood capital raising routes

# London – Lowest IPO Fees

## Cost of listing in London is further reduced by:

- Regulation which is widely tested and balanced
- Highly competitive legal services which have experience of listing process
- Timing of the admission process is clearly communicated
- Direct communication with the regulator and the Exchange
- All disclosures in English







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London Stock Exchange plc  
10 Paternoster Square  
London EC4M 7LS  
Telephone +44 (0)20 7797 1000  
[www.lseg.com](http://www.lseg.com)