



# **Euronext Yearly Results 2018**

Friday, 15<sup>th</sup> February 2019

**Stéphane Boujnah:** Good morning, everybody, and thank you for joining us this morning for Euronext 2018 results conference call and webcast. I'm Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext, and I will start with the highlight of 2018. Giorgio Modica, Euronext CFO, will then further develop the main financials for the fourth quarter, and I will then update you on the current tender offer for Oslo Børs VPS, before opening up for questions, together with Anthony Attia, member of the Managing Board of Euronext.

Let me start with slide 5. 2018 was a strong year for Euronext, with double-digit growth in revenue, double-digit growth in EBITDA and double-digit growth in adjusted EPS. And most importantly for 2019, the fourth quarter of 2018 confirmed the positive trend we have seen over the previous quarters. So annual revenues first increased in 2018 by 83 million, up plus 15.5% to 615 million. This increase was the result of, first, the strong performance across all core activities, primarily cash trading and Advanced Data Services. Second, the consolidation of Euronext Dublin as of the second quarter, also the good contribution of our FOREX platform FastMatch and incremental revenue from our selected growth initiatives.

At the same time, we continued to improve on core business costs, and our core business costs went down by minus 4.3% compared to the previous year. At group level, group costs were up, but this was due to the consolidation of newly acquired businesses with a lower cost structure than our core business, and also the deployment of material projects. As a result, the group EBITDA increased by 19% in 2018, to 354.3 million. And this translated into an EBITDA margin of 57.6%, up 1.7 points vis-à-vis the EBITDA margin of 2017, even in a year when we delivered major progress in implementing the Optiq project, for example, and in a year where we consolidated new businesses. So this strong operating performance over the year resulted in an 11.2% increase in adjusted EPS, at €3.44 per share.

On a reported basis, 2018 net income was down by 10.5% at €260 million. This was related to the impact of exceptional items and increased net financing expenses. But I would like to underline that the 2017 result was marked by significant one-off events, in particular, the capital gain related to the swap between our shares in LCH Ltd for our 11.1% investment in LCH SA and the release of a significant tax provision. So, in accordance with our policy of setting a 50% payout ratio of reported net income, we will propose a dividend of €1.54 per share for the annual general meeting on 16<sup>th</sup> May 2019.

Moving to slide 6, Euronext is one year ahead of schedule in achieving most of the 2019 targets set under the Agility for Growth strategic plan released in May '16. As you may remember, we set in May '16 four main objectives for 2019 at that time. The first objective was to deliver value to shareholders through an EBITDA margin for the core business, which we targeted to be by the end of '19 between 61% and 63% for the core business, combined with the selected growth initiatives (and excluding clearing). And that had to be done through a disciplined capital deployment. The second objective was to enhance agility, which was to be translated into cost savings of €22 million and the delivery of a new state-of-the-art trading platform, Optiq. The third objective was to strengthen the resilience of the core business, with in particular a 2% CAGR targeted for the core business growth and an average market share superior to 60% on cash trading. And the fourth objective was to grow in selected segments with the launch of selected organic growth initiatives. And finally, we wanted to create optionality in clearing for all members. So today, when you look at those four avenues of objectives that we set for 2019, we can report major achievements on all those fronts.

So we have delivered and we will continue to deliver value to shareholders. Our 2018 EBITDA margin for the core business, combined with the margin of the selected growth initiatives, excluding clearing, stood at 61.6%, perfectly in line with our 2019 target set in May '16. Also, we have deployed more than 340 million of capital since 2016 to diversify our revenue line and to expand our decentralised model, while maintaining a consistent capital return policy to all shareholders. So we have delivered value to shareholders in accordance with the target set in 2016.

We have also enhanced our agility. We have achieved around 24 million of cumulative cost savings since May '16, ahead of our initial 22 million cost-saving target, which was the target set for the end of '19, while keeping – and it's quite important – the restructuring costs related to those cost savings at less than half the amount that was initially anticipated. Also, we continue to roll out Optiq, delivering the platform for market data in 2017, for cash market in June '18, and last week for the equity market in Ireland and in Euronext Dublin. The derivatives platform will follow this year. So clearly we have enhanced our agilities in accordance with the target set in May '16.

Third, we have strengthened the resilience of our core business. Over the last three years, we have reported core business growth on an average of 2% per year, exactly as targeted. And since 2017 our market share on cash trading has been, on average, above 65%, higher than the initial target, while our market share on the French equity options has been above 50%, as targeted.

