



DEUTSCHE BÖRSE
GROUP

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Quarterly statement

Quarter 3 / 2019

Q3/2019: Deutsche Börse Group posts strong growth

Quarterly results at a glance

- Deutsche Börse Group's net revenue grew markedly in the third quarter of 2019 to €733.8 million (Q3/2018: €660.7 million). The figure for the same quarter of the previous year included €9.3 million related to insurance services. Adjusted for this effect the Group's net revenue rose by 13 per cent in the third quarter of 2019. This success was driven by both structural growth and a more favourable cyclical environment.
- Operating costs totalled €319.5 million (Q3/2018: €289.1 million). Adjusted operating costs amounted to €273.5 million (Q3/2018: €260.1 million).
- Group earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to €415.7 million (Q3/2018: €375.4 million). Adjusted for exceptional items, Deutsche Börse Group increased its EBITDA by 17 per cent, to €461.7 million (Q3/2018: €395.1 million).
- Net profit for the period attributable to Deutsche Börse AG shareholders rose to €248.6 million (Q3/2018: €225.0 million). Adjusted for exceptional items, it increased by 18 per cent to €282.9 million (Q3/2018: €239.6 million).
- Basic earnings per share amounted to €1.35 for an average of 183.4 million shares. Adjusted for exceptional items, they amounted to €1.54 (Q3/2018: €1.22 for 184.8 million shares; adjusted: €1.30).
- With this result for the first nine months of the current financial year, the Group affirms its forecast of around 10 per cent net profit growth for 2019 (excluding exceptional items).

Material events at a glance

- On 27 July 2019, Deutsche Börse AG announced that the Executive Board did not expect a successful outcome of discussions with Refinitiv concerning the purchase of certain FX business units.
- Deutsche Börse completed the acquisition of Axioma, Inc. (Axioma) during the third quarter, combining Axioma with its existing index businesses to form Qontigo, a new company. The Group reports on the business development of the newly-established company in the new Qontigo (index and analytics business) segment. For details, please refer to the [📄](#) section "Changes to the basis of consolidation and segment reporting".

Q3/2019 earnings releases

Fundamental information about the Group

The fundamental information about the Group described [in](#) on pages 28 to 42 of the 2018 annual report is still valid in principle. Changes have occurred regarding the basis of consolidation and segment reporting, however.

Comparability of figures

Changes to the basis of consolidation and segment reporting

With effect from 1 October 2018, Clearstream International S.A. acquired 100 per cent of the shares in Swisscanto Funds Centre Ltd., London, UK. Since then the company has been included in the consolidated financial statements of Deutsche Börse AG. The company was renamed Clearstream Funds Centre. With this transaction Clearstream has expanded its range of services in the realm of investment funds to include additional distribution channels. New services include the administration of sales agreements and data processing; these services will help Clearstream's expansion of its global business strategy.

In the first quarter of 2019, European Energy Exchange AG (EEX) successfully concluded the acquisition of Grexel Systems Oy, Helsinki, Finland. Grexel Systems is the leading provider of registries for guarantees of origin and other energy certificates in Europe. Grexel Systems has been a wholly-owned subsidiary of EEX since 1 February 2019. Revenue and costs are reported in the EEX segment (Commodities).

Clearstream Banking S.A., Luxembourg (Clearstream Banking Luxembourg) successfully completed the acquisition of Ausmaq Limited, Sydney, Australia, during the third quarter of 2019. With this acquisition, Deutsche Börse Group is further expanding its offering in the investment funds space and has entered the Australian market. Ausmaq Limited has been a wholly-owned subsidiary of Clearstream Banking Luxembourg since 31 July 2019. Revenue and costs are reported in the IFS segment (investment fund services).

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 (totalling €3.3 million in the third quarter and €10.1 million in the first nine months of 2019) were re-allocated from the Data segment (data business) to the new Qontigo segment. The previous year's figures were adjusted accordingly.

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 recognition of leases in accordance with IFRS 16, with effect from 1 January 2019. It now recognises expenses for certain leases as described in the [2018 annual report on pages 207 to 209](#). Since 1 January 2019 these are no longer being 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 in the first three quarters of 2019 whilst 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 as at 1 January 2019 increased by €272.7 million overall.

In order to make the results of the third quarter and the first nine months of 2019 comparable with the figures of the same periods of the previous year, the following table provides estimates for the retrospective application of IFRS 16 for Q3/2018 and Q1-Q3/2018. These 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 Q3/2018 and Q1-Q3/2018 as a result of the first-time application of IFRS 16

	Q3/2018 €m	Q1-Q3/2018 €m
Group		
Reduction of operating costs	12.5	37.6
Increase of depreciation and amortisation	11.8	35.4
Reduction of financial result	0.8	2.2
Reporting segments (reduction of operating costs)		
Eurex (financial derivatives)	2.9	8.7
EEX (commodities)	0.8	2.4
360T (foreign exchange)	0.3	0.8
Xetra (cash equities)	1.0	3.2
Clearstream (post-trading)	4.8	14.4
IFS (investment fund services)	1.1	3.4
GSF (collateral management)	0.7	1.9
STOXX (index business)	0.4	1.3
Data	0.5	1.5

Results of operations

Group financial performance during the third quarter of 2019

Key figures on results of operations of Deutsche Börse Group (reported)

