

Q1/2014 Results

Analyst and Investor Conference Call

29 April 2014

Highlights Q1/2014 Results Presentation

- Q1/2014 saw an improvement of business activity in Xetra and Clearstream as well as continued growth in new products with dividend and KOSPI derivatives hitting record levels
- Net revenue increased 6 percent to €514.2 million driven by improvement of business activity and full consolidation of EEX as per 1 January 2014; net revenue increase w/o consolidation: +2%
- Adjusted EBIT increased 5 percent to €271.6 million and adjusted EPS is up 9 percent to €1.00; adjusted earnings exclude one-off gain of €62.7 million from Direct Edge/BATS merger
- Continued strong cash flow generation allows for attractive distribution: stable dividend of €2.10 per share for 2013 proposed to AGM on 15 May 2014
- Deutsche Börse is uniquely positioned to benefit from customer focus on risk, collateral and liquidity management; business model is serving as the global role model
- Significant progress has been made with regards to infrastructure (e.g. derivatives trading and clearing) and structural growth initiatives (e.g. OTC clearing, collateral management, Asia)

Q1/2014 – Development Of Group And Segmental Financials

Group

Net revenue

€514.2 million (+6%)

Net interest income

€8.4 million (+2%)

Operating costs¹

€243.4 million (+6%)

EBIT^{1,2}

€271.6 million (+5%)

Tax rate^{1,2}

26% (stable)

Net income^{1,2}

€184.7 million (+9%)

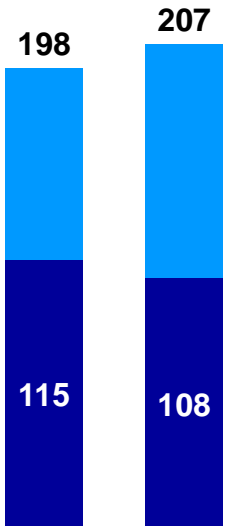
Earnings per share^{1,2}

€1.00 (+9%)

Segments

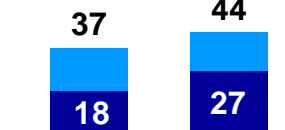
Eurex

Net rev. ▶
+5%



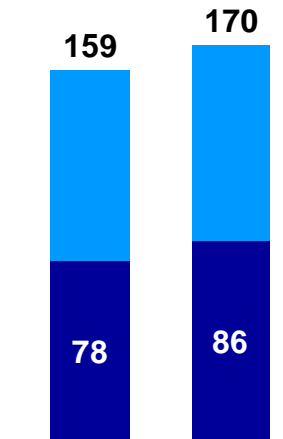
Xetra

Net rev. ▶
+19%



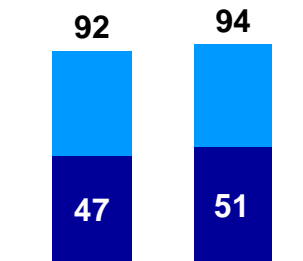
Clearstream

Net rev. ▶
+7%



MD+S

Net rev. ▶
+2%



€m Net revenue EBIT^{1,2}

1) Adjusted for costs for efficiency programs and merger related costs (Q1/2013: €65.8m; Q1/2014: 4.4)

2) Adjusted for one-off gain of €62.7m relating to Direct Edge and BATS merger booked in the result from equity investments in the Eurex segment

Q1/2014 – Eurex

Business activity Q1/2014 y-o-y

Financial derivatives (traded contracts in m)

US Options	162.5		3%
Equity	67.7	-18%	
Fixed income	127.0	-12%	
Index	178.5		5%
Total¹	541.1	-3%	

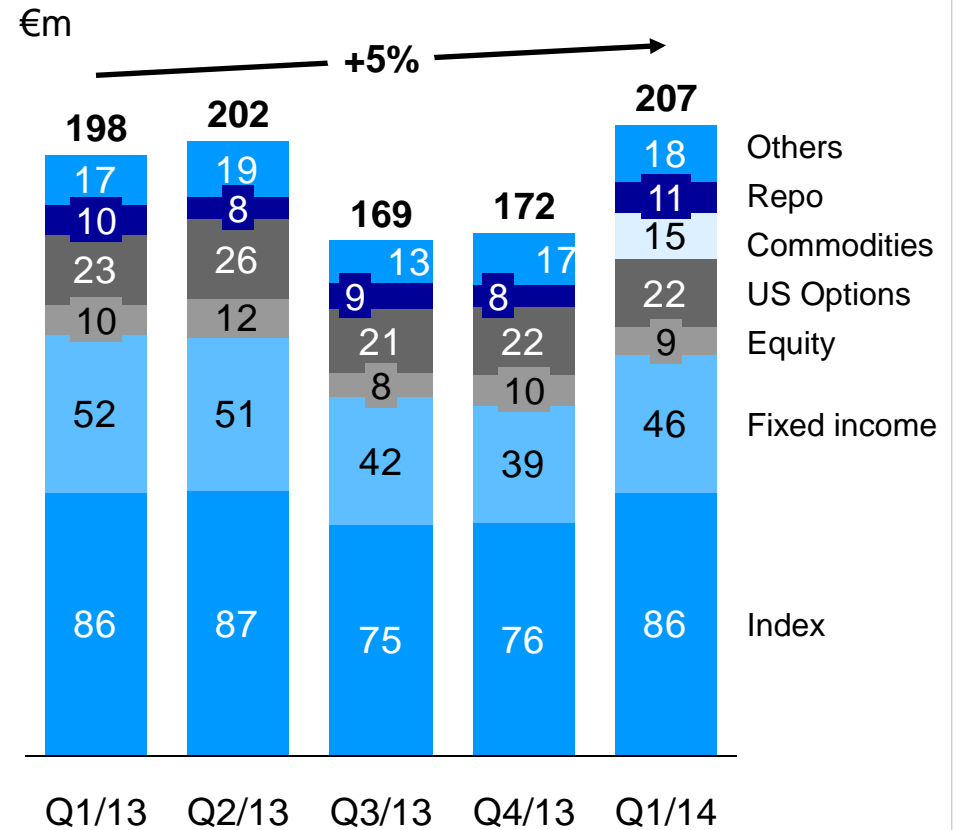
Commodities (volume in TWh/ tCO2)

