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Speakers: Stéphane Boujnah, Giorgio Modica, Anthony Attia and Lee Hodgkinson

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Presentation

Operator

Ladies and gentlemen, welcome to the Euronext Q2 2017 Results Presentation. For the first part of this call, all participants will be in listen-only mode and afterwards there will be a question-and-answer session. I would now like to give the floor to the speakers. Speakers, please begin your meeting.

Stéphane Boujnah

Good morning ladies and gentlemen, and welcome to this presentation of our second quarter 2017 results. I am Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext, and with me today to present our results are Giorgio Modica, our Group CFO, Lee Hodgkinson, our Head of Markets and Global Sales, and Anthony Attia, our Global Head of Listing. Let's start on slide three of – with the executive summary. Firstly, we reported a strong second quarter of 2017, with recorded revenue of 137.3 million, up 3.8% from 132.3 million last year, supported by solid trading and listing activities. This is the strongest top-line quarter since our IPO. We also delivered a healthy EBITDA margin of 57.7% this quarter, despite an increase in costs due to growth initiatives and IT projects.

Second, in this improved environment we managed to strengthen our core businesses with a cash equity market share at 64.2% during the quarter, and the successful completion of the TOM migration in Amsterdam. But, we also delivered on growth initiatives with the launch of Euronext Block MTF for equities in collaboration with AX trading, and the successful delivery of Optiq Market Data Gateway, allowing clients to see the benefits of our new state-of-the-art Optiq trading platform. Third, we continue to deploy our capital through very disciplined acquisitions, both as part of our agility for growth strategic plan and top-line diversification strategy as demonstrated by the acquisition of FastMatch and iBabs. Now, let me suggest that Giorgio walk you through our financial results in detail.

Giorgio Modica

Thank you Stéphane, and good morning everyone. I'm on slide 4. I will provide you with a review of our financial performance for the quarter. Let's start from the key highlights of the second quarter of 2017. As Stéphane already mentioned, we recorded a very strong quarter with revenues above 137 million supported by improved trading and competitive environment. In the second quarter of 2017, we reported a net EBITDA slightly below €80 million at 79.2 while the EBITDA margin remains strong at nearly 58%, despite the increase in operating expenses excluding D&A, driven by IT project and business initiatives. The headcount at the end of the quarter decreased versus the first quarter of 2017 to 615, following the completed migration to Porto in the first quarter of the year and despite the consolidation of company webcasts, which include around 30 FTEs. Achieved cost savings are slightly down at the end of this quarter to 15.3 million due to the cost related to the final delivery of two key projects, Optiq and MiFID II. Key increases as we will see in the next slide are mainly in the professional service line and system and communication line.

During the second quarter, Agility for Growth initiatives contributed to 1.6 million to the revenues and generated 1.9 million of operating costs. Moving to exceptional costs, those were 1.4 million in the quarter and mainly related to restructuring. Going to bottom line result, the profit for the quarter was 53.9 million or €0.78 per share, more than 9% up with respect to the previous – to the same quarter of the previous year, where the profitability was 49.3 million and the EPS €0.71 per share. Finally, our cash position at the end of the quarter was 81.2 million with no outstanding financial debt.

Now, let's move to slide five. As Stéphane mentioned, the second quarter of 2017 saw an improved trading and competitive environment with cash volume up 18.5% and derivatives volumes up more than 27% year on year. This positive trend, coupled with strong listing activities and increased clearing revenues for the top line, which increased 3.8% to 137.3 million compared to 132.3 million in the second quarter of 2016. Overall, I need to say that all business lines contributed to these very strong results, with the exception of market data and indices, but it is only due to the lower contribution of all the findings which are volatile, as you know, and we believe that we will be able to have a stronger result through the next quarter. Our volumes-related business accounted for 54% of our revenues in the second quarter of 2017 compared to 55% last year.

Moving to the chart on the right, our operating expenses excluding D&A increased during the quarter up 6.3%, from 54.6 million in the second quarter of 2016 to 58.1 million this quarter. This increase is mainly related to two elements: first, the cost of Agility

for Growth as already mentioned, those accounted 1.9 million in the quarter; and then clearly the ongoing development of the key projects of Euronext, namely Optiq and MiFID II that will need to be delivered in the next quarter. Another important element to highlight is that the on-boarding of cost linked to the execution of those growth initiatives are expected to continue in the next quarter, both from an organic perspective as well as a result of consolidation of our recent acquisitions.

