

ACQUISITION OF LCH.CLEARNET SA

Strengthening Euronext at the heart of the Eurozone capital markets

PRESENTATION TO THE SHAREHOLDERS



TRANSACTION HIGHLIGHTS:

STRENGTHENING EURONEXT AT THE HEART OF THE EUROZONE CAPITAL MARKETS

Transaction overview

- Euronext has made an irrevocable 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
- Conditions to closing include: completion of the Deutsche Börse AG (“DB”) / LSEG merger, which remains under review by the European Commission and other regulators, customary regulatory and anti-trust approvals, Euronext shareholder approval and other consents

Strategic combination

- Create one of the leading market infrastructure groups in the Eurozone
- Take full control of the strategy, operations and value chain for clearing of derivatives and cash equities
- Achieve a key milestone to become a leading exchange group in Continental Europe in a post-Brexit environment

Deliver Euronext’s ambitions to diversify the top-line and add new growing asset classes

- Diversify revenue mix with a higher share of post-trade revenue
- Accelerate growth by:
 - Transforming Euronext’s ability to achieve its ambitions in derivatives and pursue growth initiatives
 - Adding new growing Fixed Income and CDS asset classes

Achieve the optimal outcome for customers, users and other stakeholders

- Deliver a powerful multi-asset class CCP based in the Eurozone in a post-Brexit environment
- Create a compelling value proposition for customers through capital efficiencies from innovative portfolio margining
- Cement the strategic future of Clearnet within the Eurozone



TRANSACTION HIGHLIGHTS:

STRONG VALUE PROPOSITION FOR EURONEXT'S STAKEHOLDERS

Key economic terms

- Acquisition price €510 million, subject to a closing adjustment and including excess capital¹
- Clearnet key financial highlights: profit after tax of €36m², shareholders' equity €301m³ and EMIR capital requirement of €123m³

Impacts on Euronext

- Significant revenue diversification: post-trade revenues to represent approximately 30% of Euronext's pro-forma revenues
- Double-digit earnings accretion in first full year post closing, excluding integration costs and before synergies
- Consistent with acquisition criteria: ROCE in excess of WACC from the first full year post closing

Synergies

- Expected run-rate pre-tax operating cost synergies of €13m⁴
- Savings primarily relate to i) optimising Clearnet to leverage Euronext's existing talents and resources and ii) reducing IT costs by eliminating duplicated central functions and implementing Euronext's own IT strategy
- Estimated one-off costs of c.€40m relating to transaction expenses, the carve-out and integration of Clearnet and the implementation of the cost optimisation plan
- Potential revenue synergies also identified through new products

Financing

- Consideration will be funded through a combination of debt facilities and existing cash
- Euronext net leverage of -0.1x standalone will be 1.3x pro forma for the transaction⁵
- Pro forma leverage following the transaction will remain below peers with a rapid deleveraging profile, leaving significant financing capacity to support future growth

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

1 Any distribution of excess capital would require prior approval by the relevant regulatory and supervision authorities

2 As of 2015

3 As of June 2016

4 Approx. 25% delivered in 2018, c.90% in 2020, 100% by 2022. Synergies presented on a gross basis. Excluding €2m of additional recurring capital expenditures savings related to IT

5 Net debt / EBITDA, based on Jun-2016 financials, EBITDA based on LTM figures

DELIVER EURONEXT'S STRATEGY FOR CLEARING

**Investor Day –
May 2016...**

EURONEXT IS CREATING OPTIONALITY FOR CLEARING



Euronext is creating optionality because...

- End of the cash and derivative contracts with LCH.Clearent SA in 2018, with a one year notice period
- The current exchange environment creates further uncertainties around continued competition
- Desire to grow shareholder value, through delivery of risk management services to clients
- Clients want certainty, capital efficiency and lower costs
- Open Access for derivatives is unproven, operationally risky, complex and unavailable before 2020
- Limited options for Eurozone derivative clearing and client migration is complex

Exclusive talks to partner with EuroCCP for cash clearing...

