



Flow Traders N.V.

Q220 & H120 Results Presentation

14 August 2020

F L O W ■ **T R A D E R S**

AMSTERDAM ■ CLUJ ■ HONG KONG ■ LONDON ■ NEW YORK ■ SINGAPORE

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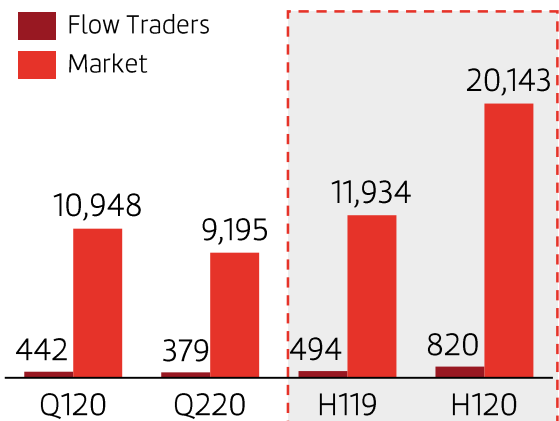
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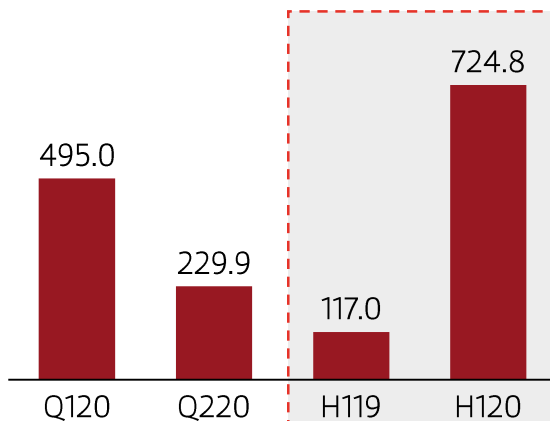
Q220 & H120 results snapshot

Robust trading performance in H1 – markets began to normalise in Q2 following the exceptional market circumstances in Q1

ETP Value Traded (€bn)



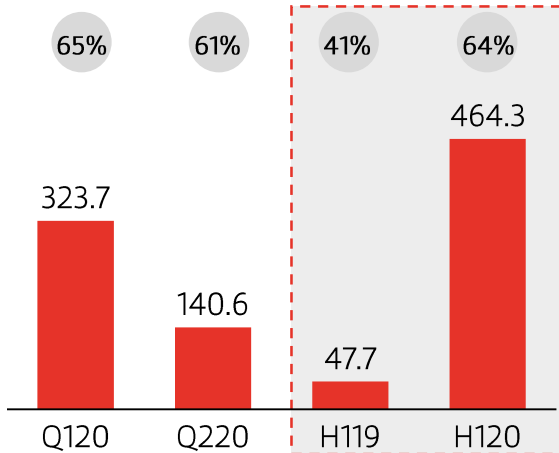
NTI (€m)



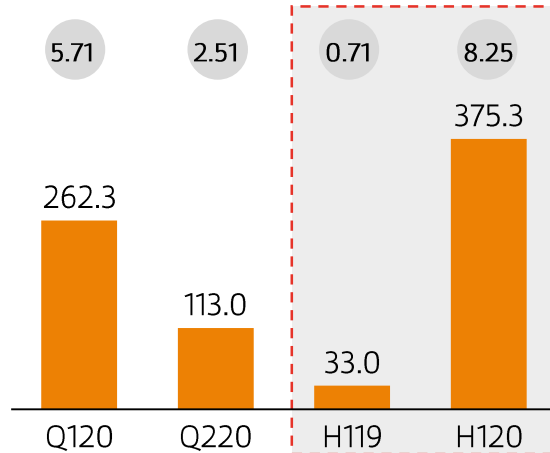
Highlights

- Market ETP Value Traded fell 16% quarter-on-quarter and increased 69% H120 vs H119
- Flow Traders ETP Value Traded fell 14% quarter-on-quarter and increased 66% H120 vs H119, outperforming the broader market in Q220 as Flow Traders continued to gain market share. Flow Traders also facilitated an increasing amount of trading in fixed income and ESG ETFs
- NTI of €229.9m in Q220 vs to NTI of €495.0m in Q120 and €53.9m in Q219. H120 NTI was €724.8m vs €117.0m in H1 19
- Total operating expenses of €89.3m incurred in Q220, which included €0.6m of one-off expenses from the continued activation of Flow Traders' business continuity plan. One-off expenses relating to the business continuity plan in H120 amounted to €1.5m out of total operating expenses of €260.5m
- 502 FTEs as at 30 June 2020 compared to 503 as at 31 March 2020
- Q220 EBITDA reached €140.6m with a margin of 61% contributing to H120 EBITDA of €464.3m with a margin of 64%
- Q220 Net Profit amounted to €113.0m with EPS of €2.51. H120 Net Profit amounted to €375.3m with EPS of €8.25
- Interim FY20 dividend set at €4 per share – ex-dividend date is 18 August 2020