Now, moving to slide six, we will give a look at cash flow generation and liquidity. Our net operating cash flow increased by 5.3% to 44.2 million despite the positive impact of a tax refund from French tax authority in the second quarter of 2016. The net operating cash flow to EBITDA ratio increased to 56% of the EBITDA in the second quarter of 2017, up from 54% in the second quarter of 2016. Moving to the top right table, nothing specific to mention, except the increase of our non-current assets, and it is mainly linked to their evaluation of our available for sale participation. As already mentioned, as of the 30th June 2017, Euronext was unlevered and had a cash and cash equivalent position of 81.2 million. Looking at the bottom right of this slide, you can see that our liquidity position remains strong at 331.2 million thanks to our new revolving credit facility of 250 million, although down from 391.2 million at the end of the first quarter and it is mainly driven by the payment of the dividend in May this year. Finally, I would also highlight that in relation to the acquisition of FastMatch and iBabs, Euronext has signed a new term loan facility of 175 million, with the possibility to increase of an additional 125 million to fund other potential acquisition.

Now, let me give the floor to Anthony and Lee for the review of our businesses, starting with Anthony for Listing.

Anthony Attia

Thank you Giorgio and good morning. Slide seven for listing; listing activity reporting – reported a record performance generating 23.6 million of revenue in Q2 2017, a 1.1% increase from 23.3 million in Q2 2016, which was at that time the strongest quarter inside PO for listing. A strong performance was driven by material increases in follow-on activity, confirming the growing use of equity financing on our capital markets. In addition, the quarter saw the continuation of the positive trends seen in primary markets, with large capitalisation returning to our market, as Euronext Paris recorded its first large cap deal since November 2015 with a listing of ALD. Furthermore, our European Tech Hub initiative reached new milestones with the listing of X-Fab, a German-based technology company, and the setup of Euronext Team in Germany, Italy, Spain and Switzerland. In total, nine new listings took place in Q2 2017, raising €2.6 billion, compared to 14 new listings in Q2 16. Within these new listings five were SMEs raising 390 million compared to 10 SMEs last year. I would also like to highlight the positive impact of the new SME market model we recently launched, as SMEs trading in auction reported a 10% increase of volumes during the quarter.

Moving on to slide eight, to update you on our corporate services offering. As you remember, one of Euronext's ambitions remains to help issuers to further unlock the full potential of capital market. To do so, we started building up a complete corporate services offering last year, starting with the organic developments of our pre- and post-listing advisory services. Additional milestones were reached in 2017 as we now focus on the development of our solution franchise, both organically and through disciplined bolt-on acquisitions. The acquisition of a 60% stake in iBabs, a leading Dutch provider of dematerialised board portal solutions for corporate and public organisations, marks another tangible progress of the build-up of the offering, alongside our next generation webcast solution and our investor relationship management tool. These achievements strengthen Euronext's value proposition to listed companies, while targeting a broader audience of private companies and public institutions. The ongoing commercial rollout of the existing services generated positive developments and attracted new clients. We are building a suite of services that truly address the challenges faced by our clients on capital markets. I now leave the floor to Lee.

Lee Hodgkinson

Thanks Anthony, morning everyone. Let's get started with a quick macro update on slide nine: as you can see, inflows in European equities have accelerated in recent months generated by reduced political risk, positive economic outlook and good corporate earnings, all of which create a favourable environment for our volumes. On slide 10, you can see that volumes and cash trading were up in Q2 this year, with ADV increasing by 18.5% to 8.4 billion compared to 7 billion in Q2 16. This results in revenues increasing by 9.8% to €50.3 million compared to 45.8 million in Q2 of last year. Yields softened but remained resilient at an average of 0.48 basis points, which is a 4% decrease compared to the half-a-basis-point yield of Q2 last year. We strengthened our market share, which averaged 64.2% during the quarter, and stood at 65.3% at the end of June, which is a significant increase from 61.3% in Q2 of last year. This increase resulted from the implementation of our new non-member proprietary fee scheme from adjustments within the SLP programme that attracted additional volume, and furthermore, our equity best of book service, which attracts retail flows to our markets continued to gain traction with two new members on-boarded during the quarter.

