



DEUTSCHE BÖRSE
GROUP

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Quarterly statement

Quarter 1/2019

Q1/2019: Deutsche Börse Group gets the year off to a good start

Quarterly results at a glance

- Despite 2018's strong first quarter, Deutsche Börse Group to increased net revenue by 4 per cent in the first quarter of 2019, to €720.8 million (Q1/2018: €691.6 million). Structural net revenue has increased by 5 per cent and is therefore in line with projections. Overall, cyclical net revenue slightly declined (-1 per cent) despite higher net interest income due to lower equity market volatility. This decline could not be fully compensated by the revenue contribution from companies acquired in 2018.
- The first-time adoption of IFRS 16 led to a shift of operating costs to depreciation, amortisation and the financial result. Operating costs were thus lower year-on-year, while earnings before interest, tax, depreciation and amortisation (EBITDA) rose and the financial result declined. The change has no material impact on net profit for the period.
- Operating costs in the period under review amounted to €273.2 million (Q1/2018: €275.0 million), and included exceptional effects of €24.6 million, largely for restructuring measures as well as for mergers and acquisitions. Adjusted for these exceptional effects, operating costs came to €248.6 million (Q1/2018: €254.5 million).
- The Group achieved EBITDA of €450.9 million (Q1/2018: €417.6 million). Adjusted for exceptional items, Deutsche Börse Group achieved EBITDA of €475.5 million (Q1/2018: €438.1 million).
- At 26 per cent, the tax ratio fell slightly year-on-year (27 per cent). The lower tax rate of 26 per cent is the result of sustained internal reorganisation and is also expected for full financial year 2019.
- Net profit for the period attributable to Deutsche Börse AG shareholders amounted to €275.2 million (Q1/2018: €249.0 million). Adjusted for exceptional items, net profit for the period increased by 8 per cent to €291.9 million (Q1/2018: €270.7 million). For the full year 2019, the Group continues to expect adjusted net profit for the period to rise by around 10 per cent.
- Basic earnings per share amounted to €1.50 for an average of 183.3 million shares, adjusted for exceptional items to €1.59 (Q1/2018: €1.34 for 186.2 million shares; adjusted: €1.45). As a result, adjusted earnings per share rose by about 10 per cent in comparison to the previous year's quarter.
- A dividend of €2.70 per share will be proposed to the Annual General Meeting on 8 May 2019. This corresponds to an increase of around 10 per cent compared to the previous year.

Material events at a glance

- Deutsche Börse AG concluded binding agreements on the acquisition of Axioma Inc., New York, USA, a leading provider of portfolio and risk management solutions. Axioma will be merged with the entire index business of Deutsche Börse Group (STOXX® and DAX®), thus creating a new company with strong potential to create value.
- Negotiations are ongoing between Deutsche Börse AG and Refinitiv Group about the potential acquisition of individual divisions (specifically, foreign exchange business units). The negotiations and examination of a potential transaction are continuing.

Q1/2019 earnings releases

Fundamental information about the Group

The fundamental information about the Group described [in](#) on pages 28 to 42 of the 2018 annual report is still valid in principle.

Comparability of figures

Changes to the basis of consolidation

In the first quarter of 2019, European Energy Exchange AG (EEX) successfully concluded the acquisition of Grexel Systems Oy, Helsinki, Finland. Grexel Systems is the leading provider of registries for guarantees of origin and energy certificates in Europe. On 1 February 2019, EEX took 100 per cent ownership of the company.

Changes to the consolidated income statement and to the consolidated balance sheet due to the recognition of leases in accordance with IFRS 16

Deutsche Börse Group adjusted the structure of its financial statements for the first quarter of 2019 in accordance with IFRS 16. It now recognises the type of expenses for certain leases as described in the [2018 annual report on pages 207 to 209](#). Since 1 January 2019 these are no longer being reported under operating costs but as part of depreciation, amortisation and the financial result. Given that the prior year's figures were not restated, IFRS 16 leads to a decline in operating costs year-on-year in the first quarter of 2019, while EBITDA, depreciation and amortisation increase and the financial result decreases. As a result of the recognition of right-of-use assets from leases and taking into account any deferred taxes recognised in this context, total assets have risen by €272.7 million overall as at 1 January 2019.

In order to make the results of the first quarter of 2019 comparable with the figures of the same period of the previous year, the following table provides estimates for Q1/2018. These have not been prepared or audited pursuant to national or international accounting standards, but merely serve to provide a better overview of the Group's business development.

