

# Preliminary results FY/2014

## Annual press briefing

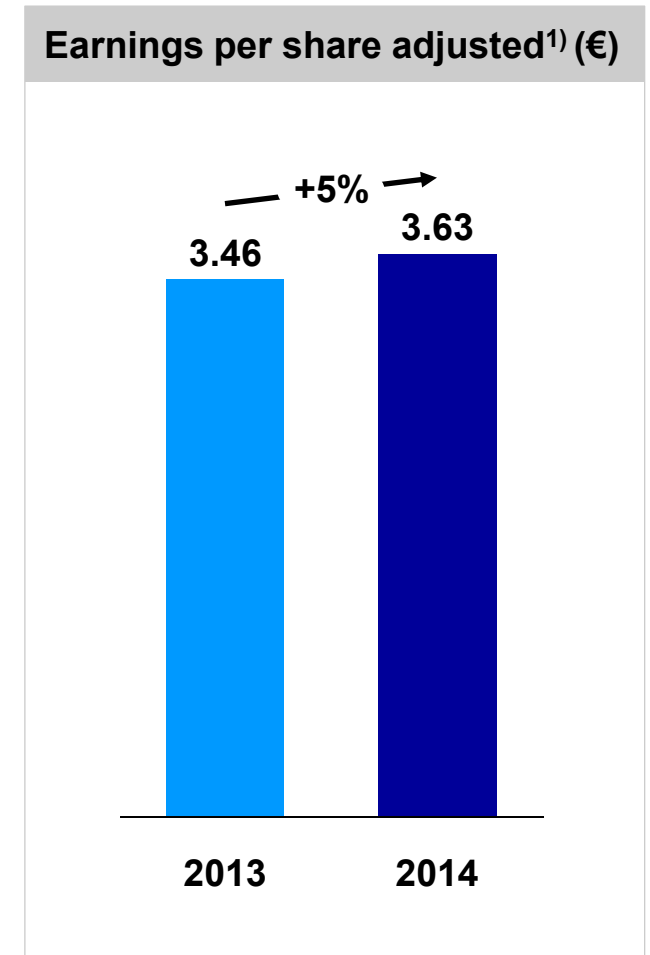
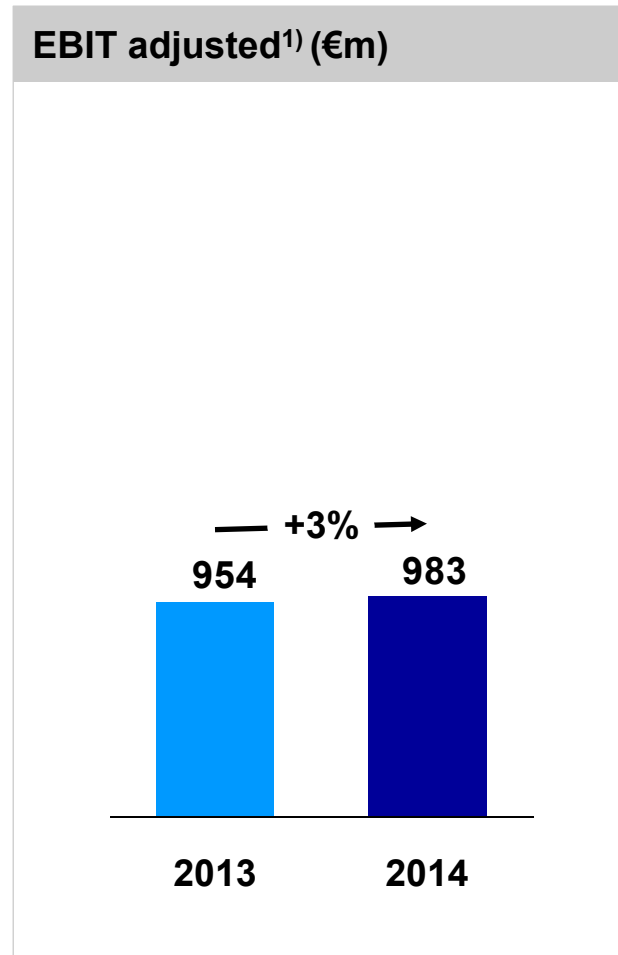
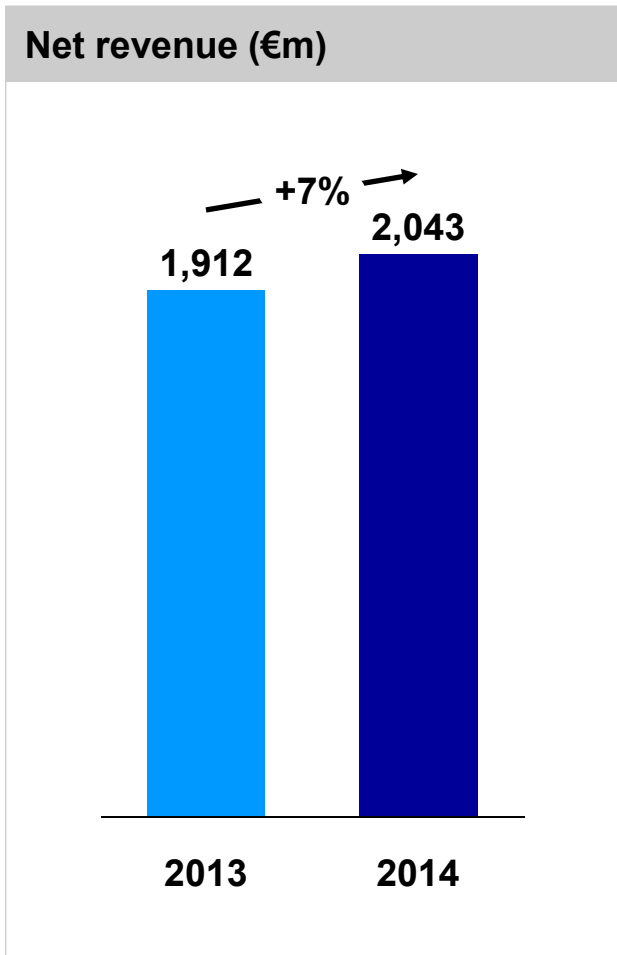
Frankfurt/Main, 19 February 2015



