



# Investor Presentation

April 2019




# Deutsche Börse equity story

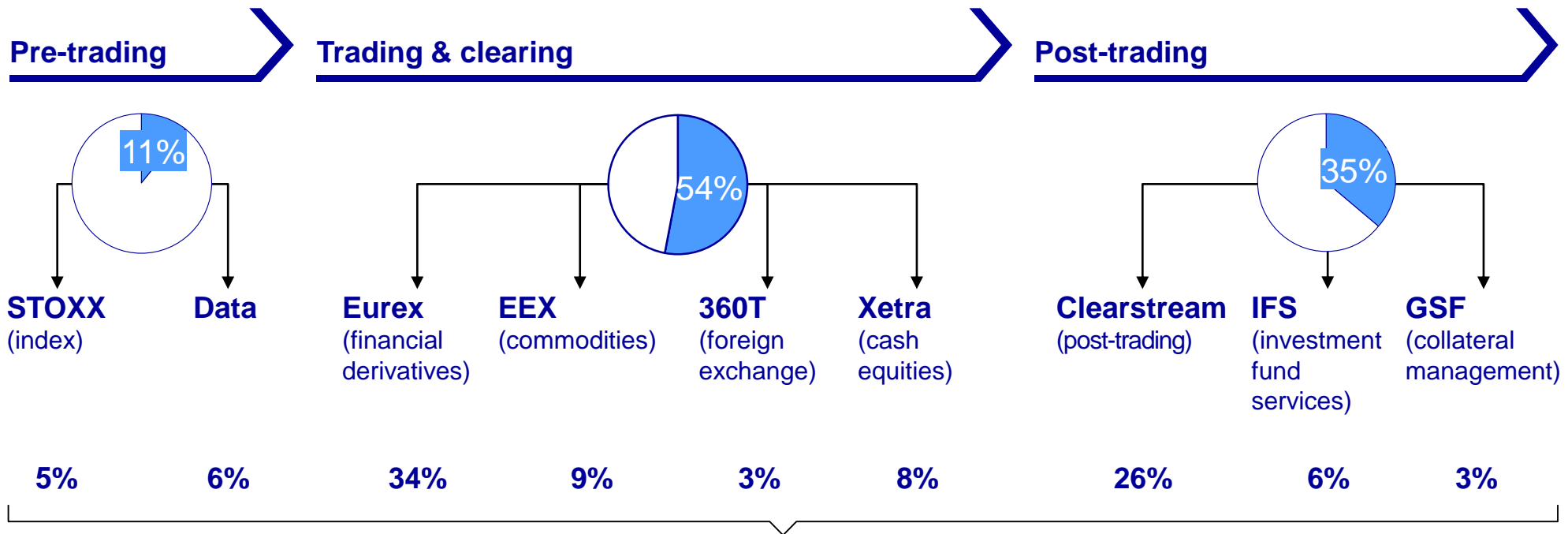
- **Leading European** capital markets **infrastructure provider** with **global growth ambitions**
- **Nine business segments** that cover the **full capital markets value chain** including:
  - Eurex, the largest European derivatives exchange
  - Clearstream, a leading post-trading services provider
  - Promising new businesses: EEX (commodities), 360T (foreign exchange) , and IFS (investment fund services)
- Deutsche Börse follows with the **“Roadmap 2020” a three pillar growth strategy:**
  - Systematically **execute** secular and cyclical **growth opportunities**, capitalizing on **key industry trends, political developments**, and **new client needs**
  - Pursue a **programmatic M&A** agenda in **five growth areas with a focused and disciplined approach**
  - Invest in **four key technologies to tap into new revenue opportunities and further increase the operating efficiency**
- The company will **efficiently manage operating cost to ensure scalability of the business** model and will reduce its **structural** cost base to **reinvest** into **growth** and **technology**
- **To ensure a successful execution**, Deutsche Börse will streamline the organisation and strengthen the consequence management
- **Dividend policy confirmed** with payout between 40 to 60 per cent of net profit

- **Business Overview**

- Financial results
- Business segment details
- Business activity

# Deutsche Börse has a strong business portfolio that covers the full value chain

 **2018 net revenue**  
Size equals % of total net revenue



- **#4 exchange organisation globally by market capitalisation**
- **Nine diversified business segments covering the full capital markets infrastructure value chain**
- **€2.8 billion net revenue with 61% adjusted EBITDA margin in 2018**

# Growth programme “Roadmap 2020” built on three pillars

**I**

## Strong organic portfolio as foundation

- Strong organic **secular net revenue growth >5%** across nine business segments
- Successful capturing of **cyclical opportunities**

**II**

## Programmatic M&A

- **Programmatic investment** into selected growth areas
- **Build scale in existing portfolio** and help diversify
- **Focused and disciplined** approach

**III**

## New technologies

- Creation of **growth opportunities**
- Impact includes **efficiency gains**

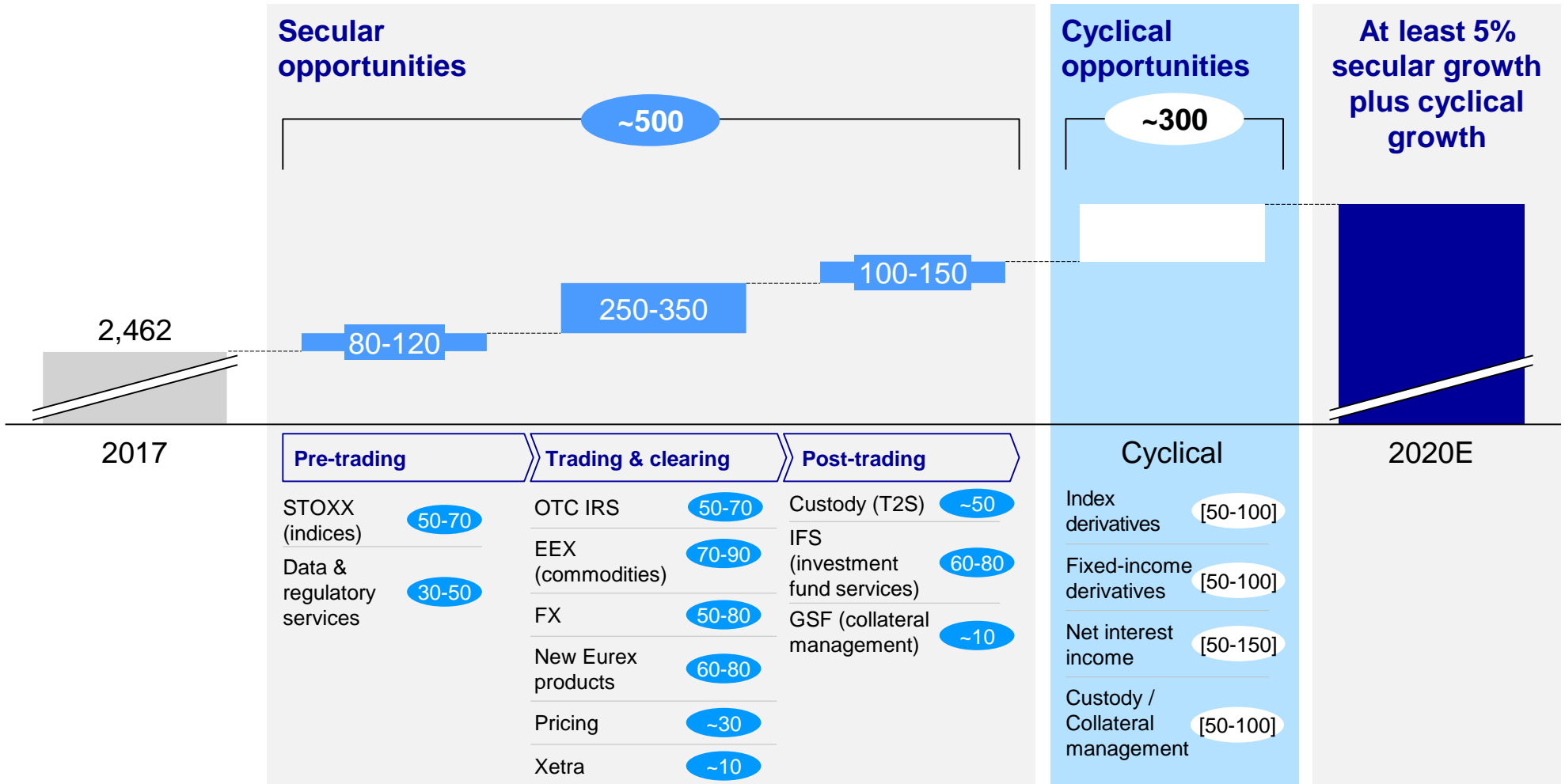


## Reduction of structural costs to fund growth and technology investments

- **Increased investments** in new technologies to tap into **new revenue opportunities**
- Further **increase** of the operating **efficiency**

