

March 22, 2016

# Financial Technology Partners

## FT Partners Research – Transaction Profile



*and*



**London**  
Stock Exchange Group

*agree to merge*

*Courtesy of:*

FINANCIAL  
TECHNOLOGY  
PARTNERS

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

**Financial Technology Partners**  
555 Mission St., 23<sup>rd</sup> Floor  
San Francisco, CA 94105  
Tel: 415.512.8700

[www.ftpartners.com](http://www.ftpartners.com)



**Steve McLaughlin**  
Managing Partner  
Tel: 415.992.8880  
[steve.mclaughlin@ftpartners.com](mailto:steve.mclaughlin@ftpartners.com)

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# Deutsche Boerse and LSE Agree to Merger of Equals

## Transaction Overview

### Transaction Overview

**Following the merger, LSE + Deutsche Boerse will be the largest exchange operator by revenue and second largest by market cap, slightly behind CME Group, but ahead of ICE, HKEx and NASDAQ, among others <sup>(1)</sup>**

- On March 16, 2016, Deutsche Boerse (“DB”) and the London Stock Exchange (“LSE”) agreed to an all-share merger of equals
- A newly formed company, UK TopCo, incorporated in the UK, will serve as the holding entity with equal representation from both DB and LSE on the new entity’s board of directors
  - LSE will maintain a one-tier board system, while DB will continue to utilize a two-tier system
- Upon the completion of the merger, approximately 54.4% of the new entity, UK TopCo, will be owned by shareholders of DB and 45.6% by LSE
- The transaction is conditional on a number of criteria, including approval by both shareholders of DB and LSE, as well as approval from governmental regulators
- Following the close of the transaction, Xavier Rolet is planning to step down as CEO of LSE, and will become an advisor to both the Chairman and Deputy Chairman for a year following the transaction to help promote a smooth transition
- Deutsche Boerse CEO, Carsten Kengeter will transition from his current role at DB to a leadership role at UK TopCo

### Strategic Rationale

*The Combined Entity will greatly enhance the growth strategies of both entities and provide leading positions across a number of asset classes*

- The merger enhances the financial stability of the European market by bringing together a major European economic center in Frankfurt, Germany with a major global financial center in London, UK
  - The union of the two cities will help to contribute to the stability of the European financial market and Capital Markets Union
- UK TopCo will also better serve its global customer base in the areas of trading, investment, balance sheet and risk management
- The transaction will result in substantial cost synergies of €450 million (\$499 million) annually for the first three years after its close by eliminating duplicative processes and increasing overall operational efficiency
  - Additional substantial opportunities for consistent revenue synergies will exist in the future as well
- The combination of subsidiaries FTSE Russell and STOXX, will provide UK TopCo with a much stronger position in the asset management and indexing industries by leveraging DB and LSE’s existing resources

# Deutsche Boerse and LSE Agree to Merger of Equals

## Transaction Commentary

### Executive Commentary

*“Strengthening the link between the two leading financial cities of Europe, Frankfurt and London, and building a network across Europe with Luxembourg, Paris and Milan will strengthen European capital markets. It is the logical evolution for our companies in a fundamentally changing industry. As a combined group we will create a European player that will compete on a global basis. Shareholders will have an opportunity to benefit from this industry defining and value enhancing combination through the execution of an accelerated growth strategy and the realization of cost and revenue synergies. It brings together two of the most respected and successful market infrastructure providers in the world to lead the way in European capital markets and set the benchmark for further growth and best-in-class services.”*

**– Carsten Kengeter, Chief Executive Officer**



*“We are creating an industry defining combination which will be a leading global market infrastructure business, very well positioned to create new benefits and efficiencies for our customers and increase value for our shareholders. Our highly complementary businesses will accelerate growth. Our shareholders will also benefit from substantial cost and revenue synergies. The Combined Group will continue to be fully committed to the real economy, by supporting companies, including the 23 million SMEs across Europe that drive economic growth and job creation. We will create a European leader in global markets infrastructure.”*



*“It’s the right deal for the shareholders, customers and employees of both LSE Group and Deutsche Boerse, it is absolutely the right time to take this transformational step in our histories.” <sup>(1)</sup>*

