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Presentation

Operator
Hello and welcome to the Euronext 2017 Full Year Results call. Throughout the call, all participants will be in listen-only mode. And afterwards, there will be a question and answer session. Just to remind you, this conference call is being recorded. Today, I am pleased to present Stéphane Boujnah, CEO of Euronext. Sir, please go ahead with your meeting.

Stéphane Boujnah
Morning, everybody and thank you for joining us this morning for the Euronext Full Year 2017 Results conference call and webcast. I'm Stéphane Boujnah, CEO and chairman of the managing board of Euronext. And I will start with the main milestones of 2017. Giorgio Modica, the Euronext CFO will then further develop the main financials and business drivers of the year before I conclude. And we will welcome your questions at the end of the presentation with Anthony Attia and Lee Hodgkinson.

Let's start with slide five. Euronext has very much changed over 2017. Euronext is not the same company as it was one year ago. First, we delivered major projects, we ensured compliance with MiFID II regulation now in effect and we delivered the first major market data components of our new trading platform, Optiq. Second, clearing was one of the key priorities for Euronext in 2017, as you have noticed. We secured the long-term clearing environment with the renewal for an additional ten-year period of the derivative clearing agreement with the LCH SA from 2019 to 2029. We increased our control on clearing through the swap of our 2.3% stake in LCH Group for 11.1% shareholding in LCH SA and we secured a strong governance and strong pre-emption rights.

Moving to slide six, we invested or committed in 2017 over €300 million in eight companies. And clearly, external growth remains one of our priorities. First, we invested in growth. We have invested in Corporate Services and we have acquired all over 2017, a full suite of services to better serve issuers. We have also invested in Algomi to develop a corporate bond platform called Synapse. Second, we invested to secure our clearing actives. We have delivered clearing optionality to Euronext and its customers through our associates EuroCCP and LCH SA as I've just mentioned. But we're also invested in LiquidShare, a new blockchain venture platform backed by leading European players. Third, we invested to diversify our revenue profile. We have performed the FastMatch acquisition in the US that opens for FX trading to our European clients. Fourth, we plan to further invest in the expansion of our federal model to leverage its unique features with the announced acquisition of the Irish Stock Exchange. We expect the closing of this transaction to take place in March 2018.

The acquisition of the Irish Stock Exchange is absolutely key for Euronext. We include for the first time since our IPO a new exchange and send a clear message to independent exchanges in Europe willing to benefit from our single liquidity pool and propriety technology platform. On top of that, the Irish Stock Exchange revenue profile is highly non-volume related, allowing Euronext to decrease its correlation to volumes. We all look forward to welcome the Irish Stock Exchange's great teams and great international energy in the next few months.

Slide seven. 2017 was also a turning point for Agility for Growth initiatives. The five major initiatives have been launched and their platform is live. Commercial efforts are currently deployed intensively to generate revenues. 2017 has been a very active year in which we had to reallocate resources to highly value creating projects such as FastMatch or the Irish Stock Exchange. We have therefore decided to refine the Agility for Growth initiatives' revenue target at €55 million, reflecting the evolution of the company since 2016 when the initial €70 million target was set. The company is no longer the same. We have decided to adapt and to be agile, to create at the end of the day even more value to our shareholders.

Briefly on the details of the growth initiatives. First of all, Corporate Services initiatives was built through a combination of organic development and acquisitions. The initiative brings now €9.1 billion revenue in 2017. A strong and coordinated commercial effort to cross-sell is starting to pay off with new clients signed in all Euronext countries. Second, remaining in the field of services to issuers, European Tech SMEs initiatives has been rolled out within 2017 with the opening of five new commercial offices in four new countries to attract Tech SMEs. We had the first listing from a German company, X-FAB. The ambition is definitely to become the European exchange for European tech companies.

