

# LET'S GROW TOGETHER 2022

## STRATEGIC PLAN



# EURONEXT



EURONEXT

PRESS CONFERENCE

10 OCTOBER 2019

# THE PAN-EUROPEAN EXCHANGE POWERING CAPITAL MARKETS TO FINANCE THE REAL ECONOMY



## ▪ Largest equity listing franchise in Continental Europe

- Issuers ranging from local SMEs to global large capitalisation, including family-owned businesses
- Strong sectorial expertise including tech, oil & gas, luxury, automotive, fish and shipping industries
- Dedicated approach for each issuer profile, including post-listing advisory

**>€4,000bn  
Market  
Capitalisation**



## ▪ First corporate debt listing venue globally

- Extended debt listing offering with the acquisition of Euronext Dublin
- Local expertise attracting global clients

**>40,000  
listed bonds**



## ▪ Leading European marketplace in agricultural products

- Global and European benchmarks for Milling Wheat, Rapeseed and Corn
- Value-added products and services for producers, exporters, trading houses, refiners, processors and manufacturers

**4x EU milling  
wheat  
production  
traded**



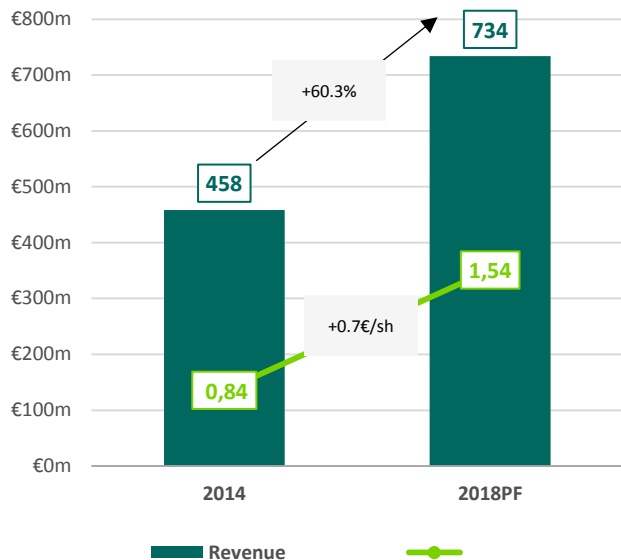
## ▪ Leading global exchange for price hedging of fish and seafood products (Fish Pool)

- Hedging tools allowing producers to invest in operational activities in a longer timeframe
- More than 200 registered trade members: fish farmers, exporters, VAP segment and financial investors