Power	350.3	5%
Gas	121.7	117%
Emissions	223.6	14%

Repo (outstandings in € bn)

Total volume	216.7	5%
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Net revenue

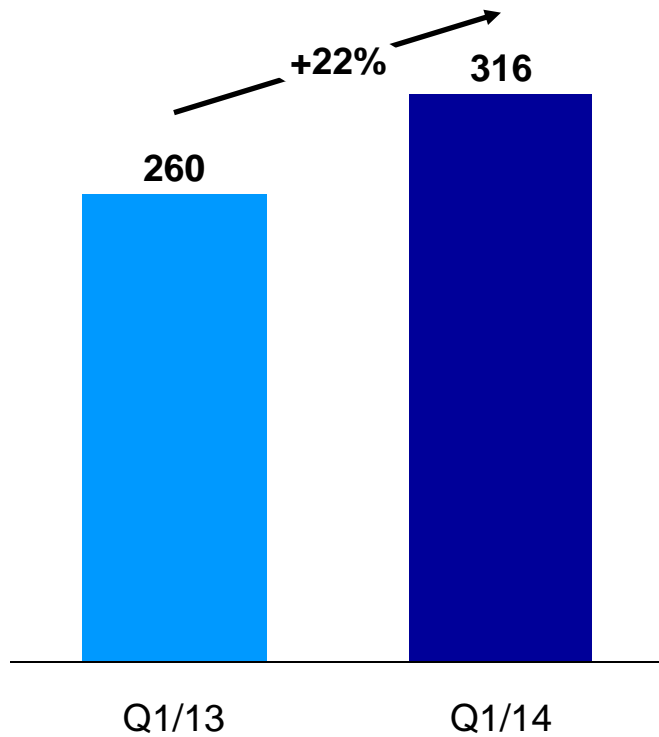


1) The total shown does not equal the sum of the individual figures as it includes other traded derivatives such as ETF, dividend, volatility, agricultural, precious metals and emission derivatives

