



# Investor Presentation

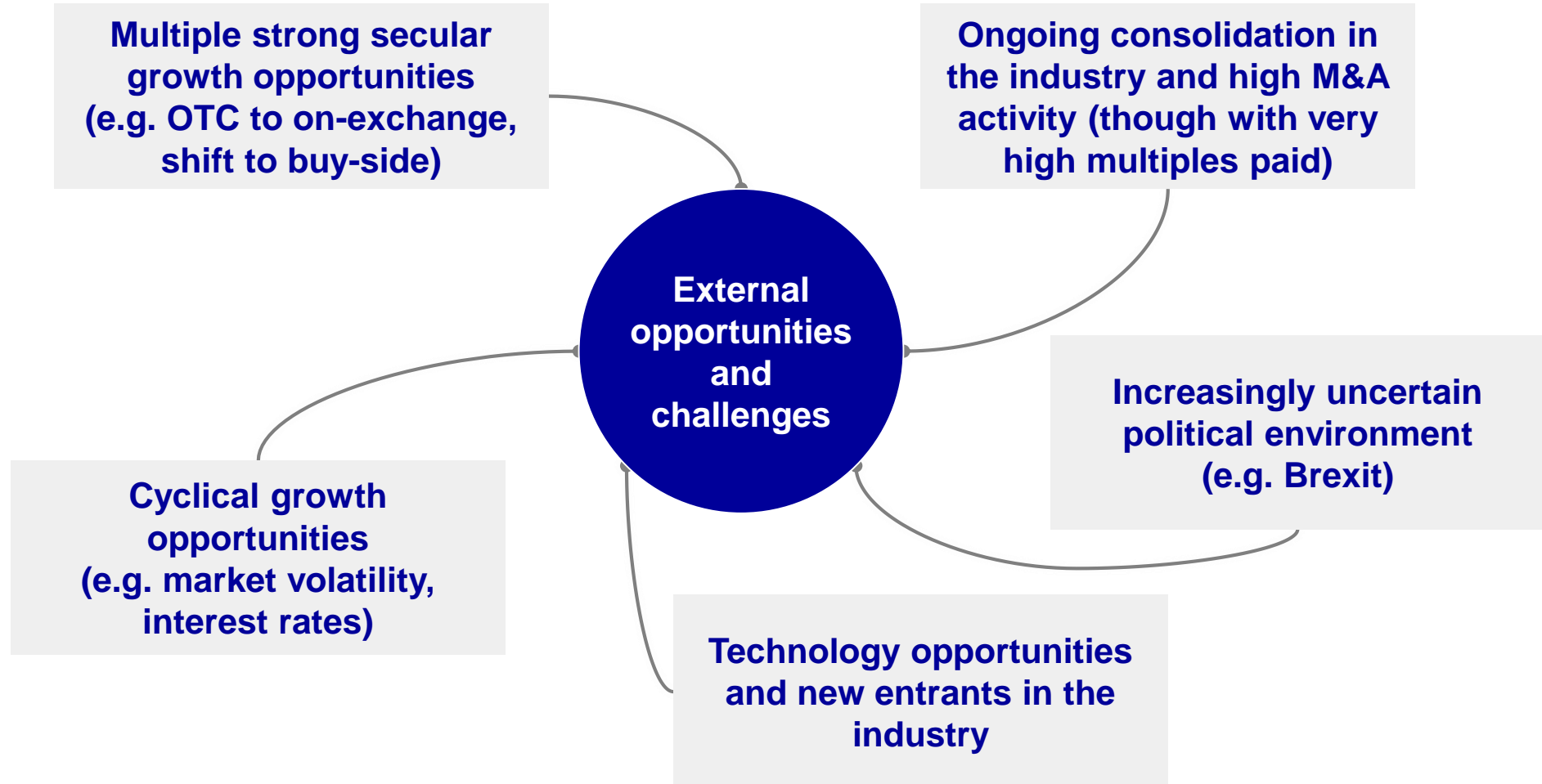
Frankfurt, June 2018




# Deutsche Börse equity story

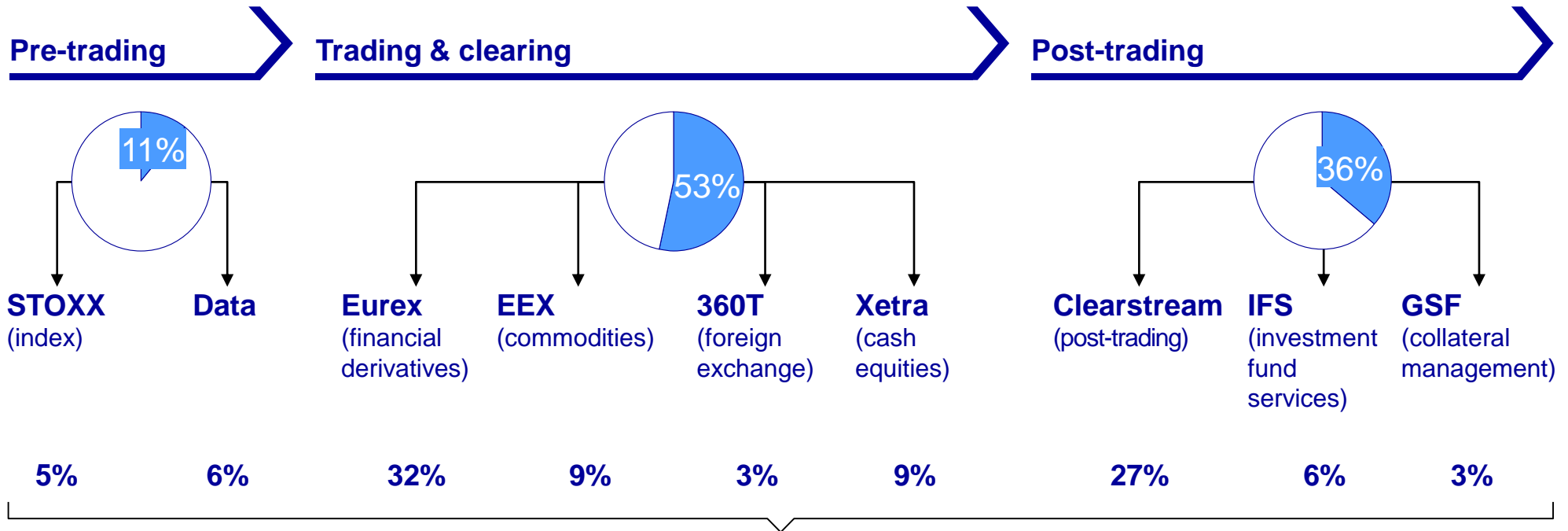
- **Leading European** capital markets **infrastructure provider** with **global growth ambitions**
- **Nine business segments** that cover the **full capital markets value chain** including:
  - Eurex, the largest European derivatives exchange
  - Clearstream, a leading post-trading services provider
  - Promising new businesses: EEX (commodities), 360T (foreign exchange) , and IFS (investment fund services)
- Deutsche Börse follows a **three pillar growth strategy**:
  - Systematically **execute** secular and cyclical **growth opportunities**, capitalizing on **key industry trends, political developments**, and **new client needs**
  - Pursue a **programmatic M&A** agenda in **five growth areas with a focused and disciplined approach**
  - Invest in **four key technologies to tap into new revenue opportunities and further increase the operating efficiency**
- The company will **efficiently manage operating cost to ensure scalability of the business** model and will reduce its **structural** cost base to **reinvest** into **growth** and **technology**
- **To ensure a successful execution**, Deutsche Börse will streamline the organisation and strengthen the consequence management
- **Dividend policy confirmed** with payout between 40 to 60 per cent of net profit

