

# Investor Presentation

November 2020

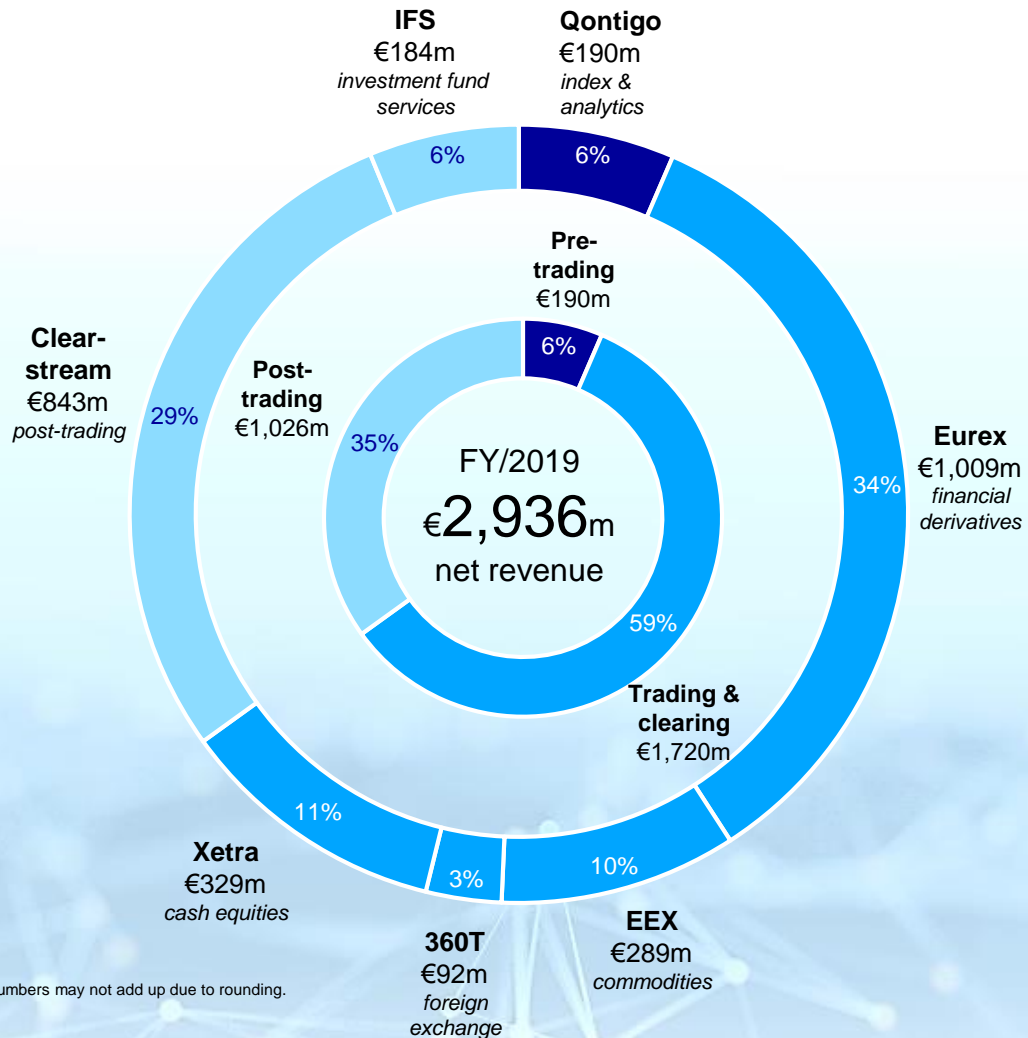


DEUTSCHE BÖRSE  
GROUP

# Our purpose

**We at Deutsche Börse create trust  
in the markets of today and tomorrow.**

# Diversified, scalable and resilient business portfolio serves as a basis for growth



Note: Numbers may not add up due to rounding.

## Geographically diversified



- 36% Rest of Europe
- 30% UK
- 22% Germany
- 7% Americas
- 5% Asia-Pacific

## Multi-asset class offering



- 50% Equity / index
- 25% Fixed income
- 9% Commodities
- 7% Interest income
- 6% Funds
- 3% FX

## High recurring revenues



- 52% Transactional
- 48% Recurring

# We successfully achieved our Roadmap 2020 targets

## Financial scorecard 2017-20E

~9%  
CAGR





Net revenue 

~12%  
CAGR

Net profit adj. 

