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## EURONEXT EXPANDS ITS FEDERAL MODEL WITH THE ACQUISITION OF THE IRISH STOCK EXCHANGE

**Amsterdam, Brussels, Dublin, Lisbon, London and Paris – 29 November 2017** – Today, Euronext announces the acquisition of 100% of The Irish Stock Exchange plc (“ISE”), for €137 million<sup>1</sup>.

- ◆ **Euronext announces the acquisition of 100 % of the shares and voting rights of ISE, Ireland’s incumbent stock exchange operator and a leading global debt and fund listing venue**
- ◆ **Major milestone in the expansion of Euronext’s federal model, in line with its long term strategy, with the addition of Ireland as the sixth core European country:**
  - Integration in Euronext of ISE, a highly complementary, growth-oriented leading global debt and fund listing venue
  - Positioning ISE as centre of excellence for the Group in the listing of Debt, Funds and ETFs
  - Significant opportunities to arise through ISE joining Euronext’s federal model and leveraging Euronext’s technology, support and services
  - Integrated governance with ISE CEO to join Euronext’s Managing Board<sup>2</sup> with group-wide responsibility for Debt, Funds & ETF listings, and ISE Chairman to join Euronext’s Supervisory Board<sup>2</sup>
  - Enhancement of Euronext’s post-Brexit strategic positioning as an open and international venue
  - Closing expected in Q1 2018, subject to regulatory approvals
- ◆ **Transaction to deliver significant value creation:**
  - Strong core growth for ISE complemented by additional growth opportunities for the combined group and €6m of expected pre-tax run-rate cost synergies
  - Strengthening of Euronext’s revenue profile with the addition of leading global franchises in debt, funds and ETF listings
  - Expected return on capital employed above cost of capital within year three, in line with Euronext disciplined M&A approach, and EPS accretive from year one

Stéphane Boujnah, Chief Executive Officer and Chairman of the Managing Board of Euronext said: *“The Irish Stock Exchange joining Euronext represents a major milestone in the expansion of Euronext’s federal model since its IPO. ISE brings to Euronext leading global positions in debt, funds and ETF listings markets. As part of Euronext, ISE’s growth initiatives will be reinforced with Euronext’s full support. We are delighted to welcome Deirdre Somers and her team to Euronext. In addition to strengthening revenue profile and cost synergies, ISE is ideally positioned to benefit from market opportunities in a post-Brexit environment. Within this environment, our unique federal model clearly demonstrates its added value through a single cross-country liquidity pool, a single state-of-the-art proprietary technology, a single rule book and a complete and diversified set of services, while maintaining strong local input within our balanced federal governance. This transaction demonstrates the strength of the Euronext “united in diversity” federal model.”*

Deirdre Somers, Chief Executive Officer of ISE commented: *“This is a landmark day in the 224-year history of ISE and a great day for our customers and our people. This transaction recognises the significant value and leading market position that has been built by the ISE. More importantly, we believe that Euronext is the perfect partner to enable us to achieve our growth ambitions. Euronext is hugely complementary to the ISE, bringing valuable expertise, financial strength, global relationships and technological capability as well as a global brand. These will enable our business to build further on its track record of international achievement and capitalise on new market and product opportunities emerging in Europe.”*

<sup>1</sup> Enterprise value on a debt-free cash-free basis and excluding existing regulatory capital requirements (estimated at €21.8m)

<sup>2</sup> To be proposed at Euronext’s next general meeting of shareholders

### **A strategic venue to join Euronext's federal model**

Headquartered in Dublin, ISE is Ireland's incumbent stock exchange operator and a global leader in the listing of debt and funds securities. ISE is the first pool of liquidity for Irish equities (51 listed companies, c. €122bn total domestic equity market capitalisation<sup>1</sup>), the first debt listing venue globally (30,000+ securities and listings<sup>1</sup> from 90 countries) and the first fund listing venue globally (5,242 Investment Funds Securities and 227 ETFs<sup>1</sup>).