# Deutsche Börse will grow strongly over the next years

## Mid-term organic net revenue growth opportunities (€m)



# We will follow a focused and disciplined M&A approach

## A disciplined M&A approach ...

### General

- **Systematic** opportunity **screening**
- Clear **focus** on **defined areas**
- **Partnership** formats as **option**  
(e.g. post-trading business in Asia)

### Financial guidelines

- **ROIC >10%** after 3-5 years
- **Cash accretive** in general within year 1 – at the latest in year 3



## ... focused on five growth areas

### Pre-trading

① Data

### Trading & clearing

② Commodities

③ Foreign exchange

④ Fixed income

### Post-trading

⑤ Investment funds

# We want to stay a leading technology provider by focusing on four key technologies













## Four transformational technology trends

<b>DLT / blockchain</b>	Distributed ledger technology / blockchain creates new market structures and allows adding products onto existing structures
<b>Big data / Advanced Analytics</b>	Advanced analytics is both a revenue driver adding value to data, and an efficiency lever
<b>Cloud</b>	Cloud and exposing of services via APIs is enhancing scalability and opening new platform business options
<b>Robotics / automation / AI</b>	Artificial intelligence and robotic process automation are key efficiency drivers for operations-heavy tasks

## How Deutsche Börse will capitalise

Create markets/ drive revenue	Increase efficiency	Enhance client service
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 Strong match     Moderate match



We will structurally improve our cost base to fund our growth and technology investments through two mechanisms

**Allowed cost increase**

**Allowed increase** at given **scalability**:

At 10 per cent net revenue growth operating cost can grow up to 5 per cent



**Shift in cost base**

**Shift by structurally improving productivity:**

- Reduction of cost by €100 million by end of 2020 through reducing work force and reducing operating cost creates flexibility – if net revenue growth allows, savings will be **reinvested**
- To achieve structural improvements a **one-time investment** of **~€200 million** will be made

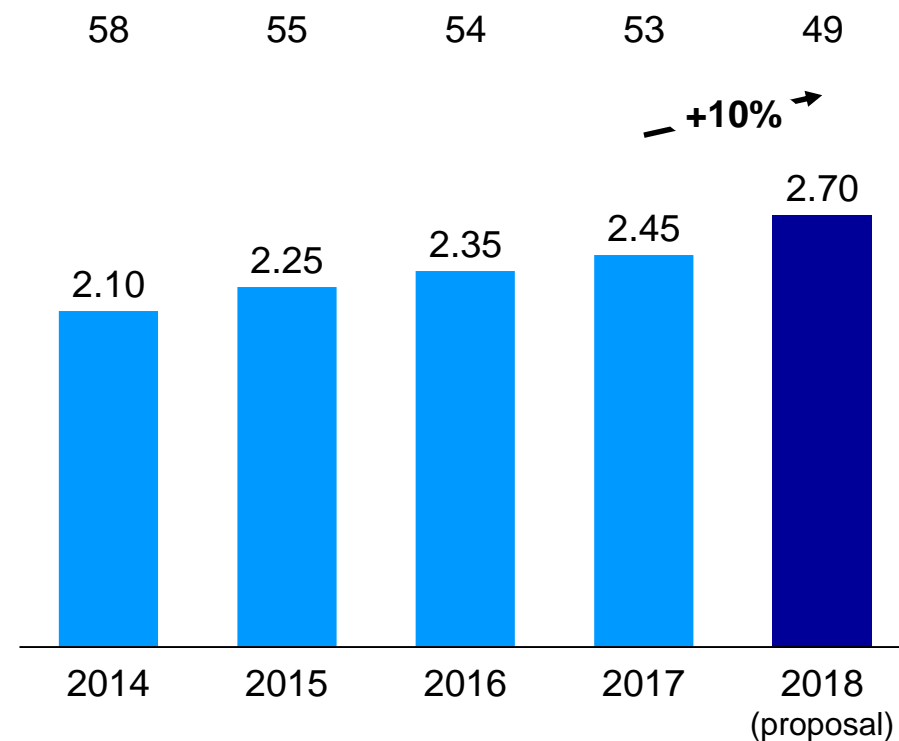
# Executive Board of Deutsche Börse AG proposes increase of 2018 dividend per share by 10% to 2.70 Euro

## Capital management policy

- Deutsche Börse aims to distribute 40 to 60% of the adjusted annual net profit to shareholders in form of the regular dividend. Within this range, the dividend pay-out ratio is mainly depending on the business development and dividend continuity considerations.
- The remaining recurring free cash is planned to be re-invested into the business to support the Group's strategy with its organic and external opportunities.
- In case there should be no use for the remaining recurring free cash, additional distributions to shareholders through share buy-backs might be considered.
- Due to its considerable clearing and post-trading business activities, Deutsche Börse is focused on maintaining a strong credit and rating profile, including Clearstream Banking S.A.'s strong "AA" credit rating.

