

# Investor Day 2015

## London

2 June 2015



# Agenda

- 10.00 a.m.**    **Group overview**
- Carsten Kengeter, CEO
  - Gregor Pottmeyer, CFO
- Xetra / Eurex – Cash & derivatives markets**
- Andreas Preuss, Deputy CEO
- Q&A session**
- 12.00 noon**    **Lunch break**
- 1.00 p.m.**    **Clearstream – Post-trade**
- Jeffrey Tessler, Member of the Executive Board
- Market Data + Services**
- Hauke Stars, Member of the Executive Board
- Q&A session**
- 3.00 p.m.**    **End of event**

# Agenda

**Group overview**

**Xetra / Eurex – Cash & derivatives markets**

**Clearstream – Post-trade**

**Market Data + Services**

# Profound Changes In Environment For Market Infrastructures Provide Opportunities For Deutsche Börse Group

## I Slow pace of economic recovery ...

- ... elevates role of central banks, ...
- ... and implies low rates for longer, ...
- ... which fuels growth of total debt

## IV Geopolitical shifts

- Asia relatively unaffected during financial crisis ...
- ... translates into accelerated rise of importance of region in financial markets, ...
- ... and pending opening of Chinese market will reshape landscape over time



## II Changing regulation / market structure

- Systemic stability and transparency pursued by G20 through better capitalized banks and greater role for CCPs and (I)CSDs, ...
- ... leading to greater standardization and electrification of markets
- ... and goes hand-in-hand with rigorous focus of sell-side on cost reductions capital, and collateral efficiency

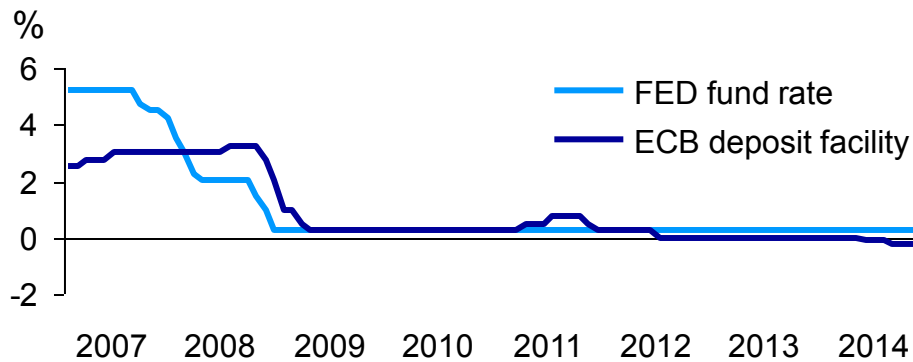
## III Changing client profiles / “share of wallet”

- Emergence of self-directed buy-side ...
- ... with greater needs for risk management and information solutions that support investment process, ...
- ... and proliferation of passive investment as low yields increase investor focus on management fees ...
- ... necessitates new solutions/ partnerships encompassing sell- and buy-side

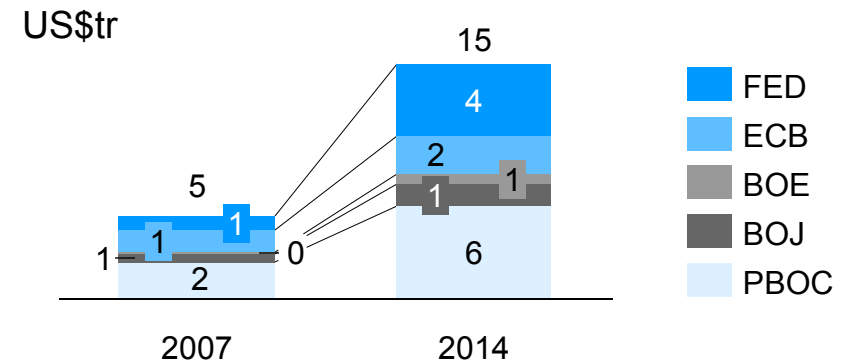
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# Market Environment – Low Interest Rates Fuel Growth Of Total Debt In Particular By Government And Corporate Issuers

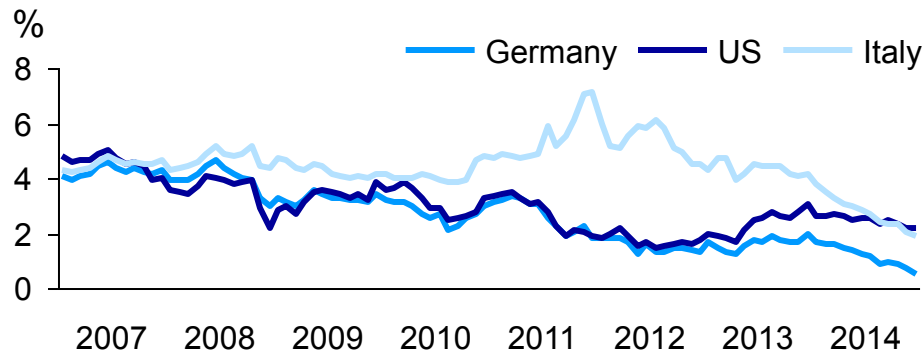
Central bank rates<sup>1</sup>



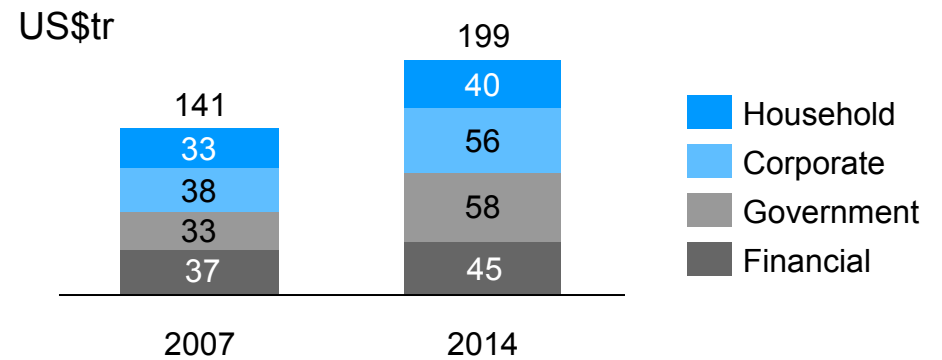
Major central banks balance sheets<sup>2</sup>



10 year government bond yields<sup>3</sup>



Global debt outstanding<sup>4</sup>



1) Source: Federal Reserve, ECB

2) Source: Respective central banks

3) Source: Bloomberg

4) Source: McKinsey, Debt and (not much) deleveraging, 2015

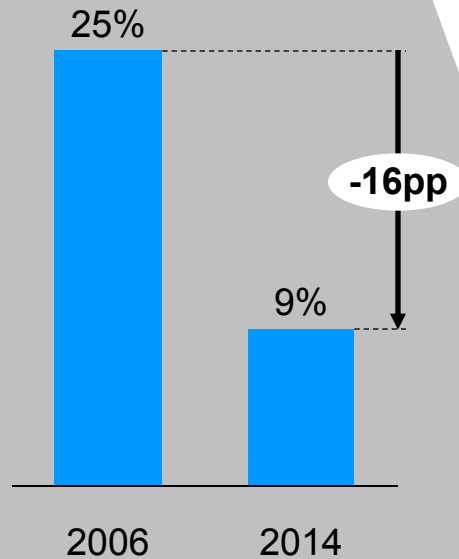
II

# Changing Regulation / Market Structure – Post Crisis Wave Of Regulation Has Significant Implications For Entire Financial Industry

Wave of post crisis regulatory changes ...

- Basel III / CRD IV
- EMIR / Dodd Frank
- BCBS / IOSCO margin requirements
- CPSS / IOSCO principles
- MiFID / MiFIR
- Benchmark regulation
- CSD regulation

... results in pressure on ROE of investment banks<sup>1</sup>, and ...



Rigorous focus on costs, capital and collateral efficiency

... will lead to further electrification / standardisation of markets

### Trading & clearing

	2007	2014	2020
Equities	●	●	●
Bonds	○	◐	◑
Listed derivs	●	●	●
IRS	◐	◑	◑
CDS	○	◐	◑
FX	◐	◑	◑
Repo/ Sec Lend	◐	◑	◑
Commodities	◐	◑	◑

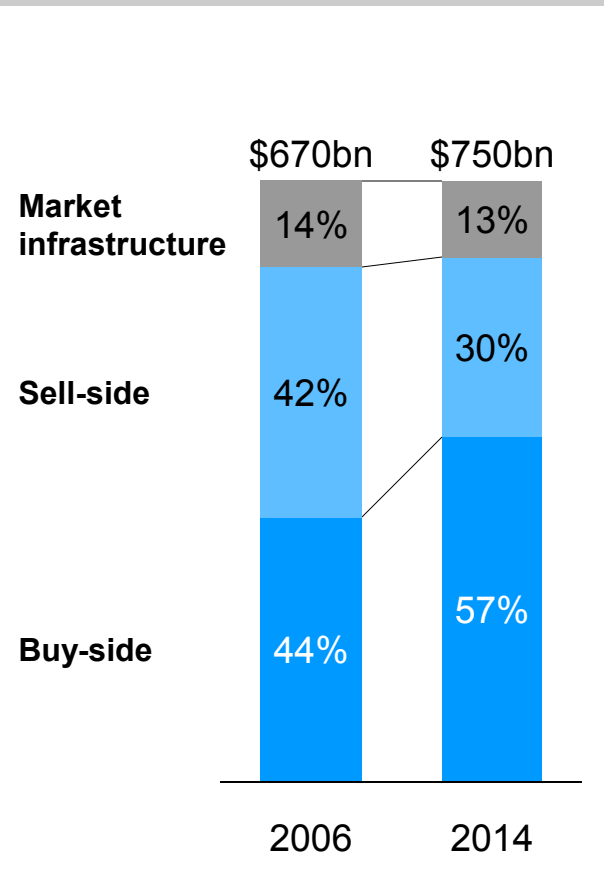
● = level of electrification/ standardisation

1) Source: Oliver Wyman analysis

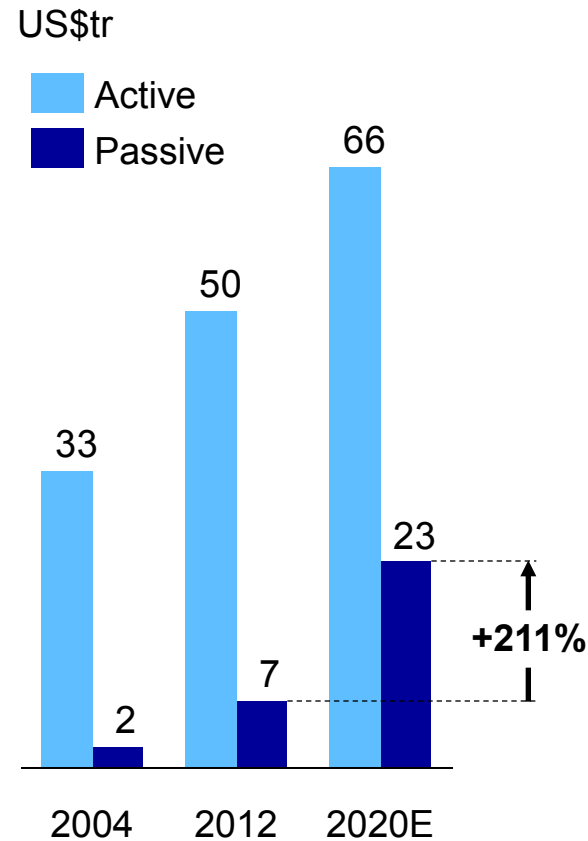


## Changing Client Profiles / “Share Of Wallet” – Tectonic Shift Towards Buy-Side And Passive Investments In Full Motion

### Securities revenue pools<sup>1</sup>



### Active vs passive<sup>2</sup>



### Key influences

- Post crisis wave of regulatory changes with significant implications for sell-side
- In addition, low rates and weak economic development weighs on sell-side revenues
- Buy-side has benefited from strong asset growth as a result of quantitative easing
- Trend towards passive investing based on indices thought to accelerate further with new concepts like smart beta and factor investing gaining in importance
- Significant opportunities for market infrastructures include further electronification of trading, central clearing and collateral management

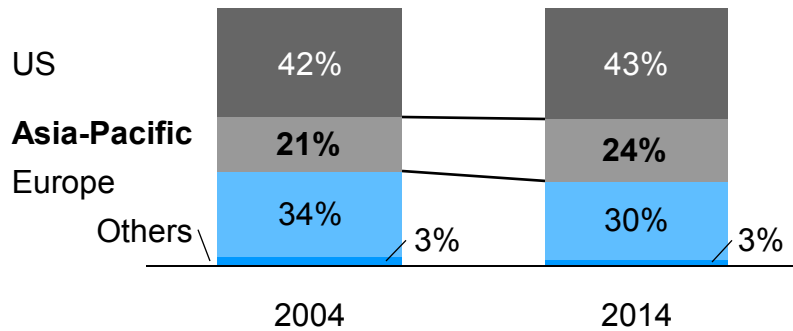
1) Source: Morgan Stanley and Oliver Wyman, Wholesale & Investment Banking, 2015

2) Source: PWC, Asset Management 2020, 2014

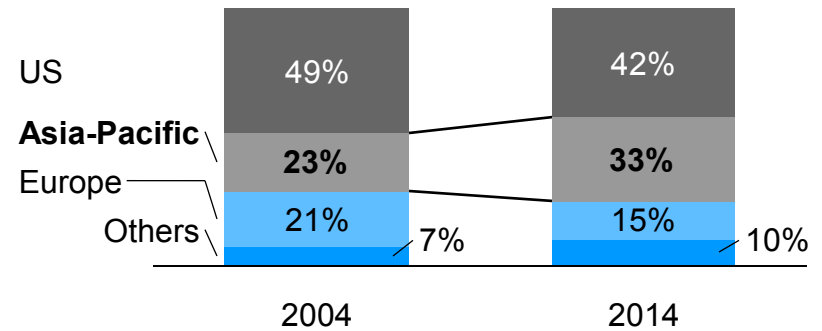
**IV**

# Geopolitical Shifts – Balance Of Power And Economic Importance Is Shifting Towards Asia

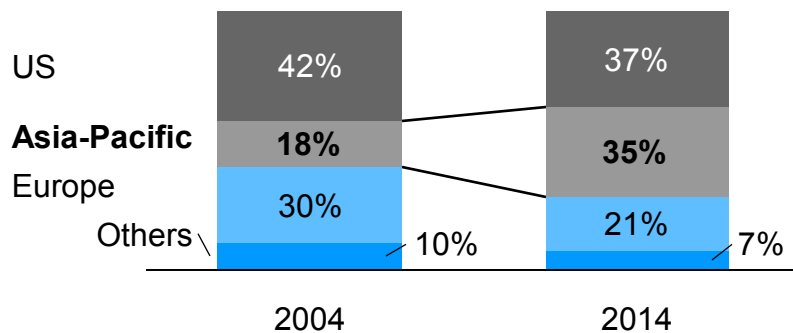
**Bonds outstanding<sup>1</sup>**



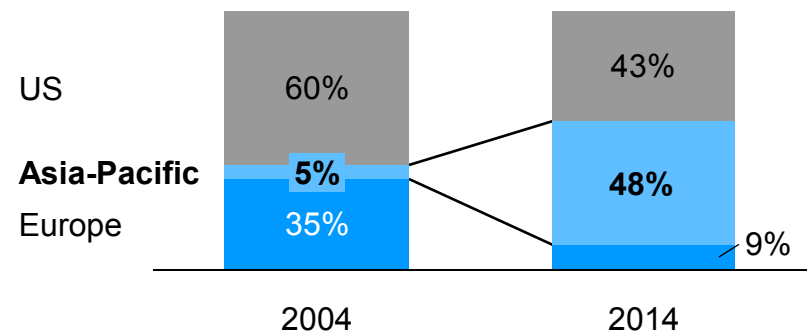
**Domestic equity market capitalisation<sup>2</sup>**



**Traded derivatives contracts<sup>3</sup>**



**Market capitalisation of top 10 banks<sup>4</sup>**



1) Source: BIS

2) Source: WFE

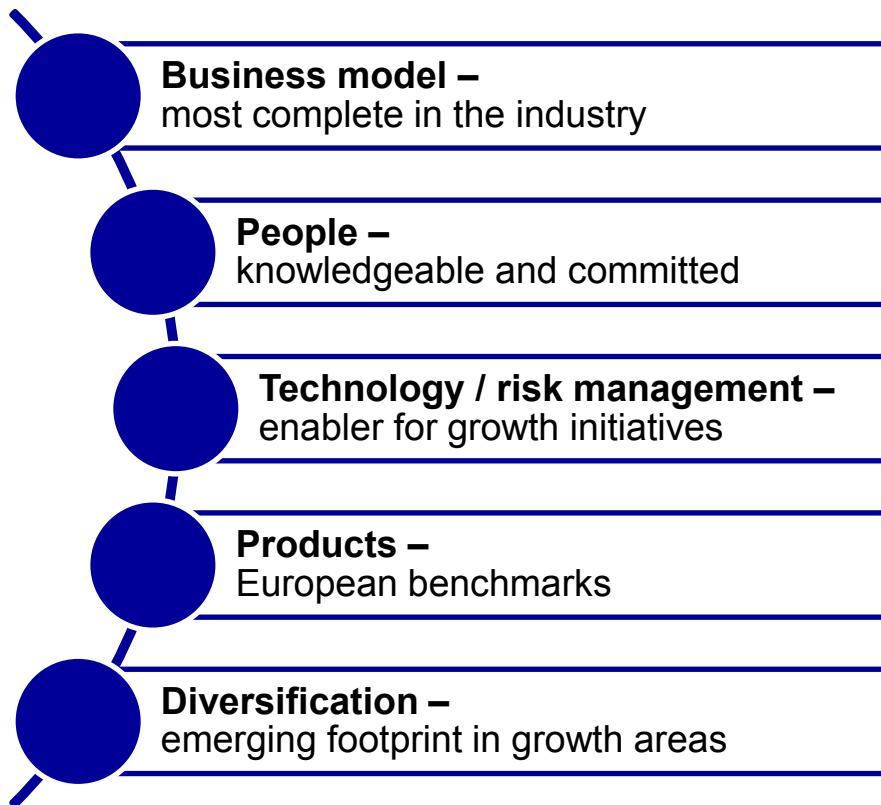
3) Source: FIA; KRX in 2004 adjusted for change of contract size

4) Source: Reuters

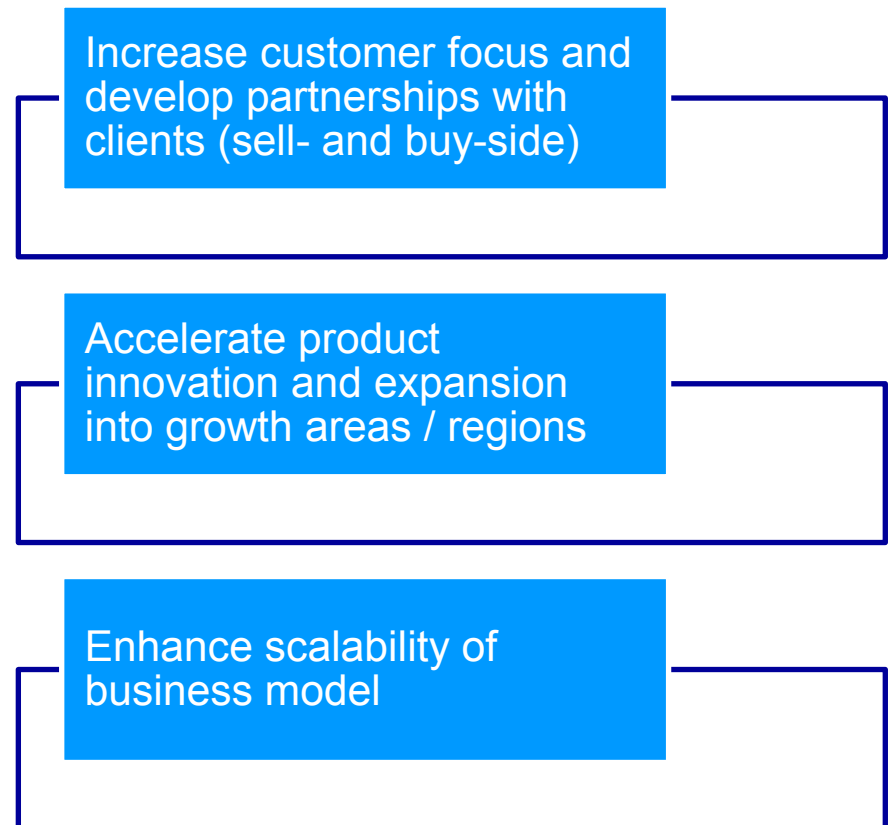


# Deutsche Börse Group Is Well Positioned To Benefit From Structural Changes In The Industry

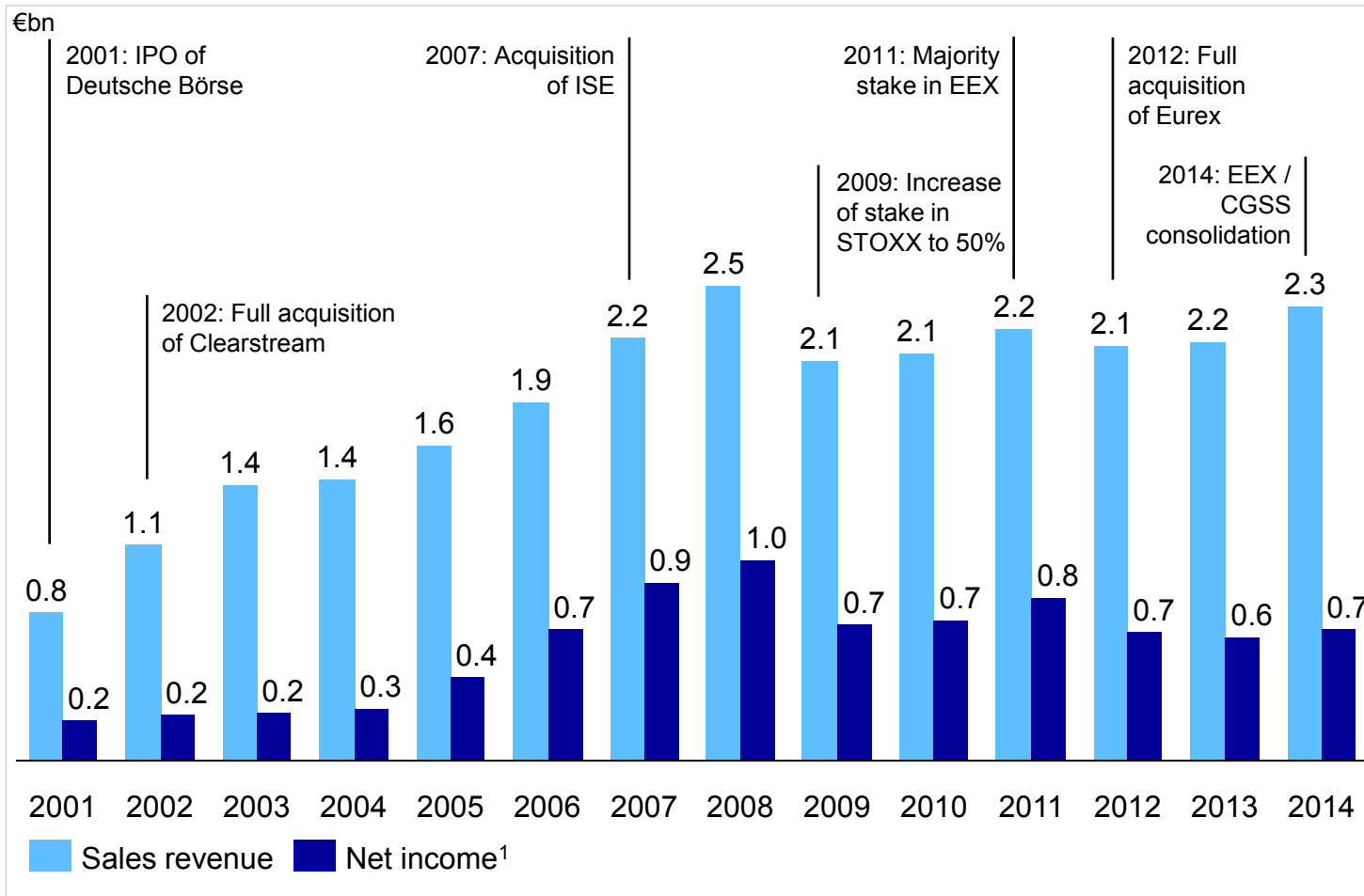
## Our strengths ...



