

# Q4 and FY/2018 Preliminary Results

## Analyst and Investor Conference Call

14 February 2019

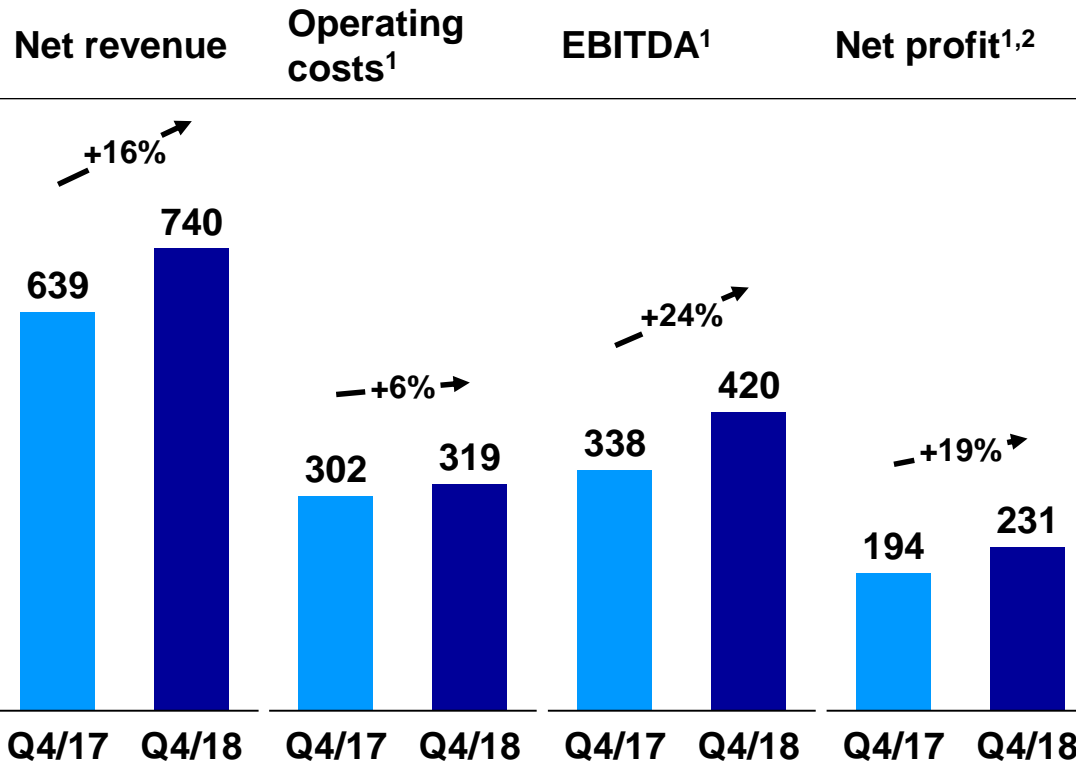
## Summary Q4 and FY/2018 preliminary results

- Net revenue in Q4/2018 increased to €740 million (+16%), adjusted operating costs stood at €319 million (+6%), adjusted EBITDA amounted to €420 million (+24%), and adjusted net profit increased to €231 million (+19%).
- Very good progress on the different “Roadmap 2020” targets and initiatives in 2018: organizational enhancements, new reporting segments, attractive small M&A add-ons, implementation of efficiency measures well on track, new executive board members, dedicated teams to drive technology opportunities.
- In 2018, secular net revenue growth amounted to ~6%, slightly above the company’s plan of at least 5%; in addition, a more favourable cyclical environment, especially in Q4, drove ~6% cyclical net revenue growth.
- In total, adjusted net revenue in 2018 reached an all time high and amounted to €2,770 million (+13%); adjusted operating costs increased as planned to €1,096 million (+5%), mainly as a result of higher variable compensation.
- Exceptional operating cost items amounted to €244 million in 2018; main driver were the “Roadmap 2020” structural performance improvements, which are increasing the flexibility to invest into growth and new technologies.
- Adjusted EBITDA in 2018 amounted to €1,679 million (+17%) and adjusted net profit to €1,003 million (+17%).
- Executive Board proposes increase of 2018 dividend per share by 10% to €2.70, a pay-out of 49%.
- For 2019 the company's expectations are slightly more subdued because of a strong 2018. Nevertheless, the company continues to expect at least 5% growth of secular net revenue and around 10% growth of the adjusted net profit in 2019; “Roadmap 2020” mid-term net profit growth targets confirmed.

## Q4/2018 – Preliminary group financials

### Net revenue, operating costs and earnings development

€m



#### Revenue

- Net revenue: €740.4m (+16% y-o-y)
  - Net interest income: €60.0m (+62% y-o-y)

#### Operating Costs

- Operating costs<sup>1</sup>: €318.5m (+6% y-o-y)
  - Adjusted for €140.4m exceptional items, which includes "Roadmap 2020" restructuring and litigation costs

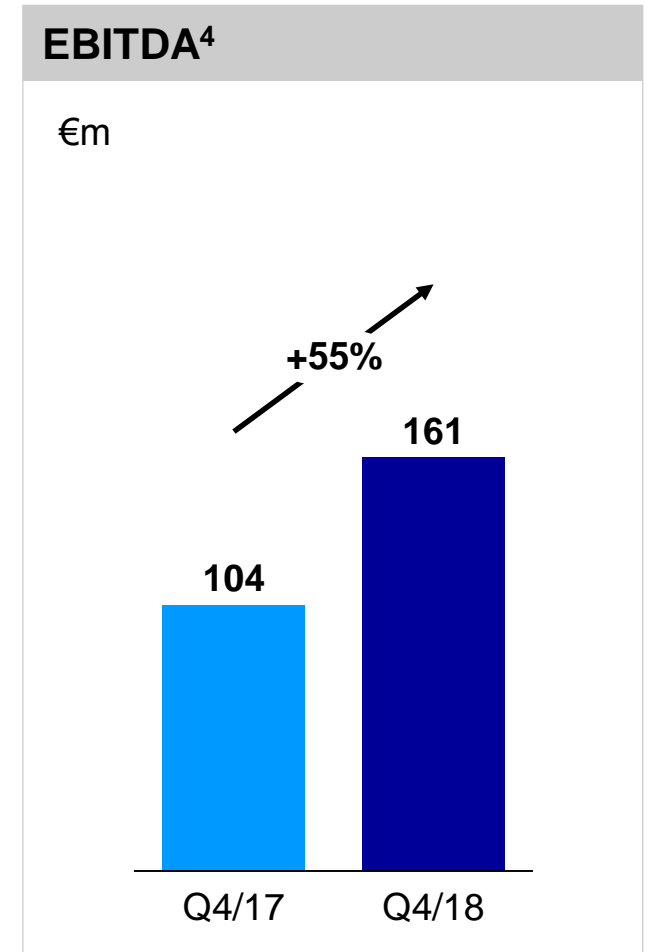
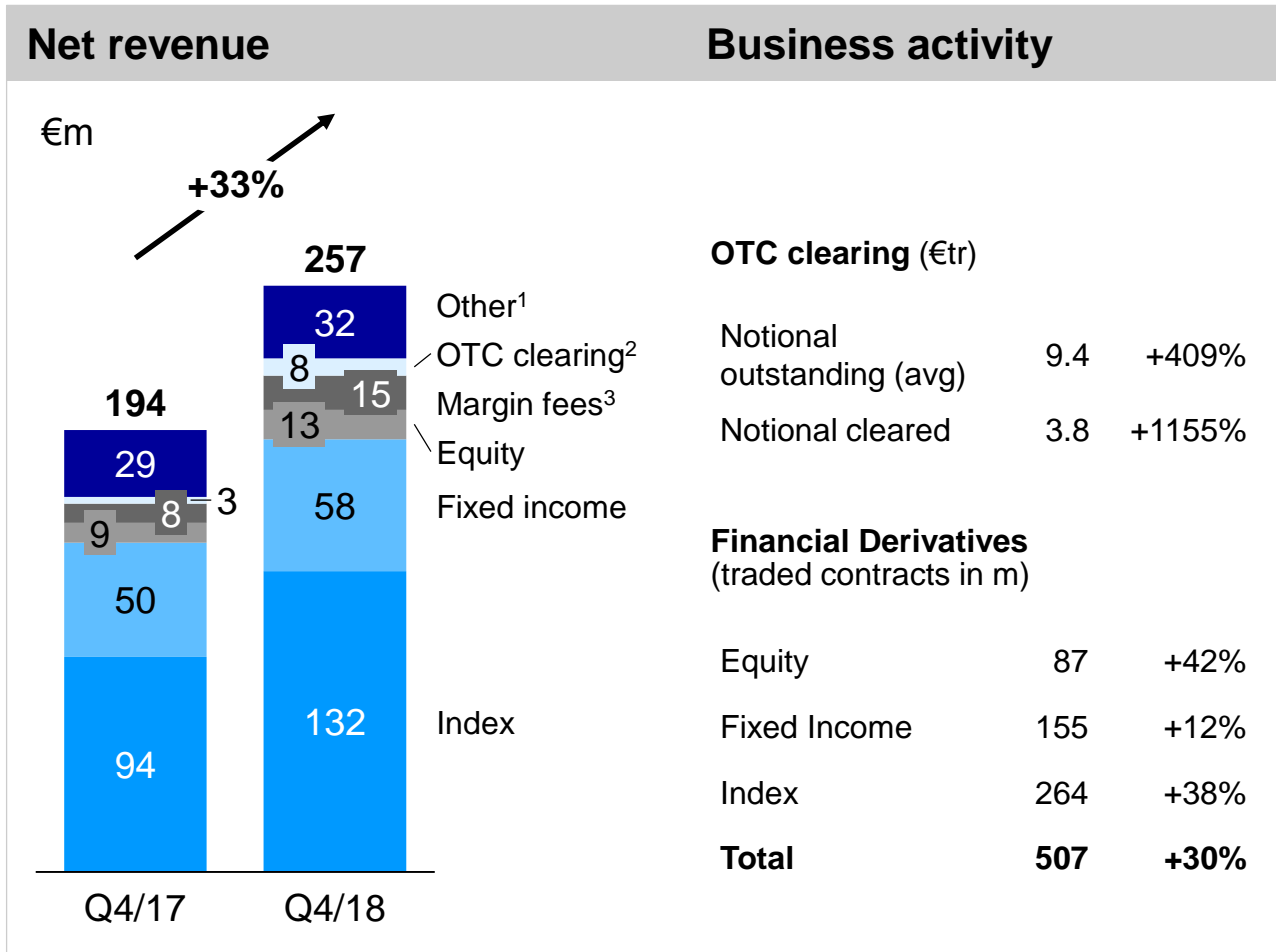
#### Earnings