On slide eight, you will see that three initiatives for investors have already been launched. In July 2017, two European indices have been developed and launched in partnership with Morningstar. Morningstar Eurozone 50 Index and Morningstar Developed

Markets Europe 100 Index. The aim is to provide clients with smarter and cheaper products to track European stocks. In 2018, we have launched a first futures contract based on Morningstar Eurozone 50 Index and the commercial efforts to roll out the franchise are ramping up. The second one is Synapse, our UK MTF, designed to improve the liquidity of the corporate bond market. The technological platform developed by and with Algomi is ready and approved by the FCA in Europe while US regulators' approval is expected for 2018. Regarding post trade initiatives, our two services, RiskGuard and derivatives in APA/ARM are now in the post-delivery phase to continue clients support and attract new clients. Following client feedback, Inventory Management scope has been reshaped so that collateral management is now abandoned. Regarding the two remaining initiatives, the MTF for ETF have gathered significant traction with clients and will likely benefit from the acquisition of the Irish Stock Exchange. The new MTF will be launched after the migration of our regulated markets through Optiq likely in H2 2018. Due to the lack of suitable targets that meet our investment criteria, the data provider for commodities initiatives is put on hold. However, we are developing the IT platform for commodities OTC flows as well as the post trade solutions. As you have understood, we have decided to prioritise and to allocate resources on the most value creating projects.

Slide nine. In this changing environment where we had to both pursue the development of our initiatives and cope with very important projects, Euronext has been able to deliver a strong operating performance and a healthy set of financials in 2017. First, revenue grew by 7.2% to €532.3 million thanks to strengthened positions on our key markets and targeted acquisition. Second, EBITDA increased by 4.9% to €297.8 million and reached a margin of 55.9%, slightly down this year due to temporary cost of Optiq and MiFID II projects and to the development of our business initiatives. However, we plan a reduction in core business costs by mid-2018 to reach our €22 million gross cost savings target. Giorgio Modica will further develop this point. Third, our net profit increased by 22.5% to €241.3 million boosted by the LCH SA swap capital gain and other non-recurring items. Adjusted EPS reached 3.09 euros per share, an increase of 4.8% compared to 2016. According to our policy, we plan on distributing 50% of our reported net income to our shareholders to fully reflect the value creation and the proceeds of our strategy. The dividend will therefore increase by 21.8% or €0.31 per share to €1.73 subject to the general meeting approval.

Moving to slide ten. We provide here an illustration of the new financial profile of Euronext following 2017 main acquisitions because the 2017 figures do not fully reflect yet their contribution and potential. As you can see, acquisitions would have generated on a full year basis more than €63 million of revenues, i.e. more than 12% of Euronext's current core business revenue. Our recent change in Corporate Services acquisitions will increase the non-volume related part of Euronext business and FastMatch will further develop in market data. All those acquisitions have a strong margin expansion potential. We will extract €6 million cost synergies from the Irish Stock Exchange by 2020, mainly through IT optimisation and FastMatch is a fast-growing business with mainly fixed costs. For the sake of completeness, please note that the Agility for Growth part in this slide does not include the organic initiatives that do not yet generate revenue and includes only acquisitions. As you have understood, 2018 will benefit from the revenue dynamics from the Irish Stock Exchange and FastMatch while margin will be slightly diluted during the ramp up of acquisitions. 2019 and following years will benefit from their full year contribution in addition to the other outlook we provided.

In brief, 2017 was a very intense year for Euronext, a year of deep transformation with large projects completed or ongoing. Euronext remains agile, focused on priorities and prepared to catch opportunities through balance sheet optimisations and we remain committed in creating value to our shareholders. 2018, as you have all noticed it, started with a strong volume growth with the return of volatility and very positive macro outlook.

I now let Giorgio Modica further comment the 2017 performance.

Giorgio Modica

Thanks Stéphane and good morning everyone. Let's start with slide 12. In 2017, Euronext consolidated revenues increased by €36 million or 7.2% to €532.3 million. These results were achieved mainly thanks to stronger cash and derivative volumes. The positive impact of Agility for Growth initiative accounting for €9.8 million and the acquisition of FastMatch contributing €7.2 million to the top line. 2017 saw an improved trading environment despite the very low volatility and a better macro environment in Europe. Listing revenue was €84.2 million, an increase of €15.5 million or 22.6% versus 2016. The solid performance was driven by fee changes, a continuing strong momentum in follow-on activity and the positive impact of the consolidation of iBabs and Company Webcast. Cash market share reached the record level of 64.4%, supporting Euronext volumes. Euronext diversified its revenue profile, widening the range of traded asset classes to spot FX that generated €7.2 million in revenues since August 2017. Market data and indices' organic performance remained robust while revenue was down 1%, to €104.7 million as a result of high contractual audit findings in the second and third quarter of 2016. Volume driven activities accounted for 56% of total revenue, stable compared to last year with the additional fixed revenues from Corporate Services being offset by the consolidation of FastMatch trading revenues. The operating cost coverage ratio was 100% in 2017.