Estimates for the shift of operating costs to depreciation and amortisation as well as to the financial result for Q1/2018 as a result of the first-time application of IFRS 16

	Q1/2018 €m
Group	
Reduction of operating costs	12.5
Increase of depreciation and amortisation	11.8
Reduction of financial result	0.7
Reporting segments (reduction of operating costs)	
Eurex (financial derivatives)	2.9
EEX (commodities)	0.8
360T (foreign exchange)	0.2
Xetra (cash equities)	1.1
Clearstream (post-trading)	4.8
IFS (investment fund services)	1.1
GSF (collateral management)	0.6
STOXX (index business)	0.5
Data	0.5

Results of operations

Results of operations of the Group in the first quarter of 2019

Key figures on results of operations of Deutsche Börse Group (reported)

		Q1/2019	Q1/2018	Change %
Net revenue	€m	720.8	691.6	4
Operating costs	€m	273.2	275.0	-1
EBITDA	€m	450.9	417.6	8
Depreciation, amortisation and impairment losses	€m	53.1	41.3	29
EBIT	€m	397.8	376.3	6
Net profit for the period attributable to Deutsche Börse AG shareholders	€m	275.2	249.0	11
Earnings per share (basic)	€	1.50	1.34	12

Key figures on results of operations of Deutsche Börse Group (adjusted)

		Q1/2019	Q1/2018	Change %
Net revenue	€m	720.8	691.6	4
Operating costs	€m	248.6	254.5	-2
EBITDA	€m	475.5	438.1	9
Depreciation, amortisation and impairment losses	€m	52.9	40.8	30
EBIT	€m	422.6	397.3	6
Net profit for the period attributable to Deutsche Börse AG shareholders	€m	291.9	270.7	8
Earnings per share (basic)	€	1.59	1.45	10

In the first quarter of 2019, various political and economic events impacted trading activity on the markets in which Deutsche Börse Group operates: the trade conflict between the US and China, the potential move away by the US Federal Reserve (Fed) from further interest rate increases and the loose monetary policy still pursued by the European Central Bank (ECB) dampened expectations as a whole for economic growth. The unclear situation surrounding Brexit also led to further uncertainty among market participants. All of these factors helped maintain volatility and hence trading activity on Deutsche Börse Group's equity and derivatives markets at a good level that was, nonetheless, down slightly compared with the strong first quarter of the previous year. This is also evident from the corresponding volatility indices VSTOXX[®] and VDAX[®], which averaged lower year-on-year in the first quarter of 2019.

Against this background, Deutsche Börse Group's net revenue increased by 4 per cent: whilst structural factors contributed a 5 per cent increase, cyclical factors were down slightly, by 1 per cent. This structural growth was driven by over-the-counter (OTC) clearing in the Eurex segment (financial derivatives) as well as by initiatives in the EEX (commodities) and STOXX (index business) segments. As regards cyclical net revenue, the positive effects from higher average interest rates in the Clearstream (post-trading) segment could not fully compensate the negative effects from lower trading volume in the Eurex (financial derivatives) and Xetra (cash equities) segments. Consolidation also contributed positively to net revenue growth. These include the acquisitions of GTX in 360T (foreign-exchange trading), Swisscanto in IFS (investment fund services) and Grexel Systems in EEX (commodities).

The reclassification of expenses due to IFRS 16 impacted on the operating costs and EBITDA, as well as on depreciation, amortisation and on the financial result. Details can be found in the [section entitled "Changes to the consolidated income statement and to the consolidated balance sheet due to the recognition of leases in accordance with IFRS 16"](#).

At €273.2 million, operating costs in the period under review were down slightly on the previous year (Q1/2018: €275.0 million). Higher expenditure for investments in new technologies and growth initiatives, as well as consolidation effects, were more than offset by the transition to IFRS 16. Adjusted for exceptional effects, operating costs amounted to €248.6 million (Q1/2018: €254.5 million). Exceptional effects totalled €24.6 million, and included costs of €7.7 million for efficiency measures in the context of the Structural Performance Improvement Programme (SPIP), and of €6.6 million for mergers and acquisitions, among other factors.

At €450.9 million, EBITDA were up 8 per cent on the previous year (Q1/2018: €417.6 million). In addition to the effects arising from the transition to IFRS 16, this is attributable above all to the somewhat stronger growth in net revenue compared with the increase in operating costs. Adjusted EBITDA rose by 9 per cent to €475.5 million (Q1/2018: €438.1 million).

Expenses for depreciation, amortisation, and impairment losses rose by 29 per cent year-on-year, to €53.1 million (Q1/2018: €41.3 million). This was due predominantly to the transition to IFRS 16 during the period under review. Adjusted expenses for depreciation, amortisation, and impairment losses came to €52.9 million (Q1/2018: €40.8 million).

The Group's financial result amounted to €-16.9 million in the first quarter of 2019 (Q1/2018: €-16.3 million) and was therefore slightly lower than the comparable period of the previous year, due to the effect of the transition to IFRS 16.

Net profit for the period attributable to Deutsche Börse AG shareholders amounted to €275.2 million, which was up significantly on the previous year (Q1/2018: €249.0 million). Adjusted for exceptional items, net profit for the period increased by 8 per cent to €291.9 million (Q1/2018: €270.7 million). This is due on the one hand to the scalable business model of Deutsche Börse Group. On the other hand, the adjusted tax ratio of 26 per cent was lower compared to the previous year (Q1/2018: 27 per cent) due to internal reorganisation measures.

