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EURONEXT MAKES IRREVOCABLE CASH OFFER TO ACQUIRE LCH.CLEARNET SA

- Euronext has made an irrevocable all-cash offer to LCH.Clearnet Group Limited (“LCH.Clearnet Group”) and London Stock Exchange Group plc (“LSEG”) to acquire LCH.Clearnet SA (“Clearnet”), in relation to which terms and conditions have been agreed. Clearnet has commenced a period of consultation with its works council during which LSEG and LCH.Clearnet Group have granted exclusivity to Euronext
- Strategic combination to strengthen Euronext at the heart of the Eurozone capital markets:
 - Strengthening long-term control of clearing activities for Euronext’s markets, while enhancing our ability to innovate
 - Improving Euronext’s business diversification (post-trade revenue to represent approximately 30% of Euronext’s pro forma revenue)
 - Providing substantial growth opportunities in Fixed Income and CDS
 - Acquisition price of €510m (subject to a closing adjustment and including excess capital¹) for 100% of Clearnet
 - Expected pre-tax operating cost synergies of €13m and additional opportunities for revenue synergies
- Completion of the contemplated transaction is subject to various conditions including:
 - Closing of the merger between Deutsche Börse AG (“DB”) and LSEG
 - Euronext shareholder approval
 - Customary regulatory and anti-trust approvals and other consents
 - Completion of the works council consultation process of Clearnet
- Irrespective of the completion of the contemplated transaction, Euronext remains committed to delivering the best long-term solution for its post-trade activities, in the interests of its clients and shareholders

Amsterdam, Brussels, Lisbon, London and Paris – 3 January 2017 – Euronext, the leading pan-European exchange in the Eurozone, has signed a binding offer and been granted exclusivity to acquire 100% of the share capital and voting rights of Clearnet. Clearnet is a leading, multi-asset, Eurozone-based Central Counterparty (CCP) serving Euronext’s markets, pan-European electronic trading platforms and OTC markets, with gross income of €137m and profit after tax of €36m in 2015, and shareholders’ equity of €301m². Together, Euronext and Clearnet will deliver a powerful multi-asset CCP based in the Eurozone.

Note: The financials of Clearnet reflect the scope of the transaction and are IFRS unaudited numbers

¹ The EMIR capital requirement of Clearnet as of June 2016 was €123m. Any distribution of excess capital would require prior approval by the relevant regulatory and supervision authorities

² As of June 2016

This transaction will strengthen the long-standing relationship between Euronext and Clearnet, and cement the strategic future of Clearnet within the Eurozone. It will create a compelling value proposition for customers based on capital efficiencies, product innovation and execution certainty.

Stéphane Boujnah, Chief Executive Officer and Chairman of the Managing Board of Euronext said: *“The potential acquisition of Clearnet represents an opportunity for Euronext to achieve revenue growth and diversification. We will be in a position to provide our existing and future clients with a pan-European, fully integrated trading and post-trade platform. Euronext remains committed to delivering the best long-term solution for its post-trade activities in the interests of its clients and shareholders, irrespective of whether the acquisition of Clearnet is completed. We are looking forward to further strengthening our role as the leading integrated market platform of the Eurozone, powering pan-European capital markets to finance the real economy.”*

As the transaction is contingent on, among other things, completion of the DB / LSEG merger, which remains under review by the European Commission and other authorities, Euronext continues to explore options for derivatives clearing after the expiry of the cash equities and derivatives clearing agreements with Clearnet in December 2018.

Transaction highlights

The contemplated acquisition of Clearnet will allow Euronext to create one of the leading market infrastructure groups in the Eurozone and significantly diversify its revenue mix. It will also accelerate Euronext’s growth by boosting the achievement of its ambitions in derivatives, by enhancing its ability to pursue growth initiatives and by adding new and fast growing Fixed Income and CDS asset classes.

The contemplated transaction is expected to generate significant cost synergies, the majority of which are anticipated to be delivered by 2020:

- Annual pre-tax operating cost synergies are expected to amount to circa €13 million per year³ (on a gross basis), primarily driven by IT savings and operational efficiencies. These are expected to be mostly delivered by 2020 and fully delivered in 2022;
- One-off costs related to transaction expenses, the carve-out and integration of Clearnet and the implementation of the cost optimisation plan are estimated at circa €40 million;
- Additional revenue synergies have also been identified resulting from the launch of trading in new products, in particular targeted at the clients of Clearnet’s Fixed Income and CDSClear businesses, and clearing related to additional Euronext products.

With Clearnet, Euronext will onboard a proven management team with an extensive track record and expertise in clearing and risk management; one which has delivered significant growth and diversification of revenues through product innovation and customer focus.