Moving to listing on slide 13. 2017 revenue is up 22.6% to €84.2 million. After a shy beginning of the year due to uncertainty around the political environment in Europe, primary markets saw the return of large capitalisation to Euronext's markets with a listing such as ALD and Volkerwessels. 26 new listings were completed versus 28 in 2016 with €3.4 billion raised versus €3.7 billion raised last year. In 2017, Euronext continued to be the venue of choice for Tech SMEs with 13 new listings. Follow-on revenues increased by 9.1%, mainly driven by M&A activity. The SME market was very dynamic as well with 531 deals. Corporate Services generated €9.1 million in revenue.

Moving to slide 14, cash trading ADV increased 6.7% to €7.5 billion compared to 2016. Cash trading revenues totalled €190.3 million with an increase of €10 million or 5.3% versus 2016. The average yield remains stable and strong at 0.50 basis points despite the higher trading volumes. The market share reached its highest level since IPO at 64.4%, up 3.5 points, and 67.1% in Q4 2017. In 2017, Euronext remained the reference market for best execution with 80% presents at EBBO in December, the tightest bid-ask spread and the deepest liquidity pool in the business. Euronext remains as well at the forefront of innovation. Euronext Fund service launched in May on boarded 33 asset managers. Euronext Block, our MTF block trading platform, connected the first wave of brokers. Euronext Synapse, the MTF for corporate bonds was set up and launched in December 2017. Finally, Euronext listed 74 new ETFs, bringing the total number of ETFs listed on Euronext to 804 at the end of the year. The acquisition of ISE will be instrumental to further develop this strong and promising franchise.

Moving to slide 15, derivative revenues remain stable on the back of increased volume, partially offset by decreased yield. Derivative ADV is up 12% despite the low volatility, mainly thanks to the improved market position in the Netherlands following the migration of equity option contract from the TOM platform last June. Conversely, yield reached 0.29 euro per lot, due to the increased weight of equity option and the impact of marginal rates applied during the TOM migration. Commodity volumes were driven by the continuing traction in the New Market Participant programme with over 150 new trading firms connected. The new NMP programme is to be launched in 2018 with the ambition to keep the momentum and attract new traders. Finally, Euronext consolidated €7.2 million revenues of FastMatch since August last year. In 2017, FastMatch ADV were up 44.7% at $18.4 billion.

Moving to slide 16, market data organic performance remained robust while revenue was down -1.0% to €104.7 million over the year as a result of higher contractual audit findings in 2016. In 2018, we issued new market data agreements to our clients to comply with MiFID II. As a result, we expect a positive impact on revenue in the short-term while longer-term, a more neutral outcome is to be expected as progressively, clients will likely take advantage from the opportunity to optimise data consumption. Revenue from market solutions increased by 1.4% in 2017 to €33.5 million. The business continues to benefit from MiFID II projects and related work for commercial technology clients. Clearing revenues increased by 6.5% to €51.1 million in 2017, reflecting stronger derivatives trading activity, as well the higher treasury income. As a reminder, the new contract for the clearing of financial derivative products will come into force on the 1st January 2019. Revenue from Interbolsa in Portugal increased by 4.7% to €20.6 million, driven by an increase of settlement, public debt and equity under custody during the year.

Moving to slide 17, EBITDA grew 4.9% to €297.8 million with a margin of 55.9% down 1.2% versus 2016. This decrease in margin is mainly explained by the ramp up cost of new projects. Staff costs increased €4.6 million, mainly due to the addition of staff cost from newly consolidated company, partially offset by the reduction of core business staff expenses driven by a reduced headcount in Euronext. Systems and communication and professional service costs increased €5.3 million and €7.2 million respectively, mainly due to project costs such as Optiq, MiFID II and acquisitions. Increase of other expenses were mainly related to clearing expenses, €1.6 million as a result of higher clearing revenues and non-recurring non-deductible VAT related expenses for approximately €2.2 million. The remaining part of the delta is related to marketing expenses of our new services. Core business cost savings are down at €10.9 million versus €15.6 million last year, mainly as a result of project costs that will be completed in 2018. We expect the trend in core business costs to reverse starting from the second half of 2018 and we are fully confident in our ability to reach the €22 million in gross cost saving target in 2019. Finally, Agility for Growth initiatives generated €9.8 million of revenue and €11 million of costs with the margin of Corporate Services, approximately 50%, funding the roll out of other business initiatives.

