Euronext Q4 FY2020 Results

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Operator: Hello, and welcome to the Euronext Q4 FY2020 Conference Call. My name is Val, and I will be your coordinator for today's event. Please note, this conference is being recorded. And for the duration of the call, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question at any time. If at any point you require assistance, please press star zero and you'll be connected to an operator.

I will now hand you over to your host, Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext, to begin today's conference. Thank you.

Stéphane Boujnah: Good morning, everybody, and thank you for joining us this morning for Euronext fourth quarter and full year 2020 results conference call and webcast. I am Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext. And I will start with the highlights of 2020. Giorgio Modica, the Euronext CFO, will then further develop the main business and financial highlights for the fourth quarter. We will then open up for questions, together with Anthony Attia, Global Head of Primary Markets & Post Trade.

2020 was an important year, but also a very strong year for Euronext on four fronts. First, in terms of growth. We recorded double-digit growth in 2020 by leveraging favourable market trends that we expect to last, and also by capturing external growth opportunities. Second, in terms of efficiency, we combined this year growth and efficiency, thanks to our ability to integrate new acquisitions rapidly. Third, in terms of costs, we were in line with our 2020 cost guidance as planned.

And finally, in terms of overall targets, we have attained two years in advance all the financial targets that we set in October 29 – sorry, in October 2019, under our strategic plan for '22. Let me give you more details on each of these points.

On slide four, you can see that Euronext reported very strong performance throughout 2020, with double-digit growth in revenue, double-digit growth in EBITDA and double-digit growth in adjusted EPS. Revenue increased in 2020 by €205.2 million, up plus 30.2% to €884.3 million. And this was driven by significant organic growth, driven by an improved market position and long-term growth drivers, and also by successful diversification, notably in post-trade activities.

And this diversification strategy continued to pay off, thanks to our strengthened custody and settlement activities, resulting overall in non-volume related revenue accounting for 50% of Group revenue. This non-volume related revenue covered 121% of our operating cost this year.

At the same time, we continue to deliver on cost control, and we were in line with our 2020 cost guidance. This translated into Group EBITDA growing in line with our revenue by plus 30.2% in 2020 to €520 million. The combined EBITDA margin of the Group reached 58.8%, which is stable compared to last year, but this stability is an achievement because it was impacted by the dilutive impact from new acquisitions, which, as you know, are always margin dilutive before the restructuring by Euronext.

Indeed, on a like-for-like basis, EBITDA margin even reached for a similar perimeter, 61.3%, up 2.3% versus the EBITDA margin of last year for the same perimeter. Overall, the robust operating performance over the year resulted in a plus 28.1% in adjusted EPS at €4.99 per share. And on a reported basis, 2020 net income was up plus 42.1% at $315.5 million, which is a strong growth despite exceptional items, mainly driven by some restructuring costs and also costs related to some significant acquisitions.

Accordingly, a dividend of €2.25 per share will be proposed to the upcoming Annual General Meeting, to be held on 11th May 2021. This will represent 50% of the reported net income in accordance with the Euronext dividend policy most of you are familiar with.

In 2020, Euronext also delivered two years in advance on the financial targets laid out in its Let's Grow Together 2022 strategic plan released in October 2019. First, the 2020 revenue, at comparable perimeter – I mean, at the perimeter comparable to the 2019 perimeter when the plan was released, reached €831 million, above the higher end of the targeted range expected for 2022. And this performance resulted from an improved market position and increased post-trade activity.

Second, the EBITDA margin, again, at comparable perimeter, but the perimeter at the moment of the release of the plan in October 2019 reached this year 60.5%, above the 60% level targeted for the end of 2022, thanks to continuous cost discipline.

Third, Euronext pursued the announced dividend policy of 50% of its reported net income, and we achieved, as planned, significant diversification into new asset classes and new revenue models since October 2019. This movement, as you can imagine, as it is quite obvious, will be further enhanced after the closing of the proposed Borsa Italiana Group acquisition.

So on the back of all these achievements, and ahead of the completion of the acquisition of the Borsa Italiana Group, we will stop tracking those medium-term financial targets related to the perimeter of 2019. Hence, in the fourth quarter of this year, we will announce a new 2024 guidance for the new perimeter of the new combined company integrated Borsa Italiana Group.

We have also delivered in 2020 on our ESG plan with the launch of a new suite of ESG-focused products, services and initiatives in June 2020. In particular, our ESG bonds initiative is gaining real momentum as we have now more than €240 billion in outstanding nominal amount and more than 150 new bonds, new ESG bonds were listed in 2020.

Some material achievements from a corporate ESG point of view were delivered this year. We endorsed the UN Global Compact Ocean principles to bolster the blue economy. We renewed our commitment to the TCFD recommendations. We launched the ten shares for all programmes to engage all employees in all common journey, because as you know, 100% of the Euronext employees own now shares in Euronext because all the employees of Euronext contribute to the success of Euronext, and therefore must share the success of Euronext. At last – and last month, we announced the partnership with GA Europe on a pan-European programme for young blue economy Entrepreneurs.

Now one very important point I would like to make about our performance in 2020 is that this is not a temporary phenomenon for two reasons. First, our excellent 2020 performance is the result of the continuous steady pursuit of our strategic objectives in recent years. We have extended our unique ecosystems by connecting Dublin and by connecting Oslo to Optiq, our proprietary trading platform. We have scaled up our post-trade activities. We have delivered successful iterations in Oslo and in Copenhagen. We have grown all non-volume related revenue. We have increased our exposure to fixed income and funds products, and we have unlocked cross-selling opportunities across our CSDs. These trends are to last.

Second, we are confident that the new market dynamics around us, that provided such favourable tailwinds in 2020, will continue. The Brexit transformation has now occurred for real. The Euronext position has been strengthened as a preferred European trading and listing venue. The COVID pandemic has revealed the increased need for digital solutions, which creates momentum to expand significantly our corporate services client base.

Retail investors have made a return to public markets. These trends support our trading and post-trade businesses and opens new commercial opportunities and services targeted to retail investors. Demand for ESG product has continued to grow. And we benefit from a long-term and prompting demand for ESG listing indices and corporate services franchise.

And finally, the crisis has provoked continued equity and debt financing needs. In particular, low fixed income rates have increased the appetite of investors for the yield generated by equity investments on public markets. Equity is back because interest rates are low. And these trends are to last around us.