- EBITDA<sup>1</sup>: €419.9m (+24% y-o-y)
- Net profit<sup>1,2</sup>: €230.5m (+19% y-o-y)
- EPS<sup>1</sup>: €1.25 (+20% y-o-y)

1) Adjusted for exceptional items

2) Attributable to Deutsche Börse AG shareholders

# Q4/2018 – Eurex (financial derivatives)



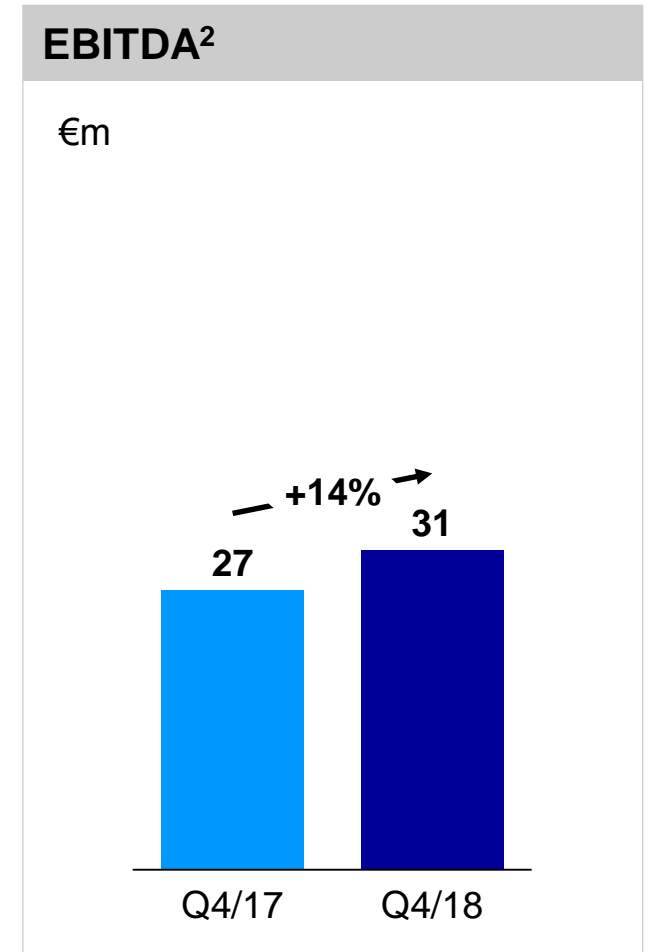
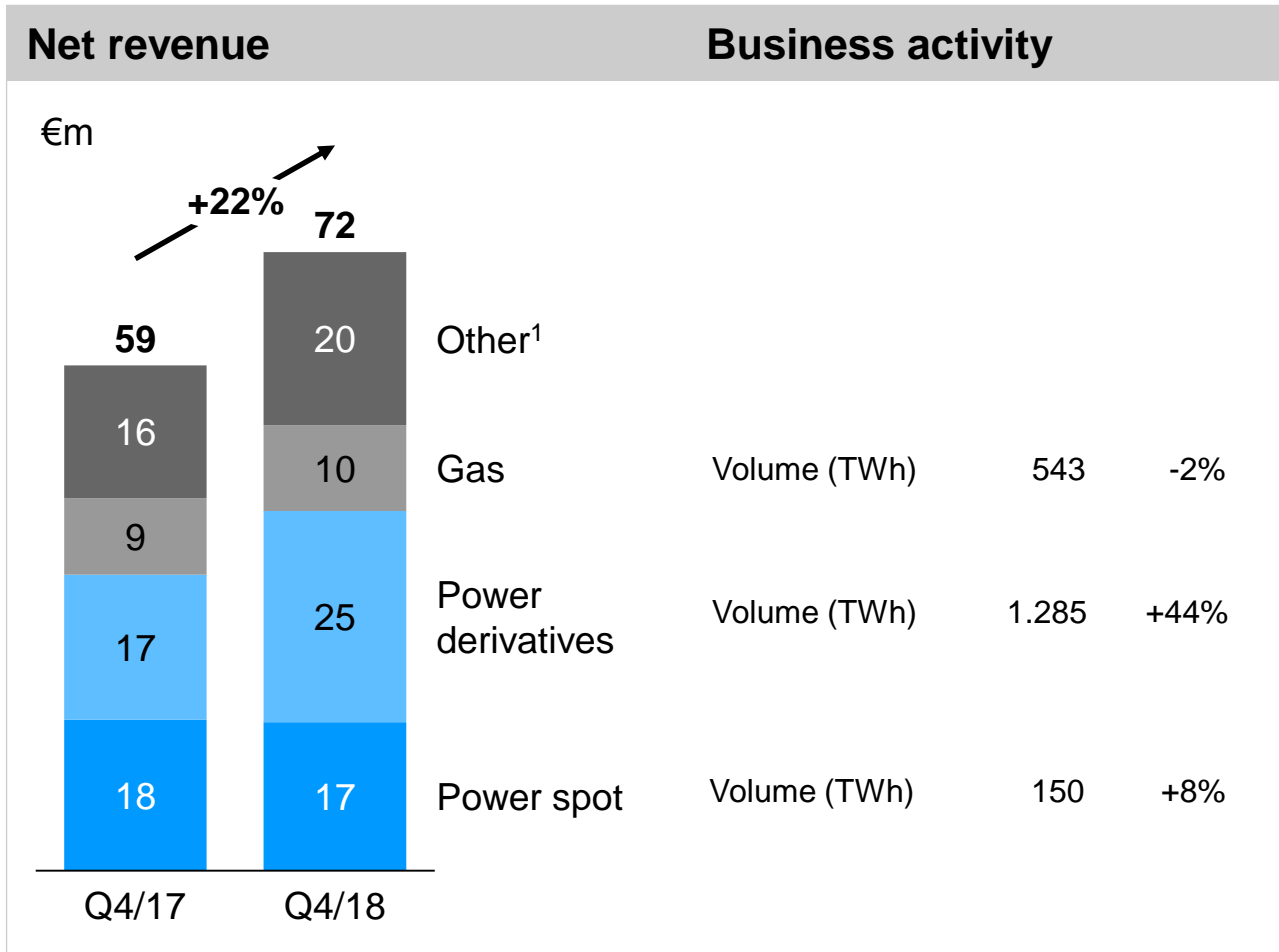
1) Including net revenue from connectivity and member fees

2) Including margin fees on OTC clearing related collateral

3) Including NII and securities collateral fee

4) Adjusted for exceptional items

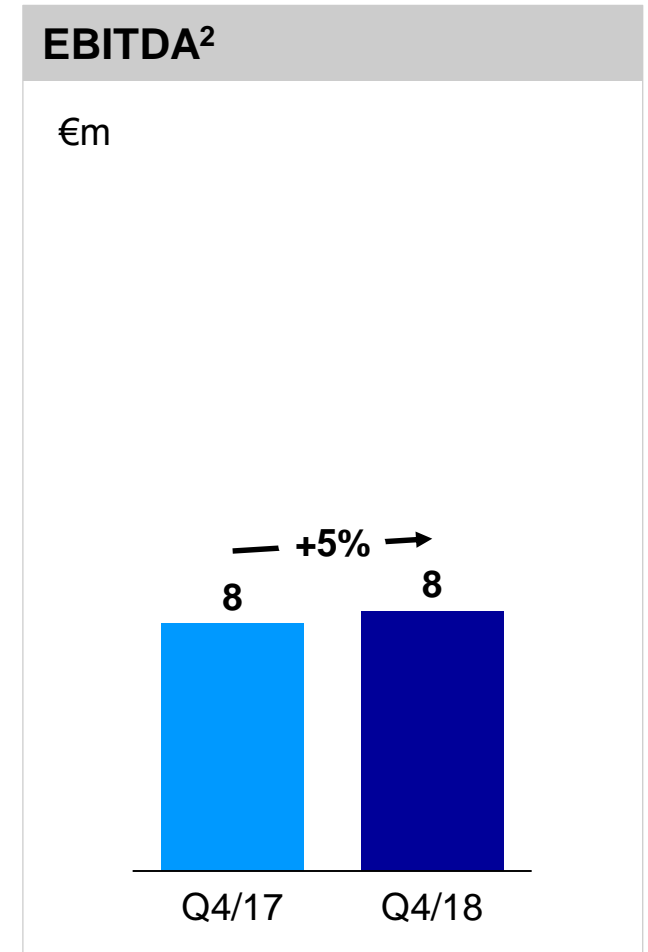
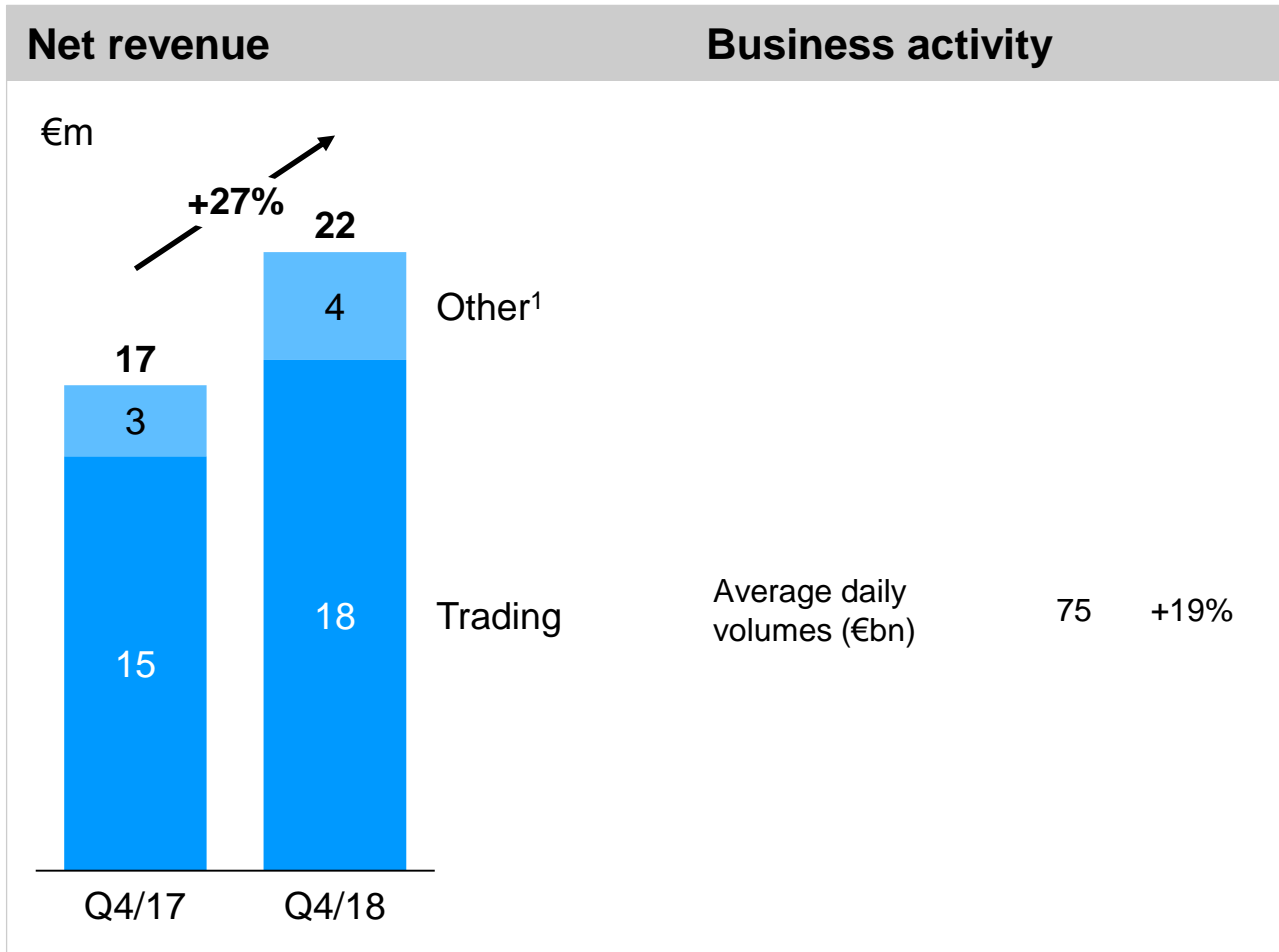
# Q4/2018 – EEX (commodities)



