



Euronext Q2 2023 results

Analysts call



28 July 2023

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Stéphane Boujnah

CEO and Chairman of
the Managing Board



Giorgio Modica

Chief Financial Officer





Opening remarks

1



Q2 2023 highlights

2

Solid Q2 2023 driven by non-volume business organic growth and robust performance of market share and yield in cash trading

€368.1m

Revenue and income, stable like for like at constant currencies (-0.5%)

61%

of non-volume related¹⁾ revenue

€152.0m

Underlying cost exc. D&A, down by -0.7%

€216.1m

Adjusted EBITDA, slightly down by -2.1% like for like at constant currencies

58.7%

Adjusted EBITDA margin

€120.0m

Net income, up +0.9%

€1.34

Adjusted²⁾ EPS, stable

€151.9m

Net operating cash flow, adjusted for Nord Pool and Euronext Clearing CCP activities

2.2x

Net Debt to adj. EBITDA³⁾, impacted by the payment of the 2022 dividend

€44.2m cumulated run-rate EBITDA synergies delivered since April 2021, as of end of Q2 2023 and

€70m cumulated run-rate EBITDA synergies expected by the end of 2023

Unless stated otherwise, percentages compare Q2 2023 figures with Q2 2022

1) Non-volume related revenue includes Listing exc. IPO, Advanced Data Services, Custody Settlement and other post-trade, fixed revenue from Clearing activities (such as NTI and membership fees), Investor Services, Technology Solution, Other Income and Transitional Revenue

2) Definition in appendix - Basic number of outstanding shares at 106,741,621 for Q2 2023, Q2 2022 basic outstanding shares at 106,989,806 shares

3) Based on last twelve months adjusted EBITDA. Impacted by Euronext dividend payment in Q2 2023.

Continuing progress on Borsa Italiana integration



Achieved milestones

June 2022

- ✓ Migration of the Core Data Centre from Basildon (UK) to Bergamo (Italy)

March 2023

- ✓ Migration of Borsa Italiana cash markets to Optiq®
- ✓ Opening of test clearing platform for Euronext clients

June 2023

- ✓ Euronext Clearing fee grid publication

July 2023

- ✓ Sale of 11.1% stake in LCH SA to LCH Group
- ✓ Successful rehearsal for Phase 2 of BITA Optiq® migration



Upcoming strategic milestones

From September 2023

Start of the migrations of other Borsa Italiana markets to Optiq® leading to the termination of the contract with the third-party provider

→ **Cost synergies expected**

Euronext Clearing expansion to Euronext markets for cash equities **by Q4 2023**

→ **Revenue synergies expected**

By Q3 2024

Euronext Clearing expansion to Euronext markets for **listed derivatives and commodities clearing** following the termination of the agreement with LCH SA

→ **Revenue and cost synergies expected**



From €44.2 million today

run-rate annual EBITDA synergies already delivered



to €70 million by end of 2023
and **€115 million by end of 2024**
of EBITDA synergies on a cumulated run-rate basis

Confirmed leadership position in European cash equity trading

Equity trading market share



Q2 2023

65.4%

Target

≥63%

Cash trading revenue capture



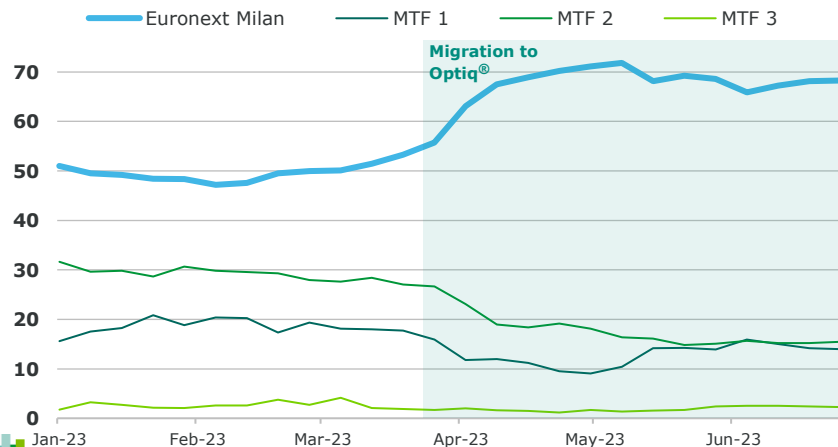
0.53bps

≥0.52bps

✓ Positive impact of the migration of Italian cash markets onto Optiq® supporting improved market quality. In June 2023, Euronext reported its highest market share over the last twelve months.

✓ New fee schemes in Italy supported improved revenue capture, despite the negative impact of higher average order size.

EBBO Setting (%) - Weekly - FTSE MIB Securities



✓ Sustained improved market quality delivered for Italian markets since migration to Optiq®.

✓ +20% increase was recorded in EBBO setting daily average since migration.

