

Capital Markets

	2023 £m	2022 £m	Variance %	Constant currency variance %	Organic constant currency variance %
Continuing operations					
Equities	227	248	(8.5%)	(8.8%)	(8.8%)
FX	251	258	(2.7%)	(1.9%)	(1.9%)
Fixed Income, Derivatives & Other	1,068	953	12.1%	12.1%	11.7%
Total Revenue	1,546	1,459	6.0%	6.1%	5.8%
Cost of sales	(35)	(34)	2.9%	3.2%	3.2%
Gross Profit	1,511	1,425	6.0%	6.1%	5.9%
Adjusted operating expenses before depreciation, amortisation and impairment	(715)	(665)	7.5%	8.2%	
Adjusted EBITDA	796	760	4.7%	4.4%	
Adjusted depreciation, amortisation and impairment	(128)	(103)	24.3%	23.2%	
Adjusted operating profit	668	657	1.7%	1.5%	
Adjusted EBITDA Margin	51.5%	52.1%			

Capital Markets provides businesses with access to capital through issuance, and offers secondary market trading for equities, fixed income, interest rate derivatives, foreign exchange (FX) and other asset classes.

Total revenue of £1,546 million grew 6.1% with the increase primarily driven by Fixed Income, Derivatives & Other.

Equities revenue of £227 million declined 8.8% as subdued market volatility fed through to lower Secondary Markets activity.

FX revenue of £251 million was down 1.9%. Weaker interbank FX activity, particularly in H2 2023, adversely impacted volumes on our dealer-focused Matching platform. Our dealer-to-client platform, FXall, also saw lower activity from buy-side participants.

Fixed Income, Derivatives & Other revenues are primarily driven by Tradeweb, a global operator of electronic marketplaces for rates, credit, equities and money markets. Revenues of £1,068 million were 12.1% higher, accelerating over the year as risk appetite returned to markets. Tradeweb's solutions are supporting the ongoing electrification of trading and the group continues to make share gains in key product lines. Tradeweb made further progress in international markets, complementing its strong organic expansion with the acquisition of Yieldbroker, which added customers and liquidity in Australian and New Zealand government bonds. Tradeweb also announced the acquisition of algorithmic execution technology business r8fin, which completed in January 2024.

Cost of sales grew more slowly than revenues, increasing 3.2% to £35 million. These costs primarily reflect expenses within the Tradeweb business relating to data feeds.

Adjusted operating expenses before depreciation, amortisation and impairment of £715 million were up 8.2%, again driven by the strong revenue growth and investment at Tradeweb.

Adjusted EBITDA rose to £796 million, growing 4.4% as a result of the topline growth at Tradeweb while adjusted EBITDA margin was slightly lower at 51.5% (2022: 52.1%). Adjusted operating profit grew more modestly, up 1.5%. This reflects a higher adjusted depreciation and amortisation expense following sustained investment in our offering, in particular the introduction of the non-deliverable forward (NDF) Matching platform in 2023, and the move to more agile capex releases.

Non-Financial KPIs

	2023	2022	Variance %
Equities			
UK Value Traded (£bn) – Average Daily Value	3.7	4.6	(19.6%)
SETS Yield (bps)	0.71	0.66	7.6%
FX			
Average daily total volume (\$bn)	442	452	(2.2%)
Fixed income, Derivatives and Other			
<i>Tradeweb Average Daily Volume (\$m)¹</i>			
Rates – Cash	366,586	342,748	7.0%
Rates – Derivatives	529,757	341,948	54.9%
Credit – Cash	12,376	10,094	22.6%
Credit – Derivatives	14,030	17,618	(20.4%)

¹ 2022 volumes revised from previous reporting.