- Reduces frictional costs
- Reduces operational costs
- Supports Euronext's cash market franchise

...and analysis ongoing for derivatives clearing, with several options under consideration

- Extend and renew the current clearing arrangement
- Evaluate alternatives that are acceptable to clients and shareholders

CASH EQUITIES CLEARING

Acquisition of 20% stake in EuroCCP *(Completed December 2016)*

- Signing of definitive agreement for the acquisition of a 20% minority stake in EuroCCP
- Enables Euronext to offer user choice in clearing for the equity markets within the Eurozone, through the implementation of a preferred CCP model followed by a fully interoperable service

FINANCIAL DERIVATIVES & COMMODITIES, CASH EQUITIES CLEARING

EXPOSURE TO NEW ASSET CLASSES: CDS & FIXED INCOME

Potential acquisition of Clearent *(Announced January 2017)*

- Euronext has signed a binding agreement to acquire Clearent
- Cash consideration: €510m
- Transaction to be approved by Euronext EGM
- Completion is subject to completion of the DB / LSEG merger, regulatory & anti-trust approvals and other consents

Irrespective of the completion of the acquisition of Clearent, Euronext remains committed to delivering the best long-term solution for its post-trade activities, in the interests of its clients and shareholders



...PROVIDING GROWTH OPPORTUNITIES IN FIXED INCOME AND CDS

Fixed Income

- ✓ Regulation forcing more OTC volume into CCPs: EMIR clearing obligation and Basel III
- ✓ Extending Fixed Income clearing to Bund and other European government bonds, enabling banks to optimise risk reduction through T2S settlement
- ✓ Extending Fixed Income clearing to non-bank end users to allow greater netting for banks and capture currently uncleared repo trades
- ✓ Onboarding new end users to the triparty repo service (€GCPlus)

CDSClear

- ✓ European clearing mandate for CDS indices expected to start in February 2017
- ✓ Bilateral margin rules for uncleared OTC derivatives creating further incentives for CDS clearing
- ✓ Focus on client engagement to grow client clearing ahead of European clearing mandate
- ✓ Continue to engage with dealers to secure additional trade sources and new types of flows
- ✓ Continue to develop unique and differentiated product offering aimed at both dealers and clients



CLEARNET: KEY FINANCIAL HIGHLIGHTS

IMPROVING EBITDA MARGIN AND DIVERSIFYING REVENUE GROWTH

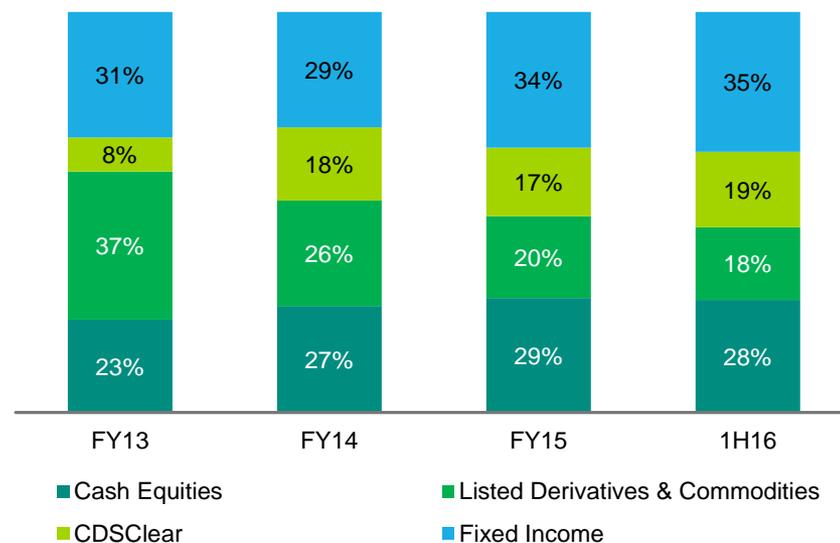
Key financials (€m)

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	

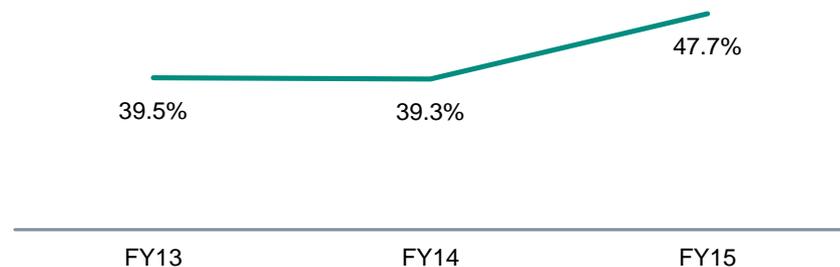
Balance sheet & Capital (as at June 2016)