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

2) Adjusted for exceptional items

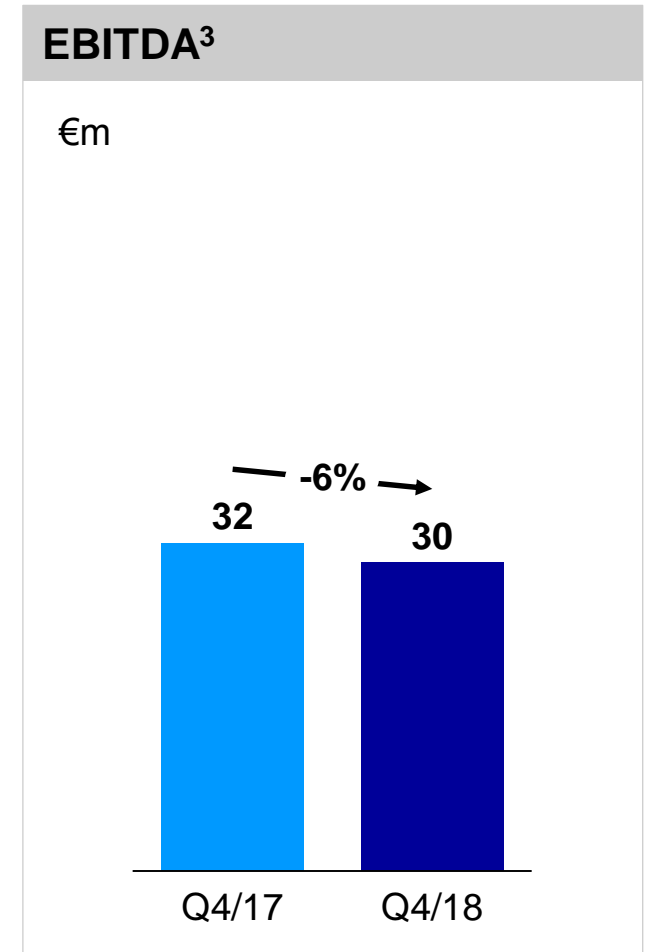
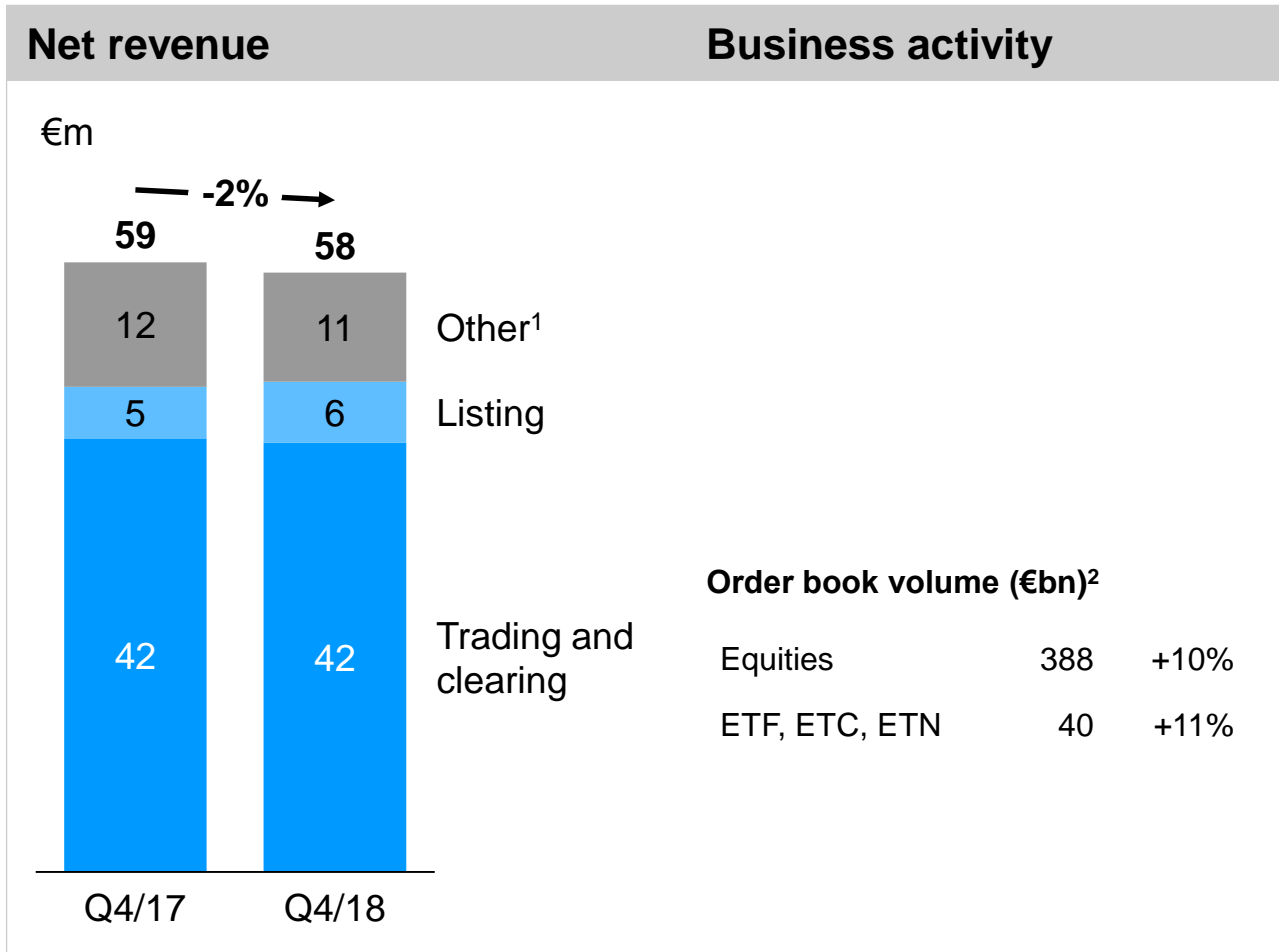
# Q4/2018 – 360T (foreign exchange)