**– Xavier Rolet, Chief Executive Officer**

# Deutsche Boerse and LSE Agree to Merger of Equals

## Deutsche Boerse Overview






### Deutsche Boerse Overview (XTRA:DB1)

**CEO:** Carsten Kengeter  
**Headquarters:** Frankfurt, Germany  
**Employees:** 4,998  
**Market Cap:** \$15.5 bn

- Deutsche Boerse offers solutions covering the entire spectrum of financial services
- The Company operates in 5 main segments:
  - **Xetra:** Cash market trading consisting of the Frankfurt Stock Exchange and the Xetra platform
  - **Eurex:** A derivative exchange market originally formed through a joint venture with the SIX Swiss Exchange
  - **Market Data and Analytics:** Involves the creation and dissemination of market / financial data
  - **Clearstream:** A central securities depository designed to manage the settlement and custody of fixed-interest securities
  - **Information Technology:** Provides design and technical support to financial markets-related infrastructure

### Selected Recent Acquisitions

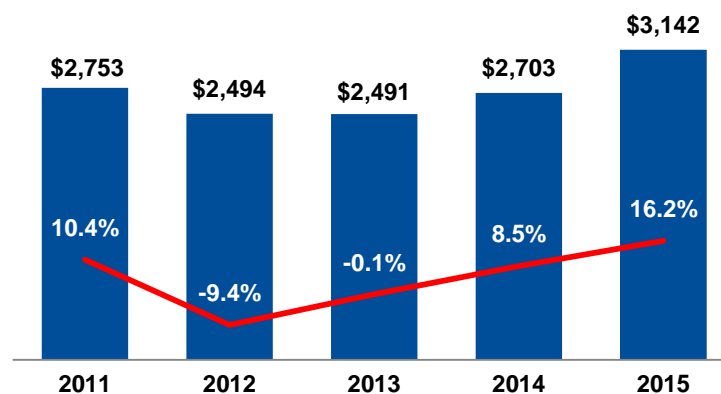
Announced Date	Size (\$ mm)	Company	Company Description
07/26/15	\$796	 DEUTSCHE BÖRSE GROUP	Web-based trading platform for OTC securities and derivatives
06/29/15	NA	<b>STOXX</b>	Provider of indexing solutions for the buy and sell-side
12/15/14	NA	<b>tradegatexchange</b>	Operates an exchange specializing in the execution of private investor orders
11/20/14	3	<b>R5</b> REAL RAND RUPEE ROUBLE RENMINBI	Provider of an electronic platform and interbank liquidity pool
01/13/14	14	<b>impendium</b> DEUTSCHE BÖRSE GROUP	Provides enterprise software solutions for regulatory reporting
10/24/13	NA	 <b>GMEX GROUP</b>	Develops and operates electronic exchanges across various security types
06/27/11	NA	Kingsbury International	Provider of business and economic consulting services
06/07/11	850	 <b>eurex</b>	Derivative exchange with supporting services and solutions across a number of asset classes

# Deutsche Boerse and LSE Agree to Merger of Equals

## Deutsche Boerse Financial Overview

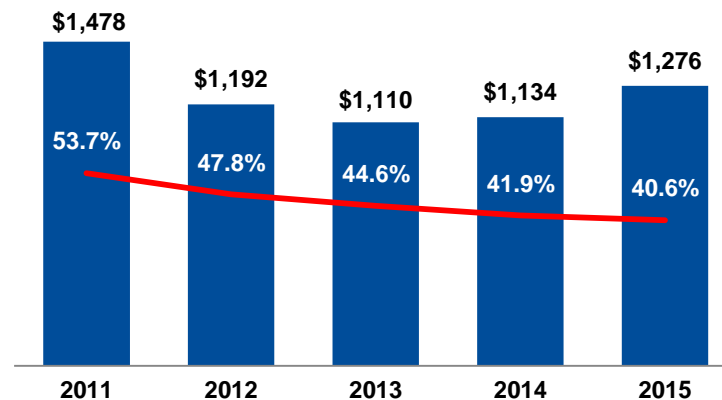
### Revenue / Growth %

(\$ in mm)