EBITDA (€m) and Margin

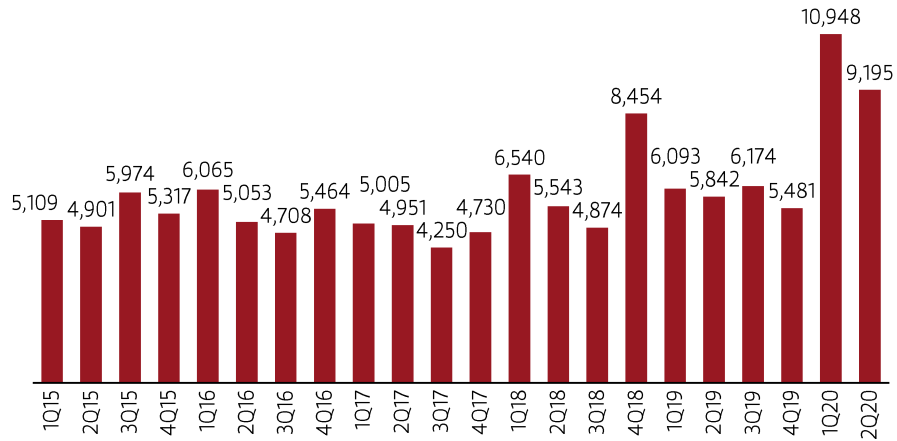


Net Profit (€m) and EPS (€)



Market activity began to normalise in Q220

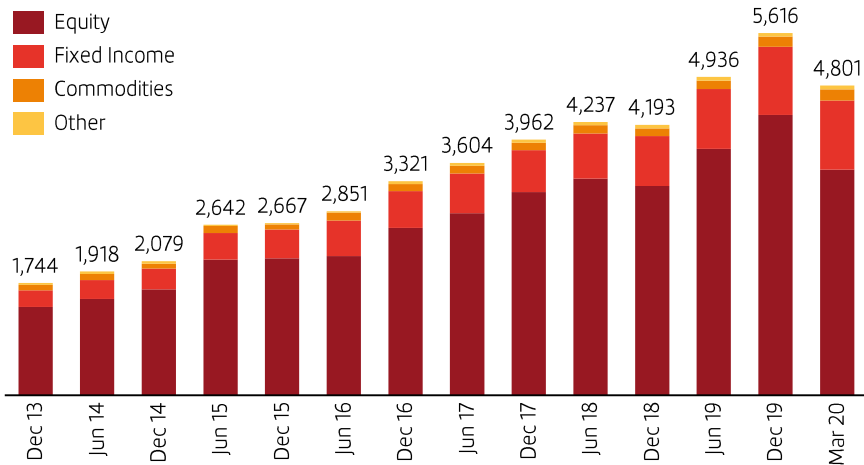
ETP Value Traded (€bn) *



GENERAL MARKET DEVELOPMENTS

- Continued impact of COVID-19 pandemic across all markets and asset classes, albeit to a lesser extent than seen in March 2020
- Ongoing and significant government and central bank interventions – Fed fixed income ETF purchases
- Heightened activity in commodity and high yield asset classes in Q2

