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1H19 results Flow Traders

Analyst Presentation

24 July 2019

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1H19 market developments confirm Flow Traders' strategic growth path

Flow Traders' 1H19 market share grew further despite slow down in overall market trading activities

ETP market

- Assets in the underlying ETP market (AuM) grew to € 4,731bn end 1Q19*, confirming ongoing underlying growth trends
- After a good start of 2019, market volatility levels slowed down below historic averages again
- 1H19 Market ETP Value Traded declined 10% HY-o-HY
- Market trading activity in 2Q19 was marginally slower than in 1Q19. Geopolitical developments across the globe had a short-term impact on trading activity levels
- Consequently, in 1H19 market velocity declined versus 2H18
- ETP market flows traded via MTFs seem to have found stable levels now that MiFID II is in effect over 1 year

Flow Traders' performance

- Flow Traders' ETP Value Traded grew 8% in 1H19 versus 2H18 where market trading activities slowed down
- NTI reached € 117.0m in 1H19 as 2Q NTI reached € 53.9m, resulting in a stable NTI performance
- Fixed cost growth was flat versus 2H18, taking impact IFRS 16 into account
- Fixed costs growth trend in 1H19 of +9% Y-o-Y, well within annual fixed cost growth guidance
- 2Q19 EBITDA margin of 39% resulted in a 1H19 EBITDA margin of 41%
- Net Profit reached € 33.0m in 1H19, resulting in an EPS of € 0.71
- Interim dividend for FY19 set at € 0.35
- Under the CRR capital requirements regulation, Flow Traders' Own Funds Requirement was € 148m as at 30 June 2019, resulting in excess capital of € 146m
- Regional growth initiatives (EMEA FX, APAC dealing rooms, growth OTC trading in all regions) so far support the ambition to increase scale and improve efficiency in trading

Market ETP Value Traded 1H19:
€ 11,934 bn (-10% HY-o-HY)

Flow Traders Non-ETP Value Traded 1H19:
€ 1,432 bn (+3% HY-o-HY)

Flow Traders' ETP Value Traded 1H19:
€ 494.0 bn (+8% HY-o-HY)

Flow Traders' NTI 1H19:
€ 117.0 m (+0.5% HY-o-HY)

EPS 1H19:
€ 0.71

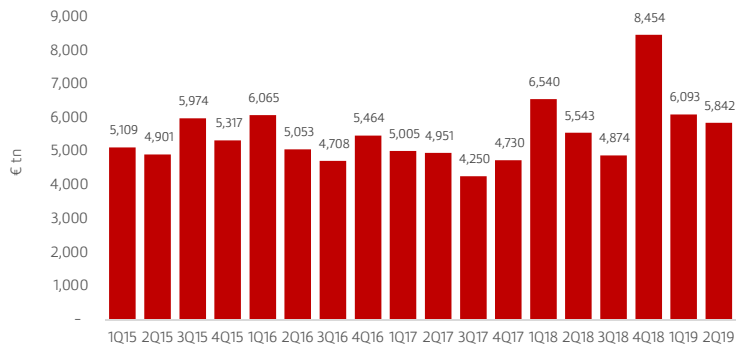
Interim dividend 2019:
€ 0.35

*: BlackRock iShares ETP Landscape update 1Q19, as 2Q19 data was not published at time of reporting