Finally, with regard to selected growth initiatives, we reported 17.6 million, of incremental revenue in 2018, mainly thanks to our Corporate Services franchise. Our Tech SME initiatives to attract European tech companies to our market is continuing to gain traction, and ETF Access, our multilateral trading facility for ETFs, will be live in 2019. So, over the past few years, we have also created clearing optionality for members, as targeted in May 2016, through our investment in EuroCCP in 2016 and, more fundamentally, the renewed ten-year agreement with LCH SA, along with an 11.1% equity stake in LCH SA and a strong pre-emption right, all these elements having been agreed in August 2017.

Moving now to slide 7, let me emphasise another major achievement over the past few years. Euronext has changed dimension. Clearly, through a disciplined capital deployment policy, the group has launched a number of external growth initiatives, adding more than 60 million of revenue this year. First, we welcome another European exchange into our decentralised model, with the acquisition of Euronext Dublin. Less than a year after closing, Dublin's management is today fully integrated within Euronext's governance structure. Last week, we completed the migration of Dublin cash markets to our proprietary trading platform, Optiq, and Euronext Dublin delivered 24.6 million of revenue in 2018 as a result of its very strong listing franchise, while we were able to generate already 2.7 million of run-rate synergies.

Second, we diversified our revenue profile with the acquisition of FastMatch, expanding our footprint into the world of FOREX. And thanks to the commitment of the renewed management team there, FastMatch is generating strong commercial traction and contributed 21.7 million to our top line this year.

Third, as announced in 2016, we developed a complete offering of added-value services for issuers, through both organic and external developments. Euronext Corporate Services now serves more than 1,900 clients and generated just under 17 million of revenue this year.

And fourth, we will be creating more value for Euronext clients, asset managers and broker dealers with the recent acquisition of Commcise. Clearly, the Commcise solution will allow Euronext to address a strong need generated by MiFID II regulation.

All in, Euronext has transformed itself over the past three years, with external and organic growth helping the top line to grow by around €100 million. So, going forward, we will be reporting performance on a group basis, referring to the group's current scope and including selected growth initiatives and recent acquisitions, because the perimeter has changed a lot over the past three years. We will be doing this in order to fully reflect the new group and also because most of the 2019 announced targets were met one year in advance.

We will be presenting our new mid-term targets in the course of the second half of this year as part of our new strategic plan for 2021 and '22. In the meantime, we are now providing cost guidance for the group as a whole for the coming year. So, for 2019, Euronext expects to limit group operating expenses, excluding D&A, to low single-digit growth, compared to last year €260.8 million of costs excluding D&A, and despite the consolidation of the full cost base of Euronext Dublin for the full year of 2019. As a reminder, Euronext Dublin costs were consolidated only for nine months of 2018, and in Q1 '18 Euronext Dublin reported 5.8 million of costs.

I now leave the floor to Giorgio Modica for the detailed presentations of our Q4 financial results.

**Giorgio Modica:** Thank you Stéphane, and good morning everyone. As Stéphane focused on the result of the full year 2018, I will comment the Euronext financial performance for Q4.

Before starting, I would like to highlight that Market Data and Indices activity has been renamed Advanced Data Services, while Market Solution is now reported as Euronext Technologies. We made this change in order to better reflect our product offer and ambitions.

Euronext consolidated revenue increased 18 million or 12.6% versus the fourth quarter of 2017 to 157.3 million. This performance mainly benefited from the contribution of new acquisition for 8.7 million, namely Euronext Dublin and InsiderLog, and the strong performance of the core business, with revenue up 7.2 million.

Looking now across the different businesses, listing revenue recorded a strong increase to 29.5 million, up 7.8 million or 32.6%. This performance mainly comes from the consolidation of Euronext Dublin and the performance of Corporate Services.

Trading performance was good across all asset classes, with 6.7 million incremental revenues year-on-year. Post-trade revenue was slightly up, 0.3 million, reflecting stronger derivative ADV being offset by lower average yield for clearing and an increase in activity in custody and settlement.

Advanced Data Services post a good performance, with revenue up 7.6% or 2.1 million to 29.8 million.

In the fourth quarter of 2018, non-volume-related revenue accounted for 45% of total group revenue. This non-volume-related revenue covered 101% of our costs for the quarter.