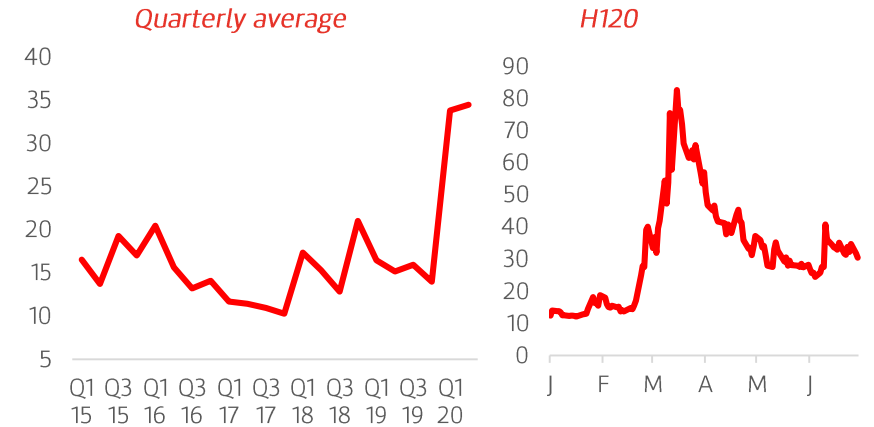
ETP AuM (€bn) **



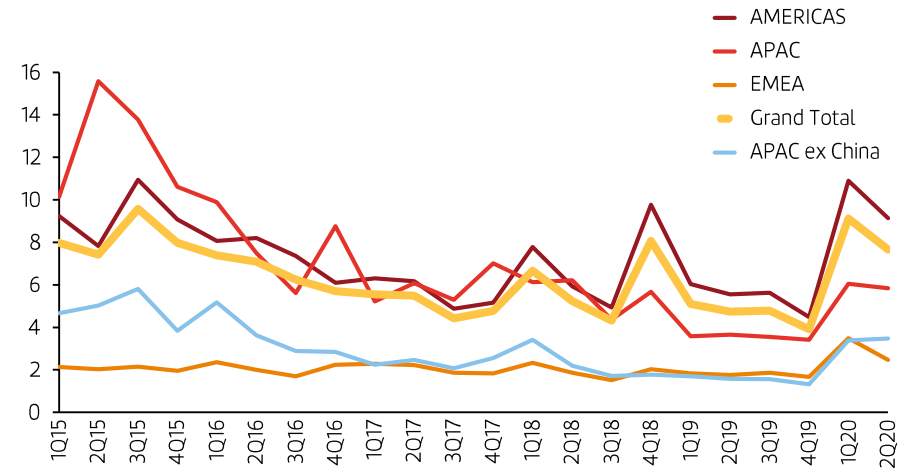
ETP MARKET DEVELOPMENTS

- €4,801bn ETP AuM at the end of Q1 – growth in Fixed Income continues to gain momentum
- 16% Q-o-Q decrease in ETP Value Traded in Q2
- ETP Value Traded increased 69% in H120 vs H119
- Decrease in implied volatility (VIX) in Q220 from the highs in March 2020
- Increased ETP velocity in H120 vs H119

VIX



ETP velocity



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

** Source: BlackRock ETP Landscape. Q220 was not published at time of reporting

Q220 & H120 regional performance overview

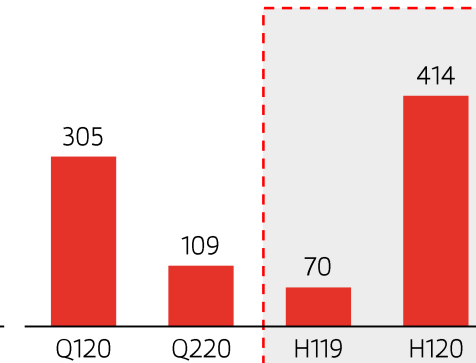
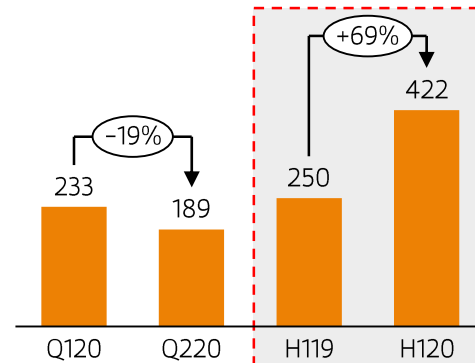
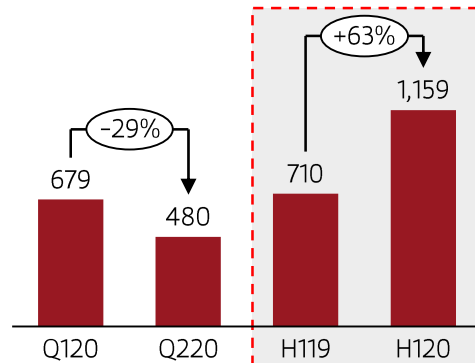
Market ETP Value Traded (€bn)

FT ETP Value Traded (€bn)

NTI (€m)

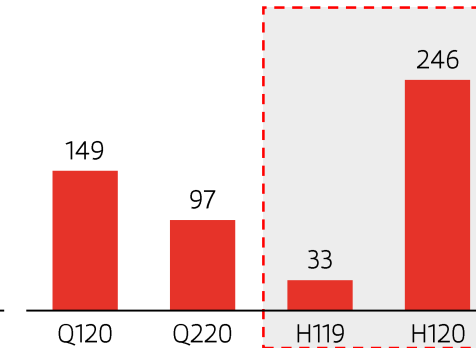
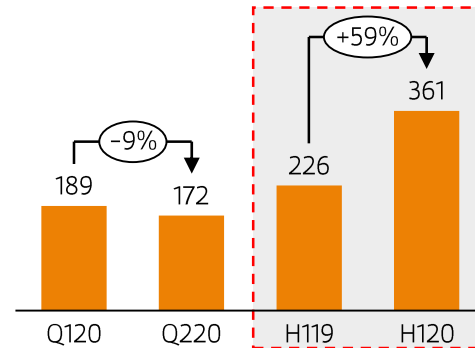
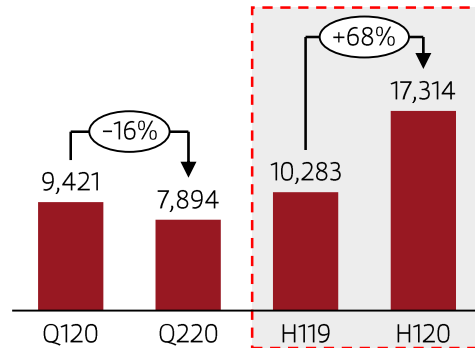
Highlights