## Roadmap 2020 target achievement

## Strategic scorecard

-  **Delivery** on **secular growth** target of >5% p.a.
-  Multiple **M&A deals** in focus areas **closed**
-  Investments in **new technologies** like cloud & DLT
-  **Reduction of structural costs** by ~€100 million
-  **Execution discipline** strengthened

# With Compass 2023 we target continued secular growth and an increased M&A contribution

## Compass 2023

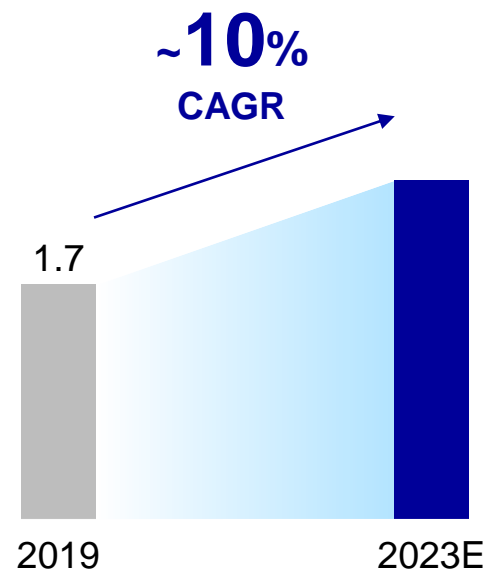
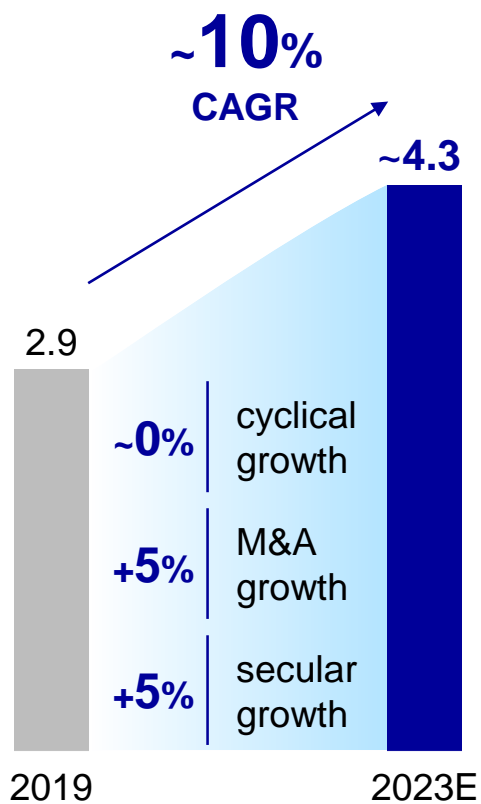
## Net revenue (€bn)

## EBITDA reported (€bn)

Continued secular growth



Increased M&A contribution



Note: all figures including ISS



# Our key growth drivers are favorable capital market trends

## Major trends

### OTC to on-exchange

- Growing importance of **futurization**
- Standardization of OTC derivatives opportunity for **central clearing**

### Brexit

- Brexit creates momentum to **shift margin** and **collateral pools**

### Sell-side under pressure

- **Sell-side** has to adapt due to **regulatory** and **cost pressure**

### Importance of buy-side

- Growing importance of **buy-side** and shift to **passive products**
- **Increasing demand** for analytics and ESG

### Digitization

- Technology and digitization are **transforming** the way the **financial sector** operates (e.g. cloud, DLT)

### COVID-19

- Severe implications for **economy** and **markets** (digitization, efficiency, ESG)

## Our credentials



**Eurex, EEX** and **360T** very well positioned to win market share



**Eurex OTC clearing** is a winning proposition



**IFS** with **strong position** to benefit from outsourcing trend



**Qontigo** with **strong starting point** to support analytics demand



**Leading technology** is at the core of our business model



**Products and services** across the Group to **support clients**

# Our secular growth ambition is based on a broad set of initiatives

## Pre-trading

Combine **index** and **analytics** to increase **buy-side** penetration and become a leader in the field of **investment intelligence**