Q1/2014 – Xetra

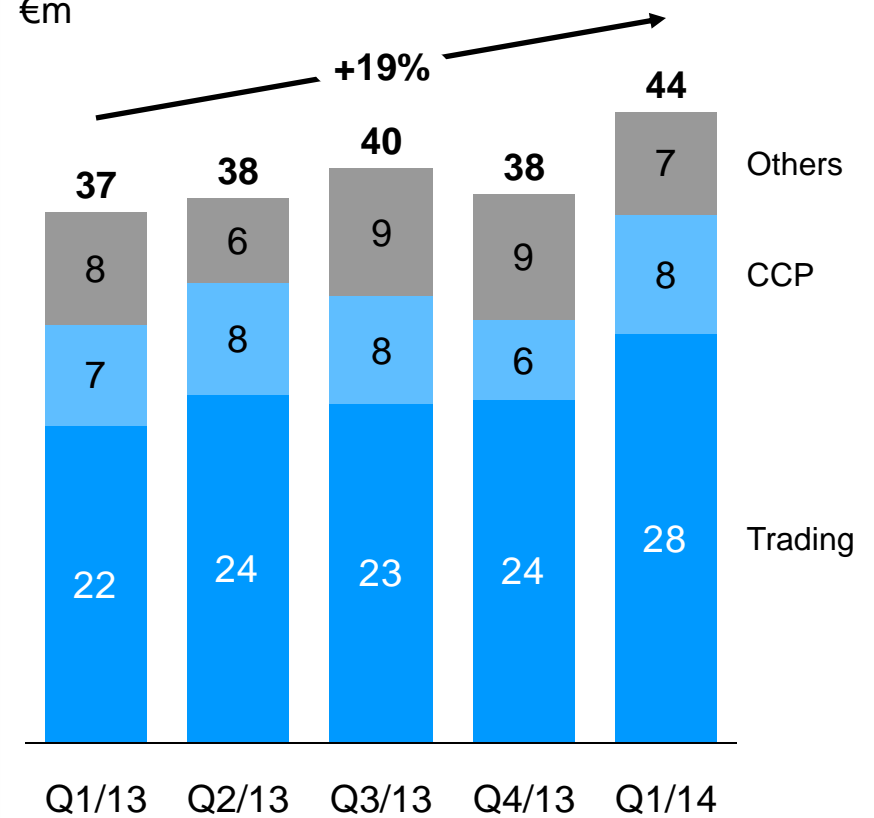
Business activity Q1/2014 y-o-y

Order book volume in €bn¹



Net revenue

€m



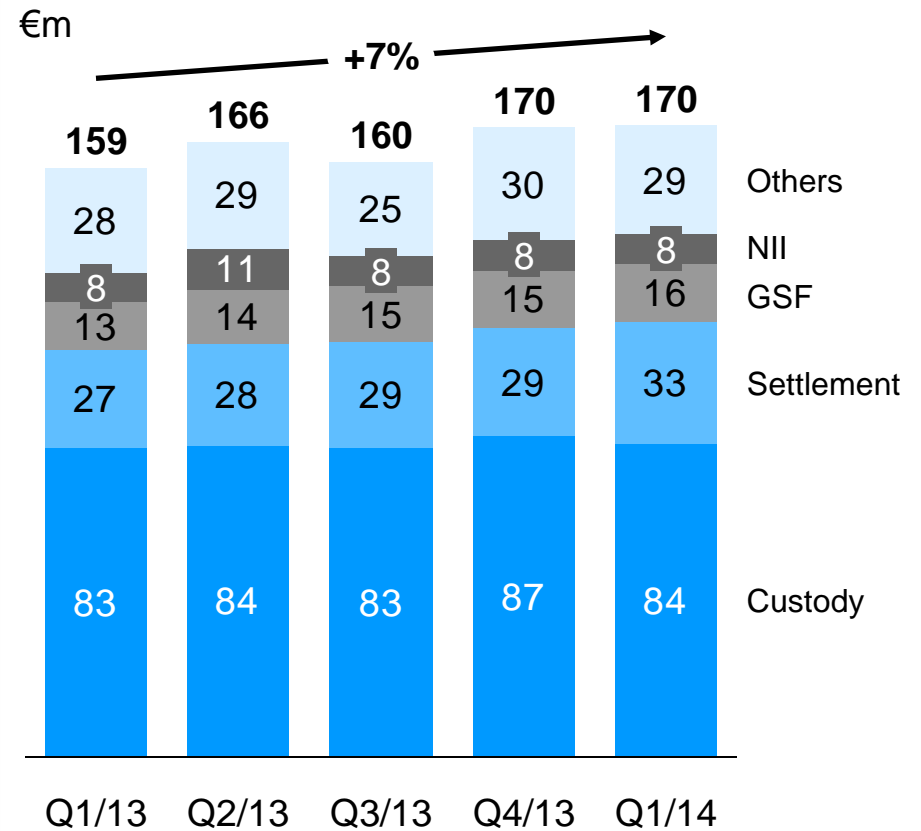
1) Electronic Xetra trading

Q1/2014 – Clearstream

Business activity Q1/2014 y-o-y

Assets under custody	€12.0tr	6%
Settlement transactions	33.1m	9%
GSF outstandings	€580.0bn	3%
Cash balances ¹	€10.0bn	5%

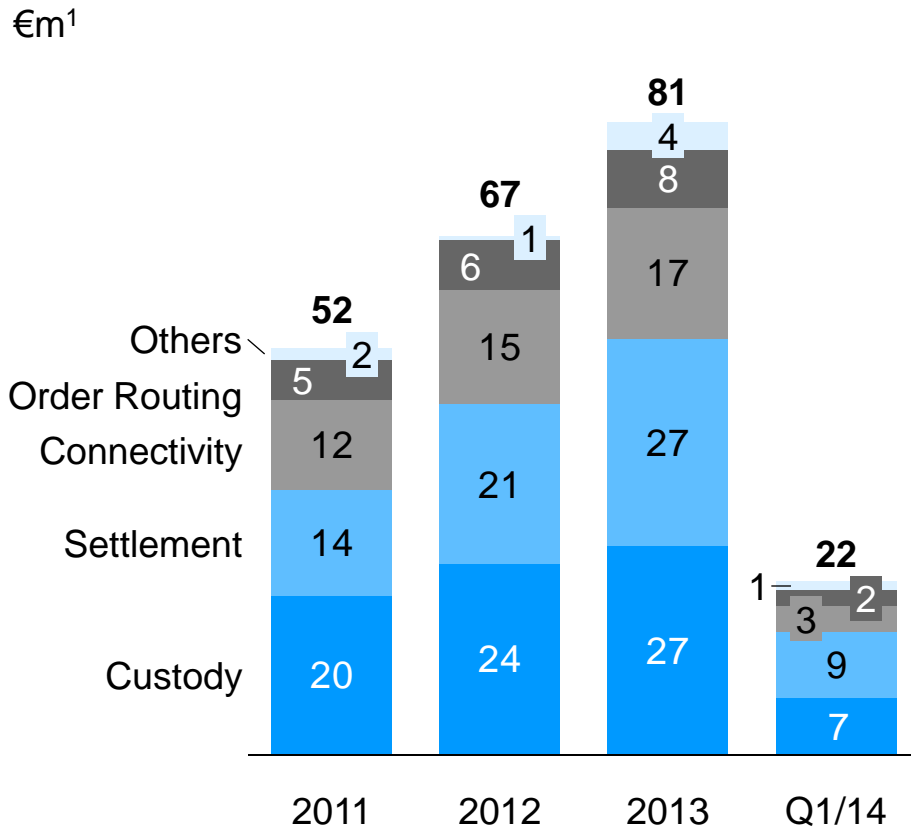
Net revenue



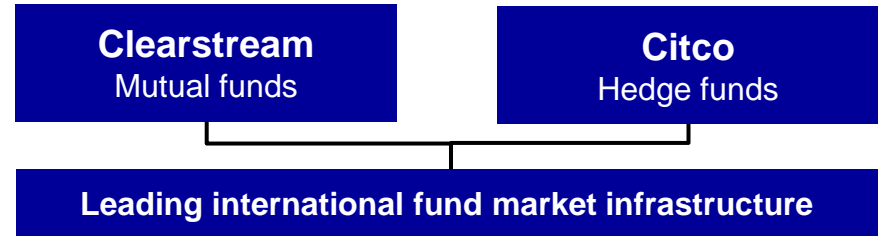
1) Adjusted for balances restricted by relevant EU and US sanction programs

Clearstream – Citco Transaction Extends Clearstream’s Fund Offering Significantly And Creates Leading Fund Infrastructure

Existing fund business has grown rapidly ...



... Citco will add hedge funds capabilities



- Clearstream plans to acquire Citco’s hedge fund custody infrastructure based in Ireland for a mid-double-digit million Euro amount
- With the transaction Clearstream benefits immediately from Citco’s hedge fund industry knowledge and related IT capabilities
- Single and standardised entry point for all fund transactions to be introduced in under two years
- Transaction is expected to close in H2/2014; one-off costs of around €10 million in 2014 expected; additional net revenue of around €25 million per annum based on 2013 numbers

1) Investment fund net revenue are part of the respective reporting category

Q1/2014 – Market Data + Services

Business activity Q1/2014 y-o-y

Trading signals

- Distribution of derivatives and cash real-time data:

Data subscriptions ~408,000 -1% |

Indices

- Calculation/ distribution of indices through STOXX:

ETF AuM on DAX and STOXX ~€80bn ■ 13%

Connectivity

- Connectivity of participants (Eurex, Xetra, EEX)