Our ETF franchise was impacted by lower volatility, however new listing positive momentum continued with 26 new products listed and the on-boarding of a new ETF issuer and at the end of the quarter the total number of ETFs listed on our markets was 809. Picking up on something Stéphane said in his introductory remarks; he started to highlight where we are on a couple of key projects. The Euronext Fund Service which is an innovative and complementary solution for investing in open ended funds registered or passported in France is live. A lot of strong customer support. We've received the FCA approval for Euronext Block, developed in partnership with AX Trading, that goes live on Monday, and the Euronext Synapse technology was delivered and client testing is now open for the fixed income MTF we're developing in collaboration with Algomi. Finally, you would have seen that other positive news included the announced withdrawal of the extension of a financial transaction tax to intra-day transactions in France.

On slide 11, derivative trading revenues increased by 2.2% at 10.4 million in the second quarter compared to 10.2 million in Q2 of 16 on the back of increased trading activity, and we recorded the most active quarter for individual equity options since Q1 of 14. And as previously announced, we successfully completed the migration of open interest positions from TOM, our Dutch competitor, and we migrated 5.6 million option contracts between the end of May and the end of June. However, due to the exceptional conditions of the TOM closure, this migration was done at marginal rates and thus impacted our average revenue per lot for the quarter. And you can see the benefits of this change in the competitive landscape are already visible, as our market share on AX option stood at 100% at the end of the quarter. Commodity products recorded weaker average daily volumes down 8.5% from Q2 16, primarily due to weather-related impacts. And our new market participant programme continued to gain traction, with 17 firms trading our commodities; eight of them for the first time on Euronext.

On slide 12, a quick update on the FastMatch acquisition which we expect to close in Q3; you can see that growth both in ADV and revenues continue to be strong in Q2. In addition, FastMatch market share continues to record strong growth this quarter averaging 9.4% compared to 5.7% last year, and 7.9% in Q1 17.

On slide 13, market data and indices revenue decreased by 4.6% as Giorgio mentioned a large contractual audit – finding was recorded last year. Our strategic collaboration with Morningstar is now live with the launch of two new indices as part of our agility for growth initiative, and we are selling those products aggressively. Going forward, a new pricing scheme for market data will be announced in the next quarter in accordance with MiFID II requirements relating to disaggregation of data, and market solutions revenue increased by 1.7% to 8.3 million this quarter, benefiting from the positive impact of MiFID II projects and related work for commercial technology clients. The second phase of the MiFID II upgrade for commercial UTP was delivered successfully and we completed terms with ATOS to become the sales and delivery partner for Optiq, with the first commercial work approved in June, starting in July. To conclude, in the post trade businesses, Settlement and Custody revenue increased 5.4% in Q2 to €5.2 million, clearing activity benefited from increased derivative volumes as well as some higher treasury and other clearing income with revenues up 8% to 13.3 million in Q2 17. And I'll hand back over to Anthony who will present the progress made on our new trading platform.

Anthony Attia

Thank you Lee. Let's now move on slide 14: we are proud today to report the successful completion of the first step of the migration to Optiq, our new state of the art platform. The migration to our cutting edge Optiq platform started with the inauguration of cash market data broadcast on 19th June, and the smooth transition to the service as the primary feed on 10th July. Derivative market data broadcast began on 24th July. Optiq provide outstanding market data latency, with a 40 microsecond average and unrivalled jitter performance. Its successful launch is also a key milestone in our MiFID II rolling compliance programme, which will continue throughout the remainder of 2017. The internal delivery dates for the Optiq cash order entry and matching components remain unchanged, with a go live date now set for 12th March 2018 to ensure a six months testing period as requested by our clients. I now let the floor back to Stéphane to conclude.

Stéphane Boujnah

Thank you, Anthony, a few words before moving to Q&A. Clearly all the Euronext teams are very proud to report the strongest quarter since IPO and I would just like to underline four very key messages; first, over the past quarter, Euronext capitalised on the improved environment. Second, we clearly strengthened our core business. Third, we delivered significant milestones in the agility for growth strategy, and fourth, we continue to deploy strong cost discipline and a strong acquisition discipline. So, the full Euronext team on the phone is now ready to take your questions.