EMEA



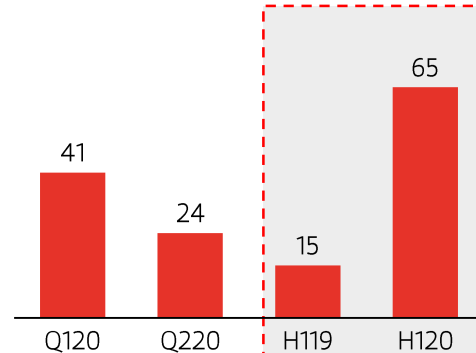
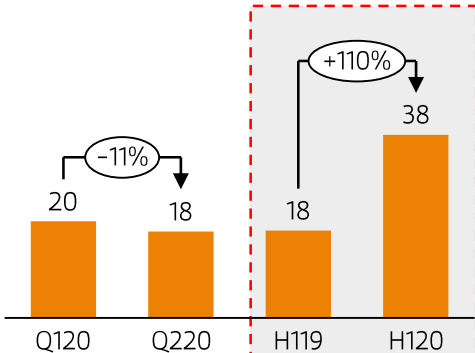
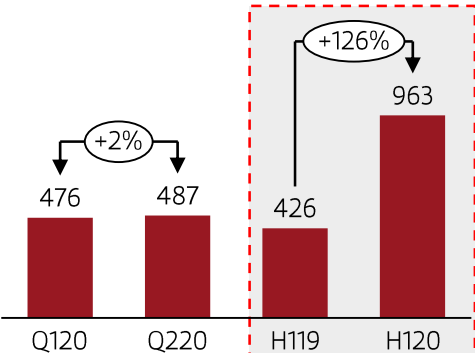
- Continued to be the leading liquidity provider in ETPs in EMEA and the region remained the largest NTI contributor and Flow Traders' most important market
- Flow Traders ETP value traded outperformed market value traded year-on-year as well as quarter-on-quarter given the leading competitive position in the region
- Now among top three market makers on major FX ECNs in spot metals
- Colleagues have commenced a part-time return to the main Amsterdam office. This situation will be closely monitored as the pandemic evolves and the business continuity plan is ready for all possible eventualities

Americas



- Flow Traders further enhanced its position in the region with robust NTI contribution from all desks and significant outperformance versus market ETP value traded in Q2
- Expanded the OTC footprint by connecting with additional counterparties and increasing OTC volumes
- Demonstrated the strength of Flow Traders in the US by successfully executing multi-billion dollar OTC trades during H1
- Confirmed long-term commitment to the US equities ecosystem by making a strategic investment in Members Exchange (MEMX)