## Dividend per share and pay-out

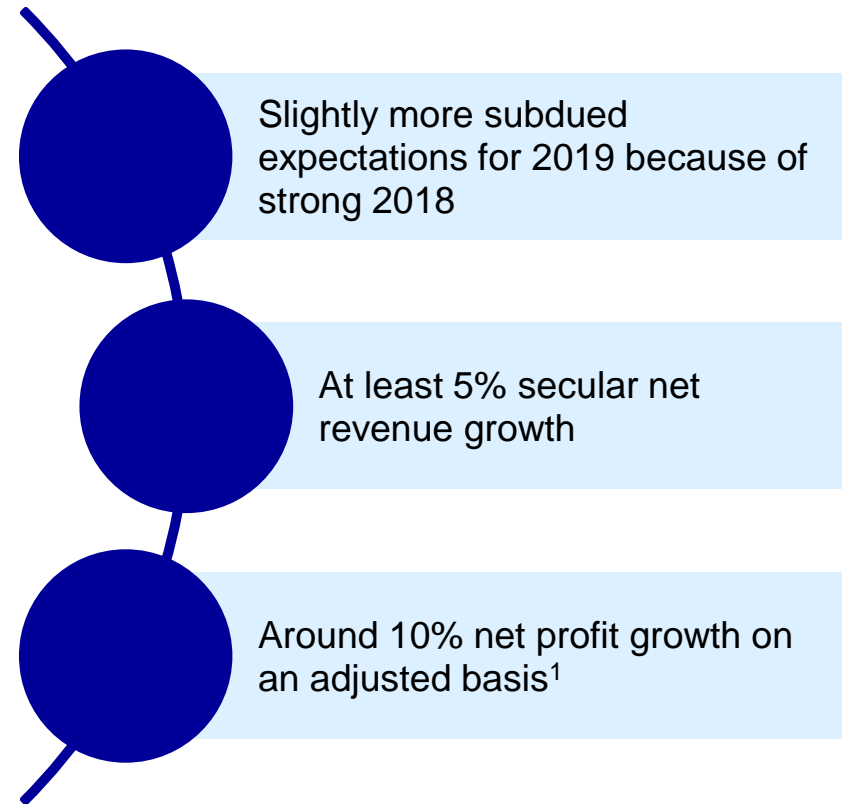
Pay-out ratio (%)<sup>1</sup>



1) Adjusted for exceptional items

## Around 10% net profit growth expected in 2019

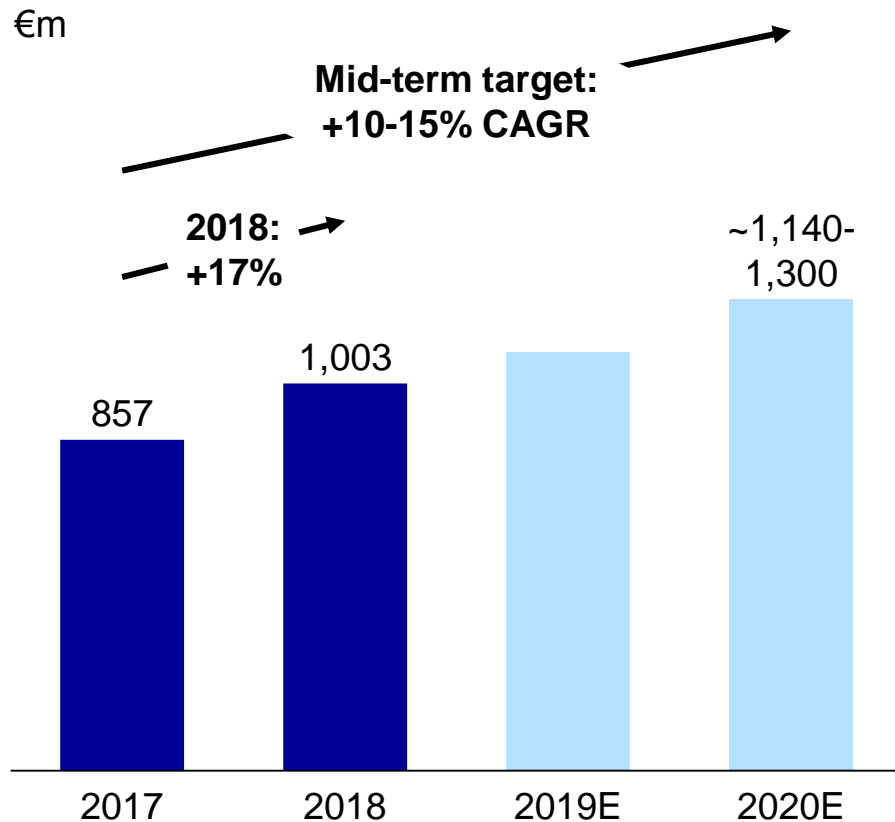
- After strong growth in 2018 the expectations of Deutsche Börse for 2019 are slightly more subdued as a result of risks to economic growth and political uncertainty.
- Nevertheless, the company continues to expect at least 5% growth of secular net revenue in 2019. Major secular opportunities include: Euro OTC clearing, new Eurex products, Commodities (EEX), Foreign exchange (360T), Investment Fund Services (IFS), as well as the index business (STOXX).
- In combination with an efficient management of operating costs, the company is expecting around 10% growth of the adjusted net profit in 2019. Depending on the development of the equity market volatility, net profit growth could be somewhat higher or lower.



1) For 2019 exceptional operating cost items of around €100 million expected, mainly for restructuring, litigations and M&A integration

# Confirmation of “Roadmap 2020” mid-term net profit growth targets

## Mid-term net profit growth targets<sup>1</sup>

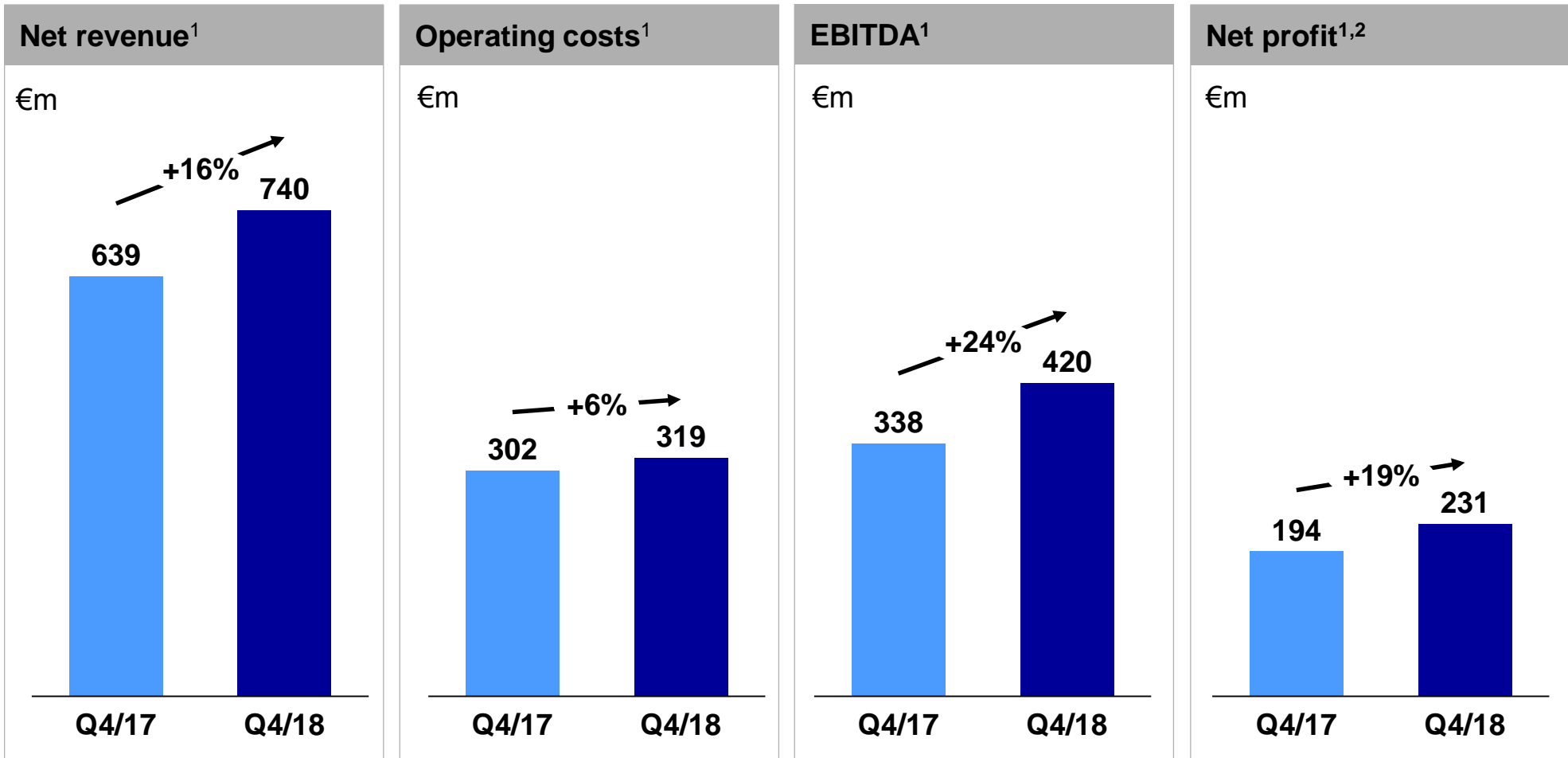


- Under the “Roadmap 2020” mid-term targets issued in April 2018, Deutsche Börse expects average annual growth of the adjusted net profit of around 10-15% through 2020.
- Because of strong secular and cyclical net revenue growth in 2018, the net profit growth significantly exceeded the 10-15% range (+17%).
- For the remaining years 2019 and 2020 average annual growth of the adjusted net profit of around 10% would be necessary to meet the mid-point of the 2020 targets.