## Highlights FY/2014 preliminary results presentation

- Derivatives and cash activities benefitted significantly from higher equity market volatility towards the end of 2014; Clearstream and Market Data + Services continued its positive performance.
- Net revenue in 2014 was in the upper third of the company's guidance and amounted to €2,043.0 million, a year-over-year increase of 7 per cent; adjusted operating costs increased as planned due to higher investments and consolidation effects to €1,068.8 million.
- Adjusted EBIT amounted to €982.8 million, up 3 per cent; adjusted earnings per share stood at €3.63, an increase of 5 per cent year-on-year.
- Deutsche Börse AG's Executive Board is proposing a stable dividend of €2.10 per share for 2014.
- Volumes in January 2015 were on the strong Q4/2014 level; for full year 2015 Deutsche Börse expects €2.1 to €2.3 billion net revenue and adjusted operating costs of around €1,180 million.
- Deutsche Börse continues to make progress in developing new growth areas (e.g. OTC clearing, collateral management, T2S, MD+S) and expanding into higher growth regions like Asia; net revenue is on track to achieve mid-term guidance of €2.3 to €2.7 billion by 2017.

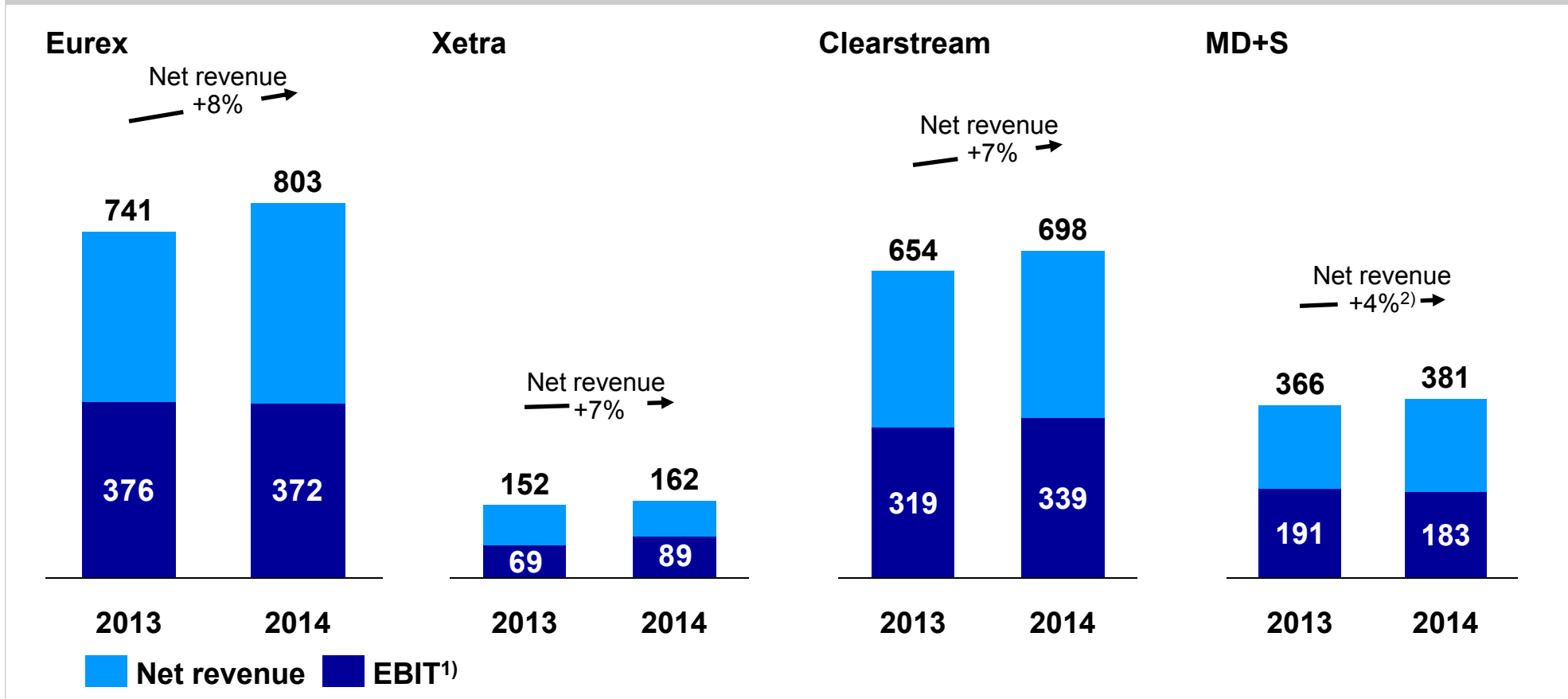
## FY/2014 – development of Deutsche Börse Group's financials (Group level)