✓ Highest market share since January 2022 for Euronext Milan was reached in June 2023.

Continued disciplined capital allocation

Disposal of Euronext's 11.1% stake in LCH SA

- **Disposal of Euronext's 11.1% stake in LCH SA** to LCH Group was completed on 6 July 2023 for **€111 million**.
- Consequently, Euronext will incur a **€40 million tax-exempted non-underlying capital gain in Q3 2023**.
- This transaction results from the notification by LCH Group to Euronext of the exercise of its option to buy back Euronext's 11.1% stake in LCH SA, following the early termination of the existing derivatives clearing agreement between Euronext and LCH SA planned for Q3 2024.

€200m share repurchase programme

- Launch of a **share repurchase programme for an amount of €200 million for a period of 12 months** starting on 31 July 2023. This represents around 3% of outstanding shares at the current share price.
- **This programme is enabled by Euronext's strong cash generation capabilities and demonstrates Euronext's rigorous capital allocation strategy.** The programme will not change the deleveraging path of Euronext, nor its rating.
- The Programme will **preserve the Group's financial flexibility to capture market opportunities and its existing dividend policy of 50% of net income pay-out.**



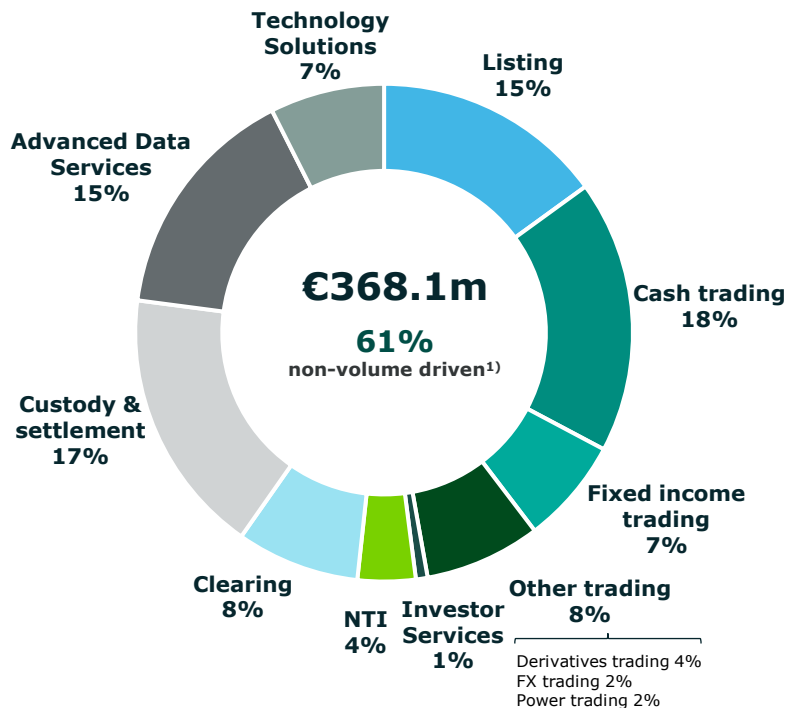
Q2 2023 business review



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Solid quarter driven by organic growth of non-volume related business and yield and market share management

Q2 2023 revenue and income



Technology Solutions



€27.3m

+13.2%

Advanced Data Services



€56.9m

+9.4%

Listing



€55.1m

-0.5%

Post Trade



€93.1m

-0.8%

Trading



€118.2m

-8.5%

Strong performance of non-volume related businesses, record data and investor services revenue

Technology Solutions

Revenue in €m



Strong quarter, up +13.2%

- Positive impact of the internalisation of colocation services following migration of Euronext Core Data Centre to Bergamo in June 2022

Advanced Data Services

Revenue in €m



Record revenue, up +9.4%

- Increased number of clients and revenue capture
- Continued strong performance of data solutions business

Investor Services

Revenue in €m

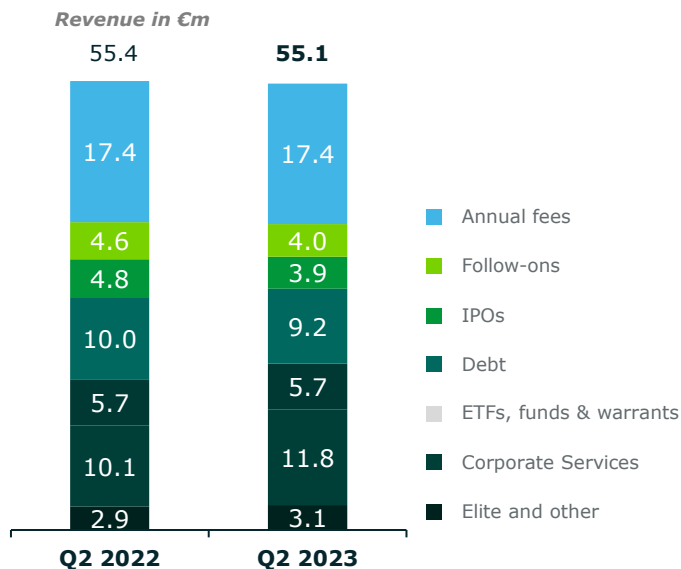


Record revenue, up +21.5%

- Continued commercial expansion cementing the franchise as the research evaluation platform of choice for the largest global investment managers