Results of operations by segment in the first quarter of 2019

Eurex (financial derivatives) segment

Eurex (financial derivatives) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	237.6	237.0	0
Equity index derivatives	119.1	122.8	-3
Interest rate derivatives	55.7	59.1	-6
Equity derivatives	13.6	11.3	20
OTC clearing ¹⁾	9.1	5.2	75
Margin fees	11.7	8.1	44
Other ²⁾	28.4	30.5	-7
Operating costs	69.8	80.8	-14
Operating costs (adjusted)	64.5	70.6	-9
EBITDA	170.3	155.9	9
EBITDA (adjusted)	175.6	166.1	6
PERFORMANCE INDICATORS			
Financial derivatives: trading volumes on Eurex Exchange	m contracts	m contracts	%
Derivatives ³⁾	493.1	504.3	-2
Equity index derivatives	240.5	254.3	-5
Interest rate derivatives	147.2	163.1	-10
Equity derivatives	104.0	86.8	20
Financial derivatives: OTC clearing volumes	€bn	€bn	%
Notional outstanding (average)	11,807.7	3,563.1	231
Notional cleared	8,074.9	3,261.3	148

1) Including net interest income on margins for OTC interest rate swaps

2) Including connectivity and member fees

3) Due to other traded products, such as exchange-traded commodities (ETCs) on precious metals derivatives, the total shown does not equal the sum of the individual figures.

In the Eurex (financial derivatives) segment, Deutsche Börse Group reports on financial derivatives trading and the clearing business at Eurex Exchange. The clearing volume of OTC interest rate swaps, one of the structural growth factors for Deutsche Börse Group, is reported as a separated item within the segment. The performance of the Eurex segment largely depends on the trading activities of institutional investors, as well as proprietary trading by professional market participants.

Trading volume in the Eurex segment decreased by 2 per cent in the first quarter of 2019. This was mainly due to the extraordinarily high volatility on the financial markets in the same quarter of the previous year, which had led to a sharp increase in the trading volume. On the other hand, market volatility during the period under review, as measured by the volatility index VSTOXX, was below the long-term average. The trading volume in equity index and interest rate derivatives fell by 5 and 10 per cent respectively in the first quarter. Trading with single-equity derivatives achieved growth of 20 per cent.

Once again, the clearing volumes of OTC interest rate derivatives posted strong growth. With the acquisition of new participants in the interest rate swaps partnership programme now largely concluded, we continued to see a steady increase in the nominal volume during the period under review. The expansion of the partnership programme to the repo segment was very well received, with 29 new partners already acquired.

Net revenue was unchanged from the previous year, whereby the increase in OTC clearing and in fees for pledged collateral was able to compensate for the slight decline in trading-based revenue.

EEX (commodities) segment

EEX (commodities) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	73.6	61.8	19
Power spot	17.1	16.5	4
Power derivatives	27.0	18.1	49
Gas	11.5	10.9	6
Other (incl. revenue from connectivity, member fees and admission allowance)	18.0	16.3	10
Operating costs	38.7	33.3	16
Operating costs (adjusted)	36.1	31.9	13
EBITDA	34.8	28.5	22
EBITDA (adjusted)	37.4	29.9	25
PERFORMANCE INDICATORS			
Commodities: trading volumes on EEX	TWh	TWh	%
Power spot	152.8	141.4	8
Power derivatives ¹⁾	1,435.8	985.2	46
Gas	583.9	525.2	11

1) Including trading volumes at Nodal Exchange

The EEX (commodities) segment comprises Deutsche Börse Group's trading activities on EEX group's platforms, located in Europe, Asia and North America. For participants in more than 600 countries around the world, EEX group offers central marketplaces for energy and commodity products. The product portfolio comprises contracts on energy, metals and environmental products, as well as freight and agricultural products. The segment's most important revenue drivers are the spot and forward power markets, and the gas market.

Trading volume on the markets of EEX group consistently posted solid growth during the first quarter of 2019. In the power spot market it increased by 8 per cent, driven by favourable developments in Germany and Austria. EEX group achieved growth of 46 per cent in the power derivatives market. Besides gaining market share in the core markets, the business also benefited from the increased volatility fuelled by the price fluctuation in the emissions trading markets. Development of the US Nodal Exchange, which was acquired in 2017, was also positive, achieving the highest quarterly volume to date (405 TWh) in North American power futures. The gas market posted solid growth during the quarter under review on both the spot and derivatives market, especially due to EEX group's higher trading volumes in the Dutch gas market.

EEX group increased its net revenue by 19 per cent across all product groups in the first quarter of 2019.