ISE generated revenue of €29.4m, EBITDA of €9.6m and a net income of €8.0m in 2016. For the first 9 months of 2017, ISE generated €24.2m of revenue, up +13.3% compared to the same period in 2016, and an EBITDA of €8.5m, up +22.4% compared to the same period in 2016.

The combined group pro forma 9 months of 2017 revenue would amount to €416.9m and an EBITDA of €227.7m before synergies.

### **ISE to join Euronext's federal model for further growth opportunities and increased efficiency**

The transaction brings together two highly complementary businesses with significant growth opportunities and expands Euronext's federal model to a new attractive European country. It creates a leading global player in debt and fund listings, combining the listing expertise of ISE with the traded markets expertise of Euronext.

Euronext will benefit from ISE's leading global positions in debt and fund listings as well as its unique product and listing expertise. The acquisition will also enhance Euronext's growth outlook thanks to ISE's embedded core businesses' growth, complemented by the additional strategic growth plans for ISE, which will be reinforced with the full support of Euronext.

### ***Ideal positioning of ISE in a dynamic environment, to take advantage of post-Brexit opportunities***

The acquisition of ISE by Euronext, combined with Ireland's very competitive economic environment, will further strengthen Ireland's position as a strong European anchor to take advantage of Brexit opportunities. This transaction will also develop the Irish capital markets ecosystem within a European context and as part of Euronext's core mission to power the real economy.

ISE is at the centre of Ireland's highly competitive financial ecosystem. The country provides a recognized finance-friendly environment, with a highly educated workforce, and a business-oriented mind-set, as well as an attractive economy within the Eurozone, with forecast GDP growth of c.3.8%<sup>2</sup> 2017e-18e. Ireland is in a strong position to seize opportunities arising from Brexit since it is both close to the UK business culture and strongly rooted inside the Eurozone.

Dublin will have a strong group-wide position within Euronext's highly inclusive federal governance structure, notably as the global centre of excellence for all Euronext's group-wide activities in the listing of debt, funds and ETF securities.

ISE will then benefit from a strong European anchor to support and develop the Irish listed companies' ecosystem within a European context and as part of Euronext's core mission to power the real economy.

### ***Integrated federal governance at the core of Euronext's federal model***

Deirdre Somers, CEO of ISE, will join Euronext's Managing Board<sup>3</sup> with group-wide responsibility for Debt, Funds & ETFs listing.

Padraic O'Connor, Chairman (Non-Executive) of ISE will be proposed as a new member of Euronext's Supervisory Board to the next Annual General Meeting of Euronext.

In addition, ISE's regulator, the Central Bank of Ireland, is expected to join Euronext's College of Regulators.

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<sup>1</sup> Source: World Federation of Exchanges - Statistics as of October 2017

<sup>2</sup> Source: IMF, Global Prospects and Policies – October 2017

<sup>3</sup> To be proposed at the next general meeting of shareholders



### ***A stronger future for ISE within the Euronext federal model***

Euronext will provide ISE with its traded markets expertise, large customer base, state-of-the-art proprietary technology and widespread distribution channels, as well as a full suite of pre and post listing services to ISE equity issuers.

The combination will increase liquidity and efficiency for issuers, members and listing customers through the integration of ISE members to Euronext's trading platform. ISE's additional incremental growth opportunities include:

- ◆ Leverage the unique complementarity of the Irish market to the UK to deliver Brexit solutions
- ◆ Focus on ETF as an asset class. Combine ISE network, issuer/listing expertise with Euronext pan EU trading platform and innovation capability to deliver pan EU ETF Trading hub
- ◆ Develop an Irish agricultural commodity business by leveraging Euronext's expertise
- ◆ Provide ISE trading members access to global FX markets through Euronext's high-efficiency platform FastMatch
- ◆ Combine ISE's global position in debt listing with Euronext Synapse as a catalyst for future fixed income innovation

### ***Increased efficiency thanks to integration of ISE within Euronext***

The transaction is financially compelling for Euronext's shareholders with recurring EPS accretion in the first year and return on capital employed above Euronext's cost of capital within year three.

