



Deutsche Börse Group

Annual report 2020

Excerpt: Deutsche Börse AG
(disclosures based on the HGB)

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The annual financial statements of Deutsche Börse AG are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG) and are the underlying basis for the explanations that follow.

Business and operating environment

General position

Deutsche Börse AG is the parent company of Deutsche Börse Group. The parent company's business activities include first and foremost the cash and derivatives markets, which are reflected in the Eurex (financial derivatives) and Xetra (cash equities) segments, as well as index business. Deutsche Börse AG also operates essential parts of Deutsche Börse Group's information technology. The development of Deutsche Börse Group's Clearstream (post-trading) segment is reflected in Deutsche Börse AG's business development, primarily due to the profit and loss transfer agreement with Clearstream Holding AG. Deutsche Börse Group's IFS (investment fund services) segment, in contrast, plays a lesser role for Deutsche Börse AG. Nonetheless, Deutsche Börse AG's business and operating environment is essentially the same as that of Deutsche Börse Group; this is described in the "Macroeconomic and sector-specific environment" section.

Deutsche Börse AG's course of business in the reporting period

Deutsche Börse AG's revenues increased by 9.8 per cent in the 2020 financial year, so above the company's expectations. Total costs (staff costs, amortisation of intangible assets and depreciation of property, plant and equipment and other operating expenses) rose by 8.3 per cent. Net profit went up by 40.7 per cent compared with the previous year. Deutsche Börse AG's Executive Board considers the company's performance in the 2020 financial year to be good.

Performance figures for Deutsche Börse AG

	2020 €m	2019 €m	Change %
Sales revenue	1,563.3	1,423.5	9.8
Total costs	957.7	884.6	8.3
Net income from equity investments	765.2	542.9	40.9
EBITDA	1,470.2	1,181.2	24.5
Net profit for the period	1,161.9	825.9	40.7
Earnings per share (€)	6.33 ¹⁾	4.50 ¹⁾	40.7

1) Calculation based on weighted average of shares outstanding

Sales revenue by segment

	2020 €m	2019 €m	Change %
Eurex (financial derivatives)	1,017.7	924.4 ¹⁾	10.1
EEX (commodities)	18.2	14.8	23.0
360T (foreign exchange)	0.6	0.4	50.0
Xetra (securities trading)	387.3	352.0 ¹⁾	10.0
Clearstream (post-trading)	111.9	91.6 ¹⁾	22.2
IFS (investment fund services)	23.7	15.0	58.0
Qontigo (index and analytic business)	3.9	25.3	-84.6
Total	1,563.3	1,423.5	9.8

1) Previous year adjusted

Results of operations of Deutsche Börse AG

Deutsche Börse AG's net revenue rose by 9.8 per cent in 2020 to €1,563.3 million (2019: €1,423.5 million). At €1,017.7 million, the largest contribution to revenue came from the Eurex (financial derivatives) segment (2019: €924.4 million). The breakdown of revenue by company segment is provided in the [“Sales revenue by segment” table](#).

For more information on the development of the Eurex (financial derivatives) segment, please refer to the [“Eurex \(financial derivatives\) segment” section](#).

The revenue contributed by the EEX (commodities) and 360T (foreign exchange) segments is generated mainly by IT services. Therefore, the explanations in the [“EEX \(commodities\) segment”](#) and [“360T \(foreign exchange\) segment”](#) sections relate only indirectly to Deutsche Börse AG. The earnings situation of the Qontigo (index business) segments is shown in the section [“Qontigo \(index business\) segment”](#). It is worth noting that the business development of the STOXX Ltd. subsidiary does not directly impact upon the business performance of Deutsche Börse AG. Comments on the business development in the Xetra (cash equities) segment can largely be found in the [“Xetra \(cash equities\) segment” section](#). Revenues attributable to the Clearstream (post-trading) and IFS (investment fund services) segments result from the IT services Deutsche Börse AG provides to companies belonging to the Clearstream Holding subgroup.

Other operating income went up to €50.4 million during the year under review (2019: €36.3 million).

Out of the total revenues in 2020 €232.8 million belong intercompany revenues.

