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## EURONEXT TO ACQUIRE FASTMATCH AND EXPAND INTO GLOBAL FX MARKETS

- **Acquisition of FastMatch, Inc. (“FastMatch”) – the fastest growing Electronic Communication Network (“ECN”) in the spot Foreign Exchange (“FX”) market with leading-edge technology, entrepreneurial spirit and access to a large, transparent and diversified pool of liquidity at unrivalled speed and capacity. After four years of consecutive growth, in Q2 to date FastMatch registered record ADV of \$20.8 billion.**
- **Key highlights of the transaction:**
  - Acquisition of a c.90% interest in FastMatch for initial cash consideration of \$153 million at closing (on a debt-free cash-free basis), a contingent earn-out payment for an additional \$10 million and customary minority rights for the management of FastMatch that will remain committed to the development of the business and stay invested with a c.10% interest.
  - Fully financed acquisition through bank debt (pro-forma net leverage below 0.1x), transaction to maintain Euronext’s ability to pursue other external growth opportunities and will be immediately accretive to Euronext’s earnings.
  - Subject to customary regulatory and anti-trust approvals and expected to close in Q3 2017.
  - Enabling further growth potential through development in Europe, market data, and derivative products.
- **Transaction to strengthen Euronext’s product and geographic diversification and accelerate growth profile:**
  - Combining FastMatch’s leading-edge technology, entrepreneurial spirit and talent with Euronext’s network, brand, neutrality and industry positioning.
  - Consistent with Euronext’s “Agility for Growth” strategy: capturing opportunity arising from the environment, accelerating growth through bolt-on acquisitions, enhancing agility and strengthening core offering of servicing the real economy.

**Amsterdam, Brussels, Lisbon, London and Paris – 23 May 2017** – Today, Euronext announces the acquisition of c.90% of FastMatch, Inc. for \$153 million initial cash consideration. FastMatch’s management will remain invested with a c.10% interest, with minority rights. Closing is subject to regulatory and anti-trust approvals, and is expected to occur in Q3 2017.

This exciting bolt-on acquisition is part of Euronext’s strategy to actively leverage our balance sheet flexibility to capture value accretive opportunities and to accelerate growth and diversification of our revenue base in line with our strategic plan ambitions. As such, the investment in FastMatch will not consume any resource dedicated to the deployment of our Agility for Growth initiatives (€100 to €150 million), which remains a key priority for Euronext.

This transaction establishes Euronext's presence in the FX segment (the largest market globally), diversifies Euronext's top line, accelerates its growth profile and allows the group to extend its "best execution" value proposition to an additional asset class. This transaction will meet Euronext's key quantitative criteria as set out on 13 May 2016 at Investor Day (i.e., ROCE > WACC within year 3), and will be immediately EPS accretive without factoring in any synergies.

*"The acquisition of FastMatch breaks new ground for Euronext, through expansion into the FX market which is the world's largest traded asset class. This will broaden the spectrum of products we provide to capital market users, whilst meaningfully diversifying our revenue and creating long-term value and growth for customers and shareholders. The combination of FastMatch's in-depth FX expertise, leading technology platform, diverse customer base and entrepreneurial spirit with Euronext's scale, strength and credibility, will position Euronext as a trustworthy infrastructure provider servicing a market where participants are increasingly looking for transparency, reduced capital costs, cutting-edge trading and long-term clearing solutions. The transaction is consistent with our disciplined approach to M&A and our Agility for Growth strategic plan announced on 13th May 2016, including our goal of attracting the best talent and entrepreneurs",* said Stéphane Boujnah, Chairman and CEO of the Managing Board of Euronext NV.

Dmitri Galinov, Founder and CEO of FastMatch commented: *"We are very excited to become part of Euronext, an exchange group on the frontline of innovation and agility in the industry. Together, we will accelerate our vision of bringing transparency, best-in-class technology and execution to FX markets globally. Our superior technology will serve as catalyst to Euronext's strategic ambitions in growing into the FICC in Europe."*

### **Strategic Rationale**

The G20 post-credit crisis response has created a regulatory drive for Over-The-Counter ("OTC") and dark trading towards transparent, neutral and centrally cleared markets. New capital requirements further underpin an urgent need for greater efficiency and deep structural change of the OTC landscape. Nowhere is this more relevant than in the \$5.1 trillion daily foreign exchange market. This new environment, driven by regulatory changes and the client's need for more transparency and efficiency has resulted in a clear trend of electrification of spot FX trading where 66% of trading in 2016 was electronic, growing from 55% in 2010.