		Third quarter ended			Nine months ended		
		30 Sep 2019	30 Sep 2018	Change %	30 Sep 2019	30 Sep 2018	Change %
Net revenue	€m	733.8	660.7	11	2,179.4	2,039.3	7
Operating costs	€m	319.5	289.1	11	884.2	881.3	0
EBITDA	€m	415.7	375.4	11	1,300.6	1,164.2	12
Depreciation, amortisation and impairment losses	€m	53.9	44.1	22	162.4	143.8	13
EBIT	€m	361.8	331.3	9	1,138.2	1,020.4	12
Net profit for the period attributable to Deutsche Börse AG shareholders	€m	248.6	225.0	10	790.7	684.3	16
Earnings per share (basic)	€	1.35	1.22	11	4.31	3.69	17

Key figures on results of operations of Deutsche Börse Group (adjusted)

		Third quarter ended			Nine months ended		
		30 Sep 2019	30 Sep 2018	Change %	30 Sep 2019	30 Sep 2018	Change %
Net revenue	€m	733.8	651.4	13	2,179.4	2,030.0	7
Operating costs	€m	273.5	260.1	5	782.1	777.5	1
EBITDA	€m	461.7	395.1	17	1,402.7	1,258.7	11
Depreciation, amortisation and impairment losses	€m	53.6	43.8	22	161.2	126.7	27
EBIT	€m	408.1	351.3	16	1,241.5	1,132.0	10
Net profit for the period attributable to Deutsche Börse AG shareholders	€m	282.9	239.6	18	863.2	772.2	12
Earnings per share (basic)	€	1.54	1.30	18	4.71	4.17	13

As in the first half of the year the macroeconomic situation in the third quarter of 2019 was characterised by waning global economic growth and political uncertainty factors, especially in industrialised countries. In particular, the ongoing tariff dispute between the US and China intensified market participants' concerns about a slowdown in world trade. In the euro area uncertainties regarding the withdrawal of the United Kingdom from the European Union dampened economic growth expectations. In order to counteract a possible economic decline both the US Federal Reserve (Fed) and the European Central Bank (ECB) have announced or implemented monetary policy measures. The Fed already lowered its target range for key interest rates in the USA by 25 basis points – from 2.00 per cent to 2.25 per cent – at the end of July 2019. The ECB also responded to weak economic data announcing that it would maintain its loose monetary policy until the inflation target is reached and the economy in the euro area has stabilised.

The Fed lowered key US interest rates once again in mid-September: the target range now lies between 1.75 per cent and 2.00 per cent. These interest rate cuts have a negative impact on Deutsche Börse Group's net interest income from banking business as cash balances are denominated in US dollars to a large extent. Given the Fed's interest rate increases in the previous year as well as the higher invested amount of cash deposits denominated in US dollars, net interest income in the reporting period was still slightly above the previous year's figure.

As a result of dampened economic growth expectations, the EURO STOXX 50 and the German blue-chip DAX index experienced a significant decline at the beginning of August. By the end of the third quarter both indices had recovered and were trading at roughly the same level as at the beginning of the quarter. While trading volumes in the cash markets remained relatively unimpressed by these price movements the derivatives markets experienced a material increase in trading activity on individual days, due to high volatility.

Deutsche Börse Group was thus able to substantially increase net revenue in the third quarter of 2019 to €733.8 million compared to the previous year (Q3/2018: €660.7 million). Excluding the non-recurring revenue from insurance services in the amount of €9.3 million during the same quarter of the previous year, net revenue was up by 13 per cent. With a growth rate of approximately 6 per cent, the contribution of structural growth initiatives was in line with the Group's expectations, with the Eurex (financial derivatives) and EEX (commodities) segments being the main drivers of this development. In addition to OTC clearing, structural growth of net revenue in the Eurex segment (financial derivatives) was mainly a result of 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) and IFS (investment fund services) segments also contributed to strong structural growth.

Cyclical factors also contributed around 6 per cent to the Group's overall net revenue growth. Increased trading activity in the derivatives markets had a particularly positive impact on financial derivatives revenue in the Eurex (financial derivatives) segment. Accordingly the income from exchange licences in the index and analytics business (Qontigo segment) rose as well. Furthermore, the power and gas trading business in the EEX segment (commodities) benefited from higher trading activity in the core European markets. Net interest income from the banking business in the Clearstream segment (post-trading) also made a positive contribution, as it rose due to slightly higher interest rates in the US compared with the previous year and a higher amount of US dollar cash deposits.

Consolidation effects – mainly resulting from the acquisitions of Axioma and Swisscanto – also contributed roughly 1 per cent to higher net revenue.

The reclassification of expenses due to the first-time adoption of IFRS 16 impacted the recognition of the operating costs and EBITDA, as well as depreciation, amortisation and impairment and the financial result. For details please refer to the [9](#) section "Changes to the consolidated income statement and to the consolidated balance sheet due to the recognition of leases in accordance with IFRS 16".

Adjusted operating costs were up 5 per cent year-on-year, to €273.5 million (Q3/2018: €260.1 million). Higher investment (especially for growth initiatives), higher expenditure for share-based remuneration as well as consolidation effects more than offset the effects of the transition to IFRS 16, thus contributing to higher costs. Operating costs were adjusted for exceptional items of €46.0 million (Q3/2018: €29.0 million), mainly comprising costs for acquisitions, legal advice and for measures to reduce structural costs launched within the scope of the "Roadmap 2020".