## ... our development potential



# Deutsche Börse Has Delivered Attractive Returns And Maintained Stability Through Challenging Market Environment



<b>ISIN:</b>	DE0005810055
<b>Bloomberg:</b>	DB1 GY
<b>Reuters:</b>	DB1Gn.DE
<b>Revenue growth<sup>2</sup>:</b>	+209%
<b>Net income growth<sup>2</sup>:</b>	+229%
<b>Share price<sup>3</sup>:</b>	+335%
<b>Shareholder return<sup>3</sup>:</b>	+488%
<b>Dividend yield<sup>3</sup>:</b>	2.9%
<b>Free cash-flow yield<sup>3</sup>:</b>	4.1%
<b>Rating:</b>	AA

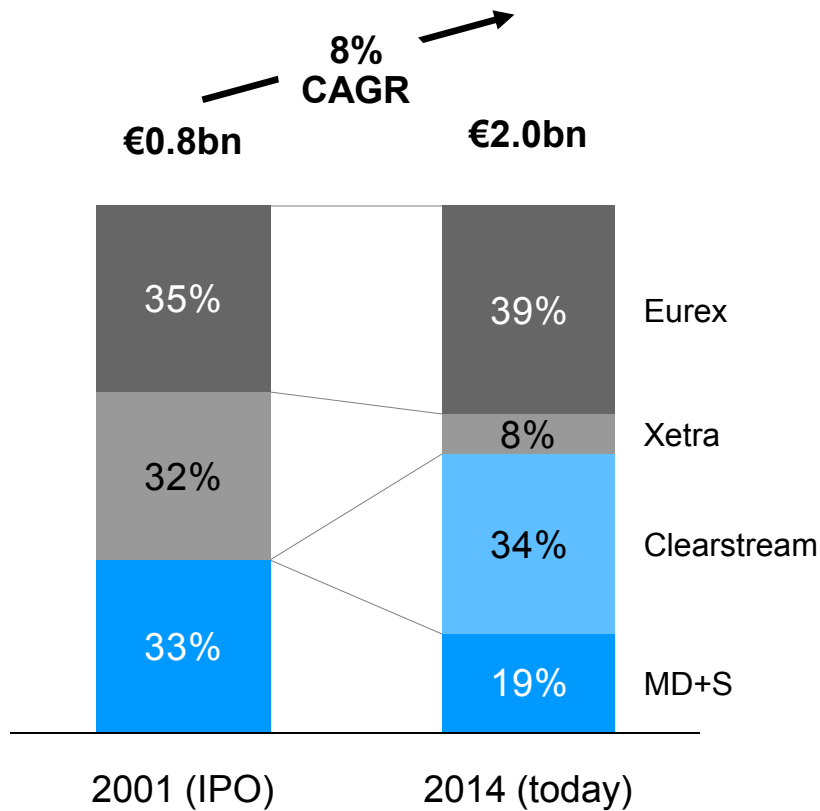
1) Adjusted for impairments (2009-2010), costs for efficiency measures (2010-2014), merger related costs (2011-2012), and OFAC settlement (2013)

2) 2001-2014

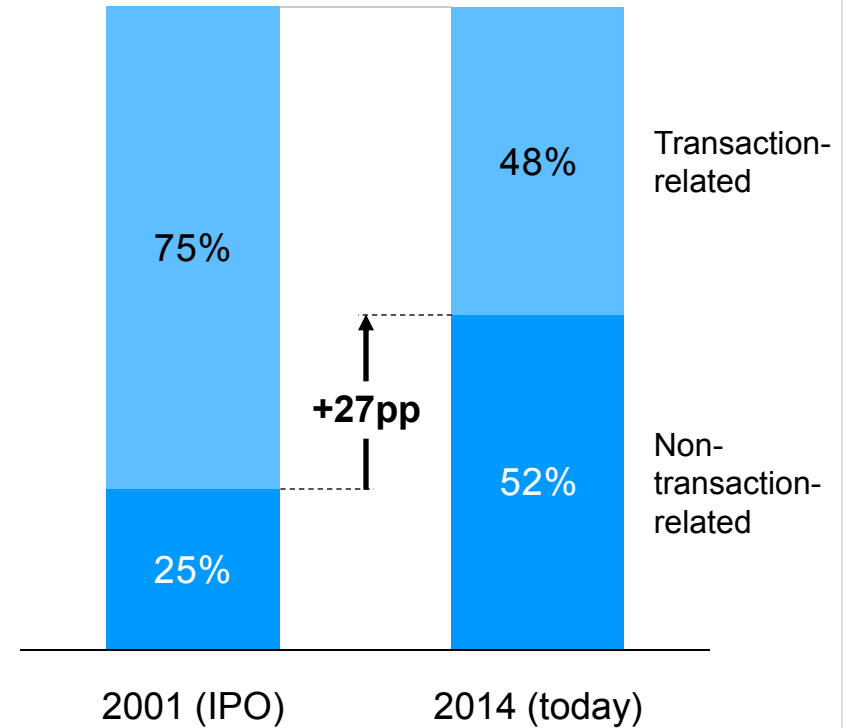
3) As per 29 May 2015

# Deutsche Börse Group Transformed Into A Diversified Full-Service Market Infrastructure Provider

**Segmental revenue breakdown**



**Share of non-transaction-related revenue**



# Strong Position In Each Reporting Segment With Increasing Focus On Cross-Divisional Themes

## Eurex

- #1 derivatives market in Europe
- #3 derivatives market world-wide
- Best-in-class clearing and risk management offering with real-time capabilities
- OTC clearing offering to address new client needs
- Increasing commodities exposure through EEX Group (15% in Q1/15)

- Cash market in Europe's largest economy
- Stable market share in DAX® equities (~60–65%)
- European leader in ETFs ~1/3 market share

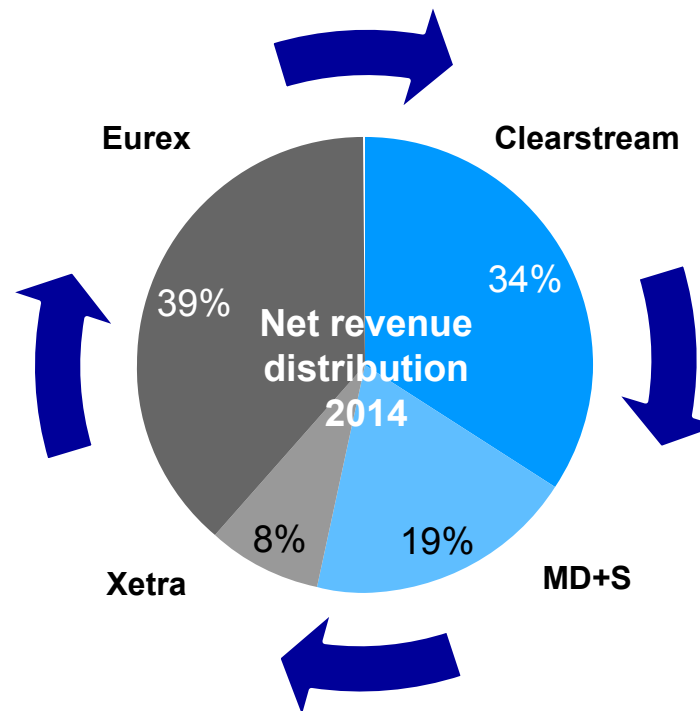
## Xetra

## Clearstream






- Leading global post-trade provider with international and domestic business
- 2,500 clients in more than 110 countries hold around €13.2 trillion assets under custody
- Expansion of services with Global Liquidity Hub, Investment Funds and TARGET2-Securities (T2S) offering

- High-quality data and leading European benchmark indices (STOXX®, DAX®)
- Superior exchange infrastructure, and reliable connectivity services
- MD+S on track to deliver net revenue growth from structural initiatives

## Market Data + Services (MD+S)



# Business Model Of Deutsche Börse Serves As Role Model

		 DEUTSCHE BÖRSE GROUP	 CME Group <small>A CME/Chicago Board of Trade Company</small>	 ICE <small>INTERNATIONAL COMMODITY EXCHANGE</small>	 London Stock Exchange	 NASDAQ OMX
Cash market	Eurex / Xetra	●	○	●	●	●
Derivatives market		●	●	●	◐	◑
Clearing		●	●	●	◐	◑
Settlement	Clearstream	●	○	○	◐	○
Custody		●	○	○	◐	○
Collateral management		●	○	○	○	○
Market data	Market Data + Services	●	●	●	●	●
Indices		●	◐	○	●	●
Technology		●	○	●	●	●

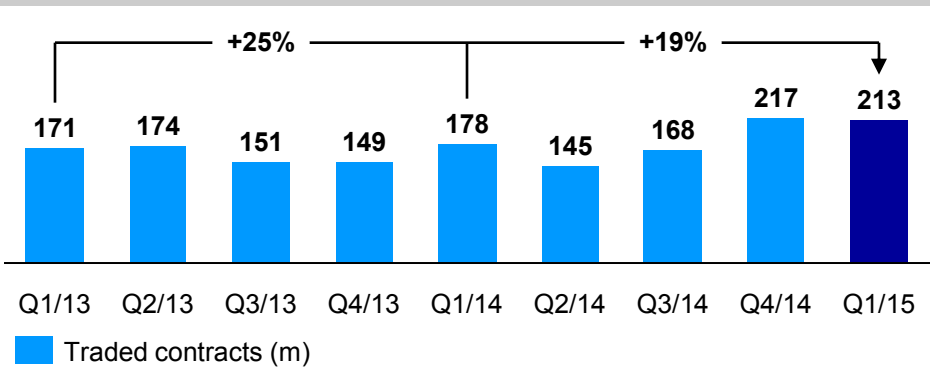
# Partnerships And Complementary M&A Are Part Of Strategy Implementation To Further Enhance Growth Trajectory



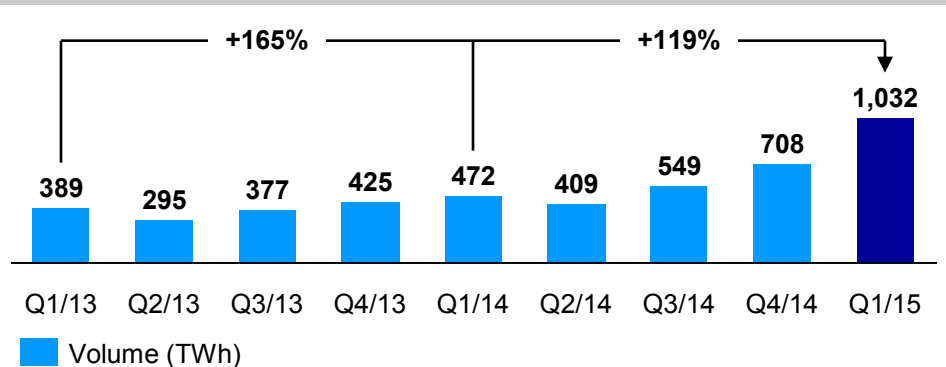
2010	2011	2012	2013	2014	2015
▲ <b>STOXX</b> : index business (majority stake)					
▲ <b>REGIS-TR</b> : trade repository (JV with Iberclear)					
▲ <b>LuxCSD</b> : depository for Luxembourg (JV with Banque Central du Luxembourg)					
▲ <b>EEX</b> : commodities (majority stake)					
▲ Full acquisition of <b>Eurex</b> (15% stake from SIX)					
▲ <b>Deutsche Börse Cloud Exchange</b> (JV with Zimory)					
<b>GMEX Group</b> : innovative trading solutions (minority stake) ▲					
<b>Impendium Systems</b> : regulatory solutions (full acquisition) ▲					
<b>Cleartrade Exchange</b> : commodities platform in Singapore (majority stake) ▲					
<b>Bondcube</b> : fixed-income trading (minority stake) ▲					
<b>TAIFEX</b> : derivatives market (minority stake) ▲					
<b>Citco Global Securities Services</b> : hedge fund custody services (full acquisition) ▲					
<b>Powernext</b> : commodities (majority stake) ▲					
<b>APX Group</b> : commodities (majority stake) ▲					
<b>China Europe International Exchange</b> : JV between Shanghai Stock Exchange, China Financial Futures Exchange & Deutsche Börse ▲					

# Cyclical Recovery In Equity Related Products And Structural Growth Underpin Volume Uplift Since Q4/2014

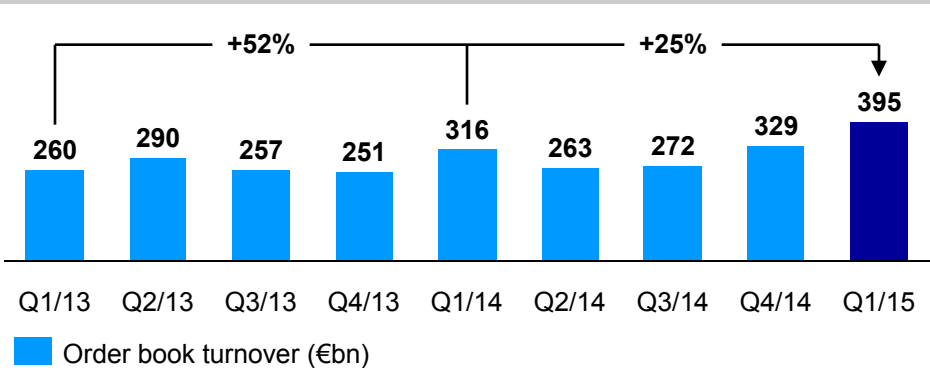
## Eurex – index derivatives



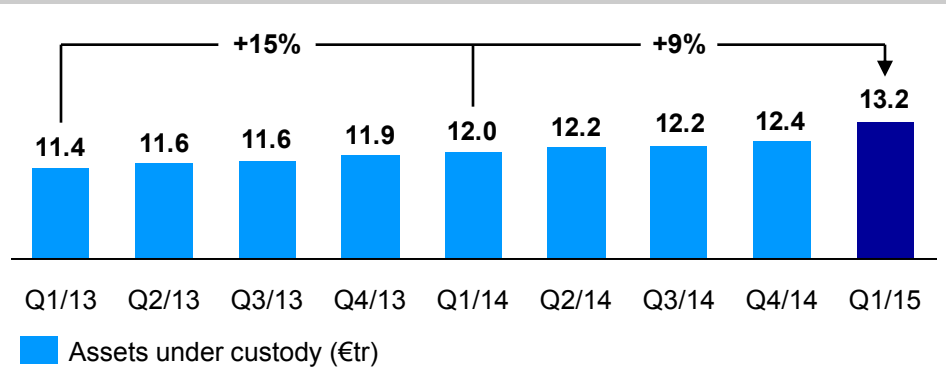
## Eurex – commodities (power and gas)



## Xetra



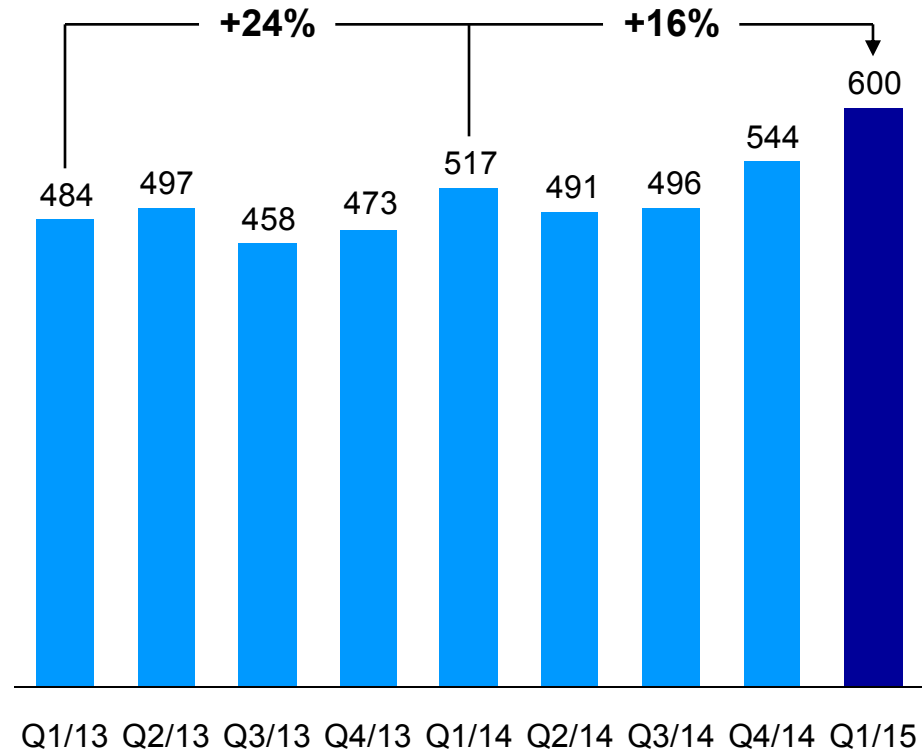
## Clearstream – assets under custody



# Volume Uplift Resulted In Favourable Net Revenue And EBIT Development

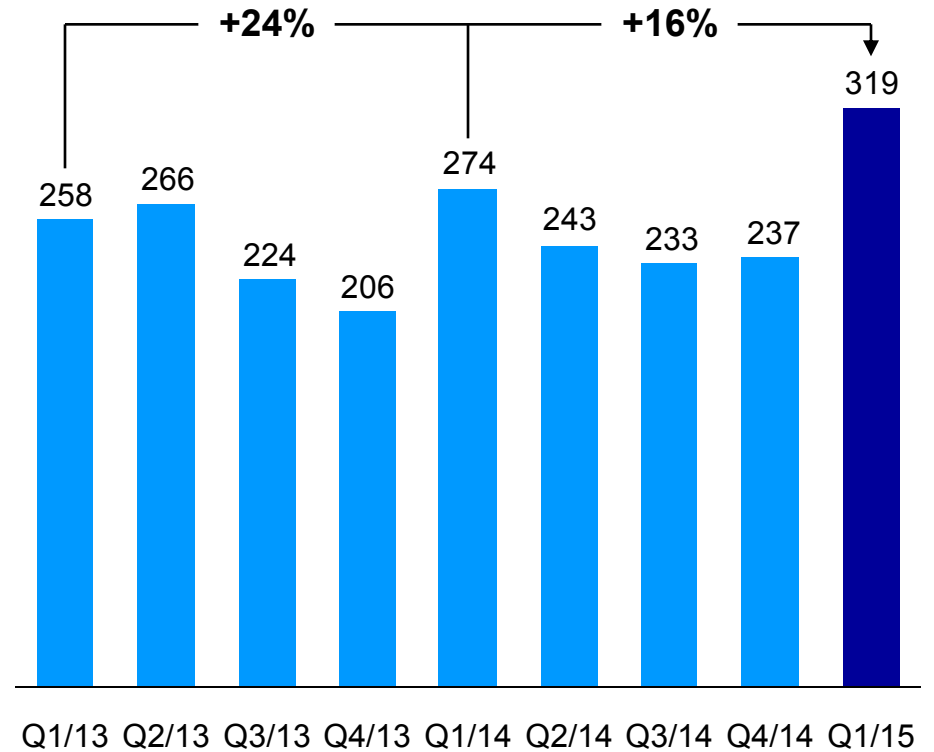
## Net revenue development

€m



## EBIT development

€m

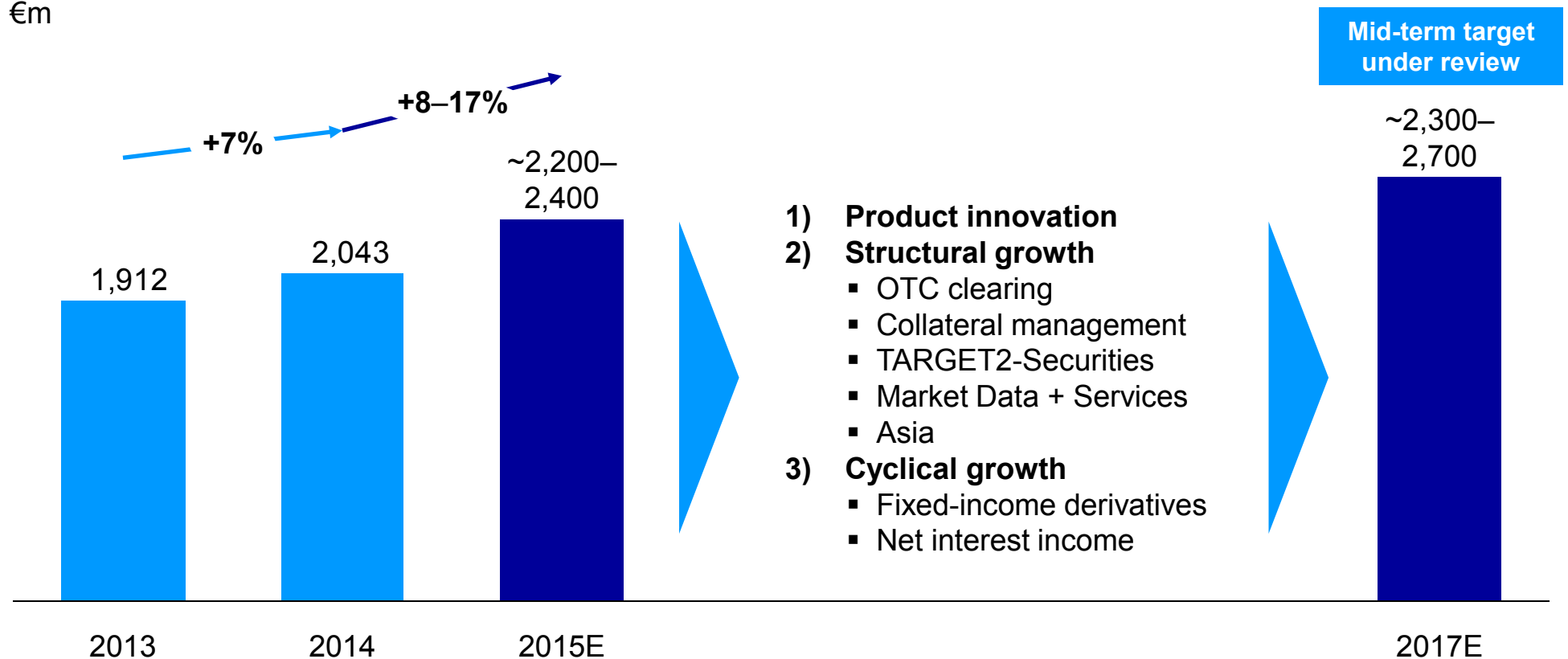




# Net Revenue Fully On Track To Achieve Mid-Term Growth Target

## Mid-term net revenue development

€m



# Effective Cost Management And Attractive Capital Management Complement Expected Top-Line Growth

## Effective cost management

- Three efficiency programmes since 2007 compensated inflation and created flexibility to increase investments:
  - 2007–2010: €100 million
  - 2010–2012: €150 million
  - 2013–2016 (ongoing): €70 million
- As a result, business-as-usual costs have been relatively stable at around €1 billion like-for-like over the last 5 years
- Overall increase of operating costs since 2011 is a result of higher investments in growth and infrastructure, consolidation effects, and more recently the stronger US-Dollar

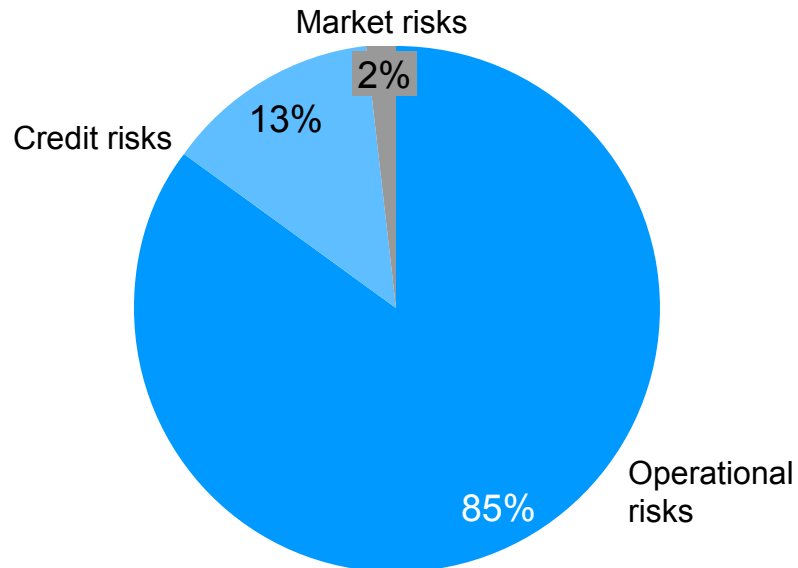
## Attractive capital management

- ▶ **Capital management**
  - The capital management policy foresees a dividend payout ratio of 40 to 60 percent complemented by share buy-backs
  - Both distribution components are subject to capital & rating requirements, investment needs and general liquidity considerations
- ▶ **Strong balance sheet**
  - Gross debt to EBITDA ratio stood at 1.2 in Q1/2015 (2014: 1.5)
  - Solvency ratios in 2014: Clearstream 24% (2013: 26%), Eurex Clearing 28% (2013: 25%)
- ▶ **Strong rating profile**
  - Clearstream Banking S.A.: AA (stable)
  - Deutsche Börse AG: AA (stable)

# Capital Management – Capital Requirements Are Largely Driven By Operational Risks

## Eurex Clearing AG (regulatory requirements)

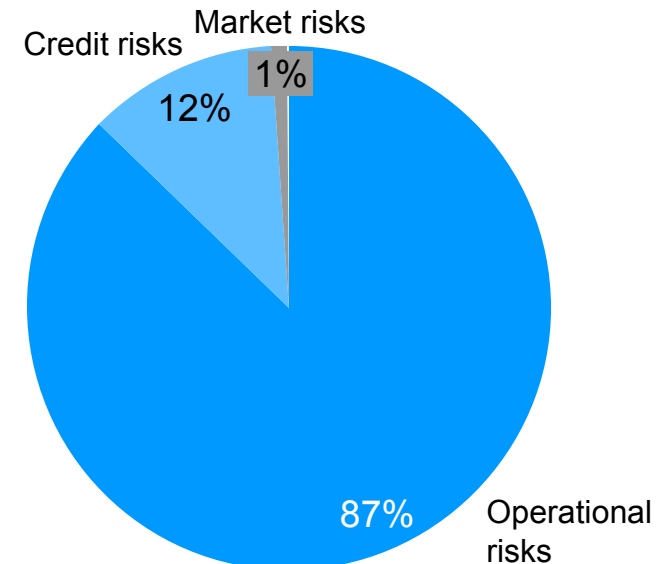
31 Dec 2014; €82 million



Total EMIR capital requirements for Eurex Clearing as at 31 Dec 2014: €157 million

## Clearstream Holding group (regulatory requirements)

31 Dec 2014; €359 million



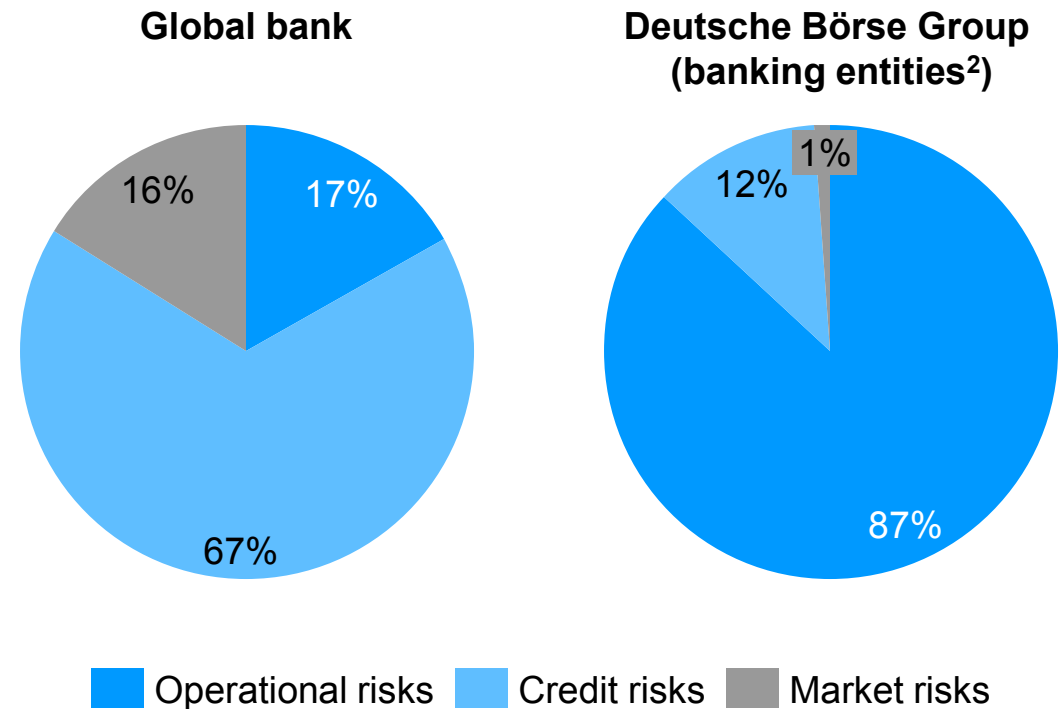
Operational risks evaluated with advanced measurement approach (AMA) approved by regulators

# Risk Management – In Contrast To Banks, Deutsche Börse Group's Risk Profile Is Dominated By Operational Risk

- In contrast to a traditional bank, Deutsche Börse's risk profile is mainly driven by operational risks:
  - Availability risk
  - Service deficiency
  - Damage to physical assets
  - Legal risk and business practices
- Credit exposure is limited due to focus on highly collateralised clearing and settlement transactions, instead of traditional lending and trading products

## Risk profile of a global bank<sup>1</sup> vs. Deutsche Börse

Regulatory capital requirements



1) Deutsche Bank AG; CRR / CRD IV capital requirements as per 31 December 2014

2) Clearstream Holding group, Eurex Clearing AG and European Commodity Clearing AG; as at 31 December 2014

## Risk Management – Risk Strategy Is Based On Three Principles

### 1) Risk appetite

Capital is expected to be exhausted no more than once in 5,000 years (99.98% VaR); an operating loss may occur no more than once every hundred years (99.0% VaR).

### 2) Supporting growth

Risk management supports the business divisions in expanding their business by working together to comprehensively identify and communicate risks.

