



DEUTSCHE BÖRSE
GROUP

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ANNUAL REPORT 2019

Excerpt: Report on economic position



have a special termination right in the event of a change of control. According to the agreements made with all Executive Board members, a change of control occurs if (1) a shareholder or third party discloses possession of more than 50 per cent of the voting rights in Deutsche Börse AG in accordance with sections 33 and 34 of the German Securities Trading Act (WpHG), (2) an intercompany agreement in accordance with Section 291 of the AktG is entered into with Deutsche Börse AG as a dependent company, or Deutsche Börse AG is absorbed in accordance with section 319 of the AktG, or (3) Deutsche Börse AG is merged in accordance with Section 2 of the German Transformation Act (UmwG).

Moreover, there are agreements in place with the Executive Board members under the existing remuneration system, which provide for compensation in the event of a change of control. A description of these agreements, which are in line with national and international practice, can be found in the [remuneration report](#).

Report on economic position

Macroeconomic and sector-specific environment

Macroeconomic conditions continue to have an influence on the business development of Deutsche Börse Group despite the growing importance of structural growth factors. The macroeconomic environment during the year under review was rather complex; whilst some factors had a stimulating effect on business, other factors unsettled market participants, dampening their business activity:

- The global economic situation, with a slight downward trend in economic output in the economies relevant to Deutsche Börse Group (Central Europe, USA) in the year under review. The European Central Bank's (ECB) continued persevering of its low-interest-rate policy, with deposit rates at minus 0.5 per cent, and the resumption of its bond-buying programme as part of its quantitative easing policy (QE).
- The US Federal Reserve's (Fed) monetary policy measures to counteract a possible economic downturn, which were accompanied by interest rate cuts of 25 basis points each in July, September and October.
- The lower level of stable volatility on equity markets – as measured by the VDAX® index – is one of the key drivers of trading activity on the cash and derivatives markets.
- The stability of the economic situation in the euro area continued over the course of the year, although the economic outlook became increasingly gloomy, particularly in the second half of 2019. This was accompanied by persistent uncertainty regarding the terms of the United Kingdom's withdrawal from the EU and its impact on markets.
- The trade dispute between the US and the EU, China, and other major trading partners, and the trade tariffs imposed on commodity or goods imports by the respective parties, fuelled concerns over a global trade war.
- Continued unstable political conditions in some parts of Eastern Europe and recurring flashpoints in the Arab world and their impact on the Western world.
- Regulatory projects and the resulting stricter requirements for capital market participants

Business developments

Given the overall framework conditions described at the beginning of the report on the economic position, the situation on the capital markets for financial service providers such as Deutsche Börse Group in the reporting year was challenging compared with the previous year. Already at the beginning

of 2019, it was anticipated that this year would see a cooling of the global economic environment, which proved to be the case as the year progressed. The main reasons for this were the trade disputes between the US and the EU, China and other major trading partners, and the penalty tariffs imposed by the respective parties on the import of raw materials and goods. As concerns about a global trade war deepened, expectations as to the economy in general became dampened – especially expectations for Germany, an economy with a particular dependence on global trade. Despite market uncertainty, the volatility measured by the VDAX volatility index – one of the main drivers of trading activity on the cash and derivatives markets – was on average slightly below that of the previous year, apart from a few short-term peaks. Meanwhile, despite lower trading volumes compared with the previous year, the DAX and STOXX® benchmark indices saw a significant increase in their levels by the end of the year. Central banks' interest rate policies stimulated the market environment considerably. The US Fed's monetary policy easing had a negative impact on net interest income from banking business from the second half of the year onwards.

Comparability of figures

Changes in the basis of consolidation

Deutsche Börse AG, Frankfurt/Main, Germany, completed the acquisition of Axioma Inc., New York, USA (Axioma) during the third quarter of 2019. Axioma was merged with Deutsche Börse's index businesses to form Qontigo, a newly established company which is an innovative provider of investment information and a leading developer of solutions for modernising investment management – from risk to return. Deutsche Börse has held a 78.3 per cent stake in the company since 13 September 2019. Revenue and costs are reported in the Qontigo segment (Index and analytics business). In this context, certain licence revenues from the Data segment (data business) were also re-allocated to the new Qontigo segment, which amounted to €10.1 million for the first nine months of 2019. The previous year's figures were also adjusted accordingly (€12.8 million).

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

Deutsche Börse Group adjusted the structure of its financial statements as at 1 January 2019 in accordance with IFRS 16. It now recognises the type of expenses for certain leases described in [note 3 to the consolidated financial statements](#). Since 1 January 2019 these have no longer been reported under operating costs but as part of depreciation, amortisation and the financial result. Given that the prior year's figures were not restated, IFRS 16 leads to a decline in operating costs year-on-year for the 2019 financial year, while EBITDA, depreciation and amortisation increase and the financial result decreases. As a result of the recognition of right-of-use assets from leases and taking into account any deferred taxes recognised in this context, total assets have risen by €265.6 million overall as at 1 January 2019.

In order to make the results for the 2019 financial year comparable with the figures of the previous year, the following table provides estimates for a retrospective application of IFRS 16. These figures have not been prepared or audited pursuant to national or international accounting standards, but merely serve to provide a better overview of the Group's business development.

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

	2018 € m
Group	
Reduction of operating costs	50.3
Increase of depreciation and amortisation	47.2
Reduction of financial result	2.9
Reporting segments (reduction of operating costs)	
Eurex (financial derivatives)	11.6
EEX (commodities)	3.3
360T (foreign exchange)	1.1
Xetra (cash equities)	4.2
Clearstream (post-trading)	19.3
IFS (investment fund services)	4.6
GSF (collateral management)	2.4
Qontigo (index- and analytics business)	1.7
Data	2.1

Results of operations

Deutsche Börse Group looks back on another successful financial year. Almost all segments contributed to this success, some of them achieving substantial revenue growth. The Group achieved structural net revenue growth of 5 per cent for the year overall, in line with expectations. The Eurex (financial derivatives) and EEX (commodities) segments were the main drivers of this development. In addition to over-the-counter (OTC) clearing, structural growth of net revenues in the Eurex segment (financial derivatives) was mainly due to new products and pricing models, whilst in the EEX segment (commodities, the positive development of the structural net revenue growth reflected significant market share gains in Europe and the US. The Qontigo (index and analytics business, 360T (foreign exchange trading) and IFS (investment fund services) segments also contributed to strong structural growth. Cyclical effects were unable to drive the Group's growth any further compared to the previous year and broadly offset each other over the period. Higher net interest income from banking business (Clearstream, post-trading segment) made a positive contribution to growth. This was offset by lower volatility on the financial markets compared to the previous year, reflected in a slightly lower trading volume in financial derivatives (Eurex segment). Consolidation effects – mainly resulting from the acquisitions of Axioma and Swisscanto – contributed around 1 per cent to higher net revenue. Overall, the Group generated net revenue of € 2,936.0 million an increase of 6 per cent compared to the previous year (2018: €2,779.7 million).

