

Euronext Q3 2020 Results

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EURONEXT

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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

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 EPS¹⁾

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**

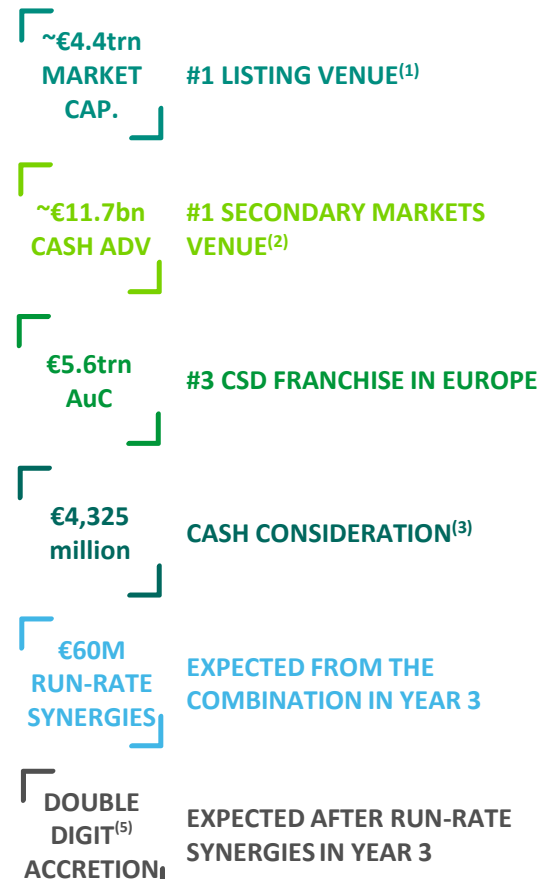
- Strengthens Euronext's leadership in European cash equities
- Significantly enhances scale and diversifies business mix through new asset classes and expansion of post-trade operations
- Enhance Euronext's mid-term strategic outlook opening opportunities for product innovation, geographical expansion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

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

- Combined Group⁽⁴⁾ 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⁽⁵⁾ expected before synergies, and double digit accretion⁽⁵⁾ expected after run-rate synergies in year 3

- **Financing and timing**

- All-cash transaction, equity value of €4,325 million⁽³⁾
- 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 Trisilème Sens

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

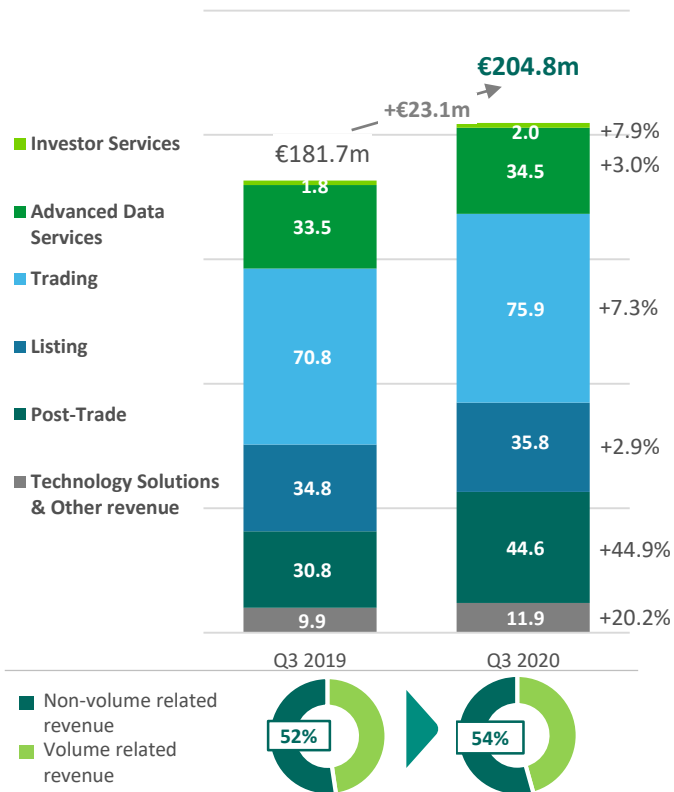


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Q3 2020 BUSINESS REVIEW



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 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%

