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## **EURONEXT ANNOUNCES NEW THREE-YEAR STRATEGIC PLAN “LET’S GROW TOGETHER 2022” MAPS PATH TO BUILD THE LEADING PAN- EUROPEAN MARKET INFRASTRUCTURE**

**Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris – 10 October 2019** – Euronext, the leading pan-European exchange, today announced its new three-year strategic plan, “*Let’s Grow Together 2022*”.

Since its 2014 carve-out, Euronext has expanded substantially, maintaining its trademark operating excellence as it grew organically. Over the last five years, the Group has profitably diversified into new asset classes and services, and extended its federal model to welcome Ireland and Norway’s market operators.

Today Euronext is geared to continue this growth journey. With innovation and sustainability at the heart of the plan, “*Let’s Grow Together 2022*” sets the path for Euronext to achieve its goal of building the leading pan-European market infrastructure, connecting local economies to global capital markets. The “*Let’s Grow Together 2022*” strategic plan translates into the following 2022 financial targets<sup>1</sup>:

- **Revenue growth (organic): +2% to +3% CAGR<sub>2018PF-2022E</sub>**
- **EBITDA margin (organic): above 60% in 2022**
- **Dividend policy: pay-out at 50% of reported net income for the period**

Euronext will continue to seek external diversification opportunities, in line with its strict investment criteria and its commitment to a strong investment grade rating.

Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext said:

*“Let’s Grow Together 2022 is the next phase of the exciting journey we embarked on in 2014. Over the past few years, Euronext has significantly increased in scale, diversified its business profile, and optimized its structure, as the Group continuously invested in technology, innovation and people.*

*Today, Euronext is determined to build the leading pan-European market infrastructure by growing and seizing opportunities, to accelerate innovation and sustainable growth. The Group will continue to extend its business across the full value chain of financial markets, enhancing its best-in-class services to all clients, and consolidating its key role within the pan-European financial ecosystem. Let’s Grow Together 2022 will leverage those strengths, guiding Euronext as it transforms its business and delivers on its mission of connecting local economies to global capital markets.”*

<sup>1</sup> Based on 2018 proforma figures (including FY 2018 for Oslo Børs VPS and Euronext Dublin) of €734m revenue and 57% EBITDA margin, rebased for the adoption of IFRS16

## 'Let's Grow Together 2022'

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Euronext's revenue has increased by 60% between 2014 and 2018, to €734 million<sup>1</sup>, with 51% of non-volume related revenue, and the EBITDA margin strongly improved from 41.7% in 2014 to 57%<sup>1</sup> in 2018. Euronext will continue to leverage its unique federal model and its strong set of assets to build the leading pan-European market infrastructure and to accelerate innovation and sustainable growth.

To fulfill this ambition, Euronext will strengthen its core businesses and transform itself. This ambition is reflected in its 2022 financial targets. At the same time, Euronext will continue to deploy its capital through a rigorous capital allocation policy, to further diversify its business and grow.

### ▪ Euronext's 2022 business ambitions

Euronext will build on its existing core assets to grow and diversify its local and global infrastructures. Euronext will proactively address the changing landscape by developing innovative solutions and models and capitalizing on local expertise.

- Euronext will leverage its leadership in listing to expand its sectoral, Tech and SME expertises and attract even more international issuers. Euronext will 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. The Group will also develop its innovation and sustainable offering in Corporate Services to better meet the needs of its clients.
- Euronext will develop its leading global position in the listing of debt and funds, expand ancillary services and its leading green bond offering.
- Euronext will continue to extract value in cash trading, by leveraging its federal model and unrivalled European footprint, strengthening client relationships, and deploying new co-designed market models. The Group will roll-out its successful cash yield and liquidity management expertise to the derivatives business. Euronext will further expand its commodities franchise and target international clients.
- Euronext FX will diversify through the development of new product sets, specifically derivatives, and target new client segments and geographies.
- Euronext will invest in advanced data and build analytics products, while adapting its offering to the evolving needs of clients and to regulation. The Group will expand its agile and cost-effective index franchise.
- Euronext will exploit the power of Optiq®, its proprietary new generation cutting-edge trading platform to build an entire ecosystem and become the trusted alternative trading platform.
- Following the acquisition of VPS, Euronext aims to transform its post-trade assets from core local market infrastructures to value-added, innovative solutions.

### ▪ Euronext's 2022 transformation

Euronext will engage in transformation projects that will enable the Group to grow and make its model scalable.

- Euronext will empower teams to grow, perform and innovate. It will support teams to execute, collaborate and challenge within a positive performance culture focused on clients.
- Euronext will enhance client connectivity by developing new solutions through a focused client culture, cross-business alignment, improved data management and innovative tools deployment.
- Euronext will deliver operational excellence by improving operating efficiency through an integrated technology backbone, enhance client service interaction and integrate new businesses while keeping its trademark cost discipline.