Q&A

Operator

Ladies and gentlemen, if you wish to ask a question, please press 01 on your telephone keypad. That's 01 on your telephone keypad to ask a question, and please stand by while we register the first question. And the first question comes from the line of Philip Middleton with Merrill Lynch, please go ahead your line is open.

Philip Middleton

Yes, good morning, firstly I wondered if Anthony could say a little bit more about the corporate services division, and what do you see the revenue for this? Where do we see those revenues coming through? And secondly, do you think the benefit of this is purely in financial terms or also in terms of encouraging people to use Euronext as a sort of equities venue which will be a big win for you. And secondly, I wonder if Lee can make some comments about what he thinks the revenue implications in the Dutch option market are, now that you're back to 100% market share. Thank you.

Anthony Attia

Anthony speaking, thank you for the question. So, the revenues for corporate services are included in the listing revenues in the way we report; that's one important point. In terms of the model, as you see on the deck, we have various services. We are aiming at a recurring way of increasing revenues that is independent from the market volumes, and as I said earlier, we're targeting both our equity listed companies, and we have 1,300 on Euronext, and non-listed venues and public institutions, and so we expect the growth coming from the cross-selling and the expansion in the various European countries.

Lee Hodgkinson

Yeah, hi, Philip. Dutch option revenue implications, you know, for your models I would suggest that you use the – return to the normal yield, so excluding the migration impact and then look at the lots per day, ADV, and correct me if I'm wrong Giorgio, but I think it's around 90,000 lots across that period, so you should definitely expect to return to normal yield, add in the increased volumes and then you'll be able to see that model appearing for you.

Philip Middleton

Thank you.

Operator

Thank you very much, and moving on to the line of Johannes Thormann, HSBC. Please go ahead your line is open.

Johannes Thormann

Good morning everybody, Johannes Thormann. Two questions please, first of all on your cash margin, the softening in Q2, is this just related to volume rebates, so self-inflicted pain, or anything else which happened there? And then any plans to change pricing in this market for the next quarters? And secondly, just on the minorities which we've seen for the first time; will it stay at this negligible level or was the FastMatch acquisition or anything else become a more important factor towards the P&L? Thank you.

Lee Hodgkinson

Hi Johannes, I'm going to take the first two, Giorgio take the last one. Cash margin yield, you know, we talk often about the relationship between volume market share and yield. There's nothing particularly special about the changes in yield, I mean we monitor the SLP scheme and the non-member scheme and the best of book, and we use those tools and leverage that's available to us. Going forward, we don't have any material plans to change pricing in cash, however, we are beginning to look at how we need to adapt our liquidity provision schemes, not only in cash but in derivatives as well to comply with MiFID II. I don't however wish to suggest that you will see any material change in the numbers thereafter, but that's pretty much the only thing we plan to do on the cash side. As I mentioned earlier, we are also announcing shortly the new pricing scheme for market data to take account of MiFID II as well. So there will be some change but I wouldn't advise you to – to think about your models at this point.

Giorgio Modica

Yeah, well when it comes to the minority interest, what you see is related to company webcast, and the amount of minority will move together with the bottom line profitability of the company. Going forward, we, as you know, already closed the iBabs acquisition; there is a 60% stake and therefore we will record starting from third quarter, the minority attached to that business, and as you know as well, we are expecting to close in the third quarter of this year, FastMatch where we acquired a 90% stake and these will take as well a minority interest. Nothing else to mention.

Johannes Hermann

Okay, thank you.

Operator

Thank you very much, and moving onto the line of Kyle Voigt - KBW, please go ahead, your line is open.

Kyle Voigt

Hi, good morning, thanks for taking my question. It's a question on M&A; just given that another large exchange has been ordered to divest a relatively large market data outside the energy trading space, I'm just wondering if you can provide an update regarding how you're thinking about M&A in terms of areas of focus across your collection of businesses, maybe you can just help us understand if you've a preference for M&A in the data space where your peers continue to move into quite aggressively, or maybe we should think about you being more focused around trading, corporate services, which is in line with some of the deals you've announced recently. Thanks.