1) Including net revenue from connectivity and member fees

2) Adjusted for exceptional items

# Q4/2018 – Xetra (cash equities)

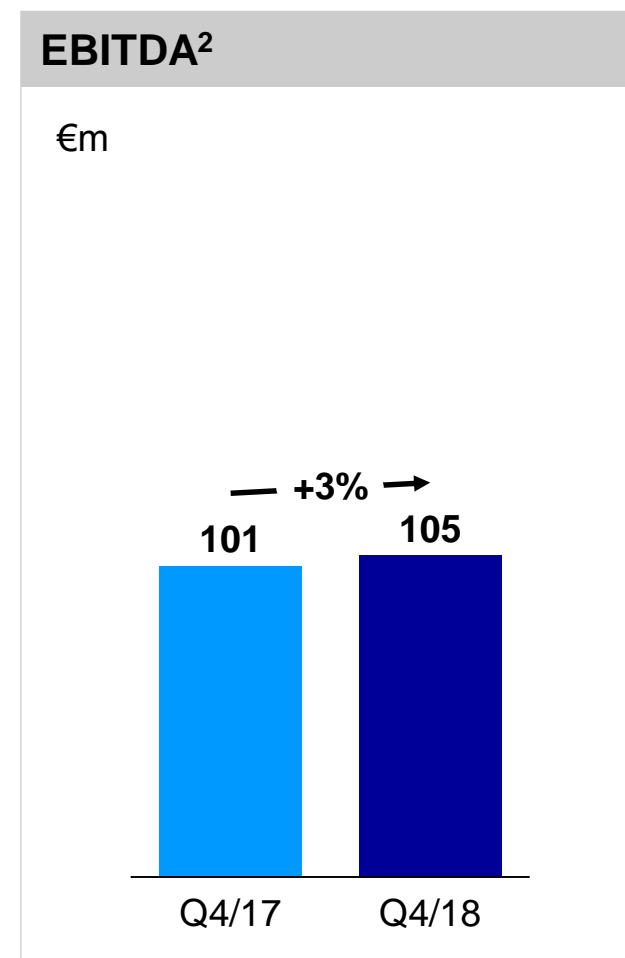
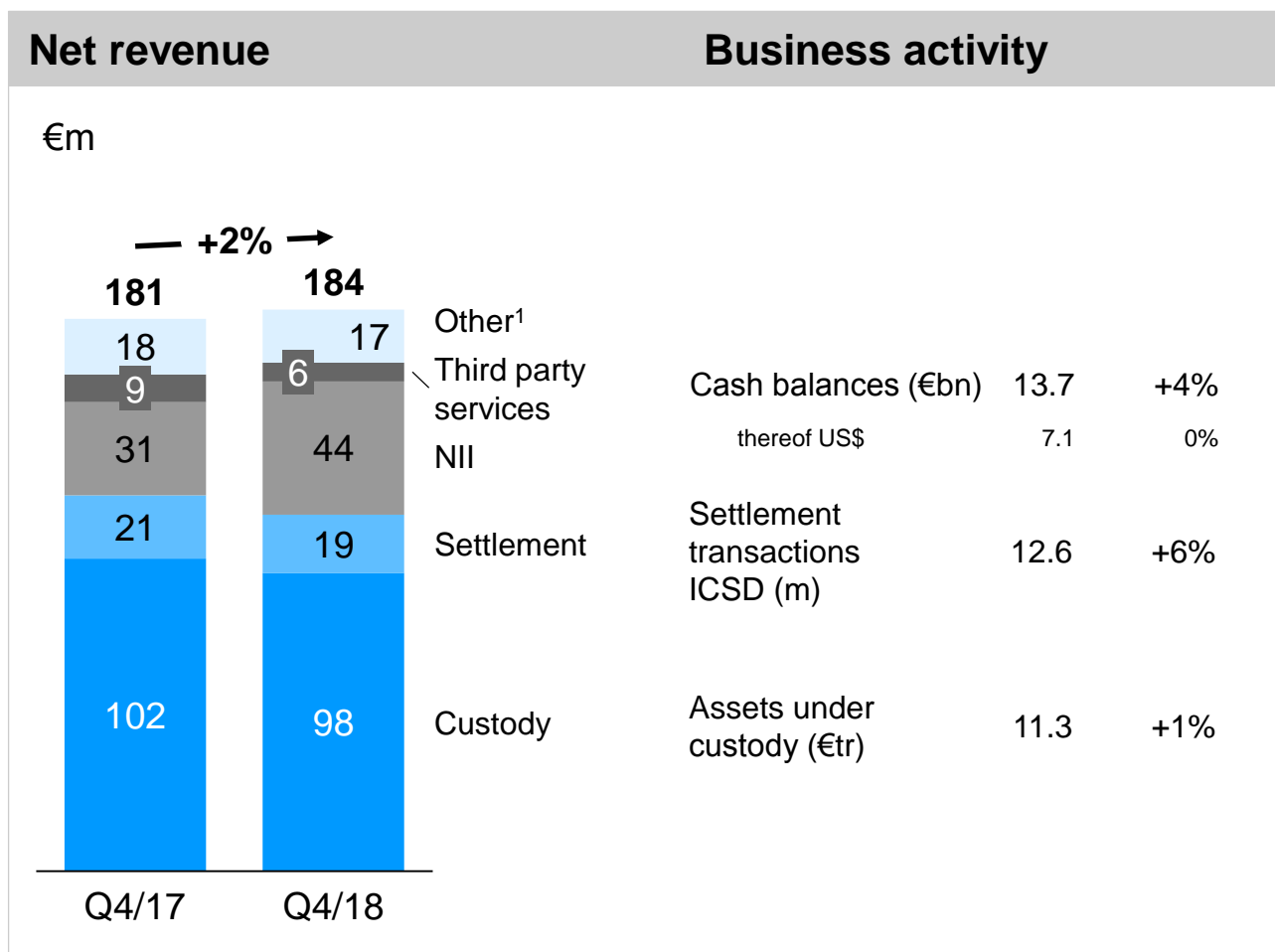


1) Including net revenue from connectivity and partner markets

2) Xetra, Börse Frankfurt and Tradegate

3) Adjusted for exceptional items

## Q4/2018 – Clearstream (post-trading)

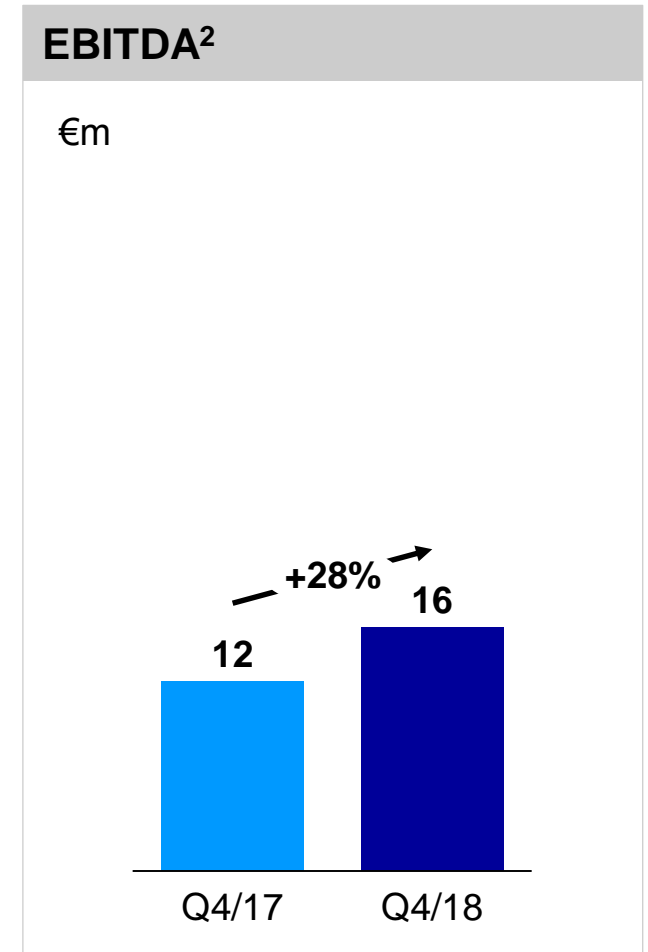
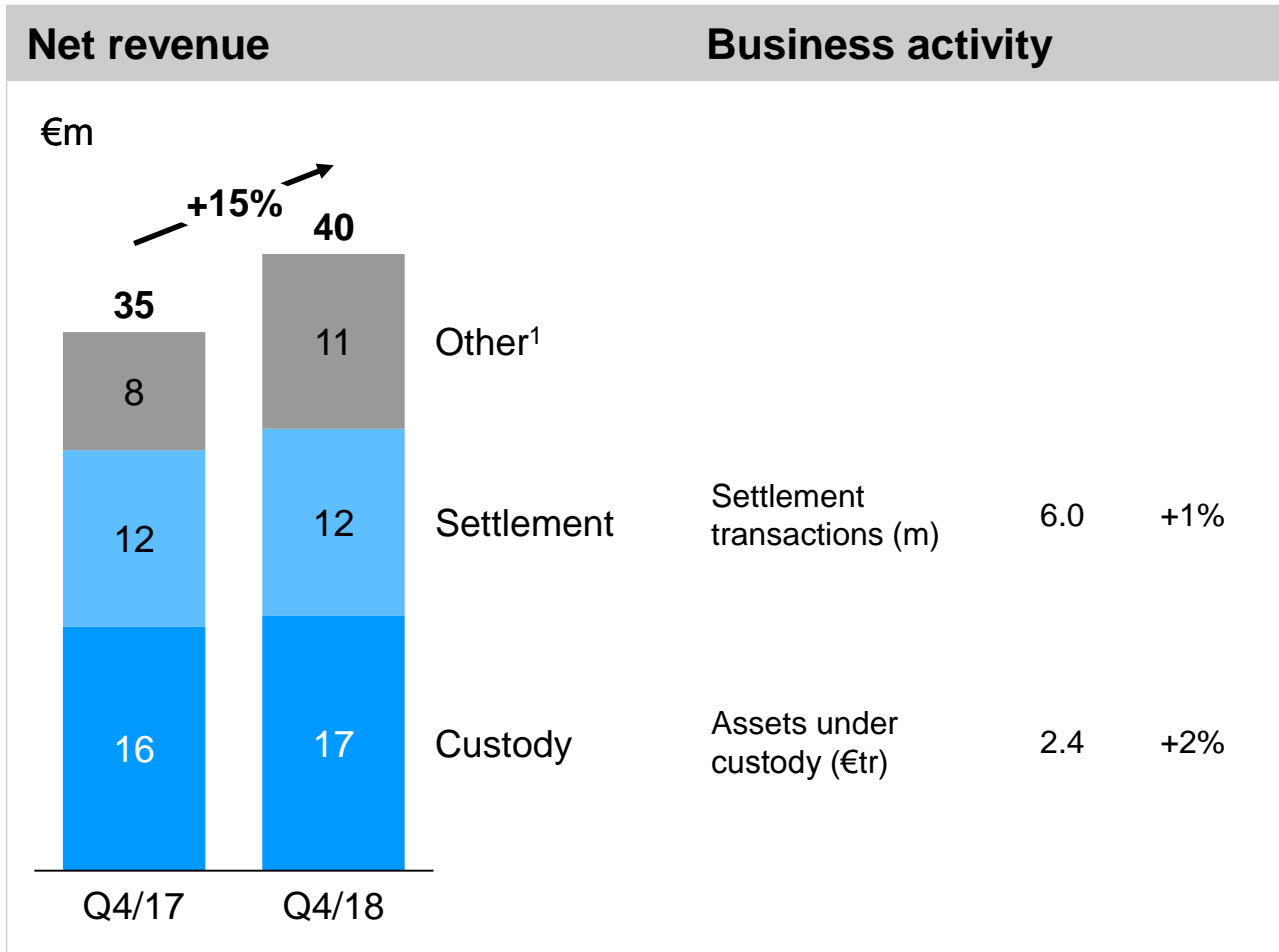