So moving to slide seven, I would like to illustrate and to zoom a little bit on our ability to build on operating leverage and the extraction of synergies. As you know, cost control is and will always be part of Euronext DNA. Since our IPO in 2014, Euronext has delivered close to €130 million of efficiencies. And we apply this cost discipline both to ourselves and to acquisitions just to create value for shareholders. And this is a critical element of our rationale for acquisitions as we are able to extract additional value for shareholders, thanks to our unique model.

Let me illustrate that more concretely. We delivered Euronext Dublin synergies one year in advance. We are delivering 70% of the expected synergies in Oslo this year, 18 months after closing, whereas those targeted synergies were expected for the end of '22. And we have already saved 60% of VP Securities expected cash cost synergies that were targeted for the end of '23, five months after the closing of the acquisition of VP Securities in Copenhagen.

Last year, we announced the cost guidance, excluding recent acquisitions of a mid-single digit growth of costs excluding D&A for 2020, and we finished the year in line with this guidance. So as a result of both synergy extractions and cost control, we expect operating costs, excluding D&A, to decrease by mid-single digit in 2021 compared to the annualised 2020 fourth quarter operating cost, excluding D&A.

On slide eight, I want to insist on another critical element of our value proposition when acquiring other European exchanges. And this is our ability to connect them to our unique single liquidity pool, enabled by a single order book, empowered by single technology platform, Optiq.

Optiq, our proprietary trading platform, does transform local markets. Every market connected to this single liquidity pool, thanks to Optiq, has benefited from a unique model of single liquidity pool, generating increase in volumes, increase in market share for the benefit of issuers and investors. And the numbers speak for themselves in Oslo and in Dublin. Both the Dublin and the Oslo exchanges saw an increase in active members. In the long run, the market share on volumes traded on list markets increases in those locations against the MTS. And we also saw in Dublin an increase in market share on volumes traded for dual-listed stocks.

Furthermore, and this is a key point for both exchanges in Dublin and Oslo, a strong local footprint is maintained and strengthened within the local market participants community that continue to develop and flourish within the environment triggered by the migration to the Optiq platform.

Before handing over to Giorgio Modica for the detailed presentation of our fourth quarter, I would like to remind you where we stand regarding the contemplated acquisition of the Borsa Italiana Group. Since the extraordinary General Meeting of 20th November 2020, several additional key conditions precedents were satisfied.

First, as you know, Euronext received foreign direct investment clearance for the transaction from the Italian Council of Ministers on 11th December 2020. Then the European Commission conditionally approved the London Stock Exchange Group proposed acquisition of Refinitiv under EU Merger Regulations on 13th January 2021. And most recently, London Stock Exchange Group closed the acquisition of Refinitiv on 29th January 2021. So the transaction, the proposed acquisition of Borsa Italiana Group, is still subject to some regulatory approvals in several jurisdictions, in particular, declaration of non-objections from the Euronext College of Regulators and approval of Euronext's suitable purchaser by the European Commission. So we expect to complete this transaction in the first half of 2021.

I will now hand over to Giorgio Modica to comment more precisely on Q4 performance.

Giorgio Modica: Thank you very much, Stéphane, and good morning, everyone. In the fourth quarter of 2020, Euronext's consolidated revenue reached €232 million, with an increase of €46.2 million or 24.9%. These results were driven by the contribution of our recent acquisition and the strong organic growth in trade, post-trade and listing activities.

On a like-for-like basis, meaning excluding the impact of Nord Pool, Ticker, 3Sens, VP Securities as well as changes of FX rates, Euronext consolidated revenues was up 11.6% in the fourth quarter of 2020 at €205 million.

Now looking at the different business lines. Post-trade activities revenue reached and increased 71.7% to €57.3 million as the result of the consolidation of VP Securities activities, organic growth in both custody and settlement and higher clearing revenue. Trading revenue increased as a result of strong volumes, improved revenue capture and the consolidation of Nord Pool power trading.

Listing revenue was driven by the double-digit growth of Corporate Services and the good equity listing activity on the back of increased corporate financing. In the fourth quarter of 2020, non-volume related revenue accounted for 54% of total Group revenue despite the strong volumes, reflecting the increased proportion of services and custody and settlement in our revenue mix.

Lastly, these non-volume related revenue covered 118% of our operating costs, excluding D&A, compared 119% last year.

Let's move to slide 12 for listing. The growth engines for this quarter were Corporate Services, similar to previous quarters and equity listing. Revenue grew in total 4.7% to €38.2 million. Corporate Services continued to report strong performance with €9.8 million revenue this quarter. This strong organic growth, close to 30% from last year, reflects continued commercial development and increased demand for digital solutions.

With regard to equity listing, Q4 saw a decade long record in primary listing activity with 49 new listings. This is more listing – five more listings than during the whole 2019. Euronext welcomed five large cap listings this quarter, notably Meltwater and Link Mobility, in addition with 44 SME listings this quarter with a significant proportion of clean tech companies. Activity on the secondary market was primarily supported by M&A and balance sheet reinforcement transactions.

New debt listing saw the continuation of a growing momentum in ESG bonds listing despite uncertainty linked to COVID-19 pandemic, impacting the overall economic environment.

Let's move to our trading business on slide 13, and let's start with the cash trading. Cash trading revenue increased to a total of €63.2 million, up 18.9% versus the fourth quarter of 2019 as a result of improved revenue capture and strong volumes. ADV increased 9.8% to €9.2 billion. Revenue capture was 0.53 basis points, while our market reached 70.4% over the quarter.

Derivative trading revenue was down 1.5% to €11.7 million as a result of stronger volumes and slightly softer average fee in the fourth quarter of 2020. Average fees was €0.29 per lot, down 6.3% compared to last year as the reduction of index future activity was not fully offset by the increase of high yield commodity products. Commodity volumes strongly increased as a result of our initiatives to diversify our client base and expand in new geographies.

Moving to slide 14. FX trading revenues was up 2.7% to €5.9 million, impacted by the FX rates, while daily volumes increased 20% to $20 billion, impacted by higher volatility during the quarter. Like-for-like FX trading revenue increased 10.6%. Power trade has reported €7.2 million revenues in the fourth quarter, reflecting the usual seasonal higher activity in winter months.

In the fourth quarter 2020, ADV for the day ahead were 2.74 terawatt hour, while ADV for intraday were 0.07 terawatt hour. As a reminder, other Nord Pool activities, namely market coupling, shipping and market data, are recorded in Market Data and Technology Solutions.