QONTIGO 

## Trading & clearing

Introduce **new derivatives products** and build the leading **OTC clearinghouse** in the Eurozone

EUREX

Expand on **leading position in European energy markets** and win a significant position in **US energy** market

 eex

Further develop **FX one-stop-shop exchange** and **OTC solutions** with leading technology platform



## Post-trading

**Strengthen European proposition** to continuously onboard **new portfolios/clients** and grow **custody services** on a **global scale**

clearstream

Leverage **partnership model** and add **new clients/services** to strengthen **leadership position** for funds service business platform

# We will continue to pursue our successful M&A agenda

## M&A focus areas

Pre-  
trading

Index and analytics  
ESG

Trading  
&  
clearing

Commodities  
Foreign-exchange  
Fixed income

Post-  
trading

Investment fund  
services

## Strategic guidelines

- **Strong fit** with strategic **growth areas**
- **Value creation** for shareholders
- **Successful integration** and **synergy** potential
- **Public M&A** only with high **closing certainty**
- **Avoidance of auctions** if possible
- **Partnerships** and **majority stakes** preferred
- **Larger deals** (€1-5bn++) explicitly **targeted**, but only if there is a **strong strategic fit** and **clear** post merger **integration plan**

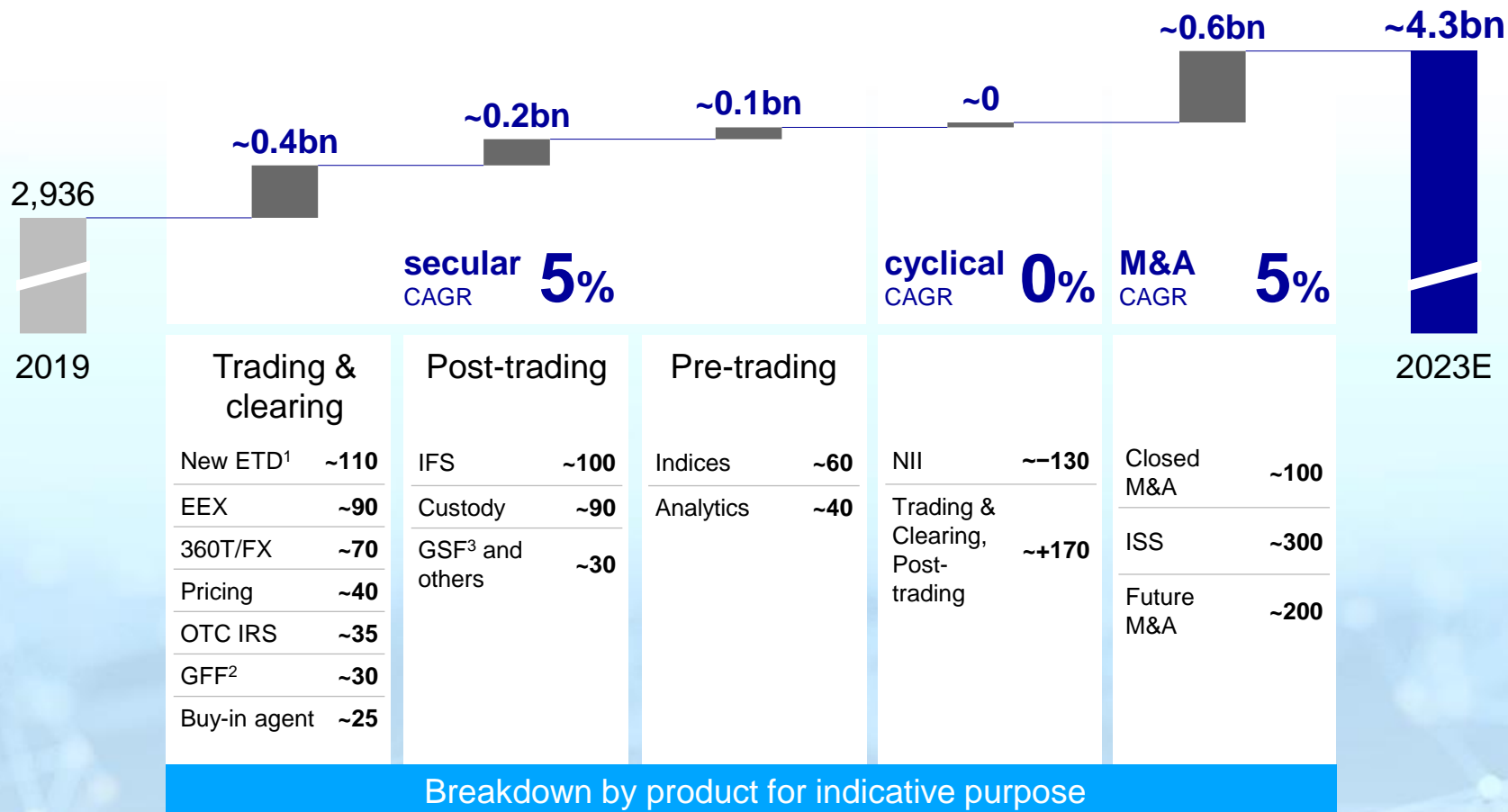
## Financial guidelines

- Cash earnings **accretive in year 1**, latest in year 3
- **ROI** in year 3 should be **higher than WACC** (~6%) across M&A portfolio
- **Margin dilution acceptable** for transactions with strong strategic fit



# Our growth ambition is based on a multitude of strategic initiatives

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



1) Exchange traded derivatives; 2) Global Funding & Financing; 3) Global Securities Financing

# Midterm secular net revenue growth opportunities fully intact

Segment		Net revenue 2019 (€m)	Growth CAGR 2023E	t/o secular	t/o M&A	
Trading & clearing	Eurex	1,009	7-10%	>5%	~1%	Quantitative Brokers
	EEX	289	7-10%	>5%	—	
	360T	92	>10%	~10%	—	
	Xetra	329	0-3%	0%	—	
Post-trading	Clearstream	843	0-3%	3-5%	—	