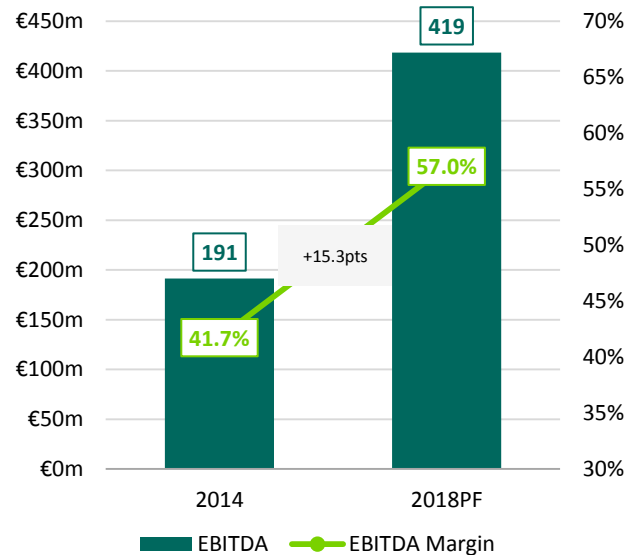
**>€250m  
open position  
in salmon**

# SINCE 2014 EURONEXT HAS BOOSTED REVENUES AND IMPROVED PROFITABILITY

## Revenue and dividend per share since IPO



## EBITDA and margin since IPO

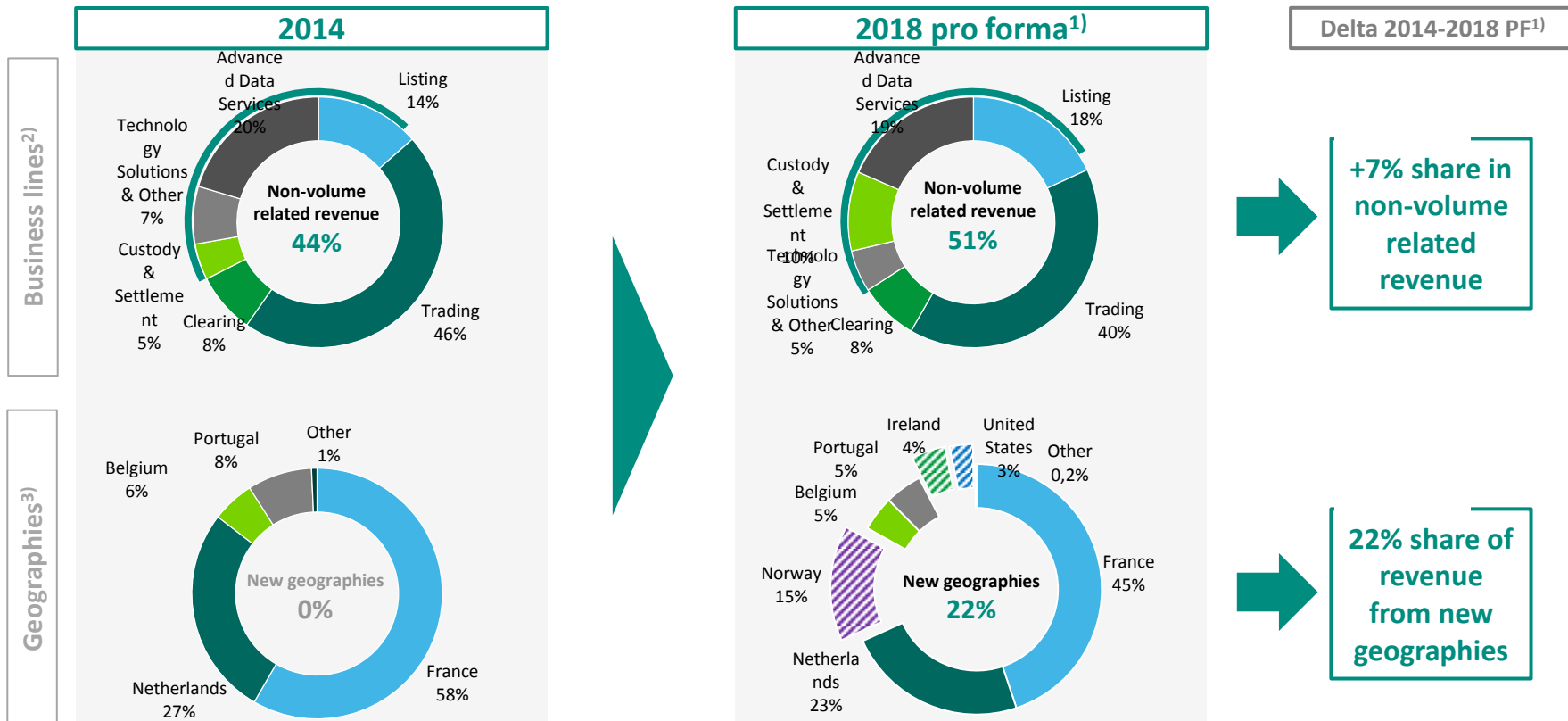


## Euronext stock

Euronext  
share price  
since IPO  
+270%

Euronext  
market  
capitalisation  
since IPO  
x 3.7

# BUSINESS IS TODAY MORE DIVERSIFIED, MORE STABLE AND MORE INTERNATIONAL



# WHAT EURONEXT IS UP AGAINST AND WHY IT WILL SUCCEED

## 1 European capital markets facing challenges

- Uncertain global economic growth
- Uncertain impact of climate change and acceleration of technological disruption
- Unknown structural impact of low / negative interest rates
- Weakened confidence driven by trade wars and geopolitical instability in the world
- Brexit outcome uncertainty

## 2 Deep industry trends reshaping the operating environment

- ESG investment becoming mainstream, calling for more transparency and objectivity
- Corporates increasingly using direct financing
- Growing regulatory and fee pressures lead to buy-side firms increased footprint and more passive investment
- Fragmented execution landscape with more market models emerging
- Ever increasing need for reference data, benchmarks and non-financial data

## 3 Regulatory framework constantly evolving

- MiFID II impacted cash market structure, SME research; probably market data and derivatives
- Revised prospectus directive is creating more favourable environment for SME listing
- CSDR framework being reviewed, towards more harmonisation and flexibility, notably for digital assets
- Promoting sustainable finance with ESG taxonomy and disclosure
- Evolving regulatory environment to foster technology and digital assets

