

## FLOW TRADERS 4Q19 RESULTS

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) announces its unaudited 4Q19 results. Highlights are:

- Market ETP Value Traded fell 11% quarter-on-quarter and 7% FY19 vs FY18
- Flow Traders ETP Value Traded fell 5% quarter-on-quarter and increased 12% FY19 vs FY18, once again outperforming the broader market. ETP Value Traded exceeded €1 trillion for the first time in 2019
- Flow Traders recorded NTI of €46.1m in 4Q19 reflecting an overall subdued market environment and weaker than expected trading in the US. FY19 NTI was €216.4m
- Fixed operating expenses increased by 11% quarter-on-quarter and by 10% in FY19 vs FY18 as additional growth investments in technology and people were made. €1.2m of one-off expenses in 4Q19 due to a number of items including the termination of an extension to the Hong Kong office lease
- FTEs increased by 17.7% Y-o-Y to 513 as at 31 December 2019
- 4Q19 EBITDA margin reached 25%, contributing to a FY19 EBITDA margin of 36%
- 4Q19 Net Profit amounted to €7.2m, resulting in a FY19 Net Profit of €53.1m and a FY19 EPS of €1.15
- Regulatory Own Funds Requirement (OFR) as at 31 December 2019 was €154m, resulting in excess capital of €133m as at 31 December 2019
- Flow Traders proposes a final FY19 dividend of €0.55, implying a €0.90 total dividend for FY19 and a 78% dividend pay-out ratio
- Announces share buyback programme of up to €20million over 12 months, given strong balance sheet and excess capital position
- Focus for 2020 remains on enlarging the ETP footprint, trading diversification and improving efficiency through dedicated teams

## Financial Overview

€million	4Q19	3Q19	Change	FY19	FY18	Change
<b>Net Trading Income</b>	<b>46.1</b>	<b>53.3</b>	<b>(13%)</b>	<b>216.4</b>	<b>383.4</b>	<b>(44%)</b>
<i>EMEA (Europe)</i>	33.4	35.2	(5%)	138.1	153.8	(10%)
<i>Americas</i>	5.7	9.4	(39%)	47.6	189.3	(75%)
<i>APAC</i>	7.0	8.7	(20%)	30.7	40.3	(24%)
<b>Net Trading Income</b>	<b>46.1</b>	<b>53.3</b>	<b>(13%)</b>	<b>216.4</b>	<b>383.4</b>	<b>(44%)</b>
<i>Employee expenses (fixed)</i>	11.6	11.1	5%	43.6	36.1	21%
<i>Technology expenses</i>	10.9	10.0	9%	39.7	35.4	12%
<i>Other expenses*</i>	3.9	3.5	11%	15.0	18.4	(19%)
<i>One-off expenses</i>	1.2	0.4	209%	1.5	0.8	88%
<b>Fixed Operating Expenses</b>	<b>27.6</b>	<b>25.0</b>	<b>13%</b>	<b>99.8</b>	<b>90.7</b>	<b>10%</b>
<i>Employee expenses (variable)</i>	6.8	8.8	(23%)	37.7	92.9	(59%)
<b>Total Operating Expenses</b>	<b>34.4</b>	<b>33.8</b>	<b>2%</b>	<b>137.5</b>	<b>183.6</b>	<b>(25%)</b>
<b>EBITDA</b>	<b>11.7</b>	<b>19.5</b>	<b>(40%)</b>	<b>78.9</b>	<b>199.8</b>	<b>(61%)</b>
<i>Depreciation/Amortisation*</i>	3.7	3.7		14.6	9.0	
<i>Write offs, tangible assets</i>	-	-		0.1	0.3	
<i>Results subsidiaries</i>	1.0	-		1.1	3.4	
<b>Profit Before Tax</b>	<b>9.0</b>	<b>15.8</b>	<b>(43%)</b>	<b>65.3</b>	<b>193.9</b>	<b>(66%)</b>
<i>Tax</i>	1.8	2.9		12.2	33.0	
<b>Net Profit</b>	<b>7.2</b>	<b>12.9</b>	<b>(44%)</b>	<b>53.1</b>	<b>160.9</b>	<b>(67%)</b>
<i>EPS (in €)</i>	0.16	0.28		1.15	3.46	
<i>EBITDA margin (%)</i>	25%	37%		36%	52%	

\*Reflects the year-on-year impact of IFRS 16

**Value Traded Overview**

€billion	4Q19	3Q19	Change	FY19	FY18	Change
<b>Flow Traders ETP Value Traded</b>	<b>251.2</b>	<b>264.1</b>	<b>(5%)</b>	<b>1,009.3</b>	<b>899.4</b>	<b>12%</b>
<i>EMEA (Europe)</i>	132.4	132.8	0%	514.9	473.9	9%
<i>Americas</i>	107.7	118.5	(9%)	452.4	391.0	16%
<i>APAC ex China</i>	11.1	12.8	(13%)	42.0	34.5	22%
<b>Flow Traders' non-ETP Value Traded</b>	<b>746</b>	<b>817</b>	<b>(9%)</b>	<b>2,995</b>	<b>2,682</b>	<b>12%</b>
<b>Market ETP Value Traded <sup>1</sup></b>	<b>5,480</b>	<b>6,174</b>	<b>(11%)</b>	<b>23,588</b>	<b>25,412</b>	<b>(7%)</b>
<i>EMEA (Europe)</i>	388	394	(1%)	1,492	1,347	11%
<i>Americas</i>	4,573	5,284	(13%)	20,140	21,800	(8%)
<i>APAC</i>	519	496	5%	1,956	2,265	(14%)
<i>APAC ex China</i>	201	217	(7%)	844	998	(15%)