Let's move now to slide 18. Reported net income for 2017 increased significantly by 22.5% to €241.3 million due to the strong operating performance and several nonrecurring items. The EPS adjusted for capital gains, exceptional items and PPA increased by 4.8% to 3.09 euro per share versus 2016 adjusted EPS. This is the result of several movements:

- €13.9 million of additional EBITDA thanks to our strong operating performance,
- The €40.6 million non-cash gross cash capital gain related to the swap between LCH and LCH SA shares,

- the release of tax provisions for €20.4 million. As you remember, we released €16.3 million in 2016 and we do not expect further significant releases in 2018.
- €14.8 million of exceptional items, including the €5 million break-up fee for the termination of the clearing arrangement with ICE. Other major exceptional costs included advisory costs, write-off of intangible assets and restructuring costs. Finally, the impact of PPA for FastMatch and iBabs accounts for €2.4 million.

- Excluding PPA, depreciation and amortisation decreases to €0.6 million. This PPA amount includes two quarters, the third and the fourth quarters of 2017 as the PPA analysis was completed during Q4 2017.

Moving to slide 19. In 2017, the net operating cash flow to EBITDA ratio increased to 72% from 64%, mainly thanks to the completion of the restructuring plan in France in 2016. Looking at the top right table, you will see total assets crossing the €1 billion mark as a result of acquisitions and the revaluation of our key participation, LCH SA, Sicovam and Euroclear. As of the 31st December 2017, Euronext had a gross debt of €165 million and the cash and cash equivalent of €187.8 million. Looking at the bottom right of the slide, you can see that our liquidity position remains healthy at €437.8 million thanks to our strong cash generation and €250 million of undrawn revolving credit facility. In 2017, Euronext used its new bank loan facility to finance acquisitions for €165 million, fully repaid the whole €70 million term loan and distributed around €100 million of dividends. Finally, according to our dividend policies, Euronext will propose to the AGM the distribution of 50% of the reported net income for 2017, translating into a dividend per share of €1.73 per share and a total dividend of €121 million.

I will now leave the floor to Stéphane Boujnah for his final remarks.

Stéphane Boujnah

Thank you, Giorgio. A few words on the initial trends we are seeing for 2018. Volumes are very strong as you have all noticed it and macro-economic environment remains very promising, in particular in Europe and the Eurozone. In January and early February year-to-date, volumes are up 32.5% for cash and +28.7% for derivatives compared to the same period last year. Eurozone growth prospects have been revised upwards at 2.3-2.4% in 2018, which is cyclically strong and likely going to support equity inflows into our market.

Second, the Euronext MiFID II compliance was fully and successfully achieved in 2017. And only throughout 2018, we will be able to assess the full impact of such transition. In this respect, Euronext will always be committed to operate highly transparent and non-discriminatory markets in line with the core principles and objectives of MiFID II. We believe that this is the best strategy to fully benefit from the opportunities arising from this industry change.

2018 will be a pretty busy year for Euronext. First, the Optiq cash matching engine currently being tested by members will be live within H1 2018. Second, the closing of the Irish Stock Exchange acquisition is expected in March 2018 and the Irish Stock Exchange integration within Euronext will take place immediately thereafter. Third, we continued our acquisition strategy at the beginning of the year with the acquisition of InsiderLog, a Swedish company specialising in insider list management for €5.8 million to enhance further our Corporate Services offering. And fourth, as always, we will continue focusing on cost with core business cost base production to start significantly in H2 2018 after our big IT projects are delivered.

Moving to the last slide, slide 22. We are now at the midpoint of Agility for Growth three-year plan, in line of the past two years and more recent developments, we can confirm our main 2019 financial targets for the core part. Core business revenues, cost reduction, EBITDA margin and dividends policy targets remain unchanged and confirmed. 2017 figures confirm and strengthen this ambition. Our growth initiatives remain a strong pillar to our strategy with a clear focus on achieving our €55 million revenue target at 50% margin. And we'll continue to deploy capital in a disciplined manner. We have deployed or committed more than €300 million of capital this year and will continue in strategically relevant and value creating opportunities.