Stéphane Boujnah

This is Stéphane. As indicated during our investor day last year, the strategic objective of Euronext in terms of external growth is to diversify its top line, therefore we are looking at any opportunity that we believe make sense in terms of valuation and strategic fit that the effect of which is to allow us to enter into new non-transaction driven businesses, and new asset classes. So, we will consider all those opportunities as they come.

Kyle Voigt

Okay, that's really helpful, thank you.

Stéphane Boujnah

And this is the real priority of the company, to diversify the top line.

Kyle Voigt

Okay, thank you.

Operator

Thank you, and moving on to the line of Anil Sharma with Morgan Stanley; please go ahead, your line is open.

Anil Sharma

Hi guys, I just have a couple of questions. I think on slide 14 you talk about Optiq and some of the benefits to clients; I'm just trying to understand are you running dual costs as a result of this and are they likely to come out in the second half? And then I think Lee, you mentioned that there are going to be some changes to market data; could you give us a rough sentence as to what you think the impact is, either positive or negative on the revenue line item there. And then finally given some of the announcements you've made on sort of bolt-ons and partnerships etc., as you think about the Agility for Growth, the 1.6 million, that's obviously annualising at 8 million euros in Q2, but what's the kind of exit rate, so sort of where are we now, following some of the stuff that you've done?

Anthony Attia

It's Anthony, so on the Optiq path we have exceptional project cost because of the development and testing and setup of the new platform as Giorgio said earlier. On the parallel run that we set up to migrate, it's a very temporary measure and we are about to decommission the legacy system for market data in the coming weeks and we will do a big bang migration at the end of Q1 2018 for the matching engine, so there will be no dual run in production at that time.

Anil Sharma

Sorry, so the costs are going to come out Q1 18, how much is that?

Anthony Attia

No, I didn't say that; the extra costs are project costs for both Optiq and MiFID II, so obviously once MiFID II is implemented you will see that, but the Optiq programme continues through 2018, the derivative platform as well.

Giorgio Modica

Let me put it another way. I mean, our objective in terms of saving remains the 22 million that was announced at the investor day, and I mean any saving relating to the current IT cost would be part of that basket. So, for your model, the objective for 2019 for the business as usual remains based on that target. When it comes to the impact on market data, what we're going to provide is more granular offering to clients that might lead in the short term to increases in our revenues because we believe that it would take a bit of time for our clients to optimise and becoming fully able to understand the new tariffs. And therefore, we believe for your model, there might be a slight increase of revenues in the very first quarter, but over time the impact of the new tariff should be neutral or at least mildly positive.

Anil Sharma

That's helpful, thank you.

Operator

Thank you very much, and moving on to the line of Daniel Garrod with Barclays. Please go ahead, your line is open.

Daniel Garrod

Yes, good morning, Daniel Garrod from Barclays here, couple of questions from me. I had a question on slide 8, your corporate services offering; if I remember correctly, of the €70 million of Agility for Growth revenue opportunities, 29 million was due to come from the corporate services area, so I had a question around the completeness when you look at that slide of your current offering to achieve that €29 million revenue target; are we expecting additional initiatives to be announced from this area and what might the timeline of that be? And do you stand by that 29 million revenue opportunity from that area?

Second question was on the 100 to 150 million that you allocated for acquisitions; I believe FastMatch didn't affect that, but the iBabs 30 million you spent on that did, so does it still stand that there's 70 to 120 million that you – you would allocate to – to bolt-ons in the sort of technology data areas that you outlined? Thank you.

Stéphane Boujnah

Yeah, so let me start with the overall envelope. You are totally right, FastMatch does not belong to the Agility for Growth envelope. So far including iBabs, we did spend 60 million out of the total envelope of 150 million. It's true as well that we have some possibility to increase the stake in those companies and for the – we would have the option to potentially increase our stake, but there is a sufficient buffer in the envelope we announced last year to complete our Agility for Growth programme. So to answer your question, we are not changing the overall target of spending up to 150 million.

Anthony Attia

And zooming on the corporate services, we believe we have now the critical mass of our product to successfully expand our customer base, but we keep the optionality to complete the set of offering in the coming few months, should we have opportunities as Stéphane mentioned.

Daniel Garrod

Understood, very clear, thank you.

Operator

Thank you, and moving on to the line of Owen Jones, Citi Group; please go ahead, your line is open.

