DEUTSCHE BÖRSE
GROUP

# Q3/2008 Results

**Thomas Eichelmann**
**Chief Financial Officer**
**Frankfurt, 5 November 2008**

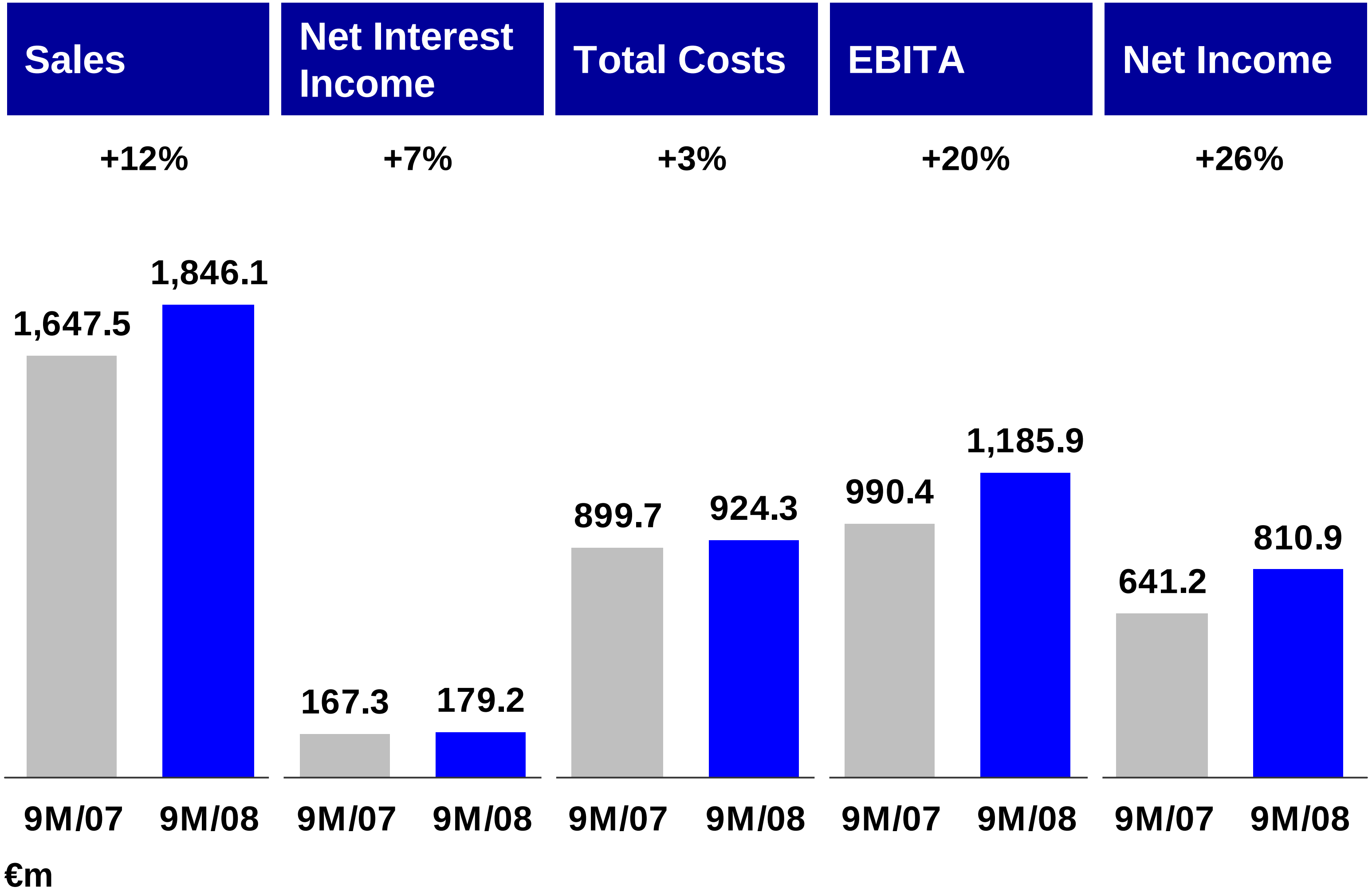
# Agenda

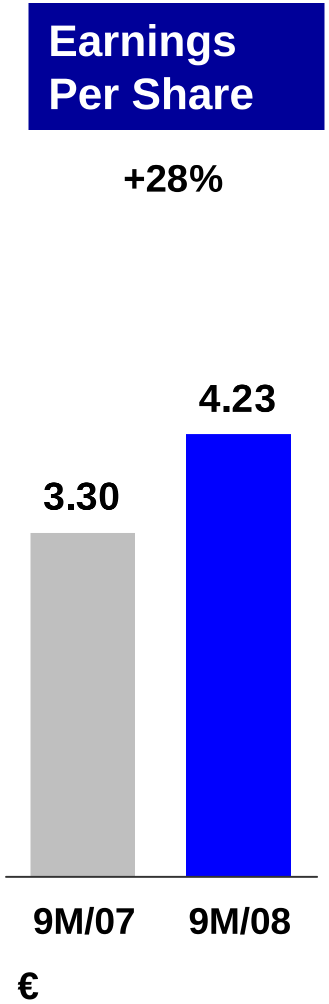
- **Financials – Deutsche Börse Delivers Record 9M And Second Best Quarterly Result Ever**
- **Strategy – Business Model Serves As Foundation For Continued Strong Performance And Stability**
- **Outlook – Strong October Volumes Represent Encouraging Start Into Q4/2008**

# Q3/2008 Results Call Overview

- Record financial performance for 9M/2008
  - 20% y-o-y EBITA growth and 28% increase in EPS
  - Y-o-y cost growth of 3% despite inclusion of ISE reflects cost management
- Q3/2008 is second best quarter ever, reinforcing resilience of integrated business model in difficult market environment
  - Sales revenue increases 10% to €616m
  - EBITA increases 5% to €385m
  - Costs up by 13% to €311m (down 2% y-o-y excluding ISE)
- Strong performance throughout financial crisis underpinned by vigorous risk management, resulting in low risk profile of Deutsche Börse Group ("transaction engine")
- Based on the excellent development of our business in the first nine months, the strong volume development in October, paired with our strict cost management and the steps initiated to lower our effective Group tax rate, we are confident to achieve a new record result for the full year 2008
- 2009 cost guidance will be issued following the Supervisory Board meeting in early December

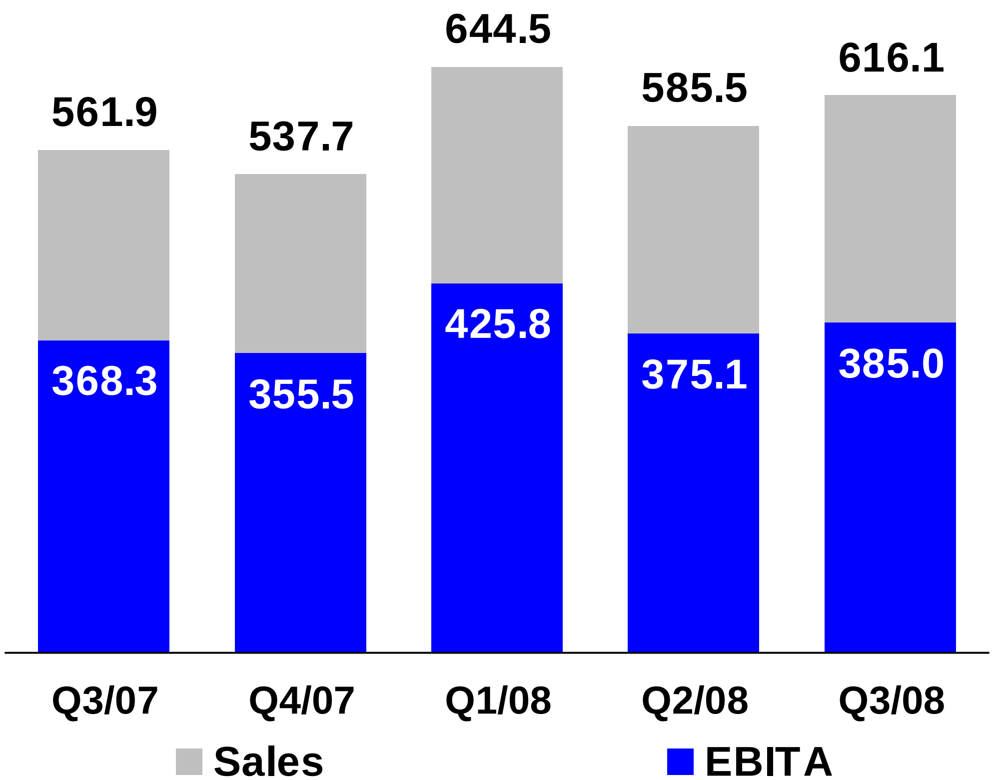
# 9M/2008 – 28% EPS Growth Demonstrates Resilience Of Deutsche Börse's Integrated Business Model