1) Adjusted for exceptional items

# FY/2014 – development of Deutsche Börse Group's financials (segment level)

## Net revenue and EBIT by segment (€m)

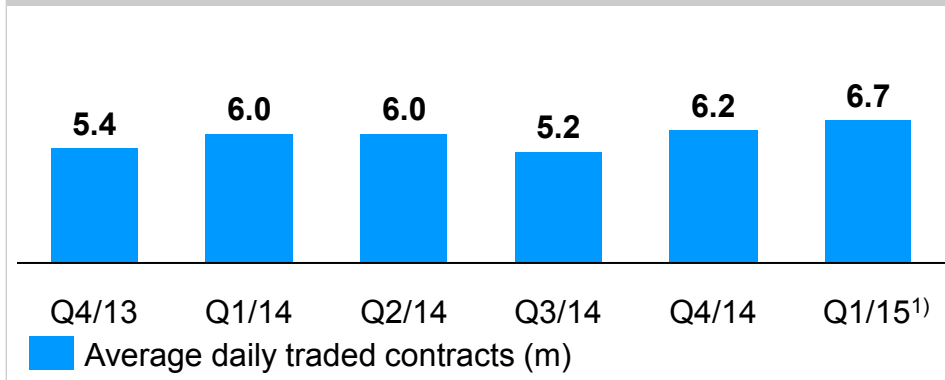


1) Adjusted for exceptional items

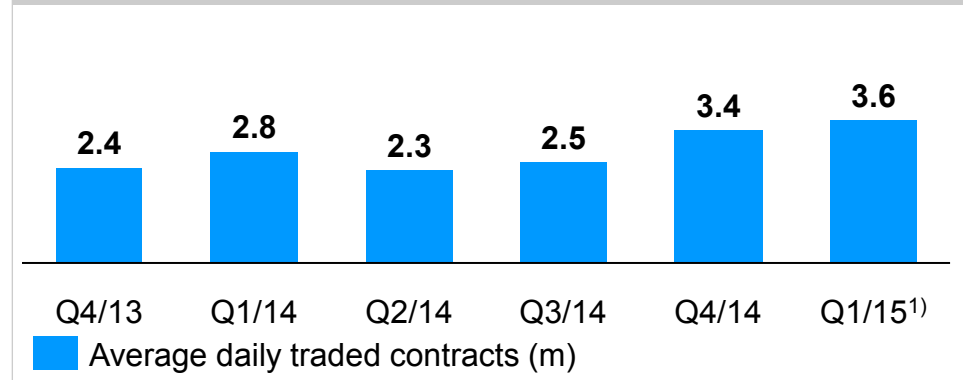
2) Adjusted for consolidation effects: 6 per cent