### 3) Appropriate risk / return ratio

The return on equity should exceed the cost of equity.

# Risk Management – Counterparty Risk In The Clearing House Effectively Managed By Collateralisation And Lines Of Defense

## Lines of defense of clearing house

- 1. Liquidation of open positions**  
Close-out of positions results in surplus or shortfall

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- 2. Liquidation of collateral**  
€50bn (after haircuts)<sup>1</sup>

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- 3. Clearing fund contribution of relevant member**  
€1m to €389m

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- 4. Clearing fund contribution of Eurex Clearing**  
€50m<sup>1</sup>

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- 5. Clearing fund contribution of all members**  
~€3.5bn<sup>1</sup> (additional collateral may be called in<sup>2</sup>)

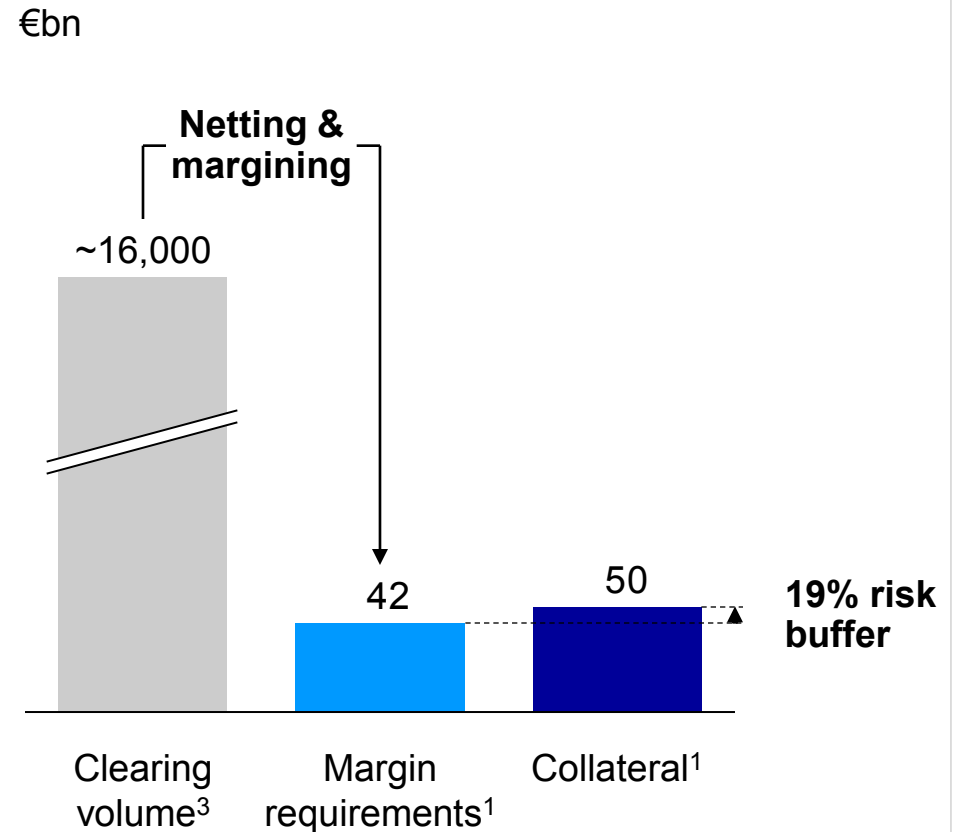
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- 6. Parental guarantee to Eurex Clearing**  
Up to €700m by Deutsche Börse

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- 7. Liable equity of Eurex Clearing**  
€290m (incl. €50m clearing fund contribution)

## Risk management position in 2014



1) 31 December 2014

2) Up to twice the amount of the original clearing fund contribution

3) Monthly average 2014

## Risk Management – Risk Profile / Characteristics

- The Group's risk profile is mainly characterised by operational risks; its transaction-based business model is very distinct from the business model of banks

**Extensive track record  
for system reliability**

- Counterparty risk at Eurex Clearing is effectively managed through netting, collateralisation and the clearing fund

**No collateral shortfall or  
loss as part of Lehman  
Brothers and MF Global  
defaults**

- Counterparty risk at Clearstream is assumed only to facilitate settlement; credit exposures are limited to highly rated customers and largely collateralised (with highly rated collateral)

**Never any financial loss**

# Agenda

## **Group overview**

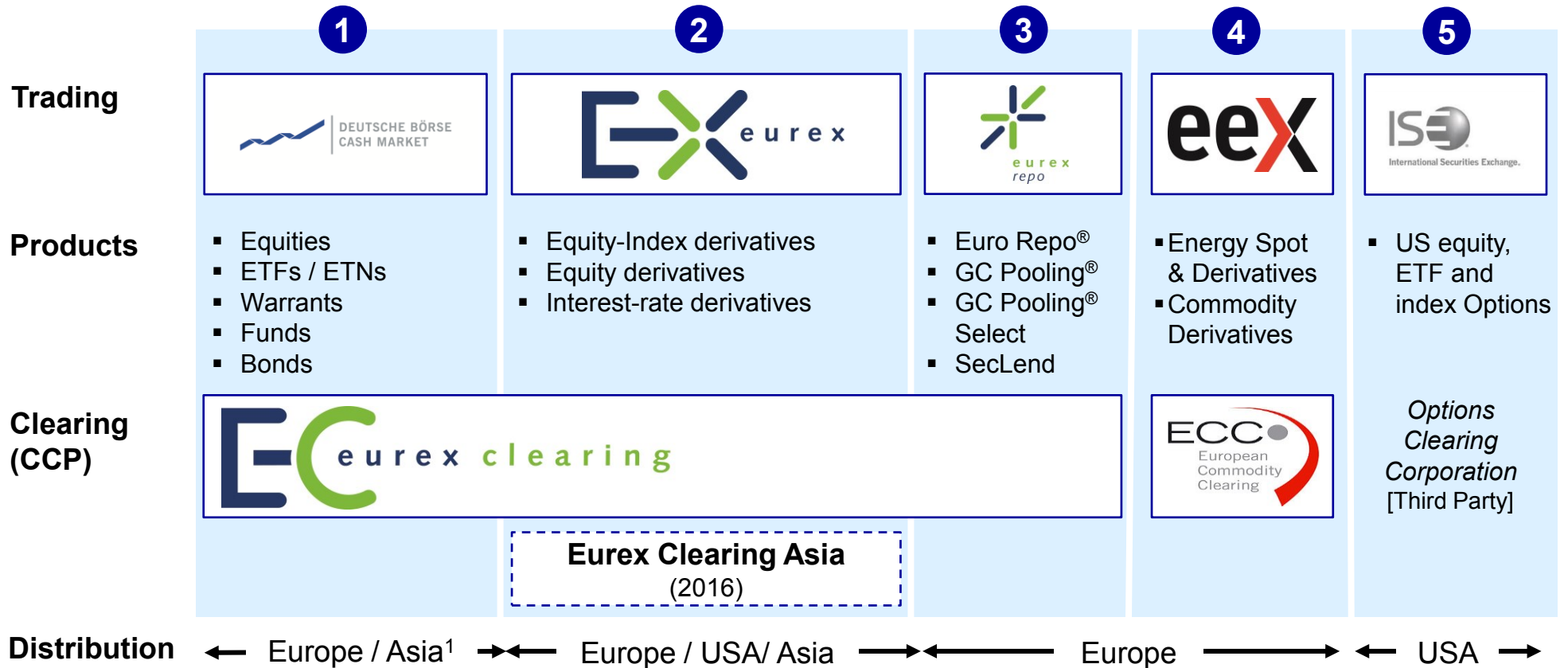
**Xetra / Eurex – Cash & derivatives markets**

**Clearstream – Post-trade**

**Market Data + Services**



# Cash & Derivatives Markets – Comprehensive Offering In Trading & Clearing Services



1) Cash market members outside of Europe: United Arab Emirates (TMG Trading), Hong Kong (Algorithmic Trading Group, Bright Smart Securities, Celestial Securities)

# Cash & Derivatives Markets – Key Figures



## Trading

**Order book turnover:** €107 billion<sup>1,2</sup>  
Fourth largest cash market in Europe

**Trading value:** €7,723 billion<sup>2</sup>  
Third largest derivatives market in the world

## Products

**Number tradable / listed products:**  
Xetra: > 2,500 Frankfurt: > 1,300,000

**Number of products:** > 2,000  
**Number of series:** > 265,000

## Clearing

**Number of transactions cleared:**  
7.8 million<sup>2</sup>

**Number of transactions cleared:**  
124 million<sup>2</sup>

## Financials

**Net revenue 2014<sup>1</sup>**  
€162 million

**Net revenue 2014<sup>3</sup>**  
€807 million

1) Including Eurex Bonds and Tradegate Exchange

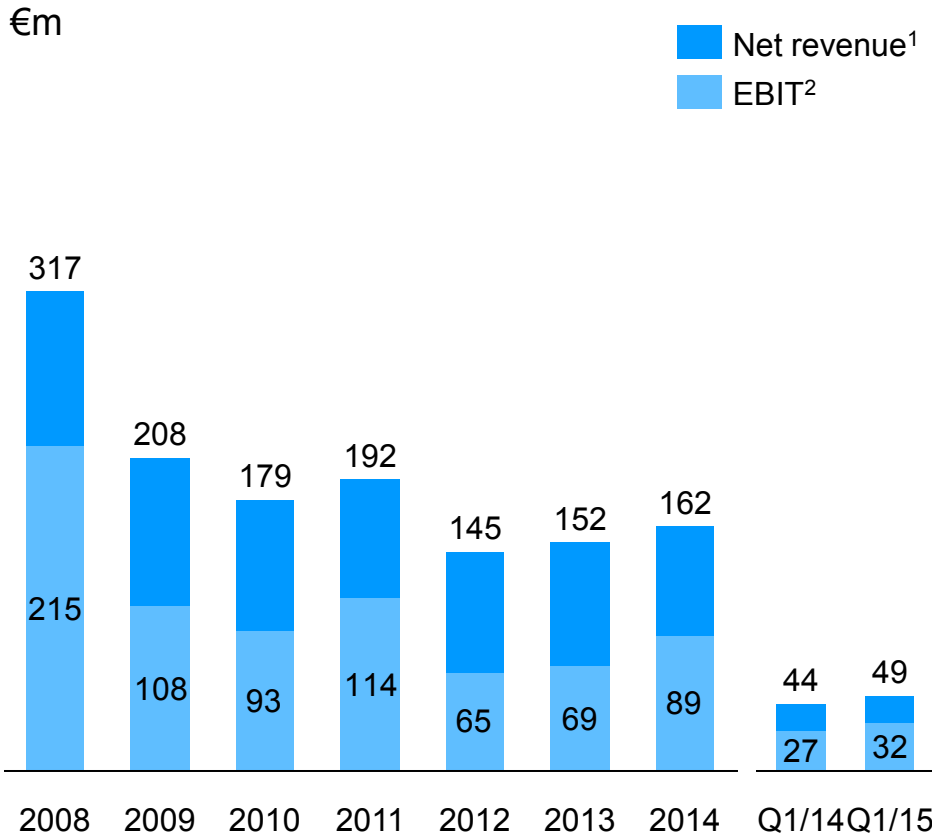
2) Monthly average 2014; single-counted

3) Including Eurex Repo, EEX, and ISE

1

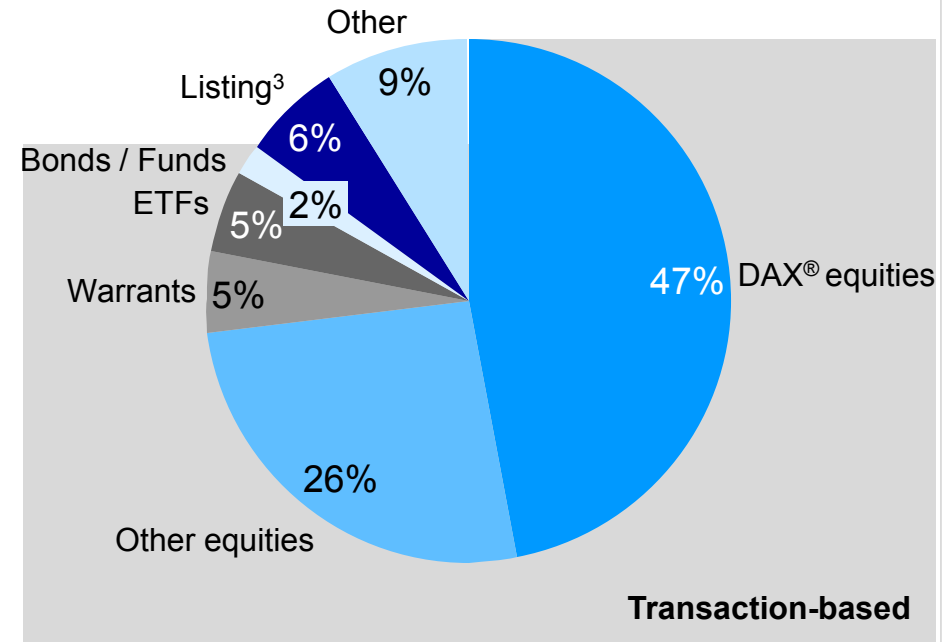
# Cash Market – Net Revenue / EBIT Growth Continues 2015

## Development of net revenue and EBIT



## Breakdown of net revenue by product

Q1/2015; €49 million



1) 2006-2012 adjusted for new financial reporting introduced in Q1/2013 (2006-2007 approximated)

2) Adjusted for costs for efficiency programs and merger related costs

3) Mainly consists of market data dissemination, CCP reports and member admission

1

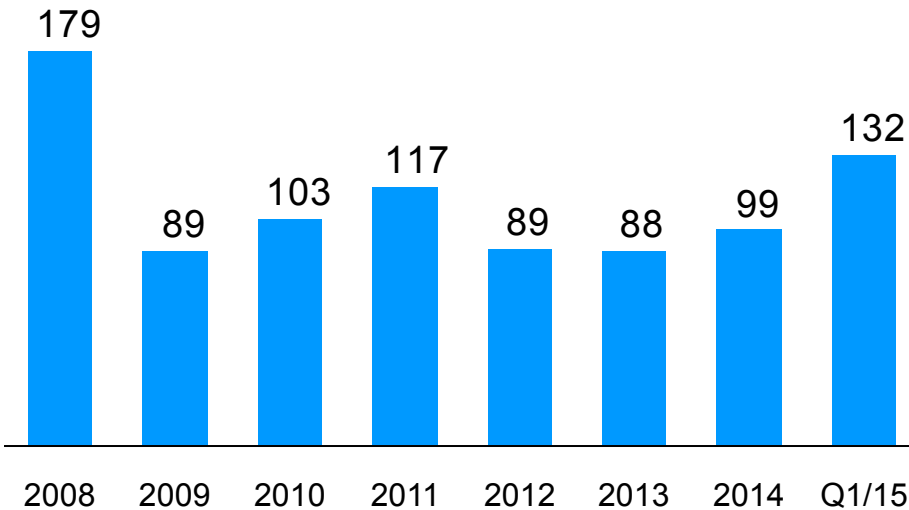
# Cash Market – Number Of Trades And Turnover Drive Revenue; 77 Per cent Of Turnover Generated Outside Of Germany

## Development of cash market volumes<sup>1</sup>

Number of Xetra trades (m)  
(monthly average)

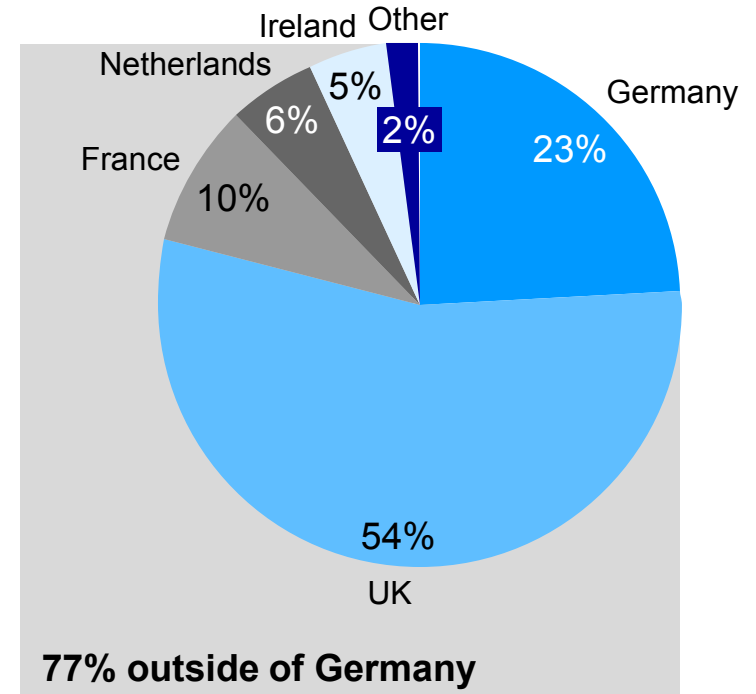
18.8   14.0   16.0   21.6   16.2   15.9   16.9   20.5

Xetra order book turnover (€bn)  
(monthly average)



## Turnover breakdown by member country

Q1/2015; €790 billion<sup>2</sup>



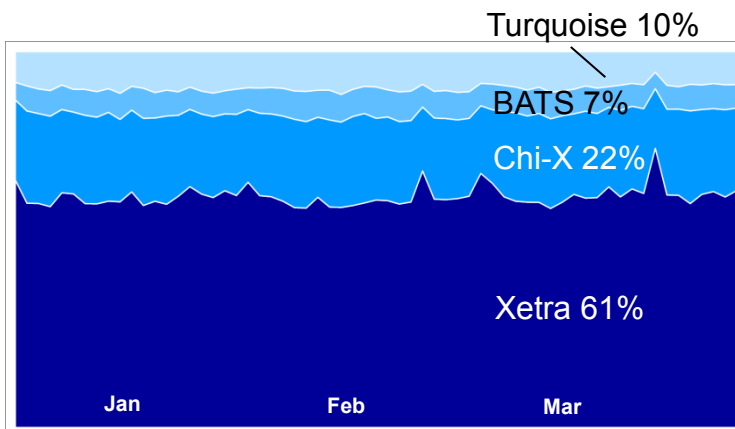
1) Single counted  
2) Double counted

1

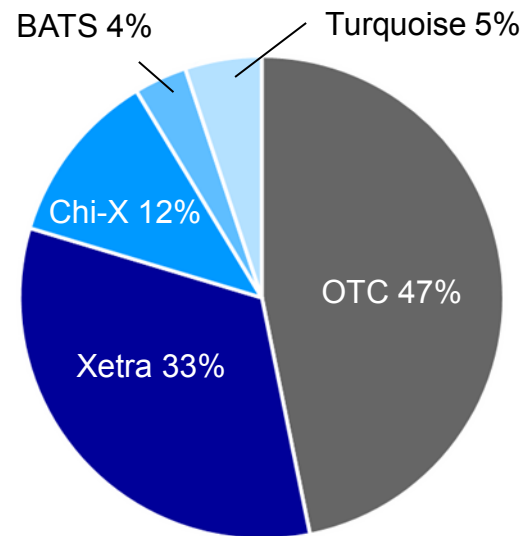
# Cash Market – Strong Position In German Blue Chips; Migration Of OTC Order Flow Yields Growth Potential

## Market share development German blue chips Q1/2015

1) DAX® on Xetra and other pan-European trading venues<sup>1</sup>



2) DAX on Xetra, other pan-European trading venues and OTC<sup>2</sup>



■ Xetra ■ Chi-X<sup>3</sup> ■ BATS<sup>3</sup> ■ Turquoise

## Description and outlook

- Xetra maintains **stable market share** in German blue chips and provides price discovery based on efficient processes and attractive order flow
- Ongoing MiFID review has **potential** to initiate **migration of order flow** from OTC trading to transparent venues with secure post-trade infrastructure

1) Source: LiquidMetrix; order book turnover (lit and dark),

2) Source: Bloomberg; order book turnover (lit and dark) and reported OTC volume

3) Respective separate order books (CXE and BXE) of BATS Chi-X Europe

1

# Cash Market – Product Innovation Deutsche Börse Venture Network: Product Launch In June 2015

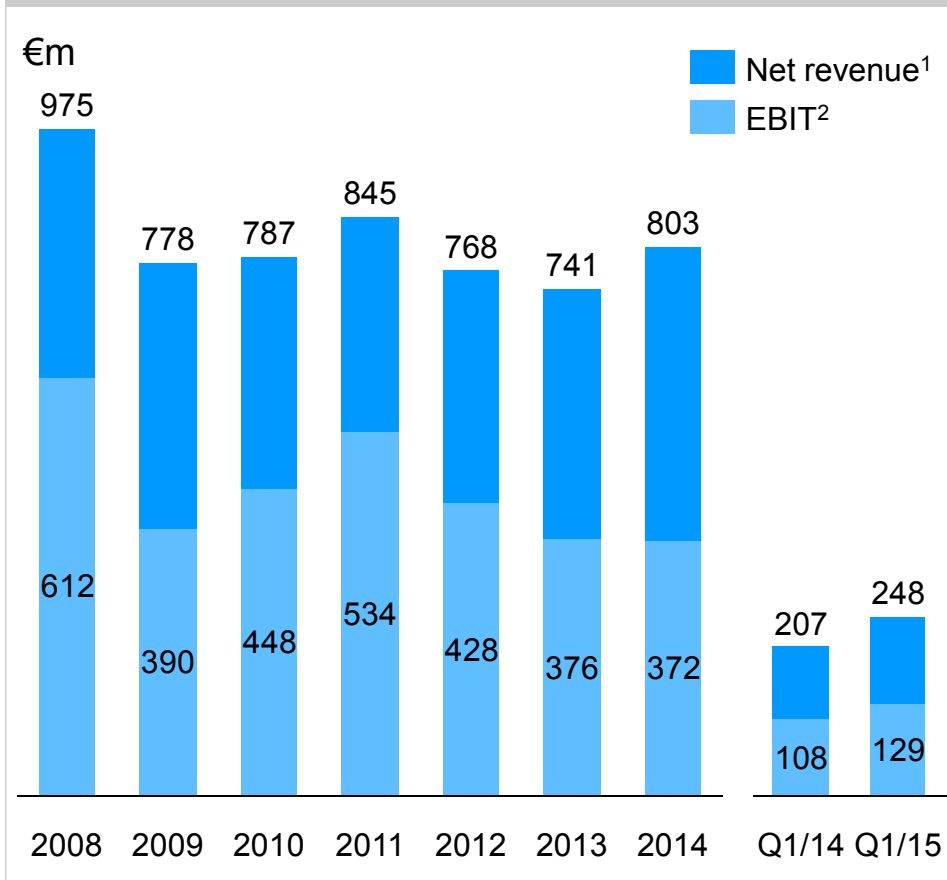
## Deutsche Börse Venture Network

- Compared to North America, venture capital investments in Europe have a strong upside potential in relation to total economic performance
- To address this market potential, Deutsche Börse Group will establish “Deutsche Börse Venture Network” launching 11 June 2015
- Deutsche Börse Venture Network will foster efficiency of the networking and matching processes between investors and companies in order to evolve a funding ecosystem for growth companies
- Consisting of an online platform and a comprehensive service support in the areas of networking/ matching events and education for companies
- Deutsche Börse positions itself as innovative platform operator supporting venture fundings
- Deutsche Börse Venture Network will help to build relationships to potential IPO candidates at an early stage

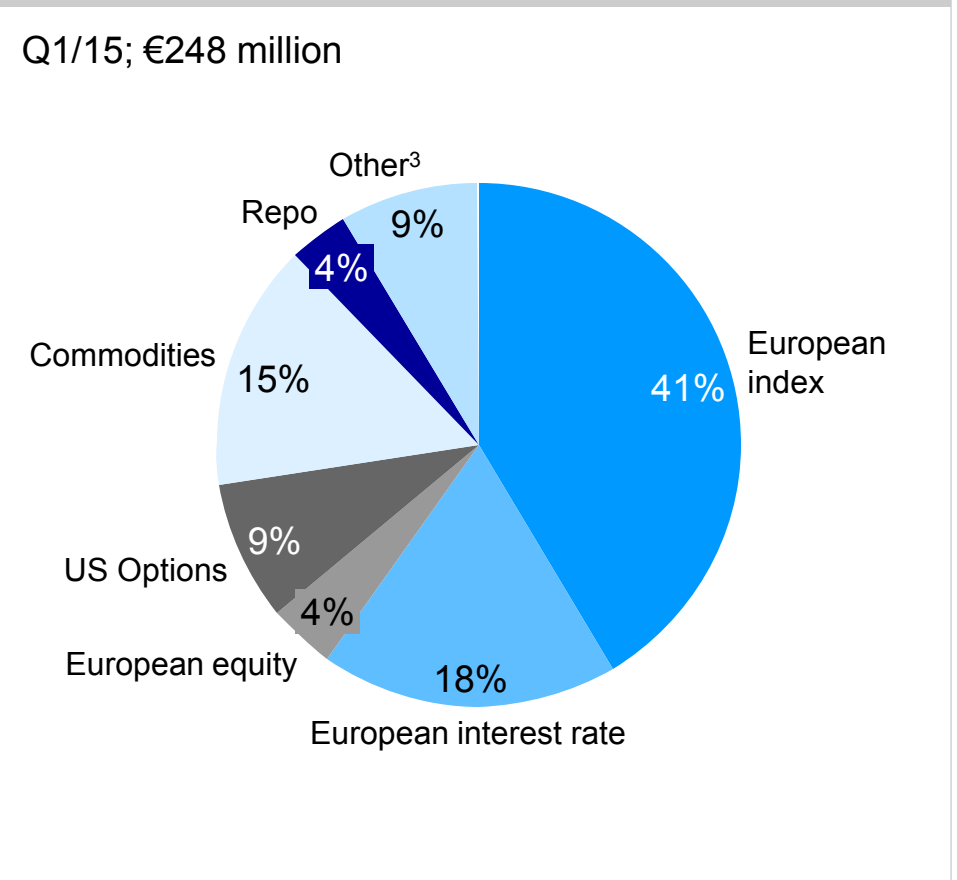
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# Derivatives Market – Good Start Into 2015

## Development of net revenue and EBIT



## Breakdown of net revenue by product



1) 2008-2012 adjusted for new financial reporting introduced in Q1/2013; since 2008 ISE included; since 2014 EEX included, since 2015 Pownext included

2) Adjusted for costs for efficiency programs and merger related costs (2010-Q1/15) and the one-off gain relating to Direct Edge and BATS merger (Q1/14)

3) Mainly consists of market data, admission and member fees

**2**

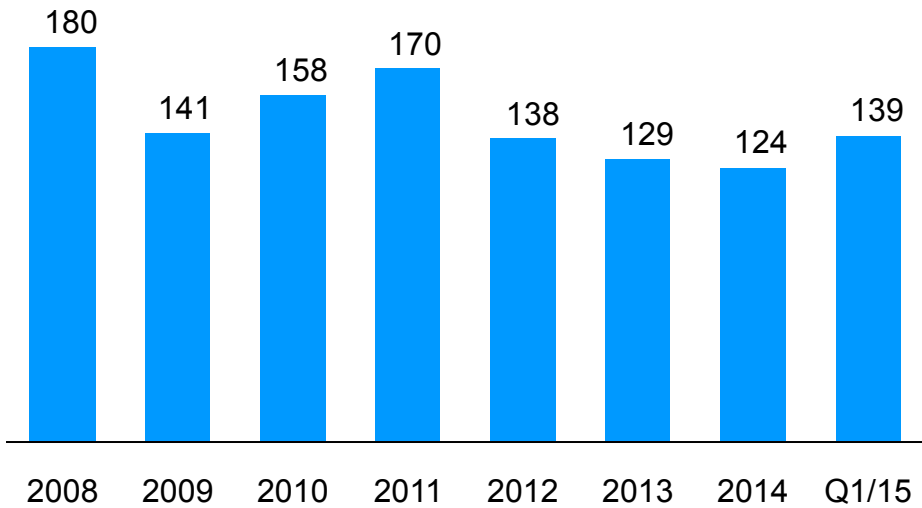
# Derivatives Market – Number Of Contracts Traded Drives Revenue; 92 Percent Of Volume Generated Outside Germany

