



DEUTSCHE BÖRSE  
GROUP

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# Financial report 2017

Excerpt: disclosures based on the HGB



To maintain its strong credit ratings at Group level, the company aims at a ratio of interest-bearing gross debt to EBITDA of no more than 1.5. The Group expects to slightly come below this figure in 2018, depending on net revenue developments.

The parent company, Deutsche Börse AG, plans to invest some €50 to 60 million in intangible assets and property, plant and equipment during the forecast period.

### Overall assessment by the Executive Board

The Executive Board of Deutsche Börse AG believes that the company continues to be in a very good position compared with the international competition thanks to its comprehensive offering along the securities trading value chain and its innovative strength. Against this background, it therefore expects to see a positive trend in its results of operations in the long term. The purpose of the measures as part of the growth strategy, is to further accelerate the Group's growth. In this context, the Group aims to act in a more agile and effective manner, and with increased client focus, to turn Deutsche Börse into the global market infrastructure provider of choice, being top-ranked in all its activities. Looking at the economic and regulatory framework over the forecast period, uncertainty persists concerning capital market participants' behaviour; therefore, it is impossible to come up with a concrete forecast for cyclical growth in net revenues. Nonetheless, Deutsche Börse Group endeavours to further expand its structural growth areas, and to further increase their contribution to net revenues by at least 5 per cent. At the same time, the Group plans to safeguard the scalability of its business model throughout the forecast period. To this end, the Executive Board will actively manage operating costs in a way that net profit for the period attributable to Deutsche Börse AG shareholders will grow at a stronger rate than net revenue. Specifically, annual growth rates of at least 10 per cent (excluding non-recurring effects) are projected for the forecast period. Overall, the Executive Board assumes on this basis that cash flow from operating activities will be clearly positive and that, as in previous years, the liquidity base will be sound. The overall assessment by the Executive Board is valid as at the publication date for this combined management report.

### Deutsche Börse AG (disclosures based on the HGB)

In contrast to the consolidated financial statements, the single-entity financial statements of Deutsche Börse AG are not prepared in accordance with International Financial Reporting Standards (IFRSs) but with the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG).

### Business and operating environment

#### General position

Deutsche Börse AG is the parent company of Deutsche Börse Group. Its business activities primarily comprise its cash and derivatives markets, as well as the areas of Information Technology and Market Data + Services. The performance of the Clearstream segment is primarily reflected in Deutsche Börse AG's business performance via a profit and loss transfer agreement with Clearstream Holding AG. In view of this, 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

Revenue for the 2017 financial year increased by 4 per cent, slightly below the company's expectations. At the same time, total costs (comprising staff costs, amortisation of intangible assets and depreciation of property, plant and equipment, as well as other operating expenses) declined – mainly due to the internalisation of external advisors and lower advisory costs, after the previous year had incurred high advisory costs for the planned merger with the London Stock Exchange Group. Net profit increased significantly, exceeding the company's expectations: factors contributing to the increase included the proceeds from the sale of the stake in Eurex Zürich AG to Eurex Global Derivatives AG, as well as higher dividends paid by subsidiaries to Deutsche Börse AG. Against this background, Deutsche Börse AG's Executive Board considers the company's performance during the 2017 financial year as satisfactory.

## Results of operations of Deutsche Börse AG

Deutsche Börse Group's net revenue rose by 4 per cent during the 2017 financial year, to €1,348.0 million (2016: €1,300.2 million). Despite a slight year-on-year decline, the Eurex segment generated the lion's share of revenue, at €792.2 million (2016: €799.4 million). The [“Sales revenue by segment” table](#) provides a breakdown of revenue by company segment.

Regarding the performance of the Eurex derivatives market segment, general reference is made to the [“Eurex segment” section](#). Any divergence from the statements in that segment are essentially due to the fact that developments of the energy market (EEX Group) and the foreign exchange market (360T Group) do not directly impact upon the business of Deutsche Börse AG. The results of operations of the Market Data + Services segment are described, in general, in the [“Market Data + Services segment” section](#). 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. Details concerning the business development in the Xetra segment are largely provided in the [“Xetra segment” section](#). Revenue attributable to the Clearstream segment is generated from IT services that Deutsche Börse AG provides to entities within the Clearstream Holding AG subgroup.