Owen Jones

Good morning, thank you. I have two questions. The first – just going back to the Dutch option market. I think when TOM launched a few years ago you had to reduce your pricing structure relatively dramatically. Do you have any plans to reverse that now given the market share; I know there was an earlier question about it in terms of modelling, but just in terms of the pricing of it as well, do you have any plans there to kind of revert back to where you were historically?

Second question, FastMatch appears to have had a very successful second quarter, some of your competitors have had less favourable second quarters; just wondering if there's anything there that you would attribute that performance to?

Lee Hodgkinson

Okay, right, Dutch options, we're not going to put prices up; as tempting as that would be, I don't think it's the right thing to do because what I want to do is to make sure we build very strong relationships to create commercial opportunity for mutual benefit. So, you know, I'm very pleased to see the competitive landscape shift in our favour and the past is the past. What we now need to do is to build on the very good relationships we have with those shareholders and really take the Dutch market back to pre-eminence which I think collectively we can and I look forward to working with those user shareholders, both on the Dutch market but also in support of our other derivative market plans. And in that context, you know, egregiously raising rates would be the wrong thing to do. On FastMatch, I have a simple answer for you; it's a brilliant management team, brilliant technology, brilliant customer relationships and that's what's setting them apart from the competition at the moment and we look forward to working with them in future on growing their franchise.

Owen Jones

Okay, thank you.

Operator

Thank you, and moving on to the line of Arnaud Gibrat with Exane; please go ahead, your line is open.

Arnaud Gibrat

Yeah, good morning, three questions please. First on the financial transaction tax; I'm talking about the existing financial transaction tax, Mr Macron talked about perhaps removing the existing tax in his taxation agenda for 2018. What impact would that have? An AMF report suggested previously that it had a 10% negative impact on volumes; would you expect that negative impact to reverse? Secondly, on corporate services; part of the logic of Company Webcast was to distribute those services outside of the Netherlands. Are you seeing traction already with French clients or are you cross heading this product already? And finally on FastMatch, clearly a very successful platform; I'm wondering whether you're looking at launching new products or expanding the breadth of the platform there? Thank you.

Stéphane Boujnah

Okay, I'll take the question on FTT momentum, and Lee will comment on the impact on volume and your question about FastMatch and Anthony will take your questions on the traction about company webcast. On FTT, as you know, the only firm announcement that was made by the new administration in France is the fact that they are committed to cancel the forward extension of FTT for intraday transactions that was supposed to get into force on the 1st January '18. So this FTT for intraday will not take place. The existing FTT as voted years ago in France with the rates increased last year is not going to change to the best of our knowledge. So, that's the momentum, let's be clear about the FTT on intraday on the one hand which is going to disappear, and the existing FTT which will not disappear.

On the impact on volume, Lee, and on FastMatch.

Lee Hodgkinson

Well the impact on volume, if FTT disappears, I mean, will be positive. You know, I doubt that it's as predictable as the one for one return of activity. But, I think certainly it would be helpful. You know, I'm not going to comment on AMF reports, on what they thought that volume was, but fundamentally it would be helpful, but I don't think I want to be drawn on exactly how much business would return. I think there are other important factors that we're seeing that we've discussed in this call that matter more.

Now, on FastMatch, the focus for us and the company in FX in the short to medium term will be penetrating the spot market further. We think that we can help the company grow in Europe. We know that Europe, London in particular is the kind of dominant centre of the FX market, and we think we can grow substantially there, and the Euronext client base can be opened up to the FastMatch product, and we'll be looking to have, you know, somewhere in the region of 60 client meetings, once we've closed the transaction. And the client intensity will be very aggressive from our side on opening those doors for the FastMatch sales team. They have a very strong global sales team, particularly in London.

The second area of focus will be to drive out data and data products; particularly as their market share grows in the spot world, we think we're getting very close to the point where taking their data will be indispensable for clients, and we intend to create some services around that which we think can be quite nicely profitable. Longer term, you know, I don't want to talk too much about our plans, you know, the obvious kind of moves would be into NDFs and options and all those kind of things, and you know, we've got smart people in our derivative business thinking about that, we've got smart people at FastMatch, but our priority is to penetrate the spot market much more aggressively, put intense focus on selling and expanding the client network in Europe, and then getting some data products out the door. So, it's an incredibly exciting time but you can expect us to be very focused on spot before we start moving into NDFs and everything else.