Moving now to slide 11, for listing. Listing profited from the positive contribution of Euronext Dublin for 5.6 million. Corporate Service revenues increased 0.9 million, and, as a result, listing revenue increased 36.2% to 29.5 million. Let's focus on equities first. Primary market activity improved, despite tough market conditions. Indeed, the quarter was marked by the listing of two large capitalisations in Euronext. Follow-on activity reached a ten-year record this quarter, mainly thanks to two jumbo deals: Essilor Luxottica and Worldline-SIX. Over the quarter, Euronext welcomed nine new listings.

Moving to debt, our franchise continued to benefit from the consolidation of Euronext Dublin, that, as I mentioned, significantly contributed to the growth of revenues.

Moving now to slide 12 for cash trading. Q4 benefited from an improved trading environment. Cash trading revenue increased 8.2% to 52.8 million in the fourth quarter. This performance is mainly the result of higher volume, strengthened yields and a solid market share. More specifically, ADV increased 2.6% to €8.1 billion like-for-like. Market share was 66.4%, slightly down versus the previous quarter, mainly due to the high volatility across all markets in October 2018. Finally, as we mentioned, we had a good yield, slightly up, 1.1%, to 0.51 basis points. ETF trading profited from increased volatility, and the number of ETFs listed increased to 1,150 at the end of the year.

Moving to slide 13, derivative revenue reported double-digit growth, 15.2% to 11.4 million, thanks to increased revenue capture and increased volumes. Derivative yield was up this quarter to €0.30 per lot, compared with €0.28 per lot in the fourth quarter of 2017, mainly as a result of a mix effect, with proportionally more index future volumes. ADV were up 8.5%, driven by the growth in equity index derivatives, supported by the increased volatility level over the quarter. Commodity volumes slightly declined, with ADV down 3.7% compared to the fourth quarter of 2017, after a strong Q2 and Q3 in 2018. Our new market participant programme, designed to develop the non-physical market, continued to attract new flows.

Finally, FastMatch generated 5.5 million revenue this quarter, with an increase of 26.8% versus the fourth quarter of 2017, thanks to spot FX ADV up 13.7% to 19.5 billion and an improved revenue capture. FastMatch volumes were supported by the positive market dynamics and new client onboarding.

Now, moving to slide 14, Advanced Data Services recorded good growth this quarter, with revenues up 7.6% to 29.8 million, supported by the new market data agreement and the consolidation of Euronext Dublin.

Revenue from Euronext Technologies and other revenues increased 8.1% to 9.2 million. The business continued to benefit from Optiq, project work on commercial releases for international clients and from increased activity in managed service solutions.

Clearing revenue was stable at 13.4 million, reflecting the slowdown in commodity derivative trading during the quarter and stable treasury income.

Revenue from custody and settlement and other post-trade revenue increased 3.5% to 5.5 million, driven by an increase of public debt under custody at Interbolsa.

Now let's move to slide 15 and let's spend some time in explaining exactly what has happened in the cost base of Euronext in the fourth quarter of the year. As you know, we do not adjust

our number, but clearly we provide you with all the details to make your own assessment of what happened during the quarter.

So the first element that I would like to highlight is that in the fourth quarter of 2018, the core business recorded the second highest EBITDA in the year in absolute amount. So the increase of costs is clearly not related to the core business that continues to generate a very significant level of profitability.

The second element I wanted to highlight is that in Q4 we have a number of costs which are either one-off in nature or non-monetary costs. Let me go line by line, starting from the OPEX. So, in the OPEX of the fourth quarter, we had 1 million of one-off costs related to the migration in Euronext Dublin to T7 before the final migration to Optiq in February 2019. Clearly, this is a one-off cost. We have as well around 1 million of costs related to the Dublin integration that are again one-off in nature. And finally, 1.5 million, which is the combination of the advisory costs and legal costs of the acquisition of Commcise and legal costs for the litigation with the former CEO of FastMatch. So, in total, around 3.5 million of costs in OPEX are at least non-recurring.

Moving to the exceptional items, 5.5 million in the quarter. These costs are mainly related to – 2 million is related to a termination of a commercial agreement that will give the possibility to Euronext to save on a recurring basis around 1 million, starting from 2019 and going forwards; 1.7 million is related to costs linked to the Synapse project; and finally, 0.7 million is related to the final settlement of the litigation with the former CEO of FastMatch.

Now, going down to the net financing income, it's important to highlight that out of the 4 million that you see in the P&L, 3.2 million are non-monetary costs related to the revaluation of buy options of some of the companies we acquired majorities, and then we have rights to acquire 100% of the company. As those companies have performed better than expected, these buy options have been revalued through the P&L.