	IFS	183	>15%	~10%	~6%	Ausmaq, UBS Fondcenter
Pre-trading	Qontigo	190	>15%	~10%	~5%	Axioma
ISS					~2%	>5% secular growth expected for ISS
Future M&A					~2%	
<b>Total</b>		<b>2,936</b>	<b>~10%</b>	<b>~5%</b>	<b>~5%</b>	

# Eurex – Trading and clearing of financial derivatives

## Key secular growth drivers

### Equity index business – Product innovation

- **Leading global position with STOXX index family; unique innovation pipeline** to capture growth trends in **index, futurization, ESG and ETF derivatives**

### Fixed income business – OTC clearing

- **Partnership program** driving volume **growth by factor 6;** Euro Interest Rate Derivatives (IRD) with **~19% market share**

### Service and business expansion – Organic and M&A

- **Quantitative Brokers** – quant-tech algorithmic execution
- **Buy-in Agent** – service for failed securities settlement

## Net revenue growth

**7-10%**

**Net revenue growth**  
CAGR 2019-23E

t/o secular

**>5%**  
CAGR

t/o M&A  
(Quantitative  
Brokers)

**~1%**  
CAGR

# EEX – Trading and clearing of commodity spot and derivatives markets

## Key secular growth drivers

- Further **market share wins** in European **power and natural gas markets** vs. the uncleared OTC market
- **Leveraging** the unique **physical-delivery capability** of our clearing house European Commodities Clearing
- **Developing** our US energy exchange **Nodal, regionally expanding** business, strengthening **Asian footprint**

### Net revenue growth

7-10%

Net revenue  
growth  
CAGR 2019-23E

t/o secular

>5%  
CAGR

# 360T – Foreign exchange markets



Best ECN/MDP for  
forwards/swaps  
360T



Best market data provider  
360T

## Key secular growth drivers

- **FX market:** global, large and growing
- Shift to **electronic execution** and **multi-dealer** platforms; **reputation, regulatory** status key
- **Changing market structure:** rise of non-bank liquidity providers, largest bank liquidity providers getting bigger, market fragmentation
- **Reduced credit capacity:** PB capacity linked to higher costs, de-selecting clients based on credit availability, alternatives needed
- **Technological progress:** digitalization, electronification, low latency, data