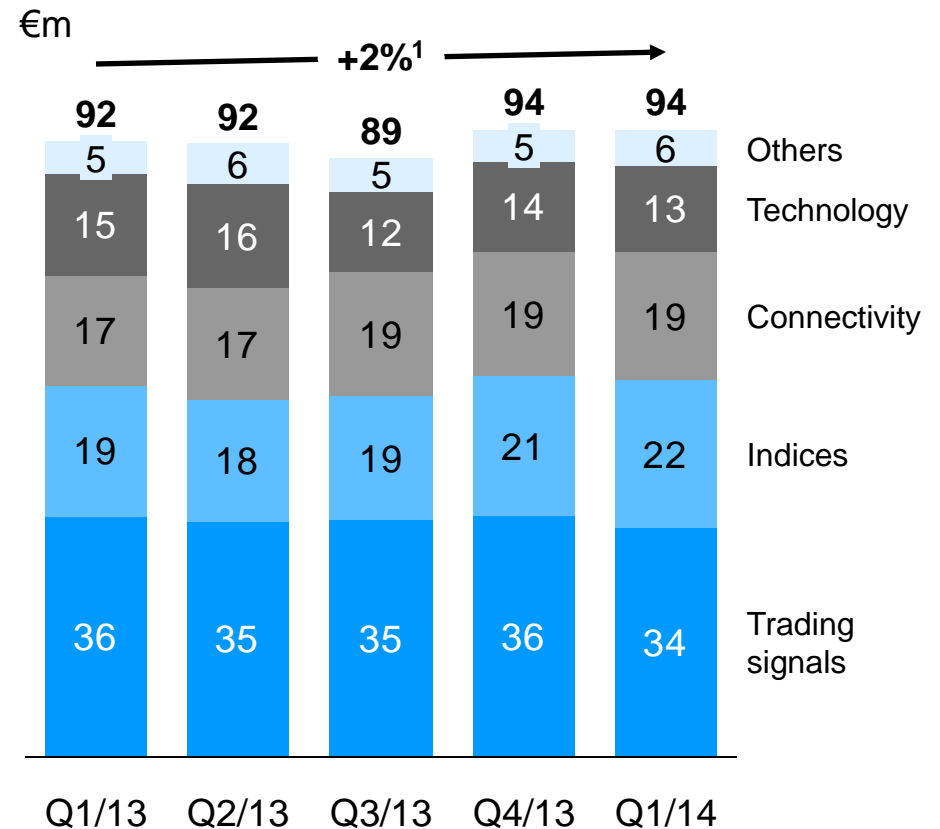
Technology

- Development and operation of IT infrastructure for external customers (e.g. Vienna, Dublin, DWP)

Others

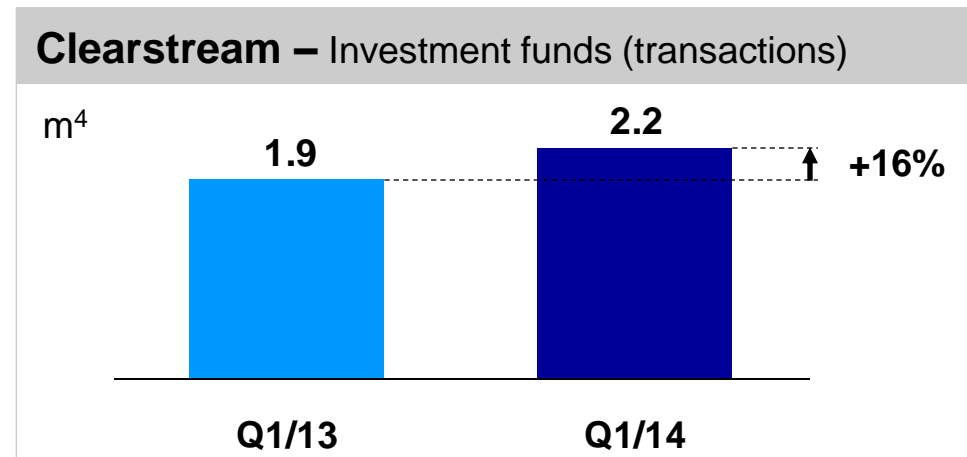
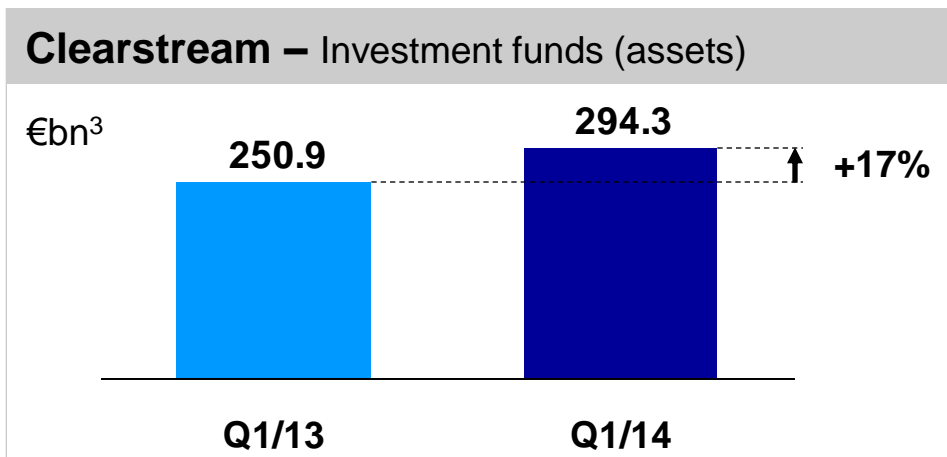
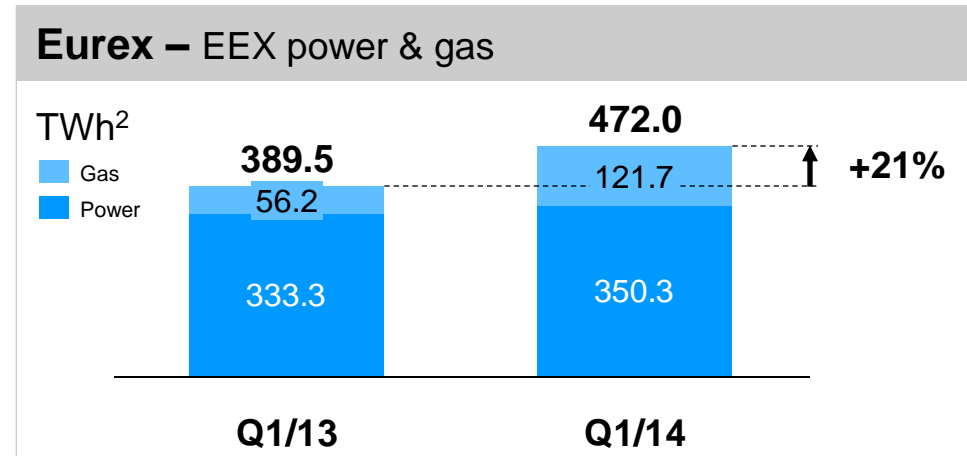
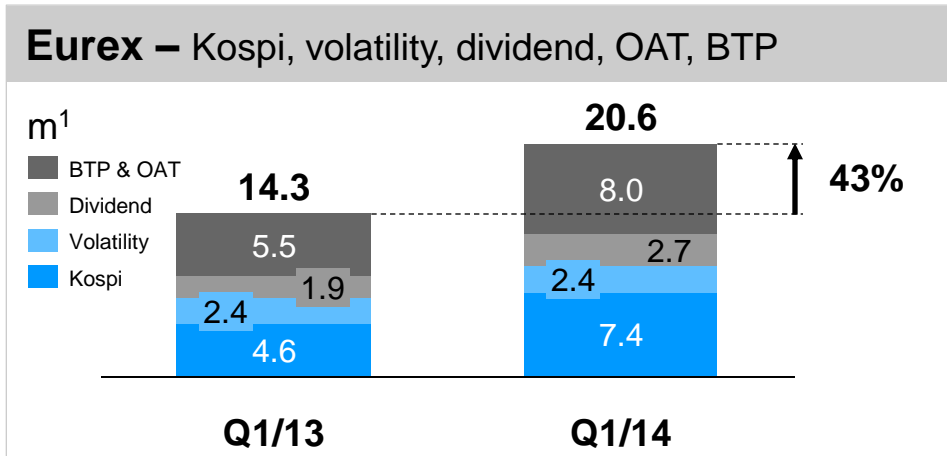
- E.g. back office data distribution