In conclusion, 2017 was a very intense year for Euronext, a year of deep transformation with large projects completed or ongoing. The set of 2017 financial results are strong and are a solid foundation for reaching our 2019 targets. Our next presentation will take place on 15 May for the Q1 results and the AGM.

Anthony Attia, Lee Hodgkinson, Giorgio Modica and I are now available for your questions. But before getting your questions, I would just like to extend the gratitude of the team to Lee Hodgkinson who is going to leave Euronext to pursue other projects and I would like to thank him for his contribution to the growth of Euronext since the IPO and several years beforehand. Over to you for your questions.

Q&A

Operator
Thank you. Ladies and gentlemen, if you do wish to ask a question, please press 01 on your telephone keypad. If you wish to withdraw this question, you can do so by pressing 02 to cancel. There will be a brief pause now whilst we register your questions. Our first question comes from Anil Sharma of Morgan Stanley. Please go ahead, your line is open.

Anil Sharma
Hello?

Speaker
Yes, we hear you.

Anil Sharma
Hello? Sorry. Yeah, the line went blank. I just have two questions. Morning, it's Anil Sharma from Morgan Stanley. The first one was just on – for Giorgio – on slide 17, you've given us an EBITDA bridge and there's a couple of line items there – systems and professional services where you talk about project costs for MiFID II. Just wondering, are any of these kind of one-off and going to come out of the cost base next year? And if so, kind of how much?

And then the second question, maybe for Stéphane. Obviously, when you had the Capital Markets Day a few years ago and you set out the 2019 vision and targets, you've executed a significant amount of that kind of transformation as you said. But from memory, I think one of the targets was – if there wasn't going to be any sort of significant M&A, then you would return excess capital to shareholders by end of 2019. Can you just confirm that that's still the case? That we're still sort of potential for excess return?

Stéphane Boujnah
I'll take first the second question. The intention is the same. Euronext's growth strategy relies on outstanding opportunities to deploy our balance sheet in an efficient manner. We do believe that we have completed this strategy of capturing M&A opportunities. In the event at the end of '19 it turns out that our balance sheet has not been fully deployed for growth acquisitions, we will return in whatever appropriate manner, value to shareholders.

Giorgio Modica
Yeah. And when it comes to your question on slide 17, what I can confirm is that the increase of the cost base, which is reflected in systems and communications and professional services, is mainly linked to projects that will be completed in 2018. And therefore, you should expect a reduction of these line items. When it comes to the phasing, what we can tell you is that you will see the changing starting from the second part of 2018 and the reduction is going to be consistent with the objectives to reach €22 million of gross savings by 2019.

Anil Sharma
Okay, that's helpful. Thank you both.

Operator
Thank you. Our next question comes from Arnaud Giblat of Exane. Please go ahead.

Stéphane Boujnah
Sorry, we are not hearing.

Arnaud Giblat
Hello? Can you hear me?

Stéphane Boujnah
Yes, yes.

Arnaud Giblat

Okay. Yeah, so two questions, please. First, on the cost base. So far, you're saying that you have achieved €11 million of cost savings, you're targeting 22 and that you have invested, I think, 11. And from memory, you were looking at achieving a 50 percent EBITDA margin on your Agility for Growth initiatives. So, probably you've got another 17 of further investments to come into the cost base. So, should I take your current costs and assume that they're going up by 17, coming down by 11, so a net €6 million in 2019? Is that your implicit guidance?

And my second question is on M&A. You kind of said that you were open to do more deals in Europe to consolidate further the cash equity markets. Have you engaged any third-party exchanges there? I mean, are there any prospects of any deals emerging from that?

And finally, when you say, 'I'm giving back any surplus capital in 2019,' to have your balance sheet fully deployed, financially, how do you think about a fully deployed balance sheet? Thank you.