## Deutsche Börse operates in an environment with high dynamics, but very attractive opportunities



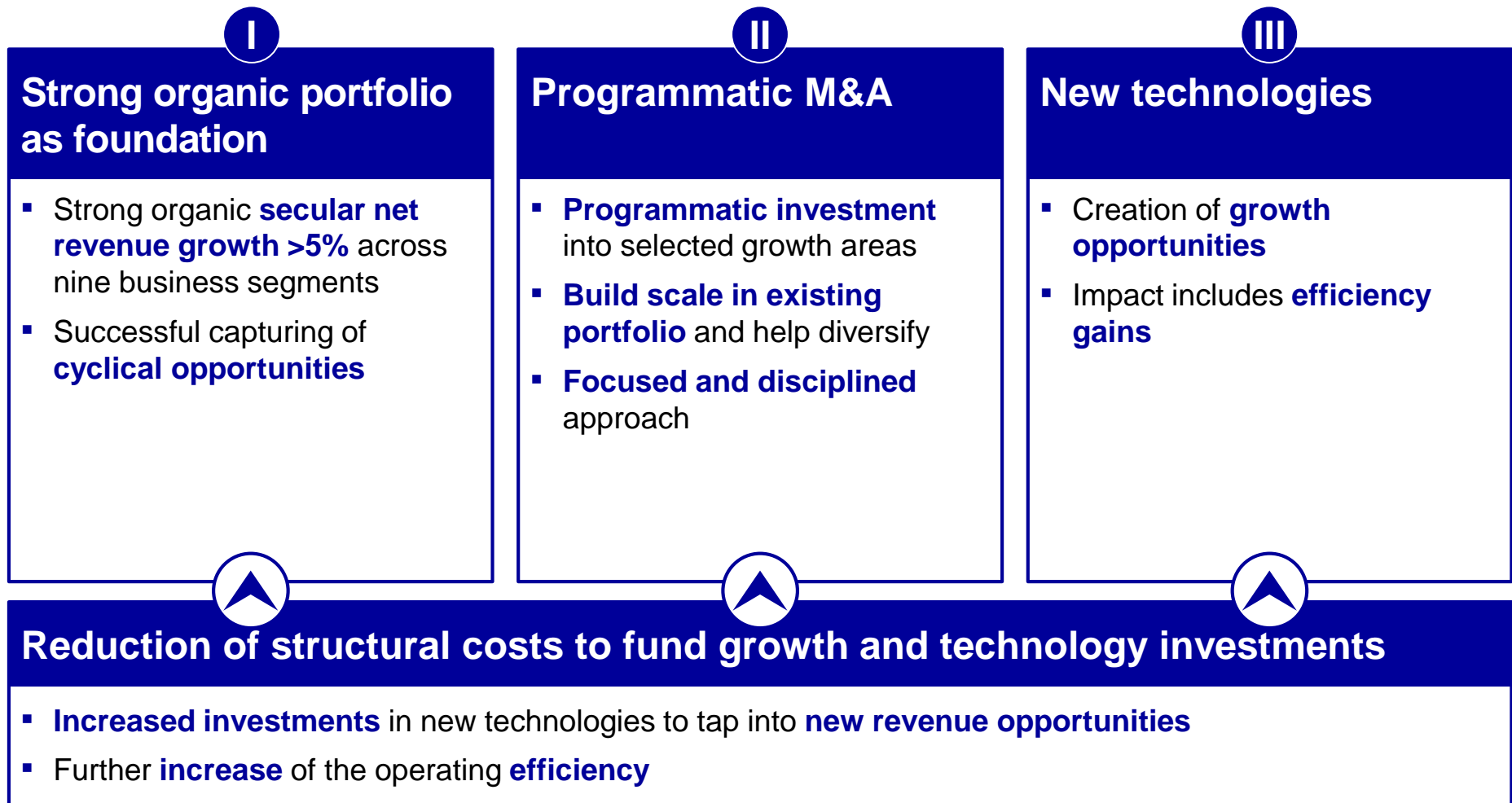
# Deutsche Börse has a strong business portfolio that covers the full value chain

 **2017 net revenue**  
Size equals % of total net revenue



- **#4 exchange organisation globally by market capitalisation**
- **Nine diversified business segments covering the full capital markets infrastructure value chain**
- **€2.5 billion net revenue with 58% adjusted EBITDA margin in 2017**

# Growth programme “Roadmap 2020” built on three pillars



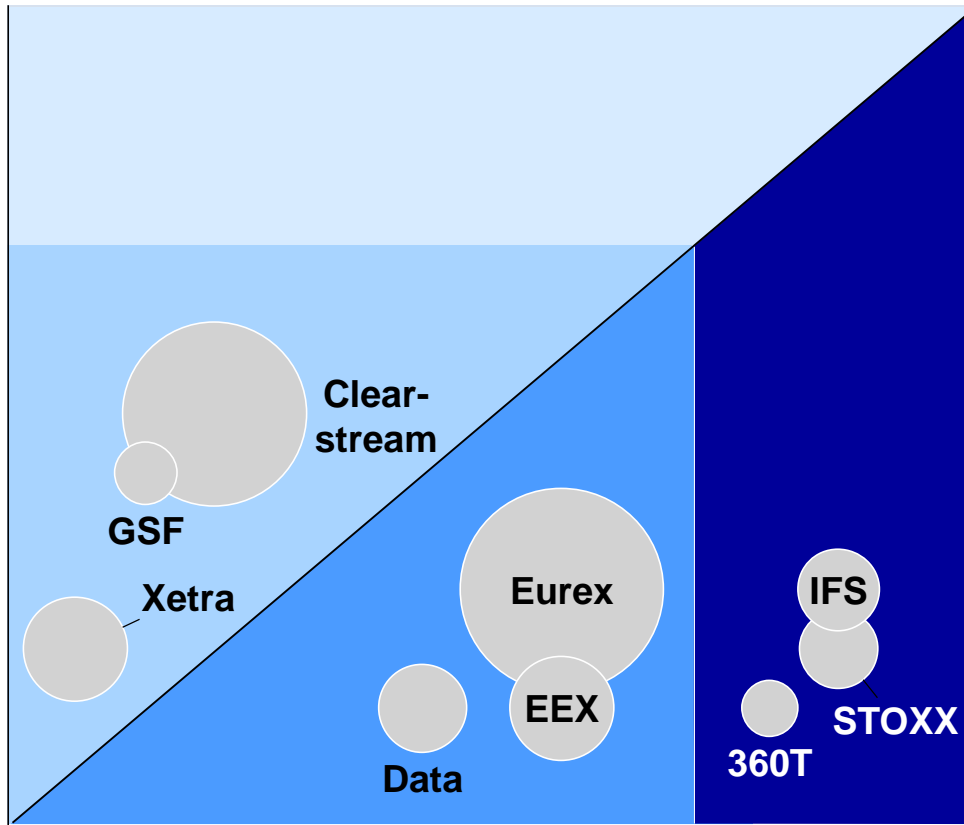
# Diversified organic portfolio with strong secular growth outlook