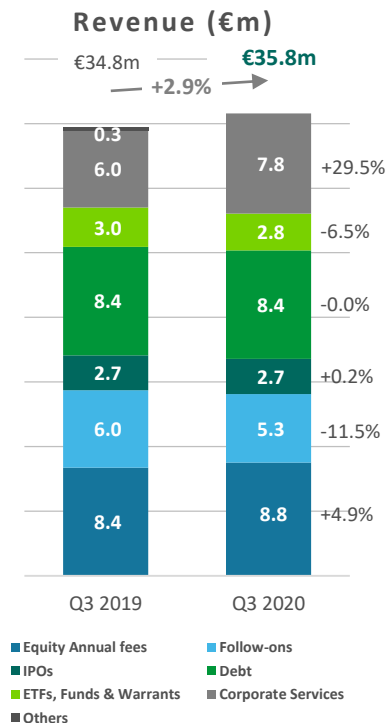
Non-volume related revenue, reflecting increased post-trade activities

128%

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

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.

BEWi

SALMON EVOLUTION*
 extending the ocean potential

Nyxoah
 The path to restful nights

energisme

unifiedpost
 GROUP

€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

3 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%

4 Power trading

€6.3m

revenue

2.19 TWH

day-ahead ADV

0.07 TWH

intraday ADV

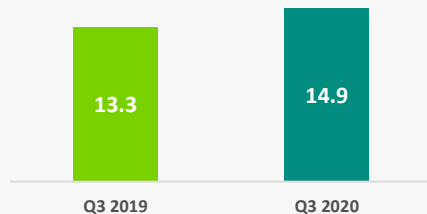
- **Lower volumes reflecting usual seasonal slow down** during spring and summer months at Nord Pool

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

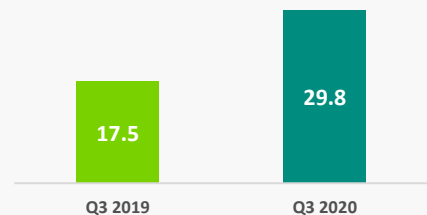


+€1.6m
revenue
+11.7%

- Higher treasury income offsetting lower derivatives trading volumes

2 Custody, Settlement and other post-trade

in €m



+€12.3m
revenue
+70.3%

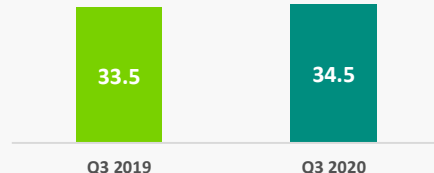
- Contribution from VP Securities: €10.0m
- High settlement activities across Euronext CSDs and increased retail participation in VP Securities and VPS
- Like-for-like at constant currencies, revenue increased +19.5%