Moving to slide 15 for our post-trade businesses. Revenue from our post-trade activities increased 71.7% to €57.3 million. Clearing revenue was up 20% to €17.4 million, resulting from higher treasury income, stronger derivative volumes cleared and higher share of commodity products. Custody and settlement revenue more than doubled to €39.9 million. This is the result of the consolidation of VP Securities for €17.6 million, and from organic growth deriving primarily from higher settlement activity and increased retail participation in the Nordics, where CSD operates on an individual account model.

Moving to slide 16, and starting with Advanced Data Services. Revenue was up 0.8% to €33.8 million in the fourth quarter of 2020, thanks to the consolidation of Nord Pool data activities and the good performance of our indices franchise, notably on ESG products. Proceeding now with investor services, revenue was €2 million, up 25.4%, reflecting continued commercial traction.

Lastly, on technology solutions, revenue was up 26.9% to €12.6 million as a result of the consolidation of Nord Pool activity and the good performance of the core business.

If we move now to slide 18 for the financial highlights of the quarter. I want to start with the EBITDA bridge. Euronext EBITDA increased 21.8% to €126.8 million this quarter. The EBITDA margin decreased to 54.7% in the quarter, down 1.4 points, reflecting the dilutive impact, as Stéphane mentioned, of the business being integrated as well as the integration costs themselves.

On a like-for-like basis, EBITDA margin was at 57% this quarter, up 0.8 points. From a revenue perspective, like-for-like performance was very strong, with the top line up €21.4 million compared to last year. Looking at costs, organic operating expenses, excluding D&A, increased €7.8 million, reflecting increased staff costs, strategic plan cost and integration costs as we have announced in the fourth quarter of 2020.

In addition, we consolidated €16.9 million of operating costs, excluding D&A from Nord Pool, VP Securities and other integration costs this quarter.

Moving to slide 19 to the net income bridge. Net income increased this quarter by 37% to €67.1 million, representing mainly the result of the following elements – D&A mechanically increased, impacted by the consolidation of recent acquisition PPA; exceptional items were €4.1 million higher this quarter compared to the same quarter last year, primarily resulting from the contemplated acquisition of Borsa Italiana Group and restructuring costs; changes in net financing expense in Q4 was €9.3 million, mainly reflecting the revaluation of buy option and deferred payments related to corporate service entities in the fourth quarter of 2019.

Results from equity investments increased slightly compared to last year. This is mainly the result of the good performance of LCH SA, while the fact that we did not receive any dividend for Euroclear in the fourth quarter of 2020 was compensated by the impairment of our stake in EuroCCP in the fourth quarter of 2019.

Lastly, income tax increased resulting from non-deductible expenses and changes in local taxes in the fourth quarter of 2020. Adjusted for PPA and exceptional items, adjusted net income was 7.5% higher than the same quarter last year to €83.1 million, translating into an adjusted EPS of €1.19 per share for the quarter.

Now let’s conclude with the financial on slide 20. Over the quarter, 59% of EBITDA was converted into net operating cash flow post-tax compared to 76% last year. Cash conversion this quarter was impacted by a large VAT payment affecting working capital. This VAT payment will be recovered in Q1 or Q2 2021. Our net debt stands at €651 million, representing a net leverage of 1.2 times pro forma.

Looking at the bottom of the slide, at the end of the fourth quarter 2020, our liquidity position was strong, over €1 billion, including the undrawn RCF of €400 million.

I now hand the floor back to Stéphane Boujnah for his concluding remarks.

Stéphane Boujnah: Thank you very much, Giorgio. And clearly, we reported a strong quarter, overall a strong year. And we now look forward to completing the contemplated acquisition of the Borsa Italiana Group in the coming months.

So we are now available for your questions with Anthony Attia, Global Head of Primary Market and Post-Trade; and with Giorgio Modica, our CFO.

Questions and Answers

Operator: As a reminder, if you'd like to ask a question or make a contribution on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. Please ensure your line remains unmuted locally. You'll be advised when to ask your question. So again, that's star one on your keypad. And we do have a few questions in the queue. The first one comes from the line of Haley Tam from Credit Suisse. Please go ahead.

Haley Tam (Credit Suisse): Morning, gentlemen. Just a couple of questions for me, please. The first one on the cost guidance. The mid-single-digit decline from €420 million to €400 million. Could you tell us how much of that improvement is due to synergies still to come through? And how much perhaps from the non-repeat of implementation and internal project costs? So I guess, I'm asking how much of that we've already seen.

And the second question, just in terms of revenue growth outlook. On corporate services, you mentioned that division twice on slide six in relation to 2021 growth. And obviously, we saw that 32% increase this year. I just wonder if you could talk to us a little bit more about what your expectations are from this post-COVID digitalisation and the ESG trends this year? Thank you.

Stéphane Boujnah: On the cost guidance and on the growth of Corporate Services, Giorgio, and maybe Anthony Attia, Head of Primary Markets and responsible for Corporate Services Business, can give you some more flavour on the fundamental trends of this business.

Giorgio Modica: Absolutely. A few comments on the cost targets. So the first element, I believe that the cost guidance target should be simple to compute. And I believe it was simple last year and it is simple this year. And this is a very important element.

The second element that I wanted to highlight that was through last year and this year is that, as you know, in Euronext, we don't adjust OpEx. It means that within the OpEx, there are a number of small amount one-off expenses. And those were included last year and are included this year. So what I would like to highlight is the following.

2021 is going to be an exceptional year for many respects. The first one is that, clearly, we believe that the transaction with Borsa Italiana is going to be concluded. The guidance does not take into consideration the potential impact of that acquisition. On the other side, our activity is already focused to be ready for a smooth integration of the Borsa Italiana activity. This means that already in the fourth quarter and this quarter, we are equipping ourselves to be ready to be successful in that integration.

So what does the cost guidance include? It does include the fact that, first of all, 2021 is going to be exceptional in the sense that we're going to be engaged to conclude the integrations that are not concluded today. It mean Oslo Børs VPS and VP Securities. And we are going to invest time and resources to be ready for the acquisition of Borsa Italiana. All those elements are factored into the simple target that we gave to you of the deduction – reduction of mid-single-digit. So it is difficult to break it down further.

As we did in the past, we will communicate, as we did in the third quarter, to anticipate increase or decreases of exceptional items. But in this very moment, this is the best way in our view to communicate the target. So again, 2020 should not be read as a permanent increase of the cost base, should be read as a preparation year for a transformational deal.