## Development of derivatives market volumes

Number of Eurex trades<sup>1</sup> (m)  
(monthly average)

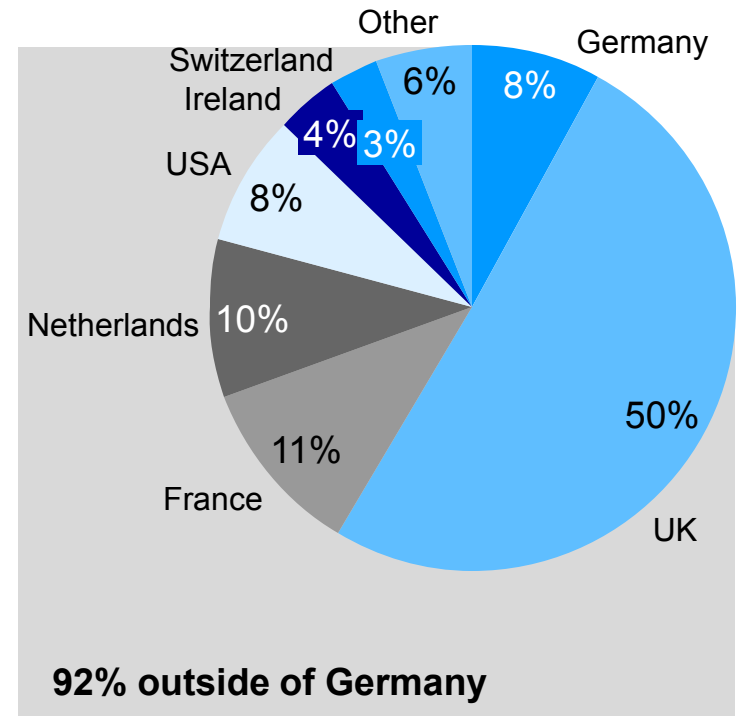
8.6    7.6    8.0    10.0    8.7    8.4    8.8    10.4

Eurex traded contracts<sup>1</sup> (m)  
(monthly average)



## Eurex volume by member country

Q1/15; 832 million traded contracts<sup>2</sup>



1) Single counted  
2) Double counted



2

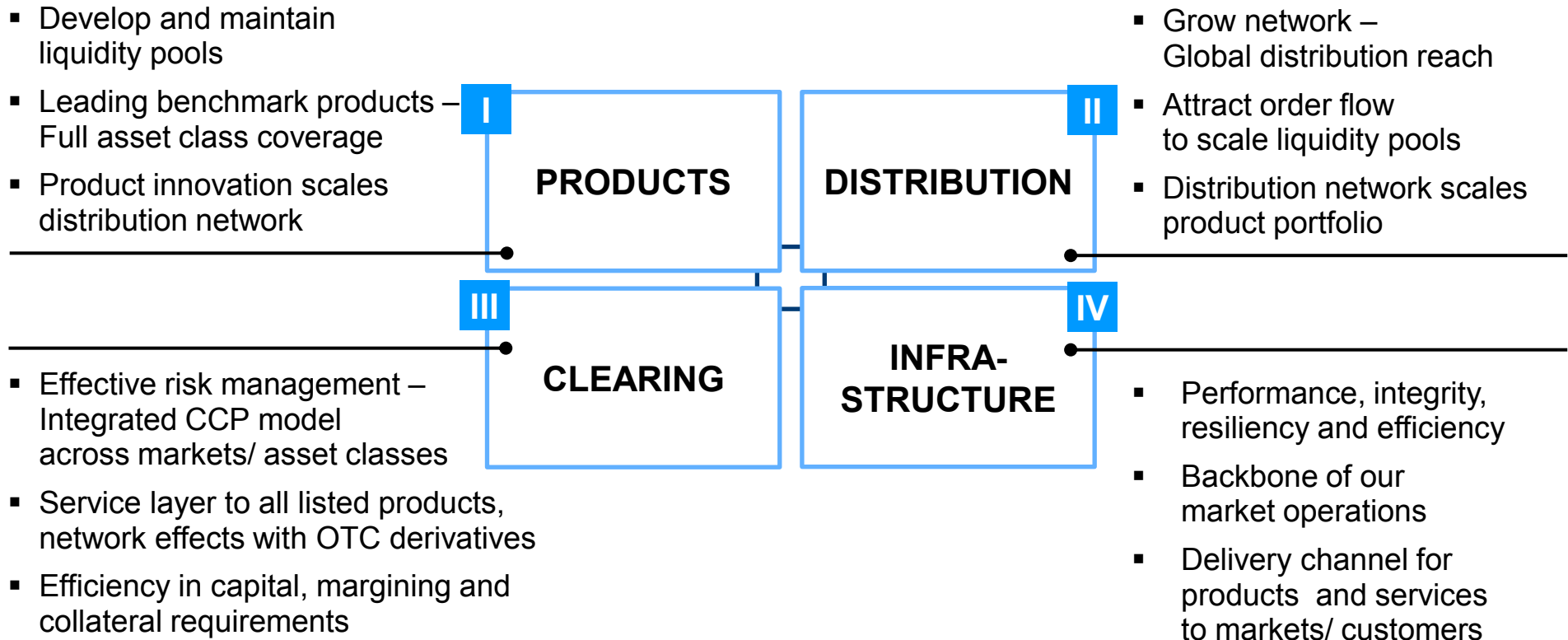
# Derivatives Market – Market Environment: Competitive Position And Market Trends

## Key developments

- Unfavourable market conditions especially for derivatives persist – record low interest rates while market volatility picked up end 2014, quantitative easing program within Eurozone drives liquidity and asset prices
- Customers' business models changing, implications of regulatory changes become evident – structural increase of cost of trading & clearing: Capital and collateral efficiency key
- Market structure for OTC and listed derivatives further converging – OTC clearing getting traction, though formal clearing obligation not in place yet for European Markets
- European regulation expected to continue to have significant impact on market structure – some elements risk to deteriorate competitive landscape or to fragment global market further
- Market structure between US and Europe diverging driven by regulation – differences in regulatory scope and implementation timeline develop change potential for competitive framework
- Asia-Pacific region developed into largest derivatives market globally – attractive growth rates 2014/2015 of ~ 50% across asset classes

2

## Derivatives Market – Eurex Group Business Model: Combination Of Four Success Factors Drives Competitive Position



2

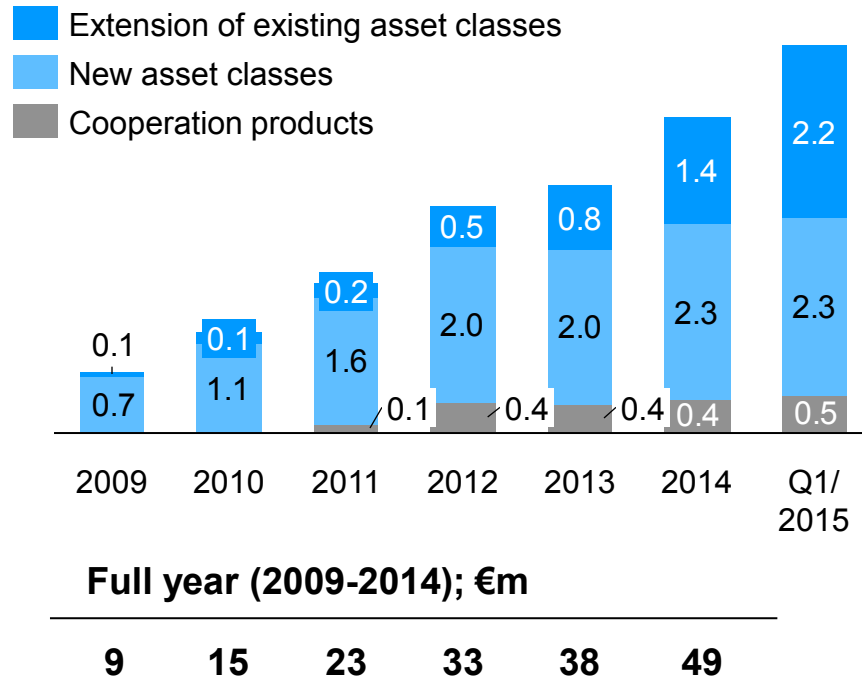
## Derivatives Market – Strategic Objectives: Three Elements To Grow The Business; Protect And Innovate Equally Important

Success factors	Strategic objectives
PRODUCTS	<p><b>I</b> <b>Expand asset class coverage –</b> Product innovation contributes to top-line growth</p> <ul style="list-style-type: none"> <li>▪ Innovation in existing asset classes – Home of the EUR yield curve</li> <li>▪ Expand into commodities &amp; FX</li> </ul>
DISTRIBUTION	<p><b>II</b> <b>Asia market entry –</b> Become Asian market operator mid term</p> <ul style="list-style-type: none"> <li>▪ Leverage Eurex business model into Asian time zone with local infrastructure</li> <li>▪ Protect derivatives franchise</li> </ul>
CLEARING	<p><b>III</b> <b>Complete clearing value proposition –</b> Integrated CCP offering</p> <ul style="list-style-type: none"> <li>▪ Deliver cost efficiencies to sell- and buy-side market participants</li> <li>▪ Build critical liquidity in OTC derivatives clearing</li> </ul>
INFRA-STRUCTURE	<p><i>Finalise infrastructure renewal and market migration for trading and clearing</i></p> <ul style="list-style-type: none"> <li>▪ <i>Trading: migration to T7 completed</i></li> <li>▪ <i>Clearing: migration to C7 on-going</i></li> <li>▪ <i>Enable Asia market entry and clearing value proposition</i></li> </ul>

## 2 I Expand Asset Class Coverage – New Products Increasingly Contribute To Top-line Growth

### Net revenue contribution of new products<sup>1</sup>

€m; monthly average



1) Products introduced in the period 2008 to Q1/2015

### Product innovations since 2009

#### Existing asset classes

- Index derivatives: MSCI derivatives and RDX USD as leading index concepts in asset management / interbank market
- Italian (BTP) and French (OAT) government bond futures: the European sovereign crisis with yield spread widening across countries supported the introduction of BTP and OAT futures (ADV / 2014 +65% vs 2013)

#### New asset classes

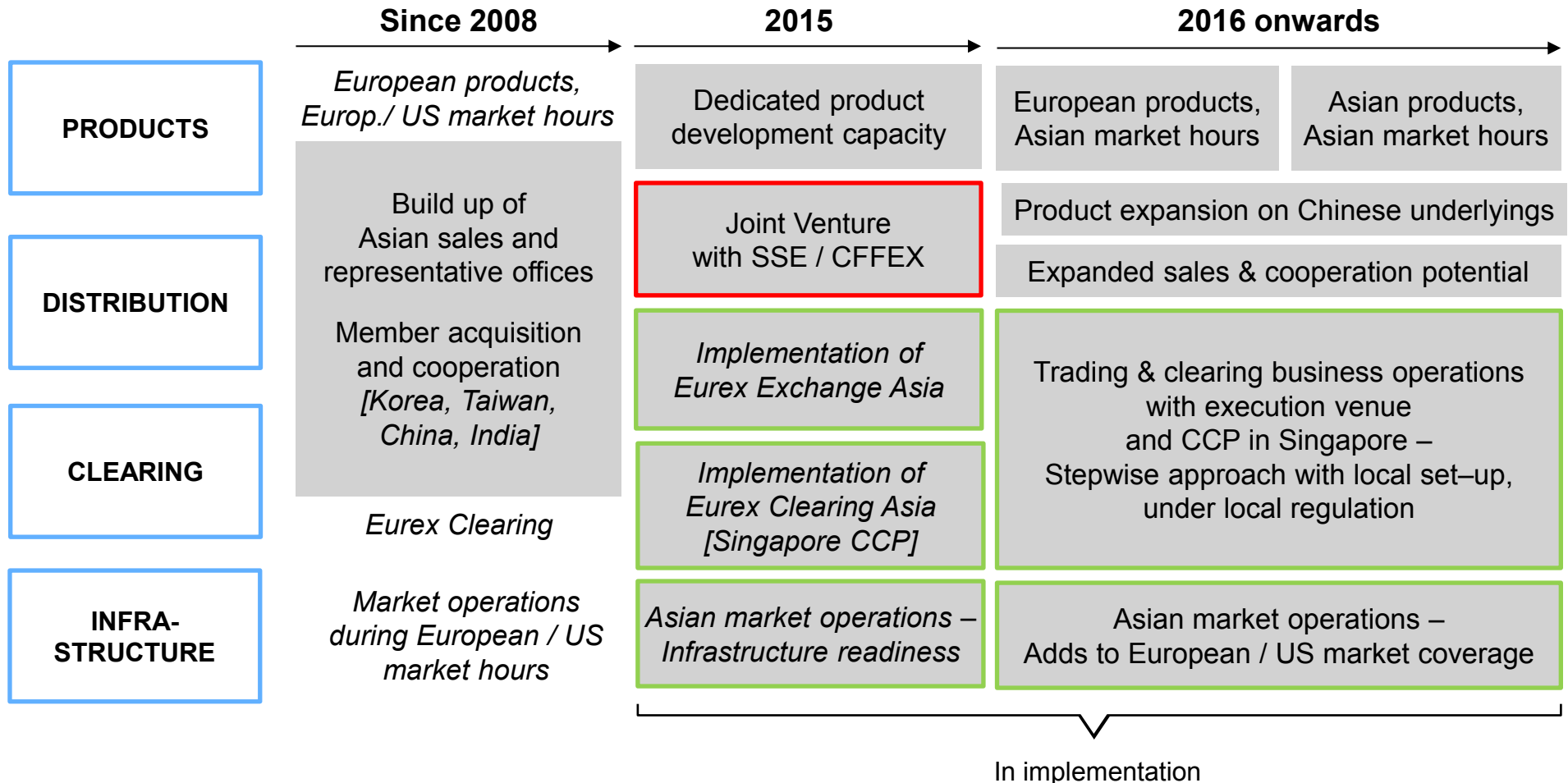
- Dividend derivatives (ADV / 2014 +35% vs 2013): With counterparty risk starting to become an issue in 2008, OTC dividend swap volumes in Euro STOXX 50 began to move into listed dividend derivatives - volumes have outperformed former OTC volumes
- Volatility Derivatives: Experienced strong client interest in Europe. Admission of VSTOXX futures in US in August 2012 facilitated further volume increase (ADV / 2014 +41% vs 2013)

#### Cooperation products

- KOSPI Options and TAIEX Derivatives, which are amongst the most traded index products globally; volumes driven by high local retail participation. (ADV / 2014 +10% vs 2013)

**2 II**

# Asia Market Entry – Become Asian Market Operator To Participate In Growth Markets Mid Term



## 2 II Asia Market Entry – Core Initiatives To Promote Asia Business Development

### Eurex Asia

- Expand derivatives market offering to Asian time zone – local market infrastructure with Exchange and clearing house in Singapore
- Eurex Clearing Asia – CCP progressing with implementation, in-principle approval received
- Eurex Exchange Asia – application for exchange license submitted, implementation initiated
- Expands Eurex value proposition for derivatives markets to Asia with local set-up / regulation
- Market launch targets on Q2/2016

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**‘European’ & new ‘Asian’ derivative products for Asian markets**

### China Europe International Exchange

- Joint venture of Shanghai Stock Exchange (SSE), China Financial Futures Exchange (CFFEX) and Deutsche Börse
- Objective is develop and distribute financial instruments based on Chinese underlyings to international investors outside Mainland China
- Designed with the purpose to support the internationalisation of the Chinese currency Renminbi – initial product focus on cash markets
- Based in Germany, market operations outsourced to Deutsche Börse – scheduled for market launch in Q4/2015

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**“Chinese” financial products for international markets**

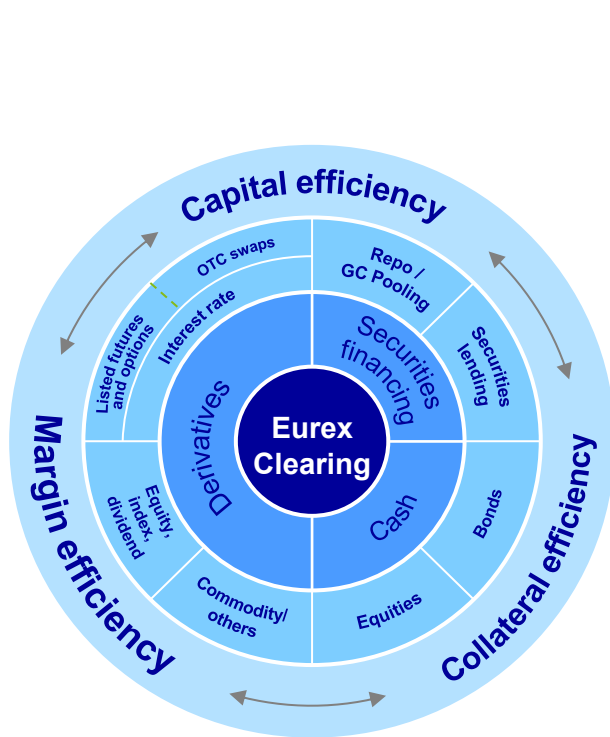
2 III

## Complete Clearing Value Proposition – New Regulation Increases Capital Requirements And Collateral Demand

Regulatory framework	Topic	Impact sell- and buy-side
<b>A</b> <ul style="list-style-type: none"> <li>Basel III</li> <li>CRD IV</li> <li>etc.</li> </ul>	<b>Risk weighted assets</b> <ul style="list-style-type: none"> <li><b>Deepened capital requirements</b> due to stricter rules for capital ratio, exposure and risk weight calculations</li> <li><b>Increased capital requirements</b> due to introduction of credit valuation adjustment (CVA) VaR capital charge (2013–2019)</li> </ul>	<ul style="list-style-type: none"> <li>Higher costs due to increased <b>capital required by sell-side</b></li> <li><b>Higher costs of bilateral trades (wider bid/ ask) to account for declining sell-side economics</b></li> <li><b>Higher cost of client clearing</b> (given bilateral and extra CCP legs) for buy-side</li> <li>Worse terms for lending for buy-side</li> </ul>
	<b>Leverage ratio (LR)</b> <ul style="list-style-type: none"> <li><b>Additional capital constraints</b> – due to introduction of LR</li> </ul>	
<b>B</b> <ul style="list-style-type: none"> <li>BCBS-IOSCO</li> <li>FSB</li> <li>Basel III</li> <li>CRD IV</li> <li>EMIR</li> </ul>	<b>Demand</b> <ul style="list-style-type: none"> <li><b>Margin</b> for OTC derivative cleared and bilateral</li> <li><b>Haircut floors</b> for repos</li> </ul>	<ul style="list-style-type: none"> <li>Increased <b>margin and collateral requirements</b> across bilateral and cleared business</li> <li>Increasing <b>costs for high quality liquid asset (HQLA) collateral</b> driven by increasing demand and reduced supply</li> </ul>
	<b>Supply</b> <ul style="list-style-type: none"> <li><b>Limits on re-use</b> of collateral and <b>stricter minimum standards</b> for eligible collateral</li> <li><b>Liquidity coverage ratio (LCR) and LR constrains and encumbers financing of HQLA</b></li> </ul>	

# 2 III Innovative Clearing Solutions Contribute To Market Safety And Integrity, Increasing Efficiency At The Same Time

## Integrated CCP offering



## Value proposition

- Capital efficiency**
  - Single legal cross-product netting set
  - Capital efficient membership types across securities finance and derivatives
- Margin efficiency**
  - Eurex Clearing Prisma: live cross-product portfolio margining capability
  - Coverage of entire Euro interest rate curve across listed and OTC derivatives and equity derivatives
  - Product innovation continuously complementing fixed income and equity product range
- Collateral efficiency**
  - Largest spectrum of eligible collateral
  - Collateral transformation tools to increase the effective supply of collateral
  - Collateral enhancement tools enable additional returns
- Safety & Integrity**
  - Superior client asset protection models
  - Solid default management process with strong lines of defence

## Selected clearing services

- 1 **EurexOTC Clear for IRS**
- 2 **CCP services for Securities Lending**





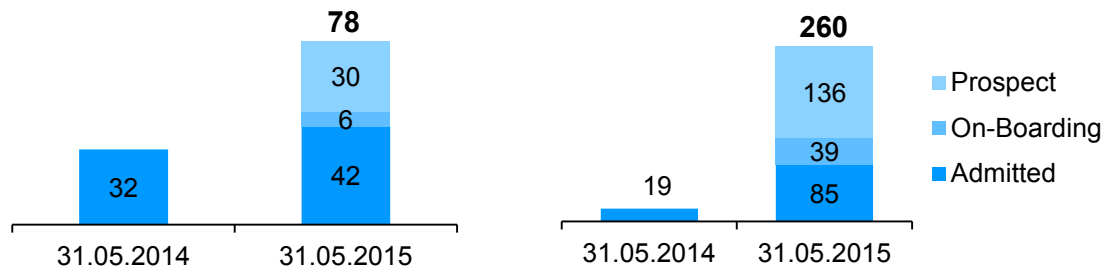
# Number Of Clearing Members And Registered Customers Increased; Constant Activity With Open Interest Starting To Build

1

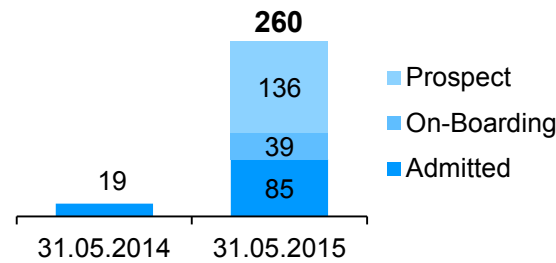
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## Key Achievements EurexOTC Clear

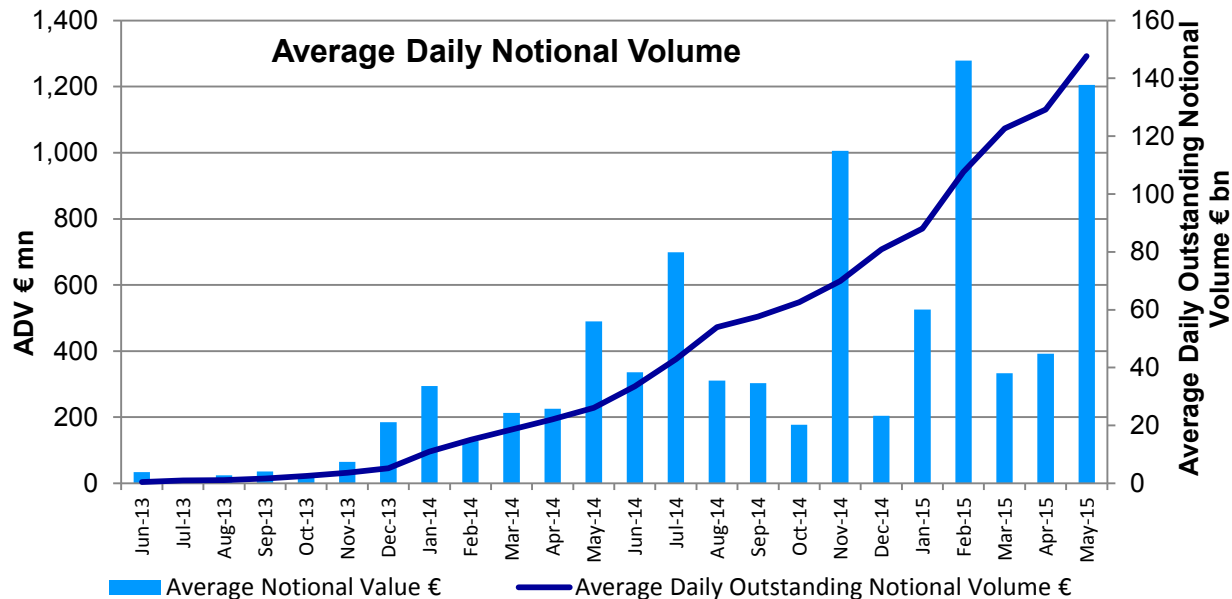
### Clearing Members



### Registered Customers



### Average Daily Notional Volume

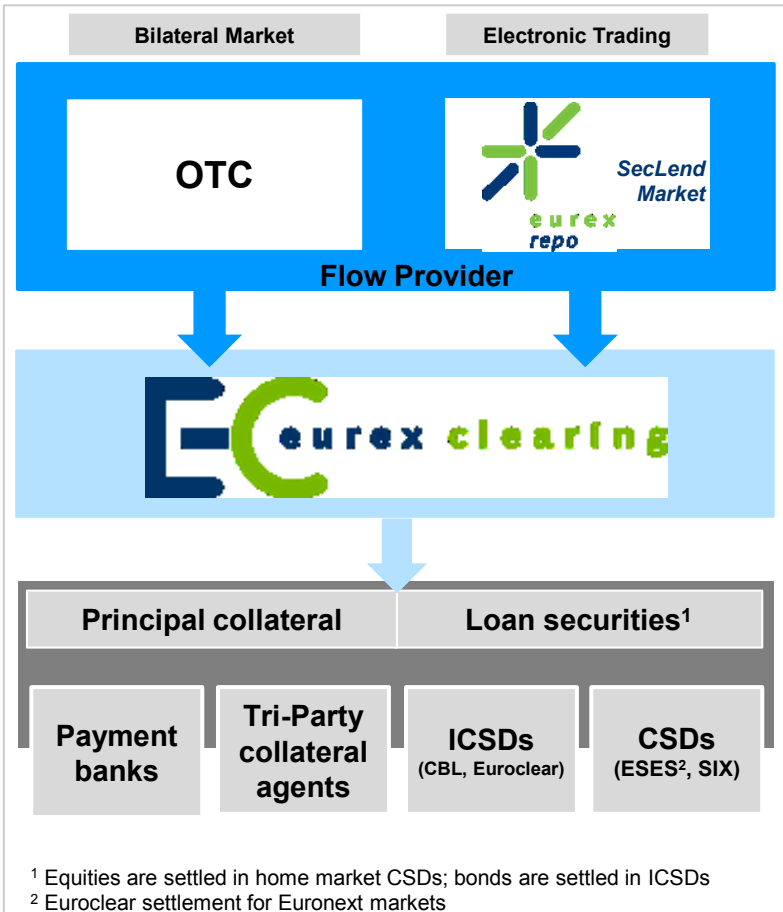


- Number of Clearing Members increased to 42; the process for Clearing Member on-boarding slowed down in order to avoid category 1 requirements<sup>1</sup>
- At the same time mid-size European banks show increased interest in a direct clearing membership with Eurex Clearing
- Number of Registered Customers increased significantly over the last 12 months to 85 admitted buy-side firms
- Due to the further delays with respect to the clearing obligation and the fact that many buy-side firms classify themselves as category 3, many buy-side firms have further delayed on-boarding
- The cumulated cleared volume reached roughly €180 billion end of May 2015, with an outstanding volume of €150 billion
- Material increase in activity depends on effectiveness of clearing obligation in particular for category 2 and category 3 clients

