



Deutsche Börse Creates Leading Index and Portfolio / Risk Analytics Business

Analyst and Investor Conference Call

10 April 2019



Transaction summary

Overview

- **Deutsche Börse is acquiring Axioma for \$850 million** cash/debt free (~\$820 million equity value) and will **combine it with its index business (STOXX/DAX) valued at €2.6 billion**
- **General Atlantic (“GA”) will invest ~\$715 million** into the new company to **fund Axioma acquisition**
- Deutsche Börse has **developed products with Axioma** since 2011 and has a **deep relationship with GA** – transaction expands both partnerships
- **Sebastian Ceria**, current Axioma CEO will **lead the new company** and together with other key management **will reinvest ~\$105 million into the new company**
- **Ownership:** Deutsche Börse ~78%, General Atlantic ~19%, and management ~3%

Strategic rationale

- ✓ Transaction is **fully in-line** with Deutsche Börse’s **“Roadmap 2020” strategy**
- ✓ **Strengthens Deutsche Börse’s pre-trading offering** and improves **access to the buy-side**
- ✓ **Combination is highly complementary** (clients, products and geographies) and creates **meaningful synergies of around €30 million** by the end of 2021 (annualised run-rate, pre-tax)
- ✓ New company will be a **buy-side intelligence leader** uniquely **positioned to benefit from trends that are reshaping investment management** (active to passive, quant- and factor-investing, demand for risk analytics, and index customization) and thus **strong value generation** is expected
- ✓ **Partnership with GA** will help to **further accelerate growth** including through **further potential M&A**
- ✓ Transaction structure **crystalizes value of index asset** and **preserves the Group’s M&A firepower**

Axioma provides buy-side access and strong entry into portfolio and risk management workflows

Key facts & investment highlights

- **Global provider of multi-asset class portfolio and risk management software solutions**
- Founded in 1998, headquartered in New York
- **>400 customers** including leading **asset managers** and **asset owners** (~80% buy-side, ~70% US)
- **>7,000 professional users**
- ~240 employees

Recognized risk and data analytics market leader

Deep and growing bench of top tier clients

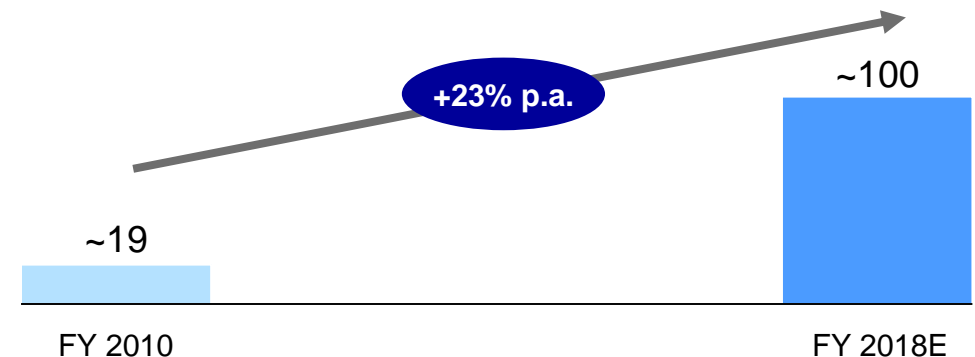
Scalable cloud-based technology infrastructure

High revenue retention and multi-year contracts

Axioma solutions

Software (76%)	<ul style="list-style-type: none"> ▪ Portfolio management tools for multiple asset classes ▪ Portfolio analytics software for risk and performance attribution ▪ Cloud-based enterprise-wide risk management systems ▪ Portfolio construction tools
Data (17%)	<ul style="list-style-type: none"> ▪ Stand-alone risk models ▪ Factor libraries with 43k equities worldwide ▪ Ability to build tradable products / indices
Services (7%)	<ul style="list-style-type: none"> ▪ Dedicated research team to support building of sophisticated index strategies ▪ Regulatory filings within a simple platform

Annualized contract value (ACV)¹ by fiscal year² (\$m)