FastMatch is a disruptive institutional FX ECN providing customers access to large pools of diversified spot FX liquidity at unparalleled speed. With colocation in three data centers (London, New York and Tokyo), FastMatch offers clients the fastest, most scalable and versatile technology available in the market.

FastMatch's cutting-edge proprietary technology offers its established client base, many Tier-1 banks, non-bank market makers, broker-dealers, asset managers and hedge funds, unparalleled execution capabilities (>10x lower latency versus most peers), state-of-the-art smart order routing and highly customizable liquidity pools. FastMatch's superior technology allows it to operate with a highly efficient cost structure which in turn gives it the strategic flexibility to competitively price its best-in-class product offering.

Since it was established in 2012 by Credit Suisse and FXCM, FastMatch has been able to establish a sizeable position in the ECN space. Since 2015, FastMatch has more than doubled its market share, growing Average Daily Volume ("ADV") by 52% in 2016, whilst achieving technological and operational independence from Credit Suisse and FXCM. In Q1 2017, FastMatch's ADV grew by 61% Year-over-Year to \$17.7 billion ADV in a relatively flat volume environment with significant market share gains.

### **Further Growth Opportunities**

Euronext will bolster FastMatch's European presence through increased access to institutional clients across Europe. Additionally, the roll-out of real-time and historical data products will be pursued in the short-term. In the mid-term, FastMatch and Euronext will aim to achieve presence in the FX derivatives space.

## Financial Impacts

The total consideration to be paid at closing by Euronext is \$153 million for c.90% of the share capital (on a debt free cash free basis), with a \$10 million contingent earn-out. The management will remain invested with a c.10% ownership post-closing with minority rights.

As of Q1 2017, FastMatch generated \$5.8m revenue, up 48.8% compared to Q1 2016, and \$2.4 million EBITDA (41.0% margin), 3.6x the EBITDA of Q1 2016.

The transaction will be funded through debt facilities. Post-transaction, Euronext's net leverage ratio pro-forma will remain below 0.1x based on EBITDA 2016 and net debt as of 31 March 2017 (pro forma the acquisition), well below most of its peers, providing significant headroom for further topline diversification.

The transaction will be immediately accretive to Euronext's earnings and mid-single digit EPS accretion is expected in the medium-term before synergies. The transaction is fully consistent with Euronext's disciplined M&A policy and will accelerate the growth profile of the group.

### Appendix 1: Key Financials of FastMatch

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 2016	Q1 2017
ADV (\$bn)	2.7	7.7	8.4	12.7	11.0	17.7
Revenue (\$m)	3.1	9.9	12.3	18.0	3.9	5.8
EBITDA (\$m)	-0.7	1.4	1.6	5.3	0.7	2.4
% margin	-23.8%	14.2%	12.7%	29.7%	16.9%	41.0%

Source: Company

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#### About Euronext

Euronext is the leading pan-European exchange in the Eurozone with nearly 1,300 listed issuers worth close to €3.5 trillion in market capitalisation as of end March 2017, an unmatched blue chip franchise consisting of 25 issuers in the EURO STOXX 50® benchmark and a strong diverse domestic and international client base.

Euronext operates regulated and transparent equity and derivatives markets. Its total product offering includes Equities, Exchange Traded Funds, Warrants & Certificates, Bonds, Derivatives, Commodities and Indices. Euronext also leverages its expertise in running markets by providing technology and managed services to third parties. Euronext operates regulated markets, Alternext and the Free Market; in addition it offers EnterNext, which facilitates SMEs' access to capital markets.

For the latest news, find us on Twitter ([twitter.com/euronext](https://twitter.com/euronext)) and LinkedIn ([linkedin.com/euronext](https://linkedin.com/euronext)).

#### About FastMatch

FastMatch is a new Electronic Communication Network for foreign exchange trading. FastMatch strives to offer its customers access to large pools of diversified liquidity at unparalleled speed with complete transparency in the optimal location.

Its award winning technology gives FastMatch an important speed advantage and has the capability of handling thousands of clients simultaneously. Clients include retail brokers, institutions, banks, hedge funds, and proprietary trading firms.

#### Advisors

Jefferies LLC is acting as exclusive financial advisor to FastMatch and WilmerHale as legal advisor. Euronext was advised by Watson Farley & Williams and Rosenblatt Securities Inc.

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