1) Adjusted for exceptional items

- Business Overview
- **Financial results**
- Business segment details
- Business activity

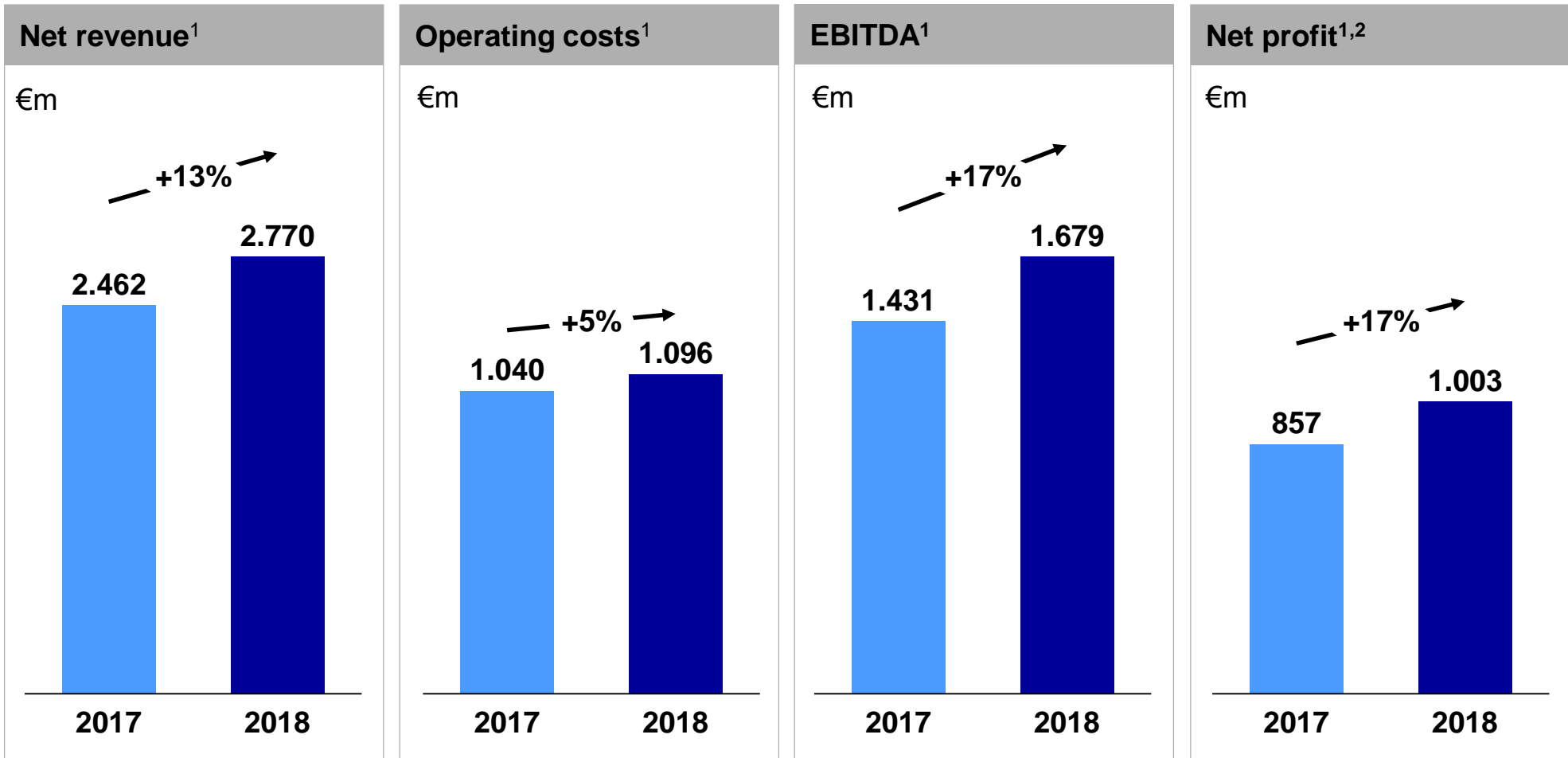
## Q4/2018 – Preliminary group financials



1) Adjusted for exceptional items

2) Attributable to Deutsche Börse AG shareholders

## FY/2018 – Preliminary group financials

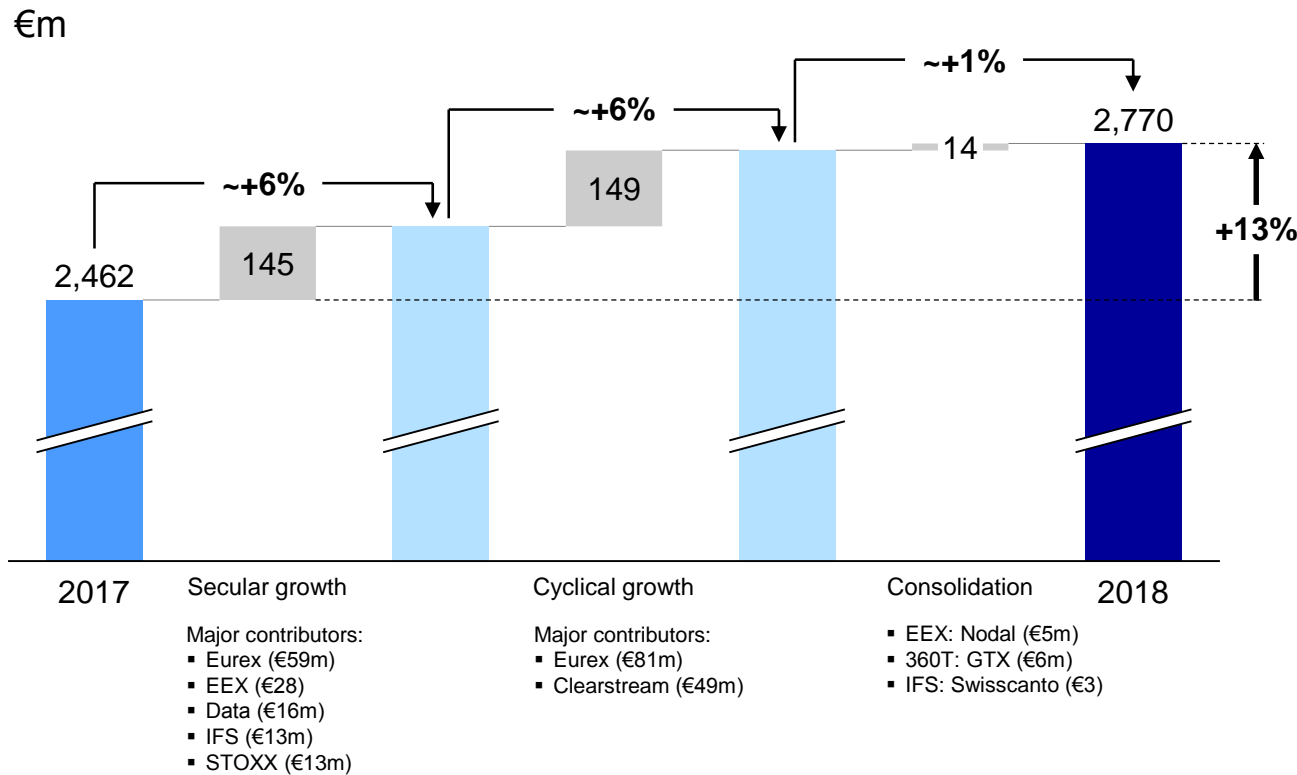


1) Adjusted for exceptional items

2) Attributable to Deutsche Börse AG shareholders

# FY/2018 – Secular growth and improvement in cyclical environment drove double-digit net revenue growth

## Net revenue growth drivers in 2018<sup>1</sup>



- Secular net revenue growth in 2018 of ~6%, which is slightly above the company’s plan of at least 5% secular growth.
- In addition a more favourable cyclical environment, especially in the fourth quarter, is main driver for ~6% cyclical net revenue growth.
- Consolidation effects in the EEX segment (Nodal), 360T segment (GTX), and IFS segment (Swisscanto Funds Centre) result in additional net revenue growth of ~1%.