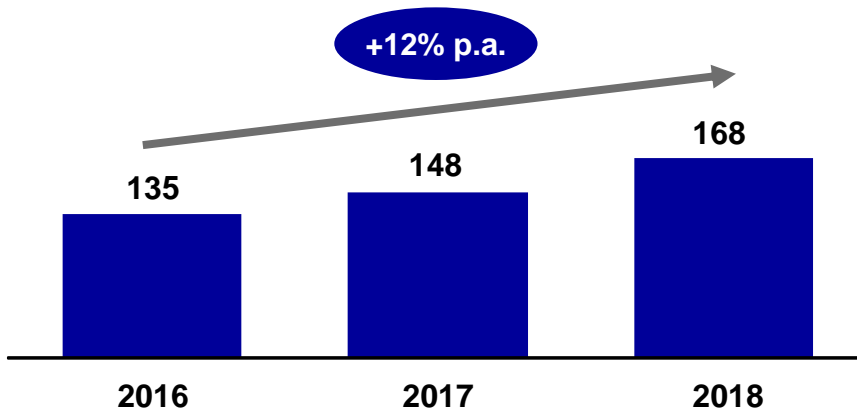
1) ACV is the annualized contract value of all active subscriptions as of fiscal year-end

2) Fiscal year ending March 31 of subsequent year (e.g., FY 2018 represents year ending 31 March 2019)

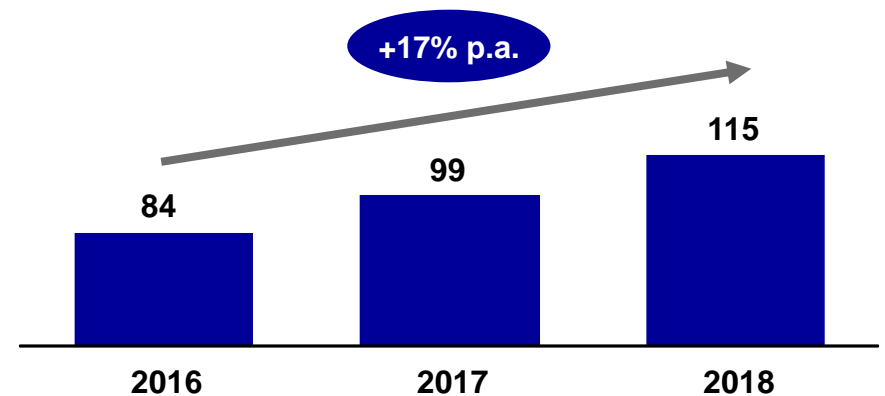
Deutsche Börse's index business is the leading European provider

- Excellent market position: **#1 European tradable index, #2 European provider** for rules-based strategies, benchmarks and data sets, **#4 globally, #1 in structured products** and **#2 in futures and options traded** globally
- Attractive financial profile: **diversified licensing model** (mandates, ETFs, ETDs, structured products, trading, data), majority **recurring revenue, strong profitability**
- **Award-winning innovator¹** in **premium** tradable thematic and custom investment strategies
- STOXX and DAX offer **some of the most traded index derivatives** worldwide, with **875 million futures and options** traded on Eurex in 2018
- Well positioned for trend to **passive** and **smart-beta / thematic investing** – with open data architecture

Gross revenue (€m)²



EBITDA (€m)²



1) Source: <https://www.stoxx.com/web/stoxxcom/company-profile>

2) Entire Deutsche Börse index business on a stand-alone basis

Strong strategic rationale for highly complementary combination of Axioma and Deutsche Börse's index business

Vision

Create a buy-side intelligence leader with open infrastructure

Analytics, indices, performance, risk, compliance, global coverage

Contribution

Index business (STOXX, DAX)

Axioma

Domains	Indices, compliance	Analytics, performance, risk
Clients	Passive buy-side, custodians, vendors	Active buy-side
Regional focus	Europe, global	US, global
Data sets	Transaction-, market- & reference data	Risk factor data, portfolio holdings
Revenue model	Asset based fees, brand & data licensing, subscriptions	Software sales & licensing

