



Virtual Annual General Meeting
Deutsche Börse Aktiengesellschaft

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Speech
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Chief Executive Officer
Deutsche Börse AG

Final version
– Courtesy translation –

Ladies and gentlemen, dear shareholders, dear shareholder representatives!

This is who we are. Deutsche Börse Group.

Your company. Not just the showcase of the German economy. Not just bull and bear. Not just a backdrop for stock market reports on television. But a true financial technology company.

A very welcome to this year's Annual General Meeting – from me as well. With a fast video.

A very unusual take on Deutsche Börse. With a touch of humour. But this does not change the fact that we are really serious. About our business. Day after day. And about this AGM.

Unfortunately, we are again having to hold this AGM virtually. The pandemic is still keeping us on our toes. Even if the light at the end of the tunnel is getting increasingly brighter.

Still: Covid-19, the personal tragedies, our freedom restricted by lockdowns weigh heavy on all of us. And on some people more than on others. But let's be positive: the coronavirus is losing its grip on us. Each dose of the vaccine brings us a step closer to normality.

I am absolutely sure that by next year we will be able to welcome many of you in person again. I'm really looking forward to that.

What a year we've had! A really difficult year. A historic year. It will certainly go down in the annals of history. That much is clear. The coronavirus has raged across the world. We are not yet able to see the direct and indirect damage it has caused. The world has become a completely different place – it will never go back to what it was before.

Do you still remember our New Year receptions in the past year 2020? Many of them reminded us of the golden 1920s. On the Deutsche Börse reception at the beginning of the year, I had urged caution on monetary policy and on Brexit. Looking back this was clearly a case of missing the point.

True enough, the first reports of a new kind of virus had already reached us from China. But that was quite far away. That's what we thought. How wrong you can be!

The year 2020 was a rollercoaster ride of emotions and facts. Here are just some of our highs and lows:

- Adjusted earnings per share:¹ 2.11 euro in the first quarter. The best quarterly result in our company's history. By far. Down to 1.38 euro in the third quarter. A crash of 35 per cent. Thank goodness we were able to catch up through smart cost policies. Earnings per share at the end of the year: then 6.57 euro. Exactly on target as forecast!
- Even more extreme movements for our share price. We started 2020 on just under 140 euro. Down to 93 euro then in March last year. When some people publicly – without any knowledge of the facts – actually called for the partial and temporary closure of stock exchanges. As if throwing away the thermometer would cure the fever. But we vehemently resisted such a move. And presented the reasons authoritatively. And our arguments did prevail. In July, the pendulum swung back – to a share price of 170 euro. A rise of 83 per cent!
- The fact is: our markets weren't spared the ups and downs either. Take Eurex, for example. That's where customers arrange hedges. Through the use of derivatives. For when the market doesn't perform as expected. No wonder it went into overdrive in 2020. On 13 March, customers traded ten times as much volume as on 28 December. 21 million contracts traded. In a single day. A daily record!

The coronavirus also had indirect effects. Think of the election of the new US President on 3 November. Because of the pandemic, the proportion of postal votes was very high. The result: a nail-biting count that went on for days. Until the results were finally ready to be released. The media were the first to declare Joe Biden the winner. The stock exchanges then rallied on 10 November. The US Dow Jones benchmark index was at nearly 30,000. The DAX surpassed 13,000 points. Wonderful, great fireworks to welcome a new President!

And Joe Biden has since then completed an impressive first 100 days in office. Let's sincerely hope Joe Biden succeeds in reuniting the country. The United States of America! Particularly we Germans should be wishing him every success.

In short: the markets went crazy in 2020. Because the world had gone crazy. A huge uncertainty – never before had we experienced anything like it. Especially in the first quarter. Have a look at our results at the time:

- Eurex: our derivatives platform. Quarterly record: over 630 million contracts executed – that's a daily average of almost 10 million contracts traded. Never before had there been this much derivatives trading. The hedging business was buzzing.
- Xetra: our electronic equities market. Securities traded for almost 540 billion euro. Another quarterly record! About 8 billion euro turned over every day.
- Clearstream: our house for all post-trading activities. There, too, we had almost 1 million transactions per day in the first quarter. This is yet another record! Up to then, at least. We have topped it again since.

Where am I heading with this? We benefited from the fluctuations in the markets. They took our revenue to record levels, prompting some people to point fingers at us. Saying: "They are benefiting from other people's misery."

But they are wrong. Exchanges have a keen instinct for risks and opportunities. Exchanges hold up a mirror to the economy. And it's not always a flattering image. Not what some people would like to see. Exchanges don't just calculate prices. Exchanges reflect the condition of the wider economy and of their companies.