** : Source Bloomberg, iShares, Tradeweb, Bloomberg RFQ, Flow Traders. See appendix

ETP market developments show a slowdown in 1H19 versus 2H18

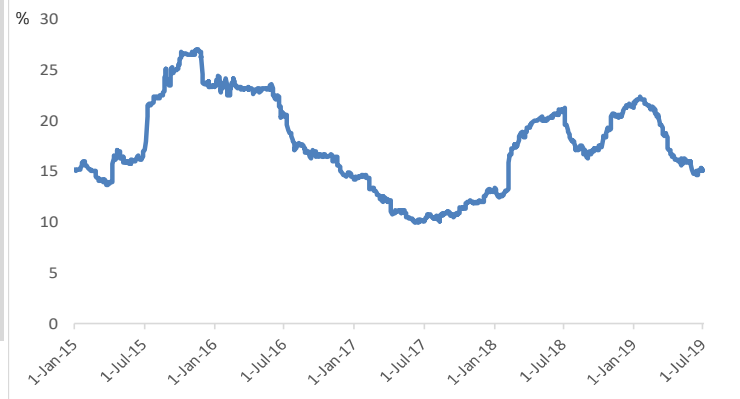
ETP Value Traded development **



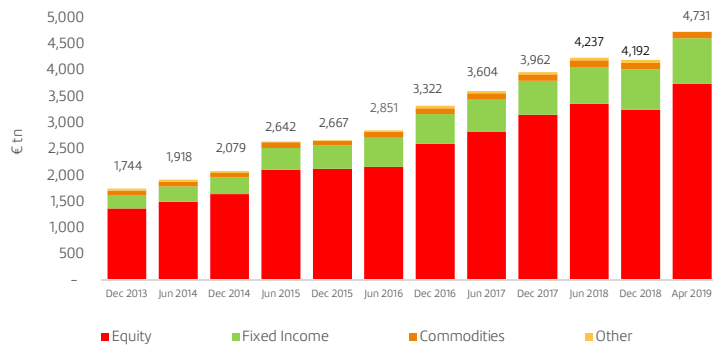
GENERAL EVENTS IMPACTING GLOBAL MARKETS

- Developments around Brexit had an impact on market sentiment in Europe
- Discussions between US and China became more friendly
- At the same time, discussions between US and Iran and between US and Europe heated up
- Central Bank responses across the globe had an impact on markets

Realized market volatility since 2015*



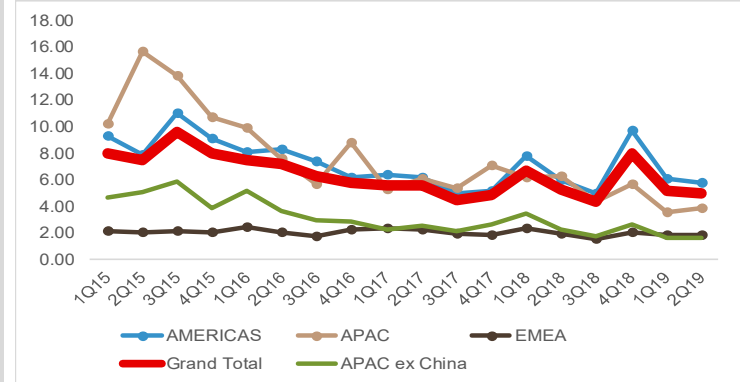
ETP AuM development **



DEVELOPMENTS ETP MARKET

- Global ETP AuM recovered from dip end 2018, signalling underlying growth trends in sector still intact end 1Q19 (***)
- ETP AuM growth in Fixed Income continues to gain momentum
- Global ETP Value Traded slowed down 4% Q-o-Q in 2Q19
- Global realized volatility slowed down versus 4Q18
- As a result of the above, ETP Velocity slowed down in 1H19 compared to 2H18

ETP Velocity



*: Based on realized volatility in INDU, SPX, LSE, ENX, HSI, SHSZ300. Source Bloomberg
 **: Source Bloomberg, iShares, Tradeweb, Bloomberg RFQ, Flow Traders. See appendix
 ***: BlackRock iShares ETP Landscape update 2Q19 was not published at time of reporting