Other operating income increased to €182.8 million during the year under review (2016: €149.1 million). This increase was attributable, in particular, to €139.5 million in sales proceeds recognised from the sale of the stake in Eurex Zürich AG to Eurex Global Derivatives AG. In the previous year, sales proceeds recognised from the disposal of International Securities Exchange Holdings had led to a capital gain of €99.0 million.

### Performance figures for Deutsche Börse AG

	2017 €m	2016 €m	Change %
Sales revenue	1,348.0	1,300.2	4
Total costs	915.2	946.1	-3
Net profit from equity investments	346.6	289.9	20
EBITDA	887.8	739.8	20
Net profit for the period	615.7	553.2	11
Earnings per share (€)	3.30 <sup>1)</sup>	2.96 <sup>1)</sup>	11

### Sales revenue by segment

	2017 €m	2016 €m	Change %
Eurex	792.2	799.4	-1
Market Data + Services	260.0	275.8	-6
Xetra	193.7	175.8	10
Clearstream	102.1	49.2	108
<b>Total</b>	<b>1,348.0</b>	<b>1,300.2</b>	<b>4</b>

1) Calculation based on weighted average of shares outstanding

The company's total costs of €915.2 million were down 3 per cent year-on-year (2016: €946.1 million). The previous year's total costs were burdened, in particular, by expenses of €65.8 million related to the planned merger with the London Stock Exchange Group. For a breakdown, please refer to the [table "Overview of total costs"](#). Staff costs were up by 12 per cent year-on-year during the year under review, to €225.9 million (2016: €201.8 million), caused by an increase in staff numbers, from an average of 1,118 to 1,368 during the 2017 financial year.

Amortisation of intangible assets and depreciation of property, plant and equipment rose to €37.3 million during the year under review (2016: €24.3 million). The increase was attributable to the merger of Finnovation Software GmbH with Deutsche Börse AG, with effect from 1 October 2017, which led to a marked increase in intangible assets, to €126.6 million (2016: €12.3 million). Other operating expenses were down 9 per cent year-on-year, to €652.1 million (2016: €720.0 million). The decrease was largely due to lower expenses for advisory services of €133.6 million (2016: €199.5 million). In the previous year, these costs were incurred primarily in relation to the planned merger with the London Stock Exchange Group.

Deutsche Börse Group's result from equity investments for the 2017 financial year totalled €346.6 million (2016: €289.9 million). Besides income from the disposal of equity investments (€139.5 million), the total figure includes €129.7 million in income from dividends and €84.7 million in profit transfers from Clearstream Holding AG.

During the financial year under review, Deutsche Börse AG sold its 50 per cent stake in Eurex Zürich AG to Eurex Global Derivatives AG, for a consideration of €308.4 million; this resulted in a capital gain of €139.5 million. In the previous year, the company realised income of €99.0 million from the disposal of shares in International Securities Exchange Holdings, Inc. (ISE). Income from dividends rose to €129.7 million in the year under review (2016: €37.3 million); the increase was particularly attributable to higher distributions made by STOXX Ltd. (2017: €56.9 million; 2016: €34.5 million), and to €54.5 million in dividends distributed by Deutsche Börse Systems Inc. for the 2017 financial year (2016: nil). In contrast, profits transferred by Clearstream Holding AG decreased from €167.2 million in the 2016 financial year, to €84.7 million.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose to €887.8 million (2016: €739.8 million). Net profit for the period of €615.7 million was up 11 per cent over the previous year (2016: €553.2 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 2017. Due to increased results, return on equity rose to 24 per cent, compared to 21 per cent in 2016.

## Financial position of Deutsche Börse AG

Cash and cash equivalents as at the 31 December 2017 reporting date amounted to €912.0 million (2016: €935.4 million), comprising cash on hand, current account balances with banks and term deposits.