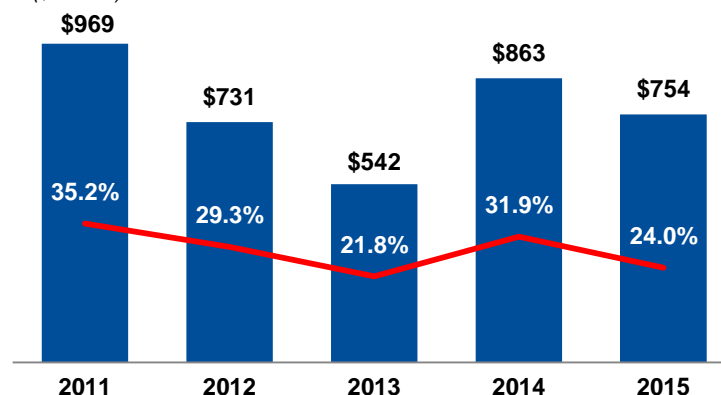
### EBITDA / Margin %

(\$ in mm)

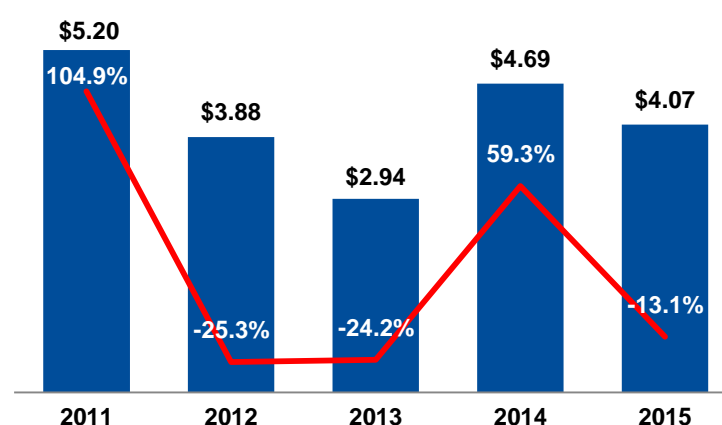


### Net Income / Margin %

(\$ in mm)



### Diluted EPS / Growth %



# Deutsche Boerse and LSE Agree to Merger of Equals

## London Stock Exchange Overview



### LSE Overview (LSE: LSE)

<b>CEO:</b>	Xavier Rolet
<b>Headquarters:</b>	London, UK
<b>Founded:</b>	1698
<b>Employees</b>	5,551

- The London Stock Exchange is a leading provider of market-related services / infrastructure, capital markets solutions and an operator of a number of international exchanges
- The Company's main products cover: connectivity matching and reconciliation, data management, historical data generation and management, RNS technical library, Ticker Plant and trading services
- LSE operates a number of exchanges including the London Stock Exchange; Borsa Italiana, which it merged with in 2007; MTS, a fixed income exchange focused on Europe; Turquoise, a Multilateral Trading Facility focused on European equities; and AIM a growth markets exchange for SME's
- Another major focus of the company is post trade and risk management services that are provided via subsidiaries: LCH.Clearnet Group, a global CCP operator for multiple assets, Monte Titoli, a European custody and settlement business and CC&G, a clearing house in Italy

### Selected Recent Acquisitions

Announced Date	Size (\$ mm)	Company	Company Description
12/21/2015	NA	 <b>XTF</b> ETF EXPERTS	Provider of ratings and research for Exchange Traded Funds
06/26/2014	\$2,700	 <b>Russell Investments</b>	Investment manager primarily for pooled investment vehicles
02/11/2013	NA	 <b>GATE lab</b> Part of London Stock Exchange Group	Provider of trading and brokerage-focused solutions to the buy and sell side
03/09/2012	887	 <b>LCH.CLEARNET</b>	Offers CCP clearing services for equities and derivatives traded on exchanges and trading platforms
12/12/2011	703	 <b>FTSE</b> THE INDEX COMPANY	Provides indexing and analytics solutions across a number of asset classes
09/16/2009	30	 <b>millennium</b> information technologies	Provider of exchange-related information technology solutions
07/23/2007	2,151	 <b>Borsa Italiana</b>	Operator and manager of the Italian stock market
01/28/2003	57	 <b>iress</b> Proquote	Provider of real-time market data and trading system

Source: Company website, Capital IQ.