360T (foreign exchange) segment

360T (foreign exchange) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	21.4	17.6	22
Trading	17.8	15.0	19
Other (incl. connectivity and member fees)	3.6	2.6	38
Operating costs	12.9	11.3	14
Operating costs (adjusted)	11.2	9.7	15
EBITDA	8.5	6.3	35
EBITDA (adjusted)	10.2	7.9	29
PERFORMANCE INDICATORS			
Foreign exchange: trading volumes on 360T®	€bn	€bn	%
Average daily volume	75.9 ¹⁾	62.8	21

1) Incl. trading volumes of 360TGTX Inc.

In the 360T (foreign exchange) segment, Deutsche Börse Group manages its foreign-exchange trading business, which takes place on the platforms provided by its subsidiaries 360 Treasury Systems AG and 360TGTX Inc. Net revenue of the 360T segment is largely driven by trading activities of institutional investors, internationally active companies, and the provision of liquidity through so-called liquidity providers.

The step back by the US Federal Reserve from further interest rate hikes during the course of 2019, concerns about a weakening global economy and ongoing uncertainties surrounding Brexit, led to falling trading volume and lower volatility on the foreign exchange markets worldwide in the first quarter. Despite this difficult market environment, 360T succeeded in further extending average trading volume on its platforms in the first quarter of 2019. This was helped by the strong growth in forward and swap transactions, as well as by the GTX business acquired the year before. Net revenue increased overall by 22 per cent.

Xetra (cash equities) segment

Xetra (cash equities) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	58.6	61.7	-5
Trading and clearing	39.3	47.5	-17
Listing	4.3	3.9	10
Other (incl. connectivity and member fees)	15.0	10.3	46
Operating costs	23.5	25.4	-7
Operating costs (adjusted)	21.7	24.0	-10
EBITDA	35.8	37.8	-5
EBITDA (adjusted)	37.6	39.2	-4
PERFORMANCE INDICATORS	€bn	€bn	%
Trading volume (single-counted order book turnover at the trading venues Xetra®, Börse Frankfurt and Tradegate)	369.8	480.1	-23
Equities	335.6	429.4	-22
ETF/ETC/ETN	34.1	50.7	-33

In the Xetra (cash equities) segment, Deutsche Börse Group reports on the development of its cash market trading venues (Xetra®, the Frankfurt Stock Exchange and Tradegate). Besides trading and clearing services, the segment generates revenue from the listing of companies' securities and exchange admissions, connecting clients to their trading venues and providing services to partner exchanges.

The trading volume on the cash market declined 23 per cent year-on-year in the first quarter of 2019, due to the low volatility overall in the quarter under review and a very high figure from the previous year. Market participants seemed virtually paralysed over Brexit-related uncertainty. In competition with other pan-European trading venues, Xetra further expanded its position as the reference market for trading in DAX shares, and increased its market share slightly to 69 per cent (Q1/2018: 68 per cent). The difficult market environment also led to a complete absence of initial public offerings (IPOs) during the first quarter of 2019.

Net revenue declined by 5 per cent during the first quarter. The below-average decline in revenue compared with the performance of trading volume resulted from Deutsche Börse's rebate and pricing model, i.e. lower trading volume leads to correspondingly lower quantity rebates. Falling trading volume also negatively impacted the business with partner exchanges. However, the resulting decline in revenue was offset by a one-off payment from an early termination of an agreement.

Clearstream (post-trading) segment

Clearstream (post-trading) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	189.3	178.7	6
Custody	94.9	94.7	0
Settlement	19.9	21.3	-7
Net interest income from banking business	48.9	34.2	43
Third party services	7.7	9.3	-17
Other (incl. connectivity, account maintenance)	17.9	19.2	-7
Operating costs	66.3	64.5	3
Operating costs (adjusted)	62.2	62.4	0
EBITDA	122.9	114.2	8
EBITDA (adjusted)	127.0	116.3	9
PERFORMANCE INDICATORS			%
Assets under custody ICSD and CSD (average) (€bn)	11,362	11,155	2
Settlement transactions ICSD (m)	13.4	12.6	7
Cash balances (daily average) (€bn)	15.2	12.8	19

Deutsche Börse Group's settlement and custody activities are reported under the Clearstream (post-trading) segment. By providing the post-trade infrastructure for Eurobonds and other markets, Clearstream is responsible for issuance, settlement, management and custody of securities from more than 50 markets worldwide. Net revenue in this segment is mainly driven by the volume and value of securities under custody, which determine the deposit fees. The settlement business depends primarily on the number of settlement transactions processed by Clearstream, both via stock exchanges and over the counter (OTC). This segment also contains the net interest income originating from Clearstream's banking business.

Overall, the Clearstream segment increased net revenue by 6 per cent in the first quarter of 2019. This was mainly driven by higher net interest income on cash deposits as a result of catch-up effects from interest rate hikes in the US in 2018. Net revenue from custody services remained stable as a result of virtually unchanged volumes. Due to lower trading volumes in the OTC market, net revenue from settlement transactions, declined by 7 per cent. Net revenue for third-party services were lower than in the previous year. Although net revenue from regulatory reporting services offered via REGIS-TR showed solid growth, this could not fully compensate the decline in the managed services business due to a declining number of clients.