Confirmed leadership in listing in Europe in Q2 2023

Revenue grew **+2.1% like-for-like at constant currencies**, reported revenue was down **-0.5%** due to NOK depreciation
#1 venue for equity listing in Europe and for debt listing worldwide



16
new listings

#1
largest IPO in Europe

€4.3bn
Secondary markets
money raised

€338bn
Total money raised

#1 ESG
Bond listing venue
worldwide

>54,000
bonds listed

Less volatile environment partially offset by higher cash and derivatives revenue capture

Cash trading

Revenue in €m



- Revenue down -13.3% and AVD down -14.0% reflecting a low volatility environment
- Average yield at **0.53bps**, above guidance following migration of Borsa Italiana cash markets to Optiq® partially offset by larger order size
- Average market share at **65.4%**, above floor and constantly increasing throughout the quarter

Derivatives trading

Revenue in €m



- Revenue down -12.6% due to lower financial derivatives volumes (ADV -23.2%), partially offset by strong performance of commodity derivatives (ADV +25.3%)
- Average revenue capture at **€0.35** per lot

FX trading

Revenue in €m



- Lower volatility driving volumes down -8.6%
- Lower volumes combined with negative trading flows mix driving revenue down -15.7%

Continued strong performance of fixed income and power trading activities in Q2 2023

Fixed income trading

Revenue in €m



- **Solid quarter** with revenue up +1.4% driven by increasing interest rates
- Record volumes for MTS repo, TAADV up +27.7%, and other fixed income (+27.4%)
- MTS Cash volumes only slightly down (-2.0%) compared to a strong Q2 2022

Power trading

Revenue in €m



- **Strong quarter** with revenue **up +24.7%** driven by very strong intraday volumes and improved revenue capture, partly offset by lower day-ahead volumes
- Record intraday volumes traded, up +90.3% to 0.18TWh
- Day-ahead volumes traded down -6.3% to 2.36TWh
- Like-for-like at constant currencies, revenue increased +45.0%

Solid Q2 2023 for post trade driven by record quarter for CSD activities

Clearing – exc. NTI

Revenue in €m

■ Euronext Clearing ■ LCH SA



- Revenue down -6.4% due to lower equity and derivatives trading volumes and contribution from LCH SA
- Uplift in bond clearing, partially offsetting lower equity and derivatives clearing at Euronext Clearing

Net treasury income

Revenue in €m



- Higher level of cash held offset by the change in investment policy following the completion of the disposal of Euronext Clearing investment portfolio

Custody & Settlement

Revenue in €m



- **Solid quarter** with revenue up +2.0% due to successful roll out of new fee scheme and strong growth of services offering
- Assets under custody grew to €6.4 trillion at the end Q2 2023
- Lower settlement activity with c.29 million instructions over the quarter
- Like-for-like at constant currencies, revenue increased +6.1%



