

# Euronext Q3 2020 Results

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**EURONEXT**

6 November 2020

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- 2 Q3 2020 BUSINESS REVIEW
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## SPEAKERS



**Stéphane Boujnah**

CEO and Chairman of the  
Managing Board



**Giorgio Modica**

Chief Financial Officer



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## Q3 2020 HIGHLIGHTS

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## Q3 2020 RESULTS RESULTING FROM CONTINUED BENEFITS FROM DIVERSIFICATION AND RESILIENT CORE BUSINESS

### Revenue

€204.8m

+€23.1m

+12.7%

- Solid revenue growth reflecting continued diversification, with notably the consolidation of Nord Pool (since Q1 2020) and VP Securities (since Q3 2020), and resilient core business
- Non-volume related revenue representing **54%** of total revenue and covering **128%** of costs excl. D&A in a dynamic volume environment

### EBITDA

€117.8m

+€9.8m

+9.1%

- EBITDA margin at **57.5%**, with the consolidation of recently acquired businesses currently being integrated
- Like-for-like at constant currencies EBITDA margin at 59.7% (+0.1pt)
- **Confirmed 2020 organic costs guidance:** strategic plan and Oslo Børs VPS integration costs to ramp up in Q4 2020

### Adjusted EPS<sup>1)</sup>

1.12€

+13.8%

- Adjusted net income up +13.8% to €77.7 million
- Reported net income, share of the group, up +10.6% to €70.2 million
- Income tax rate at 26.4%, impacted by lower domestic rates and the enlarged Nordic footprint

# CONTEMPLATED ACQUISITION OF THE BORSA ITALIANA GROUP

Creating the backbone of the Capital Markets Union in Europe

- **Creating the largest liquidity pool within the European capital markets union aiming to deliver sustainable superior market quality and value for local and global clients**

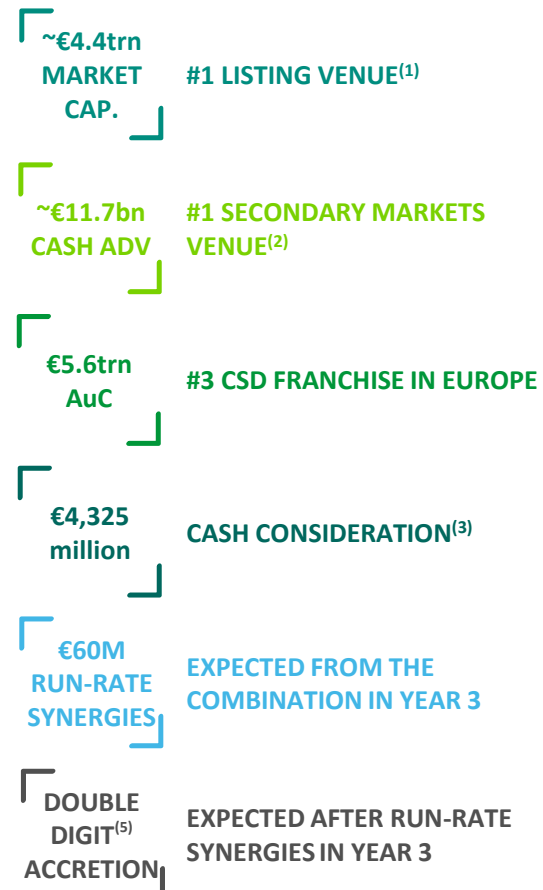
- Strengthens Euronext's leadership in European cash equities
- Significantly enhances scale and diversifies business mix through new asset classes and expansion of post-trade operations
- Enhance Euronext's mid-term strategic outlook opening opportunities for product innovation, geographical expansion and business diversification

- **An attractive transaction with compelling value proposition for shareholders**

- Combined Group<sup>(4)</sup> FY2019 revenue of €1.3bn and EBITDA of €711m
- €45m annual run-rate pre-tax cost synergies and €15m annual run-rate pre-tax revenue synergies to be achieved by year 3
- Mid-single digit adjusted EPS accretion<sup>(5)</sup> expected before synergies, and double digit accretion<sup>(5)</sup> expected after run-rate synergies in year 3