Anthony Attia: Thank you. Giorgio, good morning. This is Anthony. A few qualitative comments on Corporate Services moving forward. It's a high growth business for us because we've positioned the services onto four different domains. The first one is financial communication. The second one is compliance. The third one is governance. And the last one is Advisory and Investor Relations solutions.

And so the growing digitalisation of services is a key driver for our financial communication and our governance solutions. Regulation is obviously a key driver for our compliance solutions. But I also want to emphasise that ESG is a key driver for our Advisory and Investor Relations Solutions. So we remain quite positive on the commercial growth of these activities.

Haley Tam: Thank you.

Operator: Thank you. The next question comes from the line of Mike Werner from UBS.

Michael Werner (UBS): Thank you very much, and congrats on the results. Two quick questions, please. On the settlement revenues, particularly with regards to the retail participation, just trying to think about the sustainability of this. Is this revenue driven by underlying trading activity that is settled? Is this revenue being generated by opening of accounts? I'm just trying to figure out how we should think about this revenue going forward into 2021.

And then just maybe just another question on the cost guidance. How should we think about this cost guidance as we think about cost progression throughout 2021? Is this something we should think where the costs are? Are there going to be front or back-end loaded into the year? Do you see any kind of seasonality there?

Stéphane Boujnah: Giorgio will answer your question on cost guidance, and will cover the dynamic of the settlement revenues. And Anthony Attia, who is in charge of post trade, will give you some qualitative comments about the underlying dynamics of this business in terms of retail participation.

Giorgio Modica: Absolutely. So the first element that I want to highlight and Anthony will comment is that if we look at what these – what are the key value driver and revenue driver for this activity, especially in the Nordics, where the business model is slightly different with respect to Central Europe as the business is based on individual accounts. So key KPIs for the business are clearly – and this is common throughout Europe – the asset under custody that developed favourably in last year.

The second driver is clearly the number of settlement distraction, to a certain extent, is linked to the activity and volatility of the market. And then, in the Nordics, there is a very specific KPI, which is the number of accounts. And as we have seen in the retail space on the trading with retail opening accounts, the same holds true in the Nordics, where people have created new accounts. And these new accounts are there to stay.

The other element which is relevant is the fact that the share of value-added services in the Nordics today is relevant. And one of the objectives, and on this Anthony will comment, would be to increase that part of the activity and to have it improve throughout Europe.

When it comes to the cost, what I can say is the following. It's very difficult to give you the exact phasing, especially considering the fact that we would need to adjust based on the evolution of events. So closing date, for example, of Borsa Italiana is going to be a factor. But what I would say is that – and looking at what we are doing at the moment is that part of those costs are going to be either equally spread or slightly front-loaded because this is the moment where we are keeping ourselves to be ready to take over certain activities that today are handled by LSE. So this is the moment where Euronext is getting ready and reinforcing itself. Anthony?

Anthony Attia: Thank you, Giorgio. So indeed, when you look at the CSD, you find different business models depending on the type of CSD and the local practices. As Giorgio said, we need to look at assets under management. So on that particular KPI, the more IPO you have on the local market, the more debt issuance you have, the more business to bring to the CSD.

You need to look at the connection to target to securities, which influences the way you manage your flows. And in the case of VPS in Oslo, it's local currency and it's not connected to T2S. And in the case of VP Securities in Denmark, we offer both the connection to T2S and local settlement.

And the last key driver are the retail accounts. And it's a very specific service that is offered by VPN and VPS in the Nordics. And obviously there, the drivers are the quantity of transaction of settlement flow that are conducted by retail. And it's been a quite active year. And we see that they are – retail are still quite active on the new IPOs.

Michael Werner: Thank you.

Operator: Thank you. The next question comes from the line of Kyle Voigt from KBW.

Kyle Voigt (KBW): Hi. Good morning. If I can just follow-up, just one more on the expense guidance. In the prior response, you said you're including expenses related to functions that are currently being performed by LSE Group. So it just sounds from that response that those expenses are likely to recur in the following years after 2021. Is that fair? Or is there also being contemplated in that guidance kind of one-off integration type costs that will fall away as we get into 2022? That's question one.

Question two, any colour on the tax rate to use for modelling for 2021? And where should that move to after the inclusion of Borsa Italiana?

Giorgio Modica: Yeah. So the first element on cost, and I want to be clear in this respect. What I said is, our OpEx do include elements that other player might adjust. We do not. We include everything. And so to answer straight to your question, our costs in 2022 and going forward, on a constant perimeter, will always go down.

So this – any increase is supposed to be temporary and is going to be expensed either to grow revenues or to reduce costs. So there is not a permanent inflation in cost. And on this, I want to be clear.

When it comes to the tax rate, the trend that we have anticipated in the past is going to continue. So if you put for a moment aside the changes in tax rate in a different quarter, if you look throughout the year, the tax rate of the Euronext Group was around 27.5%. And we are expecting this tax rate before the integration of Borsa Italiana to reduce to between 26.5% and 27%. This should be the run rate for next year.

And when it comes to Borsa Italiana, the tax rate of the Borsa Italiana Group should be slightly in excess of 30%. So the weighted average tax rate of the new Group, when the transaction is going to be completed, is going to be, roughly speaking, two-thirds at the tax rate I just disclosed, so is going to be between 26.5% and 27% and one-third at slightly more than 30%.

Last comment on my side is that the tax rate should further decrease going forward as pretty much across all the Euronext countries, tax cuts are expected in the coming years.

Kyle Voigt: Very clear. Thank you.

Operator: Thank you. The next question comes from the line of Philip Middleton from Bank of America. Please go ahead.

Philip Middleton (Bank of America): Thank you and good morning. Two things. Firstly, I wondered if you could say a little bit more about the timetable on Borsa Italiana. So H1 gives you quite a lot of scope. Is there anything more specific you can say? And also if you've said anything at all about how you're timing the various fundraisings you need for that process?

And secondly I just wondered, given you've done well in listings in the quarter, how much of that do you think is the external environment? And how much of that is work you've done to cultivate these companies in terms of gaining new business and convincing people to float and maybe winning business from potentially other domiciles?

Stéphane Boujnah: So let me answer the two questions. On the first one, what I can tell you is what is public and there is no secret there. It's very simple. We will close the deal when all the regulatory approvals have been received and when all the conditions precedent have been satisfied. It's as simple as that. And we don't have any clear views at this stage on some of them.

So we expect two or three groups of CPs, some related to the fact that the European Commission must hold Euronext as a suitable purchaser for Borsa Italiana. And we conform your view as to whether or not we will receive this approval, but on timing, the answer of this question is with the European Commission.