Deutsche Börse Group's adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 17 per cent to €461.7 million (Q3/2018: €395.1 million). Adjusted depreciation, amortisation and impairment losses totalled €53.6 million during the third quarter of 2019 (Q3/2018: €43.8 million).

The Group's financial result amounted to €-16.8 million in the third quarter of 2019 (Q3/2018: €-15.1 million). As expected, the adjusted tax rate in the third quarter of 2019 was 26.0 per cent (Q3/2018: 27.0 per cent).

At €248.6 million net profit for the period attributable to Deutsche Börse AG shareholders was up 10 per cent on the figure for the same quarter of the previous year. Adjusted for exceptional items, net profit for the period increased by 18 per cent, to €282.9 million (Q3/2018: €239.6 million).

Results of operations by segment in the third quarter of 2019**Eurex (financial derivatives) segment**

Eurex (financial derivatives) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	242.1	202.6	19	722.3	679.2	6
Equity index derivatives	126.4	99.3	27	363.7	334.4	9
Interest rate derivatives	55.0	51.9	6	164.7	174.1	-5
Equity derivatives	10.1	7.4	36	38.3	30.9	24
OTC clearing ¹⁾	10.0	6.7	49	28.7	18.1	59
Margin fees	13.2	11.5	15	40.0	35.0	14
Other ²⁾	27.4	25.8	6	86.9	86.7	0
Operating costs	76.3	79.0	-3	216.0	244.3	-12
EBITDA	167.0	126.6	32	510.3	437.4	17
EBITDA (adjusted)	172.4	134.8	28	524.4	469.7	12
PERFORMANCE INDICATORS						
Financial derivatives trading volumes at Eurex Exchange	m contracts	m contracts	%	m contracts	m contracts	%
Derivatives ³⁾	471.9	407.6	16	1,484.5	1,444.3	3
Equity index derivatives	248.5	202.4	23	723.6	685.6	6
Interest rate derivatives	146.6	135.3	8	437.1	473.0	-8
Equity derivatives	75.3	69.4	9	320.3	285.1	12
OTC clearing volumes	€bn	€bn	%	€bn	€bn	%
Notional outstanding (average) ⁴⁾	12,591.6	8,857.9	42	12,651.8	6,230.8	103
Notional cleared	5,203.4	4,282.6	22	19,745.3	11,311.9	75

1) Including net interest income on margins for OTC interest rate swaps.

2) Including connectivity and member fees.

3) The total sum diverges from the sum of the individual positions, since it includes further traded products such as ETFs on precious metal derivatives.

4) Notional cleared due to compression runs has not been taken into account (post-trading events).

In the Eurex (financial derivatives) segment, Deutsche Börse Group reports on financial derivatives trading and the 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. 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 picked up significantly across all asset classes during the third quarter of 2019, increasing by 16 per cent year-on-year. Temporarily higher volatility, especially in August, caused by numerous political uncertainties, drove this development particularly benefiting equity index derivatives where trading volumes rose by 23 per cent. Above-average growth rates were generated for index products based on DAX and MSCI indices. The trading volume for single-stock derivatives climbed by 9 per cent, whilst interest rate derivatives trading rose by 8 per cent, driven by market participants adjusting their portfolios as a result of the US Federal Reserve lowering key interest rates and the measures announced by the ECB.

Clearing of OTC interest rate derivatives also increased during the third quarter of 2019 leading to notional outstanding exceeding the previous year's value by 42 per cent. At the beginning of September 2019, Eurex Clearing announced it would suspend booking fees for the transfer of interest rate derivative portfolios until the 2019 year-end, helping its clients migrate positions into the EU27. Cleared nominal volumes rose by 22 per cent in the third quarter.

Net revenues in the Eurex Segment grew by a total of 19 per cent during the third quarter of 2019, due to increased trading volumes.

EEX (commodities) segment

EEX (commodities) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	70.4	61.6	14	215.3	184.5	17
Power spot	16.7	15.9	5	52.3	49.8	5
Power derivatives	26.6	20.4	30	78.6	57.5	37
Gas	9.8	8.0	23	32.3	26.6	21
Other (including revenue from connectivity, member fees and admission allowance)	17.3	17.3	0	52.1	50.6	3
Operating costs	37.9	35.8	6	115.6	104.3	11
EBITDA	32.5	25.8	26	99.5	80.2	24
EBITDA (adjusted)	36.7	27.1	35	108.9	84.2	29
PERFORMANCE INDICATORS						
Commodities trading volumes at EEX	TWh	TWh	%	TWh	TWh	%
Power spot	144.7	138.0	5	447.6	426.4	5
Power derivatives	1,439.2	1,091.6	32	4,259.5	3,100.8	37
Gas	682.1	460.7	48	1,946.7	1,419.9	37

In the EEX (commodities) segment, Deutsche Börse Group reports on trading activity on the EEX segment's trading platforms with locations in Europe, Asia and North America. The EEX Group operates marketplaces 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. The segment's most important revenue drivers are the power spot and derivatives markets and the gas market.