The company's total costs of €957.7 million were up 8.3 per cent year-on-year (2019: €884.6 million). For a breakdown, please refer to the table [“Overview of total costs”](#). Staff costs were down by 2.2 per cent year-on-year during the year under review, to €243.1 million (2019: €248.6 million). The decline in staff costs is mainly due to the restructuring programme and streamlining of the management structure. Staff numbers increased from an average of 1,472 in the prior year to 1,572 in the 2020 financial year.

Amortisation of intangible assets and depreciation of property, plant and equipment increased to a total of €63.2 million in the year under review (2019: €59.1 million).

Other operating expenses were up 12.9 per cent year-on-year, to €651.4 million (2019: €576.9 million).

The intercompany expenses for 2020 result to €333.7 million.

Deutsche Börse Group's result from equity investments for the 2020 financial year totalled €765.2 million (2019: €542.9 million). It consisted of dividend income of €348.2 million (2019: €305.7 million), and income from the transfer of profits of €401.4 million (2019: €228.1 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased to €1,470.2 million (2019: €1,181.2 million). Net profit for the period amounted to €1,161.9 million, representing an increase of 40.7 per cent (2019: €825.9 million).

Development of profitability

Deutsche Börse AG's return on equity expresses the ratio of net income after taxes to average equity available to the company during the course of 2020. Return on equity increased from 29.9 per cent in 2019 to 37.5 per cent in the year under review.

Financial position of Deutsche Börse AG

As at the reporting date, cash and cash equivalents amounted to €518.4 million (2019: €849.3 million) and included bank deposits on current accounts as well as term deposits and other short-term deposits. This position is for the most part made up from cash.

Deutsche Börse AG has external credit lines available of €605.0 million (2019: €605.0 million), which were not yet drawn as at 31 December 2020. Moreover, the company has a commercial paper programme in place, which allows for flexible and short-term financings of up to €2.5 billion, in various currencies. At the end of the year there was no commercial paper outstanding.

Through a Group-wide cash-pooling system, Deutsche Börse AG ensures an optimum allocation of liquidity throughout Deutsche Börse Group; in this way, the parent entity makes sure that all subsidiaries are in a position to honour their payment obligations at any time.

Deutsche Börse AG has issued three corporate bonds with a nominal value of €600 million each and one corporate bond with a nominal value of €500 million. For more details concerning these bonds, please refer to the "Financial position" section.

In the 2020 financial year, Deutsche Börse AG generated cash flow from operating activities of €889.9 million (2019: €945.1 million). The reduction is particularly due to significantly higher receivables from affiliated companies.

Cash flow from investing activities amounted to €-366.9 million (2019: €495.0 million). The decline is related particularly to the investments made in the reporting year. The equity investments in Clearstream Holding AG increased by €150 million, in DBS Inc. by €98.4 million and in 360T Treasury Systems AG by €37.5 million.

Overview of total costs				Cash flow statement (condensed)		
	2020 €m	2019 €m	Change %		2020 €m	2019 €m
Staff costs	243.1	248.6	-2.2	Cash flow from operating activities	889.9	945.0
Depreciation and amortisation	63.2	59.1	6.8	Cash flow from investing activities	-366.9	495.0
Other operating expenses	651.4	576.9	12.9	Cash flow from financing activities	-521.5	-486.1
Total	957.7	884.6	8.3	Cash and cash equivalents as at 31 December	48.8	47.3

Cash flow from financing activities amounted to €-521.5 million in the year under review (2019: €-486.1 million). A dividend of €531.9 million was paid for the 2019 financial year. Cash and cash equivalents amounted to €48.8 million as of the reporting date 31 December 2020 (2019: €47.3 million). It is made up of liquid funds of €518.4 million (2019: €849.3), less cash-pooling liabilities of €469.6 million (2019: €801.9 million).

Assets of Deutsche Börse AG

As at 31 December 2020, the non-current assets of Deutsche Börse AG amounted to €5,672.4 million (2019: €5,349.8 million). At €5,309.3 million, most of the non-current assets was attributable to shares in affiliated companies (2019: €5,007.5 million), mainly from the investments in Clearstream Holding AG, 360 Treasury Systems AG, Eurex Frankfurt AG and Qontigo GmbH.

Deutsche Börse AG's investments in intangible assets and property, plant and equipment totalled €61.4 million during the year under review (2019: €60.4 million). This rise was related to payments on account for construction in progress in various locations. Depreciation and amortisation in 2020 amounted to €63.2 million (2019: €59.1 million).