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

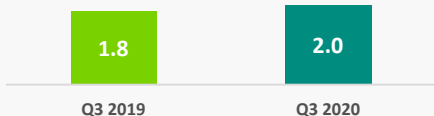


+€1.0 m
revenue
+3.0%

- 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

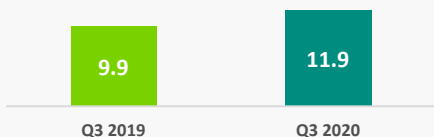


+€0.1 m
Revenue
+7.9%

- 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%

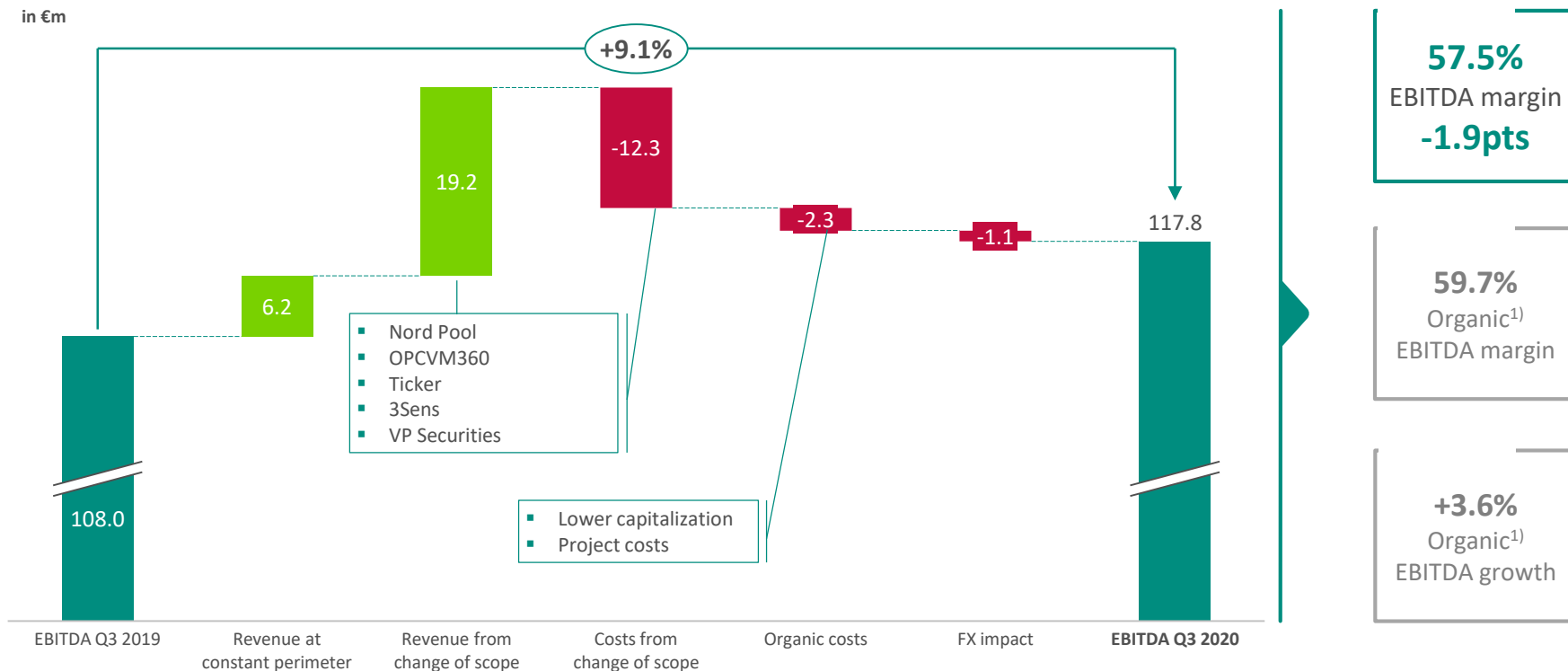
- Contribution of recent acquisitions: Nord Pool for +€1.8m
- Solid core business
- Like-for-like at constant currencies, revenue increased +2.0%