Giorgio Modica

So, I will take the first and the last question. So, the first element, the cost savings are related to our core business, so this does not include the new perimeter such as FastMatch and this does not include Agility for Growth. And clearly, the objective is to reach €15 million savings net of inflation. It means that if we will be able to save an additional €4 million on the core business and beat inflation for the remainder of the plan, we would be at par with our target.

When it comes to your last question, what we can say at the moment is that we confirm our willingness to discuss with our supervisory board what would be an appropriate level of leverage for the distribution of excess capital in case we will not be able to deploy the capital we have. So far, this discussion did not materialise. It will happen, clearly, next year if we will need to do so. But clearly, what we can confirm at the moment is our willingness to remain, in any event, solidly into the investment grade zone.

Stéphane Boujnah

Okay. On your M&A question, the M&A strategy of Euronext is about two avenues. The first one is to expand the Euronext federal model and to make the Euronext model open to independent exchanges in Europe who would be interested in joining our united in diversity model. The Irish Stock Exchange decided to go this way at the end of last year and we are open to other European exchanges who want to follow the same ambition. Obviously, each exchange in Europe has its own approach of this situation. So, it's up to them to decide how they want to factor this openness of Euronext.

But the second avenue, which is as much or even more important, is to use strategic M&A to diversify the revenue line of Euronext as we have put on with FastMatch and to a certain extent, as we have done with the acquisition of the Irish Stock Exchange which brings us a leading position in that product and offer us diversification away from volume driven revenues. So, we will continue to pursue in a very disciplined and systematic manner, the opportunities to acquire assets that will contribute to diversifying the top line of Euronext.

Arnaud Giblat

Okay, thank you.

Operator

Thank you. Our next question comes from Philip Middleton of Merrill Lynch. Please go ahead, your line is open.

Philip Middleton

Good morning. Hi, good morning. Can you hear me?

Stéphane Boujnah

Good morning. Yes.

Philip Middleton
Okay, perfect. Thank you very much. Thanks for that. I wondered if you could just tell us a little bit more about how you see the €55 million of Agility for Growth revenues breaking down by the various segments. When you announced Agility for Growth, you gave a pretty detailed breakdown. How has your thinking on that breakdown evolved?

Giorgio Modica
So, I mean, in this respect, clearly our decision was to guide on the overall amount of the Agility for Growth target. Clearly, what we can confirm is that Corporate Services remains the largest initiative and this will account for a significant part of the €55 million. We decided not to further breakdown the other line items for these results.

Philip Middleton
Okay. Thanks very much.

Operator
Thank you. Our next question comes from Johannes Thormann of HSBC. Please go ahead, your line is open.

Johannes Thormann
Three questions, please. First of all, on your FX trading revenues, looking at your volumes in Q4, we would have expected small decline. Is the big decline driven by FX effects or was there anything else, key rebates, which explains this just minor increase versus Q3 which hadn't had the full trading days in your revenues?

Secondly, on your costs. Could you hint a bit more how much you think were one-off costs or project costs in your operating cost base, just to get a better feeling? Because sometimes you could reflect this is exceptional items and booked it somewhere else. Why haven't you done so?

And last but not least, how certain are you that we don't see the tax effect in Q4 again like we've seen in '16 and '17? Thank you.

Giorgio Modica
So, on the FX revenues, what we can tell you is that the revenues in the fourth quarter were impacted by very short-term rebate's deals that are now completely off. So, going forward, you should expect a stronger yield since we are starting from the beginning of January.

When it comes to your – when it comes to the one-off costs, again, we tried to guide you giving you which are the line items in the P&L that are more effected by those costs and giving you the target for 2019. Now, we feel that this is sufficient. And again, to give you a little bit more clarity, basically what is happening in our account is the following. First, in professional services, you have the impact of the consultants which are helping us to finalise the build-up of Optiq and this is a material amount. And in systems and communication, you would have the licence and development costs attached to this project as well. So, yeah, we confirm it's one-off. We confirm the target. We cannot provide you further guidelines.

Johannes Stroman
Okay.

Giorgio Modica
When it comes to the last question on the tax impact, those releases are linked to the lapse of the statute of limitation of some of our provisions. The reason why you should not expect anything material in '18 is that most of those provisions have been fully released.

Johannes Stroman
Okay.

Operator
Thank you. Our next question comes from Ron Heijdenrijk of ABN AMRO. Please go ahead, your line is open.