# Q3/2008 – Earnings Growth Continues Despite Weaker Business Activity In Some Areas In July And August

**Sales and EBITA** (€m)




**Revenues**

- Sales: €616.1m (+10% vs. Q3/07[1])
- Net interest income: €55.7m (−6% vs. Q3/07)

**Costs**

- Total costs: €311.2m (+13% vs.Q3/07)
  - Increase due to inclusion of ISE (Q3/08: €42.0m); excluding ISE, costs would have decreased 2%
  - €10m repatriation of provisions for stock performance related incentive schemes (Q3/07: €12m charge)

**Earnings**

- EBITA: €385.0m (+5% vs. Q3/07[1])
- Financial result negatively impacted by currency loss of around €7m related to ISE financing
- Incremental improvement in effective group tax rate to ~28% through move to interim location
- Net income: €257.3m (+8% vs. Q3/07)
- Earnings per share: €1.35[2] (+10% vs. Q3/07)

1) ISE contribution: Sales revenues €66.1m and EBITA €26.1m; EUR/USD exchange rate: 1.4374 (30 September 2008)
2) Based on 190.7m weighted average number of shares (includes 0.2m potentially dilutive shares)

# Q3/2008 – Strong Derivatives Volume Development At Eurex And ISE Continues

## Volume development Q3/2008 versus Q3/2007[1]

### Cash markets

| | |
|---|---|
| NYSE Euronext (US products)[2] | 10% |
| Nasdaq[3] | −9% |
| LSE Group[4] | −9% |
| **Deutsche Börse (Xetra)[4]** | **−18%** |
| NYSE Euronext (European products)[4] | −29% |

### Derivatives markets

| | |
|---|---|
| **Deutsche Börse (Eurex and ISE)**<br>812m contracts | **+15%** |
| NYSE Euronext<br>361m contracts | +2% |
| CME Group (CME, CBOT,NYMEX)<br>847m contracts | −5% |

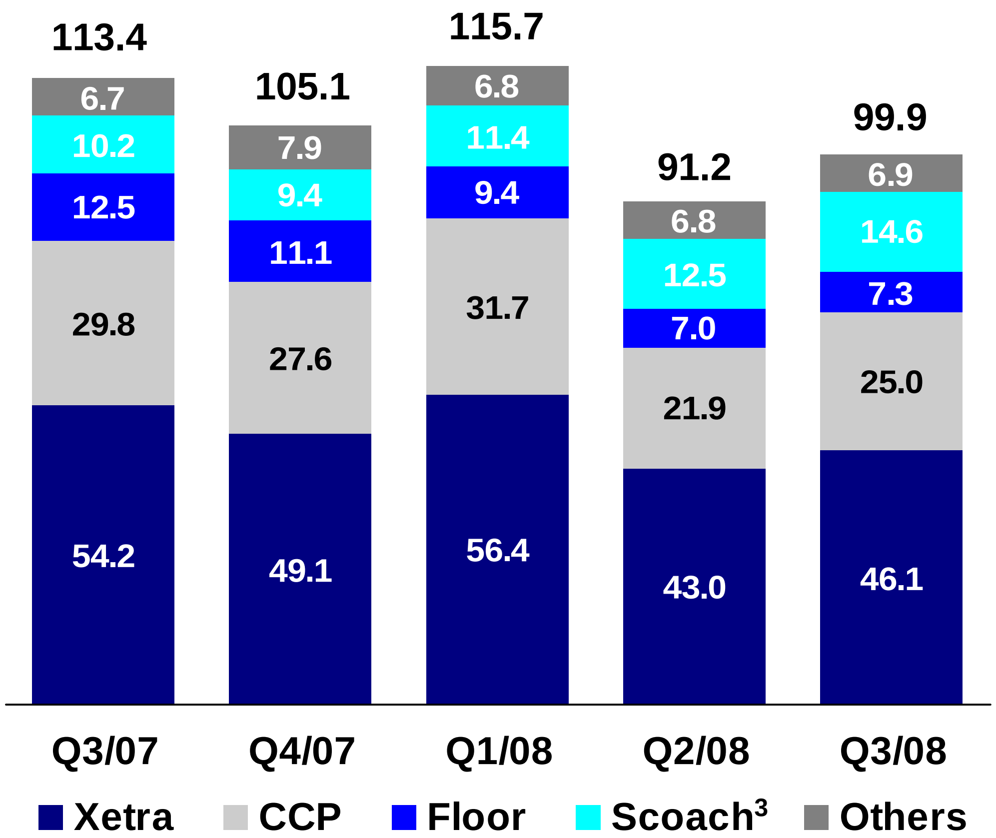
1) Source: Companies
2) Matched shares in NYSE-listed securities
3) Matched shares in Nasdaq-listed securities
4) Electronic order book turnover in EUR or GBP

# Xetra – Sequential Increase In Cash Market Revenues Of 10% Versus Q2/2008

## Business activity

| | Q3/08 | Change vs. Q2/08 | Change vs. Q3/07 |
|---|---|---|---|
| **Xetra – electronic trading** | | | |
| Trades | 55.8m | +20% | +15% |
| Order Book Volume[1] | €540.3bn | +14% | −18% |
| **Floor[2]** | | | |
| Order Book Volume[1] | €17.8bn | +10% | −34% |
| **Scoach[3]** | | | |
| Client Order Book Volume[3] | €17.0bn | +21% | −6% |

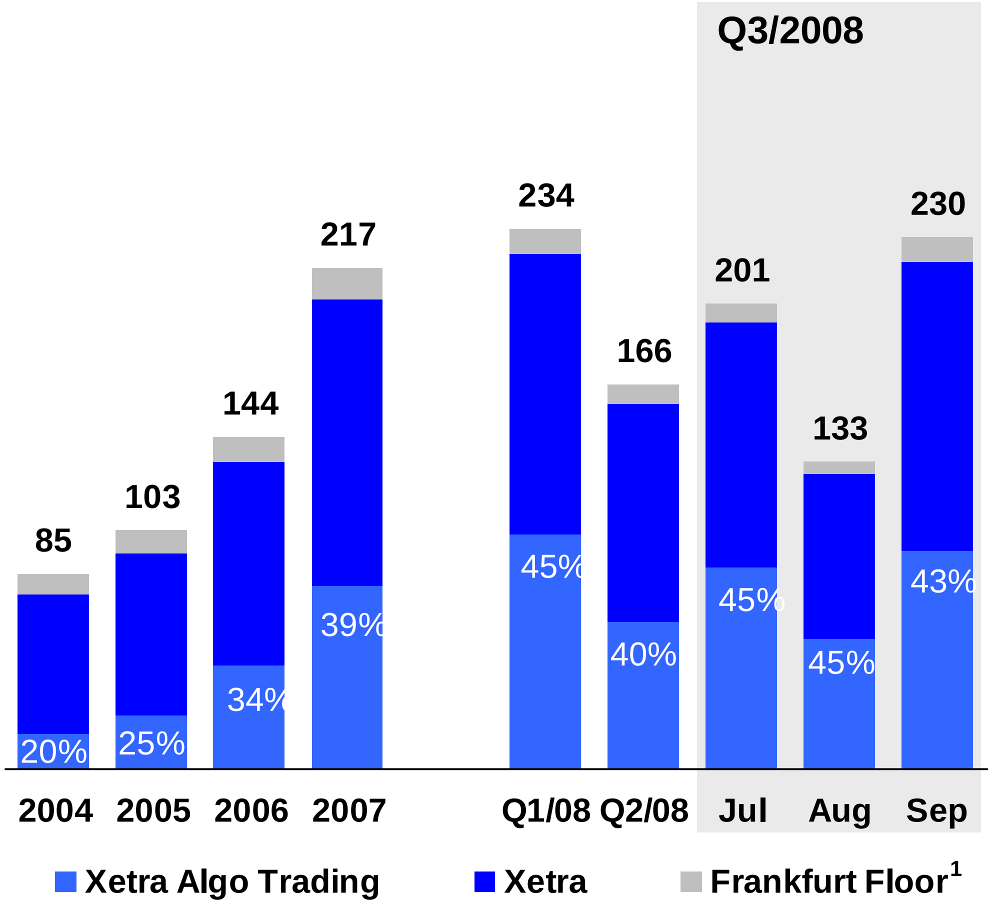
## Cash market sales (€m)