EURONEXT TODAY IS FULLY GEARED TO ADDRESS THESE CHALLENGES



## **Our Ambition**

Build the leading pan-European market infrastructure

## **Our Mission**

Connect local economies to global capital markets,  
to accelerate innovation and sustainable growth



EURONEXT



**Let's Grow  
Together  
2022**





## 2022: EURONEXT'S FINANCIAL TARGETS REFLECT ITS GROWTH AMBITIONS

	2018	2022e TARGETS	COMMENTS
<b>Revenue</b>	<i>Proforma</i> <b>€734m</b>	<i>vs. proforma</i> <b>+2 to 3%</b> <b>CAGR<sub>2018-2022e</sub></b>	<ul style="list-style-type: none"> <li>Organic growth, excluding potential M&amp;A</li> <li>Cross-cycle trading growth in line with European GDP</li> <li>Continued focus on revenue diversification and services</li> </ul>
<b>EBITDA margin</b>	<i>Proforma</i> <b>57.0%</b>	<b>≥60%</b>	<ul style="list-style-type: none"> <li>Organic margin, excluding potential M&amp;A</li> <li>Continued best-in-class cost discipline</li> <li>Investments in operational excellence</li> <li>Raise profitability of acquired companies to Euronext level</li> </ul>
<b>One-off costs</b> <i>(OPEX and exceptional)</i>			<ul style="list-style-type: none"> <li>Internal project costs: €12m over the plan</li> </ul>
<b>Capex</b>	<b>c. 4% of revenue</b> <i>Current</i>	<b>3% to 5% of revenue</b>	
<b>Dividend Policy</b>	<b>50% of Reported Net Income</b> <i>Current</i>	<b>50% of Reported Net Income</b>	



# INNOVATION IS AT THE HEART OF EURONEXT'S 2022 STRATEGY

1

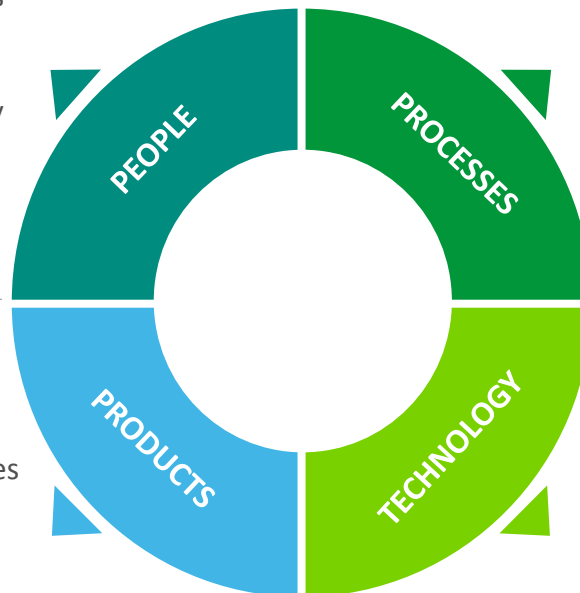
## **Empower all staff to innovate**

leveraging innovative methodologies such as design thinking and sharing know-how across the whole group, including key learnings from recently acquired companies

**Deepen co-operation with clients**, consistently with the Client Centricity Programme

2

**Leverage digitalization** for operational innovations, enhanced client experience and deeper client relationships and analytics



3

Further enrich Euronext's core technology capabilities:

- Continue building modular layers on top of Optiq core central order book
- Further deployment of **cloud**
- Fully functional **distributed ledger technology stack**

4

Accelerate business innovation, leveraging latest technologies

- **Tokenization** to capture alternative financing opportunities
- **Bespoke trading models** leveraging new data approach
- **Artificial intelligence** to address new data needs and opportunities

# MEETING ESG GOALS INTERNALLY AND DELIVERING ESG PRODUCTS FOR CLIENTS



## INTERNAL ESG GOALS FOR EURONEXT

 Market	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 Environment	 13 CLIMATE ACTION	 People	 5 GENDER EQUALITY	 Partners	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 Society	 4 QUALITY EDUCATION
<ul style="list-style-type: none"><li>Organise a trusted, fair, transparent and efficient market, enhancing access to capital</li><li>Promote and develop sustainable and innovative products</li></ul>		<ul style="list-style-type: none"><li>Reduce our own carbon footprint and contribute to the protection of the environment</li></ul>		<ul style="list-style-type: none"><li>Develop skills, retain talents in an open culture of dialogue</li><li>Promote diversity</li><li>Respect human rights and local labour laws</li></ul>		<ul style="list-style-type: none"><li>Issuer-Investor dialogue</li><li>Multi-stakeholder partnerships</li><li>Education: Financial literacy and regulations</li><li>Leverage Oslo Børs expertise</li></ul>		<ul style="list-style-type: none"><li>Act ethically, with integrity and the highest standards in terms of good governance</li><li>Educate and engage with local communities</li></ul>	