- **Financing and timing**

- All-cash transaction, equity value of €4,325 million<sup>(3)</sup>
- Fully-committed financing through bridge loan facilities fully underwritten by a group of banks
- Expected completion by H1 2021, subject to conditions



(1) In Europe by aggregated market capitalization at the end of August 2020

(2) In Europe by aggregated averaged daily trading volumes - Euronext ADV includes exchange traded funds, exchange traded commodities and exchange traded notes

(3) Plus an additional amount reflecting the cash generated to completion. Excluding cash and liquid assets (after deduction of regulatory requirements) and borrowings, representing a total net liability of €42m as of 30 June 2020

(4) Euronext and the Borsa Italiana Group 2019 financial information based on their respective accounting policies and not prepared on a pro-forma basis. Euronext 2019 information including the full-year pro forma impact of the previous acquisition of Oslo Børs VPS, Nord Pool, VP Securities, OPCVM 360, Ticker and Troisisme Sens

(5) Based on Euronext share price of €102.5 as of 8 October 2020



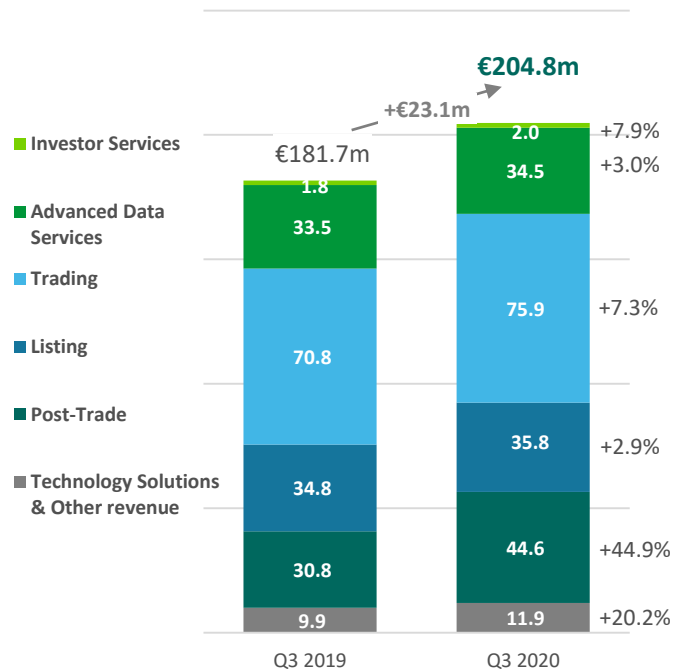
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## Q3 2020 BUSINESS REVIEW

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# Q3 2020 REVENUE UP +12.7% DRIVEN BY THE CONSOLIDATION OF ACQUIRED BUSINESSES AND RESILIENT CORE BUSINESS



- +44.9% increase in Post-trade revenue, driven by the first consolidation of revenue from VP Securities, the Danish CSD, and higher clearing revenue
- Increased trading revenue contributed by Nord Pool power trading offsetting lower cash and derivatives trading volumes
- Listing revenue growth driven by the strong performance of Corporate Services
- Advanced Data Services revenue benefiting from the consolidation of Nord Pool, good performance of indices and resilient market data

**+12.7%**

**Q3 2020 consolidated revenue growth**

**€19.2m**

**Revenue contribution from acquired businesses**

**54%**

**Non-volume related revenue, reflecting increased post-trade activities**

**128%**

**Non-volume related revenue to operating cost coverage vs 129% in Q3 2019**

■ Non-volume related revenue  
■ Volume related revenue

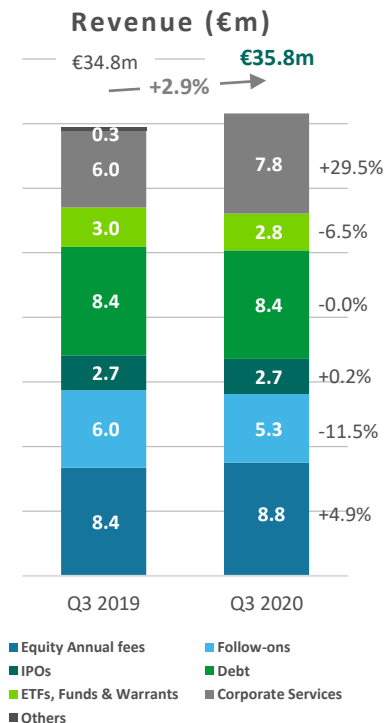


'Organic' and 'Like-for-like' referring to Euronext Group perimeter, at constant currencies, excluding OPCVM360, Ticker, Nord Pool and Oslo Børs VPS as well as any project cost supported by Euronext for the integration of these companies

