



DEUTSCHE BÖRSE
GROUP

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Financial report 2015

Excerpt: letter from the CEO



Letter from the CEO



Carsten Kengeter
Chief Executive Officer

Frankfurt/Main, 4 March 2016

Dear shareholders,
Ladies and Gentlemen,

The financial year under review was a very good year for your company, Deutsche Börse AG. Not only did net revenue increase by 16 per cent – our EBIT was also up 14 per cent year-on-year. Unfortunately, our costs also rose, by 17 per cent. This is one of the reasons why the scalability of our business model will play a major role in the future. At the Annual General Meeting we shall propose an increase in the dividend, to €2.25 per share. This corresponds to a distribution ratio of 55 per cent of net profit for the period attributable to Deutsche Börse AG shareholders.

Whilst these are quite respectable results, I am not yet satisfied. Deutsche Börse will have to grow even faster in the future – in the interests of its investors, but also of its clients. The global exchange industry is in motion: over the past few years, mergers have created true ‘mega exchanges’ in the US, and Asia is also in the starting blocks. If we want to cope with this, our EBIT must grow much faster than our revenues. This is why our answer to the intensified competition is: “Accelerate”. We are determined to be ranked number one or two globally, in all of our businesses, and to significantly boost our market capitalisation.

Key achievements during the year under review

We launched various projects during 2015 which are designed to boost our company’s growth potential. Without going into too much detail, I would like to mention a few of them.

We completed the acquisition of foreign exchange trading platform 360T in October 2015 – adding a particularly high-growth asset class to our existing range. In doing so, we acquired Germany’s most attractive fintech, which I also expect to have a positive impact upon our culture of innovation.

Furthermore, we completed the full takeover of index vendor STOXX in July 2015. This has raised our clout in the high-growth index business.

We were able to finance both acquisitions at extremely favourable terms – and in a market environment that was challenging at times. In this way, we carefully managed the capital which you, dear shareholders, provided us with.

Commodities trading turned out to be a sector with particularly dynamic growth. Within Deutsche Börse Group, it is organised by the European Energy Exchange (EEX), which has been a wholly owned subsidiary since the beginning of 2014. EEX trades contracts on power and natural gas, as well as emission certificates. Through takeovers as well as organic growth, what was originally a national exchange – based in Leipzig – has turned into a truly pan-European provider. EEX managed to almost triple net revenue during the year under review.

We were able to welcome the Federal Republic of Germany, represented by the German Finance Agency, as a client of EurexOTC Clear. Officially known as Bundesrepublik Deutschland Finanzagentur GmbH, the German Finance Agency is responsible for raising and managing debt instruments on behalf of the Federal Government and its special funds. EurexOTC Clear has now attracted more than 50 clearing participants, plus around 100 buy-side entities. From 2016 onwards, centralised clearing of certain over-the-counter derivatives will become mandatory in Europe as well. For us, this means that over the medium term we will generate additional revenue in this area.

Finally, at the end of October 2015, we joined forces with the Shanghai Stock Exchange (SSE) and the China Financial Futures Exchange (CFFEX) to establish the joint venture CEINEX (China Europe International Exchange). This new trading venue for offshore renminbi products commenced operations on 18 November 2015. Immediately after concluding the joint-venture agreement, CEINEX entered into a cooperation agreement with China Construction Bank (CCB). With these steps, we made a great leap forward in our strategy for Asia.

Realignment of Executive Board portfolios

We also realigned Executive Board portfolios and responsibilities, in order to be able to pursue growth projects such as the ones portrayed here even more vigorously. The newly created Clients, Products & Core Markets division combines Deutsche Börse Group's derivatives trading businesses, the clearing house as well as the settlement and custody businesses. The division is headed by Jeffrey Tessler, who has been working for the Group since 2004. To date, Mr Tessler has been responsible for the skilful – and very successful – running of the Group's post-trading services at Clearstream.

As the second newly created division, IT & Operations, Data & New Asset Classes is headed by Deputy Group CEO Andreas Preuss, who has been a member of the Executive Board since 2006. To date, Mr Preuss has been running the Eurex derivatives and clearing franchise. Deutsche Börse Group's cash market business has regained divisional status, given its high political as well as macroeconomic importance. This also encompasses the Deutsche Börse Venture Network, where we bring together high-growth, start-up companies in the pre-IPO stage with potential investors. Hauke Stars, who has been responsible for IT and market data since 2012, has taken over this new Cash Market, Pre-IPO & Growth Financing division.

The Group's Finance division remains in the trusted hands of our Chief Financial Officer, Gregor Pottmeyer. As CEO, my portfolio includes Group Strategy and other central functions, as well as Human Resources and innovation.

A commitment to sustainability

We underscore our commitment to a Group-wide sustainability strategy through membership in the United Nations Global Compact, for example, and by implementing its principles concerning human rights, working standards, environmental protection, and the fight against corruption. Responsible entrepreneurship is a key element for sustainable value creation – and hence, for long-term business success. As part of our integrated reporting, we create transparency as to how we identify key opportunities and risks in this area, turning them into concrete action.

2016 will be the first full financial year for Deutsche Börse AG under my tenure. I have been pleased to find a highly competent team in place here, for whose commitment I would like to extend my sincere thanks. But we must – and we will – improve further, especially in serving our clients. Only by providing products and services that are focused on our clients will we be able to serve your interests, dear shareholders, in the best possible way. Thank you very much for your trust and confidence.



Carsten Kengeter
Chief Executive Officer

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