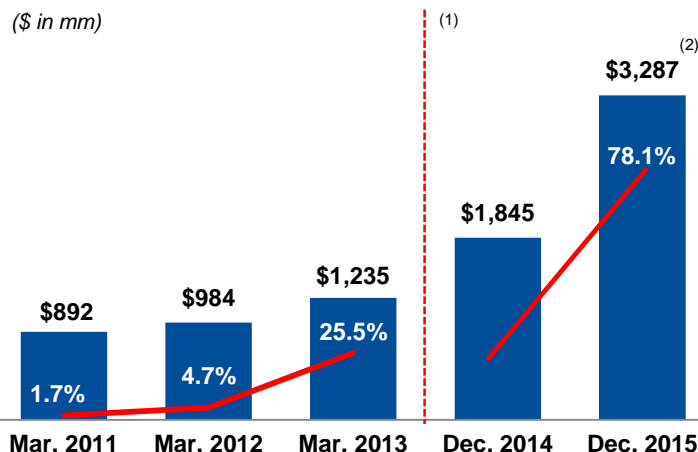
# Deutsche Boerse and LSE Agree to Merger of Equals

## London Stock Exchange Financial Overview

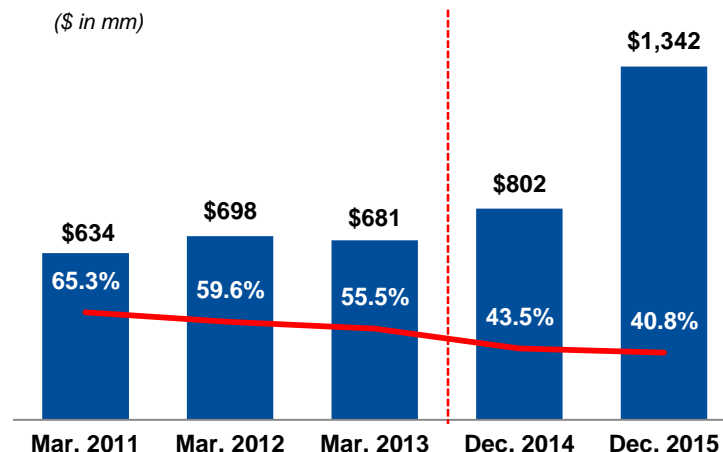
**Note that the LSE changed its fiscal year end from March to December beginning in 2014**