| Volume related revenue accounting for trading and clearing activities and IPOs revenue  
 | Operating cost coverage equal to non-volume related revenue divided by operating expenses excluding D&A  
 | Total revenue also include €0.0m of other income in Q3 2020, and €0.1m of other income in Q3 2019

# LISTING REVENUE UP +2.9% TO €35.8M IN Q3 2020

Continued strong performance of Euronext Corporate Services



- Like-for-like at constant currencies, revenue increased +2.6%
- Corporate Services reported a strong performance**, generating €7.8 million in revenue in Q3 2020, reflecting continued success of the offering and increased demand for digital solutions during the pandemic.
- Record quarter in new equity listing with 21 SME listings
- Slowdown in the secondary market issuances impacted by low valuation in a volatile environment.



- €213.2 billion total money raised
- 21 New listings
- €917 million raised on Primary Markets
- +29.5% revenue growth of Corporate Services



# TRADING REVENUE UP +7.3% TO €75.9M IN Q3 2020 (1/2)

Increased market share and yield in cash trading, despite a less volatile environment

## 1 Cash trading

€53.0m

revenue  
-0.6%

€7.5bn

ADV  
-5.8%

0.54bps  
yield

70.0%  
market share  
+0.6 pts

- Lower trading volumes offset by improved average yield and market share
- Like-for-like at constant currencies, revenue decreased -0.2%

## 2 Derivatives trading

€10.8m

revenue  
-6.3%

488k lots

Financial derivatives  
ADV  
-6.8%

62k lots

Commodities  
ADV  
+14.1%

€0.30

Rev. per lot  
-1.3%

- Improved mix with high-yield commodity products volumes partially offsetting the dilutive impact of recently launched equity futures products
- Seasonal increase in agricultural commodities supported by increased commercial traction of the offering
- Like-for-like at constant currencies, revenue was down -6.0%

399k lots  
excl. Single Stock  
and Dividend futures

€0.33  
excl. Single Stock  
and Dividend futures

## TRADING REVENUE UP +7.3% TO €75.9M IN Q3 2020 (2/2)

Stable FX trading revenue at constant currencies and contribution of Nord Pool trading activities

### FX trading

€5.8m

revenue  
-2.4%

\$19.3bn

ADV  
-0.3%

- Solid results thanks to an improved market share in a less volatile environment
- Like-for-like at constant currencies, revenue increased +2.6%

### Power trading

€6.3m

revenue

2.19 TWH

day-ahead ADV

0.07 TWH

intraday ADV

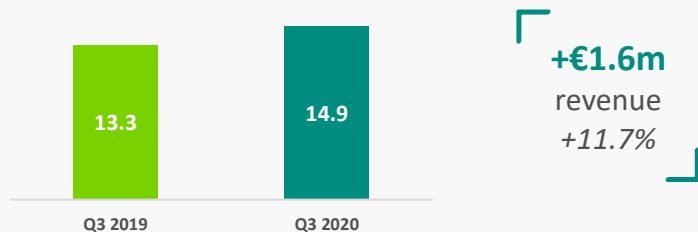
- Lower volumes reflecting usual seasonal slow down during spring and summer months at Nord Pool

## POST-TRADE REVENUE UP +44.9% TO €44.6 M

Consolidation of the Danish CSD VP Securities revenue and higher clearing revenue