The EEX segment continued the growth in trading volume in the power spot market from the first half of 2019 with a 5 per cent increase in the third quarter. On the intraday markets growth was mainly attributable to the higher percentage of renewable energies. The power derivatives markets of the EEX segment generated volume growth of 32 per cent in the third quarter of 2019. Trading in Phelix-DE futures achieved a new record volume in September. Accordingly, the EEX segment further increased its market share of the German market.

Strong growth was also recorded in France, Spain and Hungary. US Nodal Exchange – which EEX had acquired in 2017 – almost doubled its trading volumes in the third quarter of 2019, thus further expanding its market position. In September 2019, Nodal Exchange achieved a market share of more than 40 per cent of the North American power derivatives market.

In the gas market, trading volume of the EEX segment rose by a total of 48 per cent. Both the spot and the derivatives market contributed to this strong surge, with the Netherlands being an essential growth driver.

Across all product groups, net revenue of the EEX segment rose by 14 per cent in the third quarter of 2019.

360T (foreign exchange) segment

360T (foreign exchange) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	24.4	20.9	17	67.6	57.0	19
Trading	20.8	17.8	17	56.8	48.7	17
Other (including connectivity and member fees)	3.6	3.1	16	10.8	8.3	30
Operating costs	12.2	9.2	33	42.0	34.5	22
EBITDA	12.2	11.7	4	25.6	22.5	14
EBITDA (adjusted)	11.6	8.6	35	31.3	24.7	27
PERFORMANCE INDICATORS						
Foreign exchange trading volumes on 360T®	€bn	€bn	%	€bn	€bn	%
Average daily volume ¹⁾	87.0	72.0	21	81.3	67.2	21

1) Including trading volumes of 360TGTX Inc. 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 largely driven by trading activities of institutional investors and corporates with international business activities, and by the activities of liquidity providers.

The market environment in the 360T segment was more favourable in the third quarter of 2019, which is reflected by the solid development of the business activities. Against this background and thanks to the acquisition and onboarding of new clients (in particular in the US), 360T increased the average trading volume on its platforms by 21 per cent in the third quarter. Strong growth was recorded especially in swaps and forward transactions, whereas spot trading developed more slowly.

Given the product mix, which comprises a higher share of lower-margin products, net revenue growth of 17 per cent for the third quarter fell slightly short of the increase in trading volumes.

Xetra (cash equities) segment

Xetra (cash equities) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	54.5	53.3	2	167.8	170.5	-2
Trading and clearing	38.9	39.7	-2	117.8	128.9	-9
Listing	5.0	4.1	22	14.1	11.9	18
Other (including connectivity and member fees)	10.6	9.5	12	35.9	29.7	21
Operating costs	24.7	25.3	-2	72.2	79.6	-9
EBITDA	30.6	29.4	4	98.4	95.3	3
EBITDA (adjusted)	31.1	30.2	3	101.5	101.6	0
PERFORMANCE INDICATORS						
Trading volume (single-counted order book turnover at the trading venues Xetra®, Frankfurt Stock Exchange and Tradegate)	€bn	€bn	%	€bn	€bn	%
Equities	337.1	350.8	-4	1,020.4	1,164.6	-12
ETF/ETC/ETN	39.1	34.1	15	108.4	127.0	-15

In the Xetra (cash equities) segment, Deutsche Börse Group reports on the development of its cash market trading venues (Xetra®, 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, connecting clients to trading venues and services provided to partner exchanges.

Equity trading volumes on the cash market declined slightly in the third quarter of 2019, by 4 per cent compared to the same period in the previous year incurred by continued low equity market volatility on the one hand and lower index levels on the other. Competing with other pan-European trading venues, Xetra further strengthened its position as the reference market for trading in DAX® constituents, increasing its market share to 72 per cent (Q3/2018: 67 per cent). Trading volumes in exchange traded funds were higher year-on-year (+ 15 per cent): ETFs benefited disproportionately, thanks to a temporary rise in volatility (August) and increased trading activities of retail investors.

With an issuance volume of €2.2 billion, the IPO of technology company and software provider TeamViewer AG in the third quarter was the largest of its kind in Germany since 2000. Furthermore, the online merchant Global Fashion Group S.A. listed its shares in the Prime Standard segment of Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange).

In the third quarter of 2019, net revenue in the Xetra segment was up by 2 per cent on the previous year's figure. Due to Deutsche Börse's discount and pricing model, which grants lower volume discounts for lower trading volumes, revenue developed slightly more favourably than trading volumes. Listing and connectivity fees also climbed.