We need to have a declaration of non-objection by the Euronext College of Regulators. We have no reason to believe that this would be an issue, but the timing is not clear. We need to obtain the approval by CONSOB in Italy. And then we have a series of, let's call it, level two regulatory authorisations that relate to the approval related to the change of control of some Borsa Italiana assets, regulated assets in some jurisdictions, where those assets are regulated.

So the trigger of the closing date is the satisfaction of all these regulatory approvals. Clearly, the key ones, the master or the meta condition precedent that were the approval of the LSE Refinitiv deals and the corporate approvals by shareholders, all that is behind us.

Now in terms of funding or refinancing events, the situation is pretty clear. Very close to closing, there will be a private placement or reserved capital increase to CDP, which we'll acquire 5.6 million shares, and to – Intesa Sanpaolo, which will acquire one million shares. And that will be done as close as possible to closing.

And then there will be a refinancing event with the rights issue that will be done under market conditions under the best market environment when it is appropriate to do it. So that's why I can't be unfortunately specific, although I understand your question, but there are many pieces that are not within our control. And that's why we have provided for, as you said, a pretty wide timetable at this stage. So that's on the first question.

And your second question was about, yes, what is going to last? Well, I do believe that the success of 2020 includes contains seeds that are going to flourish and to create value for the months and the years to come. If you look very carefully as what is probably the only one-off component of 2020, you could say it is the exceptional volatility that we've experienced in March and April, and to a certain extent, in November.

But when you go behind that, the fact that equity is back and that there is an increased appetite of investors to go back to the equity asset class because there is no yield to get from fixed income is to last. If you look at the fact that we did capture a disproportionate share of trading, and we did monetise volatility better than our competitors because for years, we are managing a super granular manner, positioning, segmentations, yields that allowed us, by the way, to get to a market share of 70%, we increase our market share above the increase of volumes.

It seems to indicate that we are well positioned to collect a disproportionate share of any volatility when it comes. When you look at all the other implications of the fact that equity is back like the renewed appetite for listing for some of our locations, in particular, Amsterdam and Oslo, but also Paris to a certain extent, clearly the fact that we are going to be after the acquisition of Borsa Italiana platform, where 25% of equity traded in Europe, including London, will be trading on Euronext platforms, where 28 out of the EURO STOXX 50 companies will be listed on Euronext, where the aggregate market capitalisations of Euronext listed companies will be zero to five – sorry, 4.5 trillion, where the average daily volumes will be around €12 billion, clearly you have a Group which is becoming more attractive in terms of large players seeking visibility and liquidity.

And I do believe that there is a link between the growth of the single liquidity pool, the growth of the single order book and the appetite for companies to get listed on Euronext platform. Also in the post-Brexit environment, if you want to be active in Europe in trading and in listing, and you believe that Europe is – the European continent and Dublin and not any more London, than the place to be – the natural place to be, the only pan-European platform is Euronext.

So there is a momentum when you go asset class by asset class in every – sorry, segment by segment, there is momentum which is going to last. The same for post-trade. I mean, we are growing very well quickly in post-trade. And even at similar perimeter before considering Monte Titoli joining the Euronext or CSDs or before considering the fact that CC&G is going to join Euronext and to become Europeanised, we have a momentum in the value creation with CSD, which is there and which has been demonstrated last year with the three CSDs we have created.

So there are things that are going to last, the cost discipline, the growth of the top line to expansion of new products, the fact that the model – the cross-border acquisition model does work. This is going to last. The fact that we are very well positioned on ESG products and that our data – Advanced Data Services business and indices business is growing very quickly on ESG products, this is going to last.

So I'm very confident that if you fought the volatility on trading and on volumes, we have – we are observing, in 2020, the strong pillars of growth, that will be just further accelerated when you add on the top of that the boost engine that will be the acquisition of Borsa Italiana that will materialise, let's say, before the beginning of H2.

Anthony, you want to be more specific about what's happening in listing and the link between the momentum on listing, especially post-Brexit?

Anthony Attia: Absolutely, Stéphane, thank you. So the question was about what is due to external factors and what's due to our commercial intensity in terms of listing and IPO. So we had 90 new listings on Euronext in 2020. 83 of them were small and mid-caps and the bulk of these IPOs took place in the last quarter. So what we've seen is the – in Q2, the pipeline of IPOs almost got emptied. And in Q4, it's very, very quickly recovered, starting with SMEs. And Q1 2021, we see some large caps coming back.

Obviously, influencing or walking through supporting an IPO does not only rely on the exchange. It also relies on the ecosystem, on the investors, on the specific sector, etc. But we do believe that all the effort that we've been doing in the past years on SMEs, in particular, with the pre-IPO programmes such as TechShare, where we train more than 120 companies every year to be prepared to go public. We do believe that the positioning that we have, which is to offer very deep liquidity – aggregated liquidity across the different exchanges, as well as a successful indices and visibility, is a very strong post-Brexit value proposition for companies who are looking for a European listing.

And last, we have captured in 2020 different trends, ESG being one of them. So we are working actively to promote the access to our market for cleantech companies, for instance. And we also welcome a few SPACs, which are very high in press coverage. We have a strong track record in SPAC in the Netherlands. And the beginning of a track record in SPAC in France. And it seems to be one of the key trends for 2021.

So we're commercially very active on all these topics. And this is why we believe that also the trend will continue in 2021.

Philip Middleton: Thank you. That was very, very clear.

Operator: Thank you. The next question comes from the line of Arnaud Giblat from Exane. Please go ahead.

Arnaud Giblat (Exane BNP Paribas): Hi. Good morning. Yeah. Could I follow on two items on retail? Retail seems to have been quite a driver in terms of the growth you've seen. Could I ask what – if you could give us a bit more detail on the trading side. What the level of retail participation has been in your markets in 2020 and how that compares to previous years? And also, could you break out perhaps the impact it had on your yield pickup? Clearly, normally we usually observe a reduction in trading revenue yields when volumes going to go up. So that must have been helped by retail participations. So any details there could be useful.

And secondly on post-trade. You also highlighted that retail was a driver of a strong revenue growth. I'm wondering, do you – in a previous answer, you said that retail accounts were up and that should be sustained, I think, whether or not they are the future IPO. Is that the case? Or is your level – run rate level of activity in post-trade retail augmentation, is that something that's going to stay? Thank you.

Stéphane Boujnah: So Giorgio first and then Anthony on the fundamental dynamics of retail-driven growth of these two businesses.