Net revenue



1) Not adjusted for consolidation effects

Q1/2014 – Product Initiatives Continue To Build Traction



1) Traded contracts
 2) Power derivatives traded on European Energy Exchange (EEX), gas traded on PEGAS (joint venture of EEX and Powernext)
 3) Assets under custody in investment funds (part of total reported assets)
 4) Settlement transactions in investment funds (part of total reported transactions)

Overview Management Priorities

Growth strategy

1 Extend products and services to unregulated/ unsecured markets

- Expand Eurex's clearing/ risk management capabilities
- Global roll-out of collateral and liquidity management services

2 Expand technological leadership

- Foster product, process and system innovation
- Combine market data and IT in one segment

3 Increase reach in new customer groups and growth regions

- Expand customer reach
- Partnerships and M&A

Effective cost management

- Cost discipline remains key priority
- Further efficiency gains targeted

Commitment to capital management

- Maintain strong credit rating profile
- Continue attractive capital management

Growth – EurexOTC Clear Service Offering Addresses Client Needs In New Regulatory Environment

Value proposition

1

Integrated full asset class offering

Description

Only **fully integrated cross-asset class** clearing house in Europe: **market leadership** in listed derivatives (equity & fixed income), attractive OTC offering and unique products like Euro GC Pooling under a single legal framework

2

Best-in-class risk management

Proven risk management based on **leading risk model** and **real-time capabilities** increase safety for clients

3

Portfolio risk management

Unparalleled capital efficiencies through portfolio risk management, allowing cross-margining between listed and OTC products (netting efficiency of up to 70-80%)

4

Collateral management

Accepting a **broad range of collateral** allows for flexibility to manage and re-use collateral including access to central bank accounts and liquidity