IFS (investment fund services) segment

IFS (investment fund services) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	41.7	39.3	6
Custody	17.0	16.0	6
Settlement	12.3	13.3	-8
Other (incl. connectivity, order routing, reporting fees)	12.4	10.0	24
Operating costs	23.7	20.8	14
Operating costs (adjusted)	20.7	20.5	1
EBITDA	18.0	18.5	-3
EBITDA (adjusted)	21.0	18.8	12
PERFORMANCE INDICATORS			%
Assets under custody (average) (€ billion)	2,395	2,384	0
Settlement transactions (m)	6.4	6.6	-4

In the IFS (investment fund services) segment, Deutsche Börse Group reports the order routing and settlement activity and custody volumes of exchange-traded mutual and alternative funds processed by Clearstream. Customers can settle and manage their entire fund portfolio via Clearstream's Vestima® fund processing platform. Net revenue in the IFS segment are largely a function of the value of assets under custody and the number of transactions, which determine the fees.

Overall, the IFS segment recorded a 6 per cent rise in first-quarter net revenue year-on-year. This increase was mainly driven by the acquisition of Swisscanto Funds Centre Ltd. in the fourth quarter of 2018. Net revenue from custody services slightly increased while assets under custody remained stable compared to the prior year's level. After a high number of transactions in Q1/2018, settlement activity decreased slightly in the reporting period.

GSF (collateral management) segment

GSF (collateral management) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	19.4	19.1	2
Collateral management	11.0	10.6	4
Securities lending	8.4	8.5	-1
Operating costs	8.8	9.3	-5
Operating costs (adjusted)	7.9	9.1	-13
EBITDA	11.0	9.8	12
EBITDA (adjusted)	11.9	10.0	19
PERFORMANCE INDICATORS	€bn	€bn	%
Average outstandings from collateral management	390.8	364.8	7
Average outstandings from securities lending	44.5	57.9	-23

In the GSF (collateral management) segment, Deutsche Börse Group reports business development at Clearstream's collateral management and securities lending services. Collateral management services (formerly named Repo) encompass Triparty repo, GC Pooling® and collateral management services.

Average outstandings in the collateral management increased slightly year-on-year on the back of new customer wins and increased client demand for initial margin segregation under the European Market Infrastructure Regulation (EMIR). Volumes in the securities lending business remained at the level as of the end of 2018, but were down considerably versus the end of the first quarter of last year in line with the overall market trend.

The segment's net revenue in the first quarter of 2019 increased by 2 per cent.

STOXX (index business) segment

STOXX (index) segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	34.8	33.8	3
ETF licences	8.6	11.1	-23
Exchange licences	8.2	8.6	-5
Other licences (incl. licences on structured products)	18.0	14.1	28
Operating costs	13.8	12.7	9
Operating costs (adjusted)	11.0	10.6	4
EBITDA	21.0	21.1	0
EBITDA (adjusted)	23.8	23.2	3
PERFORMANCE INDICATORS	€bn	€bn	%
Assets under management in ETFs on STOXX® indices (average for the period)	71.3	88.1	-19
Assets under management in ETFs on DAX® indices (average for the period)	24.7	29.2	-15
Index derivatives (traded contracts) (m)	220.9	234.9	-6

In the STOXX (index business) segment, Deutsche Börse Group reports on the development of its index business operated via its STOXX Ltd. subsidiary. The extensive range of indices offered by STOXX Ltd. provides issuers with a wealth of opportunities for creating financial instruments for the most diverse investment strategies. While revenue from ETF licences depend on the volume invested worldwide in exchange-traded index funds (ETFs) on STOXX and DAX indices, revenue from exchange licences are determined mainly by the volume traded in index derivatives on STOXX and DAX indices on Eurex®. Revenue from licences from structured products are reported under revenue from other licences.

The segment's net revenue in the first quarter of 2019 was slightly above that of the previous year. Licence revenue from structured products and buy-side licences increased by 28 per cent in the course of concluding new contracts in the previous year and the acquisition of new clients. Exchange licence revenue declined by 5 per cent as a result of the lower trading volume on Eurex. ETF licence revenue were below the corresponding figure for the previous year, due to the lower volume invested worldwide in ETFs on STOXX and DAX indices, as a result of market conditions.

Data segment

Data segment: key indicators

	Q1/2019	Q1/2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	44.4	42.6	4
Cash and derivatives	27.3	28.5	-4
Regulatory services	4.4	4.7	-6
Other (incl. CEF® data services)	12.7	9.4	35
Operating costs	15.7	16.9	-7
Operating costs (adjusted)	13.3	15.7	-15
EBITDA	28.6	25.5	12
EBITDA (adjusted)	31.0	26.7	16
PERFORMANCE INDICATORS	thousand	thousand	%
Subscriptions	348.9	418.9	-17

In the Data segment, Deutsche Börse Group reports on the development of its marketing business concerning licences for real-time trading and market signals, and for the provision of historical data and analytics. The most important products in this respect are order book data from the cash and derivatives markets, as well as reference data of Deutsche Börse and data provided by its cooperation partners. The segment generates much of its net revenue on the basis of long-term client relationships; it is relatively independent of trading volumes and capital markets volatility. Revenue from the regulatory services is also assigned to the segment.