And finally, looking at the result from equity investments, we have around 2.5 million of impairments related to the Synapse project that, as we highlighted in the third quarter, we do not expect that will generate revenues in 2019.

Another element that I wanted to highlight is the base effect with the fourth quarter of 2017. The first element that I want to share with you is that there was a tax release in the fourth quarter of 2017 of around 2 million that went to the line 'other expenses', which is a one-off. And over and above that, as Stéphane mentioned, we had 40.6 million of exceptional capital gains coming from the swap of the LCH shares, and 20.4 million of exceptional tax release in the tax line.

Finally, last consideration is about the cost and integration of Euronext Dublin. We were able to reach, at the end of the fourth quarter 2018, 2.7 million of run-rate synergies. Now, after the completion of the migration to Optiq, this will add another significant contribution to the achieved savings, which are today achieved at around and over 80% of the target, which is €8 million. Again, an important element to highlight is that we are talking about run-rate achievement, so that the full effect to the P&L is going to accrue throughout the full year of '19.

Then finally, moving to slide 16, over the last year, 63.1% of Q4 EBITDA was transformed into net operating cash flow. The slight decrease compared to 2017 is explained by higher tax

payments. As far as leverage is concerned, our net debt remains limited, leaving us with significant strategic and financial flexibility. Looking at the bottom of the slide, at the end of the fourth quarter of 2018, our liquidity position remains strong, close to 650 million. It includes our undrawn RCF for 250 million. I now hand over the floor back to Stéphane Boujnah.

**Stéphane Boujnah:** Thank you Giorgio. So, moving to the slide 18 on the Oslo Børs acquisition, I will update you now on our tender offer for Oslo Børs VPS.

So, as you know, we have announced on Monday that we decided to increase the price of our offer to NOK158 plus a 6% interest payment. We do this because we want to make Oslo Børs VPS a leader in the Nordic. We believe that this transaction is the right one for Oslo Børs VPS and for Euronext, because together, we want to grow the Oslo Børs VPS business. We want to ensure a fair and really competitive environment in the Nordics, to the benefit of all the Nordic clients. So Oslo Børs VPS will become the Euronext development hub and a real launchpad of Euronext for expansion in the Nordics. Oslo will be the headquarters of all the Euronext future activities in the Nordic region, but also will become the European group-level centre of excellence for all our activities in the commodities business across the continent.

We are confident that our initial project offers superior prospects to Oslo Børs going forward to grow and develop as a leading platform in the Nordics, and this is reflected in our updated price. We hope the shareholders of Oslo Børs VPS will appreciate this, including the majority of the shareholders who have already committed to tender their shares to Euronext. You will note that 22 shareholders, representing, together with the shares we directly own in Oslo Børs VPS, 38% of the shares in the company, extended the long stock date of their irrevocable pre-commitment until the end of 2019, showing their continuous support to our project. We also increased our price to keep a constructive dialogue with the minority shareholders who haven't yet decided and who haven't yet tendered their shares to Euronext.

As we all know, the board of Oslo Børs VPS has committed itself not to recommend our offer under any circumstances. Nevertheless, we remain very eager and committed to engage and discuss with the board in a constructive manner the best way forward. We remind everyone that our offer is open to all shareholders until 11<sup>th</sup> March 2019, but it could be extended.

As for the timing of this transaction, we are confident that we will complete the transaction by the end of Q2 2019. We have filed our acquisition through Finanstilsynet, which is the Norwegian FSA, on 14<sup>th</sup> January 2019, the very day we filed our offer, and the Norwegian FSA needs to assess whether Euronext is a fit and a proper and a suitable owner for Oslo Børs VPS. We understand that their decision is not dependent on how many potential buyers are willing to buy Oslo Børs VPS, and their decision, together with the decision of the Ministry of Finance, has to be released within four months following the applications, plus 20 days for Q&A. So Euronext is already regulated and fit and proper and a suitable owner in our six core countries, namely Belgium, France, Ireland, the Netherlands, Portugal and the United Kingdom, so, in line with applicable laws and regulations in Norway, we expect the decision of the Ministry of Finance, following the advice of the Norwegian FSA, to be issued between the end of May and mid-June.

A quick word on the following page on the combined financials of Oslo Børs VPS with Euronext. Together, we would represent more than 720 million of annual revenue. Oslo Børs VPS will contribute to the diversification of Euronext's top line, because clearly custody and settlement

will have an increased weight in the combined entity revenue – around 10% compared to, today, 3.6% of Euronext’s standalone contribution in this revenue line.