Anthony Attia

On company webcast, we actually started the cross-selling activity and we had several dozens of meetings outside the Netherlands, both through the existing listing sales team and through the dedicated technical hirings that company webcast is making outside the Netherlands, and we have signed new contracts outside the Netherlands, so the ramp-up has started.

Arnaud Giblat

Very helpful, thank you very much.

Operator

Thank you, and moving on to the line of Archie van Riemsdijk, ABM Financial News; please go ahead, your line is open.

Archie van Riemsdijk

Yes, hi, thanks for taking my question. My first question I was wondering, to Mr Hodgkinson, if you could maybe repeat what you said about the market share, the increase – what was the previous development of the market share and what caused the increase and which markets are we exactly talking about?

Lee Hodgkinson

Okay, we're talking about the blue-chip cash equity markets where there's the most competition in Europe. Our market share strengthened to an average of 64.2% during the quarter and stood at 65.3% at the end of June. That's a significant increase from 61.3% across the quarter to 2016. And that resulted from the implementation of our new non-member proprietary fee scheme from adjustments with our liquidity provision programme and also our equity best of book service which attracted new retail flows from two members onboarded during the quarter.

Archie van Riemsdijk

All right, thank you very much.

Lee Hodgkinson

Sure.

Archie van Riemsdijk

If I could have one more question.

Lee Hodgkinson

Yeah, go ahead.

Archie van Riemsdijk

Okay, thanks. About the Optiq platform, yeah, what will be the expected business result of opening this new platform?

Stéphane Boujnah

So, as any major stock exchange, technology is at the core of our – of our business, and so when you renew your trading platform, it's part of keeping yourself ahead of the competition, so it's a necessary investment. We're pretty proud of the results of the Optiq platform so far. It's putting us way ahead of most of the technology that is really now our competitors. Now from a revenue point of view, we see two major benefits; one is being able to continue to attract liquidity on our main market, because we have good technology with good performance. This helps Lee's team to attract investors, and the second major benefit is for our market solution business where we believe that Optiq will be a strong boost in our ability to sell our technology to other exchanges or other financial market participants.

Archie van Riemsdijk

Okay, thank you.

Operator

Thank you, and moving on to the line of Martin Price, Credit Suisse; please go ahead, your line is open.

Martin Price

Good morning, I just wanted to go back to the new derivatives clearing relationship with ICE. In the statement today you again refer to the new arrangement as an open access clearing proposition, but as far as I understand it, the agreement with ICE is exclusive in nature, which sounds a little bit different to open access, which I guess I'd interpret more as introducing choice for customers who may wish to clear elsewhere. I'm just wondering if you could provide some clarification here; it may well be that you're perhaps leaving a door open to connecting to new derivatives clearing venues and perhaps introducing choice over time. Thank you.

Lee Hodgkinson

I think you might be reading a little bit more into that than was intended, but actually perhaps that's a question for ICE, but let me say, the point about open access was essentially that the open access construct was of course implemented to address concerns from some quarters around the silo or vertically integrated trading clearing settlement chain. We of course don't have and don't operate within that vertically integrated model, therefore selecting another clearing house we described as being congruent with open access. That's all it was; there's nothing more than that. It's not for us to comment on whether ICE have wider plans for the open access construct that you're referring to.

Martin Price

Understood, that's very clear, thanks, Lee.

Operator

Thank you, and moving on to the line of Peter Lenardos with RBC, please go ahead, your line is open.

Peter Lenardos

Good morning gentlemen, most of my M&A questions have been asked, but I just had two follow-ups on the M&A strategy, as, one, are you continuing to see a healthy pipeline of opportunities; and two, how was the pricing in the M&A markets? Thanks.

Stéphane Boujnah

Well we approach M&A through the Euronext strategic objectives and the Euronext resources. So, what really matters for us is whether, when assets that can contribute to our key objective of diversifying our top line are becoming available and actionable, and if they become available and actionable, whether the resources of Euronext at the current moment, allow us to be well positioned to complete those acquisitions at prices that fit our M&A discipline. So that's the way we scan things, and I cannot say more than the fact that we have a very, very framed approach of scanning opportunities, of featuring them to strategic objectives and observing whether they are achievable or not. But, you know the resources we have in our balance sheet and, you know, that's what we have demonstrated so far.