1) Including net revenue from connectivity, account services and reporting

2) Adjusted for exceptional items



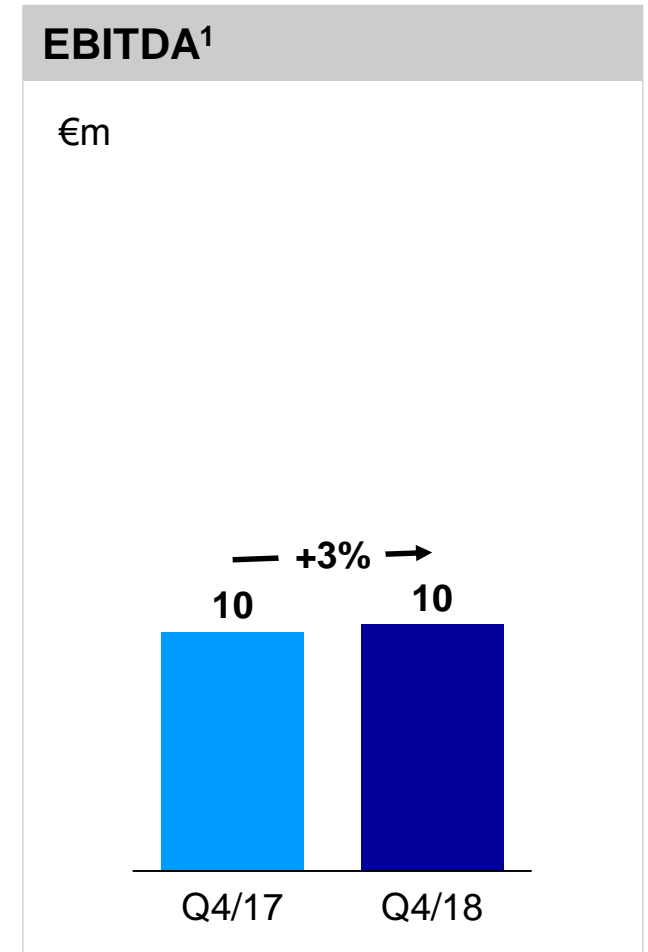
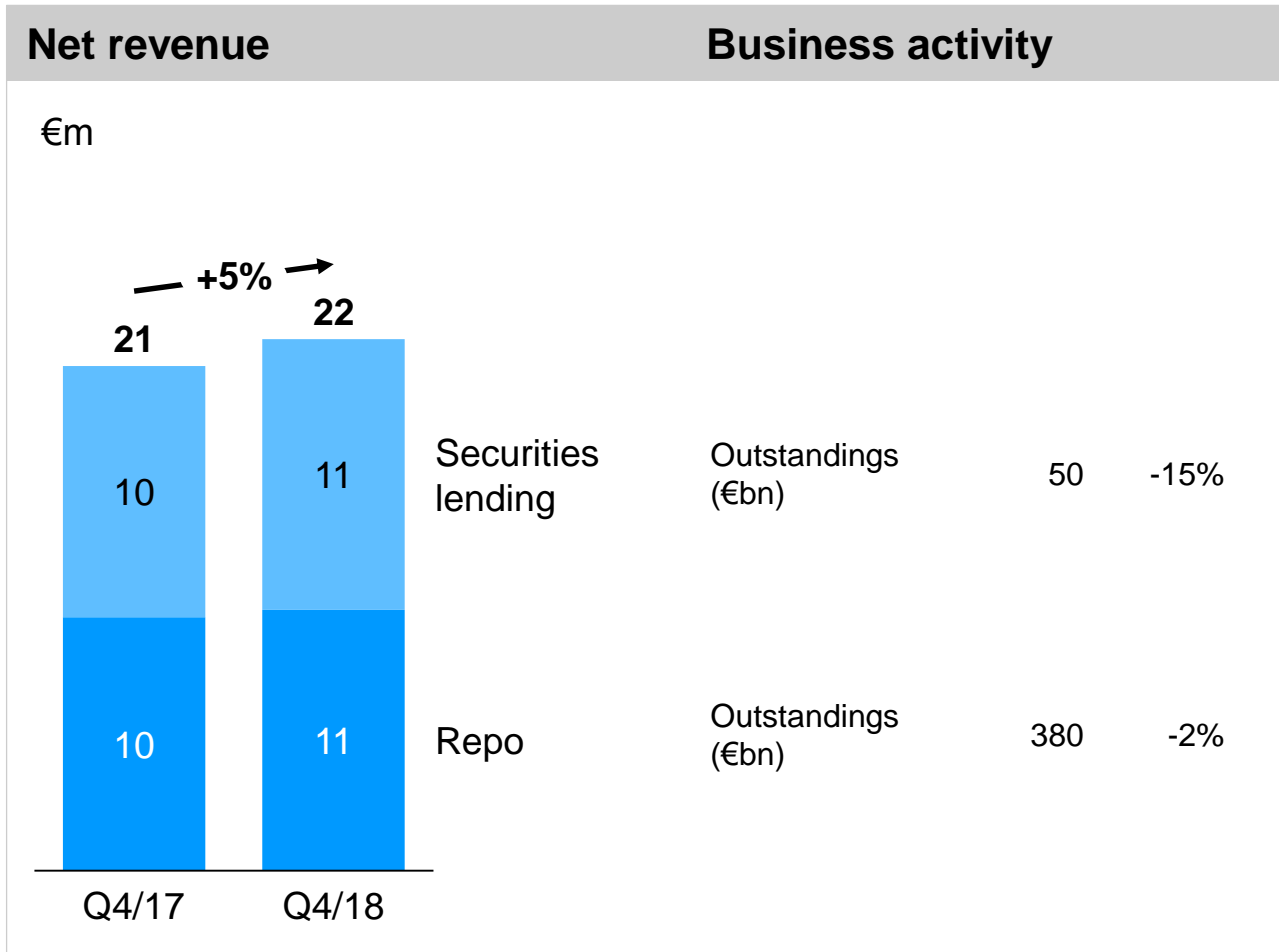
# Q4/2018 – IFS (investment fund services)



1) Including net revenue from connectivity, order routing, and Swisscanto Funds Centre Ltd.

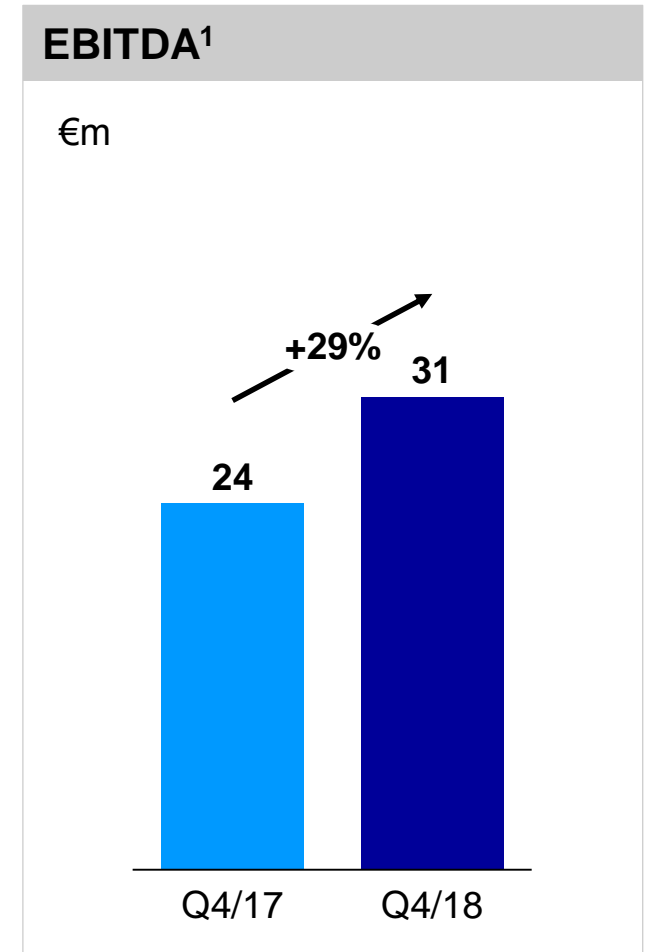
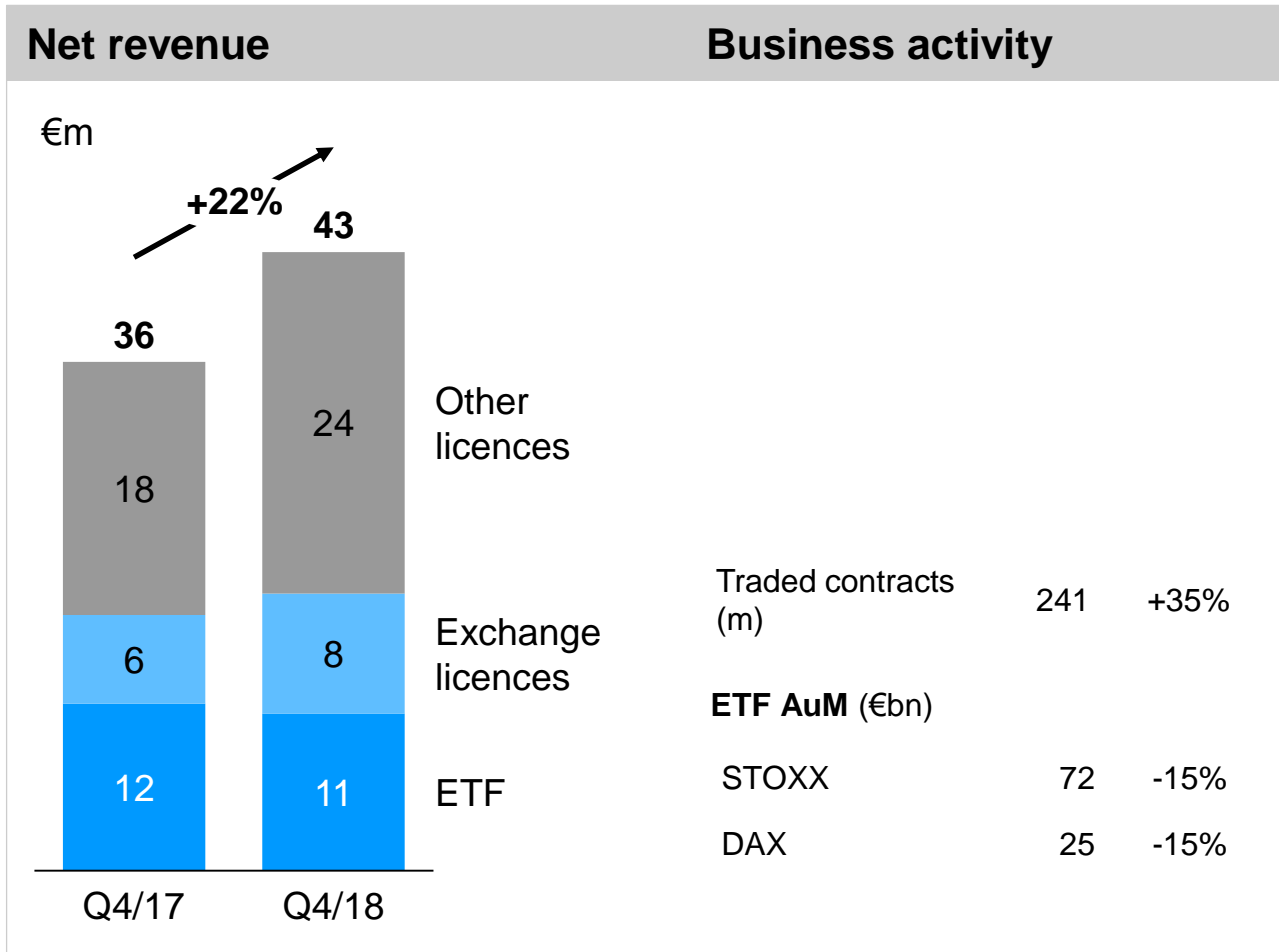
2) Adjusted for exceptional items