1) Single-counted
2) Excluding Scoach traded certificates and warrants
3) Certificates and warrants joint venture with SIX Group; adjustment of statistical reporting with transition to the Xetra System in April 2008 (consolidated client order book volume for the German and the Swiss market)

# Xetra – Strong Cash Market Trading Volume In September Offsets Weak Trading In August

**Monthly cash market trading volume** (€bn)

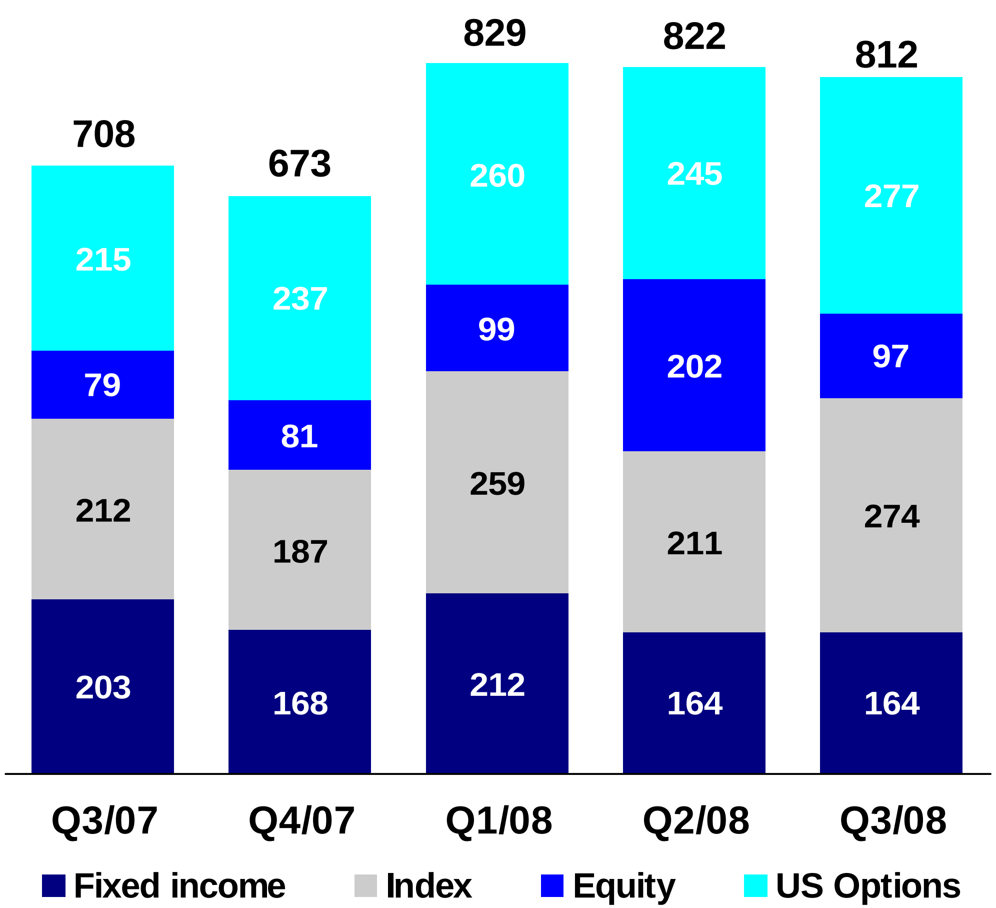



- Increase in trading volume on Xetra and the trading floor against Q2/2008
- Xetra value traded down 18%, while transactions up 15% against Q3/2007
- Structural growth trend continues: Algorithmic trading share in Q3/2008 at 44% (Q3/2007: 42%)
- Success of algorithmic trading continues in times of market turbulence, resulting in smaller average trade size (Q3/2008:€19k; Q3/2007: €27k)
- Retail activity on the Frankfurt trading floor and Scoach decreases 40% year-over-year as retail activity continues to slow with ongoing uncertainty in financial markets