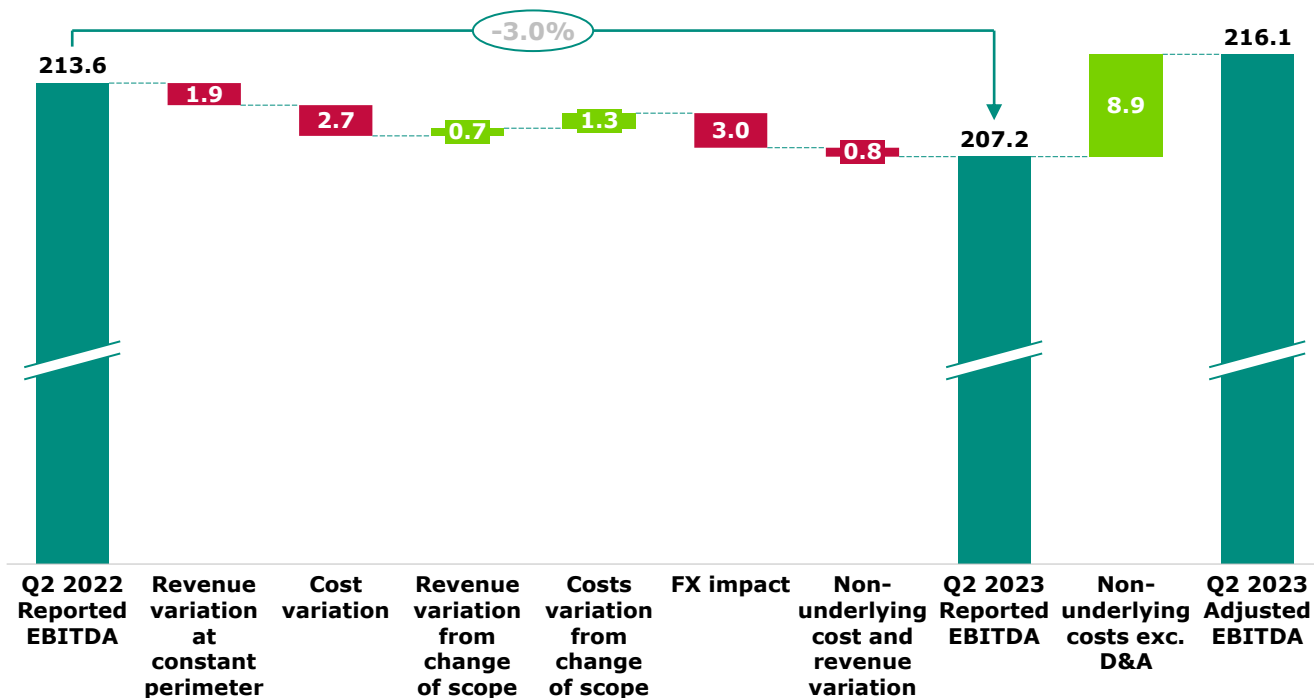
Q2 2023 financial review



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Q2 2023 adjusted EBITDA down -2.5% to €216.1 million

in €m

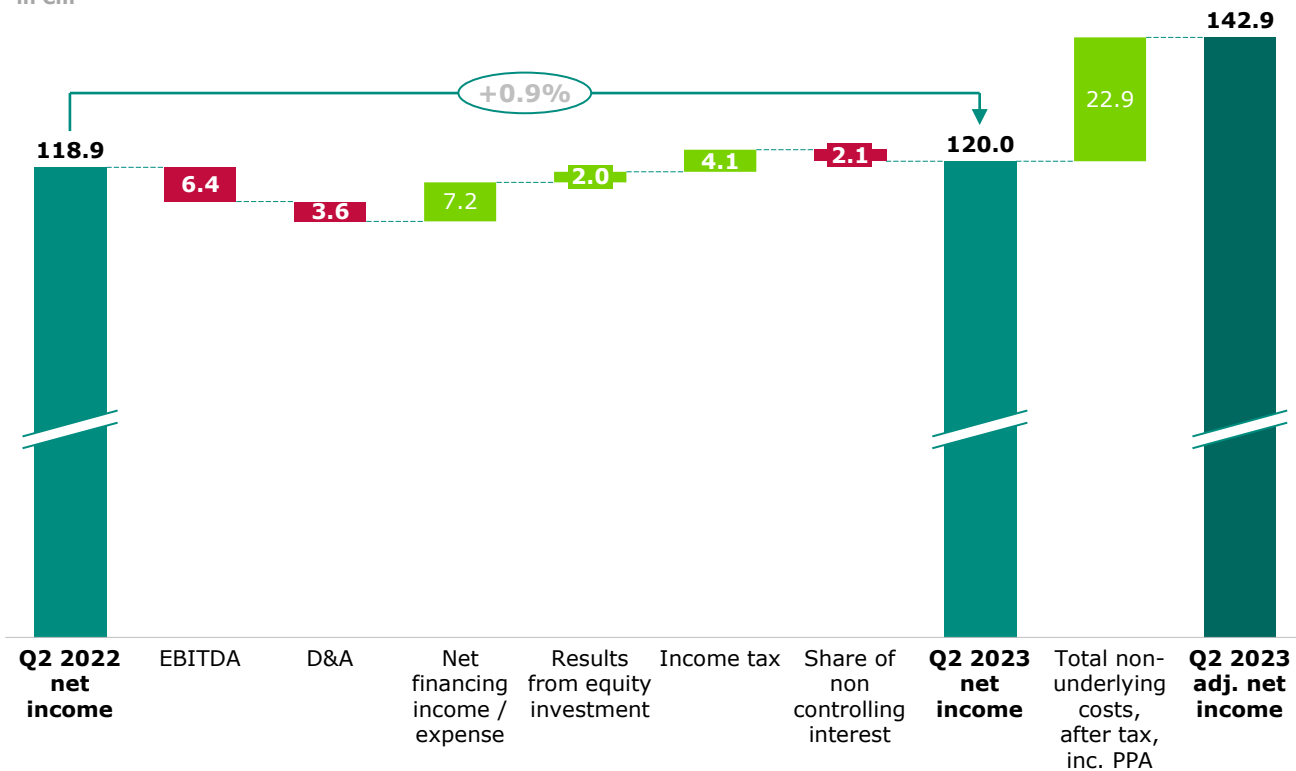


58.7%
Adj. EBITDA
margin

**Underlying
costs in line
with 2023
cost guidance**

Q2 2023 adjusted net income stable at €142.9 million, adjusted EPS at €1.34 per share