¹ Adjusted earnings in each case.

Ladies and gentlemen – exchanges are like a fitness app. They show our level of fitness today and how we are likely to perform tomorrow. Only the facts count. And what market participants expect for the future. Not just in theory. But by investors risking their own money or money entrusted to them. In the hope of future profits. This means the money flows to where it promises the highest yield. And that, ladies and gentlemen, is why the market is also superior to all other forms of economy.

Winston Churchill once said: “Democracy is the worst form of government, except for all the others.” By analogy, I dare say this: “Exchanges are the worst form of market, except for all the others.”

There is no better gauge for the health of the economy and no better marketplace than the exchange. None that is more transparent. Or more reliable. Because they speak the truth, even if it is uncomfortable.

What is also clear is that, without the huge government rescue programmes and central bank cornucopia of monetary easing, large parts of the economy would not have made it through the crisis. Let’s visualise the dimensions of these programmes. For simplicity, I’ll refer only to the first few days of the pandemic:

- On 23 March 2020, the German government approved a rescue package of 1.2 trillion euro. That’s 1.200 billion euro. That is more than 14,000 euro per head of population. An enormous amount.
- More than the United States, where the US Senate approved state aid two days later. 2 trillion euro. That’s 2.000 billion euro. Almost twice as much in absolute numbers. But “only” 6,000 euro per head of the US population.
- And that was only the beginning. The central banks provided backup. And governments topped up. This happened all over the world, with Germany far in the lead, by the way. Per head of population. And as a share of gross national product.

The concerted action taken by governments and central banks saved the economy. From total collapse. But: the secondary consequences really made me pause for thought. Governments will have to scale back their interventions. Quickly. Decisively. The policy of cheap money is further fuelling the rapid rise in government debt. Inflation, too, by the way. And this debt will deprive future generations from air to breathe.

But let’s not keep admonishing: we should be grateful that the pharmaceutical industry has developed vaccines in record time. BioNTech, in Mainz, just around the corner from here, is first and foremost a huge success achieved by a research couple. Of Turkish origin. In Germany. A tribute to diversity! And it is the success of brave private investors. Who made hundreds of millions available. Who knew that scientific research needs long-term commitment. Who took great personal risks. Who put their trust in entrepreneurs. In the mRNA concept. Because they believed in a cause. And in people, in entrepreneurs with intelligence and passion.

But even here we have to take a critical look at why we don’t have many investors in Germany who put their money into biotechnology. Their absence, by the way, is why the IPOs of Curevac and many others don’t happen in Frankfurt, at our stock exchange. I wish that German investors would show more courage to invest long-term. Just peering at the dividend is sometimes not enough.

No sooner did we appear to have the coronavirus under control economically than the next blow landed. Which also hit us at Deutsche Börse. True enough, only indirectly. But it was very painful nevertheless. Because it hit us where it hurts most: in the DAX 30. The German benchmark index. The key barometer of the German economy. Our seal of quality. You will have guessed by now: Wirecard came along.

A bright new company in the DAX. A darling stock of investors. Somehow a rock star of the DAX index. For a payment services provider, this takes some doing. Seemingly innovative. Global. Or so it seemed. Then suddenly, in June, the reports came in: Wirecard is fighting for survival. Let me be completely frank with you: we all, we all allowed ourselves to be deceived. There were signs, there was scepticism, but many wanted to believe in this company's success. We should have listened to the short sellers. To the market. And also to the Financial Times, by the way – an example of great journalism!

And yet: the inclusion of Wirecard in the DAX index in September 2018 was not an accident. Because, based on its audited financials, Wirecard was in an excellent position. We had to trust those figures. We check formal requirements but do not verify whether the substance of the figures is correct. No stock exchange in the world can do that. That is the responsibility of the corporate management and the auditors.

But once again the market spoke the truth. Share price on entry into the DAX: 182 euro. And on 22 June 2020: 14 euro. Three days later: insolvency. What a crash! We all love a good story. But please, a story with a happy ending. By now, we know that the story of Wirecard was a web of lies built on fraud. Rise and fall – verily, as in a Greek tragedy.

For us at Deutsche Börse, it was the first time a DAX company went insolvent. A heavy blow to trust in the German capital market. It really hurt!

We have to learn what we can from this event. Identifying the culprit does not yet solve the problem. We, too, had to take action.