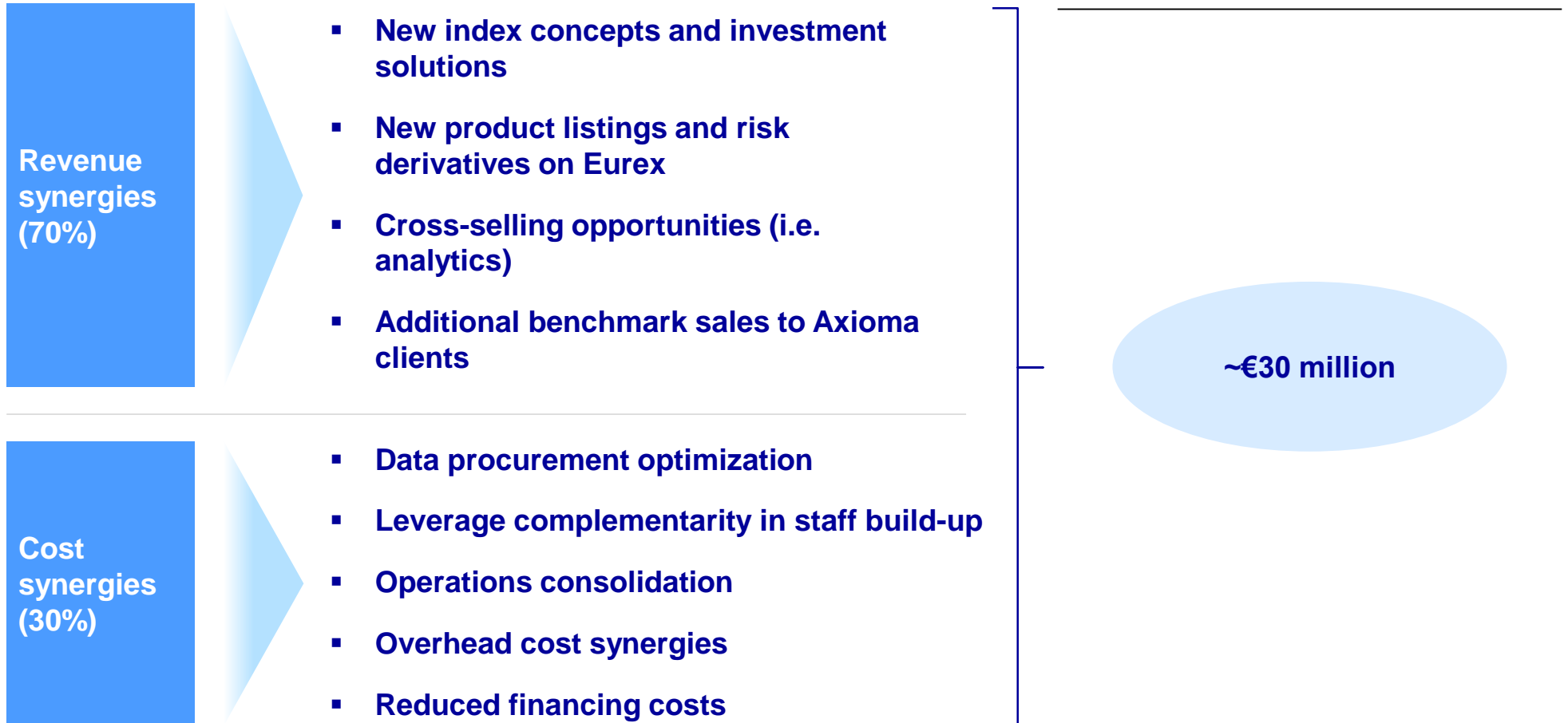
Opportunities

- New tools and functionalities (e.g. benchmark studio)
- New analytics and indices
- Add-on acquisitions in index area
- Standard APIs – new partnerships
- Attractive opportunity for talent development