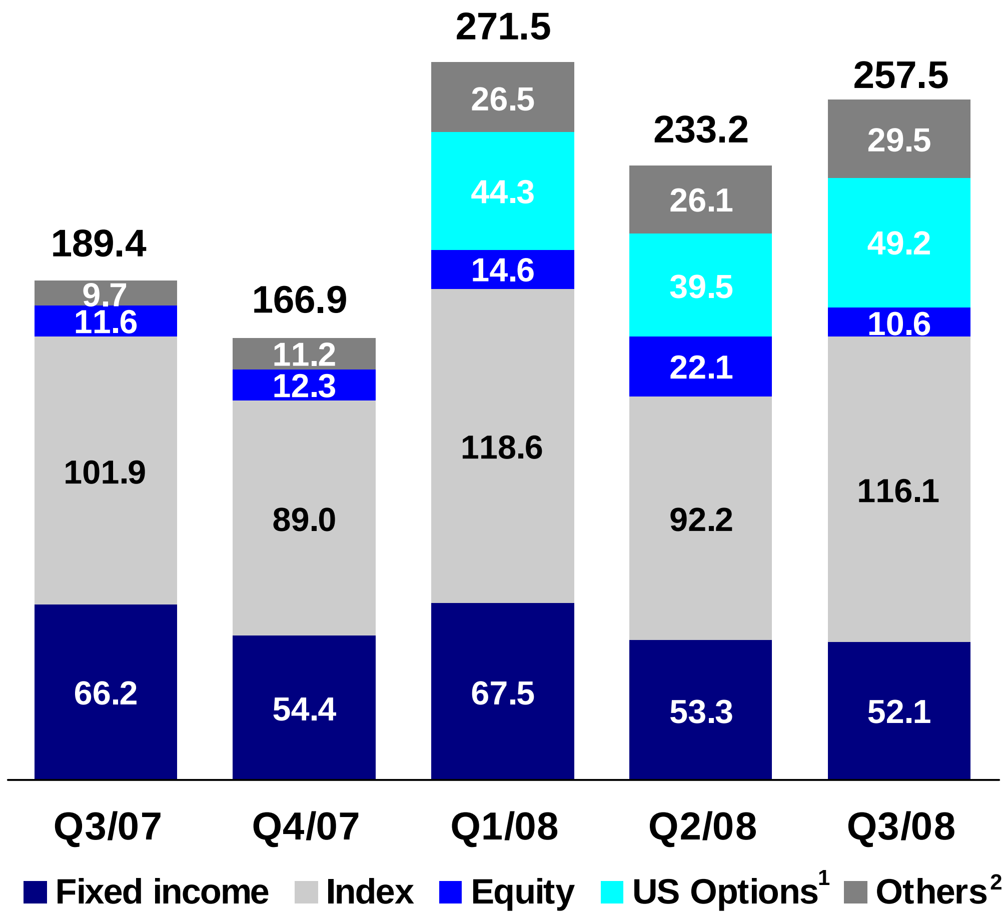
1) Including certificates and warrants

# Eurex – Derivatives Volumes Increase 15% Compared To Q3/2007

**Business activity** (traded contracts in million)



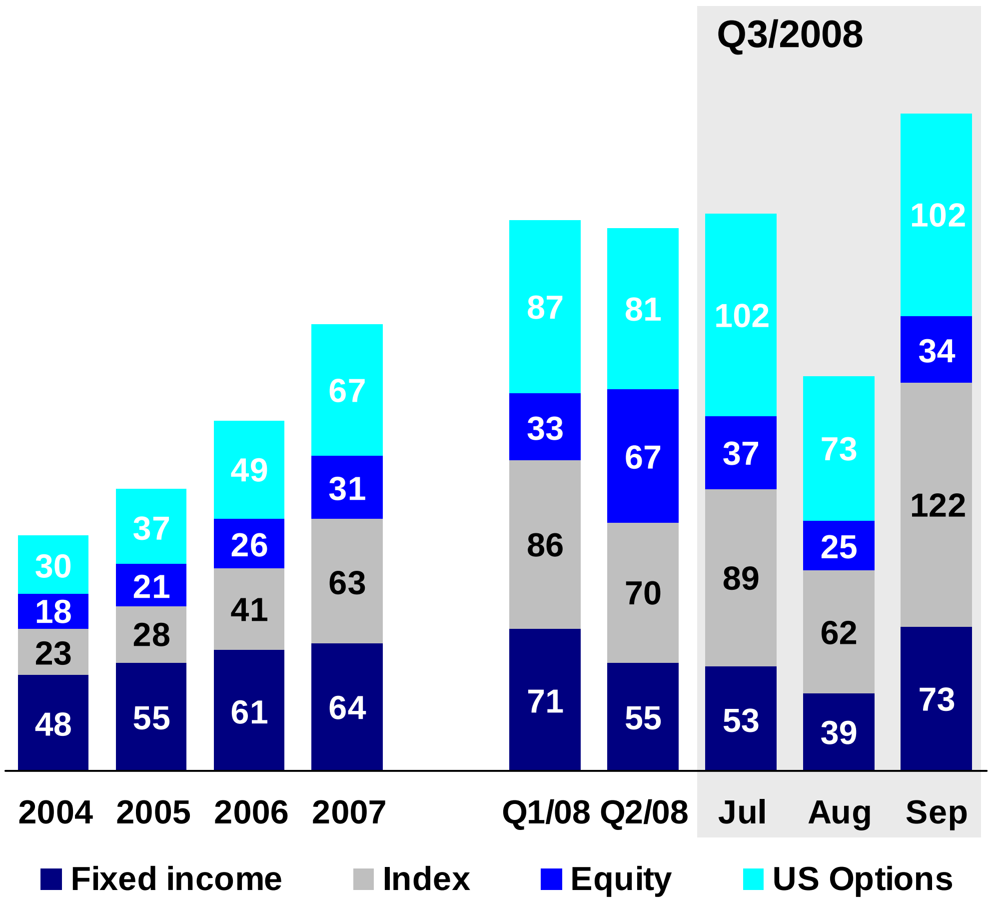

**Eurex sales** (€m)




1) EUR/USD exchange rate: 1.4374 (30 September 2008)
2) Others includes €16.5m of ISE revenues (e.g. equity trading, market data)

# Eurex – Structural Trends Remain Key Growth Drivers, But Recent Market Volatility Also Supported Growth

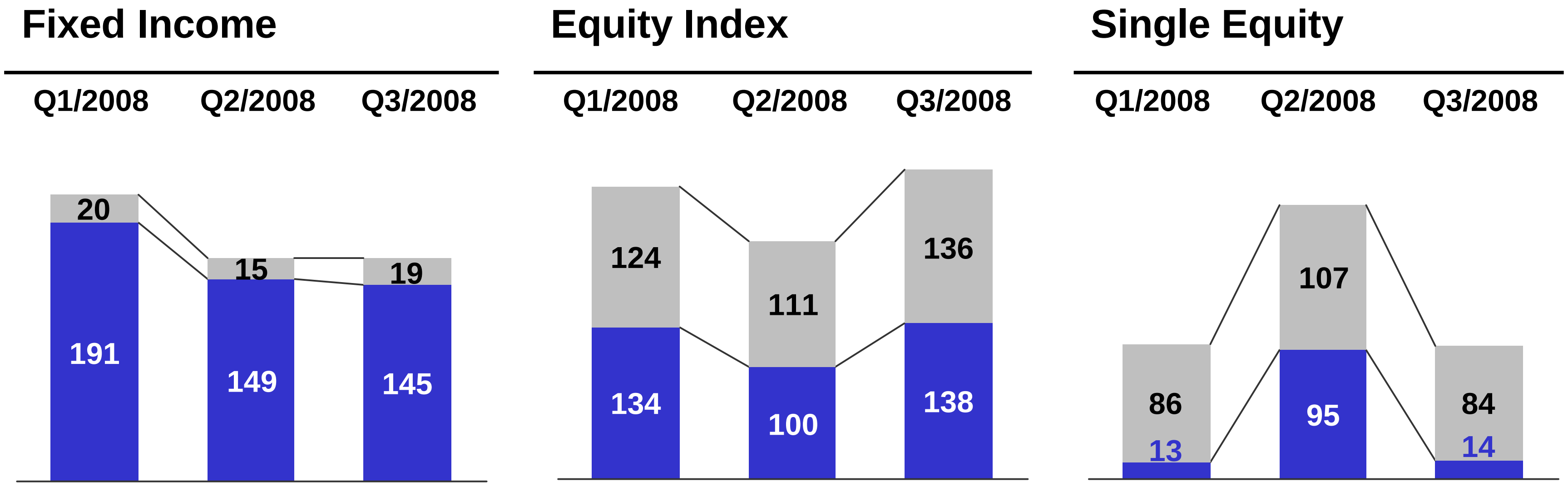
**Monthly traded contracts** (m)




- Derivatives volumes up 15% in Q3/2008 against Q3/2007 with 812m contracts traded
- Structural growth drivers continue to be key factors in volume development at Eurex, e.g.:
  - Increasing use of equity & index derivatives by traditional fund managers
  - Growth in algorithmic trading
  - Increasing awareness of market and counterparty risks
- Increased use of derivatives in times of high market volatility also helped volume growth in Q3/2008

# Eurex – Positive Mix Shift In Q3 As Expected, Following Effects Of Dividend Season In Q2

**Contracts Traded** (in million)




**Share of OTC entries on Eurex**[1]

| | Fixed Income Q1/2008 | Fixed Income Q2/2008 | Fixed Income Q3/2008 | Equity Index Q1/2008 | Equity Index Q2/2008 | Equity Index Q3/2008 | Single Equity Q1/2008 | Single Equity Q2/2008 | Single Equity Q3/2008 |
|---|---|---|---|---|---|---|---|---|---|
| Futures | 9% | 9% | 9% | 13% | 15% | 14% | 100% | 100% | 99% |
| Options | 78% | 75% | 80% | 74% | 76% | 77% | 47% | 40% | 40% |

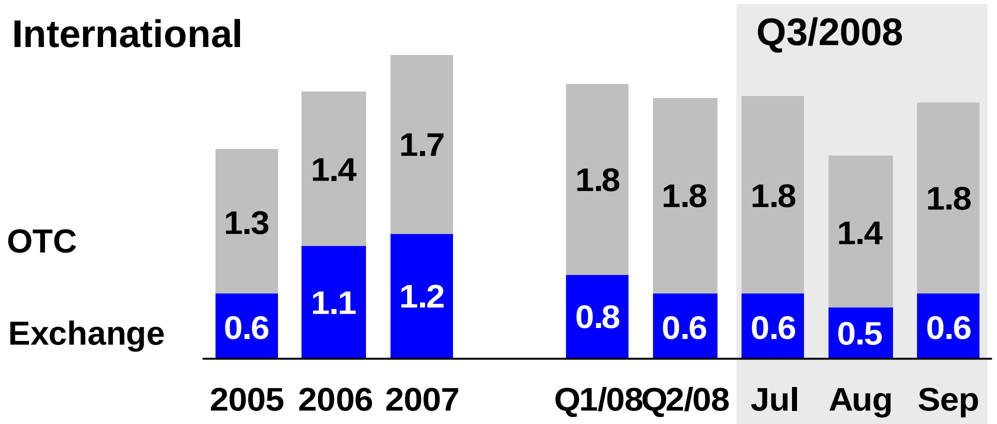
**Revenues per contract**[2]