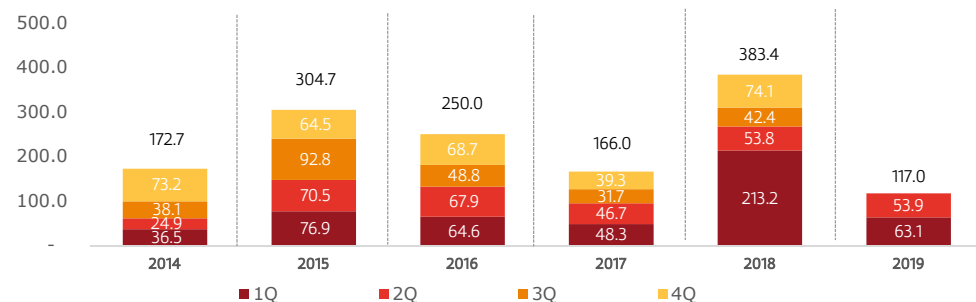
Flow Traders' strong focus on scale and efficiency lead to further market share gains

KPIs Flow Traders (*)

<i>In €bn unless otherwise stated</i>	1H19	2H18	Δ	1H19	1H18	Δ
Flow Traders ETP Value Traded	494.0	456.0	8%	494.0	443.4	11%
<i>Europe</i>	249.7	220.1	13%	249.7	253.7	(2%)
<i>Americas</i>	226.2	217.9	4%	226.2	173.1	31%
<i>APAC</i>	18.1	17.9	1%	18.1	16.6	9%
Flow Traders Non-ETP Value Traded	1,432	1,394	3%	1,432	1,288	11%
Flow Traders NTI (€m)	117.0	116.5	0%	117.0	266.9	(56%)
<i>Europe</i>	69.6	71.9	(3%)	69.6	81.9	(15%)
<i>Americas</i>	32.6	21.9	49%	32.6	167.4	(81%)
<i>APAC</i>	14.9	22.7	(34%)	14.9	17.7	(16%)
Market ETP Value Traded	11,934	13,328	(10%)	11,934	12,084	(1%)
<i>Europe</i>	710	627	13%	710	720	(1%)
<i>Americas</i>	10,283	11,563	(11%)	10,283	10,237	0%
<i>APAC</i>	941	1,138	(17%)	941	1,127	(16%)
<i>APAC excl. China</i>	426	489	(13%)	426	509	(16%)

(*): Market Value Traded is based on Flow Traders Market reference data, corrected for MTF inclusion

Flow Traders NTI since 2014 (in €m)



Europe

- Flow Traders ETP Value Traded in 1H19 grew versus 2H18
- Flow Traders ETP Value Traded tracked regional developments in the market Y-o-Y
- Flow Traders consolidated its leading market position, which is shown in the NTI development
- Growth in number of Prime Broker continues, allowing for further scalability and efficiency improvements
- Flow Traders is prepared for all Brexit scenarios

Americas

- Flow Traders ETP Value Traded in 1H19 continued to grow versus 2H18
- Flow Traders ETP Value Traded in 1H19 grew further versus the same period in 2018
- Market share growth was the result of product mix traded in combination with the disciplined roll out of our growth strategy
- NTI development reflects market sentiment and product mix trends related to it

APAC

- Flow Traders' ETP Value Traded in 1H19 grew versus 2H18
- Flow Traders' ETP Value Traded in 1H19 also grew versus 1H18
- Market share growth follows the optimization of trading in combination with the disciplined roll out of our growth strategy
- Merger of the dealing rooms in APAC is well underway and envisaged to be completed before year end
- NTI development reflects market sentiment and product mix trends related to it