Clearstream (post-trading) segment

Clearstream (post-trading) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	189.1	184.0	3	573.9	543.6	6
Custody	97.1	94.5	3	289.6	285.2	2
Settlement	21.2	17.6	20	61.4	57.0	8
Net interest income from banking business	45.8	38.0	21	145.8	111.9	30
Third-party services	5.4	6.6	-18	18.9	26.0	-27
Other (including connectivity, account maintenance)	19.6	27.3	-28	58.2	63.5	-8
Operating costs	75.8	78.4	-3	214.9	227.7	-6
EBITDA	113.3	105.3	8	358.9	315.7	14
EBITDA (adjusted)	118.7	109.9	8	376.6	335.5	12
PERFORMANCE INDICATORS			%			%
Assets under custody ICSD and CSD (average) (€bn)	11,570.4	11,373.3	2	11,487.9	11,294.3	2
Settlement transactions ICSD (m)	14.5	11.3	28	41.8	35.7	17
Cash balances (daily average) (€bn)	15.7	12.6	25	15.6	12.9	21

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

The value of assets under custody increased slightly by 2 per cent in the third quarter of 2019, mainly as a result of higher volumes in the ICSD business. Accordingly, net revenue from custody services increased by 3 per cent in the third quarter. Net revenue from settlement services rose by 20 per cent year-on-year, based on a significantly higher volume of settlement transactions. Increased market volatility was the main driver of this development. Net interest income from banking business amounted to €45.8 million in the third quarter of 2019. While this was still up from the previous year's level, net interest income declined over the course of the year, due to the US Federal Reserve's interest rate cuts. Cash deposits, on the other hand, rose distinctly, by 25 per cent.

Net revenue from third-party services was lower year-on-year. Whereas revenue from regulatory reporting services offered via REGIS-TR continued to record solid growth, this could not fully compensate for the decline in the managed services business resulting from the discontinuation of the business.

Other revenue declined year-on-year due to a one-time €9.3 million insurance payment included in the prior year's quarter.

Overall, the Clearstream segment increased net revenue by 3 per cent during the third quarter of 2019.

IFS (investment fund services) segment

IFS (investment fund services) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	48.0	37.3	29	133.3	114.1	17
Custody	20.5	16.8	22	55.2	49.3	12
Settlement	13.6	11.7	16	39.1	37.2	5
Other (including connectivity, order routing, reporting fees)	13.9	8.8	58	39.0	27.6	41
Operating costs	28.3	22.1	28	78.6	69.4	13
EBITDA	19.7	15.2	30	54.7	44.7	22
EBITDA (adjusted)	24.0	16.7	44	66.1	51.7	28
PERFORMANCE INDICATORS			%			%
Assets under custody (average) (€ billion)	2,528.9	2,401.1	5	2,469.4	2,387.7	3
Settlement transactions (m)	7.3	5.8	25	20.3	18.4	10

In the IFS (investment fund services) segment, Deutsche Börse Group reports the order routing and settlement activity and custody volumes of exchange-traded mutual 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.

The IFS segment recorded strong net revenue growth of 29 per cent during the third quarter of 2019. Assets under custody in the IFS segment climbed by 5 per cent and led to a 22 per cent rise in net revenue from custody services. The number of settlement transactions increased by 25 per cent. Business was fuelled by the onboarding of new clients and high levels of activity among existing clients amid more volatile markets. Following the acquisition of Swisscanto Funds Centre Ltd. at the end of 2018, the roll-out of related services launched in May 2019 progressed as scheduled and several new clients were acquired.

During the third quarter of 2019, IFS also completed the acquisition of Ausmaq Limited, the specialist managed funds custody business of National Australia Bank Limited, thereby extending its fund offers to the Australian market.

GSF (collateral management) segment

GSF (collateral management) segment: key indicators

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	19.3	21.4	-10	58.0	61.5	-6
Collateral management	12.4	11.2	11	35.2	32.7	8
Securities lending	6.9	10.2	-32	22.8	28.8	-21
Operating costs	9.7	10.1	-4	28.5	31.6	-10
EBITDA	9.0	11.3	-20	28.5	29.9	-5
EBITDA (adjusted)	9.6	11.8	-19	31.3	33.1	-5
PERFORMANCE INDICATORS	€bn	€bn	%	€bn	€bn	%
Average outstandings from collateral management	408.2	379.9	7	401.6	376.8	7
Average outstandings from securities lending	48.3	50.9	-5	45.9	55.2	-17

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 Triparty repo, GC Pooling® and collateral administration services.

In the third quarter of 2019, average outstandings in the collateral management business increased by 7 per cent, mainly driven by new client wins and growing volumes in initial-margin segregation products under the European Market Infrastructure Regulation (EMIR). Accordingly, net revenue from collateral management services rose by 11 per cent. In contrast, net revenue from securities lending decreased by 32 per cent. Market conditions in the securities lending business continued to be challenging amid negative interest rates and the ECB's monetary policy, putting added pressure on fees. However, volumes in securities lending recovered somewhat in the third quarter when compared to the first half of the year, supported by new client acquisition. Overall, the GSF segment's net revenue declined by 10 per cent in the third quarter of 2019.

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

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	45.4	35.7	27	122.4	110.7	11
ETF licences	9.2	11.1	-17	27.4	32.8	-16
Exchange licences	8.1	6.9	17	24.0	22.9	5
Analytics	6.0	n/a	n/a	6.0	n/a	n/a
Other licences (incl. licences on structured products)	22.1	17.7	25	65.0	55.0	18
Operating costs	37.3	11.7	219	67.8	38.9	74
EBITDA	8.1	24.0	-66	54.6	71.8	-24
EBITDA (adjusted)	29.4	25.2	17	82.9	78.9	5
PERFORMANCE INDICATORS	€bn	€bn	%	€bn	€bn	%
Assets under management in ETFs on STOXX® indices (average)	69.2	82.6	-16	70.3	85.2	-17
Assets under management in ETFs on DAX® indices (average)	23.6	28.2	-16	24.3	28.5	-15
Index derivatives (traded contracts) (m)	230.3	187.6	23	667.6	634.3	5

1) As part of the combination, certain licence revenues were re-allocated from the Data segment to the new Qontigo segment (for details, please refer to the section "Changes to the basis of consolidation and segment reporting").