And if we move to the following page, about the geographic breakdown, you will notice that Oslo Børs VPS will represent more than 15% of Euronext revenue and will become the third-largest revenue contributor of the group. We have commented extensively on the rationale of the transaction and the benefit for Euronext and Oslo Børs VPS on the governance structure that we offer at group level to the Norwegian voices to have an impact and influence on the group, so I will not come back now during this call for the sake of time, but please, if you want additional information on this particular ongoing transaction, do not hesitate to ask during the Q&A.

So, before we open up for questions, allow me to reiterate the main points we have covered today. First, 2018 was a strong and successful year for Euronext. Second, we achieved in 2018 most of the Agility for Growth strategic targets for 2019. Third, we will report performance going forward for the group as a whole within the new consolidated perimeter. Four, we will present the new mid-term targets for the new strategic plan for the years '20, '21, '22 in the course of the second semester of this year. And meanwhile, for 2019, we will follow our new cost target of low single-digit growth for expenses while we will have the full-year impact of the Euronext Dublin cost base. And finally, we are determined and confident regarding our offer for Oslo Børs VPS, if everything goes there in accordance with applicable laws and regulations in Norway.

Thank you. We are now available for your questions, with Anthony Attia, member of the Managing Board of Euronext, and our CFO, Giorgio Modica.

**Operator:** Thank you. Ladies and gentlemen, if you wish to ask a question, please press 01 on your telephone keypad. We have a first question from Arnaud Giblat from Exane. Sir, please go ahead.

**Arnaud Giblat (Exane):** Three questions, please. First, on costs. You gave some good guidance around the cost base in terms of the addition next year of one quarter’s worth of cost from Dublin minus some run-rate synergies, so broadly that should keep the cost about flat. And then you’re indicating for low single-digit percentage increase in the cost base, so I’m wondering, what specifically are you doing? Are you investing in new projects, or is this just inflation? If you could give us a bit of granularity around why the cost would go up low single digits, that would be helpful.

My second question is on Oslo Børs. How reliant do you think the FSA and the Ministry of Finance are on the board recommendation? Do you think that that is a key input into their decision, or is it just a fit and proper decision in your opinion?

And thirdly, staying on the subject of M&A, are you still working on deals? Are you – have you got any other potential acquisitions that you might be looking at an advanced stage? Thank you.

**Stéphane Boujnah:** So I’ll take your second and your third question, and Giorgio will comment on your first questions on cost. So, on the overall M&A landscape, yes, we continue to explore, monitor, analyse, engage into situations that can help us achieving our ambitions, which is either to expand our decentralised model to offer single country exchanges an opportunity to



be part of a global or European platform. And the current dialogue we have in Norway, but in parallel we have discussions and we look at opportunities to diversify our top line through the acquisitions of non-volume related type of assets. So there is no change in this respect, and we look for ways to optimise the deployment of our shareholders' capital in the most efficient way to create value going forward.

On Oslo Børs, as I said, the existing applicable laws and regulation in Norway create a situation where the only decision they have to take is whether Euronext is a fit, proper and suitable owner of Oslo Børs. So, if applicable laws and regulations are addressed– they have to be addressed in accordance with the prevailing rules, we are confident that this transaction will be completed by the end of June. There is no indication in the current law that the FSA nor the Ministry of Finance has any discretion to select the bidder, nor that they can change ownership rules or thresholds. The legal position is very clear in this respect, so we don't anticipate the authorities in Norway to do anything else than what is provided for and applicable in Norwegian rules and regulations.

So the board recommendation is a data point in the situation, but let me remind you that there is another data point which is as relevant as the board recommendation, which is that the majority of the shareholders have decided to sell their shares to Euronext. The majority of the shareholders in the company have invited bidders to submit an offer. The majority of the shareholders in the company have decided that Euronext was the best bidder. The majority of the shareholders of Oslo Børs are now benefiting from a price which is higher than the one proposed by Nasdaq for a minority of the shares. So this is another data point which I guess will be appreciated. So my reply to you is that look at the decisions made by the shareholders, who are fundamentally the owner of the company, and look at the detailed substance of applicable laws and regulations, and you have the answer to your question.

Now over to you, Giorgio, on cost.

**Giorgio Modica:** Yeah, absolutely. Moving to the cost, what is important to highlight is the fact that the cost savings that were achieved at the end of fourth quarter were run-rate, as the cost savings that we have achieved today with the migration to Optiq, are run rate as well. Which means that if, on one side, 100% of the synergies have been completely secure, as we speak, the benefit in terms of actual reduction of cost is going to flesh out throughout the full year of 2019. And this is the reason why we are not expecting to increase our cost base, but the full benefit is going to accrue over time, and this is the reason why we gave the guidelines that we proposed. So this is the first element.