5

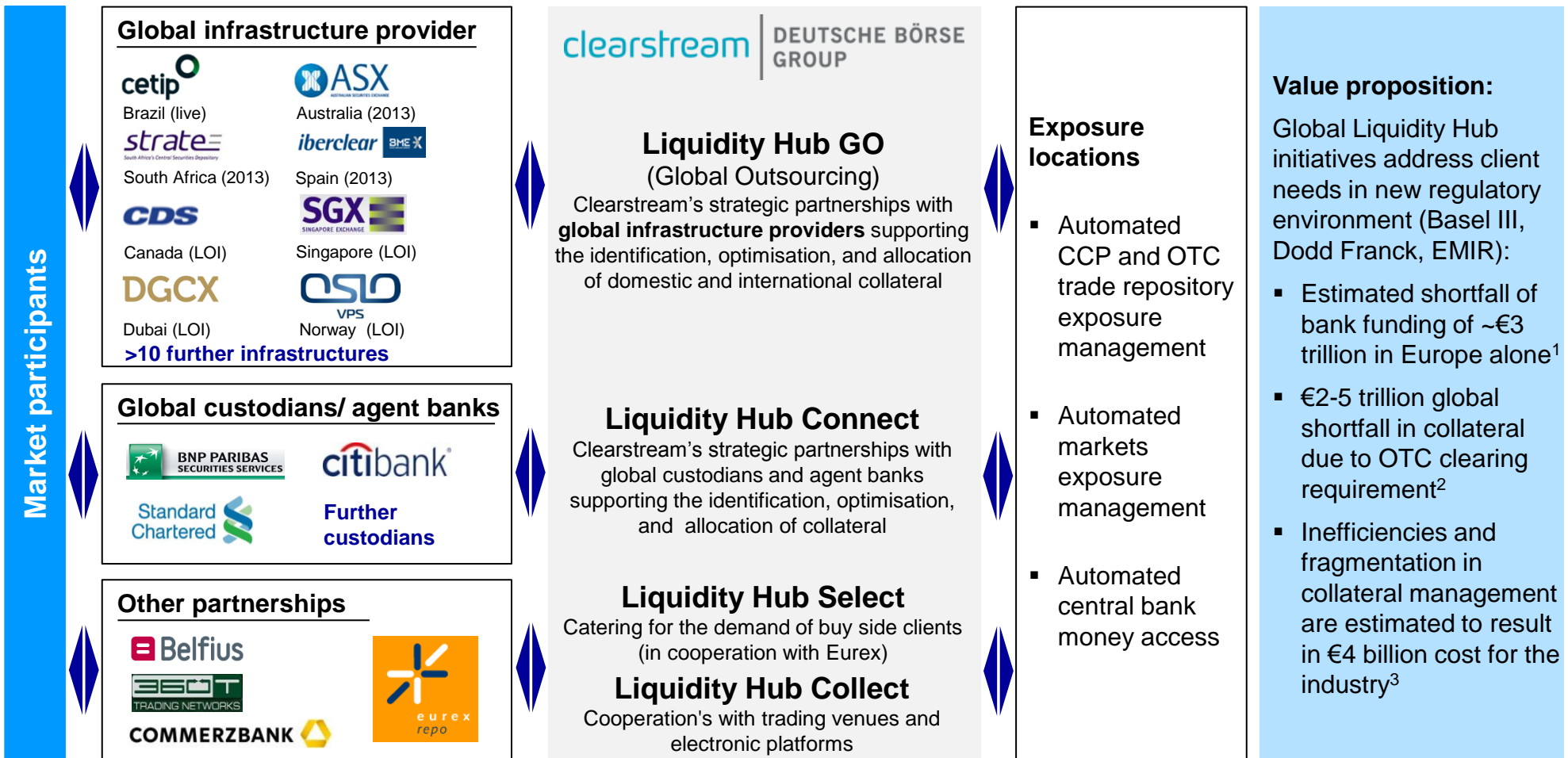
Client asset protection

Unique individual clearing model addresses buy-side requirements and provides for **segregation, asset protection and portability** of client positions and collateral

Unique position to be successful in OTC clearing confirmed by strong support of sell- and buy-side firms:

- 32 clearing members including all major global sell-side banks connected
- 120 buy-side firms signed up for onboarding
- Open interest is starting to build
- EMIR authorization received in April 2014

Growth – Expansion Of Successful Collateral Management Services Under Global Liquidity Hub Initiatives



1) Quantitative impact study of Basel Committee on Banking Supervision (December 2010)
 2) Celent study "Cracking the Trillion Dollar Collateral Optimization Question" (August 2012)
 3) Accenture and Clearstream study "Collateral Management" (2011)

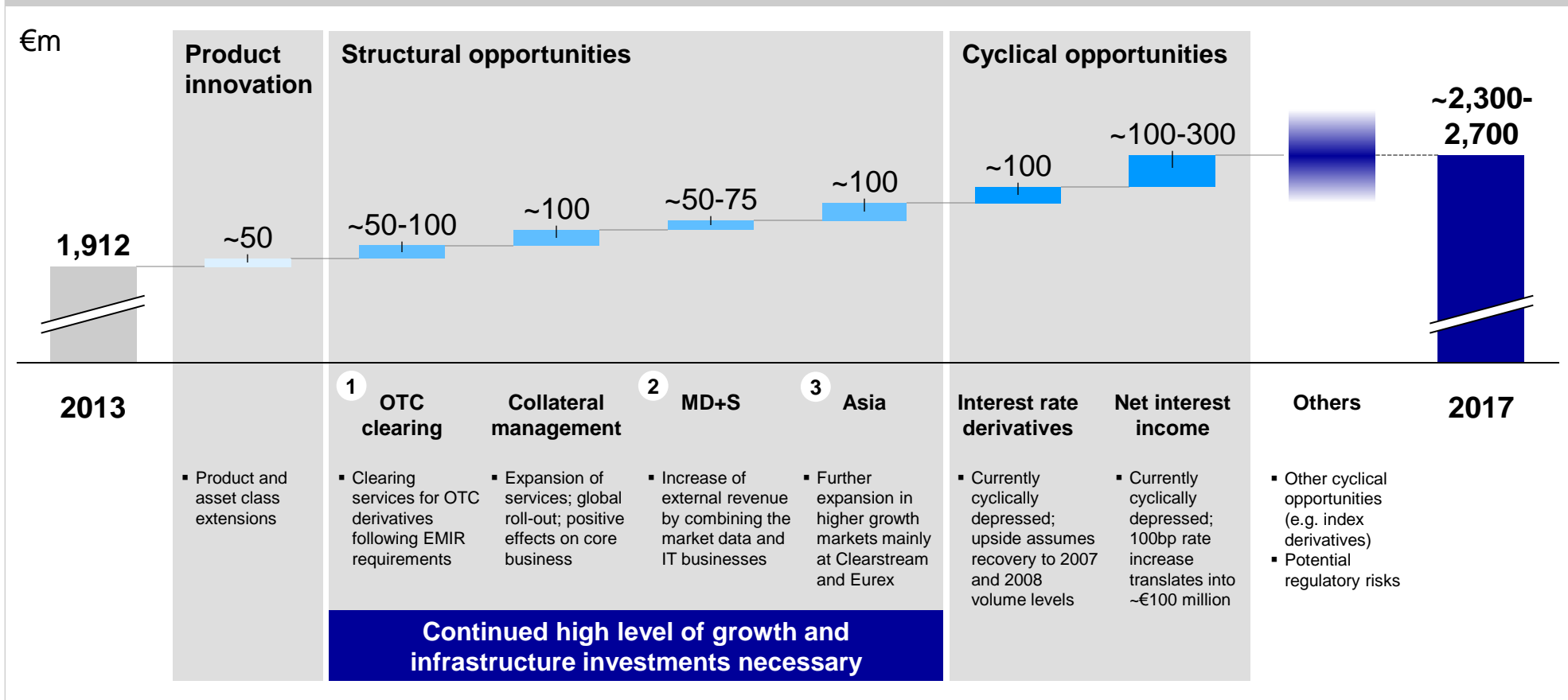
Growth – Deutsche Börse Group's Asian Growth Initiatives Are Based On Successful Expansion Of Business