### 1 Clearing

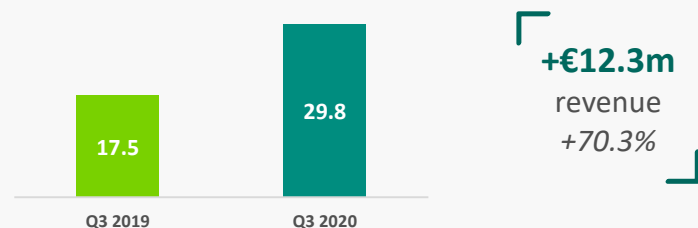
in €m



- Higher treasury income offsetting lower derivatives trading volumes

### 2 Custody, Settlement and other post-trade

in €m



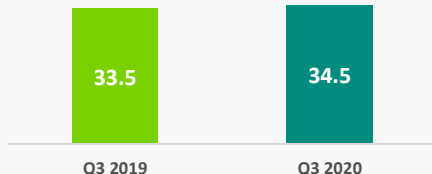
- Contribution from VP Securities: €10.0m
- High settlement activities across Euronext CSDs and increased retail participation in VP Securities and VPS
- Like-for-like at constant currencies, revenue increased +19.5%

# ADVANCED DATA SERVICES, INVESTOR SERVICES AND TECHNOLOGY SOLUTIONS

Consolidation of Nord Pool and resilient performance of the core business

## 1 Advanced Data Services

in €m

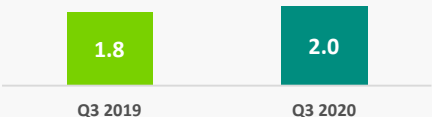


**+€1.0 m**  
revenue  
+3.0%

- Contribution of recent acquisitions: Nord Pool for +€0.5m
- Resilient market data activity and continuous success of ESG indices
- Like-for-like at constant currencies, revenue increased +2.6%

## 2 Investor Services

in €m

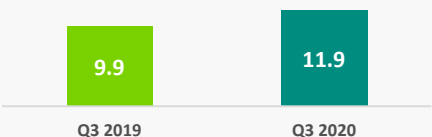


**+€0.1 m**  
Revenue  
+7.9%

- Continued revenue growth thanks to the commercial development
- Like-for-like at constant currencies, revenue increased +9.6%

## 3 Technology Solutions

in €m



**+€2.0 m**  
revenue  
+20.2%

- Contribution of recent acquisitions: Nord Pool for +€1.8m
- Solid core business
- Like-for-like at constant currencies, revenue increased +2.0%