The second element: it is clear as well, that before the end of this year, you will have another guidelines on cost that is going to be part of the strategic plan that is going to be released in the second half. So you should look at these guidelines as a kind of intermediate guidelines for your assessment in the next couple of quarters.

**Arnaud Giblat:** Okay, thank you.

**Operator:** Thank you. Next question from Anil Sharma from Morgan Stanley. Go ahead.

**Anil Sharma (Morgan Stanley):** Morning. Yes, just two questions, please. Just on Oslo Børs, I think you mentioned at the time that you announced the original bid that you would give an

update on the number of sort of irrevocables you've had today, but I notice there's kind of nothing in the press release, so I was wondering if you could give us an update on that front.

And then the second one: I think you mentioned that by the end of May or mid-June, you should get a decision. So that's obviously pretty – it's not that far away, so the board and the management team, I imagine, are planning or thinking about what happens in the event that the deal is not successful. So I just wondered if you could, you know, talk us through how you're thinking about capital, because obviously in 2016 and even in 2017, you guys were pretty explicit that if you didn't do significant M&A, you would return the capital to shareholders, so I just want to understand how we should be thinking about things.

**Stéphane Boujnah:** Okay. So, as I said, the timing of the transaction is framed by applicable laws and regulations. The Ministry of Finance has, all in, four months plus 20 days for Q&As to release its decision, and we filed our offer and our filing to the authorities on 14<sup>th</sup> January, so we expect a decision by the end of Q2 at the latest. We are exploring other ways to deploy our capital and, as we've said on very many occasions, we'll look at the end of '19 where we are in terms of deployment of capital and, depending on where we are, we may decide to offer to, or to propose to, our shareholders to proceed with the exceptional distribution if we have not been in the position to deploy our capital.

What was your first question? Oh, the irrevocables. We do not disclose at this moment, because we don't have to, the level of acceptance and the level of ownership in the company, but we'll do it in due course, in accordance with applicable laws and regulations in Norway.

**Anil Sharma:** Okay, thank you.

**Operator:** Thank you. Next question from Anil Akbar from Kempen & Co. Please go ahead.

**Syed Anil Akbar (Kempen):** I had one question regarding volumes. Volumes in January were considerably weak, and what we see is, that like other parties that have shown that, for example, on the ETP side you showed a considerable decline, whereas like, other bodies showed that, like, on ETPs and European volume, the ETP European volumes were – had remained the same for them, which – I'm talking more about the liquidity providers versus you guys. What exactly is happening over there in January? And has the situation sort of become a bit better from that? That's the only question I have.

**Giorgio Modica:** Yeah, absolutely. So clearly, usually, the first couple of weeks of January tend to be slow, but this tendency has now become a little bit more recurring. Clearly, we don't see the level of volumes today as normalised, but it's very difficult to project. We assume that later in the year – is that there's going to be a pick-up in volumes around the risk appetite of investor around the outcome of Brexit. So it's difficult to elaborate more than that, so it's, I believe, too early to make a final assessment of how the volumes will look like through the year of 2019.

**Syed Anil Akbar:** All right. Thank you.

**Operator:** Thank you. Next question from Albert Ploegh from ING. Sir, please go ahead.

**Albert Ploegh (ING):** Yes, good morning. Also, two questions basically from my end as well. Following the sudden new offer for the Oslo exchange, has there been any form of dialogue with the management team or, yeah, is the situation basically today hostile, so on non-speaking terms?

And the second question would be a bit also on the cost guidance , let's say, on the incidental items. Here you clearly undershoot your 33 million restructuring target for, let's say, the existing business, but looking at 2019, of course, with the small acquisition you did and with the Dublin integration, okay, progressed very well, but should we anticipate some one-off item for incidentals for 2019 as well? So some colour there would be helpful. Thank you.

**Stéphane Boujnah:** Okay. So we have met the management and the board of Oslo Børs VPS before they took the decision to recommend the Nasdaq offer. Since then, we didn't have any conversations with them, but we are available and we extend an invitation to have a dialogue with them, because the reality of the situation is the one we have described, which is the Euronext offer has been supported by the majority of the shareholders in the company, and we all need to think positively about the future. Also, we have extended an invitation to DNB and KLP if they so desire to remain a minority shareholder in Oslo Børs after the transaction is completed, and we have even offered them, if they want to remain close to the project at group level, to become members of the group of referred shareholders of Euronext at group level. So we are open and eager to engage into constructive dialogues with all the relevant parties.