Q3 2020 FINANCIAL REVIEW

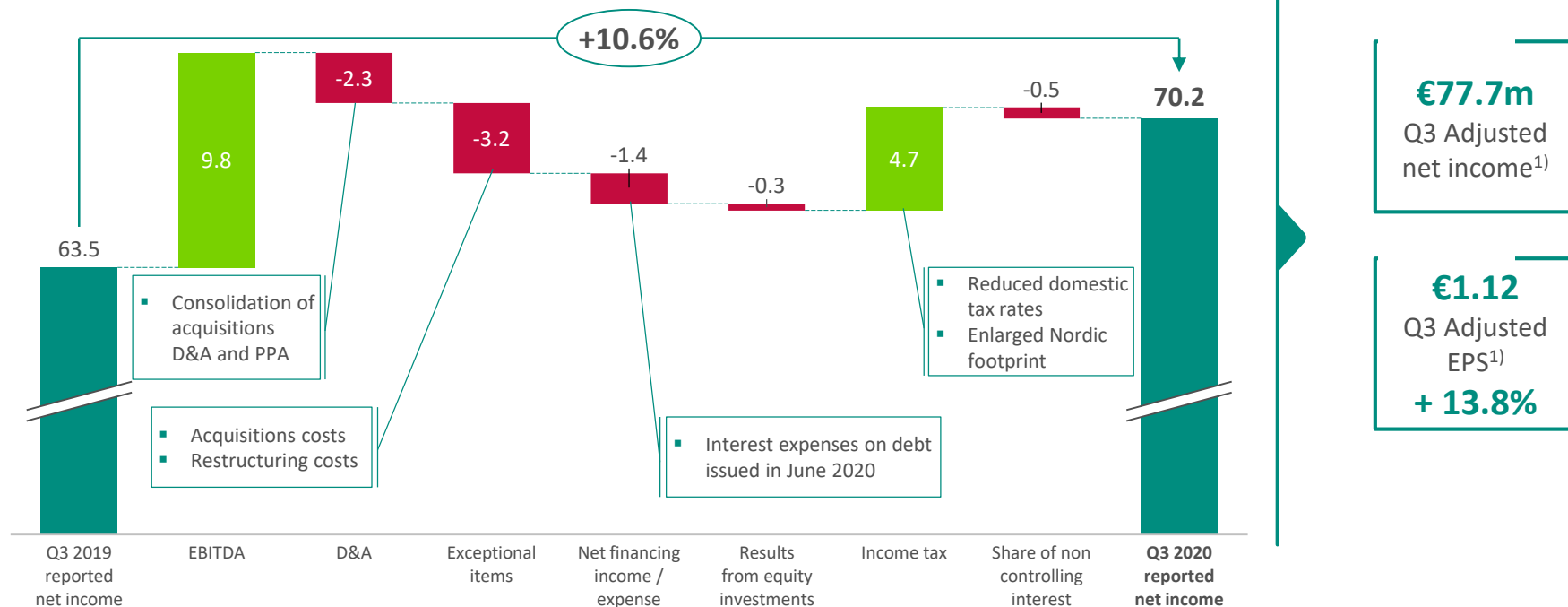
Q3 2020 EBITDA UP +9.1% TO €117.8 M

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

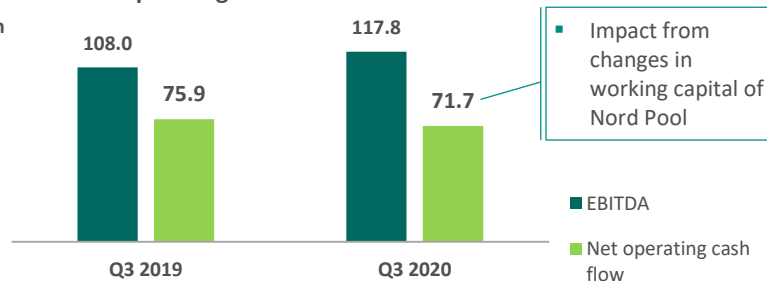
in €m



SOLID CASH FLOW GENERATION AND LIQUIDITY POSITION

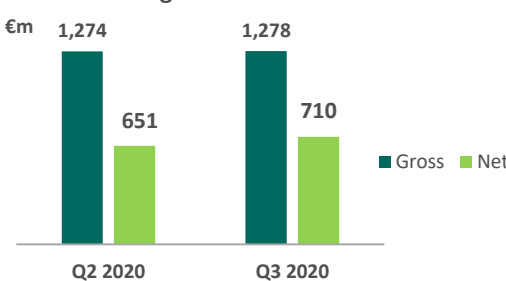
EBITDA to net operating cash flow

in €m



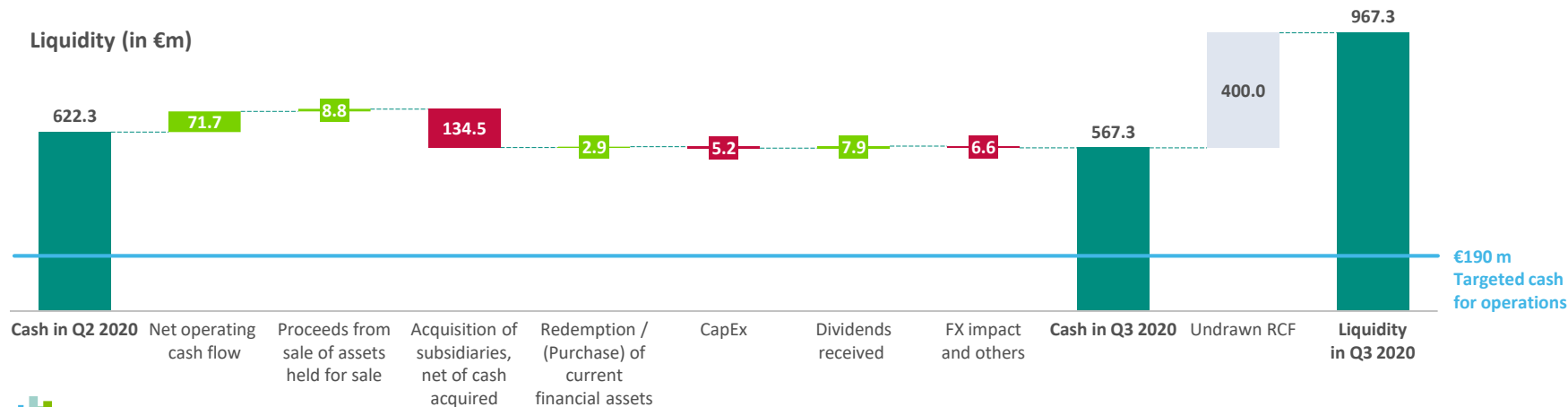
Debt and leverage

in €m



Net debt to EBITDA¹⁾ ratio at **1.4x** (vs 1.3x in Q2 2020)

Liquidity (in €m)





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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

ADJUSTED EPS

1 Adjusted EPS reconciliation table

<i>In €m unless stated otherwise</i>	Q3 2020	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
Adjusted for intangible assets related to acquisitions, capital gains or losses and exceptional items, incl. tax		
Adj. Net Income	77.7	68.3
Adj. EPS (€ per share)	1.12	0.98

Q3 2020 INCOME STATEMENT

Unaudited, In €m	Q3 2020	Q3 2019	% var
Revenue	204.8	181.7	+12.7%
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%
Operational expenses excluding D&A	-87.1	-73.8	+18.0%
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%
EBITDA	117.8	108.0	+9.1%
<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%
Operating Profit before Exceptional items	102.3	94.9	+7.9%
Exceptional items	-3.5	-0.3	n/a
Operating Profit	98.8	94.6	+4.5%
Net financing income / (expense)	-3.4	-2.0	+68.3%
Results from equity investments	1.8	2.1	-14.3%
Profit before income tax	97.2	94.7	+2.7%
Income tax expense	-25.6	-30.4	-15.6%
Share of non-controlling interests	-1.4	-0.8	+66.1%
Profit for the period	70.2	63.5	+10.6%

BALANCE SHEET AS AT 30 SEPTEMBER 2020

Unaudited, In €m	As at 30 Sept 2020	As at 30 June 2020