The company received dividends totalling €129.7 million (2016: €37.3 million). The increase was primarily due to higher dividends distributed by STOXX Ltd., and the resumption of dividend payments by Deutsche Börse Systems Inc. in 2017.

Deutsche Börse AG has available external credit lines in the amount of €605.0 million (unchanged from 2016), which were not drawn upon as at 31 December 2017. 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](#). Moreover, as part of Group-internal restructuring measures in 2014, the company raised loans from associates, in a total amount of €375.6 million, which were redeemed during the 2017 financial year.

Deutsche Börse AG generated €700.1 million (2016: €156.4 million) in cash flow from operating activities during the 2017 financial year. The increase was especially attributable to higher receivables from affiliated entities and growth in net profit for the period.

Cash flow from investing activities amounted to €688.8 million (2016: €141.4 million). This increase is primarily related to the capital reduction at Eurex Frankfurt AG (€435.0 million) and sales proceeds recognised from the sale of the stake in Eurex Zürich AG (€308.4 million).

Cash flow from financing activities amounted to €–835.0 million in the year under review (2016: €–697.9 million). Besides €439.0 million in dividends paid for the 2016 financial year, the company repaid loans of €375.6 million. Cash and cash equivalents amounted to €–297.1 million on the 31 December 2017 reporting date (2016: €–1,006.8 million), comprising liquid funds of €912.0 million (2016: €935.4 million) less cash-pooling liabilities of €1,209.1 million (2016: €1,942.2 million).

### Overview of total costs

	2017 €m	2016 €m	Change %
Staff costs	225.9	201.8	12
Depreciation and amortisation	37.3	24.3	53
Other operating expenses	652.1	720.0	–9
<b>Total</b>	<b>915.3</b>	<b>946.1</b>	<b>–3</b>

### Cash flow statement (condensed)

	2017 €m	2016 €m
Cash flows from operating activities	700.1	156.4
Cash flows from investing activities	688.8	141.4
Cash flows from financing activities	–835.0	–697.9
Cash and cash equivalents as at 31 December	–297.1	–1,006.8

## Net assets of Deutsche Börse AG

Deutsche Börse AG's non-current assets amounted to €5,509.9 million on 31 December 2017 (2016: €6,141.2 million). The lion's share of this figure was attributable to investments in affiliated companies of €5,235.7 million (2016: €6,001.8 million), mainly comprising investments in Clearstream Holding AG and Eurex Frankfurt AG. The €766.1 million decline in investments in affiliated companies was mainly due to a capital reduction at Eurex Frankfurt AG (€435.0 million).

Deutsche Börse AG's investments in intangible assets and property, plant and equipment totalled €155.2 during the year under review (2016: €41.6 million). The increase was mainly due to the merger with Finnovation Software GmbH, during the course of which €120.0 million in assets were transferred to Deutsche Börse AG. Depreciation and amortisation amounted to €37.3 million (2016: €24.3 million). The increase was also due to the merger with Finnovation Software GmbH, and the resulting increase in assets.

Receivables from and liabilities to affiliated companies include settlements for intra-Group services and amounts invested by Deutsche Börse AG within the scope of cash-pooling arrangements. Receivables from affiliated companies of €84.7 million (2016: €167.2 million) mainly related to the existing profit transfer agreement with Clearstream Holding AG. Liabilities to affiliated companies predominantly resulted from cash pooling (€1,209.1 million; 2016: €1,942.2 million) and trade liabilities of €52.3 million (2016: €82.1 million).

Deutsche Börse AG collects fees for a large part of services provided immediately after each month-end; accordingly, trade receivables totalled €136.7 million at the year-end (2016: €157.1 million).

Working capital amounted to €-1,844.7 million during the year under review (2016: €-2,064.0 million). The change was mainly attributable to a decrease in liabilities to affiliated companies.