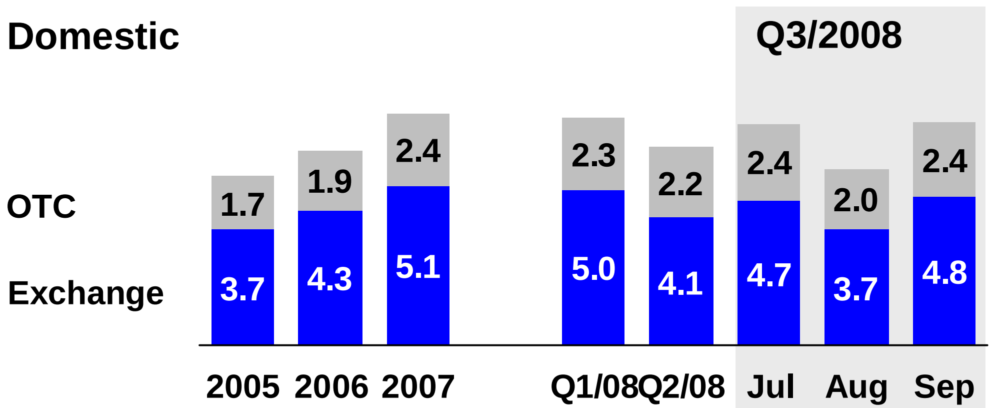
| | Fixed Income Q1/2008 | Fixed Income Q2/2008 | Fixed Income Q3/2008 | Equity Index Q1/2008 | Equity Index Q2/2008 | Equity Index Q3/2008 | Single Equity Q1/2008 | Single Equity Q2/2008 | Single Equity Q3/2008 |
|---|---|---|---|---|---|---|---|---|---|
| Futures | €0.33 | €0.34 | €0.33 | €0.53 | €0.55 | €0.53 | €0.13 | €0.05 | €0.03 |
| Options | €0.20 | €0.20 | €0.18 | €0.38 | €0.34 | €0.32 | €0.15 | €0.16 | €0.12 |

1) The Eurex OTC entry facilities enable participants to enter off-order book trades in Eurex products in the clearing house. OTC share includes all Eurex OTC functionalities; fee cap only applies to block transactions
2) Total quarterly revenue per product category divided by total number of contracts traded per product category

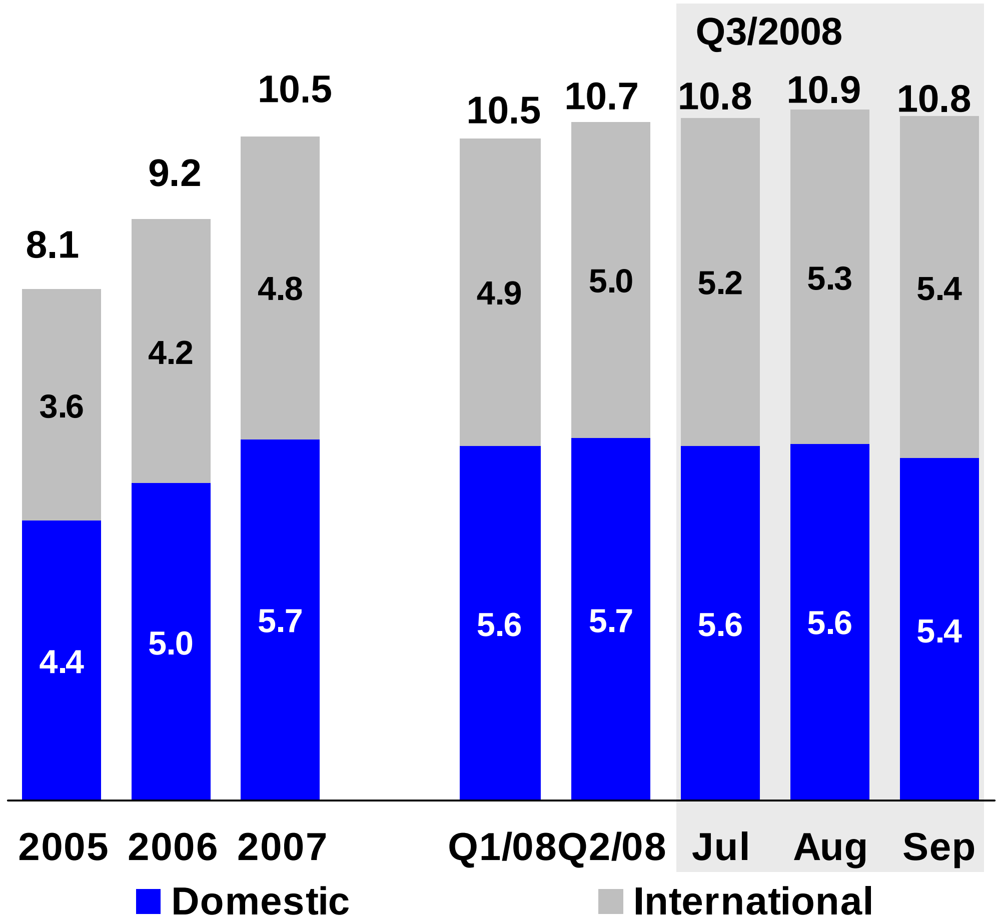
# Clearstream – International Assets Under Custody Increased 8% Y-O-Y Despite Difficult Issuance Environment

## **Settlement transactions** (m)[1]



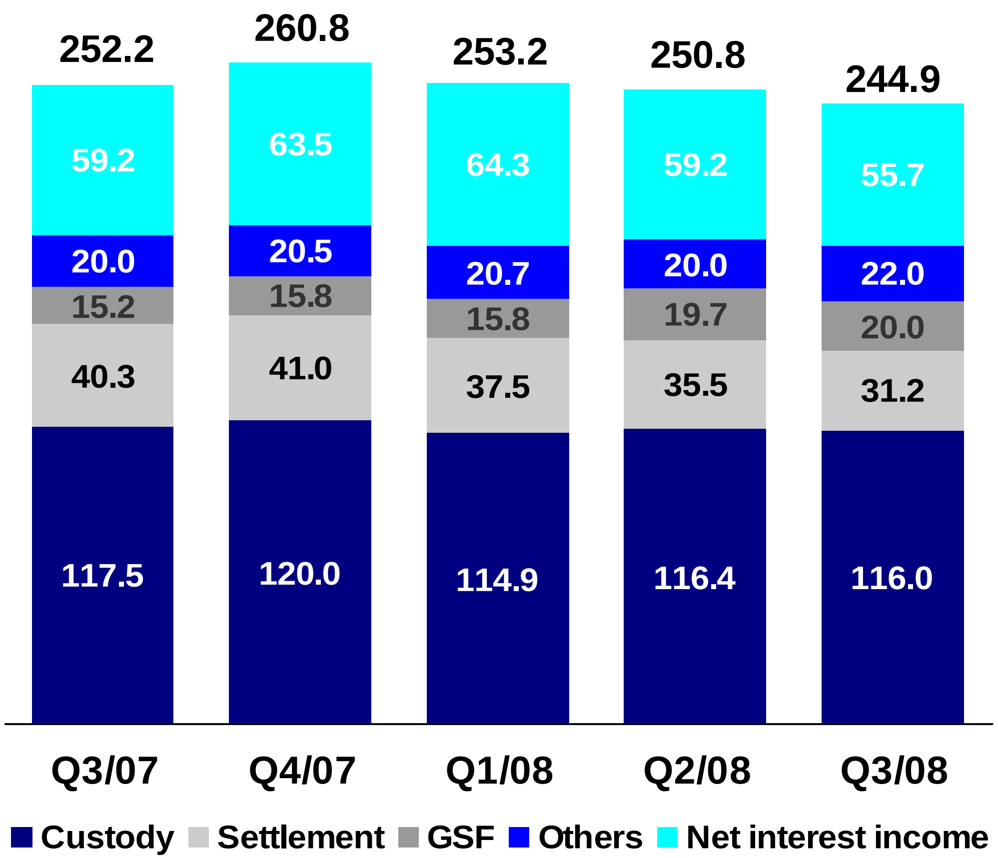

## **Assets under custody** (€tr)




1) Monthly averages

# Clearstream – GSF Business Continues To Show Double Digit Growth Rates

**Clearstream revenues** (€m)




- Custody revenues remained stable primarily due to sliding scale effects, despite growth in assets under custody of 2% vs. Q3/2007 (~75% of custody revenues are driven by bonds)
- Settlement revenues declined by 23% vs. Q3/2007 mainly due to lower retail activity on the floor and regional exchanges (~50% of the settlement revenues are equity driven)
- Global Securities Financing revenues increased by 31% vs. Q3/2007 due to increased usage of Clearstream's lending and repo facilities
- Net interest income decreased by 6% vs. Q3/2007 due to lower cash balances (€4.7bn compared to €5.9bn in Q3/2007 and €5.4bn in Q2/2008)