Ron Heijdenrijk

Good morning, gentlemen. Two questions on FastMatch from my side. One is you were just saying that the Q4 revenues were impacted by short-term rebates and that those deals are off now. Have you seen any significant impact on the volumes that FastMatch did in January-February?

And then secondly on FastMatch, in the slide pack you report that FastMatch had the first deal on market data. Do you have any better idea today how much in market data revenues could eventually come from FastMatch? Thank you.

Giorgio Modica

I mean, on your first question, the answer is no. So, the volumes on FastMatch are extremely strong. If you look at the volumes quarter to date, are significantly close to €20 billion with number of days above €30 billion, which is significantly above our Q4 numbers. This for the first question.

Your second question was…?

Ron Heijdenrijk

It was on market data.

Giorgio Modica

On market data – yeah, yeah.

Ron Heijdenrijk

Yeah.

Giorgio Modica

Market data are clearly here. You need to consider two things. First is the commercialisation of FastMatch data itself. The second one is the Consolidated Data Tape. Those initiatives have been launched. We are at a very early stage and we will provide the guidelines, if any, later throughout 2018. It's too early to give guidance.

Ron Heijdenrijk

Thank you.

Operator

Thank you. Our next question comes from Daniel Garrod of Barclays. Please go ahead, your line is open.

Daniel Garrod

Garrod, Barclays. A couple of questions for me. The first one, back in 2016 when you gave the original EBITDA margin targets stripping out the contribution from clearing, you said at the time that reflected sort of uncertainty over what your clearing arrangements might look like. You've obviously finalised those to quite some degree. I was wondering why you still phrase the guidance excluding the clearing contribution, is just to ensure consistency with what you said back in 2016 or are there further changes that you might envisage in clearing arrangements by 2019?

Second question, I just wanted to come back to the difference between the €70 million original target for revenues for Agility for Growth and revise of that down to €55 million. I think in the original sort of guidance, you said that the ETF platform was about €6 million. The agricultural derivatives was part of the sort of €10 million balance and you also had a post trade contribution of €8 million. How much of that was the Chequers initiative that you definitely cancelled, if you could clarify that for me? Thank you.

Giorgio Modica

So, with respect to your first question, I mean as you know, we have – I mean, in our original guidelines in 2016, clearly the target was excluding clearing, but we provided some guidelines around clearing. Now we are trying a deal with the same provider at similar conditions. So, we believe that you have a reference for making your assessment of the revenue opportunity in 2019.

Then, again, when it comes to the breakdown of Agility for Growth, clearly, we're in a very different moment to 2016. We are seeing the ramp up of the different initiatives and we will communicate on a consolidated target. And you will see from the actual result of the company, which of the initiatives are getting more ground. So, we prefer not to further breakdown the guidelines for the €55 million revenues in 2019.

Daniel Garrod
Can I clarify one thing though? I think the modular corporate service was the bulk of the '17's €29 million. Did you say that that still remains the case that you see the bulk –

Giorgio Modica
Yeah. This we can confirm.

Daniel Garrod
Thank you.

Operator
Thank you. Our next question comes from Anil Akbar from Kempen & Co. Please go ahead, your line is open.

Anil Akbar
Hello. Hello?

Stéphane Boujnah
Yes, hello.

Anil Akbar
Yes, hi, yeah. Morning. I have one question regarding the increase in volumes in 2018. With the start of MiFID II, what we are seeing is that there's a lot of – on the MTF platforms, there are very high volumes traded. Is that taking away some of the increases that you are seeing on Euronext on cash and derivative trading? Is that more "mild" compared to what you would have expected under MiFID II? Or is it more in line?

And the other question is regarding the revision of this Agility for Growth revenue expectations. Is that because of the focus more on the FastMatch and other ISE acquisitions? Or what is the reason behind that? Thank you very much.

Stéphane Boujnah
Yeah, I'll take the second question.

Anil Akbar
Okay.

Stéphane Boujnah
For the sake of completeness and Lee will answer you about the volumes. We released the Agility for Growth strategy in May 2016 in a particular context where Euronext was embarking into a transformation voyage and where we wanted to secure a bed for our organic growth in a context which was fundamentally different. You may remember that it was at the time of the potential merger of Deutsche Börse with London Stock Exchange. So, we needed to have a standalone organic strategy. And we have it and we have deployed it. In the meantime, since May 2016 we have, exactly as you've said it, captured new growth opportunities of much, much more material impact for the future of Euronext, such as the diversification into the forex world with the acquisition of FastMatch and the acquisition of the Irish Stock Exchange.