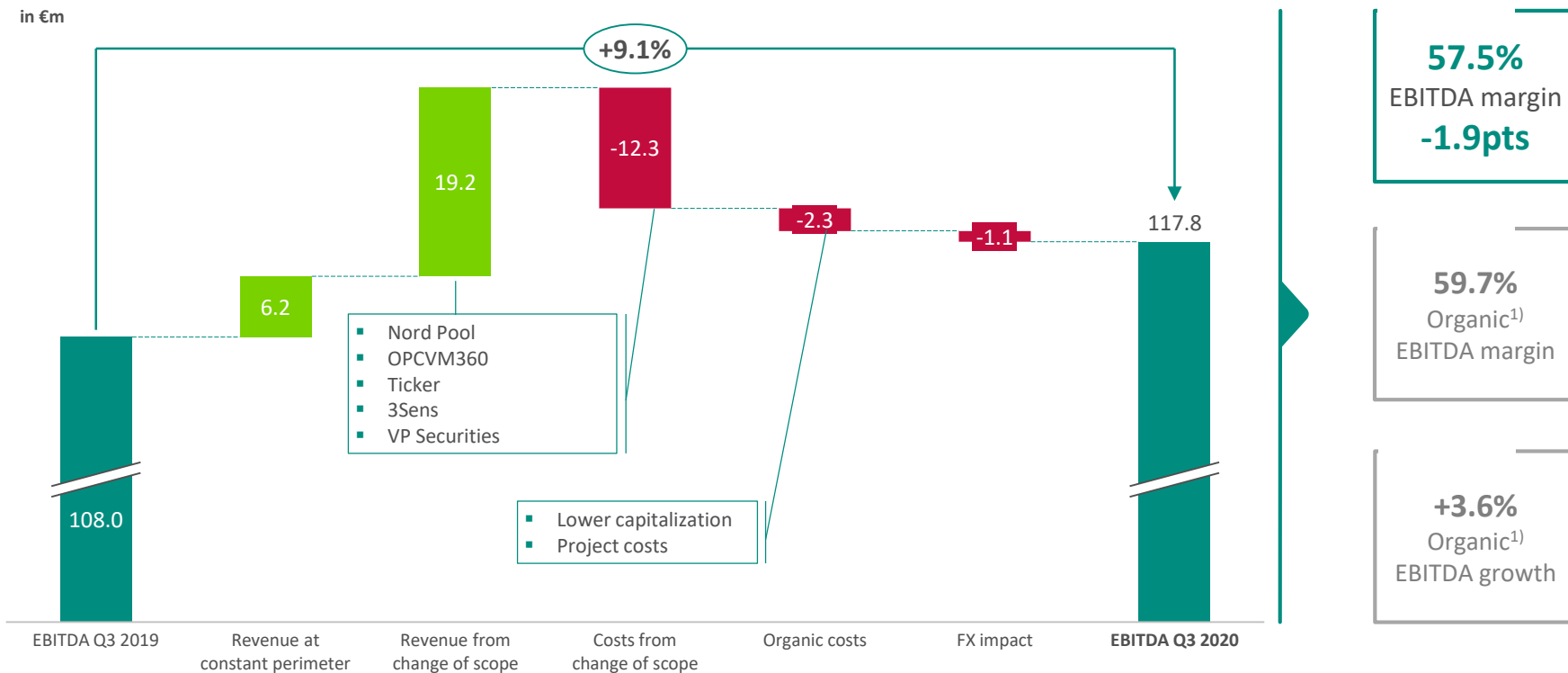


## Q3 2020 FINANCIAL REVIEW

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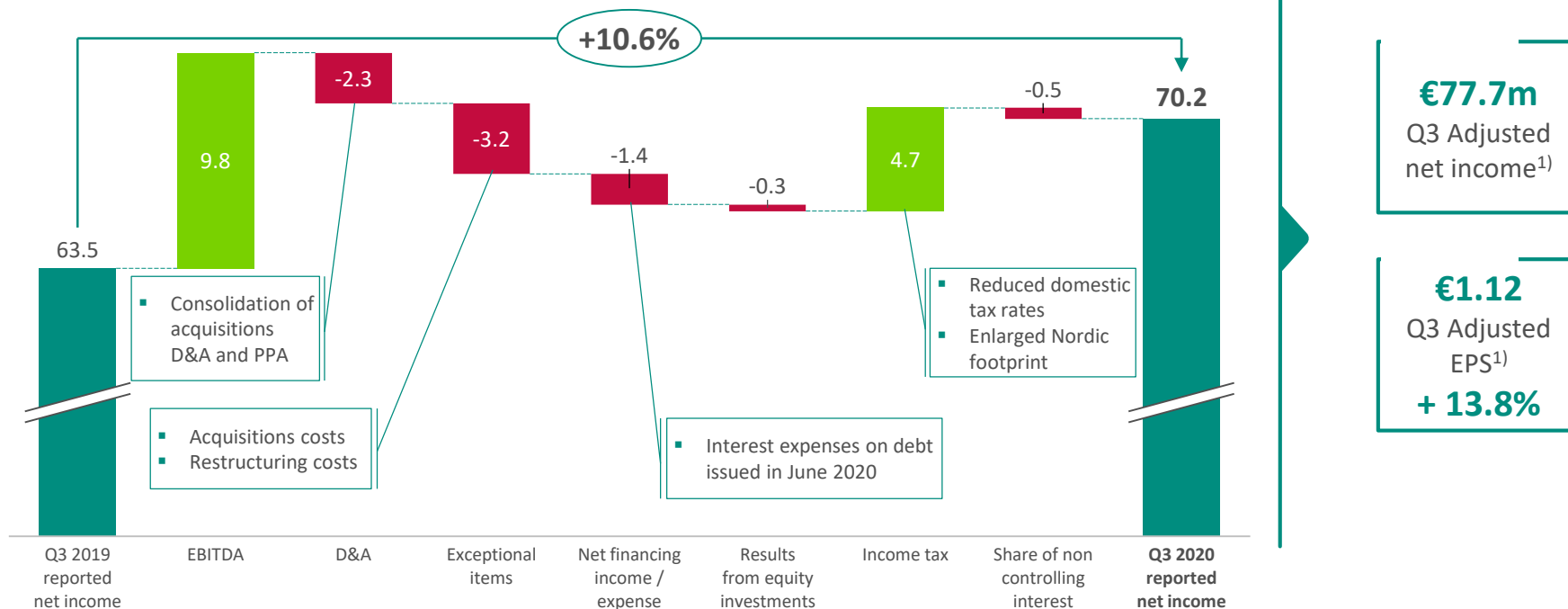
# Q3 2020 EBITDA UP +9.1% TO €117.8 M