Strong cost control supports financial performance in 1H19

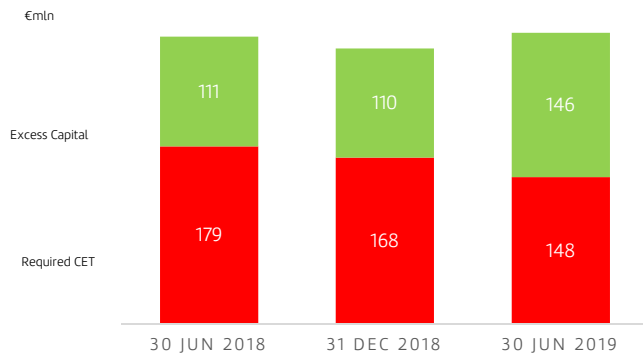
Consolidated

<i>In millions of euro</i>	1H19	2H18	Δ	1H19	1H18	Δ
Net Trading Income	117.0	116.5	0%	117.0	266.9	(56%)
Employee expenses (fixed)	20.9	18.5	13%	20.9	17.6	18%
Technology expenses	18.8	17.9	5%	18.8	17.5	8%
Other expenses	7.6	10.8	(30%)	7.6	8.4	(10%)
Fixed operational expenses	47.3	47.2	0%	47.3	43.6	9%
Employee expenses (variable)	22.0	22.8	(3%)	22.0	70.0	(69%)
Total operational expenses	69.3	70.0	(1%)	69.3	113.6	(39%)
EBITDA	47.7	46.5	3%	47.7	153.3	(69%)
Depreciation / Amortisation	7.2	4.9		7.2	4.1	
Write offs tangible assets	0.0	0.2		0.0	0.1	
(Profit) or loss on subsidiaries	(0.1)	(0.3)		(0.1)	(3.1)	
Profit Before Tax	40.5	41.7	(3%)	40.5	152.2	(73%)
Tax	7.5	7.7		7.5	25.3	
Net Profit	33.0	34.1	(3%)	33.0	126.8	(74%)
<i>EPS (in €)</i>	<i>0.71</i>	<i>0.73</i>		<i>0.71</i>	<i>2.73</i>	
<i>EBITDA margin (in %)</i>	<i>41%</i>	<i>40%</i>		<i>41%</i>	<i>57%</i>	

- NTI and fixed operating expenses remained flat HY-o-HY, confirming tight cost control
- FY19 fixed cost growth guidance remains max +15% annually
- FTEs grew 6.6% from 436 end 2018 to 465 end 1H19
- Variable expenses include IFRS accounting treatment for employee share participation plans of previous years
- IFRS 16 impacts depreciations and other expenses
- 1H19 overall Effective Tax Rate was 18%

Capital position Flow Traders continues to be strong and conservative

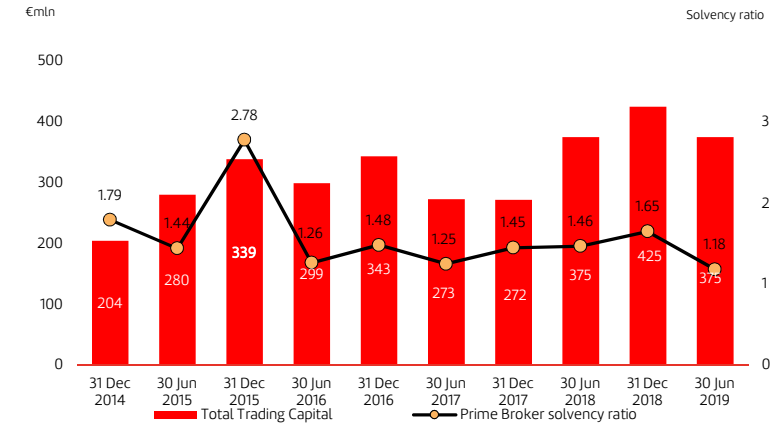
CET 1 required levels under CRR – Flow Traders NV



HIGHLIGHTS ON CAPITAL POSITION

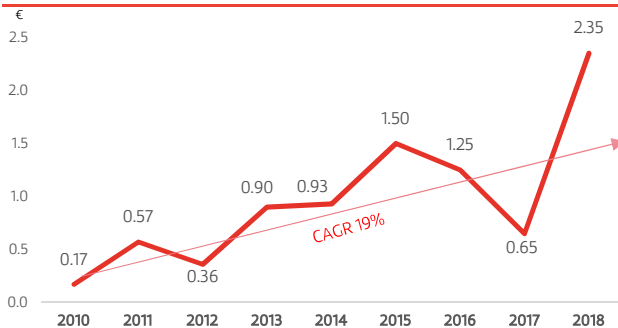
- Flow Traders' trading capital remained comfortably above our Prime Broker requirements and Own Fund Requirements under CRR in 1H19
- Own Funds Requirement under CRR of € 148m resulted in an excess capital of € 146m as at 30 June 2019
- Own Fund Requirement 30 June 2019 is a reflection after payment FY18 dividend and FY19 interim dividend
- Prime Broker solvency ratio remained within boundaries with trading capital at €375 million after payment of final FY18 dividend