The integration of ISE within Euronext is expected to generate run-rate pre-tax operating cost synergies of €6m per annum, to be fully delivered in 2020, primarily driven by i/ the migration to *Optiq™*, Euronext's new state-of-the-art proprietary trading platform, ii/ the aggregation of a Pan-European offering on market data by migrating ISE's current offering onto Euronext's platform and iii/ ISE benefiting from using Euronext's support functions.

As part of the integration, total costs of c.€9m will be incurred in the first years of implementation, with full integration expected by 2020.

### **Continued financial discipline while optimising balance sheet structure of Euronext**

This acquisition is part of Euronext's strategy to actively leverage its balance sheet, while retaining financial flexibility, to capture value accretive opportunities and accelerate growth and strengthen its revenue profile.

Euronext is to pay for 100 % of ISE's shares €137 million of enterprise value on a debt free, cash free basis, and excluding existing regulatory capital requirements (estimated at €21.8m). The transaction will be fully funded by debt.

As a reminder, as of 30 September 2017, Euronext had cash and cash equivalents of €140.6m, and €164.7m of outstanding long-term debt and strong liquidity through an undrawn Revolving Credit Facility of €250m.

### **Transaction timetable and requirements**

ISE is currently owned by five Irish financial institutions, J&E Davy, Goodbody Stockbrokers, Investec Capital & Investments, Cantor Fitzgerald and Campbell O'Connor that have all committed to sell their shares.

The transaction is subject to regulatory approvals and is expected to close in Q1 2018.



## Agenda

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- The analyst presentation is available on [www.euronext.com/en/investors](http://www.euronext.com/en/investors)
- An analyst webcast and conference call will be held on Thursday 30 November at 8.30am GMT (9.30am CET):
  - o Live Webcast:
    - A live audio webcast and replay after the call will be available via [this link](#) and on the Euronext Investor Relations website.
  - o To connect to the conference call, please dial:

▪ UK Toll Number: +44 2031394830	UK Toll-Free Number: 08082370030
▪ NL Toll Number: +31 207168427	NL Toll-Free Number: 08002658619
▪ FR Toll Number: +33 2 9092 0977	FR Toll-Free Number: 0805 101 988
▪ BE Toll Number: +32 2 401 2722	BE Toll-Free Number: 0800 50 562
▪ US Toll Number: +1 718 873 9077	US Toll-Free Number: 1866 928 7517
▪ PT Toll Number: +351 210609104	PT Toll-Free Number: 800 855 623
▪ Ireland Toll: +353 (0)1 696 8154	Ireland Toll-Free: 1800 936 842

PIN CODE: **90453259#**
  
- A media webcast and conference call will be held on Thursday 30 November at 10.30am GMT (11.30am CET):
  - o Live Webcast:
    - A live audio webcast and replay after the call will be available via [this link](#) and on the Euronext Media website.
  - o To connect to the conference call, please dial:

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▪ NL Toll Number: +31 207168427	NL Toll-Free Number: 08002658619
▪ FR Toll Number: +33 2 9092 0977	FR Toll-Free Number: 0805 101 988
▪ BE Toll Number: +32 2 401 2722	BE Toll-Free Number: 0800 50 562
▪ US Toll Number: +1 718 873 9077	US Toll-Free Number: 1866 928 7517
▪ PT Toll Number: +351 210609104	PT Toll-Free Number: 800 855 623
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## About Euronext