# Q4/2018 – GSF (collateral management)



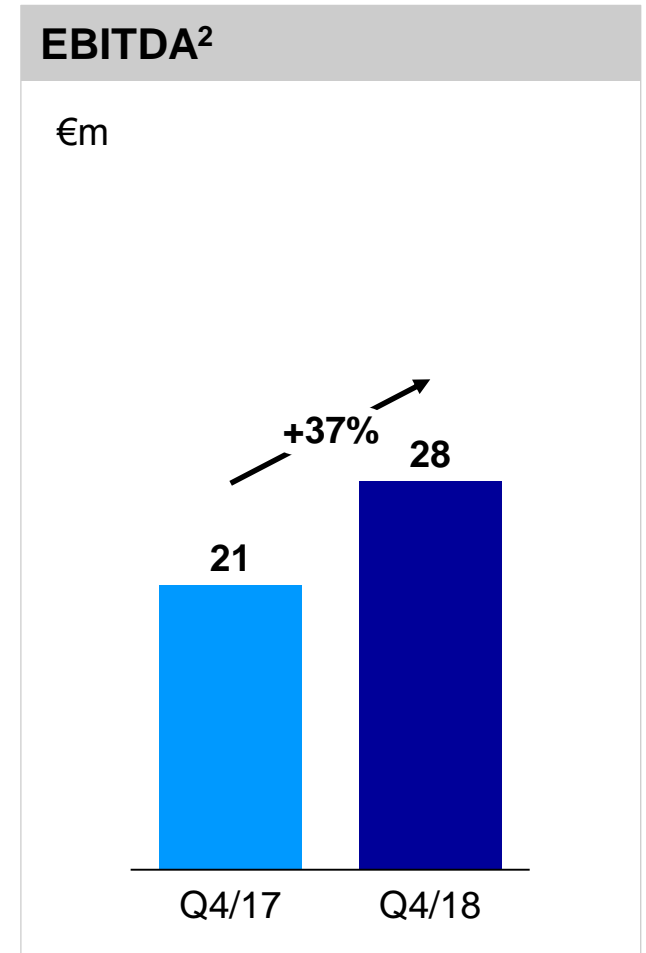
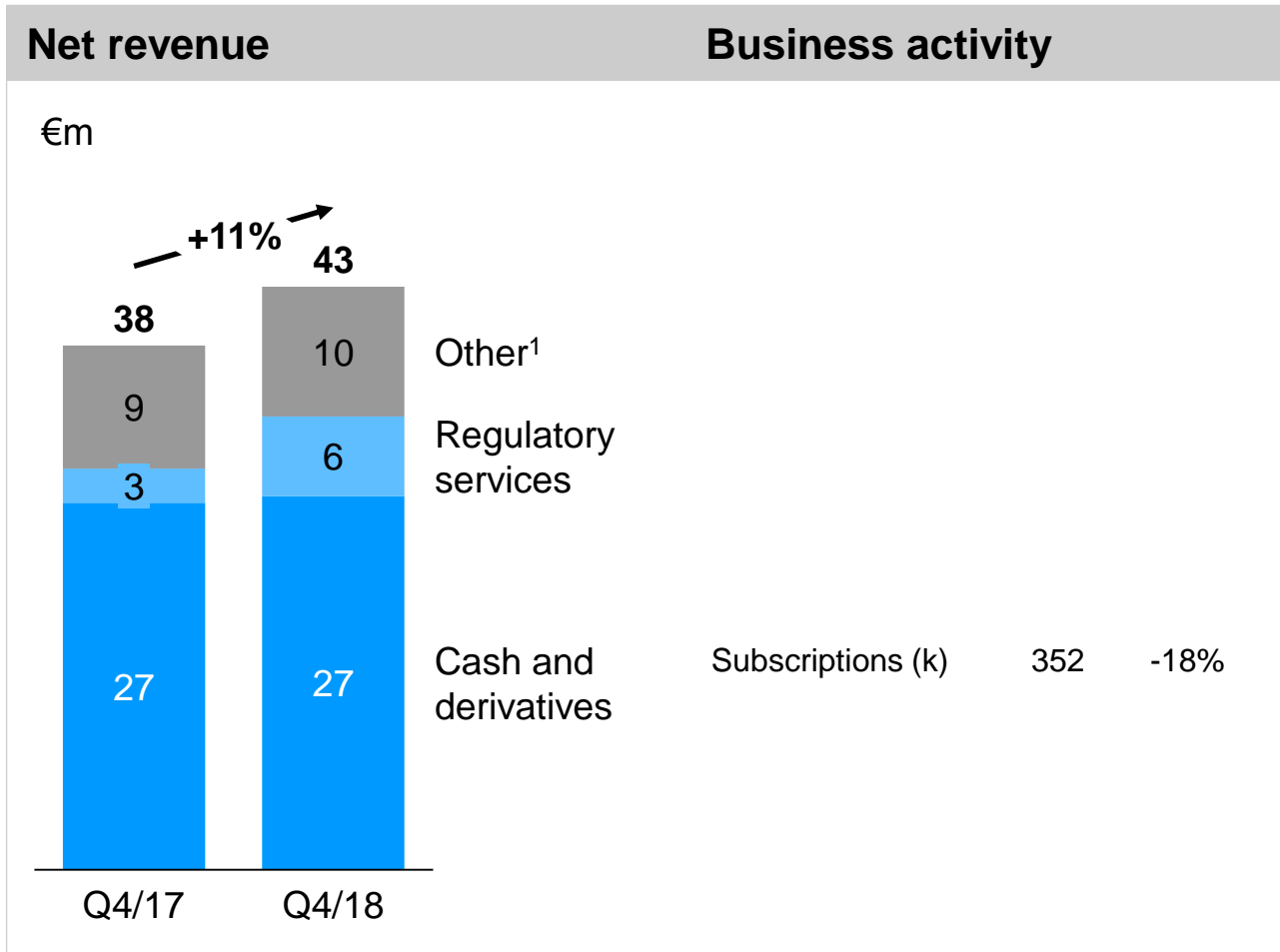
1) Adjusted for exceptional items