- We scrutinised ourselves and the regulated market. On the one hand, we gave input to politicians on how they should amend the German Stock Exchange Act.
- On the other hand, we radically revised the rules and regulations of the DAX. We put our proposals to a vote and discussion among all market participants. There were a lot of pros and cons coming back to us. It is impossible to please everybody. But in the end, we got a clear mandate – our proposals were widely accepted.

As a result, we have tightened the rules and regulations and created a new DAX in the process. In a few months' time, the DAX 30 will become the DAX 40 – a project that is very close to my heart. It will paint a more nuanced picture of the German economy. Enhance its quality at the same time. For the first time, governance criteria will then be decisive for index membership: criteria for how a corporation is managed and controlled. To be precise: DAX companies will have to provide audited reports on time. Quarterly statements, too. And have an audit committee on the Supervisory Board. The DAX 40 will go live in September.

In the midst of the chaos of the pandemic, we then still achieved a feat. The acquisition of ISS. Announced in November 2020. Completed only three months later.

The company is based in the United States. Just picture the situation last year, ladies and gentlemen: the United States in coronavirus lockdown. Global restrictions on entering the country. Only a handful of airplanes up in the sky. "America First!" And to top it all: a divided country in election campaign fever. Honestly, the success of our acquisition during this time was not a foregone conclusion. We needed a special permit. To enter the country. To be allowed to negotiate. Face to face. With that, my dear ladies and gentlemen, we made an impression on the other party. More than with our offer.

I am not talking about any old company. I am talking about a global leader. A company that evaluates the corporate governance of other enterprises all over the world. I am talking about Institutional Shareholder Services. Or ISS for short. I'll get to that in a moment.

Let's first turn to our financials for 2020.

[Slide 1: Group financials, financial year 2020]

All's well that ends well. The year took us on a rollercoaster ride, as I already said. But we stayed on track. And above all: on a growth track. And this is important: on a profitable growth track. We kept all our promises. As we had in 2019, so again in 2020.

Here are the hard facts:

- Deutsche Börse Group's net revenue rose by 9 per cent in 2020. Acquisitions account for 2 percentage points of this increase. Another 2 percentage points were due to market tailwinds. And a whole 5 percentage points are attributable to secular growth. That is growth from our own resources. Independently of the ups and downs of the markets.
- Costs were up 7 per cent.² As planned. A large proportion of that was driven by acquisitions. And by investments in our future.
- As a result, our earnings before interest, tax, depreciation and amortisation increased by 12 per cent³ – that is one third more than our sales revenue.
- Our net profit for the year was up 9 per cent.⁴ To 1.2 billion euro. Exactly as forecast. Even before the pandemic began. That is clear proof of our strength. And our reliability.

And this huge success is due to our employees. Over 9,000 of them by now, at 57 locations worldwide, speaking more than a hundred languages. Who did everything in their power to achieve it. And that while working from home!

With great, great heartfelt thanks I reach out to you, our employees around the world. On behalf of the entire Executive Board. Our numbers are proof that in teams, we can achieve anything. If we stick together. Trust each other. Respect one another's diversity. This is the only way trust in the markets is built, as Martin Jetter has already pointed out. Creating this trust in the markets is our driving force. Again from my side: our purpose.

² Adjusted.

³ EBITDA (earnings before interest, tax, depreciation and amortisation); adjusted.

⁴ Adjusted.

Today, profitable growth is invariably also sustainable growth. And what is more: sustainability is a key to future profitable growth for us. Which brings us back to ISS.

[Slide 2: Sustainability. A dual priority for Deutsche Börse]

ISS is a world-leading provider of ESG solutions. ESG stands for “environment, social, governance”. The demand for good corporate governance. This means that ISS provides institutional investors with data, recommendations and valuations. ISS helps companies increase their value. And supports investors in their decisions. ISS sets standards. Worldwide. For thousands of major clients.

We took the conscious decision not to acquire all of ISS. The existing management around Gary Retelny will retain an interest. We are pursuing an approach based on partnership. We have made good experience with that. Qontigo – where we bundled our index and analytics business – is an early example. Its former management and a professional investor have retained an interest there as well.

Deutsche Börse and ISS complement each other perfectly. The ambition for ESG has long since arrived at the centre of society and economy. We will make sure that words are followed by actions. That is part of our strategy and of our responsibility.

We will in future present ratings through ISS. Valuations. Recommendations. Important: Deutsche Börse will remain a neutral trading venue. This is why it will allow ISS the necessary independence. With ISS and Qontigo, we are now among the market leaders for ESG solutions. And that, ladies and gentlemen, is only the beginning, we hope.

We will start with our own operations. As a company, we’ve already reached net zero emissions. It’s not as if we run steel plants, but even our business causes CO₂ emissions. Mainly because we are growing. We critically examine each kilogramme of CO₂ emitted.