On the cost side, Giorgio will answer your question.

**Giorgio Modica:** Absolutely. So, on the cost side, what I can tell you is that, as I said, now on a run-rate perspective, the vast majority of synergies have been delivered after the migration, and what is left to deliver is something which is more on a contractual basis that is going to come in towards the second half of this year. When it comes to restructuring costs, you should not have surprises. So there is not a backlog of restructuring costs that will impact '19. More specifically on Dublin, the vast majority of restructuring costs have been already incurred, which means not 100% of it, but what you should expect for '19 is a low number in – a low single-digit median number for this year. So, a very limited impact on '19.

**Albert Ploegh:** Thank you. Very clear.

**Operator:** Thank you. Next question from Gurjit Kambo from JP Morgan. Sir, please go ahead.

**Gurjit Kambo (JP Morgan):** Hi. Good morning. Two questions. Firstly, just in terms of the EBITDA margin, because I think going forward you're not going to split out the core and the new perimeter. So, given your margin was around sort of the 58% level, should we still expect the group combined margin to still see some sort of improvement going forward? That's the first question.

And then secondly, just in terms of, you know, the board of Oslo – maybe this is a bit of an unfair question, maybe it's a question for the Oslo Børs board, but in terms of them sort of recommending, I guess, the deal with Nasdaq, is there synergies or is there some sort of benefit of having the wider Scandi franchise that they may be thinking about? So, just any thoughts around that, please.

**Stéphane Boujnah:** I don't want to comment on the view of the board, because the board has not articulated very precisely their views on this matter. What I can tell you is that it's two things that are very important. This deal has not been solicited – the Euronext offer has not been solicited by the board of Oslo Børs, but it has been solicited by the majority of the shareholders. So what is unusual in this situation is a group of Norwegian shareholders inviting

a process, selecting – the majority of them – Euronext as the buyer of the company, and the board having a different view from the majority of its shareholders.

Second, what I can tell you is that we offer something which is fundamentally different from the Nasdaq proposal. Nasdaq has an offer with certain conditions for completions, 90% conditions for completion. We have 50.01% conditions. They have a MAC clause. We don't have a MAC clause. They have an antitrust review, which is a part of the answer to your question, in Sweden, in Norway and in the UK. We don't have an antitrust review. So we are in a different environment, because what we are offering is to make Oslo Børs the Euronext anchor in the Nordic for the Nordic ambition of the Euronext group. What Nasdaq is proposing is to complete a Nordic monopoly which, for the moment, is not complete.

What we are offering is to maintain competition in the Nordics between a dynamic Oslo Børs, a launchpad for our Nordic ambitions, alongside Nasdaq. What they are offering is a different competitive environment solution. What we are offering is to make the Norwegian voices part of the managing board of Euronext, with the CEO of Oslo Børs becoming a full-fledged member of the managing board of Euronext, a leading figure of the Norwegian financial community to become a member of the supervisory board of Euronext, the Norwegian FSA to become part of the college of regulators of Euronext, and a strong board with independent Norwegian members and a representative of employees to be in position in Oslo. Which is very different from the proposal of Nasdaq, which is all about making Oslo Børs a subsidiary or a branch of a regional entity headquartered in Stockholm, which is controlled by an international group in Wall Street, with the leading – the largest shareholder being in Dubai. It's a very, very different project.

**Giorgio Modica:** Now, coming on your question on EBITDA, we do not guide on short-term revenue targets. That leaves the part of the question which is missing for the EBITDA 2019, given the fact that we provided a cost guideline. So I can answer your question, saying clearly throughout the cycle we have the possibility to improve the margin we have today. Then, on a more short-term basis, clearly we would be affected by changes of volatility and volumes and, given the beginning of the year, it's very difficult to provide the short-term guideline for the end of this year.

**Gurjit Kambo:** Okay, thank you.

**Operator:** Thank you. Next question from Johannes Thormann from HSBC. Please go ahead.

**Johannes Thormann (HSBC):** Good morning, everybody. Johannes Thormann, HSBC. Three topics for me as well. First, to follow on your market shares on equity options, could you update us on your Dutch market share? And also, like, I have a feeling you should have a much higher market share because you own the underlying cash pool.

Secondly, on your financial result, could you give us some more details on the revaluation of the earn-outs for which companies? Is this for FastMatch or is this for – in Corporate Services?