Robust performance of core trading business and consolidation of acquisitions

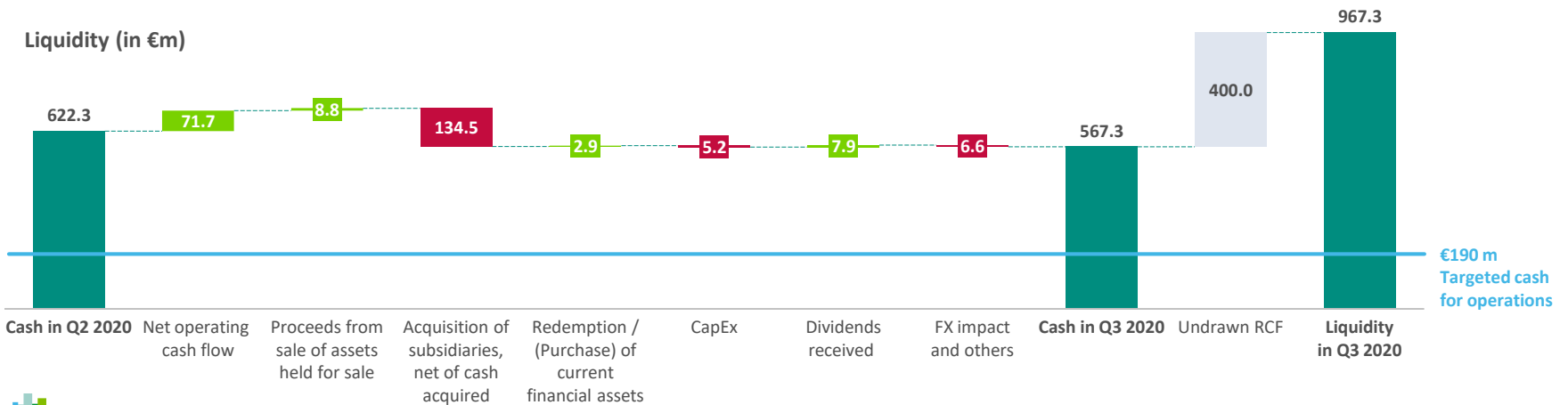
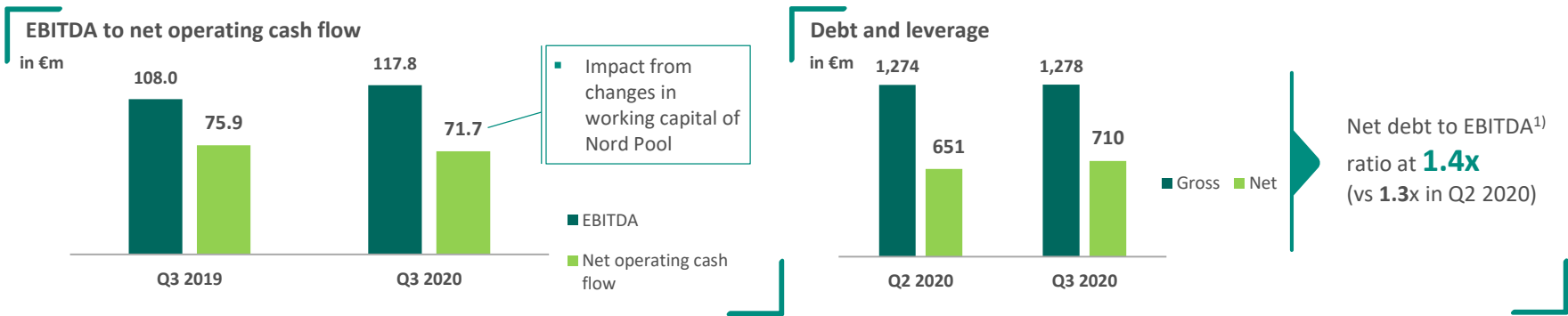