The reclassification of expenses due to IFRS 16 impacted on the operating costs and EBITDA, as well as on depreciation, amortisation and impairment, and on the financial result. For details, please refer to the [note 3 to the consolidated financial statements](#).

Operating costs for Deutsche Börse Group of €1,264.4 million (2018: €1,340.2 million) comprise staff costs and other operating expenses. Higher expenditure for investments in new technologies and growth initiatives was partially offset by the changeover to IFRS 16. Non-recurring effects totalled €134.9 million for 2019 (2018: €244.2 million) and led to adjusted operating costs of €1,129.5 million (2018: €1,096.0 million). Following adjustments to the previous year's figures in

accordance with IFRS 16, adjusted operating costs rose by 8 per cent, mainly due to higher capital expenditure and consolidation effects. Excluding consolidation effects, adjusted operating costs increased by 5 per cent.

Adjusted staff costs increased year-on-year to €705.7 million (2018: €665.8 million). The increase was mainly due to higher average staff numbers, due in part to acquisitions. Non-recurring effects of €42.1 million (2018: €158.2 million) attributed to personnel expenses mainly include costs incurred for efficiency measures in the context of the Structural Performance Improvement Programme (SPIP) introduced in 2018.

Other adjusted operating expenses relate mainly to the costs of enhancing and operating Deutsche Börse Group's technological infrastructure. This includes, for example, costs for the Group's own IT and for external IT service providers. In addition, other operating expenses include the cost of the office infrastructure at all the Group's locations as well as travel expenses, most of which are incurred in connection with sales activities. Adjusted operating costs fell slightly year-on-year to €423.8 million (2018: €430.2 million). This figure does not include non-recurring effects of €92.8 million (2018: €86.0 million), which resulted from organisational restructuring measures within the scope of implementing the corporate strategy "Roadmap 2020", for example, as well as M&A activities.

Results from strategic investments rose slightly to €6.7 million (2018: €4.2 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 16 per cent. Adjustment of the previous year's figures to reflect the adoption of IFRS 16 resulted in an increase in adjusted EBITDA of 5 per cent.

The Group reports depreciation, amortisation and impairment losses separately from operating costs. This figure increased by 7 per cent year-on-year to €226.2 million (2018: €210.5 million) and is mainly due to the reclassification of expenses in accordance with IFRS 16.

The financial result totalled €-53.7 million (2018: €-76.4 million). This decrease was mainly due to lower provisions for interest payments on any potential tax back payments for the 2019 financial year.

The adjusted Group tax rate for 2019 was 26 per cent, as expected.

Overall, the net profit for the period attributable to Deutsche Börse AG shareholders was €1,003.9 million (2018: €824.3 million), an increase of 22 per cent on last year's result. Adjusted, this amounted to €1,105.6 million (2018: €1,002.7 million), an increase of 10 per cent.

Non-controlling interests in net profit attributable to Deutsche Börse AG shareholders amounted to €31.5 million for the period (2018: €28.2 million). This comprises mainly earnings attributable to non-controlling shareholders of EEX Group and, since September 2019, Qontigo GmbH.

Based on the weighted average of 183.4 million shares, basic earnings per share amounted to €5.47 (2018: €4.46 for an average of 184.9 million shares outstanding). Adjusted, basic earnings per share rose to €6.03 (2018: €5.42).

Comparison of results of operations with the forecast for 2019

For 2019, Deutsche Börse Group had expected an increase in structural net revenue of at least 5 per cent on the basis of its diverse structural growth initiatives. The Group expected a slightly more reticent market environment in the 2019 financial year compared to 2018, due to the slowdown in global economic growth, increased economic risks and political uncertainties, especially with regard to further cyclical growth. However, despite the continuing uncertainty, it became less of a factor for financial markets as the year progressed, resulting in stock market volatility, measured by the VSTOXX volatility index, and thus trading volumes falling short of the higher comparative figures for the previous year. In particular, the Group did not expect US interest rates to drop in the second half of 2019. The conditions described earlier in the [“Business developments” section](#) thus largely reflect the Group’s assumptions used in the forecast. Based on its highly diversified business model, Deutsche Börse Group increased net revenue by a total of 6 per cent. Of this increase, 5 per cent is attributable to structural growth factors, with cyclical factors generally offsetting each other. One per cent of this growth is attributable to consolidation effects. The structural growth forecast was therefore met.

The Group anticipated an increase in structural net revenue of at least 5 per cent, along with operating costs in a range corresponding to this. Deutsche Börse Group had expected an increase in adjusted net profit attributable to Deutsche Börse AG shareholders of around 10 per cent. On an adjusted basis, Deutsche Börse Group achieved a 10 per cent increase in adjusted net profit for the period attributable to Deutsche Börse AG shareholders, in line with the forecast. Moreover, the Group achieved a ratio of net debt to adjusted EBITDA of 1.0, which is well below the target value of 1.75 maximum. The adjusted tax rate was 26.0 per cent, exactly on target. In line with projections, the operating cash flow was clearly positive. Investments in property, plant and equipment, as well as intangible assets amounted to €184.7 million, slightly higher than forecast. After increasing its target figures, the Group aimed to distribute dividends equivalent to the mean of the projected range of 40 to 60 per cent of (adjusted) net profit for the period attributable to Deutsche Börse AG shareholders. According to the proposal made to the Annual General Meeting, based on a proposed dividend of €2.90 per share, a figure of 48 per cent was reached.

Eurex (financial derivatives) segment

Eurex (financial derivatives) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	957.1	936.1	2
Equity index derivatives	484.0	466.2	4
Interest rate derivatives	210.9	231.9	-9
Equity derivatives	51.1	43.8	17
OTC clearing (incl. net interest income on margins for OTC interest rate swaps)	41.2	25.6	61
Margin fees	52.3	50.0	5
Other (incl. connectivity, member fees and net interest income on margins for exchange-traded products)	117.6	118.6	-1
Operating costs	314.5	376.3	-16
Operating costs (adjusted)	296.0	304.9	-3
EBITDA	647.6	559.4	16
EBITDA (adjusted)	666.2	630.8	6
PERFORMANCE INDICATORS			
Financial derivatives: trading volumes on Eurex Exchange	m contracts	m contracts	%
Derivatives ¹⁾	1,947.1	1,951.8	0
Equity index derivatives	953.0	949.8	0
Interest rate derivatives	506.8	628.5	-11
Equity derivatives	425.2	372.1	14
Financial derivatives: OTC clearing volumes	€bn	€bn	%
Notional outstanding (average)	12,795	7,027	82
Notional cleared (incl. compression)	28,064	15,099	85

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

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

Trading volumes in the Eurex segment across all product groups reached 1,947.1 million contracts in the 2019 financial year, coming very close to the previous year's figure of 1,951.8 million contracts. The importance of geopolitical influences on the markets, such as the trade dispute between the US and China and the delays surrounding Brexit, eased increasingly in the course of 2019. Accordingly, equity market volatility in the 2019 financial years, as measured by the VSTOXX volatility index, was 10 per cent lower on average than the high figure for the previous year. Despite what was an unfavourable market environment overall, trading volumes in the business with equity index derivatives in the year under review were up slightly on the previous year. Higher contract volumes were evident in sector index trading, particularly for products based on MSCI indices. The Eurex segment benefited here from the considerably broader range of products offered. Single-stock derivatives trading volumes rose by 14 per cent in 2019, due above all to higher contract volumes in derivatives on bank shares.