Shareholder's equity	300.7
EMIR capital requirement	123.3

Gross income mix over time (%)²



EBITDA margin (%)

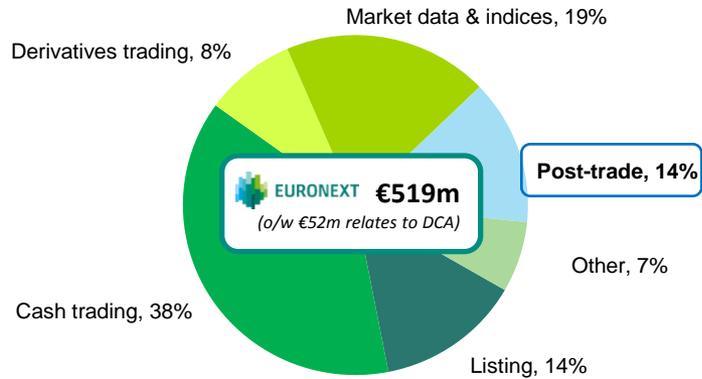


Notes

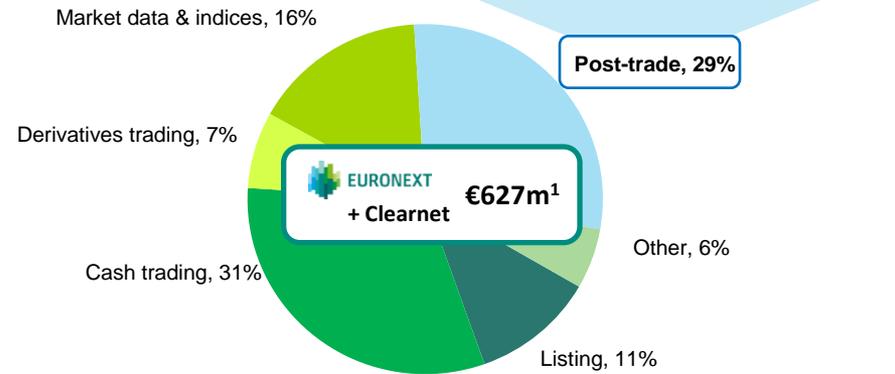
- 1 The financials shown reflect the scope of the transaction and are IFRS unaudited numbers
- 2 Gross income mix shown before adjustments to reflect the scope of the acquisition

IMPACT ON EURONEXT: DIVERSIFICATION OF TOPLINE

Revenue (FY15):



Illustrative pro forma revenue (FY15):