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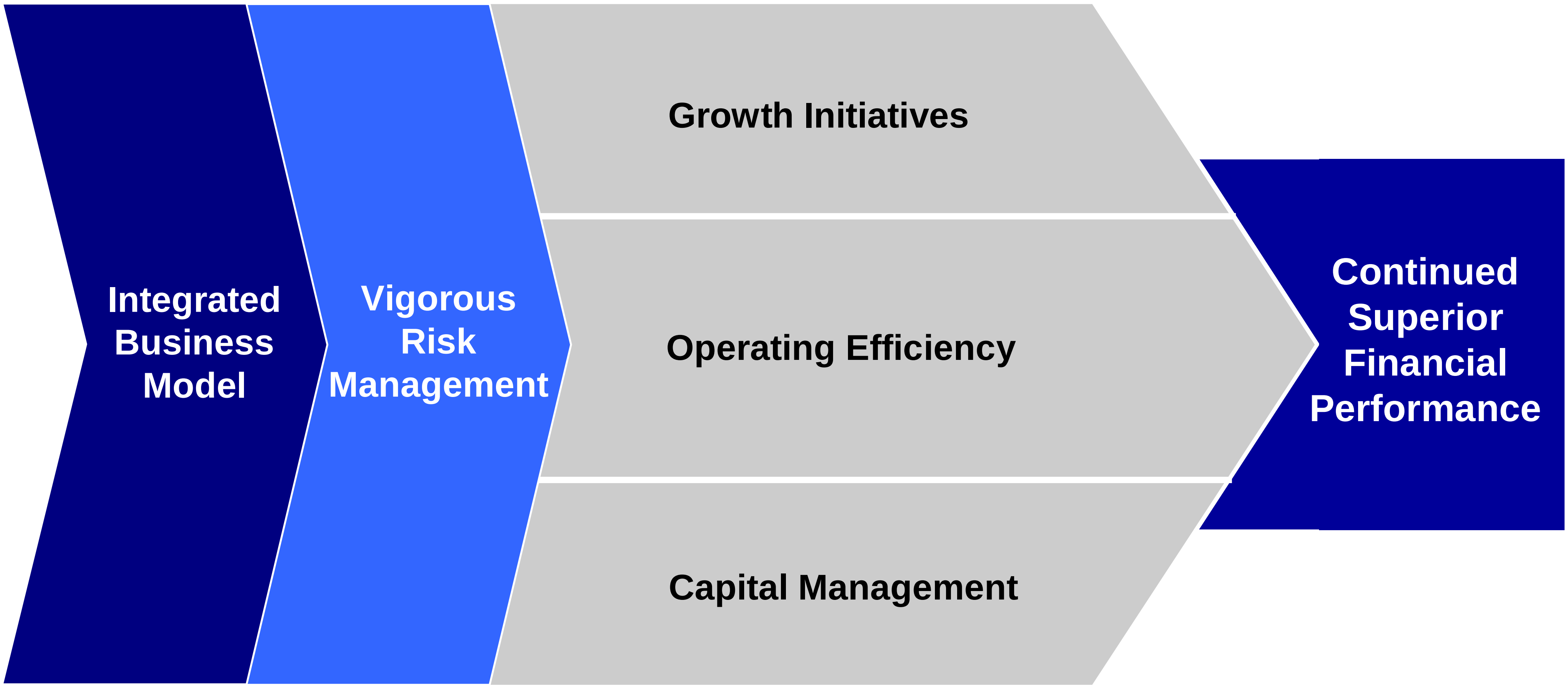
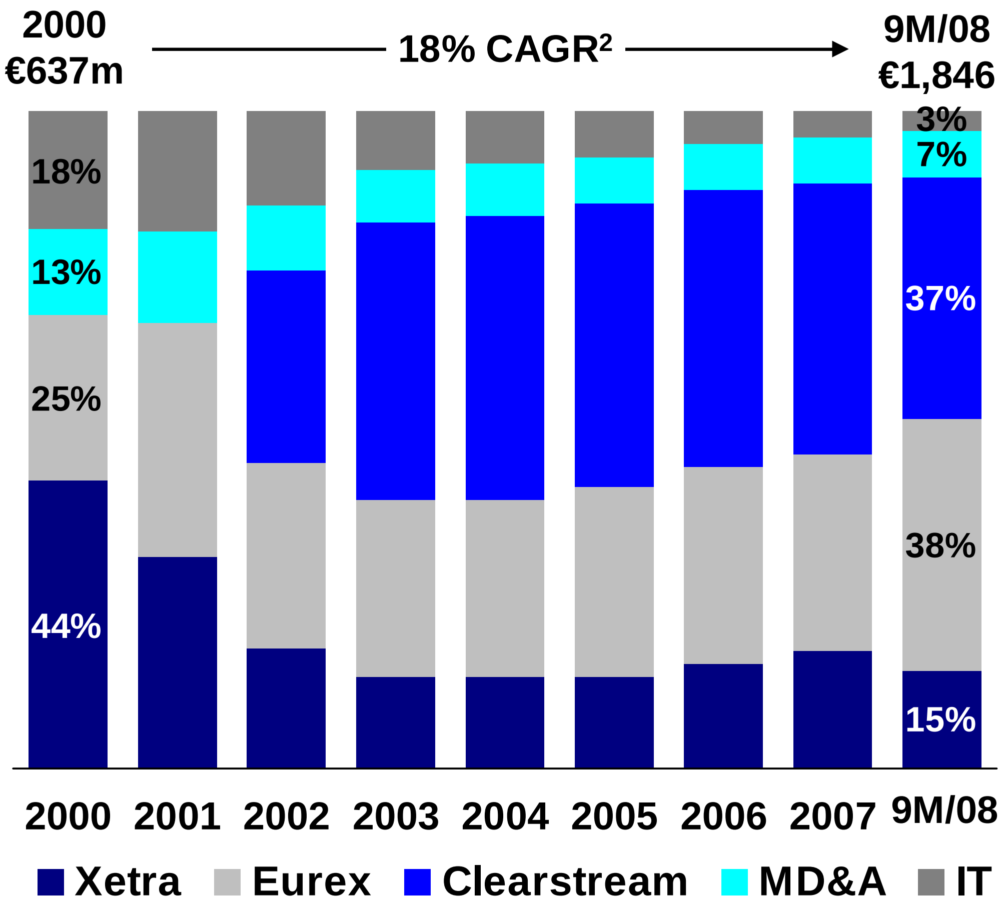
# Integrated Model And Vigorous Risk Management Ensure Stability In Unprecedented Market Environment