# Q3 2020 NET INCOME UP +10.6% TO €70.2M, ADJUSTED EPS UP +13.8% TO €1.12 PER SHARE

in €m



# SOLID CASH FLOW GENERATION AND LIQUIDITY POSITION







Q&A



## Q&A - SPEAKERS



**Stéphane Boujnah**

CEO and Chairman of the  
Managing Board



**Giorgio Modica**

Chief Financial Officer



**Anthony Attia**

Managing Board  
Member



## APPENDIX

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# ADJUSTED EPS

## 1 Adjusted EPS reconciliation table

<i>In €m unless stated otherwise</i>	<b>Q3 2020</b>	Q3 2019
Net Income Reported	70.2	63.5
<i>EPS Reported (€ per share)</i>	1.01	0.91
Intangible assets adj. related to acquisitions (PPA)	- 5.4	- 5.5
Exceptional items	- 3.5	- 0.3
Tax related to those items	1.4	1.0
<b>Adjusted for intangible assets related to acquisitions, capital gains or losses and exceptional items, incl. tax</b>		
Adj. Net Income	77.7	68.3
<b>Adj. EPS (€ per share)</b>	<b>1.12</b>	<b>0.98</b>

## Q3 2020 INCOME STATEMENT

Unaudited, In €m	Q3 2020	Q3 2019	% var
<b>Revenue</b>	<b>204.8</b>	<b>181.7</b>	<b>+12.7%</b>
Listing	35.8	34.8	+2.9%
Trading revenue	75.9	70.8	+7.3%
Cash Trading	53.0	53.4	-0.6%
Derivatives Trading	10.8	11.5	-6.3%
Spot FX Trading	5.8	6.0	-2.4%
Power trading	6.3	0.0	n/a
Investor Services	2.0	1.8	+7.9%
Advanced Data Services	34.5	33.5	+3.0%
Post-trade	44.6	30.8	+44.9%
Clearing	14.9	13.3	+11.7%
Custody, Settlement and other post-trade	29.8	17.5	+70.3%
Technology Solutions & other revenue	11.9	9.9	+20.2%
Other income	0.0	0.1	-59.0%
<b>Operational expenses excluding D&amp;A</b>	<b>-87.1</b>	<b>-73.8</b>	<b>+18.0%</b>
Salaries and employee benefits	-48.3	-40.7	+18.8%
Other Operational Expenses	-38.8	-33.1	+17.0%
System & Communication	-10.1	-7.6	+32.5%
Professional Services	-12.6	-9.3	+36.4%
Clearing expense	-8.1	-7.2	+12.2%
Accommodation	-2.0	-1.7	+19.4%
Other Operational Expenses	-5.9	-7.4	-19.5%
<b>EBITDA</b>	<b>117.8</b>	<b>108.0</b>	<b>+9.1%</b>
<i>EBITDA margin</i>	<i>57.5%</i>	<i>59.4%</i>	<i>-1.9 pts</i>
Depreciation & Amortisation	-15.4	-13.1	+17.8%
<b>Operating Profit before Exceptional items</b>	<b>102.3</b>	<b>94.9</b>	<b>+7.9%</b>
Exceptional items	-3.5	-0.3	n/a
<b>Operating Profit</b>	<b>98.8</b>	<b>94.6</b>	<b>+4.5%</b>
Net financing income / (expense)	-3.4	-2.0	+68.3%
Results from equity investments	1.8	2.1	-14.3%
<b>Profit before income tax</b>	<b>97.2</b>	<b>94.7</b>	<b>+2.7%</b>
Income tax expense	-25.6	-30.4	-15.6%
Share of non-controlling interests	-1.4	-0.8	+66.1%
<b>Profit for the period</b>	<b>70.2</b>	<b>63.5</b>	<b>+10.6%</b>

# BALANCE SHEET AS AT 30 SEPTEMBER 2020

Unaudited, In €m	As at 30 Sept 2020	As at 30 June 2020
<b>Non-current assets</b>		
Property, plant and equipment	55.5	55.7
Right-of-use assets	51.1	46.2
Goodwill and other intangible assets	1,515.2	1,439.0
Deferred income tax assets	20.3	19.1
Investments in associates and JV	65.3	71.4
Financial assets at fair value through OCI	199.6	199.6
Other non current assets	4.1	3.8
<b>Total non-current assets</b>	<b>1,911.1</b>	<b>1,834.8</b>
<b>Current assets</b>		
Trade and other receivables	210.8	197.5
Income tax receivable	3.8	4.6
Derivative financial instruments	24.2	24.2
Other short-term financial assets	90.2	37.1
Cash & cash equivalents	567.3	622.3
<b>Total current assets</b>	<b>896.3</b>	<b>885.7</b>
Assets held for sale	-	8.8
<b>Total assets</b>	<b>2,807.4</b>	<b>2,729.3</b>