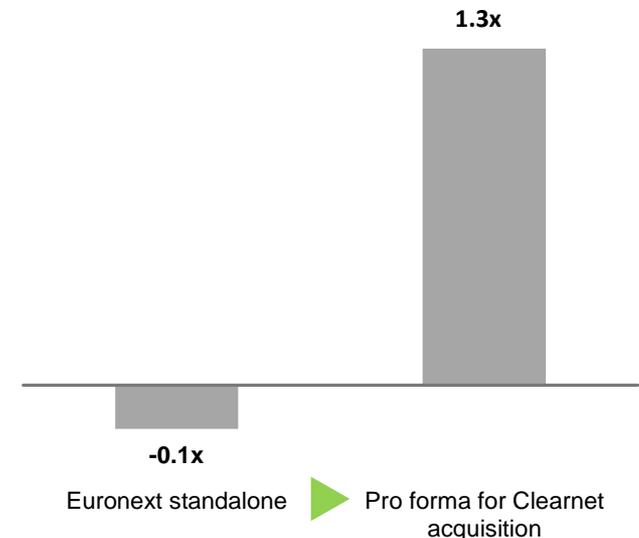
Note

1 Adjusted for difference in accounting for Derivatives Clearing Agreement (DCA)

IMPACT ON EURONEXT: OPTIMAL DEPLOYMENT OF CAPITAL

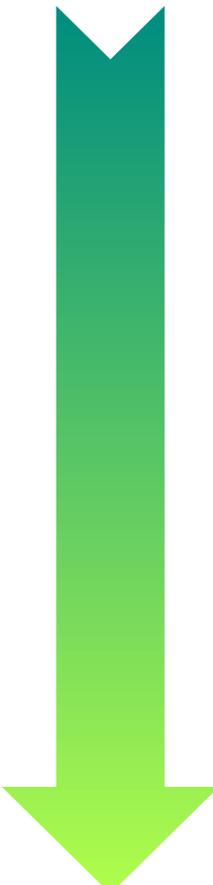
- **Euronext has a significant liquidity position that can be used for the acquisition of Clearnet:**
 - Cash position of €152.8m as of June 2016
 - Undrawn available RCF line of €390m
- **Euronext has a solid credit profile**
 - One of the least levered companies in the peer group
 - Strong cash flow generation
 - Acquisition of Clearnet will strengthen the business risk profile of Euronext as it brings revenue diversification
- **Several financing options available, including financing from banks (for which there is strong appetite) or issuance of an inaugural bond**
 - In both cases, Euronext would benefit from the current low interest rate environment

Net debt / Pro forma EBITDA LTM (as of Jun-16)



Euronext leverage post acquisition will remain significantly lower than most of its peers

TRANSACTION TIMETABLE



Today

- **Transaction announcement**
- **Information consultation process** with Clearnet works council
- **Euronext shareholder approval:** EGM to be convened for mid-February

Q1 2017

- **Signing of the definitive agreements**
- **Satisfaction of conditions precedent, including:**
 - **DB / LSEG merger closing¹**
 - **Regulatory approvals**
 - **Euronext college of regulators approval**
 - **Anti-trust approvals** in France and Portugal

Q2 2017

- **Expected closing**
 - **Concurrent with DB / LSEG merger closing**

¹ At any time prior to completion of the acquisition, this condition may be waived in writing by LCH.Clearnet Group and LSEG, acting jointly

SUMMARY

Strengthen long-term control of clearing for Euronext markets

- ✓ **Strengthening Euronext at the heart of the Eurozone capital markets**
- ✓ **Full control of the value chain for Euronext markets**
- ✓ **Optimal outcome for customers**

Diversify and grow

- ✓ **Ownership of a leading Eurozone CCP in a post-Brexit environment**
- ✓ **Revenue diversification**
- ✓ **New and growing asset classes**

Deliver attractive economics for Euronext shareholders

- ✓ **Significant synergies**
- ✓ **Double-digit earnings accretion in first full year**
- ✓ **ROCE in excess of WACC**
- ✓ **Prudent leverage profile**

Note

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

RECOMMENDATION

- The Managing Board and the Supervisory Board of Euronext have unanimously approved the transaction and unanimously recommend that Euronext shareholders vote in favour of the transaction at the EGM
- The Reference Shareholders¹ of Euronext support the acquisition of Clearnet by Euronext and will vote in favour of the transaction

Note

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

DISCLAIMER

This presentation is for information purposes only and is not a recommendation to engage in investment activities. The information and materials contained in this presentation are provided 'as is' and Euronext does not warrant as to the accuracy, adequacy or completeness of the information and materials and expressly disclaims liability for any errors or omissions. This presentation contains materials (including videos) produced by third parties and this content has been created solely by such third parties with no creative input from Euronext. It is not intended to be, and shall not constitute in any way a binding or legal agreement, or impose any legal obligation on Euronext. All proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced without the prior written permission of Euronext.

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.

This presentation may include forward-looking statements, which are based on Euronext's current expectations and projections about future events. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of Euronext. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no undue reliance should be placed on any forward-looking statements. Forward-looking statements speak only as at the date at which they are made. Euronext expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

Financial objectives are internal objectives of the Company to measure its operational performance and should not be read as indicating that the Company is targeting such metrics for any particular fiscal year. The Company's ability to achieve these financial objectives is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control, and upon assumptions with respect to future business decisions that are subject to change. As a result, the Company's actual results may vary from these financial objectives, and those variations may be material.

The expected operating efficiencies and cost savings were prepared on the basis of a number of assumptions, projections and estimates, many of which depend on factors that are beyond the Company's control. These assumptions, projections and estimates are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. The Company cannot provide any assurance that these assumptions are correct and that these projections and estimates will reflect the Company's actual results of operations

Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at <https://www.euronext.com/terms-use>. © 2017, Euronext N.V. - All rights reserved.