**The LSE acquired Russell Investments at the end of 2014, which boosted 2015 results**

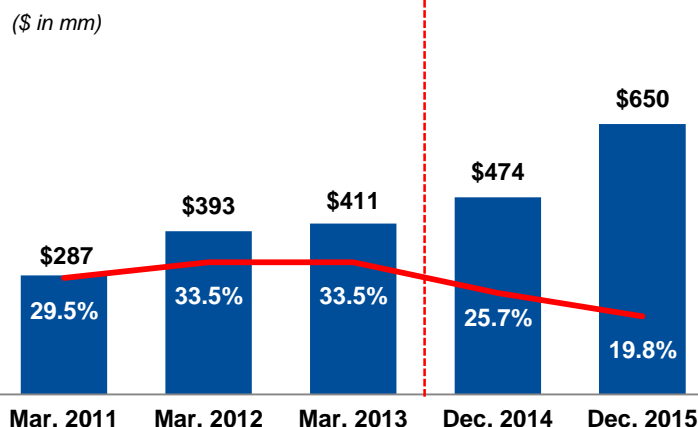
### Revenue / Growth %



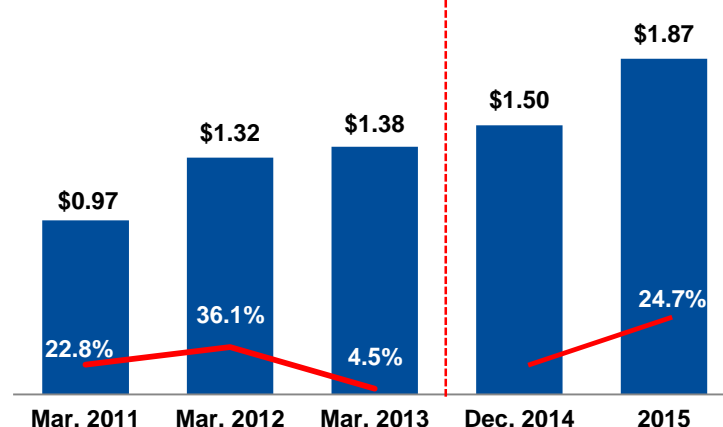
### EBITDA / Margin %



### Net Income / Margin %

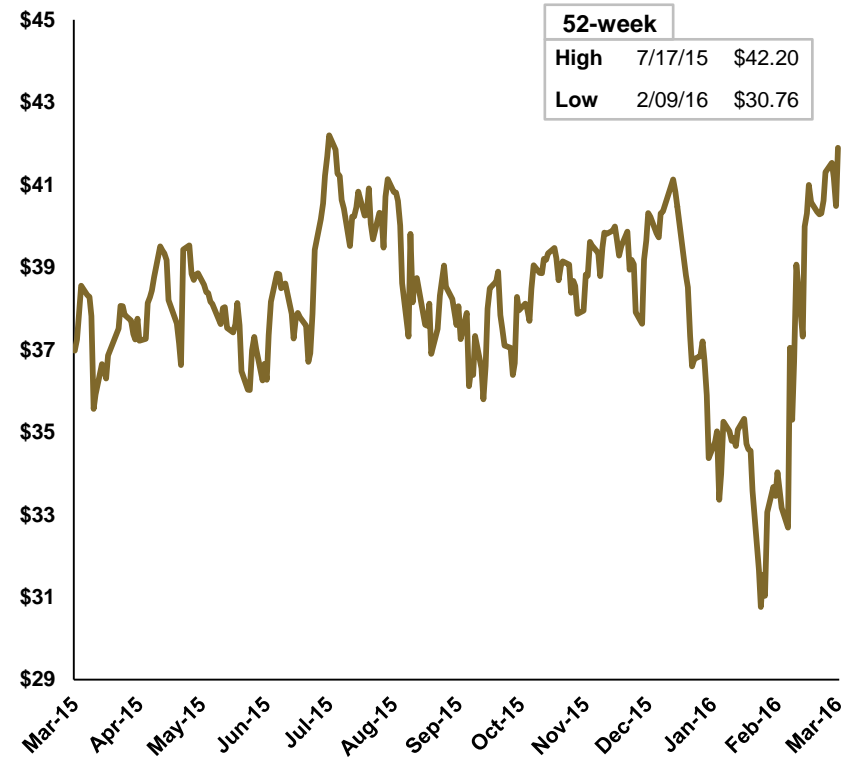
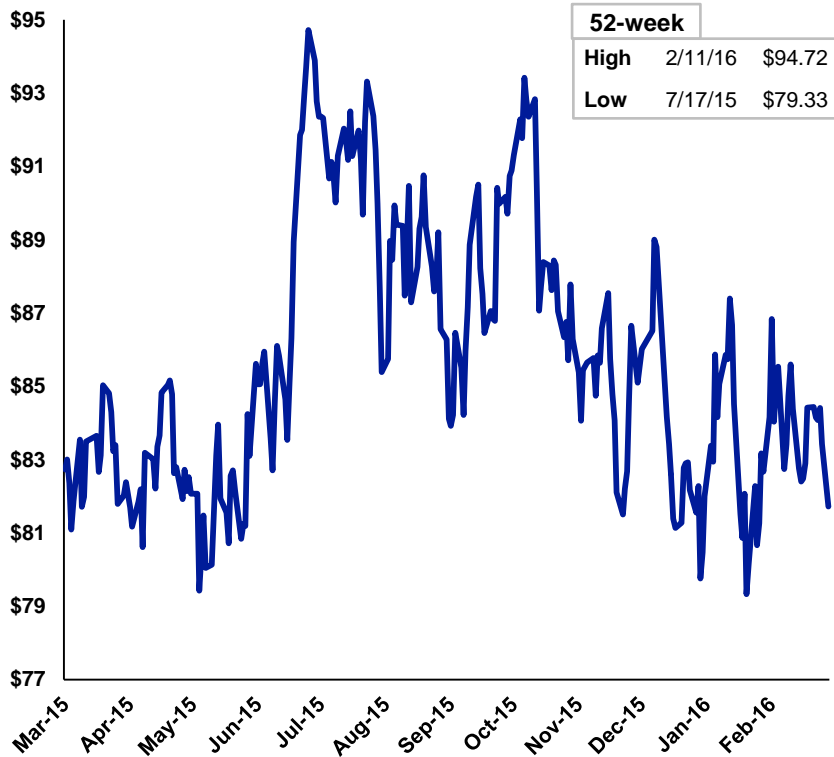