## EURONEXT'S ESG PRODUCTS FOR CLIENTS

**Euronext Green Bond section**, Cleantech franchise and ESG ETF suite  
Expand our suite of ESG indices in partnership with specialised provider

Enhance **Euronext's ESG reporting** on agreed material issues on the basis of GRI standards  
Group-wide carbon footprint analysis

Continue implementation of **diversity action plan**

**Publish dedicated material** to help our issuers with their ESG obligations

Define common goals and philosophy for **community actions and employee engagement**

## 2019-2022: EURONEXT'S TRANSFORMATION TO PURSUE EXCELLENCE AND DELIVER GROWTH

1

**Empowering people to grow, perform and innovate**

2

**Enhancing client connectivity through a focused client culture**

3

**Cross-business alignment, improved data management and innovative tool deployment**

4

**Delivering operational excellence through group-wide transformation projects**



## EURONEXT'S BUSINESS AMBITIONS

- 
1. Listing: equity, debt and corporate services
  2. Cash equities
  3. Financial derivatives, commodities and forex
  4. Advanced Data Services
  5. Post trade: Clearing, CSD and services
  6. Optiq® and Technology Solutions

# DIVERSIFY LOCAL AND GLOBAL INFRASTRUCTURE AND DEVELOP THE PRODUCTS AND SERVICES OF TOMORROW

1

## Listing

**€4.1Tn**  
MARKET CAP  
LARGEST LISTING  
VENUE  
IN EUROPE

**41,700**  
EQUITY AND  
DEBT SECURITIES  
LISTED

**€1,044bn**  
TOTAL MONEY  
RAISED IN 2018

### ACCELERATE THE GROWTH OF ISSUERS BY LEVERAGING STRONG SECTORAL EXPERTISE AND INNOVATION

- Leverage its leadership in listing to expand its sectoral, Tech and SME expertises
- Attract even more international issuers
- Be positioned upstream in the IPO process to accompany entrepreneurs and corporate leaders while getting closer to private equity players to become the preferred exit strategy

### TAKING SUCCESS IN CORPORATE SERVICES TO THE NEXT LEVEL

- Develop ESG educational materials for listed and non-listed companies
- Develop its innovation and sustainable offering in Corporate Services to better meet the needs of its clients
- Expand internationally and grow in all segments

### LEVERAGE GLOBAL POSITION IN DEBT, FUNDS AND ETFS AND DEVELOP ANCILLARY SERVICES

- Launch the trading of Euronext Dublin listed bonds
- Expand ancillary services
- Expand its leading green bond offering with a dedicated listing segment

## EXTRACT VALUE FROM ITS UNIQUE CASH MARKETS FRANCHISE

### 2 Cash Trading

#### CAPITALISE ON FEDERAL MODEL

- Prioritise 'natural' flow: retail and institutional
- Develop services for local brokers and buy- sides in each market

#### LEVERAGE THE VALUE CHAIN

- Maximize touch points with buying centers
- Reach more end clients with tailored fee schemes and service offers
- Create alignment and partnership with global banks

#### EXPAND MARKET MODELS

- Euronext's core franchise to remain lit, including some traditional multilateral markets
- Study the extension to other models

7

Local markets

5,000+

European, US and international investors

140+

Cash equity trading members

€8.1bn

Average daily value in 2018

0.51bps

Cash Yield

60%+

Market share on cash equity trading

# STRENGTHEN LIQUIDITY MANAGEMENT AND DEVELOP NEW PRODUCTS

## Financial Derivatives

### DIVERSIFICATION AND PRICE OPTIMISATION

- Roll-out its successful cash yield and liquidity management expertise to the derivatives business
- Improve client experience with Optiq® for Derivatives
- Secure retail flow with a competitive market structure

**CAC 40® index  
futures** contract,  
the second most  
traded national index  
future in Europe

## Commodities

### INNOVATION IN COMMODITIES

- Further expand its commodities franchise, including outside of agricultural commodities
- Target international clients
- Integrate and leverage Oslo Børs commodities franchise