By contrast, trading volumes in interest rate derivatives declined by 11 per cent in the 2019 financial year. Volumes were burdened here by the absence of further interest rate increases in the US at the start of 2019, as anticipated by many market participants. Instead, the US Federal Reserve (Fed) lowered its key interest rates three times in 2019. In conjunction with the loose monetary policy still pursued by the ECB, this led to a decline in trading volumes in Europe, especially in the longer maturities.

The Eurex segment achieved marked growth of 480 per cent in trading in commodity ETFs, so-called exchange traded commodities (ETCs), albeit from a low absolute level. The option on the physical gold ETC in particular offers investors an opportunity to gain exposure to a proxy for gold spot volatility. ETC trading volumes totalled 8.1 million contracts in 2019 (2018: 1.4 million).

Clearing of OTC interest rate derivatives continued to increase in the 2019 financial year, with the outstanding nominal volume exceeding the previous year's value by 63 per cent. Eurex Clearing's market share in global euro-denominated OTC interest rate derivatives rose accordingly to 14.5 per cent (2018: 9.3 per cent). The incentive programme that Eurex introduced in September for transferring interest rate derivative portfolios to Eurex Clearing also had a positive effect, helping Eurex clients migrate their positions into the EU-27. Cleared nominal volumes rose by 85 per cent in 2019.

At the start of 2019, Eurex Clearing's Partnership Programme was extended to include the repo segment, with the objective of enhancing selection and efficiency for market participants in special repos and general collateral (GC) instruments, as well as furthering acceptance and growth in repo business between traders and customers. At the end of 2019, more than 300 end clients (2018: 130) were connected to Eurex Clearing's interest rate derivatives service. Increased buy-side demand is proof of the trust our clients place in the quality of euro clearing based in Frankfurt.

Overall, net revenue in the Eurex segment increased by a total of 2 per cent in 2019. The biggest growth drivers in percentage terms were OTC clearing and the business with equity derivatives. Trading in equity index derivatives, measured by the net revenues of the most important business, reported a 4 per cent increase in revenue. The segment's adjusted EBITDA rose by 6 per cent.

EEX (commodities) segment

EEX (commodities) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	289.3	256.6	13
Power spot	70.9	67.1	6
Power derivatives	105.1	82.1	28
Gas	42.8	36.6	17
Other (incl. connectivity, member fees and admission allowance)	70.5	70.8	0
Operating costs	169.6	149.2	14
Operating costs (adjusted)	150.6	141.2	7
EBITDA	119.4	107.2	11
EBITDA (adjusted)	138.4	115.2	20
PERFORMANCE INDICATORS			
Commodities: trading volumes on EEX	TWh	TWh	%
Power spot	597.7	576.6	4
Power derivatives	5,829.7	4,385.5	33
Gas	2,546.3	1,962.9	30

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

EEX Group cemented its position further in 2019 as a global commodities exchange, achieving marked growth especially in the markets for electricity, natural gas and freight.

The Group increased its trading volume in the spot power market by 4 per cent in 2019. Growth was attributable mainly to increases in the German and Austrian day-ahead markets, and from greater volume in the intraday markets, due in part to the higher share of renewable energy. On the other hand, the introduction of a joint order book – and hence, the coupling of the day-ahead markets in Germany, Austria, the Netherlands, Belgium and France at the start of July 2019 – drove up competitive pressure.

EEX Group's power derivatives markets saw an increase in trading volumes of 33 per cent to 5,829.7 TWh. Trading in Phelix-DE futures continued to expand and reached a new record volume of 250.1 TWh in September 2019. EEX Group also significantly increased its trading volume and further extended its market share in 2019 on the power derivatives markets in France, Spain and Hungary. EEX rolled out new power products at the start of June 2019 for three southern European markets, comprising cash-settled power futures for Bulgaria, Serbia and Slovenia. With the new products, EEX's range of power products now covers 20 European market areas. US power trading, operated by Nodal Exchange which was acquired in 2017, increased its volume by 79 per cent in 2019. Nodal Exchange reported a new record volume of 231 TWh in October 2019, while its market share of the North American power derivatives market climbed to 36 per cent in the year under review (2018: 21 per cent).

In the gas market, trading volume of the EEX segment rose by 30 per cent. High growth rates were achieved in the gas spot market in the Netherlands, Germany and Austria in particular. Trading activity on the gas derivatives market increasingly gained momentum during 2019, driven especially by the Dutch and the German market.

2019 was a very positive year for the freight segment, with freight volumes settled via the ECC clearing house climbing in 2019 by 109 per cent year-on-year.

Across all product groups, net revenue of the EEX segment rose by 13 per cent in the year under review. Adjusted EBITDA rose by 20 per cent.

360T (foreign exchange) segment

360T (foreign exchange) segment: key indicator

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	92.1	78.8	17
Trading	76.9	66.7	15
Other (incl. connectivity and member fees)	15.2	12.1	26
Operating costs	57.7	49.9	16
Operating costs (adjusted)	50.4	45.7	10
EBITDA	34.4	28.9	19
EBITDA (adjusted)	41.7	33.1	26
PERFORMANCE INDICATORS			
Foreign exchange: trading volumes on 360T®	€bn	€bn	%
Average daily volume	82.5 ¹⁾	69.2 ¹⁾	19

1) Including GTX trading volumes since July 2018

In the 360T (foreign exchange) segment, Deutsche Börse Group manages its foreign exchange trading business, which takes place on the platforms provided by its subsidiaries 360 Treasury Systems AG and 360TGTX Inc. Net revenue of the 360T segment is driven mainly by the trading activities of institutional investors, banks and internationally active companies, and the provision of liquidity through so-called liquidity providers. During the year under review, the segment generated 83 per cent of its revenue from foreign-exchange trading and 17 per cent from the provision of other services.

The market environment in the 360T segment was determined by low volatility overall on the FX spot markets during the year under review. Despite this cyclical headwind, the 360T segment was nonetheless able to increase average daily trading volumes on its platform by 19 per cent during the 2019 financial year. Growth in trading volumes was based primarily on the acquisition and onboarding of new clients, in particular in the US, as well as in the EMEA and APAC regions. Strong growth was recorded in the year under review, above all in swaps and forward transactions. The OTC product range was also extended in the year under review with the introduction of a fully-automated limit order book for FX swaps (360TGTX MidMatch) and a streaming service for non-deliverable forwards (NDFs).