Net revenue in the Data segment increased by 4 per cent in the first quarter of 2019, with a one-off payment in the low single-digit million range from the early termination of an agreement with a cooperation partner making a significant contribution. Net revenue from the cash and derivatives markets, as well as net revenue in the area of regulatory services, were down slightly on the corresponding figure for the previous year.

Financial position

Development of key performance indicators

Since 1 January 2019, Deutsche Börse Group has been using new key performance indicators from the consolidated balance statement, as rating agency S&P Global Ratings (S&P) has adjusted the observed parameters and their calculation methodology. The key new indicators are as follows:

- Free funds from operations (FFO) relative to net debt
- Net debt relative to EBITDA
- Interest coverage ratio, where the calculation was adjusted

In order to achieve the minimal financial risk profile that is consistent with an AA rating pursuant to the S&P methodology, the company is aiming for a FFO to net debt ratio of at least 50 per cent, a net debt ratio relative to EBITDA of no more than 1.75, and an interest coverage ratio of at least 14. In the first quarter of 2019, Deutsche Börse Group achieved this objective with a ratio of FFO to net debt of 77 per cent, net debt relative to EBITDA of 0.9 and an interest coverage ratio of 38. These values are based on FFO of €1,310.5 million, net debt of €1,708.3 million and an EBITDA of €1,800.3 million.

Details on how these figures are calculated can be found in the [“Financial position” section in the 2018 annual report on pages 76 to 81](#).

Dividends

Deutsche Börse AG proposes to the Annual General Meeting to distribute a dividend of €2.70 per share (2017: €2.45) for the 2018 financial year. This dividend is equivalent to a distribution ratio of 49 per cent of adjusted net profit for the period attributable to shareholders of Deutsche Börse AG, adjusted for the exceptional items described in the results of operations (2017: 53 per cent, also adjusted). Based on 183.3 million dividend-entitled shares, this would result in a dividend amount of €495.0 million (2017: €456.4 million). The number of dividend-entitled shares arises from share capital of 190.0 million shares less 6.7 million treasury shares.

Report on post-balance sheet date events

On 9 April 2019, Deutsche Börse AG announced that it has entered into binding agreements on the acquisition of Axioma Inc. (Axioma), which is a leading provider of portfolio and risk management solutions. Axioma will be combined with Deutsche Börse Group's entire index business (STOXX and DAX) to create a new company with strong value creation potential.

As part of this, Deutsche Börse has entered into a partnership with General Atlantic Service Company L.P., New York, USA, (General Atlantic), which will invest around US\$715 million into the new company, resulting in an ownership of around 19 per cent. This is based on a valuation of €2.6 billion for the index business of Deutsche Börse and an Axioma acquisition value of US\$850 million (cash and debt free; around US\$820 million equity value), which will be financed by General Atlantic's investment.

The transaction will be cash-neutral for Deutsche Börse Group. In addition to Deutsche Börse AG as majority shareholder and General Atlantic also certain members of the Axioma management will reinvest around US\$105 million of their sales proceeds and become shareholders of the new company.

The combination will create a fully-integrated, leading buy-side intelligence player that will provide products and analytics to meet growing market demands. Axioma and Deutsche Börse Group's business are highly complementary and, as a result, the new company is expected to achieve annualised pre-tax run-rate synergies of around €30 million by the end of 2021. The new company will be led by the current Axioma CEO, Sebastian Ceria.

The transaction is subject to approval by the relevant competition authorities and further customary conditions and is expected to close in the third quarter of 2019.

On 11 April 2019, Deutsche Börse AG confirmed with regards to current market speculations, that it is currently in concrete negotiations with Refinitiv group concerning the potential purchase of certain FX business units. The negotiations and assessments of a potential transaction are ongoing. The purchase price of US\$3.5 billion and the imminent signing of binding contracts mentioned in the market speculations are entirely unfounded.

Risks and opportunities

Deutsche Börse Group provides detailed information on its operating environment, strategy, principles, organisation, processes, methods and concepts of its risk management as well as the measures implemented to manage or minimise risks in its [2018 annual report on pages 111 to 136](#). Detailed information about the Group's opportunities and opportunities management can be found also in the [2018 annual report on pages 136 to 143](#). The significant changes to the risks and opportunities for the Group compared with those stated in the annual report are described below.