**Over 4x EU milling  
wheat (MATIF)**  
production with an  
underlying value of  
**c. €109bn**

## Spot FX

### DIVERSIFICATION OPPORTUNITIES

- Launch derivatives products
- Expand market data offering
- Capitalise on leading technology solution

**\$20bn  
Spot FX**  
traded daily

### NEW CLIENT SEGMENTS AND GEOGRAPHIES

- Go-live for Singapore matching engine
- Client base diversification with increased participation from buy-side, broker-dealers and regional banks

**4**  
matching engines



## CAPTURE VALUE FROM MARKET DATA AND BUILD AN AGILE INDEX PROVIDER

### 4 Advanced Data Services

#### MARKET DATA

- Continue investment to deliver low latency market data feeds
- Ease customer burden to comply with rules
- Continue development of analytic products based on proprietary data

#### INDICES

- Expand geographical scope to provide Benchmark Regulation (BMR) compliant investable products to European and Global clients
- Accelerate the development of ESG-based indices
- Further enhance technology to gain scale, agility and reach new client types

126k+

SCREENS IN OVER 115 COUNTRIES

440+

DATA VENDORS REDISTRIBUTING DATA

83

FAMILIES OF INDICES

€7.5  
bn

ETF AUM ON EURONEXT INDICES

# TRANSFORMING POST TRADE ASSETS FROM CORE INFRASTRUCTURE TO VALUE-ADDED & INNOVATIVE SOLUTIONS



## Post Trade

- Deliver efficient CSD services to local ecosystems
- Leverage on client relationship and technology to deliver a range of post trade solutions
- Capture opportunities arising from digital assets
- Play an active role in global CSD and CCP in a direction that supports overall Euronext targets

### Vertically integrated local market infrastructures

**Interbolsa**



CSD – Portugal

- Operated, 100% owned by Euronext

**VPS**



CSD – Norway

- Operated, 100% owned by Euronext

**175+**

Participants to Euronext CSDs

**€941bn**

Assets under custody at Euronext CSDs

### Equity stakes in global market infrastructures

**Euroclear**



CSD – EU

- Minority owner since 2002
- c.5% stake

**2,000+**

Participants to Euroclear

**LCH SA LCH**

The Markets' Partner

CCP – Equity & Derivatives, Repos, CDS

- Minority owner since 2017
- 11% stake

**75+**

Participants to LCH SA

# DEVELOPING OPTIQ®, THE NEW GENERATION TRADING PLATFORM

LEVERAGING THE POWER OF OPTIQ® TO BUILD AN ECOSYSTEM AND  
BECOME THE TRUSTED ALTERNATIVE FOR TRADING PLATFORM



## Technology solutions

### Premium level performance

- Leverage state-of-the-art technology to ensure reliability, enhanced throughput and predictable latency

### Increased stability

- Enhanced efficiency and performance through improved connectivity and protocols, and optimised messaging model

### Flexibility

- Provide customers with a simplified and flexible system allowing better time-to-market to deliver new initiatives and implement customers' requests

### Powering Business change for Technology Solutions clients

- Leveraging cloud capabilities to accelerate on delivery
- Continue to extend ability of Optiq® to address various and innovative assets
- Working with sales and delivery partners that have deep resource pools and client portfolios, and can provide fast and cost effective customisation for clients integrating Optiq®

## Scalable platform for further expansion

15µs

Latency, compared to 132µs on UTP

99.99%

Stability on equities

Unlimited scalability

Asset-classes agnostic

### Migration timeline

- July 2017: migration from XDP to Market Data Gateway
- April – June 2018: Euronext Cash markets on Optiq®
- February 2019: Euronext Dublin on Optiq®
- End of 2019 – Euronext Derivatives markets on Optiq®

## EXECUTE DISCIPLINED AND VALUE ACCRETIVE M&A

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# OSLO BØRS VPS AND EURONEXT, A COMBINATION FOR GROWTH

1

## DEVELOP THE STRONG BRAND AND FRANCHISE CAPACITY OF OSLO BØRS

- As an international listing franchise in the energy, seafood and shipping sectors
- As the Euronext centre of expertise for commodities
- As a leading high yield bond franchise

2

## VPS TO BECOME THE MOST DYNAMIC CSD IN THE NORDICS

- Provide the market with a cost-efficient, reliable and comprehensive CSD offering
- Constantly improve the efficiency of service to issuers and investors
- Develop new products and services for local and global clients