As part of our climate strategy for Deutsche Börse, my fellow Executive Board members and I have recently decided on the following objectives: within the next few years, we will reduce the CO₂ emissions of our operative business to zero. This year by 50 per cent compared to 2019. Until 2023 by another 20 percent. And until 2025 we will be going down to a net zero. This means: we are unable to prevent some of the CO₂ emissions from happening. But these very emissions we remove from a different place in the Earth’s atmosphere. Directly. Without certificates. Thus, we will finally reach complete climate neutrality.

As you can see, it is our stated goal to work consistently at reducing our CO₂ footprint further to zero. From converting our offices’ heat and power plants to expanding the pool of charging stations for electric vehicles of our employees.

- We wish to set an example. And are therefore far ahead in the important ESG ratings.
- We invest in research and teaching. In schools and universities. We support culture. Social cohesion. We stand for diversity. For integration. And we make sure that our suppliers also take sustainability seriously. At both an ecological and social level.

Our offerings for our customers are just as important. We develop indices. Through Qontigo. Our index and analytics provider. We provide guidance for investors. Guidance to investments in the future. Over 1,700 indices in this area were published in 2020. And the number is growing all the time.

Exchange-traded funds are based on these indices. Or ETFs for short. And Eurex's derivatives are based on these indices.

We promote holistic reporting. Key financial indicators are good and important. But they are not enough. Sustainable action also should have its place in the financial statements. We are an idea generator for sustainable finance initiatives. In Germany. And also in Europe.

And who are we doing all this for? One answer is: through our markets, we contribute to growth in the wider economy. And in doing so, to the prosperity of current and future generations. With our ESG products, we promote environmentally compatible growth. We owe this to society. That is our responsibility. Mr Jetter has already mentioned this.

But first and foremost, we are doing it for you, our shareholders. To ensure your long-term success. And guarantee you a reliable yield.

[Slide 3: Dividend per share and pay-out, financial year 2020]

Ladies and gentlemen, you deserve a good dividend. Even in times of coronavirus. We are today proposing 3.00 euro per share. That is 3 per cent more than last year. This way, you can share in the profit of your company. I know: given our strong performance in 2020, we could have distributed a bit more dividend. But we also need cash for further acquisitions. For growth that will strengthen us for the future.

[Slide 4: Outlook, financial year 2021]

What lies ahead for us? We expect revenue to rise to about 3.5 billion euro in the current year. And we want to increase our profit to about 2.0 billion euro.⁵ I'm talking about unadjusted earnings. That means excluding special factors. This is how we will always report, starting in the current year. This will make it even easier to compare our numbers with one another. All for the benefit of you, our shareholders.

The signs are pointing to growth in subsequent years as well. Our formula is:

- Annual revenue growth of 10 per cent.
- And annual profit growth of 10 per cent.
- On average from 2020 to 2023.
- That's what our strategy is aimed at. That is the compass that's guiding us. Which is why our strategy is called "Compass 2023".

⁵ EBITDA (earnings before interest, tax, depreciation and amortisation).

We anticipate further secular growth of around 5 per cent. We want to generate the other 5 per cent through acquisitions. This compares with 2 per cent through acquisitions in the past three years. We are thus aiming at a substantial increase. But don't worry: we have good ideas.

This year, the first quarter was difficult, as expected. After an extremely strong quarter such as Q1 in 2020, the first quarter of this year could just not keep pace. And that's what happened – but still better than expected. In short: we are on plan. We are making headway. As we demonstrated over the past year: we keep our promises.

And we still have operational scope. In case the markets perform worse than expected. We've made provision for that as well.

To recap:

- We have grown. From our own resources. And through acquisitions. And above all, we have achieved profitable growth.
- And we will continue to grow. By 10 per cent. In terms of revenue. In terms of profit. On average until 2023. More of it will be achieved through acquisitions.

Dear shareholders, dear ladies and gentlemen, we look back on an eventful year. We, let us say, have made it through this year. This terrible first year of the coronavirus pandemic. We worked hard. We fought. But the efforts were worth it.

I am not talking just about ourselves. I'm also talking about you. I'm talking about all of us. Our families. Friends. Our colleagues all over the world. I'm talking above all about our company – your company! A company whose performance fills us with joy.

All of us part of a global society. This society has reason to be confident. With or without Covid-19. In every respect. Thanks to the ingenuity of all of us. The courage of all of us.

The last sentence of my address is of course dedicated to you, our shareholders – I would like to thank you with all my heart for staying loyal to our company. Merci.