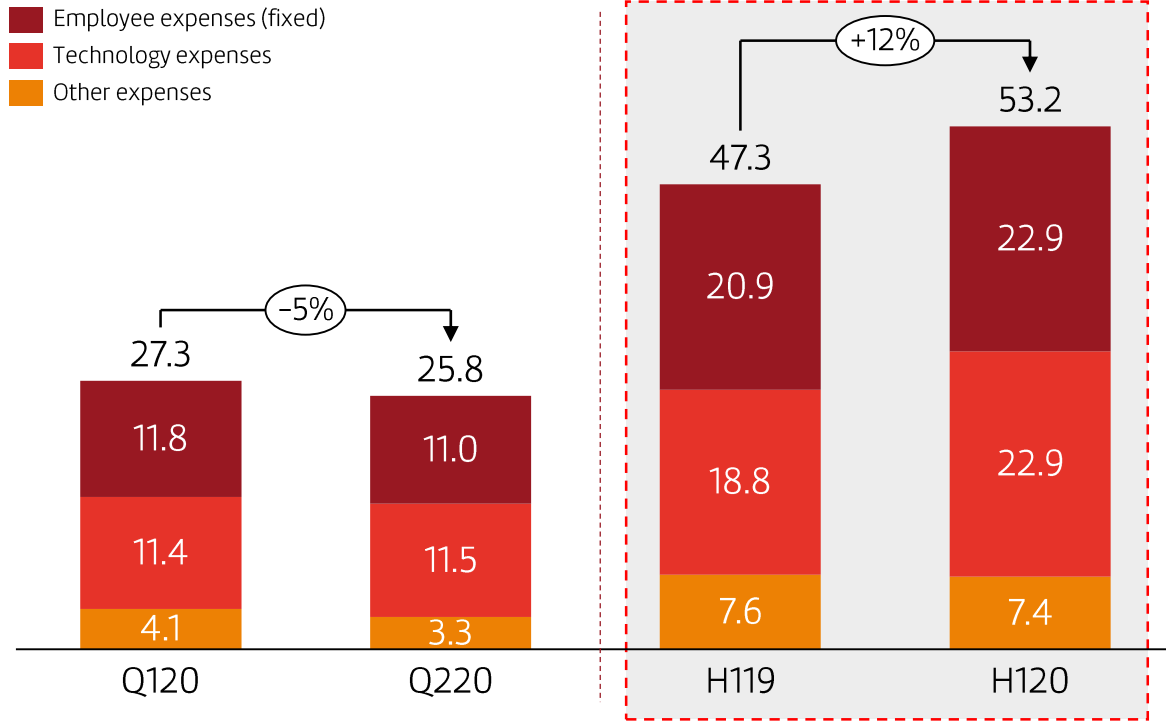
APAC



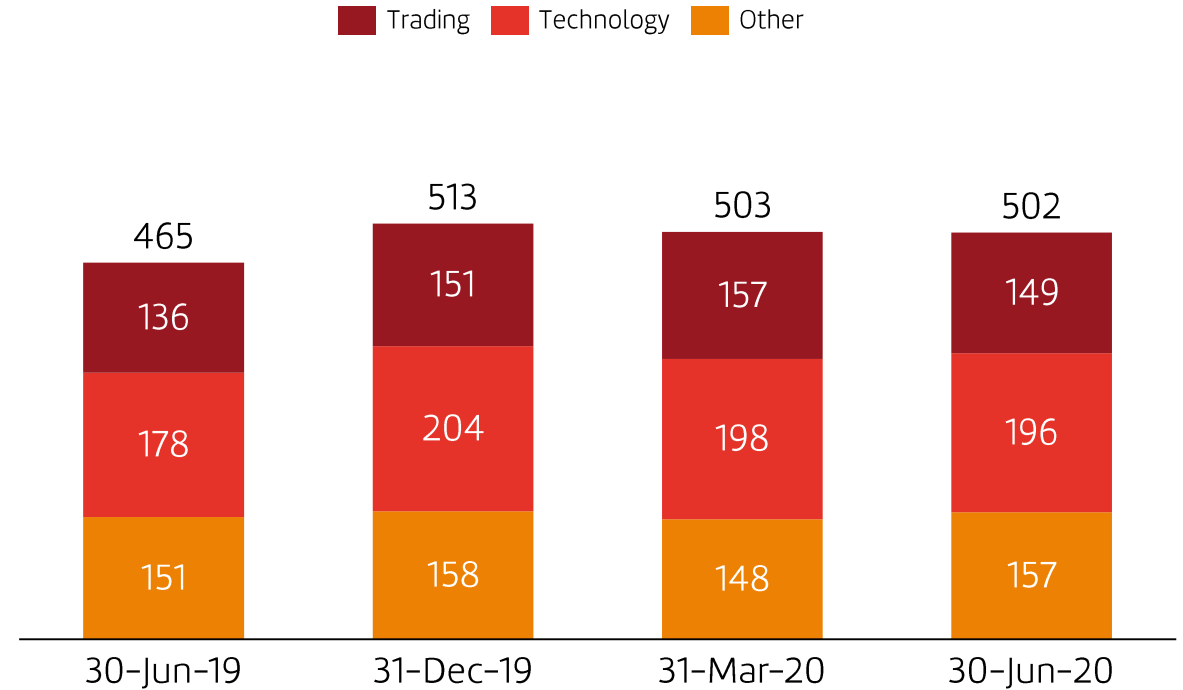
- Strong trading performance in APAC across the board, both on and off exchange
- Benefited from Hong Kong-specific investments with increased on-exchange presence as well as connecting with additional regional counterparties
- Flow Traders see increased adoption of MTF/RfQ systems in the region and further electrification of trading
- Deepened the relationship with the HKEX by becoming the lead liquidity provider for their new suite of MSCI futures

Continued strong cost discipline

Fixed operating expenses* (€m)



FTEs

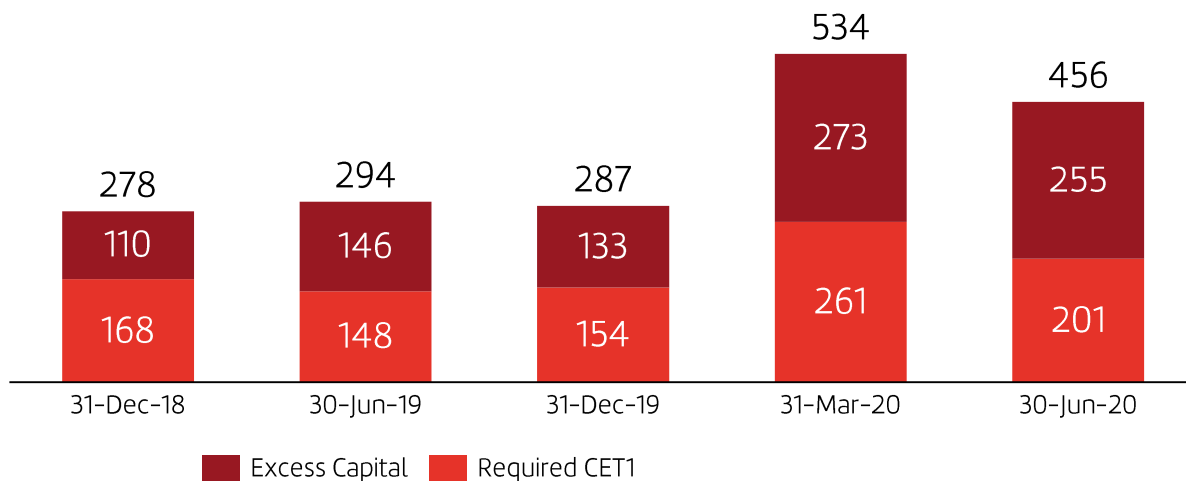


- Main drivers of Y-o-Y increase in fixed expenses relate to technology investments to support diversification initiatives and efficiency improvements as well as new hires. Expense trend in Q2 reflects reduced employee and travel expenses given working from home requirements
- €1.5m of additional one-off expenses in H1 relating to the activation of the business continuity plan
- FTEs remained broadly flat throughout H1 - in line with previous guidance
- Maintain guidance - maximum 10% increase in fixed operating expenses for 2020