**Cyclical growth**  
CAGR 2017-2020

Very high

High

Moderate

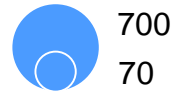


Moderate

High

Very high

Size represents 2017  
net revenue (€m)



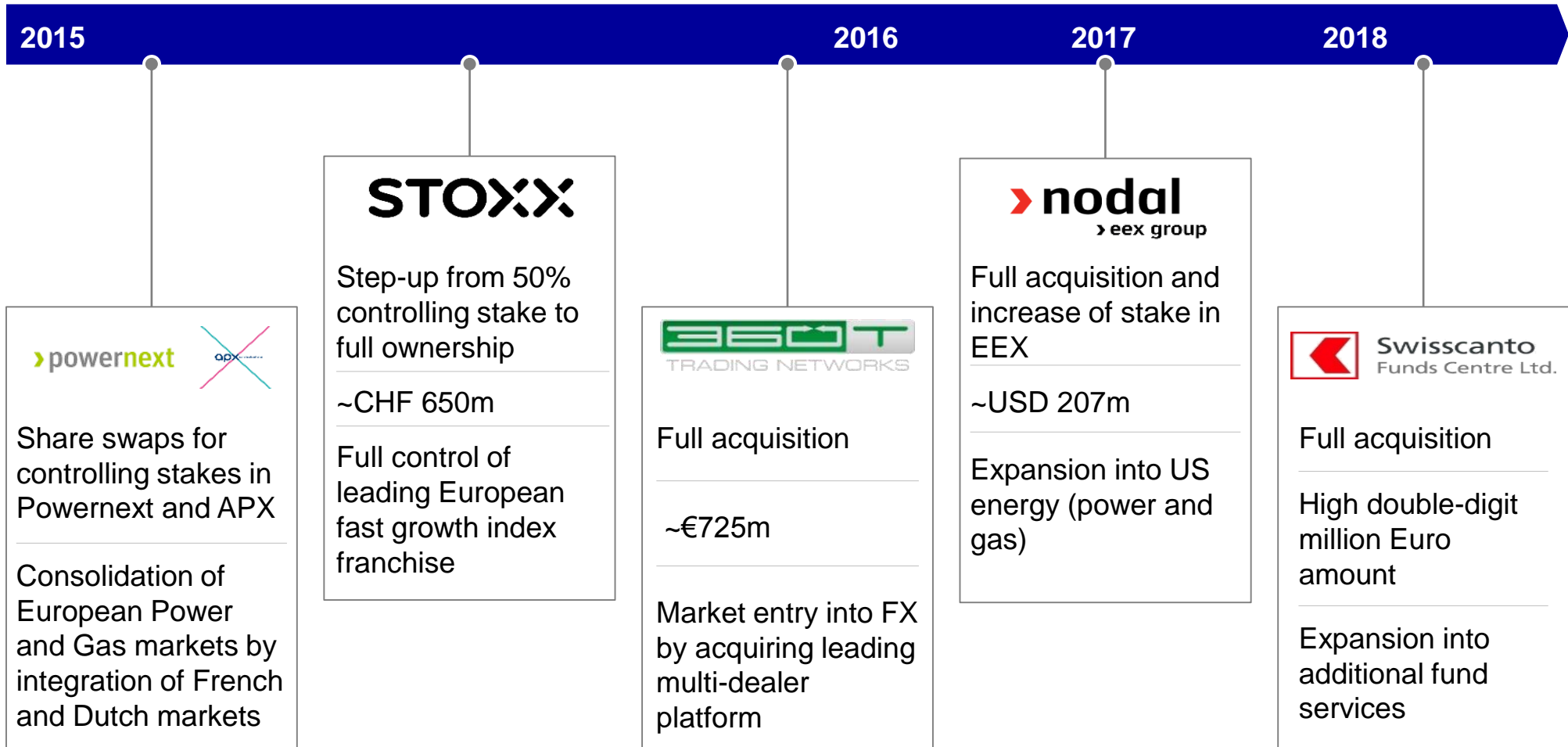
**Secular net  
revenue growth  
of at least 5%  
across the Group**