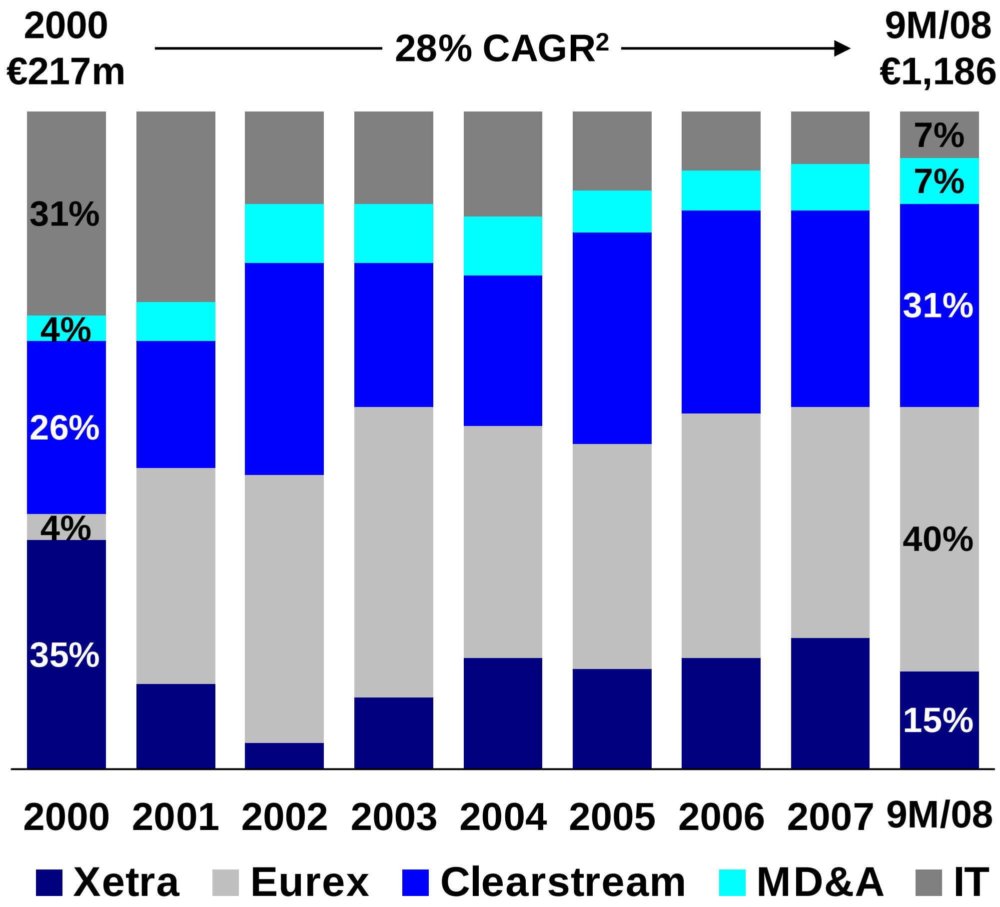


# Diversified Revenue Streams Help Offset Impact Of Cyclical Influences

## Development of sales revenue distribution[1]




## Development of EBIT distribution[3]




1) Sales and net interest income; External sales for IT; Clearstream fully consolidated since 1 July 2002
2) Quarterly average 2000 vs. 9M/2008
3) Excluding Corporate Services and Reconciliation; 2000 to 30 June 2002 includes dividend from 50% Clearstream stake

# Deutsche Börse Maintains Low Risk Profile Through Vigorous Risk Management Approach

## Deutsche Börse Group

| Risk Characterization | Mitigation |
| --- | --- |
| § Operational risk, e.g. systems outages | § Integrated IT function and extensive track record for systems reliability, e.g. 99.99% availability over the last years against the background of an e.g. 20 fold increase in quotes on Eurex since 2005<br>§ Continuous investments in IT systems |

## Clearstream

| Risk Characterization | Mitigation |
| --- | --- |
| § Counterparty risk on customers and money market participants | § Continuous monitoring of credit exposures, which are only with highly rated customers and are largely collateralized<br>§ Clean credit lines in place only for select customers (mainly central banks) to facilitate securities settlement; credit lines can be withdrawn at any time<br>§ Customer cash is invested mainly overnight with highly rated counterparties, and is largely collateralized against highly rated collateral |

## Eurex Clearing

| Risk Characterization | Mitigation |
| --- | --- |
| § Counterparty risk on clearing members and cash deposits | § Continuous mark to market; from November real time instead of every few minutes<br>§ Multiple layers of protection to absorb any client default as evidenced in recent customer default<br>§ Cash investments on behalf of Eurex Clearing only overnight and mostly on collateralized basis |

# Eurex Clearing: Multiple Layers Of Protection Proven Highly Effective In Current Market Environment

**Ongoing procedures**

| | |
|---|---|
| Initial Margin Requirements | Margin requirements based on risk position (currently ~€50bn)<br>Collateral deposits cash or securities (haircuts 2%-50%) |
| Real-Time Collateral Monitoring | Collateral vs. risk position monitored continuously<br>Intraday margin calls made if necessary |

**Procedures in case of member default**

| | | |
|---|---|---|
| ê | Position Netting | Close-out of positions results in surplus or shortfall |
| ê | Collateral Liquidation | Collateral is liquidated to cover potential shortfalls |
| ê | Clearing fund | Contribution to clearing fund of defaulting member (€1-100m) |
| ê | Reserves of Eurex Clearing | ~€5m |
| ê | Clearing fund | Clearing fund contribution of other members ~€1bn |
| ê | Liable equity of Eurex Clearing | ~€110m |
| ê | Parental Guarantee to Eurex Clearing | €700m by Deutsche Börse and SIX |

# Current Growth Initiatives In Cash, Derivatives And Post Trade

**Growth Initiatives**

- Use of integrated business model as foundation
- Organic growth opportunities along three dimensions:
  - New products (in existing and new asset classes)
  - New customers
  - New geographic regions
- Support for structural growth drivers
- Complementary external growth opportunities constantly evaluated

**Cash Market**

- Further enhance liquidity pool in German blue-chips: Technology upgrades / improved functionalities
- Improve product offering on Xetra: International listings / additional asset classes / retail order flow
- Expand geographical reach of Xetra network: New users in Eastern Europe, Middle-East and potentially the US

**Derivatives Market**

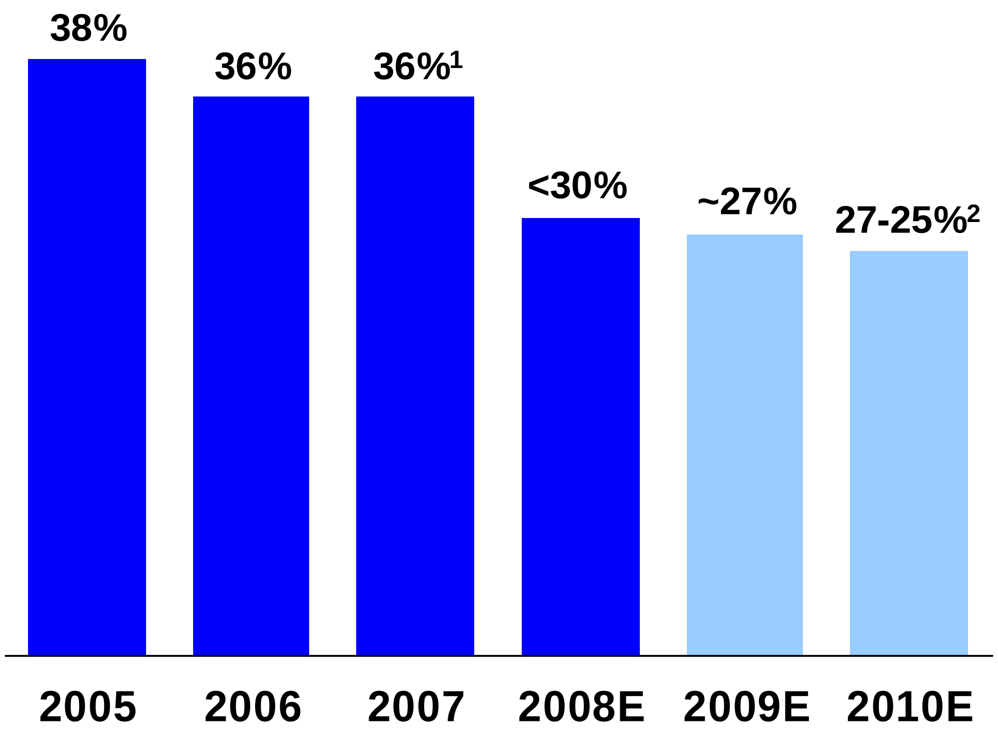
- Implementation of Clearing link between Eurex and ISE
- Development of new options trading system, initially for ISE
- Further expand OTC offering of Eurex Clearing
- Continued implementation of Eurex Technology Roadmap: System performance / data feeds / real-time risk management
- Enhance diversification in customer and product / asset class dimension

**Post Trade**

- Implementation of Link-up Markets
- Further expansion of Global Securities Financing and fund processing services