## FY/2014 – development of trading activities

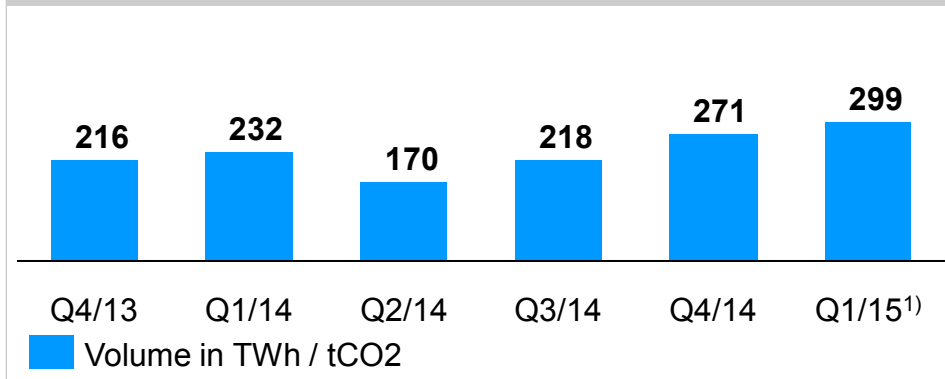
### Eurex – European products



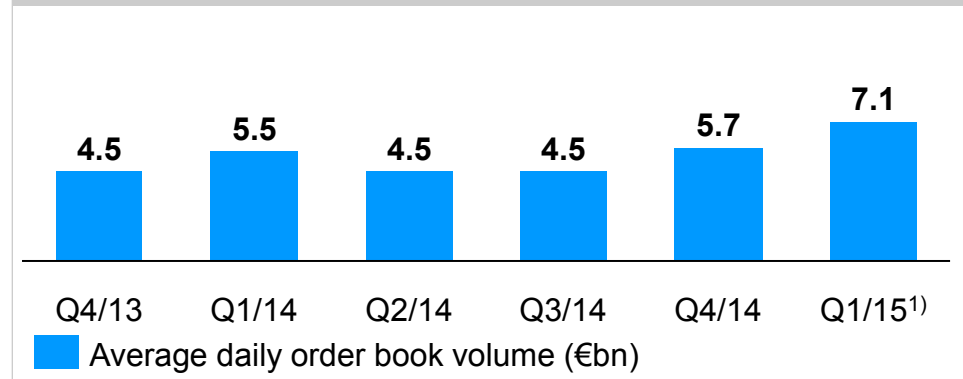
### Eurex – Index derivatives



### Eurex – Commodities (power and gas)



### Xetra<sup>2)</sup>

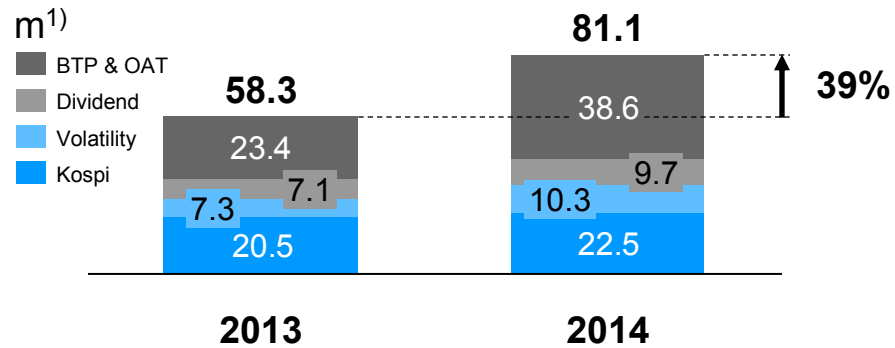


1) January 2015

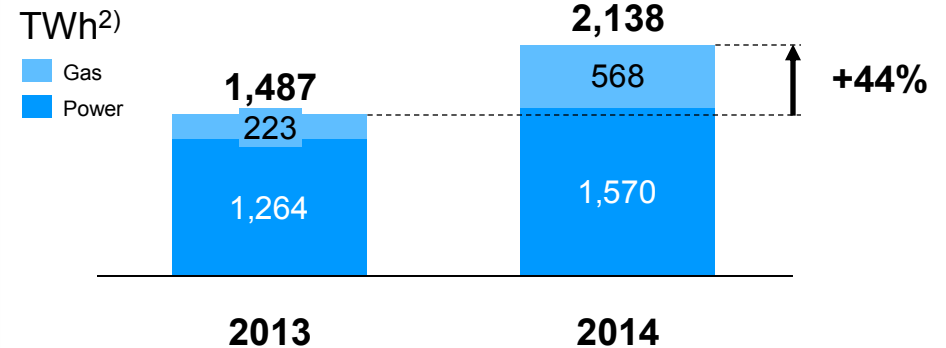
2) Xetra, Börse Frankfurt and Tradegate

## FY/2014 – growth areas continued to build traction

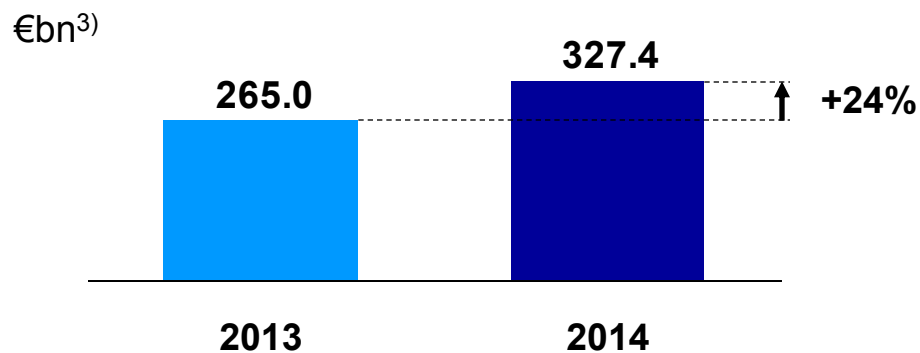
### Eurex – KOSPI, volatility, dividend, OAT, BTP



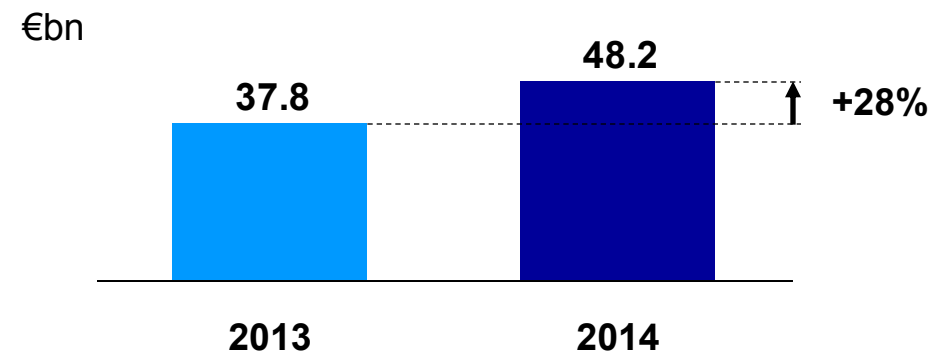
### Eurex – EEX power and gas



### Clearstream – investment funds (assets)



### MD+S – Assets under management in STOXX ETFs








1) Traded contracts

2) Power derivatives traded on European Energy Exchange (EEX), gas traded on Powernext (majority owned by EEX)

3) Assets under custody in investment funds (part of total reported numbers); figures do not yet include assets of Clearstream Global Securities Services