In the Qontigo (index and analytics) segment, Deutsche Börse Group reports on the development of its subsidiary Qontigo, which was formed through the combination of STOXX Ltd. and Axioma Inc. in September 2019. In the index business, Qontigo offers an extensive range of indices, providing issuers with a wealth of opportunities for creating financial instruments for even the most diverse investment strategies. Whilst the ETF licences depend on the amount of assets invested in exchange traded funds (ETFs) on STOXX® and DAX® indices worldwide, the exchange licences depend primarily on Eurex® trading activity in index derivatives on STOXX and DAX indices. Licence fees from structured products are shown as part of other licence fees. In the field of analytics Qontigo offers its clients portfolio construction and risk analytics software and data. The revenues in this field depend primarily on the contract value. However, a significant portion of these revenues requires a point in time revenue recognition of newly acquired business (rather than attribution over the duration of the contract). Therefore, actual net revenues may fluctuate from month to month, depending on the amount of new business acquired.

The outflow of the investment capital from European stock indices continued in the third quarter 2019. Average assets under management in ETFs on STOXX and DAX indices each fell by 16% compared to the previous year. Correspondingly, ETF licence revenue declined by 17 per cent. On the other hand, exchange licence revenue at the Qontigo segment benefited from increased trading activity at Eurex, rising by 17 per cent. Other licence revenues increased by 25 per cent in the third quarter, due especially to substantial new business with buy-side clients. Net revenue from the analytics business, reported for the first time, reflects the new business with portfolio management and risk analysis software acquired through the combination with Axioma. Revenue only relates to the period since the acquisition (17 calendar days), but it includes a point in time revenue recognition due to a

contract renewal. In total, the segment's net revenue increased by 27 per cent during the third quarter of 2019.

In July STOXX Ltd. announced that it had been recognised as an Administrator according to Article 32 of the EU Benchmarks Regulation. With this recognition, the indices administered by STOXX can be included in the ESMA Benchmarks Register. In order to achieve synergies in the index business of Deutsche Börse Group, Deutsche Börse AG transferred the administration (as defined under the EU Benchmarks Regulation) of its indices (DAX, eb.rexx, etc.) to STOXX Ltd.

Data segment

Data segment: key indicators¹⁾

	Third quarter ended			Nine months ended		
	30 Sep 2019	30 Sep 2018	Change	30 Sep 2019	30 Sep 2018	Change
FINANCIAL KEY FIGURES	€m	€m	%	€m	€m	%
Net revenue	40.6	43.9	-8	118.8	118.2	1
Cash and derivatives	29.3	31.8	-8	83.7	86.3	-3
Regulatory services	4.5	4.1	10	12.9	12.0	8
Other (including CEF® data services)	6.8	8.0	-15	22.2	19.9	12
Operating costs	17.3	17.5	-1	48.6	51.0	-5
EBITDA	23.3	26.1	-11	70.1	66.7	5
EBITDA (adjusted)	28.2	30.8	-8	79.7	79.3	1
PERFORMANCE INDICATORS	thousand	thousand	%	thousand	thousand	%
Subscriptions (average)	326.9	358.3	-9	338.2	386.4	-12

1) As part of the combination, certain licence revenues were re-allocated from the Data segment to the new Qontigo segment (for details, please refer to the section "Changes to the basis of consolidation and segment reporting").

In the Data segment, Deutsche Börse Group groups the development of its business concerning licences for real-time trading and market signals, together with 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 the majority of its net revenue as a result of long-term client relationships and is relatively independent of trading volumes and capital markets-related volatility. Revenue from regulatory services is also allocated to this segment.

In the third quarter of 2019, net revenue in the Data segment was down by 8 per cent on the previous year's figure. The decrease was mainly due to lower audit revenues: client audits in the third quarter of 2018 had generated unusually high revenues. Overall, net revenue from regulatory services increased slightly.

Financial position

The company's clients generally expect it to maintain conservative interest coverage and leverage ratios, and to achieve good credit ratings. Since 1 January 2019, Deutsche Börse Group has been using new management indicators from the consolidated statement of financial position, as rating agency S&P Global Ratings (S&P) has adjusted the observed parameters and their calculation methodology. The key new indicators are as follows:

- Free funds from operations (FFO) relative to net debt
- Net debt relative to EBITDA
- Interest cover ratio, where the calculation was adjusted

In order to achieve a minimal financial risk profile consistent with an AA rating and in accordance with the S&P method, the company aims for a minimum ratio of FFO to net debt of 50 per cent, a net debt ratio relative to EBITDA of no more than 1.75 and a minimum interest cover ratio of 14. In the first nine months of 2019 Deutsche Börse Group achieved this objective with a ratio of FFO to net debt of 83 per cent, net debt relative to EBITDA of 0.9 and an interest cover ratio of 37. These values are based on annualised figures for FFO in an amount of approximately €985 million, EBITDA of approximately €1,302 million and expected net debt as at year-end of approximately €1.6 billion.