### Non-current assets (condensed)

	2017	2016
	€m	€m
Intangible assets	126.7	12.3
Tangible assets	68.8	66.3
Financial assets	5,314.4	6,062.6
<b>Non-current assets as at 31 December</b>	<b>5,509.9</b>	<b>6,141.2</b>

### Employees per country/region

	31 Dec 2017	%
Germany	1,353	96.9
United Kingdom	31	2.2
France	5	0.4
Rest of Europe	5	0.4
Asia	1	0.1
<b>Total Deutsche Börse AG</b>	<b>1,395</b>	<b>100.0</b>

## Deutsche Börse AG employees

The number of people employed by Deutsche Börse AG rose by 263 during the reporting period, to a total of 1,395 as at 31 December 2017 (31 December 2016: 1,132). On average, Deutsche Börse AG employed 1,368 people during the 2017 financial year (2016: 1,118).

During the course of the 2017 financial year, 56 employees left Deutsche Börse AG; the fluctuation rate thus amounted to 4 per cent.

Deutsche Börse AG employed staff at seven locations throughout the world as at 31 December 2017. Details on the countries/regions concerned, the employee age structure and the length of service of the company's employees are given in the tables on this page and those on the previous page.

As at 31 December 2017, 76 per cent of Deutsche Börse AG's employees were graduates. This figure is calculated on the basis of the number of employees holding a degree from a university, a university of applied sciences or a university of cooperative education, and employees who have completed comparable studies abroad. In total, the company invested an average of 3.2 days per employee in staff training in 2017.

## Remuneration report of Deutsche Börse AG

As the structure and design principles of the remuneration system correspond to those of Deutsche Börse Group, please refer to the latter's [remuneration report](#).

## Corporate governance declaration in accordance with section 289f HGB

The corporate governance statement in accordance with section 289f of the HGB is identical to that of Deutsche Börse Group; therefore, reference is made to the ["Combined corporate governance statement and corporate governance report"](#) section.

### Employee age structure

	31 Dec 2017	%
Under 30 years	151	11
30 to 39 years	398	29
40 to 49 years	424	30
50 years and older	422	30
<b>Total Deutsche Börse AG</b>	<b>1,395</b>	<b>100</b>

### Employee length of service

	31 Dec 2017	%
Less than 5 years	629	45
5 to 15 years	291	21
Over 15 years	475	34
<b>Total Deutsche Börse AG</b>	<b>1,395</b>	<b>100</b>

### Opportunities and risks facing Deutsche Börse AG

As the opportunities and risks facing Deutsche Börse AG – and the measures and processes for dealing with them – are essentially the same as for Deutsche Börse Group, please refer to the [risk report](#) and the [report on opportunities](#) for more information. As a matter of principle, Deutsche Börse AG's share of the opportunities and risks of its equity investments and subsidiaries is proportionate to the size of its shareholding. Risks that threaten the existence of the Eurex Clearing AG subsidiary have a direct impact on Deutsche Börse AG as it has issued a letter of comfort ("Patronatserklärung"). As at the balance sheet day risks which could jeopardise the company's continued existence were not discernible. Further information on the letter of comfort issued to Eurex Clearing AG is available in the ["Other financial obligations and transactions not included in the balance sheet" section 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](#).

### Report on expected developments at 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 [report on expected developments](#).



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Germany  
www.deutsche-boerse.com

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as print version at Deutsche Börse Group's publication hotline:

Phone +49-(0) 69–2 11–1 15 10

Fax +49-(0) 69–2 11–1 15 11

## Contact

### Investor Relations

E-mail [ir@deutsche-boerse.com](mailto:ir@deutsche-boerse.com)

Phone +49-(0) 69–2 11–1 16 70

Fax +49-(0) 69–2 11–1 46 08

[www.deutsche-boerse.com/ir\\_e](http://www.deutsche-boerse.com/ir_e)

### Group Sustainability

E-mail [group-sustainability@deutsche-boerse.com](mailto:group-sustainability@deutsche-boerse.com)

Phone +49-(0) 69–2 11–1 42 26

Fax +49-(0) 69–2 11–61 42 26

[www.deutsche-boerse.com/sustainability](http://www.deutsche-boerse.com/sustainability)

### Group Marketing

E-mail [corporate.report@deutsche-boerse.com](mailto:corporate.report@deutsche-boerse.com)

Phone +49-(0) 69–2 11–1 49 84

Fax +49-(0) 69–2 11–61 49 84

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