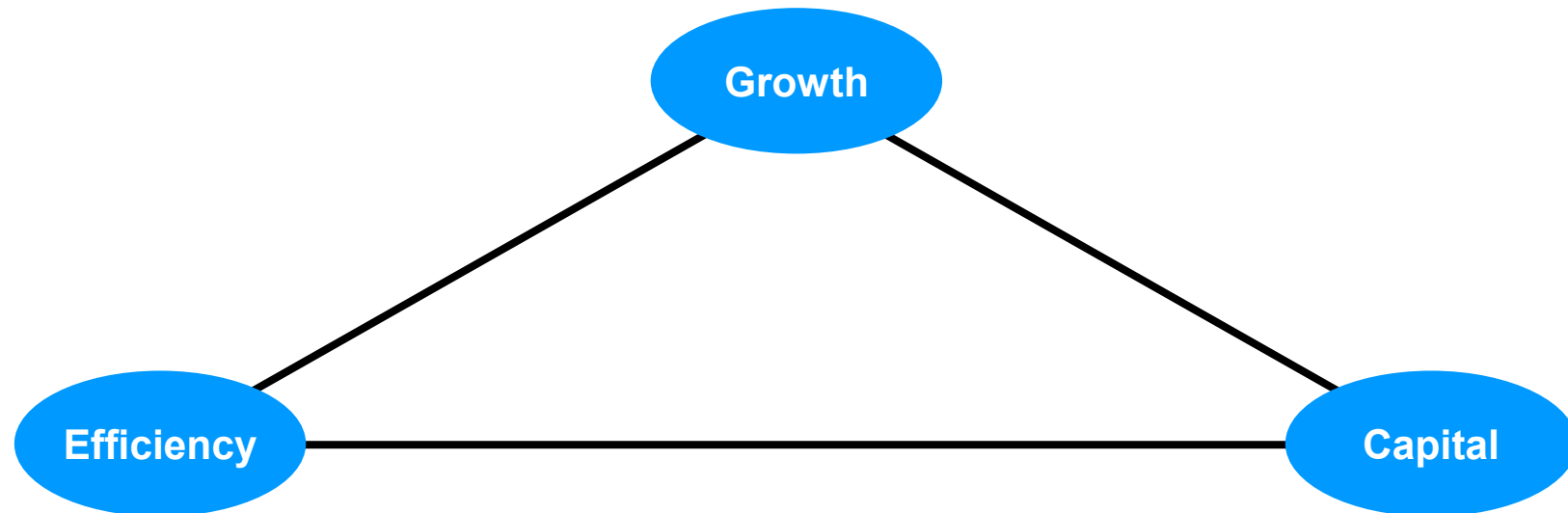
# Business model of Deutsche Börse Group is serving as the global role model

		 DEUTSCHE BÖRSE GROUP	 CME Group <small>A CME/Chicago Board of Trade Company</small>	 ICE <small>INTERNATIONAL COMMODITY EXCHANGE</small>	 London Stock Exchange	 NASDAQ OMX
Cash market	Eurex / Xetra	●	○	●	●	●
Derivatives market		●	●	●	◐	◑
Clearing		●	●	●	◐	◑
Settlement	Clearstream	●	○	○	◐	○
Custody		●	○	○	◐	○
Collateral management		●	○	○	○	○
Market data	Market Data + Services	●	●	●	●	●
Indices		●	◐	○	●	●
Technology		●	○	●	●	●

# Management is firmly focused on growing the business, effective cost management, and attractive capital management

## **Ambitious growth targets**

- 20–40 per cent net revenue growth target 2013–2017
- Primarily organic growth, but also partnerships and complementary M&A



## **Effective cost management**

- Cost discipline remains key priority
- Further efficiency gains as part of ongoing program

## **Attractive capital management**

- Maintain strong credit rating profile
- Continue attractive capital management policy



# Growth – EurexOTC Clear service offering addresses customer needs in new regulatory environment

## Value proposition

1

**Integrated full asset class offering**

Only **fully integrated cross-asset class** clearing house in Europe: **market leadership** in listed derivatives (equity and fixed income), attractive OTC offering and unique products like Euro GC Pooling® under a single legal framework

2

**Best-in-class risk management**

Proven risk management based on **leading risk model** and **real-time capabilities** increase safety for clients

3

**Portfolio risk management**

**Unparalleled capital efficiencies** through portfolio risk management, allowing cross-margining between listed and OTC products (netting efficiency of up to 70–80 per cent)

4

**Collateral management**

Accepting a **broad range of collateral** allows for flexibility to manage and re-use collateral including access to central bank accounts and liquidity