Details on how these figures are calculated can be found in the [table](#) section "Financial position", in the [Annual Report 2018 on pages 76 to 81](#).

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 strong credit quality. In its latest rating dated 20 November 2018, S&P affirmed the AA credit rating of Deutsche Börse AG and the AA credit rating of Clearstream Banking S.A.

Report on post-balance sheet date events

There have been no material events after the balance sheet date.

Risks and opportunities

Deutsche Börse Group provides detailed information on its operating environment, strategy, principles, organisation, processes, methods and concepts of its risk management, as well as measures for managing and reducing risk, in its [table](#) [Annual Report 2018 on pages 111 to 136](#).

For a detailed description of the current status of litigation, please refer to [table](#) [pages 51 to 54 of the half-yearly financial report 2019](#).

In September 2017, Clearstream Banking AG and Clearstream Banking S.A. were made aware that the Public Prosecutor's Office in Cologne had initiated proceedings for tax evasion against an employee of Clearstream Banking AG for his alleged involvement in the settlement of transactions of market participants over the dividend date (cum/ex transactions). On 22 January 2018, the Public Prosecutor's Office in Cologne addressed to Clearstream Banking AG a notification of hearing Clearstream Banking AG and Clearstream Banking S.A. as potential secondary participants (Nebenbeteiligte). Starting on 27 August 2019, together with other supporting authorities, the Public Prosecutor's Office in Cologne conducted

searches of the offices of Clearstream Banking AG, Clearstream Banking S.A., as well as other Deutsche Börse Group companies and entities. In the course of these measures, Deutsche Börse Group entities were made aware that the Public Prosecutor's Office in Cologne has extended the group of accused persons to include further current and former employees of Deutsche Börse Group companies. Due to the early stage of the investigations, it is not possible to predict the timing, scope or consequences of a potential decision. The affected companies are cooperating with the competent authorities.

Beyond this, the Executive Board is not aware of any material changes to the Group's risk situation at this time.

For a detailed description of Deutsche Börse Group's opportunities, and opportunities management, please refer to [pages 136 to 143 of the Annual Report 2018](#).

Report on expected developments

For the remainder of financial year 2019, Deutsche Börse Group does not expect any material deviation from the forecasts for its operating environment made in its [2018 consolidated financial statements](#).

As stated there, net revenue from secular growth opportunities is expected to increase further by at least 5 per cent during the forecast period. The Group is driving this growth through investments. In contrast, the development of business divisions reliant on cyclical factors continues to depend mainly on the degree of speculation regarding future interest rate development in Europe and the extent of equity market volatility, potentially resulting in further positive or in a negative impact on the Group's net revenue growth. Following the US Federal Reserve's two interest rate cuts in July and September 2019 and the ECB's announcement in July 2019 that it would maintain its prevailing loose monetary policy, Deutsche Börse Group anticipates a slightly negative impact on its net interest income from the banking business for the remainder of the year.

Given the expected increase in net revenue driven by structural factors of at least 5 per cent, together with efficient cost management, the Group anticipates a growth rate of around 10 per cent for adjusted net profit for the period attributable to Deutsche Börse AG shareholders during the forecast period. If the cyclical business environment were to continue improving for 2019 as a whole, compared to 2018, growth of adjusted net profit for the period could also be somewhat higher. However, should the cyclical environment deteriorate, growth of adjusted net profit for the period might also be slightly lower.

The assumptions on which the forecast is based, together with the reconciliation of net revenue and operating costs (including depreciation and amortisation), are set out on [pages 144 to 148 of the 2018 annual report](#).

Consolidated income statement

for the period 1 January to 30 September 2019

	Third quarter ended		Nine months ended	
	30 Sep 2019 €m	30 Sep 2018 €m	30 Sep 2019 €m	30 Sep 2018 €m
Sales revenue	766.6	682.0	2,262.8	2,134.7
Net interest income from banking business	60.6	48.6	189.3	144.5
Other operating income	3.3	14.5	8.0	22.8
Total revenue	830.5	745.1	2,460.1	2,302.0
Volume-related costs	-96.7	-84.4	-280.7	-262.7
Net revenue (total revenue less volume-related costs)	733.8	660.7	2,179.4	2,039.3
Staff costs	-193.6	-173.1	-556.8	-547.1
Other operating expenses	-125.9	-116.0	-327.4	-334.2
Operating costs	-319.5	-289.1	-884.2	-881.3
Net income from strategic investments	1.4	3.8	5.4	6.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	415.7	375.4	1,300.6	1,164.2
Depreciation, amortisation and impairment losses	-53.9	-44.1	-162.4	-143.8
Earnings before interest and tax (EBIT)	361.8	331.3	1,138.2	1,020.4
Financial income	2.1	0.6	4.9	6.2
Financial expense	-18.9	-15.7	-50.2	-54.2
Earnings before tax (EBT)	345.0	316.2	1,092.9	972.4
Other tax	0	-0.1	0	-0.5
Income tax expense	-89.9	-85.2	-280.2	-268.4
Net profit for the period	255.1	230.9	812.7	703.5
thereof attributable to Deutsche Börse AG shareholders	248.6	225.0	790.7	684.3
thereof attributable to non-controlling interests	6.5	5.9	22.0	19.2
Earnings per share (basic) (€)	1.35	1.22	4.31	3.69
Earnings per share (diluted) (€)	1.35	1.22	4.31	3.69