**Capturing cyclical  
effects on top**

**Secular growth**  
CAGR 2017-2020

# M&A was and will be an important contributor



# We will follow a focused and disciplined M&A approach

## A disciplined M&A approach ...

<p><b>General</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Systematic</b> opportunity <b>screening</b></li> <li>▪ Clear <b>focus</b> on <b>defined areas</b></li> <li>▪ <b>Partnership</b> formats as <b>option</b> (e.g. post-trading business in Asia)</li> </ul>
<p><b>Financial guidelines</b></p>	<ul style="list-style-type: none"> <li>▪ <b>ROIC &gt;10%</b> after 3-5 years</li> <li>▪ <b>Cash accretive</b> in general within year 1 – at the latest in year 3</li> </ul>



## ... focused on five growth areas

<p><b>Pre-trading</b></p>	<p>① Data</p>
<p><b>Trading &amp; clearing</b></p>	<p>② Commodities</p> <p>③ Foreign exchange</p> <p>④ Fixed income</p>
<p><b>Post-trading</b></p>	<p>⑤ Investment funds</p>



# We want to stay a leading technology provider by focusing on four key technologies ...













## Four transformational technology trends

<b>DLT / blockchain</b>	Distributed ledger technology / blockchain creates new market structures and allows adding products onto existing structures
<b>Big data / Advanced Analytics</b>	Advanced analytics is both a revenue driver adding value to data, and an efficiency lever
<b>Cloud</b>	Cloud and exposing of services via APIs is enhancing scalability and opening new platform business options
<b>Robotics / automation / AI</b>	Artificial intelligence and robotic process automation are key efficiency drivers for operations-heavy tasks

## How Deutsche Börse will capitalise

Create markets/ drive revenue	Increase efficiency	Enhance client service
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 Strong match     Moderate match

... and are currently growing our capabilities in all four technologies

## **DLT / blockchain**

Entering into phase II (from use cases to broader based application)

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## **Big data / Advanced Analytics**

Systematic monetisation of existing data across the Group

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## **Cloud**

New Executive Board member with extensive experience

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## **Robotics automation / AI**

Already identified potential to increase efficiency and capture savings in the double digit million Euro range

We will structurally improve our cost base to fund our growth and technology investments through two mechanisms

**Allowed cost increase**

**Allowed increase** at given **scalability**:

At 10 per cent net revenue growth operating cost can grow up to 5 per cent



**Shift in cost base**

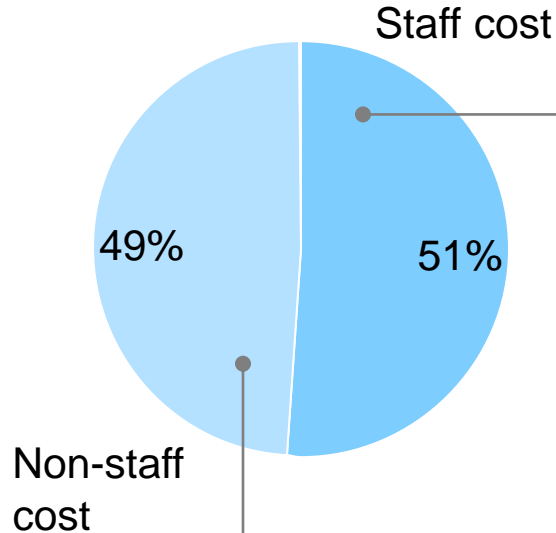
**Shift by structurally improving productivity:**

- Reduction of cost by €100 million by end of 2020 through reducing work force by ~350 FTE, thereof 50 managers, and reducing operating cost
- Re-investing in growth

# Key levers for structural cost savings split between staff and non-staff cost

## Cost distribution 2017

100% = €1,197 million



## Savings targets



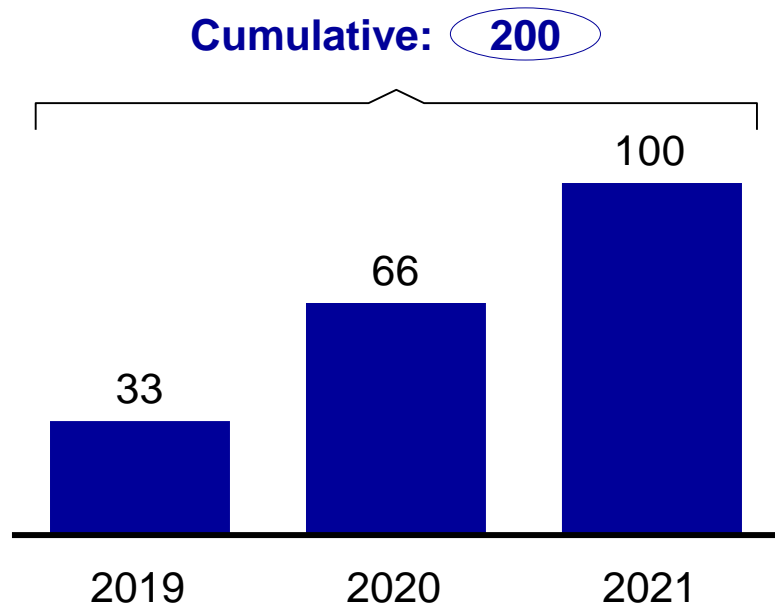
## Key levers to reduce cost base

- Management delayering
- Process automation and digitisation (Robotics / AI)
- Nearshoring
- Position cuts