Receivables from and liabilities to affiliated companies include invoices for intra-Group services and amounts invested by Deutsche Börse AG within the scope of cash-pooling arrangements. The receivables from affiliated companies relate to invoices for intra-Group services, but primarily to Clearstream Holding AG for the company's profit transfer of €401.4 million. Liabilities to affiliated companies resulted mainly from cash-pooling amounting to €469.6 million (2019: €801.9 million) and trade liabilities of €135.3 million (2019: €46.1 million).

Working capital amounted to €-249.6 million in 2020 (2019: €-903.5 million). The change stems mainly from the receivable from Clearstream Holding AG for profit transfer.

Non-current assets (condensed)

	2020	2019
	€m	€m
Intangible assets	109.2	108.5
Property, plant and equipment	83.2	85.6
Financial assets	5,480.0	5,155.7
Non-current assets as at 31 December	5,672.4	5,349.8

Deutsche Börse AG employees

The number of employees at Deutsche Börse AG (according to HGB)¹ rose by 121 in the reporting year and totalled 1,636 as at 31 December 2020 (31 December 2019: 1,515). The average number of employees at Deutsche Börse AG in the 2020 financial year was 1,572 (2019: 1,472).

During the 2020 financial year, 70 employees left Deutsche Börse AG, resulting in a staff turnover rate of 4 per cent.

On 31 December 2020, Deutsche Börse AG had employees at six locations around the world. Information on the countries, regions, the employees' age structure and length of service are provided in the tables that follow.

As at 31 December 2020, 80 per cent of Deutsche Börse AG's employees were graduates. The ratio is based on the number of employees holding a degree from a university, college or vocational academy, as well as the employees who have completed degrees abroad. In 2020, the company invested an average of 3 days in training per employee.

Age structure of employees

	31 Dec 2020	%
Under 30 years	190	11.6
30–39 years	530	32.4
40–49 years	407	24.9
More than 50 years	509	31.1
Total Deutsche Börse AG	1,636	100

Employee length of service

	31 Dec 2020	%
Under 5 years	783	47.9
5–15 years	386	23.6
More than 15 years	467	28.5
Total Deutsche Börse AG	1,636	100

Employees per country/region

	31 Dec 2020	%
Germany	1,605	98.1
Great Britain	20	1.2
France	5	0.3
Other European countries	4	0.3
Asia	2	0.1
Total Deutsche Börse AG	1,636	100

¹ No employees are i.e. legal representatives of the corporation, apprentice and employees on parental leave

Remuneration report of Deutsche Börse AG

The principles governing the structure and design of the remuneration system at Deutsche Börse AG are the same as those for Deutsche Börse Group, so reference is made to the [Remuneration report](#) for Deutsche Börse Group.

Corporate governance statement in accordance with to section 289f HGB

The corporate governance statement in accordance with section 289f HGB is the same as that for Deutsche Börse Group. Reference is therefore made to the section "[Corporate governance statement](#)".

Opportunities and risks facing Deutsche Börse AG

The opportunities and risks of Deutsche Börse AG and the activities and processes to manage these risks and opportunities are largely the same as for Deutsche Börse Group, so reference is made to the [Risk report](#) and the [Opportunities report](#). As a rule, Deutsche Börse AG shares the opportunities and risks of its equity investments and subsidiaries in accordance with its equity interest. Risks that could potentially threaten the existence of the Eurex Clearing AG subsidiary would also have a direct influence on Deutsche Börse AG based on a letter of comfort issued by Deutsche Börse AG. As of the reporting date, there were no risks jeopardising the company's existence. Further information on the letter of comfort issued to Eurex Clearing AG is available in the section "[Other financial obligations and off-balance sheet transactions](#)" in the notes to the annual financial statements of Deutsche Börse AG.

The description of the internal control system (ICS), required by section 289 (4) of the HGB, is provided in the "[Group management](#)" section.

Forecast for Deutsche Börse AG

The expected developments in Deutsche Börse AG's business are largely subject to the same factors as those influencing Deutsche Börse Group. The relevant disclosures and quantitative information on Deutsche Börse AG are provided in the [Forecast](#).

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Publications service

The annual report 2020 is both available in German and English.

The annual report 2020 of Deutsche Börse Group is available as pdf on the internet:

www.deutsche-boerse.com/annual_report

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