* Excludes one-off expenses

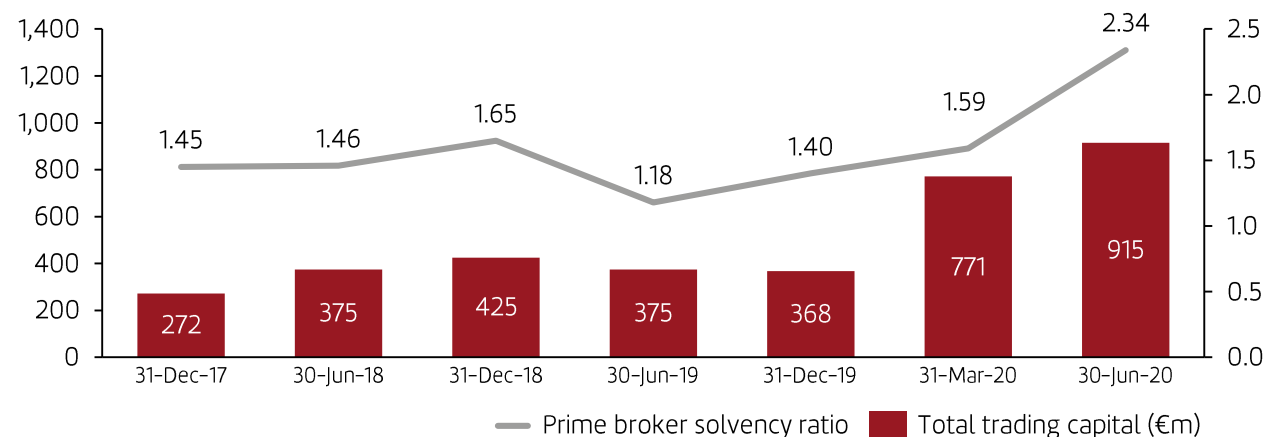
Capital position remains strong and conservative

Regulatory Own Funds Requirement (OFR) (€m)



Note: CET1 position as at 30 June 2020 is net of the interim FY20 dividend (€180.5m)

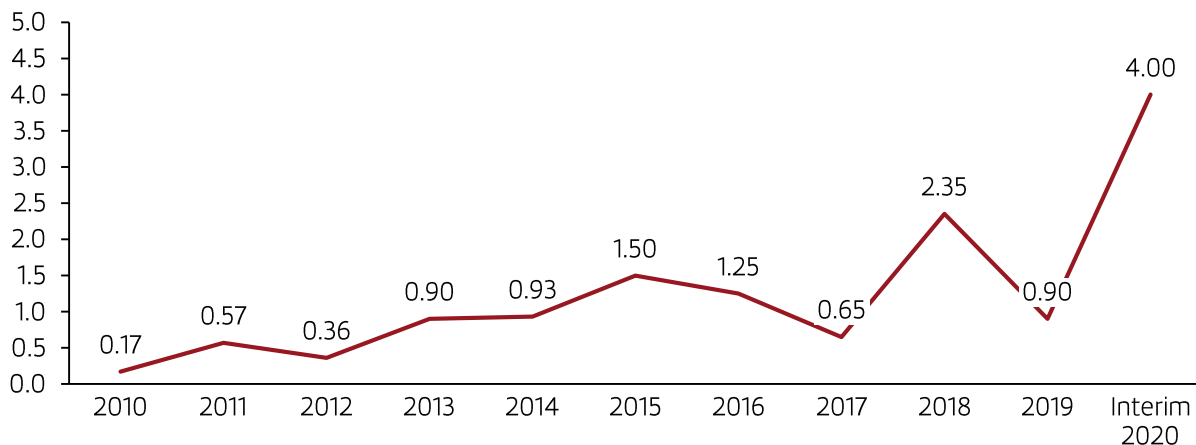
Prime broker solvency ratio



Notes

1. Prime broker solvency ratio = total trading capital divided by Prime Broker haircut
2. Total trading capital as at 30 June 2020 comprises CET1, interim FY20 dividend (€180.5m) and deferred bonuses

Dividend (€)



- Trading capital (€915m as at 30 June 2020) remained comfortably above Prime Broker requirements and Own Fund Requirements
- OFR decreased to €201m reflecting lower levels of trading activity and normalising market and operational risk in Q2 vs Q1. €255m of excess capital (30 June 2020)
- Initial IFR / IFD analysis completed following Level 2 text publication in June 2020. Outcome indicates some capital relief given the incoming requirements should be more tailored to Flow Traders' specific risk profile - will be partially offset by new business activities
- FY20 interim dividend set at €4
- Total cash return to shareholders since IPO amounts to €[11.08] including FY20 interim dividend and €20m share buyback

Medium-term growth focus areas

Consistent focus – enhanced coverage of fixed income and currency products alongside enlarging the global ETP footprint to drive structural NTI growth