- IT simplification and legacy replacements
- Enhanced IT sourcing (offshoring)
- Procurement optimisation
- Spend reductions across all cost categories

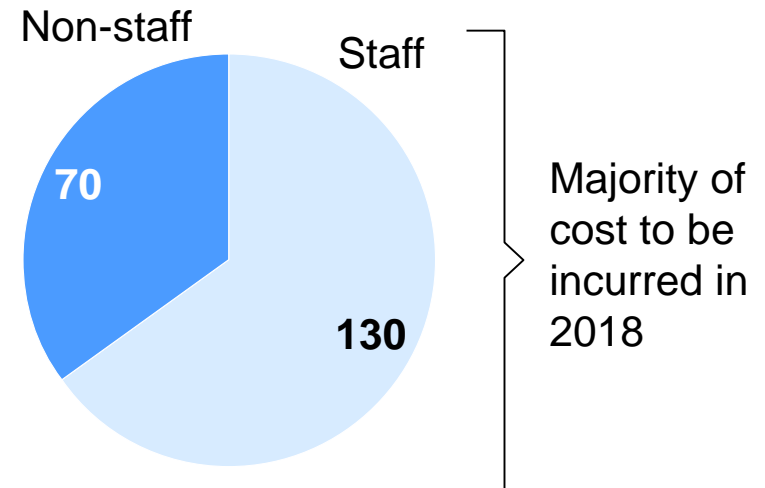
## Savings of €100 million will be invested into growth and new technologies

Cost savings (€m)



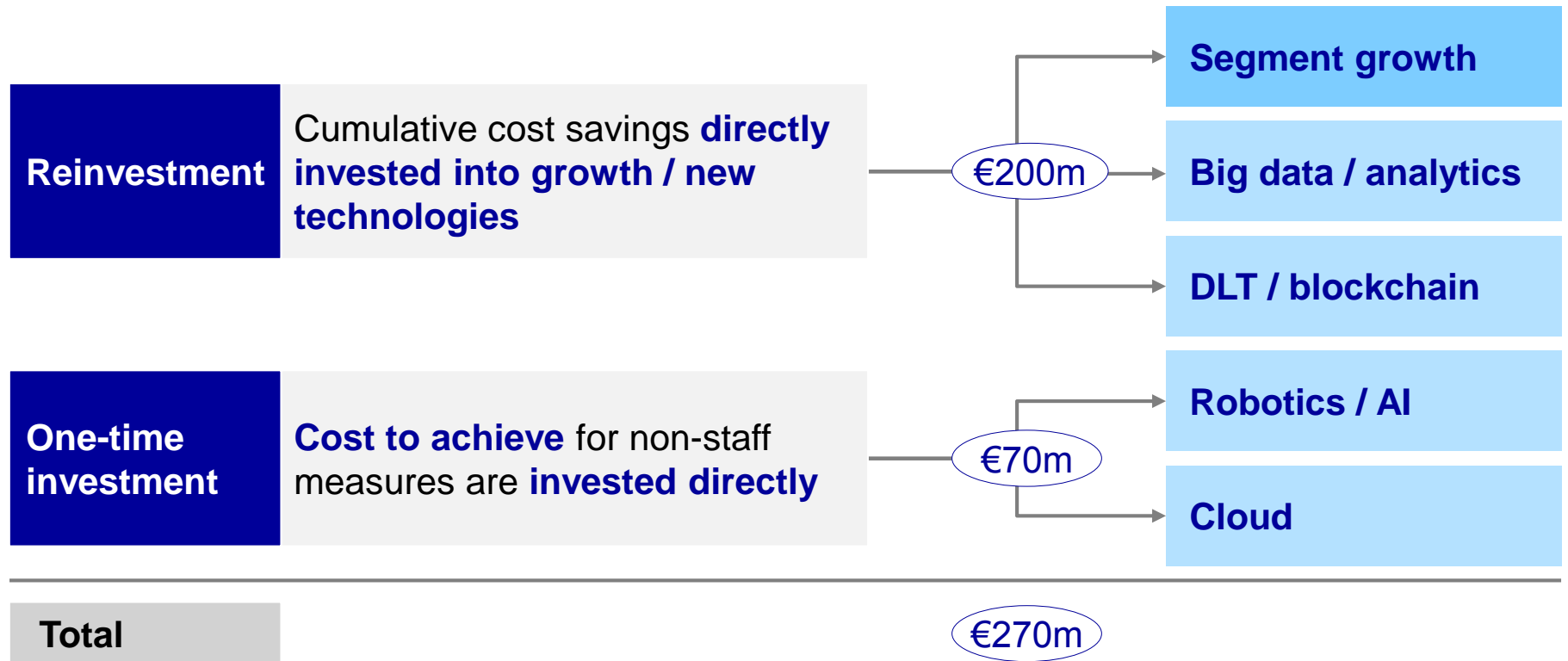
**€100 million** creates flexibility – if net revenue growth allows, savings will be **reinvested**