1) Adjusted for exceptional items



- Business Overview
- Financial results
- **Business segment details**
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# Eurex (financial derivatives)

## Business snapshot

### Markets & products

- Leading venue to trade Euro-Yield-Curve with 70% market share in Euro-denominated interest rate derivatives
- Leading venue to trade international benchmark indices with 65% market share in European equity and index derivatives
- Strong innovation track record with new products contributing more than 10 per cent of net revenue in 2017

### Clearing & risk management

- Innovative portfolio margining under single framework with unmatched capital efficiencies across listed derivatives, OTC and repo
- Unique collateral segregation, margin financing and repo solutions to facilitate direct buy-side access
- Unmatched member base under single risk framework: 61 members in OTC, 73 in listed derivatives and 137 in repo; more than 130 registered customers in OTC and 24 in listed derivatives

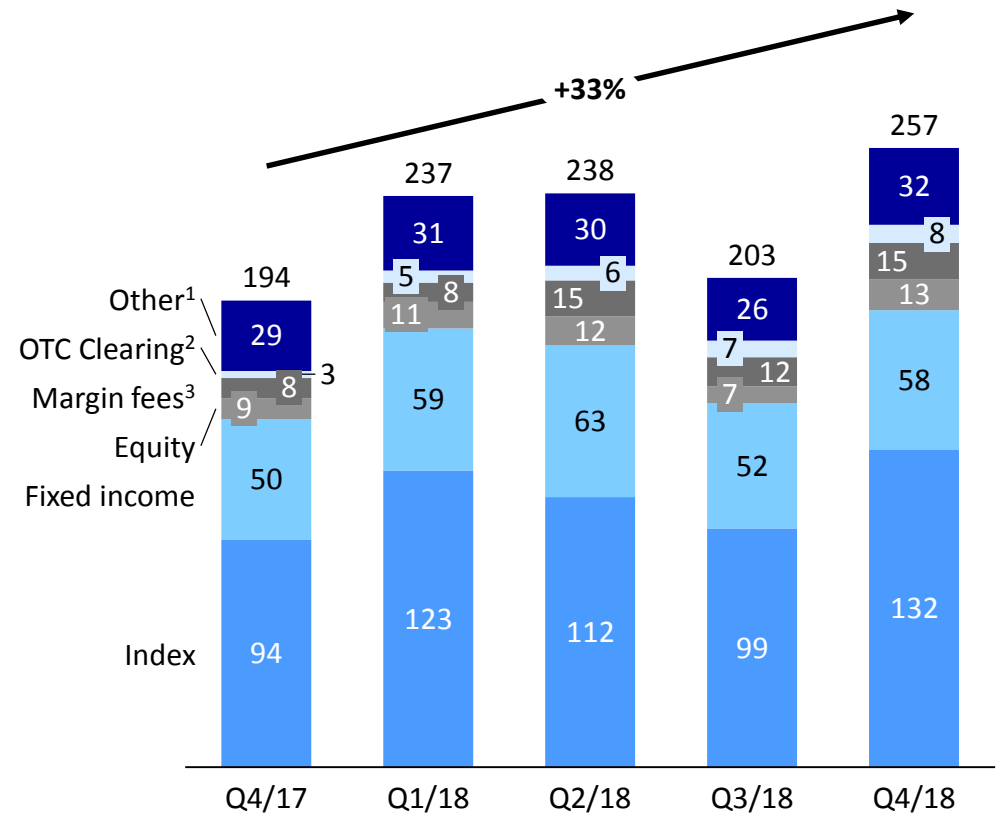
### Technology & distribution

- Leading next generation on-book data and proximity services, complementary price discovery and off-book trading models
- 370 member firms with more than 7100 traders in 33 countries; more than 70% of trading volumes from outside Eurozone

1) Including net revenue from connectivity and member fees  
 2) Including NII on OTC clearing related collateral  
 3) Including NII and securities collateral fee

## Net revenue

€m



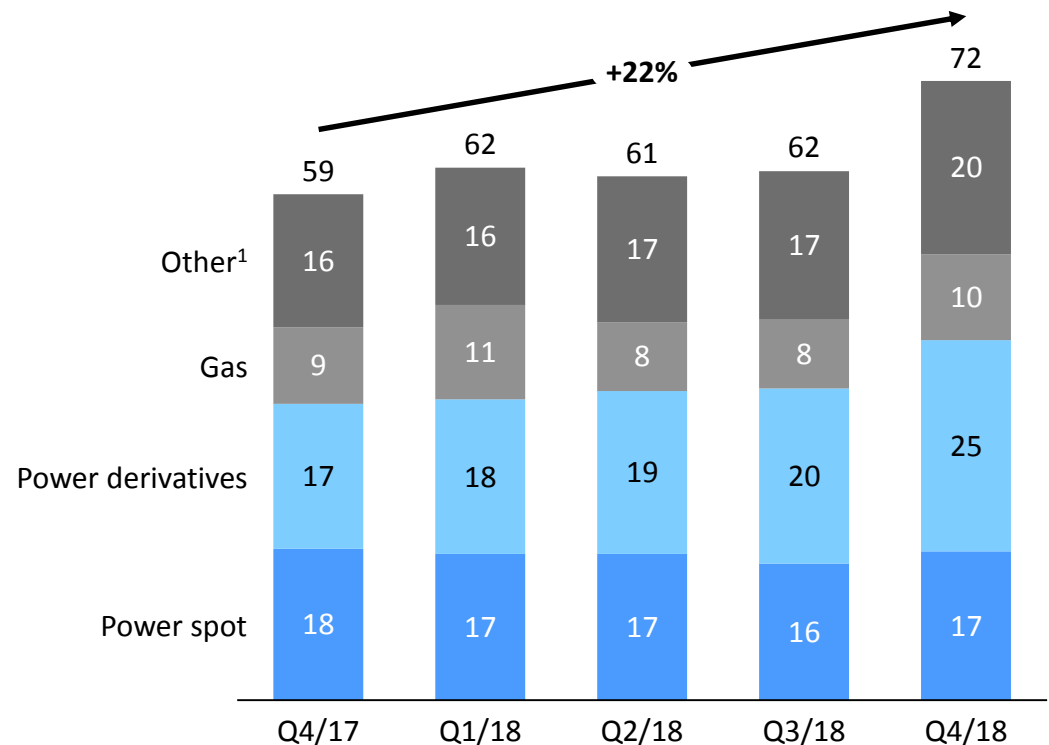
# EEX (commodities)

## Business snapshot

- Scale up through acquisitions in 2015 (new products and regions)
- EEX is the **leading power trading platform** with:
  - >65 per cent market share of exchange traded power derivatives in Europe and
  - Highest power trading volume worldwide in 2017 (>3,200 TWh)
- Temporary slowdown in 2017 – mainly due to regulatory changes – back on growth path in 2018
- Diversification strategy pays off: **natural gas** and **emissions** stable pillars for EEX
- Entry into North America** with 100 per cent acquisition of Nodal Exchange in 2017
- Strong settlement business operated by two clearing houses, European Commodity Clearing (ECC) and Nodal Clear
- Business built on **state-of-the-art Deutsche Börse technology**

## Net revenue

€m



1) Including net revenue from connectivity, member fees and emission allowances

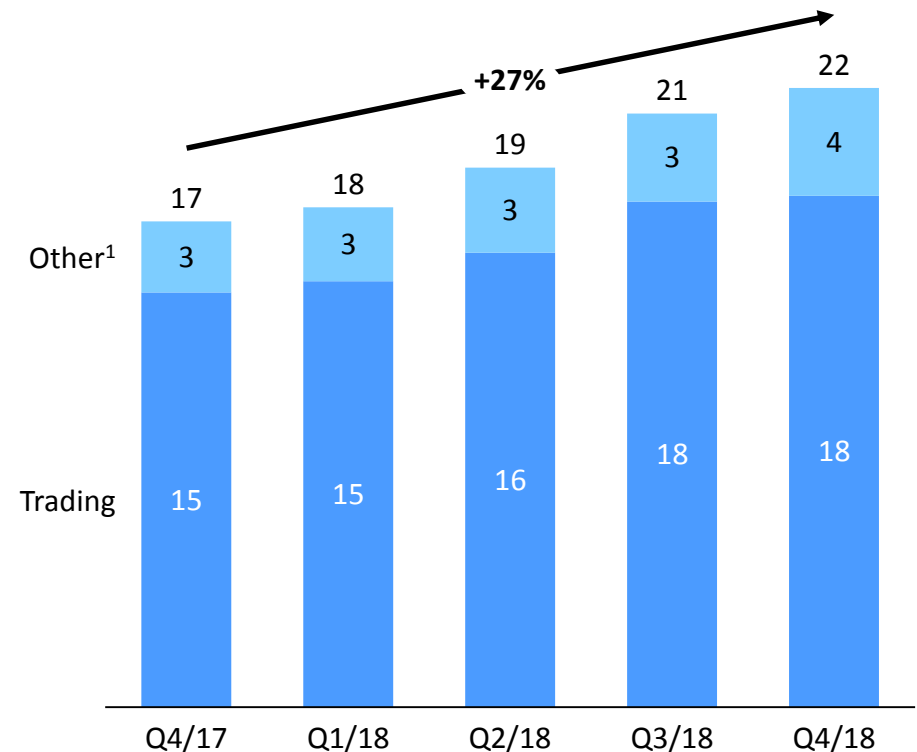
## 360T (foreign exchange)