In addition, Eurex's FX trading and clearing activities, which are also allocated to the 360T segment, reached important milestones in the planned expansion of the product and service range. This led to the acquisition of two renowned US banks – J.P. Morgan and Morgan Stanley – as the first participants for

the OTC FX clearing service. The first cross-currency swaps were successfully cleared via Eurex Clearing in October. Eurex Clearing's ITC-FX clearing service offers interdealer clearing of EUR/USD and GBP/USD currency pairs for cross-currency swaps with a term of up to 50 years. The Eurex business with FX-based exchange-traded derivatives (ETDs) was another of the segment's initiatives. Further renowned clearing members, liquidity providers and trading participants were acquired as clients for Eurex FX futures trading in the year under review. The volume of FX futures traded on the Eurex platform grew steadily in 2019 to reach a record volume of 32,540 traded contracts on 11 December 2019. Open interest at year-end 2019 reached a new all-time high of €2.04 billion. The market data product, which was rolled out together with the Data segment in 2018 and provides data on both FX spot and swap markets, continued to be very well received by market participants last year and developed positively.

Given the product mix, which comprises a higher share of lower-margin products, net revenue growth of 17 per cent for the 2019 financial year fell slightly short of the increase in trading volumes. The GTX business (acquired in the previous year) contributed 12 percentage points to revenue growth over the year as a whole. The 360T segment's adjusted EBITDA rose by 26 per cent.

Xetra (cash equities) segment

Xetra (cash equities) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	222.6	228.7	-3
Trading and clearing	156.4	170.6	-8
Listing	19.9	17.8	12
Other (incl. connectivity and member fees)	46.3	40.3	15
Operating costs	101.7	118.8	-14
Operating costs (adjusted)	98.1	102.7	-4
EBITDA	124.8	115.5	8
EBITDA (adjusted)	128.4	131.6	-2
PERFORMANCE INDICATORS	€bn	€bn	%
Trading volume (single-counted order book turnover at the trading venues Xetra®, Börse Frankfurt and Tradegate)	1,500.3	1,719.6	-13
Equities	1,354.9	1,552.7	-13
ETF/ETC/ETN	145.4	166.9	-13

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

Low equity market volatility in the 2019 financial year was the main reason for the unfavourable cyclical environment for Deutsche Börse Group's cash market business. The higher index levels compared with the previous year were unable to offset the lower trading activity, so that trading volumes fell by 13 per cent in the year under review. Competing with other pan-European trading venues, Xetra nonetheless further strengthened its position as the reference market for trading in DAX[®] constituents, increasing its market share to 71 per cent (2018: 68 per cent). Trading volumes in exchange-traded funds (ETFs) were also down 13 per cent year-on-year. Assets under management in ETFs totalled €709.8 billion as at 31 December 2019 (2018: €524.2 billion).

During the year under review, the Xetra segment recorded a total of four initial public offerings (IPOs) compared with 18 in 2018. These included the IPOs of TRATON SE, the Volkswagen Group's commercial vehicles business, with an issue volume of €1.6 billion and TeamViewer AG with an issue volume of €2.2 billion. TeamViewer's IPO was the largest of a technology company in Germany since 2000.

Persistently high investor interest in Xetra-Gold[®] – a bearer bond backed by physical gold – led to new record levels, both in terms of gold holdings and assets under administration. At the end of the financial year 2019, the gold held in custody reached a record of 203.2 tonnes (2018: 181.4 tonnes), equivalent to around €8.8 billion (2018: €6.5 billion). Xetra Gold thus remains the leading European security backed by physical gold. In the year under review, the aggregate order book turnover was €3.4 billion (2018: €2.7 billion), making Xetra Gold the most actively traded instrument amongst exchange traded commodities (ETCs) traded on Xetra.

Net revenue in the Xetra segment declined slightly by 3 per cent during the year under review. The below-average decline in revenue from trading and clearing services compared with the performance of trading volume resulted from Deutsche Börse's rebate and pricing model, i.e. lower volume discounts are granted for lower trading volumes. Higher listing fees also had a positive impact on net revenue. The increase in other revenue was attributable to higher connectivity fees and resulted above all from numerous clients developing their infrastructure in preparation for the UK's exit from the EU. The segment's adjusted EBITDA also fell slightly by 2 per cent.

Clearstream (post-trading) segment

Clearstream (post-trading) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	764.7	727.3	5
Custody	391.7	382.8	2
Settlement	82.2	76.0	8
Net interest income from banking business	188.2	155.5	21
Third-party services	24.3	32.1	-24
Other (incl. connectivity, account maintenance)	78.3	80.9	-3
Operating costs	305.0	351.9	-13
Operating costs (adjusted)	282.4	277.7	2
EBITDA	459.4	375.2	22
EBITDA (adjusted)	482.0	440.1	10
PERFORMANCE INDICATORS			%
Assets under custody ICSD and CSD (average) (€bn)	11,561	11,302	2
Settlement transactions ICSD (m)	56.1	48.4	16
Cash balances (daily average) (€bn)	15.7	13.1	20

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

The average value of assets under custody in the central securities depository (CSD) and international central securities depository (ICSD) business increased by 2 per cent in the 2019 financial year. This rise was mainly due to a higher volume of bonds held in the ICSD business, which also benefitted from the strength of the US dollar versus the euro. Net revenue from custody services rose accordingly by 2 per cent in the reporting year. Increased client activity resulted in a 16 per cent higher number of settlement transactions, especially in the ICSD business. Net revenue from settlement services saw a corresponding increase of 8 per cent in the 2019 financial year.

Net interest income from Clearstream's banking business rose 21 per cent to €188.2 million in full year 2019 (2018: €155.5 million). The higher net interest income on cash deposits resulted from catch-up effects from interest rate hikes in the US in 2018, which had outweighed the effect of the three interest rate cuts by the US Federal Reserve in the second half of 2019. The rise in net interest income was also a result of higher US dollar-denominated deposits. Customers cash balances overall rose by 20 per cent to €15.7 billion as at 31 December 2019.

Net revenue from third-party services declined by 24 per cent year-on-year. While revenue from regulatory reporting services offered via REGIS-TR continued to grow, this growth was in total overcompensated by the discontinuation of the managed services business.

Other revenue recorded a year-on-year decline as a result of a one-time €9.3 million insurance payment recognised in the prior year. Other services, including connectivity and account maintenance, however, recorded a rise in net revenue.

Overall, the Clearstream segment increased net revenue by 5 per cent in 2019. Operating costs adjusted for exceptional effects advanced by 2 per cent, mainly as a result of higher staff costs due to additional hirings, which have been partially offset by lower variable compensation. Accordingly, adjusted EBITDA improved year-on-year by 10 per cent.

IFS (investment fund services) segment

IFS (investment fund services) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	183.1	154.3	19
Custody	76.7	65.9	16
Settlement	53.6	49.4	9
Other (incl. connectivity, order routing and reporting fees)	52.8	39.0	35
Operating costs	110.3	108.3	2
Operating costs (adjusted)	95.1	86.8	10
EBITDA	72.8	46.0	58
EBITDA (adjusted)	88.0	67.5	30
PERFORMANCE INDICATORS			%
Assets under custody (average) (€bn)	2,502	2,385	5
Settlement transactions (m)	27.9	24.5	14

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

Assets under custody in the IFS segment climbed by 5 per cent in the 2019 financial year, leading to a 16 per cent rise in net revenue from custody services. The number of settlement transactions rose by 14 per cent in the reporting year fuelled by the onboarding of new clients and high levels of activity among existing clients amid increased market share in growing fund market. As a consequence, net revenue from settlement services increased by 9 per cent.