# Q4/2018 – STOXX (index business)



1) Adjusted for exceptional items

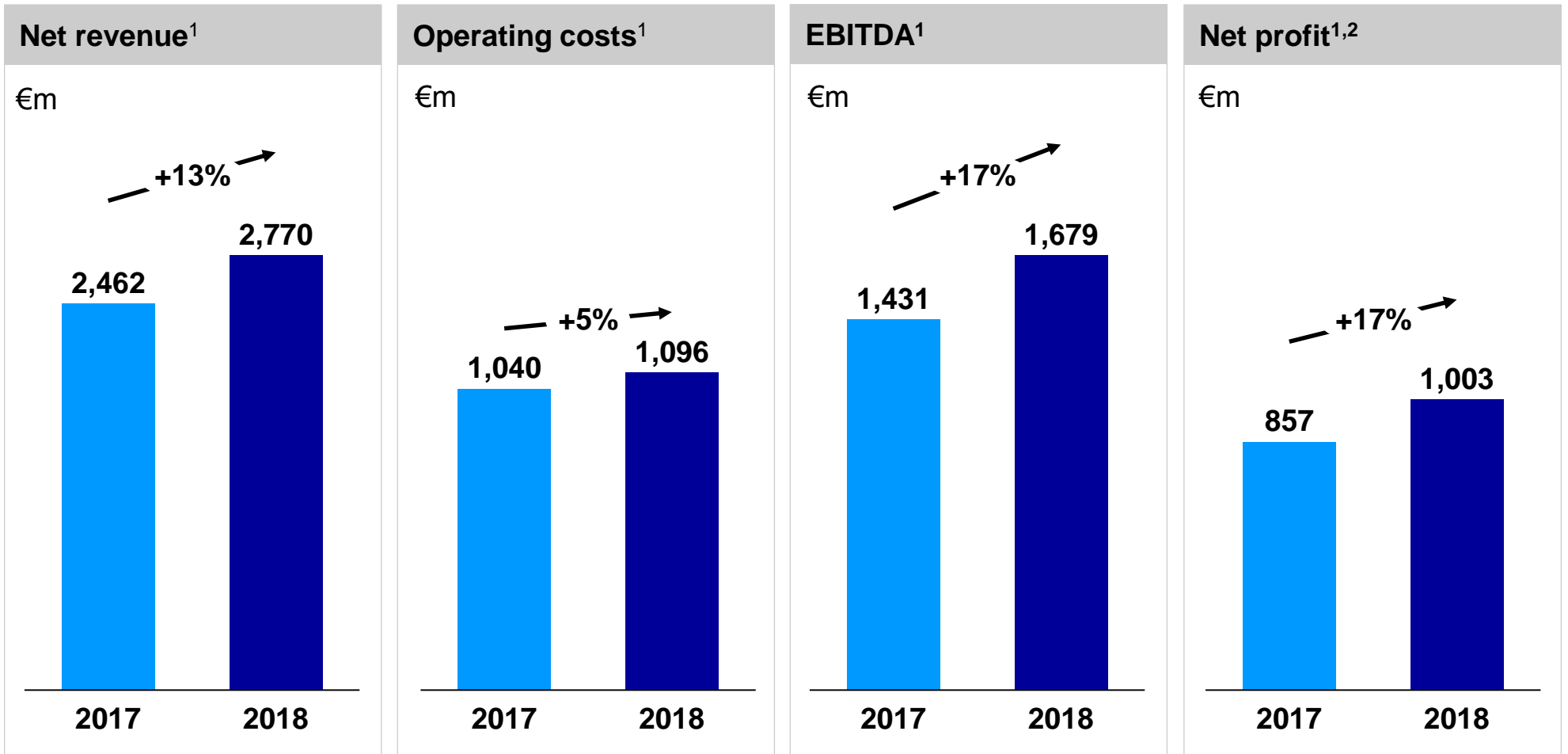
# Q4/2018 – Data



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

2) Adjusted for exceptional items

## FY/2018 – Preliminary group financials



1) Adjusted for exceptional items

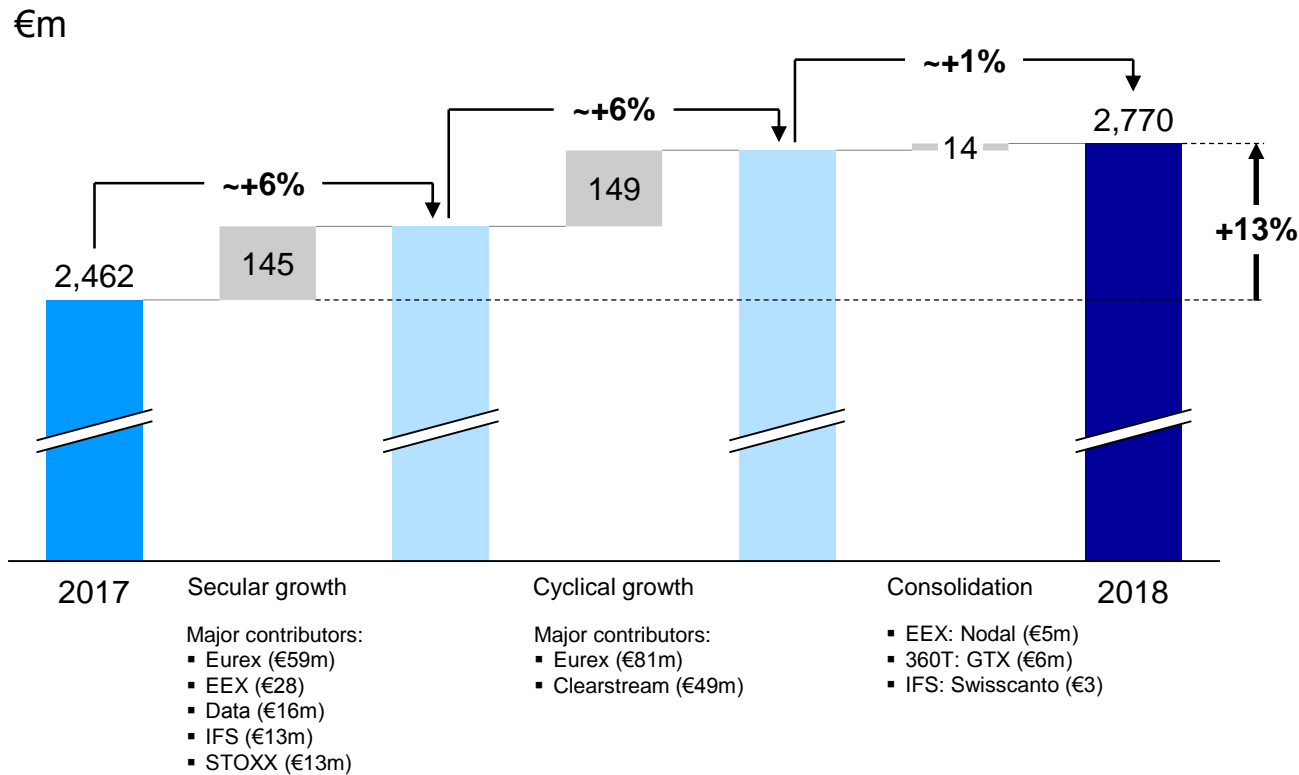
2) Attributable to Deutsche Börse AG shareholders

## FY/2018 – Methodology for secular net revenue drivers

<b>Business segments</b>	<b>Net revenue 2018 (€m)</b>	<b>Growth (%)</b>	<b>t/o secular (%)</b>	<b>Major secular drivers</b>
<b>Eurex</b> (financial derivatives)	936	+18	+7	OTC to on-exchange / new products
<b>EEX</b> (commodities)	257	+21	+13	OTC to on-exchange / new products
<b>360T</b> (foreign exchange)	79	+18	+9	OTC to on-exchange / new clients
<b>Xetra</b> (cash equities)	229	+5	+3	Market share
<b>Clearstream</b> (post-trading)	718	+8	+/-0	Market share / new markets
<b>IFS</b> (investment fund services)	154	+12	+10	New clients
<b>GSF</b> (collateral management)	83	+2	+2	Demand for efficient collateral management
<b>STOXX</b> (index business)	145	+13	+10	Trend towards passive investments
<b>Data</b>	170	+10	+10	New products / new clients
<b>Total</b>	2,770	+13	+6	General group-wide drivers: market share, new products, new clients, and pricing

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

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

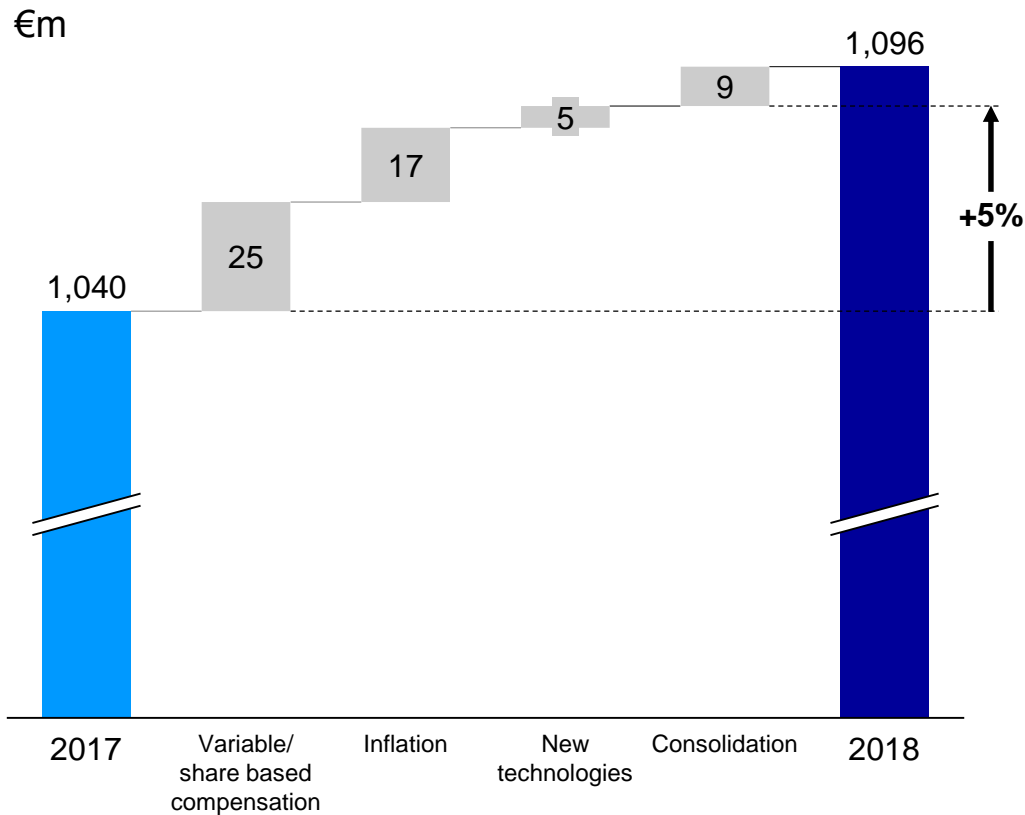


- Secular net revenue growth in 2018 of ~6%, which is slightly above the company's plan of at least 5% secular growth.
- In addition a more favourable cyclical environment, especially in the fourth quarter, is main driver for ~6% cyclical net revenue growth.
- Consolidation effects in the EEX segment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

1) Adjusted for exceptional items

## FY/2018 – Efficient cost management ensured scalability of the business model

### Adjusted operating cost growth drivers in 2018



- In total, adjusted operating costs in 2018 increased as planned by ~5%.
- Variable- and share based compensation increased due to the business performance and share price increase by ~€25 million.
- Inflationary pressures of ~€17 million.
- Increased investments in new technologies (~€5 million).
- Consolidation effects in the EEX segment (Nodal), 360T segment (GTX), and IFS segment (Swisscanto Funds Centre) resulted in higher costs (~€9 million).



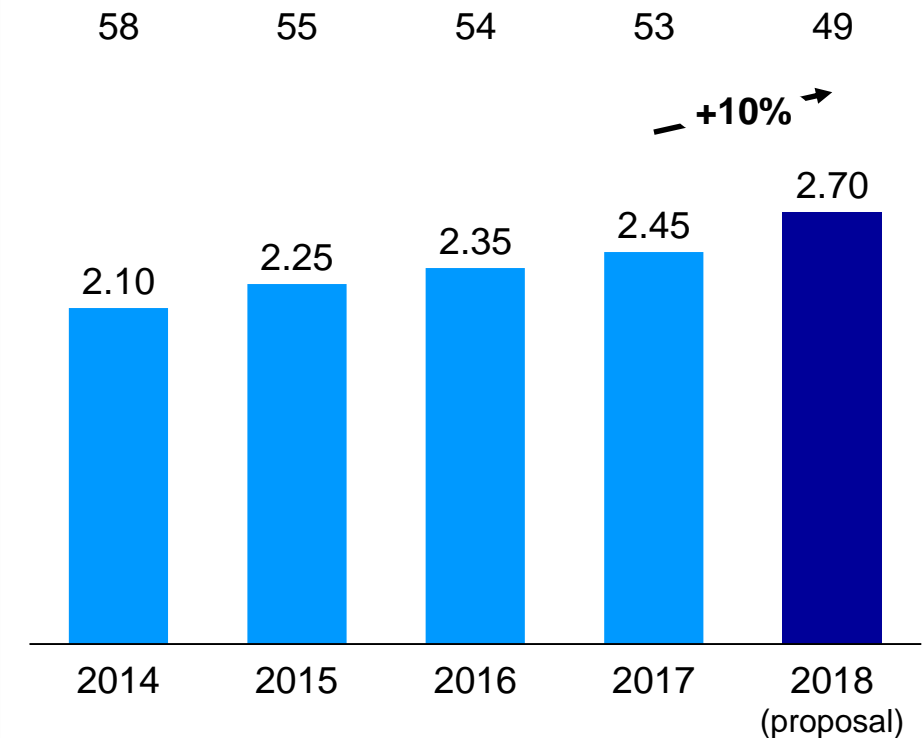
## FY/2018 – Executive Board of Deutsche Börse AG proposes increase of 2018 dividend per share by 10% to 2.70 Euro