1) Categories according to Regulatory Technical Standards (RTS Clearing obligation submitted by ESMA)

# 2 III Eurex Clearing Service For Securities Lending Delivers Capital Benefits While Embedded In Existing Market Structure

## Securities Lending Services



Business model

- Supports securities lending executed on an **OTC bilateral basis** and via **electronic trading platforms**
- Supports **existing market structure** with a particular focus on **relationship preservation** between beneficial owners, agent lenders and borrower
- **Specific clearing membership (lender license)** for beneficial owners enables significant capital savings for both agent lender and borrower

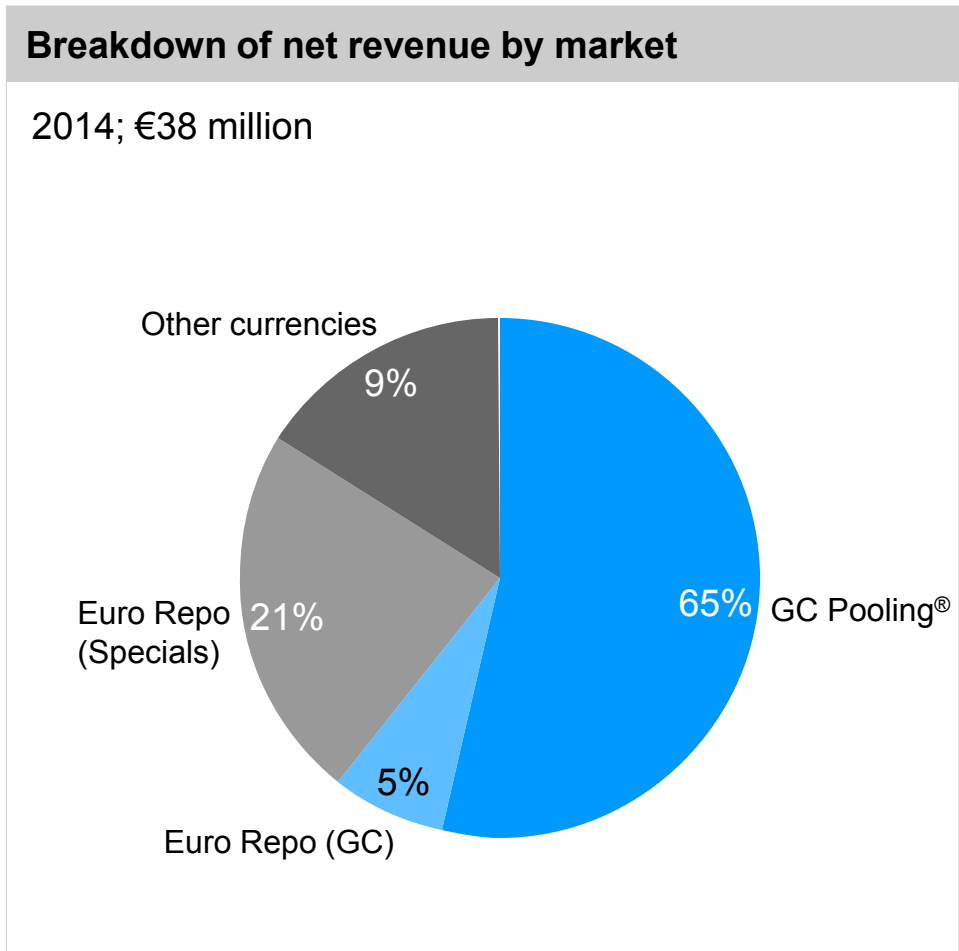
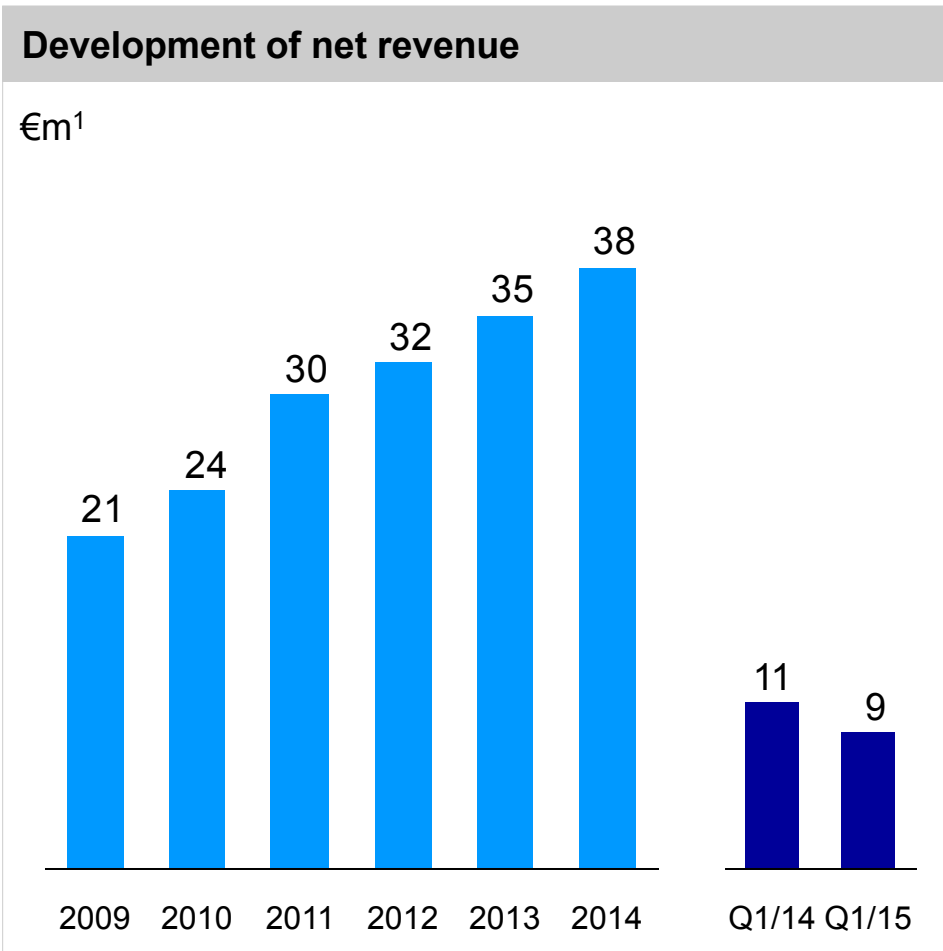
Members

- Currently 8 **clearing members** admitted to the service
- **Cleared volume** in April 2015 of **€2.6 billion**
- Late 2014 and early 2015 **partnerships** with **Morgan Stanley**, **State Street** and **BNY Mellon** announced supporting the value proposition



3

## Eurex Repo – Continuous Net Revenue Growth While Market Conditions Deteriorate With Record Low Interest Rates In Europe



1) Trading & clearing fees; excluding Clearstream related fees

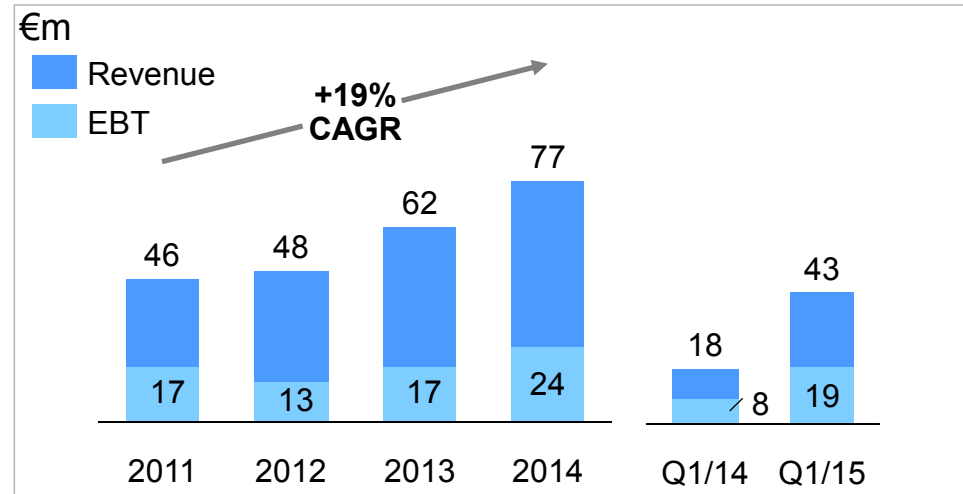
4

## EEX Group – Majority Acquisition Of EEX Expands Eurex' Asset Class Coverage To Energy/Commodities; Attractive Revenue Growth

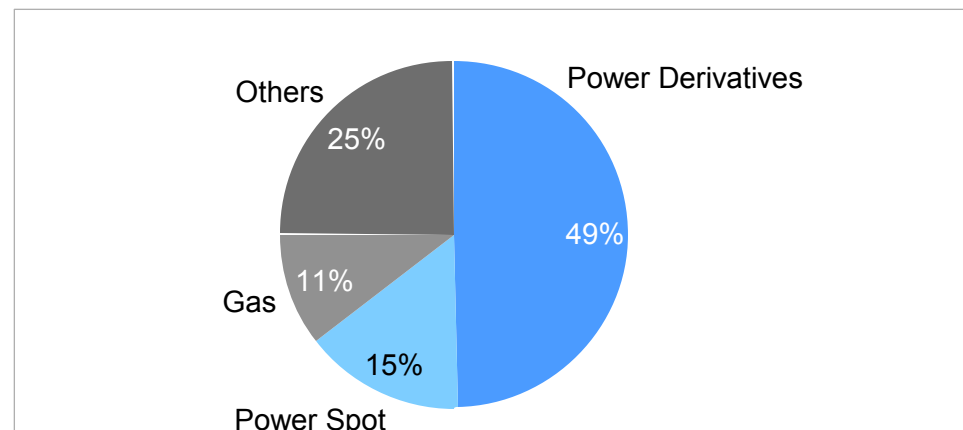
- Majority acquisition of EEX in 2011: asset class expansion into Energy / Commodities
- January 2014, full consolidation with Eurex Group
- January 2015, EEX becomes majority shareholder of the French energy exchange Powernext and thus also of European power exchange EPEX SPOT
- Acquisition strengthens EEX' position as the leading energy exchange in Europe, consolidates the natural gas businesses and advances product portfolio diversification
- In May 2015 APX Group<sup>1</sup> (incl. Belpex<sup>2</sup>) is integrated into EPEX SPOT to further expand its power spot business
- ~ 75% of EEX revenues generated by power, commodities represent 15% of Eurex Group net revenue Q1/2015

1) Amsterdam Power Exchange  
2) Belgian Power Exchange

### Development of sales revenue and EBT



### Sales revenue by business segment



4

# EEX Group – Integration Of APX Group Into EPEX SPOT Creates Pan-European Power Spot Exchange

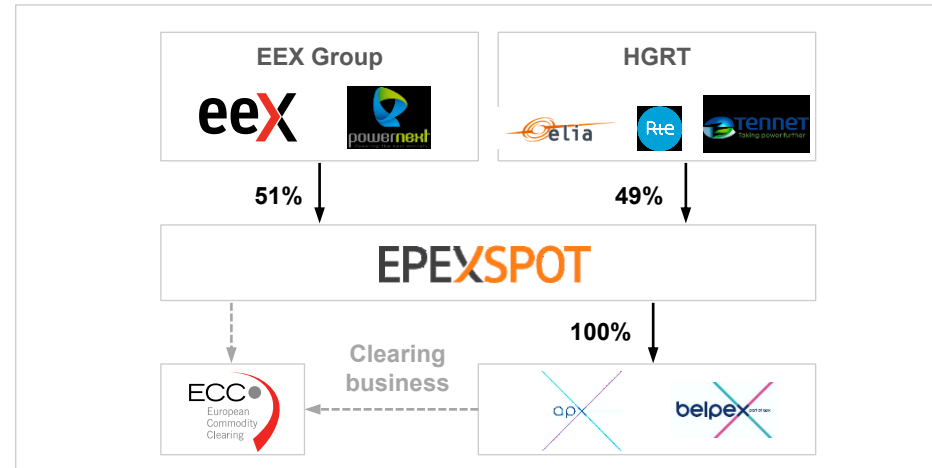
## Transaction highlights

- Transfer of 100% of APX shares (Amsterdam Power Exchange) into EPEX SPOT (European Power Exchange), EEX Group maintains 51% majority in EPEX SPOT
- Acquisition of APX Clearing business by ECC, the clearinghouse of EEX Group

## Strategic rationale

- Creation of pan-European power spot exchange
- Improve service to members – one exchange, one rulebook, one clearinghouse
- Significant synergies to be realized
- Immediate access to the UK power spot market

## Group structure post transaction



## Key figures

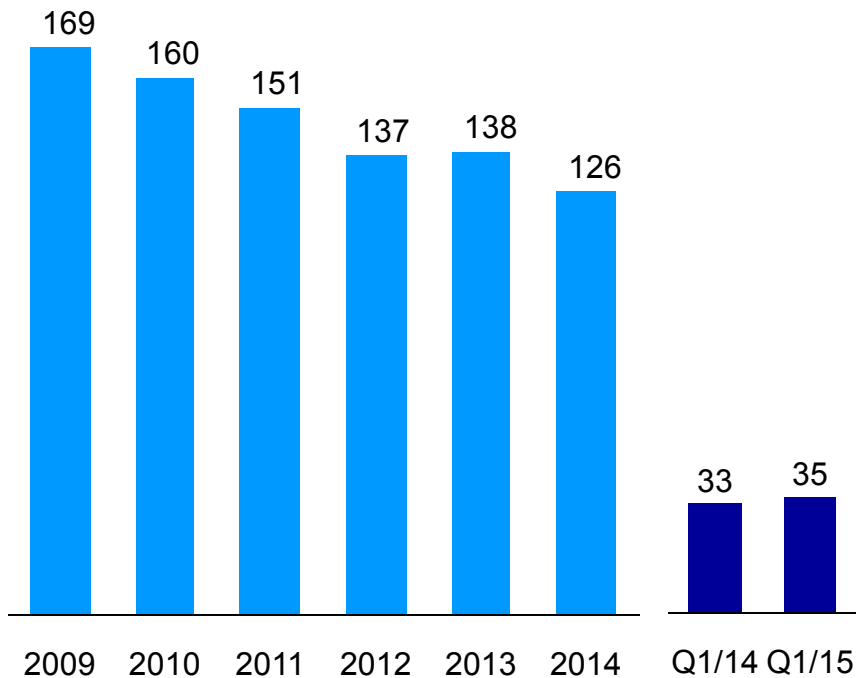
	EPEX SPOT	APX Group
Countries covered	4 (DE/AT, FR, CH)	3 (NL, BE, UK)
Exchange Members (54 in common)	224	105
Yearly power consumption of countries covered* (TWh)	1160	523
Volume Day-Ahead (TWh)	351	76
Volume Intraday (TWh)	31	16
Total trading volumes	382	92

5

## International Securities Exchange (ISE) – Stable Net Revenue In Q1/2015 In Competitive Market Environment

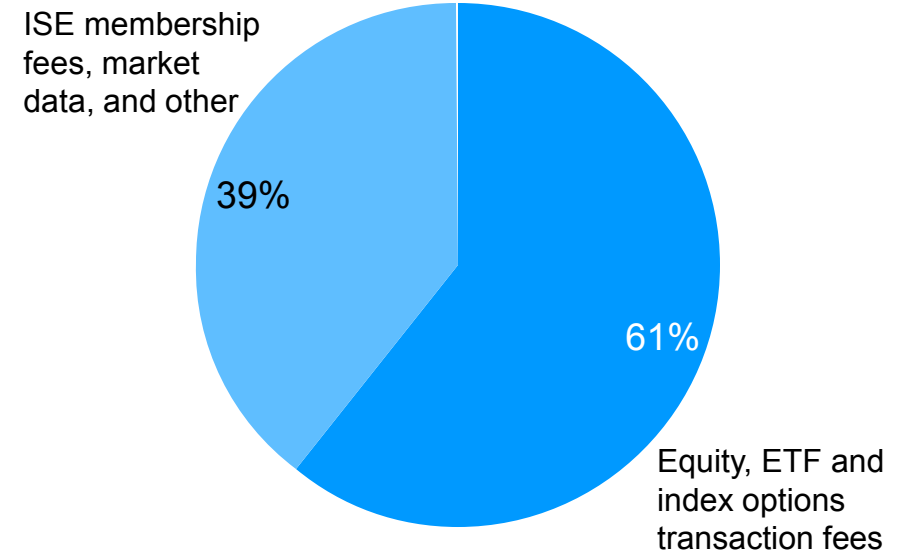
### Development of net revenue

€m



### Breakdown of net revenue by product

Q1/15; €35 million



5

## International Securities Exchange (ISE) – Well Positioned In Highly Competitive Environment

### Key developments

- The US options industry is **more competitive than ever with 12 exchanges currently competing** for order flow and two additional exchanges expected to launch in 2015
- Average daily volume for ISE and ISE Gemini (combined in Q1/2015) was 2.1 million contracts per day, representing a 21.5% decrease compared to YTD 2014; as of 31 March ISE's combined market share (ISE and ISE Gemini) was 16.3% (adjusted for dividend trades)
- To counteract competitive pressure, ISE has maintained strong focus on both revenue growth and expense control:

#### Revenue growth opportunities:

- ISE filed to launch a third exchange, ISE Mercury; by launching a third exchange, ISE will cover all significant market segments and achieve greater operational scale by running three markets on a single technology platform
- ISE is pursuing product development in the area of volatility
- ISE will build on its leading technology for trading multi-legged strategy orders to develop new functionality to grow this market segment
- ISE is seeking diversification through new business areas

**Expense control:** 17% reduction in headcount and 33% reduction in overall expenses since 2009

# Cash & Derivatives Markets – Summary

## Key messages

- ▶ Comprehensive offering in cash and derivatives markets – good start for our businesses into 2015
- ▶ Cash Market product innovation Deutsche Börse Venture Network – new product launch
- ▶ Eurex Business model well positioned in changing market environment, combination of success factors drives competitive position – products, distribution, clearing, and infrastructure
  - Product innovation contributes to top-line development – successful investment into organic product innovation and non-organic growth (EEX)
  - Distribution: expand global reach with Asia market entry – become Asian market operator to participate in growth markets mid term
  - Clearing value proposition – innovative clearing solutions contribute to market safety and integrity, increasing efficiency
  - European Energy Exchange – majority acquisition expands asset class coverage to energy, double digit revenue growth since then



# Agenda

**Group overview**

**Xetra / Eurex – Cash & derivatives markets**

**Clearstream – Post-trade**

**Market Data + Services**

# Clearstream At A Glance

## The only global Central Securities Depository positioned at the core of an exchange group

- “AA” rated by Standard & Poor’s and Fitch
- Offers services to around 2,500 customers including **major banks, global investment banks and over 50 leading central banks** from **110 countries** worldwide
- Value of assets under custody of **€13.2 trillion<sup>1</sup>** over **400,000 securities holdings**
- More than 8.7 million transactions for over **190,000 investment funds** and **50,000 hedge funds** per year
- 98 currencies **eligible** (thereof 42 eligible for settlement)
- A gateway to access **54 markets**
- Unique collateral management and investment funds solutions, boosted by an innovative approach to Target2-Securities and made globally relevant by €13.2 trillion of assets under custody

**Clearstream  
Banking SA  
Luxembourg  
(CBL/ ICSD)**

**Clearstream  
Banking AG  
Frankfurt  
(CBF/ CSD)**

Issuance of XS securities (intl. bonds)

Issuance of German (DE) securities

Custody: €7.0 trillion<sup>1</sup>  
Bonds: 87%  
Equities: 7%  
Funds: 6%

Custody: €6.2 trillion<sup>1</sup>  
Bonds: 35%  
Equities: 36%  
Funds: 29%

Commercial bank money settlement

Central bank money settlement

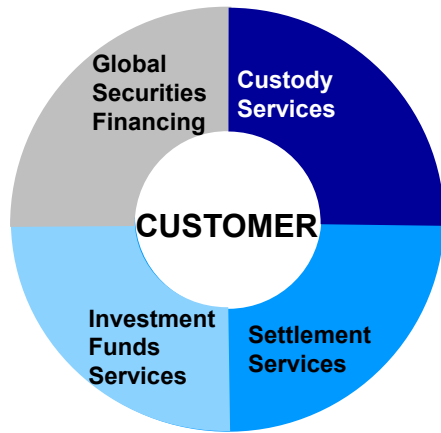
Full suite of value added services

Full suite of value added services

1) Average assets under custody for Q1/2015

# Clearstream Has A Strong And Sustainable Business Model Centered On Key Attractive And Complementary Services

## Clearstream services



### Global Securities Financing:

- Securities lending
- Collateral management

### Investment Funds Services:

- Order routing

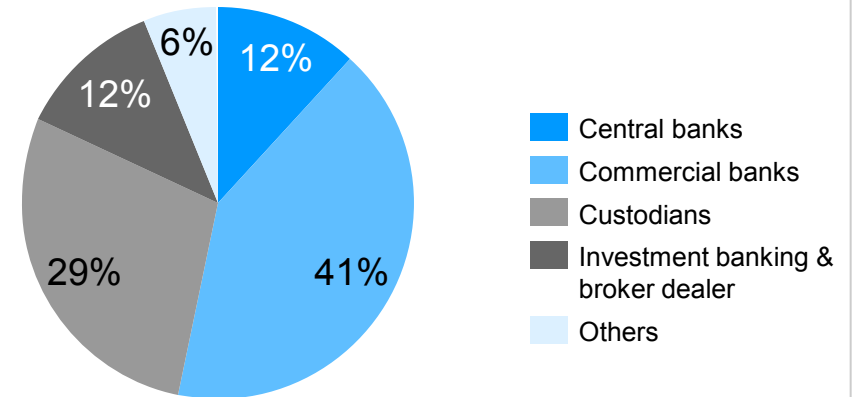
### Custody Services:

- Safekeeping
- Corporate actions
- Tax services

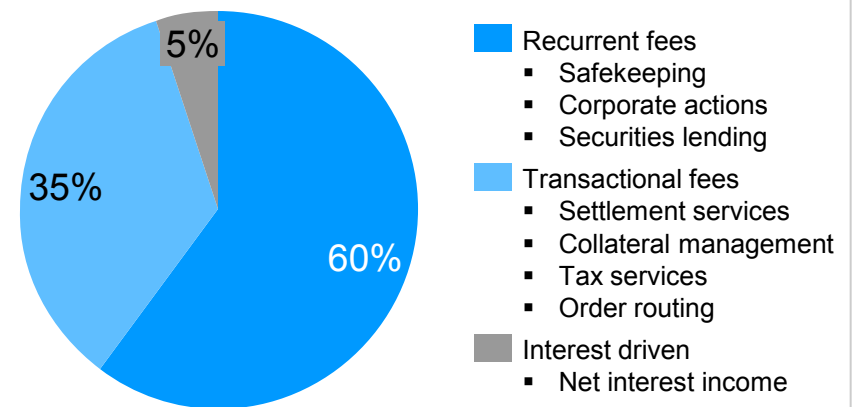
### Settlement Services:

- New issuance services
- Commercial and central bank money settlement

## Revenue by customer types

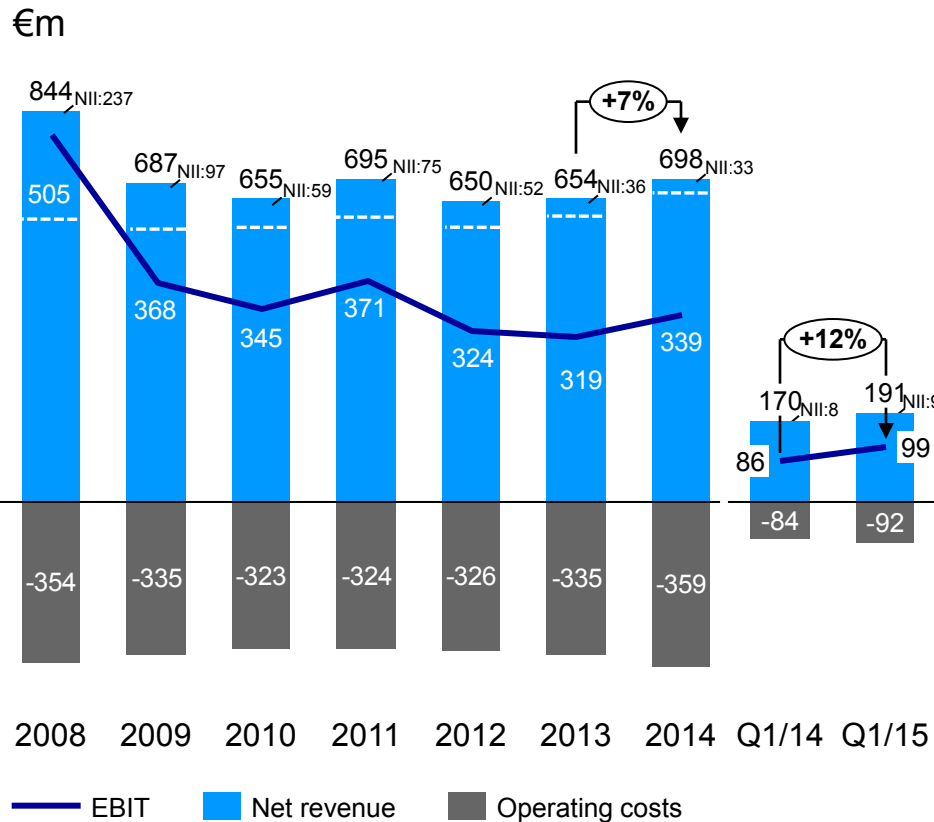


## Revenue types

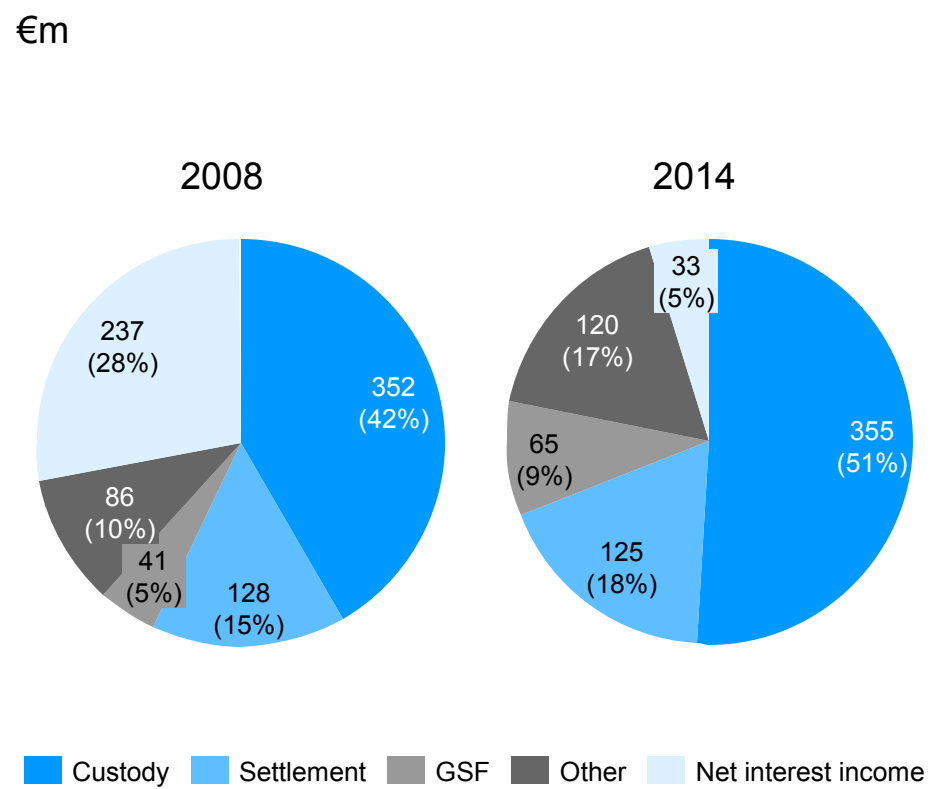


# Clearstream Numbers Show Strong Revenue Growth And Cost Discipline

**Net revenue, cost and EBIT development<sup>1</sup>**

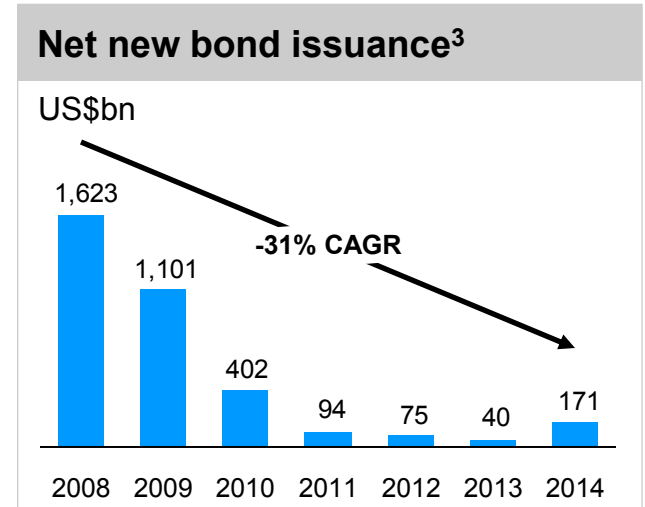
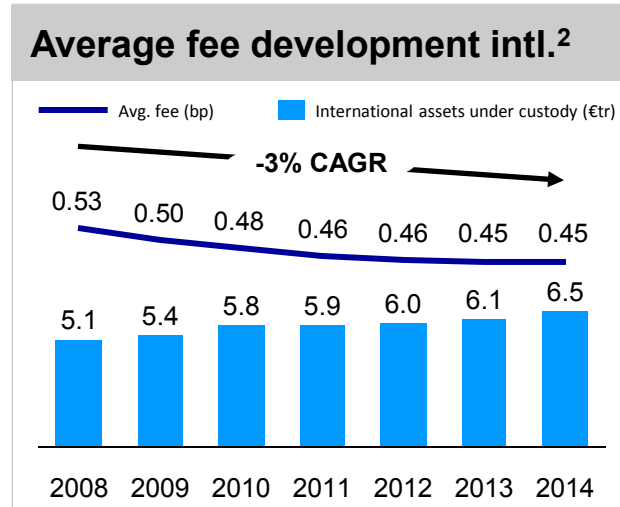
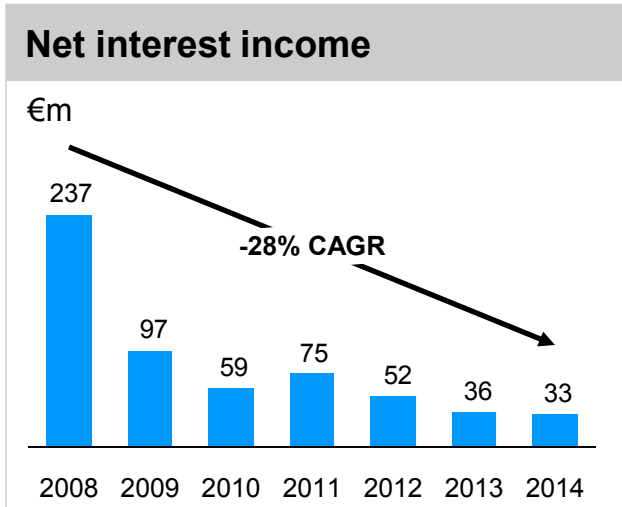
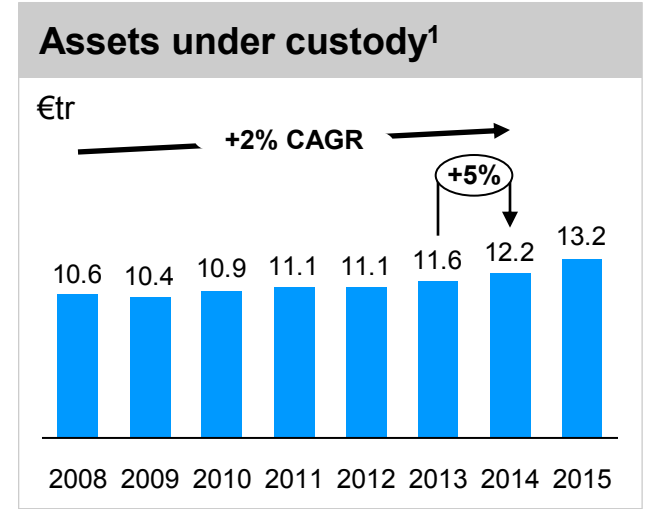
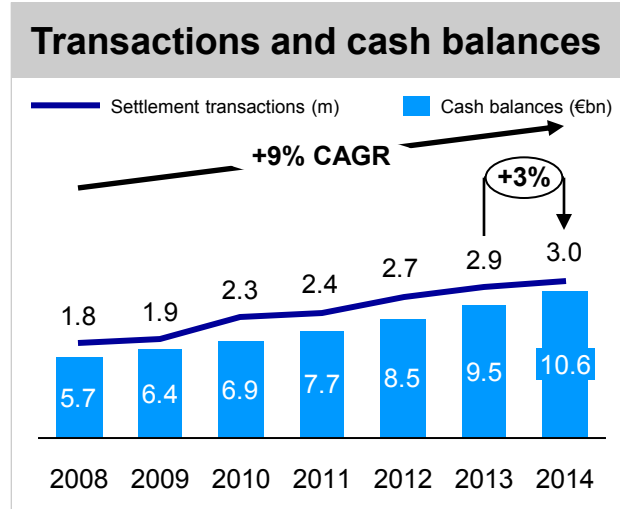
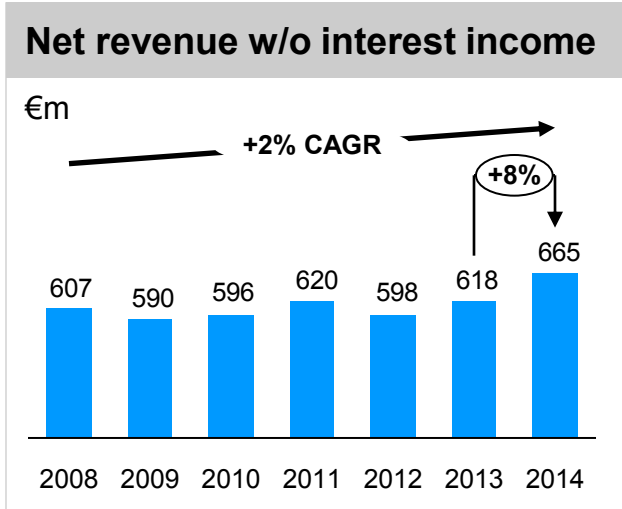


**Breakdown of net revenue by activity<sup>2</sup>**



1) EBIT adjusted for costs for efficiency programs and acquisition related costs (2010-Q1/15) as well as costs relating to the OFAC settlement in 2013  
 2) Of total Q1/2015 net revenue, € 31.5m or 16.5% relate to Investment Funds Services (represented on the graph as part of custody, settlement and others)

# Consistently Strong Performance; Momentum Picking Up Now



1) Average assets under custody per period

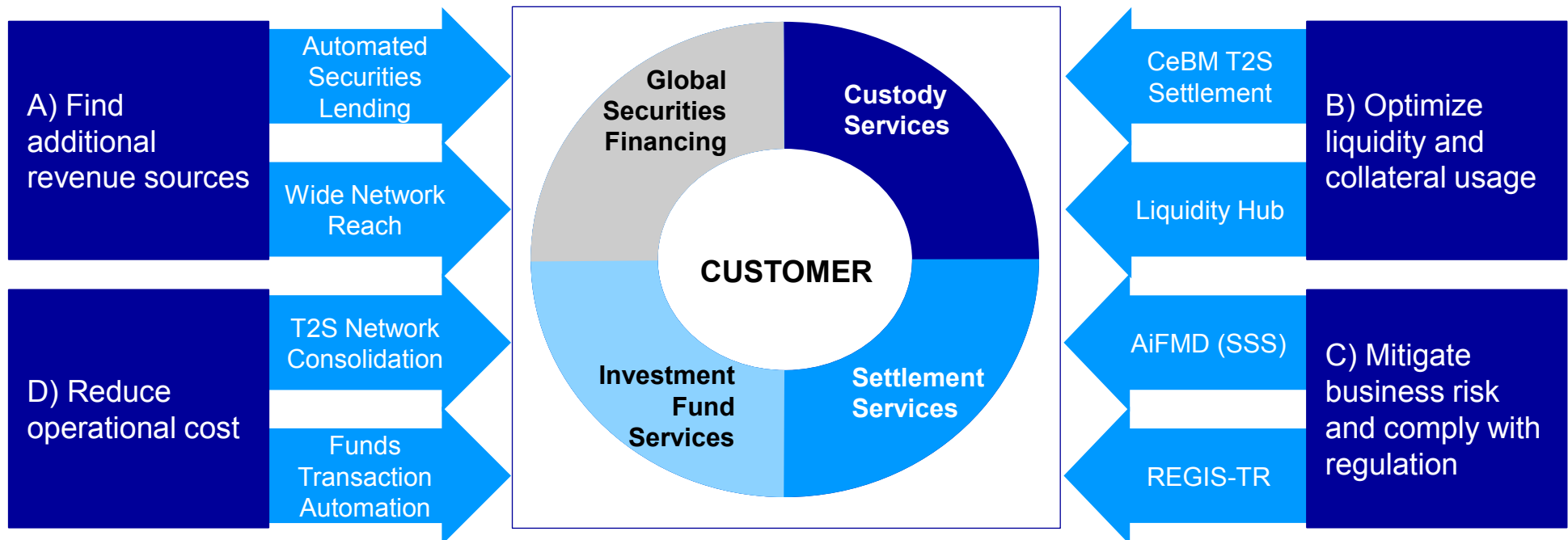
2) Average fees before 2010 are estimated.

3) Source: BIS; net issuance of international bonds in developed countries (table 11A)

# Strategy And Service Offering Built On Customer Key Priorities

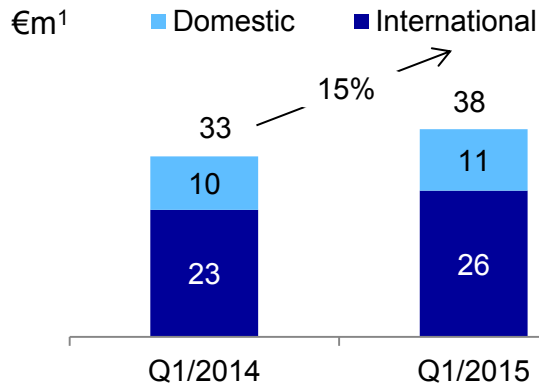
## Cornerstones of the strategy

- Leverage T2S to boost settlement liquidity, increase the appeal of collateral management and custody products and position Clearstream's unique funds business
- Global Liquidity Hub is address key priorities of customers and leverages Deutsche Börse unique ability to combine collateral management and clearing capabilities
- Secure Clearstream's market leadership for the rapidly growing and still fragmented international fund market
- Expand Clearstream's market penetration in Asia and the Americas as part of a global offering and regional initiatives

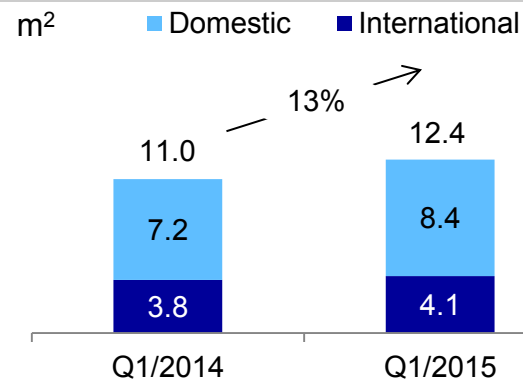


# Settlement – Higher Volume Across Asset Classes And Markets, Reflecting Positive Market Developments

## Settlement net revenue



## Settlement volumes



## Outlook and opportunities

- Progress on T2S execution plans to enhance central bank money settlement and take advantage of T2S market migration waves
- Execute plans to enhance commercial bank money settlement and (I)CSDs interoperability (e.g. CSD links and Bridge)
- Further extend business operating day to cover US business day
- Low interest rate in Europe should benefit equity markets and lead to increased trading activity
- Launch of T2S will boost cross-border settlement volumes and increase attractiveness of Clearstream for custody but also put pressure on settlement revenues

## Business objectives and drivers

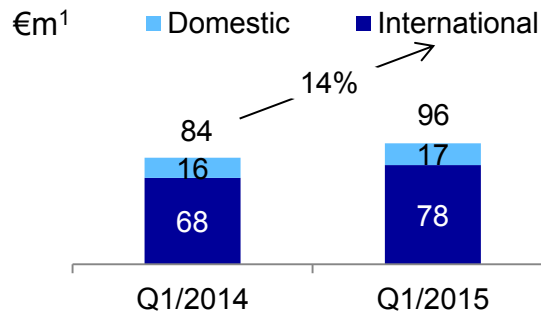
- Settlement fees are charged on each leg of an OTC or on-exchange transaction and can be internal between Clearstream accounts or external on any of the 54 Clearstream's markets
- Increased volatility in Q1 translates into higher settlement volumes; Revenue impact is higher on international (commercial bank money settlement) than on German domestic market due to higher fees
- Growth is generalized across assets classes but highest on equities
- Increased issuance activity translates into higher settlement volumes

1) Including investment funds settlement revenues

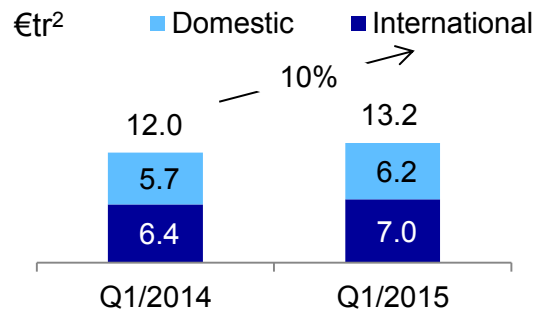
2) Average per period

# Custody – Significant Inflow Of Assets And Increased Valuation Of Assets Under Custody, Reflecting Recovery On Key Markets

## Custody net revenue



## Assets under custody



## Outlook and opportunities

- Prospective customers are requesting proposal to service their portfolio as they consider T2S and collateral strategy as key decision factors
- Rapid growth in investment funds services will continue to fuel overall growth in assets under custody
- ECB's €1 trillion public sector purchase programme (QE) should lead to assets transfers, higher revenues and potentially new customers
- Market trend to encourage direct corporate debt issuance as well as high quality securitization should positively impact Clearstream
- Further market coverage expansion will broaden scope of eligible assets

## Business objectives and drivers

- By increasing its overall attractiveness, through T2S, collateral management and investment funds, Clearstream attracts assets under custody away from competitors
- Fees are charged in basis points on nominal or market value of the assets held in custody (depending on assets class/ markets/ volumes)
- Increased corporate issuance activity in EUR benefited Eurobonds and DE markets where Clearstream is the Issuer-CSD; significant growth achieved on many of the 54 markets
- Strong growth in investment funds business translates into increased custody volumes and fees for that asset class

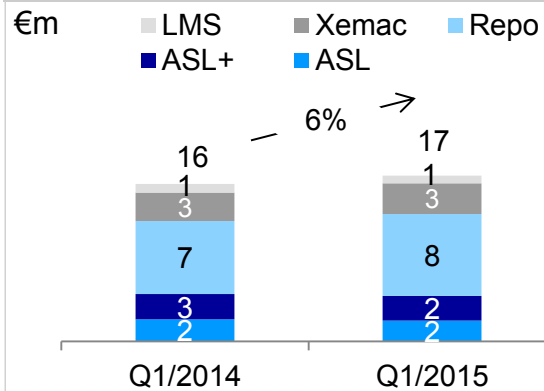
1) Including Investment funds custody revenues

2) Average per period

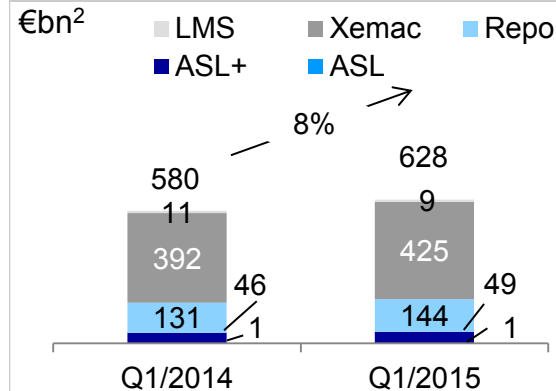


# Global Securities Financing (GSF) – Maintaining Leadership Through Innovation And Increasing Market Relevance

## GSF net revenue<sup>1</sup>



## GSF volumes outstanding<sup>1</sup>



## Outlook and opportunities

- As per T2S strategy, build up of harmonized collateral management and securities lending solutions creating a single liquidity pool for CBL and CBF
- Align GSF services to support clients in facing the regulatory-driven collateral challenges (i.e. CRDIV, EMIR, Dodd-Frank, AIFMD, ...)
- Build-up integrated securities financing service offering in close cooperation with Eurex Clearing and via strategic partnerships with global custodians to service buy-side clients
- ECB's €1 trillion public sector purchase programme (QE) may cause a reduction in outstandings for collateral management, but significant upside potential as a result of central banks lending back the purchased assets

## Business objectives and drivers

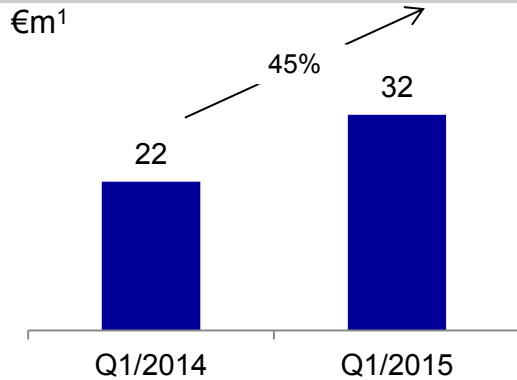
- Offering securities lending/ borrowing and collateral management on cash, fixed income, equities and funds holdings
- Delayed growth potential in collateral outstanding due to ECB's monetary policy, until regulation imposes new higher requirements
- Extend reach through partnerships with trading platform, CCPs, CSDs and agent banks (e.g. JGBs/ Japan and USTs/ US)
- Liquidity Alliance now includes Brazil, Australia, South Africa, Spain, Singapore, Canada, Norway

1) ASL+: Automated Securities Lending plus; Repo: collateralized money market transactions; Xemac (GC Pooling®): collateral management system for the German market with links to Deutsche Bundesbank and Eurex; LMS: Lending Management System for the domestic market platform

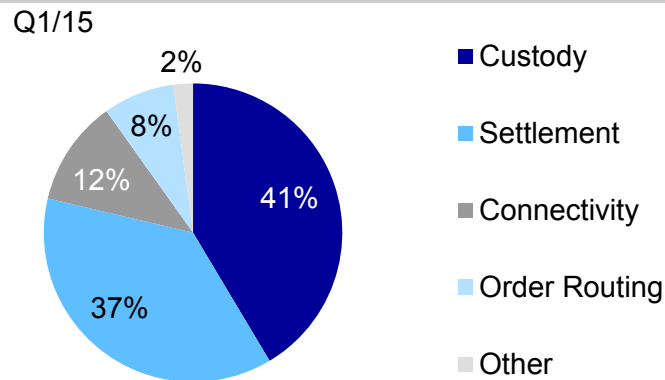
2) Monthly average per period

# Investment Fund Services (IFS) – Rapid Growth Combined With Continuous Improvement In Service Enhancement

## IFS net revenue



## Breakdown of net revenue



## Outlook and opportunities

- Bring the benefits of T2S to the investment fund community as part of Clearstream T2S strategy – enhancing the “single point of entry to T2S” proposition
- Completion of integration of the hedge fund custody business acquired from Citco in 2014
- Establish further links to give access to international investment funds, e.g. with Korean and Hong Kong fund market infrastructures
- Launch of transfer agent monitoring service to respond to AIFMD and UCITS V needs
- Execute the migration of new portfolios moving in from competitors or resulting from customers outsourcing processing

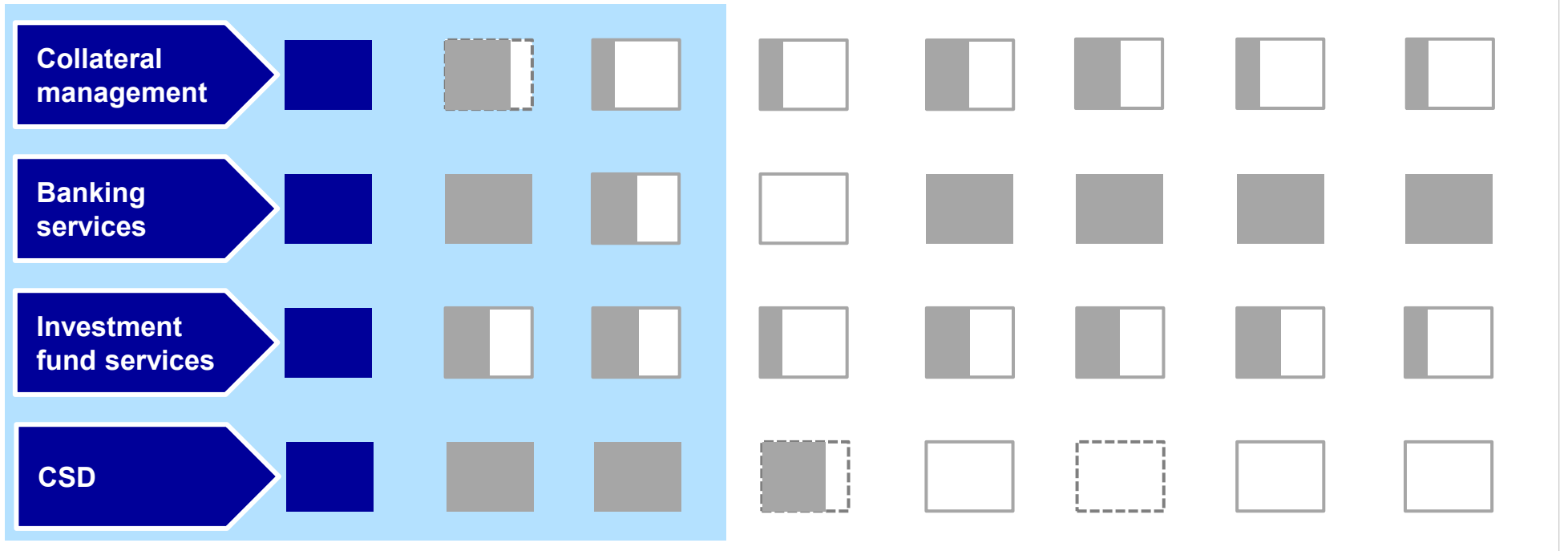
## Business objectives and drivers

- Deliver a suite of investment fund services supporting the cross-border distribution needs of the investment fund industry around the globe
- Provide a single entry point and standardised process for all fund types
- Funds type eligible in Clearstream include: exchange traded funds, plain vanilla and complex retail funds, alternative investment funds and hedge funds
- Number of funds available on the Vestima order-routing platform above 190,000 originating from 37 jurisdictions

1) Investment Fund Services net revenue are part of the respective reporting category

# Clearstream Is A Clear Leader In Its Industry

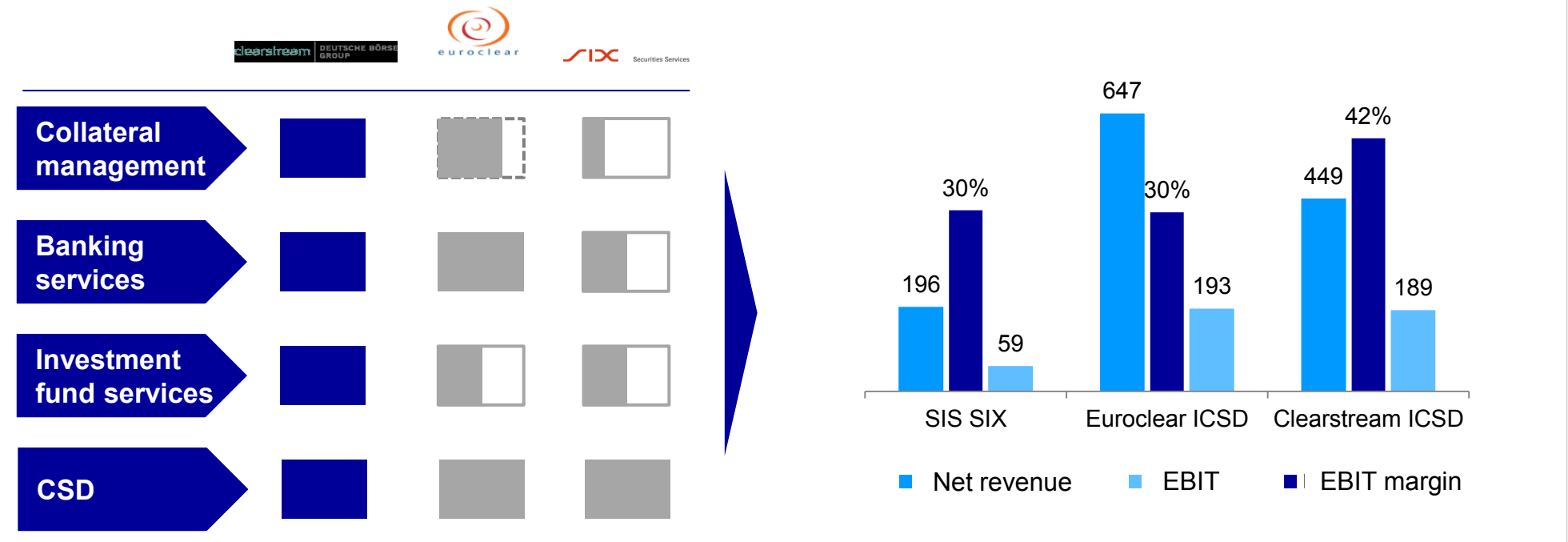
Many competitors attempt to replicate Clearstream's combination of services