# Significant Reduction Of The Group Tax Burden

## Development of effective group tax rate




## Tax Guidance

2007 Effective group tax rate **36%**[1]

2008 Tax guidance of **<30%** (previous guidance 31-33%) includes the following effects:

- German corporate tax reform
- ISE acquisition
- ~50% of Frankfurt based staff moved to Eschborn in 2008
- Tax rate of **~28%** in Q3/2008

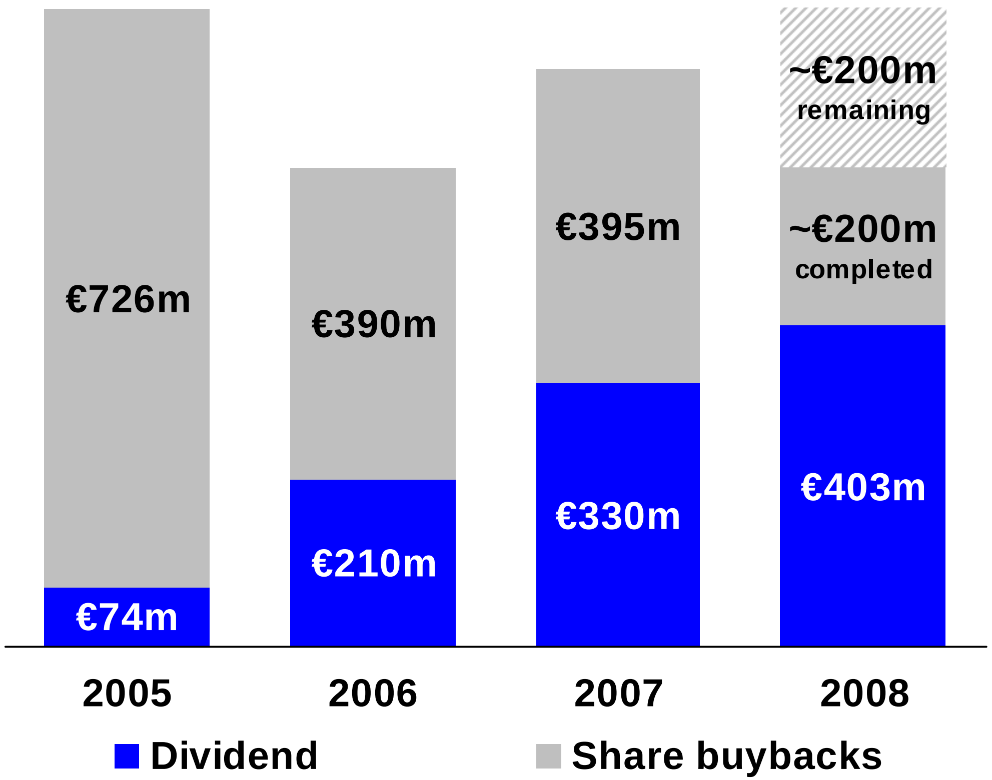
2009 Tax guidance of **~27%**, assumes ~50% of Frankfurt staff located in Eschborn for the entire year 2009

2010 Tax guidance of **27-25%**[2], assumes Frankfurt based staff relocated to new building in tax efficient location by mid 2010

1) Adjusted for non-taxable book gain from sale of Clearstream headquarters (€120m)
2) Exact tax level depends on timing of relocation

# Overview Capital Management Program

## Overview Capital Management Program




- Dividends and share buy-backs bring the total distribution volume until and including September 2008 to some €2.7bn
- Between 2005 and September 2008 35.5m shares were repurchased (16% of the shares outstanding); of that 28.6m shares were cancelled and 0.9m shares were acquired by employees; the remaining 6.0m shares are held in treasury
- Share buybacks resumed on 1 July 2008 with a volume of up to €400m for 2008, subject to rating requirements, financing needs for investment projects and general liquidity considerations
- Since 1 July 2008 ~€200m of share buy backs completed

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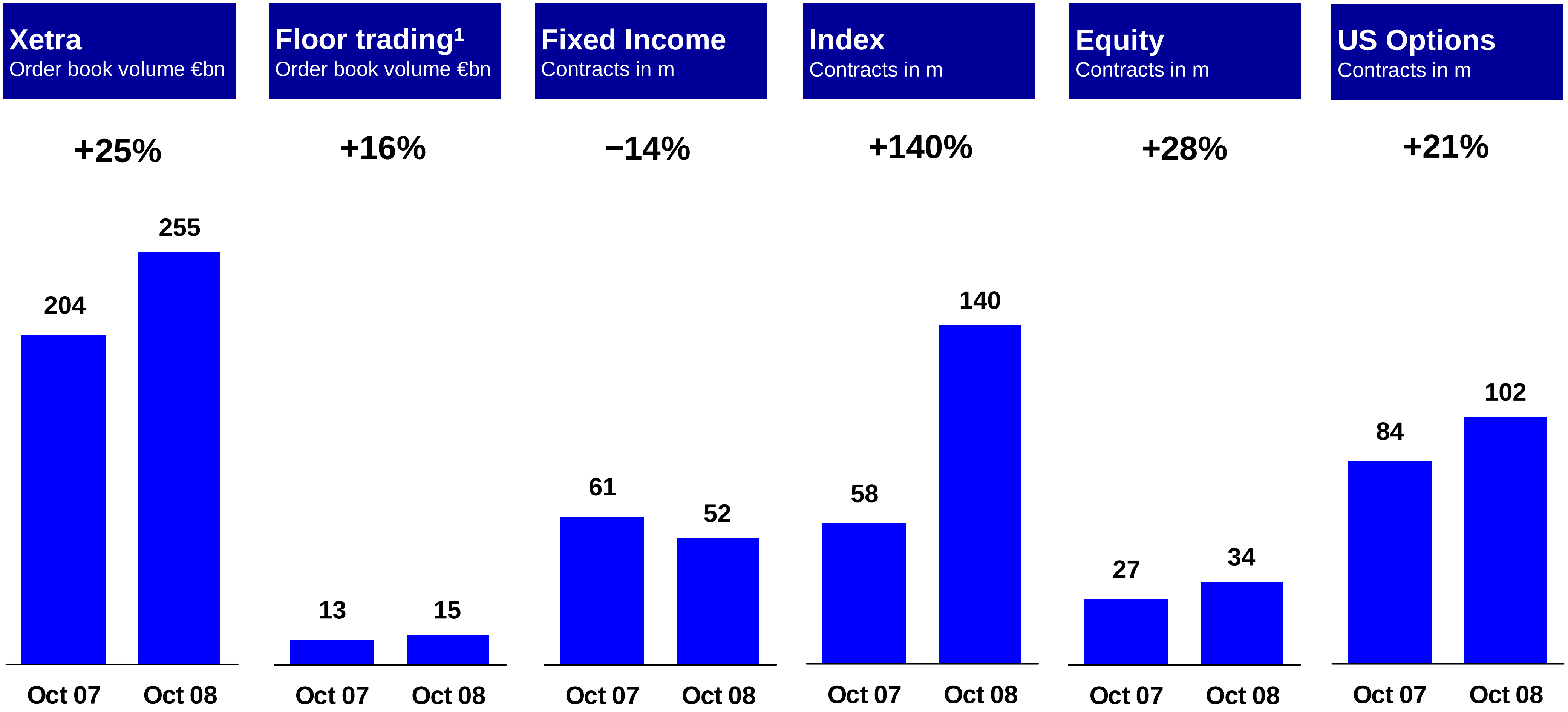
# Q4/2008 Outlook – Encouraging Start To Quarter With Growth Across Main Segments




1) Including certificates and warrants

# Financial Calendar And Contact Details

## Financial Calendar

| | |
|---|---|
| **24 Feb 2009** | Preliminary results – Q4 and FY 2008 |
| **25 Feb 2009** | Analyst and investor conference – preliminary results Q4 and FY 2008 |
| **11 May 2009** | Q1/2009 results |
| **12 May 2009** | Analyst and investor conference – Q1/2009 results |
| **20 May 2009** | Annual General Meeting |
| **21 May 2009** | Dividend distribution for 2008 |

## Contact Details

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