in €m



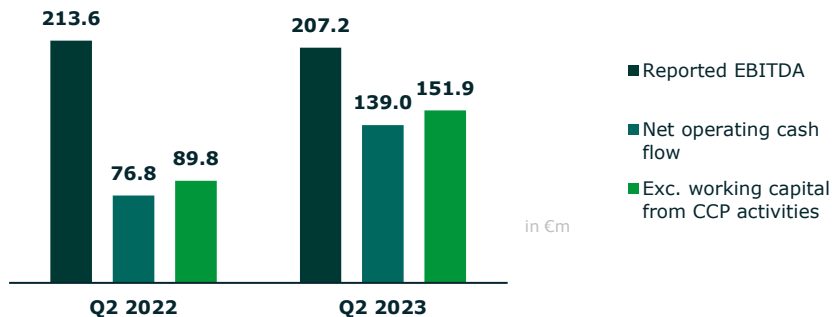
€120.0m
Reported
Net Income¹⁾
+0.9%

€142.9m
Adjusted
Net Income¹⁾

€1.34
Adjusted EPS¹⁾

Strong cash flow generation continued, dividend paid in Q2 2023

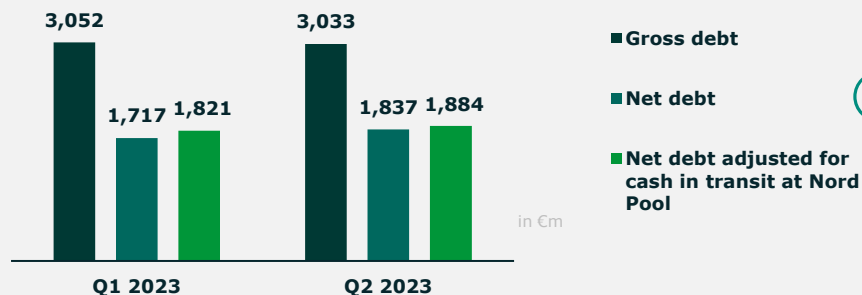
CASH FLOW GENERATION



Q2 2023 EBITDA to net operating cash flow conversion rate impacted by:

- Change in working capital related to Nord Pool and Euronext Clearing CCP activities for €12.9 million
- Excluding the impact on working capital from Nord Pool and Euronext Clearing CCP activities, net operating cash flow accounted for 73.3% of EBITDA

DEBT AND LEVERAGE



- Net debt to adjusted EBITDA¹⁾ at **2.2x**, impacted by payment of the 2022 dividend of €237 million in Q2 2023
- Net debt to reported EBITDA²⁾ ratio at **2.6x**
- Weighted average life to maturity of **7.4 years**

1) Based on last twelve months adjusted EBITDA at €822.3 million

2) Based on last twelve months reported EBITDA at €704.2 million – see appendix for details