## Net revenue growth

>10%

**Net revenue  
growth**  
CAGR 2019-23E

t/o secular

~10%  
CAGR



# IFS – Leading provider of investment fund distribution services

## Key secular growth drivers

- Positioning in **sweet spot** of global fund **sector growth**, third party **distribution acceleration** and **outsourcing pressures**
- Expanding **#1 position** as leading European **fund processing** service provider with **~€2.8tr** assets under custody
- Strengthening fund distribution services (via **Fund Centre**) as foundation for growth and **onboarding of new portfolios**
- **Cross-selling synergy effects** from business combinations, e.g. Ausmaq, Fund Centre, Clearstream (I)CSD
- **Expanding in alternative fund shares issuance** via digital enablers and DLT (FundsDLT)
- Strengthening **funds data** and **analytics** solutions

## Revenue growth

>15%

**Net revenue growth**  
CAGR 2019-23E

t/o secular

**~10%**  
CAGR

t/o M&A  
(Ausmaq, UBS  
Fondcenter)

**~6%**  
CAGR

# Qontigo – Building state-of-the-art investment products of the future

## Key secular growth drivers

- **Investment intelligence market** will **grow by 5-10%** p.a. with deep growth pockets of **>15%**
- **Active-to-passive migration** will continue – Qontigo serves both and can leverage scale in index/passive
- Demand for **seamless customer experience** and margin pressure will accelerate growth of **E2E platforms** and interoperable **ecosystems**
- **Disruption by ESG** and **fast lateral entrants** will lead to only few **mega-platforms** and offer opportunities for **superior analytics**
- Qontigo **aggregates scale** with its **open architecture platform** connecting its own as well as 3<sup>rd</sup> party content

### Revenue growth

**>15%**

**Net revenue growth**  
CAGR 2019-23E

t/o secular

**~10%**  
CAGR

t/o M&A  
(Axioma)

**~5%**  
CAGR

# ISS – Significantly expands our ESG capabilities and complements our existing businesses very well

## Importance of ESG

continues to grow significantly

Globally more than

**\$40 trillion**

of sustainable invested assets

~**\$1.6 billion**

revenue pool for ESG data, products, and services



Top player globally in **ESG** research, ratings, data, analytics and advisory services



**Qontigo** with world-class indices and best-of-breed portfolio-construction and risk analytics tools

Global leader in providing **governance research** and **proxy voting**



**Clearstream** with strong European post-trading footprint

Excellent **research, data, product distribution, insight,** and **workflow solutions** to the buy-side



**IFS** with global fund distribution services and €2.8 trillion custody assets

**Best in class ESG, governance research and data provider**

**Leading market infrastructure provider**

# ISS – Partnership to strengthen Deutsche Börse’s pre-trade business and to provide a runway for ISS to grow

## Future ESG growth

ISS’ business will transform Deutsche Börse into a global ESG leader; ISS with Deutsche Börse’s significant financial resources will accelerate ISS’ product/M&A roadmap

## Strong and diverse client base

ISS’ **strong global brand** translates into access to **4,000+ clients**, with high **buy-side** exposure including 2,000+ asset managers (including global top 10)

## Regionally complementary

ISS with very **strong US franchise and brand**; leverage **Deutsche Börse’s strong European brand/network** to expand in EMEA

## Business complementary

Highly **complementary product offering** already **within ISS**; **strong linkages** to **Deutsche Börse** that offer concrete **revenue synergies** in pre- and post-trading

## Strong operations skills

ISS has **strong** and **deep experience** in operating emerging market **data and processing centres**, which can be leveraged by **Deutsche Börse**



ISS research and advisory activities will continue to operate on a fully independent at arm’s length basis

# ISS – Attractive growth business, which fits well with our Compass 2023 financial targets

## Acquisition of a growing business ...

**>US\$280m**

Net revenue 2020E  
(pro forma IFRS)

**>5% CAGR**

Organic net revenue  
growth until 2023E  
pre synergies

**>90%**

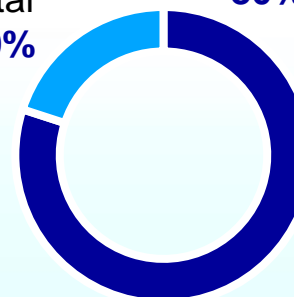
High recurring  
net revenue base

- In 2020 **~35% adjusted EBITDA margin** pre transaction effects with **further operating leverage potential**
- Due to strong complementarity, revenue **synergies** expected to result in **€15 million additional EBITDA** by 2023
- ISS will be **fully consolidated** and **form a new segment** within the pre-trading area