Following the acquisition of Swisscanto Funds Centre Ltd. at the end of 2018, the rollout of related services launched in mid-2019 progressed as scheduled and several new clients were acquired in the reporting year. Among others, the functionalities of the Fund Desk distribution support service were enhanced and fully integrated into the IFS product range. The services encompass distribution contract negotiation, compliance support services for eligibility control and anti-money-laundering, know-your-customer and know-your-distributor rules, exchange fund data from asset managers to fund distributors and vice versa, as well as a distribution commission management service. As a result, the new service will help clients meet regulatory requirements for transparency and standardisation in fund distribution, which have increased under MiFID II. Thanks to the broader product offering, the IFS segment realised

revenue synergies from cross-selling. The net revenues related to the Swisscanto acquisition are included in the “other revenue” line item, which rose by 35 per cent in 2019.

During the 2019 financial year, IFS also completed the acquisition of Ausmaq Limited, the specialist managed funds custody business of National Australia Bank Limited, thereby extending its fund service offering to the Australian market. Australia has recorded steady growth in recent years and ranks number one among the Asia-Pacific fund markets and number four globally with regard to assets under management.

Overall, the IFS segment’s net revenue increased by 19 per cent in 2019. Roughly half of the increase (€13.3 million) was attributable to the acquisitions of Swisscanto Funds Centre Ltd. and Ausmaq Limited, while organic growth amounted to 8 per cent. Due to the segment’s highly scalable business model, adjusted EBITDA climbed by 30 per cent.

GSF (collateral management) segment

GSF (collateral management) segment: key indicators

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	78.0	83.1	-6
Collateral management	48.9	43.3	13
Securities lending	29.1	39.8	-27
Operating costs	38.4	48.4	-21
Operating costs (adjusted)	36.3	39.5	-8
EBITDA	38.1	34.2	11
EBITDA (adjusted)	40.2	43.1	-7
PERFORMANCE INDICATORS	€bn	€bn	%
Average outstandings from collateral management	401.8	377.6	6
Average outstandings from securities lending	48.9	53.8	-9

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

Average outstandings in the collateral management business recorded growth of 6 per cent in the 2019 financial year. This was mainly the result of new customer wins and growing volumes in initial-margin segregation products under the European Market Infrastructure Regulation (EMIR). Net revenue from collateral management services increased accordingly by 13 per cent.

The GSF segment succeeded in significantly broadening its customer base in 2019, leading to a steady recovery in securities lending volumes over the course of the year. However, this could not fully offset the challenging market conditions in the business, with average outstanding volumes down 9 per cent compared to the previous year. Negative interest rates and ample liquidity provided by the ECB put added pressure on fees, resulting in a decline of 27 per cent in net revenue from securities lending in 2019.

The GSF segment’s net revenue overall fell by 6 per cent in the 2019 financial year. As a result, adjusted EBITDA declined by 7 per cent.

Qontigo (index and analytics business) segmentQontigo (index and analytics business) segment: key indicators¹⁾

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	190.2	157.3	21
ETF licences	38.7	43.8	-12
Exchange licences	31.5	31.3	1
Other licences	94.2	82.2	15
Analytics	25.8	-	-
Operating costs	101.0	53.9	87
Operating costs (adjusted)	69.4	44.5	56
EBITDA	89.2	103.4	-14
EBITDA (adjusted)	120.8	112.8	7
PERFORMANCE INDICATORS	€bn	€bn	%
Assets under management in ETFs on STOXX® indices (average for the period)	71.2	81.9	-13
Assets under management in ETFs on DAX® indices (average for the period)	24.0	27.7	-13
Index derivatives (traded contracts) (m)	879.6	875.4	0

1) As part of the combination, certain licence revenues were re-allocated from the Data segment to the new Qontigo segment (index and analytics business)

In the Qontigo (index and analytics business) segment, Deutsche Börse Group reports on the development of its subsidiary, Qontigo, which was formed through the merger of STOXX Ltd. and Axioma Inc. in September 2019. In the index business, Qontigo offers issuers an extensive range of indexes, providing issuers with a wealth of opportunities for creating financial instruments for even the most diverse investment strategies. While the ETF licence revenues depend on the volume invested worldwide in exchange-traded index funds (ETFs) on STOXX® and DAX® indices, the exchange licence revenues are determined mainly by the volume traded in index derivatives on STOXX and DAX indices on Eurex. Licence fees from structured products are shown as part of other licence fees. In Analytics, Qontigo offers its clients risk analytics and portfolio-management tools. Revenue in this area depends mainly on order volume. However, a significant portion of this revenue requires the volume of new business to be recognised at the time the revenue is generated (rather than spread over the term of the contract). Actual net revenue may therefore fluctuate from month to month depending on the volume of new business.

In the year under review, European stock indices recorded an outflow of investment funds to other regions – an effect that could not be compensated for by higher index levels compared to the previous year. Average assets under management in ETFs on STOXX and DAX indices each fell by 13 per cent compared to the previous year. ETF licence fees for 2019 declined similarly, by 12 per cent. In line with the almost unchanged trading volume in index derivatives at Eurex, exchange-based licence fees in 2019 were 1 per cent up on the already high figure for the previous year.

In July STOXX Ltd. announced that it had been recognised as administrator according to Article 32 of the EU Benchmarks Regulation. This recognition means that indices managed by STOXX can now be included in the ESMA Benchmark Register. To achieve synergies in Deutsche Börse Group's index business, Deutsche Börse AG has decided to transfer the administration (as defined in the EU Benchmark Regulation) of its indices (DAX, eb.rexx etc.) to STOXX Ltd.

Net revenue from Analytics of €25.9 million, reported for the first time in the 2019 financial year, reflects the new business generated by the merger with Axioma in portfolio management and risk analytics software. Revenue relates to the period since the acquisition was completed (13 September 2019).

Due to the signing of a number of new contracts, including those with buy-side customers, other licence revenues rose by 14 per cent for 2019. Overall, net revenue for the Qontigo segment increased by 21 per cent in the year under review. Adjusted EBITDA for the segment rose by 7 per cent.

Data segment

Data segment: key indicators¹⁾

	2019	2018	Change
FINANCIAL KEY FIGURES	€m	€m	%
Net revenue	158.9	170.3	1
Cash and derivatives	112.0	113.6	-1
Regulatory services	19.1	17.8	7
Other (incl. CEF® data services)	27.8	38.9	7
Operating costs	66.3	83.5	-1
Operating costs (adjusted)	51.3	53.0	-3
EBITDA	92.5	86.7	25
EBITDA (adjusted)	107.5	117.2	3
PERFORMANCE INDICATORS	thousand	thousand	%
Subscriptions	334.3	377.8	-12

1) As part of the combination, certain licence revenues were re-allocated from the Data segment to the new Qontigo segment (index and analytics business)

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

Net revenue for Data increased year-on-year by 1 per cent. Net revenue for data from the cash and derivatives markets decreased primarily due to higher back billings for the same period last year. Regulatory services saw revenue increase mainly as a result of the positive development in the Group's core business as well as non-recurring effects. The segment's other net revenue (including CEF® data services and external collaborations) increased due to an early termination of a contract.