	2007	2013	Current initiatives
Sales revenue	<€50 million	>€100 million	<ul style="list-style-type: none"> Build-up of clearing house for derivatives in Singapore Strategic cooperation with Bank of China to develop RMB market
Staff	<30	>110	<ul style="list-style-type: none"> Cooperation with TAIFEX in derivatives strengthened by acquisition of 5% stake
Representative offices	Hong Kong, Singapore, Tokyo	Beijing, Hong Kong, Singapore, Tokyo	<ul style="list-style-type: none"> Progress in Clearstream's Liquidity Hub; ASX connected, SGX in pipeline for 2014
Operations hub	-	Singapore	<ul style="list-style-type: none"> Technology alliance with BSE now covers cash and derivatives
Regulatory registrations	-	Banking license in Singapore	<ul style="list-style-type: none"> Acquisition of majority stake in Singapore based Cleartrade to complement commodity offering MoU with SET to facilitate development of markets between Thailand and Germany
Partners	-	ASX, BSE, Hong Kong Monetary Authority, Korea Exchange, SGX, Standard Chartered, TAIFEX	<ul style="list-style-type: none"> Partnership with Shanghai Stock Exchange to distribute market data products in China

Objective: increase revenue with Asian clients or products by €100 million by 2017

Growth – Substantial Incremental Revenue From Structural And Cyclical Drivers Expected

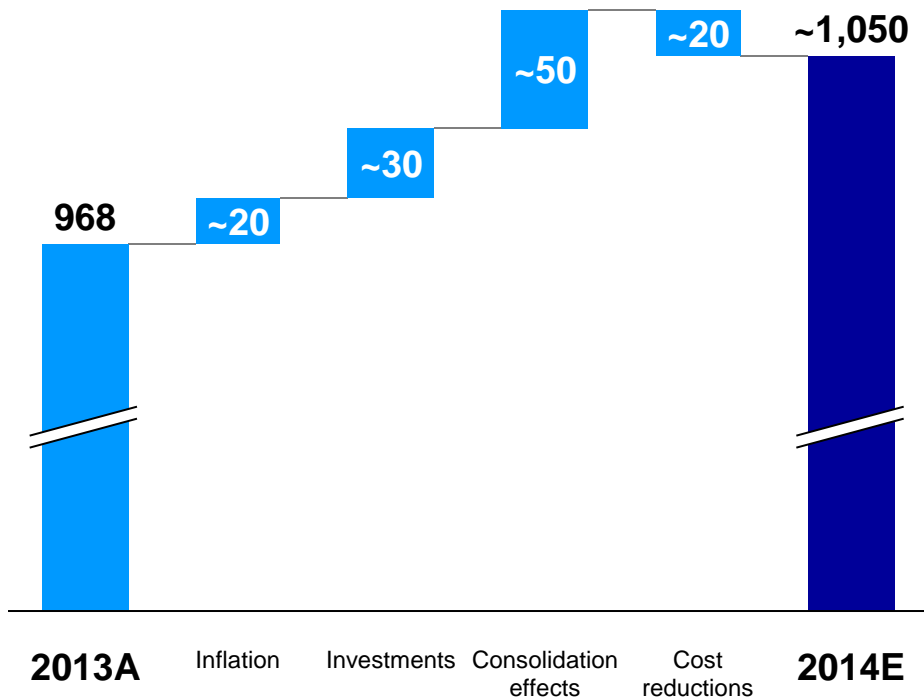
Illustration of mid- to long-term net revenue opportunities



Cost Management – Details On 2014 Operating Cost Guidance

Transition from 2013 operating costs to 2014 guidance

Operating costs¹, €m



Cost guidance 2014

- For 2014 Deutsche Börse plans with operating costs of around €1,050 million, excluding extraordinary items such as efficiency programs and merger related costs (~€30 million; up from ~€20 million due to Citco transaction announced in April 2014)

Transition 2013 to 2014

- Inflation of “business as usual” costs (staff and other expenses items): ~+€20 million
- Further increase of investments in growth and infrastructure (mainly in Asia): ~+€30 million
- Consolidation of EEX on 1 January 2014 and Scoach on 1 July 2013: ~+€50 million (against ~€55 million additional net revenue)
- Cost reductions as part of the €70 million program running from 2013 to 2016: ~-€20 million

1) Adjusted for extraordinary items

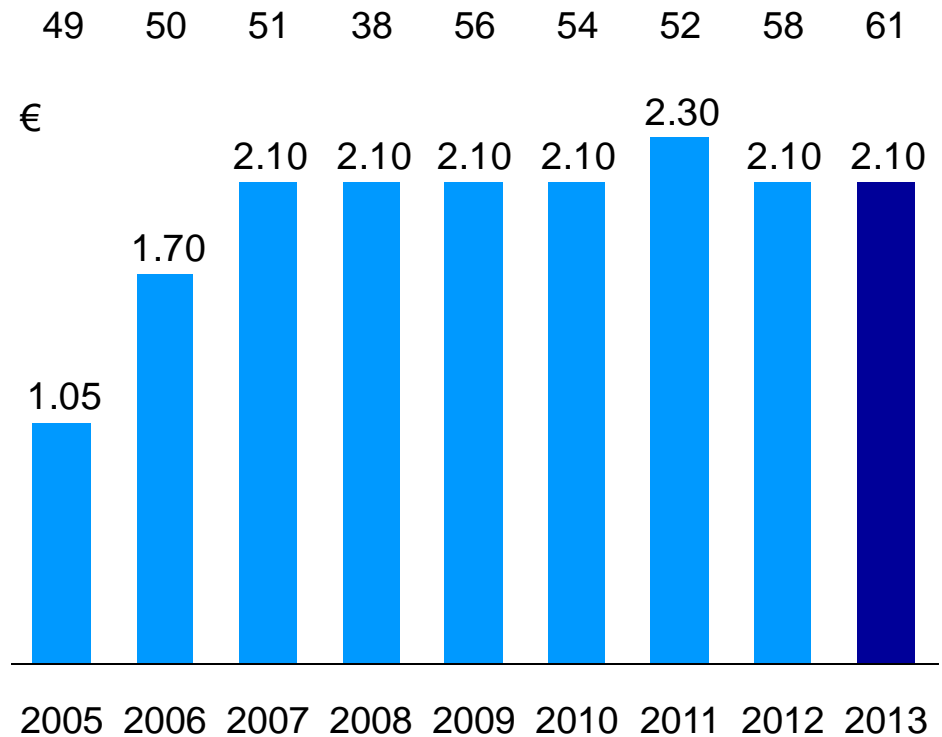
Capital Management – Strong Cash Flow Generation Allows For Strong Rating Profile And Attractive Distribution Policy