Q&A



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Q&A - Speakers



Stéphane Boujnah

CEO and Chairman of the
Managing Board



Giorgio Modica

Chief Financial Officer



Anthony Attia

Global Head of Primary
Markets & Post Trade

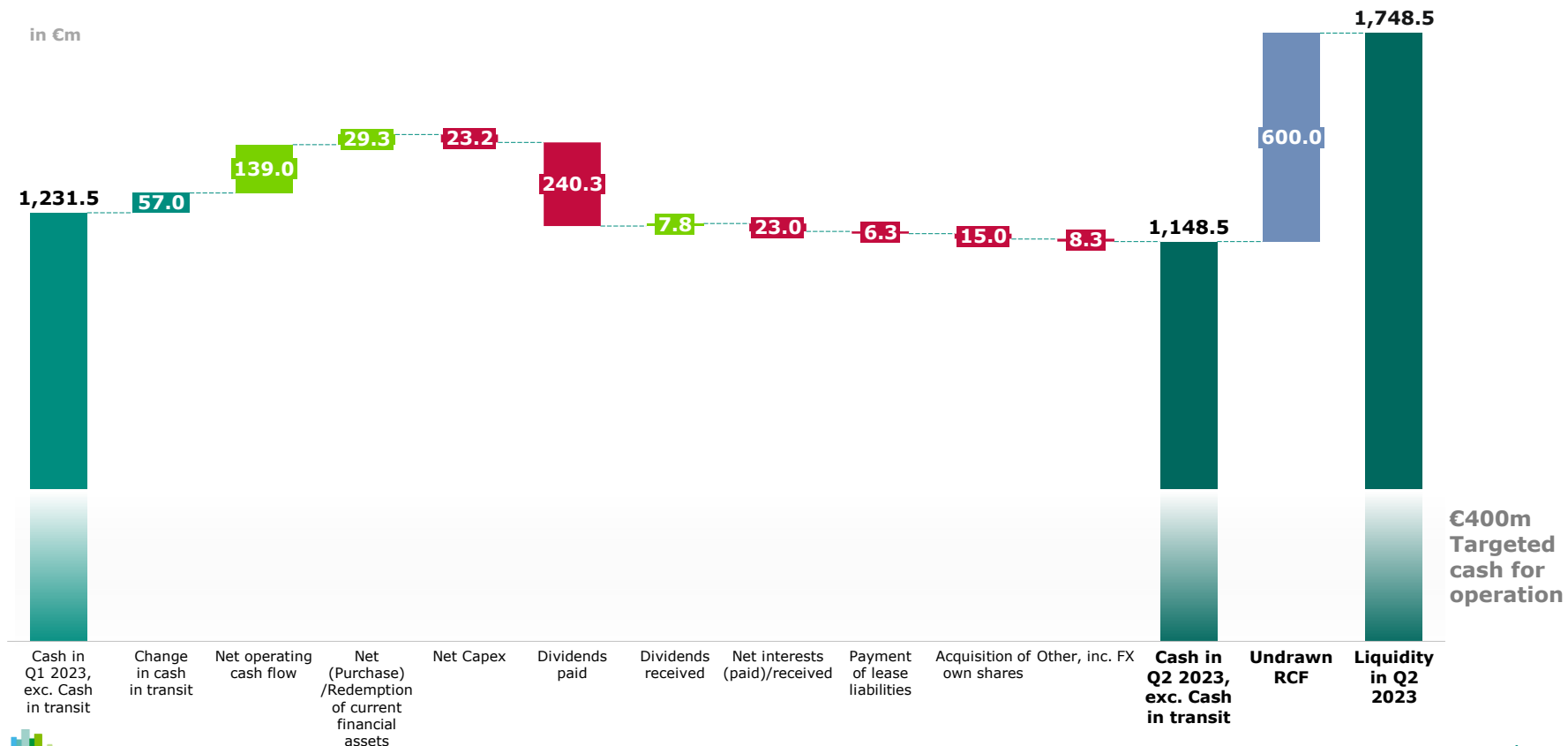


Simon Gallagher

Head of Cash and
Derivatives

APPENDIX

Liquidity at end of Q2 2023



Number of outstanding shares used for EPS computation

Following the rights issue that occurred on 29 April 2021, whose settlement occurred on 14 May 2021, the average outstanding number of shares (basic) to be used for EPS computation is provided below. For comparative purposes, average numbers of outstanding shares (basic) for previous comparative periods were restated using the bonus fraction.

- **For the first semester of 2023, the average number of outstanding shares (basic) is 106,741,621**
- For the first quarter of 2023, the average number of outstanding shares (basic) is 106,726,832
- For the full year 2022, the average number of outstanding shares (basic) is 106,669,451
- For the first nine months of 2022, the average number of outstanding shares (basic) is 106,652,256
- For the first semester of 2022, the average number of outstanding shares (basic) is 106,616,256

As a reminder, Euronext EPS for periodic reporting is computed as follow:

- Q1 EPS = Net income for Q1 / Average number of outstanding shares over Q1
- **Q2 EPS = (YTD-H1 Net income / Average number of outstanding shares over YTD-H1) – Q1 EPS**
- Q3 EPS = (YTD-9M Net income / Average number of outstanding shares over YTD-9M) – (Q2 EPS + Q1 EPS)
- Q4 EPS = (FY Net income / Average number of outstanding shares over the year) – (Q3 EPS + Q2 EPS + Q1 EPS)

Adjusted EPS for Q2 2023

in €m unless specified otherwise

	Q2 2023	Q2 2022
Net income reported	120.0	118.9
EPS reported (€)	1.12	1.11
Adjustments		
of which revenues	0.0	(0.0)
of which Operating expenses exc. D&A	(8.9)	(8.1)
of which Depreciation and amortisation	(23.8)	(23.7)
of which Net financing expense	(0.2)	0.0
of which results from equity investments	0.0	(1.5)
of which Minority interest	1.3	0.2
Tax related to adjustments	8.7	8.8
Adjusted net income	142.9	143.2
Adjusted EPS (€)	1.34	1.34

Q2 2023 income statement

In Cm, unless stated otherwise

The figures in this document have not been audited or reviewed by our external auditor.