And last but not least, on the Oslo Børs, two follow-up questions. First of all, would you be really running – willing to run this company with a 35% minority shareholder, Nasdaq, and what are the M&A costs so far? Thank you.

**Giorgio Modica:** So when it comes to your second question, around buy option, this is related to InsiderLog and Company Webcast, so there is no impact coming from FastMatch. On your first question, on our market share in the Netherlands, I mean, I cannot disclose the exact

number, but what I can tell you is that it remains very strong and significantly above 50%. So there is no decline in the market share after the closing of TOM in the Netherlands.

**Stéphane Boujnah:** And on your question about our objective, we have an offer that has a 50.01% conditions, which has already been met. We are happy to have minority shareholders in Oslo Børs. I think it's up to every shareholder to decide whether they want to stay minority shareholders in a company that is controlled by Euronext going forward, but the conditions are the same and invitations are the same irrespective of who are the minority shareholders.

**Johannes Thormann:** And the M&A costs, please, so far, as one-offs?

**Stéphane Boujnah:** M&A cost?

**Giorgio Modica:** Ah, I mean, the M&A costs that we have in the quarter, as I mentioned – I did not give the breakdown, but it's a component of a 1.5 million that you have in OPEX, but it includes as well legal expenses and the cost of the legal litigation with the former CEO of FastMatch. So, in total, these three items account for around 1.5 million.

**Johannes Thormann:** Okay, thank you.

**Operator:** Thank you. Next question from Ron Heijdenrijk from ABN Amro. Sir, please go ahead.

**Ron Heijdenrijk (ABN Amro):** Good morning, all. A few questions from my side. Firstly, to come back on a situation where the regulator would both feel you as well as Nasdaq is fit and proper to do the Oslo Børs, would a significant minority shareholder like that – would it impede your integration efforts and your synergy potential from the Oslo Børs transaction?

Secondly, on the M&A costs – to come back on that, could you maybe give an insight on how much M&A costs we should put in our model – rough numbers – for the Oslo Børs transaction in Q1 and Q2?

And then, two clarification questions, please. Firstly, on the incidental items, did I understand correctly that for 2019 we should have exceptional – a single-digit euro million number for the full year '19? And the second clarification is on the 5.5 million exceptionals in the fourth quarter. I wrote down that 2 million was for commercial agreements finalisation and 0.5 million was for the final settlement with the CEO of FastMatch, but I missed the rest. Thank you.

**Stéphane Boujnah:** The answer to your first question is clear. Nothing in the presence of a minority shareholder will prevent us, if the transaction is completed, to achieve the synergies we are planning to deploy. And that's absolutely clear.

**Giorgio Modica:** Yeah, so coming to your question, the first one is clearly we cannot give you the exact number for the M&A advisory costs related to Oslo, but there are a few things I can say. The first one is clearly that banking advisory fees are on a success basis, and that we're paying all our advisor on market rate. And given the size of the transaction, I guess you can make an estimate of that.

When it comes to the restructuring costs, what I said is that the vast majority of the restructuring cost related to the plan Agility for Growth have been spent and you should not expect an increase in spill-over in '19. When it comes to the specific restructuring cost related to Dublin, again, the vast majority of that has been spent in '18. What is left to be spent in '19 is a low single-digit million number for the rest of '19.

Finally, on your question, the exceptional. So 2 million is the termination of a commercial agreement that, against the payment of these one-off costs, we will be able to save, on a recurring basis, 1 million going forward, starting from '19. The rest, or the bulk of the rest, is 1.7 million is exceptional costs related to our Synapse project that, as we commented in the third quarter, we do not anticipate to provide revenues for 2019. And, as you correctly pointed out, 0.7 is related to the final settlement with the former CEO of FastMatch for a €0.7 million. The rest are smaller items that in total account for around an additional million, but it's not worthwhile to provide further breakdown.

**Ron Heijdenrijk:** Perfect, thank you.

**Operator:** Thank you. We don't have any questions for the moment. Ladies and gentlemen, if you wish to ask a question, please press 0 and 1 on your telephone keypad.

Ladies and gentlemen, if you wish to ask a new question, please press 0 and 1 on your telephone keypad.

We don't have any questions for the moment. Back to you for the conclusion, sir.

**Stéphane Boujnah:** Thank you very much for your time, and have a good day.

**Operator:** Thank you. This concludes today's conference call. Thank you all for your participation. You may now disconnect.

[END OF TRANSCRIPT]