Strong cash flow, balance sheet and rating

- ▶ **Strong balance sheet**
 - Due to favorable refinancing interest coverage ratio has improved to 28.4 in Q1/14 (2013: 20.1)
 - Gross debt to EBITDA ratio reached 1.3 in Q1/14 (2013: 1.5)
 - Solvency ratios in 2013 for Clearstream 25 (2012: 23) and Eurex Clearing 26 (2012: 15)
- ▶ **Strong rating profile**
 - Clearstream: AA (stable)
 - Deutsche Börse AG: AA (negative outlook)
- ▶ **Strong operating cash flow¹**
 - €797 million in 2013 (2012: €726 million)

Attractive dividend distribution

Pay-out ratio (%)²



1) Adjusted for CCP positions

2) Adjusted for extraordinary items

Annual General Meeting On 15 May 2014 – Agenda Items

Agenda item	Voting recommendation
1 Presentation of the adopted and approved annual and consolidated annual financial statements	No resolution required
2 Appropriation of unappropriated surplus → dividend of €2.10 per share	Yes
3 Resolution to approve the acts of the members of the Executive Board	Yes
4 Resolution to approve the acts of the members of the Supervisory Board	Yes
5 Resolution on the authorisation to issue convertible bonds and/or warrant-linked bonds and to exclude pre-emptive subscription rights → introduces an additional potential financing alternative	Yes
6 Amendment of section 9 of the Articles of Incorporation → reduction of size of Supervisory Board from 18 to 12 members (from AGM 2015 onwards)	Yes
7 Amendment of section 20 of the Articles of Incorporation → introduces potential for non-cash distributions (subject to a separate AGM decision)	Yes
8 Appointment of the auditor and Group auditor for financial year 2014	Yes

International proxy advisors Glass Lewis and ISS recommend to vote in favor of ALL agenda items

Annual General Meeting On 15 May 2014 – Voting Process

Voting process

- Custodians must **submit the notification to register shares** for participation in the AGM to the German receiving agent (ADEUS Aktienregister-Service-GmbH) **no later than Thursday, 8 May 2014**. Please ensure that voting instructions are submitted to your respective custodian(s) prior to their internal cut-off date.
- The right to attend and vote is based on the shareholding evidenced by entry in the Company's share register as of the date of the AGM. This shareholding will correspond to the number of shares registered at the end of the closing date of the notification period. Therefore, the **technical record date is the end of 8 May 2014**.
- **Shares are not blocked** as a result of a direct entry in the share register on the technical record date. The **shareholders retain unrestricted rights of disposal over their shares** even during the direct entry period. The German sub-custodian banks optimized their processes to avoid any settlement conflicts and established solutions that do not require share blocking.
- The dividend entitlement date is the AGM date (15 May 2014).
- For questions on the procedures for voting at the AGM please contact:

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Appendix

Income Statement – Group Level Adjusted

	Quarter ended 31 March 2014	Quarter ended 31 March 2013
Sales revenue	589.9	541.2
Net interest income from banking business	8.4	8.2
Other operating income	3.2	5.2
Total revenue	601.4	554.6
Volume-related costs	-87.2	-70.3
Net revenue (total revenue less volume-related costs)	514.2	484.3
Staff costs	-109.0	-102.5
Depreciation, amortization and impairment losses	-29.2	-27.4
Other operating expenses	-105.2	-99.6
Operating costs¹	-243.4	-229.5
Result from equity investments ²	0.8	3.0
Earnings before interest and tax (EBIT)	271.6	257.8
Financial income	3.2	1.1
Financial expense	-14.1	-24.3
Earnings before tax (EBT)	260.7	234.6
Income tax expense	-67.7	-61.0
Net profit for the period	193.0	173.6
thereof shareholders of parent company (net income for the period)	184.7	169.9
thereof non-controlling interests	8.3	3.7
Earnings per share (basic) (€)	1.00	0.92

1) Adjusted for costs for efficiency programs and merger related costs (Q1/2013: €65.8m, Q1/2014: €4.4m)

2) Adjusted for one-off gain of €62.7m relating to Direct Edge and BATS merger booked in the Eurex segment

Income Statement – Segmental Level Adjusted

	Eurex		Xetra		Clearstream		Market Data + Services	
	Q1/2014	Q1/2013	Q1/2014	Q1/2013	Q1/2014	Q1/2013	Q1/2014	Q1/2013
Sales revenue ¹	244.5	222.2	50.3	40.4	202.7	187.6	102.0	99.3
Net interest income from banking business	0.0	0.0	0.0	0.0	8.4	8.2	0.0	0.0
Other operating income ¹	2.6	3.3	1.9	2.4	1.1	1.8	0.8	0.9
Total revenue¹	247.1	225.5	52.2	42.8	212.2	197.6	102.8	100.2
Volume-related costs ¹	-39.9	-28.0	-8.7	-6.2	-42.3	-38.9	-9.2	-8.7
Net revenue¹	207.2	197.5	43.5	36.6	169.9	158.7	93.6	91.5
Operating costs²	-100.0	-84.0	-16.7	-19.7	-83.7	-81.0	-43.0	-44.8
Result from equity investments ³	0.5	1.6	0.3	1.5	-0.1	-0.1	0.1	0.0
Earnings before interest and tax (EBIT)	107.7	115.1	27.1	18.4	86.1	77.6	50.7	46.7

1) Includes internal items

2) Adjusted for costs for efficiency programs and merger related costs

3) Adjusted for one-off gain of €62.7m relating to Direct Edge and BATS merger booked in the Eurex segment

Financial Calendar And Contact Details

Financial calendar

15 May 2014	Annual General Meeting
3 Jun 2014	Investor Day 2014, London
24 Jul 2014	Interim report Q2/2014
25 Jul 2014	Conference call Q2/2014
27 Oct 2014	Interim report Q3/2014
28 Oct 2014	Conference call Q3/2014

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