No Full Degree of service coverage Recent Developments

# Clearstream Has A Much Higher Profitability Compared To Its Peers

## Profitability comparison<sup>1</sup>

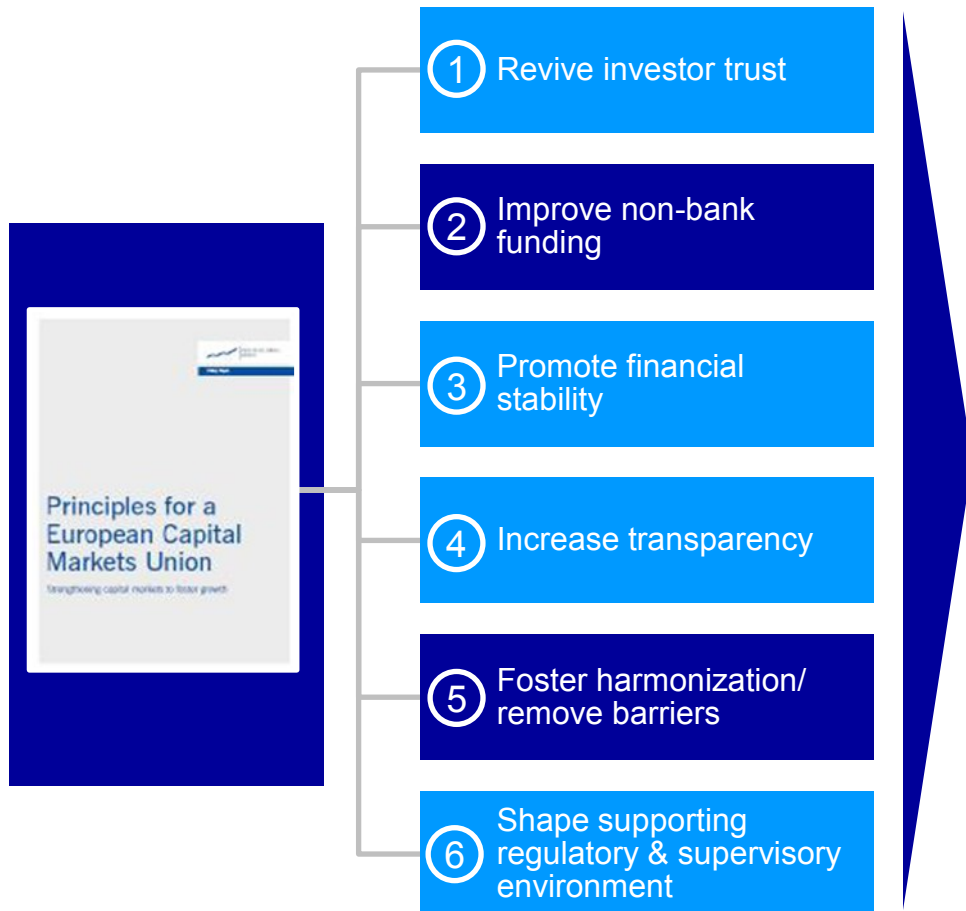


### Key message: Strong performance as a driver and enabler of differentiation

Clearstream's focus on high margin business and cost discipline in its core services allows for investment in collateral management and investment fund services thereby increasing overall appeal

1) Selection criteria is based on availability of public information

# Leading Market Position: Regulatory Agenda, Clearstream's Services Contribute To Capital Market Union (CMU)



## Clearstream initiatives and services benefit from/ contribute to CMU changes and resulting market trends

### T2S strategy

- T2S addresses home market bias therefore facilitates issuance across Europe, lowering entry barriers and increasing number of issuers
- Clearstream is actively promoting T2S as a key component of its strategy

### Investment Funds Services

- European Long Term Investment Funds offer long-term investment opportunities to investors across Europe
- Supports the cross-border distribution, ensuring that ELTIFs are T2S eligible, and allows for a streamlined process of ELTIFs with positive impact on fees charged to investors

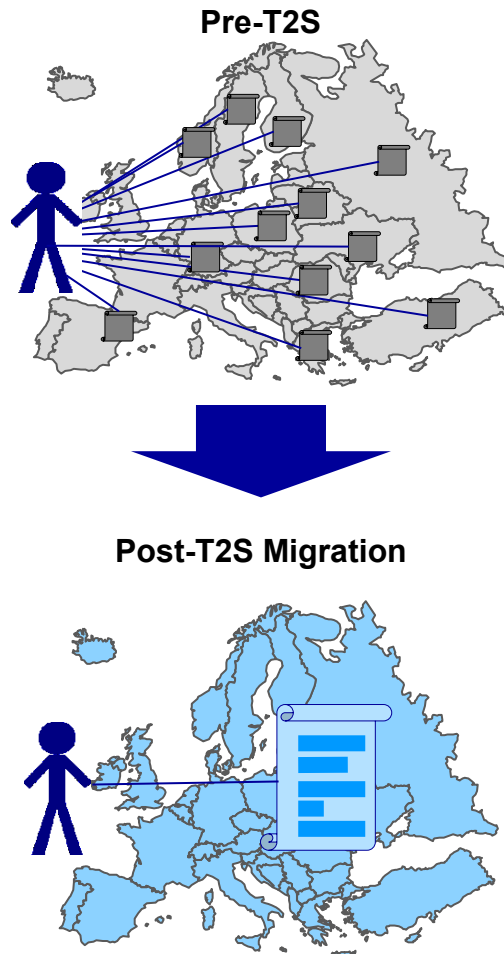
### Global Securities Financing

- Pan-European collateral pool fosters capital market integration
- Clearstream offers a global securities lending and collateral management infrastructure already including EU infrastructure and proposing an harmonized legal master agreement for triparty repo transactions

### Securitization

- Simple and transparent securitization as a means to revive the link between banks and capital markets
- The securities resulting from this asset securitization will require Clearstream's strong domestic and international infrastructure to support their issuance, safekeeping as well as asset servicing

# Leading Market Position: T2S Enables Clearstream To Benefit From Volume Consolidation Among Participating Markets



- **TARGET2-Securities (T2S)** is a central technical platform for securities settlement in Euro and foreign currency in central bank money that will replace existing models and redesign the post-trade landscape
- **Savings of €30 and €70 million** organization of collateral management and other benefits of using T2S systems depending on the type and size of financial institutions<sup>1</sup>
- **Lower cross border settlement costs** (today €2-5<sup>2</sup>, with T2S €0.25<sup>3</sup>)
- **Cash and securities pooling:** central funding account and safekeeping of assets enables settlement netting and reduces funding and eliminates friction cost associated with today's fragmented pools
- **Central collateral management and auto-collateralization** will create financing efficiencies and drastically reduce securities realignments and collateral consumption and thus support settlement credit
- National central banks will provide **intraday settlement credit** facilities for free while commercial banks are expected to start charging; cash deposits at national central banks attract no regulatory charge

1) Outcome of Oliver Wyman study "The T2S opportunity - unlocking the hidden benefits of TARGET2-Securities"

2) Average charged by agent banks and ICSDs

3) Average cost calculated by ECB

## Leading Market Position: Clearstream's T2S Related Offering Is More Developed And Better Articulated Than Next Best

Clearstream T2S strategy statement	Euroclear T2S offering
<ul style="list-style-type: none"> <li>Clearstream represents <b>39%<sup>1</sup> of T2S future settlement volumes</b> as the post-trade infrastructure provider for the German market</li> </ul>	<ul style="list-style-type: none"> <li>Euroclear represents <b>20%<sup>1,2</sup> of T2S future settlement volumes</b></li> </ul>
<ul style="list-style-type: none"> <li>Clearstream <b>combines ICSD and CSD</b> custody volumes; no other (I)CSD has such integrated offering</li> </ul>	<ul style="list-style-type: none"> <li>Euroclear has <b>no single network</b> structure to combine their ICSD and CSD</li> </ul>
<ul style="list-style-type: none"> <li>Clearstream is the first post trade service provider to combine global liquidity management and the benefits of the single market via T2S: <b>Global Liquidity Hub</b> leverages group synergies by combining collateral management and clearing capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Euroclear's product suit <b>Collateral Highway</b> imitates Liquidity Hub, but with their separate network structure; it is believed that they will <b>face great difficulty</b> to offer a central harmonized liquidity pool</li> </ul>
<ul style="list-style-type: none"> <li>Secure Clearstream's leading position in <b>investment fund services</b> by offering our customers the perfect access to investors through T2S-connected CSDs with efficiency in time and cost along the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Euroclear has made <b>no public statement</b> regarding their funds business offering in T2S</li> </ul>

1) T2S Source figures (2013): <http://sdw.ecb.europa.eu>

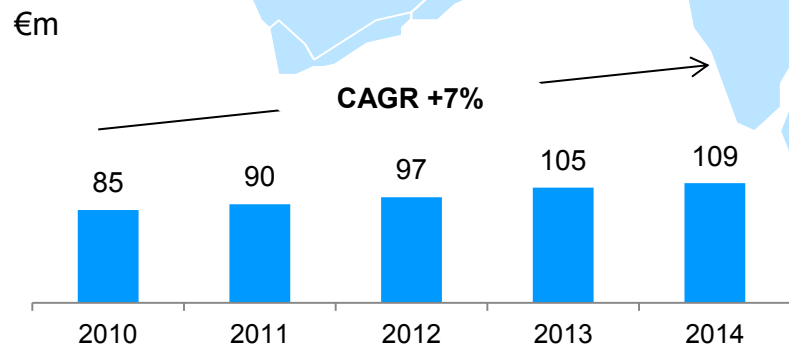
2) France, Belgium, Netherlands; non-Euro markets not considered

# Leading Market Position: Clearstream Is Long Established In Asia; Regional Revenues And Offering Is Growing

## Asia achievements 2014

- **Client relations:** Securing strong market share among regional central bank; significant progress in capturing the fast expanding sector of Asian based investment and private banks; +19% assets under custody in 2014 from Asia and Middle East Region
- **Market coverage:** Clearstream offers access to all significant Asian markets. Coverage was complemented by becoming the only ICSD providing access to the A Share market in China via SHG-HKG Stocks Connect Further expansion included a new link to Taiwan Formosa Bonds market
- **Investment fund services:** Customer acquisition, with Clearstream increasingly considered the premier service providers in international investment funds processing in Asia. Clearstream's Asia Fund Summit
- **Collateral management:** Customer acquisition for securities lending and collateral management. Close cooperation with infrastructure and banks in Japan, China and Singapore. Clearstream's Asia GSF Summit

## Sales revenue growth



## Outlook and opportunities

- Positioning Clearstream in the rapidly evolving Asian capital market brought about by RMB internationalisation, the opening up of Chinese markets, the creation of the Asian infrastructure investment bank, the Shanghai free trade zone and growing issuance volumes
- Engaging with local infrastructures and partners in preparation of upcoming mutual recognition of funds, bond market connect in China



## Key Clearstream Messages

1

2014 was another **year of growth** for Clearstream across all services, asset classes and markets; Q1/2015 provides **confirmation of the strategic direction** pursued in the last years

2

A key factor in Clearstream's commercial success is the **customer centricity** of its strategy and services; helping customers find new revenue sources, reduce cost, optimize liquidity and collateral usage, mitigate business risk and comply with regulation

3

Clearstream's **competitive success** is grounded in its integrated service mix, market coverage and most innovative approaches to T2S, collateral management and investment funds services

4

Clearstream's **positioning on the current policy initiatives** is one of its key strengths and source of future growth; initiatives like CMU and T2S make Clearstream's services more relevant and give Clearstream's new opportunity beyond the cost of compliance

5

Clearstream's **market positioning** and strong relationship with customers and partners also put it at the center of the trends shaping the industry; Clearstream's future growth potential is boosted by its growing Asian footprint

# Agenda

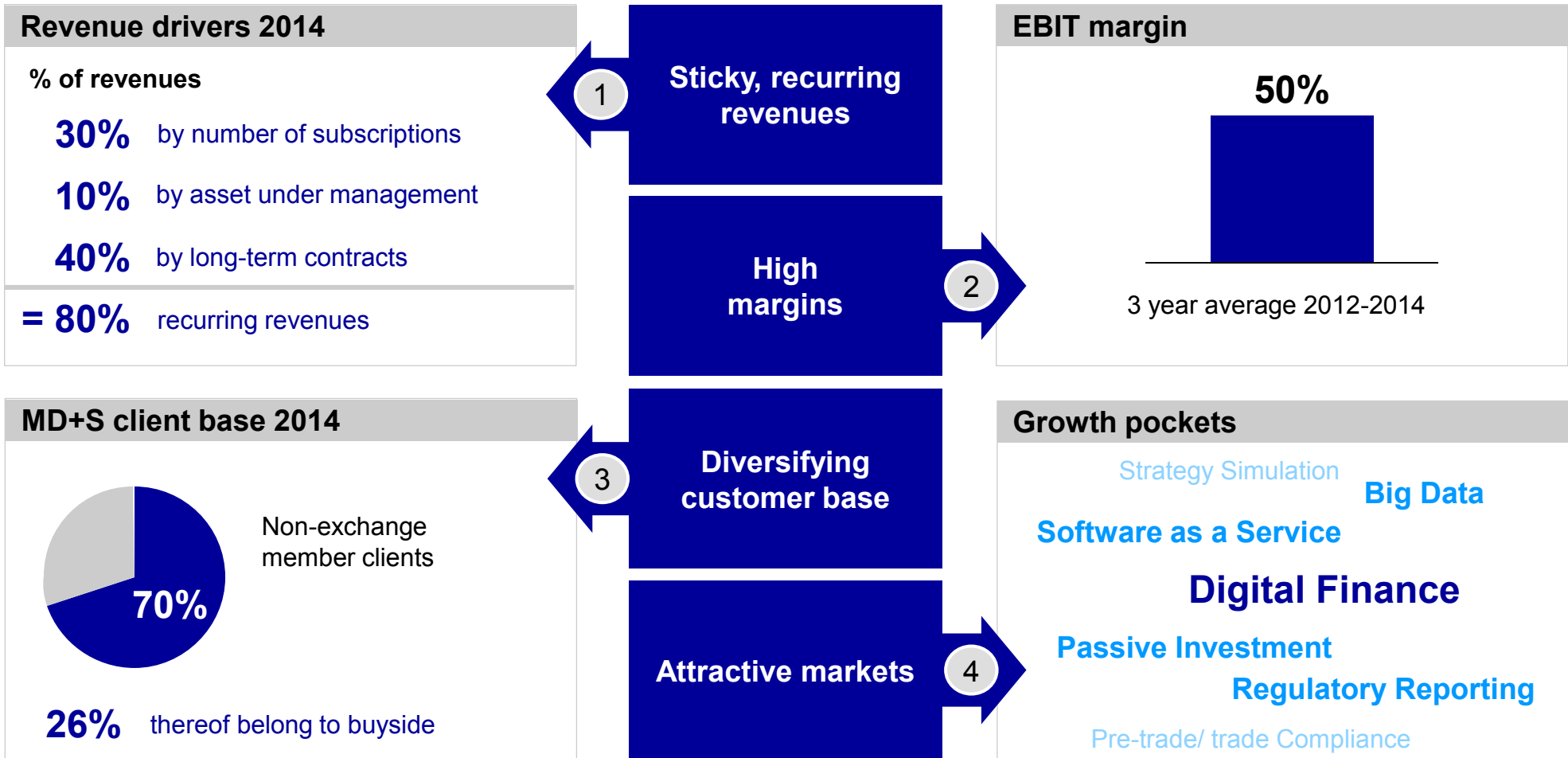
**Group overview**

**Xetra / Eurex – Cash & derivatives markets**

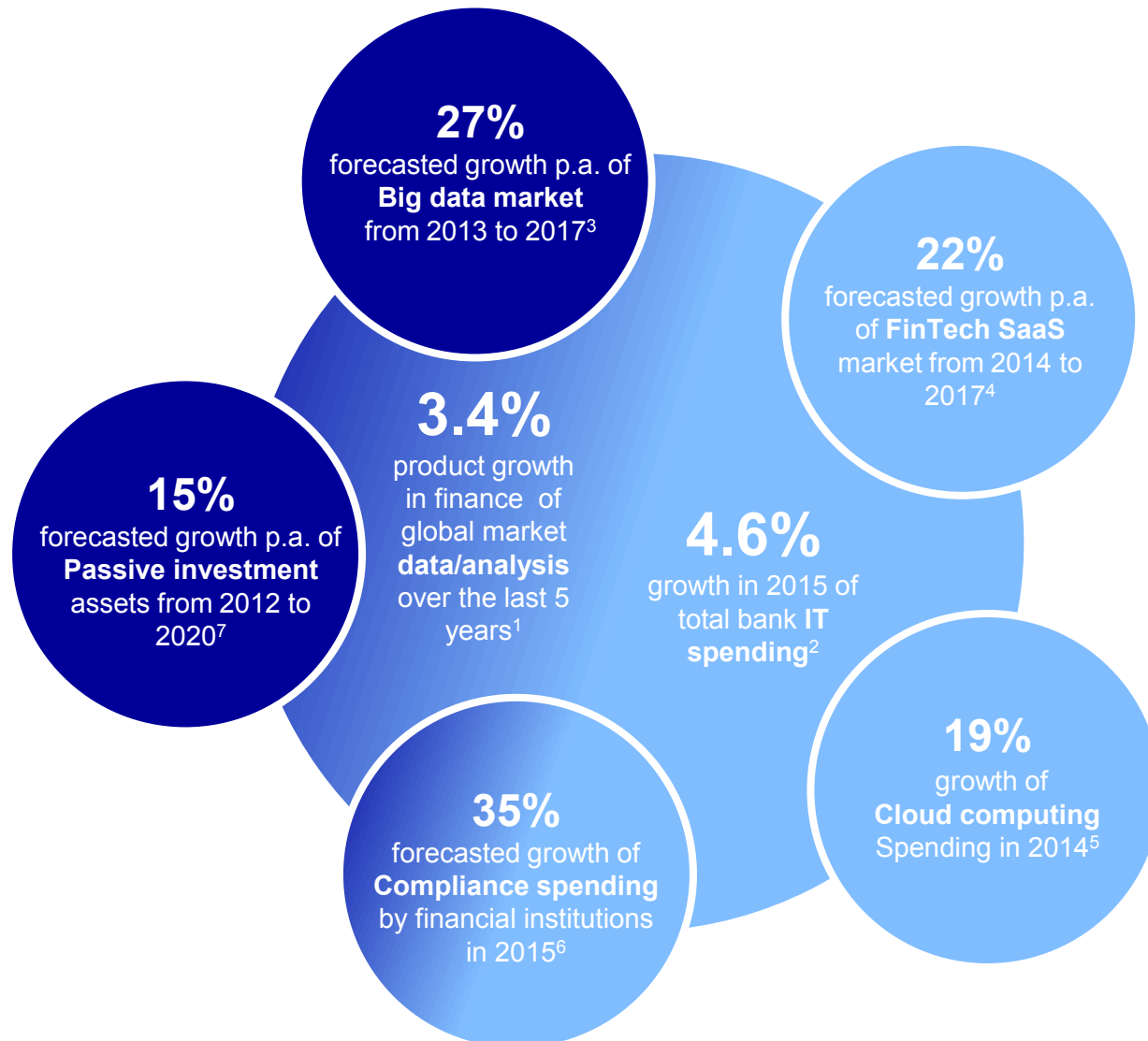
**Clearstream – Post-trade**

**Market Data + Services**

# Fintech Data + Services – Attractive For Investors



# Digitization – Solid Market With Appealing Growth Pockets



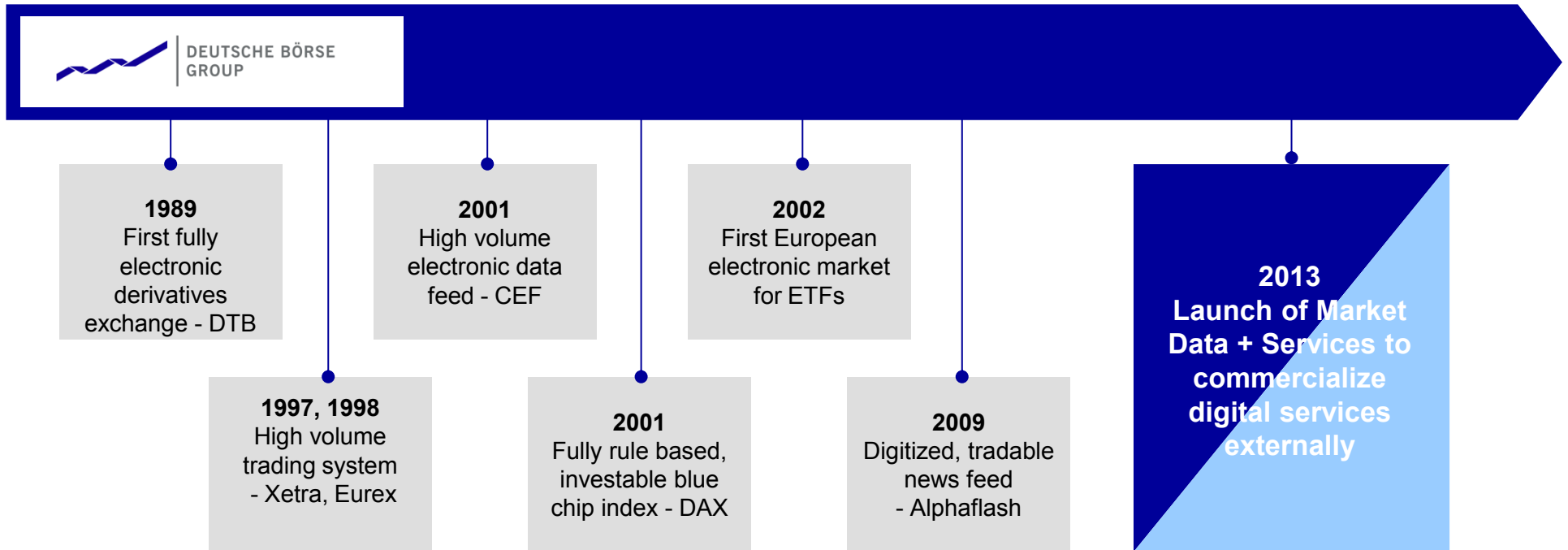
1) Burton-Taylor, 2015  
2) Celent, 2015

3) IDC, 2013  
4) Kable, 2014

5) IDC, 2015  
6) Wolters Kluwer Financial Service, 2014

7) PwC, 2012

# Deutsche Börse As A Pioneer In Digital Finance And Big Data



## Digital performance of GDB infrastructure

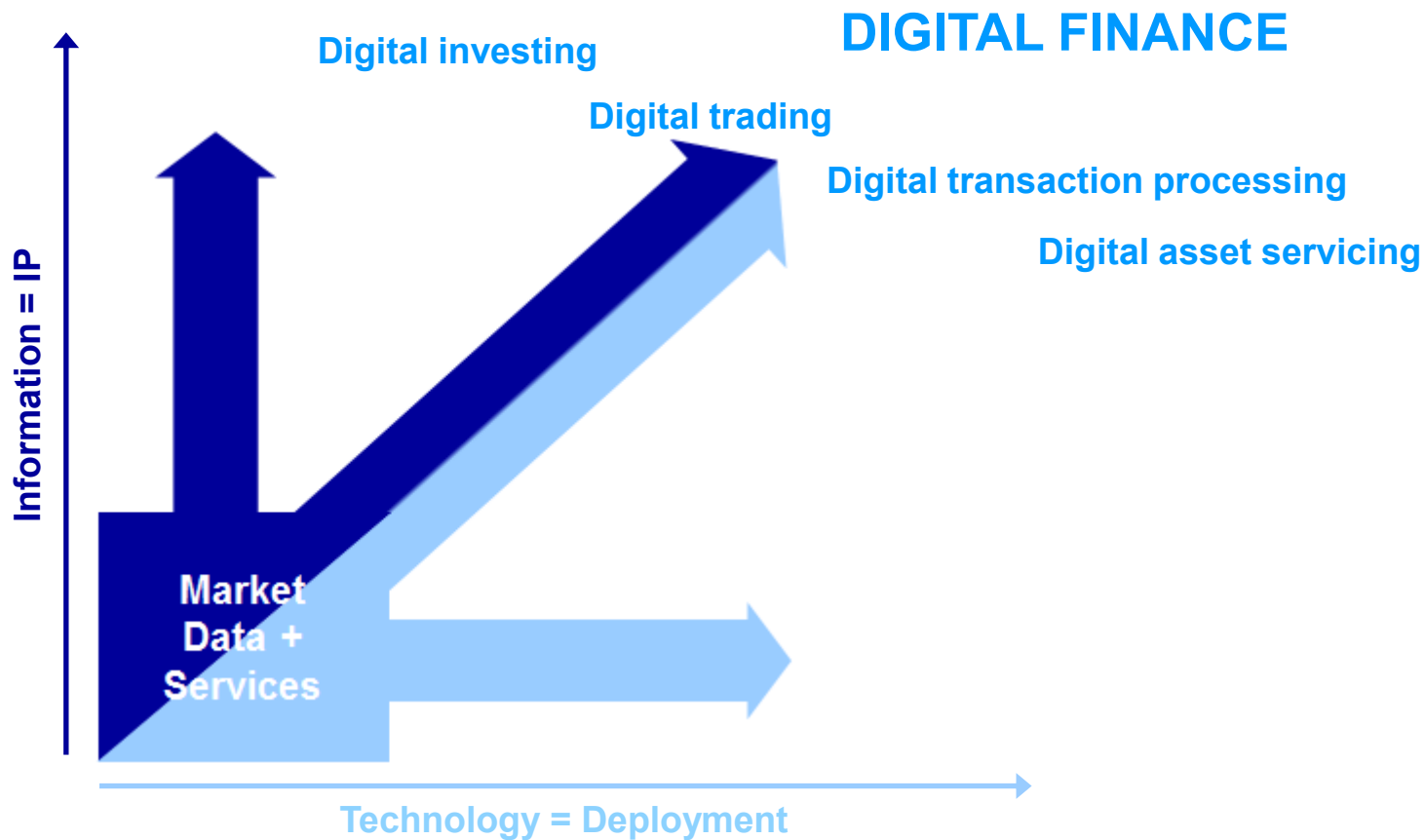
**1,000 TB**  
in data warehouse

**1,500,000,000**  
daily orderbook messages

**1 TB**  
new data/ day

**34,000,000,000**  
rows in largest data base table

# New Segment Helps Capital Market Participants To Be 'Digital'



MD+S uses **world class technology** to help clients extract and deploy the **right information** at the **right time** thereby capture value from **business digitization**

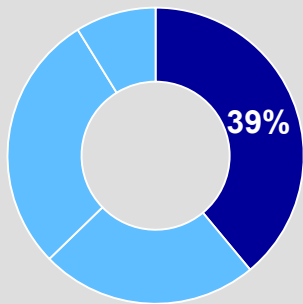
## Four Service Lines Offered To Fuel Digital Transformation

### Information

Feed capital market participants with digitized signals to identify and execute value maximizing trading opportunities

Net revenue 2014

**€148.6m**

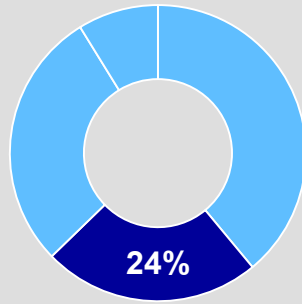


### Index

Provide rule based investment strategies, benchmarks and associated data sets to enable index linked investing and issuing

Net revenue 2014

**€90.4m**

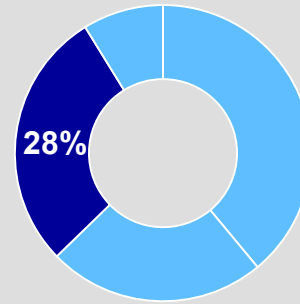


### Tools

Provide software and network components as a service at full regulatory compliance to process financial transaction

