

**CONTACT - Media:**

Amsterdam +31.20.721.4488  
Lisbon +351.210.600.614

Brussels +32.2.620.15.50  
Paris +33.1.70.48.24.45

**CONTACT - Investor Relations:**

+33.1.70.48.24.17

## **EURONEXT RELEASES ITS NEW STRATEGIC PLAN: “AGILITY FOR GROWTH”**

- **Set of new financial targets for the 2015-2019 period**
- **Further strengthening of core business, excluding clearing operations, to deliver:**
  - **Revenue growth of 2% CAGR**
  - **Cost base reduction of €22 million gross**
- **Selected growth initiatives to contribute €70 million additional revenue and €35 million incremental costs at the end of the period**
- **Group EBITDA margin excluding clearing operations to reach 61 to 63% in 2019**

**Amsterdam, Brussels, Lisbon, London and Paris – 13 May 2016** – Today Euronext announces its strategic plan “Agility for Growth”. Following the delivery of its IPO objectives a year in advance, Euronext has defined its growth ambitions to 2019. Under this plan, Euronext will enhance its agility in order to strengthen the resilience of its core business, to capture strategic opportunities and to grow in selected segments. The driver of this plan is to fulfil Euronext’s core mission: power pan-European capital markets to finance the real economy, while delivering value to shareholders.

### **Enhancing agility**

Euronext will implement a disciplined innovation strategy, intensify client centricity, continue to reduce cost, strengthen its information technology and infrastructure platform, attract and develop best talent and entrepreneurs and deploy a disciplined M&A programme to accelerate its growth strategy in selected segments.

### **Leveraging the current environment**

Euronext will benefit from a broadly favourable environment driven by three factors. The Euro area economic environment is expected to remain supportive of Euronext’s core business, as Quantitative Easing and low interest rates continue to drive investors’ search for yield. Innovation in capital markets will offer Euronext opportunities to develop new services with clients. The ongoing regulatory changes will increasingly drive value towards transparent, neutral, centrally cleared, open and regulated markets.

### **Strengthening core business and growing in selected segments**

Euronext will further strengthen its core business, creating value for clients and shareholders alike, and grow in selected segments to diversify revenue streams and scale Euronext’s businesses.

The main drivers for strengthening Euronext’s core business will be to:

- Expand Euronext’s listing business to further finance the real economy in Europe;
- Maintain the Company’s successful strategy of optimising its core cash equity business to remain the market of reference for trading in Euronext listed companies;

- Extend the product mix of the derivatives franchise to deliver risk management tools for clients and provide OTC trade capture services; and
- Leverage Euronext's index platform and market data franchise to enrich the value proposition for customers.

Euronext will also focus on six growth initiatives in selected segments to:

- Add value to issuers, with two ambitions: become the exchange for European Tech SMEs and build the modular corporate services provider on data analytics, and
- Add value to investors, with four ambitions: provide a one-stop-shop pan-European ETF platform, launch a Euronext branded European family of indices, become a specialist content provider on agricultural commodities while capturing OTC flows, and deliver choice in clearing in cash markets, create optionalities in derivatives clearing and diversify the post trade franchise.

### **Accelerating profitable growth through targeted mergers and acquisitions**

In order to accelerate Euronext's standalone strategy, its growth ambitions will be achieved both organically, leveraging on its existing assets and talents, and inorganically, through disciplined and selected bolt-on acquisitions. The overall amount allocated to development costs and bolt-on acquisitions will be comprised between €100 and €150 million over the period.

In an evolving industry landscape, Euronext will carefully assess any potential opportunity resulting in a transformational transaction that will create value for clients and shareholders.

### **Setting ambitious financial objectives**

Euronext's strategy "Agility for Growth" translates into a set of new financial objectives. Clearing operations are excluded from 2019 targets, as Euronext's clearing contracts with LCH.Clearnet SA expire at the end of 2018. Euronext is exploring all possible avenues for the clearing of its operations and intends to develop optionality for its clients that will bring the same financial benefits to the Company as the current arrangement does.

Euronext's core business revenue will grow by a 2% CAGR over the 2015 – 2019 period<sup>1</sup>. On top of this, the six new growth initiatives will bring about €70 million of additional revenue. As a result, Group revenue will grow by a CAGR of 5% over the period, up to about €575 million, vs. €467 million in 2015, excluding clearing revenue.

Cost management will remain a key pillar of Euronext's strategy to 2019. A target of €22 million of gross efficiencies has been identified, representing about €15 million net, taking into account an annual inflation rate of 1% over the period. The restructuring costs requested to deliver the additional cost efficiencies are estimated at 1.5 times the gross efficiencies, or €33 million.

The completion of the strategic plan and the growth initiatives will induce about €35 million of additional operational expenses. On a net basis, the Company's cost base will then increase by about 1% CAGR over the period. Euronext's EBITDA margin is expected to range between 61% and 63% by 2019.

### **Enhancing shareholder value**

Euronext intends to pursue a very disciplined capital allocation policy. The Managing Board has proposed to confirm the dividend policy of 50% of reported earnings, enabling the Company to reach the objectives set by its strategic plan. This includes the possibility to execute its value accretive bolt-on acquisition strategy while maintaining sufficient financial flexibility for potential transformational transactions.

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<sup>1</sup> This growth has to be calculated based on 2015 revenue excluding clearing.

Euronext considers its capital management policy as a core priority and a key part of its value proposition to shareholders, and will return any excess of capital on its balance sheet in the absence of transformational deals during the period.

#### Financial calendar

Q2'2016 results	28 July 2016
Q3'2016 results	9 November 2016

#### Contact

##### Media

Pauline Bucaille +33 1 70 48 24 41  
[pbucaille@euronext.com](mailto:pbucaille@euronext.com)

##### Analysts & investors

Stephanie Bia +33 1 70 48 24 17  
[sbia@euronext.com](mailto:sbia@euronext.com)

#### About Euronext

Euronext is the primary exchange in the Euro zone with more than 1,300 listed issuers worth more than €3.0 trillion in market capitalization as of end December 2015, an unmatched blue chip franchise consisting of 25 issuers in the EURO STOXX 50® benchmark and a strong diverse domestic and international client base.

Euronext operates regulated and transparent equity and derivatives markets. Its total product offering includes Equities, Exchange Traded Funds, Warrants & Certificates, Bonds, Derivatives, Commodities and Indices. Euronext also leverages its expertise in running markets by providing technology and managed services to third parties. Euronext operates regulated markets, Alternext and the Free Market; in addition it offers EnterNext, which facilitates SMEs' access to capital markets.

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