	Q2 2023	Q2 2022	% var	% var (like-for-like, constant currencies)
Revenue and income	368.1	374.7	-1.8%	-0.5%
Listing	55.1	55.4	-0.5%	+2.1%
Trading revenue, of which	118.2	129.2	-8.5%	-7.7%
Cash trading	65.2	75.3	-13.3%	-13.3%
Derivatives trading	13.0	14.9	-12.6%	-12.3%
Fixed income trading	25.3	24.9	+1.4%	+1.5%
FX trading	6.1	7.3	-15.7%	-13.9%
Power trading	8.6	6.9	+24.7%	+45.0%
Investor Services	2.8	2.3	+21.5%	+24.6%
Advanced Data Services	56.9	52.0	+9.4%	+9.5%
Post-Trade, of which	93.1	93.9	-0.8%	+1.8%
Clearing	29.4	31.4	-6.4%	-6.4%
Custody and Settlement	63.7	62.5	+2.0%	+6.1%
Euronext Technology Solutions & Other	27.3	24.1	+13.2%	+11.7%
NTI through CCP business	13.8	15.7	-12.0%	-12.0%
Other income	0.7	1.0	-31.6%	-31.7%
Transitional revenues	0.0	0.9	-95.9%	-96.0%
Underlying operational expenses exc. D&A	(152.0)	(153.0)	-0.7%	+1.9%
Adjusted EBITDA	216.1	221.7	-2.5%	-2.1%
<i>Adjusted EBITDA margin</i>	<i>58.7%</i>	<i>59.2%</i>	<i>-0.5pts</i>	<i>-0.9pts</i>
Operating expenses exc. D&A	(160.9)	(161.1)	-0.1%	+2.3%
EBITDA	207.2	213.6	-3.0%	-2.5%
Depreciation & Amortisation	(42.2)	(38.5)	+9.4%	+11.2%
Total Expenses (inc. D&A)	(203.0)	(199.6)	+1.7%	+4.0%
Adjusted operating profit	197.8	206.9	-4.4%	+0.5%
Operating Profit	165.0	175.1	-5.7%	
Net financing (expense) / income	(1.9)	(9.1)	-79.5%	
Results from equity investments	3.2	1.2	+157.6%	
Profit before income tax	166.4	167.2	-0.5%	
Income tax expense	(41.2)	(45.2)	-9.0%	
Share of non-controlling interests	(5.2)	(3.1)	+68.0%	
Net income , share of the parent company shareholders	120.0	118.9	+0.9%	
Adjusted Net income , share of the parent company shareholders	142.9	143.2	-0.2%	
Adjusted EPS (basic, in €)	1.34	1.34	-0.3%	
Reported EPS (basic, in €)	1.12	1.11	+0.8%	
Adjusted EPS (diluted, in €)	1.34	1.34	-0.4%	
Reported EPS (diluted, in €)	1.12	1.11	+0.7%	

Last twelve months income statement

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	LTM reported
Revenue and income	301.4	347.0	372.3	368.1	1,388.7
Listing	54.0	53.5	54.7	55.1	217.4
Trading Revenue	117.8	116.3	128.9	118.2	481.2
of which Cash trading	67.3	65.1	71.7	65.2	269.3
of which Derivatives trading	14.0	13.4	14.9	13.0	55.3
of which Fixed income trading	21.4	22.1	26.2	25.3	95.1
of which FX spot trading	7.3	6.7	6.3	6.1	26.4
of which Power trading	7.8	8.9	9.8	8.6	35.1
Investor Services	2.5	2.6	2.6	2.8	10.5
Advanced Data Services	53.0	54.5	56.3	56.9	220.6
Post trade	86.2	88.6	94.0	93.1	361.9
of which Clearing	29.1	29.0	30.0	29.4	117.5
of which Settlement & Custody	57.1	59.6	64.0	63.7	244.5
Market solutions & other revenues	26.0	26.9	27.6	27.3	107.8
Net treasury income through CCP Business	(38.3)	4.3	7.5	13.8	(12.7)
Other income	(0.5)	0.3	0.2	0.7	0.7
Transitional revenue	0.6	0.1	0.5	0.0	1.3
Operating expenses excluding D&A	(153.0)	(170.2)	(200.5)	(160.9)	(684.6)
Underlying operating expenses excluding D&A	(150.4)	(159.2)	(153.8)	(152.0)	(615.4)
Adjusted EBITDA	199.9	187.9	218.5	216.1	822.3
<i>Adjusted EBITDA margin</i>	<i>57.1%</i>	<i>54.1%</i>	<i>58.7%</i>	<i>58.7%</i>	<i>59.2%</i>
EBITDA	148.3	176.9	171.8	207.2	704.2
D&A	(38.8)	(42.6)	(40.5)	(42.2)	(164.1)
Total expenses	(191.9)	(212.8)	(241.0)	(203.0)	(848.7)
Operating profit	109.5	134.2	131.3	165.0	540.0
Adjusted operating profit	183.8	168.4	200.9	197.8	750.9
Net financing income/(expense)	(4.6)	(6.0)	(4.5)	(1.9)	(17.0)
Results from Equity investments	1.7	12.6	8.4	3.2	25.9
Income tax	(27.9)	(38.5)	(33.1)	(41.2)	(140.6)
Tax rate	-26.2%	-27.3%	-24.5%	-24.8%	-25.6%
Minority interests	(2.9)	(3.0)	(5.6)	(5.2)	(16.8)
Net profit	75.8	99.3	96.5	120.0	391.6