Overall, adjusted EBITDA for 2019 increased by 3 per cent due to a stronger increase in net revenue compared to adjusted operating costs.

Development of profitability

Deutsche Börse Group's return on shareholders' equity expresses the ratio of net income after taxes to average equity available to the Group during the course of 2019. At 19.3 per cent return on equity was higher than the previous year's ratio (2018: 17.1 per cent). Adjusted for the effects described in [☒ Results of operations](#), the return on equity was 21.3 per cent (2018: 20.8 per cent).

Financial position

Cash flow

Consolidated cash flow statement (condensed)

	2019 €m	2018 €m
Cash flows from operating activities (excluding CCP positions)	1,030.6	1,176.5
Cash flows from operating activities	926.1	1,298.2
Cash flows from investing activities	– 722.9	792.0
Cash flows from financing activities	99.4	– 832.9
Cash and cash equivalents as at 31 December	2,145.5	1,839.0
Cash and other bank balances as at 31 December	888.1	1,322.3

Cash and cash equivalents at Deutsche Börse Group comprise cash and bank balances – to the extent that these do not result from reinvesting current liabilities from cash deposits by market participants – as well as receivables and liabilities from banking business with an original maturity of three months or less. Cash and cash equivalents as at 31 December 2019 amounted to €2,142.1 million (31 December 2018: €1,839.0 million). Other cash and bank balances amounted to €888.1 million as at 31 December 2019 (31 December 2018: €1,322.3 million).

In the 2019 financial year, Deutsche Börse Group generated a positive cash flow of €304.8 million (2018: €1,257.3 million). The informative value of Deutsche Börse Group's cash flow is relevant only to a limited extent since it includes in particular CCP positions which are subject to significant fluctuations on the reporting date, as well as the inflows and outflows resulting from the banking business. Adjusted by these effects, the cash flow in the 2019 financial year can essentially be explained as follows:

Deutsche Börse Group generated €1,030.6 million (2018: €1,176.5 million) in cash flow from operating activities, excluding changes in CCP positions on the reporting date. This figure is determined indirectly, resulting from the net profit for the period amounting to €1,035.4 million (2018: €852.5 million), which is adjusted by non-cash expense and income such as depreciation and deferred tax assets. Additionally, especially higher tax payments in 2019 resulted in a negative contribution to cash flow from operating activities (increase in working capital).

The positive cash flow from operating activities is essentially matched by the purchase of the investments in intangible assets and property amounting to €184.7 million and the distribution of €495.0 million in dividends by Deutsche Börse AG for the 2018 financial year (dividends for the 2017 financial year: €453.3 million). In particular, the acquisition of Axioma Inc. resulted in a total cash outflow in cash flow from investing activities in amount of €648.3 million. At the same time, General Atlantic's participation in the index business of Deutsche Börse Group led to an cash inflow in amount of €666.4 million and to an increase in cash flow from financing activities. Therefore, the acquisition of Axioma Inc. was mostly neutral for cash and cash equivalents.

As in previous year, the Group assumes it will have a strong liquidity base in the 2020 financial year due to its positive cash flows from operating activities, adequate credit lines and flexible management and planning systems.

For further details regarding the cash flow, please refer to the [☒ consolidated cash flow statement](#) as well as [☒ note 20 to the consolidated financial statements](#).

Liquidity management

Deutsche Börse Group primarily meets its operating liquidity requirements from internal financing, i.e. by retaining generated funds – with a view towards maintaining sufficient liquidity in order to be able to meet all of the Group's payment obligations when due. An intra-Group cash pool is used for pooling surplus cash as far as regulatory and legal provisions allow. All of the Group's cash investments are short-term, in order to ensure rapid availability, and are largely collateralised using liquid bonds from prime-rated issuers. Moreover, Deutsche Börse AG has access to external sources of financing, such as bilateral and syndicated credit lines, as well as a commercial paper programme (see [note 23 to the consolidated financial statements](#) for details on financial risk management). In recent years, Deutsche Börse AG has leveraged its access to the capital markets to issue corporate bonds in order to meet its structural financing needs.

Debt instruments issued by Deutsche Börse AG (outstanding as at 31 December 2019)

Type	Issue volume	ISIN	Term	Maturity	Coupon (p.a.)	Listing
Fixed-rate bearer bond	€600 m	DE000A1RE1W1	10 years	October 2022	2.375%	Luxembourg /Frankfurt
Fixed-rate bearer bond	€500 m	DE000A1684V3	10 years	October 2025	1.625%	Luxembourg /Frankfurt
Fixed-rate bearer bond	€600 m	DE000A2LQJ75	10 years	March 2028	1.125%	Luxembourg /Frankfurt
Fixed-rate bearer bond (hybrid bond)	€600 m	DE000A161W62	Call date 5.5 years/final maturity in 25.5 years	February 2021/February 2041	2.75% (until call date)	Luxembourg /Frankfurt

Capital management

The Group's clients generally expect it to maintain conservative interest coverage and leverage ratios, and hence to achieve a good credit rating.

The Group is committed to achieving the minimum financial risk profile that is consistent with an AA rating in accordance with S&P Global Ratings methodology. Furthermore, the company endeavours to maintain the strong AA credit rating of its subsidiary Clearstream Banking S.A., in order to ensure the long-term success of its Clearstream securities settlement and custody segment. The activities of the Eurex Clearing AG subsidiary also require Deutsche Börse AG to have and maintain a strong credit quality.

To this end, the Group aims to achieve the following relevant key performance indicators:

- Net debt to EBITDA ratio: no more than 1.75
- Free funds from operations (FFO) to net debt: equal to or greater than 50 per cent
- Interest cover ratio: at least 14
- Tangible equity (for Clearstream Banking S.A.): total of at least €1.1 billion

When calculating these key performance indicators, Deutsche Börse Group closely follows the methodology applied by S&P Global Ratings:

- To determine EBITDA, reported EBITDA is adjusted by the result from strategic investments, as well as by unfunded pension obligations. EBITDA for 2019 was €1,679 million.
- In order to determine FFO, interest and tax expenses are deducted from EBITDA, applying the respective imputed adjustments for unfunded pension obligations etc. FFO in 2019 amounted to €1,294 million.
- The Group's net debt is reconciled by first deducting 50 per cent of the hybrid bond, as well as the surplus cash as at the reporting date, from gross debt (i.e. from interest-bearing liabilities). Liabilities from operating leases and unfunded pension obligations are then added. Net debt for 2019 totalled €1,638 million.
- The parameters used to determine interest expenses include interest expenses for financing Deutsche Börse Group, less interest expenses of Group entities which are also financial institutions – including Clearstream Banking S.A., Clearstream Banking AG, and Eurex Clearing AG. Interest expenses incurred which are not related to Group financing are not included in the calculation of interest expenses. Only 50 per cent of the hybrid bond is counted towards interest expenses. Interest expenses totalled €49 million in 2019.