Giorgio Modica: Yeah, absolutely. So to give an order of magnitude, the participation of retail to our market increased three-folds – from '19 to '20. And there are many, many factors. We've discussed many times around the pickup in the revenue capture, which by the way, we believe that now is slightly more sustainable.

In the previous call, what I said is that we believe that 0.5 is – was a kind of more sustainable level with respect to 53. Now we are slightly more optimistic. So we believe that 51, 52 could be sustained going forward.

What I would like to highlight is that what we see as a key driver is the decrease in size of the executed orders. And what we have seen is that since the beginning of the pandemic, the number has reduced – the average size of executed orders has reduced around 30%. So the key KPIs I want to share with you are, retail participation increased threefold and size of executed order has reduced of around 30%.

And then – sorry. No, it's Anthony.

Anthony Attia: Okay. So on the CSD front, again, it's very specific to our Nordic CSDs. We have – we see an upward trend of opening on new retail accounts on both our CSDs. This trend is not slowing down for the moment. Obviously, at the end of last year of 2020, we also saw some accounts being closed, but that's a seasonal effect and that's normal. And the activity on these accounts is also on the growth path.

Arnaud Giblat: Thank you.

Operator: Thank you. Next question comes from the line of Ian White from Autonomous Research. Please go ahead.

Ian White (Autonomous Research): Hi. Morning. Thanks for taking my questions. Just a couple from me, please. Firstly on retail. I wondered if there's anything else you could do on the product side to tap into the recent rise in participation. I know the ecosystem, comparing Europe and the US, is different in terms of what opportunities retail investors have. But obviously, peers among the US exchanges seems to be very focused on introducing new products on the derivatives side, for example, focused particularly at the retail market. Is that something that you could potentially emulate? That would be question one, please.

And secondly, I just wondered if you'd be prepared to share any thoughts on the review of MiFID regulation that's taking place this year. Are there any particular expectations in terms of outcomes from that review from your side? And what would be most beneficial for the Group, please? Any thoughts on that would be interesting. Thank you.

Stéphane Boujnah: So I will answer your second question and give you my overview on your first question on retail. And on the product development side for this targeted segment, Anthony will comment. We are very close to the review process of MiFID II. As you know, I was part of the high level forum set up by the European Commission to advise on the future of MiFID II.

As you know, they have initiated a first round of first measures that are, let's say, the more low level type of quick fix, and they plan to address the more substantial market architecture issues in '21 and '22. We believe that the direction of travel is to make sure that the regulations going forward does reflect the initial intent of MiFID II, which was to increase transparency in markets.

And the European Commission, and especially under the leadership of the new European Commissioner, Mrs McGuinness of Ireland, it's clear, they want to make sure that measures are taken to secure that markets are more transparent and that list market prevail over non-list market or dark market, whatever they are in terms of what used to be branded as dark pool, which is now part of Systematic Internalisers. Clearly, the volatility we have observed in the course of 2020 has challenged the – well, it's reiterate or reinforce from the European Commission point of view, they need for further transparency.

Therefore, to answer precisely your question, I think it is good news for us. Because if and when this momentum and probably when this momentum gets traction and gets translated into adjusted regulations, that would mean that Systematic Internalisers, which initially were designed as a buffer and as a flexibility tool in the spirit of MiFID II, and which, over the recent years, became a rebranding of dark pool, is going to be revisited in a way that we'll get back everyone to the initial intent of MiFID II.

On the retail participation, I think what is extremely important, and we should refrain from jumping too quickly in the analogy with the US. So we do know that the main historical difference or the main – to use some language of some of our competitors, the main secular trend is that in the US people have no collective pension funds and save for pensions and retirement through equity investment or to financial market investments.

In Europe, for all sorts of reasons, there is a combination of state or collective pension funds. And on the top of it, a strong appetite in Europe for mutualised instruments, that were heavily invested in fixed income over the recent years. So the migration to retail participation in equity product starts from a different starting point in the US and in Europe.

Second, the regulation on professional investors or on the level of sophistication of products that are available for individual investors or for retail investors is different. And we have a vibrant derivatives market with retail investors in the Netherlands, but it's not common everywhere. So there are, on this front, very fundamental differences.

However, what is common to US and to Europe, and which is extremely encouraging, is A, the profile of the new retail investors. Historically in Europe, retail investors were – to make story short, except for the UK, which has a pension environment, which is in the middle of the road between the US and Europe but closer to the US, where mainly pre-retired people or retired people, managing their assets.

Clearly, the new retail investors are millennials, young people who were stuck in front of their computers during lockdown periods across Europe and who decided to find a way to benefit from the situation where their screens were red in March and green in November. And that's been the main driver of retail participation in addition to the fact that they were realising that they're saving, albeit, limited for those young guys, invested in fixed income was yielding at best zero return, and in most cases, after inflation and after management fees, to negative return.

So I think this fundamental trend of millennials joining retail – the retail investors community is something which is going to last. And they have more directional view on their investments. So that's really promising because the quality of an order book is the aggregation of market participants with totally asymmetric views on assets. And that's what accelerates floatation of assets and quality of pricing. So in this background, we are trying to capture this new trend through various offerings. Anthony?

Anthony Attia: Very quickly – thank you, Stéphane – to complement on product innovation, indeed, the risk appetite of retail in Europe seems to be lower than in the US. And although we have all the capabilities to launch all sorts of innovative products on our platform, the retail flow today go essentially on equities, including IPOs. And I think that's a very, very strong interesting fact from last year is that we had a very strong retail participation in our SMEs IPOs. So it shows that they want quality, they want innovation, they want ESG.

We have warrants. We have ETF. We have a product – a structured product. And obviously, as Stéphane said, we have our listed derivatives, which is mainly equities and indices derivatives in Amsterdam, where we see retail. But so far, the appetite for complex products, both from the retail population and from the regulators is quite modest.

Ian White: Thanks very much. Very helpful. Thank you.

Operator: Thank you. The next question comes from the line of Gurjit Kambo from JP Morgan. Please go ahead.

Gurjit Kambo (JP Morgan): Hi. Good morning. Just a couple of questions remaining. So just firstly, in terms of the repatriation of sort of trading you're seeing to Continent Europe, is there any sort of trend? Is it going to the incumbent exchanges versus the MTF, so any sort of trends you're seeing there? Is the first question.

Secondly, on the data side, your data revenues were broadly stable. Anything going on there? Any ways you can maybe accelerate the growth on the data side?