## ... in a strategic partnership format

ISS Management,  
Genstar Capital  
**20%**

Deutsche Börse  
**80%**



- **Purchase price** of **US\$2,275 million** (€1,925m) for 100% cash/debt free
- Deutsche Börse is **acquiring ~80%**, which is financed through **~€1 billion debt** and the remainder with own **cash**
- Transaction is **cash accretive in year 1** (~5% incl. run rate synergies)
- Transaction is expected to **close** in the **first half of 2021**



# We refined our financial steering logic to support our growth ambition

Financial steering	Sustainable growth	<ul style="list-style-type: none"><li>▪ Funding of <b>growth initiatives</b> linked to sustainable <b>secular net revenue growth</b></li></ul>
	Overall cost development	<ul style="list-style-type: none"><li>▪ In order to support our <b>secular revenue growth ambition</b>, we expect the operating costs to increase</li><li>▪ <b>Reported operating costs</b> will be the new cost metric</li></ul>
	Continuous improvement	<ul style="list-style-type: none"><li>▪ <b>Continuous improvement</b> (~2% productivity increase p.a. or ~€100m by 2023) will be key measure to capture <b>efficiencies</b> and ensure <b>scalability</b> of core businesses</li></ul>
	Profitability	<ul style="list-style-type: none"><li>▪ We are planning with a broadly <b>stable EBITDA margin until 2023</b></li><li>▪ Additional <b>cyclical support</b> would result in an increase of the <b>EBITDA margin</b></li></ul>

# Long standing capital management policy is confirmed

## Rating

- AA rating mainly because of post-trading business
- Net debt / EBITDA below 1.75x
- FFO / net debt above 50%

## Dividend policy

- Payout between 40% to 60% of net profit (reported)
- With increased earnings, payout ratio expected to decrease

## Use of excess cash

- Preferably reinvested into the business to support M&A strategy; otherwise buy-backs would be considered

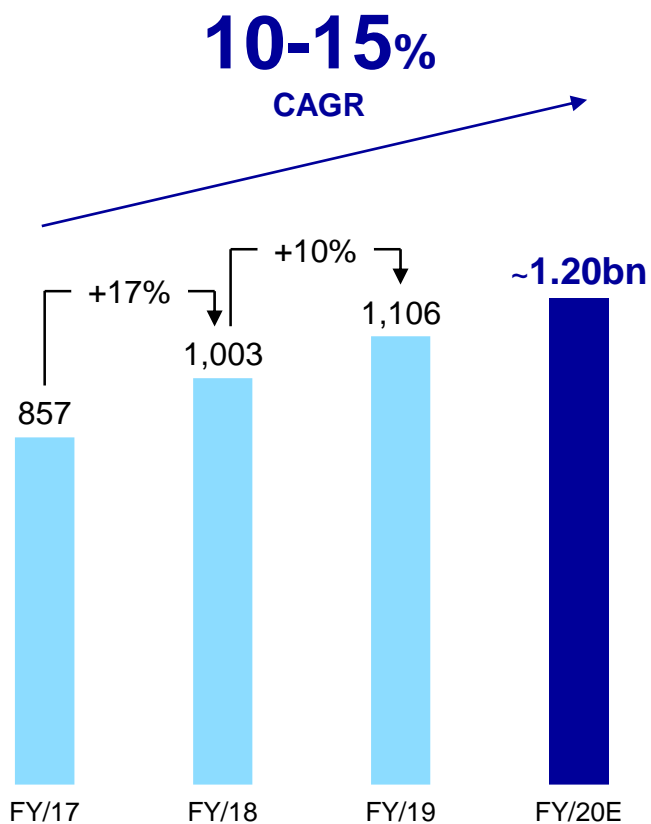
## Capital allocation

- Permanent review and monitoring of business portfolio
- Maintain sound balance sheet structure

# Outlook

## Net profit (adj.) guidance 2017-20

€m



## Guidance 2019-23 (CAGR)

Net revenue

~10%

EBITDA  
(reported)

~10%

EPS  
(reported)

~10%

Note: all figures including ISS

## Disclaimer

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