### Diluted EPS / Growth %



# Deutsche Boerse and LSE Agree to Merger of Equals

## Deutsche Boerse and LSE Stock Charts





# Overview of FT Partners

## Significant Experience in Capital Markets Technology

### Wealth Management

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
Capital Markets & IPO Advisor to*

**ENVESTNET**

*In its*

**\$69,000,000**  
**Initial Public Offering**

*valuing the equity at approximately*

**\$ 300,000,000**

**FINANCIAL TECHNOLOGY PARTNERS**  
The Only Investment Bank  
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Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**EISI**

*In its sale to*

**ZYWAVE**

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Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its  
exclusive role as advisor to*

**BLACKROCK**

*in its 100% acquisition of*

**FutureAdvisor**

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Focused Exclusively on Financial Technology

### Data / Analytics

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**Zephyr**  
ASSOCIATES, INC.

*In its sale to*

**informa**

*for total cash consideration of*

**\$ 62,000,000**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**THE MARKETS.com**

*in its sale to*

**Capital IQ**  
A Division of Standard & Poor's

*for total consideration of approximately*

**\$ 300,000,000**

**FINANCIAL TECHNOLOGY PARTNERS**  
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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**MERGENT**

*In the sale of its Index Business to*

**NASDAQ OMX**

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### High Frequency Trading

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**ATD**  
Automated Trading Partners, LLC

*in its sale to*

**citi**

*for cash and stock consideration of  
approximately*

**\$ 700,000,000**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**QUANTHOUSE**  
Solutions for Your Trade

*In its growth financing with*

**ViewPoint.**  
Capital Partners

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The Only Investment Bank  
Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC  
*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**WOMBAT**  
FINANCIAL SOFTWARE

*in its sale to*

**NYSE Euronext**

*for total consideration of approximately*

**\$ 225,000,000**

**FINANCIAL TECHNOLOGY PARTNERS**  
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Focused Exclusively on Financial Technology

# Overview of FT Partners

## Significant Experience in Capital Markets Technology

### Trading Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

 **ITG** INVESTMENT  
TECHNOLOGY  
GROUP

In its acquisition of

 **macgregor**

for cash consideration of approximately

**\$ 230,000,000**

 **FINANCIAL  
TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

**TORA** 

TECHNOLOGY. TRADING. LIQUIDITY.™

In its minority capital raise with


 **Goldman  
Sachs**  **Bank of America  
Merrill Lynch**

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TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology


Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

 **TradingScreen**  
SIMPLIFYING GLOBAL MARKETS®

In its minority recapitalization for

**\$ 110,000,000**

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TECHNOLOGY  
PARTNERS**

The Only Investment Bank  
Focused Exclusively on Financial Technology

### Other Capital Markets Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

 **MajesticResearch**

In its sale to

 **ITG** INVESTMENT  
TECHNOLOGY  
GROUP

for total consideration of approximately

**\$ 56,000,000**

 **FINANCIAL  
TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

**chi-x**

In its sale of a minority stake to

 **Bank of America  
Merrill Lynch**  **GETCO**  **Goldman  
Sachs**

 **Morgan Stanley**  **QUANTLIB FINANCIAL, LLC**

 **FINANCIAL  
TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to

**INSTINET**

In the sale of its stake in

**CHIXEUROPE**  
to

 **BATS**  
Trading Markets Better

for total consideration of approximately

**\$ 305,000,000**

 **FINANCIAL  
TECHNOLOGY  
PARTNERS**

The Only Investment Bank  
Focused Exclusively on Financial Technology

# Overview of FT Partners

## Selected FT Partners' Research (click to view)



Research Report: Innovations in Capital Markets Technology



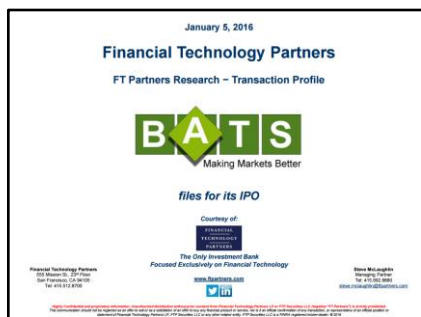
PENSICO Trust Company's Sale to Opus Bank