Deutsche Börse AG has declared its intention not to reduce the tangible equity (equity less intangible assets) of Clearstream Banking S.A. below €1,100 million. Clearstream Banking S.A. exceeded this threshold during the year under review, with a level of €1,448 million.

The following table "Relevant parameters" illustrates the calculation methodology and shows the values for 2019.

Relevant key performance indicators according to the adjusted calculation method

		Target figures	2019
Net debt / EBITDA		≤ 1.75	1.0
Free funds from operations (FFO) / net debt	%	≥ 50	79
Interest coverage ratio		≥ 14	34
Tangible equity of Clearstream Banking S.A. (as at the reporting date)	€m	≥ 1,100	1,448

S&P Global Ratings bases the determination of the key performance indicators on the corresponding weighted average of the reported or expected results of the previous, the current and the following reporting period. To ensure the transparency of the key performance indicators, the Group reports them based on the respective current reporting period.

Dividends and share buy-backs

Deutsche Börse Group generally aims to distribute dividends equivalent to between 40 and 60 per cent of adjusted net profit for the period attributable to Deutsche Börse AG shareholders. Within this range, the Group manages the actual payout ratio mainly relative to the business performance and based on continuity considerations. In addition, the company plans to invest the remaining available funds primarily into complementary external development. Should the investment of these funds by the Group not be possible, additional share buy-backs would represent another possibility for distribution.

For the 2019 financial year, Deutsche Börse AG is proposing that the Annual General Meeting resolve to pay a dividend of €2.90 per no-par value share (2018: €2.70). This dividend is equivalent to a distribution ratio of 48 per cent of adjusted net profit for the period, attributable to shareholders of Deutsche Börse AG, adjusted for the non-recurring items described in the [Results of operations](#) (2018: 49 per cent, also adjusted). Given 183.4 million no-par shares bearing dividend rights, this would result in a total dividend payment of €532.0 million (2018: €495.0 million). The number of shares bearing dividend rights is produced by deducting 6.6 million treasury shares from the ordinary share capital of 190.0 million shares.

Credit ratings

Credit ratings

	Long-term	Short-term
Deutsche Börse AG		
S&P Global Ratings	AA	A- 1+
Clearstream Banking S.A.		
Fitch Ratings	AA	F1+
S&P Global Ratings	AA	A- 1+

Deutsche Börse AG regularly has its credit quality reviewed by S&P Global Ratings, while Clearstream Banking S.A. is rated by Fitch Ratings and S&P Global Ratings.

On 29 August 2019, Fitch Ratings affirmed the AA credit rating of Clearstream Banking S.A. with a stable outlook. The rating reflects Clearstream Banking's leading position in the post-trade business and its diligent liquidity management, as well as its impeccable capitalisation.

In 2019, S&P Global Ratings left the AA credit ratings of Deutsche Börse AG and Clearstream Banking S.A. unchanged. Deutsche Börse AG's rating reflects the assumption that the Group will continue its growth strategy and reach at least the lower end of its growth targets. Clearstream Banking S.A.'s rating reflects its strong risk management, minimal debt levels and strong position on the international capital markets, especially through its international custody and transaction business.

As at 31 December 2019, Deutsche Börse AG was one of only two DAX-listed companies awarded an AA rating by S&P Global Ratings. The rating histories of Deutsche Börse AG and Clearstream Banking S.A. are given in the [five-year overview](#).

Net assets

Material changes to net assets are described below; the full consolidated balance sheet is shown in the [consolidated financial statements](#).

Consolidated balance sheet (extract)

	31 Dec 2019 €m	31 Dec 2018 €m
ASSETS		
Non-current assets	11,706.9	15,642.0
thereof intangible assets	5,008.4	4,191.6
thereof goodwill	3,470.5	2,865.6
thereof other intangible assets	1,040.9	952.7
thereof financial assets	6,027.6	11,168.6
thereof financial assets measured at amortised costs	698.7	1,057.1
thereof equity investments measured at FVOCI	66.3	108.8
thereof financial instruments held by central counterparties	5,234.2	9,985.4
Current assets	125,458.4	146,257.1
thereof financial instruments held by central counterparties	78,301.5	94,280.3
thereof restricted bank balances	29,988.7	29,833.6
thereof other cash and bank balances	888.1	1,322.3
EQUITY AND LIABILITIES		
Equity	6,110.6	4,963.4
Liabilities	131,054.7	156,935.7
thereof non-current liabilities	8,610.4	12,854.3
thereof financial instruments held by central counterparties	5,234.2	9,985.4
thereof financial liabilities measured at amortised cost	2,627.2	2,283.2
thereof deferred tax liabilities	226.3	194.5
thereof current liabilities	122,444.3	144,081.4
thereof financial instruments held by central counterparties	77,411.5	94,068.3
thereof financial liabilities measured at amortised cost	14,432.1	19,219.7
thereof cash deposits by market participants	29,755.8	29,559.2

Deutsche Börse Group's total assets have decreased in comparison with the previous year – this is primarily due to the fall in the financial instruments held by central counterparties on the reporting date.

Intangible assets increased significantly against the background of the acquisitions, which led to an increase in goodwill. Current assets – adjusted for the decline in financial instruments held by central counterparties – are at the same level as in the previous year.

The Group's equity increased significantly year-on-year, due on the one hand to the acquisition of Axioma respectively General Atlantic's stake in Deutsche Börse Group's index business and on the other hand to the retained profit of the previous year.

Overall, Deutsche Börse Group invested €184.7 million in the continued business in intangible assets and property, plant and equipment (capital expenditure or capex) in the reporting period (2018: €160.0 million). The Group's largest investments were made in the Clearstream and Eurex segments.

Working capital

Working capital comprises current assets less current liabilities, excluding technical closing-date items. Current assets, excluding technical closing-date items, amounted to €898.5 million (2018: €1,098.3 million). As Deutsche Börse Group collects fees for most of its services on a monthly basis, the trade receivables of €447.3 million included in current assets as at 31 December 2019 (31 December 2018: €397.5 million) were relatively low compared with net revenue. The current liabilities of the Group, excluding technical closing-date items, amounted to €1,072.9 million (2018: €1,468.5 million, excluding technical closing-date items). The Group therefore had slightly negative working capital of €170.6 million at the end of the year (2018: €370.2 million).

Technical closing-date items

The “financial instruments of the central counterparties” item relates to the function performed by Eurex Clearing AG and European Commodity Clearing AG: since they act as the central counter parties for Deutsche Börse Group’s various markets, their financial instruments are carried in the balance sheet at their fair value. The financial instruments of the central counterparties are described in detail in the [risk report](#) and in [notes 13](#), and [23 to the consolidated financial statements](#).