5

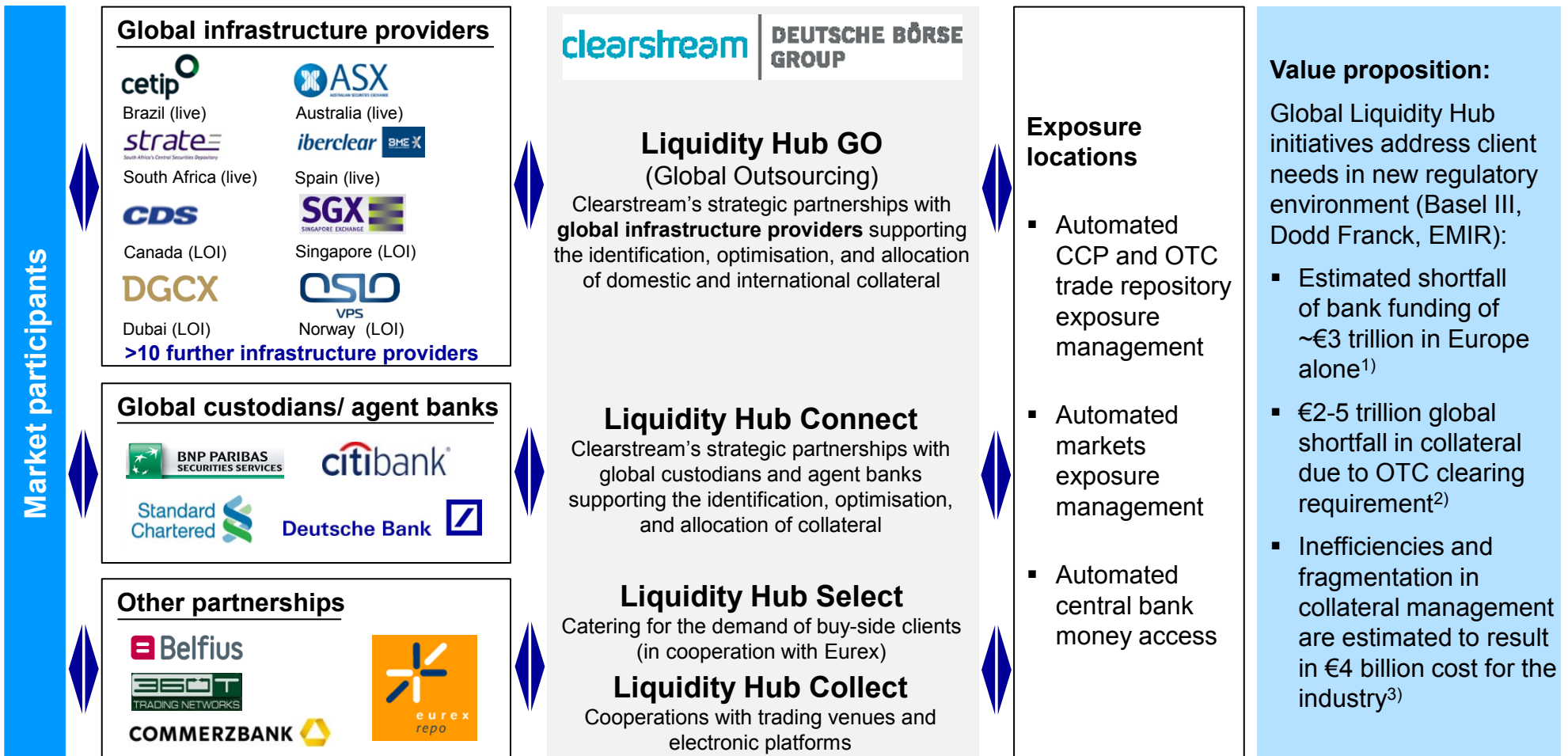
**Client asset protection**

Unique individual clearing model addresses buy-side requirements and provides for **segregation, asset protection and portability** of client positions and collateral

**Unique position to be successful in OTC clearing confirmed by strong support of sell- and buy-side firms:**

- More than 40 clearing members including all major global sell-side banks connected
- ~140 buy-side firms signed up for on-boarding
- EMIR authorisation received in April 2014
- Cumulative notional volumes of cleared OTC transactions have passed the €100 billion mark

# Growth – expansion of successful collateral management services under Global Liquidity Hub initiatives



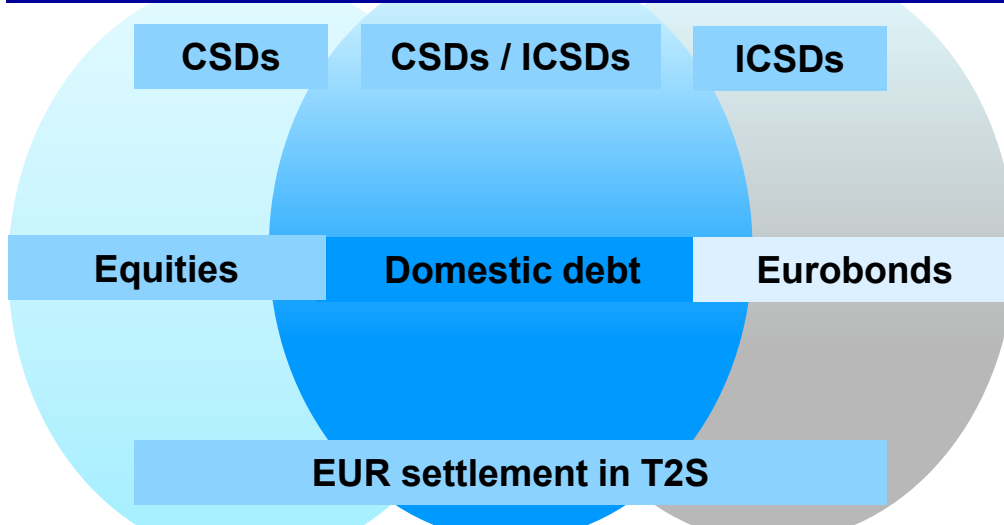
1) Quantitative impact study of Basel Committee on Banking Supervision (December 2010)

2) Celent study "Cracking the Trillion Dollar Collateral Optimization Question" (August 2012)

3) Accenture and Clearstream study "Collateral Management" (2011)

# Growth – TARGET2-Securities, a unique opportunity because of expected shift in settlement liquidity to Clearstream

## Today: 24 CSD + 2 ICSD settlement systems



## 2015 onwards: T2S + 2 ICSD settlement systems

- The ECB initiative TARGET2-Securities (T2S) is a central platform for securities settlement in euro and foreign currency in central bank money that redesign the post-trade landscape
- T2S will replace the existing CSD in every euro market with the objective to harmonise domestic and cross-border settlement processes and to reduce related settlement cost