And then thirdly, just on ESG. You've clearly been very successful in the new bond launches on ESG. How do the sort of – how does the pricing compare on an ESG bond listing versus, I say, let's say, non-ESG bond listing? Thank you.

Stéphane Boujnah: So Giorgio, on these three questions, trading flows, advanced data services and ESG.

Giorgio Modica: So when it comes to Brexit, what we have seen very pragmatically in these first days, I would say, is that now nearly 100% of the flows of European equities are traded on European venues, in excess of 98%. This means that some of the platforms, especially the one based in the UK, had to split their liquidity between their UK platform and European platform. And so far, this has benefited the primary exchanges with an uplift that we assess today in between low-single-digit type of percentage. Now it's too early to assess whether this is going to be the new norm or whether we will see further changes in the next month.

Then coming to your question on the market data, as you know, there are two key products we do offer. There are real-time market data, which are terminal based and, as you know, there is a secular attrition of terminals. And on the other side, we have a double-digit growth business, which is growing, which is indices. Now what has happened, and this is partially linked to the pandemic, is that there was a slowdown in structured products, which is now recovering, which has affected the performance of that very specific products on which we are very strong.

But again, we anticipate the trend to continue, i.e., we will develop indices that will be the key driver of growth going forward with especially ESG indices.

Stéphane Boujnah: On ESG bonds?

Anthony Attia: Yeah, on the ESG bond –

Stéphane Boujnah: Targets.

Anthony Attia: Yeah. So look, the – we see a very strong rate of increase of our bond offering on the green bond and on the blue bond side. It's difficult to analyse, at that stage, the impact of the – on the valuation of these bonds long-term. But we are monitoring that. What we see that it's usually the qualitative aspect that is brought forward by investors.

Gurjit Kambo: Okay. Great. Thank you very much.

Operator: Thank you. The next question comes from the line of Andrew Coombs from Citi. Please go ahead.

Andrew Coombs (Citigroup): Good morning. Two questions, please. The first, given your commentary on the sustainability of the yields on the cash side, perhaps I could just invite you to also comment on the yield on the directive side, the 0.29 for the quarter was obviously slightly down on mix shift. So any commentary on the outlook there would be appreciated.

And second question back on costs. If I rewind 12 months, the messaging was kind of similar. You talked about the temporary cost step-up on Oslo Børs integration, internal digitisation projects 12 months ago. If we now come back to present day, costs are up €84 million, consistent with your guidance. But can you just give us the building blocks? You talk about four things – M&A, OpEx versus CapEx mix, the increase in clearing expenses and then the strategic initiatives. Can you just give us the building blocks of that €84 million, and how much is aligned to each of those things? Thank you.

Stéphane Boujnah: Giorgio, on the yield of derivatives and on cost?

Giorgio Modica: Yes. The first element is the derivatives. So here, the mix is very important, because as you know, we have our historic products, namely index future and equity options. Now those products, not only Euronext, but pretty much across the board, were affected by the uncertainty over the dividend payment, which makes market making and valuation more complex on these two products.

So what has happened is that what you see is a kind of stable increasing volumes, but the mix is different. Now we have more new products that we introduced at the beginning of this year, or that got traction at the beginning of this year, namely single stock and dividend futures, which do command a slightly lower average fee.

So what do we expect going forward? We expect that when the uncertainty over the dividend payments, which is not fully clear today, is going to be removed or when we will have more stabilised understanding of the dividend season, we will see a stronger activity of index futures. And therefore, we will have a more balanced mix and higher average fees.

So to summarise, today we have, let's say, three types of classes of products. We have commodities. We do command higher fee and higher clearing fees. Then we have equity option and index future, which is the bulk of our portfolio. And then we have the new products, which gained a lot of traction this year, which are single stock and equity futures.

And today, I would say that the new products and the commodities are overrepresented in the mix and this generate a slight dilution. When things will normalise, we anticipate an increase of the average fee. So this is the question – coming to your first question.

Then when it comes to costs, I guess that there are a few things that are evident, which means that, first, even non-adjusting, the margin has gone up, and on a like-for-like basis has gone up, which means that efficiency improves over time. Then if you want to think of a mix, so let's see what is in the mix for 2021.

So in the mix of 2021, there is clearly an assumption of going back to normal after the COVID events, which means more traveling. Should that not happen, this would be a good news with respect to this target. Then what's in there? We will extract further synergies from the acquisition we have executed, and this is, roughly speaking, going to counterbalance the fact that integration costs that we will have.

Then what we will do is that there will be investment on the high-growth businesses of Euronext, more specifically on services and then the Euronext of CSD. And then the remainder are going to be, as I explained, project for doing two things to be more effective on one side and on the other side is to be ready to integrate Borsa Italiana.

And this is not inconsequential when you think that the Euronext Group will move from having 1,500 employees to around 2,500. So this is something that we will need to prepare for, and we are preparing for.

But again, I believe that in the past, we have delivered on our promises. And here, the message is that the costs are – on a constant perimeter, will keep going down. But the key element of deviation for '21 is that the perimeter is not going to be the same. And therefore, we need to prepare for that.

Very last comment, but it's really, really important. We do not provide you with a different set of numbers with adjusted OpEx. In the OpEx, you find everything, the good news and the bad news. So clearly, you should consider that as well.

Andrew Coombs: Thank you.

Operator: Thank you. The next question comes from the line of Irene Elisei from Class CNBC.

Irene Elisei (Class CNBC): Good morning. I would like ask you some questions about Borsa Italiana Group acquisition. Could you tell us something more, please, about the – your future plans for investments and cost savings and also about synergies? Several months after the agreement of acquisition, do you have a more detailed valuation of possible synergies? And last question is about the future governance of Borsa Italiana. Could you explain us your plans in this moment for next month? Thank you.

Stéphane Boujnah: Thank you very much for this question. So on cost and on synergies in general, everything has been said when we announced the deal in October. But let me be a bit more specific. So as you know, we have announced that the transaction will generate, in three years, €60 million of synergies, €45 million of cost synergies and €15 million of revenue synergies.

The first comment is that those synergies will come from the combined entity. Some of them will be extracted from operations based in Milan. Others will be extracted from core Euronext locations, as you can expect from any transformational transaction.

Second, on cost synergies. Some of those synergies would be driven by the migration of the Italian markets to the Optiq single-technology platform. Other synergies will be driven by the fact that the combined Group will leverage on the Group level services and operations.