3

## LEVERAGING EURONEXT'S CAPABILITIES FOR NORWEGIAN ECOSYSTEM

- Cross-sell value added services for investors and issuers
- Deploy Euronext cutting edge trading technology and IT infrastructure
- Local investors to benefit from new asset classes trading capabilities and largest liquidity pool in Europe
- Issuers to access dedicated markets for SMEs and large resources to finance their growth

4

## USE OSLO BØRS VPS AS THE GROUP LAUNCHPAD FOR EXPANSION IN THE NORDICS

- Propose a dynamic marketplace for Nordics players
- Enter the Nordics markets with the Group's value added services
- Framework for further Nordics ambitions

5

## DEVELOP A SHARED COMMON CULTURE

- Leverage core employee expertise out of the Nordics region
- Embed innovation and modernisation mindset

# OSLO BØRS VPS AND EURONEXT, A PROFITABLE COMBINATION

## 1 A PROFITABLE COMBINATION

- Expected return on capital employed above cost of capital in year 3, in line with the Group's M&A discipline
- Recurring earnings accretion in 1<sup>st</sup> year

## 2 EXPECTED COST SYNERGIES

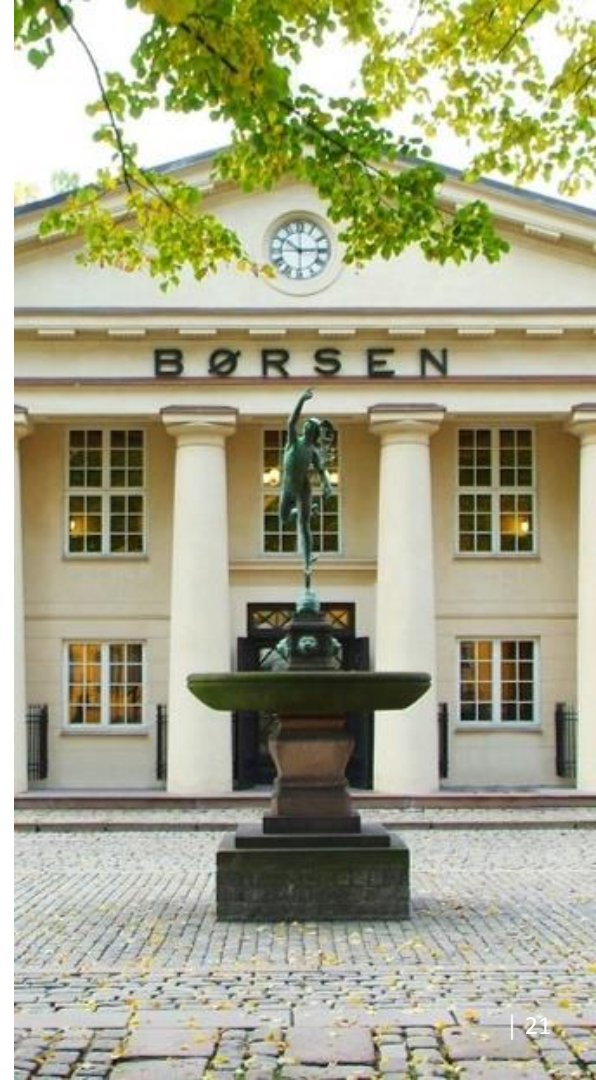
- Migration of the current trading system to Optiq®, Euronext's cutting edge trading technology
- Operating model optimisation
- Local IT footprint rationalisation and outsourcing to Euronext group-wide components
- Real estate optimisation
- Review of other material contracts

**€12m**

EXPECTED  
RUN-RATE COST  
SYNERGIES BY 2022

**€18m**

EXPECTED  
RESTRUCTURING  
COSTS



# EXECUTE DISCIPLINED AND VALUE ACCRETIVE M&A

## RIGOROUS CAPITAL ALLOCATION POLICY

- Investment criteria: **ROCE > WACC** in year 3 to 5
- Optimised leverage with credit floor rating  $\geq$  **Strong investment grade**

### 1 Take recent successes to the next level

Corporate  
Services

FX  
stack

Index & data  
franchise

### 2 Develop new growth and diversification initiatives

Investor  
services

New asset  
classes

Post trade  
solutions

### 3 Transformational deals

Expansion of the  
federal model

Diversification of the  
revenue base