1) Average charged by agent banks and ICSDs

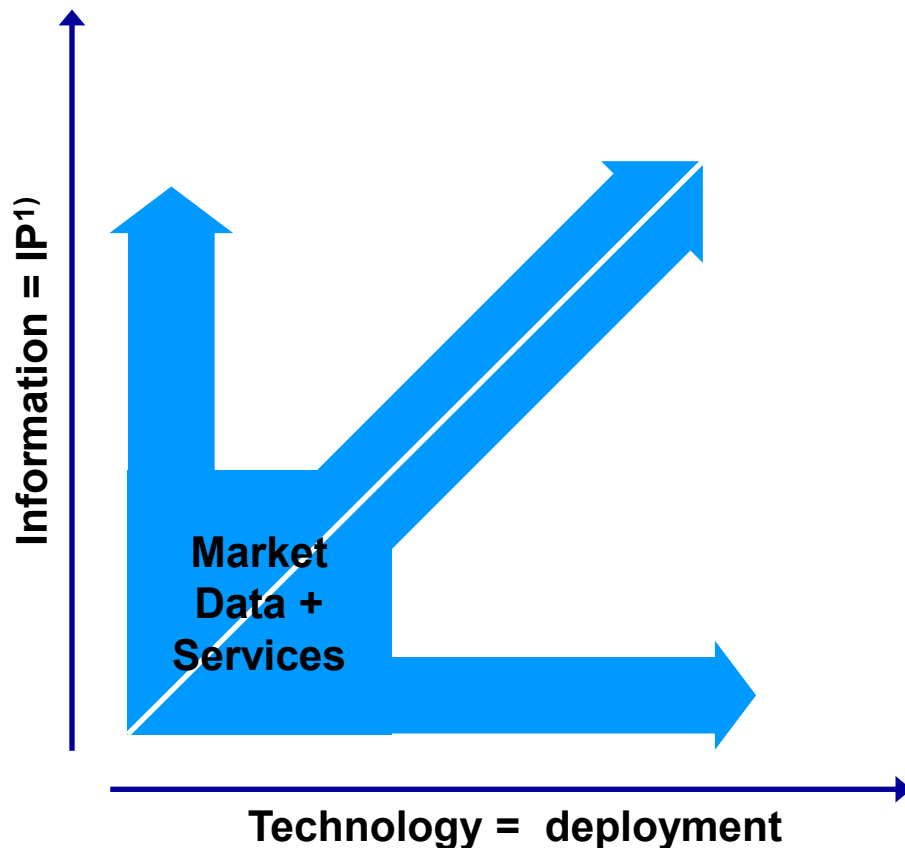
2) Average cost calculated by ECB

## Drivers for settlement consolidation in Clearstream as the leading T2S access hub

- **Cash pooling:** central funding account for all T2S settlement enables settlement netting and reduces funding needs
- **Securities pooling:** centralised safekeeping of CSD and ICSD assets eliminates friction cost associated with today's fragmented pools
- **Central collateral management** from the Liquidity Hub will create financing efficiencies and drastically reduce the need for securities realignments
- **Auto-collateralisation** (on flow) will reduce collateral consumption to support settlement credit
- National Central Banks will provide **intraday settlement credit** facilities for free while commercial banks are expected to start charging
- Cash deposits at National Central Banks attract no regulatory charge
- Lower **settlement costs** per transaction (today: €2–5<sup>1)</sup>, with T2S: €0.25<sup>2)</sup>)

## Growth – MD+S strategy aims at further enhancement of data and technology leadership

### Expansion of footprint in data & technology



### MD+S on track to deliver revenue growth

- Effective deployment of data and corresponding technology has become a key value driver for capital market participants (e.g. T7, C7, Prisma).
- MD+S turns data into value for a wide array of capital market players (e.g. through STOXX).
- Diversified-data-driven business model of MD+S provides attractive fundamentals for investors.
- 2013: realignment of the new segment's strategy and service line portfolio and set-up for future growth
- 2014: new set-up with service lines Information, Index, Tools and Market Solutions already produced 4% growth (6% without consolidation effects)
- MD+S is well on track to deliver €50 to 75 million net revenue growth until 2017 coming from all four service lines.

1) IP = intellectual property

## Growth – Deutsche Börse Group's Asian growth initiatives are based on successful expansion of business

	2007	2013	Current initiatives
<b>Sales revenue</b>	< €50 million	> €100 million	<ul style="list-style-type: none"> <li>Build-up of clearing house for derivatives in Singapore (in-principle regulatory clearance in Q1/2015)</li> </ul>
<b>Staff</b>	< 30	> 110	<ul style="list-style-type: none"> <li>Strategic cooperation with Bank of China to develop RMB market</li> </ul>
<b>Representative offices</b>	Hong Kong, Singapore, Tokyo	Beijing, Hong Kong, Singapore, Tokyo	<ul style="list-style-type: none"> <li>Cooperation with TAIFEX in derivatives strengthened by acquisition of 5 per cent stake</li> </ul>
<b>Operations hub</b>	–	Singapore	<ul style="list-style-type: none"> <li>Progress in Clearstream's Liquidity Hub; ASX connected, SGX in pipeline</li> </ul>
<b>Regulatory registrations</b>	–	Banking licence in Singapore	<ul style="list-style-type: none"> <li>Technology alliance with BSE now covers cash and derivatives</li> </ul>
<b>Partners</b>	–	ASX, BOC, BSE, Hong Kong Monetary Authority, Korea Exchange, SGX, Standard Chartered, TAIFEX	<ul style="list-style-type: none"> <li>Acquisition of majority stake in Singapore based Cleartrade to complement commodity offering</li> <li>Partnership with Shanghai Stock Exchange to distribute market data products in China</li> </ul>