Enlarge the
global ETP
footprint

Enhance
coverage of fixed
income

Enhance
coverage of
currencies /
crypto

- Continuously refine and deepen Flow Traders’ product coverage and footprint to align with structural ETP industry growth
 - Fixed income ETPs account for c. 1% of \$100 trillion global fixed income securities market and forecasted to grow to \$2 trillion by 2024¹
 - Global ESG ETP AuM reached new record of \$88 billion at end H1² – 52% increase from end 2019 and will grow further
 - ETP ecosystem proved itself and performed as intended during Q1 further increasing its attractiveness to investors
- Remain market leader in Europe and seek to be top 5 in the US

- Fixed income ETP AuM is the fastest growing ETP asset class
- Promote and drive market electronification and develop a transparent and fair level playing field
- Goal is to be global top 3 liquidity provider in fixed income ETPs

- Leveraging our global infrastructure to provide liquidity to currency pools and counterparties
- Seek to be top 15 FX liquidity provider on Euromoney, top 5 on ECNs
- Provide 24/5 or 24/7 liquidity

2020 strategic progress

Priorities

H120 achievements

H220 focus

1 Enlarge the global ETP footprint

- ✓ Total number of ETP counterparties grew to c. 1,400 and connected to 183 venues
- ✓ Consistently grew value traded in all regions
- ✓ Increased overall market share in ETPs

- Further expansion of counterparty base (US and APAC)
- Increase and deepen product coverage
- Additional venue connections

2 Enhanced coverage of fixed income

- ✓ Expanded FI infrastructure (new interfaces and market data)
- ✓ Broadened prime broker set up
- ✓ Increased market share in fixed income ETFs

- Further enhance pricing capabilities
- Access more liquidity and increase volumes

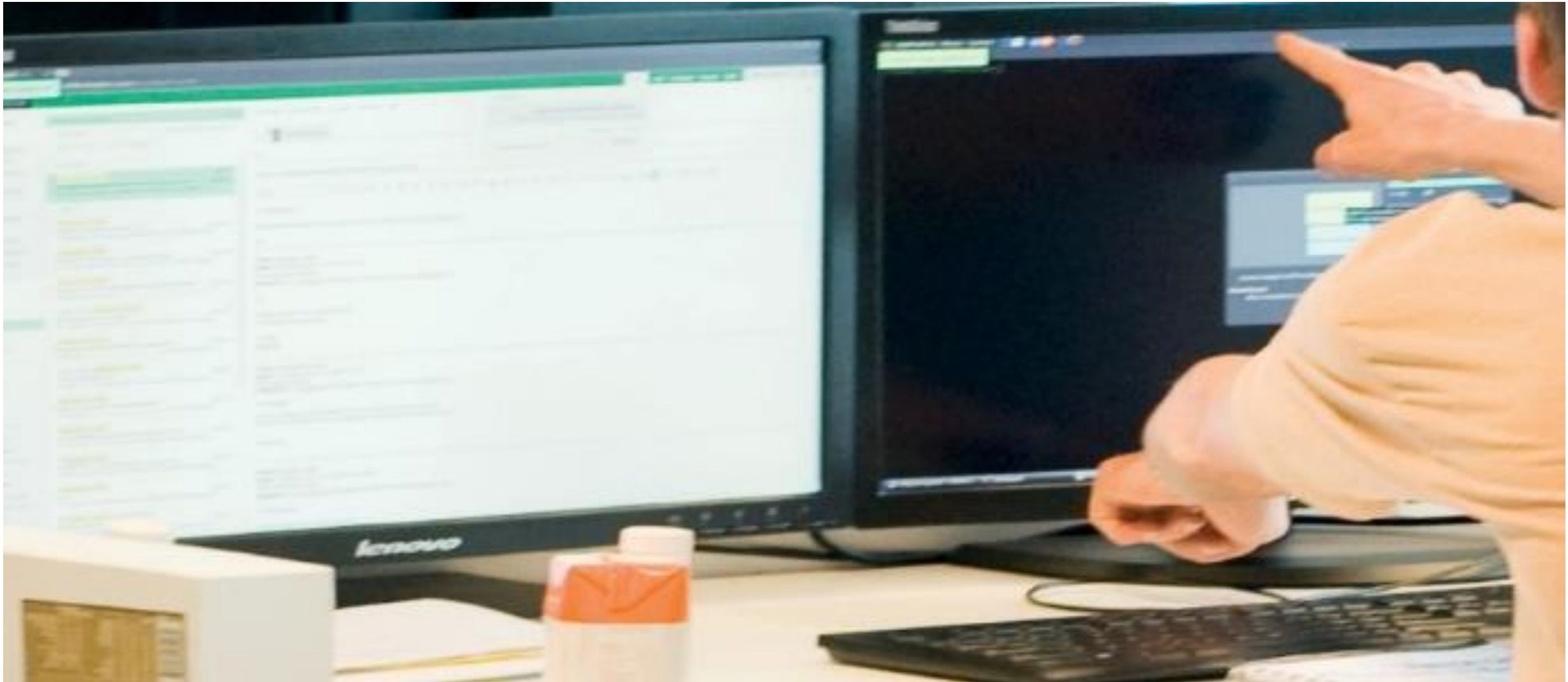
3 Enhanced coverage of currencies / crypto

- ✓ Consistently trade > \$5bn daily
- ✓ Upgraded technology suite
- ✓ Expanded product and time zone coverage
- ✓ Now among top three market makers on major FX ECNs in spot metals

- Build bilateral connectivity
- Expand trading hours
- Increase products / instruments coverage
- Broaden prime broker base

Q&A

Thank you!