Risks

A buyer of an MBB Clean Energy AG (MBB) bond, which is held in custody by Clearstream Banking AG and was listed on Frankfurter Wertpapierbörse (FWB[®], the Frankfurt Stock Exchange), filed a lawsuit at a Dutch court concerning claims for damages against Clearstream Banking AG, Deutsche Börse AG and other partners.

Furthermore, the Executive Board is not aware of any material changes to the Group's risk situation at this time.

Opportunities

Within the scope of its investments in new technologies, Deutsche Börse Group entered into a strategic partnership in the first quarter of 2019 with Swisscom AG, Bern, Switzerland; and with Sygnum AG, Zurich, Switzerland. Swisscom is a leading Swiss information and communications technology (ICT) company and one of the leading IT service providers in Switzerland. Sygnum is a financial technology company based in Switzerland and Singapore, and is currently undergoing the application process to acquire a banking and securities trading licence under Swiss law. The objective of this collaboration is to jointly establish and further develop a reliable financial market infrastructure for digital assets. For this

purpose, distributed ledger technology is set to be used in an environment that meets regulatory requirements. The central elements of the ecosystem comprise the issuance and custody of digital assets, as well as access to liquidity and banking services.

The strategic partnership also covers investments by Deutsche Börse AG in Custodigit AG, Zurich, Switzerland and daura AG, Zurich, Switzerland. Custodigit offers a technical solution to regulated financial service providers for the custody of digital assets. daura AG has developed a platform that uses the distributed ledger technology for the issuance, secure transfer and registration of Swiss SME equities. The first products and services that the new ecosystem will provide for digital assets are expected to be introduced during 2019. The transaction is subject to approval by the relevant competition authorities.

Outlook

For the remainder of financial year 2019, Deutsche Börse Group does not expect any material deviation from the forecasts for its operating environment, as presented in the [2018 annual report on pages 143 to 150](#).

In April 2019, the International Monetary Fund (IMF) lowered its economic growth forecast for the full year 2019. The IMF now expects economic growth of only 1.3 per cent for the euro area, having predicted growth of 1.6 per cent as recently as January 2019. The forecast for economic growth in Germany was reduced by 0.5 percentage points, to 0.8 per cent. The IMF currently still predicts 2.3 per cent economic growth for the US (January 2019 prediction: 2.5 per cent). On a global level, the IMF cut its economic growth forecast to 3.3 per cent, after predicting 3.5 per cent in January.

After the announcement made by the Fed that it would probably not raise interest rates further in 2019, Deutsche Börse Group does not expect any further positive effects on its net interest income from banking business, after the higher average interest rates brought about by the interest rate hikes gradually introduced in the US during 2018.

Deutsche Börse Group continues to anticipate net revenue from structural growth opportunities to increase by at least 5 per cent in 2019. The Group is driving this growth through investments. The development of business divisions reliant on cyclical factors continues to depend mainly on the degree of speculation regarding future interest rate development in Europe, and the extent of equity market volatility. The Group's cyclically-driven net revenue fell slightly in the first quarter. Owing to the expected increase in structurally-driven net revenue of at least 5 per cent, the catch-up effects in net interest income from banking business, and efficient cost management, net profit for the period attributable to Deutsche Börse AG shareholders is expected to grow by around 10 per cent during the forecast period. If cyclical conditions in the year 2019 as a whole improve during the remainder of the year compared with 2018, adjusted net profit for the period could also come in slightly higher. However, if cyclical conditions continue to deteriorate, growth in adjusted net profit for the period could be slightly lower.

Consolidated income statement

for the period 1 January to 31 March 2019

	31 Mar 2019	Quarter ended 31 Mar 2018 (restated)
	€m	€m
Sales revenue	747.0	733.2
Net interest income from banking business	62.0	40.9
Other operating income	3.2	5.0
Total revenue	812.2	779.1
Volume-related costs	-91.4	-87.5
Net revenue (total revenue less volume-related costs)	720.8	691.6
Staff costs	-177.1	-174.1
Other operating expenses	-96.1	-100.9
Operating costs	-273.2	-275.0
Net income from strategic investments	3.3	1.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	450.9	417.6
Depreciation, amortisation and impairment losses	-53.1	-41.3
Earnings before interest and tax (EBIT)	397.8	376.3
Financial income	0.4	5.0
Financial expense	-17.3	-21.3
Earnings before tax (EBT)	380.9	360.0
Other tax	0	-0.3
Income tax expense	-97.3	-103.3
Net profit for the period	283.6	256.4
thereof attributable to Deutsche Börse AG shareholders	275.2	249.0
thereof attributable to non-controlling interests	8.4	7.4
Earnings per share (basic) (€)	1.50	1.34
Earnings per share (diluted) (€)	1.50	1.34