Balance sheet as at 30 June 2023

in € million

	As of 30 Jun'23	As of 31 Mar'23
Non-current assets		
Property, plant and equipment	105.7	107.0
Right-of-use assets	60.9	59.2
Goodwill and other intangible assets	6,108.2	6,140.0
Deferred income tax assets	28.6	26.0
Investments in associates and joint ventures	1.3	75.4
Financial assets at fair value through OCI	290.1	278.4
Other non-current assets	9.6	8.6
Total non-current assets	6,604.3	6,694.6
Current assets		
Trade and other receivables	364.1	421.0
Income tax receivable	34.6	43.8
Derivative financial instruments	(0.0)	0.1
CCP clearing business assets	189,824.1	177,929.0
Other current financial assets	74.1	105.2
Cash & cash equivalents	1,195.8	1,335.7
Total current assets	191,492.6	179,834.7
Asset held for sale	69.4	-
Total assets	198,166.3	186,529.4
Equity		
Shareholders' equity	3,821.6	3,962.9
Non-controlling interests	128.6	130.7
Total Equity	3,950.1	4,093.6
Non-current liabilities		
Borrowings	3,029.4	3,028.3
Lease liabilities	42.1	37.0
Deferred income tax liabilities	532.8	538.9
Post-employment benefits	18.4	18.6
Contract liabilities	64.7	59.9
Other provisions	7.0	7.0
Total Non-current liabilities	3,694.4	3,689.7
Current liabilities		
Borrowings	3.4	24.2
Lease liabilities	23.6	27.3
CCP clearing business liabilities	189,926.7	177,998.4
Income tax payable	56.0	34.7
Trade and other payables	380.5	505.1
Contract liabilities	131.2	155.8
Other provisions	0.4	0.4
Total Current liabilities	190,521.8	178,746.0
Total equity and liabilities	198,166.3	186,529.4

unaudited, in €m

As at 30/06/2023

CCP clearing business assets	
CCP trading assets at fair value	11,894.7
Assets under repurchase transactions	151,934.6
Other financial assets traded but not yet settled	34.6
Debt instruments at fair value through other comprehensive income	103.7
Other instruments held at fair value	0.5
Other receivables from clearing members	9,868.7
Cash and cash equivalents of clearing members	15,987.3
Total assets	189,824.1
CCP clearing business liabilities	
CCP trading liabilities at fair value	11,894.7
Liabilities under repurchase transactions	151,934.6
Other financial liabilities traded but not yet settled	34.6
Other payables to clearing members	26,062.7
Total liabilities	189,926.7

Outstanding debt issued

Amount	Maturity	Interest
€500 million	2025	Fixed
€750 million	2029	Fixed
€600 million	2026	Fixed
€600 million	2031	Fixed
€600 million	2041	Fixed

Q2 2023 cash flows statement

<i>in € million</i>	Q2 2023	Q2 2022
Profit before tax	166.4	167.2
Adjustments for:		
- Depreciation and amortisation	42.2	38.5
- Share based payments	3.4	4.4
- Share of profit from associates and joint ventures	(3.2)	(1.2)
- Changes in working capital	(54.0)	(50.3)
Cash flow from operating activities	154.8	158.7
Income tax paid	(15.8)	(81.8)
Net cash flows from operating activities	139.0	76.8
Cash flow from investing activities		
Business combinations, net of cash acquired	-	(11.7)
Proceeds from sale of subsidiary	(0.2)	-
Purchase of current financial assets	3.3	(6.4)
Redemption of current financial assets	26.0	23.7
Purchase of property, plant and equipment	(4.8)	(8.9)
Purchase of intangible assets	(18.4)	(14.9)
Dividends received from associates	7.8	6.7
Interest received	4.9	5.7
Net cash flow from investing activities	18.6	(5.8)
Cash flow from financing activities		
Interest paid	(27.9)	(28.7)
Settlement of derivatives financial instruments	-	(8.9)
Payment of lease liabilities	(6.3)	(7.6)
Acquisitions of own shares	(15.0)	0.7
Employee Share transactions	(1.0)	(3.4)
Dividends paid to the company's shareholders	(237.2)	(206.0)
Dividends paid to non-controlling interests	(3.1)	(3.1)
Net cash flow from financing activities	(290.5)	(257.0)
Total cash flow over the period	(132.9)	(186.0)
Cash and cash equivalents - Beginning of period	1,335.7	1,157.1
Non cash exchange gains/(losses) on cash and cash equivalents	(7.1)	(22.1)
Cash and cash equivalents - End of period	1,195.8	949.1

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