**Target: increase revenue with Asian customers and products by €100 million by 2017**

## Financial guidance – net revenue in 2014 on track to achieve mid-term growth target until 2017

### Financial guidance for 2015

#### Net revenue

- ~€2.1 to €2.3 billion

#### Operating costs (excluding exceptional items)

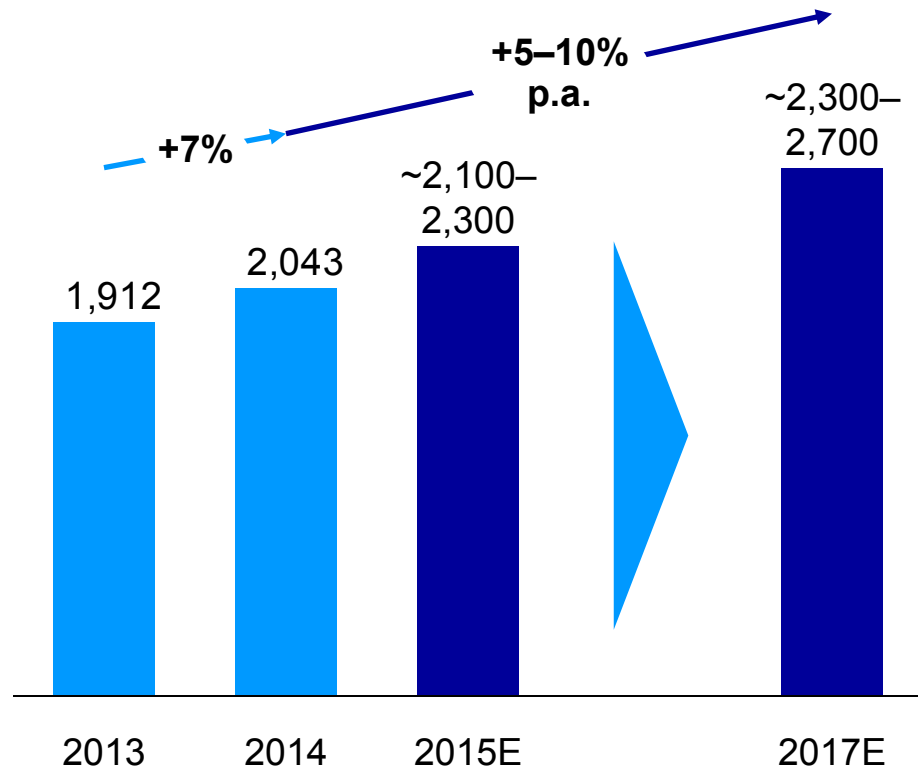
- ~€1,180 million
  - Consolidation (Powernext, CGSS<sup>1)</sup>): + ~€70 million
  - Foreign exchange effects (US\$, CHF): + ~€20 million
  - Strategic initiatives: + ~€20 million

#### Earnings

- Highly scalable business model results in significant earnings growth potential

### Net revenue on track for mid-term target

€m



1) CGSS = Clearstream Global Securities Services

# Capital management – strong cash flow generation allows for strong rating profile and attractive dividend distribution

## Strong cash flow, balance sheet and rating



### Strong balance sheet

- Due to favourable refinancing interest coverage ratio has improved to 26 in 2014 (2013: 20)
- Gross debt / EBITDA ratio stood at 1.48 in 2014 (2013: 1.52)
- Solvency ratios in 2014 for Clearstream 24 (2013: 26) and Eurex Clearing 28 (2013: 25)



### Strong rating profile

- Clearstream: AA (stable)
- Deutsche Börse AG: AA (stable)

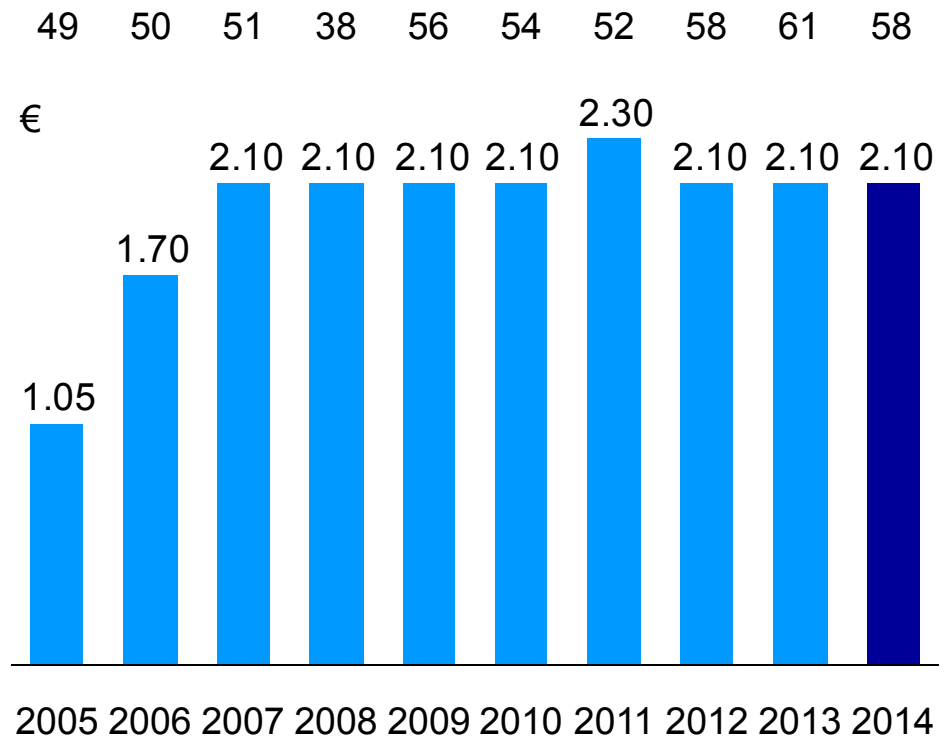


### Strong operating cash flow<sup>1)</sup>

- €685 million in 2014 (2013: €797 million)

## Attractive dividend distribution

Pay-out ratio (%)<sup>2)</sup>



1) Adjusted for CCP positions

2) Adjusted for exceptional items

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