### Business snapshot

- Acquisition in 2015 to enter into new asset class
- 360T is a **top ranked FX trading venue** providing global market participants access to strong FX liquidity, seamless execution and top-notch IT solutions
- **Structural growth of +9%** in FY 2017 (e.g., through new clients) countered by cyclical headwinds (-5%); YTD run-rate improving
- **Revenue formula:** Customer base **x** trading activity **x** brokerage
- **APAC region** with significant growth (+20% in 2017) – continuing strong expansion in key markets (e.g. India, Japan)
- **US region** picking up pace (+10% in 2017) – giving proof of growth potential, focus to accelerate growth rate further
- **Asset management:** major success having won key asset managers (go-lives effective in 2018)
- **Holistic solutions** through **hybrid OTC and exchange-based FX market** (including clearing services)

### Net revenue

€m



1) Including net revenue from connectivity and member fees

# Xetra (cash market)

## Business snapshot

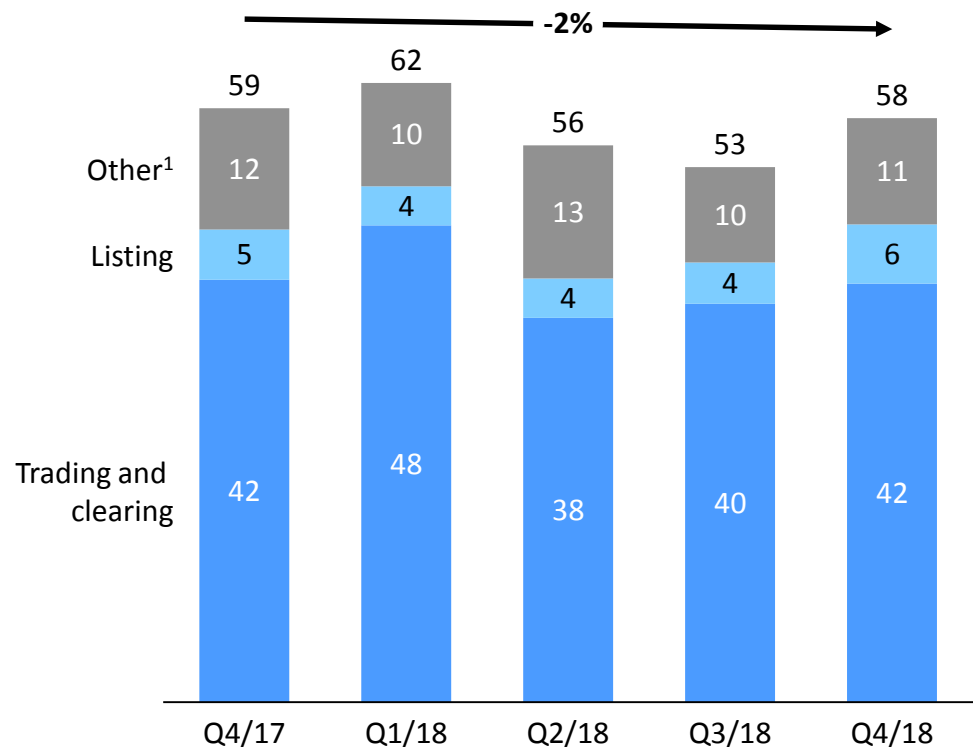
- **Reference market** for liquid German equities and # 1 in European ETF trading, strong retail position in Germany
- **Strong growth** of market share in **DAX®** (from below 60 per cent to 69 per cent in Q1/2018) due to technology refresh, incentive programme and new customers
- **“Face” of Deutsche Börse** – shapes company reputation and perception in public; starting point of Group value chain

## Initiatives:

- **Renewed technology** stack to leading next-generation platform (T7® trading system)
- **Enhanced pricing** and incentive mechanisms (liquidity provider programme)
- **New trading functionality** (Xetra EnLight)
- Developed **pre-IPO ecosystem**: IPO pipeline filled by Deutsche Börse Venture Network exits

## Net revenue

€m



1) Including net revenue from connectivity

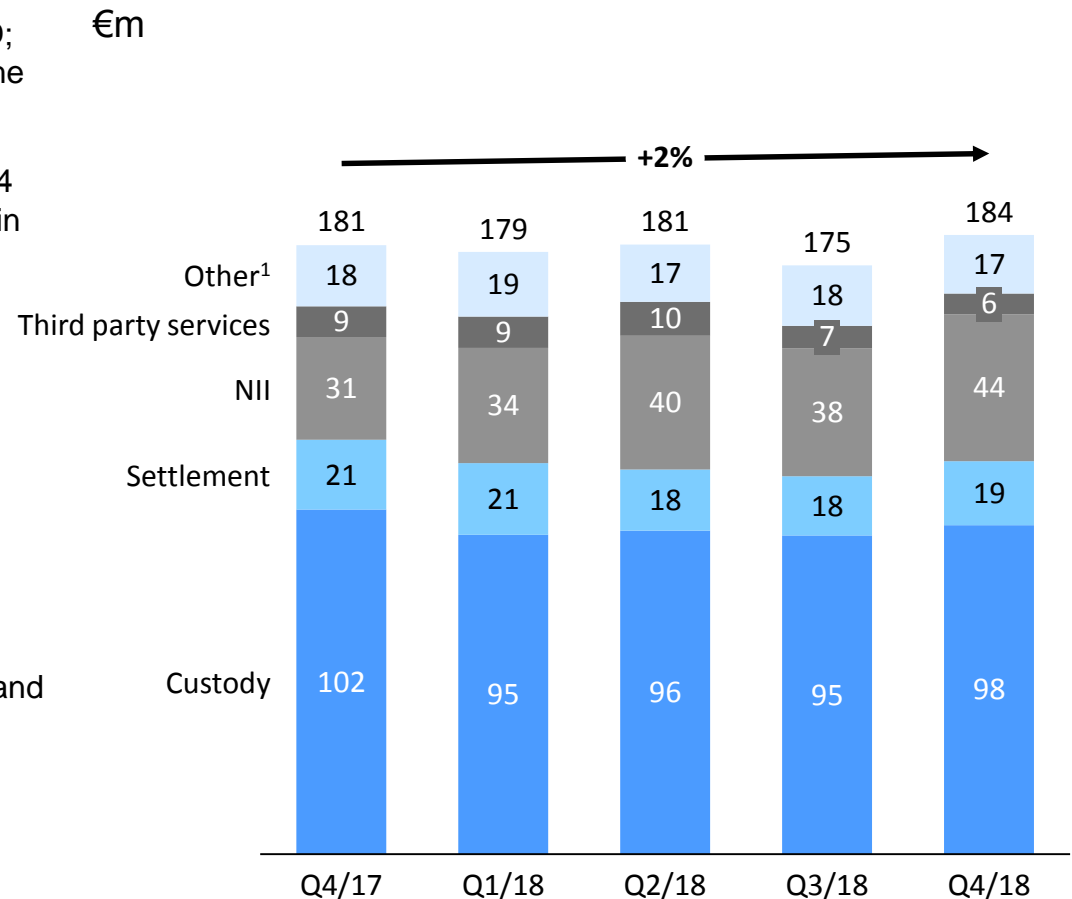
# Clearstream (post-trading)

## Business snapshot

- **Leading European supplier** of post-trading services (ICSD; ~40 per cent market share) and largest CSD by volume in the Eurozone (~40 per cent market share of settlement activity)
- **Around 2,500 clients** in more than 110 countries; about €14 trillion assets under custody, of which more than €11 trillion in securities
- Post-trade industry **moving out of a phase of large investments** driven by regulation (EMIR, T2S, CSDR)
- **Investments** in regulatory requirements at an early stage leading to a full service range for clients at present
- Strong **AA credit rating**
- Highly **performant and reliable technology**
- **Holistic post-trade offering** including custody, settlement and banking services, deeply integrated with securities financing and funds services
- Very **high client satisfaction**