Consolidated balance sheet

as at 31 March 2019

Assets

	31 Mar 2019 €m	1 Jan 2019 €m	31 Dec 2018 €m	31 Mar 2018 (restated) ¹⁾ €m
NON-CURRENT ASSETS				
Intangible assets				
Software	305.9	321.0	321.0	374.6
Goodwill	2,870.4	2,865.6	2,865.6	2,769.2
Payments on account and assets under development	72.4	52.3	52.3	31.0
Other intangible assets	949.8	952.7	952.7	902.2
	4,198.5	4,191.6	4,191.6	4,077.0
Property, plant and equipment				
Land and buildings	352.2	265.4	0	0
Fixtures and fittings	28.4	31.3	31.3	33.4
IT hardware, operating and office equipment, car pool	86.4	89.3	84.8	75.8
Payments on account and construction in progress	18.5	14.8	14.8	3.9
	485.5	400.8	130.9	113.1
Financial assets				
Equity investments measured at FVOCI	67.9	108.8	108.8	91.4
Debt financial assets measured at amortised cost	780.0	1,057.1	1,057.1	1,332.8
Financial assets at FVPL				
Financial instruments held by central counterparties	7,332.8	9,985.4	9,985.4	7,387.1
Derivatives	0	0	0	0.1
Other financial debt assets at FVPL	23.3	17.3	17.3	16.1
	8,204.0	11,168.6	11,168.6	8,827.5
Investment in associates and joint ventures	43.4	42.5	42.5	39.8
Other non-current assets	4.1	4.1	4.1	4.4
Deferred tax assets	117.9	107.1	104.3	95.9
Total non-current assets	13,053.4	15,914.7	15,642.0	13,157.7
CURRENT ASSETS				
Debt financial assets measured at amortised cost				
Trade receivables	435.2	397.5	397.5	383.6
Other financial assets at amortised cost	19,690.5	19,722.6	19,722.6	14,349.5
Financial assets at FVPL				
Financial instruments held by central counterparties	108,648.5	94,280.3	94,280.3	86,961.7
Derivatives	19.1	4.7	4.7	6.8
Other financial assets at FVPL	0.4	0.4	0.4	0
Income tax assets	149.0	55.9	55.9	93.0
Other current assets	605.4	639.8	639.8	576.8
	129,548.1	115,101.2	115,101.2	102,371.4
Restricted bank balances	30,036.2	29,833.6	29,833.6	29,510.0
Other cash and bank balances	1,102.0	1,322.3	1,322.3	1,065.6
Total current assets	160,686.3	146,257.1	146,257.1	132,947.0
Total assets	173,739.7	162,171.8	161,899.1	146,104.7

1) Restated due to first-time application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers"

Equity and liabilities

	31 Mar 2019 €m	1 Jan 2019 €m	31 Dec 2018 €m	31 Mar 2018 (restated) ¹⁾ €m
EQUITY				
Subscribed capital	190.0	190.0	190.0	193.0
Share premium	1,340.4	1,340.4	1,340.4	1,332.3
Treasury shares	-477.7	-477.7	-477.7	-499.7
Revaluation surplus	-31.7	-10.2	-10.2	3.5
Accumulated profit	4,063.0	3,779.4	3,787.4	3,875.1
Shareholders' equity	5,084.0	4,821.9	4,829.9	4,904.2
Non-controlling interests	141.7	133.5	133.5	124.4
Total equity	5,225.7	4,955.4	4,963.4	5,028.6
NON-CURRENT LIABILITIES				
Provisions for pensions and other employee benefits	180.0	164.1	164.1	147.0
Other non-current provisions	190.2	184.3	184.3	116.0
Financial liabilities measured at amortised cost	2,283.9	2,283.2	2,283.2	2,281.1
Financial liabilities at FVPL				
Financial instruments held by central counterparties	7,332.8	9,985.4	9,985.4	7,387.1
Other financial liabilities at FVPL	1.8	0.2	0.2	0.8
Other non-current liabilities	342.7	274.0	17.0	17.4
Deferred tax liabilities	185.9	194.5	194.5	203.4
Total non-current liabilities	10,517.3	13,085.7	12,828.7	10,152.8
CURRENT LIABILITIES				
Tax provisions	293.8	334.8	334.8	401.2
Other current provisions	185.6	293.2	293.2	155.3
Financial liabilities at amortised cost				
Trade payables	209.1	195.0	195.0	105.0
Other financial liabilities at amortised cost	18,768.5	19,024.7	19,024.7	13,849.9
Financial liabilities at FVPL				
Financial instruments held by central counterparties	108,178.5	94,068.3	94,068.3	86,452.1
Derivatives	3.0	3.0	3.0	6.6
Cash deposits by market participants	29,737.3	29,559.2	29,559.2	29,332.3
Other current liabilities	620.9	652.5	628.8	620.9
Total current liabilities	157,996.7	144,130.7	144,107.0	130,923.3
Total liabilities	168,514.0	157,216.4	156,935.7	141,076.1
Total equity and liabilities	173,739.7	162,171.8	161,899.1	146,104.7

1) Restated due to first-time application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers"

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Investor Day

24 July 2019

Publication half-yearly financial report 2019

28 October 2019

Publication Q3 / 2019 results