Consolidated balance sheet

as at 30 September 2019

Assets

	30 Sep 2019	1 Jan 2019	31 Dec 2018	30 Sep 2018 (restated) ¹⁾
	€m	€m	€m	€m
NON-CURRENT ASSETS				
Intangible assets				
Software	372.1	321.0	321.0	337.3
Goodwill	3,501.8	2,865.6	2,865.6	2,826.7
Payments on account and assets under development	121.5	52.3	52.3	57.5
Other intangible assets	1,045.3	952.7	952.7	917.3
	5,040.7	4,191.6	4,191.6	4,138.8
Property, plant and equipment				
Land and buildings	348.0	265.4	0	0
Fixtures and fittings	36.7	31.3	31.3	30.7
IT hardware, operating and office equipment, as well as car pool	87.6	89.3	84.8	73.5
Payments on account and construction in progress	12.2	14.8	14.8	12.4
	484.5	400.8	130.9	116.6
Financial assets				
Equity investments measured at FVOCI	67.9	108.8	108.8	103.5
Debt financial assets measured at amortised cost	619.0	1,057.1	1,057.1	1,068.9
Financial assets at FVPL				
Financial instruments held by central counterparties	4,757.4	9,985.4	9,985.4	6,729.6
Other financial debt assets at FVPL	25.6	17.3	17.3	17.8
	5,469.9	11,168.6	11,168.6	7,919.8
Investment in associates and joint ventures	44.2	42.5	42.5	40.2
Other non-current assets	4.0	4.1	4.1	4.1
Deferred tax assets	135.1	107.1	104.3	95.0
Total non-current assets	11,178.4	15,914.7	15,642.0	12,314.5
CURRENT ASSETS				
Debt Financial assets measured at amortised cost				
Trade Receivables	465.7	397.5	397.5	378.5
Other financial assets at amortised cost	21,163.1	19,722.6	19,722.6	17,491.1
Financial assets at FVPL				
Financial instruments held by central counterparties	91,176.7	94,280.3	94,280.3	93,938.5
Derivatives	31.4	4.7	4.7	2.0
Other financial assets at FVPL	0.4	0.4	0.4	1.0
Income tax assets	116.4	55.9	55.9	99.5
Other current assets	427.5	639.8	639.8	618.4
	113,381.2	115,101.2	115,101.2	112,529.0
Restricted bank balances	32,661.1	29,833.6	29,833.6	29,346.4
Other cash and bank balances	915.0	1,322.3	1,322.3	999.3
Total current assets	146,957.3	146,257.1	146,257.1	142,874.7
Total assets	158,135.7	162,171.8	161,899.1	155,189.2

1) Restated due to first-time application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers"

Equity and liabilities

	30 Sep 2019	1 Jan 2019	31 Dec 2018	30 Sep 2018 (restated) ¹⁾
	€m	€m	€m	€m
EQUITY				
Subscribed capital	190.0	190.0	190.0	193.0
Share premium	1,344.7	1,340.4	1,340.4	1,337.4
Treasury shares	-471.8	-477.7	-477.7	-582.0
Revaluation surplus	-81.4	-10.2	-10.2	1.7
Accumulated profit	4,527.6	3,779.4	3,787.4	3,857.5
Shareholders' equity	5,509.1	4,821.9	4,829.9	4,807.6
Non-controlling interests	366.3	133.5	133.5	123.8
Total equity	5,875.4	4,955.4	4,963.4	4,931.4
NON-CURRENT LIABILITIES				
Provisions for pensions and other employee benefits	256.7	164.1	164.1	160.2
Other non-current provisions	208.6	184.3	184.3	128.6
Financial liabilities measured at amortised cost	2,285.5	2,283.2	2,283.2	2,281.1
Financial liabilities at FVPL				
Financial instruments held by central counterparties	4,757.4	9,985.4	9,985.4	6,729.6
Other Financial liabilities at FVPL	0.7	0.2	0.2	0.2
Other non-current liabilities	349.8	274.0	17.0	17.9
Deferred tax liabilities	248.8	194.5	194.5	198.0
Total non-current liabilities	8,107.5	13,085.7	12,828.7	9,515.6
CURRENT LIABILITIES				
Tax provisions	247.9	334.8	334.8	430.8
Other current provisions	218.1	293.2	293.2	214.4
Financial liabilities at amortised cost				
Trade payables	193.1	195.0	195.0	106.6
Other financial liabilities at amortised cost	21,122.2	19,024.7	19,024.7	17,152.4
Financial liabilities at FVPL				
Financial instruments held by central counterparties	89,518.8	94,068.3	94,068.3	93,023.5
Derivatives	1.6	3.0	3.0	7.3
Other financial liabilities at FVPL	84.0	0	0	0
Cash deposits by market participants	32,320.6	29,559.2	29,559.2	29,180.4
Other current liabilities	446.5	652.5	628.8	626.8
Total current liabilities	144,152.8	144,130.7	144,107.0	140,742.2
Total liabilities	152,260.3	157,216.4	156,935.7	150,257.8
Total equity and liabilities	158,135.7	162,171.8	161,899.1	155,189.2

1) Restated due to first-time application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers"

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