Summary income statement (unaudited)

€ millions	Q220	Q120	H120	H119
Net Trading Income	229.9	495.0	724.8	117.0
<i>Employee expenses*</i>	73.9	154.9	228.7	42.9
<i>Technology expenses</i>	11.5	11.4	22.9	18.8
<i>Other expenses</i>	3.3	4.1	7.4	7.6
<i>One-off expenses</i>	0.6	0.9	1.5	-
Total Operating Expenses	89.3	171.2	260.5	69.3
EBITDA	140.6	323.7	464.3	47.7
<i>Depreciation / Amortisation</i>	3.6	3.6	7.2	3.6
<i>Write offs, tangible assets</i>	-	-	-	-
<i>Results subsidiaries</i>	-	-	(0.1)	(0.1)
Profit Before Tax	137.0	320.1	457.2	40.5
<i>Tax</i>	24.0	57.8	81.9	7.5
Net Profit	113.0	262.3	375.3	33.0
EPS (€)	2.51	5.71	8.25	0.71
EBITDA margin	61%	65%	64%	41%

* Of which fixed employee expenses were: Q220 – €11.0m; Q120 – €11.8m; H120 – €22.9m; H119 – €20.9m

Recent monthly market updates

	2020							2019												
	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	
On & Off Exchange* Value Traded - Global (€bn)	2,568	3,230	2,645	3,320	5,797	2,938	2,212	1,786	1,654	2,041	1,973	2,462	1,739	1,853	2,228	1,761	2,116	1,696	2,281	
On & Off Exchange* Value Traded - EMEA (€bn)	147	176	141	163	331	199	149	128	124	136	130	135	129	119	124	111	118	113	125	
On & Off Exchange Value Traded - Americas (€bn)	2,086	2,763	2,281	2,850	5,021	2,495	1,905	1,483	1,354	1,736	1,682	2,155	1,447	1,589	1,934	1,479	1,813	1,451	2,017	
On & Off Exchange Value Traded - APAC (€bn)	335	290	222	308	446	244	159	175	176	168	160	173	163	145	170	170	186	132	138	
<i>EMEA - Off Exchange Market Value Traded on MTF** (€bn)</i>	83	95	74	82	180	114	84	75	76	71	76	70	76	67	71	66	68	68	73	
<i>EMEA - Off Orderbook* Market Value Traded (€bn)</i>	17	21	17	22	46	24	18	17	12	22	15	16	14	12	10	10	9	7	8	
<i>Americas - Off Exchange Market Value Traded (€bn)</i>	731	997	841	1,101	1,716	832	723	562	496	562	553	660	492	567	621	538	595	518	752	
<i>APAC - On & Off Exchange Market Value Traded in China (€ bn)</i>	218	119	99	115	164	131	78	113	109	97	93	90	97	86	89	101	105	67	68	
Assets under Management*** - Global (€bn)	n/a	Pending	n/a	n/a	4,801	n/a	n/a	5,616	n/a	n/a	5,157	n/a	n/a	4,937	n/a	n/a	4,785	n/a	n/a	
Assets under Management - EMEA (€bn)					780			928			843			805			778			
Assets under Management - Americas (€bn)					3,459			4,081			3,756			3,602			3,497			
Assets under Management - APAC (€bn)					562			607			558			530			510			
# of ETP listings - Global	12,980	12,902	13,124	13,027	12,947	12,910	12,788	12,751	12,709	12,651	12,583	12,457	12,359	12,268	12,158	11,821	11,910	11,583	11,620	
# of ETP listings - EMEA	5,885	5,862	6,144	6,114	6,093	6,066	6,025	6,046	6,037	6,019	6,022	5,983	5,953	5,939	5,872	5,649	5,782	5,471	5,580	
# of ETP listings - Americas	4,881	4,847	4,798	4,757	4,725	4,726	4,656	4,620	4,599	4,582	4,529	4,473	4,435	4,386	4,374	4,286	4,269	4,264	4,196	
# of ETP listings - APAC	2,214	2,193	2,182	2,156	2,129	2,118	2,107	2,085	2,073	2,050	2,032	2,001	1,971	1,943	1,912	1,886	1,859	1,848	1,844	
Average VIX per month	27.17	31.53	31.31	42.17	57.73	19.58	14.15	13.74	12.70	15.66	15.72	18.98	13.31	15.84	16.72	13.05	14.65	15.42	19.57	
VIX high per month	31.44	39.57	38.08	56.68	77.60	44.43	18.09	16.30	13.39	20.24	19.66	24.59	16.12	18.86	20.55	14.39	18.33	17.89	25.45	
VIX low per month	24.58	24.32	27.88	31.95	32.94	13.96	12.10	12.12	11.62	12.90	13.74	15.80	12.07	14.33	12.87	11.03	12.37	13.44	16.57	

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 (issued quarterly)

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