1) Including net revenue from connectivity, account services and reporting

## Net revenue



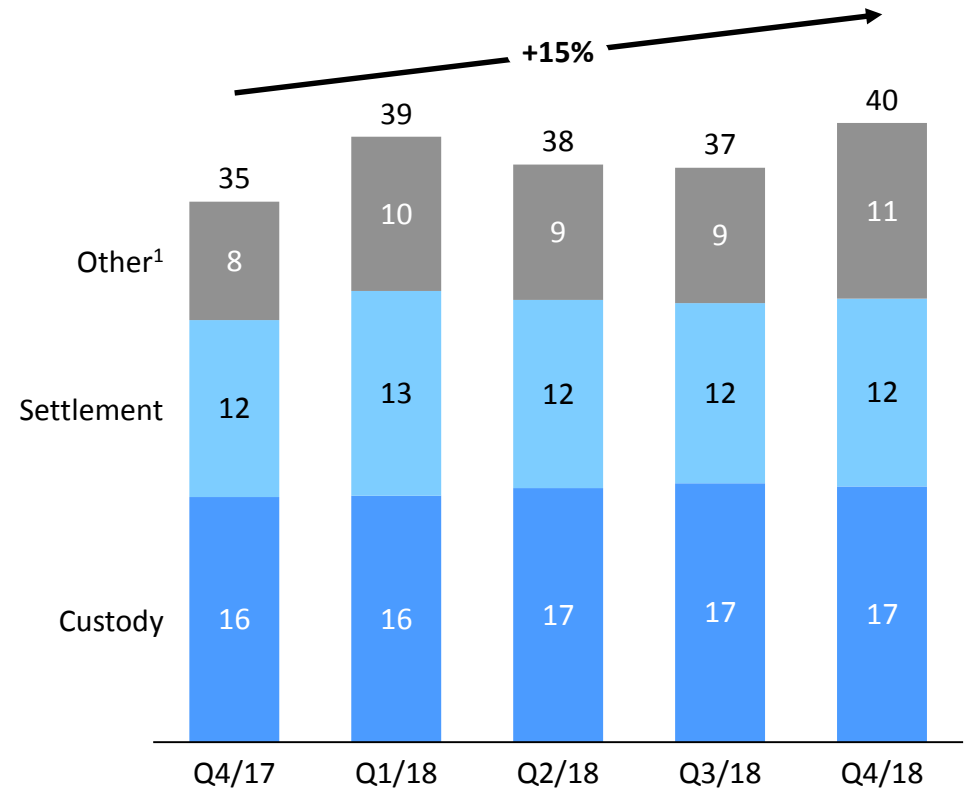
# IFS (investment fund services)

## Business snapshot

- **Leading provider** of international fund order routing, settlement and custody services, supporting clients from 70+ countries to invest in funds from 40+ domiciles
- **Leading Vestima® funds platform covers all fund types** (mutual funds, ETFs, hedge funds etc.)
- **Consolidation** potential (e.g. Swisscanto Funds Centre)
- **Expand market share based on:**
  - **Offer one-stop shop** for all fund types – consecutive client onboarding with focus on global custodians
  - **Increase breadth of service** offering to ETFs
  - Develop new **geographies** for investors (pipeline)
- **Add new value-adding services**
  - **New acquisition of Swisscanto Funds Centre** as a basis for wider distribution support capabilities for investors banks and for asset managers

## Net revenue

€m



1) Including net revenue from connectivity and order routing

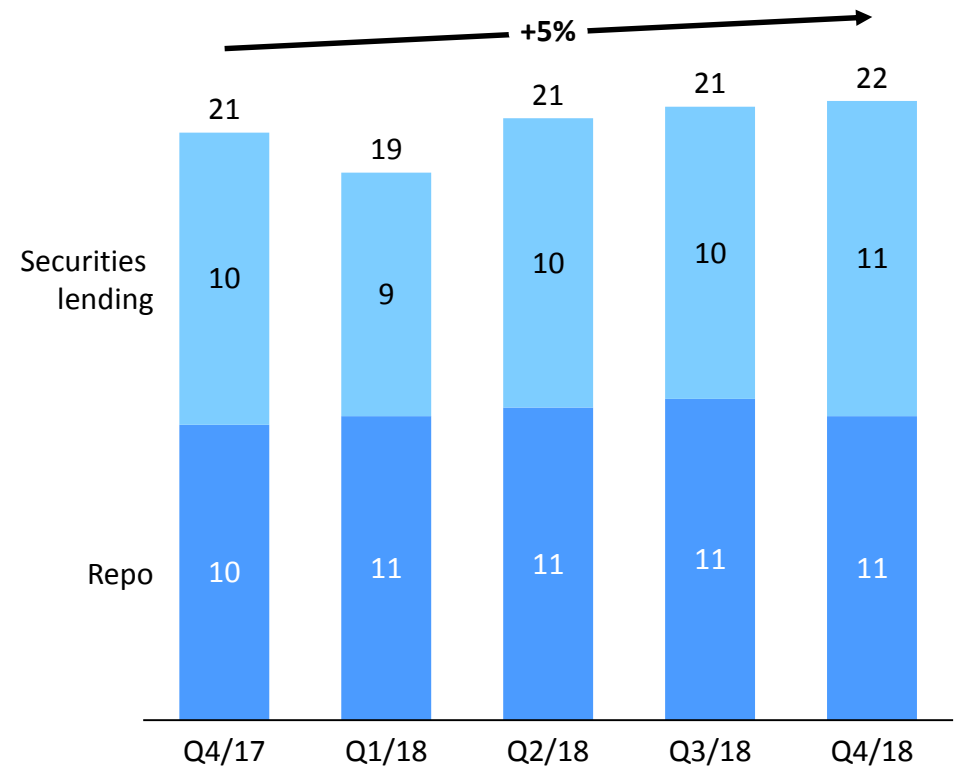
# GSF (collateral management)

## Business snapshot

- **Lower overall outstanding volumes in** repo and central bank activity overcompensated by growth of volumes in securities lending, OTC derivatives and growing buy-side community
- **Leading government bond lender** supported by strong demand for **HQLA** bonds in securities lending programme
- **Non-recurring** effect having a negative impact on net revenue
- **Continued growth** in securities lending extending new asset types (equities and ETFs) and leveraging T2S – investor CSD strategy
- **Innovative solutions** based on blockchain technology to resolve collateral fragmentation through **partnerships** (such HQLAX as enabler to increase fungibility of liquidity and LA Ledger)
- Lending capacity optimisation across client book
- Focus on funding and financing solutions for **buy-side**
- Custodian of choice for **cleared and non-cleared OTC derivatives** obligations.

## Net revenue

€m





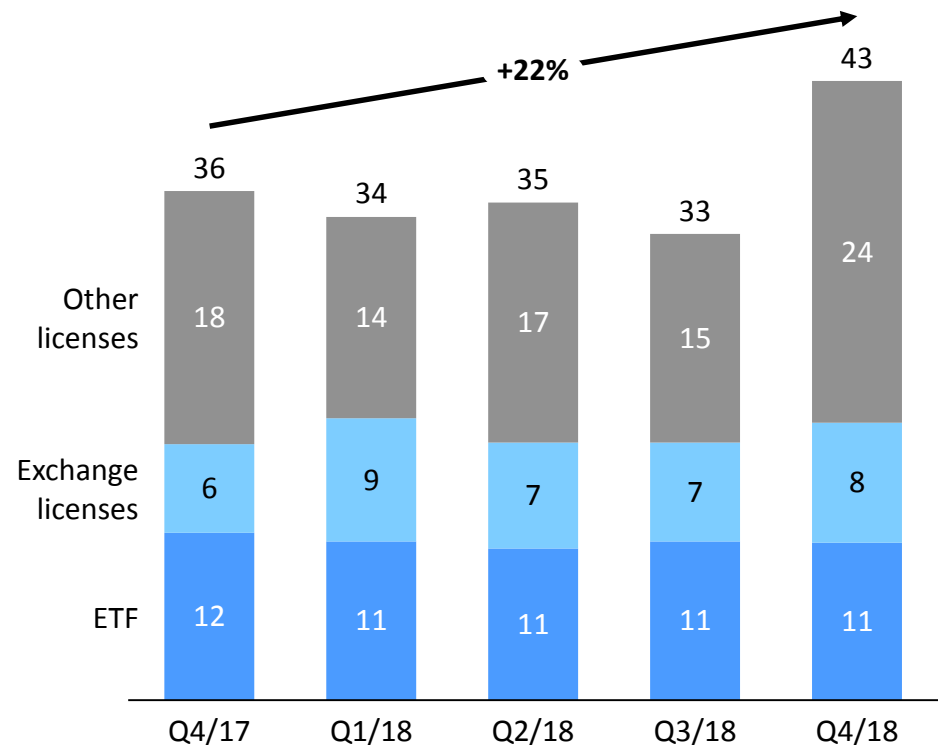
# STOXX (index business)