**4Q19 & FY19 Regional Highlights**
**EMEA:**

- Flow Traders confirmed its position as the leading liquidity provider in ETPs; on-exchange market share reached new highs through the year
- Flow Traders ETP value traded broadly tracked market value traded in 4Q19 given the leading competitive position in the region. Low volatility affected NTI generation
- Expanded presence as a FX market maker by connecting to additional platforms and trading with an increasing number of counterparties
- Implemented improvements in fixed income trading, including the associated underlying instruments, given the large inflows into fixed income ETPs in 2019 and to drive future growth

**AMERICAS:**

- Challenging market environment as the Americas saw the largest decrease globally in market volumes traded during 4Q19 combined with an extended period of low volatility
- Flow Traders continued to enhance its position in the region by growing ETP value traded in FY19 despite a declining overall market and ETP value traded in 4Q19 reduced at a rate less than the market
- Connected additional counterparties providing a foundation for success going forward
- NTI was lower than expected in 4Q19 due to a weak market environment where trading strategies in fixed income perform less optimally
- Management in the US was strengthened during the year with the appointment of two new managing directors focussed on trading. With this dedicated focus on pricing and OTC trading, Flow Traders will be ideally positioned to become a key component in the US ETP ecosystem. Since the start of the year, there are already signs of improvement in trading results

**APAC:**

- Flow Traders ETP value traded grew significantly during 2019 as the regional presence in both on and off screen trading increased
- Improved trading performance following the move of all trading desks for on-screen liquidity provision to Hong Kong from Singapore
- Business continuity plan remains in place with respect to recent political and public health developments in the region

<sup>1</sup> Source: Flow Traders analysis

## Current Trading & Outlook

- NTI generated in January was considerably higher than the average NTI recorded in 4Q19 as Flow Traders' leading global ETP trading footprint was able to take advantage of increased market activity and elevated volatility levels
- Given the investment in people made over the prior two years as well as ongoing organisational improvements, expect no material net FTE increases in 2020
- Updated fixed cost guidance of maximum growth in fixed operating expenses of 10% for 2020
- Flow Traders announces a share buyback programme for a total aggregate consideration of up to €20 million over a period of 12 months from the start of the forthcoming open period. The purpose of the buyback is to return excess capital to shareholders given Flow Traders strong balance sheet and excess capital position. Shares purchased as part of this programme are intended to be initially held in treasury
- In addition, c. 200,000 shares will be purchased to satisfy the requirements of various employee incentive plans

## Management Board Comments

CEO Dennis Dijkstra stated:

*"During the course of 2019, Flow Traders continued to grow its leading ETP position globally as we traded more ETPs with more counterparties and sought to develop further the ETP ecosystem. A particular highlight is that this year marked the first time that Flow Traders ETP value traded has passed the €1 trillion mark. Meaningful progress has also been made in moving forward the various diversification initiatives, including FX, fixed income and crypto. Leveraging our core strength in ETP trading alongside developing our FX and fixed income capabilities are the key future growth drivers for the business. We also maintained strong cost discipline while implementing our growth strategy and the increase was well within guidance. This year, there will be a further focus on improving efficiency and, therefore, we expect fixed operating expenses to not increase by more than 10%. There will also be no material net increase in FTEs given the investment in people made in the previous two years to support diversification, as well as ongoing organisational improvements.*

*"IFR and IFD were adopted at the EU level in December last year and we have now moved into the implementation phase ahead of the new regime coming into force in June 2021. Based on our initial analysis, we expect that it will have a neutral to slightly positive impact on our business. Given our conservative capital position, significant excess capital as well as a strong balance sheet, we will be launching a share buyback programme. This buyback in combination with the proposed final dividend will further enhance capital returns to shareholders."*

Chief Trading Officer Folkert Joling added:

*"4Q19 was a disappointing quarter from a market trading activity perspective which was particularly evident in the US. Typically, the fourth quarter sees stronger levels of market activity and greater degrees of portfolio rebalancing which were largely absent in 4Q19. Despite the subdued market environment for much of 2019, we continued to grow our trading position globally in all regions and consequently we were well positioned to take advantage of the market developments seen at the start of the year. The persistent low levels of volatility experienced during 4Q19 naturally equated to lower NTI generation. Regarding the US specifically, the trading performance was not yet at the targeted level and with the new management team and more dedicated focus, we are confident that this business will be increasingly successful going forward. Since the start of the year, we have already seen an improvement in trading results in the US. In EMEA, we built on and enhanced our leading liquidity provider position in ETPs as certain competitors withdrew from the market. Looking ahead to the remainder of 2020, we will be focusing on a number of trading initiatives involving other index derivatives as well as broadening our FX and fixed income capabilities."*

**Preliminary Financial Calendar**

28 February 2020	Release Annual Report 2019
31 March 2020	Start Silent Period ahead of 1Q20 trading update
21 April 2020	Release 1Q20 trading update (no analyst conference call)
24 April 2020	AGM
28 April 2020	FY19 final dividend proposed ex-dividend date
29 April 2020	FY19 final dividend proposed record date
5 May 2020	FY19 final dividend proposed payment date
30 June 2020	Silent period start ahead of 1H19 results
14 August 2020	1H20 results release (incl. analyst conference call)

**Analyst Conference Call and Webcast**

The FY19 results analyst conference call will be held at 10:00 am Amsterdam time on Friday 7 February 2020. The presentation will also be accessible via [www.flowtraders.com/investors](http://www.flowtraders.com/investors), where the presentation can be downloaded and the conference call can be followed via a listen-only audio webcast. A replay of the conference call will be available on the company website for at least 90 days.

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