Cost to achieve (€m)



To achieve structural improvements a **one-time investment** of ~**€200 million** will be made

# Cost savings and one-time investments for non-staff measures are reinvested into growth and efficiency



**About 2/3 invested into growth, 1/3 into efficiency**

# Deutsche Börse will strengthen its execution discipline through four main levers

## Description

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**1****Consequent realisation of secular growth**

- Strong business segment heads established
  - Business segment heads with full P&L responsibility
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**2****New executive board members**

- Clearer responsibilities
  - Stronger business focus
  - Stronger technology focus
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**3****Professionalisation of key processes**

- Upgrade M&A capabilities
  - Systematic development of new technologies
  - Tighter steering
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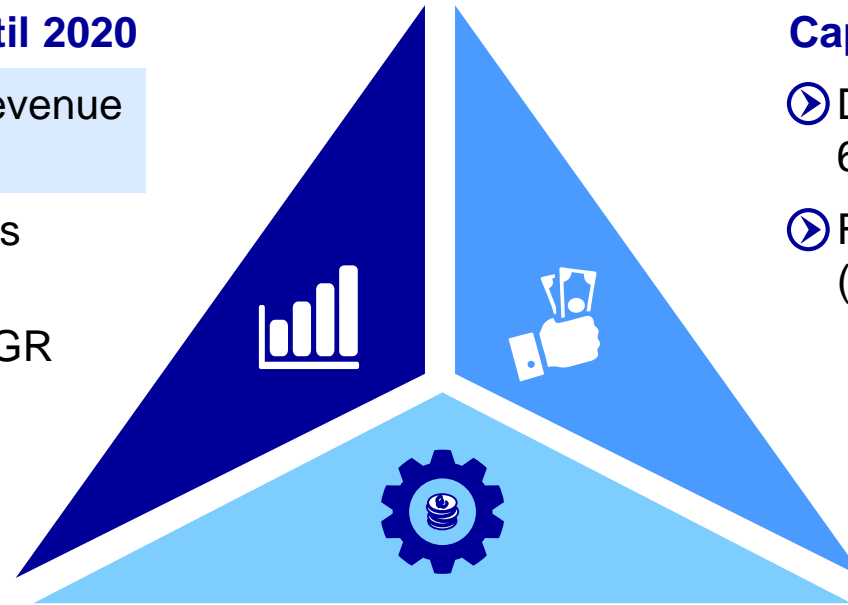
**4****Consequence management**

- Strict consequence management including e.g.
  - Investment allowance
  - Personal compensation cuts

# Mid-term financial targets are confirmed and made more specific with a clear ambition to achieve secular growth

## Growth aspirations until 2020

- Organic/secular net revenue growth of >5% CAGR
- Positive cyclical effects every year
- Net profit 10-15% CAGR



## Capital management

- Dividend policy: ~40% to 60% of net profit
- Rating: AA (gross debt/EBITDA <1.5)