## Business snapshot

- **#1 European tradable index, #2 European provider** for rules-based strategies, benchmarks and data sets, **#4 globally**
- **93 per cent recurring** revenues from used-based **licencing** (mandates, ETFs, ETDs, structured products, trading, data) leveraging **issuing venues Eurex and Xetra**
- **Award-winning innovator** in **premium** tradable thematic and custom investment strategies
- Well positioned for trend to **passive** and **smart-beta/thematic investing** – with open data architecture
- Expand **client coverage capacity** on buy- and sell-side to steer flow into STOXX universe
- Launch **indexing tools** to capture assets in the investment decision process
- Accelerate development and extend scope of **smart, thematic and customised** investment strategies using **partner data** (eg., AI with Yewno)
- Extend calculation service capacity for **self-indexers**

## Net revenue

€m



# Data

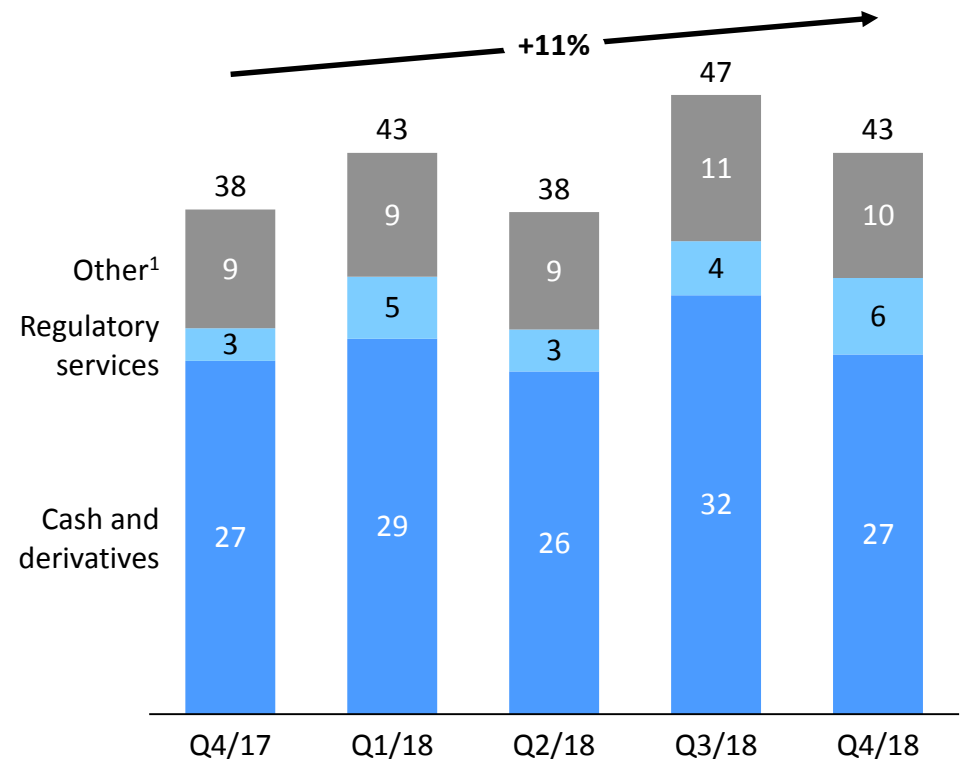
## Business snapshot

- Global real-time **distribution network for data** to all capital markets **segments** (>4,500 institutions, 550 data vendors connected)
- **Revenues** from **proprietary** as well as **partner data assets** from pre- to post trade – 90% recurring
- Innovation platform for **value added data and service offerings**, such as **Regulatory Reporting** (2,200 customers at launch)
- Well positioned to capture **increasing demand for advanced analytics** and new **data-driven services beyond** Deutsche Börse' footprint
- Commercialize **yet untapped data assets** of the Group and open platform to **external datasets**
- Expand **proprietary analytics and services** combining DB1-, client and partner data
- Extend **regulatory services offering** through new regulations and services

1) Including net revenue from internal and external cooperation and CEF data services

## Net revenue

€m



- Business Overview
- Financial results
- Business segment details
- **Business activity**

## Business activity: Eurex, EEX, 360T

### Eurex – financial derivatives

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
<b>Number of contracts<sup>1)</sup></b>	m	203.3	194.1	5	493.1	504.3	-2
European equity index derivatives <sup>2)</sup>	m	101.2	101.4	0	240.5	254.3	-5
European interest rate derivatives	m	64.2	62.9	2	147.2	163.1	-10
European equity derivatives <sup>2)</sup>	m	36.9	29.8	24	104.0	86.8	20
<b>OTC Clearing</b>							
Notional outstanding volumes (average value)	€bn	12,898	4,687	175	11,808	3,563	231
Notional cleared volumes	€bn	2,459	1,732	42	8,075	3,261	148

1) The total shown does not equal the sum of the individual figures as it includes other traded products such as ETC, agricultural and precious metals derivatives.

2) Dividend derivatives have been allocated to the equity index and equity derivatives.

### EEX – commodities

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
<b>Traded volume</b>							
Power spot	TWh	54.8	48.5	13	152.8	141.4	8
Power derivatives	TWh	465.9	318.3	46	1,435.8	985.2	46
Gas	TWh	223.4	187.3	19	583.9	525.2	11

### 360T – foreign exchange

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Average daily volumes on 360T <sup>1)</sup>	€bn	79.8	66.3	20	75.9	62.8	21

1) Incl. trading volumes at GTX (since Jul 2018)

# Business activity: Xetra, Clearstream, IFS

## Xetra – cash equities

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Order book turnover <sup>1)</sup>	€bn	130.3	165.1	-21	369.8	480.1	-23
Equities	€bn	118.3	148.9	-21	335.6	429.4	-22
ETF/ETC/ETN	€bn	12.0	16.2	-26	34.1	50.7	-33

1) Single-counted

## Clearstream – post-trading

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Value of securities deposited (average value)	€bn	11,447	11,164	3	11,362	11,155	2
Settlement transactions	m	4.7	4.1	15	13.4	12.5	7
Average daily cash balances	€m	16,760	12,852	30	15,249	12,810	19
Euros	€m	6,076	3,347	82	5,311	3,548	50
US dollars	€m	7,890	7,253	9	7,443	7,182	4
other currencies	€m	2,795	2,252	24	2,494	2,079	20

## IFS – investment fund services

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Value of securities deposited (average value)	€bn	2,399	2,359	2	2,395	2,384	0
Settlement transactions	m	2.2	2.1	2	6.4	6.6	-4

## Business activity: GSF, STOXX, Data

### GSF – collateral management

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Securities lending (average value of outstanding volume)	€bn	43.6	58.0	-25	44.5	57.9	-23
Repo (average value of outstanding volume)	€bn	401.8	369.8	9	390.8	364.8	7

### STOXX – index business

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
<b>ETFs</b>							
Assets under management in STOXX ETFs	€bn	70.7	85.9	-18	71.3	88.2	-19
Assets under management in DAX ETFs	€bn	24.4	28.6	-15	24.7	29.1	-15
<b>Exchange licenses</b>							
Index derivatives (traded contracts)	m	92.6	93.1	0	220.9	234.9	-6

### Data

		Mar 2019	Mar 2018	Change (%)	YTD 2019	YTD 2018	Change (%)
Subscriptions to cash and derivatives data	thousands	346.1	404.2	-14	348.9	418.9	-17

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