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<sup>1</sup> Pro forma including full year 2018 of Euronext Dublin and Oslo Børs VPS, with an average EURO/NOK at 9.5975 over 2018



- **Innovation and sustainable finance at the heart of the strategy**

### ***Innovation***

Euronext will pursue the development of innovation solutions and services to enable the Group to capture new opportunities and proactively address challenges from the industry. Euronext's innovation framework to 2022 will be articulated around:

- collective intelligence and co-design;
- accelerated digitalisation;
- enriching Euronext's core technology capabilities;
- leveraging innovative technology such as tokenisation, bespoke trading models and artificial intelligence.

### ***Sustainable finance***

As a key market infrastructure, at the heart of the financial ecosystem, Euronext will support the acceleration of the transition towards sustainable growth and finance, notably by capitalizing on Oslo Børs VPS's expertise and the Group's franchise in green bonds and ESG indices.

Euronext commits to:

- the development and active support of innovative and sustainable products and services for clients and other members of the financial community;
- the promotion of tangible sustainable practices in Euronext and within its wider ecosystem to support the transition to sustainable growth and to contribute to the Sustainable Development Goals.

- **Euronext 2022 financial targets<sup>1</sup>**

Euronext's growth ambition is reflected in the 2022 financial targets and a rigorous capital allocation strategy.

- Revenue is expected to grow by 2% to 3% CAGR<sub>2018PF-2022E</sub>, excluding potential acquisitions, driven by (i) organic growth, (ii) cross-cycle trading growth in line with European GDP and (iii) continued focus on revenue diversification and services.
- EBITDA margin is expected to be above 60%, excluding potential acquisitions, driven by (i) continued best-in-class cost discipline, (ii) investments in operational excellence and (iii) uplift profitability of already-acquired companies to Euronext's level.
- To realise these ambitions, Euronext expects to record one-off costs of €12m relating to internal project costs over the period.
- Euronext expects to achieve €12m of run-rate cost synergies by 2022 at Oslo Børs VPS, to incur €18m of restructuring costs, and to achieve a ROCE<sup>2</sup> on this transaction above the WACC by Year 3.
- Capex is expected to remain between 3% and 5% of revenue.
- Dividend policy set with a 50% pay-out of reported net income.

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<sup>1</sup> Based on 2018 proforma figures (including FY 2018 for Oslo Børs VPS and Euronext Dublin) of €734m revenue and 57% EBITDA margin, rebased for the adoption of IFRS16

<sup>2</sup> Return on Capital Employed



## ▪ Euronext capital allocation policy

Euronext will pursue its growth strategy through high value-added acquisitions aimed at diversifying and strengthening the business profile of the Group.

Under the new strategic plan, Euronext will invest to:

- take recent successes to the next level especially in Corporate Services, FX and Advanced Data Services;
- develop new growth and diversification initiatives in new sectors, such as Investor Services, Post Trade, as well as new asset classes.

Euronext will also look at transformational deals:

- Euronext is determined to remain the preferred choice for single country exchanges with a local and/or global excellence, willing to join its “united in diversity” decentralised model.
- Euronext will proactively look at transformational diversification assets.

Euronext will maintain a rigorous investment policy, with a targeted ROCE of acquisitions above WACC between Year 3 to 5. As a key market infrastructure, Euronext expects to maintain its strong investment grade while leveraging its financial flexibility to capture arising market opportunities.

## Agenda

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Stéphane Boujnah, CEO and Chairman of the Managing Board, and the Management of Euronext will hold tomorrow Friday 11 October 2019 an Investor Day in Paris to provide further insight into Euronext’s strategy, operations and financial development in the upcoming years. The event is by registration only. The presentations will be made available on Euronext’s Investor Relations website shortly before the start of the event.

Website : <https://www.euronext.com/en/investor-relations>

### Live Webcast:

A video webcast and replay after the event will be available via [this link](#) and on Euronext’s Investor Relations website.

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### **About Euronext**

Euronext is the leading pan-European exchange in the Eurozone, covering Belgium, France, Ireland, The Netherlands, Norway, Portugal and the UK. With **close to** 1,500 listed issuers worth €4.3 trillion in market capitalisation as of end September 2019, Euronext has an unmatched blue chip franchise that includes 26 issuers in the Morningstar® Eurozone 50 Index<sup>SM</sup> and a strong diverse domestic and international client base. Euronext operates regulated and transparent equity and derivatives markets and is the largest centre for debt and funds listings in the world. Its total product offering includes Equities, FX, 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. In addition to its main regulated market, Euronext also operates Euronext Growth<sup>TM</sup> and Euronext Access<sup>TM</sup>, simplifying access to listing for SMEs. The Norwegian stock exchange and its clearing & settlement subsidiary, together operating as Oslo Børs VPS, joined Euronext on 17 June 2019.

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