Peter Lenardos

Great, thanks Stéphane. How about pricing, I mean, you're just going to hold the discipline there, because I would assume it would be quite robust.

Stéphane Boujnah

You mean about pricing of acquisitions?

Peter Lenardos

Yeah, on the acquisition front, I mean, I assume that if equity markets are strong and valuations are quite healthy there, that the M&A markets would be equally strong.

Stéphane Boujnah

I mean, let me put it this way, we always have a fundamental valuation approach to M&A which means that whenever we see that there is a disconnect between the price on the M&A side and the price that we will justify for our internal discipline, we would simply discharge the opportunity. Again we are limited in size but we are confident that there are opportunities out there where we can play some specific angle that will allow us not only to diversify our top line but also to make acquisition that have a proper return on the fundamental basis. So, to come to your question, we would discharge whatever acquisition where the disconnect between the headline price and the fundamental valuation is too wide in our view.

Peter Lenardos

Great, thank you.

Operator

Thank you, and moving on to the line of Rosine Van Velzen - ING; please go ahead, your line is open.

Rosine Van Velzen

Yes, so my first question is about the outlook for this quarter and the trading activity in July so far as you referred to a 65% market share in June and improved volumes at the end of the quarter in commodity products, for example. And secondly, a follow-up on clearing; do you expect migration cost for the clearing business moving from LCH Clearnet to Ice Netherlands, as in April you – you announced to migrate the business in the second half 2018, and do you expect one-off cost or cost for clients to cover for it? Thank you.

Lee Hodgkinson

Right, let me cover your questions on activity for the month of July, right, so we're running at about 19% up for the month to date, on the cash market, market share is up 4.2% all compared to this time last year. Our derivative business is running at 14.1% average ADV, and I should point out that that is not versus averages of Q2 last year, but it's point to point, so kind of day to day. So activities in July have been pretty helpful.

Stéphane Boujnah

On clearing for sure, the migration of clearing will have a cost for clients. Those costs depend on each client's infrastructure legacy relationships with different players, nature of business with us, so this is a matter that is being discussed with each client with a different perspective.

Rosine Van Velzen

But do you expect to take some one-off there or do you –

Anthony Attia

I mean, to answer your question, migration for sure will bring costs; those costs will be of exceptional nature and limited in time, but to give you a guideline, you should not expect those costs to be material.

Rosine Van Velzen

Okay, thank you.

Operator

Thank you, and moving on to the line of Sam Agini with Financial News; please go ahead, your line is open.

Sam Agini

Oh, hi, thanks, yeah, I wanted to ask a bit more about the M&A strategy. I know Trayport was asked about; you didn't rule it out but which other sectors are attractive? Is it the energy sector? I mean how did you decide to move into currencies for example with FastMatch? What asset classes do you like best? Thanks.

Stéphane Boujnah

The objective of Euronext is to diversify its top line and what we do is that we look at platforms that are scalable and that are allowing us to enter into new type of non-transaction driven services as you mentioned that are related businesses, or new asset classes. Obviously the Forex market is a huge market, four times bigger than the equity market worldwide, and definitely a space where there is room for specific growth with the right technology and the right positioning. That's why we got to acquire FastMatch after having screened many other opportunities in this sector.

In the market data space, if you apply the actionability and the reachable test that I've pointed out a few minutes ago, the number of opportunities is not huge. Whenever they come we look at them, and it's definitely a space where it would be a perfect fit for strategy. We have a strong market data business; never underestimate that around 20% of our top line comes from market data and indices-related revenues. So, we believe we can grow in this space and we will look at assets of this sort, but again, we will filter those opportunities along the line of whether it can diversify the top line of Euronext in a material manner, and whether this can be done with the right pricing and/or bidding discipline.

Sam Agini

So you don't rule out Trayport, necessarily?

Stéphane Boujnah

I don't comment on situations that are in the market.

Sam Agini

Thank you.

Operator

Thank you very much, no further questions, and with that I would like to return the conference call to the speaker.

Stéphane Boujnah

Thank you very much and I wish you a very good day.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you very much for attending; you may now disconnect your lines.