Development of Prime Broker solvency ratio*



Note *: Total Trading Capital divided by Prime Broker haircut

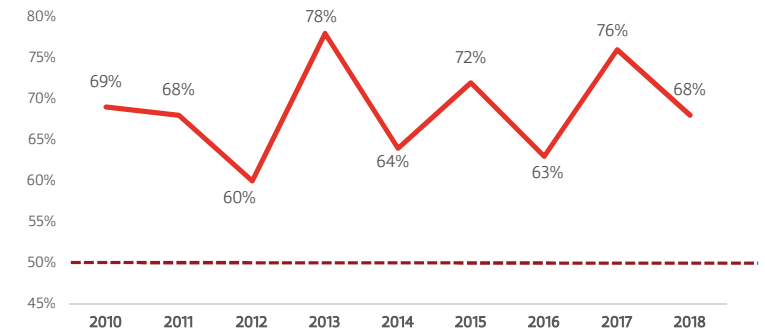
Development of Annual Dividend since 2010



HIGHLIGHTS ON DIVIDEND

- Flow Traders intends to pay its annual dividend in 2 instalments
- Dividend policy targets to return at least 50% of its net profits to shareholders
- Flow Traders proposes an interim dividend for 2019 of € 0.35
- Aggregate dividend paid out since IPO amounts to € 6.10 including interim dividend for FY19

Development of Annual Dividend Payout Ratio



2019 strategy is to build on pricing capabilities to maximize NTI growth

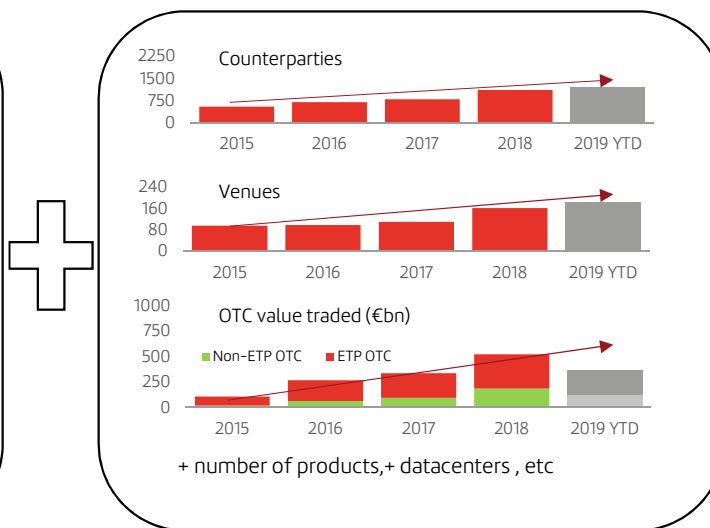
By growing scale and optimizing efficiency, NTI growth potential maximizes

✓ Coverage
 ☀ In scope
 ✗ No complete coverage

Asset class	Equity	Fixed Income	Commodities	Currencies
Products				
ETPs	✓	☀	✓	✓
Futures	✓	☀	✓	✓
Spot	✗	☀	n/a	☀
FWD/NDF	✗	n/a	n/a	✗