Strategic rationale

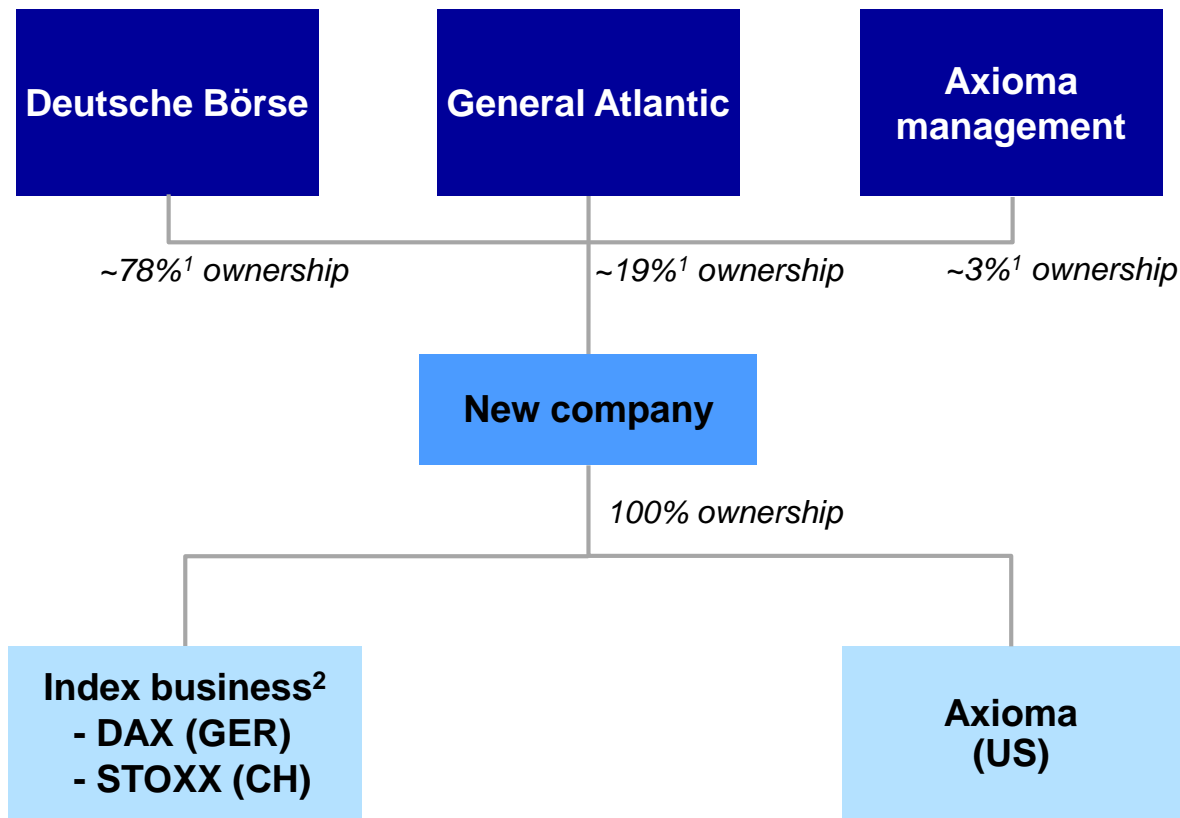
- Combination of Axioma risk analytics and Deutsche Börse's index business creates **unique offering to benefit from macro industry trends**
- **Flexibility / open architecture** approach creates future-proof positioning and **ability to increase scale**
- **Leading capabilities in customization** create opportunity to address attractive growing market segments
- **Highly complementary** client focus, regional footprint and revenue model results in **meaningful synergies**

Combination will result in meaningful synergy opportunities



Transaction structure crystalizes value of index asset, preserves M&A firepower and ensures value creation

Simplified transaction structure



Key transaction steps

- Deutsche Börse to transfer its index businesses DAX and STOXX into a new company
- New company to acquire Axioma
- General Atlantic to invest via capital increase in new company and provide funds for Axioma acquisition
- Axioma management to reinvest ~\$105 million of sales proceeds into new company

1) Preliminary ownership percentages; final depends in particular on roll-over amount

2) Simplified structure

Involvement of General Atlantic ensures entrepreneurial culture and helps to accelerate growth of the combined company