And on the revenue synergies, we have great plans to expand the growth of existing operations. We have factored in today in the revenue synergies mainly the ones related to the migration of the Italian markets to the Optiq platform. But we believe that, on the top of that, there are other synergies where we need to spend more time to quantify them more precisely after we own the company, because as you can imagine, the information we've got so far are the information shared in the sales process, plus the due diligence process.

But there are many things we cannot have access to because we – the closing has not happened yet. So after the closing has happened, we will go into more details. But I can give you, in qualitative terms, things that are very, very specific.

If you take all the assets of Borsa Italiana one by one, I mentioned the exchange part, Borsa Italiana exchange, the Borsa business of Borsa Italiana, where clearly the revenue synergy will be extracted by the fact – it will be deployed by the fact that all the listing and the trading business of Euronext – of Borsa Italiana will be part of the European project of Euronext.

And just as we have seen significant improvement in trading, in volumes, in yield, in market share in Dublin and in Oslo, we anticipate the same development in this front. Just as we have seen more listing in Oslo, we anticipate more listing in Milan. When we move to a business, which is adjacent to the listing business, which is Elite, which is a very visible business in Italy related to the development of SMEs. Elite it is a very successful platform, first in Italy and in the UK. Clearly, the development of Elite in the UK is going to be a challenge post-sale by LSE.

But in other European jurisdictions where Euronext operates, we have a plan to Europeanise the Elite business, at least the most profitable part of the Elite business in SMEs.

When you go to CC&G, the clearing business, it's very clear. In the past, CC&G was focused on the Italian market because LSE had clearing house, which was LCH Limited or LCH SA. And they had no appetite for cannibalising LCH Limited or LCH SA revenues with the development of CC&G beyond Italy. We have a totally different starting point because we don't have any clearing house. This will be the first clearing house in the Group, and we have a plan to Europeanise the business of CC&G.

If you go to Monte Titoli, the same. Monte Titoli was just one CSD within the LSE Group. Monte Titoli for us will be the fourth CSD in a group of CSDs that includes InterBolsa in Portugal, VPS in Norway, VP Securities in Copenhagen. So Monte Titoli will be the largest CSD of the four CSDs. And we have a framework called the Euronext of CSDs, which is driven towards coordinating the deployment of new offering, mainly value-added or data-driven value-added services to issuers produced by those CSDs.

And then when we go to MTS, which is a very successful asset, we believe that we can accelerate the growth of MTS in European jurisdictions, where MTS has already strong plans. So we are not going to reinvent the wheel with MTS. We are going to accelerate their growth. So the ambitions of the revenue synergies are very high. And there will be clearly growth and investment out of Milan or in the framework of Milan or Rome, or in the case of MTS.

There will be investment in growth made to support this business. Those investments might not all of them be located in Italy, because they will be related to the growth of Borsa Italiana, but they might be allocated wherever it's relevant in Europe.

Now in terms of technology platform, we are exploring in a very detailed manner, and in very precise manner, the migration of our data centre, which is located today in London and which we want to migrate it to Milan to have the hub of the physical infrastructure of the technology of Euronext at Group level to be based in Milan. So this is preparatory work that we are doing now. And here, again, we need to have access to real fact and real numbers when we own the company. So until the closing is completed, it's difficult to promise any specific date and any specific number.

On the future governance of the Group, everything has been said. And I can just reiterate what we have said and maybe to be a little bit more specific, the concept behind this deal is that since Borsa Italiana will become the largest asset of the Euronext Group, Italian voices will be heard. At every moment and in every location, there will be debate and discussions about operational or strategic decisions related to Euronext.

And that – this is as simple as that. CDP and Intesa Sanpaolo will be part of the group of reference shareholders who accept a lockup commitment for a certain amount of years, and in consideration for that, have access to some type of consultation within the limitations of applicable laws and regulations related to listed companies in the Netherlands. So they will be around the table with other strategic investors like Caisse des Depots et Consignations, like BNP, Euroclear, etc., in a group that represents slightly more than 25% of the shares in Euronext.

At the Supervisory Board, there will be an independent Italian Board Member, who will become the Chairman or Chairlady of the Supervisory Board. And then there will be also another Italian Board Member, who will be a representative of CDP as one of the top three reference shareholders in the company.

So when it comes then to the Managing Board, the CEO of Borsa Italiana will be part of the Managing Board that is running the company – that runs the company every Monday, and we have an extended Managing Board with leaders of the key businesses, where Fabrizio Testa, the CEO of MTS, will be part of this extended Managing Board.

And then when it comes to supervision and regulation, CONSOB will join the existing College of Regulators and will be pari passu supervising the Group in addition to having no changes in the regulation of the company locally, where there will be no change whatsoever in the jurisdictions and the competencies and the authority of CONSOB. And by the way, also Banca Italia in terms of oversight for CC&G and Monte Titoli.

CONSOB will be part of the College of Regulators, where there is a rotating chair every six months. Today, the chair of the college is FSMA, the Belgium Market Authority. Last semester, it was the Central Bank of Ireland. And every three years and a half, because we have seven – we will have seven countries, CONSOB will be Che chair of the College of Regulators and will be leading this provision of the Group.

So this is the way it works. And this is the way we are going to run the company in accordance with the sort of architecture of Euronext, a federal model, which is united in diversity. So we have today eight nationalities at the Supervisory Board – or sorry, seven. We will have eight with two more Italians. At the Managing Board, we have nine nationalities. We will still have nine nationalities because we already have an Italian CFO, Giorgio Modica. So that's the system that is pretty fluid.

And each company in Italy will have its own board. There will be a Board of Borsa Italiana. There will be a Board of Monte Titoli. There will be a Board of Elite. There will be a Board of MTS, in particular because there are minority shareholders whose voice needs to be heard within MTS, and there will be a Board of CC&G with expert on risk management. So it's pretty straightforward. There is no hidden agenda. This is the structure we have discussed for months and sometimes for years with our partners, and that we have discussed with all the relevant stakeholders in Italy, and we are just going to implement it.

Irene Elisei: Thank you.

Operator: Thank you. That was our last question for today. So I'll hand the call back to our host to conclude today's conference. Thank you.

Stéphane Boujnah: Thank you, Val. So thank you very much for your time, and happy to provide you with complementary information in the coming days and weeks with the IR team of Aurélie and Clément. Thanks a lot. Have a good day.

Operator: Thank you for joining today's call. You may now disconnect. Hosts, please stay on the line and await further instruction.

[END OF TRANSCRIPT]