Unaudited, In €m	As at 30 Sept 2020	As at 30 June 2020
<b>Shareholders' equity</b>		
Shareholders' equity	966.2	906.6
Non-controlling interests	31.3	29.4
<b>Total Equity</b>	<b>997.5</b>	<b>936.0</b>
<b>Non-current liabilities</b>		
Borrowings	1,272.2	1,271.9
Lease liabilities	33.9	34.8
Other non-current financial liabilities	-	-
Deferred income tax liabilities	87.3	72.9
Post employment benefits	25.9	26.0
Contract liabilities	42.4	44.1
Other provisions	14.2	14.4
<b>Total Non-current liabilities</b>	<b>1,476.0</b>	<b>1,464.1</b>
<b>Current liabilities</b>		
Borrowings	5.3	1.6
Lease liabilities	20.7	14.7
Other current financial liabilities	1.0	1.0
Derivative financial instruments	-	-
Income tax payable	31.7	31.0
Trade and other payables	200.3	190.9
Contract liabilities	73.4	88.1
Other provisions	1.6	1.7
<b>Total Current liabilities</b>	<b>333.9</b>	<b>329.1</b>
<b>Total equity and liabilities</b>	<b>2,807.4</b>	<b>2,729.3</b>

## Q3 2020 CASH FLOW AND LIQUIDITY POSITION

Unaudited, In €m	Q3 2020	Q3 2019
<b>Profit before tax</b>	<b>97.2</b>	<b>94.7</b>
<b>Adjustments for:</b>		
- Depreciation and amortisation	15.4	13.1
- Share based payments	2.3	1.8
- Share of profit from associates and joint ventures	-1.8	-2.1
- Changes in working capital	-14.1	-9.0
<b>Cash flow from operating activities</b>	<b>99.0</b>	<b>98.5</b>
Income tax paid	-27.3	-22.6
<b>Net cash flows from operating activities</b>	<b>71.7</b>	<b>75.9</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-134.5	-16.2
Proceeds from sale of assets held for sale	8.8	0.0
Purchase of current financial assets	-1.2	-0.8
Redemption of current financial assets	4.0	0.0
Purchase of property, plant and equipment	-1.2	-4.1
Purchase of intangible assets	-4.0	-3.2
Dividends received from associates	7.9	0.1
<b>Net cash flow from investing activities</b>	<b>-120.2</b>	<b>-24.2</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings, net of transaction fees	0.2	0.0
Repayment of borrowings, net of transaction fees	0.0	-45.7
Interest paid	-0.1	-0.1
Interest received	0.0	0.2
Payment of lease liabilities	-3.9	-2.8
Transaction of own shares	0.0	0.4
Employee Share transactions	0.0	-1.4
Dividends paid to non-controlling interests	0.0	-0.2
<b>Net cash flow from financing activities</b>	<b>-3.9</b>	<b>-49.6</b>
<b>Total cash flow over the period</b>	<b>-52.3</b>	<b>2.1</b>
Cash and cash equivalents - Beginning of period	622.3	324.3
Non cash exchange gains/(losses) on cash and cash equivalents	-2.7	-1.3
<b>Cash and cash equivalents - End of period</b>	<b>567.3</b>	<b>325.1</b>

Unaudited, In €m	Q3 2020	Q3 2019
<b>Cash beginning of period</b>	<b>622.3</b>	<b>324.3</b>
Investments (incl. subsidiaries net of cash acquired & associates)	- 134.5	- 16.2
Dividends received from associates	7.9	0.1
Cash accumulation, net of others	71.4	17.0
<b>Cash end of period</b>	<b>567.3</b>	<b>325.1</b>
Undrawn RCF	400.0	355
<b>Available Liquidity</b>	<b>967.3</b>	<b>680.1</b>

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