BlackRock's acquisition of FutureAdvisor



AlphaSense's \$33 mm growth financing



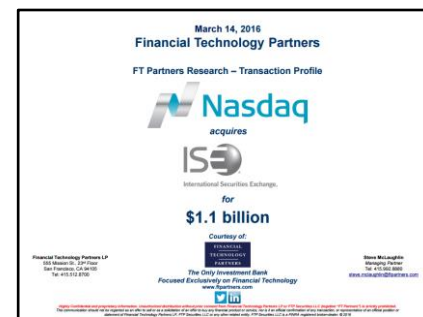
BATS files for its IPO



Wipro's acquisition of Viteos for \$130 mm



ICE's acquisition of Trayport for \$650 mm



Nasdaq's acquisition of ISE for \$1.1 billion

FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 13 years of exclusive focus on Financial Technology. Please visit our [subscription form](#) to subscribe to our exclusive monthly newsletter and receive our research reports.

# Overview of FT Partners

## Award-Winning Investment Banking Franchise Focused on Superior Client Results

*FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition*



**M&A Advisor Awards**

- |      |  |
|------|--|
| 2015 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year</b></li> <li>■ Technology Deal of the Year</li> </ul>  |
| 2014 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Deal of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100mm</li> </ul>  |
| 2012 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100 mm</li> </ul>   |
| 2011 | <ul style="list-style-type: none"> <li>■ <b>Boutique Investment Bank of the Year</b></li> <li>■ Deal of the Decade</li> <li>■ <i>10 Deal of the Year Nominations Across 9 Categories</i></li> </ul>  |
| 2010 | <ul style="list-style-type: none"> <li>■ <b>Upper Middle Market Deal of the Year, Above \$500 mm</b></li> <li>■ IT Services Deal of the Year, Below \$500mm</li> <li>■ Cross-Border Deal of the Year, Below \$500mm</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ Business to Business Services Deal of the Year</li> <li>■ Computer and Information Technology Deal of the Year, Above \$100mm</li> <li>■ Financial Services Deal of the Year, Above \$100mm</li> </ul> |

**Institutional Investor**  
Institutional Investor  
Annual Ranking

- |           |  |
|-----------|--|
| 2015      | ■ Steve McLaughlin ranked #4 in Institutional Investor's FinTech 35 List                   |
| 2006-2008 | ■ Consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology |








**WINNER**  
**Middle Market**  
**Financing Awards**

- |      |  |
|------|--|
| 2008 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ <b>Information Technology Deal of the Year</b></li> <li>■ <b>Financial Services Deal of the Year</b></li> </ul> |
| 2006 | <ul style="list-style-type: none"> <li>■ <b>Financing Professional of the Year – Steve McLaughlin</b></li> <li>■ <i>Financing Deal of the Year - Equity</i></li> <li>■ <i>Financing Deal of the Year - Debt</i></li> </ul>           |

Note: **Bold** represents awards that FT Partners has won, *italics* represents nominations.

# Overview of FT Partners

## The FT Partners Senior Banking Team

Name / Position	Prior Background	Experience / Education	Years of Experience
<b>Steve McLaughlin</b> <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York and San Francisco from 1995-2002</li> <li>Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>	<b>21</b>
<b>Larry Furlong</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York, London and Los Angeles beginning in 1995</li> <li>Wharton M.B.A.</li> </ul>	<b>21</b>
<b>Greg Smith</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee</li> <li>Recent coverage included V, MA, DFS, FISV, FIS, JKHY, DST, ENV, GPN &amp; HPY among others</li> </ul>	<b>20</b>
<b>Tim Wolfe</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. beginning in 2000</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>	<b>14</b>
<b>Andrew McLaughlin</b> <i>Managing Director, Research &amp; Business Development</i>		<ul style="list-style-type: none"> <li>Leads FT Partners' Research and Business Development Team</li> <li>Formerly with Deloitte Consulting</li> </ul>	<b>10</b>