Non-current assets		
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
Total non-current assets	1,911.1	1,834.8
Current assets		
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
Total current assets	896.3	885.7
Assets held for sale	-	8.8
Total assets	2,807.4	2,729.3

Unaudited, In €m	As at 30 Sept 2020	As at 30 June 2020
Shareholders' equity		
Shareholders' equity	966.2	906.6
Non-controlling interests	31.3	29.4
Total Equity	997.5	936.0
Non-current liabilities		
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
Total Non-current liabilities	1,476.0	1,464.1
Current liabilities		
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
Total Current liabilities	333.9	329.1
Total equity and liabilities	2,807.4	2,729.3

Q3 2020 CASH FLOW AND LIQUIDITY POSITION

Unaudited, In €m	Q3 2020	Q3 2019
Profit before tax	97.2	94.7
Adjustments for:		
- 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
Cash flow from operating activities	99.0	98.5
Income tax paid	-27.3	-22.6
Net cash flows from operating activities	71.7	75.9
Cash flow from investing activities		
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
Net cash flow from investing activities	-120.2	-24.2
Cash flow from financing activities		
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
Net cash flow from financing activities	-3.9	-49.6
Total cash flow over the period	-52.3	2.1
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
Cash and cash equivalents - End of period	567.3	325.1

Unaudited, In €m	Q3 2020	Q3 2019
Cash beginning of period	622.3	324.3
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
Cash end of period	567.3	325.1
Undrawn RCF	400.0	355
Available Liquidity	967.3	680.1

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