So, what we are doing is to keep focusing on our organic Agility for Growth strategy and at the same time, expand the perimeter of assets covered by Euronext businesses with FastMatch and at the same time, expand our federal model. And as you said exactly, we have reallocated the energy and the resources of the company to a new complimentary growth engine, those new acquisitions. And we have revised, therefore, the target from €70 million to €55 million. So, there is a continuum of value creation. It's just that the objects on which we create the value for our shareholders are different from what they were anticipated to be in May 2016.

Lee Hodgkinson

It's Lee here. So, just some of your question on volumes. We have always said that we expected MiFID II to be neutral to positive for our business. I'd be cautioning any mapping of the current upward trend in volumes which is significant for us on all markets unrelated to volatility and the macro outlook in Europe. I'd caution against tying that positively or negatively to MiFID. Our market share remains very, very strong. Volumes remain very good. Yields remain very good. Let's speak after a few months with implementation if MiFID II has created any material or long-lasting change. So far, the outcome for our business is positive.

Anil Akbar

Okay. Thank you very much.

Operator

Thank you. Our next question comes from Martin Price of Credit Suisse. Please go ahead, your line is open.

Martin Price

Good morning. Just a quick question from me, please. I'm conscious there's been quite a bit of senior management change in the last four to six months. So, obviously, sorry to hear that Lee is leaving. But I think, we have also lost some senior staff in their kind of core cash trading derivative and post trade businesses. So, I just wondered if you could comment on what's been driving that and the succession plans that you have in place, please?

Stéphane Boujnah

This is the normal evolution of a company which is profoundly changing. We have good people. They have started some projects, they have decided to move on. The company is changing. That's absolutely the normal course of business to have people moving on and deciding to do different things. We have a very granular succession plan. We are raising a new generation of leaders within Euronext. And in the specific case of Lee, we have engaged a search to hire a new CEO of Euronext London with group level responsibilities to develop our sales efforts, similar to what Lee is doing for us today. So, for me, it's business as usual and clearly, we are also on boarding new talents in all the acquisitions we made, and we are using this talent pool to disseminate their expertise, their energy and their entrepreneurial spirit across the organisation.

Martin Price

Great. Thanks, Stéphane.

Operator

Thank you. Our next question comes from Aaron of Bloomberg. Please go ahead, your line is open.

Stéphane Boujnah

Over to you, yes?

Aaron

Sorry, my question, it was already answered but that's okay.

Operator

No problem. And once again, if there are any further questions, please dial 01 on your telephone keypads now. And if you need to cancel your question, you can do so by dialling 02. There will be a brief pause now whilst we register your questions. Okay, our next question is a follow up from Anil Akbar of Kempen & Co. Go ahead, your line is open.

Anil Akbar

Question regarding Systematic Internalisers. What is the current situation? Are you pursing a law being again over the regulator regarding this? And have you seen any impact on volumes because of this so far? Thank you.

Lee Hodgkinson

Yeah, it's Lee here. So, we don't comment on the activities of others. I think I'll just say two things. Firstly, we haven't seen any negative impacts on the volumes. Just like as I mentioned a moment ago, in fact, volumes in 2018 to date have been very, very strong across the board and yield and market share too.

And the second thing that I would say – and again, I think it's a matter of public record – our primary goal in respect of Systematic Internalisers is to make sure the competition in the European market infrastructure business is fair. And that is why we've made our concerns over having a sub tick market model for Systematic Internalisers. But we think it's unfair and so our views are that that should be harmonised with MTFs and regulators at market. And so, I think our views are clear on that but legislators I think understand where we're coming from, also where the Federation of European Stock Exchange is coming from and we'll see what happens in the weeks ahead.

Anil Akbar

Okay. Thank you very much.

Operator

Thank you. As there are no further questions, I'll hand back to our speakers for the closing comments.

Stéphane Boujnah

Thank you very much. Have a good day.

Operator

This now concludes our conference call. Thank you all for attending. You may now disconnect your lines.