General Atlantic overview

- **Top growth investor** – invested >\$30 billion in over 300 growth companies
- Global firm with **\$31 billion AuM** and **150+ investment professionals**
- **Deep tech and data expertise** and **strong network in financial services**
- **Long history** of working alongside corporates to help **accelerate growth**
- **Patient, long-term capital** allows for **longer investment horizons** and supports **minority stake focused investment approach**, serving as an **active voice for value creation**
- Extensive **experience of successful transformations** in the German market

Rationale for strategic partnership with GA

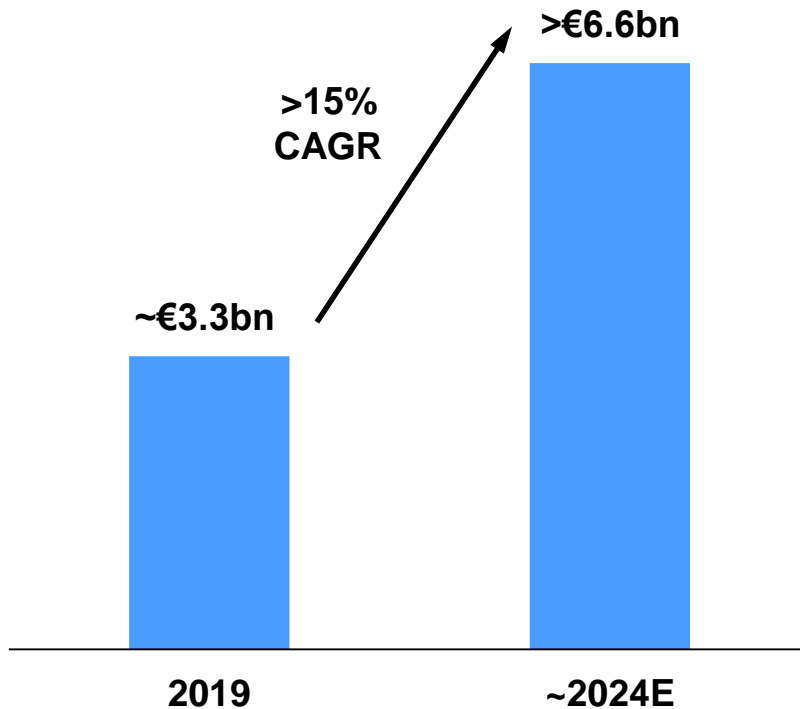
- **Cultivate the entrepreneurial spirit** of the combined business and help to accelerate growth
- **Support and expertise** to expand the combined business, i.e. access to inorganic opportunities to result in **possible further M&A**
- **Crystallizes attractive valuation** of Deutsche Börse's index business and Axioma

New company partnership principles

- Combined business will be a **core asset of Deutsche Börse** going forward
- Deutsche Börse to **control board**
- True equity **investment partnership** with the objective of **high growth and strong value creation**

Transaction is expected to achieve strong value creation through macro trends, margin upside and synergies

Equity value growth potential of new company – illustrative



- Significant value accretion expected through
 - Macro-trends and above industry growth for index business and Axioma
 - Margin upside through scale and product roll-out at Axioma
 - Synergies and complimentary businesses
- Deutsche Börse's value accretion expectations are aligned with a private equity's firm approach and investment
- Average annual growth of the equity value of more than 15% would result in at least doubling the size of the new company
- Increased value of the new company can only be realized at the time of the potential exit of General Atlantic; therefore, the EPS impact on IFRS income statement is slightly dilutive for the next years

Key messages

- ✓ **Strategic transaction in-line with “Roadmap 2020” programme**
 - Programmatic M&A
 - Creates buy-side intelligence leader
 - Augments scale of pre-trading business (index segment)

- ✓ **Strong business rationale**
 - Axioma has broad buy-side access and world-class analytics
 - Unique complementary combination of products and geography
 - Entrepreneurial culture anchored in leadership investment and GA partnership

- ✓ **Attractive transaction structure**
 - Crystallizes value of index asset
 - No new funding – preserves M&A firepower

- ✓ **Potential for significant value creation**
 - Positive macro-trends
 - Increase scale and margin upside
 - Synergies

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