## Cost management

Scalable business model

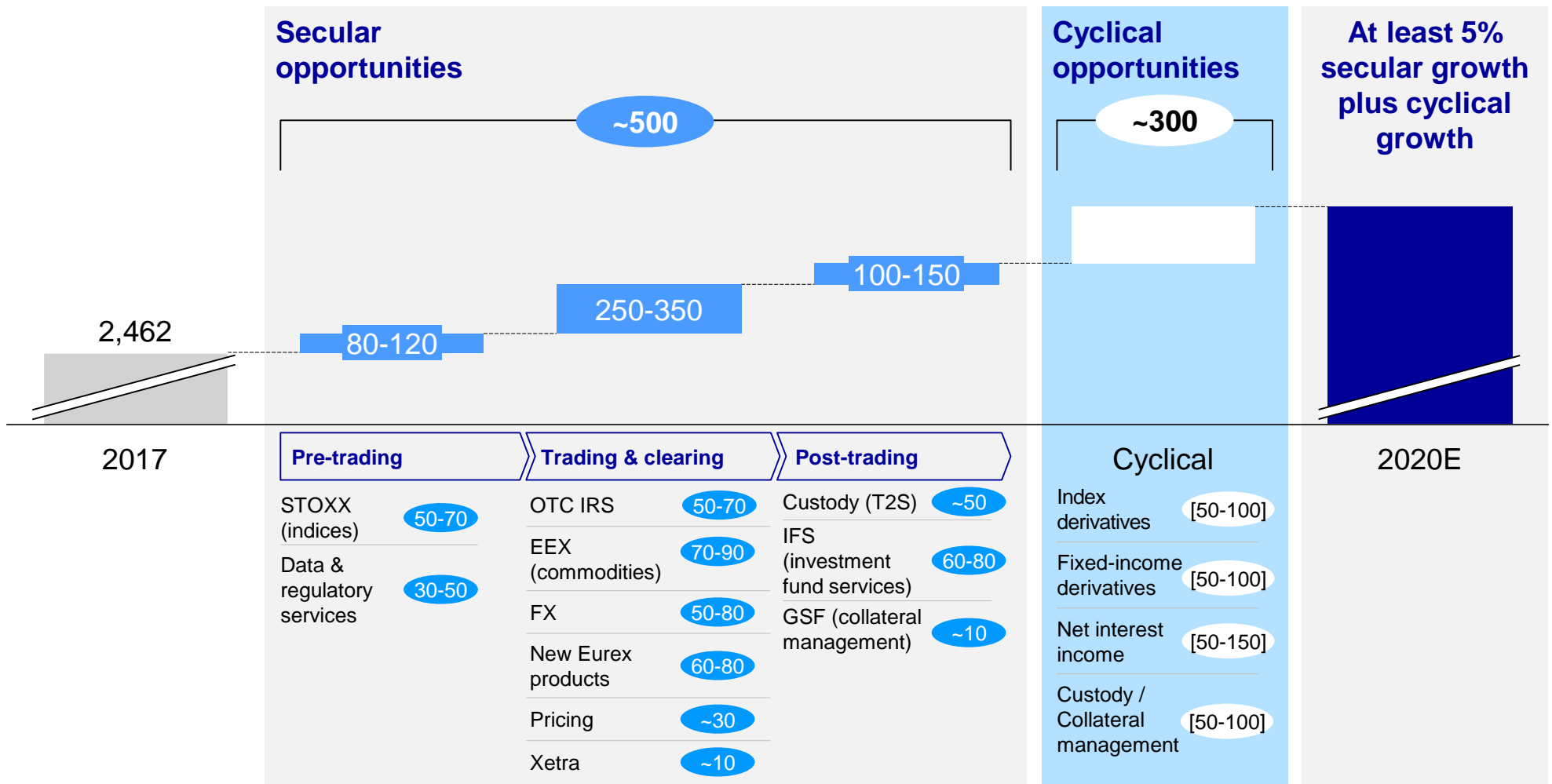
- Net revenue: +5% → Costs: 0%
- Net revenue: +10% → Costs: max. +5%

Including €100 million structural cost reduction by end of 2020 to finance growth



# Deutsche Börse will grow strongly over the next years

## Mid-term organic net revenue growth opportunities (€m)



## Secular and cyclical growth opportunities across segments

Business segments		Net revenue 2017 (€m)	Growth expectation	
			CAGR 2017-20 (incl. cyclical growth)	t/o secular growth
Pre-trading	STOXX (index business)	128	>10%	Very high
	Data	154	5-10%	High
Trading & clearing	Eurex (financial derivatives)	796	>10%	High
	EEX (commodities)	212	>10%	High
	360T (foreign exchange)	67	>10%	Very high
	Xetra (cash equities)	218	~5%	Moderate
Post-trading	Clearstream (post-trading)	668	5-10%	Moderate
	IFS (investment fund services)	138	>10%	Very high
	GSF (collateral management)	82	5-10%	Moderate
Total		2,462		

## Cyclical growth opportunities

	Description	Volatility	Interest rates	Net revenue impact 2020E (€m)
Eurex	a Increase of market volatility resulting in higher index derivatives activity	✓		50-100
	b Expectation on future interest rates drives fixed income activity		✓	50-100
Clear-stream	c Net interest income directly correlated to ECB / US Fed rates		✓	50-150
	d Higher net issuance of bonds if interest rates increase		✓	50-100

## Balanced approach: capital allocation between growth and dividend distribution – confirmation of policy going forward

### Rating

- Strong AA credit rating mainly because of post-trading business
- Gross debt to EBITDA required to be <1.5x

### Dividend policy

- Payout between 40% to 60% of net profit
- Mid-term payout target ~50%

### Excess cash

- Use includes M&A and potentially share buy-backs

## Key performance indicators to measure success

**>5%**  
secular net  
revenue  
growth

Deutsche Börse will achieve at minimum **5% CAGR in secular net revenue** until 2020 across the Group

**10-  
15%**  
net profit  
growth

Deutsche Börse will achieve a **10–15% CAGR in net profit** until 2020

**-€100m**  
structural  
cost

Deutsche Börse will **reduce its structural cost** base by €100 million until end of 2020

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