Net revenue 2014

**€108.3m**

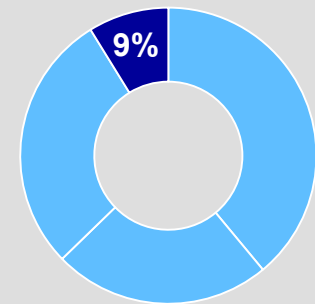


### Market Solutions

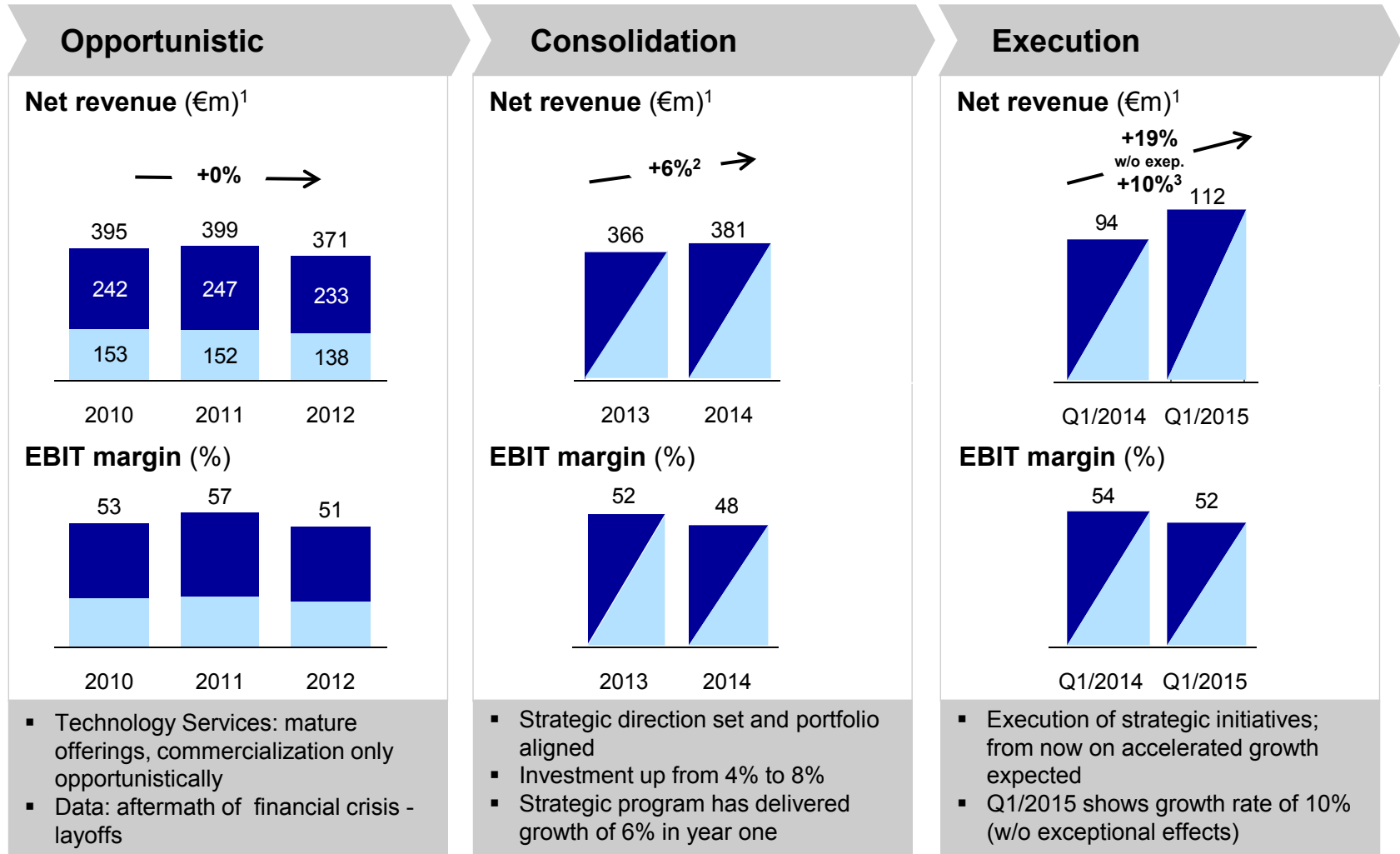
Extend GDB's platforms and infrastructure to other capital markets service firms as outsourcing service

Net revenue 2014

**€33.5m**



# After Successful Integration, Accelerated Growth In Q1/2015



1 2010-2012 adjusted for new financial reporting introduced in Q1/2013

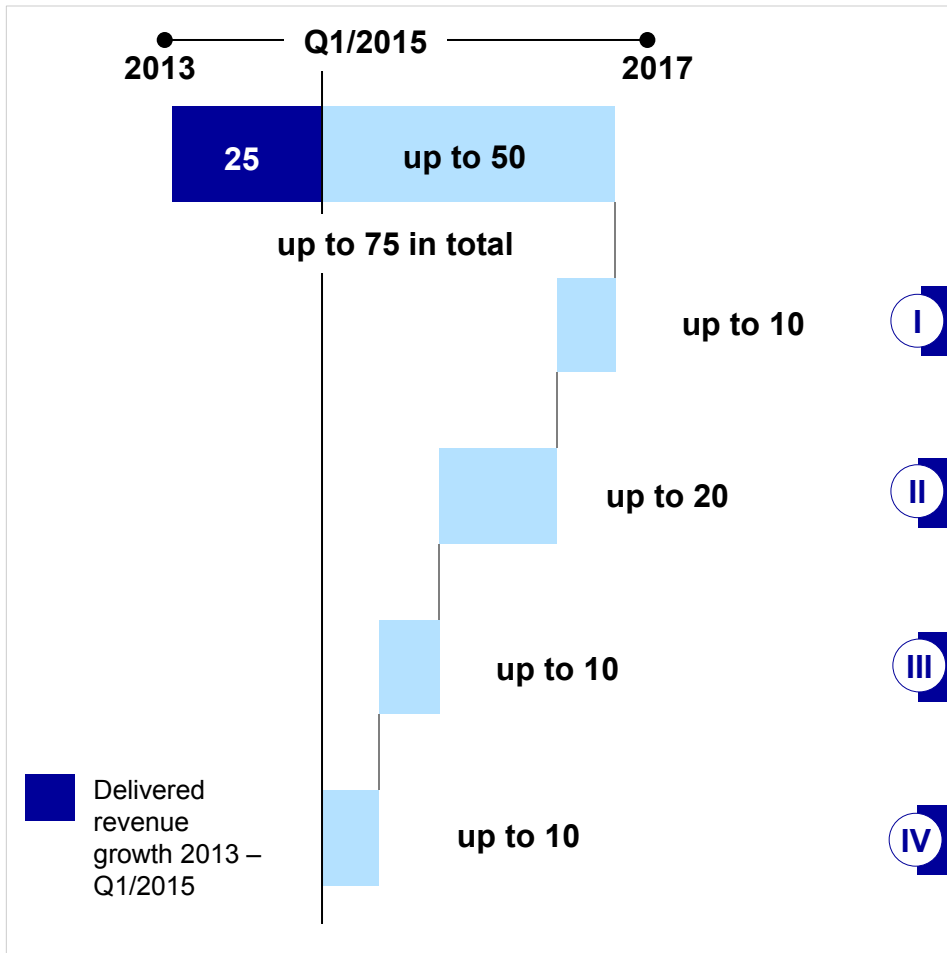
2 Adjusted for consolidation effects

3 Growth rate Q1/2015 without exceptional effects



# MD+S On Track To Deliver Aspired Revenue Levels For 2017

Aspired net revenue growth 2013-2017 (€m)



## Organic opportunities

### I Information

- Advanced analytics
- Big data applications

### II Index

- Active to passive investing
- Smart beta & factor investing

### III Tools

- Process automation
- Software as a Service

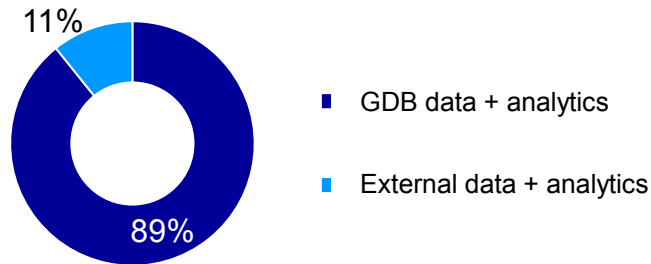
### IV Market Solutions

- Shared infrastructure
- Outsourcing

# 1 Information – Services For Digital Trading

## Product structure

Net revenue 2014: €148.6 million

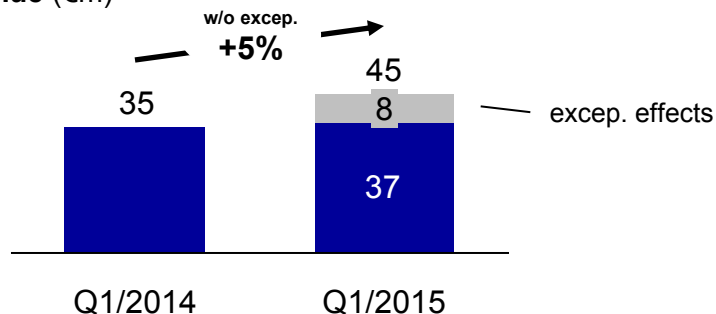


## Target clients

- Traders, trading applications
- Data vendors, ISVs
- Back-offices asset source firms
- Advisors, asset managers, investors

## Revenue development Q1/14 – Q1/15

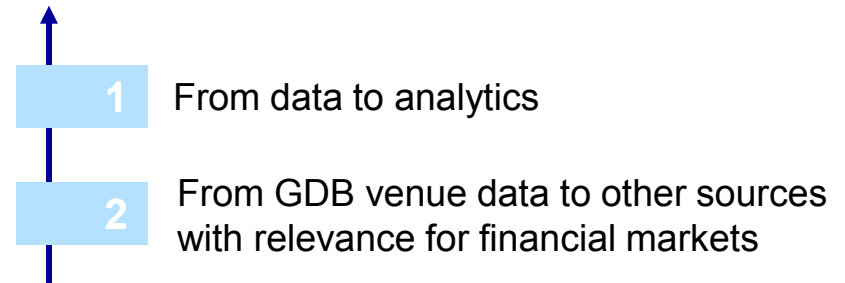
Net revenue (€m)



## Market situation

- Cost pressure on sell-side banks leads to stagnating subscriber base
- Limited competition (BATS Chi-X) only affecting lower level cash market data subscriptions
- Market growth predominantly in emerging markets and advanced analytics

## Growth strategies

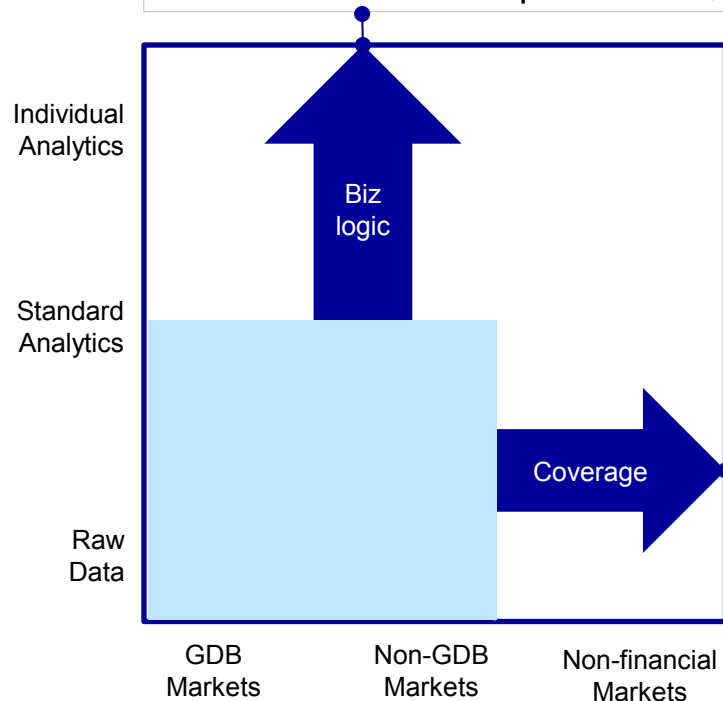




## Information – Growth In Analytics And Non-Exchange Content

### From data to analytics

- Create analytics based on proprietary order book data of GDB and partners
- Develop an open high-performance platform enabling self-service analytics
- **Example: Real Time Analytics**
  - 83 trade related, order related and index related metrics, e.g. IOC indicator
  - Economical impact 2014: \$2.6 million



### From GDB venue data to sources with relevance for financial markets

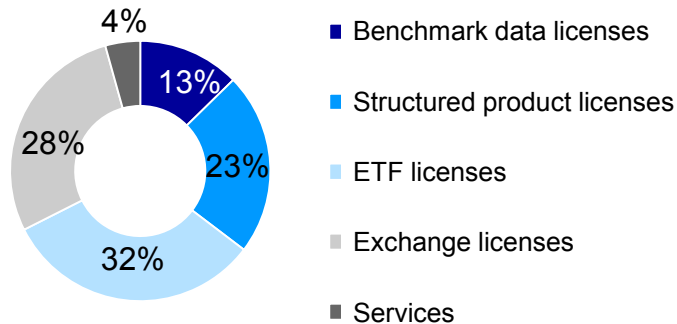
- Increase number of partner exchanges leveraging GDB as exclusive information marketer
- Add exclusive content from inside and outside capital markets with market relevance
- **Example: Exclusive exchange data partnerships, e.g. BSE**
  - Migration of 52 vendors/ customers
  - 21 new vendors/ customers since April 2014 (start of corporation)



## Index – Services For Digital Investing And Issuing

### Product structure

Net revenue 2014: €90.4 million

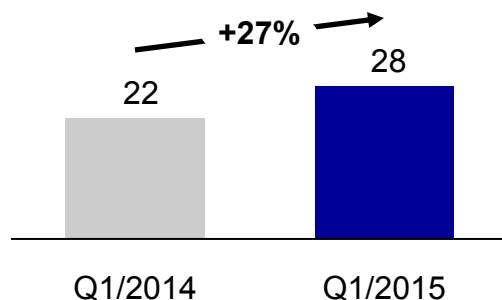


### Target clients

- Issuers of ETFs/ SPs/ funds
- Asset owners/ managers
- Venues, clearing houses

### Revenue development Q1/14 – Q1/15

Net revenue (€m)



### Market situation

- Migration from active to passive investing drives growth in ETF assets and issuing of structured products
- Traditional blue chip market as stable core
- Untapped opportunities in emerging asset classes and sophisticated investment strategies

### Growth strategies

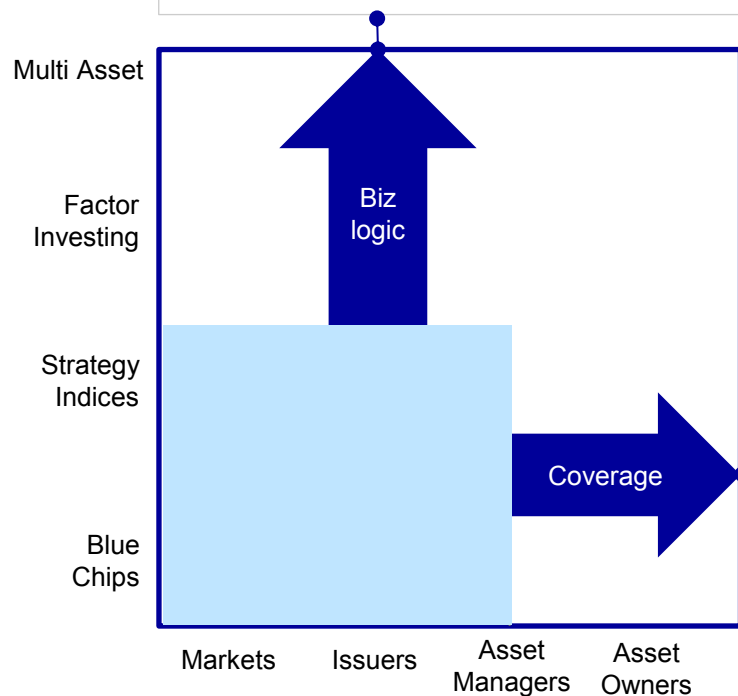
- From Blue Chip indices to advanced smart beta multi asset indexing
- From listed equity derivatives to multi-asset Class investment solutions for the buy-side



## Index – Growth In Smart Strategies And New Asset Classes

### From blue chip indices to advanced smart beta multi asset indexing

- Upgrade indexing to passive investment strategy solutions improving asset allocation
- **Example: Smart Beta index overlays, factor indices**
  - 22% of produced indices are now strategy indices (10% in 2009)
  - Assets under management have risen to €7bn (€3bn in 2009)



### From listed equity derivatives to multi-asset class investment solutions

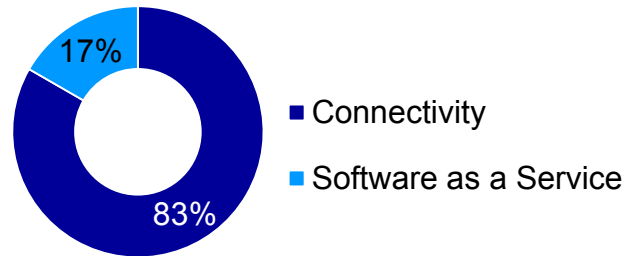
- Build out direct offerings for asset managers and owners, incl. benchmark licensing, data usage or research subscriptions
- **Example: Buyside data licenses for weightings and index analytics** (benchmark data)
  - 405 buyside clients signed up since 2010
  - Buyside accounting for 14% of index revenues



## Tools – Services For Digital Transaction Support

### Product structure

Net revenue 2014: €108.3 million



#### Target clients

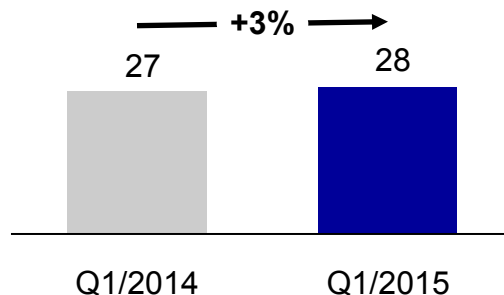
- Members of GDB venues
- Mid-/ back-offices of capital market participants
- ISVs

### Market situation

- Connectivity market mainly driven by the bandwidth used by clients
- Limited further growth impulses expected from traditional connectivity due to financial crisis
- Big opportunities in SaaS-based automation of post-trade business processes

### Revenue development Q1/14 – Q1/15

Net revenue (€m)



### Growth strategies

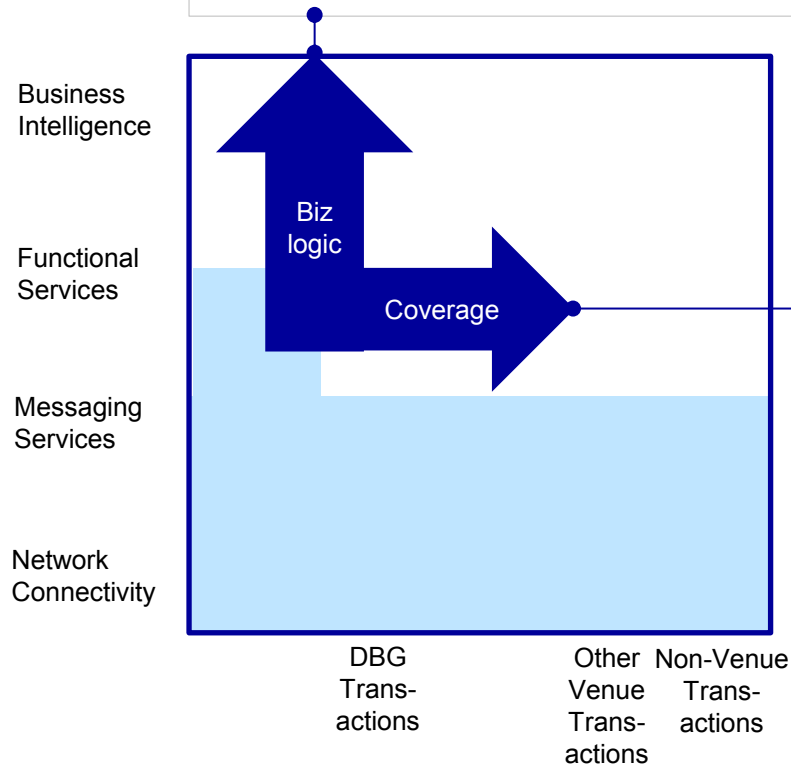
- From connectivity to digital business processes
- From single tools to service hubs



## Tools – Growth In Digital Business Processes + Service Hubs

### From connectivity to digital business processes

- Provide scalable platforms to help standardize and automate complex and critical post-trade processes of members and other customers
- **Example: Regulatory reporting services – reported transactions 2014**
  - MiFID I 179 million and EMIR 7 million transactions
  - Constant enrichment with new regulatory templates, e.g. REMIT, MiFID II



### From single tools to service hubs

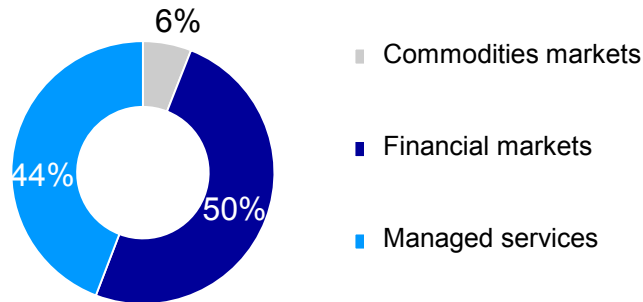
- Upgrade SWIFT service bureau to best of breed tool box around transaction processing, incl. reconciliation, AML, KYC, SEPA etc.
- **Example: Launch of SEPA functionality mid 2014**
  - Typical upsell of up to €50,000 per function and client

## IV

# Market Solutions – Services For Digital Operations

## Product structure

Net revenue 2014: €33.5 million

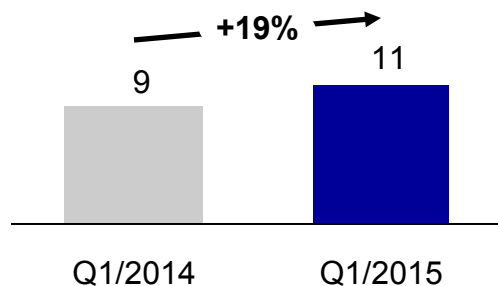


### Target clients

- Trading venue operators
- Energy market participants
- Financial SW vendors

## Revenue development Q1/14 – Q1/15

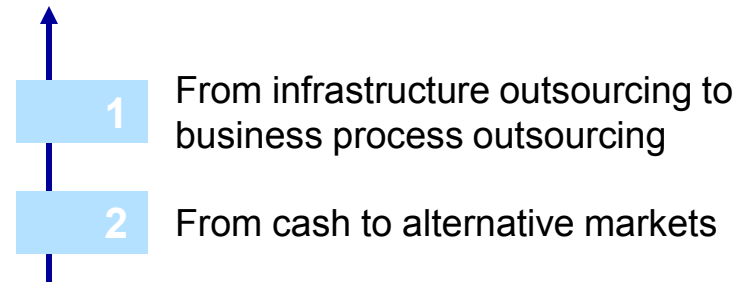
Net revenue (€m)



## Market situation

- Overall mood for outsourcing and utilities is very positive due to pressure on balance-sheets and cost
- Outsourcing of cash equity markets is already in a mature lifecycle stage
- However, substantial growth opportunities in emerging alternative markets such as commodities and business process outsourcing (BPO) for banks

## Growth strategies



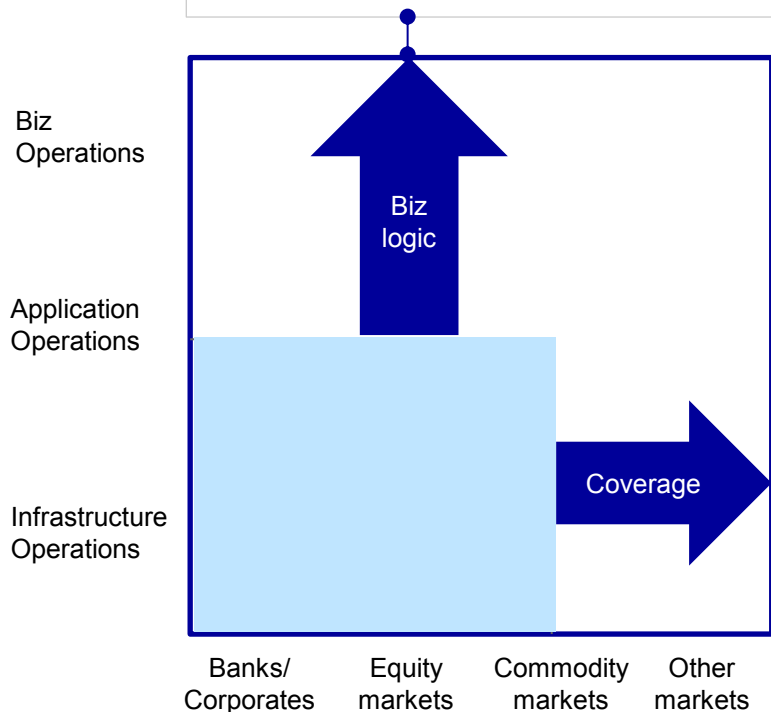


## IV

# Market Solutions – Growth In Business Process Outsourcing And Alternative Markets

## From Infrastructure-Outsourcing to BPO

- Provide value-add level platform or business services rather than infrastructure only
- **Example: Platform Service for the cross-European intraday energy market**
  - XBID: Launch and operate European day-ahead market for power based on M7



## From cash to alternative markets

- Penetrate market for existing use cases of GDB infrastructure and incubate new use cases
- **Example: New M7 software suite application management contracts** with Norwegian paper (Norexeco) and the Energy Broker Market (Cleartrade, FIS)
  - Go live in H1/2015
  - Annual values of €0.3-0.5 million per contract

## Summary

- ▶ With the transformation to digital finance effective deployment of data and technology has become a key value driver for market participants
- ▶ Deutsche Börse Group has always been a pioneer in digital finance and big data
- ▶ The new MD+S segment helps capital market players to go ,digital‘ and to turn data into value by providing information, software and infrastructure as a service
- ▶ Upon its inception (2013) the segment generated €366 million net revenue and an EBIT margin of 52%
- ▶ After a short transformation period MD+S delivered 10% net revenue growth in Q1/2015 (19% with exceptional effects)
- ▶ With its clear growth strategy around digitizing customers business processes, MD+S is well on track to deliver up to €75 million net revenue growth until 2017

**MD+S – an attractive business for investors!**

## Financial Calendar And Contact Details

### Financial calendar

<b>27 Jul 2015</b>	Interim report Q2/2015
<b>28 Jul 2015</b>	Conference call Q2/2015
<b>28 Oct 2015</b>	Interim report Q3/2015
<b>29 Oct 2015</b>	Conference call Q3/2015

### Contact details

Deutsche Börse AG

Investor Relations

Mergenthalerallee 61

65760 Eschborn

Germany

Phone: +49-(0) 69-2 11-1 24 33

Fax: +49-(0) 69-2 11-1 46 08

E-Mail: [ir@deutsche-boerse.com](mailto:ir@deutsche-boerse.com)

[www.deutsche-boerse.com/ir\\_e](http://www.deutsche-boerse.com/ir_e)



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