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Euronext is the leading pan-European exchange in the Eurozone with nearly 1,300 listed issuers worth close to €3.6 trillion in market capitalisation as of end September 2017, an unmatched blue chip franchise consisting of 24 issuers in the Morningstar® Eurozone 50 Index<sup>SM</sup> and a strong diverse domestic and international client base. Euronext operates regulated and transparent equity and derivatives markets. Its total product offering includes Equities, Exchange Traded Funds, Warrants & Certificates, Bonds, Derivatives, Commodities and Indices. Euronext also leverages its expertise in running markets by providing technology and managed services to third parties. In addition to its main regulated market, Euronext also operates Euronext Growth<sup>TM</sup> (formerly known as Alternext) and Euronext Access<sup>TM</sup> (formerly known as the Free Market). For the latest news, find us on Twitter ([twitter.com/euronext](https://twitter.com/euronext)) and LinkedIn ([linkedin.com/euronext](https://linkedin.com/euronext)).

## About ISE

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ISE is Ireland's incumbent stock exchange operator and a global leader in the listing of fund and debt securities. Headquartered in Dublin with 124 employees, ISE acts as a centre for companies to raise international funds and investors to trade their shares. ISE is the #1 debt listing venue globally with 30,000+ debt securities and listings from 85+ countries and a diversified customer base of 3,600+ issuers. It is also the #2 investment fund listing venue globally (5,221 Investment Fund Securities and 219 ETFs) and the #1 pool of liquidity for Irish equities (53 listed companies, c. €120bn total equity market capitalisation). ISE generated €29.4m of revenues and an EBITDA of €9.6m in 2016.

## Advisors

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Rothschild is acting as sole financial advisor to Euronext and A&L Goodbody as legal advisor.  
Moelis & Company is acting as sole advisor to ISE and Arthur Cox as its legal advisor

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## Appendix

### Appendix 1: Key financials of ISE

	FY 2014	FY 2015	FY 2016	9M 2016	9M 2017
Revenue (€m)	24.9	27.8	29.4	21.4	24.2
EBITDA (€m)	7.5	8.0	9.6	6.9	8.5
% margin	30.0%	28.9%	32.7%	32.5%	35.1%
Net Income (€m)	5.3	6.7	8.0	n/a	n/a

9M 2017 and 9M 2016 figures are unaudited

### Appendix 2: Balance sheet of ISE

€000s	Dec. 2016	Sep. 2017
Property, plant and equipment	5,327	6,461
Trade and other receivables (inc. Prepayment)	5,114	4,792
Bank balances and cash	48,959	49,953
Other assets	4,820	4,817
<b>Total assets</b>	<b>64,220</b>	<b>66,023</b>
Trade and other payables	7,545	7,264
Deferred income	10,056	10,054
Other liabilities	261	621
<b>Total liabilities</b>	<b>17,862</b>	<b>17,939</b>
NCIs	10	12
Equity attributable to the owners of the company	46,348	48,072
<b>Total shareholders' equity</b>	<b>46,358</b>	<b>48,083</b>
<b>Total liabilities and equity</b>	<b>64,220</b>	<b>66,023</b>

9M 2017 figures are unaudited

### Appendix 3: combined group revenue for 9 months of 2017 – for illustration purposes only

<i>In €m, unaudited</i>	Euronext Stand-alone 9M 2017	ISE Stand-alone 9M 2017	Combined Euronext Group 9M 2017
Listing	62.6	18.2	<b>80.9</b>
Trading	174.7		<b>177.4</b>
<i>Cash trading</i>	141.4	2.6	<b>144.1</b>
<i>Derivatives trading</i>	30.4		30.4
<i>Spot FX trading</i>	2.9		2.9
Market data & indices	77.0	2.8	<b>79.8</b>
Post trade	53.1		53.1
<i>Clearing</i>	37.8		37.8
<i>Custody and Settlement</i>	15.2		15.2
Market solutions & other revenue	25.0	0.3	<b>25.3</b>
Other income	0.3	0.3	<b>0.5</b>
<b>Total revenue</b>	<b>392.6</b>	<b>24.2</b>	<b>416.9</b>

\*end\*