Market participants linked to the Group’s clearing houses partly provide collateral in the form of cash deposits, which are subject to daily adjustments. The cash deposits are generally invested on a secured basis overnight by the central counterparties and reported in the balance sheet under “restricted bank balances”. The total value of cash deposits at the reporting dates relevant for the reporting period (31 March, 30 June, 30 September and 31 December) varied between €30 billion and €32 billion (2018: between €28 billion and €30 billion).

Value added: breakdown of company performance

Value added is calculated by subtracting depreciation and amortisation as well as external costs from the company performance. In 2019, the value added by Deutsche Börse Group amounted to €2,194.8 million (2018: €2,028.3 million). The breakdown shows that large portions of the generated value added flow back into the economy: 25 per cent (€548.7 million) benefit shareholders in the form of dividend payments, while 34 per cent (€746.2 million) was attributable to staff costs in the form of salaries and other remuneration components. Taxes accounted for 17 per cent (€373.1 million), while 2 per cent (€43.9 million) was attributable to external creditors. The 22 per cent value added that remained in the company (€482.9 million) is available for investments in growth initiatives, among other things.

Overall assessment of the economic position by the Executive Board

The economic outlook deteriorated further in the 2019 financial year, partly against the backdrop of a continuing trade conflict and the uncertainty surrounding the outcome of an impending Brexit. This was reflected mainly in reticence among market participants, as well as cash outflows from European securities. As a result, volatility was on average lower than in the previous year leading to lower trading in financial derivatives. An environment of persistently low interest rates also had a negative impact on trading volumes in interest rate derivatives. However, averagely higher interest rates on customer deposits held in US dollars resulted in a positive development of the net interest income from banking business. Cyclical effects were unable to drive the Group's growth any further compared to the previous year and broadly offset each other over the period. Consequently growth in the reporting period was primarily the result of structural factors including the development of new products and services, the acquisition of additional market share and the development of new markets. Overall the Group's net revenue from these activities increased by 5 per cent in line with the Executive Board's expectations. Taking into account net revenue from consolidation effects the Group recorded net revenue growth of 6 per cent. After adjusting the previous year's figures to reflect IFRS 16 operating costs rose by 8 per cent. In addition to increased staff costs due to higher numbers of employees another contributing factor was the consolidation of companies acquired during the course of 2019. On an adjusted basis the Group achieved a 10 per cent increase in net profit attributable to Deutsche Börse AG shareholders, which was also in line with the Executive Board's expectations. Based on this, the Executive Board considers Deutsche Börse Group's financial position to be very solid during the reporting period. The Group generated high operating cash flows as in the previous year. Given the increase in adjusted EBITDA, Deutsche Börse was able to further improve the ratio of net debt to EBITDA at Group level: With a value of 1.0 the target value of 1.75 was clearly undercut.

Deutsche Börse AG has offered its shareholders increasing dividends for years – and the 2019 financial year is no exception. With a proposed dividend of €2.90 (2018: €2.70) this represents a 7 per cent increase on the previous year. As a result of the improvement in earnings the distribution ratio fell slightly from 49 per cent in the previous year to 48 per cent in the year under review (adjusted in each case for non-recurring effects) and was thus in line with the Executive Board's target range of 40 to 60 per cent.

Deutsche Börse Group: five-year overview

		2015	2016	2017	2018	2019
Consolidated income statement						
Net revenue	€m	2,220.3 ¹⁾	2,388.7	2,462.3	2,779.7	2,936.0
thereof net interest income from banking business	€m	50.6	84.0	132.6	204.5	246.1
Operating costs (excluding depreciation, amortisation and impairment losses)	€m	- 1,164.2 ¹⁾	- 1,186.4	- 1,131.6	- 1,340.2	- 1,264.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	€m	1,054.6 ¹⁾	1,239.2	1,528.5	1,443.7	1,678.3
Depreciation, amortisation and impairment losses	€m	- 119.0	- 131.0	- 159.9	- 210.5	- 226.2
Net profit for the period attributable to Deutsche Börse AG shareholders	€m	613.3 ¹⁾	722.1	874.3	824.3	1,003.9
Earnings per share (basic)	€	3.31 ¹⁾	3.87	4.68	4.46	5.47
Consolidated cash flow statement						
Cash flows from operating activities	€m	10.1	1,621.4	1,056.2	1,298.2	926.1
Consolidated balance sheet						
Non-current assets	€m	14,386.9	11,938.7	10,883.7	15,642.0	11,706.9
Equity	€m	3,695.1	4,623.2	4,959.4	4,963.4	6,110.6
Financial liabilities measured at amortised cost	€m	2,546.5	2,284.7	1,688.4 ²⁾	2,283.2	2,627.2
Performance indicators						
Dividend per share	€	2.25	2.35	2.45	2.70	2.90 ³⁾
Dividend payout ratio	%	55 ⁴⁾	54 ⁴⁾	53 ⁴⁾	49 ⁴⁾⁵⁾	48 ⁴⁾⁵⁾
Employees (average annual FTEs)		4,460 ¹⁾	4,731	5,183	5,397	5,835
Personnel expense ratio (staff costs / net revenue)	%	27	25	26	30	25
Tax rate	%	26	27	27 ⁴⁾	27 ⁴⁾	26 ⁴⁾
Return on shareholders' equity (annual average) ⁶⁾	%	20 ⁴⁾	19 ⁴⁾	18 ⁴⁾	21 ⁴⁾	21 ⁴⁾
Deutsche Börse shares						
Year-end closing price	€	81.39	77.54	96.80	104.95	140.15
Average market capitalisation	€bn	14.7	14.0	17.2	21.5	24.0
Rating key figures						
Net debt / EBITDA		2.2	1.2	1.1	1.1	1.0
Free Funds from Operations (FFO) / EBITDA	%	35 ¹⁾	58	59	69	79
Deutsche Börse AG: S&P Global Ratings	Rating	AA	AA	AA	AA	AA
Clearstream Banking S.A.: S&P Global Ratings	Rating	AA	AA	AA	AA	AA
Fitch	Rating	AA	AA	AA	AA	AA
Market indicators						
Xetra®, Börse Frankfurt and Tradegate						
Trading volume (single-counted)	€bn	1,636	1,377	1,468	1,720	1,500
Eurex®						
Number of contracts	m	1,673 ¹⁾	1,728	1,676	1,952	1,947
Clearstream						
Assets under custody (annual average)	€bn	11,460	11,173	11,246	11,303	11,561
Investment fund services (IFS)						
Assets under custody (annual average)	€bn	1,815	1,902	2,219	2,385	2,502

1) Figure for 2015 without consideration of International Securities Exchange (ISE), which represents a discontinued operation due to its disposal as at 30 June 2016

2) Bonds that will mature in the following year are reported under "other current liabilities" (2017: €599.8 million)

3) Proposal to the Annual General Meeting 2020

4) Adjusted for exceptional effects; please refer to the consolidated financial statements for the respective financial year for adjustment details

5) Amount based on the proposal to the Annual General Meeting 2020

6) Net profit for the period attributable to Deutsche Börse AG shareholders / average shareholders' equity for the financial year based on the quarter-end balance of shareholders' equity

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