☀ = focus 2019

Growth in pricing capabilities



Technological improvements and growing market presence

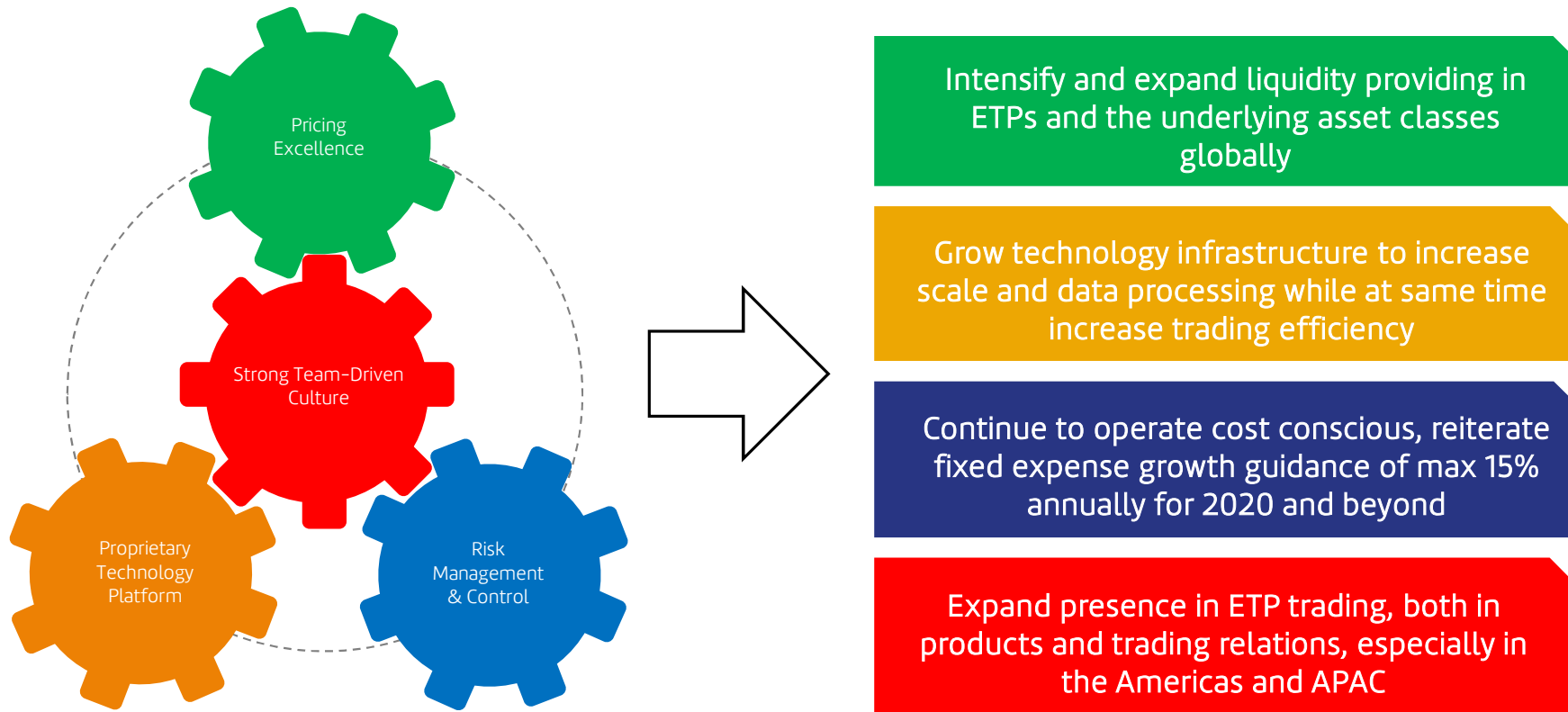
MAXIMIZE OUR
NTI GROWTH

HIGHLIGHTS:

- Growth focus is on growing coverage of products, supported by technological improvements and growing market presence to maximize NTI growth potential
- Pricing of products traded, connectivity and transparency are key to growth
- NTI growth is realized through growing Value Traded **and** optimizing Revenue Capture
- Going forward focus will remain on further diversification of trading to optimize scale and technology investments to improve efficiency

Strategic focus remains on efficiency and scale through diversification in 2020

Foundation built in recent years leads to 4 strategic focus areas to enable growth globally through diversification



Q&A

Thank you!