### 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

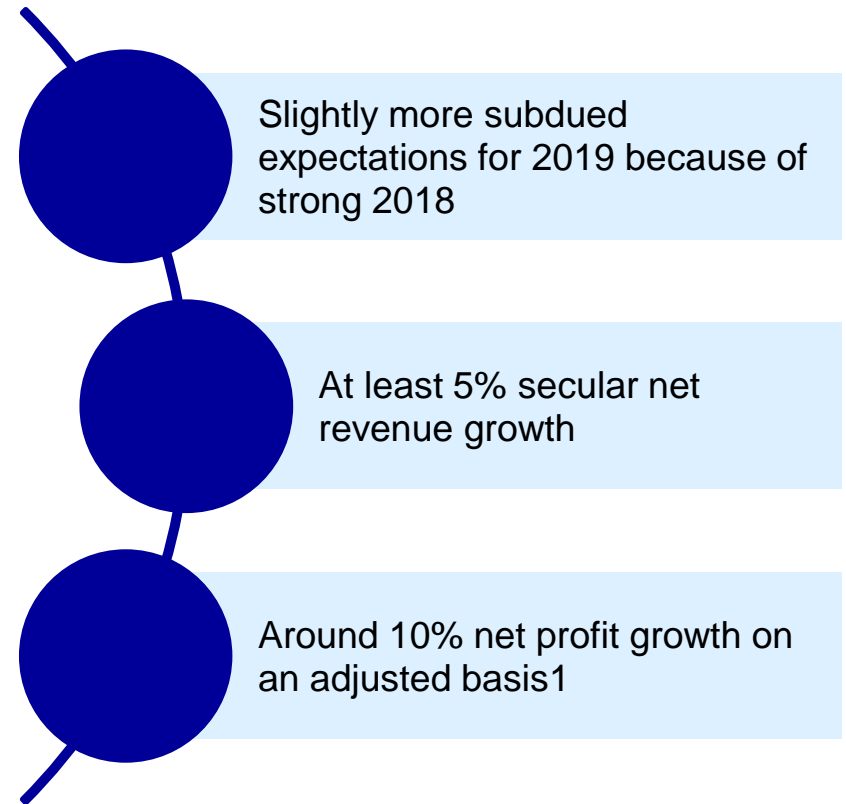
Pay-out ratio (%)<sup>1</sup>



1) Adjusted for exceptional items

## Outlook – Around 10% net profit growth expected in 2019

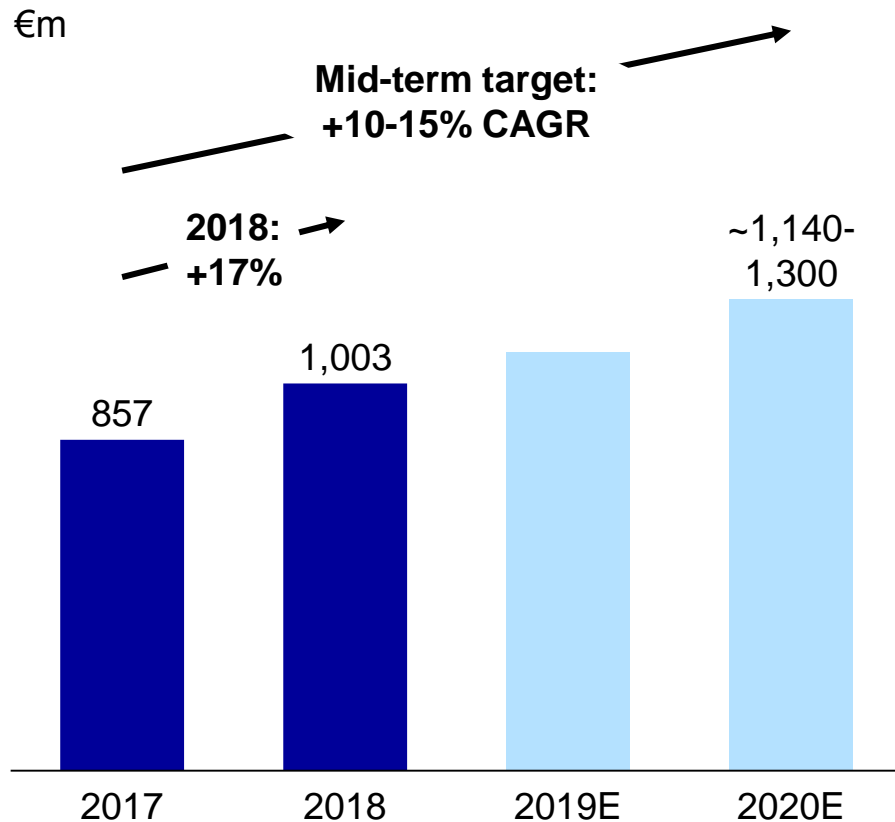
- After strong growth in 2018 the expectations of Deutsche Börse for 2019 are slightly more subdued as a result of risks to economic growth and political uncertainty.
- Nevertheless, the company continues to expect at least 5% growth of secular net revenue in 2019. Major secular opportunities include: 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

## Outlook – 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

# Income statement – Group level adjusted

(in €m)	Quarter ended 31 December 2018	Quarter ended 31 December 2017
Sales revenue	763.2	682.0
Net interest income from banking business	60.0	37.1
Other operating income	7.2	8.3
<b>Total revenue</b>	<b>830.4</b>	<b>727.4</b>
Volume-related costs	-90.0	-88.4
<b>Net revenue</b>	<b>740.4</b>	<b>639.0</b>
Staff costs	-176.5	-165.9
Other operating expenses	-142.0	-135.7
<b>Operating costs</b>	<b>-318.5</b>	<b>-301.6</b>
Net income from strategic investments	-2.0	0.9
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>419.9</b>	<b>338.3</b>
Depreciation, amortization and impairment losses	-63.2	-42.6
<b>Earnings before interest and tax (EBIT)</b>	<b>356.7</b>	<b>295.7</b>
Financial result	-28.4	-19.9
<b>Earnings before tax (EBT)</b>	<b>328.3</b>	<b>275.8</b>
Income tax expense and other tax	-88.8	-74.7
<b>Net profit for the period</b>	<b>239.5</b>	<b>201.1</b>
thereof attributable to Deutsche Börse shareholders	230.5	194.0
thereof attributable to non-controlling interests	9.0	7.1
<b>Earnings per share (basic) (€)</b>	<b>1.25</b>	<b>1.04</b>

# Income statement – Group level reported

(in €m)	Quarter ended 31 December 2018	Quarter ended 31 December 2017
Sales revenue	763.2	680.6
Net interest income from banking business	60.0	37.1
Other operating income	7.2	9.7
<b>Total revenue</b>	<b>830.4</b>	<b>727.4</b>
Volume-related costs	-90.0	-88.4
<b>Net revenue</b>	<b>740.4</b>	<b>639.0</b>
Staff costs	-276.9	-179.9
Other operating expenses	-182.0	-143.4
<b>Operating costs</b>	<b>-458.9</b>	<b>-323.3</b>
Net income from strategic investments	-2.0	74.4
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>279.5</b>	<b>390.1</b>
Depreciation, amortization and impairment losses	-66.7	-43.7
<b>Earnings before interest and tax (EBIT)</b>	<b>212.8</b>	<b>346.4</b>
Financial result	-28.4	-24.2
<b>Earnings before tax (EBT)</b>	<b>184.4</b>	<b>322.2</b>
Income tax expense and other tax	-35.4	-101.5
<b>Net profit for the period</b>	<b>149.0</b>	<b>220.7</b>
thereof attributable to Deutsche Börse shareholders	140.0	213.6
thereof attributable to non-controlling interests	9.0	7.1
<b>Earnings per share (basic) (€)</b>	<b>0.77</b>	<b>1.15</b>

## Income statement – Segmental level I/II

(in €m)	<b>Eurex</b> (financial derivatives)		<b>EEX</b> (commodities)		<b>360T</b> (foreign exchange)		<b>Xetra</b> (cash equities)	
	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>
<b>Net revenue</b>	<b>256.9</b>	<b>193.6</b>	<b>72.1</b>	<b>58.9</b>	<b>21.8</b>	<b>17.1</b>	<b>58.2</b>	<b>59.2</b>
Staff costs	-71.0	-44.9	-23.0	-18.0	-10.4	-8.8	-23.9	-17.5
Other operating expenses	-61.0	-50.8	-21.9	-15.0	-5.0	-3.5	-15.3	-12.0
<b>Operating costs</b>	<b>-132.0</b>	<b>-95.7</b>	<b>-44.9</b>	<b>-33.0</b>	<b>-15.4</b>	<b>-12.3</b>	<b>-39.2</b>	<b>-29.5</b>
<i>Thereof exceptional items</i>	-39.1	-6.4	-4.0	-1.2	-2.0	-3.2	-9.8	-0.7
Result from equity investments	-2.9	72.9	-0.2	-	-	-	1.2	1.5
<i>Thereof exceptional items</i>	-	73.5	-	-	-	-	-	-
<b>EBITDA</b>	<b>122.0</b>	<b>170.8</b>	<b>27.0</b>	<b>25.9</b>	<b>6.4</b>	<b>4.8</b>	<b>20.2</b>	<b>31.2</b>

## Income statement – Segmental level II/II

	<b>Clearstream</b> (post-trading)		<b>IFS</b> (investment fund services)		<b>GSF</b> (collateral management)		<b>STOXX</b> (index)		<b>Data</b>	
(in €m)	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>	<b>Q4/2018</b>	<b>Q4/2017</b>
<b>Net revenue</b>	<b>183.7</b>	<b>180.7</b>	<b>40.2</b>	<b>35.1</b>	<b>21.6</b>	<b>20.5</b>	<b>43.3</b>	<b>35.6</b>	<b>42.6</b>	<b>38.3</b>
Staff costs	-87.4	-52.0	-25.0	-14.8	-11.3	-7.2	-8.1	-6.8	-16.8	-9.9
Other operating expenses	-36.8	-33.3	-13.9	-9.9	-5.5	-5.0	-6.9	-7.0	-15.7	-6.9
<b>Operating costs</b>	<b>-124.2</b>	<b>-85.3</b>	<b>-38.9</b>	<b>-24.7</b>	<b>-16.8</b>	<b>-12.2</b>	<b>-15.0</b>	<b>-13.8</b>	<b>-32.5</b>	<b>-16.8</b>
<i>Thereof exceptional items</i>	-45.1	-5.7	-14.5	-1.9	-5.7	-1.4	-2.3	-1.9	-17.9	0.7
Result from equity investments	-	-	-	-	-0.5	-	-	-	0.4	-
<i>Thereof exceptional items</i>	-	-	-	-	-	-	-	-	-	-
<b>EBITDA</b>	<b>59.5</b>	<b>95.4</b>	<b>1.3</b>	<b>10.4</b>	<b>4.3</b>	<b>8.3</b>	<b>28.3</b>	<b>21.8</b>	<b>10.5</b>	<b>21.5</b>

## Financial calendar and contact details

### Financial calendar

- 20 Mar 2019** Morgan Stanley (London)
- 01 Apr 2019** HSBC (San Francisco)
- 29 Apr 2019** Results Q1/2019 (~7pm CET)
- 30 Apr 2019** Conference call Q1/2019 (2pm CET)
- 08 May 2019** Annual General Meeting
- 22 May 2019** Investor Day 2019 (London)
- 29 May 2019** UBS (New York)
- 06 Jun 2019** Deutsche Bank (Berlin)

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