The purchase price of €510 million, which will be subject to a closing adjustment for any change in surplus regulatory capital, will be funded through a combination of debt facilities and existing cash.

³ Excluding additional IT-related recurring capital expenditure savings of €2m

Following the acquisition, Euronext will retain strong financing capabilities, with pro forma leverage⁴ remaining below peers (1.3x pro forma LTM as of June 2016) and solid deleveraging prospects.

The transaction is expected to be double-digit accretive to Euronext's earnings from the first full year post completion, excluding integration costs and before synergies. The Return On Capital Employed ("ROCE") is expected to be higher than Euronext's cost of capital from the first full year post completion.

An Extraordinary General Meeting ("EGM") of Euronext's shareholders will be held to approve the transaction and will be convened for mid-February 2017.

The Managing Board and the Supervisory Board of Euronext have unanimously approved the transaction and will unanimously recommend that Euronext shareholders vote in favour of the transaction at the EGM. The Reference Shareholders of Euronext⁵ support the acquisition of Clearnet by Euronext and will vote in favour of the transaction at the EGM.

Transaction timetable and requirements

The transaction is subject to various conditions:

- DB and LSEG merger closing⁶
- Regulatory approvals
- Euronext college of regulators' approval
- Euronext shareholder approval
- Anti-trust approvals in France and Portugal
- Other consents

Subject to the satisfaction of these conditions and completion of the required works council consultation process of Clearnet, the transaction is expected to close towards the end of Q2 2017, concurrent with closing of the DB / LSEG merger.

Rothschild is acting as sole financial adviser to Euronext on this transaction.

⁴ Net debt / EBITDA

⁵ https://www.euronext.com/sites/www.euronext.com/files/euronext-nv_2015_registration_document.pdf

⁶ At any time prior to completion of the acquisition, this condition may be waived in writing by LCH.Clearnet Group and LSEG, acting jointly

About Clearnet

Clearnet is an EMIR-authorized CCP, a 100% subsidiary of LCH.Clearnet Group, founded following the merger of the London Clearing House and Clearnet SA in 2013. Clearnet generated gross income of €137m, EBITDA of €65m and profit after tax of €36m in 2015, and had shareholders' equity of €301mn June 2016. Clearnet has 189 employees and is headquartered in Paris with branches in Amsterdam and Brussels as well as a representative office in Porto.

Clearnet's business encompasses four asset classes:

- Fixed Income (34% of 2015 revenue): Clearing services for cash and repo transactions across French, Italian and Spanish Government bond markets.
- CDS (17% of 2015 revenue): Clearing services for a broad range of European and US single name CDS as well as credit indices. Clearnet has the broadest coverage of indices (99 instruments) and single names (478 instruments) of any credit derivatives CCP globally.
- Listed Derivatives & Commodities (20% of 2015 revenue): Clearing of a broad range of futures and options contracts covering single name equities, indices, commodities and currency derivatives. Clearnet currently clears all Euronext derivatives and commodities markets.
- Cash Equities (29% of 2015 revenue): Clearing services for equities, ETFs and exchange traded bonds and warrants. Clearnet clears cash equities of Euronext, Equiduct and Bourse du Luxembourg.

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About Euronext

Euronext is the leading pan-European exchange in the Euro zone with more than 1 300 listed issuers worth close to €3.1 trillion in market capitalization as of end November 2016, 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.

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The financial and other data regarding LCH.Clearnet SA contained in this document reflect the scope of the transaction and have not been independently verified by Euronext. Accordingly Euronext assumes no responsibility for such information and other data being true and accurate.

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Appendix 1: Key financials of Clearnet

| Income statement | | | | |
|---|--------------|--------------|--------------|-------------|
| €m | FY13 | FY14 | FY15 | 1H16 |
| Clearing revenue | 86.4 | 113.4 | 122.4 | 62.1 |
| Net treasury income | 24.9 | 16.0 | 25.9 | 13.0 |
| Other | 13.6 | (7.8) | (11.6) | (6.2) |
| Total gross income | 124.9 | 121.6 | 136.7 | 68.9 |
| Expenses | (75.6) | (73.8) | (71.5) | |
| EBITDA | 49.3 | 47.8 | 65.2 | |
| EBIT | 29.1 | 34.8 | 51.9 | |
| Net income (excl. exceptional items) | 23.3 | 26.7 | 36.0 | |

| Balance sheet & Capital (as at June 2016) (€m) | |
|--|-------|
| Shareholder's equity | 300.7 |
| EMIR capital requirement | 123.3 |

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