Appendix



Monthly markets update end 2Q19

ETP Market Update June 2019

	2019						2018												
	June	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sept	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	
On & Off Exchange* Value Traded - Global (€bn)	1,853	2,228	1,761	2,116	1,696	2,281	3,033	2,321	3,100	1,545	1,699	1,629	1,880	1,794	1,870	2,080	2,478	1,983	
On & Off Exchange* Value Traded - EMEA (€bn)	119	124	111	118	113	125	108	107	131	93	91	97	115	126	97	118	139	125	
On & Off Exchange Value Traded - Americas (€bn)	1,589	1,934	1,479	1,813	1,451	2,017	2,710	1,994	2,768	1,296	1,438	1,358	1,574	1,473	1,573	1,759	2,178	1,680	
On & Off Exchange Value Traded - APAC (€bn)	145	170	170	186	132	138	215	220	201	157	171	174	191	195	200	202	162	178	
EMEA - Off Exchange Market Value Traded on MTF** (€bn)	67	66	66	68	68	73	60	58	68	49	48	53	60	60	45	54	66	56	
EMEA - Off Orderbook* Market Value Traded (€bn)	12	10	10	9	7	8	7	6	9	6	6	7	9	10	9	10	9	12	
Americas - Off Exchange Market Value Traded (€bn)	567	621	538	594	518	752	899	639	812	438	493	463	550	514	538	619	720	674	
APAC - On & Off Exchange Market Value Traded in China (€ bn)	86	89	101	105	67	68	125	133	87	93	106	105	123	131	125	102	56	82	
Assets under Management*** - Global (€bn)	pending	n/a	n/a	4,785	n/a	n/a	4,192	4,457	4,363	4,513	4,467	4,359	4,237	4,271	4,045	3,923	3,997	4,055	
Assets under Management - EMEA (€bn)				778			682	715	710	739	732	731	714	721	673	658	667	671	
Assets under Management - Americas (€bn)				3,497			3,062	3,272	3,195	3,313	3,295	3,209	3,120	3,143	2,977	2,888	2,957	3,015	
Assets under Management - APAC (€bn)				510			448	471	458	461	439	419	403	407	395	377	373	368	
# of ETP listings - Global	12,268	12,158	11,821	11,910	11,583	11,620	11,508	11,445	11,425	11,361	11,286	11,250	11,180	11,114	11,095	10,959	10,856	10,751	
# of ETP listings - EMEA	5,939	5,872	5,649	5,782	5,471	5,580	5,539	5,522	5,591	5,583	5,579	5,566	5,559	5,551	5,555	5,517	5,433	5,393	
# of ETP listings - Americas	4,386	4,374	4,286	4,269	4,264	4,196	4,148	4,103	4,054	4,014	3,980	3,977	3,930	3,878	3,885	3,805	3,815	3,760	
# of ETP listings - APAC	1,943	1,912	1,886	1,859	1,848	1,844	1,821	1,820	1,780	1,764	1,727	1,707	1,691	1,685	1,655	1,637	1,608	1,598	
Average VIX per month	15.84	16.72	13.05	14.65	15.42	19.57	24.95	19.39	19.35	12.91	12.55	13.15	13.68	14.12	18.27	19.02	22.46	10.99	
VIX high per month	18.86	20.55	14.39	18.33	17.89	25.45	36.07	22.48	25.23	14.88	14.78	16.14	17.91	17.02	23.62	24.87	37.32	15.42	
VIX low per month	14.33	12.87	11.03	12.37	13.44	18.57	16.44	16.36	11.61	11.68	10.85	12.06	11.64	12.53	15.25	14.64	13.47	8.92	

Notes:

*: Off Exchange flow EMEA includes Off Orderbook flow printed on exchange and flows via MTFs. This is still excluding flows via SI

**: Publicly available data about market flows traded on MTFs, representing Tradeweb and Bloomberg RfQ. Last month number is preliminary and may be subject to change

***: BlackRock Global ETP Landscape (as of 2019 no longer on monthly basis, but on quarterly basis)

Sources: Blackrock Global ETP Landscape, Tradeweb, Bloomberg, Flow Traders analysis